Business Plan
& Valuation Presentation

Contents

OUR
VISION & MISSION

Our Mission

Lush is dedicated to providing an exceptional beverage experience by offering a curated selection of innovative cocktails, premium spirits, and fine wines in a sophisticated and vibrant atmosphere. We strive to create memorable moments for our guests through stylish decor, attentive service, and a commitment to quality and sustainability. By using locally sourced ingredients and eco-friendly practices, we make a positive impact on both our community and the environment, ensuring every visit is as enjoyable as it is responsible.

Our Vision

To be recognized globally as the premier destination for exceptional cocktail experiences, where every guest enjoys a blend of innovation, quality, and environmental consciousness. In the next twenty years, Lush envisions creating a worldwide network of vibrant bars that set the gold standard in the beverage service industry, celebrated for our commitment to sustainability and our passion for crafting the perfect moment for every visitor.

Summary Financials Dashboard

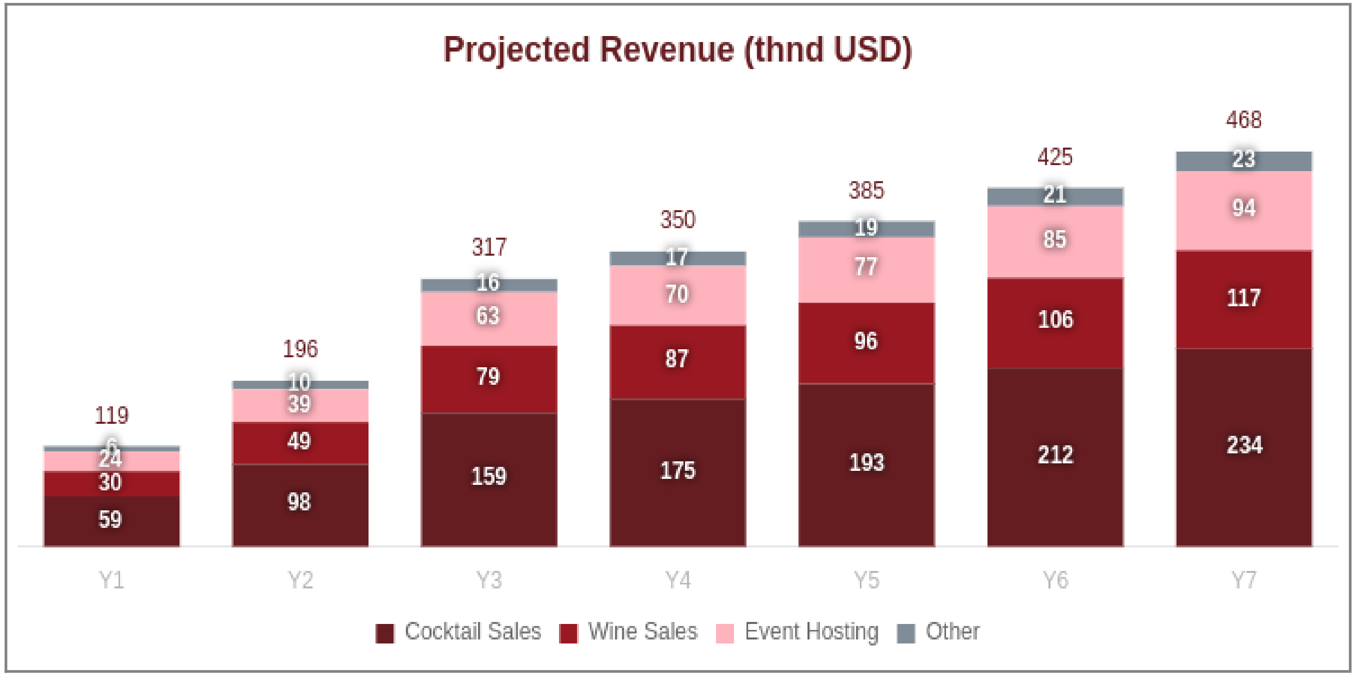
Key performance indicators
(Base Scenario Y3)

$ 317k
Revenue

$ 103k
Gross Profit

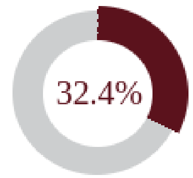
$ 68k
EBITDA

1.50%
Target Market Share

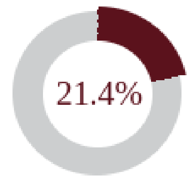


Margins
(Stabilized by Y3)

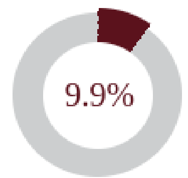
GP Margin



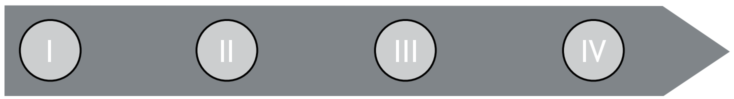
EBITDA Margin



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 $ 300k

Y1 CAPEX $ 260k

WC $ 19k

About the Company: General Overview

Lush is a vibrant and sophisticated bar offering an exceptional experience for cocktail enthusiasts and social gatherings. The company specializes in beverage- serving activities within the accommodation and food service sector. Lush's menu features a curated selection of innovative cocktails, premium spirits, and fine wines crafted with both classic techniques and contemporary flair. At Lush, the ambiance is inviting with stylish decor and attentive service, ensuring a memorable night out for every guest. Committed to quality and sustainability, they use locally sourced ingredients and eco-friendly practices. Whether you're seeking a chic venue for a special event or a relaxing spot to unwind, Lush is the perfect destination for refined beverages and great company.

Sources: Company's Prop Vision

The Main Phases: Projects & Impacts

01 Foundation

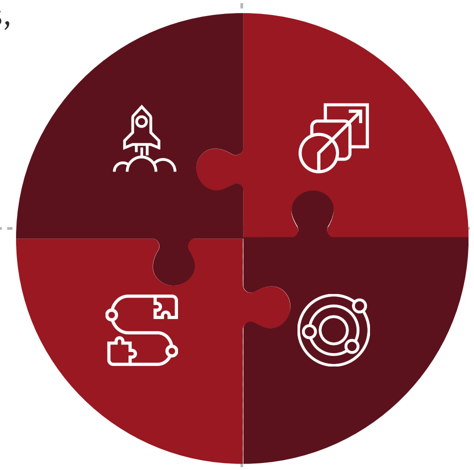
Phase I.

