

Business Plan & Valuation Presentation



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OUR VISION & MISSION

Our Mission

EcoThread Apparel's mission is to contribute to a sustainable future by producing stylish, high-quality clothing from 100% recycled materials. Through every step, from sourcing to manufacturing, we aim to minimize environmental impact and promote responsible consumption. We are more than just a fashion brand; we are advocates for a lifestyle that respects and cherishes our beautiful planet. We believe that we can make a difference by reducing waste and carbon footprint, and by offering consumers an eco-conscious choice without compromising on style and quality. EcoThread is here to set a new standard in the Apparel, Accessories & Luxury Goods industry, demonstrating what could be lost if sustainable practices were not embraced - a planet still full of life and beauty for future generations.

Our Vision

Our vision for EcoThread Apparel is to become an unparalleled leader in sustainable fashion, creating a future where clothing manufacturing is completely waste-free and carbon-neutral. We aspire to set a global standard in the industry, inspiring other brands to adopt green practices and make the planet a priority. We foresee a world where committed consumers choose recycled and sustainable products, and where our clothing line caters to all ages and styles without damaging the environment. For the next twenty years and beyond, our goal is to be at the forefront of sustainable fashion, driving the industry towards eco-friendly practices and paving the way for a greener, cleaner world.



Summary Financials Dashboard

Key performance indicators
(Base Scenario Y3)

\$ 3,287k

Revenue

\$ 1,479k

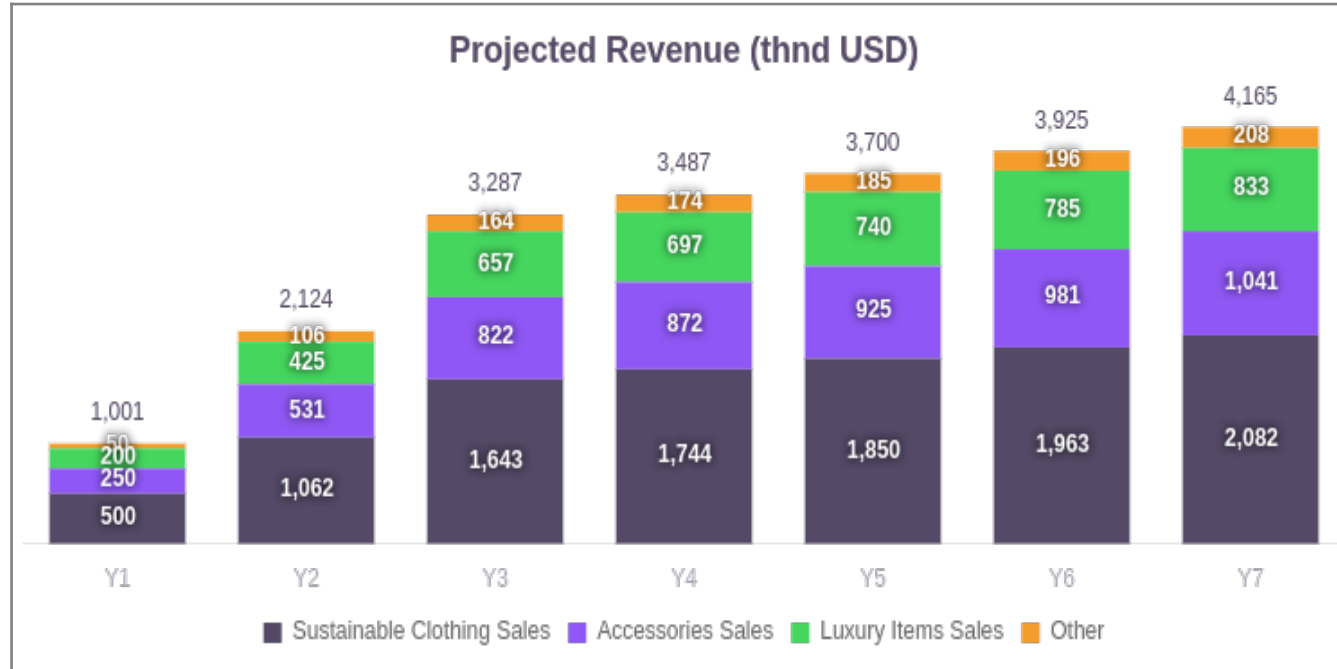
Gross Profit

\$ 559k

EBITDA

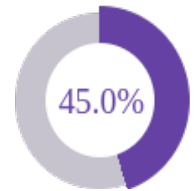
0.02%

Target Market Share

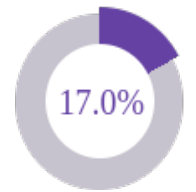


Margins
(Stabilized by Y3)

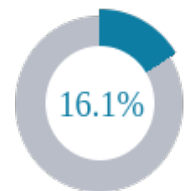
GP Margin



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.

