



ELMO



www.elmorent.ee



DESCRIPTION OF THE COMPANY ELMO RENT AS

for the public offering of shares and their admission to trading on the alternative market First North

This description of the company 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 all the shares of the Issuer to trading in the multilateral trading system First North arranged by Nasdaq Tallinn AS. The description of the company 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 2,500,000 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. Therefore, this description of the company 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 120,000 Offer Shares. The Issuer reserves the right to increase the number of Offer Shares provided during the offering by 80,000 Offer 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 professional 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 description of the company and get acquainted to 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 description of the

company is accurate and to the best of the knowledge of the Management Board, there are no omissions or misstatements in the said description 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 description of the company 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 description of the company (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). 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.

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.

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.

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, and the partner and CEO, Julia Nekrassova.

The sectoral innovation activities of ELMO Rent are supported by four 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.

In all four 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.



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.





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. We also plan to participate in updating the legal framework as a partner representing the target group, where appropriate.
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. 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.
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.





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 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.

- **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 30–60% of the turnover of the Issuer in 2020, 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.



Reasons for the offering and use of proceeds

As the main areas of activity of ELMO Rent involve vehicle sharing and related technology development (innovation), their introduction into daily service, or consumption habit, and scaling on a global level, as well as the current development of remote vehicle technology in its final stage all require investing to take these activities to the next level.

The next level for ELMO Rent means the development of remote car technology to

be fully suitable for the car-sharing market, the expansion of the vehicle fleet to meet current peak demand, and the company's preliminary work for expansion to other European markets, starting with Finland across the gulf.

We also want to give people the opportunity to own a part of an Estonian company that is environmentally friendly and focused on the development and introduction of sustainable 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 120,000 shares are subscribed and issued by ELMO Rent, the expected gross proceeds to ELMO Rent are EUR 600,000.

The Issuer has additionally reserved the right to increase the volume of the Offer Shares by 80,000 shares (Possibility to Increase), as a result of which the total volume of the offering would be 200,000 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 1,000,000.

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

1. In order to increase the vehicle fleet, so that there is no deficit and on the basis of which existing and new services can be validated, we plan to use 40% of the funds involved.
2. To carry out preliminary work for entering foreign markets, including getting acquainted with markets and preparing strategies, we plan to use 10% of the funds involved.
3. To complete the development of remote car technology into a ready-to-use product, we plan to use 50% of the funds involved.

As a result of the investment, ELMO Rent knows exactly how to enter various foreign markets (either by joining aggregators, buying local players or in some other way), has marketable remote car technology that contributes to increasing efficiency, has increased its fleet of green vehicles by more than 20% and will therefore continue to be a modern player with twice the turnover than so far in its current business models.





- The main areas of activity of ELMO Rent are its car-sharing service and development of technology in the field (innovation).
- 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 funds will be used to prepare for preliminary work to enter foreign markets (including market research, strategy development, due diligence on potential competitions to be acquired), to develop and complete remote car technology, and to increase the vehicle fleet so that there would be no deficit and validate existing and new services.
- ELMO Rent wants to provide people with the opportunity to become a shareholder in an environmentally minded Estonian company focusing on the development and introduction of sustainable technologies of the future.

If everything goes according to plan, the result will be as world-class as Skype once was. However, unlike Skype, ELMO Rent is operated by Estonians on both the business and development side, so it is an Estonian matter from start to finish. Along with our investors, we have the opportunity

to provide Estonia's image as an innovative digital country with a fresh look a couple of decades after Skype, and to provide it with content that is unmistakably futuristic for our era, and which until now belonged to the realm of science fiction.





