



Pipe Technologies, Inc.

Pipe Technologies, Inc Business Plan 2018

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Business Plan for:

Pipe Technologies, Inc.



Made in the USA

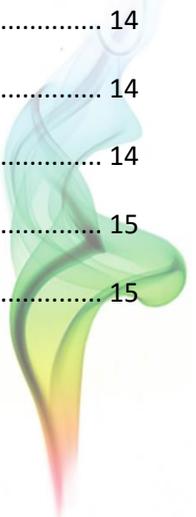
www.thesonicpipe.com





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Business Overview

Pipe Technologies, INC has patented, developed, manufactured, and marketed The Sonic, a pipe that allows the user to choose whether to smoke, atomize, or vaporize.

Originally marketed as the Vape-or-Smoke, the pipe has been sold to the commercial market to over 3,000 retail stores and online in the United States, Canada, Japan, Germany, France, Italy, Netherlands, England and Spain. The Vape-or-Smoke was invented and developed in the Pacific Northwest with the intent of manufacturing the product in the United States and selling it worldwide.

Renamed the “Sonic” in 2018, it’s a portable device that allows the user to smoke, atomize, or vaporize. There is no other product like it in the market place today. There are smoking pipes (portable and stationary), E-Cigarette atomizers, and vaporizers (portable and stationary) but there are no devices that allow the user to choose which option they would like to utilize as well as being portable. The Sonic does all three.

1. Smoke: A visible suspension of carbon or other particles. Utilizing dry medium consumer can smoke.
2. Atomize: To reduce to or separate into atoms. Utilizing e-cigarette juice, tincture, semi-solid the consumer can atomize the liquid.
3. Vaporize: To convert (as by the application of heat or by spraying) into vapor. By controlling the temperature of the heating element the consumer can liberate some of the essential oils from the medium used without combustion.
4. Dabulize: To convert solids into vape or smoke works as one of the best mobile Dabs or shatter devices in the market.
5. Medical device deliver various drugs like aspirin and pain killers we plan on getting FDA approval.

CURRENT POSITION AND FUTURE OUTLOOK

Pipe Technologies, Inc. (PipeTech) began selling the pipe in August 2010. PipeTech redesigned some aspects of the product and packaging in December 2018. To date, more than 55,000 units of the pipe have been sold with gross sales exceeding \$1,900,000.

PipeTech also offers replacement parts as well as invented and rolled out an atomizer and dabulizer with sales of accessories above \$125,000 thus far. All this was accomplished with nominal funds used for marketing of the product.

PipeTech began selling to three distributors (US, online and international) in 2010. Beginning of 2012 they expanded sales to include wholesale, internet, as well as adding additional distributors. The company is poised to





