

Kate Kinard ([00:00](#)):

Hello, and welcome to a very special edition of The Upgrade. Streaming two days early this week, it's the MAGFAST Investor Q and A. I'm Kate Kinard, co-host of the Upgrade, our regular video update show. If you haven't seen it, there's now over 180 episodes of The Upgrade in our archive. So please go check them out. Okay, so we've been very busy over the last few days as you can probably imagine. A lot of questions coming in about our investment offering, which opens this Thursday at 1:00 PM, Pacific, 4:00 PM Eastern.

Kate Kinard ([00:39](#)):

We're going to get to as many questions as we can right now. And as a reminder, all the information literally by law, everything is available in one place when you get to the MAGFAST offering page at Netcapital. Okay, now let's meet our panel. Making the first of we hope many appearances with us, here is Rob Burnett, director of business development at Netcapital. Pleasure to meet you, Rob.

Rob Burnett ([01:07](#)):

Thanks for having me.

Kate Kinard ([01:09](#)):

Wonderful, welcome. And next, our returning champion, Shawn Herzinger. Shawn is the veteran engineer from P3 International who has led the MAGFAST development project from day one. He's a big customer investor, and frankly, a fan favorite whenever he joins us. Welcome back to The Upgrade, Shawn.

Shawn Herzinger ([01:29](#)):

Thanks, Kate. Hi, Rob.

Rob Burnett ([01:31](#)):

Hi.

Kate Kinard ([01:32](#)):

Hey. Great. And rounding off our panel is our founder and inventor, my boss, Seymour Segnit. Hi, Seymour.

Seymour Segnit ([01:42](#)):

Hi, everyone. Hi, Rob. Hi, Shawn. Thank you, Kate.

Rob Burnett ([01:44](#)):

Hello, hello.

Kate Kinard ([01:45](#)):

This is so exciting. Okay, let's get started. So our first few questions are first Seymour, but I promise there will be loads of questions for Rob and Shawn as well. So our first question is I enjoyed the presentation last Thursday, but you didn't specifically mention a share price. Why didn't you and what is it, please?

Seymour Segnit ([02:06](#)):

Oh, okay. All right. So we're starting right in the deep end of US securities law. I might have to ask Rob to give me an assist with this actually. All right, so bear with me. The SEC, that's the Securities and Exchange Commission, the Feds, and you don't mess with the Feds. The SEC has very strict rules. I mean, like crazy strict rules about how companies communicate about these kinds of offers, what you're allowed to say, where you're allowed to say it, when you're allowed to say it. And all these rules are designed to protect you, the customer, the investor, the retail investor. But they can sometimes seem a little bit odd.

Seymour Segnit ([02:44](#)):

One of the rules says that any of the communications that are not on the MAGFAST page at Netcapital, are not on an approved funding platform. So anything like an ad or an email or a video presentation like this, they can either contain what are called the tombstone information. That's the key details, like the number of securities, the type of securities, the price, the closing, those sorts of things. So the communications can either include that or everything else that you want to say about your company and your products and your people and this, that, and the other.

Seymour Segnit ([03:19](#)):

And we figured that it was better to use the time that we have with you, the communications we have you to sort of to talk more generally about what it is that we're doing, and have that what's called the two set information consolidated over the Netcapital page. So you'll find it all there. Did I get that about right, Rob? I know you guys are making sure everybody's compliant day in, day out with all of your issues. But is that about it?

Rob Burnett ([03:44](#)):

I think yeah. I think you got it about right there, Seymour.

Seymour Segnit ([03:48](#)):

Cool. All right. What's next, Kate?

Kate Kinard ([03:51](#)):

Next, this is kind of piggy backing off the last question. So will the price be the same as last time?

Seymour Segnit ([04:00](#)):

Well, in order to answer that, I would have to get into this sort of this kind of tombstone area. We can't discuss the price or even the type of securities that they are, but I would say this. We have adjusted the value of the company since last time, because frankly, we need to reflect a huge amount of progress that's been made. There are critical patents and trademarks that are now part of our portfolio. We've got increases in sales. We've crossed the long-awaited threshold from pre-order to becoming a shipping company. We're ramping up shipping at the moment. But there's a huge, huge difference in value between a company that's kind of got some great ideas and working on them and actually shipping world class products.

Seymour Segnit ([04:46](#)):

Plus of course, the stuff that I can't announce yet, but we're very excited about the pipeline. We've got one or two things in new product development that I'm really, really, really excited about. And we think will deliver value in the future. I would say this about how we've valued the offering. We think that it's as fair as it was last time. We worked really hard to make it fair. We think it's as fair as it is last time, but ultimately only you can decide. As I always say, you should never invest a penny with MAGFAST or anywhere else for that matter that you can't afford to lose. And we and the other companies on Netcapital and other similar platforms we're generally early stage companies that are higher risk, potentially higher return, but you absolutely need to consider that this is not the same as buying some super safe security. This is only money that you can afford to lose.

Kate Kinard ([05:45](#)):

Okay. Well, my, my next question, you kind of already answered, but maybe you want to expand on it, is just how did you determine the price?

Seymour Segnit ([05:56](#)):

Well, considering all those, as I say, we were comfortable with the price last time. But we wanted to be fair to ourselves and to potential investors with the progress that we've made in the meantime. And the truth is I actually do want to say something else about this. In the stock market, which is what most people are familiar with, the market is deciding the price of the stock. A lot of people want to pile in, the price goes up. Things aren't so good one day, the price goes down. That doesn't mean that the price is right, but it does mean that the market agrees on the price, right?