Launch Lush with a unique menu of innovative cocktails, premium spirits, and fine wines. Create an inviting atmosphere with stylish decor and attentive service to attract the initial customer base.

Diversification 03

Phase III.

Introduce new revenue streams like cocktail-making workshops, private event hosting, and exclusive membership programs. Partner with local businesses for cross-promotions and extend brand influence.



02 Expansion

Phase II.

Enhance the menu with seasonal offerings, expand the team for better service, and implement customer loyalty programs. Increase marketing efforts to attract new patrons and improve brand recognition.

Innovation 04

Phase IV.

Explore high-risk, high-reward opportunities such as launching a line of bottled cocktails, expanding into new locations, and pioneering eco-friendly practices in the beverage industry.

Product Impact on Core Stakeholders

Main Stakeholder	Product Benefits
Customers	1. Enjoy a unique and high-quality selection of cocktails, premium spirits, and fine wines. 2. Benefit from an inviting atmosphere with stylish decor and attentive service, enhancing their social experience. 3. Participate in exclusive events, loyalty programs, and workshops that enrich their appreciation for fine beverages.
Employees	1. Gain professional development opportunities through training and skill enhancement in mixology and customer service. 2. Work in a positive and engaging environment that prioritizes quality and innovation. 3. Secure stable employment with potential for growth as the company expands and diversifies.
Local Suppliers	1. Establish steady and reliable business partnerships that drive consistent demand for local products. 2. Enhance their brand visibility by being associated with a premium establishment like Lush. 3. Contribute to the local economy through sustainable business practices and partnerships.
Community	1. Benefit from Lush's commitment to sustainability and eco-friendly practices, promoting a conscious lifestyle. 2. Enjoy a local venue that enhances the social and cultural fabric of the neighborhood. 3. Participate in community-centric events and cross-promotions that foster local business growth.
Investors	1. Experience strong returns from a business model designed for incremental growth through strategic phases of development. 2. Capitalize on early investment opportunities in high-risk, high-reward initiatives like bottled cocktails and new locations. 3. Benefit from Lush's emphasis on brand diversification, enhancing investment stability and potential.
Regulatory Bodies	1. Ensure compliance with health, safety, and quality standards through continuous monitoring and commitment to excellence. 2. Collaborate on initiatives that promote responsible consumption and community welfare. 3. Gain a reliable partner in the industry that values transparency and adherence to regulatory requirements.
Business Partners	1. Engage in mutually beneficial cross-promotion efforts that enhance visibility for both brands. 2. Share innovative practices and industry insights that drive mutual growth and success. 3. Collaborate on exclusive events and initiatives that expand market reach and customer engagement.

Sources: Company's Prop Assessment

Key Performance Components

Competitive Advantage

Innovative Cocktails

Lush offers a curated selection of innovative cocktails, blending classic techniques with contemporary flair, ensuring a unique and refined drinking experience for cocktail enthusiasts.

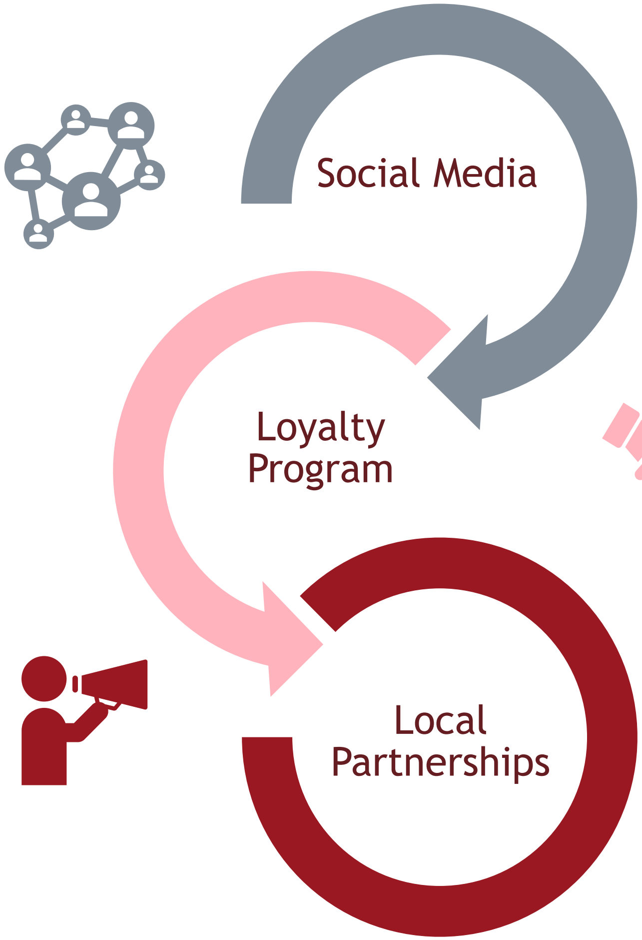
Eco-Friendly Practices

Committed to sustainability, Lush uses locally sourced ingredients and eco-friendly practices, promoting environmental responsibility while delivering top-quality beverages.

Inviting Atmosphere

Lush creates a memorable night out with its stylish decor and attentive service, providing an inviting atmosphere for social gatherings and special events.

Marketing and Growth Strategy



Leverage popular social media platforms to showcase innovative cocktails, highlight special events, and engage with customers through interactive posts and promotions.

Implement a loyalty program to reward repeat customers with exclusive discounts and offers, encouraging them to visit more frequently and become brand advocates.

Collaborate with local businesses and influencers to co-host events and promote Lush, creating a strong community presence and attracting a broader clientele.

