

Business Plan & Valuation Presentation



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OUR VISION & MISSION

Our Mission

SunsetCafe is dedicated to creating a cozy and inviting environment where individuals can enjoy high-quality coffee, teas, and light fare made from premium ingredients. We emphasize comfort, community, and sustainability by using eco-friendly practices and locally sourced products. Our mission is to provide a relaxed space where patrons can unwind, connect with friends, and savor delicious moments, making each visit a charming and memorable experience.

Our Vision

SunsetCafe envisions becoming the premier destination for community and relaxation, renowned for our exceptional beverages, culinary delights, and sustainable practices. In twenty years, we aspire to have grown our presence, creating multiple cherished locations that are integral parts of their neighborhoods. We aim to be a leading example of a café that not only prioritizes quality and customer experience but also actively contributes to environmental sustainability and community well-being. Our vision is to cultivate spaces where everyone feels at home, connected, and inspired to come together.



Summary Financials Dashboard

Key performance indicators
(Base Scenario Y3)

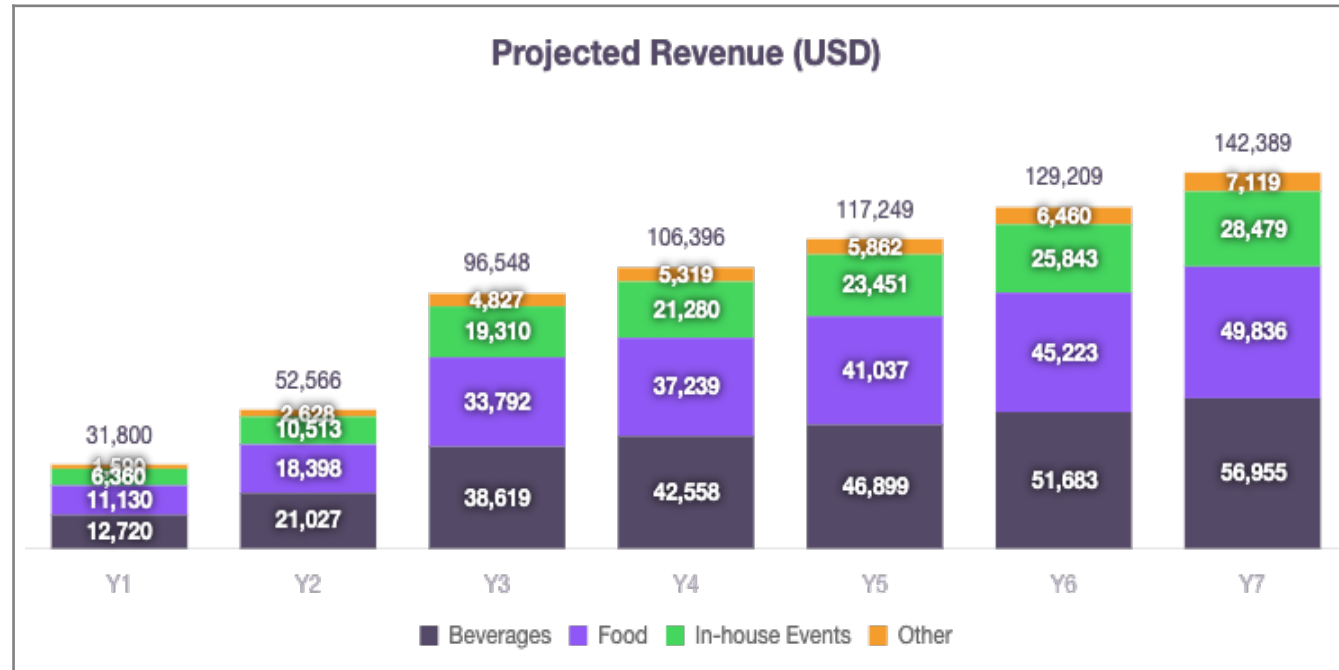
\$ 96,548

Revenue
\$ 31,861

Gross Profit
\$ 21,240

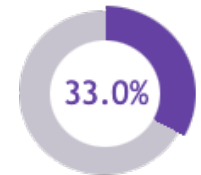
EBITDA
12.00%

Target Market Share

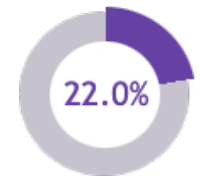


Margins
(Stabilized by Y3)

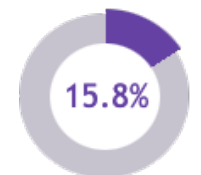
GP Margin



EBITDA Margin



PbT Margin

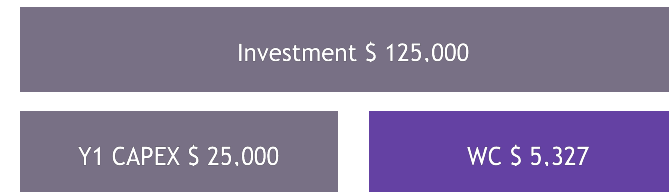


Project Phases



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



SunsetCafe is a charming café that offers a relaxed and inviting environment, perfect for enjoying high-quality coffee, teas, and light fare. Specializing in the beverage serving activities industry, the café operates within the accommodation and food service sector. The menu features a selection of freshly brewed beverages, gourmet sandwiches, and delectable pastries, all made with premium ingredients. SunsetCafe emphasizes comfort and community, providing a cozy space where patrons can unwind and savor their favorite drinks and bites. Committed to sustainability, the café uses eco-friendly practices and locally sourced products. Whether you're starting your day, taking a break, or meeting friends, SunsetCafe is the ideal spot to enjoy a moment of tranquility and delicious treats.

