



MARKET ANALYSIS ON A SOCIAL NETWORK APP FOR STUDENT ATHLETES

United States

MARKET OVERVIEW

Current and Former Student Athletes

School-based organized sports play a large role on the campuses of America's educational institutions. From elementary school gym classes to high school varsity teams to National Collegiate Athletic Association (NCAA) tournaments, participation in school-based team and individual sporting competitions is a prevalent activity. Virtually every state, district, and school in the United States requires physical education for its students.

There are three governing associations of US collegiate athletics:

NCAA – National Collegiate Athletic Association

NJCAA – National Junior College Athletic Association

NAIA – National Association of Intercollegiate Athletics

According to figures from NCAA, nearly eight million students currently participate in high school athletics in the United States. Approximately 570,000 student-athletes participate in intercollegiate athletics across the three separate governing associations. Only 6% of high school athletes compete in NCAA. More than 480,000 compete as NCAA athletes (56% male and 44% female athletes), and just a select few within each sport move on to compete at the professional or Olympic level. More than eight out of 10 student-athletes will earn a bachelor's degree, and more than 35% will earn a postgraduate degree.

A study on the life after school of high school athletes, showed that elite athletes are **more likely than non-athletes to be employed** and **employed full time**. Those who participated in high school athletics at the elite and varsity levels **earned a higher income**, when compared to those who did not participate in high school athletics.





U.S. COLLEGE AND UNIVERSITY STUDENTS

Stats & Trends

- There are approximately **5,300 different colleges and universities** within the American tertiary education system.
- On average, that is **106 colleges** and universities **in each of the 50 states** of America.
- **California has the most colleges and universities with 399**, followed by **New York** with 307, and **Pennsylvania** with 260.
- In the 2019 school year a total of 19.9 million students were expected to attend American colleges and universities.
 - 12.1 million **students** attend full time (source)
 - 7.8 million **students** attend part time
- There will be **11.3 million female students**, compared to **8.6 million male students**.
- Students will be more likely to attend college on a full time basis, with **12.1 million full time students** and **7.8 million part time students**.
- Approximately **6.0 million students will attend 2-year institutions** compared to the **13.9 million students that will attend 4-year institutions**.
- It is expected that **16.9 million students will enroll in undergraduate programs** and **3.0 million students will enroll in post-graduate programs**.
- During the 2019–20 academic year, colleges and universities expected to award:
 - 989,000 associate's degrees
 - 1,975,000 bachelor's degrees
 - 820,000 master's degrees
 - 184,000 doctor's degrees
- Recently, the average annual price for undergraduate tuition, fees, and board was \$15,640 at public institutions and \$40,614 at private institutions.

MARKET POTENTIAL

Current and Former Student Athletes

Participation in college athletics is a fun and enriching experience for many students. In fact, about 400,000 student athletes participate in athletic games each year, and thousands receive scholarships to do so.

Challenges faced by student-athletes / Pain points to be addressed:

- **Odds for becoming pro athletes is slim:** Not everyone can progress to become pro athletes, very few make it. Fewer than **2%** of NCAA student-athletes go on to be professional athletes. (The rest – 392,000 student athletes have to depend on academics or plan for a career outside of sports, to prepare them for life after college). 43% of young black athletes believe that they will eventually go pro, but the real statistics here paints a much different story.
- **Scholarship doesn't cover all costs:** Athletic scholarships are renewed every year, at the discretion of the coach or others. Even then, there's a good chance the scholarship won't cover the cost of tuition completely, the average athletic scholarship coming out to about \$10,400. Outside of football and men's basketball, the average is \$8,700. They still need to cover the rest of the costs for college.
- **Time management:** The average student athlete spends about 30 hours a week on class and schoolwork, then turns around and spends 20 hours a week on athletics. This leaves very little time for much else. They often don't participate in internships related to their degree, which can lead to missed opportunities that non-athlete friends can snatch up instead. The same NCAA study reported that often, coaches do not follow the 20 hour per week limit on practice time set by NCAA law.
- **They are not ready to lose their Athletic Identity:** An NCAA study on the experiences of college athletes revealed that 60% of student athletes reported viewing themselves "more as athletes than students." Again, upon graduation, they are much more likely to be faced with a traditional career than continue on as an athlete.



MARKET POTENTIAL

Stats from NCAA

The NCAA's three divisions were created in 1973 to align similar campuses together.

- **Division 1:**

- 350 schools (32%)
- Students who are athletes in these schools: **1 in 23**
- Student athlete percentage: **37%**
- 57 percent of athletes receive athletics aid
- Division I student-athletes graduate at a higher rate than the general student body.
- Graduation success rate – 86%

- **Division 2:**

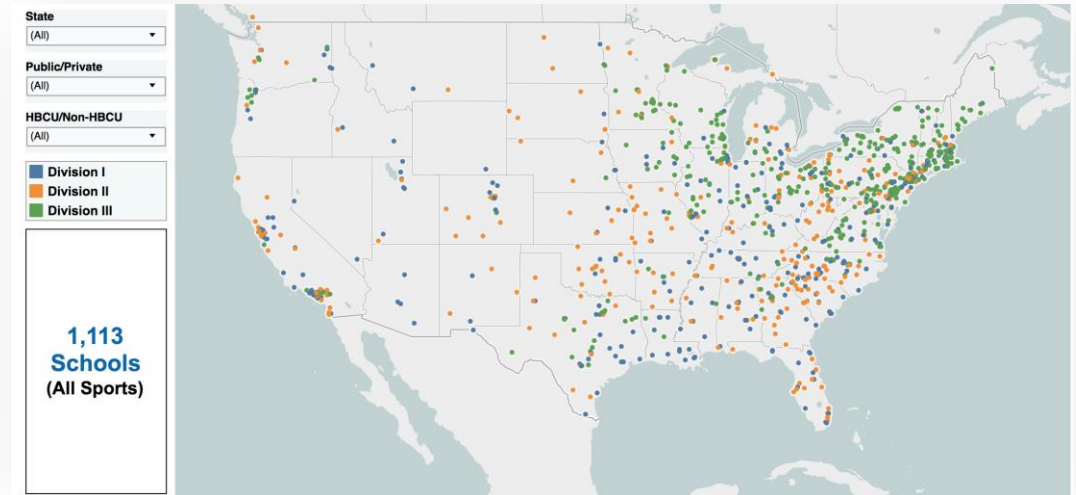
- 310 schools (28%)
- Students who are athletes in these schools: **1 in 10**
- Student athlete percentage: **25%**
- 60 percent of athletes receive athletics aid
- Division II is the only division with schools in Alaska, Puerto Rico and Canada.
- Graduation success rate – 71%

NCAA Member school's distribution across the United States – all 3 divisions (1,113 schools)

For more information: [click here](#)

- **Division 3**

- 438 schools (40%)
- Students who are athletes in these schools: **1 in 6**
- Student athlete percentage: **39%**
- 80 percent of athletes receive non-athletics aid
- Division III's largest school has 25,725 undergraduates. The smallest has 285.
- Graduation success rate – 87%
- Division III schools are typically smaller private colleges, and they often give merit awards for student accomplishments. Even better news is the fact that these merit grants often cut tuition by more than 50%, an excellent figure for any budding college athlete.



KEY STATS & FACTS

The table shows how many high school and NCAA athletes compete in each sport along with an estimate of the percentage of high school athletes going on to compete in the NCAA.

