

SBA INNOVATE HER COVER PAGE

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Winning Individual's Information

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Summary of Product/Service

FEMTAC is a designer and manufacturer of women's professional field apparel and equipment, offering authentic fit, function and innovation across a well-rounded product mix to improve safety, performance, and appearance. It is founded, managed, and designed by women in US Military and Law Enforcement

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Dear SBA Innovate Her Reviewing Committee,

Please accept this is a letter of support for FEMTAC's entry to the *2017 InnovateHER: Innovating for Women Business Challenge*. PeopleFund fully supports FEMTAC's mission of filling the gap that women engaged in the tactical and field activities encounter. Not only is this business women-focused, women-led, and women-serving, it ensures safety of a forgotten population: women serving in active duty military, female first responders and law enforcement officers to put their lives on the line each and every day, often at great personal sacrifice. Advancing a business with strong financials, an expertise-driven approach to market analysis and production, and thoughtful product development that saves lives and protects women in our communities was an easy choice for our organization.

Founded by two sisters, one in federal law enforcement and another in the armed forces, seek to bridge the gap in tactical apparel and service clothing. Many unisex designs reduce safety and efficiency for women on the frontlines, and improving operations for women in tactical activities or professional field occupations enables them to return safely to their families. FEMTAC as a business model is innovative in their comprehensive solutions to solving the deficiency in diversity, desirability, functionality, and mission-tailored apparel and equipment for over 10 million U.S. women currently engaged in professional fieldwork.

Under the guidance of a combat-disabled veteran, former Air Force Colonel, and passionate military advocate, PeopleFund believes that businesses who serve women, minorities, and veterans are vital to economic mobility throughout our nation. One loan, business or job can change the trajectory of families, communities and cities. Every day we witness the power of how a single loan to a family business is transformational and inspirational. Texas alone has 31 military installations with hundreds of thousands of active servicemembers across Coast Guard, Navy, Army, Air Force, Marines, and reservists – this doesn't even begin to take into account the border patrol and law enforcement, of which women have leapt from 2 to 15% of the total workforce. With the market growing, the need for tailored products will expand and the opportunity for FEMTAC to succeed is significant.




FEMTAC's business plan was thoroughly screened and vetted by PeopleFund's senior leadership team, including directors of underwriting, risk management, operations, finance, and marketing. All were unanimous in confidence and faith in FEMTAC's product, business model, scalability and mission.

Should you have any questions please don't hesitate to contact me. My direct line is 512.222.1006 and email address is acooney@peoplefund.org.

Many thanks for your consideration,

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Director of Advancement & Education, PeopleFund

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The true source of fit, function, and innovation in women's professional field apparel.

May 2017

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Executive Summary

FEMTAC is a designer and manufacturer of women's professional field apparel and equipment, offering authentic fit, function and innovation across a well-rounded product mix to improve safety, performance, and appearance. Recognizing the absence of a comprehensive shop for women's tactical and professional field apparel and gear, two sisters, one employed in the military with special operations and one as a federal law enforcement agent, founded FEMTAC. The company's mission is to solve the deficiency in diversity, desirability, functionality, and mission-tailored apparel and equipment for over 10 million U.S. women currently engaged in tactical activities and professional field occupations.

Over the next five to ten years, the numbers of women involved in tactical activities and field professions, especially in defense, protective services, law enforcement and energy, will continue to increase up to 85%. In conjunction with the over \$450 million tactical apparel industry's growth at 8.5% and the over \$37 billion active wear industry's growth at 7-10%, of which women constitute between 15-70% of consumers, women's needs and interests will only require greater attention. Due to FEMTAC's competitive advantage and women's consumer behavior, and based on research and feedback, FEMTAC conservatively projects sales to increase to \$9,408,500 and net profit to \$3,437,394 in year five. In exchange for minor equity, FEMTAC is seeking \$400,000 to purchase materials, continue production efforts, conduct marketing and advertising through events, print, and digital means.

Company, Concept, and Service

Company and Concept

FEMTAC will provide women a complete and innovative professional tactical and field apparel and equipment product mix, including undergarments, multi-layered attire, and accessories. Although initially established in 2013, FEMTAC is now working through design and prototype phases, with small batch manufacturing due to begin in August 2017. FEMTAC, an LLC based in Florida, was founded by women from law enforcement and the military who have, over a decade, recognized a distinct gap in the apparel and gear industry.

Products/Services

In order to meet the demands of the growing \$66 million women's tactical and \$37 billion functional apparel markets, FEMTAC will initially introduce three apparel pieces focusing on women involved in specific field recreational roles and plain-clothes (non-uniform) activities within the U.S. military, law enforcement, and national security realm. Over the next three to five years, the company will increase its mix to over 20 items with the greatest revenue achieved through pants, shirts, accessories, and technology driven products. Not relying solely on the current absence of product, fit, and variety in color and size, FEMTAC will differentiate itself further through improved mission-specific design, use of technology that directly enhances functionality, sustainable and advanced materials, and remaining American made. FEMTAC will also differentiate itself from competition through integrating value-added amenities such as a women-oriented culture and transparent financial and operational processes.

FEMTAC reduces time busy customers spend locating appropriate apparel and gear through offering a one-stop shop, enhances their livelihood and income potential through professional promotion and acceptance, and, most importantly, guards their health and associated costs more effectively than competitor product offerings. FEMTAC's value is in increasing efficiency, efficacy, safety, performance and comfort while meeting standards for desirable apparel and gear appearance.

