

Business Plan & Valuation Presentation



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OUR VISION & MISSION

Our Mission

JavaBlend is dedicated to delivering exceptional coffee experiences in a warm, inviting atmosphere. By using high-quality, ethically sourced beans and eco-friendly practices, we aim to create a welcoming environment where our customers can relax, work, or connect with friends. Through our commitment to sustainability and community support, JavaBlend makes a positive impact locally, offering a perfect escape from the everyday hustle.

Our Vision

JavaBlend envisions becoming a leading coffee shop chain recognized for its outstanding quality, sustainability, and community focus. We aspire to expand our footprint while maintaining the intimate, inviting atmosphere that defines us. In twenty years, we aim to be a beacon for exceptional coffee experiences, known for our ethical sourcing, eco-friendly practices, and strong community ties. Our goal is to inspire and elevate the coffee culture globally, creating a network of cozy havens where people can unwind, connect, and savor the perfect cup of coffee.



Summary Financials Dashboard

Key performance indicators
(Base Scenario Y3)

\$ 191k

Revenue

\$ 62k

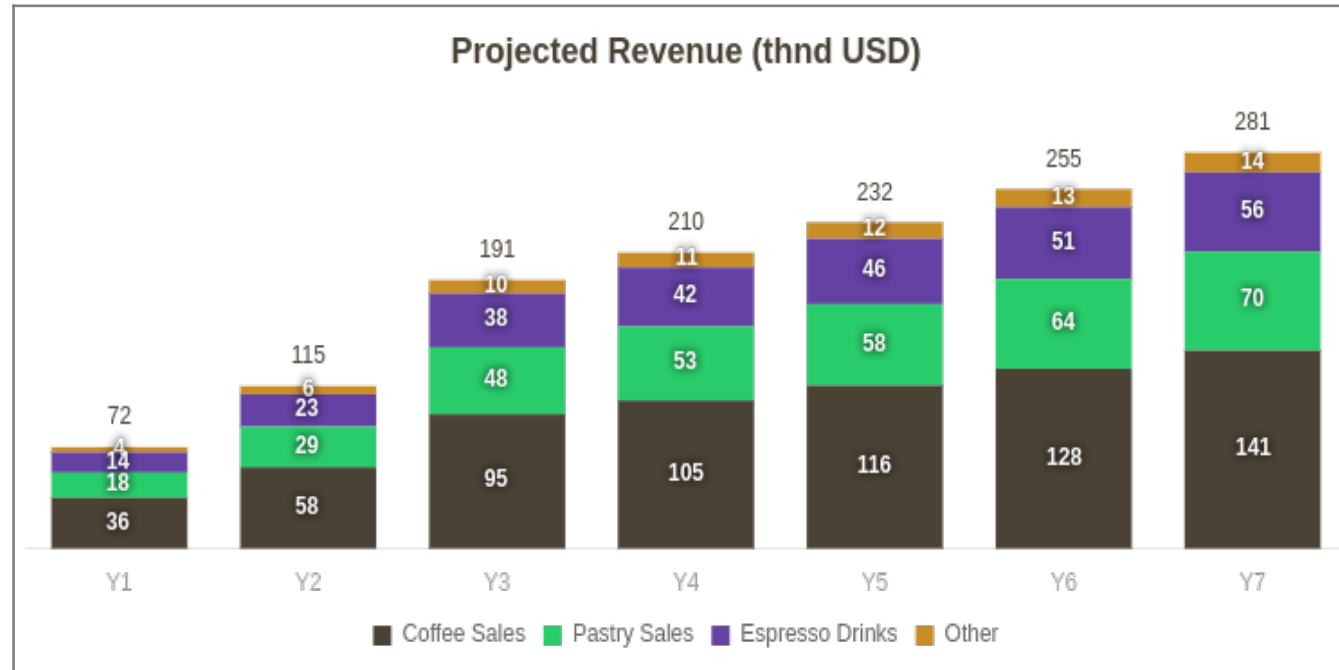
Gross Profit

\$ 41k

EBITDA

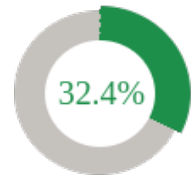
0.83%

Target Market Share

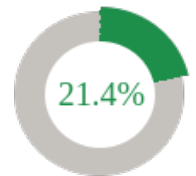


Margins
(Stabilized by Y3)

GP Margin



EBITDA Margin



PbT Margin

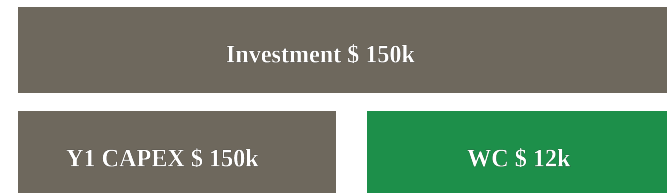


Project Phases



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



JavaBlend is a cozy coffee shop dedicated to delivering exceptional coffee experiences in a warm, inviting atmosphere. Their menu features a range of expertly brewed coffees, artisanal espresso drinks, and fresh pastries, all made with high-quality, ethically sourced beans. At JavaBlend, the focus is on creating a welcoming environment where customers can relax, work, or catch up with friends. With a commitment to sustainability and community, they use eco-friendly practices and support local businesses. Operating within the Beverage serving activities industry and the broader Accommodation and food service activities sector, JavaBlend is your go-to destination for a perfect cup of coffee and a pleasant escape from the everyday hustle.



The Main Phases: Projects & Impacts



Product Impact on Core Stakeholders

Main Stakeholder	Product Benefits
Customers	<ol style="list-style-type: none"> 1. Enjoy a variety of high-quality coffees and fresh pastries in a cozy atmosphere. 2. Benefit from loyalty programs and seasonal specials that provide value for repeat customers. 3. Access to eco-friendly, ethically sourced products, contributing to sustainability.
Employees	<ol style="list-style-type: none"> 1. Gain opportunities for professional development in a supportive, growth-oriented environment. 2. Access to fair wages and benefits, contributing to job satisfaction and retention. 3. Work in a community-centric atmosphere that promotes team collaboration and well-being.
Local Businesses	<ol style="list-style-type: none"> 1. Opportunities for collaboration through specialty events, enhancing business exposure. 2. Benefit from JavaBlend's commitment to sourcing local products, boosting the local economy. 3. Increased foot traffic and cross-promotional opportunities with a popular local destination.
Investors	<ol style="list-style-type: none"> 1. Potential for profitable returns through multiple revenue streams and expansion phases. 2. Confidence in a strong market presence and sustainable business practices. 3. Attraction to innovative business models exploring franchising and smart coffee technology.
Suppliers	<ol style="list-style-type: none"> 1. Reliable, consistent orders from a steady and growing business client. 2. Opportunities to showcase their products through special promotions and curated subscriptions. 3. Enhanced reputation through association with JavaBlend's commitment to quality and sustainability.
Community	<ol style="list-style-type: none"> 1. A welcoming space that fosters community engagement and social interactions. 2. Support for local initiatives and donations to community projects. 3. Educational workshops and events that promote coffee culture and sustainability.
Environment	<ol style="list-style-type: none"> 1. Reduced environmental impact through eco-friendly practices and sustainably sourced products. 2. Decreased waste through initiatives like reusable cups and recycling programs. 3. Promotion of environmental awareness among customers and the broader community.