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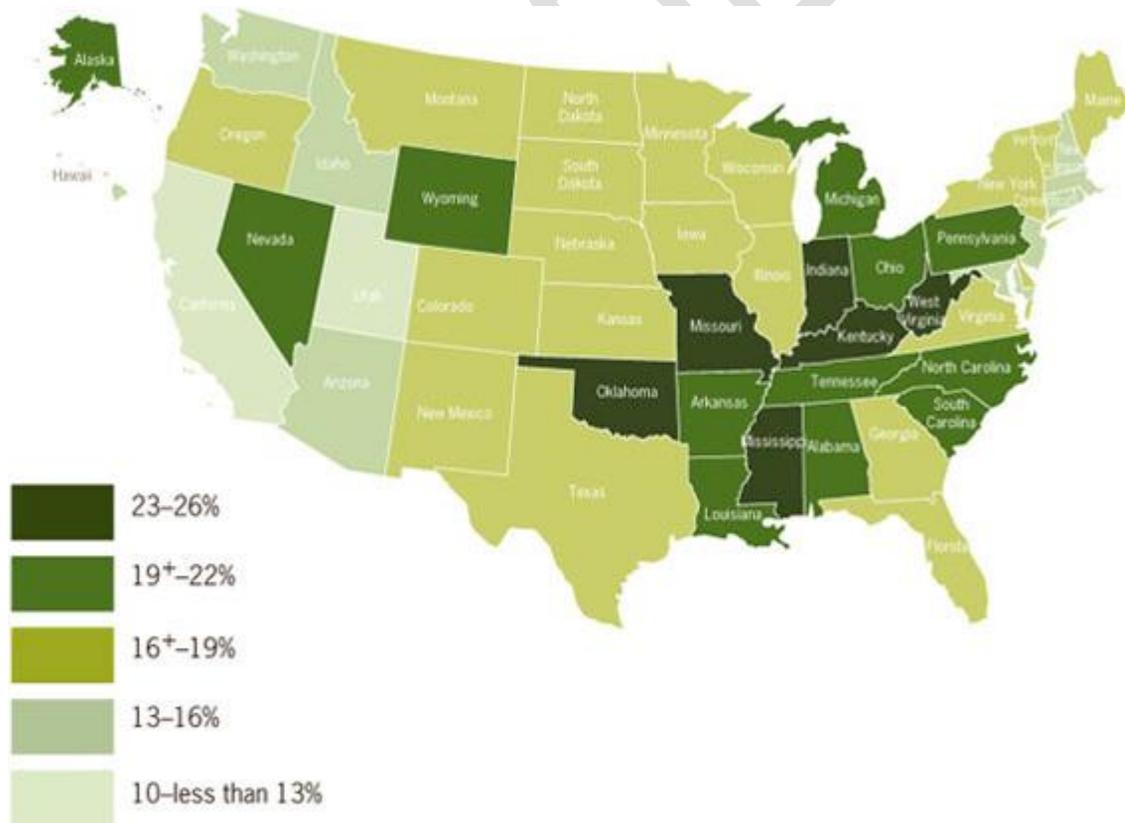
take advantage of a rise in popularity of portable devices in the tobacco and medical industries. The unique patented aerospace design of The Sonic keeps the device safe from imitation and has attracted the attention of many culturally and politically influential people. Currently licensing consideration is ongoing with entertainment icons to promote The Sonic to the music/entertainment industries.

The goal of PipeTech is to increase sales to \$3.3 million in the first year with extensive marketing nationally and internationally over the next year to increase product knowledge and sales to multiple markets. We will achieve this by redesigning our heating element and reducing our manufacturing cost and increasing exposure to the consumer.

The Market

Tobacco

Globally, 942 million men and 175 million women ages 15 or older are current smokers according to the Tobacco Atlas. The tobacco industry sells 5.5 trillion cigarettes each year. In the United States, 16% of the adult population smokes. An average pack in the U.S. cost an estimated \$6.42 in 2016, up from \$3.73 in 2001, according to TMA, an industry trade group.



