

Business Plan & Valuation Presentation



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Summary Financials Dashboard

Key performance indicators
(Base Scenario Y3)

\$ 486k

Revenue

\$ 223k

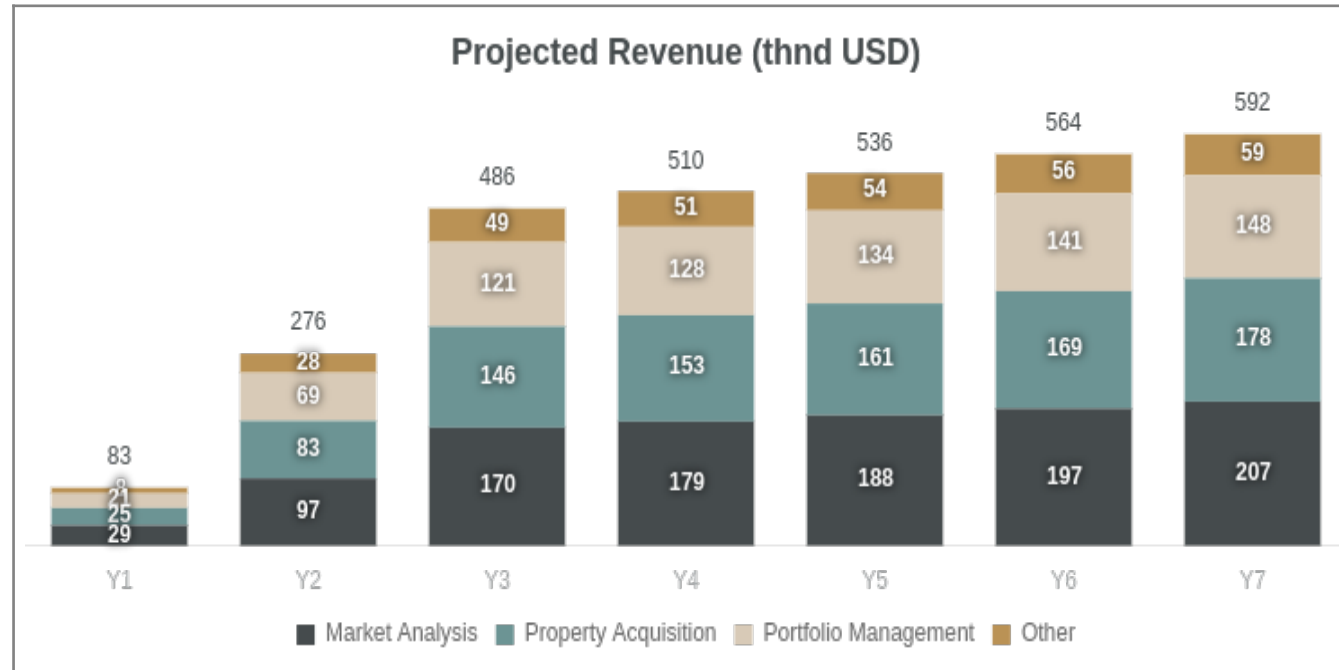
Gross Profit

-\$ 107k

EBITDA

2.22%

Target Market Share



Margins
(Stabilized by Y3)