Target Groups

	Industries	Description
I	Young Professionals	Individuals in their 20s and 30s seeking a stylish and sophisticated venue to relax after work or socialize with friends.
II	Cocktail Enthusiasts	Customers who appreciate expertly crafted cocktails and are always on the lookout for innovative and unique beverage experiences.
III	Event Planners	Professionals seeking chic venues for hosting private events, corporate gatherings, and social parties.
IV	Food and Drink Influencers	Digital content creators or bloggers who specialize in reviewing and promoting upscale dining and drinking establishments.
V	Tourists	Visitors exploring the city who seek a refined and memorable bar experience as part of their travel itinerary.
VI	Local Business Partnerships	Other local businesses interested in cross-promotions and partnerships to boost mutual brand recognition and customer bases.
VII	Eco-conscious Consumers	Patrons who value sustainability and prefer establishments that practice eco-friendly operations and use locally sourced ingredients.

Sources: Company's Prop Assessment

Painpoints & Solutions

Solution from Phase I to Phase IV

	1	2	3	4	5	6	7
	Customer Acquisition	Brand Differentiation	Customer Satisfaction	Seasonal Menu Adaptation	Service Efficiency	Customer Retention	Brand Recognition
Painpoints	Attracting an initial customer base in a competitive market can be challenging.	Standing out among numerous bars and lounges requires a unique value proposition.	Ensuring high levels of customer satisfaction during the initial phase is crucial for word-of-mouth promotion.	Keeping the menu fresh and appealing with seasonal offerings can be labor-intensive and requires constant innovation.	Maintaining high service standards as the customer base grows can be difficult without sufficient staff.	Retaining customers in a competitive market requires effective loyalty programs.	Increasing brand recognition is essential for attracting new patrons and maintaining a steady flow of customers.
Solution	Lush's unique menu, stylish decor, and attentive service will create a distinct and inviting atmosphere that draws in customers.	Offering innovative cocktails and premium beverages will set Lush apart in the market.	Lush's commitment to quality and attentive service will ensure a memorable experience, fostering positive reviews and repeat visits.	Introducing seasonal menu adaptations will keep the offerings exciting and encourage repeat visits.	Expanding the team will improve service efficiency and ensure that service standards remain high.	Implementing customer loyalty programs will incentivize repeat business and build a loyal customer base.	Enhanced marketing efforts will improve brand recognition and draw more customers to Lush.

Sources: Company's Prop Assessment

Strategic Analysis: SWOT

Strength

Innovative cocktails attract beverage enthusiasts. Premium spirits and fine wines cater to diverse tastes. Stylish decor and inviting atmosphere enhance guest experience. Attention to service ensures customer satisfaction. Commitment to sustainability promotes eco-friendly image.

Weaknesses

High operating costs impact profitability. Dependency on local suppliers limits ingredient options. Seasonality affects customer flow and revenue. Limited scalability in niche market. Requires continuous innovation to stay trendy.

Opportunities

Expand menu to include signature drinks. Partner with local events to boost visibility. Enhance online presence for broader reach. Offer mixology classes to engage customers. Explore franchising to increase market penetration.

Threats

Economic downturn reduces discretionary spending. Intense competition from other bars and restaurants. Changes in alcohol regulations impact operations. Negative customer reviews affect reputation. Supply chain disruptions impact ingredient availability.

Sources: Company's Prop Assessment

History & Roadmap

Sep 2025

Brand Recognition
Host high-profile events and collaborate with renowned brands

Mar 2025

Loyalty Program
Introduce exclusive membership with perks and discounts

Dec 2024

Expansion
Open second location in a high-traffic urban area

Sep 2024

Sustainability Initiative
Implement zero-waste program and eco-friendly packaging

Jun 2024

Marketing Campaign
Initiate social media and influencer partnerships

Mar 2024

Product Enhancement
Launch new cocktail menu with seasonal ingredients

Current Status.

- Lush to launch a new seasonal cocktail menu in Mar 2024.
- A marketing campaign will kick off in Jun 2024, leveraging social media.
- In Sep 2024, Lush will introduce a zero-waste program.
- By Dec 2024, Lush aims to open a second location.
- A customer loyalty program will be introduced in Mar 2025.
- By Sep 2025, high-profile events and collaborations to enhance brand recognition.

Organizational and Marketing Tasks

#	Check List Item	Status	Priority	Area	ETA
General Planning and Organization					
1	Finalize Business Plan	Not Started	High	CEO	1 week
2	Secure Initial Funding	Not Started	High	CFO	2 weeks
3	Register Business and Obtain Licenses	Not Started	High	COO	3 weeks
4	Develop Organizational Structure	Not Started	Medium	CEO	2 weeks
5	Select and Secure Location	Not Started	High	CBO	1 month
6	Create Initial Menu	Not Started	Medium	CPO	3 weeks
7	Source Supplier Contracts	Not Started	Medium	COO	1 month
8	Set Up Accounting System	Not Started	High	CFO	2 weeks
Marketing					
1	Develop Brand Identity and Logo	Not Started	High	CMO	2 weeks
2	Create and Launch Website	Not Started	High	CTO	1 month
3	Establish Social Media Presence	Not Started	Medium	CMO	1 month
4	Develop Initial PR Campaign	Not Started	High	CRO	3 weeks
5	Create In-House Design for Marketing Materials	Not Started	Medium	CPO	1 month
6	Partner with Local Influencers	Not Started	Medium	CMO	2 months
7	Launch Grand Opening Event	Not Started	High	COO	3 months
8	Implement Google Analytics for Website	Not Started	Medium	CIO	1 month

