

# ACTIVATE

Cannabinoid Athletic Tape

## Business Plan

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## Executive Summary

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### Problem-Opportunity Statement

Pain is a problem that inhibits individuals from living their day-to-day lives. In the United States, an estimated 8.6 million people suffer from athletic injuries each year, and 20% of adults suffer from chronic pain that interferes with their lives. In total, 1 in 5 Americans suffers from pain. ACTIVATE adhesive tape is a cannabinoid infused KT tape designed to reduce pain and swelling in muscles and joints while allowing the user to continue with their day-to-day lives or even participate in intensive athletic activity or sports. With the CBD market booming and a lack of evidence for the effectiveness of non-cannabinoid infused KT tape currently on the market, ACTIVATE seeks to take this opportunity to relieve millions of Americans of debilitating pain.

### Our Product

Infused with a unique blend of cannabinoids, ACTIVATE tape works with the body's natural endocannabinoid system to naturally combat pain and swelling, while also holding injured muscles and joints in place. Each strip of tape is 8"x2" and infused with a cannabinoid and adhesive blend. The adhesive has a cannabinoid reservoir delivery system that diffuses CBD into the users' skins over a period of time delivering anti-inflammatory remedies as well as muscle and joint pain relief. ACTIVATE tape's unique design allows users to continue their day-to-day activities without interruption and is equipped to improve performance in physical activity and in athletic events.

### Competitive Advantage

ACTIVATE's competitive advantage comes from combining the benefits of physical treatment in existing KT tapes on the market with additional pain-relief and anti-inflammatory benefits brought on by a combination of cannabinoids. Currently, there is no concrete research that has proved the effectiveness of KT tape in relieving the pain of its users and many scientists consider the product to be a placebo effect. ACTIVATE's competitors are both pre-existing athletic tapes as well as CBD-infused pain relief creams, gels, and patches. Currently, no other competitors exist that combine the physical properties of athletic tape with the natural pain relief and anti-inflammatory properties of cannabinoids. ACTIVATE tape will fill the gap in the market to provide users with safe and effective pain relief.

### Target Market

Based on its research, ACTIVATE will target two main target markets: athletes/highly active people ages 18-25 and chronic pain sufferers over the age of 50. Both of these target audiences will reside in our entry point of New York State. We estimate the total size of our target market to be approximately 1,268,308 people. With athletic tape at an annual growth rate of 1.3% per year and the CBD market projected to reach \$20 billion by 2024, the growth of our target market is extremely promising. ACTIVATE has chosen these segments to target based on very positive sentiment towards our product and CBD-infused products in general in our research, with 73% athletes/highly active people and 68.5% chronic pain sufferers reporting that they would be "somewhat likely" or "extremely likely" to purchase cannabinoid-infused KT tape.

### Marketing Approach

In order to win over our target market, ACTIVATE CBD will need to focus heavily on education about the logistics and benefits of cannabinoids in its marketing strategy. In order to do so, ACTIVATE CBD will

employ several different marketing tactics, including partnering with registered physical therapists and doctors to receive endorsements, tabling at CBD and sports medicine trade shows and conferences, partnering with athletes and fitness influencers on social media platforms like Facebook and Instagram, developing Facebook and Instagram targeted advertising campaigns, and offering POS displays and special promotions like free trials. ACTIVATE's website and online sales portal will be equipped with informational videos and posts about the benefits of cannabinoids, as well as FAQs and an option to chat with our team about the product. We plan to price our product at \$19.99 per 10-strip package, which is higher than plain KT tape, that's priced at \$12.99 per package, but much lower than other CBD alternatives that often start at a price of \$25 or higher. Our product will be available for purchase online through our website as well as at our athletic retailer partners and at athletic training facilities.

## **Management Team**

*Eric Creely* (Co-CEO) - Eric will manage the external affairs of ACTIVATE CBD. As a finance and entrepreneurship dual major, Eric will be equipped with the skills necessary to work closely with ACTIVATE's key business partners and generate contracts for ACTIVATE's key partners.

*Luz Perez* (Co-CEO) - Luz will head up the internal affairs of ACTIVATE. Through past internship experiences, Luz has gained the necessary marketing and branding skills to manage the overall ACTIVATE brand image alongside the CMO. Additionally, she will work alongside the CFO to determine R&D plans and investment as well as strategize forecasting and inventory plans.

*Graham Key* (CFO) - Having previously worked as a Summer Analyst for Stifel Financial Corp, Graham will manage all of ACTIVATE's financial matters, including generating budgets for each business function, managing investments, and keeping track of necessary funding.

*Samantha Walters* (COO) - Samantha's diverse coursework in business, accounting, and marketing has prepared her for managing ACTIVATE's operations with its biomass producers, lab partners, and distributors.

*Madison Paddock* (CMO) - With her experience from her dual degree in marketing and public relations, Madison will lead all of the ACTIVATE's communications efforts, including digital marketing, advertising, promotions, PR, sponsorships, and events.

## **Financial Highlights**

ACTIVATE plans to begin profiting in August of Year 2 if projections hold. In order for this to hold, our product must sell 55,870 units (\$737,928 in break-even dollars) through our online retail business and through wholesale orders. Projected Year 1 revenue is \$264,950 with approximately 62% of sales being driven from wholesale and 38% from retail (online sales). By year 5, ACTIVATE expects to achieve \$8,637,572 in sales revenue.

## **Financial Offering**

ACTIVATE is seeking \$450,000 in exchange for 25% equity and a seat on the Board of Directors. Through our investor's funding, ACTIVATE plans to continue R&D of its product, conduct third-party product testing, and manufacture its first batch of products to sell to consumers. Investments, in addition with our seed money of \$100,000, will allow ACTIVATE to get the company up and running to begin sales in July of Year 1. With an exit plan of 5 years, our investor's estimated return would be 5.4x the original investment.

## The Company and Concept

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### **ACTIVATE, LLC.**

The business concept ACTIVATE has developed is cannabinoid-infused athletic tape intended to remedy pain and swelling to muscles and joints. The infused tape concept was developed to provide consumers with an alternative and natural solution to pain management that differs from any existing pain management solution. ACTIVATE was founded in December 2019 by a group of five Whitman School of Management students and will be officially registered as an LLC January of 2019. ACTIVATE's mission is to provide consumers with an alternative remedy to pain that supports their targeted muscles and joints while creating physical relief.

### **ACTIVATE Adhesive Strips**

The product is an 8"x2" adhesive strip that contains a unique blend of cannabinoids. Through a cannabinoid reservoir delivery system, the cannabinoids are topically absorbed into the area on which the strips are placed, delivering pain and anti-inflammatory relief.

### **Value Proposition**

ACTIVATE tape would differentiate itself from existing products in the market by providing a natural plant-based solution to traditional pain management techniques. Research has shown that CBD itself does not deliver any measurable relief, which is why ACTIVATE will develop a unique blend of cannabinoids that includes cannabinoids such as CBG, CBN, and CBC. Developing a unique blend of cannabinoids with partner and supplier New York Hemp Oil will ensure that the cannabinoid formula is a major differentiation point for ACTIVATE in the athletic tape and CBD market. In order to protect ACTIVATE's formula, it will be protected as a company trade secret in order to inhibit competitors from capitalizing on our first mover advantage point. Unlike any existing pain management solution for users suffering from chronic pain or recovering from injuries, ACTIVATE offers a natural remedy to pain and inflammation. With similar benefits as existing KT tape, ACTIVATE adhesive strips offers users a sense of physical support, with the additional benefits from the cannabinoids found in the reservoir delivery system of the strip. The intention is to provide users with an enhanced form of support and physical relief.

### **Entry and Growth Strategy**

#### *Market Entrance*

ACTIVATE's entry point will be in the state of New York, where our key partner New York Hemp Oil is based. ACTIVATE plans to sell through distribution partnerships with major supply chain stores, small mom and pop shops, CBD stores, gyms, and through our online sales portal. Commencing sales in July of 2020 and operating solely in physical stores in the state of New York for its first year of sales, ACTIVATE plans to expand to 11 different states in its second year of sales and continue expanding through the end of Year 4. Market entrance will include partnering with physical therapy organizations, gymnasiums, independent hemp and CBD stores and even yoga studios in New York.

#### *Growth Strategy*

Because ACTIVATE's value proposition relies on the physical pain and inflammatory relief felt by our consumers, expansion of the product line relies heavily on research and development. Starting in January of 2020, research and development for the unique cannabinoid blend and adhesive cloth strips will be performed until the market entrance point of July 2020. After the initial round of research and development, ACTIVATE

and key partners, New York Hemp Oil and 3M, will commence on the expansion of the CBD tape line, with plans to extend the product line into sport specific and waterproof tape.

The second stage of product line expansion will extend beyond infused athletic tape and into ingestible CBD infused products such as CBD protein shakes, bars and powder. It is the intention of ACTIVATE to generate an infused product line that serves consumers with active lifestyles and desired physical relaxation and relief. ACTIVATE aims to expand into states outside of New York in July of 2021, after its first year of sales. During the initial year of sales, the sales and executive team will work with key partners in order to identify the most profitable states to expand into for its second year of sales.

## Industry Analysis

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### Industries and Sectors

The two main industries that ACTIVATE falls under are the *Athletic and Sporting Goods Manufacturing Industry* [NAICS Code 339920] and the *Medical and Recreational Marijuana Stores Industry* [NAICS Code 453998]. The specific sectors ACTIVATE falls under within these industries are the Athletic Tape Sector and the Topical CBD Sector.

### Structure of Industry

#### *Athletic and Sporting Goods Manufacturing Industry; Athletic Tape Sector*

Athletic tape falls under the umbrella of the Athletic and Sporting Goods Manufacturing Industry. This industry is projected to have total revenues of \$10 billion in 2019 and has an annual growth rate of 1.3%. Projected revenues for the industry in 2024 are estimated to increase to \$10.2 billion. The industry is overall in the mature stage of the industry life cycle. Companies operating in this industry tend to have both low revenue volatility and capital intensity. Since the industry is in the mature stage, first mover advantage and economies of scale provide medium barriers to entry. The Athletic and Sporting Goods Manufacturing Industry, however, is extremely large with athletic tape only being one sector.

The major companies in the Athletic Tape Manufacturing Industry are spread out internationally, however the United States itself has many large companies who have manufacture domestically. Many US companies are struggling to reach consumers directly and have increasingly partnered with third-party companies to distribute and retail their products. The purpose of athletic tapes has been changing and evolving, moving from solely providing support to being able to reduce the risk of injury. The industry is concentrated internationally to a few countries; however, the United States domestically is less concentrated. Some of the major players in this industry include 3M, SpiderTech, RockTape, KT Tape, and Johnson and Johnson. These companies have large customer networks, are typically vertically integrated, and have a large economies of scale advantage over smaller players. Most products in this industry compete based on brand differentiation, relying on brand awareness and word of mouth marketing to boost their market share. These large players rely on either partnerships or vertically integrating with retail brands who execute consumer level marketing.

#### *Medical and Recreational Marijuana Stores Industry; Topical CBD Sector*

CBD sales expected to reach \$6 billion by 2025. Other studies have even suggested sales as high as \$20 billion. The industry as a whole is battling legalization questions along with budding regulatory changes. Currently, the sale of ingestible cannabinoid products is illegal in interstate commerce and all products offered are topical products such as oils and creams. The sale of ingestible products containing cannabinoids is only

legally allowed in states where cannabis is recreationally legal. Any company selling these products also must be operating and producing their products inside that same state or another state with legal recreational cannabis laws. The FDA has not yet approved the sale of hemp-derived ingestible products in interstate commerce. The main regulation over these hemp products is they must contain less than 0.3% THC, otherwise the product is classified as marijuana.

Cannabinoids are becoming more accepted in the medical community, with studies showing cannabinoids can help mitigate symptoms of many mental and physical disabilities or disorders. There have also been studies which show cannabinoids have the potential to help consumers reduce or even eliminate their prescription opioid use. Similar trends were seen in users with anxiety medications. The current business structure in the industry is concentrated in states where recreational cannabis is legal. Companies such as Charlotte's Web Holdings and The Yield Growth Corporation are large companies with established market share. In states without recreational cannabis, however, there were no established companies or legal market structure. Much of the east coast is now exposed to hemp-derived products and companies are trying to establish market share. The industry shows similarities to the tech boom in the 1990s, with an extremely new and high growth market. The key differentiation from the tech boom is that there was already a pre-established underground market for cannabis. Knowledge of both hemp and marijuana is abundant to anyone who wants to learn which causes even faster market growth due to lower learning curves. In this new market, there are many products with unknown ingredients that can cause harm to users. In order to boost their brand and increase consumer confidence, many companies are having 3<sup>rd</sup> party testing and USDA approval of their cannabinoid blends and marketing their clean, approved products.

## **Key Success Factors for the Industry**

### *Athletic and Sporting Goods Manufacturing Industry; Athletic Tape Sector*

One of the largest success factors for the Athletic and Sporting Goods Manufacturing Industry is the overall level of participation in sports. The industry relies on both children's' and adults' sports to drive sales. People who play sports from a young age are more likely to play sports in adulthood than those who do not play sports during their youth. An early involvement of sports in a child's life is likely to create a long-term customer for companies in this industry. The participation in equipment-heavy sports such as ice hockey and lacrosse drives revenues for manufacturers.

The increase in disposable income is another success factor for the Athletic and Sporting Goods Manufacturing Industry. The increase in disposable income allows consumers to spend more money on non-vital goods, such as new sporting equipment. Consumers who are active in sports are likely to spend disposable income on products related to the sports they play.

Having an expansive range of customers is another key success factor for companies in this industry. Companies are able to gain the most market share by expanding into multiple different sports and attracting customers from all over the industry. Substitution in this industry can be high and companies need to diversify their product lines in order to gain a strong foothold in the market.

The ability for companies to rapidly change and adapt to new technologies is one of the most important success factors for the industry. Technology in the sports industry is always evolving and quickly making its own innovations obsolete. Companies must be able to quickly change their manufacturing process and products in order to keep up with the demand for top of the line innovations.

### *Medical and Recreational Marijuana Stores Industry; Topical CBD Sector*

The continued progress of legalization will boost the cannabinoid industry throughout the country. Companies must be able to quickly adapt to a constantly changing legal landscape revolving cannabis. These

companies cannot operate outside of regulations and the ones that are too slow to adapt will not operate for long. Many firms’ strategies revolve around gaining the support from the community and attempting to use that support as leverage in lobbying activities. CBD companies use this to better develop their brand and connect with their customers. Due to the emerging nature of the market, CBD companies are abundant. In order to gain consistent and long-term customers, companies need to have a distinct and recognizable brand.

Federal studies of the medical benefits of cannabinoids will increase consumer awareness of both cannabinoids and their medical benefits. As the cannabinoid market is new to most consumers, confidence levels in products are typically low. These studies, if they show positive results, would greatly increase consumer confidence. Companies that use 3<sup>rd</sup> party testing and get USDA approval are also increasing consumer confidence and boosting their brand image by transparently showing not only ingredients but posting the full lab results on their websites for anyone to see.

### Standard Financial Ratios for the Industry

Figure 1: Athletic and Sporting Goods Manufacturing Industry; Athletic Tape Sector

<b>Current Ratio</b>	
<b>Inventory Turnover</b>	<b>3</b>
<b>Receivables Turnover</b>	
<b>Inventory as a Percent of Assets</b>	<b>34.3%</b>
<b>Quick Ratio</b>	
<b>Long-Term Debt Percent</b>	<b>12.5%</b>

All average financial ratios for the industry were calculated for the year April 2017-March 2018.

### Medical and Recreational Marijuana Stores Industry; Topical CBD Sector

Due to the emerging nature of the Medical and Recreational Marijuana Stores Industry, a large amount of financial information is unavailable.

- Industry revenue is expected to be \$13.4 billion for 2019
  - Annual revenue grew by 26.7% in 2019
  - Wages as a percentage of revenue were 7.2% in 2019 and are expected to remain constant throughout the next 5 years.
  - The average IVA/Revenue for the industry in 2018 was 28.9% and is expected to remain constant throughout the next 5 years.
- \*Many companies use an Individual Voluntary Arrangement (IVA) in order to help their debt repayments.

## Market Research and Analysis

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### Relevant Market and Customer Overview

ACTIVATE CBD's initial target market consists of athletes and active users aged 18-25 in New York and chronic pain sufferers aged 50 and older in New York. Chronic pain sufferers can include those who suffer from arthritis, carpal tunnel syndrome, or a similar condition. ACTIVATE chose New York as its entry point into the market due to the location of its partner, New York Hemp Oil, in Cortland, New York, as well as the large uptick of demand for CBD in the region as of late. Through primary research, ACTIVATE found that 83% of consumers have experienced a sports-related injury and an additional 41.05% of consumers suffer from chronic pain that affects their day-to-day lives. Additionally, ACTIVATE found that 39.74% of consumers are dissatisfied with their current method of pain management, and, of that 39.74% of people, 68.92% claimed their dissatisfaction was due to the fact that their current pain management method was ineffective. This statistic, in conjunction with the fact that 46.38% of ACTIVATE's target audience has already tried a CBD-infused product and 70.75% of consumers reported being "somewhat likely" or "extremely likely" to try CBD-infused athletic tape, helped ACTIVATE to determine the need for its product within its target market. For full survey results from ACTIVATE's primary research, please see *Appendix I and J*.

### Market Size and Trends

ACTIVATE's total estimated target market size is 1,319,134 consumers. The market size calculation was determined by adding the total amount of athletes and active users aged 18-25 in New York who may suffer from a sports-related injury to the total amount of chronic pain sufferers over the age of 50 in New York. To determine the number of athletes and active users with a sports-related injury, ACTIVATE took 10% of the 8.6 million sports injuries that occur in the US per year, as 10% is roughly the ratio of 18-25-year olds to the entire population of the US. Then, ACTIVATE took 5.91% of that number, as New York accounts for roughly 5.91% of the US population. The total estimated number of athletes and active users in New York came out to 50,826. To determine the number of chronic pain sufferers over the age of 50 in New York, ACTIVATE multiplied the total population aged 50+ in New York by 20%, as 20% of adults over 50 suffer from chronic pain illnesses in the US. The total estimated number of chronic pain sufferers over 50 is 1,268,308 people.

ACTIVATE anticipates a large area for market growth in the future as the CBD market booms and athletics become more intensive, potentially resulting in a greater need for sports medicine treatments. The 2018 Farm Bill made cannabinoid use legal in all 50 states and there are currently no restrictions for topical CBD products in any city in New York. The global cannabidiol market size was estimated at USD 1.34 billion in 2018 and is expected to expand at a CAGR of 32.6%. In addition to this, there is potential for the CBD market to reach \$20 billion annually by 2024. The CBD market is especially poised for growth within the sports industry, where athletes often deal with pain management problems, and, after the 2018 removal of CBD from the list of banned substances from the World Anti-Doping Agency and US Anti-Doping Agency, CBD is usable by athletes at the professional level as well. Lastly, sports and physical activity are steadily rising in the US, with 19.1% of the population engaging in physical activity and/or sports on a daily basis in 2018, a 3% increase since 2010.

### Buyer Behavior

The purchase decision-maker within ACTIVATE's target market is the user of the product itself. Although ACTIVATE will have first-mover advantage as the first athletic tape to be infused with cannabinoids, one of the biggest buyer behavior drivers that the company will need to penetrate is brand loyalty. Currently,

consumers are very brand loyal both to athletic tapes and to CBD pain-relief products. ACTIVATE’s goal will be to encourage users to switch from their current pain management technique and brand of choice and also to make that switch seamless and easy for the customer.

ACTIVATE anticipates that many of its customers will be actively searching for a pain-relief product when they first come across ACTIVATE tape. Based on its research, ACTIVATE determined four main ways that consumers will first come in contact with the ACTIVATE brand: through advertising, through online research, through family or friend recommendations, or through doctor, physical therapist, or trainer recommendations. By and large, ACTIVATE’s target audience indicated that the main ways that they discover new methods of pain management were personal research and recommendations from others. ACTIVATE plans to start its marketing before the release of the product, and to focus on word-of-mouth marketing so as to reach its consumers in the way that they prefer to be reached. To do so, ACTIVATE will need to start by targeting early adopters. Once early adopters have tried the product, ACTIVATE can leverage the early adopter’s endorsement and word-of-mouth marketing to spread the product to mass consumption. In addition to this, ACTIVATE will be available for purchase in stores, in gyms, and online, making it easy and accessible for every consumer based on their preference of purchase location.

