



ANSHIN MAMA 安心妈妈 VENTURE

WHO WE ARE

- An E-Commerce company based in Japan
- Providing a variety of high quality, reliable and safe baby food
- Monthly subscription service of baby products

安心 | 妈妈

THE VALUE PROPOSITION

- Provide strong community platform for mothers to support each other
- Alleviate the fears of potentially dangerous products
- More time enjoying with family, less time stressing

THE TEAM



Edward Young
IBS Major



Joel Tay
IBS Major



Joshua Taylor
IBS Major



Nicholas Savoie
IBS Major

THE PROBLEM STATEMENT

Mother's want the best for their baby

BUT:

- Trust in domestic baby food at an all-time low
- Fears of another milk poisoning incident
- Limited supply and high prices adds stress for the mother

CUSTOMER PROFILE

- Urban (Tier 1,2 City) housewife 25-35 years old
- Has a child aged 0-3 years old
- 4-2-1 Family Structure

Behavioural patterns:

- Net-savvy, reads healthcare websites, mommy forums/news
- Shops online, attends mother gatherings
- Highly concerned about health and development of child

CUSTOMER FINANCES

- Urban Chinese mothers are in charge of household finances
- Annual Income Levels: 1.2MM JPY – 3.2MM JPY (Middle to Affluent Class)
- Spends about **50%** of annual disposable income on child
- Average monthly amount spent on baby food: **57,800 JPY**

NUMBER OF CUSTOMERS

- Mothers in Target Segment that:
 - 1) Do not breast-feed
 - 2) Shop online
 - 3) Buy only imported milk formula
- = **8.8 MM Mothers**

CUSTOMER SURVEY

- We conducted a survey of 50 mothers in China
- Average income: 2MM JPY a year
- All 50 participants stated interest in our service
- Majority of participants stated that a subscription box size of 10KG was ideal
- Average customer willingness to pay for a subscription box a month was 41,000 JPY

COMPETITORS

Brick and mortar stores:

- Supermarkets, hypermarkets

Online Retailers:

- Taobao, Chinese e-commerce site
- Redbaby, Chinese e-specialist in baby products
- Amazon CN

Individuals:

- Entrepreneurs
- Smugglers

WHY US?

- Specialized brand that stands for quality and safety
- Reassurance & reliability – no need to stress over securing baby food
- Not merely an e-commerce site but a community to support mothers

MARKETING STRATEGIES

Face to Face Approach:

- Attending Chinese mothers convention tours in Shanghai and Beijing
- Café/Hub spot promotions

Digital Approach:

- Participating and interacting with online forums and QQ groups
- Approaching mummy bloggers and pitching our services/endorsements

Other online approaches:

- Point-reward systems
- Customer referral rewards
- Web contests

HOMEPAGE



PRODUCT PAGE



THE SUBSCRIPTION BOX



SUBSCRIPTION BOX

- Loaded with supplies that are meant to last a month
- 10KG of milk formula and baby food
- Priced at **40,603 JPY**

A typical box contains:

- 6 tins of milk formula
- 25 jars of baby food

FINANCIALS – YEAR 1 TO 5

Period	Year 1	Year 2	Year 3	Year 4	Year 5
Current customers	219	345	501	743	1,131
Revenues	89,623,992	141,901,946	210,173,365	313,439,455	479,757,886
Less: COGS	54,960,595	87,019,282	128,885,725	192,212,136	294,204,468
Gross Profit	34,663,397	54,882,664	81,287,640	121,227,318	185,553,418
Less: Operating Expenses	38,052,000	45,476,000	54,936,000	73,692,000	89,004,000
EBITDA	(3,388,603)	9,406,664	26,351,640	47,535,318	96,549,418
Income Taxes	-	3,391,103	9,499,766	17,136,482	34,806,065
Depreciation	100,000	200,000	250,000	300,000	350,000
Net Income After Taxes	(3,488,603)	5,815,562	16,601,873	30,098,836	61,393,353
Operating Margin	-4%	7%	13%	15%	20%
Net Profit Margin	-4%	4%	8%	10%	13%