Overview of Phases

#	Check List Item	Status	Priority	Area	ETA
Phase 1 & Technical Set Up for next Phases					
1	Design unique cocktail and beverage menu	Not Started	High	CPO	2 weeks
2	Create inviting and stylish decor	Not Started	High	COO	1 month
3	Hire and train initial staff	Not Started	High	COO	1.5 months
4	Set up supply chain for premium spirits and wines	Not Started	High	CPO	3 weeks
5	Secure necessary permits and licenses	Not Started	High	CFO	2 months
6	Develop customer service training program	Not Started	Medium	COO	1 month
7	Implement point-of-sale (POS) system	Not Started	Medium	CTO	3 weeks
8	Conduct initial marketing research	Not Started	Medium	CMO	3 weeks
Phase 2					
1	Enhance Menu with Seasonal Offerings	Not Started	High	CPO	2 months
2	Expand the Team for Better Service	Not Started	High	COO	3 months
3	Implement Customer Loyalty Programs	Not Started	High	CRO	1 month
4	Increase Marketing Efforts	Not Started	High	CMO	2 months
5	Develop Brand Recognition Strategies	Not Started	High	CMO	2 months
6	Update Online Presence	Not Started	Medium	CMO	1 month
7	Host Promotional Events	Not Started	Medium	CRO	3 months
8	Conduct Customer Feedback Surveys	Not Started	Medium	COO	2 months

Overview of Phases

#	Check List Item	Status	Priority	Area	ETA
Phase 3					
1	Launch cocktail-making workshops	Not Started	High	COO	2 months
2	Set up private event hosting	Not Started	High	CEO	3 months
3	Develop exclusive membership programs	Not Started	Medium	CRO	4 months
4	Partner with local businesses for cross-promotions	Not Started	High	CMO	1 month
5	Create a branded merchandise line to sell in bar	Not Started	Medium	CPO	3 months
6	Introduce a limited-time special cocktail series	Not Started	Medium	CPO	2 months
7	Explore partnerships with event planners to boost hosting services	Not Started	Medium	CRO	2 months
8	Enhance digital presence with virtual tours and interactive menu	Not Started	High	CIO	1 month
Phase 4					
1	Launch a line of bottled cocktails	Not Started	High	CPO	6 months
2	Expand into new locations	Not Started	High	COO	12 months
3	Pioneer eco-friendly practices	Not Started	Medium	CSO	9 months
4	Conduct market research for new locations	Not Started	High	CRO	4 months
5	Develop a sustainable supply chain	Not Started	Medium	CFO	8 months
6	Create a marketing strategy for bottled cocktails	Not Started	High	CMO	3 months
7	Implement tech solutions for sustainable practices	Not Started	Medium	CTO	6 months
8	Formulate partnerships for eco-friendly initiatives	Not Started	Medium	CIO	5 months

Sources: Company's Prop Planning

Core Risks & Migration Strategies

1. Operation and maintenance risks

#	Risk Type	Area	Mitigation Strategy
1	Supply Chain Disruptions	COO	Establish multiple suppliers and maintain a safety stock of key ingredients.
2	Equipment Failures	CTO	Implement regular maintenance schedules and invest in high-quality equipment with warranties.
3	Staff Turnover	CPO	Develop robust training programs and offer competitive compensation and benefits to retain staff.
4	Health and Safety Incidents	COO	Conduct regular safety training and audits, and ensure strict adherence to health and safety regulations.
5	Quality Control	CPO	Implement rigorous quality control procedures and continuous staff training to maintain high standards.

2. Regulatory and legal risks

#	Risk Type	Area	Mitigation Strategy
1	Licensing Violations	COO	Regular audits and monitoring to ensure compliance with all licensing requirements and renewals.
2	Health and Safety Compliance	CSO	Implement rigorous health and safety protocols, along with regular staff training sessions and inspections.
3	Alcohol Serving Restrictions	CRO	Stay updated on local laws and regulations related to alcohol service and ensure staff are well-trained on responsible serving practices.
4	Food Safety Regulations	COO	Develop and maintain strict food safety management systems to comply with local health department regulations.
5	Employment Law Compliance	CPO	Ensure employment practices are in line with local labor laws, including fair wages, working conditions, and employee rights.

Sources: Company's Prop Assessment

Core Risks & Migration Strategies

3. Strategic/Market Risk			
#	Risk Type	Area	Mitigation Strategy
1	Increased competition	CEO	Differentiate Lush through unique offerings and superior customer experience, and continually innovate to stay ahead of market trends.
2	Changing consumer preferences	CPO	Regularly gather customer feedback and monitor industry trends to adapt the menu and ambiance accordingly to meet evolving tastes.
3	Economic downturn	CFO	Diversify revenue streams through workshops, memberships, and private events to reduce reliance on regular customer footfall and maintain steady income.
4	Failed expansion initiatives	COO	Conduct thorough market research before expanding and pilot new locations with pop-up events to gauge potential success before committing fully.
5	Reputation management	CMO	Develop a robust online and offline reputation management strategy, including active engagement on social media and prompt response to customer reviews and feedback.

4. Finance risk			
#	Risk Type	Area	Mitigation Strategy
1	Cash Flow Shortages	CFO	Establish a cash reserve and implement strict cash flow management practices to ensure liquidity during slower business periods.
2	Overleveraging	CFO	Maintain a prudent debt-to-equity ratio and avoid excessive borrowing by carefully evaluating all financing options.
3	Revenue Variability	CRO	Diversify revenue streams through additional services like workshops, private events, and memberships to create more stable income sources.
4	Unplanned Capital Expenditures	COO	Set up an emergency fund and conduct regular maintenance checks to avoid unexpected capital expenses.
5	Fraud and Theft	CFO	Implement rigorous internal controls and conduct regular audits to detect and prevent financial fraud and theft.

5. Other general risk			
#	Risk Type	Area	Mitigation Strategy
1	Customer Preferences Change	CMO	Conduct regular market research and adapt the menu to reflect current trends and customer preferences.
2	Brand Reputation Damage	CRO	Implement a robust reputation management strategy and respond promptly to customer feedback on social media and review platforms.
3	Supply Chain Disruptions	COO	Diversify suppliers and maintain a buffer stock of key ingredients to minimize impacts of supply chain issues.
4	Employee Turnover	CPO	Develop comprehensive employee engagement and retention programs including competitive compensation, training, and career development opportunities.
5	Negative Economic Conditions	CFO	Maintain a flexible financial plan and build an emergency fund to navigate periods of economic instability.