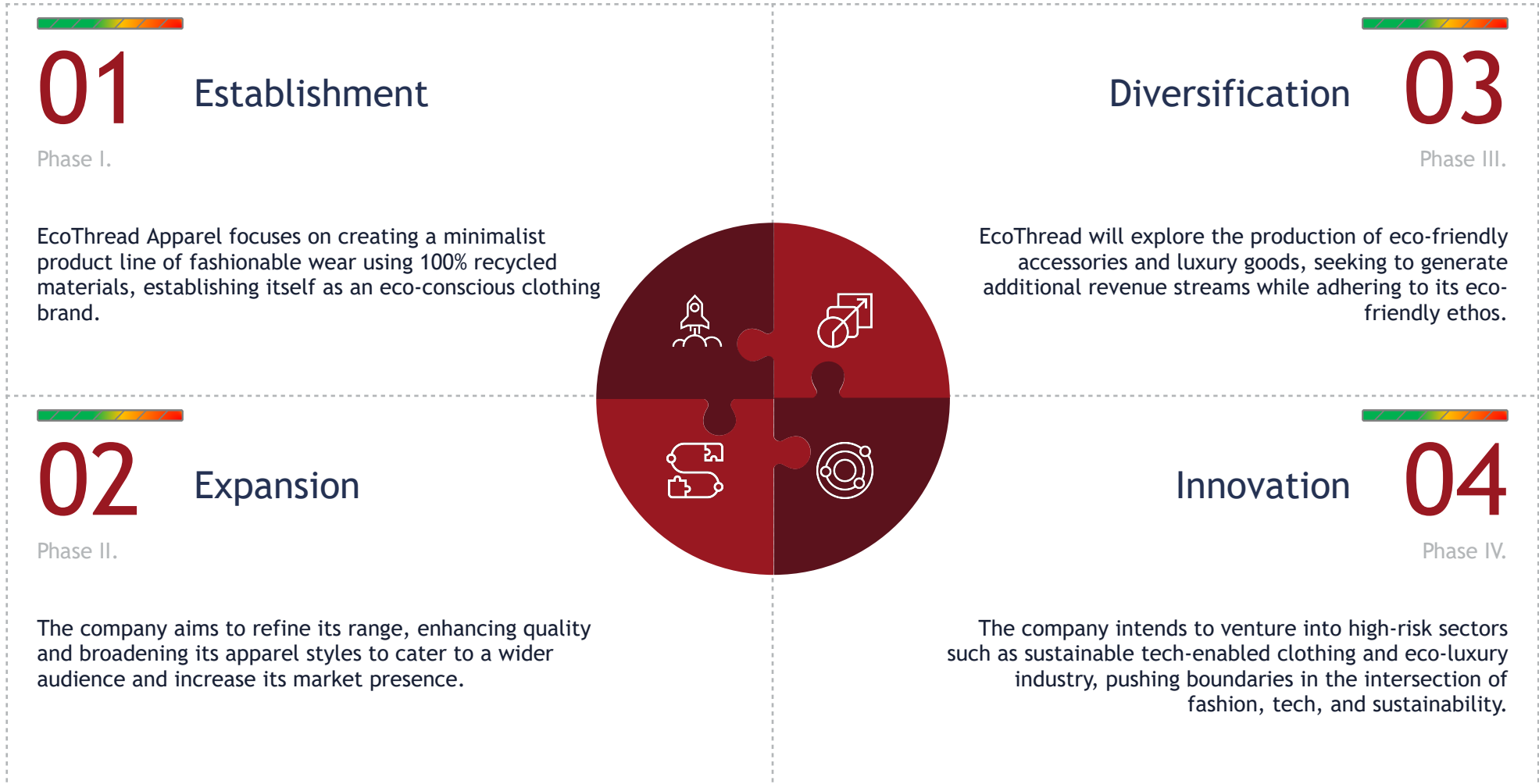


About the Company: General Overview



EcoThread Apparel, originating from San Francisco, is at the forefront of change in the Apparel, Accessories & Luxury Goods industries sitting under the Consumer Discretionary sector. Specializing in sustainability, EcoThread Apparel has a dedicated focus on eco-friendly practices which are incorporated into every aspect of the business. Each piece of their fashion line is crafted using 100% recycled materials, expressing a strong commitment towards the reduction of waste and carbon footprint. The brand are conscious about not just the sourcing of materials, but also towards their manufacturing process aiming to minimize environmental impact at all stages. EcoThread doesn't just sell clothes, but encapsulates a conscious lifestyle that values our planet. Through serving a diverse range of clothing styles that cater to all ages, they have positioned themselves as the go-to brand for green-conscious consumers who refuse to compromise on style, quality or their environmental values.

The Main Phases: Projects & Impacts



Product Impact on Core Stakeholders

Main Stakeholder	Product Benefits
Customers	<ol style="list-style-type: none"> 1. Sustainable fashion choices that allow them to make a positive impact on the environment. 2. Access to diverse styles and lines of clothing, catering to all their fashion necessities. 3. High-quality, eco-friendly clothing at competitive prices.
Employees	<ol style="list-style-type: none"> 1. Job satisfaction as they directly contribute to climate action. 2. Encourages creativity as they will be part of innovation in fashion-tech and new materials. 3. The company's growth presents potential for professional development and career advancement.
Suppliers	<ol style="list-style-type: none"> 1. Regular business transactions and potential for long term contracts. 2. Increased demand for environmentally-friendly materials strengthening their market position. 3. Affiliation with an eco-conscious brand promoting their own corporate social responsibility.
Investors	<ol style="list-style-type: none"> 1. Attractive business model with growing consumer-base for sustainable products. 2. Potential for high returns with the company's expansion and diversification plans. 3. Positive public image due to investment in ethical and sustainable business.
Government	<ol style="list-style-type: none"> 1. Compliance with environmental regulations. 2. Contribution to the local economy through business operations and employment opportunities. 3. Support national climate change targets through the promotion of recycled and eco-friendly products.
Local Communities	<ol style="list-style-type: none"> 1. Employment opportunities and economic growth through the company's expansion. 2. Promotion of sustainable lifestyle habits within the community. 3. Lesser environmental pollution in respect to waste and carbon emissions.
The Planet/Environment	<ol style="list-style-type: none"> 1. Reduced waste and carbon footprint due to the use of recycled materials. 2. Conservation of natural resources by discouraging fast fashion habits. 3. Setting a precedent for other businesses to follow sustainable practices.

Key Performance Components

Competitive Advantage

Sustainable Practices

With a strong commitment to sustainability, EcoThread Apparel sources and manufactures its products using 100% recycled materials, aiming to minimize its environmental impact.

High-Quality Materials

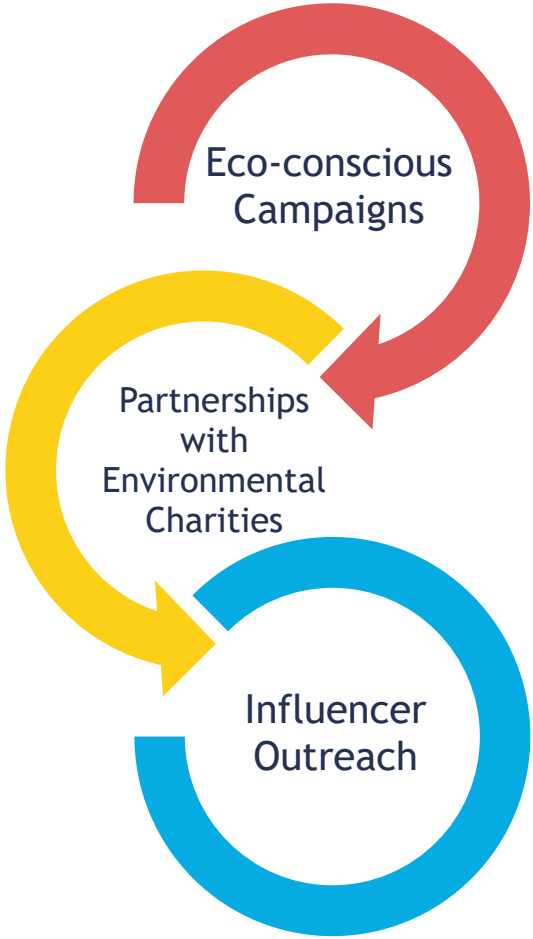
Despite using recycled materials, EcoThread Apparel does not compromise on quality. Their clothing line is known for style and durability, attracting a wide consumer base.

Eco-Conscious Branding

Promoting an eco-friendly lifestyle, EcoThread Apparel attracts conscious consumers. Their brand not only sells clothes but also advocates for environmental responsibility.

Marketing and Growth Strategy








Form strategic partnerships with environmental charities and organizations, promoting joint initiatives that can provide a broader reach and positively strengthen the brand's image.



