

Business Plan & Valuation Presentation



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OUR VISION & MISSION

Our Mission

JavaBlend aims to deliver exceptional coffee experiences through expertly brewed beverages and fresh pastries, all made with high-quality, ethically sourced beans. By creating a cozy and inviting atmosphere, we provide a welcoming environment where customers can relax, work, or connect with friends. Our commitment to sustainability and supporting local businesses differentiates us, making JavaBlend the ultimate destination for a perfect cup of coffee and a pleasant escape from the everyday hustle.

Our Vision

JavaBlend envisions becoming the leading coffee destination renowned for its exceptional coffee experiences and community-driven values. In twenty years, we aspire to be a nationwide network of cozy coffee shops that serve as welcoming retreats for individuals seeking a perfect cup of coffee and a moment of tranquility. Our goal is to inspire other businesses to adopt sustainable practices and to strengthen local communities through our dedication to excellence and social responsibility.



Summary Financials Dashboard

Key performance indicators
(Base Scenario Y3)

\$ 190,690

Revenue

\$ 72,462

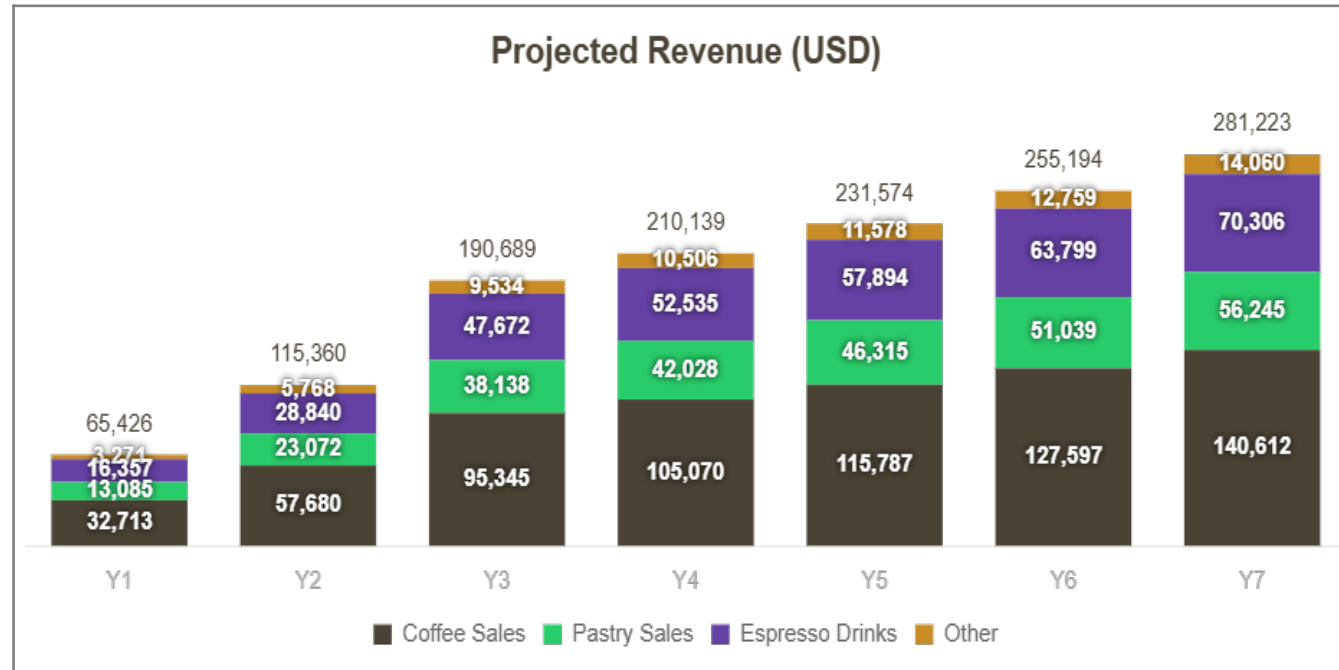
Gross Profit

\$ 51,486

EBITDA

0.75%

Target Market Share

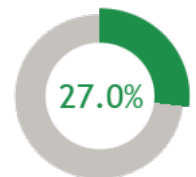


Margins
(Stabilized by Y3)

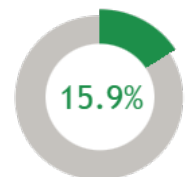
GP Margin



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.

