Business Plan

& Valuation Presentation

Contents

OUR
VISION & MISSION

Our Mission

FreshStep Carpet Care exists to restore cleanliness and comfort to every space by delivering professional, reliable carpet, rug, stair, and upholstery cleaning. It removes dirt, stains, pet odors, and allergens using commercial-grade equipment, enabling homes, offices, rentals, hotels, and other spaces to breathe easier and look their best. The organization serves customers through flexible booking, from one-time cleanings to regular maintenance, while prioritizing safety, efficiency, and environmentally responsible practices. By keeping environments healthier and more inviting, FreshStep aims to reduce the burden of cleaning and elevate everyday living and workspaces.

Our Vision

To be the trusted partner for clean, healthy spaces across homes and businesses, making professional-grade cleaning standard and accessible for all. In twenty years, FreshStep aspires to redefine cleanliness standards in the built environment, delivering consistently pristine results, advanced odor and allergen control, and seamless service experiences that empower customers to enjoy refreshed spaces with confidence and ease.

Summary Financials Dashboard

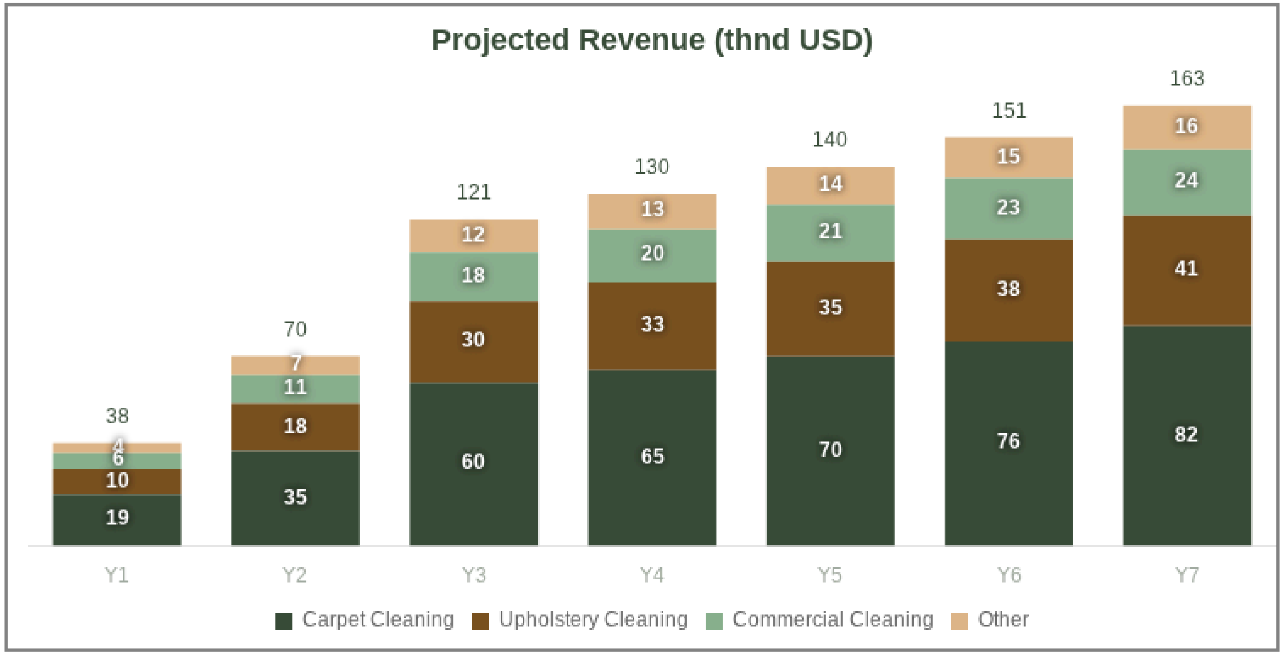
Key performance indicators
(Base Scenario Y3)

$ 121k
Revenue

$ 68k
Gross Profit

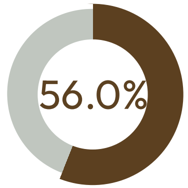
$ 50k
EBITDA

0.00%
Target Market Share

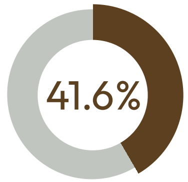


Margins
(Stabilized by Y3)

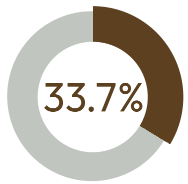
GP Margin



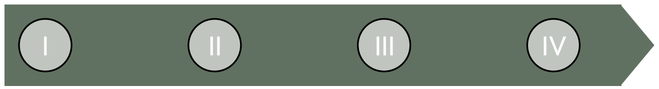
EBITDA Margin



PbT Margin



Project Phases



Phase 1 – Foundational
Phase 2 – Core Expansion and
Phase 3 – Revenue
Phase 4 – Horizon Exploration

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 $ 62k

Y1 CAPEX $ 38k

WC $ 5k

About the Company: General Overview

General Overview

FreshStep Carpet Care is a professional cleaning provider specializing in carpets, rugs, stairs, and upholstered furniture. Leveraging commercial-grade equipment, the company targets dirt removal, stain treatment, pet odor elimination, and allergen reduction to restore the look and feel of interior spaces. Its service offering is versatile, spanning residential homes, offices, rental properties, hotels, and other commercial environments, with flexible scheduling that includes one-time cleanings and regular maintenance visits. This position enables FreshStep Carpet Care to address urgent stain and odor challenges while supporting ongoing indoor air quality and cleanliness. The business emphasizes reliability, efficiency, and attention to detail, ensuring minimal disruption to clients' routines. By delivering consistent results and professional customer interactions, FreshStep Carpet Care aims to build lasting relationships with property owners, facility managers, and hospitality operators. The company also prioritizes safety and environmentally conscious practices, adopting industry-standard cleaning protocols and products suited to a variety of fabrics and surfaces. As demand for clean, healthy indoor spaces continues to grow in both residential and commercial sectors, FreshStep Carpet Care seeks to expand its regional footprint and establish itself as a trusted partner for routine maintenance and one-off restoration projects alike.

The Main Phases: Projects & Impacts

01 Phase 1 – Foundational Cleaning Offering

Phase I.

FreshStep Carpet Care launches with a reliable, high-quality cleaning service for carpets, rugs, stairs, and upholstery, targeting homes, offices, and hospitality. The MVP focuses on stain removal, odor neutralization, and allergen reduction using commercial-grade equipment.

03 Phase 3 – Revenue Diversification

Phase III

New profit streams emerge as FreshStep scales, exploring bundled maintenance subscriptions, commercial contracts, and possible eco-friendly product lines or add-on services like upholstery protection, creating diversified revenue sources.

02 Phase 2 – Core Expansion and Retention

Phase II

The firm expands service breadth and capacity by enhancing cleaning methods, offering recurring maintenance plans, and expanding to rental properties and hotels. This phase defends market presence while building brand trust and efficiency.

04 Phase 4 – Horizon Exploration

Phase IV.

A long-horizon strategy pursues ambitious opportunities such as franchising, smart cleaning tech integration, or sustainable waste remediation partnerships, charting uncertain, high-impact ventures beyond immediate services.

