

# TRUX *mart*

TONNEAU COVERS



# // FORWARD LOOKING STATEMENTS: DISCLAIMER

This document provided contains statements related to our future business and financial performance and future events or developments involving Franchise Holdings International that may constitute forward-looking statements. These statements may be identified by words such as "expect," "look forward to," "anticipate" "intend," "plan," "believe," "seek," "estimate," "will," "project" or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Franchise Holdings International management, of which many are beyond Franchise Holdings International control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapter Risks in the Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Franchise Holdings International may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Franchise Holdings International neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

The documents provided on this document include – in IFRS not clearly defined – supplemental financial measures that are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures Franchise Holdings International net assets and financial positions or results of operations as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

# // BACKGROUND

TruXmart is poised to lead the tonneau cover market through innovation. The mission is simple: to design and engineer tonneaus best suited to today's new, dynamic and efficient models of light trucks. By continually maintaining a strong emphasis on customer service, high-quality and a global mindset, TruXmart will become an industry leader.

## VISION

Re-defining the utility and enjoyment of pickup trucks.

## MISSION

Build innovative, quality tonneau covers and accessories that are affordable and durable; suited to a variety of consumer lifestyles.

## CORE VALUES

- Ethical: build business through smart growth
- Integral: delivering great quality + value
- Innovative: User driven improvements
- Trust & Authenticity
- Versatility: be a brand for all lifestyles and needs

## // HISTORY

TruXmart was founded five years ago in the Great White North by two friends named Steve. They had a vision; to design and produce innovative tonneau cover and bed systems to meet and exceed the needs of today's light duty pickups.

Emerging from humble roots and a small warehouse, these two challenged the market with their initial 180 trial units of TruXmart's first product, the Tri Fold.

Although a competitive and saturated market for the style of cover, TruXmart's Tri Fold debuted as a highly refined product at an aggressive price. The product was received with overwhelming praise from select local customers. And then came requests for more!

Before the duo could deliver their initial orders, clients demanded another 400 units, and then 800 more. That was when they had just one model. Now their lineup has increased more than 5 fold and the orders have yet to settle in the slightest. They just can't keep up!

The best part? This demand stems from a very modest number of clients. They literally cannot accept new clients until inventory expands significantly. Which is the goal for 2016.

# // MANAGEMENT & TEAM



## **Steven Rossi, President**

Serial entrepreneur and lover of pickup trucks, he's got 12 years of experience in the automotive aftermarket industry with a strong working understanding of research, development, and marketing. He outfitted his first bed with a tonneau that he and his father constructed back in the 90s and he's determined to get a cover on every truck he sees.



## **Steve Raivio, Chief Operating Officer**

Almost 20 years in the automotive accessory industry, Steve has lent his experience to TruXmart's mission since its founding. Prior to joining, he honed his skills at a small company that grew to be a significant player in the Canadian automotive aftermarket within 5 years. His work at Willipak Industries, TGF Bumper and Fender and Focus Auto Design is invaluable to this team.

## **Design & Engineering**

Swave Studios (Toronto)

## **Manufacturing**

Cosmore  
Others....

