

Anup N. Amatya & Associates. All rights reserved.	Startup year						Terminal year
	2016	2017	2018	2019	2020	2021	2022

Balance Sheet Check	OK	OK	OK	OK	OK	OK	OK
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Assumptions

Traffic (Avg monthly site Visits)

Email	0	4,000	8,000	18,000	25,000	45,000	55,000
Organic Search	10,000	25,000	50,000	75,000	125,000	160,000	175,000
Paid Search	15,000	15,000	10,000	10,000	10,000	10,000	10,000
Affiliates	7,000	5,000	5,000	5,000	5,000	5,000	5,000
Total Monthly Visits	32,000	49,000	73,000	108,000	165,000	220,000	245,000
Growth Rate		53.1%	49.0%	47.9%	52.8%	33.3%	11.4%

Site Traffic (Annual)

12

Email	0	48,000	96,000	216,000	300,000	540,000	660,000
Organic Search	120,000	300,000	600,000	900,000	1,500,000	1,920,000	2,100,000
Paid Search	180,000	180,000	120,000	120,000	120,000	120,000	120,000
Affiliates	84,000	60,000	60,000	60,000	60,000	60,000	60,000
Total Annual Visits	384,000	588,000	876,000	1,296,000	1,980,000	2,640,000	2,940,000

Conversion Rates

Email	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Organic Search	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Paid Search	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Affiliates	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Total Monthly Visits	2.1%	2.0%	1.9%	2.0%	2.0%	2.1%	2.1%

Orders Placed

Email	0	1,920	3,840	8,640	12,000	21,600	26,400
Organic Search	1,800	4,500	9,000	13,500	22,500	28,800	31,500
Paid Search	3,600	3,600	2,400	2,400	2,400	2,400	2,400
Affiliates	2,520	1,800	1,800	1,800	1,800	1,800	1,800
Total Orders Placed	7,920	11,820	17,040	26,340	38,700	54,600	62,100

Order Details

Average item value (Gross)	210	210	210	210	210	210	210
No. of items per order	1.0	1.3	1.5	1.5	2.0	2.5	2.5
Average markdown	12%	12%	12%	12%	12%	12%	12%
Average promotion/discount	15%	17%	15%	13%	10%	8%	5%
Cost of Goods Sold (Gross Product Margin)	40%	40%	40%	40%	40%	40%	40%
Average Gross order value	210	273	315	315	420	525	525
Average Net order value	153	194	230	236	328	420	436

Customers

Churn Rate	20%	20%	20%	20%	20%	20%	20%
Opening active customer base	0	6,336	12,989	20,951	30,921	46,097	63,277
Plus new customers	7,920	9,900	13,200	17,700	26,700	33,000	35,700
Subtotal	7,920	16,236	26,189	38,651	57,621	79,097	98,977
Less churned customers	(1,584)	(3,247)	(5,238)	(7,730)	(11,524)	(15,819)	(19,795)
Closing customer base	6,336	12,989	20,951	30,921	46,097	63,277	79,182

Marketing Expenses

Variable

Email (cost per click)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Organic Search (cost per click)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Paid Search (cost per click)	2.25	3.00	3.25	3.50	3.65	3.65	3.70
Affiliates (cost per click)	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Average	2.04	1.38	0.75	0.53	0.36	0.27	0.24

Order Fulfilment

Variable

Freight/shipping per order	10.00	9.00	9.00	8.00	8.00	7.00	7.00
Labor/handling per order	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Total	14.50	13.50	13.50	12.50	12.50	11.50	11.50

