

Business Plan & Valuation Presentation



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OUR VISION & MISSION

Our Mission

EcoThread exists to transform the apparel industry by prioritizing sustainability in every facet of its operations. With a strong commitment to eco-friendly practices, the company specializes in crafting fashion pieces from 100% recycled materials, significantly reducing waste and carbon footprint. EcoThread aims to make a positive difference by offering a conscious lifestyle to green-conscious consumers, ensuring that high-quality, stylish clothing does not come at the expense of our planet. Every decision—from material sourcing to manufacturing—is made with the goal of minimizing environmental impact, making sustainable fashion accessible to all.

Our Vision

EcoThread Apparel envisions a future where sustainable fashion is the norm, not the exception. In twenty years, we aspire to have pioneered a global shift towards eco-friendly fashion practices, setting new industry standards for sustainability. We aim to be recognized as the leading brand that successfully merges style, quality, and environmental responsibility, inspiring other companies to adopt similar values. Our vision is to create a world where every consumer feels empowered to make environmentally responsible choices without compromising on style or quality. We strive for a future where the fashion industry collectively works towards minimizing environmental impact and fostering a more sustainable planet.

Summary Financials Dashboard

Key performance indicators
(Base Scenario Y3)

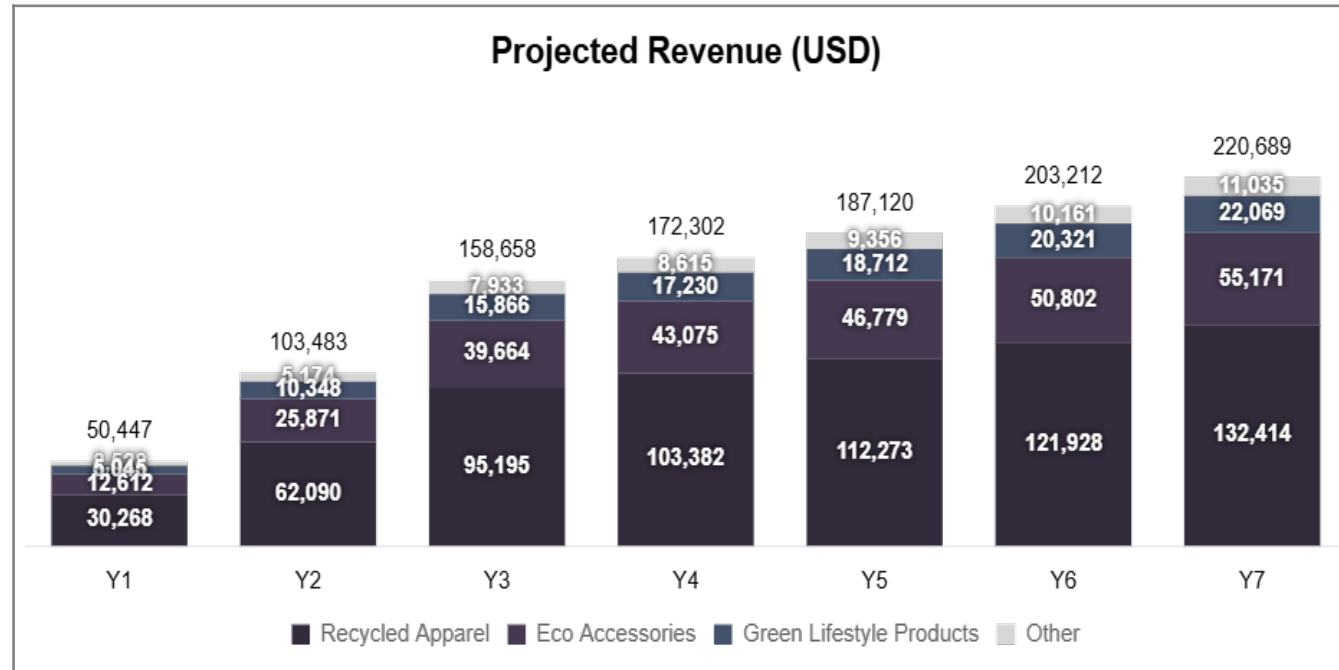
\$ 158,658

Revenue
\$ 96,781

Gross Profit
\$ 40,299

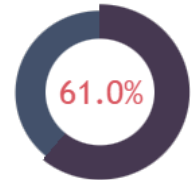
EBITDA
2.25%

Target Market Share

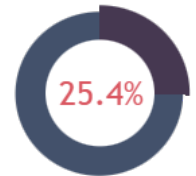


Margins
(Stabilized by Y3)

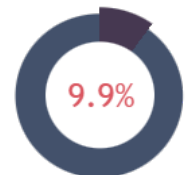
GP Margin



EBITDA Margin



PbT Margin

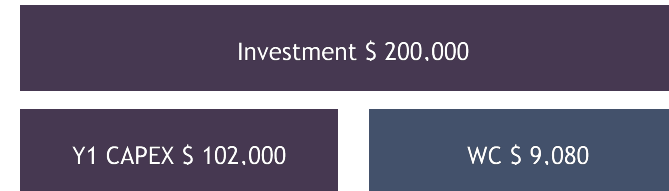


Project Phases



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.