## **Legal**

Bhole IP Law  
Matthew McMurdo, Corporate Lawyer

## **Marketing**

Marchese Design Creative,  
Reason Partners  
Jamie Patterson

## **Financial**

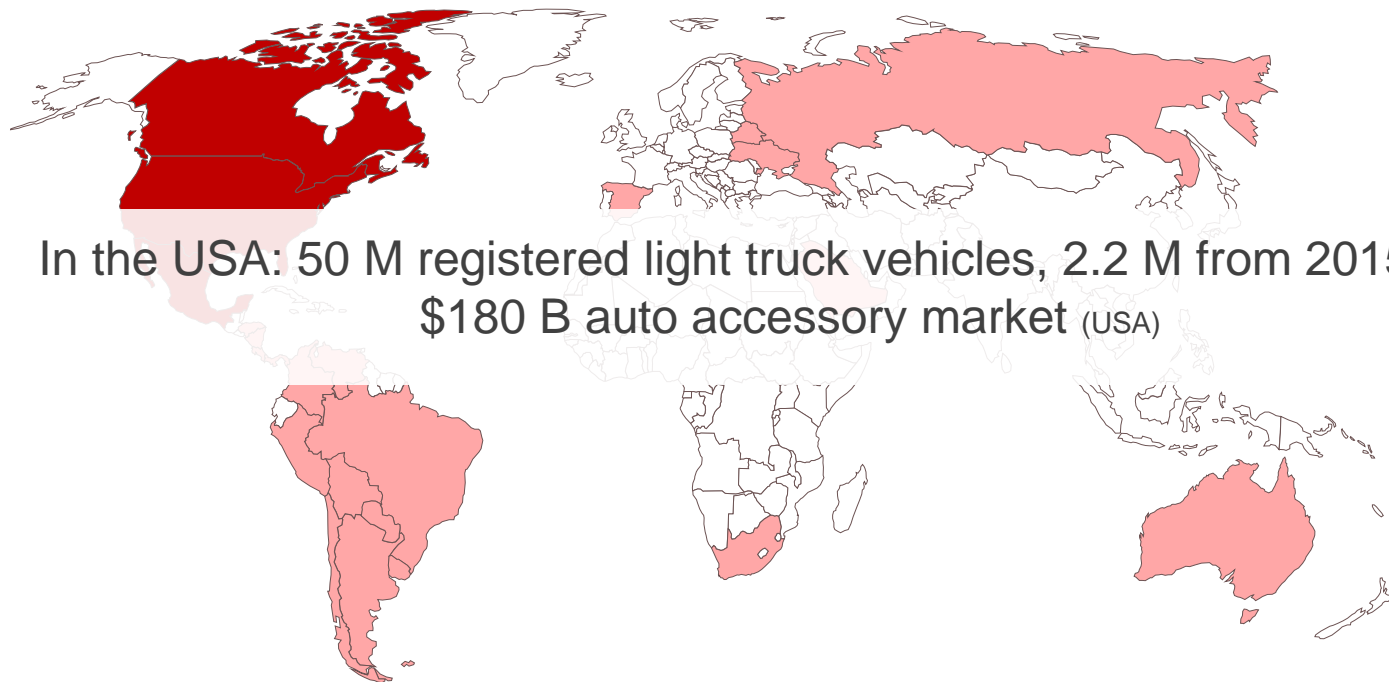
Forbes Andersen LLP (Toronto), Chartered  
Canadian Accountant  
Gerry Goldberg, Financial Consultant  
Haynie & Company (Utah), Corporate Auditors  
SPS Commerce, EDI & IT Infrastructure  
Wellington Shields, Investment Banker

# // BUSINESS GOALS

1. Global Expansion
2. Mixed Revenue Model
3. Capture Growth of Overall Market
4. Accelerate Product Innovation
5. Build Upon Strong IP portfolio
6. Build Brand

## // GLOBAL EXPANSION

*We are currently in the North American market which is the primary market for pickup trucks. We're looking to expand into new territories due to demand for innovative cover needs.*



In the USA: 50 M registered light truck vehicles, 2.2 M from 2015 alone  
\$180 B auto accessory market (USA)

# // MIXED REVENUE MODEL

Revenues from SEM and OEM

## SEM

Specialty Equipment Market  
After market retail channels  
Auto Zone, others....



## OEM

Original Equipment Manufacture  
Truck dealer retail channels:  
Toyota, Dodge Ram, GMC.....





## // PICKUP TRUCK MARKET

In 2015, full-size pickup truck sales increased 6% to 2,187,173 units in US, an increase of more than 120,000 units compared with 2014.

Canadian pickup truck sales increased 5% in 2015; growth that was twice as fast as the overall industry, with total sales of 349,575 pickup trucks.

Canadian consumers and businesses registered 333,522 new pickup trucks in 2014, a 5.4% increase compared with 2013.

US consumers and businesses registered 1,888,665 new pickup trucks in 2014, a 4.9% increase compared with 2013. ([www.goodcarbadcar.net](http://www.goodcarbadcar.net))



### SEMA ANNUAL REPORT

SEMA's most recent Annual Market Report indicates that the North American specialty equipment segment is valued at \$36.2 billion. This only accounts for "after-market" sales which exclude those from vehicle manufacturer's OEM sales which is at least four times the aftermarket sales.



# // PICKUP TRUCK ACCESSORY GROWTH

## TONNEAU COVERS

Tonneau covers - 2,500 covers sold/day in the SEM market  
Avg. \$ 700 / unit = \$1.75 M / DAY = **\$638 M / YEAR**

78% of truck owners do not have a tonneau cover, **YET!**

22% 



78%

Market Opportunity

# // PICKUP TRUCK AUDIENCE

Our customer is a traditional pickup owner but we see growth in rethinking the *traditional* customer.

## Target Market

1. Male 25-50
2. Truck as work vehicle (contractor, hauling cargo, fixing services)
3. Active lifestyle (sports, hunting, fishing, adventure)
4. Female truck owners

# // CUSTOMER LIFESTYLE TRENDS

We see trends around flexibility, versatility and personalization. Trucks are crossing over from work to recreation.

