

# BUSINESS PLAN

# Content

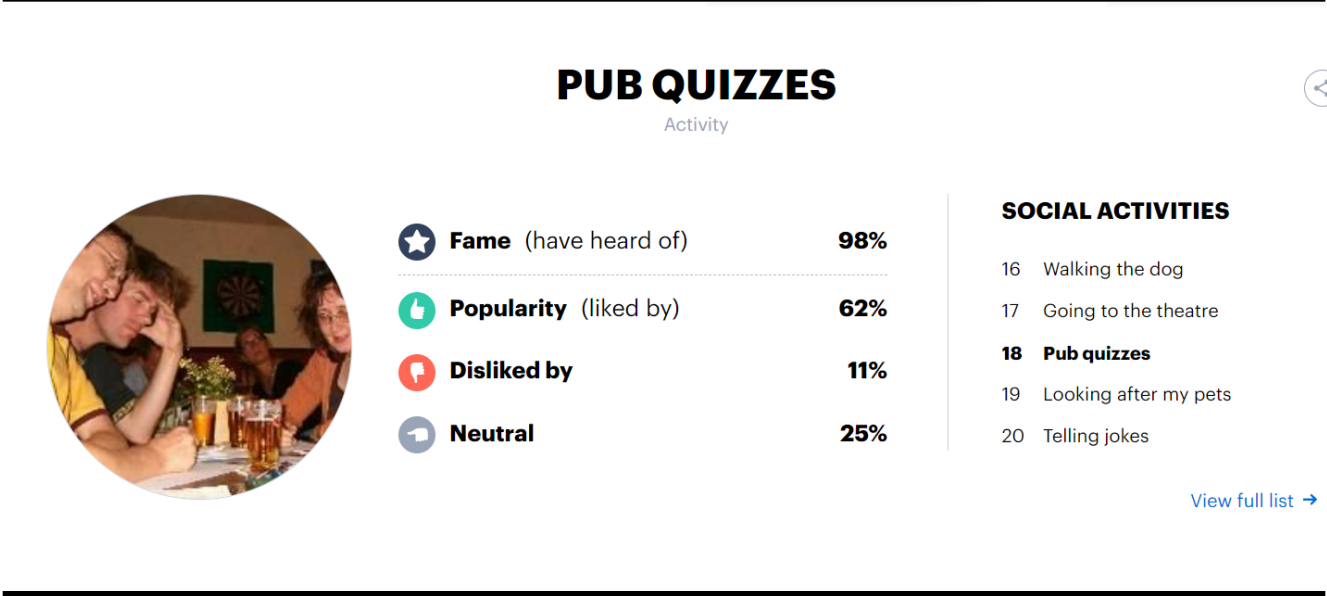
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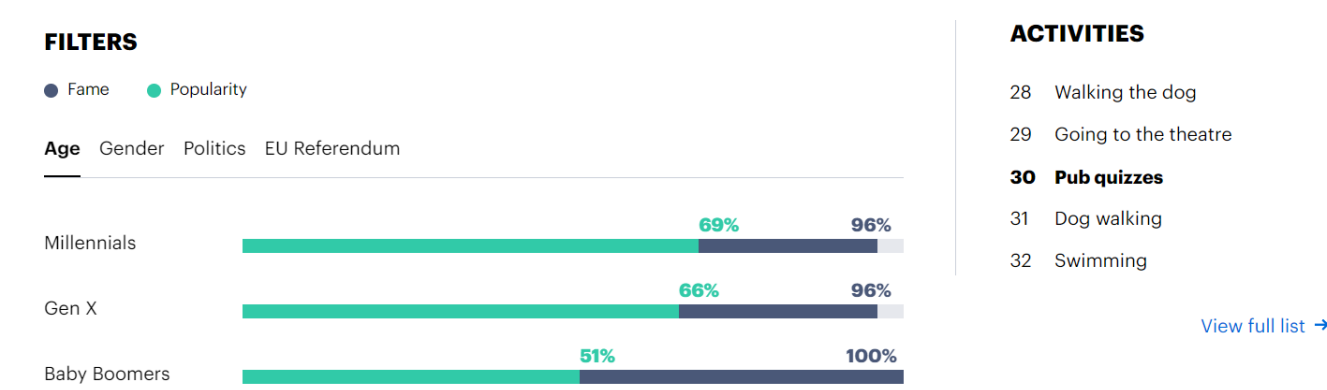
# 1. Executive Summary

Geir-Ove Haraldsen and Tor Anders Petteroe are founders of the Play Active project, which will disrupt traditional fun entertainment culture and transform it into a more interactive process.

Pub Quiz is a principal entertainment activity for local communities. Although it is a product of British culture, it is a global activity, and many pubs around the world are organizing Pub Quiz activities.



According to the You.gov website, pub quizzes are more popular than gardening activities in the UK.



Digitalization of traditional pub quiz games is an attractive business for start-ups. Hence, there are a lot of start-ups that try pub quiz app projects in the market. On the other hand, pubs are struggling to make marketing activities because of regulations and limited budgets.

Therefore, pubs need local marketing solutions that can support new customer acquisition and retention of existing customers.

Furthermore, targeted local marketing is a crucial task for local brands. A lot of brands are looking for better relations with local communities.

Play Active is a start-up focusing on disrupting traditional pub quiz applications with an omnichannel experience approach. Our platform will provide a pub quiz experience with unique questions related to current support activities or news and a wide range of quiz subjects. In the first place, we will just review questions. Unique question development will be the next step of the project. On the other hand, sport coupon functions and a fully automated quiz management system will differentiate us from other competitors. This business plan will define each feature that differentiates us from our competitors.

In addition to the pub quiz experience, we provide a campaign and customer relation tool for pubs and a targeted marketing tool for local brands. These will be unique features that brands can sponsor for awards or post advertisements to directly designated locations or pub events.

Hence, we will transform a pub quiz app into a local community application that provides unique marketing and entertainment options. Moreover, we will lower the intellectual barrier of sophisticated pub quizzes with sports game prediction games. We believe that pub quizzes will be for everybody.

Technology will be the backbone of the project. We will use AI for faster and unique content development. Please note diversity and quality in content creation will be another competitive advantage. We will use human content moderators with GPT3-powered AI infrastructure. This approach will help the scalability and localization of the project for different regions.

We will start our MVP and pilot projects in the Norway market. Although the Norwegian market is relatively small, it is one of the best places to make proof of concept projects. On the other hand, our founder has connections in Norway to start pilot projects and create a feedback loop to reach the commercial product.

After the pilot projects, we will make Nordic Launch, which will be our first commercialization test. We are planning to reach 300 pubs in Nordic Countries before the UK launch. We want to ensure our platform's stability and quality before the UK launch.

#### **The project will need investment for;**

- Start-up Investment for MVP year
- Commercialization stage for Nordic Launch
- The scale-up stage for Global Launch

In this business plan, we will explain the investment needs in each step of the project.



### The project will have four main revenue streams;

- Pay-as-you-go payments of Pubs
- Monthly subscription of Pubs
- Advertisement Income from Brands
- Pro version for people who want to develop their own pub quiz. (Pro-Version will be 99 NOK)

### According to the initial assumption in five years;

- We will reach 16k pubs globally
- Our mobile application's active users will reach 2 million people.
- We will reach 181 million NOK annual revenue with 42 million NOK net profit.
- Our fifth-year valuation will exceed 200 million NOK.

In this business plan, we will explain all our assumptions and risks. But more importantly, we will give more information about our business processes.

## 2. Project Info

### 2.1. Key Values



**Social  
Community  
Creation**



**Continuous  
Entertainment  
Experience**



**Research &  
Development**



**Transparency**

Play Active is not just a pub Quiz application. We believe in social community creation, continuous entertainment experience and transparency in all processes. We are supporting our values with continuous research and development processes.

**Social Community Creation:** We will create a network matching local communities with pubs and brands. This will create new opportunities in our app and make it a niche for users.

**Continuous Entertainment Experience:** Pub Quiz and Sports Coupons are just a small part of our long-term vision. In addition, we will manage all entertainment activities of local communities around pubs and local brands.

**Research and Development:** Automatization with AI, Data management, and security will be our main R&D areas. We will use at least 3% of our revenue for R&D activities.

**Transparency:** Our marketing and sponsorship features will be fully transparent for end users, and we will take the consent of all users.

We will work with local partners during the global expansion for better localization and features. We will look for partners that have the same values as us.

## 2.2. Problems



### Reaching customer

Pubs are struggling to make public advertisements because of the regulations.



### Customer retention

Only two per cent of UK pubs were given a maximum score in a new customer satisfaction survey.



### Quiz Original Content

Original content and diversity in questions are crucial for a high-quality pub quiz experience.



### Omnichannel Experience

Activities combining online and pub experience are crucial for healthy customer relation management and increase entertainment level.

### 1.1.1. Reaching Customers

Marketing is crucial to the pub's success because it allows you to reach out to potential clients. Unfortunately, the managers often get too engaged with running the business that they ignore the marketing because they are receiving customers, but marketing is a continuous process.

A data-driven approach to customer management enables pubs to establish and build relationships with customers on an individual basis which engenders loyalty and repeat business.<sup>1</sup>

<sup>1</sup> <https://www.alchemetrics-uk.com/location-based-marketing-for-pubs-bars-restaurants-post-gdpr-world/>

### **1.1.2. Customer Retention**

Only two per cent of UK pubs in a new survey were given a maximum score in a recent customer satisfaction survey. At a time when pub closures are rife in the UK, a survey by customer service evaluation company Retail Eyes indicates there are underlying problems in the sector's approach to customer care. To gather data, Retail Eyes made 500 mystery visits to pubs and bars operated by 25 leading pub brands across the UK. The overall average satisfaction score across all visits was 81.7%. Only 12 pubs (2%) attained a perfect 100% score. In only 40% of visits did mystery guests say that they would be very likely to return to the establishment concerned, which suggests a significant underlying issue, particularly at a time of reduced and more considered discretionary spending.<sup>2</sup>

### **1.1.3. Quiz Original Content**

Original content and diversity in questions are crucial for a high-quality pub quiz experience. Quiz questions should be interesting, fun and – of course – accurate. Moreover, high-quality and diverse content attracts more people. Hence, pub quiz organizers search for the best questions and generally pay for high-quality content writers. We are planning to add this feature in the next steps.

### **1.1.4. Omnichannel Experience**

Activities combining online and pub experiences are crucial for healthy customer relation management and increase entertainment.

A common theme across these forms of pub sociability is the value placed on feelings of social connections provided by different forms of social interaction and sociability, which are facilitated by the hospitable atmospheres many pubs offer. Pubs are therefore cast as essential sites through which various forms of sociability are enacted and enabled.

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<sup>2</sup> <https://www.loyaltymagazine.com/pubs-losing-out-in-customer-satisfaction-stakes/>



## 1.2. The Solution

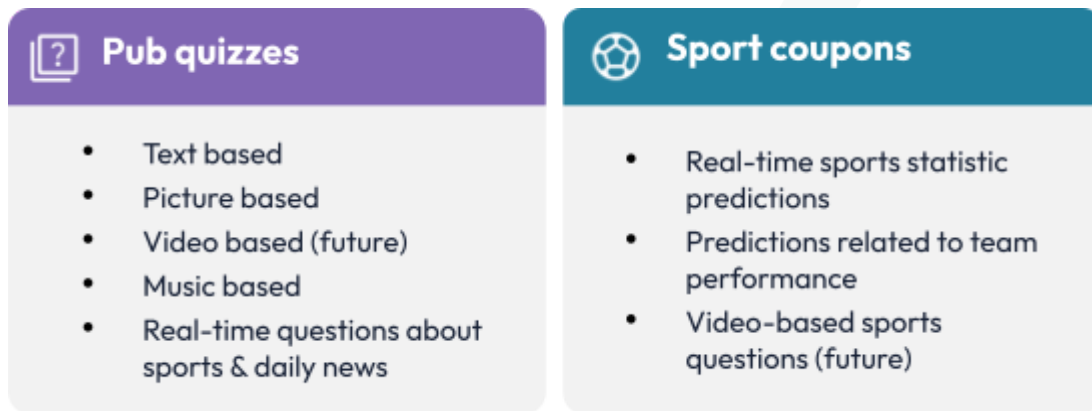


Our platform offers a pub and event search feature, which will be a crucial entry point for our app download process. Obviously, promotions of pubs can trigger our app usage, creating a growth cycle for our platform.

After customers register on our platform, there will be different events and pub options. Customers can create their teams and attend events. All quiz processes are managed by the app. Customers can invite their friends to their team, and some team members can contribute to the team as online players (from their homes). So, people in the pub and their online teammates can create a unique experience.

Sponsor rewards and Pub rewards will be distributed transparently according to the result of ranking. In addition, people can share the event and questions on social media, and they can gate additional referral awards.

