



## **Canoo overview**

Canoo is a high tech advanced mobility technology company with a mission to bring electric vehicles (“EVs”) to everyone and provide connected services that improve the fleet or individual vehicle ownership experience. We are developing a technology platform that we believe will enable us to rapidly innovate, iterate and bring new products, addressing multiple use cases, to market faster than our competition and at lower cost. Our vehicle architecture and design philosophy are aimed at driving productivity and returning capital to our customers, and we believe the software and technology capabilities we are developing, packaged around a modular, customizable product, have the potential to empower the customer experience across a vehicle’s lifecycle. We remain committed to the environment and to delivering sustainable mobility that is accessible to everyone. We proudly intend to manufacture our fully electric vehicles in Oklahoma, bringing advanced manufacturing and technology jobs to communities in America’s heartland. We are committed to building a diverse workforce that will draw heavily upon the local communities of Native Americans and veterans.

We believe we are one of the first automotive manufacturers focused on monetizing value across the entirety of the vehicle lifecycle, across multiple owners. Our platform and data architecture is purpose-built to be durable and serve as the foundation for the vehicles we intend to offer, unlocking a highly differentiated, multi-layer business model. The foundational layer is our Multi-Purpose Platform (“MPP” or “platform”) architecture, which serves as the base of our vehicles, including the Lifestyle Vehicle and its Delivery, Base, Premium, and Adventure trims; the Multi-Purpose Delivery Vehicle (“MPDV”) and the Pickup. The next layer is cyber security which is embedded in our vehicle to ensure the privacy and protection of vehicle data. Our top hats, or cabins, are modular and purpose-built to provide tailored solutions for our customers. This intentional design enables us to efficiently use resources to produce only what is necessary, underscoring our focus on sustainability and returning capital to customers. The remaining layers, connected accessories and digital customer ecosystem, present high-margin opportunities that extend beyond the initial vehicle sale, across multiple owners. Owners will further be able to customize their vehicles by adding connected accessories such as Bluetooth devices or infotainment systems. In addition, there are opportunities for software sales throughout the vehicle life, including predictive maintenance and service software or advanced driver assistance systems (“ADAS”) upgrades.

Our platform architecture is a self-contained, fully functional rolling chassis that directly houses the most critical components for operation of an EV, including our in-house designed proprietary electric drivetrain, battery systems, advanced vehicle control electronics and software and other critical components, which all have been optimized for functional integration. Both our true steer-by-wire system, believed to be the first such system applied to a production-intent vehicle, and our transverse composite leaf-spring suspension system are core components of our platform’s differentiated functionality, enabling the development of a broad range of vehicle types and use cases due to the chassis’ flat profile and fully variable steering positions. All of our announced vehicles, including the Lifestyle Vehicle and the Lifestyle Delivery Vehicle, the MPDV and the Pickup, will share a common platform architecture paired with different top hats to create a range of uniquely customized and use case optimized purpose-built mobility solutions targeting multiple segments of the rapidly expanding EV marketplace.

In addition to our vehicle technology, we are developing an in-house designed and proprietary software platform that aggregates car data from both Canoo and non-Canoo vehicles and delivers valuable insights

to our customers. Collected over-the-air for connected vehicles or via an on-board diagnostics (“OBD”) device for non-connected vehicles, we believe car data is critical to powering the customer journey and maximizing utility and value from the vehicle ownership experience. Leveraging our data aggregation platform, we aim to create the Canoo Digital Ecosystem, an application store that centralizes all vehicle information for customers and provides key tools across Security & Safety, Household Vehicle Management, Fleet Management, Lifecycle Management and Vehicle Asset Management. Through our software offering, we believe we can provide substantial value to both commercial customers and consumers by staying connected throughout the vehicle lifecycle, across multiple owners.

Core to our values is delivering high quality products while empowering local communities, which drove our decision to build in America and source a majority of our parts from America and allied nations. We believe vertical integration across our manufacturing and assembly process will enable us to achieve in-house scale production with less supply chain risk and provide us better oversight of our vehicle manufacturing. We are building production facilities in states and communities that are investing in high-tech manufacturing alongside us, creating American jobs and driving innovation.