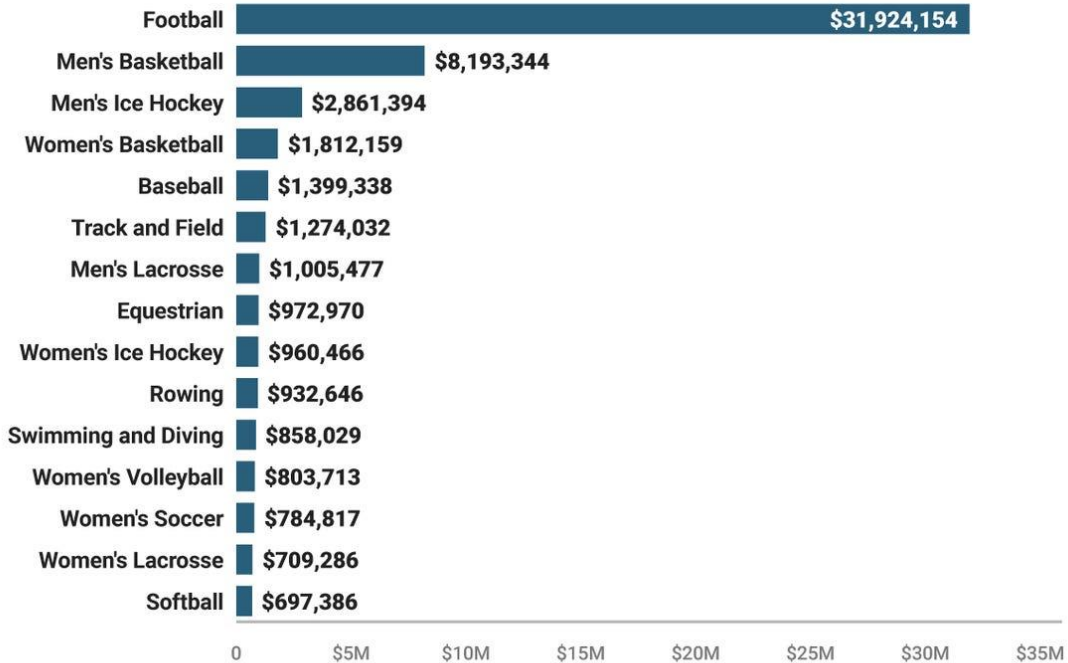
	High School Participants	NCAA Participants	Overall % HS to NCAA	% HS to NCAA Division I	% HS to NCAA Division II	% HS to NCAA Division III
Men						
Baseball	482,740	36,011	7.5%	2.2%	2.3%	2.9%
Basketball	540,769	18,816	3.5%	1.0%	1.0%	1.4%
Cross Country	269,295	14,303	5.3%	1.8%	1.4%	2.1%
Football	1,006,013	73,712	7.3%	2.9%	1.9%	2.5%
Golf	143,200	8,485	5.9%	2.0%	1.6%	2.2%
Ice Hockey	35,283	4,323	12.3%	4.8%	0.6%	6.8%
Lacrosse	113,702	14,603	12.8%	3.1%	2.5%	7.3%
Soccer	459,077	25,499	5.6%	1.3%	1.5%	2.7%
Swimming	136,638	9,799	7.2%	2.8%	1.2%	3.2%
Tennis	159,314	7,785	4.9%	1.6%	1.0%	2.3%
Track & Field	605,354	28,914	4.8%	1.9%	1.2%	1.7%
Volleyball	63,563	2,355	3.7%	0.7%	0.7%	2.3%
Water Polo	22,475	1,072	4.8%	2.7%	0.8%	1.3%
Wrestling	247,441	7,300	3.0%	1.0%	0.8%	1.2%

	High School Participants	NCAA Participants	Overall % HS to NCAA	% HS to NCAA Division I	% HS to NCAA Division II	% HS to NCAA Division III
Women						
Basketball	399,067	16,509	4.1%	1.3%	1.2%	1.7%
Cross Country	219,345	15,624	7.1%	2.7%	1.7%	2.7%
Field Hockey	60,824	6,119	10.1%	2.9%	1.4%	5.8%
Golf	79,821	5,436	6.8%	2.8%	1.9%	2.1%
Ice Hockey	9,650	2,531	26.2%	8.9%	1.1%	16.2%
Lacrosse	99,750	12,452	12.5%	3.7%	2.6%	6.2%
Soccer	394,105	28,310	7.2%	2.4%	1.9%	2.9%
Softball	362,038	20,419	5.6%	1.8%	1.7%	2.2%
Swimming	173,088	12,980	7.5%	3.3%	1.2%	3.0%
Tennis	189,436	8,596	4.5%	1.5%	1.0%	2.0%
Track & Field	488,267	30,326	6.2%	2.8%	1.5%	1.9%
Volleyball	452,808	17,780	3.9%	1.2%	1.1%	1.6%
Water Polo	21,735	1,217	5.6%	3.3%	1.1%	1.2%

KEY STATS & FACTS

SPORTS | CHART OF THE DAY

NCAA AVERAGE REVENUE BY SPORT

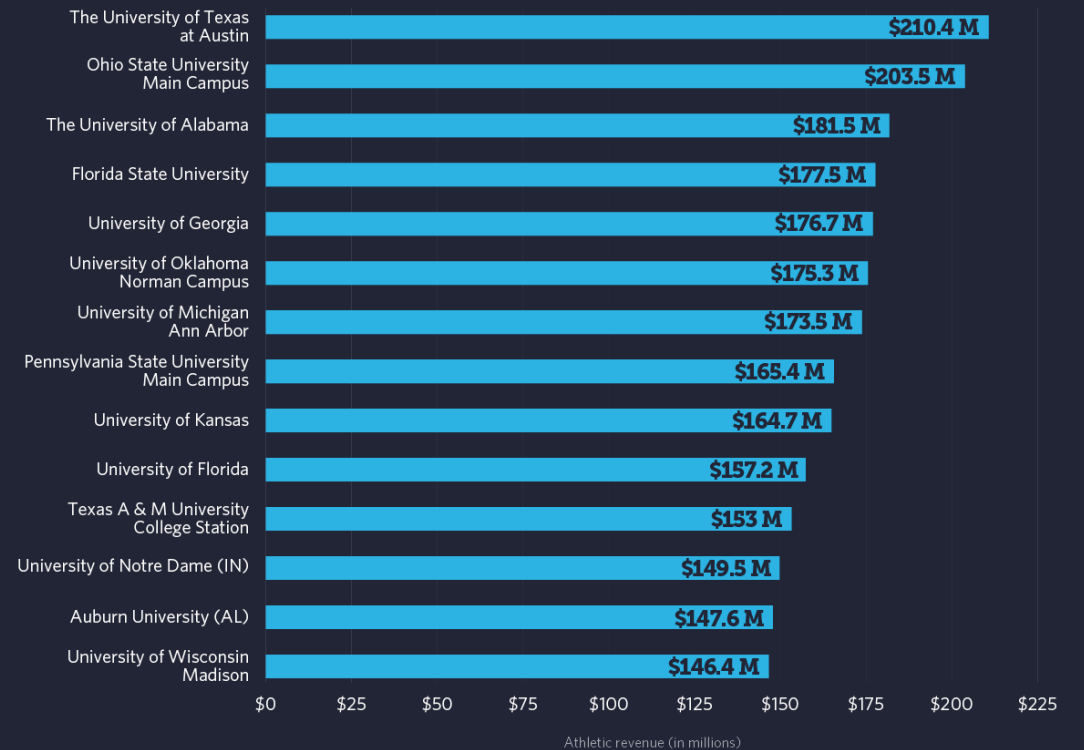


SOURCE: Department of Education based on average revenue from 127 FBS schools

BUSINESS INSIDER

Top Colleges for Sports Revenue

Division I college athletics programs earn millions for their schools, but athletes are not allowed to be compensated beyond athletic scholarships that usually pay tuition, room and board. Several states are discussing legislation that would allow college athletes to earn money from endorsements or appearances. The NCAA, a nonprofit that administers intercollegiate athletics, is adamantly opposed.

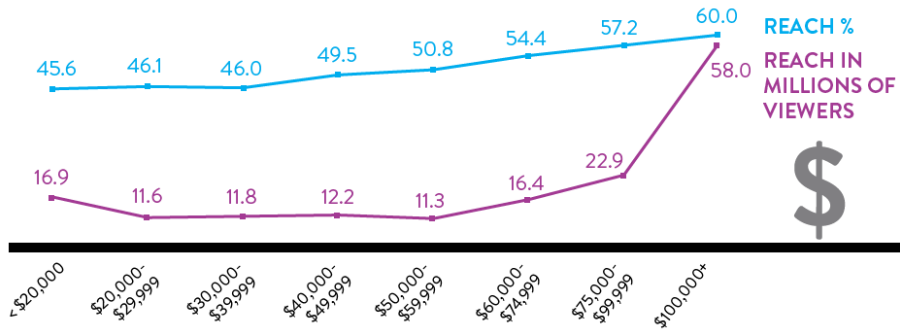


Source: U.S. Department of Education

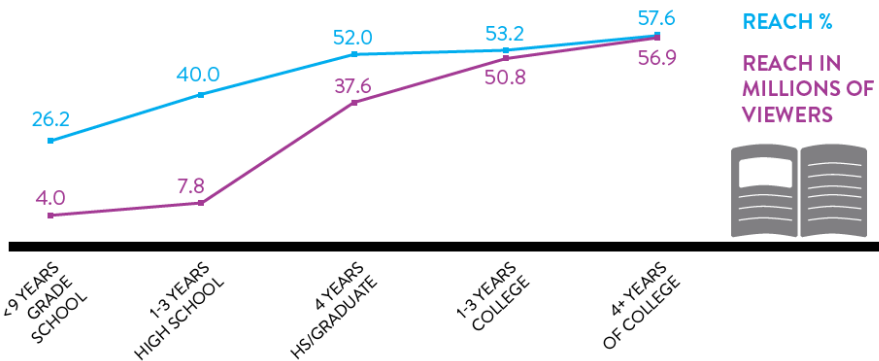
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KEY STATS & FACTS