Seymour Segnit ([06:37](#)):

Whereas here, it falls upon me and the executive team to choose the price of the shares. And there's a very kind of, say, heavy burden, but there's a very important burden that comes with that, which is the truth of the matter. And I do see this amongst some issuers because maybe a lot of the folks who invest, retail investors are not so well-educated. We could kind of pick our own price that there would be an opportunity for us to choose an unreasonable price and go out there. And to be honest, in the immediate term, in the short term, that would be of benefit to MAGFAST. It would be cheaper money for us.

Seymour Segnit ([07:28](#)):

We've tried not to do that. We've tried to come in at somewhere that is fair, that we can sleep at night, place our hands on our hearts. It's not an exact science, but I've looked around, I've seen some other companies that are just saying that have really gone out of the price, I think is too high. And we're trying to do something that's fair for you, that's fair for us, that's fair for our customers, that's fair for our stakeholders, that's fair for members of our team who had one or two shares before we ever went out for investors. Not an exact science, but I feel good about where we are. But I wanted to say again, this is entirely your decision. I may or may not have gotten it, right. The team may or may not have gotten it right. Only you can make that decision for you and you should never invest a penny that you can't afford to lose.

Kate Kinard ([08:20](#)):

Thank you, Seymour. I think this next question will be for Rob. So it's the big question, as you can imagine. We've received countless support tickets and emails all asking the same thing. I sat next to my computer at 3:55 PM Eastern on Thanksgiving day last year. And I hit the invest now button as soon as it

came up, and I couldn't get into the Netcapital website to invest because the servers crashed with so many others there at the same time.

Seymour Segnit ([08:48](#)):

They didn't crash. There was no crash already. They were overwhelmed. That's what happened. They were overwhelmed.

Kate Kinard ([08:56](#)):

I'm sure Rob will explain that a little better to us, but then they're saying, what do I do? Will the servers crash again this time?

Rob Burnett ([09:05](#)):

Yeah. And Kate, I really appreciate that question. And obviously to everyone watching, it's great to be able to kind of be here, and thanks, Seymour for inviting me and letting me talk to everybody. We, at Netcapital, have been incredibly impressed by the kind of passion and zeal of the MAGFAST crowd. And it's really fun, it's a fun company to be working with. And so, yeah, I think that to get into the technical details for just a second, I think the important thing to remember is crash is a term that kind of is a catchall for when things on the internet don't work quite right.

Rob Burnett ([09:38](#)):

But I think that the important thing to remember is that the MAGFAST community is quite large. And when everyone came at 4:00 PM on that Thanksgiving day, there were thousands of you loading the page and clicking the investment button at the same time. And where our site had a bottleneck was in the fact that every time someone enters data into our site and makes an investment, we have to write a line of code on our database. And the problem we ran into is that even though there were thousands of people trying to invest, there were only ended up being slots for just a little under a thousand of you.

Rob Burnett ([10:14](#)):

And so the problem with any system, when you try to buy more than is available, there becomes issues around who gets in when and what the system can handle. And so I hope everyone can rest assured that at Netcapital we were blown away by the response. Netcapital and the industry overall is quite young. And I'd like to say that Walmart had similar issues like a couple days later on Black Friday. So it happens to the best of them, but we've made a lot of-

Seymour Segnit ([10:49](#)):

You mentioned Walmart. I mean, Apple, a couple of months before when they did the iPhone launch, but the thing ground to a halt for at least half an hour. I was trying to kind of pick up one or two accessories, nothing, nothing for an hour. And that's the biggest company in the world with the most resources on the planet. And so this stuff is hard and Netcapital of being a ... I mean, you did great, you owned the challenges and you've done a bunch of work since then, right?

Rob Burnett ([11:21](#)):

Yeah. And that's exactly right. So I think we owe a lot to the MAGFAST community because we've made a ton of upgrades to our system in anticipation of you guys coming back. So there's been a lot of beefing up our system and kind supporting the system and adding new features that I think the MAGFAST

investors will enjoy. So hopefully this time around the experience will be a whole lot smoother. But the one thing I will say is that even with a smoother system and anticipating these problems, we expect in this round that only a couple thousand people, there will only be room for a couple thousand people. And there are quite a few people who are interested.

Rob Burnett ([12:01](#)):

Now, that is not to say that anyone shouldn't take their time and make their own decision. But the one thing that we never know what will happen is when more people try to buy ... If more people try to buy, then there are slots available, some people may miss out. And there's only so much engineering you can do to make that a good experience. And so we certainly have done our very best and we hope everyone has a great experience at this time. And we've got some more questions I think, around how to make that as smooth as possible. But people should be aware that last time there were not enough slots for everybody no matter how well a system works. And it's possible that that can happen again.

Seymour Segnit ([12:36](#)):

I mean, we have a few more slots this time, but we also have kind of another eight months of people discovering MAGFAST and joining the mailing list and so on.

Kate Kinard ([12:48](#)):

Okay. Thank you, guys. So now, Shawn, fully tested Life and Extreme units are now shipping. You've had the chance to experience these units yourself. How pleased are you with them?

