

# BeautiQ project Whitepaper

Version 1.2

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### INTRODUCTION

BeautiQ is a Bulgarian startup. The company was created by a team of experts in e-commerce and Supply Chain with more than 15 years practical experience within Russian, Ukrainian and European markets.

Over the last decade or so, the internet has infused a new lease of life into international trading, making it a robust driver for the global economy. The advent of online trading led to the creation of the “cross-border model”, allowing sellers from various countries to sell products to retail customers on a virtually world-wide basis without establishing or incorporating a business in the relevant sales destination. BeautiQ will be well placed to capitalise on the benefits of this phenomenon. The rest of this Whitepaper introduces the potential investor to the BeautiQ concept and to how he/she can become a part of our success story by investing in our coin – BTQ.

**EXECUTIVE SUMMARY**

This executive summary sets out a brief summary of the problems faced by SME manufacturers when attempting to enter the Chinese market, and how BeautiQ 's platform will provide solutions.

**Problems to solve:**

Technical obstacles and high entrance requirements **limit access to the Chinese online market for small and mid-sized manufacturers** (SMEs) from countries located in Central , Southern Eastern Europe . At the same time Chinese customers switch their focus from luxury goods to quality medium-price products made from natural raw materials.

**Solution:** BeautiQ's operating solution allowing the consolidation of the sales of a wide range of medium-priced goods from CEE/SEE countries via Chinese marketplaces, namely JD Worldwide and Tmall and providing business services to EU manufacturers.

**Market B2C** – the original focus will be the Chinese market place. Then BeautiQ will develop other product niches as FMCG and F&B

**Client** middle-class men and women; internet users, who are typically focused on taking care of their health and looking after their childrens' health.

**Products:** Starting with "Natural Cosmetics", further development into high quality food and beverages from the CEE/SEE region

**Market B2B** – the CEE/SEE region

**Our Clients:** manufacturers planning to enter the Chinese market which are short on resources and can't afford independent expansion. .

**Products:** Consulting and business services facilitating entrance into the Chinese market via online cross-border trade

**Business model**

**B2C** For the start-up and fine tuning of BeautiQ's processes & services we incorporated a Bulgarian Company to become an operator of web-stores on Chinese marketplaces (JDW, Tmall Global) using the opportunity provided by the cross-border online sales model.

**Covered function:** marketing, customer service, fulfillment and delivery;

**B2B functionality development** - on the basis of obtained experience and partners network;

**Operations in Europe** – BeautiQ with small staffing numbers, integrated IT infrastructure and an outsourced logistics function;

**Operations in China** – via JD Worldwide partners (delivery, customer service, reverse logistics) and Digital Marketing agency (marketing activities, SEO , CMM on Chinese web segment (Wechat, Weibo, Baidu etc));

**Finance model:** Revenue from online sales of one product group (cosmetics, FMCG, F&B) as a base for further development of other products and services.

**Operations:**

First 12 months – multi brand store on JD Worldwide with X-border model;

Starting 2nd year – add consulting and business services .

**Marketing strategies: B2C** marketing approach will be based on marketing tools available on the JD platform, search engines (Baidu), brand awareness and trustworthy image of the brands in social media (WeChat, Weibo) in China.

**B2B** strategy will include online and offline PR, organization and participation in events, SEO and SEM.

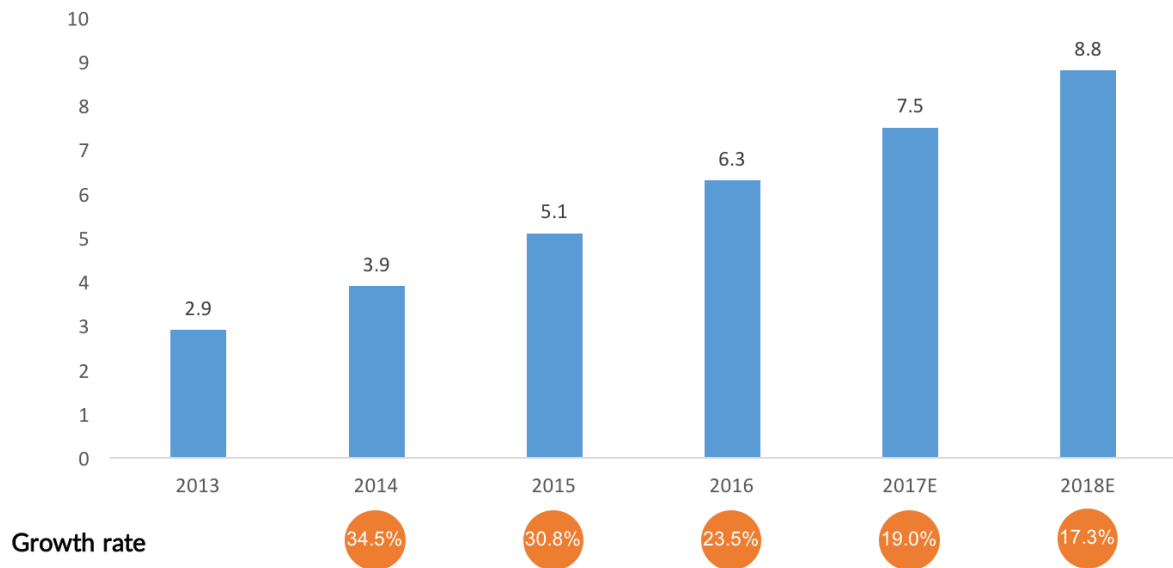
### **Why did BeautiQ select the cross border online trading model?**

The core business of BeautiQ applies the cross-border model of online trading and leverages off the infrastructure of huge online marketplaces. Crossboarding is currently a widely-used model throughout the world and is supported by the government of China. The policies of China's Tariff Free Zone (TFZ) create numerous opportunities for BeautiQ:

- No Chinese legal entity or Chinese bank account is required for overseas companies
- Ability to receive sales proceeds in foreign currency
- No customs duty for the client
- No income tax

The Chinese cross-border e-commerce market, including both B2C and B2B, is expected to reach 7.5 trillion RMB (about 1.1 trillion USD) in 2017.