COLLEGE FOOTBALL REGULAR SEASON REACH BASED ON INCOME AND EDUCATION



Note: Based on Household data, Live+Same Day, P2+ Demographic

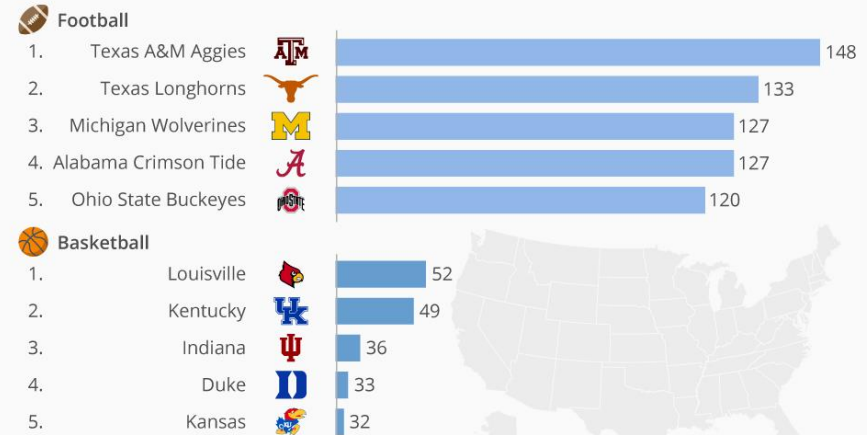


Note: Income based on Household data, Education based on Head of Household data, Live+Same Day, P2+ Demographic
Data based on Regular Season games from 08/26/2016 to 12/03/2016
Source: Nielsen

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The Most Valuable NCAA Teams

Three-year annual average revenues of NCAA sports teams (in million U.S. dollars)*

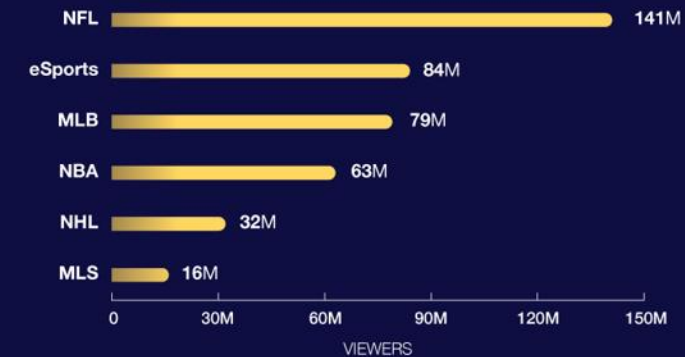


* 2014/15 to 2016/17 seasons
@StatistaCharts Source: Forbes

statista

ESPORTS VIEWERS IN THE UNITED STATES

In the US, eSports will have more viewers than every professional sports league but the NFL by 2021.



KEY STATS & FACTS

Should the NCAA Pay College Athletes?

Timeline

- 1905:** Intercollegiate Athletic Association of the United States (IAAUS) is formed.
- 1910:** The IAAUS changes its name to the National Collegiate Athletic Association (NCAA).
- 1939:** The NCAA introduces an annual basketball tournament to determine a national champion.
- 1957:** The NCAA allows colleges and universities to offer athletic scholarships.
- 1979:** Sportswear companies begin paying NCAA coaches to outfit their players in the apparel manufactured by those companies.
- 2009:** Former NCAA basketball player Ed O'Bannon sues the NCAA for licensing his likeness to the video game company Electronic Arts (EA) without paying him.

Percentage of NCAA Athletes Going on to Professional Sports

Men's Basketball	~1.5%
Women's Basketball	~1.0%
Football	~2.0%
Baseball	~8.5%
Men's Hockey	~3.5%
Men's Soccer	~1.5%

Only 25 of 1,100 schools receive money from their athletic programs.

Supporters

"The NCAA schools are making money off of the names and likenesses of the players, and the players are being cut out of it. To me its a pretty simple analysis."
- Jay Bilas, ESPN basketball analyst and former player

Critics

"You'd get a few guys making a lot of money, and others fighting their way onto campus. I think in the long run, the majority of student athletes would lose in that type of market."
- Paul Hewitt, Basketball coach at Georgia Institute of Technology

VENNGAGE

FAIR PAY FOR PLAY?

A recent Bucknell Institute for Public Policy (BIPP) survey noted that a significant majority support paying collegiate athletes, but significant gaps exist amongst partisan, age, gender and racial lines.

32% NO OPINION

47% SUPPORT

2/3 SUPPORT OF THOSE WHO HAVE AN OPINION

20% OPPOSE

10% OPPOSE

56% SUPPORT

THOSE UNDER 30

27% OPPOSE

39% SUPPORT

THOSE OVER 50

53%

of men support the bill

42%

of women support the bill

SUPPORT/OPPOSITION
AMONG REPUBLICANS AND DEMOCRATS

32% (White), 62% (Black), (Hispanic)

BUCKNELL INSTITUTE FOR PUBLIC POLICY SPRING SURVEY TOPLINE RESULTS- COLLEGE ATHLETICS. Survey Conducted by YouGov America, October 20-26, 2019

MARKET TRENDS



- **College athletes may soon be paid:** Another surprising but exciting fact for college athletes is that they may actually be paid for playing at some point in the near future. Many have shared their opinion that collegiate players are being exploited by not receiving money while schools enjoy revenue from NCAA sports, and that may soon end. Commissioners from the Big Ten, SEC, Big 12, and Conference USA all indicated that paying college athletes is an issue worth looking into, with some actively researching the possibility.
- **Top 5 sports marketing trends:** **Rising women** in sports and increasing viewers for women players, use of **AR and VR** in sports to engage fans and give creative experiences, importance of **social channels** in building their fanbases and capitalizing on brand opportunities, This prime advertising space can also be used to present a humanized version of athletes and round-the-clock access to the sport. Instagram stories and livestreams let athletes and teams give their followers what appears to be exclusive, behind-the-scenes style insights on training sessions and offer the opportunity to host impromptu Q&As to bring fans closer to their idols. Often these sessions are brand-sponsored. **Cause marketing** to raise awareness of important issues. **eSports** has seen exponential growth, a fact which has not been missed by sports teams. In particular, the format has proven popular with football teams with so many millions of their fanbase regularly playing Fifa videogames.

Some key stats:

Statistically, more **college baseball players will go pro** than athletes in any other sport. The NCAA reports that **10.5%** of baseball players will go from college to pro, followed **by 4.1% for ice hockey players**, and **2% for football players**. At 1.9%, men's soccer, and women's basketball at 1%, these players are the least likely to play at a professional level after college, but numbers may grow as interest and new teams develop in these two sports.

MARKET GAP

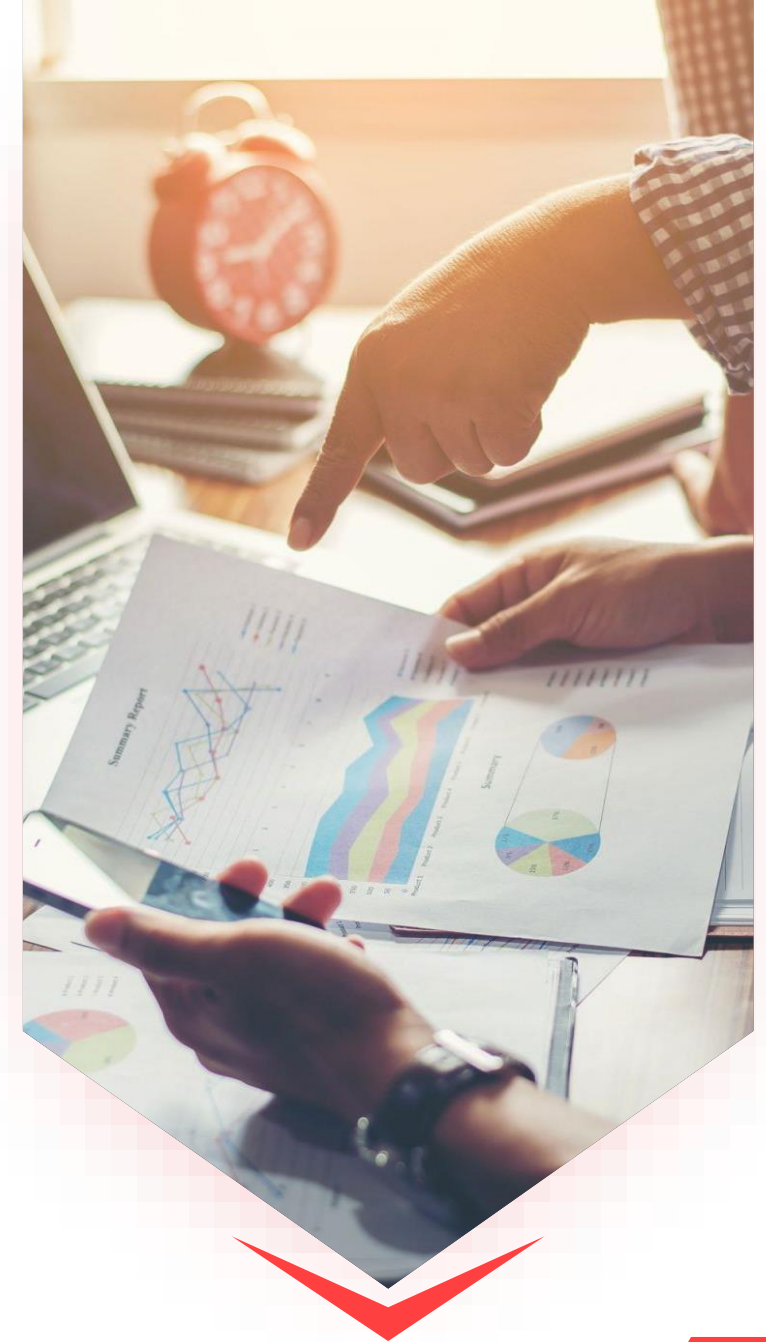
Worth of the Name, Image and Likeness (NIL)

How much student-athletes can make off their NIL in both group licensing and free-market scenarios?

