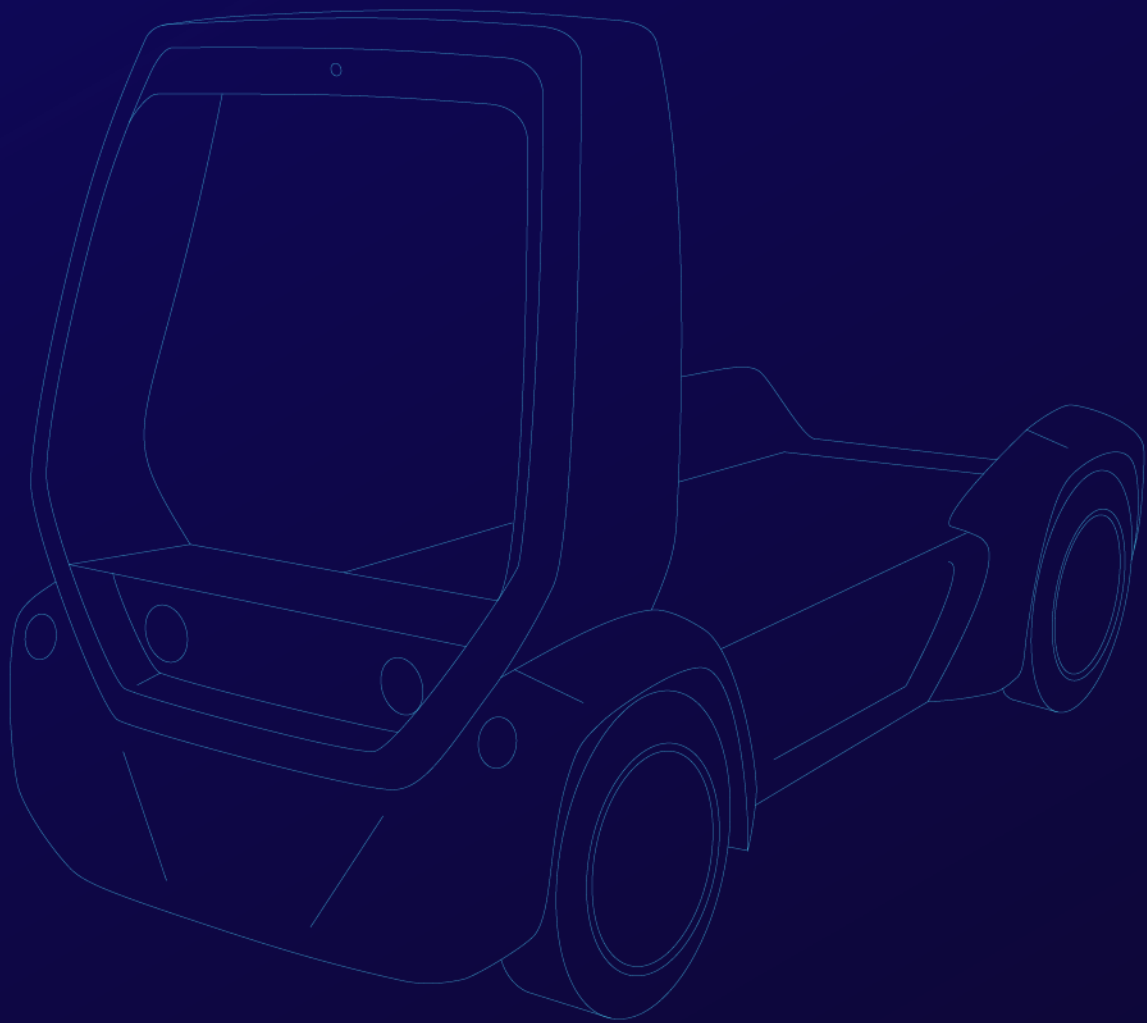




CLEVERON MOBILITY

COMPANY DESCRIPTION





UNOFFICIAL TRANSLATION

Cleveron Mobility AS COMPANY DESCRIPTION

for public offering of shares and admission to trading on multilateral trading facility First North

This company description has been prepared for the public offering of new shares of **Cleveron Mobility AS**, registry code 16472103 ("**Issuer**") to be issued ("**Offer Share(s)**") and for admission to trading of all shares of the Issuer on First North, the multilateral trading facility operated by Nasdaq Tallinn AS ("**Exchange**"). The company description has been prepared in accordance with the rules and regulations established by the Exchange for the First North the multilateral trading facility ("**Rules**"). This company description may not be used for any other purposes without the prior consent of the Issuer.

The public offering of the Issuer's shares will be conducted only in Estonia, pursuant to Article 3(2) b) of Regulation (EU) 2017/1129 of the European Parliament and of the Council ("**Prospectus Regulation**") and Subsection 15(1) of the Securities Market Act ("**SMA**"), according to which disclosure of the prospectus of a public offering is not required, if the total consideration of the public offering of securities does not exceed EUR 5,000,000 for all contracting states for a total period of one year.

The company description is not a prospectus within the meaning of the Prospectus Regulation or the SMA. The offering is targeted to Estonian retail investors. The offering takes place only in Estonia and the Offer Shares will not be offered in any other jurisdiction. In the course of the Offering, the Issuer offers up to 2,673,795 Offer Shares at a price of EUR 1.87 per Offer Share ("**Offering**"). The offer period of Offer Shares will start on 6 June 2022 at 10.00 and will end on 17 June 2022 at 16.00 ("**Offer period**").

The Issuer has filed an application with the Exchange for admission to trading of all of the Shares of the Issuer ("**Shares**"), including the Offer Shares, in the multilateral trading facility First North of the Exchange, and trading of the Shares on the Exchange's First North multilateral trading facility is expected to start on or about 28 June 2022.

There are risks associated with participating in the Offering and subscription for the Offer Shares and investing in the Shares on the secondary market. Potential investors should read the entire company description before making an investment decision. In particular, chapter 8 "Risk Factors" should be read, which covers the factors that should be taken into account when investing in the Shares. Although the Issuer has made all reasonable efforts to ensure that this company description provides correct and adequate overview of the Issuer, its activities and the Offer Shares, the value of the investor's investment in the Offer Shares may be materially affected by circumstances that have not occurred by the date of this company description or which are not included in the company description. The information presented in this company description should not be construed as legal, financial or tax advice.

This company description is not an investment advice or recommendation to subscribe for the Offer Shares. Each potential investor shall decide independently, with the assistance of a professional legal, financial or tax advisor, if necessary, whether investing in the Offer Shares corresponds to the financial capabilities and investment objectives of the investor, and whether such investment complies with all the rules, requirements and restrictions that may apply to the investor.

The information contained in this company description is not intended to be disclosed, shared or transmitted, in whole or in part, directly or indirectly, in the United States, Australia, Canada, Hong Kong, Japan, Singapore, South Africa or other countries or under any circumstances in case of which such disclosure, sharing or transmission would be illegal. Offer Shares are offered publicly only in Estonia and the sale or offer of the Shares shall not take place in any jurisdiction where such offer, invitation or sale would be unlawful without the exception or qualifications contained in the law.





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1. INTRODUCTORY REMARKS

1.1. Applicable law

This company description has been prepared in accordance with the legal acts of the Republic of Estonia and the Rules, and is governed by the law of the Republic of Estonia. Any disputes arising from and related to the company description shall be resolved in Harju County Court as a court of first instance.

1.2. First North multilateral trading facility

First North is a multilateral trading facility within the meaning of Subsection 3 (3) of the SMA operated by the Exchange and is not a regulated market within the meaning of the SMA or other legislation.

1.3. Responsible persons

The management board of the Issuer is responsible for the information provided in this company description. The management board of the Issuer is responsible for the correctness and accuracy of the information provided in the company description as at the date of the company description, 3 June 2022.

1.4. Confirmation of the management board

To the knowledge of the management board, no member of the management board or supervisory board or any executive employee of the Issuer has been criminally punished or convicted of fraud or economic violations in the previous five years. Also, to the knowledge of the management board, no member of the management board or supervisory board or any executive employee has been a member of the management body of any legal person at the time of initiation of bankruptcy, reorganisation or liquidation proceedings of such legal person in the previous five years. The management board confirms that no legal proceedings have been brought against the Issuer in the current or previous reporting periods and that no bankruptcy petitions have been filed in respect of the Issuer and no related bankruptcy proceedings have been initiated.

1.5. Submission of information /Terms and rounding

The capitalised terms in this company description have the meaning specified in Chapter 10 or elsewhere in the company description. The figures and quantitative values contained in the company description (e.g., monetary value, percentage value, etc.) are presented with such accuracy that the Issuer considers reasonably sufficient when providing information, avoiding excessive details. Quantitative values are in some cases presented rounded to the nearest decimal point or integer. Therefore, adding up the data expressed in percentages may not always result in 100%. The financial data provided are given in Euros.

1.6. Information referring to the future

Historical facts, information related to historical performance, facts, conditions and information known at the moment, and assumptions from all or any of these are not a guide to the future. Expressions such as the Issuer has set a goal, plans, wishes, intends, or any other term referring to the future used in this company description, do not express an accurate prediction of what the future will look like. Any such forward-looking statements are based on assumptions and estimates, and involve risks, uncertainties and other circumstances that may cause the actual results, performance, financial position and achievements of the Issuer to be materially different from those set out in the forward-looking information.

1.7. Advisor

Advisor of the Issuer is osäühing Advokaadibüroo Eversheds Sutherland Ots&Co (registry code 10639559), whose principal activity is operation of lawyers and law offices. The representatives of the advisor providing advisory services to the Issuer are Maivi Ots (e-mail maivi.ots@eversheds-sutherland.ee) and Artjom Luik (e-mail artjom.luik@eversheds-sutherland.ee). A contract without a





term has been concluded with the advisor. Neither the Advisor nor the Advisor's representatives hold a shareholding of the Issuer as at the date of this company description.

1.8. Availability of information

This company description is available on the website of the Exchange (<https://www.nasdaqbaltic.com/>) and on the website of the Issuer (<https://www.cleveronmobility.com>).

2. INTRODUCTION OF THE COMPANY

2.1. General information of the Issuer

The Issuer is a public limited liability company established and registered on 1 April 2022 as a result of the division of Cleveron AS.

Area of activity of the Issuer is the production of motor vehicles. The Issuer produces a new generation autonomous vehicles with the aim of making the delivery of goods to final consumers as efficient and environmentally friendly as possible (electricity consumption is 42 Wh/km, which is less than the energy consumption of other electric vehicles). Target customers of the Issuer are mainly companies that transport different goods to final consumers – companies that operate as '*last mile delivery*' service providers.

Vision of the Issuer: to be one of the first and leading technology companies in the world whose unmanned vehicles are widely used in conventional traffic.

Mission of the Issuer: the vehicles we develop and manufacture save energy, are environmentally friendly and contribute to a climate-neutral economy.

Problems for the providers of *last mile delivery* service are high labour costs, which can amount to up to 80% of all *last mile delivery* costs, and lack of labour force. Objective of the Issuer is to provide a solution to these problems by means of autonomous vehicles.

On one hand, use of a vehicle produced by the Issuer allows companies to reduce labour costs, as it creates the possibility that one operator operates several vehicles. This means that the presence of a separate driver for each vehicle is no longer necessary due to the fact that the vehicles are autonomous, and one operator is capable of operating up to 10 vehicles. This reduces the need for labour and thus allows the company to significantly reduce the direct costs associated with the operation of vehicles. Based on the assessment of the Issuer and customer feedback to the pricing model, it can be considered that this can reduce the so-called *last-mile* costs by up to 30%, since the pricing model of the Issuer for the end customer is so much more favourable than the traditional driver-driven transport method.

In addition, due to the fact that vehicles can be supervised remotely, the range of persons who can supervise the vehicle is no longer geographically limited – the driver and the vehicle do not have to be located in one area. This procedure ensures greater flexibility for the companies using the products of the Issuer, and allows the company to recruit suitable persons from a larger number of persons.

Furthermore, the products developed and currently under development by the Issuer can also be used in other ways for modernising the delivery of goods and parcels, for example, when using the parcel taxi service, parcels can be sent without leaving home or the office.