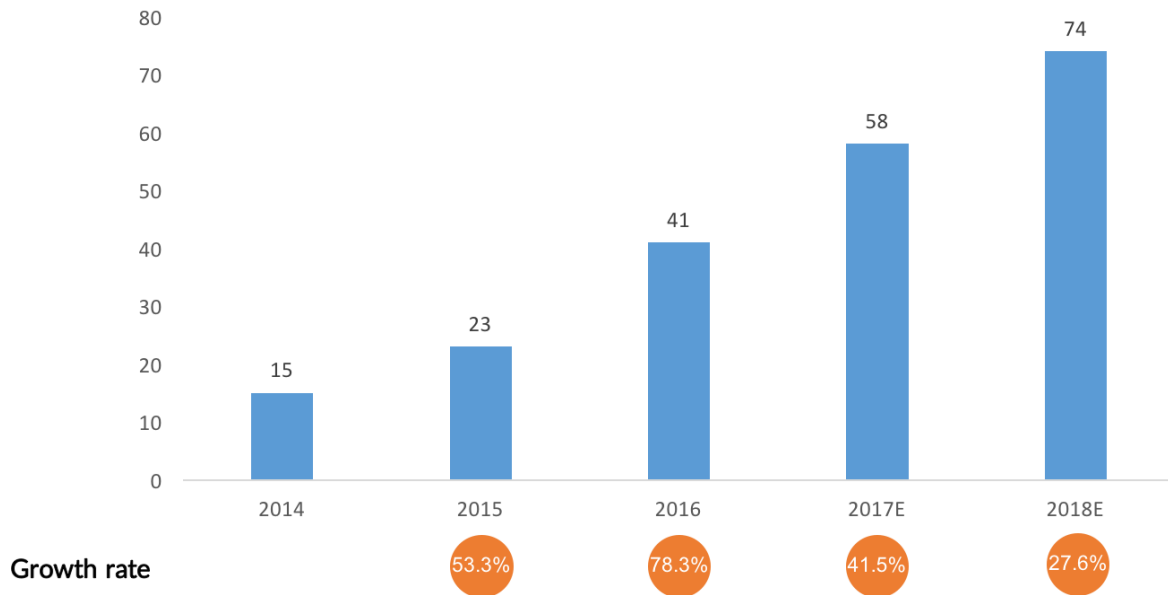
## Cross-border transactions in China (trillion RMB)



Source: iiMedia Research, WalktheChat

Even though market growth is beginning to plateau, it is doing so at around 17% annually, - an impressive growth rate. Meanwhile, the number of Chinese end users engaging in cross-border transactions has also grown steadily over the last few years.