## **STRATEGIC OBJECTIVES**

1. Develop an environmentally and financially more sustainable vehicle, the “skateboard” architecture system, 100% electric, which Houses the batteries and the electric drive train in a chassis underneath the vehicle’s cabin that enables all Canoo vehicles to share the same platform providing a large SUV space atop a compact footprint.
2. Create an electric vehicle utilizing lightweight high-strength steel that exceeds rigorous strength, safety and Performance requirements.
3. Implement the Bauhaus philosophy, centered on minimalism and functionality, started with the reduction to the absolute Minimal need.
4. Offer the EV by subscription concept with no down-payment, no commitment.
5. Implement a sustainable experience with our customers, based on a win-win system.
6. Target the urban consumers directly in a controlled expansion plan after launching.
7. Cultivate healthy management, communication and engagement of employees at all levels of organization.
8. Become the first EV Company that makes a profit with an EV.

# Industry in which Canoo operates, along with its size, growth rate, trends, and key players

Canoo primarily operates in the electric vehicles (EVs). No of Employees 812

**Electric vehicles (EVs):** The global electric vehicle market size was valued at USD 388.1 billion in 2023 and is expected to reach USD 951.9 billion by 2030 at a CAGR of 13.7% during the forecast period 2023-2030. With advancements in technology, increasing environmental consciousness, and supportive government policies, EVs have gained significant traction as a viable and sustainable transportation option. As concerns over climate change and air pollution intensify, consumers and industries are increasingly turning to electric vehicles to reduce their carbon footprint and contribute to a greener future. This growing global momentum has propelled the EV market into a transformative phase, with innovations and investments driving the expansion of EV adoption across the world.

## The electric vehicle market is dominated by

- BYD (China),
- Tesla (US),
- Volkswagen AG (Germany),
- SAIC Motors (China),
- Stellantis (Netherlands),

## Electric Vehicle Trends:

- An increasing number of governments and businesses are pledging to achieve carbon neutrality within the next few decades. The electrification of vehicles is a big component of this plan.
- The auto industry's transition to EVs is accelerating. The year 2026 has emerged as a tipping point for acceleration in EV adoption that will drive automotive electrification trends ahead. By 2030 over one in four new passenger cars sold will be an electric vehicle. Many major vehicle manufacturers worldwide have signaled the end of an era of internal combustion engines (ICE) as the transition to zero emission vehicles (ZEV) is ramped up.
- With the emergence of EVs, all that has changed. Many businesses that have a parking lot want to tap into the huge potential of the EV charging market. Think of shopping malls, convenience stores, restaurants, office buildings – anywhere you'd leave your car for an extended period. But they're not looking at cash for kilowatts. It's the dwell time that's ringing up the cash register in their ears. When charging up an EV, people spend an average of 23 minutes at a location compared to 5 minutes when pumping gas. Now, there's an opportunity. Think of packaged goods, food service, and even a café-like experience connected to EV charging to generate the bulk of the profits.

- The commercial market segment for Canoo supposedly has huge opportunity in it. The last mile delivery vehicles are expected to be into the market keeping a same pace with the growth of the ecommerce. According to eMarketer, the North American e-commerce market is projected to grow at a 18.4% CAGR (between 2019 and 2025), reaching approximately \$1.6 trillion in scale by 2025. Further, the transition of existing and new last mile delivery fleets to all EVs is expected to be a significant trend in the short-term period, according to McKinsey. According to Bloomberg NEF, light duty commercial vehicles, such as last mile delivery vehicles, will be the first commercial vehicles to transition to electric, as compared to medium and heavy-duty commercial vehicles.

## Key players of Canoo:

Tony Aquila - Investor, Executive Chairman & Chief Executive Officer

Greg Ethridge - Chief Financial Officer

Hector Ruiz - General Counsel and Corporate Secretary

Ramesh Murthy - Senior Vice President, Finance and Chief Accounting Officer

Sohel Merchant - Chief Technology Officer

Kunal Bhalla -Senior Vice President, Corporate Development and Purchasing

Michael Carter - Chief People Officer

## Canoo's Growth:

**Job Creation:** Canoo Inc. has created over 100 new jobs in the state of Oklahoma, representing a significant expansion of its workforce.

