

Business Plan & Valuation Presentation



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OUR VISION & MISSION

Our Mission

StyleNest is dedicated to curating a distinctive collection of stylish and high-quality fashion pieces for the discerning shopper. We focus on providing a varied selection of clothing, accessories, and home décor, chosen for their unique design and exceptional craftsmanship. Our mission is to offer a personalized shopping experience within a welcoming and elegant environment, ensuring each customer feels valued and inspired. By sourcing products from both renowned and emerging designers, we aim to deliver trendsetting items that enhance our customers' lifestyles, making every visit a memorable and enjoyable experience.

Our Vision

StyleNest envisions becoming the leading chic boutique renowned for its dedication to style, quality, and personalized service. Our vision is to create a future where StyleNest is synonymous with sophistication and exclusivity, setting trends in the fashion world. We aspire to expand our influence globally, connecting discerning shoppers with unique and exceptional fashion pieces. By fostering relationships with top designers and continually innovating our offerings, StyleNest aims to inspire and empower individuals to express their unique sense of style, transforming the way people shop and experience fashion.



Summary Financials Dashboard

Key performance indicators
(Base Scenario Y3)

\$ 544k

Revenue

\$ 279k

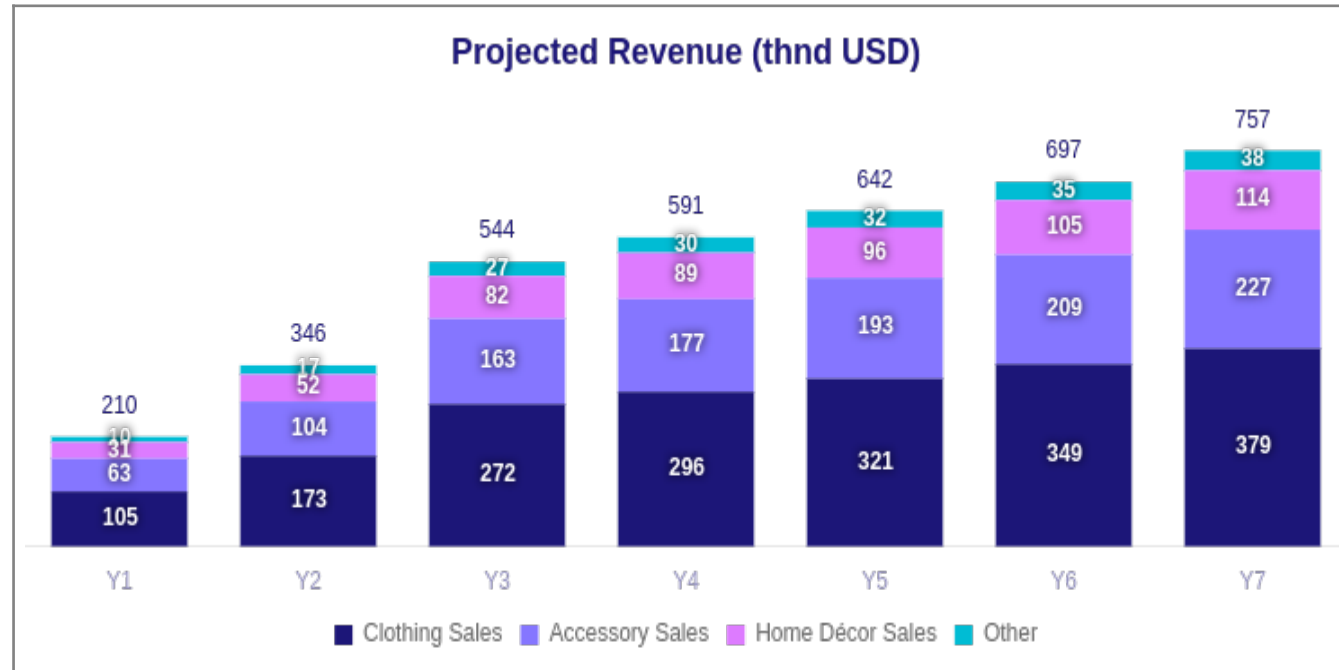
Gross Profit

\$ 2k

EBITDA

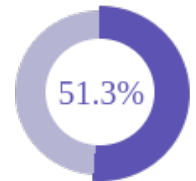
1.75%

Target Market Share

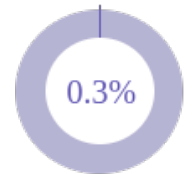


Margins
(Stabilized by Y3)

