

The logo features a large, thin purple circle that is open on the right side. A blue line extends from the top right of the purple circle, ending in a small blue circle. The word "denet" is centered within the purple circle in a bold, lowercase, sans-serif font.

denet

Storage. Hosting. Computing.

DeNet Financial model v.1.0

Financial model of DeNet

The main assumptions and requirements of the financial model:

- Expenses are covered by raised capital and revenue;
- The DeNet team, at the initial stage, is 6 people (management) and 6 more (software developers) involved in contract work. By the end of the fifth year, the number of employees with a team of developers will reach 24 people;
- Planning horizon 60 months;
- Calculations are made for one country (South Korea as first market to scale). The cost of market entering is ~ \$ 150,000;
- Three products would be launched on the market: "Data Storage" for individuals and legal entities - from the first month, "Web sites and applications hosting" - for individuals and legal entities from the 13th month and "Computing Calculations" for legal entities from the 25th month;
- The planned volume of initial investments is \$ 3 million, which covers the constant costs of the project operations before reaching self-sustainability by the 21st month;
- It is accepted that clients remain in the project for the entire planning period. The natural percentage of outflow is taken into account when determining the number of customers by the end of each year;
- Revenues from additional services, which do not involve costs on the DeNet part for all products over 5 years will be about \$ 20.48 million.

The results of the preparatory phase of the project (the so-called «0 year») started in May 2017:

- Management team was formed: CEO, COO, CBDO, CFO, CTO, CLO;
- Product development team was formed: CTO, full stack developer, front/back end, cluster network developer, designer, blockchain developer;
- Initial investments of \$ 260 000 were attracted from founders and private investor for 20% equity in Digital Century LTD (Hong Kong);
- Advisory board was formed;
- Marketing/PR team was contracted;
- Legal team was contracted;
- In December 2017 Digital Century Limited (Hong Kong, Room 1005, 10/F, Tai Yau Building, 181 Johnston Road, Wan Chai. Ph: +442032871026, reg #2625139) was established with the following shares in %

CEO Rafic Singatullin 20% / COO Volha Belanozhka 20% / CTO Denis Shelestov 20% / CBDO Pavel Litviakov 20%
Private investor 20%
- In November 2017 the hypothesis was confirmed, and Web hosting service was launched for public testing