Even with potential for copying of the product line, FEMTAC will maintain its competitive advantage, avoid obsolescence and sustain barriers to entry through the difficult-to-replicate owners' 40 plus years of knowledge, skills, and abilities, accessibility to target customers, agile operations, personal engagement, innovative culture, and additional service offerings.

Entry and Growth

FEMTAC entered the market in Q2 2017 through testing one initial product on select women from federal law enforcement agencies and will continue testing two additional products on female Non-Governmental Organization (NGO) personnel operating in Africa and the U.S. Army special operations community at Fort Bragg, NC. In Q3, pending successful testing, additional samples will be delivered to targeted defense, shooting sports, and emergency management personnel in the United States. FEMTAC will attend the 2017 Outdoor Retailer and National Tactical Officers Association Tradeshows, commence online sales by the end of Q3, and by Q1 2018 become available through three Southeastern U.S. retail stores and two distributors.

FEMTAC's long-standing relationships with elements of its target market and industry have created substantial interest and established credibility well before sales commencement. FEMTAC will continue to advance these relationships and cultivate new ones, as personal and professional reputation and word of mouth are as significant in (entry and growth in) industry success as product quality. FEMTAC has potential for growth beyond its initial product mix into motorsports, hunting/fishing and high risk adventure apparel, weapons & accessories (for which it has proprietary knowledge), explosives, and services such as risk management, personnel recovery, and investigative and protective services. FEMTAC holds an exclusive position within the market that will be leveraged to its advantage, including access to women-sponsored and women only activities and locations, daily professional collaboration, and the support of noteworthy advisors with significant field and tactical experience and community influence.

The Industry

FEMTAC operates primarily in the Cut & Sew Manufacturing (NAICS 3152), Sporting & Athletic Goods Manufacturing (NAICS 3399) and Other Textile Product Mills (NAICS 3149) industries where functional, tactical and service qualities intersect. Within the functional apparel industry, sales are increasing 7-10% annually, outpacing regular apparel. In 2014, functional and outdoor apparel reached over \$37 billion in sales and is estimated to increase to over \$80 billion in 2020. Within the tactical apparel and equipment industry, those entities engaged in large scale U.S. government contracting (B2G) efforts realize revenues of over \$240 million annually and growth of 8.5% as military dollars transfer

temporarily to domestic security and energy efforts. Four out of 82 businesses in this group have 69% of the market share (medium concentration) due chiefly to their well rooted U.S. government and industry support and advanced technology. Still, more firms exist than in previous years, a small, but positive indication of growth. The second sector of the tactical apparel industry largely supports consumers directly (B2C) or indirectly (B2B) due to the manufacturers' inability to meet U.S. government compliance for purchases above the micro or simplified acquisition thresholds. The second sector includes companies like 5.11, Inc. whose 2016 annual reported revenue was over \$290 million, up from \$80 million in 2008, and growing.

The tactical apparel and service clothing industry is mature, but the women's market, both in functional and tactical wear, is still considered underserved, innovative, and growing. Several significant issues affect all manufacturers, including the cost of oil, cotton and synthetics prices, and the domestic manufacturing economy, with the latter two having the greatest influence on product prices over the last five years. Manufacturing costs are typically addressed through outsourcing to foreign countries. In menswear, price has become, in great part, the basis for competition, as many products are similar in nature. However, options in womenswear are less prevalent and differentiation continues to be a significant factor. In either case, the industry must often pay attention to quality (including perceived quality) as much as price because the market is one whose principal focus is on goods that improve performance and safety. Where those aspects are lacking, companies lose customers quickly.

Key success factors for those firms who remain involve reducing costs through employing economies of scale, engaging R & D, technology and innovative efforts, maintaining strong brand names, infiltrating new markets, and building strategic partnerships. Firms also accept being bought out by larger entities or investors. Most of the primary players, whether focused B2C, B2B, or B2G, outsource to low labor cost countries or U.S. prisons to reduce costs. The recent Presidential election may modify the global trade environment and domestic manufacturing sector to positively affect the professional field apparel and accessories industry. Nonetheless, FEMTAC will remain U.S. made to manage quality and responsiveness and may reduce future costs through diverting some operations to a U.S. territory such as Puerto Rico.

FEMTAC's greatest challenge, initially, is in economies of scale. FEMTAC's strengths are in its movement into an underserved market, industry-atypical approach to customer service and culture, updated designs for women, and design and technology firm partnerships. Initiatives that support woman-owned small businesses, such as sole source contracting, the opening of previously closed field roles to women, and women's increasing financial independence and positioning as decision makers will contribute greatly to FEMTAC's success.

The Market and Growth

Overview

FEMTAC's primary market is B2C and consists of women who work in or support U.S and international law enforcement, defense, protective/clandestine services, energy, agriculture, construction,

and potentially hazardous sports like shooting. FEMTAC also targets the B2B distributor and store market and, within three years, will support micro and simplified acquisition B2G efforts. FEMTAC's principal focus on B2C and B2B markets serves several purposes. The reach, demand, and profitability is greatest in these markets and FEMTAC will avoid reliance on large government contracts to remain viable.