### 1.2.1. *Type of Interactions*



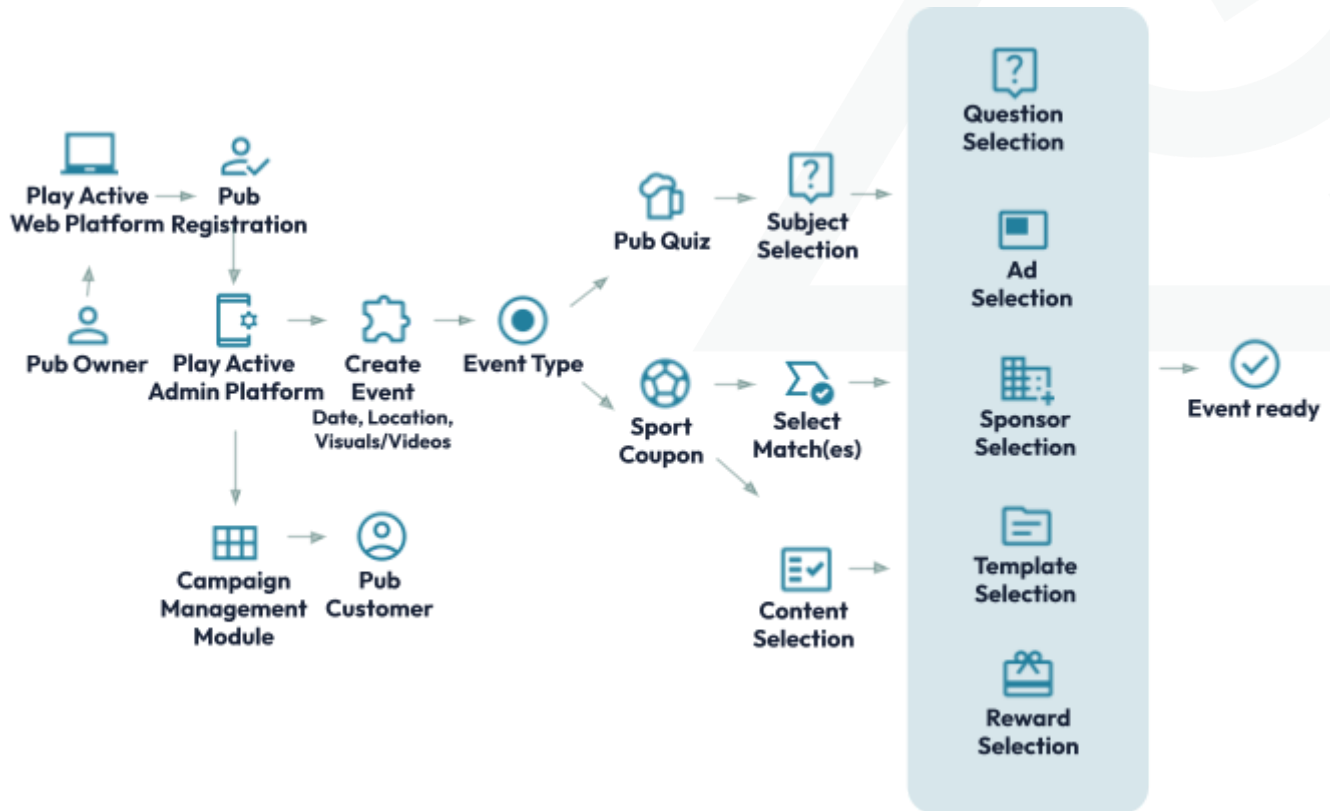
Pub quizzes will be about a wide range of subjects. Our platform will support picture, video, and music-based question contents, which will make the process more attractive. Furthermore, our algorithm will automatically generate questions about a sports game right after the game is finished. This will be a unique experience, and we will call it "Real Time Quizzez".

Sports coupons will be an additional feature that will be entertainment for sports fans.

Video-based questions will be an exciting development for our projects. We are planning to create video questions to create a more interesting experience. For example, after the completion of a sports game, we can ask a question related to the video of a critical position.

We will use AI, specially GPT3, to create more diverse content. All content will be checked by human moderators, and we will be sure about the quality of the content.

### 1.2.2. Moderator / Pub Owner Experience



We will develop a wizard for pub owners to create events and publish them. Step by step, they will select templates, question types, rewards, advertisement options, and sponsor and reward selection. Hence, the process will be easy, and the output will be high quality and fully prepared from questions to rewards.

### 1.2.3. Brand Experience



Local brands will use our advertisement module to create their templates and targets (locations and bars).

Furthermore, brands can add reward sponsorship offers like special discounts or free products/services. Please note that pub owners can select sponsorship rewards from proposed suggestions. (Please check section 2.3.2)

### 1.2.4. The Role of the App in the Pub Entertainment



### 1.2.5. Some Cases

- 1 The customer is going to the pub to watch the football game.
- 2 He downloads the Play Active App.
- 3 He can play sports coupon and make predictions. He can win rewards and discounts at the bar.
- 4 After the match, he can make a pub quiz competition with his friends.





- 1 The customer goes to the pub in the evening.
- 2 He is interested in the daily news.
- 3 He attended a pub quiz about the daily news.
- 4 He learns more about the news.
- 5 He has a good time.

### 1.2.6. *Differentiation in Content Creation*

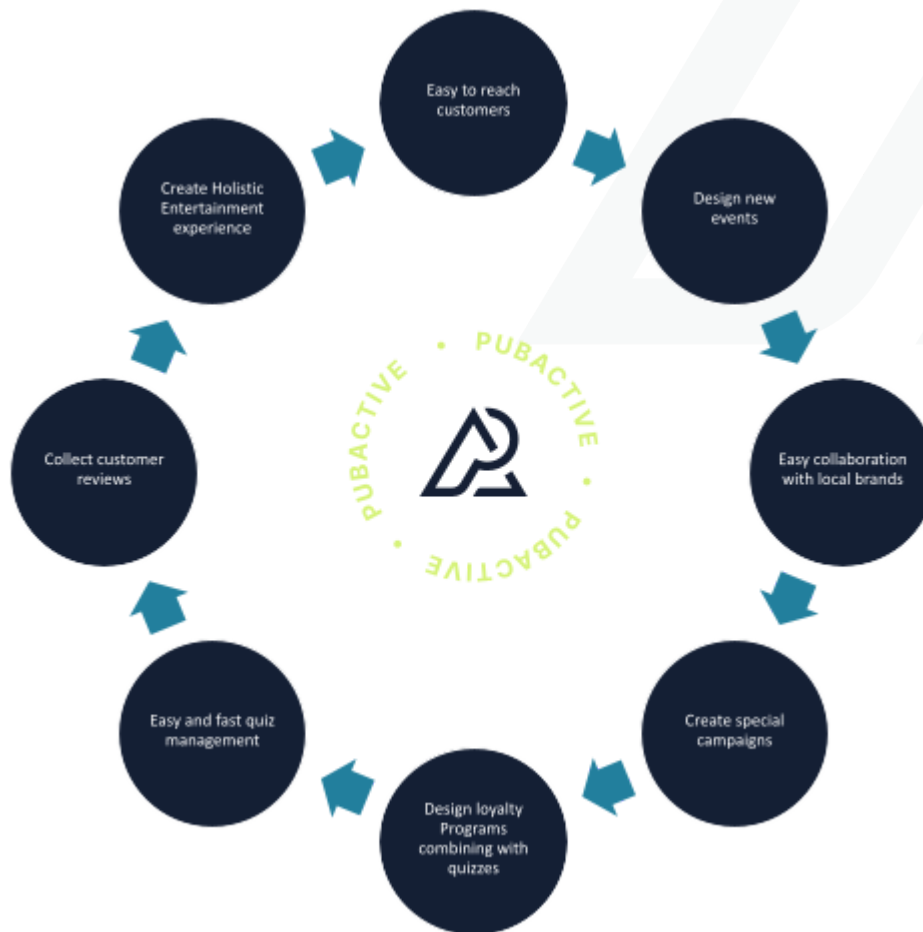
-  New questions and regularly updated content
-  Cultural differences in content type
-  Questions in different subjects
-  AI/NLP infrastructure for faster content creation
-  Inhouse Content Moderator team for high-quality content
-  Automatic Quiz creation using Sport content data
-  Localization of content for each country with local partners

## 1.2.7. Features





### 1.3. Benefits of Pubs



#### Advantages of the Platform for Pubs

- Easy to reach customers
- Design new events
- Easy collaboration with local brands
- Create special campaigns
- Design Loyalty Programs combined with quizzes
- Easy and fast quiz management
- Collect Customer Reviews
- Business Intelligence tool to monitor user activities including diagrams, % display data, geographical data, gender, age, interests, etc
- Create Holistic Entertainment Experience

## 1.4. Benefits of Customers



### Advantages of the Platform for Customers

- Be part of a community
- High-quality quiz experience
- Sport-related entertainment and quiz options
- Getting rewards and special discounts from local brands
- Getting New Friends
- Learning and personnel development

## 1.5. Benefits of Brands



### Advantages of the Platform for Brands

- Local marketing opportunities
- Using targeted marketing tool
- Increase brand awareness with affordable budgets
- Sponsorship and advertisement options

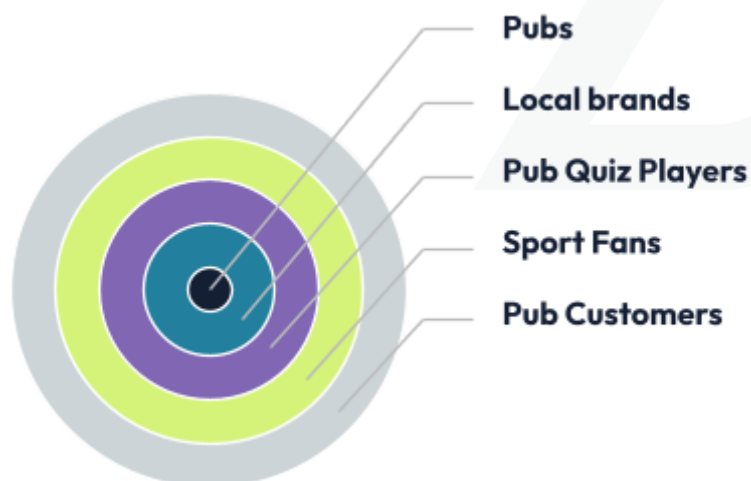
### 1.5.1. Community Creation

The community is a crucial component of our proposition. Well supported community increases the scalability of the project. Hence, we will support community development with content creation, a referral system and discount (from partner brands) incentives.

The app will have a community section, and users can share and like posts. In addition, users can send friend requests, and friends can message each other. On the other hand, we will add local brands and pubs to the community to create exclusive content.

The core of the community will be pubs and local brands. Players and sport fans will be other components of the community.

The initial investment in community creation will decrease our customer service costs and increase the project's scalability.



## **1.6. Technology Infrastructure**

### **1.6.1. Data Management & Cybersecurity**

During the project, valuable data about pub preferences, user expectations, quiz expectations, and demographic info will be collected.

#### **Steps of Data Pipeline,**

- Data Collection by the platform
- Data Cleaning
- Data Enrichment with third-party data sources (social media etc.).
- Data Analysis and Reports
- Business Intelligence Activities

These reports will be used to optimize the process. Moreover, in the second phase, we will develop ML (Machine Learning) models for the recommendation system for users, a chatbot for customer support and automatic customer tagging for targeted marketing (marketing module). Please note that data will be our competitive advantage for growth.

We will make R&D investments for BI. (Business Intelligence) and ML (Machine Learning development) activities. ML-supported automatization and recommendation systems will increase our scalability and long-term profitability.

**Cybersecurity** is crucial for payment, content and identity protection.

**So below listed precautions should be taken.**

- Conduct a security audit from time to time.
- Proactively search for vulnerabilities in networks and systems.
- Regularly conduct cybersecurity awareness sessions. Employees and users must be aware of data protection and security protocols.
- Strong and unique passwords must be made mandatory along with regular notifications to update them periodically.
- Implement two-factor authentication, particularly in the context of payments.
- Try to ensure lifecycle security when multiple vendors are involved.
- Critical IT systems can be moved to specialist hosting providers to increase cloud security.

## **1.6.2.     *Artificial Intelligence***

AI will be one of our R&D subjects.

**We will use AI for different functions;**

- Recommendation system to end users about pubs and events they can like.
- Customer tagging according to buying potential (This system will help us to increase advertising revenue.)
- ChatBot for customer support. (This system will help us automate our customer support activities.)

Furthermore, we will use GPT-3 for quiz content creation. First, we will generate questions and answers with AI infrastructure. Then, human moderators will check them. This verification process will train our data set for better AI outputs.

After reaching enough data, the data team and AI experts will work together to develop ML models.

## **1.6.3.     *Infrastructure Development***

We will continuously develop our software and hardware infrastructure. We will develop new features, pre-built integrations, scalable server options and in-house software infrastructure to provide innovative technologies to our customers.

We will make partnership agreements with technology companies, cloud providers, universities (Research Centers), and hardware suppliers to conduct those research and development activities.

We plan to develop an SDK for developers to integrate our pub quiz infrastructure into their mobile applications. Furthermore, pub chains can add our platform to their existing mobile applications.

#### **1.6.4. CRM Infrastructure**

Zendesk<sup>3</sup> will be the crucial solution for ticketing and customer support which will be one of our competitive advantages.

A fully integrated ticketing system is the first step to building a great customer experience. It's a central hub for all customer questions, requests and concerns. Above all, it gives us a complete picture of each customer so that we can offer the proper support.

Using the Zendesk Enterprise solution, we will provide full customer support and customer data management in the mobile app, social media channels and website.

### **1.7. Competitive Advantage & Positioning**



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<sup>3</sup> <https://www.zendesk.co.uk/service/ticketing-system/>



We are positioning Play Active as a pub quiz game, a sports coupon game environment for end users. On the other hand, it will be a local advertisement tool for brands.

**Below visual, you can see our main competitive advantages:**





## 1.8. Pricing Strategy

We made a pricing strategy comparing with competitors and evaluating the value we will create.