Key Performance Components

Competitive Advantage

Expertly Brewed Coffee

JavaBlend offers expertly brewed coffees and artisanal espresso drinks made with high-quality, ethically sourced beans, ensuring an exceptional coffee experience for every customer.

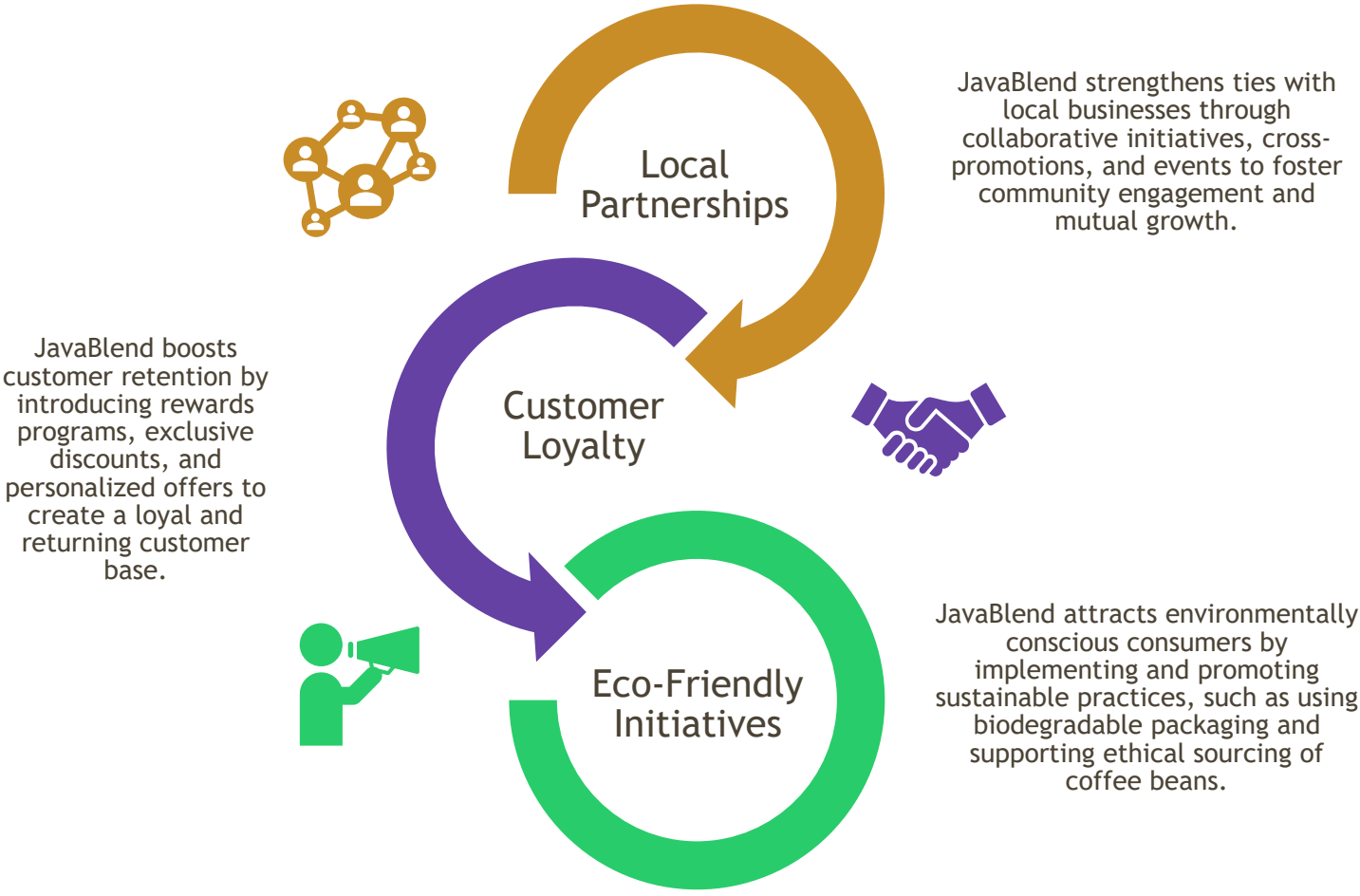
Welcoming Environment

JavaBlend creates a warm, inviting atmosphere where customers can relax, work, or catch up with friends, making it a perfect escape from the everyday hustle.

Sustainable Practices

Committed to sustainability, JavaBlend uses eco-friendly practices and supports local businesses, demonstrating a strong commitment to environmental responsibility and community support.

