**I. EXECUTIVE SUMMARY**

Highdration, LLC, (hereinafter "Business") is intended to be formed as a Massachusetts Limited

Liability Company (LLC) located at 20 Payton Street, Lowell, Massachusetts 01852, poised for rapid growth in the cannabis product development industry. The Business seeks funding to take advantage of a window of opportunity for introducing a new beverage enhancement product, which has the potential to dominate the market in this segment.

**Mission Statement.** Produce safe, quality and creative cannabis infused food and beverages.

Business Description. The Business is to be organized as a Limited Liability Company (LLC) formed and authorized under the laws of the Commonwealth of Massachusetts, and will be led by Harry Groome, who will serve as CEO.

Harry Groome is a career advertising and marketing expert launching the EA Sports brand and has grown national and Boston-based hospitality companies including Kings Bowling and Game On! Additionally, Groome started Fans Without Footprints the environmental loyalty platform and Safest Places the student safety communications platform. A graduate of Hamilton College, an avid photographer and golfer, Groome is the proud husband and father of two sons.

Max Cottrell is a sales professional with over 30 years’ experience driving top line growth at organizations ranging in size from small startups to large enterprise. Max has most recently led regional business development activities for a $200 million cyber security consulting firm. Prior experience includes launching startups for Lucent Technologies’ New Ventures Group where he led Lucent’s first LLC spinoff. Max holds BA and MBA degrees from Middlebury College and NYU’s Stern School.

**Key Non-Management Personnel.**

Christopher Horne is a lifelong Lowell resident and in 2014 graduated from UMass Lowell with a bachelor’s degree in economics. In his early 20s he got involved with the local agricultural community and fell in love with vegetable farming. In 2017 he attended The Farm School in Athol, MA and received a certificate in small scale farming with a concentration on small scale vegetable farming. For the past 3 years he has been running a small-scale vegetable farm with his wife.

Thomas Chaput. Thomas is an experienced cannabis extract technician. He has extensive experience operating extraction and processing equipment and developing SOP’s to ensure safety, quality, and process control. He is also experienced in packaging products in compliance with state regulations. Thomas is a graduate of UMass Lowell with a BS in Business Administration and a concentration in Entrepreneurship and Management.

Brandon Quiroz. Brendon brings extensive experience in the cannabis retail industry. He currently serves as a Packaging Supervisor at Patriot Care, a medicinal dispensary based in Lowell, MA. He has also been an Inventory Supervisor at Green Star Herbals, a recreational and medicinal dispensary based in Dracut, MA. Brendon’s experience in the dispensary industry offers valuable insights into inventory mix, display and consumer behaviors and interests. Brendon has a Bachelors of Arts in Philosophy w/ concentration in communications & critical thinking from UMass Lowell.

**New Product.** The Business has developed a family of cannabis-infused naturally flavored beverage enhancements. The Business has a window of opportunity to introduce its products and gain a significant piece of the growing consumer spend on this emerging market.

**Funding Request.** The total funding request is for $500,000, seeking up to 10 investors, each contributing a $50,000 capital investment in return for a 2% equity ownership interest in the Business. The funding proceeds will be used as follows:

**$400,000 for Product Development and Build Out**

This portion of funding is intended for both building out the commercial kitchen and developing the Hydration liquid and crystalline powdered drink mix. While the Business works to obtain its cannabis producer license by the end of 2021, management will invest in designing and developing products and packaging that fit within dispensary pricing & display expectations. During this period, the Business will also enlist the services of a cannabis product consultancy to provide a market-ready formula optimized for high quality mass production. This Consultancy will also advise on production design and process definition. Initial conversations with one such group have been productive and have yielded draft specifications and production equipment requirements.

**$100,000 for Office, Staffing & Legal expenses**

This portion of funding is intended for acquiring legal support for obtaining the MA cannabis product manufacturing license and other business-related expenses. This license will enable Highdration LLC to produce cannabis products and sell directly to licensed dispensaries. It will also be used to secure key personnel to begin optimization of the cannabis infused production process. Key to market entry is our ability to form relationships with Massachusetts dispensaries. We will accomplish this by providing them with high quality pre-roll cannabis products at attractive prices, strengthening our ability to reach the retail market with Hydration’s family of products as we roll them out.

**II. BUSINESS SUMMARY**

The business is a start-up business, providing clients with a beverage additive supporting healthy lifestyle cannabis consumption.

**Industry Overview.** The cannabis product development industry in the United States currently generates $15B in annual sales. Annual revenue for the Massachusetts market where the business is located is estimated at $1B.

**Supplier & Seasonal Factors.** Hydration’s ability to produce quality products at competitive prices is dependent on our ability to acquire source material at market rates. We will leverage our relationships with growers to create a pipeline of suppliers who can meet our production demands. The Business would only be influenced by the seasonal factors that affect our customers. Since the demand for our services crosses many different businesses and industries, seasonal fluctuations are expected to be limited to the typical downturn in the dull period months are not affected by the annual holiday schedules.

