

NATIVE

INVEST IN YOURSELF

WHAT WE ARE DOING

Native makes safe, nontoxic, and effective products that consumers use in the bathroom
everyday

(Think deodorant, toothpaste, shampoo, conditioner, soap, body wash)



WHY ARE WE DOING THIS

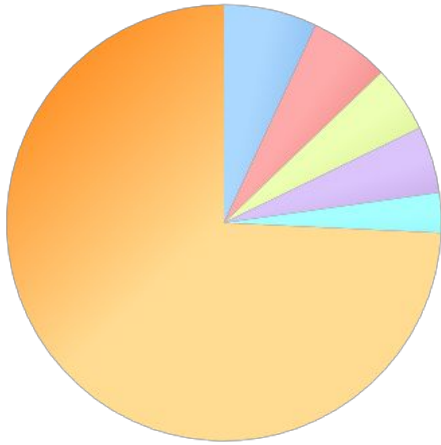
- Sister became pregnant and I started looking for products that she should avoid
 - Deodorants had a ton of chemicals and are applied daily to a sensitive area of the skin that got little light, air or attention
 - Tried to find natural one -> couldn't find quality product so worked with manufacturer to make my own
- DNA told me to start selling it online

CONSUMERS WANT SAFE, EFFECTIVE, NONTOXIC PERSONAL CARE PRODUCTS

WE KNOW THIS BECAUSE CONSUMERS...

SAY THEY WANT IT <ul style="list-style-type: none">• 86% of people say ingredient transparency is important or very important to them	SEARCH FOR IT <ul style="list-style-type: none">• Search volume up for natural personal care products is up 4x in past 5 years
SPEND MONEY ON IT <ul style="list-style-type: none">• \$13B Market in United States• 18% of personal care industry is natural personal care	ARE SPENDING MORE ON IT <ul style="list-style-type: none">• 10% CAGR every year for past 5 years• 10% expected CAGR over next 5 years• Fastest growing segment of personal care industry

PROBLEM: CONSUMERS DON'T HAVE A BRAND THEY CAN TRUST TO PRODUCE SAFE, EFFECTIVE, NONTOXIC PERSONAL CARE BASICS



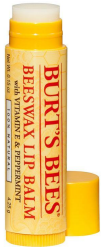
Fragmented Natural
Personal Care Market

56%

of consumers don't
trust brand claims

- Market for natural products is fractured
- Only 4 companies enjoy a market share of 3% or more
- 75% of natural brands are only “naturally inspired”

YET SOME SAFE, NONTOXIC PRODUCTS ARE THRIVING



Burt's Bees
2007: \$164M Revenue
\$925M Acquisition
(Clorox)



Dr. Bronner's
2012: \$52M Revenue



Method
2012: \$100M Revenue
Acquired by ECover



Ren
2015: \$62M Revenue
Acquired by Unilever



Honest
2014: \$150M Revenue
\$1.7B Valuation



EOS
2012: \$45M Revenue



Kiss My Face
2004: \$45M Revenue
PE Investment in 2010



Mrs. Meyer's
2008: Sold to SC
Johnson

YET SOME SAFE, NONTOXIC PRODUCTS ARE THRIVING

WHY?

WHAT DO THEY ALL HAVE IN COMMON?

YET SOME SAFE, NONTOXIC PRODUCTS ARE THRIVING

**THEY EARNED THE
TRUST OF THE
CONSUMER**

HOW DID THEY EARN CONSUMER TRUST?

- Started independently
 - Innovator's Dilemma for large companies
 - 75% of consumers trust small companies v. big brands to produce natural products
- Started natural/nontoxic
- Branded as natural/nontoxic
- All started with flagship product to enter consumer's home
 - Burt's Bees -> lip balm
 - Dr. Bronner's-> soap
 - Evolution of Smooth -> lip balm
 - Honest -> diapers
 - Method -> laundry detergent
- Multi-Channel