Sources: Company's Prop Assessment

Market Overview (TAM, SAM and SOM)

Target Available Market (TAM)	Beverage serving activities Subindustry	$ 791.932k	Source: TAM is based on third party market estimation provided by IBIS World. CAGR is based on open source web research. Expected CAGR for industry is 10.20%
Service Available Market (SAM)	1.50%	Lush, a sophisticated bar in Karlovac, Croatia, with its vibrant and distinctive offerings, is well-positioned to capture a realistic share of the local beverage serving market. Considering its emphasis on quality, sustainability, and the premium experience it provides, Lush can reasonably aim to achieve a SAM that	
Service Obtainable Market Y1-Y3 (SOM)	Year 1 1.00000% Year 2 1.50000% Year 3 2.20000%	Lush operates in the competitive beverage serving activities market in Karlovac, Croatia. Given the sophisticated nature of Lush's offering and initial capital of $300,000, the bar is well-positioned to carve out a niche. The market is fragmented with significant local competition, but Lush's unique value proposition	

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 $ 300k

Y1 Cash Flow Streem(thnd USD)	Inflows	Outlows
Gross Profit	39	
Payroll Expenses		4
Rent & Utilities		3
Marketing and Branding		2
Legal and Professional Fees		1
Capex		260
Office supplies		1
Communication Expenses		1
Representation and Entert.		1
Training and Development		1
Other Miscellaneous		0
CAPEX & WC shortage Y1		235
Buffer		65
Total Required Investment(thnd USD)		300