## Cross-border e-commerce users (millions)



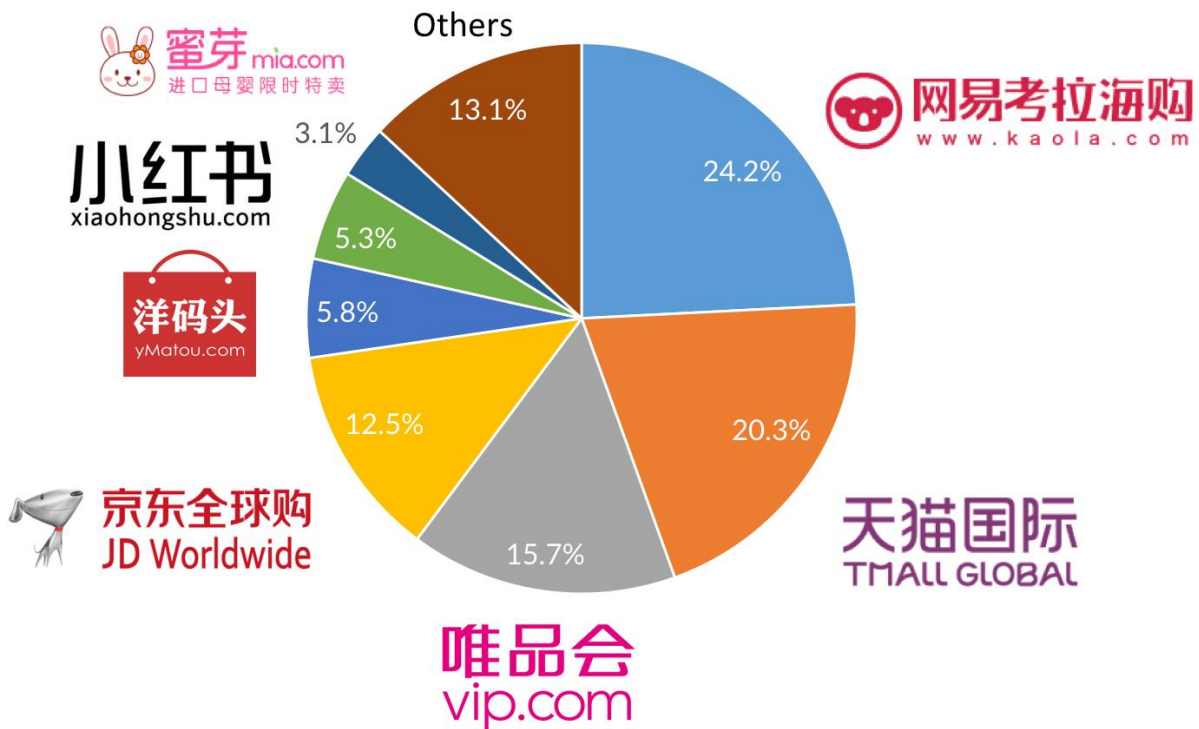
Source: iiMedia Research, WalktheChat

B2C users are growing faster compared to the overall cross-border market, although there is a slight decrease in growth as the number of cross-border buyers catches up with the overall number of e-commerce users.

### A fragmented market

The iiMedia report below reveals the surprisingly fragmented nature of the cross-border e-commerce market in China.

## Market share of main e-commerce players in China



Source: iiMedia Research, WalktheChat

While the traditional e-commerce market is heavily dominated by Alibaba (with about 60-70% market share), cross-border e-commerce is much more fragmented with no market-player enjoying more than 25% of the total market share. Surprisingly, although Tmall and JD are significant market participants, they by no means dominate the cross-border space making it a perfect space for BeautiQ, with its unique approach and product target and origination profile.

**Why do Chinese consumers prefer cross-border purchases?**

Better product quality is the main incentive for Chinese customers to buy cross-border. A favorable quality-price ratio, guaranteed authenticity, and more buying options are other key influencers.

## Why do users choose cross-border e-commerce (top 4 reasons)

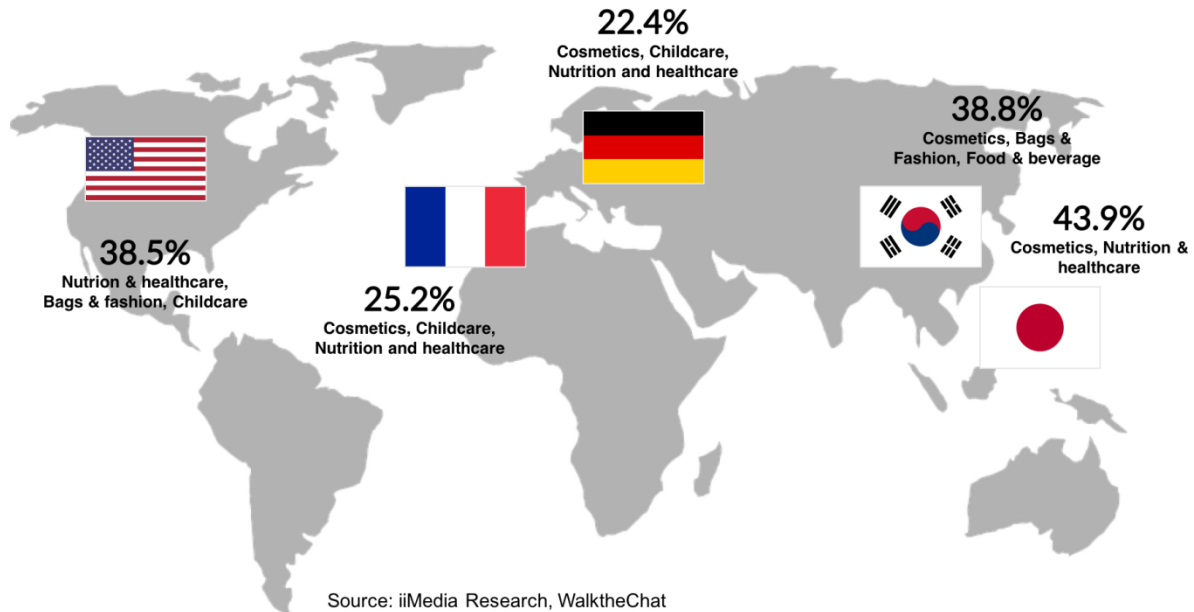
Reason	Percentage
Quality	57.7%
Quality-price ratio	34.4%
More brands to pick from	30.9%
Guaranteed authenticity	30.2%

