BORSA İSTANBUL

Sample
Startup Valuation Report

November 2016

Important Note:
This presentation is prepared by using Equidam's Sample Valuation Report

Business Plan Scanner + Company Profile

The Company

Legal entity
Advisory board in place
Expansion stage

The Idea

Scalable business
Demand validated by competitors
Internationalization planned or active
IP protected with barriers

The Team

Team Commited part time
Business background with experience
Technical experience
Previous startup experience with successful exit(s)

Finance

Post-revenues company
Venture capital investor
Some exit opportunuties

Marketing

Few partners contracted
Secured distribution channels
Systematic marketing started

Company Profile

Sample Company

Legally constituted:	**Yes**
Year of constitution	**2013**
Country	**Turkey**
Scalibility	**Yes**
Selling Approach	**B2C**

Committed Resources

Capital:	**€ 50.000**
Time:	**12**
The commitment:	**Part time**

Stage of Development

Stage of development:	**Expansion stage**
Product roll-out:	**Minimum viable product**
Profitability:	**Revenues, negative profits**

Comptetition

Target market:	**Estimated from related markets**
Level of competition:	**Some small players**
Comptetitive products are:	**On the same level and less innovative**
Marketing approach:	**B2B partnership or sales and selling agents**

Core Business

In an animated way, they are the Ghostbusters of the demons that haunt carpooling. They are solving the mystery of network effect and the security issue to enable real carpooling. Google/Waze has been after the same treasure for the last few years in Tel Aviv and San Francisco.

Team

Founders:	**2**
Full Time Employees:	**13**
Management team composition:	**Only founders**

Experience

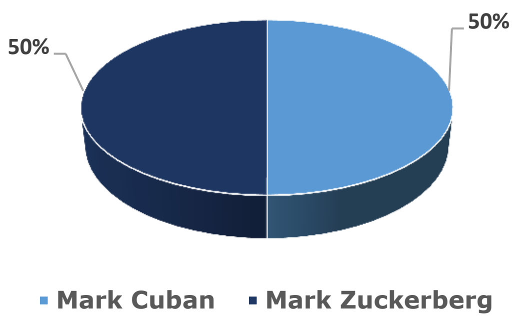
In the industry:	**15**
Previous startup:	**Yes, successful exit(s)**

Skills and Capabilities

Business and manegeral:	**Business backround or experience**
Technical:	**Technical but no backround**

Company Profile

Shareholders



Annual Recurring Revenues (ARR) (€)

Year 1	Year 2	Year 3
659.000	1.345.000	3.700.000

Latest operating performance (€)

Revenues	**495.000**
Cost of Goods Sold	**426.000**
Operating Expenses	**80.000**
EBITDA	**-11.000**
EBIT	**-11.000**
Net Profit	**-371.000**

Assets (€)

Cash and Cash Equivalents	**200.000**
Accounts Receivables	**18.000**
Inventory	**0**
Tangible Assets	**0**
Intangible Assets	**0**
Financial Assets	**0**

Liabilities (€)

Accounts Payables	**5.000**
Other Current Liabilities	**12.000**
Long Term Liabilities	**60.000**
Equity	**141.000**

