



PupPal

PLAY WHILE YOU'RE AWAY

SPRING 2021

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PupPal Delivers To Investors



Marketing Strategy

Online Efforts Drive Awareness Increases



Operations Management

Cost Reduction & Facility
Flexibility Streamline the Process



Financials

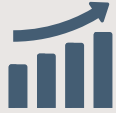
Revenues Grow Faster Than Expenses,
Yielding Positive Returns



Key Risks & Mitigation

High-Impact & Probable Risks
Mitigated with Careful Preparation

The Pet Accessories Market Is A Recession-Proof Industry with Forecasted Growth



7% increase pet ownership amidst the **COVID-19 Pandemic**



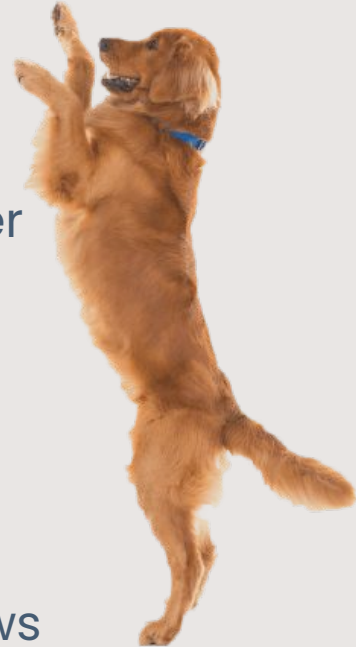
6% projected growth in the pet accessories industry over seven years



COVID-19 outbreak has strengthened two-way **companionship** between pet and owner, with some consumers **creating strong bonds** during lockdown



63.4M dog owning households in the United States shows promise for our product






PupPal: Watch & Play While You're Away!

