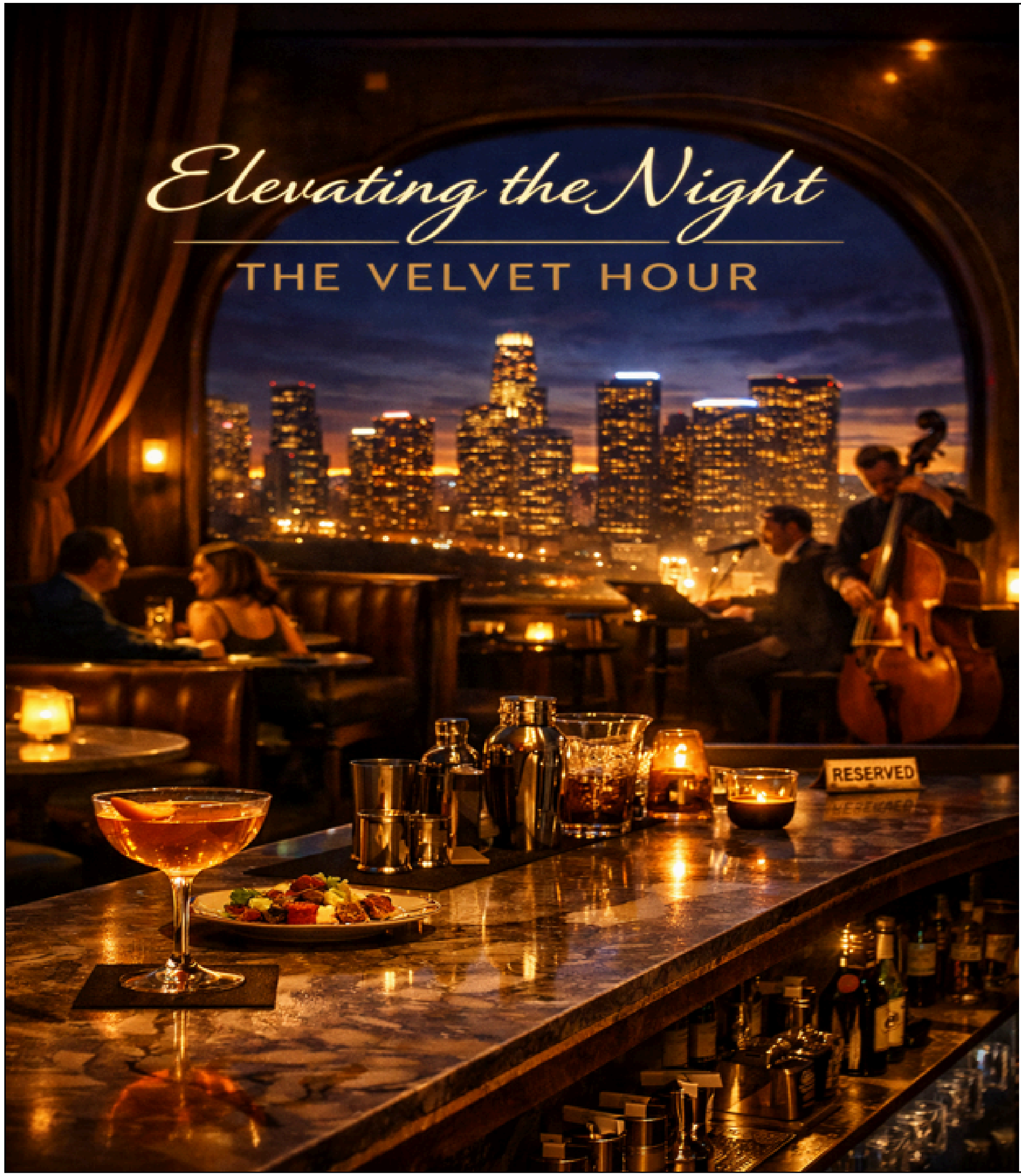
Business Plan

& Valuation Presentation

Contents



OUR
VISION & MISSION

Our Mission

The Velvet Hour exists to elevate the after-work and evening experience by delivering a refined, beverage-led destination where craft cocktails, curated wines and amaro, and light shared plates create intimate yet social moments. It is dedicated to shaping a calm, warm atmosphere that anchors conversations, elevates hospitality standards, and drives sustainable margins through thoughtful menu engineering, precise beverage execution, and exceptional service that makes guests feel valued and inspired to return.

Our Vision

To become the premier neighborhood-to-city cocktail experience that people seek for milestone and everyday occasions alike, renowned for its signature and classic drinks, intimate acoustics, and adaptable spaces. By expanding with a standardized design and beverage program, The Velvet Hour aims to grow a trusted portfolio of flagship and corporate locations, delivering consistent quality, memorable events, and steady profitability while maintaining an unmatched guest experience centered on connection, craft, and timeless elegance.

Summary Financials Dashboard

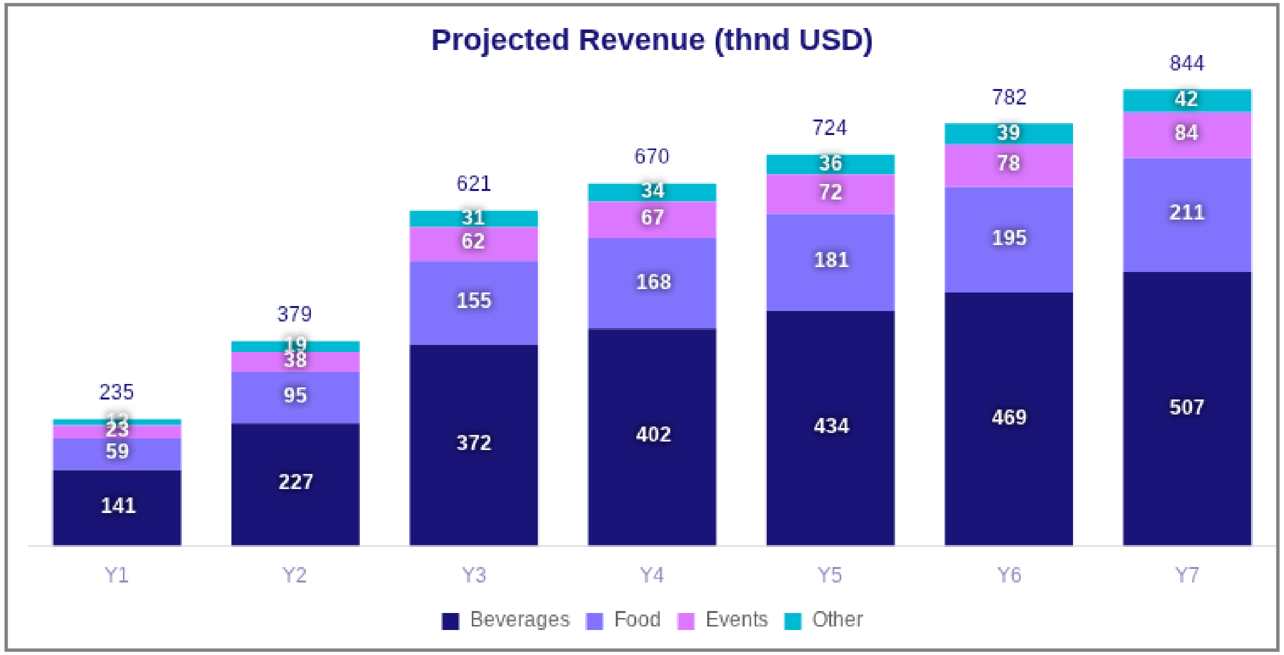
Key performance indicators
(Base Scenario Y3)

$ 621k
Revenue

$ 372k
Gross Profit

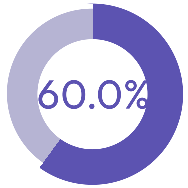
$ 223k
EBITDA

0.00%
Target Market Share

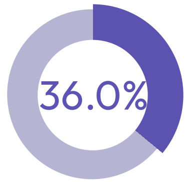


Margins
(Stabilized by Y3)

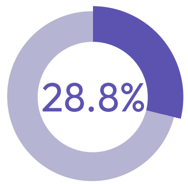
GP Margin



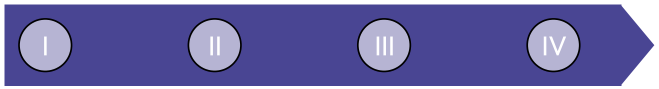
EBITDA Margin



PbT Margin



Project Phases



Phase 1: Foundational

Phase 2: Core Expansion &

Phase 3: New Revenue Streams

Phase 4: Long-Term, High-

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.

Investment $ 292k

Y1 CAPEX $ 245k

WC $ 31k

About the Company: General Overview

General Overview

The Velvet Hour is an upscale cocktail lounge designed around craft drinks, warm low-lit interiors, and a calm, conversational atmosphere that sits between a traditional bar and a nightclub. Targeting professionals aged 28 to 45, it occupies the early-evening-to-late-night window for after-work gatherings, date nights, and pre- or post-dinner drinks. The 150-seat venue combines banquette seating, a marble cocktail bar, and reservable semi-private nooks, offering a concise menu of signature and classic cocktails, a curated wine and amaro list, and a food-light program of shareable plates crafted to lift check size without a full kitchen. Live jazz and weekend DJ sets, along with private buyouts for corporate and celebration events, broaden the revenue mix. The model emphasizes beverage-led margins and efficient table turns over raw capacity, aiming for an average check of $48–$65 per guest, beverage costs in the 20%–24% range through disciplined menu engineering and batch-prepped cocktails, and annual unit volumes of roughly $1.5–$1.9 million within a 1,800–2,400 square-foot footprint in dense urban or lifestyle-centers.

