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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)

**\$3286.6k**

Revenue

**\$1479.0k**

Gross Profit

**\$558.7k**

EBITDA

**0.00123%**

Target Market Share

## Projected Revenue



Margins  
(Stabilized by Y3)

GP Margin



EBITDA Margin



PbT Margin



## Project Phases



Funding round is aimed to accelerate the development of Phases and create core infrastructure for operations.

Investment will be used to finance CAPEX, WC buffers, etc.

Investment \$2000.00k

Y1 CAPEX \$200.00k

WC \$170.17k



## 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**

## 01 Establishment

Phase I.

EcoThread Apparel begins by launching a line of recycled, eco-friendly clothing, setting its foundation as a sustainable fashion brand.

## Diversification 03

Phase III.

EcoThread explores new revenue streams, potentially venturing into environmentally-friendly accessories or luxury items, leveraging its brand image.

## 02 Expansion & Refinement

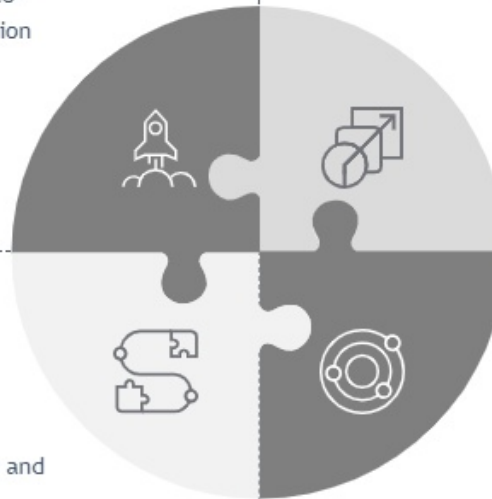
Phase II.

The company enhances its product line by diversifying styles and offering items for all ages. Aggressive marketing is used to expand its consumer base.

## Innovation & Uncertain Opportunities 04

Phase IV.

The brand explores high-risk, high-reward avenues like pioneering new recycled materials or fashion-tech integration, keeping in line with the company's eco-conscious ethos.