Key data of the Issuer:

Business name	Cleveron Mobility AS
Registry code	16472103
Financial year	01.01-31-12
LEI code	9845004907B59MEEA177

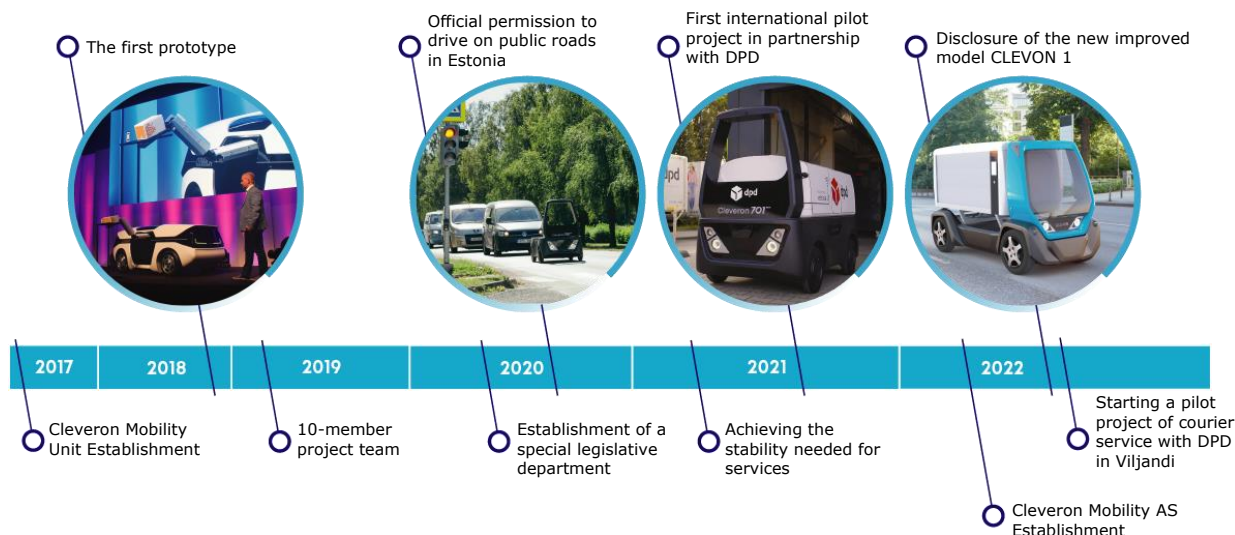


Address	Reinu tee 48, Viljandi, Viljandi County 71020
Web page	www.cleveronmobility.com
E-mail	info@cleveron.com
Telephone	+372 5597 7090

2.2. History of the Issuer

Cleveron AS established the Mobility operating unit in 2017. The Mobility operating unit started to develop a autonomous vehicle. From 2017 to 2022 Cleveron AS has invested EUR 7,000,000 in the development of the Mobility project.

In 2018, the first concept prototype of the vehicle was completed. In 2020, the first permit was granted in Europe to drive an unmanned vehicle on public roads across Estonia. In 2021, the first international pilot project with Dutch DPD took place. This was a week-long pilot project, in the framework of which the cooperation of the robot courier Cleveron 701 (an earlier version of Cleveron 1) of the Issuer and a remote control system (operator's desktop) in case of long distance (Estonia-the Netherlands) was tested, as well as the business process of the user and ease of use when transporting goods with an autonomous vehicle. In addition, the process of carrying out the pilot project was tested. In the course of the pilot project, the vehicle's ability to drive even in unfamiliar environments was successfully tested, regardless of the distance between the operator and the robot courier – during the project, the vehicle located in the Netherlands was controlled by employees located in Estonia. The Issuer in its current form was founded on 1 April 2022 as a result of the division of Cleveron AS. In the course of the division, the intellectual property rights created in the framework of the Mobility project and other assets and employees necessary for the implementation of Mobility's activities were transferred to the Issuer. All the shareholders of Cleveron AS became the shareholders of the Issuer.



2.3. Products

2.3.1. The main product: Clevon 1

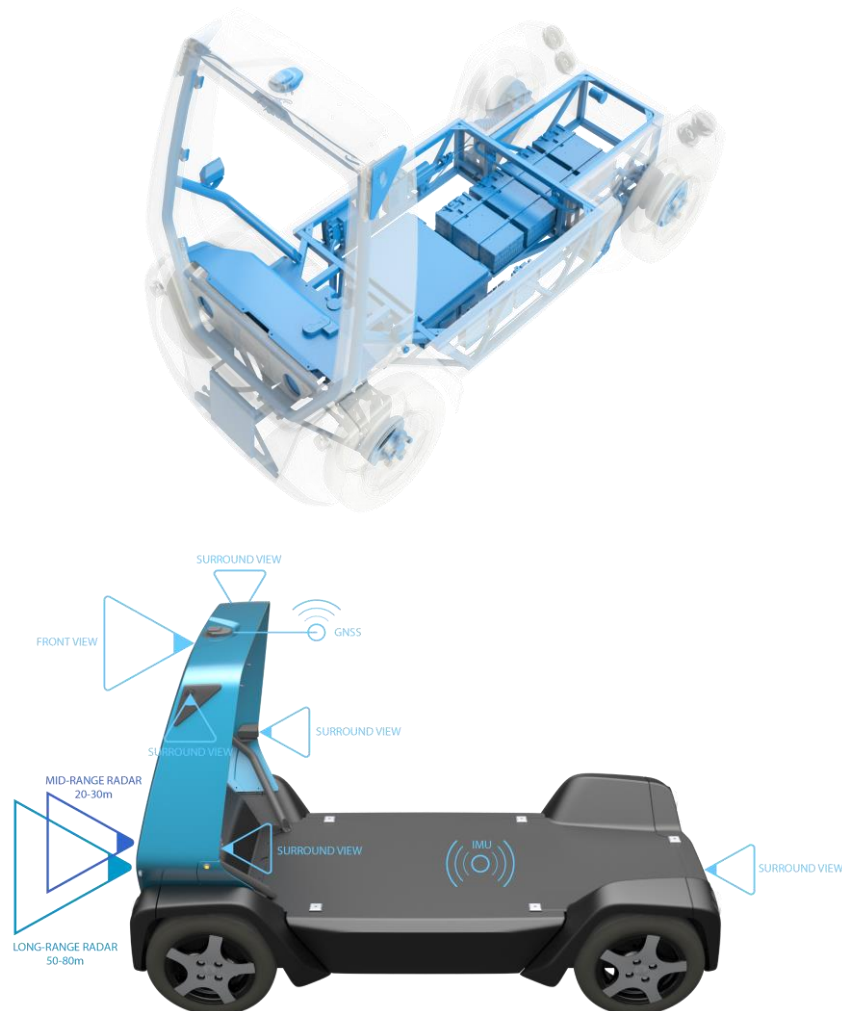
Clevon 1 is an autonomous unmanned vehicle that is remotely controlled and operated by a teleoperator. Clevon 1 is a platform on which different superstructure applications can be installed for different business cases. Intellectual property rights related to the platform, mainly copyrights related to the control software, in addition to industrial ownership of Clevon 1 (a total of 8 items, 6 registered, 2 pending registration), including rights related to the software necessary for operating the platform and supervision of the platform, belong to the Issuer (proprietary rights of the author) or the Issuer has been granted a licence for their use (personal rights of the author).

The platform is currently in a form in which it can be piloted:

- a. in full autonomous mode in enclosed territories;
- b. under the control of a teleoperator on public carriageways.

The autonomous electric platform is environmentally friendly. In this way, the use of the vehicle also helps companies to reduce carbon emissions and achieve their environmental goals.

Clevon 1 is powered by electricity and can be charged both by wire and wireless charging.



2.3.2. Superstructure applications

2.3.2.1. General

In addition to the autonomous platform, the Issuer also offers the possibility to purchase and rent various superstructure applications for connecting and compatible with Clevon 1, which make possibilities of use of the platform versatile and suitable to the needs of different users. The customer also has the opportunity to develop and implement a suitable superstructure application.

These make the platform multifunctional and enable to use it for different purposes, taking account of the needs of different customers. The *cargo box*, primary version of the first superstructure application has been developed, as well as concept solutions of the following two superstructure applications. Clevon 1 and its superstructure applications have been developed and designed to transport various goods and equipment, and thus create the precondition that products and services of the Issuer are attractive to companies operating in different sectors.

All intellectual property rights related to the superstructure applications developed by the Issuer, which are mainly copyrights (S3 software copyrights) and industrial property (43 items, 42 registered, 1 pending registration) concerning the superstructure application, its various versions and essential parts and components, including rights related to the necessary software, including the software needed for the integration and management of superstructure applications, belong to the Issuer (proprietary rights of the author) or the Issuer has been granted a licence for their use (personal rights of the author).

2.3.2.2. Cargo Box

By now, the Issuer has developed the *cargo box*, superstructure application that can be connected to Clevon 1 and enables the use of Clevon 1 for transport and delivery of various products and goods.

Cargo Box can already be used today to provide contemporary, efficient and convenient last-mile delivery service and to organize the delivery and return of goods. The superstructure application has been developed for year-round use. The spacious cargo space of the superstructure application enables to deliver various goods, from ready meals, vegetables and small-sized packages to parcels with larger size.

Interior design of Cargo Box is smart, elaborate and equipped with different attachment points, cargo nets and adjustable separation panels for transporting different product types.

When delivering products to the final consumer with Cargo Box, it is possible to integrate the system with the systems of the customer in order to ensure maximum convenience for the final customer, including the use of various payment options – making payments via the app, in the e-shop or in the payment terminal integrated into the vehicle.

External design of Cargo Box can be altered and designed according to the requests of the customer, including it is possible to use the customer's company logo, contact information and other information introducing the customer's brand when designing the exterior.





How does Cargo Box work?



1. The customer orders courier delivery.
2. An autonomous courier vehicle arrives at the loading point of the cargo.
3. The order is placed into the Cargo Box.
4. Software determines the most efficient route to the destination and sends the pickup code to the recipient of the cargo together with the estimated arrival time.
5. The courier vehicle travels to the destination address.
6. The recipient enters the pickup code.
7. The cargo is taken out from the vehicle.
8. The vehicle moves on to serve the next order.

2.4. Business model

A partially autonomous remotely controlled platform has been developed within the framework of the Mobility project, while superstructure applications and software solutions for both the platform and superstructure applications have been and are being developed, which enable both the use of vehicles as well as their remote control and remote supervision. The business model assumes that as the autonomy of the vehicle increases, eventually one operator can control and operate up to 10 vehicles remotely.

Due to the rapid development of e-commerce, the demand for environmental friendly fast and the cheapest possible delivery of goods has also increased. The main business line of the Issuer is to offer to the logistics and retail trade enterprises the possibility for fast delivery of goods to final



consumers with lower cost and environmental impact with the products and services of the Issuer, which can be used for the provision of last-mile delivery service to their customers.

For logistics enterprises, use of the products and services of the Issuer provides an opportunity to improve the services they provide and to make them more cost-effective and environmental friendly. Logistics enterprises can transport products and goods to the final consumer with an autonomous vehicle, using the platform and the cargo box superstructure solution developed by the Issuer.

In addition to products of the Issuer, which are intended for use in the delivery of products to final consumers, logistics enterprises can also use the products of the Issuer for transporting goods between warehouses on the territory of the company and thereby also reduce labour costs and CO2 emissions. The superstructure application currently under development for the corresponding functionality is *mini truck*.

For retail chains, use of the vehicle of the Issuer enables to deliver their products to the final consumer without using the services of logistics companies. Retail chains (mainly grocery store chains), which already use their own transport and employees to deliver their products to the final consumer, can use products of the Issuer to replace the means used to transport products to the extent convenient for them (on routes and in the regions in which the company considers it useful) and, instead of a conventional van, deliver the products to the consumer with an autonomous unmanned vehicle.

Based on pilot projects and the interest of potential customers, it can be decided to offer customers full rental service, which includes a platform, a superstructure application, as well as the service and maintenance of the operator and, if necessary, vehicle replacement. If full rental service is used, the customer pays the Issuer monthly payments for the service in the entire period during which the service is used. The price of the service consists of two components: a fixed fee and a fee based on a kilometre/hour of travel.