Group licensing - deals between video game manufacturers and professional sports unions. One can see the recent legal settlements involving student-athletes that can provide valuation guidance.

The **NFL and MLB Players Associations** receive approximately **\$120 million in combined annual revenue** from licensing deals with **video game publishers** Electronic Arts Inc. and Sony Corp, and trading-card maker Panini America Inc, which equates to approx. **\$48,000 per-player each year**. On the upper-end, Take-Two Interactive will pay the NBA and its players' union as much as **\$1.1 billion over the next seven years** to continue making NBA 2K, which works out to **\$400,000 per-player annually**.

From a collegiate athlete standpoint, last year Electronic Arts agreed to pay approximately **\$40 million** to more than **29,000 current and former players**. The payments averaged out to **\$1,200 per student-athlete, with a maximum payment of \$7,200**, depending on the number of games in which they appeared and whether they were closely identified in those games. Game publishers typically pay licensing fees to the major sports leagues ranging from 10% to 15% of a game's revenue.



MARKET GAP

Worth of the Name, Image and Likeness (NIL)

Apparel licensing – Nike’s licensing deal with the NBA is for a reported \$1 billion over 8 years, for an Average Annual Value (AAV) of \$125 million, which works out to approximately **\$275,000 per-player annually**. On the collegiate side, if we average the Top 10 most valuable apparel deals in college athletics, we get an AAV of about \$8,000,000 per school, which when divided by an average of 750 student-athletes, gives us an approximate value of **\$10,000**

per-student athlete.

Thus from a licensing standpoint, the **annual NIL value per student-athlete could range from \$1,000 – \$10,000**, whereas professional athletes garner between \$50,000 – \$400,000 for the same group usage licenses.



MARKET GAP

Worth of the Name, Image and Likeness (NIL)

Estimating what student-athletes can earn through **free market endorsements and other usages of their NIL** is not a straightforward metric. Many variables exist, like how the deals will be brokered, and whether the school and/or NCAA will receive a share of the revenue. That being said, if we assume student-athletes are compensated at the same rates as professional athletes based on their **popularity and reach**, we can use **Instagram followers as a proxy** to come up with market rates for each athlete.

A report says, “by analyzing what the world’s top 100 professional athletes make from their endorsements portfolios, we found a value of around **\$0.80 per Instagram follower, on average**”.

When this rate is applied for college athletes (using their Instagram follower base) from the 2019–2020 school year, annual endorsement revenue estimates would be **\$700,000** for LSU’s Joe Burrow, **\$440,000** for Alabama’s Tua Tagovailoa, **\$390,000** for Oklahoma’s Jalen Hurts and in the **\$5K – \$30K** range for less popular athletes.



Other potential streams of income from social media:

- **Commercialized Instagram post** – promotional fee that celebrities and athletes like Kim Kardashian and Cristiano Ronaldo are charging for sending out posts. The average price is **\$0.006 per Instagram follower or \$6 CPM (cost per 1,000 impressions)**.

MARKET GAP

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





















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WORTH OF THE NAME, IMAGE AND LIKENESS (NIL)

The Most Valuable College Athletes

Rank	Student-Athlete	School	Sport	Endorsement Potential
1	 Cole Anthony		Men's Basketball	\$476,000
2	 Madison Kocian		Gymnastics	\$466,000
3	 Cassius Stanley		Men's Basketball	\$405,000
4	 Trevor Lawrence		Football	\$390,000
5	 Erica Fontaine		Gymnastics	\$342,000
6	 Jake Fromm		Football	\$335,000
7	 Kyla Ross		Gymnastics	\$323,000
8	 Justin Fields		Football	\$300,000
9	 Sabrina Ionescu		Women's Basketball	\$251,000
10	 Jaden Owens		Women's Basketball	\$227,000
11	 Nia Dennis		Gymnastics	\$155,000
12	 Chloe Cluchey		Gymnastics	\$148,000

13	 Haley Cruse		Softball	\$115,000
14	 Cassius Winston		Men's Basketball	\$102,000
15	 Boogie Ellis		Men's Basketball	\$98,000
16	 Alexis Lete		Volleyball	\$76,000
17	 Jasmine Sievers		Softball	\$63,000
18	 Alana Walker		Volleyball	\$61,000
19	 Nicole Bates		Softball	\$58,000
20	 Klara Mrčela		Women's Tennis	\$53,000
21	 Obi Toppin		Men's Basketball	\$42,000
22	 Kumar Rocker		Baseball	\$38,000
23	 Brooke Thomas		Track & Field	\$34,000
24	 Divine Oduduru		Track & Field	\$18,000
25	 Casey Martin		Baseball	\$14,000



These evaluations are based on their social network/ Instagram following. Regardless of the sports they play, they have leveraged their notoriety in high school and youth sports to massive fan followings on social media.

WORTH OF THE NAME, IMAGE AND LIKENESS (NIL)

ATHLETE, SCHOOL	SPORT	TWITTER/INSTAGRAM		POTENTIAL EARNINGS
		TOTAL FOLLOWERS	POST VALUE	
Paige Bueckers, UConn*	WBB	502,512	\$20,962	\$670,783
Trevor Lawrence, Clemson	CFB	578,027	11,371	454,855
Justin Fields, Ohio St.	CFB	525,058	12,721	407,087
Haley Cruse, Oregon	SOF	290,150	4,210	117,891
Anthony Edwards, Georgia	MBB	192,763	3,865	92,749
Obi Toppin, Dayton	MBB	70,102	1,589	50,832
Spencer Lee, Iowa	WRE	122,422	1,645	26,316
Dana Rettke, Wisconsin	VOL	25,475	438	12,251
Austin Martin, Vanderbilt	CBB	32,264	519	10,372
Rhyn Howard, Kentucky	WBB	12,439	268	6,441
Kendyl Lindaman, Florida	SOF	9,719	164	3,282
Yossiana Pressley, Baylor	VOL	9,550	158	3,165
Patrick Glory, Princeton	WRE	12,560	211	2,533
Spencer Torkelson, ASU	CBB	8,501	155	2,478
Catarina Macario, Stanford	WSOC	11,341	117	2,332
David Egbo, Akron	MSOC	1,923	41	495
Giovanni MontesDeOca, UNC	MSOC	1,200	30	355
Mikayla Colohan, BYU	WSOC	2,629	22	267

*Currently still in high school.

Numbers of total followers on Twitter and Instagram are as of May 13.

SOURCE: OPENDORSE

These appraisals are based on a decade's worth of transactional data between businesses and professional athletes, specific to each respective sport. Taking into account an athlete's current **audience size, engagement rate** and seven other proprietary data points, estimates of an athlete's post value on Instagram and Twitter and a potential range of earnings.

This is the data for two high-profile student-athletes in nine different college sports. Though that data is incomplete, it is informative in looking at the earning disparities.

NCAA IS CHANGING RULES THAT ALLOW COLLEGE ATHLETES TO BE PAID

In September 2019, **California** lawmakers passed a bill (**effective 2023**), that would permit college athletes to get paid for their name, image and likeness, while many other states, including **Washington**, have passed or are weighing legislation. The **NCAA Board of Governors** made a decision, which promised to allow college athletes to benefit from their name, image and likeness. While it is **unclear what the NCAA rules will be**, how college athletes will be paid, or by whom, compensation may begin as soon as next year. The California bill, for example, removes restrictions by schools, conferences and the NCAA that prohibit compensation for a college athlete's name, image and likeness. It also allows college athletes to retain an agent.

