



# INFORMATION MEMORANDUM

DECEMBER 2022

# MAKE TIME FOR LIFE

Kitset Assembly Services delivers a memorable journey for Customers to have their flatpack assembled or installed.

Kitset Assembly Services inspires Customers to make the most of their time. Whether it's going for a run, spending time with family or just reading a good book.

We believe it's important to dedicate time to the situations, events, and people in life, which really matter.

This is the essence of **OUR CULTURE.**

Creating an enduring encounter through business, technology, Customer Experience and franchising which will last a lifetime.



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# EXECUTIVE SUMMARY

The ToolGuy Group is a multifaceted dynamic business which is ready for further growth. The Group includes a proven Franchise System operating in New Zealand and Australia, and a mature Technology Infrastructure which will support the entire operation as it continues to expand.

The New Zealand and Australian business has proven the systems and the technology are not only sustainable but can support future growth to satisfy unmet demand. The Group is raising up to US\$4.5mil in new Capital, for expansion in the highly lucrative and franchise friendly United States market, with a launch of the U.S. beachhead in Arizona in early 2023.

The franchise system of **Kitset Assembly Services (KAS)** appears a simple business concept; providing assembly of modular cabinetry and products in 'Ready-to-Assemble' or 'flatpack' form, to both domestic and commercial customers. The systems and processes provide a key differentiator and defensible market opportunity. The business takes advantage of key mega-trends:

- People are becoming increasingly time-poor and unwilling to wait
- The traditional skillsets required to assemble everyday items are becoming less commonplace
- A rise in the 'do it for me' culture
- Retailers in search of supply chain efficiency are moving towards flatpack or ready-to-assemble products

- Retailers do not have the workforce or capacity to provide assembly services
- Online retailers have a growing share of product sales
- A greater number of people in the workforce are opting to work for themselves for financial and life-style reasons
- Population density is increasing in cities around the World

Revenue streams and channels are diverse, across a wide range of product categories, referred by retailers and manufacturers alike as well as directly to the Franchisee Assemblers because of their Local Area Marketing programs.

All are supported by the proprietary e-commerce technology and online booking platforms which Kitset Assembly Services operate.



# EXECUTIVE SUMMARY

(continued)

The ToolGuy Group has focused on innovation with technology; integrated online sales platforms, white label Partner solutions, job management systems, reporting and stakeholder transparency. This places the Group as market leaders, in many cases integral to the over-all modern-day retail experience.

The Group has developed and operates a best-in-class Job Aggregation and Management Software (JAMS), Toolkit®. This provides the platform where Franchisors, Franchisees, Supply Partners and Customers meet and manage the job process from initiation, through allocation to billing. Toolkit® not only delivers competitive advantage from operational efficiency and intelligence but broadens strategic options for entry to new markets.

The operation of Toolkit depends on the Group maintaining a 'most demanding customer' role for the platform, alongside a strategy of ensuring the platform remains open and transferrable to other value chains, in its own right.

## **KAS is proven in New Zealand and Australian markets.**

After significant investment to date, developing the Kitset Assembly Services model - from concept, through start-up, to a market leading and sustainable business - the business is seeking capital partners to see the completion of the network throughout New Zealand and Australia, as well as the entry and ongoing expansion into the U.S. market. The Group has a passionate, capable and dedicated team who are committed to the future of the business and the brand.