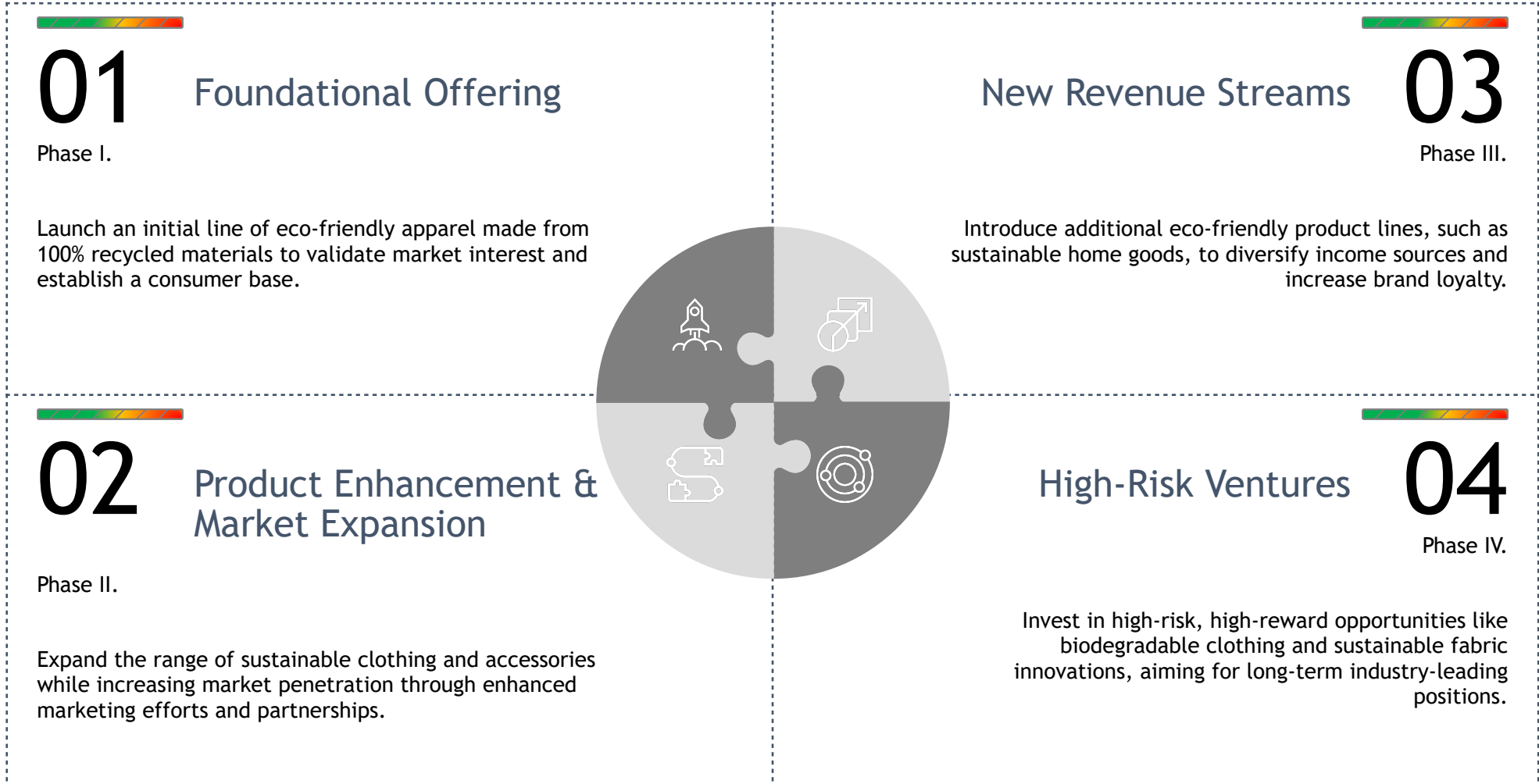


About the Company: General Overview



EcoThread Apparel, originating from San Francisco, is at the forefront of change in the apparel, accessories & luxury goods industries, under the consumer discretionary sector. Specializing in sustainability, EcoThread Apparel has a dedicated focus on eco-friendly practices which are incorporated into every aspect of the business. Each piece of their fashion line is crafted using 100% recycled materials, expressing a strong commitment towards the reduction of waste and carbon footprint. The brand is conscious about not just the sourcing of materials but also towards their manufacturing process, aiming to minimize environmental impact at all stages. EcoThread doesn't just sell clothes, but encapsulates a conscious lifestyle that values our planet. By serving a diverse range of clothing styles that cater to all ages, they have positioned themselves as the go-to brand for green-conscious consumers who refuse to compromise on style, quality, or their environmental values.

The Main Phases: Projects & Impacts



Product Impact on Core Stakeholders

Main Stakeholder	Product Benefits
Customers	<ol style="list-style-type: none"> 1. Access to stylish, high-quality apparel made from sustainable materials. 2. Opportunity to contribute to environmental conservation through their purchasing choices. 3. Assurance of ethical and eco-friendly production processes.
Employees	<ol style="list-style-type: none"> 1. Pride in working for a company with a strong commitment to sustainability. 2. Safer and healthier working environment due to eco-friendly manufacturing practices. 3. Opportunities for career growth as the company expands into new markets and product lines.
Investors	<ol style="list-style-type: none"> 1. Potential for high returns due to market interest in sustainable products. 2. Investment in a company with a strong ethical and environmental mission. 3. Stability from diverse revenue streams through different phases of development.
Suppliers	<ol style="list-style-type: none"> 1. Long-term partnerships with a company focused on sustainable and ethical sourcing. 2. Increased demand for eco-friendly raw materials, boosting their own sustainability practices. 3. Opportunities for innovation in sustainable materials and processes.
Local Communities	<ol style="list-style-type: none"> 1. Job creation through local manufacturing plants and retail outlets. 2. Positive environmental impact through reduction of waste and carbon footprint. 3. Community involvement in eco-friendly initiatives driven by the company.
Environmental Organizations	<ol style="list-style-type: none"> 1. Partnership opportunities to promote sustainability and green initiatives. 2. Increased public awareness and support for environmental causes. 3. Collaborative efforts towards reducing the overall environmental impact of the fashion industry.
Government and Regulatory Bodies	<ol style="list-style-type: none"> 1. Support for policies promoting sustainable practices and reducing environmental impact. 2. Collaboration on initiatives to advance eco-friendly manufacturing standards. 3. Recognition of compliance with stringent environmental regulations and guidelines.

Key Performance Components

Competitive Advantage

Eco-friendly Materials

EcoThread uses 100% recycled materials in all its apparel, demonstrating a robust commitment to reducing waste and minimizing carbon footprints.

