

TV&TV



5/10 Years Financial Forecast Plan

2018 – 2022 / 2023 – 2028

- B.E.P at 27%
- High return on investment
- Contained operational costs
- A market free from competitors
- Potential for rapid global expansion
- Clear business model and path to financial self-sustainability

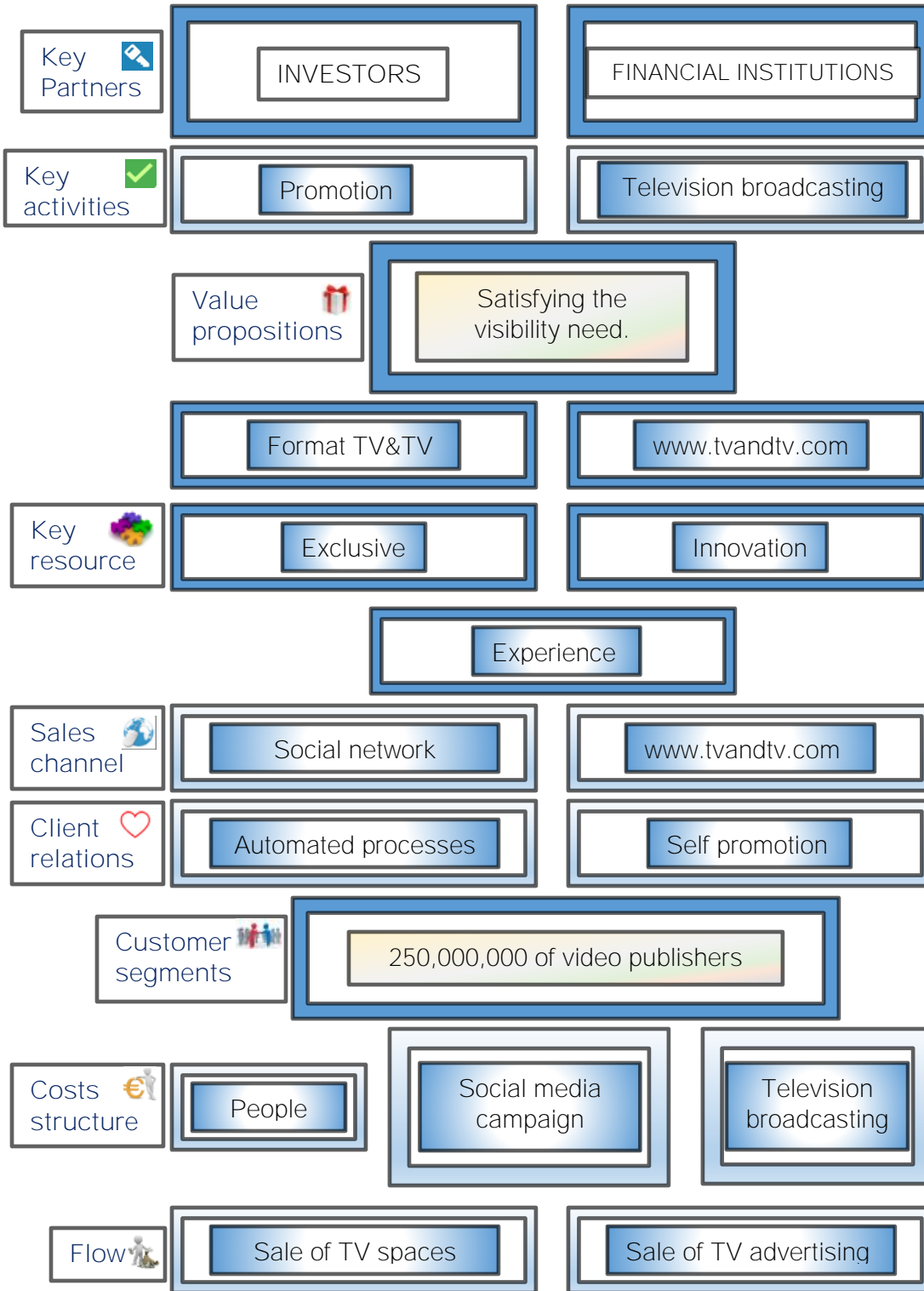
TV&TV – PROJECT & FINANCIAL PLAN

3	Preliminary notes
4	Graphical representation of the business model
5	Definition of the potential market
5	Expected market penetration
6	Progressive growth of the clientele
8	Turnover evolution analyses
11	Presentation of the offer to potential clients
12	Marketing and self-promotion
13	Quantity of product available for sale
13	Sale prices and maximum turnover
14	Net sales
14	Break Even Point
15	EBITDA
15	Projection costs/revenue/EBITDA
16	EBITDA/EBIT/EBITA
18	ROI
18	Valuation Pre/Post Money
19	Cost analyses
23	Projected Income Statement 2018/2022
24	Projected Income Statement 2023/2028
25	Projected Balance Sheet 2018 (Q.)
25	Projected Balance Sheet 2019 (Q.)
26	Cash Flow evolution 2018/2019 (Q.)
26	Exit strategy
27	Calibration of activations
27	Financial calibration
27	Equity
27	Use of sought capital

Preliminary notes

- The product commercialized by TV&TV is represented by the minutes of television space that can be sold to those who wish to broadcast on national television own videos, columns, programs or messages (the customer), and advertising space that can be inserted between the transmission of a video and the next.
- The correct execution of the financial plan takes into account loans for a total amount of USD 500,000.00 with the hypothesis of being able to be increase it up to USD 1,000,000.00 if deemed necessary to accelerate the activation of the issuers, or higher costs than expected are encountered in some countries.
- The project involves the activation of 65 TV&TV broadcasters in 59 countries (considering each single US state as a nation) in the decade 2018/2028; the twin broadcasters will operate following the TV&TV-Italy format, transmitting contents and programs in local language and will all be managed by a single operations center.
- Unsold TV spaces, as well as spaces at night, will **not determine programming costs** and will be occupied by granting "free" replicas to buyers of paid spaces and videos with CCO Creative Commons license.

TV&TV Business model



Identification of potential customers

The potential clientele is represented in large part (but not only) by those who repeatedly publish videos on the web without generating a significant number of views; these people tend to be inclined to adhere to a proposal that gives them broad visibility in the face of a non-influential expenditure. These subjects are identifiable and reachable through a targeted advertising campaign on social media such as YouTube, Instagram and Facebook.

There are also other categories of people interested in obtaining both industry and personal television visibility, even these subjects can be reached online (via social or email) to invite them to broadcast their videos on television:

- Sports federations
- Artistic associations (painters and/or sculpturers looking to get visibility)
- Soccer, football, basket or other national sport academies
- Elementary school (year-end performances and similar)
- Fairs, social events and manifestations
- Political subjects

Market penetration forecast

The project envisages reaching and stabilizing, by 2019, a sufficient number of customers to ensure constant monthly operations and self-financing for the activation of new TV&TV broadcasters.

