



Investor Due Diligence Request

Basics

- Where is the company based?
- What is the Company's Legal Structure?
- When was the company founded?

Target Customer Persona:

- Who is your ideal Customer, why are you picking this Customer segment?
- What is your revenue model?
- What is the Willingness to Pay for your Customer Segment?
- How do you measure impact?
- How big is the Addressable Market for your offering?

Business Development

- Who are your top target prospects? How much is the revenue potential? What timeframe can you reasonably serve them?
- Who are key stakeholders in your target clientele?
- What does your Sales process look like? How long is it from first call to POC to engagement?
- How do you retain your customers?
- What are your Payment terms?
- What investments does a Customer need to ensure success? What do you provide versus what do they need to do?

Operations:

- What are your in-house production and operational capabilities?
- Who are your key suppliers?
- What parts of your operations are standard and what can be customized?
- Historically, how have you developed products? Highly standard or custom to each need?
- What are the maintenance and operational costs of the Drone? Who bears it?
- Who owns the Drone operations once a client purchases it?
- How do you monitor and monetize usage?
- What is your Cost of Customer Acquisition per Customer?
- Do you have capacity constraints? What is your Production timeline from Order to Fulfillment?

What infrastructure is needed on the client side for their success?
What are your biggest operational risks? How do you mitigate them?

Product (software and hardware):

What are your different Product offerings?
How does your Product compare to competition?
What part of your platform is patented?
Can the drones be hacked?
What parts of your Product are outsourced?
Do you support iOS/Android?
What is your Product Management schedule? How do you prioritize features?
How is your Development team structured? What core skillsets are needed?

Financials:

How does your Revenue break up by Customer Segment?
How do your Costs break up?
How do each of your Costs scale with more sales and capacity?

Funding:

What stage is the company at?
What is the next step?
How have you funded yourself?
Have you taken on any debt? If yes, how much and what are the terms?
What are your equity terms?
How much are you seeking
Who owns equity in your company? What are the percentages? Who has voting rights?
Can I see an audited review of your financials?
Have you been through the Regulation before?
What does the regulatory process look like?

Team and Human Capital:

Who is on the team?
Who is on the advisory committee?

Basics

1. Where is the company based?

San Jose, California, USA

2. What is the Company's Legal Structure?

Delaware C-corp

3. When was the company founded?

01/2015

Target Customer Persona:

1. Who is your ideal Customer, why are you picking this Customer segment?

Our ideal customer meets the following criteria:

- a. Developing country
- b. Underdeveloped infrastructure
- c. Challenged healthcare system
- d. High percentage of people living in rural areas

We are picking this customer because of the following reasons:

- a. It's the highest need customer base
- b. In these regions, there is no alternatives to a drone, due to underdeveloped infrastructure
- c. Governments and agencies will help us to expedite regulations
- d. Support from humanitarian organisations

2. What is your revenue model?

We create highly profitable commercial agreements with governments and humanitarian organisations for the provision of logistic services by Skycart. Our agreements are priced according to a per KM basis, with the minimum number of KM agreed upon.

3. What is the Willingness to Pay for your Customer Segment?

We have LOI's totalling \$23M with counties in Kenya, wishing to engage our services immediately.

4. How do you measure impact?

- a. Healthcare outcomes- increasing access to healthcare, improving the quality of vaccines and other medical products at immunisation, reducing response times
- b. Cost savings- Logistics cost savings, inventory holding cost savings

5. How big is the Addressable Market for your offering?

Skycart's total addressable market is between \$118M and \$165M per year in Sub-Saharan Africa

Business Development

1. Who are your top target prospects? How much is the revenue potential? What timeframe can you reasonably serve them?

Top prospects: Busia County (Kenya) Ministry of Health and Kisumu County (Kenya) Ministry of Health.

Revenue potential: \$23M over 4 years.

Timeframe: 3-4 months

2. Who are key stakeholders in your target clientele?

Chief Health Officer's and other Senior Management at Ministries of Health.

3. What does your Sales process look like? How long is it from first call to POC to engagement?

Sales process (2-3 months): 1. meetings 2. demo 3. proposal 4. sales contract

4. How do you retain your customers?

- a. Feedback loops to understand what customers like/dislike, then refine service to better meet their needs.
- b. Reward loyal customers through a loyalty program.
- c. Train health workers on Skycart's inventory management software.