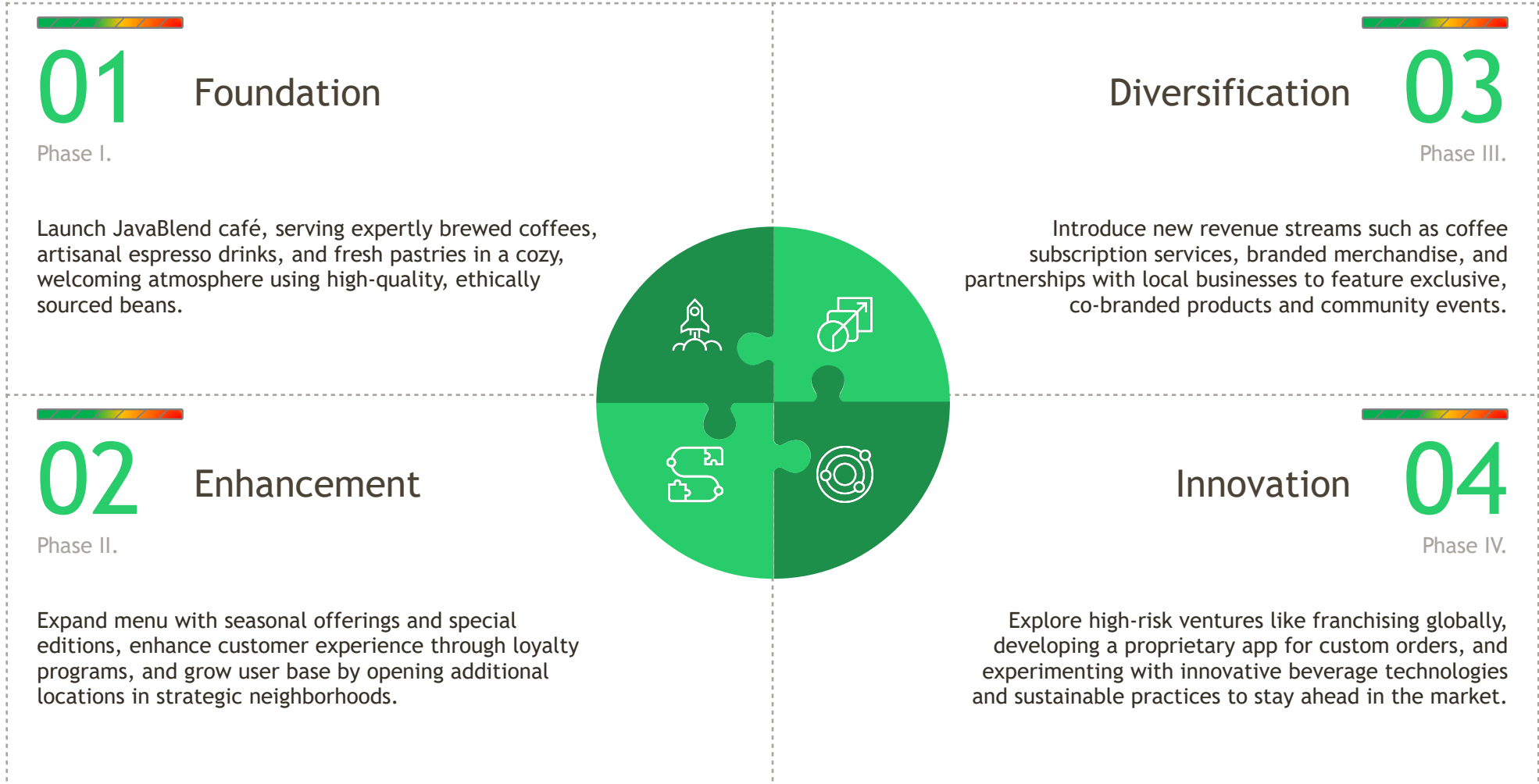


About the Company: General Overview



JavaBlend is a cozy coffee shop dedicated to delivering exceptional coffee experiences in a warm, inviting atmosphere. The company operates in the Beverage serving activities industries within the Accommodation and food service activities sector. JavaBlend's menu features a range of expertly brewed coffees, artisanal espresso drinks, and fresh pastries, all made with high-quality, ethically sourced beans. At JavaBlend, the focus is on creating a welcoming environment where customers can relax, work, or catch up with friends. With a commitment to sustainability and community, JavaBlend uses eco-friendly practices and supports local businesses. This coffee shop serves as the go-to destination for a perfect cup of coffee and provides a pleasant escape from the everyday hustle.

The Main Phases: Projects & Impacts



Product Impact on Core Stakeholders

Main Stakeholder	Product Benefits
Customers	<ol style="list-style-type: none"> 1. Enjoy high-quality, ethically sourced coffee and beverages in a cozy atmosphere. 2. Benefit from a loyalty program offering rewards and exclusive offers. 3. Experience community through events and collaborations with local businesses.
Employees	<ol style="list-style-type: none"> 1. Gain stable employment with opportunities for growth and development. 2. Work in a supportive and inclusive environment that values their contributions. 3. Receive training in high-quality coffee preparation and customer service.
Local Suppliers	<ol style="list-style-type: none"> 1. Opportunities for increased business and growth through partnerships. 2. Collaboration in promoting sustainable and ethical sourcing practices. 3. Increased exposure and brand recognition through co-branded products.
Investors	<ol style="list-style-type: none"> 1. Potential for financial returns through growth and expansion phases. 2. Increased brand value through community engagement and sustainability initiatives. 3. Access to new revenue streams such as subscriptions and merchandise.
Community	<ol style="list-style-type: none"> 1. Enhanced neighborhood experiences through welcoming social spaces. 2. Support for local economy and businesses through JavaBlend's partnerships. 3. Access to community events and initiatives promoting local culture and values.
Environmental Groups	<ol style="list-style-type: none"> 1. Support for eco-friendly practices in the coffee industry. 2. Collaboration on sustainability projects and reducing environmental impact. 3. Promotion of ethical sourcing and fair trade partnerships.
Franchisees	<ol style="list-style-type: none"> 1. Opportunity to capitalize on a strong, established brand with a loyal customer base. 2. Access to a comprehensive support system including training, marketing, and operations. 3. Potential for high financial returns through innovative business models and expansion.

Key Performance Components

Competitive Advantage

Exceptional Coffee Quality

JavaBlend ensures every cup is crafted from high-quality, ethically sourced beans, providing customers with an unrivaled coffee experience.

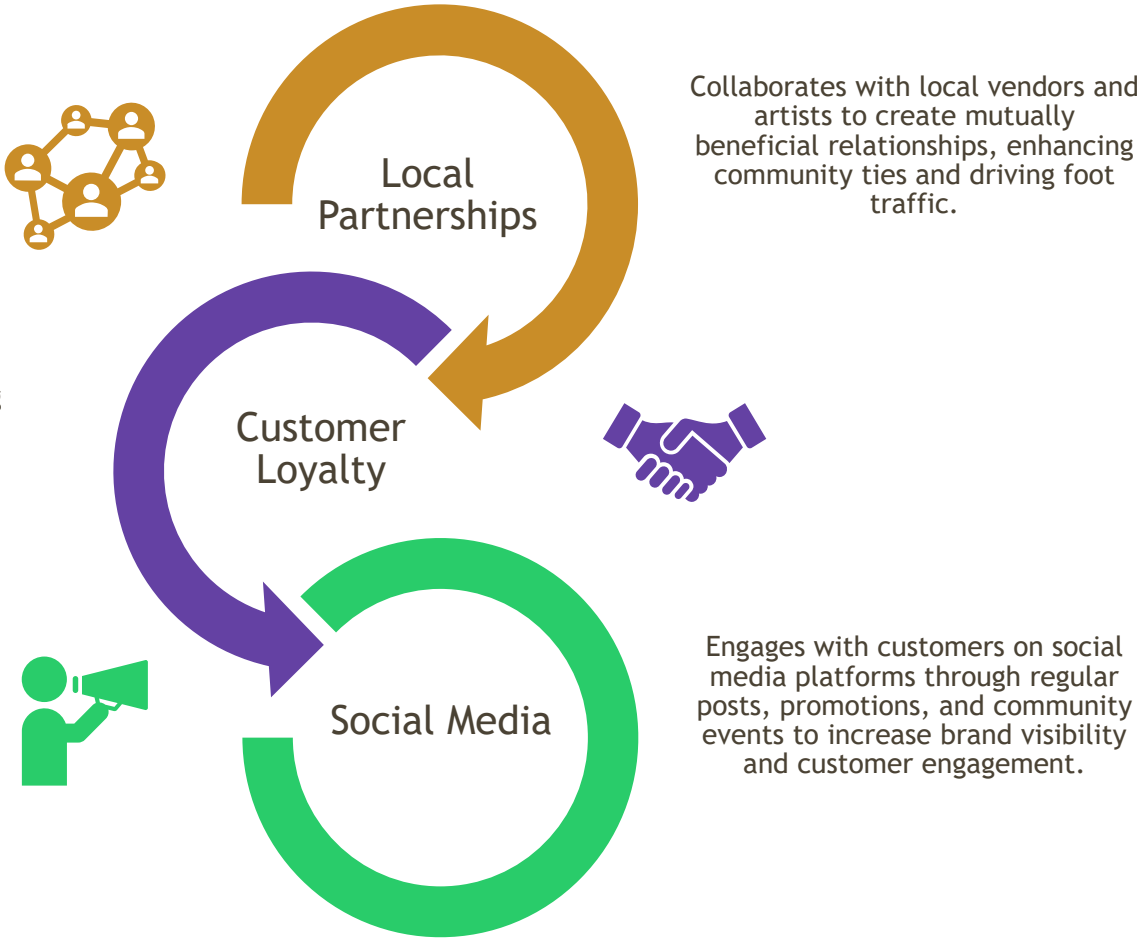
Inviting Atmosphere

The cozy, warm environment at JavaBlend makes it an ideal spot for relaxation, work, or socializing, enhancing customer satisfaction and loyalty.

Sustainability Focus

JavaBlend's commitment to eco-friendly practices and local business support sets it apart, attracting environmentally conscious and community-minded customers.