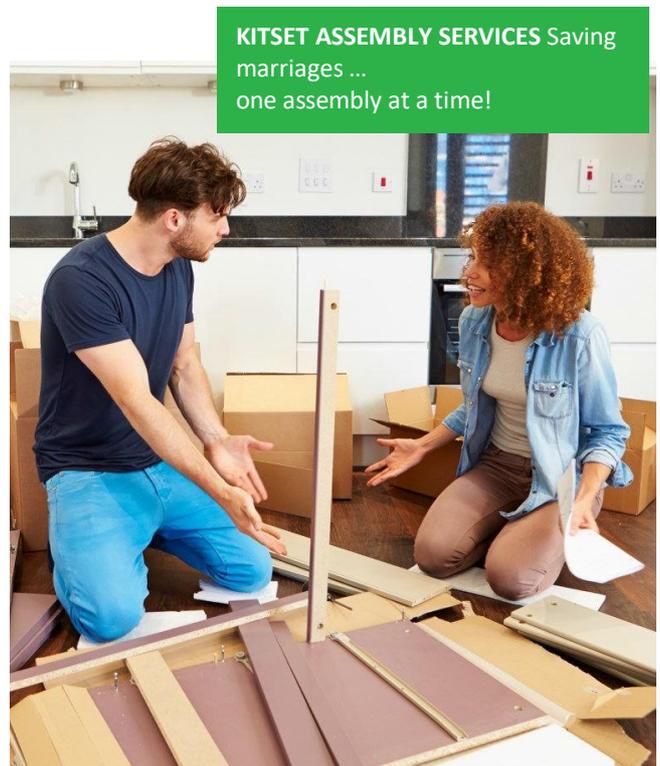
Customers are looking for solutions to their flatpack dilemmas. Whether pre-planning a purchase, instore shopping or failing mid-assembly; a quick internet search to find an Assembler is a frequently preferred alternative.

Knowing who is in their home, or place of business, and that their Assembler is part of a larger network, has been key to Kitset Assembly Services winning the Customer's preference in this competitive space.

As a blue collar, 'man in a van', service industry business, Kitset Assembly Services has opted for the franchise model to grow their network - meeting the needs of both Direct Customers and Retail & Supply Partners similarly. The advantages of this approach provides the opportunity to scale rapidly, meeting the high demand of this dual pronged approach to Direct Customers and Retail & Supply Partners.

KAS Franchisees are enthusiastic business owners who focus on Customer satisfaction, driving their own repeat business and referral work, while exhibiting a high level of pride and passion for the brand. A KAS franchise improves the lives of Franchisees and their families. This is complimented at a national level via contracts with many of the big names in Retailers - both traditional bricks and mortar, as well as online. KAS offers Retail & Supply Partners the comfort of having a central point of contact for referral bookings, follow ups and accountability.

## **William Flew, Jennifer Lees and Grant Nye Directors**



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Securities offered through GT Securities, Inc. (member FINRA, SIPC).



## OUR STORY

In 2017, after a few years looking for the right business opportunity, William Flew and Jennifer Lees stumbled across Kitset Assembly Services, a fledgling business with a couple of Franchisees and one supplier. They saw in its simplicity, a model and system that could be scaled throughout New Zealand and beyond.

Their initial investment was to secure the New Zealand Master Franchise rights, where they quickly moved through the learning phase, operating the business as they started to consolidate and refine the model. In the newly formed National Support Office they busied themselves building a small team to support the Franchisees, Supply Partners & Customer growth, while simultaneously documenting the operating processes, policies and systems into the Franchise, Business and Policy Manuals.

By early 2019, the focus was very much on growth. The Franchise network was now able to cover services for the entire country, more than 60 Retail Partners were actively supplying referred work and the Franchise operation was maturing. It was time to now look to the horizon for the next big challenge.

To lead and drive this, Grant Nye was brought into the business as Group CEO. His understanding of business in both New Zealand and Australia, particularly with regards to franchising, was to prove invaluable in the next stage of the business growth.

COVID-19 had other ideas and certainly 'pumped the brakes' on the international expansion plans. However, the Kitset vision was to pivot significantly from being a business reliant on third party supplier referrals, to being one with direct customer channels. The Online Booking Portal was rolled out during the first lockdowns and ultimately was instrumental in maintaining year-on-year growth of the business revenues and network opportunities.

With the success in New Zealand and the confidence that the business model was proven, as a profitable proposition for both the Franchisees and the franchisor company alike, the global rights to all IP was secured by the ToolGuy Group in April 2021.

Included in this came the Australian network of Flatpack Franchisees and Master Franchisor business. Founded on a variant model, solely reliant on work from IKEA, the business was failing. Navigating the travel challenges that COVID-19 presented, a reset of the Australian network was undertaken. If the business was going to be the success there that it promised to be, the Kitset model would need to be adopted. Twelve months later, the pathway is clear for the rollout of the Kitset brand and model (established 1<sup>st</sup> September of 2022) with a small core of converted Franchisees, from which to grow the network upon.

