



**E-Shop of almost new  
household  
appliances and electronics**



**White paper  
Security token offering**

1. Project's idea .....3

2. Project stage .....5

3. Problema and solution .....6

4. Business model .....6

5. Market analysis and completion .....7

6. Marketing .....10

7. Finances .....11

8. Privileges .....11

9. Mission of investments .....12

10. Development plan and roadmap .....12

11. Method of finance attraction .....14

12. Partners .....14

13. Team .....15

# 1. PROJECT'S IDEA

E-Shop selling almost new and cut-price household appliances and electronics. Goods are divided into categories:

## **1. A -Ware**

New goods in original packing. Usually, surplus of goods.

## **2. B-Ware**

New goods – after exposition, after leasing, which were used or repaired (refurbished). Technically - always 100% with no defects; sold in original or not original packing. Often, these are goods, which clients return immediately without using them. The goods of this category include, for example, return of sent goods, wrongly selected goods or simply damaged during delivery, or faulty goods.

## **3. C-Ware**

Goods are damaged. Usually, insignificant technical defects, which can be easily repaired. Goods returned from clients.

## **4. Mix / returned**

In most cases, these are unverified client returns, which are usually packed in original boxes. There are various reasons of returning goods; some of them may be fully functioning, some - not.

## **5. Refurbished**

Goods restored by manufacturer or authorized service center. Technically, always 100% faultless, sold in non-original packing.

## **6. Outlet**

Goods are new, remainder of unsold goods. These may be goods both from previous seasons and from current collections.

E-Shop mtehnika.lv sells almost new household appliances and electronics of famous world brands. Mtehnika provides customers with the opportunity to purchase quality devices for a reasonable price. Each device is thoroughly checked and verified performed prior to being placed for sale, while the price of such appliances is 30-60% cheaper than new ones. The goods arrive from famous internet platforms and trading networks in Europe. Currently, Mtehnika provides a wide range of appliances: coffee machines, vacuum cleaners, juicing machines, fridges, electric kettles, blenders, waffle irons, milk foaming machines, coffee grinders, mixers and so much more. Mtehnika operates under the EU 'right to repair' rules for appliances. These rules provide both a second life for appliances, thereby saving the environment. A similar project, Back Market — the marketplace for remanufactured electronics already received €110 million in investments. With Goldman Sachs being one of the key investors.



[EU brings in 'right to repair' rules for appliances. These rules will give a chance to household appliances for a second life, thereby saving the environment.](#)

[A similar project, Back Market, the market for remanufactured electronics, received € 110 million in investments. Goldman Sachs was one of the investors.](#)

## 2. PROJECT STAGE

- E-shop was opened in Latvia on May 10, 2019, first purchases of appliances were performed and already 2000 buyers have bought goods.
- All process of goods purchase from Europe, as well as algorithm of goods placement in E-shop, has been arranged.
- First deliveries to clients have been done through delivery services in the Baltic States: omniva, dpd, venipak, express pasts
- A page in facebook has been opened to attract clients 2,200 followers
- Advertising has been arranged through google adwords; traffic of target clients is 300 clients a day; and through salidzini.lv as well.
- Warranty repair has been adjusted.
- Ebay.de account opened January 11, 2020
- An agreement was concluded on February 12, 2020 for the supply of goods with Pigu online store No. 1 in the Baltic States.
- The registration process is underway as a seller of remanufactured electronics at amazon.de
- The registration process is underway as a seller of remanufactured electronics at backmarket.com, the platform guarantees 800 sales per month.

### 3. PROBLEMA AND SOLUTION

Customers save from 30% to 60% with mtehnika.lv. Along with that, we provide a 6-month warranty. Not everyone can afford to buy new household appliances and electronics at its retail price. We solve this problem for clients, as they can purchase qualitative goods from famous European 30-60% cheaper than a new one.

### 4. BUSINESS MODEL

The business model is based on the wholesale purchase of returned goods from popular online stores in Europe and further resale through its online store and popular marketplaces (ebay, amazon, backmarket). The product is tested for functionality or restored.

