



ELMO



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OFFERING DOCUMENT OF ELMO RENT AS

for the public offering of shares of ELMO Rent AS and the admission of the issued shares to trading on the alternative market First North

This offering document has been prepared to offer new shares to be issued (hereinafter 'Offer Share') by ELMO Rent AS, registry code 12994939 (hereinafter 'Issuer' or 'ELMO Rent'), and to admit the new shares of the Issuer to trading in the multilateral trading system First North arranged by Nasdaq Tallinn AS. The offering document may not be used for any other purpose without the prior consent of ELMO Rent.

The public offering of the shares of the Issuer will take place only in Estonia, pursuant to Article 3(2)(b) of Regulation (EU) 2017/1129 of the European Parliament and of the Council and subsection 15(1) of the Securities Market Act, according to which it is not required to publish the prospectus of the public offering if the public offering of securities has a total value of less than 5,000,000 euros per all Contracting States in total during the one-year period of the offering of securities.

The shares of the Issuer will not be offered to the public in any other jurisdiction and the volume of the public offering in Estonia will be smaller than 5,000,000 euros. Therefore, this offering document does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council and the Securities Market Act,

which would be required to be published when securities are offered to the public or admitted to trading on a regulated market in accordance with the legislation referred to above.

During the offering, the Issuer will offer up to 145,450 Offer Shares. The Issuer reserves the right to increase the number of Offer Shares provided during the offering by 500,000 Offer Shares, to a total of 645,450 shares (hereinafter 'possibility to increase'). The offering will be carried out as an offer intended for Estonian retail and institutional investors. The offering to institutional investors consists of an offer of an Offer Share to qualified investors within the meaning of Article 2(e) of Regulation (EU) 2017/1129.

Investing in the shares of ELMO Rent involves certain risks. Potential investors should read through the entire offering document and review the 'Risk Factors' section. The said section focuses on certain factors that should be considered before investing in the shares of ELMO Rent. The contents of the description of the company are not intended to be construed as legal, financial or tax advice. Each potential investor should consult with their legal, financial or tax advisor.



Approval of the Management Board

To the best of the knowledge and belief of the Management Board, having taken reasonable care to ensure this, the Management Board is aware that the information in this offering document is

accurate and to the best of the knowledge of the Management Board, there are no omissions or misstatements in the offering document that could distort the actual image of ELMO Rent.

Julia Nekrassova

Member of the Management Board at ELMO Rent AS

/signed digitally/

Applicable Law

This offering document has been prepared in accordance with the laws of the Republic of Estonia and the First North market regulations.

First North is a multilateral trading system arranged by Nasdaq Tallinn AS (hereinafter 'Exchange') within the meaning of subsection 3(3) of the Securities Market Act, i.e., the so-called alternative market, which is organised by the Nasdaq Nordic and Baltic stock exchanges in addition to

the regulated market. First North is not a regulated securities market within the meaning of subsection 3(2) of the Securities Market Act. Companies whose securities are traded on First North do not have to comply with the requirements established for a non-regulated market, instead having to comply with the requirements established in the First North regulations, with these requirements and regulations being more lenient than for companies listed on the main market.

Indicative Figures

The numerical and quantitative values published in the offering document (e.g., monetary values, percentages, etc.) are provided with the accuracy that ELMO Rent considers sufficient to present adequate

and relevant information in this matter. Quantitative values are sometimes rounded to the nearest reasonable decimal point or integer in order to avoid excessive detail.

ABOUT THE ISSUER

Brief Introduction

ELMO Rent AS is an Estonian company founded in 2013, and its main field of activity is the provision of green vehicle sharing services and the development, launching, and scaling of related green and innovative technologies, such as a vehicle fleet IT operation system, an automatic controller, and a remotely controlled vehicle.

Our vision is to achieve an emission-free, people-centred, and resource-sharing green living environment. Our mission is to provide people with the greenest way to use a vehicle, to become a pioneer in the development of sharing services, by offering, introducing, and scaling solutions to enable the use of resources ten times more efficiently.

The harmony of our vision and mission was also reflected in our first vehicle fleet, where, figuratively speaking and referring to an Estonian punk song, no one drank petrol. In this way, since the establishment of our company, our main field of activity has been eco-innovation in the area of vehicle sharing services.

Future plans

ELMO Rent is actively looking for opportunities to increase sales volumes in the Estonian market and enter new markets in Europe with green vehicles (cars, two-wheelers, etc.) and technologies developed by itself (vehicle fleet IT operating system, car controller, remote vehicle technology).

By now, the Finnish, Swedish and Polish markets have been mapped and we are trying to decide which cities to enter first and with what strategy. In the bigger picture, ELMO Rent wants to contribute to reducing the amount of toxic emissions released into the atmosphere for the better and more sustainable future of the planet.

Over the next five years, ELMO Rent does not plan to pay dividends to shareholders. The profits generated will be channelled into growth by expanding operations, including into new markets, and continuing to invest in technology.

- Our **vision** is to achieve an emission-free, people-centred, and resource-sharing green living environment

- Our **mission** is to provide people with the greenest way to use a vehicle





Our story - Goodbye, exhaust gases!

ELMO Rent was founded by the Estonian state in 2013 as one of the first electric car rental companies in the world (ELMO Rent 1.0). Our vision was to enter the market immediately as a distributor of electric vehicles, to leave out vehicles with internal combustion engines, and to focus on offering innovative electric vehicles as a category in the automotive world at that time.

In 2013, the first owner of ELMO Rent was Kredex Foundation. In 2017, the founder of the current company, Enn Laansoo, Jr., bought it from Kredex. In 2018, we merged with our former competitor, Minirent OÜ, whose field of activity since its establishment in 2011 involved the sharing of hybrid vehicles and development of technology.

As our visions and missions complemented each other, the owner of Minirent, Priit Haljak, became our co-shareholder, active partner, and technical advisor. Thanks to the merger, hybrid vehicles were added to the vehicle fleet of ELMO Rent.

Following the said merger, in 2018, we gradually started to move to the next level of service quality and green qualities of the vehicle fleet (ELMO Rent 2.0). In addition to Priit Haljak and his staff, we were also joined by an experienced technical guru, software engineer Thomas Tasuja.

As the electric car sharing company was up and running, as the next challenge, we chose to develop our own technology, which would lead to remote-controlled vehicle technology. To this end, we modernised the IT operating system of the vehicle fleet and developed a vehicle controller, which allows access to the on-board computers and remote monitoring of their operation.



So, the next mission of our innovation-centred vision was to establish a vehicle sharing platform between the users, focusing on remote-controlled cars, as well as electric and hybrid machines (ELMO Rent 3.0).





During this period, we have started to offer the vehicle fleet operation services to business customers as a new tactic in introducing innovation in order to achieve our strategic objectives.

With the technology of ELMO Rent, we can offer a number of services to the vehicle fleet owner: from its management to the replacement of the entire vehicle fleet with green cars to be shared. As of today, our biggest customer in this segment is the Eesti Energia group with its 208 vehicles. With the soon to be launched taxi service of ELMO Rent, we will be able to offer our customers more services from one place and carry out the preparatory work necessary for introducing the remote-controlled vehicle service to the market.

We decided that we should be able to provide our services even more efficiently, as well as to make the customer experience much more convenient and personalised. We had the idea that our cars could go to customers themselves. In addition, we decided to contribute to establishing a community that serves as an engine for sustainable growth in line with our values and to include private vehicles suitable for our sharing platform.

So, in 2019, we started to evolve into something bigger – a technologically innovative car-sharing platform with a green way of thinking.

To ensure that our good ideas would become reality, while also being financially sustainable in ten years' time, in 2020, we coaxed Julia Nekrassova to take up the position of CEO at ELMO Rent. She came with twenty years of experience and know-how from the financial sector, where she had previously worked, namely at SEB

and UniCredit Leasing. She has also been involved in the launch and introduction of new services in the field of banking and leasing.

Julia and the assembled team achieved the 2021 objectives in ten months, i.e., by the end of October this year. The focus is on efficiency which is the main denominator of our main service – short-term rental.

We included Taavi Lauri in the Supervisory Board, who, in addition to his management experience at Enterprise Estonia, brings further balance with regard to representing the interests of minority shareholders.

At the end of the summer of 2021, we started negotiations with Elektritakso, a Tartu taxi company that shares values similar to ours. Elektritakso operates in the Tartu and Pärnu taxi markets. Elektritakso charges the batteries of its cars with power from its own solar power plant, offering a taxi service that is independent of the fossil fuel price rise. After the planned acquisition of Elektritakso, we intend to merge the business activities of the two companies and in the course of that process Ermo Kontson will join our team.

As the remote-controlled vehicle technology developed by us and the short-term rental service are by their nature one of the possible future scenarios of the taxi business, the merger with Elektritakso and the provision of a taxi service as a new service to the customers of ELMO Rent will allow us to carry out the business scaling process in a smaller scale at the level of Estonia before the beginning of the global scaling process. This way, we will become aware of potential bottlenecks but also possibilities, which will give us an advantage upon entering foreign markets.



As of 2021, the think-tank of ELMO Rent consists of the founder and spokesperson of the company, Enn Laansoo, Jr., the partner and technical advisor, Priit Haljak, the technology development specialist, Thomas Tasuja, the partner and CEO, Julia Nekrassova, with the taxi service expert Ermo Kontson about to join the team.



The sectoral innovation activities of ELMO Rent are supported by five operating revenue pillars:

- sharing/short-term rental of green cars and two-wheelers;
- providing a car sharing/leasing service to a business customer;
- vehicle fleet management service;
- IT fleet management system, vehicle controller, and remote car technology developed by the company and its potential as a separate source of sales revenue;
- the planned taxi service.

In all five sectors, as innovators, we have a lot of room for growth and the potential to achieve our full potential. The priority is the scaling of the sharing service with remotely controlled vehicle technology among both private and business customers.

History of ELMO Rent

2013 – Establishment of ELMO Rent. Founded by the Estonian state (Kredex Foundation) in cooperation with Mitsubishi Corporation. The main objective of the establishment is to accelerate the introduction of electric cars in Estonia through short-term rental and to contribute to achieving the goal established by the state, i.e., to increase the use of renewable energy in transport by 2020.

ELMO Rent also becomes one of the first short-term electric car rental companies in the world.

2014-2017 – The company is up and running, with over 2 million kilometres covered by rental and shared vehicles (Source: Kredex).

2017 – Enn Laansoo, Jr., together with his friend and top manager Indrek Klaassen, buys ELMO Rent from Kredex with the aim of modernising the vehicle sharing company into a rapidly-growing global technology company and thereby supporting the goals of Pakri Science and Industrial Park in using renewable energy and developing new technologies.

**2018 –**

- The current competitor, Minirent, merges with ELMO Rent, and Priit Haljak joins the circle of owners.
- Thomas Tasuja, a technical engineer and a software guru, joins the team.

2019 –

- We create and implement ELMO Rent's own car controller.
- We modernise the IT system intended for vehicle fleet operation.
- We start with the modernisation of the vehicle fleet.
- We start offering vehicle fleet management services to business customers.

2020 –

- Julia Nekrassova is invited to serve as the CEO, CFO and shareholder of ELMO Rent.
- The vehicle fleet acquired from the state (average age 5.4 years) has been replaced (average age 1.2 years) and it has more than doubled.
- We enter the business customer sector by offering the vehicle sharing service.
- We conclude a vehicle fleet management service agreement with the Eesti Energia group.

2021 –

- We launch the acceptance of personal cars on the platform and their sharing.
- We disclose the remote vehicle technology behind ELMO Rent.
- Electric two-wheelers (scooters, motorcycles) are added to the vehicle fleet.
- The vehicle fleet has grown more than three times compared to 2017.
- ELMO Rent decided to participate in First North.
- We conclude a strategic cooperation agreement with Enefit Volt (the Eesti Energia group) for mapping a charging infrastructure and developing a joint strategy in foreign countries (Scandinavia, Latvia, Lithuania).
- We launch the sharing of premium class cars and electric two-wheelers as a new service.
- The remote-controlled car technology passes the first round of the site tests of the Road Administration.
- In cooperation with Telia, 5G technology is added to the remote-controlled cars and preliminary work starts on preparing internal corridors in target markets.
- We create a new service – 'Order ELMO to your door', offering our customers a free of charge option to pick up their desired rental vehicle at their desired address, figuratively at their doorstep.
- The green investment fund of PAKRI Science and Industrial Park becomes a shareholder of ELMO Rent with the aim of ensuring financing and competences for launching production for our own technology.
- We conclude a letter of intent for acquiring Elektritakso, a taxi company operating in southern Estonia, with a plan to also include the former owners of Elektritakso among the shareholders of ELMO Rent.
- In the course of the initial public offering we achieve the objectives set for the year in just ten months.



Our Mission - A Sharing or Innovation Company?

Although the name ELMO Rent suggests that we are merely a car rental and sharing platform, which is also confirmed by a cursory look at our economic indicators, our main field of activity in car sharing is still our sectoral innovation and the implementation of its achievements as our services and scaling as a business.

Our big goal is to take the field of vehicle rental and sharing to a new level in terms of both technical solutions and their consumer friendliness, or ease of use. At the same time, we have an unwritten rule that our activities must result in greener practices. Environmental protection has been in the DNA of our company since the first day and will remain there forever.

We are sincere on environmental issues. This is also confirmed by the fact that we started with a fleet of rental cars consisting only of electric cars and were one of the first of its kind in the world. The electric car as a green transport solution is the foundation of our innovation activities.

While the big players of the Estonian car-sharing and rental market want to appear green through greenwashing, in practice electric cars still make up only a marginal percentage of their fleets. Their business

model is based on vehicles with internal combustion engines.

We started our rental business with a full electric vehicle fleet, which was later supplemented by hybrid and green gas vehicles in order to ensure faster growth through a larger selection of green vehicles.

Even in the context of aggressive growth, our target is to keep the ecological footprint of our operations as small as possible by prioritising electric and hybrid vehicles. The better we do, the smaller the collective ecological footprint of car users. Our values do not include greenwashing or apparent environmental friendliness.

- Environmental protection has been in the DNA of our company since the very first day and will remain there forever.
- Our goal is to keep the ecological footprint of our activities to a minimum.
- We are sincere on environmental issues.
- Our values do not include greenwashing.





Electric taxi: why and how?

In November 2021, ELMO Rent signed the letter of intent for acquiring Elektritakso, a taxi company operating in Tartu and Pärnu. We plan to conclude the final sale contract at the beginning of 2022. With regard to the green worldview, the values of ELMO Rent and Elektritakso are the same.

Elektritakso was established by entrepreneur Ermo Kontson in spring 2012. Convinced that the era of oil will soon be over in the taxi business, he wished to be the first to enter the Estonian taxi market with a fleet of electricity-powered vehicles.

Ermo Kontson was born in 1976. He studied to be a technician/farm manager at the Türi Higher Agricultural School at Säravere. He then studied mechanization at the Estonian University of Life Sciences. He did not acquire the diploma, as the area of specialization held no perspective for him. The studies were followed by years of working in the agricultural, hotel and landscaping sectors in Europe and America.

He then worked as a broker in the Estonian real estate market, aiming to become a developer himself. He tried his hand at and learned the latter by managing small development projects beside his brokering job. His plans to make real estate development his main job were flushed by the economic crisis in 2007-2008.

