

Business Plan & Valuation Presentation



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OUR VISION & MISSION

Our Mission

PastryJoy exists to enrich people's lives by providing exceptional baked goods that are both visually stunning and delicious. We are committed to using premium, locally sourced ingredients and sustainable practices to craft our products. Our mission is to offer a memorable experience through quality, creativity, and exceptional customer service, transforming everyday moments and special occasions into joyous celebrations while supporting our local community.

Our Vision

PastryJoy envisions a future where we are renowned as the premier boutique bakery that sets the standard for excellence in taste, creativity, and sustainability. We aspire to expand our reach, bringing joy to an ever-widening community of pastry lovers and becoming a beloved destination for those seeking unparalleled baked goods. In twenty years, we aim to have created a legacy of culinary artistry and environmental stewardship, making PastryJoy synonymous with unforgettable, high-quality pastries and a positive community impact.

Summary Financials Dashboard

Key performance indicators
(Base Scenario Y3)

\$ 1.067k

Revenue

\$ 251k

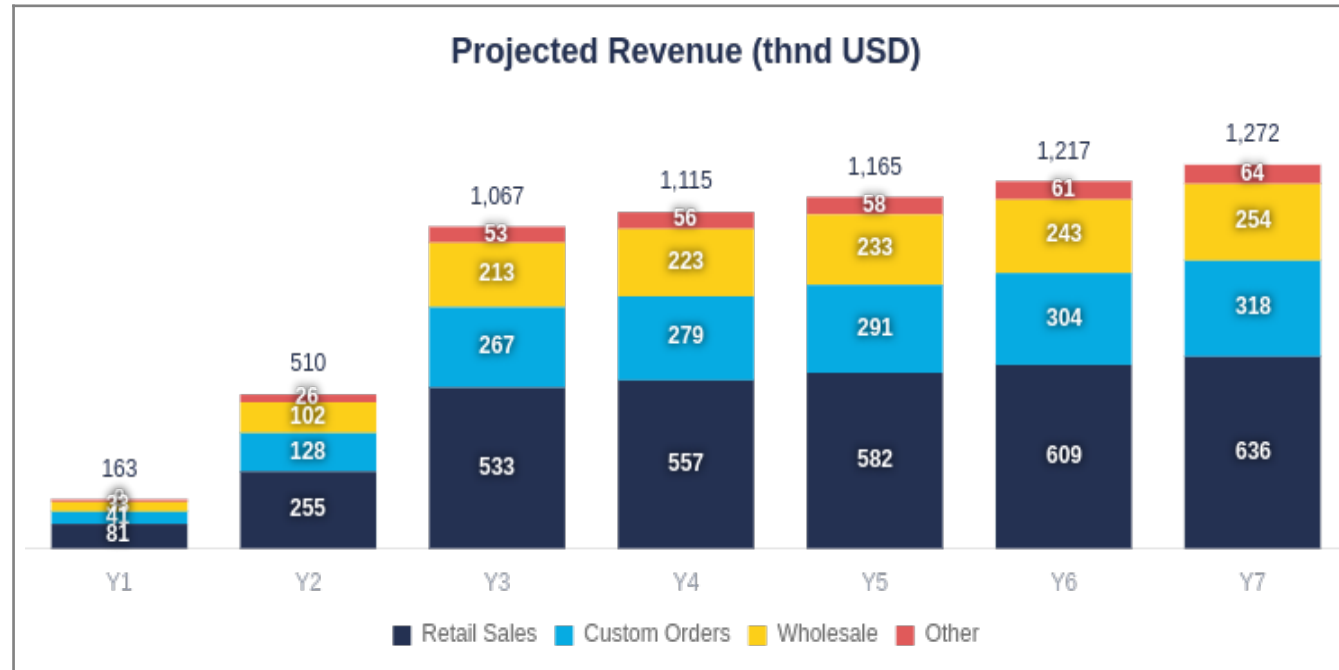
Gross Profit

\$ 109k

EBITDA

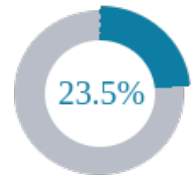
0.48%

Target Market Share



Margins
(Stabilized by Y3)

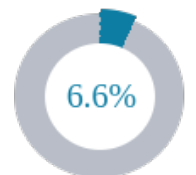
GP Margin



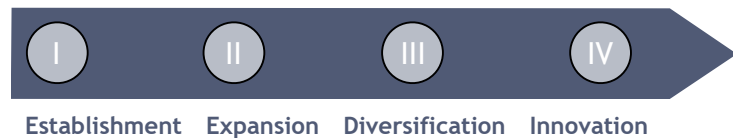
EBITDA Margin



PbT Margin



Project Phases



Funding round is aimed to accelerate the development of Phases and create core infrastructure for operations.

Investment will be used to finance CAPEX, WC buffers, etc.