**Position in the Industry.** Manufacture consistently dosed and creatively marketed products that

appeal to the "canna-curious" and experienced users. Premium products that are affordably priced and made with quality ingredients by master food and beverage producers.

**Legal Issues.** The promoters have secured the required patents and trademarks for the products

and processes of the business in accordance with the statutory requirements.

**Location.** Highdration LLC has entered into a lease agreement at 20 Payton Street, Lowell, MA

01852 for 1000 sq. ft. of industrial space. This location is in the Marijuana Zone.

**III. MARKETING SUMMARY**

Target Markets. The main target markets for the business include:

* 21+ adults drawn to the legal medical and recreational marijuana products market
* Licensed medical and recreational cannabis dispensaries (Massachusetts-based initially)

Highdration's primary product difference is the uniqueness of cannabis infused beverage additives, including liquids, crystalline powders and other formats. One of our key product concepts is individually dosed and packaged liquid beverage additives consumed in frozen/ice form. Focus group testing of this product has been incredibly powerful and has convinced management that a product targeting consumers both familiar with and new to cannabis is a high growth business segment that will support multiple quality product entries. Currently, there are no manufacturers, large or small, producing infused ice cubes in MA, USA, or Canada.

It is estimated that there are 1 million potential customers with a current base of medical cannabis users of 100,000. The growth of recreational consumers is expected to explode. The total MA cannabis industry is $1B today. To seek the most profitable market segments in the target markets overall, the Business will focus on the following areas within the target market:

* Pre-Rolls
* Beverages and beverage enhancements (Ice Cubes, Powders & Crystals)
* Edibles (Baked goods, Mints, Chocolates)

**Competition.** Customer choice of services in this industry is based on safety, quality, price, brand,

product category and availability. Primary competition is infused products and particularly infused beverages. However, the infused beverage industry is still growing and therefore there is tremendous opportunity for an ancillary product like our powdered mixes and beverage enhancements to generate sales within dispensaries.

Marketing initiatives will include the following:

* Develop relationships with dispensaries
* Create corporate and educational website
* Create partner portal for online dispensary ordering
* Create marketing materials for beverage and ancillary products
* Local outreach to Lowell community & collaborate with Lowell businesses
* Conduct hiring events for local residents
* Provide on-going cannabis training and education
* Advertise through press releases to industry publications and local newspapers
* Internet marketing
* Develop social media programs
* Issue press releases

**IV. STRATEGY AND IMPLEMENTATION SUMMARY**

Company Goals and Objectives. Launch a pre-roll-focused business and expand our production capacity within one year. Establish relationships with dispensaries immediately by addressing a current need in the marketplace for competitively priced, high quality pre-rolls and leverage these relationships to introduce other Highdration products and secure shelf space for additional offerings. The Business will use the initial funding round to establish a pre-roll manufacturing capability enabling production of up to 12,000 per month, complete product testing and packaging for the infused liquids and mixes and to finish build out of the industrial grade kitchen and production facility.

**V. FINANCIAL PLAN**

The Funding Request in this Business Plan outlines the major start-up costs associated with this

Brand. Funding will be put to use to carry the business to positive cash flow, expected by December, 2022. The MA cannabis producer license will be secured by the end of 2021 and will allow Hydration to begin selling its pre-rolls into dispensaries, establishing a diverse distribution channel. The following are anticipated fixed costs that will constitute the bulk of the year 1 expenses as we drive towards positive cash flow:

* Equipment expense: $30,000
* Wages/Salaries: $70,000
* Consulting SOP: $20,000
* Legal/CFO: $25,000
* Rent: $15,000
* Utilities: $1,200

In the first full year of operations (2022), Hydration will expand headcount from 4 to 7 full time employees, driving wages/salaries to become the highest single expense of the business at $332,000. Other costs include manufacturing expenses associated with the production line for the infused products. Regular monthly expenses (estimated at $25,000 to $50,000) include employee salaries and other regular business expenses.

The Business is expected to generate $1,000,000 to $2,250,000 (Conservative to Aggressive growth paths – see table below) in 2022, largely on the success of a profitable pre-roll business. Using this as a wedge into the dispensaries, we will introduce our other products as they come online.

**VI. FINANCIAL FORECAST**





**VI. BUSINESS RISKS**

Business Risks include, but are not limited to, the following:

* We are not successful in obtaining the MA cannabis producer license
* The Business is not able to secure reliable sources of material for its pre-roll product sales
* The Business is not able to build and sustain relationships with a plurality of dispensaries
* Larger, better-funded competitors enter the market before us with a better product & stronger relationships with dispensaries.