Ermo then worked as the head of transport company Baltic Caroline Pro OÜ. In contemplation of life and looking for his true calling, the idea was born to establish Elektritakso.

Elektritakso started its operations with one car beside the owner's then main

job, driven by the owner of the company Ermo Kontson himself. When it turned out that there was a demand for electricity-powered taxis, the company expanded by half in the summer of the same year – the second vehicle was leased and the first taxi driver was employed. Unlike many other taxi companies, the business model of Elektritakso is to minimise the business risks of the taxi driver as a contractual employee/partner.

In September 2012, the company continued with five cars and its own dispatcher. A year later, the car fleet of the company comprised 11 cars shared by 30 taxi drivers. Until Bolt and Uber entered the market, Elektritakso was the fastest growing taxi company in Estonia.

By today, the community of Elektritakso consists of more than 130 people with different tasks. The core of the Elektritakso team includes the head of dispatchers Olga Timeranova, accountant Rein Mootse and personnel specialist Karl Haava.

Elektritakso's vehicles are charged with electricity generated by a solar power plant owned by the company.

In the past few years, the company's smooth development and growth has been impeded by the constantly changing situation caused by the coronavirus pandemic. Instead, the company has grown smaller and does not have a base in Tallinn. The merger with ELMO Rent will give Elektritakso the opportunity to enter the taxi market in Tallinn. To do that, the information systems of the two companies have to be integrated and a taxi base has to be established in Tallinn.



For ELMO Rent, the entry into the taxi market is an opportunity to contribute to reducing the air and noise pollution on the streets of Tallinn by offering an environmentally friendly and high-quality service to consumers. It is also an

opportunity to make consumers aware of ELMO Rent's other vehicle rental services as well as introduce electric cars and short-term rental (with or without a driver) as a reasonable alternative to owning a car when living in Tallinn.

• The strengths of our planned taxi service:

- By its nature, the taxi service is similar to the service of short-term rental of remote-controlled cars, only the car is now rented with a driver. We have a similar and successful experience which will be supplemented by the competence that Elektritakso will bring.
- We have already established a functioning community of electric vehicle users who will also be the first users of the electric taxi service and voluntary emissaries of the trademark.
- The future of the taxi service lies in electric cars which can be charged with green electricity produced by the service provider itself or the shareholder PAKRI Science and Industrial Park, thanks to which the prices of fossil fuels will not affect the price of the service.
- Our own charging park with a solar power plant and a battery bank ensures that we won't be affected by the increase of electricity prices.
- We will be the first company to enter the Tallinn taxi market with a fully electric car fleet.
- Elektritakso's business model is risk-free for taxi drivers, which will give us a competitive advantage compared to other taxi companies.
- The car and service quality standards of Elektritakso as a provider of premium class services of verified quality with premium class cars.

• The weaknesses of our taxi service:

- A small car fleet means that the service is less readily available starting from a certain level of demand, as it creates a deficit.
- Elektritakso's trademark is mainly known in Southern Estonia.
- The company does not currently operate in Tallinn.



- **The opportunities of our taxi service:**

- A general increase in the awareness of consumers will create the prerequisites to an increase in demand.
- The cross-use of different existing marketing channels to inform consumers.
- A service of stable high quality will create a person-to-person advertising effect.
- While other service providers have to increase their prices as fossil fuels become more expensive, we will not be affected by it and the price and quality ratio of the service will improve by itself over time, as the effect of the electricity prices on the price of the service is smaller (although we do note that the extensive increases of electricity prices in recent months are starting to affect the use of electric cars).

- **The challenges related to our taxi service:**

- The need to increase the awareness of taxi users in Tallinn and other new target markets as a green choice.
- To be as accessible for our customers as the service providers linked to well-known taxi apps such as Bolt or Uber, while being personalized and of higher quality.

- **The risks related to our taxi service:**

- Market risk – the Tallinn taxi market is filled with service providers and a large share of it is held by well-known apps – Bolt and Uber.
- When demand exceeds supply, we might not remain the first choice for taxi service users.
- The delivery of new cars may be made more difficult by supply problems beyond our control.
- The general market risks caused by developments of the coronavirus pandemic in the taxi business.
- A larger competitor purchases some electric cars and starts a loud and strong green-washing campaign based on its existing reputation and customer base.



• Our solutions to the challenges of the taxi service:

- Be consistent in introducing the service with our environmentally friendly vision.

- The future of the taxi business belongs to electric vehicles.
- By its nature, the taxi service is similar to the short-term rental and sharing of vehicles.
- Elekritakso is an operating company the values of which are the same as ours.
- Elekritakso as a service provider will become the promoter of ELMO Rent's values among a broader circle of users.





Our Challenges - New Markets and Competitors

For innovation in the car-sharing market to make the world a better place, it needs to be consistently introduced and promoted. The basis for the success of the activities of ELMO Rent so far has been successfully coping with these challenges.

Upon entering the Estonian rental car market, we immediately created a new segment based on an innovative solution, introducing the electric car as a green

alternative to the consumer. At the same time, we connected car sharing to a smartphone.

The mission of our further activities has been to scale what has been introduced so far, as well as to be constantly innovative, set new challenges and overcome them. This has been accompanied by a steady increase in market share, turnover, and profits.





• Our First Challenge - Improving the User Experience

We see that the car-sharing market is growing rapidly, two to three times a year, but still only 0.13% of passenger cars in Europe are being shared. **What are the problems?**

1. Customers want a more comfortable user experience and a better selection of cars.
2. The price range of the service is competitive only for short-distance drivers.
3. Car owners have problems entrusting their vehicle to someone else.
4. The benefits of participating in the sharing platform are not sufficiently transparent or profitable for car owners.
5. In the context of electric cars, there is also the fact that they are still in an absolute minority in the world compared to petrol cars and, therefore, not always available as an option.

Our solution to these problems is simple:

1. The company's platform must have a sufficient selection of various cars, and the selected vehicle is received from the customer within a five-minute walk so that there is no deficit.
2. It is necessary to further develop a community of shared values, one of the basic principles of which is respect for others' property, efficient use of resources (sharing), and environmental protection.
3. The revenue-sharing part of the business model must be distributed in such a way that each party feels that it receives a share of the benefits.
4. People also need to be constantly made aware that electric cars and their sharing refer to green activities.

In order to expand, it is necessary to provide the best service and a larger vehicle fleet. In addition to user-friendly technological solutions and tangible benefits, the best service also translates into the most versatile vehicle fleet possible. As the expansion of our vehicle fleet requires constantly high investments, it is reasonable to attract the owners of a personal vehicle to join the ELMO Rental platform.

The integration of several operating models in a single company is also a wider practice in the European car rental and sharing market. In addition, the combined vehicle fleet offers the best relief for the seasonal nature of service demand, which supports the better financial indicators of ELMO Rent.



- **Our Second Challenge - Introduction of Remotely Controlled Car Technology**

We can see that the introduction of remote vehicle technology would take the efficiency and user-friendliness of the car-sharing business to a whole new level, as it would allow the vehicle to move where the customer is and does not obligate the customer to go and pick up the car. We have been working on this since 2019 and have found a solution. **Sounds good, but what are the problems?**

1. High development costs of the necessary hardware.
2. Although a legal framework that would allow self-driving and remotely controlled cars to travel on the streets is beneficial for us, it needs to be tested in practice and updated, if necessary. Based on the experience received in Estonia, it could be easier to enter the market in new foreign markets, but presumably there is a need for more legalisation and development of rules there.
3. Current road safety issues.
4. Time is required until everything is in place at every level.

Our solutions to these problems are the following:

1. We have had our own car controller with an open platform for almost three years, which has helped us to learn more about the problems related to the vehicle software and communication movement.
2. We plan to attract investments to complete the hardware platform.
3. Every week, we participate in updating the legal framework as a stakeholder representative partner with the aim to reach the preparation and implementation of pan-EU technical specifications of remote-controlled and self-driving vehicles in 2022.
4. Once the car reaches the customer, they will take over the steering wheel and control; so far, traffic safety is ensured by remote control, software, and communication devices.
5. We plan to take the time and engage in the matter until solutions are in place.

In order to introduce something novel in this way, the innovator must have both a clear vision and a clear mission. We have already come so far with our work that the remote-controlled car has been developed to be suitable for field testing in Estonia's capital of Tallinn and our hometown Paldiski. In November 2021, the remote-controlled car technology passed the first site test of the Road Administration and we are making preparations for street testing. As this technology is revolutionary on a global scale, as is true to the nature of Estonians, we will bring our case to a victorious end and turn the company with innovative technology and a green mission into Estonia's international green flagship.

It is no less important here to take the lead in the form of innovative solutions in an increasingly competitive environment. We are confident that the remote-controlled vehicle technology developed so far will facilitate and accelerate our entry into new foreign markets and provide us with advantage for scaling our business when competing alongside the big players there, at least for a couple of years.



- **Our third challenge: European car-sharing market**

As our vision is to make the world a more sustainable place to live by implementing globally innovative ideas while offering people sustainable solutions for the future already today, the activities of ELMO Rent can no longer be limited to the Estonian market. **But what are the specifics of new markets?**

1. The European car-sharing market towards which we are aiming was a EUR 466 million business in 2017, but it is estimated to grow to a EUR 3.2 billion business, with growth of 33.7 per cent between 2018 and 2024. A Europe-wide survey shows that almost 7% of European driving licence holders use a car-sharing service and 30% consider it likely that they will do so in the next year.¹
2. The European shared vehicle fleet

has grown from 132,000 cars in 2016 to over 370,000 cars in 2018, but it still accounts for 0.1% of all European passenger cars. The increase in the number of car-sharing service users from 5,100,000 in 2016 to as high as 11,500,000 in 2018 is also impressive. According to one possible growth scenario, this increase means 7.5 shared cars by 2035.²

3. The volume of Northern Europe accounts for only 15% of this market, while the volume of Western Europe accounts for 60% (mainly thanks to Germany). However, 25% of car-sharing users in Northern Europe are P2P platform customer, compared to only 14% in the rest of Europe.³



¹ Source: *Europe Car Sharing Market Statistics By Business Model (Round Trip, One Way), By Model (P2P, Station-Based, Free-Floating), By Application (Business, Private), Industry Analysis Report, Regional Outlook (UK, Germany, France, Italy, Spain, Russia, Turkey), Growth Potential, Competitive Market Share & Forecast, 2018–2024. Published Date: August 2018 | Publisher: Graphical Research Report ID: GR1003*

² Source: *ING International Survey, 2018.*

³ Source: *STARS report 'Car sharing in Europe: a multidimensional classification and inventory', 2018.*



How are we going to enter the foreign market?

1. Previous experience and the new services introduced to date confirm that we can mitigate the estimated investment and financial solution required for entering a new market by attracting personal vehicles to the platform. We intend to use it immediately when entering a new market.
2. Our advantage over all competitors is our fundamental choice in favour of the greenest vehicles on the market (electric, hybrid, green gas) and remote vehicle technology, which makes the user experience more comfortable than ever, but also attracts attention as a novelty in itself.
3. Thanks to the high level of environmental awareness in Europe, consumers there are more likely to opt for innovative green solutions, such as electric and hybrid cars, as well as their sharing. We are planning to use environmental savings in both marketing and advertising.
4. All active sharing companies have the capacity to purchase new electric cars. Thus, entering the market as a mere new player is a considerable risk. However, the provision of remote (electric) car technology and a green service based on it will be our competitive advantage and a talking point for years to come, supporting our marketing communications and providing us with attention, growth, and revenue.





- **Our fourth challenge - Our competitors**

It is customary in a market economy that the market is shared and the biggest slice of the pie goes to a service provider whose solutions are the most customer-friendly and who, at the same time, shows the qualities of being a green consumer. In the Estonian market, we have three main competitors: CityBee, Bolt Drive, and Autolevi. **So, what are the business models of our competitors?**

1. In terms of passenger car availability, the advantages of Bolt Drive and CityBee are economies of scale and their conscious establishment.
2. The vehicle fleets of Bolt Drive and CityBee are scattered across the city, based on the principle that customers can pick up the nearest available car in a public space and leave it in the same public place later to wait for the next customer.
3. The business model of Autolevi is P2P.
4. The Autolevi model provides for a physical meeting between the lessor and the lessee.

How are we better than them?

1. Our competitive advantages over Bolt Drive and CityBee are the sustainability of the vehicle fleet, environmental friendliness, more efficient use of vehicle resources, customer-friendly pricing, and personalised service.
2. The technological solution we are developing establishes that the customer does not have to pick up the car; instead, the car itself comes to the customer. We were the first company in Estonia to launch the service of ordering a rental vehicle to the desired address, i.e., we started to offer a more personalised and convenient service.
3. Over competitive advantage over P2P implemented by Autolevi is flexibility, i.e., opening the door without a key, which means that those who share cars do not have to meet each other.
4. In order to enter foreign markets, we are considering cooperation with a large aggregator (a platform that combines many different modes of transport) to make it easier to win customers' attention.





We are facing the following challenges in the taxi business:

1. The need to increase the awareness of the Tallinn taxi users as a green choice.
2. To be as accessible for our customers as the service providers linked to well-known taxi apps such as Bolt or Uber, while being personalised and of higher quality.

In order to resolve these challenges, we will rely on the following:

1. A general increase in the awareness of consumers will create the prerequisites to an increase in demand.
2. The cross-use of different existing marketing channels to inform consumers.
3. A service of stable high quality will create a person-to-person advertising effect.
4. An increase in the price of electricity will affect the end price of the service less than an increase in the price of fossil fuels.
5. Our resilience.





Risk factors

Like in any company, the long-term plans of ELMO Rent also entail business risks. However, we are confident that, with the commitment and experience of our founders and leaders, we have the strategic and tactical know-how to meet the challenges ahead.

- **Competition risks**

Competition in the field of car-sharing is fierce and getting tougher – car-sharing companies are ready to start adding the car-sharing service to their existing platforms, which may reduce the market share, turnover, and profits of ELMO Rent.

In the local market, we still have a unique car-sharing platform that functions by providing green vehicles and competitive prices. By constantly investing in the growth of the vehicle fleet and thus offering the customer better service reliability and dependability, we believe that we can maintain and improve our competitive position.

Also, we should not forget the fact that all car-sharing companies are aware that: the demand for this service will grow exponentially over time (for more details, see ‘Our third challenge – European car-sharing market’) and the volume of

Our competitive advantage is that we have all the technology components required for today’s sharing service, and the principal investments have already been made. Therefore, our CAPEX (at least 15%) and OPEX (at least 35%) are lower, providing us with more flexibility in the pricing process and sales opportunities.

today’s market participants is the first drop in the bucket, as there is enough room for expansion in Estonia and even more in new foreign markets.

At the same time, competition is growing in the car-sharing market, but the size of this market and the changes in the coming years will be many times greater than in the taxi market over recent years. Similarly to the taxi market, international and local players in the field will compete here, with mergers and divisions taking place. To put it simply, the car-sharing market is ten times larger than the taxi market.

According to ELMO Rent, the question today is not so much how to survive in the rapidly rising trend and next to large aggregators, but how to ensure rapid growth in order to ride on the crest of the sector’s growth trend with its competitive advantages.