Investment \$ 175k

Y1 CAPEX \$ 150k

WC \$ 31k



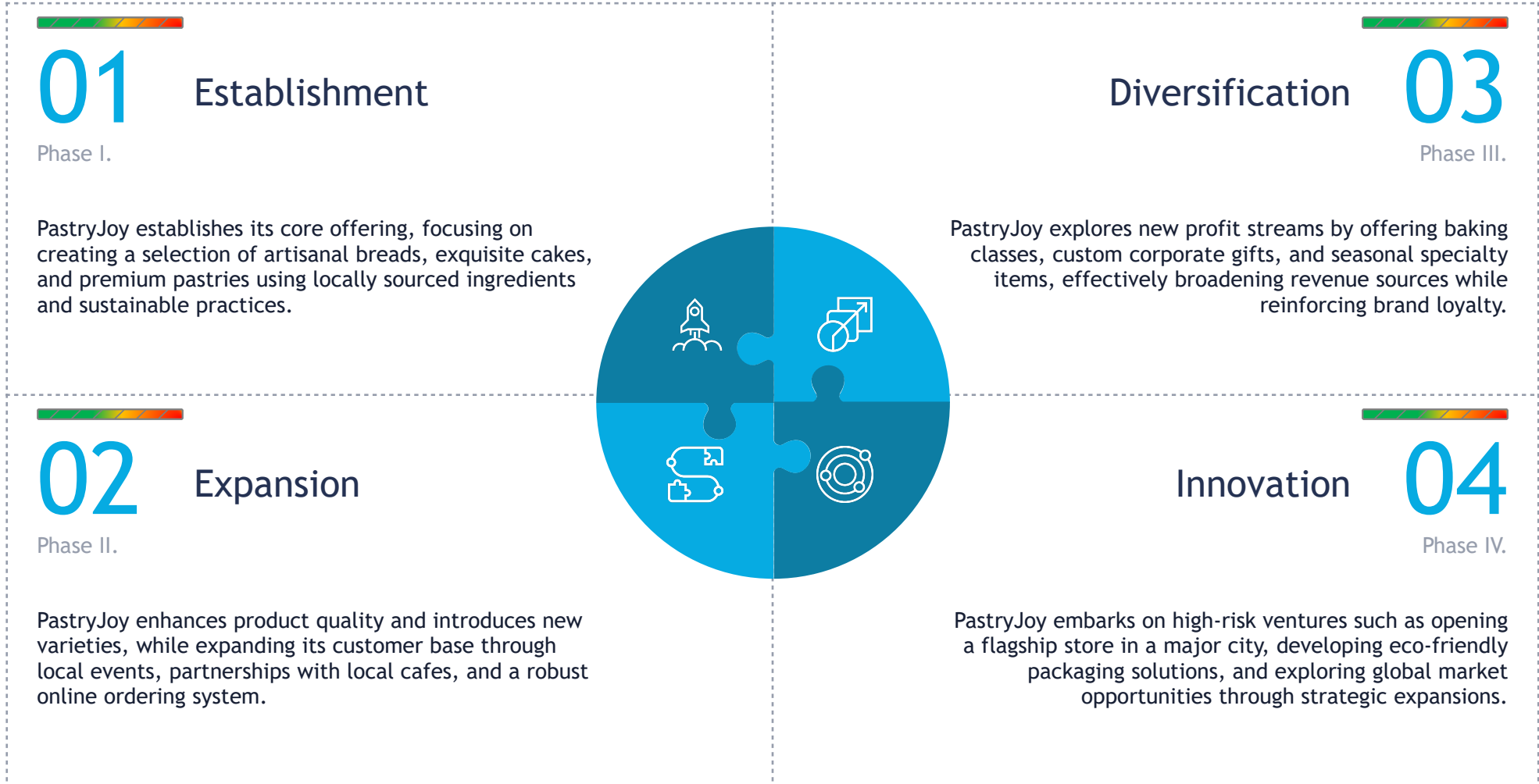
About the Company: General Overview



PastryJoy is a boutique bakery dedicated to crafting delightful pastries and baked goods that bring joy to every occasion. Specializing in the Manufacture of other food products industries, the company operates within the Manufacturing sector. PastryJoy's offerings include a diverse array of freshly baked treats, from artisanal breads to exquisite cakes and pastries, all made with premium, locally sourced ingredients. The focus on quality, creativity, and exceptional customer service ensures that every product is both visually stunning and delicious. Committed to using sustainable practices, PastryJoy aims to provide a memorable experience while supporting the local community. Whether celebrating a special event or indulging in a sweet moment, PastryJoy is the destination for baked perfection.



The Main Phases: Projects & Impacts



Product Impact on Core Stakeholders

Main Stakeholder	Product Benefits
Customers	<ol style="list-style-type: none"> 1. Access to high-quality, artisanal baked goods made with locally sourced ingredients. 2. Enjoy the convenience of a robust online ordering system. 3. Unique product offerings like custom corporate gifts and seasonal items enhance customer experience.
Local Suppliers	<ol style="list-style-type: none"> 1. Creates a steady demand for locally sourced ingredients. 2. Fosters long-term partnerships with consistent orders. 3. Enhances local economy through increased business activity.
Employees	<ol style="list-style-type: none"> 1. Provides job opportunities and skill development, including baking classes. 2. Promotes a sustainable and supportive working environment. 3. Encourages creativity and innovation in product development.
Local Cafes and Restaurants	<ol style="list-style-type: none"> 1. Expands their menu offerings through fresh and premium pastries. 2. Strengthens business collaborations and partnerships. 3. Adds a unique selling point, attracting more customers.
Community	<ol style="list-style-type: none"> 1. Supports local economy and strengthens community ties. 2. Participates in local events, enhancing community engagement. 3. Promotes sustainability and awareness through eco-friendly practices.
Investors	<ol style="list-style-type: none"> 1. Opportunity for investment in a high-growth, innovative business. 2. Potential for high returns through diversified revenue streams. 3. Increased brand value and market reach by entering global markets.
Environmental Advocates	<ol style="list-style-type: none"> 1. Supports sustainable practices and responsible sourcing of ingredients. 2. Encourages eco-friendly packaging solutions and waste reduction. 3. Raises awareness for environmental issues within the community.



Key Performance Components

Competitive Advantage

Premium Ingredients

PastryJoy uses premium, locally sourced ingredients ensuring high-quality and delicious products, distinguishing them from competitors with a focus on superior taste and freshness.

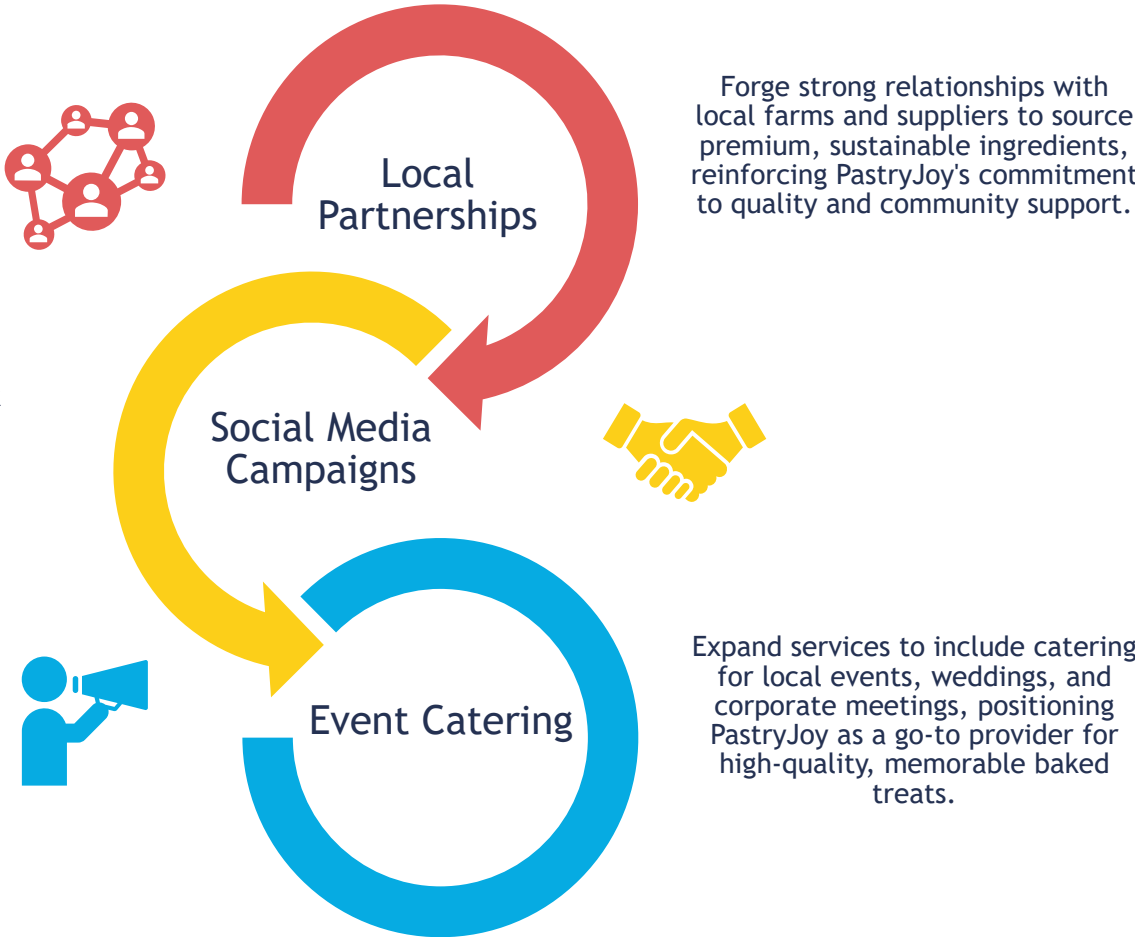
Artisanal Craftsmanship

PastryJoy’s dedication to artisanal techniques ensures each item is visually stunning and unique, appealing to customers seeking both beauty and quality in their baked goods.