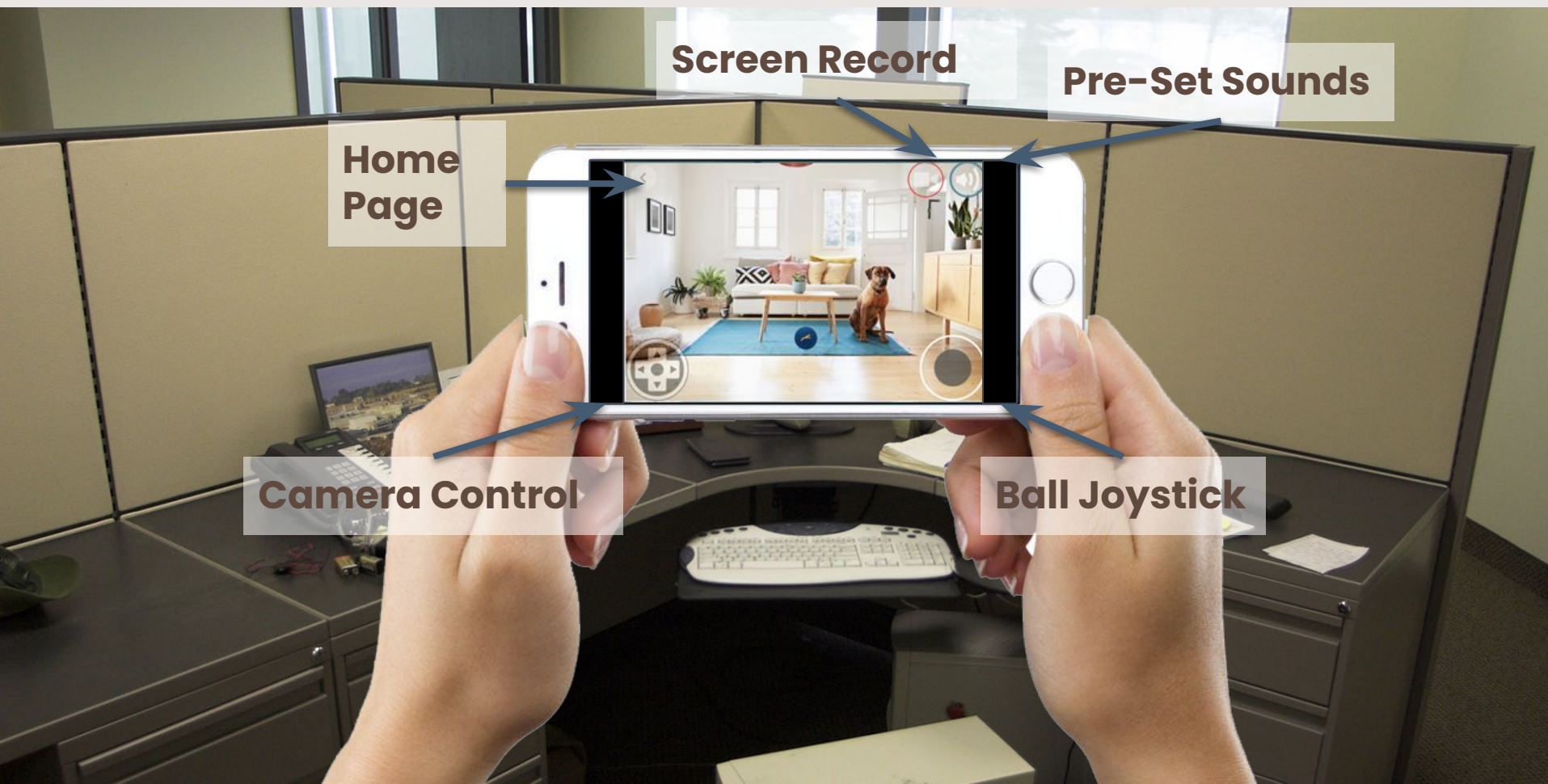
PupPal



All-inclusive bundle promoting virtual interaction between dog & owner:

-  Interactive dog ball
-  PlayCam for monitoring
-  A companion app allowing you to **move the ball, control the camera, and play pre-set sounds**, keeping your dog **engaged!**

The PupPal App: Play-Time from Anywhere!



PupPal will Attract Dog Lovers Anywhere

Dog-Owning
Households



Millennial & Gen-X Dog
Owners



16.60 Million Target Market

Owners of Medium &
Large Dogs



Willing to Invest in More
Expensive Dog Products



PupPal Prioritizes Accessibility & Engagement

Convenience is Key

iOS & Android capable:

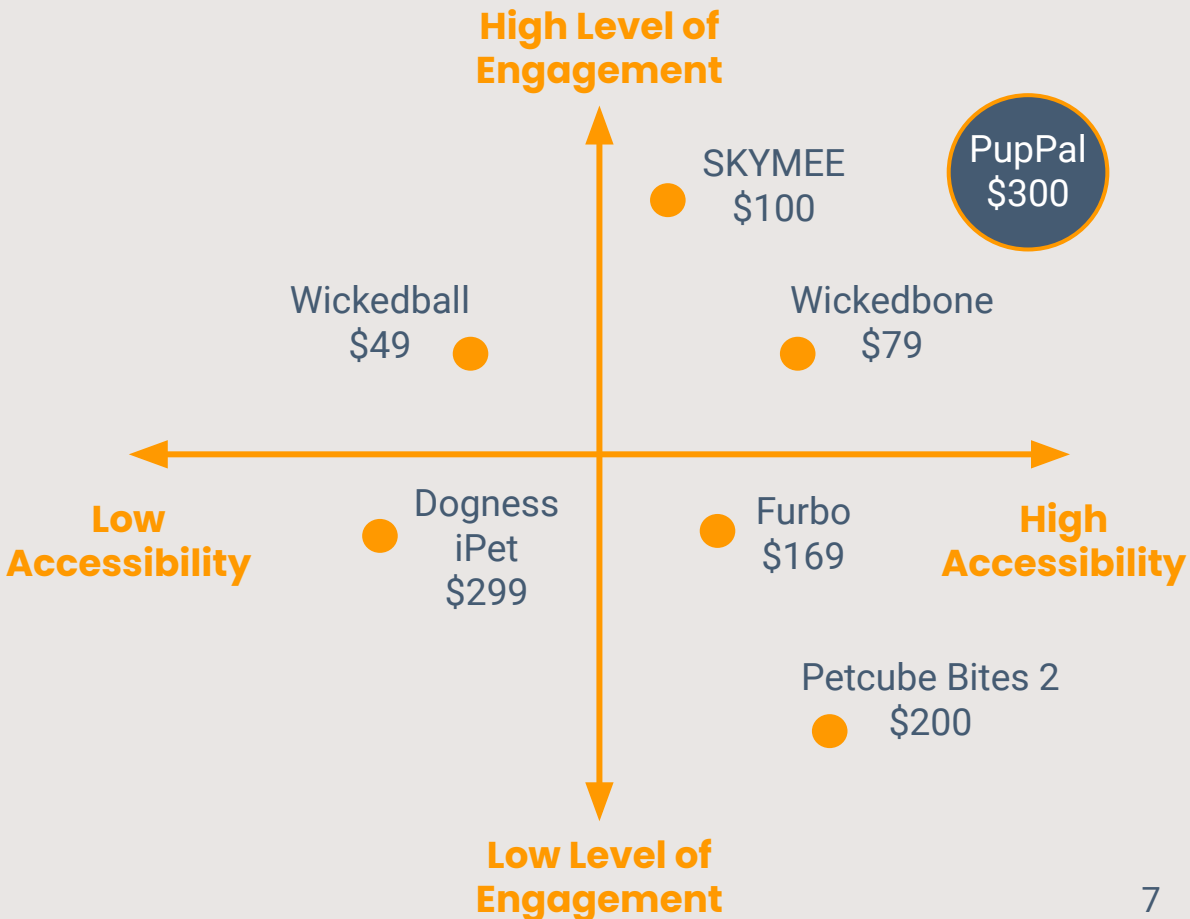
Play From Anywhere! with proper WiFi/cellular and Bluetooth connection

