



Bandbox™ LLC



Style Banded to Safety

Business Plan

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EXECUTIVE SUMMARY

OPPORTUNITY

PROBLEM

The ability of protective headgear to save lives is generally accepted. Yet, the majority of adult bicyclists fail to wear helmets complaining that they are ugly and uncomfortable. Women who bicycle for fitness, with their families and for basic transportation are especially underserved by bicycle helmet manufacturers whose primary focus is high profile competitive cyclists.

SOLUTION

Bandbox™ has created a helmet-hat comprised of a high-tech streamlined protective interior shell covered by interchangeable traditionally styled hats. We believe that you shouldn't have to sacrifice safety for style. From wide-brimmed straw hats that provide sun protection during the summer months to wool felt fedoras that provide warmth during the winter months, Bandbox™ has you covered.

MARKET

According to the Bicycle Helmet Safety Institute, each year 12-15 million helmets are sold. Of these cyclists, over one-third are non-competitive women. They are affluent, well educated, understand the importance of fitness and safety and are willing to invest in attractive, protective helmets for themselves and for their families. The equestrian market, although smaller in absolute size, is less price-sensitive and has an even stronger demand for protective headgear with approximately 1 million helmets sold annually.

COMPETITION

A number of helmet manufacturers offer life-style helmets. Whether they are whimsically painted or fabric covered hard shell bowls, none of these offerings truly appear to be traditionally styled hats.

WHY US?

The Bandbox™ helmet is superior because its protective interior is constructed of high-tech materials and shaped to mimic the contours of the human skull, and its decorative, interchangeable helmet-hats are made following traditional millinery techniques.

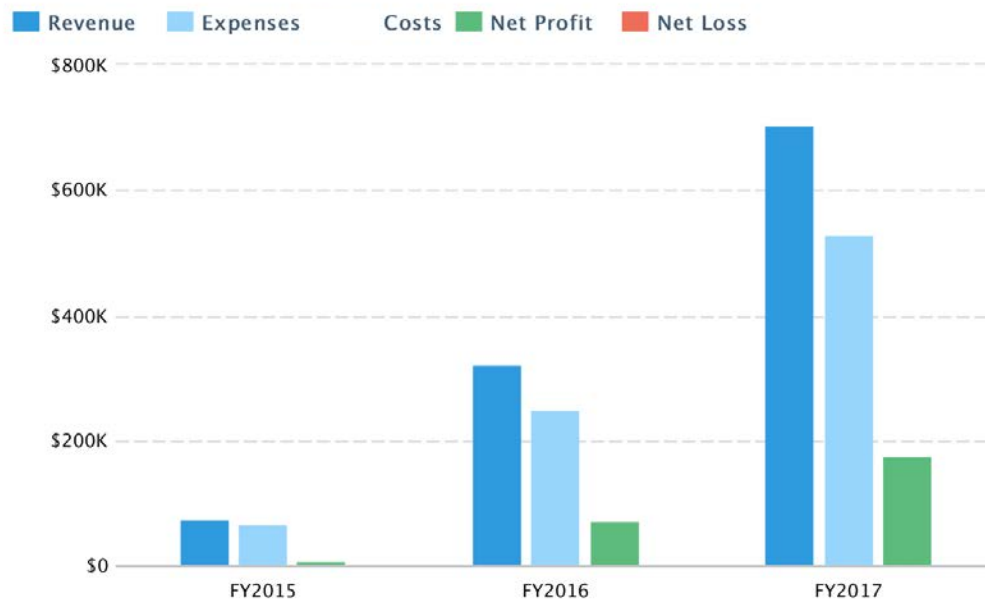
EXPECTATIONS

FORECAST

Bandbox™ was founded in 2010 with a \$30,000 investment by the company partners, Dr. Cheryl Allen-Munley and her husband, Dean Munley. Since beginning sales to the public in 2012, average revenue growth has exceeded 100% annually. Of the \$74,000 revenues projected for 2015, over 20% are international sales.



FINANCIAL HIGHLIGHTS BY YEAR



FINANCING NEEDED

Currently, demand exceeds production capacity. Additional funds are needed for:

- tooling and testing required to outsource helmet components and increase production;
- acquiring millinery equipment for in-house fabrication of helmet-hats;
- adding administrative, production and marketing staff;
- expanding operations to flex office space;
- improving operational efficiency through the use of technology, e.g., the company website.

With the increase of profitability in 2016, working capital funded by a line of credit will be sought as traditional debt financing. In addition, innovative financing will be sought through competitions, crowd funding and angel investors.



OPPORTUNITY

PROBLEM & SOLUTION

PROBLEM WORTH SOLVING

Bandbox™ helmets fulfill the pressing and poorly met need of utility bicyclists who ride for transportation in addition to recreation and exercise. In the past decade, concerns for national obesity rates and global warming have spurred bicycle sales to women and their families. The federal government has encouraged this trend by funding the Safe Walks to School program and other bicycle friendly initiatives. According to the American League of Bicyclists' study, "Women on a Roll," women own 60% of the nation's bicycles and from 2006 to 2012 the number of women bicycle commuters rose 58%. This shift in purpose has fostered a demand for innovation in bicyclists' wardrobes.

Concurrent with the resurging interest in bicycling has been the universal acceptance that bicycle helmets save lives. Supported by statistics from the Bicycle Helmet Institute and the Snell Center, twenty-one states have adopted bicycle helmet laws, although primarily for children. Outside of the US, countries such as New Zealand and Australia have passed universal helmet laws requiring all riders to wear protective headgear. Yet, despite the general acceptance of the need for protective headwear, the majority of riders frequently fail to wear helmets because they find them ugly and uncomfortable. In fact, Mikael-Colville Anderson, founder of the Cycle Chic movement, expressly denounced them in his Copenhagen Cycle Chic Manifesto.