ACTIVATE will also need to effectively influence consumers’ willingness to try CBD-infused products, as some of its target audience has never used cannabinoids before. ACTIVATE plans to do this through education of the public on cannabinoids and the body’s own endocannabinoid system. Through focus groups, ACTIVATE found that while some consumers had never tried CBD-infused products, many said that they would be willing to try it if they knew more about CBD in general. ACTIVATE will heavily focus on educating the public on its website through informational videos and blogs, an FAQ page, and links to accredited websites. Currently, ACTIVATE has found that 73% of athletes/highly active people and 68.5% chronic pain sufferers would be “somewhat likely” or “extremely likely” to purchase cannabinoid-infused athletic tape.

### Market Segmentation and Targeting

ACTIVATE’s target market can be split up into two segments: athletes and active users and those who suffer from chronic pain. ACTIVATE will target both genders and all ethnicities, and its target market will consist of mainly middle to upper-middle-class consumers who have disposable income.

Figure 2: Market Segmentation Characteristics

<b>Market Segment</b>	<i>Active Users &amp; Athletes</i>	<i>Chronic Pain Sufferers</i>
<i>Demographics</i>	<ul style="list-style-type: none"> <li>• Aged 18-25</li> </ul>	<ul style="list-style-type: none"> <li>• Aged 50+</li> </ul>
<i>Usage Rate</i>	<ul style="list-style-type: none"> <li>• Light users</li> <li>• Use the product only during injury or strenuous physical activity</li> </ul>	<ul style="list-style-type: none"> <li>• Heavy users</li> <li>• Use the product daily</li> </ul>

<p><i>Benefits Sought</i></p>	<ul style="list-style-type: none"> <li>• Pain relief during physical activity</li> <li>• Bone and joint stability</li> <li>• Enhancement to athletic performance</li> <li>• Prevention from further injury</li> <li>• Post-activity recovery</li> </ul>	<ul style="list-style-type: none"> <li>• Little to no disruption from daily life and activities</li> <li>• A “barely there” feeling</li> <li>• Highly effective pain and swelling relief</li> <li>• Relaxation</li> </ul>
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As ACTIVATE grows as a company, so will its ability to segment its target market. In the future, ACTIVATE hopes to begin specializing its lines of tape based on the type of injury, the location of the injury, and the sport being played. For example, ACTIVATE plans on releasing a waterproof line of tape in Year 2 specifically targeting swimmers and surfers. There is also the potential for ACTIVATE to move beyond its target market, as ACTIVATE expands to the rest of the United States and other age demographics.

### Competition

ACTIVATE’s primary competitor is KT tape which targets all athletes that need a little extra support in specific areas of their body, especially while working out. KT offers tape of different lengths and strengths, depending on the sport. However, research shows that KT tape is just a placebo effect and does not actually do anything to help users.

Another competitor is Rock Tape. Rock Tape offers the typical kinesiology tape. However, they also offer a variety of other products such as topical creams to help relieve pain as well. Additionally, one of their products is made with hemp, but it is not cannabinoid based. They also do not advertise this product as much since it is sold only online.

The third largest competitor is Kinesio. This is more of a medically based company. Their target market includes more than just athletes, but rather medical professionals. This is sold online and directly to athletic training facilities and hospitals.

### Competitive Edges

ACTIVATE will be a cannabinoid-based product which is quite different than what any of the competitors offer. This will encourage customers to be able to relax those stressed out muscles, while also giving them the support that they need. This will ensure that ACTIVATE will not have a placebo effect. Our adhesive will be much stronger than that of competitors, since customers’ biggest complaint of other kinesiology tapes is that they fall off while they are working out. We will utilize social media, along with partnerships with gyms and smaller retailers to infiltrate the market. One of the biggest problems for our competitors is not being well known enough, so we want to overcome that obstacle. Additionally, ACTIVATE will have a competitive price point at \$20. This will be \$6 more than most kinesiology tapes, however, \$6 less than most CBD products and creams. As a result, customers get the best of both worlds. Lastly, our adhesive will be gentle on skin, so even when a person starts sweating, the ACTIVATE Tape will, in most cases, will not cause any irritation.

### Estimated Market Share and Sales Figures

The estimated annual revenue numbers for ACTIVATE’s three biggest competitors based on secondary research are as follows; KT Tape- Annual Revenue: \$6.6M, Rock Tape- Annual Revenue: \$5M and Kinesio Tape- Annual Revenue: \$4.6M. The numbers are quite close, which represents that each company holds a large

market share in the kinesiology tape market. However, since ACTIVATE is a unique product with several competitive advantages, sales projections look high enough to remain competitive with these companies.

As shown in the market share graphs in *Appendix G*, ACTIVATE is estimating to have sales of \$1,567,355 in year 2, which would represent a market share of 9%. Obviously, in the first few years of business, sales will be much lower than these competitors, however, ACTIVATE should be the market leader within the next 5 years. In year 5, ACTIVATE is expected to make \$8,637,572 in revenue. This will result in a 35% market share, therefore becoming the market leader. Once our company becomes more well-known, and trusted, we believe that it will become more popular than KT tape, and eventually hold the largest market share out of all the kinesiology tapes due to the cannabinoid advantages.

## Ongoing Market Evaluation

Overall, ACTIVATE should be successful in the kinesiology tape market. The unique product attribute of the cannabinoid infused tape alone, will differentiate this product from the competitors. Additionally, the extra strength adhesive, that is gentle on sensitive skin, will help make our product superior to others. This product will actually provide pain relief which will eliminate the placebo effect. As for barrier strategies for potential entrants, ACTIVATE will have a trade secret formula, so competitors will be unable to duplicate the cannabinoid blend in the tape. As for the market in general, this product should be very successful in the upcoming years due to current trends in society. Currently, many people are striving for a healthier lifestyle and working out more frequently, so they would love this product that targets the health and wellness sector. Also, since hemp has recently become legal, customers are more interested in the benefits of CBD, and would be interested in trying out product since it is the next new thing. These trends will create a high demand for our product.

## The Economics of the Business

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### Revenue Drivers

The revenue will be driven by our sole product: ACTIVATE tape infused with our unique blend of cannabinoids. The channels in which we will sell our product through retail and wholesale, including the following:

- 1) our proprietary website
- 2) retail stores such as; Walgreens, CVS, Rite-Aid, Target, and Walmart, CBD store in CNY
- 3) gyms and fitness centers such as; Dick's Sporting Goods, Planet Fitness, Equinox, Gold's Gyms
- 4) SU campus gyms

ACTIVATE Tape will be sold in a round plastic case to hold the tape, with a cover that screws on and off which is then packaged in a box which will explain the details about the product. Each roll will have 10 individual pieces of tape that will be attached into one long roll. The cost to make one roll of ACTIVATE Tape is: \$5.15. After applying a markup to the product, it will sell for \$20 per roll online, and in retail stores, however the contribution margin we will see from selling to the retailers will be at \$10 per roll (wholesale.)

## Fixed & Variable Costs

Initially, ACTIVATE will need to run the business with a relatively high level of operating income, meaning the proportion of fixed to variable costs will be high. This is due to the high fixed costs needed to start the business and relatively low level of inventory we will be ordering for year one.

Figure 3: Fixed Costs

Fixed Costs		
New York State LLC Filing	\$200	(one time)
Research and Development	15,000	(one-time)
Advertising and Marketing	10,000	(annual)
Website Creation	5,000	(one-time)
Inventory (5000 units)	20,000	(annual)
<b>Startup Expense</b>	50,200	
Rent of Office Plus Utilities	50,000	(annual)
Office Supplies	5,000	(annual)
Executive Salaries	200,000	(annual)
Website Design and Maintenance	2,000	(annual)
Outsourcing Expense	10,000	(annual)
General Office Liability	5,000	(annual)
Product Liability Insurance	40,000	(annual)
Marketing & Advertising Expense	70,000	(annual)
Tradeshows	5,000	(annual)
Social Media Campaign Expense	8,000	(annual)
Infomercial Financing Fee	5,000	(annual)
<b>Total fixed cost</b>	<b>\$450,200</b>	

Figure 4: Variable Costs

Variable Costs		
CBD oil price per unit	\$2.00	
Elastic tape price per unit	\$3.00	
Labor per unit	\$0.15	
<b>Total variable cost per unit</b>	<b>\$5.15</b>	

## Breakeven Analysis

The product will sell for \$20 or \$10 per roll as it will cost \$3.00 worth of CBD oil, \$2.00 worth of tape, and \$0.15 cents for labor and shipping for each roll. These are the variable costs which means the contribution margin will be \$14.85 per roll for wholesale and \$4.85 per roll for online retail sales. The markup, or percent of contribution margin is 74.3% and 48.5%. In order for this to hold, our product must sell 30,316 units (\$606,330 in break-even dollars) through our online retail business. The other way to break even is through selling business to business through wholesale. Our product must sell 92,825 units (\$928,247 in break-even dollars) through wholesale orders.

Figure 5: Contribution Margin

	Retail	Wholesale
Contribution Margin	\$14.85	\$4.85
% Contribution Margin	74.3%	48.5%
Break-even volume	30,316	92,825
Break-even dollars	\$606,330	\$928,247

## Operating Leverage

At first sale, ACTIVATE will have a higher operating leverage due to the higher fixed costs compared with variable costs. Although fixed costs will be significantly high, it is due to our annual expenses that come with running the business such as executive salaries which we are required to expense on our books, research and development, and our selling budget which involves marketing. Due to these annual expenses, we will face a somewhat increased level of financial risk, however we have ensured that our contribution margin per unit is at a level needed to ensure we pay off those fixed costs as soon as possible. Operating leverage deals with the comparative existence of fixed costs as a proportion of total costs in a company's cost structure. Our total fixed cost (including start-up costs) will be approximately \$450,200, while our total cost will be approximately \$475,950 or \$535,175 for wholesale orders, meaning our operating leverage will be 94.6% and 84.1% for year 1.

A higher operating leverage can be harmful to the financial success of the company because it will take longer for the company to break even. Although the upside of a 10% increase in sales would be much greater if the company had high operating leverage with a majority of fixed assets, the downside of a 10% decrease would be equally as great in the opposite direction. Therefore, it is our goal to lower our operating leverage ratio by lowering the fixed costs and increasing the variable costs.

Figure 6: Operating Leverage

	Retail	Wholesale
Price per unit	\$20	\$10
Total cost	\$475,950	\$535,175
OL	94.6%	84.1%

## Start-up Costs

Figure 7: Startup Expenses

Startup Expense		
New York State LLC Filing	\$200	(one time)
Research and Development	15,000	(one-time)
Advertising and Marketing	10,000	(annual)
Website Creation	5,000	(one-time)
Inventory (5000 units)	20,000	(annual)
<b>Startup Expense</b>	<b>50,200</b>	

## Overall Economic Model

The model for making money is not revolutionary or groundbreaking, but one we feel can be extremely effective if implemented correctly and good partnerships are developed at the inception. The product will be outsourced by an athletic tape manufacturer that we researched to make the best performance tape at our specific criteria and requests. The crude CBD oil will be produced by New York Hemp Oil for our product. We will purchase the CBD oil from NYHO at wholesale at \$3.00 per roll. The price of the tape will cost \$2.00 bringing

the variable cost per roll to \$5.15 including shipping and labor costs. We plan to place an initial order of 5000 rolls for our online sales. We also plan to achieve orders from local gyms big-box retailer like CVS or Walgreens, where the total orders at wholesale will come to 16,500 in year 1.

## **Profit Durability**

After performing market research and analyzing the market in which we will be competing in, we believe ACTIVATE has a great opportunity to gain market share and achieve a solid stream of profit through selling the product to our target customers. We believe that with a utility patent pending status, we will create a barrier to entry and have control of the niche market that we are targeting.

## **Financial Highlights**

If projections hold, ACTIVATE plans to begin profiting in July of year 2. In order for this to hold, our product must sell 30,316 (\$606,330 in break-even dollars) through our online retail business. The other way to break even is through selling business to business through wholesale. Our product must sell 92,825 units (\$928,247 in break-even dollars) through wholesale orders. A combination of the two channels bringing us to break-even is most likely to occur in July of year 2. Projected year 1 revenue is \$264,950 with approximately 62% of sales being driven from wholesale and 38% from direct to consumer sales. By year 5, ACTIVATE expects to achieve \$8,637,572 in sales revenue and a net income of \$4,896,694.

## **Marketing Plan**

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### **Overall Marketing Strategy**

The goal of ACTIVATE CBD's marketing strategy is to target two main audiences: athletes and active users aged 18-25 and chronic pain sufferers aged 50 and older. Due to the relative newness of cannabinoids and the misconceptions about CBD, ACTIVATE's marketing strategy will center around the education of the public about CBD and cannabinoids.

ACTIVATE CBD will position itself as an innovative pain relief solution for those who want to stay active and fit in their daily lives without the interruption of pain. ACTIVATE CBD has a unique position in the market, as it is the very first product to combine athletic tape's physical therapy components with the pain relief and anti-inflammatory qualities of CBD. That being said, ACTIVATE's competitors fall under two different umbrellas: athletic tapes and CBD-infused balms, creams, and patches. ACTIVATE's two top competitors are KT Tape, the leader in the kinesiology tape market, and Tiger Balm, a cult favorite CBD-infused pain relief balm that can be bought in most drug stores. In order to compete with these two very popular brands, ACTIVATE will make its product widely available by selling through its online portal, in-store at CBD, drug, and sports stores, and in gyms and athletic training facilities.

In order to achieve its goal of educating consumers about the benefits of cannabinoids, ACTIVATE will use a combination of communications and marketing tactics, including a focus on social media marketing, word-of-mouth marketing, guerilla marketing efforts as well as expert endorsements from physical therapists, trainers, and doctors. ACTIVATE's primary research shows that only 10% of its target market discovered new pain relief solutions through advertising, whereas 25% found solutions via social media or online research, and 32% through recommendations from family, friends, or medical professionals, making it essential for ACTIVATE to focus heavily on a positive customer experience that results in positive word-of-mouth marketing, as well as endorsements from trainers and doctors. ACTIVATE will also achieve public education through informational videos, blogs, and FAQs on its website. ACTIVATE's total marketing budget is \$88,000 in Year 1.

## **Pricing**

A 10-strip package of ACTIVATE CBD tape will sell for \$19.99. Through primary research, ACTIVATE discovered that the majority of its target audience (26% of chronic pain sufferers aged 50+ and 36% of active users aged 18-25) would be willing to pay \$10-20 for cannabinoid-infused athletic tape. In addition to this, ACTIVATE wanted to position itself competitively in the market through strategic pricing. ACTIVATE's competitor, KT Tape sells for \$12.99 per 40-strip package and Tiger Balm and other CBD-infused creams and balms can be expensive, starting at around \$25 per unit. ACTIVATE tape will be priced competitively at a lower rate than other CBD-infused products, providing consumers with a cheap, effective alternative, but will need to be priced higher than traditional athletic tape, as adding the cannabinoid blend to the product will raise the manufacturing cost.

## **The Selling Cycle**

ACTIVATE CBD plans to launch its first product batch in July 2020. In order to ensure the success of the product, ACTIVATE will begin its marketing efforts in January 2020 in order to increase consumer awareness of the product. Customers will be made aware of ACTIVATE CBD through three possible routes: targeted advertising from ACTIVATE on social media, word-of-mouth advertising through influencer partnerships on social media or through family and friends who have tried the product, and through the recommendation of their trusted doctor, trainer, or physical therapist. ACTIVATE will spark interest with its customers through its education tactics as well as free trials of the products, which will then lead consumers to purchase the product in stores or online, and, from there, strong customer service, the quality of the product, and a money-back guarantee will keep customers coming back as repeat purchasers.

## **Sales Tactics**

ACTIVATE CBD will perform all of its marketing and communications in-house but will hire three outside salespeople. In its first year, ACTIVATE will focus on selling its product in its entry point of New York state, then expand to eleven more states in its second year and continue expanding until Year 4, when it will be sold nationwide. Through partnerships with successful chain stores, such as Dick's Sporting Goods or CVS, as well as CBD-specialty stores and well-known athletic training facilities, ACTIVATE CBD will maximize its selling potential. ACTIVATE'S sales staff will be responsible for meeting with potential distribution partners about carrying ACTIVATE's products. ACTIVATE expects to see seasonality sales trends with its product, including a spike in sales in the market during skiing and snowboarding season where more injuries are likely to occur.

## **Advertising & Sales Promotion**

ACTIVATE CBD will use an integrated marketing & communications strategy to promote its product. ACTIVATE will utilize social media marketing through targeted advertising campaigns on Facebook and Instagram, as well as partnerships with fitness and athlete Instagrammer and blogger micro-influencers with followings of 2K-20K. ACTIVATE is choosing to partner with micro-influencers because micro-influencers have 7 times the engagement rate than macro-influencers and often do not require payment for their services. Instead, ACTIVATE will provide its social media partners with free samples of the product and a discount code in exchange for promotion. Facebook and Instagram advertising campaigns will allow ACTIVATE to highly specify the target audience that is receiving each ad. ACTIVATE hopes to reach 20,000 consumers through its Facebook advertising campaign in Year 1 with a cost of 16 cents to \$1 per click, and reach 10,000 consumers through its Instagram advertising campaign in Year 1 with a cost of 20 cents to \$2 per click. ACTIVATE will also focus heavily on gaining doctor, trainer, and physical therapist endorsements and recommendations of its

product. To do so, ACTIVATE will create informational pamphlets about its product and set up informational meetings with prominent doctors and physical therapists prior to the launch of ACTIVATE CBD. ACTIVATE will also visit trainers and PTs at colleges like Syracuse University, Cornell University, and SUNY Albany prior to ACTIVATE's launch. All of these efforts will remain essentially cost-free for ACTIVATE, aside from the travel costs to colleges.

To generate awareness and buzz about the product, ACTIVATE will attend and table at CBD and sports-medicine trade shows throughout the year, including the World CBD Expo in San Jose, CA, the CWCB Expo in New York, NY, and the HSS Sports Medicine Symposium in New York, NY. Attending these trade shows will educate the public, industry leaders, and sports medicine professionals on ACTIVATE CBD as well as build brand awareness. Typically, the standard booth price at an expo is approximately \$1,400 and ACTIVATE estimates the total cost of signage and promotional items that can be reused at each event to be \$500. The total cost for ACTIVATE to attend 2-4 trade shows per year will be between \$4K-5K. Additionally, ACTIVATE will spend approximately \$1000 per year to provide each of its retailers with point-of-sale promotional signage and materials to display alongside ACTIVATE products. Coupons, promotions, and free trials of the product will also be distributed periodically on the ACTIVATE website, at trade shows, through PTs and doctors, and at retailers.

## **Publicity**

Earned media will be a large part of ACTIVATE's publicity approach, as it is a completely free way to generate buzz. ACTIVATE will arrange press interviews with ACTIVATE board members and CEOs as well as Op-Eds about the benefits of cannabinoids in major publications like the NY Times. In addition to this, the ACTIVATE brand will be very active on social media. ACTIVATE's Instagram, Facebook, and Twitter accounts will post high-quality content and captions that encourage users to post pictures using their ACTIVATE tape with branded hashtags such as #ACTIVATECBD as a way to spike awareness and engagement. ACTIVATE will target its younger demographic on Instagram (64% of 18-29-year olds use Instagram) and its older demographic on Facebook (65% of 50-64-year olds use Facebook). Finally, ACTIVATE will utilize guerilla marketing by hanging promotional flyers in high-traffic areas of New York cities, such as Bryant Park in NYC or Armory Square in Syracuse.

## **Customer Service & Warranty/Guarantee Policies**

Education and public trust of cannabinoids and the ACTIVATE brand itself are essential to ACTIVATE's success, and customer service and positive customer experiences are ACTIVATE's highest priority. On ACTIVATE CBD's website, customers will find several helpful key features, including educational videos and blog posts, a FAQ section, and a "chat" function that will allow customers to speak in real-time to ACTIVATE staff about the product as well as cannabinoids in general. In addition to this, ACTIVATE will have a customer-service hotline for customers who prefer to talk via phone. In stores, ACTIVATE CBD will have point-of-sale displays that will feature QR codes that customers can easily scan and be taken directly to the educational portion of ACTIVATE's website. To guarantee satisfaction, ACTIVATE will offer free trials of the product and a money-back guarantee on a customer's first purchase. To measure the success of its customer service efforts, ACTIVATE will track the average reply times of the chats on its website, record customer service calls for quality assurance, and provide customers who choose to receive their money back after their first use with a short survey that will gauge their problems with the product.