The Main Phases: Projects & Impacts



Product Impact on Core Stakeholders

Main Stakeholder	Product Benefits
Customers	<ol style="list-style-type: none"> 1. Enjoy a cozy and inviting atmosphere perfect for relaxation and socializing. 2. Access to a curated menu of high-quality coffee, tea, and light fare made from premium ingredients. 3. Feel good about supporting a business committed to sustainability and eco-friendly practices.
Employees	<ol style="list-style-type: none"> 1. Work in a positive and welcoming environment that values hospitality and service excellence. 2. Opportunities for professional growth through ongoing training and development programs. 3. Become part of a community-focused organization that emphasizes work-life balance.
Local Suppliers	<ol style="list-style-type: none"> 1. Gain a reliable and consistent client for locally sourced products. 2. Strengthen community ties and promote local economy through sustainable partnerships. 3. Opportunities for collaboration in marketing and events to showcase local offerings.
Investors	<ol style="list-style-type: none"> 1. Potential for a strong return on investment through diversified revenue streams and expanding customer base. 2. Transparency and regular updates on business performance and future opportunities. 3. Confidence in investing in a socially responsible and community-focused enterprise.
Community	<ol style="list-style-type: none"> 1. A new and welcoming place to gather, fostering stronger local connections. 2. Support for local events and artists, enhancing cultural vibrancy. 3. Contribution to the local economy through job creation and partnership with local suppliers.
Local Artists	<ol style="list-style-type: none"> 1. Opportunities to showcase and sell their artwork within the café space. 2. Collaborative events and programs that increase visibility and engagement with the community. 3. A supportive venue that values and promotes local creative talent.
Environmental Advocates	<ol style="list-style-type: none"> 1. Promotion of sustainability through eco-friendly practices and locally sourced products. 2. Collaboration opportunities to enhance environmental initiatives and awareness. 3. Contribution to reducing the community's carbon footprint by supporting a green business.



Key Performance Components

Competitive Advantage

Premium Ingredients

SunsetCafe uses only the finest, high-quality ingredients for all their beverages and food items, ensuring an exceptional taste experience.

Eco-friendly Practices

The café is dedicated to sustainability, leveraging eco-friendly practices and locally sourced products, which resonates with environmentally conscious consumers.

Inviting Atmosphere

SunsetCafe's relaxed and cozy environment provides an ideal space for patrons to unwind, fostering a sense of community and serenity.

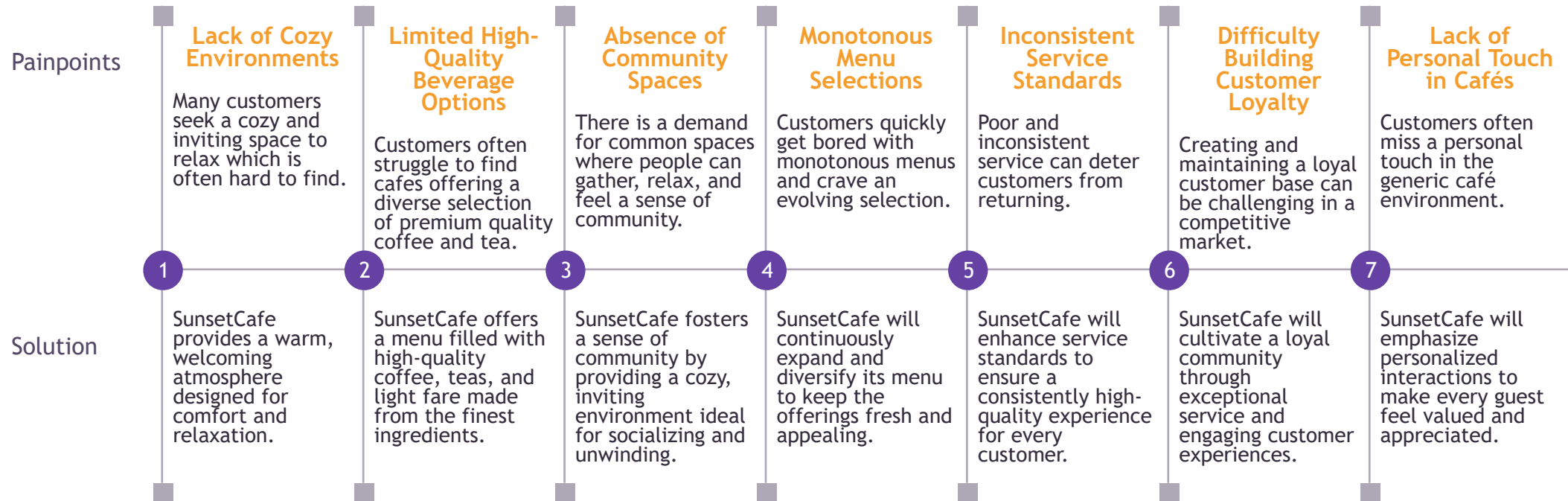
Marketing and Growth Strategy



Target Groups


Industries		Description
I	 Local Residents	Residents within the neighborhood looking for a cozy space to relax, meet friends, or work while enjoying high-quality coffee and food.
II	 Office Workers	Professionals seeking a comfortable environment for meetings, work breaks, or remote work with access to high-quality beverages and light fare.
III	 Students	College and high school students looking for a quiet and inviting space to study, complete with affordable and delicious food and drink options.
IV	 Tourists	Visitors exploring the area who need a friendly, welcoming spot to rest, recharge, and enjoy premium coffee and snacks.
V	 Event Planners	Coordinators of small events, social gatherings, and meetings seeking a versatile venue that offers catering services and a pleasant atmosphere.
VI	 Health-Conscious Consumers	Individuals interested in sustainable, eco-friendly, and locally sourced food and beverages with nutritious options.
VII	 Coffee Enthusiasts	Aficionados who appreciate expertly brewed coffee and are eager to explore new and premium coffee varieties and blends.

Solution from Phase I to Phase IV




Strategic Analysis: SWOT

Strength




Unique and inviting atmosphere fosters customer loyalty. High-quality, freshly brewed beverages attract discerning consumers. Commitment to sustainability appeals to eco-conscious patrons. Locally sourced ingredients enhance freshness and community ties. Diverse menu caters to various tastes and preferences.

Weaknesses




Limited scalability due to café's cozy size. Relies heavily on local traffic and repeat customers. High operating costs from premium ingredients and eco-friendly practices. Seasonal fluctuations in patronage affect revenue stability. Dependency on few suppliers for gourmet ingredients.