As at the date of the company description, the products have not yet been put into use in the above way. However, the Issuer has started to carry out pilot projects. In order to carry out the pilot project, an agreement will be concluded with a potential cooperation partner, where among other things the fee for the cooperation project is agreed upon, which is payable to the Issuer for the launch and implementation of the pilot project. This fee is payable by the cooperation partner in accordance with the agreement with the cooperation partner, either before the launch of the project or in instalments after the launch of the project. The amount of the fee is determined by the Issuer with consideration that it should cover as much as possible the costs of testing and the costs of setting up the pilot project (including transport costs of the products, local state fees and other fees due in connection with obtaining the approvals necessary for implementation of the project). However, depending on the agreement with the cooperation partner, in certain cases the costs may also be borne by the Issuer to some extent. The duration of pilot project is generally three months. If the cooperation between the parties goes smoothly, the cooperation partner will continue to use the products and pay the Issuer monthly payments.

In May 2022, the first pilot project was launched in Viljandi. Within the framework of the project, cooperation is being carried out with DPD Eesti AS, which will offer parcel delivery services to their customers using the products of the Issuer. As part of the pilot project, the vehicle will be tested as partially autonomous. If the pilot project is successful, cooperation will continue, whereby the counterparty will pay monthly payments to the Issuer for the use of the vehicles.

The second line of business of the Issuer is the provision of parcel delivery services to both private persons as well as companies. The service is planned to be provided through the app Pakitakso (Parcel Taxi). Target customers of the service are companies and private persons, who can order the transport of goods based on their needs from point A to point B through the app. The pilot project is planned to be launched in 2022 in Viljandi. The person who has downloaded the Parcel Taxi app can order an autonomous vehicle from the Issuer via the app and send parcels without leaving home or office.

The service is provided using the platform and its superstructure application *cargo box*. Payment for the service is made via the app and the amount due depends on the distance and the number of parcels. Income of the Issuer for the provision of the respective service consists of the amounts paid through the app.



In the case of the business line of providing parcel delivery services, the Issuer can control itself the size of the fleet of vehicles used for the provision of the service, and this will provide additional flexibility.

Zero emission zones already established and planned in various European cities (for example, in London it has already been established), which create a natural need for customers to use vehicles of the Issuer and, in turn, assume that the legislation of the respective countries and the European Union allows the use of autonomous vehicles on public intra-urban roads, form an important supporting part of the business plan of the Issuer.

In the opinion of the Issuer, the zero emission level of the vehicle, together with the potential cost-effectiveness, as more than one vehicle per operator can be used, will provide a significant boost for the growth of full rental services in Europe and North America in the coming years.

2.5. Future plans

In the near future, the Issuer plans to continue to actively develop its products, expand its activities in different regions, including carrying out international pilot projects, and to transfer the activities of the Issuer under a new trademark. The greatest amount in 2022 and 2023 will be invested in software development in order to achieve the highest possible vehicle autonomy as soon as possible, which is a prerequisite for a business model where one operator covers several vehicles at the same time.

In connection with the product development, the Issuer is planning to develop a number of new superstructure applications in the near future. The development of new superstructure applications will also enable the Issuer to expand the possibilities of use of the products offered by the Issuer to potential customers.

First of all, in autumn 2022, it is planned to complete the development of the superstructure application *locker*. On the date of this company description, the first prototype of the superstructure application *locker* has been developed. The next step is to get from prototype to series production.

Locker



Due to the superstructure application *locker*, it is possible to further expand the fields of application of the autonomous platform and to start carrying out pilot projects related to the corresponding usage function. With the help of the superstructure application *locker*, it is possible to start offering mobile parcel lockers, i.e. a parcel locker no longer needs to be stationary, but can be moved on demand to a suitable location where the parcel locker is the most needed at a given time.

Following the development of the superstructure application *locker*, it is planned to complete the development of the superstructure application *mini truck*. The superstructure application *mini truck* is an open commercial vehicle and is primarily designed to carry out autonomous transport between the company's internal warehouses. The design of the superstructure application has already been developed, but the superstructure application has not been built yet. At the date of the company description, there is a prototype of the *mini truck* (superstructure application *flat bed*), which has a design similar to that of the superstructure application *mini truck*. Using the prototype of the

superstructure application, it is already possible to start pilot projects to test the corresponding superstructure application.

Mini truck



Based on the feedback received so far, there may be a need in the future for a superstructure application designed primarily for the transport of bulky products, which can be parked in a suitable location without power and Clevon 1 vehicle. The main locations where such a superstructure application can be used would be city centres of large cities where stationary parcel lockers are not allowed to be installed. In such locations it would still be possible to deliver goods and products to customers in such areas by means of the above-mentioned superstructure application.

Trailer Concept Solution



In addition to the development of new superstructure applications, it is planned to carry out pilot projects for testing the platform and superstructure applications with the aim of establishing long-term cooperation with the counterparties of the pilot projects - if it is successful, the counterparties will start to use the products of the Issuer for a monthly fee.

Pilot projects are planned to be carried out both in Estonia and internationally. At the moment, preparatory negotiations on the respective pilot projects are being held, during which an offer has been forwarded to about 10 potential partners and active negotiations are ongoing with about six of them.

During summer 2022, it is planned to start pilot projects testing the platform and the superstructure application *cargo box* also in Tallinn. The planned pilot projects are similar in content to the pilot project to be carried out from May 2022 in Viljandi.

In addition, a number of international pilot projects are also planned to begin during 2022.

An international pilot project to test the *Cargo Box* is scheduled to begin at the end of summer 2022. The Issuer has started preparations for carrying out the project, including applying for the necessary approvals from the local transport authority.

In autumn 2022, it is also planned to launch the first international pilot project for testing the superstructure application *locker*, and the first potential customer with whom the pilot project will be implemented is found. There is no contractual agreement yet. Work has started on obtaining the necessary approvals to operate the platform in the country concerned.

There will also be an international pilot project to test the superstructure application *mini truck*. More specifically, the aim of the pilot project is to test the platform and the application *mini truck* for autonomous transport between warehouses in a closed area.

In addition, the Issuer has a plan to apply the platform in such a way that it could be used as a mobile speed and surveillance camera, thus helping to make the work of state authorities more efficient. For this purpose, it is planned to apply an autonomous vehicle (platform) as a mobile speed and surveillance camera. A prototype of the corresponding solution is planned to be ready by autumn 2022 and the introduction of it has also been scheduled for the same time at the fair in Dubai. The product is to be offered globally.

In 2022, it is also planned to start providing the parcel delivery service of the Issuer, described in Section 2.4, in Viljandi, both for private persons and companies.

In 2022, the Issuer is planning to establish an operational base in the US as well. The initial aim of such base would be to ensure the launch and implementation of local pilot projects. In longer term, this base would also have the production capacity to mitigate the potential risks associated with conducting production in only one country.

Additionally, the Issuer plans to discontinue the use of the trademark "Cleveron" by 2023 and start operating under a new trademark ("Clevon"). A domain name has already been registered in the name of the Issuer for the purposes referred to. The application for registration of the trademark "Clevon" was submitted to the European Union Intellectual Property Office on 7 April 2022. It is subject to a global priority date. The trademark is expected to be registered by the end of 2022. The application for registration of the trademark "Clevon" in the US is scheduled to be submitted in June 2022.

By 2024, the Issuer plans to reach mass production (the expected production capacity of 1,000 vehicles per year in 2025). Previously to this, the plan is to continue with both international and local pilot projects, build 200-250 vehicles and achieve a mileage of 1 million kilometres.

2.6. Important assets and contracts

2.6.1. Important assets

The Issuer owns 52 objects of industrial property. Out of these, 8 (6 registered, 2 with registration pending) concern the platform and its different versions, 43 (42 registered, 1 with registration pending) superstructure applications of the platform, their parts/combinations, various previous versions/future solutions, and one trademark of the European Union Intellectual Property Office (registration pending).

The intellectual property strategy of the Issuer foresees that all products and services that reach customers have to be protected by intellectual property rights. The Issuer combines various intellectual property rights, including, but not limited to, copyrights, patents, utility models, designs and trademarks.

Intellectual property rights related to the platform (Clevon 1) are the following:

005600517-0001	(EU design)
90056005170001	(UK design)
007993803-0001	(EU design)
90079938030001	(UK design)
008419402-0001	(EU design)
008772909-0001	(EU design)

In addition, the following solutions are in the registration process.



2022300856690 (China design)
29/830,907 (USA design)

Intellectual property rights related to the superstructure applications of the platform are the following:

Registered:

USD850658S	(USA design)
003402965-0001	(EU design)
90034029650001	(UK design)
004041929-0001	(EU design)
90040419290001	(UK design)
004169761-0001	(EU design)
90041697610001	(UK design)
004546349-0001	(EU design)
90045463490001	(UK design)
USD864515S	(USA design)
005230588-0001	(EU design)
90052305880001	(UK design)
005814381-0001	(EU design)
90058143810001	(UK design)
005817111-0001	(EU design)
90058171110001	(UK design)
005818424-0001	(EU design)
90058184240001	(UK design)
006262242-0001	(EU design)
90062622420001	(UK design)
CN305346034S	(China design)
CN305396232S	(China design)
USD938798S	(USA design)
USD887468S	(USA design)
006433579-0001	(EU design)
90064335790001	(UK design)
006428561-0001	(EU design)
90064285610001	(UK design)
201913664	(Australian Design)
JP1661055S	(Japanese design)
188592	(Canadian design)
426202	(New Zealand design)
MX/f/2019/002194	(Mexican design)
USD912924S	(USA design)
CN305815976S	(China design)
CN212027435U	(Chinese utility model)
007830757-0001	(EU design)
90078307570001	(UK design)
008126981-0001	(EU design)
90081269810001	(UK design)
008304570-0001	(EU design)
90083045700001	(UK design)

The following patent related to the superstructure applications of the platform is in the registration process.

US2020253407A1 (US Patent)

Trademark of the European Union Intellectual Property Office No. 018682968 is in the registration process.

The Issuer considers Cleveron 1 design No. 008772909-0001, registered at the European Union Intellectual Property Office, and applications No. 2022300856690, pending under the same priority, in China and No. 29/830,907 in the USA as the most important industrial property objects.





The Issuer owns the software necessary for the coordination and operation of the vehicle as well as for performing higher level operational functions.

S3 software, the rights and obligations in respect of which have been transferred to the Issuer in the course of the division and which is the basic software for the development of several functionalities of the superstructure applications of the self-driving vehicle, can also be considered an important asset of the Issuer. Using the S3 software as a basic solution, it has been further developed and based on that software solutions have been created that enable to operate the product, service and app of the Issuer. Solutions based on the S3 software are related to superstructure applications and their functions.

2.6.2. Important agreements

In particular, an agreement with NVIDIA Corporation, on the basis of which the Issuer is granted a license for software that powers the processors used in the Issuer's solutions, can be considered an important agreement for the activities of the Issuer. A corresponding contract is currently being concluded.

2.7. Markets and competitors

It is predicted that the last-mile delivery market will increase 1.85 times by 2027 compared to 2021¹. According to the forecasts for the global autonomous last-mile delivery market, it will grow 4.75 times by 2028 compared to 2021 and will reach USD 57 bn in volume. In turn, market research assumes that autonomous vehicles will account for 29.5% of this volume and the rest of the market will be divided between drones and vehicles moving on pavements (bots).² Thus, in the coming years, there will also be a demand for services that will make the delivery of services in the last-mile delivery market more flexible and cost-effective.

The main target markets for the Issuer's products and services are Europe and North America (in particular the US), but pilot projects are also planned to be carried out in other countries, such as Australia, South America, Singapore. Competitors of the Issuer in the relevant markets are primarily other companies active in the same market and producing and selling/leasing autonomous vehicles. Such companies include, in particular, Nuro (North America), Neolix (Asia), Starship (Europe, North America) and Udelv (North America). Additionally, competitors of the Issuer can also be considered to be companies that, like the Issuer, are just entering the autonomous vehicle markets where the Issuer also intends to operate.