VENTURE VALUATION

Discounted Terminal Value: **510 MM JPY**

For a 30% annual return,

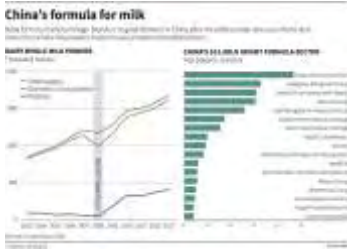
- We offer an equity stake of **30%** for **41.2MM JPY**



THANK YOU
Q&A?



CHINA'S GROWING DEMAND FOR MILK POWDER



- Imports of milk powder have jumped since the 2008 melamine milk poisoning incident
- Foreign brands dominate the market

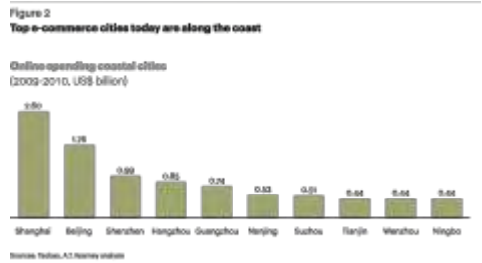
CAGR RATES

- Current value of Baby Milk Formula Market in China 2012: **1.2 tn JPY**
- Estimated CAGR Rates 2012-2017: **13.4%**
- Current Value of E-Commerce Market in 2012: **6.6 tn JPY**
- Estimated CAGR Rates 2012-2017: **29.4%**
- Previous CAGR of Baby Food Sold Through Internet for 2008-2012: **4.85%**

LOCATION OF THE MIDDLE CLASS



TOP E-COMMERCE CITIES IN CHINA

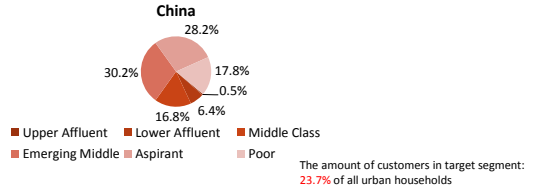


CUSTOMER SURVEY

- We conducted a survey of 50 mothers in China
- Average age of mothers: 29 years old
- Average income: 2MM JPY a year
- Average baby age: 18 months old
- All 50 participants stated interest in our service
- Majority of participants stated that a subscription box size of 10KG was ideal
- Average customer willingness to pay for a subscription box a month was 41,000 JPY

CUSTOMER PROFILE - APPENDIX

Urban Household Population Distribution in China



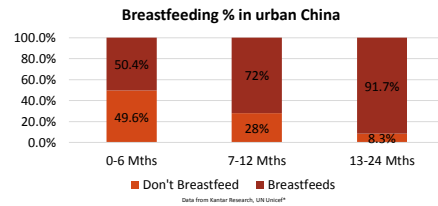
(Boston Consulting Group and Ogilvy)*

NUMBERS OF BABIES

Baby Estimates	2014	2015	2016	2017	2018
% of Urban Babies in China	12,534,426	12,601,999	12,612,292	12,571,793	12,491,659
Breakdown Estimates	2014	2015	2016	2017	2018
Upper Affluent Babies	62,052	62,386	62,437	62,237	61,840
Middle Affluent Babies	806,671	811,020	811,682	809,076	803,919
Middle Class Babies	2,109,755	2,121,129	2,122,861	2,116,044	2,102,556
Total	2,978,477	2,994,535	2,996,980	2,987,357	2,968,315