Opportunities



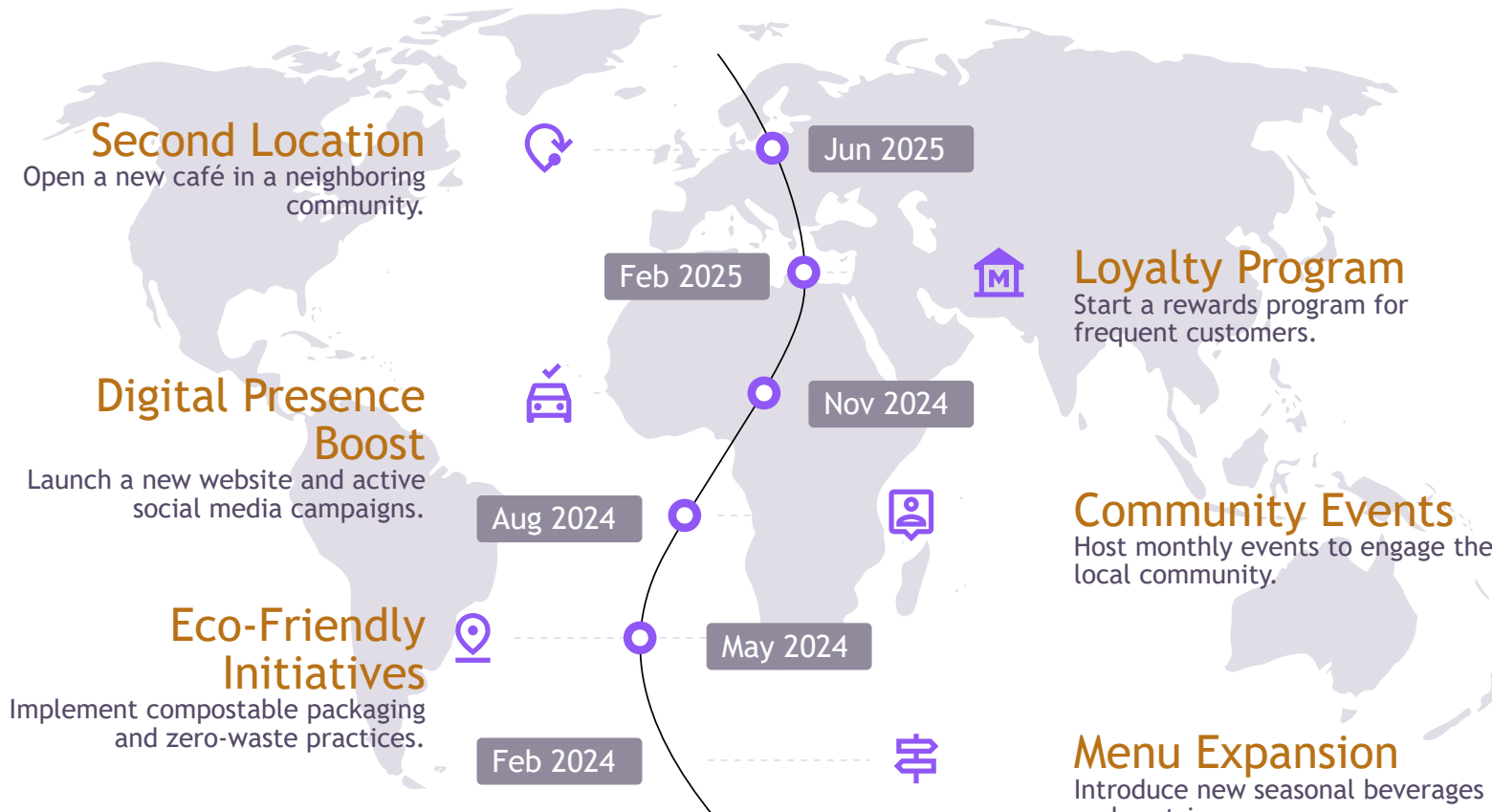
Growth potential through opening new branches in other locales. Potential to develop a loyalty program to boost repeat visits. Expansion into catering and delivery services. Collaboration with local artists and events to attract new customers. Utilizing social media and online marketing to increase brand visibility.

Threats



High competition from other cafes and coffee chains. Economic downturns reducing discretionary spending. Fluctuating costs of premium and locally sourced goods. Changes in consumer preferences affecting sales. Regulatory changes impacting food service operations.

History & Roadmap



Current Status.

SunsetCafe aims to grow sustainably, offering a cozy community space. It will expand its menu with seasonal items by Feb 2024 and initiate eco-friendly practices by May 2024. Engaging community events are planned for Aug 2024, followed by an improved digital presence in Nov 2024. In Feb 2025, a customer loyalty program will kick off. The opening of a second location by Jun 2025 underscores SunsetCafe's commitment to growth and customer satisfaction.

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	Select Location for Café	●	Not Started	High	COO 3 weeks
4	Register Business Officially	●	Not Started	High	CEO 1 week
5	Create Brand Identity	●	Not Started	Medium	CMO 1 month
6	Develop Supplier Agreements	●	Not Started	High	CPO 2 weeks
7	Design Café Layout and Interior	●	Not Started	Medium	COO 3 weeks
8	Set Up Accounting Systems	●	Not Started	Medium	CFO 2 weeks
Marketing					
1	Develop Brand Identity and Logo	●	Not Started	High	CMO 1 month
2	Establish Social Media Presence	●	Not Started	Medium	CMO 1 month
3	Create Initial Marketing Campaign	●	Not Started	High	CMO 2 months
4	Design and Launch Website	●	Not Started	High	CMO 2 months
5	Develop Loyalty Program	●	Not Started	Medium	CPO 3 months
6	Local Community Outreach	●	Not Started	Medium	COO 1.5 months
7	Partnership with Local Influencers	●	Not Started	Low	CRO 4 months
8	Customer Feedback and Surveys	●	Not Started	High	CSO 3 months