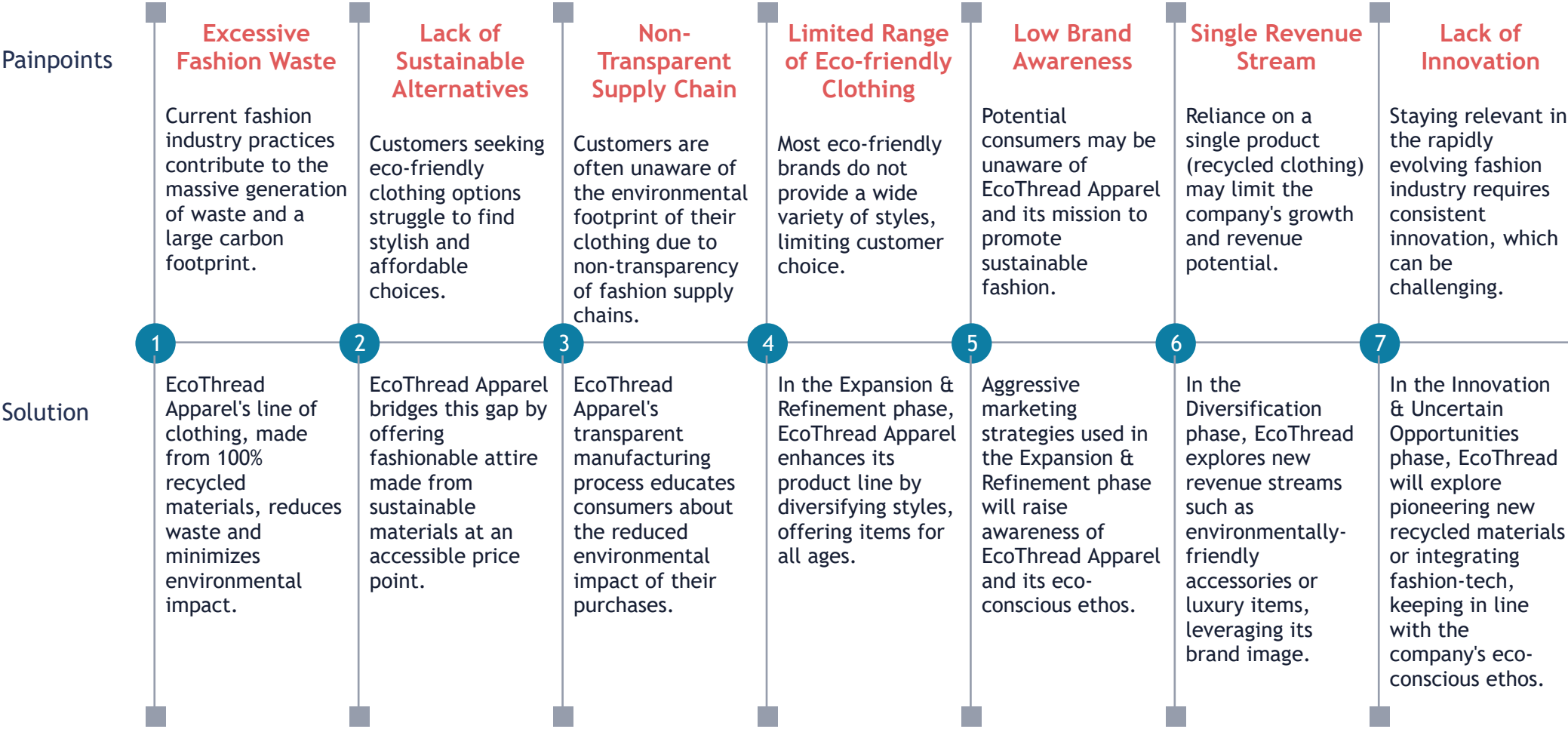
Launch marketing campaigns showcasing EcoThread's commitment to sustainability, emphasizing how customers can contribute to environmental conservation through their fashion choices.

Engage with environmentally-conscious influencers and celebrities for promoting and endorsing EcoThread's clothing line, thus amplifying the brand's appeal and reach.

Target Groups


	Industries		Description
I		Environmentally Conscious Consumers	Individuals who prioritize sustainable practices and are willing to invest in eco-friendly clothing to reduce environmental impact.
II		Ethical Retailers	Businesses that value ethical sourcing and manufacturing, and want to offer eco-friendly clothing to their customers.
III		Green Influencers	Sustainable living influencers who can advocate for the brand, increasing visibility among audiences that value environmentally-friendly products.
IV		Young Adults	20-35 year olds who are open to new fashion trends and have a high awareness of environmental issues.
V		Fitness Enthusiasts	People who are into sports and outdoor activities who could value the comfort and style of the products.
VI		Luxury Consumers	Customers who are willing to spend on high-quality, sustainable luxury goods that aligns with their lifestyle and values.
VII		Fashion Tech Enthusiasts	Potential customer base that could be intrigued by the innovative blend of fashion and technology.

Solution from Phase I to Phase IV




Strategic Analysis: SWOT

Strength



1. Strong commitment to sustainability and eco-friendly practices.
2. 100% recycled materials used in manufacturing.
3. Positive brand image among conscious consumers.
4. Diverse range of products catering to different ages and styles.
5. Comprehensive environmental strategy, managed at every step of production.

Weaknesses




1. Potential for high production costs due to sourcing of recycled materials.
2. Dependence on suppliers for consistent quality of recycled materials.
3. Limited market reach, concentrated in San Francisco.
4. Potential consumer perception of compromised quality due to recycled materials.
5. May struggle to compete with fast fashion, low-cost competitors.

