Financials for startups

Athens, November 2024

Kantor
MANAGEMENT CONSULTANTS

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Section 1

What is not a Financial Model?

- The scope of financial models encompasses financial forecasting, which relies on **realistic assumptions** supported by historical data, market trends, and informed projections, rather than being purely speculative or imaginative.
- Simple financial statements: **Basic documents like income statements, balance sheets, or cash flow statements** are not financial models on their own. They lack the predictive and analytical framework characteristic of a financial model.
- Static Spreadsheets: **Spreadsheets that contain fixed calculations without the ability to adjust inputs or dynamically change outputs** are not considered financial models. A financial model should be flexible and allow for scenario testing.

SUMMARY	JANUARY			FEBRUARY			MARCH		
	Actual	Predicted	Difference	Actual	Predicted	Difference	Actual	Predicted	Difference
Total Income	195,000	180,000	15,000	155,000	150,000	5,000	172,000	170,000	2,000
Total Expense	150,000	160,000	10,000	140,000	130,000	-10,000	140,000	150,000	10,000
PROFIT/LOSS	45000			15,000			32,000		
(Income - Expense)									
Income Breakup									
Sales	105,000	100,000	5,000	85,000	90,000	-5,000	130,000	125,000	5,000
Rental Income	40,000	35,000	5,000	30,000	25,000	5,000	25,000	20,000	5,000
Referral Fees Income	10,000	8,000	2,000	20,000	18,000	2,000	5,000	4,000	1,000
Interest Income Earned	5,000	5,000	0	5,000	5,000	0	5,000	5,000	0
Income from Hedging	35,000	5,000	30,000	15,000	10,000	5,000	7,000	5,000	2,000
Total Income	**195,000**			**155,000**			**172,000**		
Expense Breakup									
Salaries Paid	15,000	15,000	0	15,000	15,000	0	15,000	15,000	0
Advertising Expense	10,000	8,000	-2,000	9,000	7,000	-2,000	11,000	13,000	2,000
Rent Paid	20,000	20,000	0	20,000	20,000	0	20,000	20,000	0
Commission Paid	8,000	10,000	2,000	15,000	10,000	-5,000	16,000	20,000	4,000
Travelling Expense	20,000	15,000	-5,000	22,000	20,000	-2,000	25,000	30,000	5,000
Repairs	15,000	20,000	5,000	12,000	15,000	3,000	18,000	25,000	7,000
Damages	18,000	10,000	-8,000	25,000	20,000	-5,000	20,000	22,000	2,000
Material Charges	44,000	50,000	6,000	22,000	20,000	-2,000	15,000	20,000	5,000
Total Expense	**150,000**			**140,000**			**140,000**		

