

# Business Plan & Valuation Presentation

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# OUR VISION & MISSION

## Our Mission

SunsetCafe is dedicated to creating a welcoming and tranquil environment where patrons can enjoy high-quality coffee, teas, and light fare crafted from premium, locally sourced ingredients. By emphasizing comfort, community, and sustainability, we aim to provide a space for people to relax, connect, and savor their favorite beverages and treats. Our commitment to eco-friendly practices ensures that every experience at SunsetCafe not only delights our customers but also contributes positively to our environment.

## Our Vision

SunsetCafe envisions becoming the go-to sanctuary for community gatherings and individual relaxation, recognized for our unwavering commitment to quality, sustainability, and hospitality. In twenty years, we aim to have established a network of cozy cafés that not only provide excellent food and beverages but also serve as vital community hubs where people connect, unwind, and create lasting memories. Our ultimate aspiration is to set a benchmark in the café industry for sustainable practices and superior customer experience.



# Summary Financials Dashboard

Key performance indicators  
(Base Scenario Y3)

**\$ 191k**

Revenue

**\$ 62k**

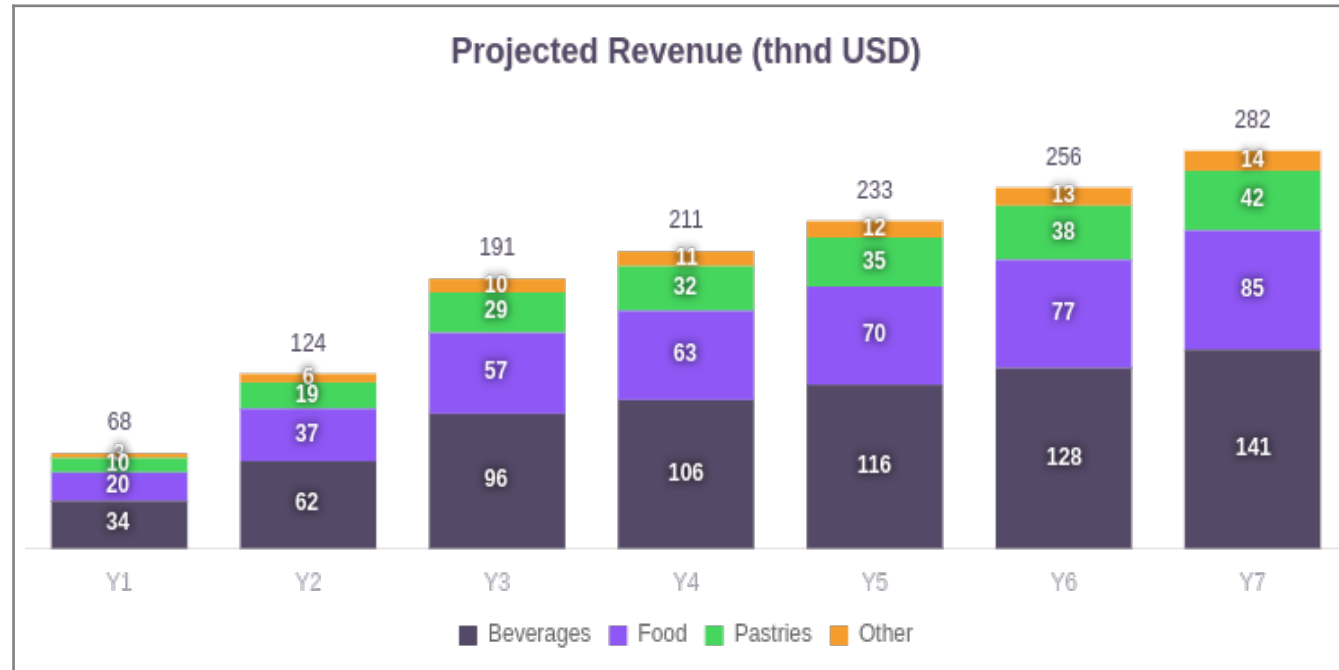
Gross Profit

**\$ 41k**

EBITDA

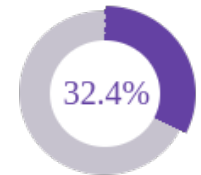
**25.50%**

Target Market Share

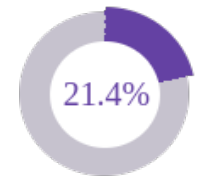


Margins  
(Stabilized by Y3)

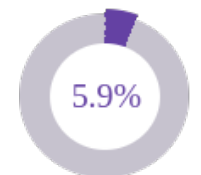
GP Margin



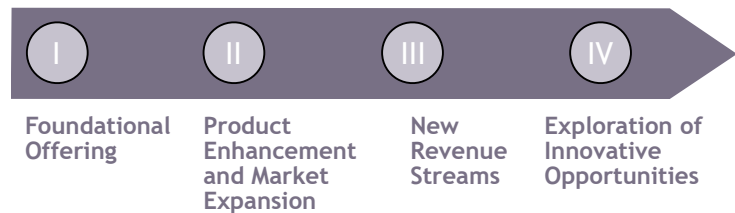
EBITDA Margin



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 \$ 125k

Y1 CAPEX \$ 125k

WC \$ 11k

# About the Company: General Overview



SunsetCafe is a charming café that offers a relaxed and inviting environment, perfect for enjoying high-quality coffee, teas, and light fare. The café's menu includes a selection of freshly brewed beverages, gourmet sandwiches, and delectable pastries, all made with premium ingredients. Emphasizing comfort and community, SunsetCafe provides a cozy space where patrons can unwind and savor their favorite drinks and bites. The company is committed to sustainability, utilizing eco-friendly practices and locally sourced products. Operating in the Accommodation and food service activities sector, under the Beverage serving activities industry, SunsetCafe stands out as an ideal spot for starting the day, taking a break, or meeting friends. The café's focus on high-quality offerings and a warm atmosphere makes it a top choice for those seeking tranquility and delicious treats in their daily routine.