Growth is anchored by private events and weekend programming as margin accelerators, while the approach to capital expenditure prioritizes build-out, licensing, and design. The plan envisages a 30–36 month cash-on-cash payback and a staged rollout from a single flagship to two or three corporate locations, with a standardized design system and beverage program to ensure repeatability and scalable expansion within the arts, entertainment, and recreation landscape.

The Main Phases: Projects & Impacts

01 Phase 1: Foundational Flagship Establishment

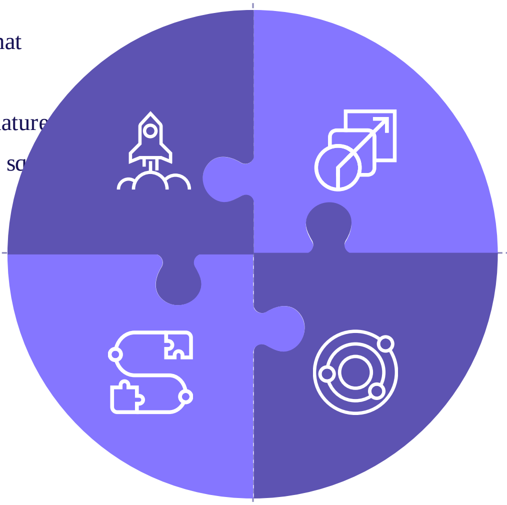
Phase I.

The Velvet Hour establishes a refined, cash-flow-friendly flagship that proves the beverage-led model with disciplined menu engineering, intimate ambiance, and a scalable design system. Focus rests on signature cocktails, a curated list, and liveEntertainment to drive 1,800–2,400 sq efficiency and $1.5–$1.9M annual volume.

03 Phase 3: New Revenue Streams & Piloted Growth

Phase III

Phase 3 identifies new profit streams, leveraging private events and experiential programming to lift margins, while piloting two to three corporate locations and standardized beverage program modules for scalable growth.



02 Phase 2: Core Expansion & Market Defense

Phase II

Phase 2 expands the core offering by refining operations, increasing guest rounds, and defending market share through elevated service, private bookings, and weekend programming, while preparing a modular design system for repeatable, multi-site rollouts.

04 Phase 4: Long-Term, High-Rriction Ventures

Phase IV.

Phase 4 explores high-ambition, long-horizon opportunities—such as broader experiential venues or branded partnerships—balancing risk with the long-term strategic trajectory beyond immediate restaurant operations.

Product Impact on Core Stakeholders

Main Stakeholder	Product Benefits
Investors/Financiers	Providers of capital who require a clear path to cash flow, profitability, and scalable returns.
Owners/Founding Partners	Individuals realizing equity upside, governance, and strategic direction for The Velvet Hour.
Employees and Management Team	Staff operating the day-to-day service, beverage program, events, and guest experience.
Customers/Guests	After-work and evening clientele seeking a refined, intimate cocktail experience with live entertainment.
Suppliers and Beverage Partners	Wine, spirits, and ingredient suppliers who enable the curated menu and batch-prep program.
Landlord/Property Owner	Property manager or owner providing space, lease terms, and location access essential for the flagship.
Regulatory & Licensing Bodies	Authorities ensuring compliance with licensing, safety, health, and entertainment regulations.

Sources: Company's Proprietary Assessment

Key Performance Components

Competitive Advantage

Curated Beverage Experience

The Velvet Hour leverages a refined menu of signature cocktails, classic options, and a selective wine and amaro list, delivering consistent guest satisfaction and higher check sizes through beverage-led margins and disciplined menu engineering.

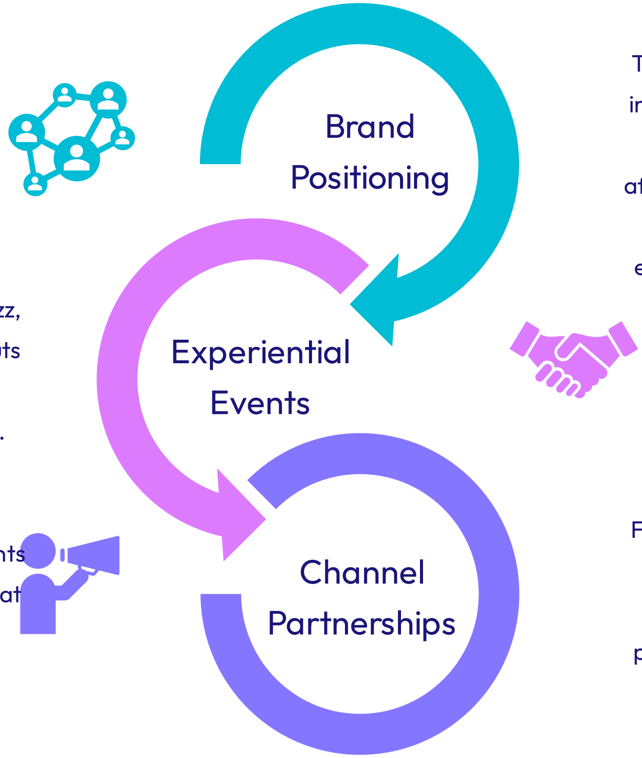
Atmosphere & Location Strategy

A warm, low-lit, jazz-infused setting targets the 28–45 professional crowd for after-work and date-night visits, enhancing dwell time, repeat patronage, and private-event demand in dense urban areas.

Operational Margin Focus

The model emphasizes table turns and event-driven revenue (private buyouts, weekend programming) to accelerate margins, with a scalable design and standardized beverage program for repeatable growth across locations.

Marketing and Growth Strategy



The Velvet Hour emphasizes an upscale, intimate vibe with craft cocktails and live music to attract professionals seeking after-work ambiance. Messaging centers on quality, warmth, and a refined experience that stands apart from bars and clubs.

Leverage weekend live jazz, DJ sets, and private buyouts to create high-margin, memorable experiences. Promote limited-table reservations, thematic nights, and corporate events to drive deposits and repeat attendance.

Forge collaborations with luxury lifestyle brands, hotels, and office campuses to funnel traffic. Implement targeted promotions, curated tasting menus, and cross-promotions to boost occupancy during shoulder hours.

Target Groups

	Industries	Description
I	Young Professionals (After-Work Socializers)	Mid-to-late 20s to early 40s professionals seeking a refined yet relaxed venue for after-work cocktails, casual conversations, and early-date nights in a sophisticated, intimate setting.
II	Couples and Date-Night Patrons	Couples looking for a refined, ambiance-driven experience with a curated cocktail and small-plates program that supports intimate conversations and a polished evening out.
III	Private Event Seekers (Corporate & Celebrations)	Organizations and individuals booking private buys or small-to-mid-size events (receptions, celebrations) that require a stylish, controllable space, reliable service, and dependable deposits.
IV	Food- and Beverage-Conscious Guests	Guests who prioritize craft drinks, balanced wine/amaro lists, and thoughtful, light-food pairings—attracted by disciplined menu engineering and high-quality, batch-prepped cocktails.
V	Live Entertainment Enthusiasts	patrons drawn by weekend live jazz and DJ sets, seeking a venue with a curated programming calendar that enhances the social atmosphere without the intensity of a nightclub.
VI	Cultural and Lifestyle Shoppers (Lifestyle Center/Urban Dense Areas)	Residents and visitors in dense urban or lifestyle-center environments looking for a refined, intimate lounge experience within walking distance of their homes or offices.
VII	Brands & Strategic Partners (Experiential & Corporate Partnerships)	Potential collaborators seeking co-branded events, sponsorships, or exclusive experiences that leverage The Velvet Hour's beverage-led model to elevate their own offerings and margins.

Sources: Company's Proprietary Assessment

Painpoints & Solutions

Solution from Phase I to Phase IV

	1	2	3	4	5	6	7
Painpoints	**Capital-Intensive Build-Out & Compliance Barriers** The flagship requires substantial upfront investment in bar/build-out, licensing, lighting, sound, and a compliant operating framework, which can strain cash flow and delay opening.	**Menu Engineering for Beverage-Led Margins** Maintaining beverage-cost targets (20–24%) while delivering high-quality, signature cocktails in a compact, 150-seat space can be challenging as demand and pricing pressures evolve.	**Efficient Space Utilization & Throughput** A dense urban footprint requires maximizing seat turnover and experiential value within 1,800–2,400 square feet without sacrificing ambiance or service quality.	**Seasonality & Weekend Demand Volatility** Weekend programming and private bookings drive margins but can create staff scheduling and capacity mismatches during shoulder periods.	**Private Events Revenue Dependence** Relying heavily on private bookings can constrain regular guest experiences and complicate staffing and inventory planning.	**Consistent Brand Experience Across Phases** Maintaining a refined, cohesive Velvet Hour experience during growth (Phase 2–4) while expanding locations and standardized modules is complex.	**Market Defense & Competitive Differentiation** As the concept scales, defending share against new entrants and nearby competitors becomes critical in a dense urban setting.
Solution	Provide a phased, modular design and pre-approved vendor packages with clear budgeting and timelines to shorten capex cycles and streamline licensing milestones.	Implement a disciplined, batch-prepped cocktail program with standardized pour costs, SKU-level profitability tracking, and a rotating signature list aligned to guest price bands.	Adopt a scalable design system and service flow that optimizes seating layouts, reservation strategy, and stage for live entertainment to boost rounds per guest.	Create a modular event calendar, flexible staffing models, and tiered private-booking packages to stabilize occupancy and revenue across the week.	Establish a balanced event mix with clear deposit structures, separate inventory controls, and dedicated event coordinators to protect core service quality.	Develop a centralized brand playbook, standardized training, and a design-and-operational toolkit to ensure uniform ambiance, service, and beverage programs.	Invest in elevated service protocols, exclusive weekend programming, and loyalty-driven private-event offerings to reinforce the Velvet Hour value proposition.