Product Impact on Core Stakeholders

Main Stakeholder	Product Benefits
Homeowners and Renters	People who rely on FreshStep for clean, healthy living spaces in their residences.
Property Managers and Real Estate Owners	Clients responsible for maintaining clean, saleable or rentable spaces in apartments, office buildings, and hospitality properties.
Hotels and Hospitality Operators	Businesses seeking reliable, high-quality cleaning for guest rooms, common areas, and event spaces to maintain standards and guest satisfaction.
Small to Medium-Sized Businesses (SMBs)	Offices and commercial spaces that require routine maintenance cleaning to support operations and reduce allergens and dirt.
Franchise Partners and Investors	Potential franchisees and investors seeking scalable, repeatable cleaning services with a clear growth plan and profitability.
Employees and Cleaning Technicians	Team members who deliver services, whose training, safety, and job satisfaction impact service quality and retention.
Local Communities and Regulators	Communities benefiting from improved indoor air quality and businesses complying with waste management and environmental regulations.

Sources: Company's Proprietary Assessment

Key Performance Components

Competitive Advantage

Advanced Cleaning Technology

FreshStep Carpet Care leverages commercial-grade equipment and industry-certified techniques to remove deep-seated stains, pet odors, and allergens, delivering consistently fresh and hygienic results for homes and commercial spaces alike.

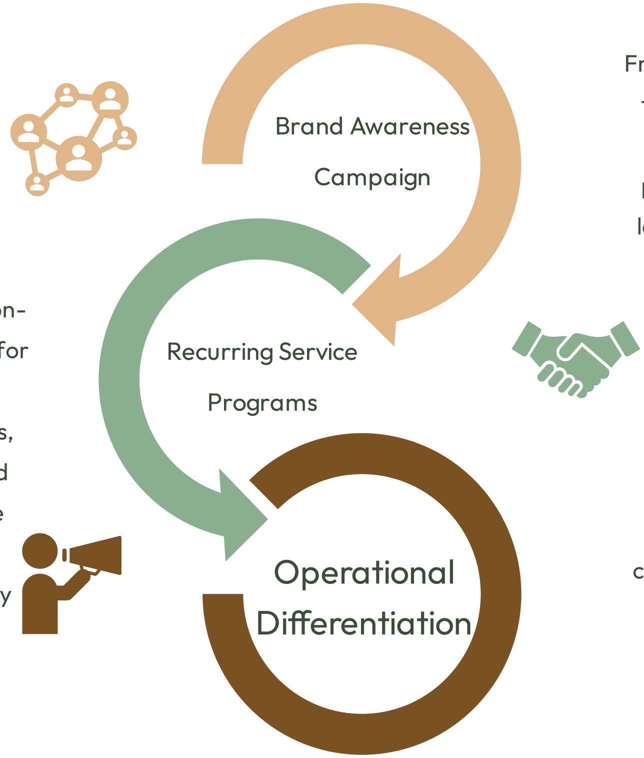
Flexible Service Models

Whether one-time cleanings or ongoing maintenance, FreshStep offers customizable scheduling for homes, offices, rentals, and hotels, ensuring convenience and reliability for diverse property portfolios.

Broad Service Footprint

From carpets to upholstery and stairs, FreshStep covers a wide range of surfaces, enabling a single trusted partner for comprehensive cleaning across residential and commercial environments.

Marketing and Growth Strategy



FreshStep Carpet Care increases visibility through localized digital ads, porch-to-door flyers, and partnerships with property managers. The goal is steady lead flow from homeowners, landlords, and facility managers seeking reliable cleaning services.

The firm offers subscription-based maintenance plans for homes and offices, encouraging regular visits, predictable revenue, and higher customer lifetime value; add-on stain protection and upholstery refresh options.

Emphasizes quick response times, commercial-grade equipment, and odor removal expertise to stand out in residential and commercial markets, ensuring consistent quality, positive reviews, and repeat referrals.

Target **Groups**

	Industries	Description
I	Homeowners	Adults responsible for household upkeep seeking reliable carpet, rug, and upholstery cleaning to improve indoor air quality and comfort in private residences.
II	Property Managers (Residential)	Managers overseeing multi-family dwellings or rental properties who need scheduled cleaning to maintain unit turnover standards and tenant satisfaction.
III	Hospitality Sector	Hotels and guest accommodations needing regular deep cleaning of rooms, corridors, and common areas to uphold hygiene standards and guest experience.
IV	Small Businesses and Offices	Workspaces requiring periodic cleaning of carpets and upholstery to create a clean, professional environment for employees and visitors.
V	Real Estate Agencies	Property stagers and agents seeking pre-listing or post-occupancy cleaning to enhance property appeal and faster sales/rentals.
VI	Facilities/Property Maintenance Teams	In-house or contracted maintenance teams looking for dependable cleaning partners to manage allergen reduction and odor control across facilities.
VII	Health and Wellness Conscious Consumers	Individuals prioritizing allergen reduction and indoor air quality, interested in regular maintenance plans and eco-friendly add-ons.

Sources: Company's Proprietary Assessment

Solution from Phase I to Phase IV

#	Painpoints		Solution
1	Inconsistent Cleaning Quality Across Jobs	Customers experience variability in stain removal, odor control, and allergen reduction between visits, leading to distrust in results.	Standardize processes with a proven cleaning protocol, checklists, and technician training to ensure consistent outcomes every time.
2	Limited Scheduling Flexibility and Availability	Busy homeowners and business clients struggle to find convenient slots that fit their schedules, causing friction and missed appointments.	Offer flexible booking windows, extended hours, and online calendar integration with real-time availability to improve accessibility.
3	Allergen and Odor Reduction Effectiveness	Customers demand long-lasting odor neutralization and reduction of allergens, especially for households with pets or allergies.	Use high-efficiency equipment and EPA-approved deodorizers with a structured post-treatment evaluation to quantify allergen reduction.
4	Maintenance Planning and Recurring Revenue Gaps	Recurring cleaning revenue is hard to forecast without established maintenance programs and incentives for clients to sign up long-term.	Introduce tiered maintenance plans (monthly/quarterly) with clear SLAs, reminders, and discount incentives for subscribers.
5	Expansion Coordination for Rentals and Hotels	Scaling to property managers and hospitality clients requires standardized workflows and faster turnaround times.	Create property-specific service kits, rapid-response team configurations, and streamlined invoicing to handle multi-property accounts efficiently.
6	Quality Control Across Teams	Different crews can deliver varying results, impacting brand trust and repeat business.	Implement a centralized QA program with random post-service inspections, customer feedback loops, and performance dashboards for continuous improvement.
7	Cost Management and Margins	Rising labor and supply costs threaten profitability as the business scales.	Optimize staffing models, negotiate bulk chemical purchases, and introduce bundled services to improve average order value and preserve margins.

Strategic Analysis: SWOT

Strength	Strong service portfolio across residential and commercial sectors, enabling recurring revenue through maintenance programs and scalable pricing. Professional equipment and expertise differentiate outcomes from DIY. Flexible booking options enhance convenience for varied client needs. Established reputation in odor and stain removal builds trust with property managers and hotel clients. Broad market potential in rental turnover and leased properties supports growth.
Weaknesses	Dependency on labor talent limits capacity expansion during peak seasons. High equipment and solvent costs impact upfront and ongoing expenses. Limited brand recognition against larger cleaning brands in some markets. Potential downtime between bookings reduces utilization. Weather and market cycles affect demand in commercial properties.
Opportunities	Expand into green cleaning and hypoallergenic solutions to attract health-conscious clients. Partnerships with property management firms and hotels to secure steady contracts. Introduce subscription maintenance plans for homes and offices. Franchise or franchise-like model to accelerate geographic reach. Upsell add-ons such as upholstery protection and deodorizing services.
Threats	Intense competition from larger franchise operators pressures pricing and margins. Labor shortages and wage inflation impact profitability. Regulatory changes on cleaning chemicals could restrict product use. Economic downturns reduce discretionary spending on maintenance. Emergence of DIY and on-demand cleaning apps increases market substitution.

