

Business Plan & Valuation Presentation



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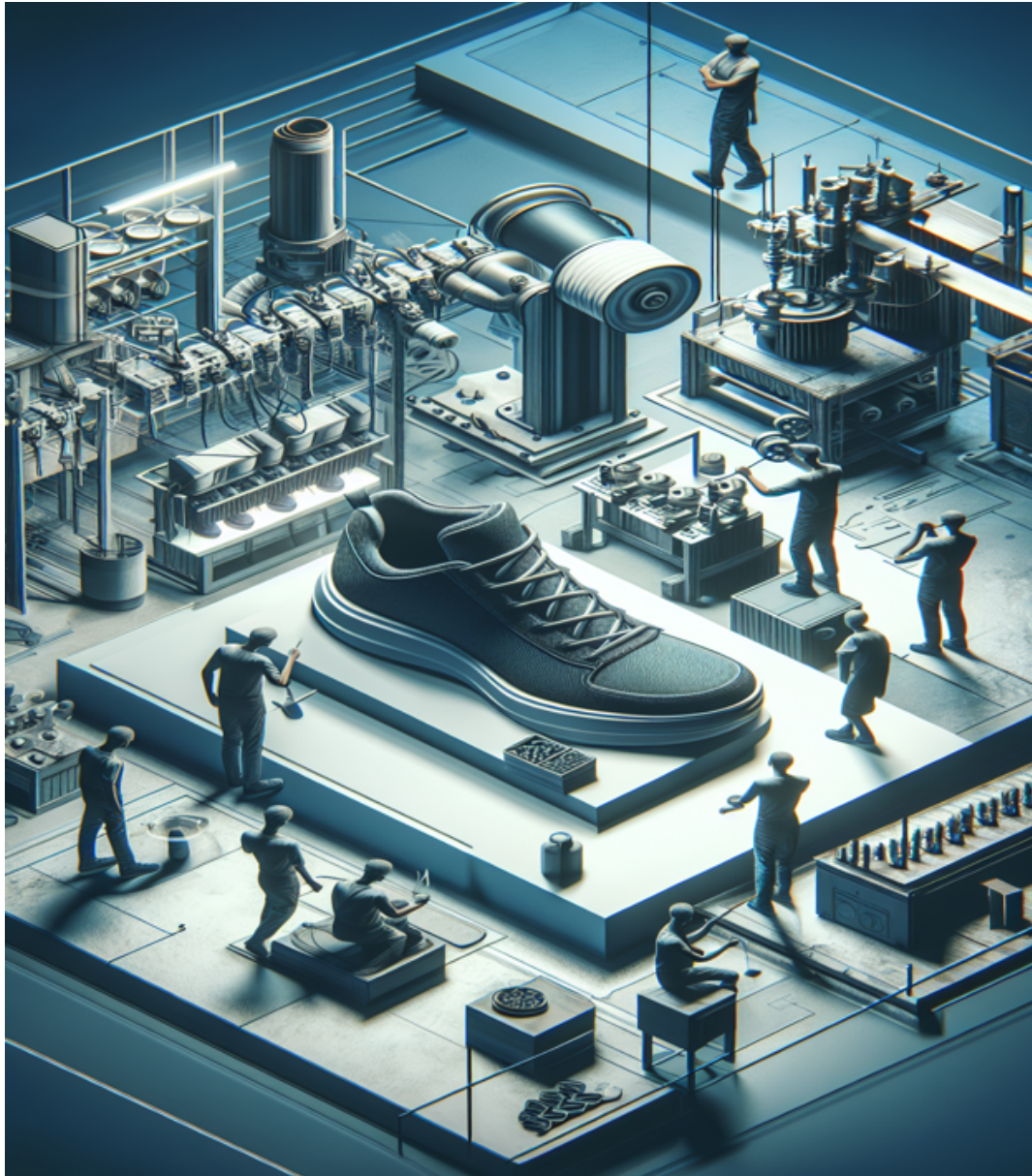
OUR VISION & MISSION

Our Mission

Step Scope's mission is to elevate the footwear industry by delivering stylish and high-quality shoes that blend comfort and durability with innovative design. We are dedicated to crafting footwear that meets the highest standards of performance while ensuring eco-friendly practices throughout our production process. By prioritizing both fashion and function, we strive to make a significant impact in our customers' daily lives, offering exceptional footwear solutions for every occasion.

Our Vision

Step Scope envisions a future where every individual can walk confidently and comfortably in footwear that is both fashionable and sustainably produced. We aspire to become a leading global brand recognized not only for our exceptional design and quality but also for our commitment to advancing eco-friendly practices in the footwear industry. In the next twenty years, we aim to set the standard for sustainable innovation, creating footwear that inspires and empowers individuals worldwide.



Summary Financials Dashboard

Key performance indicators
(Base Scenario Y3)

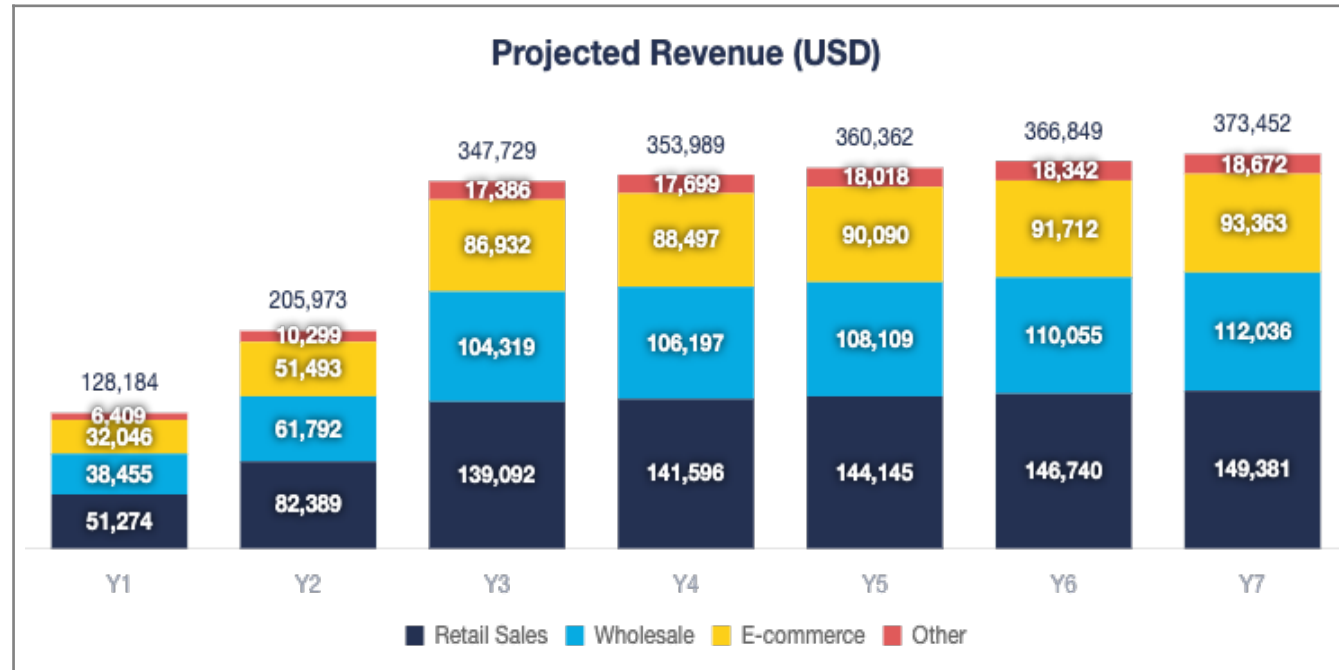
\$ 347,729

Revenue
\$ 177,342

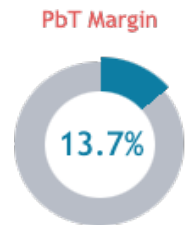
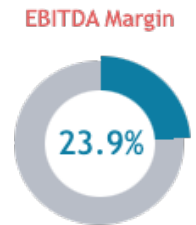
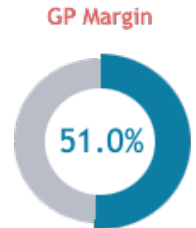
Gross Profit
\$ 82,968

EBITDA
12.24%

Target Market Share



Margins
(Stabilized by Y3)



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.



