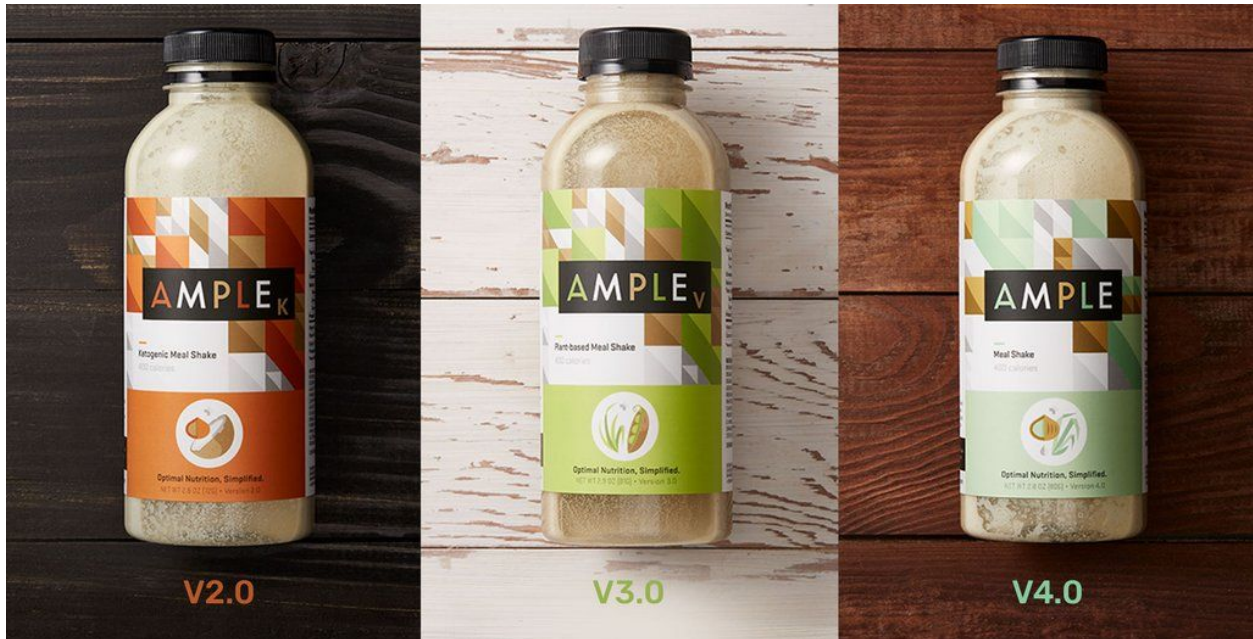


## Top Deal: Ample Foods



### **Key Deal Stats:**

- Raising Platform: Republic
- Valuation Cap: \$15m
- Raise Type: Seed
- Security: Crowd SAFE
- Minimum investment: \$100
- At time of publication, February 12th, Ample Foods had raised \$268K

*The Ample Foods team has been selected as a “Top Deal” by KingsCrowd. This distinction is reserved for deals selected into the [top 10% of our due diligence funnel](#). If you have questions regarding our deal diligence and selection methodology please reach out to [hello@kingscrowd.com](mailto:hello@kingscrowd.com)*

### **Description:**

Ample Foods is a high-quality meal replacement product and the first of its kind. Ample comes as a dry powder, pre-portioned and sealed in its own 400- or 600-calorie recyclable bottle. The company uses real food ingredients to deliver three science-based drinks: original, keto, and plant-based formulas. Unlike other meal replacement products and methods, Ample’s solution focuses on taste, convenience, and optimal nutrition.

All three Ample products contain four grams of sugar or less per 400 calorie meal. In addition, the products contain no artificial sweeteners or flavors, no soy or gluten, and are non-GMO. According to Ample, their products are backed by industry experts.

