

Business Plan & Valuation Presentation



Contents



Part 1 Executive Summary

3 - 4



Company & Product Overview

5 - 11



Check List & Risk Overview

12 - 17



Users, Market & Investment

18 - 19



Part 2 Financial Projection

20 - 25



Business Valuation

26 - 28



Glossary & Disclaimer

29 - 30

OUR VISION & MISSION

Our Mission

ZenClean is dedicated to offering exceptional residential and commercial cleaning solutions that prioritize efficiency and customer satisfaction. By using eco-friendly products and advanced techniques, our trained professionals ensure thorough, consistent, and detail-oriented cleaning for every client. Our mission is to create clean and serene environments that promote well-being and productivity, ensuring each space is impeccably maintained to the highest standards, whether through routine maintenance or deep cleaning.

Our Vision

ZenClean envisions a future where every home and workplace is a sanctuary of cleanliness and serenity. We strive to be the leading provider of eco-friendly, premium cleaning services that contribute to healthier, more productive living and working environments. Our goal is to continuously innovate and set new benchmarks in the cleaning industry, fostering a culture of excellence, sustainability, and trust. In twenty years, we aspire to have transformed countless spaces, establishing ZenClean as synonymous with superior quality and unwavering dedication to customer satisfaction.



Summary Financials Dashboard

Key performance indicators
(Base Scenario Y3)

\$ 132k

Revenue

\$ 44k

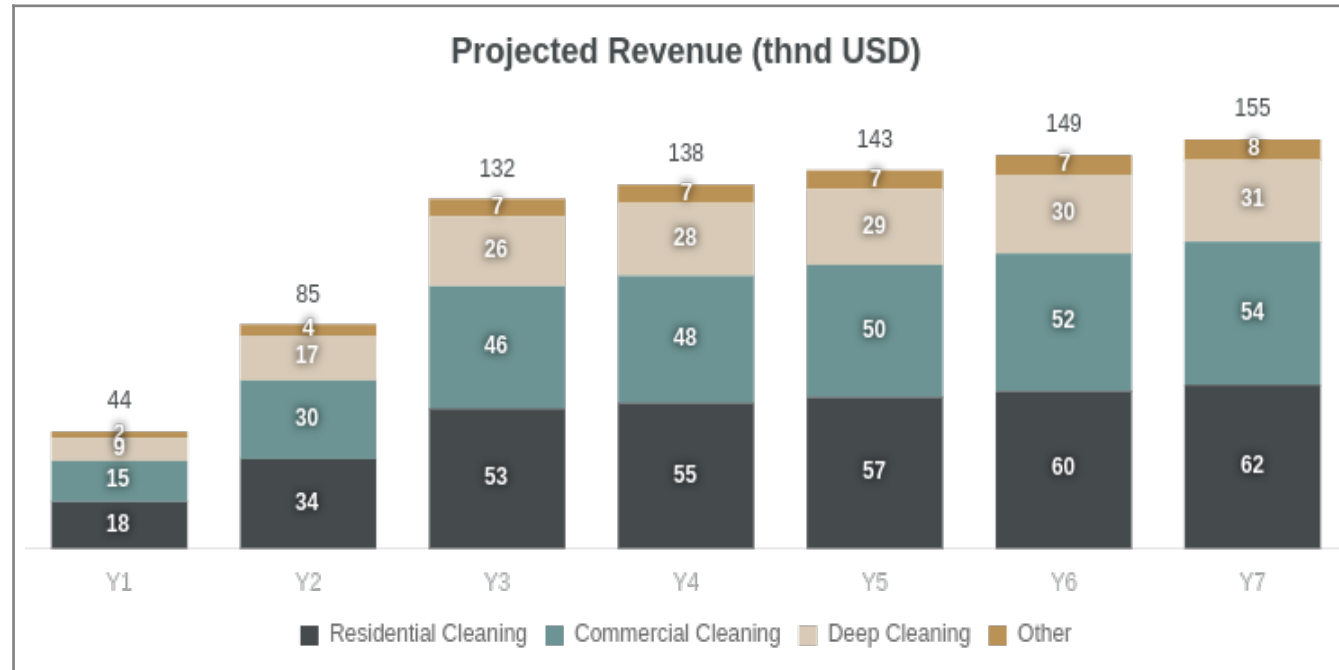
Gross Profit

\$ 12k

EBITDA

0.39%

Target Market Share

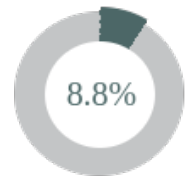


Margins
(Stabilized by Y3)

GP Margin



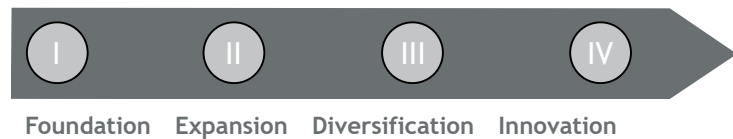
EBITDA Margin



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.



