

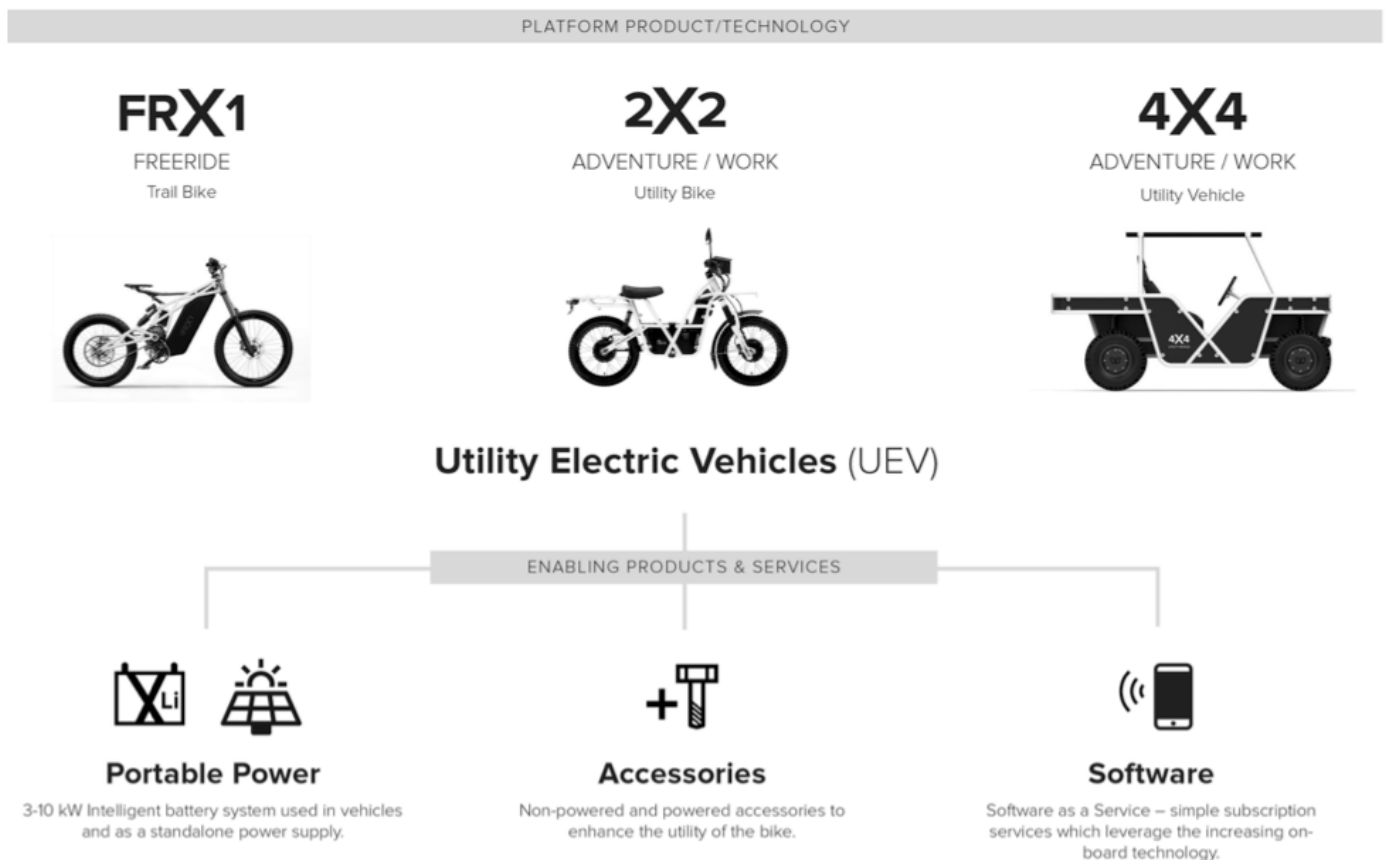
Overview

UBCO was founded on the idea of a Utility Electric Vehicle (UEV) that would transform the way people ride, work and play.

Since it was established in 2015, UBCO has evolved into a digitally connected Utility Electric Vehicle (UEV) platform including on and off road transport, two and four wheeled portable power, accessories, and cloud-based software.

Founded in New Zealand, UBCO can now be found in international markets including the United States, Australia and Europe.

Our Business



UBCO develops, markets and distributes **Utility Electric Vehicles (UEV)** which have three connected products and services: **Portable Power, Accessories and Subscription Software**. We generate revenue by selling these products and services both directly and through an approved dealer network.

UBCO developed its first utility electric vehicle (UEV) the 2x2 as a platform vehicle in 2015. The focus was getting the vehicle into the widest possible range of applications, geographies, and climates to understand what really drives off road performance in an electric vehicle. Our customers have prized its lightweight, quietness, simplicity, safety and utility features.

This product platform combines UEVs with three enabling products and services: Portable Power, Accessories and Subscription Software to provide a sticky eco-system that increases lifetime customer value.

The interchangeable portable power system that can be used independently of the vehicle combined with UBCO's SaaS overlay provides a blank canvas for a wide range of real world applications from farming and tourism to delivery, conservation, commuting and emergency services (to name a few).

A Unique Drivetrain

The drivetrains of UBCO's 2 and 4 wheeled UEVs are engineered with two different approaches. Instead of a traditional drivetrain with chains, gears and clutches, UBCO has developed a robust hub (wheel) motor and vehicle control system for low speed utility applications. For higher speed applications we have developed a drivetrain which uses a centre motor drive train.

Blue Ocean

A blue ocean opportunity exists as most of the electric vehicle investment has been focused on the on-road market, where as UBCO's target market uses include outdoor and recreational, agriculture and commercial, and urban commuter applications.

Disruptive & Agile

UBCO has rapidly iterated its successful first product and is moving very quickly to expand. Our growing portfolio of knowledge and IP in the area of off road electric vehicles provides an ideal opportunity for strategic investors. Our products have created a new market category and are complementary and additive to leading manufacturers such as Polaris, Canam and John Deere.

A Large Opportunity

There is a fleet of 10 million Utility Vehicles in the US. Electrifying this fleet presents a significant opportunity for the brand that can successfully commercialize the platform to lead this revolution.

Market Focus



AGRICULTURE & FARMING



RECREATION & ADVENTURE



URBAN & METROPOLITAN

UBCO has three key markets globally: agriculture and farming; recreation and adventure; urban and metropolitan, with proven sales and adoption in agriculture and recreation. UBCO has successfully entered the New Zealand, Australian and North American markets, and entered Europe in 2019.

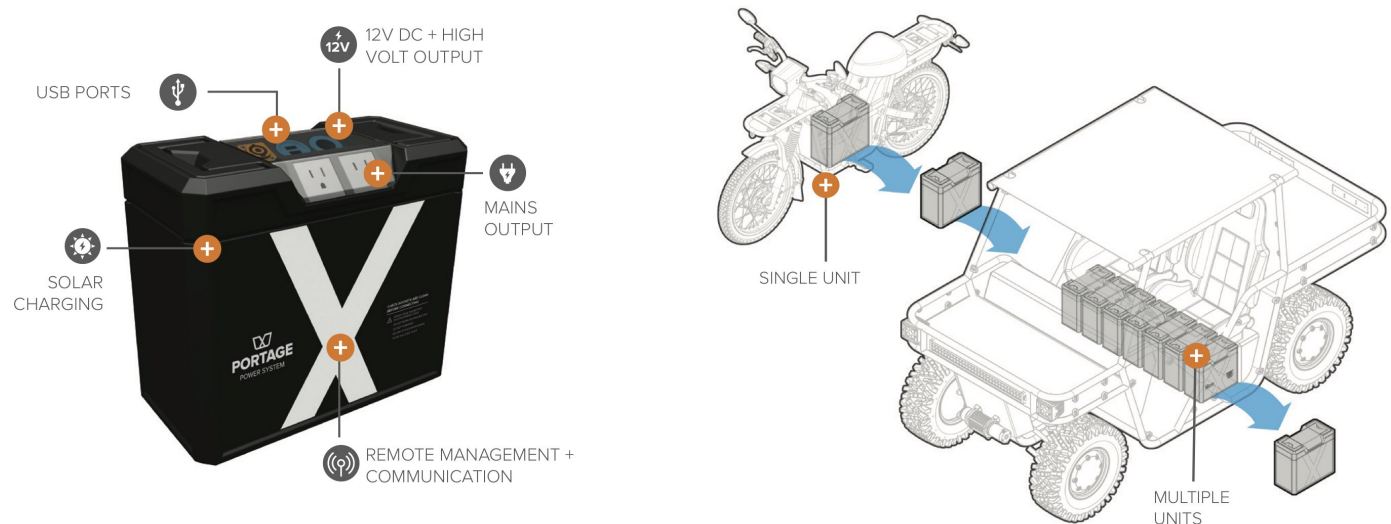
UBCO's primary focus is the North American off road recreation and commercial markets for both 2 and 4 wheel vehicles (\$12.7b USD / \$19.2b NZD) alongside naturally competing in the on road market (\$6.21b USD / \$9.4b NZD). Recreational usage includes hunting, camping, RV touring and recreational riding. Recreation is expected to be a key sector for UBCO especially in the United States, where 40% of the market is off road recreational. Commercial usage includes UBCO's initial market of agriculture but has quickly grown to include commercial fleets for postal services, tourism, conservation, civic service operations and delivery operations.

Distribution Control

UBCO has an established presence in NZ, AU, US and EU and sells to a network of UBCO-approved and trained dealers. With a growing network over 110 dealers globally selling UBCO 2x2s and products. Within 5 years UBCO plans to grow its global presence focussed on three geographical regions – North America (United States and Canada), Europe (EU, UK, Norway and Switzerland) and Australasia (Australia and New Zealand).

Sticky Product Platform

UBCO has developed a sticky product ecosystem that utilizes an interchangeable power supply across all its UEV's, providing on demand power enhanced by a SaaS overlay, giving users control and advanced ownership features.



The Ask

The Details

- Maximum of \$2m NZD at the Series A share price of \$11.77
- Offer to Qualifying Shareholders

UBCO's board has elected to extend the current round to provide adequate capitalisation to drive growth in product, inventory and market development and to take care of some existing transactional elements that were not able to be captured in the Series A transaction.

The board has elected to retain the price at the existing round pricing due to the LP Co-Invest right accorded to GD1 Fund 2 as a part of this transaction.

Use of Capital

The Capital is being broadly applied to Product, Technology and Market Development.

- Product R&D - Optimisation and Pipeline Realisation
 - Market Development & Customer Acquisition
 - Production Tooling and Other Capital Expenditure
-

Product Platform

"Our focus has been on developing a complete product platform which enable our customers to power their purpose. By providing a range of vehicles, power supplies, accessories and subscription software, we are delivering an integrated product set that leverages the benefit of modern electric drive and battery technology without compromise, this is the biggest single release of product in the company's history and represents 2 years of work from the whole team". - **UBCO CEO, Timothy Allan.**

UBCO has a clear product strategy which is technology driven but educated by the market and by staying close to our customers.

UBCO developed its first utility electric vehicle (UEV) the 2x2 as a platform vehicle. The focus was getting the vehicle into the widest possible range of applications, geographies, and climates to understand what really drives off road performance in an electric vehicle. Our customers have prized its lightweight, quietness, simplicity, safety and utility features.

This product platform combines UEVs with three enabling products and services: Portable Power, Accessories and Subscription Software to provide a sticky eco-system that will evolve over time. These enabling products and services increase lifetime customer value whilst providing a more effective product for their use.



Combining a utility vehicle with a simple interchangeable portable power system, that can be used independently of the vehicle, offers a wide range of advantages for customers that currently no other companies provide.

The 2x2 has provided a blank canvas for a wide range of real world applications from farming and tourism to delivery, conservation, commuting , military and emergency services (to name a few).

UBCO has several drive trains which will be applied to different vehicle types.

- HUB Drives for Low Speed Utility vehicles
- Centre Drive Trains for Higher Speed recreational vehicles.

UBCO 2x2

The UBCO 2x2 has had 4 generations in use, and the 5th generation sees a huge range of advancements delivered through the introduction of two new models. Both bikes share a common new generation drive train and power system, vehicle management system, telematics, control clusters, frame and structure. Significantly enhancing the application utility of both bikes.

CPO Tom Hayward led the team and provided an insight into their development “These new bikes are the culmination of 18 months of iterative development and we are stoked with the new 2x2. It delivers on so many areas where we have learnt from our customers and users and it is satisfying to see the dealer and distributor responses to the new products”.



2x2ADV – The Adventure Bike. This continues UBCOs dual-purpose tradition with full road compliance in Australasia, United States and Europe. This bike packs a full portable power supply for those adventures on- or off-road. The 2x2 Adventure Bike is road registrable and dual purpose. Its high spec is targeted at a recreational customer.

An urban adventure today, an off-road adventure tomorrow, if you have adventure running through your veins, this is the bike for you.



2x2WK – The Work Bike. An unashamed return to UBCO's roots. This pure off-road work horse is for the farmer, hunter, property owner and outdoors person. Simplified to its essence rendered in all black, out of the box with lever guards and full off-road tires. The 2x2 Work Bike is the perfect machine for getting the job done. Blacked out, stripped back and ready for a hard day's work. UBCO have taken their utility bike roots and created a bike that is unashamedly a workhorse for the farmer, off road worker, hunter, trail rider or conservationist. This is the lightest and simplest 2x2 to date.



UBCO will be developing an urban specific model in 2020 that will cater more specifically to the Urban market and its requirements.

KXH Portable Power System



This is a new product range for UBCO. Providing external power on the go.

