

3 Year Cash Flow Predictions

Summary

We do not operate as a currency speculation company and keep actual currency stock to ensure minimal variations impact. For maximum availability to customers, we ensure we use the latest analysis on current as well as future demand and is reflected by our inventory.

Revenue is generated by two core methods which consists of a handling fee on transactions as well as a specified percentage margin. This ensures transparency to our customers as well as built a strong reputation that will ensure continued growth in our customer base.

Expected sales revenue vs cost positive point based on projections towards Q4 year 2.

Financials

The business model is cash flow positive throughout the 3-year cycle, which lays comfortably within the rigid financial governance that the founder has imposed which allows it to remain debt free.

Chart below reflects projected turn over vs projected nett loss/profit point over 3 year based on projected customers for each year, margin applied minus subsequent operational costs.

The below represents an overview of 3-year financial projections with more detailed explanation within customer growth section and investment activities.

Financial Projections

Pre-money valuation – **£1.7 million**

Post money valuation - **£2 million**

SEIS available

	<u>Year one</u>	<u>Year two</u>	<u>Year three</u>
Number of Transactions	26,000	171,500	514,000
Turnover	£1,785,700	£12,250,800	£38,228,300
Earnings/Commissions	£87,000	£820,000	£2,460,000
Total Costs	£343,000	£942,000	£1,496,000
Profit/Loss	- £256,000	- £122,000	£946,000
Income Per Transaction	£3.35	£4.78	£4.78
Profit Per Transaction	£0.84	£1.20	£1.20

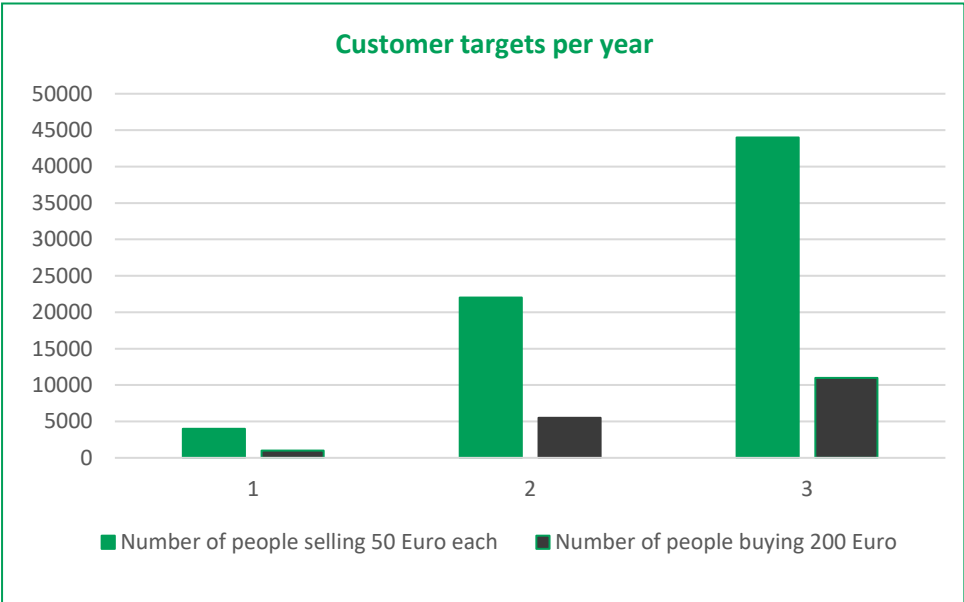
Commissions predicted to out strip cost in month 21 of 36
(Predicted 3-year Cashflow Document available)

Customer growth

Several activities will ensure fast aggressive growth in year one with a gradual steady growth projected for year 2 and year 3. The aim is to invest heavily into marketing whilst maintaining continued development of platform and organisation to ensure sustainability and maximise ROI.