Strategic Analysis: SWOT

Strength

Premium, differentiated concept with craft cocktails, intimate ambiance, and live entertainment, appealing to professionals seeking quality experiences after work.

Weaknesses

High capital build-out costs and reliance on beverage margins; limited kitchen integration may cap food-driven upsell and profitability.

Opportunities

Expand through standardized design and beverage program for multi-unit growth; private events and weekend programming as margin accelerators; potential partnerships with corporate clients and lifestyle venues.

Threats

Economic sensitivity to discretionary spending; competitive bar and nightlife markets; staffing and labor costs impacting service quality; potential regulatory changes affecting licensing and alcohol sales.

Sources: Company's Proprietary Assessment

Pestel: Analysis

P	E	S	T	E	L
Political 7 / 10	Economic 8 / 10	Social 7 / 10	Technological 6 / 10	Environmental 5 / 10	Legal 6 / 10
Regulatory Environment: Licensing, permits, and compliance for alcohol service; potential changes in taxation and hours of operation.	Consumer Spending: Macro growth and disposable income influence after-work and evening drinking out frequency.	Lifestyle Trends: Shift toward experiential, craft beverages and sophisticated lounge experiences.	Operations Tech: Electronic POS, inventory, and batch cocktail systems for efficiency and consistency.	Sustainability: Energy efficiency in lighting/sound; waste reduction in bar operations.	LiquorCompliance: Adherence to alcohol service laws, payer responsibilities, and compliance audits.
Local Government Support: Municipal incentives or restrictions for nightlife venues; zoning and noise ordinances affecting late evenings.	Labor Costs: Skilled bartenders and service staff cost sensitive; wage inflation and benefits impact margins.	Demographics: Target 28–45 professionals; urban density supports high guest turnover and reservations.	Digital Marketing: Social media, reservations tech, loyalty programs to drive traffic and private events.	Urban Footprint: Small-footprint design with optimized HVAC to minimize urban environmental impact.	Contractual/Intellectual Property: Branding, design system, and supplier agreements protecting operational standards.

The Velvet Hour faces moderate to high impact from regulatory, economic, and social factors; success hinges on disciplined operations, premium positioning, and scalable design for expansion.

Scores reflect the relative importance and potential impact of each PESTEL factor on the business

VRIO Framework: Analysis

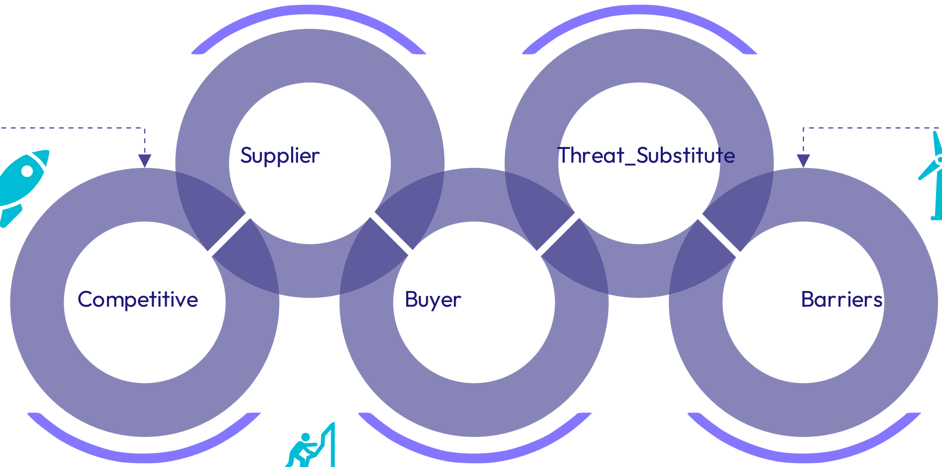
	Value	Rarity	Imitability	Organization	
Question	Does the resource or capability enable the firm to exploit an opportunity or neutralize a threat in the environment?	Is the resource or capability controlled by only a few firms or no other firms?	Is the resource or capability costly for other firms to imitate?	Is the firm organized to exploit the resource or capability?	
Assessment	Yes; creates a differentiated, upscale cocktail-centric experience attracting a professional crowd and enabling higher check sizes and margins through beverage-led revenue.	Somewhat rare; concept tailors atmosphere, programming, and a curated menu in a niche urban late-evening segment.	Moderate to high; influenced by design, supplier relationships, and talent; replicable but costly to match ambiance and live programming.	Operational system supports standardized beverage program, events, and controlled growth; capable of executing rollout with design, training, and governance processes.	Value and organization are present; rarity provides a competitive edge, while imitability requires significant time and investment to sustain, suggesting potential sustained advantage with effective execution.
	V	R	I	O	
Yes	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
No	Competitive Disadvantage	Competitive Parity	Temporary Competitive Advantage	Unused Competitive Advantage	

Porter’s Five Forces: Analysis

Moderate dependence on premium ingredients, beverages, and hospitality staff; limited supplier power for unique concept assets.

Moderate threat from alternative evening venues (bars, lounges, private events) and at-home entertainment.

Moderate rivalry among upscale lounges and bars in dense urban markets.



High capital cost for build-out, licensing, and design; strong brand and location advantages deter new entrants.

Moderate to high buyer expectations; affluent professionals seek value, experience, and consistency; some price sensitivity at $48–$65 checks.

In a premium urban dining/entertainment niche, The Velvet Hour faces balanced competitive pressures with meaningful barriers and favorable brand positioning supporting sustainable margins.

High
Moderate
Low

Management Team

Overview

Overview

Overview

Overview

History & Roadmap

Jul 2026

Stage 1: Launch flagship

Opens flagship Velvet Hour to prove format, refine operations, and build brand equity.

Jan 2027

Stage 2: Optimize beverage program

Standardizes menu engineering, batch-prep processes, and cost controls for 20–24% COGS.

Jul 2027

Stage 3: Enhance guest experience

Invests in design, lighting, acoustics, and semi-private nooks for premium seating.

Jan 2028

Stage 4: Private events platform

Launch corporate and celebration packages with deposits driving margin uplift.

Jul 2028

Stage 5: Scalable design system

Codifies build-out specs for repeatable reuse across locations and footprints.

Jan 2029

Stage 6: Regional rollout

Open 2–3 additional venues, achieving unit economics and $1.5–$1.9M AUV.

Current Status .

Roadmap drafted to move from flagship to multi-site, with standardized program and events focus.

Sources: Company's Proprietary Vision

Organizational and Marketing Tasks

#	Check List Item	Status	Priority	Area	ETA
General Planning and Organization					
1	Define corporate vision, mission, and values for The Velvet Hour	Not Started	High	CEO	1 month
2	Establish initial financial model and cash-flow forecast	Not Started	High	CFO	2 weeks
3	Create initial organizational chart and governance framework	Not Started	Medium	CLO	3 weeks
4	Develop core brand identity and design guidelines for flagship	Not Started	High	CMO	4 weeks
5	Define initial menu strategy and beverage program scope	Not Started	High	CPO	3 weeks
6	Establish standard operating procedures (SOPs) for service and hospitality	Not Started	High	COO	6 weeks
7	Identify location criteria and shortlist potential sites	Not Started	Medium	CIO	8 weeks
8	Develop initial capital plan and fundraising approach	Not Started	Medium	CFO	2 months
Marketing					
1	Define brand positioning and core messaging for The Velvet Hour to align with upscale, intimate ambience and beverage-led margins.	Not Started	High	CMO	1 month
2	Develop premier menu and beverage program branding in line with phase 1 flagship—signature cocktails, curated list, wine & amaro selections.	Not Started	High	CPO	2 weeks
3	Create launch marketing plan for flagship: events calendar (live jazz/DJ nights), private bookings, weekend programming, and deposit system.	Not Started	High	CMO	1 month
4	Build digital presence: website with menu, reservations, event calendar; social media content plan focused on after-work & date-night demographics.	Not Started	High	CIO	1 month
5	Partnerships and local PR plan to attract corporate buyouts and private events; target local business communities and luxury lifestyle outlets.	Not Started	Medium	CSO	2 months