	Autonomy	Multifunctional platform	Speed [km/h]	Total weight of goods [kg]	Unladen weight [kg]	Main Markets	Pallet Volume
Cleveron Mobility	✓	✓	50	200	300	North America, Latin America, Europe, Australia	1 m ³
Nuro	✓	—	Max 70	190	1150	North America	0.63 m ³
Udelv	✓	—	100+	900	3000+	North America	-
Neolix	✓	✓	50	unknown	~850	Asia	2.4 m ³
Starship	✓	—	6	10	23	North America, Europe	0.05 m ³
Average commercial vehicle	—	—	100+	~500	~1500	Global	3-5 m ³
Electric bicycle	—	—	25	10	25	Global	0.2 m ³

At the moment, the main competitor is definitely Nuro, which is estimated to be about six months ahead of the Issuer in terms of product development and will probably be able to start mass

¹ Compounded Annual Growth Rate 9.29% from 2021 to 2027 Source: brandessenceresearch.

² Source: fortunebusinessinsights.com/autonomous-last-mile-delivery-market-105598.





production before the Issuer, but it does not operate in the European market. Nuro has raised a significant amount of capital, and the latest capital raising took place in November 2021, when Nuro raised a total of USD 600 million in D-round financing, and the company was valued at USD 8.6 billion³.

The Issuer considers one of its important competitive advantages over other suppliers of autonomous vehicles the fact that, even if these companies are already in the active phase of operation, the European market is not their home market and they presumably have no interest in operating on a large scale in Europe. Only Starship currently operates in Europe, but the product offered by Starship differs from the Issuer's products in terms of functionality such as transportable capacity, speed of movement, operational functions, to the extent that the Issuer does not consider the solution offered by Starship to be competitive with the Issuer's solution.

In addition, several competitors of the Issuer (except Neolix) do not offer a multifunctional platform in their product range. Due to the presence of different superstructure applications, the usage of the platform offered by the Issuer is flexible and can be used for multiple functions by combining different superstructure applications on the same platform. The above will ensure that the customers of the Issuer are able to choose a suitable superstructure application for their business.

Compared to its competitors, the Issuer also has the advantage of in-house production. As a result, in its own production process, the Issuer has achieved higher energy efficiency per kilometre with a lower vehicle weight compared to its competitors (taking into account the vehicles currently in use by its competitors Nuro and Neolix), and has maintained the flexibility to respond quickly to specific requirements of a customer by producing both hard- and software inside the company.

The Issuer's advantage over companies that, like the Issuer, are only planning to enter the market and do not have a direct customer base for an autonomous vehicle in any market, is Cleveron AS's previous international experience of many years, and international contacts and good customer relations.

In markets where companies offering the solutions of autonomous vehicles are not yet active and where the Issuer wishes to enter (e.g., Australia, Latin America (in particular Chile), companies offering traditional delivery solutions can also be considered as competitors of the Issuer. The competitive advantage of the Issuer, in front of such companies, lies in enabling companies to use autonomous vehicles to solve the challenges of the last-mile delivery market by replacing traditional means of transport.

In addition, the Issuer believes that the strength of the product offered by the Issuer is that the Issuer has collected all the kilometres in tests by using its autonomous unmanned vehicle instead of using a modified passenger car for this purpose.

As far as the parcel taxi service is concerned, the Issuer considers its main competitors to be other companies providing parcel delivery services that offer their services in the same locations where the parcel taxi service is available. The advantage over post offices and parcel lockers' networks is that the Issuer's service can be used without leaving home or office.

3. TERMS AND CONDITIONS OF THE OFFERING

3.1. Offering

The Issuer will issue and offer publicly, in the course of the offering, up to 2,673,795 Offer Shares in Estonia. The shares are freely transferable and there are no restrictions on trading or pledging them. In parallel with the Offering, the Issuer is also conducting a closed targeted offering of up to 2,673,795 Shares. Provided that during the Offering and targeted closed offering investors will subscribe all of the 2,673,795 Offer Shares and 2,673,795 shares offered in a closed targeted offering, the registered share capital of the Issuer will amount to EUR 3,214,259 and the total number of shares will amount to 32,142,590 respectively, immediately after the new shares are issued. Provided that all the Offer Shares and all of the shares offered in a closed targeted offering will be subscribed by investors, the Offer Shares will account for approx. 8.32% of the share capital of the Issuer. The settlement of the Offering is organised by AS LHV Pank as an agent. The increase

³ Source: <https://www.reuters.com/technology/us-autonomous-delivery-startup-nuro-raises-600-mln-86-bl-valuation-2021-11-02/>.





of the share capital to the extent of the Offer Shares is expected to be registered in the commercial register on or around 5 July 2022 (the date may be subject to change).

3.2. Persons entitled to participate in the Offering

Legal and natural persons in Estonia who hold a securities account, opened through a Nasdaq CSD account manager (bank), are entitled to participate in the Offering.

3.3. Offer price

Offer Share price is EUR 1.87 per Offer Share, of which EUR 0.1 is nominal value and EUR 1.77 is an issue premium.

The Issuer has found value of the company for issuing new shares using the financial forecast of the Management and discounted cash flow method, combining it with information that is (i) publicly available on the most recent capital raising of Nuro, the largest competitor, as well as on capital raising of other companies in the sector and (ii) as to Nuro, also described in section 2.7 of this company description (taking into account the current development phase of the Issuer compared to Nuro).

Summary of the assessment methods

Methods	Value (EUR)	Weight ***	Weighted value (EUR)
Discounted cash flow method with the Issuer-based discount*	122,313,389	15%	18,347,008
Ratio of enterprise value and revenue from sales of enterprises in the sector to capital raising with the Issuer-based discount**	38,956,097	85%	33,112,683
Weighted average 100% Issuer value before raising additional capital (EUR)			51,459,691

*The discounted cash flow method assumes that the Issuer will successfully raise additional capital of EUR 50 million to start mass production by 2024 at the latest, and will reach a market share of at least 10% in the last-mile delivery market of autonomous vehicles in North America and Europe by the end of 2028. A very aggressive discount rate, i.e. a weighted average cost of capital of 47.1%, has also been used, which reflects a high level of risk. In addition, a 40% discount due to the small size of the company and the low liquidity of the shares has been applied.

**The enterprise value/revenue ratio has been used to calculate the value of the Issuer, based on public information on raising capital by companies in the same sector (2016-2021; in the total of 14 different transactions). In addition, a 40% discount due to the small size of the company and the low liquidity of the shares has been applied.

***As the value of the company calculated using the discounted cash flow method has been found by using (i) different assumptions to be fulfilled, and (ii) the forecast of the Management, it has been given a lower weight and a higher weight has been given to the value based on raising capital by the companies in the same sector.

3.4. Offer period

Offer period is the time during which investors, entitled to take part in the offering, can submit a subscription undertaking for subscription of the Offer Shares. Offer period starts on 6 June 2022 at 10.00 and ends on 17 June 2022 at 16.00 (Estonian time).

The indicative timeline of the Offering is as follows:

Start of Offer Period:	6 June 2022 at 10.00
End of the Offer Period:	17 June 2022 at 16.00



Determination and disclosure of the results of the Offering and distribution of the Offer Shares:	On 20 June 2022
Settlement of the Offering:	On 22 June 2022
First day of trading on First North:	On 28 June 2022
Registration of increase of share capital in the commercial register	On 5 July 2022

3.5. Submitting subscription undertaking

It is the responsibility of the investor to ensure that the information contained in their subscription undertaking is true, complete and legible. Incomplete, incorrect or illegible subscription undertakings or subscription undertakings submitted outside the Offer Period or subscription undertakings otherwise not in conformity with the terms of the company description may be refused. Subscription undertakings may be submitted only during the Offer Period. An investor participating in the Offering can subscribe to Offer Shares only for the offer price. If one investor submits several subscription undertakings, they are joined into a single undertaking for the purpose of determining the distribution. All investors participating in the Offering may submit subscription undertakings only in euros. Subscription undertakings may only be submitted for a full number of shares. The investor shall pay all costs and fees payable in connection with the submission, cancellation and modification of the subscription undertaking in accordance with the price list of the account administrator of Nasdaq CSD which accepted the subscription undertaking.

In order to subscribe for Offer Shares, the investor must have a securities account with a account operator of Nasdaq CSD. Submitted subscription undertakings will be registered in Nasdaq CSD. An investor wishing to subscribe for Offer Shares must contact the account operator that manages their Nasdaq CSD securities account and submit a subscription undertaking to purchase the Offer Shares in the form below during the Offer Period. An investor may use any method offered by the account operator to submit a subscription undertaking (e.g., physically at the account operator's customer service location, via internet banks or otherwise). The subscription undertaking must be submitted to the account operator before the end of the Offer Period.

The subscription undertaking must contain the following information:

Holder of the securities account:	[Name of the investor]
Securities account:	[Number of the securities account of the investor]
Account operator:	[Name of the account operator of the investor]
Security:	ORDINARY SHARE OF CLEVERON MOBILITY
ISIN code:	EE3100096884

Number of securities:	[Number of the Offer Shares the investor wishes to subscribe for]
Price (per one Offer Share):	EUR 1.87
Transaction amount:	[Number of Offer Shares the investor wishes to subscribe for, multiplied by the price of one Offer Share]
Counterparty:	AS LHV Pank
Securities account of the counterparty:	99104086627
Account operator of the counterparty:	AS LHV Pank
Type of transaction:	Subscription
Payment method:	Transfer of securities against payment

By submitting a subscription undertaking, the investor:

- affirms that he/she has read and understood the company description, and accepts the terms of the Offering set forth herein;
- affirms that he/she is based in Estonia and is not subject to legislative provisions of any other jurisdiction, which prohibit him/her from submitting a subscription undertaking;
- accepts that the submission of a purchase order does not in itself grant them the right to acquire the Offer Shares nor entail the conclusion of a sales contract or investment contract with respect to the Offer Shares;
- accepts that the number of Offer Shares indicated by the investor in the subscription undertaking is the maximum number of Offer Shares that the investor wishes to acquire, and acknowledges that the investor may receive fewer, but not more, Offer Shares than indicated in the subscription undertaking;
- undertakes to acquire the number of Offer Shares allocated to it, not exceeding the number of Offer Shares indicated in the subscription undertaking, and to pay for them in accordance with the terms and conditions set forth herein;
- affirms that he/she is aware of the investment risks associated with investing in shares, including the risk of losing all or part of the amount invested;
- accepts and agrees that the Issuer has the right to receive daily information from the registrar of the Estonian register of securities on the submitted subscription undertakings;
- authorizes and instructs the account operator to forward the subscription undertaking as registered to the Nasdaq CSD;
- authorises the account operator, the Issuer, AS LHV Pank and the Nasdaq CSD to process their personal data to the extent necessary for participation in the Offering;
- authorizes the account operator, managing the securities account of the investor, or financial institution or the Nasdaq CSD to change the information provided in the subscription undertaking of the investor, including (a) to specify the value date of the transaction, and

(b) to specify the number of Offer Shares to be purchased by the investor and the total value of the transaction obtained by multiplying the Offer Price by the number of Offer Shares allocated to the respective investor.

The investor may amend or cancel the subscription undertaking at any time before the end of the Offer Period. To do so, the investor must contact the Nasdaq CSD account operator, through whom the corresponding subscription undertaking has been submitted, and take steps required by the account operator to amend or cancel the subscription undertaking (account operators and financial institutions may have different processes). The amendment or cancellation shall take effect from the moment of amendment or withdrawal of the transaction order by the account operator.

3.6. Payment for shares

The investor may submit a subscription undertaking only if the bank account linked to the corresponding Nasdaq CSD securities account has sufficient funds to cover the total transaction value specified in the subscription undertaking. By submitting a subscription undertaking, the investor authorizes the Nasdaq CSD account operator, who manages the bank account linked to the securities account of the investor, to immediately block the total amount of the transaction on the bank account of the investor until the settlement is completed or the funds are released. The amount to be blocked is equal to the amount obtained by multiplying the Offer Price by the number of Offer Shares indicated in the subscription undertaking. If it is not possible to pay for the Offer Shares because there are insufficient funds in the bank account of the investor, the subscription undertaking submitted through the securities account linked to the corresponding bank account shall not be accepted and the investor will lose all rights to the Offer Shares specified in the subscription undertaking.