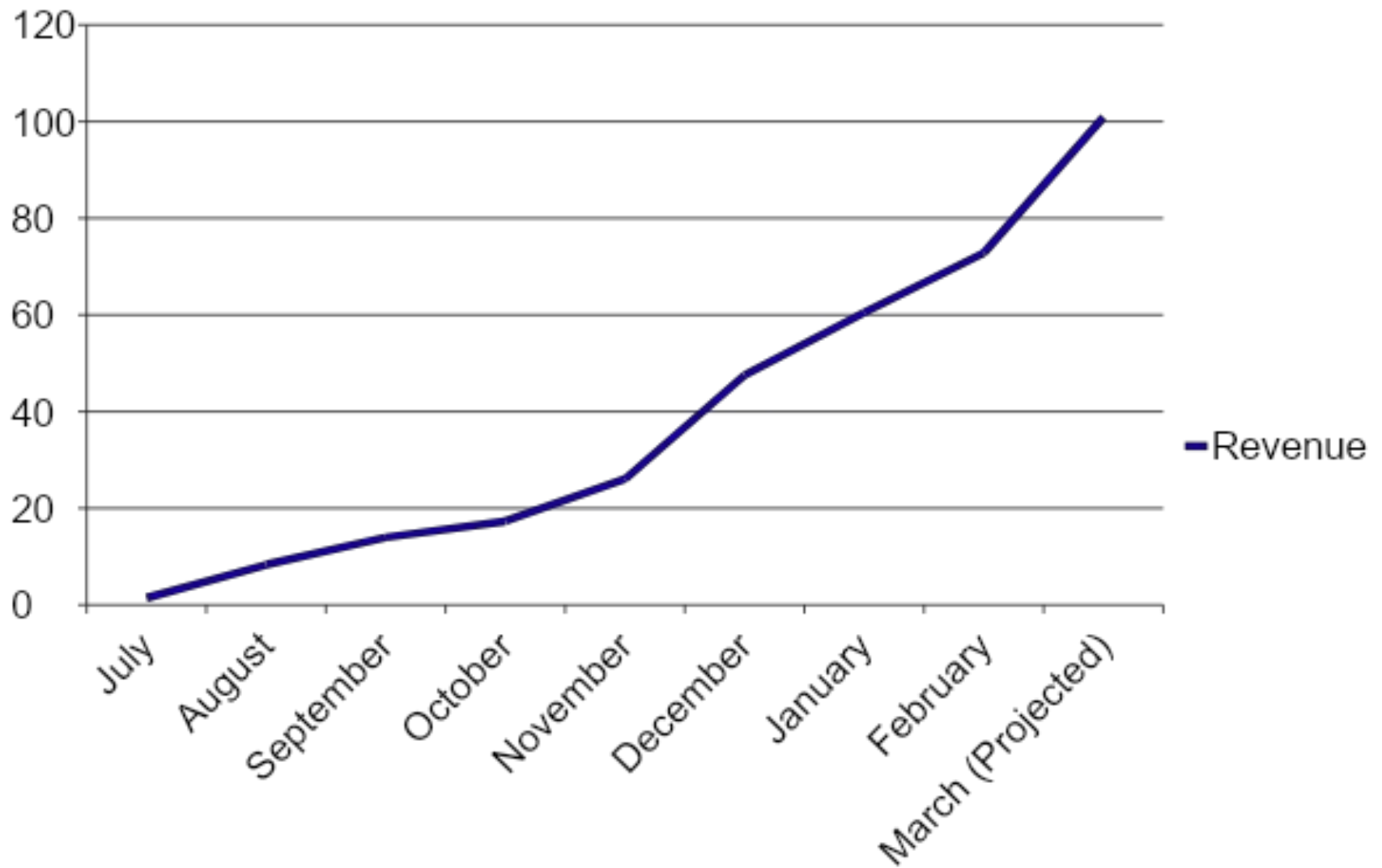
NATIVE IS EARNING CUSTOMER TRUST USING THE SAME FORMULA IN PERSONAL BASICS

- Started natural
- Branded as natural
- Incredible brand integrity
 - Transparency around ingredients
 - Zappos-like customer service
- Started with flagship product -> deodorant
 - Earned trust of customer
 - Expand into other basics
- Will go multi-channel