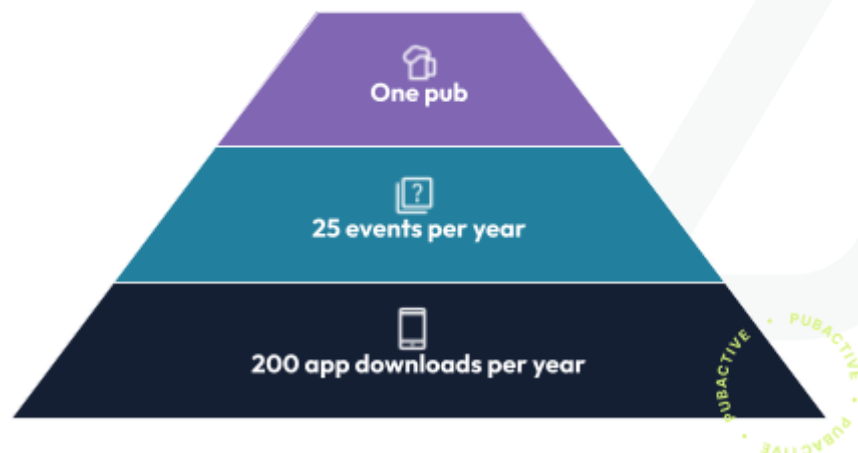
### 1.8.1. Pricing for Pubs

 Pay per quiz	 Monthly Subscription for Pubs
<b>200 NOK (20\$)</b> One Quiz One Campaign	<b>1.000 NOK (100\$)</b> Including max eight quiz creation Including Campaign Module (4 campaign creations per month)

### 1.8.2. Pricing for Brands

 Targeted Advertisement	 Direct Notification to App Users (Selected Brands)
<ul style="list-style-type: none"><li>• Campaign Creation</li><li>• Banner Ads</li><li>• The average Cost per click will be around 10 NOK (1\$)</li></ul>	<ul style="list-style-type: none"><li>• Targeted User Selection</li><li>• Max 1.000 messages in one month</li><li>• 1.000 NOK (100 \$) monthly subscription</li></ul>

### 1.8.3. Sales Funnel



We assume we will gain 200 active application users when we acquire one pub.

### 1.9. Partners



We will create an ecosystem for the project. We will have community, technology, and operational partners.

The project has both technological and operational needs. For global expansion, we should work with value-added country sellers. We will develop this reseller network up to the project's third year.

We will create an advisory board and take different experts to an advisory board to create a global development plan.

## 1.10. Target Customer

### B2B Customers

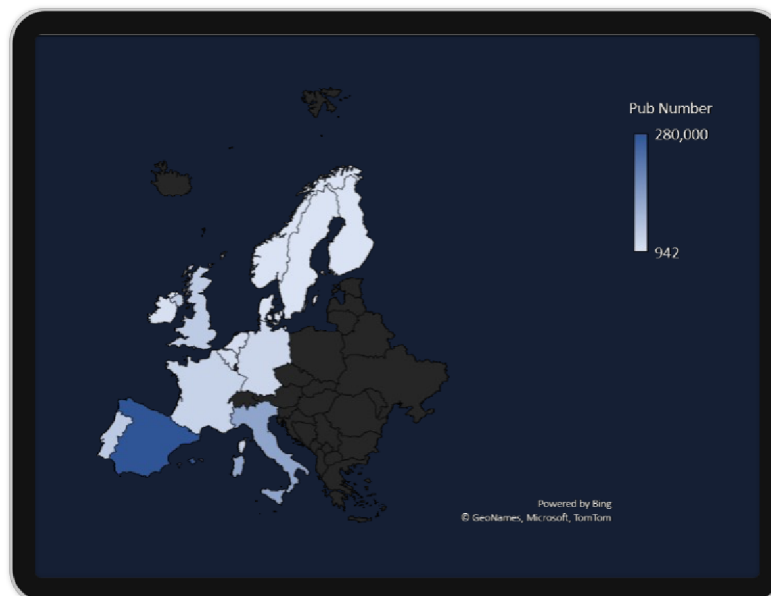
- Pub Owners
- Pub Chains
- Companies looking for new kinds of social activities for employees
- Local Brands

### B2C Users

- People like to go to pubs
- Sport fans
- Pub Quiz Lovers
- University Students looking for alternative activities
- Elder people looking for meet-up alternatives

### Geographical targeting

The MVP will start in Norway. Then we will expand to other Nordic Countries. The UK will be our target market after the proof of concept. After the UK's success, we will make a global launch.



Country	Pub Number	Priority
Norway	1,500	First (MVP)
Finland	1,298	Second
Denmark	2,866	Second
Sweden	942	Second
United Kingdom	47,200	Third
Ireland	7,140	Third
Germany	25,968	Fourth
France	32,446	Fifth
Netherlands	12,163	Fifth
Belgium	13,862	Fifth
Spain	280,000	Sixth
Portugal	49,096	Sixth
Italy	123,440	Sixth
United States	64,337	Seventh
Australia	6,731	Seventh

## 1.11. Company Strategy





### 1.11.1. SWOT



### 1.11.2. Risks and Mitigation

- The initial investment will be needed for growth. Therefore, we are looking for potential investors for the project.
- We will hire new team members for growth. We have a core team. We will hire new team members.
- Dependency on cloud providers is another risk for the project. We will prepare migration plans for alternative cloud services. Unexpected price increases and service quality problems should be analyzed.
- The economic downturn won't affect our project negatively. Our solution provides an affordable solution for pub owners and local brands.
- The project is a cash-burn project. It needs cash for global marketing operations and growing team salaries, especially for customer support and development. Hence, R&D projects to decrease customer support and technical maintenance costs will be crucial to reach cash-positive growth.

- New companies can enter the market by developing a platform. The main entry barrier for this market is high customer acquisition costs and extensive customer support team needs. Our business model will support organic growth with unique features.
- Initial market penetration is crucial. So, marketing will be one of the main cost items of the project. Our objective is to secure partnerships with leading beverage suppliers, such as Battery, Redbull, Carlsberg, Budweiser, and the like, to expand our customer base through leveraging their extensive network. By collaborating with these industry heavyweights, we aim to accelerate our market penetration and achieve rapid growth.
- Localization will be essential for growth. Hence, we will work with local partners.

### 1.11.3. *Horizon Analysis*

**We are looking for the initial investment to execute the below activities;**



**App Development  
& Maintenance**



**Customer Support  
Infrastructure**

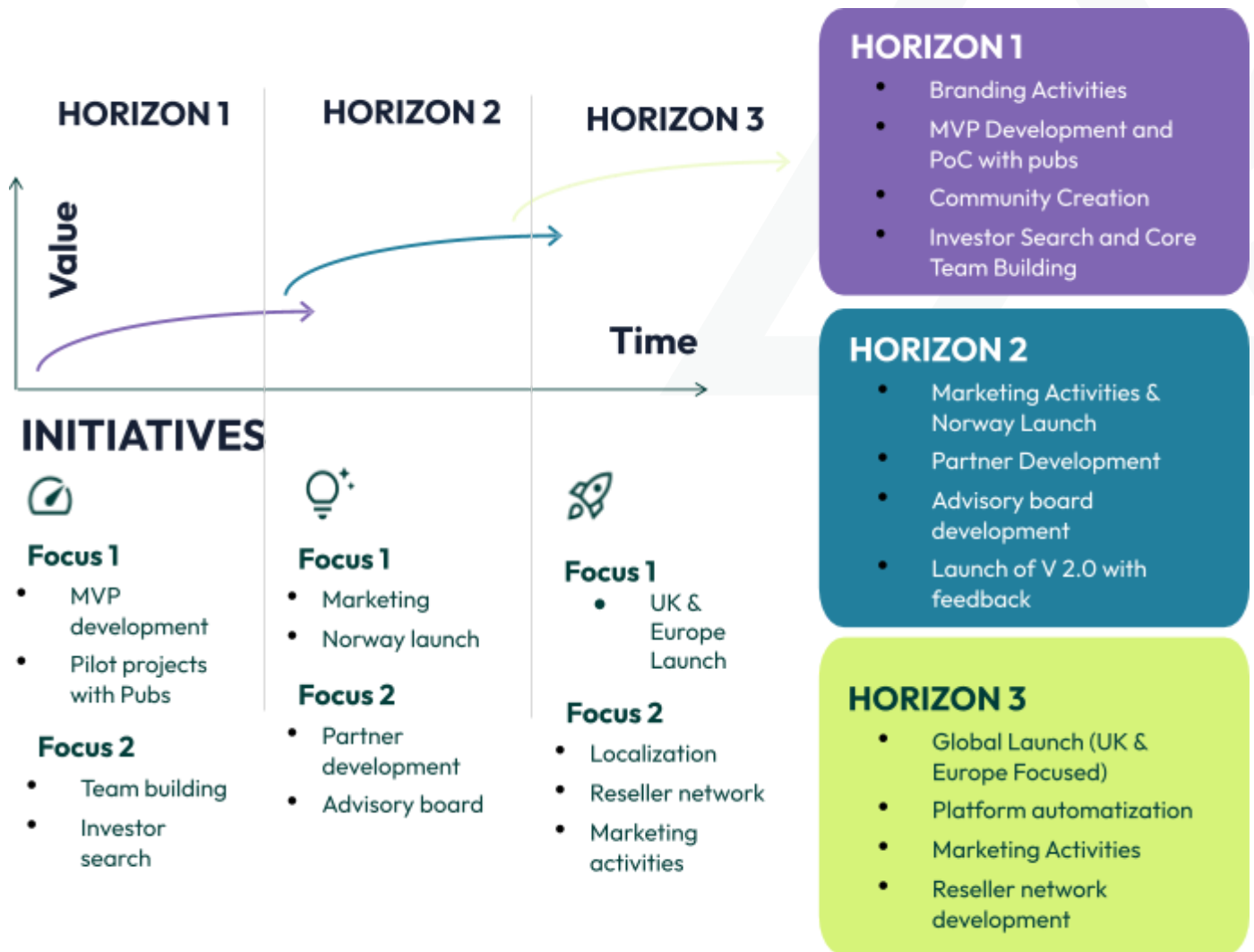


**Targeted  
Initial Marketing  
Campaigns**



**Hiring new  
technical and  
marketing team  
members**

The initial investment will be used for start-up costs and working capital needs. In addition, marketing and salaries will be a considerable portion of working capital needs. The details of investment needs will be described in the financial part of the business plan.



#### 1.11.4. Value Chain Analysis

**We will make impacts on;**

- Pub Entertainment
- Pub Marketing
- Local Brand Marketing
- Local Community Development



## 1.12. Roadmap



### 1.13. Growth Cycle



New pub customers will do our local marketing. So, our app download will increase. An increase in app downloads will make us attractive to brands.

On the other hand, we will acquire customers, and this will support both pub acquisition and brand relations.



## 2. MARKETING PLAN

### 2.1. Market Analysis

#### 2.1.1. Pub Sector

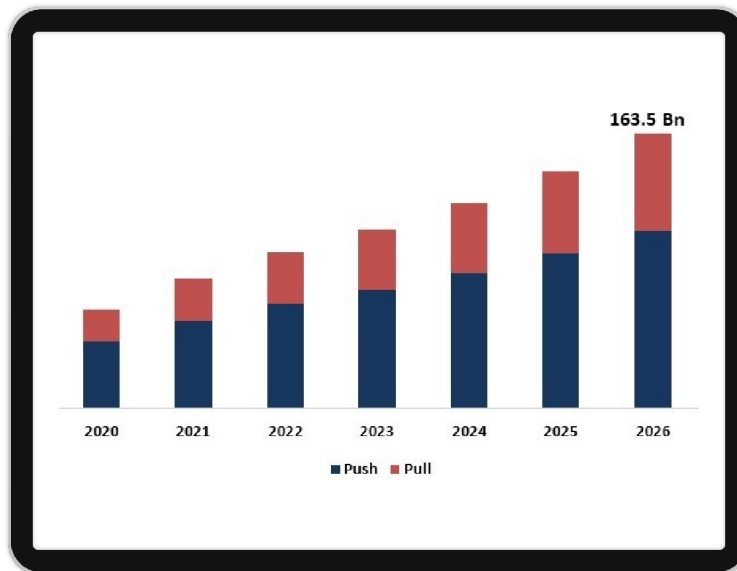
According to a recent report, the pubs, bars, and nightclubs market size is expected to grow by US\$31.46 billion from 2022 to 2027. The findings, detailed in a market forecast report by Technavio, anticipate the sector progressing at a CAGR of 5.09%. Other findings in the report showed how "40% of the market's growth will originate from Europe during the forecast period" and stated that while "the UK and France are the key markets for pubs, bars, and nightclubs in Europe, market growth in Europe will be faster than the growth of the market in other regions".<sup>4</sup>



<sup>4</sup> <https://www.technavio.com/report/pubs-bars-and-nightclubs-market-industry-analysis>

### 2.1.2. Location-Based Advertising Market

The Global Location Based Advertising Market size is expected to reach \$163.5 billion by 2026, rising at a market growth of 18.5% CAGR during the forecast period. Location-based advertising includes online and offline strategies created to help businesses plan and execute marketing activities based on the geographical location of customers. The usage of consumer data to display relevant brand messages to a highly targeted audience is at the heart of location-based marketing. Localized marketing, also known as geo-marketing, is not a new idea. Businesses have always recognized the importance of marketing to people on the basis of their location.



