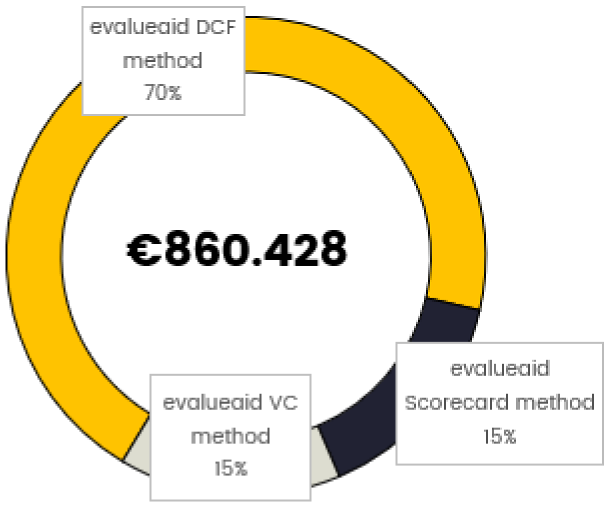
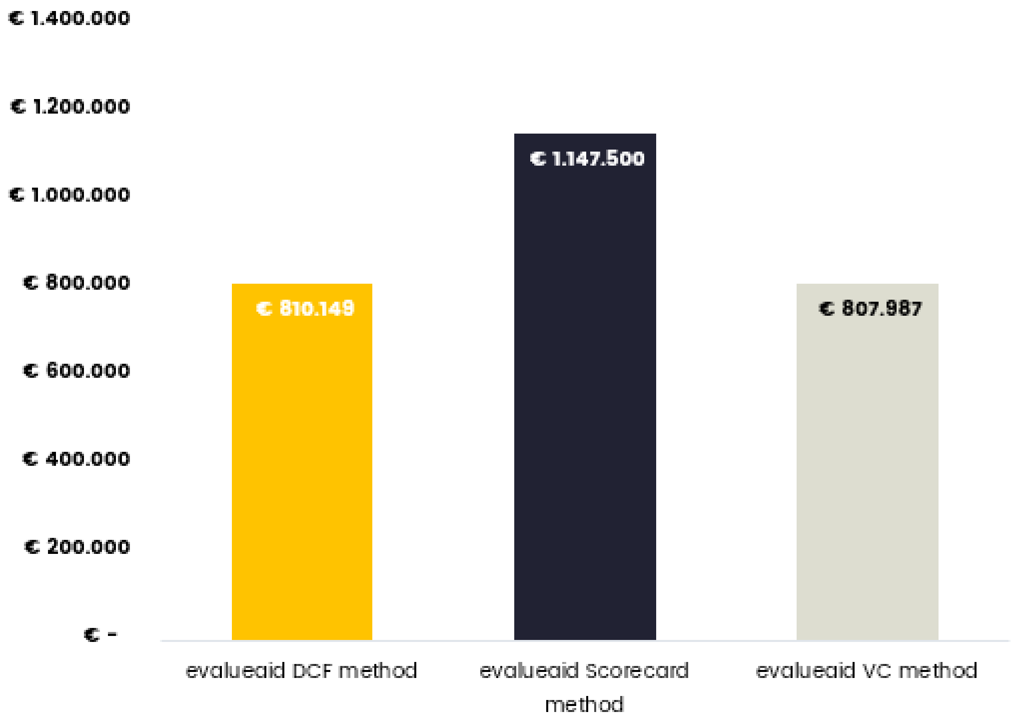
Valuation 'International Consultant Cooperation' (2019)

Disclaimer: This valuation report was created in evalueaid and uses a variety of different valuation methods created by evalueaid. These methods depend solely on the assumptions that an entrepreneur makes about his or her own company, therefore the valuation is as good as the entrepreneur's assumptions. Evalueaid empowers organisations to valuate their business and substantiate their valuation. Evalueaid does not take any responsibility for the valuation nor does it provide any investment advice.

1. Valuation summary/conclusion





Source: evalueaid valuation model

Based on the weighted average valuations of the three distinctive valuation methods the enterprise value of International Consultant Cooperation as of 31-12-2019 is **€860.420,-**. This value takes into account: a traditional financial performance valuation (evalueaid DCF method), a qualitative valuation (evalueaid Scorecard method) and a valuation from a venture capitalist point of view (evalueaid VC method). Based on its importance a weight was added to each of this valuations:

Method	**Weight**	**Value**
evalueaid DCF method	70%	€810.149,-
evalueaid Scorecard method	15%	€1.147.500,-
evalueaid VC method	15%	€807.987,-
Total	100%	Weighted average €860.428,-

Source: evalueaid valuation model

Most of the weight (70%) is in the evalueaid DCF method because International Consultant Cooperation is a cash-flow driven business and is already in a positive cashflow state. For details about valuations see sections 3-5.