**Hiring Milestone:** Canoo has achieved a key hiring milestone, with the state of Oklahoma now home to 20% of its total workforce.

**Manufacturing Scale-Up:** Canoo is scaling up manufacturing operations to fulfill additional customer deliveries in 2024, necessitating the expansion of its team of skilled workers in Oklahoma City and Pryor.

**Acquisition of Manufacturing Assets:** The company has recently acquired manufacturing assets to increase its vehicle assembly capacity, indicating strategic investment in production capabilities.

**Revenue Projection:** Canoo aims to meet customer deliveries of 18,000 committed orders, representing \$750 million in revenue over multiple years, underscoring its growth trajectory and market demand for its products.

**Local Workforce Focus:** Over 90% of Canoo's team in Oklahoma comprises Oklahomans, showcasing the company's commitment to hiring locally. Additionally, military veterans and Native

Americans each make up about 10% of Canoo's workforce in the state, highlighting diversity and inclusivity initiatives.

**High-Paying Jobs:** Canoo's Oklahoma City manufacturing workforce earns annual wages approximately 37% above the local average for similar roles, indicating the company's commitment to providing competitive compensation packages.

**Continued Hiring:** With approximately 30 open positions in the state, Canoo is actively recruiting and building its workforce with the support of various partners and organizations, demonstrating ongoing expansion efforts.

## **Canoo's main competitors, including their market share, products or services offered, pricing strategies, and marketing efforts. Top 3**



### **1. Tesla**

Manufacturer of electric cars and solar generators

**Founded Year:** 2003

**Funding:** \$404M

**Location:** Austin (United States)

**Investors:** T. Rowe Price, Mubadala and 66 Others

**Market share:** 17% globally

**Products or services offered:** Tesla Inc (Tesla) is an automotive and energy company. It designs, develops, manufactures, sells, and leases electric vehicles, energy generation, and storage systems. The company produces and sells the Model Y, Model 3, Model X, Model S, Cybertruck, Tesla Semi, and Tesla Roadster vehicles. Tesla also installs and maintains energy systems, sells solar electricity; and offers end-to-end clean energy products, including generation, storage, and consumption. It markets and sells vehicles to consumers through company-owned stores and galleries. The company has manufacturing facilities in the US, Germany, and China and has operations across the Asia Pacific and Europe. Tesla is headquartered in Austin, Texas, the US.

**Pricing strategies:** The pricing strategy adopted by Tesla is similar to the skimming pricing method. It first uses a higher price to obtain a higher profit margin from high-end customers, and then launches low-price electric cars to seize market share and finally maximize profits.

**Marketing efforts:** The Tesla marketing strategy is based on the buzz created online and the CEO's aura, which is larger than life. This has helped Tesla differentiate its marketing. Apart from the marketing, Tesla's products are one of a kind, and they have spectacular quality. When you can reach the world markets with quality products, you do not need to market much. Word-of-mouth marketing helps you to gain success.

## 2. Lucid

Manufacturer of electric cars

Founded Year: 2007

Total Funding: \$1.33B

Location: Newark, United States

Investors: Venrock, Invesco and 17 Others

**Market share:** 2.20 % globally

**Products or services offered:** Lucid Group Inc (Lucid) is an automotive manufacturing company. It carries out the design, development and manufacturing of electric cars. The company's Lucid Air, a luxury electric sedan utilizes powertrain technology to deliver a smooth driving experience. The company also offers a battery pack that enables fast charging. It also offers hardware for automated driving which can be updated through software releases at later stages. Lucid markets its vehicles to consumers through a network of company-owned stores and galleries. The company operates a manufacturing facility in Casa Grande, the US. Lucid is headquartered in Newark, California, the US.

**Pricing strategies:** The Company's new strategy of lowering prices and allowing more flexibility on options should allow it to compete with large luxury sedans in its segment and also with midsize sedans from brands such as Mercedes-Benz and BMW, Lucid said.