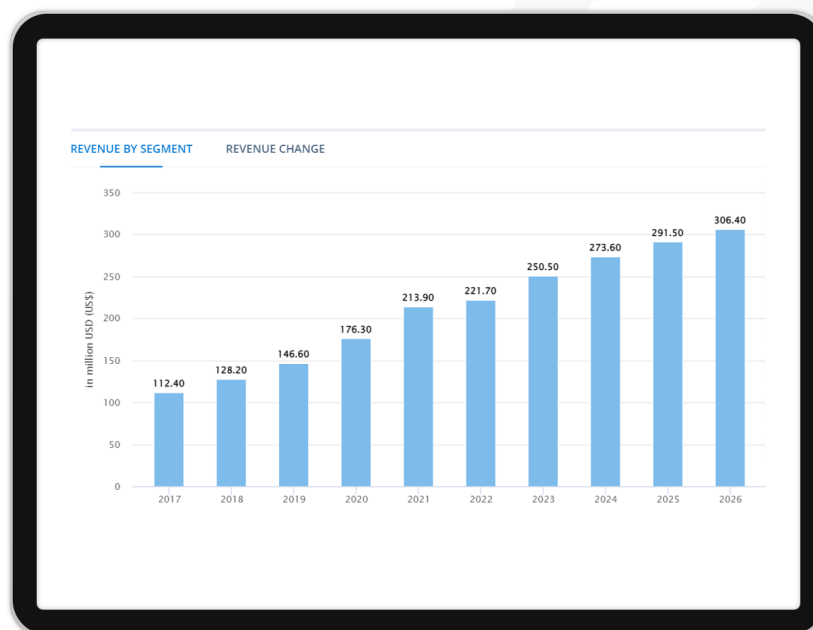
Rapidly growing digitalization across business verticals, increasing adoption of internet & GPS enabled mobile devices, and accelerated usage of customer data by advertisers are the key factors that drive demand growth for Location Based Advertising (LBA). Furthermore, the growing usage of social media by users and the move of advertisers from conventional banner ads to new channels have driven the use of LBA across industries. In addition, regulatory initiatives to ensure consumer health, the proliferation of new data sources and the changing marketing approach are expected to encourage demand development over the forecast period.<sup>5</sup>

### 2.1.3. Global Trivia Games Market

- Total revenue in the Trivia Games segment is projected to reach US\$221.70m in 2022.
- Total revenue is expected to show an annual growth rate (CAGR 2022-2026) of 6.94%, resulting in a projected market volume of US\$306.40m by 2026.

<sup>5</sup> <https://www.kbvresearch.com/location-based-advertising-market/>

- In-app purchase (IAP) revenue in the Trivia Games segment is projected to reach US\$113.70m in 2022.
- Paid app revenue in the Trivia Games segment is projected to reach US\$16.53m in 2022.
- Advertising revenue in the Trivia Games segment is projected to reach US\$91.46m in 2022.
- The number of downloads in the Trivia Games segment is projected to reach 1,297.5m downloads in 2022.
- The average revenue per download currently is expected to amount to US\$0.17.<sup>6</sup>



<sup>6</sup> <https://www.statista.com/outlook/dmo/app/games/trivia-games/worldwide#revenue>

### **2.1.4. Trivia Games Market – Norway**

- Total revenue in the Trivia Games segment is projected to reach US\$2.03m in 2022.
- Total revenue is expected to show an annual growth rate (CAGR 2022-2026) of 6.27%, resulting in a projected market volume of US\$2.84m by 2026.
- In-app purchase (IAP) revenue in the Trivia Games segment is projected to reach US\$1.08m in 2022.
- Paid app revenue in the Trivia Games segment is projected to reach US\$0.14m in 2022.
- Advertising revenue in the Trivia Games segment is projected to reach US\$0.80m in 2022.
- The number of downloads in the Trivia Games segment is projected to reach 2.4m downloads in 2022.
- The average revenue per download currently is expected to amount to US\$0.84.<sup>7</sup>

### **2.1.5. Trivia Games Market – The UK**

- Total revenue in the Trivia Games segment is projected to reach US\$12.64m in 2022.
- Total revenue is expected to show an annual growth rate (CAGR 2022-2026) of 6.40%, resulting in a projected market volume of US\$17.78m by 2026.
- In-app purchase (IAP) revenue in the Trivia Games segment is projected to reach US\$6.33m in 2022.
- Paid app revenue in the Trivia Games segment is projected to reach US\$1.77m in 2022.
- Advertising revenue in the Trivia Games segment is projected to reach US\$4.54m in 2022.
- The number of downloads in the Trivia Games segment is projected to reach 47.5m downloads in 2022.
- The average revenue per download currently is expected to amount to US\$0.27.

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<sup>7</sup> <https://www.statista.com/outlook/dmo/app/games/trivia-games/norway>

### 2.1.6. *ARPU and CLV Calculation*

<b>Registered Pub</b>	100 pubs
<b>Annual App Download per Pub</b>	120 people
<b>Total App Download Number</b>	12 000 people
<b>Pay as you go Pub Number</b>	75 pubs
<b>Subscribed Pub Number</b>	25 pubs
<b>Average Event Per Pay as you go Pub</b>	3 times / month
<b>Average Event Per Subscribed Pub</b>	5 times / month
<b>Total Event Number</b>	4 200 events / year
<b>Price Per Quiz</b>	200 NOK per quiz
<b>Subscription Price</b>	1 000 NOK per month
<b>Advertisement Income (M)</b>	1,50 NOK per user
<b>Pay as you go Revenue</b>	540 000,00 NOK
<b>Subscription Revenue</b>	300 000,00 NOK
<b>Advertisement Revenue</b>	216 000,00 NOK
<b>Total Revenue</b>	1 056 000,00 NOK
<b>ARPU (per download)</b>	88,00 NOK
<b>ARPU (per pub)</b>	10 560,00 NOK

We made a calculation for 100 registered pubs. According to our sales funnel assumptions, 120 people per pub will download the application. 25 pubs will subscribe, and 75 will use the system with a pay-as-you-go service.

According to these assumptions and designated prices, our annual revenue per download will be around 123 NOK and per pub will be 14.760 NOK.

We assume that pubs using the Pay as you go model will arrange three events monthly. On the other hand, subscribed pubs will organize five events per month.

We assume that advertising-income will be around 1.5 NOK per active user per month.

## Customer Lifetime Value and Customer Acquisition Cost

<b>ARPU</b>	88 pubs
<b>Gross Profit</b>	75 people
<b>Annual Churn Rate</b>	1 people
<b>CLV per download</b>	87 pubs
<b>CAC per download</b>	22 pubs
<b>CAC per pub</b>	2 616 times / month

Monthly 15% and annual 86% churn rate assumption, customer lifetime value around 122 NOK and customer acquisition cost should be less than 30 NOK per download and 3,656 NOK per acquired pub.

**Rule of Thumb:** CAC shouldn't be more than 25% of CLV cost in this business.

CAC will determine our marketing budget, which is crucial to support the business's growth.

For this project, we assume that direct sales activities to the pub will compensate for a part of the app marketing budget.

### 2.1.7. TAM SAM SOM Calculation

Country	Pub Number	Priority
Norway	1,500	First (MVP)
Finland	1,298	Second
Denmark	2,866	Second
Sweden	942	Second
United Kingdom	47,200	Third
Ireland	7,140	Third
Germany	25,968	Fourth
France	32,446	Fifth
Netherlands	12,163	Fifth
Belgium	13,862	Fifth
Spain	280,000	Sixth
Portugal	49,096	Sixth
Italy	123,440	Sixth
United States	64,337	Seventh
Australia	6,731	Seventh

Priority Level	Pub Number	Pub Number Cumulative
First Priority	1500	1500
Second Priority	5106	6606
Third Priority	54340	60946
Fourth Priority	32446	93392
Fifth Priority	58471	151863
Sixth Priority	452536	604399
Seventh Priory	71068	675467
<b>Total</b>	675467	

Total addressable market or TAM refers to the total market demand for a product or service.

Assumption 1: There are 675 k pubs that can potentially use our platform.

Assumption 2: Our ARPU per pub is 14.760 NOK.

Hence, TAM is  $(675k \times 14.760 \text{ NOK/year})$  10 billion NOK (1 billion \$)

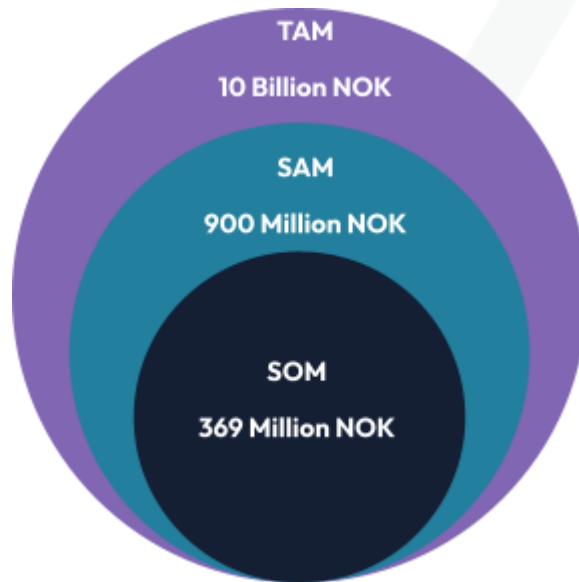
Serviceable Available Market or SAM is more clearly defined as that market opportunity.

**Assumption 1:** Our first three priority market size is 61k pubs.

Hence, SAM is  $(61k \times 14.760 \text{ NOK/year})$  900 million NOK (90 million \$)

**The Serviceable Obtainable Market (SOM)** is an estimate of the portion of revenue within a specific product segment that a company is able to capture.

According to our estimation, we can reach 25.000 pubs in five years. **Hence, annual SOM will be  $(25.000 \times 14.760 \text{ NOK/year})$  369 million NOK (36.9 million \$)**



## 2.2. Competition

	Sport Coupon	Real-time Quiz Contents (News & Sports)	AI-Powered Content Creation	Campaign Module for Pubs	Fully Automated Quiz Management	Local Brand Marketing Module	Price
Play Active	✓	✓	✓	✓	✓	✓	✓
Redtooth Smart Quiz	✗	✗	✗	✗	✗	✗	✗
Speed Quizzing	✗	✗	✗	✗	✗	✗	✗

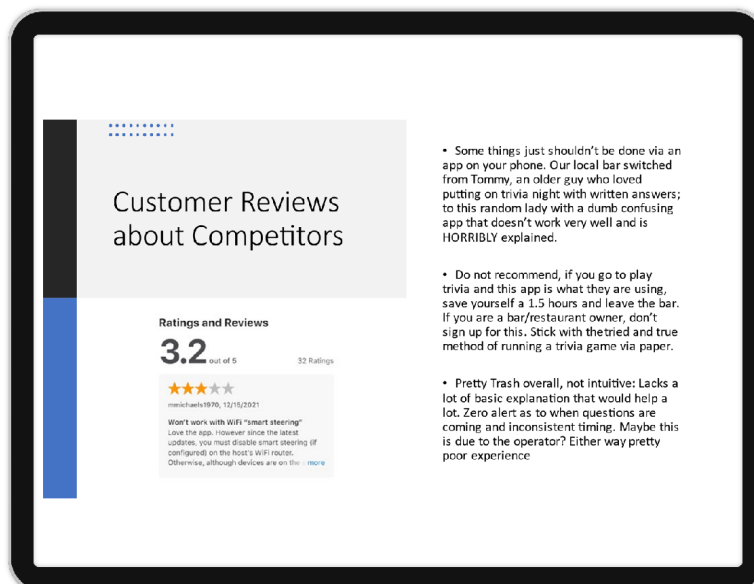
We have solid competitive advantages, as seen in section 2.8.



## 2.2.1. Customer Review about Competitors (Speedquizzing)



As you see from customer reviews, competitor mobile applications don't have high customer satisfaction. The operational quality of the application is especially important.

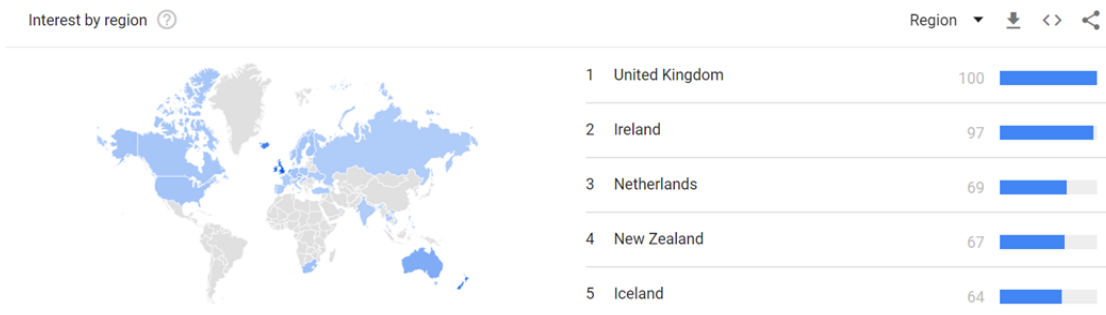


### 2.2.2. Speed Quizzing Benchmark

- SpeedQuizzing recorded record revenues of 430,000 over the first six months of 2022 – a 120 per cent increase on the same period last year and just 25 per cent less than the revenue the company achieved over the whole of 2021.
- Its online platform and app are now used in pubs and bars to host approximately 1,200 quizzes every week - with a further 300 weekly quizzes running in over 40 countries, including the USA, Australia and South Africa.
- Speed Quizzing averages about 16 teams and nearly 100 people every time.

