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A View Into Three of Vancouver's Private E-Commerce Companies

The Canadian e-commerce market lags behind its U.S. counterpart. The Canadian e-commerce market is playing catch-up to the U.S.; however, over the coming years Canadians are expected to outpace their American neighbours in shifting their retail and other commercial activity online to become a nearly \$50.0B market by 2019, up from approximately \$29.6B in 2015.

Three potential beneficiaries of this industry shift reside in Vancouver, B.C., and as private e-commerce companies could be looking for an IPO event sometime in the next two years. **BuildDirect**, **Cymax**, and **SHOES.COM** have each experienced rapid revenue growth in recent years.

- **BuildDirect Technologies Inc.** is an e-commerce marketplace for heavy-weight home building materials;
- **Cymax Group** is an e-commerce vendor and retailer for home and office furnishings; and
- **SHOES.COM, Inc.** is an e-retailer of footwear, apparel and other fashion accessories.

Building Platforms. All three companies historically operated as active online retailers, but recently, each firm has pivoted in its own way to go beyond e-retailing to become data-driven e-commerce platforms. BuildDirect launched Home Marketplace and Cymax launched Constant Retail this year, while SHOES.COM is in the process of building out its growth strategy, which includes acquisitions, private branding, brick-and-mortar locations, and data-driven search tools.

Solving Supply Chain Challenges. To become successful e-commerce businesses, these three companies have worked to optimize their respective logistics networks in order to expand their product selections, and improve customer fulfillment. In addition, each company has focused on limiting their physical inventories to minimize holding costs and remain as nimble as possible by avoiding tying up too much capital in fixed assets.

Using Data and Analytics. The highly competitive e-commerce space requires companies to create higher barriers to market entry, with each of these three companies using data analytics to build and scale their operations as well as create platform tools for their partners.

Acquisitions versus Organic Growth. BuildDirect and Cymax have generally employed organic growth strategies since their inceptions, while SHOES.COM has been an aggressive acquirer.

Impact of IPO Market Closing. 2015 was a weak year for public new listings of Canadian technology and innovation companies, and this trend has continued into 2016. BuildDirect has a multi-year plan with a high focus on technology development and new initiatives such as its Home Marketplace; weak capital markets have not changed the Company's growth and development trajectories. Cymax is focusing on Constant Retail and other projects during the weak IPO market. Meanwhile, SHOES.COM's management is unfazed by the weaker capital markets, and indicated it could undertake a private financing round to help fuel potential acquisition activity if needed.



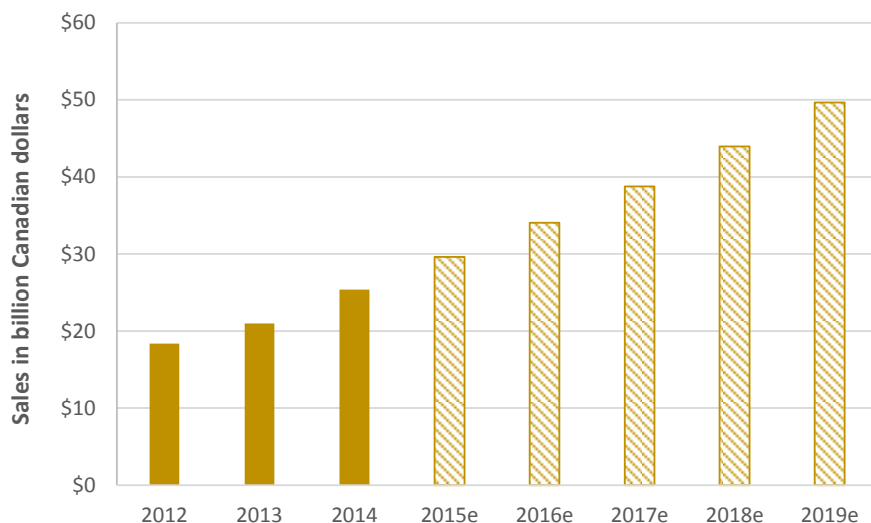
E-commerce in Canada

E-commerce and e-retail. E-commerce refers to the use of a digital medium (such as the Internet) to facilitate commercial activities related to the exchange of goods or services. It is a wide-reaching term that can include such activities as the creation of payment platforms and online marketplaces, business-to-business (B2B) or business-to-consumer (B2C) sales, online marketing, electronic data exchanges, and other functions. E-retail (or “online retail,” “e-commerce retail,” or “e-tail”) is a subset of e-commerce, and refers specifically to digital payments for goods or services that use a retail selling model over the Internet.

Canadian retail e-commerce adoption lags behind the U.S. Forrester Research believes the Canadian online market is playing catch-up to the U.S., which has a higher retail e-commerce penetration rate of 9% compared to 6% in Canada. Forrester expects the e-retail gap between the two nations to narrow over the next five years as more Canadians buy into online shopping, reaching 10% market penetration by 2019 compared to the U.S. at 11%. Over the coming years, Canadian retail customers are expected to conduct an increasing proportion of their buying activity via the Internet, a trend that is being driven by several factors, such as: (1) the proliferation of e-retail websites; (2) the ubiquity of Internet-connected devices with which to conduct online purchases; and (3) the ease of online checkout compared to visiting physical retailers.

Canadian retail e-commerce sales are expected to grow at a CAGR exceeding 12% from 2014 to 2019. Forrester predicts this growth will come from a 60%+ increase in the online penetration rate along with over 50% growth in online spending per buyer over the five-year period. According to MasterCard SpendingPulse, the 2015 holiday season marked a record for Canadian retail e-commerce activity, with online sales increasing 20% YoY and accounted for 9.7% of total consumer buying in November and 9.9% in December. Figures collected by Statista estimate the Canadian retail e-commerce market at approximately \$29.6B in 2015, up from \$25.3B in 2014 and \$21.0B in 2013, with the market expected to grow to almost \$50.0B by 2019.

Figure 1: Expected Growth in Canadian B2C E-Commerce Sales, 2012 to 2019



Source: Statista.com



Leading E-commerce Vendors in our Backyard

BuildDirect, Cymax, and SHOES.COM are three private e-commerce companies headquartered in Vancouver, B.C. that are benefitting from the growth in e-commerce sales. We interviewed members of the senior management teams from each of these high-profile private Canadian companies. We believe all three companies are strong candidates for an IPO event sometime in the next two years, as they have all experienced rapid revenue growth, and are members of a small club of private Canadian tech-enabled start-ups.

Shift to Platforms

Using “Big Data” to build big platforms. All three companies historically operated as active online retailers, operating between manufacturers and buyers in their specific industries by managing a variety of responsibilities, including product inventories, marketing materials and supply chains. Recently, each firm has pivoted in its own way to go beyond e-retailing to become data-driven e-commerce platforms. Their early beginnings as online retailers delivered significant transaction data and other information from which the companies gained critical insights to help themselves better understand their customers and suppliers, first as retailers and now as platforms. Compared to e-retailing, which involved costly, time-consuming activities much like a physical retailer, vertical-specific e-commerce platforms can potentially deliver higher margins and stronger recurring revenue by offloading many responsibilities to the suppliers and instead focusing on building powerful, data-driven tools.

BuildDirect launched Home Marketplace, which is a self-serve platform that offers suppliers access to BuildDirect's proprietary data-driven tools, analytics and logistics to quickly onboard and manage product SKUs. Cymax launched Constant Retail, which is a turnkey, end-to-end platform that allows furniture retailers and manufacturers to build their own e-retail storefronts through Cymax.com with access to the Company's analytics, ERP and logistical freight tools. Meanwhile, SHOES.COM is in the process of executing its growth strategy, which includes acquisitions, private branding, brick-and-mortar locations, and data-driven search tools.