5. What are your Payment terms?

- a. The price for the minimum number of KM's is paid upfront to Skycart.
- b. If the customer exceeds the minimum number of KM agreed upon, they pay this at the end of every quarter (just like keeping a tab open at a bar!).

6. What investments does a Customer need to ensure success? What do you provide versus what do they need to do?

- a. We provide drones, software to manage the drones, pilots to operate the drones, maintenance technicians and equipment to ensure the drones are operational, and a secure area to house the drones if need be.

- b. The customer provides health workers to load and unload the drones, the cooling equipment to store the medical supplies and a small region of space in/near the health facility where the drones can land, and take-off from.

Operations:

1. What are your in-house production and operational capabilities?

All engineering from software to hardware, drone maintenance, manufacturing of the first 30 drones (after this, drone manufacturing will be outsourced in Africa), regulatory approval process, drone-hub operations.

2. Who are your key suppliers?

We buy from reputable suppliers such as GetFPV, HobbyTown, DroneNerds, RobotShop, Horizon Hobby, Unmanned Tech Shop, Hobbyking, Express Drone Parts and DroneRacingParts

3. What parts of your operations are standard and what can be customized?

Standard- regulatory approval process and quality assurance, product development and manufacturing, procurement
Customisable- service delivery (drone hub operations), sales and marketing, customer service, asset management

4. Historically, how have you developed products? Highly standard or custom to each need?

Historically, our products have been developed in house and highly standard.

5. What are the maintenance and operational costs of the Drone? Who bears it?

20% the purchase price of the drone per year, or \$20,000 for Skycart Nimbus (our most recent drone iteration). The customer bears the maintenance cost, not Skycart.

6. Who owns the Drone operations once a client purchases it?

Skycart owns the drone operations. Customers can 'lease' our service.

7. How do you monitor and monetize usage?

Our software keep's track of the number KM's operated by Skycart. We monetize each KM flown by Skycart drones.

8. What is your Cost of Customer Acquisition per Customer?

Not enough data yet. We are currently acquiring customers for free.

9. Do you have capacity constraints? What is your Production timeline from Order to Fulfillment?

Currently we have the capacity to on-board 4 new counties per year, or one per quarter. It takes us 1-2 months from order to fulfilment.

10. What infrastructure is needed on the client side for their success?

Cooling equipment and enough space for the drone land and take-off

11. What are your biggest operational risks? How do you mitigate them?

- a. Drones could be stolen, broken into or damaged- Our drones do not need to land at their destination. Plus, all drones will be insured and have a comprehensive list of safety features, like GPS tracking, to mitigate this risk.
- b. Drones could fall from the Sky- a parachute will be attached to our drone to catch it if it falls.
- c. Drones have only recently extended their reach to Africa. This means that we will be recruiting from a small pool of qualified drone pilots and drone maintenance engineers. We will likely have to invest time and money into training our personnel.
- d. Severe weather can affect drone operations. Large air movements can send small drones bumping into buildings or fall from the sky; hail storms can damage drones. However with such adverse weather conditions, drone flights are cancelled.

Product (software and hardware):

1. What are your different Product offerings?

We only support one product offering- the Skycart Nimbus drone.

2. How does your Product compare to competition?

- a. We can do four deliveries in one flight, our competitors can only do one delivery at a time.

- b. Our drones can land at its destination, therefore, we can do deliveries between hospitals and return deliveries.
- c. Our drones can be operated with the need for large and expensive 'droneport' infrastructure.
- d. Our fully electric drones can fly faster, further and carry more than other electric drones

3. What part of your platform is patented?

- a. Autonomous pick up and drop-off of packages
- b. Multi-delivery system

4. Can the drones be hacked?

Our drones are hack-proof. We incorporate technologies such as SAW filters, band rejection filters, noise filters, datalink error correction, and datalink encryption for secure communication management with our drones. These cyber security technologies are verified and approved by Civil Aviation.