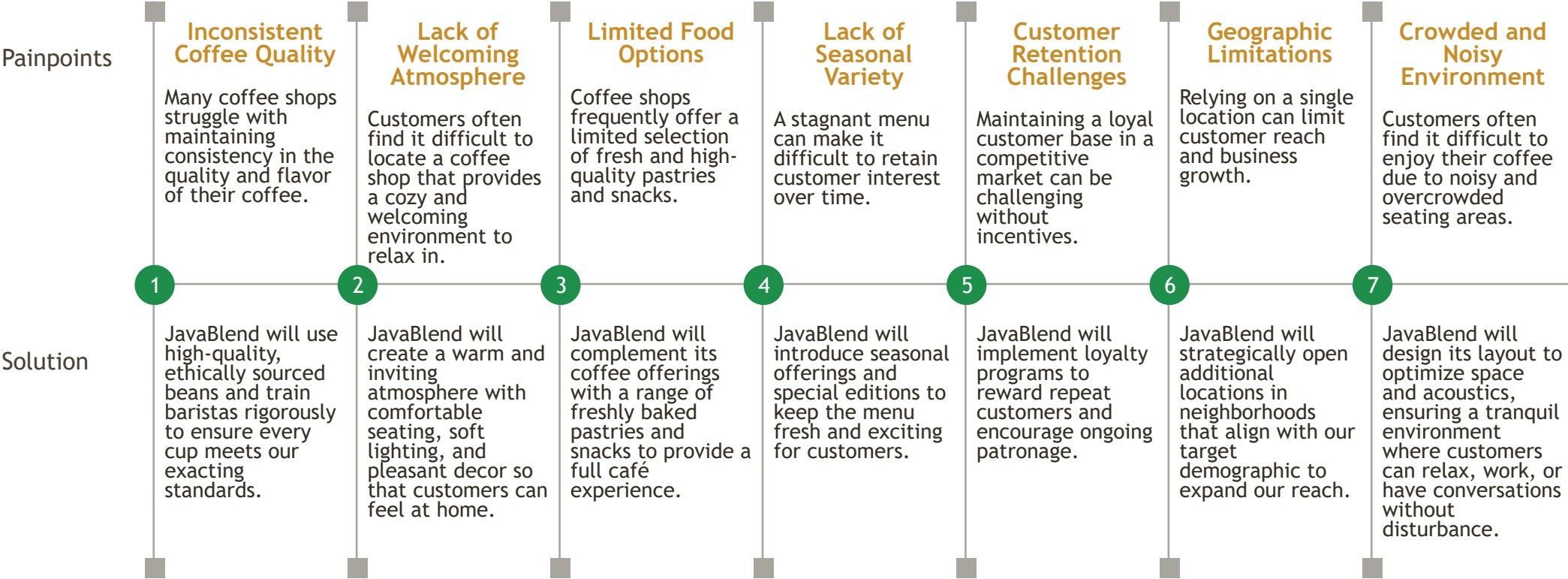
Marketing and Growth Strategy



Target Groups


	Industries	Description
I	 Local Coffee Enthusiasts	Individuals who are passionate about quality coffee and enjoy exploring new flavors and brewing techniques.
II	 Remote Workers and Students	People looking for a cozy and quiet place to work or study, offering complimentary Wi-Fi and plentiful seating.
III	 Health-Conscious Consumers	Customers who seek out ethically sourced and fresh ingredients, and are interested in sustainable and eco-friendly practices.
IV	 Busy Professionals	Individuals seeking a quick but high-quality coffee fix during their commutes or work breaks.
V	 Social Gatherers	Groups of friends or family looking for a comfortable and welcoming place to catch up and enjoy great beverages.
VI	 Tourists and Visitors	Travelers interested in experiencing local coffee culture and seeking a pleasant, relaxing environment during their trips.
VII	 Event Planners	Organizers seeking a unique venue for hosting intimate events, meetings, or community gatherings in a cozy coffee shop setting.

Solution from Phase I to Phase IV




Strategic Analysis: SWOT

Strength




High-quality, ethically sourced beans ensure superior taste and sustainability. Expertly brewed coffees and artisanal drinks attract discerning customers. Inviting atmosphere fosters relaxation and socialization. Commitment to eco-friendly practices enhances brand reputation. Support for local businesses builds strong community ties.

Weaknesses




Limited scalability due to emphasis on a cozy, intimate setting. High-quality ingredients and eco-friendly practices drive up operational costs. Dependence on a single location limits market reach. Seasonal variations affect specialty drink sales. Higher price point might deter cost-conscious customers.

Opportunities



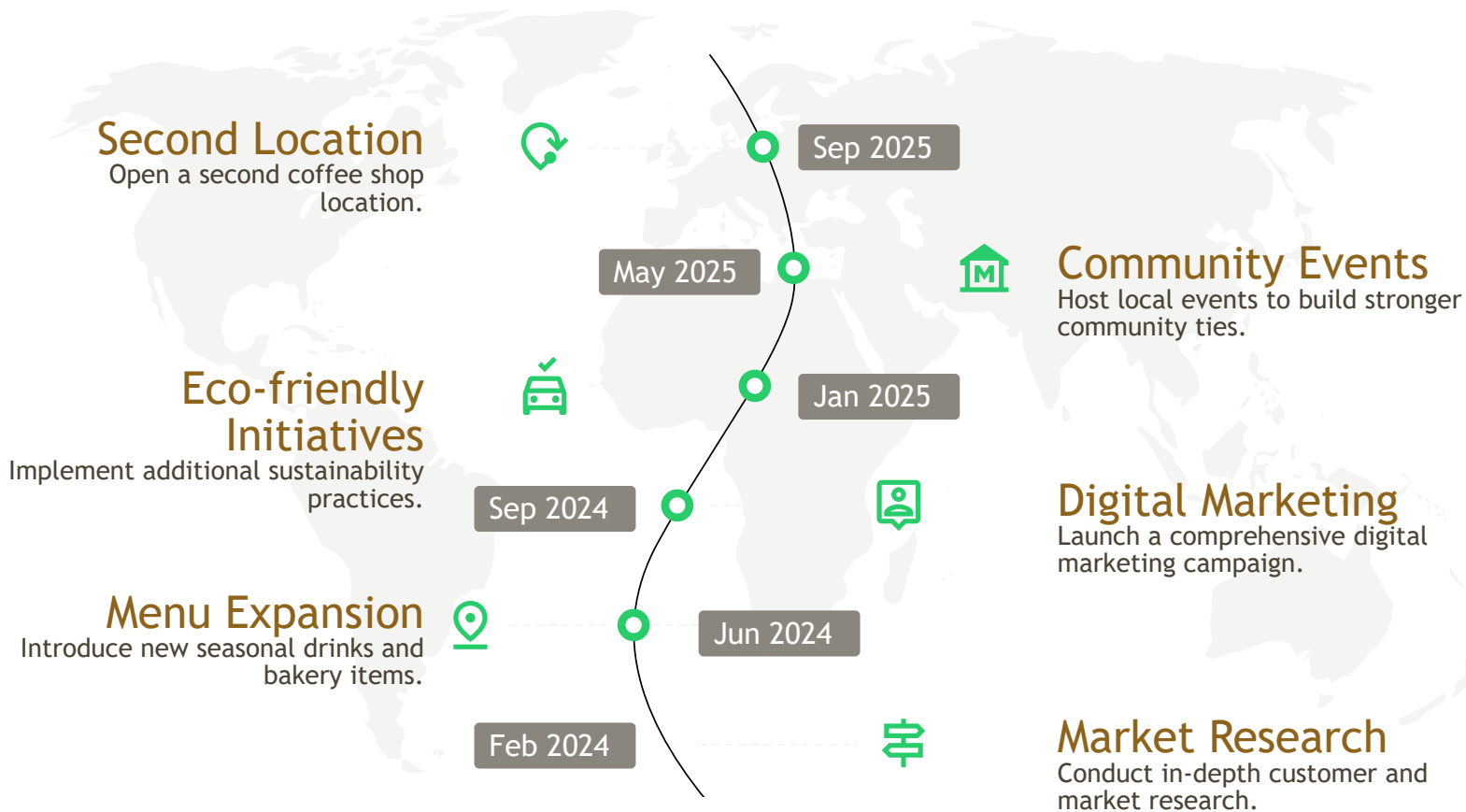
Potential to open new locations in high-traffic areas. Collaborations with local artists and events to increase foot traffic. Expansion of online presence and delivery services. Introduction of seasonal and specialty beverages to attract new customers. Partnership with local suppliers for exclusive offerings.

