



"PAX is committed to revolutionizing travel by
delivering respite and relaxation, one pillow at a time."



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travel by delivering respite and
relaxation, one pillow at a time.



PROBLEM

Standard travel pillows are *not* delivering value to travelers.

Flimsy, Poorly Stuffed

Standard pillows are made from thin nylon and a beaded interior that lessens overall durability and support.

Unbreathable Material

Nylon's dense nature can cause discomfort in hot and dry conditions.

Inconvenient & Burdensome

Travelers feel that the benefits from owning a travel pillow do not outweigh the inconvenience caused.

SOLUTION

Introducing: PÁX

The world's *first* multi-functional travel pillow that simulates a private sanctuary for travelers on the go.

Retails at \$133.

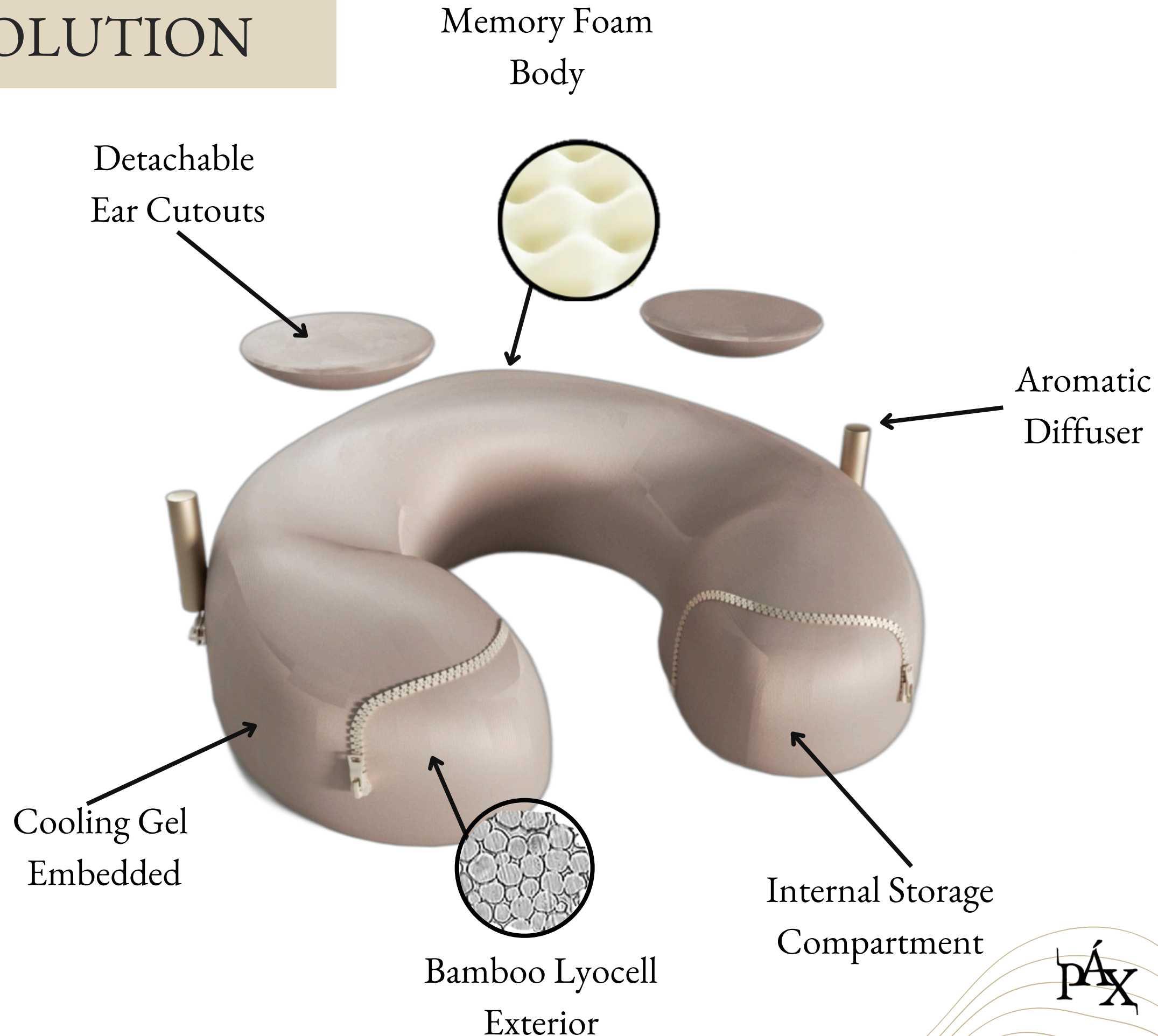


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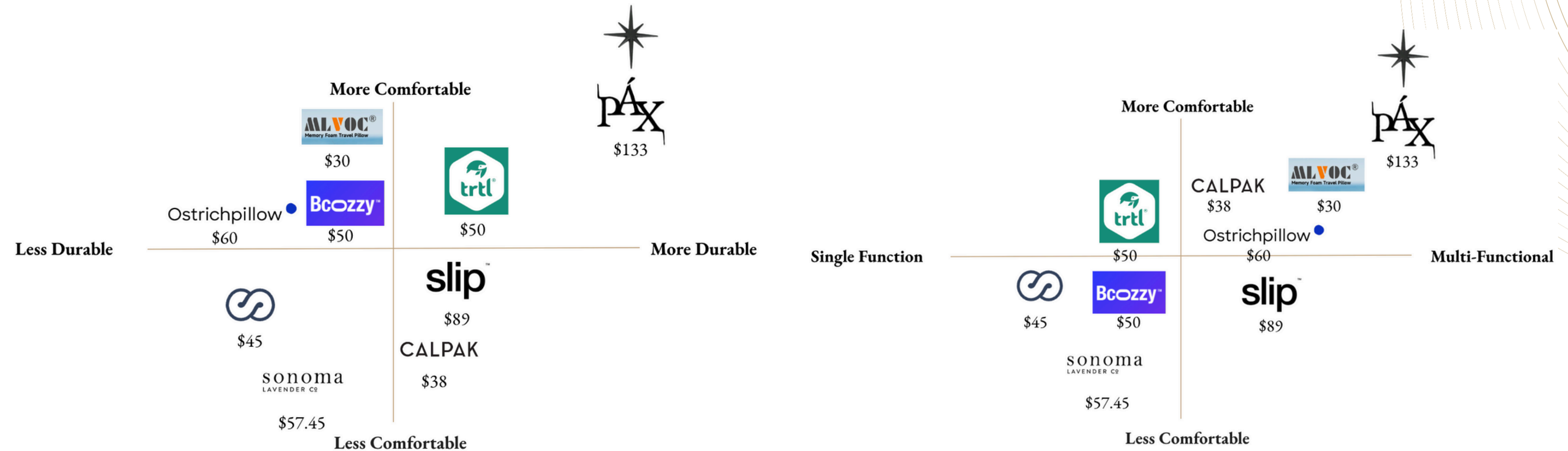
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Marketing

PÁX Outshines Its Competition in terms of Multi-functionality, Durability, and Comfortability



Our Target Segment Includes 15.7 Million Individuals

- People with annual income $\geq \$50,000$
- Frequent travelers who fly 4 or more per year
- Travelers who fly Business and/or First Class



“I could use something extra to make my travel more comfortable.”