**Marketing efforts:** Lucid Advertising specializes in creating and executing comprehensive marketing campaigns that are rooted in tried-and-true best practices while also seeking to leverage the benefits of being an early adopter of innovation. Our greatest strategies leave room for new ones. In the ever-changing world of marketing, fluidity is key and we keep up with the latest trends, so you don't have to. We take the time and effort necessary to review your business. A comprehensive assessment allows us to identify marketing challenges you are currently experiencing and opportunities that your company can seize right now.



### 3. BAIC New Energy

Developer of electric cars

Founded Year: 2009

Total Funding: \$2.08B

Location: Beijing, China

Investors: Mercedes-Benz, Lancapital and 8 Others

**Market share:** 2.53% globally

**Products or services offered:** The company produces and sells vehicles under its own branding, such as Arcfox, Beijing, Changhe, Foton Motor, Ruili Doda, as well as under foreign-branded joint ventures such as Beijing-Benz and Beijing-Hyundai. It also produces electric vehicles under some of the previously listed brandings, including dedicated EV brands such as Arcfox. Its principal subsidiaries include the passenger car maker, military vehicle and light truck maker BAW; and truck, bus, and agricultural equipment maker, Foton Motor.<sup>[3]</sup> A large proportion of sales BAIC's sales is in agricultural, commercial, and military vehicles.

**Pricing strategies:** "High-New-Special" is the general direction proposed by BAIC group in accordance with the requirements of high-quality development since entering the new era. With the rapid development of BAIC Group in various business areas, the range of "High-New-Special" has also constantly been enriched and expanded. "high" refers to the focus on high efficiency, strengthening high-end manufacturing, high-end products and accelerating high-quality development drive. We build core competitiveness, boost the innovation activity of talents, create an open and innovative ecosystem, provide consumers with more green travel options, and promote high-quality development of enterprises.

**Marketing efforts:** In January 2020, BAIC released its "Great Beijing" brand strategy. The strategy includes products under the off-road vehicle brand "Beijing" and the new energy vehicle brand "BEIJING". BAIC aims to realize 500,000 units in sales of the products under the two brands in 2025 and 1 million units in 2030.

## **Canoo's Market Trends: key trends in the market, including changes in consumer behavior, technological advancements, and shifts in the competitive landscape.**

Canoo Inc. announced it will accelerate and now shift production of its breakthrough electric vehicles from Europe to the United States. The Company will begin manufacturing at its advanced industrialization facility planned for Northwest Arkansas and remains on target to bring online its Mega Micro factory in Pryor, Oklahoma in late 2023. "Canoo is now in a position to issue guidance at a time when many others in the industry are reducing targets and projections. The Company has now refined its manufacturing strategy and assembled a team to execute the production roadmap for 2022 – 2025" said Tony Aquila, Investor, Chairman & CEO at Canoo Inc.

2022 guidance: 3,000-6,000 from 500-1,000 Units

2023 guidance: 14,000 – 17,000 from 15,000 Units

2024 target: 40,000 – 50,000 Units

2025 target: 70,000 – 80,000 Units

"In addition, we will be 100% built in the heartland of America, and we have proudly achieved another major milestone of having sourced 96% percent of our parts from U.S. and Allied Nations." The Company ceased contract manufacturing discussions with VDL Nedcar with the completion of our manufacturing strategy which accelerates our ability to access our incentives from Oklahoma and Arkansas.

The outcome of this will be:

Reduced supply chain vulnerabilities,

Increased speed to market for our customers,

Allowing us to control more securely the creation of additional innovation and IP,

Increase advanced manufacturing jobs in the communities that support us, and

Save thousands of dollars per unit by eliminating warranty risks, tariffs and overseas shipping costs

"The initiatives announced today are another step in executing our strategy of reducing risk and increasing certainty. We look forward to additional announcements." said Tony Aquila, Investor, Chairman and CEO. We have made strategic investments in our technology and products that



position us to capture three large and growing markets - commercial and passenger vehicles, unfitting and accessories, and telematics data.