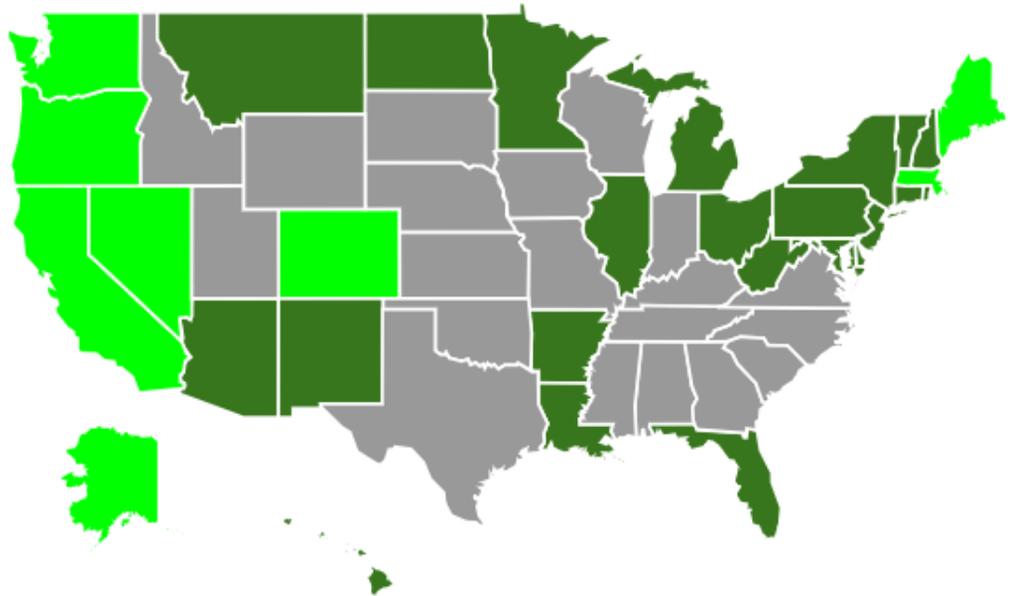


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Marijuana

Thirty states and the District of Columbia currently have laws broadly legalizing marijuana. Eight states and the District of Columbia have adopted the most expansive laws legalizing marijuana for recreational use.

States decriminalizing marijuana are in direct conflict with the United States Federal Controlled Substances Act (21 U.S.C. § 811) (“CSA”). These 29 states, and the District of Columbia, have adopted laws that exempt patients who use medicinal cannabis under a physician’s supervision from state criminal penalties. These are collectively referred to as the states that have de-criminalized medicinal cannabis, although there is a subtle difference between de-criminalization and legalization, and each state’s laws are different.



Marijuana Legalization Status

- Medical marijuana broadly legalized
- Marijuana legalized for recreational use
- No broad laws legalizing marijuana

Frequency of marijuana consumption among adults in the United States as of January 2017

Daily	12%
Weekly	11%
Monthly	10%
Yearly	6%
Less than once a year	11%
Almost never	50%





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MANAGEMENT

Mr. Daniel C. Goldman-CEO of Pipe Technologies, Inc. he has spent last 8 years as founder and consultant of PipeTech and directly involved in the redesign, development, marketing, and manufacturing of our products. Mr. Goldman has been building companies for the past 30 years. He was a founder and CFO of Premium Cigars International that developed the Single Cigarette and did an IPO on the NASDAQ

Mr. Michael Jones- the inventor of The Sonic is CTO. He spent 8 years developing and obtaining a 19 line utility patent for the Vape-or-Smoke. CTO would like to concentrate more on the development of The Sonic and future products. For the past 24 years Michael has been involved in mechanical research and development. Michael has spent much of the past decade in management, operations and consulting roles. Most recently Michael has been working internationally on the bio-diesel and transportation infrastructure in Western Africa. Prior to this Michael owned and operated a high-end automotive performance research and development facility in Utah. Later he became the Service Manager for Kia of Kirkland. Michael has also served in the US Coast Guard as a mechanical engineer, boatswain, boarding party officer, and has earned multiple commendations.

Mr. Darrin Faille-COO with Over thirty years ago, and after earning two Business Administration degrees, plus an MBA from Seattle Pacific University, Darrin began and successfully exceeded performance tasks and measures throughout the Ernest & Julio Gallo Organization. Due to his hard work and dedication, he earned numerous position advancements including District & Area Manager. In addition to Ernest & Julio Gallo, work experiences included stops at Brown-Forman Beverages Worldwide and Schieffelin & Somerset employing his sales, marketing and management experience in all areas of distribution systems within the consumer products industry.

Since 2002, he has been a buyer/sales agent with an emphasis on corporate relocations, executive home placements, commercial land and new business development. In addition, his passion is new business development. As a venture capital analyst/entrepreneur located in Seattle, Washington, Mr. Faille is continually looking for the next successful business to develop and grow. Adept at collecting comprehensive reports and backing up propositions with data, he has become extremely successful at developing brand awareness and building strong consumer brands through repeat business over the past ten years.

MISSION STATEMENT

Pipe Technologies, INC will provide consumers with the most versatile, portable smoking device in the market today. Our customer service will be the coup de gras to competitors.

PRODUCT DESCRIPTION

The Sonic, a “Made in the USA”, product was invented in 2001 by Michael J. Jones. Mr. Jones than came up with a portable pipe idea while skiing in Washington. He wanted to create a versatile device that could be utilized by a wide range of people, from active people to people with most disabilities.