GP Margin



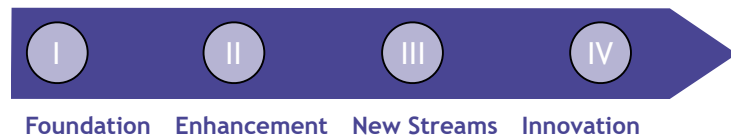
EBITDA Margin



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 \$ 250k

Y1 CAPEX \$ 230k

WC \$ 26k



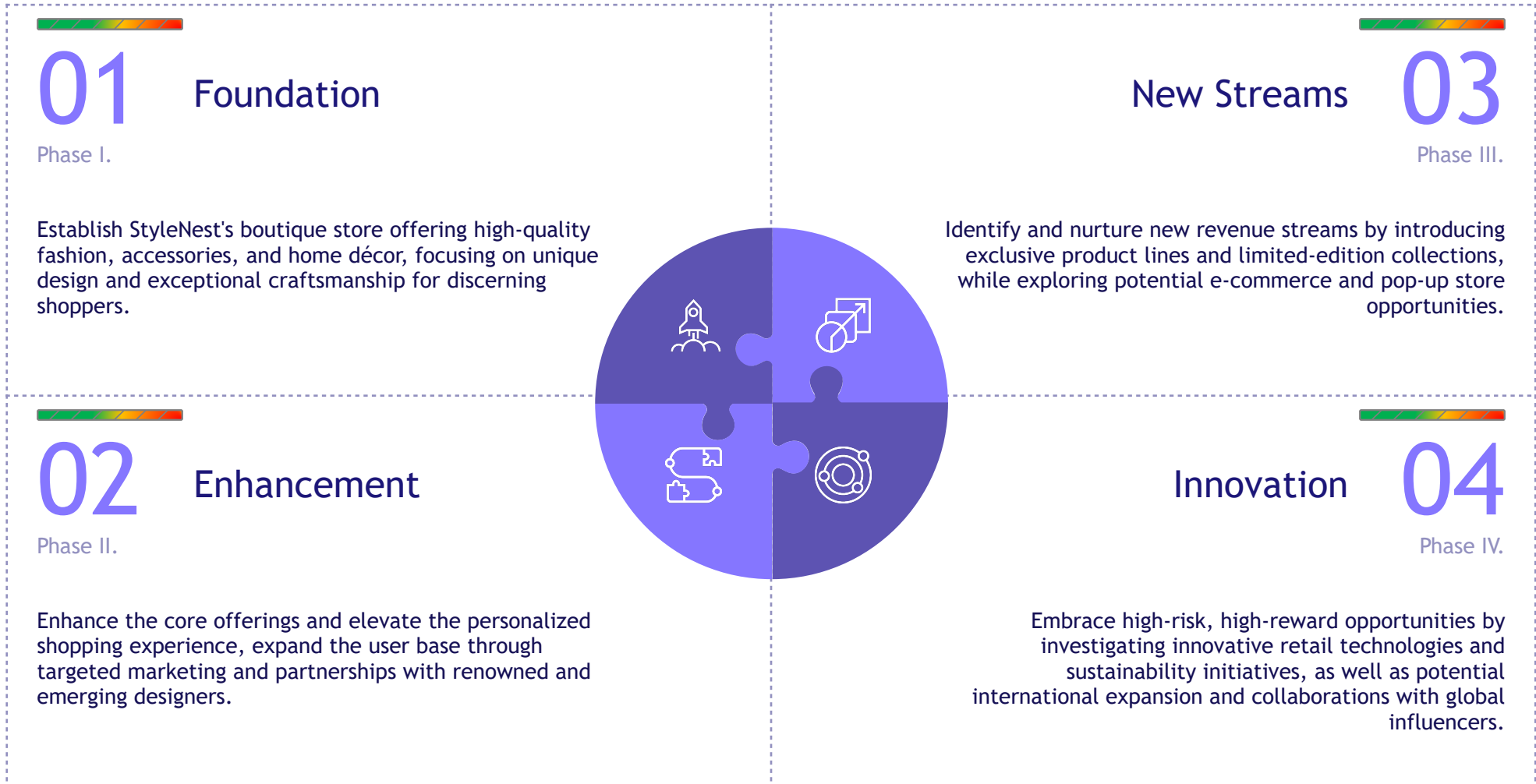
About the Company: General Overview



StyleNest is a chic boutique dedicated to curating a collection of stylish and high-quality fashion pieces for discerning shoppers. Specializing in the retail sale of various goods within specialized stores, StyleNest operates within the wholesale and retail trade sector, including the repair of motor vehicles and motorcycles. The store offers a wide range of clothing, accessories, and home décor items, each selected for their unique design and exceptional craftsmanship. With a strong focus on providing a personalized shopping experience, StyleNest creates a welcoming and elegant environment for its customers. The boutique is committed to trendsetting and quality, sourcing products from both renowned and emerging designers. Whether updating wardrobes or seeking the perfect gift, StyleNest promises sophisticated style and exceptional service.



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 and uniquely designed fashion, accessories, and home décor items. 2. Personalized shopping experience that caters to individual tastes and preferences. 3. Opportunity to purchase exclusive and limited-edition collections.
Designers	<ol style="list-style-type: none"> 1. Increased exposure and brand recognition through partnerships with StyleNest. 2. Opportunity to showcase their unique designs to a discerning customer base. 3. Potential for collaborative exclusive lines, expanding their portfolio and market reach.
Employees	<ol style="list-style-type: none"> 1. Opportunities for professional growth and development in a specialized retail environment. 2. Engaging and supportive work atmosphere with a focus on delivering exceptional customer service. 3. Involvement in innovative projects and sustainability initiatives that can enhance job satisfaction.
Investors	<ol style="list-style-type: none"> 1. Potential for significant financial returns from a well-curated and trendsetting boutique. 2. Diversified revenue streams through exclusive product lines, e-commerce, and pop-up opportunities. 3. Growth opportunities through international expansion and innovative retail technologies.
Local Community	<ol style="list-style-type: none"> 1. Boost to the local economy through the creation of job opportunities and increased foot traffic. 2. Stylish and high-quality retail options that enhance the local shopping scene. 3. Potential collaborations and events that foster community engagement and support.
Suppliers	<ol style="list-style-type: none"> 1. Strong and reliable business relationships with a boutique committed to exceptional craftsmanship. 2. Regular and predictable demand for high-quality products. 3. Opportunities to introduce new and innovative products to a discerning clientele.
Industry Partners	<ol style="list-style-type: none"> 1. Mutual growth and branding opportunities through strategic partnerships and collaborations. 2. Synergistic benefits from co-hosted events, marketing campaigns, and joint ventures. 3. Expansion of market presence and consumer base through enhanced visibility and reach.



Key Performance Components

Competitive Advantage

Curated Collections

StyleNest offers a thoughtfully curated selection of unique clothing, accessories, and home décor, ensuring shoppers have access to exclusive, trendsetting pieces.