Fixed

Warehouse rent	100,000	130,000	150,000	200,000	250,000	400,000	450,000
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General & Administrative							
Fixed							
Office rent	125,000	125,000	125,000	150,000	150,000	180,000	200,000
Salaries, wages & Benefits	400,000	500,000	800,000	1,000,000	1,200,000	1,500,000	2,000,000
Professional fees	125,000	125,000	125,000	170,000	170,000	170,000	180,000
Other	80,000	90,000	100,000	100,000	300,000	300,000	350,000
Total	730,000	840,000	1,150,000	1,420,000	1,820,000	2,150,000	2,730,000
Balance Sheet Items							
Current Assets							
Accounts Receivable Days	10	10	10	10	10	10	10
Inventory Days	100	90	80	80	80	70	70
Inventory Turnover	365	3.7	4.1	4.6	4.6	5.2	5.2
Current Liabilities							
Accounts Payable Days	50	50	45	40	35	35	30
Capital Expenditures							
Technology Development/Enhancement	200,000	100,000	100,000	300,000	150,000	500,000	200,000
Office Equipment	100,000	75,000	75,000	75,000	100,000	100,000	300,000
Acquisitions	0	0	0	0	0	0	0
Depreciation							
Technology - Straight-line Years	7	7	7	7	7	7	7
Office Equipment - Straight-line Years	7	7	7	7	7	7	7
Financing							
Interest Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Debt Issued (Repaid)	0	0	0	0	0	0	0
Equity Raised (Repurchased)	7,000,000	0	0	0	0	0	0
Dividends Paid	0	0	0	0	0	0	0
Valuation							
Tax Rate	25%	25%	25%	25%	25%	25%	25%
Cost of Capital / Discount Rate	25%						
Terminal Value Exit Multiple	8.0x						

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Income Statement

Gross Revenue	1,663,200	3,226,860	5,367,600	8,297,100	16,254,000	28,665,000	32,602,500
Discounts, Promotions, Markdowns	(449,064)	(935,789)	(1,449,252)	(2,074,275)	(3,575,880)	(5,733,000)	(5,542,425)
Net Revenue	1,214,136	2,291,071	3,918,348	6,222,825	12,678,120	22,932,000	27,060,075
Cost of Goods Sold	665,280	1,290,744	2,147,040	3,318,840	6,501,600	11,466,000	13,041,000
Gross Profit	548,856	1,000,327	1,771,308	2,903,985	6,176,520	11,466,000	14,019,075
Gross Margin	45.2%	43.7%	45.2%	46.7%	48.7%	50.0%	51.8%
Variable Operating Expenses							
Marketing	783,000	810,000	660,000	690,000	708,000	708,000	714,000
Fulfillment	114,840	159,570	230,040	329,250	483,750	627,900	714,150
Total Variable Costs	897,840	969,570	890,040	1,019,250	1,191,750	1,335,900	1,428,150
Contribution Margin	(348,984)	30,757	881,268	1,884,735	4,984,770	10,130,100	12,590,925
Margin	-28.7%	1.3%	22.5%	30.3%	39.3%	44.2%	46.5%
Fixed Operating Expenses							
Fulfillment	100,000	130,000	150,000	200,000	250,000	400,000	450,000
General & Administrative	730,000	840,000	1,150,000	1,420,000	1,820,000	2,150,000	2,730,000
Total	830,000	970,000	1,300,000	1,620,000	2,070,000	2,550,000	3,180,000
EBITDA	(1,178,984)	(939,243)	(418,732)	264,735	2,914,770	7,580,100	9,410,925
Margin	-97.1%	-41.0%	-10.7%	4.3%	23.0%	33.1%	34.8%
Depreciation	42,857	67,857	92,857	146,429	182,143	267,857	339,286
Interest	0	0	0	0	0	0	0
Earnings Before Tax (EBT)	(1,221,841)	(1,007,101)	(511,589)	118,306	2,732,627	7,312,243	9,071,639
Taxes	0	0	0	29,577	683,157	1,828,061	2,267,910
Net Income	(1,221,841)	(1,007,101)	(511,589)	88,730	2,049,470	5,484,182	6,803,729

Dividends Paid 0 0 0 0 0 0 0 0

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Balance Sheet

ASSETS

Current

Cash	5,519,610	4,335,370	3,609,539	3,250,701	4,620,177	9,207,198	15,396,726
Accounts Receivable	33,264	62,769	107,352	170,488	347,346	628,274	741,372
Inventory	182,268	318,266	470,584	727,417	1,425,008	2,198,959	2,501,014
Total	5,735,142	4,716,405	4,187,475	4,148,606	6,392,531	12,034,431	18,639,112
Technology	171,429	228,571	271,429	471,429	500,000	807,143	785,714
Property & Equipment (PPE)	85,714	135,714	175,000	203,571	242,857	267,857	450,000
Total Assets	5,992,285	5,080,690	4,633,904	4,823,606	7,135,388	13,109,431	19,874,826