The lack of attractive women's helmets problem results from the fact that most helmet producers are focused on high-end, competitive bicyclists. Training hard, these cyclists want helmets that are lightweight, aerodynamic and can vent the significant amount of heat produced by this level of physical exertion. However, the Lycra-clad crowd is only one segment of the larger cycling market. While competitive women cyclists do exist, the large cohort of utility cyclists continue to be ill-served by today's helmet manufacturers. A web search of women's bicycle helmets identifies offerings that will differ from their male counterparts only in terms of the allowance for the bulk of her ponytail and the color of the shell. While some helmet manufacturers offer accessories such as pockets for iPods, warm

earmuffs and sun visors, none of these features improve the appearance of the helmets and their overall attractiveness to women.



Nonetheless, unlike other fashion wear, helmets must do more than look good; helmets must perform a function that is critical to a person's life. Failure of the helmet to meet safety standards and to perform its protective function exposes the wearer to serious injury and the manufacturer to liability. Yet, a helmet's appearance cannot be dismissed as a meaningless frivolity. A helmet's failure to look good on the wearer renders all of the helmet's safety features meaningless because a helmet cannot be safe unless it is worn. Bandbox™ has answered this challenge by producing a helmet that cyclists, especially women cyclists, actually want to wear.



OUR SOLUTION

The beauty of the Bandbox™ helmet is its invisibility. The helmet consists of two components: a protective interior concealed beneath a decorative exterior. The helmet, which meets CPSC standards for normal operating conditions, was designed with a natural human profile to facilitate concealment beneath the customer's choice of helmet-hat. It is constructed of a protective layer consisting of a trade secret formulation of dense elastomeric foam poured in-situ and a soft foam perimeter band within an ABS (polycarbonate) plastic shell that has greater impact resistance than a PET/Styrofoam helmet of comparable dimensions. This construction enables the Bandbox™ Helmet to meet safety standards with less bulk than typical helmets. The exterior circumference of the Bandbox™ Helmet is 28 inches, a full two inches smaller than competing helmets. Beneath the Bandbox™ helmet-hat, the helmet's natural profile can be fully concealed unlike the "mushroom head" or Flash Gordon image prevalent in other marketed helmet hats. Photos of the Bandbox™ helmet-hat can be found on the company's website at www.Bandboxllc.com.



Responding to customer requests, Bandbox™ offers harness webbing in black, brown, tan and silver to blend with the wearer's hair or skin color. Furthermore, helmets are lined with Versatech,™ a sports fabric developed to maximize cyclists' comfort in warm weather by wicking perspiration out the shell's vent holes. Helmet hat styles include baseball caps, fedoras, cowboy hats, cloches, etc. in a variety of colors, trims and materials from crocheted raffias, woven sea grasses and sisals for warm weather to wool felts and tweeds for cooler weather. Since sizing is accomplished by varying

the amount of soft memory foam within the helmet cavity, all helmet-hats are interchangeable obviating the need to stock multiple sized helmet-hat. This "one size fits all" sizing encourages customers to make repeat helmet-hat purchases after the initial helmet purchase. Bandbox™ Helmets are priced competitively at \$65 with interchangeable helmet-hats retailing between \$30 -\$89 with a 100% markup from wholesale. We are re-evaluating our pricing strategy to improve cash flow to help sustain growth and support the economic viability of the company.

As Bandbox™ helmet sales continue to grow, additional products are being added. In 2015, Bandbox™ began selling helmet-hats for equestrian helmets. Unlike English riders who have worn protective hunt caps for years, carriage riders, western riders and dressage riders have resisted adopting alternatives to their traditional hats to protective head gear. However in 2015, five years after Olympians Courtney King-Dye and Günter Seidel were seriously injured, the International Equestrian Federation (FEI) instituted the requirement that protective headwear must be worn in all dressage competitions. Expansion of the helmet requirement to all equestrian disciplines will likely follow in the upcoming decade with a concurrent demand for helmet-hats styled to resemble traditional top hats, derbies and cowboy hats.





TARGET MARKET

The US bicycle helmet market is tremendous. The Bicycle Helmet Safety Institute estimates 12 to 15 million units are sold each year with 1.7 million sold at bicycle shops. Still, bicycle helmet usage is low with estimates ranging from 5 – 23% depending on the age and type of cyclist. Why is this number so low? Even President Obama abandoned his helmet after his biking photo was universally condemned as “dorky”. Now, with the recent growth of the bicycle chic movement, cyclists are increasingly biking bareheaded as they travel to work, school and shopping. But bicycle helmets are important. In 2009, 91% of bicyclists who were killed were not wearing a helmet. It is little wonder that some states like Washington have mandatory adult helmet laws and that New York City is currently pursuing such regulations.



While a third of Bandbox™ customers are men, the majority are women. Women cyclists are estimated to number 4.5 million in American alone and are reported to earn an average income of \$125,000. They are well educated and understand the importance of fitness and safety. They are willing to spend on items that will help them with their weight control and keep them safe. From surveys of over one hundred female cyclists, we have learned that the Bandbox™ woman is a traditionalist, who cares about her appearance and is influenced by the opinions of others. She may be a mother who wants to set a good example for her children. She may be hip urbanite such as the growing number of New York’s Citibike users who want to look professional while

commuting by bicycle. She may be the parent or spouse a cyclist who purchased the helmet as a gift for a loved one because she is concerned about their safety. She may also be a grandmother who has started cycling on the bicycle trails of her retirement community. A number of our customers simply adore millinery and are delighted to have another excuse to wear a hat. We have even sold to customers who experience frequent falls and must wear helmets indoors for daily use.

