

INVEST in
MAGFAST®



Reg CF Investment Offering FAQ

Fall 2024

Questions?

Check here first.

INVEST in
MAGFAST®

If you have any questions about how to invest in MAGFAST's share offering, your answer is probably here.

Visit Investors.MAGFAST.com

MAGFAST Offering FAQ Packet – Fall 2024

Welcome!

If you have questions, you're in the right place for answers.

The [Investor Packet](#) contains answers to your fundamental questions about **MAGFAST** and our Fall 2024 offering. If you're looking for information about the company, our product family, or how to navigate account setup and investment at Netcapital, you should download your copy of the Investor Packet and peruse the information at investors.MAGFAST.com.

This frequently-asked-questions (FAQ) document contains answers to **more detailed questions on the investment process**, based on the many hundreds of questions we have answered individually when we previously offered shares.

Categories of questions

- Most frequent questions
- Questions about investing in **MAGFAST**
- Questions from International investors
- Questions about paying for my investment
- Other questions



FQA

Most frequent questions

Here are answers to some of the most important and frequently asked questions we've received.

Q: I'm not from the U.S. Can I invest?

A: Yes, according to legal advice: <https://CrowdfundingAttorney.com/2018/11/05/non-u-s-investors-and-companies-in-u-s-crowdfunding/>. For more information, contact Netcapital at Hello@Netcapital.com

Q: Where do I sign up for a Netcapital account so I can be ready to invest when the offering goes live?

A: To set up your account, visit [Netcapital.com/sign-up](https://netcapital.com/sign-up). If you already have an account, it's a good idea to visit the Netcapital site and log in (use the link at the head of the home page) to make sure your information is correct. You might also choose to set up a payment method in advance; there's more on this below.

Q: Is there a replay of the presentation you gave about this?

A: Yes. It's online with other relevant info at investors.MAGFAST.com

Q: I've got other questions about my account at Netcapital.

A: The Netcapital folks are terrific. They're available at Hello@Netcapital.com

Q: When can I invest?!

A: **Now, until the offering closes or sells out.** The closing date and other details are at <https://netcapital.com/companies/magfast>. Before making your decision, please review all the investor materials carefully. There will be a countdown at investors.MAGFAST.com

F A Q

Q: **What's the share price?**

A: SEC rules prevent us from discussing price or even the type of security (shares or otherwise) in this document. But you can find all this information and more at <https://netcapital.com/companies/magfast>

We can say, hand on heart, that we believe the valuation of the company is fair based on all **MAGFAST** has achieved so far, and the now increased potential ahead.

Q: **Will the offering sell out this time?**

A: We don't of course know in advance what demand will be like. Many people have been unable to get into previous investment rounds, and it is possible that there will once again be strong demand this time. We do recommend that you only invest if this is right for you, and that you consider an investment in **MAGFAST** as part of a broader investment strategy, one that includes both risky and less risky investments. If you do plan to invest, it may be a good idea to participate early.

Q: **How liquid is this investment? Will I be able to trade it on a public exchange?**

A: **MAGFAST**[7] is a private company, so, like any private company, our securities are not listed on a public exchange. It is possible that MAGFAST shares may be publicly traded at a future date.

Q: **Can I use my existing brokerage account to invest?**

A: Because private-company securities aren't traded on public markets, the only way to invest is through an SEC-registered portal. Netcapital is the only portal offering an investment in **MAGFAST**. The path to invest is: (a) sign up for a free account at Netcapital.com and (b) make your investment through the Netcapital website.



Most frequent questions...MORE

Q: How much of the company do I get for my investment?

A: This is one of those questions we can't, under SEC rules, answer here. There are full details on the Netcapital offering page that will help answer this question.

Q: Can I use PayPal or a credit card to make my investment in MAGFAST?

A: Credit cards are accepted by Netcapital[6]. Netcapital will add a fee of around 3% to cover their card processing costs. Credit cards are often the easiest way to invest, particularly if you are outside the U.S.

Q: Can I make more than one investment in MAGFAST in the same offering?

A: Yes. There is no additional cost for making multiple investments: Netcapital does not charge any fee to you as investor, other than the 3% credit-card processing fee.

Q: Will my investment get me a product, or is it simply an investment?

A: To celebrate this offering, we're offering various incentives in the form of 'perks', outlined on the next page.