Customer Type: Stressed Business Traveler

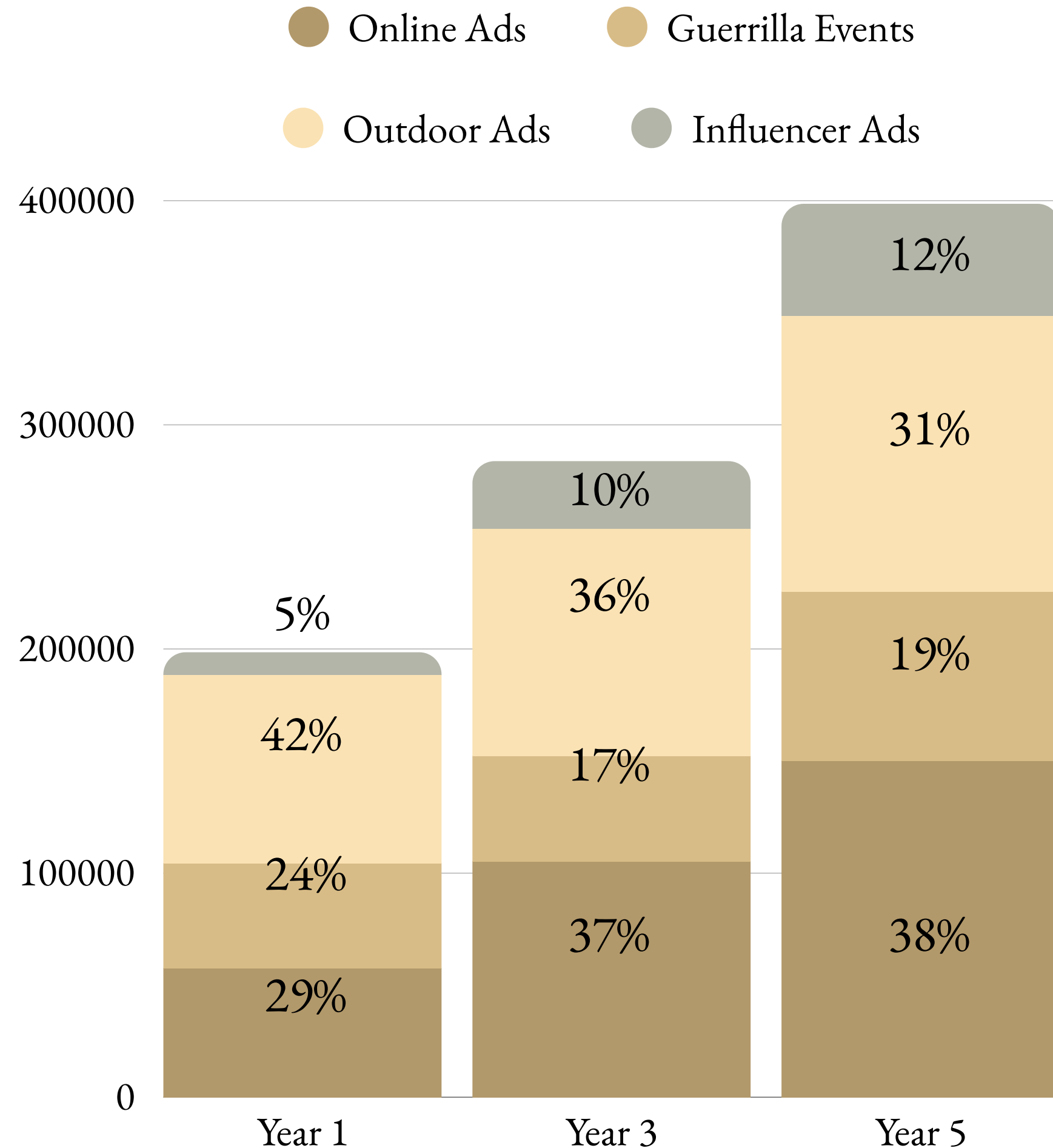
Pain Point: Experiences discomfort and stress on planes.

Values: Prestige, social status, uniqueness, high-end lifestyle/experience

Our Awareness Heavily Depends on Paid Media

We will allocate each individual strategy based on the increasing purchase intent and competition rate over the 5 years.

Ad % of total paid media expense each year



Distribution to Different Channel Members Drives ACV Growth

Year 1

13.31% Awareness

Independent Retailers (Marc Johnson) & Online Retailer (Amazon)

- **\$345K** Marketing Strategy
- **\$133** Average Retail Price

Year 3

21.66% Awareness

Introduction of Chain Retail Stores (Saks Fifth Ave.)

- **\$479K** Marketing Strategy
- **\$128** Average Retail Price

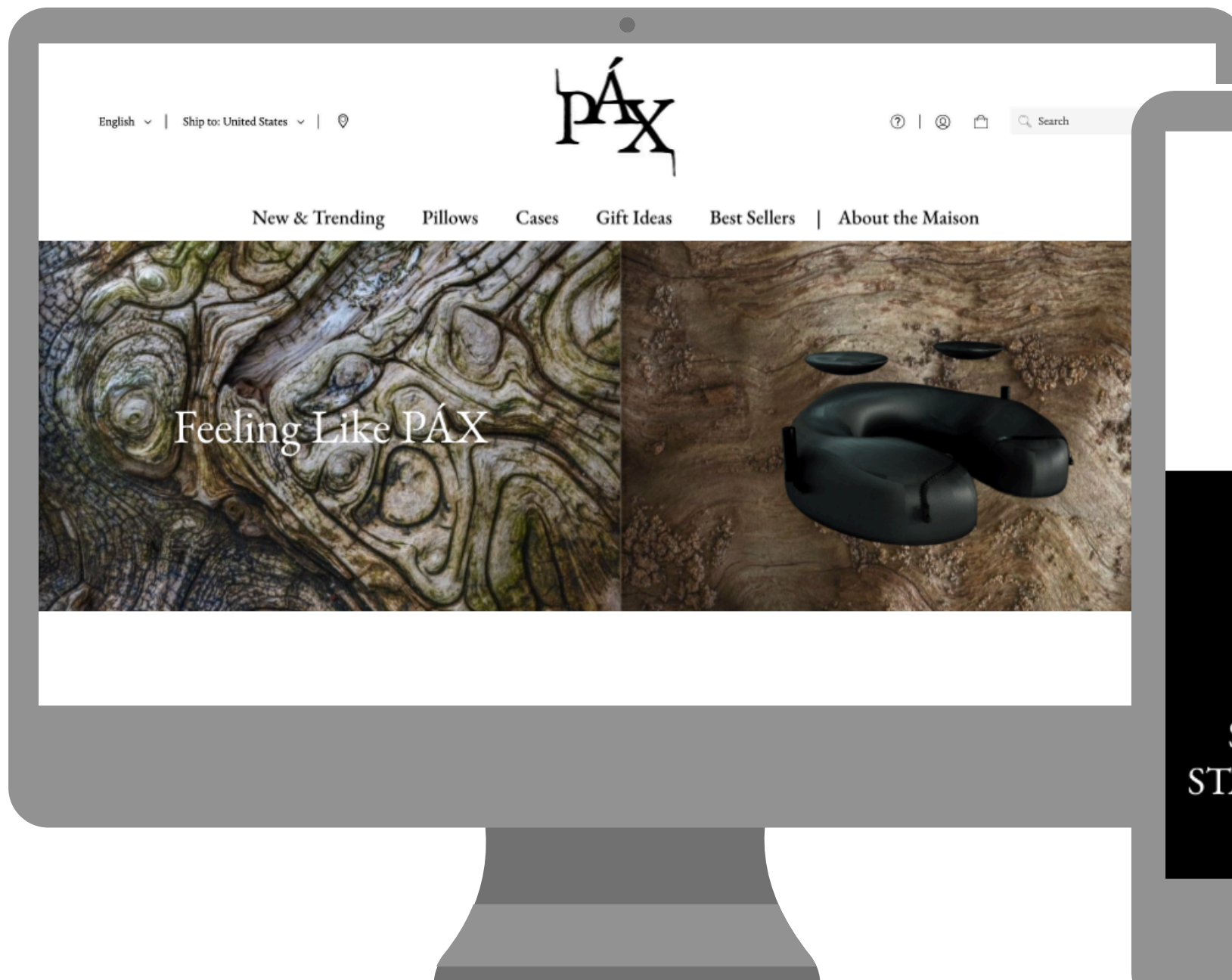
Year 5

32.43% Awareness

Breaking into Mass Merchant Market (Target)

- **\$1.12M** Marketing Strategy
- **\$114** Average Retail Price

PÁX.com





Operation Management

Flexible Inventory Levels Minimize Stockout Risk

- We will hold a **high** % of finished goods **safety stock** to mitigate the risk of potential stock-outs.
- We will hold a **high** % of raw material **safety stock** to achieve economies of scale.

High Service Level

Our service level will remain at 95% from Years 1 to 5.