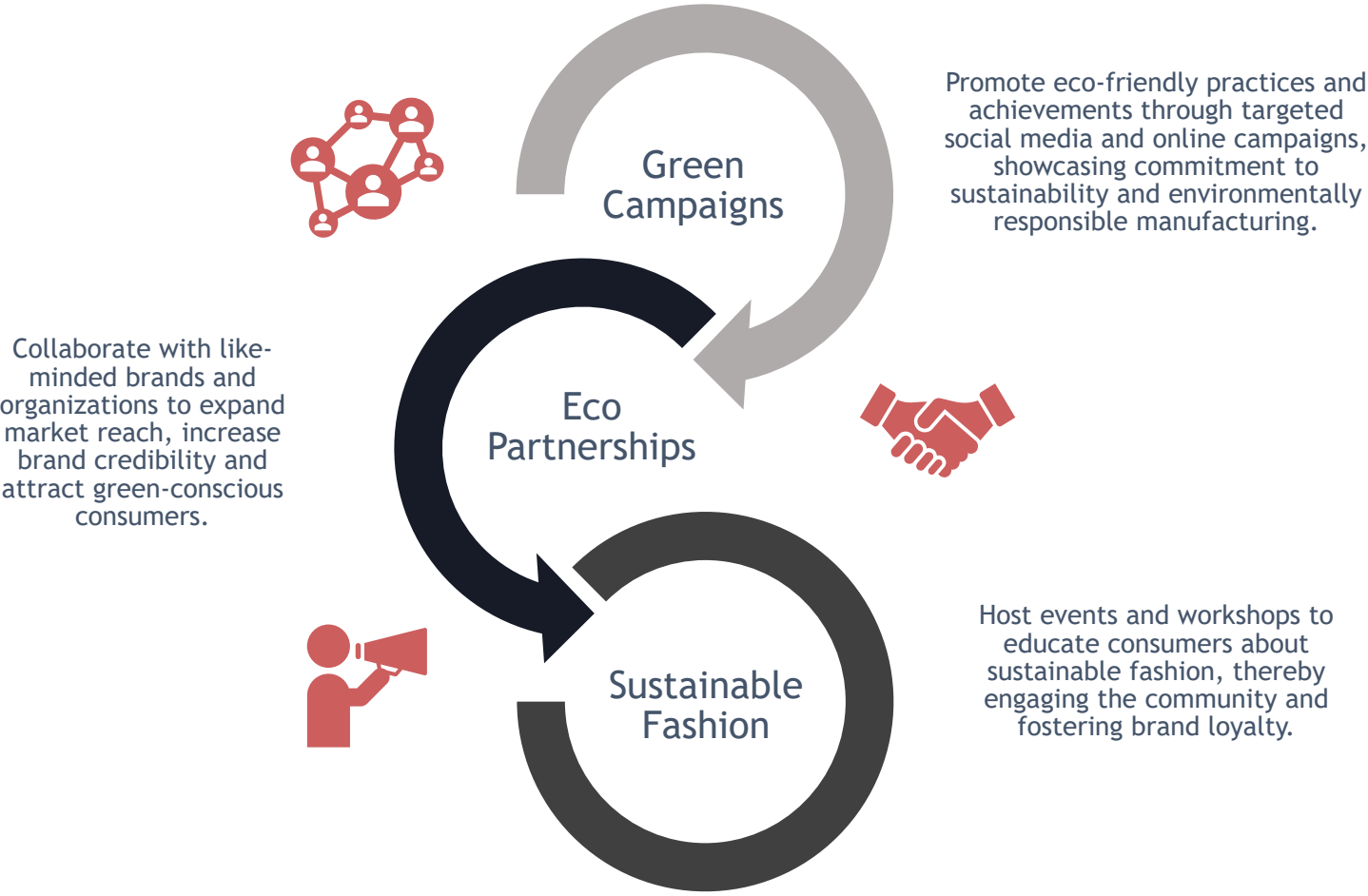
Sustainable Practices

The company integrates eco-friendly methods at every step of its manufacturing process, ensuring that environmental impact is minimized consistently.








Diverse Styles

EcoThread offers a wide range of clothing styles catering to all ages, making them the preferred choice for green-conscious consumers who seek style and quality.

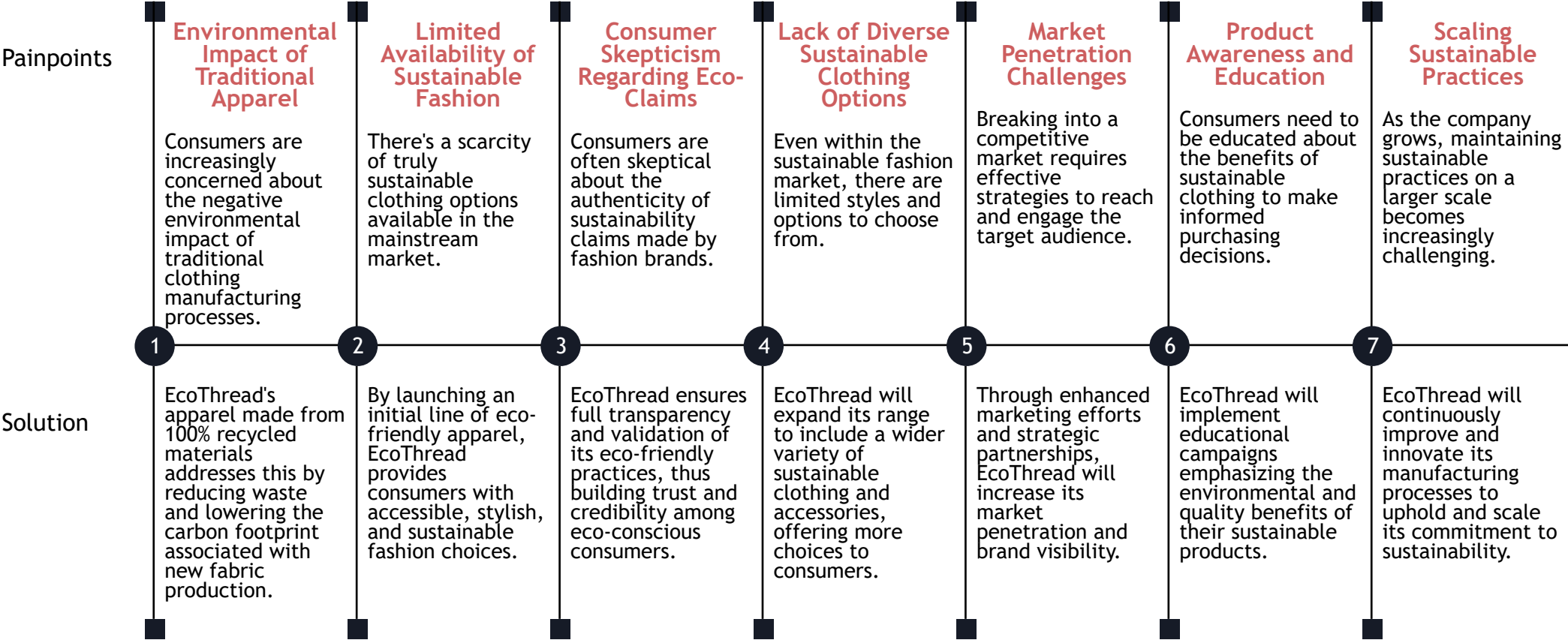
Marketing and Growth Strategy



Target Groups


	Industries	Description
I	 Eco-Conscious Consumers	Individuals who prioritize sustainability and environmental impact in their purchasing decisions, looking for stylish and eco-friendly apparel options.
II	 Young Adults and Millennials	A demographic known for valuing sustainability, ethical practices, and fashion trends, making them prime consumers for EcoThread's modern and eco-friendly products.
III	 Families	Households seeking sustainable clothing options for all age groups, aiming to instill eco-conscious values in their children through everyday choices.
IV	 Fitness Enthusiasts	Active individuals interested in durable, high-quality, and sustainable activewear that supports their lifestyle while reducing environmental impact.
V	 Corporate Buyers	Companies looking to source sustainable uniforms and corporate apparel to align with their environmental policies and corporate social responsibility goals.
VI	 Fashion-Forward Shoppers	Style-conscious consumers who want to stay on-trend without compromising on sustainability, seeking unique, environmentally-friendly fashion statements.
VII	 Environmental NGOs and Advocacy Groups	Organizations focused on promoting sustainability and environmental conservation, interested in partnering with EcoThread for campaigns, bulk purchases, and collaborations.

Solution from Phase I to Phase IV




Strategic Analysis: SWOT

Strength



Pioneers in eco-friendly apparel manufacturing. Utilizes 100% recycled materials. Strong brand ethos centered on sustainability. Diverse range of styles for all ages. High consumer trust and loyalty among eco-conscious buyers.

Weaknesses



High production costs due to sustainable practices. Limited scalability with current material sourcing. Niche market restricts broad appeal. Dependency on specific suppliers for recycled materials. Potentially higher price points than conventional brands.