Portable power has been at the core of the 2x2 modular design since the outset with the power accessible off the console. In 2020 sees this become a completely stand-alone product capable of working both inside and outside the vehicle. This new product comes in a rugged exo-frame to match its applications in the real world with multiple directions to carry and use. With 12v and 5v ports out it can power a wide range of your devices with our largest total capacity of 60Ah. The Exo frame enables it to be carried easily and attached to the bike, the garage or your vehicle.

The KXH doubles as the power supply of the 2x2 which means you can travel into your work or adventures and then use the portable power supply with ease. Effectively providing on demand power like a generator. It can be easily removed from its protective frame and placed into the bike.

The new cell structure design focuses on safety and reliability with a battery management system designed with advanced data recording, communication and monitoring features. It has charger detect, which means the bike knows when it is plugged in so cannot operate when charging and comes standard with a battery Lock provides piece of mind when bike is parked up.

The KX3.0 (in the Exo-Frame) will be available for purchase separately.

UBCO 4X4

A natural extension of the 2x2, the 4x4 takes the technology UBCO has developed to provide greater utility for our customers. It addresses a significant market opportunity and leverages UBCO's brand into its most logical category appealing to many existing 2x2 customers.



Eliminate to Create

The technology platform UBCO has developed offers real innovation to the existing UTV/ROV market through a dramatically different approach to the drivetrain. By utilising four independently controlled hub drives it eliminates the mechanical transmission, including gearboxes, differentials, drive shafts, and axles, provides a significant weight and manufacturing cost saving, while also decreasing the environmental impact of the product. Leaving plenty of room for carrying the things you need.

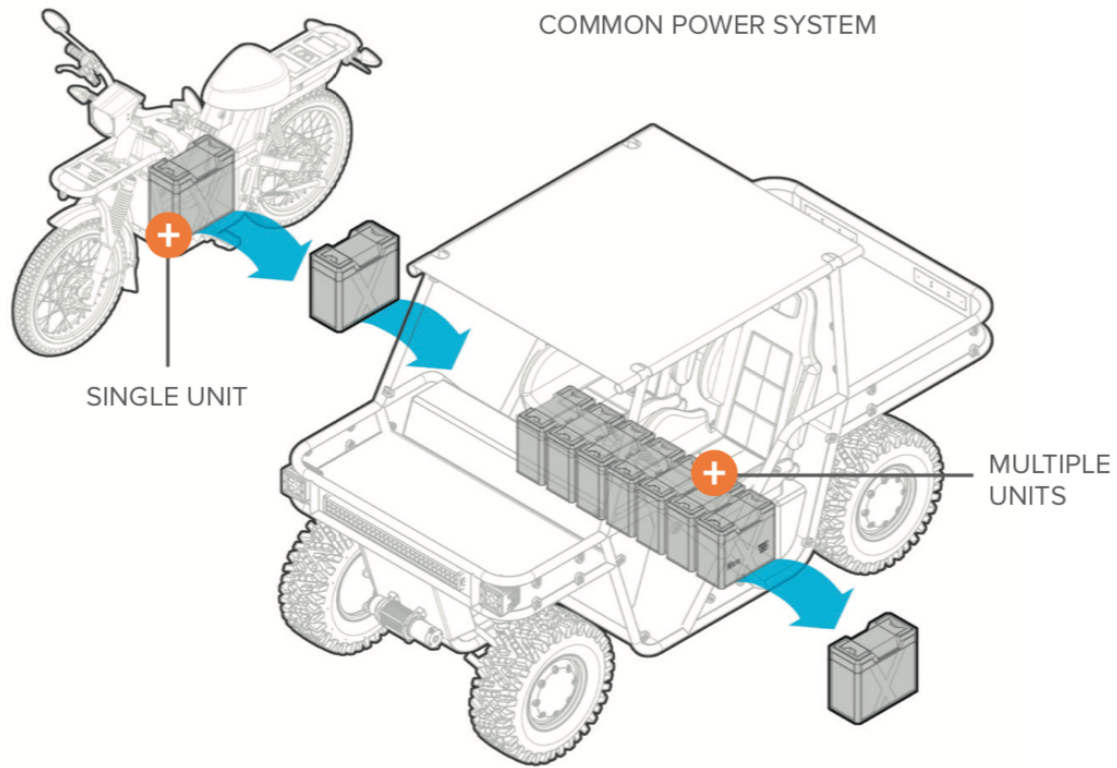
Safety Driven

One of the biggest risks of ATVs and UTVs internationally is their poor safety record. This is the result of the high centre of gravity and limited on-board technology. UBCO has internally made a commitment to make the 4x4 the safest utility vehicle on the market by combining the benefits of four-wheel traction control, massively reduced weight with the latest developments in vehicle technology through vision and sensors. The vehicle would monitor its position predictively in a way most drivers cannot.

Powered Differently

The 4x4 would use the Portage Power System in series to deliver the required amount of power for the vehicle. This provides the user a power supply which can be used for different purposes. It also provides a common system that can be interchanged between the vehicles.

The 4-wheel UEV (4x4) product entered research in 2018 and the first version is targeted for production by January 2021 in the US (which is currently the largest manufacturer of UTVs internationally). It initially features a two-seater for general recreation and work. Over time the 4x4 would be developed into a range including 2, 3 and 4 seaters to service the widest possible market.



Simple Power

UBCO's drivetrain removes the gearbox, mechanical transmission, axles, driveshafts and axles to save a significant amount of weight and complexity. With a fully fly by wire electronic steering system it will create one of the simplest vehicles of its class globally.

Light & Safe

With a lower centre of gravity and greatly reduced weight the 4x4 will take a preventative approach to safety using modern automotive sensors and technology. With four independent wheels, each can dynamically react to the vehicles context to deliver a more advanced form of control.

Flexible Power

Capable of carrying a large capacity of portable power systems, the 4x4 will deliver the next level of portable power. Easily interchangeable with the 2x2 it also delivers UBCO customers huge flexibility.

Work Horse

With the reduced complexity and increased space, the 4x4 will be a load carrying workhorse with increased storage and options for users. Extending the 2x2's simple attachment system providing true compatibility across accessories between the products.

FRX1 - Electric drive trail bike



Due to market in 2020 is the FRX1. Whether you're taking on the local tracks, or working in serious hill country the FRX1 is one of the new wave of lightweight free ride trail bikes that don't compromise on power but can deliver it in a very lightweight envelope.

Justin Pagirys notes *"the FRX1 is targeted at the mainstream customer who would not traditionally have ridden a heavy motorcross bike, but will equally appeal to the experienced rider delivering a new riding format that will surprise"* It extends the core range providing additional power for hard to reach places where vertical climbing through Matagouri is considered essential. *"The FRX1 fits so well into the UBCO platform, we are excited to be delivering this innovative trailbike into people's hands in 2020, it is exciting seeing the bike being put to work in a New Zealand High Country Farm"*.

Accessories

One of the core features of the 2x2 UEV is the 17 drop forged lugs on the alloy sub frame. This enables us to offer a growing range of UBCO accessories and approved third party accessories which add utility and enhance the customer experience.



Currently, UBCO offers 7 accessories to customers (pictured), including front and rear decks, side panniers with bags, a towball mounted car rack and an adapter pack that allows customers to mount their own accessories on the 2x2. Since its introduction in early 2018, the Accessories line has proven to be extremely popular – with more than 1,000 units sold to date.

Tools for the Trail

There is a range of new accessories which are under development including a trailer, toolboxes, hard sides (for attaching tools to), and a heavy mud kit.

The Look

UBCO is developing simple farings for varying the look of the 2x2 without causing inventory headaches. The textured sides use the lug attachment points and enable a user to easily vary the color, texture and look of the 2x2.

You've Got the Power

UBCO will also be developing powered accessories over time that utilise the on-board and portable power systems. This will enable features like powered and braked trailers and hard powered panniers for charging devices. These are linked to the 6th generation of the 2x2.



2X2 PANNIER FRAME



2X2 PANNIER BACK PACK



2X2 PANNIER BAG



2X2 ADAPTER PACK



2X2 REAR CARGO DECK



2X2 FRONT CARGO DECK

SaaS - Software as a Service

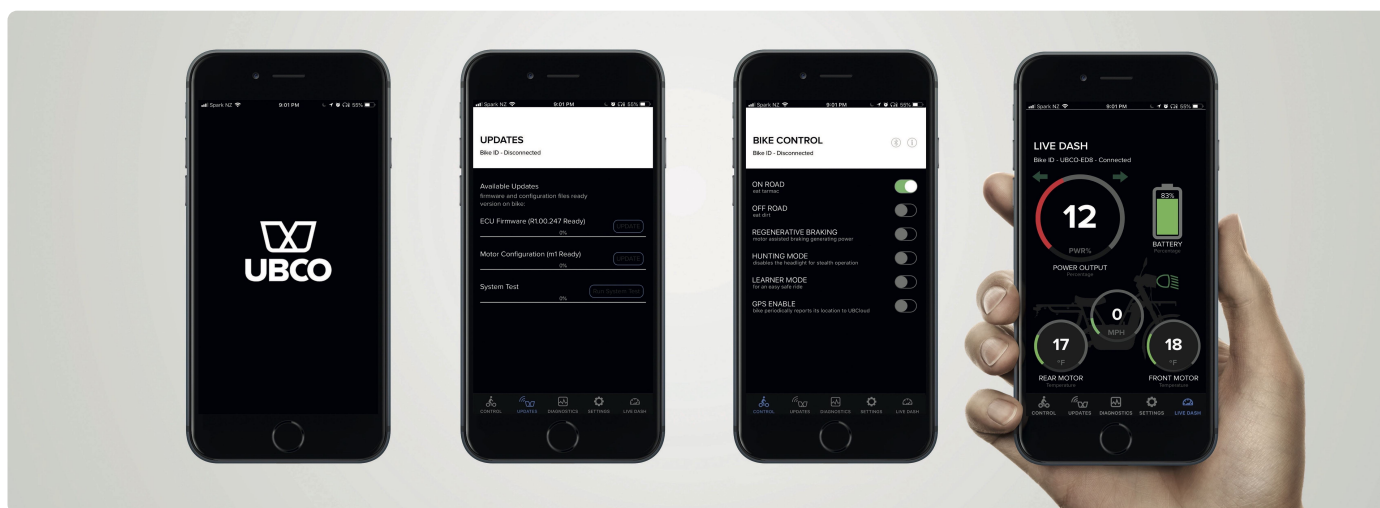
UBCO operates a cloud-connected application that is already in use across New Zealand, Australia and the US (iOS/Android). This is used to control the settings of the UEV, provide over the air updates (OTA), and enable remote diagnostics and troubleshooting. This is provided free to users to enhance the customer experience and improve after sales service.

This service will be significantly expanded to incorporate more developed IoT infrastructure as more devices are added to the platform. UBCO has a two-part strategy to generate revenue:

- **Software as a Service (SaaS)** for end consumers: this will provide both a mobile phone and web interface with premium features targeting safety, security, tracking and additional performance.
- **Application Programming Interface (API)** for businesses to use and/or modify sensors and performance, and access data off UEVs and portable power supplies. Providing opportunities for fleet management and data collection.

The Telematic hardware for both Generation 4 and 5.0 vehicles has been completed with the cloud infrastructure due to be completed early in 2020. This will be very useful as fleets become more common.

The SaaS system allows for the collection of data on the bikes and other relevant data streams that may be used in the development of the bikes or commercially for other purposes. This can include physical, environmental, climatic and other useful information given the UEVs already wide geographic placement. It also allows UBCO to consider, participate or partner in ride sharing or vehicle subscription models as it develops over time.



Retail Pricing

With the introduction of ranging and battery capacity selection it provides a wider range of consumer price points which will drive improved uptake.

Sales Pricing

MANUFACTURER SUGGESTED RETAIL PRICE (MSRP) PER UNIT PER MARKET IN 2023

Market	Market Currency	Median MSRP		
		2x2	4x4	Portable Power
NZ	NZD	\$7,999	\$19,999	\$4,499
AUS	AUD	\$7,499	\$18,999	\$4,199
USA	USD	\$6,999	\$14,999	\$3,499
EU	EUR	€5,999	€12,999	€2,999
UK	GBP	£5,499	£11,999	£2,799
ROW	USD	\$6,999	\$14,999	\$3,499

All pricing in market currency excluding Taxes, and is a weighted average per product group

Accessories and Spare Parts

AVERAGE LIFETIME MARKET VALUE (MSRP) PER UEV SOLD '000 USD IN 2023

Market	Accessories	Spare Parts
USA	\$280	\$360
ROW	\$175	\$540

All pricing in USD currency, excluding Taxes, as an average price per product group for comparative purposes

2x2

Product ranging will come into effect in 2020 with the introduction of the 5th Generation 2x2 which will result in retail pricing from \$5,000 USD to \$10,000 USD with differing features and performance. UBCO will be offering variable battery capacity. Pricing is per unit sold, and excludes any Software, Accessories and Spares sold related to each vehicle or user.

The average pricing in other markets is below that of the US due to New Zealand and Australia pricing considering the local market use, conditions, and relative competitive pricing environment. All other markets are expected to mirror established or planned US price points based on existing market feedback, competitor pricing and product capabilities.

4x4

The 4x4 will be priced competitively based on the expected product specifications, ranging available and relativity of pricing to expected competition in the space.

Power System

The KXH Power System is a standalone range of products with different capacities and features. This will drive an increase in the average MSRP of a battery system between 75-90% from pricing established today (with New Zealand and Australia increasing at the upper end of the range).

Accessories and Spare Parts are grouped together as the total revenue will vary consumer to consumer, and are related solely to UEV unit sales (2x2 and 4x4).