# The Main Phases: Projects & Impacts



# Product Impact on Core Stakeholders

Main Stakeholder	Product Benefits
<b>Customers</b>	<ol style="list-style-type: none"> <li>1. Enjoy a high-quality, diverse menu of coffee, teas, and light fare made from premium ingredients.</li> <li>2. Experience a cozy, community-oriented environment ideal for relaxation and socialization.</li> <li>3. Benefit from eco-friendly practices and locally sourced products, supporting sustainability and local farms.</li> </ol>
<b>Suppliers</b>	<ol style="list-style-type: none"> <li>1. Gain reliable and consistent business from a growing café that values high-quality ingredients.</li> <li>2. Opportunity for long-term partnerships with a focus on local and sustainable sourcing.</li> <li>3. Increased market visibility and brand recognition through collaboration with a popular community café.</li> </ol>
<b>Employees</b>	<ol style="list-style-type: none"> <li>1. Secure employment in a friendly, supportive work environment that values teamwork and community.</li> <li>2. Opportunities for career growth and development through training and experience.</li> <li>3. Enjoy being part of an ethically driven company focused on sustainability and high-quality service.</li> </ol>
<b>Local Community</b>	<ol style="list-style-type: none"> <li>1. Access to a welcoming, social space that enhances community interaction and cohesion.</li> <li>2. Support for local farmers and artisans through SunsetCafe's use of locally sourced products.</li> <li>3. Participation in events and programs hosted by the café, aimed at engaging and uplifting the community.</li> </ol>
<b>Investors</b>	<ol style="list-style-type: none"> <li>1. Opportunity for substantial returns through phased development and strategic growth plans.</li> <li>2. Confidence in investing in a community-focused, sustainable, and innovative business model.</li> <li>3. Diversified revenue streams from catering, merchandise, and potential franchising.</li> </ol>
<b>Environmental Groups</b>	<ol style="list-style-type: none"> <li>1. Collaboration with a business dedicated to eco-friendly practices and sustainability.</li> <li>2. Positive impact on the environment through reduced waste and sustainable sourcing.</li> <li>3. Potential for advocacy and awareness through joint initiatives and sponsorships.</li> </ol>
<b>Local Businesses</b>	<ol style="list-style-type: none"> <li>1. Opportunities for partnerships, such as co-branded products and cross-promotional events.</li> <li>2. Enhanced business ecosystem through mutual support and collaborative efforts.</li> <li>3. Increased foot traffic and visibility from joint marketing and community-oriented events.</li> </ol>



# Key Performance Components

## Competitive Advantage

### High-Quality Beverages

SunsetCafe offers top-notch coffee, teas, and light fare made with premium ingredients, ensuring a satisfying experience for all customers.

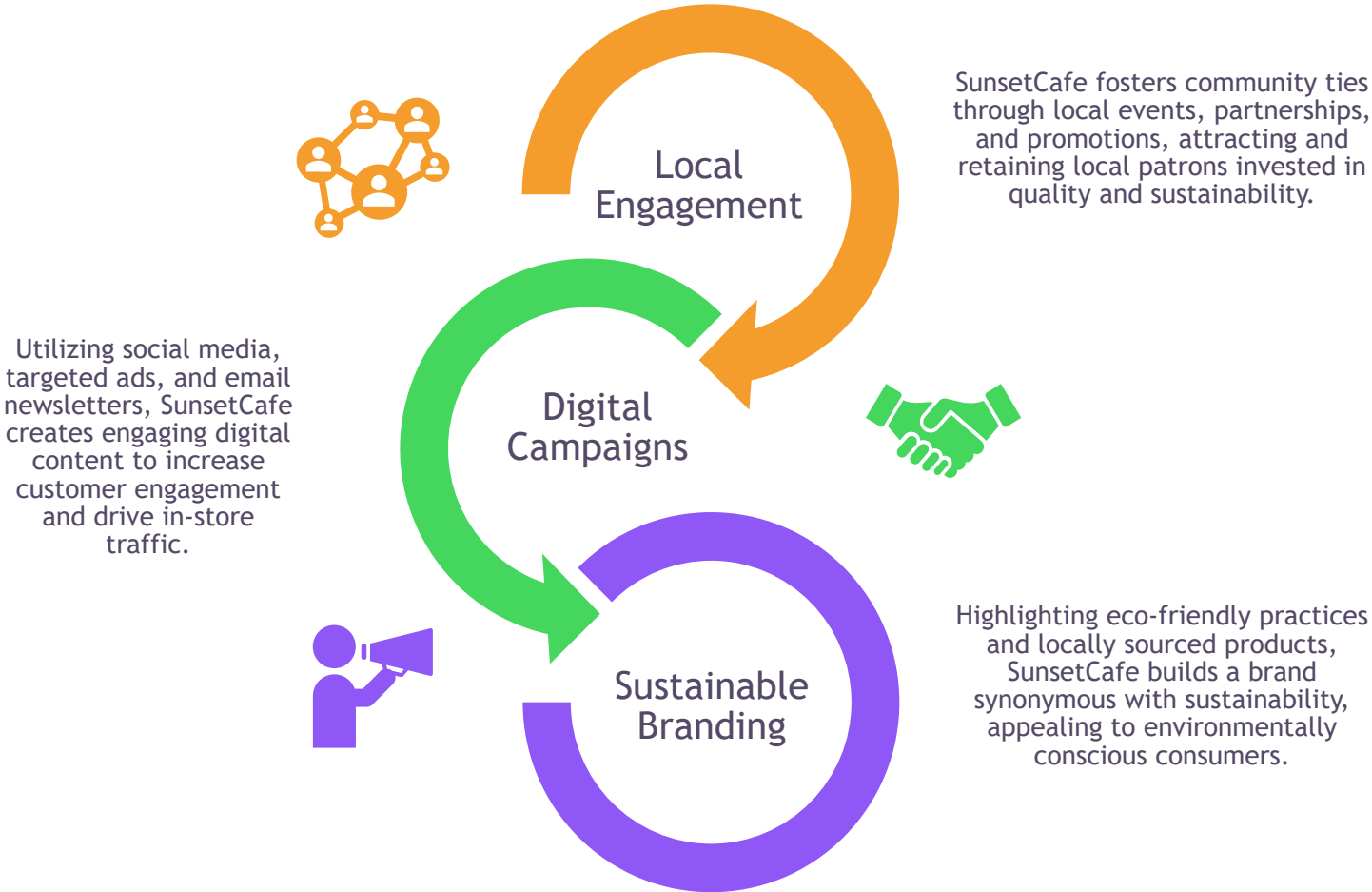
### Cozy Atmosphere

SunsetCafe provides a relaxed and inviting environment, creating the perfect setting for patrons to unwind and enjoy their favorite drinks and snacks.

### Sustainability Focus

Committed to eco-friendly practices, SunsetCafe uses locally sourced products and sustainable methods, supporting a responsible approach to food service.