Market Segmentation

FEMTAC's market segmentation is best addressed through the Market Segmentation table in Appendix C. One segment with great sales potential includes women with consistent field missions employed at entry to managerial level, associated with policing and national security, near specific large, progressive, and high field/deployment rate cities, bases or clandestine stations, and those who are either single (more appearance oriented & financially independent) or have family (heightened concerned for safety). A second segment with high sales potential includes young women in recreational shooting sports and women in field based professions such as energy, construction, agriculture, media, and emergency management. FEMTAC will prioritize segments according to these significant sales potential factors and anticipates up to 80% of revenue will come from these customers.

Buyer Demographics and Behavior

FEMTAC's customers are generally independent, financially and/or emotionally, decision makers, and increase spending on goods for themselves between the ages of 20 and 45. They also tend towards safety and maintaining their health as, beyond facing potential danger in their work missions, women are often the drivers of safety in any industry. Women involved in field operations base their decision to purchase on three chief factors: quality, service, and price. Because of strenuous and physical job or recreational requirements, quality rates first. When offered services that consider them first, and products that fit, look and perform better and provide (the feeling of) increased safety, developed and sold by a military and law enforcement women-run company, customers in this underserved market are more willing to pay slightly more than the average price for products. Gender is the most powerful decision making determinant and where many businesses misunderstand and lose female consumers, that FEMTAC is directed and managed by women in field-oriented professions will catalyze sales.

Competition and Competitive Edges

FEMTAC's main competitors are Carhartt, 5.11 Tactical, Blackhawk Tactical, Berkshire Hathaway (BH), Tru-Spec, and in the military realm, Propper. Propper, BH and Carhartt are major players in the field apparel industry with Propper accounting for 18.5%, BH 10.7% and Carhartt 6.8% of current market share. Propper serves the USG primarily, while others above, including BH, Carhartt, 5.11 and Blackhawk outsource and sell less to the government and more B2C and B2B. Many competitors have similar company culture issues and genuine representation of women is virtually invisible in marketing & product mix. Despite their current industry strength, competitors do not understand or value the significance of women consumers and this particular market. FEMTAC's mission, resonating with women and distinct from most competitors, is to answer the customer's appeal for increased value, attention, and peace of

mind through a true woman-focused culture, improved designs and sizing, superior quality at a reasonable price point, and ethical and sustainable operations.

Estimated market share and sales figures

FEMTAC's initial focus is to meet the needs of B2C customers in the over \$30 million U.S. law enforcement, defense, and security related women's market and the \$37 billion multi-purpose lifestyle apparel (construction, energy, agriculture, natural resource, hazardous sports) market. In order to assess market share and sales, FEMTAC assumes revenue in the B2C law enforcement, defense, and security apparel industry as a whole will increase, as reported by experts, 4-6% annually for the next 3–5 years and women will continue to make up at least 15% of this industry (numbers of women in field based career tracks increasing due to recent updated regulations). FEMTAC also assumes revenue in the B2C professional functional apparel industry will increase, as it has since 2014, by 7-10% annually and women will continue to compose up to 70% of its consumer base. FEMTAC estimates, based on the assumptions above, its product and service advantages, consumer interests and behavior, and its competitors' consistent inability to satisfy customers, its market share in either B2C industry to move from 2% to 10% over the next five years. For similar reasons, and with the added benefit of being a WOSB (Woman Owned Small Business) and VOSB (Veteran Owned Small Business), FEMTAC estimates its market share of the over \$35 million B2G women's market, specifically in micro purchases, simplified acquisition and sole source contracting, in years four and five to reach 10-15%.

Economics of Business

FEMTAC's revenue is generated from a mix of related field and tactical products supported by value added services. Although based heavily on products, FEMTAC will remain diversified in its mix and explore future service-based offerings to mitigate some product performance risk. Margins in field apparel and accessories vary from vary from 30-60% and FEMTAC conservatively projects 22% in the first year of operations and 44% in year five.

FEMTAC recognizes profit sustainability stems primarily from credibility within the industry and maintaining relationships with the market. Because the industry has medium-high barriers to entry, there are fewer companies from which customers can choose a wide range of products. To a degree, loyalty in the industry occurs because no positively differentiated alternative exists. And, where value doesn't exist as it should, price becomes an issue, as it has for some in the industry. FEMTAC will demonstrate positive differentiation at a slightly higher price, but still manage to save time and money for customers seeking decision making and purchasing efficiency and long term value. Customers may save hundreds of dollars over several years in time alone by shopping in one place (not having to devote additional effort to locating other apparel and gear retailers), increasing productivity, and reducing purchases (and returns) of products of decreased quality and functionality.

FEMTAC's economic model involves low-medium fixed costs (primarily personnel and administrative), higher variable costs, low to medium volumes, and low operating leverage. Based on metrics and demand, FEMTAC may move towards a high operating leverage model over the next three to

five years, but the company benefits from the present plan because it is able to cover fixed costs and realize profit gains sooner. Breakeven would occur in year one. Using a weighted average contribution margin, breakeven will occur in the first quarter of the first year at \$105,520 in revenue and 1,475 units. A breakeven analysis is depicted in Appendix A.

FEMTAC's fixed costs are minimal in year one, as there are no salaried employees or facility rental. The primary fixed costs of insurance, travel, and marketing transfer to year two, where salaries and associated employee benefits and taxes increase fixed costs by \$304,120. FEMTAC's variable costs are significant in year one, nearly twenty-nine times the cost of fixed costs, with materials and production forming the majority of these variable costs and supplies less than .001%. A breakdown of fixed and variable costs for year one and year two are detailed in Appendix B.