Ultimately Bandbox™ Helmets succeed where other helmets fail because they combine impact protection with the benefits of traditional headwear. Since the beginning of recorded history, humans exposed to the elements have worn protective headwear for a multitude of reasons: to provide shade from strong sun, warmth in cold weather, water resistance to rain, and not to be underestimated – to enhance the wearer’s appearance. Still, while many Bandbox™ customers (Tweed Ride participants, Hi-Wheelers, Bike Commuters, Chic Cyclists, etc.) may purchase their helmets for aesthetic reasons, a significant number have more pragmatic concerns; cyclists suffering from diseases such as Lupus, Melanoma or Rosacea need sun protection; bald cyclists seeking to avoid odd tanning patterns that result from their helmet venting; all-weather cyclists needing protection from rain, wind and cold temperatures. These needs are simply not being met by traditional bicycle helmets, which are primarily designed to maintain impact resistant standards while providing maximum venting to cool cyclists during periods of maximum exertion at high temperatures.





The equestrian helmet market, although similar to the bicycle helmet market, has a number of advantages. First, equestrians are less price sensitive than bicyclists as they are accustomed to paying higher prices for their gear, which is by nature a more expensive hobby. Secondly, horse showing, an important activity for many horse riders, is regulated by organizations that are moving to establish requirements for protective head gear for adults as well as children. Third, horse riders appreciate the higher likelihood and greater danger of a fall from horseback, making them less resistant to wearing helmets. Finally, horse riders are traditionalists who are willing to spend a great deal on their appearance. While smaller than the overall bicycle market, the money spent annually on equestrian products is

significant. In 2004, the last year of published data, the American Horse Council estimates the North American market for equestrian tack, saddles, specialized apparel, grooming and healthcare products, horse clothing, equestrian-related media and other horse supplies to be \$7.6 billion. According to Riders4Helmets <http://www.riders4helmets.com/>, approximately 7 million Americans ride annually. If helmet use is estimated to be 75% and the typical helmet is replaced once every 5 years, helmet sales are projected to be 1 million helmets annually

COMPETITION

CURRENT ALTERNATIVES

In the US, the major bicycle helmet manufacturers, such as Bell Helmets with 70% of the world markets, sell helmets typically priced from \$35 to \$175. While specialty helmets constructed of high-tech materials costing as much as \$500, discount retailers such as Walmart have sold bicycle helmets for under \$20. ProRider sells cheap bicycle helmets for distribution by schools and other non-profit organizations at prices that start as low as \$3.65.

Therefore, Bandbox™ does not compete on price and justifies its higher price by stressing its helmets' advantages in terms of safety, comfort and style. The standard retail price for a Bandbox™ helmet is \$65 with helmet-hats ranging \$30-\$90. Five years ago when Bandbox™ began developing its helmet-hats, the market for life-style helmets was virtually non-existent. At first, large helmet manufacturers considered the life-style market to be an unprofitable niche – small, capricious and difficult to satisfy. Overseas competitors hesitated from entering the American market because their helmets do not meet CPSC standards, have not earned the public's confidence and do not have an American presence to conduct business. Stateside milliners have the skill to produce attractive helmet-hats, but lack interest because their equipment is not tooled for hats greater than 25".

Today, the larger manufacturers have begun to offer life-style helmets that are, basically, unembellished shells with fabric covers. Competition in the aesthetic bicycle helmet market includes Nutcase (\$60) and Belle (\$90-\$300) who sell standard plastic helmets covered with whimsical graphic designs. Custom crafted cork-lined wooden helmets are available from an Oregon firm (\$400) but do not meet CPSC standards. Rockinoggins sells bicycle helmet covers (\$20-\$33) that can adapt to the wearer's existing helmet, but are poorly proportioned and unattractive. Dabrim's visor (\$40) is attached to the exterior rim of a helmet, leaving the helmet itself exposed. Troxel sells an equestrian derby helmet (\$400) but has discontinued sale of its cowboy hat, which was widely criticized for its large and ungainly proportions. Covered helmets sold by Yakkay, a Danish firm, retail at





limited locations in the U.S. for approximately \$150. Other aesthetic helmet options not available in America include: "Mr. Ben" a gent's bicycle bowler, now discontinued, sold in Great Britain (\$400), Hovding's Invisible Helmet, basically a wearable air bag (\$600) and Casque en Ville (\$110). Earlier this year, the Thousand, a retro motorcycle styled bike helmet raised over \$200,000 on Kickstarter.

OUR ADVANTAGES

Bandbox™ LLC prides itself on strict adherence to safety standards consistent with requirements of the CPSC. Before all else, the Management Team at the company views safety as the foremost role of a helmet for cycling and equestrian riders. Bandbox's helmet-hat meets or exceeds US safety requirements.

By comparison to the Bandbox™ helmet-hat, competitors' helmets are bulky, unattractive, uncomfortable to wear and/or expensive. The superiority of the Bandbox™ helmet-hat is threefold. First and foremost, the Bandbox™ helmet with its streamlined, natural profile is superior to these competitors in terms of attractiveness and comfort. Secondly, unlike the uninspired fabric covers offered by its competitors, the exterior of a Bandbox™ helmet is truly a hat constructed using traditional millinery techniques. Finally, since Bandbox™ manufactures their own helmet-hats, it is able to respond quickly to changes in customer fashion preferences and can continually innovate with new fabrics, styles and colors. By contrast, Yakkay has been selling the same 3 styles in the same fabric choices for the past 5 years. It is no surprise that many of Bandbox's retail outlets were prompted to carry our helmets by customers demanding they wanted the "good-looking" helmet-hats, not the Yakkay ones.