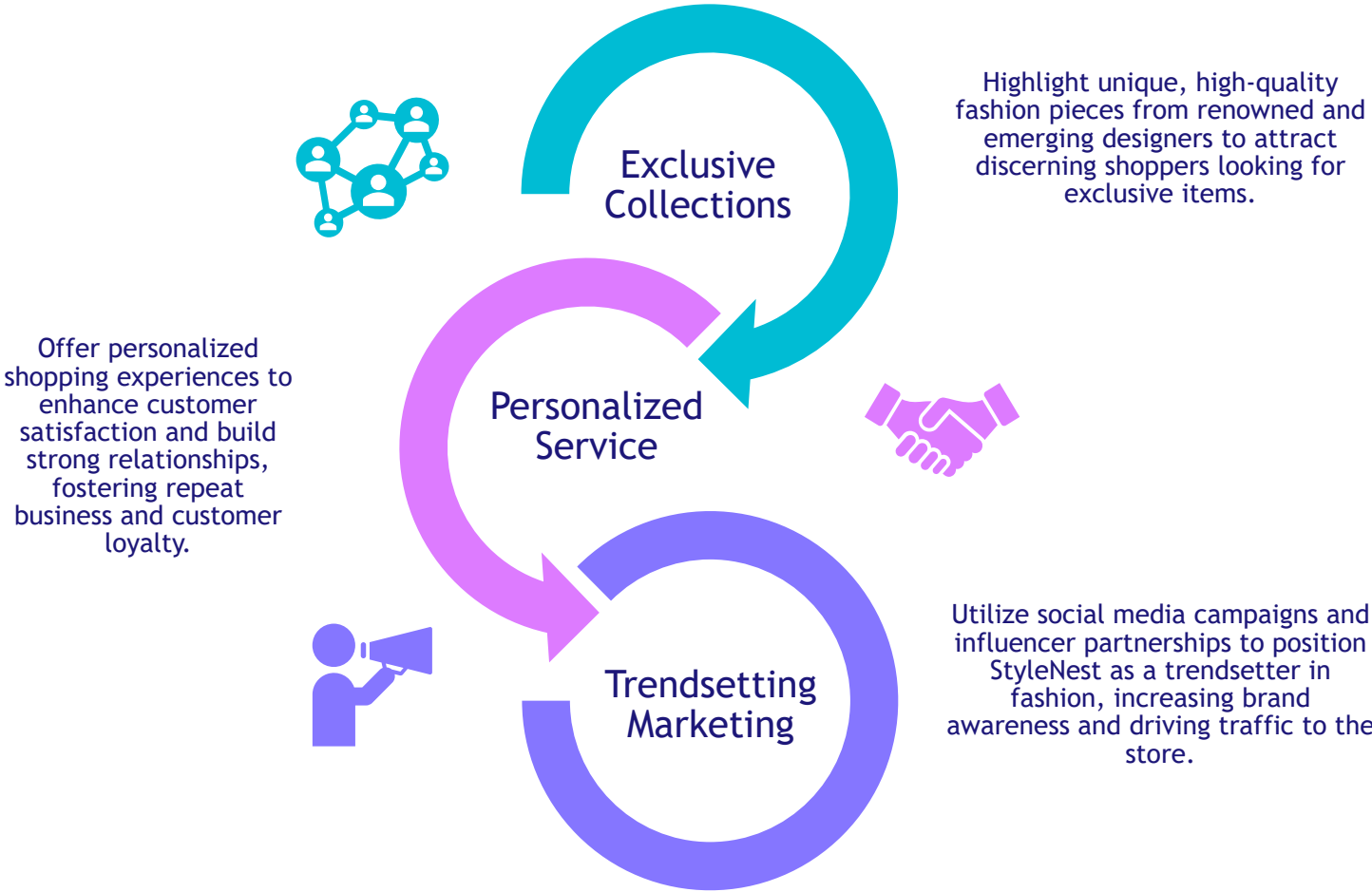
High-Quality Craftsmanship

The boutique prides itself on offering products known for their exceptional craftsmanship, providing customers with lasting quality and value in every purchase.

Personalized Experience

StyleNest creates a personalized shopping experience within an elegant, welcoming environment, assisting clients in finding items that perfectly suit their style preferences.

Marketing and Growth Strategy

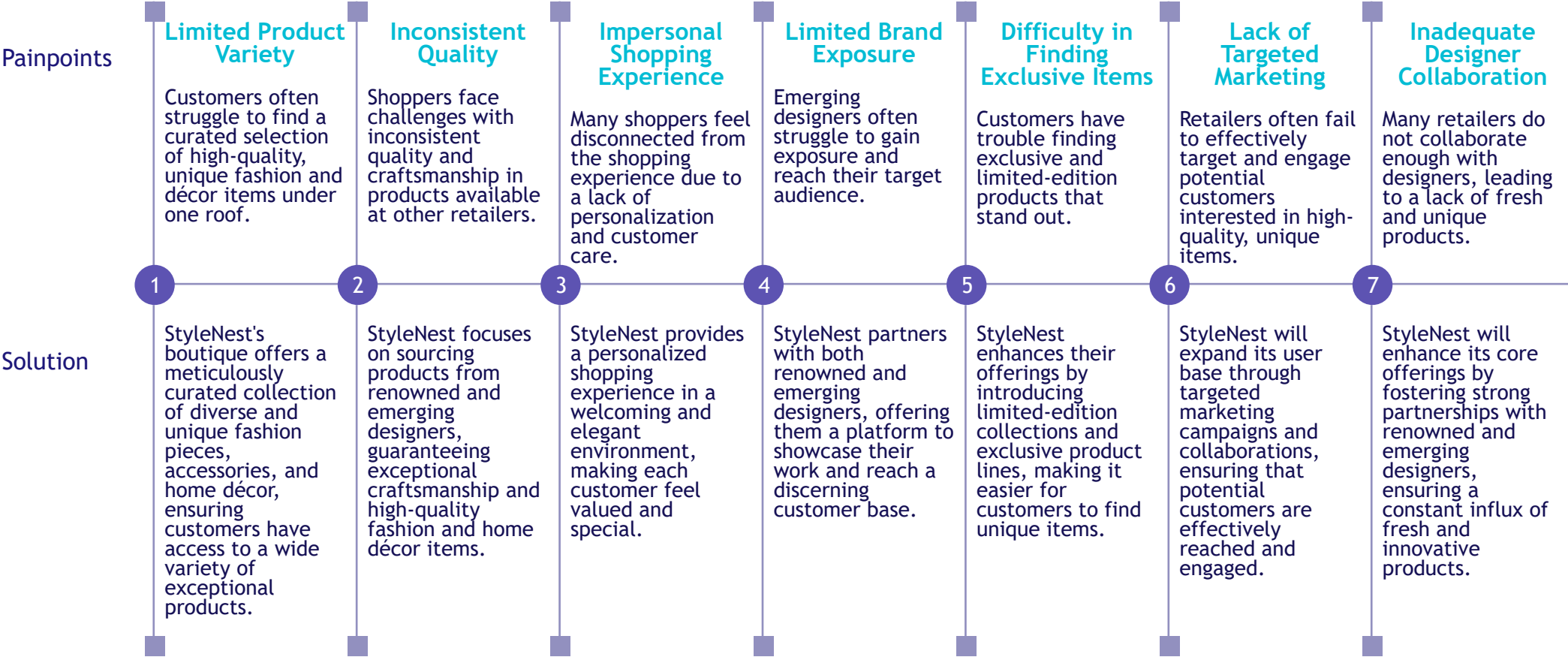


Target Groups

	Industries	Description
I	 Fashion Enthusiasts	Individuals who have a keen interest in fashion and love to stay updated with the latest trends and unique styles.
II	 Home Décor Aficionados	Customers who are passionate about home décor and are constantly seeking high-quality, stylish pieces to elevate their living spaces.
III	 Gift Shoppers	Shoppers looking for unique and high-quality gifts for special occasions, who value exceptional craftsmanship and design.
IV	 Professional Women	Career-oriented women looking for chic, sophisticated clothing and accessories suitable for professional environments and networking events.
V	 Stylish Men	Men who are interested in fashion-forward clothing and accessories that make a statement and reflect their personal style.
VI	 Emerging Designers	Up-and-coming designers seeking partnerships and exposure through a reputable boutique that values unique design and craftsmanship.
VII	 Eco-Conscious Consumers	Customers who prioritize sustainability and are interested in high-quality, environmentally-friendly fashion and home décor.



Solution from Phase I to Phase IV



Strategic Analysis: SWOT

Strength



1. Curated collection of stylish and high-quality fashion pieces sets StyleNest apart from competitors. 2. Diverse range of offerings, including clothing, accessories, and home décor, caters to varied customer tastes. 3. Focus on personalized shopping experience enhances customer satisfaction and loyalty. 4. Commitment to trendsetting ensures relevance in a dynamic fashion industry. 5. Sourcing from both renowned and emerging designers provides unique and exclusive products.

Weaknesses




1. Limited scale compared to larger retail chains may restrict market reach. 2. High dependency on selected suppliers could pose supply chain risks. 3. Specialized store locations may limit customer accessibility. 4. Higher price points might not appeal to budget-conscious shoppers. 5. Seasonal nature of fashion trends requires constant updating of inventory.

Opportunities



1. Expanding e-commerce platform can attract a broader customer base. 2. Collaborating with influencers can boost brand visibility and reach. 3. Hosting exclusive events can drive in-store traffic and customer engagement. 4. Exploring sustainable fashion can attract eco-conscious consumers. 5. Partnering with local designers can enhance community presence and brand loyalty.

