



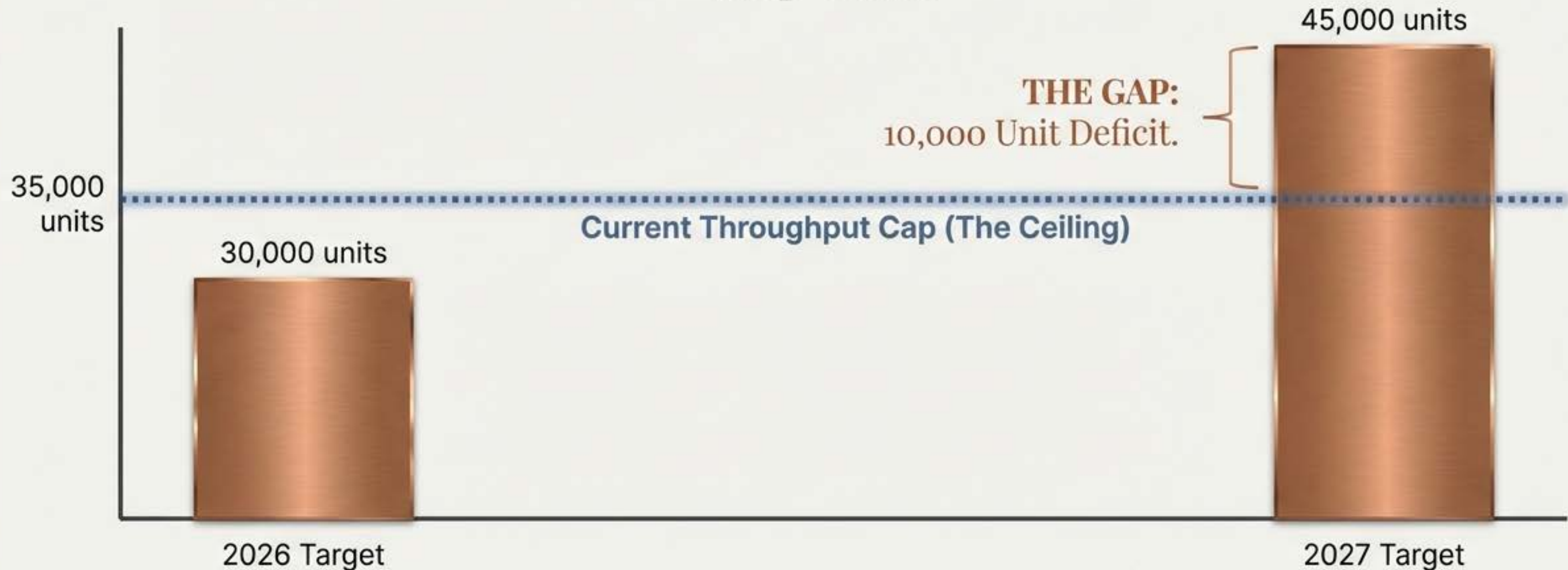
Operational Excellence & Financial Performance Guide

Scaling Candle
Manufacturing to
\$1.95M EBITDA by 2030

Internal Strategy Playbook | 2026-2030 Roadmap

The 2030 Vision Meets the 2027 Constraint.

Step Chart



To reach the \$1.95M EBITDA goal by 2030, we must bridge this gap now through immediate CapEx (pouring stations/warehousing) or risk churn during the 50% volume jump.

Strategic Imperative 1: Defining the Margin Floor

Industry Standard

>60%

Gross Margin Viability

Covers materials + 12% overhead allocation.
Optimized for wholesale volume.

Our Strategic Target

85%

Ultra-Premium Model

Required to cover high fixed costs and
CAC of the ScentScapes subscription.

The Value Driver: Margin Dollars > Margin Percent

A 50% margin on our \$4,200 'Luxury Scented Jar' yields \$2,100 in profit. An 80% margin on a standard \$100 item yields only \$80. We prioritize high-ASP volume.