Sources: Company's Proprietary Assessment

Pestel: Analysis

P	E	S	T	E	L
Political 8 / 10	Economic 7 / 10	Social 7 / 10	Technological 8 / 10	Environmental 6 / 10	Legal 7 / 10
Regulatory Compliance: Local licensing, certifications, and safety rules for cleaning services.	Market Demand: Growth in rental and hospitality sectors drives steady demand for cleaning services.	Hygiene Awareness: Rising consumer emphasis on clean, allergen-free environments.	Equipment Innovation: Advances in cleaning machines and eco-friendly solutions increase efficiency.	Sustainability: Use of eco-friendly products reduces environmental footprint.	Liability and Insurance: Liability coverage protects against property damage and injuries.
Public Health Policy: Regulations on chemical use and indoor air quality standards.	Labor Costs: Wage trends and availability of skilled labor impact profitability.	Convenience Expectations: Preference for flexible booking and regular maintenance plans.	Digital Booking: Online scheduling, CRM, and data analytics improve customer experience.	Waste Management: Proper disposal of wastewater and used cleaning agents is required.	Contract Law: Clear service terms and warranties to minimize disputes.

FreshStep Carpet Care faces regulatory, labor, and health considerations, with opportunities from technological adoption and growing demand for clean, allergen-free spaces; strategic focus on compliance and digital engagement will drive growth.

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

VRIO Framework: Analysis

Value

Does the resource or capability enable the firm to exploit an opportunity or neutralize a threat in the environment?

Professional carpet cleaning capability enables customers to improve indoor air quality and maintain property aesthetics, addressing recurring hygiene needs and enabling maintenance contracts.

V — Yes / No → Competitive Disadvantage

Rarity

Is the resource or capability controlled by only a few firms or no other firms?

Access to advanced equipment and trained technicians is limited to a few service firms with scale and expertise.

R — Yes / No → Competitive Parity

Imitability

Is the resource or capability costly for other firms to imitate?

Proprietary cleaning methods, supplier relationships, and brand reputation raise barriers, though skilled competitors could potentially imitate with investment.

I — Yes / No → Temporary Competitive Advantage

Organization

Is the firm organized to exploit the resource or capability?

Operations are organized around scalable service delivery, scheduling, and repeat-maintenance contracts, supported by trained staff and equipment management.

O — Yes / No → Unused Competitive Advantage

Strong value and organization with some rarity and high imitation barriers suggest competitive advantage when coupled with effective execution and market reach.

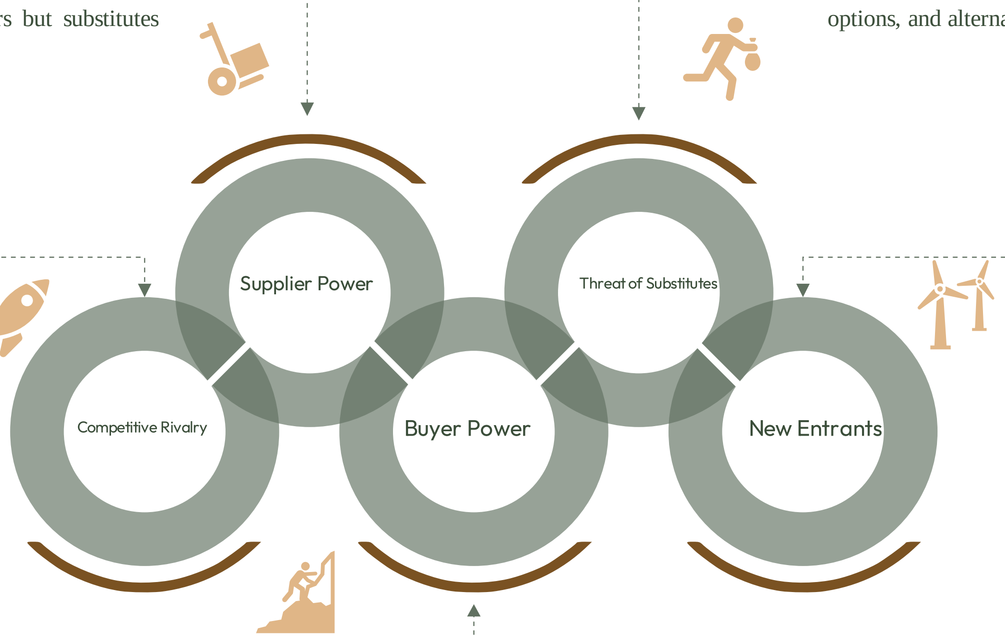
Yes → Sustainable Competitive Advantage

Porter’s Five Forces: Analysis

Moderate; cleaning chemical suppliers and equipment vendors but substitutes exist.

Moderate; DIY cleaning, franchise options, and alternative cleaners exist.

High number of local cleaners; differentiation via service quality and reliability.



Moderate; moderate barriers including equipment cost and trust-building.

Moderate to High; customers able to compare quotes and schedule; loyalty varies.

Competitive landscape in building cleaning favors quality, reliability, and pricing flexibility; focus on service consistency to maintain margins.

High
Moderate
Low

Management Team

Overview

Overview

Overview

Overview

History & Roadmap

Stage 6
Jan 2030

Scale via franchise/licensing and establish national partnerships.

Stage 5
Jul 2029

Diversify services: upholstery and odor remediation for chains.

Stage 4
Jan 2029

Expand fleet, train technicians, and attain industry certifications.

Stage 3
Jul 2028

Introduce recurring maintenance contracts for homes and offices.

Stage 2
Jan 2028

Achieve scheduling automation and standardize cleaning protocols.

Stage 1
Jul 2027

Formalize brand, launch online booking, and expand service areas.

Current Status .

Initial planning phase: brand creation and market validation underway

Organizational and Marketing Tasks

#	Check List Item	Status	Priority	Area	ETA
General Planning and Organization					
1	Define company mission, vision, and core values	Not Started	High	CEO	1 month
2	Establish legal structure, registrations, and insurance	Not Started	High	CFO	1 month
3	Create initial business plan and budgeting for Phase 1	Not Started	High	CFO	2 weeks
4	Set up essential IT systems and data security	Not Started	Medium	CIO	1 month
5	Develop branding, logo, and basic marketing assets	Not Started	Medium	CMO	2 weeks
6	Define pricing strategy and service packages for Phase 1 MVP	Not Started	High	CFO	3 weeks
7	Outline recruitment and initial staffing plan	Not Started	Medium	CPO	1 month
8	Create risk management and contingency planning	Not Started	Low	CLO	1 month
Marketing					
1	Develop a targeted brand positioning and messaging framework for FreshStep Carpet Care	Not Started	High	CMO	2 weeks
2	Launch a customer referral program and incentives to drive word-of-mouth among homeowners, property managers, and hotel partners	Not Started	High	CPO	1 month
3	Build a service-specific website landing pages with clear service tiers (one-time clean vs. maintenance plans) and online booking integration	Not Started	High	CIO	1 month
4	Create targeted digital ad campaigns (Google Ads, Facebook/Instagram) focusing on homes, offices, rentals, and hotels in initial markets	Not Started	High	CMO	1 month
5	Develop a content marketing plan including blogs, how-to guides, and before-after case studies to establish authority in carpet care	Not Started	Medium	CRO	2 months
	Establish partnerships with property management firms and hotel groups; create co-branded				