Threats



1. Intense competition from established retail giants and online platforms could impact market share. 2. Economic downturns may reduce consumer spending on non-essential luxury items. 3. Rapid changes in fashion trends necessitate agile inventory management. 4. Potential supply chain disruptions could affect product availability. 5. Rising operational costs, including rent and labor, could strain profit margins.



History & Roadmap



Current Status.

StyleNest focuses on strategic growth: online store in Jan 2024, introducing a loyalty program by Apr 2024. By Jul 2024, expanding product range with exclusive collections. Oct 2024 marks the start of pop-up shops in major cities. By Jan 2025, offering international shipping. Flagship store opening planned for Jul 2025.



Organizational and Marketing Tasks

#	Check List Item	Status	Priority	Area	ETA
General Planning and Organization					
1	Finalize Business Plan	●	Not Started	High	CEO 2 weeks
2	Register Business Name and Legal Structure	●	Not Started	High	CFO 1 month
3	Secure Initial Funding	●	Not Started	High	CFO 2 months
4	Lease or Purchase Boutique Location	●	Not Started	Medium	COO 3 months
5	Develop Brand Identity (Logo, Tagline, etc.)	●	Not Started	Medium	CMO 1 month
6	Set Up Business Bank Account	●	Not Started	Medium	CFO 3 weeks
7	Develop Employee Handbook and HR Policies	●	Not Started	Low	COO 2 months
8	Set Up Accounting and Inventory Management Software	●	Not Started	High	CIO 1 month
Marketing					
1	Develop Comprehensive Marketing Plan	●	Not Started	High	CMO 2 weeks
2	Identify Target Market Segments	●	Not Started	High	CMO 3 weeks
3	Establish Social Media Presence	●	Not Started	Medium	CMO 1 month
4	Launch Initial Advertising Campaign	●	Not Started	High	CMO 1 month
5	Collaborate with Influencers and Designers	●	Not Started	High	CMO 2 months
6	Design and Distribute Promotional Materials	●	Not Started	Medium	CMO 1.5 months
7	Plan Launch Event	●	Not Started	High	CMO 3 months
8	Monitor and Analyze Marketing Analytics	●	Not Started	Medium	CMO Ongoing



Overview of Phases

#	Check List Item	Status	Priority	Area	ETA
Phase 1 & Technical Set Up for next Phases					
1	Secure storefront location	●	Not Started	High	CEO 2 months
2	Develop initial product line	●	Not Started	High	CPO 3 months
3	Design store layout and interior	●	Not Started	Medium	COO 2 months
4	Establish supplier relationships	●	Not Started	High	CPO 3 months
5	Hire initial staff	●	Not Started	High	COO 1 month
6	Implement point of sale (POS) system	●	Not Started	Medium	CIO 1 month
7	Conduct market research	●	Not Started	Medium	CSO 1 month
8	Secure initial funding	●	Not Started	High	CFO 2 months
Phase 2					
1	Develop and execute targeted marketing campaigns	●	Not Started	High	CMO 2 months
2	Establish partnerships with emerging designers	●	Not Started	High	CEO 3 months
3	Enhance in-store personalized shopping experience	●	Not Started	High	CPO 1 month
4	Expand social media presence and engagement	●	Not Started	Medium	CRO 2 months
5	Create and launch a loyalty rewards program	●	Not Started	Medium	CSO 4 months
6	Refine product selection to focus on high-demand items	●	Not Started	High	CPO 3 months
7	Build relationships with fashion influencers and bloggers	●	Not Started	Medium	CBO 3 months
8	Implement advanced customer data analytics	●	Not Started	High	CIO 2 months



Overview of Phases

#	Check List Item	Status	Priority	Area	ETA	
Phase 3						
1	Introduce exclusive product lines	●	Not Started	High	CPO	2 months
2	Launch limited-edition collections	●	Not Started	High	CPO	3 months
3	Develop e-commerce platform	●	Not Started	High	CTO	4 months
4	Announce pop-up store locations	●	Not Started	Medium	COO	6 months
5	Formulate exclusive product partnerships	●	Not Started	Medium	CRO	5 months
6	Curate new seasonal collections	●	Not Started	High	CPO	4 months
7	Optimize supply chain for new product lines	●	Not Started	High	COO	5 months
8	Conduct market research for customer preferences	●	Not Started	Medium	CMO	3 months
Phase 4						
1	Investigate innovative retail technologies	●	Not Started	High	CTO	6 months
2	Research and implement sustainability initiatives	●	Not Started	High	CSO	8 months
3	Plan potential international expansion	●	Not Started	Medium	CEO	12 months
4	Collaborate with global influencers	●	Not Started	Medium	CMO	9 months
5	Explore partnership opportunities with innovative tech companies	●	Not Started	Medium	CPO	7 months
6	Pilot new retail technology in select stores	●	Not Started	High	CTO	10 months
7	Develop a comprehensive sustainability report	●	Not Started	Medium	CSO	5 months
8	Launch limited-time international pop-up stores	●	Not Started	Low	COO	14 months



Core Risks & Migration Strategies

1. Operation and maintenance risks

#	Risk Type	Area	Mitigation Strategy
1	Inventory Management	COO	Implement robust inventory tracking systems to monitor stock levels and automate reordering processes, reducing the risk of stockouts or overstock.
2	Supply Chain Disruptions	COO	Develop a diversified supplier base and maintain strong relationships with key suppliers to ensure continuity in the supply chain.
3	Store Maintenance	COO	Regularly schedule and conduct maintenance checks to ensure the store remains in excellent condition, minimizing unexpected repairs and closures.
4	Customer Service Quality	CPO	Provide continuous training to staff on customer service best practices and establish performance metrics to ensure consistent, high-quality customer interactions.
5	Technology Failures	CTO	Implement robust and redundant technology infrastructure, including regular backups and software updates, to minimize downtime and data loss.