Source: Boston Consulting Group, WorldBank, ICF

BREASTFEEDING IN URBAN CHINA



TARGET SEGMENT

- Mothers who don't breastfeed
- Shop Online
- Buy Imported Milk Products

Mothers Who Breastfeed	2014	2015	2016	2017	2018	Total
0-6 Mths	255,196	256,572	256,781	255,957	254,325	
7-12 Mths	889,969	894,767	895,498	892,622	886,933	
13-24 Mths	1,133,474	1,139,585	1,140,516	1,136,854	1,129,607	
Total Breastfeeders	2,278,639	2,290,924	2,292,795	2,285,433	2,270,865	11,418,655
Mothers Who Shop Online (80%)	1,822,912	1,832,739	1,834,236	1,828,346	1,816,692	
Mother's Who Buy Foreign Milk (97%)	1,768,224	1,777,757	1,779,209	1,773,496	1,762,191	
Size of Target Segment	1,768,224	1,777,757	1,779,209	1,773,496	1,762,191	8,860,877

CUSTOMER SURVEY

Questions

- Is it easy to get foreign milk formula in China?
 - Yes, online but high prices
- What about baby food?
 - Yes but also very high prices
- Our service sells a monthly subscription box full of baby food and milk products that you pick out yourself. Would you like to use this service?
 - Majority are already buying overseas online. They are very open to a new subscription service as well.
- If so, how much would you pay for it? (Assume a 4kg box full of whatever baby food and milk formula you choose)
 - If it is only 4kg, they would like to buy baby products like diapers. 10kg box is preferable so they could buy more products including milk formula

CUSTOMER SURVEY

ID	Customer ID	Age	Gender	Income	Education	Occupation	Marital Status	Children	City	State
1	100001	25	Female	10000	High School	Teacher	Married	1	Beijing	China
2	100002	30	Male	15000	University	Engineer	Married	2	Shanghai	China
3	100003	28	Female	12000	High School	Housewife	Married	1	Guangzhou	China
4	100004	35	Male	20000	University	Manager	Married	2	Shenzhen	China
5	100005	22	Female	8000	High School	Student	Single	0	Chengdu	China
6	100006	32	Male	18000	University	Doctor	Married	1	Wuhan	China
7	100007	27	Female	11000	High School	Sales	Married	1	Xiamen	China
8	100008	38	Male	25000	University	Executive	Married	2	Hangzhou	China
9	100009	24	Female	9000	High School	Teacher	Married	1	Nanjing	China
10	100010	31	Male	16000	University	Engineer	Married	1	Chongqing	China
11	100011	29	Female	13000	High School	Housewife	Married	1	Xi'an	China
12	100012	33	Male	19000	University	Manager	Married	2	Shanghai	China
13	100013	26	Female	10000	High School	Teacher	Married	1	Beijing	China
14	100014	34	Male	21000	University	Executive	Married	2	Guangzhou	China
15	100015	23	Female	7000	High School	Student	Single	0	Chengdu	China
16	100016	36	Male	23000	University	Doctor	Married	1	Wuhan	China
17	100017	25	Female	11000	High School	Sales	Married	1	Xiamen	China
18	100018	37	Male	24000	University	Executive	Married	2	Hangzhou	China
19	100019	24	Female	9000	High School	Teacher	Married	1	Nanjing	China
20	100020	32	Male	17000	University	Engineer	Married	1	Chongqing	China

