

FINANCIAL INFORMATION

WiiTell

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Capital Structure and Funding

1. WiiTell will be raising capital through different options namely, Founders' personal finance and equity distribution at Pre-seed and Seed Stage.
2. The company has already kicked-off with personal finance of its founders, a total sum of \$50,000.
3. The company will seek additional funding for its Pre-preparation activities, Market build-out and business scaling, having already obtained a total of \$50,000 in Investment from friends and families of the founders. The future funding required per time is highlighted in the table below.

Total Funds required	Type	Time Span
\$200,000	Pre-seed round	18 months
\$3.5 Million	Seed round	24 months (Year 1-3)

4. The company will raise a total sum of \$3.5 million in a Seed institutional funding round
5. The total funds raised from personal finance, and Pre-seed round at this time will be sufficient to run the business for the initial 18 months of operations.
6. In Year 3, at a point when the business model has been largely validated and requires scaling up, the company may seek additional funding in a new Series A round that is yet to be determined at this time.
7. Cash balance at the end of Yr 2 is \$1.611 million which when considered along with the Revenue generated in Yr 3 of over \$2.4 million is able to cover COGS, SG&A, interest and tax expenditure due when well stretched. So why would we need funds infusion in Yr 3 if at all? As a backup or alternate plan, Yr 3 may be a time to massively scale up operations, enhance our tools to be a major platform in the world and add more sub-market modules to the stable of offerings thus requiring additional funding
8. The business will as a matter of strategy be re-investing some of its cash flow back into the business in order to keep scaling the business higher.
9. The founders believe that investment committed into WiiTell when considered alongside forecast sales potentials, can generate a high return on investment and be self-sufficient.
10. WiiTell is authorized to issue 100b shares. At the pre-seed stage, the founders will hold 40% of the company while pre-seed investors is given 0.2% stake of the company (200m shares).

At seed stage, ordinary shareholders are given 3.4% stake while preference shareholders are given 0.03% stake. At pre-seed and seed stage, the company issues its shares at par value (\$0.001 for ordinary shares and \$0.004 for preference shares)

The table below shows the number and value of shares issued at pre seed and seed stage.

Authorized Share Capital(units)	100,000,000,000	
Ordinary shares per 1 share	\$0.001	
Preference shares per 1 share	\$0.004	
	base yr	yr 1
Ordinary shares		
Issuance-other equity(units)	200,000,000	3,400,000,000
paid up-other equity	\$ 200,000	\$ 3,400,000
Issuance-Founder's class(units)	40,000,000,000	
paid up-Founder's class	\$ 50,000	\$0.00
Preference shares		
Issuance-other equity	-	25,000,000
paid up-other equity	-	\$ 100,000

- The founders have only paid up 12.5% of the issued capital, hence the value of \$50,000 while we expect 100% paid up capital from other investors to finance our start-up operations.
- Dividend pay our rate for ordinary shareholders and preference shareholders is expected to be 5% and 10% respectively. Wiitell is able to pay dividend from year 2.

	Yr 1	Yr 2	Yr 3
Earnings per share(EPS)	(0.00033)	0.00030	0.00038

- Earnings per share (EPS) is a company's net profit divided by the number of common shares it has outstanding(excluding founder's shares). EPS indicates how much money a company makes for each share of its stock and is a widely used metric for corporate profits. A higher EPS indicates more value because investors will pay more for a company with higher profits.
- From the above computation, if Wiitell distributes every dollar of income to its shareholders, each share would receive 0.03 cent.