Solving Supply Chain Challenges

Supply Chain. To become successful e-commerce enterprises, the three companies we are profiling have worked to optimize their respective logistics networks to expand their product selections, improve customer fulfillment, and limit their inventory holdings to minimize costs and remain flexible, tech-enabled start-ups.

Using software to virtually add inventory. BuildDirect, Cymax and SHOES.COM have all spent a significant amount of time and money to perfect their supply chains through improvements in logistics and fulfillment. Successful e-retailers require logistical coordination between various elements of their supply chains to reliably fulfill orders for products that are often not physically held in their own facilities. Some e-retailers use Application Programming Interfaces (APIs) and other tools to boost their product catalogue by virtually “plugging in” to a supplier's product inventory database, which serves multiple functions: Suppliers can inexpensively advertise their products, e-retailers can reduce their cost of onboarding product SKUs and limit their inventory holdings, and end-buyers are given a wider selection of products.

BuildDirect and Cymax are creating unique, sophisticated networks. When serving as a bridge connecting two sides of an online sale, building barriers to entry becomes essential for e-retailers to prevent suppliers from either switching e-retailers or creating their own fulfillment networks and taking customers with them as a result. BuildDirect and Cymax have emerged as experts in their respective markets for shipping large, heavy-weighted items, with BuildDirect's average shipping weight of ~2,000 lbs and Cymax's strength at cost-effectively shipping orders above 30-50 lbs. To create these unique supply networks, both BuildDirect and Cymax leveraged their unique historical



strengths in shipping and logistics to create sophisticated, optimized networks that can be used by suppliers to inexpensively and conveniently ship to end-customers. Their efforts are designed to provide suppliers with shipping terms and proprietary data that they can use to build their businesses, and to create switching costs for any supplier potentially leaving either company's network.

The Future Lies in the Data

Data analytics strengthen the long-term value proposition. The highly competitive e-commerce space requires companies to create higher barriers to market entry, with each of the aforementioned companies using proprietary data analytics to build and scale their operations, either through improving supply chain logistics, gathering insights to build better in-house products, or by creating value-added tools to help their partners target and serve their customers. By using data analytics to improve their operations and create new tools and services that can be used by their partner suppliers in their specific vertical market, these companies have transformed from e-retailers into stickier, data-driven technology platforms.

Using this data, e-commerce platforms can generate industry insights, predictive analytics and other services for its suppliers that cannot be found elsewhere, creating a "stickier" value proposition that better captures suppliers. BuildDirect, Cymax, and SHOES.COM have all embraced data-driven e-commerce pivots that could deliver higher performance and prevent users from either switching to a rival platform or building their own networks from scratch.

Competing against Amazon?

Amazon is the elephant in the e-commerce room. While each of the companies being profiled have grown rapidly over the past several years, the conversation around e-commerce platforms inevitably invokes the question of how Amazon.com, Inc. (NasdaqGS:AMZN, not rated) could potentially upend the respective markets they each serve. To that end, BuildDirect has positioned itself as an Amazon-like logistics company but for large item shipping; Cymax is focused as an e-commerce platform for higher-end furnishing companies; and SHOES.COM is adopting an omni-channel approach to reach more customers wherever they may be, as well as create a more personal shopping experience that builds off its strength in online shoe retail.

Acquisitions vs. Organic Growth

BuildDirect and Cymax have generally employed organic growth strategies since their inceptions, while SHOES.COM has been an aggressive acquirer. Both BuildDirect and Cymax have been building out their own respective technologies, logistics platforms and product catalogues to expand their offerings. In contrast, SHOES.COM has made several acquisitions over the past three years, and intends to continue to grow through a combination of organic and acquisition-related activities by adding new brands and SKUs to its footwear line-up along with potential acquisitions of other online footwear retailers.

Impact of IPO Market Closing

2015 was a weak year for public Canadian technology and innovation companies. In 2015, the TSX and TSX Venture exchanges welcomed a total of 29 new technology and innovation company listings, including the IPOs of Shopify Inc. (TSX:SH, not rated) and Stingray Digital Group Inc. (TSX:RAY.A, not rated). However, this figure is down from the 40 tech and innovation companies that went public on either index during 2014. IPO funding on the TSX Venture totalled just \$43.7M, down 63% from \$119.0M in 2014.

Weakness in IPO markets has continued into 2016. Through the first quarter of 2016, capital raised through IPO financings on the TSX was down sharply on a YoY basis. In the first quarter of 2016, TSX-listed companies raised a total of \$235M through IPO financings, down 80% YoY from \$1.2B during the same period in 2015. In addition, the total number of financings has also fallen, with 123 companies



raising equity capital in Q1CY16 compared with 153 companies last year. The recent decline in stock market indices due to Britain's vote to exit the European Union has added more uncertainty to capital markets.

We believe BuildDirect would have been a prime IPO candidate in 2016; however, poor market conditions will likely postpone an IPO until 2017 or later. The weak capital markets have not changed BuildDirect's growth and development trajectories, which includes multiyear plan with a high focus on the technology development. The Company launched two new initiatives, Home Marketplace and Design Center, during the IPO lull, and wants them to gain traction before pulling the trigger on an IPO. We think it would be prudent for BuildDirect to demonstrate at least two or three quarters with the new initiatives in place before testing the IPO waters again.

Cymax is focusing on Constant Retail and other projects during the weak IPO market. As with BuildDirect, Cymax had intended to go public in 2016, but was similarly held back by the weak capital markets. The Company launched several new initiatives over the past six months, including Constant Retail, with more projects planned for 2016. Similarly, we believe Cymax needs to gain traction with Constant Retail and continue delivering on its brand and growth strategy before testing the IPO waters again, which may take place sometime in 2017.

SHOES.COM's management unfazed by weaker capital markets. SHOES.COM is focused on executing on its previously stated goals during a weak IPO market. CEO, Roger Hardy noted that while Q1CY16 was particularly weak for both private and public capital markets, he is beginning to see an improvement in capital market conditions. SHOES.COM's executive management team has prior experience in taking companies public, with several senior executives formerly working at Roger Hardy's previous company, Coastal Contacts Inc. In addition, many investors with large ownership positions in SHOES.COM were previously investors in Coastal Contacts, and are therefore very patient as the Company executes on its vision, while remaining open to an IPO event in the future once the fundraising environment improves. SHOES.COM's management is unfazed by the weaker capital markets, and indicated that the Company could undertake a private financing round if needed to help fuel potential acquisition activity.

Investors now putting profitability under the microscope. In April 2016, KPMG and CB Insights published the Q1CY16 version of their 'Venture Pulse' report, which focuses on private technology company financing activity. The report noted that many investors in 2014 and 2015 had been paying more attention to top-line revenue growth in funding private companies. However, with many private companies and technology IPOs failing to meet their highly optimistic growth forecasts, investor focus is now shifting towards companies with more durable business plans, with an ability to control expenses and ultimately find a quicker path to profitability. Some investors are even trying to finance start-ups while attempting to create safeguards, such as the use of convertible debt in Spotify's recent \$1B raise, which included strict investor guarantees tied to any possible IPO the Sweden-based music streaming service may undertake in the future. The report's authors expect such investor protection provisions to become increasingly prevalent in large private financing rounds going forward.

Start-ups responding with greater focus on fundamentals over growth. The current market conditions, combined with increased investor scrutiny, are forcing some late-stage private technology companies to forgo higher growth and instead demonstrate profitability as soon as possible. To accelerate the path to break-even operations, some companies may look to cut staff or other spending, which can impact revenue growth and foster an environment of anxiety or lead to a slow exodus among employees. As a result, some companies could experience a drag on corporate culture and their longer-term growth prospects.