### 2.2.3. Pub Quiz Global Trend (Using Google Search Trends)

**Global market:** According to Google Trends, there is a strong demand for “Pub Quiz” searches



## 2.3. Go-To-Market Strategy

### Customer acquisition



#### Digital marketing

- LinkedIn, YouTube, TikTok, Twitter and Facebook
- Search engine optimization (SEO)
- Paid targeted advertisements
- Email and newsletters



#### Strategic partnerships

- Partnerships with local brands and NGOs
- Referral system between users
- Co-marketing campaigns with partners



#### Other key strategies

- Promotion at sectoral events
- Special Discounts
- Local Community Creation
- Providing marketing tool to Pubs and Brands

### Sales strategies



14 days free subscription without credit card



Dedicated Support for Trial Users



Rewards and Discount from Local Brands



Referrals, emails and social media campaigns for generating leads

## 2.4. Marketing Strategy

### Step 1 – Marketing Basics

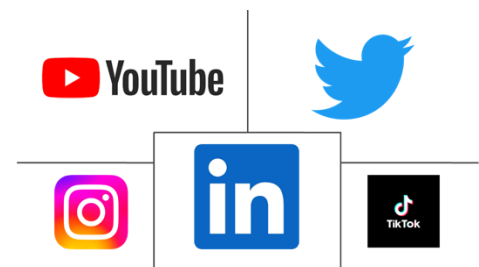
- Branding Activities
- Pub Quiz Content Creation
- Blog Preparation
- Search Engine Optimization (SEO)
- Social Media Presence (YouTube, Facebook, Twitter, Instagram, TikTok)
- CRM Infrastructure for Customer Support

### Step 2 – Initial Marketing Stage

- Initial Marketing Campaigns with exceptional discounts (For subscribers, 14 days platform can be free)
- Marketing calls to the initial users
- Email Marketing Activities
- Influencer Marketing (Influencers can play pub quizzes)
- Targeted Ads to Websites
- Promotional news about our platform (Local News)
- Referral marketing activities (We will provide credits to referral partners)
- Social media posts and likes will provide additional free credits to the users

### Step 3 – Growth (Acquisition Increase)

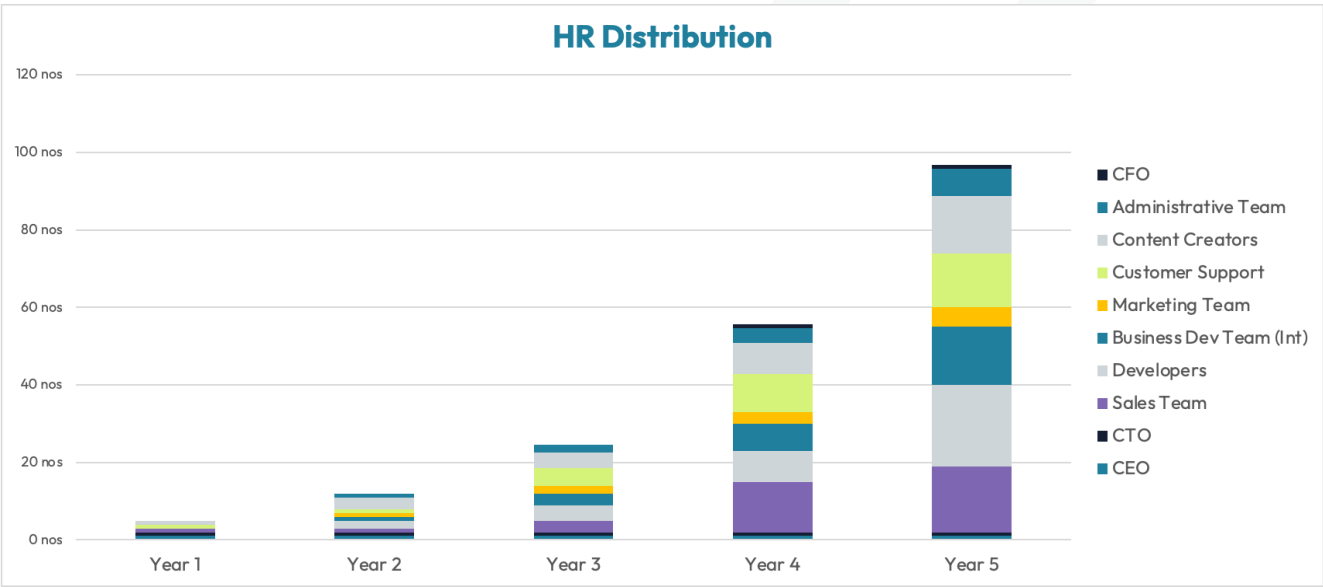
- Digital Marketing for global growth
- Digital Social Marketing Campaign (YouTube, Facebook, Twitter, Instagram, TikTok)
- Comarketing activities with Brands
- Comarketing companies with NGOs to support sustainability projects



# 3. RESOURCES

## 3.1. Team and HR Strategy

We will start with a small core founder team. According to growth and needs, we will hire developers, sales, marketing, and customer support team members.



We will reach 120 employees in the management team in five years.

### 3.2. The Company info

The company is registered in Norwegian as a limited liability company, Aksjeselskap, with a minimum share capital of NOK 30,000. The owner will be GOH and TAP (via a holding company).

**Reg No.:930 507 113**

**Company registered name: PLAY ACTIVE AS**

**Registered address: Lilletuneveien 2, 1711 SARPSBORG, NORWAY**

**Registration date. 20.12.2022**

**CEO: Geir-Ove Haraldsen**

**Director: Arvid Johannes Dyrendahl**

There is essential funding as a shareholder loan to get through stage one, the planning period, in order to investigate the feasibility of the project and create detailed plans for the following stages.

The first part of this initial investment has been paid directly to the CEO for several months. This totals 27,000€

This will be included in the total shareholder loan given to the company by TAP or any of his companies.

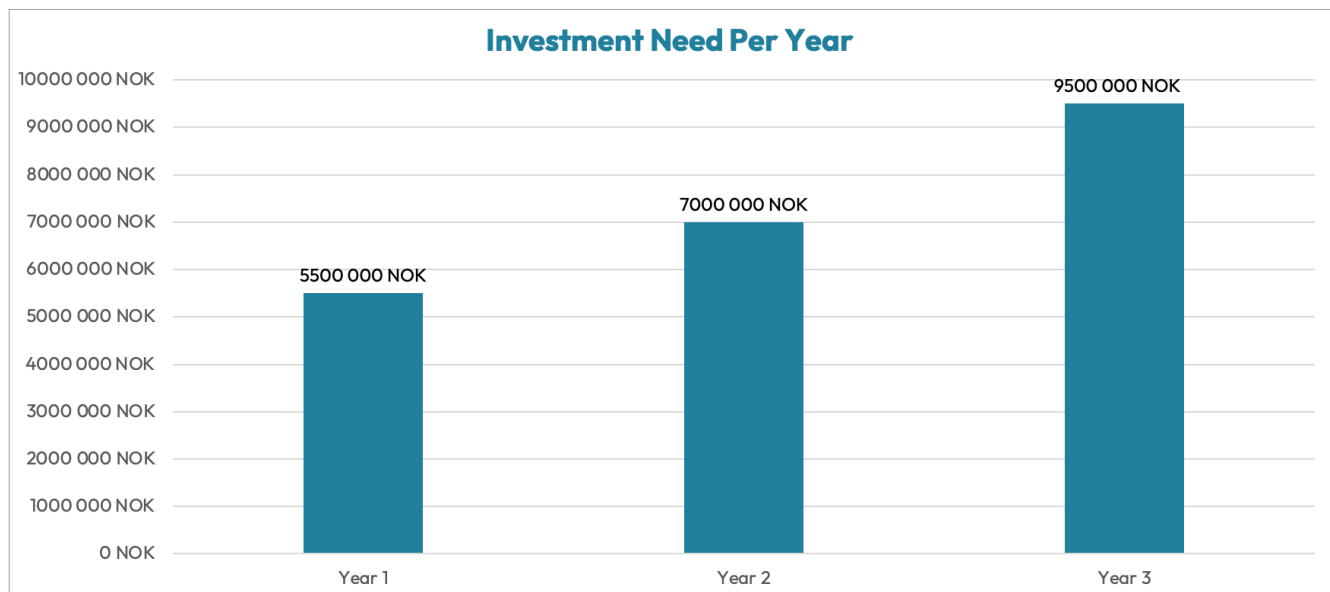
Play Active has a bank account in Norway which is not open for international payments yet, so investments and loans will have to come from a Norwegian bank account until further notice.

## 4. FINANCIAL PLAN & GROWTH STRATEGY

### 4.1. Investment Need

The project needs a 21 million NOK cash injection to sustain positive cash flow. A small part of this investment will be spent on start-up costs, and the remaining portion will be for working capital needs, including marketing, operational costs and salaries.

**8 million NOK of this investment should be made in the first year (for MVP and beta testing), and the remaining can be made in the second and third year as seen below.**



<b>Product Development</b>	3 000 000 NOK
<b>Branding</b>	80 000 NOK
<b>Marketing Strategy</b>	20 000 NOK
<b>Administrative Costs</b>	50 000 NOK
<b>Total</b>	<b>3 150 000 NOK</b>

As you see below, 5.65 million NOK is for start-up costs. The remaining part of the investment need (14.6 million NOK) is for working capital needs. We make a contingency reserve of 758k NOK.

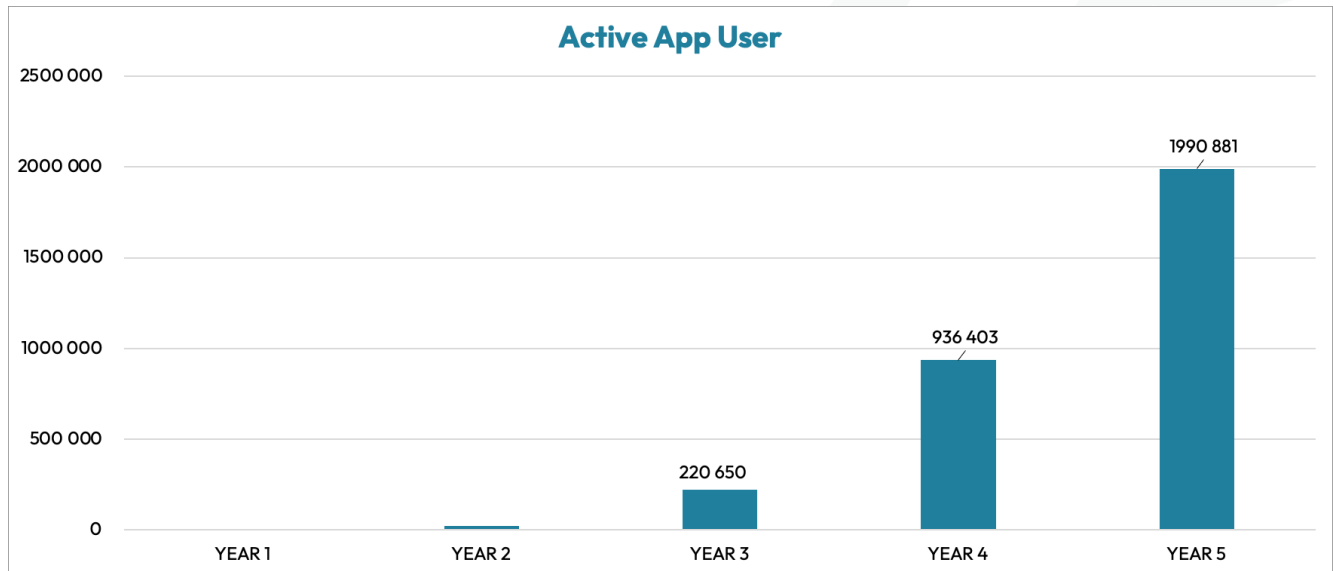
### **Distribution of Start-Up Cost**

<b>Product Development</b>	3 000 000 NOK
<b>Branding</b>	80 000 NOK
<b>Marketing Strategy</b>	20 000 NOK
<b>Administrative Costs</b>	50 000 NOK
<b>Total</b>	<b>3 150 000 NOK</b>

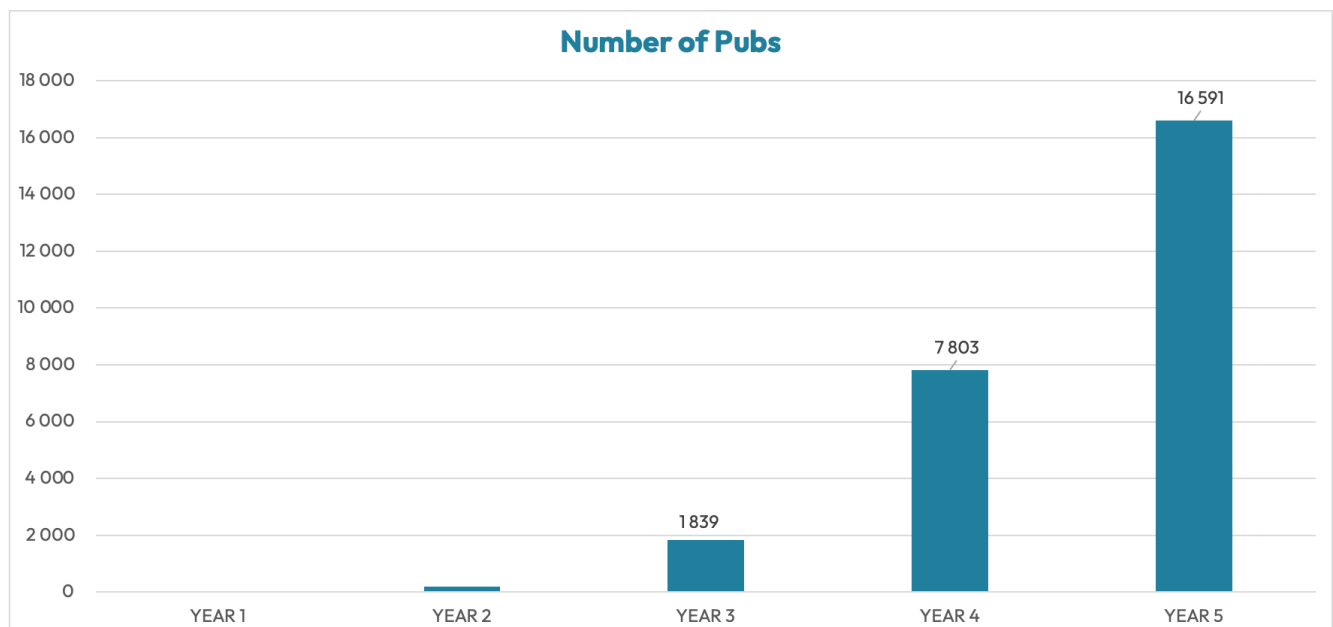


## 4.2. Customer Numbers

The total number of active app users will reach 2 million in five years. The most significant growth in Year 3 and Year 4 depends on global expansion. (We will increase the size of the sales team and marketing budget accordingly.)