Payroll Expenses
1.52%

Rent & Utilities
1.09%

Marketing and Branding
0.74%

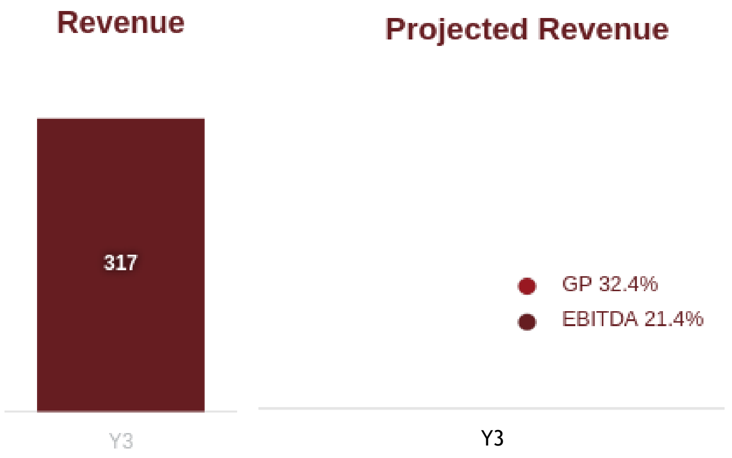
Legal and Professional Fees
0.44%

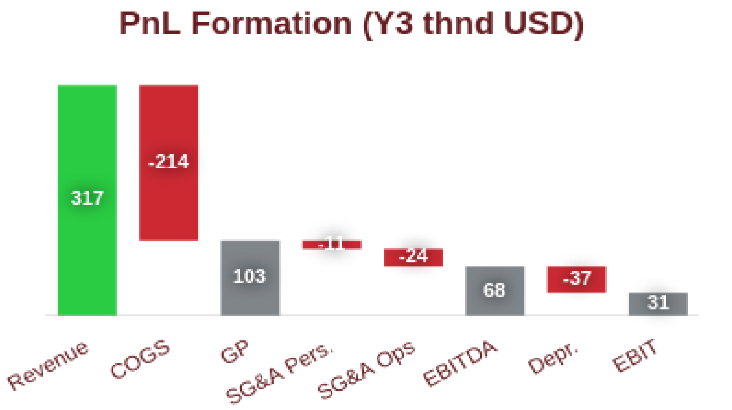
Capex
95.20%

Other
1.01%

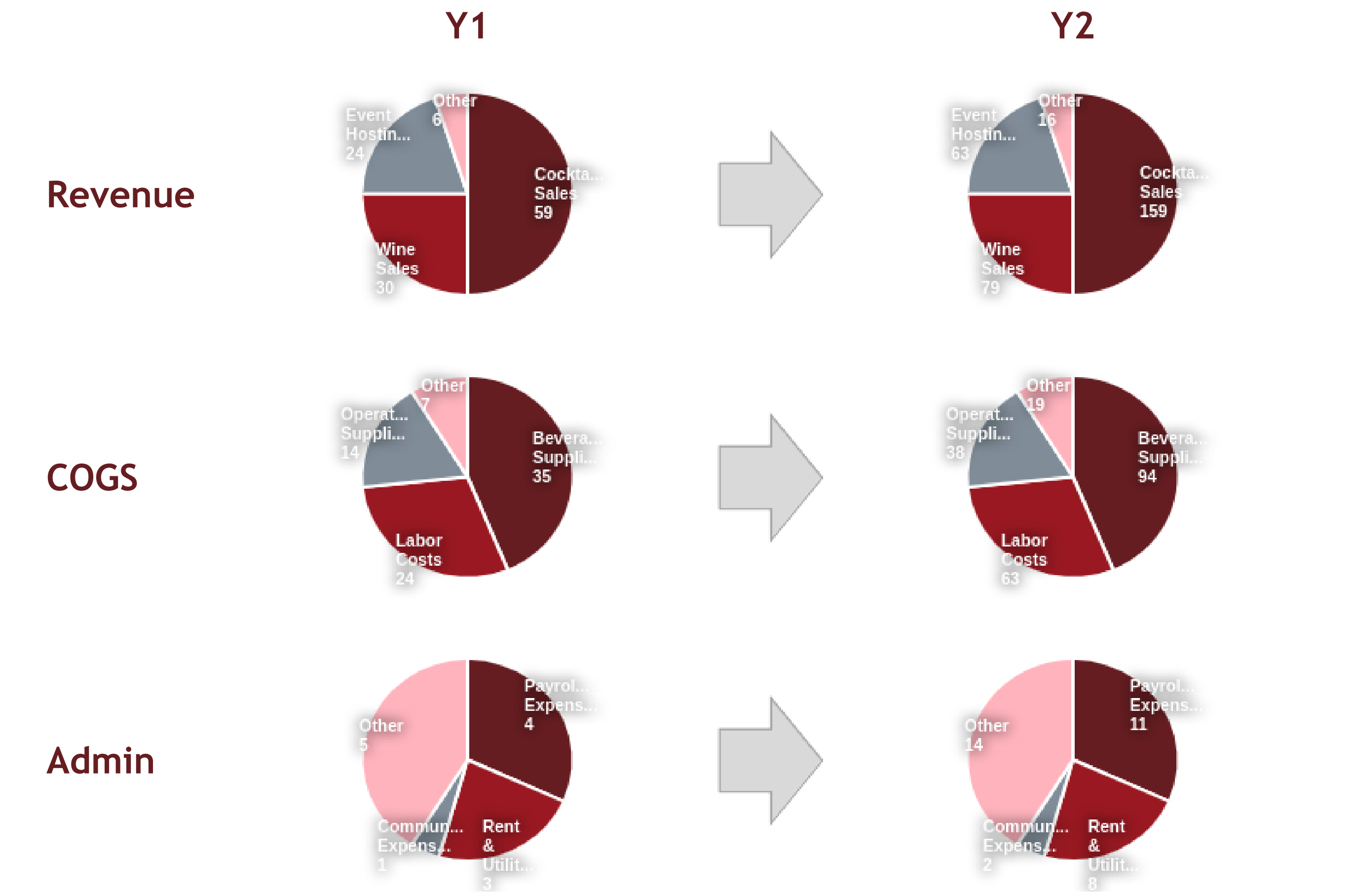
Financials Dashboard

Y3 PL formation and Margins





Business Line Breakdown (thnd USD)

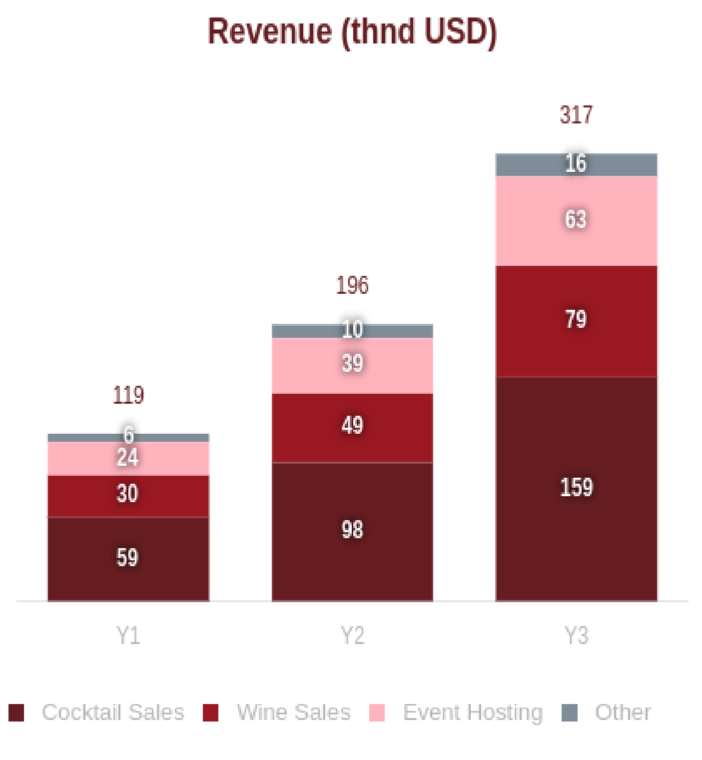


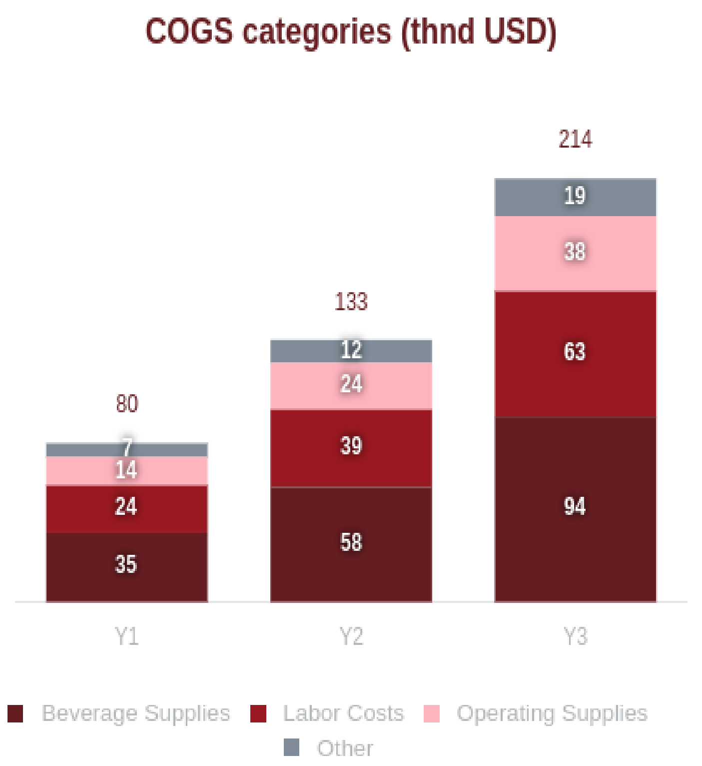
Revenue Formation Narrative

Lush is positioned to capture a significant share of the beverage serving market by leveraging our unique cocktail offerings and sophisticated ambiance. In Karlovac, Croatia, we estimate our Serviceable Available Market (SAM) to be 1.2% of the Total Addressable Market (TAM) of 791,931.828k USD . This conservative estimate takes into account the niche nature of our premium cocktails and our relatively limited startup capital. Given our initial capital of 300k USD and the competitive landscape, we project a steady increase in our Serviceable Obtainable Market (SOM). For Year 1, we estimate capturing 1.2% of the SAM, generating 114.038k USD in revenue. This growth is expected to accelerate as Lush gains traction, with a projected SOM of 2.4% in Year 2, translating to 251.34k USD , and reaching 3.5% in Year 3, amounting to 403.925k USD . Lush’s revenue streams are diversified across four main lines of business: Cocktail Sales (50%), Wine Sales (25%), Event Hosting (20%), and Other (5%). This distribution reflects our comprehensive approach to attracting a variety of clientele while maintaining flexibility to adapt to market demands. Overall, our revenue estimation narrative underscores Lush's potential for robust growth, driven by our commitment to quality, sustainability, and exceptional service.