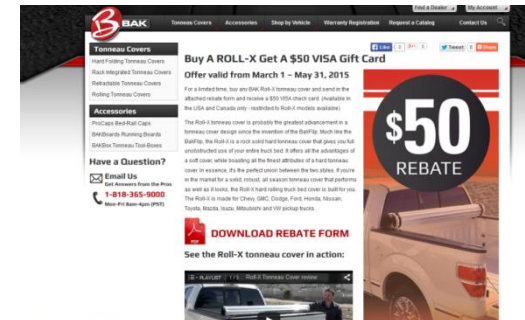


← Opportunity to develop a product line that supports flexibility and personalization between **work and play**. →

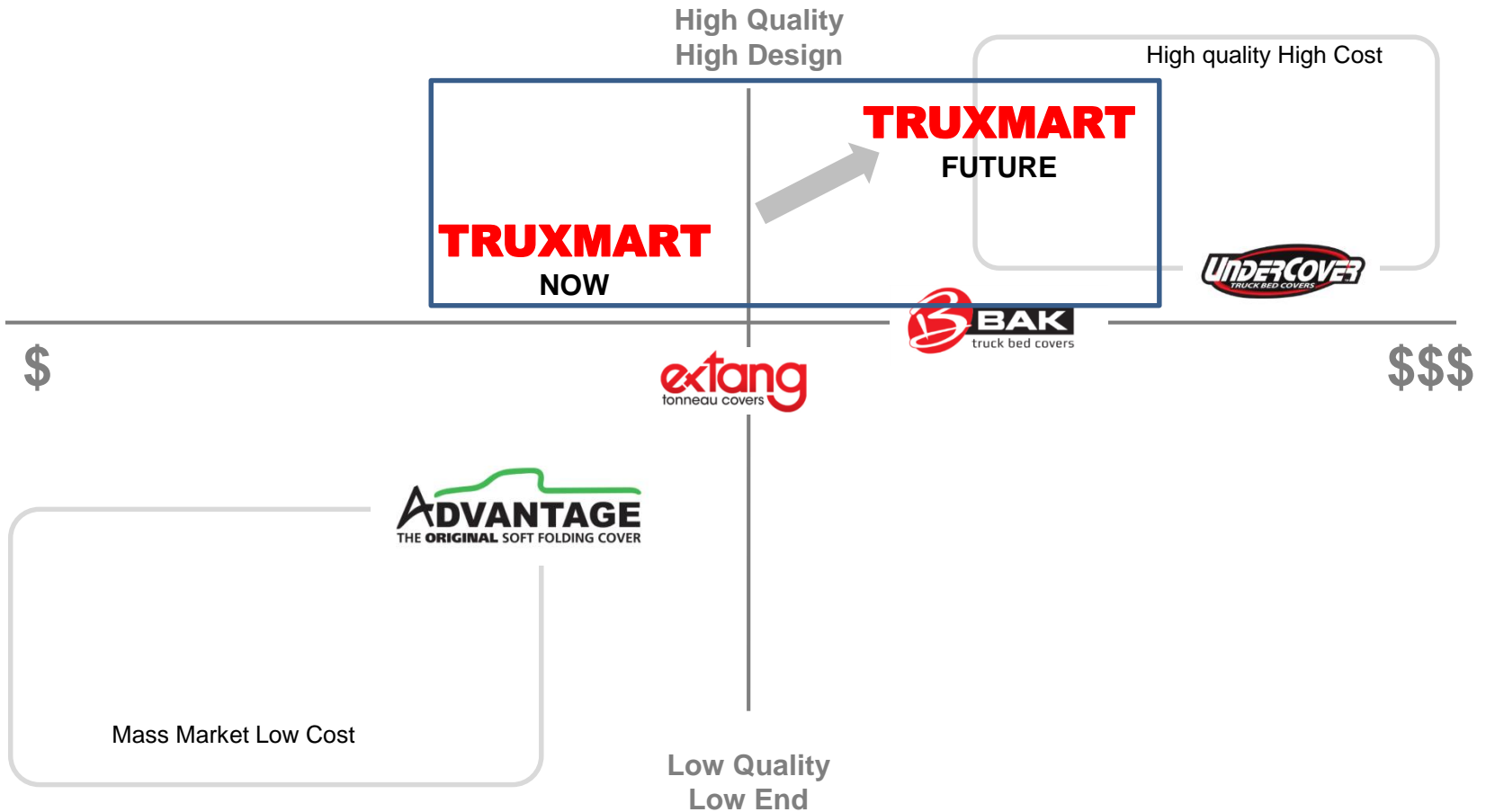


# // COMPETITION

One company (Truck Hero) has a monopoly on our conventional product and owns the below brands, however they lack innovation and the product is cumbersome to use.



