

Business Plan & Valuation Presentation



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OUR VISION & MISSION

Our Mission

LittleStars Learning Center is dedicated to providing high-quality early childhood education and care in a nurturing and innovative environment. We strive to offer a safe and stimulating space where children can explore, learn, and grow through engaging activities and educational programs. Our mission is rooted in individualized attention, creativity, and social development, supported by a team of experienced and caring educators. We aim to foster a positive and enriching experience, ensuring each child receives the support they need to reach their full potential while giving parents peace of mind.

Our Vision

LittleStars Learning Center aspires to be a leader in early childhood education by creating a future where every child has the opportunity to thrive in a nurturing and innovative environment. We envision a world where our tailored educational programs inspire creativity, foster social development, and lay a strong foundation for lifelong learning. Our long-term goal is to expand our reach and impact, continually evolving to meet the diverse needs of our community, ensuring that all children have access to the essential resources and support they need to achieve their fullest potential.

Summary Financials Dashboard

Key performance indicators
(Base Scenario Y3)

\$ 402,687

Revenue

\$ 195,303

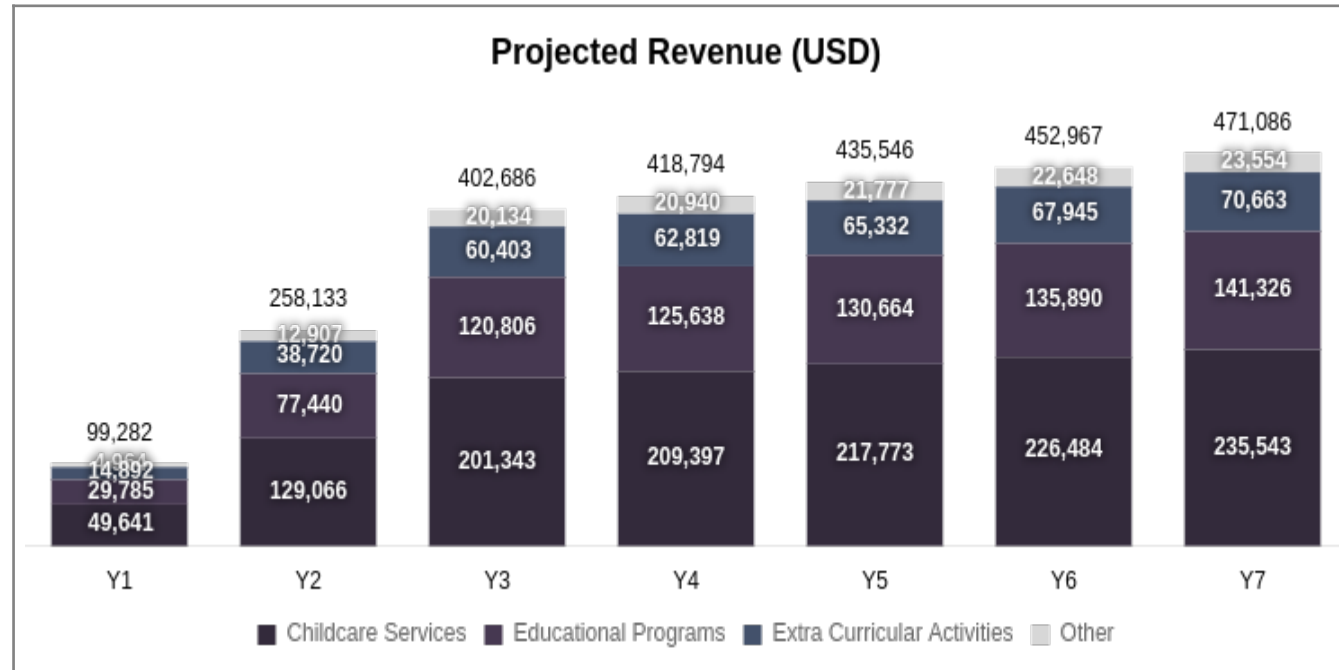
Gross Profit

\$ 116,699

EBITDA

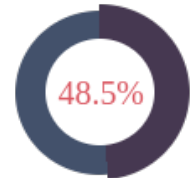
0.01%

Target Market Share

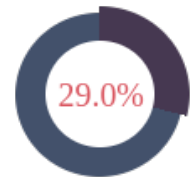


Margins
(Stabilized by Y3)