Marketing and Growth Strategy

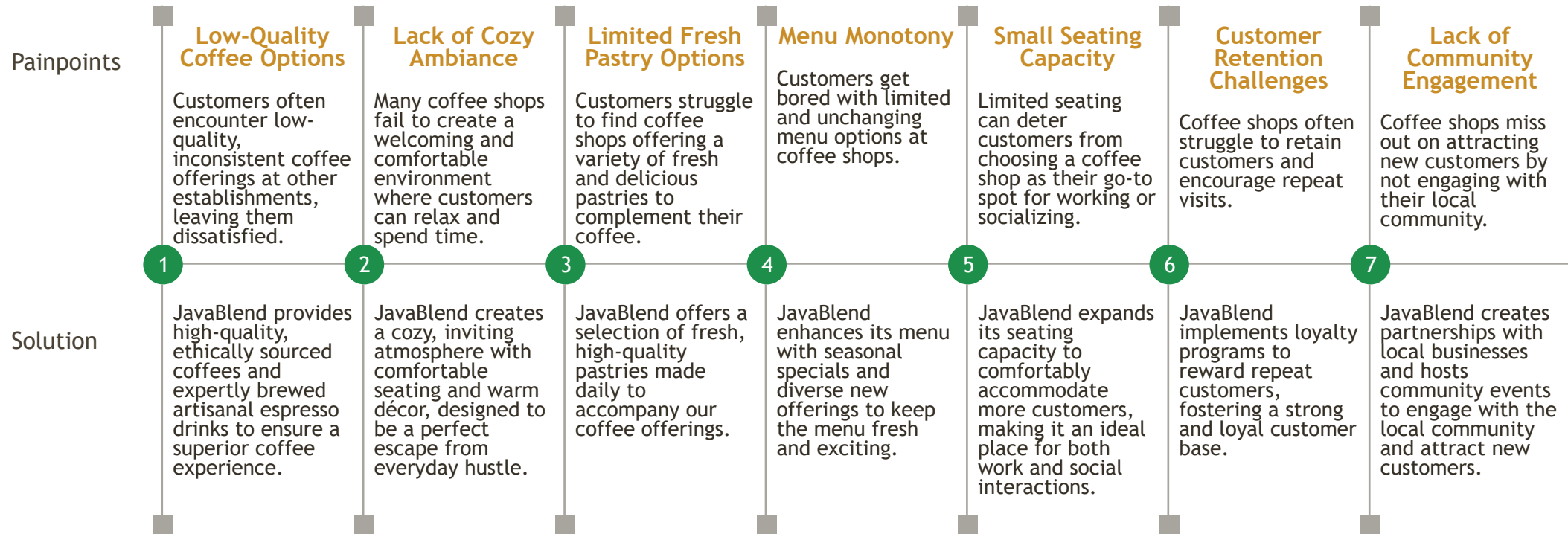


Target Groups

	Industries	Description
I	 Local Coffee Enthusiasts	People passionate about high-quality coffee and artisanal espresso drinks who seek out specialty coffee shops for their daily caffeine fix.
II	 Remote Workers and Students	Individuals looking for a cozy, welcoming environment with reliable WiFi to work or study away from home or campus.
III	 Community Groups and Meet-Ups	Local clubs, associations, and interest groups in need of a regular, comfortable meeting place to gather and socialize.
IV	 Brunch and Casual Dining Patrons	Customers who enjoy a laid-back brunch or light meal, including fresh pastries and seasonal menu items, in a relaxed setting.
V	 Eco-Conscious Consumers	Individuals who prefer to support businesses with sustainable practices and a strong commitment to environmental friendliness and community engagement.
VI	 Coffee Bean Connoisseurs	People interested in purchasing high-quality, ethically sourced coffee beans for home brewing, along with related merchandise and subscriptions.
VII	 Potential Franchisees	Entrepreneurs interested in opening their own JavaBlend locations and joining a growing brand known for exceptional coffee and community focus.




Solution from Phase I to Phase IV




Strategic Analysis: SWOT

Strength




High-quality, ethically sourced beans ensuring superior taste. Cozy, inviting atmosphere attracts a loyal customer base. Diverse menu with expertly brewed coffees and fresh pastries. Commitment to eco-friendly practices enhances brand image. Strong community focus supports local businesses and fosters customer relationships.

Weaknesses




Limited space may restrict customer volume during peak hours. Higher costs of ethically sourced products can impact profitability. Dependence on local suppliers may affect inventory consistency. Competition from larger coffee chains with extensive resources. Seasonal fluctuations can affect coffee shop traffic and sales.

Opportunities



Expanding menu to include a wider range of beverages and snacks. Leveraging social media for increased brand visibility and customer engagement. Collaborating with local artists and musicians for in-store events. Introducing loyalty programs to reward repeat customers. Exploring partnerships with local businesses for cross-promotional activities.

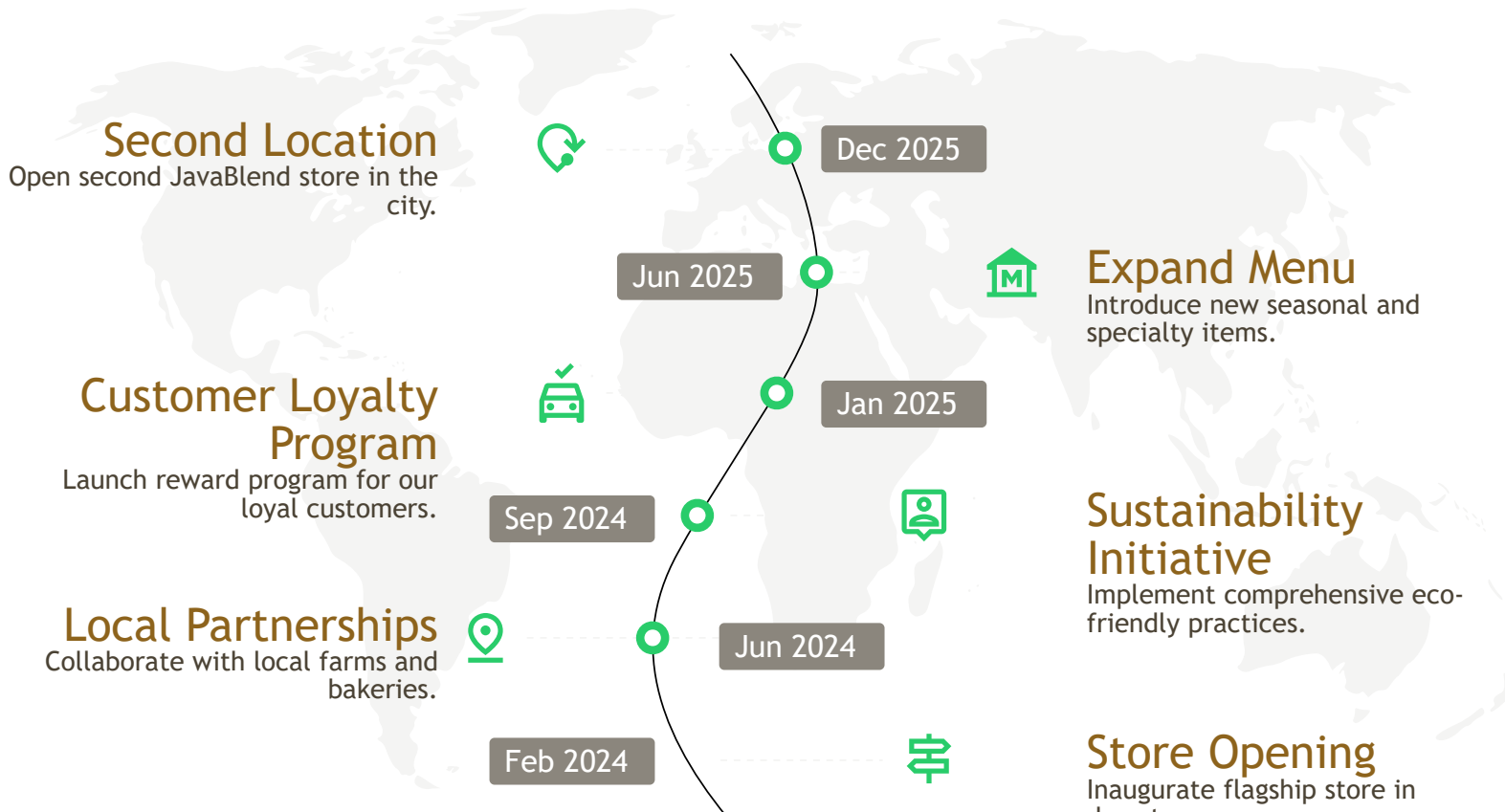
Threats



Economic downturns can reduce discretionary spending on premium coffee. Emergence of new competitors in the local market. Supply chain disruptions affecting the availability of high-quality beans. Changing consumer preferences towards home-brewed and convenience coffee options. Rising operational costs, including rent and wages, impacting profitability.



History & Roadmap



Current Status.

- JavaBlend's future development is planned in six stages detailed below:
- Feb 2024: Store Opening of flagship downtown shop.
 - Jun 2024: Local Partnerships with farms and bakeries.
 - Sep 2024: Sustainability Initiative for eco-friendly operations.
 - Jan 2025: Customer Loyalty Program to reward patrons.
 - Jun 2025: Expand Menu introducing new seasonal items.
 - Dec 2025: Second Location to open another store in the city.