Social media is being pointed to as one of the easiest ways for student athletes to begin generating revenue as soon as new rules are in place. By some estimates, influencer marketing is a **\$5 billion to \$10 billion industry** and is likely the greatest monetization tool at the disposal of the contemporary athlete. Some companies may make **one-off deals with players** to post about the brand on social media, or they may cut student-athletes a check to promote a product over time. But another route will be to follow a **multi-channel network model**, in which **athletes would hire intermediary companies** that would partner with brands for endorsements and product placement along with selling ads on the athletes' social media channels. Many popular influencers rely on these agreements to monetize their social networks.

From learning tax rules, to setting up an online storefront, or signing a contract to endorse a product, college athletes will need to learn to navigate business practices once reserved for a few elite athletes. We must rethink what a "student athlete" is and rethink their curriculum for college athletes as student entrepreneurs. From Fitbits to esports and YouTube channels, college students are **already experts in technology, innovation** and, frankly, how to benefit from their own name, image and likeness. Many students come to college already streaming and posting, some with a following that would rival many small businesses.

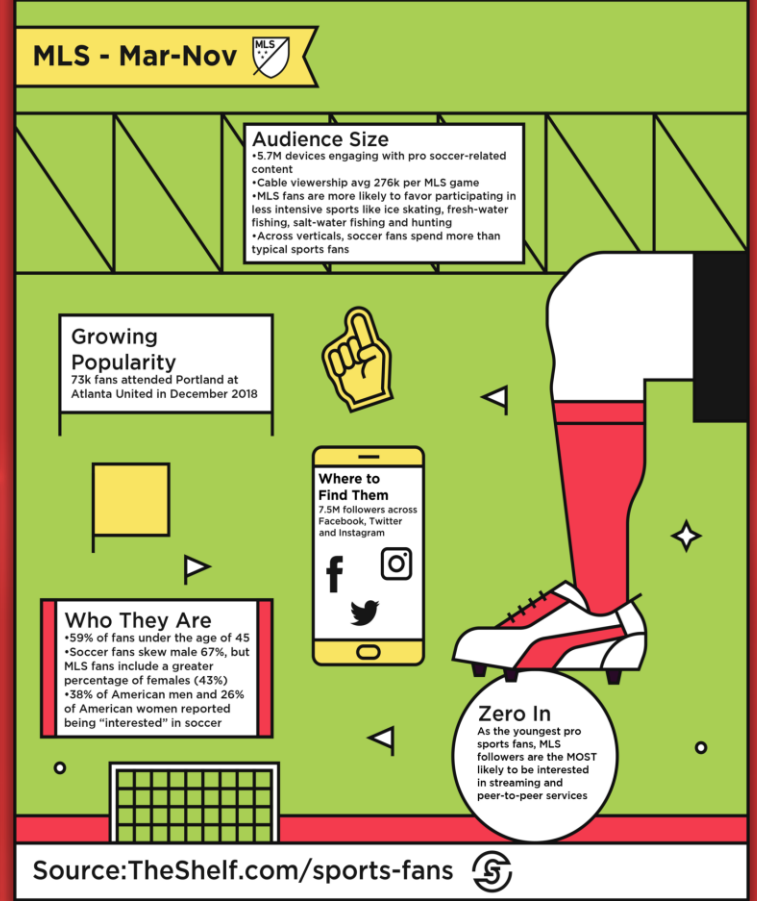
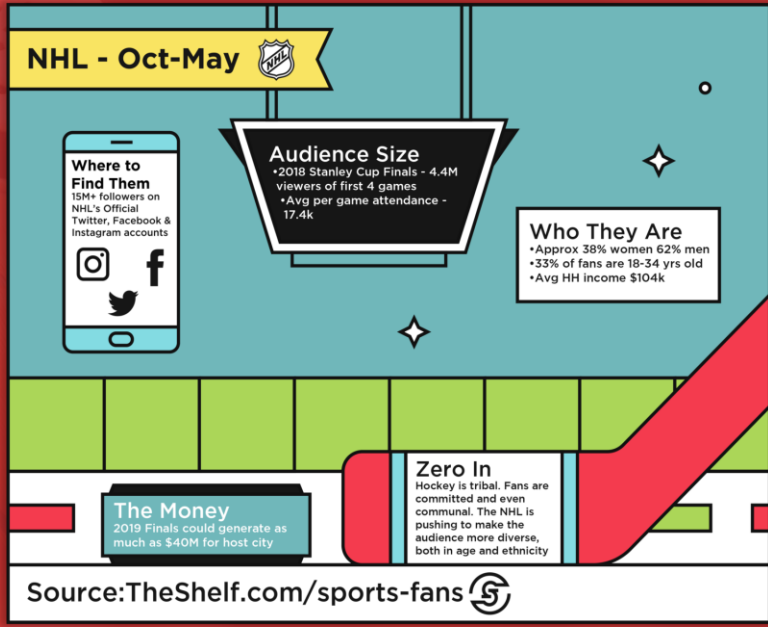
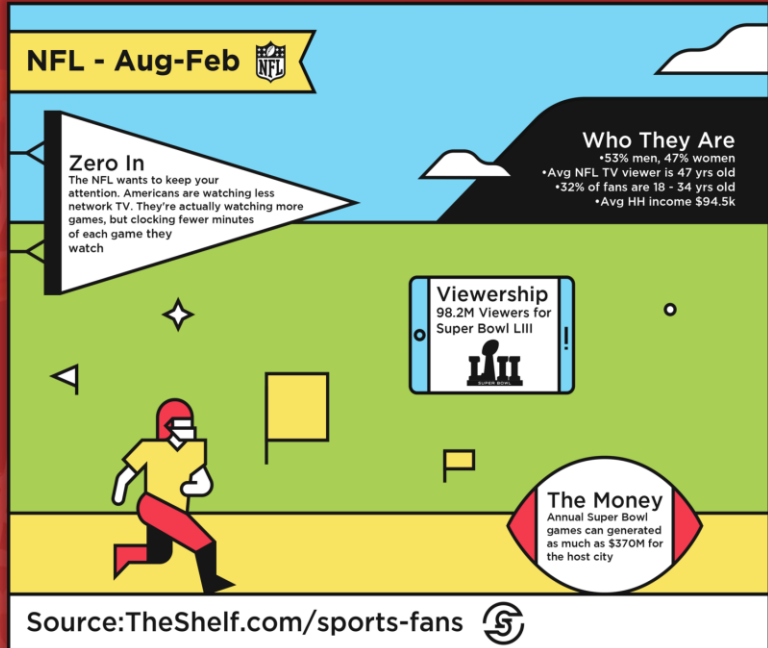
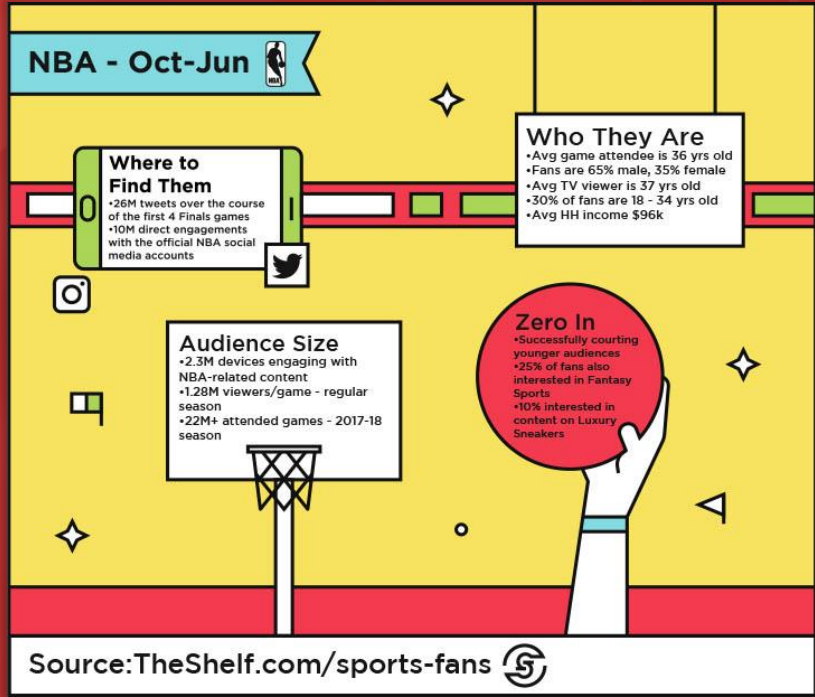


NCAA IS CHANGING RULES THAT ALLOW COLLEGE ATHLETES TO BE PAID

In September 2019, **California** lawmakers passed a bill (**effective 2023**), that would permit college athletes to get paid for their name, image and likeness, while many other states, including **Washington**, have passed or are weighing legislation. The **NCAA Board of Governors** made a decision, which promised to allow college athletes to benefit from their name, image and likeness. While it is **unclear what the NCAA rules will be**, how college athletes will be paid, or by whom, compensation may begin as soon as next year. The California bill, for example, removes restrictions by schools, conferences and the NCAA that prohibit compensation for a college athlete's name, image and likeness. It also allows college athletes to retain an agent.