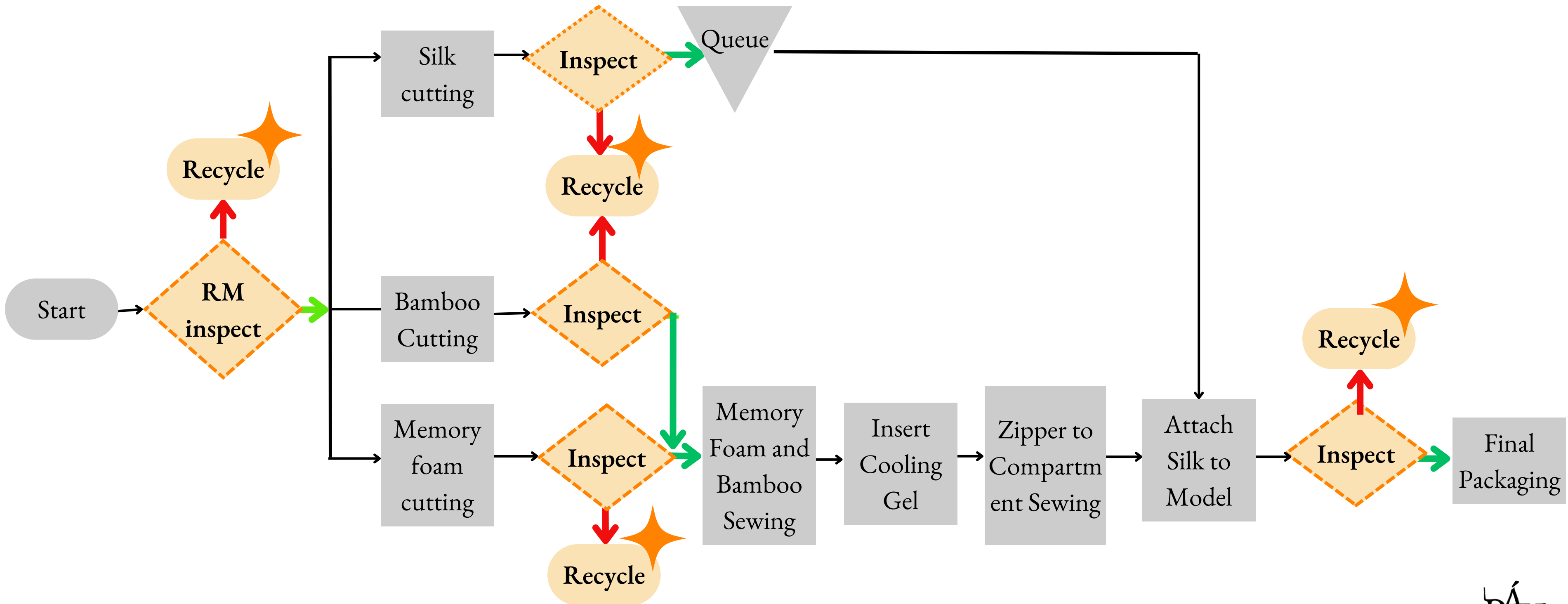
Growing EOQ to meet demand

EOQ for Years 1 to 5 are 122, 153, 216, 244, and 366 respectively.

High ROP

Reorder points in Years 1 and 5 are 6,417 and 49,390.

Sustainability & Quality are Integrated in our Process Flow



Our Production Resources Grow in Tandem with Demand

Equipment

Additional 9 sewing machines purchased in year 4 and an additional 5 in year 5.



Direct Labor

Our workers grow from 12 in year 1 to 42 & 58 in years 4 & 5



Indirect Labor

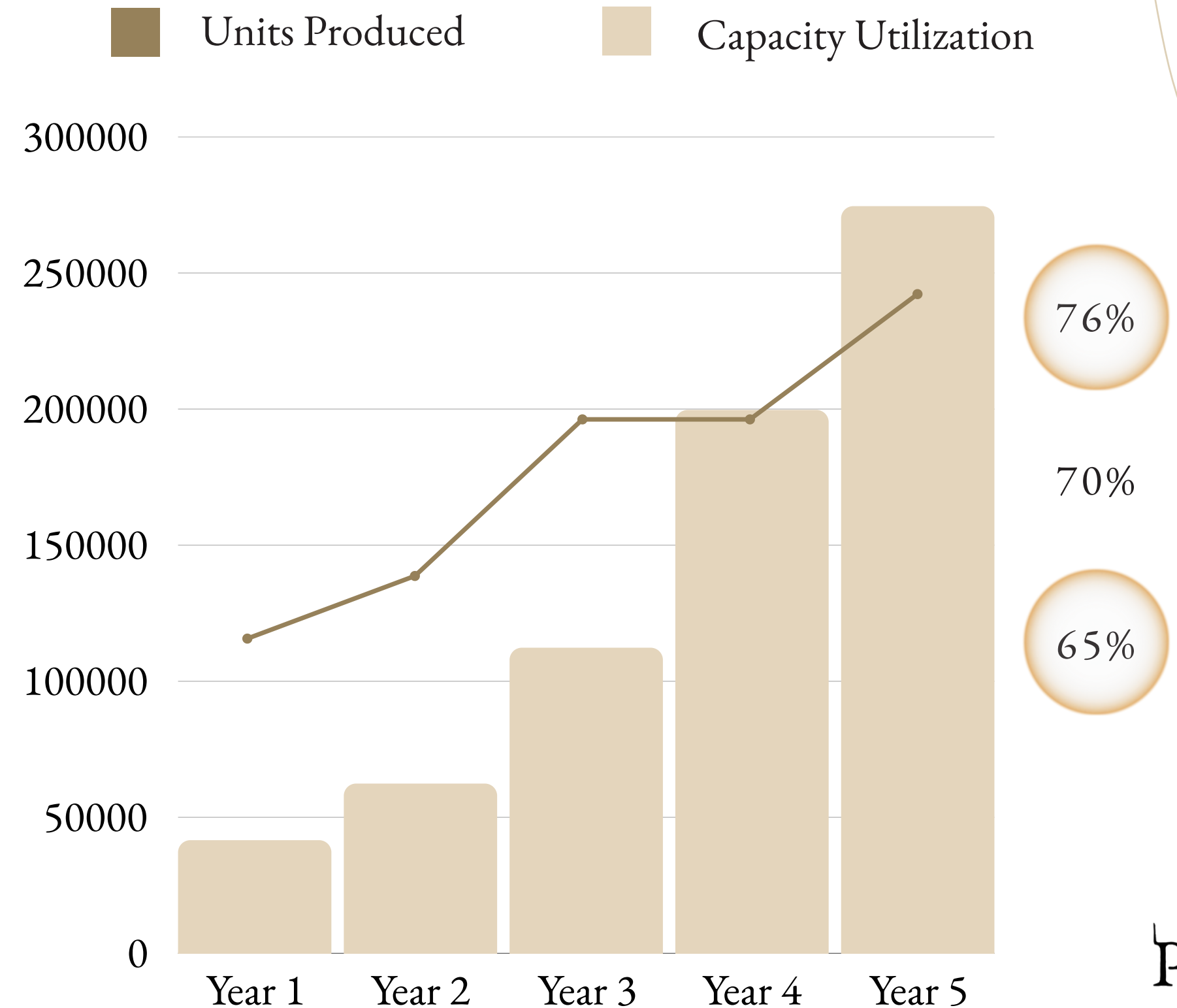
Warehouse workers grow in accordance with our units produced.

Administrative Workers

C-suite is introduced in year 3 as our production escalates.

Our Capacity Grows in Proportion to Demand

- In Year 1, we produce 41,600 units, and 274,560 units in Year 5.
- To optimize our capacity utilization, we focus on scaling our workforce and equipment.