# Product Impact on Core Stakeholders

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



# 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.

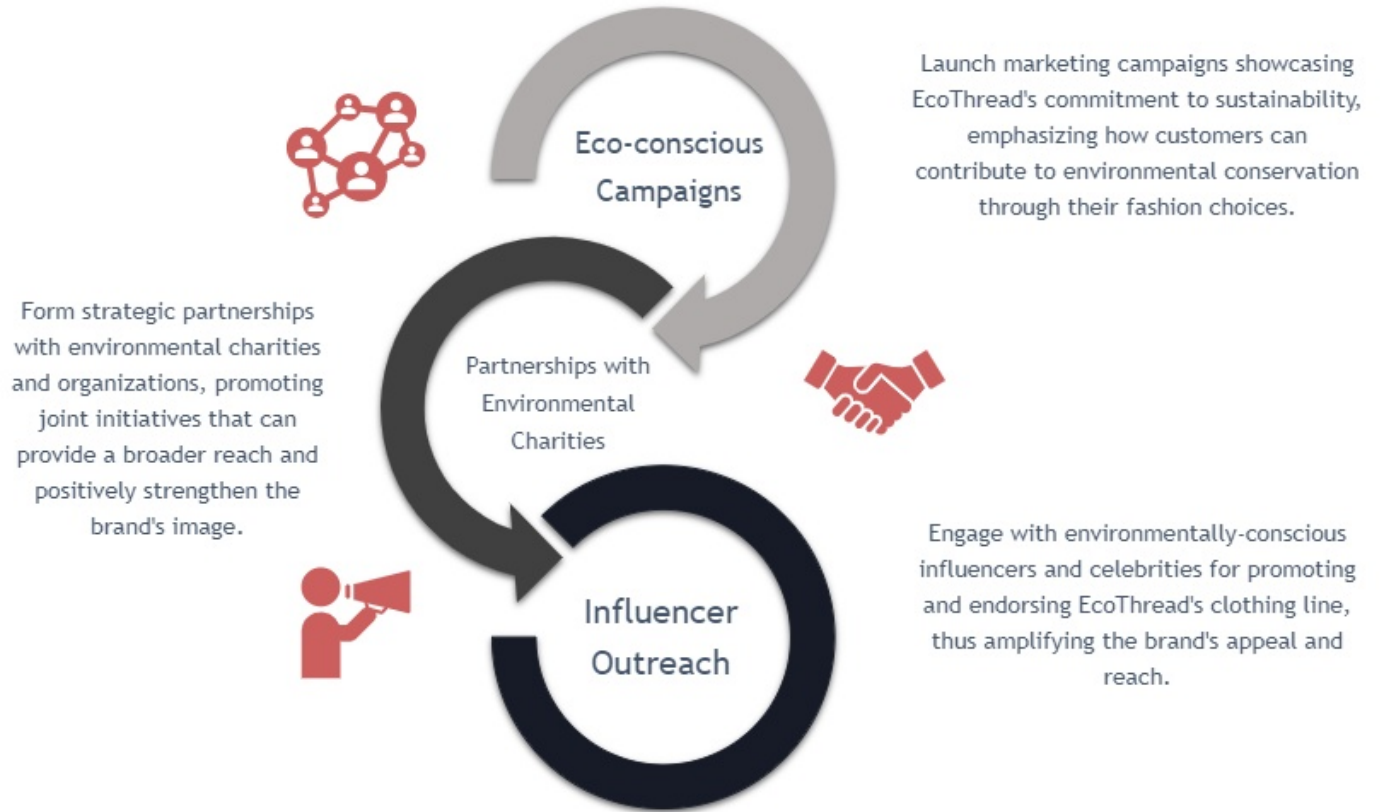
### High-Quality Materials

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



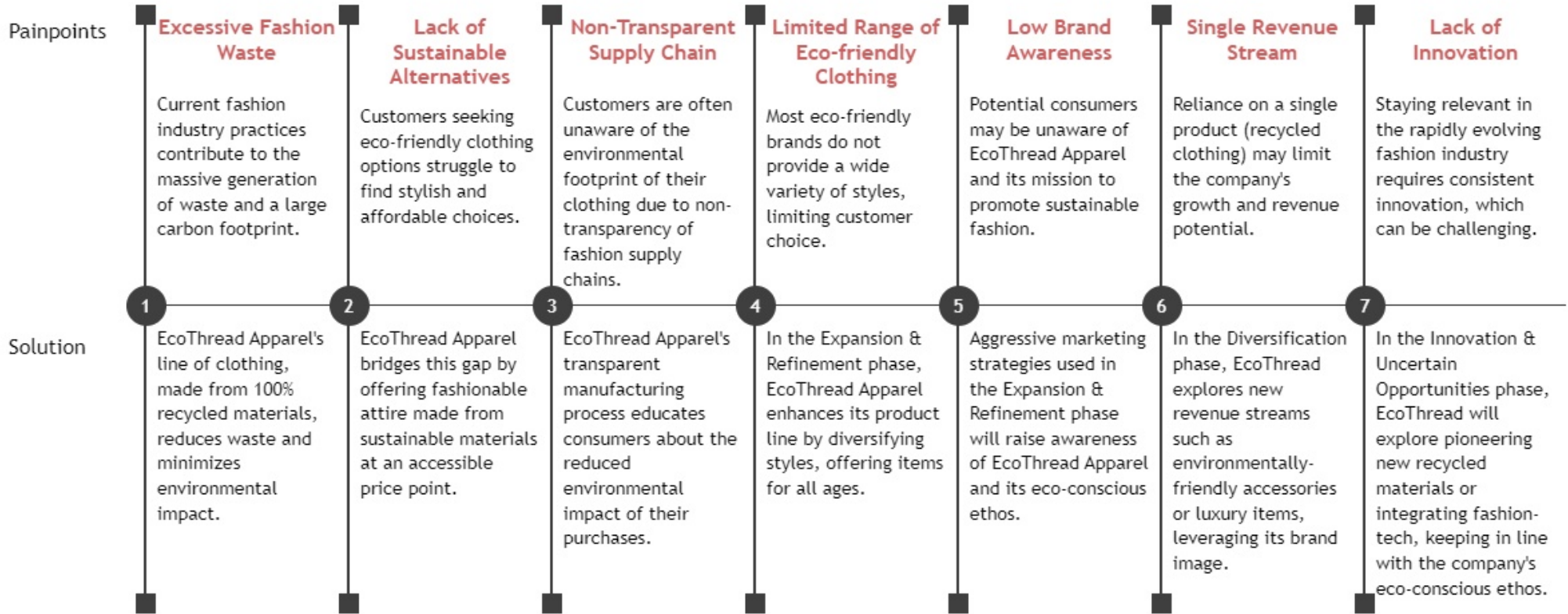


# Target Groups

	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	
<b>General Planning and Organization</b>						
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
<b>Marketing</b>						
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
<b>Phase 1 &amp; Technical Set Up for next Phases</b>					
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
<b>Phase 2</b>					
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
<b>Phase 3</b>					
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
<b>Phase 4</b>					
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 & Mitigation 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.





# Core Risks & Mitigation Strategies

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 risks			
#	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.



# Market Overview (TAM, SAM and SOM)

 **Target Available Market (TAM)**

Apparel, Accessories & Luxury Goods Subindustry

\$556.10bln

Source: Web search  
Expected CAGR for industry is 6.10%



 **Service Available Market (SAM)**

1.50%

Being an SME, EcoThread Apparel, with a capital of \$2M, positions itself in a niche market - sustainable apparel. Despite the growing interest in eco-friendly products, this specialized approach would likely limit their serviceable available market to about 1.5% of the total addressable market...



 **Service Obtainable Market Y1-Y3 (SOM)**

Year 1 0.01200%  
Year 2 0.02400%  
Year 3 0.03500%

Considering the capital of EcoThread Apparel, its focus on a niche market segment of environmentally conscious consumers, and competition within the Apparel, Accessories & Luxury Goods industry, the projected SOM shows conservative growth over three years. Year 1 is focused on establishing mark...