Multiple Play Styles

Play virtually at the office or have hours of fun on a Sunday afternoon with family!

Uniqueness

Active engagement



Creative Events & Magazines Drive Awareness In Year 3

Awareness

| Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--------|--------|--------|--------|--------|
| 7.5% | 9% | 21% | 23% | 24% |

Magazines



Creative Events



Online



Fairs & Events



PR & Blogs



Social Media



1

2

3

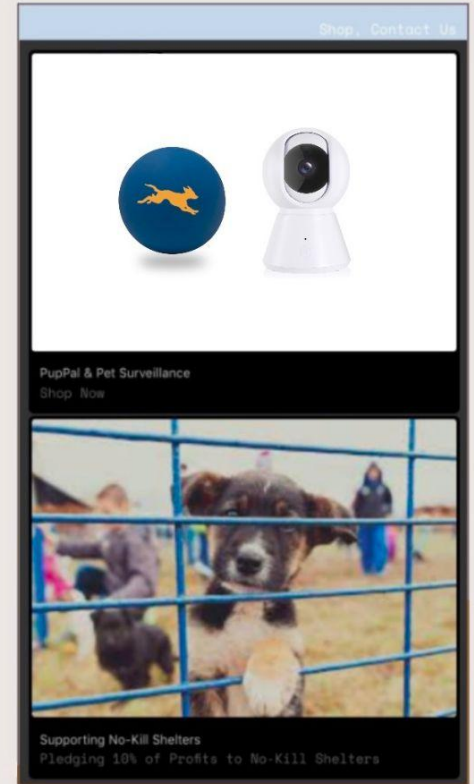
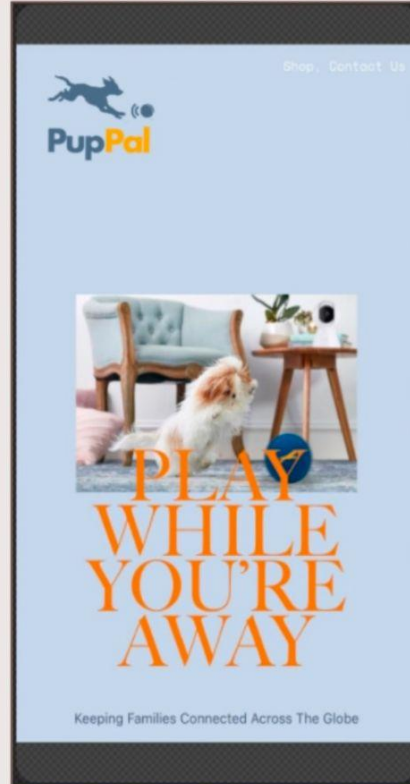
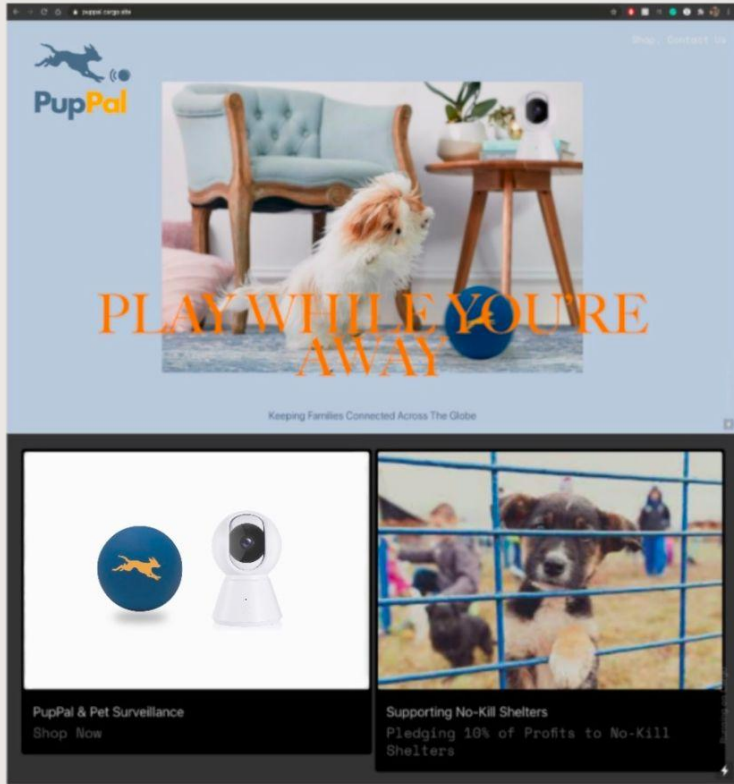
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5