- The promotion will be **primarily focused** on finding and increasing the number of customers interested in creating **recurring** appointments.
- The penetration factor needed to reach the target of 1,583 stable monthly customers (maximum expected customer capacity in one month) for each issuer (considering all the 65 TV&TV broadcasters expected to be active) amounts to 0.05% of the potential market.

Progressive increase of customers

It is expected a gradual growth in customer flow supported by a continuous advertising campaign aimed at familiarizing the market with the television network and its product.

The growth will also be supported by the self-promotion carried out by customers / authors who, by reporting on their social media networks will contribute to the promotion of the television network.

In representing the expected flow of **customers** (people who buy a television space to broadcast their own videos or columns) it was considered that:

- **The investment in advertising on social media** (progressive growth from USD 10,000 monthly up to 1,500,000 monthly due to the increase in the number of TV&TV stations activated).
- **The CAC planned for the acquisition of a customer who spends on average 20 USD per week for the purchase of television spaces (CAC = USD 30)**
- **An expected loyalty factor of approximately 40%.**
- **Further increase of new customers equal to 10% monthly** determined by self-promotion activities conducted by authors through their own social media pages.

The maximum number of customers will be reached in 2028. At the end of 2022 it is projected a turnover for the year of approximately 63,000,000 dollars, progressively increasing the following years; for the year 2028, the expected turnover is approximately 170,000,000 dollars (including the sale of advertising impressions).

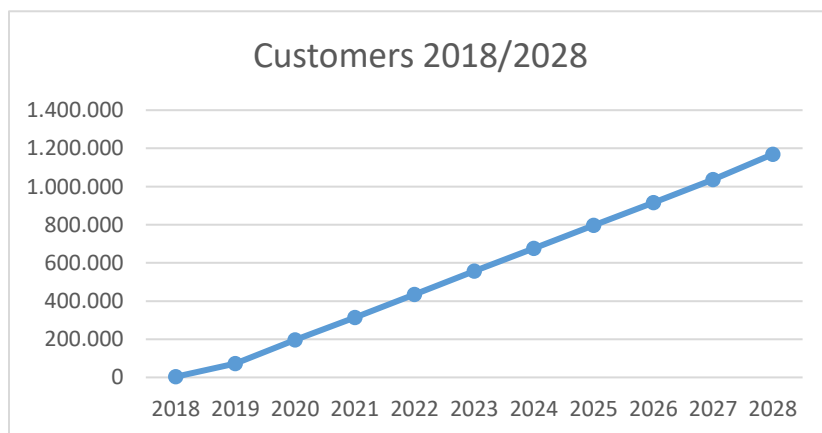
The total turnover expected for the five-year period 2018/2022 is equal to 149 million dollars with a profit margin of 53 million; in the period 2018/2028, the total expected turnover is close to 902 million dollars with a profit margin of 342 million (37.92%).

Monthly customers flow forecast (Customers active during the month).

2018/2022	2018	2019	2020	2021	2022
Jan		1,431	11,457	21,372	31,362
Feb		1,716	12,989	22,942	32,932
Mar		1,858	13,122	23,093	33,083
Apr		3,395	14,654	24,635	34,625
Maj		4,796	14,787	24,773	34,763
Jun		5,063	16,319	25,041	35,031
Jul		6,462	16,452	25,176	35,166
Aug	200	7,994	17,984	27,974	37,964
Sep	500	8,127	18,117	28,107	38,097
Oct	650	9,659	19,649	29,639	39,629
Nov	925	9,792	19,782	29,772	39,762
Dec	1,263	11,324	21,314	31,304	41,294

2023/2028	2023	2024	2025	2026	2027	2028
Jan	41,427	51,417	61,407	71,397	81,387	91,752
Feb	42,959	52,949	62,939	72,929	82,919	93,297
Mar	43,092	53,082	63,072	73,062	83,052	93,436
Apr	44,624	54,614	64,604	74,594	84,584	94,971
Maj	44,757	54,747	64,737	74,727	84,717	95,106
Jun	46,289	56,279	66,269	76,259	86,249	97,904
Jul	46,422	56,412	66,402	76,392	86,382	98,037
Aug	47,954	57,944	67,934	77,924	87,914	99,569
Sep	48,087	58,077	68,067	78,057	88,047	99,702
Oct	49,619	59,609	69,599	79,589	89,779	101,234
Nov	49,752	59,742	69,732	79,722	90,012	101,367
Dec	51,284	61,274	71,264	81,254	91,594	102,899

Evolution of total customers served during each year.



Forecast of progressive evolution of turnover

TV&TV realizes its income through:

- 62% Sale of television spaces (to those who want to broadcast their own videos or columns)
- 38% Sale of advertising spots and other forms of advertising (banners, etc.)

Revenue from the sale of television spaces

2018/2022	2018	2019	2020	2021	2022
Jan		128,813	1,031,147	1,923,497	2,822,597
Feb		154,406	1,169,044	2,064,769	2,963,869
Mar		167,203	1,180,997	2,078,409	2,977,509
Apr		305,522	1,318,894	2,217,150	3,116,250
Maj		431,606	1,330,847	2,229,525	3,128,625
Jun		455,653	1,468,744	2,253,713	3,152,813
Jul		581,597	1,480,697	2,265,806	3,164,906
Ago	18,000	719,494	1,618,594	2,517,694	3,416,794
Sep	45,000	731,447	1,630,547	2,529,647	3,428,747
Oct	58,500	869,344	1,768,444	2,667,544	3,566,644
Nov	83,250	881,297	1,780,397	2,679,497	3,578,597
Dec	113,625	1,019,194	1,918,294	2,817,394	3,716,494
Year	318,375	6,445,575	17,696,644	28,244,644	39,033,844

2023/2028	2023	2024	2025	2026	2027	2028
Jan	3,728,447	4,627,547	5,526,647	6,425,747	7,324,847	8,257,697
Feb	3,866,344	4,765,444	5,664,544	6,563,644	7,462,744	8,396,719
Mar	3,878,297	4,777,397	5,676,497	6,575,597	7,474,697	8,409,234
Apr	4,016,194	4,915,294	5,814,394	6,713,494	7,612,594	8,547,413
Maj	4,028,147	4,927,247	5,826,347	6,725,447	7,624,547	8,559,506
Jun	4,166,044	5,065,144	5,964,244	6,863,344	7,762,444	8,811,394
Jul	4,177,997	5,077,097	5,976,197	6,875,297	7,774,397	8,823,347
Ago	4,315,894	5,214,994	6,114,094	7,013,194	7,912,294	8,961,244
Sep	4,327,847	5,226,947	6,126,047	7,025,147	7,924,247	8,973,197
Oct	4,465,744	5,364,844	6,263,944	7,163,044	8,080,144	9,111,094
Nov	4,477,697	5,376,797	6,275,897	7,174,997	8,101,097	9,123,047
Dec	4,615,594	5,514,694	6,413,794	7,312,894	8,243,494	9,260,944
Year	50,064,244	60,853,444	71,642,644	82,431,844	93,297,544	105,234,834