TESTIMONIALS



"These helmets are awesome!! I never liked to be seen in my functional bike helmet, but I love the oohs and ahhs I get while wearing my Palm Beach Bandbox™ straw hat with seashells on it. " Zaurie

"Well it happened, the helmet was put to the true test yesterday as I had a pretty bad fall. I went over my handle bars and landed on my face on the pavement. I just wanted to say thank you so much for making such a great

product that quite possibly saved my life. Much love and appreciation! . . . The paramedics thought I wasn't wearing a helmet, they thought it was so cool! I plan on buying another cover that's more of a fall style." Bethany



"You have no way of knowing, when you wake up in the morning, that today might just be the day that you find the hat of your dreams!! " Lisa



EXECUTION

MARKETING & SALES

MARKETING PLAN

Although currently the demand for Bandbox™ helmets exceeds our production capacity, once investments are made to increase capacity it will be critical to implement a marketing plan that will generate the sales to match the higher target outputs. Previous marketing strategies included social networking, soliciting product reviews from influential bloggers such as Bike Pretty through helmet donations and issuing press releases to obtain media coverage. Last summer, helmet sales spiked when the Cool Huntings online magazine <http://www.coolhunting.com/design/Bandbox-bike-helmets> generated substantial media response.

Bandbox™ regularly sponsors charity bicycle rides and horse show classes through donations of helmets and gift certificates. We offer a \$10 discount to NY Bike Share members. In 2015, we sponsored two junior events at the New Jersey State Horse Show.

Celebrity endorsements are a proven strategy in the fashion industry. Four times a year, Bandbox™ runs its "Cycling Celebrity" email campaign to encourage mailing list members to choose the helmet style to be donated to the celebrity. http://Bandboxllc.com/Bandbox_bicycle_helmets_cycling_celebrities.html Contestants receive a \$10 discount and are entered into a drawing for a free helmet-hat. To date, Anna Paquin has purchased two helmets and Martha Stewart wrote a gracious thank you note.

Bike expos have been an excellent means to get media attention, meet with the public and sell product. At shows, our helmets displayed on a traditional revolving hat rack are irresistible. People simply must try them on and post selfies. <http://bikeleague.org/content/its-back-women-bike-pop-shop> Brick and mortar retail outlets have been obtained through old-fashioned sales calls. Nationwide road trips have succeeded in introducing bike stores to Bandbox™ helmets. Even if the store did not opt to carry our helmets, store owners were happy to retain our brochures to refer future customers looking for something more fashionable than the typical hard shell helmet.

Still much remains to be done to build brand awareness. Product packaging with company logo, an advertising campaign both on-line and in trade magazines would be valuable investments. Website improvements will provide potential customers with a better purchasing interface.

Because we recognize that marketing is so critical to the growth of the firm, we plan to hire in 2016 a marketing assistant who will coordinate email marketing campaigns, conduct social networking, prepare and circulate press releases, coordinate participation in charity events and bicycle expos, as well as photograph the product.





SALES PLAN

Bandbox™ maintains 4 pricing structures:

- Retail sales made through the e-commerce site or at trade shows.
- Small wholesalers are granted a 25% discount off retail provided a minimum purchase of 4 helmets/helmet-hats.
- Large wholesalers are granted a 50% discount off retail provided a minimum purchase of 12 helmets/helmet-hats.
- On-line marketers such as Amazon with varying levels of discounts.
- Incentives are offered to members of Citi-Bike and participants in the seasonal Bandbox™ "Cycling Celebrity" contests.

Once Bandbox™ is able to address its production volume problems, we would like to use industry representatives and distributors. This would be especially helpful with international sales, which currently represent 20% of total revenues. Import duties would be greatly reduced if paid at wholesale prices. Furthermore, quantity shipments could reduce postage fees that now can, in some extreme cases, exceed the cost of a helmet.

OPERATIONS

LOCATIONS & FACILITIES

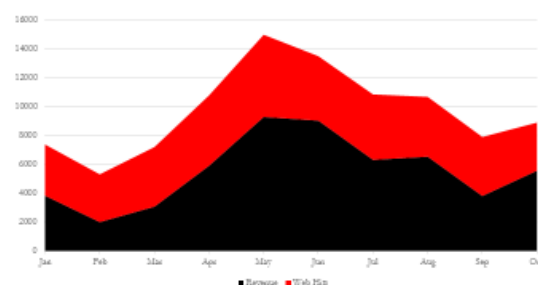
The Bandbox™, LLC business is a combination of manufacturing, distribution and direct sales. Helmets are assembled at the partners' Tewksbury, New Jersey home-based facility providing customers with the incentive to purchase a "Made in America" product. Domestic production also gives Bandbox™ the flexibility to respond to market demand for specific styles and to fill small orders quickly. Unlike companies that use foreign production, Bandbox™ avoids the risks associated with long delivery times and the high cost of stocking thousands of potentially unpopular items. Planned production improvements will alleviate the backlog associated with larger orders.

TECHNOLOGY, INNOVATION & COMMERCIALIZATION

Since we recognize that innovation is critical to our commercialization, we are constantly looking to new technologies to improve both our product and our business operations. Specifically:

- We are collaborating with the Raritan Valley Community College's Engineering Lab to use 3-D printers to improve the safety, fit and suitability of both helmets and helmet-hats for commercial production. We can move from design improvements to testing in a matter of hours.
- Since our e-commerce site is our most profitable source of revenue, it is critical to continually drive traffic to the site. As shown by the graph on the right, revenue is closely tied to website hits. To increase traffic, we are currently evaluating search engine optimization and online marketing strategies. We also plan to upgrade our e-commerce site to enable prospective customers to upload pictures of themselves in order to electronically visualize themselves wearing the helmets.

