



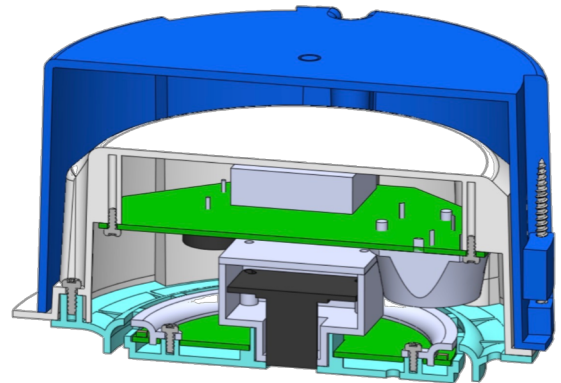
January 2019

Shepherd is starting a monthly newsletter to keep our stakeholders and interested parties updated. We have summarized the progressions made since the beginning of the year below. We hope our stakeholders are as excited as we are with the direction Shepherd is headed.

We now have a fully developed mechanical form factor and will move into the development of the patented part of the smoke alarm section.

We expect this section to be completed in Q1. Additionally, we're in the final stages of designing the Process Control Board (PCB) around the ethernet switch chip. We've also started the software development on smoke detection. Our electrical engineering partners will carry a majority of the work load over the next two quarters as we push through the remaining major milestones. Those milestones include: development of power supply section, development of wire ethernet and Bluetooth Low Energy (BLE) section, integration of wire ethernet and BLE, ethernet switch development, Wi-Fi hotspot development, and full PCB integration. We have structured the work so it can run concurrently to speed up the time to market.

Mechanically, we are down to the details of the device. Some highlights of our design shown above include: PCB placement considering the required mounting provisions, tamper-resistant design, LED light placement, and the external face plate design. All of these features fit into a standard 4 ½ inch-wide round electrical box. Once all of the documentation is refined by our engineering partners, we will submit our final design to UL. Our device is already in their system and we're reviewing preliminary feedback on our requirement to have the face plate paintable. As with any new design, we have been slightly delayed as we work through the details to ensure the paintable feature does not impede functionality.





Briana George, Administration

The main focus for business administration has been to obtain research from firefighters on what information they see as valuable when en route to a house fire. In order to do that, I created a survey that we have shared on a public forum. So far we have received great feedback and look forward to receiving more over the next couple of weeks as we continue to share the survey.



Andrew Kitch, Business Development - Residential

Currently my focus is building out use cases for the residential sector and maximizing the in-home experience our device will offer homeowners and end users. I want to make sure people get the most out of our product in their homes. The more use cases we can come up with, the more attractive our device will look to other home builders and bring in new opportunities.



Austin Chew, Operations

We are exploring and leaning toward the idea of incorporating our company in Austin, TX. Currently I am getting plugged into office spaces and start-up programs in Austin to find the best fit for us. We are fortunate to be so close in proximity to Austin giving us the ability to dive into the vast opportunities for start-up companies that Austin has to offer. On top of this, I am running down different potential operating models. Whether that be a licensing model or setting up a full staged company and looking into what both of these models would do for Shepherd.



Mike Orr, Chief Technology Officer

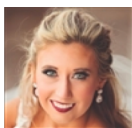
What a whirlwind in the last 12 months. We took a concept to patent, patent to design, design to build, and now we are in the home stretch of having a working product. From a technology perspective, we have been working with Amazon Web Services on our platform and also with a home robotic vacuum company to not reinvent the wheel based on similar footprints.

Development and use cases are coming together nicely and all systems are a go on the tech front.



Mason Orr, Business Development - Commercial

We have received strong interest from commercial segments. We have met with multiple companies that construct strip malls, hotels, and office buildings. Their use cases are similar but do slightly differentiate from the residential segment based on the stricter building codes. A group of hotel-building partners have requested we prototype the devices in a 250 room hotel currently being built in Seattle.



Macie Walker, Chief Executive Officer

We've made great progress the past couple of months especially with the electrical, mechanical, and industrial engineering of the device. We are ecstatic with the work our engineering partners have completed. The device is officially entered into UL's system and we will submit our preliminary designs for review once we complete one last round of engineering refinement. Internally, we are continuing research and completing use cases to jump-start the data science piece of the project. We are committed to the work that lies ahead, and truly believe the best is yet to come!

Business Update

- On our go-to-market strategy, we are at a point where we need to engage a reputable marketing / branding firm. After some serious investigation and interviews, we have selected Zone3 to provide brand and website design. We are really excited they agreed to partner with us based on their sizeable portfolio – check them out at <http://zone3creative.com/>. We will release early previews of the end products to our stakeholders. Be on the lookout!
- We have been requested to keep the investment window open to accommodate bonus season for additional friends and family. We are going to honor the request and continue to push forward with the original strategy of getting a minimum viable product ready. Simultaneously, we will continue developing a separate strategy of standing up a fully functioning business to make sure we are responsive to wherever the market takes us.
- The technical architecture is designed, and based on the merits of our platform, we were fortunate to receive a sizeable credit to continue development of the code and platform. The data science team has been engaged to work on the algorithms required to correlate the events and take automated actions. Hopefully the last sentence made us all sound really smart.
- It is exciting to realize that we will have a working, functioning product in the next couple of quarters that we can demonstrate real-time to interested parties.