## Distribution

ACTIVATE will distribute its product through two different channels: its online sales portal, its distribution partner retail stores and gyms. By having multiple retail options for consumers, ACTIVATE will be able to reach multiple target markets and make its product accessible to all demographics. ACTIVATE's retail store partners will include a mix of stores, including large chain stores like Dick's Sporting Goods and CVS, as well as boutique stores such as Fleet Feet Sports and Hemp it Up. In the gym and training center space, ACTIVATE will aim to partner with highly successful chain gym likes Equinox, as well as training facilities on college campuses like Syracuse University. ACTIVATE has met with the CBD-specialty store Hemp It Up's owner who has expressed interest in carrying the product In Year 1. ACTIVATE anticipates approximately 77% of sales to be made at retail and gym partners and 23% of sales to take place through ACTIVATE's online portal. ACTIVATE plans to sell its product to wholesalers for \$10 with a manufacturing cost of \$5.15 and a profit margin of \$4.85 per unit. Additionally, ACTIVATE plans to fulfill its online orders through distribution out of its warehouse space in Syracuse, New York.

## Design and Development

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### Development Status and Tasks

ACTIVATE CBD Tape is currently in the design and minimum viable product phase of development. ACTIVATE has been in communication with hemp and CBD farms in the Syracuse area and has determined an estimate cost of \$10,000 and a 6-month timeframe for the development of the cannabinoid blend. ACTIVATE was also in communication with athletic tape companies and has determined an estimate cost of \$5,000 and a 6-month timeframe for development. Before introducing the product to consumers, ACTIVATE must complete the cannabinoid blend development partnership with New York Hemp Oil, complete an adhesive recipe partnership with 3M, and prototype development and customer testing.

ACTIVATE'S planned partnerships provide the necessary competencies and expertise required to complete the development of ACTIVATE CBD Tape. New York Hemp Oil provides unique and essential cannabinoid industry expertise, specifically in dosing and blending. 3M provides large-scale manufacturing and production facilities along with existing competencies and market share in adhesive manufacturing. With New York Hemp Oil, ACTIVATE will develop our unique cannabinoid blend over a 6-month timeframe. Simultaneously, ACTIVATE will develop our adhesive and reservoir technology with 3M, which has an equal timeframe estimate. Also, during this development stage, ACTIVATE will obtain a warehouse for inventory storage and setup the product distribution system. ACTIVATE will also begin increasing our marketing efforts and spreading brand awareness in order to drive excitement for ACTIVATE CBD Tape leading up to full-scale distribution.

In ACTIVATE'S customer market research efforts, we utilized focus groups of different collegiate athletes to better understand customers' preferences and expectations of a cannabinoid infused athletic tape. ACTIVATE also sent out multiple rounds of surveys to different customers segments, with each survey asking questions specific to their segment. The first survey was geared toward a wide target market, with the goal to narrow down a niche market and identify what product best provides a solution to their pain point. The survey target was consumers 18-30 years old, male and female, who participated in regular athletic activity. This allowed the company to see the preferences of a large market while the final product was being developed. Once the final product was specified and decided upon, two more surveys were sent out to different segments. One survey was targeted toward consumers 18-25 years old who were athletes, with an emphasis on athletes who

underwent physical therapy and rehabilitation for an athletic injury. The second survey was aimed at consumers over the age of 50 who experience chronic pain or ailments, specifically joint pain and muscle soreness.

## **Difficulties and Risks**

ACTIVATE anticipates facing a few challenges in the design and development stages of the company. First, the partnership with NYHO is not complete and therefore still has the potential to fall through. The full development of patentable cannabinoid blend in a 6-month timeframe also may be a generous estimate, which would disrupt ACTIVATE's development schedule. This is one of the largest challenges ACTIVATE faces before taking the product public since the time it will take to develop the blend could stall prototype development and customer testing. The partnership with 3M poses similar risks as the New York Hemp Oil partnership and development schedule. 3M already has existing manufacturing and production partnerships with many companies. Should any issues occur with one of their current partnerships, our development could be delayed or cancelled. ACTIVATE's development schedule is has some risks, however they can be mitigated by having the adhesive development done simultaneously with cannabinoid blend development.

The time to getting our CBD athletic tape to market is extremely important. The CBD industry is booming after the passage of the Farm Bill in 2018 and companies are being founded for every type of hemp-derived product on the market. As proven by the recreational marijuana market in west coast states, specifically California and Colorado, first mover advantage provides an enormous boost to companies who establish brand awareness quickly. Due to the pre-existing underground market, many consumers already are knowledgeable with hemp-derived products and choose their products based on brands.

## **Product Improvement and New Products**

In terms of future product improvement, ACTIVATE is looking into the continual development of stronger, stickier, and more effective tape. The research of different blends and cannabinoids allows ACTIVATE to target specific ailments or issues using blends that have varying affects and results. ACTIVATE is also exploring expanding our product lines based on differences in the adhesive and structure of the tape. CBD athletic tapes can be altered to provide specific benefits, such as extra strength adhesive or a waterproof tape. The focus groups showed us that young athletes prefer having multiple options within the CBD-infused tape product line. Specifically, these athletes showed interest in tapes with different adhesive strengths and tapes that target specific pain areas. The athletes also said their overall amount and timing of use depends on their specific injury. Some injuries require support during workouts, some require relaxation and strengthening after workouts.

Looking at future product development, the product line ACTIVATE is most focused on is CBD infused protein powder, shakes, and bars. This product line would expand ACTIVATE's target market to all young athletes, not just those going through physical therapy. This line, however, is extremely dependent on the legal environment and FDA regulations surrounding cannabinoids. The 2018 Hemp Bill defined clear separation between hemp and marijuana, however the FDA has not yet approved CBD as a safe supplement to food. With the legal landscape constantly changing, ACTIVATE will continually prepare and research ingestible CBD products with the expectation of FDA approval in the near future.

**Costs**

Figure 8: ACTIVATE Costs

\$3 per 150 mg	Cannabinoid Blend Oil from New York Hemp Oil
\$2 per 10 pieces of tape	Cloth 3M Tape
\$11.80 per hour	Minimum wage in New York
\$10,000 One-Time Startup Cost	Cannabinoid Blend Development
\$5,000 One-Time Startup Cost	Adhesive Development

**Proprietary Issues/Intellectual Property**

In terms of intellectual property, ACTIVATE is most concerned with the legal protection of the unique cannabinoid blend. Our blend is the main differentiation, other than brand awareness, from potential entrants and competitors. ACTIVATE is planning to protect our unique the cannabinoid blend using a trade secret; however, we recognize that there are some risks involved in this type of intellectual property protection. Due to ACTIVATE requiring a partnership to develop their blend, New York Hemp Oil must also agree to fully abide by the trade secret. Any potential breakup between ACTIVATE and New York Hemp Oil could greatly increase the risk of the trade secret being leaked. Trade secrets also provide many benefits to start-up companies, such as no registration costs, no expiration or renewal date, and no excessive government registration.

**Operations Plan**

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**Operating Model and Cycle**

The operation model that ACTIVATE plans to pursue consists of outsourcing our tape through a medical tape manufacturer called 3M and purchasing a unique blend of crude CBD oil from New York Hemp Oil through a partnership with them.

3M is an American multinational conglomerate corporation operating in health care, and consumer goods industries. They own brands such as Post-It, Scotch and NexCare, making them an industry leader in the tape manufacturing industry.

New York Hemp Oil (NYHO) is a New York State Licensed Industrial scale producer of Hemp. CBD oil is derived from the industrial hemp grown of their 200-acre USDA Certified Organic farm called “Main Street Farms” in Cortland New York.

We plan to work with NYHO to design a unique blend of natural cannabinoids that we will use to infuse into the tape. The plan will be to obtain a trade secret on this blend of cannabinoids. We will have a kinesiology tape manufactured to cater to the specifications that we want in order to provide a tape that gives our customer the best support and comfort. This means working with the manufacturer to design the right stretch cloth as well as a quality, single sided adhesive tape. Through research we have found that other kinesiology tapes use a ratio of 95% cotton and 5% spandex to create the cloth for the tape. For this material the cost breakdown per roll comes out to \$2.00. The key aspect of our tape which highlights the value proposition ACTIVATE offers will be a reservoir delivery system that contains CBD oil. For the CBD blend, the cost breakdown per roll comes out to \$3.00.

The production process begins at 3M where our cloth tape is being manufactured into strips. The CBD will be sent from NYHO to factory at 3M where they will infuse the oil into the reservoir delivery systems and attach them to the strips of tape. Each strip of tape will have 3 reservoir each with 5mg of CBD oil infused (15mgs per strip, 10 strips in 1 roll).

On the front end of operations, we will have a sales team of 2-3 people traveling to big and small end retail stores to get our product in their stores.

On the back end of operations, products will be sent to our warehouse in Syracuse, NY from the manufacturer. These products in our warehouse are for online sales we receive through our website.

Our supply chain cycle will look a little something like this:

- Purchase ACTIVATE CBD Oil Blend at wholesale from NYHO and send to 3M
- Outsource tape manufacturing from 3M
- 3M will infuse our NYHO CBD blend with their reservoir delivery system
- Reservoir delivery system, adhesive tape, and cloth fabric be combined into the final product
- The product will be packaged with information and logo design we have previously sent to 3M
- 3M will ship the product to our retailers or warehouse
- When orders are received online, we will ship them out of warehouse

We anticipate potential bottlenecks in the assembly of the reservoir delivery system, cloth fabric, and adhesive material. In order to address and avoid having this stage delay the process, we will have to ensure enough workers are assembling the product in order to meet the inventory levels we are demanding. The lead times will have to be determined based on how quickly a product sells out. We plan to get our lead time and inventory management down to science in order to minimize inventory storage costs. In house we will simply manage inventory and ship orders. The product will be completely outsourcing to a manufacturer which will assemble the product and ship to retailers. Clear communication with the manufacturer and a high expectation of quality will ensure our products have a standard of quality.

Figure 9: ACTIVATE Operations Plan



## Operations Strategy

ACTIVATE is not a manufacturer of CBD athletic tape—ACTIVATE will partner with NYHO to develop a unique blend of CBD oil in which we will obtain a trade secret for. This is where our value proposition comes in by coupling the support that a kinesiology tape with a blend of CBD oil that may help to relieve pain and muscle and joint discomfort. In years 1-3 we will be outsourcing both production of the oil and the cloth tape in order to keep upfront costs down. In year 3 and 4, after we have achieved profitability, we will make larger investments in property, plants and equipment in an effort to vertically integrate to produce our oil.

This investment will pay off in the long run as we will own our own production process and cut out costs such as shipping and outsourcing. ACTIVATE will need to be sure to become USDA Certified Organic, and Certified Organic farm and lab.

ACTIVATE’S sales team will remain in-house. At first, the sales team will only consist of the five founders. As business expands and demand for ACTIVATE’s product increases from retail businesses, additional sales personnel will be hired. These sales professionals will be responsible for procuring sales and providing customer service throughout the product life cycle.

## Geographic Location

3M is located in the Midwest region of the United States just outside St. Paul Minnesota. Their tape manufacturing plant is located about an hour outside of Minneapolis in a town called Hutchinson. Because our tape will be manufactured in the Midwest, while our active ingredient is manufactured in New York, we will have slightly higher shipping costs. This is a disadvantage that comes with the geographic location, but it comes with the cost of doing business with a high quality and well-trusted tape manufacturer like 3M. NYHO is located in Cortland, NY. The farm which grows the product is also located here. NYHO will handle all the logistics that pertain to growing, drying, and cultivating the Hemp into crude oil. They will then send the product to 3M in Minnesota where the final product is assembled. From here, the products will be packaged and shipped back to the east coast for distribution to retailers and to our warehouse in Syracuse. In the future, when we move into markets throughout the United States. The centralized 3M plant in respect to the greater US, will benefit us and allow for us to keep shipping costs relatively low.

## Facilities, Improvements, Equipment Requirements

All of the equipment needed to produce the oil and the tape will be outsourced to the manufacturers listed above. It will be cheaper to have this process outsourced rather than made in house because of the tremendous fixed costs that we would pay for the purchase of machinery to make the tape, land to grow the hemp, and hiring an in-house chemist to create a unique CBD oil blend. Not to mention the novelty that the hemp industry is in. It will take a few months of trial and error, R&D and research to learn how to grow and produce hemp on our own.

Down the line, (year 3) the plan will be to open our own facility and purchase the proper equipment to produce the oil at a lower cost. These facilities will be acquired using profits from the company that will be reinvested into the business. Property and plant will be leased, and the equipment will be purchased. Price of property and building costs will depend on property value in desired region in year 3.

## Capacity Levels and Inventory Management

The total capacity that ACTIVATE can handle each week is 1,258 units in Year 1. Since we are starting with only one product, each unit will be the original version of the ACTIVATE kinesiology tape with all of the same features and production processes. By starting with just one product, it will make our operations much less complex.

Total capacity was calculated based on the following calculations.

- a) First year of sales is estimated to be ~ \$265,00
- b) Each unit will cost \$4.05
- c)  $\$265,000 / \$4.05 = 65,432$  units per a year
- d)  $65,432 \text{ units} / 52 \text{ weeks} = 1,258$  units a week

Some of the factors that our capacity relies on is the rate at which the outsourced producer is able to produce the product and the logistics of shipping, especially with the CBD oil blend from New York, being shipped to 3M in the Midwest. For beginning inventory, ACTIVATE will have the inventory needed for one month, to ensure that there is safety stock available in case sales are higher than expected. However, this is not an excessive amount of inventory, so surplus of product should not be an issue.

## Legal Issues Affecting Operations

According to OSHA, kinesiology tape is not considered a medical treatment, so ACTIVATE would not face the same health regulations as medical treatments. Since it is a topical product, FDA regulations will not cause any legal issues. Currently, cannabinoid usage is legal in all fifty states. Because there is already a large

market for CBD within the Central New York Region, there should be no uncertainties as to whether the product will be accepted. The only legal issue may occur with professional and NCAA athletes. This is because they have very strict guidelines and regulations on which products they are allowed and not allowed to use. However, NCAA athletes are not the market we are pursuing so we don't foresee this to affect our sales projections.

## Management Team

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### **Key Management Personnel and Responsibilities**

#### *Co-CEOs: Luz Perez and Eric Creely*

Responsibilities will be divided on the basis of external and internal activities. Managing internal activities will be co-CEO Luz Perez. She will work closely with CMO and COO in order to oversee marketing, branding and general product development. With her academic background in Marketing and Entrepreneurship she will oversee the overall brand and marketing operations. Other activities that Luz will perform includes working with CFO in order to determine necessary investments in R&D and future scaling as well as oversee sales forecasting alongside CMO and CFO.

Eric Creely will manage external activities and will also serve as the chairman of the Board of Trustees. He will work closely with key partners 3M and New York Hemp Oil, overseeing general sales and production levels. Eric's academic and professional background in finance and entrepreneurship will enable him to successfully work with our key partners to ensure that ACTIVATE supply chain is efficient. Other activities that Eric will perform include generating contracts for suppliers and distributors and managing inventory plans alongside COO.

#### *CFO: Graham Key*

Graham will be in charge of overseeing and managing the company's financials. Specifically, he will generate budgets for ACTIVATE's main operations. He will work closely with COO to calculate returns of budgets spent in each step of operations, and work alongside co CEOs in order to determine R&D expenditures needed and investments needed for future scaling of company

#### *CMO: Madison Paddock*

Madison will generate entrepreneurial digital and physical marketing plans, oversee the ROI of marketing investments and adjust for following periods. Other activities will include working closely with CFO to generate feasible marketing budgets, strategize brand awareness, attractiveness, and overall brand image with co-CEO Luz Perez.

#### *COO: Samantha Walters*

Samantha's responsibilities will include managing operations between New York Hemp and Oil, 3M and distributors. Calculating and overseeing availability of ACTIVATE's product in respective distribution channels to calculate successful channels. Other activities include working with CMO to generate sales forecasts & ensure inventory numbers are appropriate for our internal online sales, and distributors in New York.

## **Organization Structure, Management Compensation, and Ownership**

Each C-suite position holder will receive a salary of \$0 until ACTIVATE reaches two benchmarks. The first benchmark takes place in August of 2021, which is when ACTIVATE anticipates to break even. The second benchmark will be whenever ACTIVATE reaches enough positive cash flow in order to take on the second round of research and development. Expansion In addition to receiving salary compensation after these two benchmarks are reached, each C-suite member will have a 20% equity in the company. Please see *Appendix A* for management bios.

## **Other Partners and Current Investors**

Distribution partners will reside in our entry point of New York for the first year of sales commencing in July 2020. Retail partners will include large chain stores such as CVS and Dick's Sporting Goods, smaller mom and pop shops like local CBD shops, and gyms and athletics centers such as Equinox.

### *Key Partners*

Key partners for ACTIVATE includes tape manufacturer 3M and hemp cannabinoid oil provider New York Hemp Oil. These partnerships are critical to ACTIVATE's supply chain as these two companies are responsible for the entirely outsourced production process of the final infused adhesive tape product.

Current investors include the five members of the C-suite, with each member contributing an investment of \$20,000. ACTIVATE is still currently seeking angel investors whom we will negotiate equity terms on a case by case basis in order to raise necessary funds for the planned launch in January of 2020.

## **Employment and Other Agreements, Stock Option and Bonus Plan**

There will be no paid employees outside of the outlined C suite, the key partners listed in the previous section and the three salespeople that will be hired at the start of our sales. Compensation for key partners will be outlined in contracts to include raw materials, production, and assembly. Outside of our two key partners, the three salespeople, and a paid product liability insurer there are no other employees for ACTIVATE. It is also important to note that salary budget for the three salespeople will come out of the marketing budget.

## **Board of Directors, Other Shareholders, Rights, and Restrictions**

**John Torrens:** John is a cannabis and CBD entrepreneur with years of real industry experience. He will be an important asset to ACTIVATE particularly as ACTIVATE looks to expand its product line.

**Eric Creely:** ACTIVATE's own co-CEO, Eric Creely, will operate as chairman of the board of trustees. His background in finance and expertise in ACTIVATE's operations will make him an important member of the board and a critical component to communication between the rest of the C suite and the board of trustees.

**Brent Sears:** Brent currently serves as the CMO of Head + Heal, New York Hemp Oil's retail brand. His expertise in the local CBD market will be instrumental in ACTIVATE's product launch and in maintaining a positive relationship with one of ACTIVATE's key partners.

**Lauren Gruber:** physical therapist at Illinois Bone and Joint Institute, a physical therapy organization with multiple locations in Illinois will be important in creating partnerships between medical/physical therapy organizations and ACTIVATE. Her expertise in physical therapy will also be instrumental in product development advising.

Board of Directors will serve under no monetary compensation during ACTIVATE's beginning stages. After ACTIVATE breaks even, the compensation terms will be revisited with each board member.

Shareholders: The only ACTIVATE shareholders are the C suite members with 20% equity each in the company. There will be no other shareholders for the beginning stages of ACTIVATE so as to be able to optimize shareholder equity for large sum investors in the future.

## **Supporting Professional Advisors and Services**

*Below are additional advisors and services that ACTIVATE will employ:*

Joseph Zavaglia Esq: Attorney with a concentration in contract law, patents, copyrights, and consumer protection laws. A member of the New York State Bar since 2002. Joseph will serve as our legal advisor and help us navigate regulations and intellectual property concerns.

Sam Walters: Accounting major at Syracuse University's Whitman School of Management and ACTIVATE COO will advise and oversee the company's accounting operations.