# 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.

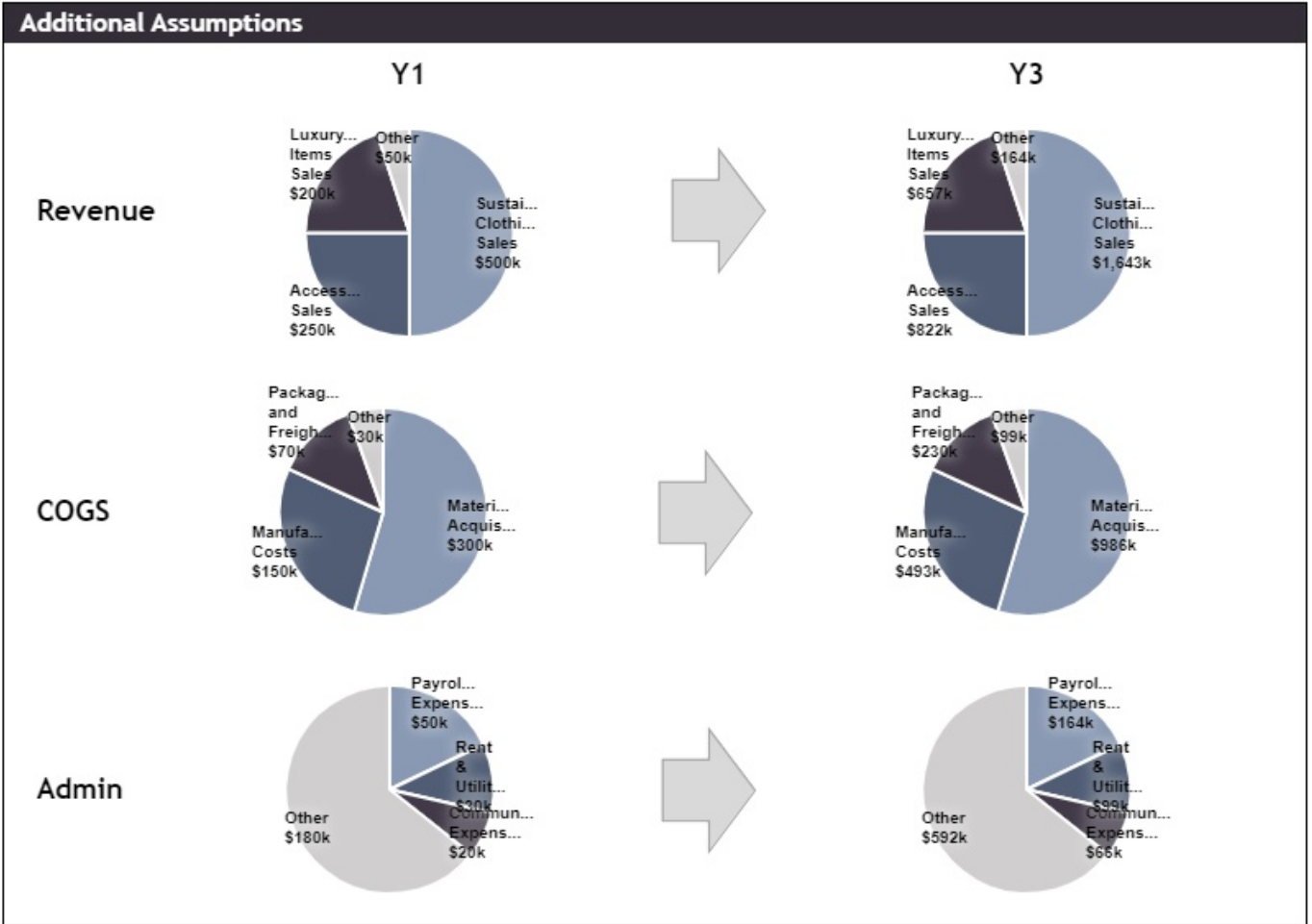
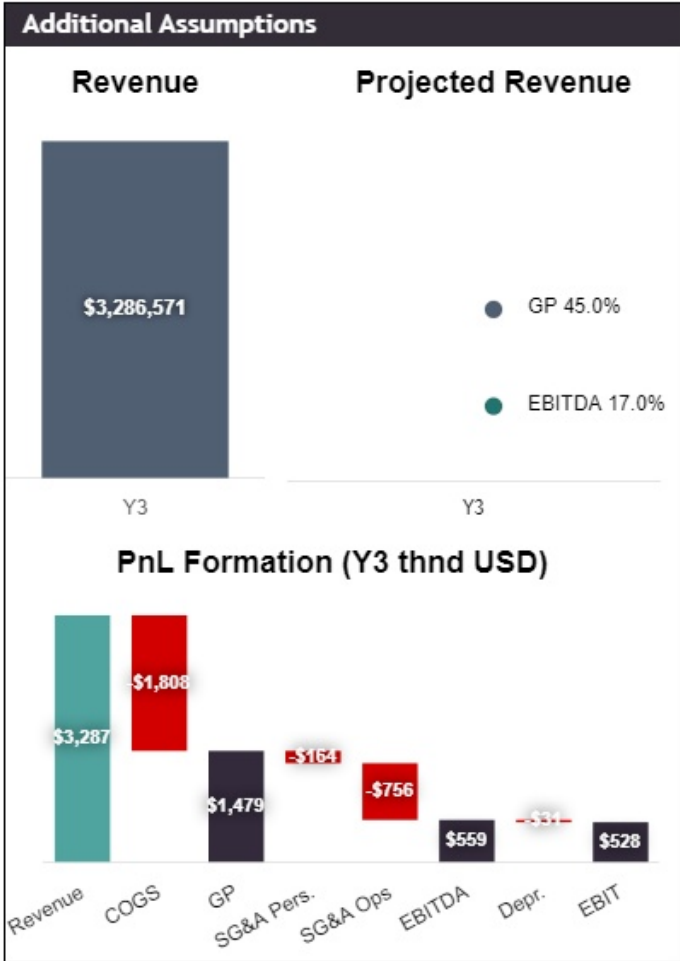
Table below presents the overview of expected inflows and outflows.

