

**Investor Subscription Agreement
For Stock of Lycan Motorcycles Inc.**

KNOWN ALL MEN BY THESE PRESENTS:

This Investor Subscription Agreement (“Agreement”) is made and entered into as of January 22, 2022 (“Effective Date”), by and between:

LYCAN MOTORCYCLES INC., a corporation duly recognized and existing by virtue of the laws of the Republic of the Philippines whose official office address is at **B229 L28 MINDANAO AVE. EXT., BRGY. STA. MONICA, QUEZON CITY, PHILIPPINES, 1117**, hereby represented by **MR. JOHN ANDREW C. GANGAT** as its President and Chief Executive Officer (hereinafter referred to as “Lycan” “Corporation” or “Company”)

and

_____, of legal age, Filipino, and with home address at _____ (hereinafter referred to as "Investor"),

Collectively referred to as “Parties,”

WITNESSETH:

WHEREAS, the Company seeks to enter into an investment agreement with the Investor, whereby the Company shall perform its duties relating to the research, development, prototyping, launching, production, distribution, and retail of its upcoming original motorcycle units, products, and its relevant technologies (the “Business”).

WHEREAS, Investor is willing to subscribe enter into this Agreement to provide the Company a _____ (PHP _____) investment (“Investment”) in exchange of shares of Preferred Stocks amounting to ____ () and ownership equivalent to _____% of the company.

NOW, THEREFORE, in view of the foregoing premises, the Company and the Investor have agreed to undertake mutual covenants and undertakings as follows:

AGREEMENT

1. **Subscription.**

Within seven (7) days from the Effective Date, the Investor shall remit to Lycan the full Investment amount of _____ (_____) through cash, cheque, or money/wire transfer addressed to the Corporation's official bank account/s listed below:

UNIONBANK
Lycan Motorcycles, Inc
0023-0000-7491

BDO
Lycan Industries Philippines OPC
0128-4001-5141

Check addressed to:
Lycan Motorcycles Inc

2. **Return on Investment**

In return for the investment, Lycan agrees to transfer to the Investor ____ () Preferred shares of stock equivalent to _____% of the company where the Investor shall receive quarterly dividends proportionate to the percentage of shares owned by each Shareholder. The Investor shall receive the Certificate of Stock within 30 to 45 working days upon receipt of the full Investment. The Investor, at his/her discretion, with the express written consent of Lycan, may sell his/her shares to either a third-party individual or sell his/her shares back to Lycan at a later date.

3. **Distribution of Profits**

a. *Determination of Net Income or Loss.*

For the purposes of this Agreement, the net income or loss of the Corporation for any accounting period shall be its gross income less the Corporation's expenses during that period, determined on an accrual basis in accordance with generally accepted accounting principles. Gross income shall include, but shall not be limited to, amounts received upon or in respect of investments of the Corporation, gains realized upon the sale or disposition of any property, and any other income received by the Corporation. Expenses shall include, but shall not be limited to, the expenses of conducting the business, salaries, interest on any loans or borrowings by the Corporation including any loans or advances to the Corporation by any Shareholder, taxes and assessments assessed to the

Corporation or levied upon its properties and payable by it, depreciation of and losses on the Corporation's property (using any method of depreciation the Managing Shareholder deems appropriate), bad debts and contingencies for which reserves should properly be established, and any and all other expenses incidental to the conduct of the business of the Corporation.

b. Regular Distributions of Net Income.

Unless the Managing Shareholder shall determine in good faith that the Corporation reasonably needs to retain the same to meet its obligations or to maintain a sound financial condition in light of the Corporation's reasonable financial needs, the net income of the Corporation in excess of PHP10,000,000 shall be distributed by the Corporation quarterly, proportionate to the percentage of shares owned by each Shareholder.

4. Involvement in the Company

The Investor has been formed solely for the purpose of engaging in the transactions contemplated hereby and will have engaged in no other business activities of the Corporation and will have incurred no material liabilities other than pursuant to this Agreement, unless otherwise agreed in writing that the Investor shall take part as an operating member of the Company.

5. Dissolution

a. Restrictions on Voluntary Dissolution.

The consent of the Shareholders shall be required to approve the voluntary dissolution of the Corporation and each Shareholder waives any right to the taking of that action by the approval, consent, or vote of a lesser percentage.

b. Procedures During Winding Up.

On commencement of dissolution proceedings either by election of all Shareholders or otherwise, the Corporation will cease to carry on business except as necessary to wind up its business and distribute its assets. The Managing Shareholder will perform the following acts, as necessary, to wind up the affairs of the Corporation:

- Employ agents and attorneys to liquidate and wind up the affairs of the Corporation;
- Continue the business as necessary for the winding up of the affairs of the Corporation;

- Carry out contracts and collect, pay, compromise, and settle debts and claims for or against the Corporation;
- Defend suits brought against the Corporation;
- Sue, in the name of the Corporation, for all sums due to the Corporation or recover any of its property; Collect any amounts owing on subscriptions to shares or recover unlawful distributions;
- Sell at public or private sale, exchange, convey, or otherwise dispose of all or any part of the assets of the Corporation for cash in an amount considered reasonable by the President, or his or her appointee (s); Make contracts and take any steps in the name of the Corporation that are necessary or convenient in order to wind up the affairs of the Corporation.

c. Distribution of Assets on Dissolution.

