

# Magnolia Resources Limited Proposed Acquisition of Whole New Home

Investor Presentation  
June 2015



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All currency amounts are in AUD\$ unless stated otherwise.

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# Transaction Overview

- Magnolia Resources (ASX: MGB) to purchase 100% of the equity in PDT Technologies Inc., the owner of the Whole New Home (WNH) business
- MGB is seeking to raise a minimum of \$5 million under a Prospectus at 20 cents per share



## Indicative Timetable (subject to change)

|                                |                |
|--------------------------------|----------------|
| Investor Roadshow              | 1-11 June 2015 |
| Bookbuild Opens                | 9 June 2015    |
| Bookbuild Closes               | 16 June 2015   |
| Lodgement of Prospectus        | 22 June 2015   |
| Reinstatement to ASX Quotation | 5 August 2015  |

## Pro-Forma Valuation

|  |                |
|--|----------------|
| Implied Market Capitalisation (assuming \$5 million Capital Raising) | \$22.2 million |
| Less Cash (Post Transaction)   | \$5.5 million  |
| Enterprise Value (Post Transaction)                                  | \$16.7 million |



# Company Overview



Whole New Home (WNH) is a North American based e-commerce platform connecting Home Designers (Interior Designers and Decorators) with Home Owners, creating the world's first omni-channel retail experience in the home space.



Disrupting an established market in the North American home sector (furniture and décor) – worth over \$US180B.



The integrated platform offers a number of solutions to both end consumers and Home Designers.



Developing cutting edge technologies to support visualisation of products and to enhance user experience and engagement.



Socially responsible business model created via the *Better Homes for Everyone Foundation* to enable a portion of profits from every sale to be donated directly to local charities fighting homelessness.



The Company is on target for full scale commercial launch in Q3 2015 with rapid expansion across Canada and the USA.



# Significant Market Opportunity



The home decor and furnishings sector worth over **US\$180** billion in North America alone, and **US\$700** billion, globally  
*(statistica.com)*



Real spending on homeowner improvements is expected to grow at a **3.5%** average per year in North America  
*(Harvard University)*



Online purchases of Home Furnishings forecasted to grow at **7.9%** per year over 5 years in North America  
*(Ibis World)*



**21.6%** of consumers in the United States have made a furniture purchase online to date. **52%** would be willing to purchase furniture online  
*(Franklin Furniture Institute of Mississippi State University)*



Average spend per household in North America, per year on home décor and design products about **\$3,000**  
*(Decorators Field Guide by Jackie Hernandez)*



When consumers hire an Interior Designer in North America they spend on average **\$7,000**  
*(homeadvisor.com)*



Worldwide B2C e-commerce sales are rising **15%** per year with **70%** of internet users making purchases on digital devices  
*(eMarketer)*



Approx. **\$45,000** is spent with every home sale in ancillary purchases including renovation and home décor.



# Target Demographic



## North American Interior Designers, Decorators, Home Stagers:

- Primarily female
- Between 25–45
- Working mainly full-time, educated (with post-secondary degree)
- Growing business / getting established (worked in a company and just started their own business, graduates who want to take on ID projects)
- 40% are established business owners with 4– 5 clients per month
- Average monthly spend between \$15,000 – \$20,000

## Consumer Market:

- Millennials – which by 2020 will be 50% of the workforce
- Relocation and renovation occurrences result in the highest household décor expenditure



# How Whole New Home Works?



## Home Owner Proposition

- Access to free professional design advice
- Access to manufactured products, art and global hand crafted goods
- Advanced visualisation tools
- Omni-channel retail experience with single check-out
- Social giving built in

