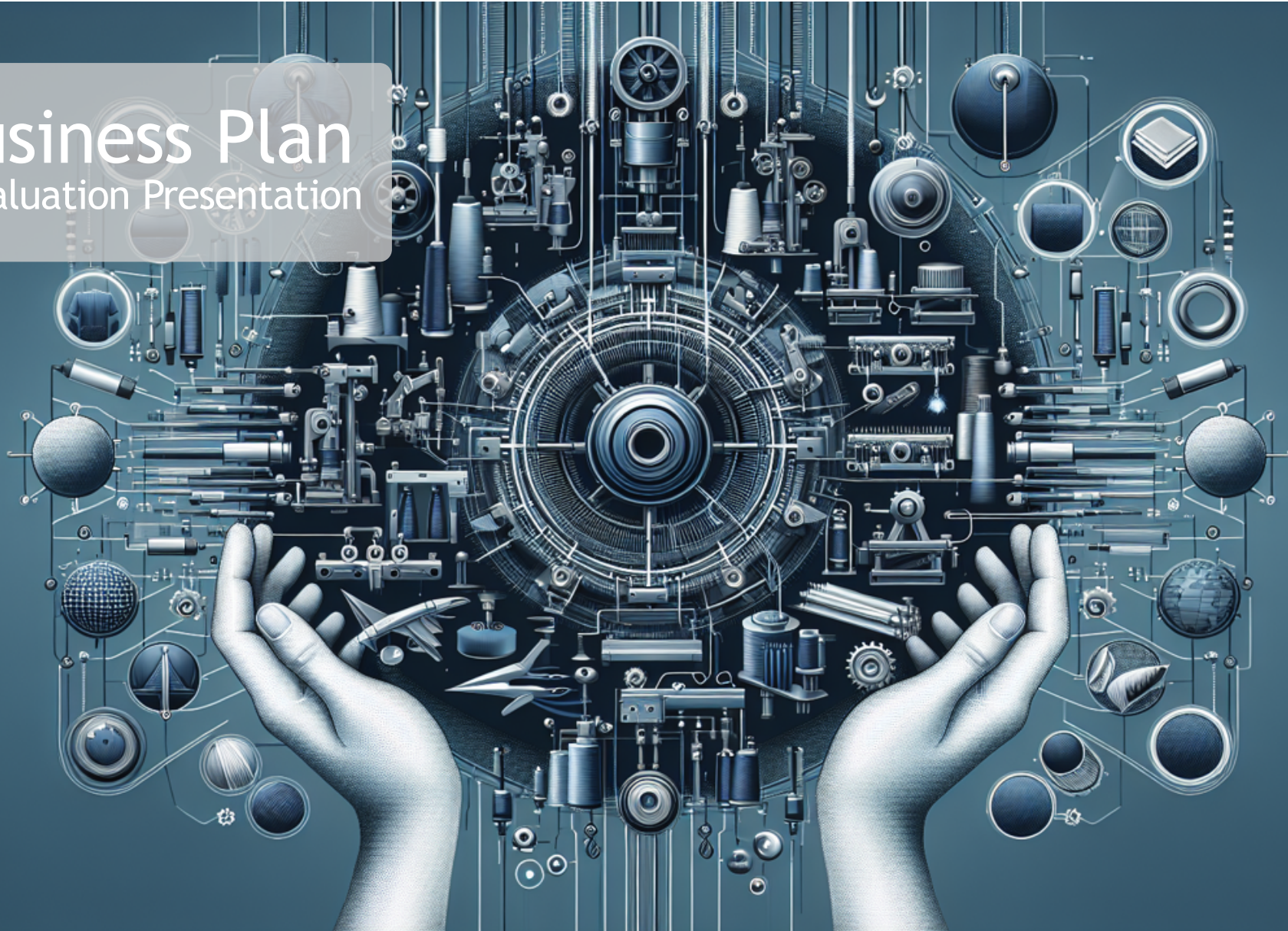


Business Plan & Valuation Presentation



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OUR VISION & MISSION

Our Mission

Advance Gear is dedicated to revolutionizing the apparel manufacturing industry by producing high-quality, durable, and stylish clothing through the integration of advanced design and manufacturing techniques. We strive to deliver excellence from sourcing premium materials to implementing rigorous quality control processes. Our mission is to create apparel that not only meets the highest standards but also embodies sustainability and efficiency. We aim to reduce waste and incorporate eco-friendly practices in all aspects of our operations, making a meaningful impact on the environment while enhancing the quality of life for our customers.

Our Vision

Advance Gear envisions becoming the global leader in sustainable and innovative apparel manufacturing. Over the next two decades, we aim to redefine industry standards by continuously integrating advanced technologies and eco-friendly practices into our production processes. Our goal is to create a future where fashion is synonymous with sustainability, quality, and innovation. We aspire to be the preferred partner for brands worldwide, known for our commitment to excellence and our ability to consistently deliver groundbreaking, environmentally responsible apparel solutions that meet the evolving needs of consumers.



Summary Financials Dashboard

Key performance indicators
(Base Scenario Y3)

\$ 1.746k

Revenue

\$ 226k

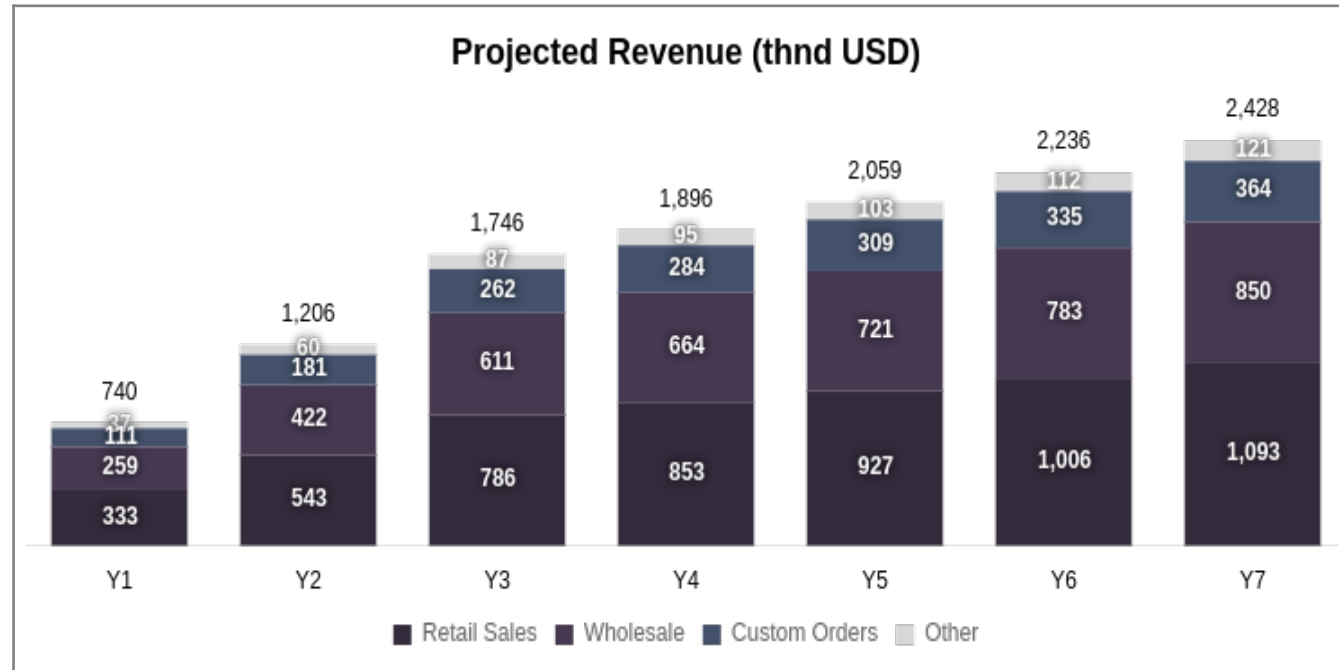
Gross Profit

-\$ 527k

EBITDA

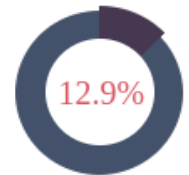
1.20%

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.