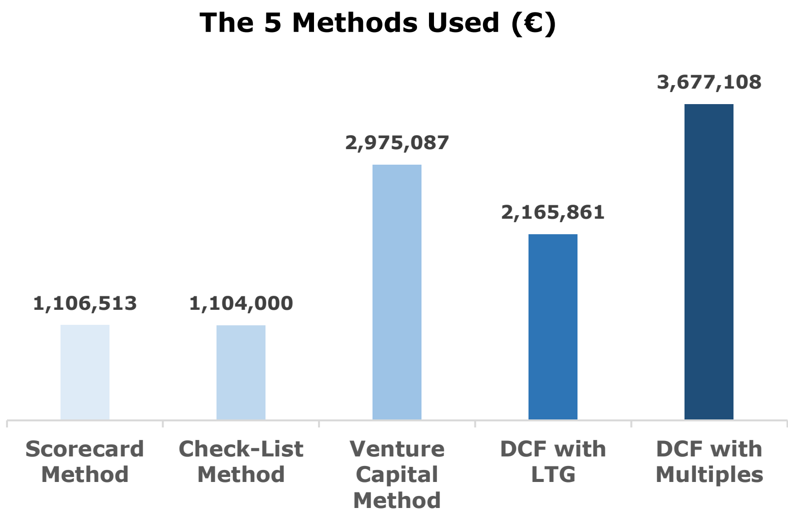
Ratios

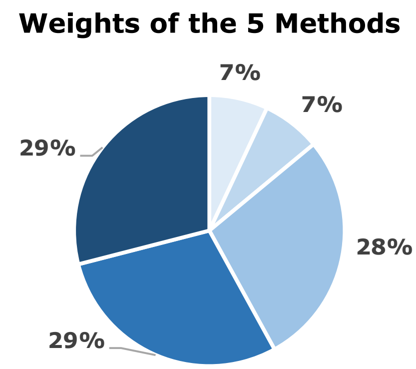
Profit as % of revenues	**-74,9%**
COGS as % of revenues	**86,0%**
EBITDA as % of revenues	**-2,2%**

Elevator Pitch

This is a great company with a great product and event greater team of industry professionals with several years of experience in the field

Valuation





Valuation Weights

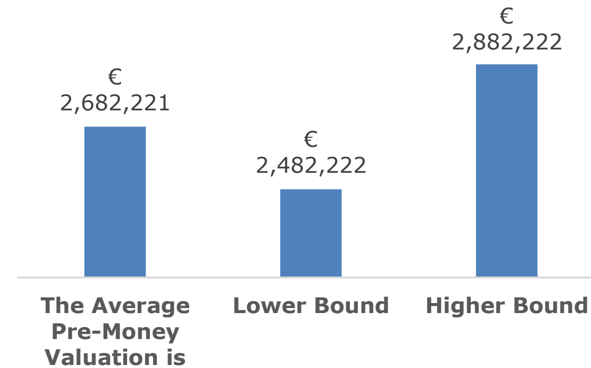
- The weights displayed in the chart are those used to average the outcomes of the 5 valuation methodologies implemented in this analysis.
- The weights are set according to the stage of the development of the startup: the later the stage and the higher the influence of analytical models given the higher reliability of the financial projections. Users may however prefer one method over another in determining their valuation estimate.

