

# Business Plan & Valuation Presentation



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# OUR VISION & MISSION

## Our Mission

SolidBuild's mission is to enhance the built environment by delivering superior construction services that combine quality, reliability, and efficiency. By offering comprehensive project management, design-build solutions, and general contracting, we aim to exceed client expectations through transparent communication, meticulous attention to detail, and unwavering commitment to safety and craftsmanship. We strive to transform our clients' visions into durable, functional spaces that stand the test of time, ensuring every project is completed on time and within budget, ultimately contributing to the development of robust and resilient communities.

## Our Vision

SolidBuild envisions a future where we set the benchmark for excellence in the construction industry. Our goal is to be the most trusted and innovative provider of building solutions, known for our unwavering commitment to quality, safety, and client satisfaction. In twenty years, we aspire to have contributed to transforming landscapes and communities through sustainable and forward-thinking construction practices. We aim to be at the forefront of the industry, driving advancements and offering unparalleled value to our clients, while creating spaces that not only meet but exceed the evolving needs of society.



# Summary Financials Dashboard

Key performance indicators  
(Base Scenario Y3)

**\$ 4.040k**

Revenue

**\$ 566k**

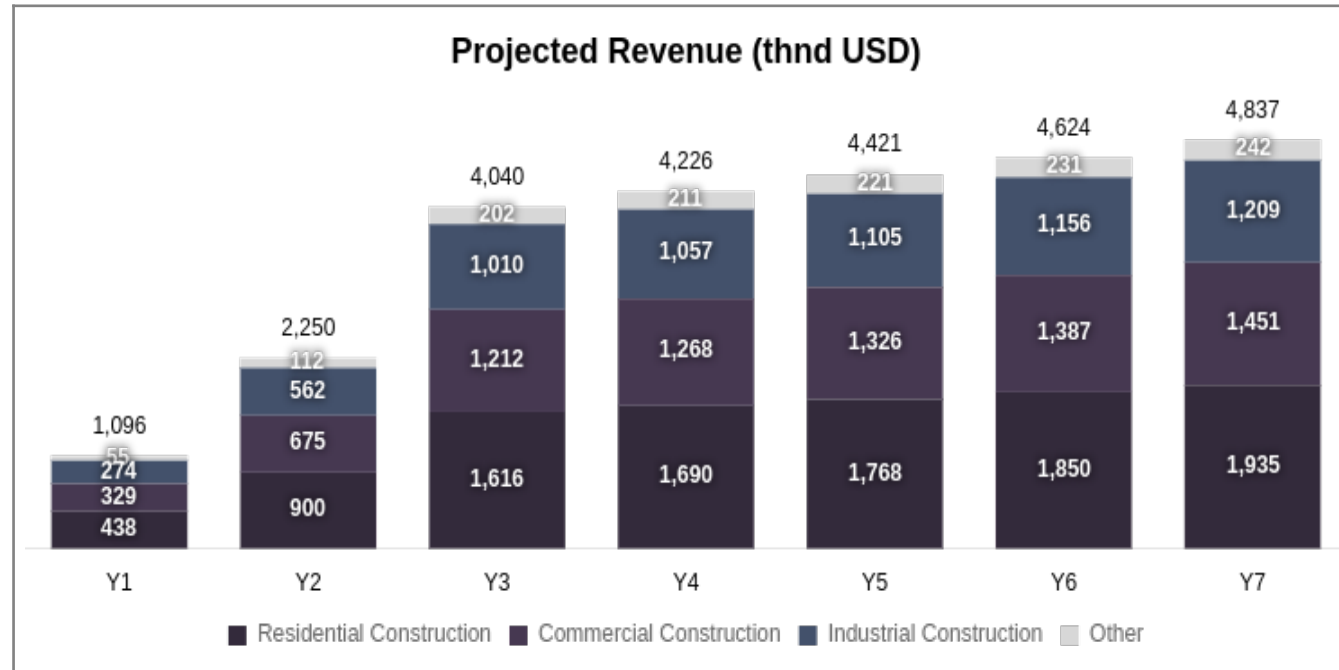
Gross Profit

**\$ 222k**

EBITDA

**0.32%**

Target Market Share

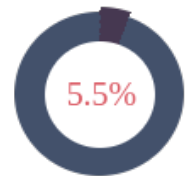


Margins  
(Stabilized by Y3)

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.