Overview of Phases

#	Check List Item	Status	Priority	Area	ETA
Phase 1 & Technical Set Up for next Phases					
1	Define MVP scope and service offering	Not Started	High	CPO	M07 2026
2	Acquire initial equipment and supplier contracts	Not Started	High	CFO	M07 2026
3	Develop pricing and service packages for homes, offices, and hospitality	Not Started	High	CPO	M08 2026
4	Build standard operating procedures (SOPs) and safety protocols	Not Started	High	COO	M07 2026
5	Hire and onboard first cleaning technicians and field supervisors	Not Started	High	CLO	M08 2026
6	Create initial customer booking and CRM workflow	Not Started	High	CTO	M07 2026
7	Brand identity and basic marketing collateral for MVP (logo, website, social profiles)	Not Started	Medium	CMO	M08 2026
8	Compliance and insurance setup (business license, general liability, workers' comp)	Not Started	Medium	CFO	M07 2026
Phase 2					
1	Expand service capacity and training for recurring maintenance	Not Started	High	COO	M09 2026
2	Standardize hotel and rental-property cleaning SOPs and pricing	Not Started	High	CFO	Q4 2026
3	Acquire initial strategic hotel and property management partnerships	Not Started	High	CRO	Q3 2027
4	Launch recurring maintenance plans with tiered pricing	Not Started	Medium	CPO	M12 2026
5	Invest in scalable scheduling and CRM for ongoing contracts	Not Started	Medium	CIO	M11 2026
6	Develop standardized quality control and accountability metrics	Not Started	Medium	CFO	M12 2026
7	Create regional expansion plan including target markets and logistics	Not Started	Low	CSO	Q1 2027
8	Pilot eco-friendly cleaning options as add-on in select properties	Not Started	Low	CPO	Q1 2028

Overview of Phases

#	Check List Item	Status	Priority	Area	ETA
Phase 3					
1	Develop bundled maintenance subscriptions for residential and commercial clients	Not Started	High	CPO	M09 2026
2	Launch a pilot commercial contract program with local hotels and property managers	Not Started	High	CRO	Q4 2026
3	Create eco-friendly product line and add-on services (upholstery protection, stain guard)	Not Started	Medium	CPO	M01 2027
4	Develop recurring maintenance pricing and SLAs for rental properties	Not Started	High	CFO	M02 2027
5	Establish cross-sell channels with adjacent services (office cleaning, floor care)	Not Started	Medium	CMO	M04 2027
6	Pilot bundled maintenance package with select customers	Not Started	High	CSO	M06 2027
7	Define metrics and dashboard for revenue diversification initiatives	Not Started	Medium	CIO	Q3 2027
8	Regulatory and compliance review for new service lines (eco-friendly products, chemical use)	Not Started	Low	CLO	Q4 2027
Phase 4					
1	Phase 4 – Horizon Exploration: Franchise feasibility study	Not Started	High	CEO	Q4 2026
2	Phase 4 – Horizon Exploration: Smart cleaning tech integration roadmap	Not Started	High	CTO	Q1 2027
3	Phase 4 – Horizon Exploration: Sustainable waste remediations partnerships scouting	Not Started	Medium	CFO	Q2 2027
4	Phase 4 – Horizon Exploration: Franchise model framework and pilot plan	Not Started	High	CPO	Q3 2027
5	Phase 4 – Horizon Exploration: Legal and regulatory assessment for franchising	Not Started	Medium	CLO	Q4 2027
6	Phase 4 – Horizon Exploration: Brand and partner ecosystem strategic plan	Not Started	Medium	CMO	Q4 2027
7	Phase 4 – Horizon Exploration: Capital and financing plan for expansion	Not Started	High	CFO	Q1 2028
8	Phase 4 – Horizon Exploration: Initial KPI dashboard for horizon initiatives	Not Started	Low	CIO	M02 2028

Core Risks & Mitigation Strategies

1. Operation and maintenance risks

#	Risk Type	Area	Mitigation Strategy
1	Equipment failure or downtime impacting service delivery	COO	Maintain preventive maintenance and spare parts inventory.
2	Supply chain disruptions for cleaning chemicals and consumables	CFO	Diversify suppliers and maintain safety stock.
3	Inadequate workforce capacity or high turnover	CFO	Implement onboarding program and retention incentives.
4	Quality control variance across jobs	CPO	Standardized SOPs and periodic audits.
5	Health and safety incidents on-site	CFO	Rigorous safety training and PPE enforcement.

2. Regulatory and legal risks

#	Risk Type	Area	Mitigation Strategy
1	Licensing and permits compliance	CFO	Track and renew all licenses; maintain up-to-date chemical handling records.
2	Environmental and waste disposal regulations	CFO	Adopt compliant waste handling and disposal practices; partner with licensed disposal vendors.
3	Occupational safety and health compliance	CFO	Implement comprehensive safety training and incident reporting.
4	Advertising and consumer protection compliance	CLO	Standardize verifiable claims; legal review of marketing material.
5	Contract and commercial law risk	CLO	Use clear service Level Agreements and robust liability waivers.

Sources: Company's Proprietary Assessment

Core Risks & Mitigation Strategies

3. Strategic/Market Risk

#	Risk Type	Area	Mitigation Strategy
1	Market adoption and customer retention risk	CSO	Target niche segments with pilot programs and loyalty discounts
2	Competitive landscape and price pressure	CMO	Differentiate via service quality, warranties, and bundled offers
3	Brand trust and perception risk	CISO	Showcase certifications, testimonials, and transparent cleaning protocols
4	Dependence on hospitality and rental property cycles	CFO	Diversify to residential regulars and commercial contracts
5	Market expansion risk to new services	CTO	phased pilots with required metrics before scale

4. Finance risk

#	Risk Type	Area	Mitigation Strategy
1	Cash flow volatility	CFO	Implement flexible AR/AP terms and maintain a cash reserve.
2	Funding runway risk	CFO	Secure multi-phase funding and monitor burn rate closely.
3	Pricing pressure and margin erosion	CFO	Establish value-based pricing and monitor margin by service line.
4	Credit risk with commercial clients	CFO	Rigorous credit checks and clear contract payment terms.
5	Capital expenditure risk for equipment	CFO	Staged asset purchases and utilization tracking before scaling CapEx.

5. Other general risks

#	Risk Type	Area	Mitigation Strategy
1	Brand reputational risk due to inconsistent service quality	CFO	Implement standardized training and QA checks; monitor NPS weekly.
2	Dependency on key suppliers or equipment vendors	COO	Maintain dual-vendor strategy and bulk inventory reserves.
3	Seasonality impacts demand cycles	CMO	Develop off-season promotions and recurring maintenance plans.
4	Limited brand awareness in target markets	CPO	Invest in local partnerships and targeted digital campaigns.

Sources: Company's Proprietary Assessment

Market Overview (TAM, SAM and SOM)

Target Available Market (TAM)	Subindustry	$ 6,790,000k	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 7.80%
Service Available Market (SAM)	0.75%	Given FreshStep Carpet Care's small-capital footprint and US-wide TAM of 6,790,000k USD in carpet cleaning across residential and commercial settings, a cautious serviceable market is appropriate. With 0.062k USDk in capital, the company will need to prioritize core service areas, brand building, and repeat maintenance contracts rather than mass-mark...	
Service Obtainable Market Y1-Y3 (SOM)	Year 1 0.07500% Year 2 0.12800% Year 3 0.20400%	With a capital of 0.062k USDk in a 6,790,000k USD TAM and a SAM of 0.75%, FreshStep Carpet Care is a micro player in a fragmented US market. Industry concentration is moderate with several local and regional cleaners; national brands are few. A cautious, service-focused approach—online booking, targeted local SMB partnerships, competitive..	