Since our founding in 2017, we continue to innovate on our technology and strategy. In 2022, we have achieved critical milestones in the development, testing, and manufacturing of our platform and product, as well as important developments for our business:

- Selected by NASA to provide crew transport for Artemis lunar exploration launch
- Received Walmart order to purchase up to 10,000 units
- Announced binding orders from Zeeba and KingBee totaling 12,300 vehicles
- Successfully built and tested 118 Gamma properties during the program
- Announced battery module manufacturing facility in Pryor, OK
- Delivered Light Tactical Vehicle (LTV) to US Army for analysis and demonstration
- Announced in-house vehicle manufacturing facility in Oklahoma City

## **Manufacturing & Product Development Strategy**

### **Manufacturing Strategy:**

Focus on maximizing return on capital by aligning cost structure with projected production while maintaining quality standards.

Decision to manufacture in America to support the mission and invest in communities, with commitments secured from states like Oklahoma and Arkansas.

Exploration of advanced manufacturing techniques such as additive manufacturing and laser welding for efficient production.

Planned production timeline for various vehicles, with the Lifestyle Delivery Vehicle scheduled for 2023.

### **Manufacturing Efficiency:**

Emphasis on optimizing manufacturing plants for capital efficiency, leveraging the Multi-Purpose Platform (MPP) for flexibility in producing different vehicle derivatives.

Engineering of the platform for optimal production flexibility, allowing for parallel production of vehicles and top hats to reduce assembly complexity.

Announcement of battery module manufacturing facility in Pryor, Oklahoma, to produce proprietary battery modules using highly automated assembly lines.

## **Product Development Strategy:**

Accelerated research and development efforts to prototype configurations, facilitating the development of the Lifestyle Delivery Vehicle and other vehicle variants.

Introduction of the Multi-Purpose Delivery Vehicle (MPDV) in December 2020, followed by the Canoo Pickup in March 2021, demonstrating a commitment to innovation and product diversity.

Focus on developing proprietary technology to maintain competitiveness and drive innovation in the automotive industry.

## **Canoo's products or services, including their features, benefits,**

### **Products**

The products of the company can be classified into four categories – Lifestyle Vehicle, MPDV, Pickup Truck and Platform.

**Lifestyle Vehicle:** This vehicle is fully electric and suitable for city explorers, businesses, families and adventurers. The company expects to launch this product by the end of 2022 starting approximately at \$39,950. It has 200 miles range, up to 350 horse power capacity, and 121 cubic feet cargo volume. The vehicle will be available in three variants – Base, Premium and Adventure. The base variant will have up to 350 horse power capacity, 5 seats. It will charge from 20% to 80% in 28 minutes. Wheel diameter of this variant is 18 inches. The premium variant has 7 seats, panoramic glass roof and street view window. The adventure variant has exclusive dark green color, light bar and roof rack, and 19 inches adventure wheel.

**MPDV:** MPDV stands for Multi-Purpose Delivery Vehicle. It is a multi-purpose delivery vehicle. The company positions the product on that it would offer lower total cost-of-ownership, easy maintenance, more cargo volume, small footprint, and easy maneuverability. The vehicle will also include some productivity tools such as power plant, and scope to plug in the tools of the owner.

**Pickup Truck:** This product is designed to function for both work and weekends. Targeted capacity for the truck is 500+ horse powers, payload capacity is up to 1800 pounds, range is 200+ miles, and power train is AWD or RWD.

**Platform:** Canoo boasts its 'unique independently drivable' platform. The platform will have 'first true steer-by-wire-platform'. The battery moduled is directly incorporated into the platform structure. Also, it offers in-house designed ECUs and battery management systems (BMS). The platform incorporates composite leaf spring suspension.

# **Canoo's financial performance, including its revenue, profit margins, return on investment, and expense structure**

## **Financial Overview:**

Canoo Inc. is currently reliant on funding sources like business combinations, secondary public offerings, and debt financings to finance its operations, as it has not yet generated substantial revenue from its main products.

## **Revenue Analysis:**

The company reported no revenue in 2021, contrasting with \$2.6 million generated in 2020 from engineering, development, and design consulting services.