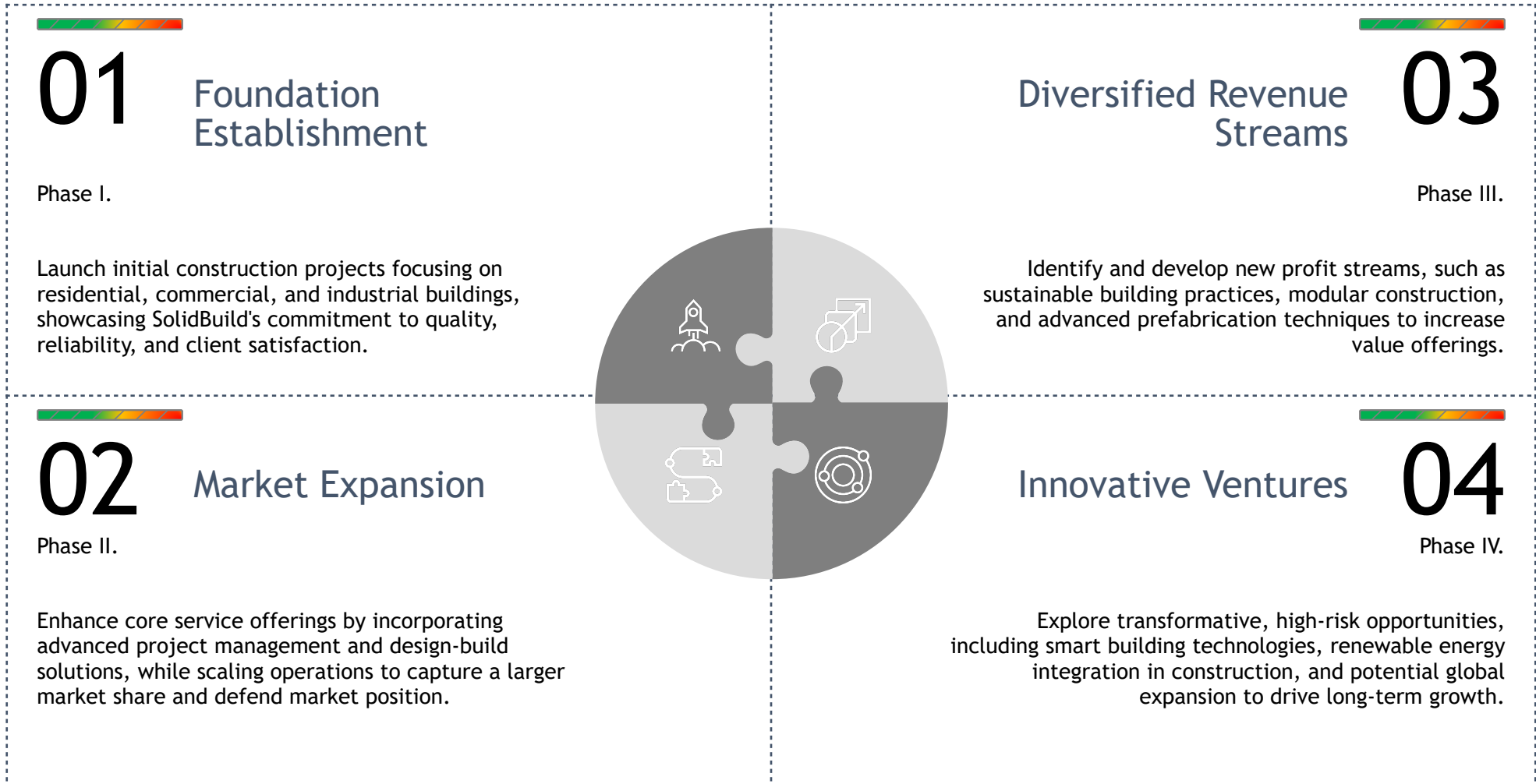
# About the Company: General Overview



SolidBuild is a leading construction firm specializing in delivering high-quality, reliable building solutions for residential, commercial, and industrial projects. The company operates within the Construction sector, focusing on the Construction of buildings (consolidated) industries. Their team of experienced professionals is dedicated to providing comprehensive construction services, including project management, design-build solutions, and general contracting, all with a focus on excellence and efficiency. At SolidBuild, client satisfaction is a top priority, achieved through transparent communication, meticulous attention to detail, and adherence to the highest standards of safety and craftsmanship. Their commitment to timely and budget-conscious delivery ensures that SolidBuild consistently transforms visions into durable, functional spaces that stand the test of time.



# The Main Phases: Projects & Impacts



# Product Impact on Core Stakeholders

Main Stakeholder	Product Benefits
<b>Clients</b>	<ol style="list-style-type: none"> <li>1. Enhanced satisfaction through transparent communication and meticulous attention to detail.</li> <li>2. High-quality and reliable construction projects delivered on-time and within budget.</li> <li>3. Functional and durable spaces that meet or exceed expectations.</li> </ol>
<b>Employees</b>	<ol style="list-style-type: none"> <li>1. Career growth opportunities through involvement in diverse and innovative construction projects.</li> <li>2. A safe, collaborative, and supportive work environment that prioritizes employee well-being.</li> <li>3. Skills development through continuous training and exposure to advanced construction techniques.</li> </ol>
<b>Suppliers</b>	<ol style="list-style-type: none"> <li>1. Long-term, mutually beneficial business relationships strengthened by consistent project needs.</li> <li>2. Opportunities for collaboration on innovative and high-quality construction materials and techniques.</li> <li>3. Regular and reliable demand for materials and services, supporting steady business growth.</li> </ol>
<b>Local Communities</b>	<ol style="list-style-type: none"> <li>1. Creation of employment opportunities during various phases of development.</li> <li>2. Contribution to local economic growth through active participation in construction projects.</li> <li>3. Development of sustainable and aesthetically pleasing buildings that enhance the community.</li> </ol>
<b>Investors</b>	<ol style="list-style-type: none"> <li>1. Potential for high returns through strategic project execution and innovative ventures.</li> <li>2. Diversified revenue streams that reduce risk and enhance financial stability.</li> <li>3. Sustained value growth through commitment to quality, reliability, and market expansion.</li> </ol>
<b>Environmental Groups</b>	<ol style="list-style-type: none"> <li>1. Promotion of sustainable building practices that reduce ecological footprints.</li> <li>2. Increased focus on renewable energy integration within construction projects.</li> <li>3. Contribution to environmental preservation through advanced prefabrication and modular techniques.</li> </ol>
<b>Government and Regulatory Bodies</b>	<ol style="list-style-type: none"> <li>1. Compliance with safety and building regulations, ensuring high standards are maintained.</li> <li>2. Increased tax revenues and economic activity from successful construction projects.</li> <li>3. Collaboration on initiatives that support urban development and infrastructure improvement.</li> </ol>



# Key Performance Components

## Competitive Advantage

### Experienced Professionals

SolidBuild's team of seasoned experts ensures comprehensive construction services with a focus on excellence, efficiency, and client satisfaction.

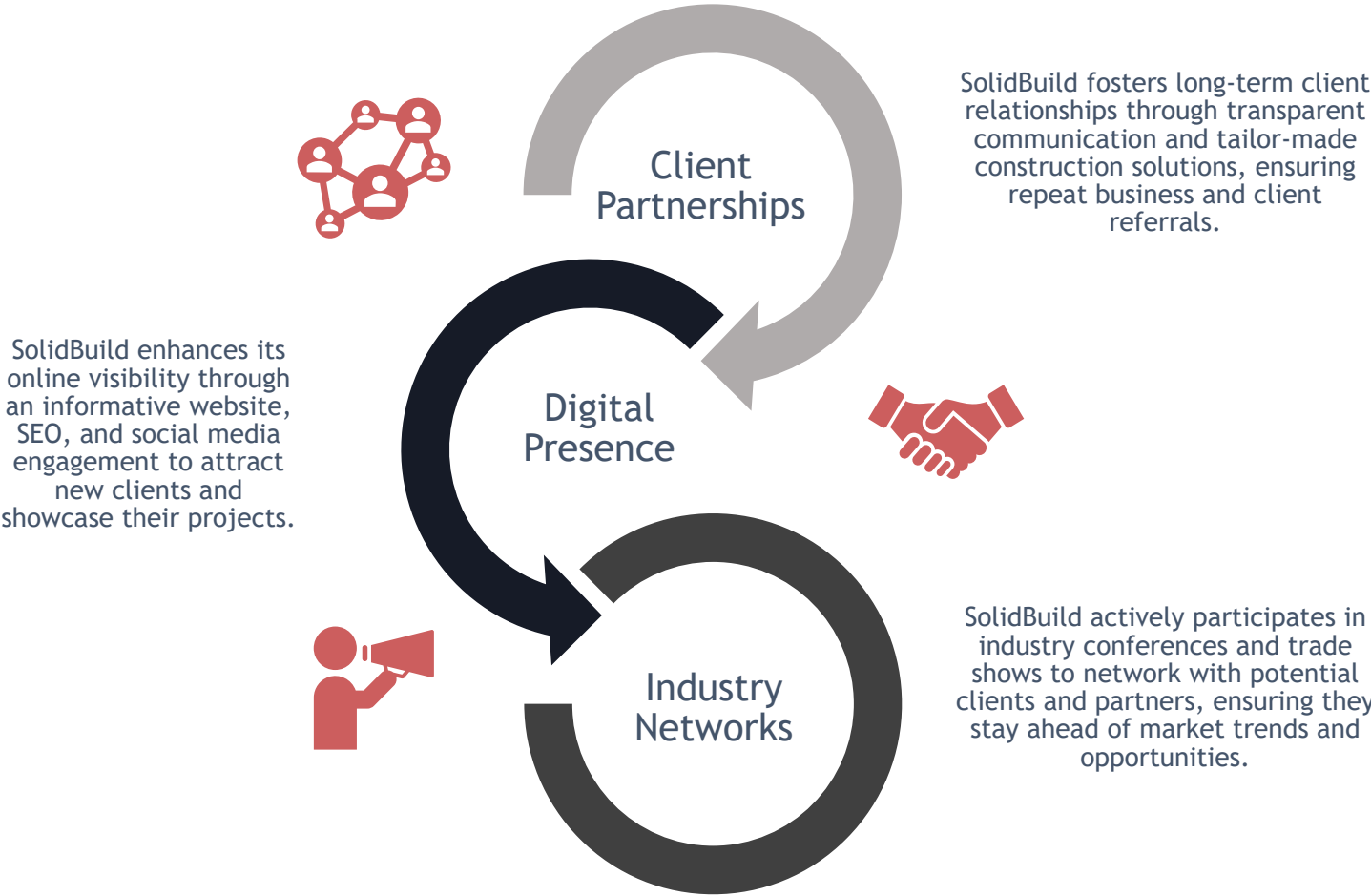
### Quality & Safety

SolidBuild prioritizes meticulous attention to detail and adherence to the highest standards of safety and craftsmanship in all projects.