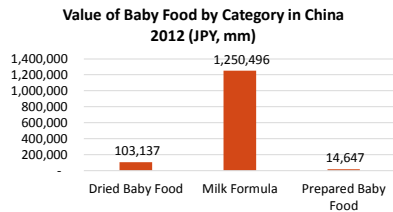
CUSTOMER SURVEY

ID	Customer ID	Age	Gender	Income	Education	Occupation	Marital Status	Children	City	State
21	100021	28	Female	12000	High School	Housewife	Married	1	Beijing	China
22	100022	31	Male	16000	University	Engineer	Married	1	Shanghai	China
23	100023	26	Female	9000	High School	Teacher	Married	1	Guangzhou	China
24	100024	34	Male	21000	University	Executive	Married	2	Shenzhen	China
25	100025	23	Female	7000	High School	Student	Single	0	Chengdu	China
26	100026	35	Male	22000	University	Doctor	Married	1	Wuhan	China
27	100027	27	Female	11000	High School	Sales	Married	1	Xiamen	China
28	100028	36	Male	24000	University	Executive	Married	2	Hangzhou	China
29	100029	24	Female	9000	High School	Teacher	Married	1	Nanjing	China
30	100030	32	Male	17000	University	Engineer	Married	1	Chongqing	China
31	100031	29	Female	13000	High School	Housewife	Married	1	Beijing	China
32	100032	33	Male	19000	University	Manager	Married	2	Shanghai	China
33	100033	26	Female	10000	High School	Teacher	Married	1	Guangzhou	China
34	100034	37	Male	25000	University	Executive	Married	2	Shenzhen	China
35	100035	23	Female	7000	High School	Student	Single	0	Chengdu	China
36	100036	38	Male	26000	University	Doctor	Married	1	Wuhan	China
37	100037	27	Female	11000	High School	Sales	Married	1	Xiamen	China
38	100038	39	Male	27000	University	Executive	Married	2	Hangzhou	China
39	100039	25	Female	9000	High School	Teacher	Married	1	Nanjing	China
40	100040	34	Male	20000	University	Engineer	Married	1	Chongqing	China

CUSTOMER SURVEY

ID	Customer ID	Age	Gender	Income	Education	Occupation	Marital Status	Children	City	State
43	100043	28	Female	12000	High School	Housewife	Married	1	Beijing	China
44	100044	31	Male	16000	University	Engineer	Married	1	Shanghai	China
45	100045	24	Female	9000	High School	Teacher	Married	1	Guangzhou	China
46	100046	34	Male	21000	University	Executive	Married	2	Shenzhen	China
47	100047	23	Female	7000	High School	Student	Single	0	Chengdu	China
48	100048	35	Male	22000	University	Doctor	Married	1	Wuhan	China
49	100049	27	Female	11000	High School	Sales	Married	1	Xiamen	China
50	100050	36	Male	24000	University	Executive	Married	2	Hangzhou	China

BABY FOOD IN CHINA



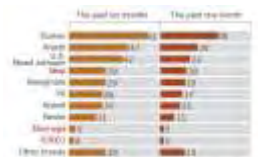
*Baby Food in China, Euromonitor

FOREIGN VS LOCAL BRANDS



- Dominance of foreign brands of milk formula over local brands (80% vs 20%)
- Strong distrust of local brands due to previous poisoning issues (Kantar Baby Worldpanel Research)*

SURVEY ON CUSTOMER ATTITUDES TOWARDS JAPANESE PRODUCTS



Survey conducted in Nov 2012 shows that consumer demand for Japanese milk formula is still strong

- Survey conducted by Ipsos and Robb Research
- 200 Chinese mothers in Beijing, Shanghai, Huangzhou, Wuhan, Sehngyang, Xian, Chengdu, Jiman and Xiamen
- Majority of mothers focused the product itself
- 1/3 didn't buy Japanese products – but only 10% of that group said that cared about Sino-Japanese ties
- Majority of mothers put their babies' health and development ahead of national interests

BABY SITES IN CHINA



- Baby and health related website receive large amount of traffic
- Online traffic ranges from 4,5 MM to 205,000 visitors in just a month (Iresearch.com.cn)

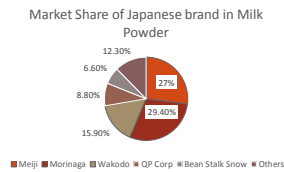
E-COMMERCE IN CHINA



ESTIMATED CUSTOMER ACQUISITION TIME

- Number of hours worked per staff a day: 12 hours
- Number of hours taken to acquire customer: 6 hours
- Number of Chinese-speaking staff on team: 2
- Number of customers acquired in first month $(12/6) * 2 * 20 = 80$ customers
- Goal: Increase Customers Acquired by at least 1% every subsequent month

MILK POWDER IN JAPAN



Demand for baby food in Japan remains sluggish

- Declining at a 1% CAGR
- Factors: Low birth rate, couples having children later