The total investment required is \$2,000k

Y1 Cash Flow Stream	Inflows	Outflows
Gross Profit	\$450,441	
Payroll Expenses		\$50,049
Marketing and Branding		\$50,049
Other Miscellaneous		\$40,039
Rent & Utilities		\$30,029
Capex		\$200,000
Legal and Professional Fees		\$30,029
Training and Development		\$30,029
Communication Expenses		\$20,020
Office supplies		\$20,020
Representation and Entert.		\$10,010
<b>CAPEX &amp; WC shortage Y1</b>		<b>\$29,833</b>
<b>Buffer</b>		<b>\$1,970,167</b>
<b>Total Required Investment</b>		<b>\$2,000,000</b>



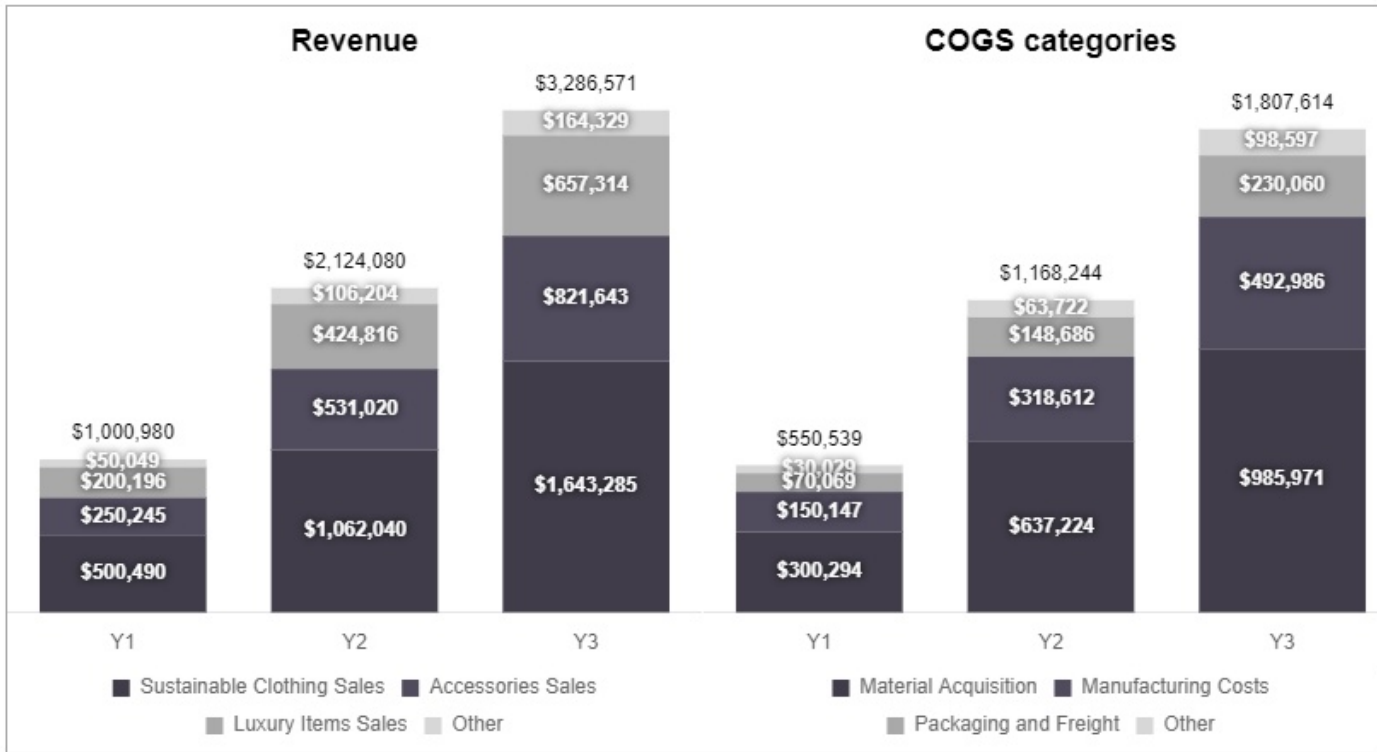
# Financials Dashboard



# 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.

**\$ 3.3 m** 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 %

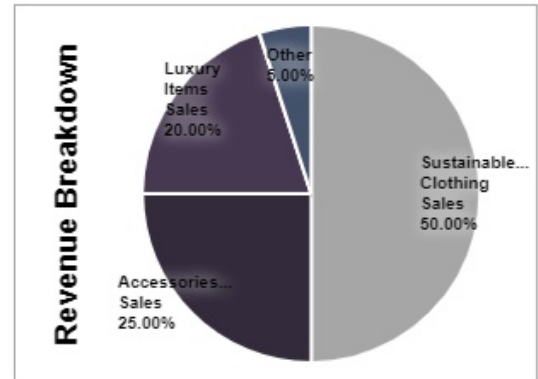


Sustainable Clothing Sales	\$31	\$31	\$31	\$38	\$38	\$38	\$46	\$46	\$46	\$52	\$52	\$52	\$500	\$1,062	\$1,643
Accessories Sales	\$16	\$16	\$16	\$19	\$19	\$19	\$23	\$23	\$23	\$26	\$26	\$26	\$250	\$531	\$822