NATIVE PLAN TO WIN MARKET

- Phase 1 (July 2015 – March 2016)
 - Demonstrated product market fit
 - Tens of thousands of units sold (over \$300K in revenue)
 - Scaled contribution margin from 27% -> 45%
 - Over \$1M annual revenue run rate
 - Repeat purchase rate @ 30%
 - 38% with new formula
 - Profitable
 - \$32,000 GP in February
 - ~\$8,000 NP in February

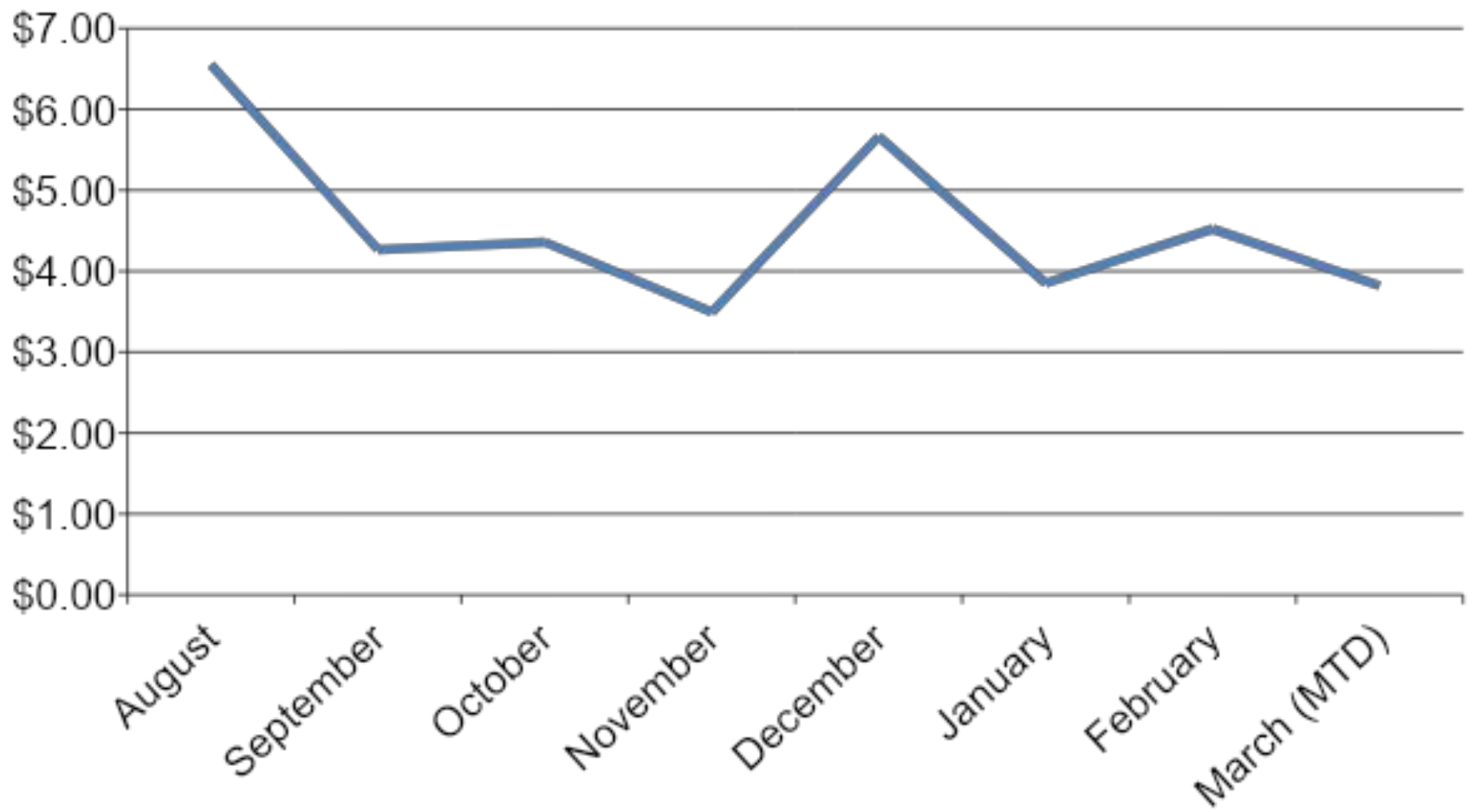
REVENUE SINCE JULY 2015



Average Order (1.5 Units) Economics

	November 2015	February 2016	December 2016
Unit Costs	\$7.28	\$4.62	\$3.24
Packaging	\$0.63	\$0.31	\$0.25
Handling	\$1.65	\$1.53	\$1.45
<u>Shipping</u>	<u>\$2.99</u>	<u>\$3.03</u>	<u>\$2.84</u>
TOTAL COSTS	\$12.55	\$9.49	\$7.78
Retail Price	\$17.22	\$17.22	\$17.22
Contribution Profit	\$4.67	\$7.73	\$9.44
Contribution Margin	27%	45%	55%

MARKETING COSTS/ORDER



PLAN: PHASE 2

- Phase 2 (2016)
 - April/May
 - New Formula Release
 - June/July
 - Soft Product Innovation -> Unique scents
 - Expand base
 - Reinforce brand
 - Stronger emphasis on men
 - September – November
 - Sell refillable deodorants through Kickstarter
 - Subscription Product
 - Push subscriptions through cartridge
 - November/December: Launch toothpaste
 - Customers already asking for us to release more products