• Marketing and branding

The ELMO brand is unknown outside Estonia and entering new markets may be difficult. Our green electric car sharing platform needs a powerful boost, especially in foreign markets. To date, a significant share of our regular customers have become fans of our innovative ideas.

To expand, we need greater consumer awareness of our green vision, our brand (which can vary from market to market, especially when we integrate with an aggregator), and our services in the local

market. In addition, we need to strengthen our sales and marketing team to expand into new markets.

Each market also requires a strategy taking into account local circumstances. In some markets, it is more beneficial to join an aggregator (for more details, see ‘Our fourth challenge – Our competitors’), in others, it is reasonable to purchase a car rental or sharing company already operating there.

• Risks associated with electric car charging networks

As we are focusing on electric cars, the quality and convenience of our service depends on the charging network. In the local market, our strategic partner is the largest network owner Enefit Volt, which belongs to the state-owned energy company Eesti Energia and has 180 chargers. We are the largest customer of Enefit’s rapid-charging network for electric cars. As a result, Enefit Volt, the owner of the rapid-charging network, is actively working with us to upgrade the existing network with CCS-type rapid chargers and

to install new chargers. In addition to the existing agreement, we have signed a new cooperation agreement with Enefit Volt in order to explore and create possibilities of electric vehicle charging and sharing business and synergy.

In the event of difficulties or termination of cooperation with a key partner, we may not be able to find a new partner immediately and the provision of service may become complicated or impossible.

• Risks related to entering new foreign markets

With regard to our current fundraising, we are focusing on the growth of the domestic market and the preparation of preliminary work for entering foreign markets. Expansion (including merging with an already operating rental/sharing company)

to new markets requires rapid growth into a capital-owned vehicle fleet and a customised strategy. The personal vehicle involvement model reduces the need for capital, but it takes time to build trust and transparency with vehicle owners.



- **Risk associated with new technology**

Development of remote car technology may take more time and financial resources than originally planned. Both our car controller and remote control technology solutions are built from

available components, therefore, we also need to patent the critical solutions by the time the final product is completed. The process of patenting the solutions is currently underway.

- **Risks related to legislation**

There is no guarantee that the legal framework for remotely operated vehicles will allow ELMO Rent to place such vehicles on the market, and it cannot be ruled out that, despite the development of new technology, it will not be used in practice as intended.

Unfavourable changes to tax arrangements may increase the tax burden on shareholders and thus impair the return on investments in shares.

- **Hedging the risks associated with the core business of car sharing**

In the event of a failure of our core business, we offer our white label sharing mobility

solution to other vehicle sharing and car rental companies around the world.

- **Dependence on related parties**

A significant part of the vehicle fleet of ELMO Rent has been leased from parties affiliated with the Issuer, who in turn have entered into agreements with various credit institutions to finance the purchase of vehicles (a more detailed information is presented in chapter 'Transactions with

related persons'). In the event of insolvency of related parties or non-performance of concluded agreements, the Issuer may lose the right to use part of its rental vehicles, which may make the provision of the service partially more difficult.



- **Significant customer risk**

A major customer of ELMO Rent is Eesti Energia, with whom the cooperation agreement accounted for 3–15% of the turnover of the Issuer in 2021, depending

on the month. Upon termination of the cooperation agreement, the Issuer would lose a significant part of its turnover.

- **Risks related to shares and admission to trading**

ELMO Rent has applied for the admission of shares to trading on First North and will take all measures to act in accordance with the Regulations so that the Exchange would approve its application. Although ELMO Rent intends to make every effort to admit the shares to trading, the company cannot guarantee that the shares (including Offer Shares) will be admitted to trading. Also, there is no guarantee that the shares will be actively traded on First North after the offering and admission to trading. The multilateral trading system of First North is significantly less liquid and more volatile than a regulated market or even well-established alternative markets, such as

those located in other countries where competition is high. Relatively low market capitalisation and low market liquidity may impair shareholders' ability to sell shares on First North or increase share price volatility. As the market is also characterised by relatively low investor activity, the impact of individual transactions on the market price of securities may be significant. Lower investor activity may lead to larger gaps between the purchase and sales prices and correspondingly lower liquidity of traded securities. Therefore, there can be no assurance that an active market will develop for the company's shares.





• Payment of dividends

The company has no firm and certain obligation to pay dividends to shareholders on a regular basis; therefore, the Issuer cannot guarantee the payment of dividends in the future and the amount of dividends to be paid in the future. The recommendations of the management on profit distribution are based on financial performance, working capital requirements, re-investment needs,

and strategic considerations, which do not necessarily coincide with the short-term interests of all shareholders. The payment of dividends and their amount depends on the decision of the majority of shareholders. The Issuer does not intend to pay dividends in the coming years and directs the resulting profit to investments and business expansion.

• Nasdaq CSD SE

The share will be linked to the account-based system of the Baltic Central Securities Depository Nasdaq CSD SE (Societas Europaea). Clearing and settlement of shares will take place in the electronic register of the depository. Therefore, investors are dependent on the functioning of the electronic register of Nasdaq CSD SE. The electronic register of securities means that no certificates of securities are issued and ownership

of securities is registered digitally. This refers to the fact that shareholders will only be entitled to exercise their shareholder's rights after the relevant shareholder has been included in the list of shareholders maintained by Nasdaq CSD SE. Consequently, investors depend on the functionality of the Nasdaq CSD SE account-based system and, therefore, shareholder must rely on the Nasdaq CSD SE procedures to exercise any rights.

- Our main strengths include an experienced and dedicated team, over seven years of experience in the car-sharing market, the availability of a comprehensive customer database, our own car controller, as well as a developed technical solution for remote car management.
- Our main opportunities stem from the already existing foreign market interest in our platform and the related solutions. Environmental issues also form a topic that will not disappear from the picture, and

- our solutions are not greenwashing but a substantive step towards the global improvement of our living environment, which refers to a high-potential and fast-growing market.
- Our weakness is the fact that we have so far only operated in the domestic market and have no direct experience of doing international business.
- Our current and future competitors are the main fuel for service innovation.

Overview of 2021. Overview of using the IPO resources.

In June 2021, ELMO Rent AS held an initial public offering (IPO) in order to give small investors an opportunity to take

part in the growth story of the company and to engage additional capital for the company's business developments.

The money engaged in the IPO held in June had four main objectives⁴:

Promises made in the 2021 June IPO	Overview of fulfilment	Assessment
1. We plan to use up to 40% of the engaged resources to expand the car fleet so that no deficit will occur and we can validate existing and new services on the basis thereof.	The vehicle fleet has been expanded by more than 60 vehicles, including a premium class car (Tesla Model 3) and 20 e-two-wheelers.	FULFILLED
2. We plan to use up to 10% of the engaged resources for preliminary work to enter foreign markets, including getting to know the markets and preparing strategies.	Possibilities of expansion to Finland, Sweden and Poland have been mapped.	FULFILLED
3. We plan to use 50% of the engaged resources for developing the remote-controlled car technology into a fully operational product.	The first part of the site testing has been passed, preparations are being made for street testing.	BEING FULFILLED
4. The 2021 sales revenue will be at least 934,000 euros ⁵ .	At the end of October, the sales revenue amounted to 942,032 euros, i.e., the 12-month forecast was fulfilled in ten months. The new forecast for 2021 ⁶ foresees a sales revenue of 1,075,768 euros.	FULFILLED

* All the figures are as at the end of November 2021. The source of the figures and assessments: the company's economic information systems, the assessments of the company's executive management.

ELMO Rent used the revenue from the previous share offering to continue the development of the remote-controlled car technology, expand the company's car fleet to meet the peak demand, and carry out preliminary work for entering the markets of other European countries. The company held public demo-drives to demonstrate the capability of its remote-controlled car to drive without a driver,

driven by a remote driver from a distance⁷ (see video: [An official test of ELMO Rent's remotely controlled car, part 1, on 11.11.2021](#) – YouTube). The promises made to shareholders and the objectives established in the course of the IPO have mostly been fulfilled, while the sales revenue forecast was exceeded at the end of October.

⁴ See the introduction of the June IPO on page 21.

⁵ See the introduction of the June IPO on page 27.

⁶ See the stock exchange announcement of 7 August 2021

<https://view.news.eu.nasdaq.com/view?id=bda977586aac0752af76a54cf0af98605&lang=et>

⁷ See the introduction of the June IPO on page 21.



Thanks to the revenue received from the share offering, ELMO Rent performed product developments of its own technology. The company announced on 17 November that the remote-controlled electric car of ELMO Rent successfully passed the first stage of the site test of the Transport Administration: “The electric car using the remotely controlled technology developed by ELMO Rent successfully passed the first stage of the official site test of the Transport Administration. Upon passing the second stage, the vehicle will

be ready for street testing. The vehicle’s remotely controlled technology allows the electric car to be delivered to a customer and, if necessary, reparked without a driver being physically present in the vehicle. In the nearly three-hour test, the vehicle had, for example, to drive in a figure of eight, reverse to a parking spot, perform emergency braking, complete a five-cone slalom at a slow speed and pass other tests. The second stage of the site test includes driving on a roundabout and driving a slalom at a higher speed.”⁸



⁸ See the stock exchange announcement of 17 November 2021

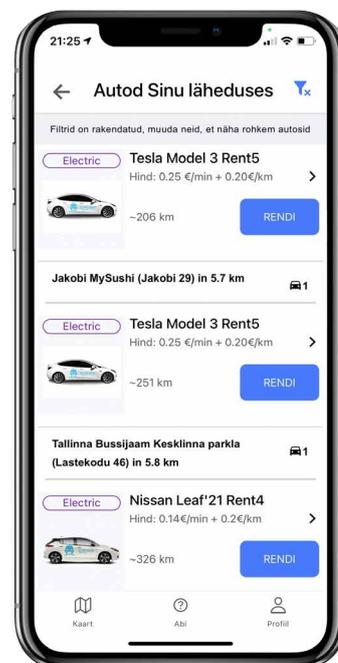
<https://view.news.eu.nasdaq.com/view?id=b362dd875739a66c3800596a073e0170c&lang=et>

The remotely controlled car technology has passed the first part of the site test of the Road Administration. The second part of the site test is awaiting a suitable time for the Road Administration, while preparations for street testing are simultaneously being made. The company is also continuing the further development of the car fleet management software and the car controller technology.

The company launched a new version of ELMO Rent's ride-sharing app⁹. Intense work is being done on the further development and launch of new services, including the taxi service and the remote-control technology. The company continues to hold that the development of forward-looking technological solutions in the area of mobility adds competitiveness to the company when competition in the

market continues to grow tighter or the company is about to enter a new market. Consistent development of technology will allow the company to reduce costs in operating the vehicle fleet and managing the company as well as to better scale the company both in domestic markets and prospective new markets and business areas.

Thanks to the development of technologies, the use of ELMO Rent's services became even easier for customers and the communication of campaigns to customers became more efficient, which will also make the launch of new services easier in the future. Technological developments allow the company to more effectively meet the expectations of its customers.

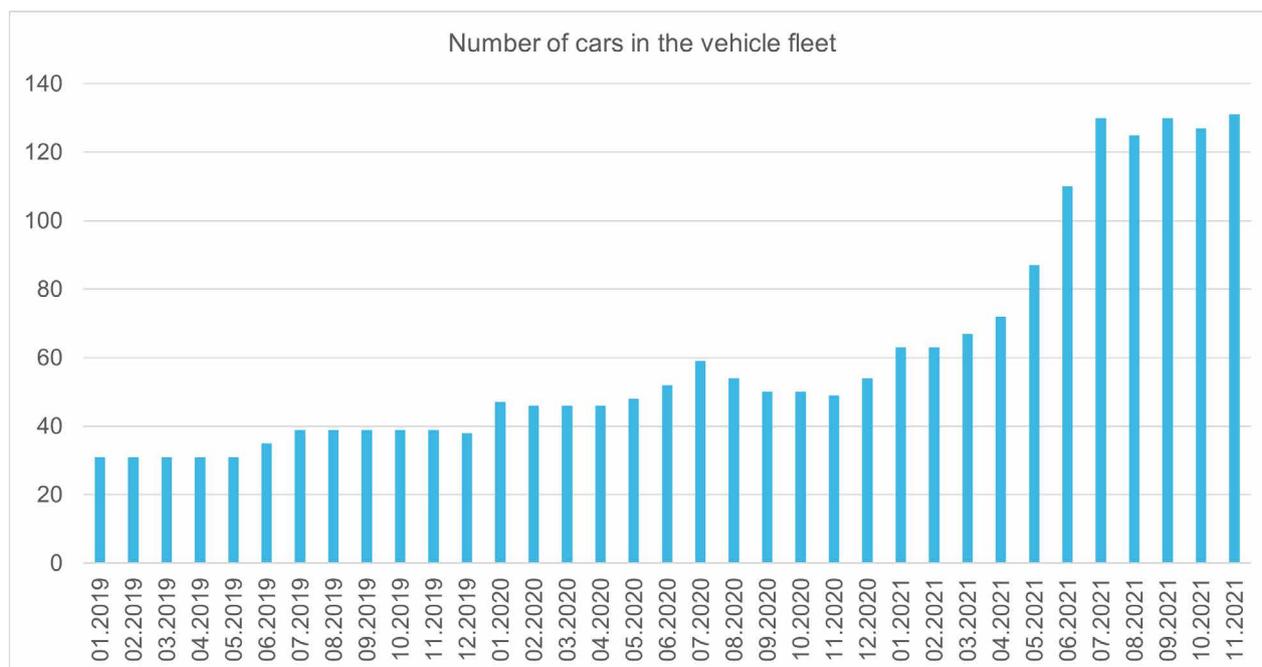


⁹ E.g. Google Play store <https://play.google.com/store/apps/details?id=ee.elmorent.rent>

The growth and development of the company was not limited to software. In the first three quarters of 2021, the vehicle fleet of ELMO Rent grew to 123 units. In order to increase the market share and revenue and to offer more value to our customers, the first electric motorbikes were launched in June 2021¹⁰, and the

first premium class cars were introduced in August (Tesla Model 3)¹¹. Compared to the first three quarters of 2020, growth amounted to 101%. In connection with this, the company's fixed assets grew by 70% from the end of the year, i.e., to 2.067 million euros.