Opportunities



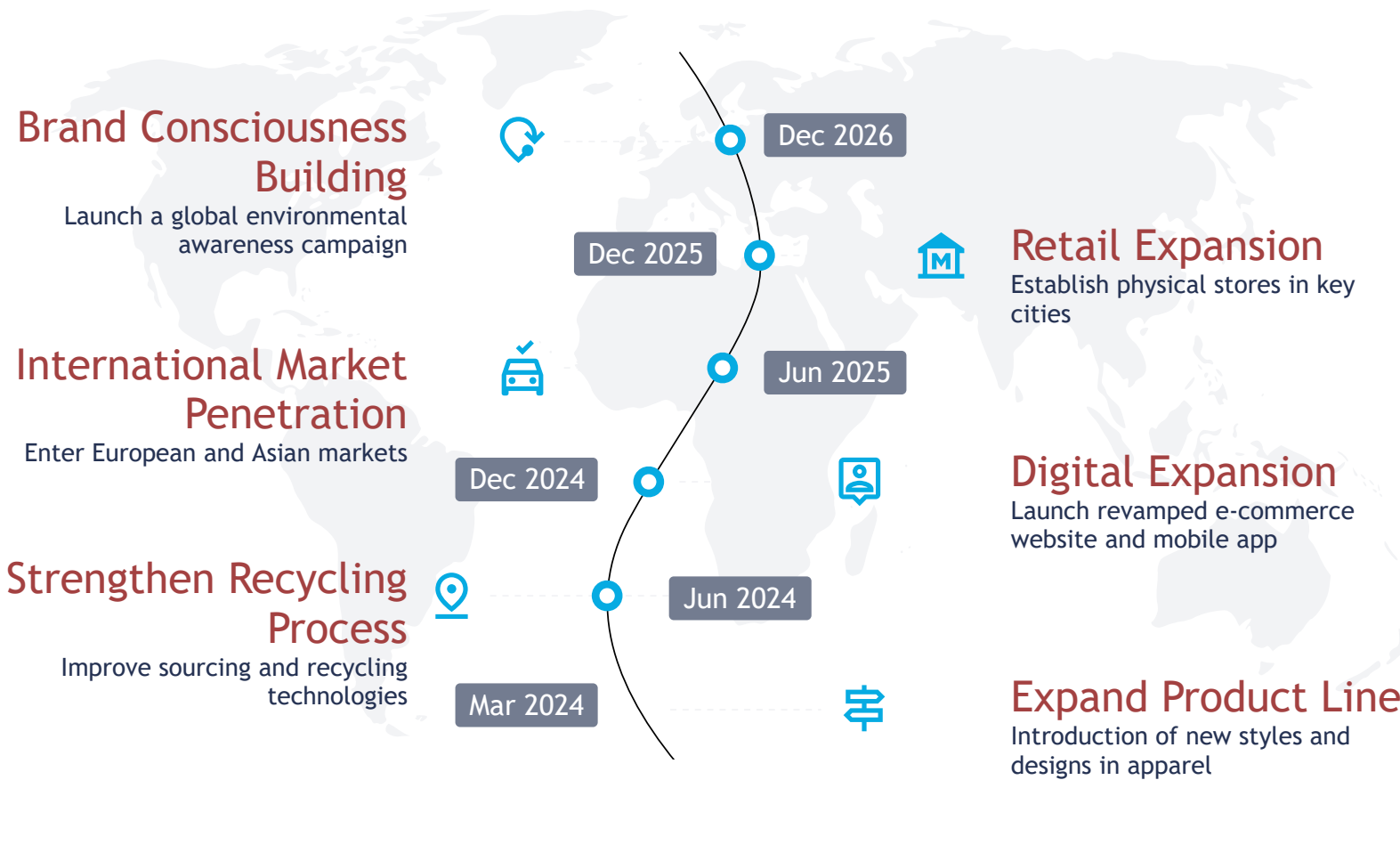
1. Growing trend towards sustainable and eco-conscious consumption.
2. Possibility for partnerships with other eco-friendly companies.
3. Expansion and market penetration opportunities in new cities or countries.
4. Product line diversification into eco-friendly accessories.
5. Potential government incentives for sustainable businesses.

Threats



1. Fluctuating costs and availability of recycled materials.
2. Threat of new competitors entering the eco-fashion market.
3. Weak global economy could reduce consumer spending on higher-priced items.
4. Fast fashion competitors offer lower prices for similar products.
5. Regulatory changes and compliance costs related to eco-friendly operations.

History & Roadmap



Current Status.

EcoThread Apparel's key focus includes increasing its product line and enhancing its recycling process by March and June 2024 respectively. A digital expansion will follow in Dec 2024, growing their online presence through a sophisticated e-commerce platform. The company plans to penetrate the global market, venturing into Europe and Asia by mid-2025. This geographic expansion will also span physical store establishment in key cities by the end of 2025. EcoThread aims to cement its ethos in the public consciousness by launching a global environmental awareness campaign in 2026, reinventing apparel consumption for the good of the planet.

Organizational and Marketing Tasks

#	Check List Item	Status	Priority	Area	ETA
General Planning and Organization					
1	Business Registration	● Not Started	High	CEO	1 month
2	Arrange Initial Funding	● Not Started	High	CFO	1 month
3	Find & Secure Production Facilities	● Not Started	High	COO	3 months
4	Create Business Plan	● Not Started	High	CEO	1 month
5	Hire Key Staff	● Not Started	High	CPO	2 months
6	Establish Supply Chain for Recycled Materials	● Not Started	High	COO	3 months
7	Develop Eco-friendly Packaging Design	● Not Started	Medium	CMO	2 months
8	Create Company Website	● Not Started	High	CTO	1 month
Marketing					
1	Perform Market Research & Competitor Analysis	● Not Started	High	CMO	1 month
2	Develop Brand Voice and Messaging	● Not Started	High	CMO	1 month
3	Establish Social Media Presence	● Not Started	High	CMO	1 month
4	Design Marketing Collaterals	● Not Started	Medium	CMO	2 months
5	Execute Content Marketing Strategy	● Not Started	Medium	CMO	3 months
6	Launch Email Marketing Campaign	● Not Started	Low	CMO	3 months
7	Organize Brand Awareness Events	● Not Started	Medium	CMO	4 months
8	Track & Adjust Marketing Efforts Based on Analytics	● Not Started	High	CMO	Ongoing

Overview of Phases

#	Check List Item	Status	Priority	Area	ETA
Phase 1 & Technical Set Up for next Phases					
1	Select and secure sources for recycled materials	● Not Started	High	COO	2 months
2	Establish production supply chain	● Not Started	High	COO	3 months
3	Develop initial product line and designs	● Not Started	High	CPO	3 months
4	Set up ecommerce and physical retail distribution	● Not Started	High	CBO	6 months
5	Establish brand identity and guidelines	● Not Started	High	CMO	1 month
6	Hire key personnel in design and production	● Not Started	Medium	CEO	2 months
7	Set up sustainable packaging solutions	● Not Started	Medium	COO	2 months
8	Establish strong relationships with recycling networks	● Not Started	Low	CEO	6 months
Phase 2					
1	Evaluate Existing Product Success	● Not Started	High	CEO	1 month
2	Development of Diverse Clothing Styles	● Not Started	High	CPO	3 months
3	Create a Strategy for Market Expansion	● Not Started	High	CMO	1 month
4	Implement Aggressive Marketing Campaigns	● Not Started	High	CMO	3 months
5	Develop Kids and Seniors Clothing Line	● Not Started	Medium	CPO	6 months
6	Optimize Supply Chain for New Products	● Not Started	Medium	COO	4 months
7	Set Pricing for New Products	● Not Started	Medium	CFO	1 month
8	Evaluate Market Response to New Items	● Not Started	Low	CEO	8 months