# // COMPETITIVE LANDSCAPE



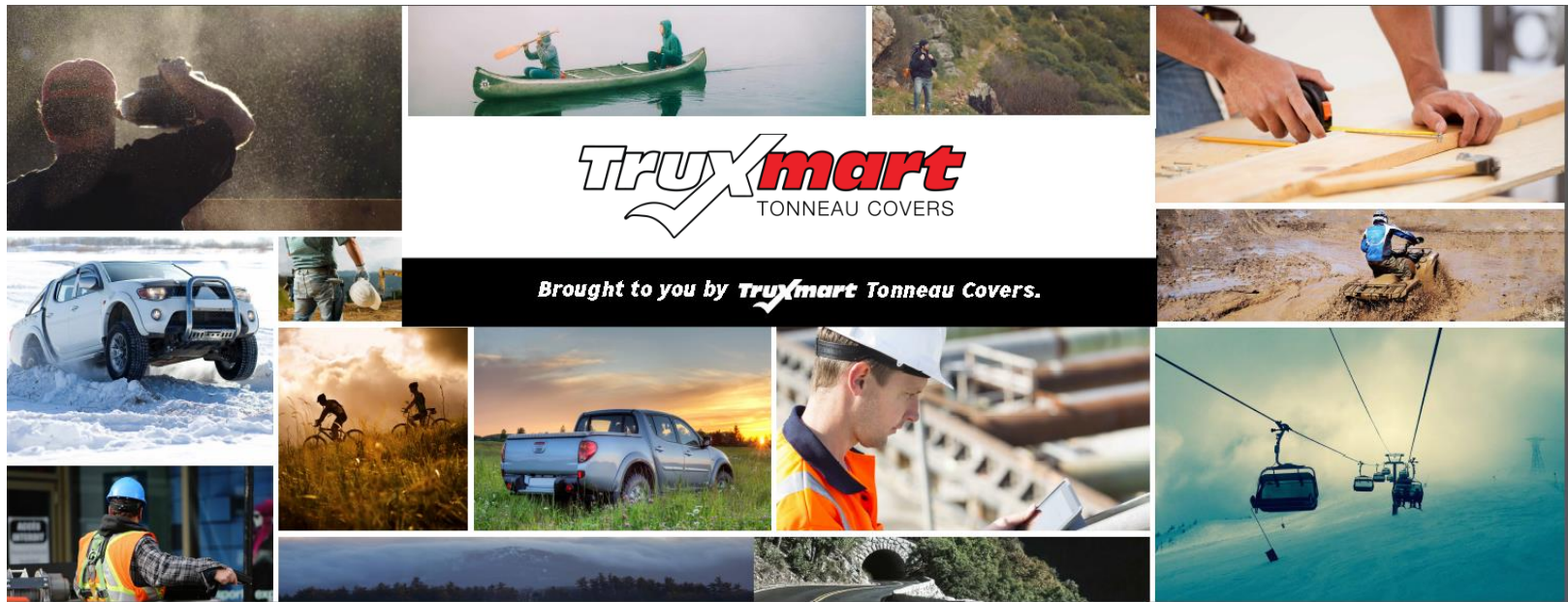
// OPPORTUNITY



# // PRODUCT STRATEGY

Build on pickup truck market growth and support the wide range of activities truck owners undertake.

VERSATILITY // PERSONALIZATION // SMART DESIGN





# // TIERED BRAND STRATEGY

## OEM BRAND



### OEM + White Label

TruXmart manufactures product branded for other select large market players. Product is sold wholesale to OEM / SEM buyers such as Ford, RAM, Toyota and large SEM distributors such as AutoZone, Amazon, LQK.

Respectable margins and huge volume potentials.

OEM service is profitable as customer pays upfront for the premium design, construction and innovation.

Gross margin: 15-35%

### Value Brand

TruXmart manufactures product and brands it TruXmart. Product is seen as a commodity with small value adds. Products such as “Tri Fold” and “Forte Hard Fold”.

Medium margin and high volumes. This is the existing business model and facilitates large volume sales on commodity products while building brand recognition.

Strong inventory levels required to facilitate high demand.

Gross margin: 30-50%

### Premium Brand

TruXmart manufactures product and brands it WorksSport or TruXmart Premium. Product is patented and made unique with better features and materials.

Higher margin and initially lower volume. Could get volume up as price stabilizes and brand grows

Best long term path to grow brand and secure happy customers for life.

Gross Margin: (est.) 40-65%





# PRODUCT & BRAND



# // CURRENT PRODUCT



TRI FOLD

1. No tool or skill required
2. Weighs 20-25 lbs
3. Tri-fold sections
4. No drilling required
5. Keeps bed clean and dry
6. Tarp: UV Protected 25Oz vinyl coating
7. Frame: Epoxy coated 6063 aluminum
8. Improves efficiency by 10%
9. 35% lower price than leading brand.



SMART FOLD

1. Simple installation
2. Weights 20-25 lbs
3. Folds in three sections
4. No drilling required
5. Keeps bed clean and dry
6. Tarp: UV Protected 25Oz vinyl coating
7. Frame: Epoxy coated 6063 aluminum
8. Improves efficiency by 10%
9. Patented rear smart latch system
10. Cable operated system to open and close. No free moving parts.