## Marketing and Growth Strategy

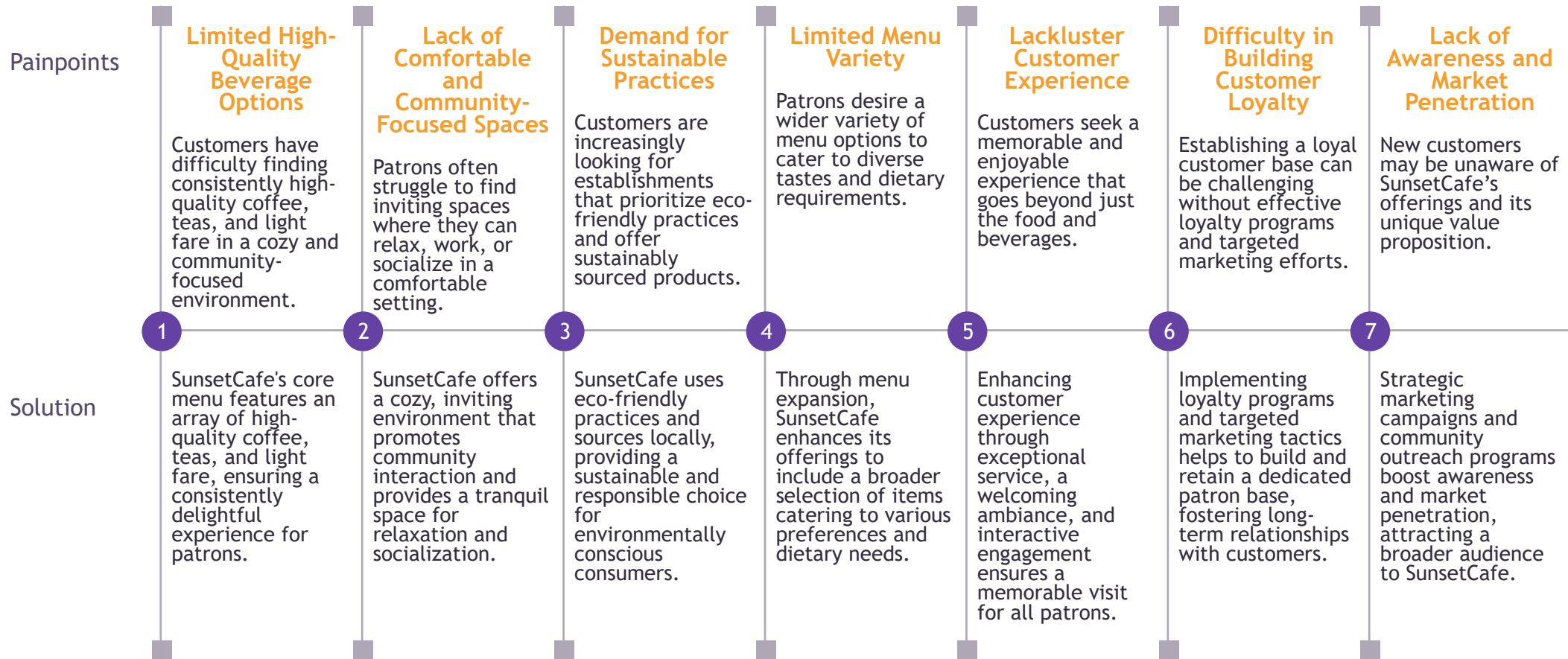




# Target Groups

Industries		Description
I	 Local Residents	Individuals living in the surrounding community who seek a cozy and friendly café for daily coffee, teas, and light meals.
II	 Office Workers	Professionals working in nearby offices looking for a quick, high-quality breakfast, lunch, or coffee break in a relaxing environment.
III	 Students	Students from local schools and universities searching for a quiet and comfortable place to study or hang out with friends over coffee and snacks.
IV	 Tourists	Visitors exploring the area who seek a welcoming spot to rest and enjoy locally-sourced beverages and bites.
V	 Remote Workers	Freelancers and remote employees desiring a pleasant and conducive environment for work while enjoying a variety of quality beverages and food options.
VI	 Health-Conscious Consumers	Individuals who prioritize wellness and prefer cafés that offer healthy, sustainable, and locally-sourced menu options.
VII	 Event Planners and Caterers	Professionals looking for high-quality catering for events and meetings, with a focus on gourmet sandwiches, pastries, and premium beverages.

## Solution from Phase I to Phase IV




# Strategic Analysis: SWOT

**Strength**




Charming and inviting environment attracts a loyal customer base. Emphasis on high-quality, premium ingredients enhances the product appeal. Sustainable practices aligned with increasing consumer preferences for eco-friendly businesses. Locally sourced products support community engagement and fresh offerings. Cozy and comfortable space fosters a strong sense of community and repeat visits.

**Weaknesses**




Higher costs due to premium and locally sourced ingredients could limit profit margins. Dependence on physical location restricts customer base expansion. Seasonal variability in customer footfall impacts revenue stability. Limited scalability compared to larger chain competitors. High competition in the café industry demands continuous innovation to stand out.