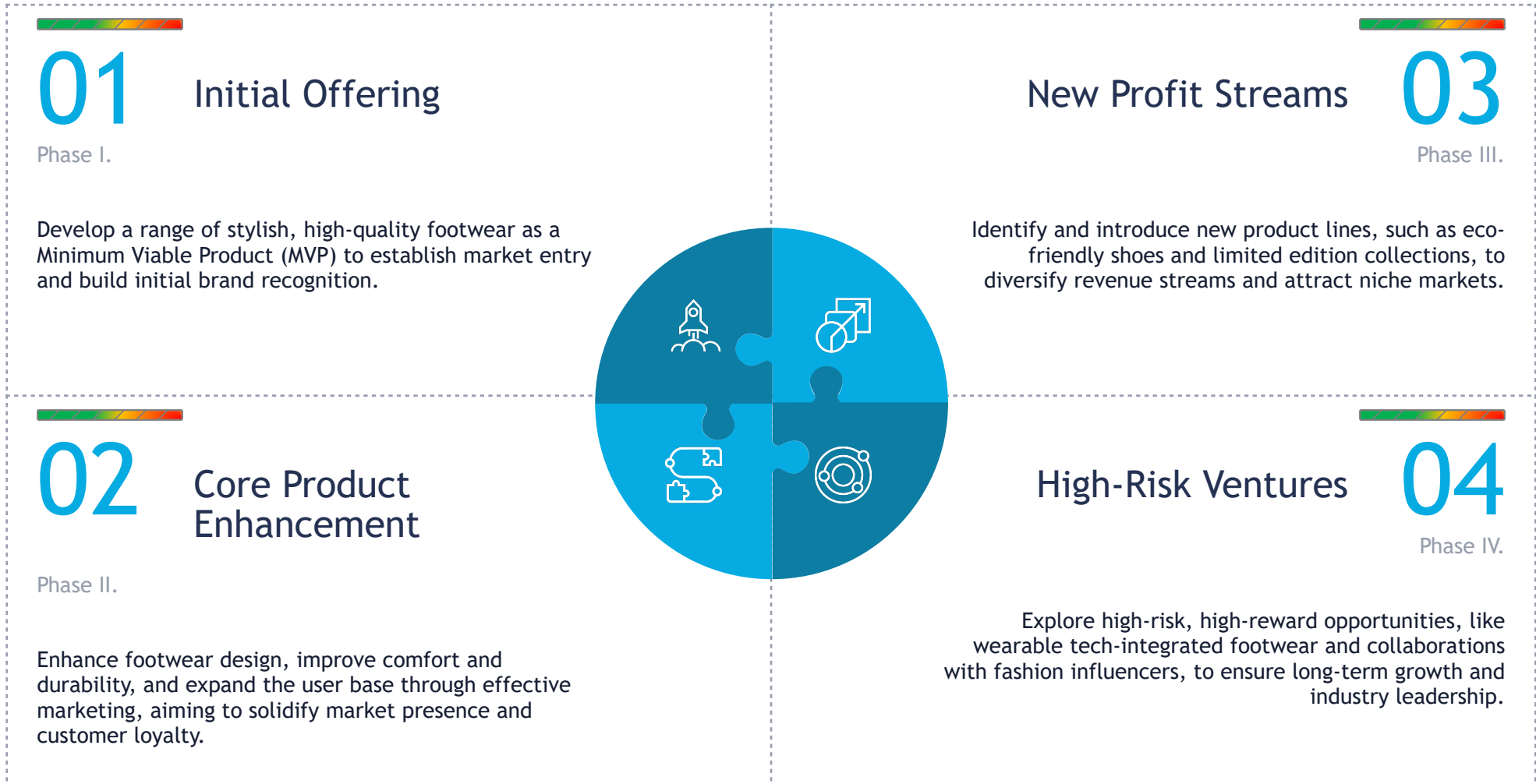
About the Company: General Overview



Step Scope is a dynamic footwear brand dedicated to delivering stylish, high-quality shoes designed for comfort and durability. Specializing in the manufacture of footwear, Step Scope operates within the manufacturing sector. Their collection features a range of innovative designs, from casual wear to formal footwear, crafted with the finest materials and advanced technology. At Step Scope, both fashion and function are prioritized, ensuring that every pair of shoes meets the highest standards of comfort and performance. Committed to sustainability, the company incorporates eco-friendly practices into their production process. Whether you're looking for the perfect everyday shoe or a standout piece for a special occasion, Step Scope offers exceptional footwear solutions that keep you stepping in style.



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 footwear that combines fashion with unparalleled comfort. 2. Assurance of durability, ensuring long-lasting use and value for money. 3. Satisfaction from eco-friendly practices, contributing to environmental sustainability.
Investors	<ol style="list-style-type: none"> 1. Growth opportunities through phased developments, ensuring steady market expansion and diversified revenue streams. 2. Potential for high returns on investment from innovative ventures and market leadership. 3. Security in investing in a company committed to sustainability and long-term profitability.
Employees	<ol style="list-style-type: none"> 1. Opportunities for career growth and skill development through a dynamic and innovative work environment. 2. Job security from a successful, expanding company with a strong market presence. 3. Personal satisfaction from contributing to eco-friendly and high-quality footwear production.
Suppliers	<ol style="list-style-type: none"> 1. Stable, long-term business relationships with a growing company dedicated to high-quality production. 2. Increased demand for materials as Step Scope expands product lines and market presence. 3. Opportunities to participate in eco-friendly initiatives, promoting sustainability in the supply chain.
Retailers	<ol style="list-style-type: none"> 1. Access to a diverse range of high-quality, stylish footwear that appeals to a broad customer base. 2. Increased sales and customer satisfaction from stocking a reputable and innovative footwear brand. 3. Support from Step Scope's marketing efforts to drive foot traffic and sales to their stores.
Community	<ol style="list-style-type: none"> 1. Economic growth and job creation in local areas due to the expansion of Step Scope's operations. 2. Positive environmental impact from the company's commitment to sustainability and eco-friendly practices. 3. Community engagement through potential collaborations and corporate social responsibility initiatives.
Fashion Industry	<ol style="list-style-type: none"> 1. Innovation and fresh designs that drive trends and set new standards in footwear fashion. 2. Increased competition that elevates overall industry quality and consumer choice. 3. Collaborative opportunities with a forward-thinking brand to push the boundaries of fashion and technology.



Key Performance Components

Competitive Advantage

Innovative Designs

Step Scope offers a range of innovative designs, blending fashion and function to appeal to diverse consumer tastes.