Overview of Phases

#	Check List Item	Status	Priority	Area	ETA
Phase 1 & Technical Set Up for next Phases					
1	Secure flagship location selection and lease strategy	Not Started	High	CFO	M08 2026
2	Design and procurement plan for build-out (bar, lighting, sound, finishes)	Not Started	High	CPO	M09 2026
3	Menu engineering and beverage program finalization (signature cocktails, wine, amaro, small plates)	Not Started	High	CBO	M06 2026
4	Licensing, permits, and compliance roadmap	Not Started	High	CLO	M08 2026
5	Initial operating plan and cash-flow model for flagship	Not Started	High	CFO	M07 2026
6	Vendor and supplier onboarding (beverage, food-light, equipment)	Not Started	Medium	COO	M07 2026
7	Brand identity and design system documentation (visuals, tone, rituals)	Not Started	Medium	CMO	M06 2026
8	Operational playbook and standard operating procedures (SOPs) for service and events	Not Started	Medium	COO	M08 2026
Phase 2					
1	Finalize Core Operations Playbook and Training	Not Started	High	COO	M08 2026
2	Define Private Events Strategy & Booking Process	Not Started	High	CMO	M09 2026
3	Guest Flow Optimization & Table Turn Metrics	Not Started	High	COO	M07 2026
4	Menu Engineering for Core Expansion (Signature Cocktails, Classics, Small Plates)	Not Started	High	CPO	M08 2026
5	Weekend Programming & Live Entertainment Scheduling Framework	Not Started	Medium	CIO	M07 2026
6	Modular Design System Specifications for Repeatable Rollouts	Not Started	Medium	CTO	M10 2026
7	Vendor & Supply Chain Stabilization for Beverage Program	Not Started	Medium	CFO	M09 2026
8	Financial Model Update: Unit Economics & Cash Flow Scenarios for Phase 2	Not Started	High	CFO	Q4 2026

Overview of Phases

#	Check List Item	Status	Priority	Area	ETA
Phase 3					
1	Identify and formalize two to three corporate location pilots	Not Started	High	CIO	Q3 2026
2	Develop scalable beverage program modules and private-events playbook	Not Started	High	CPO	M09 2026
3	Create private event sales engine and deposit framework	Not Started	High	CSO	M08 2026
4	Pilot two to three corporate-location concepts with standardized design system	Not Started	High	COO	Q4 2026
5	Establish unit economics model for private events vs. standard service	Not Started	Medium	CFO	M11 2026
6	Forge partnerships with corporate clients for buyouts and experiential programming	Not Started	Medium	CBO	Q1 2027
7	Develop marketing collateral and case studies for corporate venues	Not Started	Medium	CMO	M03 2027
8	Define risk-management and compliance framework for multi-site private events	Not Started	Low	CLO	Q3 2027
Phase 4					
1	Phase 4 Task 1: Establish Strategic Partnerships with Experiential Venues	Not Started	High	CFO	Q4 2026
2	Phase 4 Task 2: Define Branded Partnership Framework and Legal Structures	Not Started	High	CLO	Q1 2027
3	Phase 4 Task 3: Develop Long-Horizon Investment Thesis & Risk Scenarios	Not Started	High	CIO	Q2 2027
4	Phase 4 Task 4: Identify and Assess Potential Corporate Location Pilots	Not Started	Medium	CSO	Q3 2027
5	Phase 4 Task 5: Build Scalable Beverage Program Modules for Multi-Site Use	Not Started	Medium	CPO	M11 2027
6	Phase 4 Task 6: Secure Intellectual Property & Brand Licensing Opportunities	Not Started	Medium	CFO	M12 2027
7	Phase 4 Task 7: Develop Experiential Venue Concept Kits & Showcases	Not Started	Low	CTO	M02 2028
8	Phase 4 Task 8: Create Financial Modeling for Long-Term Ventures & Exit Scenarios	Not Started	High	CFO	Q1 2029

Core Risks & Mitigation Strategies

1. Operation and maintenance risks

#	Risk Type	Area	Mitigation Strategy
1	Equipment failure or unreliability	CFO	Implement preventive maintenance and service contracts with SLA targets
2	Supply chain disruption	CPO	Maintain safety stock and multiple vetted suppliers
3	Labor shortages or turnover	COO	Offer competitive pay, training pipelines, and cross-training programs
4	Quality control and consistency	CPO	Standardize recipes, weigh/scales, and frequent tastings
5	Equipment sanitation and food safety	CLO	HACCP plans, strict sanitization protocols, and staff training

2. Regulatory and legal risks

#	Risk Type	Area	Mitigation Strategy
1	Licensing and permit approvals for on-premise alcohol service	CLO	Early engagement with regulators; maintain proactive permit tracking.
2	Compliance with age verification and smoking policies	CLO	Implement rigorous ID checks and policy training for staff.
3	Food and beverage labeling and allergen disclosure	CFO	Adopt standardized allergen data and supplier verification processes.
4	Health and safety compliance inspections	CFO	Regular safety audits and staff training; maintain up-to-date certifications.
5	Data privacy and payment card industry (PCI) compliance	CIO	Implement PCI-compliant systems and data governance policies.

Core Risks & Mitigation Strategies

3. Strategic/Market Risk

#	Risk Type	Area	Mitigation Strategy
1	Market saturation and competitive differentiation	CMO	Develop a distinct beverage program and brand narrative; invest in exclusive partnerships
2	Economic sensitivity and discretionary spending shifts	CFO	Flex price bands and curated value-driven experiences
3	Location risk and reliance on dense urban footfall	CIO	Rigorous site scoring and phased rollouts with modular design
4	Dependency on live entertainment to drive volumes	CPO	Diversify programming mix and ensure flexible scheduling
5	Expansion execution risk across multi-site rollout	CFO	Standardize operating playbooks and pilot with two sites first

4. Finance risk

#	Risk Type	Area	Mitigation Strategy
1	Liquidity risk during expansion	CFO	Maintain minimum cash cushion and staged capex funding.
2	Debt service and financing costs	CFO	Lock in fixed-rate facilities and monitor refinancing windows.
3	Revenue concentration risk	CEO	Diversify revenue with phased multi-site rollout and steady DAU/guest mix.
4	Cash conversion cycle risk	CFO	Tighten deposit terms and accelerate collections processes.
5	Capital expenditure overrun risk	CFO	Implement strict budget governance and contingency reserves.

5. Other general risks

#	Risk Type	Area	Mitigation Strategy
1	Supply chain disruption for premium beverages	CFO	Diversify suppliers; maintain safety stock; establish alternate sourcing.
2	Brand reputation risk from reviews and social media	CRO	Proactive guest experience program; fast response PR playbook.
3	Talent retention and turnover pressure	CFO	Competitive compensation; career path; cross-training program.
4	Economic downturn affecting discretionary spending	CFO	Flexible pricing bands; focus on efficiency and higher-margin offerings.
5	Technology/system downtime	CIO	Robust backup systems; regular DR drills; vendor SLAs.

Sources: Company's Proprietary Assessment

Market Overview (TAM, SAM and SOM)

Target Available Market (TAM)	Golf Courses & Country Clubs Subindustry	$ 31,300,000k	Source: TAM is based on third party market estimation provided by IBIS World. CAGR is based on open source web research. Expected CAGR for industry is 8.00%
Service Available Market (SAM)	0.05%	With a 31,300,000k USD TAM, the Velvet Hour's realistic Serviceable Available Market—given a single flagship and a measured rollout to 2–3 corporate sites—fits a conservative slice of about 0.015k USD–16M. This reflects capacity, location constraints, and capital needs (build-out, licensing, and operating margins) while targeting upscale after-work an...	
Service Obtainable Market Y1-Y3 (SOM)	Year 1 1.50000% Year 2 2.24000% Year 3 3.40000%	Given a 0.292k USDk capital base within a $SAM that remains relatively diffuse in the upscale lounge segment, growth is intentionally conservative. Y1 around 1.0% reflects early market entry constraints, limited footprint, and a focus on repeat patronage in dense urban settings. Progress to Y2 and Y3 (1.4% and 2.0%) assumes gradual expansion,...	

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 $ 292k

Y1 Cash Flow Stream (thnd USD)	Inflows	Outlows
Gross Profit	153	
Payroll Expenses		20
Rent & Utilities		12
Marketing and Branding		5
Other Miscellaneous		5
CAPEX		245
Legal and Professional Fees		2
Representation and Entert.		1
Training and Development		1
Communication Expenses		1
Office supplies		1
CAPEX & WC shortage Y1		142
Buffer		150
Total Required Investment (thnd USD)		292