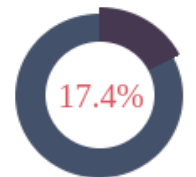
GP Margin



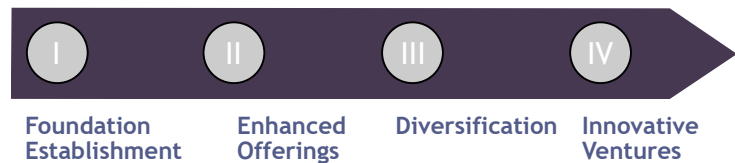
EBITDA Margin



PbT Margin



Project Phases

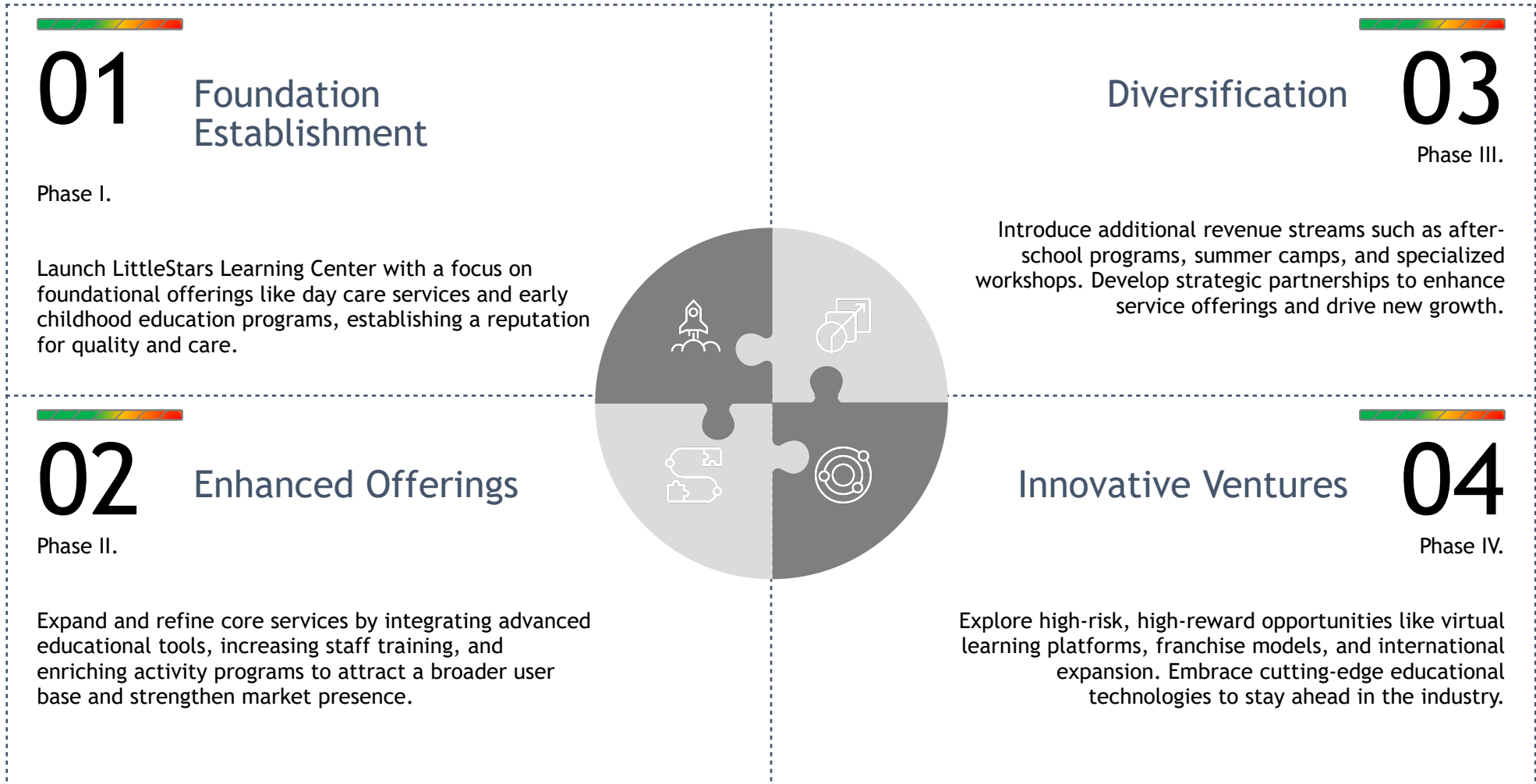


Funding round is aimed to accelerate the development of Phases and create core infrastructure for operations.

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



The Main Phases: Projects & Impacts



Product Impact on Core Stakeholders

Main Stakeholder	Product Benefits
Children	<ol style="list-style-type: none"> 1. Benefit from high-quality early childhood education and care that fosters intellectual and social growth. 2. Access to a safe, stimulating environment that encourages exploration and creativity. 3. Personalized attention that supports individual developmental needs and potentials.
Parents	<ol style="list-style-type: none"> 1. Assurance of their children's safety and well-being in a nurturing, secure setting. 2. Convenience and peace of mind knowing their children are receiving quality care and education. 3. Enhanced work-life balance supported by reliable and comprehensive child care services.
Educators	<ol style="list-style-type: none"> 1. Opportunities for professional development through increased training and access to advanced educational tools. 2. A supportive work environment that values their expertise and commitment to child development. 3. Job stability and satisfaction from working in a well-respected, quality-driven institution.
Local Community	<ol style="list-style-type: none"> 1. Strengthening of community bonds through the creation of a trusted local educational institution. 2. Job creation and local economic development through employment opportunities at the center. 3. Improved local educational standards and resources benefiting the broader community.
Investors	<ol style="list-style-type: none"> 1. Attractive returns on investment through strategic growth and diversification of services. 2. Long-term financial stability bolstered by innovative ventures and expanding customer base. 3. Investment in a socially responsible enterprise contributing positively to early childhood education.
Partners	<ol style="list-style-type: none"> 1. Mutually beneficial collaborations that enhance service offerings and market reach. 2. Opportunities for co-branded initiatives, shared resources, and expertise. 3. Strengthened alliances leading to innovation and growth potential.
Regulatory Bodies	<ol style="list-style-type: none"> 1. Assurance of high standards of care and education meeting regulatory requirements. 2. Contribution to community welfare and early childhood development through compliant operations. 3. Partnership in developing and refining standards for quality early childhood education.

Key Performance Components

Competitive Advantage

Individualized Attention

LittleStars Learning Center prioritizes individualized attention, ensuring each child receives personalized care and educational support tailored to their unique needs.

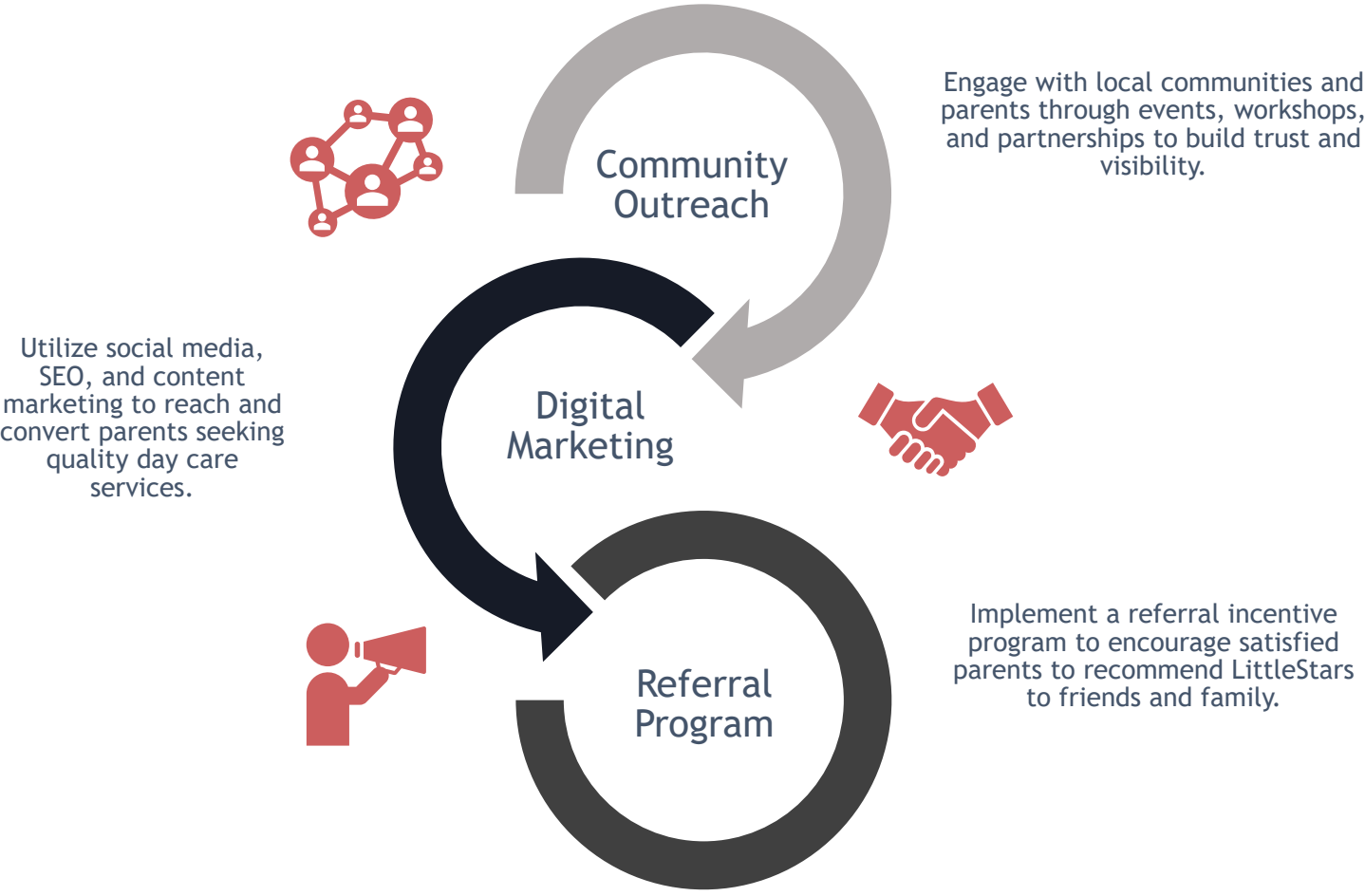
Experienced Educators

The center employs a team of experienced and caring educators dedicated to fostering creativity and social development, ensuring a high-quality learning experience.








Safe & Stimulating Environment

LittleStars offers a safe and stimulating environment where children can explore, learn, and grow through engaging activities and educational programs.