2. Regulatory and legal risks

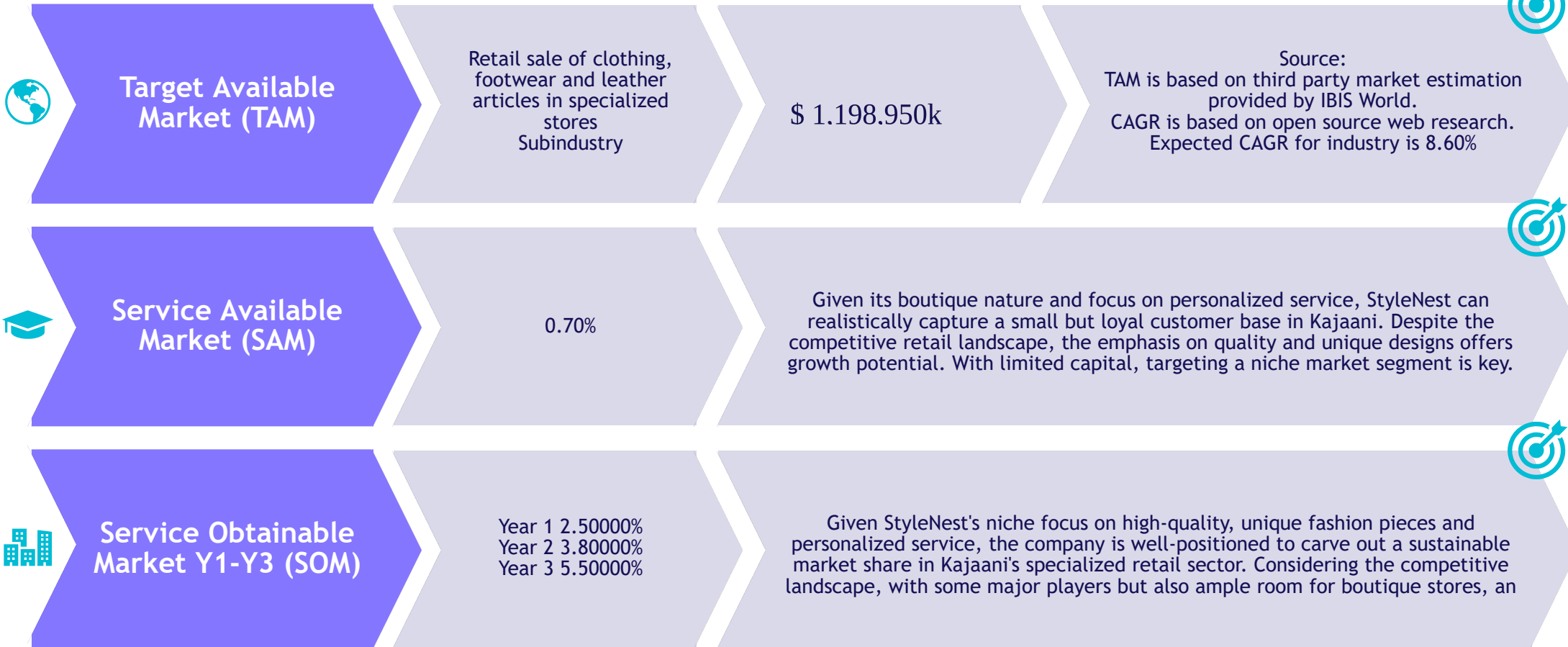
#	Risk Type	Area	Mitigation Strategy
1	Compliance with local business licensing	COO	Ensure all necessary local business licenses and permits are obtained and kept up-to-date by regular audits and checks.
2	Product safety regulations	CPO	Implement a rigorous product testing and quality assurance process to ensure all products meet safety standards before they are offered to customers.
3	Trademark and intellectual property rights	CSO	Conduct thorough trademark searches and maintain an IP register to protect our brand and product designs, and seek legal counsel when necessary.
4	Consumer protection laws	CRO	Establish clear return and refund policies compliant with consumer protection laws and provide training for staff to ensure customer issues are handled appropriately.
5	Advertising and promotion compliance	CMO	Ensure all marketing materials adhere to advertising standards and regulations, and review campaigns with legal counsel to avoid misleading claims.



3. Strategic/Market Risk			
#	Risk Type	Area	Mitigation Strategy
1	Market Competition	CEO	Continuously analyze competitors and market trends to stay ahead through unique product offerings and strategic partnerships with both renowned and emerging designers.
2	Consumer Preference Shifts	CMO	Conduct regular market research to understand and anticipate changes in consumer preferences, and update product lines and marketing strategies accordingly.
3	Supplier Dependence	CPO	Diversify the supplier base to ensure a variety of sourcing options and establish strong relationships with a mix of both established and new designers to mitigate supply chain disruptions.
4	Brand Reputation	CRO	Implement a proactive brand management strategy, including robust customer service, quality assurance processes, and engaging storytelling to maintain and enhance brand reputation.
5	Technological Advancements	CTO	Invest in cutting-edge retail technologies and e-commerce solutions to stay competitive and improve the customer experience through innovations such as personalized shopping and advanced inventory management.
4. Finance risk			
#	Risk Type	Area	Mitigation Strategy
1	Cash Flow Management	CFO	Implement stringent cash flow monitoring and forecasting to ensure liquidity for ongoing operations and growth initiatives.
2	High Operating Expenses	CFO	Regularly review and optimize expense structures, negotiate better terms with suppliers, and identify cost-saving opportunities without compromising quality.
3	Revenue Fluctuation	CRO	Diversify revenue streams by introducing new product lines and channels, and implement flexible marketing strategies to attract a consistent customer base.
4	Funding and Capital Access	CEO	Develop strong relationships with financial institutions and investors, and maintain a robust business plan to secure necessary funding for growth and innovation.
5	Foreign Exchange Risk	CFO	Use hedging strategies and financial instruments to mitigate the impact of currency fluctuations, particularly if considering international expansion.
5. Other general risk			
#	Risk Type	Area	Mitigation Strategy
1	Brand Reputation Management	CMO	Implement proactive communication strategies, engage with customers on social media, and monitor public perception continuously.
2	Customer Experience	COO	Regularly train staff and collect customer feedback to make continuous improvements to the shopping experience.
3	Supply Chain Disruptions	CPO	Diversify suppliers and establish strong relationships and contingency plans to handle unexpected disruptions.
4	Technological Advances	CTO	Stay abreast of emerging technologies and invest in scalable, flexible systems to adapt to rapid technological changes.
5	Employee Retention	CSO	Create a positive work environment with competitive compensation, development opportunities, and regular engagement initiatives.



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.

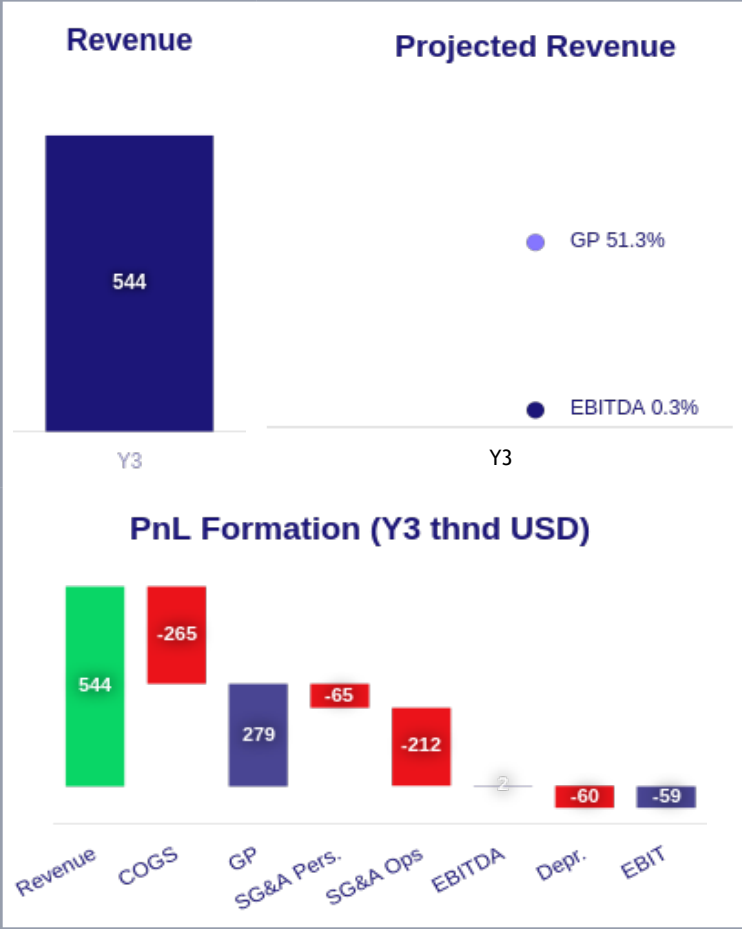
The total investment required is \$ 250k