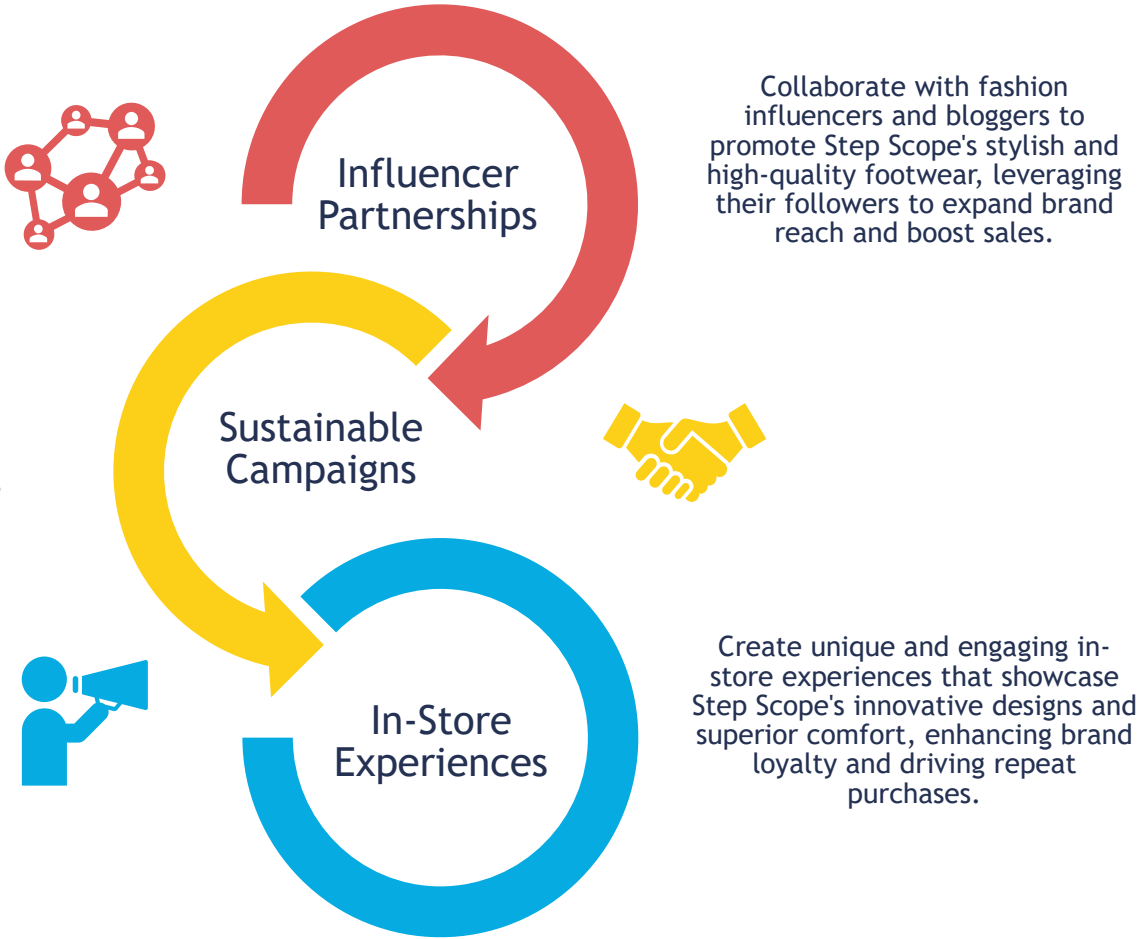
High-Quality Materials

Using the finest materials, Step Scope ensures durability and comfort, setting a high standard for quality in the footwear industry.








Eco-Friendly Practices

Step Scope is committed to sustainability, incorporating eco-friendly practices into their production process to reduce environmental impact.

Marketing and Growth Strategy

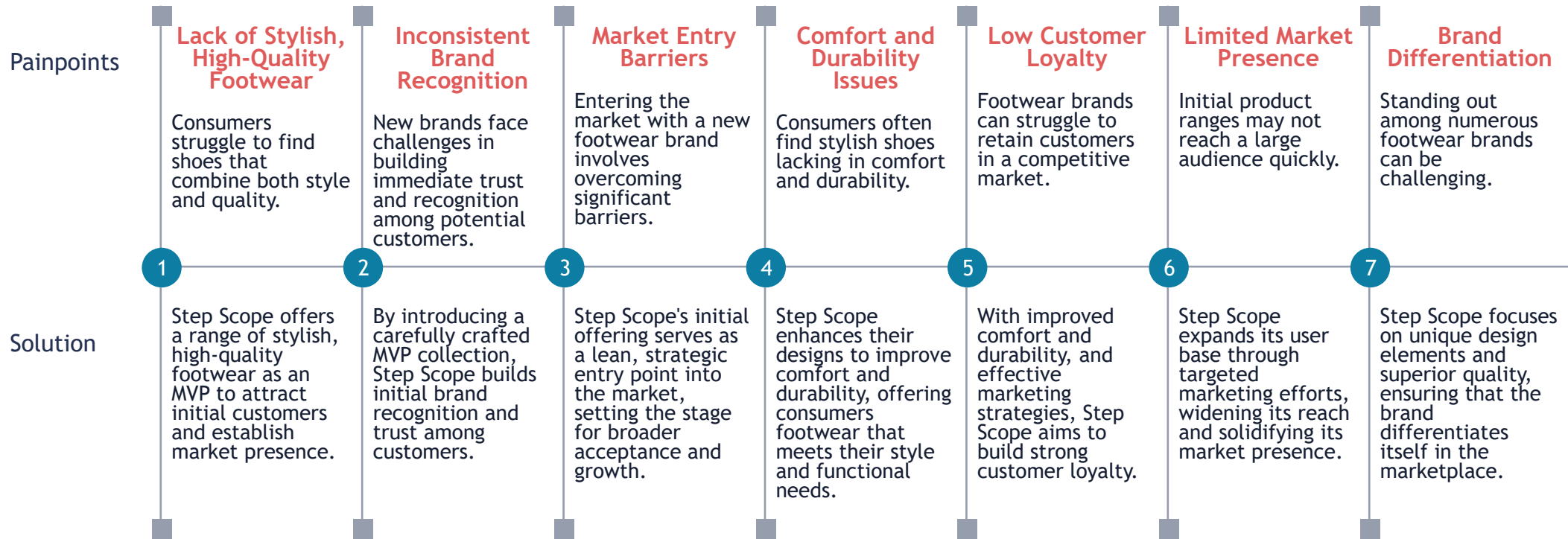


Target Groups

	Industries	Description
I	 Young Professionals	Fashion-forward individuals seeking stylish and comfortable footwear for both casual and business settings.
II	 Fitness Enthusiasts	Active individuals who require high-performance footwear for various sports and fitness activities.
III	 Eco-Conscious Consumers	Consumers who prioritize sustainability and seek out eco-friendly products made from sustainable materials.
IV	 Fashion Aficionados	Trendsetters looking for unique, limited edition collections and collaborations with fashion influencers.
V	 Parents	Families needing durable and comfortable shoes for children, balancing quality with affordability.
VI	 Outdoor Enthusiasts	Individuals who engage in outdoor activities and need reliable, durable footwear that offers excellent support and protection.
VII	 Tech-Savvy Consumers	Innovative consumers interested in wearable tech-integrated footwear that offers advanced features and functionality.