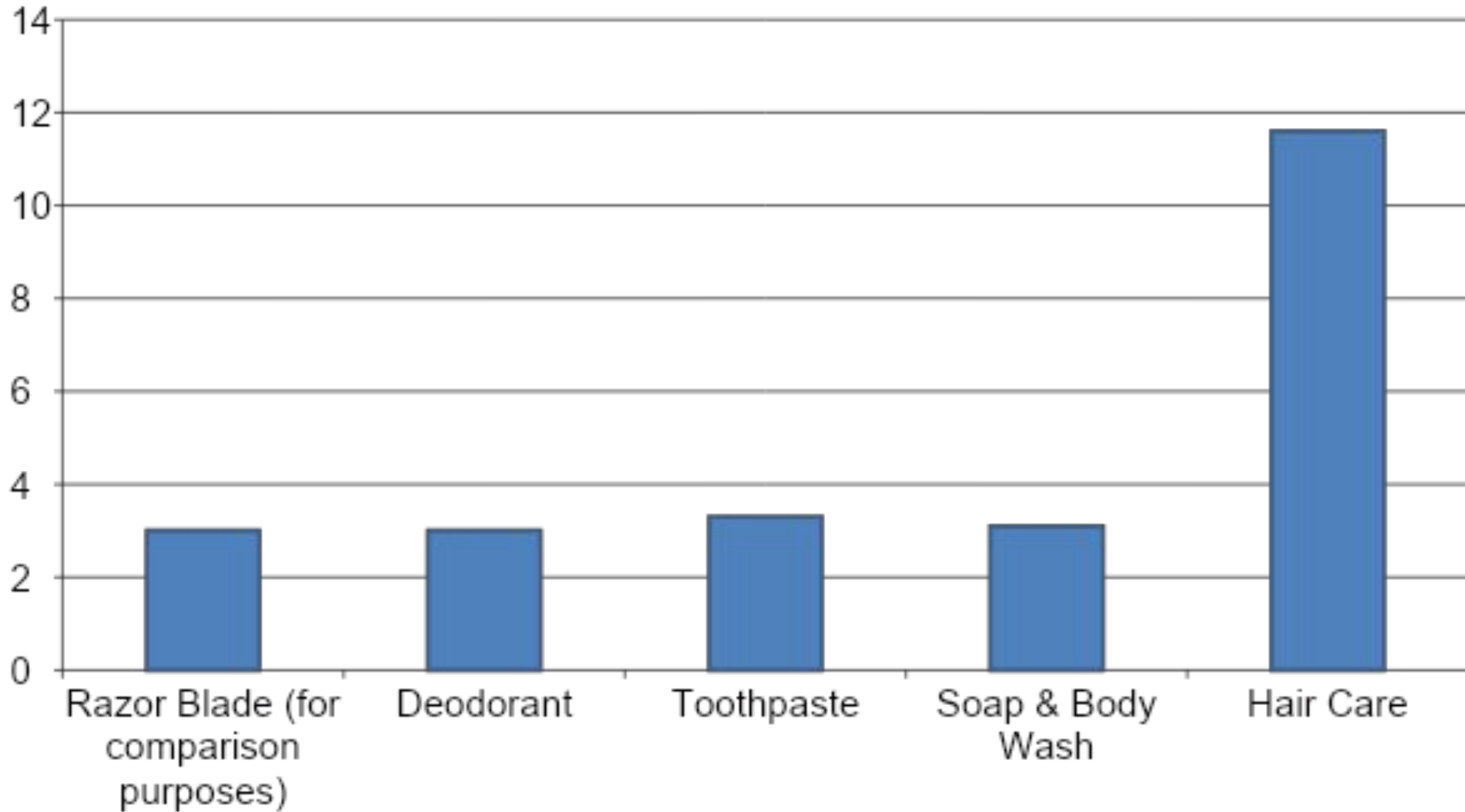
PLAN: PHASE 3

- Phase 3 (2017+)
 - Q1 2017: Start selling in store -> start at boutique stores
 - Dozens have reached out to us proactively to sell
 - Launch new SKUs to own the bathroom
 - Soap, Body Wash, Shampoo, Conditioner
 - Leverage brand to cross-promote sales
 - Use Native Deodorant ☐ try Native Toothpaste and Native Soap
 - International expansion
 - Launch other SKUs that are not “personal care basics”
 - E.g. face wash, pomade
 - Exits
 - Beauty companies, subscription companies, PE firms, IPO

MARKET SIZE

\$ in Billions

MARKET SIZE IN UNITED STATES



MARKET TRENDS ARE A TAILWIND FOR NATIVE

- Number of people shopping for health & beauty products online is up 2x in past 4 years
 - 38% of consumers who buy health and beauty online signed up for a subscription service
- Consumers care more about natural ingredients now than ever before
- Retailers are adapting to consumer demand
 - Target: Made To Matter -> highlights natural brands
 - Wal-Mart: told manufacturers to eliminate 10 chemicals in products
 - Rise of Whole Foods
- Governments are starting to catch up by prohibiting ingredients
 - 2010: Phosphates
 - 2014: Microbeads
 - 2017: Triclosan

As these trends continue, consumers will look to purchase products from companies that were right from the start

WHY I HAVEN'T SPOKEN WITH OTHER INVESTORS

- Paul