On the other hand, we will exceed 16k pubs in five years. Please note that our initial assumption in acquiring new pubs is a bit conservative. We didn't add the impact of the growth cycle on the project. (Please check section 2.14 for details.)



## 4.3. Cost Structure

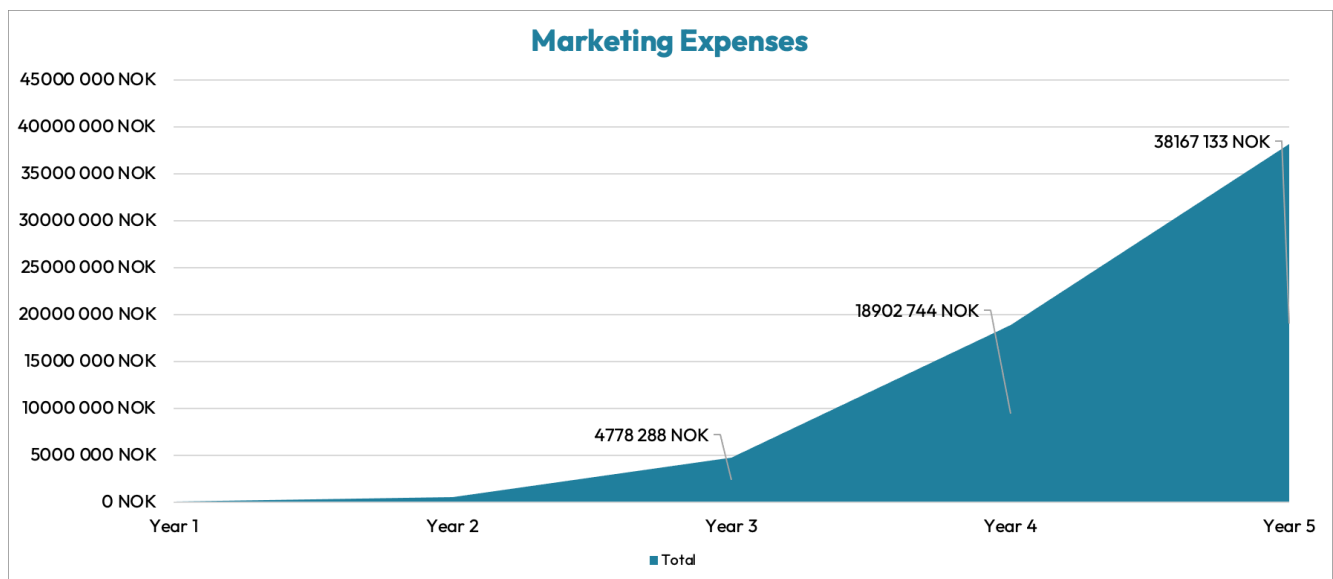
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Salaries</b>	2 250 000 NOK	4 990 800 NOK	9 563 400 NOK	21 060 900 NOK	37 848 200 NOK
<b>App Store Commission</b>	12 507 NOK	68 170 NOK	1 129 579 NOK	4 743 656 NOK	9 248 026 NOK
<b>Marketing Cost</b>	112 136 NOK	564 169 NOK	4 778 288 NOK	18 902 744 NOK	38 167 133 NOK
<b>Payment Fees</b>	1 188 NOK	14 046 NOK	101 860 NOK	595 509 NOK	1 621 856 NOK
<b>Start-up Cost</b>	3 150 000 NOK	0 NOK	0 NOK	0 NOK	0 NOK
<b>Cloud Expense</b>	2 596 NOK	30 674 NOK	222 213 NOK	1 299 296 NOK	3 538 541 NOK
<b>IT and License Expense</b>	150 000 NOK	207 600 NOK	380 325 NOK	934 688 NOK	1 232 163 NOK
<b>Utilities</b>	10 000 NOK	23 840 NOK	49 195 NOK	111 508 NOK	193 652 NOK
<b>Telephone and internet</b>	12 500 NOK	29 800 NOK	61 494 NOK	139 384 NOK	242 065 NOK
<b>Insurance</b>	11 250 NOK	24 954 NOK	47 817 NOK	105 305 NOK	189 241 NOK
<b>Professional services</b>	20 000 NOK	40 000 NOK	80 000 NOK	160 000 NOK	320 000 NOK
<b>R&amp;D Expenses</b>	2 852 NOK	33 710 NOK	244 464 NOK	1 429 222 NOK	3 892 454 NOK
<b>Accounting and bookkeeping</b>	10 000 NOK	25 000 NOK	62 500 NOK	156 250 NOK	390 625 NOK
<b>Supplies</b>	12 500 NOK	29 800 NOK	61 494 NOK	139 384 NOK	242 065 NOK
<b>Rent</b>	0 NOK	143 040 NOK	295 170 NOK	669 045 NOK	1 161 910 NOK
<b>Miscellaneous and unforeseen</b>	1 121 NOK	5 642 NOK	47 783 NOK	189 027 NOK	381 671 NOK
<b>Total Expenses</b>	<b>5 758 651 NOK</b>	<b>6 231 244 NOK</b>	<b>17 125 582 NOK</b>	<b>50 635 917 NOK</b>	<b>98 669 601 NOK</b>

As you see, salaries and marketing are the most important cost items.

### 4.3.1. Marketing Cost Details

Our primary marketing cost items are digital marketing activities to acquire new customers. Please note that the sectoral churn rate is high. So, the growth depends on customer acquisition speed.

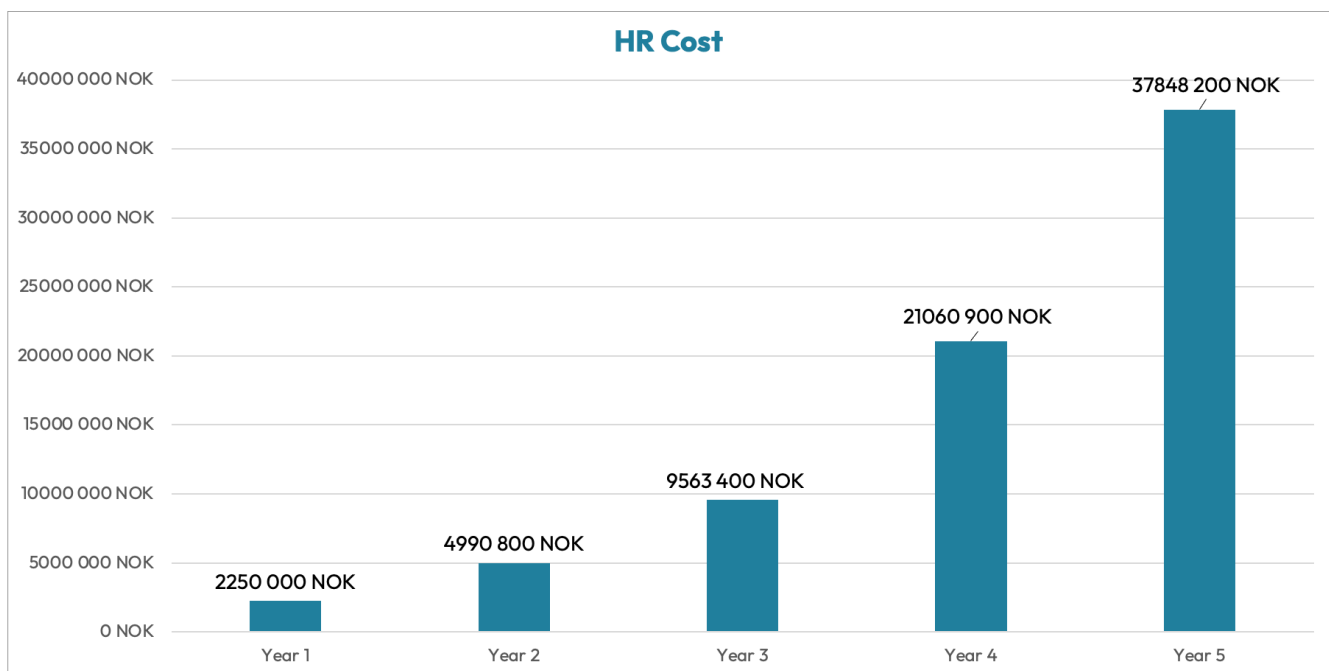
Marketing	Year 1	Year 2	Year 3	Year 4	Year 5
Customer Acquisition Cost	83 382 NOK	454 467 NOK	4 265 263 NOK	16 312 185 NOK	31 326 755 NOK
Discount Budget	4 753 NOK	56 183 NOK	407 440 NOK	2 382 036 NOK	6 487 423 NOK
Marketing Tools	24 000 NOK	53 520 NOK	105 585 NOK	208 523 NOK	352 955 NOK
<b>Total</b>	<b>112 136 NOK</b>	<b>564 169 NOK</b>	<b>4 778 288 NOK</b>	<b>18 902 744 NOK</b>	<b>38 167 133 NOK</b>
Marketing / Revenue	117,95%	50,21%	58,64%	39,68%	29,42%



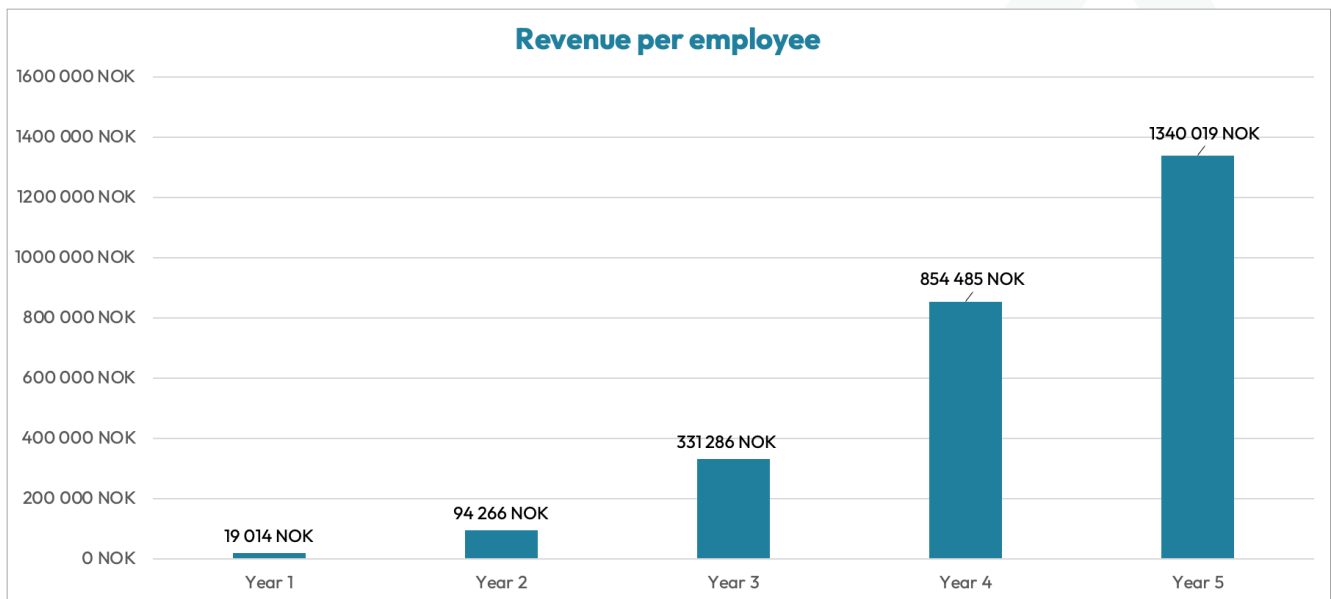
Year 3 and Year 4 marketing spending is to support the global growth of the project.