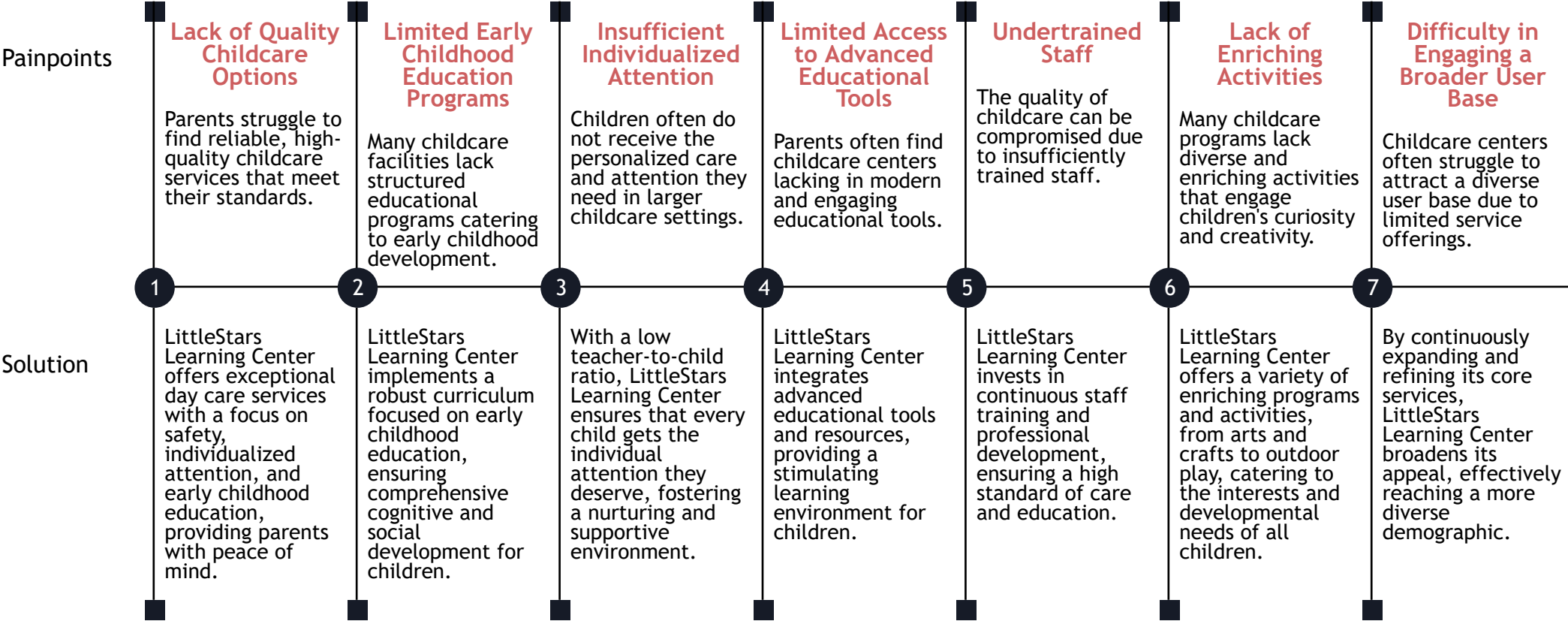
Marketing and Growth Strategy



Target Groups


Industries		Description
I	 Parents of Young Children	Parents seeking reliable and high-quality day care services for their young children as they balance work and family responsibilities.
II	 Early Childhood Educators	Qualified educators looking for employment opportunities in a nurturing and innovative day care facility that values professional growth and development.
III	 Local Communities	Community members interested in accessible and enriching early childhood education programs to support child development within the local area.
IV	 Corporate Partners	Businesses looking to collaborate on child care solutions for their employees, enhancing work-life balance and overall job satisfaction.
V	 Government and Non-profit Organizations	Organizations focused on child welfare and education, interested in collaborating on programs to support early childhood development.
VI	 Educational Technology Providers	Companies offering advanced educational tools and resources that can be integrated into LittleStars Learning Center's curriculum to enhance learning experiences.
VII	 Prospective Franchisees	Individuals or entities interested in investing in and opening LittleStars Learning Center franchises to expand the brand's reach and impact.

Solution from Phase I to Phase IV




Strategic Analysis: SWOT

Strength




Experienced and caring educators ensure high-quality care. Individualized attention supports personalized growth. Innovative educational programs engage children effectively. Safe, stimulating environment fosters exploration and learning. Strong commitment to social and creative development.

Weaknesses




High operational costs can limit resource allocation. Limited brand recognition in a competitive market. Dependence on full enrollment for financial stability. Staff turnover affects consistency of care. High parent service expectations can be challenging to meet.

Opportunities



Rising demand for quality early childhood education. Potential for expanding services or locations. Growing awareness of early education's importance. Partnerships with local schools and organizations. Government funding and grants for early education.

Threats



Economic downturns may reduce enrollment. Intense competition from other daycare centers. Regulatory changes affecting operations. Health and safety concerns in childcare environments. Potential staff shortages impact service quality.

Management Team

Overview

Mads leads LittleStars, focusing on creating a safe, nurturing environment where children can thrive and develop essential skills.



Co-Founder & CEO

Sanne Petersen



Co-Founder & Director of Education

Overview

Sanne ensures that LittleStars offers high-quality early childhood education, fostering a love for learning in every child

Overview

Lars manages daily operations, overseeing staff and resources to maintain a smooth and supportive environment for both children and parents.