Solution from Phase I to Phase IV




Strategic Analysis: SWOT

Strength



- Extensive range of high-quality footwear designs catering to various styles and needs.
- Commitment to sustainability with eco-friendly production practices enhancing brand appeal.
- Utilization of advanced technology ensures superior comfort and performance of products.
- Strong emphasis on both fashion and function meets diverse customer preferences.
- Use of finest materials ensures durability, building customer loyalty and reputation.

Weaknesses




- High production costs due to use of advanced technology and premium materials.
- Limited brand recognition compared to established industry giants.
- Dependence on specific suppliers for premium materials may affect production consistency.
- High competition in the footwear market challenges market share growth.
- Potential higher price point may limit accessibility for budget-conscious consumers.

Opportunities



- Expanding eco-friendly product lines to tap into the growing sustainability market.
- Leveraging digital marketing to increase brand visibility and reach a wider audience.
- Collaborations with fashion influencers and designers for unique footwear collections.
- Exploring new geographical markets to diversify customer base.
- Integrating smart technology for advanced footwear features, attracting tech-savvy consumers.

Threats



- Economic downturns affecting consumer spending on non-essential items like premium footwear.
- Rapid changes in fashion trends requiring continuous innovation and adaptation.
- Increasing raw material costs affecting profitability.
- Potential disruptions in the supply chain due to geopolitical issues.
- Intense competition from both established brands and emerging startups affecting market position.



History & Roadmap



Current Status.

Step Scope aims to launch 10 new footwear styles by Feb 2024. The shift to eco-friendly production in May 2024 signals strong commitment to sustainability. Aug 2024 marks the opening of 5 new retail outlets. Nov 2024 will see a robust digital marketing campaign. In Feb 2025, Step Scope plans to enter three international markets. By May 2025, the company will expand its product range to include athletic and outdoor footwear.



Organizational and Marketing Tasks

#	Check List Item	Status	Priority	Area	ETA
General Planning and Organization					
1	Define Company Vision and Mission	●	Not Started	High	CEO 2 weeks
2	Formulate Business Plan	●	Not Started	High	CFO 1 month
3	Register Business and Obtain Necessary Licenses	●	Not Started	High	COO 3 weeks
4	Set Up Manufacturing Facility	●	Not Started	High	COO 2 months
5	Hire Initial Key Personnel	●	Not Started	Medium	CEO 1 month
6	Develop Operational Processes and Workflows	●	Not Started	Medium	COO 1.5 months
7	Set Up IT Infrastructure and Systems	●	Not Started	Medium	CIO 1 month
8	Create a Financial Forecast and Budget	●	Not Started	High	CFO 3 weeks
Marketing					
1	Define Target Audience	●	Not Started	High	CMO 2 weeks
2	Develop Brand Identity	●	Not Started	High	CMO 1 month
3	Establish Social Media Presence	●	Not Started	Medium	CMO 1 month
4	Launch Initial Marketing Campaign	●	Not Started	High	CMO 1.5 months
5	Collaborate with Influencers	●	Not Started	Medium	CMO 2 months
6	Create Email Marketing Strategy	●	Not Started	Medium	CRO 1 month
7	Analyze Market Trends	●	Not Started	High	CMO 3 weeks
8	Attend Industry Trade Shows	●	Not Started	Low	CMO 3 months



Overview of Phases

#	Check List Item	Status	Priority	Area	ETA	
Phase 1 & Technical Set Up for next Phases						
1	Design initial product range	●	Not Started	High	CPO	2 months
2	Source high-quality materials	●	Not Started	High	COO	1 month
3	Set up manufacturing processes	●	Not Started	High	COO	3 months
4	Develop product prototypes	●	Not Started	Medium	CTO	2 months
5	Conduct user testing and gather feedback	●	Not Started	High	CPO	1 month
6	Finalize product design based on feedback	●	Not Started	High	CPO	1 month
7	Develop a supply chain strategy	●	Not Started	Medium	CFO	2 months
8	Establish quality control standards	●	Not Started	High	COO	1 month
Phase 2						
1	Enhance Material Quality	●	Not Started	High	CPO	2 months
2	Improve Footwear Design	●	Not Started	High	CTO	3 months
3	Increase Production Capacity	●	Not Started	Medium	COO	4 months
4	Develop Marketing Strategies	●	Not Started	High	CMO	2 months
5	Launch Customer Loyalty Program	●	Not Started	Medium	CRO	3 months
6	Expand Online Presence	●	Not Started	High	CIO	2 months
7	Conduct Customer Feedback Surveys	●	Not Started	Medium	CSO	1 month
8	Optimize Supplier Relationships	●	Not Started	Low	CFO	4 months



Overview of Phases

#	Check List Item	Status	Priority	Area	ETA	
Phase 3						
1	Research and Identify Eco-Friendly Materials	●	Not Started	High	CPO	2 months
2	Design Limited Edition Collections	●	Not Started	High	CPO	3 months
3	Develop and Test New Product Lines	●	Not Started	High	CTO	4 months
4	Implement Sustainable Production Practices	●	Not Started	Medium	COO	6 months
5	Launch Marketing Campaigns for New Product Lines	●	Not Started	High	CMO	5 months
6	Establish Partnerships with Eco-Friendly Suppliers	●	Not Started	Medium	COO	4 months
7	Secure Funding for Product Line Expansion	●	Not Started	High	CFO	3 months
8	Organize Focus Groups for Feedback on New Products	●	Not Started	Medium	CSO	2 months
Phase 4						
1	Develop wearable tech-integrated footwear prototypes	●	Not Started	High	CTO	6 months
2	Conduct market research for wearable tech shoes	●	Not Started	Medium	CRO	3 months
3	Establish partnerships with fashion influencers	●	Not Started	High	CMO	4 months
4	Launch a marketing campaign for tech-integrated footwear	●	Not Started	High	CMO	3 months
5	Explore funding options for high-risk ventures	●	Not Started	Medium	CFO	2 months
6	Test user feedback for wearable tech prototypes	●	Not Started	High	CPO	5 months
7	Identify potential technology collaborators	●	Not Started	Medium	CTO	2 months
8	Plan pilot launch of wearable tech collection	●	Not Started	High	COO	6 months



Core Risks & Migration Strategies

1. Operation and maintenance risks

#	Risk Type	Area	Mitigation Strategy
1	Supply chain disruptions	COO	Develop multiple supplier relationships and maintain a strategic inventory buffer to ensure continuity in supply during disruptions.
2	Quality control issues	CPO	Implement rigorous quality control processes and regular audits to maintain high standards for materials and production.
3	Production delays	COO	Optimize production schedules and invest in advanced manufacturing technologies to streamline processes and reduce bottlenecks.

2. Regulatory and legal risks

#	Risk Type	Area	Mitigation Strategy
1	Product Safety Compliance	COO	Implement rigorous product testing and quality assurance protocols to ensure all footwear meets safety standards and regulations.
2	Environmental Regulations	CSO	Adopt sustainable manufacturing practices and ensure adherence to all environmental laws and guidelines.
3	Labor Law Compliance	CPO	Regularly review labor practices and ensure all operations comply with local and international labor laws.
4	Intellectual Property Infringements	CEO	Develop and enforce robust intellectual property policies and conduct regular audits to prevent infringement issues.
5	Consumer Protection Laws	CRO	Ensure all marketing and sales practices comply with consumer protection laws to avoid legal action and fines.