Sustainable Practices

PastryJoy’s commitment to sustainable practices supports local communities and eco-friendly production, resonating with environmentally conscious customers and reinforcing their ethical brand image.

Marketing and Growth Strategy

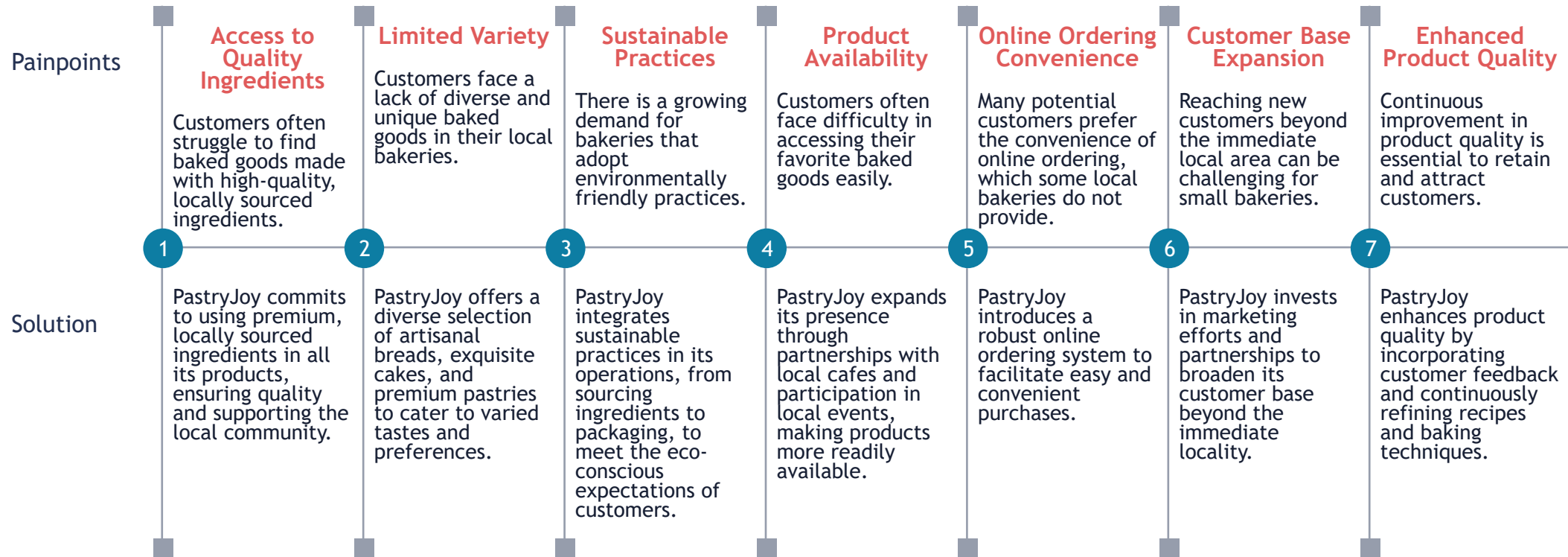


Target Groups

Industries		Description
I	 Local Residents	Individual customers seeking high-quality, sustainably made pastries and baked goods for daily enjoyment or special occasions.
II	 Local Cafes and Restaurants	Partnering with nearby cafes and dining establishments to supply them with fresh, premium baked goods to attract more patrons.
III	 Corporate Clients	Companies looking for custom corporate gifts or catering services for office events and meetings.
IV	 Event Planners	Professionals organizing weddings, birthdays, and other special events seeking exquisite cakes and pastries to enhance their functions.
V	 Online Shoppers	Consumers preferring the convenience of ordering high-quality baked goods online with home delivery options.
VI	 Baking Enthusiasts	Individuals interested in learning baking skills through classes and workshops provided by PastryJoy.
VII	 Health-conscious Consumers	Customers looking for healthier, premium ingredients and eco-friendly packaging in their baked goods.



Solution from Phase I to Phase IV




Strategic Analysis: SWOT

Strength



- High-quality, premium products utilizing locally sourced ingredients ensure freshness and support local economy.
- Strong focus on creativity and exceptional customer service enhances brand loyalty.
- Diverse product range caters to varied consumer preferences for all occasions.
- Commitment to sustainable practices appeals to environmentally conscious customers.
- Reputation for visually stunning and delicious products distinguishes PastryJoy from competitors.

Weaknesses




- Limited scalability due to the boutique nature of the operation.
- Higher costs associated with premium, locally sourced ingredients.
- Dependence on local market limits broader exposure and growth.
- Need for continuous innovation to maintain market interest.
- Resource-intensive commitment to sustainable practices may strain financials.

Opportunities



- Growing market demand for artisanal, high-quality baked goods.
- Potential for expansion through online sales and delivery services.
- Partnerships with local businesses can broaden market reach.
- Trend towards sustainability aligns with PastryJoy's practices, attracting eco-conscious consumers.
- Opportunities to diversify menu with seasonal and dietary-specific offerings.

Threats



- Competition from larger bakery chains with established brand presence.
- Volatility in ingredient supply chain can affect product consistency.
- Economic downturns may reduce consumer discretionary spending on premium products.
- Changing dietary trends may affect traditional baked goods consumption.
- Increased operational costs due to sustainable practices compliance and local sourcing.



History & Roadmap



Current Status.

The roadmap outlines PastryJoy's growth from brand enhancement to franchising. Starting in Feb 2024 with a brand awareness campaign, PastryJoy plans to expand its product line by Jun 2024, enter wholesale partnerships by Oct 2024, and launch an e-commerce platform by Mar 2025. By Sep 2025, the focus will be on sustainable sourcing, concluding with offering franchise opportunities by Dec 2026. This plan supports the company's mission of quality, creativity, and exceptional customer service while ensuring growth and community support.