Threats



Intense competition from other local and chain coffee shops. Economic downturns could reduce discretionary spending on premium beverages. Supply chain disruptions may affect bean availability. Increasing operational costs could squeeze profit margins. Consumer preferences may shift towards ready-to-drink coffee products.

History & Roadmap



Current Status.

JavaBlend's roadmap focuses on achieving key milestones from early 2024 to late 2025. They will start with in-depth market research in February 2024, ensuring a solid understanding of customer preferences. By June 2024, they plan to expand their menu with new seasonal offerings. A comprehensive digital marketing campaign will boost their brand presence by September 2024. In January 2025, JavaBlend commits to more eco-friendly initiatives. By May of the same year, they will host community events to strengthen local ties. Finally, in September 2025, JavaBlend aims to open a second location, furthering their reach and providing more cozy coffee spots for customers.

Organizational and Marketing Tasks

#	Check List Item	Status	Priority	Area	ETA
General Planning and Organization					
1	Draft initial business plan	●	Not Started	High	CEO 2 weeks
2	Secure initial funding	●	Not Started	High	CFO 1 month
3	Form legal entity	●	Not Started	High	COO 3 weeks
4	Set up accounting system	●	Not Started	Medium	CFO 2 weeks
5	Select and procure initial equipment	●	Not Started	High	COO 1 month
6	Hire key staff	●	Not Started	High	CPO 1 month
7	Create company website	●	Not Started	Medium	CIO 1 month
8	Develop operational procedures	●	Not Started	High	COO 6 weeks
Marketing					
1	Develop Brand Identity and Guidelines	●	Not Started	High	CBO 2 weeks
2	Create and Launch Website	●	Not Started	High	CTO 1 month
3	Establish Social Media Presence	●	Not Started	Medium	CMO 3 weeks
4	Design Loyalty Program	●	Not Started	High	CPO 1 month
5	Launch Initial Marketing Campaign	●	Not Started	High	CMO 2 months
6	Establish Press and Media Relationships	●	Not Started	Medium	CMO 1 month
7	SEO Optimization for Online Presence	●	Not Started	Medium	CIO 1 month
8	Develop Community Engagement Strategies	●	Not Started	High	CRO 2 months

Overview of Phases

#	Check List Item	Status	Priority	Area	ETA	
Phase 1 & Technical Set Up for next Phases						
1	Secure initial funding	●	Not Started	High	CFO	1 month
2	Select and lease location	●	Not Started	High	COO	2 months
3	Set up supply chain and sourcing agreements	●	Not Started	High	CPO	1.5 months
4	Hire initial staff	●	Not Started	High	COO	2 months
5	Develop menu and recipes	●	Not Started	Medium	CPO	2 months
6	Set up POS system	●	Not Started	Medium	CTO	1 month
7	Design and renovate interior	●	Not Started	Medium	COO	3 months
8	Obtain necessary permits and licenses	●	Not Started	High	CFO	2 months
Phase 2						
1	Expand seasonal menu offerings	●	Not Started	High	CMO	2 months
2	Implement loyalty programs	●	Not Started	High	CRO	3 months
3	Identify and secure additional locations	●	Not Started	High	COO	4 months
4	Train staff on new menu items	●	Not Started	Medium	CPO	2 months
5	Develop marketing campaigns for new locations	●	Not Started	Medium	CMO	3 months
6	Upgrade customer feedback systems	●	Not Started	Medium	CIO	2 months
7	Partnership outreach for co-branded events	●	Not Started	Low	CSO	5 months
8	Monitor performance and feedback of new locations	●	Not Started	High	CEO	5 months

Overview of Phases

#	Check List Item	Status	Priority	Area	ETA
Phase 3					
1	Launch Coffee Subscription Service	●	Not Started	High	CRO 3 months
2	Develop Branded Merchandise Line	●	Not Started	Medium	CBO 4 months
3	Form Partnerships with Local Businesses	●	Not Started	High	CEO 2 months
4	Host Community Events	●	Not Started	Medium	CMO 5 months
5	Create Co-Branded Products with Local Artisans	●	Not Started	High	CPO 3 months
6	Set Up E-Commerce Platform for Merchandise	●	Not Started	High	CTO 3 months
7	Develop Marketing Campaign for Subscription Service	●	Not Started	Medium	CMO 2 months
8	Integrate Coffee Subscription Service with Mobile App	●	Not Started	High	CIO 4 months
Phase 4					
1	Explore franchising opportunities globally	●	Not Started	High	CEO 6 months
2	Develop proprietary app for custom orders	●	Not Started	High	CTO 4 months
3	Experiment with innovative beverage technologies	●	Not Started	Medium	CPO 5 months
4	Implement sustainable practices across all locations	●	Not Started	High	COO 3 months
5	Conduct market research for emerging coffee trends	●	Not Started	Medium	CRO 2 months
6	Develop a franchising model and guidelines	●	Not Started	High	CFO 6 months
7	Pilot test app and gather user feedback	●	Not Started	High	CTO 1 month
8	Initiate partnerships for innovative and sustainable coffee equipment	●	Not Started	Medium	CSO 3 months

Core Risks & Migration Strategies

1. Operation and maintenance risks

#	Risk Type	Area	Mitigation Strategy
1	Supply Chain Disruptions	COO	Develop multiple suppliers
2	Equipment Failures	CTO	Schedule regular maintenance
3	Staff Shortages	COO	Implement cross-training
4	Quality Control Issues	CPO	Standardize procedures
5	Inventory Management	CFO	Use inventory software

2. Regulatory and legal risks

#	Risk Type	Area	Mitigation Strategy
1	Health Code Violations	COO	Regular staff training and inspections
2	Labor Law Compliance	CFO	Regularly review labor laws with legal counsel
3	Licensing Issues	CBO	Timely renewals and compliance checks
4	Food Safety Standards	COO	Implement strict food safety protocols
5	Environmental Regulations	CSO	Adopt eco-friendly practices

3. Strategic/Market Risk

#	Risk Type	Area	Mitigation Strategy
1	Intense competition	CRO	Differentiate with unique offerings and superior service.
2	Changing consumer preferences	CPO	Continuously adapt menu and ambiance to current trends.
3	Economic downturn	CFO	Maintain flexible pricing and cost control strategies.
4	Market saturation	CEO	Focus on niche markets and innovative expansion.
5	Brand reputation	CMO	Engage in strong community relations and quality assurance.