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Mr. Jones, Mr. Clayton and Mr. Goldman established Elemental Technologies and initially patented and designed an all metal portable device. After some market research and cost analysis it was determined the market needed a less expensive well designed plastic unit to roll out first. After months of extensive research he decided with the aerospace industry in his backyard the best and most technologically advanced resources were available to him. He obtained separate multiple recommendations to an aerospace injection mold specialist. In turn this gentleman referred him to an expert tool maker and ISO certified metal manufacturer. Mr. Jones completed interviews and inspection of facilities to make sure they were able to meet the set expectations. The building blocks were now in place for Mike to develop the only 3-in-1 device on the market today.

He began designing the plastic version of the device in November 2009 and by June 2010 the tool dies/molds were completed and production was ready to begin. The first run production was done and sales began in July 2010.

VISION

Pipe Technologies envisions the continued development of the Sonic and related products in conjunction with cutting edge marketing, increasing sales substantially. Pipe Technologies will continue to research and develop devices that break through boundaries and provide customers with the best possible quality and user satisfaction in the industry.

We pride ourselves on the fact that our manufacturing and packaging, except for the lighter, is made and assembled in the United States of America. Employing people, through our vendors, in the machining, manufacturing, packaging, graphics, and assembly workforce.

OBJECTIVES

- 1 – Become the most reliable portable 3-in-1 delivery device on the market.
- 2 – Achieve \$3.3 million in annual sales within 1 year of market re-entry with improved heating element.
- 3 – Have a national and international distribution network with retailers exceeding 28,000 worldwide.
- 4 – Roll out new innovative products every 1-2 years.
- 5 – Become self-funding and self-sufficient after the investment capital including costs for new heating element.
- 6 – Attain strong management accountability – success driven.

PRODUCT UNIQUENESS





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The Sonic is a unique product which combines 3 different ways to extract essential oils/compounds from the medium utilized. The consumer can:

6. Smoke: A visible suspension of carbon or other particles.
Utilizing dry medium consumer can smoke.
7. Atomize: To reduce to or separate into atoms.
Utilizing e-cigarette juice, tincture, semi-solid the consumer can atomize the liquid.
8. Vaporize: To convert (as by the application of heat or by spraying) into vapor.
By controlling the temperature of the heating element the consumer can liberate some of the essential oils from the medium used without combustion.

ATOMIZING LIQUID

Using vegetable glycerin (VG), or propylene glycol (PG) as a carrier, E-cigarettes deliver nicotine and flavor without combustion of tobacco. Other compounds or drugs can also be dissolved in the VG or PG to be atomized and inhaled by a user without combustion. This method of deliver has many benefits that are now being discovered and implemented.

Our product can be used as a very effective atomizer with the addition of the atomizer cartridge. The atomizer cartridge is simply inserted into the bowl in place of the traditional screen and dry tobacco or herbs.

DABULIZER

Electronic cigarettes use a battery and a small heating coil to raise the temperature of the carrier liquid to a point of dabulization we use heat from a lighter to extract the drug out of solids like concentrates, Shatter or Dabs. This is one of the fastest growing segments of the market.

NEW CANNIBUS PRODUCT:

We at PipeTech have developed a new and innovative cannabis product and packaging system that will create a whole new category for growers and processors in states that are both recreationally legal and medicinally legal. Our plan is to license the technology to leading and top selling suppliers in their respective markets. We have sold our first license to Epichronic, INC a marketing company in Washington that is assisting a Licensed tier 3 grower and processor. They have paid \$25,000 for the first license.

“The Sonic by Epichronic”





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E-Cigarette vs The Sonic

Electronic cigarettes use a battery and a small heating coil to raise the temperature of the carrier liquid to a point of atomization. The liquid is stored in a sponge type medium that could be made of many unregulated materials. The interaction between the sponge material and the liquid has raised new concerns about E-cigarette safety.