## WNH Platform Proposition

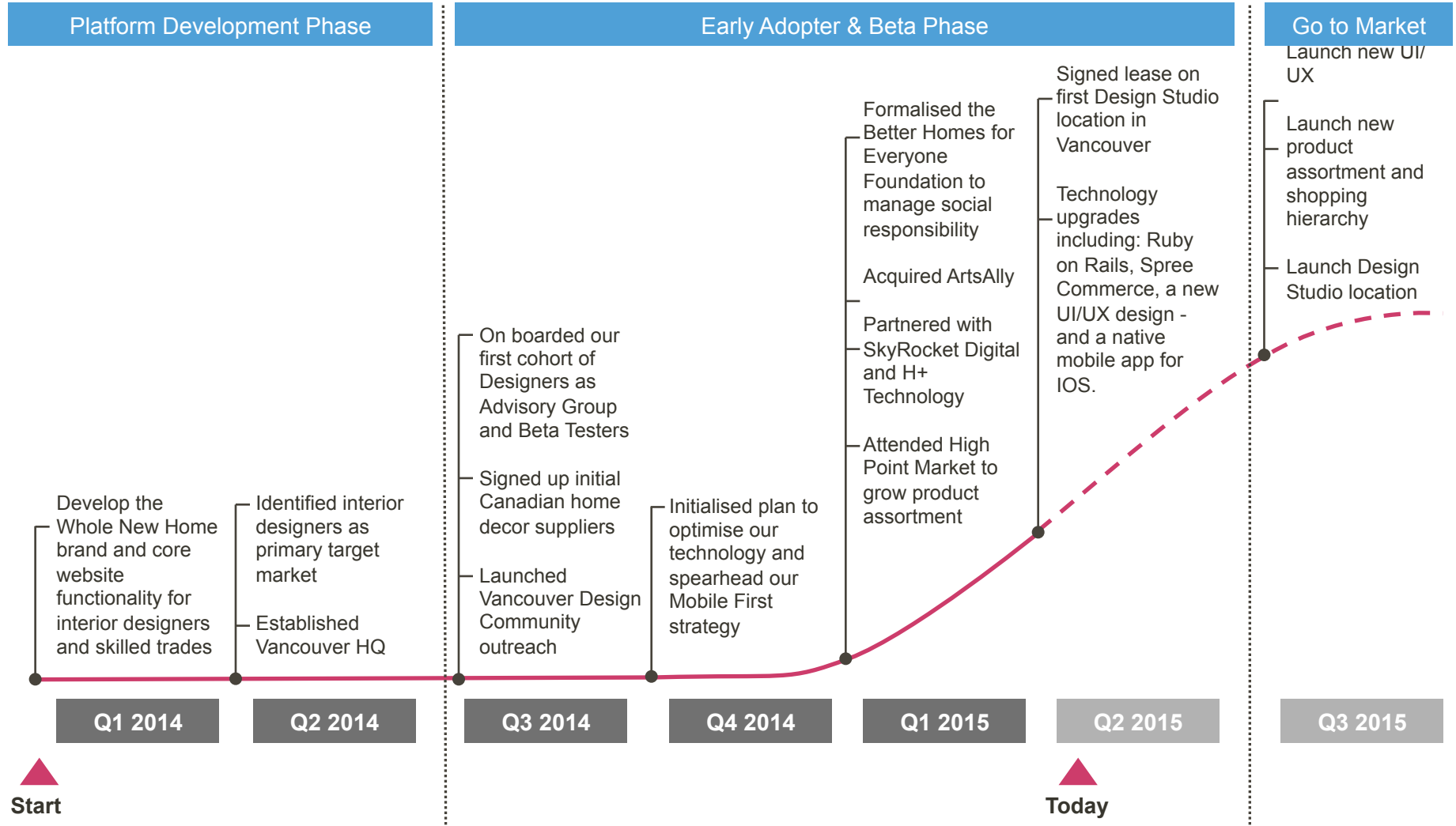
- Integrated e-commerce solution connecting Home Owners and Home Designers
- Online community for the home décor market
- World's first omni-channel retail experience in the home space
- Socially responsible business

## Home Designer Proposition

- Opportunity to grow their client base in an online community
- Inspiration Boards
  - Bring design vision to life
  - Create passive income
- Revenue share with WNH
- One stop shop for products
- Dedicated marketing team to drive consumers to Home Designers
- Use of Design Studio