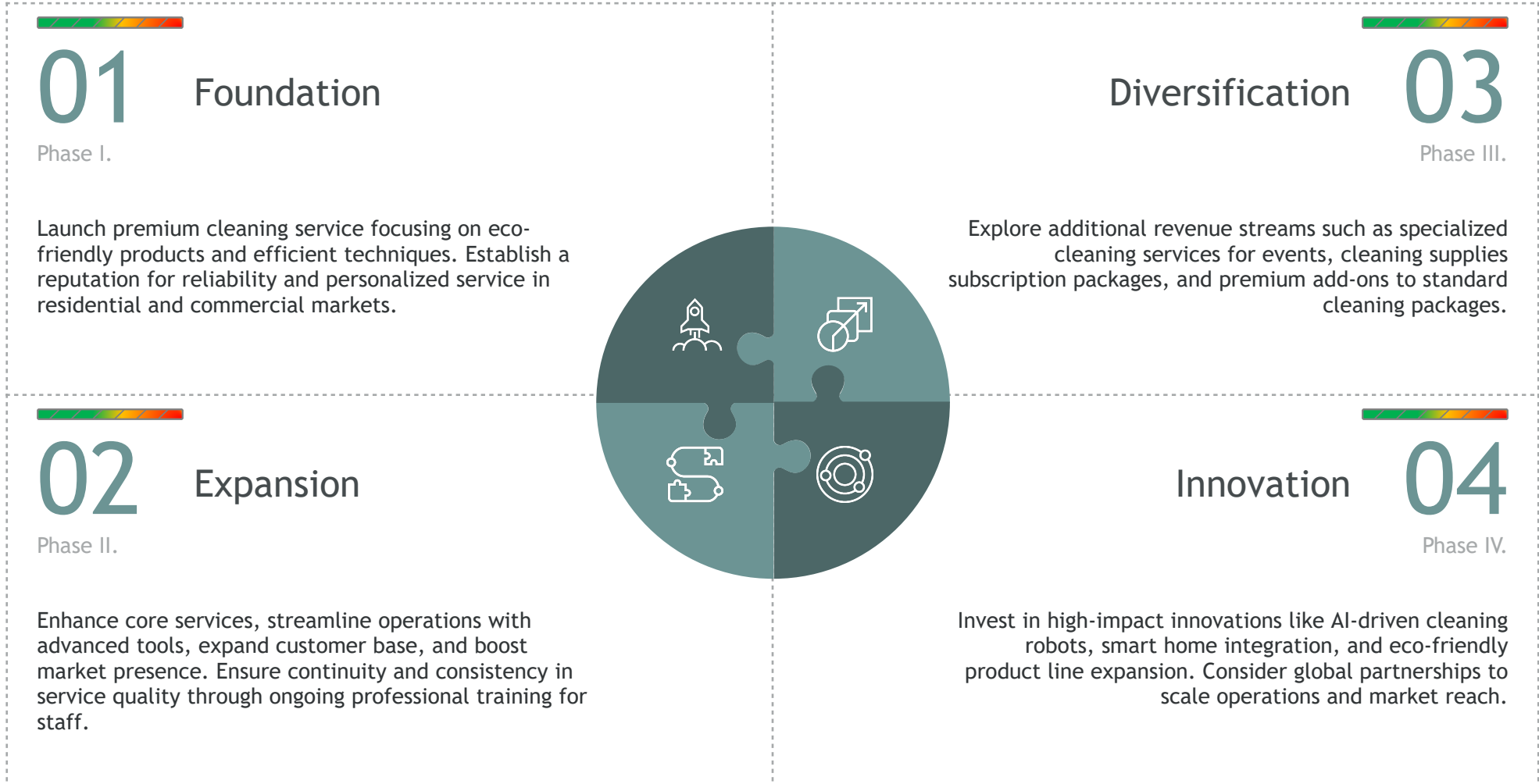
About the Company: General Overview



ZenClean is a premium cleaning service dedicated to providing exceptional residential and commercial cleaning solutions with a focus on efficiency and customer satisfaction. Operating in the Administrative and Support Service Activities sector, ZenClean's team of trained professionals uses eco-friendly products and advanced techniques to ensure thorough, consistent, and detail-oriented cleaning for every client. The company specializes in the Cleaning Activities industry and prioritizes creating a clean and serene environment that promotes well-being and productivity. Whether it's routine maintenance or a deep clean, ZenClean's commitment to reliability and personalized service ensures that each space is impeccably maintained to the highest standards. Their exceptional services aim to elevate cleanliness, contributing to an enhanced living or working environment for all their clients.



The Main Phases: Projects & Impacts



Product Impact on Core Stakeholders

Main Stakeholder	Product Benefits
Clients	<ol style="list-style-type: none"> 1. Enjoy a cleaner and healthier living or working environment with the use of eco-friendly products. 2. Receive personalized and reliable cleaning services tailored to individual needs. 3. Consistent service quality ensures peace of mind and satisfaction.
Employees	<ol style="list-style-type: none"> 1. Gain access to ongoing professional training and development, enhancing skill sets. 2. Work in a supportive and organized environment that values efficiency and eco-friendly practices. 3. Benefit from potential career growth opportunities as the company expands and diversifies.
Investors	<ol style="list-style-type: none"> 1. Profitable returns through the company's expansion and diversification into new revenue streams. 2. Stable growth secured by a reputation for high-quality service and customer satisfaction. 3. Innovation investments promise long-term gains and market leadership.
Suppliers	<ol style="list-style-type: none"> 1. Increased demand for eco-friendly products and advanced cleaning tools. 2. Long-term business partnerships fostered by ZenClean's commitment to quality and sustainability. 3. Steady revenue from subscription packages for cleaning supplies.
Community	<ol style="list-style-type: none"> 1. Enhanced local employment opportunities via company growth and new service offerings. 2. Promotion of sustainability and eco-friendly practices within the community. 3. Contribution to public health through improved cleanliness and reduced exposure to harmful chemicals.
Business Partners	<ol style="list-style-type: none"> 1. Opportunities for collaborative innovation, particularly in AI-driven cleaning technologies and smart home integration. 2. Expanded market reach through strategic global partnerships. 3. Joint ventures in eco-friendly product development strengthening market position.
Regulators	<ol style="list-style-type: none"> 1. Compliance with environmental regulations through the use of eco-friendly products. 2. Adherence to industry standards ensures public safety and consumer protection. 3. Contribution to sustainability goals through innovative and green practices.



Key Performance Components

Competitive Advantage

Premium Service

ZenClean provides exceptional residential and commercial cleaning solutions, ensuring thorough, consistent, and detail-oriented outcomes.