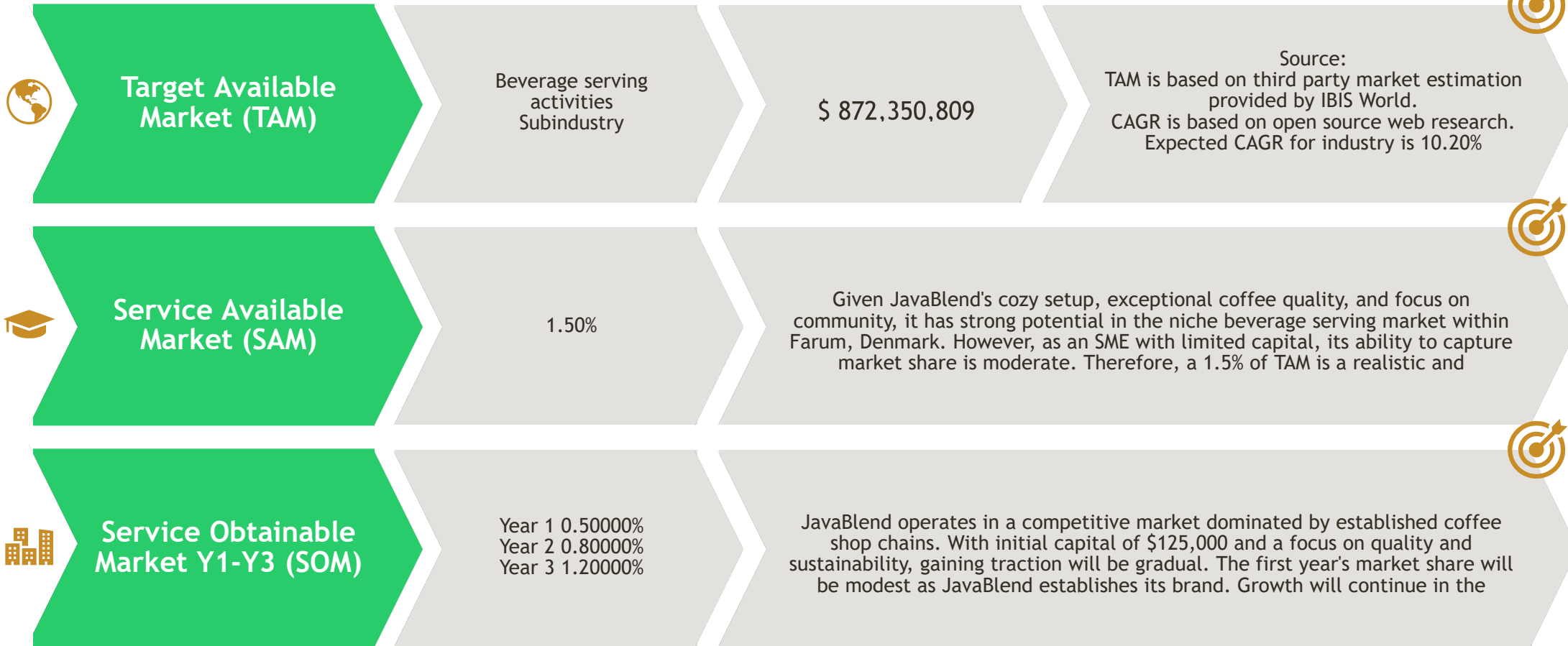
4. Finance risk

#	Risk Type	Area	Mitigation Strategy
1	Cash Flow Shortages	CFO	Maintain a cash reserve and monitor cash flow regularly.
2	High Initial Costs	CFO	Secure funding well in advance and manage capital expenses carefully.
3	Credit Risk	CRO	Perform credit checks on partners and establish clear credit terms.
4	Interest Rate Fluctuations	CFO	Use fixed-rate loans and hedge interest rate exposure.
5	Revenue Variability	CSO	Diversify revenue streams and adjust pricing strategies.

5. Other general risk

#	Risk Type	Area	Mitigation Strategy
1	Brand Reputation Damage	CMO	Proactively manage PR and monitor social media
2	Economic Downturn	CFO	Diversify revenue sources
3	Customer Preference Shifts	CPO	Continuously innovate menu offerings
4	Supply Chain Interruptions	COO	Establish multiple supplier relationships
5	Talent Retention	CEO	Implement competitive benefits

Market Overview (TAM, SAM and SOM)