GP Margin



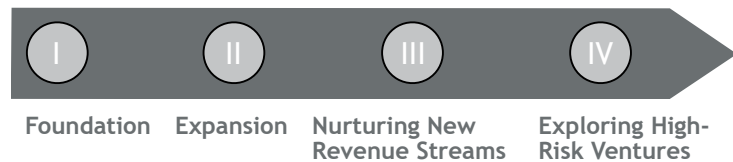
EBITDA Margin



PbT Margin



Project Phases



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

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

Investment \$ 500k

Y1 CAPEX \$ 425k

WC \$ 11k



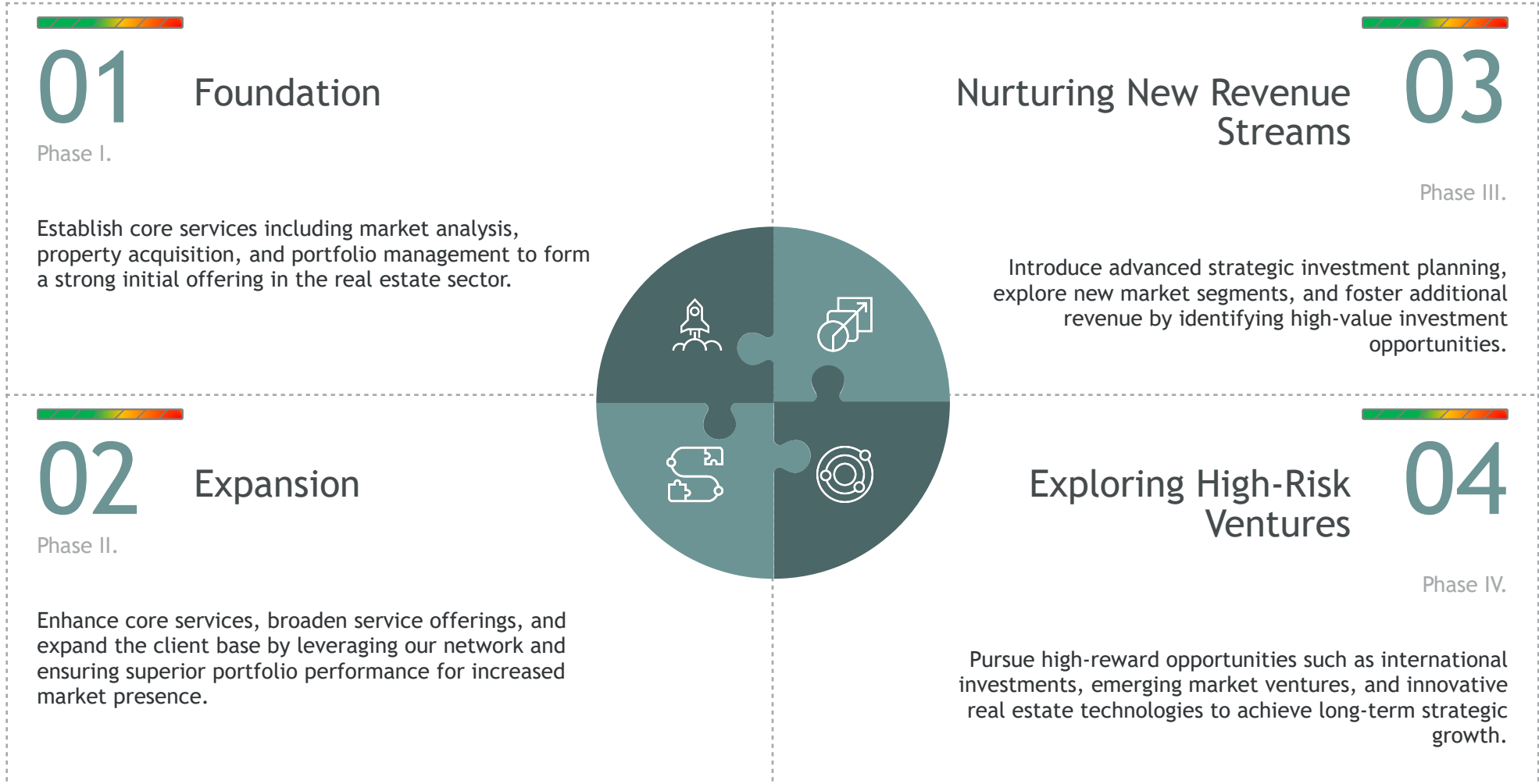
About the Company: General Overview



Prime Property Investments, operating within the real estate activities sector, is a leading investment brokerage firm specializing in real estate activities on a fee or contract basis. The company excels in identifying and capitalizing on high-value investment opportunities in the real estate industry. They offer a broad range of comprehensive services that include market analysis, property acquisition, portfolio management, and strategic investment planning. Leveraging an extensive network and deep industry expertise, Prime Property Investments provides clients with access to premium investment properties and innovative strategies to maximize returns. The firm is committed to delivering exceptional value and insights, guiding clients through every step of their real estate investment journey with precision and integrity. Their goal is to consistently offer robust solutions that drive optimal investment outcomes, ensuring their clients achieve their financial objectives in the competitive real estate market.



The Main Phases: Projects & Impacts



Product Impact on Core Stakeholders

Main Stakeholder	Product Benefits
Clients	<ol style="list-style-type: none"> 1. Access to high-value investment properties and innovative solutions that maximize returns. 2. Comprehensive support, including market analysis, property acquisition, portfolio management, and strategic investment planning. 3. Confidence and security in investments through the guidance and expertise of a trusted real estate investment partner.
Employees	<ol style="list-style-type: none"> 1. Opportunities for career growth and professional development within a dynamic and expanding organization. 2. Engagement in high-profile projects that foster skill enhancement and industry knowledge. 3. A supportive work environment that values expertise, innovation, and collaboration.
Investors	<ol style="list-style-type: none"> 1. Higher returns on investment through well-researched and strategically planned real estate ventures. 2. Diversification of investment portfolios with premium properties and emerging market opportunities. 3. Transparent communication and regular updates on portfolio performance and market trends.
Industry Partners	<ol style="list-style-type: none"> 1. Collaborations on lucrative deals and projects that benefit from mutual expertise and resources. 2. Enhanced market presence and credibility through association with a reputable real estate brokerage. 3. Access to shared insights and trend analysis to stay ahead in the competitive real estate market.
Local Communities	<ol style="list-style-type: none"> 1. Economic growth and job creation through successful real estate projects and investments. 2. Improvement in local infrastructure and amenities due to strategic property developments. 3. Enhanced community value and quality of life through responsible and sustainable investments.
Regulatory Bodies	<ol style="list-style-type: none"> 1. Compliance with industry regulations and standards, ensuring ethical and transparent business practices. 2. Cooperation in promoting sustainable and responsible real estate development initiatives. 3. Contribution to policy development and industry innovation through active engagement and feedback.
Technology Providers	<ol style="list-style-type: none"> 1. Implementation of advanced real estate technologies that streamline operations and improve efficiency. 2. Opportunities for collaboration on developing innovative solutions for market analysis and portfolio management. 3. Enhanced market competitiveness and client satisfaction through technological advancements.



Key Performance Components

Competitive Advantage

Extensive Network

Prime Property Investments leverages a vast network of industry contacts to provide clients with access to premium investment properties and exclusive opportunities, maximizing their potential returns.