Year of Introduction

IMC Vehicles

PupPal Website Will Be Our Main Communication Tool



Purchase PupPal at Multiple Outlets with Ease

ACV

| Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--------|--------|--------|--------|--------|
| 14% | 17% | 22% | 27% | 33% |

PupPal's Retailers

RSP

Independents



\$360

Online



\$278

Chains



\$278

Mass Merchants



\$215

1

2

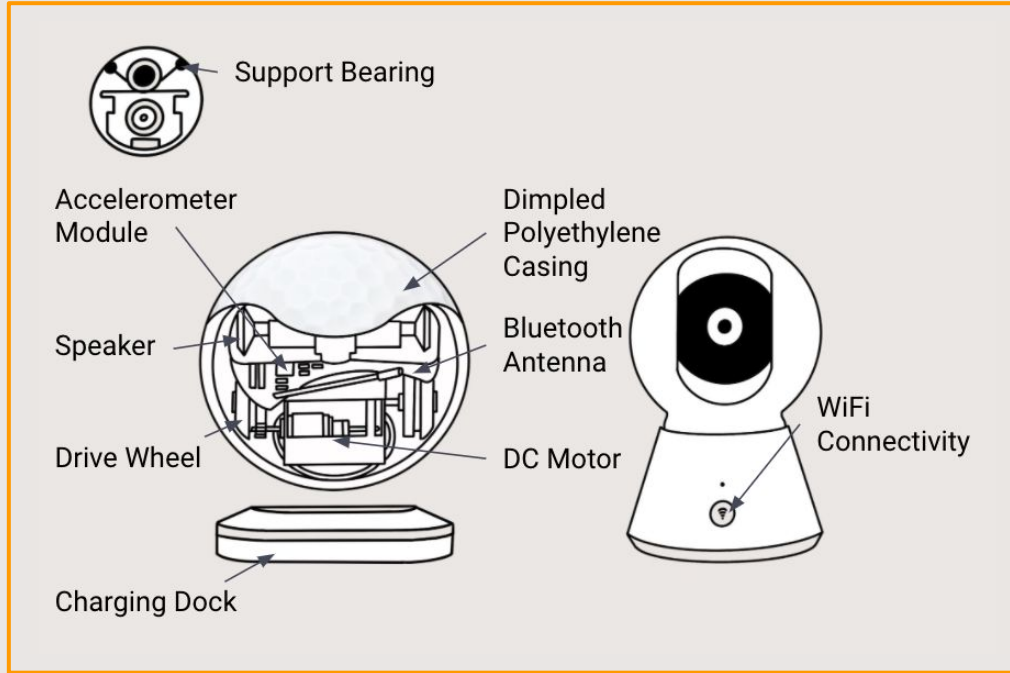
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Year of Introduction