3.7. Allotment rules

The Issuer will decide on the allocation of the Offer Shares at its own discretion after the end of the Offer Period but not later than on or around 20 June 2022. All investors who have subscribed for the Offer Shares for less than EUR 100,000 shall be treated equally under the same circumstances in the allocation process. To investors subscribing for the Offer Shares for at least EUR 100,000 may be allocated shares within closed targeted offering (during the closed targeted offering, the shares may also be allocated to an investor who is not participating in the Offering or subscribes for the Offer Shares for less than EUR 100,000, but such investor must subscribe for the shares at least for EUR 100,000 within the closed targeted offering). The Issuer reserves the right to give preference to existing investors and employees of the Issuer and Cleveron AS. Closed targeted offering takes place on the same terms and during the same period as the Offering, and within this the Issuer shall be entitled to allocate shares individually to each investor separately. Investors who subscribe for either the Shares or the Offer Shares in the amount of at least EUR 100,000 can participate in the closed offering.

3.8. Settlement of the Offering

The Offer Shares will be transferred to the securities accounts of the investors on or around 22 June 2022. The transfer is carried out through delivery versus payment method, simultaneously with the transfer of the subscription amount from the investor's account to AS LHV Pank. For this purpose, AS LHV Pank, the Issuer and Konna OÜ and/or Osaühing Bagira will enter into a share loan agreement. The Offer Shares are issued to AS LHV Pank and AS LHV Pank will use the funds it receives under the delivery versus payment procedure to pay for them. After the Offer Shares have been issued to AS LHV Pank, it will use them to return the Shares lent to it under the loan agreement.

3.9. Release of funds

If the Offering or part of it is cancelled, if part of or the whole subscription undertaking of the investor is rejected or if the number of allocated Offer Shares differs from the number of the Offer Shares subscribed for, the corresponding account operator will release all or part of the funds blocked in the bank account of the investor (the amount that exceeds the payment made for the Offer Shares), in accordance with the terms and conditions of the account operator, presumably within one business day. The Issuer cannot be held liable for the release of the corresponding funds nor for the payment of interest on the released funds during the period which they were blocked.

3.10. Cancellation of the Offering or amending its terms and conditions

The Issuer reserves the right to cancel the Offering in full or in part or amend the terms and dates of the Offering at any time prior to the publishing of the allocation of the Offer Shares. Among other things, the Issuer may cancel the Offering in part or in full, extend the Offer Period or amend the terms and conditions in a situation where the total amount of the Offering is not fully subscribed for. Information on amendments to the terms and conditions of the Offering or the cancellation of the Offering shall be disclosed on the website of the Issuer and as an exchange announcement through the information system of the Exchange.

3.11. Accepting Shares to trading

The Issuer has submitted an application to the Exchange for trading the Shares of the Issuer, including the Offer Shares, in the multilateral trading facility First North of the Exchange, and trading of the Shares on the list of the First North of the Exchange is expected to start on or about 28 June 2022.

In case the admission of the Shares to trading is not carried out according to the planned schedule or the Exchange decides, for any reason, not to take the Shares to trading, the investor shall not be entitled to request the Issuer to repurchase the issued Shares.

4. REASONS FOR THE OFFERING AND ADMISSION TO TRADING, USE OF THE PROCEEDS FROM THE OFFERING

The Issuer intends to use the funds raised as a result of the Offering for the implementation of the future plans set out in Section 2.5, primarily for further development of its activities, including product development, launching new services, starting new projects and starting international activities. The expected proceeds from the Offering will be approximately EUR 5,000,000. The Issuer has estimated the costs related to the organisation of the Offering to be approximately EUR 170,000, thus, the net proceeds from the Offering will be approximately EUR 4,830,000.

It is estimated that the net proceeds from the Offering will be distributed as follows:

Area of expenses	Explanation of the need for expenses	%
Development of the technology	Expenses are necessary for the further development of technology and it includes primarily labour costs.	50%
Production of vehicles	Production of new vehicles	10%
Sales and marketing	It is necessary to incur expenses for entering foreign markets, establishing new contacts and raising the awareness of the Issuer and the products and services of the Issuer, including raising the awareness of the new trademark of the Issuer. Opening a representative office in the US and launching pilot projects	20%
Other operating expenses	Other operating expenses	20%

In case the Offering is not fully subscribed for or it is necessary in the opinion of the Issuer, the Issuer may decide, at its own discretion, the extent to which the above-mentioned expenses will be incurred and which activities will be given priority.

In addition, the admission of the Shares to trading on First North will allow to increase the visibility of the Issuer and to offer employees, who are eligible to acquire shares of the Issuer under the option agreements, the opportunity to acquire more liquid shares.



5. TEAM

5.1. Management bodies

The Issuer has a two-level management structure. The management board is responsible for the day-to-day activities and management of the Issuer, and the management board is entitled to represent the Issuer under the law and the Articles of Association. The management board of the Issuer has three members.

The supervisory board of the Issuer is responsible for the strategic planning of the company's business activities and supervises the activities of the management board. The supervisory board of the Issuer has six members.

The highest governing body of the Issuer is the general meeting of shareholders. Shareholders can participate in the management of the Issuer through a general meeting of the shareholders, which is competent to decide certain important corporate issues, such as amendment of the Articles of Association, increase and decrease of share capital, issue of convertible debentures, election and recall of the members of the supervisory board, appointment of an auditor, appointment of special audit, approval of the annual report and distribution of profits, deciding the liquidation, merger, division and transformation of the Issuer, deciding on the conclusion of a transaction with a member of the supervisory board, determining the terms and conditions of a transaction, deciding on holding a legal dispute and the appointment of the representative of the Issuer in this transaction or dispute, and other matters provided for by law or in the Articles of Association of the Issuer.

5.2. Management Board

As of the date of this company description, the members of the management board of the Issuer are Arno Kütt, Sander Sebastian Agur and Tiia Toom.

Arno Kütt is the chairman of the management board of the Issuer. He was born in 1970. He is the founder of Cleveron AS (2008) and Cleveron Mobility Unit (2017). As the member of the management board of the Issuer, the areas of responsibility of Arno Kütt are primarily strategy and product development.

Arno Kütt has had decades of diverse experience as an entrepreneur. Before the establishment of Cleveron AS, he founded AS Eerung in 1992, a wooden furniture manufacturing company, and managed the company from 1992 to 2002 until he transferred his holding. In 2000, he founded AS ON24, an internet furniture store operating in Estonia and in Finland. He led AS ON24 until 2006. Today, he continues to act as the chairman of the supervisory board of this company. ON24 became the largest furniture seller in Estonia in 2013. ON24 launched nationwide courier networks in Estonia and in Finland.

AS Cleveron, under management of Arno Kütt, founded and launched the first parcel lockers' network SmartPOST in Estonia in 2009. SmartPOST network was sold to Finnish Post in 2010.

Arno Kütt has received a lot of recognition for his successful and outstanding performance. In March 2017, Arno Kütt and Peep Kuld were elected EY Entrepreneur of the Year in Estonia. In 2018 Cleveron AS, led by Arno Kütt, was named the Company of the Year in Estonia. In 2019, he was awarded the Order of the White Star, 4th Class. In 2019 Arno Kütt was elected Estonian Manufacturer of the Year. The Estonian Association of Engineers gave Arno Kütt the title of Engineer of the Year in 2019.

Arno Kütt owns, together with Arti Kütt, 8,816,700 Shares through a holding company Konna OÜ (Arno Kütt owns a share of Konna OÜ, which accounts for 90% of the share capital of Konna OÜ), which make up 32.90% of the share capital of the Issuer before the Offering.

Sander Sebastian Agur was born in 1991. Sander-Sebastian Agur joined Cleveron AS in 2018 and acted as a Managing Partner during the period of 2018-2022. As a member of the management board of the Issuer, his responsibilities are primarily business development, including at international level, and investor relations.

Sander Sebastian Agur has got higher education at the Estonian Aviation Academy and he has improved himself in the field of commercial aviation operations at Hogeschool van Amsterdam.





Before joining Cleveron AS, he worked in aviation and managed successfully international business development of various Estonian IT companies. From 2013 to 2014 he was working at MKM Safety Investigation Centre, from 2014 to 2016 at Estonian Air AS, where he contributed as a flight network planner. From 2014 to 2016, Sander Sebastian Agur was working at ERPLY, acting in the role of a Senior Vice President.

Thanks to the previous experience, Sander Sebastian Agur has outstanding prerequisites for opening up growth opportunities on a global scale and growing the revenue of the company, meeting the sales targets and building new customer relations.

As at the date of company description, Sander Sebastian Agur does not own any Shares. He will be issued options under the Issuer's option programme, which precise conditions are to be confirmed.

Tiia Toom was born in 1971. As a member of the management board of the Issuer, she is primarily responsible for the coordination and administration of the day-to-day activities of the Issuer. Tiia Toom has worked in various leading positions at Cleveron AS since 2008 (product manager, production manager, division manager), she has established the first relations with contracting entities for manufacturing semi-finished products, she has organised changes related to the growth of the company and implementation of the quality management system. Between 2014 and 2018, she was responsible for the design and construction of the production building of Cleveron AS and its extension at Reinu tee 48. Tiia Toom was a member of the Management Board of Cleveron AS from June 2020 to April 2022.

Tiia Toom got a Bachelor's degree (equal to Master's degree, cum laude) in pedagogy at Tallinn Pedagogical University (current Tallinn University) in 1996.

Before joining Cleveron AS, between 1997 and 2001, she worked as an export sales manager in Viljandi Aken ja Uks, a company engaged in the production of windows and doors, and during the period of 2001-2008, in Eerung AS and Dirolex OÜ, companies that produced and exported furniture.

Tiia Toom owns 125,700 Shares, which account for 0.47% of the share capital of the Issuer before the Offering. She will be issued options under the Issuer's option programme, which precise conditions are to be confirmed.

5.3. Supervisory Board

The supervisory board of the Issuer has six members and its members are Arti Kütt, Arvo Nõges, Indrek Oolup, Ivar Siimar, Peep Kuld and Stanislav Ivanov.

Peep Kuld is chairman of the supervisory board of the Issuer. Peep Kuld was born in 1972. He is the co-founder of Cleveron AS and Mobility product unit.

Peep Kuld obtained a Master's degree in business management at Tallinn University of Technology in 1995.

He is an experienced entrepreneur with more than 19 years of experience in e-commerce, e-commerce marketing and e-commerce logistics. He has experience as an investment fund manager in Hansabank (current Swedbank AS).

Peep Kuld owns 4,185,600 Shares, through a holding company osaühing Bagira, which account for 15.62% of the share capital of the Issuer before the Offering.

Arti Kütt was born in 1989. Arti Kütt got a Master's degree in supply chain management at Tallinn University of Technology.

Arti Kütt joined Cleveron AS in 2018 and has worked in different positions at Cleveron AS since then. He was a member of the supervisory board of Cleveron AS from 2020 to 2022. Since 2022, he has been a member of the management board of Cleveron AS.

Prior joining Cleveron AS, he was acting as a founder and CEO of a ride-sharing application of Wisemile AS from 2015 to 2017. He worked as a B2B e-commerce manager in Telia Eesti AS in 2017-2018.





Arti Kütt owns, together with Arno Kütt, 8,816,700 Shares through a holding company Konna OÜ (Arti Kütt owns a share of Konna OÜ, which accounts for 10% of the share capital of Konna OÜ), which make up 32.90% of the share capital of the Issuer before the Offering.

Indrek Oolup was born in 1975 and is one of the founders of Cleveron AS. Indrek Oolup is daily involved in the work of the sales team of Cleveron AS, and he has been primarily involved in activities in the US market in recent years. Indrek Oolup is responsible for the same areas, including building a US base, as a member of the supervisory board of the Issuer.

Prior to co-founding Cleveron AS, Indrek Oolup worked as a logistics manager at ON24.

He also worked at Eesti Post AS for 12 years, where he worked in different positions and led various projects related to parcel delivery services.

Indrek Oolup holds 1,707,900 Shares, which make up 6.37% of the share capital of the Issuer before the Offering.

Arvo Nõges was born in 1969. He has been one of the first investors in Cleveron AS.

Arvo Nõges has extensive experience in entrepreneurship, and he has contributed to various companies since 1993 and has been engaged in investing since 1996.

Arvo Nõges owns 1,245,700 Shares through a holding company OÜ Keegi ja Mittekeegi, which make up 4.65% of the share capital of the Issuer before the Offering.