Payroll Expenses
6.70%

Rent & Utilities
4.19%

Marketing and Branding
1.68%

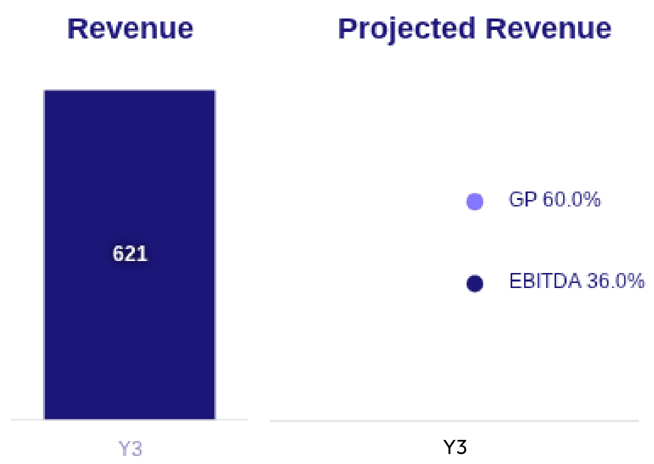
Other Miscellaneous
1.68%

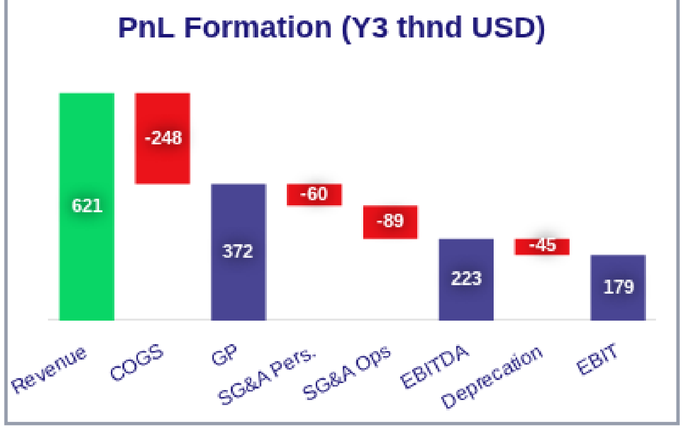
CAPEX
83.25%

Other
2.51%

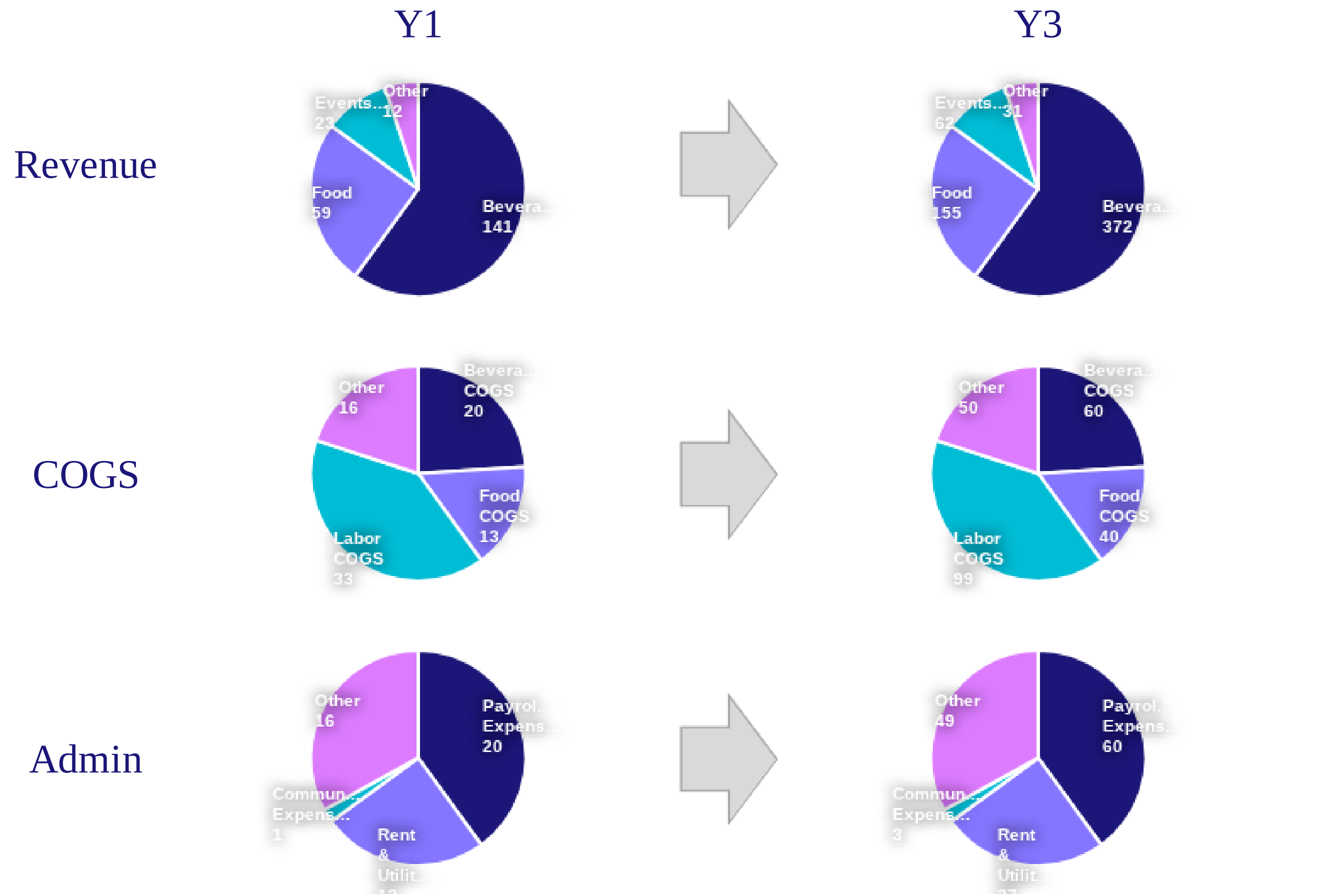
Financials Dashboard

Y3 PL formation and Margins





Business Line Breakdown (thnd USD)

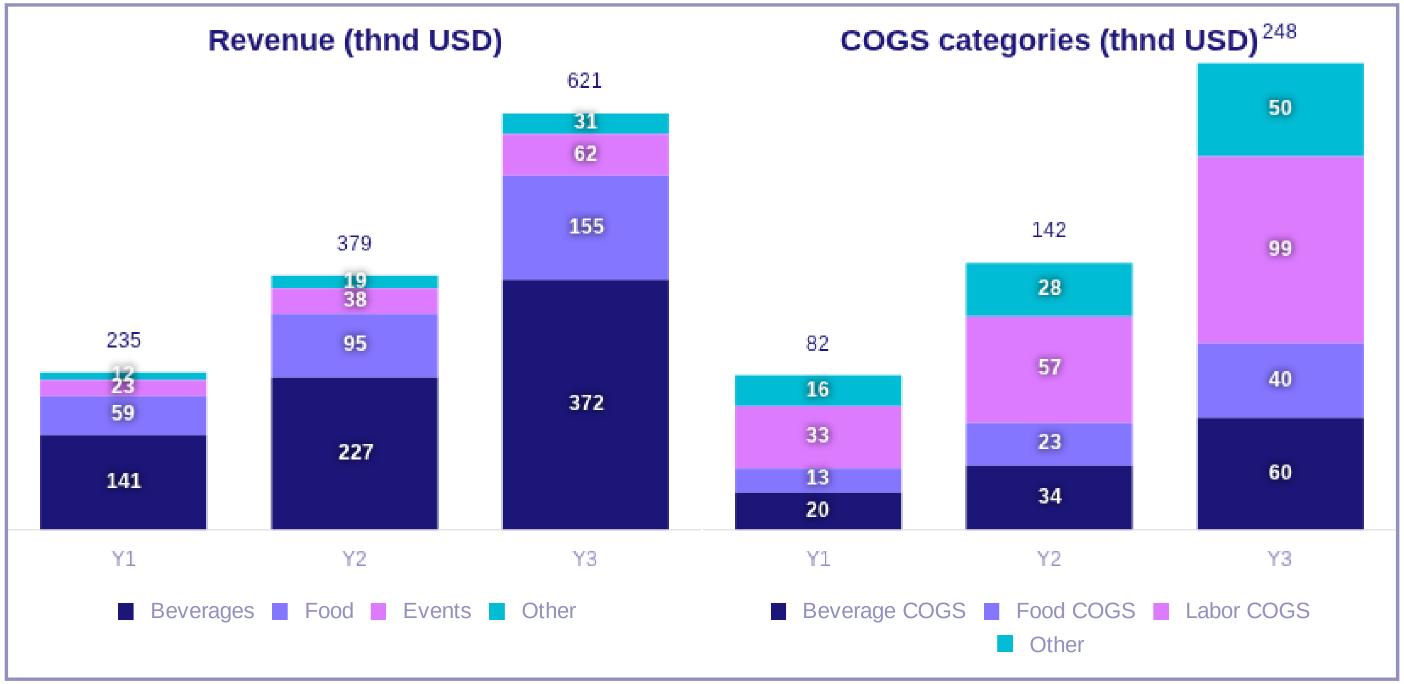


Revenue Formation Narrative

The Velvet Hour targets a total addressable market of 31,300,000k USD with a Serviceable Available Market that reflects a carefully staged rollout from a flagship to two to three corporate sites. Leveraging a beverage-led, high-margin model supported by disciplined menu engineering, the company expects annual revenue trajectories of 156.5k USD, 236.628k USD, and 365.083k USD across the 1,800–2,400 square-foot footprint in dense urban or lifestyle-center locations, recognizing that the SAM is 0 and that the SOM progresses meaningfully across Years 1–3 to capture 1, 1, and 2 of the SAM. Four lines of business—Beverages, Food, Events, and Other—support the revenue mix with target shares of 60, 25, 10, and 5, respectively, ensuring a balanced contribution from beverages, food, events, and other income. The initial capital requirement is 292k USD, funding the build-out, licensing, and brand systems, with a clarified pathway to cash-on-cash payback in 30–36 months as the concept proves the format. Across Years 1–3, revenues are expected to compound with conservative market entry and disciplined execution, validating a revenue narrative anchored in private events, after-work traffic, and premium beverage-led margins. The plan anticipates a measured expansion to 2–3 corporate locations, preserving the brand's experiential edge while enabling scalable unit economics and predictable cash flow growth.