To increase sales volumes, B2B will be launched, which will make it possible to deliver the goods to other internet shops through XML and personal rooms of wholesale buyers. Our aim is to become a supplier of the goods for traditional e-shops through XML technology, thereby expanding the sales market of our goods. Internet shops will be able to place our goods in their shop receiving photos, descriptions, and data of goods quantity at the moment; and they will not have to purchase goods beforehand, only when their client buys the goods. The gross profitability of turnover makes 50-60%. Net profitability will be around 35- 40% of turnover.

## 5. MARKET ANALYSIS AND COMPETITION

Clients of the age group from 25 to 70 years. E-shop covers all population of Latvia, where delivery costs 3 EUR to any place. Potential clients – around 2 million. Taking the project development into account, our aim is to enter neighbor countries Lithuania, Estonia, Poland, where delivery costs 8 EUR from Latvia to these countries. Our location is 25 km from Lithuania, 280 km from Estonia, 280 km from Poland.

### 5.1 Market analysis

2018: It is the first time when the scope of global market has exceeded 1,1 trillion EUR.

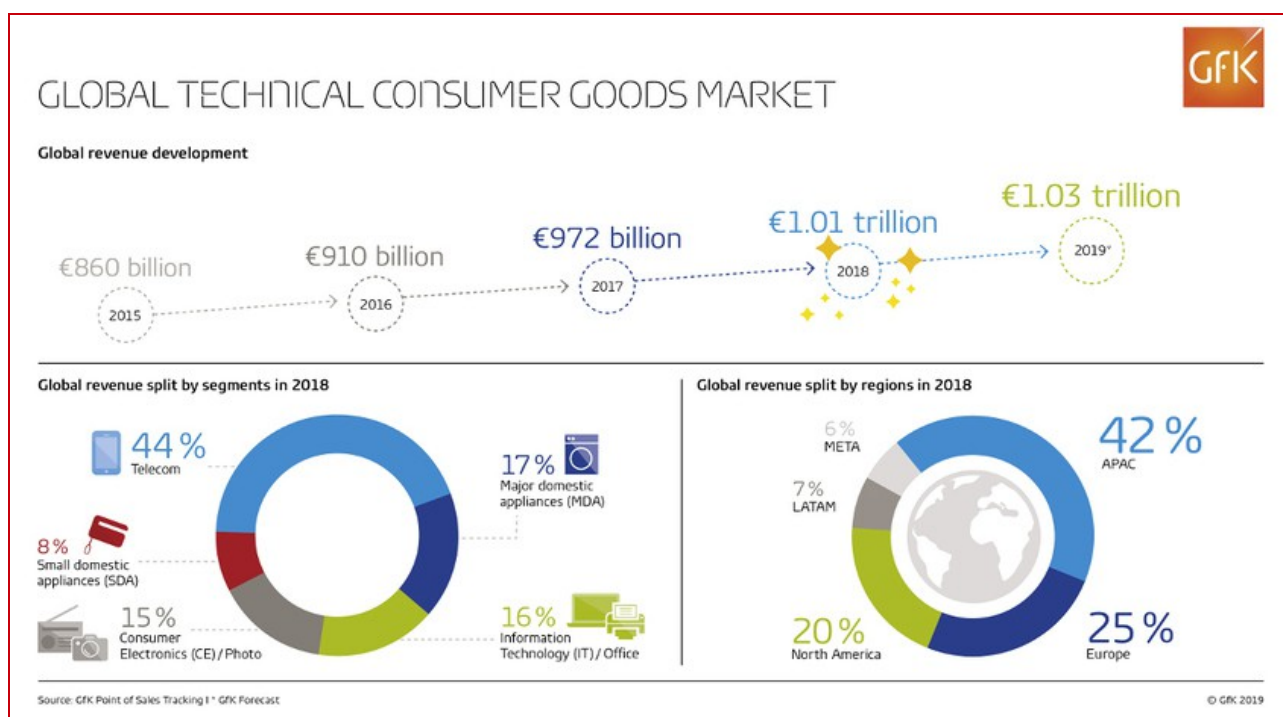
According to data of research company GfK, in 2018, sales of household appliances and electronics of the global market exceeded 1,1 trillion EUR, which is 4% more than a year before that. Sales have grown in segments of telecommunications (+7%), small household appliances (+7%), consumer electronics/photo (+6%) and IT/office equipment (+1%). In segment of big household appliances, sales, on the contrary, have decreased by 1%, as it was announced by GfK on January 10, 2019. In 2019, company analytics forecast 2-percent growth of sales of household appliances and electronics of global market up to 1,03 trillion EUR.