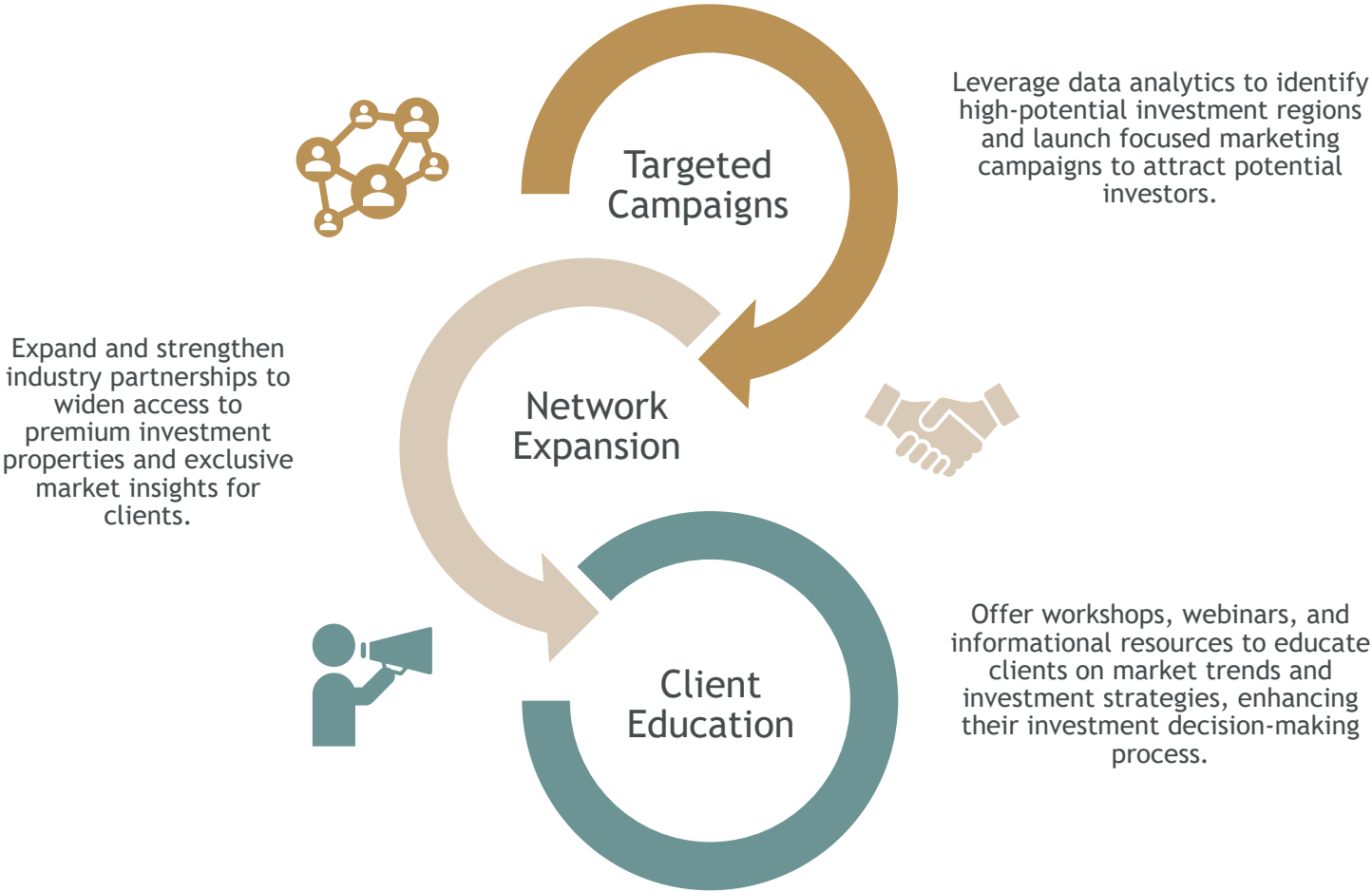
Comprehensive Services

Offering market analysis, property acquisition, portfolio management, and strategic investment planning, Prime Property Investments ensures clients receive holistic and tailored real estate investment solutions.




Industry Expertise

With deep knowledge and experience in real estate, Prime Property Investments delivers exceptional insights and guidance, ensuring clients make well-informed investment decisions to achieve maximum value.

Marketing and Growth Strategy

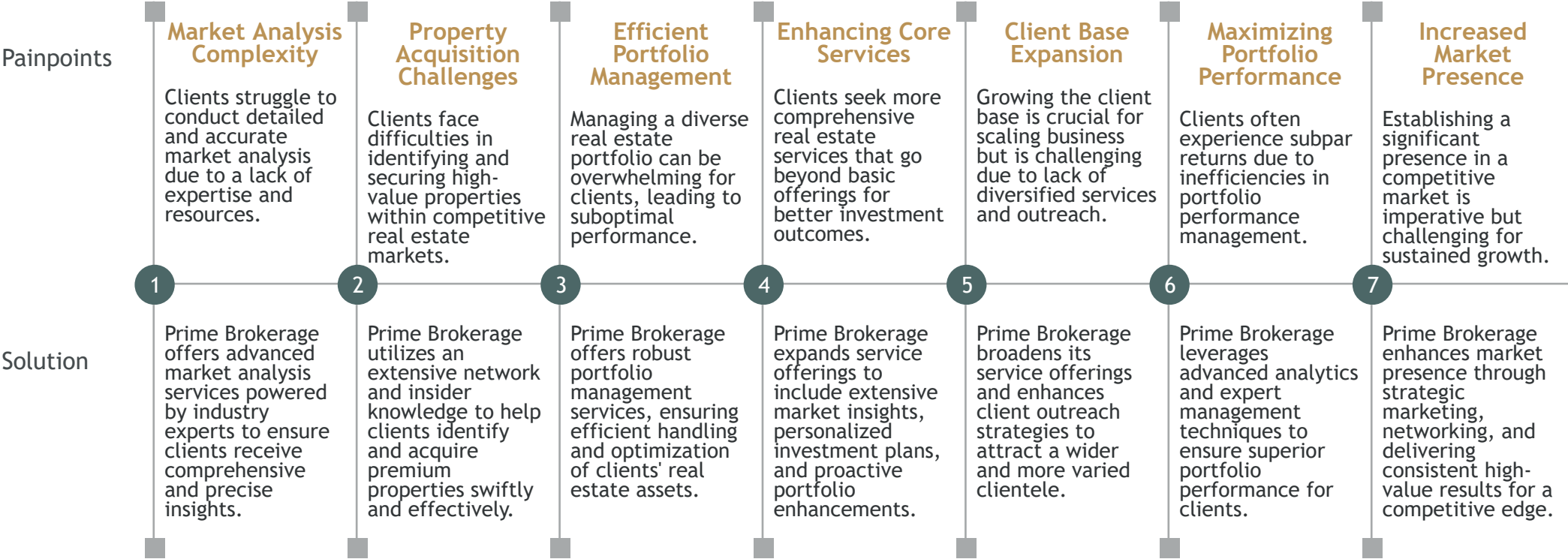


Target Groups

Industries		Description
I	 Individual Investors	Individuals seeking profitable real estate investment opportunities with thorough guidance and strategic planning.
II	 Institutional Investors	Large organizations, such as pension funds and insurance companies, looking for stable and high-value real estate investments.
III	 Real Estate Developers	Businesses engaged in the development of properties, requiring market analysis and acquisition services to maximize investment returns.
IV	 Property Management Firms	Companies managing rental properties that need comprehensive portfolio management and strategic investment planning.
V	 Corporate Clients	Corporations seeking real estate assets for operational expansion and investment diversification.
VI	 High-Net-Worth Individuals	Affluent individuals looking for premium investment properties and bespoke investment strategies.
VII	 International Investors	Investors outside the domestic market aiming to capitalize on real estate opportunities in new geographies with expert guidance.




Solution from Phase I to Phase IV




Strategic Analysis: SWOT

Strength



1. Extensive network of premium property providers and investors.
2. Comprehensive service offerings from market analysis to portfolio management.
3. Deep industry expertise and a proven track record of high-value investments.
4. Strong focus on delivering exceptional value and client satisfaction.
5. Innovative solutions tailored to maximize investment returns.

Weaknesses




1. Dependence on market conditions affecting real estate value.
2. High competition in the real estate investment sector.
3. Significant resource allocation needed for comprehensive market analysis.
4. Potential over-reliance on specific high-value property markets.
5. Vulnerability to economic downturns impacting investment capacity.