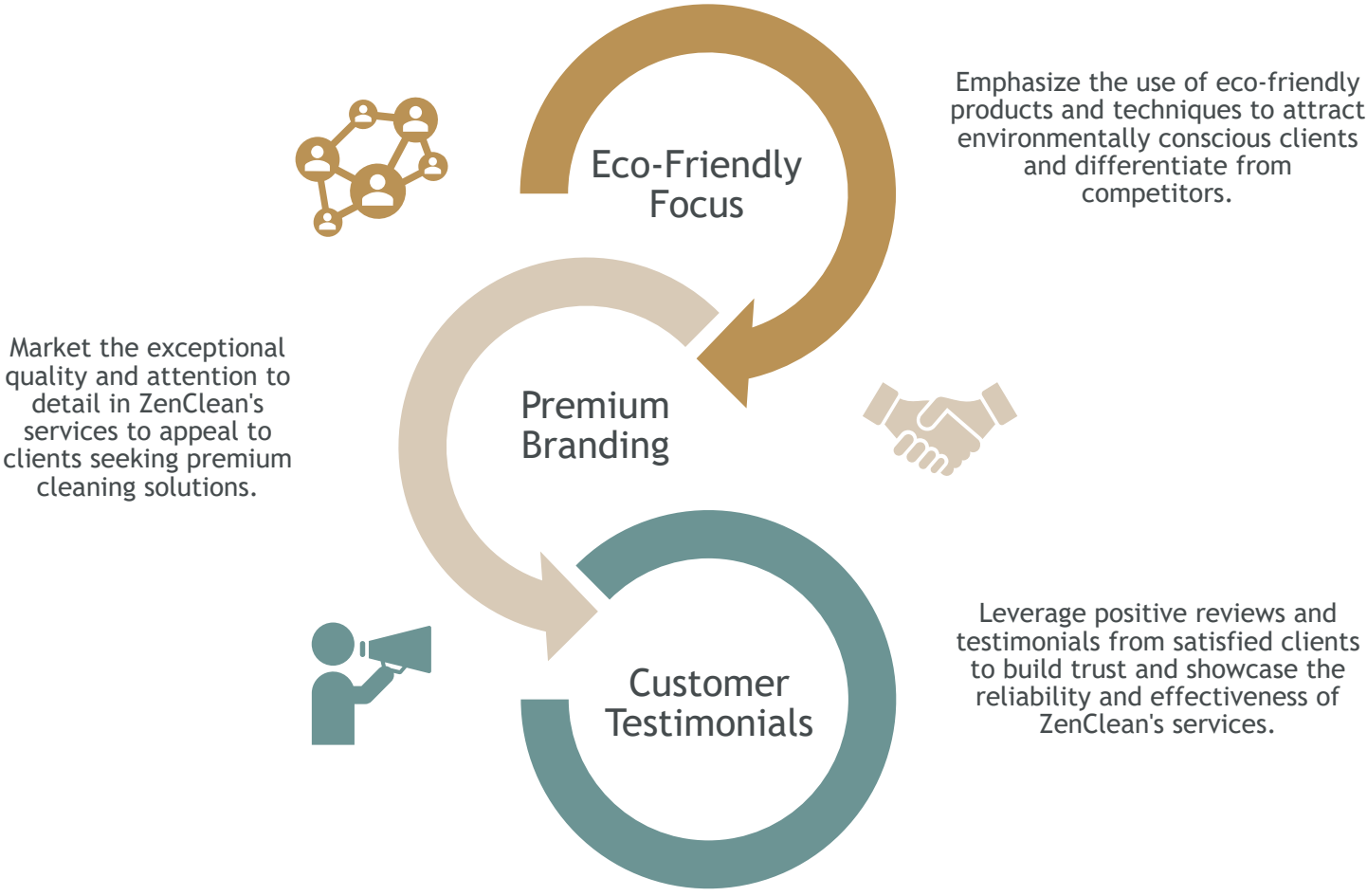
Eco-Friendly Products

ZenClean prioritizes eco-friendly products, promoting a safer and healthier environment for clients and their spaces.

Trained Professionals

ZenClean's team consists of trained professionals who utilize advanced techniques to deliver superior cleaning results efficiently.