Simultaneously to the work being done in Australia, the growth potential in the United States was also being explored. Supported by New Zealand Trade & Enterprise funding, market entry research was extensively undertaken (including a UCLA: Anderson Business School 6-month project) looking at validating the assumptions around scaled growth and the requirements to achieve the modest projections. All signs indicated an entry should be made once the COVID fog was cleared and the business prepared to be 'push button ready' to deploy its beachhead operations in Arizona, under the leadership of Ian Walker, who recently returned to Tucson after his role in New Zealand with the American Commerce Department.

Incorporation, franchise documentation and business set up is all expected to be completed by early September 2022, meaning the first U.S. marriage will be saved by KAS within a few months' time.

# THE CUSTOMER

CONSUMERS



**TIME**  
personal and family time of customers is limited and valued



**ENERGY**  
customers may lack the strength, health or ability to do the work



**STRESS**  
we reduce and remove frustration from a complex task



**TOOLS**  
customers often do not have the equipment required to complete assembly



**SKILL**  
customers may lack the skills to assemble products

SUPPLY PARTNERS



**ADDING VALUE**  
facilitates the increase in product revenues by removing barrier to sales



**MARGIN**  
opportunity to realize mark-up or rebate on ancillary sales



**CONFIDENCE**  
knowing their product will be correctly assembled, preserving product warranty and reduce the need for product replacement



**INTEGRATION**  
through API or white label booking portals, we integrate the suppliers Point of Sale directly to the service provider



**'ONE THROAT TO CHOKE'**  
a single contact for quality assurance, contract management and centralized billing

Net Promoter Score (NPS) is a measure of Customer Satisfaction. It is used by all major companies as an indicator of 'how they are doing?' in the delivery of their service and/or product experience.

## Why NPS is important?

The fact of the matter is that many larger retailers, with great products and pricing, simply fail the Customer touch points after the cash register rings.

The offering to these large retailers is simple ... let KAS help you move the needle significantly on your Customer Experience, by enhancing the last mile solution. Customers liked the ease of order, and they probably liked the price, but no one (except KAS) likes to put the product together!

This is the basis for the relationships that KAS forms with leading names of furniture and ready-to-assemble products. These are partnerships which genuinely aid conversion of shoppers, increasing the potential for repeat purchases and, of course, add value to current Customers.

## How our NPS compares.



## Net Promoter Score



**NPS = PROMOTERS — DETRACTORS**

How likely are you to repeat / refer your experience?

[www.customer.guru](http://www.customer.guru)

# THE INDUSTRY

Providing this increasingly demanded service, which takes the stress and frustration out of assembly, the KAS offering is highly attractive as a last mile solution to big box and online retailers.

Seeking to accelerate the uptake of product sales, while maintaining a high level of customer service, is a problem that confronts Retailers worldwide. Solving this problem for their Customers requires the referral of a competent and professional assembly service and is critical to their sales conversion success.

The Customers themselves are also looking for solutions to their flatpack dilemmas. Whether preplanning a purchase, instore shopping or failing mid-assembly; a quick internet search to find an Assembler is a frequently preferred alternative.

## SIZE OF THE FURNITURE MARKETS

Australia	\$10	billion
New Zealand	\$1	billion
United States	\$129	billion

*Ibisworld*



### TIME HAS BECOME A COMMODITY

PEOPLE WILLING TO PAY TO SAVE THEIR OWN TIME



### COVID-19 IMPACT

PEOPLE INCREASINGLY LOOKING TO SECURE THEIR OWN FUTURE BY CONSIDERING SMALL BUSINESS OPPORTUNITIES



### FLATPACK PRODUCTS ARE MORE COMMON

INCREASING FREIGHT COSTS SQUEEZE MARGIN ON BULKY ITEMS



### SHIFT TO ONLINE SHOPPING

DROP SHIPPING HAS BECOME THE NEW NORMAL



# THE CURRENT MARKET

## Current Competition

There is no other National Franchise operation that can deliver the range of services, technology, level of training and support for franchisees. KAS and ToolGuy Group are overachievers on these deliverables. For large retailers, they require one service provider to match their own retail footprint.