Revenue from the sale of banner and commercial ads

2018/2022	2018	2019	2020	2021	2022
Jan		80,508	644,467	1,202,186	1,764,123
Feb		96,504	730,652	1,290,480	1,852,418
Mar		104,502	738,123	1,299,006	1,860,943
Apr		190,951	824,309	1,385,719	1,947,656
Maj		269,754	831,779	1,393,453	1,955,391
Jun		284,783	917,965	1,408,570	1,970,508
Jul		363,498	925,436	1,416,129	1,978,066
Ago	11,250	449,684	1,011,621	1,573,559	2,135,496
Sep	28,125	457,154	1,019,092	1,581,029	2,142,967
Oct	36,563	543,340	1,105,277	1,667,215	2,229,152
Nov	52,031	550,811	1,112,748	1,674,686	2,236,623
Dec	71,016	636,996	1,198,934	1,760,871	2,322,809
Year	198,984	4,028,484	11,060,402	17,652,902	24,396,152

2023/2028	2023	2024	2025	2026	2027	2028
Jan	2,330,279	2,892,217	3,454,154	4,016,092	4,578,029	5,161,061
Feb	2,416,465	2,978,402	3,540,340	4,102,277	4,664,215	5,247,949
Mar	2,423,936	2,985,873	3,547,811	4,109,748	4,671,686	5,255,771
Apr	2,510,121	3,072,059	3,633,996	4,195,934	4,757,871	5,342,133
Maj	2,517,592	3,079,529	3,641,467	4,203,404	4,765,342	5,349,691
Jun	2,603,777	3,165,715	3,727,652	4,289,590	4,851,527	5,507,121
Jul	2,611,248	3,173,186	3,735,123	4,297,061	4,858,998	5,514,592
Ago	2,697,434	3,259,371	3,821,309	4,383,246	4,945,184	5,600,777
Sep	2,704,904	3,266,842	3,828,779	4,390,717	4,952,654	5,608,248
Oct	2,791,090	3,353,027	3,914,965	4,476,902	5,050,090	5,694,434
Nov	2,798,561	3,360,498	3,922,436	4,484,373	5,063,186	5,701,904
Dec	2,884,746	3,446,684	4,008,621	4,570,559	5,152,184	5,788,090
Year	31,290,152	38,033,402	44,776,652	51,519,902	58,310,965	65,771,771

Total turnover forecast

2018/2022	2018	2019	2020	2021	2022
Jan		209,320	1,675,614	3,125,682	4,586,720
Feb		250,910	1,899,696	3,355,249	4,816,287
Mar		271,705	1,919,120	3,377,415	4,838,453
Apr		496,473	2,143,202	3,602,869	5,063,906
Maj		701,360	2,162,626	3,622,978	5,084,016
Jun		740,436	2,386,709	3,662,283	5,123,320
Jul		945,095	2,406,132	3,681,935	5,142,973
Ago	29,250	1,169,177	2,630,215	4,091,252	5,552,290
Sep	73,125	1,188,601	2,649,639	4,110,676	5,571,714
Oct	95,063	1,412,684	2,873,721	4,334,759	5,795,796
Nov	135,281	1,432,107	2,893,145	4,354,182	5,815,220
Dec	184,641	1,656,190	3,117,227	4,578,265	6,039,302
Year	517,359	10,474,059	28,757,046	45,897,546	63,429,996

2023/2028	2023	2024	2025	2026	2027	2028
Jan	6,058,726	7,519,764	8,980,801	10,441,839	11,902,876	13,418,757
Feb	6,282,809	7,743,846	9,204,884	10,665,921	12,126,959	13,644,668
Mar	6,302,232	7,763,270	9,224,307	10,685,345	12,146,382	13,665,006
Apr	6,526,315	7,987,352	9,448,390	10,909,427	12,370,465	13,889,545
Maj	6,545,739	8,006,776	9,467,814	10,928,851	12,389,889	13,909,198
Jun	6,769,821	8,230,859	9,691,896	11,152,934	12,613,971	14,318,515
Jul	6,789,245	8,250,282	9,711,320	11,172,357	12,633,395	14,337,939
Ago	7,013,327	8,474,365	9,935,402	11,396,440	12,857,477	14,562,021
Sep	7,032,751	8,493,789	9,954,826	11,415,864	12,876,901	14,581,445
Oct	7,256,834	8,717,871	10,178,909	11,639,946	13,130,234	14,805,527
Nov	7,276,257	8,737,295	10,198,332	11,659,370	13,164,282	14,824,951
Dec	7,500,340	8,961,377	10,422,415	11,883,452	13,395,677	15,049,034
Year	81,354,396	98,886,846	116,419,296	133,951,746	151,608,509	171,006,606

Projected turnover evolution



Projected total turnover in the period 2018/2022 USD 149.076,007.00

Projected total turnover over the period 2018/2028 USD 902,303,406.00

(The calculation did not include the potential turnover that could come from the sale of advertising banners to be included in customer videos and the sale of spaces during the night time).

Presentation of the offer to potential customers

Social marketing campaign

Given the novelty of the product offered (buy and manage your own space on television), the initial advertising campaigns are focused on making TV&TV's product familiar to the public. In planning this process, a Customer Acquisition Cost (CAC) of USD 30.00 was assumed, surpassing the industry average.

The marketing campaign is initially focused towards presenting the product through two types of online platforms:

- **Primary platforms, including YouTube, Vimeo and Google video.**
- **Secondary platforms, including Facebook, Instagram and Twitter.**



There are many people in whom the desire to appear on television is latent, but they are convinced they can not do it. A similar situation occurred in the years 2004 / 2005 when the concept of "privacy in the personal sphere" was absolutely predominant: **people's** attitudes, their moments, their feelings were considered something "absolutely reserved to themselves", but the birth, and above all the persistence, of the social web platform offered people a "possibility", that until it became onset, seemed unacceptable because nobody wanted to be seen by strangers "while eating or getting dressed" and nobody wanted "to have their own family picture made publicly available"; yet, after only a few years, sharing everything with everyone became already a wide spread phenomenon.

The outcome of the occurred **social changes** are evident; in order to make them penetrate into society it was sufficient **to intuit it, to propose it and to support it** long enough.

Many years have passed since these innovations and today for many people **it's** no longer enough to post a video on the internet knowing that they will have few views; these people seek **further visibility** and TV&TV gives them the opportunity to achieve this and to go **beyond** it by presenting themselves and what they can do also on national television.