Operations Manager

Freja Andersen



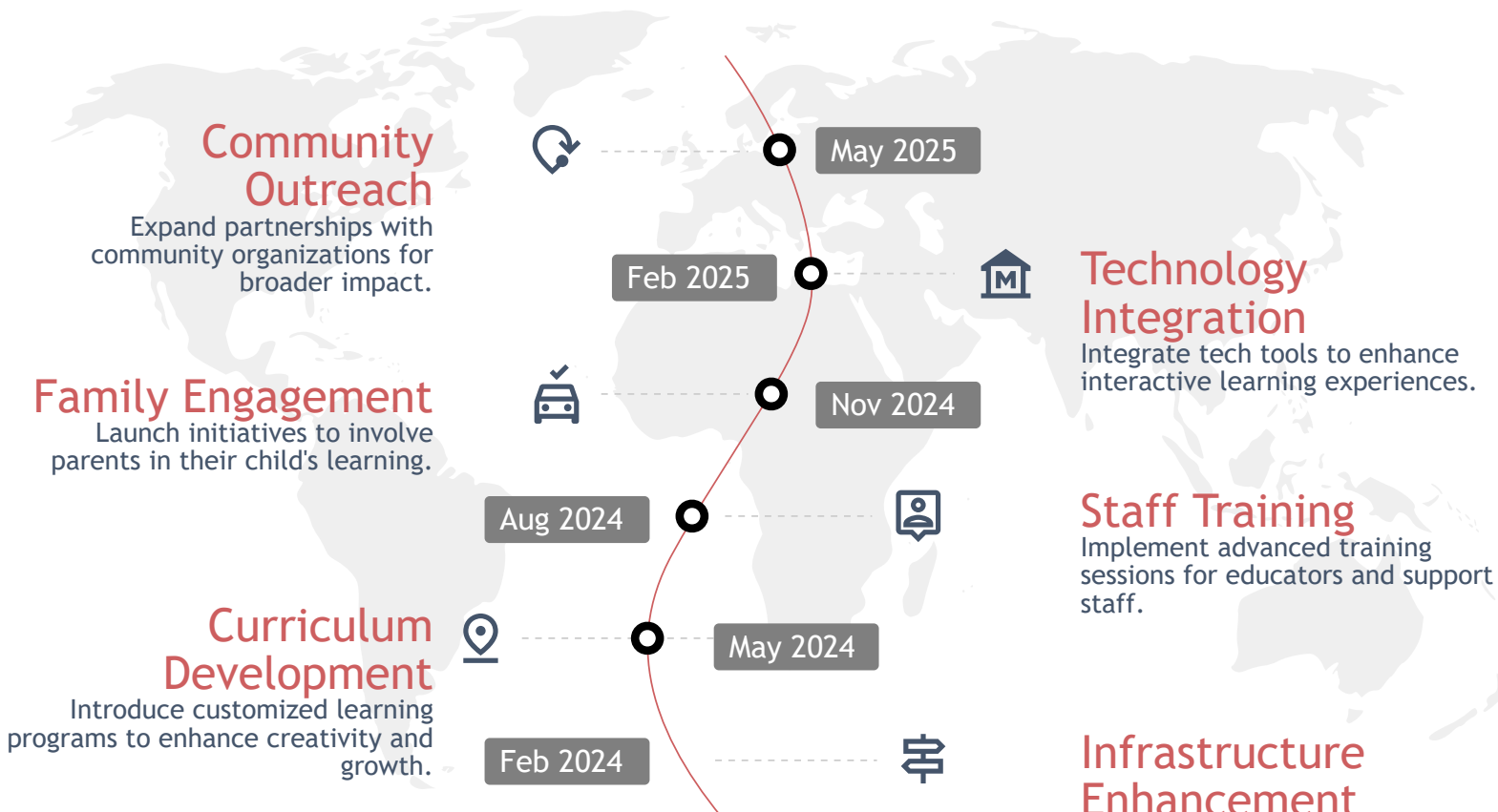
Parent Relations Manager

Overview

Freja builds strong relationships with parents, ensuring clear communication and that every child's needs are met with care and attention



History & Roadmap



Current Status.

LittleStars Learning Center's roadmap focuses on upgrading its educational environment and programs. Beginning in February 2024, the center will enhance its infrastructure for a better learning atmosphere. By May 2024, customized learning programs will be introduced. Staff will receive advanced training by August 2024. November 2024 will see new family engagement initiatives. By February 2025, technology will be integrated to make learning interactive. Finally, by May 2025, community outreach initiatives will expand partnerships and impact. This comprehensive roadmap ensures a nurturing and innovative approach to early childhood education.

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	Register Business Name and Legal Entity	●	Not Started	High	CFO 1 month
3	Secure Initial Funding	●	Not Started	High	CFO 2 months
4	Draft Operational and Service Policies	●	Not Started	Medium	COO 3 weeks
5	Find and Lease Facility	●	Not Started	High	COO 1 month
6	Hire Key Staff	●	Not Started	High	CPO 2 months
7	Configure and Set Up IT and Educational Infrastructure	●	Not Started	Medium	CTO 1 month
8	Develop Emergency and Health Safety Procedures	●	Not Started	Medium	CSO 1.5 months
Marketing					
1	Develop a Comprehensive Marketing Plan	●	Not Started	High	CMO 2 weeks
2	Create Brand Identity and Logo	●	Not Started	High	CMO 3 weeks
3	Establish Social Media Presence	●	Not Started	Medium	CMO 1 month
4	Design and Launch Company Website	●	Not Started	High	CMO 1.5 months
5	Create and Distribute Promotional Materials	●	Not Started	Medium	CMO 2 months
6	Initiate Local Advertising Campaigns	●	Not Started	Medium	CRO 2.5 months
7	Develop Partnerships with Local Businesses	●	Not Started	High	CBO 3 months
8	Organize Community Outreach Events	●	Not Started	Medium	COO 4 months

Overview of Phases

#	Check List Item	Status	Priority	Area	ETA	
Phase 1 & Technical Set Up for next Phases						
1	Secure Facility Lease	●	Not Started	High	CFO	2 months
2	Hire Core Staff	●	Not Started	High	COO	3 months
3	Acquire Necessary Licenses and Permits	●	Not Started	High	CEO	2 months
4	Develop Safety and Cleanliness Protocols	●	Not Started	High	CSO	1 month
5	Create Initial Curriculum	●	Not Started	High	CPO	2 months
6	Set Up Classrooms and Activity Areas	●	Not Started	Medium	COO	1 month
7	Establish Enrollment Processes	●	Not Started	Medium	CBO	1 month
8	Launch Opening Event	●	Not Started	Low	CMO	4 months
Phase 2						
1	Integrate Advanced Educational Tools	●	Not Started	High	CTO	3 months
2	Increase Staff Training Programs	●	Not Started	High	COO	4 months
3	Enhance Activity Programs	●	Not Started	Medium	CPO	2 months
4	Upgrade Facility Equipment	●	Not Started	Medium	CFO	5 months
5	Implement Feedback System from Parents	●	Not Started	High	CMO	2 months
6	Develop Curriculum Enhancements	●	Not Started	High	CSO	3 months
7	Increase Community Outreach	●	Not Started	Medium	CRO	4 months
8	Refine Enrollment Process	●	Not Started	Low	COO	3 months

Overview of Phases

#	Check List Item	Status	Priority	Area	ETA	
Phase 3						
1	Launch After-School Programs	●	Not Started	High	COO	3 months
2	Organize Summer Camps	●	Not Started	High	CPO	4 months
3	Develop Specialized Workshops	●	Not Started	Medium	COO	5 months
4	Form Strategic Partnerships	●	Not Started	High	CRO	6 months
5	Expand Revenue Streams	●	Not Started	High	CFO	4 months
6	Hire Additional Educators	●	Not Started	Medium	COO	3 months
7	Enhance Marketing for New Programs	●	Not Started	High	CMO	2 months
8	Conduct Market Analysis for New Services	●	Not Started	Medium	CSO	3 months
Phase 4						
1	Develop Virtual Learning Platform	●	Not Started	High	CTO	6 months
2	Explore Franchise Model	●	Not Started	High	CEO	9 months
3	Research International Expansion Opportunities	●	Not Started	Medium	CSO	12 months
4	Integrate Cutting-Edge Educational Technologies	●	Not Started	High	CIO	8 months
5	Pilot Virtual Learning Programs	●	Not Started	Medium	COO	10 months
6	Secure Funding for Innovative Ventures	●	Not Started	High	CFO	5 months
7	Partnership Development for International Markets	●	Not Started	Medium	CBO	11 months
8	Evaluate High-Risk Opportunities	●	Not Started	Low	CRO	7 months

Core Risks & Mitigation Strategies

1. Operation and maintenance risks

#	Risk Type	Area	Mitigation Strategy
1	Staff Turnover	COO	Implement competitive salary packages and provide continuous professional development and training to enhance employee satisfaction and retention.
2	Facility Maintenance	COO	Establish a regular maintenance schedule and set up emergency repair protocols to ensure the facility remains safe and functional.
3	Health and Safety	CSO	Develop comprehensive health and safety policies, conduct regular drills, and ensure all staff are trained in emergency procedures.
4	Supplies and Inventory Management	COO	Implement an inventory tracking system and establish reliable supplier relationships to ensure timely restocking of essential supplies.
5	Technology Failures	CTO	Implement robust and redundant technology infrastructure and conduct regular maintenance checks to minimize downtime.

2. Regulatory and legal risks

#	Risk Type	Area	Mitigation Strategy
1	Licensing Compliance	COO	Regular audits to ensure compliance with local and state regulations.
2	Staff Certification	CPO	Ensure all staff maintain necessary certifications and training.
3	Health and Safety Regulations	CSO	Implement safety protocols and regular training for staff.
4	Data Privacy Laws	CIO	Adopt strong data protection measures and regular audits.
5	Advertising Standards	CMO	Ensure all marketing materials comply with regulations.