There is no direct competitor solution that works like Toolkit; other aggregators' sites do not provide the range of functionality for users and scheduling for Customers.

## Bargaining Power of Buyers

Customers have the choice to DIY or use the yellow pages or online search — which come without the confidence of knowing who they are dealing with and letting into their home.

## Bargaining Power of Suppliers

Retailers have limited ability to negotiate assembly fees as alternatives to the KAS network. They also have limited scope to deliver services in all markets which require multiple organizations with multiple relationships to manage. KAS offers one point of contact and one point of accountability, aka 'one throat to choke'. Franchise owners sign binding 5-year contracts, which include restraint of trade provisions.

## Threat of Substitution

There is an extremely low risk that retailers and supply chains will move away from flatpack or ready-to-assemble products—in fact, this market is likely to increase. It is a very expensive and difficult network to replicate with waged or salaried employees.

The capital requirements, the IT systems and training requirements require a dedicated and specialist skill set, which is not typically found in retailers. One of the challenges is the recruitment and retention of Franchisees in all markets and other franchise systems which maybe be more appealing as an alternative. There are no direct competitors to the KAS system, and the entry price for a new Franchisee is targeted at an affordable and achievable level. The skill level required for a new Franchisee is not beyond most people with the correct aptitude, training, and support. The immediate positive feedback for completed assemblies is very gratifying for the Franchisee and the Customer, which leads to repeat and referral business.

## Threat of New Entrants

No industry is immune to new entrants and the associated response. Individual handymen will always be present in a community, but they will also be limited to their own capacity as well as ability to learn and develop new skills and market themselves efficiently. The local handyman is a potential KAS Franchisee in the long term, rather than a competitor.

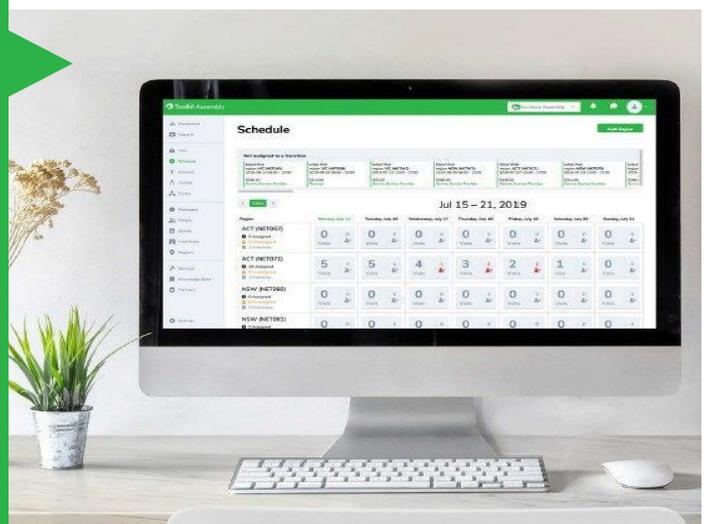
## New Possibilities

The market feedback from NZ and Australia, along with the U.S. market research, suggests that the U.S. market is of such significant size that one organization could not serve the entire market. The U.S. market also offers an untapped source of Franchisees - the Veterans workforce. Veterans meet several of the key criteria of an ideal Franchisee as well as being highly regarded by the community. There are also financial incentives to assist Veterans into employment in the U.S.

## THE TOOLKIT® ADVANTAGE

As a full end-to-end solution, providing aggregation of work via digital and online portals, through to job management and completion, with transparent 360° reporting and visibility to all stakeholders; Toolkit is proprietary to the ToolGuy Group and provided exclusive to the Kitset Assembly Services Network.

No online directory or job management site has the back-end capabilities of the Toolkit platform. Equally, no SaaS job management solution offers the user (small or large) a web ready and scalable portal across an e-commerce platform for their customer enquiries, price quotation and work conversion activities.





