

SEED-SPOT

SEED SPOT Phoenix InnovateHER 2015

WINNING VENTURE

Name of Winning Individual:

Deanna Montrose

Name of Business:

Paraffin International

Product:

gLOVE Treat

Address:

275 N. Gateway Drive, #131

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Two Sentence Description:

gLOVE Treat® is a self-contained paraffin enhanced glove and boot system that revolutionizes the way paraffin wax treatments are administered. Taking away the need for a large paraffin pot or long wax melt times, gLOVE Treat's portable product heats in a microwave in 2 minutes, delivering a therapeutic and luxurious spa treatment without the mess or fuss.

HOST ORGANIZATION

SEED SPOT

2828 N Central Ave, 7th Floor

Phoenix, AZ 85004

Point of Contact: C"pher Gresham

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Participants in Competition: 12 ventures

SEED-SPOT

SEED SPOT Letter of Recommendation for Paraffin International

Dear InnovateHER Selection Committee,

Paraffin International demonstrated a clear impact on the lives of women and families, is in the commercialization process, and fills a definite need in the marketplace. Paraffin International is the creator and manufacturer of gLOVE Treat, a paraffin wax glove treatment. The gLOVE Treat is a glove that both helps the spa market and a medical market.

Impact on Women and Families:

With a majority of spas frequented by women and staffed by women, creating an easier and more hygienic paraffin wax treatment will help reduce the burden on the spa staff and create a safer and healthier spa. Traditionally, the paraffin wax pots would be communal and not be hygienic, with the gLOVE Treat, each treatment is hygienic and for single person use. In addition to the spa market, gLOVE Treat is focused on the medical market. Paraffin is used to treat several diseases including bursitis, psoriasis, fibromyalgia, and several forms of arthritis. 60% of individuals with osteoarthritis are women. The gLOVE Treat is an approved and recommended form of treatment for arthritis by insurance providers. With both the spa and medical market, gLOVE Treat has and will continue to have a significant impact on the lives of women and families.

Commercialization:

gLOVE Treat has already delivered thousands of gloves and has the manufacturing capability and relationships already in place. They have also setup several agreements with distributors for specific market segments. More importantly to commercialization, they have several patents on different aspects of the treatment and the technology behind the glove.

Need in Marketplace:

With 70% of the 240 million paraffin treatments being for medical conditions, there is significant opportunity and need. Hundreds of thousands of therapists provide paraffin wax treatments, but the process is time consuming and messy. In addition, they are unable to send their patients home with a treatment home. Outside of the medical opportunity, there is significant need in the spa market. The needs in both medical and spa have been well validated with sales through direct sales and through distributors.

Paraffin International is well prepared to scale quickly and positively impact the lives of spa workers and individuals suffering from debilitating diseases. As an InnovateHER sponsor, I fully endorse Deanna Montrose, the founder of Paraffin International, to compete at the National Demo Day.

Sincerely,



C'pher Gresham
National Director of Expansion
SEED SPOT



ENHANCED PARAFFIN WAX HAND TREATMENT

INTENSIVE TREATMENT RESTORES, REPLENISHES AND SOOTHES
DRY, TIRED AND AGING HANDS

CONFIDENTIAL PRIVATE PARAFFIN INTERNATIONAL BUSINESS PLAN

The confidential Business Plan provides information on Paraffin International (hereinafter the "Company"). The business strategy of the company, the structure, and the capitalization is provided herein.

All persons who receive the Business Plan will hold its contents and all enclosures and related documents in the strictest of confidence. As a condition of receiving this Plan all recipients must agree to return it at the request of the Company. Recipients of the Plan agree that they will not copy, reproduce or distribute to others the Plan or enclosures or related documents in whole or in part or utilize the contents hereof for any other purpose other than to consider entering into a business relationship with the Company. Nothing contained herein is intended as an offer to sell or a solicitation of an offer to purchase securities.

EXECUTIVE SUMMARY

Paraffin International develops, produces and markets ready-to-heat-and-use paraffin wax treatments for healthcare providers, health spas and beauty salons, who wish to eliminate the long melt time, mess and infection-spreading risk of traditional paraffin wax pots.