LIABILITIES & SHAREHOLDER EQUITY

Liabilities

Current

Accounts Payable	214,126	309,632	374,435	475,407	737,718	1,227,579	1,189,245
Total	214,126	309,632	374,435	475,407	737,718	1,227,579	1,189,245
Debt	0	0	0	0	0	0	0
Total Liabilities	214,126	309,632	374,435	475,407	737,718	1,227,579	1,189,245

Shareholder Equity

Share Capital	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Retained Earnings	(1,221,841)	(2,228,942)	(2,740,531)	(2,651,801)	(602,331)	4,881,851	11,685,581
Total Shareholder Equity	5,778,159	4,771,058	4,259,469	4,348,199	6,397,669	11,881,851	18,685,581
Total Liabilities & Shareholder Equity	5,992,285	5,080,690	4,633,904	4,823,606	7,135,388	13,109,431	19,874,826

Check	0.000	0.000	0.000	0.000	0.000	0.000	0.000
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Cash Flow Statement

Cash from Operations

Net Income	(1,221,841)	(1,007,101)	(511,589)	88,730	2,049,470	5,484,182	6,803,729
Depreciation	42,857	67,857	92,857	146,429	182,143	267,857	339,286

Changes in non cash working capital

Accounts Receivable	33,264	29,505	44,583	63,136	176,857	280,928	113,098
Inventory	182,268	135,997	152,318	256,833	697,591	773,951	302,055
Accounts Payable	214,126	95,506	64,802	100,973	262,311	489,861	(38,334)
Total	(1,180,390)	(1,009,240)	(550,831)	16,162	1,619,476	5,187,021	6,689,528

Cash Invested

Capital Expenditures	300,000	175,000	175,000	375,000	250,000	600,000	500,000
Acquisitions	0	0	0	0	0	0	0
Total	300,000	175,000	175,000	375,000	250,000	600,000	500,000

Cash from Financing

Increase (decrease) in Debt	0	0	0	0	0	0	0
Equity Issued (repurchased)	7,000,000	0	0	0	0	0	0
Dividends Paid	0	0	0	0	0	0	0
Total	7,000,000	0	0	0	0	0	0

Total Cash	5,519,610	(1,184,240)	(725,831)	(358,838)	1,369,476	4,587,021	6,189,528
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Opening balance	0	5,519,610	4,335,370	3,609,539	3,250,701	4,620,177	9,207,198
Increase (Decrease)	5,519,610	(1,184,240)	(725,831)	(358,838)	1,369,476	4,587,021	6,189,528
Closing balance	5,519,610	4,335,370	3,609,539	3,250,701	4,620,177	9,207,198	15,396,726

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Supporting Schedules

Capital Assets

Opening Balance

Technology	0	171,429	228,571	271,429	471,429	500,000	807,143
Property & Equipment	0	85,714	135,714	175,000	203,571	242,857	267,857
Total	0	257,143	364,286	446,429	675,000	742,857	1,075,000

Additions

Technology	200,000	100,000	100,000	300,000	150,000	500,000	200,000
Property & Equipment	100,000	75,000	75,000	75,000	100,000	100,000	300,000
Total	300,000	175,000	175,000	375,000	250,000	600,000	500,000

Subtotal							
Technology	200,000	271,429	328,571	571,429	621,429	1,000,000	1,007,143
Property & Equipment	100,000	160,714	210,714	250,000	303,571	342,857	567,857
Total	300,000	432,143	539,286	821,429	925,000	1,342,857	1,575,000

