

Sales and Marketing

Revenues

Revenues are amounts that flow into a commercial enterprise from the sale of goods and services. DSI's revenue comes from the sale of sporting goods and apparel, and to a lesser extent, rental of certain sporting equipment,

DSI's has seen a significant increase in revenues over the past five years. The increases can be tied to the opening of a new modern store in Buffalo, New York in 2012 and another in Rochester, New York in 2013, high demand for firearms in recent years, and favorable exchange rates for Canadian visitors. However, the most recent year experienced a slowing in revenue (see Exhibit 13).

It is difficult to compare actual sales amounts between companies and benchmark data. In order to compare revenues in a meaningful manner, an Investor would compute a revenue index (current period revenue divided by base period revenue multiplied by 100). This index shows that DSI's revenue growth significantly outpaced both the PGCs and the BizMiner peers (see Exhibit 14). DSI's compounded annual growth rate over the past five years has been approximately 8.3 percent.

Interviews with Joe DiMaggio, President, reveal that the decrease was the result of several factors. These factors include the following:

Canadian Exchange Rate. As previously presented, the exchanged rate for the Canadian Dollar became less favorable for Canadian visitors. As a result, revenues were adversely affected.

Weather. The 2013-2014 winter weather persisted into summer in DSI's market areas. This dampened sales of camping, hiking and backpacking products for the summer selling season.

Mr. DiMaggio expects revenue growth to return now that the expansion and renovations are completed, barring any further erosion of the value of the Canadian Dollar.

Sales Function

DSI uses departmental sales staff with a sales manager over each department. Management has implemented a sales training system produced by a well known sells system training instructor.

Exhibit 13: Revenue Trend

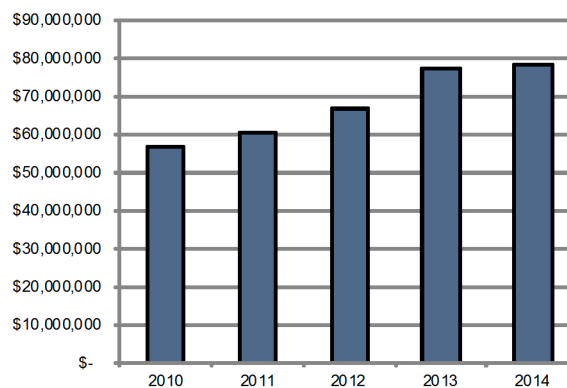


Exhibit 14: Revenue Index

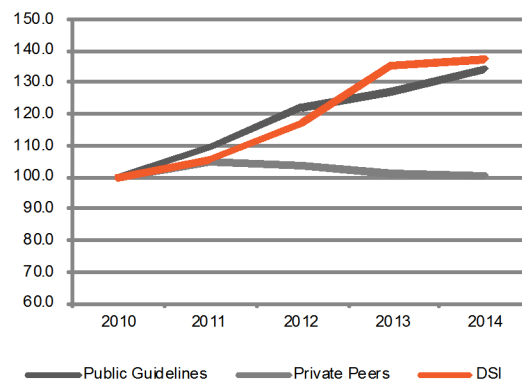


Exhibit 15: Days Receivable (DSO)