The Sonic Atomizer stores the liquid in a stainless steel mesh that doesn't interact negatively with the liquid. All of the atomizer components are made from US manufactured and regulated materials.

The Sonic uses heated air passing over the stainless mesh to atomize the liquid. This prevents the overheating or burning of the liquid that can occur with the heated coil mechanism in E-cigarettes. Current E-cigarettes are limited by the viscosity of the liquid being consumed. The Sonic is not limited in this way. It can be used with any number of different viscosities from semi-solids to alcohol like liquids.

There is no other product in the market that can effectively offer the consumer their choice with one product. Unlike other devices in the market that rely on their product being disposable our device was built to last making it environmentally friendly. The only consumable part of our device is the lighter. Our Hasco, German tool bases, tool molds are machined in the Pacific Northwest by a master tool maker. All other parts are made with high quality American materials.

1. Metal: Specially machined metal components are produced for us from an ISO Certified American Manufacturer that adheres to strict aerospace tolerances.
 - a. Bowl: 303 medical grade stainless steel
 - b. Particulate Trap: 6061 Aluminum
 - c. Atomizer: 6061 Aluminum and 303 stainless steel mesh
2. Plastic: Specifically compounded organic polymer that does not off-gas
 - a. All parts except Mouthpiece: Ryton
 - b. Mouthpiece: FDA approved food grade nylon.

The Sonic is one of the most exciting and innovative delivery device to be released into the world market in years. The product offers performance, cost, and style features which provide the potential for substantial competitive advantage over other products.

PRICING AND VALUE

The current pricing of The Sonic is based on retail, wholesale, and a distributor three tier pricing system.

Item	Retail Sales	Wholesale Sales	1st Tier Distributor* Sales \geq 120	2nd Tier Distributor* Sales \geq 240	3rd Tier Distributor* Sales \geq 480
The Sonic	\$ 69.99	\$ 50.00	\$ 38.00	\$ 35.00	\$ 33.00
Atomizer	\$ 24.99	\$ 12.50	\$ 7.93	\$ 7.13	\$ 6.34





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Accessories	Retail Sales	Wholesale Sales	1st Tier Distributor* Sales ≥ 30	2nd Tier Distributor* Sales ≥ 70	3rd Tier Distributor* Sales ≥ 100
Lighter	\$ 12.99	\$ 6.50	\$ 4.00	\$ 3.63	\$ 3.26
Bowl	\$ 24.99	\$ 12.50	\$ 9.14	\$ 8.12	\$ 7.11
Particulate Trap	\$ 9.00	\$ 3.50	\$ 2.77	\$ 2.51	\$ 2.25
Mouthpiece	\$ 7.00	\$ 3.50	\$ 2.00	\$ 1.88	\$ 1.75
Cover	\$ 14.99	\$ 7.50	\$ 4.25	\$ 4.00	\$ 3.75
Pawl	\$ 5.00	\$ 2.50	\$ 1.19	\$ 1.13	\$ 1.06
Lanyard	\$ 5.00	\$ 2.51	\$ 1.79	\$ 1.60	\$ 1.40
Screen Pack	\$ 2.00	\$ 1.00	\$ 0.56	\$ 0.53	\$ 0.49

These prices were determined by analyzing the manufacturing costs and adding a 110% gross margin to the tier three distributor pricing. Each jump in distribution tier level is a 15% additional cost.

Currently the Sonic manufacturing cost is **\$15.87** and the Atomizer is **\$2.87**.

When Sonic was first introduced into the North American market the only concerns with the product was the pricing, quality of the windproof lighter, and the ability to truly vaporize. The price was initially set at \$149.99 but with the intent to lower prices to the \$100 dollar range. The original distributor advised us that he and the retailers must make 100% profit margin. Once we understood the market we found that distributors in this industry do not, on the norm, make 100% profit margin. Therefore we began speaking with distributors while attending tradeshow and found profit margins were more in line with a 15%-50% profit margin.