Marketing and Growth Strategy

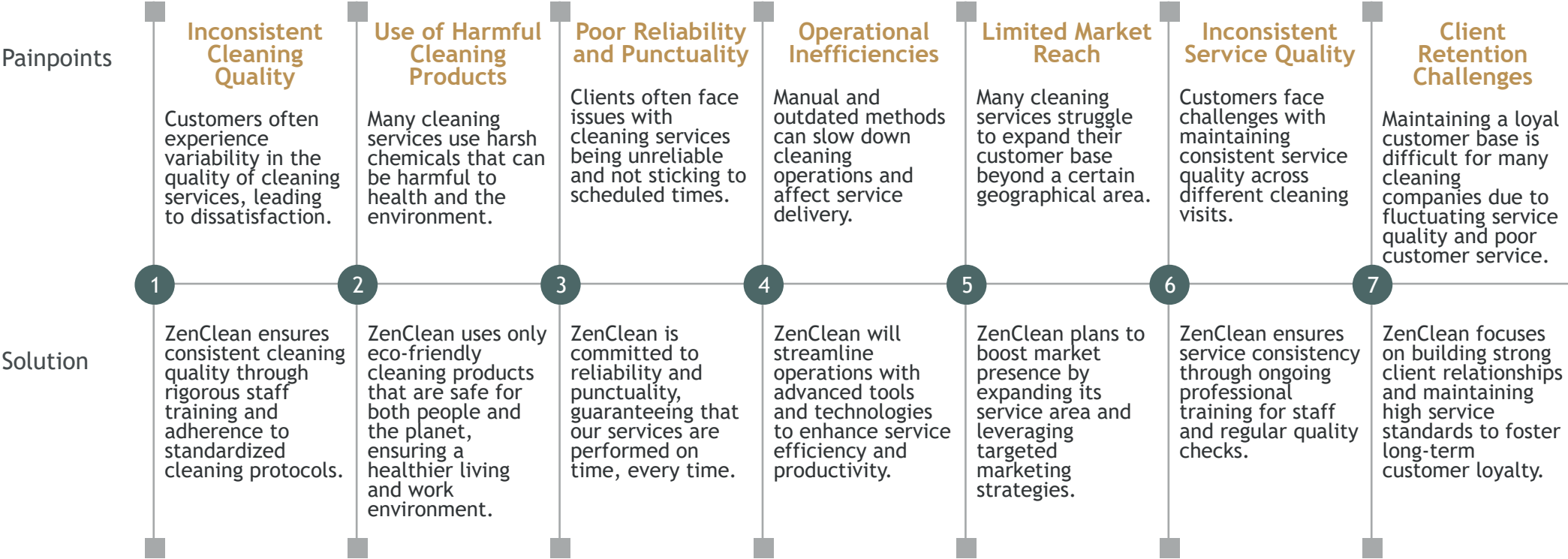


Target Groups

Industries		Description
I	 Residential Homeowners	Homeowners seeking eco-friendly and reliable cleaning services to maintain a clean and healthy living environment.
II	 Commercial Office Spaces	Businesses looking for efficient and regular cleaning to ensure a productive and professional workspace.
III	 Event Venues	Managers of event spaces in need of specialized cleaning services before and after events to ensure pristine conditions.
IV	 Property Management Companies	Firms requiring dependable cleaning services to maintain multiple residential or commercial properties.
V	 Health and Wellness Centers	Facilities such as gyms, spas, and clinics needing thorough and hygienic cleaning to meet health standards and provide a safe environment for clients.
VI	 Education Institutions	Schools, colleges, and universities that need consistent and high-quality cleaning services to ensure a clean learning environment for students and staff.
VII	 Retail Businesses	Stores and shopping centers aiming to maintain an inviting and spotless appearance to attract customers and enhance their shopping experience.




Solution from Phase I to Phase IV




Strategic Analysis: SWOT

Strength




High-quality, premium service positioning builds strong brand reputation. Eco-friendly products cater to environmentally conscious customers. Trained professionals ensure consistent, detail-oriented service. Focus on both residential and commercial markets widens customer base. Strong commitment to customer satisfaction fosters loyalty.

Weaknesses




Premium pricing may limit customer base. Dependence on well-trained staff increases operational costs. Niche focus limits market expansion opportunities. High operational costs due to eco-friendly product usage. Limited geographical presence may restrict growth potential.

Opportunities



Growing demand for eco-friendly services. Expansion into new geographical markets. Strategic partnerships with real estate and property management firms. Increasing demand for commercial cleaning post-pandemic. Technological advancements in cleaning equipment.

Threats



Intense competition with larger cleaning service providers. Economic downturns affecting customer spending on premium services. Potential increase in costs of eco-friendly products. Changing regulations and compliance standards. Risk of employee turnover affecting service quality.



History & Roadmap



Organizational and Marketing Tasks

#	Check List Item	Status	Priority	Area	ETA
General Planning and Organization					
1	Define Company Vision and Mission	●	Not Started	High	CEO 2 weeks
2	Develop Business Plan	●	Not Started	High	CEO 1 month
3	Secure Initial Funding	●	Not Started	High	CFO 3 months
4	Establish Company Legal Structure	●	Not Started	High	CFO 1 month
5	Set Up Office and Operations Base	●	Not Started	Medium	COO 2 months
6	Recruit Key Staff and Team Members	●	Not Started	High	COO 3 months
7	Develop Brand Identity and Logo	●	Not Started	Medium	CMO 1 month
8	Set Up Financial and Accounting Systems	●	Not Started	High	CFO 1 month
Marketing					
1	Develop Branding and Visual Identity	●	Not Started	High	CMO 2 weeks
2	Create Website with SEO Strategy	●	Not Started	High	CIO 1 month
3	Establish Social Media Presence	●	Not Started	Medium	CMO 1 month
4	Develop Content Marketing Plan	●	Not Started	Medium	CPO 2 months
5	Launch PR Campaign	●	Not Started	High	CRO 3 weeks
6	Create Customer Referral Program	●	Not Started	Medium	CSO 1.5 months
7	Plan and Execute Localized Ad Campaigns	●	Not Started	Medium	CMO 2 weeks
8	Develop Partnerships with Local Businesses	●	Not Started	High	COO 1 month



Overview of Phases

#	Check List Item	Status	Priority	Area	ETA
Phase 1 & Technical Set Up for next Phases					
1	Secure initial funding	● Not Started	High	CFO	1 month
2	Hire core team	● Not Started	High	COO	2 months
3	Develop eco-friendly cleaning protocols	● Not Started	High	CPO	1 month
4	Purchase initial equipment and supplies	● Not Started	Medium	COO	1.5 months
5	Establish legal structure and obtain necessary permits	● Not Started	High	CFO	1 month
6	Create brand identity and positioning	● Not Started	High	CMO	2 months
7	Build initial client relationships	● Not Started	High	CRO	2 months
8	Develop a feedback loop for quality assurance	● Not Started	Medium	CSO	2 months
Phase 2					
1	Enhance core services	● Not Started	High	COO	2 months
2	Streamline operations with advanced tools	● Not Started	High	CTO	3 months
3	Expand customer base	● Not Started	High	CRO	4 months
4	Boost market presence	● Not Started	High	CMO	4 months
5	Professional staff training	● Not Started	Medium	COO	2 months
6	Roll out customer feedback programs	● Not Started	Medium	CMO	3 months
7	Optimize scheduling and logistics	● Not Started	Medium	COO	3 months
8	Implement new customer service protocols	● Not Started	High	CSO	2 months