Overview of Phases

#	Check List Item	Status	Priority	Area	ETA
Phase 3					
1	Research potential new revenue streams	●	Not Started	High	CEO 2 months
2	Identify potential high-demand environmentally-friendly accessories or luxury items	●	Not Started	High	CMO 2 months
3	Conduct feasibility analysis on selected products	●	Not Started	High	CFO 1 month
4	Develop prototype of selected environmentally-friendly accessories or luxury items	●	Not Started	Medium	CTO 4 months
5	Test prototypes and get consumer feedback	●	Not Started	Medium	CSO 5 months
6	Finalize design of new products based on feedback	●	Not Started	Medium	CPO 6 months
7	Plan marketing strategy for new product launch	●	Not Started	High	CMO 6 months
8	Set up supply chain and manufacturing for new products	●	Not Started	High	COO 7 months
Phase 4					
1	Research on fashion-tech integration	●	Not Started	High	CTO 6 months
2	Develop new recycled materials	●	Not Started	High	CPO 1 year
3	Explore high-risk, high-reward avenues	●	Not Started	Medium	CEO 2 years
4	Prototyping products from new recycled materials	●	Not Started	High	CPO 14 months
5	Initial marketing of new line of products	●	Not Started	Medium	CMO 1 month
6	Secure patents for new recycled materials	●	Not Started	High	CEO 1 year
7	Installation of production lines for new products	●	Not Started	High	COO 10 months
8	Quality check and market testing of new products	●	Not Started	Medium	CRO 2 months



Core Risks & Migration Strategies

1. Operation and maintenance risks

#	Risk Type	Area	Mitigation Strategy
1	Sourcing of eco-friendly materials	COO	Build strong relationships with multiple supply chain partners to ensure constant availability of eco-friendly materials.
2	Quality control	CPO	Develop stringent quality control measures and ensure regular training of staff in maintaining these standards.
3	Inventory management	CFO	Implement an automated inventory management system to track stock levels and forecast demand accurately.
4	Operational efficiency	COO	Invest in modern, efficient machinery and well-trained staff to maintain operations' efficiency.
5	Sustainability in production	CSO	Carry out regular audits to ensure all production processes are consistently eco-friendly.

2. Regulatory and legal risks

#	Risk Type	Area	Mitigation Strategy
1	Non-compliance with federal and state environmental regulations	CEO	Strictly follow all applicable governmental environmental regulations. Hire an environmental advisor for regular audits and legal updates.
2	Breaches in consumer data protection laws	CIO	Implement robust data protection protocols and comply with all relevant data privacy laws, including GDPR and CCPA.
3	Non-adherence to fair labor laws	COO	Ensure that all employees working within the company and its suppliers comply with local and international labor standards.
4	Failure to adhere to import/export regulations	CFO	Hire experts in international trade to ensure compliance with all relevant import/export laws.
5	Non-compliance with consumer safety regulations	CEO	Set up rigorous quality control processes that adhere to consumer safety standards.

3. Strategic/Market Risk

#	Risk Type	Area	Mitigation Strategy
1	Market saturation and competition	CEO	Maintain a unique product line and sustain a competitive edge with continuous innovation and high-quality products.
2	Brand image and reputation damage	CMO	Implement a wholistic PR strategy to maintain a positive brand image and handle any potential crises swiftly.
3	Changing customer preferences	COO	Continuously monitor market trends and customer feedback to adapt our product line accordingly and stay relevant.
4	Supply chain disruption	CPO	Maintain strong relationships with all suppliers and have contingency plans in place for any potential disruptions.
5	Ineffective marketing and advertising campaigns	CMO	Continuously assess the effectiveness of marketing strategies, and adjust accordingly based on performance metrics.

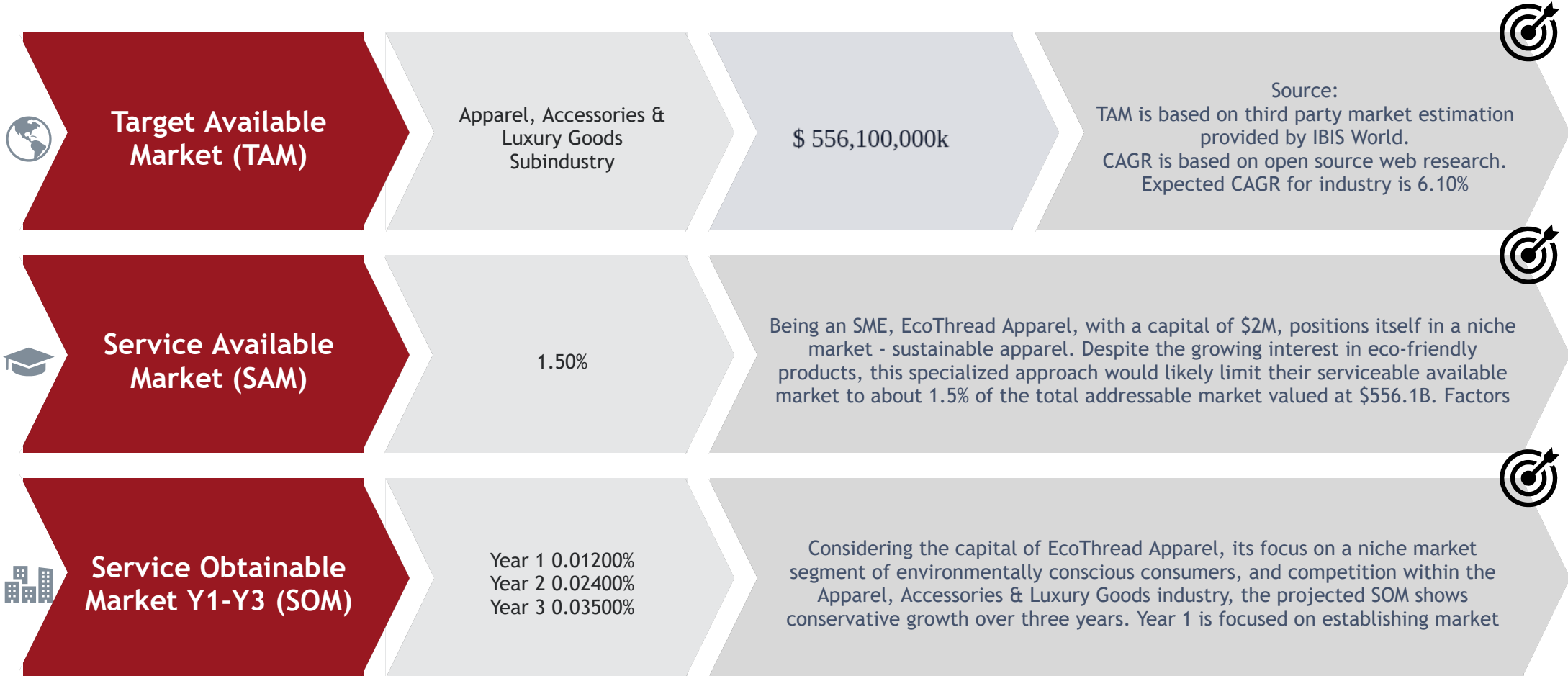
4. Finance risk

#	Risk Type	Area	Mitigation Strategy
1	Inadequate Capital	CFO	The CFO will anticipate expenditures by maintaining financial forecasts and limit spending to budgeted amounts.
2	High Cost of Supply Chain Disruptions	COO	The COO will ensure cost-efficient operations through securing multiple supply chain channel, creating a back-up plan in case of disruptions.
3	Unfavorable Market Conditions	CEO	CEO will develop alternative business strategies to adapt in unfavorable market conditions and retain profitability.
4	Fluctuating Exchange Rates	CFO	The CFO will mitigate this risk by employing strategies such as forward contracts to stabilize the effects of currency fluctuations.
5	Breakeven Delay	CFO	CFO will work on detailed financial projections and implement stringent money management rules in order to ensure breakeven is attained in the planned timeline.

