

RaceRanger Seed Round Investment Memorandum

- PROBLEM(S)**
1. Drafting (slipstreaming) and the way it is subjectively judged by both athletes and referees is the biggest athlete experience pain point in the sport of triathlon.
 2. Drafting benefits caused by motorbikes on course severely affects the fairness of both professional road cycling and triathlon events, by helping riders open or close gaps on others.
 3. Virtual cycling platforms do not have a way to integrate what is happening in real world races into their virtual worlds, in real time.

- SOLUTION(S)**
- RaceRanger is an electronic sensor system. Devices are mounted on each athletes' bike to accurately measure the distances between themselves and the bikes around them.
- The devices show an athlete a series of coloured light indicators, on the rear of the bike ahead of them as they are approaching or riding inside the illegal following distance. Referees can also see the same lights, eliminating the guesswork that exists today.
 - Motorbike drivers are shown light signals on their dashboard related to the distance to the closest following cyclists, preventing them from providing an unfair draft benefit to following riders.
 - Athlete relative separation data and position information will be fed into virtual cycling platforms such as Zwift in real time, as well as audio from inside the peloton. The rider is now in the real race, experiencing racing history being made, while riding at home.



INITIAL MODEL All athletes in a triathlon are given two devices to mount on the front fork and rear seat post of their bikes. RaceRanger's initial business model is to manufacture and retain ownership of the devices, delivering the anti-drafting service (hardware as a service) at events around the world. This is the same model that the companies providing timing services currently operate. Event companies will be charged on a per athlete, per use basis. The event companies will on-charge the fee to athletes as part of the event entry fees, with the potential to add their own margin. Entry fees currently average \$540 USD for typical Ironman or Ironman 70.3 events.

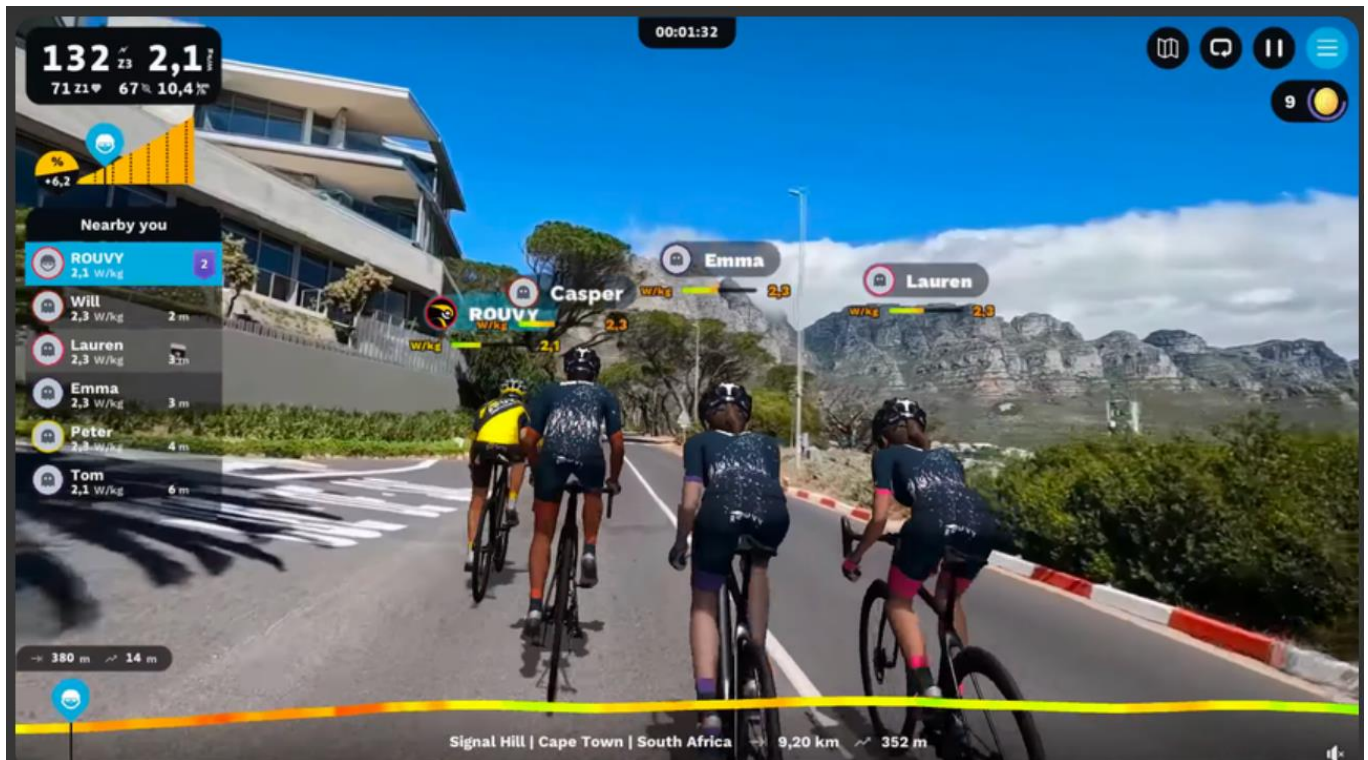
Live athlete tracking will be developed in 2023, allowing for an improved spectator experience in following their spouse or friend around the course.