Can Vancouver become the next E-commerce Hub?

In speaking with the leadership at BuildDirect, Cymax, and SHOES.COM, we asked which factors determined their decision to start their current venture in Vancouver, and whether they consider the city to be a potential hub for e-commerce businesses. In our discussions, we determined two primary reasons why Vancouver was chosen as the headquarters for each of these start-ups: 1) Lifestyle factors, as the CEO and executive leadership already reside in Vancouver, and 2) Past experience in the local market, as investors and founders use proceeds from previous Vancouver-based projects to invest in new local ventures.

Qualified job candidates from other cities are difficult to recruit into Vancouver while the current crop of homegrown talent are leaving for other markets. 2015 saw the city welcome the fewest net new people between the ages of 18 and 24, while the number of 25-44 year-olds fell by around 1,300, the largest decline since 2007. With the cost of living having reached new heights over the past several years, the City of Vancouver has seen its share of homegrown talent leave for other markets, a fact lamented by several local tech company CEOs and industry analysts.

Vancouver's technology companies could see their future growth impacted by the continued rise in local real estate prices as younger, tech-oriented talent is forced out of the city and into other markets. In our conversation with the leadership at BuildDirect, Cymax and SHOES.COM, there were a couple of cases where the companies faced difficulty in finding the right local talent or recruiting talent from other cities to come to Vancouver due to the city's high cost of living. BuildDirect specifically noted the difficulty in hiring senior executive talent from the U.S. as prospective candidates hesitated moving to Vancouver due to its higher cost of living. Cymax was even more pointed in its frustrations, with complaints ranging from the cost of living, the size of Vancouver's tech workforce and the relatively weak capital markets compared to most other major cities.



BuildDirect Technologies Inc.

Year Founded: 1999

CEO: Jeff Booth

VP, Finance: John Sotham

Number of Employees: ~330

2015 Revenue: N/A

Capital Raised to Date: \$113M

BuildDirect is a technology company that has built a leading online marketplace for home improvement products. The Company offers homeowners a large selection of products and also offers services such as direct-to-home shipping and free virtual design tools. BuildDirect takes out the middleman that separates home improvement product manufacturers from their home improvement customers, offering high-visibility and low-cost shipping options for large-item goods. The Company recently launched its Home Marketplace service, with which sellers can offer an even larger inventory of home improvement materials to customers and take advantage of BuildDirect's proprietary data and shipping logistics to cost-effectively serve customers directly.

BuildDirect was founded in 1999 by CEO Jeff Booth and Rob Banks. The concept began with the frustration experienced by Mr. Booth when procuring large construction materials in his previous residential home-building venture. Home building materials are usually shipped through a supply network that starts from the manufacturers but can also include layers of agents, such as wholesalers, distributors, and retailers, before finally reaching contractors and consumers, which creates many potential delay points and new costs at each step. Mr. Booth was experiencing shipping delays at his projects, which was pushing back construction deadlines and increasing costs to his business and customers. He decided to challenge the existing building materials channel model by simplifying the distribution chain to speed up shipments. Hence, BuildDirect was created to take out the middleman that separates manufacturers and home builders, creating an early advantage for itself as a lower-cost shipping platform offering cost savings of up to 80%.

FINANCING HISTORY

To date, BuildDirect has raised a total in excess of \$100M in gross proceeds through five financing rounds. The Company undertook its first venture round in June 2012 for \$16M with OMERS Ventures. In October 2012, BuildDirect secured \$4M from the BDC IT Venture Fund. The Company closed a \$13M venture round in November 2013, with \$5M from Difference Capital and a large Canadian institutional investor accounting for the remaining \$8M. In January 2014, Mohr Davidow Ventures led a round with BDC Venture Capital, raising \$30M in Series B funding. In conjunction with the round, Katherine Barr, General Partner at Mohr Davidow Ventures, joined BuildDirect's board of directors. Most recently, in December 2014 BuildDirect raised \$50M from a combination of new and existing U.S. and Canadian investors, including Mohr Davidow Ventures, OMERS Ventures and BMO Asset Management. The financing was undertaken to accelerate development of the Company's Home Marketplace initiative. According to Business in Vancouver, following its most recent equity raise, the Company was valued at \$500M post-money.

MANAGEMENT

BuildDirect is led by Jeff Booth as co-founder, President and CEO with a track record of recruiting top executive talent. Mr. Booth was awarded the B.C. Technology 'Person of the Year' by the B.C. Technology Industry Association (BCTIA) in 2015. Mr. Banks serves as BuildDirect's Executive Officer, and previously worked as a financial consultant and co-managed a multi-million dollar investment portfolio before co-founding BuildDirect with Mr. Booth. Mr. John Sotham serves as BuildDirect's Vice President of Finance, joining the Company in 2006 from KPMG where he was Senior Accountant in



Assurance Services. Mr. Sotham brings sales and operations experience through his efforts in building the U.S. sales infrastructure and assessing joint venture operations for Microsep International, a subsidiary of Atkinson Construction.

Big industry hires in its executive ranks. BuildDirect hired Jim Hourigan as Vice President of Supply Chain in 2009, who was then appointed Chief Operating Officer in 2011. Before joining BuildDirect, Mr. Hourigan served as a senior operations executive in the consumer and medical products industries, and also currently serves on the FedEx Advisory Board. Heidi Rolston serves as BuildDirect's Vice President of People, joining the Company in 2012 after holding senior VP positions at The Forzani Group and WestJet. In September 2014, the Company recruited its first Chief Technology Officer, Tal Ball, who had previously served as Senior VP Products, Technology and Content at Gracenote Inc., a Silicon Valley digital media solutions company serving clients such as Apple, Sony and LG. In February 2015, BuildDirect made a second high-profile hire, recruiting Joseph Thompson from Amazon.com, where he oversaw partnerships with over 2,500 vendors as General Manager of Retail.

HOME MARKETPLACE

BuildDirect launched Home Marketplace in February 2016 as a broader platform for suppliers. Home Marketplace is a self-provisioning platform that gives suppliers access to BuildDirect's proprietary data-driven tools, analytics and logistics network to quickly launch and manage product SKUs and shipments. Suppliers can use the self-service tool to post and manage their entire inventory online with full control over pricing, and without using a traditional retailer. Suppliers can access BuildDirect's proprietary analytics tools to gauge customer interest, product competitiveness and regional sales insights that can highlight where certain inventory will sell best, so retailers can adjust their inventory allocations accordingly. Sellers can also access BuildDirect's warehouses to store inventory as well as its highly-optimized, low-cost freight network for shipping large items.