2. Balance sheet & profit- and loss forecast

FORECAST BALANCE SHEET

Year	2019	2020	2021	2022	2023
Current Assets					
Cash	€-	€-	€-	€-	€-
Accounts receivable	€46.000	€80.000	€120.000	€160.000	€200.000
Inventory	€-	€-	€-	€-	€-
Other current assets	€-	€-	€-	€-	€-
Total current assets	**€46.000**	**€80.000**	**€120.000**	**€160.000**	**€200.000**
Fixed assets					
Property plant & Equipment	€-	€-	€-	€-	€-
Goodwill	€-	€-	€-	€-	€-
Other fixed assets	€-	€-	€-	€-	€-
Total assets	**€46.000**	**€80.000**	**€120.000**	**€160.000**	**€200.000**
Short-term liabilities					
Accounts payable	€46.000	€80.000	€120.000	€160.000	€200.000
Other short-term liabilities	€-	€-	€-	€-	€-
Total short-term liabilities	**€46.000**	**€80.000**	**€120.000**	**€160.000**	**€200.000**
Long-term liabilities					
Long-term debt	€-	€-	€-	€-	€-
Other long-term debt	€-	€-	€-	€-	€-
Total liabilities	**€46.000**	**€80.000**	**€120.000**	**€160.000**	**€200.000**
Equity					
Equity	€-	€-	€-	€-	€-
Reserves	€-	€-	€-	€-	€-
Total equity	**€-**	**€-**	**€-**	**€-**	**€-**
Total equity and liabilities	**€46.000**	**€80.000**	**€120.000**	**€160.000**	**€ 200.000**

Source: International Consultant Cooperation

FORECAST PROFIT- AND LOSS ACCOUNT

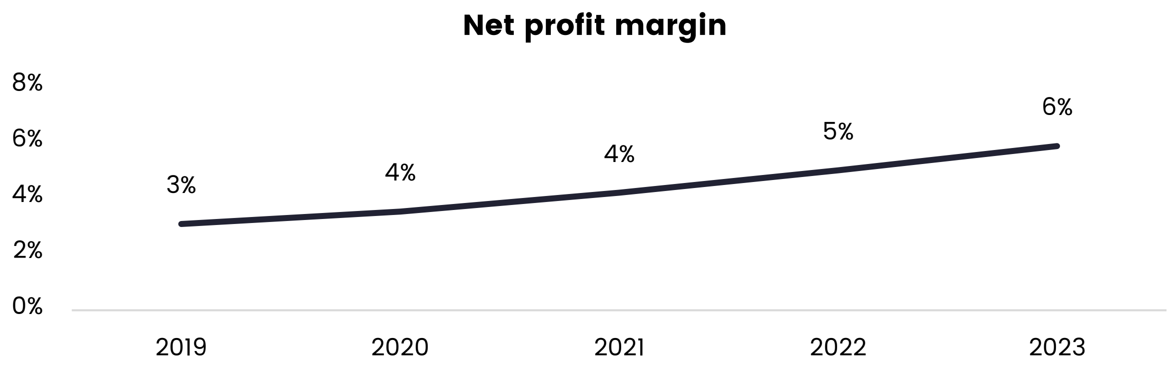
Year	2019	2020	2021	2022	2023
Sales	**€287.000**	**€425.000**	**€595.000**	**€800.000**	**€1.100.000**
Cost of goods sold	€249.375	€372.000	€520.000	€700.000	€962.500
Gross profit	**€37.625**	**€53.000**	**€75.000**	**€100.000**	**€137.500**
Cost of sales	€7.000	€10.000	€15.000	€17.000	€20.000
Depreciation	€-	€-	€-	€-	€-
Interest payments	€-	€-	€-	€-	€-
Other costs	€20.000	€25.000	€30.000	€35.000	€40.000
Net operating profit	**€10.625**	**€18.000**	**€30.000**	**€48.000**	**€77.500**
Tax	€1.753	€2.970	€ 4.950	€7.920	€12.787
Net operating profit after tax	**€8.872**	**€15.030**	**€25.050**	**€40.080**	**€64.713**