Opportunities



Growing global demand for sustainable apparel. Expansion into new markets and demographics. Strategic partnerships with eco-friendly suppliers. Potential for technological advancements in recycling processes. Influencing industry standards towards sustainability.

Threats



Increasing competition in sustainable fashion. Fluctuations in recycled material supply chain. Economic downturns affecting consumer spending on discretionary items. Rapidly changing fashion trends. Regulatory changes impacting production practices.

History & Roadmap



Current Status.

Product Line Expansion by Mar 2024: New clothing lines for diverse demographics. Global Market Entry by Jul 2024: Expanding reach in Europe and Asia. Partnerships by Oct 2024: Alliances with eco-focused retailers. New Production Facility by Jan 2025: Eco-friendly plant with advanced tech. Sustainability Certification by Apr 2025: Achieving top global certifications. Consumer Engagement by Sep 2025: Enhanced consumer engagement platforms.

Organizational and Marketing Tasks

#	Check List Item	Status	Priority	Area	ETA	
General Planning and Organization						
1	Secure Seed Funding	●	Not Started	High	CFO	2 months
2	Define Company Mission and Vision	●	Not Started	High	CEO	1 month
3	Register Business	●	Not Started	High	COO	1 month
4	Set Up Operational Framework	●	Not Started	High	COO	3 months
5	Develop Business Plan	●	Not Started	High	CEO	1 month
6	Hire Key Personnel	●	Not Started	Medium	CHRO	3 months
7	Set Up Bank Accounts	●	Not Started	Medium	CFO	1 month
8	Develop Legal Framework & Contracts	●	Not Started	High	CSO	2 months
Marketing						
1	Develop Comprehensive Marketing Plan	●	Not Started	High	CMO	2 weeks
2	Launch Brand Awareness Campaign	●	Not Started	High	CMO	1 month
3	Establish Social Media Presence	●	Not Started	Medium	CMO	1 month
4	Design & Launch Eco-Friendly Packaging	●	Not Started	High	CPO	2 months
5	Collaborate with Sustainable Influencers	●	Not Started	Medium	CRO	2 months
6	Organize a Virtual Launch Event	●	Not Started	High	CMO	3 weeks
7	Create Content Marketing Strategy	●	Not Started	Medium	CMO	2 months
8	Conduct Market Research on Consumer Preferences	●	Not Started	Medium	CSO	4 weeks

Overview of Phases

#	Check List Item	Status	Priority	Area	ETA
Phase 1 & Technical Set Up for next Phases					
1	Research and select suppliers for recycled materials	●	Not Started	High	CPO 2 months
2	Design initial product line	●	Not Started	High	CBO 3 months
3	Establish production timeline	●	Not Started	Medium	COO 1 month
4	Set up quality control processes	●	Not Started	High	COO 2 months
5	Develop eco-friendly packaging	●	Not Started	Medium	CPO 1 month
6	Secure necessary certifications and compliance	●	Not Started	High	CSO 3 months
7	Build relationships with eco-conscious influencers	●	Not Started	Medium	CRO 2 months
8	Set up e-commerce platform for launch	●	Not Started	High	CTO 2 months
Phase 2					
1	Expand Product Line	●	Not Started	High	CPO 3 months
2	Increase Production Capacity	●	Not Started	High	COO 2 months
3	Form Strategic Partnerships	●	Not Started	Medium	CRO 4 months
4	Enhance Marketing Campaigns	●	Not Started	High	CMO 2 months
5	Optimize Supply Chain	●	Not Started	Medium	COO 3 months
6	Implement New E-commerce Strategies	●	Not Started	High	CIO 2 months
7	Launch Loyalty Program	●	Not Started	Medium	CBO 3 months
8	Increase Market Penetration in New Regions	●	Not Started	Medium	CRO 5 months

Overview of Phases

#	Check List Item	Status	Priority	Area	ETA	
Phase 3						
1	Research and Develop Sustainable Home Goods Line	●	Not Started	High	CPO	3 months
2	Identify and Secure Sustainable Supply Chain Partners	●	Not Started	High	COO	2 months
3	Develop Marketing Strategy for New Product Lines	●	Not Started	Medium	CMO	1 month
4	Finalize Product Lineup and Pricing Strategy	●	Not Started	High	CFO	2 months
5	Establish Quality Control Measures for New Products	●	Not Started	Medium	CSO	3 months
6	Negotiate Retail and Distribution Agreements	●	Not Started	High	CRO	4 months
7	Create Consumer Feedback Loop for New Products	●	Not Started	Low	COO	4 months
8	Implement E-commerce Platform Enhancements	●	Not Started	Medium	CTO	2 months
Phase 4						
1	Research and develop biodegradable clothing materials	●	Not Started	High	CTO	6 months
2	Establish partnerships with sustainable fabric innovators	●	Not Started	High	COO	4 months
3	Secure funding for high-risk R&D projects	●	Not Started	High	CFO	3 months
4	Conduct market analysis for biodegradable clothing	●	Not Started	Medium	CMO	2 months
5	Launch pilot program for sustainable fabric innovation	●	Not Started	High	CPO	6 months
6	Develop marketing strategy for new biodegradable product line	●	Not Started	Medium	CMO	3 months
7	Build dedicated R&D team for innovative materials	●	Not Started	High	CEO	5 months
8	Monitor and evaluate high-risk ventures for potential scaling	●	Not Started	Low	CRO	Ongoing

Core Risks & Migration Strategies

1. Operation and maintenance risks

#	Risk Type	Area	Mitigation Strategy
1	Supply Chain Interruptions	COO	Diversify supplier base and maintain buffer inventories.
2	Production Delays	COO	Implement efficient production scheduling and contingency plans.
3	Equipment Breakdowns	CTO	Routine maintenance and rapid repair protocols for all machinery.
4	Quality Control Issues	CPO	Enforce strict quality standards and regular audits.

2. Regulatory and legal risks

#	Risk Type	Area	Mitigation Strategy
1	Compliance with Environmental Laws	CRO	Establish a dedicated compliance team to monitor regulations
2	Intellectual Property Protection	CLO	Regularly review and update IP portfolios and protections
3	Labor Law Compliance	COO	Ensure regular audits and align with labor laws globally
4	Trade and Tariff Regulations	CFO	Monitor and adapt business practices to changing trade policies
5	Product Safety Standards	CPO	Implement strict quality controls and regular safety testing

3. Strategic/Market Risk

#	Risk Type	Area	Mitigation Strategy
1	Market Adoption	CMO	Enhanced marketing to educate and attract eco-conscious consumers
2	Competitive Pressure	CEO	Differentiation through innovation and unique eco-friendly products
3	Supply Chain Disruptions	COO	Secure multiple suppliers and create a contingency plan
4	Consumer Trends Shifts	CPO	Conduct regular market research and adapt product lines accordingly