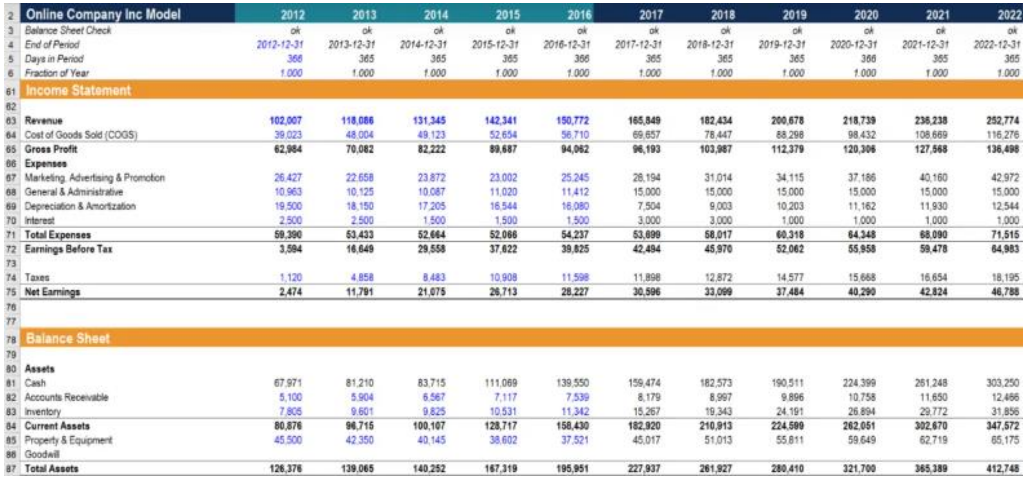
COMPANY NAME
BALANCE SHEET

December 31, 2021

ASSETS		LIABILITIES AND SHAREHOLDERS' EQUITY	
Current assets		**Current liabilities**	
Cash and cash equivalents	$ 100,000	Accounts payable	$ 30,000
Accounts receivable	20,000	Notes payable	10,000
Inventory	15,000	Accrued expenses	5,000
Prepaid expense	4,000	Deferred revenue	2,000
Investments	10,000	Total current liabilities	47,000
Total current assets	149,000		
		Long-term debt	200,000
Property and equipments		**Total liabilities**	247,000
Land	24,300		
Buildings and improvements	250,000	**Shareholders' Equity**	
Equipment	50,000		
Less accumulated depreciation	(5,000)	Common stock	10,000
		Additional paid-in capital	20,000
Other assets		Retained earnings	197,100
		Treasury stock	(2,000)
Intangible assets	4,000		
Less accumulated amortization	(200)	**Total liabilities & shareholders' equity**	$ 472,100
Total assets	$ 472,100		

What is a Financial Model?

- Financial modelling is a **numerical representation** of a company's operations **in the past, present and forecasted future**.
- This tool is used as **decision-making aid**, helping to estimate costs and project the profits.
- It **brings together** a company's financial data such as **revenue, expenses, profits, investments, and growth assumptions**, to predict future outcomes, assess risks, and support business decisions.
- A financial model is built usually **in Microsoft Excel**, allowing for flexibility and easy adjustments.
- It **enables scenario analysis** and the exploration of potential impacts on financial performance.



Online Company Inc Model	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Balance Sheet Check	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok
End of Period	2012-12-31	2013-12-31	2014-12-31	2015-12-31	2016-12-31	2017-12-31	2018-12-31	2019-12-31	2020-12-31	2021-12-31	2022-12-31
Days in Period	366	365	365	365	366	365	365	365	366	365	365
Fraction of Year	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Income Statement											
Revenue	102,007	118,086	131,345	142,341	150,772	165,849	182,434	200,678	218,739	236,238	252,774
Cost of Goods Sold (COGS)	39,023	48,004	49,123	52,654	56,710	69,657	78,447	88,298	98,432	108,669	116,276
Gross Profit	62,984	70,082	82,222	89,687	94,062	96,193	103,987	112,379	120,306	127,568	136,498
Expenses											
Marketing, Advertising & Promotion	26,427	22,658	23,872	23,002	25,245	28,194	31,014	34,115	37,186	40,160	42,972
General & Administrative	10,963	10,125	10,087	11,020	11,412	15,000	15,000	15,000	15,000	15,000	15,000
Depreciation & Amortization	19,500	18,150	17,205	16,544	16,080	7,504	9,003	10,203	11,162	11,930	12,544
Interest	2,500	2,500	1,500	1,500	1,500	3,000	3,000	1,000	1,000	1,000	1,000
Total Expenses	59,390	53,433	52,664	52,066	54,237	53,699	58,017	60,318	64,348	68,090	71,515
Earnings Before Tax	3,594	16,649	29,558	37,622	39,825	42,494	45,970	52,062	55,958	59,478	64,983
Taxes	1,120	4,858	8,483	10,908	11,598	11,898	12,872	14,577	15,668	16,654	18,195
Net Earnings	2,474	11,791	21,075	26,713	28,227	30,596	33,099	37,484	40,290	42,824	46,788
Balance Sheet											
Assets											
Cash	67,971	81,210	83,715	111,069	139,550	159,474	182,573	190,511	224,399	261,248	303,250
Accounts Receivable	5,100	5,904	6,567	7,117	7,539	8,179	8,997	9,896	10,758	11,650	12,466
Inventory	7,805	9,601	9,825	10,531	11,342	15,267	19,343	24,191	26,894	29,772	31,856
Current Assets	80,876	96,715	100,107	128,717	158,430	182,920	210,913	224,599	262,051	302,670	347,572
Property & Equipment	45,500	42,350	40,145	38,602	37,521	45,017	51,013	55,811	59,649	62,719	65,175
Goodwill											
Total Assets	126,376	139,065	140,252	167,319	195,951	227,937	261,927	280,410	321,700	365,389	412,748