After the redesign of the windproof lighter and addition of a new ceramic heating element (heating elements) we will offer a complete "kit" that includes both heating elements and an Atomizer with the Sonic as a complete unit and increase price accordingly. When the new product is ready to be rolled out we anticipate the manufacturing cost of each unit, including atomizer, to be around \$29 when parts are purchased in volume of 10,000.

1. Plastic parts = \$5.25 (Ryton cover, chassis, pawl and block and food-grade Zytel mouthpiece)
2. Metal parts = \$4.82 (303 US stainless steel bowl and aluminum particulate trap)
3. Atomizer = \$2.87 (aluminum, batting, silicone o-ring, bag, assembly, and instruction card)
4. Lighter = \$3.50 (estimated cost after redesign with a Chinese manufacturer)
5. Heating Elem.= \$10.00 (estimated cost after design is complete with a Chinese manufacturer)
6. Packaging = \$2.25 (box, insert, poker, screen pack, warranty card, quick-start instruction guide & lanyard)

We will then sell tier three distributors at around \$65, at a (125% profit margin) per unit. They will sell to the retailers at around \$98 (50% profit margin), which will be our wholesale price, and the end price to the consumer will be around \$196.

We will continue to sell just the Sonic, with new more robust windproof lighter, to the consumer at a tier three range of \$36 per unit. The distributors will sell to the retails around \$54 (50% profit margin), and the end price to consumer will around \$110.



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Current devices on the market do only one thing and the price ranges are extremely variable.

1. Portable vaporizers: \$109 to \$450.
2. Stationary vaporizers: \$149 - \$850
3. E-Cigarette atomizers: \$19.99 to \$249.
4. Smoking pipes: \$4.99 - \$1,000+

Our improved device will have multiple functions and will be in the right price range yet still be affordable to the general consumer. Currently if a consumer wanted all three, smoking pipe, vaporizer, and atomizer, they would spend on average \$350. When the improvements to the heating elements are complete they can purchase one unit that does all three functions and save \$196.

TRADE MARKS AND PATENTS

United States Patent: 7,694,685 has an ongoing Continuation In Patent (CIP)

United States Trade Mark:

Name: Vape-or-Smoke: Serial Number: 85-178,593

Logo: Fireball: Serial Number: 85-178,874

Slogan: The Ultimate Tool: Serial Number: 85-178,598

MARKETING STRATEGIES

The Sonic is marketed and sold primarily through distributors. We will also have a sales staff that will sell to the retailers as well as an online store that will maintain the MSRP and sell directly to the consumer. Industry trade shows held worldwide are extremely popular and draw the majority of the market to them. As an exhibitor in these shows, our product draws the attention of most of the attendees, allowing us the opportunity to both demonstrate and sell the benefits of our products to them. At the same time, trade magazine advertising, will be used to both reinforce our message and introduce the improved heating elements to those companies that do not attend the trade shows. Additionally, our sales staff will travel to strategic areas where perspective dealers and consumers can inspect the quality of our product.

Our focus has been to target, identify and pursue major distributors in the cannabis, tobacco, a dispensary arena. We currently have 3 major vaporizer distributors on board with us and expect to expand it to the tobacco and dispensary distributors. Direct consumer contact and sales will be performed by our sales staff and the distributors' sales force. We have tri-fold brochures and authorized retailer stickers to assist the retailers. Our favorable pricing allows the distributor and retailer to make a profit from our product equal to what they now earn on similar sales.





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SALES FORECAST

Once we roll out the new improved Sonic the business is projected to reach sales of \$3.3 million for the first year (2018-19). Year one will see the introduction of the following:

1. More robust butane windproof lighter
2. Ceramic heating element for pure vaporization
3. Atomizer included in the package (Made in US cost=\$2.87; Cost to make in China=\$0.50)
4. Volo™ carrying pouch
5. Colored covers for customization of the Sonic

In year two (2019), expect sales to increase to \$16.2 million with more exposure internationally. We intend to also have a new product rolled out at that time. The “Pigtail” is a glass made vaporizing device that has already been developed and tested. The expected increase in year two sales does not include the additional product roll-out. Projections are based on estimated sales. Each quarter an assumption of 5% increase in sales was utilized.