Overview of Phases

#	Check List Item	Status	Priority	Area	ETA
Phase 3					
1	Research specialized event cleaning services	● Not Started	High	CEO	2 months
2	Develop cleaning supplies subscription packages	● Not Started	High	CPO	4 months
3	Launch premium add-ons to standard cleaning packages	● Not Started	Medium	CMO	3 months
4	Design targeted marketing campaigns for new services	● Not Started	High	CMO	2 months
5	Create specialized event cleaning service packages	● Not Started	Medium	CPO	2 months
6	Identify potential partnerships for subscription services	● Not Started	Medium	COO	3 months
7	Train staff on new premium add-ons	● Not Started	High	COO	1 month
8	Evaluate competitor service offerings for differentiation	● Not Started	Medium	CSO	1 month
Phase 4					
1	Develop AI-driven cleaning robots	● Not Started	High	CTO	6 months
2	Integrate smart home cleaning features	● Not Started	Medium	CPO	8 months
3	Expand eco-friendly product line	● Not Started	High	COO	4 months
4	Form global partnerships	● Not Started	Medium	CRO	1 year
5	Pilot test AI robots	● Not Started	High	CSO	9 months
6	Secure eco-friendly product suppliers	● Not Started	High	CPO	3 months
7	Create innovation budget	● Not Started	Medium	CFO	2 months
8	Launch AI robot marketing campaign	● Not Started	High	CMO	5 months



Core Risks & Migration Strategies

1. Operation and maintenance risks

#	Risk Type	Area	Mitigation Strategy
1	Staff Shortages	COO	Implement an efficient hiring and training program to quickly onboard and prepare new employees to meet demand.
2	Equipment Failures	CTO	Set up a preventive maintenance schedule and invest in high-quality, durable equipment to minimize downtime.
3	Supply Chain Disruptions	CPO	Diversify suppliers and establish long-term contracts to ensure a steady supply of eco-friendly products.
4	Quality Control	COO	Institute strict quality assurance processes and regular training sessions to ensure adherence to high standards.
5	Customer Service Failures	CMO	Establish a robust customer feedback system and provide continuous training to customer service representatives.

2. Regulatory and legal risks

#	Risk Type	Area	Mitigation Strategy
1	Compliance with Environmental Regulations	CSO	Continuously monitor environmental regulations and adjust cleaning products and techniques to ensure compliance with local, state, and federal laws.
2	Labor Law Adherence	CHRO	Stay informed on labor laws and regulations and implement regular training sessions and audits to maintain compliance.
3	Data Protection and Privacy Laws	CIO	Implement robust cybersecurity measures and data handling protocols to ensure customer data is protected and privacy laws are followed.
4	Health and Safety Regulations	COO	Regularly train employees on health and safety standards and conduct routine inspections to ensure compliance with occupational health regulations.
5	Licensing Requirements	CEO	Ensure the company obtains all necessary licenses and permits for operation and stay updated on renewal requirements.



3. Strategic/Market Risk

#	Risk Type	Area	Mitigation Strategy
1	Intense Competition	CMO	Implement unique value propositions and consistent branding to differentiate ZenClean from competitors.
2	Market Saturation	CSO	Identify niche markets and expand services geographically to avoid market saturation.
3	Changing Consumer Preferences	CPO	Continuously gather consumer feedback and adapt offerings to align with shifting preferences.
4	Economic Downturns	CFO	Build a financial reserve and focus on cost-efficiency to withstand economic volatility.
5	Technological Disruption	CTO	Invest in cutting-edge technologies and stay ahead of industry trends to ensure competitive advantage.

4. Finance risk

#	Risk Type	Area	Mitigation Strategy
1	Cash Flow Issues	CFO	Implement aggressive cash flow management strategies including periodic reviews and establishing a healthy reserve to manage liquidity.
2	High Operational Costs	COO	Regularly assess and optimize operational processes to identify cost-saving opportunities and implement energy-efficient cleaning technologies.
3	Customer Payment Delays	CRO	Introduce flexible and automated billing systems with clear payment terms to encourage timely payments and reduce receivable days.
4	Inadequate Pricing Strategy	CFO	Conduct market analysis regularly to ensure competitive yet profitable pricing and adjust pricing models as necessary to align with market and service costs.
5	Capital Raising Challenges	CEO	Develop comprehensive and compelling business plans and maintain relationships with a diverse group of investors to secure necessary funds for growth phases.

5. Other general risk

#	Risk Type	Area	Mitigation Strategy
1	Talent Retention and Turnover	COO	Develop competitive compensation packages and career development opportunities to retain and attract top talent.
2	Reputation Management	CMO	Implement a robust customer feedback loop and social media monitoring to address and resolve issues promptly, ensuring customer satisfaction and protecting brand reputation.
3	Economic Downturn	CFO	Diversify revenue streams and establish financial reserves to mitigate the impact of economic fluctuations on the business.
4	Technological Obsolescence	CTO	Continuously invest in and update technology tools and infrastructure to remain competitive and efficient.
5	Environmental Sustainability	CPO	Commit to ongoing research and implementation of sustainable practices and products, ensuring compliance with environmental standards and reducing the company's ecological footprint.