SMART ROLL

1. Simple installation
2. Weights 20-25 lbs
3. No drilling required
4. Keeps bed clean and dry
5. Tarp: UV Protected 25Oz vinyl coating
6. Frame: Epoxy coated 6063 aluminum
7. Improves efficiency by 10%
8. Low profile – 100% bed access
9. Patented rear smart latch system
10. Cable operated system to open and close
11. Up to 40% lower price than leading brand



QUATTRO

1. Simple installation
2. Weights 20-25 lbs
3. No drilling required
4. Keeps bed clean and dry
5. Tarp: UV Protected 25Oz vinyl coating
6. Frame: Epoxy coated 6063 aluminum
7. Patented quad folding design
8. Patented smart latch system
9. Worlds first – true 100% full bed access folding cover.



FORTE

1. No tool or skill required
2. Weights 50-60 lbs
3. No drilling required
4. Keeps bed clean and dry
5. Scratch resistant 6000 grade aluminum construction
6. Supports 500Lbs of evenly distributed weight
7. Improves efficiency by 10%
8. 25% lower price than leading brand.



# // FUTURE PRODUCT

## **Quattro:** *Locking Hinge*

Enhance mechanism that keeps soft panel folded up against back of cab.



## **Forte:** *Enhancements*

Look into the soft bag system upgrades and system.



## **Alpha:** *System*

Locking hinge, full bed access, built in back rack system.



## **Alpha Helios**

Develop solar panel system embedded into Alpha product.



## **TruXmart Product System**

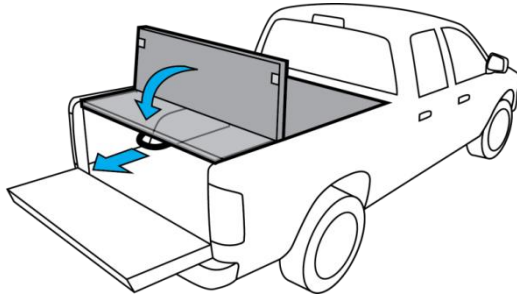
Develop a longer term product strategy for the “own the bed” product proposition.

# // FUTURE PRODUCT: ALPHA

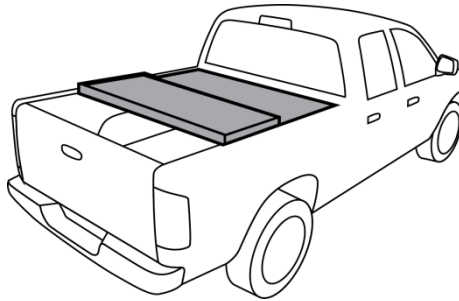
The Alpha: A flexible product for a flexible life