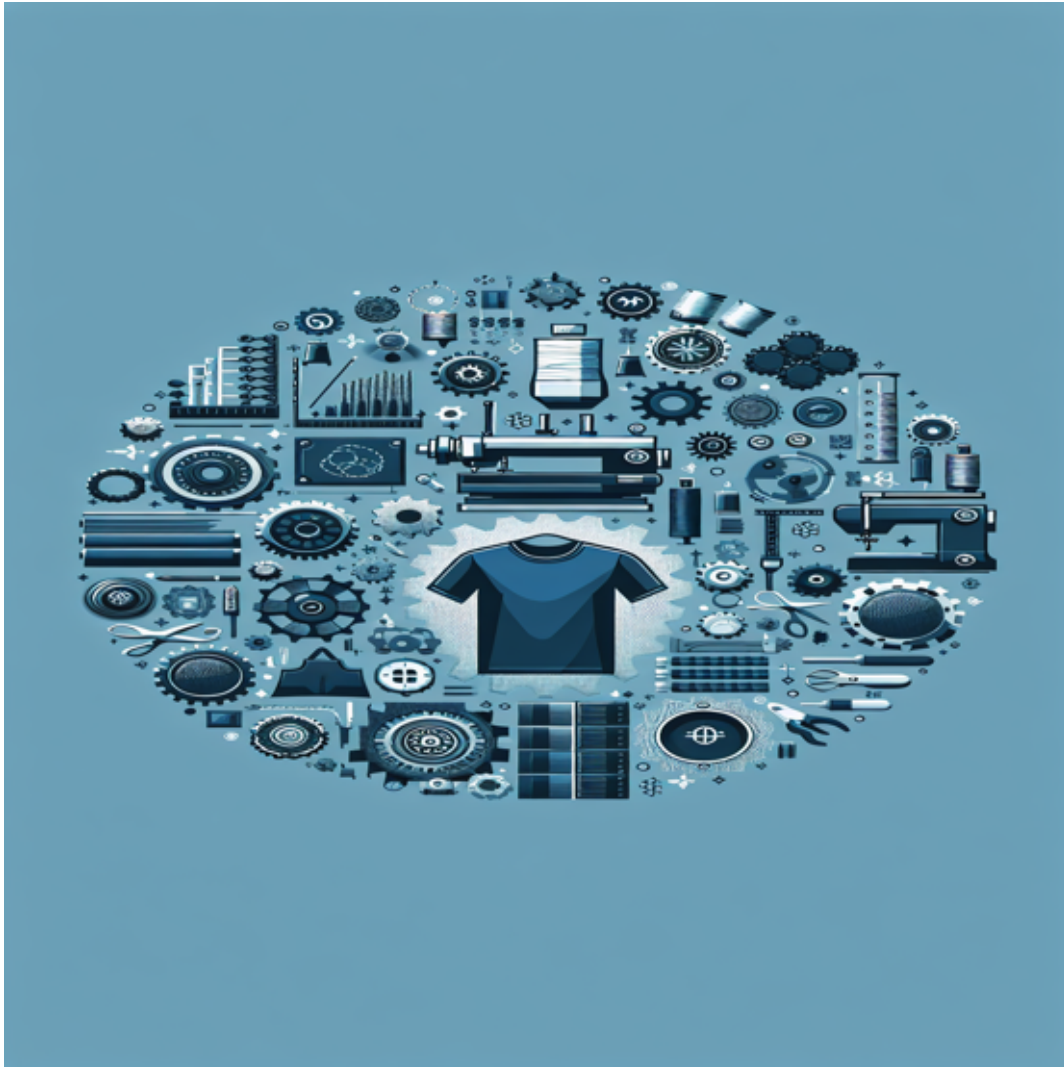
Investment \$ 1.200k

Y1 CAPEX \$ 1.050k

WC \$ 161k



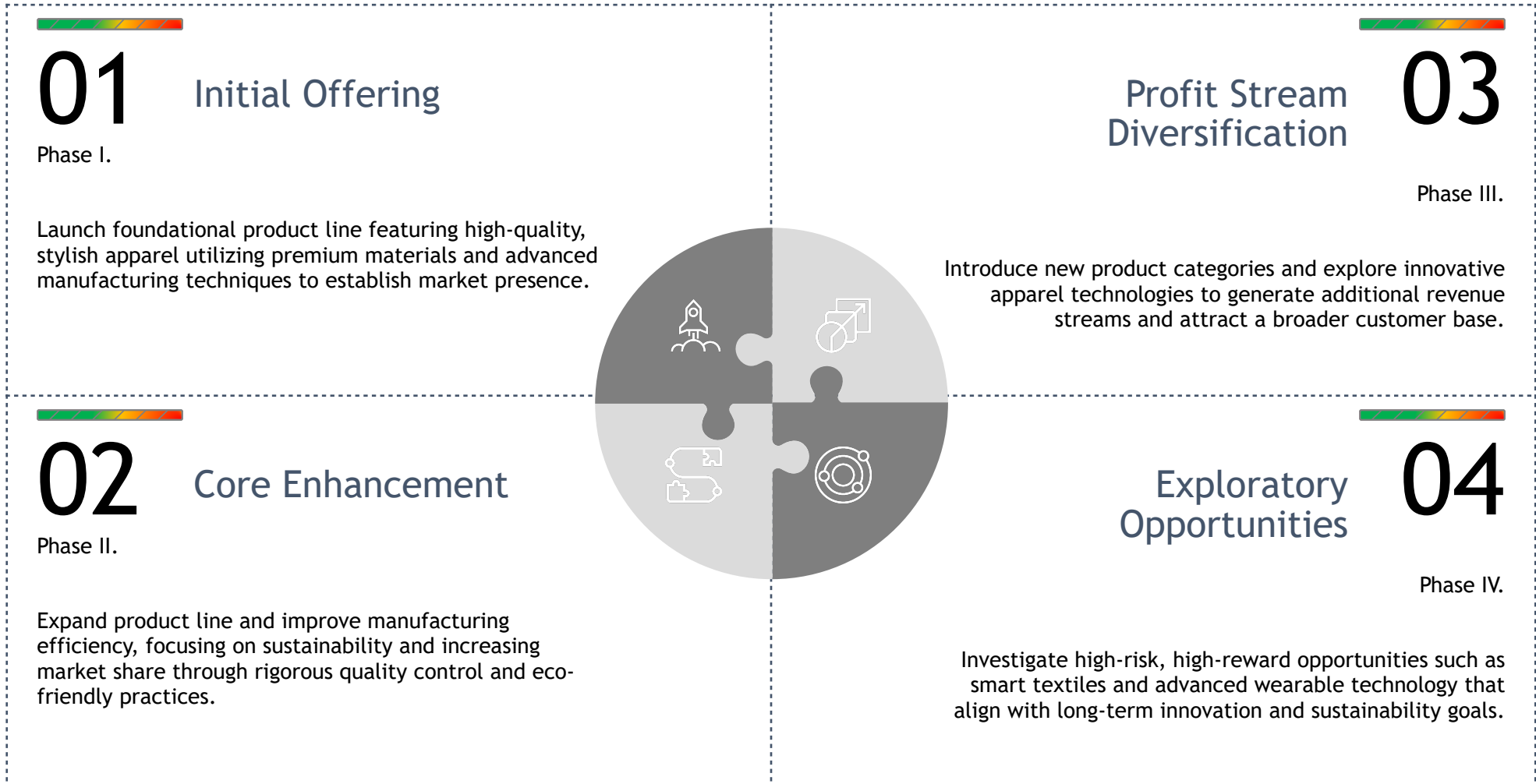
About the Company: General Overview



Advance Gear is a forward-thinking clothing manufacturer specializing in producing high-quality, innovative apparel for various markets. The company focuses on blending cutting-edge design with advanced manufacturing techniques to deliver durable and stylish clothing solutions. Its commitment to excellence extends from sourcing premium materials to implementing rigorous quality control processes, ensuring every product meets the highest standards. Operating in the manufacturing sector, Advance Gear emphasizes sustainability and efficiency, integrating eco-friendly practices and reducing waste in its operations. Their dedication to these principles allows them to offer a new standard in apparel manufacturing. Partnering with Advance Gear means experiencing a seamless blend of innovation and quality in every piece they produce.