**Opportunities**



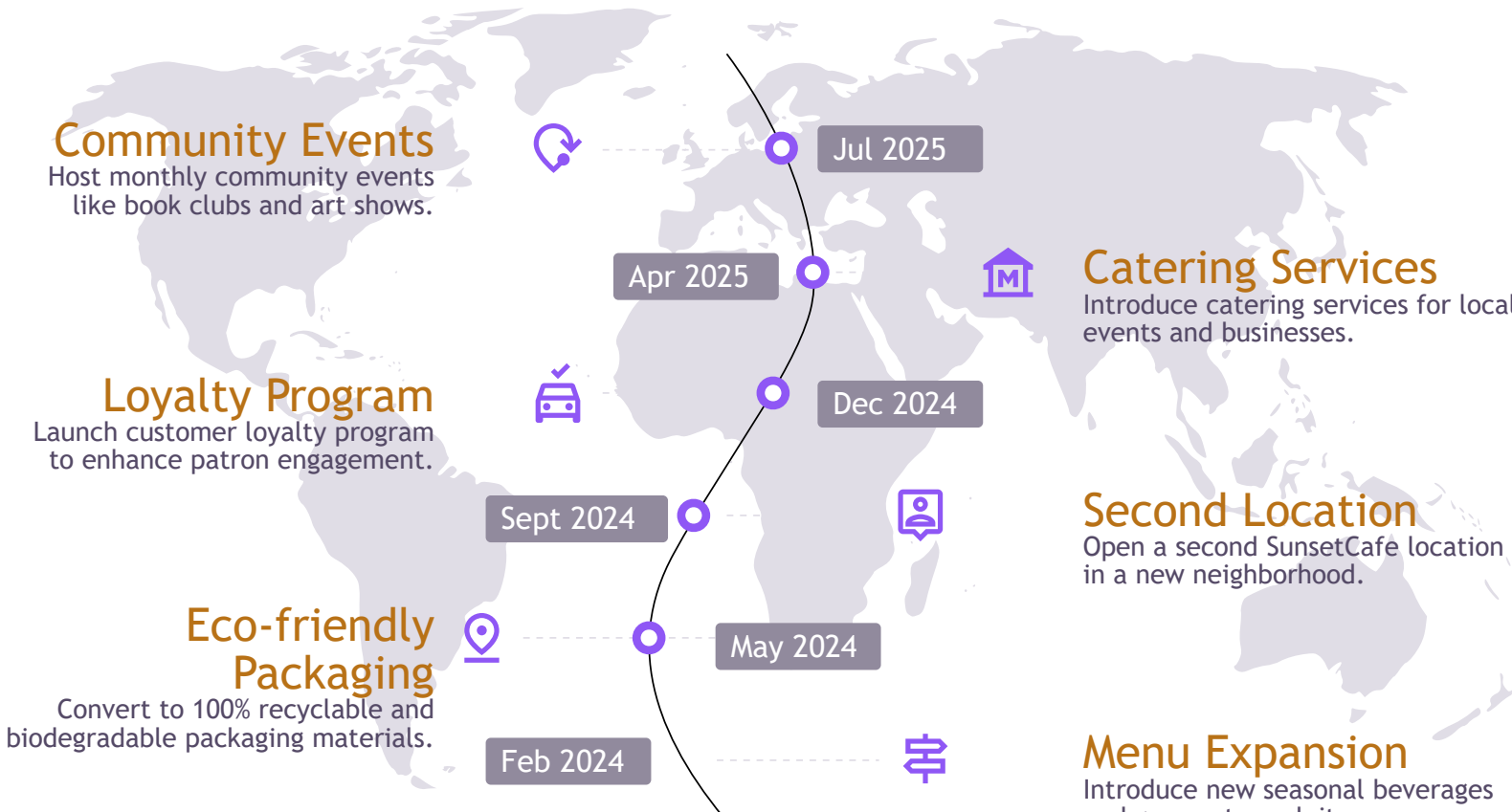
Expanding menu to include more diverse and trendy items could attract a broader audience. Partnering with local businesses for cross-promotions boosts visibility and customer loyalty. Hosting events and workshops in the café can increase community engagement. Launching an e-commerce site for specialty products to reach a wider market. Leveraging social media marketing and influencer partnerships to enhance brand awareness.

**Threats**



Intense competition from established café chains may limit market share. Economic downturns and rising costs of premium ingredients can impact profitability. Changes in consumer preferences towards home-brewing could affect foot traffic. Fluctuations in local sourcing availability could disrupt supply chain. Stringent regulations and increasing costs related to sustainability practices pose financial challenges.

# History & Roadmap



**Current Status.**

SunsetCafe will expand the menu in Feb 2024 introducing more seasonal options. By May 2024, the cafe will switch to fully eco-friendly packaging. A new location will be opened by September 2024 to reach more customers. A loyalty program designed to reward repeat customers will launch in Dec 2024. Starting April 2025, SunsetCafe will offer catering services for events and businesses. Monthly community events will commence by July 2025, fostering local engagement.

# Organizational and Marketing Tasks

#	Check List Item	Status	Priority	Area	ETA
<b>General Planning and Organization</b>					
1	Develop Business Plan Document	●	Not Started	High	CEO 1 month
2	Secure Funding for Initial Setup	●	Not Started	High	CFO 2 months
3	Choose and Lease Location	●	Not Started	High	COO 2 months
4	Research and Select Technology Systems (POS, CRM)	●	Not Started	Medium	CTO 1 month
5	Establish Supply Chain and Vendor Contracts	●	Not Started	High	CPO 2 months
6	Create Organizational Structure and Define Roles	●	Not Started	Medium	COO 1 month
7	Obtain Necessary Permits and Licenses	●	Not Started	High	CEO 3 months
8	Formulate Health and Safety Guidelines	●	Not Started	Medium	CSO 1 month
<b>Marketing</b>					
1	Develop Brand Identity	●	Not Started	High	CMO 2 weeks
2	Create Website and Online Ordering System	●	Not Started	High	CTO 1 month
3	Establish Social Media Presence	●	Not Started	Medium	CMO 1 month
4	Launch Promotional Campaigns	●	Not Started	High	CRO 2 months
5	Create Loyalty Program	●	Not Started	Medium	CPO 3 months
6	Develop Content Marketing Plan	●	Not Started	Low	CMO 1 month
7	Partnership with Local Influencers	●	Not Started	Medium	CSO 2 months
8	Conduct Market Research	●	Not Started	High	CSO 1 month

# Overview of Phases

#	Check List Item	Status	Priority	Area	ETA	
<b>Phase 1 &amp; Technical Set Up for next Phases</b>						
1	Secure Location Lease	●	Not Started	High	COO	2 months
2	Design Cafe Layout	●	Not Started	High	CPO	1 month
3	Source Equipment and Furnishings	●	Not Started	High	COO	1.5 months
4	Develop Core Menu	●	Not Started	High	CPO	1 month
5	Hire and Train Staff	●	Not Started	High	COO	2 months
6	Implement Point of Sale System	●	Not Started	Medium	CIO	1 month
7	Set Up Supply Chain for Ingredients	●	Not Started	High	CFO	1.5 months
8	Ensure Compliance with Health and Safety Regulations	●	Not Started	High	CSO	2 months
<b>Phase 2</b>						
1	Expand Menu with Seasonal Offerings	●	Not Started	High	CPO	2 months
2	Develop and Implement Loyalty Programs	●	Not Started	High	CMO	3 months
3	Upgrade Interior Decor for Enhanced Ambiance	●	Not Started	Medium	COO	4 months
4	Launch Social Media Campaign	●	Not Started	High	CMO	1 month
5	Formulate Customer Feedback Mechanism	●	Not Started	Medium	CSO	2 months
6	Partner with Local Influencers for Promotion	●	Not Started	High	CRO	3 months
7	Enhance Staff Training for Superior Customer Service	●	Not Started	High	COO	2 months
8	Optimize Website for Better Online Ordering Experience	●	Not Started	Medium	CIO	1 month