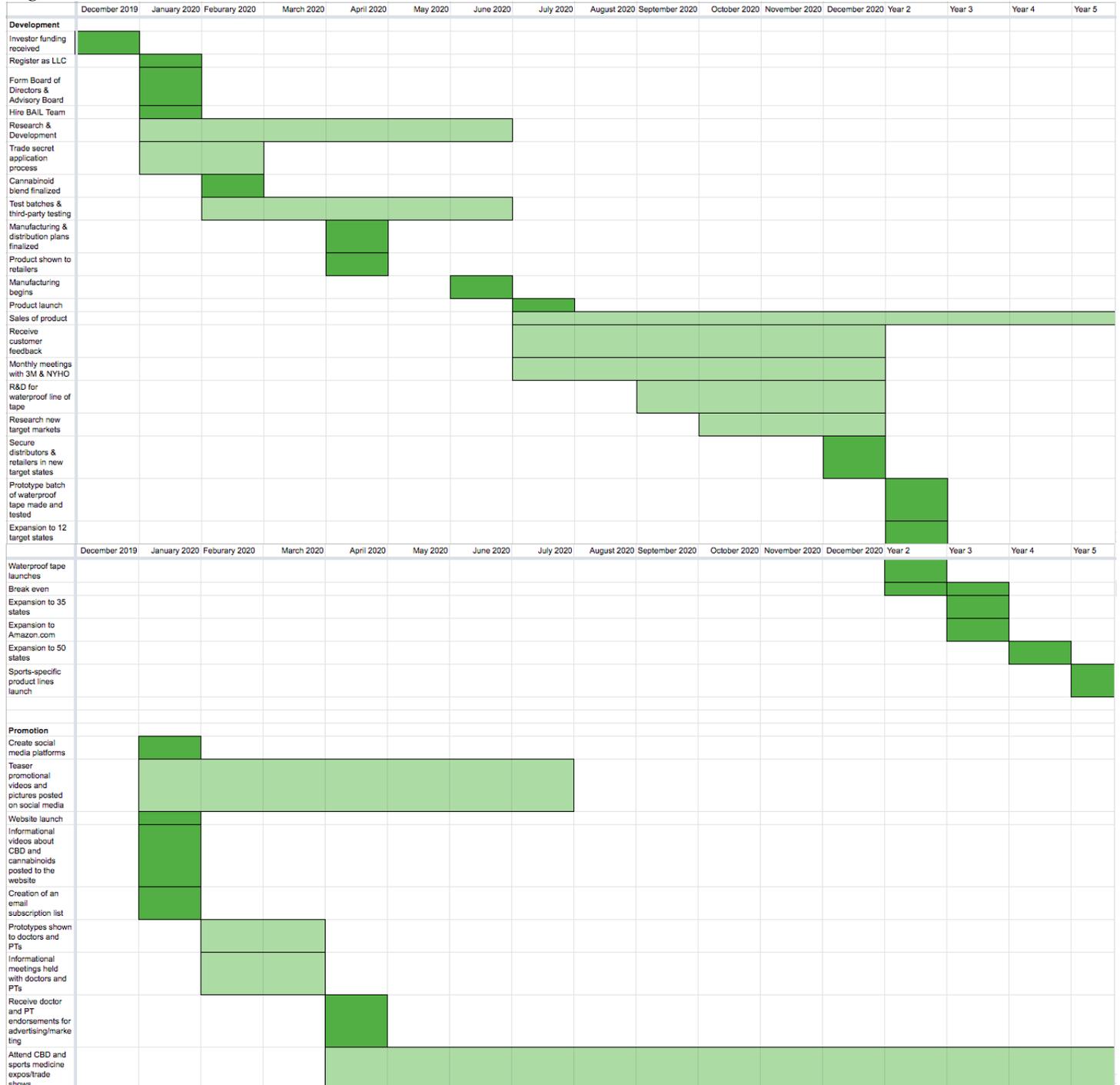
John Key: A retired investment banker who worked as an asset management advisor. John will advise us in any banking activities such as seeking loan and overseeing activities with our payment processor provider on our online portal.

Product Liability Insurance: ACTIVATE will outsource product liability insurance needs to an external source. This service is critical to the operations of ACTIVATE in order to protect the company from financial loss from legal liability of the product.

# Overall Schedule

Please see *Appendix D* for a detailed timeline.

*Figure 10: ACTIVATE GANTT Chart*



	December 2019	January 2020	February 2020	March 2020	April 2020	May 2020	June 2020	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020	Year 2	Year 3	Year 4	Year 5
Guerilla marketing																	
Development of POS promotions & displays																	
Social media marketing																	
Social media advertising campaign																	
POS promotions and coupons																	
Cyber Monday sales on website																	
Online ads																	
Pop-up events																	

## Critical Risks, Problems, and Assumptions

### Financial Risks

Within our plan, there were some assumptions that had to be made in terms of the financials. These assumptions were based on extensive research regarding the different aspects of ACTIVATE’s financial statements. The revenue forecasts are key assumptions since we had to predict what sales will be for the next 5 years. However, by utilizing NPV and prior market research, our assumptions seem very realistic. Another assumption is the amount of money which will be spent on development expenses. There is the chance that we may run into the problem where more research is needed than initially anticipated.

Another large assumption of ACTIVATE is that we are relying on the first mover advantage. Although all of the market research shows that there are no competitors in the market currently, there is always the chance that a larger company may be in the works of creating a similar product. This could potentially impact the future market share percentage of ACTIVATE and future revenue flows.

After recognizing the risks of these assumptions, our team believes that we did an appropriate amount of research to prepare for all of these potential problems. Regardless, ACTIVATE believes that these assumptions should accurately predict the financial performance in the upcoming years.

### Failure of Key Distributor Channels

*Distributors: Retailers, Yoga studios, Gymnasiums, Independent/College Athletic Centers*

Risk in failing to create sustainable and profitable partnerships with planned distributors would put ACTIVATE sales and revenue forecast in jeopardy. Failing to create strong relationships with distributors would result in full reliance of ACTIVATE’s online website as the main sales channel. In this case, our sales would also depend on ACTIVATE’s marketing, which would impact our marketing plans and expenditures.

### Managing Relationships with Key Partners

Risk of managing operations, particularly production time and volumes with CBD oil producers New York Hemp Oil (NYHO) and tape manufacturer 3M could jeopardize relationships with main tape manufacturer as well as with ACTIVATE’s cannabinoid blend partner NYHO.

Managing the cannabinoid blend production cycle time is critical to ensuring contracts and timeliness with 3M and retailers is met. Because 3M is responsible for final assembly and infusion of CBD blend ensuring that CBD oil production time and quantity is timely and accurate. Inability to establish favorable contracts with shipping companies such as FedEx would result in unexpected expenditures or higher price for customers, either case is not ideal and presents challenges to our cost structure. Control over this risk has been divided into responsibilities shared amongst co-CEOs and COO. Particularly, it is the responsibility of CEO Eric Creely and COO Samantha Walters to prevent any bottlenecks in the supply chain process and to work with key partners to ensure timeliness.

## Market Penetration & Market Share

Product adoption may be at risk due to discrete regulatory organizations for some of the target segments we have in mind such as NCAA athletes. Although cannabinoids are not federally listed as a drug, rules, regulations, or general preexisting stigmas around cannabinoids. Personal stigmas against cannabinoids in general may be an obstacle to building brand loyalty across our target segments.

Assumptions in our ability to capture sufficient market share in the athletic tape industry is a critical risk to be aware of. Market research shows that there are three major companies which would be ACTIVATE's key competitors in the athletic tape industry: K T Tape, Rock Tape, and Kinesio Tape. Each of these key competitors hold a similar market share within the industry.

ACTIVATE projects to reach similar sales (estimated \$6 million) which competes at similar rate with these three competitors and relies heavily on the assumption that cannabinoid infusion & younger target demographic word of mouth marketing will be sufficient to capture such market share.

## Competition Risks

There is oversaturation of cannabinoid companies in the market, particularly in states where recreational cannabis is legal. This is a critical risk for ACTIVATE because we are entering the industry with zero brand awareness. Although this is a big risk, ACTIVATE has diminished that risk by choosing the state of New York as an entrance point. States in which both THC (marijuana drug chemical substance) and CBD (federally legal hemp plant substance) are both legalized are indicative of higher risk in competition due to oversaturation of brands. ACTIVATE is also diminishing this risk by implementing multi layered brand awareness marketing initiatives starting six months prior to the commencement of sales in July 2020.

Other general risks regarding competition includes buyer switching costs and high threat of substitutes and similar products like existing KT Tape, Tiger Bomb, and other cannabinoid topical products that can be used to treat pain.

## Brand Awareness

It is critical to ACTIVATE's launch success to develop a high level of brand awareness amongst consumers in order to develop critical brand loyalty and purchase intention amongst our distinct customer segments. In order to successfully accomplish this, ACTIVATE must invest resources into initial marketing that focuses on education and cultural penetration amongst athletes and chronic pain victims.

## The Financial Plan

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### Highlights of the Financial Statements

In order to project the financial performance of our company we needed to make a number of important assumptions as well as look at peers to come up with reasonable and achievable numbers. Additionally, ACTIVATE will need to raise capital in order to maintain positive cash flows and use the cash to maintain operations of the business. We will have one revenue drivers that will sell at two different prices. One is "business to consumer" selling on ACTIVATE's website at \$20 and the other is "business to business", or retail, selling at wholesale for \$10.

For "business to consumer", in Year 1, our projected number of units sold is 5,000 for the remaining six months of the year. We came to this number by gauging interest in our product and by looking at the size our target market. We used industry research and survey data to get to this metric. For "business to business", in Year 1, our projected number of units sold is 16,500 for the remaining six months of the year. We came to this number by looking at competitors in the industry and seeing that their B2B sales were higher than the B2C sales.

The Company is seeking an investment from the Angel Investors of \$450,000. With the addition of our seed money of \$100,000, we will be able to get the company up and running and begin selling in July of Year 1. If on budget and our cash flow projections hold, we do not see the Company running out of cash. Being that the industry is growing exponentially, we foresee our profit and growth levels to be very high even into year 5.

Figure 11: Cost Controls

Metrics and Drivers					
	Year 1	Year 2	Year 3	Year 4	Year 5
EBITDA	(\$346,299)	\$655,714	\$1,495,210	\$3,585,247	\$6,467,202
Current Assets	207,594	517,222	1,174,605	2,837,734	6,101,391
Current Liabilities	19,313	31,235	50,382	97,809	128,280
Sales	264,950	1,567,355	2,652,934	5,150,445	8,637,572
Inventories	28,969	46,853	75,573	146,713	192,420
Ratios:					
Current Ratio	10.7	16.6	23.3	29.0	47.6
Inventory Turnover	9.1	33.5	35.1	35.1	44.9

One of the most important and volatile aspects of our business will be the costs associated with producing the CBD infused tape. Because the process for growing CBD depends on many different factors, the price per pound of industrial hemp, the raw material used in creating CBD oil, is always changing. We will be constantly in communication with our supplier to search for ways to bring that cost down. In the future, we will plan to vertically integrate when we have economies of scale in order to further get our cost down. As seen in Year 3 and 4 of our financial plan, our capital expenditure increases by about double due to plans to either buy land and grow our own industrial hemp or build a vertical farm. Both plans would bring us to vertical integration. The price of the cloth tape will stay fairly constant, if prices increase, through the power of buyers, we would be able to find a new supplier to get the right price point.

### Income Statement Assumptions:

The Income Statement is included in *Appendix F*. The following lists the assumptions we used to project the model:

- **Selling Price:** \$20.00 and \$10.00 for online (direct to consumer) and wholesale sale respectively.
- **Cost of Goods Sold:** \$5.15 per unit for both price points.
- **Marketing/Advertising:** \$88,000 annually, including salesperson salary, tradeshows, social media campaigns, and guerilla marketing efforts.
- **Research and Development:** Research and development will be included under start-up costs which total \$50,200. This initial start-up cost that will be used for R&D is needed for research to work with the tape manufacturer and develop the delivery system for the CBD to be delivered to the skin.
- **Salaries:** \$200,000 annual salary as each member of our team is required a salary of \$40,000.
- **Product Liability Insurance:** \$40,000
- **Rent and Office Utilities:** \$50,000 for a warehouse/office space in Syracuse, NY.
- **Sales Tax:** Rate of 30% annually

### Balance Sheet

The Balance Sheet is included in *Appendix F*.

## Cash Flow Statement

The Cash Flow Statement is included in *Appendix F*.

## Proposed Company Offering

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### Desired Financing

Over the next five years, an investment of \$450,000 will be needed to make sure that ACTIVATE to make sure that ACTIVATE does not have a negative cash balance. This investment will also account for a cash cushion to protect Activate in case there are any unexpected situations.

The type of funding that will best suit ACTIVATE is equity based, especially because Activate will not be offering shares of stock. The specifics of how these financing options will be utilized is properly explained in the financial statements.

### Offering

ACTIVATE is seeking \$450,000 from angel investors to use as working capital. In exchange for this, we are offering 25% equity in our company.

### Capitalization

Since ACTIVATE will not be offering shares of stock, this section is not applicable.

### Use of Funds

The capital raised will be heavily utilized in making sure that ACTIVATE grows and becomes recognized and loved among consumers. Specifically, this capital will be used on marketing to establish brand recognition and make this product known among the target markets. This capital will also be used on product development and working to get the product on the shelves. Without this capital, it will be difficult to actually create the amount of product that we are budgeting for. Besides specifically being used on marketing and product development, this will be working capital to make sure that Activate never has a negative cash balance.

### Investors' Return (Exit Strategy)

The value of ACTIVATE is expected to be \$3.3 million. This was calculated based on the Discounted Cash Flow, with a discount rate of 45%, along with projections for the next 5 years. With an upfront investment of \$450,000, and a 25% equity state, the investors' return on investment will be 5.4x their initial investment. As a result, the investors will have a final equity value of \$2.4 million. The exit strategy for investors and founders will be to liquidate their equity when they decide to exit. The amount of cash they will receive depends on their equity stakes, along with when they decide to exit the company.

## Appendix

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### A. Management Biographies

*Eric Creely* is currently a senior at Syracuse University, pursuing a bachelor's degree in both finance and entrepreneurship. Over the summer he completed the Merrill Edge Summer Analyst program in Hunt Valley, Maryland. His past experiences include working as a certified high ropes course instructor and earning the Eagle Scout award.

*Graham Key* is a Finance and Information Management dual major in Whitman and the iSchool. His work experience includes working at Stifel Financial Corp. as a Summer Analyst where he received a return offer to come back post-graduation with the Structured Products Group in New York City.

*Samantha Walters* is currently a senior at Syracuse University, pursuing a bachelor's degree in both Accounting and Marketing Management, with a minor in Spanish. Additionally, she is a student of the René Crown Honors Program. This past summer she completed an audit internship in the media and entertainment sector with Ernst and Young, LLP. in New York City and will be returning to the firm in the fall of 2020. Additionally, she spent last spring semester studying abroad in Madrid, Spain. In her free time, Samantha enjoys running and completing half marathons.

*Madison Paddock* is a senior at Syracuse University, pursuing a bachelor's degree in Marketing from the Whitman School of Management and Public Relations from the Newhouse School of Public Communications. Madison has held a wide variety of work and leadership positions, and last summer she worked as a Public Relations Intern for Comedy Central, Paramount Network, and TV Land at Viacom in NYC.

*Luz Perez* is a senior at Syracuse University majoring in Entrepreneurship and Emerging Enterprises, Marketing, and Citizenship & Civic Engagement. Through internship work she has had the opportunity to gain skill sets around crafting creative marketing messages for companies and organizations as well as talent management. Through personal and professional work Luz pursues telling stories in the most authentic way for talent and brands.

**B. ACTIVATE Branding**



**C. ACTIVATE Website**



## Our Story

ACTIVATE CBD is the world's first cannabinoid-infused athletic tape, to combat athletic injuries and chronic pain disorders that affect day to day life. By using a unique blend of cannabinoids, ACTIVATE reduces inflammation, combats pain, and allows for peak physical performance whether it be during a workout, at a game, or just in everyday life.

Check out our Online Store today and get in touch if you have any questions or suggestions.

Find out more: <https://www.youtube.com/watch?v=kZYlBP7kRul&rel=0>

Get in Touch



Let's Chat!



## Sign up for ACTIVATE Tape!

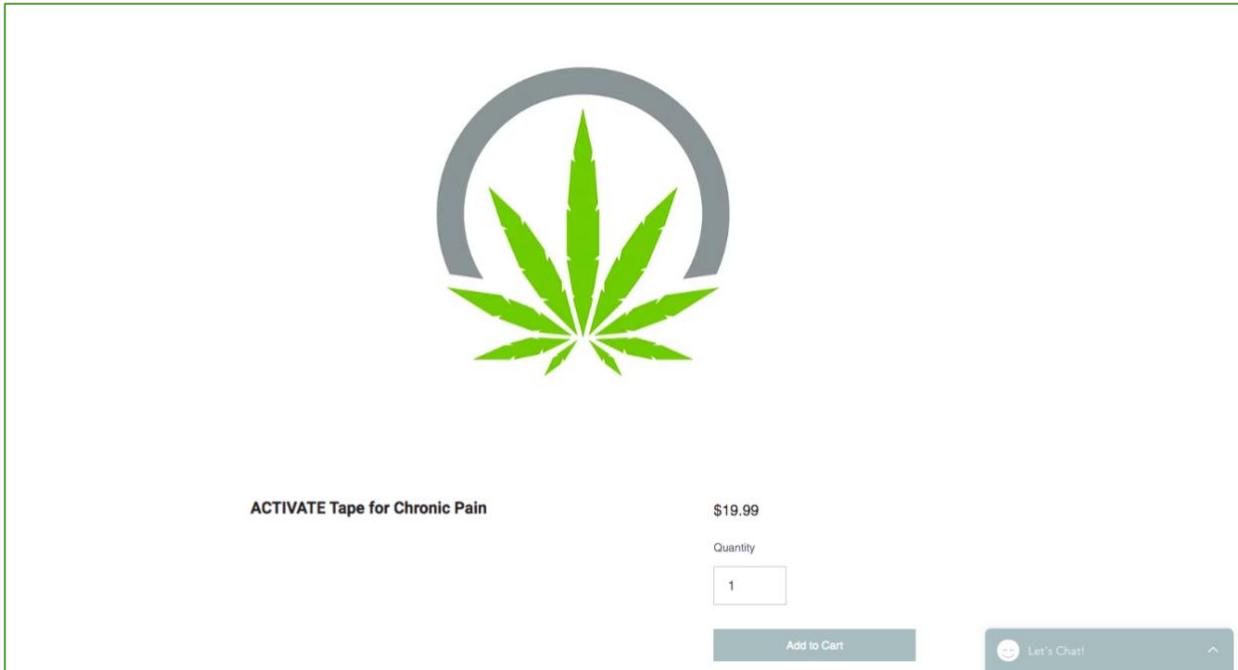
When our product is ready for order, we will notify you!

Name

Email

Notify Me

Let's Chat!