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 \$ 50k

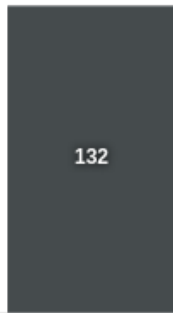
Y1 Cash Flow Stream(thnd USD)	Inflows	Outflows
Gross Profit	15	
Payroll Expenses		4
Rent & Utilities		2
Marketing and Branding		2
Communication Expenses		1
Capex		50
Training and Development		1
Legal and Professional Fees		1
Office supplies		0
Representation and Entert.		0
Other Miscellaneous		0
CAPEX & WC shortage Y1		46
Buffer		4
Total Required Investment(thnd USD)		50



Financials Dashboard

Y3 PL formation and Margins

Revenue



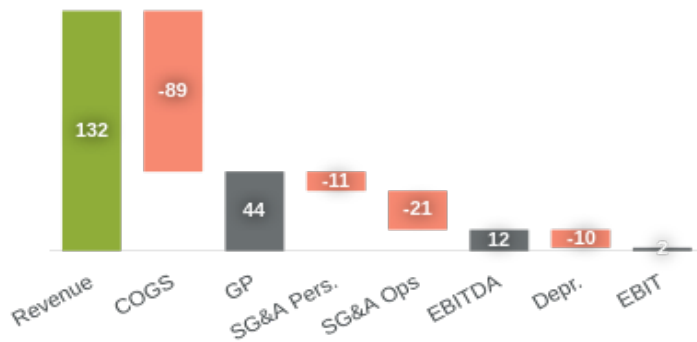
Projected Revenue

- GP 33.0%
- EBITDA 8.8%

Y3

Y3

PnL Formation (Y3 thnd USD)

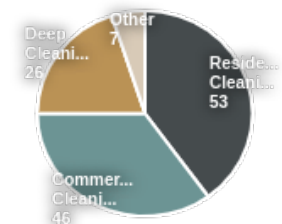
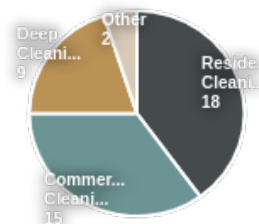


Business Line Breakdown (thnd USD)

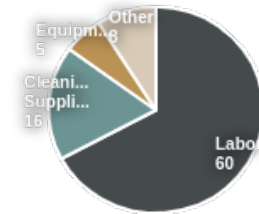
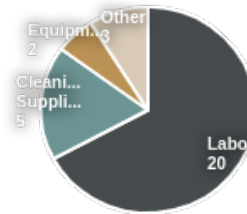
Y1

Y2

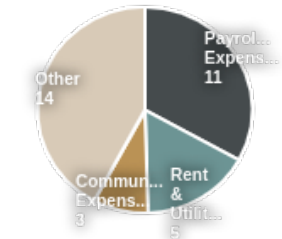
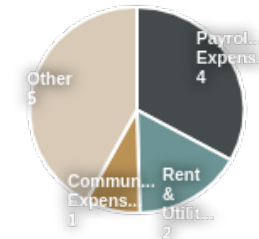
Revenue