Luxury Items Sales	\$13	\$13	\$13	\$15	\$15	\$15	\$18	\$18	\$18	\$21	\$21	\$21	\$200	\$425	\$657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

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

- Sustainable Clothing Sales which generates \$1,643 (thnd) by Year 3
- Accessories Sales which generates \$822 (thnd) 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%
Packaging and Freight	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%



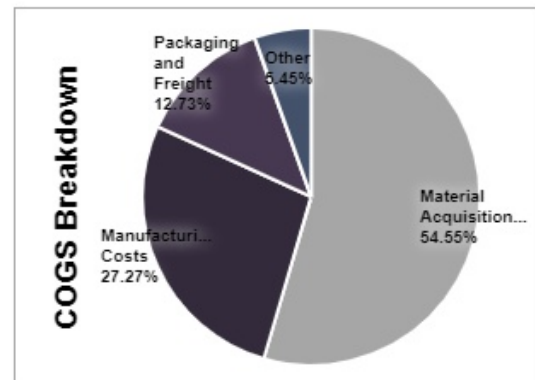
Material Acquisition	\$19	\$19	\$19	\$23	\$23	\$23	\$28	\$28	\$28	\$31	\$31	\$31	\$300	\$637	\$986
Manufacturing Costs	\$9	\$9	\$9	\$11	\$11	\$11	\$14	\$14	\$14	\$16	\$16	\$16	\$150	\$319	\$493
Packaging and Freight	\$4	\$4	\$4	\$5	\$5	\$5	\$6	\$6	\$6	\$7	\$7	\$7	\$70	\$149	\$230
Other	\$2	\$2	\$2	\$2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

Total COGS is expected to reach \$1,808 (thnd) by year 3.