Accessories

Accessories sell in higher volume in the US compared to other markets statistically (and from market evidence to date) so average total retail sales per UEV sold has been forecast higher for the US market versus the rest of the world. The increase of this over time is linked to the higher per UTV sales average in the US market relative to 2-wheel Dual Purpose Vehicles. This is positively affected by the introduction of the 4x4.

Spare Parts

These are forecast over the lifespan of a UEV. Intensity of use will drive spares consumption. Agricultural & fleet applications may see 365 day a year use, whereas recreational users will be a fraction of this total. The recreational market is dominant in the US which lowers spares consumption relative to other jurisdictions which are more agriculturally focused.

Whilst it is anticipated that with each model release the total maintenance requirements will reduce per vehicle (especially considered against combustion engine alternatives), the introduction of the 4x4 will increase the average cost per UEV user overall (given the 4x4 will be a vehicle class with a higher total cost of manufacture due to size and complexity and therefore underlying parts for service).

The Spare Parts value is a conservative estimate of lifetime value of spare parts used (limited to 2 years of repairs).

Software

Subscription software is an area where UBCO will continue to develop a deeper understanding of the commercial opportunities both directly and through partnerships with other companies. Due to its limited current impact on projections, no detail is provided here.



AGRICULTURE & FARMING



RECREATION & ADVENTURE



URBAN & METROPOLITAN

Market Development

UBCO launched its first Utility Electric vehicle in its home market of New Zealand in 2016. The bike was named the 2x2 for the two hub motors in its front and rear wheels which enabled better traction and more torque in off-road conditions. The first 2x2s were used primarily in agriculture and farming, including dairy, dry stock, horticulture, viticulture and forestry. Initial production runs sold out quickly and UBCO established good credentials and a global following in this market.

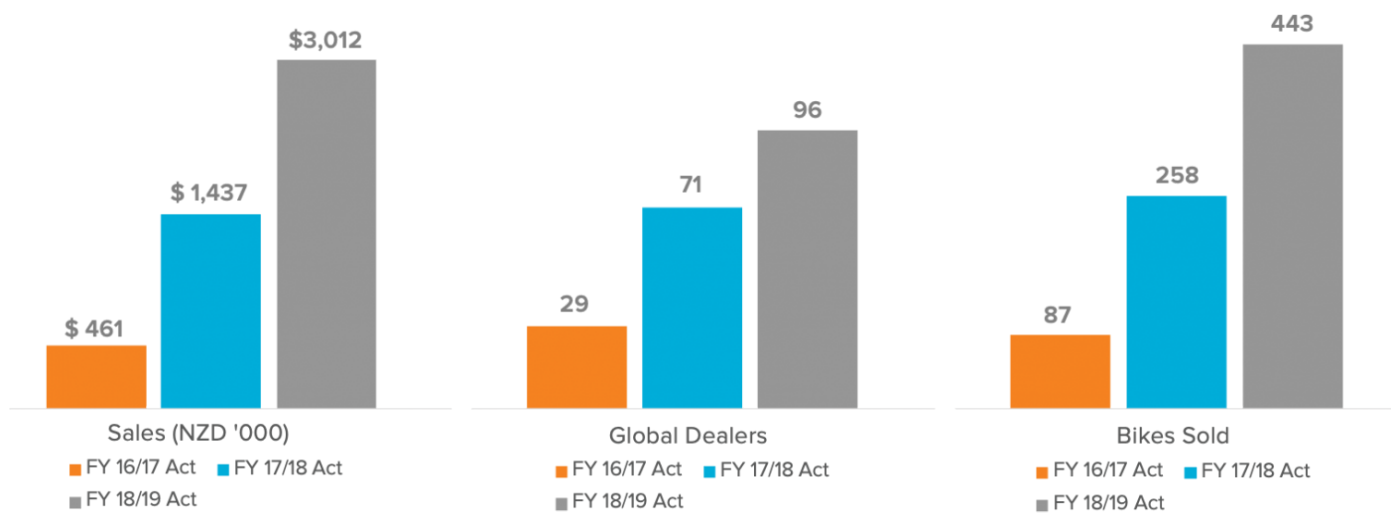
By 2017, customers indicated the desire for a road legal version of the 2x2. UBCO then launched the Dual-Purpose 2x2, built on the same chassis, but designed for road legal compliance with the United States Federal Motor Vehicle Safety Standards (FMVSS) and the European ECE Whole of Vehicle Type Approval (WVTA). Compliance with these two standards provides general global compliance enabling other markets to be entered more easily downstream. With the Dual-Purpose 2x2, UBCO entered the United States and Australian markets in 2018 and entered Europe in 2019.

The introduction of the Dual-Purpose 2x2 expanded opportunities in the recreational and commercial sectors which are the two largest sectors within the off-road vehicle market. Though the bike is built for off-road usage, customers greatly appreciated the ability to ride it on roads as a licensed vehicle where required.

Recreational usage includes hunting, camping, RV touring and recreational riding. Recreation is expected to be a key sector for UBCO especially in the United States, where 40% of the market is off-road recreational. Commercial usage includes UBCO's initial market of agriculture but has quickly grown to include commercial fleets for postal services, bike rental and sharing services, tourism, conservation, civic service operations and delivery operations.

UBCO has planned entry into the UTV market in 2021 with the 4x4, a four-wheel UEV (Side by Side). This is targeted at increasing our range of products and our total addressable market. UTVs also command higher per vehicle average accessory sales of US\$920 compared to US\$200-US\$300 for motorcycles and ATVs.

UBCO has grown rapidly through the launch of the 4th Generation 2x2 with a user controlled application along with a suite of accessories that expand on the products use. It has also built a more expansive dealer network that can deliver increased sales and awareness.

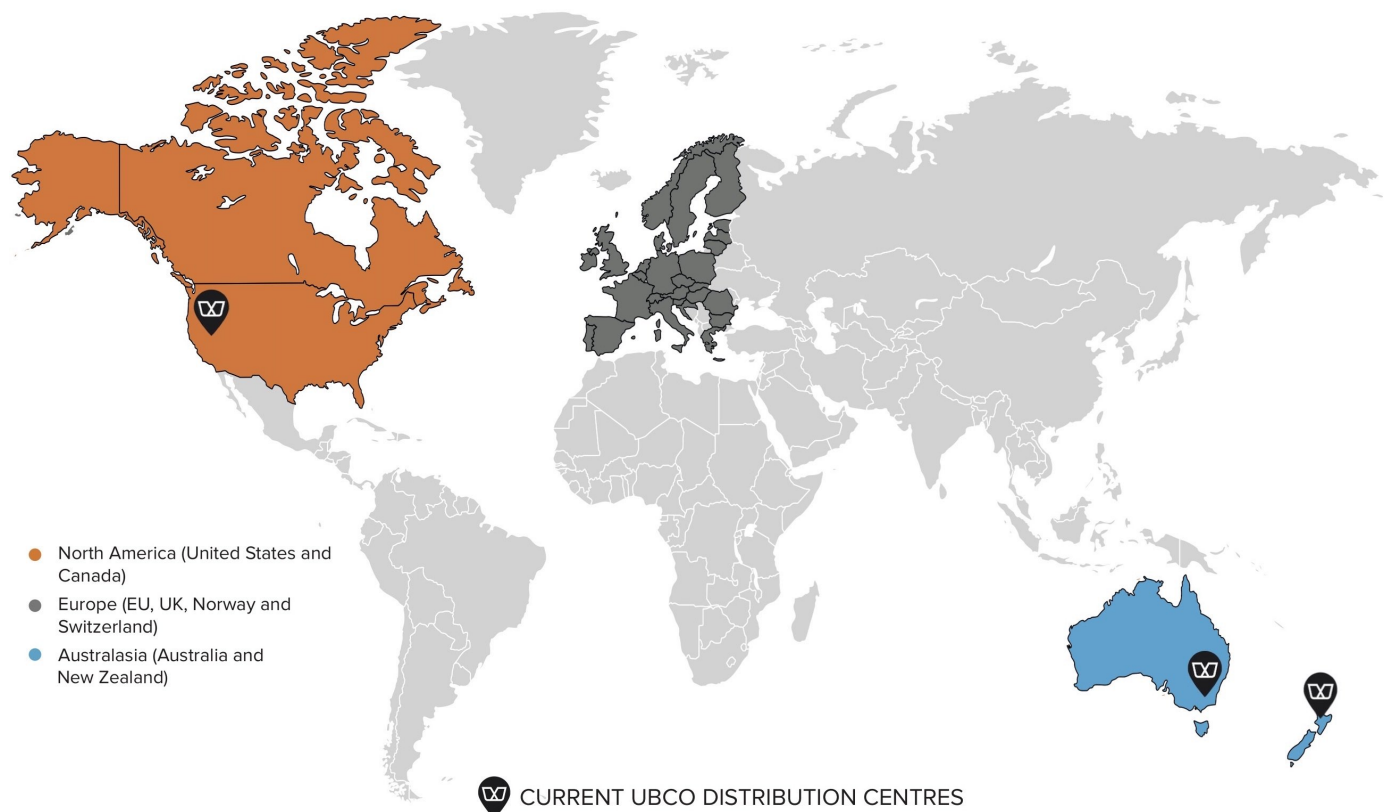


Global Sales Channels

UBCO has an established presence in NZ, AU, US and EU and sells to a network of UBCO-approved and trained dealers, with a growing network over 110 dealers globally selling UBCO 2x2s and products. Within 5 years UBCO plans to grow its global presence focussed on three geographical regions – North America (United States and Canada), Europe (EU, UK, Norway and Switzerland) and Australasia (Australia and New Zealand).

Within 5 years UBCO plans to grow its global presence, resulting in three geographical territories:

- North America (United States and Canada)
- Europe (EU, UK, Norway and Switzerland)
- Australasia (Australia and New Zealand)



Our intent is to have a minimum of one distributor in each region managing vertical market focused dealer networks across their defined geographies.

We have five strategic objectives across all three regions:

1. **Extend Geographical Reach** by expanding and adding distribution and dealer networks
2. **Grow Customer Base** across each category of customer, ie Individual, Corporate and Government
3. **Develop and Add Channels** including distributors, dealer networks, internal direct sales capabilities and an eCommerce platform that complements dealer and direct sales efforts
4. **Develop Vertical Markets**, specifically:
 - a. Agriculture
 - b. Tourism, Adventure and Recreation
 - c. Conservation, Parks and Forests
5. **Build Capability to Sell All Products** within the channel(s), through traditional sales and eCommerce

Our general philosophy is to establish distribution partnerships that will endure for the long term. UBCO is committed to the highest standards of customer satisfaction and safety globally. This commitment is reflected in our approach to training and customer service across all stakeholder groups, and we expect our channel partners to represent UBCO in the same vein. Given that, our selection and onboarding process for distributors and dealers is rigorous, but once part of the UBCO team, we are committed to ensuring success for all parties.

Distribution & Sales Model

UBCO operates a mixed distribution model and has a multi-channel approach to sales. Typically, this will involve:

Distribution

In New Zealand and the US Market UBCO performs the role of National Distributor and predominantly wholesale to an approved network of dealers.

In other markets to date (Australia) the product is imported and sold by an independent distributor or distributors, who directly sell into a dealership network.

Independent Distribution

These distributors purchase product wholesale DAP or FOB from UBCO and manage the territory granted in their distribution agreement. They will be the importer of record for any road registrable product with the national regulator.

UBCO works with each distributor to set Manufacturer Suggested Retail Pricing (MSRP). The distributor will in turn establish selling prices in the market for their dealer network.

The conventional structure of distribution margins to date are as follows:

- Core products will typically be sold at between 20 to 25% discount off dealer pricing;
- Spare parts will typically be sold at an average discount, across all markets, of 33% off dealer pricing;
- Accessories will typically be sold at an average discount, across all markets, of 36% off dealer pricing.

These margins may vary country to country depending on the selling model. UBCO seeks to provide price relativity across the different markets whilst taking into account market specific factors.

Direct Distribution

New Zealand is the home market and provides an ideal test bed with a very diverse range of climates and geographies to test on within a relatively compact land mass. It also has applications which offer some of the highest duty environments possible for product testing.

New Zealand has a simple regulatory and compliance environment that enables rapid testing and adoption of innovative technology and products in a low compliance environment (right through to retail). UBCO considers it strategically important to own and control this market to enable a close relationship with customers.

Importation, warehousing, technical, management, regulatory, compliance and sales teams are established across all three countries.

UBCO has had the acquisition of its US Distribution company, UBCO US, approved by shareholders and is currently in the process of completing the transaction with the goal to complete the transaction by the start of the 2021 Financial year (April 1 2020). The US is the largest market for powersports globally and is a significant focus for the company.