SERVICE AND DELIVERY

Pipe Technologies has provided top notch customer service for the past 2 years. We have received numerous testimonials from the end consumer on our professionalism, quality, and timely response to any question, issue(s) or concerns they may have.

Delivery of our product to all channels we sell to are handled professionally, expediently and cost-efficient. We initiate a free shipping with volume discount when the improved units are rolled out.

We anticipate hiring of 2 sales staff and 2 service staff to handle the sales, customer service and shipping/receiving functions at the beginning of 2016.

MANUFACTURING

We have retained the best manufacturers in the industry and they have proven themselves to be reliable and run top notch facilities in the Pacific Northwest. We anticipate long term relationships with them and visa-versa. They continue to maintain a high-quality product and competitive pricing. The only part of the Sonic itself that is made outside of the USA is the heating element. The windproof lighter, new ceramic and atomizer heating element will be made in China. Based on current trade practices we believe we will need to change from “Made in USA” to “Assembled in USA”.





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WARRANTIES

Currently we offer a two year warranty against manufacturers' defects and a six month warranty for lighter failure. When we roll out the new heating elements we will offer only a two year warranty against manufacturers' defects. We will continue to honor the six month warranty on units sold with the existing windproof lighter. Once those warranties expire the consumer will need to purchase the windproof lighter and will more than likely purchase the new ceramic heating element for vaporization. There are currently 22,000+ Sonic units out in the market today of which the majority of owners will choose to purchase the upgraded heating element. The 3 year projections above do not include these sales, they will be the icing on the proverbial cake.

FACILITY PLANS

Facility for assembly, shipping and receiving will be setup in Kenmore, WA. The leased premises will comprise of approximately 800 square foot facility. The sales and management staff will work remotely. This will allow us the



budget we have allocated but still fulfill our production requirements without jeopardizing safety

STAFFING REQUIREMENTS

We have completed a Time and Motion analysis of the assembly, testing and packaging of the Sonic components as it is today. Based on the results of this study and the projected production requirements for the first year a baseline manpower was established to meet the demand. For the first year we have established a need of two (2) full time production workers. Employment of production personnel will be staggered in accordance with the production demand. The workers were previous employees and fully trained in all facets of the job requirements. They currently are contract workers that we needed from time-to-time at the end of 2011 – 2012. They are both eager to come back onboard as full time employees.





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FINANCIAL PLANS

The primary driver of the financial success of the company is the sale of pipes. The company projects first-year unit sales of 218,500 units. The second year will see a substantial growth in unit sales to 438,000. The third-year unit sales will reach 990,000 units. Because of the strong unit sales first-year revenues of \$6.8 million will grow to \$16 million in the second year and \$31 million in the third year. The market data and previous success of the pipe substantiate the growth in unit sales.

The company will use the proceeds from the offering primarily for inventory and working capital while sales build the first year. Net cash flow from operations in the first will reach \$3.3 million. The second year will generate \$6.5 million in net cash flow and \$12.6 million in year three.

3-Year Income Statement Projections

3-Yr. Income Statement Projections			
	Year 1	Year 2	Year 3
# Units Sold 3rd Tier Dist	218,458	438,000	990,000
# Units Sold Wholesale	100	2,050	2,400
# Units Sold Retail	500	10,250	12,000
# Lighters & Access Whls	1,977	4,200	9,625
# Atomizers	4,486	9,240	21,175
# of Packaging	845,500	3,900,000	4,800,000
# of Pigtaills	22,250	12,000	30,000
\$ Units Sold 3rd Tier Dist	\$5,679,908	\$11,388,000	\$25,740,000
\$ Units Sold Wholesale	3,600	73,800	86,400
\$ Units Sold Retail	29,975	614,488	719,400
\$ Lighters & Access Whls	\$8,402	\$17,850	\$40,906
\$ Atomizers	31,402	64,680	148,225