Strategic Imperative 2: The Efficiency Engine

Production Cycle

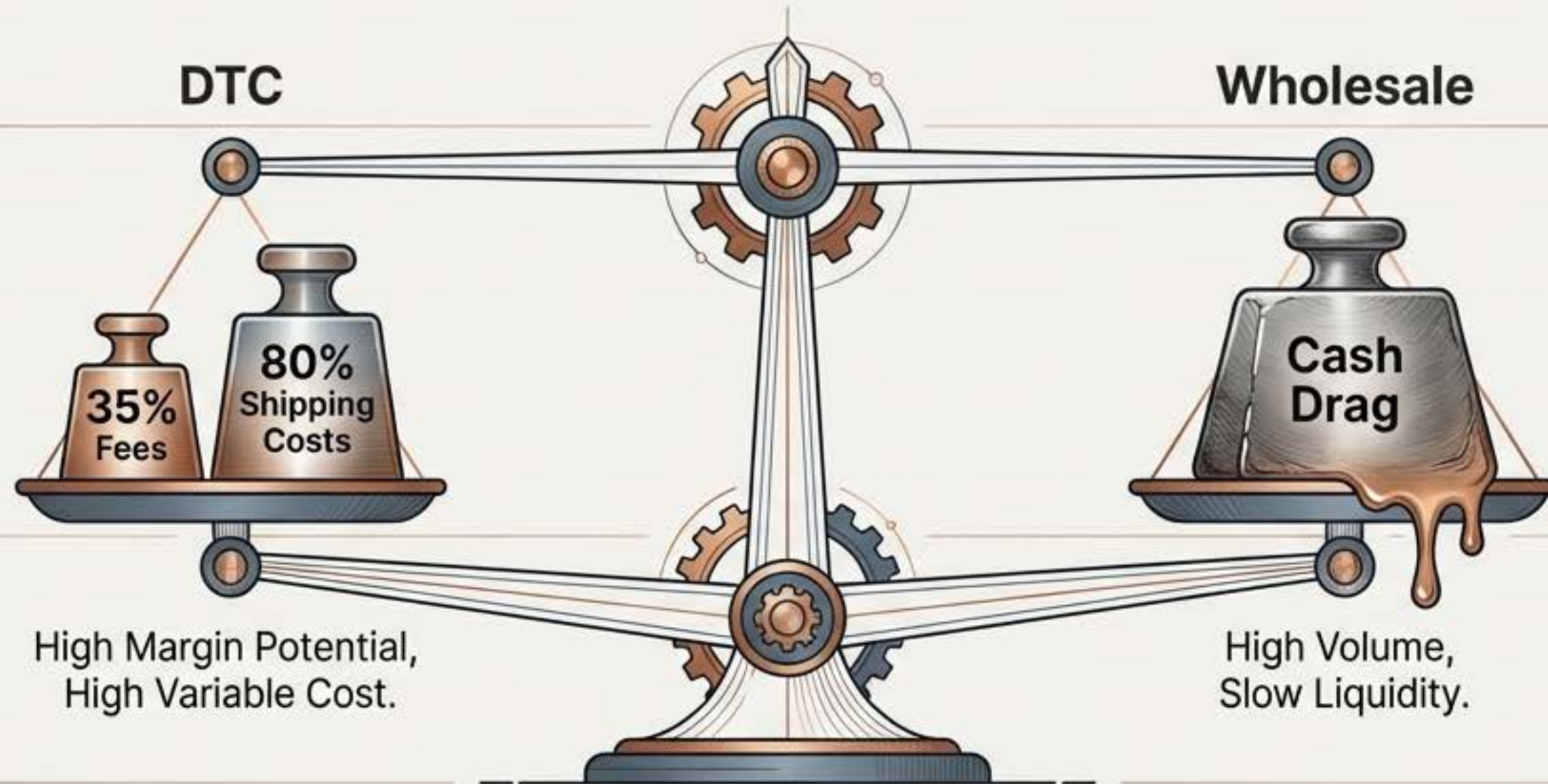


Inventory Turnover Ratio (ITR)



Inventory sits for 81 days. With a 50% volume increase planned for 2027, this slow cycle creates a **Churn Risk**. Speed prevents capital stagnation.

Strategic Imperative 3: Liquidity & Channel Economics



The Cash Trap: Accounts Receivable often hits 45 Days.

Requirement: \$1.192M Minimum Cash Cushion.

Conflict: Every day of delay starves the fund for \$15,000 wax melters needed for growth.

Goal: Accelerate from Net 60 to Net 30.

The Question:
Is the market
accepting our
'ScentScapes'
positioning?

~\$2,797

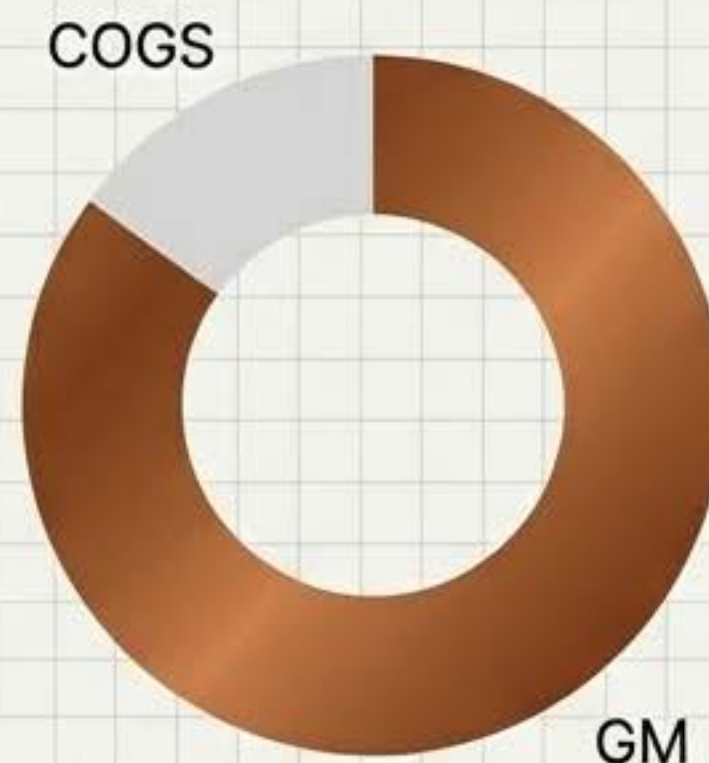
Target (Premium/Subscription Bundles)

Context: Industry
boutiques aim for
\$50-\$150. Our
target confirms an
ultra-premium
strategy.