### Timely & Budget








SolidBuild is committed to delivering projects on-time and within budget, transforming visions into durable, functional spaces that stand the test of time.

## Marketing and Growth Strategy



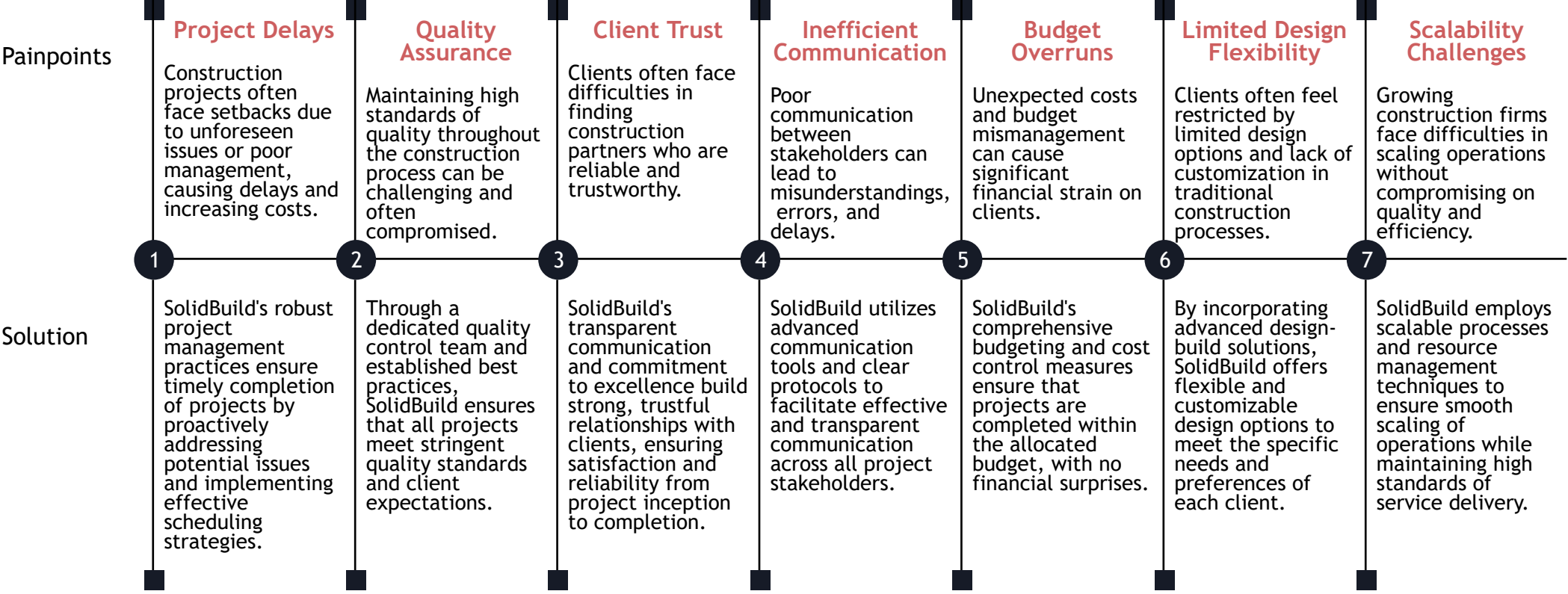


# Target Groups

Industries		Description
I	 Residential Homeowners	Individuals and families seeking to build or renovate homes with SolidBuild's high-quality construction services and commitment to client satisfaction.
II	 Commercial Developers	Businesses and investors looking for reliable partners to execute commercial properties, ensuring timely and budget-conscious project delivery.
III	 Industrial Companies	Organizations in need of durable and efficient industrial buildings, benefiting from SolidBuild's expertise in industrial construction.
IV	 Architects and Designers	Professionals seeking collaborative partnerships to bring innovative design-build solutions to life with SolidBuild's construction expertise.
V	 Real Estate Investors	Investors aiming to develop profitable real estate projects and seeking a construction partner that ensures high returns through quality and efficiency.
VI	 Government and Public Sector	Municipalities and public institutions requiring reliable construction services for public infrastructure and community projects.
VII	 Sustainable Building Advocates	Clients focused on environmentally-friendly construction, interested in SolidBuild's sustainable building practices and advanced prefabrication techniques.



## Solution from Phase I to Phase IV




# Strategic Analysis: SWOT

**Strength**



Established reputation in the construction industry for high-quality, reliable building solutions. Experienced and skilled professional team. Comprehensive range of construction services including project management and design-build solutions. Commitment to client satisfaction through transparent communication and meticulous attention to detail. Adherence to high safety and craftsmanship standards.

**Weaknesses**




High dependency on local market conditions. Significant reliance on skilled labor availability. Potential for high operational costs. Liabilities associated with stringent safety regulations. Complex coordination among various project stakeholders.

**Opportunities**



Expanding into new geographic markets. Introducing eco-friendly and sustainable building practices. Leveraging technology for innovative construction solutions. Forming strategic partnerships for large-scale projects. Growing demand for residential and commercial construction post-pandemic.

**Threats**



Economic downturns affecting construction budgets. Intense competition within the construction sector. Potential delays due to supply chain disruptions. Stringent regulatory requirements. Unforeseen project risks and liabilities.



# History & Roadmap



# Organizational and Marketing Tasks

#	Check List Item	Status	Priority	Area	ETA
<b>General Planning and Organization</b>					
1	Finalize Business Plan	●	Not Started	High	CEO 2 weeks
2	Incorporate the Company	●	Not Started	High	CFO 1 month
3	Develop Organizational Structure	●	Not Started	High	COO 3 weeks
4	Create Financial Projections	●	Not Started	High	CFO 1 month
5	Set Up Office Space	●	Not Started	Medium	COO 2 months
6	Establish Legal Compliance	●	Not Started	High	CSO 1.5 months
7	Secure Initial Funding	●	Not Started	High	CBO 2 months
8	Identify Key Partnerships	●	Not Started	Medium	CRO 2.5 months
<b>Marketing</b>					
1	Develop Comprehensive Marketing Strategy	●	Not Started	High	CMO 2 months
2	Redesign Company Website	●	Not Started	High	CMO 3 months
3	Establish Social Media Presence	●	Not Started	Medium	CMO 1 month
4	Create SEO and SEM Campaigns	●	Not Started	High	CMO 2 months
5	Develop Client Testimonial Programs	●	Not Started	Medium	CMO 3 months
6	Initiate Content Marketing Efforts	●	Not Started	Medium	CMO 2 months
7	Launch Paid Advertising Campaigns	●	Not Started	High	CRO 1 month
8	Form Strategic Partnerships for Market Penetration	●	Not Started	High	COO 4 months