Main revenue driver are:

- Material Acquisition which generates \$986 (thnd) by Year 3
- Manufacturing Costs which generates \$493 (thnd) 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

<b>Total SG&amp;A (thnd USD)</b>	<b>\$18</b>	<b>\$18</b>	<b>\$18</b>	<b>\$21</b>	<b>\$21</b>	<b>\$21</b>	<b>\$26</b>	<b>\$26</b>	<b>\$26</b>	<b>\$29</b>	<b>\$29</b>	<b>\$29</b>	<b>\$280</b>	<b>\$595</b>	<b>\$920</b>
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# PaT Expectations

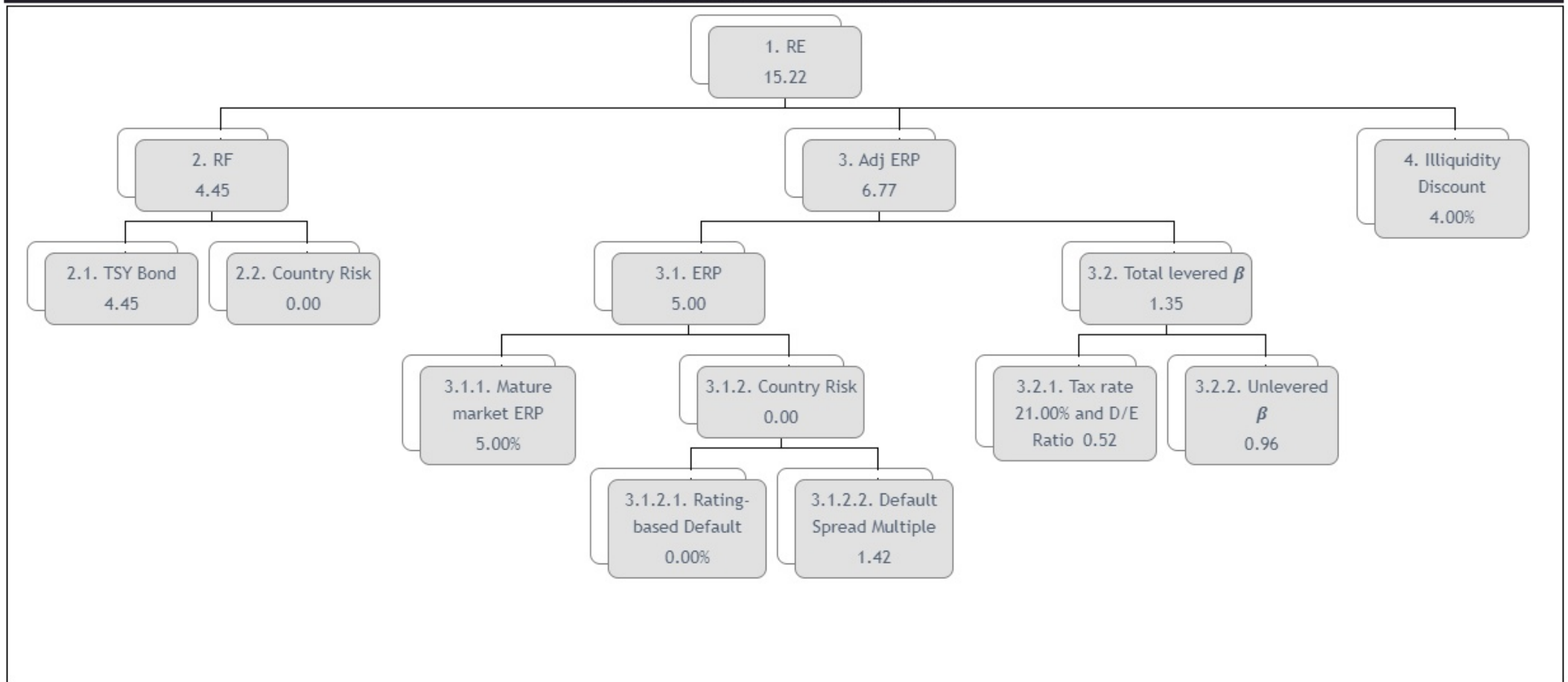
1 2 3 4 5 6 7

Financial Projection

Income Statement (thnd USD)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Revenue	\$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
<b>Gross Profit</b>	<b>\$28</b>	<b>\$28</b>	<b>\$28</b>	<b>\$34</b>	<b>\$34</b>	<b>\$34</b>	<b>\$41</b>	<b>\$41</b>	<b>\$41</b>	<b>\$47</b>	<b>\$47</b>	<b>\$47</b>	<b>\$450</b>	<b>\$956</b>	<b>\$1,479</b>
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
<b>EBITDA</b>	<b>\$11</b>	<b>\$11</b>	<b>\$11</b>	<b>\$13</b>	<b>\$13</b>	<b>\$13</b>	<b>\$16</b>	<b>\$16</b>	<b>\$16</b>	<b>\$18</b>	<b>\$18</b>	<b>\$18</b>	<b>\$170</b>	<b>\$361</b>	<b>\$559</b>
Depreciation	-\$3	-\$3	-\$3	-\$3	-\$3	-\$3	-\$3	-\$3	-\$3	-\$3	-\$3	-\$3	-\$31	-\$31	-\$31
<b>EBIT</b>	<b>\$8</b>	<b>\$8</b>	<b>\$8</b>	<b>\$10</b>	<b>\$10</b>	<b>\$10</b>	<b>\$13</b>	<b>\$13</b>	<b>\$13</b>	<b>\$15</b>	<b>\$15</b>	<b>\$15</b>	<b>\$139</b>	<b>\$330</b>	<b>\$528</b>
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Profit before Tax</b>	<b>\$8</b>	<b>\$8</b>	<b>\$8</b>	<b>\$10</b>	<b>\$10</b>	<b>\$10</b>	<b>\$13</b>	<b>\$13</b>	<b>\$13</b>	<b>\$15</b>	<b>\$15</b>	<b>\$15</b>	<b>\$139</b>	<b>\$330</b>	<b>\$528</b>