# Overview of Phases

#	Check List Item	Status	Priority	Area	ETA	
<b>Phase 3</b>						
1	Develop Catering Service Menu	●	Not Started	High	CPO	2 months
2	Establish Catering Service Logistics	●	Not Started	High	COO	3 months
3	Design Branded Merchandise	●	Not Started	Medium	CMO	2 months
4	Set Up Online Store for Merchandise	●	Not Started	Medium	CTO	2 months
5	Negotiate Partnerships for Exclusive Coffee Blends	●	Not Started	High	CRO	3 months
6	Launch Branded Merchandise Marketing Campaign	●	Not Started	Medium	CMO	3 months
7	Hire and Train Catering Staff	●	Not Started	High	COO	4 months
8	Develop Catering Pricing Strategy	●	Not Started	Medium	CFO	3 months
<b>Phase 4</b>						
1	Develop sustainable packaging innovations	●	Not Started	High	CTO	6 months
2	Identify franchising opportunities	●	Not Started	High	CEO	9 months
3	Open new locations in untapped markets	●	Not Started	High	COO	12 months
4	Conduct market research for untapped regions	●	Not Started	Medium	CSO	4 months
5	Develop strategic partnerships with sustainability-focused organizations	●	Not Started	Medium	CRO	5 months
6	Research innovative coffee brewing techniques	●	Not Started	Low	CPO	3 months
7	Explore technology integrations for enhanced customer experience	●	Not Started	Medium	CIO	6 months
8	Evaluate potential for online sales and subscriptions	●	Not Started	Low	CMO	8 months



# Core Risks & Migration Strategies

## 1. Operation and maintenance risks

#	Risk Type	Area	Mitigation Strategy
1	Equipment Malfunction	COO	Schedule regular maintenance checks and have service contracts with reliable vendors for quick repairs.
2	Supply Chain Disruptions	CPO	Diversify suppliers and maintain buffer stock of essential items to handle temporary disruptions.
3	Ingredient Quality Control	COO	Implement stringent quality checks and partner with trusted, local suppliers known for high standards.
4	Employee Turnover	CHRO	Enhance employee engagement through proper training programs and competitive compensation packages.
5	Inventory Management	COO	Use an inventory management system to track stock levels in real time and reduce waste through optimal ordering practices.

## 2. Regulatory and legal risks

#	Risk Type	Area	Mitigation Strategy
1	Health and Safety Compliance	CSO	Regularly train staff on health and safety standards, and conduct frequent audits to ensure compliance with local regulations.
2	Food Handling and Safety Standards	COO	Implement strict food handling processes and periodic inspections to ensure adherence to safety standards.
3	Labor Law Compliance	CPO	Keep updated on changes in labor laws and ensure all employment practices are in full compliance with local and federal regulations.
4	Environmental Regulations	CSO	Adopt and maintain environmentally friendly practices and ensure compliance with all current environmental laws.
5	Licensing and Permits	COO	Monitor the expiration dates of all required licenses and permits, and ensure timely renewal.



### 3. Strategic/Market Risk

#	Risk Type	Area	Mitigation Strategy
1	Intense Market Competition	CRO	Conduct ongoing competitive analysis and differentiate our brand through unique offerings and superior customer service.
2	Shifting Consumer Preferences	CMO	Regularly gather and analyze customer feedback to adapt the menu and services according to emerging trends and preferences.
3	Economic Downturn	CFO	Implement a flexible cost management strategy and maintain a strong cash reserve to withstand economic fluctuations.
4	Brand Reputation Damage	CSO	Proactively manage public relations and invest in customer relationship management to ensure a positive brand image.
5	Market Saturation	CBO	Explore underserved markets and innovative product lines to offer unique experiences that distinguish SunsetCafe from competitors.

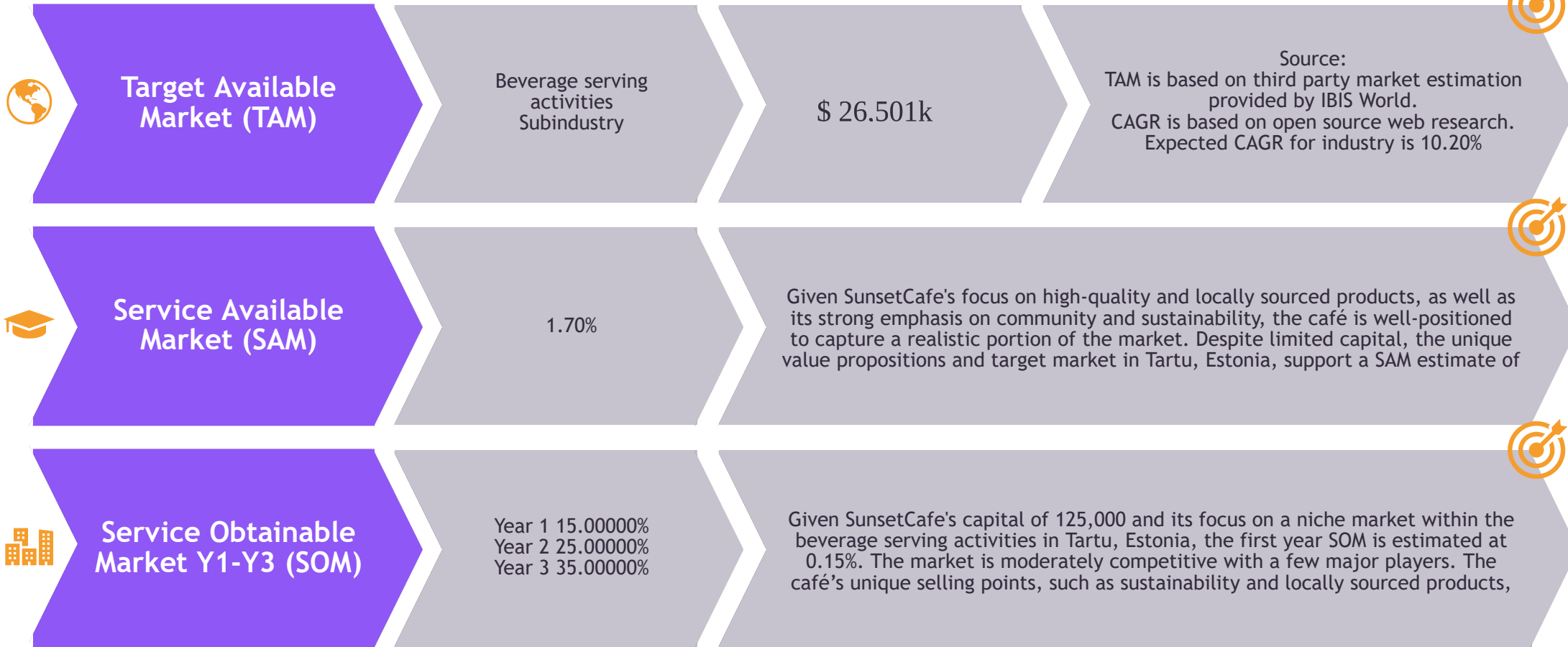
### 4. Finance risk

#	Risk Type	Area	Mitigation Strategy
1	Cash Flow Management Issues	CFO	Implement strict financial monitoring and budgeting to ensure adequate liquidity and timely payment of obligations.
2	Funding and Capital Acquisition	CEO	Develop a comprehensive business plan and pitch to secure investments from venture capitalists, banks, and other financial institutions.
3	Credit Risk	CRO	Establish strong credit vetting procedures and maintain good relationships with suppliers to negotiate favorable credit terms.
4	Profit Margin Erosion	CFO	Regularly review cost structures and implement cost-saving measures without compromising quality to protect profit margins.
5	Unexpected Economic Downturns	CSO	Diversify revenue streams and maintain a reserve fund to buffer against potential economic weaknesses.