## **Research and Development Expenses:**

Research and development expenses increased by \$103.4 million in 2021, reaching \$246.2 million, mainly attributed to expenditures for engineering design and development.

## **Selling, General and Administrative Expenses:**

Selling, general, and administrative expenses surged by \$143.1 million to \$194.7 million in 2021, driven by increases in various expenses including stock-based compensation.

## **Interest Expense:**

Interest expense decreased by \$10.6 million in 2021, primarily due to interest expense incurred and the amortization of debt discount on related party convertible notes that were repaid.

**Gain on Fair Value Change in Contingent Earn Out Shares Liability:** Canoo Inc. recognized a non-cash gain on the fair value change of contingent earn out shares liability of \$104.4 million in 2021, stemming from the periodic re-measurement of the fair value of contingent earn out shares liability.

**Net Loss:** The company reported a net loss of \$346.8 million for 2021, up from \$86.7 million in 2020, with a net loss per share of \$1.52 and \$0.79 for the respective years.

**Cash Flow Analysis:** Net cash used in operating activities was \$300.8 million in 2021, primarily due to payments related to research and development and selling, general, and administrative expenses. Net cash used in investing activities was approximately \$162.7 million in 2021, mainly for purchases of fixed assets related to manufacturing lines and equipment. Net cash used in financing

activities was \$11.4 million in 2021, primarily due to payments for offering costs and loan repayments.

**Balance Sheet Overview:** Total assets decreased from \$753 million to \$523 million in 2021, mainly due to a decrease in cash position. Total liabilities increased to \$179 million in 2021, with long-term liabilities including earn out shares liability and lease liability. Stockholder's equity stood at \$343 million in 2021, after adjusting for accumulated deficit.

**Conclusion:** Canoo Inc. faces significant financial challenges as it endeavors to commercialize its products, necessitating careful expense management and additional funding to support operations.

## **SWOT analysis to identify the Canoo's strengths, weaknesses, opportunities, and threats.**

### **Strengths**

**Innovation:** One of the key strengths of Canoo is continuous innovation which is supported by its strong R&D facilities which allows it to develop unique products. The strong R&D helped in building strong Intellectual Property as Canoo has ongoing various patents Applications on its innovations.

**One System Various Design The:** heart of the Canoo system is its “skateboard” architecture, which houses the batteries and the electric drive train in a chassis underneath the vehicle’s cabin. All of the company’s vehicles will have the unconventional design that takes advantage of the flatter structure, a skateboard platform that will offer a skeleton to multiple electric vehicle components stacked atop it and a more significant cabin space for different applications centered on minimalism and functionality.

**Technology Simplicity:** Canoo’s vehicle design embraces a harmony between the technology style and utility. Beneath this exquisite design drivers will use their own phones or tablet devices as the vehicle’s primary interface to handle things like music and navigation and even to control the vehicle's heating and air conditioning using a downloadable app. to give ultimate performance.

**Sustainable Financially:** Subscribers would pay a monthly fee that could include registration costs, insurance, maintenance and charging costs. Customers would keep their vehicle, as with a lease, but they wouldn't have to commit to a set time period. This becomes really beneficial and hassle free for the drivers.

**Value:** Rather than operating through retail auto dealers, Canoo will deal with customers directly using mobile apps and websites to deliver an authentic experience. The company won't sell its cars should help it avoid the sort of legal conflicts with established auto dealers.

**Consumer focus:** Canoo designs its products with a focus on consumers while keeping their mind in the future. They always try to imagine the things which even the consumer has not imagined yet. Canoo has developed breakthrough electric vehicles, reinventing the automotive

landscape with bold innovations in design, pioneering technologies, and a unique business model that defies traditional ownership to put customer first.

## Weaknesses

**Brand valuation:** Canoo is going public at a valuation of \$2.4 billion in an effort to raise enough money to help bring its first multi purpose vehicle 'loft on wheels', so the brand equity is currently low.

**Matching Customer expectations:** Being one of the EV companies that went public, listed on the stock market has the consumer expectation going through the roof. People expect great things year after year and maintaining these expectation levels is not easy for anyone.