# Overview of Phases

#	Check List Item	Status	Priority	Area	ETA	
<b>Phase 1 &amp; Technical Set Up for next Phases</b>						
1	Secure initial funding and capital	●	Not Started	High	CFO	2 months
2	Establish construction site locations	●	Not Started	High	COO	3 months
3	Hire key project management staff	●	Not Started	High	COO	2 months
4	Obtain necessary permits and licenses	●	Not Started	High	COO	4 months
5	Formulate initial project plans and timelines	●	Not Started	High	CPO	1 month
6	Develop vendor and supplier relationships	●	Not Started	Medium	COO	3 months
7	Implement project management software	●	Not Started	Medium	CTO	2 months
8	Launch initial marketing campaign to attract clients	●	Not Started	High	CMO	3 months
<b>Phase 2</b>						
1	Integrate advanced project management software	●	Not Started	High	CTO	2 months
2	Hire additional skilled project managers	●	Not Started	High	COO	3 months
3	Develop marketing strategy for new service offerings	●	Not Started	Medium	CMO	1 month
4	Expand design-build team	●	Not Started	High	COO	4 months
5	Establish partnerships with innovative design firms	●	Not Started	Medium	CBO	2 months
6	Upgrade project tracking and analytics tools	●	Not Started	Medium	CIO	3 months
7	Launch targeted digital marketing campaigns	●	Not Started	High	CMO	1 month
8	Initiate training programs for new technologies	●	Not Started	High	CSO	2 months



# Overview of Phases

#	Check List Item	Status	Priority	Area	ETA	
<b>Phase 3</b>						
1	Develop sustainable building practices strategy	●	Not Started	High	CSO	3 months
2	Pilot modular construction projects	●	Not Started	High	COO	6 months
3	Implement advanced prefabrication techniques	●	Not Started	Medium	CTO	4 months
4	Form strategic partnerships with sustainable suppliers	●	Not Started	High	CPO	2 months
5	Conduct market research for new revenue streams	●	Not Started	Medium	CRO	3 months
6	Launch marketing campaign for sustainable practices	●	Not Started	Low	CMO	3 months
7	Train staff on modular and prefabrication techniques	●	Not Started	Medium	COO	4 months
8	Establish a dedicated team for sustainability initiatives	●	Not Started	High	CEO	1 month
<b>Phase 4</b>						
1	Research smart building technologies	●	Not Started	High	CTO	3 months
2	Form partnerships with renewable energy providers	●	Not Started	High	COO	4 months
3	Develop a global expansion strategy	●	Not Started	High	CFO	6 months
4	Pilot smart building projects	●	Not Started	Medium	CIO	8 months
5	Integrate renewable energy in construction projects	●	Not Started	High	CPO	5 months
6	Explore funding sources for innovative ventures	●	Not Started	Medium	CFO	4 months
7	Establish R&D team for emerging technologies	●	Not Started	High	CTO	3 months
8	Analyze market demand for smart building and renewable energy solutions	●	Not Started	Medium	COO	2 months



# Core Risks & Migration Strategies

## 1. Operation and maintenance risks

#	Risk Type	Area	Mitigation Strategy
1	Supply Chain Disruptions	COO	Develop diversified supplier relationships and establish contingency plans to ensure continuous material availability.
2	Labor Shortages	CPO	Implement workforce development programs and competitive compensation packages to attract and retain skilled labor.
3	Equipment Failures	CTO	Invest in regular maintenance schedules and modern equipment to reduce the risk of unexpected breakdowns.
4	Safety Incidents	CSO	Enforce stringent safety protocols and conduct regular training sessions to ensure a safe working environment.
5	Project Delays	COO	Adopt advanced project management tools to monitor timelines and proactively address potential bottlenecks.

## 2. Regulatory and legal risks

#	Risk Type	Area	Mitigation Strategy
1	Building Code Compliance	COO	Implement a rigorous review process ensuring all projects meet local, state, and national building codes.
2	Environmental Regulations	CSO	Develop and adhere to eco-friendly construction practices and obtain necessary environmental permits regularly.
3	Permitting Delays	CPO	Establish close relationships with local regulatory bodies and maintain detailed documentation to expedite permitting processes.
4	Worker Safety Compliance	COO	Enforce strict safety protocols and conduct regular training programs to ensure compliance with OSHA and other safety regulations.
5	Labor Law Violations	CHRO	Implement comprehensive HR policies and continuously educate management on labor laws to ensure compliance with employment regulations.