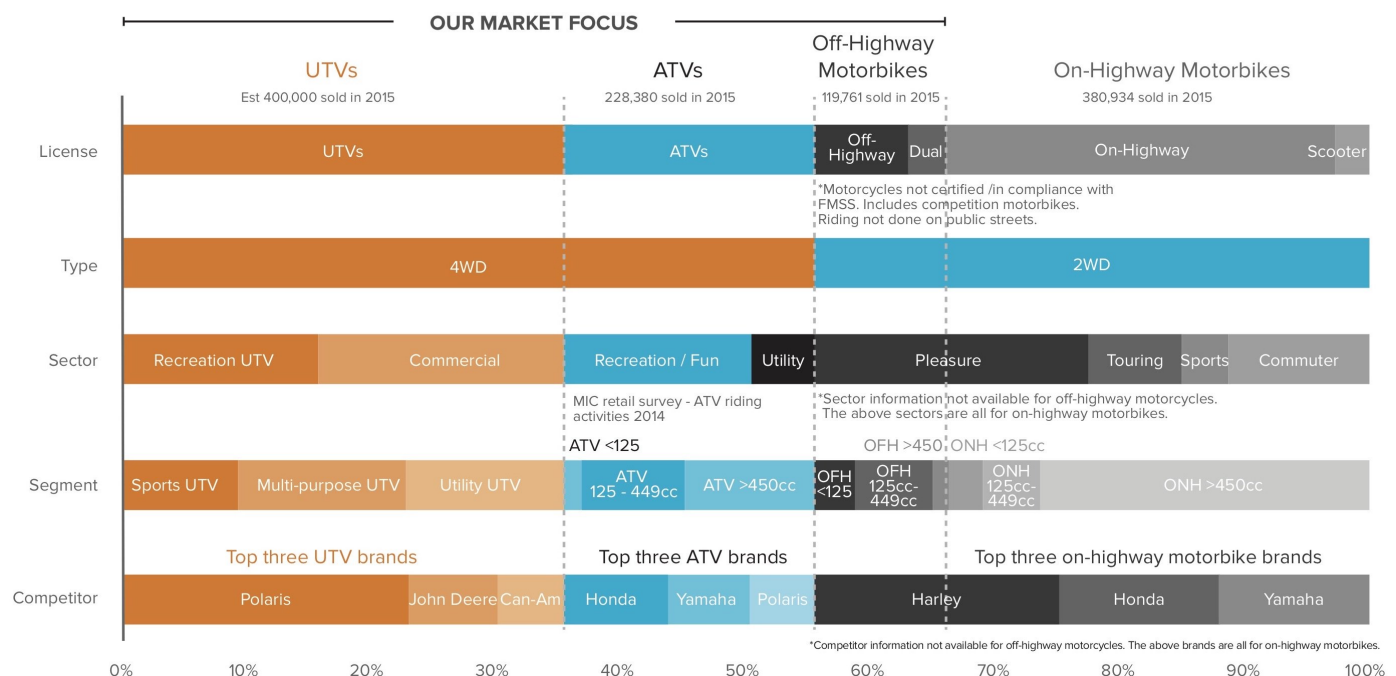
Dealer

Dealer margins are set by the distributor but take into account the MSRP established with UBCO. The average dealer margins across territories to date are as follows:

- Core products sold to dealers, across all markets, at our existing dealer discount off MSRP of 20%;
- Spare parts and accessories sold to dealers, across all markets, at our existing average dealer discount off MSRP of 35%.

Our US Market Focus

UNITED STATES MARKET SUMMARY

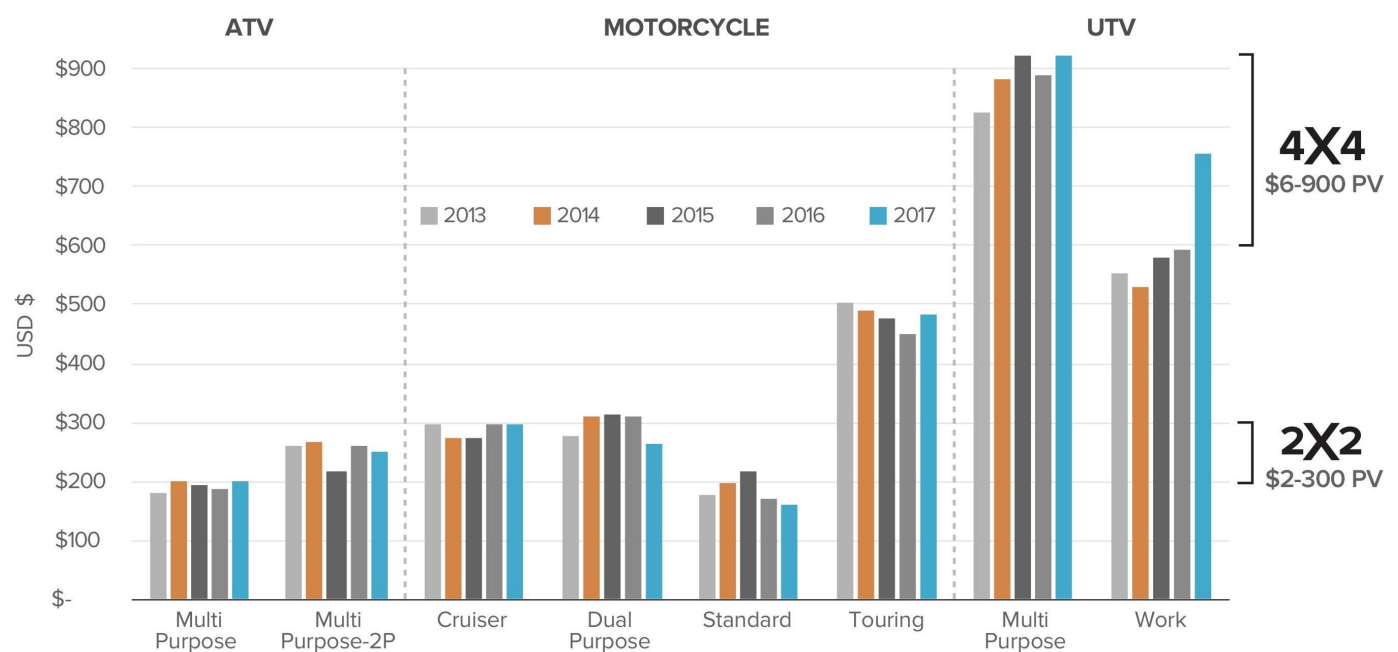


Globally the US market was isolated as the largest potential market for a high value off road UEV. There is a large pool of users with a fleet (10m+) that has not been electrified. With limited competition and investment in the off road space UBCO has identified this as the Blue Ocean opportunity.

Through analysis and in market experience UBCO narrowed its initial focus to the US off road recreational market. Two thirds of all motorbikes, All-Terrain Vehicles (ATVs) and Utility Task Vehicles (UTV) market are used off road and 70% of these users are recreational.

It is likely that through this UBCO would sell into the agricultural and farming market in the US organically due to product exposure. UBCO has planned entry into the UTV market in 2021 with a four wheel UEV (Side by Side). This is targeted at increasing our range of product and our total addressable market. UTVs command higher per vehicle average accessory sales of over \$900 USD compared to over \$200 USD for Dual Purpose motorcycles.

AVERAGE ACCESSORY PURCHASE (USD)



Channel to Market

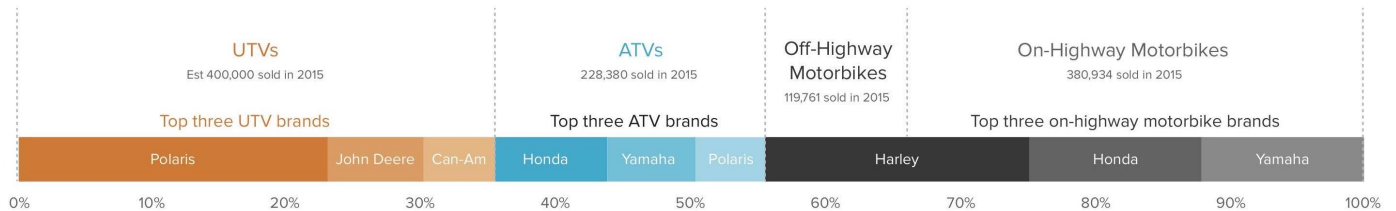
UBCO currently distributes through a network of approved dealers in the US market and globally. In the US there are approximately 9,749 motorbike and ATV retail outlets, with almost half (4,606) focusing on new vehicle sales and the remainder (5,144) on used motorbikes & ATVs.

The US market is regulated at the top level by the Consumer Product Safety Commission (CPSC) and EPA for off road, with the National Highway Safety Transportation Authority (NHTSA) governing on road use. Each state also has specific regulations around the sale and purchase of motor vehicles through the Department of Motor Vehicles (DMV). Collectively these create reasonable barriers to entry for newcomers.

Competitive Landscape

There are six dominant companies in the US market across all the categories of motorcycles. These are all internal combustion engine (ICE) companies:

Polaris, John Deere, Honda, Yamaha, Can- nam, and Harley Davidson. We compete directly against: Polaris, John Deere, Yamaha, Can-am, and Honda. Some of these companies have electric vehicle programs commercially (Polaris) but these are still in their infancy.



Electric Vehicle Brands operate at lower volumes in the US market currently. However the electric category has picked up pace significantly in the last 12 months, with new entrants dominating the list:

- Zero Motorcycles – Established company VC Funded, that develops and sells high speed road going vehicles, with some off road capability.
- Nikola Powersports – Well funded EV company working across a few different categories most notably in the high speed UTV Space for recreation and military.
- Sur-Ron/Segway – Segway majority owns Sur-Ron a Chinese start up that has developed a light weight low cost trail bike. This year Segway released its own version of the Sur-Ron at EICMA.
- Cake – Developed a lightweight off road motorcycle (Kalk) which has been certified in the EU for on road use. High priced and well specified. It has also just released a more utility based concept called the Osa.
- Bosch – Are continuously developing new technology in the space so are included as a competitor.
- High powered E-Bikes are also considered a competitive threat given the market they inhabit off road.

Competitive Advantage

UBCO has been able to create a clear value proposition over and above other players in our current markets. From an operational and product perspective, UBCO has several clear points of difference:

1. The 2x2 is the only vehicle of its type in production in the NZ and AU markets, competing directly against mainstream brands such as Polaris, Canam, Honda, Yamaha and John Deer, which manufacture combustion engine vehicles (2 and 4 wheel). People buy UBCO products because of the design, quietness, safety, utility, simplicity, and the increasing shift towards more sustainable products. There are currently no electric vehicles which compete in UBCO's market space. The 2x2 is an innovative product which uses a completely different drivetrain to any other manufacturer.
2. The US compliance that UBCO has been able to attain is an asset as it is a complex system that provides a 1-2 year moat for market entry and compliance with the regulatory system at a federal and state-based level.
3. The product platform further differentiates UBCO over the medium and long term, creating a truly international brand and ecosystem. Our goal is to be the first true electric vehicle platform for off road.

Service & Support for Distribution & Dealers

Education is a vital part of creating a vibrant and effective distribution and dealer network. We have created the 'UBCO University' which covers sales and technical training for all levels of our network and also extends to end customers through instructive video clips. We have a high level of engagement with our network that we expect to grow over time through increases in our resource to acquire and serve our customers.

A cornerstone of our after sales support is UBCO's Dealer Training Program and the UBCO Distributor & Dealer Portal. Dealer training in the form of workshops and online content capped with accreditation ensures all dealers are equipped to both sell and service our products. The Distributor & Dealer Portal is an online platform that connects UBCO with its distributors and dealers worldwide. It gives channel partners access to technical documentation, training videos and content, and market-relevant information on spare parts and warranty application processes among other things.



Marketing

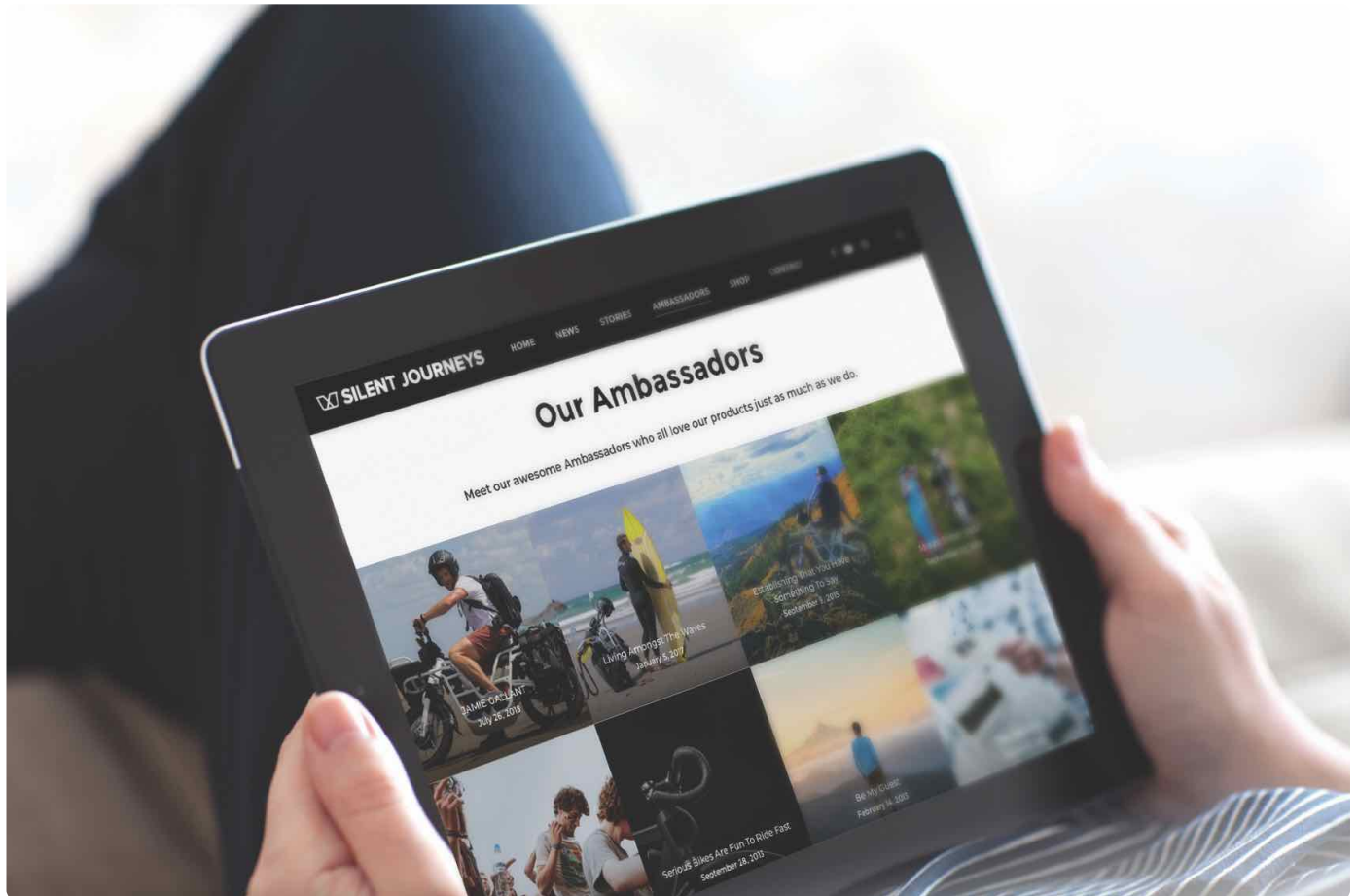
Our mission statement is "To enable people to do inspiring things. Inspirational journeys, exploring our planet, saving our parks, working smarter and safer. We want a better world and we want our products to help you make a difference in it." this forms the backbone of our marketing approach. We aim to touch and inspire our customers (end-users) at all four stages of the customer journey. We have broken down our marketing strategy into four parts:

1. Awareness & Profile: this is where a customer first learns about UBCO. This has been achieved through events, mainstream media coverage (organic PR), targeted PR, social media advertising and content marketing. UBCO has developed an 'Ambassador Program' that will bring in inspiring people that believe in our product and produce content through their occupations and will be a core part of our new global marketing site 'Silent Journeys'.