Organizational and Marketing Tasks

#	Check List Item	Status	Priority	Area	ETA
General Planning and Organization					
1	Develop Business Plan	●	Not Started	High	CEO 2 weeks
2	Secure Funding	●	Not Started	High	CFO 1 month
3	Select Production Facility	●	Not Started	High	COO 1 month
4	Hire Key Personnel	●	Not Started	High	CEO 2 months
5	Establish Supplier Relationships	●	Not Started	Medium	CPO 1 month
6	Develop Brand Identity	●	Not Started	High	CMO 1 month
7	Set Up Accounting System	●	Not Started	Medium	CFO 2 weeks
8	Configure IT Infrastructure	●	Not Started	Medium	CTO 3 weeks
Marketing					
1	Develop Brand Identity	●	Not Started	High	CMO 2 weeks
2	Create Initial Marketing Plan	●	Not Started	High	CMO 3 weeks
3	Establish Social Media Presence	●	Not Started	Medium	CMO 1 month
4	Design Company Website	●	Not Started	High	CTO 1.5 months
5	Create Online Advertising Campaigns	●	Not Started	Medium	CMO 2 months
6	Organize Local Launch Events	●	Not Started	High	CMO 2.5 months
7	Develop Partnerships with Local Cafes	●	Not Started	Medium	CRO 3 months
8	Implement Email Marketing Strategy	●	Not Started	Low	CIO 4 months



Overview of Phases

#	Check List Item	Status	Priority	Area	ETA	
Phase 1 & Technical Set Up for next Phases						
1	Secure funding for initial operations	●	Not Started	High	CFO	2 months
2	Source local ingredient suppliers	●	Not Started	High	COO	1 month
3	Hire key baking and culinary staff	●	Not Started	High	CPO	3 months
4	Set up initial kitchen and baking facilities	●	Not Started	High	COO	3 months
5	Develop core product menu	●	Not Started	Medium	CPO	2 months
6	Establish relationships with sustainable practice partners	●	Not Started	Medium	CSO	2 months
7	Implement quality control measures	●	Not Started	Medium	COO	2 months
8	Create operational procedures for daily production	●	Not Started	Medium	COO	1 month
Phase 2						
1	Enhance Product Quality	●	Not Started	High	COO	3 months
2	Introduce New Product Varieties	●	Not Started	High	CPO	4 months
3	Participate in Local Events	●	Not Started	Medium	CRO	6 months
4	Establish Partnerships with Local Cafes	●	Not Started	High	CBO	5 months
5	Develop Robust Online Ordering System	●	Not Started	High	CTO	3 months
6	Implement SEO Strategy for Website	●	Not Started	Medium	CMO	4 months
7	Launch Social Media Campaigns	●	Not Started	High	CMO	2 months
8	Customer Feedback and Improvement Loop	●	Not Started	Medium	CIO	6 months



Overview of Phases

#	Check List Item	Status	Priority	Area	ETA	
Phase 3						
1	Develop Baking Class Curriculum	●	Not Started	High	CPO	3 months
2	Create Custom Corporate Gift Packages	●	Not Started	High	CBO	2 months
3	Launch Seasonal Specialty Items	●	Not Started	Medium	CMO	1 month
4	Set Up Online Booking System for Baking Classes	●	Not Started	High	CTO	2 months
5	Develop Marketing Strategy for New Services	●	Not Started	High	CMO	1 month
6	Partner with Corporate Clients for Gift Orders	●	Not Started	Medium	CRO	3 months
7	Work on Supply Chain for Seasonal Items	●	Not Started	Low	COO	2 months
8	Secure License and Permits for Baking Classes	●	Not Started	Medium	CSO	1 month
Phase 4						
1	Open Flagship Store in Major City	●	Not Started	High	CEO	12 months
2	Develop Eco-Friendly Packaging Solutions	●	Not Started	High	CPO	6 months
3	Research and Identify Potential Global Markets	●	Not Started	Medium	CSO	9 months
4	Establish Strategic Partnerships for Global Expansion	●	Not Started	High	CRO	12 months
5	Pilot International E-commerce Platform	●	Not Started	Medium	CTO	10 months
6	Hire and Train Staff for Flagship Store	●	Not Started	High	COO	11 months
7	Launch Global Social Media Campaign	●	Not Started	Medium	CMO	8 months
8	Develop International Shipping Logistics	●	Not Started	High	CFO	11 months



Core Risks & Migration Strategies

1. Operation and maintenance risks

#	Risk Type	Area	Mitigation Strategy
1	Ingredient Shortages	COO	Establish strong relationships with multiple local suppliers and create an emergency inventory plan.
2	Equipment Failures	CTO	Implement a regular maintenance schedule and invest in reliable, high-quality equipment with backup options.
3	Staff Turnover	COO	Offer competitive wages, benefits, and training programs to retain skilled staff and ensure operational continuity.
4	Quality Control	CPO	Establish rigorous quality control processes and regular staff training to maintain product standards.
5	Supply Chain Disruptions	COO	Diversify supply chain sources and maintain a buffer stock of critical ingredients to manage unexpected disruptions.

2. Regulatory and legal risks

#	Risk Type	Area	Mitigation Strategy
1	Food Safety Compliance	COO	Implement rigorous food safety protocols and regular staff training to ensure adherence to local and national food safety regulations.
2	Labeling Requirements	CPO	Ensure accurate and compliant product labeling by staying updated with food labeling laws and conducting regular audits of packaging materials.
3	Employment Law	CFO	Regularly review and update employment contracts, policies, and practices to comply with current labor laws and regulations.
4	Health and Safety Regulations	CSO	Develop and maintain a comprehensive health and safety plan, conduct regular inspections, and ensure continuous employee training.
5	Environmental Regulations	CEO	Adopt eco-friendly practices, reduce waste, and comply with all environmental laws to minimize the company's ecological footprint and avoid penalties.



3. Strategic/Market Risk

#	Risk Type	Area	Mitigation Strategy
1	Changing Consumer Preferences	CMO	Conduct regular market research and continuously update our product offerings based on the latest consumer trends to ensure alignment with customer demands.
2	Market Saturation	CSO	Differentiate our products through unique value propositions and continuously innovate to stay ahead of competitors in a crowded marketplace.
3	Brand Reputation	CEO	Maintain a strong focus on quality control and customer service to ensure high satisfaction and positive word-of-mouth marketing.
4	Economic Downturn	CFO	Implement cost-saving measures and diversify revenue streams to minimize the financial impact during economic slowdowns.
5	Expansion Challenges	COO	Develop a detailed expansion plan, including market analysis and logistical strategies to ensure smooth and successful scaling.