$ 621k Y3 Projected Revenue

0.00% Market Share



Revenue Calculation Details

Revenue Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Beverages	*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%*
Food	*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%*
Events	*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	*5.00%*	*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%*
Beverages	9	9	9	11	11	11	13	13	13	15	15	15	141	227	372
Food	4	4	4	4	4	4	5	5	5	6	6	6	59	95	155
Events	1	1	1	2	2	2	2	2	2	2	2	2	23	38	62
Other	1	1	1	1	1	1	1	1	1	1	1	1	12	19	31
Total Revenue (thnd USD)	15	15	15	18	18	18	22	22	22	24	24	24	235	379	621

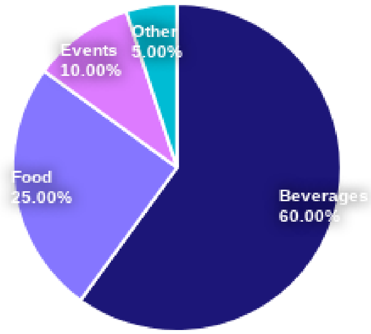
Total revenue is expected to reach $ 621k by year 3.

Main revenue driver are:

- Beverages which generates $ 372k by Year 3
- Food which generates $ 155k by Year 3

Expected CAGR for total Revenue in Y1-Y3 is 62.60 %

Revenue Breakdown



COGS Calculation Details

COGS Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Beverage COGS	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*9.00%*	*9.60%*
Food COGS	*5.60%*	*5.60%*	*5.60%*	*5.60%*	*5.60%*	*5.60%*	*5.60%*	*5.60%*	*5.60%*	*5.60%*	*5.60%*	*5.60%*	*5.60%*	*6.00%*	*6.40%*
Labor COGS	*14.00%*	*14.00%*	*14.00%*	*14.00%*	*14.00%*	*14.00%*	*14.00%*	*14.00%*	*14.00%*	*14.00%*	*14.00%*	*14.00%*	*14.00%*	*15.00%*	*16.00%*
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%*	*7.50%*	*8.00%*
Beverage COGS	1	1	1	1	1	1	2	2	2	2	2	2	20	34	60
Food COGS	1	1	1	1	1	1	1	1	1	1	1	1	13	23	40
Labor COGS	2	2	2	2	2	2	3	3	3	3	3	3	33	57	99
Other	1	1	1	1	1	1	2	2	2	2	2	2	16	28	50
Total COGS (thnd USD)	5	5	5	6	6	6	8	8	8	9	9	9	82	142	248

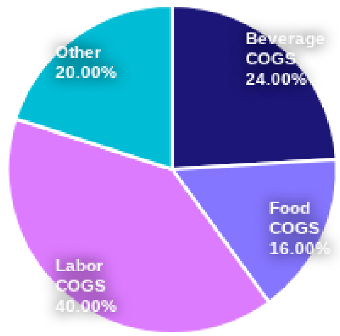
Total COGS is expected to reach '$ 248k by year 3.

Main revenue driver are:

- Labor COGS which generates $ 99k by Year 3
- Beverage COGS which generates $ 60k by Year 3

Expected CAGR for total COGS in Y1-Y3 is 73.83 %

COGS Breakdown



SG&A Calculation Details

OPEX Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Payroll Expenses	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*8.40%*	*9.00%*	*9.60%*
Rent & Utilities	*5.25%*	*5.25%*	*5.25%*	*5.25%*	*5.25%*	*5.25%*	*5.25%*	*5.25%*	*5.25%*	*5.25%*	*5.25%*	*5.25%*	*5.25%*	*5.62%*	*6.00%*
Communication Expenses	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.45%*	*0.48%*
Office supplies	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.42%*	*0.45%*	*0.48%*
Legal and Professional Fees	*1.05%*	*1.05%*	*1.05%*	*1.05%*	*1.05%*	*1.05%*	*1.05%*	*1.05%*	*1.05%*	*1.05%*	*1.05%*	*1.05%*	*1.05%*	*1.12%*	*1.20%*
Marketing and Branding	*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%*	*2.25%*	*2.40%*
Representation and Entertainment	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.68%*	*0.72%*
Training and Development	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.63%*	*0.68%*	*0.72%*
Other Miscellaneous	*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%*	*2.25%*	*2.40%*

Payroll Expenses	1	1	1	1	1	1	2	2	2	2	2	2	20	34	60
Rent & Utilities	1	1	1	1	1	1	1	1	1	1	1	1	12	21	37
Communication Expenses	0	0	0	0	0	0	0	0	0	0	0	0	1	2	3
Office supplies	0	0	0	0	0	0	0	0	0	0	0	0	1	2	3
Legal and Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	2	4	7
Marketing and Branding	0	0	0	0	0	0	0	0	0	1	1	1	5	9	15
Representation and Entertainment	0	0	0	0	0	0	0	0	0	0	0	0	1	3	4
Training and Development	0	0	0	0	0	0	0	0	0	0	0	0	1	3	4
Other Miscellaneous	0	0	0	0	0	0	0	0	0	1	1	1	5	9	15
Total SG&A (thnd USD)	3	3	3	4	4	4	5	5	5	5	5	5	49	85	149

PaT Expectations

Income Statement (thnd USD)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Revenue	**15**	**15**	**15**	**18**	**18**	**18**	**22**	**22**	**22**	**24**	**24**	**24**	**235**	**379**	**621**
Beverages	9	9	9	11	11	11	13	13	13	15	15	15	141	227	372
Food	4	4	4	4	4	4	5	5	5	6	6	6	59	95	155
Events	1	1	1	2	2	2	2	2	2	2	2	2	23	38	62
Other	1	1	1	1	1	1	1	1	1	1	1	1	12	19	31
COGS	**-5**	**-5**	**-5**	**-6**	**-6**	**-6**	**-8**	**-8**	**-8**	**-9**	**-9**	**-9**	**-82**	**-142**	**-248**
Beverage COGS	-1	-1	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2	-20	-34	-60
Food COGS	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-13	-23	-40
Labor COGS	-2	-2	-2	-2	-2	-2	-3	-3	-3	-3	-3	-3	-33	-57	-99
Other	-1	-1	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2	-16	-28	-50
Gross Profit	10	10	10	11	11	11	14	14	14	16	16	16	153	237	372
SG&A Personal Expenses	-1	-1	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2	-20	-34	-60
SG&A Operating Expenses	-2	-2	-2	-2	-2	-2	-3	-3	-3	-3	-3	-3	-30	-51	-89
EBITDA	6	6	6	8	8	8	9	9	9	11	11	11	103	151	223
Depreciation	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-45	-45	-45
EBIT	3	3	3	4	4	4	6	6	6	7	7	7	59	107	179
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit before Tax	3	3	3	4	4	4	6	6	6	7	7	7	59	107	179
Tax	-1	-1	-1	-1	-1	-1	-1	-1	-1	-2	-2	-2	-15	-28	-46
Profit after Tax (thnd USD)	2	2	2	3	3	3	4	4	4	5	5	5	43	79	132

Sources: Company's Proprietary Planning

Balance Sheet Statement

Balance Sheet (thnd USD)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Cash & Cash Equivalents	34	40	45	50	58	64	70	79	88	96	107	117	117	231	392
Accounts Receivable	15	15	15	18	18	18	22	22	22	24	24	24	24	39	65
Inventory	5	5	6	6	6	8	8	8	9	9	9	9	9	16	26
Prepaid Expenses	1	1	1	1	1	1	1	1	2	2	2	2	2	3	5
Deferred Tax Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current Assets	54	61	67	75	83	91	100	110	119	130	141	152	152	289	487
Bar and Beverage Equipment and Installations	89	87	86	84	83	81	80	78	77	75	74	72	72	54	36
Interior Design, Lighting & Acoustics	74	73	72	71	71	70	69	68	67	66	65	64	64	54	43
Kitchen/Cold-Storage (compact food program)	28	27	27	26	26	25	25	24	24	23	23	22	22	17	11
Technology, POS, Sound, Security, and Licensing	51	50	49	49	48	47	46	45	44	43	42	42	42	31	21
Non-Current Assets	241	238	234	230	226	223	219	215	211	208	204	200	200	156	111
Total Assets	296	298	301	305	309	313	319	325	331	338	345	352	352	445	598
Accounts Payable	1	1	1	1	1	1	1	1	1	2	2	2	2	3	5
Short-Term Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Interest Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Tax Liabilities	1	1	2	3	4	5	7	8	10	12	13	15	15	28	46
Current Liabilities	2	2	3	4	5	6	8	10	11	13	15	17	17	30	51
Loans and Other Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	2	2	3	4	5	6	8	10	11	13	15	17	17	30	51
Paid-In Capital	292	292	292	292	292	292	292	292	292	292	292	292	292	292	292
Retained Earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	43	122
Current Period Earnings	2	4	6	9	12	15	19	23	28	33	38	43	43	79	132
Total Equity	294	296	298	301	304	307	311	315	320	325	330	335	335	414	547

Cash Flow Statement - Direct

Cash Flow Statement - Direct (thnd USD)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Initial Balance	41	34	40	45	50	58	64	70	79	88	96	107	-	117	231
Cash from Sales of Goods / Services	-	15	15	15	18	18	18	22	22	22	24	24	210	364	595
Payments to Employees / Vendors	-7	-8	-9	-10	-10	-11	-12	-12	-13	-14	-14	-14	-139	-233	-406
Advances Paid / Received	-	-	-0	-	-	-0	-	-	-0	-	-	-0	-2	-1	-2
Taxes Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-15	-28
Interest Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CF from Operating Activities	-7	6	5	5	8	6	6	9	8	8	11	10	70	115	160
Acquisition of															
Bar and Beverage Equipment and Installations	-	-	-	-	-	-	-	-	-	-	-	-	-90	-	-
Interior Design, Lighting & Acoustics	-	-	-	-	-	-	-	-	-	-	-	-	-75	-	-
Kitchen/Cold-Storage (compact food program)	-	-	-	-	-	-	-	-	-	-	-	-	-28	-	-
Technology, POS, Sound, Security, and Licensing	-	-	-	-	-	-	-	-	-	-	-	-	-52	-	-
CF from Investing Activities	-	-	-	-	-	-	-	-	-	-	-	-	-245	-	-
Loans Received / Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments Received / Paid	-	-	-	-	-	-	-	-	-	-	-	-	292	-	-
CF from Financing Activities	-	-	-	-	-	-	-	-	-	-	-	-	292	-	-
Ending Balance	34	40	45	50	58	64	70	79	88	96	107	117	117	231	392

Assumptions:

- invoices are paid in 30 days;
- inventory is built for the next month;
- salaries are paid in the same month;
- half of admin expenses except salaries is prepaid;
- half of admin expenses except salaries is paid in 30 days;
- interest expenses are paid in the next month.