Investment Evaluation

- This indicates the total discounted cash flow that the business will generate over a 3 year period compared to the investment (cash outflow). Given the capital nature of the project, the business will generate positive cash-flow annually. Cumulative total cash flow less cash outflow, net present value is \$5,044,079 which is positive
- The payback period is the expected number of years required to recover the investment. Pay back period for wiitell is yr 1

Net Present Value (NPV)	Yr 0	Yr 1	Yr 2	Yr 3
Cash flow balance	(250,000)	2,232,583	1,611,014	3,246,376
Discount rate	15.00%	15.00%	15.00%	15.00%
Discounted	1.0000	0.8696	0.7561	0.6575
Present value	(250,000)	1,941,376	1,218,158	2,134,545
Net present value	5,044,079			

Payback Period	Yr 0	Yr 1	Yr 2	Yr 3
Cash flow balance	(250,000)	2,232,583	1,611,014	3,246,376
Cumulative	(250,000)	1,982,583	3,593,597	6,839,973
Payback Period		0.1Yrs		

Revenue Projections

1. The WiiTell platform has many revenue streams and multiple business channels; but for the purpose of the financial projection, we limit the revenue streams to the following sources, viz;
 - I. Membership Subscriptions
 - II. Fee for premium use
 - III. Resource download
 - IV. Paid Advertisements
2. While specific assumptions drive operational revenue and loss account presented, it is good to note that Yr 0 or Base/Pre-Revenue Yr represents startup period and costs without which operations will not commence.
3. Yr 1 represents maiden transactional period. While Subscription/Premium use revenue for prudence reasons does not start until the Yr 2, all other revenue streams are expected to generate revenues from launch.
4. Year 1 is projected to finish with an operational loss in the amount of approx. \$1.1 million.

	YEAR 1	YEAR 2	YEAR 3
Revenue	\$ 69,308	\$ 2,065,986	\$ 2,466,559
COGS	\$ 231,225	\$ 333,175	\$ 349,586
Gross Profit	(\$ 161,917)	\$ 1,732,810	\$ 2,116,973
SG&A	\$ 906,654	\$ 284,344	\$ 277,385
EBITDA	(\$ 1,068,571)	\$ 1,448,466	\$ 1,839,588
Depreciation & Amortization	\$ 36,958	\$ 43,762	\$ 39,886
EBIT	(\$ 1,105,528)	\$ 1,404,704	\$ 1,799,703
Interest income	-	\$ 44,481	\$ 36,721
EBT	(\$ 1,105,528)	\$ 1,449,986	\$ 1,836,424
Tax expense	-	\$ 304,329	\$ 385,649
Net profit (PAT)	(\$ 1,105,528)	\$ 1,144,857	\$ 1,450,775

- WiiTell however starts posting profit from Yr 2 and keeps a good cover over its expenses up to Yr3 and beyond
- The company returns positive indices on average over all key revenue points - Revenue YOY (39%), Gross Profit margin (56%), EBITDA (48%) and Net profit margins (38%). Its ROE and ROI show an average of 20% respectively over 3 yrs.

Margin Analysis	average			
Revenue YOY growth	39.80%	0.00%	100.00%	19.39%
Gross profit margin	56.57%	0.00%	83.87%	85.83%
Opex to Sales margin	444.38%	1308.14%	13.76%	11.25%
EBITDA margin	48.23%	0.00%	70.11%	74.58%
EBIT margin	46.99%	0.00%	67.99%	72.96%
EBT margin	48.20%	0.00%	70.15%	74.45%
Net profit Margin	38.08%	0.00%	55.41%	58.82%
Dupont Analysis				
ROE	20.48%	0.00%	31.56%	29.83%
Net profit margin	38.08%	0.00%	55.41%	58.82%
Sales/Assets	0.34x	0.0x	0.5x	0.5x
Asset/Equity	1.07x	1.0x	1.1x	1.1x
ROE	20.48%	0.00%	31.60%	29.83%
ROI	20.48%	0.00%	31.60%	29.83%
ROA	18.72%	0.00%	28.78%	27.37%

Assets & Liabilities

1. While fixed assets is kept on a prudent gradient from Yr 1 to Yr3 through intentional departure from owning buildings and all such fixed assets to reflect the virtual nature of our business, we plan to keep a good eye on applying the company's cash inflow on a good mix of long-term investments while keeping a good cache of near cash or liquid investments in the short term.