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, stylish apparel made from premium materials. 2. Assurance of durability and value for money through rigorous quality control. 3. Eco-friendly clothing options that align with sustainable living values.
Employees	<ol style="list-style-type: none"> 1. Job stability through the company's growth and expansion phases. 2. Opportunities for skill development with innovative apparel technologies and manufacturing techniques. 3. A work environment that values sustainability and ethical practices.
Suppliers	<ol style="list-style-type: none"> 1. Long-term partnerships with a forward-thinking company focused on quality. 2. Consistent orders as the company expands product lines and market reach. 3. Collaboration opportunities in developing and sourcing eco-friendly materials.
Investors	<ol style="list-style-type: none"> 1. Potential for high returns through diversified revenue streams and growing market share. 2. Investment in a company with a robust commitment to sustainability and innovation. 3. Confidence in a well-managed company with clear development phases and goals.
Local Communities	<ol style="list-style-type: none"> 1. Economic growth and job creation as the company scales operations. 2. Reduced environmental impact from eco-friendly manufacturing practices. 3. Community engagement through sustainable initiatives and partnerships.
Retail Partners	<ol style="list-style-type: none"> 1. Access to a unique range of high-quality, stylish apparel that attracts customers. 2. Strengthened brand reputation through partnerships with a committed and innovative manufacturer. 3. Continued supply chain reliability and efficiency improvements.
Industry Regulators	<ol style="list-style-type: none"> 1. Compliance with industry standards and regulations through rigorous quality control processes. 2. Adoption of leading practices in sustainability and eco-friendly manufacturing. 3. Cooperation and transparency in meeting industry benchmarks and guidelines.



Key Performance Components

Competitive Advantage

Innovative Design

Advance Gear excels in blending cutting-edge design with advanced manufacturing techniques, resulting in stylish and innovative apparel.

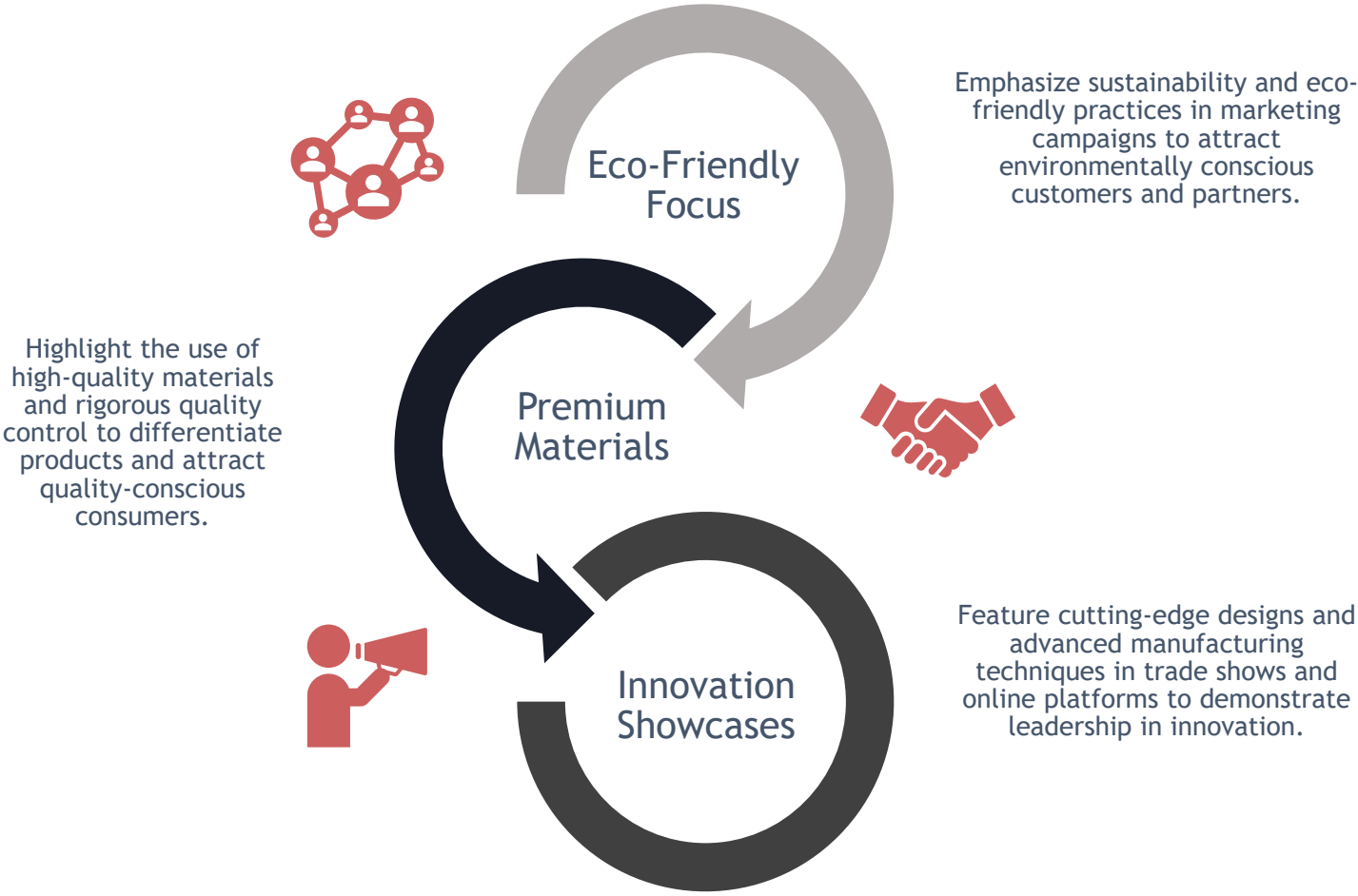
Premium Quality

The company ensures high standards through rigorous quality control processes and sourcing of premium materials, guaranteeing durable and top-notch products.








Sustainability Focus

Advance Gear integrates eco-friendly practices and waste reduction into its operations, emphasizing sustainability and efficiency in the apparel manufacturing process.