Figure 1: The change in the number of the vehicles of ELMO Rent AS from January 2019 to November 2021



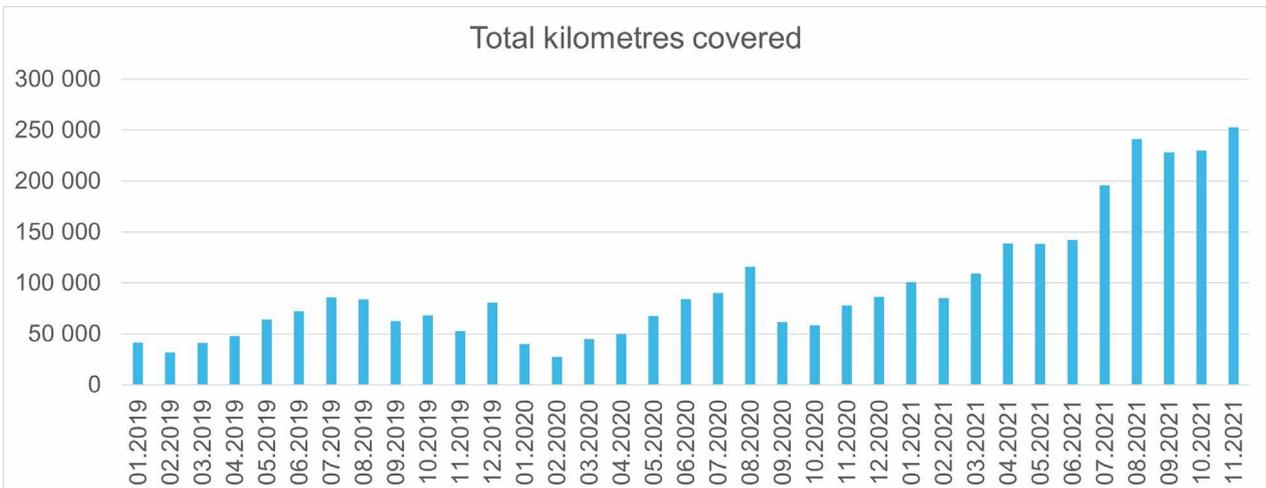
¹⁰ See the press release of 2 July 2021 <https://view.news.eu.nasdaq.com/view?id=bbfa1b3d903c5d6ad1bcd9df56692183&lang=et>

¹¹ See the press release of 4 August 2021 <https://view.news.eu.nasdaq.com/view?id=bacef4df173984df59af1ccb5d3af3c21&lang=et>

While in 2020 our vehicles (in possession + engaged) drove a total of 803,972 kilometres (581,272 km in three quarters of 2020), the total kilometrage in the first three quarters of this year amounted to 1,379,243 kilometres, i.e., the year-to-

year growth was 137%. As at the end of November 2020, the kilometrage was 717,670 km, while as at the end of November 2021 it was 1,862,497 km, which means that the year-to-year growth was 159%.

Figure 2: The kilometres driven by the vehicle fleet of ELMO Rent AS from January 2019 to November 2021



In conclusion, the year 2021 has, in spite of the issues related to the coronavirus pandemic, been so successful for ELMO Rent that the company fulfilled many of its objectives of the annual plan in the first three quarters of the year. In November, the company announced its sales revenue

for ten months and October, according to which **ELMO Rent's sales revenue for the first 10 months of this year amounted to 942,032 euros, exceeding the forecast 12 months' sales revenue (934, 651 euros).**¹²

Figure 3: The sales revenue of ELMO Rent AS by months, from January 2019 to November 2021. The reported sales revenue + forecasts. Source: the data has been obtained from the company's economic information systems. The forecasts are based on the assessments of the Management Board.



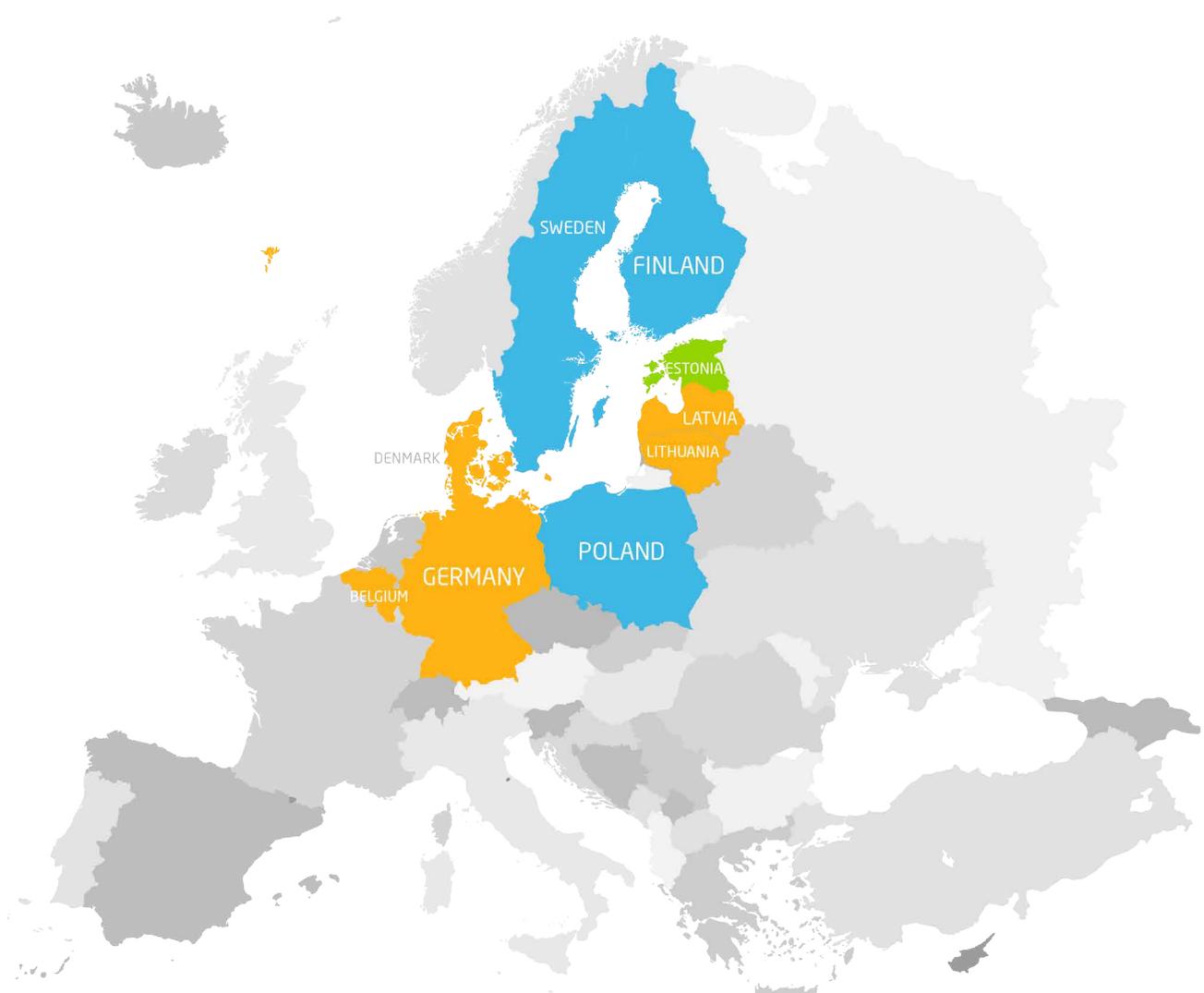
¹² See the press release of 8 November 2021 <https://view.news.eu.nasdaq.com/view?id=bda977586aac0752af76a54cf0af98605&lang=et>



With regard to entering foreign markets, the company carried out preliminary work in Finland, Sweden and Poland. The company continues to analyse the market situation on a current basis, as well as plan the strategies of entering the markets of specific cities. ELMO Rent's 100% subsidiaries are currently being

established in Finland and Sweden. Due to the coronavirus pandemic, the possibility of acquiring new cars has become a critical point in expanding abroad, as the global delivery crisis has rendered the time of fulfilment of orders at least 6 to 9 months long.

Map: possible foreign markets



ELMO Rent in action



mapped and about to be entered

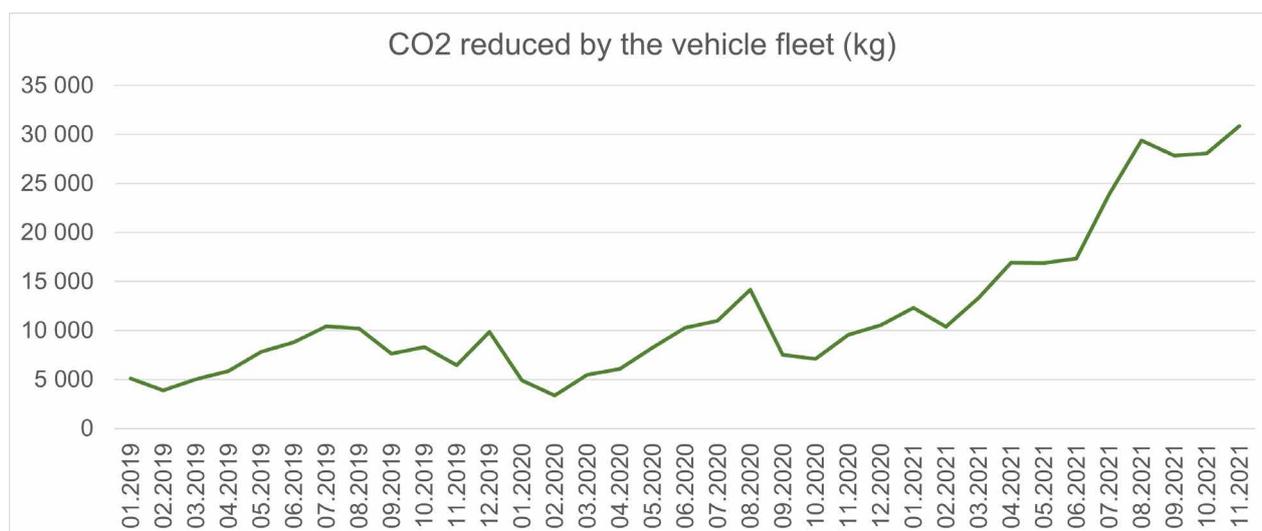


possible entry in the near future

The use of electric cars helps reduce the amount of harmful emissions and pollutants created by conventional petrol and diesel engine vehicles. The greater the kilometrage and sales revenue of ELMO Rent's electric cars on Estonian roads, the smaller the amount of CO2 emitted to air in Estonia. Thanks to ELMO Rent's vehicle fleet, the amount of CO2 emitted to air in

the first nine months of 2021 was reduced by 168,267 kilograms, which means an increase of 137% compared to the first nine months of 2020 (70,915 kg of CO2). As at November 2020 versus November 2021, 159% more CO2 has been avoided (87,556 kg of CO2 versus 227,225 kg of CO2, respectively).

Figure 4: CO2 reduced by the vehicle fleet of ELMO Rent AS from January 2019 to November 2021



- Thanks to the revenue from the first share offering, ELMO Rent was able to continue investments into the development of its technologies.
- The remotely controlled car technology successfully passed the first stage of the Road Administration's site test. The time of the second stage is currently pending and preparations for street testing are being made.
- The company's vehicle fleet grew by the selection of different types of vehicles, the total number of vehicles and the classes of comfort of vehicles.
- Preliminary work for entering foreign markets has been carried out in Finland, Sweden and Poland. The implementation of entry strategies continues.



The growth of the number of ELMO Rent's new customers has increased to over 617 registrations in a month, which means an increase of 293% compared to the average of 157 registrations a month in the previous year (a total of 3,704 new customers from June 2021 to November 2021 versus 942 new customers from June 2020 to November 2020). The proportion of activated customers has decreased due to the more efficient background checking

of customers and the simultaneous launch of the new registration solution. From June 2020 to November 2020, we activated 926 of 942 customers, or 98%, but from June 2021 to November 2021, we activated 3,147 of 3,704 customers, or 85%. While the number of registrations in the first 11 months of 2020 was 1,334, in the first 11 months of 2021 the figure amounted to 4,738 – an increase of 255%.

Figure 5: The number of new registered customers





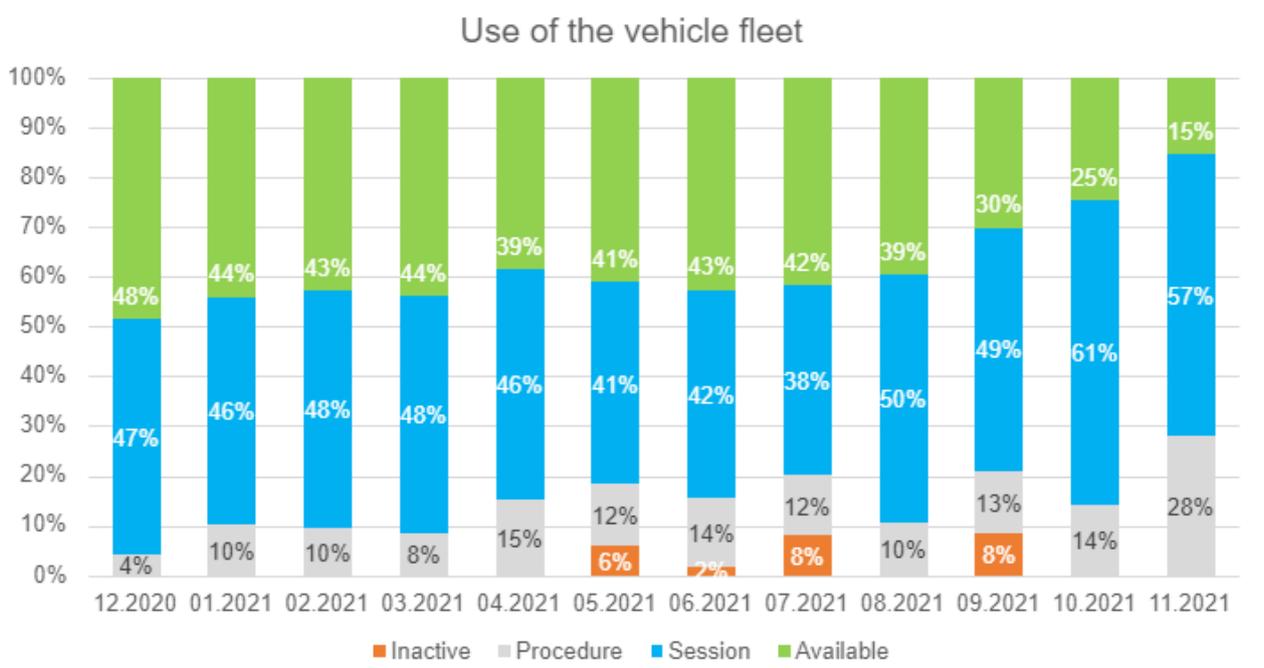
According to the IPO introduction (page 26, Figure 1 ‘The average use of the entire vehicle fleet in time, unit ‘% of time rented’”), the use of the vehicle fleet of ELMO Rent increased from 16% to 36%. In the same introduction, we forecast the usage to be 41% in the second quarter of 2021. The percentage shows how much of the total time (e.g., 24 h x 30 days = 720 h) the entire vehicle fleet is in use. Thus, the 41% indicates that of 720 hours every vehicle has been used by customers by the average of 41%, i.e., $720 \times 41\% = 295$ h a month or $24 \text{ h} \times 41\% = 9.8$ h a day. The greater the percentage, the more efficiently ELMO Rent has used its vehicle fleet and increased the revenue per vehicle.

The actual use of the vehicle fleet (vehicles in customer sessions) was 42% of the total time in the second quarter. In July 2021 (which was the peak season), it dropped to 38%, which was caused by a larger number of vehicles that arrived at this

point of time – the electronics of the new car models had to be learned and our team had to make and install controllers on all the cars. In the third quarter, the average usage rose to 46% and made a historical record in October 2021, rising to 61%. In recent months, the number of vehicles that are inactive (repairs, maintenance, etc.) and undergoing various procedures (washing, movement, etc.) has decreased. In November 2021, the number of vehicles undergoing procedures increased due to the end of the season of electric two-wheelers.

The percentage of available vehicles that are awaiting customers has decreased (the greater the percentage, the greater the number of available vehicles): 44% in the first quarter, 41% in the second quarter, 37% in the third quarter and 20% in the fourth quarter, which indicates an increase in demand and a continued need to expand the vehicle fleet.