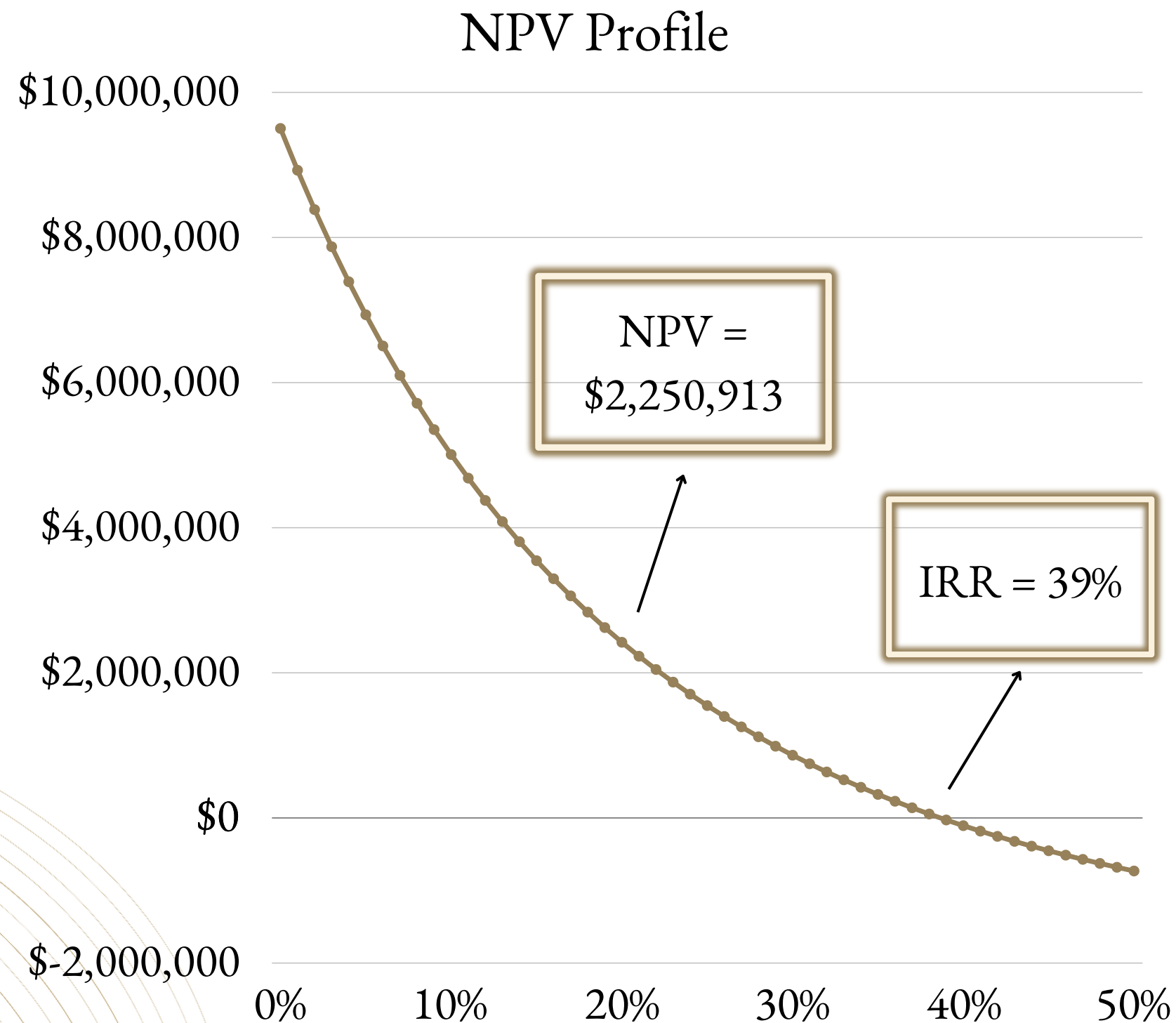
Finance

PÁX Performs at Higher Profitability Levels Relative to Comparable Companies

Company	Gross Margin	Operating Margin	Net Margin	ROE	DOH
PAX	58%	24%	17%	93%	27
Tapestry, Inc.	70%	17%	13%	32%	215
Capri Holdings Limited	66%	16%	13%	29%	175
Burberry Group plc	71%	19%	15%	29%	185
Samsonite International S.A	55%	15%	11%	37%	75

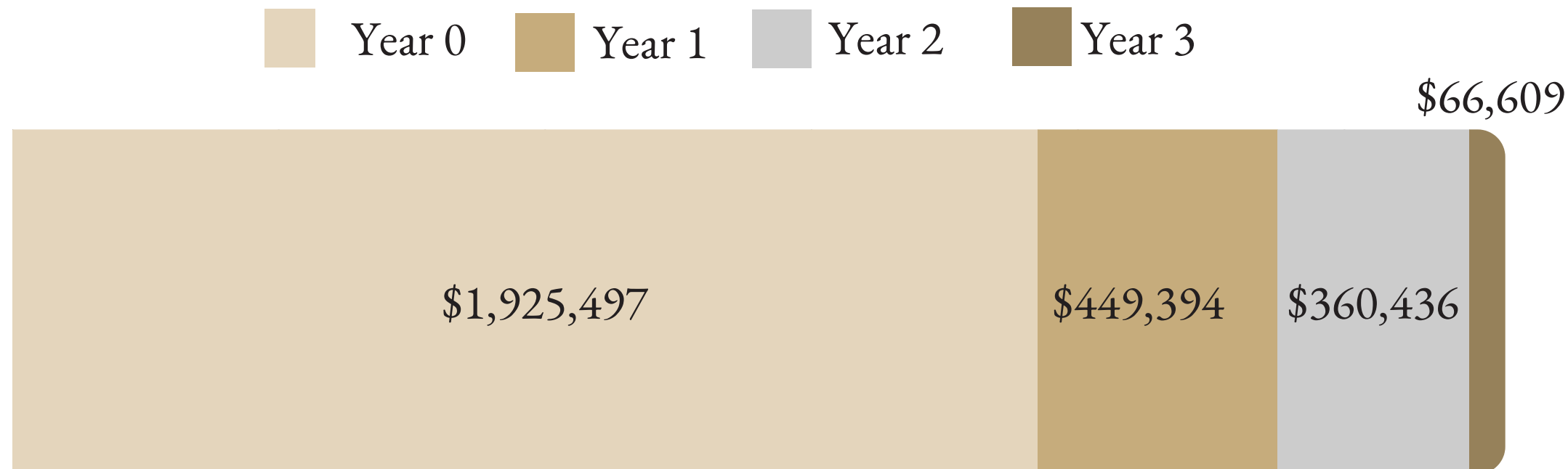
PÁX outperforms its comps
in profitability and efficient
use of capital.

PÁX Presents Itself as A Worthy Long-term Investment Opportunity



- NPV was calculated assuming a 12-year product life cycle with 7 years of growth before following a declining perpetuity.
- Year 5 terminal value is expected to be around \$9.4 million.

We Require a High Initial Investment to Fund our Capital Expenditures



- Out of our peak paid-in capital of \$2.8 million, we require **\$2.5 million** in external financing.
- Payback period is estimated at 3 years.

Analytics

Identifying High Impact Risks to Improve Value for Customers

#1

VARIOUS TRAVEL TRENDS

The economic and political state of the world affect both short and long term travel trends, putting our target market size at risk

#2

INCREASING COMPETITION

The travel products industry is a very profitable market, which could increase pressure from competitors