Marketing and Growth Strategy

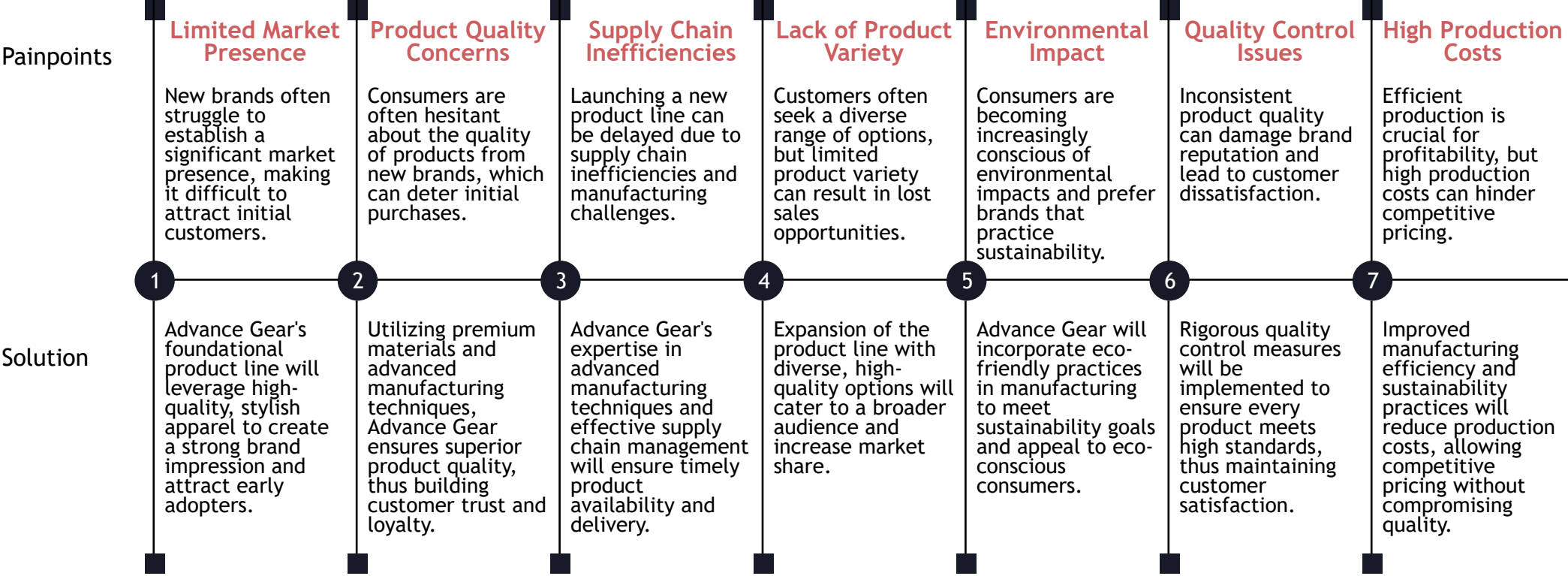


Target Groups

Industries		Description
I	 Sustainability-Conscious Consumers	Consumers who prioritize eco-friendly and sustainable apparel options and are drawn to Advance Gear's commitment to environmental responsibility and low-waste manufacturing practices.
II	 Outdoor Enthusiasts	Individuals who require durable and high-performance clothing for outdoor activities such as hiking, camping, and sports, valuing Advanced Gear's innovative designs and premium materials.
III	 Fashion-Forward Millennials	Young adults who desire stylish and high-quality apparel that reflects current fashion trends while maintaining affordability and ethical production standards.
IV	 Corporate Clients	Businesses looking for customized, high-quality apparel solutions for their employees and brand promotions, valuing Advance Gear's capabilities in advanced manufacturing and design.
V	 Tech-Savvy Customers	Early adopters and gadget enthusiasts interested in apparel technologies such as smart textiles and wearable tech, eager to explore innovative features integrated into clothing.
VI	 Fitness and Wellness Community	Fitness trainers, athletes, and wellness practitioners who need comfortable, durable, and highly functional athletic wear designed for various physical activities.
VII	 Wholesale Distributors and Retailers	Distributors and retailers seeking reliable manufacturers of high-quality apparel to stock in their stores, emphasizing the importance of durable, stylish, and extensively quality-controlled products.




Solution from Phase I to Phase IV




Strategic Analysis: SWOT

Strength



1. Expertise in producing high-quality, innovative apparel. 2. Strong focus on cutting-edge design and advanced manufacturing techniques. 3. Commitment to sourcing premium materials and ensuring rigorous quality control. 4. Emphasis on sustainability and eco-friendly practices. 5. Proven ability to meet the highest standards in the industry.

Weaknesses




1. High operational costs due to premium materials and advanced techniques. 2. Dependence on skilled labor, which may lead to talent shortages. 3. Limited brand recognition compared to established industry giants. 4. Possible vulnerability to rapid changes in fashion trends. 5. Need for continuous investment in technology to stay competitive.

Opportunities



1. Expansion into emerging markets with growing demand for high-quality apparel. 2. Collaboration with designers and brands to create exclusive lines. 3. Increasing consumer demand for sustainable and eco-friendly clothing. 4. Adoption of e-commerce channels for direct-to-consumer sales. 5. Potential for leveraging innovative marketing strategies to boost brand visibility.

Threats



1. Intense competition from established and emerging apparel manufacturers. 2. Fluctuations in raw material prices affecting cost structures. 3. Economic downturns reducing consumer spending on apparel. 4. Supply chain disruptions impacting production schedules. 5. Stricter environmental regulations increasing compliance costs.



History & Roadmap



Current Status.

- Launching advanced product line by Mar 2024
- Expanding eco-friendly initiatives by Jul 2024
- Focus on market penetration by Nov 2024
- Integrating advanced technology by Feb 2025
- Enhancing customer experience by Jun 2025
- Achieving sustainability certification by Dec 2025

Advance Gear commits to innovative, high-quality, and sustainable apparel.



Organizational and Marketing Tasks

#	Check List Item	Status	Priority	Area	ETA
General Planning and Organization					
1	Company Registration	●	Not Started	High	CEO 2 weeks
2	Develop Business Plan	●	Not Started	High	CFO 1 month
3	Secure Initial Funding	●	Not Started	High	CFO 2 months
4	Assemble Core Team	●	Not Started	High	COO 1 month
5	Set Up Manufacturing Facility	●	Not Started	High	COO 3 months
6	Conduct Market Research	●	Not Started	Medium	CMO 2 months
7	Develop Branding and Identity	●	Not Started	Medium	CMO 1 month
8	Establish Vendor Relationships	●	Not Started	High	CPO 1.5 months
Marketing					
1	Develop Brand Identity	●	Not Started	High	CMO 2 months
2	Create Initial Marketing Strategy	●	Not Started	High	CMO 1 month
3	Establish Social Media Presence	●	Not Started	Medium	CMO 1 month
4	Design and Launch Company Website	●	Not Started	High	CMO 2 months
5	Launch Digital Advertising Campaigns	●	Not Started	High	CRO 3 months
6	Develop and Distribute Marketing Collateral	●	Not Started	Medium	CMO 3 months
7	Initiate a Customer Outreach Program	●	Not Started	Medium	CRO 4 months
8	Set Up Analytics to Track Marketing Effectiveness	●	Not Started	High	CIO 2 months



Overview of Phases

#	Check List Item	Status	Priority	Area	ETA
Phase 1 & Technical Set Up for next Phases					
1	Identify key suppliers for premium materials	●	Not Started	High	CPO 2 weeks
2	Establish initial production line	●	Not Started	High	COO 3 weeks
3	Secure manufacturing facility	●	Not Started	High	CFO 4 weeks
4	Implement advanced manufacturing techniques	●	Not Started	Medium	CTO 3 weeks
5	Develop product design	●	Not Started	High	CPO 2 weeks
6	Initiate product testing and quality control	●	Not Started	Medium	CSO 3 weeks
7	Create product launch plan	●	Not Started	Medium	CMO 2 weeks
8	Hire and train initial production staff	●	Not Started	Medium	COO 3 weeks
Phase 2					
1	Develop expanded product line with eco-friendly materials	●	Not Started	High	CPO 3 months
2	Optimize manufacturing processes for increased efficiency	●	Not Started	High	COO 4 months
3	Implement advanced quality control measures	●	Not Started	High	CSO 2 months
4	Research and integrate sustainable practices	●	Not Started	Medium	CRO 3 months
5	Launch marketing campaign for new product line	●	Not Started	High	CMO 2 months
6	Expand supply chain partnerships for eco-friendly materials	●	Not Started	Medium	CPO 4 months
7	Start pilot program for new sustainable fabrics	●	Not Started	Medium	CPO 3 months
8	Implement staff training on new manufacturing processes	●	Not Started	Medium	COO 3 months