Self-promotion

TV&TV self-promotion activity is carried out, as it happens for other video and social sharing platforms, by the authors themselves publishing and sharing their own contents through social network indirectly promoting the platform through which the former are published; this promotional action is progressive and increases exponentially as the number of customers increases.

Example of a self-promotional post on Facebook of a television transmission put in place by a real customer during the TV&TV tests in Italy.



This kind of self-promotion activity conducted by authors can be further increased, in case the network deems necessary, by offering clients a number of benefits for each “friend” they bring into the network. This can be achieved through a unique reference code given to authors for which for every new client that joins the network the former is awarded a “benefit” in the form of *free replicas* for their videos (during the night time) or even a small percentage over each order his “friend” places to purchase a **TV&TV**'s television space.

Quantity of product available for sale

In the 24 hours there are 1,440 minutes between Standard time (08:00 - 01:00) and Night time (01:00 - 08:00). Night time is used (pending the activation of initiatives such as the “hot” encrypted TV not provided here) to offer “**free replicas**” to buyers of paid spaces or to those who carry out promotion through their social networks. In the 17 hours of Standard time there are available for sale approximately 31.025 minutes per month (60 min x 17h x 365d: 12 m).

The average duration of a television space purchased to broadcast a video is about 4 minutes (data recorded both by sales tests in Italy and by the network data), considering 4 minutes of video and 1 minute of advertising (3 spots of 20 seconds), are available for each TV&TV broadcaster, **on average**:

- 24,820 minutes per month to broadcast videos of the authors
- 6,205 minutes per month for 18.615 advertising spots of 20 sec. each.

Sale prices and maximum turnover

- **1 minute of television space is sold at USD 6.00** (over VAT) generating a potential maximum annual turnover (VAT excluded) of USD 1,787,040 for each TV&TV broadcaster.

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- **20-seconds** video ads are sold at USD 5.00 each (over VAT) generating a potential maximum annual turnover (VAT excluded) of USD 1,116,900 for each TV&TV station.

- **1 banner** ad of 20 seconds (insertion of an advertising strip in the film of the customer who purchased the space and which is recognized in free television spaces, 50% of the proceeds from this form of advertising) is sold at USD 0.50 generating further turnover and satisfying the customer who has purchased the space in which the banner is displayed.

(In the calculation of the potential maximum turnover the sale of banners ads was not considered).

Summary of financial forecasts

Net sales

The payment for TV&TV's television spaces is always done by the customers in advance of the transmission of their videos. Return on sales equal to 1% and allowances equal to 2% of the turnover have been foreseen.

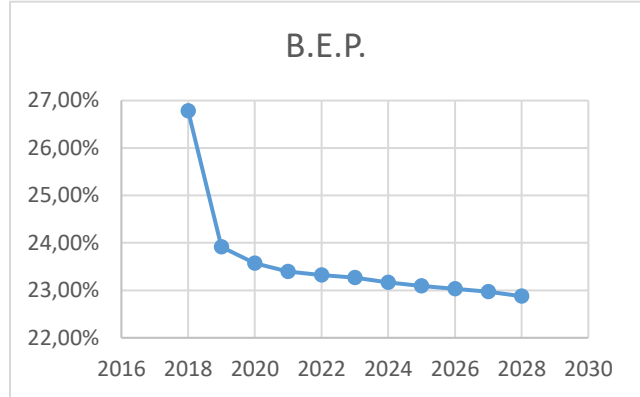
2018/2022	2018	2019	2020	2021	2022
Gross revenue	517,359	10,474,059	28,757,046	45,897,546	63,429,996
Sales on return (1%)	5,174	104,741	287,570	458,975	634,300
Allowances (2%)	10,347	209,481	575,141	917,951	1,268,600
NET SALES	501,839	10,159,838	27,894,335	44,520,620	61,527,096

2023/2028	2023	2024	2025	2026	2027	2028
Gross revenue	81,354,396	98,886,846	116,419,296	133,951,746	151,608,509	171,006,606
Sales on return	813,544	988,868	1,164,193	1,339,517	1,516,085	1,710,066
Allowances	1,627,088	1,977,737	2,328,386	2,679,035	3,032,170	3,420,132
NET SALES	78,913,764	95,920,241	112,926,717	129,933,194	147,060,253	165,876,408

Break Even Point

The Break Even Point considers the percentage of "sold" compared to the maximum salable necessary to cover costs (operating costs + variable costs + financial charges).

	Max Possible revenue	B.E.P.
2018	2,904,000	24.95%
2019	20,328,000	26.18%
2020	37,752,000	28.60%
2021	56,176,000	28.68%
2022	72,600,000	29.58%
2023	90,024,000	29.85%
2024	107,448,000	29.93%
2025	124,872,000	29.97%
2026	142,296,000	29.99%
2027	160,440,000	29.94%
2028	180,048,000	29.87%



The network expects to reach its B.E.P. by the second quarter of 2019.

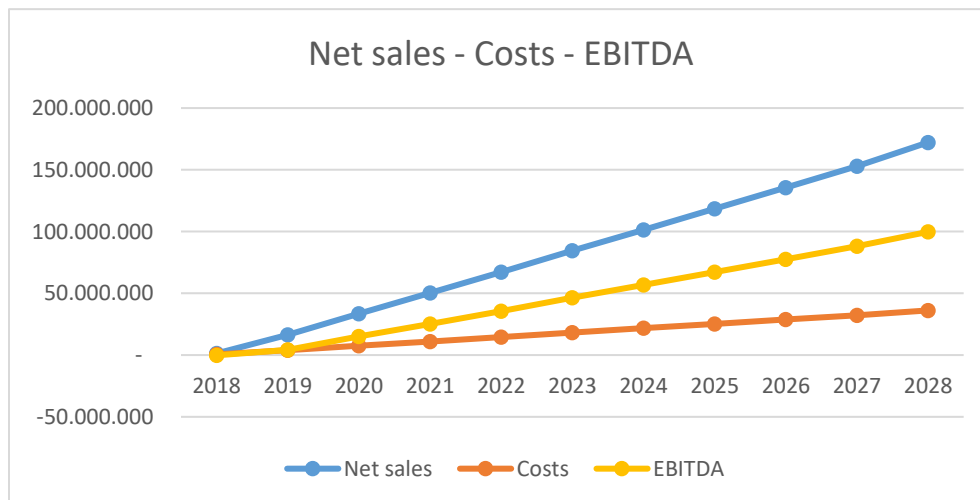
COSTS / REVENUES / EBITDA

The comparison between net sales, costs (operating costs + variable costs + cost of sales) and EBITDA shows that because of a cost increase proportionally lower than the increase in the quantity of product sold, a constant increase in revenues was recorded due to a constant increase in margins.