### 4.3.2. Salaries

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>CEO</b>	1 nos	1 nos	1 nos	1 nos	1 nos
<b>CTO</b>	1 nos	1 nos	1 nos	1 nos	1 nos
<b>Sales Team</b>	1 nos	1 nos	3 nos	13 nos	17 nos
<b>Developers</b>	0 nos	2 nos	4 nos	8 nos	21 nos
<b>Business Dev Team (Int)</b>	0 nos	1 nos	3 nos	7 nos	15 nos
<b>Marketing Team</b>	0 nos	1 nos	2 nos	3 nos	5 nos
<b>Customer Support</b>	1 nos	1 nos	5 nos	10 nos	14 nos
<b>Content Creators</b>	1 nos	3 nos	4 nos	8 nos	15 nos
<b>Administrative Team</b>	0 nos	1 nos	2 nos	4 nos	7 nos
<b>CFO</b>	0 nos	0 nos	0 nos	1 nos	1 nos
<b>Total Employee</b>	<b>5 nos</b>	<b>12 nos</b>	<b>25 nos</b>	<b>56 nos</b>	<b>97 nos</b>
<b>Revenue per employee</b>	<b>19 014 NOK</b>	<b>94 266 NOK</b>	<b>331 286 NOK</b>	<b>854 485 NOK</b>	<b>1 340 019 NOK</b>

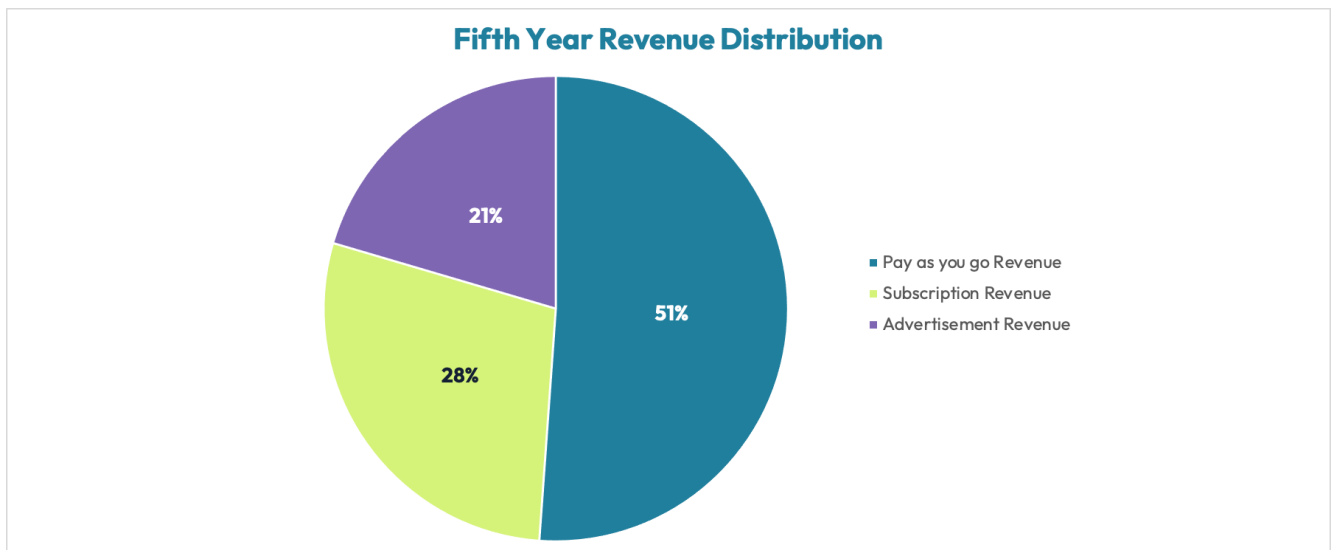


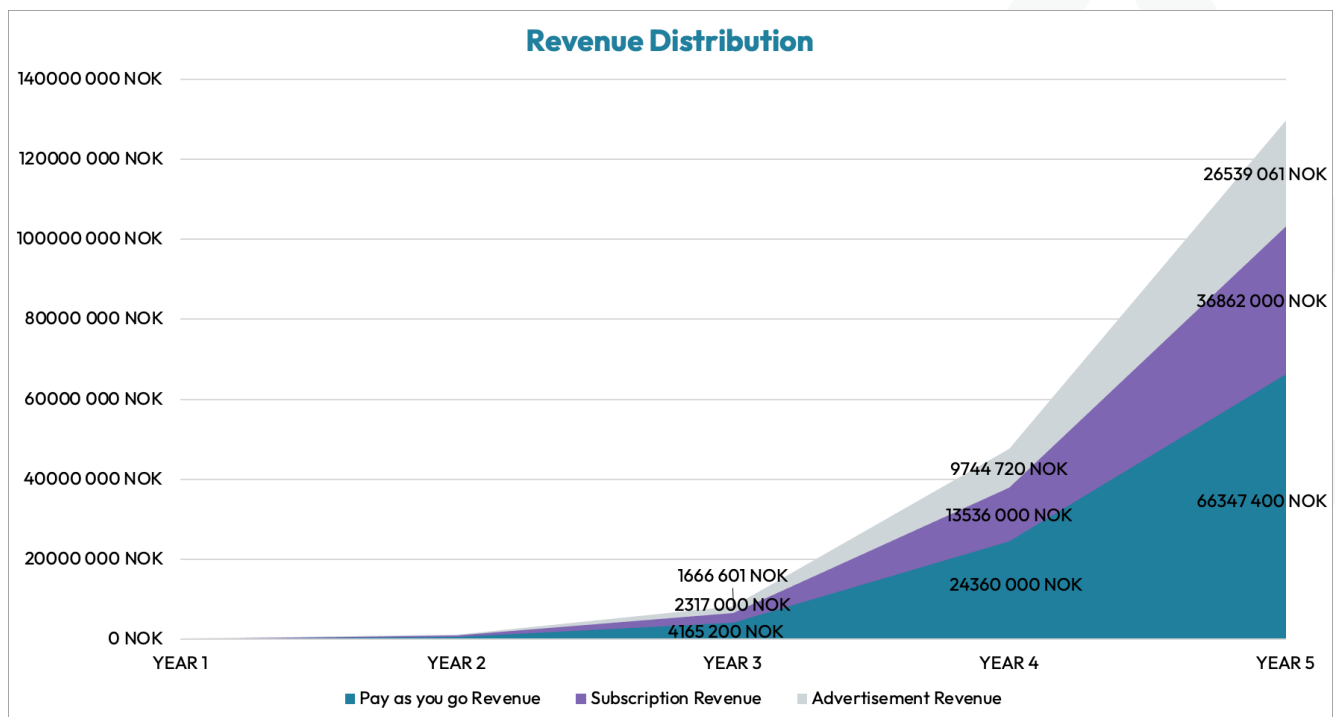
We will increase revenue per employee year by year, adding new automatization technologies and customer support excellence.



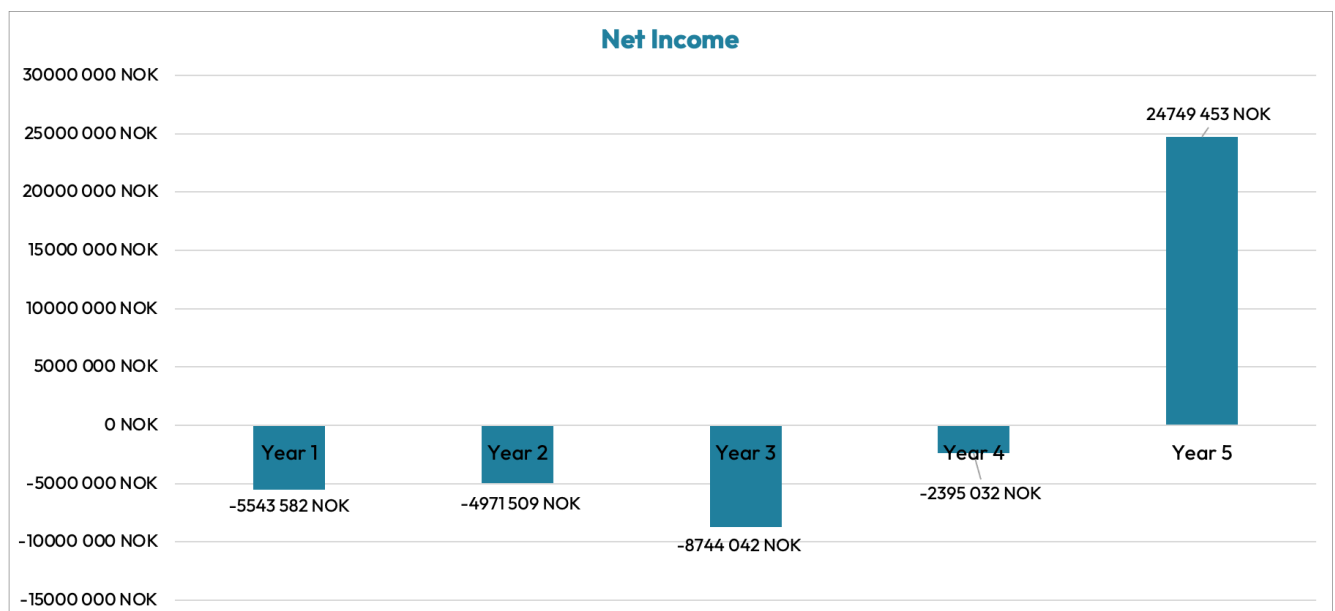
## 4.4. Revenue Streams

Our revenue distribution in the fifth year can be seen in the graph below.





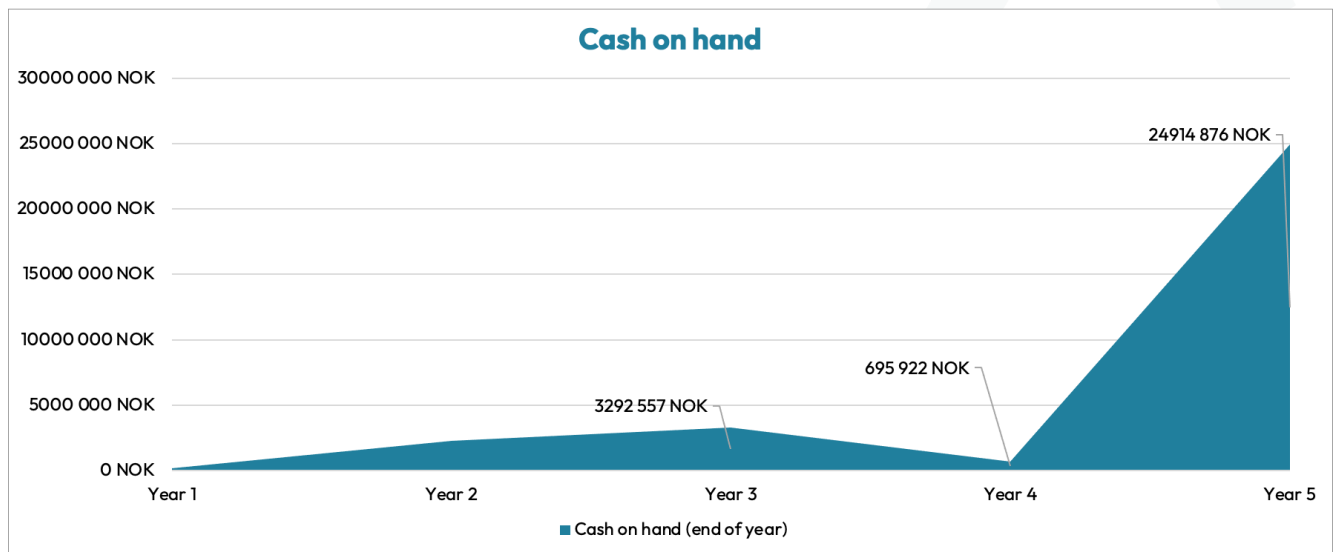
## 4.5. Profit / Loss Table



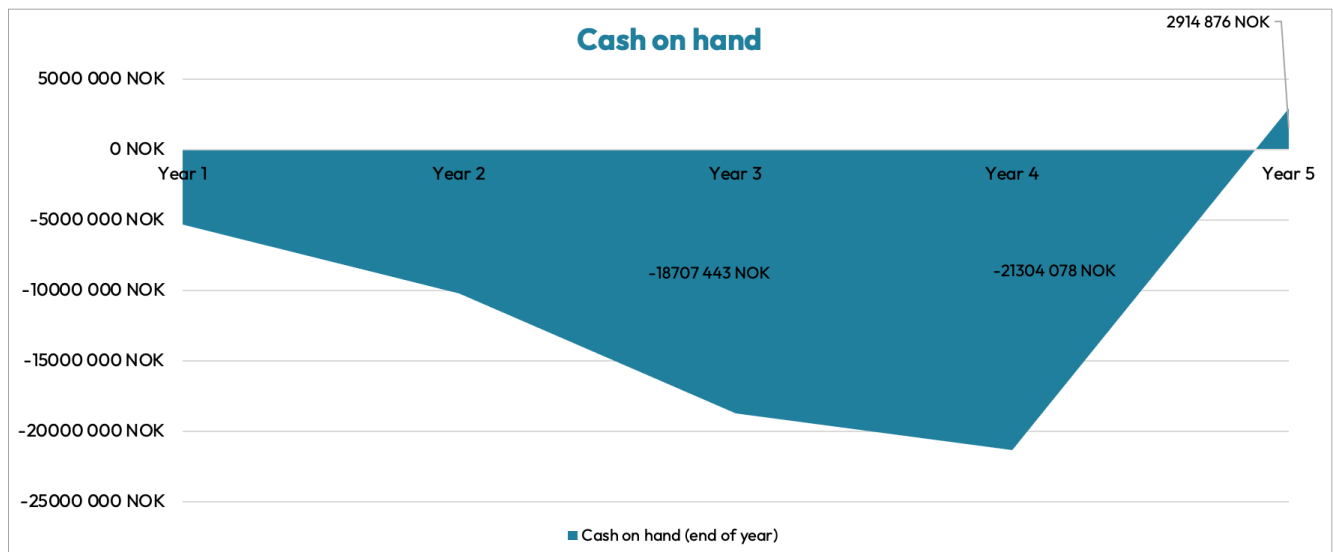
As you see in the above graph, the project reaches net profitability in the fifth year.