COGS



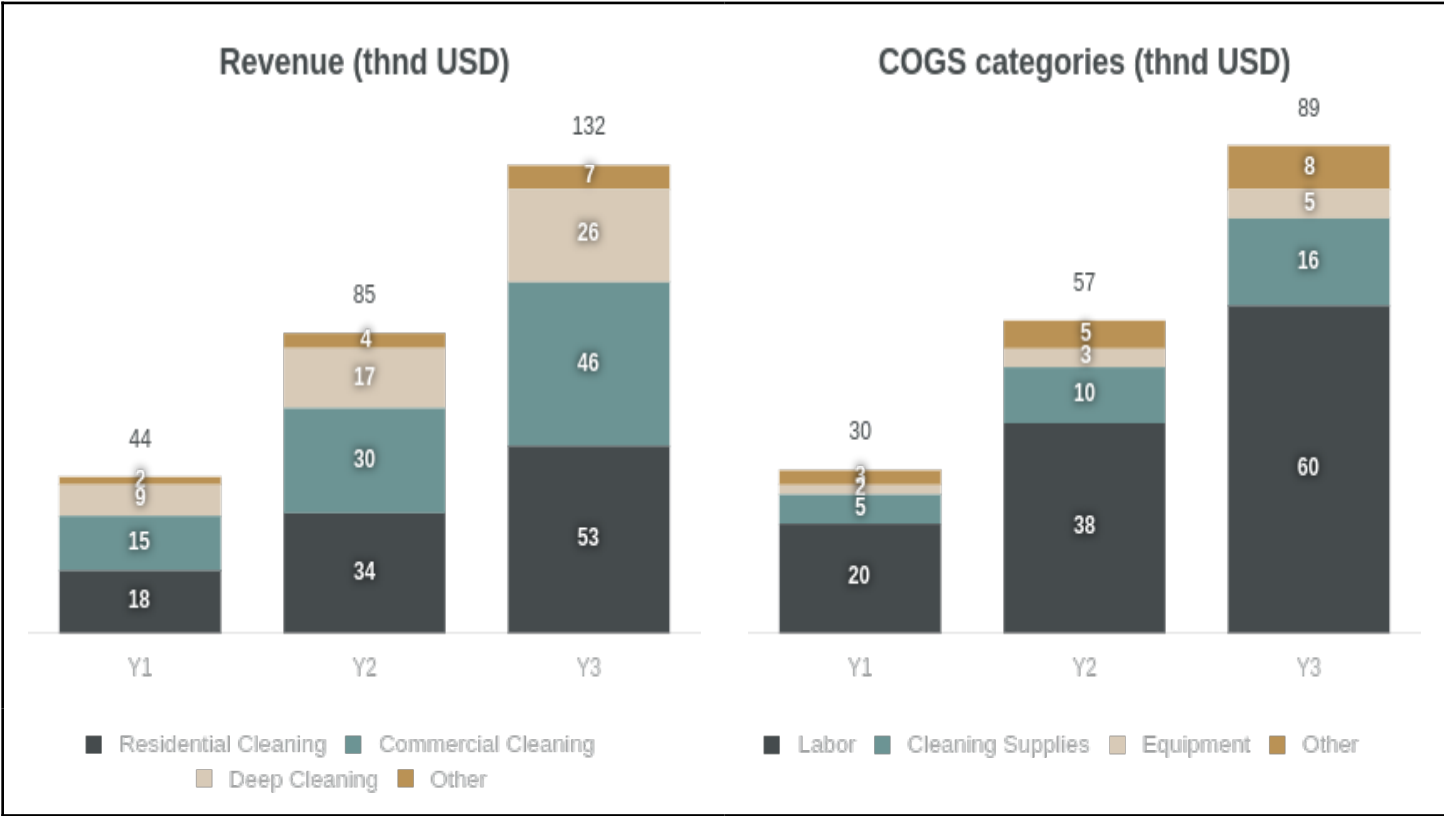
Admin



Revenue Formation Narrative

ZenClean, operating in the highly competitive cleaning activities industry, has set forth an ambitious yet achievable growth plan backed by a solid market analysis. The Total Addressable Market (TAM) for ZenClean stands at an impressive 1,133,894.24k USD . Recognizing the constraints of premium services and limited capital, ZenClean's Serviceable Addressable Market (SAM) is estimated at 1.5% of the TAM. This estimation stems from ZenClean's commitment to eco-friendly products and advanced cleaning techniques, targeting a niche but valuable segment within the market. With an initial capital of 50k USD , ZenClean aims to penetrate the market by delivering superior service quality and prioritizing customer satisfaction. Consequently, the Serviceable Obtainable Market (SOM) is conservatively projected to start at 0.26% in year one, grow to 0.48% in year two, and reach 0.72% by year three. These projections translate into total revenue figures of 44.222k USD in year one, 84.906k USD in year two, and 132.453k USD in year three. The revenue will be driven by four main lines of business: Residential Cleaning (40%), Commercial Cleaning (35%), Deep Cleaning (20%), and Other services (5%). Each service line's revenue contribution aligns with ZenClean's strategy to provide comprehensive, high-quality cleaning solutions. This balanced revenue distribution ensures a robust and diversified income stream, positioning ZenClean for steady growth and market resilience.

\$ 132k Y3 Projected Revenue **0.39%** Market share



Revenue Calculation Details

Revenue Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Residential Cleaning	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
Commercial Cleaning	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Deep Cleaning	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 %

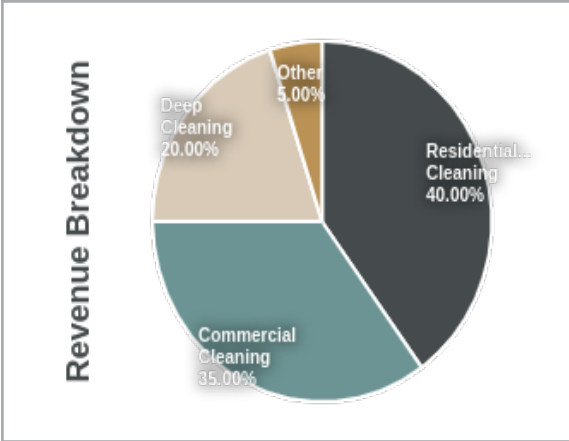
Residential Cleaning	1	1	1	1	1	1	2	2	2	2	2	2	18	34	53
Commercial Cleaning	1	1	1	1	1	1	1	1	1	2	2	2	15	30	46
Deep Cleaning	1	1	1	1	1	1	1	1	1	1	1	1	9	17	26
Other	0	0	0	0	0	0	0	0	0	0	0	0	2	4	7

Total Revenue (thnd USD)	3	3	3	3	3	3	4	4	4	5	5	5	44	85	132
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Total revenue is expected to reach \$ 132k by year 3.
 Main revenue driver are:

- Residential Cleaning which generates \$ 53k by Year 3
- Commercial Cleaning which generates \$ 46k by Year 3

Expected CAGR for total Revenue in Y1-Y3 is 73.07 %



COGS Calculation Details

COGS Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Labor	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
Cleaning 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%
Equipment	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%
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%

Labor	1	1	1	1	1	1	2	2	2	2	2	2	20	38	60
Cleaning Supplies	0	0	0	0	0	0	0	0	0	1	1	1	5	10	16
Equipment	0	0	0	0	0	0	0	0	0	0	0	0	2	3	5
Other	0	0	0	0	0	0	0	0	0	0	0	0	3	5	8

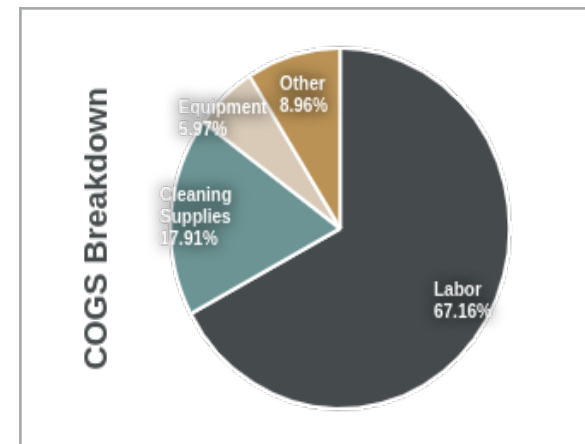
Total COGS (thnd USD)	2	2	2	2	2	2	3	3	3	3	3	3	30	57	89
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Total COGS is expected to reach \$ 89k by year 3.

Main revenue driver are:

- Labor which generates \$ 60k by Year 3
- Cleaning Supplies which generates \$ 16k by Year 3

Expected CAGR for total COGS in Y1-Y3 is 73.07 %



SG&A Calculation Details

OPEX Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Payroll Expenses	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%
Rent & Utilities	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%
Communication Expenses	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%
Office supplies	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%
Legal and Professional Fees	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Marketing and Branding	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%
Representation and Entertainment	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%
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	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%

Payroll Expenses	0	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	0	2	3	5
Communication Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	1	2	3
Office supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1
Legal and Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	2
Marketing and Branding	0	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	0	0	1	1
Training and Development	0	0	0	0	0	0	0	0	0	0	0	0	0	1	2	3
Other Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1

Total SG&A (thnd USD)	1	1	1	1	1	1	1	1	1	1	1	1	1	11	21	32
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PaT Expectations