Shawn Herzinger ([13:01](#)):

Oh, I'm very pleased. So I've been doing this for 34 years. I'd say I've worked on hundreds of products, some more complicated, sophisticated than MAGFAST. But those weren't consumer products, those were for industry. But as a consumer product, I'm extremely pleased with Life and Extreme. I keep them right here next to me on my desk, constantly testing them, and using them on a regular basis. And just really, it really came together great. So I'm very, very pleased with the first of the MAGFAST products.

Seymour Segnit ([13:50](#)):

We love Life as well. I don't think Shawn's got one there, but I'm sorry. I meant, air, I don't think you haven't aired ...

Shawn Herzinger ([13:58](#)):

No, not right here. No.

Seymour Segnit ([14:00](#)):

We spent all day with these products and then we come in, they say, "Oh my goodness, we got to do the stream." And then I'm sitting here, I don't have any of the products in the run with me. But we're shipping them out now. And just a few weeks ago, we were ordered a design. You might have seen this elsewhere in the materials, but I'm so excited about it. We were awarded a design pattern for MAGFAST. There's nothing else like it.

Kate Kinard ([14:26](#)):

Yay. Okay. All right. Next question. So quite a few people have been asking how to buy MAGFAST shares using their brokerage account with UBS or Citibank or Charles Schwab. Rob, can you talk about that?

Rob Burnett ([14:41](#)):

Sure. But also having to follow like the really cool product demos and all that stuff, and then just talk about very boring banking stuff, I feel like that's a tough act to follow.

Seymour Segnit ([14:50](#)):

If anybody can do it, Rob, if anybody can carry that burden, it's you.

Rob Burnett ([14:54](#)):

Fair enough. I'll do my best, Seymour. But yeah, so I think the important thing to remember for anyone thinking about investing in MAGFAST is that an investment in MAGFAST is likely very different from any investment you've made in the past. Netcapital is facilitated by a relatively recent change in the rules and a relatively recent law called the Jobs Act. And in its bare essence, what it allows companies to do is raise capital from everyday investors, like the people watching this upgrade, but remain private while doing. So typically brokerage accounts like the ones listed are held through financial institutions and they're used to purchase publicly traded securities, which tend to be larger companies that do much more reporting and are available on public exchanges.

Rob Burnett ([15:48](#)):

Netcapital, we're a registered entity with the SEC, but we're a funding portal. And all the investments available on Netcapital are actually in private companies. So while we try to recreate that experience of a brokerage account on our site, where you have an account, you can link payment methods and you can see your securities in your account, it is separate from public companies. So I recommend anyone who's thinking about making an investment in MAGFAST to read through the Netcapital website, certainly read the risks, and the other disclosures that are available, and that'll help you. And we have educational materials as well that will help you get acquainted with this type of investing.

Seymour Segnit ([16:25](#)):

I just wanted to add one more thing for folks who don't know, Netcapital, you used the very funding portal there, right, is a registered funding portal. Netcapital has a two or three or four handfuls of competitors in the field. We think they're the best. We love them the best, but they are heavily regulated by the SEC. So this isn't just like someone thought, "Hey, this isn't just ..." The founder of Netcapital, Jason Frishman, who you met, if you saw our presentation the other day, is an amazing guy, but he saw an opportunity within a new set of regulations and rules. I'm trying to find the right words to say this. In other words, Netcapital is one of a number of companies operating within a carefully regulated framework. They're not just some people who thought, "Hey, let's try selling some shares, some retail shares to people." It's within a very much an overseen framework designed to protect you.

Rob Burnett ([17:31](#)):

And Seymour, well, I really appreciate that endorsement. And just one point of clarity, I'll put my compliance hat on for a second. While Netcapital is heavily regulated and we're regulated by the SEC and FINRA, one thing everyone should be aware of is Netcapital's job is to act as the transactional platform for these investments. And the SEC doesn't pass judgment on these investments themselves.

So just simply because it's on Netcapital or because we're regulated by the SEC, doesn't mean that we're recommending this investment, or we think that it's the right investment for you. So you should still make your own determination as to whether or not this is the right financial decision for you, but hopefully you can take some comfort that our platform complies with all the rules and standards that the industry feels is appropriate.

Seymour Segnit ([18:18](#)):

Right. And it is your job to make sure that we are complying with the rules, publishing the necessary financial reports and this, that, and the other, and does this extraordinary, I don't know how many pages long it is, but there's this report that we file with the SEC. So just everyone understand it's being done within a framework, but no one other than you can pass judgment on whether this is a good investment at all or whether it's a good investment for you. There you go. That's my compliance hat.

Kate Kinard ([18:52](#)):

Thank you, guys. So this next one is for Shawn. MAGFAST describes its family device chargers as groundbreaking. What really stands MAGFAST chargers apart from the competition?

Shawn Herzinger ([19:08](#)):

Okay. So I guess I'd say I've been look working on this project for a long time. And from the very beginning, the list of features and abilities that we wanted out of this product, it was a demanding list. And so it's been a challenge to bring it together, and I'm so glad that it's finally happening. But it's not until you actually use the product, touch the product and see how those different abilities and features work together until you really understand why MAGFAST is a groundbreaking product. We've got some N52 neodymium magnets in there. We have chip-based LED array, which are cool sounding specs.