Social media is being pointed to as one of the easiest ways for student athletes to begin generating revenue as soon as new rules are in place. By some estimates, influencer marketing is a **\$5 billion to \$10 billion industry** and is likely the greatest monetization tool at the disposal of the contemporary athlete. Some companies may make **one-off deals with players** to post about the brand on social media, or they may cut student-athletes a check to promote a product over time. But another route will be to follow a **multi-channel network model**, in which **athletes would hire intermediary companies** that would partner with brands for endorsements and product placement along with selling ads on the athletes' social media channels. Many popular influencers rely on these agreements to monetize their social networks.

From learning tax rules, to setting up an online storefront, or signing a contract to endorse a product, college athletes will need to learn to navigate business practices once reserved for a few elite athletes. We must rethink what a "student athlete" is and rethink their curriculum for college athletes as student entrepreneurs. From Fitbits to esports and YouTube channels, college students are **already experts in technology, innovation** and, frankly, how to benefit from their own name, image and likeness. Many students come to college already streaming and posting, some with a following that would rival many small businesses.



CAREER PROSPECTS FOR STUDENT-ATHLETES AND POST-GAME PLAN

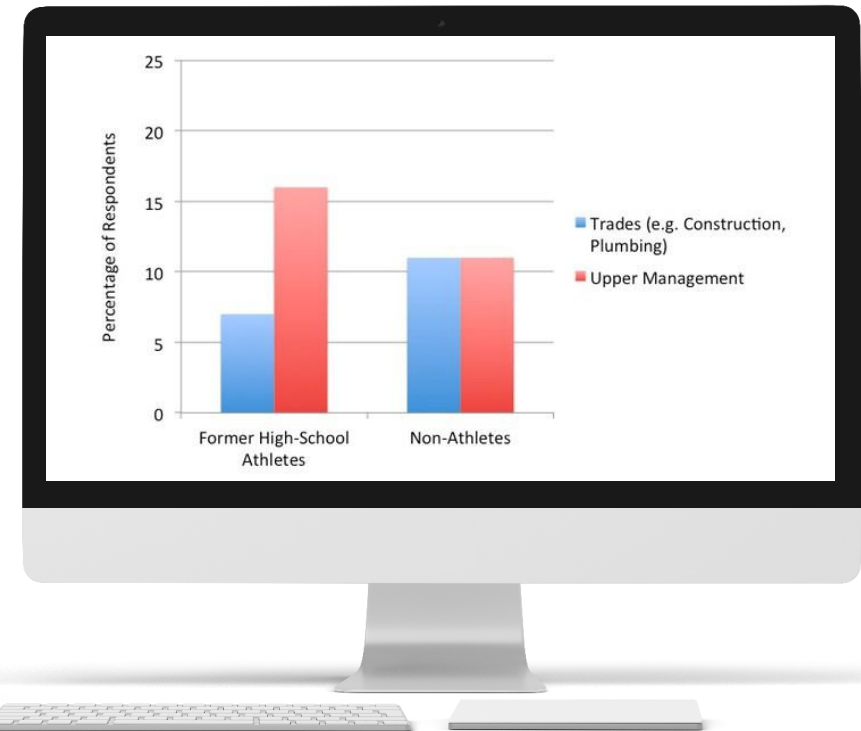
Student athletes are said to have certain **entrepreneurial characteristics** in their traits that make them successful athletes. A study found that **former high-school athletes** generally go on to have **higher-status careers** than those who didn't play a sport. On top of that, **former athletes' wages** are between **5 and 15 percent higher** than others.

- High-school athletes were perceived to be better leaders and more confident than people who participated in other extracurriculars.
- Former varsity athletes reported giving more money to charity and volunteering more time in their old age than their more sedentary classmates.

Even student-athletes who already possess a post-college game plan face a learning curve when their playing days are done. While finding a job commands the focus of most upcoming graduates (**98% student-athletes**), the transition to life after competition generates other **lifestyle changes** unrelated to resumes, interviews and a new work-ready wardrobe. Eating habits may need to be adjusted when calorie-annihilating team workouts dissipate. Motivation to exercise may be harder to muster without encouragement from a coach.

“Persistence, facing challenges, and commitment are all traits of both an athlete and an entrepreneur.”

What Kinds of Jobs Do High School Athletes Go on to Do?



Three out of four former student-athletes report experiencing difficulty retiring from competitive sport, according to one NCAA study.

Assumptions

	2021	2022	2023	2024	2025
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Company Information

Company Name:	Simply Wavy
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Starting Month and Year:	January/2021
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Currency	USD Dollars
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As a Percent of Revenue

Prepaid Expenses	5.00%	5.00%	5.00%	5.00%	5.00%
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Payment Terms

Accounts Receivable	30	30	30	30	30
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(previous months days outstanding)

Accounts Payable	30	30	30	30	30
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(previous months days outstanding)

Tax Rate

Tax Rate	25.7%
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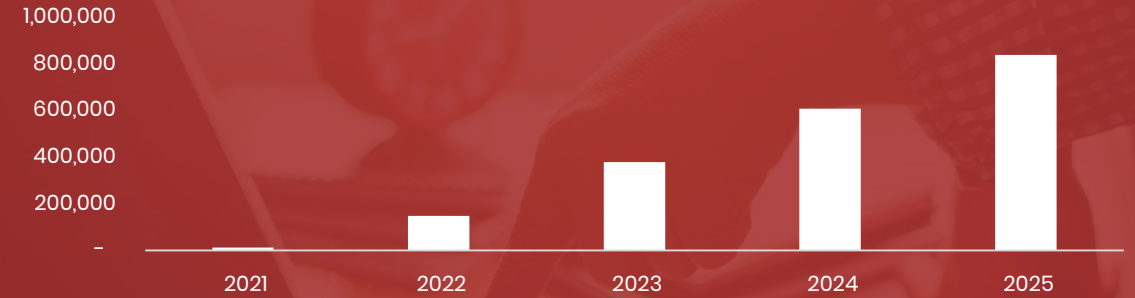
Pro Forma Income Statement

(expressed in USD Dollars)

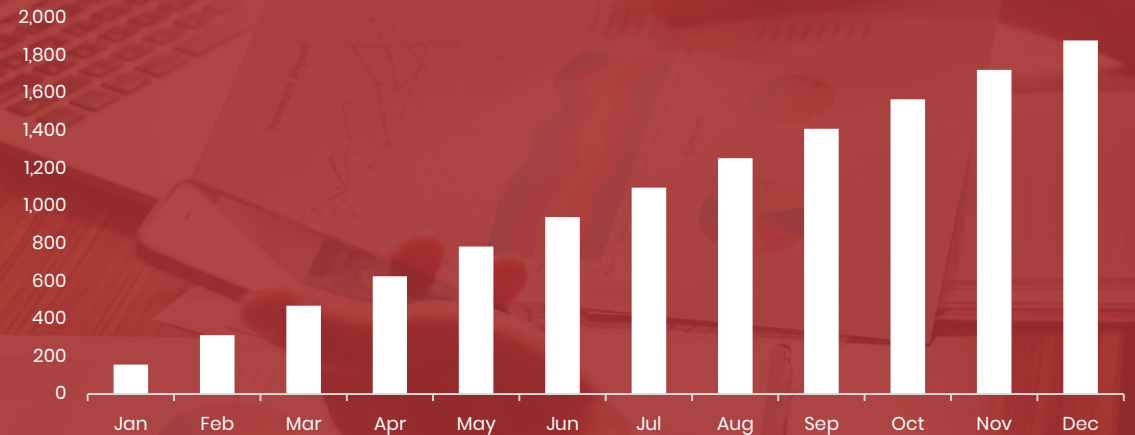
For the years ended December 31,

	2021	2022	2023	2024	2025
Revenue	12,227	147,665	377,968	608,203	838,437
Direct cost of revenue	-	-	-	-	-
Gross margin	12,227	147,665	377,968	608,203	838,437
Expenses					
Legal	1,200	1,580	2,579	4,209	6,870
Marketing and advertising	3,000	3,951	6,448	10,523	17,175
Salaries and wages	6,000	7,901	12,895	21,047	34,350
Licenses	1,000	-	-	-	-
Supplies	600	790	1,290	2,105	3,435
Events	1,800	2,370	3,869	6,314	10,305
Total Expenses	13,600	16,592	27,080	44,198	72,135
EBITDA	(1,374)	131,072	350,888	564,005	766,302
Depreciation and amortization expense	-	-	-	-	-
Interest expense	-	-	-	-	-
Earnings (loss) before taxes	(1,374)	131,072	350,888	564,005	766,302
Income taxes	-	33,686	90,178	144,949	196,940
Net income (loss)	(1,374)	97,387	260,710	419,055	569,362