2018/2022	2018	2019	2020	2021	2022
Costs	699,971	5,853,582	12,676,982	19,238,474	25,883,326
EBITDA	- 198,132	4,306,256	15,217,353	25,282,146	35,643,770
Net sales	501,839	10,159,838	27,894,335	44,520,620	61,527,096

2023/2028	2018	2019	2020	2021	2022	2023
Costs	32,595,539	39,171,392	45,733,244	52,276,097	58,934,638	66,098,757
EBITDA	46,318,225	56,748,849	67,193,473	77,657,097	88,125,615	99,777,651
Net sales	78,913,764	95,920,241	112,926,717	129,933,194	147,060,253	165,876,408

Projected Costs / EBITDA / Net sales (2018/2028)



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EBITDA (MOL) / EBIT / EBITA

2018/2023	2018	2019	2020	2021	2022
Revenue	517,359	10,474,059	28,757,046	45,897,546	63,429,996
Sales on returns (1%)	5,174	104,741	287,570	458,975	634,300
Allowances (2%)	10,347	209,481	575,141	917,951	1,268,600
Net sales	501,839	10,159,838	27,894,335	44,520,620	61,527,096
Costs of TV Signal	330,000	2,310,000	4,290,000	6,270,000	8,250,000
Gross Margin	171,839	7,849,838	23,604,335	38,250,620	53,277,096
Operating costs					
Legal fee	14,000	84,000	156,000	228,000	300,000
Advertising	92,000	1,225,191	3,099,291	4,857,291	6,655,491
Lease & services	36,000	87,000	123,000	159,000	195,000
Administration	16,769	71,809	134,315	192,915	252,855
Consum., comm., travel	19,000	96,000	168,000	240,000	312,000
Cloud, server, software	7,000	42,000	78,000	114,000	150,000
Total operating costs	184,769	1,605,999	3,758,605	5,791,205	7,865,345
ADDED VALUE	- 12,930	6,243,839	19,845,730	32,459,415	45,411,751
Staff costs	130,000	820,000	1,560,000	2,280,000	3,000,000
Copyright fee (8%)	40,147	812,787	2,231,547	3,561,650	4,922,168
Staff bonus (1%)	5,018	101,598	278,943	445,206	615,271
Promotion activit. (2%)	10,037	203,197	557,887	890,412	1,230,542
MOL/ EBITDA	- 198,132	4,306,256	15,217,353	25,282,146	35,643,770
Amortizations	23,351	55,352	87,353	98,021	98,022
EBIT	- 221,483	4,250,904	15,130,000	25,184,125	35,545,748
Borrowing costs	=	175,000	=	=	=
EBITA	- 221,483	4,075,904	15,130,000	25,184,125	35,545,748

TV&TV – PROJECT & FINANCIAL PLAN

2018/2023	2023	2024	2025	2026	2027	2028
Revenue	81,354,396	98,886,846	116,419,296	133,951,746	151,608,509	171,006,606
Sales on returns	813,544	988,868	1,164,193	1,339,517	1,516,085	1,710,066
Allowances	1,627,088	1,977,737	2,328,386	2,679,035	3,032,170	3,420,132
Net sales	78,913,764	95,920,241	112,926,717	129,933,194	147,060,253	165,876,408
Costs of TV Signal	10,230,000	12,210,000	14,190,000	16,170,000	18,232,500	20,460,000
Gross Margin	68,683,764	83,710,241	98,736,717	113,763,194	128,827,753	145,416,408
Operating costs						
Legal fee	356,000	360,000	360,000	360,000	360,000	360,000
Advertising	8,493,891	10,292,091	12,090,291	13,888,491	15,704,691	17,708,714
Lease & services	231,000	267,000	303,000	339,000	375,000	411,000
Administration	314,135	374,075	434,015	493,955	554,320	620,638
Cons. comm., travel	384,000	455,000	516,000	558,000	600,000	600,000
Cloud, server, softw.	186,000	222,000	258,000	294,000	331,500	372,000
Total oper. costs	9,965,025	11,970,165	13,961,305	15,933,445	17,925,510	20,072,352
ADDED VALUE	58,718,739	71,740,076	84,775,412	97,829,749	110,902,243	125,344,056
Staff costs	3,720,000	4,440,000	5,160,000	5,880,000	6,600,000	7,320,000
Copyright fee	6,313,101	7,673,619	9,034,137	10,394,656	11,764,820	13,270,113
Staff bonus	789,138	959,202	1,129,267	1,299,332	1,470,603	1,658,764
Promotion act.	1,578,275	1,918,405	2,258,534	2,598,664	2,941,205	3,317,528
MOL/ EBITDA	46,318,225	56,748,849	67,193,473	77,657,097	88,125,615	99,777,651
Amortizations	98,023	98,024	98,025	98,026	101,333	101,333
EBIT	46,220,202	56,650,825	67,095,448	77,559,071	88,024,282	99,676,318
Borrowing costs	=	=	=	=	=	=
EBITA	46,220,202	56,650,825	67,095,448	77,559,071	88,024,282	99,676,318

ROI

The formula used to calculate the ROI is:

$$\frac{\text{Operating result}}{\text{income from sales}} \times \frac{\text{income from sales}}{\text{invested capital}}$$

The Return on Investment presents high forecast data as the structure has been designed to self-finance itself. The ROI is calculated on the total investment (USD 500,000) over the Net profit margin after taxes.

2018	2019	2020	2021	2022
-14%	271%	1,008%	1,678%	2,369%

2023	2024	2025	2026	2027	2028
3,081%	3,776%	4,473%	5,170%	5,868%	6,645%

Pre-money and Post-money valuation

Both the **Berkus Method** and the **Venture Capital Method** and **Multiple Methods** are applied, commonly used for the evaluation of **pre-revenue** start-ups.

Berkus method (From 100,000 to 500,000 USD)

Quality management team (execution)	300,000
Sound idea (basic value)	500,000
Prototype (technology)	500,000
Strategic relationships (go-to-market)	400,000
Product rollout or Sales	500,000
Pre-money valuation	2,200,000
Post-money valuation	2,700,000

Venture capital method

Annual earnings	\$ 35,545,748	Expected revenue on the 5° year of operation
In years	5	In the year 2022
P/E (multiple)	5	Price/Earnings sector average
Required rate of return	100%	On an investment of USD 500,000
Initial investment	\$ 500,000	
Post-money valuation	\$ 5,554,023	
Pre-money valuation	\$ 5,054,023	

The **average** of the two methods indicates a pre-money valuation of USD 3,627,012 and post-money of 4,127,012.

Costs analysis

Operating costs

Operating costs are divided in:

- **Signal irradiation costs** (satellites and repeating platforms)
- **Costs for advertising and marketing**
- **Rental costs and services** (location, electricity, water, services)
- **Miscellaneous costs, general costs** (consumer, travel, communication expenses)
- **Costs for legal consulting**
- **Product management costs** (server, cloud, software)
- **Administrative costs** (including auditing bodies)

Staff costs

Personnel costs increase according to the progressive activation of new TV&TV networks.