About ELMO Rent's Finances

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

| | 31.12.2019 | 31.12.2020 |
|---|----------------|------------------|
| ASSETS | | |
| Current assets | | |
| Cash | 26,548 | 42,306 |
| Receivables and prepayments | 51,609 | 220,235 |
| Inventories | 25,789 | 0 |
| Total current assets | 103,946 | 262,542 |
| Non-current assets | | |
| Investments into subsidiaries and associated companies | 2,500 | 0 |
| Property, plant and equipment | 308,986 | 1,217,035 |
| Intangible assets | 11,213 | 0 |
| Total non-current assets | 322,699 | 1,217,035 |
| TOTAL ASSETS | 426,645 | 1,479,576 |
| LIABILITIES AND OWNER'S EQUITY | | |
| LIABILITIES | | |
| Short-term liabilities | | |
| Loan obligations | 242,560 | 254,226 |
| Payables and prepayments | 37,176 | 91,246 |
| Total short-term liabilities | 279,736 | 345,472 |
| Long-term liabilities | | |
| Loan obligations | 72,082 | 1,136,813 |
| Total long-term liabilities | 72,082 | 1,136,813 |
| TOTAL LIABILITIES | 351,818 | 1,482,285 |
| OWNER'S EQUITY | | |
| Equity capital owned by the shareholders of the parent company | | |
| Share capital at nominal value | 2,500 | 2,500 |
| Other reserves | 90,250 | 10,000 |
| Retained earnings | -40,770 | -17,923 |
| Profit (loss) of the reporting year | 22,847 | 2,310 |
| Total equity capital owned by the shareholders of the parent company | 74,827 | -3,112 |
| Minority holding | | 404 |
| TOTAL OWNER'S EQUITY | 74,827 | -2,709 |
| TOTAL LIABILITIES AND OWNER'S EQUITY | 426,645 | 1,479,576 |

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

| | 2019 | 2020 |
|--|---------------|---------------|
| Sales revenue | 277,863 | 449,006 |
| Other operating income | 4,882 | 152,585 |
| Goods, raw material, materials and services | -156,099 | -238,998 |
| Various operating expenses | -26,318 | -111,186 |
| Labour expenses | -21,324 | -39,135 |
| Depreciation and impairment of value of non-current assets | -41,620 | -117,891 |
| Other operating expenses | -1,410 | -14,655 |
| Operating profit (loss) | 35,974 | 79,727 |
| Interest expenses | -13,127 | -77,015 |
| Other financial income and expenses | 0 | -299 |
| Profit (loss) before income tax | 22,847 | 2,414 |
| Profit (loss) of the reporting year | 22,847 | 2,414 |
| Parent company shareholder's share of the profit (loss) | 22,847 | 2,310 |
| Minority holding's share of the profit | 0 | 104 |





To accompany the ELMO Rent finances

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 expansion, 15 new sharing/rental points (increase of 68%) were added and the size of the vehicle fleet was over 60 cars by the end of the year (increase of 43%; taking into account that sales transactions for 30 cars were completed in the autumn and the arrival of the planned higher volume of new cars was hampered by delivery problems due

to plant closures arising from the Covid-19 pandemic).

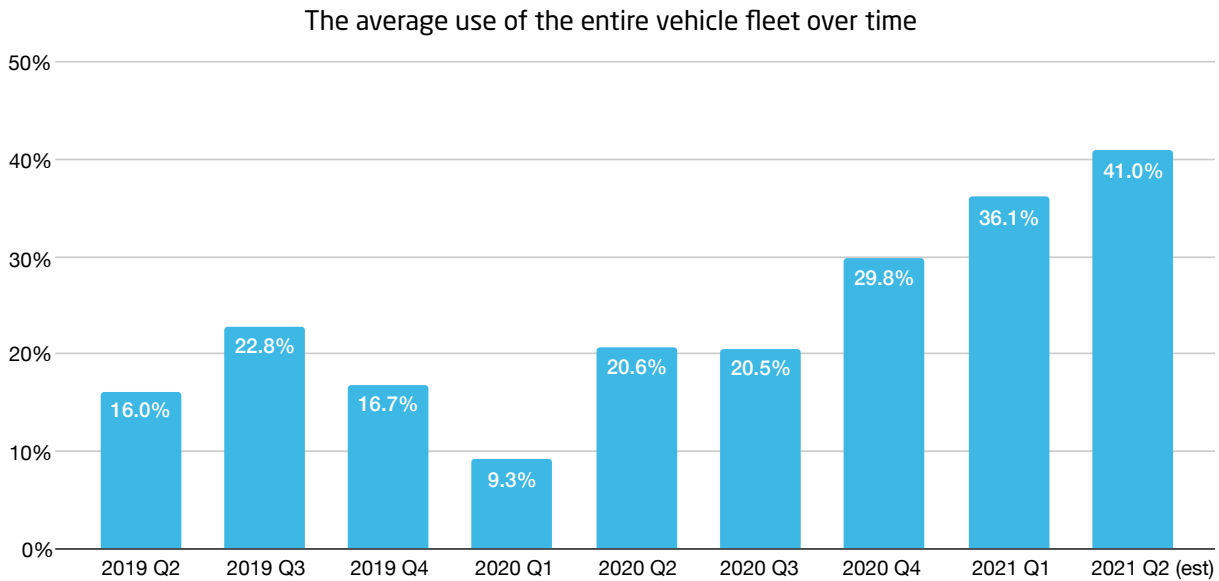
As a result of the decisions made, by the end of 2020, ELMO Rent continued to be the largest owner of a green vehicle fleet in Estonia.

