



Business Summary

Concept: ready-to-drink, plant-based recovery shakes for female outdoor athletes

By 2020, the domestic market for ready-to-drink, plant-based protein shakes will triple in size to \$1.2bn.

Our primary target audience, a group of [11.8 million female outdoor athletes](#), is an early adopter of

plant-based protein for sustaining their athletic

performance. Direct interviews with over 50 members of our audience indicate that 61% of these athletes prepares themselves a home-made plant-based recovery shake on training days.

We find our opportunity at the intersection of convenience and performance.

As an early mover in this underserved market, we are developing a line of 4 ready-to-drink recovery shakes made from plant-based proteins and minimally-processed ingredients. This line of beverages - "Sohr" - differentiates itself from competitors through the performance benefits and low environmental impact of plant proteins.

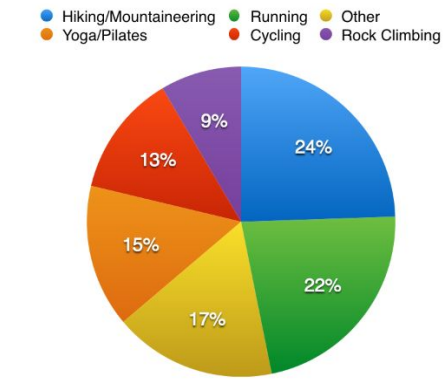
Our product's drinkability, ingredient quality, responsible supply chain, and strong brand identity will allow us to price at a premium to our [nearest direct competitor](#). While there is a well-developed market for convenient nutrition products for conventional athletes, the market for plant-based sports nutrition is new and comparatively fractured. The Sohr brand's audience of female outdoor athletes represents a **\$312.5mn beachhead market** for our product, and our total addressable market is sized at \$1.6bn through subsequent product releases to a broad audience of outdoor athletes.

Nutritional Facts	Product development as of February 13, 2017			
	"Daily"	"Milemarker"	"Sender"	"Backpacker"
Calories	259.79	157.97	195.23	385.02
Total Fat	8.38	5.07	4.27	19.57
Saturated Fat	0.50	2.89	0.00	2.13
Trans Fat	0.00	0.00	0.00	0.00
Cholesterol	0.00	0.00	0.00	0.00
Sodium	1.49	0.06	0.15	1.59
Total Carb	44.46	16.52	30.60	35.49
Dietary Fiber	5.52	2.69	1.72	4.12
Sugars	27.68	8.59	8.04	19.04
Protein	7.23	12.21	10.85	19.25
Vitamin D	0.18	0.10	0.11	0.14
Calcium	0.16	0.00	0.04	0.00
Iron	0.27	0.17	0.30	0.43
Potassium	0.13	0.01	0.18	0.13

Ingredient Profile	Organic pumpkin protein, organic pea protein, organic banana, organic cashew milk, organic almond milk, organic dates, organic vanilla	Organic brown rice protein, organic sunflower protein, organic cold brew coffee, organic rice milk, organic coconut milk, organic cinnamon, organic cocoa powder	Organic hemp protein, organic sunflower protein, organic rice milk, organic almond milk, organic ginger juice	Organic sunflower protein, organic brown rice protein, organic hazelnut milk, organic rice milk, organic peanut butter, organic strawberries

Target audience profile: active, educated, and aspirational

Our survey of 126 members of our audience indicates they are millennials between the ages of 19 and 32, are college-educated with knowledge of food sustainability issues, and spends between \$12 and \$26 per week on sports nutrition products. They eat a primarily plant-based diet which they make from scratch at home. They participate in traditional outdoor sports like hiking, trail running, rock climbing, and train for these activities 3+ times a week in specialty gyms and yoga studios.



Breakdown of sport participation, total addressable market

Sohr's branding focuses on female outdoor athletes for two reasons. First, females represent 60% of grocery consumers, and positioning branding towards females is a proven pathway to success for beverage products. Second, while they express preference to participate in outdoor activities, their lifestyle locates them in the city. Sohr's branding will activate their aspirational desires, where we will link post-workout consumption of our plant protein shakes with athleticism on the trail, on the mountain, and in the wild.