Y1 Cash Flow Stream(thnd USD)	Inflows	Outflows
Gross Profit	108	
Rent & Utilities		31
Payroll Expenses		25
Marketing and Branding		17
Legal and Professional Fees		8
Capex		230
Communication Expenses		6
Other Miscellaneous		6
Office supplies		4
Representation and Entert.		4
Training and Development		4
CAPEX & WC shortage Y1		229
Buffer		21
Total Required Investment(thnd USD)		250

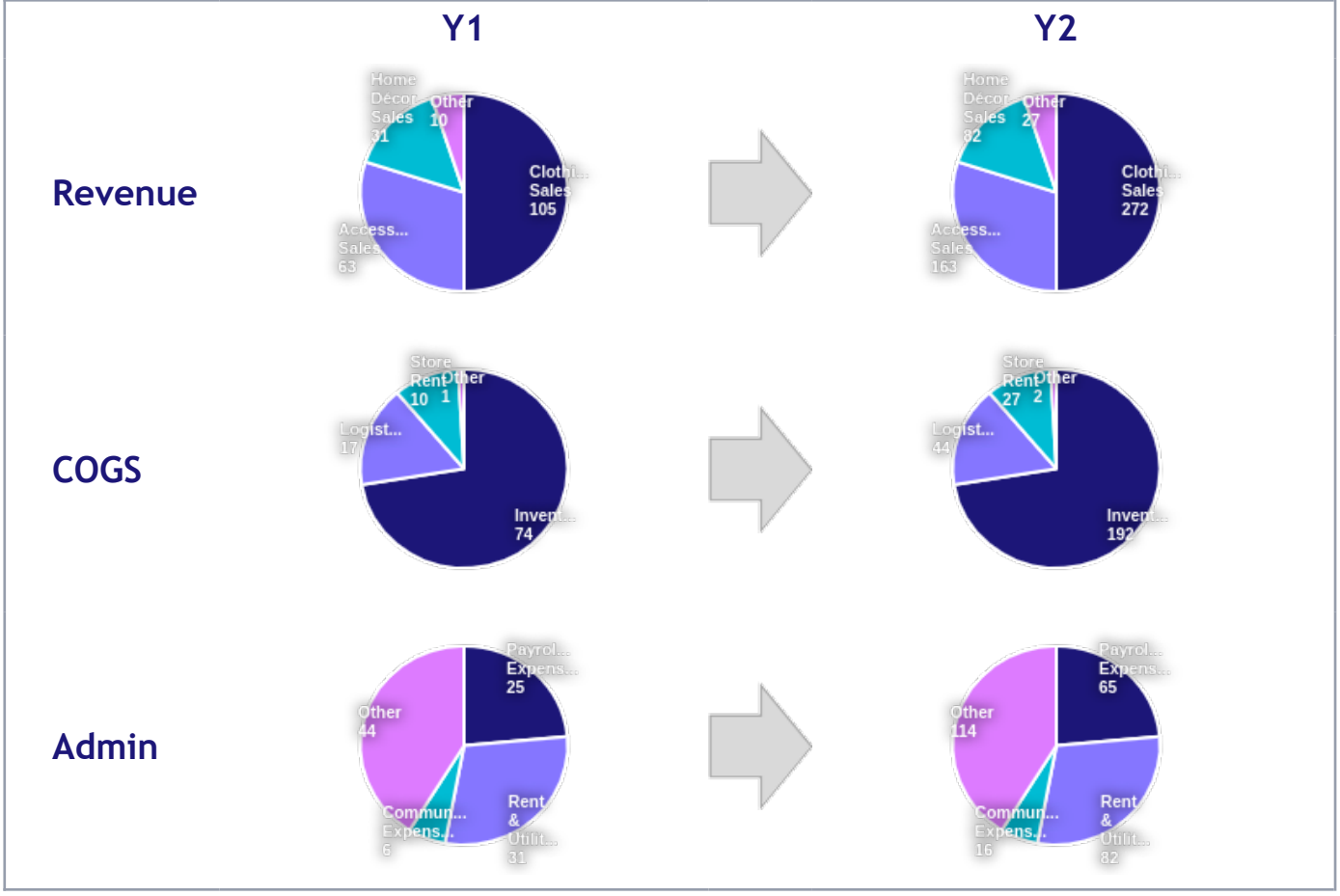


Financials Dashboard

Y3 PL formation and Margins



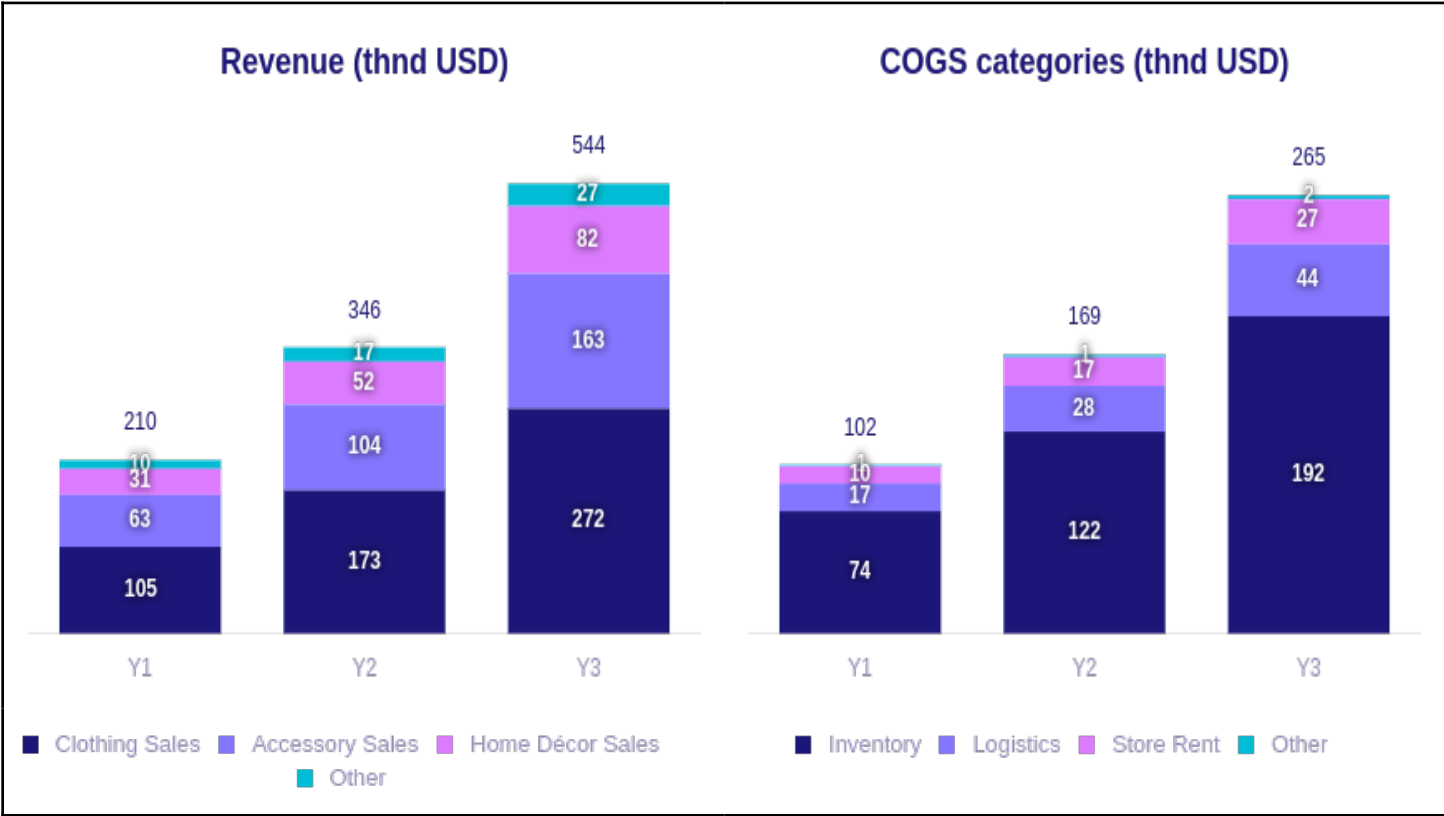
Business Line Breakdown (thnd USD)