Cash Flow Statement - Indirect

Cash Flow Statement - Indirect (thnd USD)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Initial Balance	41	34	40	45	50	58	64	70	79	88	96	107	-	117	231
EBIT	3	3	3	4	4	4	6	6	6	7	7	7	59	107	179
Δ Receivables & Prepaids	-15	-	-0	-3	-	-0	-4	-	-0	-3	-	-0	-26	-16	-27
Δ Payables	1	-	-	0	-	-	0	-	-	0	-	-	2	1	2
Δ Inventory	-	-	-1	-	-	-1	-	-	-1	-	-	-0	-9	-7	-10
Δ Depreciation	4	4	4	4	4	4	4	4	4	4	4	4	45	45	45
Tax Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-15	-28
Interest Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CF from Operating Activities	-7	6	5	5	8	6	6	9	8	8	11	10	70	115	160
Acquisition of															
Bar and Beverage Equipment and Installations	-	-	-	-	-	-	-	-	-	-	-	-	-90	-	-
Interior Design, Lighting & Acoustics	-	-	-	-	-	-	-	-	-	-	-	-	-75	-	-
Kitchen/Cold-Storage (compact food program)	-	-	-	-	-	-	-	-	-	-	-	-	-28	-	-
Technology, POS, Sound, Security, and Licensing	-	-	-	-	-	-	-	-	-	-	-	-	-52	-	-
CF from Investing Activities	-	-	-	-	-	-	-	-	-	-	-	-	-245	-	-
Loans Received / Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments Received / Paid	-	-	-	-	-	-	-	-	-	-	-	-	292	-	-
CF from Financing Activities	-	-	-	-	-	-	-	-	-	-	-	-	292	-	-
Ending Balance	34	40	45	50	58	64	70	79	88	96	107	117	117	231	392

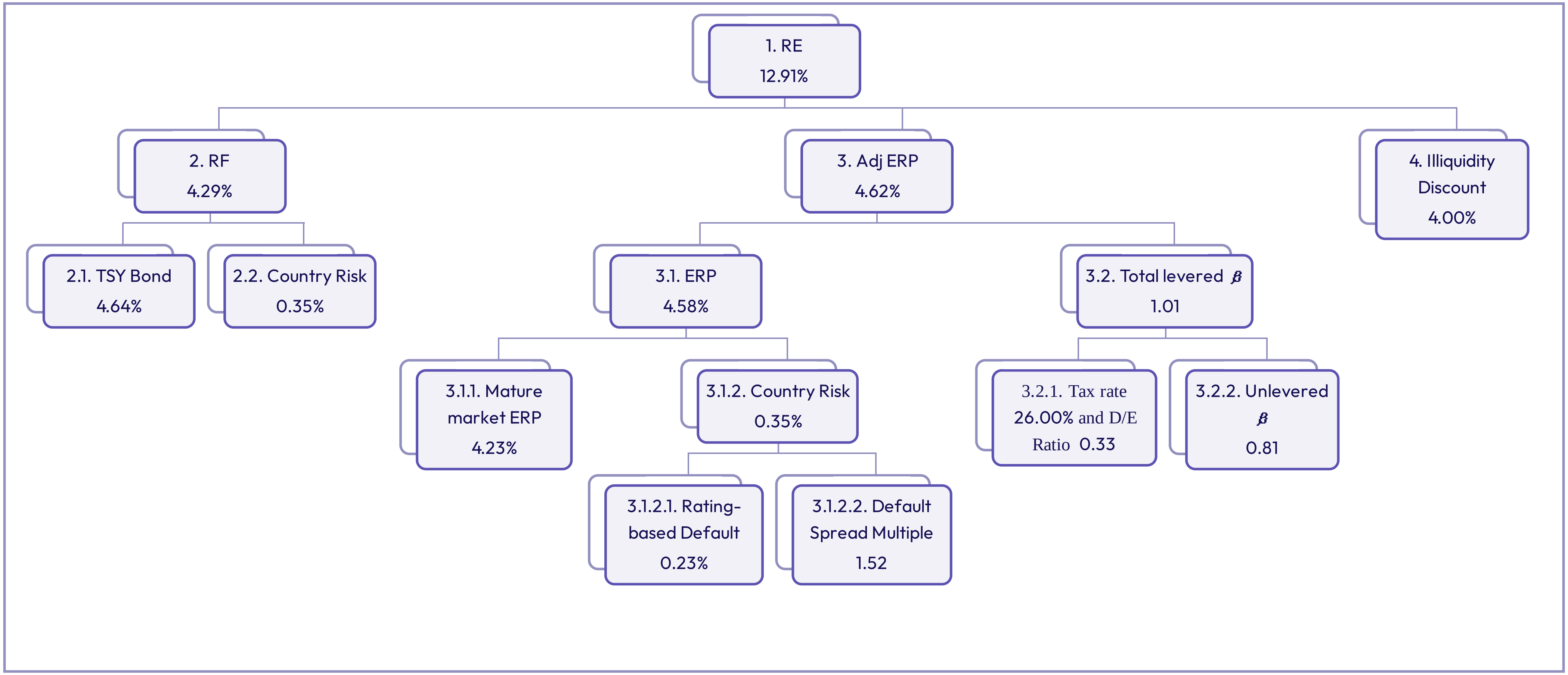
Assumptions:

- invoices are paid in 30 days;
- inventory is built for the next month;
- salaries are paid in the same month;
- half of admin expenses except salaries is prepaid;
- half of admin expenses except salaries is paid in 30 days;
- interest expenses are paid in the next month.

Sources: Company's Proprietary Planning

Cost of Capital Estimation

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)+β ⁎ (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 correspondingindustries. 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 Premiumof 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

	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%	46.68%	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

DCF

(thnd USD)	Y1	Y2	Y3	Y4	Y5	Y6	Y7
Profit after Tax	**43**	**79**	**132**	**143**	**154**	**167**	**180**
Growth% Y4-Y7				8.00%	8.00%	8.00%	8.00%
Growth% Y7	3.50%						
WACC'	**12.91%**						
PV Y1-Y7 at Y0	38	62	92	88	84	80	77
PV Y7 --> Y0	847						
NPV (thnd USD)	1,368						

Assumed 3Y Survival Rate	50%

Final Valuation	$ 684k

The valuation is conducted using the Discounted Cash Flow (DCF) method. In this method, the projected cash flows for a period of 7 years, along with a terminal value, are discounted at a rate of 12.91 % to determine the Firm Value.

Starting from year 3 onwards, the cash flows are estimated to grow at a rate of 8.00 %, 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. Taking into account the project's current stage of development and risk profile, the final survival rate has been assumed at 50%. 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.

Sources: Company's Proprietary Planning

Scenario Analysis: Narrative

Scenario analysis explores how external and internal factors influence key assumptions in financial planning. By analyzing potential positive and negative outcomes, company can better anticipate risks and opportunities when evaluating their future cash flows and overall valuation.

KPI	Scenario	Narrative	KPI affected by
Revenue	Positive	This scenario reflects a favorable market environment or a strategic breakthrough, leading to higher projected revenue. It showcases the potential rewards of scaling and innovative approaches.	higher by 15%
	Negative	This scenario accounts for challenging conditions such as economic downturns or market disruptions, forecasting a potential revenue decrease. It emphasizes the importance of adaptability and risk management.	lower by 15%
COGS	Positive	This scenario demonstrates the benefits of operational efficiency or cost-saving strategies, resulting in reduced COGS. It highlights the value of innovation in supply chain and operations.	lower by 20%
	Negative	This scenario addresses rising costs due to external pressures, resulting in an increase in COGS. It underlines the need for proactive cost-control measures.	higher by 20%
Discount Ra te (RoE)	Positive	This scenario assumes a decrease in the discount rate (RoE) due to improved market conditions, lower perceived risk, or favorable macroeconomic factors. A lower discount rate increases the present value of future cash flows, enhancing the...	lower by 10%
		This scenario models an increase in the discount rate (RoE) driven by higher market risk, macroeconomic instability, or industry-	

Scenario Analysis: Results

Scenario analysis explores how external and internal factors influence key assumptions in financial planning. By analyzing potential positive and negative outcomes, company can better anticipate risks and opportunities when evaluating their future cash flows and overall valuation.