2015 Revenue vs. Website Hits





- In the office, we use Quicken for Home and Business as our accounting solution and a collection of company-specific Excel spreadsheets to track inventory usage, suppliers, costs, retailers, customer data base, etc. We are working to streamline office operations by selection of the tools required to maximize efficiencies with inventory control/BoM/order processing, CRM, etc. In 2016, we plan to convert to Quickbooks Manufacturing to adequately track inventory and cost of goods sold. Liveplan has assisted in the creation of this business plan and will enable us to continually monitor our goals and progress. We are maintaining our email list and promoting email marketing campaigns with Constant Contact. We are also evaluating Customer Relation Software (CRM) such as Salesforce to help us manage our retail store outlets.
- A significant amount of Bandbox™ helmet sales are international. To increase exports, we are exploring economies in shipping, establishing foreign distributors and meeting testing standards for the EU, Canadian & Australian/New Zealand.

EQUIPMENT & TOOLS

ABS helmet shells manufactured according to the Bandbox™ design are obtained from Thermoplastic Inc. Dynamic Systems supplies the liquid foam that Bandbox™ uses to mold the rigid layer directly into the helmet shell using a proprietary formulation protected as a trade secret. After the pour, excess foam is removed with a dremmel and a strip of pre-cut, memory foam obtained from Pinnacle Products is glued to the inside rim. The entire helmet cavity is then enclosed with a wickable fabric lining with foil logo stamped by NES Enterprises. After gluing is complete, the shell's protective wrapping is removed along with any glue and foam residues. The helmets are then fitted with harnesses constructed of 5/8" polypropylene webbing and miscellaneous plastic hardware slides, dividers, buckles and o-rings.

Helmet-hats are also constructed either at the Tewksbury location or in the homes of the contract milliners. Hat bodies are primarily obtained from the Jay Gerish Company. After soaking/steaming and optionally dying, the hat bodies are blocked and sized with millinery starch. Once dry, the helmet attachment is added: either cords are inserted into channels fabricated from serged tube jersey strips or fitted with elastic bands and Velcro attachments. Then, depending on the style, millinery finishes are applied including brims wires, ribbons, silk flowers, and feathers, leather bands and or riveted conchos. Profit margins vary by style and trimming are detailed in the supporting spreadsheet to the financial projections.

In the order fulfillment area, stocks of stickers, hatboxes, company literature and helmets are stored. After price tags are attached to helmets and helmet-hats, they are wrapped in tissue paper and placed in the box along with the product brochure. Single helmet orders such as Internet sales are shipped individually.

We are currently exploring alternate suppliers and hiring more production workers to meet demand. However, we are constrained because funds are not available to increase capacity. For example, if foam cores could be purchased preformed, they would not have to be molded individually. If a millinery dryer were obtained, it would not take 24 hours for a blocked hat form to be ready for sewing. At this time, growth is being retarded by lack of investment.



COMPANY

OVERVIEW

OWNERSHIP & STRUCTURE

Bandbox™ LLC was incorporated as a limited liability corporation in 2010. Shares are held exclusively by the two Managing Partners: Cheryl Allen-Munley (51%) and Dean Munley (49%). No outside investors are involved at this point in time, though there will be an opportunity for that as the business grows.

COMPANY HISTORY

Always the early adopter, Cheryl Allen-Munley was one of the first purchasers of the Bell bicycle helmet in the late 1970s. But after viewing one photo of herself cycling through the French countryside sporting a monstrous white plastic mushroom on her head, Cheryl spent the rest of her European tour with the helmet firmly strapped to the rear rack of her bicycle. For the next 30 years, she refused to wear a helmet until the publication of her doctoral dissertation on urban bicycle route safety in 2003 suddenly transformed her into a bicycle safety expert. Suddenly, her historic distaste for bicycle helmets became a public issue. Tired of parrying the frequent jibe of "How can you of all people not wear a helmet," Cheryl determined to attack the problem head on.



Her first solution was to conceal a BMX style helmet beneath an oversized wool tam, which was acceptable for winter, but was too hot when the temperature rose. Later attempts to cover the helmet with light-weight cotton resulted in a cover that looked more like a shower cap than a hat. Abandoning the DIY route, she scoured the internet for an attractive bicycle helmet-hat, ultimately locating Plasmate, a covered bicycle helmet manufactured in Vietnam. After negotiating with the company owner to become the company's sole American distributor, Cheryl obtained 8 helmets for testing. Disappointingly, the Vietnamese helmets failed every one of the CPSC tests for impact and roll off; even the plastic hardware broke during the yank test.

Not to be deterred, Cheryl enlisted the help of her husband Dean, an architect and experienced model builder. Together they investigated foam liner technology and ultimately developed a poured-in-situ elastomeric foam of sufficient density to meet CPSC impact standards for normal operating conditions. Cheryl, applying her structural engineering training, developed a helmet harness system to withstand the required roll-off test forces while minimizing the visual impact. The net result was a helmet contoured to mimic the human skull with a 28" circumference, 2" less than any other helmet on the market. Concurrent with the helmet design process, Cheryl received hat-making instruction from Monika Stebbins of Monika's Fine Millinery.

In October of 2010, Bandbox™ introduced its first prototypes at the Philadelphia Bike Expo. Customer feedback was invaluable. Responding to complaints that the helmet was too hard and the harness was too difficult to adjust, a band of soft memory form band was added to the lower lip of the helmet and



new hardware for the harness was sourced. Since the customers wanted the ability to exchange helmet-hats, Cheryl designed a helmet attachment system consisting of a channel and cord that would securely affix the helmet, while allowing for easy removal. Although the utility patent that was filed for this innovative attachment system must be resubmitted to distinguish it from prior art, the helmet and helmet-hat construction have been protected by trade secrets.

The term Bandbox™ is an old-fashioned name for a hat box that evolved from the circular boxes that Elizabethan noblemen used to protect their bands (wide lace neck ruffs) when travelling. Thus, Bandbox™ was selected as the company name to reflect its stylish millinery tradition. With the finalization of trademark protection in 2012, Bandbox™ began selling to the public. The initial year, sales were low, split evenly between trade shows and Internet sales. In the following three years, annual growth has exceeded 40% with the help of social networking, media coverage, and most importantly, satisfied customer's word-of-mouth. At this time, our most pressing problem is filling orders in a timely fashion; typical delivery time is 2-3 weeks.