Assets	\$	\$	\$
Non-Current Assets	Yr 1	Yr 2	Yr 3
Tangible assets	\$ 100,000	\$ 95,000	\$ 90,500
Intangible assets (inclgd pre-op exps)	\$ 337,618	\$ 303,856	\$ 273,470
Long-term investments	-	\$ 1,779,256	\$ 1,468,842
Total non-current assets	\$ 437,618	\$ 2,178,112	\$ 1,832,812
Current Assets			
Receivable	\$ 5,697	\$ 169,807	\$ 202,731
Prepayment & Other assets	\$ 62,100	\$ 19,476	\$ 18,999
Cash & Cash Equivalent	\$ 2,232,583	\$ 1,611,014	\$ 3,246,376
Total current assets	\$ 2,300,379	\$ 1,800,297	\$ 3,468,106
Total Assets	\$ 2,737,996	\$ 3,978,409	\$ 5,300,918
Liabilities & Equity			
Non-current Liabilities			
Long-term liabilities	-	-	-
Total non-current liabilities	-	-	-
Current Liabilities			
Trade Payables	\$ 19,005	\$ 27,384	\$ 28,733
Accrued & Other payables	\$ 74,519	\$ 23,371	\$ 22,799
Tax payables	-	\$ 304,329	\$ 385,649
Total current liabilities	\$ 93,524	\$ 355,084	\$ 437,181
Total liabilities	\$ 93,524	\$ 355,084	\$ 437,181
Equity			
Share Capital	\$ 3,750,000	\$ 3,750,000	\$ 3,750,000
Retained earnings	(\$ 1,105,528)	(\$ 126,675)	\$ 1,113,737
Total equity	\$ 2,644,472	\$ 3,623,325	\$ 4,863,737
Total liabilities & equity	\$ 2,737,996	\$ 3,978,409	\$ 5,300,918

2. WiiTell will diligently pursue opportunities to acquire existing or emerging businesses that are convergent to its goals and continuously seek to upgrade its platform tools, modules and service offerings in its quest to be Africa's economic engine room.
3. Given the strong financial management background of our owners and management, we expect to Start dividend returns to investors quickly. Payback period is computed to be about 1 year while break-even point in the business is 2 years.
4. Where found necessary, WiiTell may seek further infusion of funds in Yr3 but only for targeted investments or portfolio upscaling that will put it ahead of its competition. Additional funds could come from preference stockholding from the unissued part of the company's total share capital.

Cash Flow

1. Closing cash balance in the respective years are stated as follows, after annual range of Dividends payout as well as non-defaults on Taxes

	Base/Pre-Revenue	Year 1	Year 2	Year 3
Cash Analysis				
Beginning Cash balance	-	(\$ 119,575)	\$ 2,132,583	\$ 1,611,014
Cash generated for the period	(\$ 119,575)	\$ 2,352,158	(\$ 621,568)	\$ 1,635,361
Closing cash balance	(\$ 119,575)	\$ 2,232,583	\$ 1,611,014	\$ 3,246,376

Burn out rate(month)	30	68	140
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- Burn rate is the speed at which a company is using up its cash reserves to fund overheads. For instance, if a company has cash reserves amounting to \$250,000 with a burn rate of \$50,000 per month, the company will run out of cash in five months.
- In year 1, it takes the company 30 months to run out of cash as opposed to 68 months in year 2 (despite the lower cash flow balance). This is due to the high marketing and PR expenses incurred in year 1 to increase company's awareness.
- In year 3, the burn out rate is estimated at 140 months. This is a result of the increase in cash inflow generated from operation. Hence, the business is sustainable.