3. Strategic/Market Risk

#	Risk Type	Area	Mitigation Strategy
1	Changing Market Demands	CMO	Conduct regular market surveys.
2	Increased Competition	CSO	Develop unique selling propositions.
3	Poor Brand Positioning	CMO	Enhance marketing and branding efforts.
4	Technology Obsolescence	CTO	Invest in continuous tech upgrades.
5	Economic Downturns	CFO	Create a financial buffer.

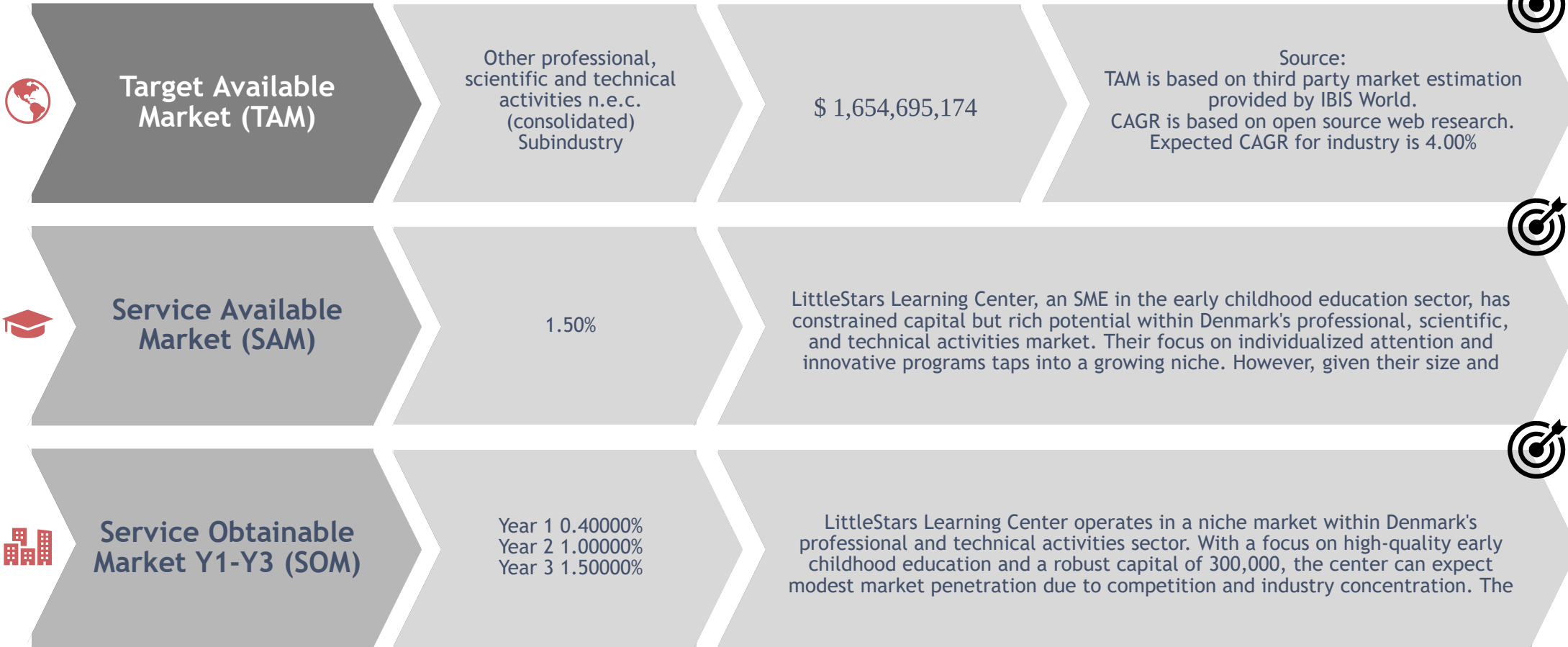
4. Finance risk

#	Risk Type	Area	Mitigation Strategy
1	Cash Flow Issues	CFO	Maintain a healthy cash reserve and optimize billing processes.
2	Funding Shortages	CFO	Diversify revenue streams and secure backup financing options.
3	Budget Overruns	COO	Implement strict budget controls and regular financial reviews.
4	Economic Downturn	CEO	Adjust pricing models and explore cost-saving measures.
5	High Development Costs	CIO	Prioritize investments and seek cost-effective solutions.

5. Other general risk

#	Risk Type	Area	Mitigation Strategy
1	Staff Turnover	COO	Implement retention programs and improve workplace culture
2	Parent Satisfaction	CPO	Regularly collect feedback and address concerns promptly
3	Brand Reputation	CMO	Invest in positive PR and monitor social media
4	Technological Adoption	CTO	Offer training and ensure ease of use for new tech
5	Competition	CSO	Continuously innovate and highlight unique offerings

Market Overview (TAM, SAM and SOM)



Funding Allocation

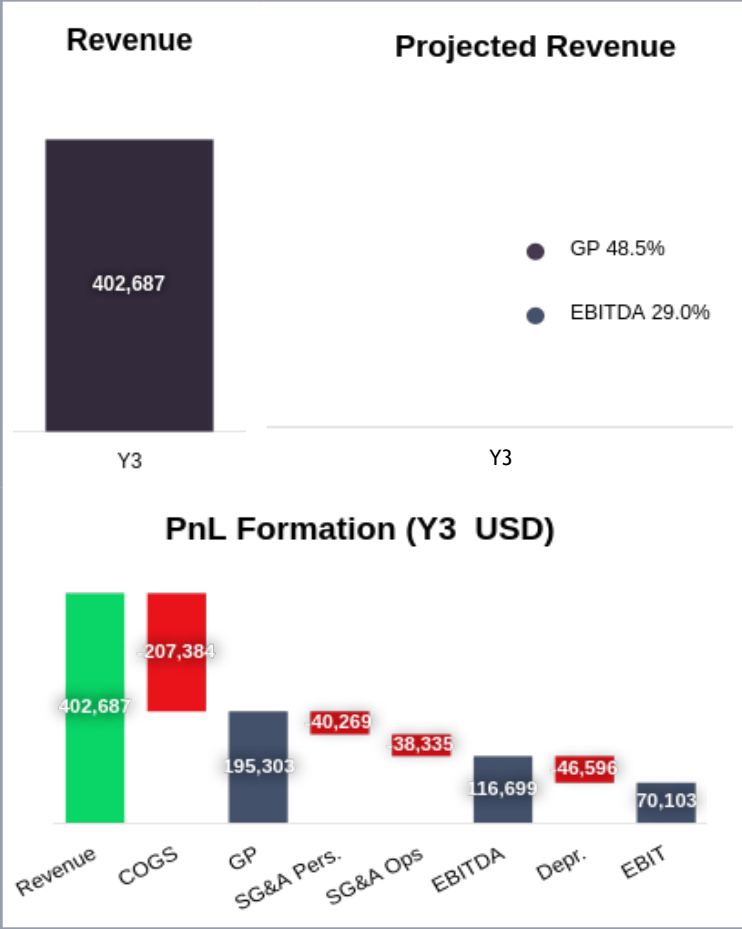
The funding will be used to finance the CAPEX and cash deficit from Year 1 operations, aiming to expedite the development process. In subsequent years the company plans to sustain operations without requiring major additional capital injection. Table below presents the overview of expected inflows and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