Ivar Siimar was born in 1969.

Ivar Siimar is a partner of Trind Ventures, a venture capital fund. Before that, Ivar was actively engaged in investing through the company WNB Project and he is one of the founders and leaders (during the early years) of the Estonian Business Angels Network EstBAN.

Ivar Siimar owns 3,737,000 Shares through a holding company SIBO Invest OÜ (Ivar Siimar has a holding, through a holding company CGI PROJECT OÜ, in a holding company WNB Project OÜ, which makes up 50% of the share capital of the corresponding holding company, WNB Project Private Limited Company has a holding in SIBO Invest OÜ, which makes up 66.6% of the share capital of SIBO Invest OÜ), which accounts for 13.95% of the share capital of the Issuer before the Offering.

Stanislav Ivanov was born in 1976.

Stanislav Ivanov is a founding partner of Tera Ventures and he currently belongs to the supervisory board of Scoro, Jobbatical, Cleveron AS, Montonio, Snackable and other associations. He has had more than 10 years of experience in investing in technology start-ups and his previous success experience includes several of the most notable high-tech companies that have started in Estonia.

As a mentor, he also contributes to the activities of various start-up incubators and accelerator programs.

Before founding Tera Ventures, he worked at IBM for 6 years. He also has experience in telecommunications and information technology, where he has led innovative projects, such as leading a team that launched early mobile services in the late 1990s.

TERA VENTURES I Usaldusfond, which fund manager is a company, which beneficiaries are Stanislav Ivanov and Andrus Oks, owns 3,704,500 Shares, which account for 13.83% of the share capital of the Issuer before the Offering.

5.4. Issuer team

In addition to the members of the supervisory board and the management board, a diverse team of more than 50 employees contributes to achieving the objectives of the Issuer.

Members of the Issuer's team have extensive and long-term experience to be applied for the performance of their tasks at the Issuer and for ensuring the further development of the Issuer, including outstanding international experience in material science resulting from long-term





experience in working in a leading international automotive company KOENIGSEGG Automotive AB. The presence of such experience in the team creates an assumption that there is also the capacity and opportunity to take into account world-class practices and achievements in material science in developing the products of the Issuer.

Members of the Issuer team include, among others, persons with more than 25 years of experience in starting and running manufacturing operations, more than 20 years of experience in setting up and operating last-mile operations in cooperation with large global logistics and retail companies, more than 10 years of experience in robotics and hardware development at Cleveron AS, more than five years of experience in the automotive industry in cooperation with engineers.

Key employees of the Issuer are the following:

Mihkel Ilp is the Head of the Business Development at the Issuer. Prior to division of Cleveron AS, he worked as a COO at Cleveron AS, and he has more than 18 years of experience in organisations of different sizes, from start-ups to big corporations like Woolworths Group Ltd. His ambition is to develop and implement ground-breaking technologies and services, and to work with teams and clients that focus on goals.

Martin Appo is the Department Manager for Autonomous Delivery Vehicles (CITO). He has more than seven years of experience in software development and software project management. Martin Appo joined Cleveron AS in 2019, having worked 4 years at Nortal AS before that. He has a Master's degree in robotics and computer science from the University of Tartu.

Mart Roht is the Head of the Research and Development at the Issuer. He has seven years of experience in assembling highly motivated development teams. Mart Roht is a team leader of mechanics, *drive-by wire* electronics, autonomous delivery vehicle software, legislation, functional security and vehicle construction and testing.

Kallo Keelmann is the Chief Financial Officer of the Issuer, who has more than 20 years of experience in finance. He holds a Bachelor's degree in business administration and a Master's degree of social sciences in economic accounting, both from Tallinn University of Technology. He got his previous experience in public and private sectors in Estonia. He has been responsible for the treasury and insurance, cash flow management, as well as the financial sphere of the companies. He also has extensive experience in managing projects co-financed by the European Union and implementing financial information systems.

Indrek Hioväin is a Mechanical Design Manager with more than 10 years of experience in the automotive industry, including experience in KOENIGSEGG Automotive AB as a team leader of monocoque and body panel design engineers. He has a range of skills from FEA analysis to composite coating and construction design.

Marko Soomets is the Head of Software Testing at the Issuer, who has more than 10 years of experience in the corresponding field. In the past, he led an app testing team at company level at Nortal AS, sharing testing know-how and capabilities across the team and solving customer problems before the customer was aware of the problem.

Tõnis Väli is responsible for the product development and design at the Issuer. He has a Bachelor's degree in applied physics and a Master's degree in product development and product design (*summa cum laude*). He joined Cleveron AS in 2020 and he has also contributed to the development of the Mobility unit since that time. Prior to joining Cleveron AS, he worked at KOENIGSEGG Automotive AB for more than five years on various projects, from Agera RS to Gemera.

Margot Arula is the Head of the Legal Department and IP of the Issuer. She has a Master's degree in law from the University of Tartu. Margot Arula joined Cleveron AS in 2020 and she has also been engaged in managing legal issues related to the Mobility unit since then. She has previous experience as a lawyer in conducting anti-money laundering investigations for an international bank, as well as project management experience.

Margot Arula cooperates with various institutions on topics related to applicable regulations and permits needed. She founded and manages a group comprising representatives of mobility companies and public bodies, which is engaged in adapting Estonian law for the introduction of





autonomous vehicles. Margot Arula is also a member of the Autonomous Vehicles Working Group of the European Commission.

Lauri Hirvesaar is the Design Manager at the Issuer. He holds a Master's degree in product design from the Estonian Academy of Arts. Lauri Hirvesaar has 15 years of experience working as an industrial designer and design project manager, of which the last 9 years have passed in the team of Cleveron AS in the role of a product designer and design manager. The design of all industrial products of Cleveron AS has been created and the design features of the entire product family and the visual identity of the company have been developed under his leadership.

Rivo Kooskora is the Head of Production and Supply Chain at the Issuer. He holds a Bachelor's degree in energy use (in power engineering) and is doing his Master's degree in the same field. Rivo Kooskora joined Cleveron AS in 2021, where he started immediately with building up the production and supply chain of Mobility. Previously, he has worked at large international companies such as Takeda Pharmaceutical Company and HANZA Group and he has more than 12 years of experience in manufacturing and supply chain.

Meelis Animägi is the Safety and Quality Manager of the Issuer. He has a higher degree in information technology. Meelis Animägi has worked in the electronics industry for more than 10 years, out of which more than 5 years at Scanfil OÜ, where he was engaged in quality and environmental management and administration.





ARNO KÜTT



SANDER SEBASTIAN AGUR



TIIA TOOM



MIHKEL ILP



MARTIN APPO



MART ROHT



KALLO KEELMANN



INDREK HIOVÄIN



MARKO SOOMETS



TÕNIS VÄLI



MARGOT ARULA



LAURI HIRVESAAR



RIVO KOOSKORA



MEELIS ANIMÄGI

6. SHARE CAPITAL, SHARES AND SHAREHOLDERS

6.1. Share capital and shares

The share capital of the Issuer as of the date of this company description is EUR 2,679,500. The Issuer has so far issued 26,795,000 shares of one type with a nominal value of EUR 0.1.

6.2. Shareholders

The following shareholders have more than a 5% holding of the Issuer:

Shareholder	Holding (approximately)	Beneficiaries (within the meaning of the Money Laundering and Terrorist

		Financing Prevention Act (RahaPTS))
KONNA OÜ	32.9%	Arno Kütt, Arti Kütt
OSAÜHINGBAGIRA	15.62%	Peep Kuld
SIBO INVEST OÜ	13.95%	Martin Petjärv, Guido Kundla, Ivar Siimar
TERA VENTURES I USALDUSFOND	13.83%	Stanislav Ivanov and Andrus Oks
INDREK OOLUP	6.37%	Indrek Oolup

6.3. Rights of the Shareholders

In summary, each Shareholder has the following rights:

- to buy, sell, pledge or otherwise dispose of the Shares;
- to participate in the distribution of the profits of the Issuer, in accordance with the decision of the general meeting of the shareholders and the number of Shares, if the Issuer decides to distribute the profits;
- to participate and vote at the general meeting of the shareholders in accordance with the provisions of the Articles of Association of the Issuer, based on the number of Shares owned by the shareholder;
- to obtain information about the activities of the Issuer to the extent stipulated by and pursuant to law;
- to name candidates for appointing a member of the Supervisory Board.

6.4. Shareholders' Agreement

Tera Ventures I Usaldusfond, Gamma Holding Investment OÜ, SIBO Invest OÜ, Konna OÜ, Indrek Oolup and Osaühing Bagira and the Issuer have concluded a shareholders' agreement.

Among other things, the agreement regulates the rights and obligations of the shareholders in relation to the appointment and removal of members of the supervisory board. Pursuant to the agreement, each shareholder holding at least 4% of the voting rights attached to the Issuer's shares has the right to nominate one candidate to the supervisory board of the Issuer, and such shareholder also has the right to submit a request for the removal of the candidate, appointed by him/her, from the supervisory board before the expiry of his/her mandate and to nominate a new candidate. Other shareholders which are parties to the agreement undertake to vote, upon adoption of the decision of the shareholders, in favour of electing that candidate to the supervisory board of the Issuer or removing him/her from the supervisory board of the Issuer.

If the number of shareholders holding at least 4% of the shares exceeds the number of number of members of the supervisory board, the shareholder holding the smaller number of shares loses the right to nominate a member of the supervisory board and other shareholders have the right to remove the person concerned from the supervisory board and the shareholder, whose nominee is removed, must vote in favour of this decision. In case of an equal number of shares, lots is drawn between such shareholders.

If, in the future, a shareholder will hold less than 2% of the total number of votes allotted by shares, other shareholders will have the right to remove that person from the supervisory board and the shareholder, whose nominee is removed, must vote in favour of that decision.

The rest of the members of the supervisory board of the Issuer shall be elected in accordance with the procedure provided by law. The shareholders shall cooperate in good faith to find a competent independent member of the supervisory board for the Issuer.

The shareholders shall, if necessary, sign an annex to the shareholders' agreement to enable the shareholders of the Issuer, acting in good faith and with a holding of at least 4% at the Issuer, to join the agreement. A shareholder may not divide, directly or indirectly, his or her controlling holding at the Issuer for the purpose of obtaining more rights pursuant to the shareholders' agreement.



The purpose of described agreement is to ensure that the interests of various interest groups are represented in the supervisory board of the Issuer.

6.5. Lock-up agreement

Konna OÜ, osaühing Bagira, SIBO Invest OÜ, OÜ Keegi ja Mittekeegi, Tera Ventures I Usaldusfond and Indrek Oolup as shareholders of the Issuer and LHV Pank AS have signed an agreement concerning the lock-up period.

Pursuant to the agreement, the shareholders have agreed not to sell, commit to sell, exercise put options or otherwise transfer, directly or indirectly, the Shares of the Issuer held by them through the First North multilateral trading facility during the period starting on the trading commencement date and lasting for a period of nine months, without the prior written consent of AS LHV Pank.

The same restriction applies to all securities convertible or exchangeable into the Shares of the Issuer and to all swap or other contracts or transactions, the economic effect of which would be to transfer ownership of the Shares via multilateral trading facility. AS LHV Pank does not have the right to unreasonably refuse from giving the consent provided that the proposed new holder of the blocked Shares has entered into, or has undertaken to enter into, a lock-up agreement on similar terms and conditions for the remaining period of the lock-up.

This restriction does not apply if the Shares are sold outside the multilateral trading facility First North and the person acquiring the Shares assumes the rights and obligations arising from the lock-up agreement of the shareholder.

6.6. Option program

The Issuer has established the option program to motivate the management and the employees and to enable the management and the employees to participate in the growth of the Issuer.

Description of option programs

Prior to division of Cleveron AS, Cleveron AS entered into option agreements in 2019 and 2021 to grant options under the following terms and conditions.

In 2019, 22 option agreements were concluded under the following basic terms and conditions.

Volume: 122,000 Shares of the Issuer

Realization: from 31 October 2022

In 2021, one option agreement was concluded under the following basic terms and conditions.

Volume: 10,000 Shares of the Issuer

Realization: from 30 April 2024

Pursuant to Section 5.3 of the division plan of Cleveron AS, the Issuer was required to issue options in relevant proportions to persons with whom Cleveron AS entered into option agreements in 2019 and 2021.