However, prepared baby food category growing at 2% CAGR

- Factors: Increasing working mothers

Top 3 brands: Meiji, Morinaga and Wakodo with 72.3% market share

PRODUCTS WE SELL



- Japanese baby milk formula, 850g
- Most popular brands Meiji, Morinaga and Wakodo
- Baby food that has no preservatives, 100g

COMPETITORS - TAobao



- Biggest e-commerce site in China
- 370 million registered owners
- Wide range of products, but mostly focused on Apparel
- Marketplace system, where individuals can setup own storefront
- Mark-ups of Japanese milk formula varies, from 220% to more
- No community page

COMPETITORS – REDBABY.CN



- Biggest Chinese baby e-specialist
- Holds own inventory of baby products
- Acquired by Suning in 2012 due to unprofitability
- Sells a wide variety of infant products
- Does not sell Japanese milk formula, but other foreign brands such as Nestle and domestic brands
- Mark-ups of foreign milk formula brands are around 150%*
- No community page

COMPETITORS – AMAZON CN



- 7th Regional website of Amazon
- Originally Joyo.com, got acquired in 2004
- Limited variety of milk products
- Japanese milk products sold at high mark-ups (200%-300%)
- No community page

BRICK AND MORTAR STORES



Only 10% of customer drive, with 40% going to grocery shopping carts. The rest take public transport. (McKinsey China)

Thus, it is difficult to buy many cans of milk powder at one go.

- Only big hypermarkets and few supermarkets sell foreign brands of milk formula and infant products (EUSME Research)
- Stores concentrated mostly in tier 1 and tier 2 cities (McKinsey China Research)
- Often facing stock-out situations for foreign milk formula, thus customers resort to buying it online or going to Hong Kong
- Buying limits in place in Hong Kong (Only limited to 2 cans)
- Legitimate channel, but relatively expensive

COMPETITOR PRICES

Supermarkets

- Similar basket of products range from approximately 36950 JPY
- *Usually out of stock quickly

Online Retailers

- Similar basket of products range from 29,550 JPY to 53,450 JPY
- *Time consuming to compare different prices

LOCAL PRICES IN CHINA

Name	Bellingmate Children Formula	Young Young	YILI Young Formula	Children (inner Hongkong)	Wusuun zhenbang baby
Place of origin	Hang Zhou		Hohhot (Inner Mongolia)		
Stage	1-3 years old		1-3 years old		1-3 years old
Net content	900g		900g		900g
Price	330 yuan		330yuan		240yuan

COMPETITORS - INDIVIDUALS

- Entrepreneurs who buy milk formula in other countries such as Netherlands, Britain, Germany and then ship them back home
- Challenges to them: Supermarkets in these countries have now placed a limit on how much an individual can buy (2 cans per person)
- Individuals cannot bring out more than 2 cans of milk formula from Hong Kong, huge fines (KHD 500,000) and a 2 year jail term

I.T FEATURES OF ANSHIN MAMA

Big Three

- Aggregation of products from different pages and refitting to our own website
- Box capacity meter showing how much space is left in the box as customers shop
- The M.E.A.N. System
 - (M)ongoDB (E)xpressJS (A)ngularJS (N)odeJS
 - Faster and responsive website on connected platform
 - Cost Effective and easily scalable
 - Aggregating products and updating real time
 - Interactive Shopping Experience

POTENTIAL SUPPLIERS

Yanagi Enterprise Co Ltd

- 3-2, Kamioogire, Hanazono-cho,, Toyota-shi, Aichi

Shiawase Inc

- Motoyama-Minamimachi 8-6-26, Kobe

Aggregated websites themselves

- Prices even lower than retail for some products

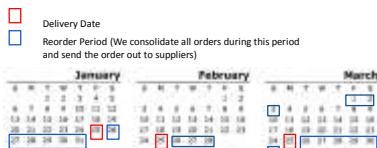
AGGREGATED WEBSITES

- Amazon JP
- Kenko, <http://www.kenko.com/>
- Shioji, http://www.shioji.co.jp/commodity/baby_food/index.html
- LOHACO, <http://lohaco.jp/g2/54-5407/>
- Aeon NetSuper, <http://netsuperaeon.jp/>
- Akachan.net <http://shop.akachan.jp/shopping/c/cc00135>
- Blao, <http://www.safemilk.info>