In the light of the above, the fixed assets of the company increased more than three times to EUR 1.2 million as of the end of 2020. The expansion of activities was financed by loans (including additional loans received from the owners) and by increasing the leasing portfolio, which in turn increased the debt burden to EUR 1.3 million by the end of the period.

With the replacement and doubling of the vehicle fleet, the availability and quality of service improved. This also led to a rise in the level of corporate costs, which, combined with Covid-19, lowered the unit revenue margin from eight per cent in 2019 to zero in the previous year. Both tourism and local customer demand for transport services have been significantly reduced by the pandemic, but we expect this to recover following the easing of restrictions, which should have a surge effect on the company's profitability through higher load factors.



Graph 1: the average use of the entire vehicle fleet over time; unit ‘% of time rented’



Graph 1 shows that during the Covid-19 emergency (from March to May 2020) and the following period, we were able to maintain the overall 2019 level, but given the new and expanded vehicle fleet, we should have achieved significant growth. Following the investment in fixed assets and the defusing of the Covid-19 situation (from November 2020), the expected growth is clearly visible, with the average use of the entire vehicle fleet also rising by more than 40% of the time (i.e., over 9.6 h/day and, for the sake of comparison, personal car use accounts for 4–5% of the time).

In its unconsolidated form, the equity of the parent company and the subsidiary complies with the legal requirements.

The sales turnover for the first 4 months of 2021 is over EUR 145,000, which is more than 50% higher than a year ago. This is also evidenced by Graph 1, where we have been able to increase the efficiency of the entire vehicle fleet over 60% of the level of the same period in 2020.

ELMO Rent's financial forecast for the near future

| 2021-2023 future forecast (€) | 2021 | 2022 | 2023 |
|--|-----------------|------------------|-------------------|
| Sales revenue | 934,651 | 2,714,690 | 4,681,314 |
| Other operating income | 243,478 | 0 | 0 |
| Goods, raw material, materials and services | -554,104 | -1,409,615 | -2,088,117 |
| Various operating expenses | -158,759 | -167,275 | -167,275 |
| Payroll expenses | -120,957 | -190,200 | -190,200 |
| Social taxes | -40,883 | -64,288 | -64,288 |
| Labour expenses | -161,840 | -254,488 | -254,488 |
| Depreciation and impairment of value of non-current assets | -347,082 | -808,493 | -994,493 |
| Other operating expenses | -14,019 | 0 | 0 |
| Total operating profit (loss) | -57,675 | 74,820 | 1,176,941* |
| Interest expenses | -125,705 | -169,252 | -170,083 |
| Profit (loss) of the reporting year | -183,380 | -94,432 | 1,006,857 |

* 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 the first months of 2021, the business has grown by more than 50% and the company expects the growth to continue, we plan to increase the turnover for the whole year by almost 126%.

The increase in turnover is supported by the introduction of already acquired electric two-wheelers, as well as the acquisition of additional cars as a result of the share issue and the 'Bring your own car to ELMO Rent' business line launched at the beginning of this year, where we cover peak demand with the cars involved.

The remote-controlled car service, which is currently in the site testing phase, will be tested on the streets of Tallinn in autumn 2021, with its potential revenue not being taken into account in the turnover forecast. However, we have taken into account that the accompanying attention will reduce the general decline of the low season and maintain the level of turnover growth in the last months of the year as well.

Compared to the salary fund of the 2020 team, the necessary missing competence will be engaged and the salary fund will grow by nearly 4 times. In addition to the salary fund, the budget also includes an increase in the partners' service invoice expense.