# Key Milestones



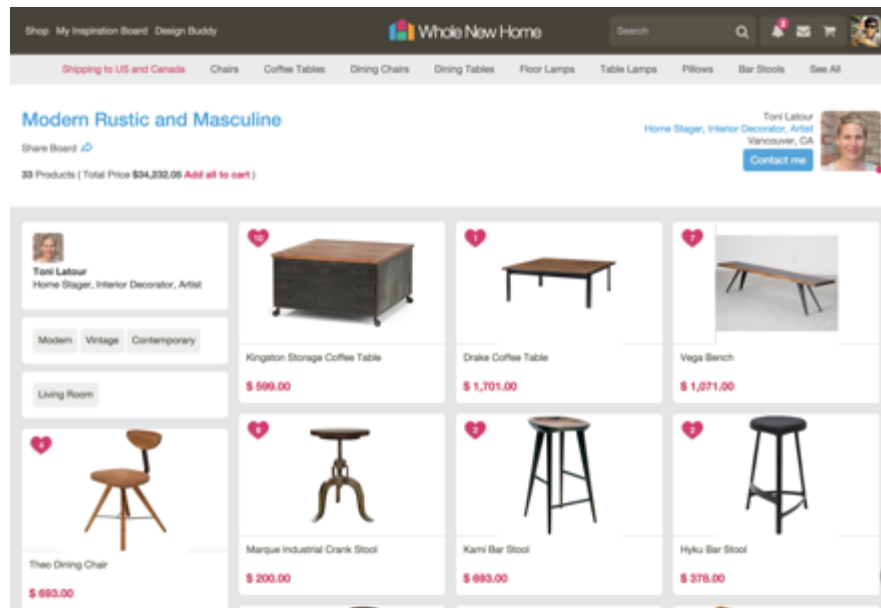




# Inspiration Boards

## Designed by Customers

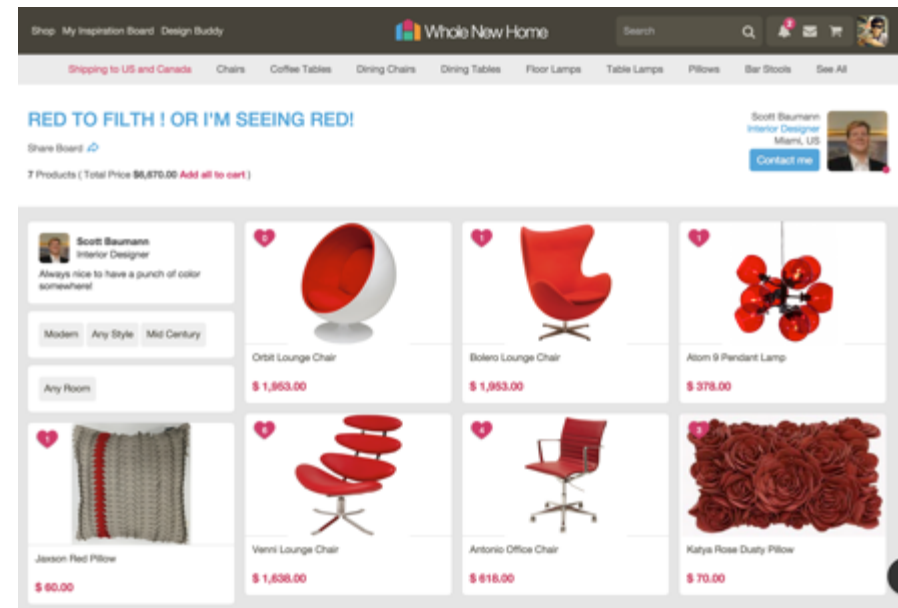
Inspiration Boards enable customers to curate design ideas, home decor products, art and furnishings. One-click technology allows them to purchase.



- Curate and organise home design projects
- Convenient, creative and fun to use
- Share through social media
- One-click checkout

## Designed by Registered Home Designers

Designers can create Inspiration Boards to pitch design ideas to their clients and earn revenue through sales.



- Curate, organise and pitch design projects
- Convenient, creative and fun to use
- Build personal brand through social sharing
- Earn revenue through profit share on sales



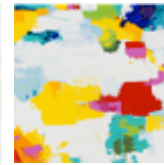
# Product Offering and Price Points

Product offering

## Furniture



## Art



## Handicrafts



Price points

Ikea  
\$ 4.99



Target  
\$ 24.99



Whole New  
Home  
\$ 45



Indigo  
\$ 49.50



RH  
\$ 79



60% of the market

60,000+ products, 22 vendors, middle market pricing



# Product Vendors



STYLE IN FORM  
FURNITURE FOR DESIGNERS & RETAILERS



TREK DECOR

RENWIL

SMALL WORLD  
— a carbon neutral company —

NUOVO  
For Inspired Living.