Depreciation

Technology

2016	28,571	28,571	28,571	28,571	28,571	28,571	28,571
2017		14,286	14,286	14,286	14,286	14,286	14,286
2018			14,286	14,286	14,286	14,286	14,286
2019				42,857	42,857	42,857	42,857
2020					21,429	21,429	21,429
2021						71,429	71,429
2022							28,571
Subtotal	28,571	42,857	57,143	100,000	121,429	192,857	221,429

Property & Equipment

2016	14,286	14,286	14,286	14,286	14,286	14,286	14,286
2017		10,714	10,714	10,714	10,714	10,714	10,714
2018			10,714	10,714	10,714	10,714	10,714
2019				10,714	10,714	10,714	10,714
2020					14,286	14,286	14,286
2021						14,286	14,286
2022							42,857
Subtotal	14,286	25,000	35,714	46,429	60,714	75,000	117,857

Total	42,857	67,857	92,857	146,429	182,143	267,857	339,286
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Closing Balance

Technology {{Open+Add}-Dep.}	171,429	228,571	271,429	471,429	500,000	807,143	785,714
Property & Equipment {{Open+Add}-Dep.}	85,714	135,714	175,000	203,571	242,857	267,857	450,000
Total	257,143	364,286	446,429	675,000	742,857	1,075,000	1,235,714

Debt Schedule

Opening Balance	0	0	0	0	0	0	0
Debt Issued (Repaid)	0	0	0	0	0	0	0
Closing Balance	0	0	0	0	0	0	0
Interest on Debt	0	0	0	0	0	0	0

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Customer Metrics

Customer Acquisition Cost (CAC)	128	150	157	164	169	169	170
Contribution Margin Per Order (Ex. Variables)	55	71	90	98	147	199	214
Customer Lifetime Value (LTV)	274	356	452	489	736	993	1,071
LTV/CAC Ratio	2.1x	2.4x	2.9x	3.0x	4.4x	5.9x	6.3x
Payback (# of orders)	2.3	2.1	1.7	1.7	1.1	0.8	0.8

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Valuation

EBIT	(1,221,841)	(1,007,101)	(511,589)	118,306	2,732,627	7,312,243	9,071,639
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Net Operating Loss

Opening Balance	0	1,221,841	2,228,942	2,740,531	2,622,224	0	0
Current Loss	1,221,841	1,007,101	511,589	0	0	0	0
Sub Total	1,221,841	2,228,942	2,740,531	2,740,531	2,622,224	0	0
Loss Used	0	0	0	118,306	2,622,224	0	0
Closing Balance	1,221,841	2,228,942	2,740,531	2,622,224	0	0	0

Free Cash Flow

Earning Before Tax	(1,221,841)	(1,007,101)	(511,589)	118,306	2,732,627	7,312,243	9,071,639
Interest	0	0	0	0	0	0	0
EBIT	(1,221,841)	(1,007,101)	(511,589)	118,306	2,732,627	7,312,243	9,071,639
Less Taxes	0	0	0	0	27,601	1,828,061	2,267,910
Less Capex	300,000	175,000	175,000	375,000	250,000	600,000	500,000

Plus Depreciation	42,857	67,857	92,857	146,429	182,143	267,857	339,286
Less Changes in Working Capital	1,406	69,996	132,099	218,997	612,137	565,018	453,487
Unlevered Free Cash Flow	(1,480,390)	(1,184,240)	(725,831)	(329,262)	2,025,032	4,587,021	6,189,528

DCF Valuation

NPV of Forecast (Npv fn., Used)	25%	715,344
Terminal Value (EBITDA multiple last yr)	8.0x	75,287,400
NPV of Terminal Value $i/(1+r)^n$		15,788,912
Total Enterprise Value (NPV @ 25%+ NPV Terminl)		16,504,256