### 5. Other general risk

#	Risk Type	Area	Mitigation Strategy
1	Brand Reputation Damage	CMO	Implement a robust communication strategy and crisis management plan to quickly address and rectify any negative publicity or customer reviews.
2	Talent Attrition	CPO	Develop a comprehensive employee engagement and retention program focused on career development, competitive compensation, and fostering a positive workplace culture.
3	Supply Chain Disruptions	COO	Establish strong relationships with multiple suppliers and maintain a diversified supply chain to minimize the impact of potential disruptions.
4	Consumer Preferences Shift	CSO	Conduct regular market research and customer surveys to adapt the product offerings and stay ahead of changing consumer tastes.
5	Intellectual Property Theft	CIO	Implement strict data security measures and regularly update electronic and physical access protocols to protect proprietary recipes and business practices.

# 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 \$ 125k

Y1 Cash Flow Stream(thnd USD)	Inflows	Outflows
Gross Profit	22	
Payroll Expenses		3
Rent & Utilities		2
Marketing and Branding		1
Training and Development		1
Capex		125
Other Miscellaneous		0
Communication Expenses		0
Office supplies		0
Representation and Entert.		0
Legal and Professional Fees		0
<b>CAPEX &amp; WC shortage Y1</b>		<b>111</b>
<b>Buffer</b>		<b>14</b>
<b>Total Required Investment(thnd USD)</b>		<b>125</b>



# Financials Dashboard

## Y3 PL formation and Margins

### Revenue



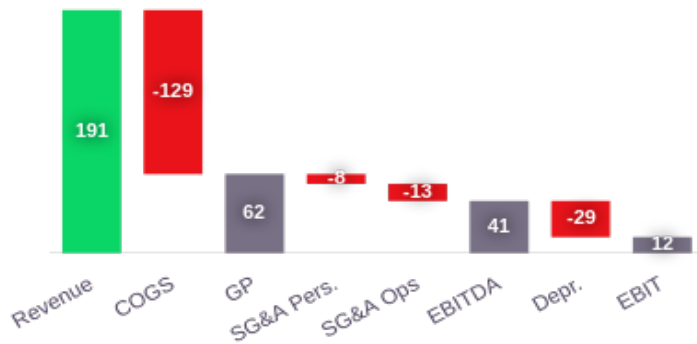
### Projected Revenue

- GP 32.4%
- EBITDA 21.4%

Y3

Y3

### PnL Formation (Y3 thnd USD)

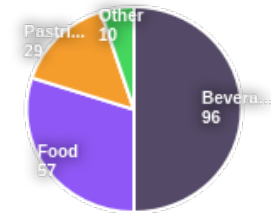
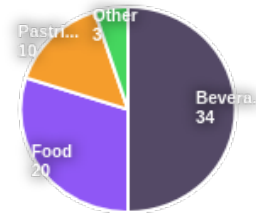


## Business Line Breakdown (thnd USD)

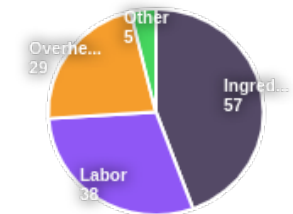
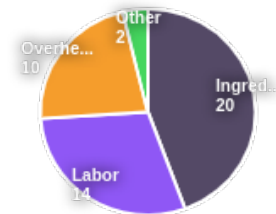
Y1

Y2

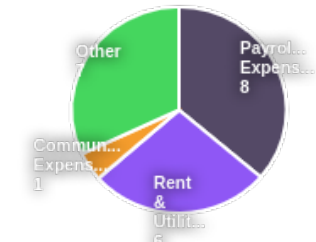
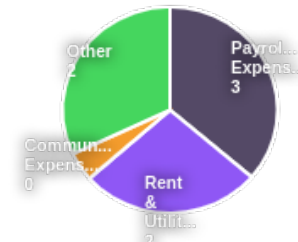
### Revenue