5. Other general risk

#	Risk Type	Area	Mitigation Strategy
1	Supplier Instability	COO	Establish strong relationships with multiple suppliers for redundancy and competitive pricing. Develop contingency plans for quick response to supply chain disruptions.
2	Brand Image Damage	CMO	Implement robust PR and communication strategies to ensure consistent and positive brand image. Plan proactive, transparent responses for potential controversies.
3	Employee Retention	CEO	Foster a positive work environment and invest in comprehensive training programs. Offer competitive remuneration and benefit packages.
4	Cyber security threats	CTO	Invest in top-tier cyber security systems, keep software updated, and conduct regular system audits. Develop a strong company-wide security protocol.
5	New Competitive Entries	CSO	Maintain close monitoring of market trends and competitor activities. Implement strategies for constant innovation and market differentiation.

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 \$ 2,000k

Y1 Cash Flow Stream(thnd USD)	Inflows	Outflows
Gross Profit	450	
Payroll Expenses		50
Marketing and Branding		50
Other Miscellaneous		40
Rent & Utilities		30
Capex		200
Legal and Professional Fees		30
Training and Development		30
Communication Expenses		20
Office supplies		20
Representation and Entert.		10
CAPEX & WC shortage Y1		30
Buffer		1,970
Total Required Investment(thnd USD)		2,000



Y3 PL formation and Margins

Revenue



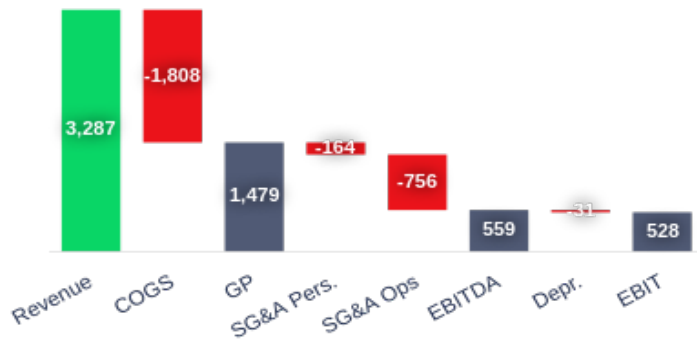
Projected Revenue

- GP 45.0%
- EBITDA 17.0%

Y3

Y3

PnL Formation (Y3 thnd USD)

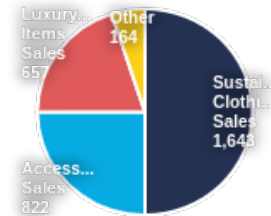
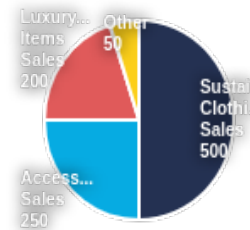


Business Line Breakdown (thnd USD)

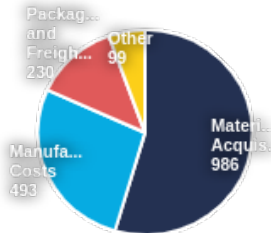
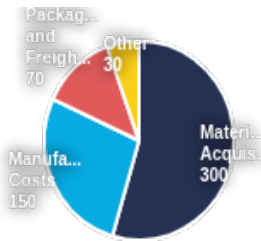
Y1

Y2

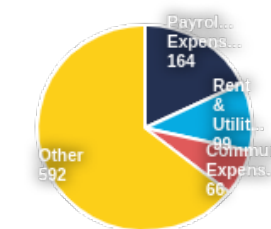
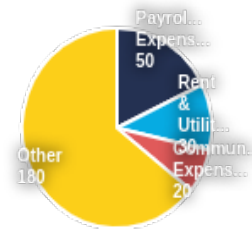
Revenue