2. Experience & Education: getting to know us - this is aimed at getting a customer onto a 2x2 through local dealers and events. We augment this with a variety of educational content including fact sheets on specific parts of the vehicle and also application case studies and guides to make it easier to see how the vehicles are used in context.

3. Sales & Support: once someone has purchased a product we want to ensure they get effective after sales support and information. UBCO is implementing a unified global help desk which will enable timely support and tracking for all customers internationally.

4. Community & Knowledge Base: our goal is to create a community of 25,000 active users by 2025. This would be achieved through social media engagement and delivering an active 'knowledge base' for customers that is driven by our customer service system so we can actively engage with customers and enable customers to share stories, ideas and solutions about how the 2x2 is structured.



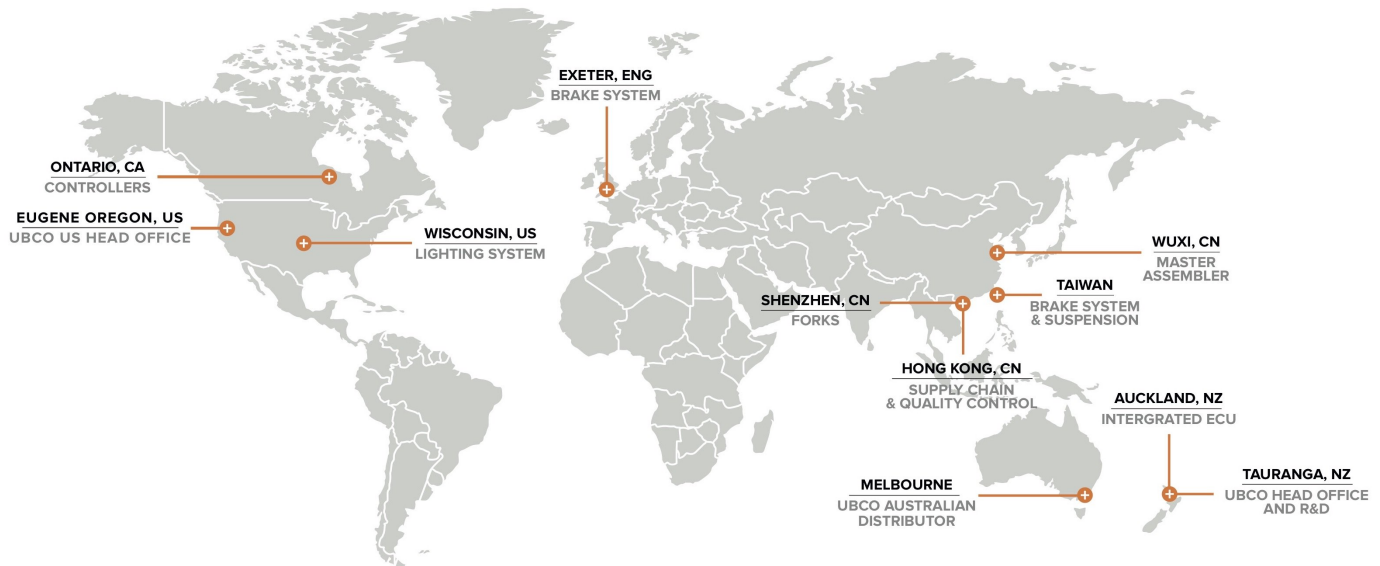
Operations

UBCO has developed a progressively more structured approach to development, manufacturing and compliance since the company's formation in 2015. With the introduction of the first road legal vehicle came the need to build further structure and capability within our team in both New Zealand and the US.

Manufacturing

UBCO has driven a contract manufacturing model with all components manufactured by specialised companies (i.e. batteries, drives, frames) due to the hugely different plant equipment, skills, and experience involved. The supply chain is global with key parts coming from the United States, New Zealand, United Kingdom, Taiwan and China.

The primary region for our production is in Taiwan and China. These locations were selected due to high density of suppliers with experience in bike, motorcycle, and electric vehicle manufacture from drive control through to frame and battery manufacture.



UBCO has a tiered supply chain that involves all controlled assemblies, sub-assemblies and parts. UBCO develops and specifies all components from specialised manufacturers (Tier 2 Supplier). These are then supplied into a Whole of Vehicle Specification and assigned for assembly at a Master Assembler (Tier 1 Supplier).

The Tier 1 Supplier holds the compliance and certifications to enable the production of both on and off road motorbikes globally.

Tier 1 Supplier (Master Assembler):

- QC, ordering/inventory, assembly, compliance.

Tier 2 Supplier (Part Supplier):

- Drives/wheels manufacture and assembly;
- Control system manufacture;
- Battery manufacture and assembly;
- Frame manufacture and finishing;
- Power cabling and plugs;
- Other

Tier 1 Master Assembler

UBCO's Master Assembler (Tier 1) is the largest electric motorcycle manufacturer in China (and potentially globally). The role of our Tier 1 assembler is to manage the Tier 2 supply chain, inbound quality control, assembly and final assembled product quality assurance.

The Master Assembler also plays a critical role in compliance and certification as they are required to hold external quality control certifications (ISO) and submit to certification reviews where necessary.

Our Master Assembler is accredited by the Chinese Vehicle Testing Centre to Issue VIN codes, and have the required accreditations to meet ECE (European) compliance requirements for production of on road vehicles (in the class UBCO requires).

They also have a significant testing facility that enables robust levels of performance analysis and testing covering: the lifecycle (accelerated), environmental (electronics), structural, electrical and control testing (physical).

Direct Supply Chain Structure

UBCO has direct relationships and contracts with its sub-tier supply chain, which provides the opportunity for more than one assembly plant and location. There may be downstream advantages to assembling the product in North America and Europe, whilst still getting the benefit of our supply chain.

As UBCO has developed many of the parts and assemblies, direct supply contracts provide clear agreement on warranties and obligations.

Quality Assurance

UBCO has established a QA Manual and Strategy that includes:

- Design and Development;
- Production and Manufacture;
- Product Delivery

UBCO has a documented QA process which is being progressively implemented by two senior staff with significant supply chain and quality management experience in China.

This includes:

- QC documentation and check-lists for major parts or assemblies
- Incoming parts QC
- Production manual and sub-assembly and assembly step QC – with QC checkpoints
- Recording of critical assembly serial numbers against VIN (Vehicle Identification Number) i.e drives, battery, ECU
- Final stage QC, manufacturer PDI (Pre- Delivery Inspection)
- Final shipment sign-off by UBCO representative

Compliance

UBCO has a broad compliance team which considers issue reporting and makes determinations in relation to safety and notifications to regulators (such as NHTSA). This cross functional team covers engineering, manufacturing, management and compliance.



Knowledge & IP

UBCO has an integrated IP program that incorporates both registered and un- registered IP across all subject matter:

1. **Trademarks** – for our global brands.
2. **Design Patents/Registrations** – appearance of products under PCT;
3. **Utility Patents** – function of products under PCT;
4. **Trade Secret** – where disclosure is not desirable.

Areas of Knowledge



Power Train & Systems

Drives, controllers, batteries.



Structure & Suspension

Front and rear, frame structure & configuration.



Certification & Compliance

Clear and definitive guidance on all elements of our system that are governed by international compliance for on road use.



Human Factors & User Interaction

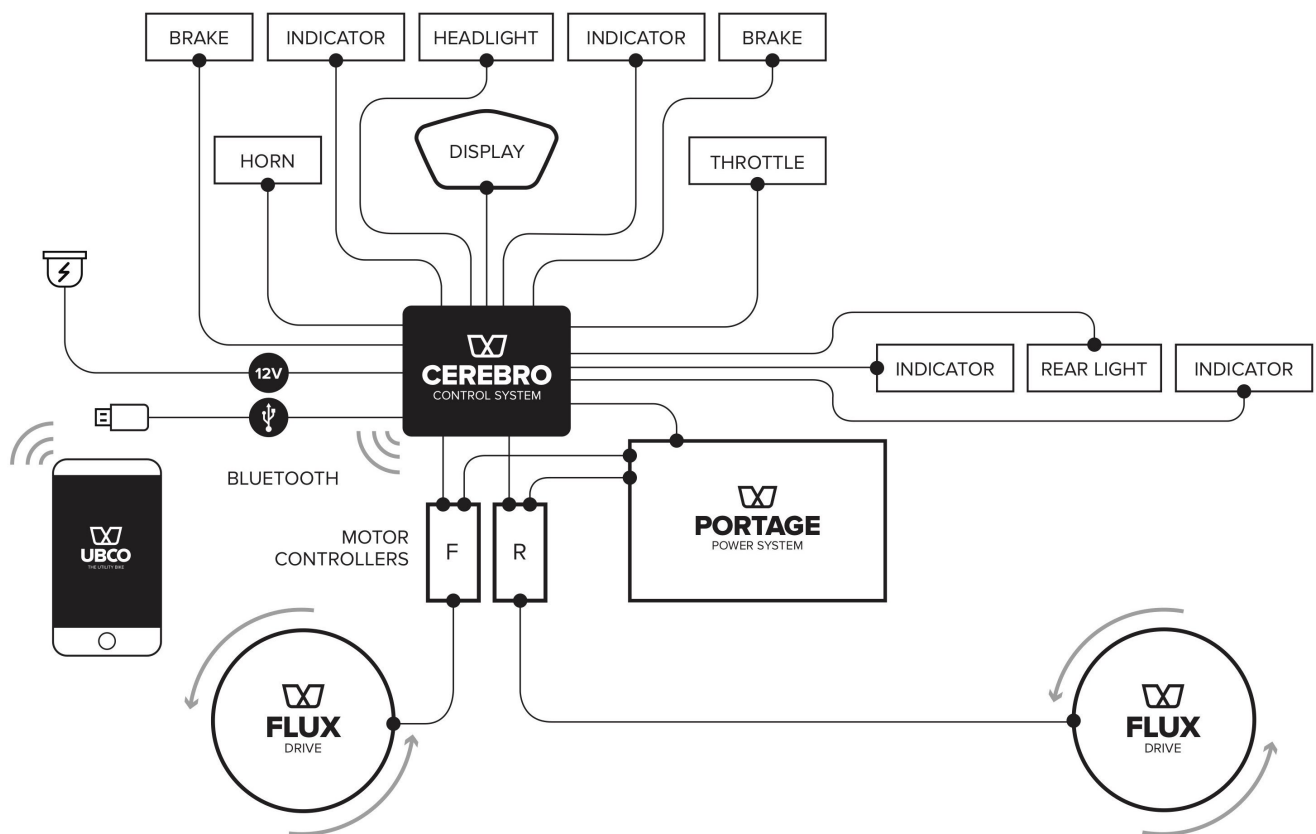
All aspects related to or impacting on the user experience.



Communication & Control

ECU, telematics, software etc.

System Architecture



Registered IP

These are collectively filed under international convention: Patent (PCT) and Trademark (Madrid Protocol) to provide the best priority date and maximum coverage internationally. This typically covers key markets, country of manufacture and corporate headquarters (New Zealand) to ensure freedom to operate.

Trade Secret

UBCO has developed and will continue to develop electronics (hardware and firmware), and software with parameters and algorithms to effectively control the system. Collectively these are subject to continuous improvement over time, and are encrypted through embedded systems resistant to third-party reverse engineering. We control access rights to both hardware (schematics) and firmware, for example the Electronic Control Unit (ECU), or brain is made in New Zealand under our direct control.

UBCO has developed subject matter knowledge and IP in the following key areas:

- **Power Train & Systems** – drives, controllers, batteries.
- **Structure & Suspension** – front and rear, frame structure & configuration.
- **Communication & Control** – ECU, telematics, software etc.
- **Human Factors & User Interaction** – all aspects related to or impacting on the user experience.
- **Certification & Compliance** – clear and definitive guidance on all elements of our system that are governed by international compliance for on road use.

Power Train System

The power train system incorporates drives, controllers, and batteries (anything that impacts on the power train).

Most manufacturers have pursued powertrains that require belt or chains to drive the rear wheel (in the case of 2-wheel vehicles) and transmissions, axles and drive shafts (in the case of 4-wheel vehicles). UBCO has developed an electric hub drive system specifically for the off road, utility market.