**imax**  
WORLDWIDE HOME



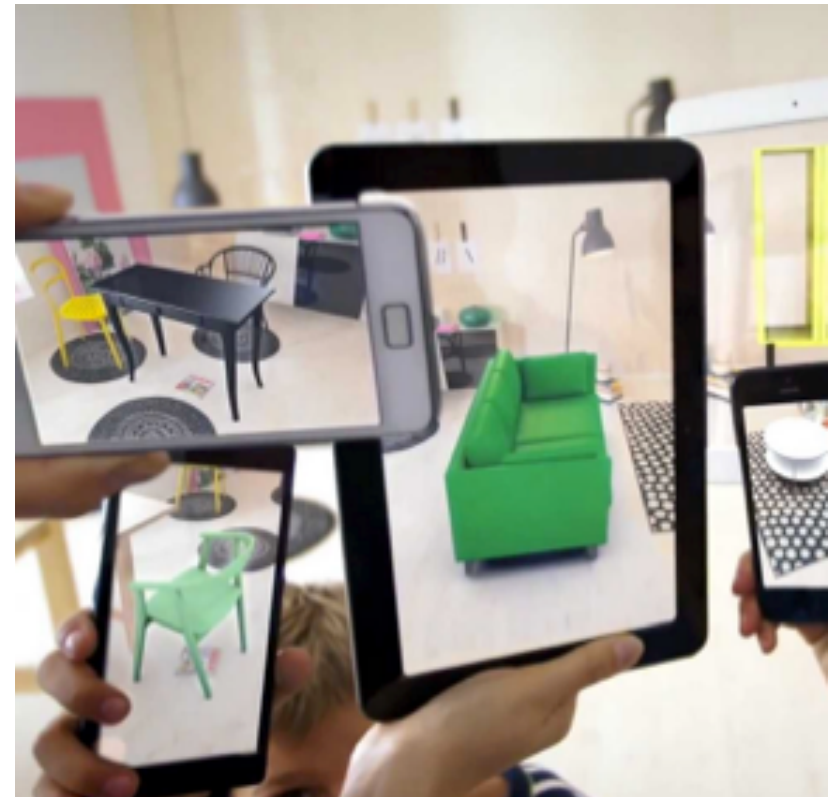


# Launch of New Platform

## E-Commerce Platform

- Spree Commerce
  - Fully automated integration platform
  - Connects any storefront to its backend operations
  - Fully integrates logistics and financial reporting
- New UI/UX
  - Leading to a high level of engagement
- Mobile app to feature Augmented Reality
  - Launching world's first true retail omni-channel experience

## Augmented Reality App





# Design Studios

## Design Studios

Retail locations where Home Owners connect in person with Home Designers as well as home décor and furnishings by leveraging advanced 3D holographic technology.

*Ideum coffee table*



*Digital display wall*



*Vancouver Design Studio*



## Dream Room – The Game Changer !

Uniquely provide the client with the ability to see their product in full 3D, with the ability to walk around the product and interact with it.

- 3D holographic experience
- Revolutionises the retail industry



*Dream Room*



# Attractive Commercialisation Model

## Revenue Model

1. E-commerce sales - WNH receives retail prices and pays wholesale prices (100-300% margins)
2. Designer subscriptions



## Cost Base

- Seamless and scalable platform
- Minimal fixed cost base
- Low variable costs



**Highly scalable  
business model**

## Supply Chain

### Traditional Retail Example

Manufacturer > Distributor > Wholesaler > Retailer > Customer



Whole New Home

Manufacturer > Courier > Customer





# Growth Strategy



## Social Media

Inspiration Boards drive user interest and activate virality through social media sharing.



## Promotional programs

Refer a friend incentives by leveraging social media networks has proven to drive sales.



## Media placement

Media reviews and product highlights in national publications to drive consumer awareness back to site.



## Partnerships

With leading, globally recognised brands who have a large registered user base.



## Online advertising

Targeted consumer messaging about social responsibility, connecting with a designer and product.



## Home Designer community

Supporting designer strategies to increase positive word of mouth about WNH's message and product offering.



# Strong Management and Leadership Team



**Neil Patel**  
Founder & CEO

- Experienced entrepreneur with a track record of creating innovative technology solutions
- 10 years experience in both the real estate and technology sectors
- Created first Blackberry App



**Adriana Villasenor**  
COO

- Proven leader with extensive experience in global sourcing, purchasing, and product development
- Directed global sourcing strategies overseeing \$400+ million in value for both Ikea and Wal-Mart



**Emily Ratchford**  
Product Director

- Senior buyer with extensive online and in-store experience at major retailers such as HBC and Indigo
- Instrumental in transforming Indigo into a multi-channel retailer that achieved nearly 50% growth over a two-year period



**Creston Froats**  
CTO

- More than two decades of experience designing, developing, and deploying software solutions
- As CTO at Bardel Entertainment, created leading-edge entertainment experiences for Nickelodeon, Disney, DreamWorks, and Warner Bros.