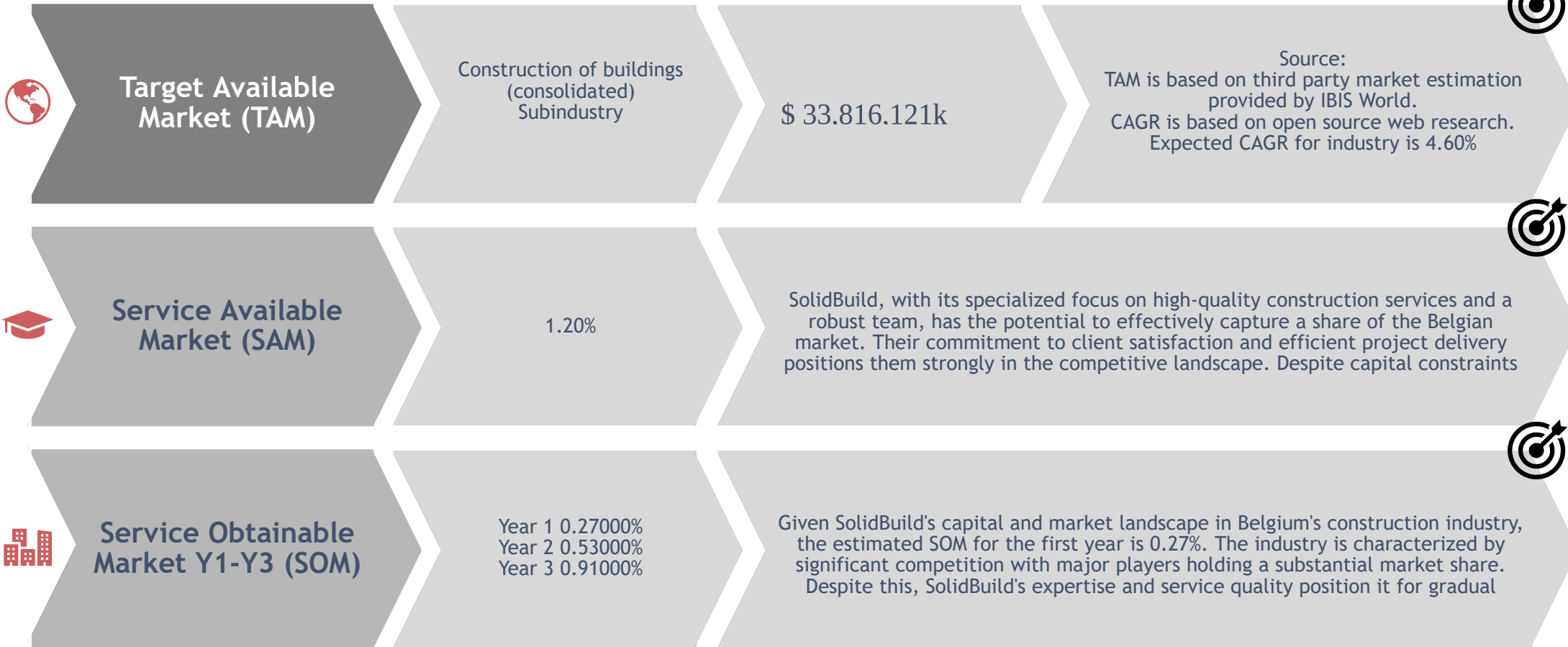




3. Strategic/Market Risk			
#	Risk Type	Area	Mitigation Strategy
1	Market Competition	CBO	Conduct extensive market research and develop unique value propositions that differentiate SolidBuild from competitors.
2	Economic Downturn	CFO	Establish a financial reserve fund and diversify revenue streams to cushion the impact of economic fluctuations.
3	Client Demand Shifts	CMO	Regularly analyze market trends and client feedback to proactively adapt service offerings to meet evolving demands.
4	Technological Advancements	CTO	Invest in R&D and continuous training for staff to stay ahead of emerging construction technologies and innovations.
5	Supply Chain Disruptions	COO	Develop strong relationships with multiple suppliers and maintain an inventory buffer to mitigate potential supply chain issues.
4. Finance risk			
#	Risk Type	Area	Mitigation Strategy
1	Cash Flow Management	CFO	Implement stringent cash flow monitoring and forecasting to ensure liquidity and financial stability during all phases of development.
2	Project Cost Overruns	COO	Establish robust cost estimation and control processes, along with regular budget reviews to identify and address potential overruns early.
3	Debt Financing Risks	CFO	Maintain a balanced mix of debt and equity financing and monitor interest rates closely to mitigate the risk of high borrowing costs.
4	Economic Downturn	CRO	Diversify project portfolio and maintain a strong cash reserve to weather economic fluctuations and protect against downturns.
5	Client Payment Delays	CFO	Implement strict credit assessments and invoicing procedures, and establish prompt payment terms to mitigate risks associated with delayed client payments.
5. Other general risk			
#	Risk Type	Area	Mitigation Strategy
1	Reputation damage	CMO	Maintain strong brand communication strategies and manage public relations proactively to address any negative feedback or incidents quickly.
2	Market volatility	CFO	Diversify investment portfolio and maintain a healthy cash reserve to cushion against market fluctuations.
3	Technological obsolescence	CTO	Invest in continuous research and development to stay ahead of technological trends and integrate cutting-edge technologies into operations.
4	Supply chain disruptions	COO	Establish strong relationships with multiple suppliers and develop contingency plans to ensure consistent material supply.
5	Talent acquisition and retention	CPO	Develop competitive compensation packages and create a positive work environment to attract and retain top talent.



# Market Overview (TAM, SAM and SOM)



# Funding Allocation

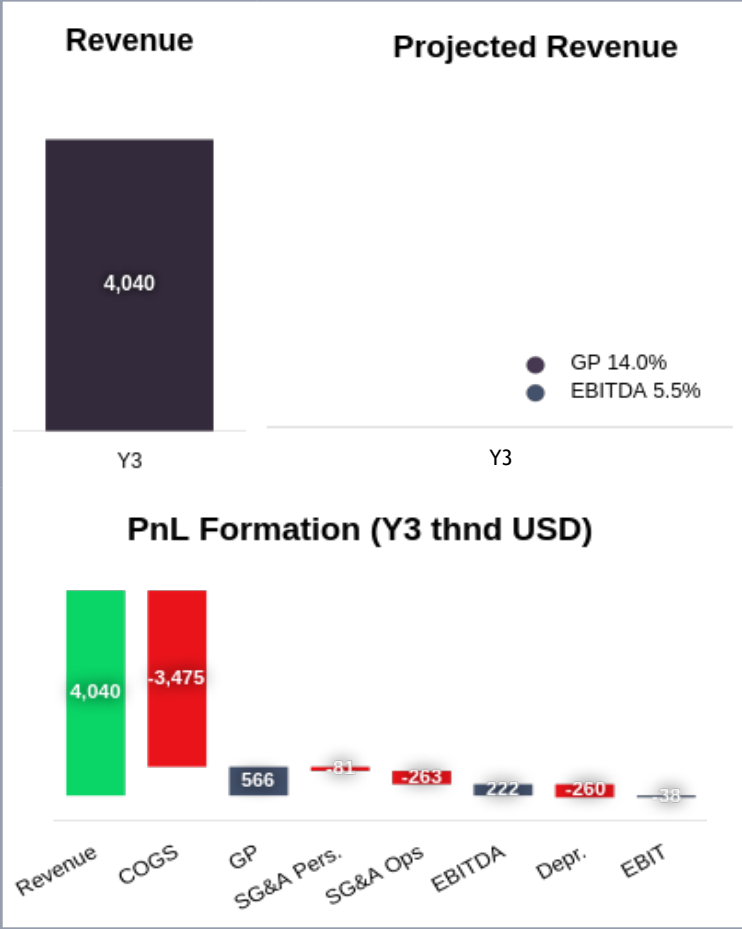
The funding will be used to finance the CAPEX and cash deficit from Year 1 operations, aiming to expedite the development process. In subsequent years the company plans to sustain operations without requiring major additional capital injection. Table below presents the overview of expected inflows and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