Overview of Phases

#	Check List Item	Status	Priority	Area	ETA	
Phase 3						
1	Develop New Product Line with Smart Features	●	Not Started	High	CPO	6 months
2	Evaluate Customer Feedback for Market Expansion	●	Not Started	Medium	CMO	3 months
3	Form Strategic Partnerships for Technology Integration	●	Not Started	High	CIO	4 months
4	Enhance Online Sales Platform with New Categories	●	Not Started	High	CTO	2 months
5	Implement Advanced Fabric Technologies	●	Not Started	Medium	CTO	5 months
6	Optimize Supply Chain for Added Product Categories	●	Not Started	High	COO	4 months
7	Secure Funding for Product Diversification	●	Not Started	High	CFO	3 months
8	Launch Marketing Campaign for New Product Categories	●	Not Started	High	CMO	2 months
Phase 4						
1	Research smart textile technologies	●	Not Started	High	CTO	3 months
2	Conduct feasibility study on wearable tech integration	●	Not Started	High	CSO	2 months
3	Develop partnerships with tech companies	●	Not Started	Medium	CRO	4 months
4	Prototype development for smart apparel	●	Not Started	High	CPO	5 months
5	Secure funding for advanced R&D projects	●	Not Started	High	CFO	6 months
6	Pilot testing for new product lines	●	Not Started	Medium	COO	7 months
7	Implement eco-friendly practices in tech development	●	Not Started	Medium	CSO	8 months
8	Explore market demand for high-tech apparel	●	Not Started	Low	CMO	3 months



Core Risks & Migration Strategies

1. Operation and maintenance risks

#	Risk Type	Area	Mitigation Strategy
1	Equipment Malfunctions	COO	Implement a regular maintenance schedule and invest in high-quality, reliable machinery to minimize downtime.
2	Supply Chain Disruptions	CPO	Establish relationships with multiple suppliers and maintain a safety stock of essential materials to buffer against disruptions.
3	Quality Control Failures	CSO	Implement rigorous quality control procedures at every stage of production and conduct regular audits to ensure compliance.
4	Labor Shortages	COO	Develop comprehensive training programs to increase workforce expertise and improve retention strategies.
5	Sustainability Practice Failures	CSO	Adopt strict sustainability guidelines and conduct regular reviews to ensure adherence to eco-friendly practices.

2. Regulatory and legal risks

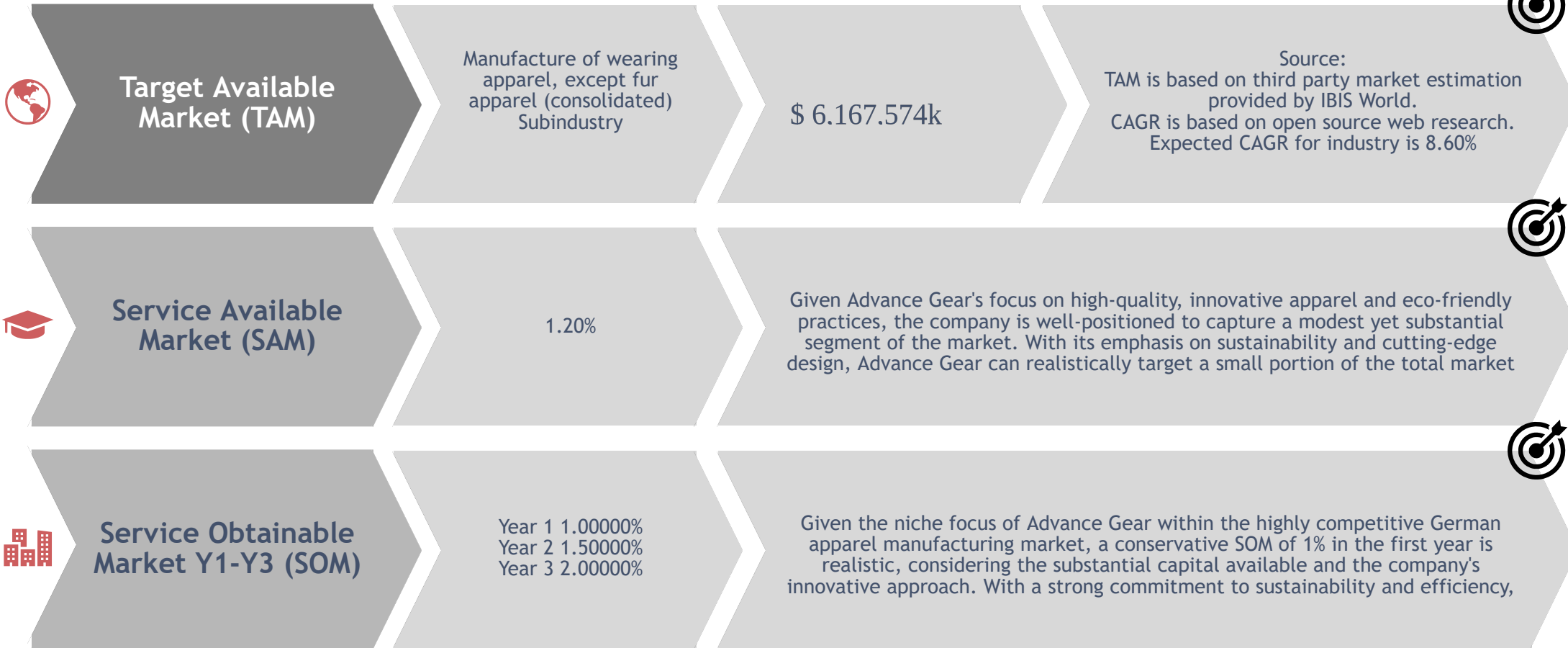
#	Risk Type	Area	Mitigation Strategy
1	Compliance with international trade regulations	COO	Regularly update the compliance team on changes in international trade laws and ensure all import/export activities adhere to current regulations.
2	Product safety and labeling standards	CSO	Implement thorough testing procedures and label reviews to ensure all products meet or exceed safety and labeling standards of the markets in which they are sold.
3	Intellectual property rights protection	CPO	Establish a robust IP management strategy and work closely with legal advisors to protect designs and innovations from infringement.
4	Environmental regulations	COO	Adopt environmentally friendly manufacturing processes and stay abreast of changing environmental laws to ensure full compliance.
5	Labor laws and fair labor practices	CEO	Ensure all manufacturing partners adhere to local and international labor laws, and regularly audit factories for compliance with fair labor practices.



3. Strategic/Market Risk			
#	Risk Type	Area	Mitigation Strategy
1	Market Competition	CMO	Conduct thorough market research and develop unique selling propositions to differentiate our products from competitors.
2	Shifting Consumer Preferences	CPO	Continuously analyze consumer trends and preferences to adapt product lines swiftly and meet evolving demands.
3	Supply Chain Disruptions	COO	Establish strong relationships with multiple suppliers and maintain a diversified supply chain to mitigate potential disruptions.
4	Technological Advancements	CTO	Invest in continuous R&D and foster a culture of innovation to stay ahead of technological advancements and incorporate them into our product offerings.
5	Economic Downturns	CFO	Implement financial contingency plans and maintain a strong cash reserve to navigate through economic fluctuations and downturns.
4. Finance risk			
#	Risk Type	Area	Mitigation Strategy
1	Cash Flow Management	CFO	Implement comprehensive cash flow forecasting and maintain a reserve fund to manage liquidity needs effectively.
2	Cost Overruns	COO	Establish stringent budget controls and regularly review production costs to ensure expenses are aligned with projections.
3	Capital Investment Shortfalls	CFO	Secure diversified funding sources and maintain strong relationships with investors to ensure adequate capital for growth and expansion phases.
4	Market Fluctuations	CRO	Develop a flexible pricing strategy and diversify market presence to mitigate the impact of economic downturns and shifts in consumer demand.
5	Foreign Exchange Exposure	CFO	Use hedging instruments and negotiate contracts in stable currencies to minimize the financial risk associated with exchange rate volatility.
5. Other general risk			
#	Risk Type	Area	Mitigation Strategy
1	Supply Chain Disruptions	COO	Establish strong relationships with multiple suppliers and maintain a strategic inventory reserve to mitigate potential supply chain disruptions.
2	Market Trends Misalignment	CMO	Conduct ongoing market research and consumer trend analysis to ensure product offerings align with evolving market demands.
3	Brand Reputation Damage	CRO	Implement proactive brand management strategies, including social media monitoring and prompt crisis communication plans to address any negative publicity swiftly.
4	Talent Retention	CPO	Develop comprehensive employee development programs and competitive compensation packages to retain top talent and reduce turnover rates.
5	Technological Obsolescence	CTO	Continuously invest in R&D and stay abreast of technological advancements to ensure manufacturing processes remain cutting-edge and competitive.