Organizational and Marketing Tasks

#	Check List Item	Status	Priority	Area	ETA
General Planning and Organization					
1	Develop Business Plan	●	Not Started	High	CEO 2 weeks
2	Secure Initial Funding	●	Not Started	High	CFO 1 month
3	Obtain Necessary Permits and Licenses	●	Not Started	High	COO 1 month
4	Find and Lease Location	●	Not Started	High	CEO 2 months
5	Set Up Accounting System	●	Not Started	Medium	CFO 1 month
6	Design Store Layout	●	Not Started	Medium	COO 1 month
7	Hire Initial Staff	●	Not Started	High	COO 1 month
8	Create Supplier Relationships	●	Not Started	High	CPO 3 weeks
Marketing					
1	Create Brand Identity and Guidelines	●	Not Started	High	CMO 2 weeks
2	Launch Initial Advertising Campaign	●	Not Started	High	CRO 1 month
3	Establish Social Media Presence	●	Not Started	Medium	CMO 1 month
4	Develop Website with Online Order Capabilities	●	Not Started	High	CTO 2 months
5	Start Email Marketing Campaign	●	Not Started	Medium	CRO 1.5 months
6	Create Partnerships with Local Influencers	●	Not Started	Medium	CMO 2 months
7	Run Limited-Time Promotions for Grand Opening	●	Not Started	High	CRO 3 weeks
8	Leverage Community Events for Brand Exposure	●	Not Started	Medium	COO 2 months



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	Finalize Café Location Lease	●	Not Started	High	COO	2 months
3	Design Café Interior Layout	●	Not Started	Medium	CPO	3 months
4	Source High-Quality Coffee Beans and Ingredients	●	Not Started	High	CPO	2 months
5	Hire and Train Initial Staff	●	Not Started	High	COO	3 months
6	Set Up Initial Inventory Management System	●	Not Started	Medium	CTO	1 month
7	Establish Vendor Relationships for Fresh Pastries	●	Not Started	Medium	CBO	2 months
8	Obtain Necessary Permits and Licenses	●	Not Started	High	CSO	1 month
Phase 2						
1	Enhance Coffee Menu	●	Not Started	High	CPO	2 months
2	Introduce Seasonal Specials	●	Not Started	High	CMO	1 month
3	Expand Seating Capacity	●	Not Started	High	COO	3 months
4	Implement Loyalty Programs	●	Not Started	Medium	CRO	2 months
5	Customer Feedback Collection	●	Not Started	Medium	CSO	1 month
6	Partnership with Local Suppliers	●	Not Started	Medium	CBO	2 months
7	Upgrade Interior Decor	●	Not Started	Low	COO	4 months
8	Staff Training for New Offerings	●	Not Started	High	CTO	1 month



Overview of Phases

#	Check List Item	Status	Priority	Area	ETA	
Phase 3						
1	Launch branded merchandise line	●	Not Started	High	CMO	2 months
2	Develop coffee bean subscription service	●	Not Started	High	CPO	3 months
3	Host specialty coffee tasting events	●	Not Started	Medium	COO	4 months
4	Collaborate with local businesses for events	●	Not Started	Medium	CSO	5 months
5	Set up an online store for merchandise	●	Not Started	High	CIO	3 months
6	Create limited-edition seasonal products	●	Not Started	Medium	CPO	2 months
7	Implement loyalty programs for subscription services	●	Not Started	High	CRO	1 month
8	Design and distribute promotional materials for new services	●	Not Started	Low	CMO	6 months
Phase 4						
1	Evaluate Franchising Options	●	Not Started	High	CEO	6 months
2	Develop Smart Coffee Technology	●	Not Started	High	CTO	12 months
3	Research Boutique Coffee-Themed Guesthouses	●	Not Started	Medium	CSO	8 months
4	Create Franchise Business Model	●	Not Started	High	CFO	6 months
5	Form Strategic Partnerships for Technology Integration	●	Not Started	Medium	CIO	9 months
6	Market Analysis for New Locations	●	Not Started	Medium	CSO	7 months
7	Pilot Smart Coffee Machines	●	Not Started	High	COO	10 months
8	Develop Marketing Strategy for Smart Coffee Products	●	Not Started	High	CMO	5 months



Core Risks & Migration Strategies

1. Operation and maintenance risks

#	Risk Type	Area	Mitigation Strategy
1	Equipment Failure	COO	Schedule regular maintenance checks and establish relationships with reliable equipment suppliers for quick replacements.
2	Supply Chain Disruptions	CPO	Diversify suppliers and maintain an emergency inventory to manage supply shortages.
3	Staff Turnover	COO	Implement competitive compensation packages and invest in employee training and development programs.
4	Food Safety Incidents	CSO	Establish rigorous food safety protocols and conduct regular staff training sessions.
5	Inventory Management	CFO	Utilize inventory management software to monitor stock levels and minimize waste.

2. Regulatory and legal risks

#	Risk Type	Area	Mitigation Strategy
1	Health and Safety Compliance	COO	Implement a rigorous health and safety protocol and regularly train staff to ensure compliance with local and national regulations.
2	Food Safety Standards	COO	Adhere to strict food safety guidelines, conduct routine inspections, and provide ongoing employee training in food handling practices.
3	Licensing and Permits	CFO	Ensure all necessary licenses and permits are obtained and kept up to date by conducting regular reviews and audits.
4	Data Protection and Privacy	CIO	Implement robust data security measures and ensure compliance with data protection regulations, including regular audits and employee training.
5	Employment Law Compliance	CPO	Stay updated on employment laws and regulations, and conduct regular internal audits to ensure fair labor practices and compliance.



3. Strategic/Market Risk

#	Risk Type	Area	Mitigation Strategy
1	Market Saturation	CEO	Differentiate JavaBlend through unique customer experiences, sustainability practices, and superior product quality to stand out in a crowded market.
2	Changing Consumer Preferences	CPO	Regularly update menu offerings based on customer feedback and trend analysis, and introduce seasonal specials to keep the menu fresh and appealing.
3	Economic Downturn	CFO	Develop a financial contingency plan with cost-cutting measures and diversified revenue streams to maintain stability during economic downturns.
4	Competition from Large Chains	COO	Focus on personalized customer service and community engagement to build a loyal customer base that values the unique ambiance and local touch of JavaBlend.
5	Unsuccessful New Ventures	CSO	Conduct thorough market research and pilot testing before committing to high-risk ventures, ensuring alignment with JavaBlend's brand values and customer expectations.