Source: iiMedia Research, WalktheChat

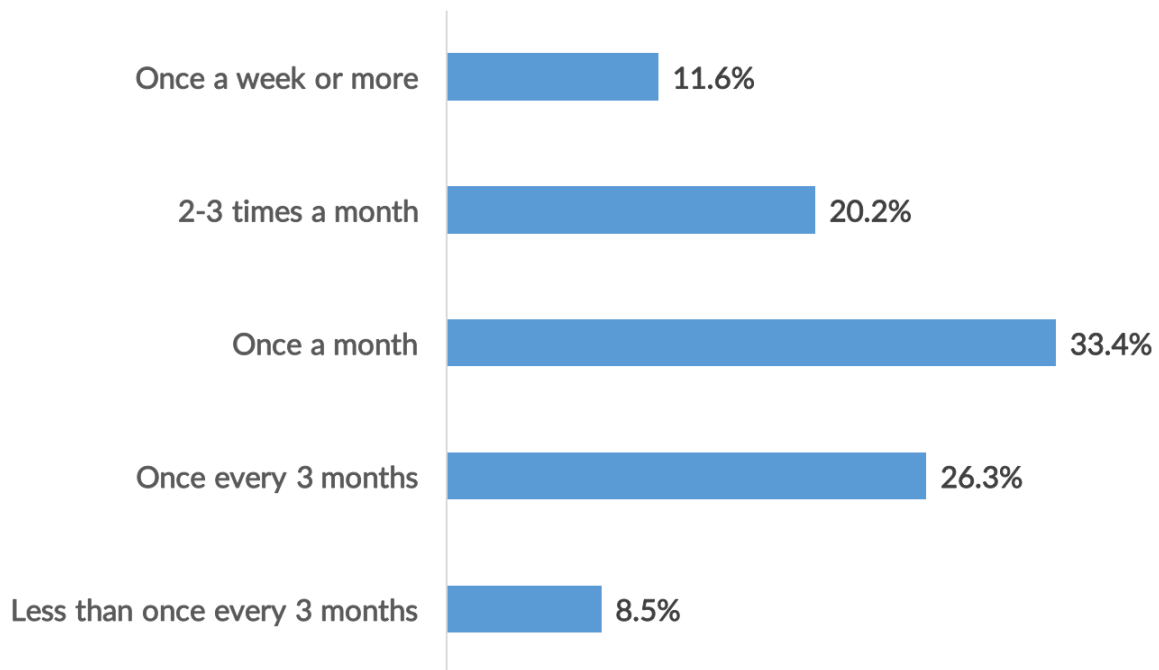
Consequently, Japan, Germany, Korea, France and U.S are the top destinations for cross-border purchases, with Japan being a clear leader. Products from Southern and Eastern Europe meet all these needs of the Chinese customers.



## Percentage of customers having purchased from top countries and top categories in each country



## Frequency of cross-border purchases during H1 2017



Source: iiMedia Research, WalktheChat

**How do Chinese cross-border buyers purchase their goods?**

Among the Chinese cross-border buyers, the frequency of purchase is surprisingly high with 65% of users purchasing cross-border at least once a month. 11.6% of these buyers make a purchase more than once a week. 66.2% of these orders range from 300 to 1,000 RMB (or 47 -148 USD based on the average 12 month's exchange rate).

**BeautiQ's position within the regional e-commerce infrastructure**

BeautiQ is a Bulgarian company founded by a team of professionals specialising in the field of logistics, and distance and online trading, having many years of experience in the Russian, Ukrainian and European markets.

BeautiQ is looking to develop operational solutions covering all aspects of marketing, fulfillment, delivery and customer service. The goal is to make products from Central and Eastern Europe available to the Chinese market via online channels.

BeautiQ integrates the latest technology and makes them affordable for the small producers of quality cosmetics goods from those European regions which are economically under-developed, thus increasing the export potential of the region within the Chinese market.

**BUSINESS MODEL (PROJECT OVERVIEW)****THE PROBLEMS WHICH BEAUTIQ WILL SOLVE:**

Online cosmetics shopping in China has experienced rapid growth, with some mainland consumers beginning to buy cosmetics and skincare products online. According to a HKTDC survey [HK TDC August, 24<sup>th</sup> 2017], 69% of female respondents and 65% of male respondents prefer buying online primarily because of its convenience and delivery service. The survey also found that, on average, female and male consumers spent RMB 2,158 and RMB1,681 (319 and 249 USD) respectively, on online purchases in 2016. [HK TDC August, 24<sup>th</sup> 2017]

At the same time, several high-quality products adhering to the highest environmental standards are being developed in the Central, Eastern and Southern European markets. There is immense potential for these countries to build a viable niche market for their products in China, accessible through e-commerce marketplaces.

Notwithstanding favorable market dynamics, there are a number of factors standing in the way of foreign goods entering the Chinese market. The first of these challenges for foreign enterprises is understanding the specific nature of the Chinese market and how its e-commerce activities are structured. This is particularly relevant for our target manufacturers in the CEE.

Another key challenge for the manufacturers from the CEE is the ability to offer viable platforms for improved efficiency in production and logistics without relying on significant public subsidies or support from home-grown e-commerce giants.

Information on import requirements, taxes and customs duties needs to be gathered and regularly updated so that goods can be presented for import at a known door-to-door price, including transport costs and any other charges.

The marketplaces and payment solutions used successfully by the Chinese merchants are not as readily available to foreign enterprises as it may, at first, appear. Small enterprises are most likely to lack the trading history and business credentials required to register in the Chinese marketplaces. Moreover, their access to merchant payment solutions and international banking arrangements may be limited. To overcome this hurdle, firms that have grouped together could potentially register a mutually-owned business entity or contract with a third party to represent them in China. Currently, there is no such offering.

Managing customer relationships in China, including implementing a returned goods process and managing enquiries and claims, is yet another critical and potentially costly requirement that is best structured and managed by third parties in China on behalf of small foreign enterprises.

Finally, and perhaps most importantly, partners, especially those with a presence in China, are required in order to facilitate a collective e-commerce solution for China.