The PupPal Balances Important Customer Attributes and Engineering Characteristics




 **Hermetically sealed**
for moisture control

 Dimpled casing texture
allows for ball to **traverse various surfaces**

 Inductive charging
allows for the ball to be **charged wirelessly**

 The ball and charging
dock will be
manufactured in-house

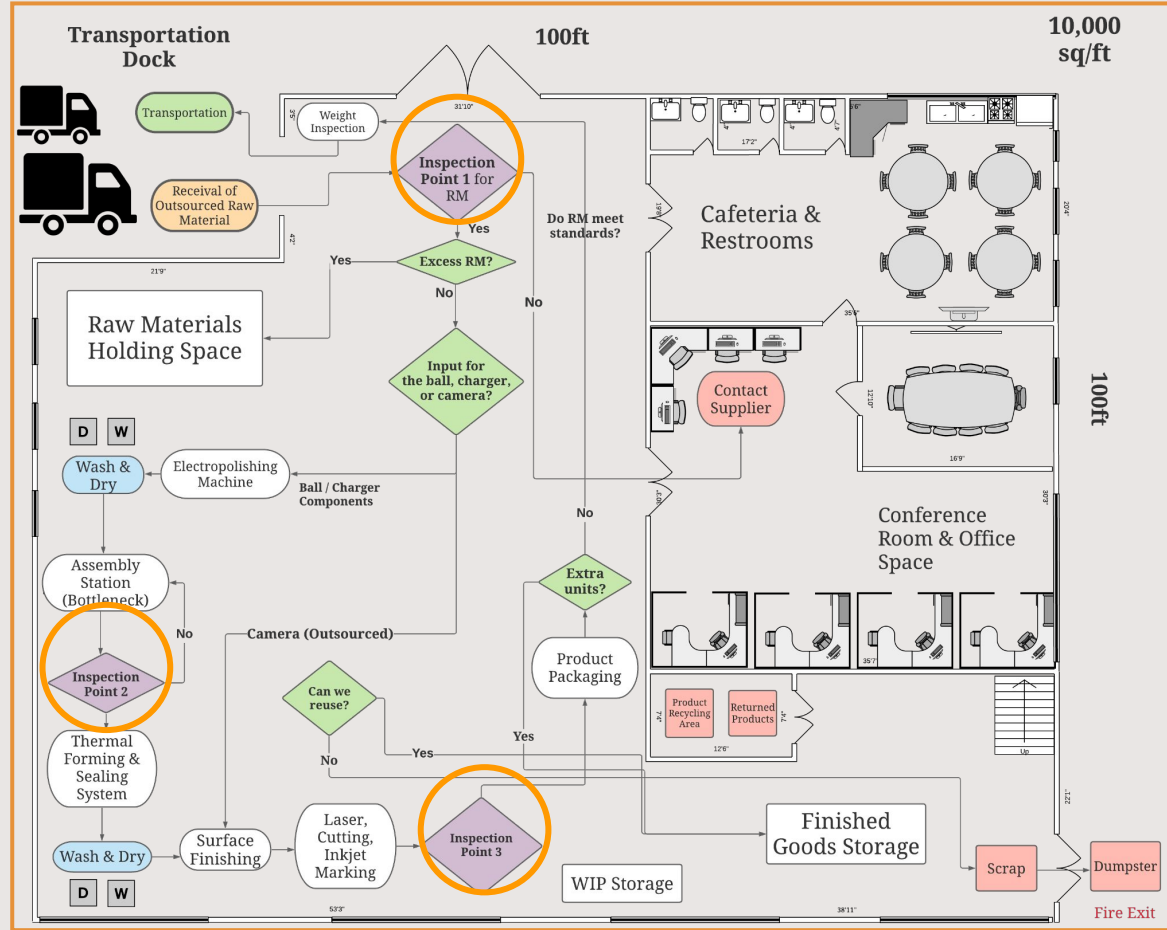
 The camera will be outsourced from **AEI components** for modifications