The motorbike indication service, requiring only one unit per bicycle and a rear mounted unit on the motorbikes, is relevant only to professional races, so will likely always be offered on a 'per event' service delivery fee model. For example in Pro-cycling this might be a fee of \$10,000 per day.

VISION

It is logical extension that RaceRanger units will soon be placed on the Pro Cycling (Tour de France level) peloton of riders to address the issue of motorbike drafting. In 3-5yrs this will be leveraged to capture information about rider position and separation data, which will be fed in real time into television broadcast packages and virtual cycling platforms such as Zwift, Rouvy or Fulgaz (acquired by Ironman in 2021). Here, a rider will be able to log in to their platform on their stationary trainer at home, and rub shoulders virtually with the world's best riders, while they are out racing in the real world, either in real time or delayed.

Audio captured by the RaceRanger devices, from the rider next to them in the real-world bunch could be streamed through the consumer's headphones. The gear pings, the in-bunch chat, laughs and swearing...the team manager delivering instructions into the pro rider's earpieces, and the TV commentary, can be selected or overlaid for a truly immersive pro race experience. Riders at home will feel like they are actually *inside* the greatest bike races on earth, while they are happening, and history is being made around them before their eyes.



TECH

Several technologies are currently being deployed within RaceRanger devices including Bluetooth beaconing, GPS / GNSS, Ultrawideband (UWB), NFC and wireless charging. The current program is running over 75,000 lines of programming code.

MARKET

After the pro triathlon pilot seasons in 2023 and 2024, RaceRanger are targeting an initial supplier agreement with Ironman to deliver the service exclusively to full fields of amateur athletes at their events in Europe & North America for an initial 18-month period. This will grow to around 140 events within 3 years of launch, where there are an average of 2,450 amateur athletes competing per event. Beyond this, device system sets will be sold or licensed to dedicated service providers who will deliver the service at events, and spread its introduction more widely.

Concurrently to the initial core model, the company will offer an improved live athlete tracking data feed, and apply it's technology as a solution to motorbike drafting in the professional cycling peloton. Cycling is commercially a much more mature sport than triathlon, and budgets across the board are substantially larger.



TEAM The founding team are two ex-professional triathletes; James Elvery & Dylan McNeice, with global triathlon industry connections. James will be committing full-time on the business as CEO on the completion of a successful raise. The third founder Marcus Clyne is the owner and director of an electronic product development company, with prior start-up exits and over 20yrs experience developing electronic devices and systems. Canterbury University have provided masters graduates, workspace, testing equipment and expertise through the Wireless Research Centre. An ESOP will be created as part of this funding round to incentivise key engineering staff.

IP The company has a clear freedom to operate. A US patent has been granted and global patent (PCT) applications have been filed for the European market. Trademark filings for the 'RaceRanger' brand have been lodged internationally.

COMPETITION There are no competitors currently in this space. One company in the Netherlands was attempting to address the same issue, but they appear to have pivoted in a different direction.