4. Finance risk

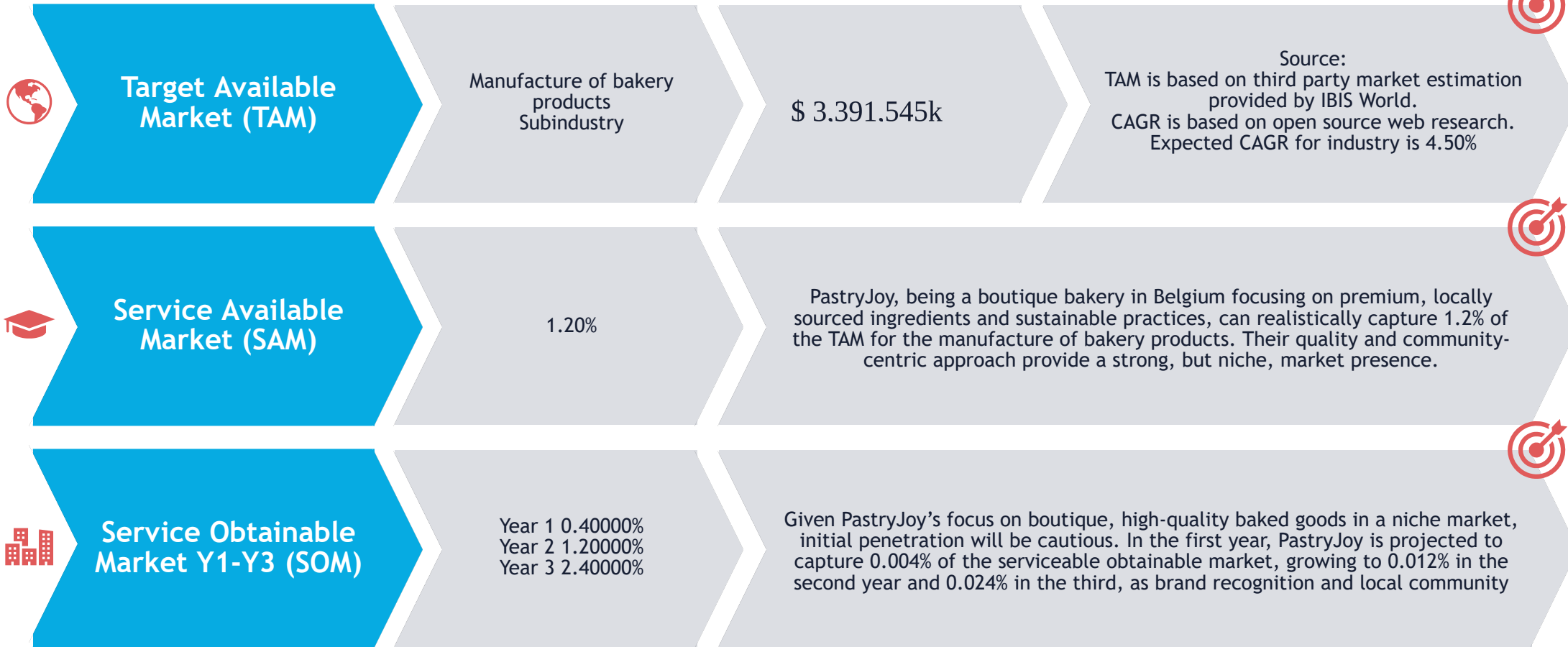
#	Risk Type	Area	Mitigation Strategy
1	Cash Flow Shortages	CFO	Establish a rigorous budgeting process and maintain a reserve fund to manage unexpected expenses or revenue fluctuations.
2	High Operational Costs	COO	Regularly review and optimize supply chain operations and negotiate better terms with suppliers to control and reduce costs.
3	Credit Risk from Customers	CRO	Implement stricter credit checks and better manage accounts receivable through timely invoicing and follow-ups.
4	Investment Risks for Expansion	CEO	Conduct thorough market research and feasibility studies before making major investments in new locations or product lines.
5	Interest Rate Fluctuations	CFO	Hedge against interest rate changes using financial instruments and maintain a balanced mix of fixed and variable rate loans.

5. Other general risk

#	Risk Type	Area	Mitigation Strategy
1	Brand Reputation Damage	CMO	Implement ongoing brand management and public relations strategies to monitor and address any negative publicity swiftly.
2	Employee Turnover	COO	Develop comprehensive employee engagement and retention programs, including regular training, recognition, and career advancement opportunities.
3	Supply Chain Disruptions	CPO	Establish diversified supplier relationships and maintain a strategic reserve of essential ingredients to mitigate disruptions.
4	Consumer Preferences Shifts	CSO	Conduct regular market research and engage with customers through feedback channels to stay ahead of changing consumer tastes and trends.
5	Cybersecurity Threats	CIO	Implement robust cybersecurity measures, including regular audits, staff training on best practices, and investing in advanced security technologies.



Market Overview (TAM, SAM and SOM)



Funding Allocation

The funding will be used to finance the CAPEX and cash deficit from Year 1 operations, aiming to expedite the development process. In subsequent years the company plans to sustain operations without requiring major additional capital injection. Table below presents the overview of expected inflows and outflows.

The total investment required is \$ 175k

Y1 Cash Flow Stream(thnd USD)	Inflows	Outflows
Gross Profit	38	
Payroll Expenses		10
Rent & Utilities		3
Marketing and Branding		3
Legal and Professional Fees		2
Capex		150
Communication Expenses		1
Office Supplies		1
Representation and Entert.		1
Other Miscellaneous		1
Training and Development		1
CAPEX & WC shortage Y1		133
Buffer		42
Total Required Investment(thnd USD)		175



Financials Dashboard

Y3 PL formation and Margins

Revenue



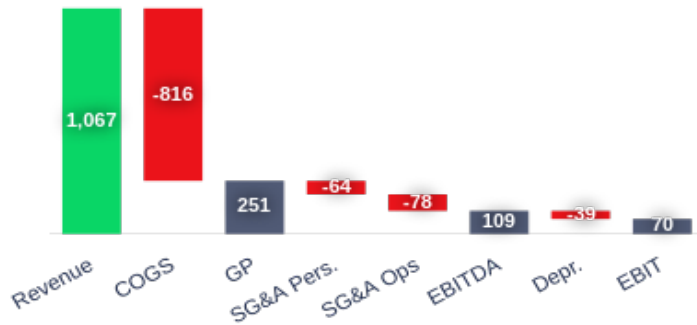
Projected Revenue

- GP 23.5%
- EBITDA 10.2%

Y3

Y3

PnL Formation (Y3 thnd USD)

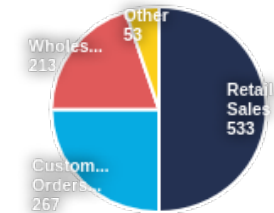
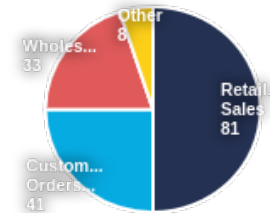


Business Line Breakdown (thnd USD)

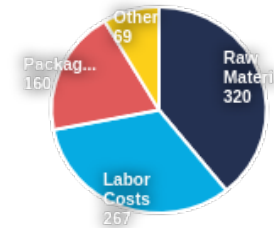
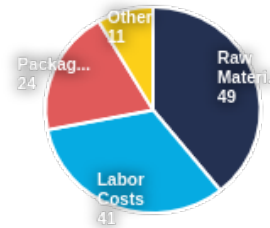
Y1

Y2

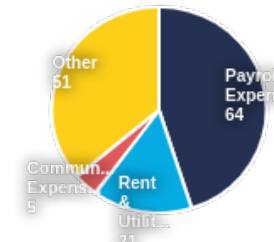
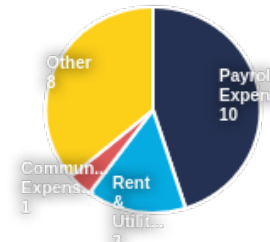
Revenue