The Managing Shareholder will apply the assets of the Corporation in the following order:

1. To all debts and liabilities of the Corporation in accordance with the law, including the expenses of dissolution and liquidation, but excluding any debts to a Shareholder;
2. To all senior debts to a Shareholder in accordance with the terms of any subordination agreement;
3. To the accrued and unpaid interest on unsubordinated debts to a Shareholder;
4. To the principal of unsubordinated debts to a Shareholder;
5. To undistributed net profits of the Corporation, subject to the provisions of this Agreement;
6. To repayment of the purchase price of the shares of the Corporation actually paid by each Shareholder; and, finally,
7. To the Shareholders in proportion to the number of shares of the Corporation held by each.

6. **Non-Competition and Trade Secrets**

a. *Noncompetition.*

Each Shareholder agrees that as long as he or she is the owner, or in control of, any of the Corporation's shares, the Shareholder will not be employed, concerned, or financially interested, either directly or indirectly, in the same or a similar business as that conducted by the Corporation, or compete with the Corporation. Unless otherwise agreed to in writing by a majority of the remaining majority Shareholders, a departing Shareholder will not be employed, concerned, or financially interested, either directly or indirectly, in the same or a similar business as that conducted by the Corporation, or compete with the Corporation for a one-year period following the date the departing Shareholder conveys his or her shares if any customers of the same, similar, or competing business may be located within a 50 km radius of the principal place of business of the Corporation.

b. *Trade Secrets.*

Each Shareholder acknowledges that the customer lists, potential customer lists, trade secrets, processes, methods, technology, and technical information of the Corporation and any other matters designated by the written consent of all Shareholders are valuable assets. Unless he or she obtains the written consent of each of the other Shareholders, each Shareholder agrees never to disclose to any individual and organization, except in authorized connection with the business of the Corporation, any customer list, or any name on that list, or any trade secret, process, or other matter referred to in this paragraph while the Shareholder holds, or has the control of, any shares of the Corporation, or at any later time.

7. **Binding Effect and Irrevocability.**

It is understood that this Subscription Agreement is not binding on the Company unless and until it is accepted by the Company as evidenced by countersignature below. The Company reserves the right to reject any subscription agreement for any reason or no reason at all – and the Company is not required to give any reason. Investor agrees that this Subscription Agreement shall be irrevocable until the end of the offering period.

8. **Right of First Refusal.**

Investor will notify Company in writing of the existence and terms of any proposed sale (or transfer for consideration) of Securities to a third party, and hereby grants Company a right to acquire some or all of that Securities on the same terms within thirty (30) days of the notice. Investor agrees that all such proposed sales or transfers will be negotiated in good faith as arms'- length transactions.

9. **Representations.** Investor represents and warrants as follows:
- a. **Name, Address and Identification Card.** Investor's full name and residential address is as it appears in this Agreement.
 - b. **Investor Documents.** Investor is purchasing the Company's Securities without being furnished any information, representations or offering materials other than the Investor Documents.
 - c. **Purchase for Own Account.** Investor is purchasing the Securities in his/her/its own name and for his/her/its own account (or for a trust account if he/she/it is a trustee), and no other person has any interest in (or right with respect to) the Securities, nor has Investor agreed to give any person any such interest or right in the future. Investor is acquiring the Securities for investment and not with a view to, or for sale in connection with, any distribution of the Securities.
 - d. **Risk of No Exemption.** Investor recognizes that he/she/it cannot dispose of the Securities absent registration and qualification and that no undertaking has been made with regard to registering or qualifying the Securities in the future. Investor understands that the availability of an exemption in the future will depend in part on circumstances outside Investor's control and that Investor may be required to hold the Securities for a substantial period. Investor further understands that the right to transfer his/her/its Securities will be restricted, including a restriction against transfers unless he/she/it submits to the Company policy on valid transfers.
 - e. **Liquidity.** Investor realizes that, since the Securities cannot be readily sold and has no public market, he/she/it may not be able to sell or dispose of his/her/its Securities and, therefore, that he/she/it must not purchase the Securities unless he/she/it has liquid assets sufficient to assure himself/herself that such purchase will cause him/her no undue financial difficulties;
 - f. **Opportunity for Questions.** Investor acknowledges that before this transaction Investor has been given the opportunity to ask questions concerning the Securities and the investment as Investor felt necessary or advisable, and to the extent Investor took advantage of that opportunity, Investor received satisfactory information and answers.
 - g. **Re-sale.** Investor agrees to the following requirements regarding re-sale or transfer of the Securities:
 - i. Any re-sale or transfer may occur no sooner than nine (9) months after the last sale in the offering in which the Investor bought these Securities;
 - ii. The re-sale or transfer (1) is not accompanied by the publication of any advertisement and (2) is not effected by or through a broker-dealer in a public offering.
 - iii. The transferee is subject to registration and qualification by the Company as stated in Paragraph (d).
 - h. **Risk.** In reaching the decision to invest, Investor has carefully evaluated his/her/its financial resources and investment position and the risks associated with this investment, and Investor acknowledges that he/she/it is able to bear the economic risks of this investment. **BY ELECTING TO PARTICIPATE IN THIS INVESTMENT, INVESTOR REALIZES THAT IT IS POSSIBLE THAT HE/SHE/IT MAY LOSE THE ENTIRE INVESTMENT.** Investor