**OTHER CONSIDERATIONS**  
Assembling the pieces of the  
Kitset Assembly Services  
Investment opportunity

## RISK ASSESSMENT

### Operational

With regards to recruitment and retention of Franchisees, the ToolGuy group has built reliable and proven processes to ensure successful franchisee recruitment. In addition, they have engaged franchise recruiters in Australia to help identify and qualify suitable candidates. In the U.S., the brokerage community is robust in finding potential franchisees. ToolGuy has also identified future channels to recognize and train recent university graduates into their own businesses as owners. ToolGuy continues to be an employer of choice and offers great career opportunity. The Board of ToolGuy have distinguished key areas to recruit and develop to ensure the business continues to deliver. One of these is a key technology role that will be recruited as part of the growth strategy. The owners will also implement a shareowner's pathway for key staff.

### Governance

New Investors, as a group, will have the right to appoint one director to the board. The board will follow best practice operation and reporting guidelines. A qualified, third-party accounting firm will provide a review as part of the year-end process. A Shareholder's Agreement will outline protections, additional to the legal protections for all shareholders. There will be quarterly reporting provided to all shareholders.

### Market / Regulatory

ToolGuy is aware and informed of franchise regulations in all markets it operates. Advice has been taken to ensure that the operations comply with all legal requirements, together with ensuring an efficient tax structure is in place.

### Competition

Low risk in all markets. The size of the potential market cannot be serviced by one provider. If Franchisees follow the system, they will generate their own referral and repeat business. In all markets, the Franchise System will seek to create business owners in regions, not just in major cities.

### Financial

ToolGuy has already benefited from significant investment and continues to enjoy shareholder support. As economic conditions vary over time, and in various countries, operating in multiple markets and currencies can provide a natural hedge for the business. The advantage of the workforce being business owners is that franchise owners receive the direct benefit of their own efforts. There will always be a need for assembly services – from letterboxes, sheds, BBQs and wardrobe systems people will always need assistance. Retailers will look to improve customer experiences; offering an end-to-end solution improves how they are perceived.

# THE



**Grant Nye**

**Group Chief Executive Officer / acting Country Manager Australia**

Grant's role for the wider group is to both develop and deploy the strategic directions for the business. As the conductor and conduit between the mission and the Team, he owns the culture, drive and delivery of products and services in the brand stable. Grant splits his time across the operations and trading activities, together with keeping a keen eye over the development of the technologies for the business.



**Ryan McMullen**

**Chief Commercial Officer**

Ryan is responsible for delivering the digital and marketing strategies. 'Owner' of the brand standards throughout the network, he ensures consistency across all channels to capitalize on maximum available awareness. If it has any IP on it, Ryan has OK'd it. Currently an external contractor to the business, a seat at the Leadership table is set aside for him to assist the expansion and continually refine our customer journeys.



**Liam Flew**

**Network Growth Manager — International**

Liam has written the book on Kitset, literally! Liam owns our operating processes which has led him to pull together the Kitset knowledge and experiences into the manuals and documentation for the business. He is currently undertaking a validation of processes in new greenfield Franchise operations, however his key role is to support the expansion by ensuring the Kitset way is 'lived' everywhere we grow, as an in-country advisor to Management teams.



**Ian Walker**

**Project Lead / future Country Manager United States**

As a resident and citizen of Tucson, Arizona, Ian is leading our entrance into the U.S. market. Already engaging professional services in order to get Kitset 'push button ready', Ian is also conducting ongoing research with future customers, franchise prospects and supply partners. In the Country Manager role, Ian will lead the recruitment of the in-country team to support the growth in the U.S. This activity will be closely supported by the Network Growth Manager (Int)



**Leon Shouksmith**

**Country Manager — New Zealand**

Responsible for the 'ground zero' of Kitset, ensuring that the operating model is maintained at the highest standard. Leon oversees the benchmark for the global business. With a mix of ongoing consistency and best practice, coupled with NZ being the test bed for new initiatives and efficiencies, means that he leads a very critical piece of both our history and future.



**William Flew**

**Director**

Will was responsible for taking an initial concept and setting it well on its way to becoming a complete and successful business model. Still very active in the NZ business and currently holding a key role in Franchise recruitment, Will is preparing to 'hand off' this function to the external recruitment partners in order to best support the U.S. expansion program.