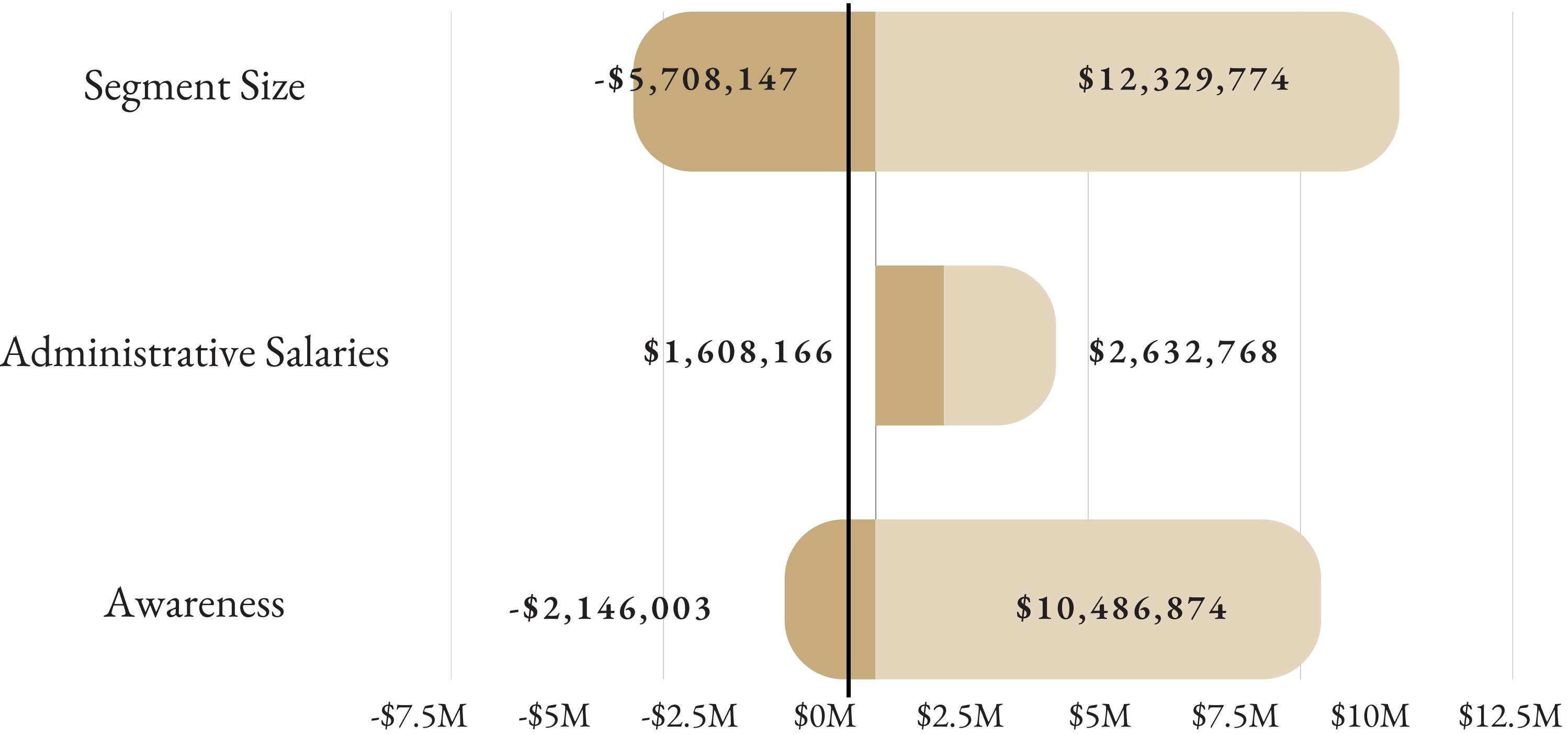
#3

UNPREDICTABLE SUPPLY CHAIN

Although cost efficient, overseas suppliers could be riskier for our product than domestic suppliers

Simulation Results

● VaR@5% ● 95th Percentile



Our Risk Mitigation Strategies Will Be Focused on Marketing Parameters

Objective
#1

Stabilize Awareness

Creating airline partnerships and utilizing tactics to build brand loyalty.

Objective
#2

Maintain Strong Supplier Relationships

Steady our supply chain so that it is safe against shortages, uncertainty, and delays.

Objective
#3

Targeted Marketing Campaigns

Increasing our social media presence, email marketing, and influencer marketing.

Let's PÁX the World



Powerful Marketing Tactics

Gives us opportunities to always grow and strengthen our company



Effective Operational Strategies

Helps us to run as efficiently and effectively as possible to keep us ahead of our competitors



Compelling Financial Projections

With a strong 39% IRR and \$2.25 million NPV, we promise investors our company is worth every penny



Vigorous Risk Mitigation Tactics

Allows for us to reduce the impact of potential risks for both investors and the company

Appendix

Income Statement

Weighted Average Cost of Capital

Balance Sheet

Terminal Value

Cash Flow

Bases Model

Dividend Distribution

Demand Curve

Break Even

Sensitivity Analysis for High Probability Variables

Net income & COGS

Simulation Summary Results

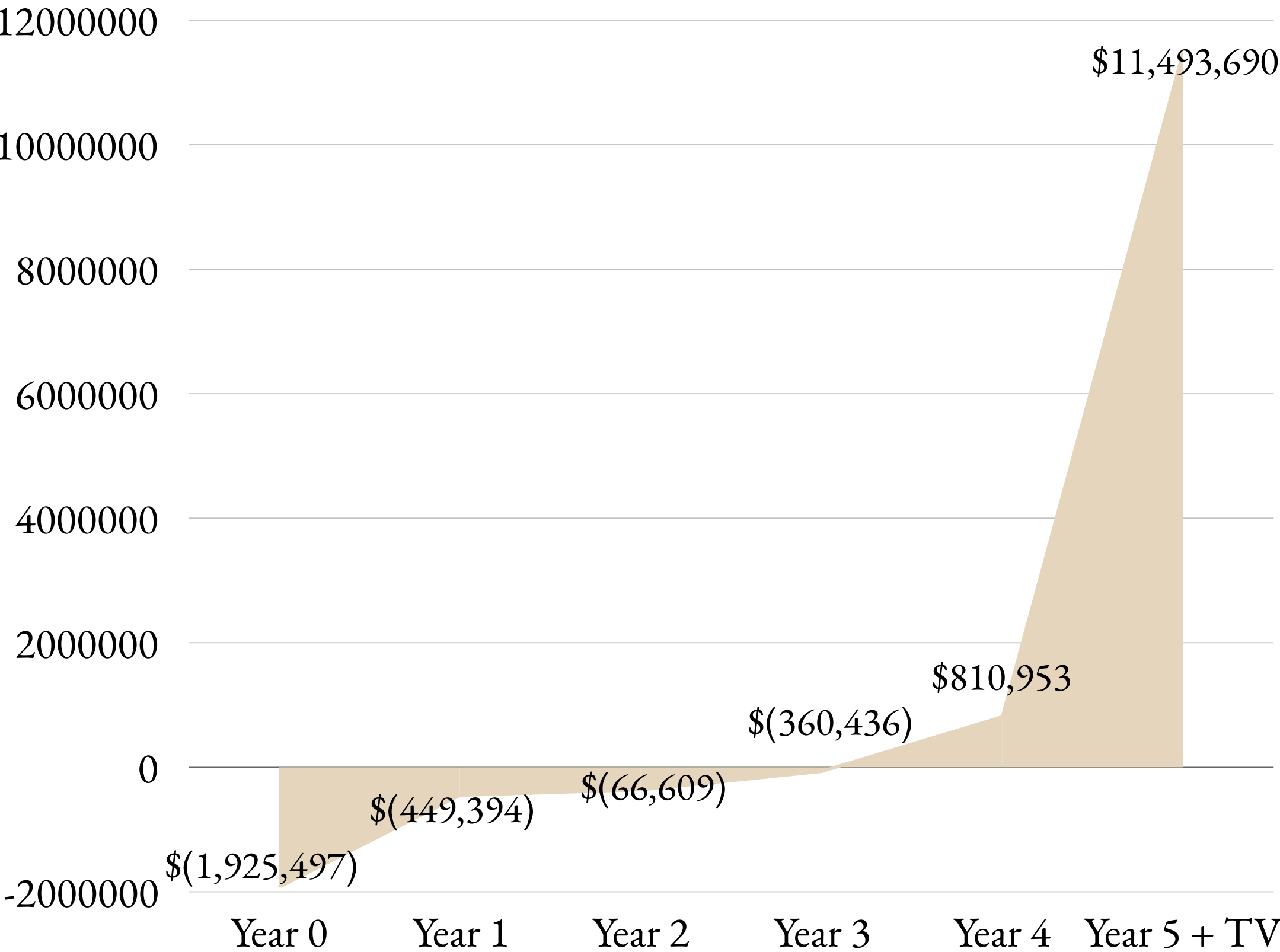
Income Statement

	Year 0	Year 1	Year2	Year 3	Year 4	Year 5
Total Revenues		2,093,697	3,205,985	5,826,829	9,871,252	14,018,543
Variable Costs		615,501	907,975	1,478,663	2,599,157	3,586,661
Fixed Production Costs (MOH)		976,400	1,094,800	1,390,800	1,746,000	2,278,800
Total COGS		1,591,901	2,002,775	2,869,463	4,345,157	5,865,461
Gross Profit		501,796	1,203,211	2,957,366	5,526,095	8,153,082
Start Up Expenses	471,890					
Administrative Overhead		680,800	843,600	1,258,000	1,850,000	2,338,400
Marketing Expenses		345,031	381,828	479,075	843,029	1,125,940
Sales Commission		45,910	80,816	382,287	771,103	1,078,891
Depreciation on PP&E		175,553	192,389	216,901	248,285	282,127
EBIT	(471,890)	(745,498)	(295,422)	621,103	1,813,678	3,327,724
NET INCOME	(471,890)	(745,498)	(295,422)	453,405	1,323,985	2,429,238