Funding Allocation

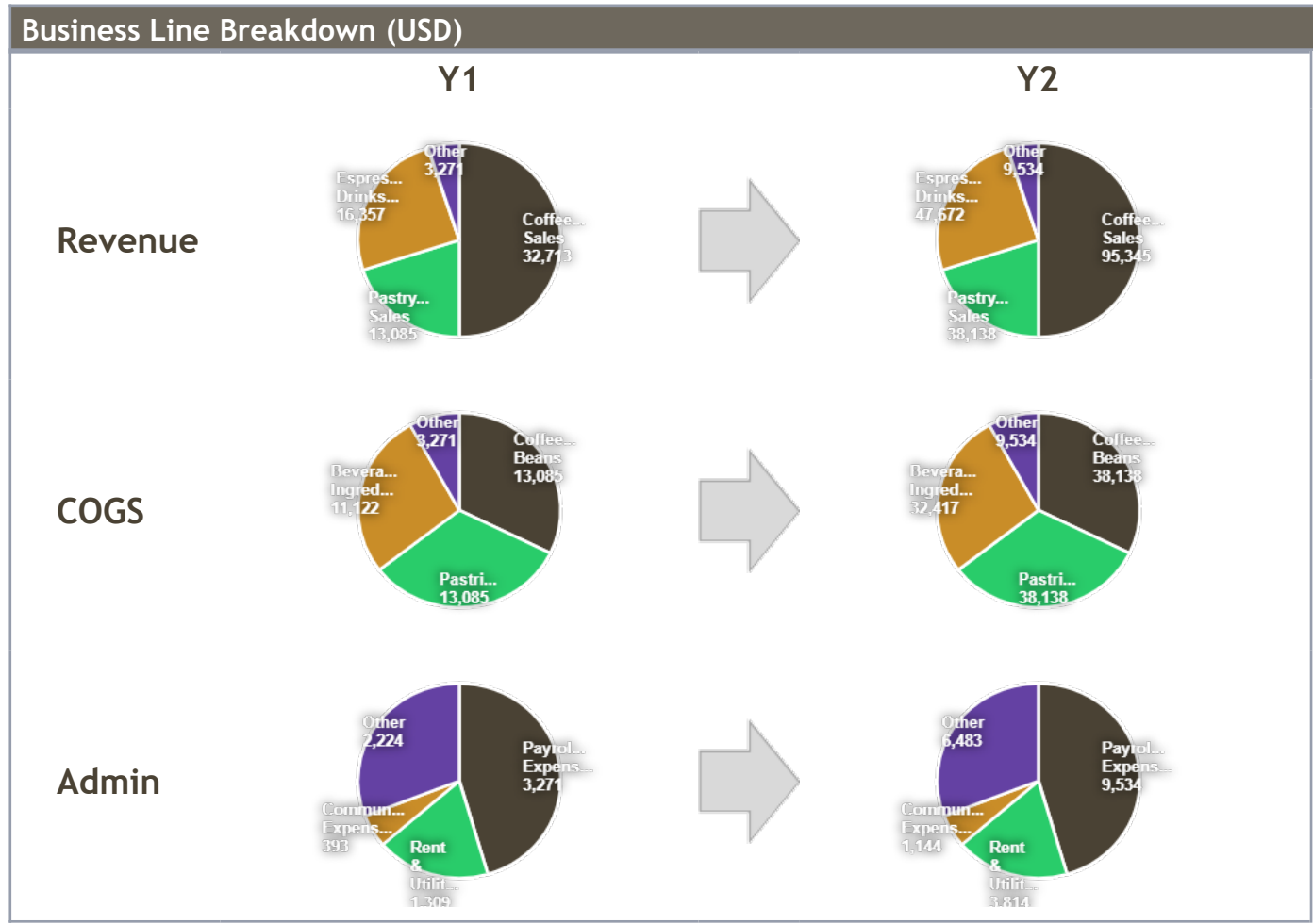
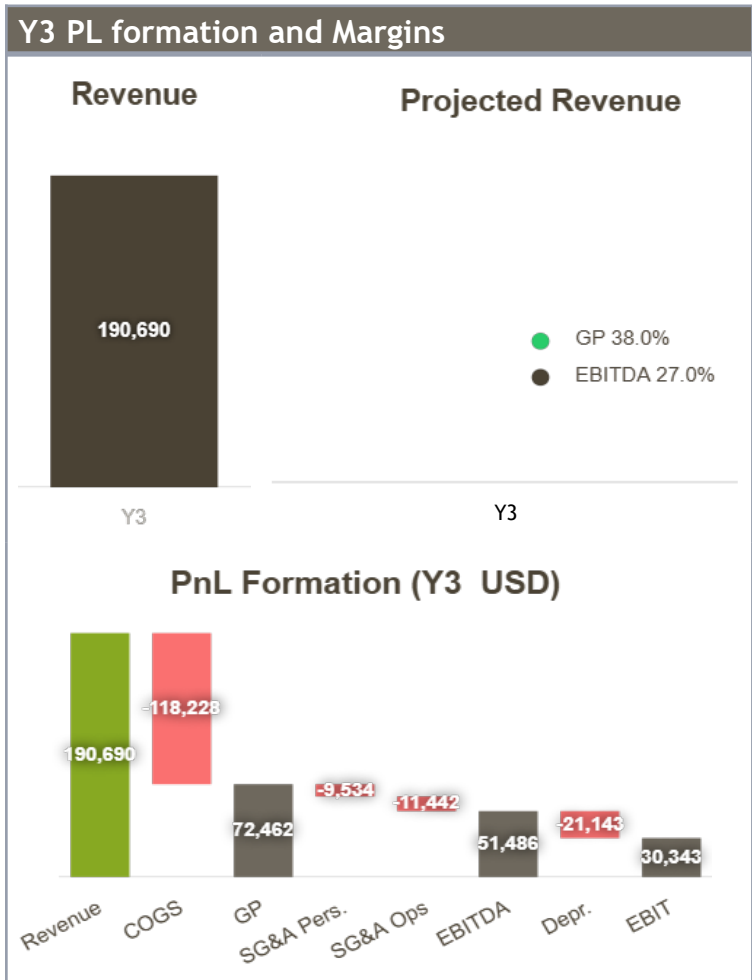
The funding will be used to finance the CAPEX and cash deficit from Year 1 operations, aiming to expedite the development process. In subsequent years the company plans to sustain operations without requiring major additional capital injection. Table below presents the overview of expected inflows and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

The total investment required is \$ 125,000

Y1 Cash Flow Stream(USD)	Inflows	Outflows
Gross Profit	24,862	
Payroll Expenses		3,271
Rent & Utilities		1,309
Marketing and Branding		981
Communication Expenses		393
Capex		60,000
Representation and Entert.		393
Legal and Professional Fees		262
Office supplies		196
Training and Development		196
Other Miscellaneous		196
CAPEX & WC shortage Y1		42,335
Buffer		82,665
Total Required Investment(USD)		125,000