**Dependency on few products:** Canoo has only 3 products in its portfolio set to launch in comparison to the various products that its closest competitors on the EV market. Hence the dependency of Canoo on each of its products is very high. If one product fails, then that is a high loss to the brand. Hence, there is a common demand from Canoo to increase its product portfolio.

## Opportunities

**Growth in Universal Consumer Electric Vehicle:** market Electric Vehicle Market is projected to reach 26,951,318 units by 2030 from an estimated 3,269,671 units in 2019, at a CAGR of 21.1% This is primarily driven by the concern over greenhouse gas emissions and their contribution to global warming, dissatisfaction with the ICEV.

**Research & Development Worldwide:** for energy storage, infrastructure that provides new, green technologies, zero emissions and improvements in battery technology.

**Time:** Canoo has one more year ahead untill the first model to be launched on the market. Therefore, this time could be used to produce and provide the elements and techniques that were not yet ready before Covid19 impact and the initial launching date in 2021.

**Location:** California is the state with the most aggressive deployment targets, with a goal to have 5 million EVs on the road by 2030. Other states have adopted goals for ZEV deployment, and provided rebates for ZEVs and incentives for ZEV infrastructure, such as EV supply equipment (EVSE) infrastructure. Canoo has its headquarter located in Torrance, California.

## Threats

**Rapid changes in Technology:** The company has to keep up its speed with the changes in technology. This requires a huge investment in R&D and increases costs for Canoo.

**Distribution:** Has its own production based in LA and Canoo will start offering its subscription vehicles in one geography and scale slowly from there. The controlled expansion plans and modest goals for geographical reach could make difficult to become known to clients on the markets.

**Market penetration and competition:** One of the key threats to Canoo is the market penetration by other brands in the EV market. ICEV currently dominates the global market share still the EV remains low on customer's preference. There are also small amount of consumers that decide to return to gas vehicle due to various personal reasons. The competition is ever-increasing in the automotive market.

**Commercial infrastructure:** The poor infrastructure of charging stations and service specialized staff represents currently a decisive factor for customers when making an automobile choice based on their location area.

## **Canoo's sales strategy, including its sales processes, distribution channels**

### **Sales strategy**

Canoo aims to provide a seamless sales experience tailored to customer preferences and lifestyle.

Sales will primarily occur through direct channels via the company's website, catering to fleets, individual buyers, and bulk orders.

A future revenue stream includes sales and licensing of aftermarket products like vehicle accessories and wraps.

Innovative design choices, such as vehicle peg boards, allow for customization with various attachments and add-ons.

Both direct and third-party partners, like dealerships, will assist customers with purchases and installations of secondary products.

Canoo's Digital Ecosystem offers upgradeable options accessible through subscription services, enhancing vehicle functionality.

Service and maintenance will be facilitated through accessible solutions, including over-the-air updates and remote diagnostics.

Advanced customer journey software ensures comprehensive tracking of the vehicle's lifecycle, from production to service visits, providing owners with up-to-date information.

### **Growth Strategies**

We intend to continue to invest in the growth of our business to drive revenue and improve customer satisfaction. We believe the growth strategies that we will employ will help maintain strong customer relationships and generate value for stakeholders over the long-term. We plan to achieve this by providing a strategic product that enables our customers to purchase modular accessories, hardware, software products, and variants while continuing to invest in our proprietary technology platform.

### **The key elements to our growth strategy include:**

**Introducing Next-Generation Models and Variants:** By leveraging our modular platform, we anticipate that new vehicle models and variants can be developed more quickly than traditional models. The new models and variants provide flexibility with launching new use cases, price alternatives and geographies.

**Bringing Non-Canoo Vehicles into our Ecosystem:** Our software ecosystem is intended to incorporate vehicles produced by us as well as those from other manufacturers. This will increase the number of vehicles our products have access to, and the monetizable services we offer our customers. We aim to offer customers the full suite of services in all of their cars resulting in an opportunity to generate additional revenue streams.