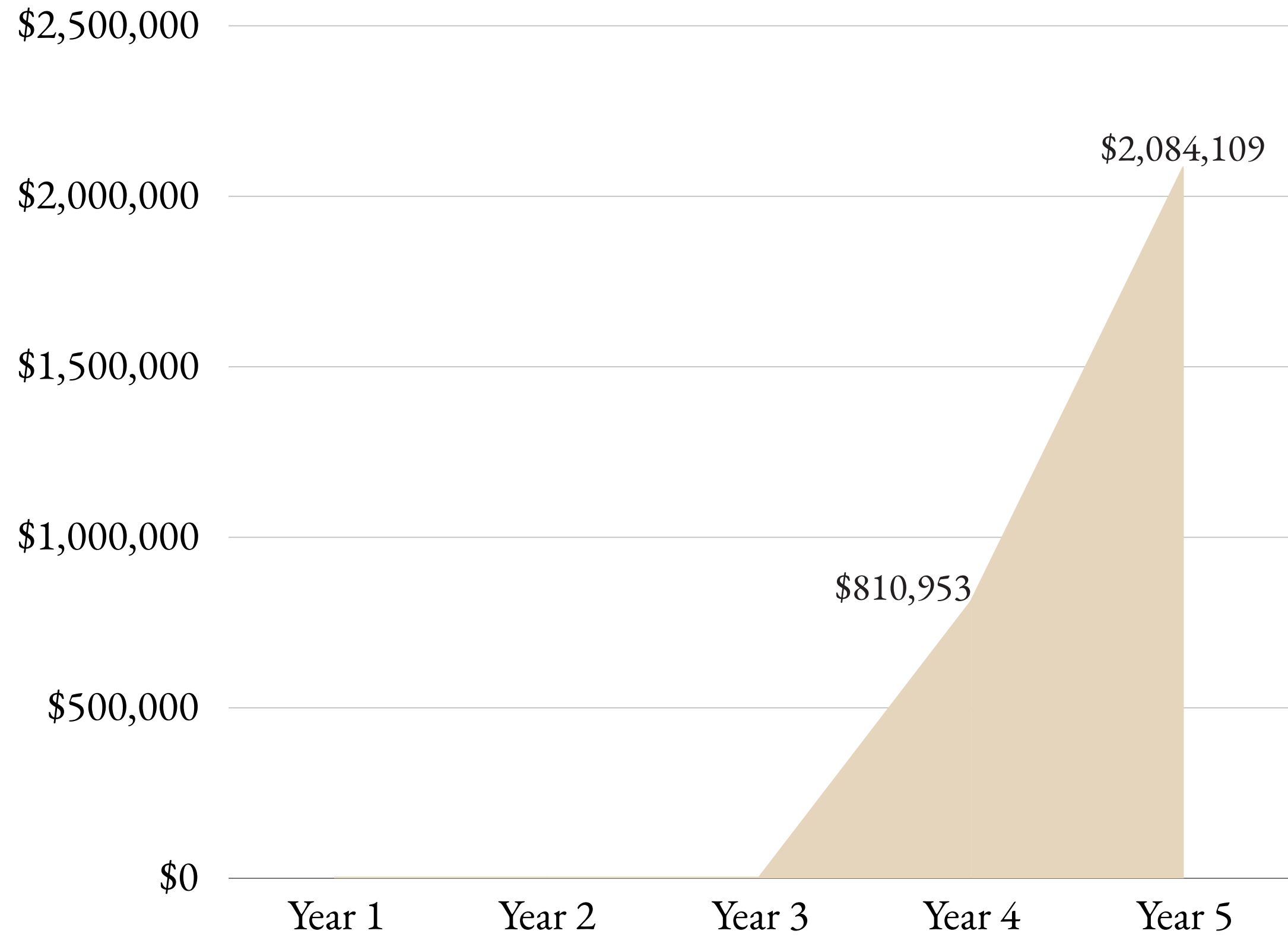
Balance Sheet

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Cash	321,522	104,685	160,299	291,341	300,000	300,000
Accounts Receivable		88,167	147,835	522,900	1,016,054	1,407,300
Raw Materials and WIP	37,643	68,953	119,293	193,240	241,633	280,866
Finished Goods Inventory		23,434	35,456	66,202	112,860	156,054
Current Assets	359,165	285,238	462,884	1,073,683	1,670,547	2,144,220
Net Fixed Assets	1,094,441	980,467	890,012	840,895	833,587	788,725
Total Assets	1,453,606	1,265,705	1,352,896	1,914,578	2,504,134	2,932,945
Accounts Payable		108,203	130,380	172,048	248,572	332,253
Paid in Capital	1,925,497	2,374,890	2,735,326	2,801,935	2,801,935	2,801,935
Retained Earnings	(471,890)	(1,217,388)	(1,512,810)	(1,059,405)	(546,373)	(201,244)
Total Equity	1,453,606	1,157,502	1,222,516	1,742,530	2,255,562	2,600,692
Total Liabilities & Equity	1,453,606	1,265,705	1,352,896	1,914,578	2,504,134	2,932,945

Cash Flow



Dividend Distribution



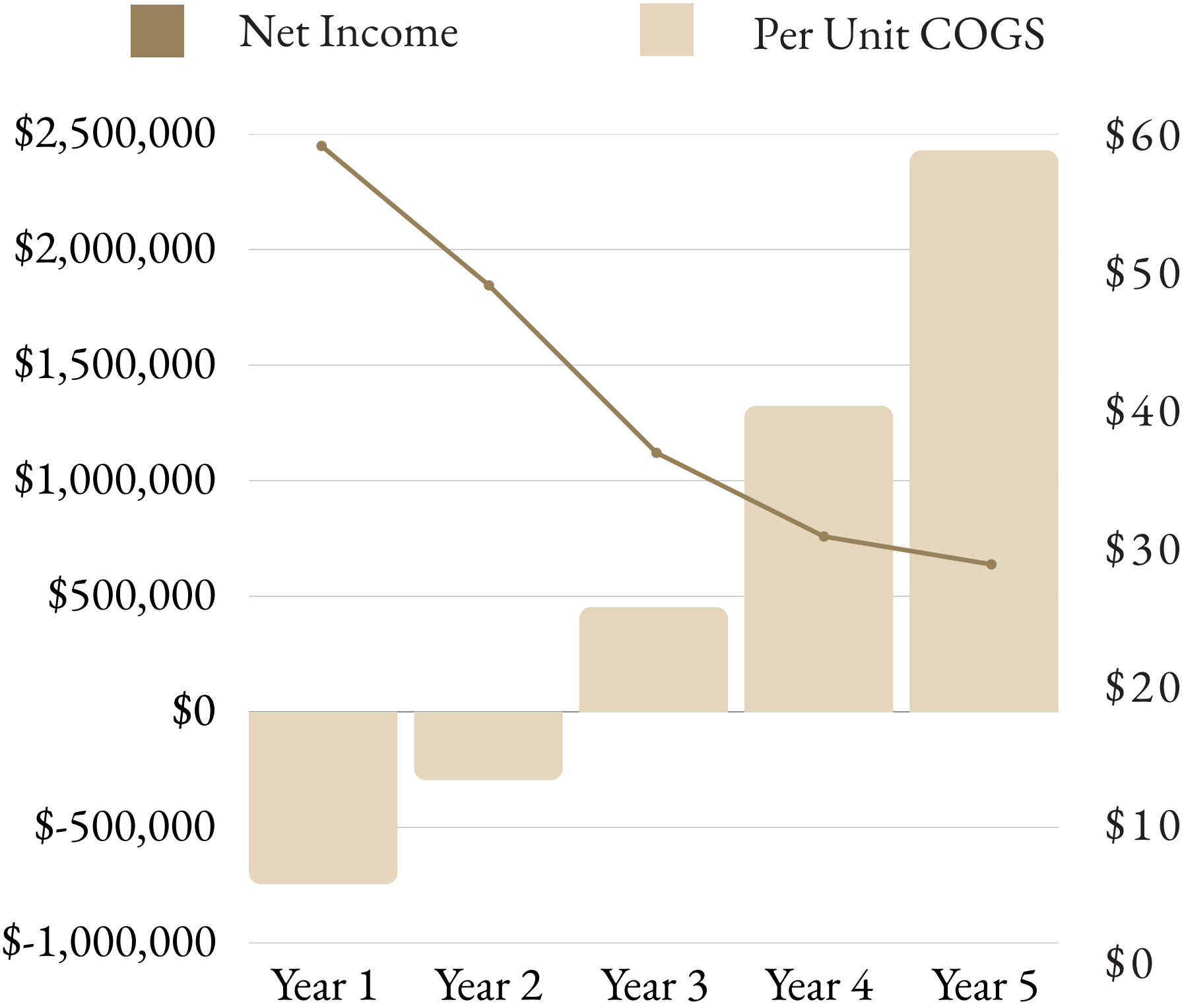
Breakeven

	Year 1	Year 2	Year 3	Year 4	Year 5
Expected Demand	27,243	42,036	80,818	143,571	209,676
Breakeven Units	40,748	46,899	68,268	106,076	143,664
Breakeven Sales	\$3,131,548	\$3,576,852	\$4,922,011	\$7,293,299	\$9,605,110
Margin of Safety	-50%	-12%	16%	26%	31%