Marketing Strategy

FEMTAC's marketing philosophy is one that meets target market needs for simplicity, with purchasing convenience and accessibility to attentive company representatives, authentic understanding, through the natural and professional experience of the co-founders and managers, and service-orientation to consistently focus on product and process improvement in a bottom-up approach, based on the daily input of women in the field.

Advertising & Publicity

To that end, FEMTAC has two initial foci in advertising and publicity: no or low cost and in-person opportunities. No or low cost efforts include professional referrals, social media, networking and listings through professional organizations and nonprofits, other entrepreneurial and field activity related media including podcasts and local/national news, and being highlighted on other industry and market organizations' web pages and those of suppliers, partners, distributors and stores. To date, FEMTAC has been featured in a national documentary, on a regional television news channel, a national podcast, and over twenty local and national print media. In person efforts primarily include work contacts, sizeable entrepreneurial and women-oriented conferences, industry conferences, like Special Operations Forces Industry Conference (SOFIC), and trade events, such as Shot Show. In 2017, FEMTAC will participate in the Outdoor Retailer and National Tactical Officers Association tradeshow. Additionally, the company currently has over 3,500 newsletter subscribers and will continue to foster additional online followership.

Pricing

FEMTAC will employ direct selling, whole sale opportunities, and ecommerce, pricing its products competitively, but, based on market research and American sourced and made COGS, potentially up to 8% higher than competitors where a similar product exists. As wholesale price is typically $\frac{1}{2}$ of retail price, FEMTAC will extend reasonable offers to distributors and brick and mortar stores who serve the most progressive geographic markets. Ecommerce will be FEMTAC's leading channel; however, distributors, stores, and direct selling are a must in the industry.

Even at a slightly higher price point, FEMTAC will gain acceptance, be profitable, and increase its market share through its additional value, or payback, to the customer. Through improved quality and

design, customers will spend less overall on products (fewer replacements items, fewer secondary or tertiary items to complete functionality), and increase comfort and reduce potential injury (helping them to perform better and maintain consistent employment). Additional economic value will come from saving time, such as that lost when returning undesirable products to retailers, of which the target market has little. FEMTAC's focus is on being a comprehensive shop so customers can be more financially and operationally efficient and effective.

Customer service

FEMTAC will take a strong stance on customer service by implementing and integrating "listening" tools and acting on both positive and negative input promptly. As women respond well to community and communication efforts, FEMTAC's first pledge to exceed expectations is in its creation of a proactive and agile culture. To help the company secure and embed that culture in all operations and, where pertinent, ease challenges for customers to communicate and build confidence in the company, FEMTAC will integrate social media, Zoho CRM, ZenDesk, StichLabs inventory management, Shopify customer service features, informational newsletters with product discounts, and feedback tools to provide satisfaction metrics. When feasible, FEMTAC will consider a chat tool, an online community platform like Mightybell, and interactive blogs. Recognizing that women often felt unheard, FEMTAC's customer service objective is to provide communication opportunities and promptly action the input received.

As part of customer service FEMTAC will also offer a product warranty program, employ Secure Sockets Layer (SSL), Norton Shopping Guarantee, become accredited through the Better Business Bureau, and have products tested through reputable third party initiatives such as the National Tactical Officer's Association Member Tested and Recommended Program.

Sales Cycle

Initially, FEMTAC will rely heavily on industry and market contacts and referrals over traditional and costly advertising methods. In the case of B2B, the average sales cycle may require 4-8 weeks. FEMTAC feels that the demand from women for a new option in professional field and tactical apparel is great enough that distributors and stores, especially if independently owned, may take less time to order. The sales cycle could increase five to ten-fold if FEMTAC begins bidding for and serving B2G customers.

In the case of B2C customers, where a trusted relationship and awareness exists, the sales cycle may take as little as 1 week. In the case customers are not intimately familiar with FEMTAC and are in the initial stages of buying, the cycle may be several weeks to month in length while they continue to research and compare. FEMTAC's goal is to nurture these leads and maintain good, reasonable communication with them so that when an event occurs that triggers a buying cycle, FEMTAC is at their front door.

Design and Development

Development Status and Tasks

FEMTAC will introduce three products initially. One piece's prototype has been finalized and samples being tested. The other two prototypes will be complete by September 1, 2017. Three additional products, all of which are in the beginning to middle stages of prototyping, will follow. Prototypes pass through several stages, requiring as little as 1 month or as much as 12 months, depending on design complexity, testing or sourcing of materials. Subject to adjustments in the stages, each prototype ranges in cost from \$750 to \$2000. FEMTAC has chosen specific end users to test sample products including personnel from Africa based anti-poaching, special operations, and two law enforcement agencies. Testing will require approximately 1-2 months and pending product changes, sales will commence 1-3 months after testing completion.

Difficulties and Risks

FEMTAC's greatest challenges are in staying on materials and production budget. Where the company overspends, it risks being able to make additional design adjustments or develop new prototypes. In order to meet our mission, FEMTAC presently focuses 90% of its budget, including some underestimation allowance, on design and development. Key communication with customers and timely responsiveness and improvements, especially as processes becomes more efficient, give FEMTAC an advantage, reducing costs between design and development to testing and sales by as much as 30%.