Paraffin's patented product, gLOVE Treat®, is a self-contained glove and boot system containing paraffin wax and coconut oil that revolutionizes the way paraffin wax treatments are administered.

Traditional paraffin wax treatments require at least 2 hours to melt the paraffin wax. They also use several separate components that have to be acquired and combined to complete a treatment and are messy to use and pose a significant risk of spreading infections. We have an issued utility patent (8,613,732) for gLOVE Treat and have also filed a PCT for the product. The gLOVE Treat product brand name and logo, including the shape of the thermochromatic indicator, are trademarked.

Paraffin International is addressing a large and growing market opportunity with gLOVE Treat. There are an estimated 240 million paraffin wax treatments administered every year and 70% of these treatments are for medical conditions like bursitis, psoriasis, fibromyalgia and multiple forms of arthritis. At the low end of our average selling price range of \$10.00 per pair that equates to a potential market value of \$2.4 billion. We anticipate this market will grow at a rate of 3.2% per year through 2020 which is in line with the anticipated annual growth rate of the 65+ age group in the United States.

Health spas, salons and gift outlets make up the bulk of our current customer base. We are selling to these segments either directly (gift outlets) or through distributors, (health spas and salons). There are over 80,000 health spas and 200,000 beauty salons in the U.S. and 70% of them administer paraffin wax treatments. In 2015, we will sell over 11,000 units and \$110,000 of gLOVE Treat to customers in these segments.

While the Consumer markets have received gLOVE Treat enthusiastically, we believe the larger opportunity is in the Medical market segments. The first medical market segment we will enter with our existing product is occupational and physical therapy. One of the largest areas of opportunity in the OT/PT area is in arthritis therapy. There are over 27 million Americans that suffer from osteoarthritis, 3 million of whom have osteoarthritis of the hands. This number is expected to increase significantly as the elderly population of the U.S. continues to grow. There are over 300,000 occupational and physical therapists (OT/PT) who regularly use paraffin wax treatments as a mainstay of heat therapy in these arthritis patients, which is reimbursable under CPT code 97018. We are currently working with Banner Desert Hospital and The Orthopedic Clinic Association (TOCA) here in the Valley to bring gLOVE Treat into their institutions.

Our long term plan is to develop new gLOVE Treat products that contain, or are paired with, active OTC-strength therapeutic agents like urea, NSAIDs, salicylic acid, and hydroquinone. These glove/drug combinations will enable us to achieve a higher average selling price compared to the current gLOVE Treat product.

Our current funding strategy for the next six months is to cover most of our operating costs with the revenue stream we have created in the spa/salon/gift catalog segments and by securing equity funding from local angel investors. These funds will be used to execute

our marketing plans, launch our products into the occupational/physical therapy markets, re-shore manufacturing to Arizona, and build additional product inventory.

The Paraffin team has a great deal of experience successfully launching products and building businesses. Our CEO, Kevin Weber, has over 30 years of sales and marketing experience in the pharmaceutical, medical device and biotechnology industry. He has launched 15 healthcare product brands and has helped build two great companies, Medicis and Depomed Pharmaceuticals. His experience managing and developing distribution partners, along with his extensive product launch experience, provides the company with a strong ability to execute on its aggressive commercialization plans.

Deanna Montrose, Founder and President, is an award-winning salon owner, and inventor of gLOVE Treat, who brings over 30 years of experience in the spa and salon business. Deanna's passion for gLOVE Treat and her experience in building successful spa and salon businesses will be key to driving adoption of our products and sales growth for our brands.

Our key advisors are Keith Stoneback, Terry Mullane and Mitzi Krockover, MD.

Paraffin has great products and a proven team! We are now in the process of securing additional funding to scale the business.

Business Overview

Paraffin International LLC develops, produces and markets disposable, ready-to-heat-and-use paraffin wax treatments for medical practitioners, health spas and beauty salons. Our product is similar to the microwave popcorn approach, but for paraffin wax. Paraffin wax is a clinically proven option for heat therapy treatments in people with arthritis or other rheumatic diseases – as the heat helps increase blood flow and relax the muscles, which in turn helps to relieve pain and stiffness.