Valuation

The Average Pre-Money Valuation is € 2.682.221

Lower Bound € 2.482.222

Higher Bound € 2.882.222



This determines a percentage of

- **6,9 %**

For an investment of

€ 200.000

6,5 %

7,5 %

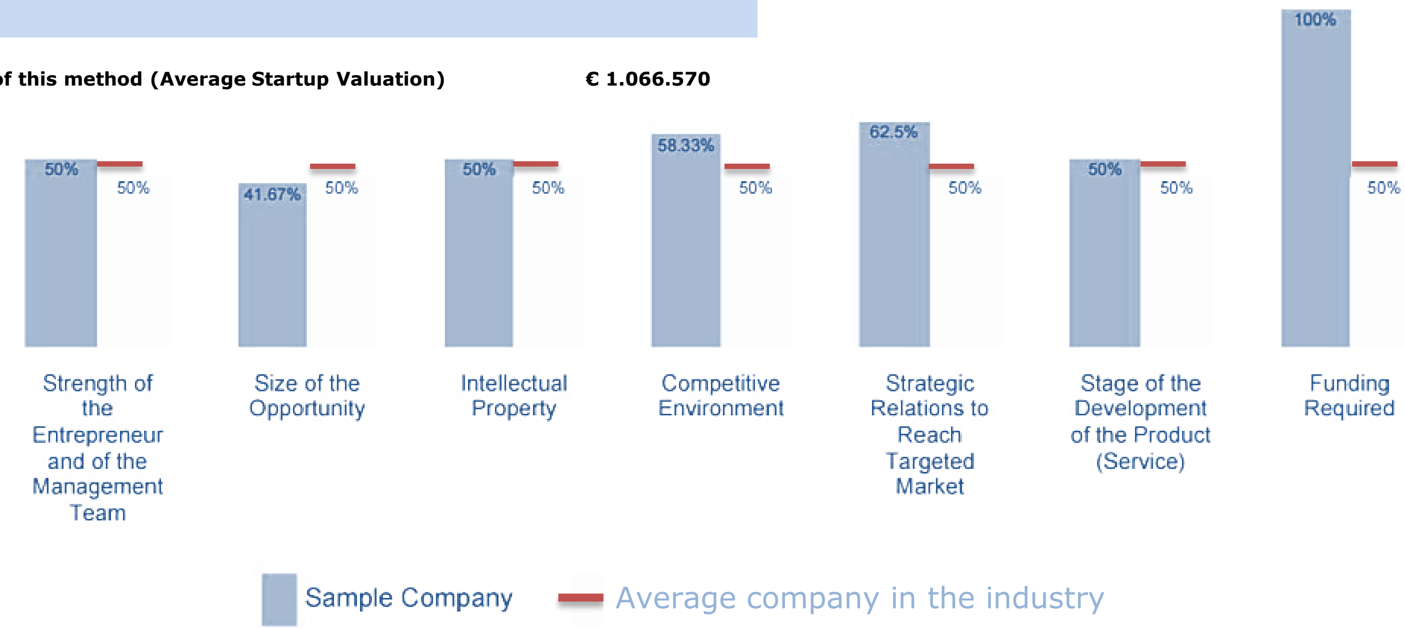
Range Interpretation

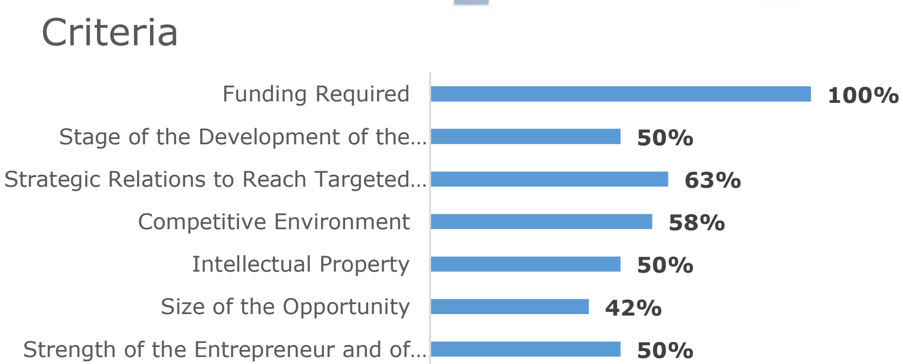
- The above valuation bounds are determined according to the variance of the valuation estimates provided by the 5 methodologies implemented. The larger the spread between the smallest and biggest estimate, the larger the interval range.