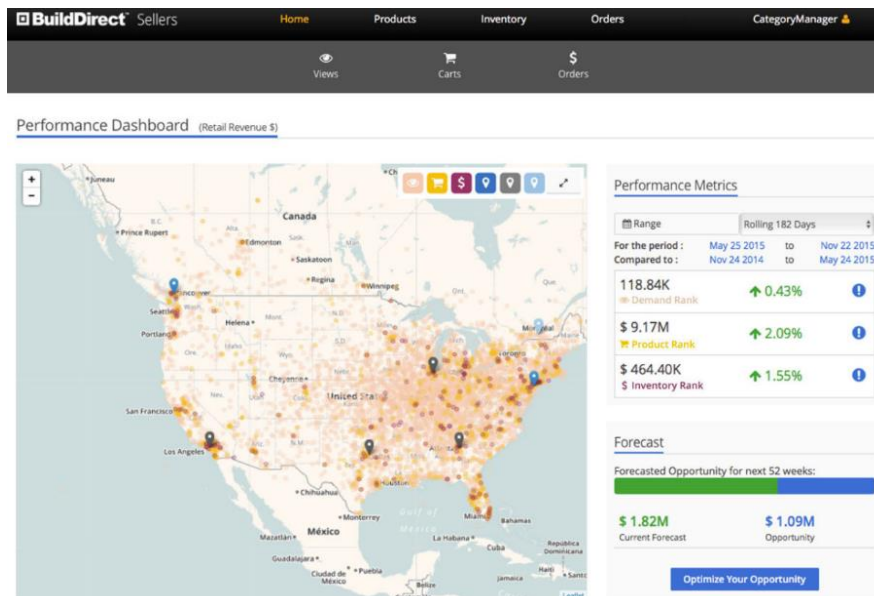
Renovators get more selection and better home improvement tools through Home Marketplace. Renovators gain more direct access to suppliers for greater product selection, faster shipments and customer support. In addition, they can use a virtual design tool called the Design Center, which overlays building materials such as flooring and appliances onto bathroom blueprints in either 2D or 3D layouts. The design templates are "construction-ready", which means they can be used for real renovation projects. BuildDirect plans to add more virtual room templates in future months.

Home Marketplace allows BuildDirect to offload the cost and responsibility of managing pricing, marketing assets and other tasks onto the suppliers themselves. Launching SKUs through BuildDirect's retail channel can be a bottleneck for the Company, as it requires BuildDirect to hold manufacturers to get products online, manage pricing and hold products through its logistics network. By contrast, through Home Marketplace, BuildDirect focuses on its core technology strength, providing logistics and predictive analytics tools for manufacturers to manage their own supply chains and optimize their item assortments. As suppliers gain more insight on which SKUs are selling and where they can better focus their efforts using BuildDirect's tools, they may choose to transition some of their SKUs into BuildDirect's retail channel. Hence, Home Marketplace can act as BuildDirect's no-cost, no-risk filter for onboarding SKUs with retail potential.

Home Marketplace has grown 350% since launch, attracting major suppliers to the platform. In June 2016, BuildDirect reported that its Home Marketplace has grown 350% since its February launch, with its product count nearly quadrupling over that timeframe. Suppliers on Home Marketplace include MS International, Swiss Krono, Panama Jack and more. Most recently, BuildDirect added several of the world's largest flooring companies to Home Marketplace, including Mohawk, Shaw Industries, and Armstrong Flooring, with Armstrong offering almost 450 SKUs through BuildDirect.



Figure 2: BuildDirect's Home Marketplace Dashboard



Source: BuildDirect, TechCrunch.com

SUPPLY CHAIN

BuildDirect delivers over 8.2M lbs. of products each month through a sophisticated logistics network. To handle an average size order and weight about five to ten times the size of a typical FedEx or UPS shipment, BuildDirect had to create a proprietary, scalable logistics network. In order to achieve its goal to make shipping faster and cheaper for construction items, BuildDirect developed a real-time software platform that could optimize for shipping costs, factoring in the weather, tariffs and duties, and routing options. The Company then invited trucking and steamship shipping companies to bid on projects through BuildDirect's site using data that would otherwise be unavailable to them by retailers through traditional bidding processes. BuildDirect's shipping network gives it a unique strength in providing stronger visibility and lower costs for shipping large items between suppliers and end-customers, which is a powerful differentiator given the event ordering timelines and potential delays in home-building projects.

Home Marketplace is built on BuildDirect's logistics foundation. In order to onboard product SKUs faster and create a "stickier" service offering, BuildDirect launched its Home Marketplace, which gives suppliers pricing control as well as predictive analytics and logistics data not found on any other platform. Without BuildDirect's strong background in logistics, Home Marketplace would not have been possible, and it creates a competitive advantage for the Company against both its competitors and any suppliers looking to replicate BuildDirect's efforts through in-house development.

USING DATA AND ANALYTICS

BuildDirect uses data and analytics for itself and its Home Marketplace suppliers. Data underpins BuildDirect's primary software offering, providing routing options, tariffs and duties, and even weather information to help shippers optimize their costs. As a result, shipping timeline visibility on BuildDirect's network is very strong. In the Home Marketplace, suppliers gain access to BuildDirect's proprietary analytics tools that can gauge customer interest, product competitiveness, and regional sales insights that highlight where certain inventory will sell best, so retailers can adjust their inventory allocations accordingly.



COMPETING AGAINST AMAZON

BuildDirect is sometimes referred to as the Amazon for shipping large items. While Amazon.com has built a strong reputation for delivering light-weight consumer goods to people's homes through its partnerships with FedEx and UPS, BuildDirect is establishing itself as a leader for shipping overweight items (i.e., over 150 lbs). Shipping heavy weight products such as flooring and roofing materials requires a different approach to logistics than selling small items as there is greater potential for wasted container space, more constraints around stacking items, and higher levels of coordination required between regional shipping companies. As a result, BuildDirect had to build a logistics network like Amazon's, but specialized for the overweight items market in Canada and the U.S. by coordinating with heavy-item logistics companies. While BuildDirect's order sizes are larger, the approach does share some similarities with Amazon's, as BuildDirect also uses data analysis to predict demand and optimize for excess capacity. For its Home Marketplace customers, this means BuildDirect can more dynamically adjust pricing across its routes to help 'democratize' choice and provide greater cost transparency. For third-party retailers and manufacturers, Home Marketplace becomes a 'sticky' service that is difficult to duplicate and is not available on Amazon, creating a moat for BuildDirect as a large-item logistics leader.



Cymax Stores Inc.

Year Founded: 2004

CEO: Arash Fasihi

CFO: David Sela

Number of Employees: 220

2015 Revenue: >\$180M

Capital Raised to Date: \$30M

Cymax Stores Inc. is one of the fastest growing online furniture retailers for home and office, with over 250,000 product SKUs from over 1,000 brands. The Company was ranked within the Top 200 e-tailers in the world in both 2011 and 2012 by Internet Retailer Magazine (IRM), and was most recently ranked at No. 216 in IRM's Top 500. Cymax was named as a finalist for Company of the Year by the BCTIA in April 2015. Major third-party brands integrated with Cymax include Simmons, Serta, Sauder, Bush Furniture, and Ashley. Cymax was established in 2004 in Burnaby, B.C., by Arash Fasihi and currently has 220 employees.

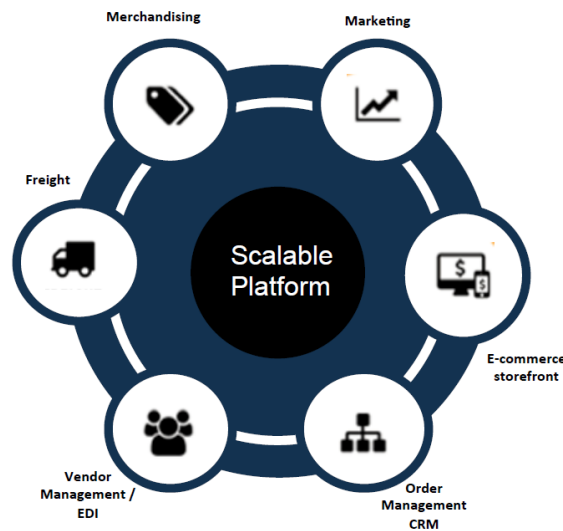
Strong growth in the burgeoning e-retail market for furnishings. The worldwide home furnishings market is estimated at approximately US\$233B per year (as estimated by eMarketer), with online purchases accounting for just 15% of furnishing sales. In the U.S., online furniture e-retail is estimated at US\$4B within the US\$100B U.S. furniture market. Online is expected to outpace the brick-and-mortar segment's growth between 2007 and 2017 with a 14% CAGR. Cymax generated over \$180M in revenue in 2015, representing 96% growth and a CAGR of over 14% from revenue of \$92M in 2010. The Company generates 61% of its revenue through direct sales and 39% through indirect sales channels for a blended gross margin of 21%. Cymax receives 2M visitors and 1.3M targeted keyword searches each month [Source: Investor Presentation].