$ 317k Y3 Projected Revenue

1.50% Market share





Revenue Calculation Details

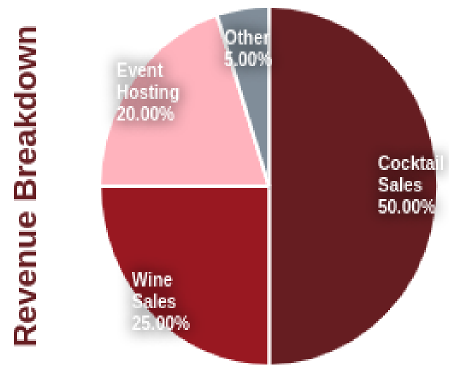
Revenue Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Cocktail Sales	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*
Wine Sales	*25.00%*	*25.00%*	*25.00%*	*25.00%*	*25.00%*	*25.00%*	*25.00%*	*25.00%*	*25.00%*	*25.00%*	*25.00%*	*25.00%*	*25.00%*	*25.00%*	*25.00%*
Event Hosting	*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 %*

Cocktail Sales	4	4	4	4	4	4	5	5	5	6	6	6	59	98	159
Wine Sales	2	2	2	2	2	2	3	3	3	3	3	3	30	49	79
Event Hosting	1	1	1	2	2	2	2	2	2	2	2	2	24	39	63
Other	0	0	0	0	0	0	1	1	1	1	1	1	6	10	16
Total Revenue (thnd USD)	7	7	7	9	9	9	11	11	11	12	12	12	119	196	317

Total revenue is expected to reach $ 317k by year 3.
Main revenue driver are:

- Cocktail Sales which generates $ 159k by Year 3
- Wine Sales which generates $ 79k by Year 3

Expected CAGR for total Revenue in Y1-Y3 is 63.45 %



COGS Calculation Details

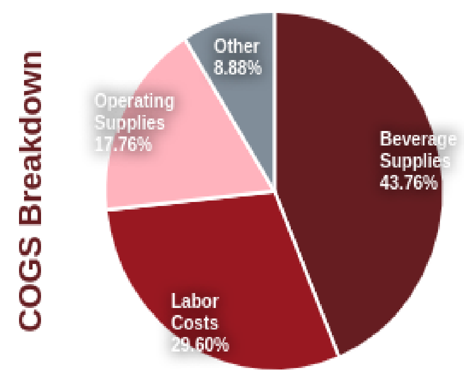
COGS Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Beverage Supplies	*29.57%*	*29.57%*	*29.57%*	*29.57%*	*29.57%*	*29.57%*	*29.57%*	*29.57%*	*29.57%*	*29.57%*	*29.57%*	*29.57%*	*29.57%*	*29.57%*	*29.57%*
Labor Costs	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*
Operating Supplies	*12.00%*	*12.00%*	*12.00%*	*12.00%*	*12.00%*	*12.00%*	*12.00%*	*12.00%*	*12.00%*	*12.00%*	*12.00%*	*12.00%*	*12.00%*	*12.00%*	*12.00%*
Other	*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%*
Beverage Supplies	2	2	2	3	3	3	3	3	3	4	4	4	35	58	94
Labor Costs	1	1	1	2	2	2	2	2	2	2	2	2	24	39	63
Operating Supplies	1	1	1	1	1	1	1	1	1	1	1	1	14	24	38
Other	0	0	0	1	1	1	1	1	1	1	1	1	7	12	19
Total COGS (thnd USD)	**5**	**5**	**5**	**6**	**6**	**6**	**7**	**7**	**7**	**8**	**8**	**8**	**80**	**133**	**214**

Total COGS is expected to reach $ 214k by year 3.

Main revenue driver are:

- Beverage Supplies which generates $ 94k by Year 3
- Labor Costs which generates $ 63k by Year 3

Expected CAGR for total COGS in Y1-Y3 is 63.45 %



SG&A Calculation Details

OPEX Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Payroll Expenses	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Rent & Utilities	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
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	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%
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	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%
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	0.50%	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%
Other Miscellaneous	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
Payroll Expenses	0	0	0	0	0	0	0	0	0	0	0	0	4	7	11
Rent & Utilities	0	0	0	0	0	0	0	0	0	0	0	0	3	5	8
Communication Expenses	0	0	0	0	0	0	0	0	0	0	0	0	1	1	2
Office supplies	0	0	0	0	0	0	0	0	0	0	0	0	1	2	3
Legal and Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	1	2	3
Marketing and Branding	0	0	0	0	0	0	0	0	0	0	0	0	2	3	5
Representation and Entertainment	0	0	0	0	0	0	0	0	0	0	0	0	1	1	2
Training and Development	0	0	0	0	0	0	0	0	0	0	0	0	1	1	2
Other Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total SG&A (thnd USD)	1	1	1	1	1	1	1	1	1	1	1	1	13	22	35