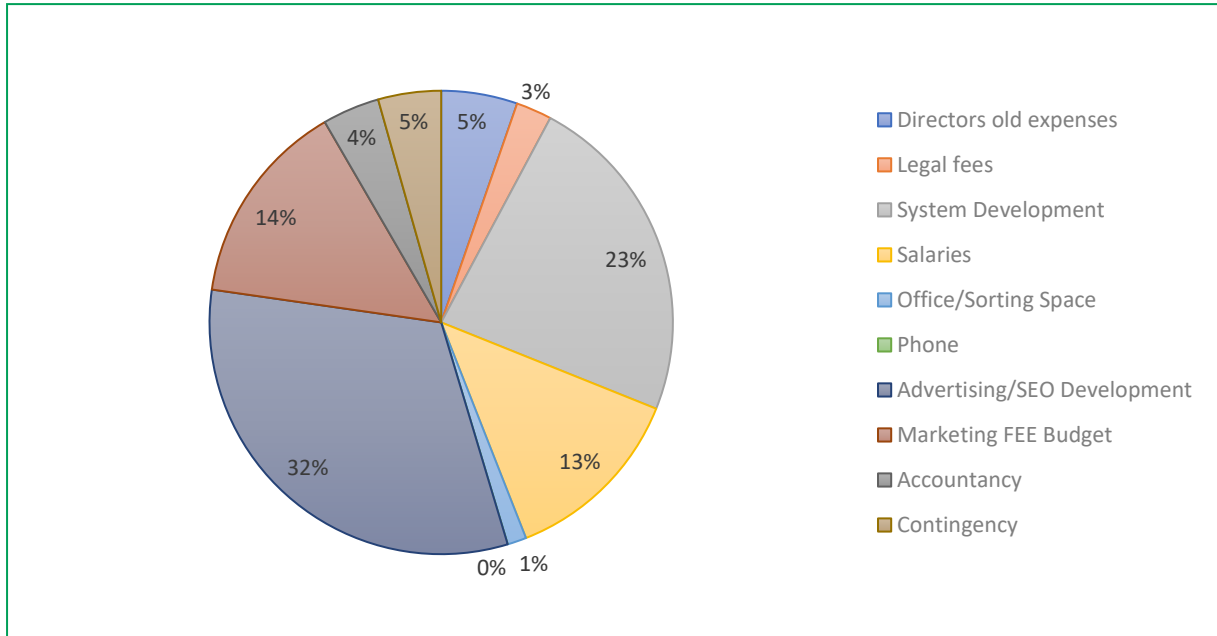
With initial kick off phase completed it is expected to grow a customer base within the first year focusing mainly on customers selling currencies (Euro' as example).



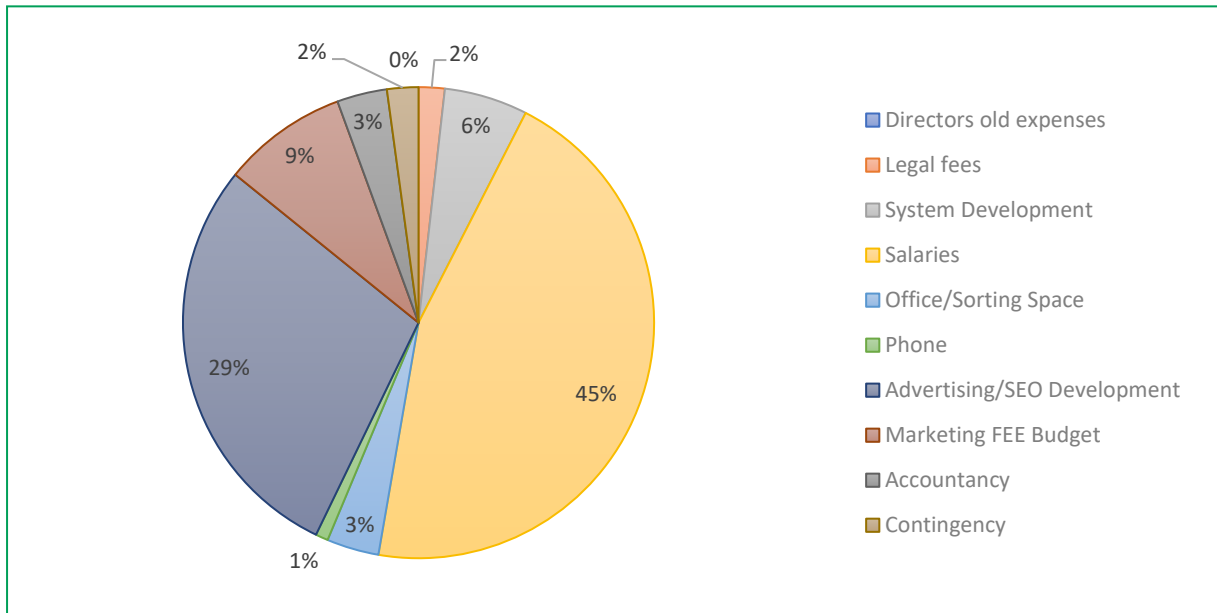
By end of year 3 the projected customer/user's growth is estimated to be in the region of 514,000 utilising the Bidwedge platform.