5. What parts of your Product are outsourced?

Computer vision for remote sensing. To avoid collisions either ADSB, FLARM, and/or Remote ID are used, battery manufacturing and manufacturing of other parts which are used to build the drone such as motors bearing, servos etc.

6. Do you support iOS/Android?

Yes, we support both.

7. What is your Product Management schedule? How do you prioritize features?

Weekly meetings with the core development team, this meeting focuses on product performance (for example, feedback from customers), questions or concerns from the team, and new market information that could affect the product. This meeting is also the forum for addressing team decisions and raising any blocking issues.

We update our Kanban board weekly to make sure it reflects our current priorities and progress. We update our product roadmap bi-weekly to keep up-to-date understanding of your strategic vision and plans for the product.

Customer interviews on a monthly basis asking them about their current processes, what outcomes are important to them and what functionality/feature they would find helpful- this is how we prioritise features.

8. How is your Development team structured? What core skillsets are needed?

- a. Software development
- b. Aerospace Engineering
- c. Embedded systems engineering
- d. Robotics

Financials:

1. How does your Revenue break up by Customer Segment?

Revenue per KM: \$0.34

Minimum number of KM the customer must pay for a nation-wide operation: 25,500
KM/day

Overall revenue per year: \$3,125,000

2. How do your Costs break up?

Africa expenses

Drones: parts for maintenance: \$1,084, insurance: \$3,500, registration: \$150,
shipping: \$600

CAA regulatory process: \$5,000

Payroll: \$66,000 per year (Pilot and Maintenance technician)

Operating: \$6,620

Travel for key personnel: \$10,000

Internal expenses

Drones: materials- \$18,000 per drone, 3d printer for composites: \$30,000

Payroll- \$80,000 per engineer, \$15,000 per core team member

Admin Fees: \$27,500

Server leasing/software updates: \$1,680

miscellaneous: \$2,634

3. How do each of your Costs scale with more sales and capacity?

Drones become cheaper to build and server leasing costs increase.

Funding:

1. What stage is the company at?

concept → product in development → prototype ready → Full product ready

What is the next step?

Product in market

2. How have you funded yourself?

We are currently bootstrapping.

Pre seed: \$130K raised from Three Angel Investors

3. Have you taken on any debt? If yes, how much and what are the terms?

\$130K. This is a founder loan; there is no maturity date and the interest rate is 0%.

4. What are your equity terms?

\$19M valuation cap with an 80% discount rate.

5. How much are you seeking

\$1,000,000.00

6. Who owns equity in your company? What are the percentages? Who has voting rights?

Please ask for our capitalization table

7. Can I see an audited review of your financials?

Yes, please ask

Regulations

1. Have you been through the Regulation before?

Yes, we have successfully gained regulatory approval in Switzerland.

2. What does the regulatory process look like?

- a. *Pre – application phase*: initial enquiry, preliminary discussion, UAS Pre-Application Statement of Intent (PASI), pre-application meeting.
- b. *Formal application phase*:
 - Submission of application package - application form, UAS operator certification job aid and schedule of events, key personnel resumes, statement of compliance, documents of purchase/lease/contracts/letters of intent of UAS premises, security clearance, list of UAS to be operated
 - Manuals - operations manual, safety management systems and quality manual, user manual for each type of UAS, security manual, and dangerous goods manual
 - Formal application meeting
- c. *Document evaluation phase*: applicants manuals are thoroughly reviewed by the certification team. Discrepancies will be discussed with the applicant and options sought for their resolution.
- d. *Inspection and evaluation phase*: involves demonstrating capability to comply with regulations and safe operating practices. Includes practical performance of activities and operations observed by KCAA inspectors, on-site evaluations of UAS maintenance equipment and support facilities as outlined in the previous documents and manuals.
- e. *Certification*: any arising issues are addressed and finally certification is issued.

3. Team and Human Capital:

1. Who is on the team?

Simon Yuen (founder), Ziddan El-qawwas (co-founder), Stephen Enright (co-founder), Aleix Garulo (contractor- full time), Rodgers Okeya (contractor- full time), Victor Nguyen (contractor-part time), Saravana Nagarajan (contractor- part time), Jenny Lu (contractor- part time), Nina Fan (contractor- part time)

2. Who is on the advisory committee?

Philippe Grosbois