Problem

The problems with traditional paraffin wax baths are that they are messy to use, unsanitary, takes up to 2 hours to melt the paraffin and it lacks portability. These aspects create significant operational problems for all of our targeted customer segments. Significant staff time is dedicated to maintaining and managing paraffin wax pots. Also the potential infection control issues associated with paraffin wax pots can put healthcare institutions at risk of receiving accreditation (i.e., Joint Commission on Accreditation of Healthcare Organizations (JAHCO)) citations. This is a significant issue for hospitals, clinics and long term care facilities. Unsanitary conditions created by traditional paraffin wax pots can also negatively impact private practice quality metrics thus jeopardizing relationships with payers.

Customers

Our first priority is to target the professional market segments (including occupational and physical therapists, podiatrists, dermatologists, rheumatologists and spa and salon technicians) and establish it as a high-end, ethical treatment designed for professional administration before we pursue the mass consumer market.

Segmenting the market this way, and entering each of them in a calculated manner, offers us the unique ability to tailor our offering to each segment. In each market segment, Paraffin will have a distinctly different product, pricing, packaging and distribution strategy. This in effect will enable us to spread our commercial risks across multiple segments, brands and distribution partners. It also creates non-IP barriers to entry for potential competitors.

There are 113,200 Occupational Therapists and 204,200 Physical Therapists in the United States the majority using paraffin wax treatments to treat a variety of medical conditions including post-surgical rehabilitation and arthritis. There are 9,600 Dermatologists, 8,910 Podiatrists and 3,920 Rheumatologists in the United States treating a variety skin, muscle and joint conditions for which our product can provide significant utility. There are 7,512 health spas and 236,475 beauty salons in the United States, 80% of which offer paraffin wax treatments to their clients. This equates to almost 500,000 potential professionals who currently use the antiquated style of paraffin wax baths to treat millions of clients and patients every year.

Solution

Our product, gLOVE Treat, is a disposable, one-size-fits-all, self-contained, portable glove and boot system that dramatically improves the application of paraffin wax. It contains a non-woven liner, paraffin wax and other proprietary ingredients in a self-enclosed polypropylene encaser that heats in a microwave in 2 minutes unlike traditional paraffin wax pots which take 2 hours. It also features a thermochromatic indicator that lets the user know when the product is at a safe temperature to use. It also eliminates the mess and

risk of contamination of paraffin wax pots, reduces operating costs, improves the customer experience and eliminates the risk of spreading infection.

Competition

We consider traditional paraffin wax baths to be our main, direct competitor. There are however, other options for administering heat therapy which includes infrared heat, hot packs, and hydrotherapy.

There is currently no other company offering a disposable paraffin wax treatment with our formulation, non-woven liner and thermochromatic indicator, all of which provide for a better paraffin wax treatment.

Go-to-Market Strategy

We will market our products through distribution partners that have well-established customer relationships and direct access to the various market segments we are targeting. We are currently engaged in a partnership with Ready Care Industries (RCI), a leading distributor in the destination spa and cruise ship spa markets. RCI has long-standing relationships with over 1,000 customers and offers immediate access to the most important customers in the market. RCI has already taken several orders for our product from such well known customers as Aria and Four Seasons Spas. For the Medical market, we are also in discussions with Patterson Medical, North Coast Medical and 3 Point Products, all of which are leading medical products distributors. We will partner with one or more of them to distribute our products to the over 300,000 occupational and physical therapists in the United States. Patterson is the largest of the three and may also be able to give us distribution capability in a wide variety of other healthcare treatment settings including nursing homes and long term care facilities and physician medical practices. CI

Before the end of 2015, we will secure a distribution partnership in the beauty salon segment. We have identified two of the top salon distributors in the US, Kirchner Group and The Dawson Group, and have opened discussions with each of them.

Reimbursement for paraffin wax treatments by CMS (Center for Medicare & Medicaid Services) and the primary healthcare payers is already established and readily accepted. Our treatment would fall easily within existing reimbursement codes. However, we also believe that our treatment may be cost effective enough to be administered without the need for reimbursement.

In each of our target market segments we will execute national marketing plans that support our distributors' sales activities and drive awareness and usage of gLOVE Treat. We will support all of our distribution partners with trade show exhibits, internet banner advertising, blogs, journal advertising, direct mail marketing, product samples, contests, and celebrity endorsements to name just a few tactics.