Facility Planning for Greater Efficiency

Factory located in Kansas City, MO to **minimize inbound freight and distribution costs**

U-Shaped layout allows for **flexibility** and helps **accommodate** more workers

Factory processes are **automated** with exception of ball & charger assembly



1225 W 8th St, Kansas City, MO

PupPal will Scale Production with Demand

Year 1

13 Machines + **2** Assembly Stations
9 Full-Time Employees
1 Part-Time Employee

Capacity Utilization

60%

Yield Rate

87%

Service Level

92%

DM Cost/Unit

\$46



Year 5

13 Machines + **10** Assembly Stations
15 Full-Time Employees
3 Part-Time Employees

Capacity Utilization

80%

Yield Rate

98%

Service Level

97%

DM Cost/Unit

\$39

Awareness and Order Discount are Main Drivers of Profitability

Marketing

Revenue Growth vs. Awareness

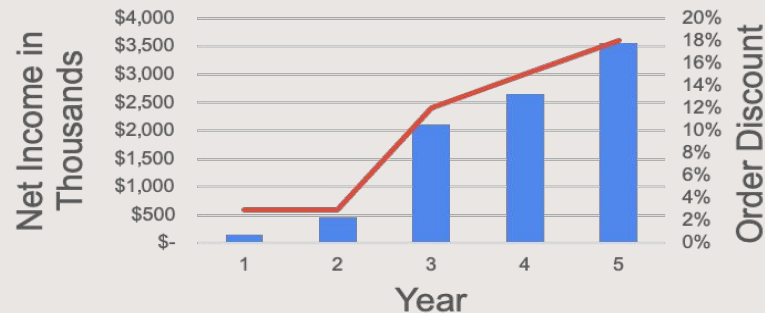


Awareness Online, Social Media, & Website Awareness Revenue

- Online awareness accounts for a large % of our total awareness
- Increased awareness is our main driver of revenue

Operations

Net Income vs. Order Quantity Discount



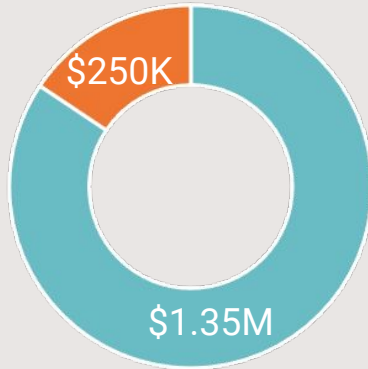
Net Income in Thousands Order Discount

- COGS is largest expense
- Direct Materials make up majority of COGS
- Net Income growth exhibits a near 1:1 ratio with order discounts

Strong Financial Forecasts Ensures Profitability for Investors

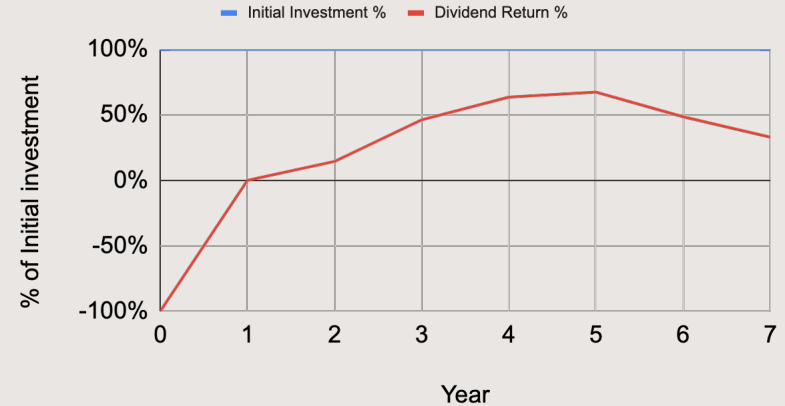
| | |
|---------------------------|--------|
| Total Investment Required | \$1.6M |
| NPV | \$2.7M |
| IRR | 60% |