COGS



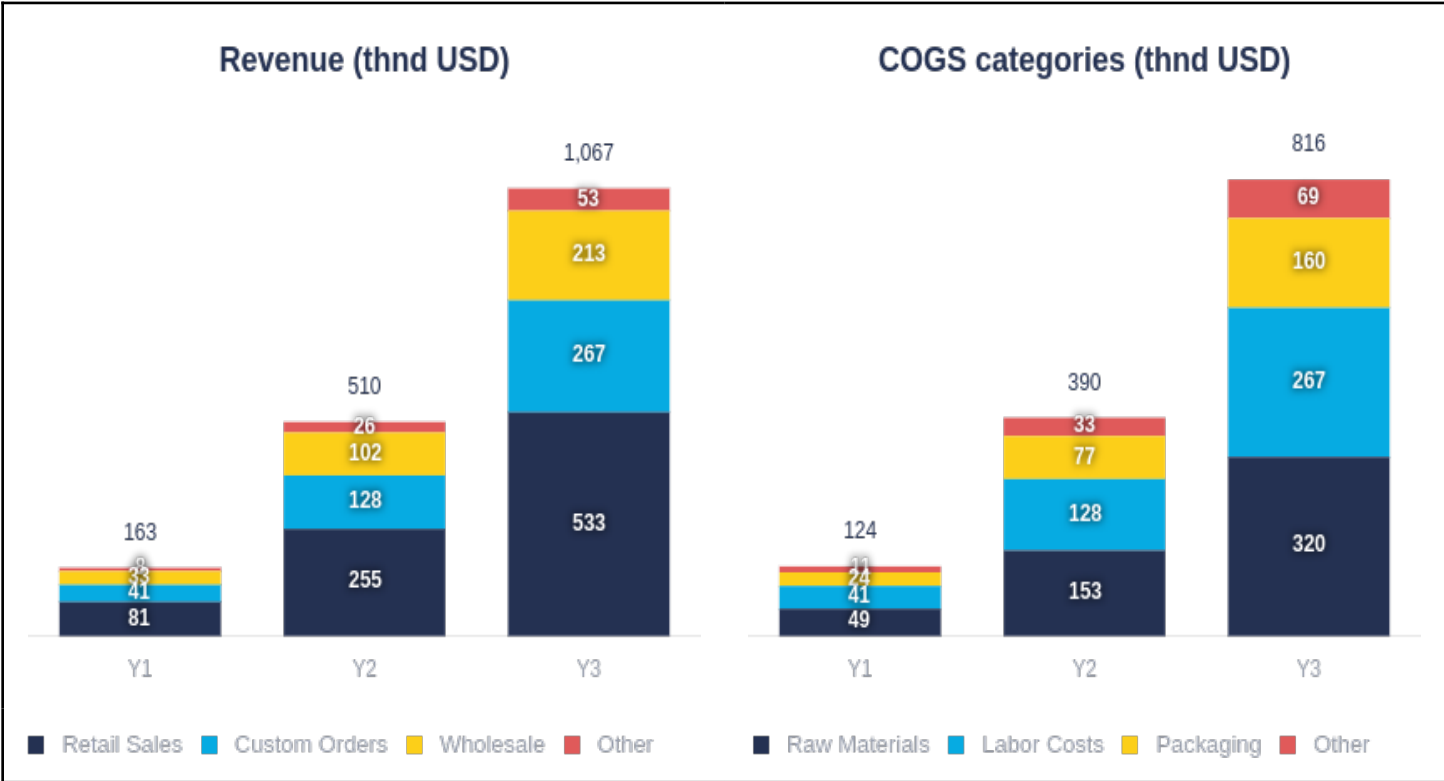
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Revenue Formation Narrative

PastryJoy is a boutique bakery operating within the Manufacture of food products sector, focusing on delivering premium, locally sourced pastries and baked goods. The Total Addressable Market (TAM) for this industry stands at 3,391,545.345k USD . Leveraging its commitment to quality and sustainability, PastryJoy estimates its Serviceable Addressable Market (SAM) at 1.2% of the TAM, a realistic target given its niche market approach and community-centric efforts. Our estimated SAM narrative reflects our potential to establish a significant presence in the market by focusing on customer preferences and leveraging local ingredients. In terms of Serviceable Obtainable Market (SOM), PastryJoy is projecting gradual market capture as we establish ourselves. In Year 1, we anticipate securing 0.004% of the SAM, generating revenues of 162.794k USD . This cautious but strategic penetration is based on building our brand and establishing local support. By Year 2, as brand recognition grows, we aim for a SOM capture of 0.012%, equating to 510.36k USD in revenues. By Year 3, with continued strategic marketing and customer service excellence, we aim to reach a 0.024% market share, with projected revenues of 1,066.652k USD . Our revenue streams are diversified across four main lines of business: Retail Sales contributing 50% of the total revenue, Custom Orders at 25%, Wholesale at 20%, and Other sources at 5%. This diversification ensures a balanced revenue mix, leveraging multiple channels to maximize growth and stability in the competitive bakery market.

\$ 1.067k Y3 Projected Revenue **0.48%** Market share



Revenue Calculation Details

Revenue Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Retail Sales	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Custom Orders	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Wholesale	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Other	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %

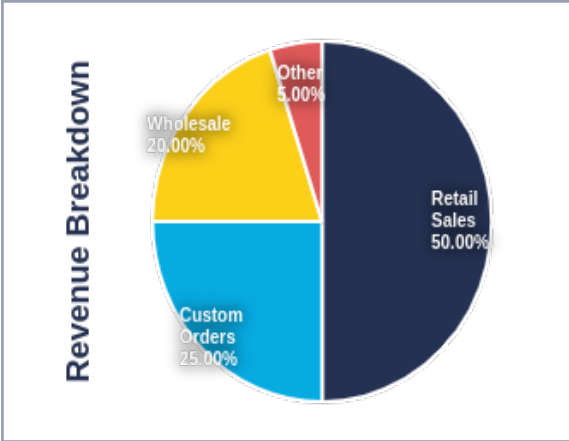
Retail Sales	5	5	5	6	6	6	7	7	7	8	8	8	81	255	533
Custom Orders	3	3	3	3	3	3	4	4	4	4	4	4	41	128	267
Wholesale	2	2	2	2	2	2	3	3	3	3	3	3	33	102	213
Other	1	1	1	1	1	1	1	1	1	1	1	1	8	26	53
Total Revenue (thnd USD)	10	10	10	12	12	12	15	15	15	17	17	17	163	510	1,067

Total revenue is expected to reach \$ 1,067k by year 3.