### **Market & Background:**

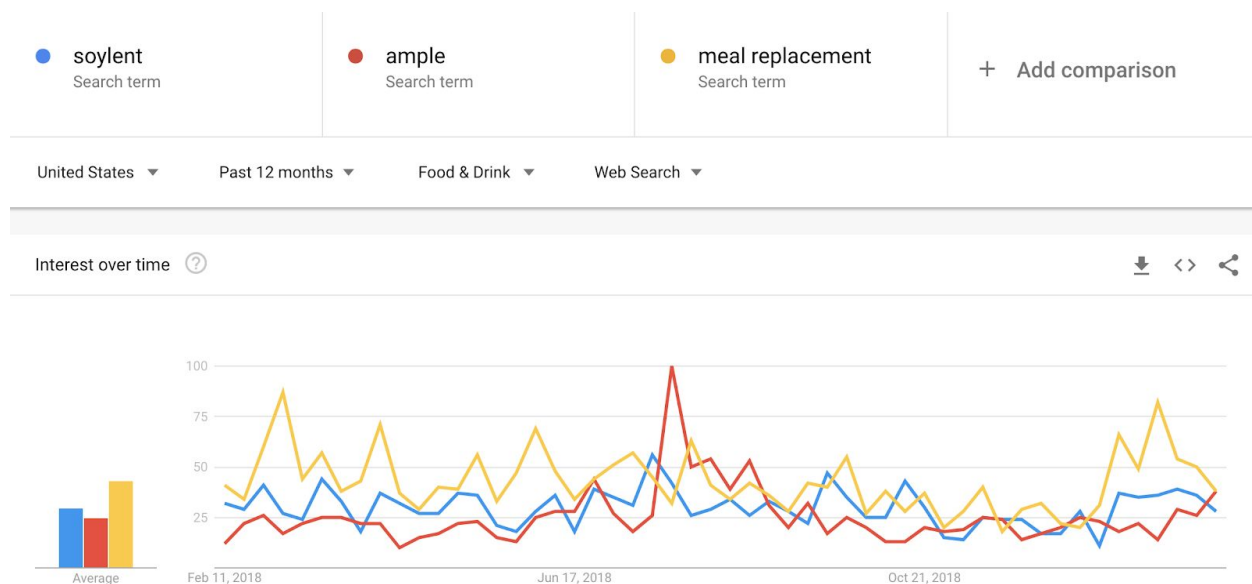
Change in the food industry is long overdue and millennials know this. [Global millennial spending power](#) is set to overtake gen X by 2020 meaning food and beverage giants will have to shift their strategies to cater to this generation. Unlike generations prior, millennials are characterized by their long hours at work, their desire to live healthier, and their environmentally cautious habits... to name a few.

Industry leaders such as McDonald's and Taco Bell have been pressured into introducing healthier alternatives to their traditional calorie-heavy menus. Alcohol brands are investing in non-alcoholic drinks. Pepsi and Coca-Cola have also invested in and acquired multiple healthy snack brands.

According to multiple research reports, the [global meal replacement market](#) has been seeing around a 7% CAGR since 2016. Analysts forecast this growth to continue until at least 2020 when the market is predicted to reach \$12B. Powdered products account for the [largest market share](#) in part because many individuals already use protein powder to supplement their athletic regimens. Because of this, the concept of having a shake for breakfast is less foreign.

While there are more and more meal replacement products entering the market, there is yet to be a so-called incumbent. Echoing Ample's CEO, "major players like Soylent, Ensure, Muscle Milk, and Boost are out of step with growing consumer demands for healthier products and better ingredient quality." In a fickle market like this, we believe nimble startups will have the advantage.

[Soylent](#) is the most well-known startup addressing this market with powdered products and premade drinks. The company has raised upwards of \$72m in funding including a series A led by a16z. Although Ample missed the first-mover advantage, the company is in prime position to learn and differentiate itself from Soylent, which we believe will be key to obtaining more market share. Ample was founded in 2015, two years after Soylent, yet Ample is already almost as searched as Soylent according to Google Trends.



Huel is another meal replacement startup gaining traction. The company is UK-based and has raised around €20m.

### Why We Like It:

1. **Brand:** Ample's positive brand image in the eye of consumers is a major reason to why we are rating this a Top Deal. Bad press and reviews are usually what kill companies like these. In 2016, Soylent admitted that its products were making people sick. In addition, many reviewers have said Soylent's taste is nowhere near as good further tarnishing the company's brand.

Ample reviews have been strong so far and unlike Soylent, the company chooses to focus on taste as a selling point. Not only are their reviews good, but the company is also the all-time number one food and beverage campaign on Indiegogo giving the brand added value and validation. The company keeps its brand strong by being transparent about their ingredients as well. All in all, Ample is customer-centric, which is what makes great consumer brands.

2. **Product-Market Fit:** Ample checks off all the boxes when it comes to product-market fit. The market is ready and dying for a product like Ample. As alluded to before, Ample makes it easy for millennials to choose its product because of the taste, convenience, and optimal nutrition that they promise. These are all the qualities millennials and many other individuals look for in a product.

- 3. Early Mover Advantage:** Ample's sales have grown more than 500% since launching in January 2017 resulting in a \$1.5M revenue stream. As Ample is quickly becoming a staple to individuals' diets, Ample subscribers are generating over 60% of total revenue while spending \$100 a month and consuming four drinks a week. Being an early mover, Ample has the ability to make mistakes that are not on the scale of Soylent's and learn from them.

Products like Ample, once they build a strong brand can benefit dramatically from word of mouth, which pushes the product into the mainstream. As of now, Ample is targeting nutritionally educated communities and will soon target a broader health-conscious audience, in which most millennials are categorized. If the company can establish retail and B2B relationships in the future, they can reach mainstream audiences.

- 4. Vision and Business Model:** Ample's focus is on the meal replacement industry at the moment but plans to move into the \$3T consumer packaged goods industry. This is an ambitious goal that we like. We are well aware of the number of CPG startups leveraging D2C strategies and understand why Ample might be hurt by this, but we believe the company will be able to combat this with other customer-centric solutions.

