

### 3. Economic model

#### I/ Introduction

**SEGMOBYL** has its headquarters in the city of Clermont-Ferrand, where product development, prototyping and pre-industrial validation take place. SEGMOBYL's home market will be France. As happens with large equipment manufacturers (OEMs), the assembly process will be done in-house, while the production of SEGMOBYL V2's components and parts will be outsourced to benefit from the know-how and economies of scale of suppliers. External service providers (such as IT partners and third-party repair shops) will be primarily based in France.

#### II/ Cost Sources

In order to maximize the financial sustainability of the company that will bring SEGMOBYL V2 to the market, its financial structure must be as capital-light as possible. This aims at maximizing the probability of survival during the critical first years of operation and throughout the phase of introduction of the new vehicle to the market.

We will thus focus on the assembly part of SEGMOBYL V2's production process, i.e. the assembly of all components that are required to produce a SEGMOBYL V2 will be done in-house, in the city of Clermont-Ferrand. The production of all SEGMOBYL V2's components and parts will be outsourced to benefit from the expertise, know-how and economies of scale of suppliers.

During SEGMOBYL V2's design phase, preference will be given to components and parts that are already produced on a mass scale. This aims at reducing as much as possible the cost of those parts, speed up the introduction of SEGMOBYL V2 to the market (as those components have already been tested and have been homologated in the past) which will help to ensure the market affordability of the vehicle, as well as the financial profitability of its production process.

External service providers (such as IT partners and third-party repair shops) will be primarily based in France, i.e. SEGMOBYL V2's home market and where most of its clients will be based.

Overall, we target an all-in unitary cost of production, assembly, marketing and distribution of circa €4.500 (once the initial step up challenges and costs have been overcome). The figure was set taking into consideration alternative solutions from other vehicle manufacturers with which SEGMOBYL V2 will have to compete once it reaches the market.

The project will be funded through a mix of government grants, venture capital investment, crowdfunding, crowdlending, cash flow from operations and supplier finance.

### III/ Revenue Sources

Our business strategy consists of a two-phase approach to build a diversified revenue base. This aims to ensure the sustainability of the company's business model, as well as to mitigate execution risks and to lower the capital outlays in the most critical early stages of the project.

#### Phase 1:

The initial phase (2024-2028) is the most critical one as the new concept is designed, produced and introduced to the market.

#### Broadly accessible

In today's mobility landscape, several options are available for daily commuters, including public transportation, personal vehicles, as well as shared cars, electric scooters and bicycles. We aim at further broadening the list of sustainable options available to commuters, by offering our customers different ways to benefit from the access to SEGMOBYL V2. Thus, we will start by proposing three different options to our customers:

1. Outright purchase (both new and used vehicles)
2. Leasing (with and without purchase option at the end of the contract)
3. Subscription model (monthly subscription/pass that gives access to a personal SEGMOBYL V2)

Diversity of sales channels:

1. Direct Sales via website and app (more profitable for the company)
2. Sales of vehicles and services via dealers/partners such as big retailer chains
3. Fleet sales (sales to companies, municipalities, etc) (less profitable, but could be anchor sales)

The sales price will start at €6.000 (incl. VAT) (exact figures will depend on vehicle configuration options and level of equipment).

#### No range anxiety, hassle-free commuting

We want to provide our customers with a hassle-free commuting experience. In order to prevent range anxiety, SEGMOBYL V2 will include a battery swapping system that will allow users to easily extend the range of their vehicle by swapping some of the vehicle's batteries.

Thus, at an initial stage, the company will offer SEGMOBYL V2's users the option to rent additional batteries that can be used as range extenders. In addition, SEGMOBYL V2's users will be able to acquire wall box chargers to fasten the charging process at their homes (or their offices).

### Their SEGMOBYL V2, tailor made

Our commercialization strategy aims to reach the target customer group as easily and inexpensively as possible. Although showrooms will also be available to show SEGMOBYL V2 to potential customers (through partner dealers), we aim at selling the vehicle mainly via our website.

In our online store, customers will be able to customize their vehicle by choosing between a range of different packs and customization options (such as interior colors, seat options, type of tires (e.g. winter, summer), etc).

In addition, in order to boost brand recognition, several merchandising options with SEGMOBYL branding (such as t-shirts, cups, bottles, caps, flashlights, etc) will be available for sale on our online store.

### A one-stop shop

SEGMOBYL's customers will be offered a full suite of related services as vehicle (preventive and corrective) maintenance, insurance and vehicle tracking. Customers will be able to manage their subscriptions to our services at any time via their individual client account on our website.

In addition, we will offer training services to our partner repair shops.

### Fidelity Program

Through the fidelity program SEGMOBYL V2's users will earn points each time they use and rent the vehicle. The earned points may later be used to acquire vouchers for services and products from the company (such as discounts on insurance and vehicle tracking subscriptions, for instance) and commercial partners (e.g. discounts on battery recharging).

### Phase 2:

During the second phase (2028-2036) a consolidation of SEGMOBYL's presence in the market is expected. With broad brand recognition, the objective will be to further cement SEGMOBYL V2 as an alternative way of commuting by launching a shared service that can massively expand SEGMOBYL's market footprint and environmental impact.

### "SEGMOBYL for all" sharing-platform

Through the launch of a sharing-platform (accessible via website and app), SEGMOBYL V2 will become easily and inexpensively available to all people in the main urban areas in France.