Sources: Company's Prop Planning

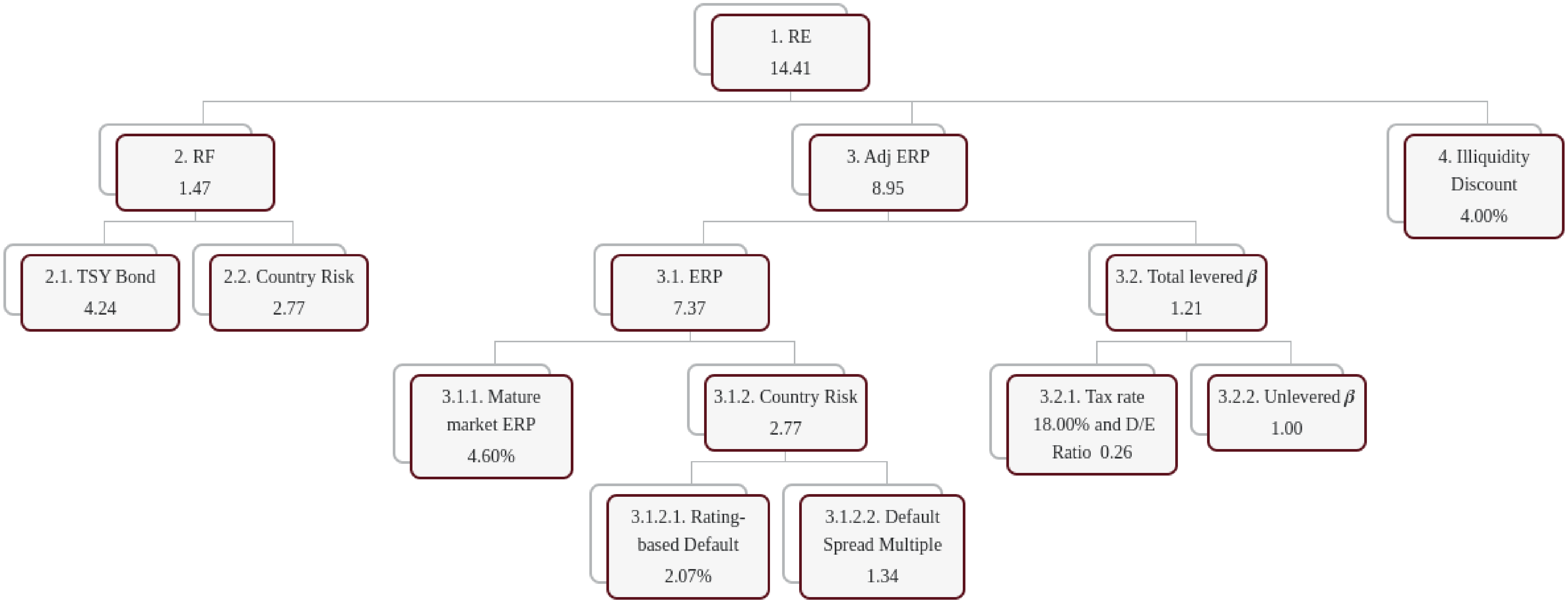
PaT Expectations

Income Statement (thnd USD)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Revenue	7	7	7	9	9	9	11	11	11	12	12	12	119	196	317
Cocktail Sales	4	4	4	4	4	4	5	5	5	6	6	6	59	98	159
Wine Sales	2	2	2	2	2	2	3	3	3	3	3	3	30	49	79
Event Hosting	1	1	1	2	2	2	2	2	2	2	2	2	24	39	63
Other	0	0	0	0	0	0	1	1	1	1	1	1	6	10	16
COGS	-5	-5	-5	-6	-6	-6	-7	-7	-7	-8	-8	-8	-80	-133	-214
Beverage Supplies	-2	-2	-2	-3	-3	-3	-3	-3	-3	-4	-4	-4	-35	-58	-94
Labor Costs	-1	-1	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-24	-39	-63
Operating Supplies	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-14	-24	-38
Other	-0	-0	-0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-7	-12	-19
Gross Profit	2	2	2	3	3	3	4	4	4	4	4	4	39	64	103
SG&A Personal Expenses	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-4	-7	-11
SG&A Operating Expenses	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-9	-15	-24
EBITDA	2	2	2	2	2	2	2	2	2	3	3	3	25	42	68
Depreciation	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-37	-37	-37
EBIT	-1	-1	-1	-1	-1	-1	-1	-1	-1	-0	-0	-0	-11	5	31
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit before Tax	-1	-1	-1	-1	-1	-1	-1	-1	-1	-0	-0	-0	-11	5	31
Tax	0	0	0	0	0	0	0	0	0	0	0	0	2	-1	-6
Profit after Tax (thnd USD)	-1	-1	-1	-1	-1	-1	-1	-1	-1	-0	-0	-0	-9	4	26

Sources: Company's Prop Planning

Cost of Capital Estimation

Required Return on Equity Derivation



Sources: Aswath Damodaran, Investing.com

Cost of Capital: CAPM Inputs

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)+β ∗ (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 correspondingindustries. 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 Premiumof 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	-9	4	26	28	31	34	38
	Growth% Y4-Y7				10.20%	10.20%	10.20%	10.20%
	Growth% Y7 -->	3.50%						
	WACC	14.41%						
	PV Y1-Y7 at Y0	-8	3	17	17	16	15	15
	PV Y7 --> Y0	140						
	NPV (thnd USD)	215						

Average Survival Rate for 3 Years | 50%

Final Valuation	$ 108k

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 14.41 % to determine the Firm Value.

Starting from year 3 onwards, the cash flows are estimated to grow at a rate of 10.20 %, 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.

Sources: Business Valuation

Glossary

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 oods sold
DCF - Discounted cash flow
Depr. – Depreciation
EBIT - Earnings before interest and taxes
EBITDA - Earnings before nterest, axes, depreciation, and amortization
EBT - Earnings Before Tax
ERP - Equity Risk Premium
ETA – Estimated Time of Arrival
EV - nterprise Value
FA (Tangible and Intangible) - Fixed assets (tangible and intangible)
FX – Foreign Exchange
FY - Fiscal year
GP - ross profit
k $ - Thousands of $
LLM – Large Language Model
LFY - Last fiscal year
m $ - Millions of $
MTD - Month-to-date
MVP – inimum Viable Product
NFT – Non-Fungible Token
NPV - Net present value
OPEX - Operating Expense
P&L - A profit and loss (P&L) tatement
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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