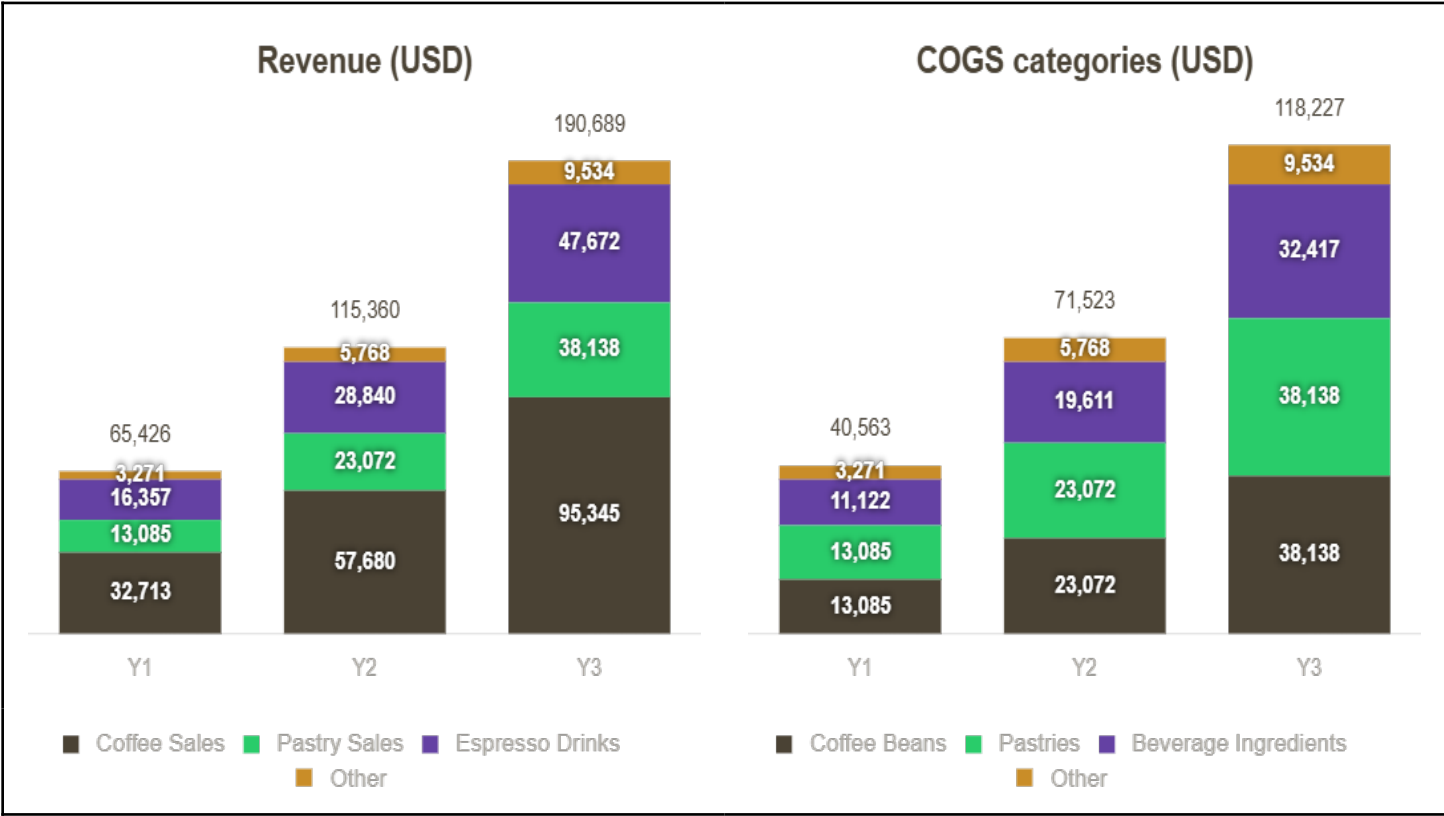
Financials Dashboard



Revenue Formation Narrative

JavaBlend operates within the beverage serving activities industry, catering specifically to coffee enthusiasts in Farum, Denmark. With a Total Addressable Market (TAM) valued at 872,350,809 USD, JavaBlend is poised to carve out a niche segment by focusing on exceptional quality and community engagement. Our estimated Serviceable Available Market (SAM) is 1.5%, a realistic and conservative estimate given JavaBlend's cozy setup, superior coffee quality, and community-centric approach. As a small and medium-sized enterprise (SME) with limited capital, achieving this percentage is achievable yet ambitious in a competitive landscape. For Year 1, JavaBlend aims to capture 0.005% of the obtainable market, resulting in projected revenues of 65,426.31 USD. This modest beginning allows for gradual establishment and brand recognition. By Year 2, as brand loyalty grows and community engagement deepens, a market share of 0.008% is expected, translating to revenues of 115,359.67 USD. In Year 3, leveraging increased customer loyalty and sustained efforts to enrich the customer experience, JavaBlend anticipates capturing 0.012% of the obtainable market, equating to 190,689.54 USD in revenue. JavaBlend's revenue streams are diversified across four main lines of business: Coffee Sales (50.00% of Total Revenue), Pastry Sales (20.00%), Espresso Drinks (25.00%), and Other (5.00%). This diversified revenue strategy is designed to mitigate risk and capitalize on varied consumer preferences, ensuring steady growth and sustainability in the competitive coffee shop market.

\$ 190,690 ^{Y3} Projected Revenue
 0.75% Market share



Revenue Calculation Details

Revenue Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Coffee Sales	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Pastry Sales	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%
Espresso Drinks	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Other	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %

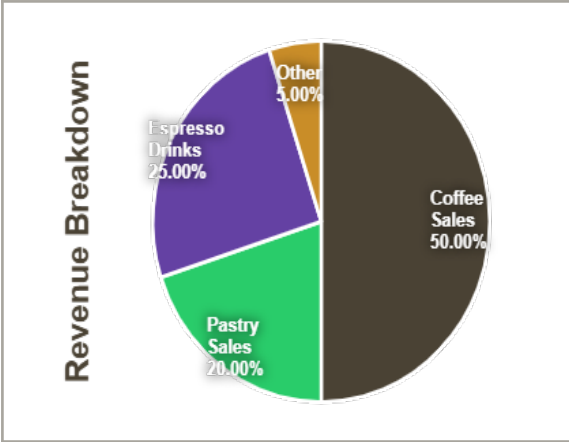
Coffee Sales	2,045	2,045	2,045	2,453	2,453	2,453	2,999	2,999	2,999	3,408	3,408	3,408	32,713	57,680	95,345
storeRevenueLOB.value?.res2?.name	818	818	818	981	981	981	1,199	1,199	1,199	1,363	1,363	1,363	13,085	23,072	38,138
Espresso Drinks	1,022	1,022	1,022	1,227	1,227	1,227	1,499	1,499	1,499	1,704	1,704	1,704	16,357	28,840	47,672
Other	204	204	204	245	245	245	300	300	300	341	341	341	3,271	5,768	9,534
Total Revenue (USD)	4,089	4,089	4,089	4,907	4,907	4,907	5,997	5,997	5,997	6,815	6,815	6,815	65,426	115,360	190,690

Total revenue is expected to reach \$ 190,690 by year 3.

Main revenue driver are:

- Coffee Sales which generates \$ 95,345 by Year 3
- Espresso Drinks which generates \$ 47,672 by Year 3

Expected CAGR for total Revenue in Y1-Y3 is 70.72 %



COGS Calculation Details

COGS Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Coffee Beans	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%
Pastries	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%
Beverage Ingredients	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%
Other	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%

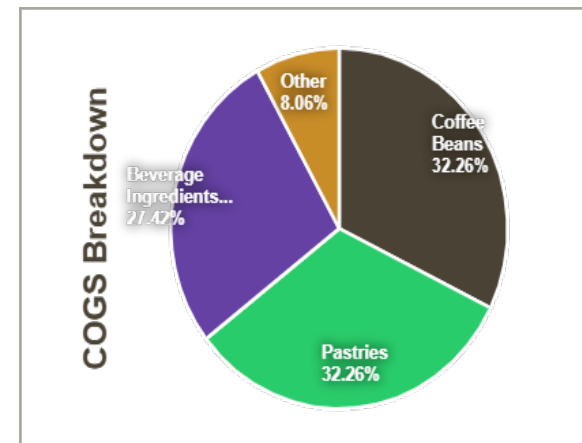
Coffee Beans	818	818	818	981	981	981	1,199	1,199	1,199	1,363	1,363	1,363	13,085	23,072	38,138
Pastries	818	818	818	981	981	981	1,199	1,199	1,199	1,363	1,363	1,363	13,085	23,072	38,138
Beverage Ingredients	695	695	695	834	834	834	1,020	1,020	1,020	1,159	1,159	1,159	11,122	19,611	32,417
Other	204	204	204	245	245	245	300	300	300	341	341	341	3,271	5,768	9,534
Total COGS (USD)	2,535	2,535	2,535	3,042	3,042	3,042	3,718	3,718	3,718	4,225	4,225	4,225	40,564	71,523	118,228

Total COGS is expected to reach \$ 118,228 by year 3.

Main revenue driver are:

- Coffee Beans which generates \$ 38,138 by Year 3
- Beverage Ingredients which generates \$ 32,417 by Year 3

Expected CAGR for total COGS in Y1-Y3 is 70.72 %



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	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%
Communication Expenses	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Office supplies	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Legal and Professional Fees	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Marketing and Branding	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Representation and Entertainment	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Training and Development	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Other Miscellaneous	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%

Payroll Expenses	204	204	204	245	245	245	300	300	300	341	341	341	3,271	5,768	9,534
Rent & Utilities	82	82	82	98	98	98	120	120	120	136	136	136	1,309	2,307	3,814
Communication Expenses	25	25	25	29	29	29	36	36	36	41	41	41	393	692	1,144
Office supplies	12	12	12	15	15	15	18	18	18	20	20	20	196	346	572
Legal and Professional Fees	16	16	16	20	20	20	24	24	24	27	27	27	262	461	763
Marketing and Branding	61	61	61	74	74	74	90	90	90	102	102	102	981	1,730	2,860
Representation and Entertainment	25	25	25	29	29	29	36	36	36	41	41	41	393	692	1,144
Training and Development	12	12	12	15	15	15	18	18	18	20	20	20	196	346	572
Other Miscellaneous	12	12	12	15	15	15	18	18	18	20	20	20	196	346	572