Source: International Consultant Cooperation

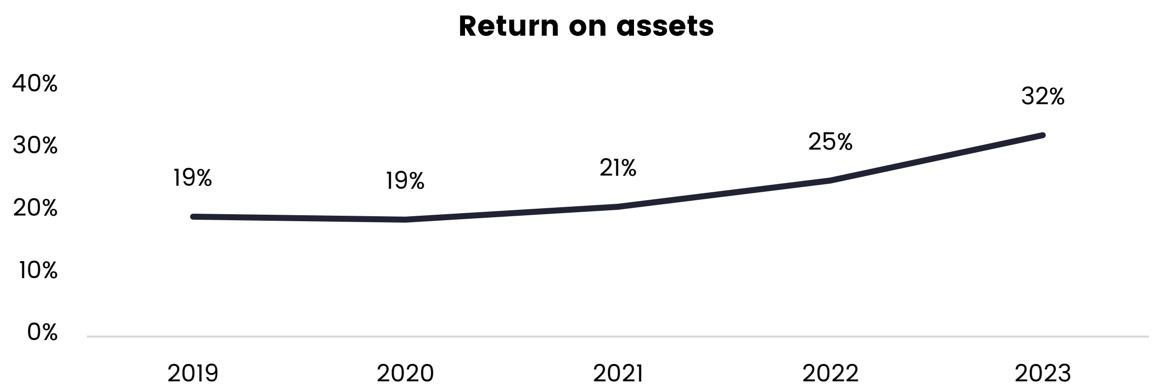
RATIOS

These graphs depict the growth or decline of relevant financial ratio's behind the expected future prognoses of the profit- and loss account. The financial ratios depicted in this report are:

- Net profit margin (= net profit/sales)
- Return on assets (=net profit/total assets)
- Asset turnover ratio (= sales/total assets)

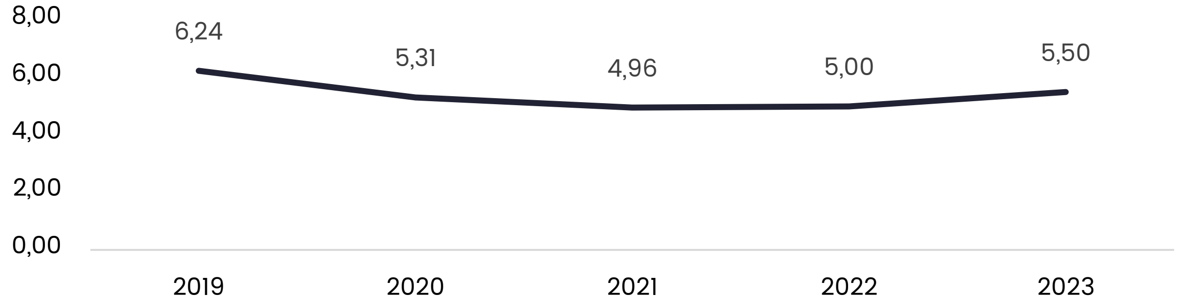


Source: evalueaid valuation model



Source: evalueaid valuation model

Asset turnover ratio



Source: evalueaid valuation model

3. evalueaid DCF method

Explanation: The evalueaid DCF method resembles a traditional DCF method valuation where the value of the firm is calculated by accumulating discounted future cash flows. However, the evalueaid DCF method gives the entrepreneur the empowerment to choose and substantiate a required rate of return as well as a long term growth rate fit for their own company.

EVALUEAID DCF METHOD CALCULATION

Year	2020	2021	2022	2023	2024
T	0	1	2	3	4
Net profit after tax (NOPAT)	**€8.872**	**€15.030**	**€25.050**	**€40.080**	**€64.713**
Depreciation & amortization	€-	€-	€-	€-	€-
ΔNWC		€-	€-	€-	€-
Capital expenditures		€-	€-	€-	€-
Free Cash Flow		**€15.030**	**€25.050**	**€40.080**	**€64.713**
Required rate of return	**8,50%**				
Long term growth rate	**1,80%**				
evalueaid DCF Value	**€810.149,-**				