Market Overview (TAM, SAM and SOM)



Funding Allocation

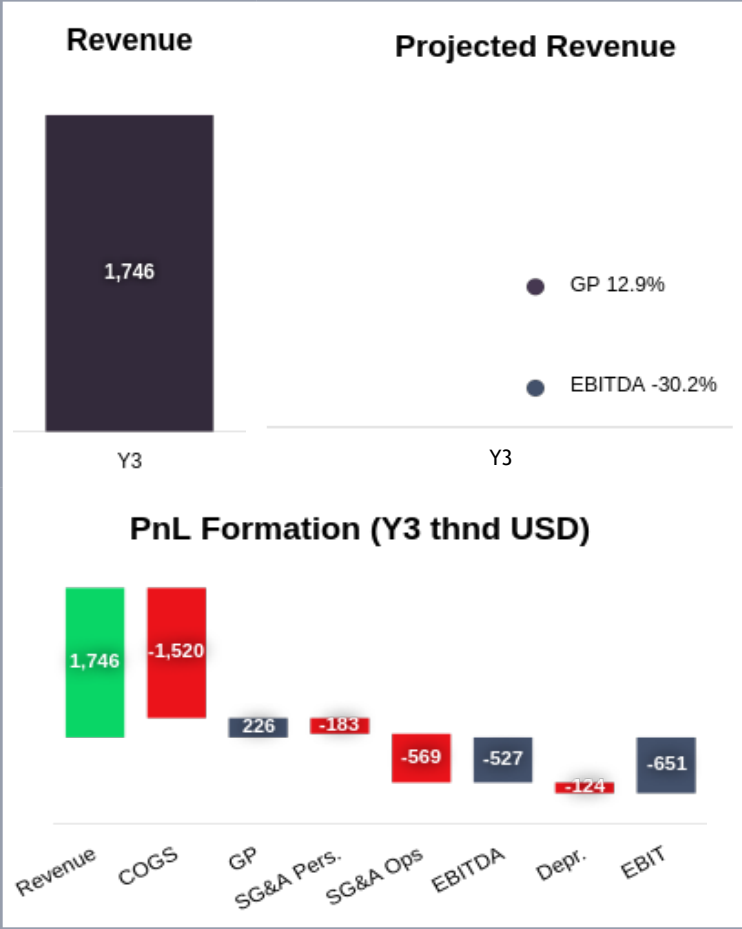
The funding will be used to finance the CAPEX and cash deficit from Year 1 operations, aiming to expedite the development process. In subsequent years the company plans to sustain operations without requiring major additional capital injection. Table below presents the overview of expected inflows and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

The total investment required is \$ 1.273k

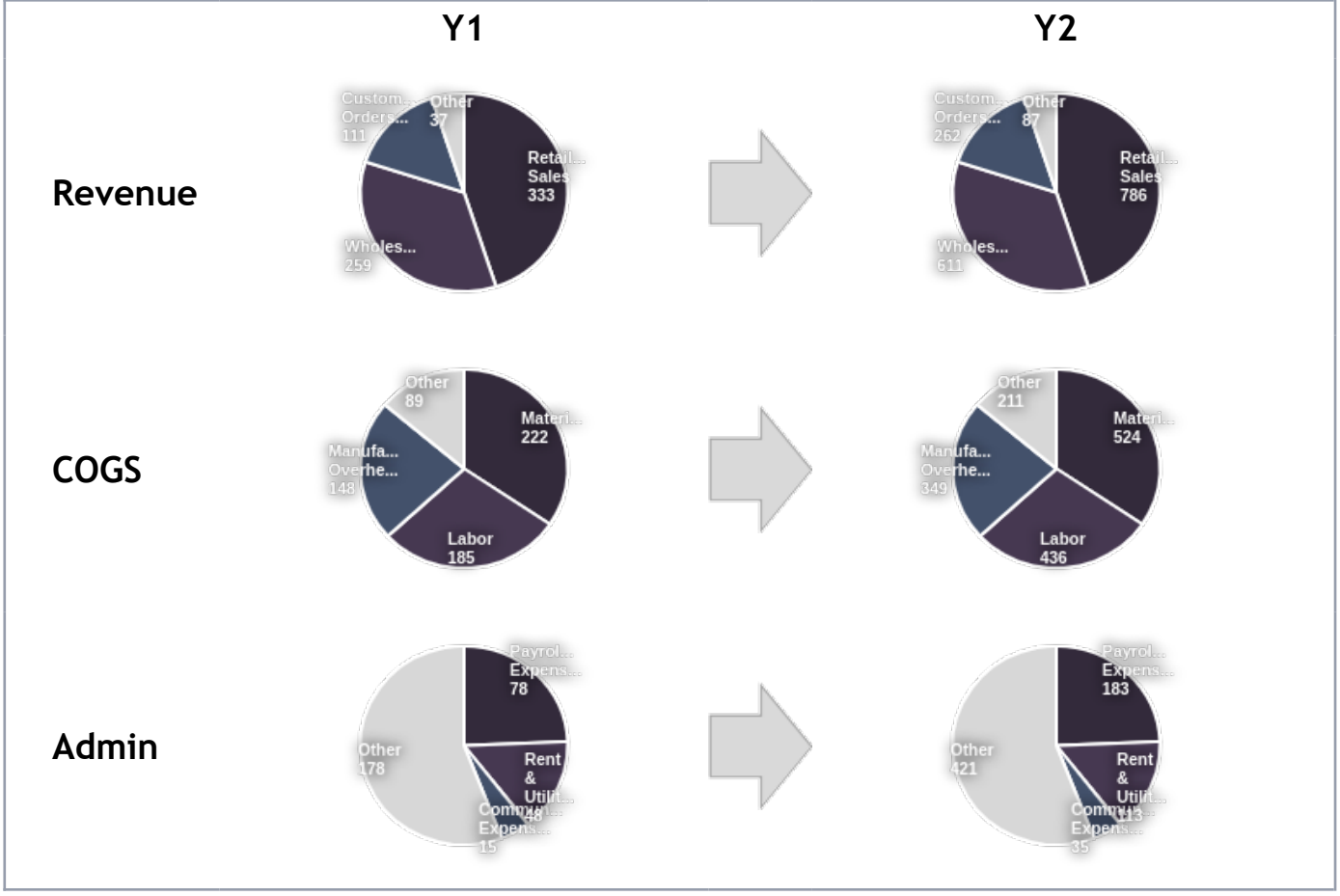
Y1 Cash Flow Stream(thnd USD)	Inflows	Outflows
Gross Profit	96	
Marketing and Branding		89
Payroll Expenses		78
Rent & Utilities		48
Training and Development		30
Capex		1,050
Legal and Professional Fees		22
Representation and Entert.		19
Communication Expenses		15
Other Miscellaneous		12
Office supplies		7
CAPEX & WC shortage Y1		1,273
Buffer		0
Total Required Investment(thnd USD)		1,273