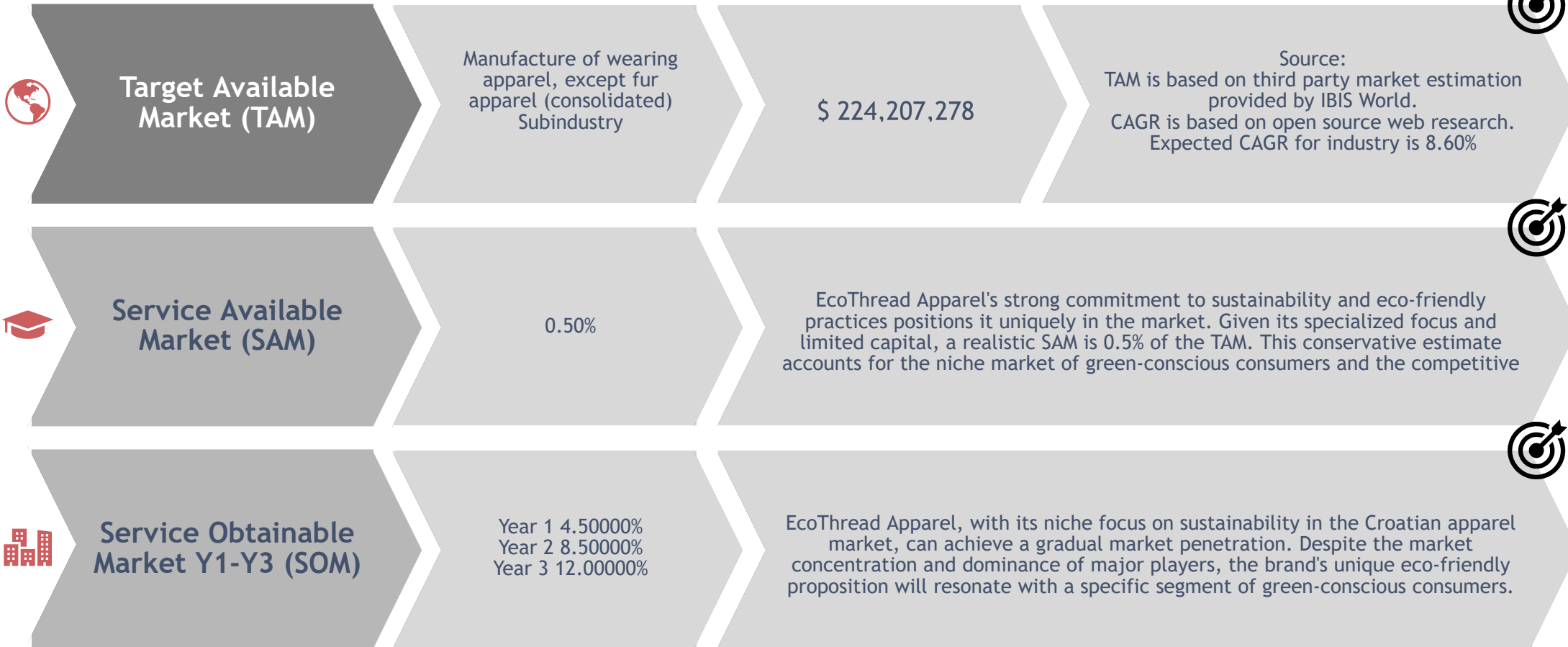
4. Finance risk

#	Risk Type	Area	Mitigation Strategy
1	Insufficient Cash Flow	CFO	Maintain reserve funds and optimize inventory management
2	High Cost of Raw Materials	CPO	Negotiate long-term contracts with suppliers for cost stability
3	Market Fluctuations	CRO	Utilize financial instruments like hedging to manage exposure
4	Capital Procurement Challenges	CEO	Develop strong investor relations and diversify funding sources

5. Other general risk

#	Risk Type	Area	Mitigation Strategy
1	Brand Reputation Damage	CMO	Implement proactive PR strategies and maintain open communication channels
2	Supply Chain Disruptions	COO	Develop multiple supplier relationships and maintain robust contingency plans
3	Technological Advancements Competitors	CTO	Invest in continuous R&D and monitor technological trends closely
4	Customer Preference Shifts	CSO	Conduct regular market research to stay in tune with consumer trends

Market Overview (TAM, SAM and SOM)

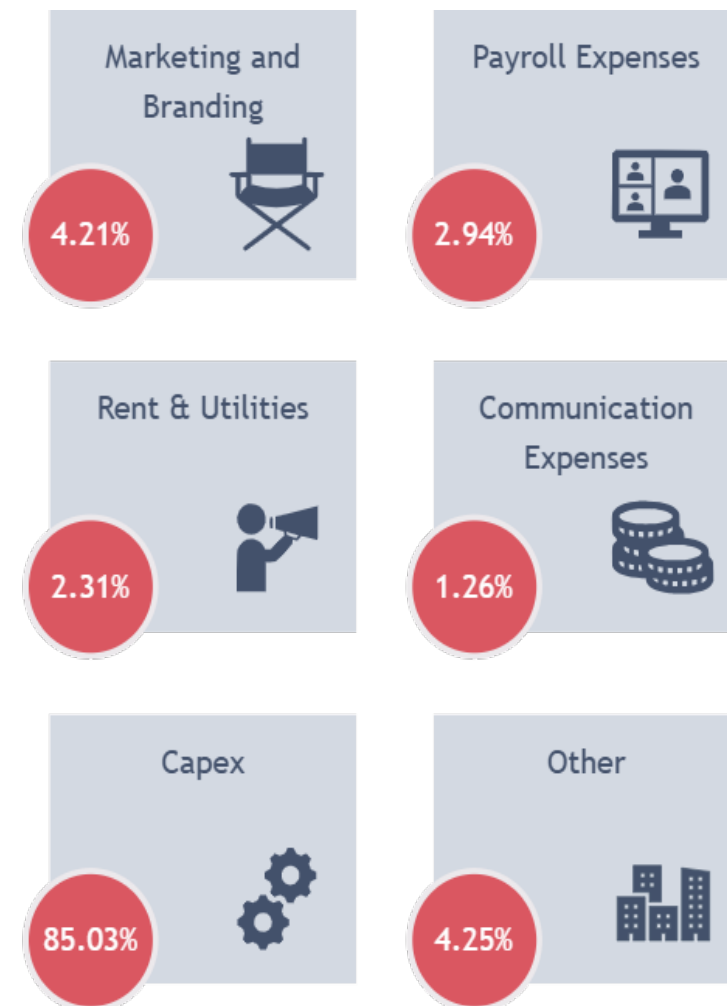


Funding Allocation

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.