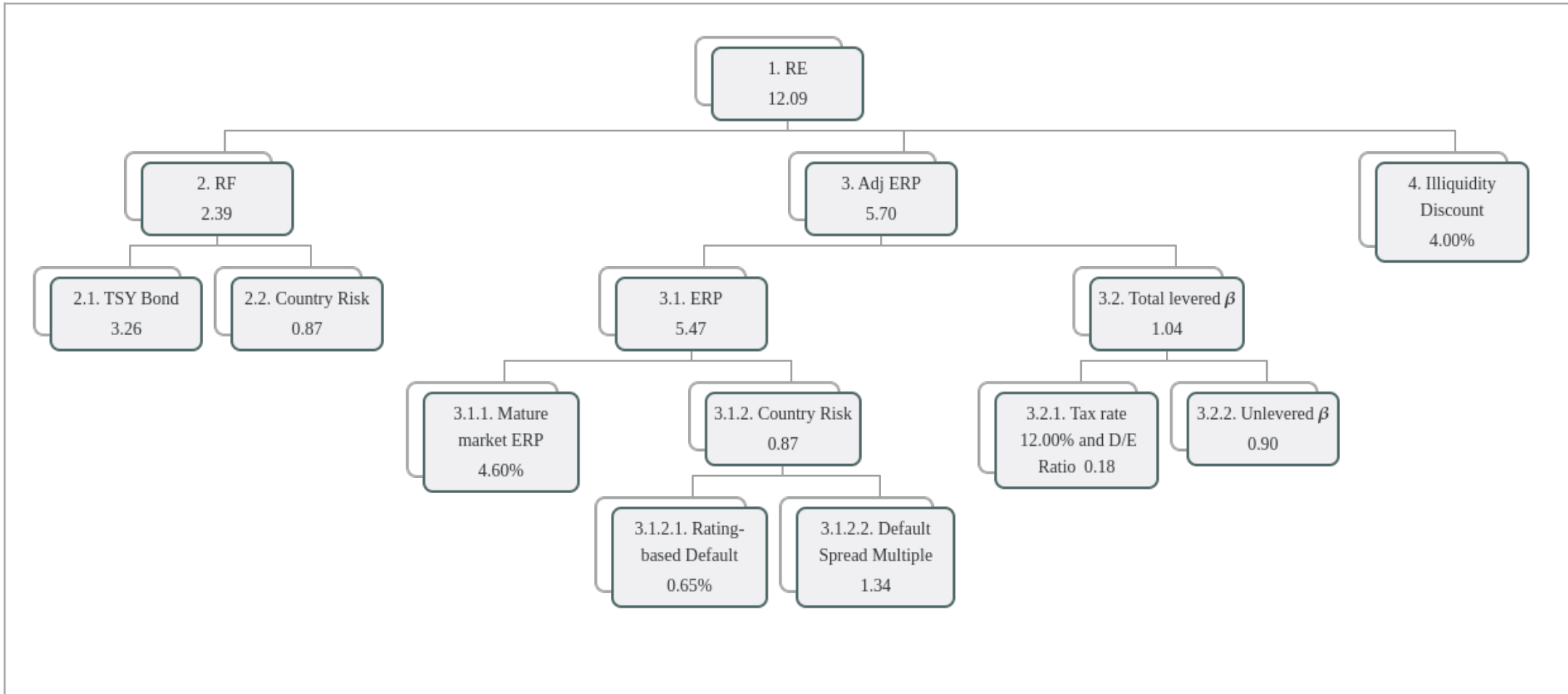
1 2 3 4 5 6 7

Financial Projection

Income Statement (thnd USD)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Revenue	3	3	3	3	3	3	4	4	4	5	5	5	44	85	132
Residential Cleaning	1	1	1	1	1	1	2	2	2	2	2	2	18	34	53
Commercial Cleaning	1	1	1	1	1	1	1	1	1	2	2	2	15	30	46
Deep Cleaning	1	1	1	1	1	1	1	1	1	1	1	1	9	17	26
Other	0	0	0	0	0	0	0	0	0	0	0	0	2	4	7
COGS	-2	-2	-2	-2	-2	-2	-3	-3	-3	-3	-3	-3	-30	-57	-89
Labor	-1	-1	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2	-20	-38	-60
Cleaning Supplies	-0	-0	-0	-0	-0	-0	-0	-0	-0	-1	-1	-1	-5	-10	-16
Equipment	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-2	-3	-5
Other	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-3	-5	-8
Gross Profit	1	1	1	1	1	1	1	1	1	2	2	2	15	28	44
SG&A Personal Expenses	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-4	-7	-11
SG&A Operating Expenses	-0	-0	-0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-7	-14	-21
EBITDA	0	0	0	0	0	0	0	0	0	0	0	0	4	7	12
Depreciation	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-10	-10	-10
EBIT	-1	-1	-1	-1	-1	-1	-0	-0	-0	-0	-0	-0	-6	-2	2
Interest Expense	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-1	-1	-1
Profit before Tax	-1	-1	-1	-1	-1	-1	-1	-1	-1	-0	-0	-0	-7	-3	1
Tax	0	0	0	0	0	0	0	0	0	0	0	0	1	0	-0
Profit after Tax (thnd USD)	-1	-1	-1	-1	-1	-1	-0	-0	-0	-0	-0	-0	-6	-3	1



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	-6	-3	1	1	1	1	1
	Growth% Y4-Y7				4.00%	4.00%	4.00%	4.00%
	Growth% Y7 -->	3.50%						
	WACC	12.09%						
	PV Y1-Y7 at Y0	-5	-2	1	1	1	1	1
	PV Y7 --> Y0	6						
	NPV (thnd USD)	2						

Average Survival Rate for 3 Years 50%

Final Valuation \$ 1k

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 12.09 % to determine the Firm Value.

Starting from year 3 onwards, the cash flows are estimated to grow at a rate of 4.00 %, 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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