Main revenue driver are:

- Retail Sales which generates \$ 533k by Year 3
- Custom Orders which generates \$ 267k by Year 3

Expected CAGR for total Revenue in Y1-Y3 is 155.97 %



COGS Calculation Details

COGS Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Raw Materials	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Labor Costs	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Packaging	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Other	6.47%	6.47%	6.47%	6.47%	6.47%	6.47%	6.47%	6.47%	6.47%	6.47%	6.47%	6.47%	6.47%	6.47%	6.47%

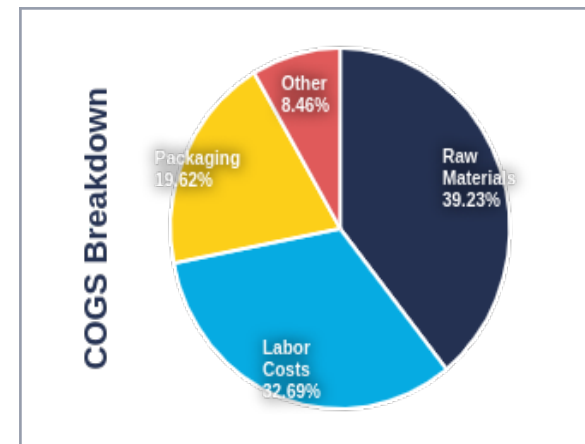
Raw Materials	3	3	3	4	4	4	4	4	4	5	5	5	49	153	320
Labor Costs	3	3	3	3	3	3	4	4	4	4	4	4	41	128	267
Packaging	2	2	2	2	2	2	2	2	2	3	3	3	24	77	160
Other	1	1	1	1	1	1	1	1	1	1	1	1	11	33	69
Total COGS (thnd USD)	8	8	8	9	9	9	11	11	11	13	13	13	124	390	816

Total COGS is expected to reach \$ 816k by year 3.

Main revenue driver are:

- Raw Materials which generates \$ 320k by Year 3
- Labor Costs which generates \$ 267k by Year 3

Expected CAGR for total COGS in Y1-Y3 is 155.97 %



SG&A Calculation Details

OPEX Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Payroll Expenses	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Rent & Utilities	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Communication Expenses	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Office Supplies	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Legal and Professional Fees	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Marketing and Branding	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Representation and Entertainment	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Training and Development	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Other Miscellaneous	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%

Payroll Expenses	1	1	1	1	1	1	1	1	1	1	1	1	10	31	64
Rent & Utilities	0	0	0	0	0	0	0	0	0	0	0	0	3	10	21
Communication Expenses	0	0	0	0	0	0	0	0	0	0	0	0	1	3	5
Office Supplies	0	0	0	0	0	0	0	0	0	0	0	0	1	3	5
Legal and Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	2	5	11
Marketing and Branding	0	0	0	0	0	0	0	0	0	0	0	0	3	10	21
Representation and Entertainment	0	0	0	0	0	0	0	0	0	0	0	0	1	3	5
Training and Development	0	0	0	0	0	0	0	0	0	0	0	0	1	2	4
Other Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0	1	2	4
Total SG&A (thnd USD)	1	1	1	2	2	2	2	2	2	2	2	2	22	68	142



PaT Expectations

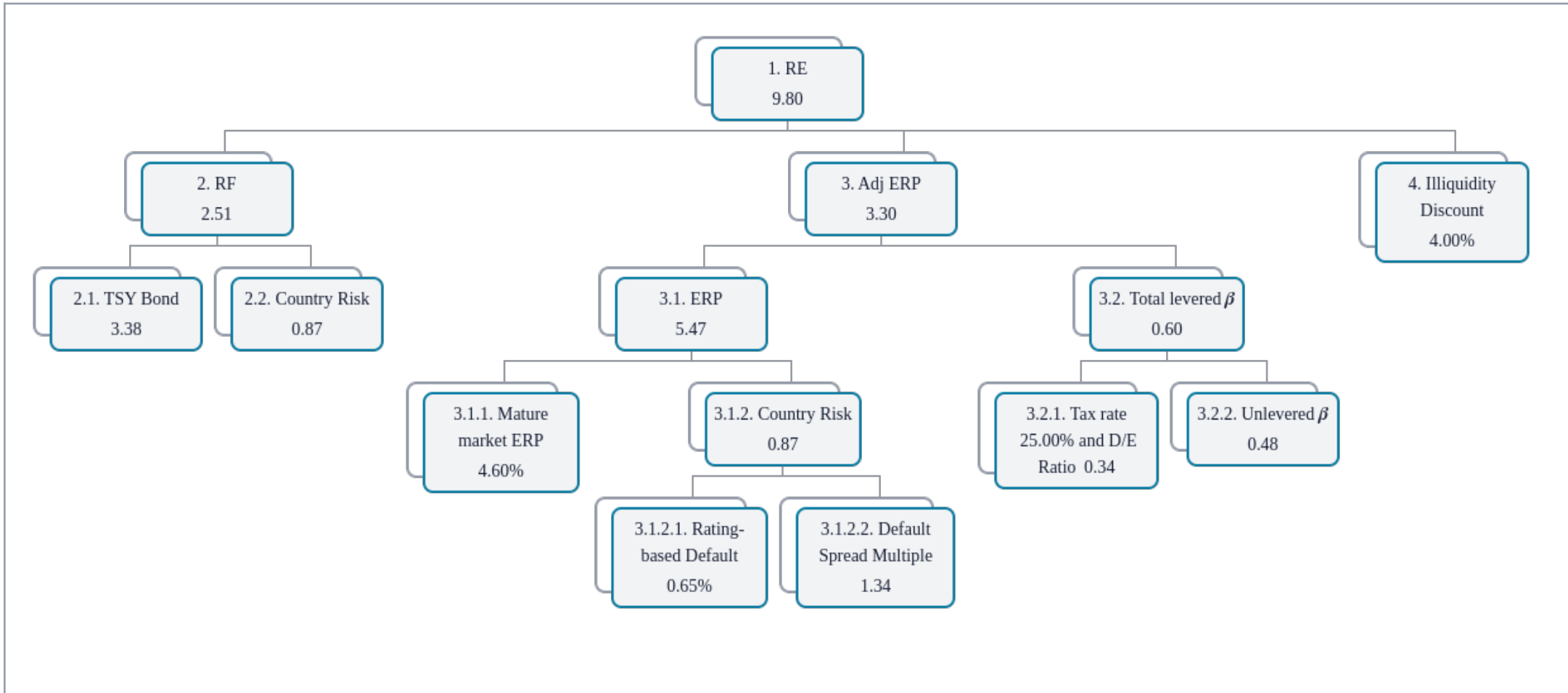
1 2 3 4 5 6 7

Financial Projection

Income Statement (thnd USD)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Revenue	10	10	10	12	12	12	15	15	15	17	17	17	163	510	1,067
Retail Sales	5	5	5	6	6	6	7	7	7	8	8	8	81	255	533
Custom Orders	3	3	3	3	3	3	4	4	4	4	4	4	41	128	267
Wholesale	2	2	2	2	2	2	3	3	3	3	3	3	33	102	213
Other	1	1	1	1	1	1	1	1	1	1	1	1	8	26	53
COGS	-8	-8	-8	-9	-9	-9	-11	-11	-11	-13	-13	-13	-124	-390	-816
Raw Materials	-3	-3	-3	-4	-4	-4	-4	-4	-4	-5	-5	-5	-49	-153	-320
Labor Costs	-3	-3	-3	-3	-3	-3	-4	-4	-4	-4	-4	-4	-41	-128	-267
Packaging	-2	-2	-2	-2	-2	-2	-2	-2	-2	-3	-3	-3	-24	-77	-160
Other	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-11	-33	-69
Gross Profit	2	2	2	3	3	3	4	4	4	4	4	4	38	120	251
SG&A Personal Expenses	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-10	-31	-64
SG&A Operating Expenses	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-12	-37	-78
EBITDA	1	1	1	1	1	1	2	2	2	2	2	2	17	52	109
Depreciation	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-39	-39	-39
EBIT	-2	-2	-2	-2	-2	-2	-2	-2	-2	-1	-1	-1	-22	14	70
Interest Expense	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-1	-1	-1
Profit before Tax	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-22	13	70
Tax	1	1	1	1	1	1	0	0	0	0	0	0	6	-3	-17
Profit after Tax (thnd USD)	-2	-2	-2	-2	-2	-2	-1	-1	-1	-1	-1	-1	-17	10	52