3. Strategic/Market Risk

#	Risk Type	Area	Mitigation Strategy
1	Market competition	CEO	Differentiate with unique designs and quality.
2	Changing consumer preferences	CMO	Stay agile and responsive to market trends.
3	Brand reputation	CBO	Maintain high standards in materials and customer service.
4	New market entry barriers	CRO	Conduct thorough market research and strategic partnerships.
5	Economic downturn	CFO	Implement cost control measures and diversify revenue streams.

4. Finance risk

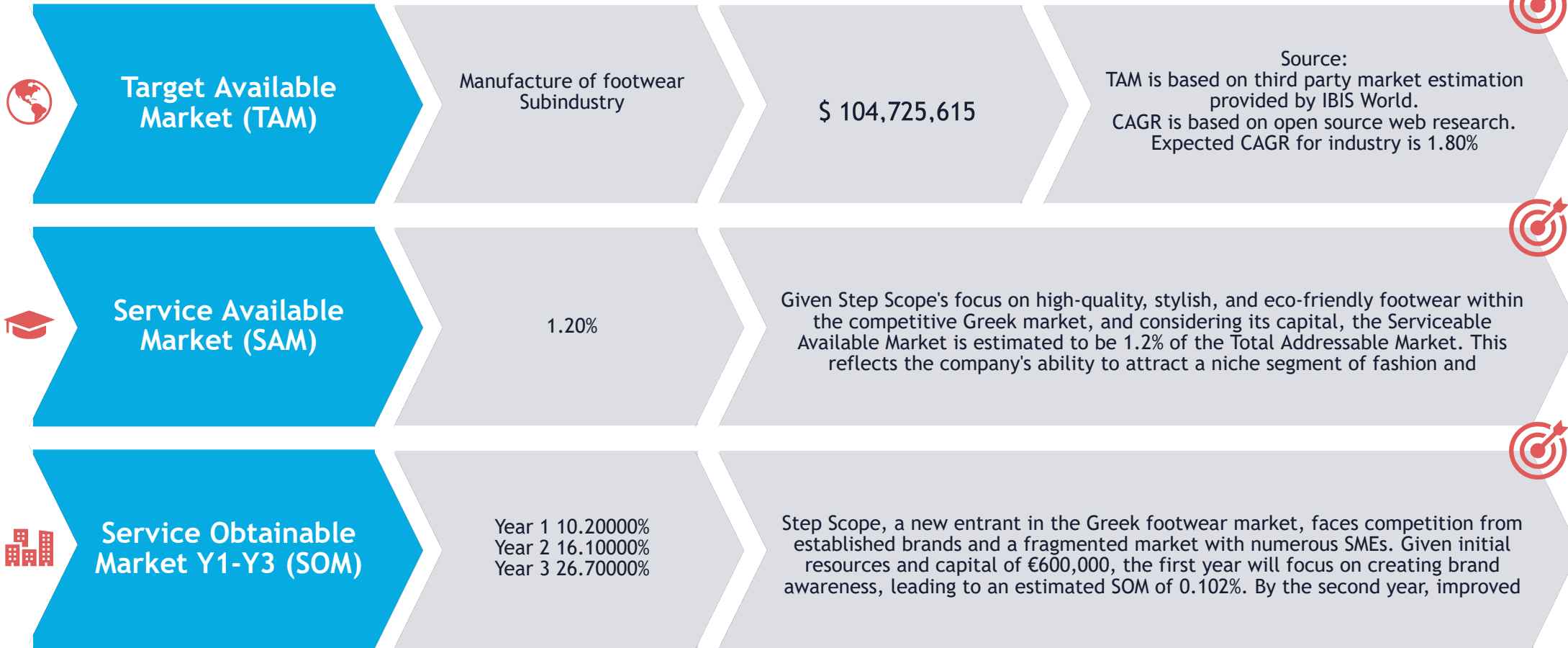
#	Risk Type	Area	Mitigation Strategy
1	Cash Flow Constraints	CFO	Maintain a cash reserve and optimize payment terms.
2	High Development Costs	CFO	Adopt cost-control measures and budget allocation.
3	Market Demand Fluctuations	CFO	Diversify product lines and market segments.
4	Credit Risk	CFO	Conduct credit checks and limit receivables exposure.
5	External Funding Dependency	CFO	Develop alternative funding sources and self-financing strategies.

5. Other general risk

#	Risk Type	Area	Mitigation Strategy
1	Brand Reputation Damage	CMO	Implement proactive PR and marketing strategies
2	Supply Chain Disruptions	COO	Develop multiple supplier relationships
3	Cybersecurity Threats	CIO	Strengthen cybersecurity protocols
4	Customer Preference Shifts	CPO	Conduct regular market surveys
5	Economic Downturns	CFO	Maintain a strong cash reserve



Market Overview (TAM, SAM and SOM)



