

	2016	2017	2018	2019	2020	2021	2022
Balance Sheet Check	OK	OK	OK	OK	OK	OK	OK

Assumptions

Site Traffic (Avg monthly visits)

Email	0	5,000	10,000	20,000	30,000	50,000	60,000
Organic Search	10,000	50,000	100,000	130,000	155,000	170,000	180,000
Paid Search	30,000	20,000	10,000	10,000	10,000	10,000	10,000
Affiliates	20,000	10,000	5,000	5,000	5,000	5,000	5,000
Total Monthly Visits	60,000	85,000	125,000	165,000	200,000	235,000	255,000
Growth Rate		41.7%	47.1%	32.0%	21.2%	17.5%	8.5%

Site Traffic (Annual)

12

Email	0	60,000	120,000	240,000	360,000	600,000	720,000
Organic Search	120,000	600,000	1,200,000	1,560,000	1,860,000	2,040,000	2,160,000
Paid Search	360,000	240,000	120,000	120,000	120,000	120,000	120,000
Affiliates	240,000	120,000	60,000	60,000	60,000	60,000	60,000
Total Annual Visits	720,000	1,020,000	1,500,000	1,980,000	2,400,000	2,820,000	3,060,000

Conversion Rates

Email	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Organic Search	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Paid Search	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
Affiliates	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Total Monthly Visits	2.8%	2.5%	2.4%	2.6%	2.7%	2.9%	3.0%

Orders Placed

Email	0	3,600	7,200	14,400	21,600	36,000	43,200
Organic Search	2,400	12,000	24,000	31,200	37,200	40,800	43,200
Paid Search	7,920	5,280	2,640	2,640	2,640	2,640	2,640
Affiliates	9,600	4,800	2,400	2,400	2,400	2,400	2,400
Total Orders Placed	19,920	25,680	36,240	50,640	63,840	81,840	91,440

Order Details

Average item value (gross)	250	250	250	250	250	250	250
# of items per order	1.1	1.2	1.3	1.4	1.5	1.6	1.7
Average markdown	10%	10%	10%	10%	10%	10%	10%
Average promotion/discount	20%	18%	15%	12%	10%	8%	8%
Cost of Goods Sold (Gross Product Margin)	50%	50%	50%	50%	50%	50%	50%
Average Gross order value	275	300	325	350	375	400	425
Average Net order value	193	216	244	273	300	328	349

Customers

Churn Rate	25%	25%	25%	25%	25%	25%	25%
Opening active customer base	0	14,940	27,765	42,604	59,133	76,030	91,402
Plus new customers	19,920	22,080	29,040	36,240	42,240	45,840	48,240
Subtotal	19,920	37,020	56,805	78,844	101,373	121,870	139,642
Less churned customers	4,980	9,255	14,201	19,711	25,343	30,467	34,911
Closing customer base	14,940	27,765	42,604	59,133	76,030	91,402	104,732

	Startup year						Terminal year
	2016	2017	2018	2019	2020	2021	2022
Balance Sheet Check	OK	OK	OK	OK	OK	OK	OK
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)	3.00	3.25	3.25	3.50	3.50	3.75	4.00
Affiliates (cost per click)	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Average	3.17	1.35	0.46	0.36	0.30	0.27	0.25
Order Fulfilment							
Variable							
Freight/shipping per order	12.00	10.00	9.00	9.00	8.00	8.00	7.00
Labor/handling per order	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total	17.00	15.00	14.00	14.00	13.00	13.00	12.00
Fixed							
Warehouse rent	150,000	150,000	150,000	250,000	250,000	500,000	500,000
General & Administrative							
Fixed							
Office rent	100,000	100,000	100,000	200,000	200,000	200,000	200,000
Salaries, wages & Benefits	500,000	700,000	1,000,000	1,200,000	1,500,000	2,000,000	3,000,000
Professional fees	100,000	100,000	100,000	200,000	200,000	200,000	200,000
Other	100,000	100,000	200,000	200,000	400,000	400,000	400,000
Total	800,000	1,000,000	1,400,000	1,800,000	2,300,000	2,800,000	3,800,000
Balance Sheet Items							
Current Assets							
Accounts Receivable Days	5	5	5	5	5	5	5
Inventory Days	120	100	90	90	90	90	90
Inventory Turns	365	3.7	4.1	4.1	4.1	4.1	4.1
Current Liabilities							
Accounts Payable Days	60	50	40	30	30	30	30
Capital Expenditures							
Technology Development	300,000	50,000	50,000	500,000	50,000	1,000,000	100,000
Office Equipment	200,000	50,000	50,000	50,000	200,000	100,000	500,000
Acquisitions	0	0	0	0	0	0	0
Depreciation							
Technology - Straight-line Years	5	5	5	5	5	5	5
Office Equipment - Straight-line Years	5	5	5	5	5	5	5
Financing							
Interest Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Debt Issued (Repaid)	0	0	0	0	0	0	0
Equity Raised (Repurchased)	8,000,000	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	20%	20%	20%	20%	20%	20%	20%
Terminal Value Exit Multiple	8.0x						