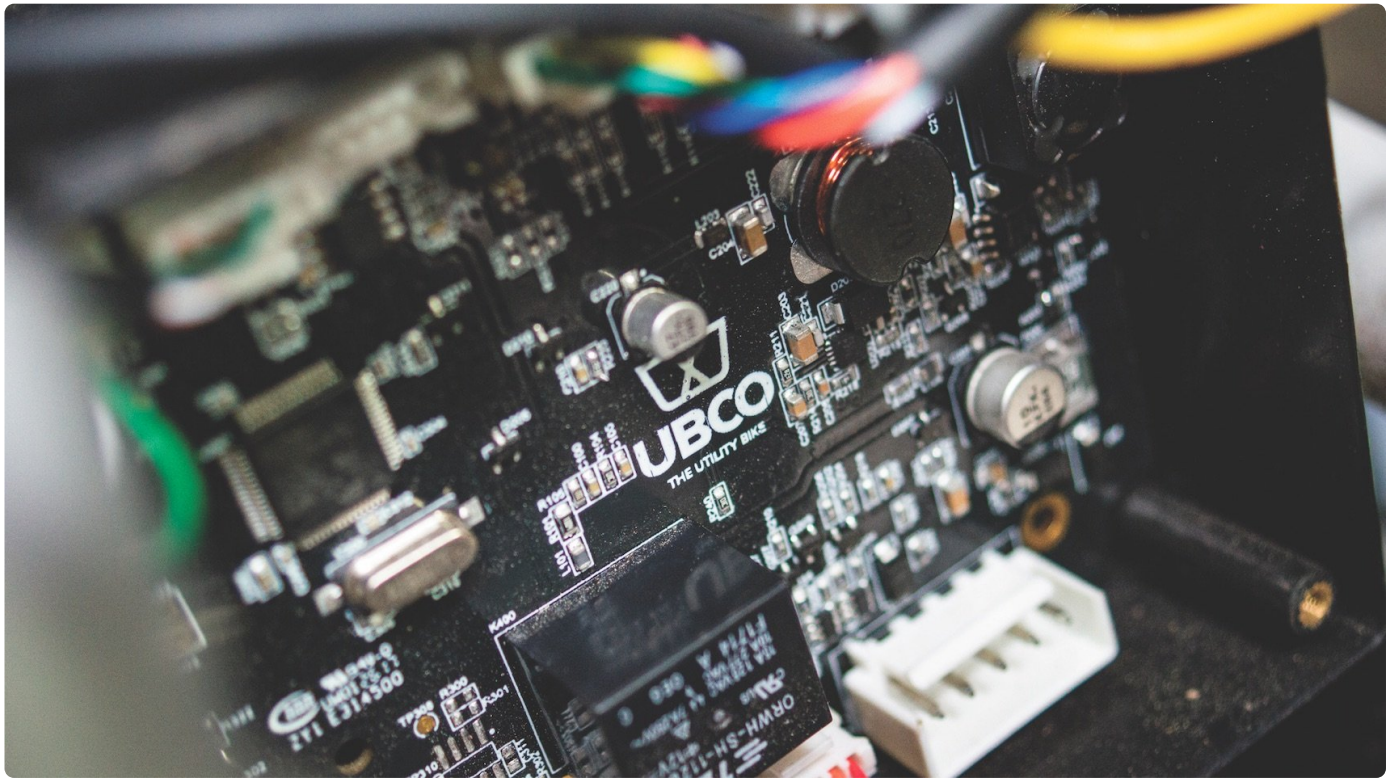
This system architecture is scalable from 2 to 4 and even 6 wheels. It provides a simple robust system with a range of advantages including a low center of gravity, individual control over a single wheel (allowing the wheels to communicate to each other), delivering benefits like traction control and more effective braking.

The Cerebro ECU provides a central communication hub whereby the vehicle can collect and respond to system information over time, developing a more sophisticated operation.

UBCO has retained some IP from registration and will be moving into a wider range of filings in the next year establishing a range of positions in the key areas of knowledge. These filings have been deliberately held back to ensure they are aligned with product development timelines.

Compliance

Often viewed as banal, the compliance side of UBCO also provides strong competitive defense. UBCO US has worked systematically through the US states to ensure federal and state based compliance provides a strong and natural hedge against companies wanting to emulate UBCO's products and services.



Market Potential

Total Addressable Market (TAM)

The Total Addressable Market (TAM) in units for each product class, was first established in each target market, through market research covering:

- Registered and un-registered 2-3 wheel motorised vehicles (Off-Road, Dual-Purpose, and On-Road);
- Unregistered 4-wheel ATVs/UTVs; and
- Portable Power equipment including generators.

The TAM includes all unit sales per annum of relevance to each product group (e.g. all global motorcycles sold (2x2), or all UTV/ ATVs sold (4x4)). From this the Serviceable Addressable Market (SAM) was determined by product for each region, based on existing and future:

- Product releases scheduled; and
- Markets entered.

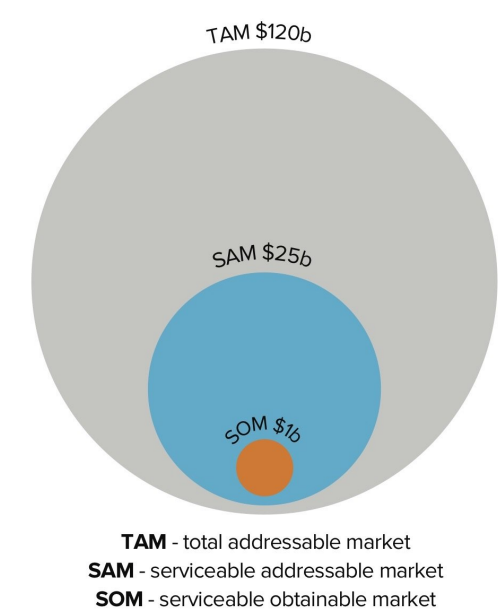
The SAM is a small portion of the TAM, only including those unit sales per annum that an UBCO product group is capable of directly competing against.

As a result, an estimate of the Serviceable Obtainable Market (SOM) was made based on core product specifications and attributes, current growth and adoption rates, potential market opportunities and barriers, and chosen focus markets and products for market penetration.

The SOM is the actual unit sale volume per annum UBCO is capable of achieving at market demand saturation. This has been used to drive the actual number of units sold during the forecast period.

Market Potential

A summary of the Serviceable Obtainable Market per annum (SOM) is included below alongside an estimate of the consumer value of these markets at our forecast MSRP (this excludes software, spares parts and accessories).



SOM PER ANNUM (UNITS)

Market	2x2	UEV		Portable Power
			4x4	
NZ	1,654		1,298	200
AUS	3,738		2,283	1,000
USA	11,976		31,419	2,500
EU	23,281		7,500	5,000
UK	2,033		1,500	500
ROW	6,907		1,579	290
Global	49,589		45,579	9,490

SOM PER ANNUM (\$USD MILLION AT MSRP)

Market	2x2	UEV		Portable Power	Total
			4x4		
NZ	\$9.1		\$18.2	\$0.6	\$27.9
AUS	\$20.6		\$32.0	\$3.0	\$55.5
USA	\$83.8		\$471.3	\$8.7	\$563.8
EU	\$162.9		\$112.5	\$17.5	\$292.9
UK	\$14.2		\$22.5	\$1.7	\$38.5
ROW	\$48.3		\$23.7	\$1.0	\$73.0
Global	\$339.0		\$680.1	\$32.6	\$1,051.6



Cost to Acquire & Serve

The total number of Sales and Customer Services employees dedicated to specific markets, located in-market, have been forecast as a measure of sales unit volume over time (split between Sales Management, Sales Representatives, Customer Services Management and Customer Services Representatives).

A minimum requirement for market entry is no less than 1 FTE in the roles of Sales Management, Customer Service Management and Customer Services Representative on the ground from 2021.

Where a distributor is appointed in- market, Sales Representatives are not included in the FTE allocation.

The in-market marketing budget is driven by a percentage of sales revenue and is invested ahead of the product market entry and sales curve.

Growth Dynamics & Sales Forecast

UBCO has defined the key drivers of growth in the business as: the number of unit sales per dealer per month; and the reorder rate per retail dealer. The forecast model increases the rate of reorder relative to the maturity of the market and is based on evidence to date with in-market experience.

It is anticipated that model dealers may operate well above the averages over time, and that through dealer training, marketing and point of sale that we can drive strong improvements in reorder rates over time that may exceed those stated for forecast purposes.

NUMBER OF STOCKING RETAIL CHANNELS AT YEAR END

	F17-18	F18-19	F19-20	F20-21	F21-22	F22-23
NZ	28	33	40	50	50	50
AUS	16	26	38	0	75	86
USA	27	40	50	45	174	217
EU				121	59	140
UK				41	26	16
ROW					17	21
TOTAL	71	99	128	257	401	530

RE-ORDER RATE PER RETAIL CHANNEL PER MONTH

	F17-18	F18-19	F19-20	F20-21	F21-22	F22-23
NZ	0.4	0.4	0.5	0.7	2.2	2.1
AUS	0.3	0.3	0.3	1.0	1.3	1.5
USA	0.4	0.5	0.5	1.0	1.3	1.5
EU				0.5	0.8	1.0
UK				0.5	0.7	1.0
ROW					0.5	0.8
TOTAL	0.4	0.4	0.4	0.8	1.3	1.4

There are a range of factors which are likely drive our adoption rates:

Internal Factors Influencing Growth

- Decrease in purchase price.
- Increase in total sales resource and expenditure.
- Increase in marketing resource and expenditure.
- Improvements in product efficacy and product market fit.
- Increase in energy density and range for our Power Systems.

External Factors Influencing Growth

- Increase in Fuel Costs.
- Decrease in cost per kWh in Power Systems.
- Growth in customer awareness and acceptance of Electric Vehicles.

Reaching the SOM will only occur when products are in the mature stage of their lifecycle. This is not likely to occur within the forecast period to March 2023. Volume growth throughout the forecast period however is generated from the SOM (in conjunction with product adoption curves specifically tailored to both product categories, and markets) to yield the unit sales growth over time.

Portable Power is a new product category which makes forecasting challenging. There will be some organic replacement of generators which are an established market but there are many applications where a generator would not be used due to noise and emissions. As such portable power sales are currently linked solely to vehicle sales. UBCO would expect to develop a clearer view of the forecast sales after market entry.

The forecast assumes the sale of Accessories occurs at the point of UEV sale with no repurchases. This is based off the average accessory purchase per new vehicle sold in the US in the product category. The 2x2 rates are lower than 4x4 rates based off these statistics.

The sale of Spare Parts are forecast to occur 9 months after the date of UEV sale for simplicity, because of several servicing intervals over the first 18 months. Spare Parts sales beyond the first 18 months of ownership have conservatively not been included in the forecast given inherent uncertainty of value over this period of UEV ownership.

Forecast

Whilst unit sales are forecast based on discrete product groups, the 2x2 and 4x4 product categories naturally overlap in the off-road vehicle space - as such there will be higher market potential for the 2x2 up to the point a 4x4 is established in each market as the 2x2 is already replacing ATV/ UTV units in-market.

REVENUE BY PRODUCT GROUP (NZD'000)

	F17-18	F18-19	F19-20	F20-21	F21-22	F22-23
2x2	\$1,332	\$2,773	\$3,224	\$8,713	\$34,710	\$53,806
4x4	\$0	\$0	\$0	\$0	\$2,734	\$20,741
FRX				\$2,344	\$15,414	\$35,848
KXH	\$0	\$0	\$189	\$520	\$1,896	\$5,276
Accessories	\$21	\$72	\$138	\$253	\$1,105	\$1,954
Spare Parts	\$84	\$173	\$139	\$286	\$1,216	\$2,095
Software	\$0	\$0	\$0	\$29	\$127	\$570
Total Revenue	\$1,437	\$3,018	\$3,691	\$12,146	\$57,202	\$120,289

CORE PRODUCT UNIT SALES

	F17-18	F18-19	F19-20	F20-21	F21-22	F22-23
2X2	265	475	567	1320	5054	7654
4X4	0	0	0	0	121	919
FRX	0	0	0	264	1685	3827
KXH	0	0	0	195	721	2009

Forecast Performance, Position & Cashflow

UBCO's forecasts are predicated on future capital funding to drive revenue and ultimately the value of the business. Our approach provides for adequate resourcing and across the board operational expenditure to drive the growth represented in these projections.

The below financial summaries are based on group financials inclusive of the Ubco US acquisition from the F20-21 year.