**Jennifer Lees**

**Director**

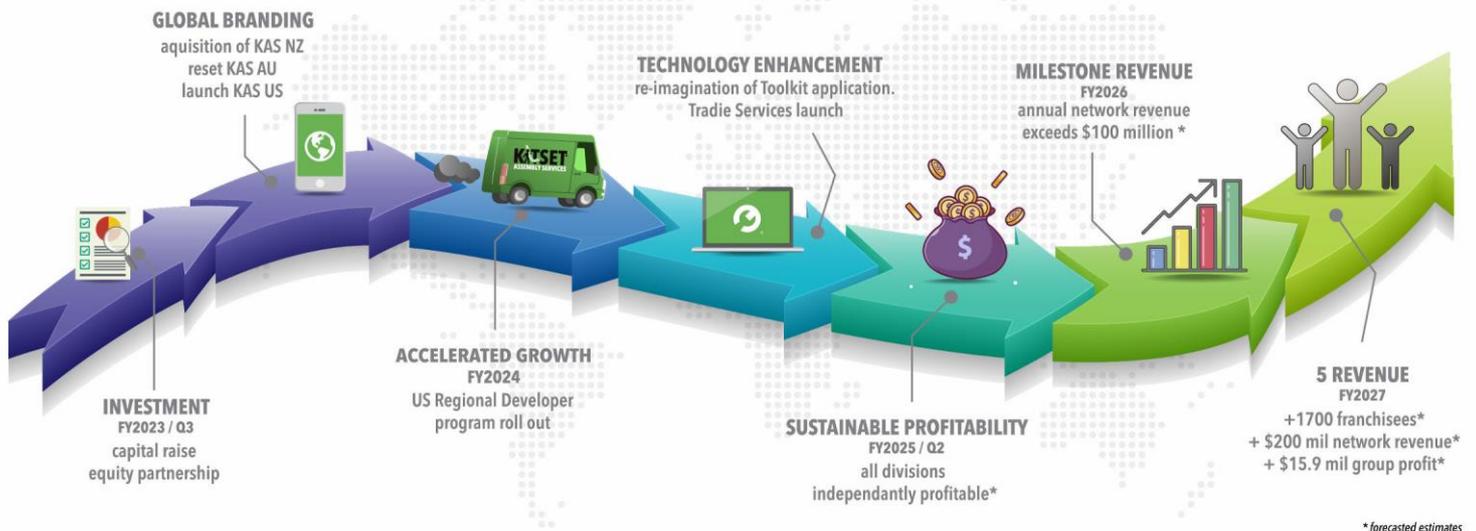
Leading the business with Will from the beginning, Jennifer has supported Franchisee training and onboarding with her intermit knowledge of the administration and systems for the Kitset business. Currently also our 'ambassador for green', it is Jennifer who holds the storytelling and passion that keeps our blood flowing green. Importantly, Jennifer supports all of the above with her meticulous spelling, grammar, and proof-reading of important communications.

# THE OPPORTUNITY

The investment into ToolGuy Group will be on the basis that the group will own:

- All the Intellectual Property of the group
- The technology associated with Toolkit
- The Master Franchises for; New Zealand, Australia, the United States, and all future market entries