Business model: a packaged goods company developing innovative food brands

To lower capital costs, Sohr is developing a network of supply, manufacturing, and distribution partners. We have initiated relationships with regional cold-pressed juice companies [Genesis Juice](#) and [Portland Juice Co.](#) in order to gain access to their organic supply chains, beverage manufacturing operations, and distribution networks. By outsourcing these competencies, we can focus up to 25% of our early resources on sales and marketing activities to "move" our perishable product at retail. At this stage of development, our average per unit cost of \$2.74 includes an initial 45% gross profit margin over COGS will allow us sufficient resources to scale and lower costs going forward.

Growth strategy: Beta, DTC Launch, Retail Launch.

We have developed a 9 month "go to market" timeline that begins with a Beta test of our product, continues into a Direct-to-Consumer product launch in the Eugene area, and ends

in our Ready-to-Drink Retail launch in independent natural food stores of Portland. Our DTC Launch will allow us to enter the market, initiate sales, and begin building brand awareness.

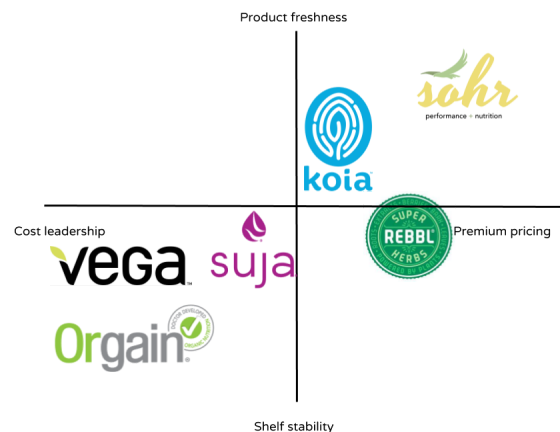
During our DTC launch period, we will be selling our line of recovery shakes on a subscription model to outdoor athletes at specialty gyms. At DTC, we will be priced at a premium between \$6.99 and \$8.99, offering a ready-to-drink solution to our customers who train hard, are pressed for time, and demand a high-quality product to supplement their training activity. We will launch DTC on April 10th, but we are already been hyping up our environmental message via social channels and engaging with our audience for pre-sales.

In Fall 2017, we will launch with the final version of our product, manufactured in commercial facilities and made food-safe with a process called “High-Pressure Pasteurization.” HPP increases our shelf life from 7 days to 1 month. Our initial retail strategy is to target independent natural food retailers, like [New Seasons](#) and [Metropolitan Market](#), rather than mass-market natural foods. This channel is interested in onboarding new, local brands at forgiving terms as innovative local products like ours are their main source of differentiation. To date, we are in discussion with 5 retailers in the Portland and Eugene areas who are interested in onboarding our product line at a forgiving markup between 18% and 30%.

At this writing, our timeline has brought us to Beta. We are testing our recipes with a team of 4 outdoor athletes, 3 female and 1 male. Not only is our athletic team helping us to refine our product and operational process, we are working with an external marketing team to record their activities for a 4 month social media campaign at DTC Launch.

Competition: an Oregon brand pursuing leadership in a fractured category

There is no regional, ready-to-drink protein beverage brand established in the Pacific Northwest. Branding that emphasizes our local status will give us an edge over our nearest direct competitor, [Koia: Plant Powered Nutrition](#). With 3 products and a distribution deal with Whole Foods, Koia moved into the



mass-market natural foods channel in Oregon without promotional support for their ready-to-drink plant protein beverage. Sohr's long-term strategy is to force Koia into a cost leadership position, where we are priced premium to their SRP of \$5.99. By building a strong sales base in the Pacific Northwest using multiple distribution pathways, our brand will be able to grow sales during our regional and national expansion campaigns.

Investment: funding intentional growth towards a 9x revenue multiple

After providing \$20,000 of our own capital, we are raising \$250,000 at a convertible note for an aggressive growth strategy. Seed funding will be driven towards identified expenses in product development and deployment, legal and regulatory requirements, and access to manufacturing, distribution, and retail networks.