PERFORMANCE (NZD'000)

	F17-18	F18-19	F19-20	F20-21	F21-22	F22-23
				incl USA	incl USA	incl USA
Revenue	1,447	3,029	3,691	12,146	57,202	120,289
Cost of Goods Sold	(1,044)	(2,392)	(3,197)	(6,992)	(29,404)	(59,023)
Gross Profit Margin	403	637	494	5,154	27,798	61,266
	28%	21%	13%	42%	49%	51%
Direct Expenses	(47)	(17)	(71)	(687)	(1,726)	(3,491)
Contribution Margin	356	620	423	4,467	26,072	57,775
Other Income	37	1	-	300	300	-
Research and Development	(373)	(256)	(750)	(1,822)	(4,576)	(7,217)
Global Marketing	(139)	(97)	(429)	(934)	(4,398)	(9,248)
Salaries and Overheads	(1,371)	(1,339)	(2,021)	(7,383)	(12,974)	(19,918)
EBITDA	(1,489)	(1,071)	(2,777)	(5,372)	4,424	21,392
Depreciation and Amortisation	(54)	(67)	(88)	(561)	(782)	(847)
Net Finance Costs	(8)	(52)	(80)	(338)	(757)	(1,196)
Other Costs	(104)	(131)	(139)	-	-	-
Net Surplus/Deficit before Tax	(1,655)	(1,321)	(3,085)	(6,271)	2,885	19,349
Taxation (Expense / Income)	107	95	177	273	686	(4,335)
Net Surplus / (Deficit) for the Year	(1,549)	(1,226)	(2,908)	(5,998)	3,571	15,014

POSITION (NZD'000)

	F17-18	F18-19	F19-20	F20-21	F21-22	F22-23
				incl USA	incl USA	incl USA
Bank	200	-	910	6,630	5,985	24,001
Accounts Receivable	67	94	1,721	3,208	11,836	20,882
Inventory	493	317	874	1,317	3,155	7,271
Other Current Assets	617	223	752	917	1,603	876
Current Assets	1,377	634	4,256	12,072	22,580	53,031
Property, Plant and Equipment	218	159	454	894	725	591
Intangible Assets	396	396	397	6,509	6,533	6,581
Non-Current Assets	614	555	851	7,403	7,257	7,171
Bank and Finance Liabilities	(154)	(166)	(753)	(3,009)	(6,112)	(9,120)
Accounts Payable	(210)	(360)	(462)	(1,016)	(999)	(6,666)
Warranty Provision	(102)	(139)	(193)	(649)	(3,325)	(8,732)
Other Current Liabilities	(495)	(1,147)	(29)	(29)	(1,058)	(2,326)
Current Liabilities	(961)	(1,813)	(1,436)	(4,703)	(11,493)	(26,844)
Non-Current Liabilities	(491)	(64)	(514)	(145)	(145)	(145)
Net Assets	539	(687)	3,156	14,628	18,199	33,213

CASHFLOW (NZD'000)

	F17-18	F18-19	F19-20	F20-21	F21-22	F22-23
				incl USA	incl USA	incl USA
Operating	(1,058)	(865)	(4,970)	(6,305)	(3,095)	15,786
Investing	(165)	(9)	(401)	(961)	(653)	(778)
Financing	1,108	594	6,381	13,663	3,103	3,009
Net Movement	(115)	(280)	1,010	6,397	(645)	18,017
Opening	315	200	(100)	233	6,630	5,985
Closing Cash	200	(80)	910	6,630	5,985	24,001

Cost to Manufacture - Key Assumptions

Utility Bike (2x2):

Cost of the 2x2 peaked in 2019 and is set to reduce by 20% in the 2020 calendar year for Generation 4 and decreasing by 30% once Generation 5 products are implemented in 2020.

Utility Vehicle (4x4):

The initial cost of a 4x4 in production is based on a multiple of the existing vehicle production cost.

Following release, the cost per unit will drop over time due to targeted engineering and design programs enabling increased volume throughput.

Portable Power Supply (KXH):

The initial cost of the Portable Power product in production is known at the start of the forecast period as a result of the work that we've already done, including the known average freight cost to a distributor in market.

The increases in average unit costs over time are linked to increases in total capacity and feature set. In 2017 average cost per kilowatt hour in automotive applications was \$209. This is forecast to drop below \$100 by 2025. This will be partly achieved by economies of scale and increases in energy density. Existing technology is believed to be able to extend energy density another 30% contributing to cost reduction.

UBCO is also involved with research into alternative materials and technologies for battery supply which may provide accelerated opportunities to either reduce cost or increase capacity and energy density.

Spare Parts and Accessories:

Both spare parts and accessories are based on existing costs in production, moving upwards over time as:

- UEVs costs per unit are expected to rise with the 4x4 introduction at a higher price point, driving up the cost of associated spare parts;
- The average accessory item cost is expected to grow as newer, larger items are added to the accessory portfolio.

Direct Expenses

Direct Expenses include distribution/freight costs, US Tariffs, and US Sales Commission.

US Tariffs of 15% are included from the F20-21 year post the acquisition of Ubco US. The model assumes that from F21-22 the 15% US tariff is fully removed or mitigated.

Operation & Overhead Expenditure

Resource across the board scales up with business growth and complexity including:

- Sales & Services teams in each country of operation;
- the further development of UBCO's in-house R&D team capable of delivering the pipeline of products;
- a Global Marketing Team driven to grow sales and market share in innovative ways;
- the growth of the Quality Assurance and Compliance team to ensure the customer experience starts positively from the moment product comes out of the box.

Human Resource

NUMBER OF EMPLOYEES

	F17-18	F18-19	F19-20	F20-21	F21-22	F22-23
Sales and Service	2.9	2.4	5.0	17.0	25.3	34.0
R&D	0.5	2.0	7.5	10.0	18.0	25.0
Supply, Production and Ops	1.0	1.0	4.4	6.4	7.9	9.6
Marketing	1.6	2.0	1.9	5.0	6.8	10.0
Finance, Admin and IT	1.0	1.0	1.0	3.5	6.8	9.5
Other Exec/Management	5.0	4.0	4.0	6.0	6.0	10.0
Global	12.0	12.4	23.8	47.9	70.6	98.1

Resourcing for Research and Development is driven by the total number of hours required to deliver on core projects (employees plus contractors).

Existing Product Research and Development projects have been forecast to completion, covering multiple generations of the 2x2, Portable Power and Accessories, the initial generation of the 4x4, and continuous improvement in the software and IoT environment.

Budget by Project

Each project has a detailed 24-month budget to support planned development and testing through to first production in accordance with product release timelines stipulated in the sales forecast. The budget by project covers:

- All critical waypoints and outcomes;
- Total number of project hours and FTEs (full time equivalent) required;
- Market rates for appropriate resources to fulfil the FTE requirements;
- Discrete project overhead cost allocations including prototyping, testing, scientific research and other overheads.
- Capital Expenditure (tooling) required to deliver the project into production where appropriate.

For the 3 years from 2021-2023, the R&D budget has been set as a measure of future revenue growth and overhead expenditure, to ensure the business continues to invest in innovative technology ahead of the curve. The total R&D expenditure as a percentage of overheads and revenue has been benchmarked against global industry data. The expenditure intentionally sits above the percentages of large, existing combustion engine focused competitors, given our relative stage of sales and product portfolio growth.

Global Marketing

The Global Marketing Team will invest ahead of revenue growth to deliver on new market opportunities whilst also taking existing market share off competitors.

A centralised global marketing budget has also been established to enable the Global Marketing Team to deliver on the global marketing strategy.

Support costs are primarily targeted at delivering high quality content, funding global promotional offers, creating necessary print and collateral, and innovating in ways to get strong media and social media coverage from a central location.

The combined global marketing and in-market marketing spend has been benchmarked against other relevant businesses, and compared against revenue and total overheads.

Travel

Increased international travel costs are inevitable with the growth of UBCO to a truly global business. The number of international trips per year to each region has been estimated alongside the cost per trip, driven by growth in FTEs and activity.

Sales-related travel costs all other national travel costs are forecast based on the total growth in total FTEs.

Insurance and Legal Expenditure

Given exposure to multiple products in multiple markets, and large increases in product volume, the total cost of insurance and legal fees globally is expected to rise with the growth in revenue.

A substantial proportion of forecast insurance cost relates to cover for Public, Product related liability insurance – with the United States forming a significant part of the cost of cover.

Legal expenditure will grow slower in later years because of a planned in- house legal counsel being appointed to the Senior Management Team.

Warranty Provision

Warranty costs annually have been below 5% of revenue since the inception of UBCO.

However, due to multiple new product releases anticipated, a rolling contribution of 5% percentage of revenue has been added to the warranty provision monthly for the forecast period.

Given current and future intended warranty periods, each contribution is utilised after 2 years in full.

Other Income

Assumes government Grants which will be invoiced quarterly in arrears on a 40% co-funding basis.

Key Balance Sheet Items

Inventory Logistics & Demand Planning

All existing products can be shipped together or separately within LCL (less than container load) or FCL (full container load) containers. There are some advantages to shipping power supplies, which are DG (dangerous goods) rated separately. It enables lower volume shipments directly to market of vehicles. UBCO is likely to move to a mix of partial assembly shipping and fully assembled shipping depending on the jurisdiction. This mitigates some in market Tariffs (US) and enables UBCO to be classified as 'Final Assembler'.

UBCO has developed its supply chain to a 'Just in Time' (JIT) method where inventory or long lead time parts are held in the supply chain enabling smaller more frequent deliveries. UBCO is driving deposit requirements down to reduce the use of money over time it aims for this to be eliminated by 2021.

Order volume can be adjusted 60 days before each ex-works date to match market demand up to the next production run, provided sufficient working capital is available to do so responsibly.

Total lead time from order of 2 wheel vehicles is 60 days with Portable Power Supplies are 20 days.

Capital Expenditure

Tooling is directly related to committed and uncommitted R&D projects. Primary costs in the forecast period are related to productionising the next generation 2x2 for larger volume throughput and reduced cost, productionising a 4x4, and the manufacture of the most expensive or critical parts of UEVs and Portable Power Supplies to internal design specifications. Further, growing tooling allowances have been provided for towards the end of the forecast period to enable renewal and continued growth in available tooling to match product development.

- Computer hardware, office improvements and vehicles costs increase in direct proportion with the compound growth in headcount, with allocations given per FTE per annum;
- Web Development is forecast based on existing costs extrapolated at the revenue growth rate;
- Sales and marketing equipment, plus demonstration vehicles, are both driven upwards at the rate of Revenue Growth.
- Intangible asset expenditure will predominantly relate to intellectual property and software development, and is expected to grow over time in line with total R&D expenditure and FTE levels.



Cashflow

Cashflow cycles and working capital for inventory are key factors in business growth. Cash-to-cash cycles differ between markets, and between distribution and dealership models.

The forecast assumes an average cycle across all markets covering assumed days for:

- Supply Chain;
- Production;
- Freight and Logistics;
- Sell-in; and
- Payment terms.

The target cash-to-cash cycle in a time of continued demand is 60 days for a distribution relationship (from first cash-out to final cash-in) and 90 days in a dealer relationship.

Scaling the business will increase the working capital requirements. UBCO is working with Debt Providers on working capital facilities in China, New Zealand and in the US.

Other Payables

All employee related costs, travel and vehicle expenditure, operating leases, certification costs and bank charges are presumed to be paid in the same month they are incurred.

All other payables are presumed paid on 30 day terms.

Financing working capital

KEY FINANCING MECHANISMS - MAX CREDIT LIMITS (NZD'000)

	F17-18	F18-19	F19-20	F20-21	F21-22	F22-23
Stock Finance	-	-	588	2,543	5,646	8,421
Other Finance - Insurance / Finance Leasing	220	166	165	466	466	699
Total Credit	220	166	753	3,009	6,112	9,120

Funding the cash-to-cash cycle for inventory is important in driving and maintaining sustainable sales growth.

Stock Finance:

- Stock finance has been modelled on 65% of the purchase value on 180-day terms, increasing over time as production grows.

Sales Finance:

- The company is actively working with dealers to provide Flooring and Consumer Finance partnerships in each market. These do not sit on our Balance Sheet.

Other Finance:

- The growing cost of insurance will be financed at competitive rates over the life of insurance premiums. A mechanism already in place today – being paid down each month.

Exit Strategy

UBCO is an early entrant into the electric vehicle space and has developed a platform which is designed to be appealing to both strategic investors (existing ICE and Technology Companies), and investment funds downstream.

The utility electric vehicle (UEV) platform of products and services has relevance for existing ICE manufacturers such as BRP, Polaris, Textron, Honda, Yamaha, and other power tool based platforms such as Stihl, and Husqvarna which have diversified.

Recreational vehicle manufacturers are also relevant with UBCO already building a solid customer base in this market segment in the US Market. UBCO's goal is providing additive and complementary products and services which would add value to a strategic.

There are two key pathways which are being developed concurrently:

1. UBCO's 2X2 platform will reach maturity within the next 12-24 months and that offers the ideal value window for a strategic acquisition.
2. An independent capital pathway beyond 2020 provides the potential for a listing to further increase the value of the company through product development and market expansion, with a view to greater investor returns.

Through consistent effort applied to both of these approaches UBCO believes that investor returns can be provided within a 3-5 year timeframe. The focus is on managing the potential risk of developing the company to its potential and maximising shareholder return.

Offer details

Company valuation Valuation of the company before funds are invested	\$21,787,212 NZD
Maximum target The maximum amount the company is looking to raise	\$2,000,000 NZD
Maximum equity offered Percentage of the company offered at the maximum target	8.41 %
Share price The cost of each share	\$11.77 NZD
Minimum investment The minimum investment amount for this offer	\$1,000.45 NZD
Type of share offered See the Subscription Agreement for details	Investor Shares
Offer period UBCO Limited may have rights to shorten or extend this period	
Offer end date UBCO Limited may have rights to shorten or extend this end date	2020-02-28 21:00:00

The Ask

The Ubco Board of Directors is pleased to advise the company has elected to extend its recent Series A capital round with continued demand from investors.

A maximum of \$2 million (within any 12 month period) can be raised from investors in reliance on Snowball Effect's licence to provide equity crowdfunding services, with the balance available to only wholesale investors through Snowball Effect's wholesale service.

The Details

Maximum of \$2m NZD at the Series A share price of \$11.77.

UBCO's board has elected to extend the current round to provide adequate capitalisation to drive growth in product, inventory and market development and to take care of some existing transactional elements that were not able to be captured in the Series A transaction.

The board has elected to retain the price at the existing round pricing due to the LP Co-Invest right afforded to GD1 Fund II as a part of this transaction. Investors should not rely on any participation in the extended round by GD1 Fund II or its limited partners and should make their own investment decisions.

Market Development

The finalised acquisition of the US business has now been fully rolled into our budget and financials. This has provided a clear view of the financial requirements to adequately grow the US market.

Product Development

UBCO has also been working with Lithuanian company Neematic on the launch of the FRX1, which is a new product to the line-up and this is now entering the production process with a goal of market delivery by mid 2020.