Overview of Phases

#	Check List Item	Status	Priority	Area	ETA
Phase 1 & Technical Set Up for next Phases					
1	Secure Location Lease	●	Not Started	High	CEO 2 weeks
2	Design Café Layout	●	Not Started	High	COO 1 month
3	Purchase Furniture and Equipment	●	Not Started	High	CFO 3 weeks
4	Develop Initial Menu	●	Not Started	High	CPO 2 weeks
5	Hire and Train Initial Staff	●	Not Started	High	COO 4 weeks
6	Set Up Supply Chain for Ingredients	●	Not Started	High	CPO 3 weeks
7	Implement Point-of-Sale System	●	Not Started	Medium	CTO 2 weeks
8	Ensure Compliance with Local Health Regulations	●	Not Started	High	CSO 1 week
Phase 2					
1	Expand Menu with New Items	●	Not Started	High	CPO 3 months
2	Implement Customer Feedback System	●	Not Started	Medium	CSO 2 months
3	Enhance Service Training Programs	●	Not Started	High	COO 2 months
4	Launch Customer Loyalty Program	●	Not Started	High	CMO 1 month
5	Organize Community Events	●	Not Started	Medium	CMO 4 months
6	Upgrade Café Interior for Enhanced Ambiance	●	Not Started	Medium	CBO 5 months
7	Redesign Website and Social Media for Improved Engagement	●	Not Started	High	CIO 2 months
8	Establish Partnerships with Local Suppliers	●	Not Started	Medium	CPO 3 months

Overview of Phases

#	Check List Item	Status	Priority	Area	ETA
Phase 3					
1	Develop Catering Menu	●	Not Started	High	CPO 2 months
2	Set Up Online Merchandise Store	●	Not Started	High	CTO 3 months
3	Create Subscription Coffee Plans	●	Not Started	High	CMO 2 months
4	Partner with Delivery Services for Catering	●	Not Started	Medium	COO 3 months
5	Design and Source Merchandise	●	Not Started	Medium	CPO 4 months
6	Launch Marketing Campaign for Subscription Plans	●	Not Started	High	CMO 1 month
7	Develop Packaging for Catering Services	●	Not Started	Medium	CSO 2 months
8	Implement Customer Feedback System for New Services	●	Not Started	Medium	CIO 3 months
Phase 4					
1	Research and identify potential new café locations	●	Not Started	High	CEO 6 months
2	Develop business partnerships with local artists for in-café exhibits	●	Not Started	Medium	CBO 3 months
3	Create and test an exclusive app for pre-ordering and loyalty rewards	●	Not Started	High	CTO 8 months
4	Develop financial models for new ventures	●	Not Started	High	CFO 4 months
5	Launch marketing campaign for new café locations and app	●	Not Started	High	CMO 7 months
6	Secure permits and lease agreements for new café locations	●	Not Started	High	COO 5 months
7	Develop in-café event schedule featuring local artists	●	Not Started	Medium	COO 6 months
8	Monitor performance and customer feedback for new revenue streams	●	Not Started	Medium	CSO 6 months

Core Risks & Migration Strategies

1. Operation and maintenance risks

#	Risk Type	Area	Mitigation Strategy
1	Equipment Failures	COO	Implement a regular maintenance schedule and keep spare parts in stock for quick repairs.
2	Inventory Management Issues	CPO	Utilize an inventory management system to track stock levels and forecast demand accurately.
3	Supply Chain Disruptions	CPO	Establish relationships with multiple suppliers and maintain a buffer stock of key ingredients.
4	Staff Turnover	COO	Offer competitive wages, benefits, and create a positive working environment to retain employees.
5	Health and Safety Incidents	COO	Conduct regular training sessions and audits to ensure compliance with health and safety regulations.

2. Regulatory and legal risks

#	Risk Type	Area	Mitigation Strategy
1	Health and Safety Compliance	COO	Regularly train staff on health and safety protocols and conduct routine inspections to ensure compliance with local and national health regulations.
2	Food Safety Regulations	CSO	Implement and monitor a comprehensive food safety management system and conduct periodic audits to ensure adherence to food safety standards.
3	Labor Laws	CPO	Ensure compliance with all labor laws including wages, working hours, and employee benefits by regularly reviewing policies and conducting training for management.
4	Environmental Regulations	CSO	Adopt environmentally friendly practices and products, and stay updated on local environmental laws to ensure compliance through regular audits.
5	Consumer Protection Laws	CRO	Maintain transparent product information and fair pricing policies, and ensure all marketing practices are in line with consumer protection laws.

3. Strategic/Market Risk

#	Risk Type	Area	Mitigation Strategy
1	Changing Consumer Preferences	CPO	Regularly update menu based on customer feedback.
2	High Competition	CSO	Differentiate through unique offerings and customer experience.
3	Market Saturation	CMO	Implement targeted marketing campaigns.
4	Brand Reputation	CMO	Maintain high service and product quality standards.
5	Economic Downturns	CFO	Diversify income streams.