Shawn Herzinger ([20:00](#)):

But when you see them work together, and you see the 10 different LEDs giving you all sorts of information in a very intuitive way compared to just a typical power bank that has three or four LEDs and the magnets, how it feels when the units connect together and stay connected, and then come apart with just the right amount of force. Once all those specs and features come together in a physical product, that's when you can understand they're groundbreaking. And then they work together, it's a family of product. And so I just demonstrated, when you use them together and you can see how power will transfer from the larger battery to the smaller battery or vice versa, that family of products just takes it up to the next level. There's never been anything like that. So I'm thrilled that because we're starting to ship the product now, other people can see the same thing that we've been experiencing here.

Kate Kinard ([21:09](#)):

Wonderful. Thank you so much, Shawn. So this is a rather long one, just bear with me. We recommend that everyone set up their Netcapital account in advance so they're ready to go at 4:00 PM on Thursday. Some people tell us they can't enter all the details if they're outside of the US. It seems that lots and lots of Canadians are ready to make an investment. There are two issues. They're not from the US so they want to enter either a social insurance number or a personal public service number that's Ireland, or a national insurance number, Great Britain. People outside the US, a second issue, people outside the US couldn't find a way to connect their bank so they could invest using bank transfer. Rob, could you help them out with this?

Rob Burnett ([21:59](#)):

Yes, I can. So like I mentioned earlier, you investing in MAGFAST is going to be likely a very different investing experience from what experienced investors might have had in the past. And it might be a very different experience for someone who's mostly just used to shopping online and kind of your typical eCommerce. Because this is making an investment, there's a lot more rules and regulations around how we operate, not only via the SEC and FINRA and our regulators that way, but also we have to comply with a whole host of banking laws around knowing our customers and anti-money laundering laws, and things like that.

Rob Burnett ([22:36](#)):

So this kind of checkout process and account setup process might feel like it's got a little bit more friction than maybe, let's say, Amazon or some other eCommerce site, where really you're just putting in your name, address, and payment. So that being said, we tried to make a lot of upgrades and make it very clear for our investors from outside the US as to what we exactly need. So we recommend everyone kind of slowly go through that investment flow and fill out the required information. So you're right, we might need a national identifying number. We might need you to upload an ID with your face and some identifying details on it. We do believe our system now is set up well to, to input that information, just kind of work your way through it.

Rob Burnett ([23:22](#)):

For every investor, whether or not you're in the US, one thing that might make sense is to maybe even set up an account and make a test investment in a different offering if you really want to be prepared for the MAGFAST one. Any investor can withdraw their investment after the fact so long as they do so before 48 hours before closing. So don't do that test and investment in a company that's about to close. But that will ensure that you're able to see if everything links up and is set up correctly. The second part of the question I believe was asking about linking a bank account.

Rob Burnett ([24:00](#)):

So unfortunately, our payment processor Plaid, which is what we use to connect directly to bank accounts, only works with US bank accounts. So if you're outside the US and you want to make an investment in MAGFAST or in any other company on our site, you either have to use a creditor or debit card or use a wire payment. Credit and debit cards are great. They are pretty instantaneous. The two things to watch out for there are one, is there is a 3% credit card fee for credit and debit cards. So be aware that that's a cost involved in this investment. And then some financial institutions might block or cancel or not allow you to put that investment through. So you should certainly be sure to check with your bank or your financial institution that they'll accept this type of charge.

Seymour Segnit ([24:51](#)):

Yeah, let's emphasize that because I remember last time there was a gentleman who was very animated because he tried to use, I believe it was an Apple credit card, but it could have been any of them. He's like, "You should have told me that my particular brand of credit card wouldn't allow it." And it's not possible because there are thousands and thousands of it. But what you can do is if you've decided that you want to make an investment of \$200, \$2,000, whatever you want to do, is you call the bank in advance, all right, you call your credit card issuer, and you say, "Hey, this Thursday or next week or whatever, I'm planning to make this unusual expense. Can you please note it on the file?" You tell them

the amount that you're planning to invest or an amount greater than the amount, the maximum that you're likely to do, and it will appear on folk's card statements as Netcapital, I think, right, Rob?

Rob Burnett ([25:43](#)):

Yes. It should say Netcapital and have MAGFAST in there. Can't promise, sometimes they manage to mangle those pretty bad, but it should be something along those lines.

Seymour Segnit ([25:51](#)):

Yeah. And that way they should be able to make for ... So when you actually go ahead with the transaction, if it's right for you and you choose to go ahead at that moment, it should then flow through because the card will be authorized in real time. And by the way, this is why we announced this last Thursday, it's Tuesday today, we're opening on this Thursday, that's why we give a week. We want you to please read everything, think carefully about whether or not this is right for you. And no one should put in anything they can't afford.

Seymour Segnit ([26:24](#)):

And then whether or not this is right for you. And you want to go ahead and invest, just get a Netcapital account because it's free and you can go in there and play around and hook stuff up. There's one thing in there we should warn folks off, Rob, which is the ... If you haven't already there's the wallet. And right now, Tuesday, not enough time to fund the wallet before Thursday, correct?

Kate Kinard ([26:42](#)):

I think there is a question about that. So we'll go over that. So don't worry. We'll cover everything.

Rob Burnett ([26:49](#)):

Yeah. And before we leave this point though, I think just to close the loop, I think the other payment method for non-US investors is wire payments. And the two things to keep in mind, there are you'll get instructions via email as to how to send in your wire. Make sure you read those carefully. The two things to watch out for is you'll get a unique identifier code and we really, really need that. Wire payments unfortunately are somewhat manual. And if we don't have that code, it's going to be very hard for us to track the payment.