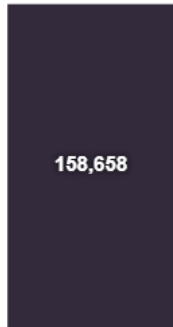
The total investment required is \$ 200,000

Y1 Cash Flow Stream(USD)	Inflows	Outflows
Gross Profit	30,772	
Marketing and Branding		5,045
Payroll Expenses		3,531
Rent & Utilities		2,775
Communication Expenses		1,513
Capex		102,000
Training and Development		1,513
Other Miscellaneous		1,059
Legal and Professional Fees		1,009
Office supplies		757
Representation and Entert.		757
CAPEX & WC shortage Y1		89,187
Buffer		110,813
Total Required Investment(USD)		200,000



Y3 PL formation and Margins

Revenue



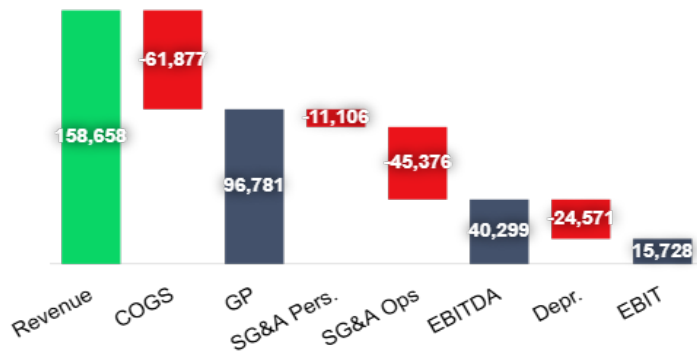
Projected Revenue

- GP 61.0%
- EBITDA 25.4%

Y3

Y3

PnL Formation (Y3 USD)

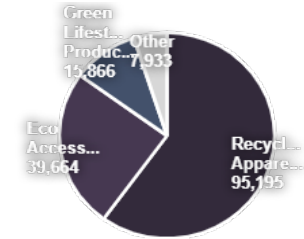
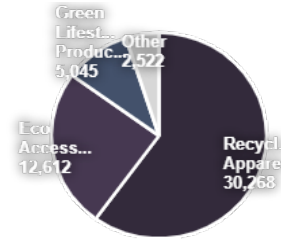


Business Line Breakdown (USD)

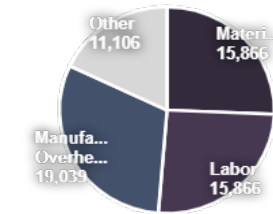
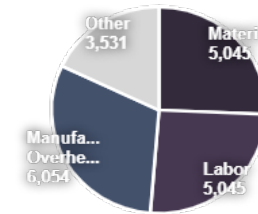
Y1

Y2

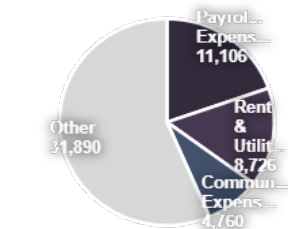
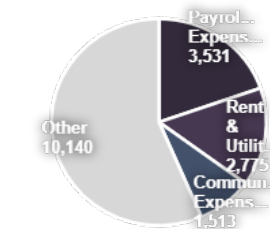
Revenue



COGS



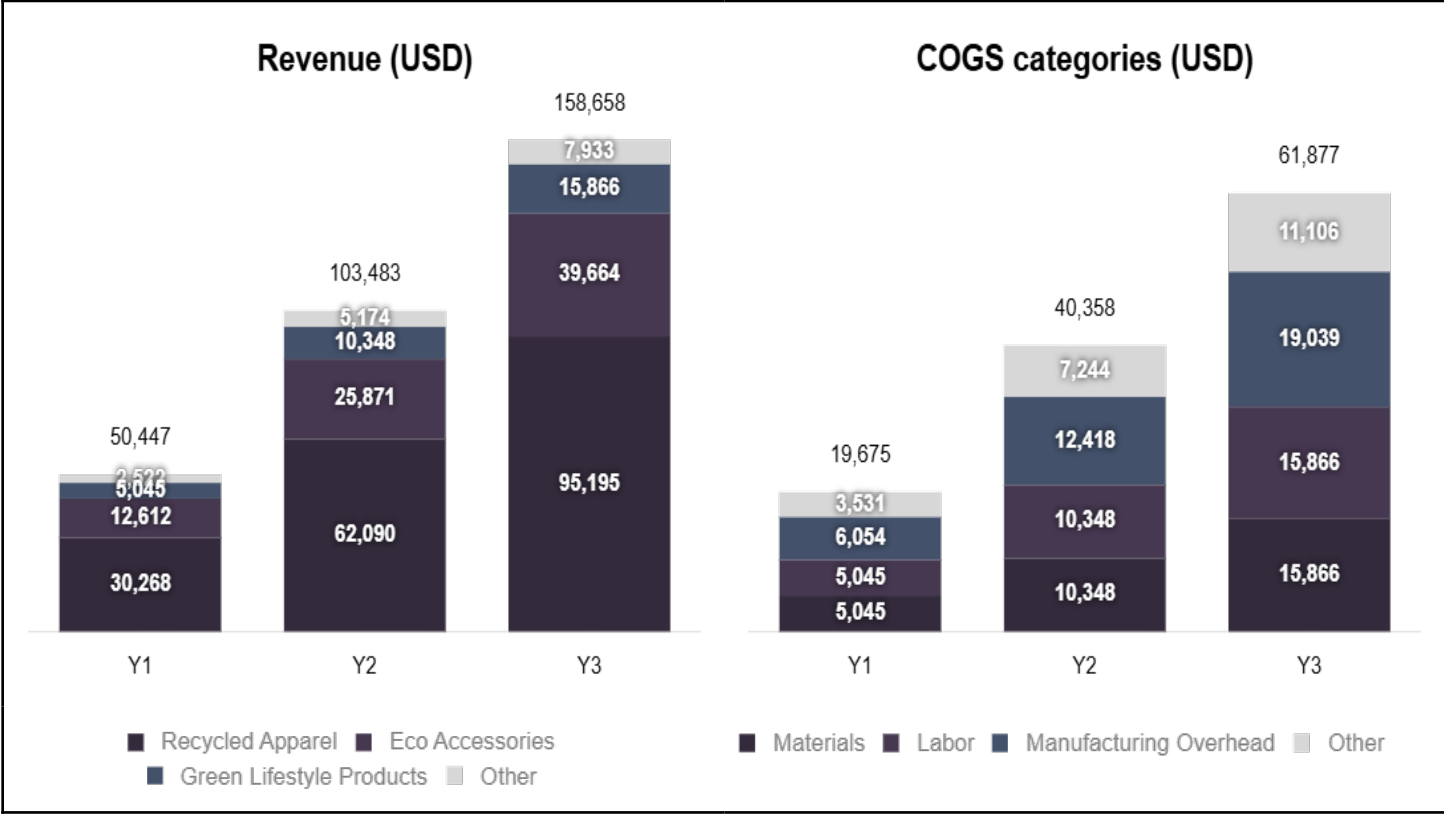
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Revenue Formation Narrative

