

Statement from Inclusion OÜ:

Dear investor,

As previously promised, I am updating you about the next steps to restore the financial stability of Inclusion OÜ. The main message is that **we have submitted an application for the reorganisation of Inclusion OÜ**. A longer explanation of the causes of this situation and the next steps follows below.

First of all, I would like to thank our investors who have remained understanding during this difficult period. We are also grateful to the investors who, in the face of significant media interest, have offered constructive assessments and messages when communicating with journalists. Thanks to this, the media coverage has remained rather balanced, and it is generally understood that while the state of the company is regrettable, it is not because of malicious intent. A shared constructive attitude greatly increases the likelihood that the situation will be resolved in the best possible way for all investors.

Regarding next steps - after analysing various scenarios it became clear that stemming from laws and regulations we only have two choices - either submit an application for bankruptcy or reorganisation of Inclusion OÜ.

- A bankruptcy filing would clearly be the worst option for all investors, as it would very likely mean the closure of business of the Planet42 group. Although Planet42's business model generates cash flow from rental payments, the realisable value of the assets (mainly cars) in a firesale scenario would be well below the acquisition value. Thus, upon liquidation through bankruptcy, it would be likely that the secured debt investors would get back a small portion of their investment from the firesale of the assets, and the subordinated debt investors and shareholders would lose their investment. We consider this option to be the worst for all parties involved.
- Reorganisation application - considering the destructive effect of bankruptcy on Planet42's business and creditors, we decided in favour of reorganisation and submitted the relevant application to the court today, August 15. A full reorganisation plan is planned to be submitted within the next 60 days. To compile this plan, a series of important steps must be taken. **Among other things, negotiations have to take place on the rescheduling and reduction of debts.** In order for the court to approve the reorganisation plan, we need the support of subordinated debt investors - every investor who has lent funds directly to Inclusion OÜ can vote for or against the reorganisation plan - **including you.**

The circumstances of Inclusion OÜ's liquidity crisis

Planet42's strategy has been aggressive growth to maintain its market leader position. The consolidated turnover in 2023 was 32 million euros, which is 21% more than in

2022, and 301% more than in 2021. The rapid growth has been financed by raising both equity and debt capital.

The car rental business, which was launched in 2017 in the South African subsidiary, has more than 10,000 paying customers today, while the size of the vehicle fleet has exceeded 12,000 cars. The turnover resulting from customers' rental payments exceeds 3 million euros per month (e.g. in July 2024, customers paid a record 3.4 million euros). Planet42 was the first company offering long-term car rental services on a large scale in the South African market. Therefore, as a pioneer, we made decisions in a situation where market dynamics had not been tested before. Also, as a newcomer, it was not possible to utilise the most optimal financial instruments to finance Planet42's activities. In retrospect, several earlier hypotheses have not been fulfilled. For example, it is not possible to profitably keep cheap but old used cars in the rental portfolio on a large scale, as they require too much maintenance and often break down. Forecasting markets and finances has also proven to be more difficult than expected.

As the founders, Marten and I take responsibility that the strategy of rapid growth has not justified itself - we have not yet reached profitability. Due to accumulated losses the debt burden has grown too large, which is why Planet42 has become financially vulnerable to unexpected changes in the business environment and customer behaviour, leading to a liquidity crisis.

The liquidity crisis has mainly been triggered by:

- A rapid and unexpected increase in the early termination of rental contracts by customers, which has been caused by two main factors: a weak economic environment along with political uncertainty and the rapid deterioration of old repaired cars. Comparing July 2023 and July 2024, the number of contracts terminated for these reasons has tripled this year. The rapidly growing termination of rental agreements together with the lower-than-expected volume of new contract issuance put pressure on the collateral pools of secured lenders, which consist of cars covered by rental agreements. According to the credit agreements with senior lenders Planet42 is obliged to replace the terminated rental contracts in the collateral pool with either new contracts or cash
- Customers who have cited difficult economic circumstances as the reason for terminating their contracts mainly complain about job loss and/or rapidly increasing costs (inflation). The South African parliamentary elections at the end of May also added uncertainty to the market, where for the first time since the fall of the apartheid regime the African National Congress (ANC) party did not achieve a majority and was forced to start coalition negotiations. In light of the uncertain political situation, many customers decided in favour of a more conservative use of money and preferred to terminate rental contracts early compared to previous periods. At the same time, it was more difficult to convince new customers to take a long-term financial commitment, which is why the signing of new contracts turned out to be significantly smaller than planned.

- Deterioration of old cars - the decision made at the end of 2023 to significantly reduce the sale of cars returned by customers at auctions and instead to repair the majority of cars has not brought the expected results. If previously small-scale repair works (hundreds of cars) had a good margin, when performing large-scale repair works (thousands of cars) we were no longer able to ensure optimal quality and unit cost, which led to car breakdowns and promoted a rapid increase in the number of contracts terminated prematurely by customers.
- Realisation of currency risk - the currency reserves were put under additional pressure at the end of June 2024 by the significant strengthening (more than 7%) of the South African rand (ZAR) exchange rate, which is why we had to pay a margin call of 2 million euros.

It is important to emphasise that the Planet42 group has not exhausted its cash buffer, but the forecasts showed that this threat exists in the coming months if the latest trends continue, which is why we made the difficult decision to temporarily suspend the payments of subordinated loans.

The resulting liquidity crisis cannot be overcome without reorganisation. In addition to reaching a profit in Estonia and the South African subsidiary after reorganisation, the goal is to reach agreements with all lenders in order to overcome difficulties and ensure sustainable operations going forward.

In summary - the situation is difficult, but not hopeless. More than 100 companies have invested in Planet42, backed by a large number of people, including ourselves, friends, acquaintances, family members, Planet42 colleagues and other people who have believed in us and Planet42 enough to support us. We feel responsible for all investors and are working tirelessly to resolve the situation.

I will continue to respond to all investor letters as openly as possible. I will send the next update no later than August 31.