Figure 6: The average use of the vehicle fleet in time





Outlook for 2022 and 2023. Our expectations.

2021 turned out to be more successful than expected for ELMO Rent – we fulfilled the annual sales revenue plan in the first ten months. Our growth was supported by the environmentally friendly way of thinking spreading among the people, as well as the initial public offering (IPO) of shares held in June 2021. The additional resources raised in the course of the IPO allowed us to satisfy the increased demand for the services of ELMO Rent and to acquire new vehicles and continue the development of technologies.

The company's growth was boosted by the new community-based business area 'bring your personal car to ELMO Rent' and the cars engaged via that helped cover the demand during the peak season. The company wishes to continue curating and growing the community of electric car users and sharers in its home markets also in the future.

ELMO Rent AS plans to enter the first foreign markets in 2022. The addition of every new market will allow the company to increase its sales revenue in the future, but first requires additional investments into entering the market.

The plan is to first expand to Helsinki. For that purpose, at least 100 vehicles will be added to ELMO Rent's vehicle park. The expansion to a new market may also take place by way of acquiring a local company that is already operating. We now have this experience from the acquisition of

Elektritakso OÜ.

We also wish to launch ELMO Rent's remotely controlled rental car service in 2022, the impact of which on sales revenue we will primarily assess on the basis of the increased efficiency of the vehicles as a resource at the disposal of the company. The company is not currently considering the possible additional direct income from the booking fees and the sales of a more expensive service in its economic forecasts. That will be an additional bonus.

In the first months of 2022, right after the completion of the acquisition transaction of Elektritakso OÜ, we will start the merger of the two companies and launch services in Tallinn (Elektritakso OÜ has so far operated mainly in the cities of Tartu and Pärnu in Estonia), which will according to the company's estimates bring at least another 500,000 euros and help the company to achieve at least a 25% increase of turnover compared to the IPO forecast of 2,714,690 euros (together with the taxi business and other developments, the new turnover forecast for 2022 is 3,481,704 euros). The company is not considering the decrease of costs arising from the merger of the two companies in its economic forecasts.

The company estimates that by the end of 2022 ELMO Rent's sharing platform will have nearly 350 environmentally friendly vehicles and the company will be operating in at least two different countries.



Our specific promises for 2022 are as follows:

- We will prevent the emission of at least 500,000 kg of CO2 into air in Estonia.
- Our sales turnover will be at least 25% higher than in the forecasts of entering the Nasdaq First North market¹³.
- Our user community will receive more services from one modern app:
 - a) short-term rental of vehicles
 - b) taxi service
 - c) the service of ordering a remotely controlled car to the door

In the mobility market, users have different and broad expectations to mobility services. If ELMO Rent manages to cover the different mobility expectations of customers as diversely as possible, it will be able to satisfy the mobility demands of as many customers as possible. The company sees a strategic need to cover as broad a specter of many different mobility patterns as possible. The company is currently also developing new services with which to enter the market, in order to offer

environmentally friendly services to an even broader circle of customers.

In 2023, we plan to continue a rapid expansion to new markets, which will in the global context be supported by our environmentally friendly remote-controlled electric car technology as an innovative solution. The technology will by that time have passed all the tests and proven its capability on Estonian roads.



¹³ See the June IPO introduction, page 27.



Reasons for the offering and use of proceeds

The main areas of activity of ELMO Rent AS include the sharing of vehicles and the development of the related technologies. The company wishes to scale its technologies and services from its home market to a broader global level. The company is currently in the final stage of developing the remotely controlled car technology. In order to take its activities to the next level, the company needs an additional investment and is holding an additional secondary public offering (SPO) for that purpose.

In our IPO materials, we promised to do the following with the resources engaged (all the figures are as at the end of the November 2021):

1. Promise: to increase the car fleet by at least 50 vehicles.
Status: **fulfilled (more than 60 cars added, including a premium class car and 20 e-two-wheelers)**
2. Promise: preliminary work on foreign markets to decide on the choice.
Status: **fulfilled (Finland, Sweden and Poland mapped)**
3. Lubadus: beginning of the street testing of the remotely controlled car technology.
Status: **first part of the site test passed, preparations for street testing are being made.**
4. Promise: the sales revenue will grow to at least 934,000 euros.
Status: **fulfilled by the end of October and the new forecast for 2021 foresees an increase in sales revenue to 1,075,768 euros.**

The objective of the financial resources engaged in the course of the SPO in the further development of the company and services of ELMO Rent will be as follows:

1. We will acquire Elektritakso OÜ and invest into the launch of taxi services in Tallinn and abroad.
2. We will build the next remotely controlled cars of ELMO Rent so as to gain more street testing kilometres and experience with the remote-controlled car technology and develop it further.
3. In order to meet the increased demand and enter new markets, we will also invest in the expansion of our vehicle fleet.

Considering the rapid growth of ELMO Rent and the high need for capital as is characteristic of the sector, we plan, after fulfilling the maximum subscription objective, to set our further aim at preparing a prospectus in order to move from First North to the Nasdaq main list in order to make the shares of our shareholders even more liquid and make the shares of ELMO rent more attractive for venture capital investors.

We also want to give people an opportunity to own a part of an Estonian company that has an environmentally friendly mindset and is focused on the development and implementation of nature-friendly future technologies.



Use of proceeds

In light of the above, ELMO Rent has decided to organise a public offering of shares in Estonia. Provided that the offering of shares is successful and all Offer Shares in the total amount of 145,450 shares are subscribed and issued by ELMO Rent, the expected gross proceeds to ELMO Rent are EUR 0.8 million.

The Issuer has additionally reserved the right to increase the volume of the Offer Shares by 500,000 shares (Possibility to Increase), as a result of which the total volume of the offering would be 645,450 shares. Assuming that all Offer Shares are subscribed and issued in the offering, together with the exercise of the Possibility to Increase, the expected gross proceeds to ELMO Rent are EUR 3,550,000.



The raised funds are planned to be used to finance five activities in the following proportions:

1. We plan to use up to **20%** of the engaged resources for acquiring Elektritakso OÜ and merging the two companies, developing a new business area and launching the taxi service in Tallinn.
2. We plan to use up to **10%** of the engaged resources for preparing and street testing at least another 20 cars equipped with the remote-control technology and introducing the further upgrades of the technology based on the gained experience.
3. Increasing the vehicle fleet, also in the premium class, with the consideration that purchase orders for vehicles can be placed as early as possible due to the long delivery terms. New vehicles are needed for further development of the services in our homeland and to enter foreign markets, so that no deficit of vehicles occurs and we can validate the existing and new services. We plan to use up to **30%** of the engaged resources for this purpose.
4. We plan to use up to **30%** of the engaged resources for preliminary work to enter foreign markets, including the acquisition of possible existing companies and the initial investment upon launching services.
5. We plan to use up to **10%** of the engaged resources for further development of the IT software (car fleet back-end, front-end/app), increase the data gathering volume and create an operative analysis capability.



The aforementioned proportions apply provided that the entire volume of the offering is subscribed and the Possibility to Increase is used to the full extent. If we raise a smaller amount of capital as a result of the offering, ELMO Rent retains the right to change the said proportions and use the engaged capital for financing one or several of the aforementioned activities.

After carrying out the additional investments, ELMO Rent will be an international innovative short-term rental and taxi service provider which tests and offers services to its customers

with remotely controlled cars on at least two markets. The company has made its operating expenses more efficient and has increased its owned fleet of environmentally friendly vehicles more than 100%. As a result of the above, ELMO Rent will continue to be a modern company with a sales revenue that is three times bigger than before (before the IPO: short-term rental and a sales turnover of EUR 0.5 million; after the 2021 IPO: sales turnover of EUR 1.1 million; by the end of 2022: short-term rental/taxi/technology and a sales turnover of EUR 3.4 million).

- The main areas of activity of ELMO Rent are its car-sharing service, taxi service and innovation of mobility area technologies.
- The next level for ELMO Rent means the development of remote car technology for the car-sharing market and preparation for entering foreign markets, which will be realised in 2022.
- The money will be used for continuing and completing the preliminary work to enter foreign markets (including getting to know the markets, preparing strategies, preparing the due diligence of possible competitors

to be acquired), expanding to the taxi business by acquiring Elekritakso OÜ, and developing the remotely controlled car technology fully to a street-worthy level, so that no deficiency occurs. The existing and new services can be validated on the basis thereof.

- ELMO Rent wants to give people an opportunity to be a shareholder in an Estonian capital based company which has an environmentally friendly mindset and is focused on the development and implementation of nature-friendly future technologies right from the start of the growth story.





About ELMO Rent's Finances as at 30 September 2021

Consolidated balance sheet (Elmo Rent AS, Elmo Rent Eesti OÜ, Elmo Rent Autojagamine OÜ)

	30.09.2021	31.12.2020
ASSETS		
Current assets		
Cash	64,761	42,306
Receivables and prepayments	452,165	220,235
Inventories	6,389	0
Total current assets	523,315	262,541
Non-current assets		
Investments into subsidiaries and associated companies		0
Property, plant and equipment	2,067,092	1,217,035
Total non-current assets	2,067,092	1,217,035
TOTAL ASSETS	2,590,407	1,479,576
LIABILITIES AND OWNER'S EQUITY		
LIABILITIES		
Short-term liabilities		
Loan obligations	202,926	254,226
Payables and prepayments	307,633	91,246
Total short-term liabilities	510,559	345,472
Long-term liabilities		
Loan obligations	1,365,233	1,136,813
Total long-term liabilities	1,365,233	1,136,813
TOTAL LIABILITIES	1,875,792	1,482,285
OWNER'S EQUITY		
Equity capital owned by the shareholders of the parent company		
Share capital at nominal value	220,000	2,500
Issue premium	906,993	0
Other reserves	10,000	10,000
Retained earnings	-98,678	-17,923
Profit (loss) of the reporting year	-323,700	2,310
Total equity capital owned by the shareholders of the parent company	714,615	-3,113
Minority holding	0	404
TOTAL OWNER'S EQUITY	714,615	-2,709
TOTAL LIABILITIES AND OWNER'S EQUITY	2,590,407	1,479,576

Consolidated income statement (Elmo Rent AS, Elmo Rent Eesti OÜ, Elmo Rent Autojagamine OÜ)

	01.01.2021 - 30.09.2021	2020
Sales revenue	606,458	449,006
Other operating income	183,038	152,585
Goods, raw material, materials and services	-503,692	-238,998
Various operating expenses	-125,707	-111,186
Labour expenses	-137,311	-39,134
Depreciation and impairment of value of non-current assets	-211,922	-117,891
Other operating expenses	-46,250	-14,655
Operating profit (loss)	-235,386	79,727
Interest expenses	-88,323	-77,014
Other financial income and expenses	9	-299
Profit (loss) before income tax	-323,700	2,414
Profit (loss) of the reporting year	-323,700	2,414
Parent company shareholder's share of the profit (loss)	-323,700	2,310
Minority holding's share of the profit	0	104





To accompany the ELMO Rent's finances in the first 9 months of 2021

In the autumn of **2019**, ELMO Rent started making investments aimed at replacing the existing (average age 5.5 years) vehicle fleet with a new one (to date, average age 1.2 years), increasing the number of vehicles joining the platform, and introducing more new e-car models.

In **2020**, despite the negative impact of Covid-19, we continued to expand as the megatrend of car-sharing has arrived in Estonia and the growth in demand from previous years has gathered momentum (including three international car-sharing aggregators who approached us in 2019, confirming the arrival of the megatrend). We continued to invest in the technologies developed by us (vehicle fleet IT management system, car controller, and remote car), which would ensure our advantages even when competition intensifies.

As a result of the decisions made, by the end of 2020, ELMO Rent continued to be the largest owner of a green vehicle fleet in Estonia.

Thanks to the successful IPO, ELMO Rent increased investments into its technology developments in **2021**, such as the vehicle fleet operating software, auto-controller and remotely controlled cars. We also developed an Estonian app for sharing

environmentally friendly vehicles in 2021.

Our growth and development was not limited just to software. In the first three quarters of 2021, ELMO Rent's vehicle fleet grew to more than 120 units. Compared to 2020, the growth has doubled. The company's fixed assets grew by 70% from the end of the year, to EUR 2.0 million.

The increase of fixed assets was financed mainly from the resources gained from the IPO and augmented by loans and leasing, which increased the company's debt burden to EUR 1.6 million by the end of the period.

As at 30 September 2021, the sales revenue of ELMO Rent amounted to 790,000 euros, which exceeded the sales revenue of the entire year of 2020 by 31%. It is important to note that as at 30 October 2021, ELMO Rent's sales revenue was 942,000 euros, which exceeded the 12-month forecast of 935,000 euros. The growth would be a lot faster, if we were not affected by the delayed delivery of electric cars and e-two-wheelers. New vehicles arrived in a smaller quantity and later than we had planned.

By today, our vehicle fleet has doubled and the availability and quality of the services have improved.



After the successful IPO, the company also invested in its team – hired new people to carry out the necessary work. The growth in the number of employees was also reflected in the cost base. The cost base was mainly increased by the following growth items:

1. Labour costs amounted to 137,000 euros in the first three quarters of 2021, while in the entire year of 2020 they were 39,000 euros. By today, the company's team has tripled and consists of more than twenty employees. In the current stage, our focus is on growing the IT team.
2. In order to increase the vehicle fleet, ELMO Rent has assumed additional financial obligations which have also caused an increase in interest expenses. In the first three quarters of 2021, interest expenses amounted to 88,000 euros, while in the entire year of 2020 they amounted to 77,000 euros. The company is looking for new financial solutions to optimise these expenses. The company has invested in new business areas – engaging private

cars in the vehicle fleet, creating and developing the premium class segment, and creating a two-wheeler fleet. Launching the new business areas required investments to solve technical challenges and a higher level of operating costs. For instance, in order to draw new and more attractive cars to our fleet, we launched an aggressive '1,000 euros a month' campaign in which ELMO Rent guaranteed a 1,000-euro monthly payment to the owners of shared cars in the first three months, regardless of the actual rental income earned with the car.

In summary, the EBITDA of ELMO Rent in the first three quarters amounted to -23,000 euros, while the EBITDA of the entire year of 2020 was 197,000 euros.

ELMO Rent's management and the Supervisory Board jointly hold that the preliminary work performed in 2021 (investments, an increase in assets, expansion of the team and bearing a loss) provide the necessary prerequisites for implementing the plans for this year and also the coming years.

ELMO Rent's financial forecast for the near future

ELMO Rent AS müügikäibe prognoos perioodile 2021-2023 (€)	2021	2022	2023
Sales revenue	1,075,768	3,481,704	6 311 018
Other operating income	202,420	0	0
Goods, raw material, materials and services	-970,555	-2,235,323	-3,393,276
Various operating expenses	-190,906	-255,000	-254,250
Labour expenses	-271,418	-750,618	-774,702
Depreciation and impairment of value of fixed assets	-310,681	-741,115	-1,075,848
Other operating expenses	-46,225	0	0
Total operating profit (loss)	-511,597	-500,351	812,942*
Interest expenses	-121,585	-182,122	-219,311
Profit (loss) before income tax	-633,173	-682,473	593,631
Profit (loss) of the reporting year	-633,173	-682,473	593,631
Annual growth of sales revenue	160%	224%	81%
Gross profit margin	10%	36%	46%
EBITDA	-200,916	240,764	1,888,790
EBITDA margin	-19%	7%	30%
Annual EBITDA growth	-229%	220%	685%
Net debt / EBITDA	-7.2	10.9	1.8

* The sales revenue forecast is, above all, conservative, and if objectives are achieved, we will increase investments in order to ensure faster growth. The revenue also includes additional sales revenue from the resale of the developed technology, with an increase in cost-efficiency through cooperation with an international aggregator.