#### **THE SOLUTIONS TO BE DEVELOPED BY BEAUTIQ**

BeautiQ offers a solution based on the online cross-border trading model. We are not looking to create companies in China or other Southeast Asian countries, but to sell their goods only through the largest existing marketplaces. Our objective is to develop the cross-border infrastructure and making use of sub-platforms friendly to foreign companies e.g. JD Worldwide and Tmall.

To operate seamlessly in China, BeautiQ proposes to integrate existing technical (logistic and trading partners) and service infrastructure. We plan to conduct the promotion in cooperation with a Chinese digital marketing agency.

Consolidation of a wide range of products from small European manufacturers will allow BeautiQ to obtain a synergistic effect and to optimize the cost of logistics and promotion. As we grow and acquire competencies, BeautiQ will provide business services to small manufacturers studying the Chinese online market.

## MARKETING AND OPERATIONS OVERVIEW

### MARKET ANALYSIS

#### The Chinese Cosmetics Industry - Statistics & Background

The cosmetics industry is one of the most promising fields of business in China for the near future. With consumer demographics shifting towards a younger and more affluent segment, the offline retail trade revenue of cosmetics in China grew from 19.5 billion yuan (monthly) in March 2016 to 21.49 billion yuan per month in March 2017 (statista.com).

Multinational players have “ruled the roost” in the Chinese cosmetics market, with nine out of the top 10 players being foreign companies. The top three foreign players took up 25.3% of the overall sales in 2014. Online sales of cosmetics amounted to around 124 billion yuan by 2015, registering a growth rate of 25.2 percent compared with the previous year. This rapid increase was paralleled by a sharp decline in department store sales, a strong hint that the Chinese cosmetic product users are inclined towards different online retailing channels.

In spite of the favorable business eco-system, organic beauty brands face a serious obstacle in the Chinese market in the form of *current Chinese legislation that requires foreign cosmetics to be tested on animals as part of the product registration process*.

Cross border trading of cosmetic products can be a great alternative to overcome these regulatory obstacles.

Leveraging the Cross-Border E-Commerce retail model, BeautiQ looks to provide a viable solution to this dilemma. Launched by the Chinese State Council, this B2C Model allows selling Western brands directly to the Chinese consumers in the special Free Trade Zones. This option offers an interesting opportunity for organic beauty brands.

#### BeautiQ Operations overview

##### **Operations in Bulgaria and EU**

The Bulgarian company BeautiQ was incorporated and set up to be an online store operator dealing entirely with the Chinese marketplace.

The company will focus on several key functions and competence areas, including the purchase of goods, marketing, promotion sales, fulfillment and delivery, and customer service.

Having signed contracts with cosmetics manufacturers, BeautiQ has been able to conduct online distribution in the territory of Continental China. Based on the rights granted by the

manufacturers, BeautiQ will register an online store on one of the currently available platforms.

During the years 2016 -2017, BeautiQ has identified possible service providers (logistics and marketing partners) and is now ready to start working with them. All these service providers have adequate working experience with marketplaces and are fully authorized, wherever such authorization is a legal requirement.

#### **BeautiQ China's operational plan:**

Goods will be delivered to China in small batches and placed in the warehouse of a third-party logistics partner within the territory of the Tariff Free Zone, which will reduce the time of delivery within Mainland China [in line with common for normal for] the market 1-5 days. It will **allow to decrease inventory risks by carrying out customs clearance only goods sold.**

BeautiQ will start working with a small 30-40 SKU product matrix. The first month's product category will be cosmetics.

- Fulfillment (processing of orders and preparation of parcels), delivery, and return processing will also be handled by the trading partner of JD Worldwide.
- The customer service operations will be managed entirely by the call center of the partner organization.
- The promotion of BeautiQ will involve SEO and SMM in the Chinese Internet segment (Wechat, Weibo, Baidu etc) in cooperation with a local digital marketing agency.

In this project, BeautiQ plans to efficiently utilize the opportunities provided by JD Worldwide, based on the following parameters:

- JD Worldwide to provide two operational models to the international merchants: the Reseller model and the Platform model;
- It will have a self-operated, nationwide fulfillment infrastructure; and
- Entry requirements to be more tolerant towards the SMEs than would be the case with Tmall.

With a “zero-tolerance” policy towards counterfeit products, JD is renowned for delivering superior customer service and outstanding user experience.

**MARKETING STRATEGY OVERVIEW**

During the initial B2C stage, BeautiQ will focus on the health of its target audience that will comprise of middle class men and women with easy access to the internet. These men and women will primarily be the inhabitants of the tier 1 and 2 cities, looking for moderately-priced high-quality products, with a preference for natural products manufactured abroad.

- BeautiQ's market positioning - **European quality products manufactured from natural ingredients within a medium price range.**
- **Mark-up for the plan is set-up in the range of 400-1000%** based on EXW (Incoterms ex-works) prices, expected costs and BeautiQ's price check for similar European products in China.
- Assortment from special **product lines designed specifically for the Asian markets** and of the factories that are popular amongst the competitor brands. As Asian skin type and climate is different from European some manufactureres has developped special product lines for Asia, which have proved to be a success in other Asian markets such as Taiwan and Vietnam.
- BeautiQ will offer cosmetics products made from unique natural ingredients produced in the CEE with product formulas designed especially for the Asian market.

The main sources of customer acquisition will be the following:

- Baidu search engine, BaiDu BaiKe , and Baidu Knows;
- Weibo verified account;
- WeChat corporate (service) account; and
- JD shop and product pages; internal JD utilities of promotion.