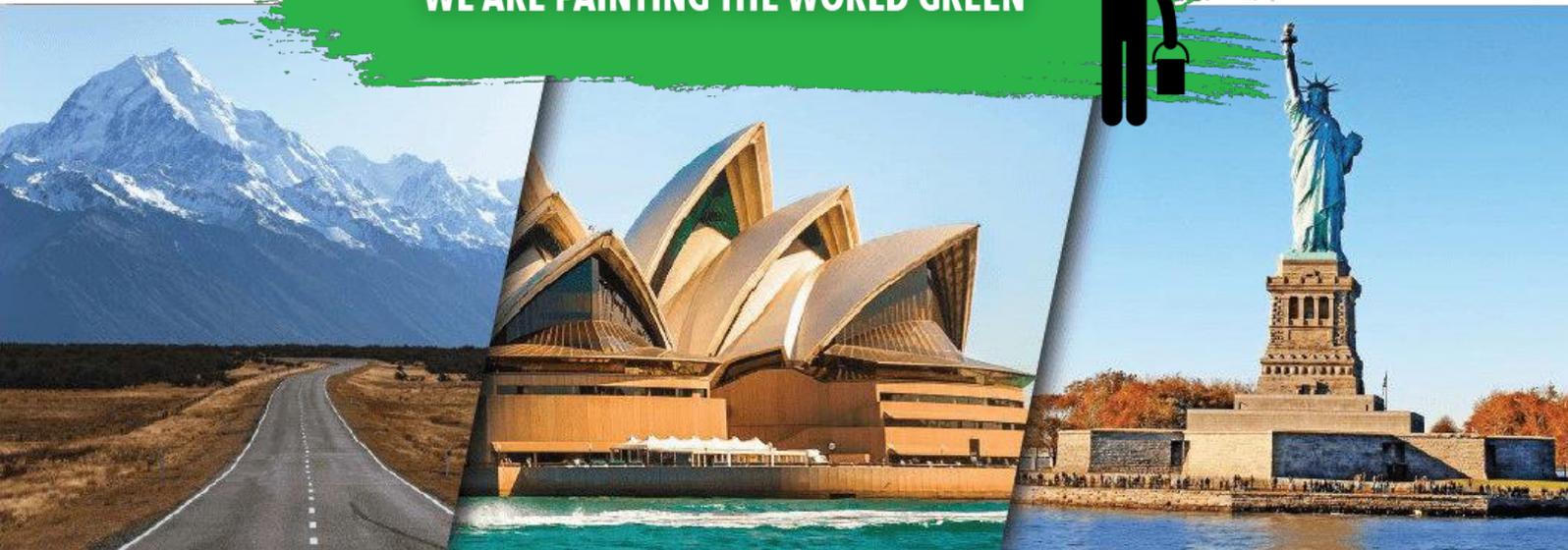
## 5 YEAR TIMELINE



\* forecasted estimates

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
<b>Network Revenue *</b> (million)	\$6.1	\$13.1	\$38.9	\$101.6	\$208.7
<b>TG Group Profit *</b> (million)	<-\$0.8>	<-\$1.2>	\$1.5	\$6.9	\$15.9
<b>Network Size *</b> (Franchise units)	51	109	324	847	1739

**WE ARE PAINTING THE WORLD GREEN**



# USE OF FUNDS

Investors will have access to management reporting. The Investment sought is US\$4.5m for a 20% ownership (post money) in the ToolGuy Group. The minimum raise in this round is US\$2.5m. The Directors reserve the right to accept over-subscriptions.

### Future

The ToolGuy group is committed to building a sustainable and profitable group of companies that delivers exceptional returns to its shareholders, staff and employees on the back of world class service and delivery of Kitset Assembly Services, via the Franchise Network. ToolGuy Group will enable many new business owners to have successful and rewarding businesses as Franchise Owners.