**Growing Market Share and Expanding Internationally:** We believe our unique modular design, proprietary software ecosystem, customizable customer experience and vehicle technology will allow us to gain market share domestically. As we grow, we may expand internationally increasing our total addressable market. Our standard modular platform will drive efficiency in homologation in new markets. The platform's size is also well suited for international markets.

**Increasing Penetration of our Digital Ecosystem:** Over time we anticipate that we will be able to capture a higher percentage of the 50-70 customer transactions over a vehicle's lifecycle as we develop additional software capabilities. As we grow our network of customers, we will continue to invest in and enhance our software ecosystem by adding additional vehicle options and services through partnerships.

## **Canoo's technological innovation, including its investments in research and development, and technology partnerships**

### **Expansion of Partnership with Department of Defense:**

Canoo Technologies has announced a significant expansion of its partnership with the U.S. Department of Defense's Defense Innovation Unit (DIU). The partnership aims to develop a

technologically advanced battery pack scalable for use on operational military platforms, contributing to energy standardization for the U.S. Navy.

Canoo leveraged its advanced commercial battery and integration expertise, following successful testing and analysis of its proprietary technology by DIU since February 2023.

#### **Contribution to Defense Innovation:**

The collaboration aligns with DIU's Jumpstart for Advanced Battery Standardization (JABS) program, accelerating battery standards for defense by utilizing proven commercial EV battery technologies.

#### **CEO Statement:**

Tony Aquila, Chairman and CEO of Canoo, expresses honor in deepening the collaboration with the Department of Defense and highlights the company's commitment to American innovation and defense technology leadership.

#### **Battery System Features:**

Canoo's proprietary battery system is modular, offering industry-leading performance and flexibility for various military applications.

Designed for compatibility and future-proofing, the system can incorporate the latest advancements in battery technology.

#### **Manufacturing and Sustainability:**

Canoo operates a battery module manufacturing facility in Pryor, Oklahoma, which will create over 200 advanced manufacturing jobs in its initial phase.

The facility emphasizes sustainability by utilizing hydro and wind power sources from the Grand River Dam Authority.

#### **Validation of Reliability:**

The partnership expansion with DIU further validates Canoo's technological and operational reliability as a trusted partner for demanding government projects, including supplying vehicles to the U.S. Army and NASA.

### **Partnership Announcement:**

Canoo, a leading high-tech advanced mobility company, selects Google Cloud as its primary cloud service provider, emphasizing its commitment to maximizing data value from its electric vehicles.



**Technological Integration:**

Canoo plans to deploy Google Cloud's AI, data management, and security technologies to optimize data utilization as it prepares for mass manufacturing.

**Implementation Partner:**

Onix is selected as an implementation partner to optimize manufacturing processes, enhance existing features, and develop new capabilities for Canoo's proprietary platform.

**CEO Statement:**

Tony Aquila, Chairman and CEO of Canoo, highlights the vision of aligning transportation, communication, and technology to simplify and improve the driving experience.

**Unique Manufacturing Approach:**

Canoo's distinct manufacturing approach involves acquiring custom components to integrate into a harmonized, Canoo-controlled system, providing valuable insights and data.

**AI Applications:**

Google Cloud's AI capabilities will be utilized by Canoo to analyze trend data in vehicle fleets, aiding fleet managers in making informed decisions related to repairs, route changes, and driver schedules.

**Google Cloud's Perspective:**

Carrie Tharp, VP of Strategic Industries at Google Cloud, praises Canoo's forward-thinking approach and expresses excitement about the potential impact of Google Cloud's technologies on transforming industries.

**Onix's Role:** Onix expresses enthusiasm for the partnership with Canoo and Google Cloud, emphasizing its support in delivering innovative solutions and leveraging its Data & AI capabilities.

**Selection Criteria:** Canoo's selection of Google Cloud's technology is based on its ability to deploy innovative AI tools practically and Google Cloud's expertise in maximizing data value, along with alignment with Canoo's needs for data sovereignty, security, and sustainability.

**Future Plans:** Canoo and Google Cloud intend to discuss their partnership further at the Google Cloud Next event in San Francisco, offering attendees an opportunity to experience Canoo's electric vehicle firsthand.