

Bear In Mind™, LLC

Executive Summary

Austin Horvat CEO

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Bear In Mind

Quick & Convenient Bear Spray

Often said to be America's best investment, National Parks are home to a multi-billion-dollar concessions market. Last year over 330 million guests visited National Park Service controlled land and over 10 million of those guests visited parks which are heavily populated with bear, moose, and other large mammals. With over-populated parks pushing these animals past their comfort zones, an incredibly dangerous environment is created. This causes an enormous liability for the park and an even bigger issue for visitors who don't take proper precautions.

In our target market, Yellowstone National Park, approximately 4.24 million people visited last year. The National Park Service highly emphasizes visitor safety and recommends 100 percent of visitors carry bear spray, which is like pepper spray, as it is by far the most effective deterrent. Despite this recommendation, studies show just 13 percent of day hikers and 52 percent of backcountry hikers carry bear spray. This low compliance is due to largely to the \$50 retail price of bear spray. Thus creating an enormous opportunity for companies who can offer a solution to this problem.

Bear In Mind, LLC looks to solve this problem by providing park visitors with the option to rent safe, efficient, and effective bear spray through convenient and user friendly automated kiosks. The rental of products through automated kiosks is a proven business model as RedBox™ and others have shown. This model of cost effective rentals and high customer accessibility is a business model that will thrive in National Parks.

There are several factors which lead to a visitor's decision to not carry bear spray. Primarily, visitors aren't carrying bear spray because of the \$50 retail price. In addition to the price, bear spray expires after 4 years, and 93% Yellowstone visitors visit once a year or less. To add to the inconvenience, bear spray cannot be taken on an airplane, which is a popular mode of

transportation to the area. Visitors weigh pros and cons and most often conclude that their safety is not worth the \$50. Bear In Mind's solution to this is essentially a RedBox for bear spray, we plan on placing five kiosks at major intersections within the park which will allow visitors to rent bear spray at an affordable daily rate of \$7, with discounts for consecutive days. In addition to this, carrying bear spray is the environmentally responsible decision to make. When a bear has an aggressive encounter with a human, it is often tracked down by the National Park Service and euthanized.

Bear In Mind is the first company to automate this market, however they are not the first to enter it. Currently, visitors coming into Yellowstone National Park who wish to protect themselves from bears have two options: buy bear spray at the \$50 price point from any sporting goods store or any gift shop in the park, or they can rent bear spray from BearAware™.

BearAware is a private company which has been renting bear spray in Yellowstone National Park since 2011. BearAware has operating from a booth in the town of Canyon located in central Yellowstone, a 3,500 square mile park.

For visitors to rent from BearAware, they must drive to the center of the park, which can cost visitors hours of their valuable vacation time. BearAware has seven return locations placed at major park intersections where the return must be within business hours and manually documented by an employee. BearAware cannot expand to more locations within the park due to much of the land being zoned as a historic district. In addition to these inconveniences, many visitors face a language barrier when trying to rent bear spray as 17 percent of visitors are international. This creates a promising opportunity for Bear In Mind to automate the market. Our kiosks will allow for operation in multiple different languages and will be placed indoors which will allow us to not violate historic zoning laws. They will be placed in multiple

convenient locations and our more efficient business model will allow for a competitive pricing structure and greater customer capture rates.

Bear In Mind will facilitate the rental of bear spray through the management of automated locker based kiosks placed within the park. A visitor wishing to rent bear spray would approach the kiosk, select a language, choose the rent option from a list of rent, buy, or return. View a brief instructional presentation. Read and accept the terms and conditions. Submit payment, a locker will open and assign that specific spray canister with their credit card information.

When a customer comes to return their canister, they will approach the machine (they can return their canister to any kiosk, it does not have to be the one they initially rented from), select a language, select the return option, swipe their credit card. An empty locker will open and allow them to place their canister within it. Once the locker is closed a receipt will be printed and the customer will be charged based on time elapsed.

When a canister is returned, that specific locker will remain closed, it will not be available for rent until an employee comes to the kiosks and verifies that our canister has indeed been returned and is unused. The employee will input this information into the kiosk and the canister will then be available for rent. If a returned canister has been used, damaged, or not returned at all, the customer will be charged the full retail price of \$50. Future plans are to automate the entire process via a custom kiosk. This will reduce labor costs and allow for rapid expansion into additional parks.