The total investment required is \$ 300,000

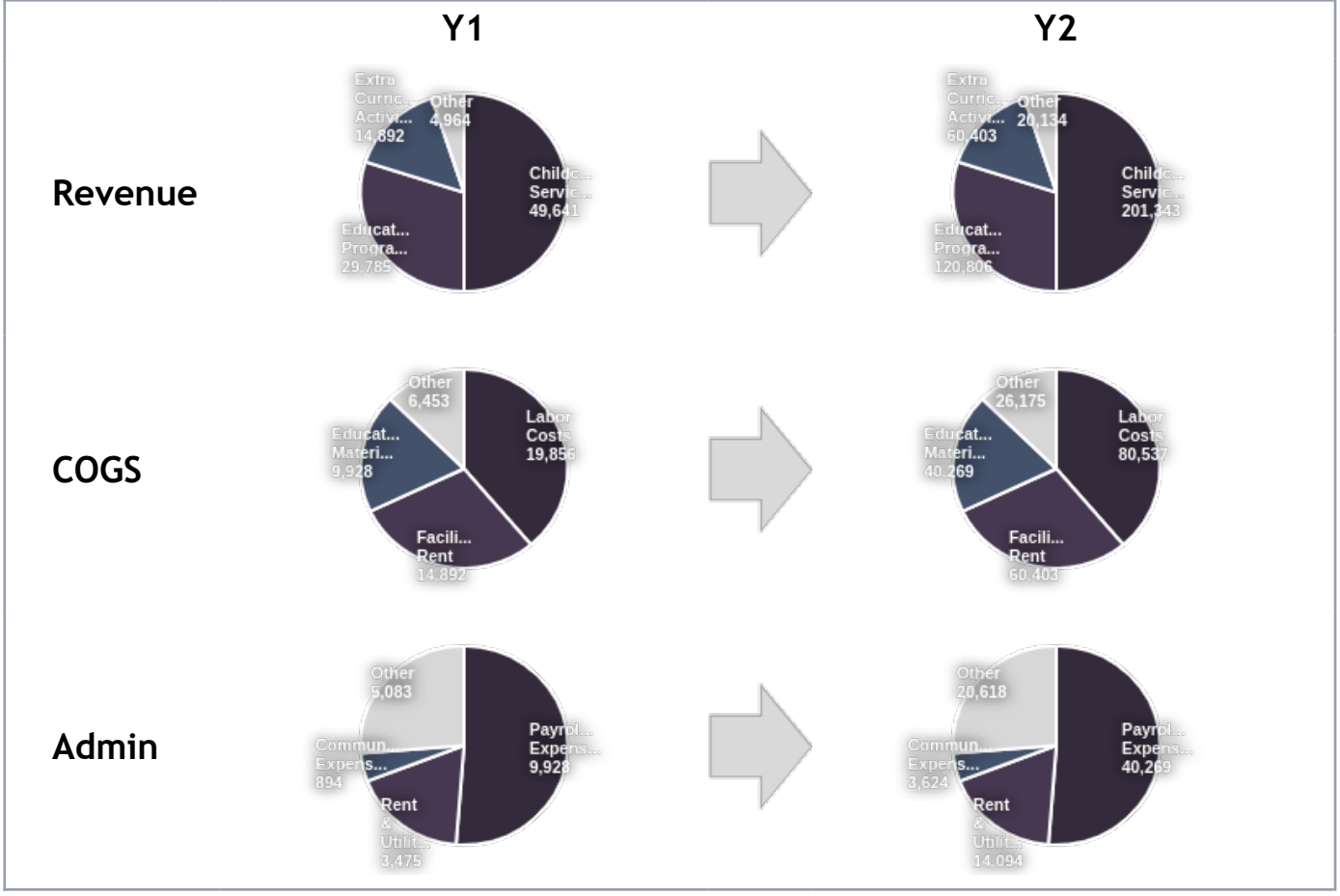
Y1 Cash Flow Stream(USD)	Inflows	Outflows
Gross Profit	48,152	
Payroll Expenses		9,928
Rent & Utilities		3,475
Marketing and Branding		1,291
Communication Expenses		894
Capex		250,000
Other Miscellaneous		894
Office supplies		794
Training and Development		794
Legal and Professional Fees		695
Representation and Entert.		616
CAPEX & WC shortage Y1		221,228
Buffer		78,772
Total Required Investment(USD)		300,000



Y3 PL formation and Margins



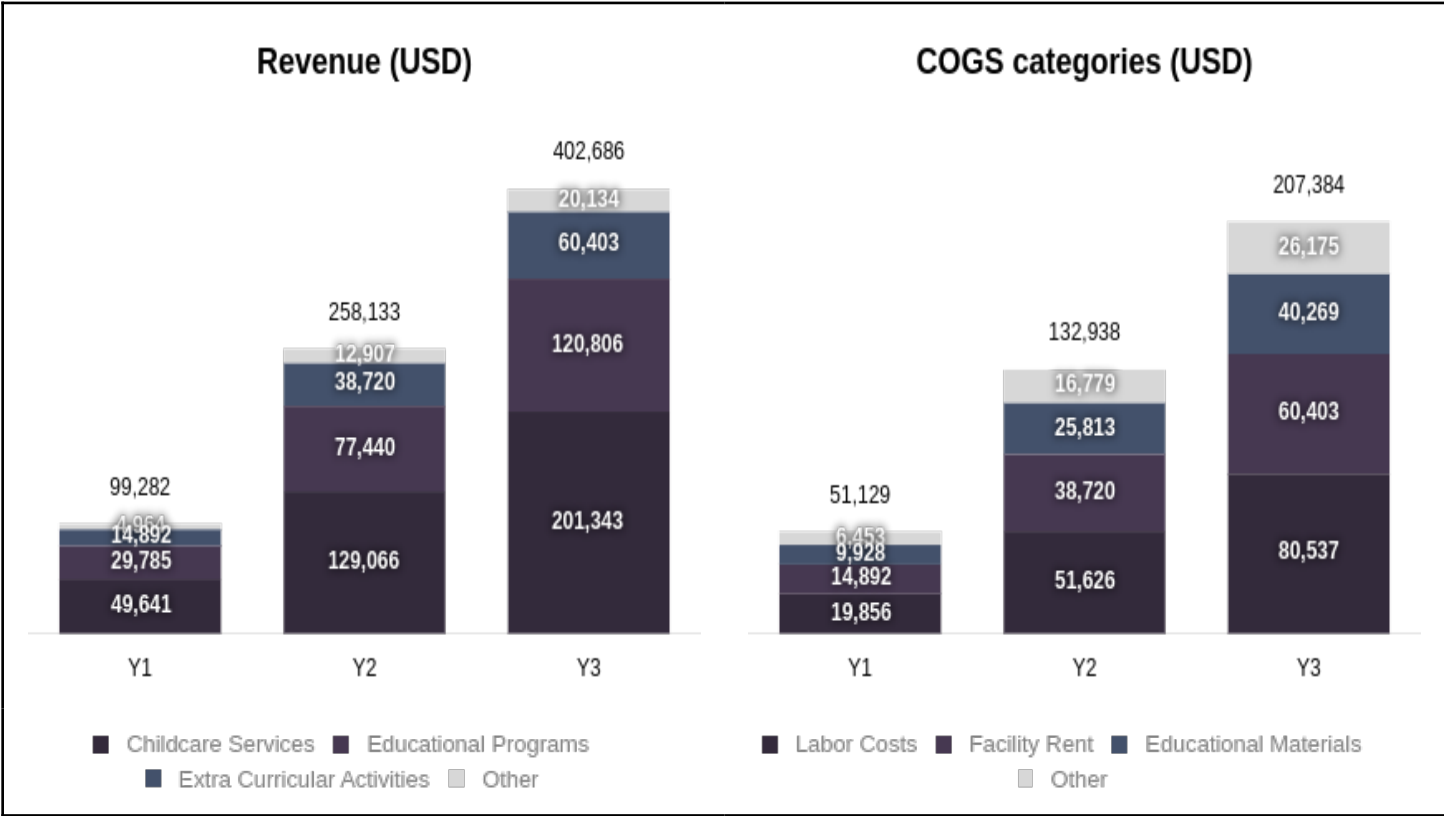
Business Line Breakdown (USD)