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 $ 62k

Y1 Cash Flow Stream (thnd USD)	Inflows	Outlows
Gross Profit	23	
Payroll		2
Rent & Utilities		1
Marketing and Branding		1
Legal and Professional Fees		0
CAPEX		38
Communication Expenses		0
Other Miscellaneous		0
Office supplies		0
Training and Development		0
Representation and Entert.		0
CAPEX & WC shortage Y1		19
Buffer		43
Total Required Investment (thnd USD)		62

Payroll
4.39%

Rent & Utilities
2.82%

Marketing and Branding
1.38%

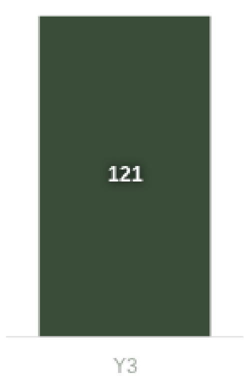
Legal and Professional Fees
0.63%

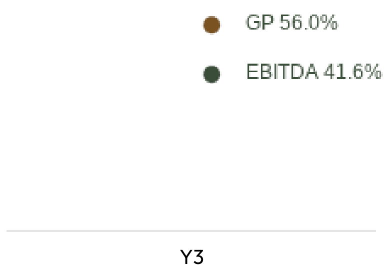
CAPEX
88.71%

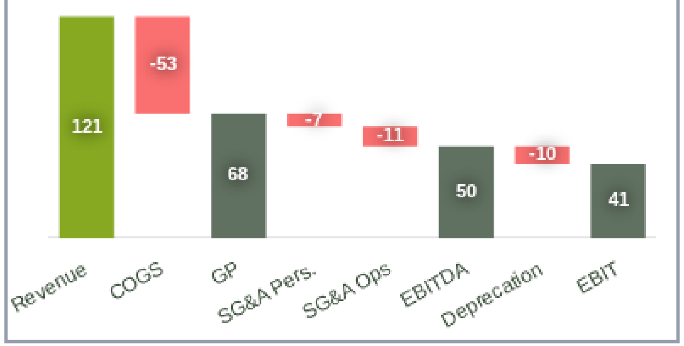
Other
2.07%

Financials Dashboard

Y3 PL formation and Margins







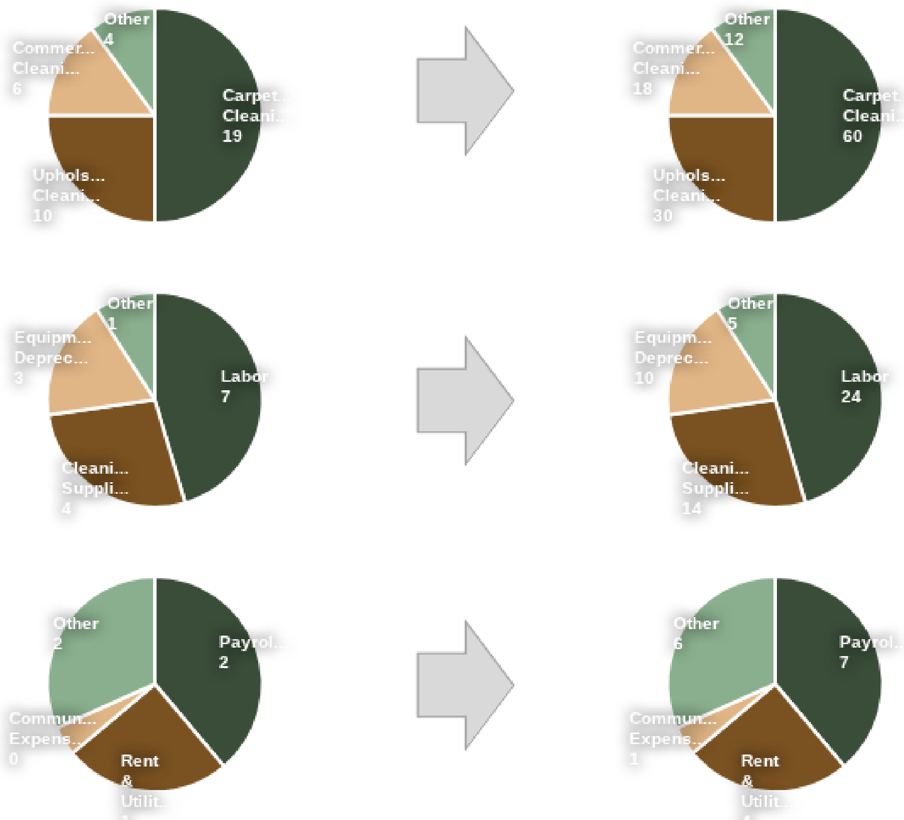
Business Line Breakdown (thnd USD)