 - Gets issues I'm having and going to have
 - Asks right questions
 - Isn't concerned with knucklehead stuff
 - Understands *natural*
 - Natural = healthier than commercial products without sacrificing quality
- Moiz
 - Good job of communicating how we got here and how I'm qualified to run a company
 - Poor job of explaining where we're going and why we need you

2016 – 2017 GOALS

- 2016
 - End of 2016 ARR: \$12M
 - Exclusively DTC
 - Product Catalog
 - Deodorant + Refillable Deodorant + Toothpaste
- 2017 -> Poor job explaining
 - End of 2017 ARR: \$30-\$40M
 - 75/25% channel split with DTC/Other
 - 3-5 different products launch

FUNDING

- \$150-250K lets me get through 2016 well but doesn't let me gear up for a huge 2017
 - Lets me make a 2-3 hires to build team
 - Doesn't let me experiment with new sources of customer acquisition
 - Doesn't let me gear up to hit ground running in 2017

WHAT I NEED

- Build team now for 2016 and 3Q/4Q 2016 for 2017
 - What I need money for now
 - Employees
 - CMO/Acquisition Manager/ Designer Operations/CS/Manufacturing experience
 - Customer Acquisition Experiments
 - Birchbox samples, Blogs, Other sources
 - Cash to experiment with new products in 3Q/4Q 2016 to scale 2017 catalog
 - 12 months of runway
 - What else I need
 - Expertise on growing company past \$10M
 - Expertise on managing growing team
 - Incredible employees