ACTION: Shift mix toward high-value collections to offset rising input costs (soy wax).

85%

Target (Aggressive)



The Question:

Is the core product profitable before overhead?

Insight:

If the product isn't profitable at the unit level, no amount of scaling will fix it. COGS includes Materials + 12% revenue allocation for labor/overhead.

LEVER: Ruthlessly control the \$300 material cost cap to protect this floor.

KPI 03

Direct Material Cost per Unit

The Question:

Are we controlling our input volatility?

< \$300

Maximum Allowable Cost per Unit

Pro-Tip:

Monitor weekly.

Red Flag Rule: If costs exceed \$300 for two consecutive weeks, trigger an immediate sourcing review.



LEVER: Negotiate bulk pricing tiers for vessels and standardize fragrance loads.

KPI 04

Inventory Turnover Ratio (ITR)

The Question:

How fast is our capital moving?

4.5x - 6x

Annual Turnover Target

Current State:

4.5x (Inventory sits for 81 days).

Scented goods perish; unsold inventory is rotting cash.

INSIGHT: Balancing this turn rate with the 18-day production cycle is the key constraint for 2027.

KPI 05

Contribution Margin Percentage (CM%)

The Question:

Does the unit economics cover our fixed overhead?

> 70%

Scalability Threshold

The 'Killer' Variable:

Shipping costs are projected at 80% in 2026. Reducing this is the single biggest opportunity.

REALITY: If we drop below 70%, we cannot cover rent/salaries, regardless of volume.

KPI 06

Revenue per FTE

The Question:

Are we over-hiring?

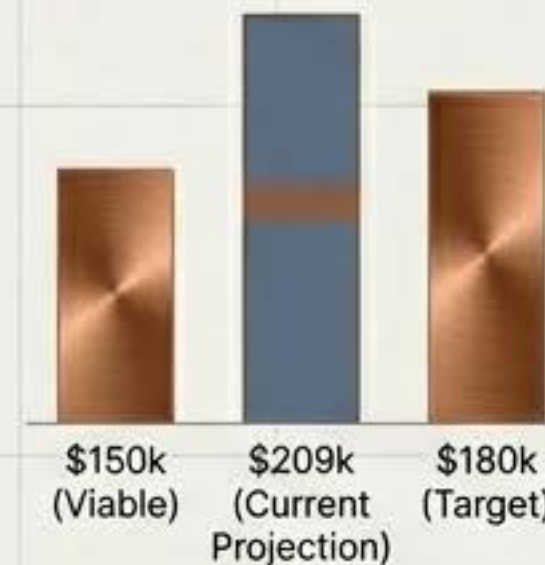
\$180,000

2026 Target

Current Status:

\$839,000 Revenue /
4 FTEs = \$209,750.

We are currently
efficient.



RULE: Headcount must trail revenue growth. Freeze hiring if this metric dips below target.

KPI 07

EBITDA Margin

The Question:

Is the business healthy at its core?

~50.77%

Financial Health Target

Reality Check:

This is exceptionally high for manufacturing. It requires strict adherence to the 85% GM target.

CALCULATION: Based on \$426k EBITDA / \$839k Revenue.

The Cash Conversion Cycle & Capital Requirements



RULE: Headcount must trail revenue growth. Freeze hiring if this metric dips below target.

Operational Playbook: Next Steps

MAINTAIN

85% GM by prioritizing Premium Bundles (\$2,797 ASP target).

MONITOR

Weekly Direct Material Costs against the \$300 limit.

INVEST

Allocate CapEx for pouring stations immediately to bridge the 10,000 unit throughput gap.

ATTACK

Reduce variable shipping costs (currently 80%) to ensure Contribution Margin >70%.

“Efficiency is the bridge between our current volume and our 2030 profitability.”

Appendix: KPI Calculation Cheat Sheet

Metric	Formula	Notes
ASP	Total Revenue / Total Units Sold	Target: ~\$2,797
GM%	(Revenue - COGS) / Revenue	Target: 85%
Material Cost	Total Material Cost / Total Units Produced	Limit: \$300
ITR	COGS / Average Inventory Value	Target: 4.5x - 6x
CM%	(Total Revenue - Total Variable Costs) / Total Revenue	Target: >70%
Rev per FTE	Total Revenue / Total FTE Count	Target: \$180k
EBITDA Margin	EBITDA / Revenue	Target: ~50.77%