Opportunities



1. Expansion into emerging real estate markets.
2. Leveraging technology for advanced market analytics and customer insights.
3. Forming strategic alliances to enhance service offerings.
4. Growing demand for diversified real estate investments.
5. Capitalizing on regulatory changes benefiting the real estate sector.

Threats



1. Regulatory changes adversely affecting property investments.
2. Economic volatility impacting investor confidence and capital availability.
3. Increasing competition leading to reduced market share.
4. Potential market saturation in key locations.
5. Fluctuating interest rates affecting investment decisions.



History & Roadmap



Current Status.

- Prime Property Investments is expanding service offerings with new tools.
- The firm will diversify property investment options by mid-2024.
- Client engagement events will enhance relationships by Oct 2024.
- An AI-driven platform will be integrated by Jan 2025.
- First international expansion planned for Jun 2025.
- Sustainability initiatives to be launched by Dec 2025.



Organizational and Marketing Tasks

#	Check List Item	Status	Priority	Area	ETA
General Planning and Organization					
1	Develop Business Plan	●	Not Started	High	CEO 2 weeks
2	Secure Initial Funding	●	Not Started	High	CFO 1 month
3	Establish Legal Structure	●	Not Started	High	CSO 3 weeks
4	Set Up Accounting Systems	●	Not Started	High	CFO 2 weeks
5	Develop IT Infrastructure	●	Not Started	Medium	CTO 1 month
6	Recruit Leadership Team	●	Not Started	High	CPO 1 month
7	Create Company Website	●	Not Started	Medium	CMO 6 weeks
8	Develop Standard Operating Procedures	●	Not Started	Medium	COO 2 months
Marketing					
1	Develop Branding Strategy	●	Not Started	High	CMO 2 weeks
2	Launch Company Website	●	Not Started	High	CTO 1 month
3	Establish Social Media Presence	●	Not Started	Medium	CMO 1 month
4	Design Promotional Materials	●	Not Started	Medium	CMO 2 weeks
5	Initiate Email Marketing Campaign	●	Not Started	High	CMO 3 weeks
6	Organize Launch Event	●	Not Started	Medium	COO 2 months
7	Develop PR Strategy	●	Not Started	High	CSO 1 month
8	Implement SEO Tactics	●	Not Started	Medium	CTO 2 months



Overview of Phases

#	Check List Item	Status	Priority	Area	ETA	
Phase 1 & Technical Set Up for next Phases						
1	Conduct Comprehensive Market Analysis	●	Not Started	High	CRO	2 months
2	Develop Core Service Offerings	●	Not Started	High	CPO	1.5 months
3	Establish Legal Framework for Property Acquisition	●	Not Started	High	CFO	2.5 months
4	Form Strategic Partnerships with Key Stakeholders	●	Not Started	Medium	COO	3 months
5	Create Portfolio Management Strategy	●	Not Started	High	CSO	2 months
6	Secure Initial Property Acquisitions	●	Not Started	High	CEO	4 months
7	Design Client Onboarding Process	●	Not Started	Medium	CMO	2 months
8	Implement Information Management Systems	●	Not Started	Medium	CIO	3 months
Phase 2						
1	Enhance core services offering	●	Not Started	High	COO	3 months
2	Broaden service offerings	●	Not Started	Medium	CPO	4 months
3	Expand client base through targeted outreach	●	Not Started	High	CMO	2 months
4	Leverage network for business growth	●	Not Started	High	CSO	3 months
5	Ensure superior portfolio performance	●	Not Started	High	CEO	Ongoing
6	Develop strategic partnerships	●	Not Started	Medium	CBO	6 months
7	Implement technology solutions for scalability	●	Not Started	Medium	CTO	5 months
8	Conduct market presence enhancement campaign	●	Not Started	High	CMO	3 months



Overview of Phases

#	Check List Item	Status	Priority	Area	ETA
Phase 3					
1	Initiate advanced strategic investment planning	●	Not Started	High	CEO 2 months
2	Identify and analyze new market segments	●	Not Started	High	CIO 3 months
3	Develop additional revenue streams	●	Not Started	High	CFO 4 months
4	Foster partnerships with key industry players for high-value investments	●	Not Started	Medium	CRO 5 months
5	Enhance market intelligence tools	●	Not Started	Medium	CTO 3 months
6	Conduct workshops and seminars on strategic investment opportunities	●	Not Started	Medium	COO 6 months
7	Improve client advisory services for specialized investments	●	Not Started	High	CPO 4 months
8	Monitor performance metrics of new revenue streams	●	Not Started	Low	CSO 6 months
Phase 4					
1	Identify International Investment Opportunities	●	Not Started	High	CIO 3 months
2	Develop Partnerships with Global Real Estate Firms	●	Not Started	High	COO 4 months
3	Conduct Risk Analysis for Emerging Market Ventures	●	Not Started	Medium	CRO 2 months
4	Secure Funding for High-Rewards Projects	●	Not Started	High	CFO 6 months
5	Implement Innovative Real Estate Technologies	●	Not Started	High	CTO 5 months
6	Launch Marketing Campaigns for High-Risk Ventures	●	Not Started	Medium	CMO 3 months
7	Monitor and Adjust Strategies Based on Market Feedback	●	Not Started	High	CSO Ongoing
8	Regulatory Compliance for International Transactions	●	Not Started	Medium	CLO 4 months



Core Risks & Migration Strategies

1. Operation and maintenance risks

#	Risk Type	Area	Mitigation Strategy
1	Property Acquisition Delays	COO	Establish strong relationships with property owners and streamline the acquisition process through efficient project management and contingency planning.
2	Maintenance Issues	COO	Implement a proactive maintenance schedule and partner with reliable contractors to ensure timely and quality maintenance of properties.
3	Technology Failures	CTO	Implement robust and redundant technology infrastructure to minimize downtime and ensure continuous operations.
4	Portfolio Management Inefficiencies	CIO	Utilize advanced portfolio management software and regularly review performance metrics to optimize property management and ROI.
5	Client Data Breaches	CISO	Implement top-tier cybersecurity measures, conduct regular security audits, and ensure employee training on data protection practices.