Beginnings in audio/video (A/V) furniture that quickly expanded in scope. President and CEO Arash Fasihi originally founded Cymax as an A/V furniture website after becoming frustrated with the lack of in-store selection at local retailers. In response, he created a small online platform to sell TV furniture that also included a broader variety of TV-related and other A/V furniture. Realizing the opportunities from online retailing, he created additional websites for other niche product verticals, from consumer electronics to fireplaces to houseware items. Mr. Fasihi's roster of specialized e-tailer websites soon expanded to 115, but has since been consolidated into the single Cymax.com site. Post-consolidation, Cymax has focused on three major markets: home, outdoor, and office settings. Cymax generates revenue through direct sales at Cymax.com, indirect sales with other e-retailers, and through its new Constant Retail service with retailers and manufacturers.

Cymax is growing organically at over 30% per year in the U.S., with 99% of total revenues generated through Cymax.com. Cymax has one of the largest product selections in home furnishings, in price points ranging from value-focused to high-end luxury items. Cymax's product catalogue has expanded from roughly 55,000 SKUs in September 2015 to around 250,000 in spring 2016, with the Company hoping to reach 350,000 items by the end of 2016 along with 800 new brands over the coming year. The Company has collected data for 10 years from which it can better gauge customer interest in certain items, which can be a powerful tool for both direct sales and its Constant Retail customers. Cymax is expecting its new products to generate higher volumes with customers in terms of order sizes and frequency of purchases. Cymax has managed its costs while revenue climbs, with overall gross margin rising. In addition, the Company has seen its marketing costs decline, which has been accretive to its bottom line as Constant Retail offloads more of the costs associated with onboarding new product SKUs onto suppliers instead.



Figure 3: Cymax's Scalable Platform



Source: Cymax Presentation (January 2016), Haywood Securities Inc.

The Company is currently focusing on its most attractive furniture sub-categories: Baby and kids, home furniture, office furniture, and home décor. When assessing new sub-categories and SKUs, the Company has identified several key common criteria for adding new products to its selection: (1) Complementary to existing categories to enable cross-merchandising; (2) Weight of items to exceed 30 lbs., which reduces shipping costs; (3) Generate higher gross margins; (4) Generate higher demand for keyword searches; and (5) Specialty items not available through mass merchants as a product-oriented differentiator.

FINANCING HISTORY

Cymax has undertaken two financings since 2011 and raised \$30M to date. Constant Retail's development was financed in part by Cymax's October 2015 Series A equity raise for gross proceeds of \$25M. The financing round was led by Frind Holdings, the investment arm of Mr. Markus Frind, who founded the dating start-up PlentyofFish, which was sold to Match.com (owned by InterActive Corp. [NasdaqGS:IAC]) for US\$575M in 2015. Previously in August 2011, Cymax raised an undisclosed sum through a financing round with Canopy Capital Partners.

MANAGEMENT

Cymax has recruited major technology and retail leadership hires. In addition to his leadership role at Cymax, Mr. Fasihi is currently an advisor with HyperGrowth, a B.C.-based accelerator for start-up ventures. Mr. Fasihi is joined by David Sela as VP, Finance. Mr. Sela has over 15 years of finance and accounting experience with multinational corporations, including senior positions at CHC Helicopter and Best Buy/Future Shop. Mr. Sela holds a B.A. degree from UBC and is a CPA, CGA. In December 2015, Cymax appointed four major new hires: Mr. Rizman Somji joined as Vice President of Technology, Mr. Nathaniel Payne as Senior Director of data analytics, Mr. Grant McTaggart as Vice President of Merchandising and Marketing, and Mr. Chris Carroll as Vice President of Sales for Constant Retail. Earlier in 2015, Cymax added Mr. Kevin Layden to its Board of Directors, who had previously served as COO of Best Buy.



CONSTANT RETAIL

In January 2016, Cymax launched its Constant Retail e-commerce platform for furniture retailers and brand-focused manufacturers to become e-retailers. After more than a year of development and six months of testing with select partners, Cymax's 'Constant Retail' has now officially launched. Constant Retail is a turn-key technology and operations service built on a Platform-as-a-Service (PaaS) model for brick-and-mortar retailers and manufacturers to transition into e-commerce sales through Cymax.com, creating a "store within a store". Cymax estimates the e-commerce PaaS market at approximately \$30B. Constant Retail is an end-to-end e-commerce and Enterprise Resource Planning (ERP) solution as it packages Cymax's merchandising, discounted shipping and logistics network, inventory management, advertising and marketing, and order management capabilities all into a single interface. At the core of Constant Retail is Cymax's transaction database, in which the Company has now stored more than 10 years of data to create usable, actionable tools. Through Constant Retail, Cymax's retail and manufacturing partners can now subscribe to use these Cymax-built tools and freight system for orders weighing over 50 lbs to build their own e-retail store-fronts within Cymax's e-commerce network.

Constant Retail reduces the time required to transform a traditional retailer into an e-retailer from three to five weeks to a matter of minutes. Constant Retail is priced at \$199 per month for retailers who sell up to three furniture brands and \$699 per month for up to 20 brands. In addition, Constant Retail offers a \$2,500 per month, value-added marketing service to retailers and manufacturers looking to gain more brand visibility on Cymax.com.

SUPPLY CHAIN

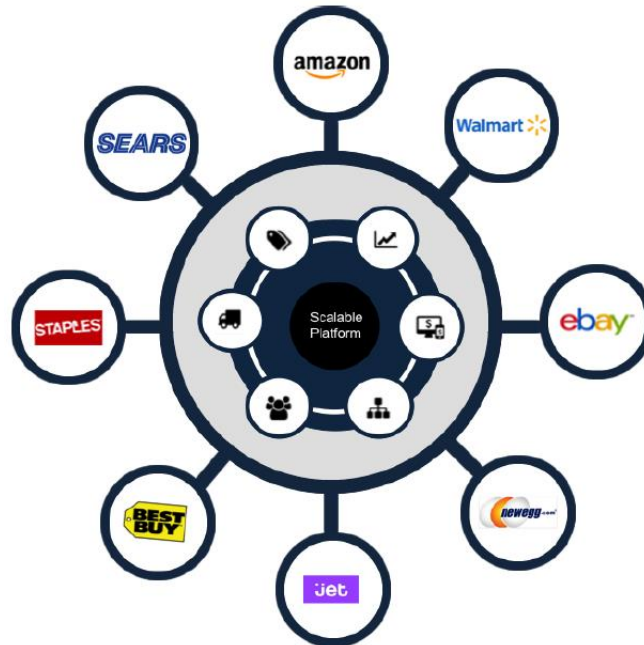
Cymax's drop-shipping sales model. Cymax connects customers with manufacturers so they can order furniture items at factory-direct discount pricing. Manufacturers list their merchandise for sale on Cymax.com and customer orders are placed with Cymax. Cymax then forwards the order to the manufacturer. Customer orders are fulfilled directly from the manufacturer without storing the merchandise with Cymax in between, allowing Cymax to pass on the savings to customers by avoiding showroom and holding costs. Drop shipping allows Cymax to only manage inventory on a per-purchase basis, allowing the Company to avoid significant capital expenditures for warehousing unsold items, and it allows for greater flexibility to expand, contract, and re-focus its product selection with minimal risk. The model also allows Cymax to service many disparate regions without having to build a physical presence in those markets, resulting in a scalable business platform that can extend to wherever its customers are located.