4. Finance risk

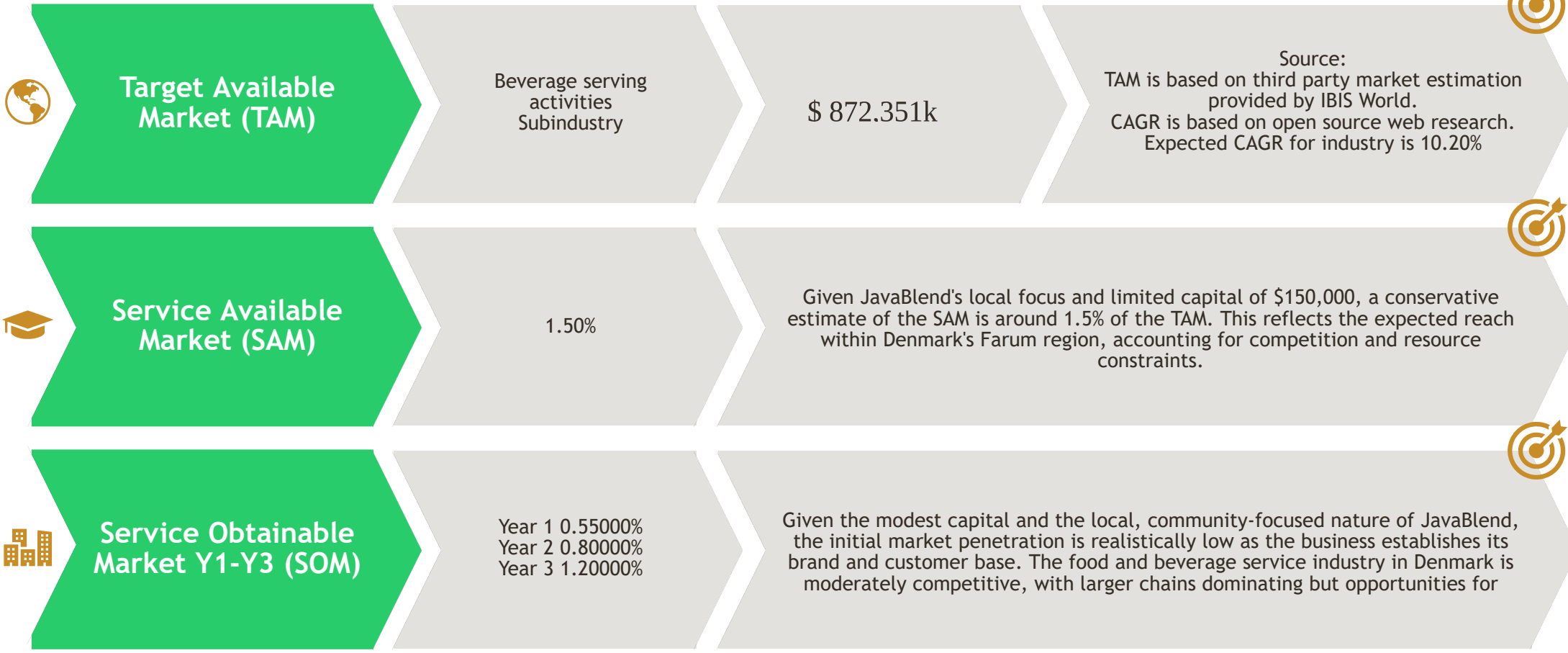
#	Risk Type	Area	Mitigation Strategy
1	Cash Flow Constraints	CFO	Implement strict cash flow management policies and create a contingency fund for unexpected shortfalls.
2	High Operational Costs	COO	Regularly review and optimize operational processes to reduce waste, negotiate better terms with suppliers, and implement energy-efficient practices.
3	Debt Management	CFO	Develop a clear debt repayment strategy and maintain open communication with lenders to avoid defaulting on obligations.
4	Revenue Volatility	CRO	Diversify revenue streams to reduce dependence on a single source, such as through merchandising and event hosting.
5	Capital Acquisition	CEO	Build strong relationships with investors and look for diversified funding sources, including venture capital, grants, and strategic partnerships.

5. Other general risk

#	Risk Type	Area	Mitigation Strategy
1	Customer Preference Shifts	CPO	Regularly gather customer feedback, monitor industry trends, and quickly adapt the menu and offerings to meet evolving preferences.
2	Brand Reputation Damage	CMO	Implement a robust PR strategy, closely monitor customer reviews and social media, and promptly address any negative feedback or issues.
3	Supply Chain Disruptions	COO	Establish relationships with multiple suppliers, maintain an inventory buffer, and develop contingency plans for any potential disruptions.
4	Competitive Pressures	CSO	Continuously analyze market competition, focus on unique value propositions, and enhance customer loyalty programs to differentiate from competitors.
5	Economic Downturns	CFO	Implement cost control measures, diversify revenue streams, and establish financial reserves to sustain operations during economic instability.



Market Overview (TAM, SAM and SOM)