The total investment required is \$ 1.500k

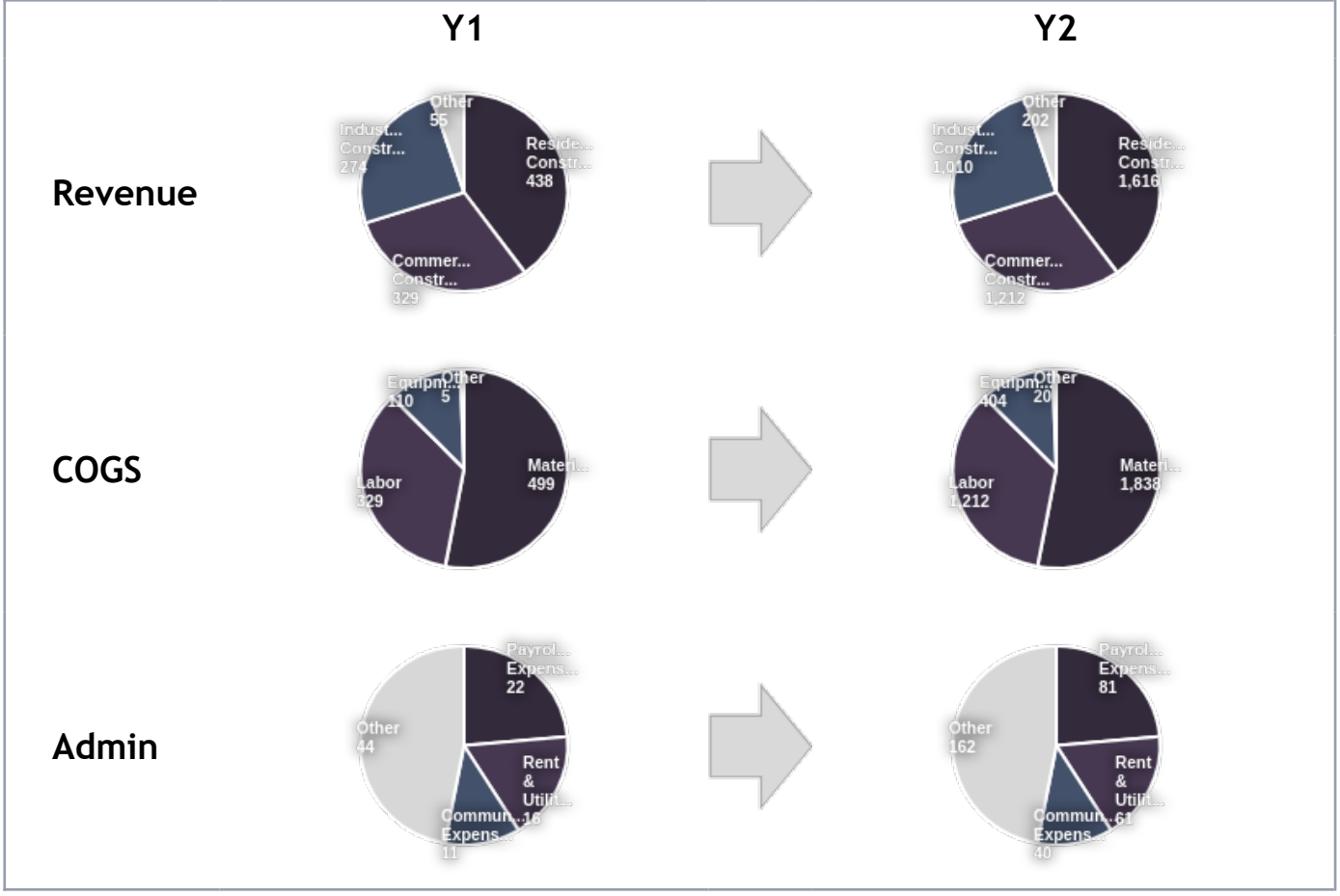
Y1 Cash Flow Stream(thnd USD)	Inflows	Outflows
Gross Profit	153	
Payroll Expenses		22
Rent & Utilities		16
Marketing and Branding		16
Communication Expenses		11
Capex		1,500
Office supplies		5
Legal and Professional Fees		5
Representation and Entert.		5
Training and Development		5
Other Miscellaneous		5
<b>CAPEX &amp; WC shortage Y1</b>		<b>1,440</b>
<b>Buffer</b>		<b>60</b>
<b>Total Required Investment(thnd USD)</b>		<b>1,500</b>



## Y3 PL formation and Margins



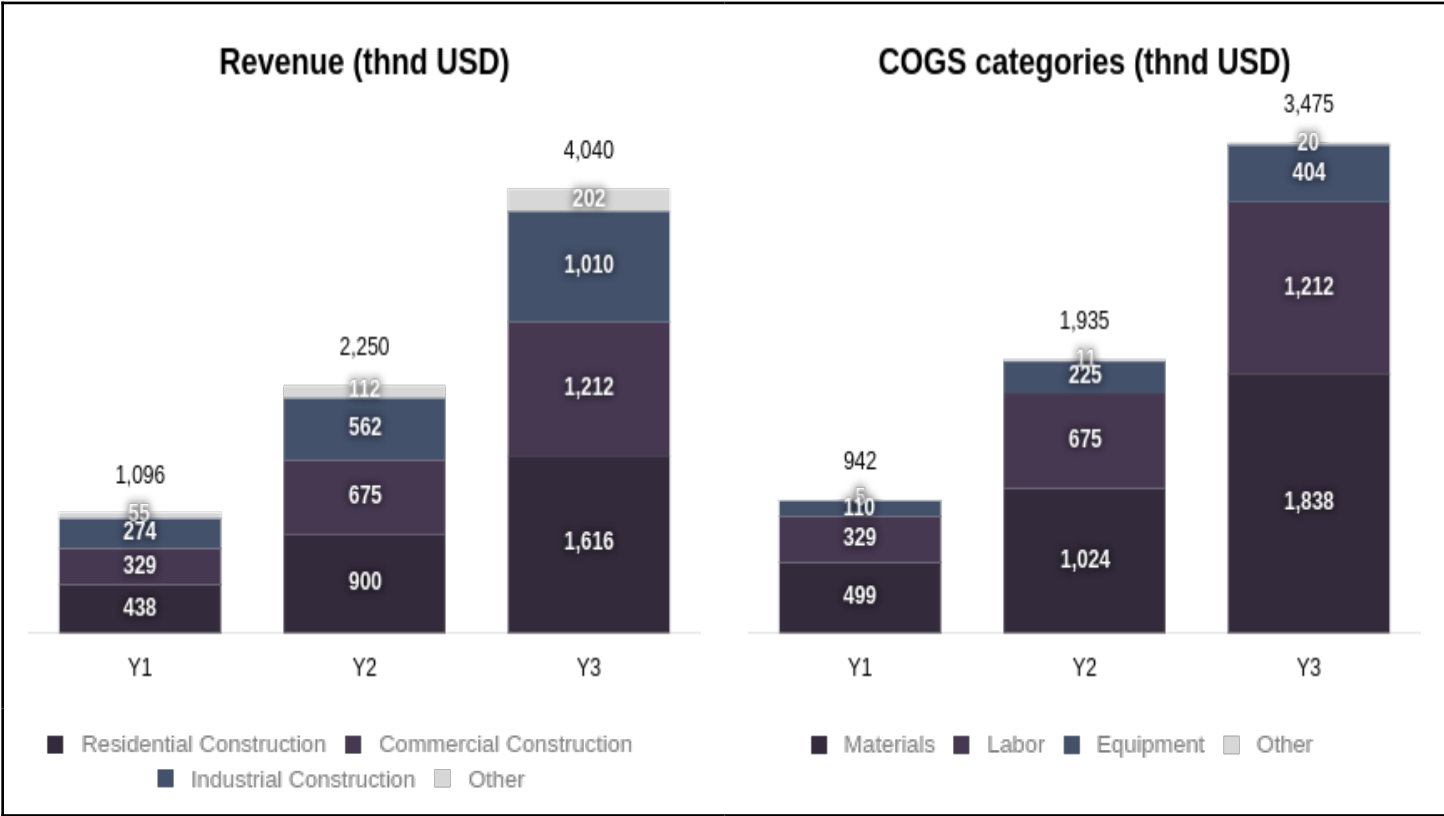
## Business Line Breakdown (thnd USD)



# Revenue Formation Narrative

SolidBuild is poised for substantial growth within the competitive landscape of Belgium's construction industry. The company's Total Addressable Market (TAM) stands at a substantial 33,816,121.032k USD, reflecting the broad potential for business opportunities. However, factoring the current capital constraints faced by SMEs and leveraging our strong market reputation, our Serviceable Addressable Market (SAM) is conservatively estimated at 1.2% of the TAM. This realistic SAM narrative underscores SolidBuild's focus on delivering excellent service and our strategic positioning to capture market share. In terms of our Serviceable Obtainable Market (SOM), SolidBuild estimates a gradual market penetration, starting from 0.27% in the first year, growing to 0.53% in the second year, and reaching 0.91% by the third year. This progressive growth trajectory reflects our expertise, the quality of services, and the firm's continuous efforts in augmenting market presence. Yearly revenue projections are solidly anchored with 1,095.642k USD in the first year, 2,249.638k USD in the second year, and 4,040.264k USD in the third year. Our revenue distribution across four primary lines of business further emphasizes our diversified approach: Residential Construction at 40.00%, Commercial Construction at 30.00%, Industrial Construction at 25.00%, and Other services at 5.00%. This balanced revenue model not only stabilizes our financial base but also ensures sustained growth across various market segments.