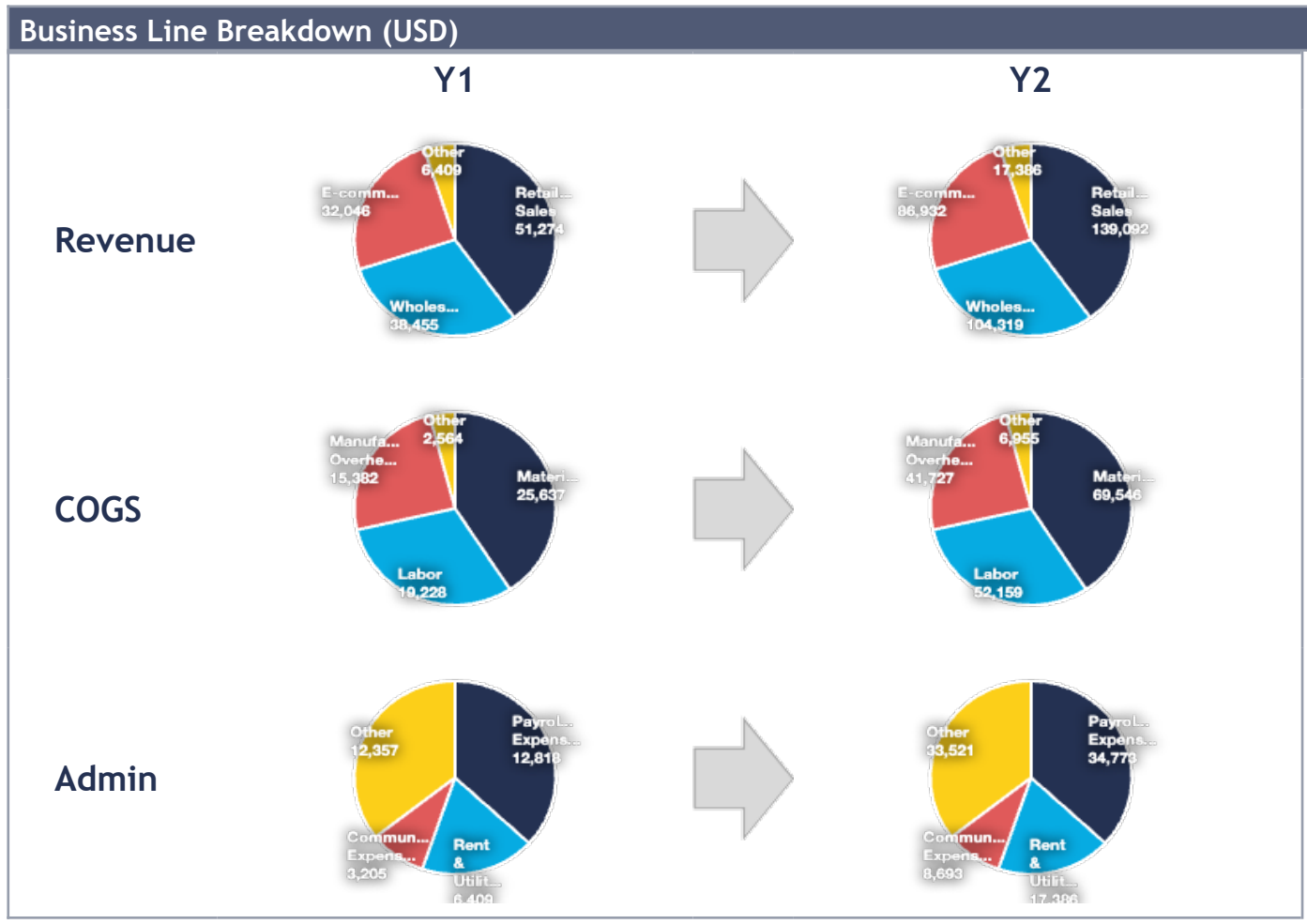
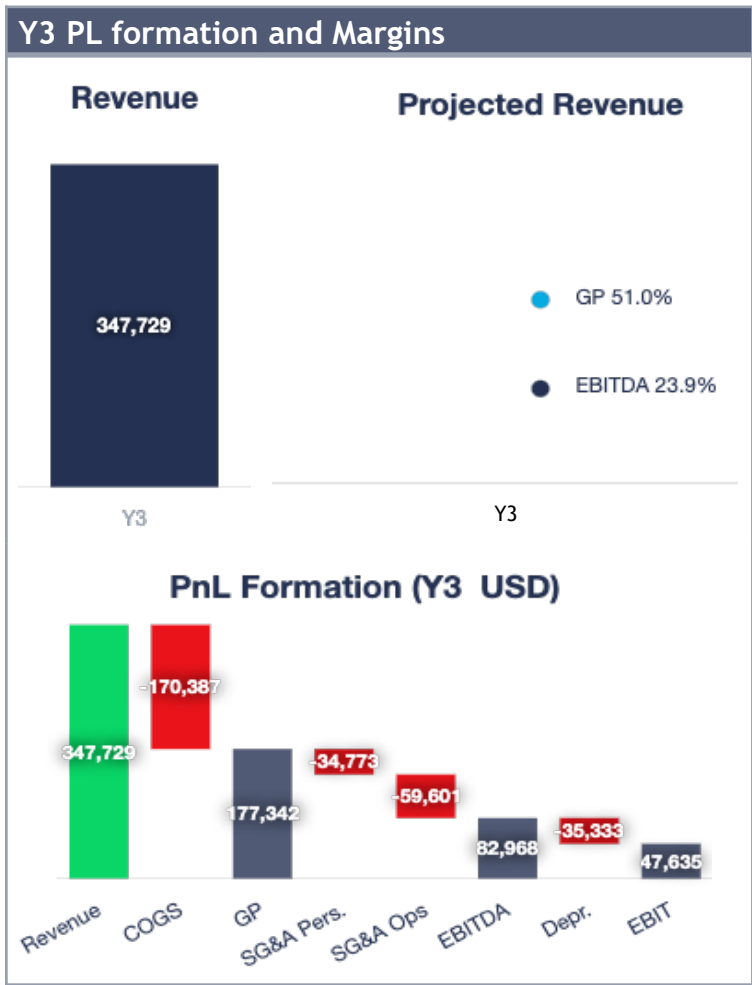
Funding Allocation

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 \$ 600,000

Y1 Cash Flow Stream(USD)	Inflows	Outflows
Gross Profit	65,374	
Payroll Expenses		12,818
Rent & Utilities		6,409
Marketing and Branding		3,846
Communication Expenses		3,205
Capex		210,000
Legal and Professional Fees		2,564
Training and Development		2,102
Office supplies		1,282
Representation and Entert.		1,282
Other Miscellaneous		1,282
CAPEX & WC shortage Y1		179,416
Buffer		420,584
Total Required Investment(USD)		600,000