Initially, BeautiQ will create awareness by building a trustworthy brand image via social media, and then later by inviting a follower base through social media channels. Once search queries and inquiries start accumulating traction, different product and content-based promotional activities will be initiated by the beauty bloggers and relevant accounts. Meanwhile, advertising will also start on JD.com as well as in search channels to route prospects directly to the JD shop or official website.

BeautiQ will emphasize on factors such as the effectiveness of their products, use of natural ingredients, superior price to quality ratio, and the stellar reputation of JD.

BeautiQ will develop its B2B operations by focusing on small and medium CEE/SEE manufacturers of FMCG products with unique natural ingredients, interested in entering the Chinese market.

Unique one stop e-commerce solution for CEE SMEs to sell at Chinese marketplaces is the key point of their market positioning at this stage.

BeautiQ will offer (in line with developing of own sales operations in China): consulting, marketing, fulfillment, delivery, returns treatment, customer service, all-in-1 or selected services.

The main sources of customer acquisition will be:

- Direct contacts with manufacturers;
- Fairs, conferences, other related events, external and organized by BeautiQ;
- References; and
- Online marketing.

With the development of Alibaba and JD European logistics infrastructure, more regional producers will consider China as a potential market. Cross border online trade is a good starting point to understand this market and its behaviour.

The high entrance requirements imposed by Chinese traders will increase the demand from medium and small size companies in the area of tailored business services.

The solution will allow SMEs from CEE/SEE regions to sell their products under an umbrella Web Store Brand(s) to the Chinese audience or by using BeautiQ as a consulting and service company.

#### **READINESS TO START**

BeautiQ has already received offers from Chinese service companies for all of the outsourcing operations mentioned in this White Paper. Our financial model was built on the basis of these pre-agreed proposals.

**A total time of 3-4 months is required for BeautiQ to launch operations in China. As per the operational model described above, it will take one month to start operations.**

#### **BUSINESS DEVELOPMENT 2018-2019**

- B2B service - consulting services and business services based on the acquired experience and development of the partner network - starting from the second year of operation. Development of sales in other products categories (food, alcohol, children's products, organic products) by attracting suppliers from neighboring countries

**ROAD MAP:**

- March 2016 -The idea of creating an operating company to promote goods produced by small companies from Eastern Europe to the markets of Southeast Asia.
- April - May 2016: Trips to the region (Central and Eastern Europe), getting to know the producers.
- May - October 2016 marketing research, preparation and signing of contracts with cosmetics manufacturers.
- September - December 2016: Search for Chinese partners, discussion on working conditions, receipt of offers and tariffs.
- January - April 2017: Preparation of a test model.
- May 2017 : Decision to attract investment using the ICO model.
- September - December 2017: Preparation of documentation.
- February 2018 – March 2018: ICO campaign
- March 2018 – April 2018: Preparation for work in the test mode.
- April 2018 – Planned sales test
- May 2018 – June 2018: Planned launch of sales of goods in the category of cosmetics.
- June 2019 -August 2019: Launch of promotion of business services and consulting in Central and Eastern Europe.

**TOKEN DETAILS****BEAUTIQ ICO OBJECTIVES**

- 1) To start operations, BeautiQ plans to raise funds amounting from between 480000 Euro (SOFT CAP) and 600000 Euro (HARD CAP).
- 2) Funds collected within the ICO will go to start-up operations - 29% (personnel, procurement, integration of IT systems, registration costs in China); 60% (marketing and promotion in China) and the remaining 11% to cover the expenses for the ICO including marketing, set-up, legal and taxes.
- 3) Development of online sales in the territory of mainland China.
- 4) Expanding the geography of the project - involving small and medium sized producers.



<b>Symbol</b>	BTQ
<b>Total supply</b>	720 000 BeautiQ tokens
<b>ICO duration</b>	February 20 – March 20, 2018
<b>Initial rate</b>	1 EUR per BTQ
<b>Minimum purchase BTQ supply</b>	5 Waves
<b>What is our token</b>	<p>BTQ are created using Waves, an open-source blockchain platform. The platform has a fixed supply of 100 million Waves and uses a network consensus algorithm based on Bitcoin-NG, updated for proof-of-stake networks, called Waves-NG. Waves uses trusted gateways to issue blockchain tokens backed by fiat money and digital currencies for use on its own platform. The Waves token serves as the ‘fuel’ for all operations on the Waves network and as a spam-prevention mechanism.</p> <p>All cryptocurrencies below can be used to buy BTQ:</p> <ul style="list-style-type: none"> <li>- Bitcoin (BTC)</li> <li>- Waves (WAVES)</li> <li>- Ethereum (ETH)</li> <li>- ZCash (ZEC)</li> <li>- Litecoin (LTC)</li> </ul> <p>Investment in cryptocurrencies happens at the cross-course rate taken from <a href="http://coinmarketcap.com">http://coinmarketcap.com</a> as at the moment of transfer of the cryptocurrency.</p>
<b>Providing with the goods</b>	<p>Users will be able to pay for goods with BTQ. The discount will make up to 70% of the cost of</p>