Cymax uses a managed logistics solution with access to 42 regional and line haul carriers. As Cymax does not hold inventory but instead coordinates between customers and manufacturers, the Company has invested in its API to connect with major and regional shipping and freight companies in order to optimize its logistics network. Cymax has a dedicated logistics account manager, and its network features claim filing and processing for cross-border shipping, line haul shipping for intercity freight, along with a predictive freight engine to get strong visibility on expected delivery times and cost. Through its efforts, Cymax claims to have the lowest shipping rates in the market, which is estimated to be a \$60B industry for less-than-truckload (LTL) shipments. The Company also integrates its logistics solution into its Constant Retail service's supply chain for retailers and manufacturers to take advantage of the Company's efforts in optimizing its delivery service. Some of Cymax's regional and line haul carriers include FedEx, UPS, and J.B. Hunt.



Cymax's supply chain also enables it to sell products through other retailers. Cymax also generates indirect sales by acting as an external sales driver with major retailers in the U.S. and Canada, including Amazon, Sears, Walmart, Staples, eBay, Best Buy, NewEgg and Jet. We expect indirect sales to continue to increase in the coming years as the Company sells more products through these retailers and also adds more retailers to its retail marketplace.

Figure 4: Cymax's Retail Partnerships



Source: Cymax Stores Inc. Investor Presentation (January 2016)

USING DATA and ANALYTICS

Cymax leverages its scalable e-retail platform to gather insights and build new tools. With over 10 years of consumer and transaction data, Cymax has gained critical insights on consumer spending habits and shifting tastes without having to hold physical inventory or undertake large capital expenditures like a traditional brick-and-mortar retailer. In the furnishings market, personalization is a key customer need when presented with literally hundreds if not thousands of SKUs to choose from. As a result, Cymax takes advantage of analytics to track customers using its mobile site, which presents fewer items at a time and dynamically filters what product is shown next after learning the first three items the customer has already explored. Recently, the Company built its 'Constant Retail' PaaS tool allowing brick-and-mortar retailers to take advantage of its vast collection of transaction and consumer data. Constant Retail combines its data-driven retail insights with its physical logistics and freight network to create a full retail distribution tool that third parties can use to build their own storefronts on Cymax's e-commerce platform.

Cymax knows more about its products in order to ship them better. Cymax has established a freight advantage for items over 50 lbs. via Freight Club, with 75 clients wanting access to this freight and logistics network. Cymax's predictive freight algorithms choose the optimal carrier to minimize damage to a given order based on the individual product's characteristics, including its size, shape, durability, and ability to be stacked.



COMPETITIVE LANDSCAPE

Cymax is targeting middle to upper income households. As illustrated in Figure 5 below, this segment is not nearly as wealthy as Pottery Barn's or Crate&Barrel's customers, but is also not in the low end, which is served by Wal-Mart and Amazon. Cymax's goal is to provide more SKUs and selection than Bed Bath & Beyond, but to also avoid offering too many SKUs, which could overwhelm buyers and dilute its revenue per SKU.

Figure 5: Cymax's Competitive Landscape



Source: Cymax Presentation (January 2016), Haywood Securities Inc.

Cymax derives its competitive advantages over Amazon through its combination of high selection of items, the Company's drop-shipping model, and customer service experience. Cymax has launched private label brands, some of which are sold indirectly via third-party retailers such as Amazon. Cymax sells a few of its lower-end items on Amazon.com as its customer base is generally more price conscious, but also sells a wider variety of furnishings through other major retailers, including Sears, Wal-Mart, Staples, and eBay. However, Cymax does not necessarily overlap with Amazon's target market given its specific focus on mid to high-end furnishing products, which allows the Company to specialize on a narrower market niche. In addition, Cymax has launched its own private label brands in order to gain additional insight on consumer preferences. Cymax's drop-shipping model allows the Company to more quickly take on new manufacturer partners and expand into new territories as it can avoid building physical warehouses in new regions to store inventory.



SHOES.COM

Year Founded: 2012

CEO: Roger Hardy

CFO: Nick Bozikis

Number of Employees: over 500

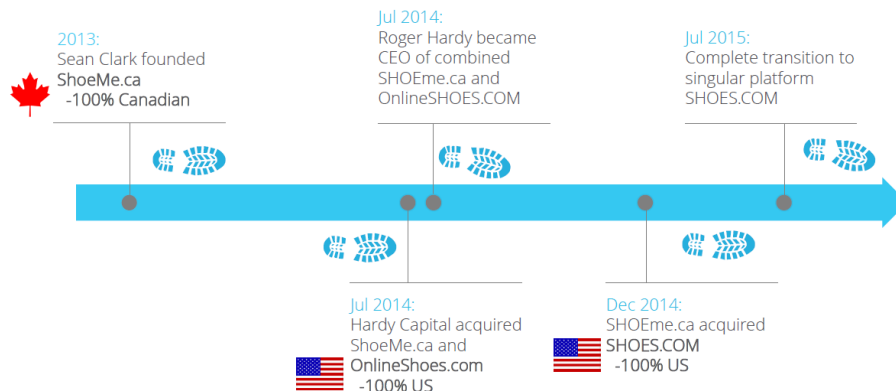
2015 Revenue: \$230M

Capital Raised to Date: \$45M

SHOES.COM, Inc. ("SHOES.COM") is an e-retailer of footwear, apparel and other fashion accessories, which was built on the foundation of three companies that were combined in 2014. SHOES.COM is led by CEO Roger Hardy, whose merchant bank, Hardy Capital, brought together three separate online shoe retail websites including SHOEme.ca, OnlineSHOES.COM, and SHOES.COM under one entity. Combined, the three properties serve over 8M customers in the North American online footwear market. In the U.S. market, SHOES.COM has two online storefronts: OnlineSHOES.COM, established in 1996 in Seattle, WA, was considered the first online shoe retailer in the U.S., and SHOES.COM which was founded in 1999 in St. Louis, MO. In Canada, SHOEme.ca was started in 2012 by Sean Clark (formerly of Coastal Contacts). SHOEme.ca was borne out of Mr. Clark's frustration with the cross-border shoe shopping experience, which had forced him to travel to the U.S. border to pick up shoes that were purchased online, but could not be delivered into Canada. Following the exit of U.S.-based Zappos from the Canadian market in 2011, a market opportunity emerged for a local brand to rise and capture Zappos' former Canadian customers; Mr. Clark left his position at Coastal Contacts to launch SHOEme.ca in January 2012.

Mr. Hardy was instrumental in acquiring the various brands behind SHOES.COM before becoming CEO of the parent company. Mr. Hardy was the co-founder, Chairman, and CEO of Coastal Contacts Inc. until its April 2014 all-cash acquisition by Essilor International SA for \$450M. Following the sale of Coastal to Essilor, Mr. Hardy's merchant bank, Hardy Capital Partners, stepped into the shoe business by acquiring 100% of both SHOEme.ca and OnlineShoes in July 2014, the latter of which was acquired for \$140M. Hardy Capital continued its buying activity in 2014 with its December acquisition of SHOES.COM for approximately \$11.9M. The Company has consolidated all three sites to better serve its North American customers. Currently, the combined entity has over 500 employees with total revenues exceeding \$250M annually.