Operations Strategy

FEMTAC's main office is located in the Southeastern (SE) United States for easy access to its target B2C and B2B markets, most fabric sources, production and, in the event of B2G opportunities, Puerto Rico. Because the SE is relatively inexpensive, FEMTAC also reduces its operational costs, particularly in transportation/distribution. FEMTAC will remain a home-based business to reduce overhead costs, as most functions will be outsourced, until demand requires a warehouse or R & D facilities. In its first year of operations, FEMTAC will conduct basic administrative functions, sales, and quality control in-house with distribution and most customer service through Fulfillment by Amazon (FBA). It will outsource material production, product manufacturing, legal, and accounting services. Front stage operations visible to customers include sales and marketing, simple and reliable ordering, product knowledge, and timely delivery. Back stage initiatives include R & D, quality control, and administrative functions.

FEMTAC will maintain a model as close to On Demand Manufacturing as possible. Working through its producers FEMTAC will be able to choose production options ranging from 25 piece minimums to thousands of pieces within a week. Because of each manufacturer's adaptable service model, FEMTAC will be able to maintain a high level of quality control, product customization, and flexibility in market demands. Nonetheless, FEMTAC foresees bottlenecking to initially occur where it attempts to be financially efficient in the inventory and manufacturing processes. FEMTAC will maintain inventory based on the calculated market, seasons, and typical wear cycle of clothing. To preserve

production and delivery during seasons of greater demand and decreased availability of producers, primarily September – December, FEMTAC will be required to order production based on a forecasted worst case scenario, in advance of the September production push.

As FEMTAC's sales increase, the company will continue to operate in a lean manner through its production partners' subject matter experts, well-established processes, technology, R & D initiatives and economies of scale. Pending development of the B2G market, the company will explore Puerto Rican manufacturing opportunities which offer benefits including Berry compliance, reduced regulations and costs and a skilled workforce.

Depending on FEMTAC's degree of operational engagement, it faces potential legal issues, including those related to product warranties and useful life, false and misleading claims, licensing and distribution agreements, USG policy & regulations, labor & employment, anti-counterfeiting, and customs & international requirements.

Management Team

Leah Olszewski is a current U.S. Army Officer working in Special Operations with over 19 years of service in the military. She has previous defense contracting business ownership experience and holds a Master of Business Administration. M. Sands is a former U.S. Army pilot, current U.S. Government federal agent and has over 10 years of service in law enforcement. Mrs. Sands is primarily involved in FEMTAC's strategic planning and product design activities only due to security requirements surrounding her current position. FEMTAC is presently operating on the efforts of Miss Olszewski and Mrs. Sands and is seeking advisory board members from operational community, both men and women, industry and government influencers, such as recently retired military/law enforcement leadership, and tech, fashion, materials and manufacturing innovators.

Overall Schedule

FEMTAC's founders established the company in mid-2013 while working full time for other organizations. Since 2014, FEMTAC has focused on researching the market further, developing funding options, designing initial products, and bringing attention to the brand. Through Q3 2017, FEMTAC will foster close relationships with industry and technology innovators and ensure systems are in place to automate workflow and increase awareness and sales. FEMTAC has finalized B2C U.S. production partners, but continues to reevaluate manufacturers, including those in Puerto Rico or global Blue Sign/Worldwide Responsible Accredited Production facilities. In the next three months, FEMTAC will complete 1 initial product with 2 follow on products for Q3 2017 and Q1 2018 sales respectively. By the end of Q3 2018, FETMAC will have established a solid customer base and look to expand. Appendix D outlines operations for the first three years. FEMTAC has already experienced schedule slippage and concern exists it may arise again predominantly due to lack of critical financing. Slippage may lead to reduced credibility and competitor reengagement. To address this, contrary to initial plans, FEMTAC will consider previously opposed funding sources.

Critical Risks, Problems, and Assumptions

FEMTAC recognizes there are some critical risks associated with entrance to the functional and tactical apparel and gear industry that cannot be ignored. First, FEMTAC's lack of large funding could be disadvantageous. FEMTAC is approaching this through increasing efficiency and reducing operating costs by using sourcing, design, and production processes developed by successful textile, manufacturing and technology advisors and exploiting opportunities in funding and support for women's field-oriented recreational and professional initiatives.

A second risk FEMTAC faces is that of its competitors cutting prices and doubling efforts. FEMTAC's response to this is to apply the skills and experience of its owners and network that current firms have not applied well (a genuine woman-focused company culture) and demonstrate the value of U.S. made products. Where apparel is used in often hazardous duty professions or sports, word of mouth is key. As online field and tactical forums demonstrate, access to millions of dollars in funding has not always equated to quality products or a consistent customer base.

Financial Plan

Financial Overview

Over the first five years of operations, FEMTAC projects total revenues to grow fourteen-fold from \$781,000 to over \$9 million. Margins will grow from 22% in year one to 44% in year five, on par with the tactical apparel industry standards. Within one year, FEMTAC will break even although the cash burn rate in year one is significantly higher than in years four-five primarily due to increased costs of smaller batch sourcing and production. FEMTAC's revenue drivers, all projected to grow over 100% from year one to two, include suit pants, tactical pants, and shirts.

Income statements

FEMTAC's Pro Forma Income Statements, prepared for the first five years of operations, are presented in Appendix E. The company projects net profits to increase from \$88,207, or 11%, in year one to over \$3 million, or 36%, in year five. While the percentage of operational expenses initially increases with the addition of salaried personnel in year two it eventually decreases to 8% in year five as FEMTAC scales to eight employees with associated costs. Sales projections are based on research and feedback from women in a variety of military, law enforcement and other organizations over the last decade and particularly since July 2013.