	January	February	March	April	May	June	July	August	September	October	November	December
CASH BALANCE												
Opening Cash Balance	$1,000.00	$2,220.00	$3,139.00	$3,524.00	$6,423.00	$7,803.00	$7,758.00	$11,698.00	$14,964.00	$17,179.00	$18,064.00	$19,514.00
REVENUES												
In-store sales	$500.00	$1,000.00	$700.00	$3,800.00	$1,000.00	$600.00	$5,000.00	$3,000.00	$3,500.00	$1,000.00	$1,500.00	$1,500.00
Online sales	$3,000.00	$2,000.00	$1,700.00	$2,000.00	$2,500.00	$1,200.00	$2,000.00	$3,400.00	$1,000.00	$2,000.00	$2,300.00	$3,000.00
Other revenues	$200.00	$300.00	$300.00	$250.00	$400.00	$300.00	$300.00	$150.00	$450.00	$300.00	$320.00	$175.00
Total Revenues	$3,700.00	$3,300.00	$2,700.00	$6,050.00	$3,900.00	$2,100.00	$7,300.00	$6,550.00	$4,950.00	$3,300.00	$4,120.00	$4,675.00
GROSS PROFITS												
Cost of goods sold	$900.00	$830.00	$750.00	$1,600.00	$950.00	$600.00	$1,800.00	$1,700.00	$1,200.00	$850.00	$1,100.00	$1,250.00
Gross Profits	$2,800.00	$2,470.00	$1,950.00	$4,450.00	$2,950.00	$1,500.00	$5,500.00	$4,850.00	$3,750.00	$2,450.00	$3,020.00	$3,425.00
Gross Profit Margins	75.7%	74.8%	72.2%	73.6%	75.6%	71.4%	75.3%	74.0%	75.8%	74.2%	73.3%	73.3%
EXPENSES												
Fixed costs												
Rent	$500.00	$500.00	$500.00	$500.00	$500.00	$500.00	$500.00	$500.00	$500.00	$500.00	$500.00	$500.00
Insurance	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00
Fees (banking, licenses, etc.)	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00
Total Fixed Costs	$635.00	$635.00	$635.00	$635.00	$635.00	$635.00	$635.00	$635.00	$635.00	$635.00	$635.00	$635.00
Variable costs												
Payroll	$800.00	$800.00	$800.00	$800.00	$800.00	$800.00	$800.00	$800.00	$800.00	$800.00	$800.00	$800.00
Shipping costs	$75.00	$46.00	$60.00	$46.00	$65.00	$40.00	$55.00	$79.00	$30.00	$60.00	$65.00	$75.00
Utilities	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00
Equipment and supplies	$20.00	$20.00	$20.00	$20.00	$20.00	$20.00	$20.00	$20.00	$20.00	$20.00	$20.00	$20.00
Marketing spend	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other expenses	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Variable Costs	$945.00	$916.00	$930.00	$916.00	$935.00	$910.00	$925.00	$949.00	$900.00	$930.00	$935.00	$945.00
Total Expenses	$1,580.00	$1,551.00	$1,565.00	$1,551.00	$1,570.00	$1,545.00	$1,560.00	$1,584.00	$1,535.00	$1,565.00	$1,570.00	$1,580.00
NET PROFIT MARGINS												
EBITDA *Earnings Before Interest, Taxes, Depreciation, and Amorti*	$1,220.00	$919.00	$385.00	$2,899.00	$1,380.00	-$45.00	$3,940.00	$3,266.00	$2,215.00	$885.00	$1,450.00	$1,845.00
Interest												
Taxes												
Net Profit / Losses	$1,220.00	$919.00	$385.00	$2,899.00	$1,380.00	-$45.00	$3,940.00	$3,266.00	$2,215.00	$885.00	$1,450.00	$1,845.00
Net Profit Margins	33.0%	27.8%	14.3%	47.9%	35.4%	-2.1%	54.0%	49.9%	44.7%	26.8%	35.2%	39.5%

Financial modelling serves specific purposes in various aspects of business activities such as…