On 29 April 2022, an option programme was approved pursuant to which options are planned to be issued to the management board members (except Arno Kütt) and employees of the Issuer. There are two types of option agreements to be concluded under the option programme. Option agreements with the existing employees and management board members will be signed in June 2022 at the latest.

The main terms and conditions of the option program are as follows.

Volume: up to 5,359,000 Shares of the Issuer

Price: EUR 0.10 per share.

Realization: depending on the agreement, either 3 years from granting (approx. 25% of options) or 3 years from granting if the set goals have been achieved (approx. 75% of options).

Vesting period: depending on the agreement, as a general rule, 3 years; if the agreement is related to targets, the period may be extended to 5 years.





In option agreements, which set targets for optionholder, the right to acquire the Shares underlying the options arises only if at least one of the following targets is met:

- the sales revenue of the Issuer (only sales of products and services) for one financial year, starting from the financial year 2025, shall be at least EUR 100 million;
- the value of the company of the Issuer shall be at least EUR 1 billion;
- there will be more than 2,000 vehicles of the Issuer in use earning sales revenue.

7. TRANSACTIONS WITH RELATED PARTIES

The Issuer has entered into management board member agreements with the members of the management board, pursuant to which members of the management board receive remuneration for acting as a member of the management board.

On 6 April 2022, the Issuer has entered into a loan agreement with Cleveron AS, pursuant to which Cleveron AS has granted a loan to the Issuer in the amount of 950,000 euros (the loan is issued in three instalments) with an interest of 6% per year. The Issuer is obligated to repay the loan by 30 December 2022 at the latest. An agreement to extend the term of the loan agreement is being finalised (it is planned to be entered into prior to the start of the public offering), pursuant to which the term for the repayment of the loan is extended by one year (to 30 December 2023).

On 4 May 2022, the Issuer has entered into a licence agreement with Cleveron AS, pursuant to which the Issuer has, as of 1 April 2022, the right to use trademarks owned by Cleveron AS, including the trademark "Cleveron", in its business activities until 31 December 2022 and in the activities of Cleveron Academy until 31 August 2025. Cleveron AS will not receive any fees for the use of trademarks and the logo.

On 27 April 2022, the Issuer and Cleveron AS have entered into a lease agreement, pursuant to which the Issuer uses the premises located at Reinu tee 48, Viljandi, owned by Cleveron AS, as of 1 April 2022. The Issuer pays rent, accessory expenses (utilities) as well as basic costs to Cleveron AS for the use of the premises. Rent for the premises in the exclusive use of the Issuer is 3,540 euros per month (i.e. 5 EUR/m² per month), rent for premises in joint use is 898.05 euros per month (i.e., 1.5 EUR/m² per month), and basic costs amount to 640 euros per month. The agreement has been entered into for a specified term and is valid until 31 March 2024.

Additionally, the Issuer and Cleveron AS have entered into a licence agreement for software and industrial property on 4 May 2022, pursuant to which the Issuer grants to Cleveron AS the right to use the software Cleveron S3 and various industrial property from 1 April 2022. In respect of software, the licence is valid until the expiry of the copyright of software and drawings, and in respect of industrial property until the expiry of the legal protection of the respective object of industrial property. Cleveron AS pays to the Issuer 200 euros per month for the use of software and 500 euros per year for the use of industrial property.

8. RISK FACTORS

8.1. General

Investing in the Offer Shares and the activities of the Issuer is subject to various risks, which may, either individually or in combination, adversely affect the Issuer and the value of the investment made by the Issuer's shareholders or affect the ability to subsequently sell the Shares. Any potential investor should thoroughly consider all the information presented in the company description, including the following risk factors. In addition to the above, there may be risks that are presently not known to the Issuer or that the Issuer currently considers to be irrelevant, but which may also have an effect on the Issuer or the price or realisability of the Shares. As a result of the materialisation of risks, investors may lose part of the value of their investment or the total value of their investment. In the opinion of the management board, the following reflects the most important risks associated with investing in the Offer Shares.

8.2. Risks associated with the Issuer's business activities

8.2.1. The Issuer has not yet put its business model into practice



The Issuer does not have any paying customers yet in its main business line and the Issuer's products are in the testing phase. Although there is an interest in the Issuer's products, the Issuer has not yet actually entered the market and it is not clear how successful the actual entry to the market will be and whether and during which period it will be possible to start making profit from the conduct of the Issuer's activities.

8.2.2. Return on sales and profit

The Issuer essentially has no return on sales nor profit as the Issuer is only starting its main activity (see section 8.2.1). The Issuer started earning return on sales only in May 2022 when the Issuer started providing services to DPD Eesti AS as part of the pilot project. Currently, the Issuer earns return on sales only pursuant to a contract. In the coming years, the Issuer is expected to earn a loss according to the financial forecasts (the Issuer's EBITDA is expected to become positive for the first time in 2025 according to forecasts, see section 9 below).

8.2.3. Competition risks

Several companies have developed products offering similar functionalities as the Issuer's products, and several companies have got ahead of the Issuer in their development activities and entry to the market. Given the Issuer's target markets, the Issuer will have to compete with other international companies in marketing their products on the respective markets, including larger companies that may have access to more financial, technical and other resources, which may give them a competitive advantage over the Issuer. This, in turn, may have a negative impact on the Issuer's entry to the market and finding customers there.

8.2.4. Risk liability

The Issuer is a manufacturer of an autonomous vehicle. This means that in a situation where there is a defect in the autonomous vehicle and this causes the autonomous vehicle to cause damage, the Issuer shall be liable for the respective damage, regardless of its fault. In addition, an autonomous vehicle can be seen as a source of greater danger and, as such, if the Issuer can be regarded as the possessor of the respective source of danger, the Issuer may, regardless of its fault, be liable for damage caused by the autonomous vehicle, even if there are no defects in the product. The realisation of the aforementioned liability adversely affects the financial situation of the Issuer and thereby also the value of the investors' investment.

8.2.5. Dependence on the management and key staff

The success of the Issuer's future depends on the Issuer's management and key staff continuing their professional relationship with the Issuer. Departure of the management/respective staff may have an adverse effect on the Issuer's activities and the Issuer's ability to continue product development and launch products successfully may be affected. This, in turn, may affect the Issuer's financial success and the value of the investors' investment.

8.3. Legal risks and risks associated with the business environment

8.3.1. Potential risks associated with war and the escalation of acts of war

Although as at the date of the company description, the war in Ukraine has not had a direct effect on the activities and future plans of the Issuer as the Issuer's production and customer base are not related to Ukraine or Russia, including sanctioned persons, it cannot be excluded that the war in Ukraine and/or its expansion beyond the Ukrainian borders will have either direct or indirect effect on the Issuer's activities and implementation of plans in the future. This may mean that the Issuer is unable to realise the planned objectives and this, in turn, will have an adverse effect on the Issuer's financial situation.

8.3.2. Dependence on the entry into force of legal regulations

At the moment, legal regulations to be implemented in the European Union, which would harmonise the requirements and regulations applicable to autonomous vehicles in the European Union, have not entered into force yet. Until the respective legal regulations enter into force, the regulations applicable to autonomous vehicles are national and compliance with requirements in one country



does not guarantee recognition in another country. This slows down and makes it more difficult to enter new markets even within the European Union.

8.3.3. Monetary and time costs associated with entry to new markets

At the moment, in order for the Issuer to be able to start offering products on new markets, including to be able to start carrying out the pilot project, it is necessary to undergo local procedures in each respective country and obtain the local transport administration's approval for the use of the vehicles in the respective area. Although it is planned in budgeting for the pilot project that the respective costs are covered by the fee for launching the pilot project, the need for respective expenses may arise before the respective fee has been paid or before a contract providing for the payment of the respective fee has been signed. This means that the costs related to the above may be left to the Issuer to bear. The existence of the respective requirement also means that each entry to a new market must be planned thoroughly and well in advance, even if entry to the market is for the purpose of carrying out a pilot project.

8.3.4. Application of different legal and tax systems to the activities of the Issuer

Each country where the Issuer commences or wishes to commence activities, incl. in different US states, may have different legal regulations and requirements in respect of the products and activities of the Issuer. Prior to entering the relevant market, it is necessary to be aware of those requirements and to take steps to comply with them. Taking into account, *inter alia*, the specificity and innovation of the Issuer's activities, it cannot be excluded that tax authorities may take different positions than the Issuer in interpreting tax rules, e.g. on the interpretation of transactions between related parties. This, in turn, entails costs that affect the Issuer's financial position. Failure to make appropriate preparations may have negative consequences for the Issuer, which may result in both reputational and material damage.

8.3.5. Need for additional funding

The Issuer needs additional funding to implement the growth strategy. There is no certainty that the Issuer will be able to raise such funding. For risks associated with raising additional funding by issuing new shares, please see the risks set out in section 8.4.3.

The Issuer may need to take out a loan to finance its activities. There is no certainty that a loan is granted. Financing the Issuer's activities with a loan may lead to restrictions on raising additional funds or carrying out activities.

8.3.6. IP-related risks

The domains used by the Issuer are owned by Cleveron AS. The Issuer is making efforts to agree on the acquisition thereof by the Issuer. Additionally, negotiations are taking place with one supplier for the transfer or licensing of intellectual property rights created in the context of services provided by the latter to the Issuer. The Issuer is optimistic that this contract will be entered into in the near future.

8.4. Risks related to Shares, their offering and admission to trading

8.4.1. Shares might not have an active trading market or it might not be sustainable

Prior to the offering, the Shares have not been publicly traded. The offer price does not indicate the market price of Shares after admission to trading on First North. The price of Shares after admission to trading may differ significantly from the offer price. Although the Issuer has requested the listing and admission of Shares to trading on First North, there is no certainty that an active trading market of Shares is generated or, if it is generated, that it is retained after the conclusion of the Offering. If no active trading market is generated or if it is not retained, this may have an adverse effect on the liquidity and trading price of Shares.

In addition, shares on First North are generally significantly less liquid and more volatile than on established markets, for example in other countries with highly developed securities markets. The relatively low market capitalisation and low liquidity of the entire First North may undermine the





shareholders' ability to sell Shares on First North or increase the volatility of the price of Shares because the impact of individual transactions on the market price of securities can be significant.

8.4.2. The price of Shares may be volatile

The value of investment in Shares may decrease or increase sharply, and this volatility may be little or not at all related to the financial results of the Issuer. For example, this volatility may be caused by general market conditions and regulatory, economic or political changes. In particular, First North, like other securities markets, has occasionally experienced significant price and volume fluctuations that have affected the market price of securities and, in the future, there may be similar fluctuations that might not be related to the productivity and prospects of the Issuer's activities but nevertheless affect the price of Shares. The market price of Shares may also be significantly affected by a variety of factors specifically related to the Issuer. These factors include market assessment of the Issuer's strategy and the difference between the Issuer's financial results and/or prospects and the expectations of market analysts or shareholders. In addition, the price of Shares may be affected by justified and unsubstantiated speculations about the Issuer's business, productivity, management and strategic plans and the activities of market participants in the Issuer's business sector. Due to this volatility, investors should be aware that the value of the investment made by the Issuer may fluctuate.

8.4.3. Future share offers of the Issuer or its majority shareholders may adversely affect the price of Shares

The sale of a significant number of Shares after the offering or the market's perception that such a sale is imminent may lower the price of Shares. A contract regulating the lock-up period has been entered into for the first nine trading months to mitigate this risk, see section 6.5.

8.4.4. Further issuance of Shares may dilute existing holdings

The proportion of the shareholders' Shares may be diluted if the Issuer's share capital is increased and new Shares are issued in the future. In this case, shareholders have the right to subscribe for new Shares in proportion to their existing holding in the Issuer. However, this subscription right can be excluded by a corresponding resolution of the general meeting of shareholders that has received 3/4 of the votes represented at the general meeting of shareholders in favour. Therefore, there can be no assurance that shareholders have the right to subscribe for new Shares that could be issued in the future and, as such, their holding in the Issuer may decrease in the future. Future share offerings may also be below market value and the Issuer may decide to offer Shares at a lower price than the current market price if they believe that this is appropriate in the context of funding options available to them. A future offering of Shares may also reduce the market value of Shares.