Customers will be charged an unlocking fee plus a distance (or time) fee for each of their trips using any of the SEGMOBYL V2 of the sharing-platform fleet. Alternatively, SEGMOBYL V2's users will be able to purchase monthly subscription that give them access to a shared vehicle on demand.

## Optimization of SEGMOBYL V2's cost of ownership

The launch of SEGMOBYL's customers sharing program will allow SEGMOBYL V2's owners to make their vehicles available for sharing via the "SEGMOBYL for all" platform. The vehicle owners will thus be able to monetize the period of time their vehicles are idle, and reduce the overall cost of ownership. The company will collect a 20% fee on the revenue SEGMOBYL V2's owners will generate on the platform.

## IV/ Investments

As previously mentioned, in order to reduce the capital requirements of the project, we will thus focus on the assembly part of SEGMOBYL V2's production process, while the production of all SEGMOBYL V2's components and parts will be outsourced to benefit from the expertise, know-how and economies of scale of experienced suppliers.

We estimate that €500.000 will be needed during the prototyping phase (2024-2025) (including cost of raw materials and access to technical expertise).

In addition, the annual rent of a warehouse in Clermont-Ferrand where SEGMOBYL V2 will be assembled is estimated at €150.000 (on average). The installation of an assembly line is estimated to cost €300.000 (investment in machinery and equipment) in 2026.

The investment in the main sales channels (website and app) is estimated to be €50.000.

The investment associated with the protection of vehicle designs and intellectual property rights is estimated to be €50.000.

SEGMOBYL V2's homologation costs are estimated at €100.000.

## VI/ DCF Analysis

A discounted cash flow (DCF) model is a method of valuing an investment/project based on its expected future cash flows. The DCF model estimates the present value of the cash flows by applying a discount rate, which reflects the cost of capital and the risk of the investment.

The discount rate is thus the rate of return that an investor would require to invest in the project. Taking into account the uncertainty associated to some projection assumptions (such as customer demand for our product, suppliers' reliability, regulatory risks, etc), as well as the overall execution risk of the project, we estimate a 25% discount rate is appropriate.

Chiffres présentés en milliers d'EUR	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Quantités vendus	-	-	70	175	438	1.313	3.544	7.088	11.694	18.711	27.131	36.627	48.347
+ Sources de Revenus	-	-	398	987	2.637	7.858	22.149	44.608	79.701	130.686	199.531	275.054	366.711
+ Sources de Coûts	265	365	867	1.377	2.578	6.493	15.787	30.339	49.105	78.007	112.829	151.797	200.353
= EBE	(265)	(365)	(469)	(390)	60	1.365	6.363	14.270	30.596	52.679	86.702	123.257	166.358
- Impôts	-	-	-	-	15	341	1.591	3.567	7.649	13.170	21.676	30.814	41.589
- Variation BFR	-	-	14	21	61	189	536	838	1.413	2.017	2.840	3.087	3.725
- Investissements	-	-	400	45	45	45	45	45	45	45	45	45	45
= Flux de Trésorerie	(265)	(365)	(883)	(456)	(62)	790	4.191	9.819	21.489	37.447	62.141	89.310	120.998
Flux de Trésorerie Actualisé	(212)	(234)	(452)	(187)	(20)	207	879	1.647	2.884	4.021	5.338	6.137	6.652

Flux de Trésorerie Total	344.155	Valeur terminale	536.601	Taux d'actualisation	25%
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Flux de Trésorerie Total Actualisé	26.661	Valeur terminale Actualisée	29.500	Valeur de l'entreprise	56.161
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## VI/ Reduce, Reuse and Recycle

Sustainability is at the core of our mission and strategy.

The estimated lifecycle of the vehicle is 20+ years. SEGMOBYL V2's long useful life is related to the simplicity and modularity of its design, which, with adequate maintenance, can be easily and effectively extended. In fact, we aim at reaching a reparability index of 80%.

Not only the vehicle has been designed taking into consideration the sustainability, durability and recyclability of its components but we also intend to implement a components and materials recovery program.

Implemented with the help of our maintenance partners (third-party repair shops), this program aims to ensure the longevity of the vehicle through the proper execution of both preventive and corrective maintenance. In addition, whenever possible, we aim at recovering and repairing non-critical pre-used parts and components that can later be sold to customers and repair shops (thus increasing components reusability). Finally, this program aims to promote materials recycling by establishing partnerships with local recycling partners.

## VII/ Open Source

As previously mentioned, during SEGMOBYL V2's design phase, preference will be given to components and parts that are already produced on a mass scale by third-party suppliers. This aims at reducing as much as possible the cost of those parts and speed up the introduction of SEGMOBYL V2 to the market which will help to ensure the market affordability of the vehicle, as well as the financial profitability of its production process.

Nevertheless, vehicle design should remain proprietary for safety, regulatory and brand equity reasons.

## VIII/ Conclusion

The SEGMOBYL V2 is designed to serve as a sustainable and affordable alternative for daily commuters who typically travel by car. It offers a lower total cost of ownership compared to other alternatives in the market, due to its lower acquisition, maintenance, and refueling

costs (~0.20€/km, i.e. a fourth compared to other alternatives). Additionally, it offers convenience, comfort and flexibility.

In light of the aforementioned benefits, we believe that there exists a significant market opportunity for the introduction of this electric vehicle into the sustainable mobility market.

SEGMOMBYL V2's unique combination of affordability, convenience, and environmental friendliness positions it as a highly attractive option for daily commuters seeking an inexpensive and sustainable mode of transportation.