Investment activities

Phase 1 – is for £300k. This raise is the 2nd the company has undertaken and is shown in Y1 of the cashflow and is to fund the company's growth plans for Y1, including further development of the IT infrastructure and marketing objectives.



Phase 2 - is for a proposed £1 million, to continue the growth in Y2 and Y3 and will be drawn down accordingly to the needs of the company's requirements. Y2 shows £500k, being drawn down initially, with the final £500k being kept in reserve to assist our working capital requirements. Emphasis is on expanding marketing activities as well as core business operational stabilities such as additional sales and customer support staff.



Additional Information

Unit Costs

Each individual sale must make a profit operationally, this has been set at 25%. As an example, and using Tier 1 from the Buy Back option:

Bidwedge charge total less VAT: £2.92

Target profit: £0.73

Balance: £2.19

Operational costs, not including marketing are currently in the region of 72% @£1.58. Balance of £0.61.

Key Assumptions

- The projections start from month 1 which is taken as the first month after the investment is received.
- Monthly people selling to us have been taken at an average of 50 euros each, and people buying have been taken at an average of 200 euros each
- It has been assumed that Brexit has no significant change in the demand for euros in the future.
- It has been assumed that COVID-19 will be under control soon and travel will then return to normal levels
- The handling fees are shown in the computations
- It is anticipated that the company will not take on premises until income rises to a level where it becomes a necessity
- Advertising and marketing budgets will be kept under constant review in terms of results achieved.
- The figures are shown net of VAT
- System development will be controlled carefully
- Some of the old directors' loans will be repaid at an early stage

Part of the funding will be used to build up a stock of cash to facilitate swapping but will be replaced by alternate funding allowing us to hold a separate stock purchase account.

Stock Finance

The business has a high burn 'cash' element whilst in the stock purchase phase. In the short term the stock sits dormant until the sell cycle commences. Moving forward from that position a 'STOCK FINANCE' account is being sought to mitigate the potential for a cash blockage enabling the company to complete the buying/selling circle. We are investigating what types of finance are available to us with the stock acting as a potential guarantee for any borrowing that may take place.

Please note that in the 3-year cash flow presented stock purchase and flow is represented, however the Founder/CEO believes that a separate stock purchasing alternative would benefit the company. This would allow the separation of the stock purchase and the day-to-day costs, making the business easier to run.

Company Valuation

It is always hard to predict a 'real' company valuation and worth for investment purposes. Many discussions have taken place and in truth opinions differ on methodology and calculations. Therefore, in order to give a starting point, Bidwedge applied the Y1 predicted Revenue/Turnover as its valuation giving us the following results:

- Pre-money - £1.7 million
- Post Money - £2 million