8.4.5. Shareholders in certain jurisdictions may not be able to participate in future share offerings

The securities laws of certain jurisdictions may limit the Issuer's ability to allow shareholders to participate in future offerings (even if the shareholder has a Baltic securities account and they have acquired Shares). In particular, shareholders from the US may not be entitled to exercise these rights, unless the Shares and other securities to be offered and sold are registered pursuant to the US Securities Act or the Shares and other such securities are offered under the exemption from the registration requirement of the US Securities Act or in a transaction not subject to the registration requirements of the US Securities Act. The Issuer cannot guarantee to future shareholders that the necessary exemption from such requirements of foreign securities laws will be possible for foreign shareholders to exercise their pre-emptive rights, if any, or that the Issuer will exercise any such exemption.

8.4.6. Shareholders may be affected by amendments to laws concerning the taxation of dividends or profit from transfer





Changes in the tax system applicable to the taxation of dividends or profit from the transfer of shares may increase the tax burden on the Issuer's shareholders and, as such, this may have an adverse effect on the return on investment in the Shares. Legislation applicable to a potential investor may affect the return on Shares.

8.4.7. Payment of dividends is not guaranteed

The Issuer is not obligated to pay dividends. The Issuer cannot guarantee regular payment of dividends in the future. The Issuer's future plans provide for the investment of profit in the company and there are no plans to pay dividends to shareholders in the near future. The recommendations of the management for the distribution of profit are based on financial results, requirements for working capital, need for investments, and strategic considerations. These may not be in line with the short-term interests of all shareholders. The payment of dividends and the amount thereof depends on the resolution of the general meeting of shareholders.

8.4.8. Share options

As set out in section 6.6, the Issuer has granted share options to employees and members of the management board. In the future, the Issuer may grant additional share options on the basis of which the Issuer's employees, contractors, managers and consultants can acquire Shares. The exercise of such options may result in the decrease of the proportional holding and voting rights of a shareholder in the Issuer.

8.4.9. Cancellation and undersubscription of an Offering

Although the Issuer makes every effort to ensure the success of an offering, the Issuer cannot guarantee the success of the Offering or that investors will receive the Offer Shares they have subscribed for. The Issuer has the right to cancel the Offering until such time that distribution is decided on. The Offering may also be cancelled in respect of the part not subscribed for during the Offering. In the event of undersubscription or partial cancellation of the Offering, the Issuer needs to find alternative sources to finance the planned growth strategy disclosed in the company description or to make the growth strategy more conservative, reduce the volume of investments, or extend the investment schedule.

8.4.10. Risk of admission to trading

The Issuer has requested the admission of Shares to trading on First North and is taking all the relevant measures in accordance with the Rules and the applicable law to ensure that the Exchange accepts the Issuer's request. Despite the Issuer's efforts, the Issuer cannot ensure that Shares are admitted to trading on First North.

9. SELECTED FINANCIAL INFORMATION

The following forecast assumes that the legislation in Europe and North America will develop at a sufficient speed and allows using autonomous or semi-autonomous unmanned vehicles on public roads inside built-up areas in normal traffic in sufficient number of target countries.

The forecast also assumes an increase of number of zero-emission areas in European and North American cities. These factors are beyond the Issuer's control and significantly affect the fulfilment of the financial forecast. In addition, the forecast assumes raising additional capital for the commencement of mass production by the end of 2023, at the latest, and a successful implementation of the full-service lease service.

The Issuer's longer-term financial objective by 2028 is to achieve a market share of 10–30% in the European and North American autonomous vehicle last-mile delivery market. This segment is expected to account for 29.5% of the total 57 billion dollar autonomous last-mile delivery market by 2028, of which North America and Europe combined account for 54%.⁴ Achieving this objective would mean return on sales in the amount of 940–3,300 million euros.

⁴ See the analysis referred to in section 2.7.



The Issuer currently has a paying customer DPD Eesti AS and has entered into preliminary contracts for piloting the service in 2022 with a leading Scandinavian logistics company, a well-known Belgian retail chain, a well-known retail chain in Great Britain, and one of the largest retail chains in Germany that also has branches elsewhere in Europe. In addition, the Issuer has entered into an agreement with the largest B2C logistics company in Iceland, Aha, that has agreed to integrate the Issuer in its software platform, which runs multimodal logistics e-commerce markets and uses electric vehicles and drones for deliveries. As the Issuer has only just started working on pilot projects and is planning to commence with the mass production of vehicles in 2024/2025, the turnover growth in the coming years will be rapid but is not expected to cover all the costs, and the Issuer will certainly need additional capital in a significant amount by the end of 2023 at the latest to commence with mass production. In 2022 and 2023, the turnover of paid pilot projects will account for the majority of the Issuer's turnover. The Issuer will achieve a positive EBITDA level in 2025, and EBITDA will reach 2–11 million euros by the end of 2025. The Issuer predicts a negative EBITDA in the total amount of 4–5 million euros for 2023 and 2024.

	2022	2023	2024	2025
Number of vehicles	~15	~30	~200	~1,000
Driving hours per day per vehicle	3	4	5	6
Return on sales per year	40,000–60,000	500,000–700,000	3,500,000–4,500,000	20,000,000–30,000,000
Operating costs, including operators' costs, maintenance costs and other operating costs	1,800,000–2,000,000	2,400,000–2,700,000	6,500,000–7,500,000	18,000,000–19,000,000
EBITDA per year (-)	(1,750,000–2,000,000)	(1,850,000–2,000,000)	(2,300,000–3,000,000)	2,000,000–11,000,000
Investments in production (including the cost of producing vehicles) and product development	2,800,000	15,700,000	20,950,000	37,000,000

*The amounts in the table are in euros.

The expected range of return on sales includes revenue from pilot projects in 2023 and the revenue of partially increased production and full-service lease of the longer-term business model in 2024. The start of mass production is planned for 2025, and revenue from full-service lease accounts for more than 90% of the revenue. The revenue model of full-service lease comprises two parts where customers pay a fixed fee, i.e. a fixed monthly fee, for each vehicle plus an aggregate fee based on the mileage travelled by the vehicle per month. The pricing of the full-service lease model for the customer is based on a comparison with an electric/conventional van, which requires a driver, and the Issuer's competitive advantage in pricing increases the more vehicles one operator is simultaneously monitoring and controlling if necessary. The business model foresees up to 10 vehicles per operator after the development of the technology, which will be achieved by 2028. At the moment, the business model uses 13 euros per hour as a driver's cost for comparison, which compares the cost of the full-service lease offered by the Issuer. A more detailed formation of return on sales is part of the Issuer's trade secret and therefore the exact prices and cost base of the components of the full-service lease cannot be disclosed.

A more accurate and more detailed forecast is not possible in the Issuer's development stage as the Issuer's potential customers of the full-service lease are generally very large either regional or global logistics and/or retail companies and the addition of each customer can have a significant impact on



turnover. The Issuer's cost base changes according to the intensity of the development of technology and the share of fixed costs of the total costs will fall significantly after the commencement of mass production, which will also lead to an increase in profitability and a positive cash flow. In order to commence with mass production, the Issuer is planning to raise additional capital at the end of 2023 and this could amount to up to 50 million euros.

The formation of the balance sheet as at the end of April 2022 from the foundation of the Issuer and the income statement for April 2022 is presented below, showing that the Issuer invested an additional approximately 122,000 euros in intangible assets, while the loss was approximately 187,000 euros. Below is a brief overview of a one-month change in the Issuer's balance sheet, which gives an overview of the current situation and the pace of making investments.

Unaudited balance sheet of Cleveron Mobility AS (in euros)		01.04.2022	30.04.2022 (preliminary)	31.05.2022 (forecast)
ASSETS				
Current assets				
	Cash and bank accounts	0	236,580	256,882
	Receivables and prepayments	0	19,856	11,970
	Prepaid taxes	0	691	0
	Inventories	496,115	557,454	429,347
Total current assets		496,115	814,581	698,200
Fixed assets				
	Buildings	471,527	469,811	468,095
	Machinery and equipment	15,053	92,804	222,497
	Means of transport	55,044	53,647	52,249
	Inventory	5,713	8,592	8,388
	Computers	8,006	14,288	15,879
	Prepayments for fixed assets	0	34,718	49,763
Total tangible fixed assets		555,343	673,859	816,871
	Development expenditure (in-progress intangible assets)	552,417	675,122	830,000
	Intangible assets	2,854,815	2,797,547	2,740,279
	Licences	8,023	7,788	7,553
Total intangible fixed assets		3,415,254	3,480,457	3,577,832
Total fixed assets		3,970,597	4,154,316	4,394,703
TOTAL ASSETS		4,466,712	4,968,897	5,092,902
LIABILITIES AND EQUITY CAPITAL				
Current liabilities				
	Trade payables	0	239,652	238,802
	Interest obligation on loans taken	0	1,262	4,261
	Short-term lease of up to 12 months	16,559	15,386	14,572
Total loan liabilities		16,559	256,300	257,635
	Payables to employees	0	129,473	140,000
	Payable to reporting persons	0	251	115
	Holiday obligation	35,474	35,474	35,474
	Tax liability	0	0	45,000
Total payables to contractors and tax payables		35,474	165,198	220,589
Total current liabilities		52,033	421,498	478,224
Long-term liabilities				





Long-term loan	0	320,000	640,000
Long-term lease	33,317	33,317	33,317
Total long-term liabilities	33,317	353,317	673,317
Total liabilities	85,350	774,815	1,151,541
Equity capital			
Share capital	2,679,500	2,679,500	2,679,500
Issue premium	1,701,862	1,701,862	1,701,862
Profit (loss) for the accounting period	0	-187,280	-440,000
Total equity capital	4,381,362	4,194,082	3,941,362
TOTAL LIABILITIES AND EQUITY CAPITAL	4,466,712	4,968,897	5,092,902

Unaudited income statement of Cleveron Mobility AS (in euros)		April 2022	May 2022	April-May 2022
Business income				
	Return on sales	700	1,200	1,900
	Capitalised expenditures for own use in the manufacture of fixed assets	122,706	155,000	277,706
	Other business income	30	24	54
Total business income		123,436	156,224	279,660
Business expenses				
	Goods, raw materials, supplies and services	-7,279	-38,000	-45,279
	Miscellaneous operating expenses	-67,306	-118,558	-185,864
	Total labour costs	-172,933	-187,320	-360,253
	<i>Wage costs</i>	-129,473	-140,000	-269,473
	<i>Social taxes</i>	-42,526	-46,200	-88,726
	<i>Unemployment insurance costs</i>	-935	-1,120	-2,055
	Depreciation	-61,803	-61,803	-123,606
	Other business expenses	-135	-265	-400
Total business expenses		-309,455	-405,946	-715,401
Business profit		-186,019	-249,722	-435,741
Total financial income and expenses		-1,261	-2,998	-4,259
Profit (loss) before income tax		-187,280	-252,720	-440,000
Net profit (loss)		-187,280	-252,720	-440,000

The Issuer has not elected auditor yet. The Issuer's shareholders will elect an auditor by the end of summer 2022. According to the plans of the Issuer's current shareholders, a person who has the necessary experience to audit reports of such a company whose shares are traded on the trading venue will be elected as the auditor. According to the plans, an auditor will be chosen from among the so-called big four, Grant Thornton and BDO.

10. DEFINITIONS

Shares	The Issuer's shares
Exchange	Nasdaq Tallinn AS
Issuer	Cleveron Mobility AS
Financial statements	Cleveron AS annual reports for 2020 and 2021





Nasdaq CSD	Estonian register of securities, the registrar of which is Nasdaq CSD SE (Latvian registry code 400003242879)
Offering	Public offer of Offer Shares
Offer Share(s)	The Issuer's shares offered to the public as part of this offering
Offer period	Period from 6 June 2022 at 10:00 to 17 June 2022 at 16:00 during which Offer Shares are offered publicly
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council
Rules	Rules of Multilateral Trading Facility First North
SMA	Securities Market Act

11. APPENDICES

- 11.1.** Financial statements (i.e. audited reports of 2020 and 2021 of Cleveron AS, not the Issuer)
- 11.2.** Articles of association of the Issuer (in force)
- 11.3.** New version of the articles of association of the Issuer