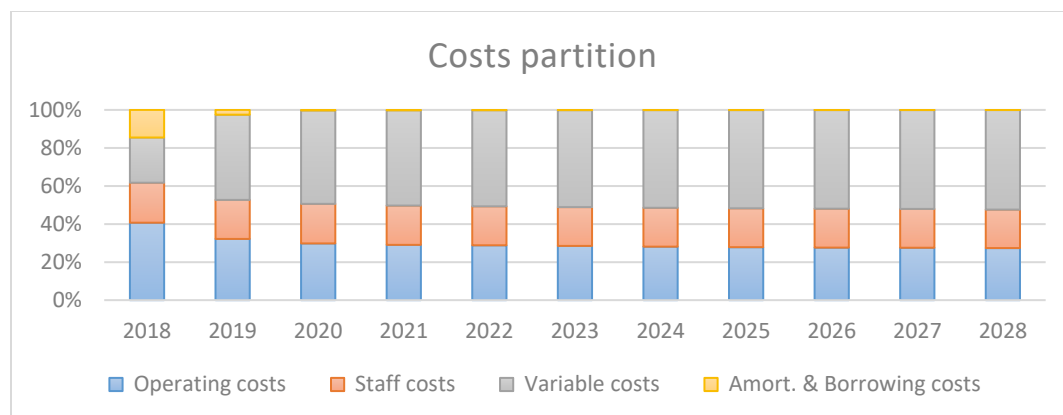
Variable costs

Variable costs are related to the turnover and in the case of TV&TV are substantiated in:

- **Rights on formats**
- **Bonuses and incentives to staff**
- **Provision for promotional initiatives** (meetings with customers, meetings, etc.)

Amortizations and borrowing costs

- Depreciation in 36 months (equipment cost USD 4,000 for an in-place job)
- **Financial charges** (Interest on loan = 17.15% fixed on an annual basis. The costs have been considered on a loan of USD 1,000,000 even if the requested and deemed necessary payment is USD 500,000. The deferral of USD 500,000 has been foreseen if there are any increase in operating costs in some countries compared to the forecasts for costs in Italy used as parameters in this document.)



Details Operating costs

2018/2022	2018	2019	2020	2021	2022
TV Signal	330,000	2,310,000	4,290,000	6,270,000	8,250,000
Advertising	92,000	1,225,191	3,099,291	4,857,291	6,655,491
Lease & services	36,000	87,000	123,000	159,000	195,000
Legal fee	14,000	84,000	156,000	228,000	300,000
Administration	16,769	71,809	134,315	192,915	252,855
Consum, comm., travel	19,000	96,000	168,000	240,000	312,000
Cloud, server, software	7,000	42,000	78,000	114,000	150,000

2023/2028	2023	2024	2025	2026	2027	2028
TV Signal	10,230,000	12,210,000	14,190,000	16,170,000	18,232,500	20,460,000
Advert.	8,493,891	10,292,091	12,090,291	13,888,491	15,704,691	17,708,714
Lease-Ser	231,000	267,000	303,000	339,000	375,000	411,000
Legal fee	356,000	360,000	360,000	360,000	360,000	360,000
Admin.	314,135	374,075	434,015	493,955	554,320	620,638
Cons. etc	384,000	455,000	516,000	558,000	600,000	600,000
Cloud, etc	186,000	222,000	258,000	294,000	331,500	372,000

- TV signal

Progressive activation of TV&TV broadcasters. Average cost per issuer USD 27,500

- **Advertinsig**

Calculated on the basis of C.A.C. and the monthly need for new customers, considering customer loyalty factor and self-promotion.

- **Lease & services**

Calculated on the basis of the space required by the operational headquarter, gradually increasing in parallel to the number of TV & TV activated.

• **Legal fee**

Support and legal and civil consultancy in various countries.

• **Administration**

Accounting, budgets, verification bodies, cost estimate of 3,000 USD for each TV&TV plus the number of invoices multiplied by USD 0.50.

• **Consumer, Communications, Travels**

Office materials, communication costs and periodic verification trips to external collaborators operating in the various countries.

• **Cloud, Server, Software**

Monthly fees for the use of the necessary software, servers and cloud; monthly cost of network connections (fiber).

Staff costs analyses

2018/2022	2018	2019	2020	2021	2022
Staff costs	130,000	820,000	1,560,000	2,280,000	3,000,000

2023/2028	2023	2024	2025	2026	2027	2028
Staff costs	3,720,000	4,440,000	5,160,000	5,880,000	6,600,000	7,320,000

Note:

- Staff costs

Average monthly cost USD 2.708 per office employee or external employee, including the 13th monthly salary and tax burdens.

Details variable costs

2018/2022	2018	2019	2020	2021	2022
Copyright fee (8%)	40,147	812,787	2,231,547	3,561,650	4,922,168
Staff bonus (1%)	5,018	101,598	278,943	445,206	615,271
Promotion activities (2%)	10,037	203,197	557,887	890,412	1,230,542

2023/2028	2023	2024	2025	2026	2027	2028
Copyright fee (8%)	6,313,101	7,673,619	9,034,137	10,394,656	11,764,820	13,270,113
Staff bonus (1%)	789,138	959,202	1,129,267	1,299,332	1,470,603	1,658,764
Promotion activities (2%)	1,578,275	1,918,405	2,258,534	2,598,664	2,941,205	3,317,528

Notes on the formation of costs

• **Copyright fee**

Amount due to copyright holders on the TV&TV format (8% net sales)

• **Bonus staff**

Production awards for the most deserving employees (1% net sales)

• **Promotion activities**

Promotional initiatives and periodic meetings with customers (2% net sales)

Details amortization and borrowing costs

2018/2022	2018	2019	2020	2021	2022
Amortizations	23,351	55,352	87,353	98,021	98,022
Borrowing costs	=	175,000	=	=	=

2023/2028	2023	2024	2025	2026	2027	2028
Amortizations	98,023	98,024	98,025	98,026	101,333	101,333
Borrowing costs	=	=	=	=	=	=

Notes on the formation of costs

• **Amortizations**

Depreciation of job positions for employees; desk, computer, shelves; other furnishings of the headquarters with a pre-cost of USD 4,000 for each job.

• **Borrowing costs**

Financial charges (Interest on loan = 17.15% fixed on an annual basis). Costs were considered on a USD 1,000,000 loan even if the requested and deemed necessary payment is USD 500,000. The deferral of USD 500,000 was envisaged in the event that operating cost increases were found in some countries compared to the forecasts for costs in Italy, used as parameters in this document. The full repayment of the loan is planned for the third quarter of 2019.