COGS



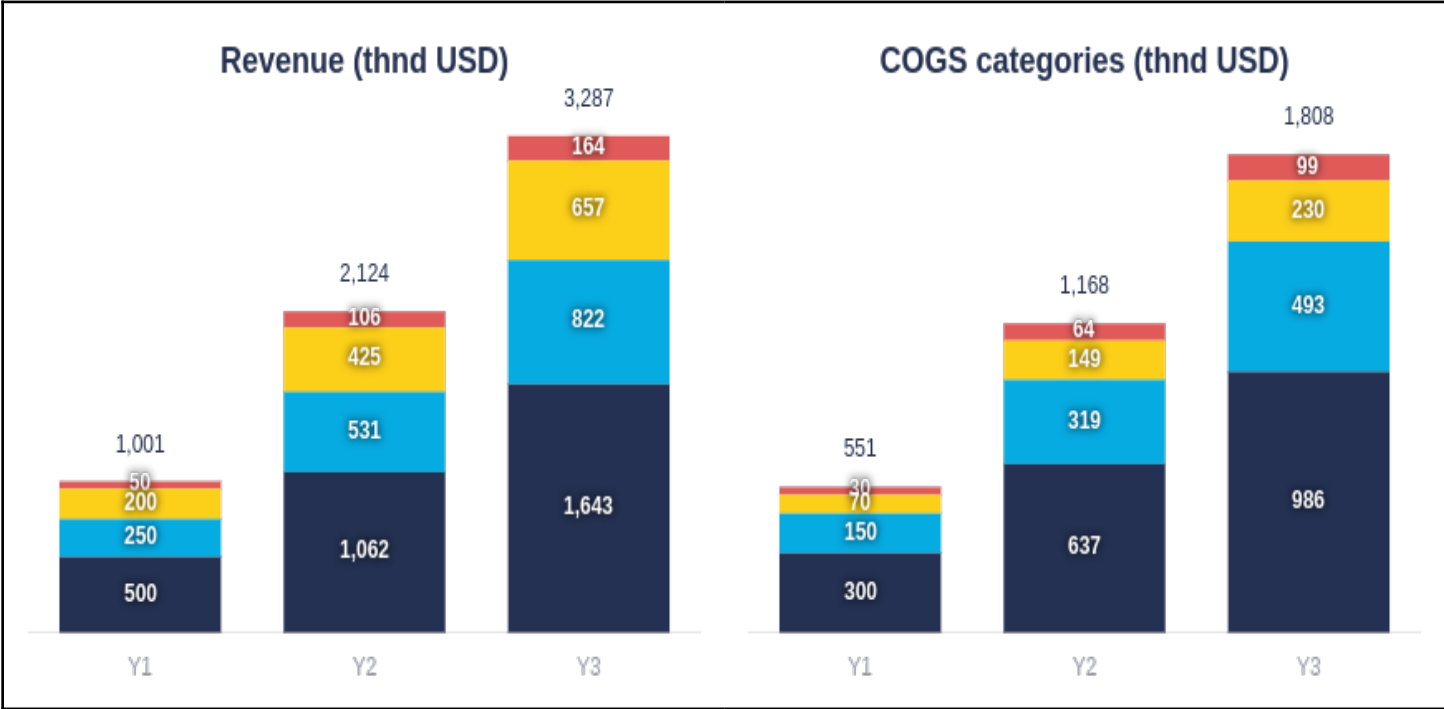
Admin



Revenue Formation Narrative

EcoThread Apparel, a San Francisco-based sustainable clothing brand, is uniquely positioned within the Textiles, Apparel & Luxury Goods Industry to capture a segment of the \$556.1 billion Total Addressable Market (TAM). Despite the competition within the Consumer Durables & Apparel sector, our commitment to eco-friendly manufacturing practices allows us to tap into a niche market, resulting in a 1.5% Serviceable Addressable Market (SAM). This estimate is influenced by our location, manufacturing capabilities, and the growing acceptance of consumers towards using alternative, sustainable materials in apparel. Our estimated Serviceable Obtainable Market (SOM) is projected to grow from 0.012% in Year 1, to 0.024% and 0.035% in Years 2 and 3, respectively. This growth is attributed to our anticipated market penetration, brand recognition, and the increasing traction of our sustainable practices. As for our revenues, our main line of business, Sustainable Clothing Sales, contributes 50% of our total revenue. Accessories Sales make up 25%, Luxury Items Sales account for 20%, and Other business lines make up the remaining 5%. These projections embody our commitment to leading the charge in sustainable fashion, redefining the industry towards more conscious consumption.

\$ 3,287k Y3 Projected Revenue **0.02%** Market share



Revenue Calculation Details

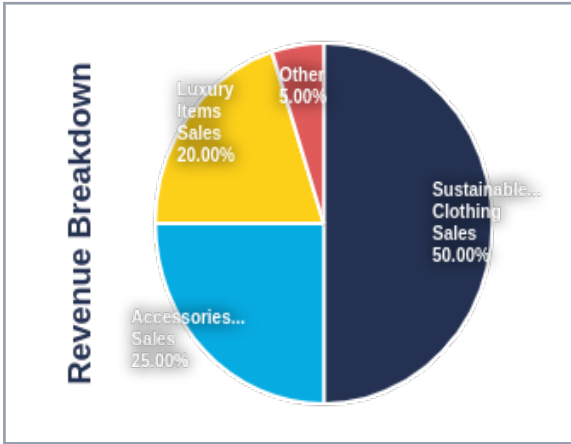
Revenue Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Sustainable Clothing Sales	50 %	50 %	50 %	50 %	50 %	50 %	50 %	50 %	50 %	50 %	50 %	50 %	50 %	50 %	50 %
Accessories Sales	25 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %
Luxury Items Sales	20 %	20 %	20 %	20 %	20 %	20 %	20 %	20 %	20 %	20 %	20 %	20 %	20 %	20 %	20 %
Other	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %

Sustainable Clothing Sales	31	31	31	38	38	38	46	46	46	52	52	52	500	1,062	1,643
Accessories Sales	16	16	16	19	19	19	23	23	23	26	26	26	250	531	822
Luxury Items Sales	13	13	13	15	15	15	18	18	18	21	21	21	200	425	657
Other	3	3	3	4	4	4	5	5	5	5	5	5	50	106	164
Total Revenue (thnd USD)	63	63	63	75	75	75	92	92	92	104	104	104	1,001	2,124	3,287

Total revenue is expected to reach \$ 3,287k by year 3.
 Main revenue driver are:

- Sustainable Clothing Sales which generates \$ 1,643k by Year 3
- Accessories Sales which generates \$ 822k by Year 3

Expected CAGR for total Revenue in Y1-Y3 is 81.20 %



COGS Calculation Details

COGS Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Material Acquisition	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%
Manufacturing Costs	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%
Packaging and Freight	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Other	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%

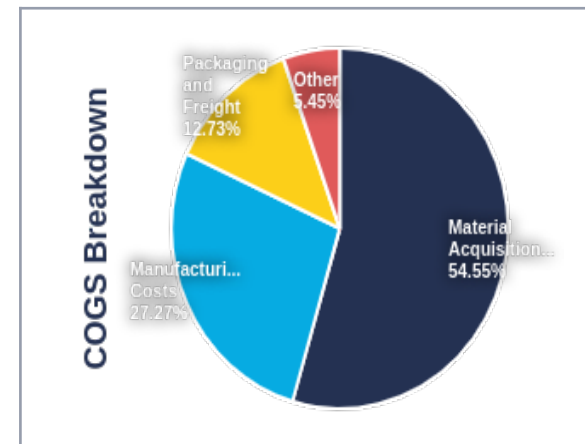
Material Acquisition	19	19	19	23	23	23	28	28	28	31	31	31	300	637	986
Manufacturing Costs	9	9	9	11	11	11	14	14	14	16	16	16	150	319	493
Packaging and Freight	4	4	4	5	5	5	6	6	6	7	7	7	70	149	230
Other	2	2	2	2	2	2	3	3	3	3	3	3	30	64	99
Total COGS (thnd USD)	34	34	34	41	41	41	50	50	50	57	57	57	551	1,168	1,808

Total COGS is expected to reach \$ 1,808k by year 3.

Main revenue driver are:

- Material Acquisition which generates \$ 986k by Year 3
- Manufacturing Costs which generates \$ 493k by Year 3

Expected CAGR for total COGS in Y1-Y3 is 81.20 %



SG&A Calculation Details

OPEX Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Payroll Expenses	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Rent & Utilities	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Communication Expenses	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	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%
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	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Representation and Entertainment	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Training and Development	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%
Other Miscellaneous	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%

Payroll Expenses	3	3	3	4	4	4	5	5	5	5	5	5	50	106	164
Rent & Utilities	2	2	2	2	2	2	3	3	3	3	3	3	30	64	99
Communication Expenses	1	1	1	2	2	2	2	2	2	2	2	2	20	42	66
Office supplies	1	1	1	2	2	2	2	2	2	2	2	2	20	42	66
Legal and Professional Fees	2	2	2	2	2	2	3	3	3	3	3	3	30	64	99
Marketing and Branding	3	3	3	4	4	4	5	5	5	5	5	5	50	106	164
Representation and Entertainment	1	1	1	1	1	1	1	1	1	1	1	1	10	21	33
Training and Development	2	2	2	2	2	2	3	3	3	3	3	3	30	64	99
Other Miscellaneous	3	3	3	3	3	3	4	4	4	4	4	4	40	85	131