FAQ

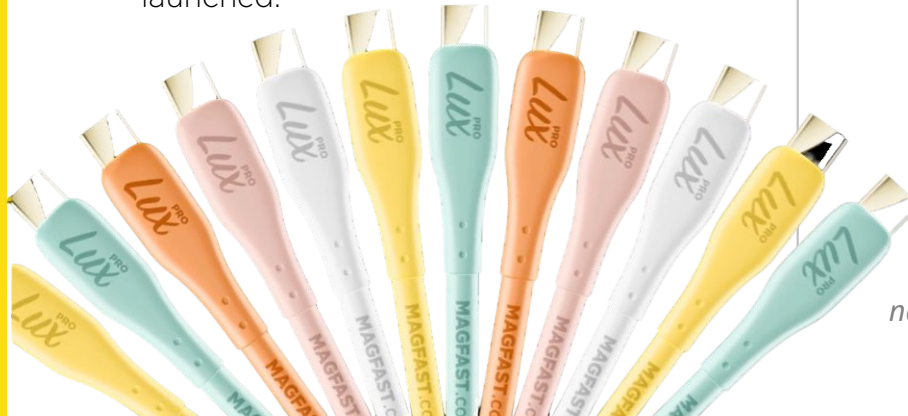
Perks for investors* - fall 2024

ALL investors - everyone who's ever made the decision to invest in MAGFAST:

- VIP access to Gen2 products
- Special investor pricing on the brand-new 10,000 mAh power bank once it's launched.

In addition, when you invest \$1,000 or more in this round:

- Rainbow 5-pack of Lux Pro from the first production run
- Special investor pricing on the brand-new 10,000 mAh power bank once it's launched.



**Perks are limited and may be discontinued - notification will be made at invest.MAGFAST.com if perks have been withdrawn*

F A Q

Q: When will I be able to make an investment? Opening and closing dates?

A: This information is also at Netcapital. See the closing date at the top of the page once you click invest.MAGFAST.com.

Q: Where are the 'prospectus' and other investment materials?

A: Please start your investigation at investors.magfast.com. We offer a downloadable Investor Packet at www.magfast.com/investorpacket.pdf which provides key information about the company, financials, patents, business model and future plans in a straightforward, digestible format.

Q: How long do I have to hold my investment?

A: An investment in **MAGFAST** is for the long term. Please remember that **MAGFAST** is a private company, and there's no public market for trading ownership in private companies by the general public. We are working hard to provide a return on your investment, but there is no guarantee we will achieve this.

Q: I tried to invest last time but the offering sold out before I could invest. Do I need to do anything, or will my investment go through automatically?

A: Yes, please note that you will need to make your investment yourself. No, Netcapital won't automatically process your investment from a previous offering. If you are on the waitlist from the offering last Thanksgiving, please check that your personal and payment information is up to date before you make your investment.



Questions about investing in **MAGFAST**

Q: Is there a maximum number of shares you can sell or a maximum amount you can raise in this round?

A: Yes. The limits on how much we can raise in a Regulation Crowdfunding (Reg-CF) round are set by the Federal Securities & Exchange Commission (SEC). Details of the offering size are at Netcapital.

Q: How much is the minimum investment?

A: The minimum is just \$110.39 for U.S. investors, \$315.40 for investors outside the U.S. (Your investment can only be in whole units, and our units aren't priced in round numbers, so the minimum is slightly more than \$100 or \$300.)

Q: What's the maximum investment?

A: There is no fixed maximum investment in **MAGFAST**. There are, however, some constraints: The SEC has rules about how much you can invest, based on their calculation of what you can afford.

* SEC rules mean we can't describe here the type of security available.

Q: Is it risky to invest in MAGFAST?

A: Investing in any early-stage company is inherently risky. We have plenty of proof points for things we've done right and some exciting new opportunities. And we've been tackling challenges. Among other things, we have been working on improving our return on ad spend (ROAS), overall marketing efficiency ratio (MER), and shipping schedule.

Netcapital offers advice on how to balance risk: "In the most sensible investment strategy for start-up investing, start-ups should only be part of your overall investment portfolio. Further, the start-up portion of your portfolio may include a balanced portfolio of different start-ups. Investments in startups are highly illiquid and those investors who cannot hold an investment for the long term (at least 5-7 years) should not invest."