Unlike capital intensive businesses that require large outlays of cash to scale the business, Paraffin International is primarily a sales and marketing company. This allows us to leverage the resources of our manufacturing and distribution partners to scale up as the sales volume increases or as we enter new market segments. For instance, if we need additional production capacity, we communicate to our existing vendors that our volume requirements are increasing and if they cannot respond to our increased demand, we can secure additional contract manufacturers to fill the gap. Our ability to scale manufacturing rapidly will be greatly enhanced if our manufacturing partners are based here in Arizona.

Product

The value proposition for gLOVE Treat has been validated in Deanna Montrose's (the creator of gLOVE Treat) own salon via actual sales of the product, as well as via multiple repeat gift store buyers. Of the 75 retail gift accounts that have purchased, we have received repeat orders from approximately 25 of them and we have had about the same proportion of repeat buyers in the overall salon and spa markets. The product has also been validated at The Orthopedic Clinic Association (TOCA) here in Phoenix. After testing the product on ten of their patients, TOCA has begun purchasing the product for use in their clinics. Banner Desert Medical Center is also currently evaluating gLOVE Treat for use in their occupational therapy clinic and in-house health spa.

Our product can be used up to four times by the same patient or customer. Depending on the reason for using gLOVE Treat, the product may need to be replaced as frequently as weekly for many medical uses like arthritis or monthly for aesthetic uses such as moisturizing dry, cracked skin.

We currently sell gLOVE Treat® to our distributors for \$10 and they wholesale the product for \$15, and their customer retails the product for \$29.95. Our current cost of goods for gLOVE Treat is about \$3.25 per pair of gloves or boots which yields a gross margin to Paraffin of about 68%. We anticipate this cost per unit will decline as we increase unit volume and the efficiency of our manufacturing processes. As new Medical versions of the product are developed we anticipate achieving considerably higher average selling prices for those products.

We have a viable product design for our gloves and boots and are currently producing lots of over 8,000 units each. Our manufacturer in China, Zhongshan Kailei Personal Care Supplies Co., Ltd., has additional manufacturing capacity that could be dedicated to Paraffin's products.

We have an issued patent (8,613,732) for gLOVE Treat and are working to broaden our current claims by the end of 2015. We have also filed a PCT for gLOVE Treat. The gLOVE Treat product brand name and logo, including the shape of the thermochromatic indicator, are trademarked.

No formal regulatory approval is required for gLOVE Treat to be sold and marketed in the United States as a cosmetic treatment. However, when we start making medical use claims in our promotion to healthcare providers the product will need to be registered with FDA. The streamlined process is a simple filing and does not require any clinical safety and efficacy trials to be conducted.

Management and Advisors

Our team consists of the CEO, Kevin Weber who was instrumental in building Medicis Pharmaceuticals and Depomed Pharmaceuticals into multi-billion dollar market cap companies, and Deanna Montrose, Paraffin International's Founder and VP of Marketing and Sales, who has previously built and sold successful beauty salons and spas in Phoenix.

Our team has the skills and successful business experience in the beauty salon, spa and medical markets accumulated over the last 30 years to execute on the plan to build and

eventually exit the business. We have proven ability to launch and grow brands in these segments and achieve successful exits.

Marketing management and manufacturing management are our two biggest unfilled roles today. We will recruit from a known talent pool as soon as we have the funds available to do so.

Our key advisors include: Keith Stoneback, a successful medical device entrepreneur, Terry Mullane, an experienced financial management executive and Dr. Mitzi Krockover, who has a diverse background in patient care, corporate healthcare management and academia. Keith Stoneback is in the process of investing in the company.

Strategy

Our strategy is to segment the market into Medical (OT/PT, podiatry, dermatology and rheumatology) and Consumer (health spas, beauty salons and retail gift) segments and then tailor our offering to each segment. In each of these segments, Paraffin will have a distinctly different product, pricing, packaging and distribution strategy. This in effect will enable us to spread our commercial risks across multiple segments, brands and distribution partners. It also creates non-IP barriers to entry for potential competitors.