Total SG&A (thnd USD)	18	18	18	21	21	21	26	26	26	29	29	29	280	595	920
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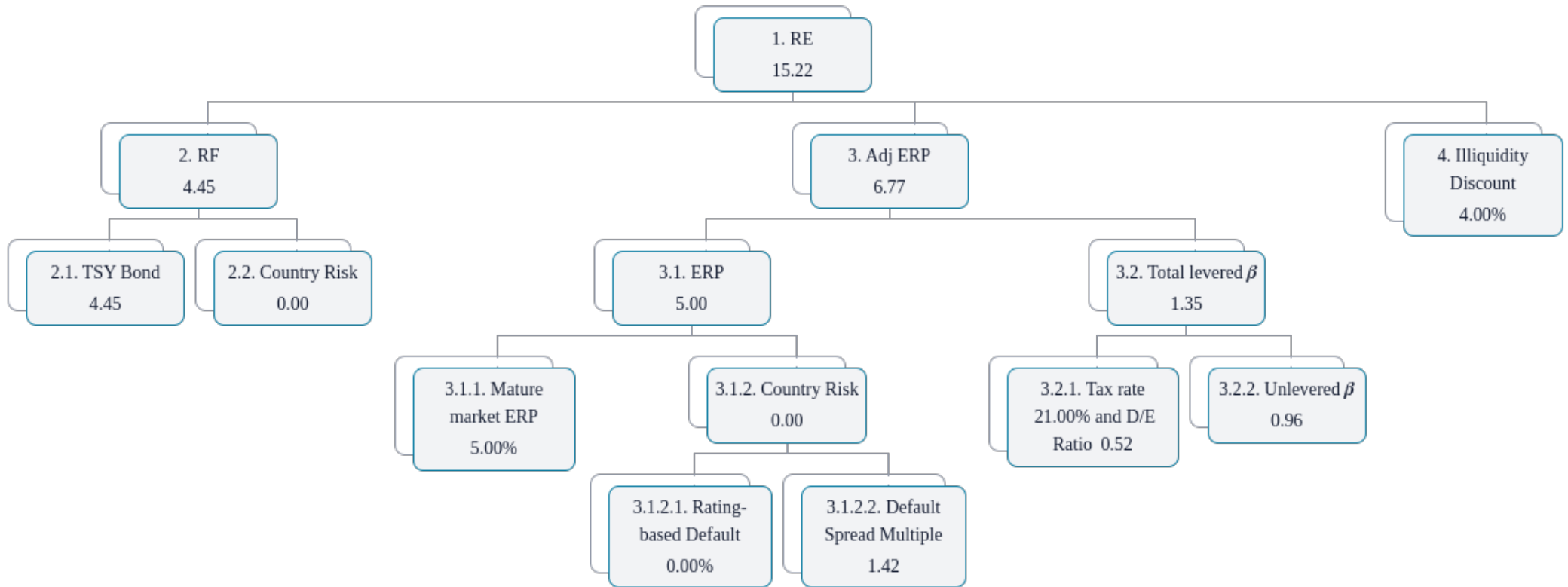
PaT Expectations

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Financial Projection

Income Statement (thnd USD)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Revenue	63	63	63	75	75	75	92	92	92	104	104	104	1,001	2,124	3,287
Sustainable Clothing Sales	31	31	31	38	38	38	46	46	46	52	52	52	500	1,062	1,643
Accessories Sales	16	16	16	19	19	19	23	23	23	26	26	26	250	531	822
Luxury Items Sales	13	13	13	15	15	15	18	18	18	21	21	21	200	425	657
Other	3	3	3	4	4	4	5	5	5	5	5	5	50	106	164
COGS	-34	-34	-34	-41	-41	-41	-50	-50	-50	-57	-57	-57	-551	-1,168	-1,808
Material Acquisition	-19	-19	-19	-23	-23	-23	-28	-28	-28	-31	-31	-31	-300	-637	-986
Manufacturing Costs	-9	-9	-9	-11	-11	-11	-14	-14	-14	-16	-16	-16	-150	-319	-493
Packaging and Freight	-4	-4	-4	-5	-5	-5	-6	-6	-6	-7	-7	-7	-70	-149	-230
Other	-2	-2	-2	-2	-2	-2	-3	-3	-3	-3	-3	-3	-30	-64	-99
Gross Profit	28	28	28	34	34	34	41	41	41	47	47	47	450	956	1,479
SG&A Personal Expenses	-3	-3	-3	-4	-4	-4	-5	-5	-5	-5	-5	-5	-50	-106	-164
SG&A Operating Expenses	-14	-14	-14	-17	-17	-17	-21	-21	-21	-24	-24	-24	-230	-489	-756
EBITDA	11	11	11	13	13	13	16	16	16	18	18	18	170	361	559
Depreciation	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-31	-31	-31
EBIT	8	8	8	10	10	10	13	13	13	15	15	15	139	330	528
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit before Tax	8	8	8	10	10	10	13	13	13	15	15	15	139	330	528
Tax	-2	-2	-2	-2	-2	-2	-3	-3	-3	-3	-3	-3	-29	-69	-111
Profit after Tax (thnd USD)	6	6	6	8	8	8	10	10	10	12	12	12	110	261	417

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 $R(E) = R(F) + \beta \times (ERP)$, 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.

	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%

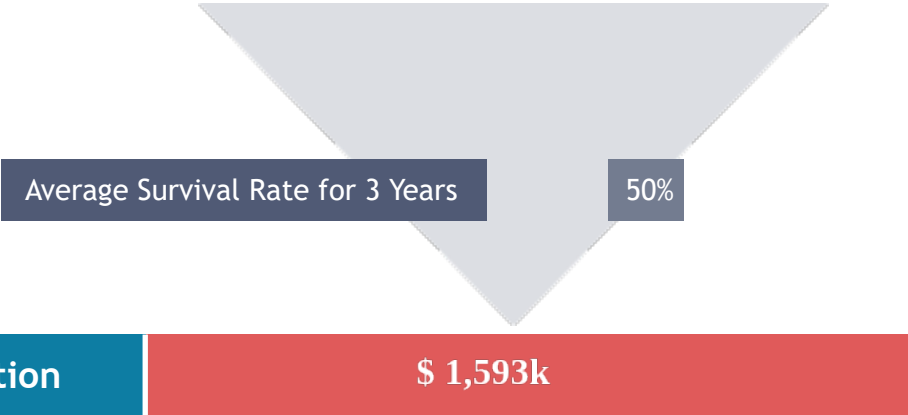
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<https://pages.stern.nyu.edu/~adamodar/pdfiles/papers/younggrowth.pdf>

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

Business Valuation

	(thnd USD)	Y1	Y2	Y3	Y4	Y5	Y6	Y7
DCF	Profit after Tax	110	261	417	442	469	498	528
	Growth% Y4-Y7				6.10%	6.10%	6.10%	6.10%
	Growth% Y7 -->	3.50%						
	WACC	15.22%						
	PV Y1-Y7 at Y0	95	196	273	251	231	213	196
	PV Y7 --> Y0	1,730						
	NPV (thnd USD)	3,185						



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 15.22 % to determine the Firm Value.

Starting from year 3 onwards, the cash flows are estimated to grow at a rate of 6.10 %, 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

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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