## D. ACTIVATE Detailed Timeline

Date	Development	Promotion
December 2019	ACTIVATE receives investor funding in order to begin R&D	
<b>Year 1:</b>		
January 2020	<ul style="list-style-type: none"> <li>• ACTIVATE registers as an LLC in the state of New York</li> <li>• Formation of Board of Directors and Advisory Board</li> <li>• ACTIVATE goes under contract with New York Hemp Oil and 3M</li> <li>• Hiring of BAIL team</li> <li>• Research and development of cannabinoid blend for the tape begins with NYHO</li> <li>• Begin the trade secret application process for cannabinoid blend</li> <li>• Open office space</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of social media platforms: Facebook, Instagram, and Twitter</li> <li>• Teaser promotional videos and pictures posted on social media</li> <li>• Website launches</li> <li>• Informational videos about CBD and cannabinoids posted to the website</li> <li>• Creation of an email subscription list where consumers can sign up for updates about when the product will drop</li> </ul>

February 2020	<ul style="list-style-type: none"> <li>Continuation of the research &amp; development process</li> <li>Cannabinoid blend finalized and sent to 3M</li> <li>Test batch of the product manufactured by 3M</li> <li>Begin third-party testing of the product</li> </ul>	<ul style="list-style-type: none"> <li>Teaser promotional videos and pictures posted on social media</li> </ul>
March 2020	<ul style="list-style-type: none"> <li>Third-party testing concludes</li> <li>Necessary changes to the product made based of testing results</li> <li>3M begins manufacturing second prototype batch</li> </ul>	<ul style="list-style-type: none"> <li>Prototypes shown to doctors and PTs</li> <li>Informational meetings held with doctors and PTs</li> <li>Receive doctor and PT endorsements for advertising/marketing</li> <li>Attend World CBD Expo in San Jose, CA</li> <li>Attend CWCB Expo in New York, NY</li> <li>Teaser promotional videos and pictures posted on social media</li> </ul>
April 2020	<ul style="list-style-type: none"> <li>Second prototype batch presented to retailers</li> <li>Manufacturing and distribution plans finalized</li> </ul>	<ul style="list-style-type: none"> <li>Attend CBD and physical therapy trade shows</li> <li>Begin targeted Facebook and Instagram advertising campaign</li> <li>Begin guerilla marketing tactics (handing out logo stickers at trade shows, gyms, juice bars)</li> <li>Seek out social media influencers to partner with</li> <li>Teaser promotional videos and pictures posted on social media</li> <li>Development of informational brochures and POS displays for retailers</li> </ul>
May 2020	<ul style="list-style-type: none"> <li>Final changes made to product and cannabinoid blend</li> </ul>	<ul style="list-style-type: none"> <li>Boost in advertising spend for Facebook and Instagram targeted ads</li> <li>Begin influencer marketing campaign</li> <li>Free samples given out of the product</li> <li>Attend the HSS Sports Medicine Symposium in New York, NY</li> </ul>
June 2020	<ul style="list-style-type: none"> <li>3M begins production of first product batch</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of social media marketing and advertising</li> </ul>
July 2020	<ul style="list-style-type: none"> <li>Completion and roll out of ACTIVATE CBD athletic tape</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of social media marketing and advertising</li> <li>Visit more CBD and sports-medicine trade shows</li> </ul>

	<ul style="list-style-type: none"> <li>Product batch sent to retailers and ACTIVATE's warehouse</li> <li>In-store and online sales orders begin to be fulfilled</li> </ul>	<ul style="list-style-type: none"> <li>POS promotions and coupons begin to roll out</li> </ul>
August 2020	<ul style="list-style-type: none"> <li>Sales of the product continue</li> <li>Receive customer feedback on product</li> <li>Monthly meetings with 3M and NYHO</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of social media marketing and advertising</li> <li>Continuation of POS promotions and coupons</li> </ul>
September 2020	<ul style="list-style-type: none"> <li>Monthly meetings with 3M and NYHO</li> <li>Continue to receive customer feedback</li> <li>Begin research &amp; development for waterproof line of athletic CBD tape</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of social media marketing and advertising</li> <li>Continuation of POS promotions and coupons</li> </ul>
October 2020	<ul style="list-style-type: none"> <li>Monthly meetings with 3M and NYHO</li> <li>Research new states to sell in</li> <li>Research &amp; development for waterproof tape continues</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of social media marketing and advertising</li> </ul>
November 2020	<ul style="list-style-type: none"> <li>Monthly meetings with 3M and NYHO</li> <li>Select 10 more states to sell in</li> <li>Research &amp; development for waterproof tape continues</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of social media marketing and advertising</li> <li>Special Cyber Monday sales for products bought on ACTIVATE's website</li> </ul>
December 2020	<ul style="list-style-type: none"> <li>Monthly meetings with 3M and NYHO</li> <li>Secure distributors and retailers in new states</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of social media marketing and advertising</li> </ul>
<b>Year 2:</b>		
January 2021	<ul style="list-style-type: none"> <li>ACTIVATE CBD tape is now sold in 12 states throughout the country</li> <li>Prototype batch of waterproof tape made and tested</li> </ul>	<ul style="list-style-type: none"> <li>Social media marketing and advertising</li> <li>Online ads</li> </ul>

April 2021	<ul style="list-style-type: none"> <li>Waterproof CBD tape released for sale to the public</li> </ul>	<ul style="list-style-type: none"> <li>ACTIVATE holds pop up events throughout the country</li> </ul>
August 2021	<ul style="list-style-type: none"> <li>ACTIVATE breaks even</li> </ul>	
<b>Year 3:</b>		
2022	<ul style="list-style-type: none"> <li>ACTIVATE CBD now sold in 35 US States</li> <li>Expansion to more retailers</li> <li>Product is now sold on Amazon.com</li> </ul>	<ul style="list-style-type: none"> <li>Social media marketing and advertising</li> <li>Online ads</li> <li>POS promotions</li> <li>Pop-up events</li> </ul>
<b>Year 4:</b>		
2023	<ul style="list-style-type: none"> <li>ACTIVATE CBD now sold in all 50 US States</li> </ul>	<ul style="list-style-type: none"> <li>Social media marketing and advertising</li> <li>Online ads</li> <li>POS promotions</li> </ul>
<b>Year 5:</b>		
2024	<ul style="list-style-type: none"> <li>Sport-specific product lines rolled out</li> </ul>	<ul style="list-style-type: none"> <li>Social media marketing and advertising</li> <li>Online ads</li> <li>POS promotions</li> </ul>

## E. Communications with Brent Sears, CMO New York Hemp Oil (Manufacturing Partner)

It looks like your best bet for tape is to find a manufacturer and we can sell you crude CBD oil. Once you know specifics from the manufacture, I can put you in touch with our lead formulator and he can talk through how much crude CBD you would need on the tape.

Let me know if you have more questions.

**Brent Sears** | Chief Marketing Officer  
[Head & Heal](#)

## F. ACTIVATE Financial Statements

ACTIVATE													
Income Statement													
Revenue	Year 1												Total
	January	February	March	April	May	June	July	August	September	October	November	December	
Activate (retail)	-	-	-	-	-	-	\$1,999	\$2,999	\$4,998	\$14,993	\$24,988	\$49,975	\$99,950
Activate (wholesale)	-	-	-	-	-	-	5,000	15,000	25,000	30,000	40,000	50,000	165,000
<b>Total Revenue</b>	-	-	-	-	-	-	<b>\$6,999</b>	<b>\$17,999</b>	<b>\$29,998</b>	<b>\$44,993</b>	<b>\$64,988</b>	<b>\$99,975</b>	<b>\$264,950</b>
<b>Cost of Goods Sold</b>													
Activate (retail)	-	-	-	-	-	-	\$200	\$300	\$500	\$1,500	\$2,500	\$5,000	\$10,000
Cloth 3M Tape	-	-	-	-	-	-	300	450	750	2,250	3,750	7,500	15,000
NY Hemp Oil Blend	-	-	-	-	-	-	15	23	38	113	188	375	750
Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
Activate (wholesale)	-	-	-	-	-	-	\$1,000	\$3,000	\$5,000	\$6,000	\$8,000	\$10,000	\$33,000
Cloth 3M Tape	-	-	-	-	-	-	1,500	4,500	7,500	9,000	12,000	15,000	49,500
NY Hemp Oil Blend	-	-	-	-	-	-	75	225	375	450	600	750	2,475
Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total COGS</b>	-	-	-	-	-	-	<b>\$3,090</b>	<b>\$8,498</b>	<b>\$14,163</b>	<b>\$19,313</b>	<b>\$27,038</b>	<b>\$38,625</b>	<b>\$110,725</b>
<b>Total Gross Margin</b>	-	-	-	-	-	-	<b>\$3,909</b>	<b>\$9,501</b>	<b>\$15,835</b>	<b>\$25,680</b>	<b>\$37,950</b>	<b>\$61,350</b>	<b>\$154,225</b>
<b>Administrative:</b>													
Start up Expenses	\$50,500	-	-	-	-	-	-	-	-	-	-	-	-
Rent of Office Plus Utilities	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$50,004
Office Supplies	417	417	417	417	417	417	417	417	417	417	417	417	5,004
Executive Salaries	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	200,004
Website Design and Maintenance	167	167	167	167	167	167	167	167	167	167	167	167	2,004
Outsourcing Expense	833	833	833	833	833	833	833	833	833	833	833	833	9,996
Depreciation Expense	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	12,300
Amortization Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Payroll Tax Expense	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,004
General Office Liability	417	417	417	417	417	417	417	417	417	417	417	417	5,004
Product Liability Insurance	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$39,996
<b>Selling:</b>													
Marketing & Advertising Expense	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$69,996
Tradeshows	417	417	417	417	417	417	417	417	417	417	417	417	5,004
Social Media Campaign Expense	667	667	667	667	667	667	667	667	667	667	667	667	8,004
Informercial Financing Fee	417	417	417	417	417	417	417	417	417	417	417	417	5,004
<b>Total Selling &amp; Administrative Expenses</b>	<b>\$89,027</b>	<b>\$38,527</b>	<b>\$38,527</b>	<b>\$38,527</b>	<b>\$512,824</b>								
<b>Net Income/(Loss)</b>	<b>(\$89,027)</b>	<b>(\$38,527)</b>	<b>(\$38,527)</b>	<b>(\$38,527)</b>	<b>(\$38,527)</b>	<b>(\$38,527)</b>	<b>(\$34,618)</b>	<b>(\$29,026)</b>	<b>(\$22,692)</b>	<b>(\$12,847)</b>	<b>(\$577)</b>	<b>\$22,823</b>	<b>(\$358,599)</b>

Metrics & Drivers													
EBITDA													
ACTIVATE													
Income Statement													
Income Tax Expense	-	-	-	-	-	-	-	-	-	-	-	-	(\$107,580)
<b>Net Income/(Loss)</b>	<b>(\$89,027)</b>	<b>(\$38,527)</b>	<b>(\$38,527)</b>	<b>(\$38,527)</b>	<b>(\$38,527)</b>	<b>(\$38,527)</b>	<b>(\$34,618)</b>	<b>(\$29,026)</b>	<b>(\$22,692)</b>	<b>(\$12,847)</b>	<b>(\$577)</b>	<b>\$22,823</b>	<b>(\$358,599)</b>

ACTIVATE													
Income Statement													
Revenue	Year 2												Total
	January	February	March	April	May	June	July	August	September	October	November	December	
Activate (retail)	\$52,054	\$54,233	\$56,492	\$58,851	\$61,309	\$63,868	\$66,527	\$69,305	\$72,184	\$75,182	\$78,321	\$81,579	\$789,905
Activate (wholesale)	\$1,250	\$3,390	\$5,610	\$7,930	\$6,340	\$2,850	\$5,470	\$8,200	\$7,040	\$4,000	\$7,080	\$8,290	777,450
<b>Total Revenue</b>	<b>\$103,304</b>	<b>\$107,623</b>	<b>\$112,102</b>	<b>\$116,781</b>	<b>\$121,649</b>	<b>\$126,718</b>	<b>\$131,997</b>	<b>\$137,505</b>	<b>\$143,224</b>	<b>\$149,182</b>	<b>\$155,401</b>	<b>\$161,869</b>	<b>\$1,567,355</b>
<b>Cost of Goods Sold</b>													
Activate (retail)	\$5,217	\$5,435	\$5,661	\$5,898	\$6,144	\$6,401	\$6,667	\$6,946	\$7,234	\$7,535	\$7,849	\$8,176	\$79,163
Cloth 3M Tape	7,825	8,153	8,492	8,847	9,216	9,601	10,011	10,418	10,851	11,302	11,774	12,263	118,743
NY Hemp Oil Blend	391	408	425	442	461	480	500	521	543	565	589	613	5,938
Activate (wholesale)	\$10,267	\$10,696	\$11,141	\$11,605	\$12,088	\$12,591	\$13,116	\$13,663	\$14,232	\$14,825	\$15,442	\$16,085	\$155,751
Cloth 3M Tape	15,401	16,044	16,711	17,408	18,132	18,886	19,674	20,494	21,348	22,237	23,163	24,127	233,625
NY Hemp Oil Blend	770	802	836	870	907	944	984	1,025	1,067	1,112	1,158	1,206	11,681
<b>Total COGS</b>	<b>\$39,871</b>	<b>\$41,538</b>	<b>\$43,266</b>	<b>\$45,070</b>	<b>\$46,948</b>	<b>\$48,903</b>	<b>\$50,942</b>	<b>\$53,067</b>	<b>\$55,275</b>	<b>\$57,576</b>	<b>\$59,975</b>	<b>\$62,470</b>	<b>\$604,901</b>
<b>Total Gross Margin</b>	<b>\$63,433</b>	<b>\$66,085</b>	<b>\$68,836</b>	<b>\$71,711</b>	<b>\$74,701</b>	<b>\$77,815</b>	<b>\$81,055</b>	<b>\$84,438</b>	<b>\$87,949</b>	<b>\$91,606</b>	<b>\$95,426</b>	<b>\$99,399</b>	<b>\$962,454</b>
<b>Administrative:</b>													
Start up Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent of Office Plus Utilities	\$4,201	\$4,201	\$4,201	\$4,201	\$4,201	\$4,201	\$4,201	\$4,201	\$4,201	\$4,201	\$4,201	\$4,201	\$50,412
Office Supplies	420	420	420	420	420	420	420	420	420	420	420	420	5,040
Executive Salaries	16,806	16,806	16,806	16,806	16,806	16,806	16,806	16,806	16,806	16,806	16,806	16,806	201,672
Website Design and Maintenance	168	168	168	168	168	168	168	168	168	168	168	168	2,016
Outsourcing Expense	840	840	840	840	840	840	840	840	840	840	840	840	10,080
Depreciation Expense	1,558	1,558	1,558	1,558	1,558	1,558	1,558	1,558	1,558	1,558	1,558	1,558	18,696
Amortization Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Payroll Tax Expense	4,202	4,202	4,202	4,202	4,202	4,202	4,202	4,202	4,202	4,202	4,202	4,202	50,424
General Office Liability	420	420	420	420	420	420	420	420	420	420	420	420	5,040
Product Liability Insurance	\$3,361	\$3,361	\$3,361	\$3,361	\$3,361	\$3,361	\$3,361	\$3,361	\$3,361	\$3,361	\$3,361	\$3,361	\$40,332
<b>Selling:</b>													
Marketing & Advertising Expense	\$5,882	\$5,882	\$5,882	\$5,882	\$5,882	\$5,882	\$5,882	\$5,882	\$5,882	\$5,882	\$5,882	\$5,882	\$70,584
Tradeshows	420	420	420	420	420	420	420	420	420	420	420	420	5,040
Social Media Campaign Expense	672	672	672	672	672	672	672	672	672	672	672	672	8,064
Informercial Financing Fee	420	420	420	420	420	420	420	420	420	420	420	420	5,040
<b>Total Selling &amp; Administrative Expenses</b>	<b>\$39,370</b>	<b>\$472,440</b>											
<b>Net Income/(Loss)</b>	<b>\$24,063</b>	<b>\$26,715</b>	<b>\$29,466</b>	<b>\$32,341</b>	<b>\$35,331</b>	<b>\$38,445</b>	<b>\$41,685</b>	<b>\$45,068</b>	<b>\$48,579</b>	<b>\$52,236</b>	<b>\$56,056</b>	<b>\$60,029</b>	<b>\$490,014</b>
<b>Metrics &amp; Drivers</b>													
EBITDA													
Income Tax Expense	-	-	-	-	-	-	-	-	-	-	-	-	\$655,714
<b>Net Income/(Loss)</b>	<b>\$24,063</b>	<b>\$26,715</b>	<b>\$29,466</b>	<b>\$32,341</b>	<b>\$35,331</b>	<b>\$38,445</b>	<b>\$41,685</b>	<b>\$45,068</b>	<b>\$48,579</b>	<b>\$52,236</b>	<b>\$56,056</b>	<b>\$60,029</b>	<b>\$147,004</b>

## ACTIVATE Income Statement

Revenue	Year 3					Year 4					Year 5
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Total
Activate (retail)	\$279,160	\$331,494	\$393,643	\$467,446	\$1,471,744	\$584,308	\$730,395	\$913,003	\$1,141,249	\$3,368,955	\$6,232,562
Activate (wholesale)	254,510	279,960	307,960	338,760	1,181,190	376,870	419,270	466,440	518,910	1,781,490	2,405,010
Total Revenue	\$533,670	\$611,454	\$701,603	\$806,206	\$2,652,934	\$961,178	\$1,149,665	\$1,379,443	\$1,660,159	\$5,150,445	\$8,637,572
<b>Cost of Goods Sold</b>											
Activate (retail)											
Cloth 3M Tape	\$28,631	\$33,998	\$40,373	\$47,942	\$150,944	\$61,126	\$76,408	\$95,512	\$119,389	\$352,435	\$674,970
NY Hemp Oil Blend	42,947	50,998	60,559	71,913	226,417	91,689	114,613	143,267	179,083	528,652	1,012,455
Labor	2,147	2,550	3,028	3,596	11,321	4,584	5,731	7,163	8,954	26,432	50,623
Activate (wholesale)											
Cloth 3M Tape	\$52,180	\$57,397	\$63,138	\$69,453	\$242,168	\$78,811	\$87,678	\$97,542	\$108,515	\$372,546	\$520,652
NY Hemp Oil Blend	78,269	86,096	94,707	104,179	363,251	118,217	131,517	146,313	162,772	558,819	780,978
Labor	3,913	4,305	4,735	5,209	18,162	5,911	6,576	7,316	8,139	27,942	39,049
Total COGS	\$208,087	\$235,344	\$266,540	\$302,292	\$1,012,263	\$360,338	\$422,523	\$497,113	\$586,852	\$1,866,826	\$3,078,727
Total Gross Margin	\$325,583	\$376,110	\$435,063	\$503,914	\$1,640,671	\$600,840	\$727,142	\$882,330	\$1,073,307	\$3,283,619	\$5,558,845
<b>Administrative:</b>											
Start up Expenses	-	-	-	-	-	-	-	-	-	-	-
Rent of Office Plus Utilities	\$14,094	\$14,094	\$14,094	\$14,094	\$56,376	\$15,503	\$15,503	\$15,503	\$15,503	\$62,012	\$73,205
Office Supplies	1,409	1,409	1,409	1,409	5,636	1,550	1,550	1,550	1,550	6,200	7,321
Executive Salaries	53,156	53,156	53,156	53,156	212,624	55,814	55,814	55,814	55,814	223,256	243,101
Website Design and Maintenance	532	532	532	532	2,128	558	558	558	558	2,232	2,431
Outsourcing Expense	2,658	2,658	2,658	2,658	10,632	2,791	2,791	2,791	2,791	11,164	12,155
Depreciation Expense	9,275	9,275	9,275	9,275	37,100	17,975	17,975	17,975	17,975	71,900	101,500
Amortization Expense	0	0	0	0	0	0	0	0	0	0	0
Payroll Tax Expense	13,289	13,289	13,289	13,289	53,156	13,954	13,954	13,954	13,954	55,816	60,775
General Office Liability	1,329	1,329	1,329	1,329	5,316	1,395	1,395	1,395	1,395	5,580	6,078
Product Liability Insurance	\$10,631	\$10,631	\$10,631	\$10,631	\$42,524	\$11,163	\$11,163	\$11,163	\$11,163	\$44,652	\$48,620
<b>Selling:</b>											
Marketing & Advertising Expense	\$18,605	\$18,605	\$18,605	\$18,605	\$74,420	\$19,535	\$19,535	\$19,535	\$19,535	\$78,140	\$85,085
Tradeshows	1,329	1,329	1,329	1,329	5,316	1,395	1,395	1,395	1,395	5,580	6,078
Social Media Campaign Expense	2,126	2,126	2,126	2,126	8,504	2,233	2,233	2,233	2,233	8,932	9,724
Infomercial Financing Fee	1,329	1,329	1,329	1,329	5,316	1,395	1,395	1,395	1,395	5,580	6,078
Total Selling & Administrative Expenses	\$129,762	\$129,762	\$129,762	\$129,762	\$519,048	\$145,261	\$145,261	\$145,261	\$145,261	\$581,044	\$662,151
Net Income/(Loss)	\$195,821	\$246,348	\$305,301	\$374,152	\$1,121,623	\$455,579	\$581,881	\$737,069	\$928,046	\$2,702,575	\$4,896,694
<b>Metrics &amp; Drivers</b>											
EBITDA					\$1,495,210					\$3,585,247	\$6,467,202
Income Tax Expense					\$336,487					\$810,772	\$1,469,008