**Brian Johnson**  
CCO

- 25 years of experience creating integrated communications solutions for leading Canadian brands
- A Canadian internet pioneer, developed the '*Infinet.net*' online community for Videotron





# Competitor Landscape

|                        |  |  |  |  |  |
|------------------------|---|---|---|---|---|
| Home Décor & Furniture | ✓   | ✓   | ✓   | ✓   | ✓   |
| Inspiration            | ✗   | ✗   | ✓   | ✓   | ✓   |
| Home Designer          | ✗   | ✗   | ✓   | ✓   | ✓   |
| Visualisation Tools    | ✗   | ✗   | ✗   | ✗   | ✓   |
| Academy                | ✗   | ✗   | ✗   | ✓   | ✓   |
| Profit Share           | ✗   | ✗   | ✗   | ✗   | ✓   |
| Designer URL's         | ✗   | ✗   | ✗   | ✗   | ✓   |

Source: Whole New Home research.



# Industry Valuations

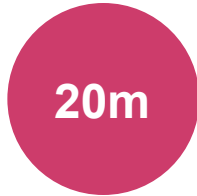
Relevant and successful e-commerce companies

## Etsy

Founded 2005



Valuation



Active Shoppers

Etsy is a marketplace where people around the world connect, both online and offline, to make, sell and buy unique goods.

In April 2015 Etsy listed spectacularly on the NASDAQ with it's \$16 shares debuting at \$32.

Etsy's current valuation is A\$2.45 billion.

## houzz

Founded 2009



Valuation



Unique Visitors per month

Houzz is a website, app, and online community focused on architecture, interior design and decorating, landscape design, and home improvement. Features home photos, expert articles, product recommendations, and a user forum.

Founded in 2009, secured \$2.6M of first-round funding in 2010. In 2014, raised \$216M in a Series C round led by Sequoia Capital at \$3.1 B.

## stella & dot

Founded 2007



Valuation



Stylists

Stella & Dot's line of fashion jewelry and fashion accessories can be purchased exclusively at home jewelry parties or online.

In January 2011, Sequoia Capital Invested \$48.4M at a valuation of \$484M on revenue of \$13.6M.

Revenue predicted to be >\$1B in 2016



# Business Drivers for 2015



## **Products:**

Continue to expand product offering and widen vendor range.

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## **Home Designers:**

Continue to increase the number of Home Designers on the platform.

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## **Mobile App:**

Launch of commercial mobile App featuring augmented reality.

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## **Omni-channel Platform:**

Full launch of omni-channel platform in Q3 2015 including Design Studios and updated user interface.



# Summary

- **World's first omni-channel retail** experience in the home space.
- **Strategically positioned** to transform the interior design market
- **Socially responsible** enabling customers to give to charities
- **Low cost and highly scalable** platform connecting Home Owners with Home Designers
- Advanced visualisation technology
- Strong **management and leadership** team
- **High activity pipeline** expected to drive positive near term news flow and growth





# Capital Structure

Following the completion of the Capital Raising and the Transaction, the proposed Pro-Forma Capital Structure is as follows:

|  | Shares On Issue     |
|--|---------------------|
| Current Shares On Issue                            | 28,001,000          |
| Consideration Shares and Other Shares <sup>1</sup> | 58,158,176          |
| Capital Raising Shares <sup>2</sup>                | 25,000,000          |
| Pro-Forma Share on Issue (Basic)                   | 111,159,176         |
| <b>Pro-Forma Market Capitalisation (undiluted)</b> | <b>\$22,231,835</b> |
| Performance Shares <sup>3</sup>                    | 36,130,492          |
| Existing and New Options <sup>4</sup>              | 20,000,000          |

Notes:

1. The Company proposes to issue 38,576,819 Consideration Shares to the Vendors and WNH Employees in consideration of the Company acquiring all of the issued share capital in PDT Technologies. Converting Loan Shares (15,523,810) will be issued to various lenders who have provided a working capital loan to PDT Technologies to fund Whole New Home's expenses prior to Completion. Advisor Shares (4,057,547) will be issued to the Advisors of PDT Technologies who introduced and facilitated the Transaction.
2. This number is based on a capital raising to raise \$5,000,000 at an issue price of \$0.20 per Share. Oversubscriptions of up to 10,000,000 Shares to raise up to \$2,000,000 (for a total capital raising of \$7,000,000 may also be accepted).
3. The Company proposes to issue 33,609,760 Performance Shares to the Vendors WNH Employees and 2,520,732 Performance Shares to the Advisors as part of the Transaction. These Performance Shares will consist of 9,032,623 Class A Performance Shares, 9,032,623 Class B Performance Shares, 9,032,623 Class C Performance Shares and 9,032,623 Class D Performance Shares.
4. There will be 8,000,000 existing options exercisable at \$0.20, on or before 30 June 2015. The Company intends to make a placement of New Options, issued pursuant to a prospectus, at an issue price of \$0.005, to raise an additional \$60,000. The New Option will be exercisable at \$0.30, on or before 3 years from issue.