EcoThread Apparel, originating from San Francisco, is at the forefront of change in the Apparel, Accessories & Luxury Goods industries, falling under the Consumer Discretionary sector. Specializing in sustainability, EcoThread Apparel's focus on eco-friendly practices pervades every aspect of the business. They craft their fashion line using 100% recycled materials and adopt eco-conscious manufacturing processes, aiming to minimize environmental impact at all stages. With an unwavering commitment to the planet, EcoThread has become a go-to brand for green-conscious consumers who prioritize style, quality, and environmental values. EcoThread's Total Addressable Market (TAM) stands at 224,207,277.5 USD. However, its specialized focus and limited capital lead to a more realistic Serviceable Addressable Market (SAM) of 0.50%. This conservative estimate considers the niche market of eco-aware consumers and the competitive landscape. EcoThread's estimated Serviceable Obtainable Market (SOM) will initially capture 4.5% in Year 1, reaching 50,446.64 USD in revenue. By Year 2, effective marketing and word-of-mouth growth will likely boost market share to 8.5%, resulting in revenue of 103,482.87 USD. By Year 3, a market share of 12% is expected, yielding revenue of 158,657.5 USD. These growth projections consider the brand's unique eco-friendly proposition and the prevailing competitive environment. The company generates revenue from four main lines of business, with Recycled Apparel contributing 60%, Eco Accessories 25%, Green Lifestyle Products 10%, and Other categories accounting for 5%.

\$ 158,658 ^{Y3} Projected Revenue **2.25%** Market share



Revenue Calculation Details

Revenue Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Recycled Apparel	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%
Eco Accessories	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%
Green Lifestyle Products	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	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %	5 %

Recycled Apparel	1,892	1,892	1,892	2,270	2,270	2,270	2,775	2,775	2,775	3,153	3,153	3,153	30,268	62,090	95,195
storeRevenueLOB.value?.res2?.name	788	788	788	946	946	946	1,156	1,156	1,156	1,314	1,314	1,314	12,612	25,871	39,664
Green Lifestyle Products	315	315	315	378	378	378	462	462	462	525	525	525	5,045	10,348	15,866
Other	158	158	158	189	189	189	231	231	231	263	263	263	2,522	5,174	7,933

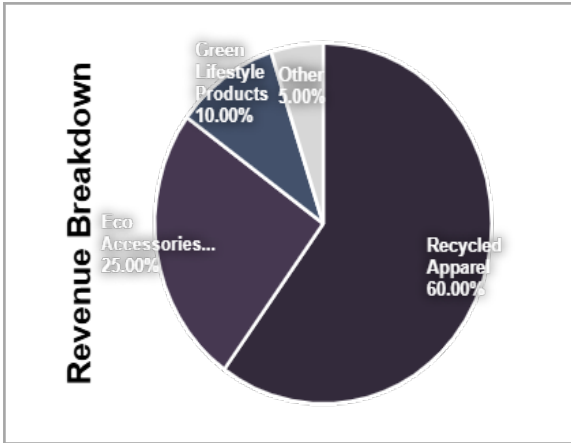
Total Revenue (USD)	3,153	3,153	3,153	3,783	3,783	3,783	4,624	4,624	4,624	5,255	5,255	5,255	50,447	103,483	158,658
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Total revenue is expected to reach \$ 158,658 by year 3.

Main revenue driver are:

- Recycled Apparel which generates \$ 95,195 by Year 3
- Eco Accessories which generates \$ 39,664 by Year 3

Expected CAGR for total Revenue in Y1-Y3 is 77.34 %



COGS Calculation Details

COGS Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
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%
Labor	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%
Manufacturing Overhead	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Other	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%

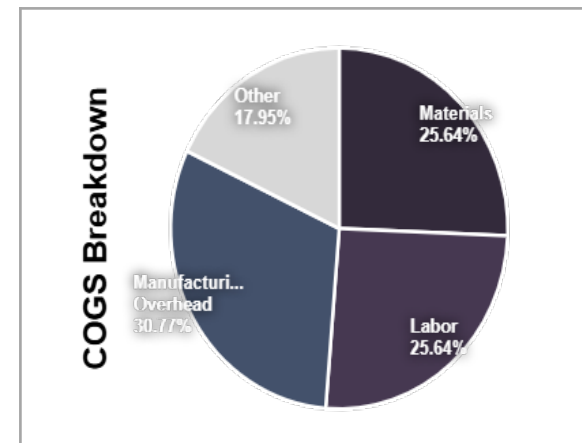
Materials	315	315	315	378	378	378	462	462	462	525	525	525	5,045	10,348	15,866
Labor	315	315	315	378	378	378	462	462	462	525	525	525	5,045	10,348	15,866
Manufacturing Overhead	378	378	378	454	454	454	555	555	555	631	631	631	6,054	12,418	19,039
Other	221	221	221	265	265	265	324	324	324	368	368	368	3,531	7,244	11,106
Total COGS (USD)	1,230	1,230	1,230	1,476	1,476	1,476	1,803	1,803	1,803	2,049	2,049	2,049	19,674	40,358	61,876

Total COGS is expected to reach \$ 61,876 by year 3.

Main revenue driver are:

- Manufacturing Overhead which generates \$ 19,039 by Year 3
- Materials which generates \$ 15,866 by Year 3

Expected CAGR for total COGS in Y1-Y3 is 77.34 %



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>	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
<i>Rent & Utilities</i>	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
<i>Communication Expenses</i>	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<i>Office supplies</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>Legal and Professional Fees</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>Marketing and Branding</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>Representation and Entertainment</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>Training and Development</i>	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<i>Other Miscellaneous</i>	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%

<i>Payroll Expenses</i>	221	221	221	265	265	265	324	324	324	368	368	368	3,531	7,244	11,106
<i>Rent & Utilities</i>	173	173	173	208	208	208	254	254	254	289	289	289	2,775	5,692	8,726
<i>Communication Expenses</i>	95	95	95	114	114	114	139	139	139	158	158	158	1,513	3,104	4,760
<i>Office supplies</i>	47	47	47	57	57	57	69	69	69	79	79	79	757	1,552	2,380
<i>Legal and Professional Fees</i>	63	63	63	76	76	76	92	92	92	105	105	105	1,009	2,070	3,173
<i>Marketing and Branding</i>	315	315	315	378	378	378	462	462	462	525	525	525	5,045	10,348	15,866
<i>Representation and Entertainment</i>	47	47	47	57	57	57	69	69	69	79	79	79	757	1,552	2,380
<i>Training and Development</i>	95	95	95	114	114	114	139	139	139	158	158	158	1,513	3,104	4,760
<i>Other Miscellaneous</i>	66	66	66	79	79	79	97	97	97	110	110	110	1,059	2,173	3,332