Figure 6: SHOES.COM's Corporate Timeline



Source: SHOES.COM Investor Presentation (January 2016)



8M current customers and a wide selection of brands. SHOES.COM has 328 women's brands and 194 men's brands for the U.S. market, which is competitive with industry leaders Zappos and DSW. In Canada, SHOEme.ca is the market leader, offering 254 women's brands and 215 men's brands. The Company's largest non-vertically integrated online competition in Canada includes the Hudson's Bay Company (TSX:HBC, not rated) and Shop.ca, among others. SHOEme.ca now operates as Canada's largest online shoe retailer. In addition to selling footwear across numerous brands, SHOES.COM also designs its own products through its private label brands including Hardy and California-based innerwear brand, Richer Poorer.

SHOES.COM is targeting \$1B in net revenue within the next three years. After posting approximately \$230M in revenue in 2015, the Company is setting its sights on achieving over 30% annual organic growth, complemented with strategic acquisitions, by 2018. SHOES.COM is hoping to undertake one U.S.-based acquisition in each of the next three years to hit its revenue target, with its fastest revenue growth expected to come from its Canadian operations. SHOEme.ca is expected to generate 88% organic revenue CAGR from \$22M in 2015 to \$137M in 2018, while OnlineSHOES.COM is expected to grow at 38% organic revenue CAGR plus acquisitions to achieve \$417M in 2018 revenue, up from \$208M in 2015 [Source: SHOES.COM January 2016 Investor Presentation]. The Company has a long-term EBITDA margin goal of 10%.

The online footwear market is growing at twice the annual pace of traditional brick-and-mortar shoe retail. The combined U.S. and Canadian online footwear market is growing at 12% per year compared to the in-store market, which is growing at 6% annually. The U.S. and Canadian footwear market is worth a combined \$81B, with online sales penetration of only 3% in Canada while the U.S. is higher at 11% thanks to early movers in the U.S. e-retail space, such as Zappos (now owned by Amazon.com Inc.) and Designer Shoe Warehouse (NYSE:DSW, not rated). The online gap between the Canadian and U.S. footwear markets represents an approximate \$570M market opportunity that SHOES.COM can seize as Canada's largest online shoe retailer. In addition to providing a strong selection of premium shoes, SHOEme.ca focuses on removing any hidden shipping costs and providing stronger customer support and satisfaction.

FINANCING HISTORY

SHOES.COM has undertaken one financing and is considering a second to fuel acquisitions. The Company completed a \$45M private placement of common shares in May 2015 at a valuation of \$275M. Existing shareholders were the principal investors in the round, which was significantly oversubscribed. In January 2016, SHOES.COM indicated its intention to undertake a second private financing round for proceeds of \$25-50M. The Company has not provided an update on the timing of this financing. As with its 2015 round, the next private financing would be used to fuel potential acquisition activity.

MANAGEMENT

SHOES.COM is led by a veteran leadership team that includes Roger Hardy as the Company's CEO, Chairman and Co-Founder. In addition to Mr. Hardy, SHOES.COM's executive team also includes several other members of Coastal Contact's former management team, along with executive leadership talent from several other major brands such as Nike, Zappos, and YYoga. SHOES.COM's management has extensive experience in both online and brick-and-mortar retail. Sean Clark, who founded SHOEme.ca, currently serves as Chief Revenue Officer of SHOES.COM, and is joined by several other Coastal Contacts alums, including Nick Bozakis as Chief Financial Officer, Dominic Uy as Chief Technology Officer, and Geoff Henshaw as VP of Marketing. SHOES.COM has also attracted talent from other major brands, including Creative Director Jon Maltby, who previously served as Creative Director at Lululemon and Blast Radius. SHOES.COM's senior management team also includes three VPs of Merchandising: Scott Julian joined the Company after 12 years with Zappos, the online shoe retailer



acquired by Amazon in 2009; Ben Suidman was previously the Director of outerwear, footwear, gear and accessories at Eddie Bauer; and Makenzie LaCount brings diverse buying experience from her prior positions at Nike, Amazon and Gap Inc. Dan Schultz, SHOES.COM's Director of Loyalty, was previously with Zulily and American Express.

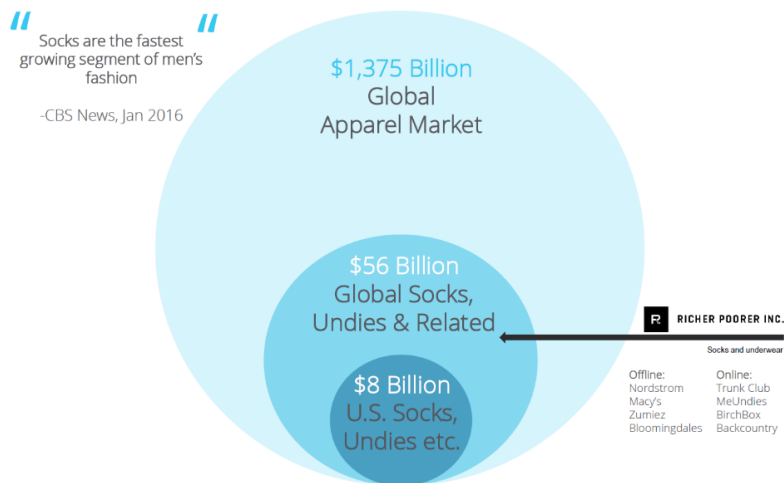
GROWTH STRATEGY

In our conversation with SHOES.COM's CEO, Roger Hardy, he outlined four major components of the Company's growth strategy to be executed over the medium term, including acquisitions, product development, omni-channel expansion and working with other retailers:

1. Acquisitions into apparel;
2. Private label brands;
3. "Omni-channel" expansion including brick-and-mortar;
4. Partner and provide a platform to other retailers.

Richer Poorer acquisition broadened product offering. SHOES.COM's growth has been partly driven by its acquisitions of web properties: SHOEme.ca for the Canadian market and OnlineSHOES.COM for its U.S. business. Through these efforts, SHOES.COM has carved out a niche for itself in the online Canadian footwear market and to a lesser extent in the U.S. In November 2015, SHOES.COM made its move into footwear accessories and non-footwear clothing through its purchase of Richer Poorer, a California-based designer of socks, underwear and T-shirts. SHOES.COM will be the exclusive retailer of Richer Poorer products in Canada and will create cross-selling opportunities with the Company's core shoe business. SHOES.COM is targeting over 150% revenue CAGR over the next three years, which includes Richer Poorer's wholesale channels along with SHOES.COM's retail sales. Richer Poorer products generate gross margins in excess of 70% and the Company believes it could potentially become a \$50M business by 2020.

Figure 7: SHOES.COM's Total Addressable Market (TAM) in Apparel



Source: SHOES.COM Investor Presentation (January 2016)

'Hardy' as a private label brand. Originally formed as a joint venture between Roger Hardy and his spouse Jenny Hardy, SHOES.COM's Hardy brand creates fashion footwear products designed with the young, entrepreneurial-spirited consumer in mind. The Hardy brand is sold exclusively through SHOES.COM's websites. The launch of 'Hardy 2.0' brought product improvements along with a new manufacturer to the venture. As a result, Hardy saw a significant uptick in sales of 160% YoY in the last six months of 2015 with a product gross margin approaching 70%. For 2016, SHOES.COM is targeting sales growth of over 200% YoY for the Hardy brand.



Figure 8: Hardy Private Label Products



Source: SHOES.COM Investor Presentation (January 2016)

Online roots, branching into brick-and-mortar. Through its websites, SHOES.COM has built a reputation as a competitive, web-based alternative to brick-and-mortar retail shoe shopping. In recent quarters, however, the Company marked its first foray into becoming a true “omni-channel” retailer; SHOES.COM now has two Canadian-based brick-and-mortar locations – Toronto and Vancouver – in order to generate brand awareness in addition to its existing online service. During 2016, the Company intends to have five Canadian retail openings, two U.S. retail openings on the west coast, as well as pop-up store location testing.