2. Regulatory and legal risks

#	Risk Type	Area	Mitigation Strategy
1	Non-compliance with Real Estate Regulations	CRO	Establish a compliance unit to continuously monitor and update internal policies in accordance with changing real estate regulations.
2	Data Privacy and Security Breaches	CIO	Implement advanced cybersecurity measures and regular audits to ensure client and organizational data is protected from breaches.
3	Legal Disputes	CLO	Retain a dedicated legal team to proactively handle potential disputes and ensure all transactions are in strict legal compliance.
4	Tax Compliance Issues	CFO	Regularly consult with tax experts to ensure that all financial activities comply with the latest tax laws and regulations.
5	Regulatory Changes in Investment Laws	CSO	Monitor and adapt to regulatory changes in investment laws through constant communication with regulatory bodies and industry associations.



3. Strategic/Market Risk

#	Risk Type	Area	Mitigation Strategy
1	Market Volatility	CFO	Implement comprehensive market analysis and diversify portfolios to mitigate the impact of market fluctuations.
2	Competitive Pressure	CSO	Enhance service offerings and continuously innovate to differentiate ourselves from competitors and retain market share.
3	Client Acquisition and Retention	CMO	Develop targeted marketing strategies and improve client relationship management to attract and maintain a loyal client base.
4	Economic Downturn	CEO	Prepare contingency plans and build financial reserves to sustain operations during periods of economic instability.
5	Technological Disruption	CTO	Invest in cutting-edge technology and continuously assess and integrate emerging tech solutions to stay ahead of industry changes.

4. Finance risk

#	Risk Type	Area	Mitigation Strategy
1	Market Volatility Impact	CFO	Maintain diversification across property types and geographic locations to stabilize returns.
2	Liquidity Risk	CFO	Ensure adequate cash reserves and establish lines of credit to manage short-term liquidity needs.
3	Funding Shortfalls	CFO	Develop strong relationships with multiple financial institutions and investors to secure backup funding options.
4	Interest Rate Fluctuations	CFO	Utilize fixed-rate financing and interest rate hedging instruments to mitigate the impact of interest rate changes.
5	Credit Risk	CRO	Conduct thorough due diligence on clients and partners to assess creditworthiness and reduce exposure to defaults.

5. Other general risk

#	Risk Type	Area	Mitigation Strategy
1	Market Volatility	CSO	Develop a diversified investment portfolio and create robust hedging strategies to minimize the impact of market fluctuations.
2	Technological Disruptions	CTO	Regularly update and maintain technology infrastructure, adopt the latest real estate tech innovations, and ensure strong cybersecurity measures are in place.
3	Reputation Management	CMO	Implement a comprehensive public relations strategy, actively engage in client communication, and address any public concerns promptly to maintain a positive brand image.
4	Client Relationship Management	CRO	Enhance client engagement through personalized services, regular performance reporting, and leveraging CRM tools to meet and exceed client expectations continuously.
5	Talent Retention	COO	Develop competitive compensation packages, create a positive work culture, and offer ongoing professional development opportunities to retain top talent in the organization.



Market Overview (TAM, SAM and SOM)

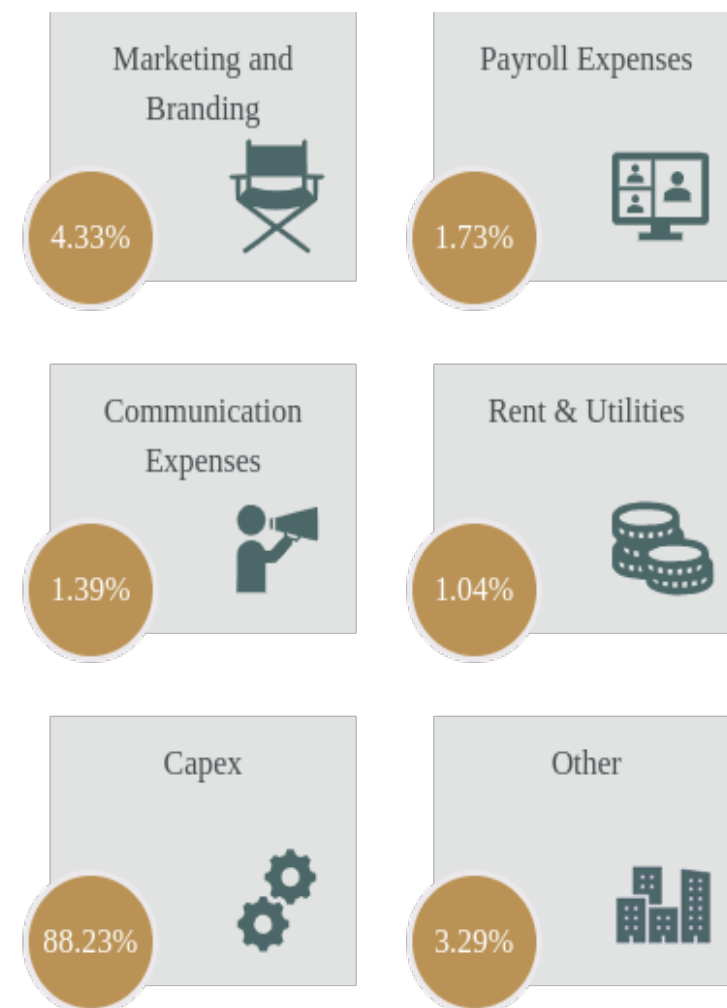


Funding Allocation

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.

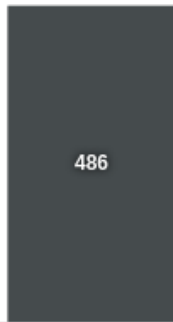
The total investment required is \$ 500k

Y1 Cash Flow Stream(thnd USD)	Inflows	Outflows
Gross Profit	38	
Marketing and Branding		21
Payroll Expenses		8
Communication Expenses		7
Rent & Utilities		5
Capex		425
Legal and Professional Fees		4
Representation and Entert.		4
Office supplies		3
Other Miscellaneous		3
Training and Development		2
CAPEX & WC shortage Y1		443
Buffer		57
Total Required Investment(thnd USD)		500



Y3 PL formation and Margins

Revenue



Projected Revenue

- GP 46.0%
- EBITDA -22.0%

Y3

Y3

PnL Formation (Y3 thnd USD)

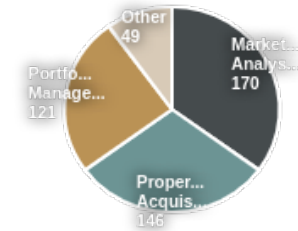
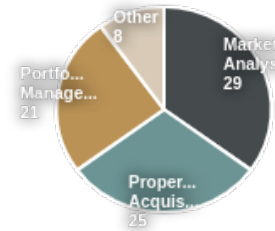