### COGS



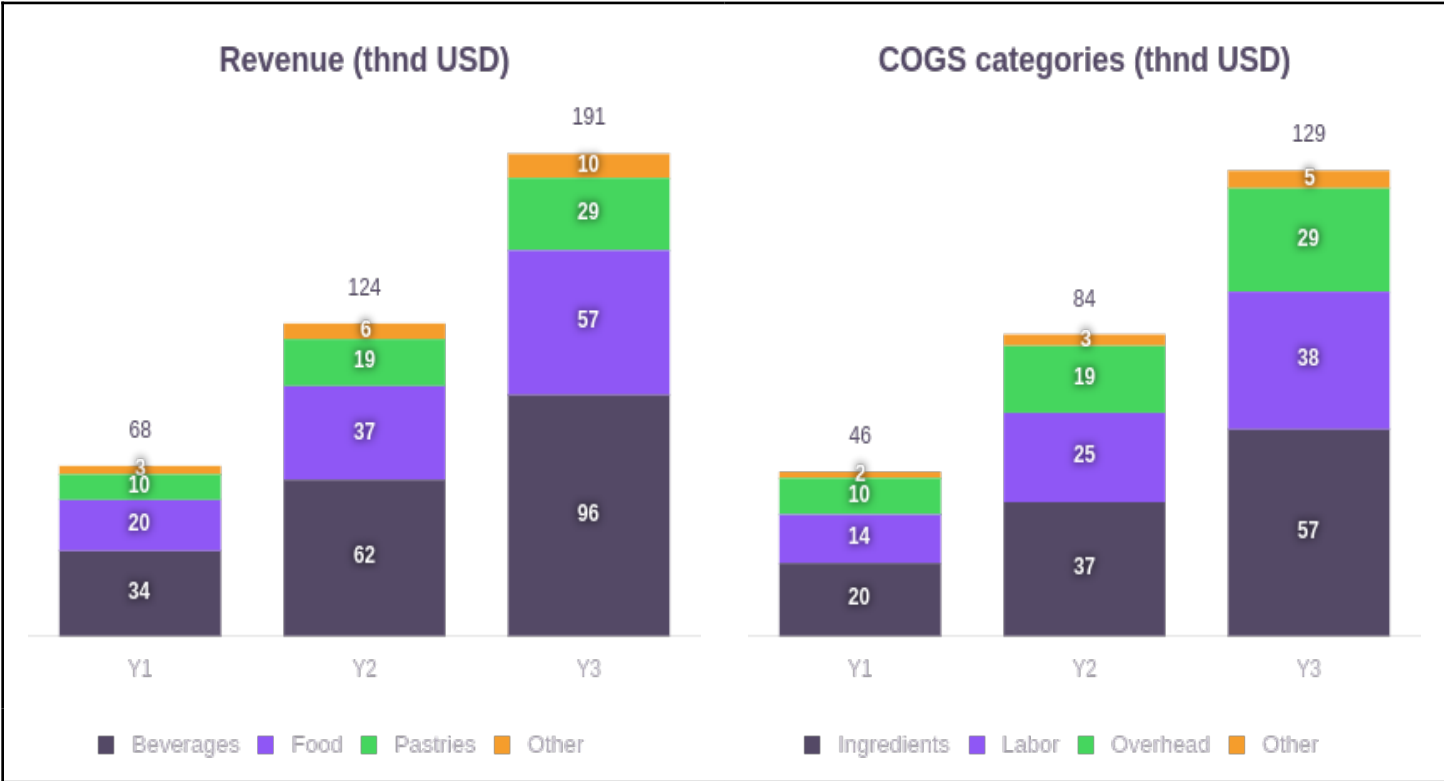
### Admin



# Revenue Formation Narrative

SunsetCafe is projected to experience steady revenue growth over the next three years, anchored by its commitment to high-quality, locally sourced products and sustainability. With a Total Addressable Market (TAM) of 26,500.694k USD and a Serviceable Addressable Market (SAM) estimate of 1.70%, the café is well-positioned to capture a significant share of its niche market in Tartu, Estonia. For the first year, SunsetCafe anticipates capturing 0.15% of the market, resulting in total revenue of 67.577k USD. This modest start accounts for the initial market entry and the café's unique value propositions, such as eco-friendly practices and a community-centric atmosphere. In the second year, with a projected Serviceable Obtainable Market (SOM) of 0.25%, revenue is expected to grow to 124.116k USD as the café gains traction and builds a loyal customer base. By the third year, the SOM is estimated to rise to 0.35%, translating into total revenue of 191.486k USD. This growth trajectory reflects the increasing recognition of SunsetCafe's unique offerings and its ability to differentiate itself from competitors. The revenue will be driven by four main lines of business: Beverages (50.00%), Food (30.00%), Pastries (15.00%), and Other (5.00%). These revenue streams underscore the café's diversified product portfolio and its appeal to a broad customer base seeking high-quality, sustainable, and locally sourced options.

**\$ 191k** Y3 Projected Revenue **25.50%** Market share



# Revenue Calculation Details

Revenue Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Beverages	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%
Food	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%
Pastries	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	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %

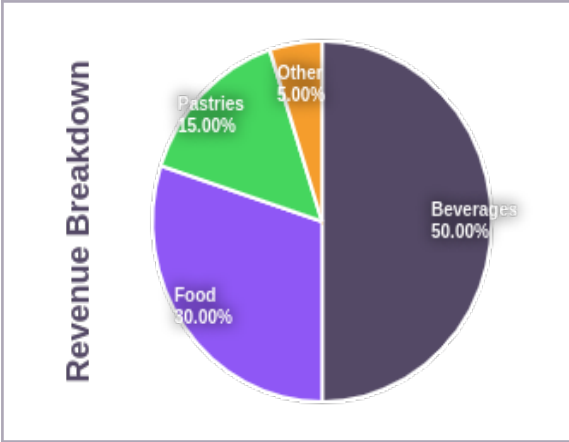
Beverages	2	2	2	3	3	3	3	3	3	4	4	4	34	62	96
Food	1	1	1	2	2	2	2	2	2	2	2	2	20	37	57
Pastries	1	1	1	1	1	1	1	1	1	1	1	1	10	19	29
Other	0	0	0	0	0	0	0	0	0	0	0	0	3	6	10
<b>Total Revenue (thnd USD)</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>68</b>	<b>124</b>	<b>191</b>

Total revenue is expected to reach \$ 191k by year 3.

Main revenue driver are:

- Beverages which generates \$ 96k by Year 3
- Food which generates \$ 57k by Year 3

Expected CAGR for total Revenue in Y1-Y3 is 68.33 %



# COGS Calculation Details

COGS Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Ingredients	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	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%
Overhead	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	2.57%	2.57%	2.57%	2.57%	2.57%	2.57%	2.57%	2.57%	2.57%	2.57%	2.57%	2.57%	2.57%	2.57%	2.57%

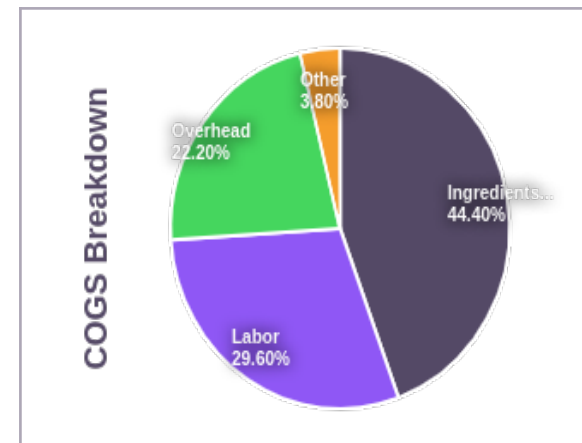
Ingredients	1	1	1	2	2	2	2	2	2	2	2	2	20	37	57
Labor	1	1	1	1	1	1	1	1	1	1	1	1	14	25	38
Overhead	1	1	1	1	1	1	1	1	1	1	1	1	10	19	29
Other	0	0	0	0	0	0	0	0	0	0	0	0	2	3	5
<b>Total COGS (thnd USD)</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>46</b>	<b>84</b>	<b>129</b>

Total COGS is expected to reach \$ 129k by year 3.