To accompany ELMO Rent's financial forecast for the near future

In 2021, ELMO Rent fulfilled its annual plan in ten months and exceeded the financial forecasts by 10%. We were helped by an increase in the environmental awareness of consumers and the successful share issue of 2021. We invested the proceeds from the share issue in expanding our vehicle fleet in terms of both premium class cars and electric bicycles. In the summer, we activated a new community-based service 'Bring your personal car to ELMO Rent'.

Although we plan to get the remotely controlled car technology market worthy and legalised by the second half of 2022 (we will start providing services to customers already during the street testing at the beginning of 2022), we are not taking the revenue from the remotely controlled rental vehicles into account in our turnover forecasts. However, we have taken into account that the entailed attention will reduce the overall decline of the low season, increase the attractiveness of the car resource and hold the turnover growth level also in the last months of 2022.

Compared to the payroll expenses of the team in 2021, the salary fund will more than double in 2022, as the team nearly tripled in the summer of 2021, i.e., from the middle of the year. We are not planning a further growth of the team and the

payroll expenses. We plan to enter our first foreign markets in 2022. The addition of every market will automatically mean a turnover growth for us, as well as additional investments to enter the market.

In the first months of 2022, we will launch the electric taxi service or the short-term rental of electric cars with drivers in the Tallinn taxi market. This will bring the company an additional sales turnover of 500,000 euros and helps us achieve at least a 25% increase in turnover compared to the IPO forecast of 2,714,690 euros (the new turnover forecast for 2022 is 3,481,704 euros). Our forecast does not take into account the synergy and greater efficiency of resources (vehicles and drivers) created upon the merger of the two companies.

Our sales revenue forecast is rather conservative and once its objectives have been fulfilled, we wish to make even larger investments to ensure faster growth. On the income side, we have also taken into account additional sales revenue from the resale of the developed technology, which will manifest in the growth of the profit. We plan to achieve the efficiency of the costs related to the core turnover in cooperation with an international aggregator.

Structure and Management of the ELMO Rent Group and its Owners

In addition to Member of the Management Board Julia Nekrassova, who is also the CEO and CFO, ELMO Rent also employs a marketing and sales team, a product manager, an accountant, a car fleet manager and a team of operators, customer support, i.e., Customer Angel, an IT and technology development team.

ELMO Rent AS owns a 100% shareholding

in subsidiaries Elmo Rent Autojagamine OÜ (engaged in the development of technology) and Elmo Rent Eesti OÜ (activities related to new markets) and is about to acquire 100% of the shares in Elektritakso OÜ (taxi service provider since 2012, will be the focus of the ELMO taxi service). ELMO Rent AS currently employs more than 20 people. Following the acquisition of Elektritakso OÜ, the company will employ more than 35 people.

• Shareholders

The general meeting of shareholders is the highest governing body of ELMO Rent. Shareholders have the right to participate in the general management of the company through a general meeting of shareholders, where they can exercise their rights to decide on certain important corporate issues, such as amending the Articles of Association, increasing

and decreasing share capital, issuing convertible bonds, electing and removing members of the Supervisory Board and an auditor, approving financial statements and distribution of shares, dissolution, merger, division or transformation of company, and other issues established by law or Articles of Association.

As at 1 December 2021, the shareholders of ELMO Rent are the following:

Name of shareholder	Number of shares held by shareholder	Share of total share capital
Lühirent OÜ	916,921	41.68%
PAKRI TEADUS- JA TÖÖS-TUSPARK OÜ	99,128	4.51%
Priit Haljak OÜ	772,000	35.0%
City Foxes Invest OÜ	148,826	6.77%
Freely traded on the First North stock exchange	263,125	12.04%
Total:	2,200,000	100%



• Management Structure

The management of ELMO Rent is structured as a two-level system – the Management Board and the Supervisory Board. The Management Board is responsible for the daily management of ELMO Rent, and has the right to represent ELMO Rent under the law and the Articles of Association. As of the date of preparation of this offering document, the Management Board of

ELMO Rent is composed of one member. The Supervisory Board of ELMO Rent is responsible for the strategic planning of the company's business and for auditing the activities of the Management Board. As of the date of preparation of this offering document, the Supervisory Board of ELMO Rent is composed of three members.

• Management Board

As of the date of preparation of this offering document, the Management Board of ELMO Rent is composed of one member – Julia Nekrassova belongs to the Management Board of ELMO Rent.

Julia Nekrassova was born in 1976. Julia holds Bachelor's level degree in Economics from the University of Tartu. The desire to be an agent of change and influencer has always been Julia's driving force.

Julia's responsibilities include both the daily management of ELMO Rent and raising funds to realise the company's innovative and green visions. In essence, Julia is the CEO and CFO in one person.

Julia's career was developing in the financial sector until she joined ELMO Rent. At the then Eesti Ühispank (SEB's predecessor), she climbed rapidly from office client manager to the manager of Estonia's largest corporate clients.

When the opportunity to join the initiative group of the Estonian branch of UniCredit Leasing SIA emerged in 2008, she did not hesitate for long. In the case of the

Estonian branch of UniCredit Leasing SIA, it was not a matter of taking over something that already existed, but all the work processes, procedures, and routines had to be established essentially from scratch, which was a big challenge in the conditions of the creditors' market shares, which at that time were relatively strictly fixed.

As the head of the industrial leasing business line, the idea of accelerating innovation and becoming more involved in environmental sustainability issues, not only by financing green business projects, but also by participating in them, was a source of concern to her.

Joining ELMO Rent OÜ in the role of CEO and partner was a natural outlet for these ideas. Since Julia joined ELMO Rent OÜ, the company has gained a financially critical mindset, clarity of processes, and the daily management has also been strengthened.

Julia owns 7.56% of ELMO Rent shares through City Foxes Invest OÜ.

• Supervisory Board

As of the date of this offering document, the Supervisory Board of ELMO Rent is composed of three members, including Enn Laansoo, Jr., Priit Haljak, and Taavi Laur. Following the acquisition of Elektritakso OÜ, Ermo Kontson will join the Supervisory Board as the fourth member.

Enn Laansoo, Jr. was born in 1981. As the founder of today's company, Enn acquired ELMO Rent from KredEx, contributes as the author of the company's idea to developing the service and technology on a daily basis, and as a visionary ensures that ELMO Rent will continue to be one of the most innovative companies in its field.

He holds a Bachelor's level degree in Real Estate Valuation and Planning from the Estonian University of Life Sciences, a Master's level degree in Business Administration from Roosevelt University (USA), and he has also improved his knowledge in Management at Oxford University (UK).

In 2007, Enn founded Pakri Teadus- ja Tööstuspark OÜ (Pakri Science and Industrial Park), which is currently in the process of developing a 70-hectare smart industrial park in Paldiski, includes a 75 MW smart energy grid (own renewable energy production and closed distribution grid), and has focused on green technology from the beginning.

Pakri Science and Industrial Park is also home to the ELMO Rent Technology Development Centre, which has also provided the necessary expertise for the development of both car controller and remote control technology.

Founded in 2014, Hooldusjuht OÜ aims to provide energy saving services,

maintenance of technical building systems, and, as one of the growing directions, also military retrofitting.

The DNA of all Enn's companies contains an environmental gene. Both ELMO Rent and Pakri Science and Industrial Park are the first in their field to hold the Responsible Business Quality label.

Enn Laansoo, Jr. owns 46.2% of the shares in ELMO Rent through Lühirent OÜ and Pakri Teadus- ja Tööstuspark OÜ (Pakri Science and Industrial Park).

Priit Haljak was born in 1968. He graduated from Tallinn University of Technology with a degree in Automotive Engineering. He has worked for 25 years in management positions in an international industrial equipment company in Estonia and abroad. He is fascinated by elegantly simple technical solutions and a green way of thinking.

As a technical enthusiast and investor, Priit supported the launch of Estonia's first mobile phone-driven car-sharing service in Estonia in 2011 and has remained a fan in the field to this day.

Priit owns 35.0% of the shares of ELMO Rent through Priit Haljak OÜ.





Taavi Laur was born in 1973. He is fascinated by cultural differences and the internationalisation of companies. He holds a Master's degree in Business Administration from the University of Tartu. He has been involved in entrepreneurship and helping entrepreneurs for over twenty years, the last seven of which was spent as a managing partner at the strategic advisory firm Aureus Capital Consulting OÜ.

Previously, Taavi has held senior positions in international banking in Estonia and abroad, and has served as the Chairman of the Board of Enterprise Estonia. He is also an active member of the Baltic Institute of Corporate Governance and the Chairman of the Board of Tallinn University. Having been elected to the Supervisory Board of ELMO Rent as an independent member of the Supervisory Board, Taavi Laur does not own shares in the company.

Ermo Kontson was born in 1976. He studied to be a technician/farm manager at the Türi Higher Agricultural School at

Säravere. He then studied mechanisation at the Estonian University of Life Sciences. He did not acquire the diploma, as the area of specialisation held no perspective for him. The studies were followed by years of working in the agricultural, hotel and landscaping sectors in Europe and America.

He then worked as a broker in the Estonian real estate market, aiming to become a developer himself. He tried his hand at and learned the latter by managing small development projects beside his brokering job. His plans to make real estate development his main job were flushed by the economic crisis in 2007-2008.

Ermo then worked as the head of transport company Baltic Caroline Pro OÜ. In contemplation of life and looking for his true calling, the idea was born to establish Elektritakso which ELMO Rent plans to acquire in December 2021 or January 2022. Following the acquisition, Ermo Kontson will also become a shareholder of ELMO Rent.

• Staff

In addition to Julia Nekrassova (Member of the Management Board), ELMO Rent also employs a marketing and sales team, a product manager, an accountant, a car fleet manager and a team of operators, customer support, i.e., Customer Angel, an IT and technology development team.

ELMO Rent AS owns a 100% stake in its subsidiaries Elmo Rent Autoiaadamine

OÜ (technology development) and Elmo Rent Eesti OÜ (new market activities) and is about to acquire a 100% holding in Elektritakso OÜ (taxi service provider since 2012, will be the focus of the ELMO taxi service). ELMO Rent AS currently employs a total of over 20 people and will after the acquisition of the business of Elektritakso OÜ employ over 35 people.





ELMO Rent in the media

In the first ten months of 2021, the activities of ELMO Rent have been covered in the media on a regular basis – on 407 occasions. The distribution of the media coverage is shown in the following diagrams:

Figure 7: Coverage by types of media publications, unit 'covered how many times'

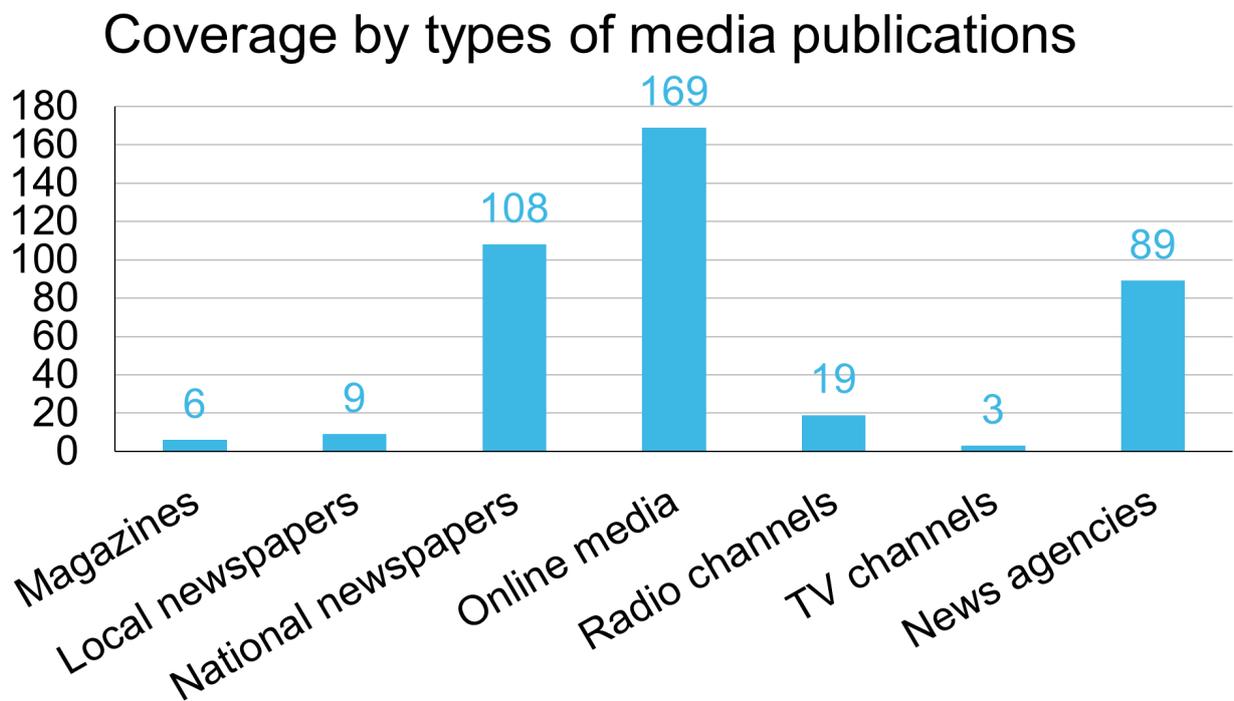




Figure 8: Coverage by names of media publications, unit 'covered how many times'

