



1Q & 2Q 2018 REPORT TO SHAREHOLDERS

Dear investors of BARO VEHICLES LTD, we bring you the progress report corresponding to Q1 and Q2 of 2018. Many new features after long months of hard work.

Highlights:

- We successfully opened the second investment round for £ 500k and we have already reached 23%.
- We participated in the CAV Detroit in March and from there we opened the conversations with DIT Michigan to find a partner for the manufacturing.
- We were selected to participate in the Inception Program of Nvidia.

Lowlights:

- We had a delay in the manufacture of the body due to an increase in the supplier's budget.
- Our co-founder Carlos Escudero has left his position as Executive Director.
- We moved from a workshop inside the Mira Technology Park to a smaller space in order to reduce costs and negotiated the amount owed for the last quarter of 2017.

1. Metrics and KPI's

Finance

- Cash in the bank: £23.000
- Burn rate: £7K monthly, we have 3 months runway.
- Debt: £40.000

Traction product Baro One Golf Car

- Pre-Orders: #0
- Purchase intent: #8
- Intention to be Distributors: #3 Sidney (Australia), Dubai (EUA) and Louisiana (USA)



2. Product updates

Although the adjustments were completed in the 3D model of the body working with the initial supplier and although the contribution of funds was obtained from the founders and investors of the first round to make the first pieces, the supplier increased the price by 150 % more than the initial budget. This generated 6 months of delay until another supplier was selected, an Italian company that will begin manufacturing the first pieces in the coming months.

Regarding technological development, the object recognition and navigation system training continues. We have decided to start commercializing the technological platform for research purposes and developed by third-party companies, in order to generate income and evaluate the use of the platform in different environments.

To achieve this, we add as a strategic partner and investor to the Indian company: ASM Technologies listed on the Indian stock exchange.

ASM has subsidiaries in the USA and other countries of the world, and provides technology development services.

This participation of ASM will allow standardizing the electronics to go from the prototyping stage to the pre-production with the standards of the automotive industry.

We started working with the new Texas Instruments radars designed exclusively for autonomous vehicles, leaving aside the old sensors from other suppliers. Also, together with ASM, we are adjusting the designs to comply with the redundancy requirements for failures for FULLY Autonomy vehicles, and adding the data bus CAN-FD available only in high-end cars of German automakers.

Added to this, we continue our intense work with the artificial vision absolute axis of the whole system, using advanced algorithms developed by us to clarify images in rainy or poor visibility environments. With this state-of-the-art technology, we seek to have a platform totally different to everything that exists in the market.

We are working to reinforce the pitch and in the new product brochure for the launch, we will shortly be sending you the first draft to receive your comments.



We started to publish about BARO in USA magazines related to GOLF with good results, since they have contacted from several latitudes of the planet to be distributors of BARO ONE.

We are working on trade agreements and defining the goals that allow us to travel this path.

On the other hand, and taking into account the situation of USA, from the hand of the English Government, the Department of DIT specifically, we visited DETROIT USA and we are looking to license the manufacture of BARO in that country in order to reduce the cost of disembarkation in the USA. . It will be a slow and delicate process, which we will carry out during the next time.

3. Business Updates

We have participated in events where we have presented the progress of the second prototype. One of the events was in Mira, a visit of all the world representatives of the Department of DIT of the United Kingdom. The objective of this event was to show the facilities of the park and the companies that were developing autonomous systems. In this event the participants were able to get into the vehicle and test the driving with the joystick. We got very good comments about the simplicity of driving.





Another important event in which we participated was at Coventry University, in The National Transport Design Center. We presented the project to a delegation of Indian companies that were looking to invest in companies in the United Kingdom. From this meeting we obtained several expressions of interest in our technology and we made the first contact with the company that will invest a total of 17% of the Second Round.



Prince William is shown around



Prince William at the steering pad at MIRA

He is at the steering pad seeing cars that have been developed and tested at MIRA.

Several members of the team, including our Industrial Designer Jorge Gauna, attended with our functional Prototype to the official visit of Prince William. During the event Baro was proudly presented by the CEO of Mira Technology Park as one of the vehicles that are on the road to innovation. The event had an impact on all English media and allowed us to receive several proposals for collaboration, including Aston University to work on the development of technology.



Team

After several proposed goals failed, our co-founder Carlos Escudero decided to leave his functions as Executive Director and COO. The pressures, instabilities and accelerated times of Baro, as of any startup, have been larger than our partner has been able to support. Currently he continues with his family in England but collaborating with the project in a more passive way, we hope to be able to add him to the team in a more comfortable position for when the company reaches the production stage.

Given that almost all of the funds have been invested, it has not been possible to resolve the entrepreneur visa for Daniela González, it can be obtained with a new single investment that exceeds £ 200k, in the same way that was obtained last year the visa of our CEO Gabriel Giani, or with a subsidy from the UK government that exceeds £ 50k. This has caused some delays since Daniela continues with its management functions from Argentina but with the inconveniences that this causes when presenting the different documentation.

He joined the team working in the United Kingdom financial adviser Tim Kearney. Tim has experience in finding financing for SME and is actively collaborating in meetings with the UK government given the lack of Daniela in England.

Also joined Elizabeth Skelton (Libby) who was collaborating with the pitch for the Detroit event and the PitchFest.



We continue with the searches mentioned in previous reports, mainly a Sales Engineer and a Mechanical Designer with the skills so that in the future he/she can occupy the role of COO.

Any presentation or suggestion will be welcome. You can do it to our contact emails or directly to: rrhh@barovehicles.com

4. Funding

As we mentioned at the beginning, the entry of investors from the second stage is taking more time than stipulated but we have already reached 23% of the total amount of £ 500k. We invite you to join the second round of investment. We count on your support in this second stage.

- Deck update for investors: <https://goo.gl/ze6WL4>
- More Info: <http://www.barovehicles.com/invest/>
- Previous reports: <http://wtc.barovehicles.com/about-us/relationship-with-our-investors/>

To obtain more information about the investment round or to coordinate a meeting to present the project to someone interested, you can contact us:

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Thanks to those who have communicated with us in recent weeks and during all this time, it has been very good and comforting for us to be able to talk with you and show you the hard work we are doing.

We have faced difficulties of all kinds in all this time, considering that the search for investors has become difficult, but we are still working hard to reach the goal. We have taken a challenge that few are encouraged to face, and we are traveling the road to achieve the goals with perseverance, effort and an absolute conviction that we can achieve it.

From time to time it is necessary to rethink and reformulate ideas and people, a complex process, but not impossible, but always thinking that BARO exists and achieves success.

Finally, we want to share a phrase from President Kennedy, modified for us, to which we have clung at this time: "We choose to create an Automotive Self Driving Company and do the other things, not because they are easy, but because they are hard"

Best regards,

Board of Directors Baro Vehicles Ltd.