	2016	2017	2018	2019	2020	2021	2022
Balance Sheet Check	OK	OK	OK	OK	OK	OK	OK

Income Statement

Gross Revenue	5,478,000	7,704,000	11,778,000	17,724,000	23,940,000	32,736,000	38,862,000
Discounts, Promotions, Markdowns	(1,643,400)	(2,157,120)	(2,944,500)	(3,899,280)	(4,788,000)	(5,892,480)	(6,995,160)
Net Revenue	3,834,600	5,546,880	8,833,500	13,824,720	19,152,000	26,843,520	31,866,840
Cost of Goods Sold	2,739,000	3,852,000	5,889,000	8,862,000	11,970,000	16,368,000	19,431,000
Gross Profit	1,095,600	1,694,880	2,944,500	4,962,720	7,182,000	10,475,520	12,435,840
Gross Margin	28.6%	30.6%	33.3%	35.9%	37.5%	39.0%	39.0%
Variable Operating Expenses							
Marketing	2,280,000	1,380,000	690,000	720,000	720,000	750,000	780,000
Fulfillment	338,640	385,200	507,360	708,960	829,920	1,063,920	1,097,280
Total Variable Costs	2,618,640	1,765,200	1,197,360	1,428,960	1,549,920	1,813,920	1,877,280
Contribution Margin	(1,523,040)	(70,320)	1,747,140	3,533,760	5,632,080	8,661,600	10,558,560
Margin	-39.7%	-1.3%	19.8%	25.6%	29.4%	32.3%	33.1%
Fixed Operating Expenses							
Fulfillment	150,000	150,000	150,000	250,000	250,000	500,000	500,000
General & Administrative	800,000	1,000,000	1,400,000	1,800,000	2,300,000	2,800,000	3,800,000
Total	950,000	1,150,000	1,550,000	2,050,000	2,550,000	3,300,000	4,300,000
EBITDA	(2,473,040)	(1,220,320)	197,140	1,483,760	3,082,080	5,361,600	6,258,560
Margin	-64.5%	-22.0%	2.2%	10.7%	16.1%	20.0%	19.6%
Depreciation	100,000	120,000	140,000	250,000	300,000	420,000	520,000
Interest	0	0	0	0	0	0	0
Earnings Before Tax	(2,573,040)	(1,340,320)	57,140	1,233,760	2,782,080	4,941,600	5,738,560
Taxes	0	0	14,285	308,440	695,520	1,235,400	1,434,640
Net Income	(2,573,040)	(1,340,320)	42,855	925,320	2,086,560	3,706,200	4,303,920
Dividends Paid	0	0	0	0	0	0	0

	2016	2017	2018	2019	2020	2021	2022
Balance Sheet Check	OK	OK	OK	OK	OK	OK	OK

Balance Sheet

ASSETS

Current

Cash	4,954,646	3,344,792	2,992,993	2,886,117	4,448,738	6,668,315	10,325,123
Accounts Receivable	52,529	75,985	121,007	189,380	262,356	367,719	436,532
Inventory	900,493	1,055,342	1,452,082	2,185,151	2,951,507	4,035,945	4,791,205
Total	5,907,668	4,476,119	4,566,082	5,260,647	7,662,601	11,071,979	15,552,860
Technology	240,000	220,000	190,000	510,000	370,000	1,040,000	800,000
Property & Equipment	160,000	160,000	150,000	130,000	220,000	230,000	550,000
Total Assets	6,307,668	4,856,119	4,906,082	5,900,647	8,252,601	12,341,979	16,902,860