Friends & Family



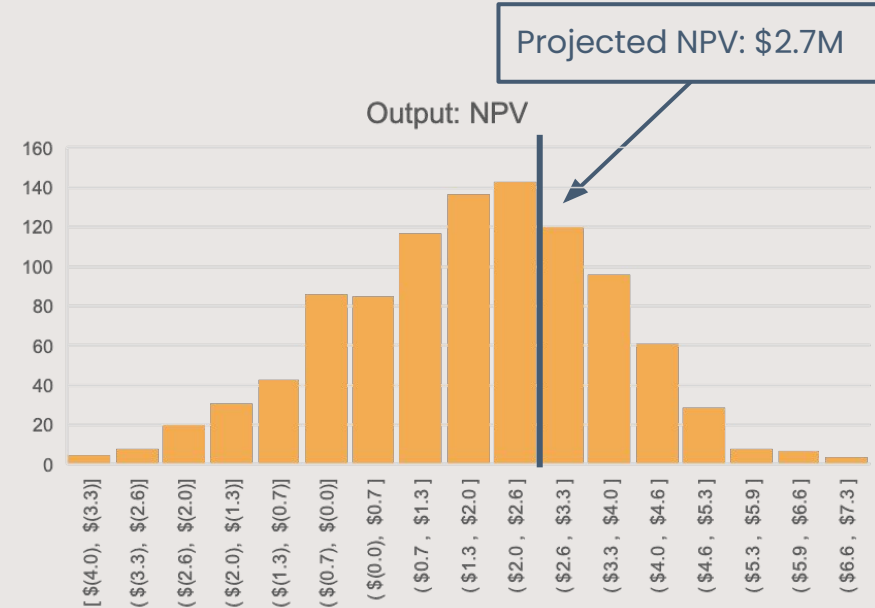
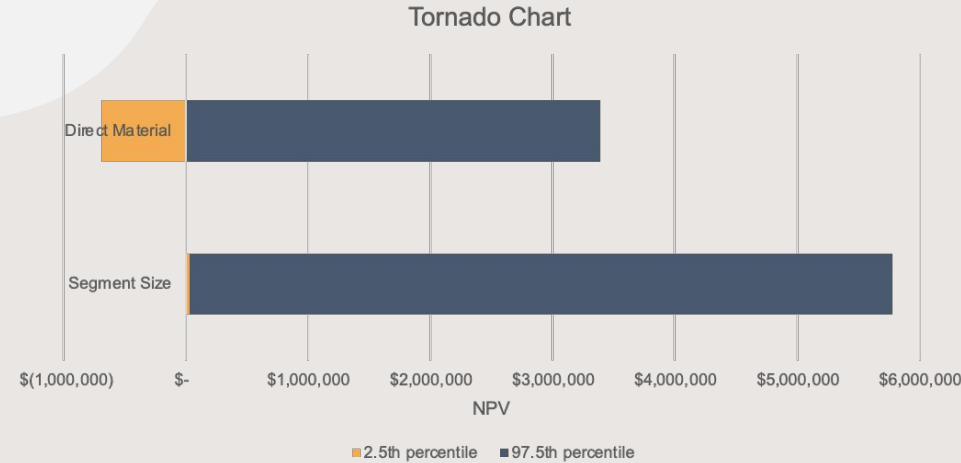
External
Investment

Dividend Return % vs. Initial Investment %



- ✍ Cash flows break even in **year 2**
- ✍ Investors will make **124%** of their investment by **year 4**
- ✍ Total return of **271%**
- ✍ Terminal Value of **\$4M**
- ✍ Enterprise value of **\$4.2M**
- ✍ Stable NPV indicator of profit

Marketing Variables Have Greater Impact on Our NPV Compared to Operation Variables



Direct material cost per unit will stay closer to minimum, NPV closer to maximum



Segment size has wide range of NPVs but rarely negative



The more variables that change unfavorably, higher chance of negative NPV

Though Several Risks Are Out of Our Control, We Have Invested Time and Capital Into A Risk Mitigation Plan



Marketing

- Precisely forecast segment size by **mining consumer data**
- Increase awareness through **social media**
- Increase consumer compatibility through **brand extensions**



Operations

- Minimize supply chain crises by **backing multiple sources**
- **Ensure product quality** by hiring on-site mechanical engineer & quality assurance manager
- Maximize efficiency through **management training** program

Overall, PupPal is an investment that shows great promise

A premium high-tech pet product brings ***connectivity and love*** from anywhere.

The return on investment will total over **\$4 million in 7 years.**

A strong supply chain network with a team of dedicated staff secures high-demand logistics.

A detailed mitigation plan serves as our guide to combat risks.