UBCO has also been in development of the 4x4 which is viewed as a critical part of our product roadmap. This is on target to be assembled and enter testing in the first quarter of 2020.

Use of Capital

UBCO's forecasts factor in additional downstream capital to drive our growth potential, ahead of growth in revenue. As a result, the business is expected to have negative EBITDA until the end of the forecast period.

The use of capital is based on prospective forecasts and is provided as an overview only. There are a wide range of factors that may influence the use of capital over time.

Type of Shares on Offer

The shares to be issued to Snowball Effect investors in Ubco are fully paid preferred shares ("Preferred Shares"). The legal title to the Snowball Effect investors' Investor Shares will be held by the Nominee. For a more detailed view of the rights of the shares on issue please review the Shareholding and Subscription Agreement (SHA) and Constitution.

In summary, and subject to the rights of any other class of share, a Preferred Share in the Company confers on the holder:

- The right to one vote on a poll at a shareholders meeting of the Company on any resolution;
- The right to an equal share in dividends authorised by the Board;
- The right to an equal share in the distribution of the surplus assets of the Company (subject to clause 4 of the Constitution);
- A non-participating liquidation preference (subject to clause 4 of the Constitution) which gives such holders of preferred shares a preferential right to proceeds in certain specified circumstances if the Company is liquidated or capital is otherwise returned to shareholders as a result of a "Liquidation Event".
- Pre-emptive rights as Qualifying Investors, subject to the conditions outlined in the Shareholders Agreement and Constitution (except where a special resolution resolves otherwise or the shares are issued under the proposed executive share scheme, and as generally covered in Section 12 of the Shareholders Agreement, and Section 10 of the Constitution).

Please note, the Snowball Effect investors will remain 'Qualifying Investors' so long as Snowball Nominees retains more than 5% of the Shares in the Company and is approved as a Qualifying Shareholder by the Board.

We recommend that prior to subscribing for shares, each Snowball investor carefully reads the Shareholders’ Agreement and Constitution to ensure that the investor understands the terms on which the Preferred Shares are being issued and understands the other rights, obligations and restrictions that apply.

Nominee Shareholding Structure

The shares that will be issued by Ubco Bikes will be issued to Snowball Nominees Limited (“Nominee”). The Nominee will hold the legal title to the shares, which will be held on trust for the beneficial owner of the shares (i.e. the Snowball investor). The full terms on which the Nominee will hold the shares are set out in the Nominee Deed Poll (refer to the offer documents).

The Nominee must:

- Act in accordance with the beneficial owner’s instructions (e.g. in exercising the voting rights attached to the shares);
- Account to the beneficial owner for the amounts it receives from the shares (e.g. payment of dividends); and
- Deliver the notices, documents, reports and other communications that it receives to the beneficial owner.

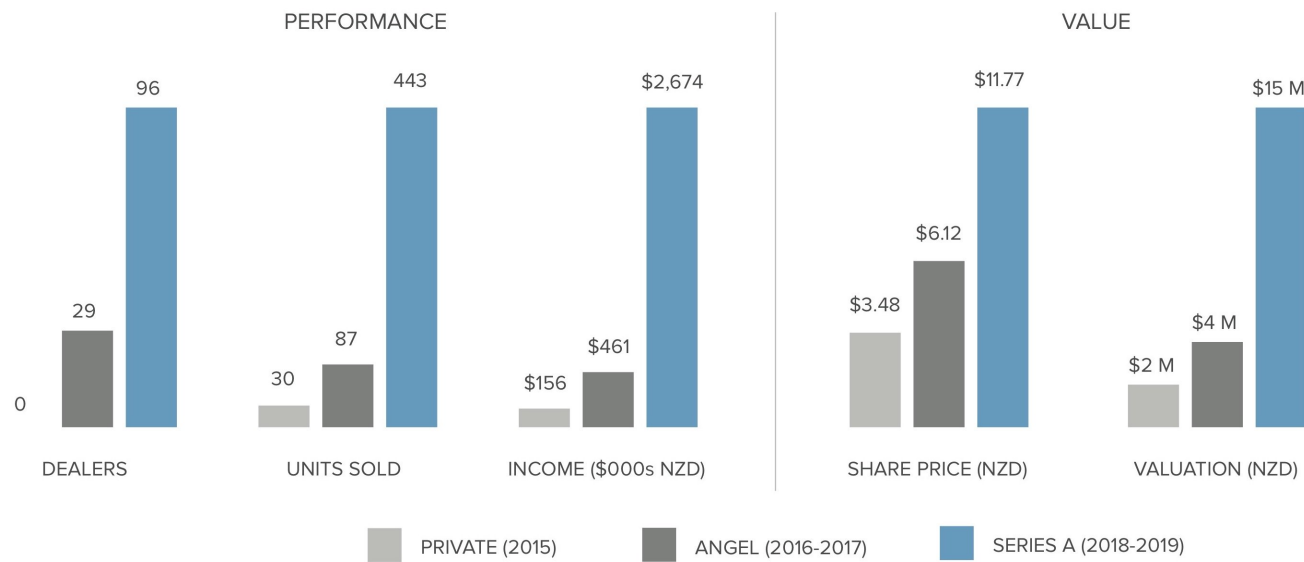
The beneficial owner must pay for the shares and is liable for any other obligations that arise in relation to the shares. Under the Nominee Deed Poll, the beneficial owner indemnifies the Nominee against any costs or claims that the Nominee incurs as a result of holding the shares (unless the Nominee has been fraudulent or grossly negligent).

There are other shareholders held in nominee entities from both the previous capital raising rounds.

Capital Overview and Future Fundraising

UBCO has successfully raised \$5.7m comprised of \$2.45m from Snowball Effect, GD1 Fund 2, and wholesales investors. UBCO’s current growth plans assume future capital rounds to drive growth in the business over time.

VALUATION & PERFORMANCE OVER TIME



UBCO's initial target raise in the NZ wholesale/retail market is \$2.5m. An additional \$2.5m is targeted over time from Funds or Family offices, with a view to providing structured assistance as we lead into a further funding round in late 2019/early 2020.

UBCO's use of capital and resource profile will be affected by the total capital raised, and the timing of capital raised. However, we expect to broadly maintain our trajectory on some key milestones, given the advanced nature of various initiatives that are already in progress, combined with our market traction.

UBCO has established a plan in our investment documentation which utilises \$5m NZD of Capital over a period of 12 months. The target would be raised progressively over a 12-month period and is likely to be from NZ and US investors and may include conventional equity, convertible notes, or SAFE notes (in the US). The financials have also contemplated a scenario where only \$1.5m is raised, with forecasts adjusted appropriately.

US Business Structure

UBCO has had shareholder approval with agreed terms to acquire the US Distribution Business, UBCO US LLC. This will be a non cash share transaction with the US business becoming a subsidiary of the New Zealand Parent Company.

Risks

Risks in and around any investment in UBCO include but are not limited to:

1. Currency

Foreign exchange exposures create currency risk for UBCO, which is growing in magnitude over time. Substantial fluctuations in currency rates can affect profitability over time as well as the value of UBCO's assets and liabilities.

UBCO as a company reports in NZD but currently also transacts in USD, RMB and AUD. The primary foreign exchange risk is in the RMB to USD relationship. This can materially affect the purchasing price structure in manufacturing.

2. US Tariffs

The US market has currently experienced the application of tariffs on a variety of Chinese manufactured product. Currently the 2x2 is on the HTS schedule and attracts a 25% tariff payable on import with parts incurring 15%. UBCO has a multi part strategy to deal with the tariffs which include:

1. An ongoing cost reduction program;
2. Mandated shipment of batteries outside of the 2x2, which attract a much lower tariff;
3. 3. Becoming the Final Assembler in the US market which reduces the Tariff from 25% to 15% ;
4. Changing country of assembly & manufacture to remove the tariff entirely.

The above is an overview of the US tariff regime as understood by UBCO to operate as at mid-December 2019, and that regime is subject to ongoing and continual change.

3. Regulatory

UBCO manufactures and exports a type rated vehicle that can be ridden on the road as well as off-road. As such it requires UBCO to comply with a range of country specific requirements in each market it operates. There is additional risk in an on- road environment due to the reporting and compliance requirements set out in each country.

Competitive Risks

The market UBCO operates in is dominated by large established manufacturers. These companies have been slow to enter the market with electric products. However, this is likely to change over the next 5-10 years. UBCO has to date focussed on being agile, and developing a recognisable brand that resonates with consumers. Product diversification is a key part of our strategy that creates additional value in the business making UBCO more attractive when raising further capital, and when making an exit downstream.

Disclosures

Remuneration of senior management and directors

Currently UBCO has one independent director who is remunerated. Other directors operate in an executive capacity and are not remunerated over and above this.

Directors:

- Katherine Sandford – Non-Executive - Currently deferred, will be \$20,000
- Timothy Allan – Executive - Unpaid
- Daryl Neal – Executive - Unpaid
- Chintaka Ranatunga (GD1) – Non-Executive - Unpaid

Related Party Disclosures

Timothy Allan is a Director of Locus Research which is an investor and supplier of product development, design and commercial services to UBCO.

Employee Options

UBCO has an established ESOP Scheme with the shares held in trust. The ESOP is outlined in the SHA for reference and is managed by the Board of Directors.

Director and Shareholder Loans

The following Loan Agreements are in place:

1. Director Loan from Katherine Sandford, dated 19 November 2018, for USD\$200,000, half of this loan was converted at \$11.77 a share leaving \$100,000 USD. Loan is unsecured and is repayable upon the earlier of the Company raising NZD\$2,500,000 through the issue of new shares, and 31 August 2020. Interest is payable at 9% per annum. Should the Company raise a Minimum of NZD\$1,500,000 in its current capital raise by 31 January 2019, Katherine may elect to convert the Loan to equity at a conversion rate of \$11.77 per share.
2. Shareholder Loan from Vanessa Ho, dated 9 November 2018 for USD\$50,000. The Loan is unsecured and is repayable upon the earlier of the Company raising NZD\$5,000,000 through the issue of new shares, and 31 August 2020. Interest is payable at 9% per annum.

Shareholding Structure

The cap table below shows the fully diluted position of the business prior to any new capital being raised through Snowball Effect. The agreement to Acquire UBCO US in a non-cash share transaction is not represented in the table below. UBCO US would receive 429,977 Shares which equates after dilution to an 18% shareholding in UBCO.

Shareholder	Current Shares	%	Future US Merger	%	Future ESOP	%
GD1 Fund II (GP) Ltd *	284,559	15.4%	284,559	12.6%	284,559	11.9%
Snowball Nominees	259,109	14.0%	259,109	11.5%	259,109	10.8%
Andrews Family Trust	257,950	13.9%	257,950	11.4%	257,950	10.8%
Daryl Neal	198,132	10.7%	198,132	8.8%	198,132	8.3%
Anthony Clyde	197,582	10.7%	197,582	8.7%	197,582	8.2%
EA Nominee Limited	123,334	6.7%	123,334	5.5%	123,334	5.1%
ESOP Trust	115,850	6.3%	115,850	5.1%	252,988	10.6%
Locus Research	75,083	4.1%	75,083	3.3%	75,083	3.1%
Ubco Bikes US LLC	53,662	2.9%	462,663	20.5%	462,663	19.3%
Broadlands Trustee	42,680	2.3%	42,680	1.9%	42,680	1.8%
NZVIF	40,849	2.2%	40,849	1.8%	40,849	1.7%
Racquel LeGarth	33,734	1.8%	33,734	1.5%	33,734	1.4%
Weihua Lai	33,734	1.8%	33,734	1.5%	33,734	1.4%
DaSa Trust	28,536	1.5%	28,536	1.3%	28,536	1.2%
Vanessa Ho	24,509	1.3%	24,509	1.1%	24,509	1.0%
EA Fund 2 LP	18,454	1.0%	18,454	0.8%	18,454	0.8%
TFG GP Limited **	17,073	0.9%	17,073	0.8%	17,073	0.7%
Morford Family Trust (Katherine Sandford)	13,574	0.7%	13,574	0.6%	13,574	0.6%
Robert Ralston	11,449	0.6%	11,449	0.5%	11,449	0.5%
Jagma Pty Ltd	10,000	0.5%	10,000	0.4%	10,000	0.4%
Airborne Trust	9,227	0.5%	9,227	0.4%	9,227	0.4%
Birkam Properties Limited (Deion Campbell)	2,000	0.1%	2,000	0.1%	2,000	0.1%
Total 22 Shareholders	1,851,080	100.0%	2,260,081	100%	2,397,219	100%

*142,280 unpaid shares, due 30 June 2020

** 8,537 unpaid shares, due 30 June 2020

Note: The pre-money valuation is \$21,787,212 (calculated by multiplying 1,851,080 shares currently on issue by \$11.77 per share).

Governance

The Current Board of Directors/Advisors:

- Katherine Sandford – Chair
- Tim Allan – Managing Director/CEO
- Daryl Neal – Director
- Chintaka Ranatunga – Series A Investor Director

Share Registry Management

The share register for UBCO is managed by its accountants, Crowe Howarth. Investors via the Snowball Effect platform will invest under Snowball's nominee company, which will be managed by Snowball Effect.

Shareholder Communications

UBCO provides general shareholder communication approximately twice a year with quarterly updates targeted in the 2020/2021 financial year. UBCO has conducted an AGM in the last two financial years with a full review and update on company performance provided at this event usually held in early October.

Third Party Advisors

- **Accounting:** Findex
- **Legal:** Avid Legal, Sharp Tudhope

Snowball Effect Fees

Snowball Effect charges an initial fee of \$5,000 and a fee if a company successfully reaches its funding target. This latter fee is the larger of \$25,000 or 7.5% of the funds raised. Snowball Effect may amend this fee in discussions with a company before an offer is listed on Snowball Effect.



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