**\$ 4.040k** Y3 Projected Revenue **0.32%** Market share



# Revenue Calculation Details

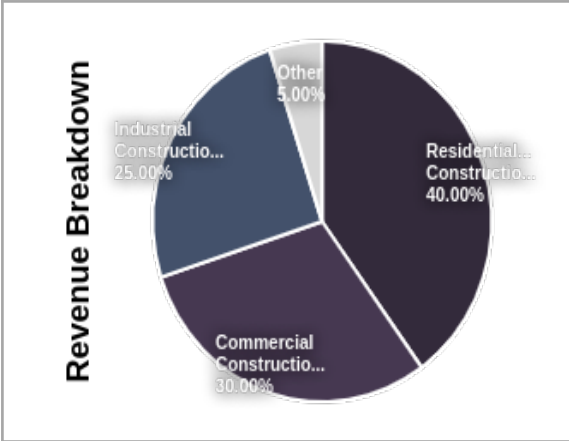
Revenue Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Residential Construction	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
Commercial Construction	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Industrial Construction	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%
Other	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %

Residential Construction	27	27	27	33	33	33	40	40	40	46	46	46	438	900	1,616
Commercial Construction	21	21	21	25	25	25	30	30	30	34	34	34	329	675	1,212
Industrial Construction	17	17	17	21	21	21	25	25	25	29	29	29	274	562	1,010
Other	3	3	3	4	4	4	5	5	5	6	6	6	55	112	202
<b>Total Revenue (thnd USD)</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>114</b>	<b>114</b>	<b>114</b>	<b>1,096</b>	<b>2,250</b>	<b>4,040</b>

Total revenue is expected to reach \$ 4,040k by year 3.  
 Main revenue driver are:

- Residential Construction which generates \$ 1,616k by Year 3
- Commercial Construction which generates \$ 1,212k by Year 3

Expected CAGR for total Revenue in Y1-Y3 is 92.03 %



# COGS Calculation Details

COGS Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Materials	45.50%	45.50%	45.50%	45.50%	45.50%	45.50%	45.50%	45.50%	45.50%	45.50%	45.50%	45.50%	45.50%	45.50%	45.50%
Labor	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%
Equipment	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Other	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%

Materials	31	31	31	37	37	37	46	46	46	52	52	52	499	1,024	1,838
Labor	21	21	21	25	25	25	30	30	30	34	34	34	329	675	1,212
Equipment	7	7	7	8	8	8	10	10	10	11	11	11	110	225	404
Other	0	0	0	0	0	0	1	1	1	1	1	1	5	11	20

<b>Total COGS (thnd USD)</b>	<b>59</b>	<b>59</b>	<b>59</b>	<b>71</b>	<b>71</b>	<b>71</b>	<b>86</b>	<b>86</b>	<b>86</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>942</b>	<b>1,935</b>	<b>3,475</b>
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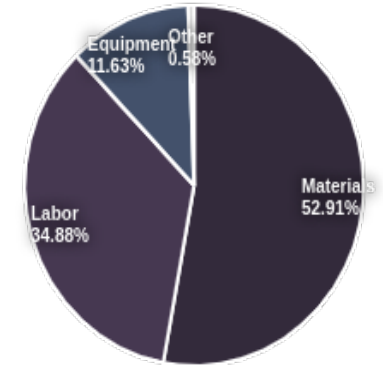
Total COGS is expected to reach \$ 3,475k by year 3.

Main revenue driver are:

- Materials which generates \$ 1,838k by Year 3
- Labor which generates \$ 1,212k by Year 3

Expected CAGR for total COGS in Y1-Y3 is 92.03 %

COGS Breakdown



# SG&A Calculation Details

OPEX Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Payroll 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%
Rent & Utilities	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%
Communication Expenses	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%
Office supplies	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%
Legal and Professional Fees	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%
Marketing and Branding	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%
Representation and Entertainment	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%
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	0.50%	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%

Payroll Expenses	1	1	1	2	2	2	2	2	2	2	2	2	22	45	81
Rent & Utilities	1	1	1	1	1	1	2	2	2	2	2	2	16	34	61
Communication Expenses	1	1	1	1	1	1	1	1	1	1	1	1	11	22	40
Office supplies	0	0	0	0	0	0	1	1	1	1	1	1	5	11	20
Legal and Professional Fees	0	0	0	0	0	0	1	1	1	1	1	1	5	11	20
Marketing and Branding	1	1	1	1	1	1	2	2	2	2	2	2	16	34	61
Representation and Entertainment	0	0	0	0	0	0	1	1	1	1	1	1	5	11	20
Training and Development	0	0	0	0	0	0	1	1	1	1	1	1	5	11	20
Other Miscellaneous	0	0	0	0	0	0	1	1	1	1	1	1	5	11	20

<b>Total SG&amp;A (thnd USD)</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>93</b>	<b>191</b>	<b>343</b>
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# PaT Expectations