LIABILITIES & SHAREHOLDER EQUITY

Liabilities

Current

Revolver							
Accounts Payable	880,708	769,479	776,587	845,832	1,111,226	1,494,404	1,751,365
Total	880,708	769,479	776,587	845,832	1,111,226	1,494,404	1,751,365
Debt	0	0	0	0	0	0	0
Total Liabilities	880,708	769,479	776,587	845,832	1,111,226	1,494,404	1,751,365

Shareholder Equity

Share Capital	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Retained Earnings	(2,573,040)	(3,913,360)	(3,870,505)	(2,945,185)	(858,625)	2,847,575	7,151,495
Total Shareholder Equity	5,426,960	4,086,640	4,129,495	5,054,815	7,141,375	10,847,575	15,151,495
Total Liabilities & Shareholder Equity	6,307,668	4,856,119	4,906,082	5,900,647	8,252,601	12,341,979	16,902,860

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	(2,573,040)	(1,340,320)	42,855	925,320	2,086,560	3,706,200	4,303,920
Depreciation	100,000	120,000	140,000	250,000	300,000	420,000	520,000
Changes in non cash working capital							
Accounts Receivable	52,529	23,456	45,022	68,373	72,976	105,363	68,813
Inventory	900,493	154,849	396,740	733,068	766,356	1,084,438	755,260
Accounts Payable	880,708	(111,228)	7,108	69,245	265,394	383,178	256,961
Total	(2,545,354)	(1,509,854)	(251,799)	443,124	1,812,621	3,319,576	4,256,808

Cash Invested

Capital Expenditures	500,000	100,000	100,000	550,000	250,000	1,100,000	600,000
Acquisitions	0	0	0	0	0	0	0
Total	500,000	100,000	100,000	550,000	250,000	1,100,000	600,000

Cash from Financing

Increase (decrease) in Debt	0	0	0	0	0	0	0
Equity Issued (repurchased)	8,000,000	0	0	0	0	0	0
Dividends Paid	0	0	0	0	0	0	0
Total	8,000,000	0	0	0	0	0	0

Total Cash	4,954,646	(1,609,854)	(351,799)	(106,876)	1,562,621	2,219,576	3,656,808
Opening balance	0	4,954,646	3,344,792	2,992,993	2,886,117	4,448,738	6,668,315
Increase (Decrease)	4,954,646	(1,609,854)	(351,799)	(106,876)	1,562,621	2,219,576	3,656,808
Closing balance	4,954,646	3,344,792	2,992,993	2,886,117	4,448,738	6,668,315	10,325,123

	2016	2017	2018	2019	2020	2021	2022
Balance Sheet Check	OK	OK	OK	OK	OK	OK	OK

Supporting Schedules

Capital Assets

Opening Balance

Technology	0	240,000	220,000	190,000	510,000	370,000	1,040,000
Property & Equipment	0	160,000	160,000	150,000	130,000	220,000	230,000
Total	0	400,000	380,000	340,000	640,000	590,000	1,270,000

Additions

Technology	300,000	50,000	50,000	500,000	50,000	1,000,000	100,000
Property & Equipment	200,000	50,000	50,000	50,000	200,000	100,000	500,000
Total	500,000	100,000	100,000	550,000	250,000	1,100,000	600,000

Subtotal

Technology	300,000	290,000	270,000	690,000	560,000	1,370,000	1,140,000
Property & Equipment	200,000	210,000	210,000	200,000	330,000	320,000	730,000
Total	500,000	500,000	480,000	890,000	890,000	1,690,000	1,870,000

Depreciation

Technology

2016	60,000	60,000	60,000	60,000	60,000	0	0
2017		10,000	10,000	10,000	10,000	10,000	0
2018			10,000	10,000	10,000	10,000	10,000
2019				100,000	100,000	100,000	100,000
2020					10,000	10,000	10,000
2021						200,000	200,000
2022							20,000
Subtotal	60,000	70,000	80,000	180,000	190,000	330,000	340,000