Rob Burnett ([27:17](#)):

And the second thing is some financial institutions and transaction people who send the wires will charge some kind of fee. So make sure you account for that in the amount you transfer. And also transfer in US dollars. Missing any of those can result in a wire that comes to us that's not quite the right amount and we can sort it out for you, but it could result in significant delays in processing your investment. Or if we can't ever find it, it could result in you missing out. So pay attention to those details because unfortunately that's some place that people can get tripped up.

Seymour Segnit ([27:51](#)):

I mean the most reliable method it's got a little fee, it's only 3%, but the most reliable method is a credit card that is ready to go because that's the option with the least ...

Rob Burnett ([28:05](#)):

It's certainly the least. It's the most automatic. You won't have to worry about going to your bank and sending a wire. It's a lot quicker.

Kate Kinard ([28:14](#)):

Okay. Thank you, guys. I just want to add as a follow up to that last question that we adore our Canadian neighbors. Actually, our very first customer ever was from Canada. And of course, thank you to all the folks from countless other countries who've joined our family as well. So this next question, Shawn, I think you can answer it. So snap to charge technology makes MAGFAST the world's first in integrated family of chargers. Can you explain in a bit more detail how snap to charge actually works?

Shawn Herzinger ([28:48](#)):

Yes, I can. So as I've shown a couple of times here, we've integrated a couple of components here to allow the products to simply snap together and transfer power, and the power that we're transferring-

Seymour Segnit ([29:04](#)):

Do that again, just watch the LEDs come in and watch them start to dance. Look on the screen, and watch it start to ripple across the screen there. Boom. Look at that. You see the ripple there? That ripple says, "I'm charging, I'm receiving charge, I'm receiving charge."

Shawn Herzinger ([29:18](#)):

Exactly. And so the two technologies in particular are the magnets, very special magnets I mentioned before, which will draw the two products together. And then we also have what we call Pogo pins, sorry, which are these tiny little metallic points here, which are safely underneath a plastic form. And again, this is all very safe, low voltage DC. Like when you do outdoor lighting you do low voltage lighting for safety. So it's the same thing here. And we've arranged these magnets and these physical points in such a way that you really can't connect it improperly so you can connect it forwards or backwards.

Shawn Herzinger ([30:06](#)):

You can't see the LEDs, but it will work either way. But if you try to connect an output to an input, you just can't do it. That magnetic repelling force is there, which you can't see on video but believe me, I can feel it. I physically can't put these two together. I'll just flip it around and it'll connect properly. So that's the technology that's gone into it and it's throughout the entire family of MAGFAST product.

Kate Kinard ([30:36](#)):

Thank you, Shawn. Okay, so I didn't forget about you, Seymour, this question is for you. I backed you with a pre-order some time ago. As shipping ramps up, what's your strategy for fulfilling everyone?

Seymour Segnit ([30:51](#)):

That's a good question. It's a very fair question. The underlying principle is we're going to start at the top of the list. We started with Darren. You mentioned just now, from Canada. Thank you so much, Darren, by the way. I always give him a shout. He was just the very first customer. He just got in under the while before anybody else when we did our first test launch. So we started with Darren and we're working our way down the list. That's the underlying principle. Now in practice, there are thousands and thousands of orders to get to. And some people don't reply to their email so we're going to try and work through as quickly as we can.

Seymour Segnit ([31:27](#)):

And the natural result of that is going to be that the folks like you, I mean, I was going to say the folks who are engaged in other words, like you, because you are right here watching this presentation now, right? There's thousands of people with us now, but there's tens of thousands of people who didn't open their email and didn't join us for this presentation. So the natural result is that the folks who are opening their emails and clicking through and completing the what we call the checkout, the partial checkout procedure, are going to get shipped first. So keep your eyes open for your email when it is your turn.

Seymour Segnit ([32:00](#)):

And trust me, we want to get everybody as quickly as we can. One of the great challenges with this is going to be that the global supply chain. And we've spoken about this in two or three episodes of The Upgrade. The global supply chain, I mean, Shawn, you've been at this for kind of 30 some years, I mean, how would you characterize the global supply chain at the moment? It's really tough, isn't it?

Shawn Herzinger ([32:26](#)):

It's never been more challenging. We've had short-lived incidents in the past where a certain type of technology or component or material was difficult to get, but there's never really been anything like this that I can recall. Raw materials, logistics, transport, finished components all across the spectrum, industrial and consumer have been disrupted. And so it takes an extra effort really, to manage that when it comes to production and planning.

Seymour Segnit ([33:06](#)):

In all of the disclosures because we mentioned that over at Netcapital is all of this paperwork kind of SEC man mandated. So we have to list a lot of the risks associated with the business. One of them is very much the global supply chain. I mean, it's always a potential risk right now. It's a front and center risk. We've mentioned this before, but major auto manufacturers, as I read about Ford the other day, fields full of F-150s completed in every way, except one tiny little chip that they can't get hold of. Chips arrive and they'll stick them into all the tracks so that they'll go.

Shawn Herzinger ([33:43](#)):

Yeah. That's the thing about these integrated products. They do rely on components working together and just one or two can really throw you off. So what we've been doing is we're working in factories that have experience in these product lines. There's nothing like MAGFAST, but there's other chargers out there. There's other power banks out there and we share certain components with them. And so these suppliers have a steady stream, these components coming in, and this type of product going out. And we're monitoring the situation and adapting to it as best we can. It will end. I have very high confidence it'll end probably sooner than some experts think.