TEAM

MANAGEMENT TEAM

Dr. Cheryl Allen-Munley is responsible for product design, helmet-hat production, and marketing. She has a BS in civil engineering from MIT, a MBA from the Columbia and a PhD in transportation from NJIT. Dr. Munley's research on bicycle safety has received commendations from the Federal Highway Authority. She previously managed the Newark Division of Traffic and Signals.

Dean Munley oversees company finances, helmet production and order fulfillment. He is a graduate of the NJIT School of Architecture. During his 30 year career of project development, he has managed multi-million dollar projects from planning, through permitting, design, construction and operations

Antonina Babenko, seamstress/milliner, began assisting with production and design of helmet-hats in April 2015. Ms. Babenko received a Master degree as "Designer of sewing products" and a Bachelor degree in Industrial Engineering from Kiev University of Technology and Design.

ADVISORS

In November 2012, Bandbox™ LLC competed with 37 teams in the NJIT Innovation Acceleration Challenge. Based on the Munleys' presentation, a panel of judges made up of angel investors, industry insiders and bankers awarded Bandbox™ LLC \$3,000 and a summer fellowship to the NJIT Enterprise Development Center. The event organizer, NJIT Professor Michael Ehrlich, continues to serve as a mentor and provide ongoing business advice.

SUPPLIERS

Bandbox™ has been fortunate to have established relationships with industrial suppliers that have provided encouragement, technical expertise, credit and most importantly, willingness to work with a fledgling manufacturer. Jay Gerish Co., hat body importer, and Magna Fabrics, hi-tech fabric wholesaler, allowed us to roam their warehouse to sample any workable option. NES Enterprises, the nation's largest hat liner manufacturer, developed the pattern to fit the helmet's irregular shape. Pinnacle Products taught us how to mold liquid foam and cut foam bands to our specifications. Without these and the dozens of other US small businesses who supply us with everything from plastic buckles to grosgrain ribbon, the Bandbox™ helmet-hat would not be the success it is. We are proud to carry the "Made in America" designation for our product, including all of its parts.



FINANCIAL PLAN

FORECAST

KEY ASSUMPTIONS

Revenues and expenses for 2015 are based on actual data for the first 10 months. The final two months are projections based on historical data. Like most manufacturers of bicycle accessories, Bandbox™ experiences its highest demand in late spring as bicycle sales drive helmet sales. However, Bandbox™ does not experience the same degree of seasonality due to its high volume of exports (20%) of which a large component is to the Southern Hemisphere; their summer occurs during our winter. Equestrian sales which have a second peak in the fall and gift purchases which produce a third peak during the winter holidays also contribute to Bandbox's ability to maintain consistent revenues throughout the year.

Current sales for 2015 are 50 helmets per month and our constrained by production capacity. Helmet-hat sales exceed helmet sales by approximately 25% due to repeat sales and the tendency of purchasers to order more than one helmet-hat per helmet. If additional funds could be obtained in 2016, production capacity could be increased in tandem with intensified marketing efforts to realize a product sales level of 200 units per month in 2016 and 500 units per month in 2017. Increasing sales tenfold in a two year period might sound overly optimistic, however, this level of growth is consistent with what we have experienced since beginning sales in 2012 and also reflects our current level of unmet demand.

Helmets for both bicyclists and equestrians are priced at \$65 retail. Helmet-hats retail in price between \$30 for the Basque - a simple, wool felt beret to \$89 for the Denver - a sea grass cowboy hat with a concho studded leather hat band. Retail sales are made through the Bandbox™ ecommerce site and at bicycle expos. Wholesale discounts to brick and mortar stores and online marketers range from 15%-50% and represent approximately 25% of Bandbox™ sales. In the interest of simplicity, a weighted average has been established of \$50 for helmets and \$52 for helmet-hats.

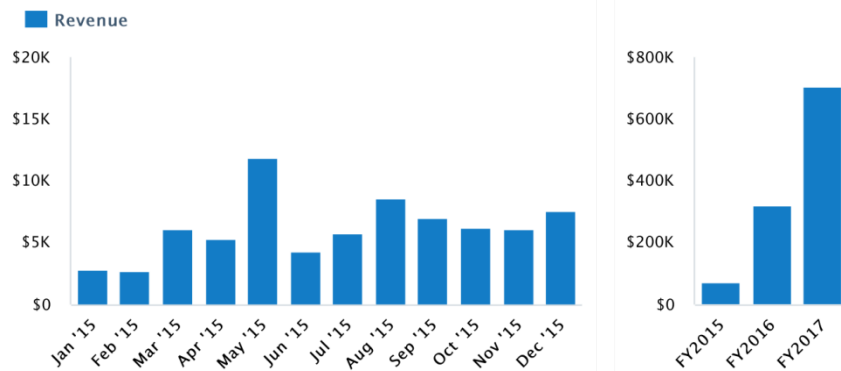
Cost of goods sold for helmets is \$15 per helmet for materials plus \$2.50 for direct labor assuming a \$10 per hour worker producing 4 helmets per hour. Cost of goods sold for helmet-hats is a weighted average by helmet-hat type resulting in a cost of \$8 per helmet-hat plus and additional \$5.20 per helmet-hat. Volume increases in 2016/2017 will result in reduced unit costs helmet-hats for helmets (\$13/\$12) and for helmet-hats (\$7/\$6). A pricing analysis will be undertaken with assistance of our local SBDC.

With the increase in revenues, a marketing assistant and an administrative assistant will be hired part time in 2016 and converted to full time in 2017. Combined partner wages, which are currently set at \$16,800 for 2015, will rise to \$96,000 per year in 2017. Employee related expenses have been estimated at 10% of salary in recognition that large components of salary are contract workers and draws by the partners.