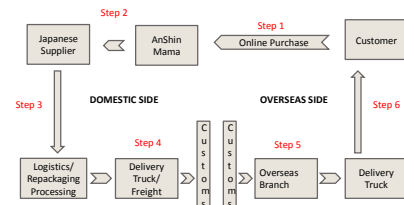
WHY PARTNER WITH US?

- Specialized brand image for safety, quality, and reliability
- Multiple brands to leverage overall appealing factor through subscription box
- Community based around our brand
- Reach into the Chinese market

THE SUBSCRIPTION SYSTEM



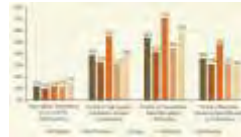
3PL LOGISTICS FLOW – 6 STEPS



LOGISTICS SOLUTIONS PROVIDERS

- Sagawa Global Logistics Providers
- Kuroneko Global Logistics Solution
- Schenker-Seino Logistics
- MOL-Logistics Group

3PL LOGISTICS - CHALLENGES



- Inquiries sent out to 5 logistical companies in Japan
 - Was unable to receive a quote due to reasons such as:
 - Logistical company wanting to check our company's credit
 - Logistical company wanting to check our vendor of shipper's credit
- Instead, used a study on average costs of 3PL in Asia-Pacific and derived a figure of 12% of sales revenues.
(Company Confidential - 2013-09-10/2012)

ADVANTAGES OF 3PL

- Time-saving (We only have 4 team members and 2 interns)
- Efficient
- No need to hire additional staff/packers
- No need to rent warehouse
- Allows us to achieve scalability

ALTERNATIVES TO 3PL – JP POST

Japan Post Surface or Economy Airmail

- Prices ranging from 5,500JPY to 12,200 JPY for a 10KG Parcel
- Time taken: Ranging from 2 weeks to a month
- Downside: Requires warehouse, manual packing (additional labor), No tracking available

COSTS WITHOUT 3PL SYSTEM

Estimated costs:

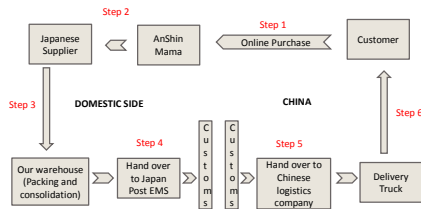
- Shipping 1 order to warehouse: 200JPY
- Warehouse: 250,000 JPY Per month
- Labor (5 x Packers): 680,000 JPY Per Month

DISTRIBUTION IN CHINA

Company	China Post EMS	Shunfeng Express	Zhajsong Express	Shengtong Express	TianTian
Network Coverage	20,000 locations 2,000 cities 200 countries	2,000 locations 1,500 cities 32 regions	2,000 cities 32 regions	315 cities 32 regions	1,200 cities 34 regions 185 countries
Special Coverage	Nationwide	Guangdong, HK		Zhejiang, Jiangsu, Shanghai	Zhujiang River, Delta Regions
Delivery Time	2-2.5 days	1 day	2 days	3 days	3 days

Average delivery costs per order within Chinese cities: 484 JPY to 775 JPY (Depending on speed)
Company of choice: China Post due to nationwide coverage

DIY LOGISTICS FLOW – 6 STEPS



PAYMENT SYSTEM - ALIPAY



- 51% of all online transactions in China conducted through Alipay (EUSME Research)
- One time set-up fee of \$1,000 USD
- Allows customer to purchase in RMB while we get paid in JPY
- Transaction fees between 2%-3.5%
- Weekly/Monthly settlements