Big household appliances — as before, it is the second market segment by its size speaking about household appliances and electronics in 2018; sales here have made around 177 billion EUR, although with slight 1% decrease. In general, GfK announced that in 2018 17% of household appliances and electronics market sales covered big household appliances, like fridges, microwave ovens, laundry washers or dishwashing machines.

Among basic consumer requests, the company notes multifunctional appliances and their connection, i.e., possibility to link different devices to network and control them with, for example, smartphones.

In its turn, sales of small household appliances reached 86 billion EUR in 2018, which was the result of 7% growth. The main contribution into the market growth was made by China, thanks to which Asian-Pacific region became a leader with dynamics of 13%. In Latin America, region of Middle East/Turkey/Africa, sales have grown by 10%, dynamics of segment in Europe is slightly lower — 7%. Decrease of turnover took place only in the North America — by 2%.

In 2018, buyers were very much interested in such appliances like, for example, battery-powered handheld vacuum cleaners. Experts of GfK note also that in 2019 one trend will grow stronger in the market of small household appliances, which is “upgrading”. This may lead to acceleration of sales growth in the coming year up to 8%.



Respectively, there are tendencies of growth in this segment, especially when appliances of brand class in E-shop mtehnika.lv will be cheaper by 30-60% than new.



## 5.2 Competitors

There are no such E-shops of almost new and price-cut appliances in the Baltic States with such possibilities, except mtehnika.lv. This market segment is developing offline, i.e., simple shops are represented in internet space with a standard site or page on facebook, for instance:

- [1.tehnika.lv](http://1.tehnika.lv)
- [Bigben.lv](http://Bigben.lv)
- [Tehnix.lv](http://Tehnix.lv)
- [SIA VITA](http://SIA VITA)

Respectively, in this segment, there are no local suppliers for these shops, where mtehnika.lv is planning to become such; a room is being developed in the E-shop to make online purchases of our appliances at wholesale prices for standard shops. Simple E-shops of household appliances and electronics may be true competitors and only with cheap brands from China, but our aim is to become a supplier of the goods for standard E-shops through XML technology, thereby expanding the sales market of our goods. E-shop will be able to place our goods in their shop receiving photos, descriptions and data of goods quantity at the moment; and they will not have to purchase goods beforehand, only when their client buys the goods.

## 6. MARKETING

To increase the number of clients, internet marketing will be used in full amount:

- Google AdWords service of context advertising
- Social network Facebook
- Social network Draugi.lv
- Social network odnoklasniki.ru
- Salidzini.lv, kurpirkt.lv – service to compare prices
- SEO -promotion, article-writing
- To attract more clients, a reward program for buyers will be developed through one's token emitted on the platform Waves and it will be popularized in the token community to accept in future payment for goods in tokens.
- To increase sales volumes, B2B will be launched, which will make it possible to deliver the goods to other E-shops through XML and personal room of wholesale buyer.
- Goods range will be gradually expanded: goods for garden, furniture, children toys and tools.
- Expansion of project geography opening E-shop in Lithuania, Estonia and Poland and trading on ebay.de platform.

## 7. FINANCES

Receiving investment in the amount of 134 thousand EUR, it is planned to reach turnover of 150 thousand EUR in a year. We plan to reach turnover of 350 thousand EUR in a year in 3 years. Gross profitability of turnover makes 50- 60%. Net profitability will be around 35- 40% of turnover. Project payback is 3 years.