Scenario Analysis			Revenue		COGS		Discount Rate	
	KPIs	Base	Positive	Negative	Positive	Negative	Positive	Negative
Input	Revenue	no impact	15%	-15%	no impact	no impact	no impact	no impact
	COGS	no impact	no impact	no impact	-20%	20%	no impact	no impact
	RoE	no impact	no impact	no impact	no impact	no impact	-10%	10%
Output	Revenue Y3	$ 621k	$ 714k	$ 528k	$ 621k	$ 621k	$ 621k	$ 621k
	Gross Profit Y3	$ 372k	$ 428k	$ 317k	$ 422k	$ 323k	$ 372k	$ 372k
	GP Margin	60%	60%	60%	68%	52%	60%	60%
	EBITDA Y3	$ 223k	$ 257k	$ 190k	$ 273k	$ 174k	$ 223k	$ 223k
	EBITDA Margin	36%	36%	36%	44%	28%	36%	36%
	Net Profit Y3	$ 132k	$ 157k	$ 107k	$ 169k	$ 96k	$ 132k	$ 132k
	Profit Margin	21%	22%	20%	27%	15%	21%	21%
	Final Valuation	$ 684k	$ 815k	$ 553k	$ 874k	$ 494k	$ 806k	$ 592k

Sources: Company's Proprietary Information

Stress Test: Growth Under Pressure

Stress tests provide a comprehensive view of how businesses might perform under extreme conditions, enabling better preparation for the uncertainties of challenges.

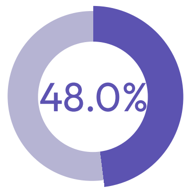
Scenario Name	Story
Growth Under Pressure	This scenario explores the challenges of managing rapid growth while dealing with operational bottlenecks. A surge in demand and revenue places significant strain on supply chains and internal processes. Despite achieving higher sales volumes, inefficiencies in scaling lead to increased costs and a heightened risk perception, keeping the discount rate elevated. 'Growth Under Pressure' examines how businesses can balance seizing growth opportunities while investing in infrastructure, talent, and systems to support scalability.

KPIs impact

Revenue Higher by 20%	**COGS** Higher by 30%
OPEX Higher by 40%	**Discount Rate** unaffected

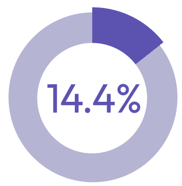
Results

$ 243k Valuation	**$ 745k** Revenue Y3
$ 107k EBITDA	**$ 46k** Profit After Tax



Gross Profit Margin Y3

EBITDA Margin Y3



Stress Test: The Perfect Storm

Stress tests provide a comprehensive view of how businesses might perform under extreme conditions, enabling better preparation for the uncertainties of challenges.

Scenario Name

The Perfect Storm

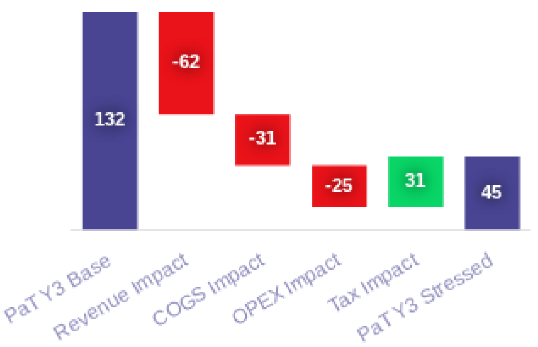
Story

This scenario simulates the convergence of adverse market conditions and rising operational challenges. A sharp downturn in market demand coincides with increased costs due to inflation and supply chain disruptions. The combination results in a dual hit to both top-line revenue and operational margins. Additionally, external factors such as economic instability elevate the discount rate, amplifying the pressure on future cash flows. Businesses facing 'The Perfect Storm' must focus on resilience through diversified revenue streams, cost-control measures, and contingency planning.

KPIs impact

Revenue Lower by 10%	**COGS** Higher by 25%
OPEX Higher by 30%	**Discount Rate** Higher by 10%

Results

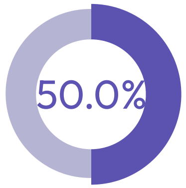


$ 199k
Valuation

$ 559k
Revenue Y3

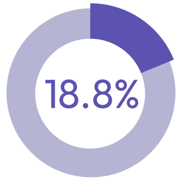
$ 105k
EBITDA

$ 45k
Profit After Tax



Gross Profit Margin Y3

EBITDA Margin Y3



Sensitivity Analysis: SAM & SOM

This sensitivity analysis evaluates the potential impact of changes in Serviceable Addressable Market (SAM) and Serviceable Obtainable Market (SOM) on key financial metrics. By simulating percentage variations in SAM and SOM, this analysis helps identify how shifts in market assumptions affect revenue, profitability, and overall valuation.

		SAM						SOM					
		-20%	-10%	-5%	5%	10%	20%	-9%	-6%	-3%	3%	6%	9%
Revenue	Y1	$ 188k	$ 211k	$ 223k	$ 246k	$ 258k	$ 282k	$ 214k	$ 221k	$ 228k	$ 242k	$ 249k	$ 256k
	Y2	$ 303k	$ 341k	$ 360k	$ 398k	$ 416k	$ 454k	$ 345k	$ 356k	$ 367k	$ 390k	$ 401k	$ 413k
	Y3	$ 497k	$ 559k	$ 590k	$ 652k	$ 683k	$ 745k	$ 565k	$ 583k	$ 602k	$ 639k	$ 658k	$ 676k
Gross Profit	Y1	$ 122k	$ 137k	$ 145k	$ 160k	$ 168k	$ 183k	$ 139k	$ 143k	$ 148k	$ 157k	$ 162k	$ 166k
	Y2	$ 189k	$ 213k	$ 225k	$ 248k	$ 260k	$ 284k	$ 215k	$ 222k	$ 230k	$ 244k	$ 251k	$ 258k
	Y3	$ 298k	$ 335k	$ 354k	$ 391k	$ 410k	$ 447k	$ 339k	$ 350k	$ 361k	$ 384k	$ 395k	$ 406k
GP Margin	Y1	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
	Y2	63%	63%	63%	63%	63%	62%	63%	63%	63%	63%	63%	63%
	Y3	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
EBITDA	Y1	$ 83k	$ 93k	$ 98k	$ 108k	$ 114k	$ 124k	$ 94k	$ 97k	$ 100k	$ 106k	$ 109k	$ 113k
	Y2	$ 121k	$ 136k	$ 144k	$ 159k	$ 167k	$ 182k	$ 138k	$ 142k	$ 147k	$ 156k	$ 161k	$ 165k
	Y3	$ 179k	$ 201k	$ 212k	$ 235k	$ 246k	$ 268k	$ 203k	$ 210k	$ 217k	$ 230k	$ 237k	$ 244k
EBITDA Margin	Y1	44%	44%	44%	44%	44%	44%	44%	44%	44%	44%	44%	44%
	Y2	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
	Y3	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%
Net Profit	Y1	$ 28k	$ 36k	$ 40k	$ 47k	$ 51k	$ 59k	$ 36k	$ 39k	$ 41k	$ 46k	$ 48k	$ 50k
	Y2	$ 57k	$ 68k	$ 73k	$ 85k	$ 90k	$ 101k	$ 69k	$ 72k	$ 76k	$ 82k	$ 86k	$ 89k
	Y3	$ 99k	$ 116k	$ 124k	$ 141k	$ 149k	$ 165k	$ 117k	$ 122k	$ 127k	$ 137k	$ 142k	$ 147k
Profit Margin	Y1	15%	17%	18%	19%	20%	21%	17%	18%	18%	19%	19%	20%
	Y2	19%	20%	20%	21%	22%	22%	20%	20%	21%	21%	21%	22%
	Y3	20%	21%	21%	22%	22%	22%	21%	21%	21%	21%	22%	22%
Final Valuation		$ 510k	$ 597k	$ 641k	$ 728k	$ 771k	$ 858k	$ 606k	$ 632k	$ 658k	$ 710k	$ 736k	$ 762k

Glossary

Abbreviations

Adj – Adjusted
Admin – Administrative Expense
Av – Average
b – Billions of
B2B – Business to Business
B2C – Business to Customer
C-level – Chief level
CAGR – Compounded Annual Growth Rate
CAPEX – Capital Expenditure
CAPM – Capital Asset Pricing Model
CBDO – Chief Business Development Officer
CEO – Chief Executive Officer
CF – Cash FLow
CFO – Chief Financial Officer
COGS – Cost of OODS Sold
CPO – Chief Product Officer
CTO – Chief Technology Officer
D/E – Debt to Equity
DCF – Discounted Cash Flow
Depr. – Depreciation
Dev – Developer
EBIT – Earnings Before Interest and Taxes
EBITDA – Earnings Before Interest, Axes, Depreciation, and Amortization

HR – Human Resources
Inv. – Inventory
k – Thousands of
KPI – Key Performance Indicators
LE – Legal Entity
LFY – Last Fiscal Year
LLM – Large Language Model
m – Millions of
MTD – Month-To-Date
MVP – Minimum Viable Product
NDA – Non-Disclosure Agreement
NFT – Non-Fungible Token
NPV – Net Present Value
OPEX – Operating Expense
P&L – A Profit and Loss (P&L) Statement
PaT – Profit after Tax
PbT – Profit before Tax
PE – Private Equity
PL – Profit and Loss
POC – Proof of Concept
PPE – Property, Plant, and equipment
PV – Present Value
RE – Return on Equity

Sources: Company's Proprietary Information

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