Without the new major national Covid-19 restrictions, in the autumn of 2021, we will also achieve pre-Covid-19 revenue per vehicle, which is not taken into account in the turnover forecast.

By the end of 2021, ELMO Rent's car-sharing platform will have more than 140 green vehicles.

In 2022, we will enter the first foreign

countries, of which the first city, Helsinki, will presumably lead to the addition of at least 150 additional vehicles. The corresponding entry into a new market automatically implies an increase in turnover and additional new market entry investments.

ELMO Rent's remote-controlled car will also be included in the service, the impact of which on sales will be assessed primarily through the increase in the efficiency of the vehicle as a resource. Possible direct additional income (e.g., booking fee, more expensive service) is an additional bonus to the forecasts.

The increase in the team's salary fund has been budgeted at an additional increase coefficient of 1.5 (254,488 euros), which already includes the salary fund necessary for entering new markets. We have budgeted the engagement of additional competence through service fees, recorded on the expense line 'Goods, raw material, materials and services' in chapter 'ELMO Rent's financial forecast for the near future'.

By the end of 2022, ELMO Rent's car-sharing platform will have more than 360 green vehicles, and we will operate in at least two different countries.

In 2023, the expansion into new markets will intensify and even faster turnover growth is planned, supported by the new remotely controlled environmentally friendly car technology validated in real-world service.

By the end of 2023, ELMO Rent's car-sharing platform will have more than 700 green vehicles, and we will operate in at least four different countries.



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 specialist, i.e., Promoter, a sales team, an accountant, vehicle fleet operators, customer support, i.e., Customer Angel, an IT specialist, and a technology development team.

ELMO Rent AS owns a 100% stake in its subsidiaries Elmo Rent Autojagamine OÜ (technology development) and Elmo Rent Eesti OÜ (new market activities). ELMO Rent AS currently employs a total of 12 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.

At the time of preparing the description of the company, the shareholders of ELMO Rent are the following:

| Name of shareholder | Number of shares held by shareholder | Share of total share capital |
|----------------------|--------------------------------------|------------------------------|
| Lühirent OÜ | 1,076,800 | 53.84% |
| Priit Haljak OÜ | 772,000 | 38.6% |
| City Foxes Invest OÜ | 151,200 | 7.56% |
| Total: | 2,000,000 | 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 description of the company, 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 description of the company, the Supervisory Board of ELMO Rent is composed of three members.

• Management Board

As of the date of preparation of this description of the company, 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 description of the company, the Supervisory Board of ELMO Rent is composed of three members, including Enn Laansoo, Jr., Priit Haljak, and Taavi Laur.

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 53.84% of the shares in ELMO Rent through Lühirent OÜ.





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 38.6% 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.

• Staff

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

Rent AS owns a 100% stake in its subsidiaries Elmo Rent Autojagamine OÜ (technology development) and Elmo Rent Eesti OÜ (new market activities). ELMO Rent AS currently employs a total of 12 people, some of whom also have service contracts.





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: Pärnu mnt 15, Kesklinna District, Tallinn 10414, 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 company description the registered share capital of ELMO Rent is 200,000 euros which is divided into 2,000,000 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 EE3801075880 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 120,000 shares will be issued in the course of the public offering. If the Issuer decides to use the Possibility to Increase, a maximum of 200,000 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 212,000 euros (if the Possibility to Increase is not used) or 220,000 euros (if the Possibility to Increase is used) and the total number of shares of ELMO Rent will be 2,120,000 or 2,200,000, 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/et/kontohaldurite-nimekiri/>.

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

- confirm that they have reviewed and understood the company description and agree to the terms and conditions of the offer described in the company description;
- 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 | |
| Securities account | |
| Account manager | |
| Security | ELMO RENT SHARE additional 1 |
| ISIN code | EE3801075880 |
| Number of securities | |
| Price (per one Offer Share) | 5 euros |
| Transaction amount | |
| Counterparty | Elmo Rent AS |
| Securities account of counterparty | 99109793232 |
| Account manager of counterparty | Swedbank AS |
| Transaction value date | 17.06.2021 |
| 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 4 June 2021 and ends at **16:00** on 14 June 2021 local Estonian time (hereinafter the Offer Period).