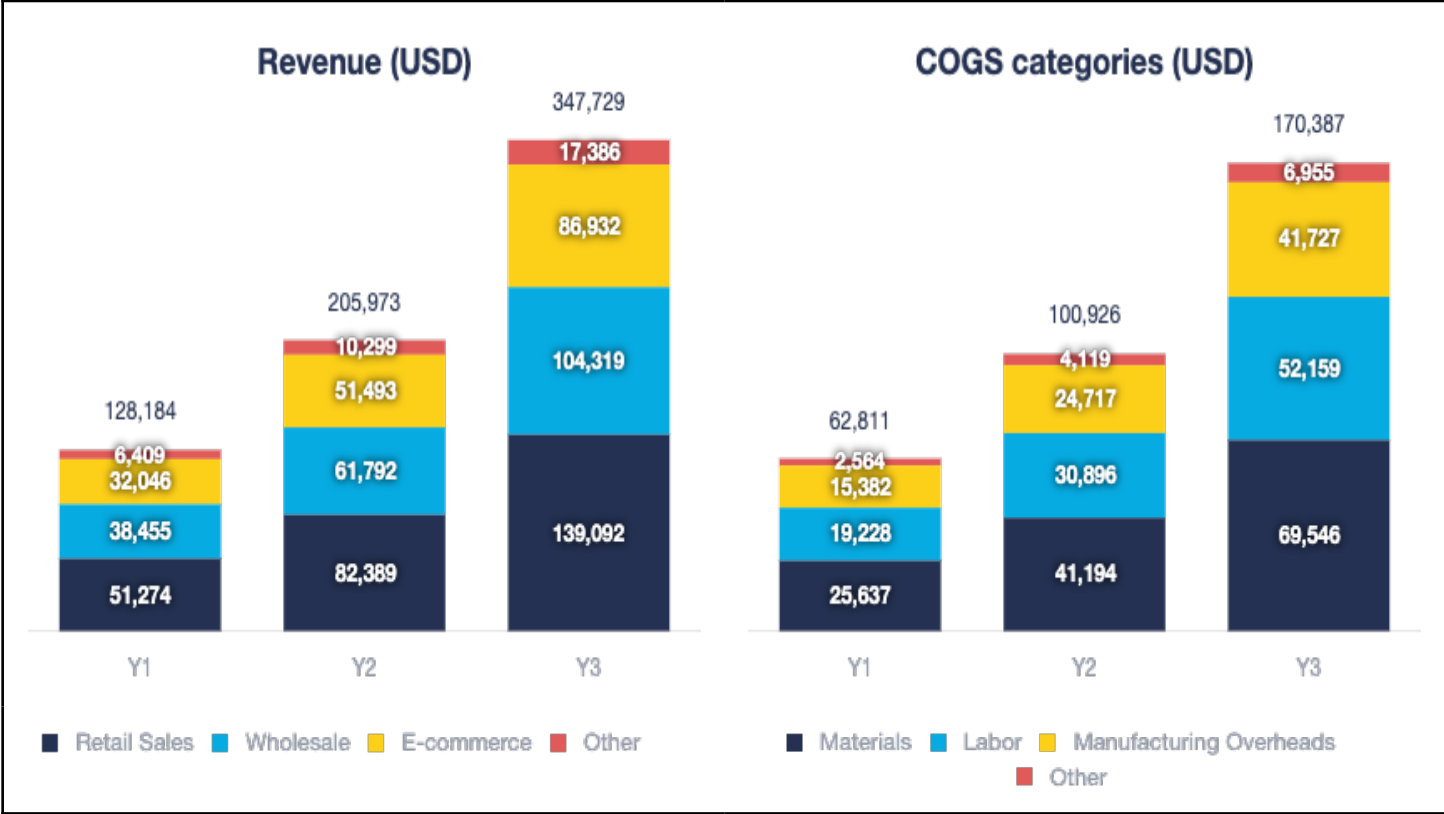




Revenue Formation Narrative

Step Scope is navigating the footwear market with precision, targeting a Total Addressable Market (TAM) of 104,725,615 USD . With a strategic focus on high-quality, stylish, and eco-friendly footwear, our Serviceable Available Market (SAM) is estimated at 1.2% of the TAM. This reflects our niche appeal to fashion-forward and sustainability-conscious consumers. In the initial phase, our Serviceable Obtainable Market (SOM) is estimated at 0.102% of the TAM in year one, with a projected revenue of 128,184.15 USD . This conservative estimate considers our current capital of €600,000 and the need to establish brand awareness amidst competition from established brands and numerous SMEs in the Greek market. By the second year, we anticipate an increase in our SOM to 0.161%, resulting in revenues of 205,971.83 USD , driven by improved market penetration and increased customer trust. Sustained marketing efforts and potential product diversification are expected to further elevate our SOM to 0.267% by the third year, yielding revenues of 347,729.06 USD . Our revenue streams are projected to diversify with Retail Sales accounting for 40.00% of total revenue, Wholesale contributing 30.00%, E-commerce making up 25.00%, and Other channels comprising 5.00%. These revenue estimations underscore a methodical growth trajectory aimed at cementing Step Scope’s position in the market while balancing fashion, comfort, and sustainability.

\$ 347,729 ^{Y3} Projected Revenue **12.24%** Market share



Revenue Calculation Details

Revenue Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Retail Sales	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
Wholesale	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%
E-commerce	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 %

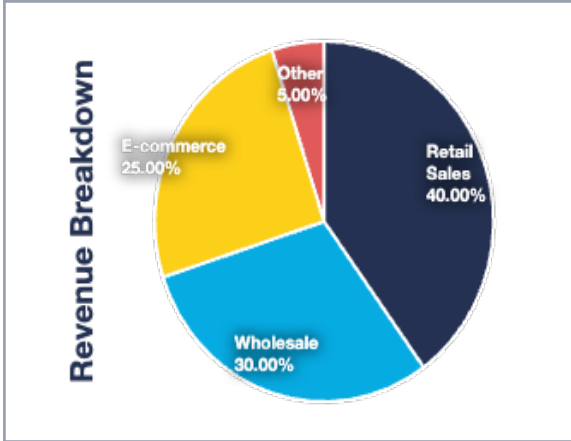
Retail Sales	3,205	3,205	3,205	3,846	3,846	3,846	4,700	4,700	4,700	5,341	5,341	5,341	51,274	82,389	139,092
storeRevenueLOB.value?.res2?.name	2,403	2,403	2,403	2,884	2,884	2,884	3,525	3,525	3,525	4,006	4,006	4,006	38,455	61,792	104,319
E-commerce	2,003	2,003	2,003	2,403	2,403	2,403	2,938	2,938	2,938	3,338	3,338	3,338	32,046	51,493	86,932
Other	401	401	401	481	481	481	588	588	588	668	668	668	6,409	10,299	17,386
Total Revenue (USD)	8,012	8,012	8,012	9,614	9,614	9,614	11,750	11,750	11,750	13,353	13,353	13,353	128,184	205,972	347,729

Total revenue is expected to reach \$ 347,729 by year 3.

Main revenue driver are:

- Retail Sales which generates \$ 139,092 by Year 3
- Wholesale which generates \$ 104,319 by Year 3

Expected CAGR for total Revenue in Y1-Y3 is 64.70 %



COGS Calculation Details

COGS Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Materials	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%
Labor	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%
Manufacturing Overheads	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	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%

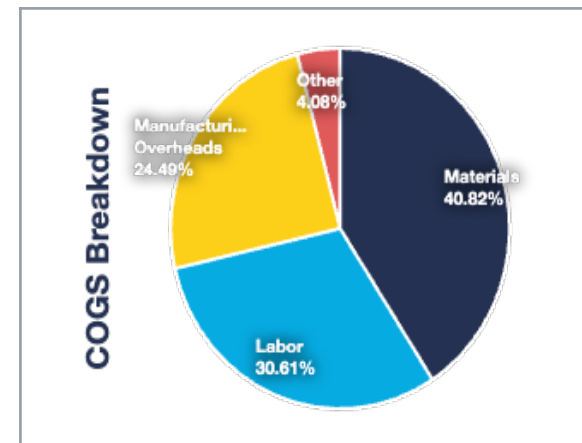
Materials	1,602	1,602	1,602	1,923	1,923	1,923	2,350	2,350	2,350	2,671	2,671	2,671	25,637	41,194	69,546
Labor	1,202	1,202	1,202	1,442	1,442	1,442	1,763	1,763	1,763	2,003	2,003	2,003	19,228	30,896	52,159
Manufacturing Overheads	961	961	961	1,154	1,154	1,154	1,410	1,410	1,410	1,602	1,602	1,602	15,382	24,717	41,727
Other	160	160	160	192	192	192	235	235	235	267	267	267	2,564	4,119	6,955
Total COGS (USD)	3,926	3,926	3,926	4,711	4,711	4,711	5,758	5,758	5,758	6,543	6,543	6,543	62,810	100,926	170,387

Total COGS is expected to reach \$ 170,387 by year 3.

Main revenue driver are:

- Materials which generates \$ 69,546 by Year 3
- Labor which generates \$ 52,159 by Year 3

Expected CAGR for total COGS in Y1-Y3 is 64.70 %



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>	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<i>Communication Expenses</i>	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
<i>Office supplies</i>	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
<i>Legal and Professional Fees</i>	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>	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>Representation and Entertainment</i>	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
<i>Training and Development</i>	1.64%	1.64%	1.64%	1.64%	1.64%	1.64%	1.64%	1.64%	1.64%	1.64%	1.64%	1.64%	1.64%	1.64%	1.64%
<i>Other Miscellaneous</i>	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

<i>Payroll Expenses</i>	801	801	801	961	961	961	1,175	1,175	1,175	1,335	1,335	1,335	12,818	20,597	34,773
<i>Rent & Utilities</i>	401	401	401	481	481	481	588	588	588	668	668	668	6,409	10,299	17,386
<i>Communication Expenses</i>	200	200	200	240	240	240	294	294	294	334	334	334	3,205	5,149	8,693
<i>Office supplies</i>	80	80	80	96	96	96	118	118	118	134	134	134	1,282	2,060	3,477
<i>Legal and Professional Fees</i>	160	160	160	192	192	192	235	235	235	267	267	267	2,564	4,119	6,955
<i>Marketing and Branding</i>	240	240	240	288	288	288	353	353	353	401	401	401	3,846	6,179	10,432
<i>Representation and Entertainment</i>	80	80	80	96	96	96	118	118	118	134	134	134	1,282	2,060	3,477
<i>Training and Development</i>	131	131	131	158	158	158	193	193	193	219	219	219	2,102	3,378	5,703
<i>Other Miscellaneous</i>	80	80	80	96	96	96	118	118	118	134	134	134	1,282	2,060	3,477