Business Line Breakdown (thnd USD)

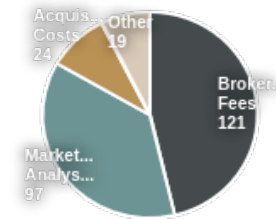
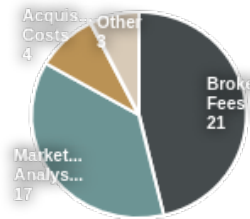
Y1

Y2

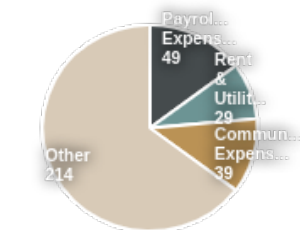
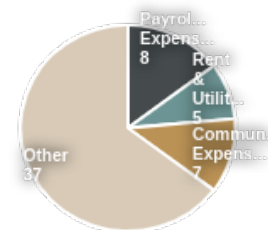
Revenue



COGS



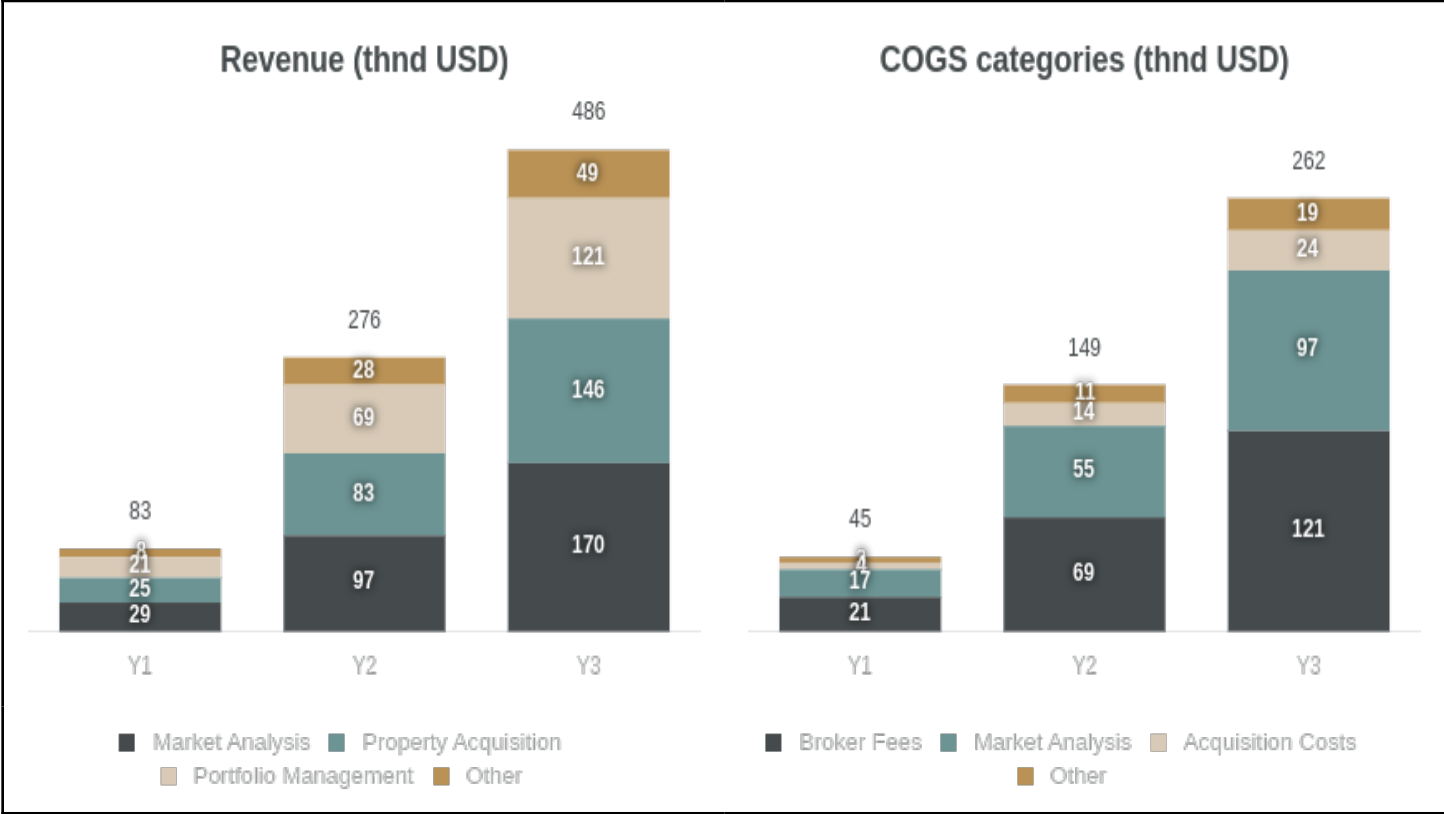
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Revenue Formation Narrative

Prime Property Investments, a leading real estate investment brokerage focused on high-value opportunities, operates within the real estate activities sector. Our firm has identified a Total Addressable Market (TAM) of 375,697.345k USD . Based on our unique services including market analysis, property acquisition, portfolio management, and strategic investment planning, we estimate our Serviceable Available Market (SAM) at 2.00% of the TAM. This estimate is due to our specialized offerings and strong position in the local real estate market in Ogre, Latvia. In the first year, we project capturing 1.11% of the Serviceable Obtainable Market (SOM), which translates to a revenue of 83.405k USD . Our extensive network and industry expertise position us to increase our market share to 3.50% in the second year with anticipated revenue of 276.401k USD , and to 5.85% in the third year with anticipated revenue of 485.545k USD . These projections account for competitive dynamics, including the market share held by major players and challenges faced by small to medium enterprises (SMEs). Revenue distribution among our core lines of business is projected as follows: Market Analysis will contribute 35.00%, Property Acquisition 30.00%, Portfolio Management 25.00%, and Other services 10.00%. With these diversified revenue streams, Prime Property Investments is strategically positioned to deliver significant value and insights, supporting our clients through every phase of their investment journey.