FQA

Q: Is **MAGFAST** profitable?

A: Not yet. We're transparent about this, as with so much else we do - both about why we haven't yet turned a profit, and how we aim to build a highly profitable world-class company. Here are some key details:

Because shipping has been behind schedule, our income statement for previous years only shows expenses. This is because pre-orders don't count as revenue.

There are other reasons, and more work to do in order to reach profitability. Our priorities include: (a) manufacture and shipping of tens of thousands of units—at which point we will recognize revenue for pre-orders and new orders, (b) driving down the cost of goods, and (c) improving the efficacy of our sales and marketing campaigns.

There is a summary of our finances in the Investor Packet and more details on the offering page at [Netcapital](#).

Q: What are your plans for the future?

A: **MAGFAST** is aiming to be a major company - perhaps even the major charging company in a space where there are no great brands. We believe this is possible because of the quality of our product range allied with strong plans for digital marketing and channel distribution.

Our ambition is more than just charging, however. There are no guarantees that we will succeed, but our longer-term goal is to use our product, marketing and strategic strengths to build a world-class consumer-electronics company with a broad range of integrated products.

FQA

Q: What will you use this investment for?

A: Our intended use of proceeds for both the minimum and maximum sums we might raise in this offering are outlined in the Investor Packet. Our most important planned investment is in manufacturing, materials and fulfillment. We also expect to invest in research and development, with the goal of expanding our capacity to design and create new products in the **MAGFAST** family with greater speed and efficiency.

Q: After this round, is it likely you will be looking for more investment capital?

A: Yes, it's very likely that **MAGFAST** will look for additional sources of capital as we continue to pursue our long-term goals. It is possible that we will conduct another equity crowdfunding campaign - making shares available to the general public - and/or that we might seek venture capital or private equity.

Q: Will I have a vote in decisions about MAGFAST's future?

A: No. Investment in **MAGFAST** securities does not carry voting rights; we believe it is important that the company remain nimble, particularly in these early days as a private company, a period that requires fast-paced decisions. Nevertheless, we warmly welcome your input. **MAGFAST's** strength is its family, and much of what we have done and will do is guided by your comments and ideas.

Q: Will MAGFAST pay a dividend?

A: We do not expect, while the company is still private, that we will pay dividends to shareholders. We plan to reinvest a substantial proportion of the company's future capital and possible profits to advance **MAGFAST's** plans for growth.



Questions from international investors

Q: What's the unit investment price in Canadian dollars, British pounds or Euros?

A: We can't know the exchange rate offered or any fees charged for a foreign transaction by your bank (if you send payment via wire transfer) or credit card processor.

Q: What do I enter instead of a U.S. social-security number?

A: A U.S. social-security number (SSN) is not required for non-U.S. investors. We're delighted to welcome international investors, as long as your country allows you to make investments in a U.S. equity-crowdfunding offering. If you have questions about setting up your Canadian Social Insurance Number or other non-U.S. version of a social security number, **please specify in the Netcapital interface that you are not in the U.S.** If you need further help, please contact Netcapital.

Q: How do I pay for my investment if I'm based outside the U.S.?

A: Your credit card is the easiest way to invest for everyone particularly if you are outside the United States. There is a ~3% processing fee charged by Netcapital. Alternatively, you can choose to pay via wire transfer.

Q: How much will I have to pay in foreign-exchange fees to invest using Canadian dollars or another foreign currency?

A: Netcapital won't charge you a foreign-exchange fee. Any fees are charged by your credit-card provider (and card providers are often able to offer competitive rates) or by your bank if you are paying by wire transfer.



Questions about paying for my investment

Q: I want to set up a Netcapital Wallet so I have funds in my account ready to invest. How do I do this?

A: Please be aware that it can take some days for the Wallet to be funded. You might instead like to invest through your bank account or credit card. If you choose to invest by card, it might be a good idea to phone your card issuer to let them know. We understand from Netcapital that Wallet funds can always be refunded.

Q: I bank with a small credit union and it's not on the list of banks supported by Netcapital.

A: We understand from Netcapital that, while Plaid (the secure interface they use to allow a link to bank accounts for investment) is connected with large numbers of banks and credit unions, there

are some smaller institutions that are not supported. The alternatives are of course to invest using a credit card or wire transfer.

Q: I'm not seeing an option to set up my bank account as a means of payment. Why not?