Y1 Y3

Revenue

COGS

Admin

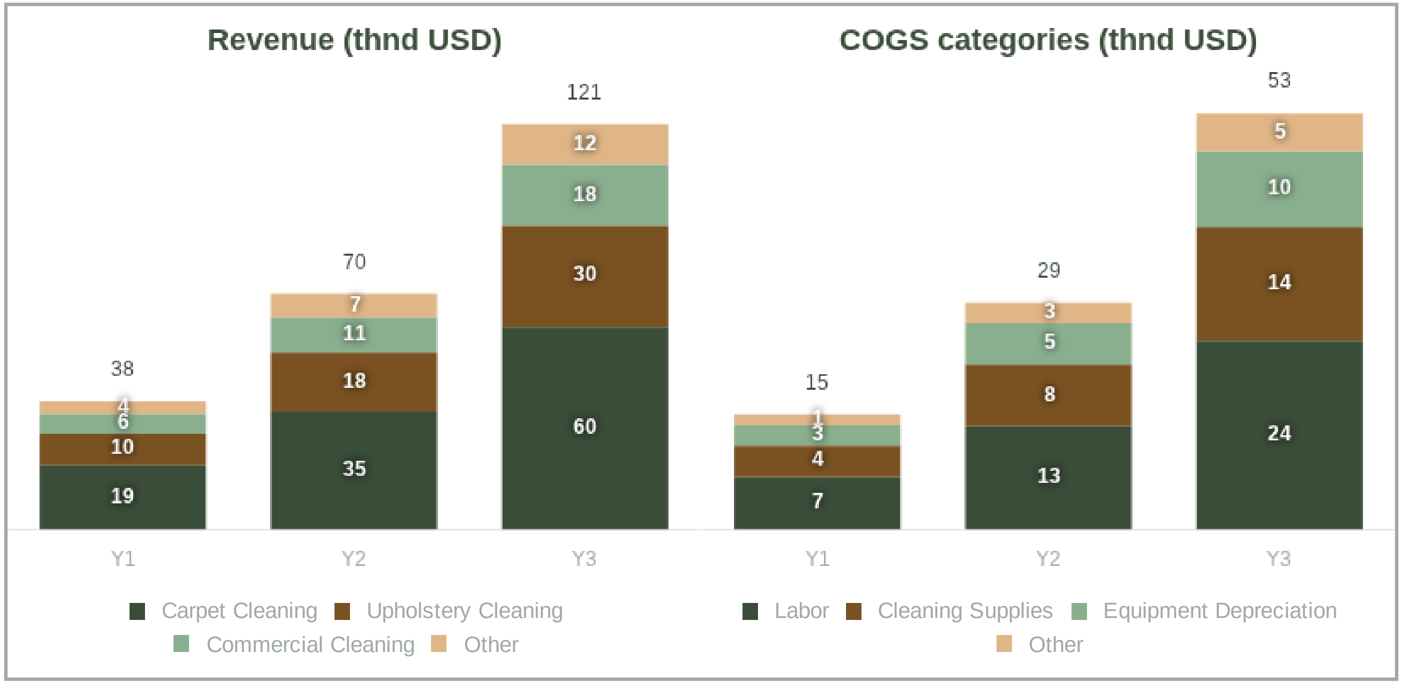


Revenue Formation Narrative

FreshStep Carpet Care operates in the Services to Buildings and Dwellings industry, delivering professional carpet, rug, stair, and upholstery cleaning with commercial-grade equipment for homes, offices, rental properties, hotels, and other commercial spaces. The revenue narrative centers on a TAM of 6,790,000k USD, with a serviceable market (SAM) of 1 and a narrowly focused share within a fragmented competitive landscape. Leveraging a lean capital footprint of 62k USD, the company prioritizes core services, repeat maintenance programs, online booking, and local SMB partnerships to generate steady cash flow while preserving capital efficiency. In Year 1, the business targets revenue of 25.463k USD, expanding to 42.858k USD in Year 2 and 67.631k USD in Year 3 as brand awareness and customer retention scale. The business model distributes revenue across four lines of business: Carpet Cleaning (50), Upholstery Cleaning (25), Commercial Cleaning (15), and Other (10). Captured market share grows through referrals, reliable service, and selective regional marketing: Year 1 SOM equals 0, Year 2 equals 0, and Year 3 equals 0. The combination of a realistic SAM, disciplined capital use, and a customer-centric service model positions FreshStep Carpet Care to convert demand from the TAM into recurring revenue streams, while maintaining a focused geographic footprint and optimizing operating capacity as the business scales toward Year 3.

$ 121k 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
Carpet Cleaning	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*
Upholstery Cleaning	*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%*
Commercial Cleaning	*15.00%*	*15.00%*	*15.00%*	*15.00%*	*15.00%*	*15.00%*	*15.00%*	*15.00%*	*15.00%*	*15.00%*	*15.00%*	*15.00%*	*15.00%*	*15.00%*	*15.00%*
Other	*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%*
Carpet Cleaning	1	1	1	1	1	1	2	2	2	2	2	2	19	35	60
Upholstery Cleaning	1	1	1	1	1	1	1	1	1	1	1	1	10	18	30
Commercial Cleaning	0	0	0	0	0	0	1	1	1	1	1	1	6	11	18
Other	0	0	0	0	0	0	0	0	0	0	0	0	4	7	12
Total Revenue (thnd USD)	2	2	2	3	3	3	4	4	4	4	4	4	38	70	121

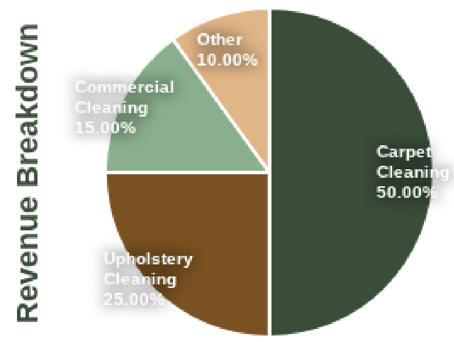
Total revenue is expected to reach $ 121k by year 3.

Main revenue driver are:

• Carpet Cleaning which generates $ 60k by Year 3

• Upholstery Cleaning which generates $ 30k by Year 3

Expected CAGR for total Revenue in Y1-Y3 is 77.79 %



COGS Calculation Details

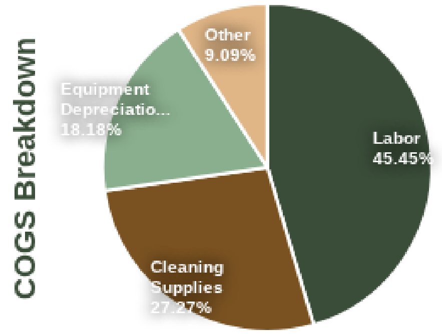
COGS Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Labor	*17.50%*	*17.50%*	*17.50%*	*17.50%*	*17.50%*	*17.50%*	*17.50%*	*17.50%*	*17.50%*	*17.50%*	*17.50%*	*17.50%*	*17.50%*	*18.75%*	*20.00%*
Cleaning Supplies	*10.50%*	*10.50%*	*10.50%*	*10.50%*	*10.50%*	*10.50%*	*10.50%*	*10.50%*	*10.50%*	*10.50%*	*10.50%*	*10.50%*	*10.50%*	*11.25%*	*12.00%*
Equipment Depreciation	*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%*
Other	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.75%*	*4.00%*
Labor	0	0	0	1	1	1	1	1	1	1	1	1	7	13	24
Cleaning Supplies	0	0	0	0	0	0	0	0	0	0	0	0	4	8	14
Equipment Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	3	5	10
Other	0	0	0	0	0	0	0	0	0	0	0	0	1	3	5
Total COGS (thnd USD)	1	1	1	1	1	1	1	1	1	2	2	2	15	29	53

Total COGS is expected to reach '$ 53k by year 3.

Main revenue driver are:

- Labor which generates $ 24k by Year 3
- Cleaning Supplies which generates $ 14k by Year 3

Expected CAGR for total COGS in Y1-Y3 is 90.06 %



SG&A Calculation Details

OPEX Formation	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Payroll	*4.90%*	*4.90%*	*4.90%*	*4.90%*	*4.90%*	*4.90%*	*4.90%*	*4.90%*	*4.90%*	*4.90%*	*4.90%*	*4.90%*	*4.90%*	*5.25%*	*5.60%*
Rent & Utilities	*3.15%*	*3.15%*	*3.15%*	*3.15%*	*3.15%*	*3.15%*	*3.15%*	*3.15%*	*3.15%*	*3.15%*	*3.15%*	*3.15%*	*3.15%*	*3.38%*	*3.60%*
Communication Expenses	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.60%*	*0.64%*
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	*0.70%*	*0.70%*	*0.70%*	*0.70%*	*0.70%*	*0.70%*	*0.70%*	*0.70%*	*0.70%*	*0.70%*	*0.70%*	*0.70%*	*0.70%*	*0.75%*	*0.80%*
Marketing and Branding	*1.54%*	*1.54%*	*1.54%*	*1.54%*	*1.54%*	*1.54%*	*1.54%*	*1.54%*	*1.54%*	*1.54%*	*1.54%*	*1.54%*	*1.54%*	*1.65%*	*1.76%*
Representation and Entertainment	*0.35%*	*0.35%*	*0.35%*	*0.35%*	*0.35%*	*0.35%*	*0.35%*	*0.35%*	*0.35%*	*0.35%*	*0.35%*	*0.35%*	*0.35%*	*0.37%*	*0.40%*
Training and Development	*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%*
Other Miscellaneous	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.56%*	*0.60%*	*0.64%*

Payroll	0	0	0	0	0	0	0	0	0	0	0	0	2	4	7
Rent & Utilities	0	0	0	0	0	0	0	0	0	0	0	0	1	2	4
Communication Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Office supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Legal and Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1
Marketing and Branding	0	0	0	0	0	0	0	0	0	0	0	0	1	1	2
Representation and Entertainment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Training and Development	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Other Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Total SG&A (thnd USD)	0	0	0	0	0	0	0	0	0	1	1	1	5	9	17