Total SG&A (USD)	450	450	450	540	540	540	660	660	660	750	750	750	7,197	12,690	20,976
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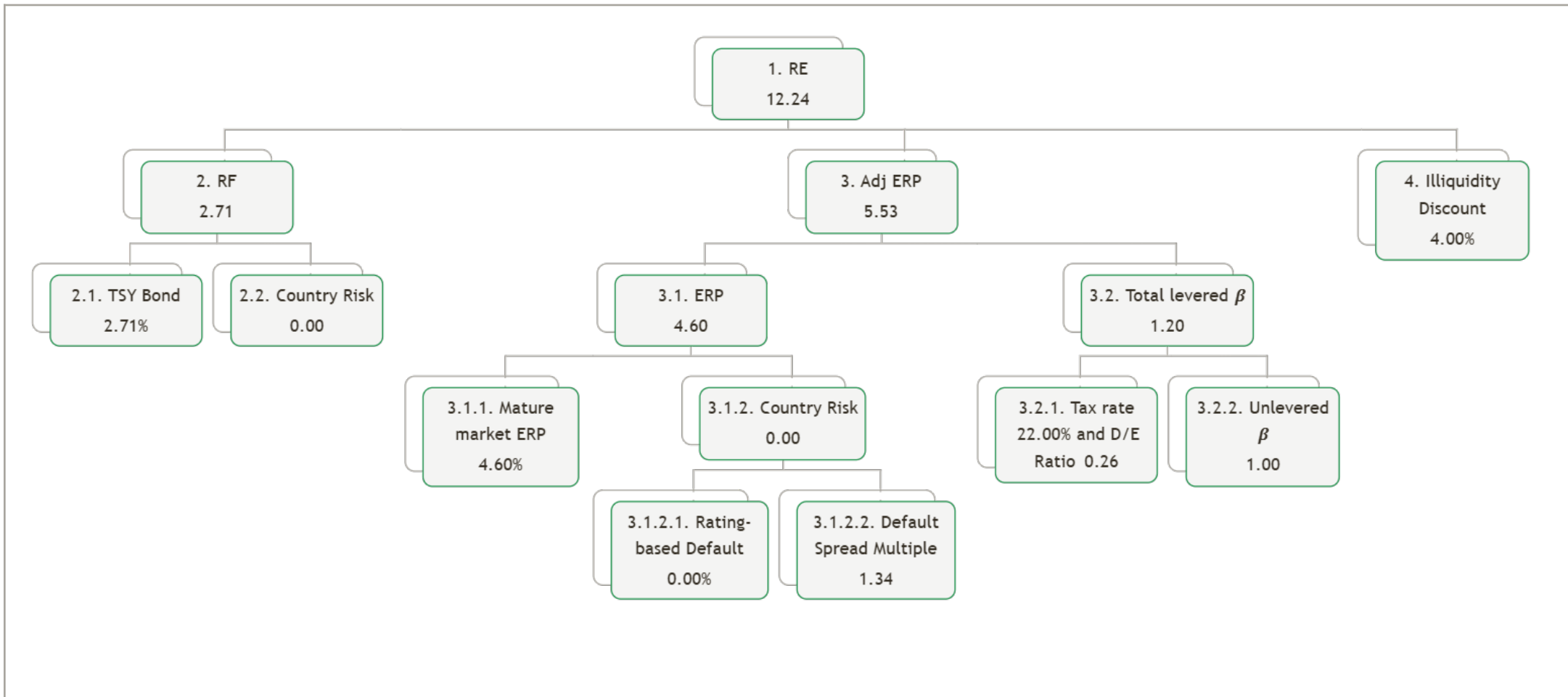
PaT Expectations

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	4,089	4,089	4,089	4,907	4,907	4,907	5,997	5,997	5,997	6,815	6,815	6,815	65,426	115,360	190,690
Coffee Sales	2,045	2,045	2,045	2,453	2,453	2,453	2,999	2,999	2,999	3,408	3,408	3,408	32,713	57,680	95,345
Pastry Sales	818	818	818	981	981	981	1,199	1,199	1,199	1,363	1,363	1,363	13,085	23,072	38,138
Espresso Drinks	1,022	1,022	1,022	1,227	1,227	1,227	1,499	1,499	1,499	1,704	1,704	1,704	16,357	28,840	47,672
Other	204	204	204	245	245	245	300	300	300	341	341	341	3,271	5,768	9,534
COGS	-2,535	-2,535	-2,535	-3,042	-3,042	-3,042	-3,718	-3,718	-3,718	-4,225	-4,225	-4,225	-40,564	-71,523	-118,228
Coffee Beans	-818	-818	-818	-981	-981	-981	-1,199	-1,199	-1,199	-1,363	-1,363	-1,363	-13,085	-23,072	-38,138
Pastries	-818	-818	-818	-981	-981	-981	-1,199	-1,199	-1,199	-1,363	-1,363	-1,363	-13,085	-23,072	-38,138
Beverage Ingredients	-695	-695	-695	-834	-834	-834	-1,020	-1,020	-1,020	-1,159	-1,159	-1,159	-11,122	-19,611	-32,417
Other	-204	-204	-204	-245	-245	-245	-300	-300	-300	-341	-341	-341	-3,271	-5,768	-9,534
Gross Profit	1,554	1,554	1,554	1,865	1,865	1,865	2,279	2,279	2,279	2,590	2,590	2,590	24,862	43,837	72,462
SG&A Personal Expenses	-204	-204	-204	-245	-245	-245	-300	-300	-300	-341	-341	-341	-3,271	-5,768	-9,534
SG&A Operating Expenses	-245	-245	-245	-294	-294	-294	-360	-360	-360	-409	-409	-409	-3,926	-6,922	-11,441
EBITDA	1,104	1,104	1,104	1,325	1,325	1,325	1,619	1,619	1,619	1,840	1,840	1,840	17,665	31,147	51,486
Depreciation	-1,762	-1,762	-1,762	-1,762	-1,762	-1,762	-1,762	-1,762	-1,762	-1,762	-1,762	-1,762	-21,143	-21,143	-21,143
EBIT	-658	-658	-658	-437	-437	-437	-143	-143	-143	78	78	78	-3,478	10,004	30,343
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit before Tax	-658	-658	-658	-437	-437	-437	-143	-143	-143	78	78	78	-3,478	10,004	30,343
Tax	145	145	145	96	96	96	31	31	31	-17	-17	-17	765	-2,201	-6,676
Profit after Tax (USD)	-513	-513	-513	-341	-341	-341	-111	-111	-111	61	61	61	-2,713	7,803	23,668

Required Return on Equity Derivation



Cost of Capital: CAPM Inputs

Methodology

Weighted Average Cost of Capital is calculated using Capital Asset Pricing Model (CAPM). Since the company is purely equity funded the WACC is equal to its Required Return on Equity R(E). The main research inputs used in calculations are based on studies published by professor at Stern School of Business Aswath Damodaran. Return on Equity R(E) is $R(E) = R(F) + \beta * (ERP)$, where: R(F) is Risk Free Rate. The basis for calculation of R(F) is the average of the yield of USD 30 Year TSY Bond. The horizon. ERP is Mature Market Equity Risk Premium. It incorporates market estimates for Rating-Based Default Spread and Default Spread Multiple (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

	(USD)	Y1	Y2	Y3	Y4	Y5	Y6	Y7
DCF	Profit after Tax	-2,713	7,803	23,668	26,082	28,742	31,674	34,905
	Growth% Y4-Y7				10.20%	10.20%	10.20%	10.20%
	Growth% Y7 -->	3.50%						
	WACC	12.24%						
	PV Y1-Y7 at Y0	-2,417	6,194	16,738	16,434	16,136	15,842	15,554
	PV Y7 --> Y0	184,196						
	NPV (USD)	268,678						

Average Survival Rate for 3 Years 50%

Final Valuation \$ 134,339

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 12.24 % 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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