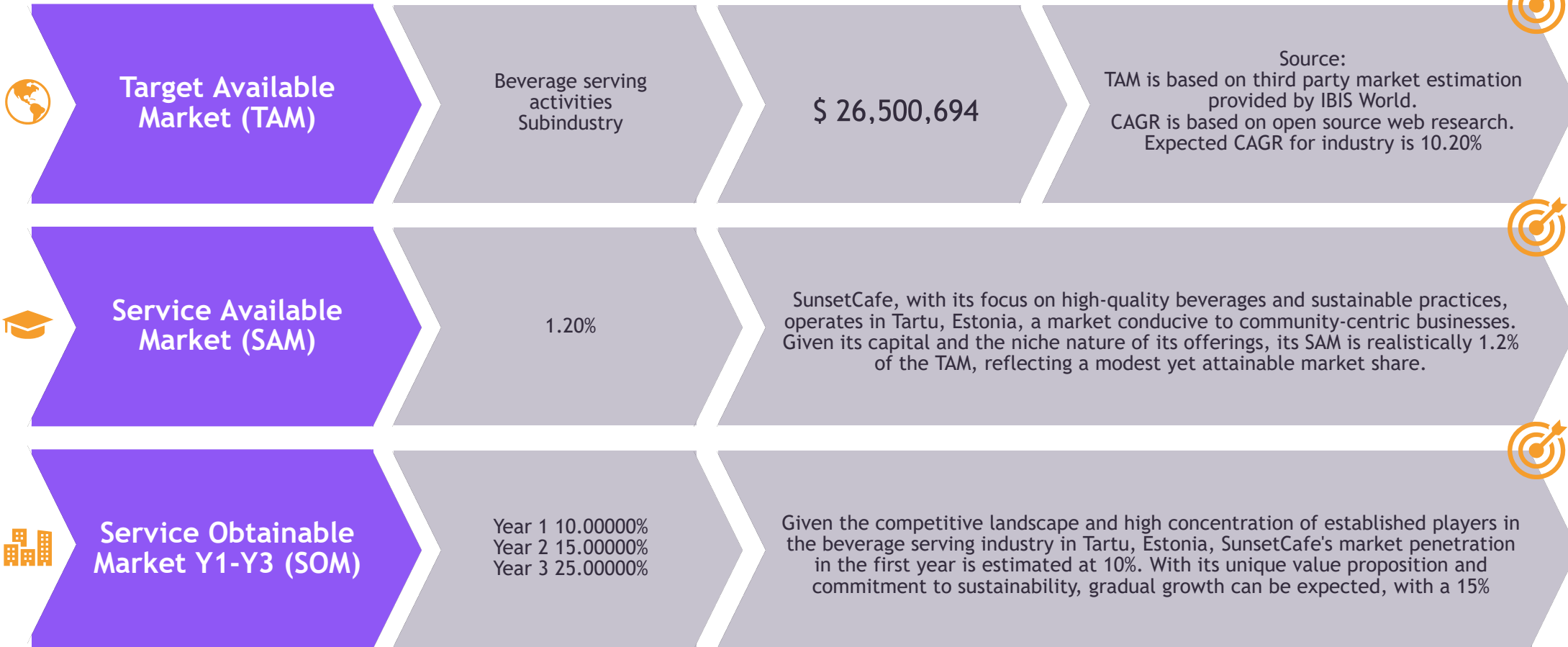
4. Finance risk

#	Risk Type	Area	Mitigation Strategy
1	Cash Flow Issues	CFO	Maintain a cash reserve and monitor cash flow regularly.
2	High Initial Investment	CEO	Seek diverse funding options and manage capital efficiently.
3	Revenue Fluctuations	COO	Diversify income streams to stabilize revenue.
4	Credit Risk	CRO	Carefully vet credit customers and monitor credit terms.
5	Unforeseen Expenses	CFO	Keep an emergency fund and control operational costs.

5. Other general risk

#	Risk Type	Area	Mitigation Strategy
1	Brand Reputation Damage	CMO	Encourage positive reviews and swift issue resolution.
2	Supplier Reliability	COO	Diversify suppliers and maintain strong relationships.
3	Staff Turnover	CPO	Offer competitive compensation and foster a positive work culture.
4	Cybersecurity Threats	CTO	Implement strong security protocols and regular audits.
5	Economic Downturn	CFO	Monitor economic trends and adjust financial strategies.

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.

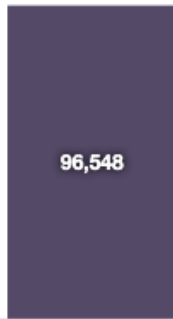
The total investment required is \$ 125,000

Y1 Cash Flow Stream(USD)	Inflows	Outflows
Gross Profit	10,494	
Payroll Expenses		1,272
Rent & Utilities		636
Marketing and Branding		477
Office supplies		318
Capex		25,000
Communication Expenses		159
Legal and Professional Fees		159
Representation and Entert.		159
Training and Development		159
Other Miscellaneous		159
CAPEX & WC shortage Y1		18,004
Buffer		106,996
Total Required Investment(USD)		125,000



Y3 PL formation and Margins

Revenue



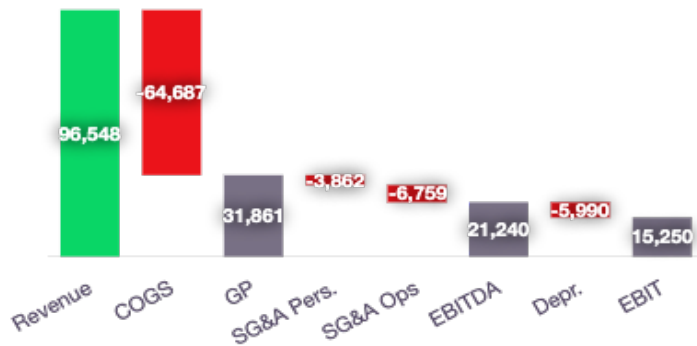
Projected Revenue

- GP 33.0%
- EBITDA 22.0%

Y3

Y3

PnL Formation (Y3 USD)

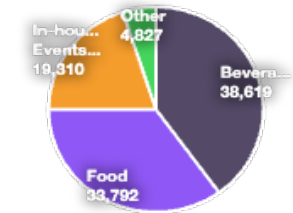
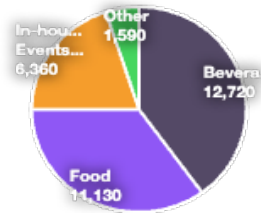


Business Line Breakdown (USD)

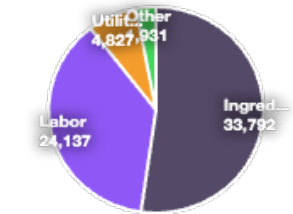
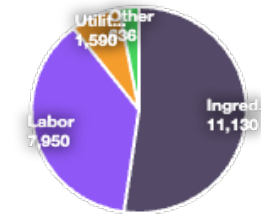
Y1