Working Capital Ratios

	Year 1	Year 2	Year 3	Year 4	Year 5
DSO	15	17	33	38	37
DOH	21	28	33	30	27
DPO	25	24	22	21	21

Net Income & COGS Trends



Weighted Average Cost of Capital

Risk Free Rate	3.41%
Bata	1.71
Equity Risk Premium	6.70%
Size Premium	6.03%
Cost of Equity	20.88%
Cost of Debt	0%
Equity Weight	100%
Debt Weight	0%
WACC	20.88%

Terminal Value

	Year 5	Year 6	Year 7	Year 8
Free Cash Flow	2,084,109	2,500,931	3,001,117	2,400,893
	9,409,581		5,872,560	
		11,374,607	8,873,677	

- Declining rate: 20%
- Discount rate: 20.88%

Simulation Summary Results

	Segment Size	Administrative Salaries	Awareness	All Variables (Segment Size and Administrative Salaries)	All Variables (Segment Size and Awareness)
Average	2,468,302	2,147,156	3,883,392	2,513,080	3,997,533
Median	2,342,737	2,171,463	3,681,863	2,537,079	3,567,630
Standard Deviation	5,559,333	307,003	3,838,254	5,701,122	6,682,470
VaR @5%	(5,708,147)	1,608,166	(2,146,003)	(6,065,575)	(5,807,664)
95th Percentile	12,329,774	2,632,768	10,486,874	11,972,894	15,893,207
% NPV < 0	34.90%	0.00%	18.30%	35.20%	30.10%

Sensitivity Analysis for High Probability Variables

Variable	Breakeven % Change	Elasticity
Segment Size	-21.8%	4.49%
Purchase Intent	-21.9%	4.46%
Awareness	-22%	4.46%
Units lost to competition	42%	2.25%
Retail Price	-16%	6.07%
Direct Labor	163%	0.60%
Direct Material	122%	0.80%
Overhead	113%	0.86%
Administrative Salaries	75%	1.31%
Marketing Expenses Excluding Commission	165%	0.60%

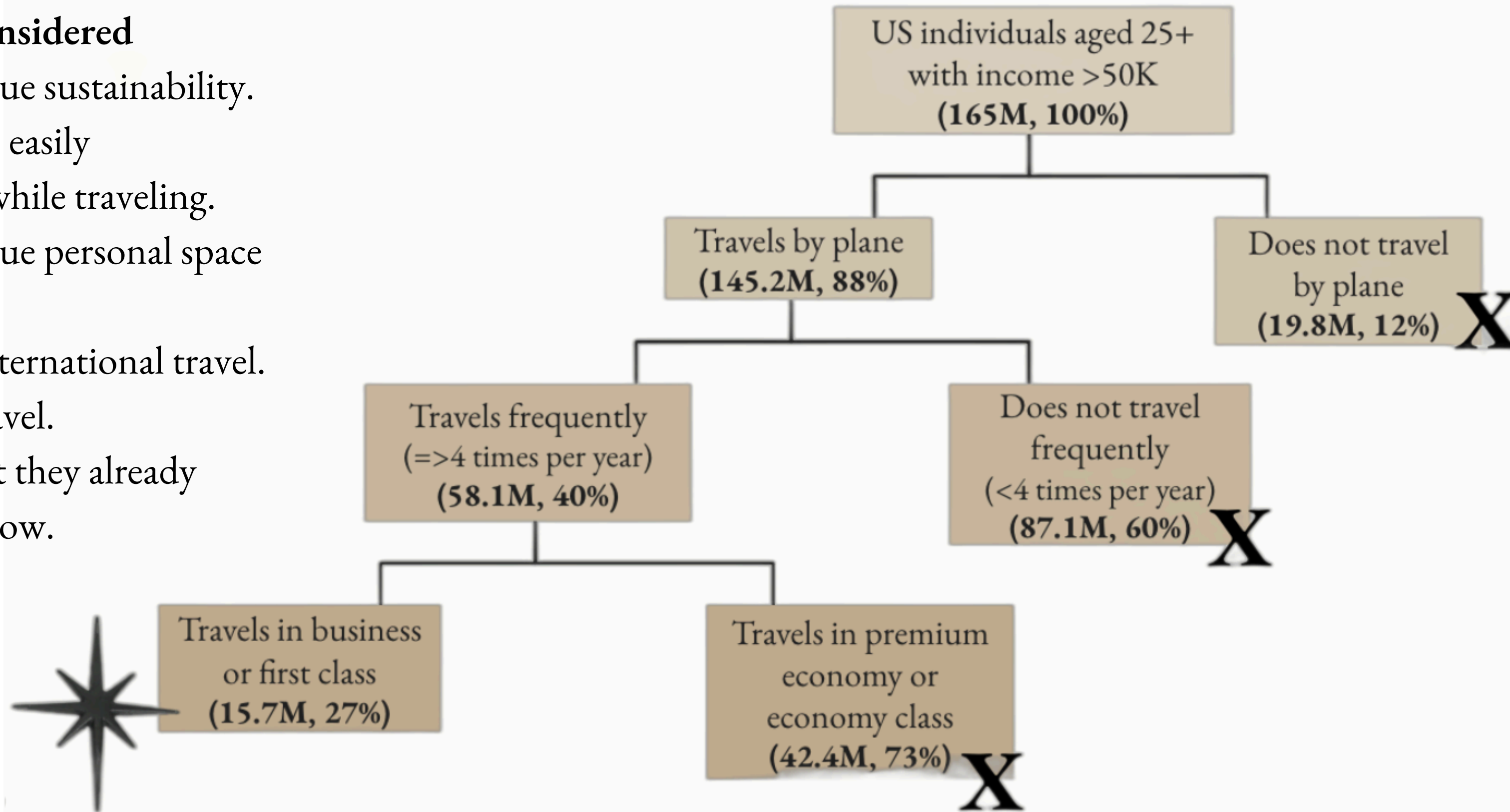
BASES Model

	Year 1	Year 2	Year 3	Year 4	Year 5
Target Market Size	15,700,000	15,829,757	15,946,018	16,024,661	16,041,337
Adjusted PI	9.3%	9.5%	13.3%	20.9%	24.4%
Awareness	13.3%	16.5%	21.7%	26.4%	32.4%
ACV	14%	17%	22%	27%	33%
Trial Units	1	1	1	1	1
Repeat Units	0	0	0	0	0
Sales Units	27,243	42,036	101,022	239,284	419,351
Lost to Competition			20%	40%	50%
Total Units	27,243	42,036	80,818	143,571	209,676
Weighted Manufacturer Selling Price	\$77	\$76	\$72	\$69	\$67
Manufacturer Sales	\$2,093,697	\$3,205,985	\$5,826,829	\$9,871,252	\$14,018,543