Shawn Herzinger ([34:33](#)):

There's probably no more industry that's innovating as quickly or as strongly as electronics technology. And so this is a very real physical issue. But we're bringing technology and innovation to bear on just the component problem. I was just speaking to one of our factory operators last night, and they are pouring a lot of money and investment into new fabs and foundries to make these parts. So we we'll get through it. It's going to be a bumpy ride, but we're doing our best. But most importantly, my understanding is

that through all this, we're honoring the pre-sales price, even though component prices are varying and changing all the time. So the that's my understanding.

Kate Kinard ([35:25](#)):

Thank you, guys.

Seymour Segnit ([35:26](#)):

Thanks, Shawn.

Kate Kinard ([35:27](#)):

Okay. So Rob, what's the quickest/easiest way to make an investment in MAGFAST? Bank transfer, Netcapital wallet, credit card?

Rob Burnett ([35:39](#)):

Yeah. So right off the bat, if you're watching this now, please don't use your Netcapital wallet. That takes a three to five-day transfer and so you won't have your wallet funds available in time to make an investment on the first day. So that being said, kind of circling back to what I talked about earlier with our non-US investors, for every investor, again, this might be a very new experience, it might be a little bit different, there might be some more requirements than you're used to. So setting up that account early and making sure everything works, I couldn't recommend it more.

Rob Burnett ([36:16](#)):

In terms of payment methods, there are three major payment methods: credit card/debit card, linking your bank account, or sending a wire transfer. We recommend either linking your bank account if you're a US investor, or using a credit debit card if you're either a US investor or non-US investor. Those methods tend to be secure, quick, and they're automatic versus the manual wire transfer. A couple of things to keep in mind is that for linking your bank account, we use a payment provider and service provider called Plaid. They're used by a lot of the major financial institutions in the country. If you've ever used Venmo, you've used Plaid to send your money to your account.

Rob Burnett ([37:03](#)):

They comply with very strict safety standards and they allow you to sign directly into your bank account and transfer funds. So for example, if you had a Bank of America account, you can use your Bank of America, use your name and log in, and connect your bank directly. Even though you're going through our site, it's the Plaid portal, and we don't have access to that login information. But that's going to be the quickest and easiest way to link your bank account. And the funds will get pulled directly from your account and sent straight to the escrow account where the MAGFAST funds are being held before the end of their fundraiser. So that would be my recommendation, but again, for everyone, you should pick kind of whichever payment method is right for you, and just make sure your account is set up correctly on Netcapital in anticipation of the fundraising.

Kate Kinard ([37:51](#)):

Okay. Thank you so much, Rob. This next question is for you as well. So plenty of investors who set up accounts in advance for our last offering couldn't enter their credit card details. If credit cards are, you

talked about this, the easiest way to invest, is there a way to pre-enter the card information so they're ready to make an investment on Thursday?

Rob Burnett ([38:13](#)):

Yes. This is a feature we added specifically because of the experience of the MAGFAST investor community during the last race. So currently now the little dropdown menu, if you're signed into your account, you can add a payment method and add a credit card. So you can add the number and the information there. That should make it autopopulate when you're checking out. The thing to keep in mind is it does not pre-authorize your card. So it's still worth giving a call to your financial institution if you want to make sure that your card isn't declined. Again, with securities and investments, banks and institutions have their antenna up, and they're very concerned and rightfully so about fraud. And so they're a little quicker on the trigger when it comes to failing those payments or rejecting those payments than they might be with a typical eCommerce purchase.

Kate Kinard ([39:03](#)):

Okay. Thank you. So Seymour is always describing our products as premium. What does that mean when it comes to manufacturing? What do you have to do differently? And Shawn, I think you can answer this one.

Shawn Herzinger ([39:18](#)):

Okay. Premium and manufacturing. Well, I can think of, let's say, three elements to that off the top of my head. So there's the design materials and testing. So starting with design, consumer electronics, there's no shortage of new products. I mean, some of the biggest trade shows in this country are just introducing thousands of new products all the time. And they tend to be kind of variations on a theme. One new feature added in, one new color, what-have-you. But with MAGFAST, Seymour has driven this vision, and worked with a lot of different, very smart people.

Shawn Herzinger ([39:59](#)):

Not patting myself in the back, but designer types that I'm definitely not a designer, to design a really beautiful, but functional, efficient product. But then when it comes to manufacturing, that design can translate into how the parts go together internally. And I think we surprised Seymour with some of the designs we came up with based on his visions and concepts. Some of the components inside were kind of intimidating, we're like, "Well, how are we going to even make this?" But we are making them right now.

Rob Burnett ([40:36](#)):

Extreme, I want to say, the others use something called monocoque construction, which is normally used for space rockets and racing cars and things like that, where the internal structure is also part of the outside.

Shawn Herzinger ([40:47](#)):

Yeah, that's exactly right. And then materials that the second one. So there's a whole world of materials to choose from. So from the plastics, which is a polycarbonate blend, polycarbon, it's a very tough plastic for those that know, to the purity of the magnetic material, to the grade of the batteries that we're using, they're all premium. And so that definitely translate in the consumer experience when you

get the product. And so we could use other materials and the product would work. It would be fine, but it just wouldn't have that same premium experience. And then with testing. Typically, in consumer electronics, we're mass producing. Typically, they don't test every product. They test every fifth product or what-have-you. It's all statistical. We test every single product we make. We do full burn-in. That takes a lot more time and effort, but that reflects again, the premium nature of MAGFAST.