Scorecard Method

Assumptions

Starting value of this method (Average Startup Valuation) **€ 1.066.570**



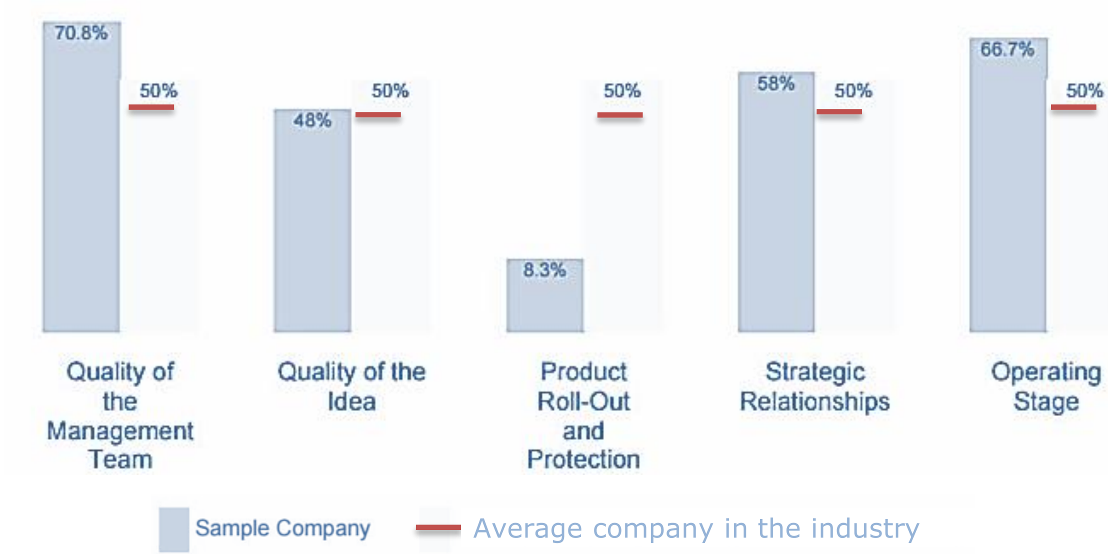


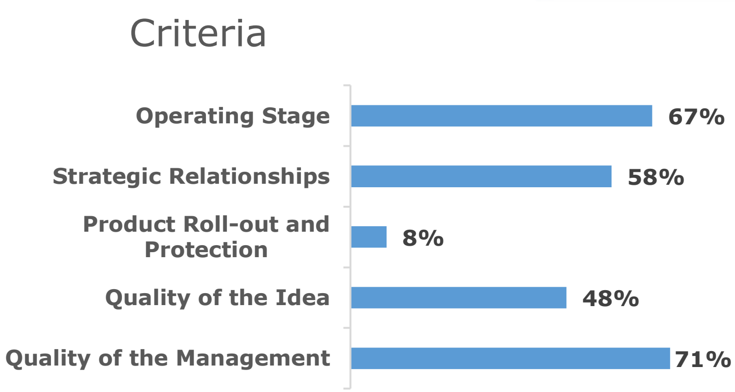
Explanation

- This valuation approach is based on the technique of benchmarking. Starting from the average valuation of comparable transactions, the value can increase or decrease according to analysis of those that matter to most investors.

- This model applies the same approach and structure theorized by the researches carried out by the Ewing Marion Kauffman Foundation in 2007 as well as by Bill Payne in its book.

Checklist Method





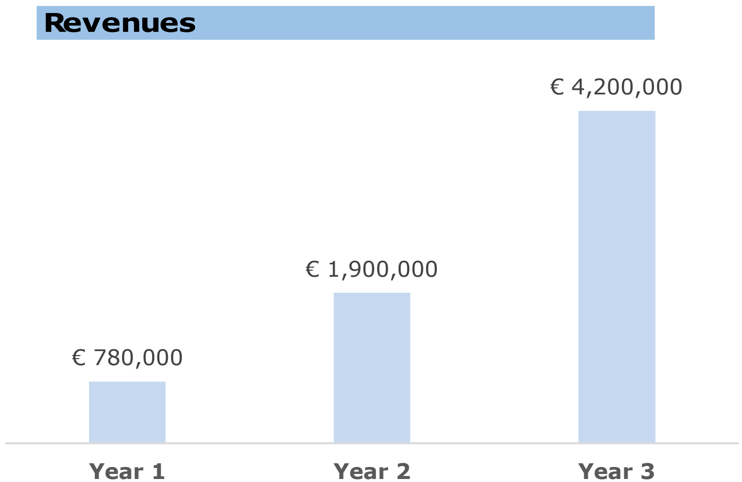
Assumptions	
Maximum value for this method	**€ 2.000.000**