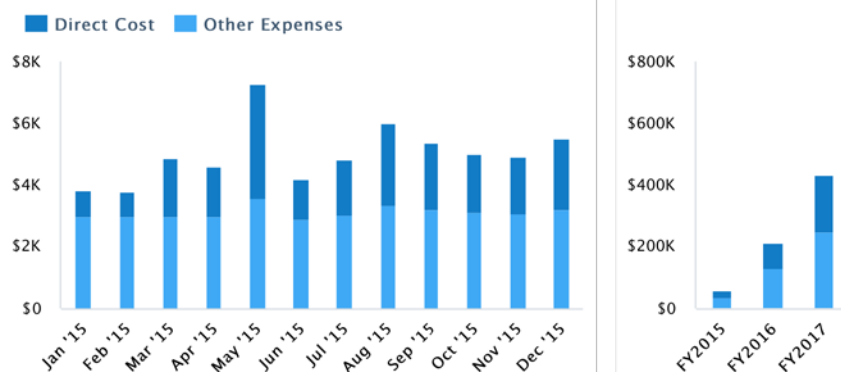
In 2017, company operations will exceed the available space in the partners' home-based facility. Flex office space will be leased with space for production, front-end office and combination show room/retail.



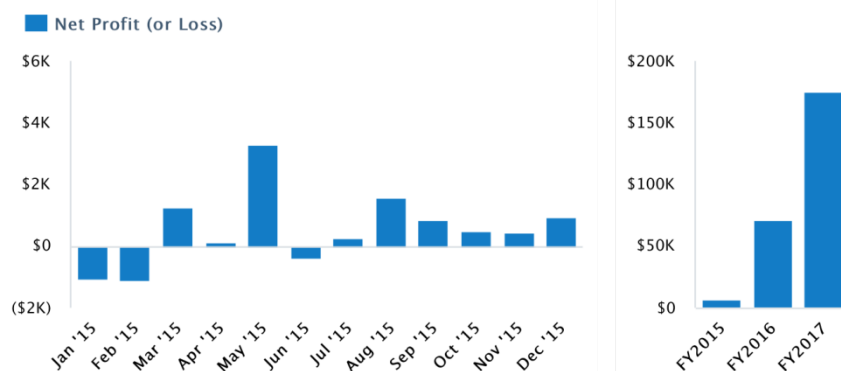
REVENUE



EXPENSES



NET PROFIT



FINANCING

USE OF FUNDS

Since its founding in 2010, Bandbox™ could be characterized as a start-up company. The company has been self-financed. Company partners have been responsible for all activities from design to manufacturing to sales. Promotion costs are minimal: limited to social networking, press coverage and



local trade shows. The sales volume ranges between 25-100 units per month. The company is profitable because the partners contribute their labor at below market rates and the business operates out of their home.

Winning the InnovateHer prize of \$40,000 would enable Bandbox™ to transition to the level of a small business, thereby allowing the partners to cease "working in the business" and focus their efforts on "working on the business." Once production of some of the helmet components are outsourced and employees are contracted to perform assembly and helmet-hat manufacture, the partners will be able to focus their energies on strategic activities such as financing, cost control, expanding distribution channels, sales force management and product design.

In 2017, when sales reach the level of 500 units per month, Bandbox™ will be able to move out of the partners' home into flex office space and demonstrate the financial strength necessary to obtain debt financing for working capital. Given the demand for the company's products both domestically and abroad, there is a strong possibility that this level would be reached eventually. However, winning the Microsoft/SBA InnovateHer Contest could compress this period of infancy from ten years to two years. The following is a detailed projected use of the prize funds:

- ***Helmet Retooling and Testing - \$12,000***

Current helmet manufacture consists of a time-consuming process whereby foam is hand mixed and molded within the shell. Outsourcing foam core production would reduce costs and increase Bandbox's production capacity. New molds for the thermoplastic vacuum formed exterior ABS molds will also be required. New production methods will require new testing for CPSC certification. Helmets will be tested to meet EU and Australian/New Zealand standards to allow sale of Bandbox™ Helmets in retail store in these countries.

- ***Millinery Equipment- \$6,000.***

Current helmet-hat production consists of the time-consuming process of soaking and hat-blocking hat bodies. With commercial quality millinery steamers, hat blocks, hat dryers, industrial sewing machines and sergers, helmet-hats could be fabricated more rapidly and with a more consistent quality.

- ***Sales and Marketing - \$10,000***

Increasing sales is the most important objective for achieving Bandbox's Ultimate goal of becoming an attractive company for acquisition. To increase sales, on line advertising and mass email marketing using targeted address lists would be most economical. Trade shows attendance and continued road shows are needed to obtain multiple orders from bicycle shops and general market recognition. Other marketing activities will include sponsorship of events, product giveaways and magazine advertising in Momentum and Bicycle Retailer magazines.

- ***Website - \$9,000***

The Bandboxllc.com website hosted by Register.com was created using a standard template. The company catalog was created using a MSWord template with photography done primarily by the in-house. A professionally built website and catalog with professional photography and text would certainly increase Internet sales. Ideally, customers would be able to upload pictures of themselves, then superimpose images of the helmets in varying styles and colors to assist in making their selection. In addition, videos are needed for instruction: how to fit the helmet, how to change the helmet-hats, etc.



- **Product Branding: Printing/Custom Packaging - \$3,000**

Bandbox™ sales are packaged in white, rectangular hat boxes with computer printer adhesive labels. These generic boxes are not sufficiently sturdy to withstand rough handling during shipping. Distinctive, mail-able packaging would reinforce the company's trademark. Large minimum quantity purchases are necessary to obtain such boxes economically. A unified printing program is needed for company brochure, business cards, and other labels. Point of sale hang tags with SPC codes must be obtained for individual products.