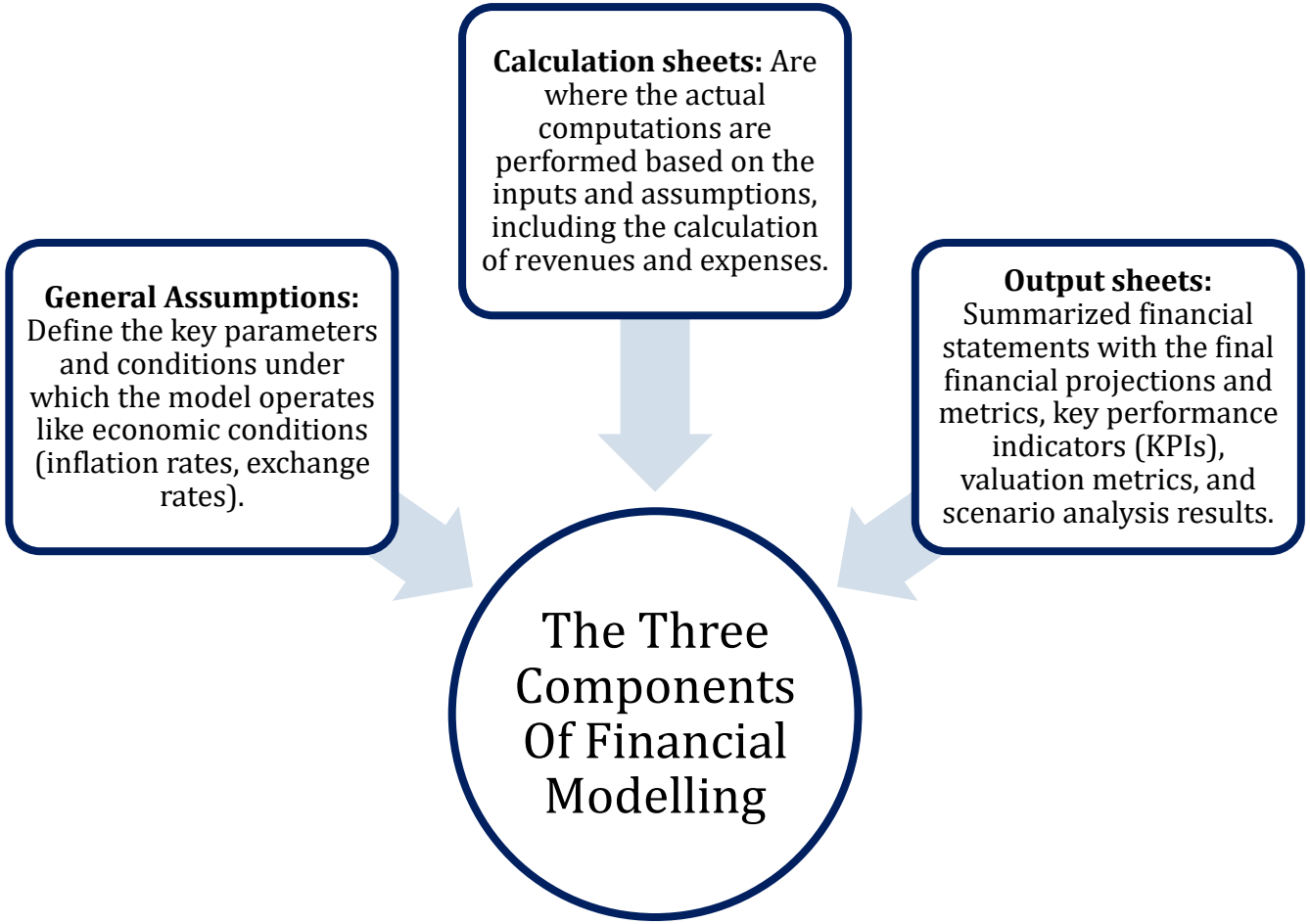
Transactions and Mergers	Feasibility Studies and Market Entry	Chief Restructuring Officer (CRO) services	Strategic and Operational Planning
-Evaluates the financial impact of the transaction -Projects the future performance of the combined entity or the impact of the transaction on the financial statements -Contributes to informed decisions	-Helps assess the feasibility of a new venture or market entry -Allows businesses to understand potential risks and rewards when entering a new market or launching a new service	-Helps in identifying cost-saving opportunities, restructuring debt and forecasting cash flows to stabilize the business -Provides a roadmap for financial recovery and operational improvement	-Supports strategic and operational planning -Helps in setting realistic goals, allocating resources effectively, and aligning operational activities with strategic objectives

Section 2

1. Purpose and Application of Financial Models
2. **Financial Model: Components Included**
3. First Component: General Assumptions
4. Second Component: Calculation sheets
5. Third Component: Output sheets
6. Useful Tips

Financial Model: Components Included

The key elements that shape the fundamental parts of financial modelling are:



Section 3

1 Purpose and Application of Financial Models

2 Financial Model: Components Included

3 **First Component: General Assumptions**

4 Second Component: Calculation sheets

5 Third Component: Output sheets

6 Useful Tips

First Component: General Assumptions

Defining Key Assumptions to Drive Financial Projections

General Assumptions

- **Initial investment:** The total capital invested at the beginning.
- **Depreciation rate:** The annual rate at which fixed assets (e.g., equipment, machinery) lose value, based on the chosen depreciation method.
- **Accounts Receivable (A/R) Days:** The assumed number of days it takes to collect payment from customers after a sale is made.
- **Accounts Payable (A/P) Days:** The assumed number of days the company takes to pay its suppliers for goods and services.
- **Inventory Turnover:** The assumed frequency at which inventory is sold or replaced during a given period.
- **Effective Tax Rate:** The assumed average corporate tax rate applied to the company's taxable profits.
- **Annual Inflation Rate:** The projected percentage increase in costs, due to inflation.
- **Economic Growth Rate:** Assumptions regarding broader economic indicators, such as GDP growth, which may affect market demand and business conditions.
- **Years of the Modelling (Timeline):** The length of the model in years, covering key activities.
- **Mark-up:** The percentage added to the cost of goods to determine the selling price.