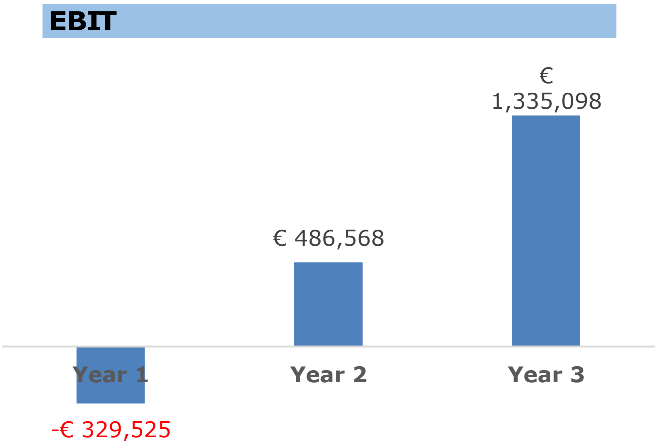
Explanation

This valuation model is based on a rating approach: a higher value is generated according to the presence or not of key value-drivers. These factors are included in the five categories reported above.

This method was originally proposed by David Berkus, a full-time Angel and founder of Berkus Technology Ventures.

Financial Forecasts



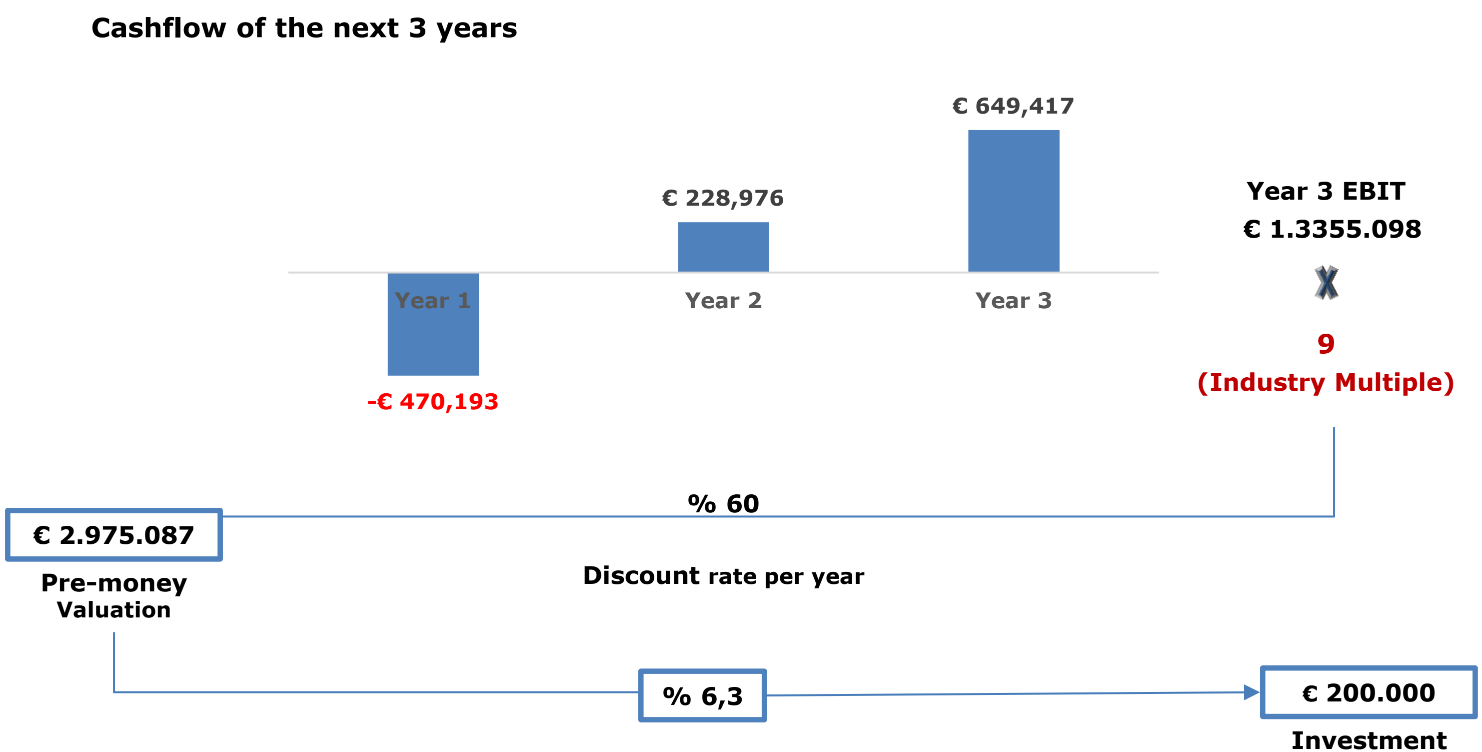


Best Estimate
The stage of development of the company allows for a reliable estimation of the expected performance.

The projections are based on the analysis of the track – record

The projections are sample numbers and do not, by any means, represent accurate estimate of Private Market Team.