\$ 486k Y3 Projected Revenue **2.22%** Market share



Revenue Calculation Details

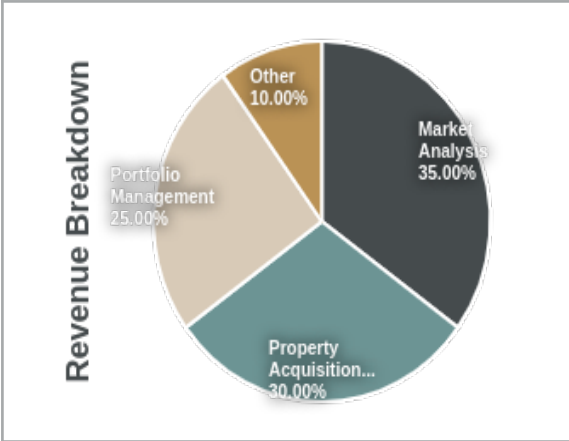
Revenue Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Market Analysis	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Property Acquisition	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Portfolio Management	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	10 %	10 %	10 %	10 %	10 %	10 %	10 %	10 %	10 %	10 %	10 %	10 %	10 %	10 %	10 %

Market Analysis	2	2	2	2	2	2	3	3	3	3	3	3	29	97	170
Property Acquisition	2	2	2	2	2	2	2	2	2	3	3	3	25	83	146
Portfolio Management	1	1	1	2	2	2	2	2	2	2	2	2	21	69	121
Other	1	1	1	1	1	1	1	1	1	1	1	1	8	28	49
Total Revenue (thnd USD)	5	5	5	6	6	6	8	8	8	9	9	9	83	276	486

Total revenue is expected to reach \$ 486k by year 3.
 Main revenue driver are:

- Market Analysis which generates \$ 170k by Year 3
- Property Acquisition which generates \$ 146k by Year 3

Expected CAGR for total Revenue in Y1-Y3 is 141.28 %



COGS Calculation Details

COGS Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Broker Fees	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%
Market Analysis	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Acquisition Costs	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%
Other	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%

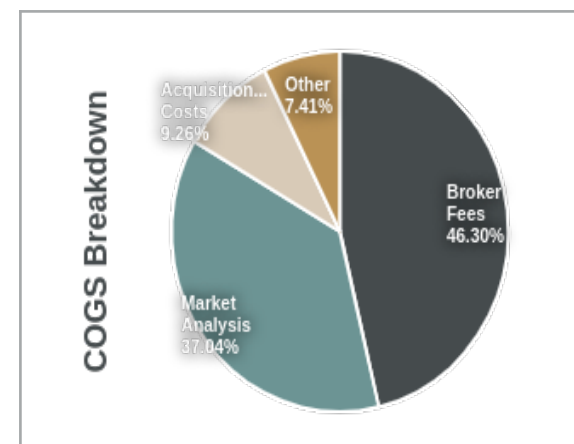
Broker Fees	1	1	1	2	2	2	2	2	2	2	2	2	21	69	121
Market Analysis	1	1	1	1	1	1	2	2	2	2	2	2	17	55	97
Acquisition Costs	0	0	0	0	0	0	0	0	0	0	0	0	4	14	24
Other	0	0	0	0	0	0	0	0	0	0	0	0	3	11	19
Total COGS (thnd USD)	3	3	3	3	3	3	4	4	4	5	5	5	45	149	262

Total COGS is expected to reach \$ 262k by year 3.

Main revenue driver are:

- Broker Fees which generates \$ 121k by Year 3
- Market Analysis which generates \$ 97k by Year 3

Expected CAGR for total COGS in Y1-Y3 is 141.28 %



SG&A Calculation Details

OPEX Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
<i>Payroll Expenses</i>	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%
<i>Rent & Utilities</i>	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
<i>Communication Expenses</i>	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
<i>Office supplies</i>	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%
<i>Legal and Professional Fees</i>	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%
<i>Marketing and Branding</i>	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%
<i>Representation and Entertainment</i>	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%
<i>Training and Development</i>	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%
<i>Other Miscellaneous</i>	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%

<i>Payroll Expenses</i>	1	1	1	1	1	1	1	1	1	1	1	1	8	28	49
<i>Rent & Utilities</i>	0	0	0	0	0	0	0	0	0	1	1	1	5	17	29
<i>Communication Expenses</i>	0	0	0	1	1	1	1	1	1	1	1	1	7	22	39
<i>Office supplies</i>	0	0	0	0	0	0	0	0	0	0	0	0	3	11	19
<i>Legal and Professional Fees</i>	0	0	0	0	0	0	0	0	0	0	0	0	4	14	24
<i>Marketing and Branding</i>	1	1	1	2	2	2	2	2	2	2	2	2	21	69	121
<i>Representation and Entertainment</i>	0	0	0	0	0	0	0	0	0	0	0	0	4	14	24
<i>Training and Development</i>	0	0	0	0	0	0	0	0	0	0	0	0	2	6	10
<i>Other Miscellaneous</i>	0	0	0	0	0	0	0	0	0	0	0	0	3	8	15

Total SG&A (thnd USD)	4	4	4	4	4	4	5	5	5	6	6	6	57	188	330
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PaT Expectations