## Balance Sheet

ACTIVATE												
Balance Sheet												
Year 1												
	January	February	March	April	May	June	July	August	September	October	November	December
<b>Assets:</b>												
<b>Current Assets</b>												
Cash	\$338,998	\$301,496	\$263,994	\$226,492	\$188,990	\$151,488	\$115,372	\$83,270	\$57,187	\$40,329	\$33,847	\$153,631
Accounts Receivable	-	-	-	-	-	-	1,750	4,500	7,499	11,248	16,247	24,994
Inventory	-	-	-	-	-	-	2,318	6,373	10,622	14,484	20,278	28,969
<b>Total Current Assets</b>	<b>\$338,998</b>	<b>\$301,496</b>	<b>\$263,994</b>	<b>\$226,492</b>	<b>\$188,990</b>	<b>\$151,488</b>	<b>\$119,440</b>	<b>\$94,143</b>	<b>\$75,308</b>	<b>\$66,061</b>	<b>\$70,372</b>	<b>\$207,594</b>
<b>Non-Current Assets</b>												
Property, Plant, & Equipment	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000	\$123,000
Accumulated Depreciation	1,025	2,050	3,075	4,100	5,125	6,150	7,175	8,200	9,225	10,250	11,275	12,300
Net PP&E	\$121,975	\$120,950	\$119,925	\$118,900	\$117,875	\$116,850	\$115,825	\$114,800	\$113,775	\$112,750	\$111,725	\$110,700
Intangible Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Amortization	0	0	0	0	0	0	0	0	0	0	0	0
Net Intangible Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Non-Current Assets</b>	<b>\$121,975</b>	<b>\$120,950</b>	<b>\$119,925</b>	<b>\$118,900</b>	<b>\$117,875</b>	<b>\$116,850</b>	<b>\$115,825</b>	<b>\$114,800</b>	<b>\$113,775</b>	<b>\$112,750</b>	<b>\$111,725</b>	<b>\$110,700</b>
<b>Total Assets</b>	<b>\$460,973</b>	<b>\$422,446</b>	<b>\$383,919</b>	<b>\$345,392</b>	<b>\$306,865</b>	<b>\$268,338</b>	<b>\$235,265</b>	<b>\$208,943</b>	<b>\$189,083</b>	<b>\$178,811</b>	<b>\$182,097</b>	<b>\$318,294</b>
<b>Liabilities:</b>												
<b>Current Liabilities</b>												
Accounts Payable	-	-	-	-	-	-	\$1,545	\$4,249	\$7,081	\$9,656	\$13,519	\$19,313
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$1,545</b>	<b>\$4,249</b>	<b>\$7,081</b>	<b>\$9,656</b>	<b>\$13,519</b>	<b>\$19,313</b>
<b>Non-Current Liabilities</b>												
Other Long Term Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$1,545</b>	<b>\$4,249</b>	<b>\$7,081</b>	<b>\$9,656</b>	<b>\$13,519</b>	<b>\$19,313</b>
<b>Owners' Equity:</b>												
Founders' Investment	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Angel Investor's Investment	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Retained Earnings	(89,027)	(127,554)	(166,081)	(204,608)	(243,135)	(281,662)	(316,280)	(345,306)	(367,998)	(380,845)	(381,422)	(251,019)
<b>Total Owners' Equity</b>	<b>\$460,973</b>	<b>\$422,446</b>	<b>\$383,919</b>	<b>\$345,392</b>	<b>\$306,865</b>	<b>\$268,338</b>	<b>\$233,720</b>	<b>\$204,694</b>	<b>\$182,002</b>	<b>\$169,155</b>	<b>\$168,578</b>	<b>\$298,981</b>
<b>Total Liabilities &amp; Owners' Equity</b>	<b>\$460,973</b>	<b>\$422,446</b>	<b>\$383,919</b>	<b>\$345,392</b>	<b>\$306,865</b>	<b>\$268,338</b>	<b>\$235,265</b>	<b>\$208,943</b>	<b>\$189,083</b>	<b>\$178,811</b>	<b>\$182,097</b>	<b>\$318,294</b>
check	-	-	-	-	-	-	-	-	-	-	-	-
<b>Metrics &amp; Drivers</b>												
Net Earnings	(89,027)	(38,527)	(38,527)	(38,527)	(38,527)	(38,527)	(34,618)	(29,026)	(22,692)	(12,847)	(577)	22,823
Cash Ratio							74.7	19.6	8.1	4.2	2.5	8.0
Return on Equity							-675%	-705%	-802%	-1317%	-29216%	1310%

**ACTIVATE**  
**Balance Sheet**

	Year 2											
	January	February	March	April	May	June	July	August	September	October	November	December
<b>Assets:</b>												
<b>Current Assets</b>												
Cash	\$114,108	\$140,884	\$170,357	\$202,634	\$237,837	\$276,084	\$317,497	\$362,216	\$410,371	\$462,100	\$517,560	\$429,902
Accounts Receivable	25,826	26,906	28,025	29,195	30,412	31,680	32,999	34,376	35,806	37,296	38,850	40,467
Inventory	29,903	31,154	32,450	33,803	35,211	36,677	38,207	39,800	41,456	43,182	44,981	46,853
<b>Total Current Assets</b>	<b>\$169,837</b>	<b>\$198,944</b>	<b>\$230,832</b>	<b>\$265,632</b>	<b>\$303,460</b>	<b>\$344,441</b>	<b>\$388,703</b>	<b>\$436,392</b>	<b>\$487,633</b>	<b>\$542,578</b>	<b>\$601,391</b>	<b>\$517,222</b>
<b>Non-Current Assets</b>												
Property, Plant, & Equipment	\$187,000	\$187,000	\$187,000	\$187,000	\$187,000	\$187,000	\$187,000	\$187,000	\$187,000	\$187,000	\$187,000	\$187,000
Accumulated Depreciation	13,858	15,416	16,974	18,532	20,090	21,648	23,206	24,764	26,322	27,880	29,438	30,996
Net PP&E	\$173,142	\$171,584	\$170,026	\$168,468	\$166,910	\$165,352	\$163,794	\$162,236	\$160,678	\$159,120	\$157,562	\$156,004
Intangible Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Amortization	0	0	0	0	0	0	0	0	0	0	0	0
Net Intangible Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Non-Current Assets</b>	<b>\$173,142</b>	<b>\$171,584</b>	<b>\$170,026</b>	<b>\$168,468</b>	<b>\$166,910</b>	<b>\$165,352</b>	<b>\$163,794</b>	<b>\$162,236</b>	<b>\$160,678</b>	<b>\$159,120</b>	<b>\$157,562</b>	<b>\$156,004</b>
<b>Total Assets</b>	<b>\$342,979</b>	<b>\$370,528</b>	<b>\$400,858</b>	<b>\$434,100</b>	<b>\$470,370</b>	<b>\$509,793</b>	<b>\$552,497</b>	<b>\$598,628</b>	<b>\$648,311</b>	<b>\$701,698</b>	<b>\$758,953</b>	<b>\$673,226</b>
<b>Liabilities:</b>												
<b>Current Liabilities</b>												
Accounts Payable	\$19,936	\$20,769	\$21,633	\$22,535	\$23,474	\$24,452	\$25,471	\$26,534	\$27,638	\$28,788	\$29,988	\$31,235
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>\$19,936</b>	<b>\$20,769</b>	<b>\$21,633</b>	<b>\$22,535</b>	<b>\$23,474</b>	<b>\$24,452</b>	<b>\$25,471</b>	<b>\$26,534</b>	<b>\$27,638</b>	<b>\$28,788</b>	<b>\$29,988</b>	<b>\$31,235</b>
<b>Non-Current Liabilities</b>												
Other Long Term Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>\$19,936</b>	<b>\$20,769</b>	<b>\$21,633</b>	<b>\$22,535</b>	<b>\$23,474</b>	<b>\$24,452</b>	<b>\$25,471</b>	<b>\$26,534</b>	<b>\$27,638</b>	<b>\$28,788</b>	<b>\$29,988</b>	<b>\$31,235</b>
<b>Owners' Equity:</b>												
Founders' Investment	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Angel Investor's Investment	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Retained Earnings	(226,956)	(200,241)	(170,775)	(138,435)	(103,104)	(64,658)	(22,974)	22,095	70,673	122,910	178,966	91,991
<b>Total Owners' Equity</b>	<b>\$323,044</b>	<b>\$349,759</b>	<b>\$379,225</b>	<b>\$411,565</b>	<b>\$446,896</b>	<b>\$485,342</b>	<b>\$527,026</b>	<b>\$572,095</b>	<b>\$620,673</b>	<b>\$672,910</b>	<b>\$728,966</b>	<b>\$641,991</b>
<b>Total Liabilities &amp; Owners' Equity</b>	<b>\$342,979</b>	<b>\$370,528</b>	<b>\$400,858</b>	<b>\$434,100</b>	<b>\$470,370</b>	<b>\$509,793</b>	<b>\$552,497</b>	<b>\$598,628</b>	<b>\$648,311</b>	<b>\$701,698</b>	<b>\$758,953</b>	<b>\$673,226</b>
check	-	-	-	-	-	-	-	-	-	-	-	-
<b>Metrics &amp; Drivers</b>												
Net Earnings	24,063	26,715	29,466	32,341	35,331	38,445	41,685	45,068	48,579	52,236	56,056	60,029
Cash Ratio	5.7	6.8	7.9	9.0	10.1	11.3	12.5	13.7	14.8	16.1	17.3	13.8
Return on Equity	1342%	1309%	1287%	1273%	1265%	1262%	1264%	1269%	1278%	1288%	1300%	1069%

## ACTIVATE Balance Sheet

	Year 3				Year 4				Year 5
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
<b>Assets:</b>									
<b>Current Assets</b>									
Cash	\$445,269	\$692,139	\$996,603	\$1,031,848	\$1,139,649	\$1,718,617	\$2,448,296	\$2,552,674	\$5,729,022
Accounts Receivable	44,473	50,955	58,467	67,184	80,098	95,805	114,954	138,347	179,949
Inventory	52,022	58,836	66,635	75,573	90,085	105,631	124,278	146,713	192,420
<b>Total Current Assets</b>	<b>\$541,764</b>	<b>\$801,930</b>	<b>\$1,121,705</b>	<b>\$1,174,605</b>	<b>\$1,309,832</b>	<b>\$1,920,053</b>	<b>\$2,687,528</b>	<b>\$2,837,734</b>	<b>\$6,101,391</b>
<b>Non-Current Assets</b>									
Property, Plant, & Equipment	\$371,000	\$371,000	\$371,000	\$371,000	\$719,000	\$719,000	\$719,000	\$719,000	\$1,015,000
Accumulated Depreciation	40,271	49,546	58,821	68,096	86,071	104,046	122,021	139,996	241,496
Net PP&E	\$330,729	\$321,454	\$312,179	\$302,904	\$632,929	\$614,954	\$596,979	\$579,004	\$773,504
Intangible Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Amortization	0	0	0	0	0	0	0	0	0
Net Intangible Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Non-Current Assets</b>	<b>\$330,729</b>	<b>\$321,454</b>	<b>\$312,179</b>	<b>\$302,904</b>	<b>\$632,929</b>	<b>\$614,954</b>	<b>\$596,979</b>	<b>\$579,004</b>	<b>\$773,504</b>
<b>Total Assets</b>	<b>\$872,493</b>	<b>\$1,123,384</b>	<b>\$1,433,884</b>	<b>\$1,477,509</b>	<b>\$1,942,761</b>	<b>\$2,535,007</b>	<b>\$3,284,507</b>	<b>\$3,416,738</b>	<b>\$6,874,895</b>
<b>Liabilities:</b>									
<b>Current Liabilities</b>									
Accounts Payable	\$34,681	\$39,224	\$44,423	\$50,382	\$60,056	\$70,421	\$82,852	\$97,809	\$128,280
Other Current Liabilities	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>\$34,681</b>	<b>\$39,224</b>	<b>\$44,423</b>	<b>\$50,382</b>	<b>\$60,056</b>	<b>\$70,421</b>	<b>\$82,852</b>	<b>\$97,809</b>	<b>\$128,280</b>
<b>Non-Current Liabilities</b>									
Other Long Term Liabilities	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>\$34,681</b>	<b>\$39,224</b>	<b>\$44,423</b>	<b>\$50,382</b>	<b>\$60,056</b>	<b>\$70,421</b>	<b>\$82,852</b>	<b>\$97,809</b>	<b>\$128,280</b>
<b>Owners' Equity:</b>									
Founders' Investment	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Angel Investor's Investment	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Retained Earnings	287,812	534,160	839,461	877,127	1,332,705	1,914,586	2,651,655	2,768,929	6,196,615
<b>Total Owners' Equity</b>	<b>\$837,812</b>	<b>\$1,084,160</b>	<b>\$1,389,461</b>	<b>\$1,427,127</b>	<b>\$1,882,705</b>	<b>\$2,464,586</b>	<b>\$3,201,655</b>	<b>\$3,318,929</b>	<b>\$6,746,615</b>
<b>Total Liabilities &amp; Owners' Equity</b>	<b>\$872,493</b>	<b>\$1,123,384</b>	<b>\$1,433,884</b>	<b>\$1,477,509</b>	<b>\$1,942,761</b>	<b>\$2,535,007</b>	<b>\$3,284,507</b>	<b>\$3,416,738</b>	<b>\$6,874,895</b>
check	-	-	-	-	-	-	-	-	-
<b>Metrics &amp; Drivers</b>									
Net Earnings	195,821	246,348	305,301	374,152	455,579	581,881	737,069	928,046	4,896,694
Cash Ratio	12.8	17.6	22.4	20.5	19.0	24.4	29.6	26.1	44.7
Return on Equity	428%	440%	455%	381%	413%	424%	434%	358%	138%

## Statement of Cash Flow

### ACTIVATE Cash Flow Statement

	Year 1												Total
	January	February	March	April	May	June	July	August	September	October	November	December	
<b>Operating Activities</b>													
Net Income	(\$89,027)	(\$38,527)	(\$38,527)	(\$38,527)	(\$38,527)	(\$38,527)	(\$34,618)	(\$29,026)	(\$22,692)	(\$12,847)	(\$577)	\$22,823	(\$358,599)
Depreciation Expense	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	12,300
Amortization Expense	-	-	-	-	-	-	(1,750)	(2,750)	(2,999)	(3,749)	(4,999)	(6,747)	(24,994)
(Inc/Dec) in A/R	-	-	-	-	-	-	(2,318)	(4,055)	(4,249)	(3,862)	(5,794)	(8,691)	(28,969)
(Inc/Dec) in Inventory	-	-	-	-	-	-	1,545	2,704	2,833	2,575	3,863	5,794	19,313
(Inc/Dec) in A/P	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash From Operating Activities	(\$88,002)	(\$37,502)	(\$37,502)	(\$37,502)	(\$37,502)	(\$37,502)	(\$36,116)	(\$32,102)	(\$26,083)	(\$16,858)	(\$6,483)	\$12,204	(\$380,950)
<b>Investing Activities</b>													
Cash Paid for Fixed Assets	(\$123,000)	-	-	-	-	-	-	-	-	-	-	-	(\$123,000)
Cash Paid for Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash From Investing Activities	(\$123,000)	-	-	-	-	-	-	-	-	-	-	-	(\$123,000)
<b>Financing Activities</b>													
Cash from Founders	\$100,000	-	-	-	-	-	-	-	-	-	-	-	100,000
Cash from Angel Investor	450,000	-	-	-	-	-	-	-	-	-	-	-	450,000
Dividends to Shareholders	-	-	-	-	-	-	-	-	-	-	-	(107,580)	(107,580)
Cash From Financing Activities	550,000	-	-	-	-	-	-	-	-	-	-	107,580	657,580
Net Change in Cash	\$338,998	(\$37,502)	(\$37,502)	(\$37,502)	(\$37,502)	(\$37,502)	(\$36,116)	(\$32,102)	(\$26,083)	(\$16,858)	(\$6,483)	\$119,784	\$153,631
Beginning Cash Balance	-	\$338,998	\$301,496	\$263,994	\$226,492	\$188,990	\$151,488	\$115,372	\$83,270	\$57,187	\$40,329	\$33,847	-
Ending Cash Balance	\$338,998	\$301,496	\$263,994	\$226,492	\$188,990	\$151,488	\$115,372	\$83,270	\$57,187	\$40,329	\$33,847	\$153,631	\$153,631
Minimum Cash Reserve	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
check	NO	NO	NO	NO	NO	NO	NO	YES	YES	YES	YES	NO	NO
<b>Metrics &amp; Drivers</b>													
D+A													12,300
Change in Working Capital													(34,651)

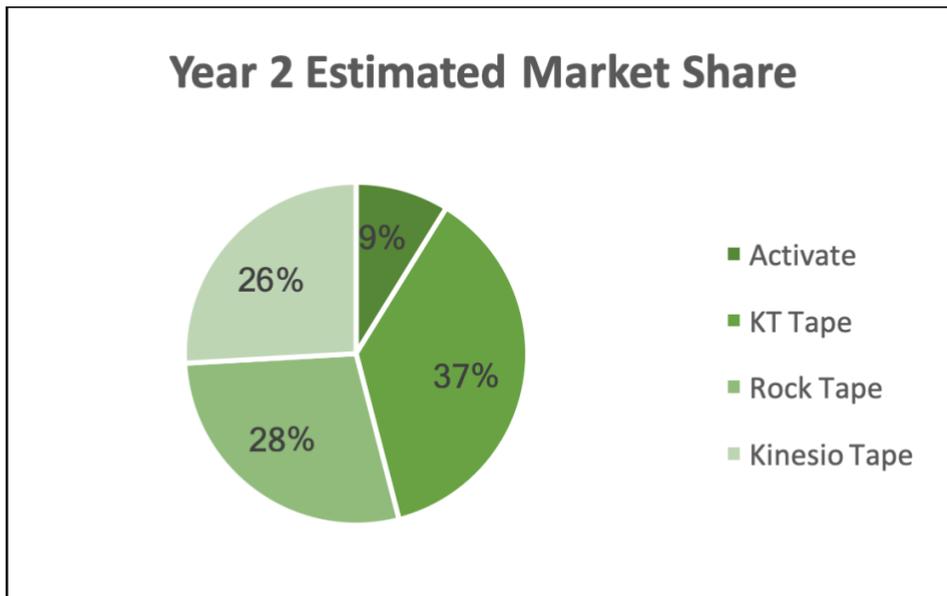
### ACTIVATE Cash Flow Statement

	Year 2												Total
	January	February	March	April	May	June	July	August	September	October	November	December	
<b>Operating Activities</b>													
Net Income	\$24,063	\$26,715	\$29,466	\$32,341	\$35,331	\$38,445	\$41,685	\$45,068	\$48,579	\$52,236	\$56,056	\$60,029	\$490,014
Depreciation Expense	1,558	1,558	1,558	1,558	1,558	1,558	1,558	1,558	1,558	1,558	1,558	1,558	18,696
Amortization Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
(Inc/Dec) in A/R	(832)	(1,080)	(1,119)	(1,170)	(1,217)	(1,268)	(1,319)	(1,377)	(1,430)	(1,490)	(1,554)	(1,617)	(15,473)
(Inc/Dec) in Inventory	(934)	(1,251)	(1,296)	(1,353)	(1,408)	(1,466)	(1,530)	(1,593)	(1,656)	(1,726)	(1,799)	(1,872)	(17,884)
(Inc/Dec) in A/P	623	834	864	902	939	978	1,020	1,063	1,104	1,151	1,200	1,248	11,923
Cash From Operating Activities	\$24,478	\$26,775	\$29,473	\$32,278	\$35,203	\$38,247	\$41,413	\$44,719	\$48,155	\$51,729	\$55,460	\$59,346	\$467,275
<b>Investing Activities</b>													
Cash Paid for Fixed Assets	(\$64,000)	-	-	-	-	-	-	-	-	-	-	-	(\$64,000)
Cash Paid for Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash From Investing Activities	(\$64,000)	-	-	-	-	-	-	-	-	-	-	-	(\$64,000)
<b>Financing Activities</b>													
Cash from Founders	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash from Angel Investor	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to Shareholders	-	-	-	-	-	-	-	-	-	-	-	-	147,004
Cash From Financing Activities	-	-	-	-	-	-	-	-	-	-	-	-	(\$147,004)
Net Change in Cash	(\$39,522)	\$26,775	\$29,473	\$32,278	\$35,203	\$38,247	\$41,413	\$44,719	\$48,155	\$51,729	\$55,460	(\$87,658)	\$276,271
Beginning Cash Balance	\$153,631	\$114,108	\$140,884	\$170,357	\$202,634	\$237,837	\$276,084	\$317,497	\$362,216	\$410,371	\$462,100	\$517,560	\$153,631
Ending Cash Balance	\$114,108	\$140,884	\$170,357	\$202,634	\$237,837	\$276,084	\$317,497	\$362,216	\$410,371	\$462,100	\$517,560	\$429,902	\$429,902
Minimum Cash Reserve	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
check	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
<b>Metrics &amp; Drivers</b>													
D+A													18,696
Change in Working Capital													(21,435)