The projected cost of DeNet in 5 years*

1. By the method of the rate of return (venture capital method) via forward value.

Forward value, $\$/FV = PV (1 + IRR)^N$	\$ 16 160 440
---	----------------------

Internal rate of return, %	7,74%
----------------------------	--------------

2. Method of rate of return (venture capital method) through terminal value.

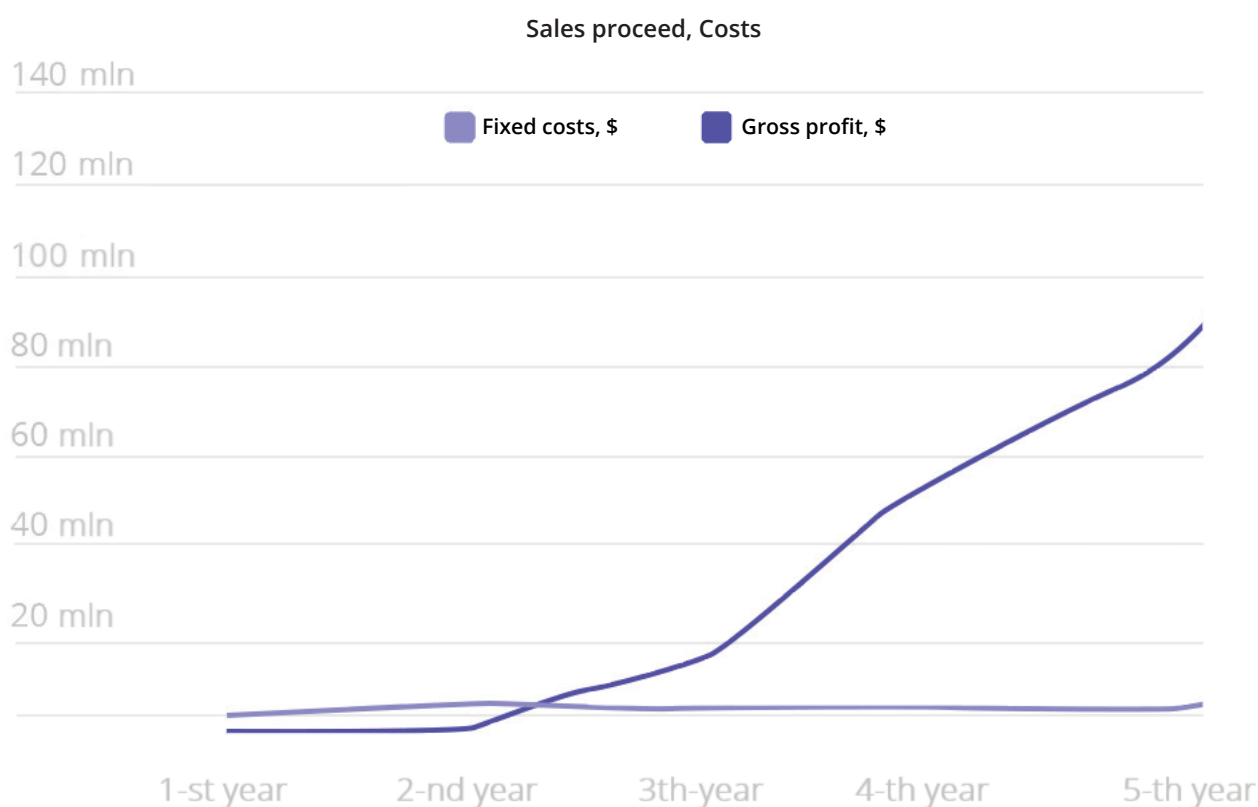
As a competing company and key indicators for the calculation of the multiplier we took the proceeds of DropBox for 2017 and the estimated value of the company before the IPO in March 2018 equal to 1 106.8 million and 8 000 million dollars, respectively. The ratio of the value of DropBox to its revenue before the IPO was 7.23, and after the IPO it was 11.2.

The forecast revenue of DeNet in 5 years is about \$ 430 million.

The forecast value of DeNet ranges from \$ 3,109.1 million to \$ 4,816.3 million.

Forecast of financial results in USD

Indicator	1-st year	2-nd year	3-rd year	4-th year	5-th year	Total
Sales proceed, \$	309 106	8 063 366	56 834 918	146 856 206	217 963 884	430 027 481
Costs, \$, inc.:	1 957 166	9 083 048	44 634 954	94 762 674	138 272 133	288 709 975
Fixed costs, \$,	1 418 400	2 664 000	3 534 000	3 540 000	3 546 000	14 702 400
Variable costs, \$	538 766	6 419 048	41 100 954	91 222 674	134 726 133	274 007 575
Gross profit, \$	-1 648 060	-1 019 682	12 199 963	52 093 532	79 691 751	141 317 505
Income tax, \$	0	11 227	609 998	2 604 677	3 984 588	7 210 489
Net profit, \$	-1 648 060	-1 030 908	11 589 965	49 488 856	75 707 164	134 107 016



Indicators related to the customers:

Indicator	1-st year	2-nd year	3-rd year	4-th year	5-th year	Total
Profit LTV, \$:	-94 379	1 260 349	13 027 539	48 640 380	72 858 518	135 692 406

Yearly weighted LTV, \$/1 client:

Storage individuals	-8,28	0,05	0,05	2,19	2,53	-0,69
Storage entities	-56,72	28,57	50,88	95,31	130,04	49,62
Hosting individuals	0,00	2,29	3,15	7,76	8,33	5,38
Hosting entities	0,00	89,01	369,54	483,35	504,02	361,48
Computing entities	0,00	0,00	363,94	1 179,68	1 223,70	922,44

Yearly average Acquisition cost, \$/1client, inc.:

Storage individuals	1,50	1,50	1,50	1,50	1,50	1,50
Storage entities	20,00	20,00	20,00	20,00	20,00	20,00
Hosting individuals	0,00	1,50	1,50	1,50	1,50	1,50
Hosting entities	0,00	100,00	100,00	100,00	100,00	100
Computing entities	0,00	0,00	200,00	200,00	200,00	200