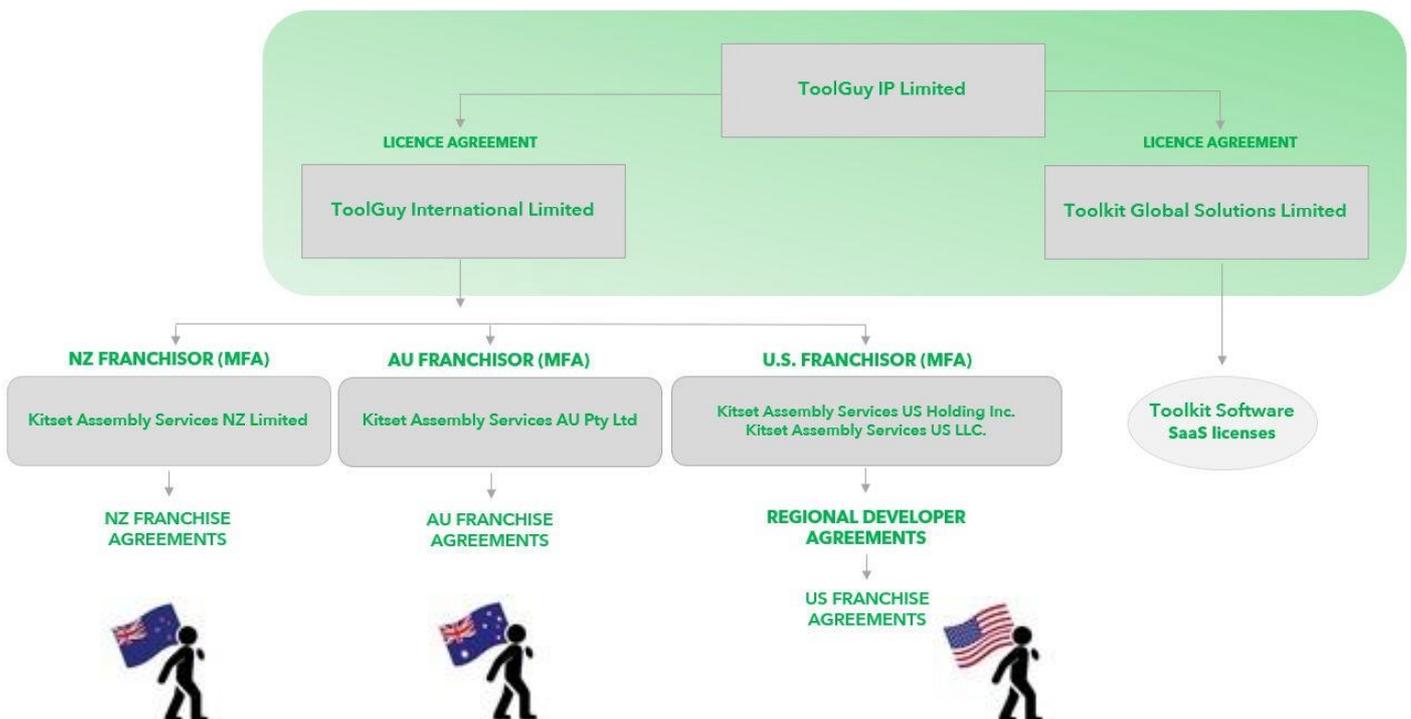
In years to come, ToolGuy may seek a listing on a Public Stock Exchange to enable continued further growth into new markets, or ToolGuy may seek to exit to a Private Equity Fund or a trade sale to a complimentary business in the retail, technology or services sector.

Use of Funds	US\$
<b>U.S. Beachhead</b>	
Staff, Branding, Recruitment	\$750,000
<b>Toolkit Technology</b>	
Further enhancement, including dynamic pricing, multi-country, multi-currency, direct-to-trade, SaaS offering, job aggregation, etc.	\$750,000
<b>Debt Reduction</b>	
Plus Additional Working Capital & Franchisee Recruitment Spend	\$1,400,000
<b>100% Acquisition of NZ Master</b>	
Merge as Franchise into ToolGuy Group	\$1,600,000
<b>Total</b>	<b>\$4,500,000</b>

To capture this opportunity ToolGuy Group is looking for US\$4.5 million, in new equity, to execute on the growth strategy which will take the proven model to the world.

A convertible note will be considered.

### ToolGuy Group Company Structure



# APPLICATION & TIMELINE

Expressions of Interest and Term Sheet are sought by January 10, 2023, allowing for full due diligence to be completed by January 31, 2023, and execution of documents and transfer of funds by February 28, 2023

**This investment opportunity is open to Accredited Investors as detailed under the Securities Act of 1933 and amended on August 26, 2020.**

## Expression of Interest - ToolGuy Group Investment

**Name of Investing Entity / Investor:** \_\_\_\_\_

**Investment Amount US\$:** \_\_\_\_\_

**Address of Investor:** \_\_\_\_\_

Subject to completion of satisfactory Due Diligence and completion of legal documents, the above Entity would like to become an Investor in the ToolGuy Ownership Group. The investment amount shown above is the indicative level of funds that the Investor can invest in this opportunity.

**Authorized Signature**

**Name**

\_\_\_\_\_

\_\_\_\_\_ (please print)

*Securities offered through GT Securities, Inc. (member FINRA, SIPC).*

**RETURN APPLICATION FORM TO:**

Dan Bish – FranLaunch USA

[Dan.Bish@gtsecurities.net](mailto:Dan.Bish@gtsecurities.net)

**FranLaunch**  
USA★