## 8. PRIVILEGES

- We are flexible and supply goods to any place in the world.
- We have price of the goods, which is 5-10% lower than the price of competitors
- Warranty and out-of-warranty repair
- In future, we plan to pay for the goods using tokens
- Wholesale and retail seller [mtehnika.lv](http://mtehnika.lv)

## 9. MISSION OF INVESTMENTS

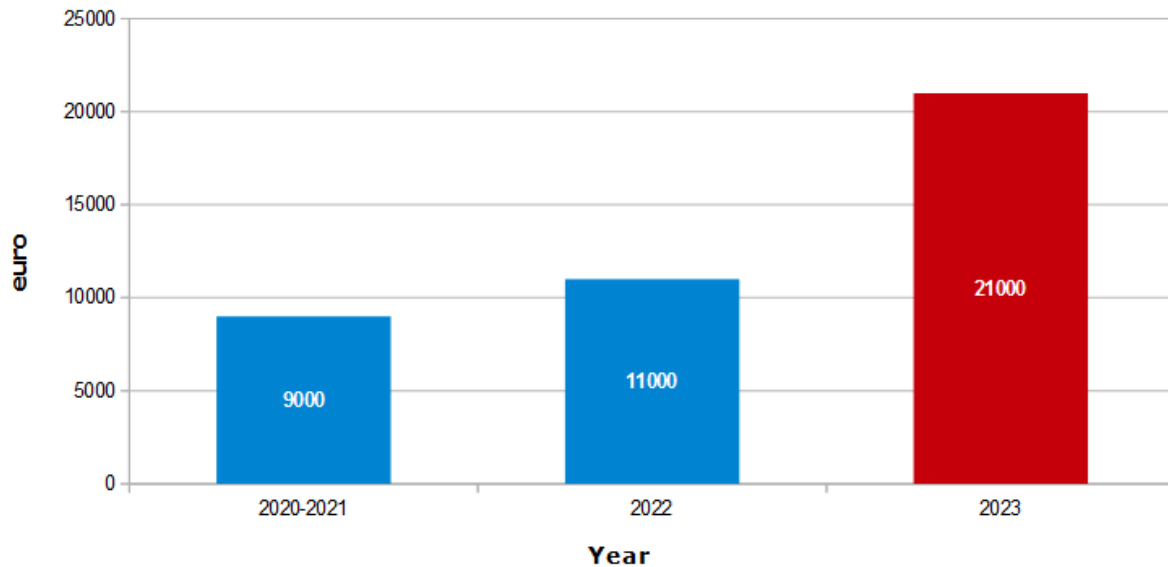
- Marketing for 12 months - 18 thousand EUR
- Personnel for 12 months - 46 thousand EUR
- Goods purchase - 30 thousand EUR total market value 84 thousand EUR to increase assortment of the goods.
- Current expenses for 12 months - 25 thousand EUR
- Reserve stock -15 thousand EUR
- Total amount of investments 134 thousand EUR