Total SG&A (USD)	1,122	1,122	1,122	1,347	1,347	1,347	1,646	1,646	1,646	1,871	1,871	1,871	17,959	36,840	56,482
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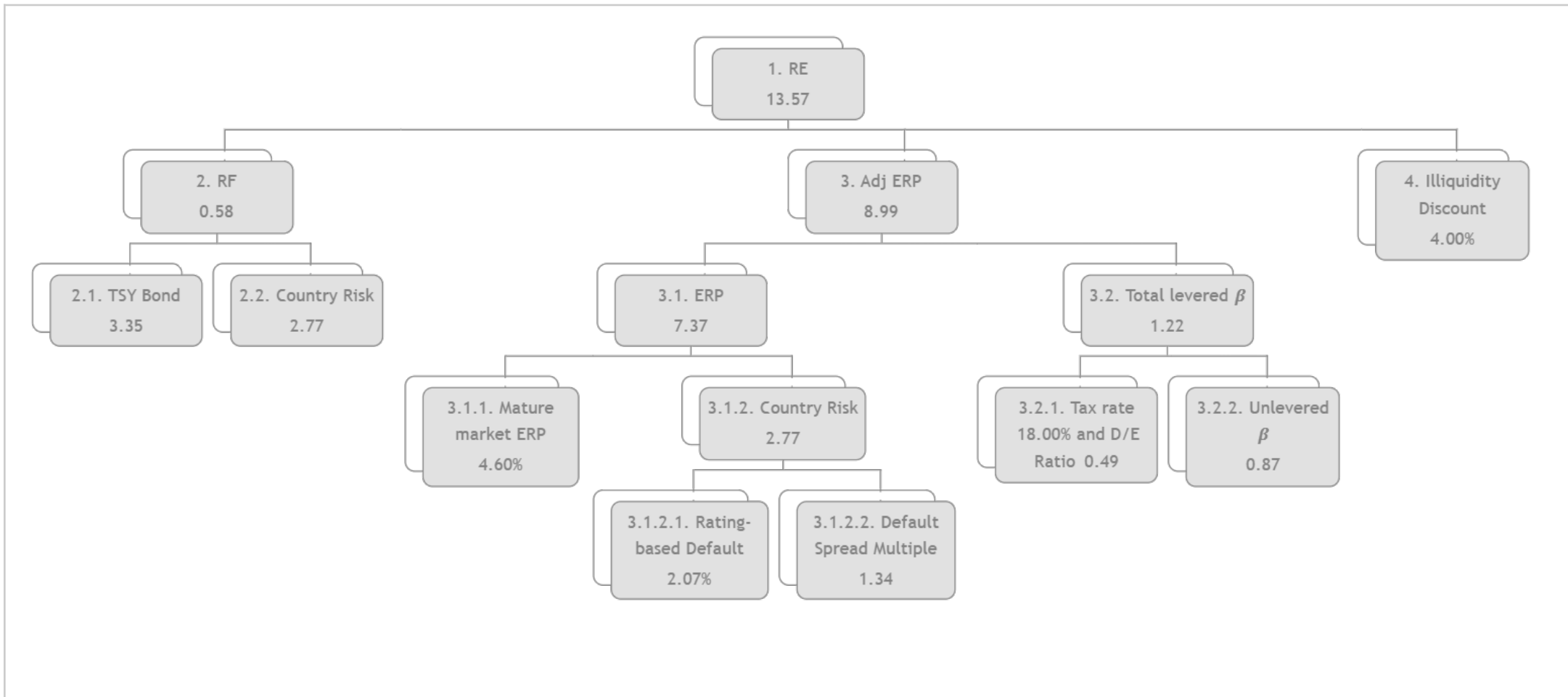
PaT Expectations

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	3,153	3,153	3,153	3,783	3,783	3,783	4,624	4,624	4,624	5,255	5,255	5,255	50,447	103,483	158,658
Recycled Apparel	1,892	1,892	1,892	2,270	2,270	2,270	2,775	2,775	2,775	3,153	3,153	3,153	30,268	62,090	95,195
Eco Accessories	788	788	788	946	946	946	1,156	1,156	1,156	1,314	1,314	1,314	12,612	25,871	39,664
Green Lifestyle Products	315	315	315	378	378	378	462	462	462	525	525	525	5,045	10,348	15,866
Other	158	158	158	189	189	189	231	231	231	263	263	263	2,522	5,174	7,933
COGS	-1,230	-1,230	-1,230	-1,476	-1,476	-1,476	-1,803	-1,803	-1,803	-2,049	-2,049	-2,049	-19,674	-40,358	-61,876
Materials	-315	-315	-315	-378	-378	-378	-462	-462	-462	-525	-525	-525	-5,045	-10,348	-15,866
Labor	-315	-315	-315	-378	-378	-378	-462	-462	-462	-525	-525	-525	-5,045	-10,348	-15,866
Manufacturing Overhead	-378	-378	-378	-454	-454	-454	-555	-555	-555	-631	-631	-631	-6,054	-12,418	-19,039
Other	-221	-221	-221	-265	-265	-265	-324	-324	-324	-368	-368	-368	-3,531	-7,244	-11,106
Gross Profit	1,923	1,923	1,923	2,308	2,308	2,308	2,821	2,821	2,821	3,205	3,205	3,205	30,772	63,125	96,781
SG&A Personal Expenses	-221	-221	-221	-265	-265	-265	-324	-324	-324	-368	-368	-368	-3,531	-7,244	-11,106
SG&A Operating Expenses	-902	-902	-902	-1,082	-1,082	-1,082	-1,323	-1,323	-1,323	-1,503	-1,503	-1,503	-14,428	-29,596	-45,376
EBITDA	801	801	801	961	961	961	1,175	1,175	1,175	1,335	1,335	1,335	12,813	26,285	40,299
Depreciation	-2,048	-2,048	-2,048	-2,048	-2,048	-2,048	-2,048	-2,048	-2,048	-2,048	-2,048	-2,048	-24,571	-24,571	-24,571
EBIT	-1,247	-1,247	-1,247	-1,087	-1,087	-1,087	-873	-873	-873	-713	-713	-713	-11,758	1,713	15,728
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit before Tax	-1,247	-1,247	-1,247	-1,087	-1,087	-1,087	-873	-873	-873	-713	-713	-713	-11,758	1,713	15,728
Tax	224	224	224	196	196	196	157	157	157	128	128	128	2,116	-308	-2,831
Profit after Tax (USD)	-1,022	-1,022	-1,022	-891	-891	-891	-716	-716	-716	-585	-585	-585	-9,642	1,405	12,897

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	-9,642	1,405	12,897	14,006	15,210	16,518	17,939
	Growth% Y4-Y7				8.60%	8.60%	8.60%	8.60%
	Growth% Y7 -->	3.50%						
	WACC	13.57%						
	PV Y1-Y7 at Y0	-8,490	1,089	8,804	8,419	8,051	7,698	7,362
	PV Y7 --> Y0	75,671						
	NPV (USD)	108,605						

Average Survival Rate for 3 Years 50%

Final Valuation \$ 54,302

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 13.57 % to determine the Firm Value.

Starting from year 3 onwards, the cash flows are estimated to grow at a rate of 8.60 %, 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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The valuation does not guarantee future financial performance or the accuracy of the projections. Actual results may differ materially from those presented in this analysis due to numerous factors, including but not limited to changes in economic conditions, market dynamics, competition, regulatory factors, and unforeseen events.

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