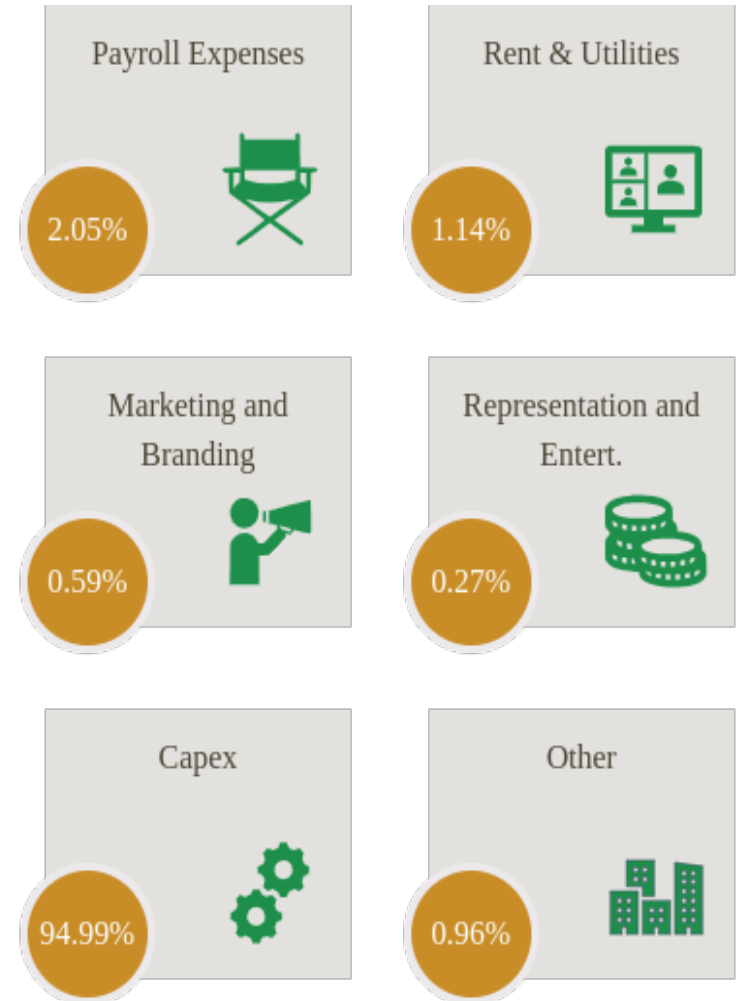


Funding Allocation

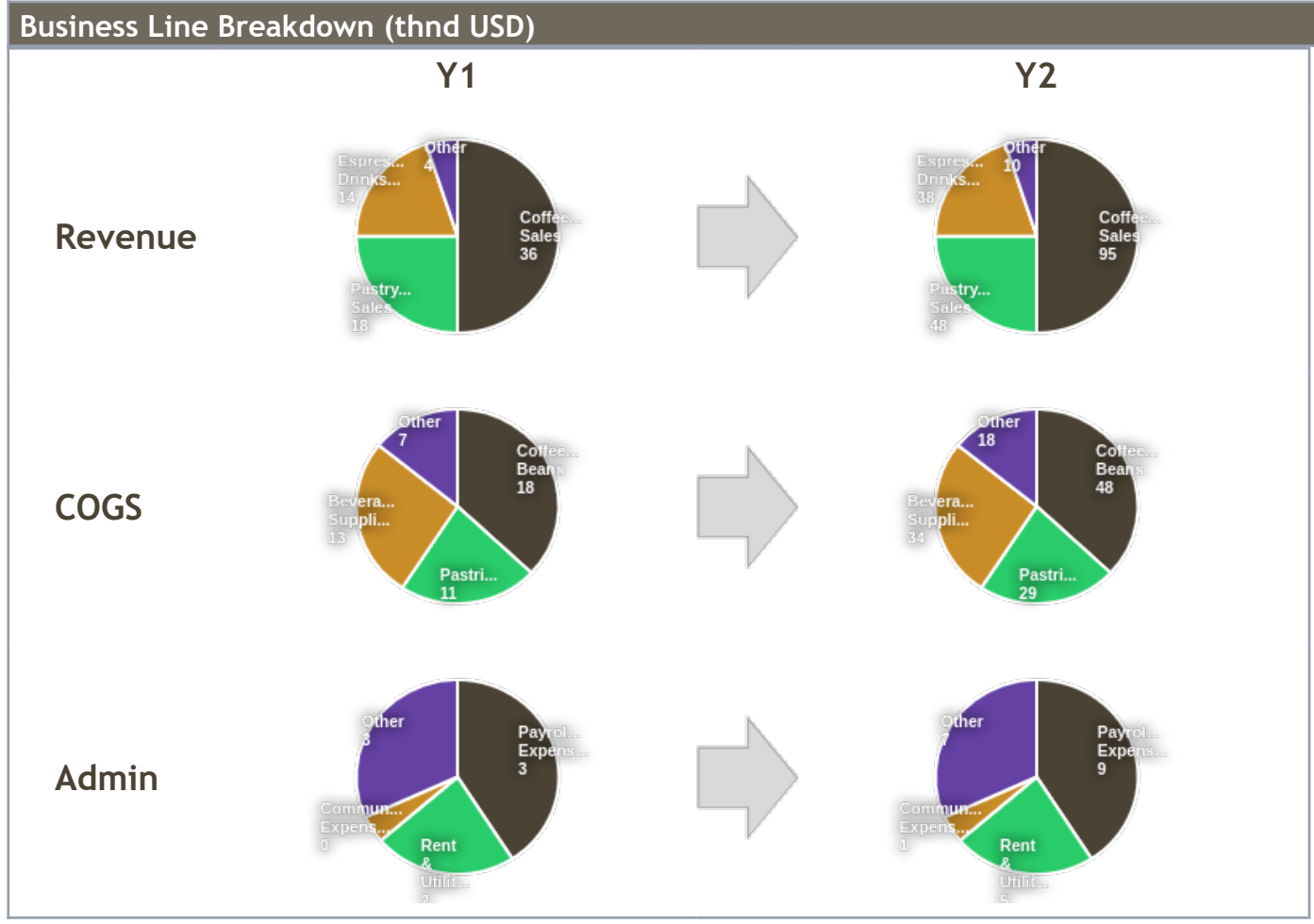
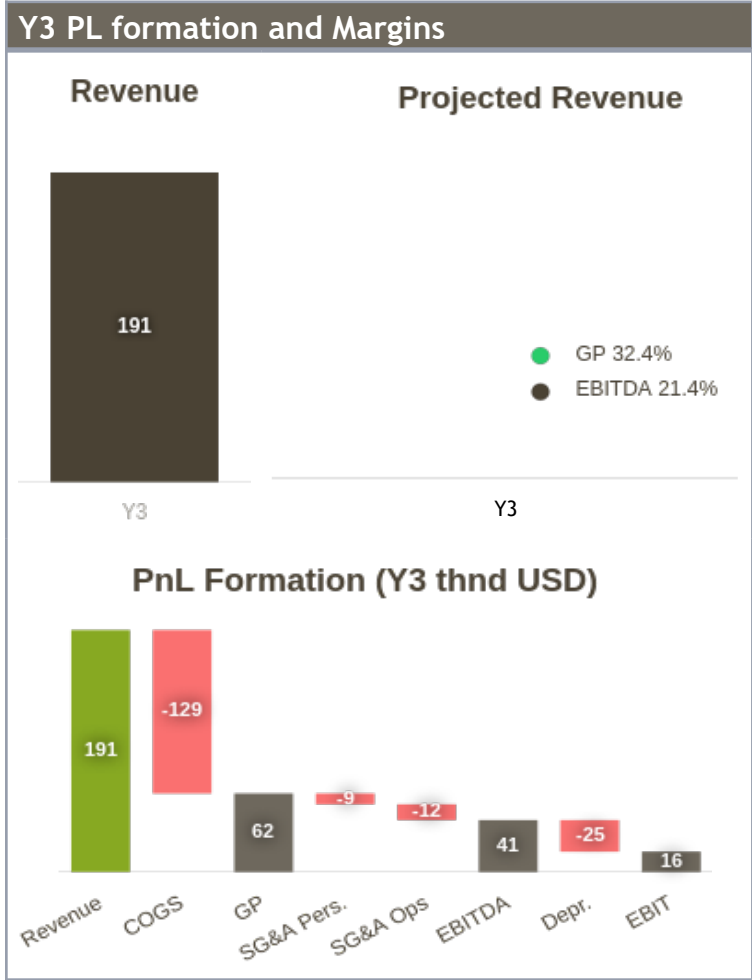
The funding will be used to finance the CAPEX and cash deficit from Year 1 operations, aiming to expedite the development process. In subsequent years the company plans to sustain operations without requiring major additional capital injection. Table below presents the overview of expected inflows and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

The total investment required is \$ 150k

Y1 Cash Flow Stream(thnd USD)	Inflows	Outflows
Gross Profit	23	
Payroll Expenses		3
Rent & Utilities		2
Marketing and Branding		1
Representation and Entert.		0
Capex		150
Communication Expenses		0
Training and Development		0
Legal and Professional Fees		0
Other Miscellaneous		0
Office supplies		0
CAPEX & WC shortage Y1		135
Buffer		15
Total Required Investment(thnd USD)		150