Revenue Formation Narrative

StyleNest, a chic boutique specializing in high-quality fashion pieces, operates within the retail sale of other goods in specialized stores industry. Focusing on providing a personalized shopping experience, StyleNest aims to capture a loyal customer base in Kajaani, a city with a competitive yet accommodating retail landscape. Our Total Addressable Market (TAM) is a substantial 1,198,950.244k USD . Given our boutique approach and emphasis on quality, our Serviceable Addressable Market (SAM) is estimated at 0.70%, targeting niche market segments effectively. This translates into a realistic initial market entry strategy considering our limited capital and capacity to foster customer loyalty through unique and high-quality offerings. For the Serviceable Obtainable Market (SOM), StyleNest is expected to achieve a 2.5% market share in the first year, reflecting a solid foundation in customer acquisition and market penetration. This figure is anticipated to grow to 3.8% in the second year and 5.5% by the third year as our marketing efforts and customer retention strategies take effect. Revenue projections mirror this strategic growth with 209.816k USD in the first year, followed by 346.348k USD in the second year, and 544.404k USD in the third year. Revenue streams are diversified across four main lines of business: Clothing Sales (50.00%), Accessory Sales (30.00%), Home Décor Sales (15.00%), and Other (5.00%). These projections reflect our commitment to trendsetting and exceptional service, ensuring StyleNest's firm establishment in Kajaani's retail market.

\$ 544k Y3 Projected Revenue **1.75%** Market share



Revenue Calculation Details

Revenue Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
<i>Clothing Sales</i>	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%
<i>Accessory Sales</i>	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%
<i>Home Décor Sales</i>	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%
<i>Other</i>	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %

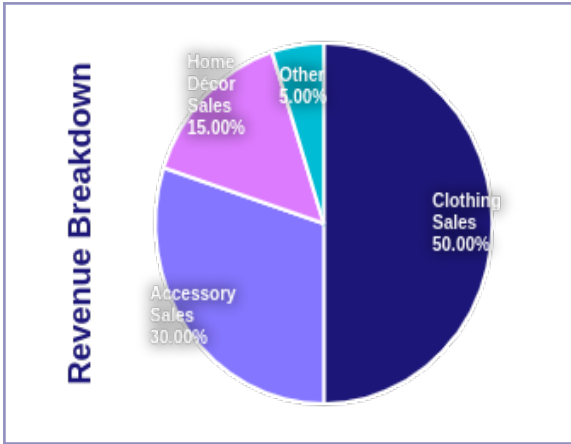
<i>Clothing Sales</i>	7	7	7	8	8	8	10	10	10	11	11	11	105	173	272
<i>Accessory Sales</i>	4	4	4	5	5	5	6	6	6	7	7	7	63	104	163
<i>Home Décor Sales</i>	2	2	2	2	2	2	3	3	3	3	3	3	31	52	82
<i>Other</i>	1	1	1	1	1	1	1	1	1	1	1	1	10	17	27
Total Revenue (thnd USD)	13	13	13	16	16	16	19	19	19	22	22	22	210	346	544

Total revenue is expected to reach \$ 544k by year 3.

Main revenue driver are:

- Clothing Sales which generates \$ 272k by Year 3
- Accessory Sales which generates \$ 163k by Year 3

Expected CAGR for total Revenue in Y1-Y3 is 61.08 %



COGS Calculation Details

COGS Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Inventory	35.27%	35.27%	35.27%	35.27%	35.27%	35.27%	35.27%	35.27%	35.27%	35.27%	35.27%	35.27%	35.27%	35.27%	35.27%
Logistics	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Store Rent	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Other	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%

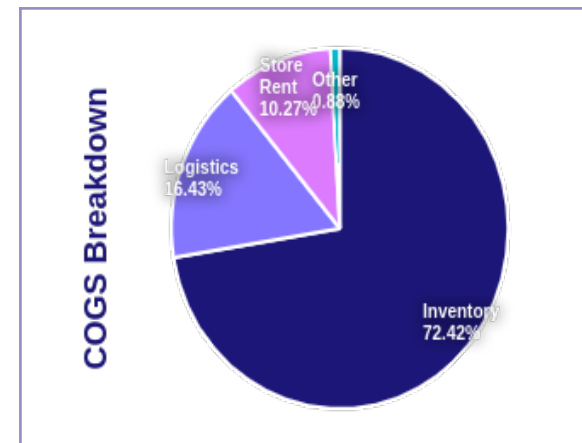
Inventory	5	5	5	6	6	6	7	7	7	8	8	8	74	122	192
Logistics	1	1	1	1	1	1	2	2	2	2	2	2	17	28	44
Store Rent	1	1	1	1	1	1	1	1	1	1	1	1	10	17	27
Other	0	0	0	0	0	0	0	0	0	0	0	0	1	1	2
Total COGS (thnd USD)	6	6	6	8	8	8	9	9	9	11	11	11	102	169	265

Total COGS is expected to reach \$ 265k by year 3.