MARKETING TOUR IN CHINA – INTERACTING WITH POTENTIAL CUSTOMERS

Shanghai

- The bund
- Changning
- French concession
- Kongkou

Beijing

- Xuanwu
- Chongwen
- Dongcheng
- Xichen

MARKETING: REFERRAL SYSTEM

- For any subscription that is referred by a customer:
 - Sign 1 user up: 20 Points
 - Sign 2 users up: 40 Points
 - Sign 3 Users up: 60 Points
 - Sign 4 Users up: 80 Points
 - Sign 5 Users up: 100 Points (1 free 10KG box)
- Scales up by 20 points for every new user referred to us

DIGITAL MARKETING: POINT REWARD SYSTEM

Each box will come with a special code which gives points:

- 10KG boxes – 10 Points
- Every 100 points lead to a free 10KG box

MARKETING: QQ GROUPS

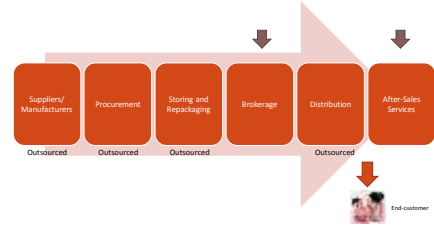


- Over 300 online QQ groups and 48,240 users in Shanghai alone
- Vibrant community, mothers constantly in touch with each other on health care, education and milk products for their child
- Big communities in Chongqing, Beijing and other Tier 1 Cities as well

DIGITAL MARKETING: BABY CONTESTS

- Best Healthy Food Recipe Contests
- Cutest Baby Photo Contest
- Creative Recycling Contest with our product waste

VALUE-CHAIN POSITIONING



P&L EXPECTED SCENARIO

Period	Year 1	Year 2	Year 3	Year 4	Year 5
Current customers	219	345	501	743	1,131
Revenues	89,623,992	141,901,946	210,173,365	313,439,455	479,757,886
Less: COGS	54,960,595	87,019,282	128,885,725	192,212,136	294,204,468
Gross Profit	34,663,397	54,882,664	81,287,640	121,227,318	185,553,418
Less: Operating Expenses	38,052,000	45,476,000	54,936,000	73,692,000	89,004,000
EBITDA	(3,388,603)	9,406,664	26,351,640	47,535,318	96,549,418
Income Taxes	-	3,391,103	9,499,766	17,136,482	34,806,065
Depreciation	100,000	200,000	250,000	300,000	350,000
Net Income After Taxes	(3,488,603)	5,815,562	16,601,873	30,098,836	61,393,353
Operating Margin	-4%	7%	13%	15%	20%
Net Profit Margin	-4%	4%	8%	10%	13%

P&L EXPECTED SCENARIO (3PL)

Period	Year 1	Year 2	Year 3	Year 4	Year 5
Current customers	219	345	501	743	1,131
Revenues	89,623,992	141,901,946	210,173,365	313,439,455	479,757,886
Less: COGS	44,851,000	71,012,728	105,178,148	156,856,134	240,087,730
Gross Profit	44,772,992	70,889,219	104,995,217	156,583,321	239,670,156
Less: Operating Expenses	36,090,879	46,324,234	64,496,804	90,148,735	118,650,946
EBITDA	8,682,113	24,564,985	40,498,413	66,434,587	121,019,210
Income Taxes	3,168,971	8,966,220	14,781,921	24,248,624	44,172,012
Depreciation	50,000	80,000	130,000	150,000	170,000
Net Income After Taxes	5,463,142	15,518,765	25,586,492	42,035,962	76,677,198
Operating Margin	10%	17%	19%	21%	25%
Net Profit Margin	6%	11%	12%	13%	16%