A: The Netcapital interface only offers the option to set up a bank if you are in the U.S. It's likely that this option doesn't appear because you are outside the United States or have indicated that you do not have an account at a U.S. bank or credit union. *Netcapital is also switching ACH provider, and the service to connect your bank account might not be available in the short term.*

FQA

What happens after I invest?

Q: How do I add more shares to my investment?

A: Netcapital's interface doesn't allow you to edit an existing transaction, so the easy answer is to make an additional investment.

If this takes you to a higher level of perks, all's good. We'll allocate your perks based on the total of all your investments within the allowed timeframe; in other words, we'll count all the investments made within the time period during which perks were available.

Q: Will I receive a stock certificate?

A: Netcapital records your investment electronically and does not issue paper stock certificates. Here's their explanation:

"You will receive an electronic receipt from Netcapital and the number of units you

own will be accessible via the investor dashboard in your Netcapital account. This is how most stocks are issued today. Instead, investment details are held via electronic record by the issuing company's transfer agent. The benefits of electronic book-entry is to minimize the costs and problems of lost or missing certificates, which can be difficult for investors and companies alike to manage. Your investment can be viewed on your Netcapital dashboard."

Q: Do I have to file something on my tax return about my investment?

A: Until **MAGFAST** is profitable, there is unlikely to be any tax implication, and there's nothing to file (no schedule K-1). That situation will likely change if and when the company is profitable. You should discuss all of this with your tax advisor.

Footnotes

Here are some footnotes that clarify some of the points in this packet.

Please remember that this packet is only one part of the story about our business and ambitions.

The offering will open on February 14th 2022 at 9am PST, 12pm EST at Netcapital.

Please review all the materials there before you make your decision.

[1] MAGFAST and the MAGFAST logo are trademarks of Mischievous LLC and are used under license. Apple, Lightning and MFi are trademarks of Apple, Inc. and are used by license under Made for Apple/MFi program. Qi is a trademark of the Wireless Power Consortium and is used under license.

[2] Analysts differ in their opinions as to the size of the global markets for MAGFAST's products. The market for USB cables is large and growing fast, particularly for USB-C. We estimate the combined charger + power bank markets to be at least \$20 billion and probably much larger. Research includes:

- A recent report from Allied Market Research showing that the USB cable market generated \$12.73 billion in 2021 and is projected to be worth \$69.86 billion in 2031, a CAGR of 20.24% from 2022 to 2031.
- IMARC Group's report, titled 'Battery Charger Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2020 - 2026', finds that the global battery charger market reached a value of US\$ 21.7 billion in 2020 and is anticipated to reach US\$ 34.1 billion by 2026. Source: Allied Market Research <https://www.alliedmarketresearch.com/power-bank-market>
- The market for wireless chargers is expected to grow considerably more rapidly: "The Global Wireless Charging Market size is expected to reach \$25.6 billion by 2026, rising at a market growth of 28.4% CAGR during the forecast period." <https://www.globenewswire.com/news-release/2020/05/15/2034383/0/en/The-Global-Wireless-Charging-Market-size-is-expected-to-reach-25-6-billion-by-2026-rising-at-a-market-growth-of-28-4-CAGR-during-the-forecast-period.html>

[3] This is a cross sample of competitors from our own observations and represented in market research published by third parties. Competitors vary by region.

[4] At this early manufacturing stage, our full family of products may be represented in our materials by production and pre-production units, along with hand-made prototypes, animations and CAD 3D renderings.

[5] Amy and Seymour Segnit were previously the owners of thingCHARGER, Inc. which shipped over 14 million units of thingCHARGERs based on that company's records, before thingCHARGER, Inc. ran out of funds. MAGFAST Wall is an updated version of thingCHARGER. Rights to key thingCHARGER assets were purchased by Amy and Seymour when they started MAGFAST.

[6] If you choose to make your investment using a credit card, Netcapital will charge you a card processing fee that's typically slightly more than 3%. Netcapital can answer your questions about this fee.

[7] MAGFAST is a Limited Liability Company (LLC). LLCs have considerable flexibility in the language used to define their ownership and governance. Instead of 'members' and 'units', MAGFAST has chosen to use terminology that we believe is more readily understood: for example, managing members may be referenced in our materials as MAGFAST's board of directors, and members as stockholders.

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