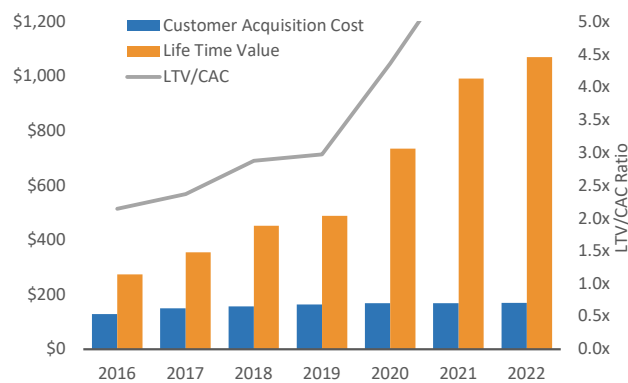
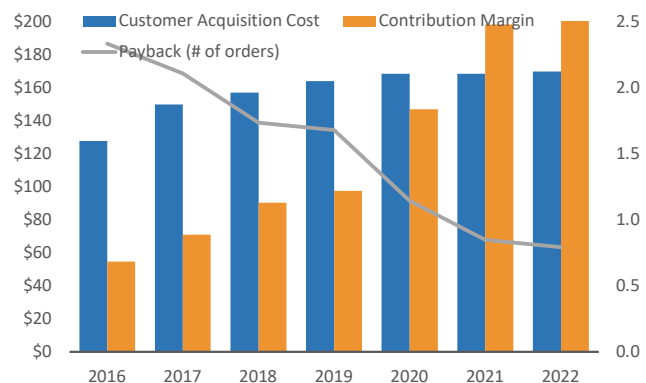
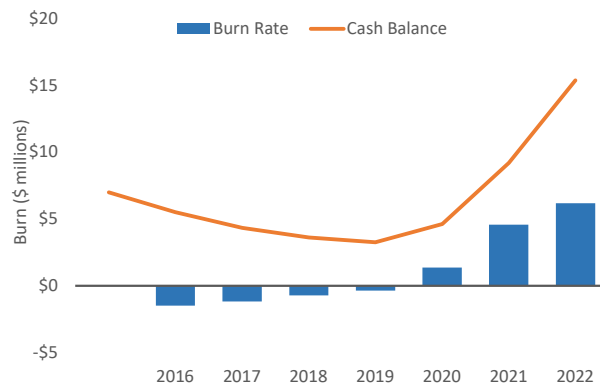
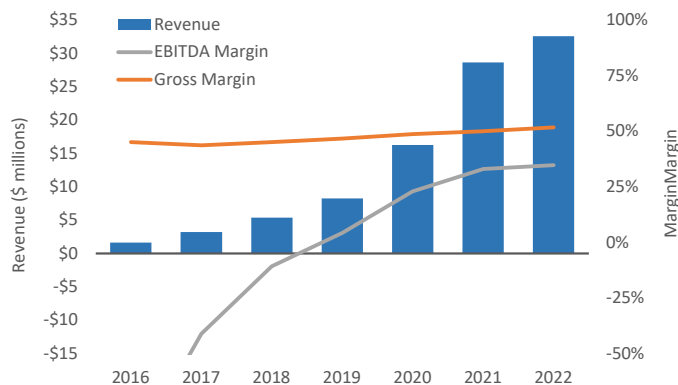
EV/Gross Revenue (2017E) **5.1x**

% of Business Retained after raise **70%**

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Charts & Graphs

Revenue	1,663,200	3,226,860	5,367,600	8,297,100	16,254,000	28,665,000	32,602,500
Gross Margin	45.2%	43.7%	45.2%	46.7%	48.7%	50.0%	51.8%
EBITDA Margin	-97.1%	-41.0%	-10.7%	4.3%	23.0%	33.1%	34.8%
Customer Acquisition Cost	128	150	157	164	169	169	170
Life Time Value	274	356	452	489	736	993	1,071
LTV/CAC	2.1x	2.4x	2.9x	3.0x	4.4x	5.9x	6.3x
Customer Acquisition Cost	128	150	157	164	169	169	170
Contribution Margin	55	71	90	98	147	199	214
Payback (# of orders)	2.3	2.1	1.7	1.7	1.1	0.8	0.8
Burn Rate	(1,480,390)	(1,184,240)	(725,831)	(358,838)	1,369,476	4,587,021	6,189,528
Cash Balance	7,000,000	5,519,610	4,335,370	3,609,539	3,250,701	4,620,177	15,396,726



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