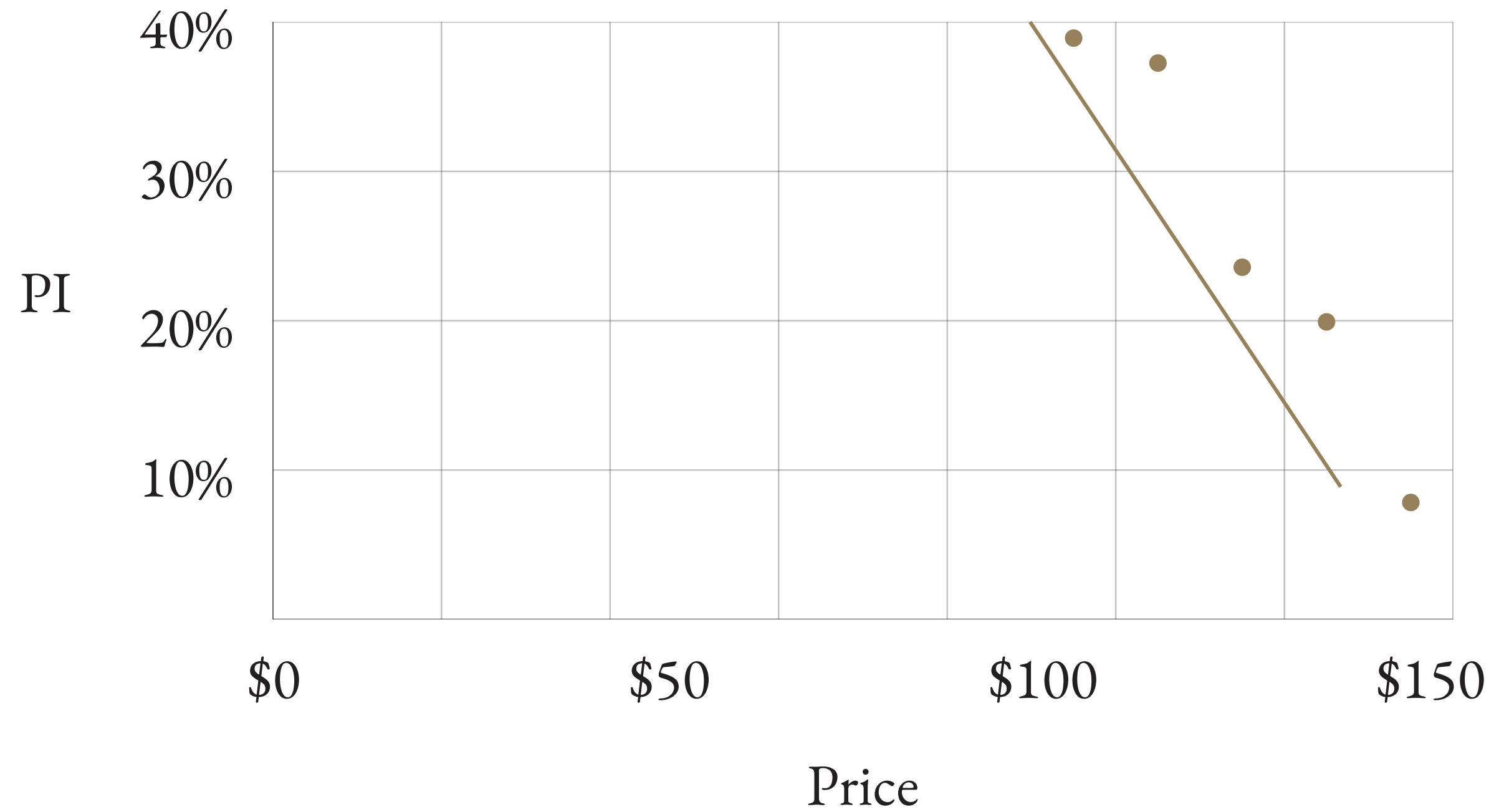
Segmentation Tree

Other variables considered

- People who value sustainability.
- People who are easily overwhelmed while traveling.
- People who value personal space in public.
- Domestic or international travel.
- Duration of travel.
- Whether or not they already own a neck pillow.



Demand Curve



CSR Initiative I: #PÁXForPlanet

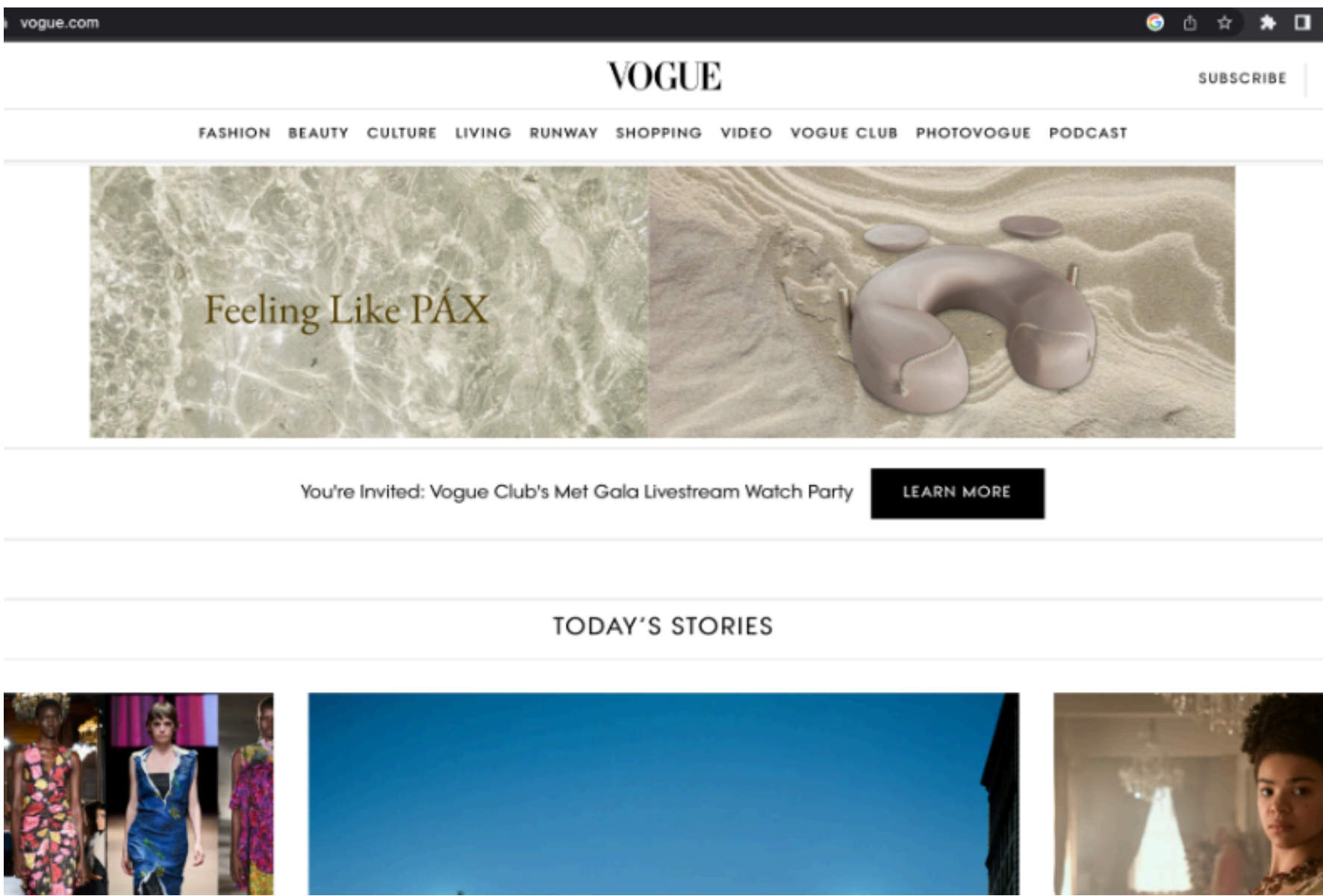
	Definitely Not Buy	Probably Not Buy	Not Sure	Probably Buy	Definitely Buy	Total
purchase intention would not change	2%	4%	13%	63%	18%	100%
slightly more likely to buy	0%	6%	13%	55%	26%	100%
significantly more likely to buy	0%	3%	0%	44%	53%	100%
Total	0%	4%	8%	53%	34%	100%

CSR Initiative II: School Girls Unite

	Definitely Not Buy	Probably Not Buy	Not Sure	Probably Buy	Definitely Buy	Total
purchase intention would not change	2%	3%	8%	62%	25%	100%
slightly more likely to buy	0%	6%	8%	57%	29%	100%
significantly more likely to buy	0%	3%	9%	45%	43%	100%
Total	0%	4%	8%	53%	34%	100%



Billboard Ad Example



Online Ad Example



Frost



Noir



Product Packaging



Champagne Gold

Labor

Costs

	Year 1	Year 2	Year 3	Year 4	Year 5
Direct Labor	\$9.00	\$8.00	\$6.39	\$6.56	\$6.59
Indirect Labor	\$9.96	\$9.00	\$7.00	\$6.00	\$6.00
Administrative Salaries	\$16.37	\$13.52	\$11.20	\$9.26	\$8.52

Number of workers

	Year 1	Year 2	Year 3	Year 4	Year 5
Direct Labor	12	16	23	42	58
Indirect Labor	7	9	14	20	29
Administrative Salaries	4	5	7	9	12

Machinery

	Price	Year 1 Amount	Year 2 Amount	Year 3 Amount	Year 4 Amount	Year 5 Amount
Memory Foam Cutting	\$19,500	1	2	3	5	7
Silk Cutting	\$15,999	1	1	1	2	2
Bamboo Lyocell Cutting	\$16,000	1	2	2	4	5
Sewing Memory Foam	\$7,115	1	1	1	2	3
Sewing Zipper	\$3,050	1	1	1	2	3