Number of clients at the end of the period, p. inc

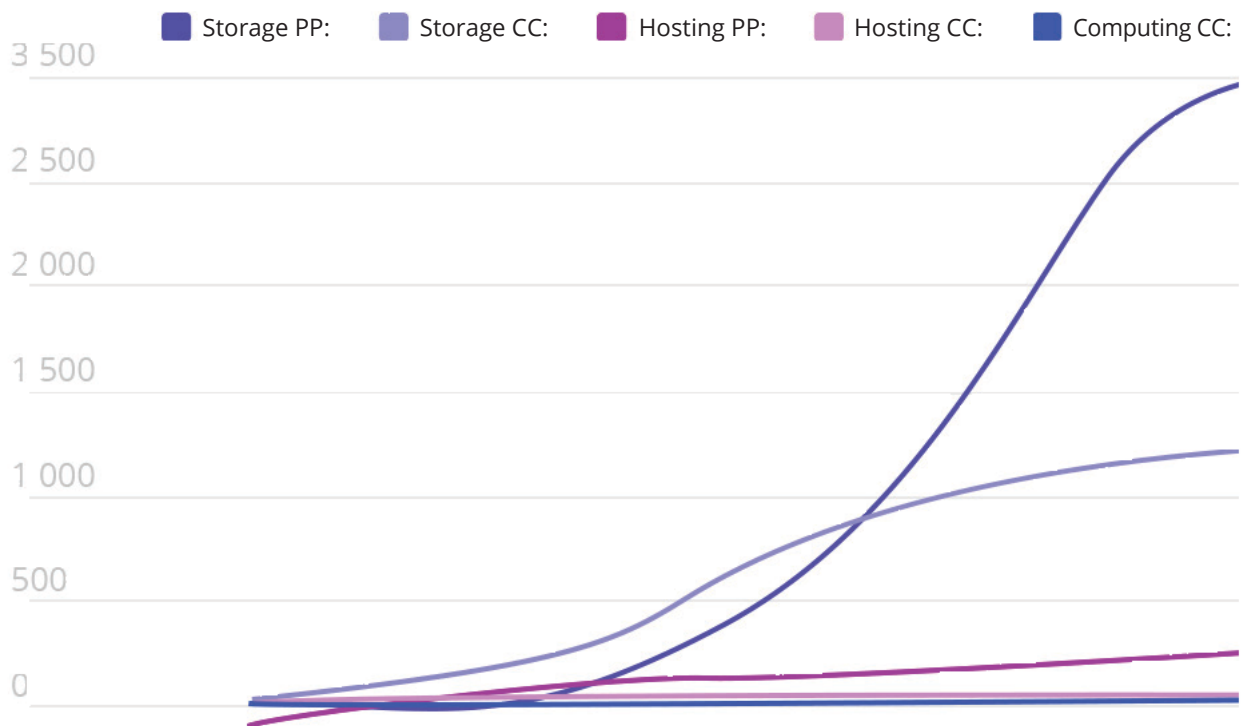
Storage individuals	41 463	199 767	962 458	1 454 339	1 844 454	1 844 454
Storage entities	4 050	21 674	93 948	141 960	180 039	180 039

Hosting individuals	-	1 163	27 106	43 398	51 887	51 887
Hosting entities	-	7 586	32 882	49 569	61 340	61 340
Computing entities	-	-	9 395	14 136	17 305	17 305
Total	45 513	230 190	1 125 789	1 703 402	2 155 025	2 155 025

Yearly average check, \$/client

Storage individuals	12,00	12,00	12,00	12,00	12,00	12,00
Storage entities	245,76	245,76	319,49	415,33	539,93	353,26
Hosting individuals	0,00	34,75	34,75	34,75	34,75	34,75
Hosting entities	0,00	1 056,60	1 056,60	1 056,60	1 056,60	1 056,60
Computing entities	0,00	0,00	2 542,08	2 542,08	2 542,08	2 542,08

Yearly weighted LTV, \$/client



* Financial calculations spreadsheet can be distribute under NDA agreement.