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Revenue</b>	95 069 NOK	1 123 655 NOK	8 148 801 NOK	47 640 720 NOK	129 748 461 NOK
<b>Payment Fee</b>	1 188 NOK	14 046 NOK	101 860 NOK	595 509 NOK	1 621 856 NOK
<b>App Store Commission</b>	12 507 NOK	68 170 NOK	1 129 579 NOK	4 743 656 NOK	9 248 026 NOK
<b>Cloud Expense</b>	2 596 NOK	30 674 NOK	222 213 NOK	1 299 296 NOK	3 538 541 NOK
<b>COGS</b>	16 292 NOK	112 890 NOK	1 453 652 NOK	6 638 461 NOK	14 408 424 NOK
<b>Gross Margin</b>	78 777 NOK	1 010 765 NOK	6 695 148 NOK	41 002 259 NOK	115 340 037 NOK
<b>Gross Margin</b>	82,86%	89,95%	82,16%	86,07%	88,90%
<b>Salaries</b>	2 250 000 NOK	4 990 800 NOK	9 563 400 NOK	21 060 900 NOK	37 848 200 NOK
<b>Marketing Cost</b>	112 136 NOK	564 169 NOK	4 778 288 NOK	18 902 744 NOK	38 167 133 NOK
<b>Start-up Cost</b>	3 150 000 NOK	0 NOK	0 NOK	0 NOK	0 NOK
<b>Utilities</b>	10 000 NOK	23 840 NOK	49 195 NOK	111 508 NOK	193 652 NOK
<b>Telephone and internet</b>	12 500 NOK	29 800 NOK	61 494 NOK	139 384 NOK	242 065 NOK
<b>Insurance</b>	11 250 NOK	24 954 NOK	47 817 NOK	105 305 NOK	189 241 NOK
<b>Professional services</b>	20 000 NOK	40 000 NOK	80 000 NOK	160 000 NOK	320 000 NOK
<b>R&amp;D Expenses</b>	2 852 NOK	33 710 NOK	244 464 NOK	1 429 222 NOK	3 892 454 NOK
<b>Accounting and bookkeeping</b>	10 000 NOK	25 000 NOK	62 500 NOK	156 250 NOK	390 625 NOK
<b>Supplies</b>	12 500 NOK	29 800 NOK	61 494 NOK	139 384 NOK	242 065 NOK
<b>Rent</b>	0 NOK	143 040 NOK	295 170 NOK	669 045 NOK	1 161 910 NOK
<b>Miscellaneous and unforeseen</b>	1 121 NOK	5 642 NOK	47 783 NOK	189 027 NOK	381 671 NOK
<b>EBITDA</b>	-5 513 582 NOK	-4 899 989 NOK	-8 596 457 NOK	-2 060 509 NOK	32 311 022 NOK
<b>Interest</b>	0 NOK	0 NOK	0 NOK	0 NOK	0 NOK
<b>Depreciation</b>	30 000 NOK	71 520 NOK	147 585 NOK	334 523 NOK	580 955 NOK
<b>Other revenues/expenses</b>	0 NOK	0 NOK	0 NOK	0 NOK	0 NOK
<b>EBT</b>	-5 543 582 NOK	-4 971 509 NOK	-8 744 042 NOK	-2 395 032 NOK	31 730 067 NOK
<b>Taxes</b>	0 NOK	0 NOK	0 NOK	0 NOK	6 980 615 NOK
<b>Net Income</b>	-5 543 582 NOK	-4 971 509 NOK	-8 744 042 NOK	-2 395 032 NOK	24 749 453 NOK
<b>Net Margin %</b>	-5831,15%	-442,44%	-107,30%	-5,03%	19,07%

## 4.6. Cash Flow without Investment



## 4.7. Cash Flow with Investment Plan





## 4.8. Balance Sheet

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>Assets</b>					
<b>Current Assets</b>					
Cash & Cash Equivalent	159 214 NOK	2 269 762 NOK	3 292 557 NOK	695 922 NOK	24 914 876 NOK
Account Receivable	3 961 NOK	46 819 NOK	343 495 NOK	2 031 849 NOK	5 749 680 NOK
Inventory ( Closing inventory per Year)	0 NOK	0 NOK	0 NOK	0 NOK	0 NOK
<b>Total Current Assets</b>	163 175 NOK	2 316 581 NOK	3 636 052 NOK	2 727 771 NOK	30 664 556 NOK
Property Plant Equipment	150 000 NOK	357 600 NOK	737 925 NOK	1 672 613 NOK	2 904 775 NOK
Less Accumulated Depreciation	-30 000 NOK	-101 520 NOK	-249 105 NOK	-583 628 NOK	-1 164 583 NOK
<b>Total Assets</b>	283 175 NOK	2 572 661 NOK	4 124 872 NOK	3 816 756 NOK	32 404 749 NOK

<b>Current Liabilities</b>					
Accounts Payable (15 days)	139 257 NOK	171 852 NOK	399 555 NOK	1 299 946 NOK	3 170 995 NOK
Salaries Payable (30 days)	187 500 NOK	415 900 NOK	984 450 NOK	2 170 975 NOK	4 138 467 NOK
<b>Total Current Liabilities</b>	326 757 NOK	587 752 NOK	1 384 005 NOK	3 470 921 NOK	7 309 461 NOK

<b>Equity</b>					
Investment	5 500 000 NOK	12 500 000 NOK	22 000 000 NOK	22 000 000 NOK	22 000 000 NOK
Retained Earnings ( from Income Statement)	-5 543 582 NOK	-10 515 092 NOK	-19 259 133 NOK	-21 654 165 NOK	3 095 288 NOK
<b>Total Equity</b>	-43 582 NOK	1 984 908 NOK	2 740 867 NOK	345 835 NOK	25 095 288 NOK

<b>Total Liabilities and Equity</b>	283 175 NOK	2 572 661 NOK	4 124 872 NOK	3 816 756 NOK	32 404 749 NOK
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## 4.9. Valuation with Discounted Cash-flow Method

Parameters	
WACC	60,00%
Spread for discount rate	0,50%
Constant growth rate	4,00%
Spread for growth rate	0,50%

Cash Flows	Year 1	Year 2	Year 3	Year 4	Year 5	Cumulative
Revenue	95 069	1 123 655	8 148 801	47 640 720	129 748 461	186 756 705
EBITDA	-5 513 582	-4 899 989	-8 596 457	-2 060 509	32 311 022	11 240 485
Cash Flows	159 214	2 110 548	1 022 795	-2 596 635	24 218 954	24 914 876
EBITDA % of Revenue	(5799,6%)	(436,1%)	(105,5%)	(4,3%)	24,9%	6,0%
Cash Flows % of Revenue	167,5%	187,8%	12,6%	(5,5%)	18,7%	13,3%

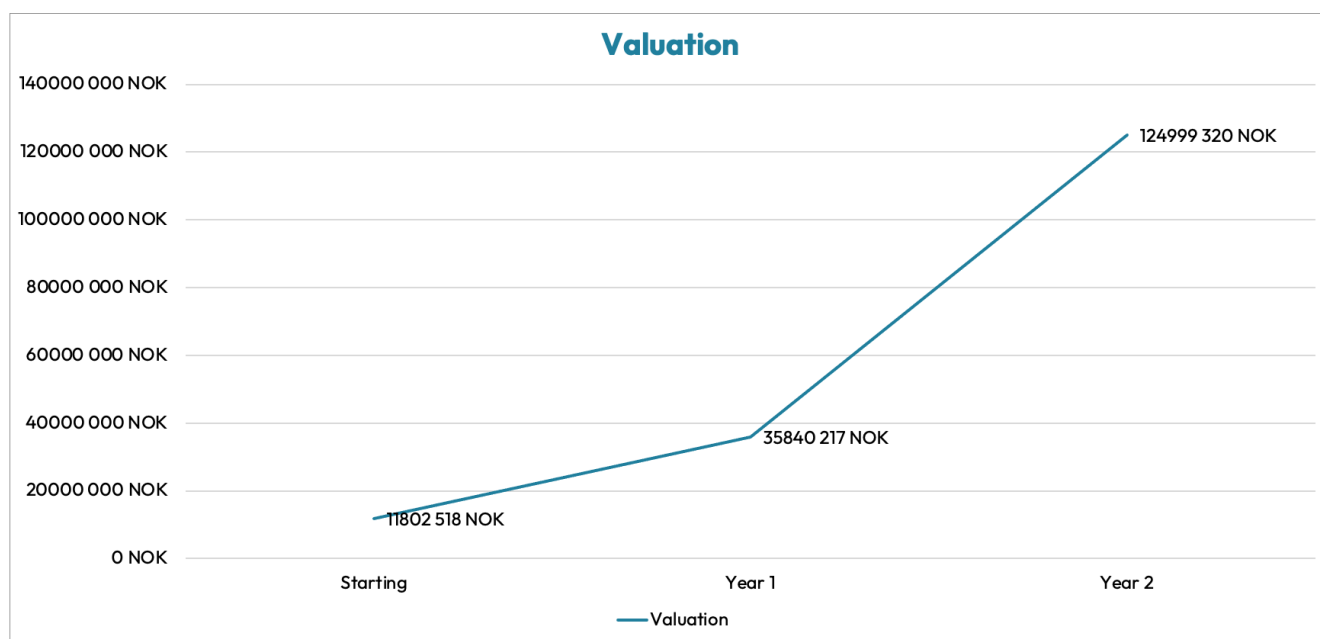
### Valuation (enterprise value)- Discounted Cash Flows + Terminal Value

	Constant growth rate = 3.50%				
Discount Rate	59,00%	59,50%	60,00%	60,50%	61,00%
Calcul of the Enterprise Value					
Cumulated discounted CF	5 034 561	4 986 631	4 939 411	4 892 887	4 847 047
Terminal Value	7 066 661	6 916 159	6 769 668	6 627 057	6 488 202
<b>Enterprise Value</b>	<b>12 101 222</b>	<b>11 902 790</b>	<b>11 709 078</b>	<b>11 519 944</b>	<b>11 335 249</b>
Attribution					
% of the value linked to projections	41,6%	41,9%	42,2%	42,5%	42,8%
% of the value linked to terminal value	58,4%	58,1%	57,8%	57,5%	57,2%
Valuation Multiples					
Enterprise Value / Sales This Year	1,5x	1,5x	1,4x	1,4x	1,4x
Enterprise Value / EBITDA Year 1	(1,4x)	(1,4x)	(1,4x)	(1,3x)	(1,3x)
EBITDA multiple - last year	1,8x	1,7x	1,7x	1,7x	1,7x
Enterprise Value / Terminal Value	1,7x	1,7x	1,7x	1,7x	1,7x

We are in the starting stage, so we determined WACC as 60%. According to this DCC valuation, our company value is 19.4 million NOK.

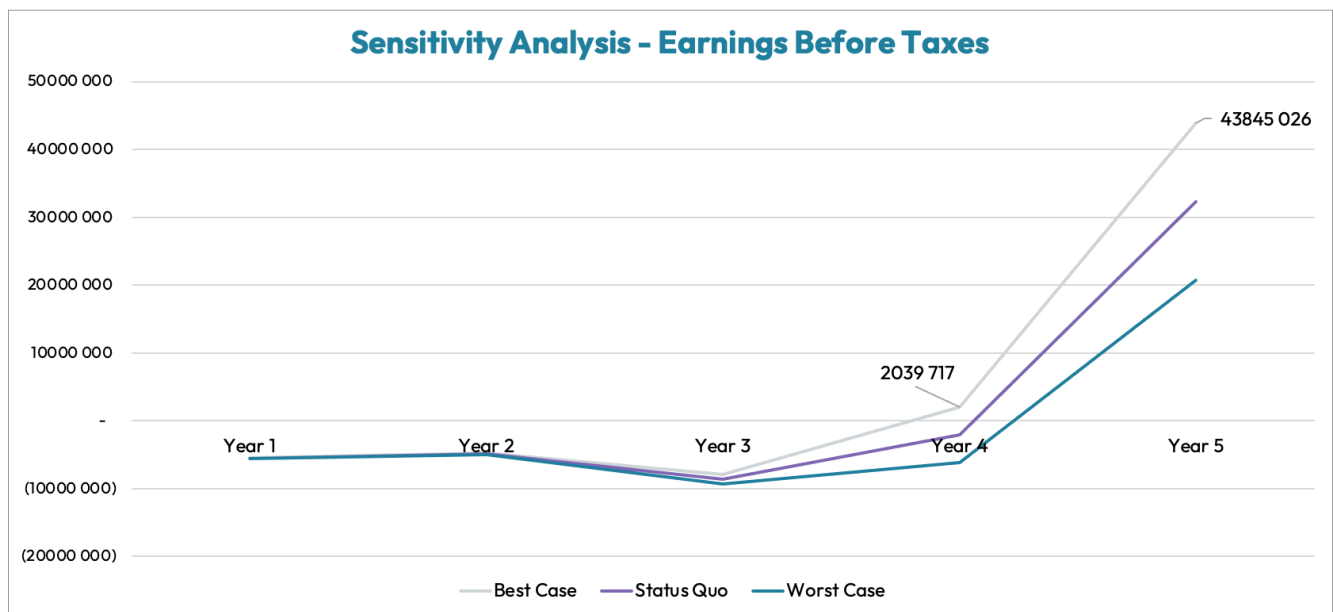
#### 4.10. Valuation Change

When	Valuation	WACC
Starting	11 802 518 NOK	60,00%
Year 1	35 840 217 NOK	40,00%
Year 2	124 999 320 NOK	20,00%



#### 4.11.Sensitivity Analysis (10% increase/ decrease in revenue)

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Best Case</b>	(5 505 704)	(4 798 913)	(7 926 942)	2 039 717	43 845 026
<b>Status Quo</b>	(5 513 582)	(4 899 989)	(8 596 457)	(2 060 509)	32 311 022
<b>Worst Case</b>	(5 521 460)	(5 001 066)	(9 265 971)	(6 160 735)	20 777 019



## 4.12. Investment Planning

### 4.12.1. Initial Investment Need

The company needs 8 million NOK for initial operations.

Pre Valuation	11 802 518 NOK
Investment Request	5 500 000 NOK
Post Valuation	17 302 518 NOK
Share for the Investment	32%

As you see above table, for 8 million NOK investment, 29% company share can be given to investor. Annual ROI for the investor will be 60%.

Please note that this valuation is acceptable in the idea stage. After product launch, this valuation will increase.

#### 4.12.2. Investment Need (for the second year)

The company needs 5 million NOK for the second year operations.

Pre Valuation	35 840 217 NOK
Investment Request	7 000 000 NOK
Post Valuation	42 840 217 NOK
Share for the Investment	16%

As you see above table, for 5 million NOK investment, 8% company share can be given to investor. Annual ROI for the investor will be 40%.

#### 4.12.3. Investment Need (for the third year)

The company needs 8 million NOK for the third year of operations, including global growth activities.

Pre Valuation	124 999 320 NOK
Investment Request	9 500 000 NOK
Post Valuation	134 499 320 NOK
Share for the Investment	7%

As you see above table, for 8 million NOK investment, 7% company share can be given to investor. Annual ROI for the investor will be 20%.