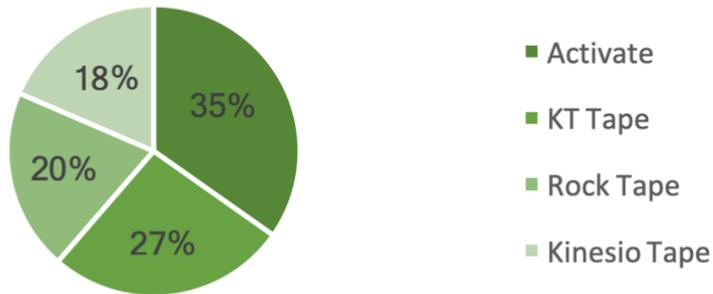
## ACTIVATE Cash Flow Statement

	Year 3					Year 4					Year 5
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Total
<b>Operating Activities</b>											
Net Income	\$195,821	\$246,348	\$305,301	\$374,152	\$1,121,623	\$455,579	\$581,881	\$737,069	\$928,046	\$2,702,575	\$4,896,694
Depreciation Expense	9,275	9,275	9,275	9,275	37,100	17,975	17,975	17,975	17,975	71,900	101,500
Amortization Expense											
(Inc/Dec) in A/R	(4,006)	(6,482)	(7,512)	(8,717)	(26,717)	(12,914)	(15,707)	(19,149)	(23,393)	(71,163)	(41,602)
(Inc/Dec) in Inventory	(5,169)	(6,814)	(7,799)	(8,938)	(28,720)	(14,512)	(15,546)	(18,647)	(22,435)	(71,140)	(45,707)
(Inc/Dec) in A/P	3,446	4,543	5,199	5,959	19,147	9,674	10,365	12,431	14,957	47,427	30,471
Cash From Operating Activities	\$199,367	\$246,870	\$304,464	\$371,731	\$1,122,433	\$455,802	\$578,968	\$729,679	\$915,150	\$2,679,599	\$4,941,356
<b>Investing Activities</b>											
Cash Paid for Fixed Assets	(\$184,000)	-	-	-	(\$184,000)	(\$348,000)	-	-	-	(\$348,000)	(\$296,000)
Cash Paid for Intangible Assets	-	-	-	-	-	-	-	-	-	-	-
Cash From Investing Activities	(\$184,000)	-	-	-	(\$184,000)	(\$348,000)	-	-	-	(\$348,000)	(\$296,000)
<b>Financing Activities</b>											
Cash from Founders	-	-	-	-	-	-	-	-	-	-	-
Cash from Angel Investor	-	-	-	-	-	-	-	-	-	-	-
Dividends to Shareholders	-	-	-	336,487	336,487	-	-	-	810,772	810,772	1,469,008
Cash From Financing Activities	-	-	-	(\$336,487)	(\$336,487)	-	-	-	(\$810,772)	(\$810,772)	(\$1,469,008)
Net Change in Cash	\$15,367	\$246,870	\$304,464	\$35,244	\$601,946	\$107,802	\$578,968	\$729,679	\$104,378	\$1,520,827	\$3,176,348
Beginning Cash Balance	\$429,902	\$445,269	\$692,139	\$996,603	\$429,902	\$1,031,848	\$1,139,649	\$1,718,617	\$2,448,296	\$1,031,848	\$2,552,674
Ending Cash Balance	\$445,269	\$692,139	\$996,603	\$1,031,848	\$1,031,848	\$1,139,649	\$1,718,617	\$2,448,296	\$2,552,674	\$2,552,674	\$5,729,022
Minimum Cash Reserve	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
check	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
<b>Metrics &amp; Drivers</b>											
D+A					37,100					71,900	101,500
Change in Working Capital					(36,290)					(94,876)	(56,838)

### G. Estimated Market Shares for Year 2 and Year 5:



### Year 5 Estimated Market Share

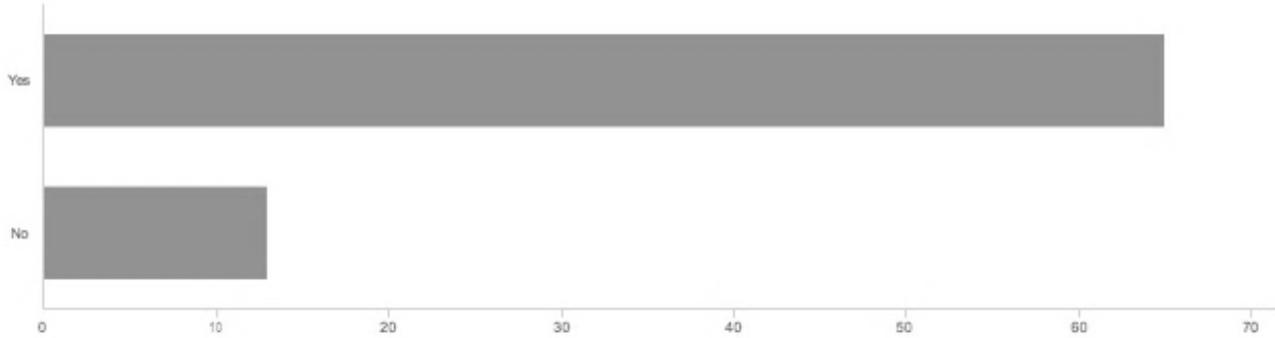


### H. Focus Group Attendees

Attendee Name and Year in School	Sport
Gabby, Junior	D1 Softball
Reba, Freshman	D1 Softball
Jude, Freshman	D1 Softball
Katie, Freshman	D1 Softball
Jamie, Senior	D1 Softball
Toni, Sophomore	D1 Softball
Lila, Senior	D1 Lacrosse
Ellie, Senior	Club Field Hockey
Zach, Senior	Club Lacrosse
Oliver, Senior	Club Lacrosse
Isabella, Senior	Club Field Hockey

**I. Survey Results – Younger Demographic (89 respondents)**

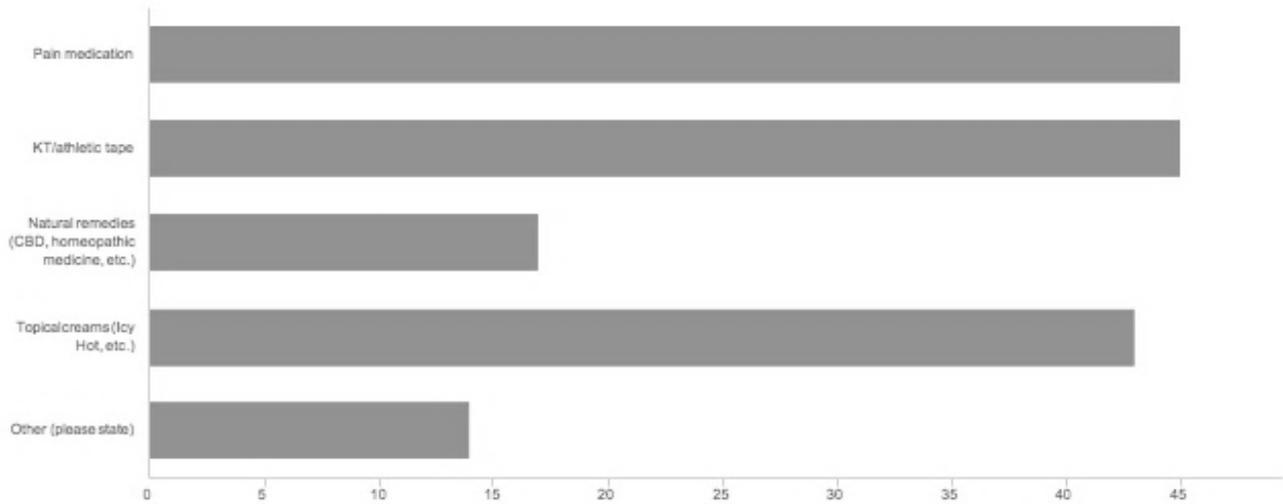
Q5 - Have you ever experienced a sports or fitness-related injury?



#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	Have you ever experienced a sports or fitness-related injury?	1.00	2.00	1.17	0.37	0.14	78

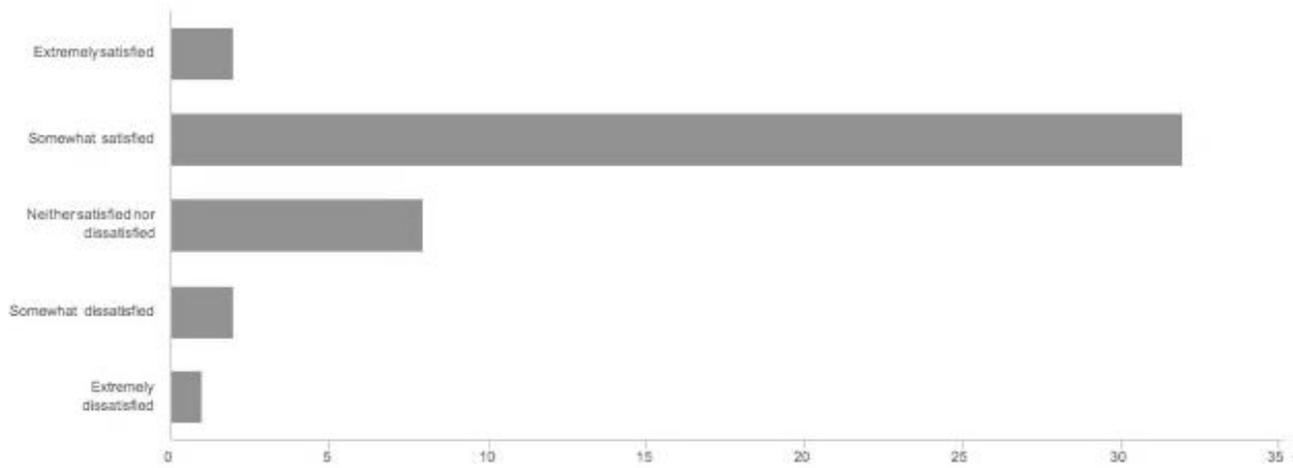
#	Field	Choice Count
1	Yes	83.33% 65
2	No	16.67% 13
		78

Q6 - Which of the following methods have you used to combat athletic/fitness-related injury or pain? Select all that apply.



#	Field	Choice Count
1	Pain medication	27.44% 45
2	KT/athletic tape	27.44% 45
3	Natural remedies (CBD, homeopathic medicine, etc.)	10.37% 17
4	Topical creams (Icy Hot, etc.)	26.22% 43
5	Other (please state)	8.54% 14
		164

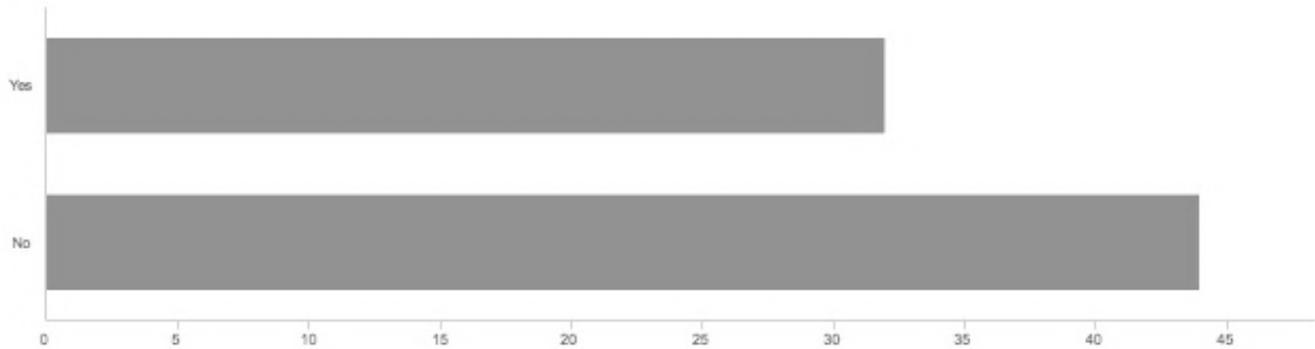
## Q7 - How satisfied with KT/athletic tape were you?



#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	How satisfied with KT/athletic tape were you?	1.00	5.00	2.29	0.72	0.52	45

#	Field	Choice Count
1	Extremely satisfied	4.44% 2
2	Somewhat satisfied	71.11% 32
3	Neither satisfied nor dissatisfied	17.78% 8
4	Somewhat dissatisfied	4.44% 2
5	Extremely dissatisfied	2.22% 1

Q8 - Have you ever used CBD or a CBD-infused product?

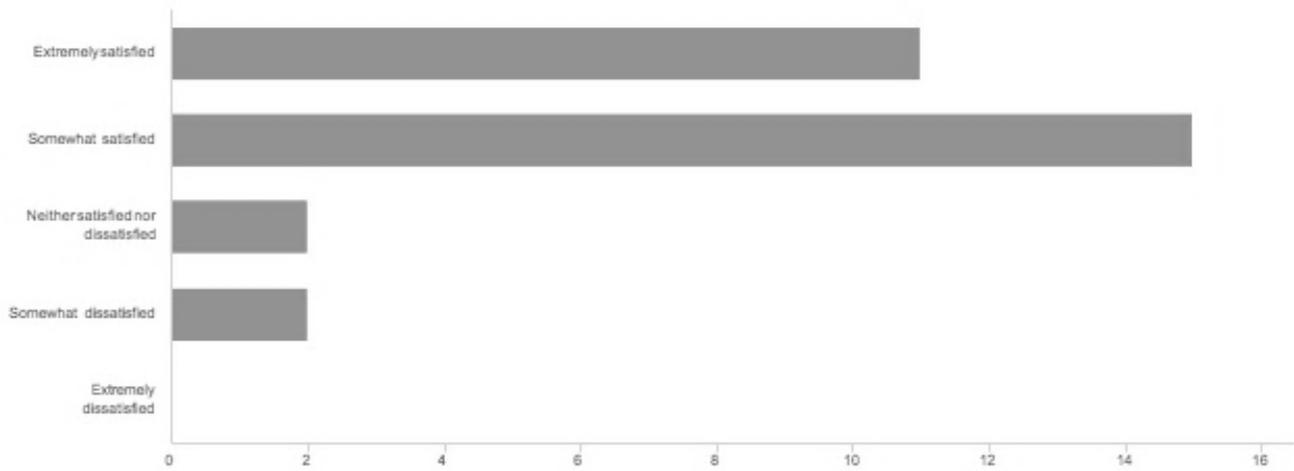


#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	Have you ever used CBD or a CBD-infused product?	1.00	2.00	1.58	0.49	0.24	76

#	Field	Choice Count
1	Yes	42.11% 32
2	No	57.89% 44

76

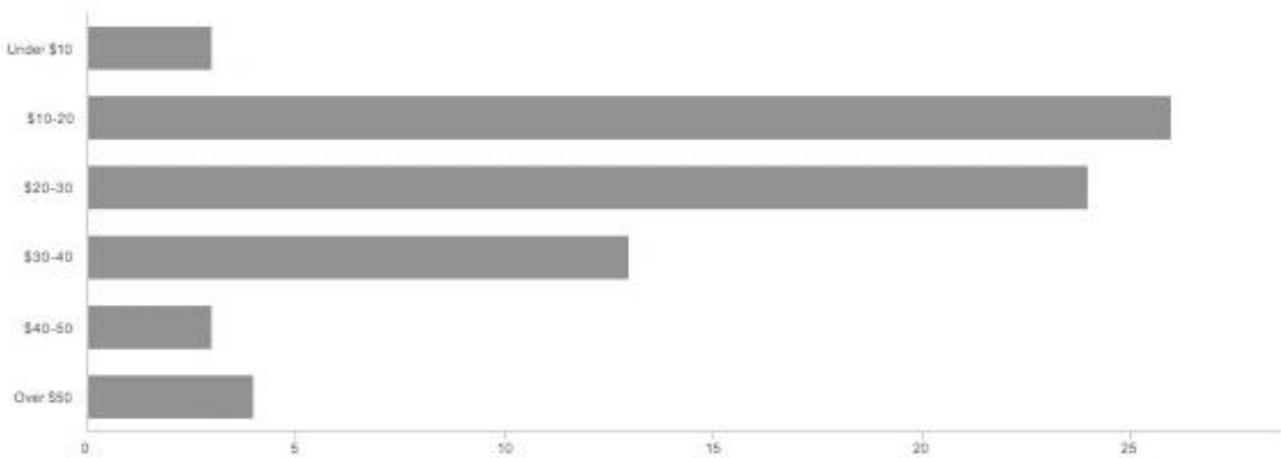
## Q9 - How satisfied were you with CBD/the CBD-infused product that you tried?



#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	How satisfied were you with CBD/the CBD-infused product that you tried?	1.00	4.00	1.83	0.82	0.67	30

#	Field	Choice Count
1	Extremely satisfied	36.67% 11
2	Somewhat satisfied	50.00% 15
3	Neither satisfied nor dissatisfied	6.67% 2
4	Somewhat dissatisfied	6.67% 2
5	Extremely dissatisfied	0.00% 0

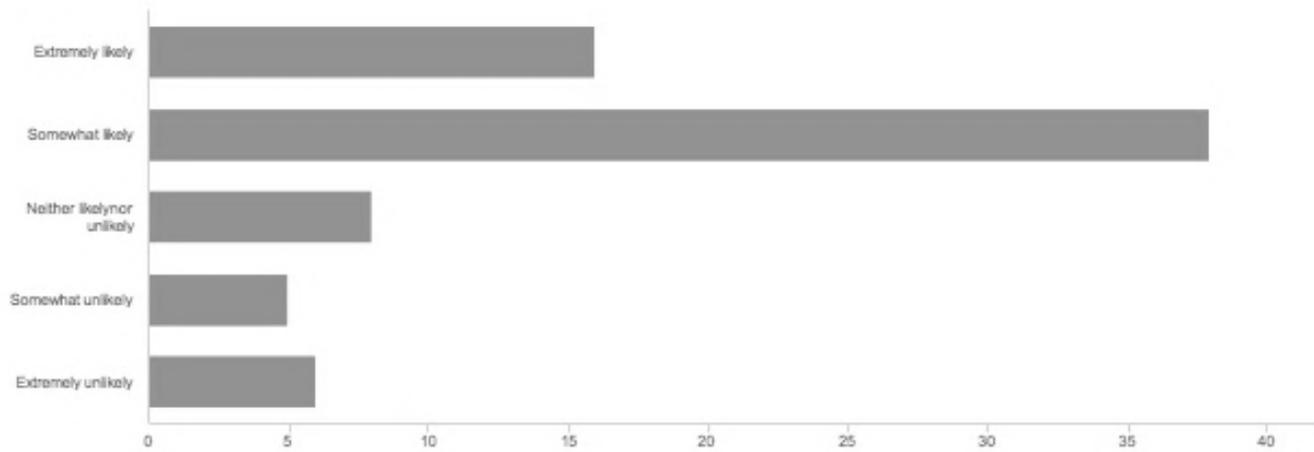
Q10 - What would you be willing to pay for a product that provides pain relief to sports-related injuries and pain?



#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	What would you be willing to pay for a product that provides pain relief to sports-related injuries and pain?	1.00	6.00	2.99	1.16	1.36	73

#	Field	Choice Count
1	Under \$10	4.11% 3
2	\$10-20	35.62% 26
3	\$20-30	32.68% 24
4	\$30-40	17.81% 13
5	\$40-50	4.11% 3
6	Over \$50	5.48% 4
		73

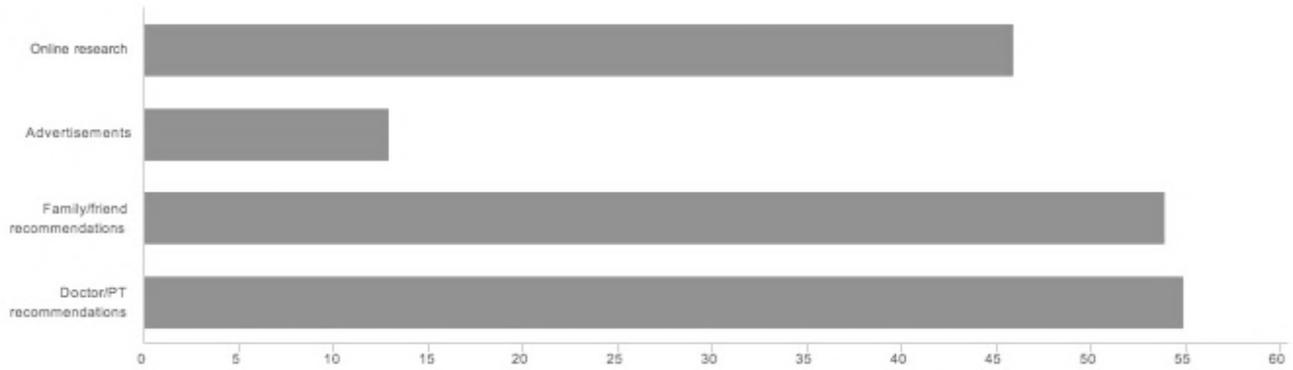
Q11 - How likely would you be to buy a CBD-infused athletic tape?