Venture Capital Method



Criteria	
Exit value in 3 years	€ 12.195.883

Assumptions	
Annual discount rate applied	60,04%

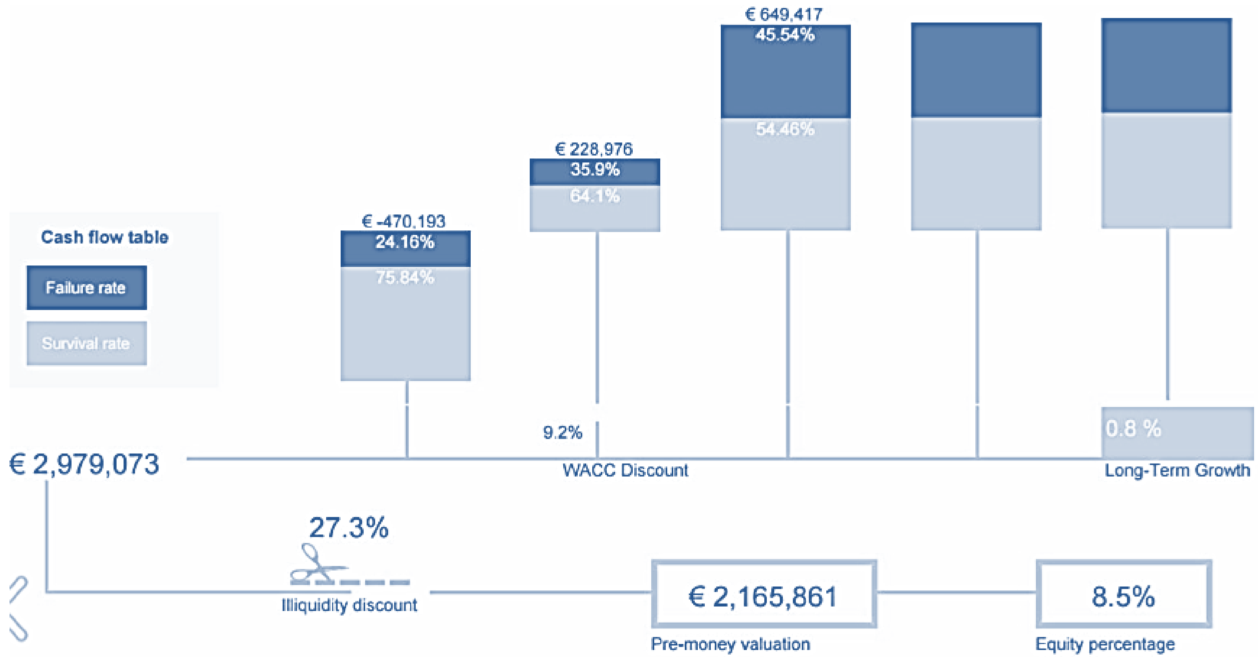
The Venture Capital Method is a quick approach to the valuaiton of startup companies. It comprises in estimating the exit value of the company at athe end of the forecast horizon and ignoring the intermediate cash flows.

The exit value is calculated by taking the final financial result of the company and applying the earning multiple. This value is then discounted at a high rate to get the present value. The discount rate is determied by VC fund according to the stage of development.