Revenue-Related Assumptions

- **Sales Growth Rate:** The projected percentage increase in sales year over year, reflecting the company's expected growth in revenue.
- **Seasonality:** Assumptions regarding sales variations during specific periods (e.g., holidays, fiscal quarters), accounting for cyclical or seasonal trends that affect demand.

Cost-Related Assumptions

- **COGS Growth Rate:** Direct production costs that scale with sales growth.
- **Operating Expenses Growth:** Accounts for rising operational costs like rent, utilities, and marketing over time.
- **Employee Wages & Salaries:** Forecasts labor costs and staff growth.
- **Maintenance Costs:** Costs rise as equipment and facilities age.

Financing Assumptions

- **Debt-Equity Ratio:** Measures debt vs. equity used to finance the business, impacting financial risk and returns.
- **Debt Repayment Period:** Affects cash flow, longer terms ease short-term pressure but extend debt.
- **Interest Rate on Debt:** The interest rate directly affects the cost of borrowing and financial impact.

First Component: General Assumptions

Why These Assumptions Are Important:

1. **Accuracy in Forecasting:** Without accurate assumptions, the model will produce unrealistic forecasts, which could lead to poor decision-making regarding investments, expansions, or cost management.
2. **Strategic Planning:** Financial assumptions help businesses plan for the future by understanding potential cash flow needs, risks, and opportunities for growth.
3. **Risk Management:** Assumptions like debt levels, interest rates, and inflation are vital for assessing financial risks and testing the business under different conditions.
4. **Investment Decisions:** Investors use these assumptions to evaluate a business's financial health and potential returns, helping build confidence in the company's planning.

Section 4

Second Component: Calculation sheets

The Calculation sheets typically include:

- **Income statement / Profit & Loss statement**
- **Balance sheet**
- **Cash Flow statement**

Second Component: Calculation sheets

Income Statement (or P&L) provides insights into a company's financial performance

Income statement / Profit & Loss statement

- ✓ Summarizes a company's financial performance over a specific period.
- ✓ The statement includes all the sources of revenues, costs, and expenses to show its net profit or loss.
- ✓ Provides insights into a company's performance and profitability over time.

# Year	1	2	3	4	5	6	7	8	9	10
Total Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenues from Core Activities	835,00 €	1.001,00 €	1.300,00 €	1.474,03 €	5.944,63 €	8.656,64 €	10.558,53 €	14.041,01 €	16.442,07 €	17.688,29
Cost of Goods Sold	- 3,99 €	- 35,23 €	- 113,38 €	- 1.438,36 €	- 2.197,62 €	- 2.499,63 €	- 2.671,09 €	- 3.126,51 €	- 3.626,11 €	- 3.654,18
Gross Profit	831,01 €	965,77 €	1.186,62 €	35,67 €	3.747,01 €	6.157,01 €	7.887,44 €	10.914,50 €	12.815,96 €	14.034,12
Other Income	- €	- €	- €	730,80 €	1.712,28 €	2.019,93 €	2.134,42 €	2.283,03 €	2.366,06 €	2.452,25
Administration Expenses	- €	- €	- €	- 309,45 €	- 528,78 €	- 636,62 €	- 675,36 €	- 823,57 €	- 926,57 €	- 961,23
EBITDA	831,01 €	965,77 €	1.186,62 €	457,03 €	4.930,52 €	7.540,32 €	9.346,51 €	12.373,96 €	14.255,46 €	15.525,13
Depreciations	- €	- €	- €	- 2.093,28 €	- 2.712,44 €	- 2.844,07 €	- 2.844,07 €	- 2.844,07 €	- 2.450,67 €	- 2.450,67
EBIT	831,01 €	965,77 €	1.186,62 €	- 1.636,25 €	2.218,08 €	4.696,25 €	6.502,44 €	9.529,89 €	11.804,79 €	13.074,46
Financial Income										
Financial Expenses	- 1.142,85 €	- 941,39 €	- 1.772,38 €	- 2.578,15 €	- 2.643,53 €	- 2.563,21 €	- 2.470,39 €	- 2.284,61 €	- 2.005,35 €	- 1.603,89
EBT	- 311,84 €	24,39 €	- 585,77 €	- 4.214,40 €	- 425,45 €	2.133,04 €	4.032,04 €	7.245,28 €	9.799,44 €	11.470,57
Corporate Tax	- €	- 84,65 €	- 106,75 €	- €	- €	- 176,07 €	- 887,05 €	- 1.593,96 €	- 2.155,88 €	- 2.523,53
EAT	- 311,84 €	- 60,27 €	- 692,51 €	- 4.214,40 €	- 425,45 €	1.956,98 €	3.144,99 €	5.651,32 €	7.643,56 €	8.947,05