Key risks associated with our strategy:

1. Our ability to shift the current treatment mindset from paraffin wax baths (pots) to gLOVE Treat.
2. Our ability to partner with A+ distributors and adequately penetrate the various market segments we have identified.
3. Our ability to establish gLOVE Treat as a method of enhancing drug delivery with podiatrists, dermatologists and rheumatologists.

Financials

For 2016, we project revenue of \$1,264,000 assuming continued product uptake in health spas, beauty salons and occupational/physical therapy clinics. Projected expenses will be \$1,436,000 in 2016. In 2020, we project annual revenue of \$14,025,000 with projected expenses of \$6,588,000. These revenue and expense projections are based on the assumptions that we will achieve continued product penetration in health spas, beauty salons and occupational/physical therapy clinics, and have successful launches in podiatry, dermatology and rheumatology. (See appendix for more detailed financial information.)

Capital Requirements

We have received about \$300,000 in investment funding to date. This money has come from the Founder, Deanna Montrose (\$200,000), the CEO, Kevin Weber (\$50,000) and a friend of Deanna's, Julie Seagrave \$50,000.

Our shareholders and the amount each has contributed to the company:

Deanna Montrose- (81.5% ownership) \$200,000 contributed
Weston Montrose- (4.5% ownership) \$0 contributed
Kevin Weber- (5% ownership) \$50,000 contributed
Julie Seagrave- (4.5% ownership) \$50,000 contributed
George Pisaruk- (4.5% ownership) \$0 contributed

We are currently offering a 15% share of the company to angel investors for an investment of \$500,000 at a pre-money valuation of \$2.8 million. This valuation is based on: a). current sales revenue in the health spa, beauty salon and retail gift markets, b). current and potential distribution partnerships, c). our manufacturing capability and d). patents and trademarks.

This money will be used to provide marketing support for our distribution partners, fill key marketing and manufacturing positions, to reshore our manufacturing from China to the United States and build inventory.

Exit Strategy

Specialty pharmaceutical and medical device companies, as well as distributors of those products, are constantly looking to build their portfolio of products via acquisition. Our plan is to build our revenue to approximately \$15 million and then sell to one of these companies. Some strategic buyers that could be interested in Paraffin include: medical product distributors like Patterson Medical, North Coast Medical, Select Medical, or specialty pharmaceutical manufacturers like Valeant Pharmaceuticals, Merz Pharmaceuticals and Allergan Pharmaceuticals, all of whom currently have large product franchises in the aesthetic medicine space.

Paraffin International Projected Revenue and Expenses

USD \$(000)

23-Nov-15

	2015			2016												
	Nov	Dec		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Starting Cash Balance	\$ 11.0	\$ 12.0		\$ 146.2	\$ 323.4	\$ 498.5	\$ 565.9	\$ 615.2	\$ 647.5	\$ 632.6	\$ 678.0	\$ 702.9	\$ 698.7	\$ 785.3	\$ 838.1	
Projected Net Sales Revenue Recei	\$ 4.0	\$ 189.5		\$ 384.0	\$ 215.6	\$ 161.3	\$ 186.2	\$ 112.7	\$ 89.7	\$ 178.4	\$ 109.0	\$ 119.5	\$ 256.6	\$ 146.3	\$ 173.2	\$ 2,112.5
Projected SG&A Expenses	\$ 53.0	\$ 55.3		\$ 186.8	\$ 40.5	\$ 93.9	\$ 137.0	\$ 80.4	\$ 104.5	\$ 133.0	\$ 84.0	\$ 123.7	\$ 170.1	\$ 93.4	\$ 137.9	\$ 1,385.2

gLOVE Treat Sales Projections- High Level

Realistic

(\$000)