SOURCES OF FUNDS

Commercial financing from traditional sources has been difficult to obtain due to the uniqueness of Bandbox's helmet product and the brevity of the company's financial history. Thus, current operations have been financed through a combination of partner sweat equity, personal debt and retirement savings. Today, additional funds are needed to meet the demands of the high level of anticipated sales growth. Potential sources of funds include prize money from business plan competitions such as \$40,000 from the Microsoft/SBA InnovateHer competition, crowd sourcing, angel investors or Shark Tank.

A Kickstarter campaign, which requires promotion of a new product, is in the early stages of planning. Since the FEI's institution of a helmet requirement for dressage competitors in the spring of 2015, Bandbox™ has received numerous requests for a top hat. To meet the challenge of designing a rigid helmet-hat sufficiently large to conceal an ASTM approved helmet while maintaining pleasing proportions, Bandbox™ has enlisted the aid of the Raritan Valley Community College manufacturing engineering lab to conduct 3D modeling. We have also contacted Courtney King-Dye, the injured Olympian, who was the force behind the FEI's helmet regulation, to join in the promotion. Given a high quality video, attractive incentives and strong social networking, the Bandbox™ Kickstarter campaign could achieve the same level of success as The Thousand bicycle helmet that raised over \$200,000 earlier this year.



**STATEMENTS****PROJECTED PROFIT & LOSS**

	FY2015	FY2016	FY2017
Revenue	\$74,254	\$322,000	\$705,000
Direct Costs	\$30,285	\$117,600	\$280,500
Gross Margin	\$43,969	\$204,400	\$424,500
Gross Margin %	59%	63%	60%
Operating Expenses			
Salary	\$16,800	\$50,160	\$100,320
Employee Related Expenses	\$1,680	\$4,800	\$9,600
Advertising & Marketing	\$1,200	\$12,000	\$24,000
Utilities	\$2,604	\$2,604	\$2,604
Auto	\$1,500	\$6,500	\$6,500
Insurance	\$2,160	\$9,500	\$12,000
Telephone, Internet, Online Software	\$3,600	\$6,000	\$10,000
Repairs and Maintenance	\$1,200	\$2,400	\$3,600
Travel&Meals	\$3,180	\$9,000	\$15,000
Office supplies	\$1,200	\$2,400	\$3,600
Professional Fees		\$5,000	\$10,000
Rent			\$24,000
Total Operating Expenses	\$35,124	\$110,364	\$221,224
Operating Income	\$8,845	\$94,036	\$203,276
Interest Incurred			
Depreciation and Amortization	\$536	\$4,742	\$8,616
Income Taxes	\$1,662	\$17,859	\$38,932
Total Expenses	\$67,607	\$250,565	\$549,272
Net Profit	\$6,647	\$71,435	\$155,728
Net Profit / Sales	9%	22%	22%


PROJECTED BALANCE SHEET

As of Period's End	Starting Balances	FY2015	FY2016	FY2017
Cash	\$3,300	\$5,169	\$41,110	\$207,198
Accounts Receivable	\$0	\$942	\$3,364	\$7,365
Inventory	\$5,000	\$13,100	\$30,500	\$30,500
Other Current Assets				
Total Current Assets	\$8,300	\$19,211	\$74,974	\$245,063
Long-Term Assets	\$10,000	\$10,800	\$37,800	\$43,800
Accumulated Depreciation	\$0	(\$536)	(\$5,278)	(\$13,894)
Total Long-Term Assets	\$10,000	\$10,264	\$32,522	\$29,906
Total Assets	\$18,300	\$29,475	\$107,496	\$274,969
Accounts Payable	\$0	\$3,965	\$6,297	\$12,245
Income Taxes Payable	\$0	\$464	\$4,465	\$9,733
Sales Taxes Payable	\$0	\$99	\$352	\$881
Short-Term Debt				
Prepaid Revenue				
Total Current Liabilities	\$0	\$4,528	\$11,114	\$22,859
Long-Term Debt				
Total Liabilities	\$0	\$4,528	\$11,114	\$22,859
Paid-in Capital	\$18,300	\$18,300	\$18,300	\$18,300
Retained Earnings	\$0	\$0	\$6,647	\$78,082
Earnings		\$6,647	\$71,435	\$155,728
Total Owner's Equity	\$18,300	\$24,947	\$96,382	\$252,110
Total Liabilities & Equity	\$18,300	\$29,475	\$107,496	\$274,969

**PROJECTED CASH FLOW STATEMENT**

	FY2015	FY2016	FY2017
Net Cash Flow from Operations			
Net Profit	\$6,647	\$71,435	\$155,728
Depreciation and Amortization	\$536	\$4,742	\$8,616
Change in Accounts Receivable	(\$940)	(\$2,422)	(\$4,001)
Change in Inventory	(\$8,100)	(\$17,400)	\$0
Change in Accounts Payable	\$3,959	\$2,332	\$5,948
Change in Income Tax Payable	\$464	\$4,001	\$5,268
Change in Sales Tax Payable	\$99	\$253	\$529
Change in Prepaid Revenue			
Net Cash Flow from Operations	\$2,665	\$62,941	\$172,088
Investing & Financing			
Assets Purchased or Sold	(\$800)	(\$27,000)	(\$6,000)
Investments Received			
Change in Long-Term Debt			
Change in Short-Term Debt			
Dividends & Distributions			
Net Cash Flow from Investing & Financing	(\$800)	(\$27,000)	(\$6,000)
Cash at Beginning of Period	\$3,304	\$5,169	\$41,110
Net Change in Cash	\$1,865	\$35,941	\$166,088
Cash at End of Period	\$5,169	\$41,110	\$207,198