Kate Kinard ([41:50](#)):

Thank you so much, Shawn. So the next few questions will be for you, Rob. So folks who make regular investments are used to paying fees to their broker, and some have asked whether Netcapital's going to charge them to invest in MAGFAST.

Rob Burnett ([42:04](#)):

Yeah. There aren't any fees to be an investor on Netcapital. The only thing to keep in mind is if you do want to use a credit or debit card, there's a 3% transaction fee charged by the credit card company. And then you should be aware that MAGFAST pays Netcapital a fee, a percentage of the amount raised that's 4.9%. But if, for example, shares were the dollar a share and you bought a hundred dollars worth of shares, you would get a hundred shares, some quick math for you. But essentially you get the full value of your investment in shares. There's no fee taken out of it.

Kate Kinard ([42:39](#)):

Wonderful.

Seymour Segnit ([42:40](#)):

And by the way, that Netcapital fee at 4.9 is about as reasonable as you'll find in the whole industry. A lot of companies pay a lot more than that in the various fees to various parties when they raise capital in all kinds of different ways. So thanks, Rob.

Rob Burnett ([43:00](#)):

No problem.

Kate Kinard ([43:02](#)):

Yes. Thank you, Rob. So you kind of touched on this question earlier, but I just want to make sure that everyone understands it. So there's a long list of US banks available when setting up a Netcapital. But some investors sometimes tell us their bank or credit union doesn't show up in Plaid. What should they do?

Rob Burnett ([43:21](#)):

Sure. So if your bank does show in Plaid, I encourage you to log in directly. Again, we don't store that information. It lets you log in directly to your account. If your bank isn't available via Plaid, if you go through that kind of flow, there is an option at the end to input your account and routing number directly. So it allows you to link your account even if your account or credit union doesn't show up. Please be aware that if you do that, there will be something called micro deposits sent to your account. So very small deposits that allow you to confirm that your bank is correct. You'll need to confirm those in order to complete the linking of the account. And every once in a while, banks will kind of either not

transact those or they'll reject them. So please just keep in mind that that's a possibility if you [crosstalk 00:44:09]

Seymour Segnit ([44:08](#)):

And neglects the [inaudible 00:44:09] to go, Rob. So is there even time to do one of those non-Plaid connections at this point?

Rob Burnett ([44:15](#)):

There's probably still time because you can make your commitment and then finalize the micro deposits after the fact. But be aware that it could cause problems. And if you can't complete the connection, it could result in your investment being withdrawn. So if you're at that point, it might be better to use a credit or debit card.

Kate Kinard ([44:36](#)):

Thank you so much, Rob. So back to Shawn, MAGFAST products have received patent approval. How hard is it to secure a patent for a new product line?

Shawn Herzinger ([44:48](#)):

It gets harder all the time, actually, because to get a patent, you have to have a unique product. And so if you think about it, as more and more patents are granted, the areas of innovation can get narrowed. But that doesn't stop people like Seymour from coming up with of these ideas and just combining technologies that you normally wouldn't put together like these super strong magnets and power banks and G wireless charging and the LED display to blend together in a beautiful design, a delightful product. But the US patent and trademark office doesn't really care how beautiful something is. They're looking for a unique idea, something that hasn't been done before. So it's a challenge to definitely get to patents, but we have a lot of IP, intellectual property trademarks patents for MAGFAST. And it's important to protect these unique ideas, these products, and these technologies, so.

Seymour Segnit ([46:12](#)):

Yeah, it takes a long time as well, right? I mean the trademarks are many months at the very least. And I guess a design patent is the quicker of the two patents. But the utility patent, which is how something works can be years. And so this year has felt very good because we've been working on this stuff for years and finally, a lot of it is all coming in. If you're interested in this, by the way, there was a great episode of The Upgrade, episode 173, when you check it out at magfast.com. Episode 173 was with our IP attorney, our patent and trademark attorney, Steve Barnes. He does a great job of explaining everything about what you can and can't protect in terms of ideas.

Kate Kinard ([47:03](#)):

Thanks, guys. So Rob, as you know, there's a lot of excitement building for Thursday, and it seems that potential investors have been hunting through the Netcapital website to find the MAGFAST offer. I think particularly people who couldn't get in the last time, they're asking where they can find the MAGFAST page.

Rob Burnett ([47:24](#)):

Yeah. So you'll be able to find the MAGFAST page at netcapital.com/company/MAGFAST. It'll be available via on our website. We know last time, given that it was on a holiday and it was our first time working with MAGFAST, and we wanted to be sure that we had everything correct, this isn't as simple as turning on a website. We have to file some documents with the SEC, which isn't open on Thursday even though it's a website or a Thursday at Thanksgiving, I should say.

Seymour Segnit ([47:51](#)):

On Thanksgiving, myeah.

Rob Burnett ([47:52](#)):

On Thanksgiving day. It'll be open this Thursday. But it led to some more factors that we wanted to ensure we were ready, and some people were able to get in before the 4:00 PM time last time. This time we have every intention of making it so that there's no way to invest before 4:00 PM on Thursday. And so you might be able to see the page beforehand, but there shouldn't be any way to invest.