Financial forecast

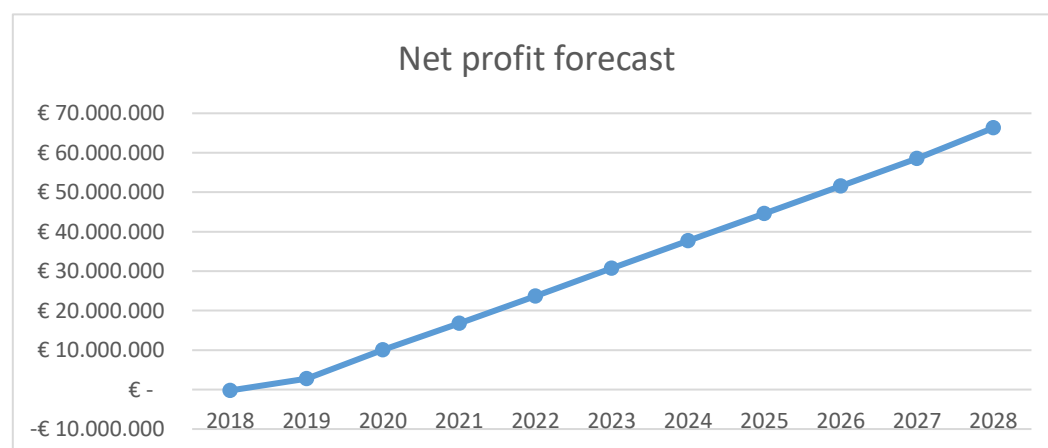
Projected income statement 2018 -2022 (in \$)

2018/2022	2018	2019	2020	2021	2022
Gross revenue	517,359	10,474,059	28,757,046	45,897,546	63,429,996
Sales on return	5,174	104,741	287,570	458,975	634,300
Allowances	10,347	209,481	575,141	917,951	1,268,600
Net sales	501,838	10,159,837	27,894,335	44,520,620	61,527,096
Cost of sales					
TV Signal	330,000	2,310,000	4,290,000	6,270,000	8,250,000
COGS	330,000	2,310,000	4,290,000	6,270,000	8,250,000
Gross margin	171,838	7,849,837	23,604,335	38,250,620	53,277,096
Operating Costs					
Legal fee	14,000	84,000	156,000	228,000	300,000
Advertising	92,000	1,225,191	3,099,291	4,857,291	6,655,491
Lease & Services	36,000	87,000	123,000	159,000	195,000
Administration	16,769	71,809	134,315	192,915	252,855
Consumer. Comm.Travel	19,000	96,000	168,000	240,000	312,000
Cloud, server, software	7,000	42,000	78,000	114,000	150,000
Operating costs	184,769	1,606,000	3,758,606	5,791,206	7,865,346
Variable costs					
Copyrights fee	40,147	812,787	2,231,547	3,561,650	4,922,168
Bonus & incentives	5,018	101,598	278,943	445,206	615,271
Promotional activities	10,037	203,197	557,887	890,412	1,230,542
Variable costs	55,202	1,117,582	3,068,377	4,897,268	6,767,981
Staff costs					
Staff costs	130,000	820,000	1,560,000	2,280,000	3,000,000
COSTS + COGS	699,971	5,853,582	12,676,983	19,238,474	25,883,327
MOL (EBITDA)	-198,133	4,306,255	15,217,352	25,282,146	35,643,769
Amortizations	23,351	55,352	87,353	98,021	98,022
EBIT	-221,484	4,250,903	15,129,999	25,184,125	35,545,747
Borrowing costs	0	175,000	0	0	0
Profit before taxes (EBITA)	-221,484	4,075,903	15,129,999	25,184,125	35,545,747
Taxes (30%)	0	1,156,326	4,539,000	7,555,238	10,663,724
Profit after taxes	-221,484	2,919,577	10,590,999	17,628,888	24,882,023
Legal reserve (5%)	0	145,979	529,550	881,444	1,244,101
Net profit	-221,484	2,773,599	10,061,449	16,747,443	23,637,922

TV&TV – PROJECT & FINANCIAL PLAN

Projected Income Statement 2023 -2028 (in \$)

2023/2028	2023	2024	2025	2026	2027	2028
Gross revenue	81,354,396	98,886,846	116,419,296	133,951,746	151,608,509	171,006,606
Sales on return	813,544	988,868	1,164,193	1,339,517	1,516,085	1,710,066
Allowances	1,627,088	1,977,737	2,328,386	2,679,035	3,032,170	3,420,132
Net sales	78,913,764	95,920,241	112,926,717	129,933,194	147,060,254	165,876,408
Cost of sales						
TV Signal	10,230,000	12,210,000	14,190,000	16,170,000	18,232,500	20,460,000
COGS	10,230,000	12,210,000	14,190,000	16,170,000	18,232,500	20,460,000
Gross margin	68,683,764	83,710,241	98,736,717	113,763,194	128,827,754	145,416,408
Operating Costs						
Legal fee	356,000	360,000	360,000	360,000	360,000	360,000
Advertising	8,493,891	10,292,091	12,090,291	13,888,491	15,704,691	17,708,714
Lease & Serv.	231,000	267,000	303,000	339,000	375,000	411,000
Administration	314,135	374,075	434,015	493,955	554,320	620,638
Consumer etc	384,000	455,000	516,000	558,000	600,000	600,000
Cloud, etc.	186,000	222,000	258,000	294,000	331,500	372,000
Oper. costs	9,965,026	11,970,166	13,961,306	15,933,446	17,925,511	20,072,352
Variable costs						
Copyrights fee	6,313,101	7,673,619	9,034,137	10,394,656	11,764,820	13,270,113
Bonus & inc.	789,138	959,202	1,129,267	1,299,332	1,470,603	1,658,764
Promotional act.	1,578,275	1,918,405	2,258,534	2,598,664	2,941,205	3,317,528
Variable costs	8,680,514	10,551,226	12,421,938	14,292,652	16,176,628	18,246,405
Staff costs						
Staff costs	3,720,000	4,440,000	5,160,000	5,880,000	6,600,000	7,320,000
COSTS+COGS	32,595,540	39,171,392	45,733,244	52,276,098	58,934,639	66,098,757
MOL (EBITDA)	46,318,224	56,748,849	67,193,473	77,657,096	88,125,615	99,777,651
Amortizations	98,023	98,024	98,025	98,026	101,333	101,333
EBIT	46,220,201	56,650,825	67,095,448	77,559,070	88,024,282	99,676,318
Borrowing costs	0	0	0	0	0	0
Profit before taxes (EBITA)	46,220,201	56,650,825	67,095,448	77,559,070	88,024,282	99,676,318
Taxes	13,866,060	16,995,248	20,128,634	23,267,721	26,407,284	29,902,895
Profit after taxes	32,354,141	39,655,578	46,966,814	54,291,349	61,616,997	69,773,423
Legal reserve	1,617,707	1,982,779	2,348,341	2,714,567	3,080,850	3,488,671
Net profit	30,736,434	37,672,799	44,618,473	51,576,782	58,536,147	66,284,751