Balance Sheets

During the first five years of operations FEMTAC will retain 100% of its earnings to reinvest into the company, emphasizing research and development. Understanding of the benefits long term assets can provide, the company has not planned to purchase facilities or equipment unless it finds a need that could not otherwise be outsourced. While liabilities decrease between year one and five as FEMTAC repays its note to investors, a greater percentage of liabilities in those years stem from increases in material and production volume. The balance sheet is presented in Appendix F.

Cash Flow

FEMTAC will require an initial cash infusion of \$453,600 for to develop positive cash flow and liquidity. The primary use of this cash will be for tradeshow attendance, marketing, sourcing material and production. FEMTAC will work to balance cash flows so that it is not losing sales to shortages in stocks of raw materials or finished products. Chances of profitability increase with adequate initial product funding. FEMTAC's cash flow statement is presented in Appendix G.

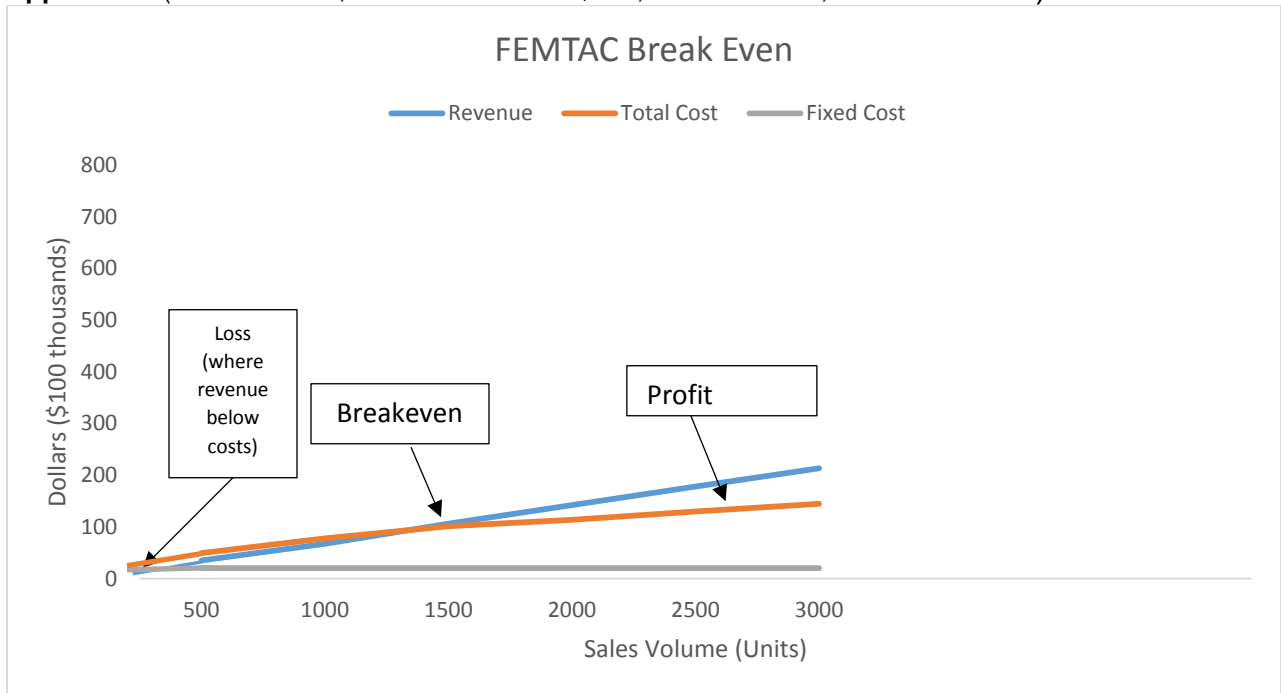
Proposed Offering

In order source materials and manufacture products in a more efficient and cost effective manner, FEMTAC requires an initial investment of \$453,600. Other than material sourcing and production, the company will utilize these funds predominantly on marketing, tradeshow attendance and samples, information systems, legal consult, and business insurance. Although the company's majority owner has dedicated approximately \$54,000 to the company and will mitigate financial needs through a Kickstarter campaign, FEMTAC seeks funding from one of two additional sources: an investor(s) or a line of credit.

In return for support, FEMTAC will establish an agreement offering an investor a minor percentage of equity in the company. Similarly, if in receipt of a bank line of credit, FEMTAC will position itself to repay that line, with interest, as indicated by the financial institution to prevent significant debt after year 5. The company will consider a variety of funding and repayment options to meet its growth and exit goals.

FEMTAC's founders will maintain their specified ownership share in the company. If a founder decides to leave, the other founder receives first right of refusal. Considering the projected market growth, intangibles such as barriers to entry and veteran and women-owned contracts, position within the market, and historic valuations and activities of similar companies, FEMTAC's aspires to be purchased by a reputable retailer or an equity firm within 4-6 years.