Main revenue driver are:

- Ingredients which generates \$ 57k by Year 3
- Labor which generates \$ 38k by Year 3

Expected CAGR for total COGS in Y1-Y3 is 68.33 %



# SG&A Calculation Details

OPEX Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Payroll Expenses	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%
Rent & Utilities	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%
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	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Legal and Professional Fees	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
Marketing and Branding	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%
Representation and Entertainment	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Training and Development	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%
Other Miscellaneous	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%

Payroll Expenses	0	0	0	0	0	0	0	0	0	0	0	0	3	5	8
Rent & Utilities	0	0	0	0	0	0	0	0	0	0	0	0	2	4	6
Communication Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1
Office supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Legal and Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing and Branding	0	0	0	0	0	0	0	0	0	0	0	0	1	1	2
Representation and Entertainment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
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	1	1
<b>Total SG&amp;A (thnd USD)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>7</b>	<b>14</b>	<b>21</b>



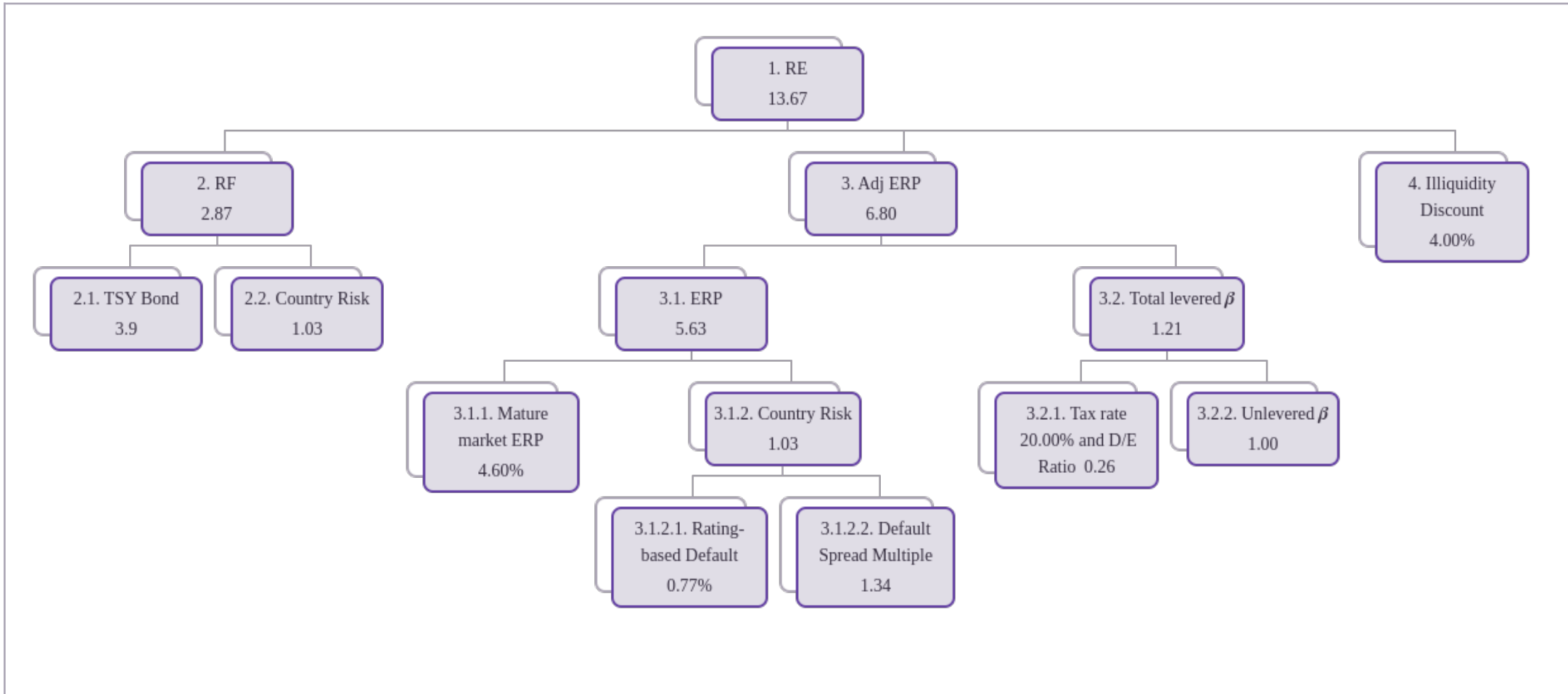
# PaT Expectations

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
<b>Revenue</b>	4	4	4	5	5	5	6	6	6	7	7	7	68	124	191
Beverages	2	2	2	3	3	3	3	3	3	4	4	4	34	62	96
Food	1	1	1	2	2	2	2	2	2	2	2	2	20	37	57
Pastries	1	1	1	1	1	1	1	1	1	1	1	1	10	19	29
Other	0	0	0	0	0	0	0	0	0	0	0	0	3	6	10
<b>COGS</b>	-3	-3	-3	-3	-3	-3	-4	-4	-4	-5	-5	-5	-46	-84	-129
Ingredients	-1	-1	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-20	-37	-57
Labor	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-14	-25	-38
Overhead	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-10	-19	-29
Other	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-2	-3	-5
<b>Gross Profit</b>	1	1	1	2	2	2	2	2	2	2	2	2	22	40	62
<b>SG&amp;A Personal Expenses</b>	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-3	-5	-8
<b>SG&amp;A Operating Expenses</b>	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-5	-9	-13
<b>EBITDA</b>	1	1	1	1	1	1	1	1	1	2	2	2	14	27	41
<b>Depreciation</b>	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-29	-29	-29
<b>EBIT</b>	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-14	-2	12
<b>Interest Expense</b>	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-1	-1	-1
<b>Profit before Tax</b>	-2	-2	-2	-1	-1	-1	-1	-1	-1	-1	-1	-1	-15	-3	11
<b>Tax</b>	0	0	0	0	0	0	0	0	0	0	0	0	3	1	-2
<b>Profit after Tax (thnd USD)</b>	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-12	-3	9

## 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 ( $\beta$ ) 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](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	-12	-3	9	10	11	12	13
	Growth% Y4-Y7				10.20%	10.20%	10.20%	10.20%
	Growth% Y7 -->	3.50%						
	WACC	13.67%						
	PV Y1-Y7 at Y0	-11	-2	6	6	6	6	5
	PV Y7 --> Y0	55						
	NPV (thnd USD)	71						

Average Survival Rate for 3 Years 50%

**Final Valuation** \$ 36k

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 13.67 % 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.



## 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

# Disclaimer

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Please note that the valuation results presented here are based on the Discounted Cash Flow (DCF) method and various assumptions, including projected cash flows, growth rates, discount rates, and survival rates. These assumptions are subject to change and may not accurately reflect future market conditions or the performance of the business.

The valuation does not guarantee future financial performance or the accuracy of the projections. Actual results may differ materially from those presented in this analysis due to numerous factors, including but not limited to changes in economic conditions, market dynamics, competition, regulatory factors, and unforeseen events.

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