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

| | |
|---|--|
| From 10:00 on 4 June 2021 to 16:00 on 14 June 2021 | Offer Period |
| 15 June 2021 | Determination and announcement of the offer results and the distribution of the Offer Shares (Distribution Date) |
| 17 June 2021 | Transfer of the shares to the investors and payment for the shares (Settlement Date) |
| 1 July 2021 | Start of trading on First North |

Share price

The price of the Offer Shares is 5 euros per one share, of which 0.1 euros is the

nominal value of the share and 4.9 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/et/kontohaldurite-nimekiri/>. 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 15 June 2021 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.

The processing of Subscription Orders in the course of distribution does not depend on the company via which the Order is submitted. 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 17 June 2021 (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 EE3801075880 which will be changed into a permanent ISIN code of EE3100075888 on 30 June 2021 (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 shares is expected to start on First North on 1 July 2021 (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 company description 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 56 of the more than 90 vehicles of its car fleet on the basis of finance lease contracts concluded with the Related Persons. Of these, 25 cars are leased from Hooldusjuht OÜ, 7 from PAKRI KIVI 2 OÜ, 14 from PAKRI KIVI 12 OÜ and 10 from PAKRI Teadus- ja Tööstuspark OÜ, with a total residual cost of 789,131 euros as at 30 April 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 2 finance lease contracts with Luminor Liising in the amount of 55,000 euros. The term of the contracts is April 2026 and the interest rate is 3 months' Euribor+1.89%.



Lease contract

ELMO Rent has concluded a sub-lease contract for using office premises with the Related Person Hooldusjuht OÜ, under which ELMO Rent leases testing, warehouse and office premises at Tartu mnt 84a, Tallinn, and Kivi 12, Paldiski, for everyday work together with the teams of both Hooldusjuht OÜ and Pakri Teadus-

ja Tööstuspark OÜ. ELMO Rent pays Hooldusjuht OÜ rent for using the office premises equally with the other tenants, i.e., each tenant pays 1/3 of the rent. The lease contract has been concluded for an indefinite term on the market terms and conditions.

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 before the conversion of the loan into share capital (in euros) | Loan balance after the conversion of the loan into share capital (in euros) | Repayment term |
|---------------------------|--|---|--|
| Priit Haljak OÜ | 134,477 | 95,227 | 76,250 euros converted to share capital on 1 April 2021. The term for the remainder is on 29 August 2029. |
| Priit Haljak OÜ | 37,000 | 0 | 28 January 2031 |
| Lühirent OÜ | 75,000 | 0 | Converted in to share capital on 1 April 2021. |
| City Foxes Invest OÜ | 25,000 | 10,105 | 14,895 euros converted into share capital on 1 April 2021. The term for the remainder is on 28 January 2031. |
| Elmo Rent Eesti OÜ | 52,140 | 52,140 | Indefinite |
| Elmo Rent Autojagamine OÜ | 62,665 | 62,665 | Indefinite |
| OÜ EstMil Hooldus | 10,400 | 10,400 | Indefinite |



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 718,000 euros. As at 30 April 2021, the loan balance is 622,524 euros. The lenders are mainly Estonian private persons, including both natural and legal persons, as well as two banks and six Related Persons. Of the total loan volume, the share of loans granted by private persons makes up 51%, the share of bank loans 10% and the share of loans granted by the person related to the Issuer 39%. 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 2030 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 April 2021 was 51,000

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 April 2021 was 12,700 euros). Of the Related Persons, ELMO Rent has received loans from shareholders Priit Haljak OÜ, Lühirent OÜ and City Foxes Invest OÜ, ELMO Rent's 100% subsidiaries ELMO Rent Autojagamine OÜ and Elmo Rent Eesti OÜ, and OÜ EstMil Hooldus, a subsidiary of a company related to ELMO Rent, Hooldusjuht OÜ. The balance of the loans granted by the Related Persons amounts to 242,817 euros or 39% of the total loan balance after the conversion to share capital. 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 30% to 60% of ELMO Rent's turnover in 2020. 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.



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.

Bonus programmes

A share-based bonus programme, i.e., an option programme for the employees of ELMO Rent is being planned. The approval of the programme is in the

competence of the Supervisory Board of ELMO rent in accordance with the articles of association.





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.