LEVERAGE

STRATEGIC

STRATEGIC PLAN

5-Year Value Creation Plan

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How the business gets from near breakeven EBITDA today to a $8.3M, 31%-margin run-rate in five years — phased, owned, and measured.

$0.0M → $8.3M

EBITDA, Year 1 → Year 5

31.2%

EBITDA Margin, Year 5

7.8x

LTV:CAC, Year 5

$9.5M

Cash at Exit, Year 5

Three Levers, One Outcome

How $7.8M revenue and near breakeven EBITDA becomes a $26.6M, 36%-margin business

1

Revenue Growth

Net revenue grows ~35% CAGR — from $7.8M to $26.6M — as Amazon, wholesale, and international channels layer onto a maturing DTC base with 4.7x → 7.8x LTV:CAC.

2

Gross Margin Expansion

Gross margin improves from 61.7% to 69.9% through sourcing scale, favorable channel mix shift (wholesale carries lower fulfillment cost per order), and repeat-driven contribution margin improvement.

3

Operating Leverage

Headcount grows 58% (24 → 38 FTEs) while revenue grows 240%. Fixed costs spread over a much larger revenue base — this gap is the engine of margin expansion to 36%.

Result: EBITDA Margin Expansion — Near Breakeven (Year 1) → 31.2% (Year 5)

EBITDA Value Creation Bridge

Decomposition: how $8.3M of Year 5 EBITDA is built from Year 1 near breakeven

Foundation — Prove the Core Before Adding Complexity

EBITDA margin moves from (0.6%) to 4.1%. Repeat economics proven.

Retention Infrastructure

Build out email/SMS lifecycle flows, a loyalty pilot, and repeat-purchase testing. Target: repeat order share grows from 30% → 35% by end of Year 2.

Owner: Head of Marketing

KPI: Repeat order share ≥ 35% by Y2

Amazon 1P / 3P Build-Out

Structured Amazon launch — 3P test in Q3 Year 1, 1P negotiation in Year 2. Disciplined on margin, no race-to-bottom pricing. Target: Amazon = 12–15% of revenue by Year 2.

Owner: Head of Marketing

KPI: Amazon % of revenue ≥ 12% by Y2

KPI Discipline

Operationalize the weekly KPI flash report (MER, orders, cash) and monthly Budget vs. Actual review across the org by Day 60 post-close.

Owner: Head of Finance

KPI: Weekly KPI report live by Day 60

Inventory Optimization

Improve inventory turns from 4.1x toward 4.2x via better demand forecasting, tighter SKU rationalization, and improved vendor payment terms.

Owner: Head of Operations

KPI: Inventory turns ≥ 4.2x by Y2

Expansion — Layer New Channels as the Base Matures

EBITDA inflects to 15.8%. Revolver fully repaid. First international market live.

Wholesale Launch

Selective retail partnerships with Sephora, Ulta, or specialty retailers that reinforce — not dilute — premium positioning. Target: 9% of net revenue by Year 3.

Owner: Head of Operations

KPI: Wholesale % of revenue ≥ 9% by Y3

First International Market — Canada

Launch in Canada using existing DTC infrastructure and fulfillment partners. Brand awareness already building organically; low incremental CAC expected. (Q2 Year 3)

Owner: Founder & CEO

KPI: Canada DTC live by Q2, Year 3

Retention Maturation

Customer retention rate improves to 48% (Year 3 model assumption). Focus: cohort-specific re-engagement, VIP loyalty tiers, and subscription conversion test.

Owner: Head of Marketing

KPI: Retention rate ≥ 48% by Y3

Debt Paydown

Revolving credit facility fully repaid as EBITDA inflects. Term loan amortization on schedule. Company is self-funding from here.

Owner: Head of Finance

KPI: Revolver balance = $0 by Y3

Scale — Extend From a Profitable Base

EBITDA margin reaches 24.4% then 31.2%. Cash builds to $9.5M. Unit economics peak.

Adjacent SKU Categories

Launch body care and SPF using the existing customer base, brand equity, and supply chain. Target: new SKU categories = 15% of revenue by Year 5.

Owner: Head of Product

KPI: New SKU rev% ≥ 15% by Y5

AI-Driven CRM & Retention

Deepen CRM and AI-assisted customer experience to protect margin as the team scales to 38 FTEs. Personalized re-engagement reduces blended CAC.

Owner: Head of Marketing

KPI: LTV:CAC ≥ 7.5x by Y5

Second International — UK

Extend into the UK, building on the operating model proven in Canada during Phase 2. UK DTC + Amazon UK provides a capital-efficient entry. (Q1 Year 5)

Owner: Founder & CEO

KPI: UK revenue live by Q1, Year 5

Mature Unit Economics

LTV:CAC reaches 7.8x and inventory turns reach 4.9x — a fundamentally more efficient and more valuable business than Year 1.