VERSATILITY // PERSONALIZATION // SMART DESIGN

Easy close  
double latch

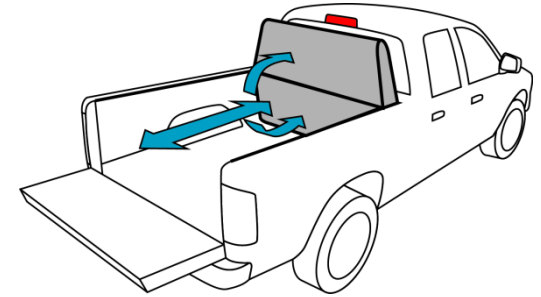


1 - 3  
panels open



Panels fold  
over or under

Brake light visible



**Quick  
installation**



**Lockable**



**Durable construction**



**Leak-proof**

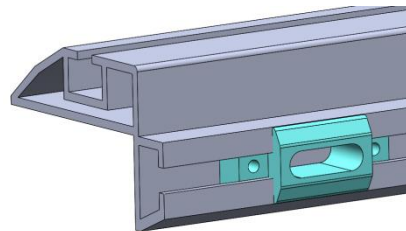
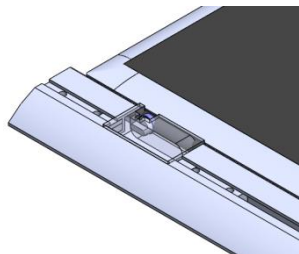
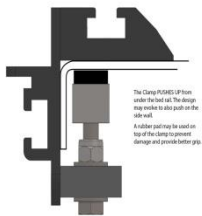
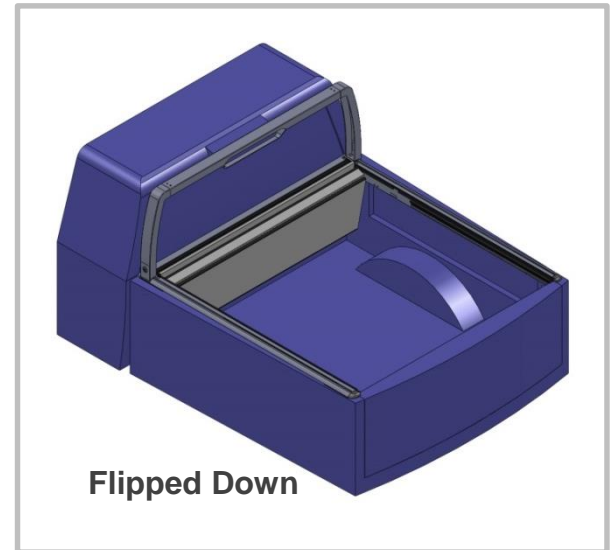
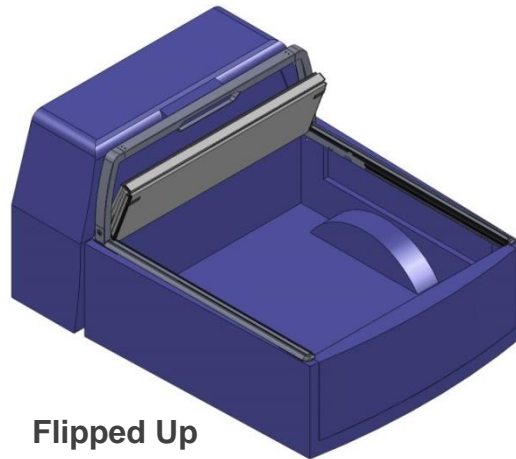
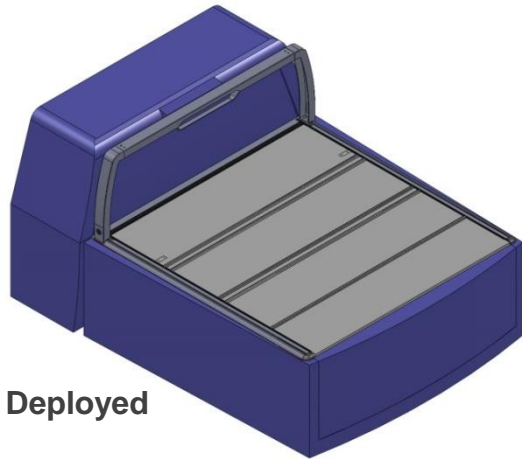
# // FUTURE PRODUCT: ALPHA

Expected launch – Fall 2016



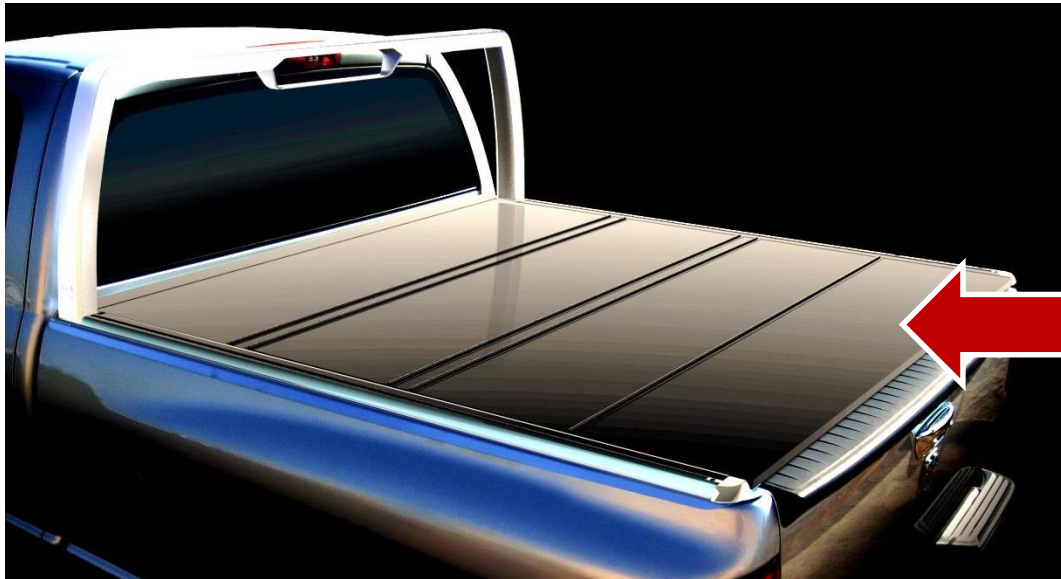
# // FUTURE PRODUCT: ALPHA Function

The Alpha: Versatile cover and Accessory rail



## // FUTURE PRODUCT: ALPHA Helios

The Alpha Helios: Solar panels mounted into the tonneau cover. Up to 440 watts of DC power and an onboard inverter for 120v old AC power





# // BRANDING

**Truxmart**  
TONNEAU COVERS

BECAUSE  
WHEN THE  
WORK IS  
DONE,  
YOUR TRUCK  
WANTS YOU  
TO DO OTHER  
THINGS.



Brought to you by **Truxmart** Tonneau Covers.



KNOWING HOW  
YOU WORK  
ALSO MEANS  
KNOWING HOW  
YOU PLAY.

Why Worksport?  
You use your truck as much after work as you during work.  
It's why we develop products that help you to do both with ease.

**Truxmart**

Truxmart is a registered trademark of Truxmart Tonneau Covers.

OUR LATEST  
INNOVATION  
FOR YOUR TRUCK?  
THE SUN.