Source: evalueaid valuation model

Required rate of return: 8,50%

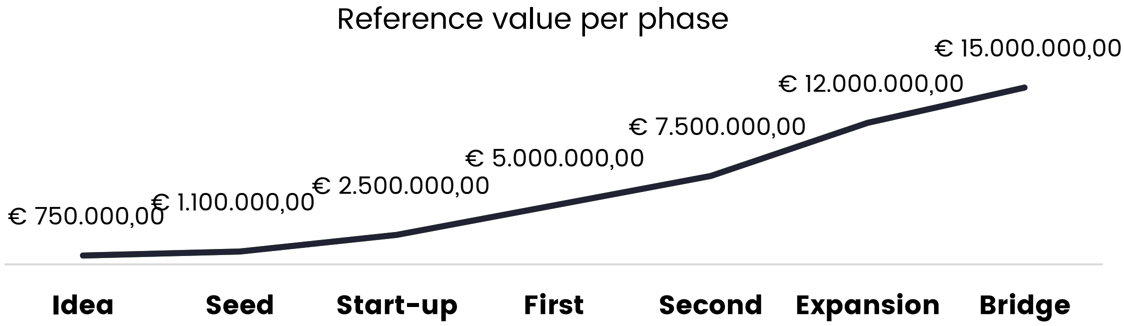
Why: International Consultant Cooperation is free of long-term debt and in is expected to stay free of debt in the future. Therefore there are no costs of debt and a substantial part of the company's risk is eliminated. Even more risk is eliminated due to the franchise formula that is at the basis of International Consultant Cooperation' business model. Moreover, the company is in a positive cashflow state and interest rates are historically low. Taking all the above statements into account a discount rate of 8,5% for future cashflows is reasonable.

Long term growth rate: <u>1,80%</u>

Why: In perpetuity the long term growth rate is assumed to be similar to the average GDP-growth of the world because International Consultant Cooperation operates internationally. Therefore the long-term growth rate is 1.8%.

4. evalueaid Scorecard method

Explanation: The evalueaid Scorecard method quantifies the qualitative aspects of the company. Based on an editable and therefore unique questionnaire a qualitative aspect (or category) receives a score. This score represents the value of the qualitative resource with respect to the average valuation. The average is 100%, so scores <100% are below average and scores >100% are above average. The entrepreneurs is empowered to change the category's weight and to add or remove categories. The weighted average score is multiplied with a reference value. This value represents the average value of companies in the same venture-phase. Graphical illustration:



Source: evalueaid valuation model

<u>EVALUEAID SCORECARD METHOD CALCULATION</u>

Category	**Score**	**Assigned weight**
Team	83%	20%
Product	93%	15%
Scalability	133%	25%
Financials	135%	25%
Other	113%	15%
Weighted average score	**115%**	
Reference value	€1.000.000,-	
evalueaid Scorecard Value	**€1.147.000,-**	

Source: evalueaid valuation model

Reference value: <u>€1.000.000,-</u>

Why: Despite International Consultant Cooperation being already in the expansion phase, a reference value of €1.000.000,- was chosen. This is because the business model is based on a franchise formula and the value generated by these franchises remains for the largest part at the franchisee and the value of International Consultant Cooperation only grows substantially when the number of franchisees increases. So from a scale perspective, International Consultant Cooperation is still in the seed phase

5. evalueaid VC method

Explanation: The evalueaid VC method tries to capture a company's value driver and the potential value of that value driver in a distant future. That value is discounted back to today against a desired annual return. This method is based on the Venter Capital-method. However, the empowerment lies with the entrepreneurs which can identify the companies value driver and its potential him/her self. This graph advises the entrepreneur which desired annual return to choose:

Phase	Desired annual return
Idea	> 100%
Seed	100%
Start-up	75%
First	50%
Second	30%
Expansion	25%
Bridge	<25%

Source: evalueaid valuation model

<u>EVALUEAID VC METHOD CALCULATION</u>

Desired annual return	30%
Value driver	Sales per franchise
Year	5
Sales per franchise in year 5	€100.000,-
EV/sales-multiple	30
evalueaid VC value	**€807.987,-**

Source: evalueaid valuation model

Why: International Consultant Cooperation forecasts to grow to 30 franchisees in the next 5 years. On average an International Consultant Cooperation franchisee is forecasts to generate €100,000 in revenue per annum. Developing countries are estimated to generate €150,000 in revenue per annum. Developing countries revenues are estimated at €70,000. It is anticipated that there will be more franchisees in developing countries. Hence, the average of €100,000. While already in expansion stage the expected return on investment is set at 30% per year, since the operations are still very small.