We are inspired by our competitor, Suja Juice, who grossed [\\$45 million in their second year of operations](#). The path to success for our brand begins with winning regional market share, and ends in an [11x EBITDA multiple](#) as our national brand becomes an acquisition target.

Market leadership in the food industry is shifting away from large consumer packaged goods companies (CPGs) and into the crafty and nimble hands of regional food brands. Over 2011-15, small brands outcompeted national brands [in 42 of 54 food product categories](#). This has created a hot market for food brand acquisitions. We look like an acquisition target similar to [Boulder Brands](#), [Vega](#), and [WhiteWave](#) as one of several exit models.

The Managing Squad

Joey Jaraczewski, CEO & Founder. Joey grew up in the food industry and developed his vision for Sohr interning as economic analyst for organic agriculture. He will graduate from the Oregon MBA in June 2017, specializing in Sustainable Business Practices.

Andrew Ek, COO & Co-founder. A successful entrepreneur who currently imports and sells rare gemstones from Southeast Asia. His skills include e-commerce sales and non-profit event management. He will graduate from UO's Knight Law Center in June 2017.

Hasti Mojarrad, Director of New Product Development. A former software developer and graphic designer, Mojarrad's culinary abilities have been enhanced by her involvement with OSU's Food Innovation Center. She will graduate from the OMBA in June 2017 with a specialization in Entrepreneurship.

Jose Campos, CMO. An aspiring talent agent and already represents two semi-professional soccer players. His skill is market research and corporate sponsorships, and is administering Sohr's brand ambassadorship program. He will graduate from the UO MBA with a specialization in Sports Marketing in June 2017.

Advisory Board

[Justin Freeman.](#) Mr. Freeman is the General Manager for Hummingbird Wholesale and serves on the board for Oregon Tilth, a leading organic certifier. Hummingbird Wholesale is a leading natural food distributor, and is well-respected in the organic community.

[Dr. Alan Kadish.](#) Dr. Kadish has 30+ years of experience as a naturopathic physician and is an advocate of the performance benefits of plant-based nutrition.. He is also a seasoned entrepreneur, building investable businesses focusing on plant-based medicine.

[Dan Vishny.](#) Dan serves as the CFO for Oakshire Brewery and acts as CEO for Red Ape Cinnamon, an organic food brand with national distribution. Dan is also an avid proponent in vegan athletic nutrition, having written two books on the subject.

Financial Projections

Pro Forma Income Statement					
Sohr Performance + Nutrition					
	Year 1	Year 2	Year 3	Year 4	Year 5
Total Sales	156,107	2,580,638	5,758,682	13,824,419	48,800,000
Total Cost of Goods Sold	44,890	1,155,976	2,721,448	6,592,844	24,178,987
Gross Profit	\$ 111,217	\$ 1,424,662	\$ 3,037,233	\$ 7,231,575	\$ 24,621,013
<i>Gross Margin</i>	71%	55%	53%	52%	50%
Operating Expenses					
Wages and Salaries	35,000	100,000	100,000	200,000	900,000
Marketing Expense	31,221	516,128	1,151,736	2,764,884	9,760,000
Legal Support	15,000	20,000	20,000	20,000	20,000
Depreciation Expense	4,375	7,778	27,500	27,500	33,333
Research and Development	7,805	129,032	287,934	691,221	2,440,000
Labeling Set-up Cost	-	-	-	-	-
Earning Before Interest & Taxes	\$ 17,815	\$ 651,725	\$ 1,450,063	\$ 3,527,970	\$ 11,467,680
<i>EBIT Margin</i>	11%	25%	25%	26%	23%
Interest Expense	-	-	-	-	-
Benefit Contributions	312	6,517	14,501	35,280	114,677
Earnings Before Taxes	\$ 17,503	\$ 645,208	\$ 1,435,562	\$ 3,492,690	\$ 11,353,003
<i>EBT Margin</i>	11%	25%	25%	25%	23%
Provisions for Taxes	(6,126)	(225,823)	(502,447)	(1,222,442)	(3,973,551)
Tax rate	35%	35%	35%	35%	35%
Net Income (Loss)	\$ 11,377	\$ 419,385	\$ 933,116	\$ 2,270,249	\$ 7,379,452
<i>Net Margin</i>	7%	16%	16%	16%	15%
Add Back: Depreciation	4,375	7,778	27,500	27,500	33,333
Add Back: Donation*(1-Tax Rate)	203	4,236	9,425	22,932	74,540
Operating Cash Flow	22,393	663,739	1,486,988	3,578,402	11,575,553
<i>% of Sales</i>	14%	26%	26%	26%	24%
Current Assets	569,678	996,841	1,507,457	3,805,205	10,767,991
Current Liabilities	-	-	-	-	-
Net Working Capital	569,678	996,841	1,507,457	3,805,205	10,767,991
Δ in Net Working Capital	-	-	510,616	2,297,749	6,962,785
Capital Expenditures	35,000	-	450,000	-	450,000
<i>% of Revenue</i>	22%	-	8%	-	1%
Free Cash Flow	(12,607)	663,739	1,547,604	5,876,151	18,088,339
Discounted Free Cash Flow (8%)	(11,673)	569,049	1,228,538	4,319,146	12,310,619