The Alpha Helios Edition.  
Solar panels store energy for tools, phones, music or anything  
else that needs a charge. It's more power for work and play.

**Truxmart**

**Truxmart**  
TONNEAU COVERS



# STRATEGY, SALES & MARKETING



# // STRATEGY 1 / 2 / 5 YEAR PLAN

## 1<sup>st</sup> Year Plan

1. Fund inventory
2. Initiate white label in the SEM market
3. Develop and finish premium product
4. Further expansion into Latin America

## 2<sup>nd</sup> Year Plan

1. Full focus on the product and branding in the premium category
2. Establish as a go-to brand for aftermarket pickup bed accessories
3. OEM sales effort accelerated
4. Continue to innovate and refine product line
5. Further North American expansion and marketing
6. Further international expansion

## 5<sup>th</sup> Year Plan

1. Fully deployed global distribution and brand recognition
2. Shift to regional manufacturing to optimize inventory and customization strategies
3. Diversify into other truck/automotive technology and accessory markets

# // SALES STRATEGY

*TruXmart's sales strategy is dynamic to fit with ever-changing market needs.*

**CURRENT** : Continue to leverage existing customers and find additional clientele for product distribution in the SEM markets via on and offline prospecting and strategy adjustment



Fortune 500 Company

\$500 Million in Revenues

Largest Online truck store in US

**FUTURE:** Look into the OEM market and growing relationships with TruXmart premium brand.



**RAM**



**TOYOTA**



# // MARKETING STRATEGY

## Priorities

Updating all online assets

Exploring B2B and B2C markets

Defining Sales scripts and strategies, sizing market specific channels

## ON + OFFLINE

- Promo Events
  - Cold and warm calling
  - Social Media
  - Blogging
  - E-mail and Snail Mail
  - SEO, SEM (search engine marketing), GDN (Google Display Network)
  - Advertising
  - PR
  - Tradeshows
- + more



# INVESTMENT OPPORTUNITY



# // CURRENT FINANCIALS

December 2015 was a record month for sales but inventory levels remain inadequate.

- Received \$52,000 opening private label order from Mexican client in Q4 2015
- Revenues derived from only four key customers: USA(3) and Canada(1)
- Negotiated price reduction with our manufacturing facility and material suppliers averaging 13% added to our 'bottom line' profits.
- The new TruXmart Forte GEN2 is 21% less expensive to manufacture than its predecessor, the GEN1 Forte.

YEAR	SALES	COGS + SHIPPING	GROSS PROFIT	ASSETS
2011	\$ 132	\$ 59	\$ 73	\$ 108
2012	\$ 277	\$ 159	\$ 118	\$ 171
2013	\$ 472	\$ 347	\$ 125	\$ 110
2014	\$ 616	\$ 435	\$ 181	\$ 160
2015	\$ 715	\$ 530	\$ 185	\$ 343

Values shown in 1,000s

YEAR	UNITS	AVG. SALE PRICE	GROSS PROFIT
2011	592	\$ 223.68	54%
2012	1,585	\$ 175.18	42%
2013	2,788	\$ 169.42	26%
2014	3,569	\$ 184.59	29%
2015	4,025	\$ 193.68	26%

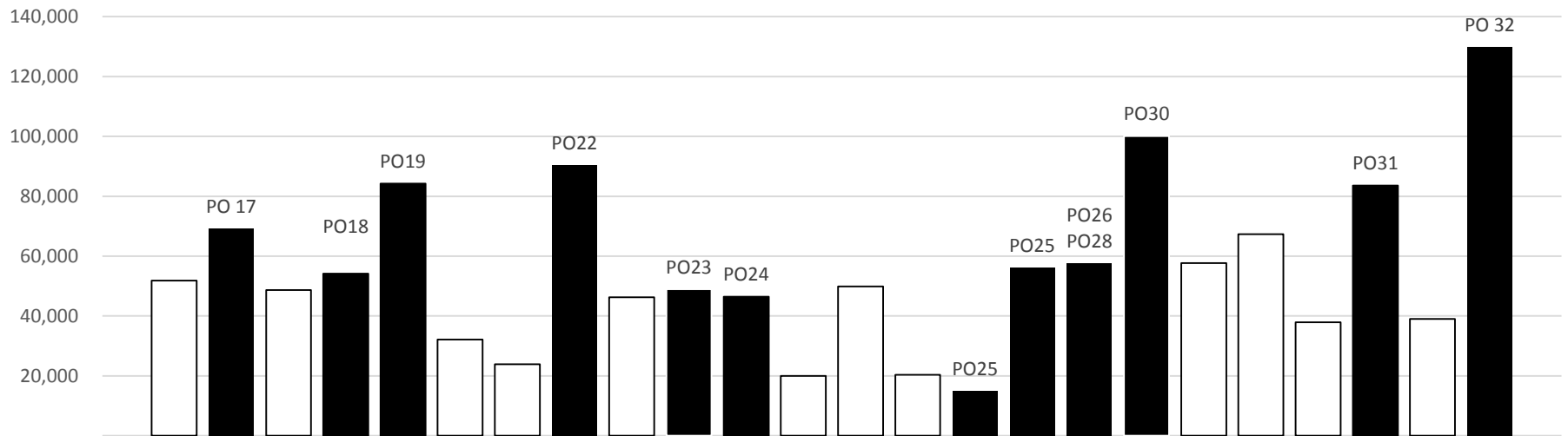
Values shown in 1,000s

# // CURRENT FINANCIALS

The chart below shows historical sales figures with and without inventory on hand to meet consumer demand.