At 4.24 million visitors and an estimated 690 grizzly bears, Yellowstone National Park is the ideal market for Bear In Mind. However, grizzly bears are prevalent throughout most of North America creating a similar issue in several National Parks. Within our first two operational years, Bear In Mind looks to expand into Glacier National Park. In 2017, 3.3 million

people visited Glacier National Park which has an estimated population of 300 grizzly bears over 1,500 square miles. In addition to Glacier National Park, there are several National Parks in Canada and extending into Alaska. In addition to these Northern parks, bear safety is a frequently overlooked issue throughout the Appalachian region. Although it is not as prevalent of an issue compared to North Western parks, it is a market Bear In Mind is looking to tap into. This puts Bear In Mind in a market with more than 10 million annual park visitors with steady growth.

Bear In Mind management shares a passion for the outdoors and a common vision through Bear In Mind. CEO, Austin Horvat, studies Mechanical Engineering at the University of Kentucky. Austin's creative thinking skills provided the idea behind Bear In Mind during a close encounter with a moose in Glacier National Park. Austin takes charge of business development and strategic partnerships. His passion for the outdoors has taken him to almost every National Park from the Everglades to the Olympic Mountains. Ben Beausir, CFO, studies Finance and Accounting at the University of Kentucky. Ben developed his passion for the outdoors early in life while hiking, fishing, and camping in the Blue Ridge Mountains. While Bear In Mind seeks funding, Ben will facilitate financial negotiations and forecast future performance.

Bear In Mind's primary source of revenue comes from bear spray rentals in Yellowstone National Park. Payment will be made electronically and similar to the DVD rental company RedBox, where visitors will be charged on a per day basis. If a canister is not returned, the visitor will be charged a total of \$50 which includes any accrued rental fees. This amount is about the average market price of a canister of bear spray; however, the cost per canister for Bear In Mind to buy wholesale is \$30.

The operating expenses for the first year are as follows: \$65,253.75 selling, general, and administrative expense, \$18,650 machine expense, \$7,800 inventory expense, \$2,566.80 distribution expense, \$12,209.20 salaries and wages expense, \$1,000 research and development, and \$3,320 depreciation expense. Included in selling, general, and administrative expenses are advertising expenses of \$39,000, commission to the National Park in the amount of 3 percent of revenue, credit card transaction fees of 1.5 percent of new purchases, and other general expenses such as rent. For the first year of operation, founders of Bear in Mind will be assessing inventory levels and rebalancing as needed. Once the logistics of inventory rebalancing are defined, a part-time employee will be hired to rebalance inventory levels and will be compensated at \$15 per hour. To insure the user interface software is operating as needed, technical support will be outsourced at \$50 per week. These estimates projected over the next five years are displayed below.

Income Statement					
Fiscal year	2018	2019	2020	2021	2022
Fiscal year end date	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
<u>Operating Income</u>					
Revenue	148,750.00	340,000.00	478,125.00	637,500.00	818,125.00
<u>Operating Expenses</u>					
Inventory Expense	(7,800.00)	(3,000.00)	(3,000.00)	(3,000.00)	(3,000.00)
Machine Expense	(18,650.00)	-	-	-	-
Distribution Expense	(2,566.80)	(2,618.14)	(2,670.50)	(2,723.91)	(2,778.39)
Salaries and Wages Expense	(8,672.80)	(8,712.80)	(8,756.80)	(8,805.20)	(8,858.44)
Research and Development	(1,000.00)	(2,000.00)	(3,000.00)	(4,000.00)	(5,000.00)
Selling, General, & Administrative	(65,253.75)	(72,660.00)	(78,875.63)	(86,047.50)	(94,175.63)
Depreciation Expense	(3,230.00)	(3,230.00)	(3,230.00)	(3,230.00)	(3,230.00)
Operating Income (EBIT)	41,576.65	247,779.06	378,592.08	529,693.39	701,082.55
Interest Expense					
Taxes	(10,394.16)	(61,944.77)	(94,648.02)	(132,423.35)	(175,270.64)
Net Income	31,182.49	185,834.30	283,944.06	397,270.04	525,811.91