	the goods specified in the online store
<b>Distribution of investments within ICO</b>	- 17% of the tokens will be retained for the management team (to incentivise their sales delivery and overall management performance) and the remaining 83% will be sold to third party sophisticated investors during the Initial Coin Offering.
<b>Token holders guaranties</b>	<p>Under the coin issue agreement ("CIA"), coin investors will receive the following:</p> <ul style="list-style-type: none"> <li>• at the end of year 1 (circa 1 March, 2019) – [12 per cent.] coupon on each outstanding BTQ coin;</li> <li>• at the end of year 1 (circa 1 March, 2020) – [12 per cent.] coupon on each outstanding BTQ coin;</li> <li>• at the end of year 1 (circa 1 March, 2021) – [12 per cent.] coupon on each outstanding BTQ coin; and</li> <li>• at the end of the coin period (being 3 years) (the "<b>Maturity Date</b>"), repayment of the par value of each outstanding BTQ coin. Please note that CoinCo may buy-back coins before the Maturity Date with a prepayment premium coupon to be set out in the CIA.</li> </ul>
<b>Token access</b>	BTQ access will be possible via Waves wallet.
<b>Token on Cryptocurrency Exchange</b>	As of 01.03.19
<b>Regulations</b>	<p>All unallocated BTQ will be destroyed.</p> <p>New tokens will not be released.</p>
<b>Management vesting</b>	Vesting is necessary with no exceptions. It confirms the high integrity level of the management. The main goal of this initiative is to improve the project, and protect it. That's why vesting is a great way to show the responsibility of the team towards all their contributors. Management contributors will have 3 years vesting.

Funds collected within the ICO will go to start-up operations:

- 29% - operation costs (personnel, procurement, integration of IT systems, registration costs in China);
- 60% - marketing and promotion in China;
- 11% - ICO expenses.

If the company does not reach the SOFT CAP amount, all collected funds will be returned to investors' wallets.

BTQ coin will be listed on a cryptocurrency exchange starting on 03/2019

List on exchanges will be confirmed after completing the ICO campaign.

Repayment to investors is calculated at 50% of the net annual income.

#### COIN OFFERING PARTICIPATION

BEAUTIQ Coin (BTQ) Token sale will be executed in accordance with the Terms and Conditions as described in this section.

BEAUTIQ is not an investment advisor nor do its services involve any kind of investment advice or application in the digital currency sphere. Any investor (the “User”) in BEAUTIQ Coin (BTQ) needs to be aware that the value of the coin can go down as well as up, and should consult professionals for independent advice prior to investment should there remain any concerns about the coin, the way in which it is structured and/or the legal or financial implications of investment.

By participating in the initial sale of BEAUTIQ Coin, the User expressly acknowledges and represents that he/she has carefully reviewed the Terms and fully understands the risks, costs, and benefits of purchasing BEAUTIQ Coins, and agrees to be bound by the Terms.

As set forth below, the User further represents and warrants that, to the extent permitted by applicable law, that he/she is authorized to purchase BEAUTIQ Coin in his/her relevant jurisdiction, is of a legal age to be bound by these Terms and will not hold BEAUTIQ, its parent and affiliates, or the officers, directors, agents, joint venture partners, employees and suppliers of BEAUTIQ, or its parent or affiliates, whether now or in the future, or any other member of the BEAUTIQ team (collectively the “BEAUTIQ Team”) liable for any losses or any special, incidental, or consequential damages arising out of, or in any way connected to the initial sale of BEAUTIQ Coins.

**Residents of the United States of America, the People's Republic of China, the Republic of Singapore and South Korea shall AT NO TIME BE ELIGIBLE TO PURCHASE BEAUTIQ Tokens, nor shall the residents of any country which, from time to time, shall prohibit its citizens from investing in Initial Coin Offerings.**

BEAUTIQ tokens will not be available to purchase on the territory of the United States of America, the People's Republic of China, the Republic of Singapore, or South Korea.

Payments will be solely accepted in cryptocurrency. Please see the table for the full listing of accepted cryptocurrencies.

No fiat currency will be accepted in any form as an intermediary instrument to facilitate BEAUTIQ Token purchase.

By participating in the ICO the user understands and agrees that there are certain risks associated with this (or indeed any) Initial coin offering.

The User agrees that none of the members of the BEAUTIQ Team warrants, nor will any of them be held responsible or liable for, or liable to refund any amount of crypto or fiat currency in connection therewith, should any of the following events occur:

1. Risk of double spending;
2. Risk of private key loss;
3. Risk of theft;
4. Risk of software weakness;

BEAUTIQ reserves the right to change, extend or shorten the initial coin offering period for any reason.

By participating in the BEAUTIQ Coin Offering the User warrants that IT IS NOT a citizen or resident of a country, whose legislation conflicts with the present allocation of BEAUTIQ Coin Tokens and / or the BEAUTIQ Project in general.

#### **ECONOMIC PROVISIONS:**

The financial model is built around the proceeds from the sale of high margin goods on one of the largest Chinese marketplaces - JD Worldwide - and a gradual increase in the share of consulting and services for producers from Central and Eastern Europe.

This model is developed for the product category of cosmetics, and covers the development plan for three years and three months for pre-launching.

The revenue model is built based on:

- Cost per order – marketing activities (with stable decrease);
- Mark-up – from 4 times (top price segment) to 10 times (low price segment);
- Segregated product matrix with emphasis on the top price group.

Sales growth will be achieved by increasing the marketing expenses. Sales planning has been done on the basis of benchmarking provided by the Chinese partners.

Costs of services are calculated on public offers and offers for similar projects and pre-negotiation offers to BeautiQ.