TruXmart has been low on stock over 70% of the past 24 months with demand increasing exponentially.

Sales in months  
BLACK BARS = Product Arriving



Each bar above represents one month starting from January 2014 through to and including December 2015



# // FUTURE PROJECTED FINANCIALS

Projected revenues for 2016, without external funding, is estimated at \$800,000. **Annual growth is projected to be 50% YOY** through 2018, made possible through company reinvestment and existing profits.

Goal: financial injection of \$1,000,000 USD

These funds will enable the firm to:

- **Meet current demands** for existing soft cover models
- **Move up the release date(s)** of highly anticipated products like the hard cover tonneau.

And, with an additional investment of \$650,000 by Q3:

- **Releasing our latest technology**, the Alpha and Alpha Helios, revealed at SEMA last fall
- **Launch** into main stream automotive aftermarket

	YEAR	SALES	COGS + SHIPPING	VARIABLE COST	FIXED COSTS	PROFITS
months	0 to 6	\$ 924	\$ 282	\$ 147	\$ 59	\$ 206
	7 to 12	\$ 2,607	\$ 1,503	\$ 387	\$ 69	\$ 646
	13 to 24	\$ 6,823	\$ 4,138	\$ 923	\$ 159	\$ 1,602
	25 to 36	\$ 9,240	\$ 5,740	\$ 1,194	\$ 205	\$ 2,100

Values shown in 1,000s

	YEAR	UNITS	SALE PRICE	GROSS PROFIT	NET PROFIT
months	0 to 6	3,379	\$ 273.51	44%	22%
	7 to 12	9,42	\$ 276.82	42%	25%
	13 to 24	25,174	\$ 271.07	39%	23%
	25 to 36	34,950	\$ 264.38	38%	23%

Values shown in 1,000s

# // INVESTMENT ASK AND RETURN

## *Investment Ask*

\$ 1,000,000 USD capital raised within Q1, 2016

## *Current Structure*

**Current I/O:** ~68,000,000 shares (40MM CEO control block)

**Market:** OTC:QB

**Ticker:** FNHI (Franchise Holdings International)

**Offer price:** \$0.20 USD per Class A common share (**Restriction:** 6 months)

*\*FNHI can initiate S1 registration statement with SEC to remove restriction within 30-120 days upon successful placement of \$1,000,000 – costs covered by FNHI\**

## *Investment Risk + Management*

- Our manufacturers breaching exclusivity agreements (mitigated with IP&NDA)
- Lack of consistent inventory (eliminated with placement of above capital)

# // ROI: USE OF PROCEEDS

## Capital Expenditures Focus

- Increase production and inventory levels for US and Canada
- Aggressive marketing campaign
- Expansion into Latin American market
- R&D for current and new offerings (Alpha and Alpha Helios for 2016)
- Develop private label product
- Further patent development and protection

# TruXmart

TONNEAU COVERS

## // CONTACT

**Steven Rossi, CEO**  
**TruXmart // FNHI**

[srossi@truxmartcovers.com](mailto:srossi@truxmartcovers.com)

Mobile: 416 684 0954

Office: 1 888 554 8789

**Office // Warehouse**

8820 Jane St  
Vaughan, ON  
L4K 2M9

# // FUTURE VALUE: ACQUISITION

## Acquisition Case Study

Our competitor, BAK industries was founded by Julian and Israel Maimin in 1988 but entered in the tonneau cover market in the early 2000's with the Bak Flip G2. From the early 2000's BAK developed a total of five products: BAK FLIP G2, F1, VP, CS, HD, and the ROLL-X and grew to estimated annual sales of \$56 million dollars. BAK industries also had a total of three US patents protecting their products.

On January 1<sup>st</sup>, 2014, what is presently know as "Truck Hero" (at the time THI) purchases BAK industries "For the six months ended June 30, 2014, cash used in investing activities consisted of \$124.4 million for the BAK Acquisition and \$2.0 million of capital expenditures" (Truck Hero S1).

If US firms are buying up tonneau cover manufacturers so aggressively, and they are, it is indicative of a larger trend on the horizon. It's common now for single brands to encompass a half dozen or so previously private labels. These firms show no sign of slowing in their acquisitions either.