## 10. DEVELOPMENT PLAN AND ROADMAP

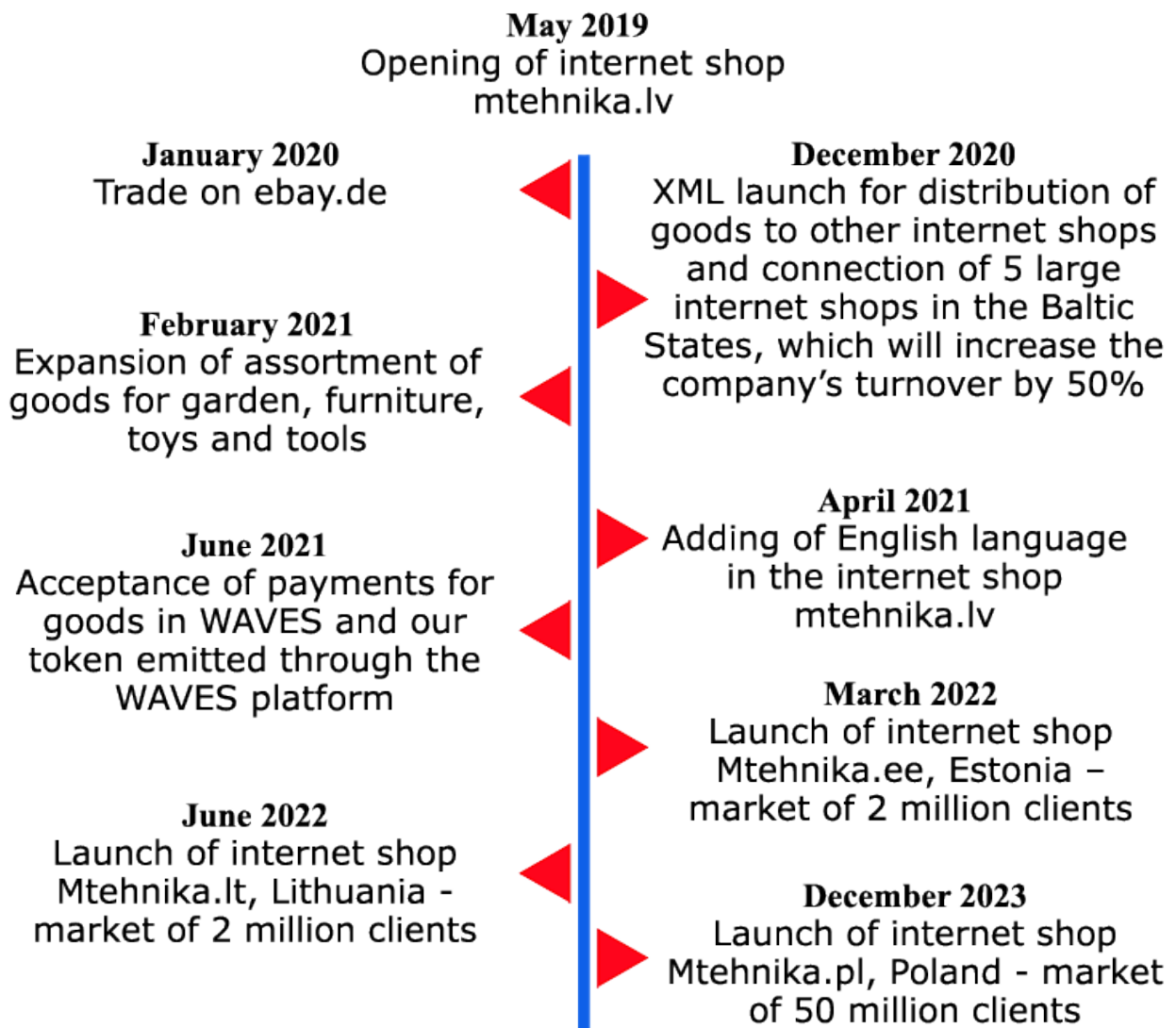
### 10.1 Turnover and dividends

Year	Turnover (EUR)	Dividend payment (EUR)
2020-2021	150 thousand	9 thousand
2021	190 thousand	11 thousand
2022	350 thousand	21 thousand

## Dividend payment (EUR)



## 10.2 Roadmap



## 11. METHOD OF FINANCE ATTRACTION

It is planned to emit digital securities for a legal entity WPB International Trading OÜ, Estonia in the form of Preferred shares through platform tokenomica.com (<https://stip.tokenomica.com/company/mtehnika>)

## 12. PARTNERS

220.LV - online store number 1 in the Baltic States (Latvia, Lithuania, Estonia).

2.25 million visitors per month.



www.aukcionas123.lt - Internet auction household appliances and electronics No. 1 in Lithuania.

For sale 4000 items per month at auction.



Ebay - International Marketplace



## 13. TEAM



### **Aigars Prokofjevs**

- Executive Director
- 10 years of experience in the field of internet and wholesale trade and company management
- Education in the field of finance law



### **Edgars Prokofjevs**

- Marketing director
- 6 years of experience in the field of internet and wholesale trade
- 5 years of experience in developing internet resources, internet marketing
- Education in the field of electronic commerce



### **Andris Ivanovs**

- Financial Director
- 16 years experience in the financial sector
- 5 years experience in wholesale

### **Contacts**



[invest.mtehnika.lv](http://invest.mtehnika.lv)

[info@mtehnika.lv](mailto:info@mtehnika.lv)

[www.facebook.com/mtehnika.lv/](https://www.facebook.com/mtehnika.lv/)

**Telegram:** [mtehnika](https://t.me/mtehnika)

**WhatsApp:** [mtehnika](https://wa.me/mtehnika)