Total SG&A (USD)	2,174	2,174	2,174	2,609	2,609	2,609	3,189	3,189	3,189	3,624	3,624	3,624	34,789	55,901	94,374
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PaT Expectations

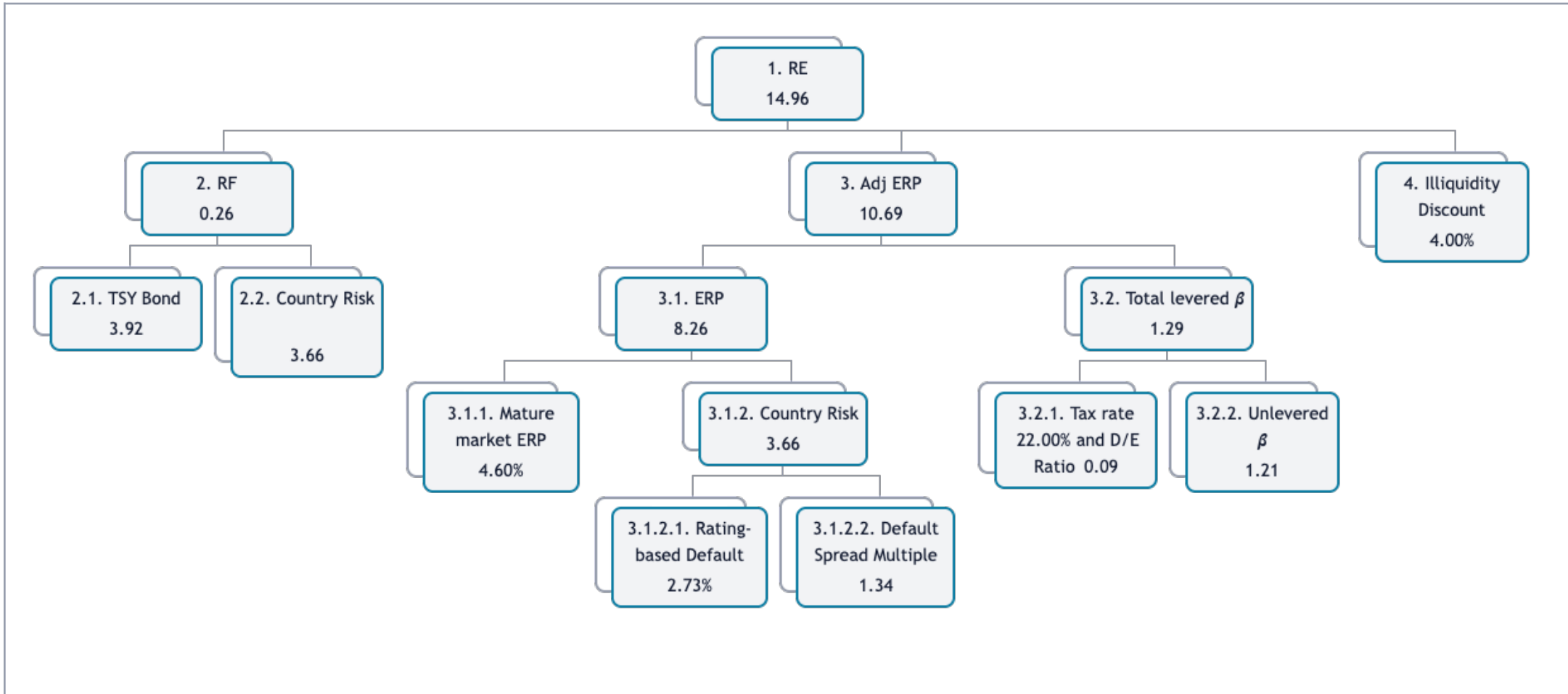
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Financial Projection

Income Statement (USD)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Revenue	8,012	8,012	8,012	9,614	9,614	9,614	11,750	11,750	11,750	13,353	13,353	13,353	128,184	205,972	347,729
Retail Sales	3,205	3,205	3,205	3,846	3,846	3,846	4,700	4,700	4,700	5,341	5,341	5,341	51,274	82,389	139,092
Wholesale	2,403	2,403	2,403	2,884	2,884	2,884	3,525	3,525	3,525	4,006	4,006	4,006	38,455	61,792	104,319
E-commerce	2,003	2,003	2,003	2,403	2,403	2,403	2,938	2,938	2,938	3,338	3,338	3,338	32,046	51,493	86,932
Other	401	401	401	481	481	481	588	588	588	668	668	668	6,409	10,299	17,386
COGS	-3,926	-3,926	-3,926	-4,711	-4,711	-4,711	-5,758	-5,758	-5,758	-6,543	-6,543	-6,543	-62,810	-100,926	-170,387
Materials	-1,602	-1,602	-1,602	-1,923	-1,923	-1,923	-2,350	-2,350	-2,350	-2,671	-2,671	-2,671	-25,637	-41,194	-69,546
Labor	-1,202	-1,202	-1,202	-1,442	-1,442	-1,442	-1,763	-1,763	-1,763	-2,003	-2,003	-2,003	-19,228	-30,896	-52,159
Manufacturing Overheads	-961	-961	-961	-1,154	-1,154	-1,154	-1,410	-1,410	-1,410	-1,602	-1,602	-1,602	-15,382	-24,717	-41,727
Other	-160	-160	-160	-192	-192	-192	-235	-235	-235	-267	-267	-267	-2,564	-4,119	-6,955
Gross Profit	4,086	4,086	4,086	4,903	4,903	4,903	5,993	5,993	5,993	6,810	6,810	6,810	65,374	105,046	177,342
SG&A Personal Expenses	-801	-801	-801	-961	-961	-961	-1,175	-1,175	-1,175	-1,335	-1,335	-1,335	-12,818	-20,597	-34,773
SG&A Operating Expenses	-1,373	-1,373	-1,373	-1,648	-1,648	-1,648	-2,014	-2,014	-2,014	-2,289	-2,289	-2,289	-21,971	-35,304	-59,601
EBITDA	1,912	1,912	1,912	2,294	2,294	2,294	2,804	2,804	2,804	3,186	3,186	3,186	30,585	49,145	82,968
Depreciation	-2,944	-2,944	-2,944	-2,944	-2,944	-2,944	-2,944	-2,944	-2,944	-2,944	-2,944	-2,944	-35,333	-35,333	-35,333
EBIT	-1,033	-1,033	-1,033	-651	-651	-651	-141	-141	-141	241	241	241	-4,749	13,812	47,635
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit before Tax	-1,033	-1,033	-1,033	-651	-651	-651	-141	-141	-141	241	241	241	-4,749	13,812	47,635
Tax	227	227	227	143	143	143	31	31	31	-53	-53	-53	1,045	-3,039	-10,480
Profit after Tax (USD)	-806	-806	-806	-507	-507	-507	-110	-110	-110	188	188	188	-3,704	10,773	37,155



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	-3,704	10,773	37,155	37,824	38,505	39,198	39,903
	Growth% Y4-Y7				1.80%	1.80%	1.80%	1.80%
	Growth% Y7 -->				3.50%			
	WACC				14.96%			
	PV Y1-Y7 at Y0	-3,222	8,152	24,458	21,659	19,181	16,986	15,042
	PV Y7 --> Y0				135,899			
	NPV (USD)				238,155			

Average Survival Rate for 3 Years

50%

Final Valuation

\$ 119,077

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 14.96 % to determine the Firm Value.

Starting from year 3 onwards, the cash flows are estimated to grow at a rate of 1.80 %, 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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