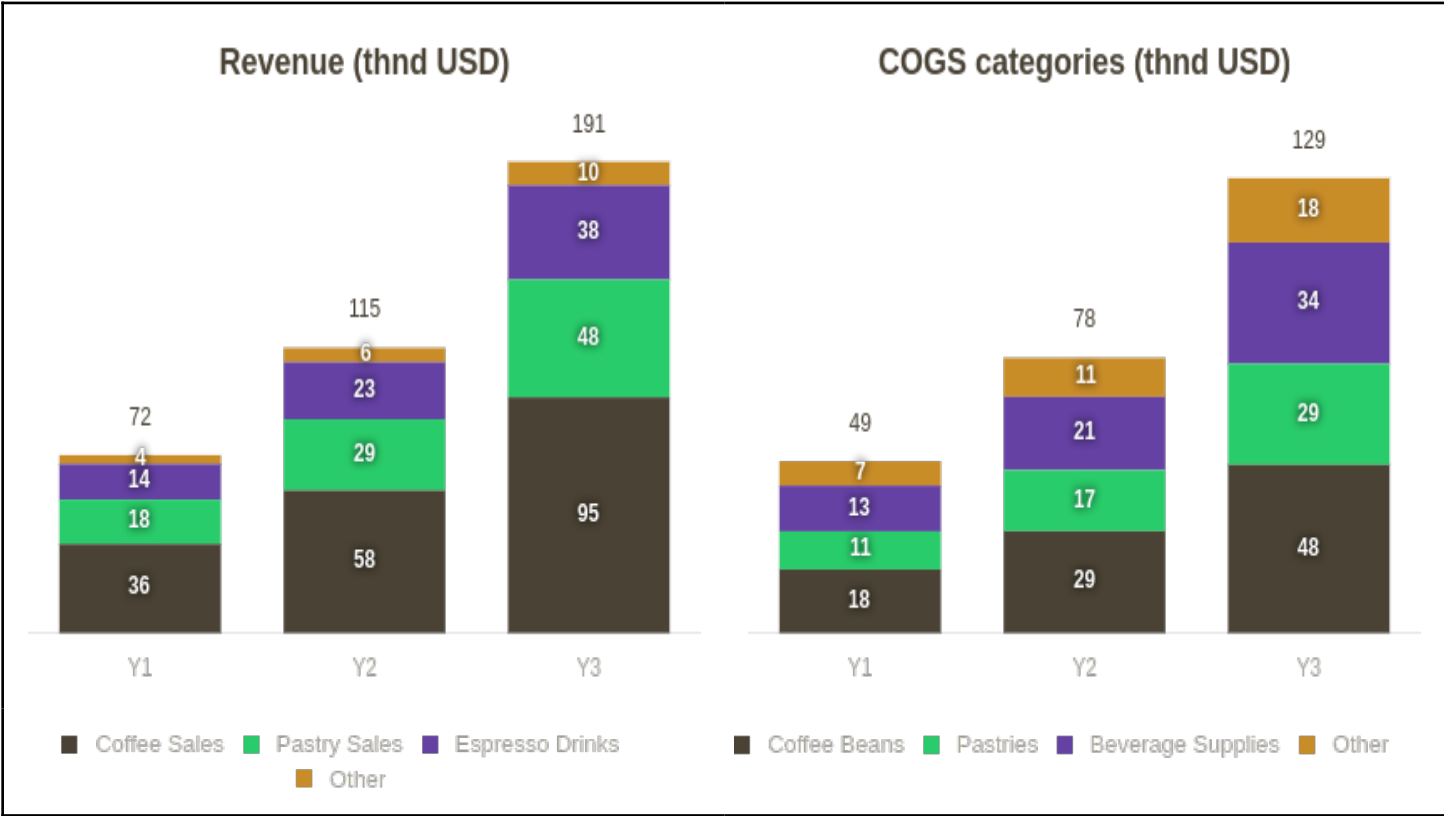
Financials Dashboard



Revenue Formation Narrative

JavaBlend is positioned in the thriving Beverage serving activities industry, aptly falling under the Food and beverage service activities group within the broader Accommodation and food service activities sector. With a focus on high-quality, ethically sourced coffees and fresh pastries in a warm, community-centric environment, JavaBlend aims to capture a percentage of the sizable Total Addressable Market (TAM) of 872,350.809k USD . Given the inherent constraints of limited capital and regional operation within Denmark's Farum area, the Serviceable Addressable Market (SAM) has been modestly estimated at 1.5% of the TAM. This results from a strategic consideration of competitive landscape, operating scope, and resource limitations, totaling an initial SAM narrative of approximately 13,085.262k USD . Reflecting on JavaBlend's Serviceable Obtainable Market (SOM) for the initial three years, the first-year market penetration is projected at a conservatively low 0.55%, aligning with the foundational stages of establishing brand presence and customer base, yielding 71.969k USD in revenue. As brand recognition and customer loyalty become more established, the SOM is projected to grow to 0.80% in the second year with a forecasted revenue of 115.36k USD and to 1.20% by the third year, generating 190.69k USD in revenue. These growth projections underscore the incremental yet promising uptake in a moderately competitive space. JavaBlend's revenue streams are diversified across four main lines of business, with Coffee Sales contributing 50.00% of the total revenue, followed by Pastry Sales at 25.00%, Espresso Drinks at 20.00%, and other miscellaneous products and services comprising the remaining 5.00%. This balanced distribution ensures a varied appeal and multiple growth avenues for the business.

\$ 191k Y3 Projected Revenue **0.83%** Market share



Revenue Calculation Details

Revenue Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Coffee Sales	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Pastry Sales	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Espresso Drinks	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 %

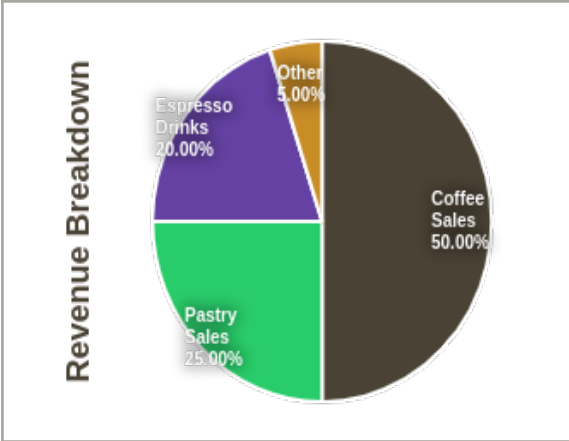
Coffee Sales	2	2	2	3	3	3	3	3	3	4	4	4	36	58	95
Pastry Sales	1	1	1	1	1	1	2	2	2	2	2	2	18	29	48
Espresso Drinks	1	1	1	1	1	1	1	1	1	1	1	1	14	23	38
Other	0	0	0	0	0	0	0	0	0	0	0	0	4	6	10
Total Revenue (thnd USD)	4	4	4	5	5	5	7	7	7	7	7	7	72	115	191

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

Main revenue driver are:

- Coffee Sales which generates \$ 95k by Year 3
- Pastry Sales which generates \$ 48k by Year 3

Expected CAGR for total Revenue in Y1-Y3 is 62.78 %



COGS Calculation Details

COGS Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Coffee Beans	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%
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%
Beverage Supplies	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%
Other	9.57%	9.57%	9.57%	9.57%	9.57%	9.57%	9.57%	9.57%	9.57%	9.57%	9.57%	9.57%	9.57%	9.57%	9.57%