STATUS Following a PR launch to the triathlon market in Nov 2021, RaceRanger has become 'the noun' whenever the drafting problem comes up in triathlon media. The company have produced 120 sets of high fidelity prototypes, which have been used through the 7 trial races to date.

The trials have been well received by athletes, events and officials. Expected functionality bugs have been identified and worked on through this period.

As the trials have progressed, pre-bookings have been lodged for 5x European events in 2023, including the test event for the Paris Paralympics. Sales revenue = 5,000 - 7,500 Euros per event.

REVENUE

Triathlon drafting services, (detailed model available for this stream):

FY23 = \$40K

FY24 = \$300K

FY25 = \$1.7M

FY27 = \$17M

Revenues for the strategy of feeding live race data into Zwift or other online platforms, are hard to model, and this is also a relatively new idea that hasn't been built out yet in great detail. What can be said, is that the potential opportunity is sizeable, with the sport of cycling being conservatively 20x larger than triathlon, and the company Zwift in its current form being valued at over USD \$1B.

FUNDING

The company was initially bootstrapped by the founders, before significant funding was injected by the NZ Government through Callaghan Innovation. A first funding round in 2021 raised 400K in two parts. Overall, approximately only 900K NZD has been spent to date to reach this point.

INVESTMENT

RaceRanger is seeking investment of NZD \$1M for equity; on an NZD \$3.5M pre-money valuation. Funds raised will be used to develop the live athlete tracking and motorbike drafting monitoring features, and a further hardware refinement round in preparation for manufacturing at a larger scale. Use in the pro cycling peloton and integration with virtual training platforms such as Zwift will be explored and pursued as high priorities yet longer-term targets.

RETURN

The return on investment is a sale of the business to a related industry firm such as Mylaps, Mcloyd, SwissTiming, Zwift, the PTO, or Zebra Technologies. The business will generate significant profits while delivering the drafting service alone, for which there is now initial product market fit, with paying customers.

INVESTORS

Ideal investors looking to add value would have possibly built similar businesses in sports technology or have experience in electronic product hardware development. Building European & North American teams and operations or personal experience in the sport of triathlon would also be of benefit.

MEDIA

Challenge Wanaka athlete testimonials video: [Video](#)

Global Triathlon Network Review: [Video](#)

Triathlete Magazine Interview: [Link](#)

Tri247 Article: [Link](#)

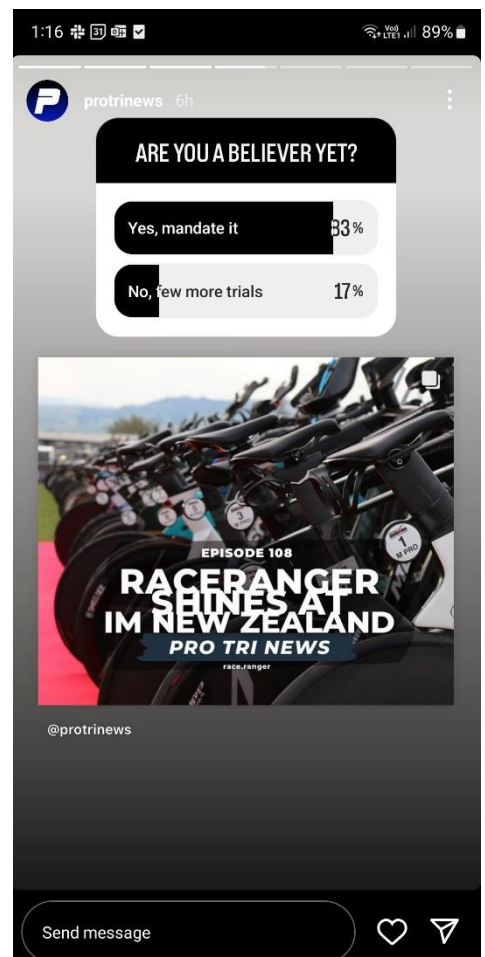
"It's the perfect tool for the perfect time" Sebastian Kienle
(1x Ironman / 2x Ironman 70.3 World Champion)

CONTACT

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