



competitors. Our craft brand image and quality ingredients have positioned us as a premium product, creating a barrier against competition.

#### **How far along are you? What's your biggest obstacle?** ▾

Hoop Tea has achieved remarkable sales growth and a cult-like following in the Mid-Atlantic region. Hoop Tea product sales have exceeded \$3 million in a few short years and has dominated consumer attention within our territory. This fundraiser will allow us to fulfill the growing demand for our product.

In a nutshell, our main challenge is that we can't keep up with demand. We need capital to fund the purchase of raw materials, achieve better price margins, and grow our sales and marketing staff.

#### **Who are your competitors? Who is the biggest threat?** ▾

Our closest competitor would be Twisted Tea, who has yearly sales of about \$350mm. They have recently released a "craft" version of their product, (we believe in response to our success), and other copy-cat brands have emerged that resemble our brand. Many national brands have produced their own version of a craft hard tea in response to market trends, but have struggled to gain market share. We also have competition from the hard seltzer brands, who also target 'health and calorie conscious' consumers.

#### **What do you understand that your competitors don't?** ▾

Modern consumers hate being advertised to. Authenticity of a company is important and they need to trust a brand before giving them their money. Big companies with large budgets have little advantage.

We dig deep roots and build relationships within our territories and communities.

#### **How will you make money?** ▾

We will simply increase sales and lower costs. Additional capital will allow us to grow our sales staff, securing our shelf space in existing and new territories. Purchasing raw materials in larger quantities will substantially lower our cost of goods, driving profitability and helping us against low priced options competitors.

#### **What are the biggest risks? If you fail, what would be the reason? What has to go right for you to succeed?** ▾

Our risks lie in interruptions to our supply chain. While outsourcing our manufacturing helps us save capital and allows us to focus on sales and marketing, we have to rely on the efficiencies of outside parties. Another risk factor is our need for raw materials, such as aluminum cans, which are susceptible to market conditions, affecting profitability.

#### **What do you need the most help with?** ▾

Scaling a business quickly presents new challenges every day. We are always seeking mentors with experience in turning a start-up company into a national brand.

#### **What would you do with the money you raise?** ▾

The money we raise will be used to order packaging and ingredients for production, expanding our sales and marketing teams, and purchase equipment to enhance quality controls.

#### **What is the royalty agreement between Hoop Tea Inc and Southbound One Inc?** ▾

Southbound One Inc is the parent corporation of Backshore Brewing Co, where Hoop Tea started. Southbound also owns other restaurant businesses. Hoop Tea was originally operated as a subsidiary of Backshore / Southbound. We separated Hoop Tea as its own corporation so investors' money is used to grow the brand only, and not any restaurant or brewery operations. Hoop Tea Inc owns the intellectual property, including the Hoop Tea trademarks and formulas. As the holder of a federal brewing permit, Southbound One produces and sells Hoop Tea, then pays Hoop Tea Inc a royalty fee for use of the intellectual property and sales / marketing services. This agreement protects investors from any liabilities of brewery and restaurant operations.