Discounted Cash Flow Method with Terminal Growth Rate

Criteria	
Year 3 EBIT	€ 1.355.098
Forecasted Long Term Growth	0,8%
Value of the company in Year 3	€ 7.115.354

Assumptions	
Industry Beta	1,38
Market Risk Premium	5,50%
Weighted Average Cost of Capital	9,24%



The innovative approach to Discounted Cash Flows

The DCF with the terminal growth model is one of the most used models to value public companies. This method assumes that the company is going to survive at a steady and constant growth rate. The growth rate applied is based on the industry of company operates.

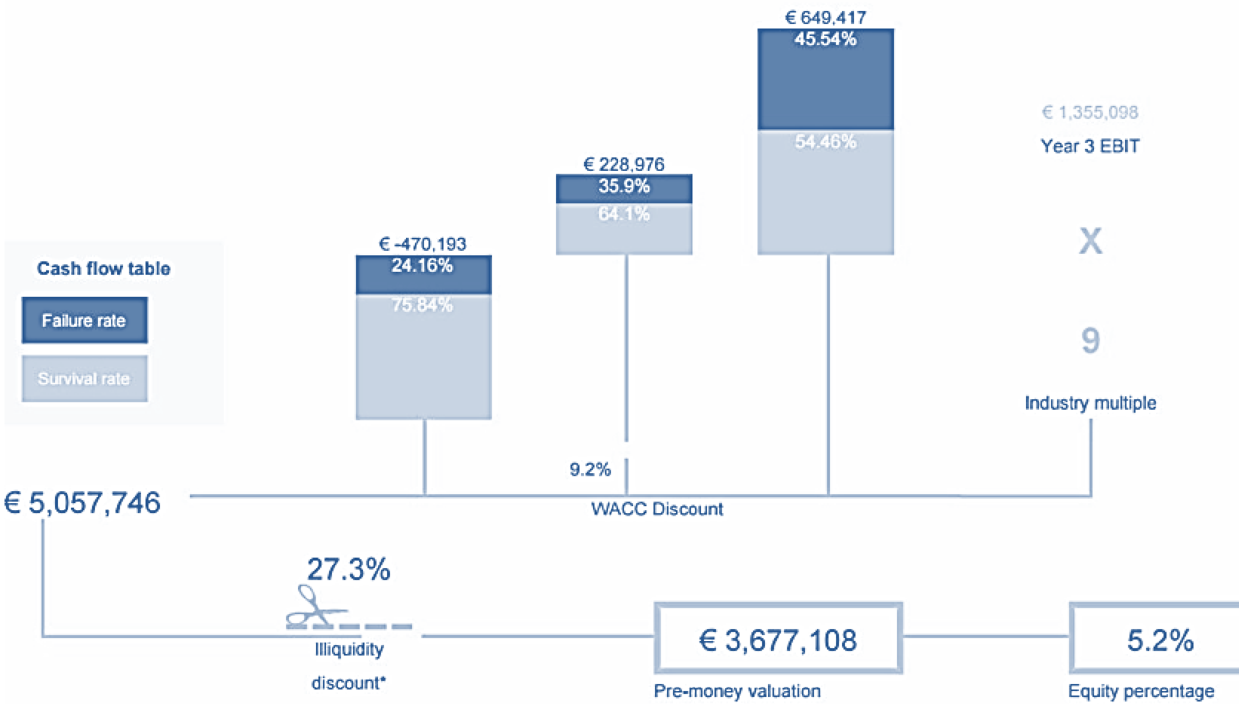
1. The annual cash flows are projected by Private Market team and are weighted according to the country-specific survival rate for startup companies.

2. The calculated present value is further discounted by applying an illiquidity discount to account the fact that the sale of the equity stake is likely to happen on private market. As a consequence the investors need higher return. The illiquidity discount is estimated according to the public researches.