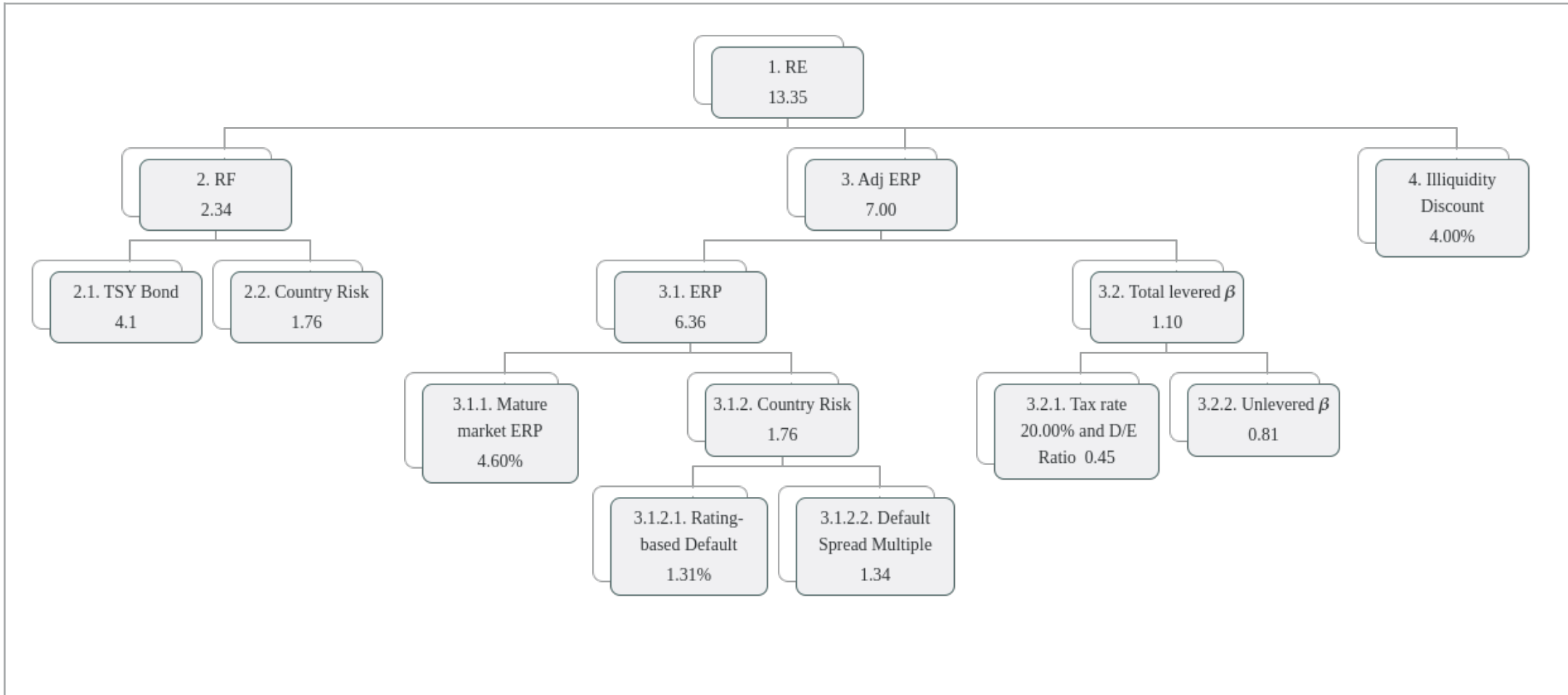
1 2 3 4 5 6 7

Financial Projection

Income Statement (thnd USD)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Revenue	5	5	5	6	6	6	8	8	8	9	9	9	83	276	486
Market Analysis	2	2	2	2	2	2	3	3	3	3	3	3	29	97	170
Property Acquisition	2	2	2	2	2	2	2	2	2	3	3	3	25	83	146
Portfolio Management	1	1	1	2	2	2	2	2	2	2	2	2	21	69	121
Other	1	1	1	1	1	1	1	1	1	1	1	1	8	28	49
COGS	-3	-3	-3	-3	-3	-3	-4	-4	-4	-5	-5	-5	-45	-149	-262
Broker Fees	-1	-1	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-21	-69	-121
Market Analysis	-1	-1	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2	-17	-55	-97
Acquisition Costs	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-4	-14	-24
Other	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-3	-11	-19
Gross Profit	2	2	2	3	3	3	4	4	4	4	4	4	38	127	223
SG&A Personal Expenses	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-8	-28	-49
SG&A Operating Expenses	-3	-3	-3	-4	-4	-4	-4	-4	-4	-5	-5	-5	-48	-160	-282
EBITDA	-1	-1	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2	-18	-61	-107
Depreciation	-8	-8	-8	-8	-8	-8	-8	-8	-8	-8	-8	-8	-101	-101	-101
EBIT	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-119	-162	-208
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit before Tax	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-119	-162	-208
Tax	2	2	2	2	2	2	2	2	2	2	2	2	24	32	42
Profit after Tax (thnd USD)	-8	-8	-8	-8	-8	-8	-8	-8	-8	-8	-8	-8	-95	-129	-166



Required Return on Equity Derivation



Methodology

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

Additional Assumptions

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

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

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

Survival of new establishments founded in 1998

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

http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html

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

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



Business Valuation

	(thnd USD)	Y1	Y2	Y3	Y4	Y5	Y6	Y7
DCF	Profit after Tax	-95	-129	-166	-175	-183	-193	-203
	Growth% Y4-Y7				5.10%	5.10%	5.10%	5.10%
	Growth% Y7 -->	3.50%						
	WACC	13.35%						
	PV Y1-Y7 at Y0	-84	-101	-114	-106	-98	-91	-84
	PV Y7 --> Y0	-887						
	NPV (thnd USD)	-1,565						

Average Survival Rate for 3 Years 50%

Final Valuation -\$ 782k

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 13.35 % to determine the Firm Value.

Starting from year 3 onwards, the cash flows are estimated to grow at a rate of 5.10 %, 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

b \$ - Billions of \$
 B2B - Business to Business
 B2C - Business to Customer
 CAPEX - Capital Expenditure
 CAPM - Capital Asset Pricing Model
 COGS - Cost of goods sold
 DCF - Discounted cash flow
 Depr. - Depreciation
 EBIT - Earnings before interest and taxes
 EBITDA - Earnings before interest, taxes, depreciation, and amortization
 EBT - Earnings Before Tax
 ERP - Equity Risk Premium
 ETA - Estimated Time of Arrival
 EV - Enterprise Value
 FA (Tangible and Intangible) - Fixed assets (tangible and intangible)
 FX - Foreign Exchange
 FY - Fiscal year
 GP - gross profit
 k \$ - Thousands of \$
 LLM - Large Language Model
 LFY - Last fiscal year
 m \$ - Millions of \$
 MTD - Month-to-date
 MVP - Minimum Viable Product
 NFT - Non-Fungible Token
 NPV - Net present value
 OPEX - Operating Expense
 P&L - A profit and loss (P&L) statement
 PaT - Profit after Tax
 POC - Proof of Concept
 PPE - Property, plant, and equipment
 SG&A - Sales, General and Administrative
 TSY bond rate - Treasury bond rate
 WACC - Weighted average cost of capital
 YTD - Year-to-date

Organisational Structure

CBDO - Chief Business Development Officer
 CEO - Chief Executive Officer
 CPO - Chief Product Officer
 CFO - Chief Financial Officer
 CTO - Chief Technology Officer
 C-level - Chief level
 Eng - Engineer
 Dev - Developer
 HR - Human Resources

Other

Av - Average
 EoP - End of Period
 LE - Legal Entity
 PE - Private Equity
 TOM - Target Operating Model



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