Kate Kinard ([48:17](#)):

Okay. Thank you, Rob. Seymour touched on this a little earlier, but Shawn, I wanted to ask you, are there any new initiatives coming down the pipeline? And if so, how much can you tell us about them right now?

Shawn Herzinger ([48:33](#)):

Okay. So I can tell you that yes, there are new initiatives, new products, but I cannot speak to the specifics until they're ready to launch. But I can tell you that the long innovation process, design process to bring out this first wave of product, we had to solve a lot of technical challenges. The magnets, the LEDs, the large batteries, the Chi charging to pack so much into one product. It was tough. It was really a tough process. I'm so gratified to see that it's done now. And so what we have is that is unique patented set of technologies that gives rise to new ideas on how to implement that. And so I can say that with some of these new innovations, new products, we're leveraging that bedrock of design work that's been done. But I think you'll be surprised at some of the great ideas coming down.

Kate Kinard ([49:42](#)):

Okay. I'm very excited. So what are the biggest risks for investors? And Seymour, I think you should answer this last question.

Seymour Segnit ([49:55](#)):

As we've said many times here and elsewhere, this is a particular ... Shares in MAGFAST are a particular class of asset. It's this early stage, higher risk, possibly higher return, more fun class of asset. And the list of risks is very long. It's a little bit, like we always think, it's a little bit like reading the side effects on a medication. You're like, "Oh my goodness." And so that list of side effects is published on Netcapital about all of the things that can go wrong. So it would take a long time to read you that list. You should consider that along with everything else. And look, by the way, you should look at the side effects on this bottle and on this bottle and on this bottle, because you'll see many of the same things.

Seymour Segnit ([50:50](#)):

I'll mention from one company to another, everybody has a very long list, I guess is what I'm trying to say. But I will tell you the three things that I focus most of my attention on, because when we get them right, we get the greatest boost from them. And if not, they represent significant risk. And the first is availability of capital. That's what all this is about. Taking pre-orders before investment allows companies like us to develop products and test the market before taking investment capital. But that investment capital is still needed, and a project this ambitious, it's a huge ... I mean, remember the presentation the other day? The charger market is enormous. Tens of billions of dollars with no or very few brands that anybody recognizes. It's a big opportunity.

Seymour Segnit ([51:37](#)):

And so we're cash hungry to have a shot at that opportunity. Now, I feel good about our ability to raise capital. We did great last time, it's looking really, really good for this Thursday. And we're working with the SEC and Netcapital and others on things that we can do beyond that. So I feel good about that, but if we weren't able to bring in enough funds, that would be a significant risk. The next one is the cost of customer acquisition. It basically means how many marketing dollars do we spend to get in each dollar in sales. And I'll be straight with you. Thus far, it's been far too high. I think that's common early on in companies. And the truth is we've not been able to employ many of the tricks in the marketing playbook because we hadn't reached to this momentous stage before.

Seymour Segnit ([52:32](#)):

We've been running some ads and doing a presentation on our website, but now as we move from a pre-shipping company to becoming a shipping company, we've done a boatload of work on the website, for instance, is a great example. The new site is stunning to look at. It's really kind of glossy and beautiful, but it's actually the work under the hood we've done that's more important. A very detailed SEO, that search engine optimization, a lot of SEO audit and then work building from the ground up to draw in organic traffic. And the stuff we're doing that I don't even want to mention in public because it's really smart and our competitors aren't doing it, but there's really cool things that we're doing to help us do well in the search engines. And also to be found in things like, when people are talking to their smart speakers asking related questions about charges and that kind of thing.

Seymour Segnit ([53:29](#)):

And then the third thing, and we work with Shawn and his team on this all time is the cost of manufacturing. Most charges are really pretty cheap to make. MAGFAST chargers are not, and they never will be cheap to make because they're so much more advanced. Nevertheless, we need to drive down like any business, like any business we need to drive down our costs over time. There's a bunch of ways we can do that but volume, financial leverage, having a strong balance sheet and being able to place large orders is one of the best ways of doing that. We've also, without giving too much away, Shawn was acknowledging that we do have one or two ideas in the pipeline. And we have one or two higher margin products under development at the moment.

Seymour Segnit ([54:16](#)):

And the other thing is, to be honest, if you pre-ordered MAGFAST, you didn't pay enough. We're honoring those prices, but these are some of the best chargers in the world. And so we're going to be making sure that we have a more realistic market price. So like all investments in new businesses, there's a lot of risks and potentially some big blue skies. We're really excited. The biggest risk for any

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business is always running out of money, running out of cash. We've managed on the shoestring until now. And I believe with this raise, we're going to be in a really good place.

Kate Kinard ([55:03](#)):

Hey, thank you. Well, that was it. That was all the questions that I had. Thank you so much to all three of you for joining me today and answering our supporters' burning questions. And thank you to all of our amazing supporters who are waiting to invest in MAGFAST. Before we go, I just want to make sure that y'all get your secret word for this week, and the secret word is, surprise, investors. I'm not surprised. The secret word is investors. So just go to magfast.com/fun and you can enter it there. Now remember too, email us at hello@magfast.com. Actually, this time do investors@magfast.com. Tweet us [@getmagfast](https://twitter.com/getmagfast), [Facebook.com/magfast](https://facebook.com/magfast), youtube.com/magfast, and we are always changing charging for good on your desktop, tablet, smartphone, and more at magfast.com. See you Thursday.