TV&TV – PROJECT & FINANCIAL PLAN

Quarterly Projected Balance Sheet 2018-2019 (in \$)

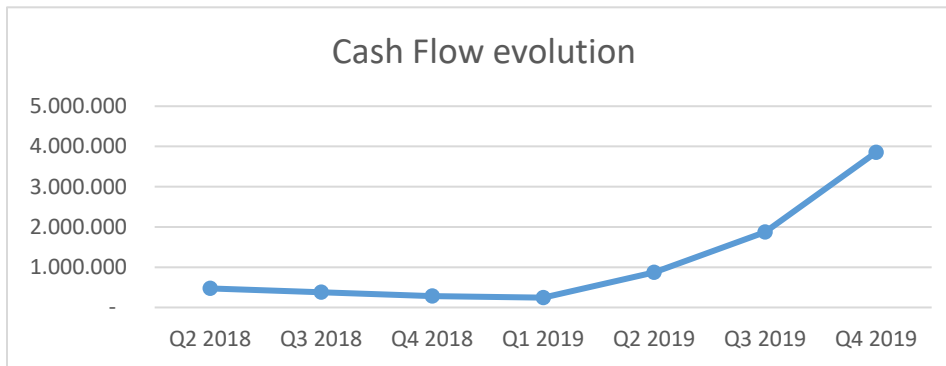
2018	1° Q	2° Q	3° Q	4° Q
		Apr / Maj / Jun	Jul / Ago / Sep	Oct / Nov / Dec
Gross revenue			102,375	414,984
Sales on return-Allow.			3,071	12,450
Net sales			99,304	402,535
Cost of sales				
TV Signal			82,500	247,500
COGS			82,500	247,500
Gross margin			16,804	155,035
Operating Costs				
Legal fee		1,000	4,000	9,000
Advertising		10,000	28,000	54,000
Lease & Services		5,000	15,000	16,000
Administrationl		0	6,350	10,419
Consumer. Comm.Travel		1,000	6,000	12,000
Cloud, server, softw.		500	2,000	4,500
Operating costs		17,500	61,350	105,919
Variable costs				
Copyrights fee			7,944	32,203
Bonus & incentives			993	4,025
Promotional activities			1,986	8,051
Variable costs			10,923	44,279
Staff costs				
Staff costs		10,000	40,000	80,000
COSTS + COGS		27,500	194,773	477,698
Amortizations				23,351
Borrowing costs				
Profit before taxes (EBITA)		-27,500	-95,470	-75,163

2019	1° Q	2° Q	3° Q	4° Q
	Gen / Feb / Mar	Apr / Maj / Jun	Jul / Ago / Sep	Oct / Nov / Dec
Profit / Loss 2018	-221,483			
Gross revenue	731,936	1,938,270	3,302,873	4,500,981
Sales on return-Allow.	21,958	58,148	99,086	135,029
Net sales	709,977	1,880,121	3,203,787	4,365,951
Cost of sales				
TV Signal	385,000	522,500	632,500	770,000
COGS	385,000	522,500	632,500	770,000
Gross margin	324,977	1,357,621	2,571,287	3,595,951
Operating Costs				
Legal fee	14,000	19,000	23,000	28,000
Advertising	84,000	246,872	384,722	509,597
Lease & Services	18,000	21,000	23,000	25,000
Administrationl	11,502	15,627	20,292	24,388
Consumer. Comm.Travel	17,000	22,000	26,000	31,000
Cloud, server, softw.	7,000	9,500	11,500	14,000
Operating costs	151,502	333,998	488,514	631,985
Variable costs				
Copyrights fee	56,798	150,410	256,303	349,276
Bonus & incentives	7,100	18,801	32,038	43,660
Promotional activities	14,200	37,602	64,076	87,319
Variable costs	78,098	206,813	352,417	480,255
Staff costs				
Staff costs	130,000	190,000	230,000	270,000
COSTS + COGS	744,600	1,253,312	1,703,430	2,152,240
Amortizations				55,352
Borrowing costs				175,000
Profit before taxes (EBITA)	-34,622	626,810	1,500,357	1,983,360

Projected Cash Flow evolution – 2018 / 2019

The progressive analysis of cash flows is drawn up in the expectation that all, or part, of the planned funding will be received by May 2018.

	Progressive working capital	Financing		Progressive cash flow
1° Q. 2018				
2° Q. 2018	- 27,500	500,000	<<< Financing	472,500
3° Q. 2018	- 95,470			377,030
4° Q. 2018	- 98,514			278,517
1° Q. 2019	- 34,622			243,894
2° Q. 2019	626,810			870,704
3° Q. 2019	1,500,357	- 500,000	>>> Out financing	1,871,061
4° Q. 2019	1,933,360			3,854,421



Exit strategy

Activated the first 8/10 TV&TV broadcasters in as many countries, the company can choose between four possible strategies:

- To continue to implement the financial plan as presented.
- To reduce or increase the activation program of other TV&TV broadcasters, also increasing (or decreasing) the number of TV&TV channels provided in the various countries.
- **Partnership or acquisition by structures operating in the television** and/or web sector, such as (by way of example) Google, Apple or Amazon, which have shown an increasing interest in extending their influence beyond the online world only, especially in the direction of the television market.
- IPO in an official US and / or European stock exchange.

Calibration of activations

Although the timing of activations represented in this financial plan (65 TV&TV networks operating globally by 2028) is genuinely achievable, it is easily possible to make changes “in progress” in case the comparison of results with the financial plan advises to slow down or accelerate the number of activations.

Financing calibration

The actual necessary funds (USD 500,000) are lower than those for which the cost of interests have been calculated and for which the theoretical availability is requested (USD 1,000,000); this in order to protect the project in case in some countries the operating costs (staff, repetition of satellite signals by land bouquets or other) turned out to be higher than the Italian costs used as a parameter.

Equity

The percentage of share capital available to lenders is determined by applying the formula: **% Equity = Funding / Pre-money assessment.**

Considering the lower pre-money valuation data (obtained using the Berkus method), it determines an equity percentage equal to 23% of the share capital.

Use of sought capital

The amount of capital for which the project seeks finance is USD 500,000.00 (with repayment in 2019). In the case operational costs in some countries are higher than expected, it may be necessary to request a subsequent availability of no more than USD 500,000. The sought capital has the function of guaranteeing the correct operation of the project up to its B.E.P. (Q2 2019).

2018 / 2019 Use of sought capital
Activation of 12 TV&TV networks by 2019
Marketing and promotion
Personnel
Adjustment of software, hardware and logistical structures
Leasing costs
Administrative expenses and general cost

Particular situations, either favourable or unfavourable, may determine variations to the presented forecasts.

Florence 2018

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