

Illustrative Customer Acquisition Cost



(All units in 000s, except per customer figures)

	<u>2014</u>
Total Advertising Spend	\$191,284
Assumed Partner Ad Spend (1)	\$24,300
Direct Retail Ad Spend	<u>\$166,984</u>
Active Customers	3,217
Total Orders	5,237
% of Orders from Repeat Customers	50.5%
Implied "Gross" New Customers (2)	2,590
Customer Acquisition Cost (3)	\$64
Annual Direct Retail Revenue per Customer	\$342
Annual Contribution per Customer (4)	\$67
Contribution Margin	19.5%

Notes:

1. Assumes partner advertising spend is 11.18% of Other revenue as seen in the first six months of 2014 (as disclosed in our S-1).
2. Calculated as $(1 - \text{Repeat Rate}) \times \text{Total Orders}$.
3. Calculated as Direct Retail Ad Spend divided by Implied "Gross" New Customers.
4. Represents 2014 gross margin of 23.6% less an assumed 4.1% for customer service and processing fees.