Appendix A (Break Even: 1,475 units of sale at \$105,520 in revenue, 1st Sales Quarter)



Appendix B (Fixed and Variable Costs – Year 1)

FIXED & VARIABLE COSTS			
Fixed		Variable	
Information Systems Use	\$ 2600	Office Supplies	\$ 500
Insurance	\$ 5000	Materials & Labor	\$ 609693
Travel & Marketing	\$ 10000		
Legal & Accounting	\$ 3500		
Total Fixed	\$ 21100	Total Variable	\$ 610193

Appendix C

Market Segmentation

MARKET SEGMENTATION			
Geographic	Demographic	Psychographic	Behavioristic
<i>Region:</i> (LE) NE US, IL, WA, CA, WA, TX, AK, FL, DC (DF) Most NC, TN, TX, GA, VA, CA, DC, WA, FL (OT) ALL	<i>Occupation:</i> (LE) Detective/Agent (DF) Special Operations, Investigative Services, Support (OT) Scientist, Advisor, Journalist, Laborer, Manager, Athlete	<i>Attitudes:</i> (ALL) Progressive, Health Conscious	(ALL) Value, But Not At The Risk Of Safety
<i>Size:</i> (LE) Most Large, Extra Large Cities (> 1 million) (DF) Most Small Cities (50k – 300k) (OT) Varies greatly	<i>Gender:</i> (ALL) Female	<i>Values:</i> (ALL) Honor, Independence, Respect, Integrity, Service, Commitment	(ALL) Heavy, Continuous Use In Demanding Environments/ Activities
<i>Climate:</i> (ALL) Wide Range	<i>Socio-Economic:</i> (ALL) Skilled Manual, Supervisory/Jr. Managerial, Intermediate Managerial/Professional	<i>Interests:</i> (ALL) Outdoors, Physical Fitness, Security, Career, Service, Justice, Collaboration	(ALL) One Stop Shop/Multifunctional/Many Benefits In One Place
	<i>Age:</i> (ALL) Most Range from 13-50		(ALL) Brand Loyal (b/c no alternative)
	<i>Education:</i> (ALL) Most High School, College		
	<i>Income (varies greatly):</i> (ALL) Most Range from Low of 20K to High of 300K		
	<i>Family:</i> (ALL) Most Range from Single no kids to Married w/ up to 2 kids		

* LE (Law Enforcement), DF (Defense), OT (Other: Energy, Media, Construction, Field Science, Agriculture, Shooting Sports)

Appendix D

Overall Schedule

	Jul 13 [†]	Jul 17	Oct 17	Jan 18	Apr 18	Jul 18*	Oct 18	Jan 19	Apr 19	Jul 19	Oct 19	Jan 20
Incorporation												
Legal/Accounting												
Design/Develop ^												
Order Materials												
Complete Protos ^												
Complete Proto Tests ^												
Engage East Coast B2B												
Begin Small Batch Production												
Initiate Sales												
Tradeshows												
Invite Board												
Mil-Spec Manu Efforts Assessment												
Employ Sales/Log/ Customer Service												
Add Staffing Pending Growth												
Product/Service R&D												
Obtain Critical Financing												

[†] Completed or Will Complete * Start Quarterly View; ^ Initial Products

Appendix E

Income Statements

FEMTAC MONTHLY COMPARATIVE INCOME STATEMENT													
	2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Revenues													
Clothing	781,000	25,500	35,500	50,000	60,000	65,000	70,000	70,000	70,000	80,000	80,000	80,000	95,000
Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (Sales)	781,000	25,500	35,500	50,000	60,000	65,000	70,000	70,000	70,000	80,000	80,000	80,000	95,000
Cost of Goods Sold (COGS)	610,193	90,000	30,000	30,000	35,000	30,000	40,193	50,000	65,000	70,000	70,000	55,000	45,000
Total Cost of Goods Sold	610,193	90,000	30,000	30,000	35,000	30,000	40,193	50,000	65,000	70,000	70,000	55,000	45,000
Gross Margin	170,807	(64,500)	5,500	20,000	25,000	35,000	29,807	20,000	5,000	10,000	10,000	25,000	50,000
Gross Margin %	22%	-253%	15%	40%	42%	54%	43%	29%	7%	13%	13%	31%	53%
Expenses													
Operating Expenses													
Salary (Office & Overhead)	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Workers Compensation													
Employee Benefits	-	-	-	-	-	-	-	-					
Outside Services	-	-	-	-	-	-	-	-					
Supplies (off and operation)	500	41	41	41	41	41	41	41	41	41	41	41	49
Marketing	5,000	417	417	417	417	417	417	417	417	417	417	417	417
Car, Delivery and Travel	5,000	417	417	417	417	417	417	417	417	417	417	417	417
Accounting and Legal	3,500	292	292	292	292	292	292	292	292	292	292	292	292
Rent & Related Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
InfoSystems	2,600	217	217	217	217	217	217	217	217	217	217	217	217
Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	5,000	417	417	417	417	417	417	417	417	417	417	417	417
Internet/Cell Provision	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operations Expenses	21,600	1,801	1,801	1,801	1,801	1,801	1,801	1,801	1,801	1,801	1,801	1,801	1,809
Operations %	3%	7%	5%	4%	3%	3%	3%	3%	3%	2%	2%	2%	2%
EBIT													
Interest Expense	60,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Income Taxes	1,000	83	82	82	82	82	82	82	82	82	83	83	83
Net Profit	88,207	(71,384)	(1,383)	13,117	18,117	28,117	22,924	13,037	(1,833)	3,117	3,116	18,116	43,108
Net Profit/Sales %	11%	-279%	-4%	26%	30%	43%	33%	19%	-3%	4%	4%	23%	45%