Y2

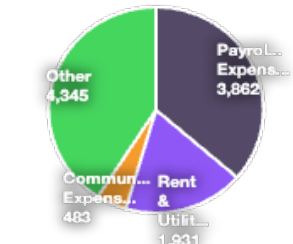
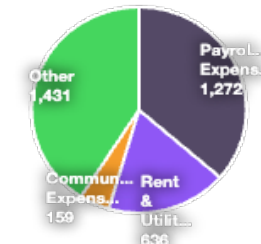
Revenue



COGS



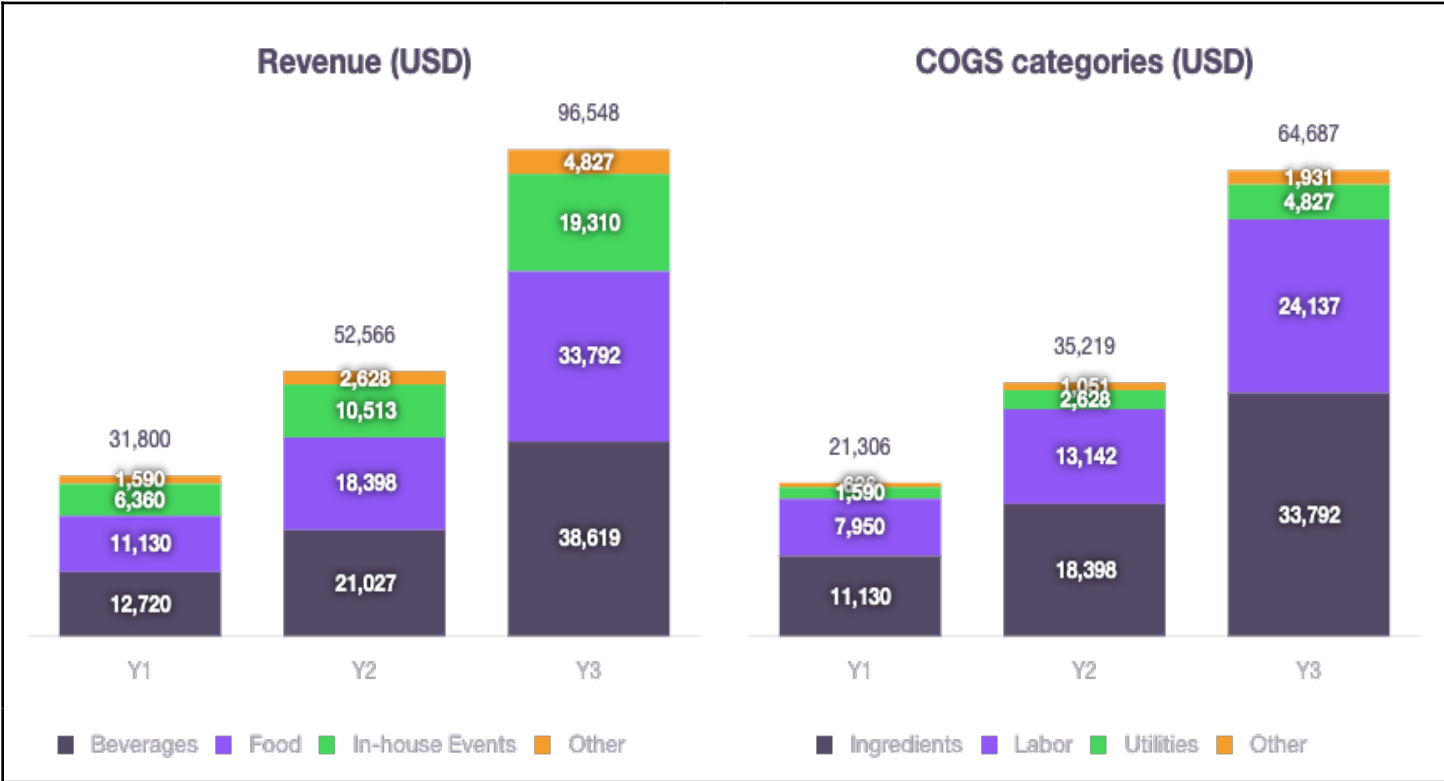
Admin



Revenue Formation Narrative

SunsetCafe operates within the Beverage Serving Activities industry, emphasizing high-quality and sustainable products in the Tartu, Estonia market. With an estimated Total Addressable Market (TAM) of 26,500,694 USD USD, SunsetCafe has identified a Serviceable Addressable Market (SAM) at 1.2% of the TAM. The SAM narrative suggests that this estimation reflects a realistic and modest market share given the capital and niche nature of our operations. SunsetCafe's projected Serviceable Obtainable Market (SOM) percentages are 10.00000%, 15.00000%, and 25.00000% for years 1, 2, and 3 respectively. The SOM narrative attributes these growth rates to the café's unique value proposition, competition analysis, and initial capital of 125000 EUR for market penetration and branding initiatives. Consequently, our total revenue projections are 31,800.83 USD USD for Year 1, 52,566.78 USD USD for Year 2, and 96,547.65 USD USD for Year 3. Our revenue streams are diversified into four main lines of business: Beverages (40.00% of total revenue), Food (35.00%), In-house Events (20.00%), and Other (5%). These diversified revenue lines align with our strategic focus on providing a comprehensive café experience while engaging the community through events and sustainable practices.

\$ 96,548 ^{Y3} Projected Revenue **12.00%** Market share



Revenue Calculation Details

Revenue Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Beverages	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
Food	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%
In-house Events	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Other	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %

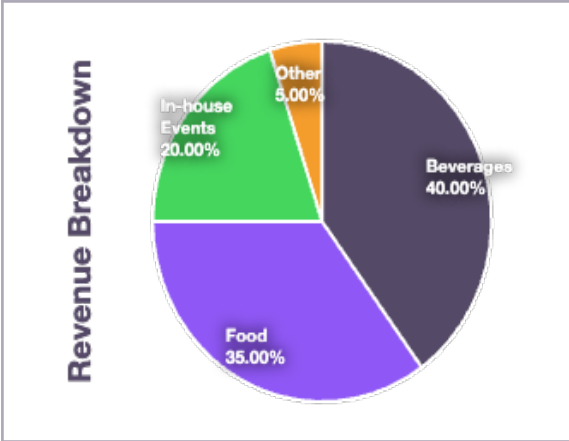
Beverages	795	795	795	954	954	954	1,166	1,166	1,166	1,325	1,325	1,325	12,720	21,027	38,619
storeRevenueLOB.value?.res2?.name	696	696	696	835	835	835	1,020	1,020	1,020	1,159	1,159	1,159	11,130	18,398	33,792
In-house Events	398	398	398	477	477	477	583	583	583	663	663	663	6,360	10,513	19,310
Other	99	99	99	119	119	119	146	146	146	166	166	166	1,590	2,628	4,827
Total Revenue (USD)	1,988	1,988	1,988	2,385	2,385	2,385	2,915	2,915	2,915	3,313	3,313	3,313	31,801	52,567	96,548

Total revenue is expected to reach \$ 96,548 by year 3.