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\$ Packaging	845,500	3,900,000	4,800,000
\$ Pigtail Royalty	\$222,500	\$120,000	\$300,000
Total Revenue	\$6,821,287	\$16,178,818	\$31,834,931
Cost of Goods Sold (COGS)	\$2,837,525	\$6,722,050	\$16,594,047
Gross Revenues	\$3,983,762	\$9,456,768	\$15,240,884
Expenses	\$124,413	\$448,554	\$193,909
Initial Start-Up	\$1,001,125	\$140,000	\$0
Employee	\$287,000	\$259,800	\$311,760
Royalties	\$0	\$430,421	\$736,761
Bonuses	\$0	\$172,168	\$294,704
Total Operating Costs	\$1,412,538	\$1,450,943	\$1,537,134
Net Income (Loss)	\$2,571,225	\$8,005,825	\$13,703,750

3-Year Balance Sheet Projections

3-Yr. Balance Sheet Projections			
	Year 1	Year 2	Year 3
Current Assets			
Cash	106,457	3,692,727	9,676,368
Accounts Receivable	16,674	1,789,975	3,371,800
Other Current Assets	46,280	5,281	0
Total Current Assets	169,411	5,487,983	13,048,168
Property & Equipment, net	159,719	1,565,000	-3,565,000
Total Assets	329,130	3,922,983	9,483,168
Current Liabilities			
Debt & Leases, current portion*	0	0	0
Accounts Payable	466,442	777,269	1,252,675
Other Current Liabilities	70,627	72,547	76,857
Total Current Liabilities	537,069	849,816	1,329,532
Long Term Liabilities	318,000	318,000	0
Owners' Equity			
Invested Capital	113,400	1,886,600	-5,886,600
Accumulated Retained Earnings	182,306	7,823,519	21,527,269
Total Owners' Equity	-68,906	5,936,919	15,640,669
Total Liabilities & Owners' Equity	786,163	7,104,735	16,970,201



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3-Year Cash Flow From Operations Projections

3-Yr. Cash Flow From Operations Projections			
	Year 1	Year 2	Year 3
Cash Flow From Operations			
Net Income/Loss	\$2,571,225	\$8,005,825	\$13,703,750
Minus Change in Accounts Receivable	(\$16,674)	(\$1,773,301)	(\$1,581,825)
Minus Change in Other Current Assets	(\$46,280)	\$40,999	\$5,281
Plus Change in Current Liabilities	\$855,069	\$312,746	\$479,716
Net Cash Flow from Operating	\$3,363,340	\$6,586,270	\$12,606,922
Cash Flows from Investing Activities			
Purchases of Property & Equipment	(\$565,000)	(\$1,000,000)	(\$2,000,000)
Net Cash Flow from Investing	(\$565,000)	(\$1,000,000)	(\$2,000,000)
Cash Flows from Financing Activities			
Cash Received from Investors	\$1,000,000	(\$2,000,000)	(\$4,000,000)
Net Cash Flow from Financing	\$1,000,000	(\$2,000,000)	(\$4,000,000)
Net Cash Flow	\$3,798,340	\$3,586,270	\$6,606,922
Cash Available at beginning of period	\$0	\$106,457	\$3,692,727
Net Cumulative Cash Flow	\$3,798,340	\$3,692,727	\$10,299,649

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OFFERING

The Units are privately offered pursuant to exemptions from registration afforded by Section 4(2) of the Securities Act of 1933, as amended, and Regulation D adopted thereunder.

Pipe Technologies, Inc. will offer to a qualified Investor 2,500 Membership Units, of the existing 10,000 Units, for an investment of \$1,000,000. Current Members will dilute their shares to accommodate this offer.

USE OF PROCEEDS

Working Capital	\$400,000
Intellectual Property	\$100,000
Inventory	\$300,000
Accounts Receivable	<u>\$200,000</u>
Total	\$1,000,000

The company needs short term working capital to fund operations and generate sales and deliver the product. The needs to develop intellectual property in the form of product offerings and subsequent marketing. Product inventory needs to be purchase and funding for accounts receivable is required. The \$1 million in funding gets the company to the third year where the sales and profitability can sustain growth.

Contact Information

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