Property & Equipment

2016	40,000	40,000	40,000	40,000	40,000	0	0
2017		10,000	10,000	10,000	10,000	10,000	0
2018			10,000	10,000	10,000	10,000	10,000
2019				10,000	10,000	10,000	10,000
2020					40,000	40,000	40,000
2021						20,000	20,000
2022							100,000
Subtotal	40,000	50,000	60,000	70,000	110,000	90,000	180,000

Total	100,000	120,000	140,000	250,000	300,000	420,000	520,000
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Closing Balance

Technology	240,000	220,000	190,000	510,000	370,000	1,040,000	800,000
Property & Equipment	160,000	160,000	150,000	130,000	220,000	230,000	550,000
Total	400,000	380,000	340,000	640,000	590,000	1,270,000	1,350,000

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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	2016	2017	2018	2019	2020	2021	2022
Balance Sheet Check	OK	OK	OK	OK	OK	OK	OK

Customer Metrics

Customer Acquisition Cost (CAC)	130	137	137	143	143	149	155
Contribution Margin Per Order	38	51	67	84	100	115	124
Customer Lifetime Value (LTV)	152	204	269	336	398	460	496
LTV/CAC Ratio	1.2x	1.5x	2.0x	2.4x	2.8x	3.1x	3.2x
Payback (# of orders)	3.4	2.7	2.0	1.7	1.4	1.3	1.2

Valuation

EBT	(2,573,040)	(1,340,320)	57,140	1,233,760	2,782,080	4,941,600	5,738,560
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Net Operating Loss

Opening Balance	0	2,573,040	3,913,360	3,856,220	2,622,460	0	0
Current Loss	2,573,040	1,340,320	0	0	0	0	0
Sub Total	2,573,040	3,913,360	3,913,360	3,856,220	2,622,460	0	0
Loss Used	0	0	57,140	1,233,760	2,622,460	0	0
Closing Balance	2,573,040	3,913,360	3,856,220	2,622,460	0	0	0

Free Cash Flow

Earning Before Tax	(2,573,040)	(1,340,320)	57,140	1,233,760	2,782,080	4,941,600	5,738,560
Interest	0	0	0	0	0	0	0
EBIT	(2,573,040)	(1,340,320)	57,140	1,233,760	2,782,080	4,941,600	5,738,560
Less Taxes	0	0	0	0	695,520	1,235,400	1,434,640
Less Capex	500,000	100,000	100,000	550,000	250,000	1,100,000	600,000
Plus Depreciation	100,000	120,000	140,000	250,000	300,000	420,000	520,000
Less Changes in Working Capital	72,314	289,534	434,654	732,196	573,939	806,624	567,112
Unlevered Free Cash Flow	(3,045,354)	(1,609,854)	(337,514)	201,564	1,562,621	2,219,576	3,656,808

DCF Valuation

NPV of Forecast	20%	(1,362,003)
Terminal Value (EBITDA multiple)	8.0x	50,068,480
NPV of Terminal Value		13,973,194
Total Enterprise Value		12,611,191

EV/Revenue (2017E) **1.6x**

% of Business Retained after raise **61%**

	2016	2017	2018	2019	2020	2021	2022
Balance Sheet Check	OK	OK	OK	OK	OK	OK	OK

Charts & Graphs

Revenue	3,834,600	5,546,880	8,833,500	13,824,720	19,152,000	26,843,520	31,866,840
Gross Margin	28.6%	30.6%	33.3%	35.9%	37.5%	39.0%	39.0%
EBITDA Margin	-64.5%	-22.0%	2.2%	10.7%	16.1%	20.0%	19.6%
Customer Acquisition Cost	130	137	137	143	143	149	155
Life Time Value	152	204	269	336	398	460	496
LTV/CAC	1.2x	1.5x	2.0x	2.4x	2.8x	3.1x	3.2x
Customer Acquisition Cost	130	137	137	143	143	149	155
Contribution Margin	38	51	67	84	100	115	124
Payback (# of orders)	3.4	2.7	2.0	1.7	1.4	1.3	1.2
Burn Rate	(3,045,354)	(1,609,854)	(351,799)	(106,876)	1,562,621	2,219,576	3,656,808
Cash Balance	8,000,000	4,954,646	3,344,792	2,992,993	2,886,117	4,448,738	10,325,123