Main revenue driver are:

- Beverages which generates \$ 38,619 by Year 3
- Food which generates \$ 33,792 by Year 3

Expected CAGR for total Revenue in Y1-Y3 is 74.24 %



COGS Calculation Details

COGS Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Ingredients	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%
Labor	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%
Utilities	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	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%

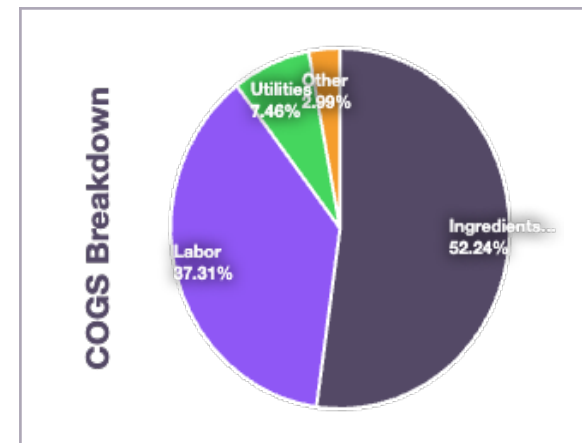
Ingredients	696	696	696	835	835	835	1,020	1,020	1,020	1,159	1,159	1,159	11,130	18,398	33,792
Labor	497	497	497	596	596	596	729	729	729	828	828	828	7,950	13,142	24,137
Utilities	99	99	99	119	119	119	146	146	146	166	166	166	1,590	2,628	4,827
Other	40	40	40	48	48	48	58	58	58	66	66	66	636	1,051	1,931
Total COGS (USD)	1,332	1,332	1,332	1,598	1,598	1,598	1,953	1,953	1,953	2,219	2,219	2,219	21,307	35,220	64,687

Total COGS is expected to reach \$ 64,687 by year 3.

Main revenue driver are:

- Ingredients which generates \$ 33,792 by Year 3
- Labor which generates \$ 24,137 by Year 3

Expected CAGR for total COGS in Y1-Y3 is 74.24 %



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>	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>Rent & Utilities</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>Communication Expenses</i>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
<i>Office supplies</i>	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%
<i>Legal and Professional Fees</i>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
<i>Marketing and Branding</i>	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
<i>Representation and Entertainment</i>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
<i>Training and Development</i>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
<i>Other Miscellaneous</i>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

<i>Payroll Expenses</i>	80	80	80	95	95	95	117	117	117	133	133	133	1,272	2,103	3,862
<i>Rent & Utilities</i>	40	40	40	48	48	48	58	58	58	66	66	66	636	1,051	1,931
<i>Communication Expenses</i>	10	10	10	12	12	12	15	15	15	17	17	17	159	263	483
<i>Office supplies</i>	20	20	20	24	24	24	29	29	29	33	33	33	318	526	965
<i>Legal and Professional Fees</i>	10	10	10	12	12	12	15	15	15	17	17	17	159	263	483
<i>Marketing and Branding</i>	30	30	30	36	36	36	44	44	44	50	50	50	477	789	1,448
<i>Representation and Entertainment</i>	10	10	10	12	12	12	15	15	15	17	17	17	159	263	483
<i>Training and Development</i>	10	10	10	12	12	12	15	15	15	17	17	17	159	263	483
<i>Other Miscellaneous</i>	10	10	10	12	12	12	15	15	15	17	17	17	159	263	483

Total SG&A (USD)	219	219	219	262	262	262	321	321	321	364	364	364	3,498	5,782	10,620
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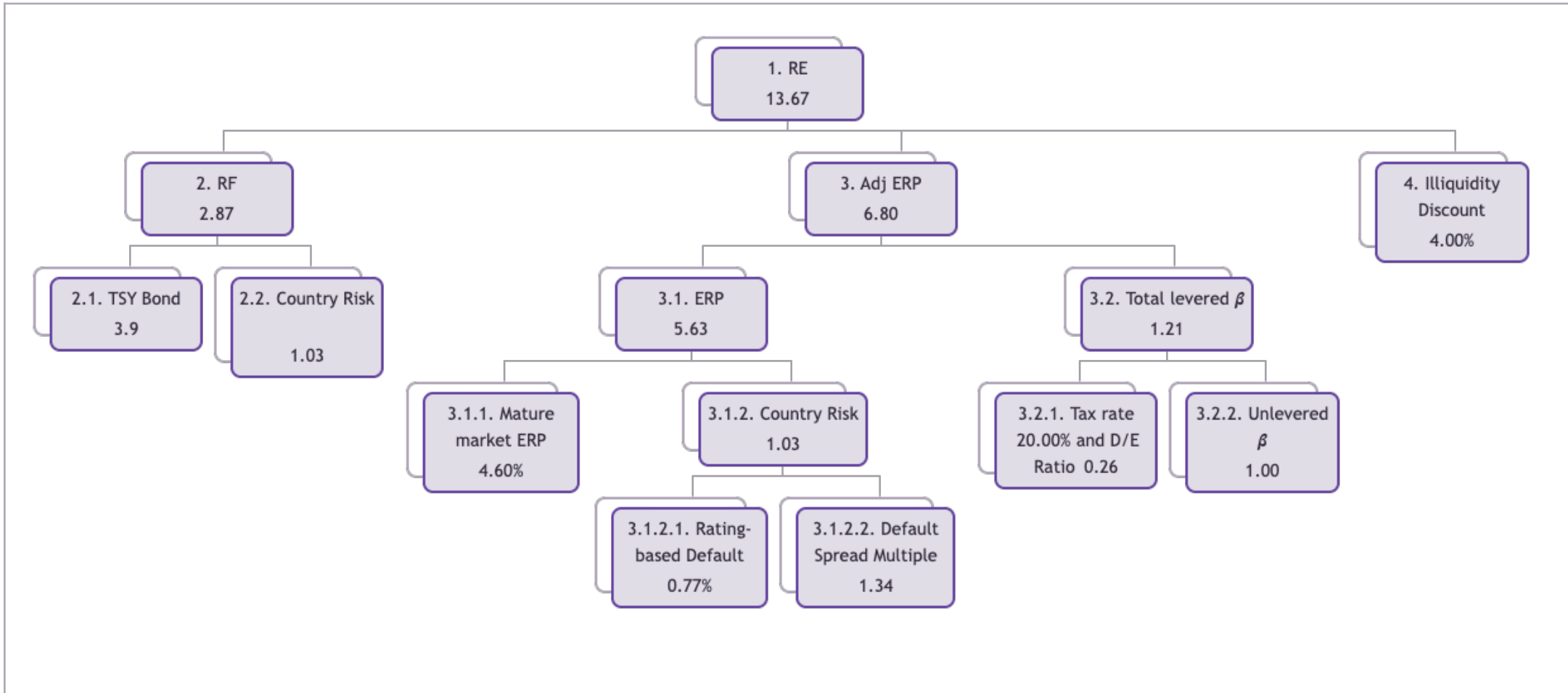
PaT Expectations