Y3 PL formation and Margins



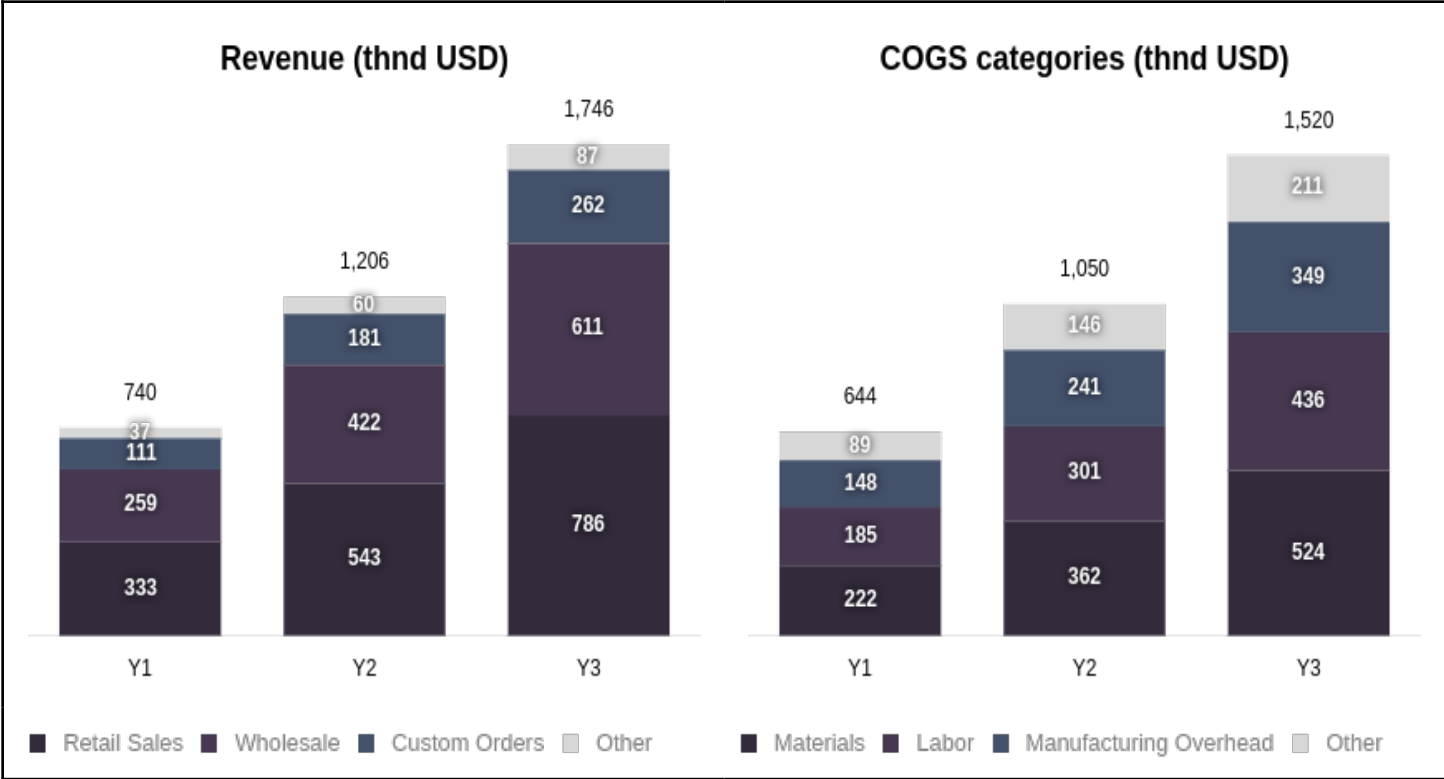
Business Line Breakdown (thnd USD)



Revenue Formation Narrative

Advance Gear, a forward-thinking clothing manufacturer, specializes in innovative and high-quality apparel production. The company places significant emphasis on sustainability and advanced manufacturing techniques, targeting various segments within the apparel industry. Our Total Addressable Market (TAM) stands at 6,167,574.476k USD USD. We estimate a Serviceable Addressable Market (SAM) percentage of 1.20%, based on our unique positioning in the market and our commitment to eco-friendly practices, which allows us to capture a realistic yet substantial market segment. Given our niche focus and the competitive landscape, we anticipate a conservative Serviceable Obtainable Market (SOM) of 1.00% in the first year, equating to a revenue of 740.109k USD USD. With effective marketing strategies and continuous innovation, we project this to grow to 1.50% in the second year, resulting in 1,205.637k USD USD, and 2.00% in the third year, reaching 1,745.763k USD USD in revenue. Our revenue distribution reflects a balanced approach, with retail sales expected to contribute 45.00%, wholesale accounting for 35.00%, custom orders making up 15.00%, and other sources contributing 5.00%. This diversified revenue model ensures stability and growth across multiple channels, aligning with our strategic goals of sustainable expansion and market penetration.

\$ 1.746k
Y3
Projected
Revenue
1.20%
Market
share



Revenue Calculation Details

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

Retail Sales	21	21	21	25	25	25	31	31	31	35	35	35	333	543	786
Wholesale	16	16	16	19	19	19	24	24	24	27	27	27	259	422	611
Custom Orders	7	7	7	8	8	8	10	10	10	12	12	12	111	181	262
Other	2	2	2	3	3	3	3	3	3	4	4	4	37	60	87

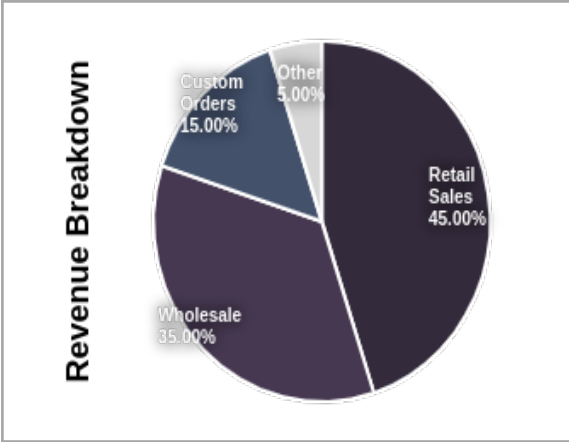
Total Revenue (thnd USD)	46	46	46	56	56	56	68	68	68	77	77	77	740	1,206	1,746
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Total revenue is expected to reach \$ 1,746k by year 3.

Main revenue driver are:

- Retail Sales which generates \$ 786k by Year 3
- Wholesale which generates \$ 611k by Year 3

Expected CAGR for total Revenue in Y1-Y3 is 53.58 %



COGS Calculation Details

COGS Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Materials	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Labor	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Manufacturing Overhead	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	12.07%	12.07%	12.07%	12.07%	12.07%	12.07%	12.07%	12.07%	12.07%	12.07%	12.07%	12.07%	12.07%	12.07%	12.07%

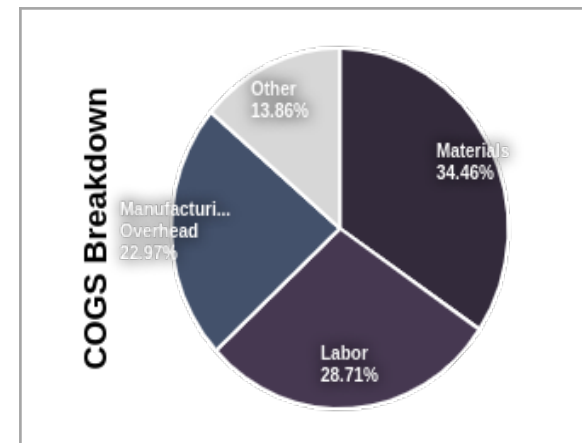
Materials	14	14	14	17	17	17	20	20	20	23	23	23	222	362	524
Labor	12	12	12	14	14	14	17	17	17	19	19	19	185	301	436
Manufacturing Overhead	9	9	9	11	11	11	14	14	14	15	15	15	148	241	349
Other	6	6	6	7	7	7	8	8	8	9	9	9	89	146	211
Total COGS (thnd USD)	40	40	40	48	48	48	59	59	59	67	67	67	644	1,050	1,520

Total COGS is expected to reach \$ 1,520k by year 3.