Ample's business model is like any other food company's but at the same time is unique. Its subscription model allows for customer retention and has contributed to most of the company's revenue thus far.

The real challenge we see for Ample Foods is in finding a way to improve the economics of the product itself. As you can see below COGS are extremely high and the company is currently selling at a price point that is near at-cost.

	2017	2016
Revenues, net	\$1,445,639	\$90,375
Cost of Goods Sold	1,477,826	89,593
Gross Profit	(32,187)	782

In order for the business to work long term, the economics on their goods will need to improve dramatically. However, one thing to note is that as the product gains better adoption, the company will have an opportunity to increase prices on the product if it really is favored by consumers. Coming in at a lower end price

point to win share is a common strategy in this day-and-age and one we think can still work long term.

On a positive note, the organization spent ~\$300K in marketing on \$1.5M in revenue. Though you could make more caveats to this, essentially the company is driving a 5X ROI on marketing aka \$5 in revenue for every \$1 in spending. This goes back to the attractiveness of the products messaging and bodes well if they can enhance the economics on the actual product.

### **The Management Team:**

Ample's CEO is [Connor Young](#), a young entrepreneur with a great story. He has built small businesses in the past as an entrepreneur too, specifically in the CrossFit field speaking to his overall passion for health and wellness. His dedication and perseverance are easily shown through his work, especially his efforts in the Indiegogo campaign.

What Connor lacks in industry experience, he makes up for with a heavily stacked team of experienced food industry vets including VP of Product Development, [Julie Zimmerman](#) who spent time in several roles at organizations like Clif Bar, Target and Pillsbury where she was VP of R&D. In addition, Director of Operations, [Rona Chen](#) spent time as a consultant to major food and beverage brands like Bacardi and Bel Cheeses.

### **The Rating: Top Deal**

All in all, Ample is a Top Deal. The company's product-market fit, strong market traction, early mover advantage, and experienced management team bode well for continued growth. We also like the fact that the team has yet to move into the mainstream aisle shelves of your local grocery store, which provides 'ample' room for revenue upside.

Looking at their financials is where we have the largest pause around seeing such poor economics on the product. We do, however, think with improved economies of scale and elevated pricing the business model can be sustainable.

At the current valuation cap of \$15M, the exit opportunity upside looks attractive for Ample based on past natural, health-conscious food brand acquisitions. For instance, RXBar was [acquired for \\$600M by Kellogg's](#), and Hershey acquired Amplify Snack Brands, the maker of [SkinnyPop popcorn for \\$1.6B](#). A 10X+ exit seems possible if the

team can continue to build on this early momentum. For these reasons, we think this is a Top Deal worth investing in. Be sure to invest [HERE](#).

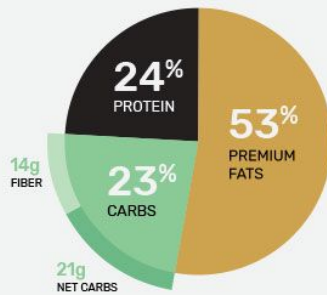
# AMPLE

## ORIGINAL FORMULA

Ample is our balanced meal, perfect for omnivores. It combines complete protein, fats, fiber, organic greens, and probiotics for comprehensive nourishment.



### MACRONUTRIENTS\*



### RECOMMENDED FOR:

Ideal for most diets with a balanced blend of grass-fed whey protein, grass-fed collagen, and pea protein.

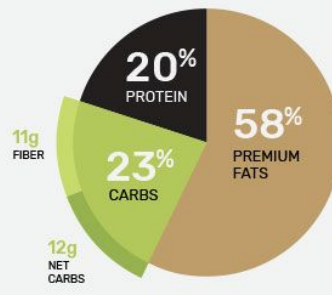
# AMPLE<sub>V</sub>

## PLANT-BASED FORMULA

Ample V is packed with healthy fats, complete protein, fiber, probiotics, fruit, vegetables, and nutrients to support a balanced, plant-based diet.



### MACRONUTRIENTS\*



### RECOMMENDED FOR:

Perfect for vegans, paleo dieters, or those with dairy sensitivities. Ample V uses organic pea and brown rice proteins—with no animal products included.

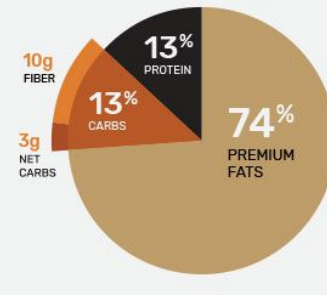
# AMPLE<sub>K</sub>

## KETOGENIC FORMULA

Ample K is designed to keep you in ketosis, while satiating and curbing appetite. With just 3 net carbs, it's packed with healthy fats, moderate protein, fiber, probiotics, and organic greens.



### MACRONUTRIENTS\*



### RECOMMENDED FOR:

Perfect for those on a ketogenic diet, this ultra low-carb formula features grass-fed whey protein and sufficient healthy fats to keep you feeling full.

\*Per 400-calorie meal / Based on percentage of calories