Analysis & Comparatives

1. Overall, WiiTell's forecast financials show that investing in Social Networking, when done smartly, returns great yield. On all key indices from profitability to cash cover to dividend payouts as well as loan repayments, the company even by conservative estimates is an incredibly attractive investment.
2. When compared with or considered alongside many of the Social Networking/ Review Platforms of today, it holds well on several comparative fronts as tabulated below:

Performance	Industry	Angie's list	TripAdvisor	Yelp	WiiTell
	5 year avg	5 year avg	5 year avg	5 year avg	3 years avg
Gross margin	91.00%	82.00%	98.00%	93.00%	56.57%
Operating margin	(1.00%)	(27.00%)	37.00%	(13.00%)	48.23%
Pretax margin	(2.33%)	(30.00%)	36.00%	(13.00%)	48.20%
Net profit margin	(6.33%)	(30.00%)	24.00%	(13.00%)	38.08%
Return on Equity	(34.00%)	(157.00%)	31.00%	24.00%	20.48%
Return on Assets	(17.67%)	(52.00%)	16.00%	(17.00%)	18.72%
Return on Investment	46.67%	141.00%	21.00%	(22.00%)	20.48%
Sales growth	32.33%	31.00%	22.00%	44.00%	39.80%
Quick ratio					0.59
Current ratio	3.54	1.11	2.33	7.18	12.53

LT debt to Equity	(6.95%)	(50.86%)	0.3	0	0.00%
Asset turnover	1.21	1.88	0.66	1.0977	0.34

Unit Economics of The Business

Revenue

- We have conservatively estimated the Per unit income generation for all our streams of income in Yr. 1. Members and Premium users are estimated to pay a monthly fee of \$10 to use latest features. Although, our forecast is that this stream will start to yield by Yr.2
- Subscription Increases by 20% YOY
- Advertising revenue increases by 10% YOY
- Resource download will increase 10% YOY

PER UNIT ESTIMATE	Year One
Membership/Premium subscription for business	\$10
<i>Subscriptions % of Active business users</i>	10.00%
Advert charges: Cost per click	\$0.12
Advert charges: Cost per 1000 impressions	\$1.00
<i>Estimated minimum number of clicks per user per month(%active users)</i>	10.00%
Estimated minimum number of impressions per month	50,000
Resource Download/per app downloads	\$0.01
investment income (%)	2.50%

Analysis

- We expect that consumers who become active on our platform will easily become lifetime users, owing to the high retention value most Social Networks have. Our investment into creating daily and engaging contents will yield value for us in the way our active users can help our platform command high pricing in advertising (CPC & CPM).
- Lifetime Value of customers is expectedly very high, owing to very high number of transactions on each of our Income stream.
- CAC is also very low owing to the fact that we will operate as a social Network, which means free entertainment value for the average users.

	Year 1	Year 2	Year 3
Revenue	\$ 69,308	\$ 2,065,986	\$ 2,466,559
Total purchase	8,140	152,952	183,543
Average value of sale	\$ 9	\$ 14	\$ 13
average number of transactions	6,784	50,984	61,181
Retention period (In Years)	5	5	7

Net profit Margin	0.00%	55.32%	58.90%
Customer Life-time Value	-	\$ 1,904,803	\$ 3,389,648
Sales and marketing expenses	\$ 818,450	\$ 198,138	\$ 188,138
Total Users	2,869,339	11,361,285	13,633,542
Customer Acquisition Cost	\$0.29	\$0.02	\$0.01

Cost of Revenue

- We estimated that Human resources will account for our biggest direct spend to generate Revenue.
- While our COGS may not fully reveal itself until we launch, we estimated along industry stands, and the cost of revenue percentage to Sales for WiiTell is much higher than those of our competitors (Yelp, TripAdvisor, Angie's List)

App maintenance	\$ 21,600	\$ 23,760	\$ 26,136	\$ 28,750
Developers' salaries	\$ 55,800	\$ 204,000	\$ 224,400	\$ 246,840
Other cost of sales		\$ 3,465	\$ 82,639	\$ 73,997
Total Direct cost	\$ 77,400	\$ 231,225	\$ 333,175	\$ 349,586