Cost of goods sold are from contracts already signed and official offers.

Operations costs are tied to the development of operations.

Repayment to investors is calculated at 50% of the net annual income.

## LEGAL STRUCTURE <sup>1</sup>

BeautiQ's management, based on appropriate legal advice, has opted to issue the BeautiQ coin through the Isle of Man, one of the only jurisdictions in the world, which has already opted to regulate ICOs and also to link those ICOs to its anti-money laundering legislation. This gives potential investors in the BTQ Coin a level of comfort that there has been some regulatory overview of the coin offering and that management was unilaterally willing to subject the process to the scrutiny of the Isle of Man Financial Services Authority (the "**Regulator**"). It also provides comfort for everybody involved that the offering will be subject to the highest standards of compliance.

Having been approved by the Regulator, management/the Bulgarian holding company BEAUTIQ LTD entered in the Companies register at the Entries agency of Bulgaria with VAT № BG204147640 with registered office at 41, bld. B4, fl. 8 app. 801 Lagera, Krasno Selo district, 1612 Sofia Bulgaria (the "**HoldCo**") incorporated BeautiQ IOM Limited (the "**CoinCo**"), an Isle of Man limited liability company, which will issue the coins through, and in accordance with, the regulatory framework and subject to a "coin issue agreement" ("**CIA**"). The proceeds of the issuance will then be loaned from CoinCo to HoldCo in a tax efficient manner pursuant to a loan agreement between those parties (the "**Loan Agreement**"). Returns due on the BeautiQ Coin and redemption thereof, will be funded by repayment of the principle and payment of the interest payable on that loan from HoldCo to CoinCo, which amounts will then (following deduction of the operating costs and management fees of CoinCo), be payable to investors under the CIA. HoldCo will issue an English law governed guarantee agreement, pursuant to which it will guarantee repayment of the principal and interest due under the Loan Agreement.

## TEAM - management, key employees and their experience.

### Andrew Taylor

An experienced General Management professional with extensive experience of over thirty-five years in Supply Chain operations.

<https://ru.linkedin.com/in/andrewtaylorryussia>

<sup>1</sup> [THE BELOW IS PROVISIONAL, BASED ON WAITING FOR STRUCTURAL SIGN OFF AND TAX ADVICE, AND SUBJECT TO STRUCTURING AMENDMENTS]

**Evgenia Chernikova**

Entrepreneur and natural leader with the track record of launching and managing several e-commerce start-ups in Russia and Ukraine

<https://www.linkedin.com/in/evgenia-chernikova-15248b5>

**Roman Chistyakov**

Experience of managing and supporting a demanding national IT systems integration with upto 100,000 users across Russia.

<https://www.linkedin.com/in/roman-chistyakoff-ab71611>

**Vladislav Fedorov**

An IT specialist and serial entrepreneur with a decade of experience, he has led development projects in the field of electric power and the banking sector.

<https://www.linkedin.com/in/sleepnow/>

**Valery Malashonok**

Managed the successful launch of La Redoute physical operations (SC, fulfillment, delivery) in Russia and re-established the SC operations & manufacturing localization for Ecolab Russia.

<https://www.linkedin.com/in/valery-malashonok-2b117449>

## Advisory board

### Henrik Koskela

Extensive experience in various positions in e-commerce/distance trade in Scandinavia, CEE, Germany and Russia within groups La Redoute/Redcats, Ellos and Consortio Fashion Group (CFG).

<https://se.linkedin.com/in/henrik-koskela>

### ADVISORS – legal, tax, marketing

#### Conner & Company, LLC

Luke Conner, Managing Partner, is an English qualified solicitor with over 14 years of experience in capital-raising, M&A, and international finance, ranging from IPOs to securitisation, and including numerous transactions with a quantum in excess of USD 1bln. Luke previously worked for several of the world's largest and most prestigious law firms before founding Conner & Company, an innovative, forward-thinking, boutique law firm, in the autumn of 2015. In January 2017, Luke became the President of the British Business Club in Russia. Luke's personal and professional ethos is to encourage entrepreneurial innovation within a legally compliant, well-structured, and risk-managed business setting.

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## Conclusion

The investment attractiveness of the BeautiQ project is based on the following parameters:

- BeautiQ is developing business at the crossroads of the stable business environment of the European Union and the huge mainland China market;
- The projected annual growth of the cosmetic market in China is 10% over the next 5 years (ITA US) with a focus on Natural / Green Cosmetics among the top four export categories;
- A professional team reinforced by the experience of mentors with vast experience in internet commerce in Europe and China;
- Commercial strategy, a detailed plan and roadmap for the launch of the project;
- The development of new product categories, services, geographic expansion create opportunities for future investments; Pre-agreed parameters of

cooperation with Bulgarian suppliers with three contracts for exclusive distribution for a period of 2-5 years.

- The parameters of cooperation with Chinese service companies allows work to begin immediately after the ICO.

Therefore, BeautiQ coin combines the flexibility and tradability of a cryptocurrency with stability and value increases of a real business.

#### **Disclaimer**

The management and founders of The BeautiQ may adjust the content of these papers/documents as the proposition and business model matures. BeautiQ is breaking new grounds in creating the conditions for new ways to finance regional projects deploying Blockchain technologies, and may adjust the operating model to remain consistent with local regulation and business operating rules that may apply in certain jurisdictions.