Main revenue driver are:

- Materials which generates \$ 524k by Year 3
- Labor which generates \$ 436k by Year 3

Expected CAGR for total COGS in Y1-Y3 is 53.58 %



SG&A Calculation Details

OPEX Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Payroll Expenses	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
Rent & Utilities	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
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	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%
Marketing and Branding	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%
Representation and Entertainment	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Training and Development	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 Miscellaneous	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%

Payroll Expenses	5	5	5	6	6	6	7	7	7	8	8	8	78	127	183
Rent & Utilities	3	3	3	4	4	4	4	4	4	5	5	5	48	78	113
Communication Expenses	1	1	1	1	1	1	1	1	1	2	2	2	15	24	35
Office supplies	0	0	0	1	1	1	1	1	1	1	1	1	7	12	17
Legal and Professional Fees	1	1	1	2	2	2	2	2	2	2	2	2	22	36	52
Marketing and Branding	6	6	6	7	7	7	8	8	8	9	9	9	89	145	209
Representation and Entertainment	1	1	1	1	1	1	2	2	2	2	2	2	19	30	44
Training and Development	2	2	2	2	2	2	3	3	3	3	3	3	30	48	70
Other Miscellaneous	1	1	1	1	1	1	1	1	1	1	1	1	12	19	28

Total SG&A (thnd USD)	20	20	20	24	24	24	29	29	29	33	33	33	319	520	752
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PaT Expectations

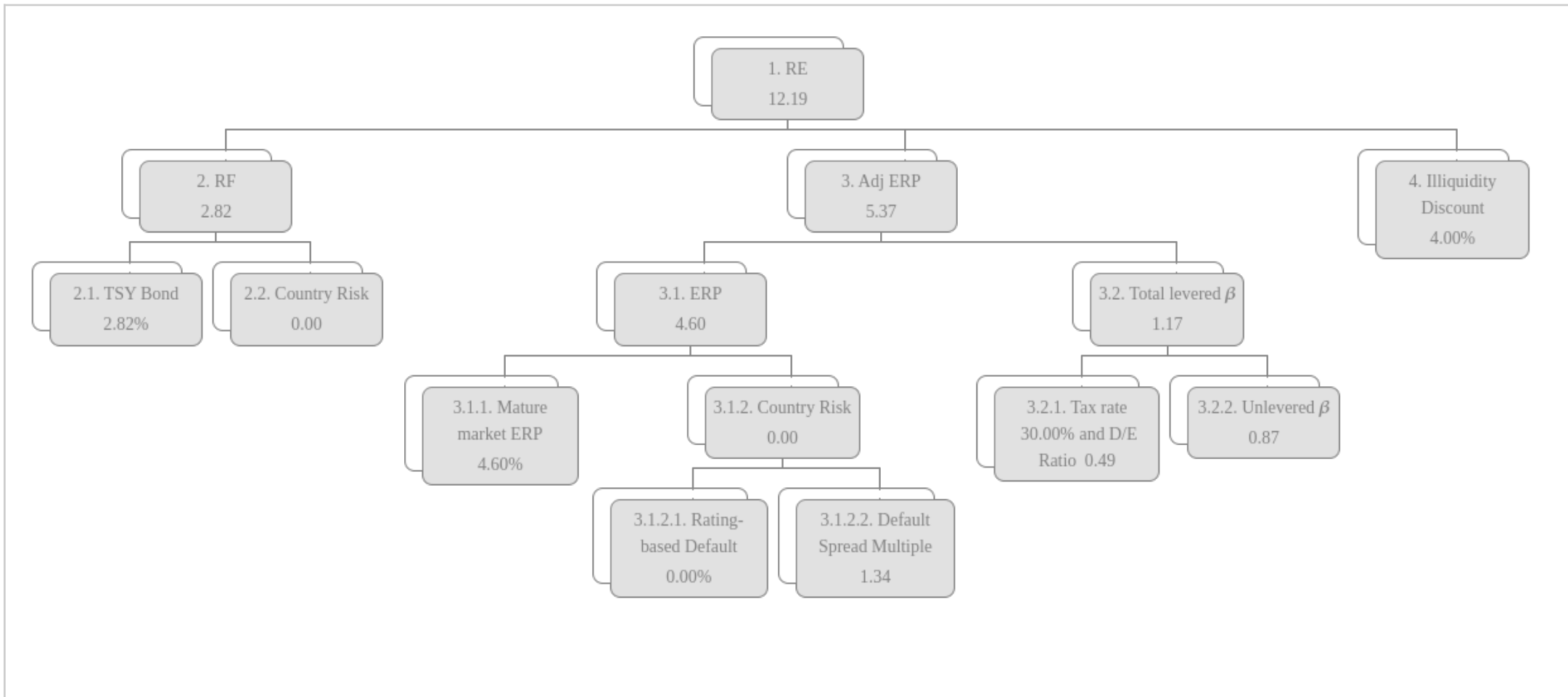
1 2 3 4 5 6 7

Financial Projection

Income Statement (thnd USD)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Revenue	46	46	46	56	56	56	68	68	68	77	77	77	740	1,206	1,746
Retail Sales	21	21	21	25	25	25	31	31	31	35	35	35	333	543	786
Wholesale	16	16	16	19	19	19	24	24	24	27	27	27	259	422	611
Custom Orders	7	7	7	8	8	8	10	10	10	12	12	12	111	181	262
Other	2	2	2	3	3	3	3	3	3	4	4	4	37	60	87
COGS	-40	-40	-40	-48	-48	-48	-59	-59	-59	-67	-67	-67	-644	-1,050	-1,520
Materials	-14	-14	-14	-17	-17	-17	-20	-20	-20	-23	-23	-23	-222	-362	-524
Labor	-12	-12	-12	-14	-14	-14	-17	-17	-17	-19	-19	-19	-185	-301	-436
Manufacturing Overhead	-9	-9	-9	-11	-11	-11	-14	-14	-14	-15	-15	-15	-148	-241	-349
Other	-6	-6	-6	-7	-7	-7	-8	-8	-8	-9	-9	-9	-89	-146	-211
Gross Profit	6	6	6	7	7	7	9	9	9	10	10	10	96	156	226
SG&A Personal Expenses	-5	-5	-5	-6	-6	-6	-7	-7	-7	-8	-8	-8	-78	-127	-183
SG&A Operating Expenses	-15	-15	-15	-18	-18	-18	-22	-22	-22	-25	-25	-25	-241	-393	-569
EBITDA	-14	-14	-14	-17	-17	-17	-20	-20	-20	-23	-23	-23	-223	-364	-527
Depreciation	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-124	-124	-124
EBIT	-24	-24	-24	-27	-27	-27	-31	-31	-31	-34	-34	-34	-348	-488	-651
Interest Expense	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-1	-1	-1
Profit before Tax	-24	-24	-24	-27	-27	-27	-31	-31	-31	-34	-34	-34	-349	-489	-652
Tax	7	7	7	8	8	8	9	9	9	10	10	10	105	147	196
Profit after Tax (thnd USD)	-17	-17	-17	-19	-19	-19	-22	-22	-22	-24	-24	-24	-244	-342	-456



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	-244	-342	-456	-496	-538	-585	-635
	Growth% Y4-Y7				8.60%	8.60%	8.60%	8.60%
	Growth% Y7 -->	3.50%						
	WACC	12.19%						
	PV Y1-Y7 at Y0	-217	-272	-323	-313	-303	-293	-284
	PV Y7 --> Y0	-3,380						
	NPV (thnd USD)	-5,385						

Average Survival Rate for 3 Years

50%

Final Valuation

-\$ 2.692k

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 12.19 % 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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