Tax	-\$2	-\$2	-\$2	-\$2	-\$2	-\$2	-\$3	-\$3	-\$3	-\$3	-\$3	-\$3	-\$29	-\$69	-\$111
<b>Profit after Tax (thnd USD)</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$8</b>	<b>\$8</b>	<b>\$8</b>	<b>\$10</b>	<b>\$10</b>	<b>\$10</b>	<b>\$12</b>	<b>\$12</b>	<b>\$12</b>	<b>\$110</b>	<b>\$261</b>	<b>\$417</b>



## 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  $R(E) = R(F) + B * (ERP)$ , 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 (B) 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

	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	\$109,942	\$260,774	\$416,896	\$442,327	\$469,309	\$497,937	\$528,311
	Growth% Y4-Y7				6.10%	6.10%	6.10%	6.10%
	Growth% Y7 -->				3.50%			
	WACC				15.22%			
	PV Y1-Y7 at Y0	\$95,417	\$196,424	\$272,536	\$250,960	\$231,092	\$212,797	\$195,950
	PV Y7 --> Y0				\$1,730,177			
	NPV (thnd USD)				\$3,185,354			

Average Survival Rate for 3 Years

50

Final Valuation

\$1,592,677

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.



# Glossary

## 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

## 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.

The valuation does not guarantee future financial performance or the accuracy of the projections. Actual results may differ materially from those presented in this analysis due to numerous factors, including but not limited to changes in economic conditions, market dynamics, competition, regulatory factors, and unforeseen events.

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