1 2 3 4 5 6 7

Financial Projection

Income Statement (USD)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Revenue	1,988	1,988	1,988	2,385	2,385	2,385	2,915	2,915	2,915	3,313	3,313	3,313	31,801	52,567	96,548
Beverages	795	795	795	954	954	954	1,166	1,166	1,166	1,325	1,325	1,325	12,720	21,027	38,619
Food	696	696	696	835	835	835	1,020	1,020	1,020	1,159	1,159	1,159	11,130	18,398	33,792
In-house Events	398	398	398	477	477	477	583	583	583	663	663	663	6,360	10,513	19,310
Other	99	99	99	119	119	119	146	146	146	166	166	166	1,590	2,628	4,827
COGS	-1,332	-1,332	-1,332	-1,598	-1,598	-1,598	-1,953	-1,953	-1,953	-2,219	-2,219	-2,219	-21,307	-35,220	-64,687
Ingredients	-696	-696	-696	-835	-835	-835	-1,020	-1,020	-1,020	-1,159	-1,159	-1,159	-11,130	-18,398	-33,792
Labor	-497	-497	-497	-596	-596	-596	-729	-729	-729	-828	-828	-828	-7,950	-13,142	-24,137
Utilities	-99	-99	-99	-119	-119	-119	-146	-146	-146	-166	-166	-166	-1,590	-2,628	-4,827
Other	-40	-40	-40	-48	-48	-48	-58	-58	-58	-66	-66	-66	-636	-1,051	-1,931
Gross Profit	656	656	656	787	787	787	962	962	962	1,093	1,093	1,093	10,494	17,347	31,861
SG&A Personal Expenses	-80	-80	-80	-95	-95	-95	-117	-117	-117	-133	-133	-133	-1,272	-2,103	-3,862
SG&A Operating Expenses	-139	-139	-139	-167	-167	-167	-204	-204	-204	-232	-232	-232	-2,226	-3,680	-6,758
EBITDA	437	437	437	525	525	525	641	641	641	729	729	729	6,996	11,565	21,240
Depreciation	-499	-499	-499	-499	-499	-499	-499	-499	-499	-499	-499	-499	-5,990	-5,990	-5,990
EBIT	-62	-62	-62	26	26	26	142	142	142	230	230	230	1,006	5,574	15,250
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit before Tax	-62	-62	-62	26	26	26	142	142	142	230	230	230	1,006	5,574	15,250
Tax	12	12	12	-5	-5	-5	-28	-28	-28	-46	-46	-46	-201	-1,115	-3,050
Profit after Tax (USD)	-50	-50	-50	20	20	20	114	114	114	184	184	184	805	4,459	12,200

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

	<i>Proportion of firms that were started in 1998 that survived through</i>						
	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Year 6</i>	<i>Year 7</i>
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

	(USD)	Y1	Y2	Y3	Y4	Y5	Y6	Y7
DCF	Profit after Tax	805	4,459	12,200	13,444	14,816	16,327	17,992
	Growth% Y4-Y7				10.20%	10.20%	10.20%	10.20%
	Growth% Y7 -->				3.50%			
	WACC				13.67%			
	PV Y1-Y7 at Y0	708	3,451	8,306	8,053	7,807	7,568	7,337
	PV Y7 --> Y0				74,660			
	NPV (USD)				117,890			

Average Survival Rate for 3 Years 50%

Final Valuation \$ 58,945

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 13.67 % to determine the Firm Value.

Starting from year 3 onwards, the cash flows are estimated to grow at a rate of 10.20 %, which is consistent with the market Compound Annual Growth Rate (CAGR) trend. Beyond year 7, the cash flows are assumed to grow at a long-term growth rate of 3.50 %.

To account for the inherent risks associated with a start-up venture, the Firm Value is adjusted using the historical survival rate of newly established firms. As indicated by the study conducted by Aswath Damodaran, there was approximately 50% probability of survival for Information sector companies. This adjustment allows to incorporate the risk profile of the business and provide a more comprehensive assessment of its value.

It is important to note that if the company can successfully navigate through its initial three years of operation, it is expected to have a significantly higher likelihood of becoming a going concern. This underscores the importance of demonstrating resilience and establishing a solid foundation during the critical early stages of the business.

Financial and Technical

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

Organisational Structure

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

Other

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

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