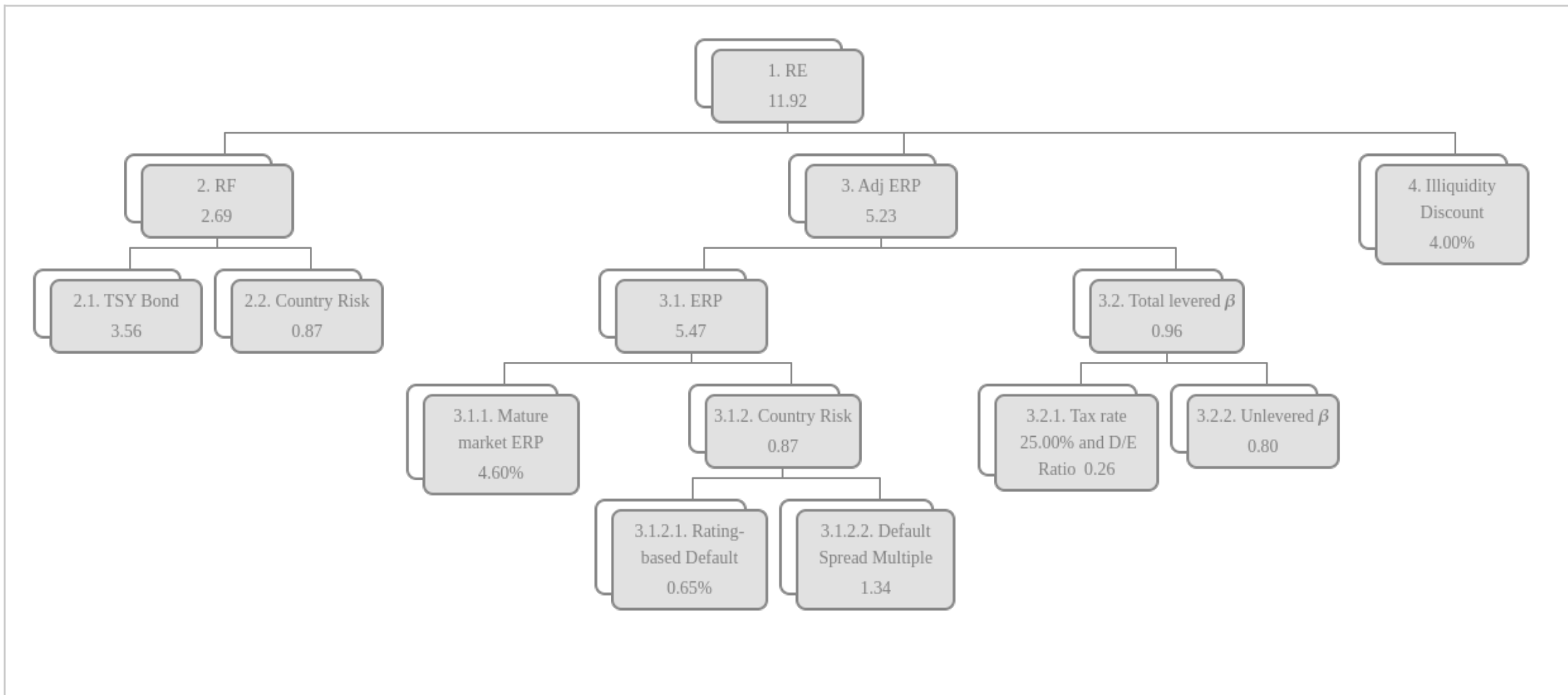
1 2 3 4 5 6 7

Financial Projection

Income Statement (thnd USD)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Revenue	68	68	68	82	82	82	100	100	100	114	114	114	1,096	2,250	4,040
Residential Construction	27	27	27	33	33	33	40	40	40	46	46	46	438	900	1,616
Commercial Construction	21	21	21	25	25	25	30	30	30	34	34	34	329	675	1,212
Industrial Construction	17	17	17	21	21	21	25	25	25	29	29	29	274	562	1,010
Other	3	3	3	4	4	4	5	5	5	6	6	6	55	112	202
COGS	-59	-59	-59	-71	-71	-71	-86	-86	-86	-98	-98	-98	-942	-1,935	-3,475
Materials	-31	-31	-31	-37	-37	-37	-46	-46	-46	-52	-52	-52	-499	-1,024	-1,838
Labor	-21	-21	-21	-25	-25	-25	-30	-30	-30	-34	-34	-34	-329	-675	-1,212
Equipment	-7	-7	-7	-8	-8	-8	-10	-10	-10	-11	-11	-11	-110	-225	-404
Other	-0	-0	-0	-0	-0	-0	-1	-1	-1	-1	-1	-1	-5	-11	-20
Gross Profit	10	10	10	12	12	12	14	14	14	16	16	16	153	315	566
SG&A Personal Expenses	-1	-1	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-22	-45	-81
SG&A Operating Expenses	-4	-4	-4	-5	-5	-5	-7	-7	-7	-7	-7	-7	-71	-146	-263
EBITDA	4	4	4	5	5	5	6	6	6	6	6	6	60	124	222
Depreciation	-22	-22	-22	-22	-22	-22	-22	-22	-22	-22	-22	-22	-260	-260	-260
EBIT	-18	-18	-18	-17	-17	-17	-16	-16	-16	-15	-15	-15	-200	-137	-38
Interest Expense	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-21	-21	-21
Profit before Tax	-20	-20	-20	-19	-19	-19	-18	-18	-18	-17	-17	-17	-221	-158	-59
Tax	5	5	5	5	5	5	4	4	4	4	4	4	55	39	15
Profit after Tax (thnd USD)	-15	-15	-15	-14	-14	-14	-13	-13	-13	-13	-13	-13	-166	-118	-45



## Required Return on Equity Derivation



# Cost of Capital: CAPM Inputs

## Methodology

Weighted Average Cost of Capital is calculated using Capital Asset Pricing Model (CAPM). Since the company is purely equity funded the WACC is equal to its Required Return on Equity R(E). The main research inputs used in calculations are based on studies published by professor at Stern School of Business Aswath Damodaran. Return on Equity R(E) is  $R(E) = R(F) + \beta * (ERP)$ , where: R(F) is Risk Free Rate. The basis for calculation of R(F) is the average of the yield of USD 30 Year TSY Bond. The horizon. ERP is Mature Market Equity Risk Premium. It incorporates market estimates for Rating-Based Default Spread and Default Spread Multiple ( $\beta$ ) is average equity betas of corresponding industries. Despite the company has no debt, the unlevered beta was levered with industry average figures to reflect the long-term D/E ration in the capital structure. Additionally, Illiquidity Risk Premium of 4% is added to the estimated Return on Equity to reflect risk associated with firm being Privately Held vs Publicly Traded Companies.

## Additional Assumptions

To calculate the companies Firm Value, its future Free Cash Flow to Equity (FCFE) is discounted using estimated Required Return on Equity.

The 3rd-year projected cash flow is used as a representation of the long-term Free Cash Flow to the Equity (FCFE). This approach may understate the valuation because cash flows are expected to grow more aggressively in the first 10 years, and the growth from years 4 to 10 is not reflected in this calculation. Long-term growth rate of 5% is applied.

After discounting the cashflows and measuring the Firm Value it is adjusted to historical estimate of Start-up firm's survival rate. The allows to incorporate risk of start-ups fails.

## Survival of new establishments founded in 1998

	Proportion of firms that were started in 1998 that survived through						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Natural resources	82.33%	69.54%	59.41%	49.56%	43.43%	39.96%	36.68%
Construction	80.69%	65.73%	53.56%	42.59%	36.96%	33.36%	29.96%
Manufacturing	84.19%	68.67%	56.98%	47.41%	40.88%	37.03%	33.91%
Transportation	82.58%	66.82%	54.70%	44.68%	38.21%	34.12%	31.02%
Information	80.75%	62.85%	49.49%	37.70%	31.24%	28.29%	24.78%
Financial activities	84.09%	69.57%	58.56%	49.24%	43.93%	40.34%	36.90%
Business services	82.32%	66.82%	55.13%	44.28%	38.11%	34.46%	31.08%
Health services	85.59%	72.83%	63.73%	55.37%	50.09%	46.47%	43.71%
Leisure	81.15%	64.99%	53.61%	43.76%	38.11%	34.54%	31.40%
Other services	80.72%	64.81%	53.32%	43.88%	37.05%	32.33%	28.77%
All firms	81.24%	65.77%	54.29%	44.36%	38.29%	34.44%	31.18%

[http://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datafile/ctryprem.html](http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html)

<https://pages.stern.nyu.edu/~adamodar/pdfiles/papers/younggrowth.pdf>

<http://pages.stern.nyu.edu/~adamodar/>



# Business Valuation

	(thnd USD)	Y1	Y2	Y3	Y4	Y5	Y6	Y7
DCF	Profit after Tax	-166	-118	-45	-47	-49	-51	-53
	Growth% Y4-Y7				4.60%	4.60%	4.60%	4.60%
	Growth% Y7 -->	3.50%						
	WACC	11.92%						
	PV Y1-Y7 at Y0	-148	-95	-32	-30	-28	-26	-24
	PV Y7 --> Y0	-298						
	<b>NPV (thnd USD)</b>	<b>-681</b>						

Average Survival Rate for 3 Years

50%

Final Valuation

-\$ 340k

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 11.92 % to determine the Firm Value.

Starting from year 3 onwards, the cash flows are estimated to grow at a rate of 4.60 %, 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



# Disclaimer

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

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