SHOES.COM is broadening its e-commerce approach by partnering with other shoe retailers. After establishing itself as Canada’s largest online shoe retailer, SHOES.COM is beginning to onboard brands and competing brick-and-mortar shoe retailers into the SHOES.COM platform. Under this approach, shoe retailers can use an online portal to upload their own product SKUs and marketing materials onto SHOES.COM, and in turn some provide their retail location as fulfillment centres, which can accelerate fulfillment to within 2 hours for some SKUs. Third-party retail footwear sold via SHOES.COM is still shipped with the ‘SHOES.COM’ branding on the shoeboxes so the customer sees SHOES.COM as the retailer. SHOES.COM’s e-commerce approach and local fulfillment initiatives gives small to medium-sized retailers and brands the opportunity to increase their exposure and access to the sizable SHOES.COM customer base without having to undertake costly marketing or infrastructure overhead.

SUPPLY CHAIN

SHOES.COM’s logistics focus is on smaller goods that have an immediate end-use. SHOES.COM has worked to improve its logistics and fulfillment to end-customers, although perhaps to a lesser degree than BuildDirect and Cymax. Because SHOES.COM’s products are shipped by the major dedicated shippers (such as UPS and Purolator) under the same terms as other small and light packages, little is to be gained from starting from scratch to build out a vast logistics network. In addition, unlike the goods shipped through BuildDirect and Cymax, shipping shoes is generally not as time-sensitive as they are not used in large projects that can incur major costs through even minor delays. As a result, SHOES.COM’s focus is on providing predictable pricing for customers and more immediate purchase gratification through local fulfillment centres.

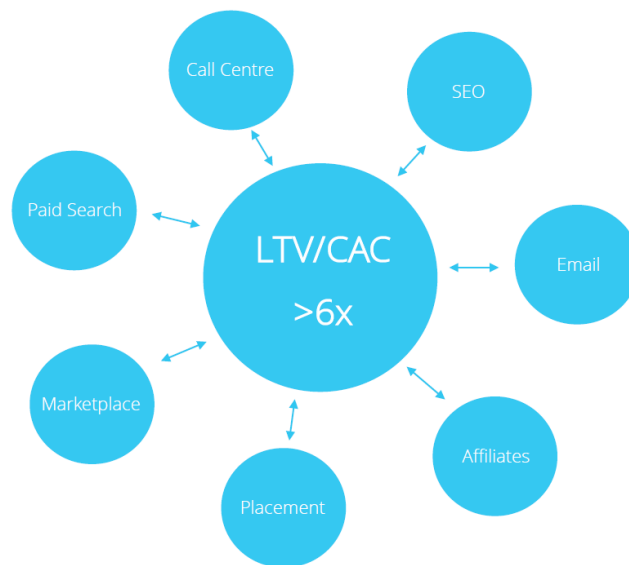
SHOES.COM introduced two-hour Canadian delivery service for faster fulfillment. In October 2015, SHOES.COM announced two-hour delivery for select items ordered on SHOEme.ca, for \$20 per order. SHOES.COM has secured retail partners in 7 provinces for a total of 15 cities, with the service currently having over 20 retail locations live and selling. The Company has one branded location in Toronto, which opened in November 2015, and is planning to open a Vancouver store in the coming months. Each location will accelerate SHOES.COM’s ability to fulfill local orders in under 2 hours. The Company is also looking to add an additional two locations sometime in the near future. In the U.S., SHOES.COM has one retail location already open in West Virginia, and intends to open its next location either in Seattle, WA, or Portland, OR.



USING DATA and ANALYTICS

SHOES.COM uses transaction data to maximize customer lifetime value (LTV). SHOES.COM averages a \$30 per customer acquisition cost (CAC), with many of its customers returning in a cadence longer than 12 months between purchases. As a result, the Company takes a two- to four-year view on its ability to generate return sales from its customer base. SHOES.COM uses past transaction data and a combination of marketing touch points to gather information about its individual customers to drive an LTV-to-CAC greater than 6x. Knowing more about what customers are buying, returning and reviewing allows SHOES.COM to curate its selection to better personalize the shopping experience, and potentially lead to better fits, lower returns, and higher customer retention.

Figure 9: SHOES.COM's Use of Big Data



Source: SHOES.COM Investor Presentation (January 2016)

SHOES.COM uses its customer purchase data for product development and cross-selling opportunities. SHOES.COM uses its data collection to gain a better understanding of the current fashion trends, customer feedback or returns for certain styles, fits and materials. Information collected includes past purchases, product personalization based on location and weather patterns, along with age demographics and other data points. Hardy, SHOES.COM's private label footwear brand, uses this information to tailor its product development to stay on the leading edge with respect to fashionable design, quality and comfort. The Company's Richer Poorer brand of socks, underwear and T-shirts also benefits from the use of customer data for both product development and pairing with footwear, creating cross-selling opportunities that drive higher sales and create a more personalized, value-added buying experience.

SHOES.COM using Artificial Intelligence to improve visual search capabilities at SHOEme.ca. In November 2015, SHOES.COM launched two initiatives to improve its online shopping experience. The first is an artificial intelligence (AI) shopping tool that uses visual intelligence to narrow down customer tastes and find the right pair of shoes. SmartShopper is loaded with a detailed visual knowledge base of the entire SHOEme.ca catalogue and pays attention to which shoe images the customers are clicking. SmartShopper then draws connections across a multitude of shoe attributes across the SHOEme.ca catalogue to determine which pair of shoes has the customer's desired design and characteristics. The second tool released in November allows customers to upload photos of any pair of shoes they see in real life, in print or online, then SHOEme.ca can scan the image and search in its catalogue to find either a direct or its closest match. Once the ideal pair is found, the customer can buy the shoes after just a few clicks, which increases the likelihood of purchase.



COMPETING AGAINST AMAZON

SHOES.COM is developing an omni-channel sales approach to better serve its customers wherever they are. After establishing itself as Canada's largest online shoe retailer, SHOES.COM has been working to extend its brand by establishing more touch points with its customer base. Most Canadian retail brands started off as only brick-and-mortar businesses operating in Canada's relatively uncompetitive retail climate, and have been largely unsuccessful in pivoting into e-retail to retain Canadian shoppers when challenged by American giants such as Amazon and Nordstrom. As a result, made-in-Canada omni-channel retail shopping experiences are lacking when compared to the dynamic U.S. marketplace. In contrast with its Canadian rivals, SHOES.COM began as an online retailer, and is therefore piecing together its sales model on a similar foundation as Amazon to become an omni-channel retailer with a strong web presence.

SHOES.COM's latest approach to brick-and-mortar retail resembles that of Amazon's. Amazon opened its first physical bookstore, known as 'Amazon Books', near the University of Washington campus in Seattle, WA, and features a combination of Amazon's best-selling titles along with lesser known but highly-ranked books that the Company believes will sell well at that location. Just like other physical bookstores, Amazon Books uses sales staff to assist customers and also provide their own favourite titles and recommendations to readers, creating a more personalized and omni-channel book buying experience (web, mobile and brick-and-mortar). Amazon Books builds off the company's unrivalled consumer book-buying data and combines it with a more human buying experience to help customers buy books right away. This also creates instant purchase gratification and expands the Amazon brand beyond that of an impersonal e-commerce company and into a more personal, insightful retailer. SHOES.COM appears to be taking a similar approach as it extends beyond just online retail.



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Tender	2.0%	2	0.0%
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UR (Hold)	1.0%	1	4.2%
UR (Sell)	0.0%	0	0.0%
dropped (TTM)	19.0%	19	0.0%