Revenue Formation Narrative

LittleStars Learning Center is strategically positioned in the early childhood education market, aiming to capitalize on its comprehensive educational programs and individualized attention. Our Total Addressable Market (TAM) stands at 1,654,695,174 USD, reflecting the extensive demand in the Professional, Scientific, and Technical Activities sector. We estimate our Serviceable Addressable Market (SAM) to be 1.5% of this TAM, reaching about 24,820,427.61 USD. This estimation is based on our specialized offerings, scaling capabilities, and market potential, yet acknowledges our capital constraints and size relative to larger competitors. Our narrative around SAM is based on the growing niche we serve despite our current limited resources and a calculated approach reflecting our growth potential within Denmark. For our Serviceable Obtainable Market (SOM), we project steady and realistic growth in the first three years. In Year 1, we estimate obtaining 0.004% of the TAM, equating to revenues of 99,281.71 USD. This modest penetration takes into account market entry challenges and initial operational scaling. For Year 2, we anticipate expanding our market share to 0.01%, yielding 258,132.447 USD in revenue as we gain foothold and increase brand awareness. By Year 3, our focus on robust early childhood education programs should enable us to capture 0.015% of the TAM, translating to 402,686.618 USD in revenue, demonstrating our capacity for sustained growth amidst competition. Our revenue streams are diversified across four primary lines of business: Childcare Services (50% of total revenue), Educational Programs (30%), Extra Curricular Activities (15%), and Other (5%). These proportions underscore our commitment to holistic child development through a blend of care, education, and enrichment activities, all aimed at scaling our operational and financial footprints.

\$ 402,687 ^{Y3} Projected Revenue **0.01%** Market share



Revenue Calculation Details

Revenue Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Childcare Services	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%
Educational Programs	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%
Extra Curricular Activities	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
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%

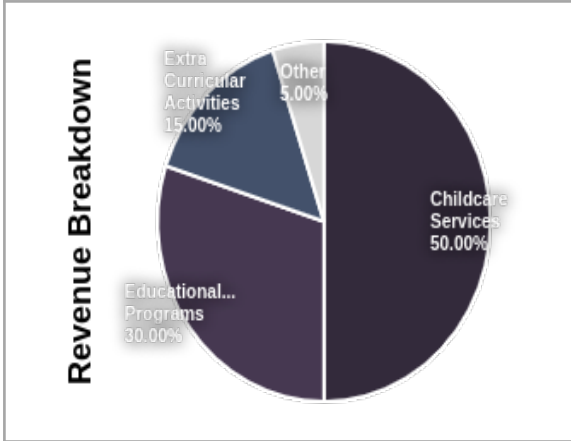
Childcare Services	3,103	3,103	3,103	3,723	3,723	3,723	4,550	4,550	4,550	5,171	5,171	5,171	49,641	129,066	201,343
Educational Programs	1,862	1,862	1,862	2,234	2,234	2,234	2,730	2,730	2,730	3,103	3,103	3,103	29,785	77,440	120,806
Extra Curricular Activities	931	931	931	1,117	1,117	1,117	1,365	1,365	1,365	1,551	1,551	1,551	14,892	38,720	60,403
Other	310	310	310	372	372	372	455	455	455	517	517	517	4,964	12,907	20,134
Total Revenue (USD)	6,205	6,205	6,205	7,446	7,446	7,446	9,101	9,101	9,101	10,342	10,342	10,342	99,282	258,132	402,687

Total revenue is expected to reach \$ 402,687 by year 3.

Main revenue driver are:

- Childcare Services which generates \$ 201,343 by Year 3
- Educational Programs which generates \$ 120,806 by Year 3

Expected CAGR for total Revenue in Y1-Y3 is 101.40 %



COGS Calculation Details

COGS Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Labor Costs	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%
Facility Rent	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Educational Materials	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%
Other	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%

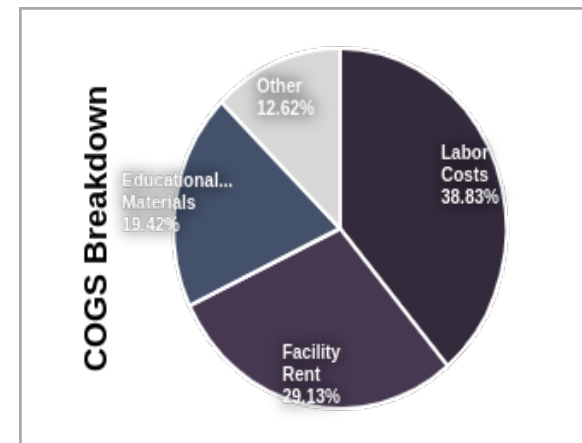
Labor Costs	1,241	1,241	1,241	1,489	1,489	1,489	1,820	1,820	1,820	2,068	2,068	2,068	19,856	51,626	80,537
Facility Rent	931	931	931	1,117	1,117	1,117	1,365	1,365	1,365	1,551	1,551	1,551	14,892	38,720	60,403
Educational Materials	621	621	621	745	745	745	910	910	910	1,034	1,034	1,034	9,928	25,813	40,269
Other	403	403	403	484	484	484	592	592	592	672	672	672	6,453	16,779	26,175
Total COGS (USD)	3,196	3,196	3,196	3,835	3,835	3,835	4,687	4,687	4,687	5,326	5,326	5,326	51,130	132,938	207,384

Total COGS is expected to reach \$ 207,384 by year 3.

Main revenue driver are:

- Labor Costs which generates \$ 80,537 by Year 3
- Facility Rent which generates \$ 60,403 by Year 3

Expected CAGR for total COGS in Y1-Y3 is 101.40 %



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>	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
<i>Communication Expenses</i>	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
<i>Office supplies</i>	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%
<i>Legal and Professional Fees</i>	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
<i>Marketing and Branding</i>	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
<i>Representation and Entertainment</i>	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%
<i>Training and Development</i>	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%
<i>Other Miscellaneous</i>	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%

<i>Payroll Expenses</i>	621	621	621	745	745	745	910	910	910	1,034	1,034	1,034	9,928	25,813	40,269
<i>Rent & Utilities</i>	217	217	217	261	261	261	319	319	319	362	362	362	3,475	9,035	14,094
<i>Communication Expenses</i>	56	56	56	67	67	67	82	82	82	93	93	93	894	2,323	3,624
<i>Office supplies</i>	50	50	50	60	60	60	73	73	73	83	83	83	794	2,065	3,221
<i>Legal and Professional Fees</i>	43	43	43	52	52	52	64	64	64	72	72	72	695	1,807	2,819
<i>Marketing and Branding</i>	81	81	81	97	97	97	118	118	118	134	134	134	1,291	3,356	5,235
<i>Representation and Entertainment</i>	38	38	38	46	46	46	56	56	56	64	64	64	616	1,600	2,497
<i>Training and Development</i>	50	50	50	60	60	60	73	73	73	83	83	83	794	2,065	3,221
<i>Other Miscellaneous</i>	56	56	56	67	67	67	82	82	82	93	93	93	894	2,323	3,624