Main revenue driver are:

- Inventory which generates \$ 192k by Year 3
- Logistics which generates \$ 44k by Year 3

Expected CAGR for total COGS in Y1-Y3 is 61.08 %



SG&A Calculation Details

OPEX Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Payroll Expenses	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%
Rent & Utilities	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%
Communication Expenses	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Office supplies	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%
Legal and Professional Fees	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Marketing and Branding	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Representation and Entertainment	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%
Training and Development	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%
Other Miscellaneous	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Payroll Expenses	2	2	2	2	2	2	2	2	2	3	3	3	25	42	65
Rent & Utilities	2	2	2	2	2	2	3	3	3	3	3	3	31	52	82
Communication Expenses	0	0	0	0	0	0	1	1	1	1	1	1	6	10	16
Office supplies	0	0	0	0	0	0	0	0	0	0	0	0	4	7	11
Legal and Professional Fees	1	1	1	1	1	1	1	1	1	1	1	1	8	14	22
Marketing and Branding	1	1	1	1	1	1	2	2	2	2	2	2	17	28	44
Representation and Entertainment	0	0	0	0	0	0	0	0	0	0	0	0	4	7	11
Training and Development	0	0	0	0	0	0	0	0	0	0	0	0	4	7	11
Other Miscellaneous	0	0	0	0	0	0	1	1	1	1	1	1	6	10	16

Total SG&A (thnd USD)	7	7	7	8	8	8	10	10	10	11	11	11	107	177	278
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PaT Expectations

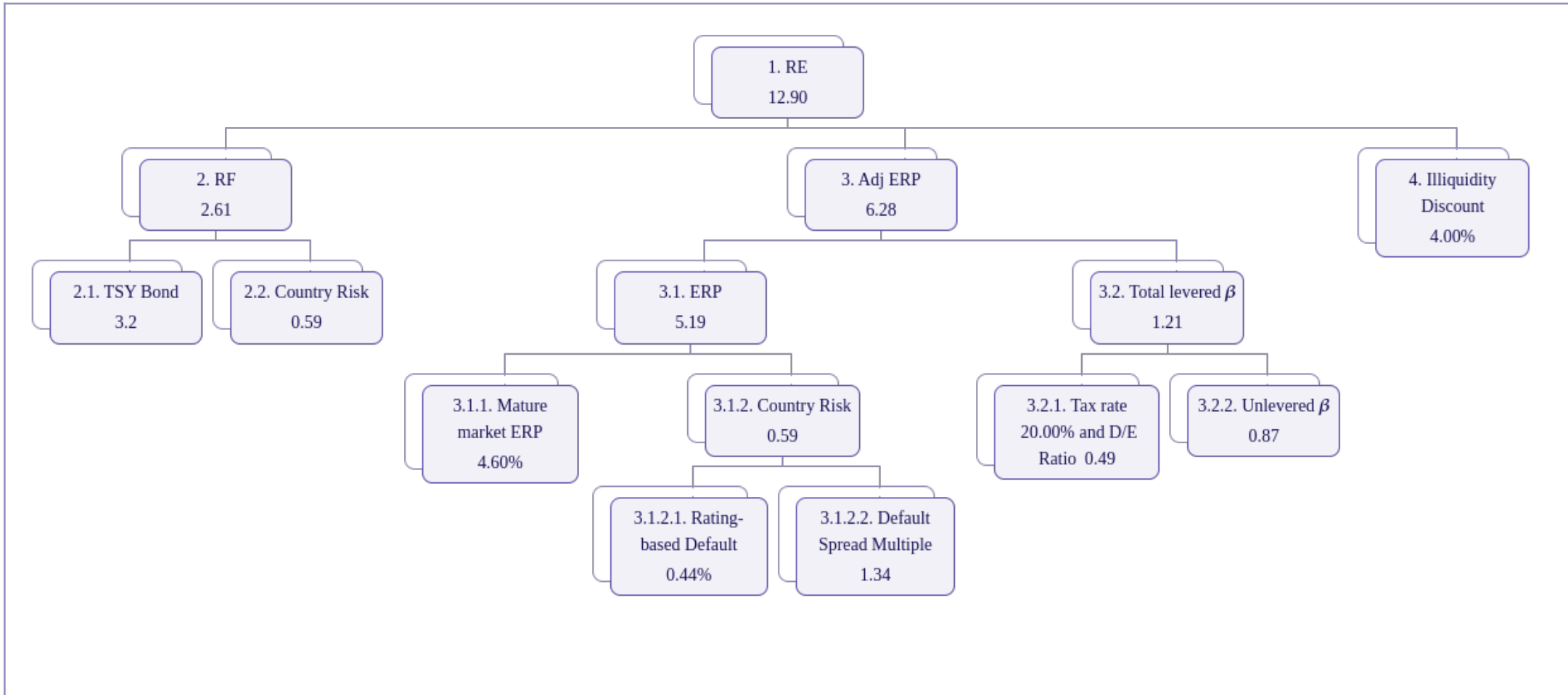
1 2 3 4 5 6 7

Financial Projection

Income Statement (thnd USD)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Revenue	13	13	13	16	16	16	19	19	19	22	22	22	210	346	544
Clothing Sales	7	7	7	8	8	8	10	10	10	11	11	11	105	173	272
Accessory Sales	4	4	4	5	5	5	6	6	6	7	7	7	63	104	163
Home Décor Sales	2	2	2	2	2	2	3	3	3	3	3	3	31	52	82
Other	1	1	1	1	1	1	1	1	1	1	1	1	10	17	27
COGS	-6	-6	-6	-8	-8	-8	-9	-9	-9	-11	-11	-11	-102	-169	-265
Inventory	-5	-5	-5	-6	-6	-6	-7	-7	-7	-8	-8	-8	-74	-122	-192
Logistics	-1	-1	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2	-17	-28	-44
Store Rent	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-10	-17	-27
Other	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-1	-1	-2
Gross Profit	7	7	7	8	8	8	10	10	10	11	11	11	108	178	279
SG&A Personal Expenses	-2	-2	-2	-2	-2	-2	-2	-2	-2	-3	-3	-3	-25	-42	-65
SG&A Operating Expenses	-5	-5	-5	-6	-6	-6	-8	-8	-8	-9	-9	-9	-82	-135	-212
EBITDA	0	0	0	0	0	0	0	0	0	0	0	0	1	1	2
Depreciation	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-60	-60	-60
EBIT	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-60	-59	-59
Interest Expense	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0
Profit before Tax	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-60	-60	-59
Tax	1	1	1	1	1	1	1	1	1	1	1	1	12	12	12
Profit after Tax (thnd USD)	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-48	-48	-47



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	-48	-48	-47	-51	-56	-60	-66
	Growth% Y4-Y7				8.60%	8.60%	8.60%	8.60%
	Growth% Y7 -->	3.50%						
	WACC	12.90%						
	PV Y1-Y7 at Y0	-42	-37	-33	-32	-30	-29	-28
	PV Y7 --> Y0	-309						
	NPV (thnd USD)	-541						

Average Survival Rate for 3 Years

50%

Final Valuation

-\$ 270k

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 12.90 % to determine the Firm Value.

Starting from year 3 onwards, the cash flows are estimated to grow at a rate of 8.60 %, 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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