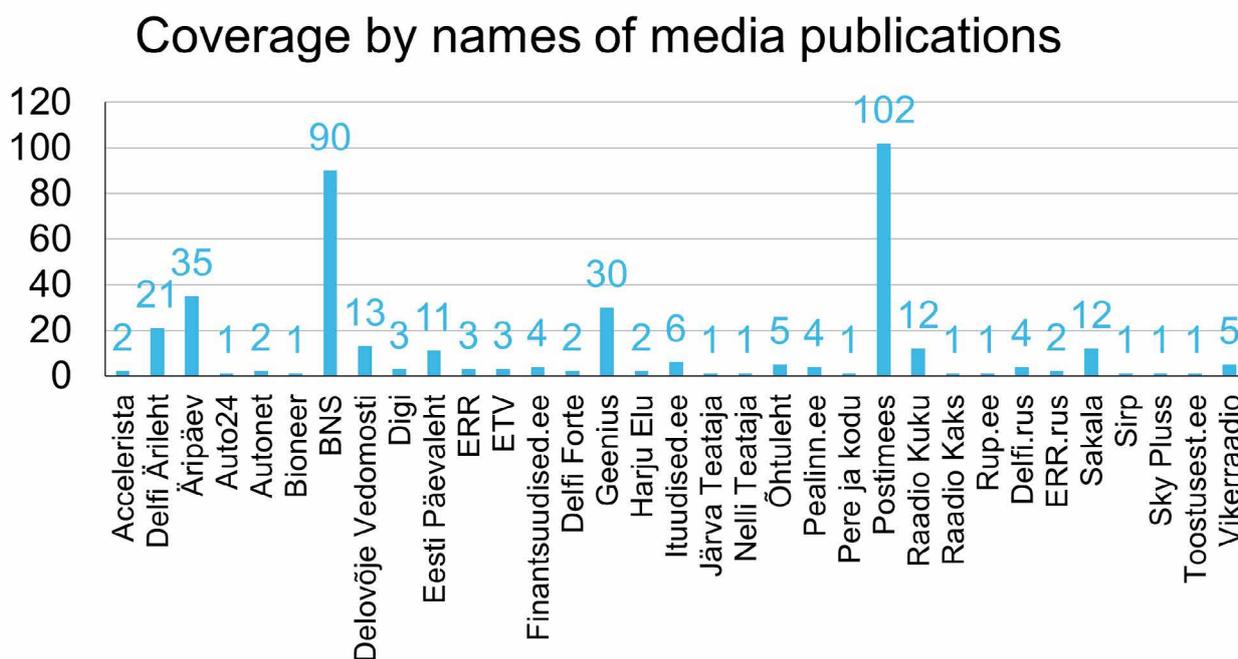
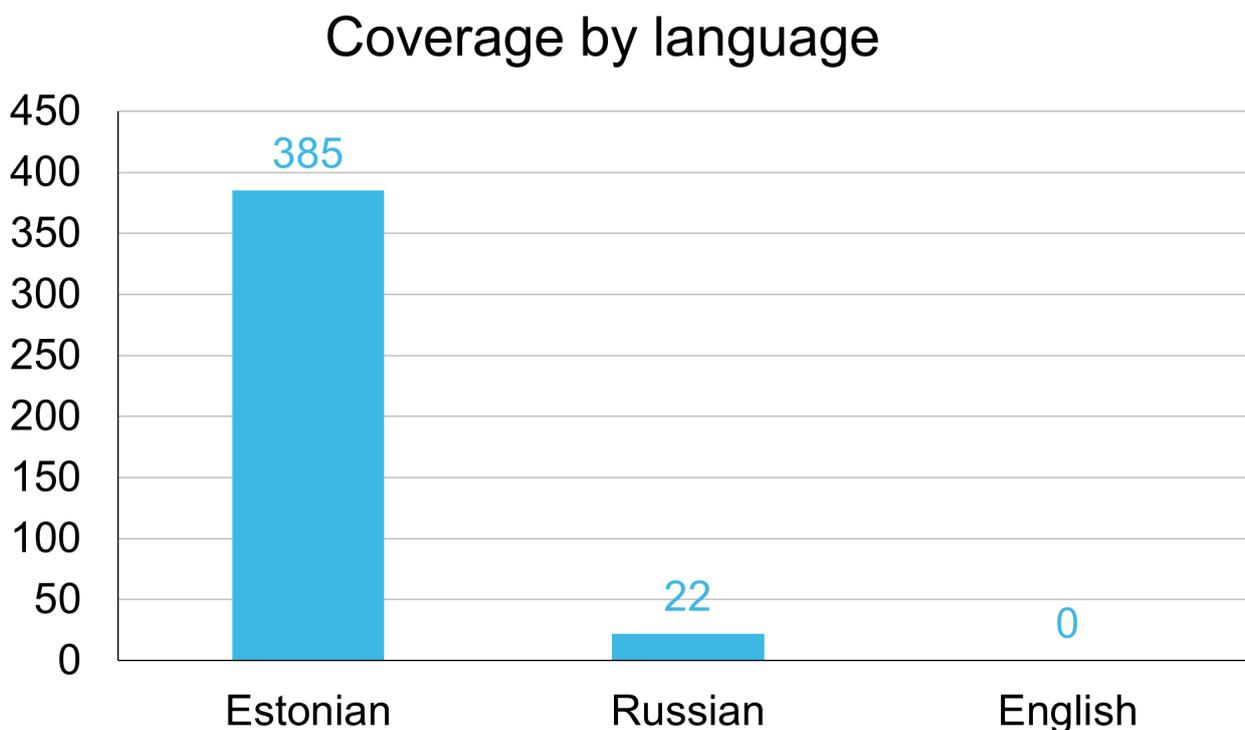


Figure 9: Coverage by language, unit 'covered how many times'





As the figures show, the activities of ELMO Rent are regularly covered in national media publications, both in their online environments and paper newspapers and magazines. Neither are there any difficulties in passing the news threshold in various niche portals.

ELMO Rent's news value is largely related to the launch of new services and products, as well as the progress in developing the remotely controlled car technology. When ELMO Rent sends out a press release, it usually becomes a news item in at least two to four publications.

Constant and strong coverage in the national media compensates the scarce coverage in the local media. The scarce coverage in the county-level media is related to the geographical aspects of ELMO Rent's activities.

Media coverage is related to the substantive aspects of ELMO Rent's activities in specialised publications. Here, our messages usually pass the news threshold when they match the profile of the publication.

ELMO Rent's coverage on TV and radio has, however, been notably smaller. This is largely due to the specifics of these formats, orientation on mass communication, the preference of topics that speak to as many people as possible to niche topics as well as due to the fact

that the remotely controlled car is only about to be introduced to the streets of Estonia and we have not yet had any big news that would appeal to TV and radio editing offices.

As remotely controlled cars have not yet reached the streets, English-language foreign media has also not had any reason to publish articles about ELMO Rent. The coverage of ELMO Rent in the local Russian-language media corresponds to the small size of that niche in Estonia.

In conclusion, we are a company whose activities usually pass the news threshold in national and online media. We also always draw the attention of area-specific niche portals. Our coverage on TV and radio could be better; however, that requires information or activities from us that have the relevant news value.

The potential of Julia Nekrassova and Enn Laansoo Jr. as the focus of a weekend media persona story has also not been harnessed. This could allow taking ELMO Rent as a successful Estonian company into the mass awareness of the general public at the same level with Bolt or Wise. To harness this potential, we must either (a) carry out quiet sales work with an editing office or (b) achieve a breakthrough with the remotely controlled car technology, which would pique media interest and make it want to know more about the people behind it.



INFORMATION ABOUT CERTIFIED ADVISER

In accordance with the First North Rules, an issuer seeking to have its securities admitted for trading via the First North Multilateral Trading Facility must use the services of a certified adviser. A certified adviser is a legal entity that meets the requirements set forth in the First North

Rules and has concluded an agreement with Nasdaq Tallinn AS, under which the certified adviser has the right to operate as a certified adviser on First North, i.e., the right to advise the issuer of a security in the meaning of the First North Rules.

The certified adviser of Elmo Rent on First North is Law Firm SORAINEN AS

- Registry code: 10876331
- Main field of activity: activities of lawyers and law firms (EMTAK code 69101)
- Address: Rotermanni 6, Kesklinna District, Tallinn 10111, Harju County, Estonia
- Webpage: <https://www.sorainen.com/>
- Term of contract concluded with the certified adviser: indefinite

The certified adviser does not have a holding in the share capital of ELMO Rent.

Representative of the certified adviser:

Kätlin Krisak

E-mail: katlin.krisak@sorainen.com





OFFER AND ADMISSION TO TRADING OF SHARES

General information about the shares and the offer

As at the preparation of the offering document, the registered share capital of ELMO Rent is 220,000 euros which is divided into 2,200,000 shares with a nominal value of 0.10 euros per share. The shares are registered in the Estonian Central Register of Securities with the ISIN code of EE3100075888.

ELMO Rent has one class of shares and shares of the same class are offered in the course of the public offer to be held. During the settlement of the offer, the Offer Shares bear a temporary ISIN code of EE3802075889 which will be changed into a permanent ISIN code of EE3100075888 after the entry concerning the increase of share capital has been made in the Commercial Register.

A maximum of 145,450 shares will be issued in the course of the public offering. If the Issuer decides to use the Possibility to Increase, a maximum of 645,450 new shares will be issued in the course of the public offering.

Provided that all the Offer Shares are subscribed by investors in the course of the offering, the registered share capital of ELMO Rent will immediately after the issue of the new shares be 234,545 euros (if the Possibility to Increase is not used) or 284,545 euros (if the Possibility to Increase is used) and the total number of shares of ELMO Rent will be 2,345,450 or 2,845,450 respectively. The shares are freely transferrable.

Right to participate in the offering

The institutional offer is aimed at qualified investors in the meaning set forth in subsection 6(2) of the Securities Market Act. The retail offer comprises the offering of shares to all the natural and legal persons in Estonia, except for persons who are qualified investors and who should submit their offer in the framework of the institutional offer.

Natural and legal persons shall be considered to be in Estonia in the context of the retail offer, if the person has opened a securities account in the Nasdaq CSD Estonian settlement system. The securities account may be opened via any Nasdaq CSD account manager. A list of Nasdaq CSD account managers is available at <https://nasdaqcsd.com/list-of-account-operators/>.

**By submitting a subscription order, investors:**

- confirm that they have reviewed and understood the offering document and agree to the terms and conditions of the offer described in the offering document;
- confirm that they are located in Estonia and are not subject to the laws of another jurisdiction which would prohibit them from submitting the Subscription Order;
- acknowledge that the submission of the Subscription Offer does not in itself give them the right to acquire the Offer Shares or entail the conclusion of the contract of sales of the Offer Shares;
- accept that the number of the Offer Shares indicated by them in their Subscription Order is considered as the maximum number of the Offer Shares (Maximum Quantity) that they wish to acquire and that they may receive fewer Offer Shares (but not more) than the Maximum Quantity;
- undertake to acquire the number of Offer Shares distributed to them and pay for these in accordance with these terms and conditions up to the Maximum Quantity;
- confirm that they are aware of the investment risk related to investing in shares, which may turn out to be greater than their knowledge and experience;
- accept and agree that the Issuer has the right to obtain everyday information with regard to Subscription Orders from the registrar of the Estonian Central Register of Securities (hereinafter the Registrar);
- authorise the Registrar and the Issuer to process, transmit and exchange information about the identity of the investors and the content of the Subscription Order of the respective investors before, during and after the Offer Period;
- give the financial institution via which the Subscription Order is submitted and the Registrar, as applicable, a permission to correct the information contained in the Subscription Order, including (a) to specify the value date of the transaction; (b) to enter the number of securities in the transaction order, which is the number of the Shares distributed to the investor, and the total transaction amount; (c) to correct or specify obvious mistakes or irregularities which the Subscription Order may contain.



An investor who wishes to subscribe the Offer Shares should contact the account manager who manages the investor's securities account in the Estonian Central Register of Securities, and submit a Subscription Order for the purchase of the Offer Shares primarily in the form

presented below. Investors may submit a Subscription Order using any method or form offered by their account manager (e.g., physically at the service office of the account manager, via the Internet or in another manner).

A Subscription Order must contain the following information:

Owner of securities account	[name of the investor]
Securities account	[number of the securities account of the investor]
Account manager	[name of the account manager of the investor]
Security	ELMO RENT SHARE additional 2
ISIN code	EE3802075889
Number of securities	
Price (per one Offer Share)	5.5 euros
Transaction amount	[Number of Offer Shares which the investor wishes to subscribe, multiplied by the price per one Offer Share]
Counterparty	Elmo Rent AS
Securities account of counterparty	99109793232
Account manager of counterparty	Swedbank AS
Transaction value date	14 January 2022
Transaction type	Purchase
Settlement method	Securities transfer against payment



Share offering period

The share offering period is a period during which investors entitled to participate in the offer can submit a Subscription Order for subscribing the Offer Shares. The offer

period starts at 10:00 on 27 December 2021 and ends at 16:00 on 10 January 2022 local Estonian time (hereinafter the Offer Period).

The following time schedule presents the main dates related to the offering:

From 10:00 on 27 December 2021 to 16:00 on 10 January 2022	Offer Period
On or about 11 January 2022	Determination and announcement of the offer results and the distribution of the Offer Shares (Distribution Date)
On or about 14 January 2022	Transfer of the shares to the investors and payment for the shares (Settlement Date)
On or about 27 January 2022	Start of trading on First North

Share price

The price of the Offer Shares is 5.5 euros per one share, of which 0.1 euros is the

nominal value of the share and 5.4 euros is the premium par.





Submission of Subscription Orders

Subscription Orders can be submitted only for a quantity of an integral multiple of the nominal value of the share. In order to subscribe the Offer Shares, the investor must hold a securities account in the Estonian Central Register of Securities. A securities account can be opened via every account manager of the Estonian Central Register of Securities. A complete and up-to-date table of the account managers of the Register of Securities is available at <https://nasdaqcsd.com/list-of-account-operators/>. An investor who wishes to subscribe the Offer Shares should contact the account manager who manages the investor's securities account in the Estonian Central Register of Securities and submit a Subscription Order for subscribing the Offer Shares.

Subscription Orders can be withdrawn and new orders can be submitted at any time during the Offer Period. If an investor

submits several Subscription Orders during the Offer Period, the multiple Subscription Orders of that investor are aggregated into one Order for distribution purposes. By submitting a Subscription Order, the investor gives the institution that manages the cash account linked to the securities account a permission and order to immediately block the entire transaction amount on the cash account of the retail investor until the settlement of the shares or the release of monetary funds. The blocked transaction amount is equal to the multiple of the Offer Price and the number of the Offer Shares subscribed by the investor. If the shares cannot be paid for because the investor's cash account does not contain sufficient funds, the Subscription Order made via the securities account linked to the respective cash account will not be accepted and the investor loses all their rights to the Offer Shares specified in the Subscription Order.

Distribution and settlement

ELMO Rent shall decide the distribution of the Offer Shares at its own discretion after the end of the Offer Period on 11 January 2022 at the latest (or on a date close to that). No investor class shall be preferred for the purposes of distribution and all the investor classes shall be treated equally.

For the purposes of distributing the Offer Shares, the individual Subscription Orders of one investor shall be joined into one (if an investor has submitted several Subscription Orders). In addition to Estonian investors (as specified in sub-chapter 'Right to participate in the offer'), ELMO Rent reserves the right to also accept Subscription Orders received from investors in other European Union member

states and take these into account in distribution.

The Offer Shares will be registered in the Estonian Central Register of Securities and transferred to the securities accounts of the investors presumably on 14 January 2022 (or on a date close to that) in accordance with the 'security transfer against payment' procedure and simultaneously with the transfer of the subscription amount from the investor's account to ELMO Rent. During the settlement, the Offer Shares will bear a temporary ISIN code of EE3802075889 which will be changed into a permanent ISIN code of EE3100075888 on 27 January 2022 (or on a date close to that).



Admission of shares to trading on First North

ELMO Rent has submitted an application to Nasdaq Tallinn AS for the admission of shares to trading on the First North alternative market. The admission of shares to trading would allow access to capital markets and provide an opportunity to use the funds offered by capital markets for the implementation of the future activities of the company. The admission of shares to trading will also give both the existing investors and the possible new investors the opportunity to transfer or acquire the

shares on a secondary market as desired.

The trading of the new shares is expected to start on First North on 27 January 2022 (or on a date close to that). If the shares are not admitted to trading according to the planned time schedule or the Exchange decides not to admit the shares to trading for whatever reason, the investors shall not have the right to demand that ELMO Rent repurchase the issued shares.