Required Return on Equity Derivation



Methodology

Weighted Average Cost of Capital is calculated using Capital Asset Pricing Model (CAPM). Since the company is purely equity funded the WACC is equal to its Required Return on Equity R(E). The main research inputs used in calculations are based on studies published by professor at Stern School of Business Aswath Damodaran. Return on Equity R(E) is $R(E) = R(F) + \beta * (ERP)$, where: R(F) is Risk Free Rate. The basis for calculation of R(F) is the average of the yield of USD 30 Year TSY Bond. The horizon. ERP is Mature Market Equity Risk Premium. It incorporates market estimates for Rating-Based Default Spread and Default Spread Multiple (β) is average equity betas of corresponding industries. Despite the company has no debt, the unlevered beta was levered with industry average figures to reflect the long-term D/E ration in the capital structure. Additionally, Illiquidity Risk Premium of 4% is added to the estimated Return on Equity to reflect risk associated with firm being Privately Held vs Publicly Traded Companies.

Additional Assumptions

To calculate the companies Firm Value, its future Free Cash Flow to Equity (FCFE) is discounted using estimated Required Return on Equity.

The 3rd-year projected cash flow is used as a representation of the long-term Free Cash Flow to the Equity (FCFE). This approach may understate the valuation because cash flows are expected to grow more aggressively in the first 10 years, and the growth from years 4 to 10 is not reflected in this calculation. Long-term growth rate of 5% is applied.

After discounting the cashflows and measuring the Firm Value it is adjusted to historical estimate of Start-up firm's survival rate. The allows to incorporate risk of start-ups fails.

Survival of new establishments founded in 1998

	Proportion of firms that were started in 1998 that survived through						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Natural resources	82.33%	69.54%	59.41%	49.56%	43.43%	39.96%	36.68%
Construction	80.69%	65.73%	53.56%	42.59%	36.96%	33.36%	29.96%
Manufacturing	84.19%	68.67%	56.98%	47.41%	40.88%	37.03%	33.91%
Transportation	82.58%	66.82%	54.70%	44.68%	38.21%	34.12%	31.02%
Information	80.75%	62.85%	49.49%	37.70%	31.24%	28.29%	24.78%
Financial activities	84.09%	69.57%	58.56%	49.24%	43.93%	40.34%	36.90%
Business services	82.32%	66.82%	55.13%	44.28%	38.11%	34.46%	31.08%
Health services	85.59%	72.83%	63.73%	55.37%	50.09%	46.47%	43.71%
Leisure	81.15%	64.99%	53.61%	43.76%	38.11%	34.54%	31.40%
Other services	80.72%	64.81%	53.32%	43.88%	37.05%	32.33%	28.77%
All firms	81.24%	65.77%	54.29%	44.36%	38.29%	34.44%	31.18%

http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html

<https://pages.stern.nyu.edu/~adamodar/pdfiles/papers/younggrowth.pdf>

<http://pages.stern.nyu.edu/~adamodar/>



Business Valuation

	(thnd USD)	Y1	Y2	Y3	Y4	Y5	Y6	Y7
DCF	Profit after Tax	-17	10	52	55	57	60	63
	Growth% Y4-Y7				4.50%	4.50%	4.50%	4.50%
	Growth% Y7 -->				3.50%			
	WACC				9.80%			
	PV Y1-Y7 at Y0	-15	8	40	38	36	34	32
	PV Y7 --> Y0				533			
	NPV (thnd USD)				706			

Average Survival Rate for 3 Years 50%

Final Valuation \$ 353k

The valuation is conducted using the Discounted Cash Flow (DCF) method. In this method, the projected cash flows for a period of 7 years, along with a terminal value, are discounted at a rate of 9.80 % to determine the Firm Value.

Starting from year 3 onwards, the cash flows are estimated to grow at a rate of 4.50 %, which is consistent with the market Compound Annual Growth Rate (CAGR) trend. Beyond year 7, the cash flows are assumed to grow at a long-term growth rate of 3.50 %.

To account for the inherent risks associated with a start-up venture, the Firm Value is adjusted using the historical survival rate of newly established firms. As indicated by the study conducted by Aswath Damodaran, there was approximately 50% probability of survival for Information sector companies. This adjustment allows to incorporate the risk profile of the business and provide a more comprehensive assessment of its value.

It is important to note that if the company can successfully navigate through its initial three years of operation, it is expected to have a significantly higher likelihood of becoming a going concern. This underscores the importance of demonstrating resilience and establishing a solid foundation during the critical early stages of the business.



Financial and Technical

b \$ - Billions of \$
 B2B - Business to Business
 B2C - Business to Customer
 CAPEX - Capital Expenditure
 CAPM - Capital Asset Pricing Model
 COGS - Cost of goods sold
 DCF - Discounted cash flow
 Depr. - Depreciation
 EBIT - Earnings before interest and taxes
 EBITDA - Earnings before interest, taxes, depreciation, and amortization
 EBT - Earnings Before Tax
 ERP - Equity Risk Premium
 ETA - Estimated Time of Arrival
 EV - Enterprise Value
 FA (Tangible and Intangible) - Fixed assets (tangible and intangible)
 FX - Foreign Exchange
 FY - Fiscal year
 GP - gross profit
 k \$ - Thousands of \$
 LLM - Large Language Model
 LFY - Last fiscal year
 m \$ - Millions of \$
 MTD - Month-to-date
 MVP - Minimum Viable Product
 NFT - Non-Fungible Token
 NPV - Net present value
 OPEX - Operating Expense
 P&L - A profit and loss (P&L) statement
 PaT - Profit after Tax
 POC - Proof of Concept
 PPE - Property, plant, and equipment
 SG&A - Sales, General and Administrative
 TSY bond rate - Treasury bond rate
 WACC - Weighted average cost of capital
 YTD - Year-to-date

Organisational Structure

CBDO - Chief Business Development Officer
 CEO - Chief Executive Officer
 CPO - Chief Product Officer
 CFO - Chief Financial Officer
 CTO - Chief Technology Officer
 C-level - Chief level
 Eng - Engineer
 Dev - Developer
 HR - Human Resources

Other

Av - Average
 EoP - End of Period
 LE - Legal Entity
 PE - Private Equity
 TOM - Target Operating Model



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