#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	How likely would you be to buy a CBD-infused athletic tape?	1.00	5.00	2.27	1.13	1.27	73

#	Field	Choice Count
1	Extremely likely	21.92% 16
2	Somewhat likely	52.05% 38
3	Neither likely nor unlikely	10.96% 8
4	Somewhat unlikely	6.85% 5
5	Extremely unlikely	8.22% 6
		73

Q13 - Where do you discover new methods of pain/injury management? Select all that apply.

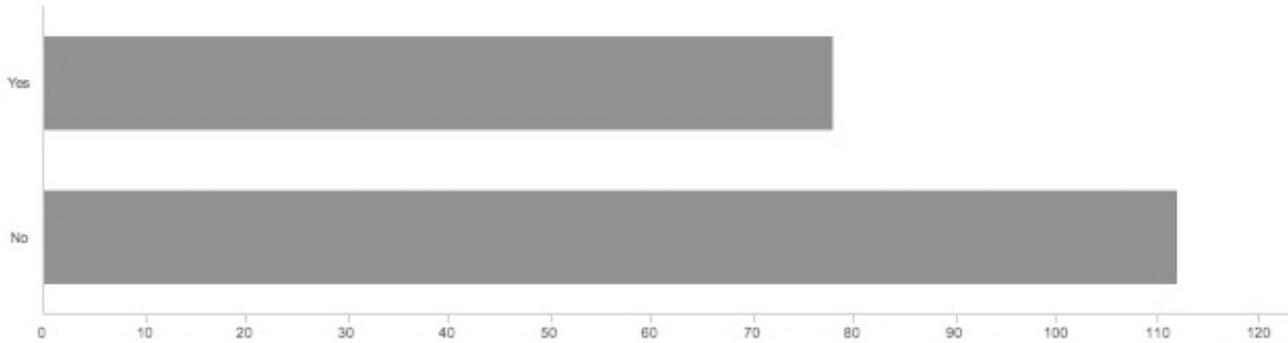


#	Field	Choice Count
1	Online research	27.38% 46
2	Advertisements	7.74% 13
3	Family/friend recommendations	32.14% 54
4	Doctor/PT recommendations	32.74% 55
		168

Showing rows 1 - 5 of 5

**J. Survey Results – Older Demographic (227 respondents)**

Q4 - Do you experience chronic pain or pain that affects your day-to-day life?



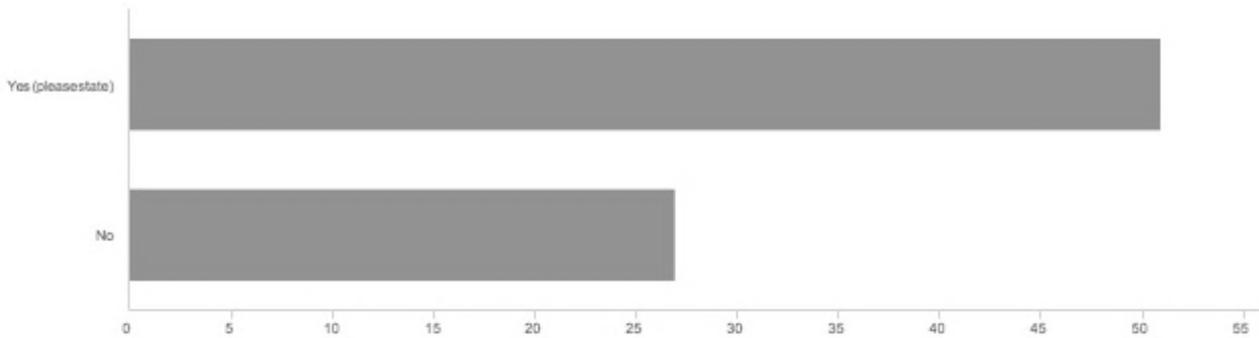
#	Field	Minimum	Maximum	Mean	Sto Deviation	Variance	Count
1	Do you experience chronic pain or pain that affects your day-to-day life?	1.00	2.00	1.59	0.49	0.24	190

#	Field	Choice Count
1	Yes	41.05% 78
2	No	58.95% 112

190

Showing rows 1 - 3 of 3

Q5 - Do you suffer from a chronic pain disease such as arthritis, carpal tunnel syndrome, etc.?



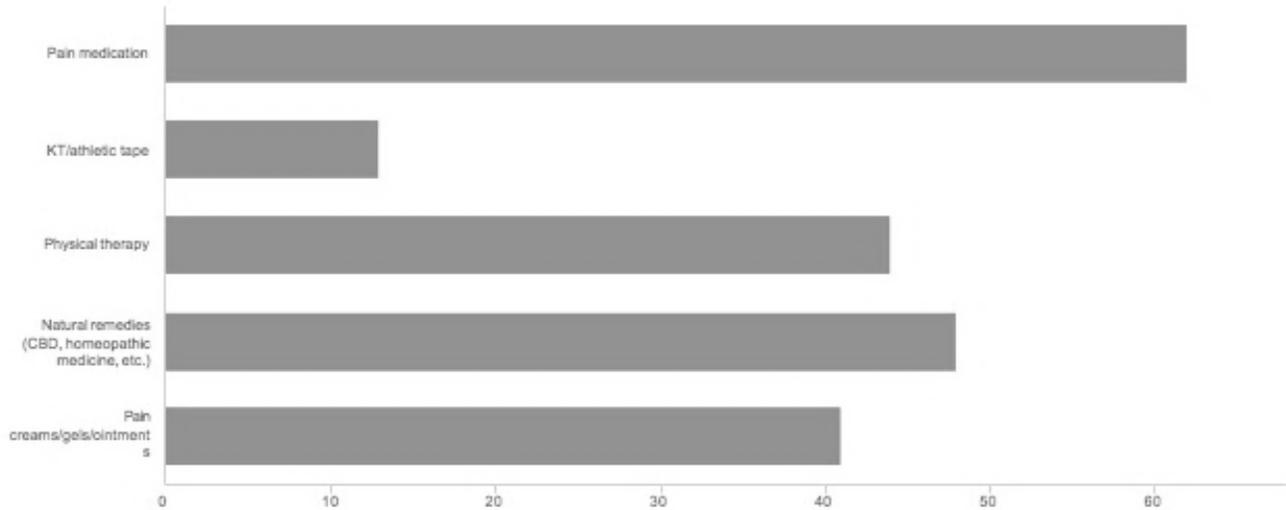
#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	Do you suffer from a chronic pain disease such as arthritis, carpal tunnel syndrome, etc.? - Selected Choice	1.00	2.00	1.35	0.48	0.23	78

#	Field	Choice Count
1	Yes (please state)	65.38% 51
2	No	34.62% 27

78

Showing rows 1 - 3 of 3

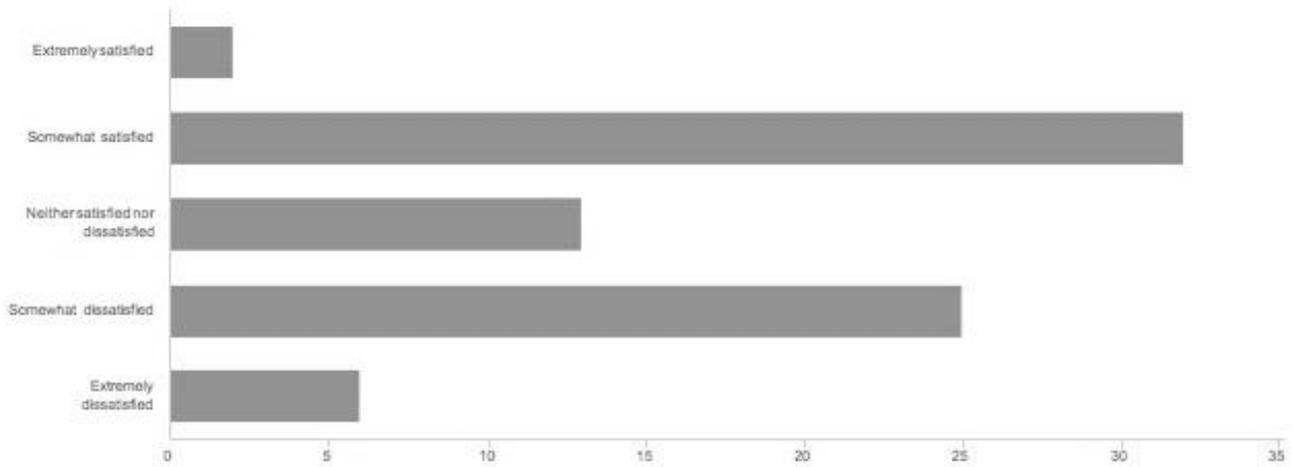
Q6 - What methods have you tried to combat pain? Select all that apply.



#	Field	Choice Count
1	Pain medication	29.81% 62
2	KT/athletic tape	6.25% 13
3	Physical therapy	21.15% 44
4	Natural remedies (CBD, homeopathic medicine, etc.)	23.08% 48
5	Pain creams/gels/ointments	19.71% 41
		208

Showing rows 1 - 6 of 6

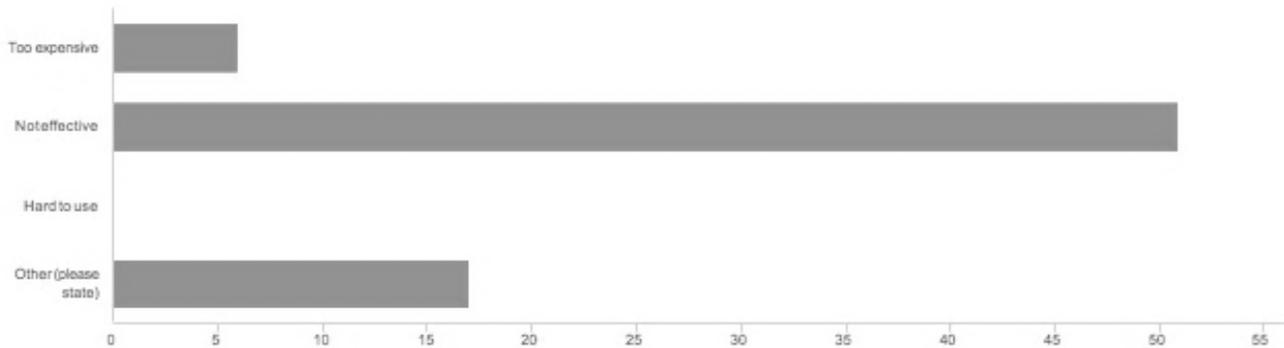
## Q7 - How satisfied are you with your current method of pain management?



#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	How satisfied are you with your current method of pain management?	1.00	5.00	3.01	1.07	1.14	78

#	Field	Choice Count
1	Extremely satisfied	2.56% 2
2	Somewhat satisfied	41.03% 32
3	Neither satisfied nor dissatisfied	16.67% 13
4	Somewhat dissatisfied	32.05% 25
5	Extremely dissatisfied	7.69% 6
		78

## Q8 - What is your biggest problem/concern with your current pain management method?

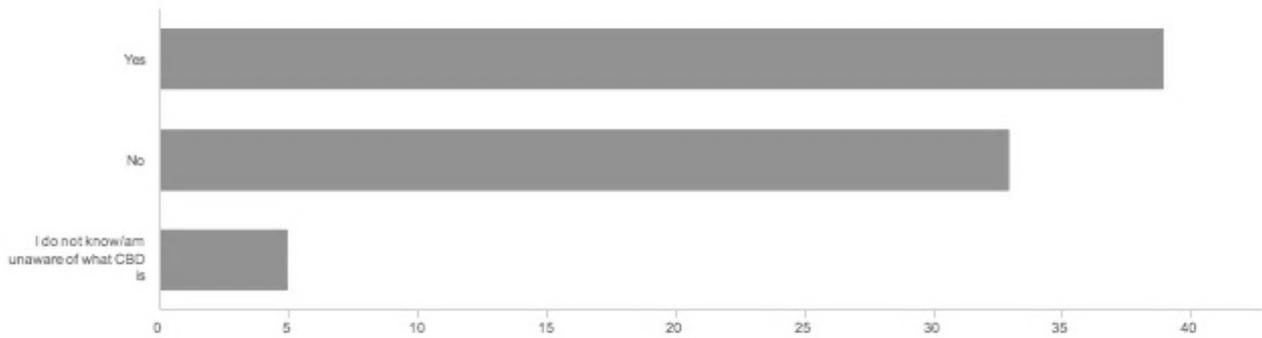


#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	What is your biggest problem/concern with your current pain management method? - Selected Choice	1.00	4.00	2.38	0.93	0.86	74

#	Field	Choice Count
1	Too expensive	8.11% 6
2	Not effective	68.92% 51
3	Hard to use	0.00% 0
4	Other (please state)	22.97% 17

74

## Q9 - Have you ever used CBD or a CBD-infused product?

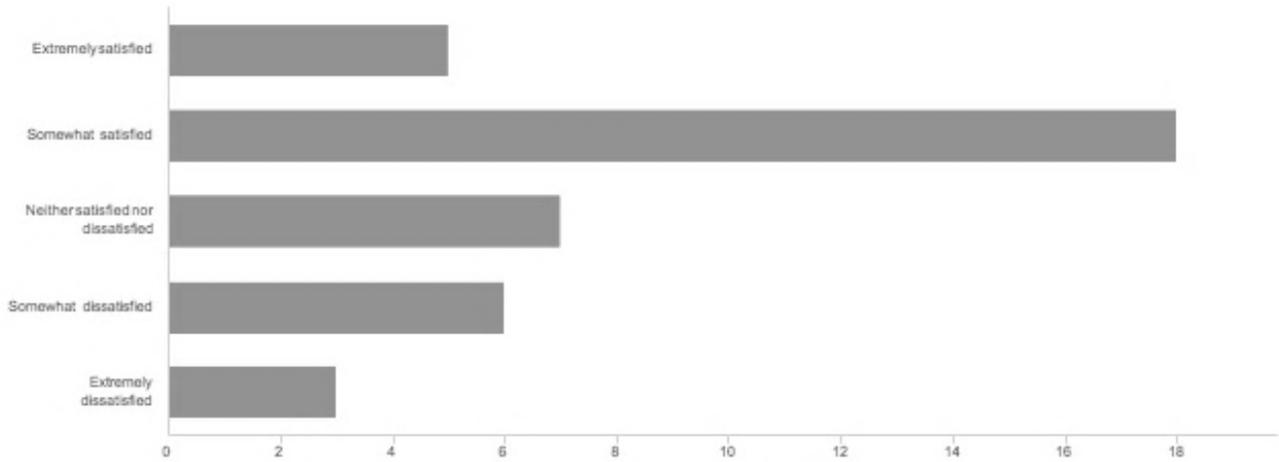


#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	Have you ever <u>used CBD</u> or a CBD-infused product?	1.00	3.00	1.56	0.61	0.38	77

#	Field	Choice Count
1	Yes	50.65% 39
2	No	42.86% 33
3	I do not know/am unaware of what CBD is	6.49% 5
		77

Showing rows 1 - 4 of 4

## Q10 - How satisfied with CBD/CBD-infused product were you?

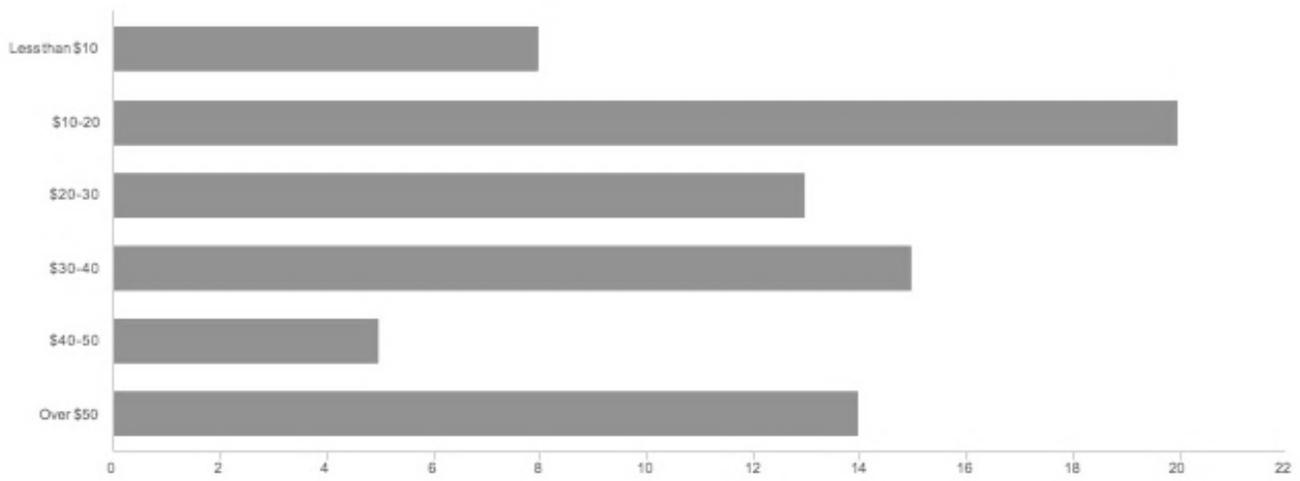


#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	<u>How_satisfied</u> with CBD/CBD-infused product were you?	1.00	5.00	2.59	1.13	1.27	39

#	Field	Choice Count
1	Extremely satisfied	12.82% 5
2	Somewhat satisfied	46.15% 18
3	Neither satisfied nor dissatisfied	17.95% 7
4	Somewhat dissatisfied	15.38% 6
5	Extremely dissatisfied	7.69% 3
		39

Showing rows 1 - 6 of 6

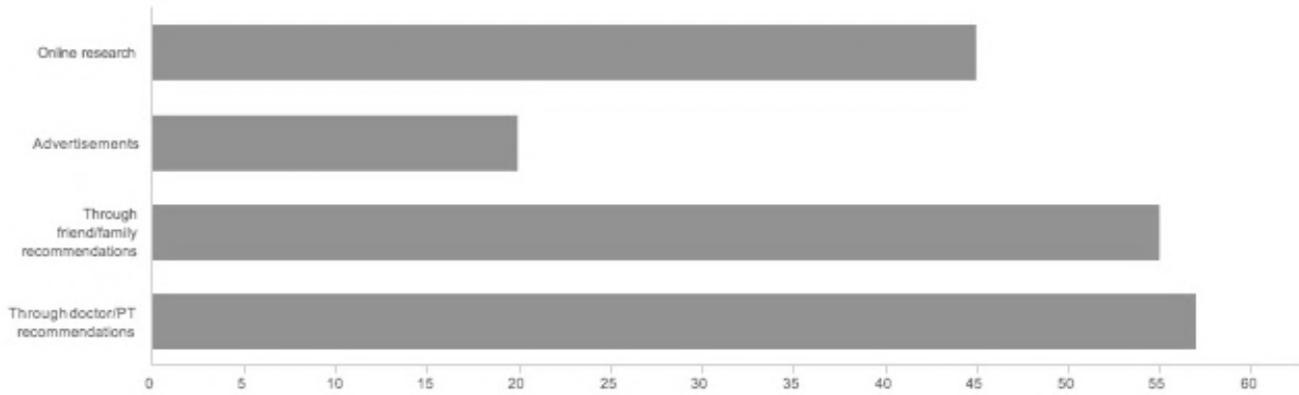
## Q11 - What would you be willing to pay for a pain relief/pain management product?



#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	What would you be willing to pay for a pain relief/pain management product?	1.00	6.00	3.41	1.63	2.67	75

#	Field	Choice Count
1	Less than \$10	10.67% 8
2	\$10-20	26.67% 20
3	\$20-30	17.33% 13
4	\$30-40	20.00% 15
5	\$40-50	6.67% 5
6	Over \$50	18.67% 14
		75

Q13 - Where do you discover new methods of pain management? Select all that apply.



#	Field	Choice Count
1	Online research	25.42% 45
2	Advertisements	11.30% 20
3	Through friend/family recommendations	31.07% 55
4	Through doctor/PT recommendations	32.20% 57

177

Showing rows 1 - 5 of 5



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