Discounted Cash Flow Method with Multiples

Criteria	
Year 3 EBIT	**€ 1.355.098**
EBIT multiple Year 3	**9**
Value of the company in Year 3 (Terminal Value)	**€ 12.195.883**
Implied annual Return if sale value realized	**145,96%**

Assumptions	
Industry Beta	**1,38**
Market Risk Premium	**5,50%**
Weighted Average Cost of Capital	**9,24%**



Industry peers' comparison

The DCF with exit multiple is the other most used valuation approach. It is based on assumption that the exit value of the company is determined by the average of industry peers. The most commonly used multiple is the Price/Earnings (P/E) since the general estimate is less susceptible to differences in the operating margin among industry peers.

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Profit and Loss

Revenues	€ 65,000
Cost of goods sold	€ 79,167
Marketing expenses	€ 2,875
Salaries	€ 2,875
Other operating expenses	€ 5,750
Profit	€ -25,667

Monthly average burn rate

The analysis of the monthly prospect of revenues and costs is useful in order to get and overview of the monthly break-even point for startup. In addition, it also gives the measure of the burn rate, provided the initial investment by external investors.

The monthly prospect of revenues and costs only refers to the first year of projections and based on the estimates provided by the user.

Profit and Loss

	Year 1 (€)	Year 2 (€)	Year 3 (€)
Revenues	**780.000**	**1.900.000**	**4.200.000**
Cost of Goods Sold	**950.000**	**1.150.000**	**2.400.000**
Average individual price	0	0	0
Average individual cost	0	0	0
Gross margin	-21,8%	39,5%	42,9%
Selling, General and Administrative	**138.000**	**211.000**	**329.000**
EBITDA	**-308.000**	**539.000**	**1.471.000**
Depreciation and Amortization	**21.525**	**52.432**	**115.902**
as of % revenues	2,8%	2,8%	2,8%
EBIT	**-329.525**	**486.568**	**1.355.098**
Financial Gain-Loss	**-5.058**	**-22.440**	**-2.624**
Debt interest payment	7.508	22.440	2.624
Interest rate on debt	13,65%	2,05%	2,05%
Cash interes gain	2.000	0	0
Taxes	**0**	**32.274**	**338.119**
Deferred tax assets	83.758	0	0
Effective tax payable	-83.758	116.032	338.119
Effective tax rate	0%	7%	25%
Profit	**-335.032**	**431.854**	**1.104.356**

Good understanding of numbers is good understanding of business

- Revenues , Cost of Goods Sold and Selling, General and Administrative are created numbers by Private Market Team, also Depreciation and Amortization and financial expenses are estimated.
- The former is based upon the average D and A as % of revenues of the industry peers and latter upon the COVERAGE RATIO (EBIT/INTEREST PAID) and then adding the related risk premium to the Risk Free rate.
- The risk premium related to the COVERAGE RATIO are fixed as determined by researches. The Risk Free Rate is assumed to equal the 10-year maturity Turkish Bond.

Cash Flow

	Year 1	Year 2	Year 3
Profit	**-335.032**	**431.854**	**1.014.356**
Change in Working Capital	**149.178**	**232.870**	**478.216**
Account payables	63.698	155.162	342.989
Account receivables	95.961	233.751	516.713
Inventory	129.915	316.459	699.540
Depreciation and Amortization	**21.525**	**52.432**	**115.902**
Operating Cash Flow	-462.685	251.416	652.041
Financial Activity	**55.000**	**-5.000**	**-5.000**
Change in outstanding debt	-5.000	-5.000	-5.000
Raise or repayment of equity	0	0	0
Investments	**0**	**0**	**0**
Cash Flows	**-467.685**	**246.416**	**647.041**
Beginning of the year cash	200.000	0	0
End of year cash	-267.685	246.416	647.041

Cash is the king

- The cash flows are estimated by using third party data. This is to provide the reader with a more reliable estimation based upon industry peers benchmarks rather than leaving the user the freedom to guess the estimates.
- Both depreciation and amortization and working capital are based on industry databases, while change in debt and in equity and the investment outlays are based upon the Private Market's projections.

Thank You