November 23, 2015

Sales

	2015	2016	2017	2018	2019	2020
Consumer	\$ 266	\$ 1,748	\$ 2,229	\$ 2,851	\$ 3,189	\$ 3,625
Health Spa	\$ 21	\$ 255	\$ 306	\$ 367	\$ 440	\$ 529
Salon	\$ -	\$ 133	\$ 400	\$ 823	\$ 931	\$ 1,084
Gift Catalog	\$ 65	\$ 130	\$ 170	\$ 173	\$ 180	\$ 212
Internet	\$ 180	\$ 1,230	\$ 1,353	\$ 1,488	\$ 1,637	\$ 1,801
Medical	\$ 3	\$ 365	\$ 3,685	\$ 8,471	\$ 13,557	\$ 16,675
OT/PT	\$ 3	\$ 307	\$ 1,100	\$ 2,365	\$ 4,125	\$ 5,075
Podiatry	\$ -	\$ 58	\$ 539	\$ 1,417	\$ 1,944	\$ 2,391
Dermatology	\$ -	\$ -	\$ 1,056	\$ 2,610	\$ 4,507	\$ 5,543
Rheumatology	\$ -	\$ -	\$ 990	\$ 2,079	\$ 2,981	\$ 3,666
Total Projected Sales	\$ 270	\$ 2,112	\$ 5,914	\$ 11,322	\$ 16,746	\$ 20,300

	2015	2016	2017	2018	2019	2020
Average Selling Prices (est.)	\$ 21.03	\$ 16.22	\$ 16.19	\$ 16.93	\$ 18.19	\$ 19.41
Consumer	\$ 7.50	\$ 7.73	\$ 7.96	\$ 8.20	\$ 8.44	\$ 8.69
Health Spa	\$ 7.50	\$ 7.73	\$ 7.96	\$ 8.20	\$ 8.44	\$ 8.69
Salon	\$ 12.50	\$ 12.88	\$ 13.26	\$ 13.66	\$ 14.07	\$ 14.49
Gift Catalog	\$ 40.00	\$ 30.00	\$ 30.90	\$ 31.83	\$ 32.78	\$ 33.77
Internet	\$ 12.00	\$ 12.60	\$ 13.23	\$ 13.89	\$ 14.59	\$ 15.32
Medical	\$ 12.00	\$ 12.60	\$ 18.90	\$ 20.79	\$ 22.87	\$ 25.16
OT/PT	\$ 12.00	\$ 12.60	\$ 18.90	\$ 20.79	\$ 22.87	\$ 25.16
Podiatry	\$ 12.00	\$ 12.60	\$ 18.90	\$ 20.79	\$ 22.87	\$ 25.16
Dermatology	\$ 12.00	\$ 12.60	\$ 18.90	\$ 20.79	\$ 22.87	\$ 25.16
Rheumatology	\$ 12.00	\$ 12.60	\$ 18.90	\$ 20.79	\$ 22.87	\$ 25.16

	2015	2016	2017	2018	2019	2020
gLOVE Treat	12.5	101.3	145.3	204.6	225.2	253.4
Units (000) (Demand)	2.8	33.0	38.4	44.8	52.2	60.8
Consumer	0.0	17.2	50.3	100.4	110.3	124.7
Health Spa	5.2	10.1	12.8	12.7	12.8	14.6
Salon	4.5	41.0	43.8	46.8	49.9	53.3
Gift Catalog	0.3	29.0	219.9	464.0	695.2	792.5
Internet	0.3	24.3	83.1	170.2	282.8	331.4
Medical	0.0	4.6	28.5	68.1	85.0	95.0
OT/PT	0.0	0.0	55.9	125.6	197.1	220.4
Podiatry	0.0	0.0	52.4	100.0	130.3	145.7
Dermatology	0.0	0.0	365.2	668.6	920.4	1045.9
Rheumatology	12.8	130.2	365.2	668.6	920.4	1045.9
Total Units	12.8	130.2	365.2	668.6	920.4	1045.9

	2015	2016	2017	2018	2019	2020
Customer Numbers	1,235	10,567	11,424	12,320	13,160	14,104
Consumer	6	66	77	90	104	122
Health Spa	-	49	144	287	315	356
Salon	104	202	256	253	256	293
Gift Catalog	1,125	10,250	10,947	11,691	12,485	13,334
Internet	1	92	831	1,782	2,583	2,926
Medical	1	61	208	426	707	828
OT/PT	1	31	190	454	567	634
Podiatry	-	-	223	502	788	881
Dermatology	-	-	210	400	521	583
Rheumatology	-	-	210	400	521	583
Total Projected Sales	1,235	10,659	12,255	14,103	15,744	17,030