PaT Expectations

Income Statement (thnd USD)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3
Revenue	**2**	**2**	**2**	**3**	**3**	**3**	**4**	**4**	**4**	**4**	**4**	**4**	**38**	**70**	**121**
Carpet Cleaning	1	1	1	1	1	1	2	2	2	2	2	2	19	35	60
Upholstery Cleaning	1	1	1	1	1	1	1	1	1	1	1	1	10	18	30
Commercial Cleaning	0	0	0	0	0	0	1	1	1	1	1	1	6	11	18
Other	0	0	0	0	0	0	0	0	0	0	0	0	4	7	12
COGS	**-1**	**-1**	**-1**	**-1**	**-1**	**-1**	**-1**	**-1**	**-1**	**-2**	**-2**	**-2**	**-15**	**-29**	**-53**
Labor	-0	-0	-0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-7	-13	-24
Cleaning Supplies	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-4	-8	-14
Equipment Depreciation	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-3	-5	-10
Other	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-1	-3	-5
Gross Profit	1	1	1	2	2	2	2	2	2	2	2	2	23	41	68
SG&A Personal Expenses	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-2	-4	-7
SG&A Operating Expenses	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-3	-6	-11
EBITDA	1	1	1	1	1	1	2	2	2	2	2	2	19	32	50
Depreciation	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-10	-10	-10
EBIT	0	0	0	1	1	1	1	1	1	1	1	1	9	22	41
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit before Tax	0	0	0	1	1	1	1	1	1	1	1	1	9	22	41
Tax	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-2	-6	-11
Profit after Tax (thnd USD)	0	0	0	0	0	0	1	1	1	1	1	1	7	16	30

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	22	23	24	25	27	28	29	30	32	33	35	37	37	62	84
Accounts Receivable	2	2	2	3	3	3	4	4	4	4	4	4	4	7	13
Inventory	1	1	1	1	1	1	1	1	2	2	2	2	2	3	6
Prepaid Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Deferred Tax Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current Assets	25	27	28	29	31	32	34	35	37	39	41	43	43	73	103
Cleaning equipment and machines	13	13	13	12	12	12	12	12	11	11	11	11	11	8	5
Vehicle and transportation equipment	10	9	9	9	9	9	9	8	8	8	8	8	8	6	4
Facility assets and leasehold improvements	6	6	6	6	5	5	5	5	5	5	4	4	4	2	6
Technology and software for scheduling/CRM	8	8	8	7	7	7	7	7	6	6	6	6	6	3	8
Non-Current Assets	37	36	35	35	34	33	32	31	31	30	29	28	28	19	24
Total Assets	62	63	63	64	64	65	66	67	68	69	70	71	71	91	127
Accounts Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Short-Term Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Interest Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Tax Liabilities	0	0	0	0	1	1	1	1	1	2	2	2	2	6	11
Current Liabilities	0	0	0	1	1	1	1	1	2	2	2	3	3	6	11
Loans and Other Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	0	0	0	1	1	1	1	1	2	2	2	3	3	6	11
Paid-In Capital	62	62	62	62	62	62	62	62	62	62	62	62	62	62	62
Retained Earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	7	23
Current Period Earnings	0	1	1	1	2	2	3	4	4	5	6	7	7	16	30
Total Equity	62	63	63	63	64	64	65	66	66	67	68	69	69	85	115

Sources: Company's Proprietary Planning

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	23	22	23	24	25	27	28	29	30	32	33	35	-	37	62
Cash from Sales of Goods / Services	-	2	2	2	3	3	3	4	4	4	4	4	34	67	115
Payments to Employees / Vendors	-1	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2	-2	-21	-40	-72
Advances Paid / Received	-	-	-0	-	-	-0	-	-	-0	-	-	-0	-0	-0	-0
Taxes Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-2	-6
Interest Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CF from Operating Activities	-1	1	1	1	1	1	1	2	2	1	2	2	13	25	37
Acquisition of															
Cleaning equipment and machines	-	-	-	-	-	-	-	-	-	-	-	-	-13	-	-
Vehicle and transportation equipment	-	-	-	-	-	-	-	-	-	-	-	-	-10	-	-
Facility assets and leasehold improvements	-	-	-	-	-	-	-	-	-	-	-	-	-6	-	-6
Technology and software for scheduling/CRM	-	-	-	-	-	-	-	-	-	-	-	-	-8	-	-8
CF from Investing Activities	-	-	-	-	-	-	-	-	-	-	-	-	-38	-	-15
Loans Received / Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments Received / Paid	-	-	-	-	-	-	-	-	-	-	-	-	62	-	-
CF from Financing Activities	-	-	-	-	-	-	-	-	-	-	-	-	62	-	-
Ending Balance	22	23	24	25	27	28	29	30	32	33	35	37	37	62	84

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	23	22	23	24	25	27	28	29	30	32	33	35	-	37	62
EBIT	0	0	0	1	1	1	1	1	1	1	1	1	9	22	41
Δ Receivables & Prepaids	-2	-	-0	-0	-	-0	-1	-	-0	-0	-	-0	-4	-3	-5
Δ Payables	0	-	-	0	-	-	0	-	-	0	-	-	0	0	0
Δ Inventory	-	-	-0	-	-	-0	-	-	-0	-	-	-0	-2	-2	-2
Δ Depreciation	1	1	1	1	1	1	1	1	1	1	1	1	10	10	10
Tax Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-2	-6
Interest Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CF from Operating Activities	-1	1	1	1	1	1	1	2	2	1	2	2	13	25	37
Acquisition of															
Cleaning equipment and machines	-	-	-	-	-	-	-	-	-	-	-	-	-13	-	-
Vehicle and transportation equipment	-	-	-	-	-	-	-	-	-	-	-	-	-10	-	-
Facility assets and leasehold improvements	-	-	-	-	-	-	-	-	-	-	-	-	-6	-	-6
Technology and software for scheduling/CRM	-	-	-	-	-	-	-	-	-	-	-	-	-8	-	-8
CF from Investing Activities	-	-	-	-	-	-	-	-	-	-	-	-	-38	-	-15
Loans Received / Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments Received / Paid	-	-	-	-	-	-	-	-	-	-	-	-	62	-	-
CF from Financing Activities	-	-	-	-	-	-	-	-	-	-	-	-	62	-	-
Ending Balance	22	23	24	25	27	28	29	30	32	33	35	37	37	62	84

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.

Cost of Capital Estimation

Required Return on Equity Derivation

- 1. RE 13.34%
  - 2. RF 4.29%
    - 2.1. TSY Bond 4.64%
    - 2.2. Country Risk 0.35%
  - 3. Adj ERP 5.05%
    - 3.1. ERP 4.58%
      - 3.1.1. Mature market ERP 4.23%
      - 3.1.2. Country Risk 0.35%
        - 3.1.2.1. Rating-based Default 0.23%
        - 3.1.2.2. Default Spread Multiple 1.52
    - 3.2. Total levered β 1.10
      - 3.2.1. Tax rate 26.00% and D/E Ratio 0.36
      - 3.2.2. Unlevered β 0.87
  - 4. Illiquidity Discount 4.00%

Sources: Aswath Damodaran, web search

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/

Sources: Aswath Damodaran, Investing.com

Business Valuation

DCF	(thnd USD)	Y1	Y2	Y3	Y4	Y5	Y6	Y7
	Profit after Tax	**7**	**16**	**30**	**32**	**35**	**38**	**41**
	Growth% Y4-Y7				7.80%	7.80%	7.80%	7.80%
	Growth% Y7	5.60%						
	WACC'	**13.34%**						
	PV Y1-Y7 at Y0	6	13	21	20	19	18	17
	PV Y7 --> Y0	231						
	NPV (thnd USD)	344						

Assumed 3Y Survival Rate	50%

Final Valuation	$ 172k

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 13.34 % to determine the Firm Value.

