

INCOME STATEMENT	Year 1	Year 2	Year 3
Net Revenue	\$ 2,85,333	\$ 7,13,333	\$ 17,83,333
COGS	98,667	2,46,667	6,16,667
Gross Profit	\$ 1,86,667	\$ 4,66,667	\$ 11,66,667

Operating Expenses

Personnel	\$ 2,50,000	\$ 2,50,000	\$ 2,50,000
Advertising Spend	2,00,000	4,00,000	10,00,000
Other OPEX	25,000	25,000	25,000
Total OPEX	\$ 4,75,000	\$ 6,75,000	\$ 12,75,000

Operating Profit (EBIT) ##### \$ (2,08,333) \$ (1,08,333)

Assumptions

Advertising Budget	\$ 2,00,000	\$ 4,00,000	\$ 10,00,000
Customer Acq Cost (CAC)	\$ 75	\$ 75	\$ 75
New Orders	2,667	5,333	13,333
Annual Return Rate		50%	50%
Returning Orders		1,333	3,333
Total Orders	2,667	6,667	16,667

Average Order Value	\$ 107	\$ 107	\$ 107
Average COGS	\$ 37	\$ 37	\$ 37

Personnel	\$ 2,50,000	\$ 2,50,000	\$ 2,50,000
Other OPEX	\$ 25,000	\$ 25,000	\$ 25,000

EBIT Year 2

(2,08,333)

\$ 1,00,000

\$ 2,00,000

\$ 3,00,000

ad spend (yr 2)

\$ 4,00,000

\$ 5,00,000

\$ 6,00,000

\$ 7,00,000

EBIT Year 3

(1,08,333)

\$ 31

\$ 32

\$ 33

COGS (year 3)

\$ 34

\$ 35

\$ 36

\$ 37

EBIT Year 3

(1,08,333)

\$ 5,00,000

\$ 15,00,000

\$ 25,00,000

ad spend (yr 3)

\$ 35,00,000

\$ 45,00,000

\$ 55,00,000

\$ 65,00,000

return rate

30%	40%	50%	60%	70%	80%	90%
(2,25,667)	(2,07,000)	(1,88,333)	(1,69,667)	(1,51,000)	(1,32,333)	(1,13,667)
(2,32,333)	(2,13,667)	(1,95,000)	(1,76,333)	(1,57,667)	(1,39,000)	(1,20,333)
(2,39,000)	(2,20,333)	(2,01,667)	(1,83,000)	(1,64,333)	(1,45,667)	(1,27,000)
(2,45,667)	(2,27,000)	(2,08,333)	(1,89,667)	(1,71,000)	(1,52,333)	(1,33,667)
(2,52,333)	(2,33,667)	(2,15,000)	(1,96,333)	(1,77,667)	(1,59,000)	(1,40,333)
(2,59,000)	(2,40,333)	(2,21,667)	(2,03,000)	(1,84,333)	(1,65,667)	(1,47,000)
(2,65,667)	(2,47,000)	(2,28,333)	(2,09,667)	(1,91,000)	(1,72,333)	(1,53,667)

ad spend (yr 2)

\$ 1,00,000	\$ 2,00,000	\$ 3,00,000	\$ 4,00,000	\$ 5,00,000	\$ 6,00,000	\$ 7,00,000
(1,60,333)	(1,09,667)	(59,000)	(8,333)	42,333	93,000	1,43,667
(1,75,000)	(1,25,000)	(75,000)	(25,000)	25,000	75,000	1,25,000
(1,89,667)	(1,40,333)	(91,000)	(41,667)	7,667	57,000	1,06,333
(2,04,333)	(1,55,667)	(1,07,000)	(58,333)	(9,667)	39,000	87,667
(2,19,000)	(1,71,000)	(1,23,000)	(75,000)	(27,000)	21,000	69,000
(2,33,667)	(1,86,333)	(1,39,000)	(91,667)	(44,333)	3,000	50,333
(2,48,333)	(2,01,667)	(1,55,000)	(1,08,333)	(61,667)	(15,000)	31,667

CAC (year 3)

\$ 75
(75,000)
(1,41,667)
(2,08,333)
(2,75,000)
(3,41,667)
(4,08,333)
(4,75,000)