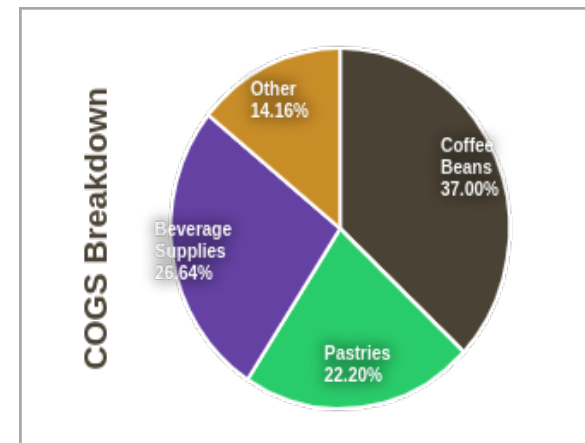
Coffee Beans	1	1	1	1	1	1	2	2	2	2	2	2	18	29	48
Pastries	1	1	1	1	1	1	1	1	1	1	1	1	11	17	29
Beverage Supplies	1	1	1	1	1	1	1	1	1	1	1	1	13	21	34
Other	0	0	0	1	1	1	1	1	1	1	1	1	7	11	18
Total COGS (thnd USD)	3	3	3	4	4	4	4	4	4	5	5	5	49	78	129

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

Main revenue driver are:

- Coffee Beans which generates \$ 48k by Year 3
- Beverage Supplies which generates \$ 34k by Year 3

Expected CAGR for total COGS in Y1-Y3 is 62.78 %



SG&A Calculation Details

OPEX Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Payroll Expenses	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Rent & Utilities	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Communication Expenses	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Office supplies	0.30%	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	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Marketing and Branding	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Representation and Entertainment	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Training and Development	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Other Miscellaneous	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%

Payroll Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	3	5	9
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	0	1	1
Office supplies	0	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	1
Marketing and Branding	0	0	0	0	0	0	0	0	0	0	0	0	0	1	2	2
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	0	1	1
Other Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Total SG&A (thnd USD)	0	0	0	1	1	1	1	1	1	1	1	1	1	8	13	21



PaT Expectations

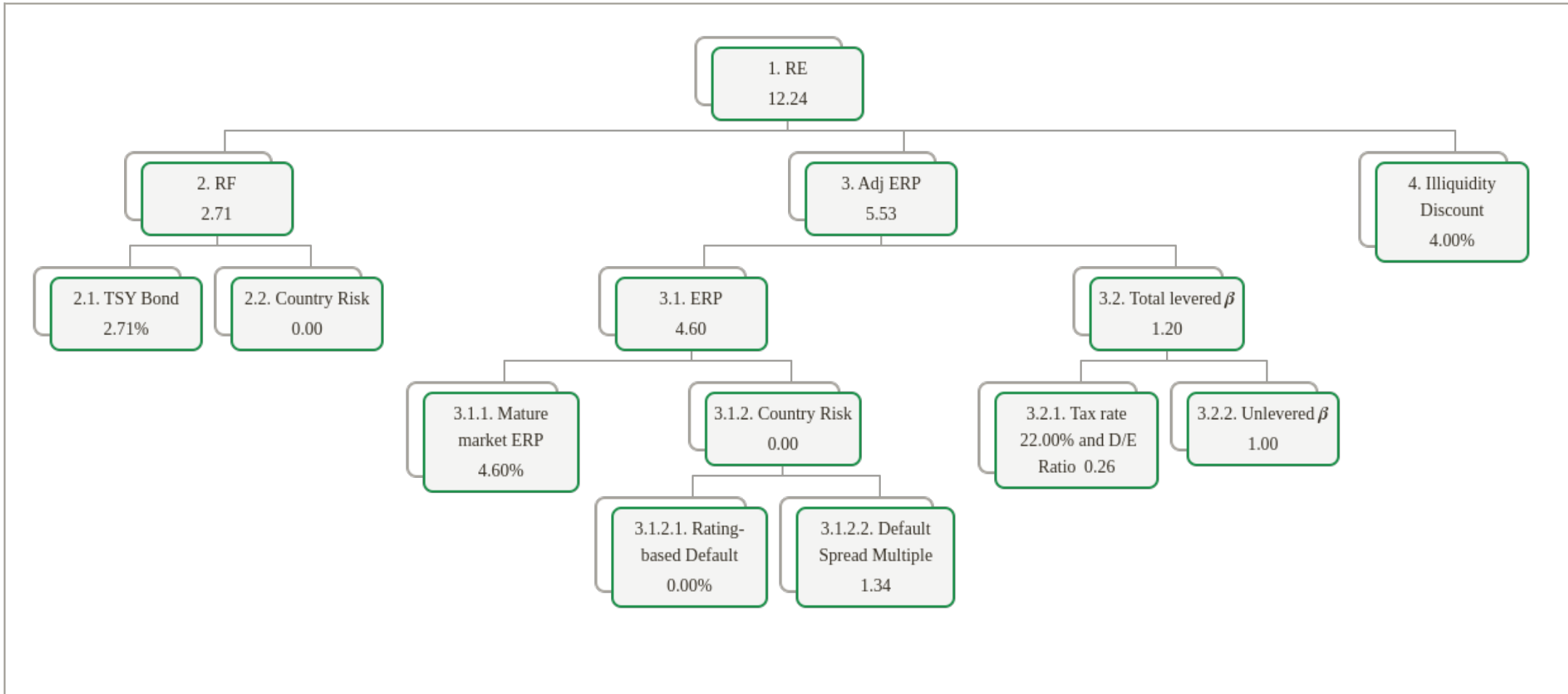
1 2 3 4 5 6 7

Financial Projection

Income Statement (thnd USD)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Revenue	4	4	4	5	5	5	7	7	7	7	7	7	72	115	191
Coffee Sales	2	2	2	3	3	3	3	3	3	4	4	4	36	58	95
Pastry Sales	1	1	1	1	1	1	2	2	2	2	2	2	18	29	48
Espresso Drinks	1	1	1	1	1	1	1	1	1	1	1	1	14	23	38
Other	0	0	0	0	0	0	0	0	0	0	0	0	4	6	10
COGS	-3	-3	-3	-4	-4	-4	-4	-4	-4	-5	-5	-5	-49	-78	-129
Coffee Beans	-1	-1	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2	-18	-29	-48
Pastries	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-11	-17	-29
Beverage Supplies	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-13	-21	-34
Other	-0	-0	-0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-7	-11	-18
Gross Profit	1	1	1	2	2	2	2	2	2	2	2	2	23	37	62
SG&A Personal Expenses	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-3	-5	-9
SG&A Operating Expenses	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-5	-7	-12
EBITDA	1	1	1	1	1	1	1	1	1	2	2	2	15	25	41
Depreciation	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-25	-25	-25
EBIT	-1	-1	-1	-1	-1	-1	-1	-1	-1	-0	-0	-0	-10	-0	16
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	-1	-1	-1	-10	-1	15
Tax	0	0	0	0	0	0	0	0	0	0	0	0	2	0	-3
Profit after Tax (thnd USD)	-1	-1	-1	-1	-1	-1	-1	-1	-1	-0	-0	-0	-8	-1	12



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	-8	-1	12	13	14	16	17
	Growth% Y4-Y7				10.20%	10.20%	10.20%	10.20%
	Growth% Y7 -->	3.50%						
	WACC	12.24%						
	PV Y1-Y7 at Y0	-7	-1	8	8	8	8	8
	PV Y7 --> Y0	91						
	NPV (thnd USD)	124						

Average Survival Rate for 3 Years 50%

Final Valuation \$ 62k

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 12.24 % 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



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