Second Component: Calculation sheets

Balance Sheet shows a snapshot of its financial position

Balance Sheet

- ✓ The balance sheet includes and summarizes the assets (tangible and intangible property), liabilities (debt owed to creditors of the company) and equity (net worth) of the business at a certain moment in time.
- ✓ $Assets = Liabilities + Equity$
- ✓ Provides a comprehensive view of a company's financial position, helping stakeholders assess liquidity, long-term stability, and overall financial health.

# Concession Year	1	2	3	4	5	6	7	8	9	10
Balance Sheet - Total Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Assets Face Value	5.998,25 €	13.806,94 €	33.345,77 €	52.048,12 €	56.098,92 €	56.098,92 €	56.098,92 €	56.098,92 €	56.098,92 €	56.098,92 €
Cumulative Depreciations	- €	- €	- €	2.093,28 €	4.805,71 €	7.649,78 €	10.493,86 €	13.337,93 €	15.788,60 €	18.239,27 €
Assets after Depreciation	**5.998,25 €**	**13.806,94 €**	**33.345,77 €**	**49.954,85 €**	**51.293,20 €**	**48.449,13 €**	**45.605,06 €**	**42.760,99 €**	**40.310,32 €**	**37.859,64 €**
Construction + upfront concession fee VAT (to be collected)	1.439,58 €	1.874,09 €	4.689,32 €	4.309,53 €	972,19 €	- 0,00 €	- 0,00 €	- 0,00 €	- 0,00 €	- 0,00 €
Current Assets	69,58 €	83,42 €	108,33 €	183,74 €	638,08 €	889,71 €	1.057,75 €	1.360,34 €	1.567,34 €	1.678,38 €
Cash on Hand & at Banks	- €	- €	- €	- €	1.183,13 €	4.760,32 €	7.143,76 €	10.535,25 €	14.006,23 €	17.400,50 €
Reserved Accounts	- €	- €	- €	- €	1.216,53 €	1.518,40 €	2.072,92 €	2.183,33 €	2.234,59 €	2.253,41 €
Total Assets	**7.507,41 €**	**15.764,45 €**	**38.143,42 €**	**54.448,11 €**	**55.303,13 €**	**55.617,56 €**	**55.879,49 €**	**56.839,91 €**	**58.118,48 €**	**59.191,93 €**
Reserved Accounts due to Law 4548/2018	- €	- €	- €	- €	- €	- €	255,10 €	537,66 €	919,84 €	1.367,19 €
Shareholders' Equity	2.036,75 €	3.986,73 €	9.684,12 €	15.708,99 €	15.708,99 €	15.708,99 €	15.708,99 €	15.708,99 €	15.708,99 €	15.708,99 €
Retained Earnings	- 311,84 €	- 372,11 €	- 1.064,62 €	- 5.279,02 €	- 5.704,47 €	- 3.845,35 €	- 857,60 €	4.511,15 €	11.772,54 €	20.272,23 €
Total Equity	**1.724,91 €**	**3.614,63 €**	**8.619,51 €**	**10.429,97 €**	**10.004,52 €**	**11.863,64 €**	**15.106,49 €**	**20.757,81 €**	**28.401,37 €**	**37.348,41 €**
Suppliers & Creditors	0,67 €	5,87 €	18,90 €	291,30 €	454,40 €	522,71 €	557,74 €	658,35 €	758,78 €	769,24 €
Tax payable	- €	84,65 €	106,75 €	- €	- €	176,07 €	887,05 €	1.593,96 €	2.155,88 €	2.523,53 €
Long term Loans	5.781,83 €	12.059,30 €	29.398,27 €	43.064,44 €	44.272,12 €	42.482,71 €	38.958,95 €	33.574,28 €	26.669,79 €	18.550,75 €
Lease Payable	- €	- €	- €	662,39 €	572,10 €	474,58 €	369,26 €	255,52 €	132,67 €	- 0,00 €
Total Liabilities	**7.507,41 €**	**15.764,45 €**	**38.143,42 €**	**54.448,11 €**	**55.303,13 €**	**55.519,71 €**	**55.879,49 €**	**56.839,91 €**	**58.118,48 €**	**59.191,93 €**

Cash Flow Statement provides insights into a company's cash inflows and outflows

Cash Flow Statement

- ✓ A cash flow statement displays the precise amount of cash that comes in and goes out of the company. Each of the flows is broken down into one of the three categories of: operating, investing, or financing activities.
- ✓ Shows how much money is expected to be made or spent (cash equivalents).