Alteration and withdrawal of Subscription Orders

Investors may alter their Subscription Order at any time until the end of the Offer Period. In order to alter a Subscription Order, the investor must contact the account manager via whom the respective Subscription Order was submitted. The alteration of the Subscription Order will come into effect from the moment at which the respective account manager alters the transaction order of the respective investor. Investors also have the right to withdraw

their Subscription Order at any time until the end of the Offer Period. In order to cancel a Subscription Order, the investor must contact the account manager via whom the respective Subscription Order was submitted. The withdrawal of the Subscription Order will come into effect from the moment at which the account manager withdraws the transaction order of the respective investor.

Cancellation of the Offer

ELMO Rent may partly or fully cancel and/or alter the terms and conditions and dates of the Offer without presenting any reasons at any time before the completion of the Offer. Information concerning the alteration of the terms and conditions of the Offer will be disclosed in a notice to be posted on the webpage of ELMO Rent and as a public notice through the Information System of the Exchange. The parties' rights and obligations related to the cancelled part of the Offer shall be considered ended from the publication of the relevant notice. ELMO Rent may also

cancel (partly or fully) or suspend the Offer at any time after the beginning of the Offer Period, if ELMO Rent holds that there is reason to believe that continuing the Offer is difficult or undesirable or has become difficult or undesirable (including if fewer shares are subscribed in the course of the Offer Period than the objective established in the course of organising the Offer). This shall not limit the right of ELMO Rent to complete the Offer even if fewer shares than expected are subscribed in the course of the Offer.



Return of monetary funds

If the Offer or a part thereof is cancelled in accordance with the previous section or the investor's Subscription Order is not accepted or the investor is distributed fewer shares than requested, then:

- the monetary funds or a part thereof (in the amount exceeding the cost of the shares) blocked on the investor's cash account shall be released or
- the payments already made shall be returned to the investor.

Offer restrictions

The offering document has been prepared on the principle that the Offer Shares are only offered in Estonia and not in territories

that expect the publication of a prospectus or the registration of an offer document with any authorities.





TRANSACTIONS WITH RELATED PERSONS

Finance and operating lease contracts

ELMO Rent has concluded framework finance lease contracts with the following companies related to Enn Laansoo, Jr., the founder, majority shareholder, beneficial owner and main spokesperson of ELMO Rent: Hooldusjuht OÜ, PAKRI KIVI 2 OÜ, PAKRI KIVI 12 OÜ and PAKRI Teadus- ja Tööstuspark OÜ (in chapter 'Related Persons'). The Related Persons are ELMO Rent's very important cooperation partners in managing and financing the car fleet of ELMO Rent. ELMO Rent has the right to use 38 of the more than 120 vehicles of its car fleet on the basis of finance lease contracts concluded with the Related Persons. Of these, 6 cars are leased from Hooldusjuht OÜ, 7 from PAKRI KIVI 2 OÜ, 15 from PAKRI KIVI 12 OÜ and 10 from PAKRI Teadus- ja Tööstuspark OÜ, with a total residual cost of 711,000 euros as at 30 September 2021. The Related Persons have acquired the said cars by concluding leasing contracts with various credit institutions in accordance with their own and ELMO Rent's business plan. The terms and conditions of the leasing contracts also apply to the finance lease contracts between ELMO Rent and the Related Persons and the fee payable by ELMO Rent for leasing the car fleet is equivalent to the leasing payments payable by the Related Persons under the leasing contracts, plus a risk charge. The aim of establishing a risk charge is to compensate the Related Persons for the risks assumed by them towards financing institutions on the basis of the leasing contracts concluded with them, as the actual user of the vehicles is ELMO Rent AS.

Another aim of establishing a risk charge is to compensate the Related Persons for the expenses of the activities related to the conclusion and administration of the leasing contracts. The risk charge is added to the interest rates under the leasing contracts concluded with credit institutions and the amount thereof will be agreed upon the conclusion of every new finance lease contract. The exact amount of the risk charge depends on an agreement between the Related Person and the Issuer, but the average rate of the risk charge is 2%.

The Related Persons and ELMO Rent have also agreed in the finance lease contracts that upon the payment of the last contractual instalments by which the contract term shall be considered ended ELMO Rent will gain a prerogative right to purchase the cars and the right of ownership of the cars and the entailed benefits will be transferred to ELMO Rent upon the last payment being made. All the cars in ELMO Rent's car fleet are included in the non-current assets of ELMO Rent.

In addition, ELMO Rent has concluded 39 finance lease contracts with Luminor Liising in the amount of 745,000 euros, a more detailed overview of which is provided in the section 'Significant Contracts'. Of the leasing contracts, 26 contracts are secured by a letter of guarantee issued by Hooldusjuht OÜ and 6 contracts are secured by a personal surety given by Enn Laansoo, Jr.

Lease contract

The lease contract of ELMO Rent's office premises is currently being updated by the lessor. A principal change compared to the previous version is that ELMO Rent will

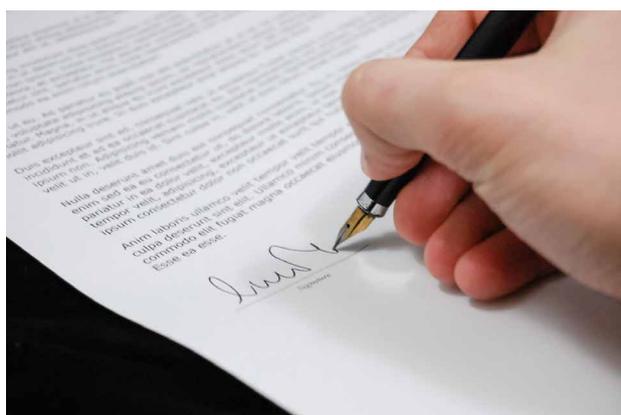
from now on lease the premises directly from the owner and not through a related person, Hooldusjuht OÜ.

Loan contracts

In addition to the finance lease contracts concluded with the Related Persons, ELMO Rent has under loan agreements also taken loans from its shareholders, persons related to its management and other companies in the ELMO Rent Group.

An overview of the loans received from the Related Persons is as follows:

Lender	Loan balance (in euros)	Repayment term
Priit Haljak OÜ	92,528	2029-2031
City Foxes Invest OÜ	9,976	2031
Elmo Rent Eesti OÜ	52,140	No fixed term
Elmo Rent Autojagamine OÜ	62,865	No fixed term





SIGNIFICANT CONTRACTS

Financing contracts:

ELMO Rent has concluded loan contracts with nearly 60 lenders, under which the company has received loans in a total amount of 637,000 euros. As at 30 September 2021, the loan balance is 622,524 euros. The lenders are mainly Estonian private persons, including both natural and legal persons, as well as banks and four Related Persons. Of the total loan volume, the share of loans granted by private persons makes up 48%, the share of bank loans 18% and the share of loans granted by the person related to the Issuer 34%. The weighted average loan interest of the entire loan portfolio is 8.7%, whereas it is 2.4% for the related parties and 12.8% for non-related parties. The repayment terms of the loans fall between August 2021 and April 2026 for non-related parties, while the terms of the loans granted by the Related Persons fall between 2029 and 2031 or are indefinite.

The company has taken a loan from Holm Bank AS in the amount of 51,000 euros with the payment term of 12 April 2026 (loan balance as at 30 September 2021 was 47,156 euros) and from Swedbank AS in the

amount of 25,000 euros with the payment term of 1 October 2021 (loan balance as at 30 September 2021 was 2,145 euros), a loan in the amount of 50,000 euros from Capitalia SE with the term of 26 April 2024 (loan balance as at 30 September 2021 was 45,636 euros); a loan in the amount of 22,400 euros from Svea Finance AS with the term of 26 April 2026 (loan balance as at 30 September 2021 was 21,047 euros). Of the Related Persons, ELMO Rent has received loans from shareholders Priit Haljak OÜ and City Foxes Invest OÜ, ELMO Rent's 100% subsidiaries ELMO Rent Autojagamine OÜ and Elmo Rent Eesti OÜ. The aforementioned loan contracts with related parties and a more detailed overview of the loan balances are presented in chapter 'TRANSACTIONS WITH RELATED PERSONS'.

In addition to the loan contracts specified in this chapter, ELMO Rent has concluded finance lease contracts for the use of its own vehicles, a more detailed overview of which is presented in chapter 'TRANSACTIONS WITH RELATED PERSONS'.

Client agreements:

ELMO Rent's biggest client since January 2020 has been Eesti Energia AS (hereinafter Eesti Energia), with whom a framework agreement on the provision of vehicle management services has been concluded. Under the framework agreement, ELMO Rent provides Eesti Energia management services for the vehicles in its ownership and possession, and administers the invoices presented in

connection with the vehicles. Depending on the month, the fulfilment of the framework agreement made up 3% to 20% of ELMO Rent's turnover in 2021. In connection with the management of Eesti Energia's car fleet, ELMO Rent has ca 50 different subcontractors with whom relevant contracts have been concluded on the basis of the framework agreement for the management of specific vehicles.



Lease contracts:

ELMO Rent has also concluded 39 lease contracts with Luminor Liising and Coop Liising, in the amount of 745,000 euros in total.

The term of the contracts is 2026 and the interest rate is 3 months' Euribor + 1.89% - 4.5%.

OTHER INFORMATION

Statement of the Management Board

To the best of the knowledge of the Management Board of ELMO Rent, none of the members of the Management Board or Supervisory Board or key employees have been punished by criminal procedure or convicted for fraud or fraudulent conduct in the past five years. To the best of the knowledge of the Management Board, none of the members of the Management Board or Supervisory Board or key employees have been a member of a governing body of any legal persons as at the moment of initiation of bankruptcy,

reorganisation or liquidation proceedings in the past five years. The Management Board of ELMO Rent also warrants that ELMO Rent does not currently have and has in previous reporting periods not had any tax related or civil court cases or any other disputes. No bankruptcy petitions have been filed and no bankruptcy proceedings have been initiated against ELMO Rent, which could have a significant impact on the financial standing of ELMO Rent.

Bonus programmes

On 24 August 2021, the Supervisory Board of ELMO Rent adopted a bonus programme based on shares, i.e., an option programme. The objective of the option programme is to encourage the long-term growth and financial success of ELMO Rent. The programme is aimed at ELMO Rent's employees and other persons of key importance for ELMO Rent. The volume of the issued options is determined by the shareholders or Supervisory Board

of the Issuer. The more detailed terms and conditions of issue of the options and the receivers of the options are decided by the remuneration committee appointed by the Management Board of ELMO Rent. As at the time of publication of the offering document, ELMO Rent has issued options to ten employees in a total volume of 11,180 shares. The term of fulfilment of the options is 3 years from the date of their issue.



THE ESTONIAN TAXATION SYSTEM

This chapter provides an overview of the taxation system applicable to ELMO Rent and its shareholders. This also includes the taxation of dividends and capital gains,

applicable to paid dividends and issued shares. The summary presented below is not in any way exhaustive and not intended as professional advice to anyone.

Corporate income tax

The corporate income taxation system currently applicable in Estonia differs from the ordinary corporate income taxation model by taking the point of income taxation of companies from the moment of income being earned to the moment of income being distributed. Income tax is therefore charged in Estonia only on distributed profits, while reinvested profits are not taxed until their distribution. Corporate income tax is charged on the distribution of profit, such as dividends, payments exceeding equity contributions upon the share capital being reduced or own shares being bought back, as well as indirect profit distributions, such as fringe benefits, gifts, donations and entertainment expenses, and costs and payments not related to the business activities of the company. All the aforementioned profit distributions are subject to income tax at the rate of 20/80 (25% of the net amount of the profit distribution), i.e., 20% of the gross amount of the distribution. The aforementioned corporate income tax on distributed profit is payable only at the company level, whereas the company itself is responsible for the calculation,

declaration and payment of the relevant corporate income tax. The corporate income tax imposed on distributed profit is not a withheld tax in the meaning of international conventions for avoidance of double taxation, but an income tax payable on operating profit. The corporate income tax is therefore not subject to the rules of withheld income tax established for dividends in fiscal treaties. A specification applies to regular dividends and other profit distributions which are subject to a corporate income tax rate of 14/86 or 14% of the gross amount of the profit distribution. A regular profit distribution or a regular part of a profit distribution is one that is equal to the average amount of the taxed profit distribution made in the preceding three years. If regular profit distributions are made to a legal person, no additional income tax is withheld on such profit distributions in Estonia. However, if regular profit distributions are made to a natural person (both residents and non-residents), additional income tax of 7% is withheld on it (which may be reduced by an applicable fiscal treaty).



Payments made in the course of reducing the share capital or re-buying shares are taxable at the company level only when such payments exceed the monetary and non-monetary contributions previously made in the company by shareholders. For a non-resident shareholder, payments

from equity capital are subject to income tax in the part that exceeds the acquisition cost, but fiscal treaties usually restrict such taxation and allow Estonia to only apply the tax in situations where the company making payments from equity capital is an Estonian real estate company.

Taxation of dividends

As a rule, dividend payments made by Estonian resident companies are exempt from income tax at the level of the recipient of the dividend payments in Estonia, regardless of the legal status of the recipient (legal person or private person) and their place of residence or location. Income tax is therefore generally not withheld on dividends, as all the payments made as dividends are taxed at the level of the company with corporate income tax as described above. Non-resident shareholders who receive dividends from a company may have the obligation to pay income tax on the received dividends pursuant to the laws of their country of location. As an exception, shareholders who are natural persons have the obligation to pay income tax upon receiving regular dividends and other taxable profit distributions. The tax rate is then 7% and can be reduced by

an applicable fiscal treaty at the level of the non-resident shareholder. This is a withheld income tax and therefore the company that distributes the dividends is obligated to withhold, declare and pay the tax to the state. The above also applied in a situation where regular dividends are paid on via different companies and the last link receiving the dividends is a natural person. On-paid dividends are generally exempt from income tax. Above all, income tax is not charged on dividend payment, if the underlying revenue comes from dividends which an Estonian resident company has received from a company that is a resident taxpayer in an EEA country or in Switzerland (except off-shore), provided that the Estonian company held at least 10% of the votes or shares in the subsidiary as at the moment of receiving the dividends.



Gains from the sale or exchange of shares

The gains received by Estonian tax residents who are natural persons upon selling or exchanging shares is subject to taxation with income tax at the rate of 20%. As all of the revenue of resident legal persons, including capital gains, are taxed only upon distribution, the capital gains earned by resident legal persons are not taxed at the time of being earned, but only upon distributing profit from it. Upon receiving gains from the transfer of assets, tax is charged on the difference between the sales price and the acquisition cost of shares, less documented costs related to the sales of the shares. Gains from an exchange of shares is the difference between the market price of the received assets and the acquisition cost of the exchanged shares, whereas documented costs directly related to the

sales or exchange of the shares can be deducted from the gains of shareholders. Estonian resident private persons and non-residents have to pay income tax (at the rate of 20%) on gains received from the receipt of payments or liquidation revenue in the course of the share capital being reduced or shares being re-bought. The taxable gains are calculated as the difference between the received payment and the respective holding (which has been reduced, redeemed or liquidated), while the part of the gains that has already been taxed at the level of the company is exempt from taxation. In the case of non-residents, a fiscal treaty may restrict the aforementioned taxation only in the case of payments made by an Estonian real estate company.