Total SG&A (USD)	1,211	1,211	1,211	1,453	1,453	1,453	1,776	1,776	1,776	2,019	2,019	2,019	19,380	50,387	78,604
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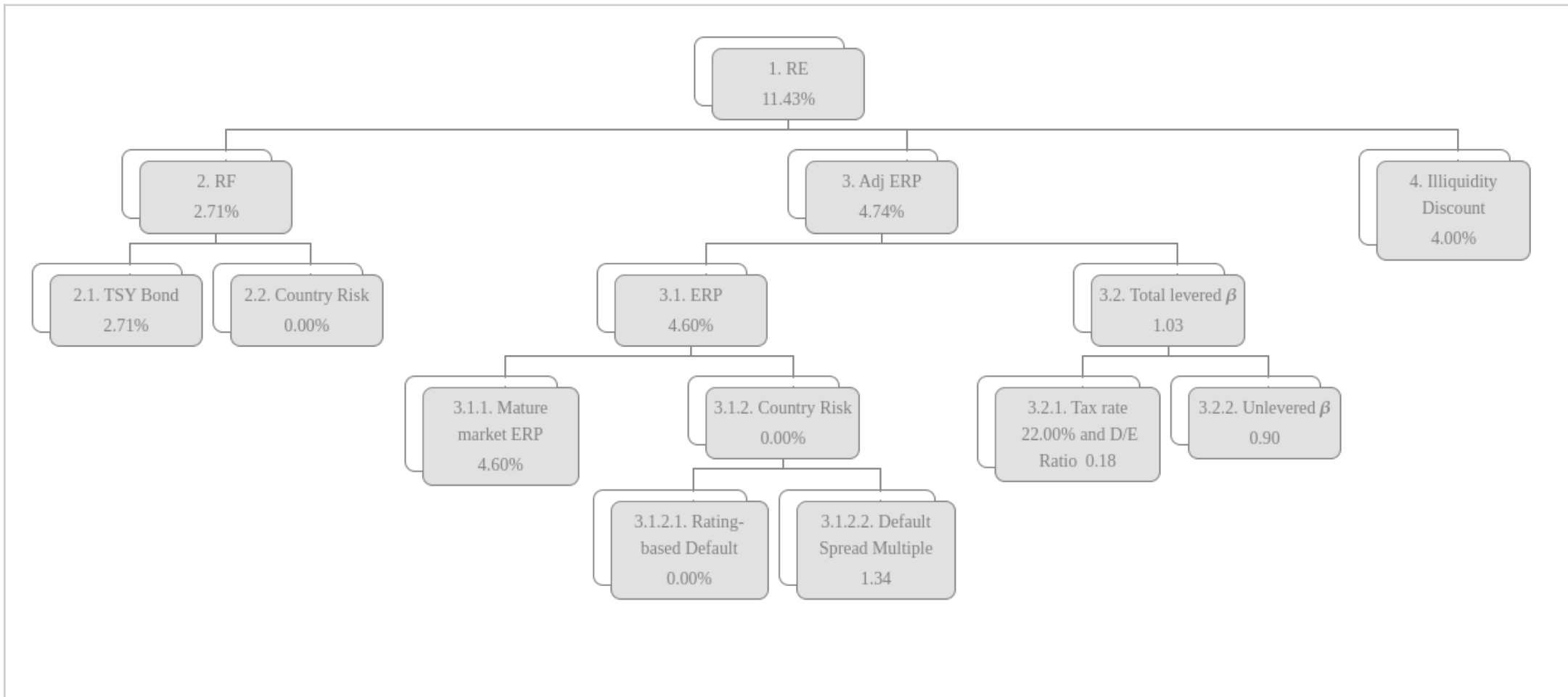
PaT Expectations

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	6,205	6,205	6,205	7,446	7,446	7,446	9,101	9,101	9,101	10,342	10,342	10,342	99,282	258,132	402,687
Childcare Services	3,103	3,103	3,103	3,723	3,723	3,723	4,550	4,550	4,550	5,171	5,171	5,171	49,641	129,066	201,343
Educational Programs	1,862	1,862	1,862	2,234	2,234	2,234	2,730	2,730	2,730	3,103	3,103	3,103	29,785	77,440	120,806
Extra Curricular Activities	931	931	931	1,117	1,117	1,117	1,365	1,365	1,365	1,551	1,551	1,551	14,892	38,720	60,403
Other	310	310	310	372	372	372	455	455	455	517	517	517	4,964	12,907	20,134
COGS	-3,196	-3,196	-3,196	-3,835	-3,835	-3,835	-4,687	-4,687	-4,687	-5,326	-5,326	-5,326	-51,130	-132,938	-207,384
Labor Costs	-1,241	-1,241	-1,241	-1,489	-1,489	-1,489	-1,820	-1,820	-1,820	-2,068	-2,068	-2,068	-19,856	-51,626	-80,537
Facility Rent	-931	-931	-931	-1,117	-1,117	-1,117	-1,365	-1,365	-1,365	-1,551	-1,551	-1,551	-14,892	-38,720	-60,403
Educational Materials	-621	-621	-621	-745	-745	-745	-910	-910	-910	-1,034	-1,034	-1,034	-9,928	-25,813	-40,269
Other	-403	-403	-403	-484	-484	-484	-592	-592	-592	-672	-672	-672	-6,453	-16,779	-26,175
Gross Profit	3,009	3,009	3,009	3,611	3,611	3,611	4,414	4,414	4,414	5,016	5,016	5,016	48,152	125,194	195,303
SG&A Personal Expenses	-621	-621	-621	-745	-745	-745	-910	-910	-910	-1,034	-1,034	-1,034	-9,928	-25,813	-40,269
SG&A Operating Expenses	-591	-591	-591	-709	-709	-709	-866	-866	-866	-985	-985	-985	-9,452	-24,574	-38,336
EBITDA	1,798	1,798	1,798	2,158	2,158	2,158	2,637	2,637	2,637	2,997	2,997	2,997	28,772	74,807	116,699
Depreciation	3,883	3,883	3,883	3,883	3,883	3,883	3,883	3,883	3,883	3,883	3,883	3,883	46,595	46,595	46,595
EBIT	-2,085	-2,085	-2,085	-1,725	-1,725	-1,725	-1,246	-1,246	-1,246	-886	-886	-886	-17,823	28,212	70,103
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit before Tax	-2,085	-2,085	-2,085	-1,725	-1,725	-1,725	-1,246	-1,246	-1,246	-886	-886	-886	-17,823	28,212	70,103
Tax	-459	-459	-459	-380	-380	-380	-274	-274	-274	-195	-195	-195	-3,921	6,207	15,423
Profit after Tax (USD)	-1,626	-1,626	-1,626	-1,346	-1,346	-1,346	-972	-972	-972	-691	-691	-691	-13,902	22,005	54,681

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	-13,902	22,005	54,681	56,868	59,143	61,508	63,969
	Growth% Y4-Y7				4.00%	4.00%	4.00%	4.00%
	Growth% Y7 -->	3.50%						
	WACC	11.43%						
	PV Y1-Y7 at Y0	-12,476	17,722	39,521	36,886	34,426	32,131	29,988
	PV Y7 --> Y0	391,398						
	NPV (USD)	569,596						

Average Survival Rate for 3 Years

50%

Final Valuation

\$ 284,798

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 11.43 % to determine the Firm Value.

Starting from year 3 onwards, the cash flows are estimated to grow at a rate of 4.00 %, 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

Disclaimer

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Please note that the valuation results presented here are based on the Discounted Cash Flow (DCF) method and various assumptions, including projected cash flows, growth rates, discount rates, and survival rates. These assumptions are subject to change and may not accurately reflect future market conditions or the performance of the business.

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