Total Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash received from Core Activities	765,42 €	987,17 €	1.275,08 €	1.398,63 €	5.490,29 €	8.405,00 €	10.390,50 €	13.738,42 €	16.235,06 €	17.577,26 €	18.638,52 €
Cash received from Other Income	- €	- €	- €	730,80 €	1.712,28 €	2.019,93 €	2.134,42 €	2.283,03 €	2.366,06 €	2.452,25 €	2.541,72 €
Operating Expenses	- 3,33 €	- 30,02 €	- 100,36 €	- 1.165,95 €	- 2.034,52 €	- 2.431,32 €	- 2.636,06 €	- 3.025,90 €	- 3.525,68 €	- 3.643,72 €	- 3.835,02 €
Concession Fee	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
Administration Expenses	- €	- €	- €	- 309,45 €	- 528,78 €	- 636,62 €	- 675,36 €	- 823,57 €	- 926,57 €	- 961,23 €	- 1.026,92 €
Tax Payment	- €	- €	- 84,65 €	- 106,75 €	- €	- €	- 176,07 €	- 887,05 €	- 1.593,96 €	- 2.155,88 €	- 2.523,53 €
Cashflow from Operations	**762,09 €**	**957,14 €**	**1.090,07 €**	**547,28 €**	**4.639,27 €**	**7.356,99 €**	**9.037,44 €**	**11.284,93 €**	**12.554,92 €**	**13.268,68 €**	**13.794,78 €**
CAPEX	- 5.998,25 €	- 7.808,70 €	- 19.538,82 €	- 17.956,35 €	- 4.050,80 €	- €	- €	- €	- €	- €	- €
Construction + upfront concession VAT	- 1.439,58 €	- 434,51 €	- 2.815,23 €	379,79 €	3.337,33 €	972,19 €	- €	- €	- €	- €	- €
Extraordinary Maintanance VAT	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
Cashflow from Investing	**- 7.437,83 €**	**- 8.243,21 €**	**- 22.354,05 €**	**- 17.576,56 €**	**- 713,46 €**	**972,19 €**	**- €**	**- €**	**- €**	**- €**	**- €**
Share Capital Increase	**2.036,75 €**	**1.949,98 €**	**5.697,39 €**	**6.024,87 €**	**- €**	**- €**	**- €**	**- €**	**- €**	**- €**	**- €**
Issuance of Long-Term Debt+VAT Loan	5.562,85 €	7.263,78 €	18.142,09 €	16.730,09 €	3.835,48 €	- €	- €	- €	- €	- €	- €
Capitalized Interest	218,98 €	453,26 €	1.070,97 €	1.625,40 €	1.681,72 €	- €	- €	- €	- €	- €	- €
Principal Payments	- €	- 1.439,58 €	- 1.874,09 €	- 4.689,32 €	- 4.309,53 €	- 1.022,19 €	- 700,00 €	- 2.000,00 €	- 2.500,00 €	- 3.000,00 €	- 3.504,99 €
Interest Payments and other	- 1.142,85 €	- 941,39 €	- 1.772,38 €	- 2.518,47 €	- 2.590,54 €	- 2.517,44 €	- 2.432,43 €	- 2.255,07 €	- 1.984,91 €	- 1.593,27 €	- 1.131,25 €
Leasing Payment	- €	- €	- €	- 143,29 €	- 143,29 €	- 143,29 €	- 143,29 €	- 143,29 €	- 143,29 €	- 143,29 €	- €
DSRA	- €	- €	- €	- €	- 1.216,53 €	- 301,86 €	- 554,53 €	- 110,41 €	- 51,26 €	- 18,82 €	219,97 €
Reserve Account Heavy Maintanance	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
Net Cash Used in Financing Activities	**4.638,99 €**	**5.336,08 €**	**15.566,59 €**	**11.004,41 €**	**- 2.742,68 €**	**- 3.984,78 €**	**- 3.830,24 €**	**- 4.508,77 €**	**- 4.679,45 €**	**- 4.755,38 €**	**- 4.416,27 €**
Cash from Financing Activities	**6.675,74 €**	**7.286,06 €**	**21.263,98 €**	**17.029,28 €**	**- 2.742,68 €**	**- 3.984,78 €**	**- 3.830,24 €**	**- 4.508,77 €**	**- 4.679,45 €**	**- 4.755,38 €**	**- 4.416,27 €**