Revenue by Year



Revenue by Month



Pro Forma Balance Sheet

(expressed in USD Dollars)

For the years ended December 31,

	2021	2022	2023	2024	2025
ASSETS					
Current assets					
Cash	2,715	80,885	322,829	723,792	1,276,162
Accounts receivable	1,850	20,759	39,631	58,502	77,374
Prepaid expenses	94	1,055	2,015	2,974	3,933
Long term assets					
PPE, net	-	-	-	-	-
Total Assets	4,659	102,699	364,474	785,268	1,357,469
LIABILITIES					
Current liabilities					
Account payable	1,033	1,686	2,751	4,490	7,328
Long term liabilities					
Long term loan	-	-	-	-	-
Total liabilities	1,033	1,686	2,751	4,490	7,328
SHAREHOLDER'S EQUITY					
Owner's equity	5,000	5,000	5,000	5,000	5,000
Retained earnings	(1,374)	96,013	356,723	775,778	1,345,140
Total shareholder's equity	3,627	101,013	361,723	780,778	1,350,140
Total liabilities and shareholder's equity	4,659	102,699	364,474	785,268	1,357,469



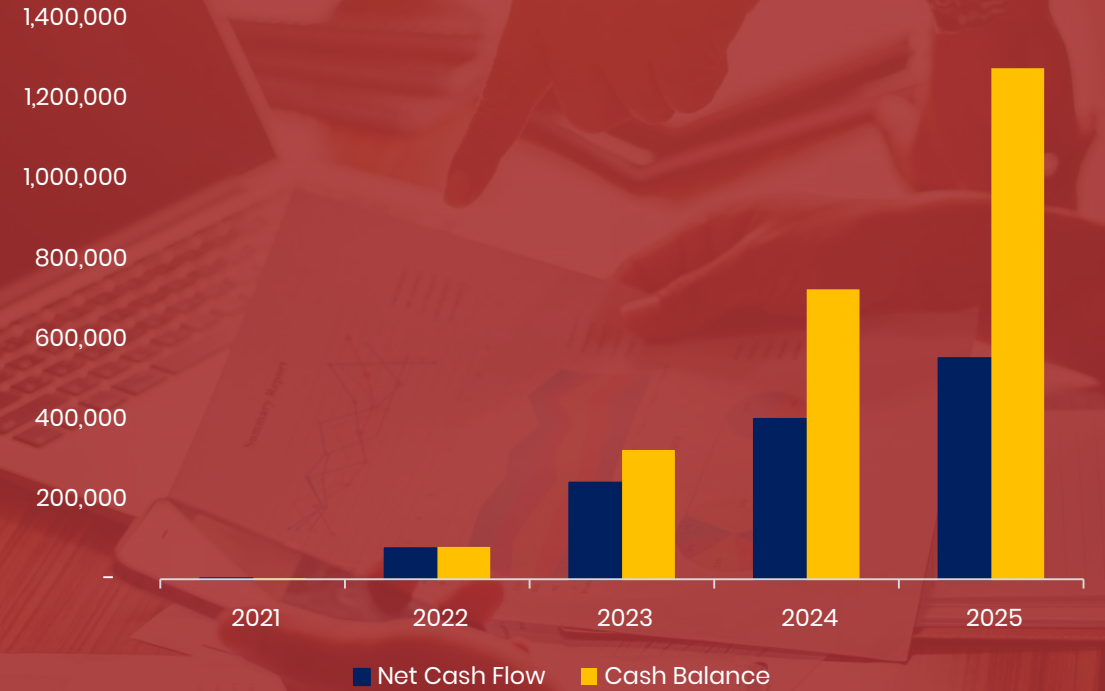
Pro Forma Statement of Cash Flows

(expressed in USD Dollars)

For the years ended December 31,

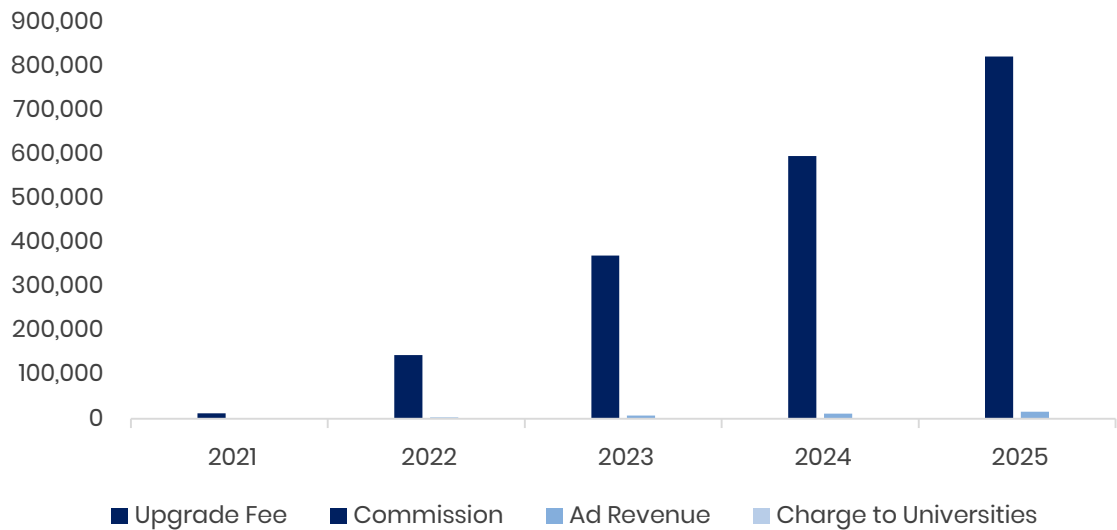
	2021	2022	2023	2024	2025
Cash provided from (used in):					
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES:					
Net income (loss)	(1,374)	97,387	260,710	419,055	569,362
Adjustments for:					
Depreciation and amortization	-	-	-	-	-
(Increase)/decrease in accounts receivable	(1,850)	(18,909)	(18,872)	(18,872)	(18,872)
(Increase)/decrease in prepaid expenses	(94)	(961)	(959)	(959)	(959)
Increase/(decrease) in accounts payable	1,033	653	1,065	1,739	2,838
	(2,285)	78,170	241,944	400,963	552,369
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:					
Issuance of debt	-	-	-	-	-
Issuance of share capital	5,000	-	-	-	-
Repayment of debt	-	-	-	-	-
Distributions	-	-	-	-	-
	5,000	-	-	-	-
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES:					
Additions to capital assets	-	-	-	-	-
	-	-	-	-	-
Change in cash	2,715	78,170	241,944	400,963	552,369
Cash, Beginning of year	-	2,715	80,885	322,829	723,792
Cash, end of year	2,715	80,885	322,829	723,792	1,276,162

Cash Balance



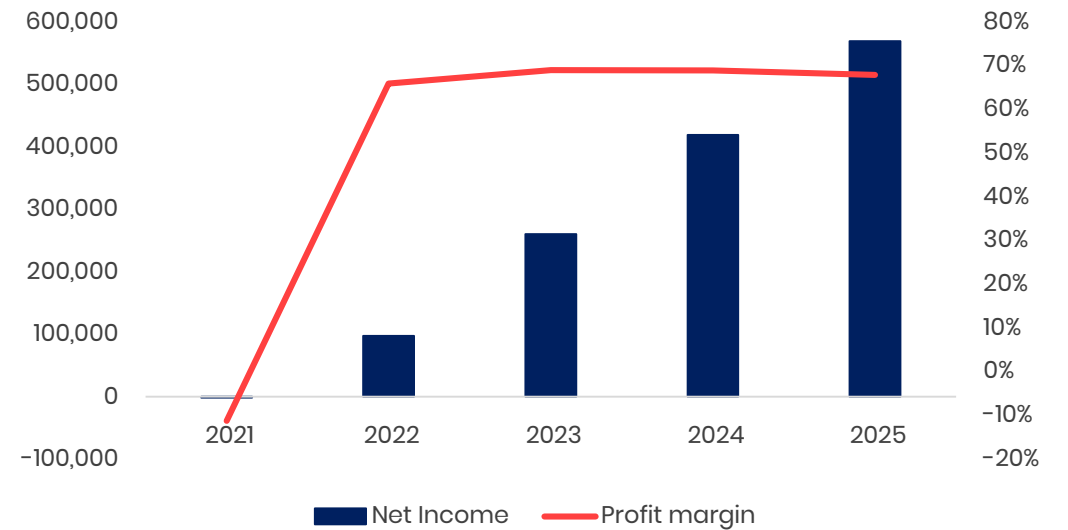
Revenue Per Distribution Channel

	2021	2022	2023	2024	2025
Revenue					
Upgrade Fee	0	0	0	0	0
Commission	12,227	144,837	370,557	596,277	821,997
Ad Revenue	0	2,828	7,411	11,926	16,440
Charge to Universities	0	0	0	0	0
Total Revenue	12,227	147,665	377,968	608,203	838,437