Starting from year 3 onwards, the cash flows are estimated to grow at a rate of 5.20 %, which is consistent with the market Compound Annual Growth Rate (CAGR) trend. Beyond year 7, the cash flows are assumed to grow at a long-term growth rate of 3.50 %.

To account for the inherent risks associated with a start-up venture, the Firm Value is adjusted using the historical survival rate of newly established firms. As indicated by the study conducted by Aswath Damodaran, there was approximately 50% probability of survival for Information sector companies. 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 Rate (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	$ 121k	$ 139k	$ 103k	$ 121k	$ 121k	$ 121k	$ 121k
	Gross Profit Y3	$ 68k	$ 78k	$ 57k	$ 78k	$ 57k	$ 68k	$ 68k
	GP Margin	56%	56%	56%	65%	47%	56%	56%
	EBITDA Y3	$ 50k	$ 58k	$ 43k	$ 61k	$ 40k	$ 50k	$ 50k
	EBITDA Margin	42%	42%	42%	50%	33%	42%	42%
	Net Profit Y3	$ 30k	$ 36k	$ 25k	$ 38k	$ 22k	$ 30k	$ 30k
	Profit Margin	25%	26%	24%	31%	18%	25%	25%
	Final Valuation	$ 172k	$ 204k	$ 140k	$ 217k	$ 127k	$ 211k	$ 144k

Stress Test: Growth Under Pressure

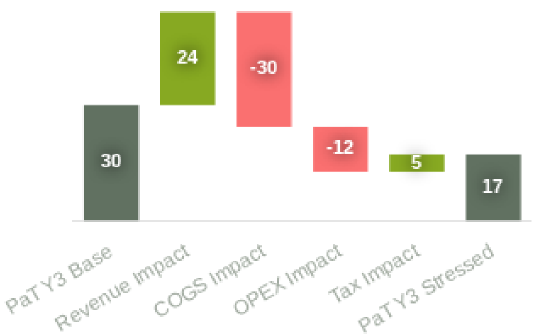
Stress tests provide a comprehensive view of how businesses might perform under extreme conditions, enabling better preparation for the uncertainties of challenges.

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.

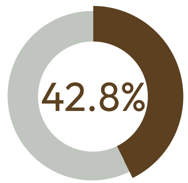
KPIs impact

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

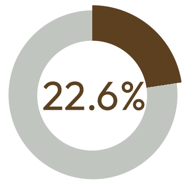
Results



$ 99k Valuation	**$ 145k** Revenue Y3
$ 33k EBITDA	**$ 17k** Profit After Tax



Gross Profit Margin Y3



EBITDA Margin Y3

Stress Test: The Perfect Storm

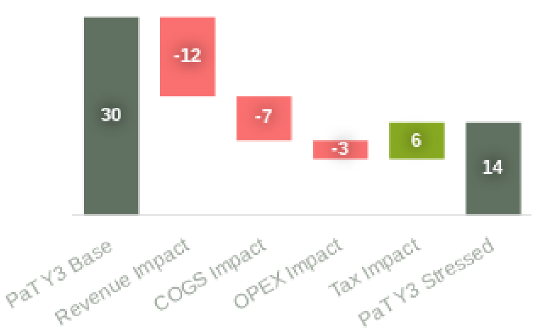
Stress tests provide a comprehensive view of how businesses might perform under extreme conditions, enabling better preparation for the uncertainties of challenges.

Scenario Name	Story
The Perfect Storm	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.

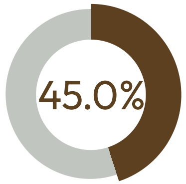
KPIs impact

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

Results

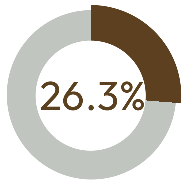


$ 67k Valuation	$ 109k Revenue Y3
$ 29k EBITDA	$ 14k Profit After Tax



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	$ 31k	$ 34k	$ 36k	$ 40k	$ 42k	$ 46k	$ 35k	$ 36k	$ 37k	$ 39k	$ 40k	$ 42k
	Y2	$ 56k	$ 63k	$ 67k	$ 74k	$ 77k	$ 84k	$ 64k	$ 66k	$ 68k	$ 72k	$ 74k	$ 77k
	Y3	$ 97k	$ 109k	$ 115k	$ 127k	$ 133k	$ 145k	$ 110k	$ 113k	$ 117k	$ 124k	$ 128k	$ 132k
Gross Profit	Y1	$ 19k	$ 21k	$ 22k	$ 25k	$ 26k	$ 28k	$ 21k	$ 22k	$ 23k	$ 24k	$ 25k	$ 26k
	Y2	$ 33k	$ 37k	$ 39k	$ 43k	$ 45k	$ 50k	$ 38k	$ 39k	$ 40k	$ 43k	$ 44k	$ 45k
	Y3	$ 54k	$ 61k	$ 64k	$ 71k	$ 74k	$ 81k	$ 62k	$ 64k	$ 66k	$ 70k	$ 72k	$ 74k
GP Margin	Y1	61%	62%	62%	61%	62%	62%	62%	62%	61%	62%	62%	62%
	Y2	59%	59%	59%	59%	59%	59%	59%	59%	59%	59%	59%	59%
	Y3	56%	56%	56%	56%	56%	56%	56%	56%	56%	56%	56%	56%
EBITDA	Y1	$ 15k	$ 17k	$ 18k	$ 20k	$ 21k	$ 22k	$ 17k	$ 18k	$ 18k	$ 19k	$ 20k	$ 20k
	Y2	$ 25k	$ 29k	$ 30k	$ 33k	$ 35k	$ 38k	$ 29k	$ 30k	$ 31k	$ 33k	$ 34k	$ 35k
	Y3	$ 40k	$ 45k	$ 48k	$ 53k	$ 55k	$ 60k	$ 46k	$ 47k	$ 49k	$ 52k	$ 53k	$ 55k
EBITDA Margin	Y1	49%	49%	49%	49%	49%	49%	49%	49%	49%	49%	49%	49%
	Y2	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%
	Y3	42%	42%	42%	42%	42%	42%	42%	42%	42%	42%	42%	42%
Net Profit	Y1	$ 4k	$ 5k	$ 6k	$ 7k	$ 8k	$ 10k	$ 6k	$ 6k	$ 6k	$ 7k	$ 8k	$ 8k
	Y2	$ 12k	$ 14k	$ 15k	$ 18k	$ 19k	$ 21k	$ 14k	$ 15k	$ 16k	$ 17k	$ 18k	$ 19k
	Y3	$ 23k	$ 26k	$ 28k	$ 32k	$ 34k	$ 38k	$ 27k	$ 28k	$ 29k	$ 31k	$ 32k	$ 33k
Profit Margin	Y1	13%	16%	17%	19%	19%	21%	16%	17%	17%	18%	19%	19%
	Y2	21%	22%	23%	24%	24%	25%	22%	23%	23%	24%	24%	24%
	Y3	23%	24%	25%	25%	25%	26%	24%	25%	25%	25%	25%	25%
Final Valuation		$ 129k	$ 150k	$ 161k	$ 183k	$ 193k	$ 215k	$ 152k	$ 159k	$ 165k	$ 178k	$ 185k	$ 191k

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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