Pro Forma Statement of Cash Flows					
Sohr Performance + Nutrition					
	Year 1	Year 2	Year 3	Year 4	Year 5
Beginning Cash Flows	-	\$ 569,678	\$ 996,841	\$ 1,507,457	\$ 3,805,205
Cash Inflows:					
Sales Revenues	156,107	2,580,638	5,758,682	13,824,419	48,800,000
Founders' Investment	100,000	-	-	-	-
Angel Funds	500,000	-	-	-	-
Total Cash Inflows	\$ 756,107	\$ 2,580,638	\$ 5,758,682	\$ 13,824,419	\$ 48,800,000
Cash Outflows:					
COGS	50,942	1,155,976	2,721,448	6,592,844	24,178,987
Capital Expenditures	35,000	-	450,000	-	450,000
Wages & Salaries	35,000	100,000	100,000	200,000	900,000
Marketing Expense	31,541	516,128	1,151,736	2,764,884	9,760,000
Legal Support	15,000	20,000	20,000	20,000	20,000
Research and Development	7,805	129,032	287,934	691,221	2,440,000
Labeling Set up Cost	-	-	-	-	-
Donations to Non-Profit	312	6,517	14,501	35,280	114,677
Income Taxes	10,828	225,823	502,447	1,222,442	3,973,551
Total Cash Outflow	\$ 186,429	\$ 2,153,475	\$ 5,248,066	\$ 11,526,671	\$ 41,837,215
Net Change in Cash	569,678	427,163	510,616	2,297,749	6,962,785
Ending Cash	\$ 569,678	\$ 996,841	\$ 1,507,457	\$ 3,805,205	\$ 10,767,991

Pro Forma Balance Sheet Sohr Performance + Nutrition	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Cash	569,678	996,841	1,507,457	3,805,205	10,767,991
Inventory	-	-	-	-	-
Total Current Assets	\$ 569,678	\$ 996,841	\$ 1,507,457	\$ 3,805,205	\$ 10,767,991
Equipment	\$ 30,625	\$ 22,847	\$ 445,347	\$ 417,847	\$ 834,514
Total Assets	\$ 600,303	\$ 1,019,688	\$ 1,952,804	\$ 4,223,053	\$ 11,602,505
Liabilities					
Loans	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Equity:					
Capital	600,000	600,000	600,000	600,000	600,000
Retained Earnings	303	419,688	1,352,804	3,623,053	11,002,505
Total Equity	\$ 600,303	\$ 1,019,688	\$ 1,952,804	\$ 4,223,053	\$ 11,602,505
Total Liabilities & Equity	\$ 600,303	\$ 1,019,688	\$ 1,952,804	\$ 4,223,053	\$ 11,602,505