Financial Highlights

	2021	2022	2023	2024	2025	5 years
Revenue	12,227	147,665	377,968	608,203	838,437	1,984,499
Gross profit	12,227	147,665	377,968	608,203	838,437	1,984,499
EBITDA	(1,374)	131,072	350,888	564,005	766,302	1,810,893
Net Income	(1,374)	97,387	260,710	419,055	569,362	1,345,140
Gross margin	100%	100%	100%	100%	100%	100%
EBITDA margin	-11%	89%	93%	93%	91%	91%
Profit margin	-11%	66%	69%	69%	68%	68%



Ratio Analysis

2021 2022 2023 2024 2025

Liquidity ratios

Current	4.51	60.93	132.48	174.89	185.24
Quick	4.51	60.93	132.48	174.89	185.24
Acid Test	4.42	60.30	131.75	174.23	184.70

Activity ratios

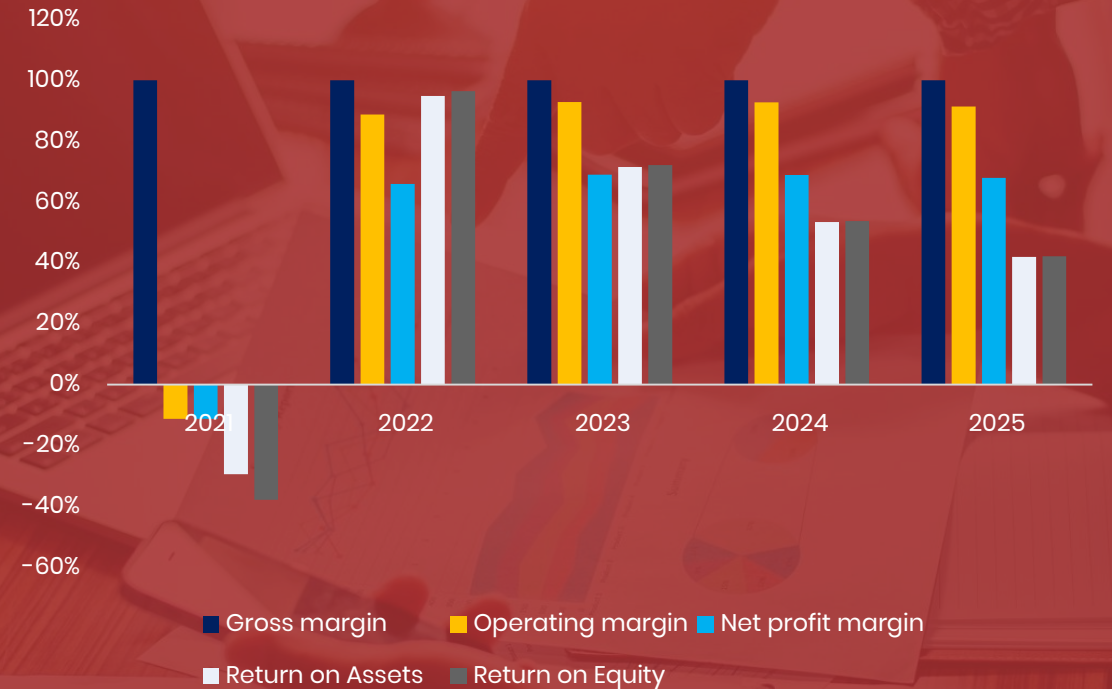
Account receivable turnover	12.20	13.06	12.52	12.40	12.34
Inventory turnover	0.00	0.00	0.00	0.00	0.00
Total asset turnover	2.62	1.44	1.04	0.77	0.62

Profitability ratios

Gross margin	100%	100%	100%	100%	100%
Operating margin	-11%	89%	93%	93%	91%
Net profit margin	-11%	66%	69%	69%	68%
Return on assets	-29%	95%	72%	53%	42%
Return on equity	-38%	96%	72%	54%	42%

Leverage

Debt to equity	0.28	0.02	0.01	0.01	0.01
Debt to assets	0.22	0.02	0.01	0.01	0.01
Interest coverage	0.00	0.00	0.00	0.00	0.00



Best Case Scenario (Revenues Increased by 15%)

(expressed in USD Dollars)

For the years ended December 31,

	2021	2022	2023	2024	2025
Revenue	14,060	169,814	434,663	699,433	964,202
Cost of goods sold	-	-	-	-	-
Gross margin	14,060	169,814	434,663	699,433	964,202
Expenses	13,600	16,592	27,080	44,198	72,135
EBITDA	460	153,222	407,583	655,235	892,067
Depreciation and amortization expense	-	-	-	-	-
Interest expense	-	-	-	-	-
Earnings (loss) before taxes	460	153,222	407,583	655,235	892,067
Income taxes	118	39,378	104,749	168,395	229,261
Net income (loss)	342	113,844	302,834	486,840	662,806

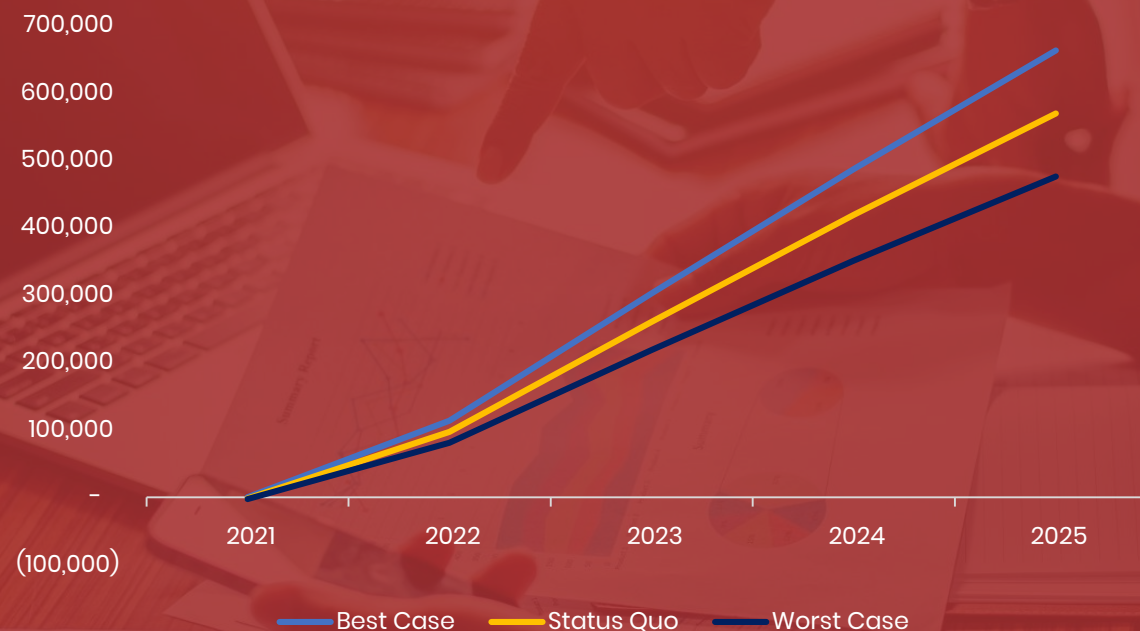
Worst Case Scenario (Revenues Decreased by 15%)

(expressed in USD Dollars)

For the years ended December 31,

	2021	2022	2023	2024	2025
Revenue	10,393	125,515	321,273	516,972	712,671
Cost of goods sold	-	-	-	-	-
Gross margin	10,393	125,515	321,273	516,972	712,671
Expenses	13,600	16,592	27,080	44,198	72,135
EBITDA	(3,207)	108,923	294,192	472,774	640,536
Depreciation and amortization expense	-	-	-	-	-
Interest expense	-	-	-	-	-
Earnings (loss) before taxes	(3,207)	108,923	294,192	472,774	640,536
Income taxes	(824)	27,993	75,607	121,503	164,618
Net income (loss)	(2,383)	80,929	218,585	351,271	475,918

Sensitivity Analysis Net Profits



WACC

Capital Structure

Debt to Total Capitalization	0.00%
Equity to Total Capitalization	100.00%

Debt / Equity	0.00%
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Cost of Equity

Risk Free Rate	2.50%
Equity Risk Premium	8.00%
Company Specific Rsk	10.00%
Levered Beta	2.00

Cost of Equity	28.500%
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Cost of Debt

Cost of Debt	7.50%
Tax Rate	20.00%

After Tax Cost of Debt	6.00%
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WACC	28.50000%
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