FEMTAC COMPARATIVE INCOME STATEMENT					
	2017	2018	2019	2020	2021
Revenues					
Clothing	781,000	2,285,000	3,477,500	6,458,750	8,732,500
Equipment			400,000	538,000	676,000
Total Revenue (Sales)	781,000	2,285,000	3,877,500	6,996,750	9,408,500
Cost of Goods Sold (COGS)	610,193	1,410,346	2,369,056	4,069,743	5,230,606
Total Cost of Goods Sold	610,193	1,410,346	2,369,056	4,069,743	5,230,606
Gross Margin	170,807	874,654	1,508,444	2,927,007	4,177,894
Gross Margin %	22%	38%	39%	42%	44%
Expenses					
Operating Expenses					
Salary (Office & Overhead)	-	105,000	245,000	425,000	475,000
Payroll Taxes	-	20,000	50,000	80,000	80,000
Workers Compensation		720	1,800	2,900	2,900
Employee Benefits	-	24,000	60,000	96,000	96,000
Supplies (off and operation)	500	1,000	2,000	3,000	3,000
Marketing	5,000	5,000	5,000	5,000	5,000
Car, Delivery and Travel	5,000	10,000	8,000	15,000	15,000
Accounting and Legal	3,500	7,000	7,000	7,000	7,000
Rent & Related Costs	-	-	12,000	12,000	12,000
InfoSystems	2,600	4,000	5,000	6,000	6,000
Utilities	-	-	3,600	3,600	3,600
Insurance	5,000	7,000	9,000	12,000	12,000
Internet/Cell Provision	-	2,500	6,000	10,000	10,000
Total Operations Expenses	21,600	186,220	414,400	677,500	727,500
Operations %	3%	8%	11%	10%	8%
EBIT	149,207	688,434	1,094,044	2,249,507	3,450,394
Interest Expense	60,000	48,000	36,000	24,000	12,000
Income Taxes	1,000	1,000	1,000	1,000	1,000
Net Profit	88,207	639,434	1,057,044	2,224,507	3,437,394
Net Profit/Sales %	11%	28%	27%	32%	36%

Appendix F
Balance Sheet

FEMTAC COMPARATIVE BALANCE SHEET					
	2017	2018	2019	2020	2021
Assets					
Current Assets					
Cash	541,807	1,101,241	2,078,285	4,222,792	7,604,580
Accounts receivable	23,321	59,890	79,153	114,974	127,115
Inventory	28,505	38,427	65,192	76,650	99,875
Supplies	500	1,500	3,000	5,000	5,000
Total Current Assets	594,133	1,201,058	2,225,630	4,419,416	7,836,570
TOTAL Assets	594,133	1,201,058	2,225,630	4,419,416	7,836,570
Liabilities and Equity					
Current Liabilities					
Accounts payable	45,926	175,000	220,362	264,141	331,734
Taxes payable	-	1,667	4,167	6,667	6,667
Note Payable (Inv)	80,000	-	-	-	-
Interest payable	60,000	48,000	36,000	24,000	12,000
Accrued Payroll	-	8,750	20,416	35,416	39,583
Total Current Liabilities	185,926	233,417	280,945	330,224	389,984
Long-term Liabilities					
Note Payable	320,000	240,000	160,000	80,000	-
Total Long-term Debt	320,000	240,000	160,000	80,000	-
Total Liabilities	408,200	473,417	440,945	410,224	389,984
Owners' Equity					
Retained Earnings	88,207	727,641	1,784,685	4,009,192	7,446,586
Total Owners' Equity	88,207	727,641	1,784,685	4,009,192	7,446,586
Total Liabilities & Equity	594,133	1,201,058	2,225,630	4,419,416	7,836,570

Appendix G

Cash Flow Statements

FENTAC MONTHLY COMPARATIVE CASH FLOW STATEMENT													
	2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash Flow from Operating Activities													
Net Income	88,207	(71,384)	5,000	7,000	8,000	10,000	10,000	7,207	6,000	8,000	7,000	10,000	10,000
Net Cash Inflows from Operating	88,207	(71,384)	5,000	7,000	8,000	10,000	10,000	7,207	6,000	8,000	7,000	10,000	10,000
Cash Flows from Investing Activities													
	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flows from Financing Activities													
Proceeds from Investors	400,000	400,000											
Proceeds from Paid in Capital	53,600	53,600											
Net Cash Inflows from Financing	453,600	453,600											
Net Cash Outflows from Financing													
Net Increase in Cash	541,807	382,216	5,000	7,000	8,000	10,000	10,000	7,207	6,000	8,000	7,000	10,000	10,000
Cash and Equivalents, from prior period		382,216	387,216	387,216	394,216	402,216	412,216	422,216	429,423	435,423	443,423	450,423	460,423
Cash and Equivalents, this period	541,807	382,216	387,216	394,216	402,216	412,216	422,216	429,423	435,423	443,423	450,423	460,423	470,423

FEMTAC COMPARATIVE CASH FLOW STATEMENT					
	2017	2018	2019	2020	2021
Cash Flow from Operating Activities					
Net Income	88,207	639,434	1,057,044	2,224,507	3,437,394
Net Cash Inflows from Operating	88,207	639,434	1,057,044	2,224,507	3,437,394
Cash Flows from Investing Activities					
	-	-	-	-	-
Cash Flows from Financing Activities					
Proceeds from Investors	400,000				
Proceeds from Paid in Capital	53,600				
Net Cash Inflows from Financing	453,600				
Net Cash Outflows from Financing	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)
Net Increase in Cash	541,807	639,434	1,057,044	2,224,507	3,437,394
Cash and Equivalents, from prior period		541,807	1,101,241	2,078,285	4,247,186
Cash and Equivalents, this period	541,807	1,101,241	2,078,285	4,222,792	7,604,580

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