Owner: Head of Finance

KPI: Inventory turns ≥ 4.9x; EBITDA ≥ 31%

Key Initiatives, Owners & Success Metrics

Initiative	Phase	Owner	Success Metric	Status Gate
Retention & lifecycle marketing	1	Head of Marketing	Repeat order share: 30% → 35%	Q4 Year 1
Amazon 3P build-out	1	Head of Marketing	Amazon: 8%+ of revenue	Q3 Year 1
Amazon 1P negotiation	1–2	Head of Marketing	1P agreement signed	Year 2
Weekly KPI flash report live	1	Head of Finance	100% on-time delivery	Day 60 post-close
Inventory optimization	1–2	Head of Operations	Inventory turns ≥ 4.2x	Year 2
Wholesale partner program	2	Head of Operations	Wholesale: 9% of revenue	Year 3
Canada market launch	2	Founder & CEO	International rev live	Q2 Year 3
Revolver full repayment	2	Head of Finance	Revolver balance = $0	Year 3
New SKU categories (body care)	3	Head of Product	New SKU rev% ≥ 15%	Year 5
CRM / AI retention platform	3	Head of Marketing	LTV:CAC ≥ 7.5x	Year 5
UK market launch	3	Founder & CEO	UK DTC live	Q1 Year 5
Exit State	**All**	**All Functions**	**$26.6M rev / 31.2% EBITDA / $9.5M cash**	**Year 5 Close**

Milestones & Governance Rhythm

Year 1	**Foundation Complete** Retention infrastructure live; KPI dashboard operational; Amazon 3P launched; EBITDA trending toward breakeven.
Year 2	**Channel Proven** Amazon 1P negotiated; repeat order share ≥ 35%; EBITDA turns positive; inventory optimization delivering.
Year 3	**Expansion Live** Wholesale partner launched; Canada DTC live; revolver fully repaid; EBITDA margin ≥ 15%.
Year 4	**Scale Underway** Body care SKU launched; CRM/AI platform live; EBITDA margin ≥ 24%; LTV:CAC ≥ 6.9x.
Year 5	**Value Realized** UK live; EBITDA margin 31.2%; $9.5M cash; LTV:CAC 7.8x; business ready for exit or next capital event.

GOVERNANCE: Quarterly business review; phase gates (Y1→Y2, Y2→Y3, Y3→Y4) require go/no-go before next-phase spend.

Projected Outcome — 5-Year Summary

($mm unless noted)	Year 1	Year 2	Year 3	Year 4	Year 5
Net Revenue ($mm)	7.8	9.7	14.5	20.0	26.6
Gross Margin (%)	61.7%	63.7%	65.8%	67.9%	69.9%
EBITDA ($mm)	(0.0)	0.4	2.3	4.9	8.3
EBITDA Margin (%)	(0.6%)	4.1%	15.8%	24.4%	31.2%
LTV:CAC (x)	4.7x	5.3x	6.1x	6.9x	7.8x
Total FTEs	24	28	32	35	38
Revenue / FTE ($K)	$327K	$347K	$453K	$571K	$700K
Ending Cash ($mm)	0.3	0.0	1.0	4.0	9.5
Total Debt ($mm)	1.50	1.20	0.70	0.40	$0.0 ✓

If executed as planned, the Company exits Year 5 as a $26.6M-revenue, 31%-EBITDA-margin business with $9.5M of cash and no outstanding debt — a materially different, more valuable asset than it is today.

Illustrative Return Sensitivity — IRR / MOIC

Directional sensitivity grid, not a return forecast. Assumes 5-year hold, 100% equity acquisition, no dividends. Entry on Year 1 trailing revenue. Exit on Year 5 EBITDA.

Entry Multiple	Entry EV	Exit 6x EBITDA ($57.6M EV)	Exit 7x EBITDA ($67.2M EV)	Exit 8x EBITDA ($76.8M EV)	Exit 9x EBITDA ($86.4M EV)
0.50x Revenue	$3.9M EV / $2.6M equity	92% / 26.1x	97% / 29.8x	102% / 33.4x	106% / 37.1x
0.75x Revenue	$5.9M EV / $4.6M equity	72% / 15.0x	76% / 17.1x	80% / 19.1x	84% / 21.2x
1.00x Revenue	**$7.8M EV / $6.6M equity**	**60% / 10.5x**	**64% / 12.0x**	**68% / 13.4x**	**72% / 14.9x**
1.25x Revenue	$9.8M EV / $8.5M equity	52% / 8.1x	56% / 9.2x	60% / 10.3x	63% / 11.5x
1.50x Revenue	$11.8M EV / $10.5M equity	46% / 6.6x	50% / 7.5x	53% / 8.4x	56% / 9.3x

1. Entry equity = Entry EV less $1.29M net debt at close.

2. Exit equity = Exit EV plus $11.12M net cash at Year 5 (fully debt-free).

3. Analysis is purely illustrative and does not account for transaction costs, management fees, or earnout structures.

4. Highlighted row (1.00x) represents the mid-point of the illustrative entry range in the IM.