Section 5

Third Component: Output sheets

Key performance metrics for financial viability in output sheets are NPV and IRR (1/2)

Net Present Value (NPV) is a financial metric used to determine the value of a project or investment by comparing the present value of its future cash flows to the initial investment. It accounts for the fact that **money today is worth more than the same amount in the future** due to its earning potential (known as the time value of money).

1

NPV calculates the difference (balance) **between the present value of cash inflows** (profits) **and cash outflows** (costs) over time.

2

It adjusts **future cash flows** by a discount rate to reflect their **lower value compared to money received today**.

3

If NPV>0 means the project is expected to generate more value than its cost, making it a profitable investment. **If NPV<0** suggests the project will cost more than it brings in, indicating a likely loss.

4

The formula for the NPV is as follows:

$$\mathrm{NPV} = \sum_{t=0}^{n} \frac{R_t}{(1+r)^t}$$

where:

- R_t is the cash flow at time t (cash inflows - cash outflows)
- r is the discount rate, is the time period (starting from 0 for the initial investment)
- n is the number of periods.

Key performance metrics for financial viability in output sheets are NPV and IRR (2/2)

Internal Rate of Return (IRR) is the rate at which the NPV of all cash flows from a project equals zero (makes the present value of the cash inflows equal to the present value of the cash outflows). It represents the **expected annual return on an investment**.

1

If the IRR is greater than the required rate of return (or discount rate), the NPV will be positive, indicating that the project is expected to generate more money than it costs.

2

If the IRR is less than the required rate of return, the NPV will be negative, suggesting that the project will lose money.

3

The IRR is the rate (r) satisfies the following equation equals to zero:

$$NPV = \sum_{t=0}^{n} \frac{R_t}{(1+r)^t}$$

The IRR is more efficiently calculated using the **Excel formula**.

Section 6

1. Purpose and Application of Financial Models
2. Financial Model: Components Included
3. First Component: General Assumptions
4. Second Component: Calculation sheets
5. Third Component: Output sheets
6. **Useful Tips**

Useful Tips

Following useful tips will help you create reliable financial models that aid in decision-making and strategic planning (1/2)

Tips

- ✓ The model should be **built around the three basic components**: assumptions, calculations and output sheet.
- ✓ Use **labels**, **titles**, and **consistent formatting** for readability, and avoid overcomplicating the structure.
- ✓ Keep the spreadsheet's structure, formatting, and naming **consistent throughout**.
- ✓ Place all key inputs and **assumptions in a separate, dedicated sheet** at the beginning to allow for easy modifications.
- ✓ Use **formulas and cell references** instead of hardcoding values, enabling easy adjustments.
- ✓ Build in **scenario analysis** (best case, base case, and worst case) and **sensitivity analysis** to understand how changes in assumptions affect outcomes like **NPV** and **IRR**.
- ✓ Ensure all numbers are in **consistent units** (e.g., dollars, euros) and in the **same time periods** (monthly, quarterly, yearly).

Useful Tips

Following useful tips will help you create reliable financial models that aid in decision-making and strategic planning (2/2)

Tips

- ✓ Make a **separate sheet for the results (output sheet),** distinct from the calculation sheets. The output sheet should provide clear financial metrics like NPV, IRR and key ratios.
- ✓ **Stress-test** your model by inputting extreme values for key variables.
- ✓ Use **Excel functions** like IFERROR, VLOOKUP, INDEX/MATCH, and SUMIF effectively. Functions, also, like IRR and NPV are built specifically for financial modelling.
- ✓ Keep track of **model versions**, especially when making major changes (create different versions).
- ✓ **Limit the number of assumptions** to 10 or 15, as more assumptions can reduce the realism of your decisions.
- ✓ Use the **same formula across rows** for consistency.
- ✓ Base your **forecasting** in the economic statements on **realistic assumptions** from market trends or past results.
- ✓ **Check and double-check** your formulas, and, if possible, ask a third party to review your model.

Kantor Management Consultants is a European strategic, innovative, hands-on consultancy, committed to providing top-notch and bespoke advisory services. We address complex client problems in major sectors of the economy. Kantor effectively transfers global knowledge and expertise, to address local needs.

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