



## Executive Summary - Pipe Technologies, Inc

Pipe Technologies, Inc. (PipeTech) has patented, developed, manufactured, and marketed The Sonic, a pipe that allows the user to choose whether to smoke, atomize, or vaporize. It's a unique, patented product ideal for tobacco or marijuana.

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. 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.

### The Market

The Sonic can be used for tobacco, marijuana or e-cigarette juice. The user can smoke, vaporize or atomize. Globally, 942 million men and 175 million women ages 15 or older are current smokers according to the Tobacco Atlas. In the United States, 16% of the adult population smokes. Thirty states and the District of Columbia in the United States currently have laws broadly legalizing marijuana. Eight states and the District of Columbia have adopted the most expansive laws legalizing marijuana for recreational use. Nearly 40% of the U.S. population uses recreational marijuana over a period of one year.

### 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,
- 6 – Attain strong management accountability – success driven.

### Financial Plans

The primary driver of the financial success of PipeTech 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.

PipeTech 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.