further acknowledges that his/her/its financial condition is such that Investor is not under any present necessity or constraint to dispose of the Securities to satisfy any existing or contemplated debt or undertaking.

- i. **Advice of Counsel.** Investor acknowledges that any legal counsel for the Company is legal counsel solely for the Company regarding this investment and not for Investor, and that Investor may want to have his/her/its own legal counsel review this Agreement before signing. Investor acknowledges that any accounting firm for the Company is the accounting firm solely for the Company and not for Investor, and that Investor may want to have his/her/its own accountant review this Agreement before signing.
- j. **Change in Circumstances.** All information which Investor has provided to the Company concerning himself/herself, his/her/its financial position, and his/her/its knowledge of financial and business matters is correct and complete as of the date set forth below and, if there should be any material change in such information prior to his/her/its having paid his/her/its subscription in full, that he/she/it must immediately provide the Company with such information and Company has the right to terminate this Subscription Agreement without penalty.
- k. **Dilution.** Investor understands that the Company may decide to issue additional stock in the future and that if that happens the percentage of ownership that each shareholder owns of the Company will be decreased on a pro-rata basis.

10. General Provisions

- a. **Whole Agreement.** This Agreement contains the entire understanding of the parties and supersedes all prior oral and written agreements, understandings, commitments, representations and practices between the parties.
- b. **Authority.** The undersigned warrants that he/she has full legal authority to sign for his/her respective party and that such party is lawfully empowered to enter into this Agreement.
- c. **Successors.** Except as may be otherwise specified in this Agreement, this Agreement will inure to the benefit of and be binding on any successors or assigns of either party.
- d. **Invalidity.** If any portion of this Agreement is found to be invalid, then the narrowest segment possible of that portion shall be held to be excised from this Agreement, and the remainder of this Agreement will continue in full force and effect.
- e. **Modification and Waiver.** This Agreement may not be modified except by a writing signed by the parties. No waiver of this Agreement will be effective unless made by a signed writing. No waiver will be a continuing waiver unless so stated in a signed writing.
- f. **Assignment.** Neither party may assign its rights under this Agreement without the prior written consent of the other party.
- g. **Governing Law.** This Agreement shall be governed by and interpreted under the

laws of the Republic of the Philippines.

- h. Venue.** Any litigation or arbitration arising from or relating to this Agreement shall be brought exclusively in the venue proper for an individual residing in Quezon City and the parties agree that any action relating to or arising out of this Agreement shall be instituted and prosecuted only in those courts. The Parties hereby expressly waive any right to a change in venue and any and all objections to the jurisdiction of those courts.
- i. Construction.** Each Party and/or the respective attorneys of each Party, has carefully reviewed, or has had an opportunity to review, this Agreement. Accordingly, the Parties agree that the normal rule of construction that any ambiguities are to be resolved against the drafting Party shall not be utilized in the interpretation of this Agreement.
- j. Counterparts.** This Agreement may be executed in counterparts and by faxed signatures, and each counterpart shall be considered a duplicate original of the parties' Agreement.

IN WITNESS WHEREOF, the parties hereto have signed this **SUBSCRIPTION AGREEMENT**

LYCAN MOTORCYCLES:

INVESTOR:

MR. JOHN ANDREW C. GANGAT
President/CEO

Investor

MRS. JUANITA LERA
Corporate Secretary

ATTY. ORBILL B. GARCES
Legal Counsel

WITNESSES:

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES

Before me, a Notary Public in and for the _____ on this day of _____ personally appeared.

NAME: **JOHN ANDREW C. GANGAT**

ID No:

ISSUED AT:

DATE:

And

NAME:

ID No:

ISSUED AT:

DATE:

Both known to me to be the same person who executed the foregoing legal form instrument entitled "Subscription Agreement" consisting of nine (9) pages, including this page on which the Acknowledgement is written, signed by them and their instrument witnesses on the spaces provided for the purpose; and they acknowledge to me that the same is their free and voluntary act and deed.

WITNESS my signature and notarial seal, on the date and in the same place first above mentioned.

DOC. NO. _____

PAGE NO. 9

BOOK NO. _____

SERIES OF. _____