P&L OPTIMISTIC SCENARIO

Period	Year 1	Year 2	Year 3	Year 4	Year 5
Current customers	241	425	693	1,153	1,952
Revenues	94,226,312	166,494,612	276,463,692	462,622,840	788,226,300
Less: COGS	57,782,900	102,100,372	169,537,293	283,696,653	483,368,187
Gross Profit	36,443,412	64,394,240	106,926,398	178,926,187	304,858,113
Less: Operating Expenses	38,052,000	45,476,000	54,936,000	73,692,000	89,004,000
EBITDA	(1,608,588)	18,918,240	51,990,398	105,234,187	215,854,113
Income Taxes	-	6,820,025	18,742,539	37,936,924	77,815,408
Depreciation	100,000	200,000	250,000	300,000	350,000
Net Income After Taxes	(1,708,588)	11,898,214	32,997,860	66,997,262	137,688,705
Operating Margin	-2%	11%	19%	23%	27%
Net Profit Margins	-2%	7%	12%	14%	17%

P&L OPTIMISTIC SCENARIO (3PL)

Period	Year 1	Year 2	Year 3	Year 4	Year 5
Current customers	241	425	693	1,153	1,952
Revenues	94,226,312	166,494,612	276,463,692	462,622,840	788,226,300
Less: COGS	47,154,163	83,319,763	138,352,161	231,512,750	394,456,180
Gross Profit	47,072,150	83,174,849	138,111,531	231,110,090	393,770,120
Less: Operating Expenses	36,643,157	49,275,353	72,391,643	108,050,741	155,667,156
EBITDA	10,428,992	33,899,495	65,719,888	123,059,350	238,102,964
Income Taxes	3,759,652	12,220,768	23,692,020	44,362,896	85,836,119
Depreciation	50,000	80,000	130,000	150,000	170,000
Net Income After Taxes	6,619,341	21,598,727	41,897,868	78,546,454	152,096,846
Operating Margin	11%	20%	24%	27%	30%
Net Profit Margin	7%	13%	15%	17%	19%

P&L PESSIMISTIC SCENARIO

Period	Year 1	Year 2	Year 3	Year 4	Year 5
Current customers	219	297	360	446	543
Revenues	89,623,992	131,238,695	163,215,450	203,409,787	251,122,913
Less: COGS	54,960,595	80,480,200	100,089,475	124,738,060	153,997,434
Gross Profit	34,663,397	50,758,495	63,125,976	78,671,726	97,125,480
Less: Operating Expenses	38,052,000	45,476,000	54,936,000	54,936,000	54,936,000
EBITDA	(3,388,603)	5,282,495	8,189,976	23,735,726	42,189,480
Income Taxes	(1,236,840)	1,904,340	2,952,486	8,556,729	15,209,307
Depreciation	100,000	200,000	250,000	300,000	350,000
Net Income After Taxes	(2,251,763)	3,178,156	4,987,489	14,878,997	26,630,172
Operating Margin	-4%	4%	5%	12%	17%
Net Profit Margin	-3%	2%	3%	7%	11%

P&L PESSIMISTIC SCENARIO (3PL)

Period	Year 1	Year 2	Year 3	Year 4	Year 5
Current customers	219	297	360	446	543
Revenues	89,623,992	131,238,695	163,215,450	203,409,787	251,122,913
Less: COGS	44,851,000	65,676,462	81,678,755	101,793,416	125,670,743
Gross Profit	44,772,992	65,562,234	81,536,695	101,616,371	125,452,170
Less: Operating Expenses	36,090,879	45,044,643	58,921,854	63,385,174	69,170,750
EBITDA	8,682,113	20,517,590	22,614,841	38,231,197	56,281,420
Income Taxes	3,168,971	7,488,920	8,254,417	13,954,387	20,542,718
Depreciation	50,000	80,000	130,000	150,000	170,000
Net Income After Taxes	5,463,142	12,948,670	14,230,424	24,126,810	35,568,702
Operating Margin	10%	16%	14%	19%	22%
Net Profit Margin	6%	10%	9%	12%	14%

REGULATIONS AND TAXES

- Operating a e-commerce website outside of China: No operating license required
- Import duty of baby products: 20%
- VAT: 17%