



Company Assessment Report

smegreca

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m27TM
Excellence in Corporate Finance.
an Inspiralia group company

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smegreca

Company description

SME manufacturing telecom devices for WAN, WLAN and LAN

Mission

Develop best quality telecom devices for high end customers

Vision

Be number one telecom equipment provider in Europe

Business sector

Telecom. Equipment

Business segment

Other Communications Equipment Manufacturing

Number of employees

25

Year of foundation

2017





Company **Assessment**

Methodology description

Company Assessment Methodology

Our methodology is supported by well-known business concepts.

The assessment is generated from answers to closed questions aimed to obtain 5 main indicators (KPIs).



Tech RL

Technology readiness level

based on NASA's TRL scale



Team RL

Team readiness level

based on our own defined parameters



MAL

Market attractiveness level

based on market size (TAM, SAM, SOM) and 5 forces of Porter



BRL

Business readiness level

Inspired in Goldsmiths ® parameters and other sources



FSL

Financial stability level

calculated over funds raised, revenues, EBITDA and revenues main growth driver

Technology Readiness Level (TRL)

TRL scale to rate the **maturity level of the technology** goes from **TRL1 to TRL9**, from less to more mature:

Annual revenue contribution as a % of total annual revenue

	P1*	P2*	P3*
TRL	TRL9	TRL8	TRL7
n	55%	25%	20%
n+2	30%	40%	30%

P1: product A

P2: product B

P3: product C

TRL9

We have best of breed processes/technologies and we are recognized as innovative leaders.

TRL8

We have implemented best processes and third party technologies to maintain our competitive advantage

TRL7

We have implemented best of breed processes/technologies available for this business segment

TRL6

We have implemented a significant number of processes/technologies

TRL5

We are in the process of implementing best practices of the sector based on new processes/technologies

TRL4

We are in the process of studying new processes/technologies to support our core activities

TRL3

We do not consider relevant the implementation of new processes/technologies

TRL2

We are convinced that we would need to invest in new processes/technologies

TRL1

We do not have clear visibility about new processes/technologies to implement

Technology Readiness Level (TRL)

You consider that your technology for this product line has achieved TRL9 level. This product line contributes 55 % to current revenues and it is expected to represent 30 % in two years. Having implemented good techniques, processes and technologies to be a leader in this activity is relevant for investors in their decision making processes. You can easily demonstrate them that innovation is part of your DNA and, for that, you should be seen more valuable in front of any of your competitors.

product A

TRL9

You consider that your technology for this product line has achieved TRL8 level. This product line contributes 25 % to current revenues and it is expected to represent 40 % in two years. Having implemented good techniques, processes and technologies to be a leader in this activity is relevant for investors in their decision making processes. You can easily demonstrate them that innovation is part of your DNA and, for that, you should be seen more valuable in front of any of your competitors.

product B

TRL8

You consider that your technology for this product line has achieved TRL7 level. This product line contributes 20 % to current revenues and it is expected to represent 30 % in two years. Having implemented good techniques, processes and technologies to be a leader in this activity is relevant for investors in their decision making processes. Demonstrate them that innovation is part of your DNA to be seen more valuable.

product C

TRL7

Your Tech RL scoring:

8.35

out of 10.00

Team Readiness Level (Team RL)

Five concepts have been valued:
stability, **composition**, **knowledge**,
network and **management style**.



Stability

Stable team with recent reinforcement



Composition

Board representing current shareholders with limited impact on a professional steering committee



Knowledge

Average master's degree in industry-related field



Network

Management team are awarded leaders in the industry



Management Style

Based on establishment and follow-up of business objectives by the management team



Team Readiness Level (Team RL)

Five concepts have been valued: **stability, composition, knowledge, network** and **management style**.

Stability

Good balance between cohesion and new capabilities is good news to transmit to potential investors. Take your time to prepare your speech in front of potential investors.

Composition

In general terms, your company is being managed by a professionalized organization. You shall have to demonstrate that your team members are good professionals. Take your time to analyze your team strengths and what you would admit with a new investor. This could be a blocking issue in a potential corporate transaction.

Knowledge

Having a team educated in industry-related fields will help investors to have a positive evaluation. Nonetheless, adding real experience to your team will be a positive asset you should look for. Advisors or experts included in your BoD may be a way to do so.

Network

Your team qualifications will attract potential investors to your company. These qualifications are fundamental data about your network availability robustness. Demonstrate that your team is not only first class in terms of public acknowledge but also internally to run the company.

Management Style

Good news. Your company follows professional mechanisms to manage operations. Try to make all these strengths visible to potential candidates for a corporate transactions.

Your Team RL scoring:

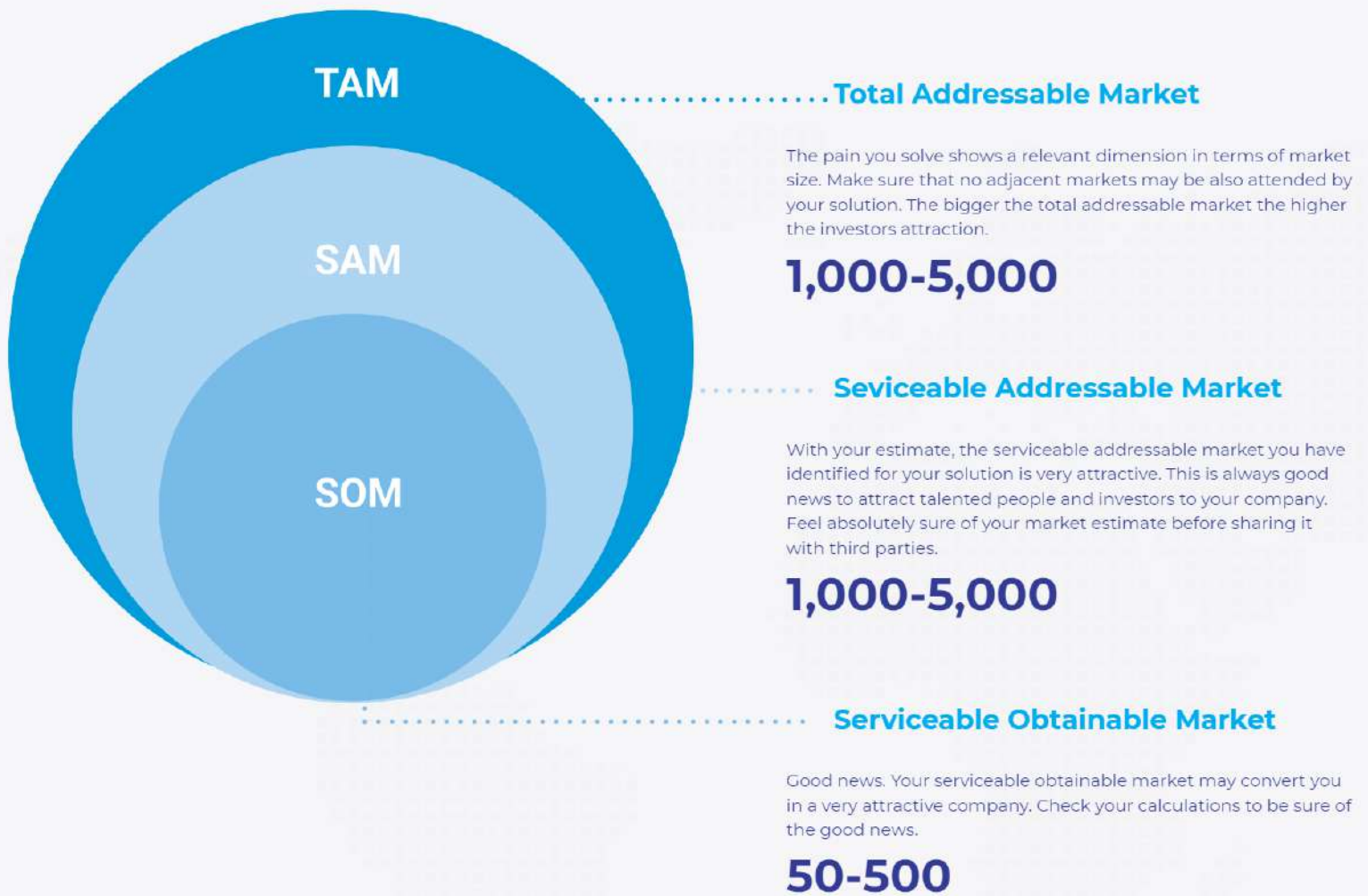
7.00

out of 10.00

Market Attractiveness Level (MAL)

Our assessment considers different market dynamics: **market size**, **market trend**, **legislation risk** and **market structure**.

Your Market Size considerations (in M€)



Market Trend: **Stable**
Legislation changes expected, which will increase demand for your business

Market Attractiveness Level (MAL)

The 5 forces of Porter have been valued: **new entrants**, **competitors**, **clients/customers**, **suppliers** and **substitute prod./serv.**



New entrants

Very high barriers



Competitors

Acceptable



Clients/Customers

Growing trend



Suppliers

Growing trend



Substitute Prod./Serv.

Some



Market Attractiveness Level (MAL)

Five concepts have been valued according to the **5 forces of Porter**.

New entrants

Very high barriers for new entrants give you the opportunity to monitor direct competitors and define your strategy in accordance. Be sure that these high barriers are sustainable in the future for you to be ready just in case.

Competitors

If you operate in a market with an acceptable number of competitors, you better take care because things may change rapidly. If your market is following a growing trend and it is not a concessional business, new entrants will appear, for sure, unless there is a perceived lack of profitability on it. Be conscious that you will have to defend your market share and also increase it if you want new investors on board. Be ready to demonstrate them that your strategy is strong enough for that.

Clients/Customers

A market with a growing number of clients/customers is an attractive market to operate. You need to demonstrate that your value proposition is competitive and you can grow following the market trend and also increase your market share.

Suppliers

Having a growing variety of potential suppliers, your business is robust in this respect. Keep in mind to maintain these capabilities.

Substitute Prod./Serv.

If your value proposition can be substituted by some product or solutions, you have a problem to solve before going for money. Try to identify new approaches and barriers to make your business sustainable.

Your MAL scoring:

6.65

out of 10.00

Business Readiness Level (BRL)

We determine the maturity of the business taking into account 5 concepts: **client/customer concentration, competitive advantage in the market, client/customer base, legal conflictedness and partnership status.**



Client/Customer Concentration

High number of clients representing less than 10% each



Competitive advantage

Costs



Client/Customer Base

High number of non recurring clients



Legal Conflictedness

Legal or contractual conflicts rarely arise



Partnership

Have multiple partnership agreements already running



Business Readiness Level (BRL)

Five concepts have been valued to estimate the maturity and market positioning of your business.

Client/Customer Concentration

Your company shows that you have a diversified revenue model. This is very attractive for potential investors.

Competitive advantage

Should you be a leader in costs, you have good fundamentals to compete. Try to maintain and demonstrate that you can sustain this advantage in the long run.

Client/Customer Base

Try to find customer loyalty formulas. This will increase the value of your company.

Legal Conflictedness

The lower legal conflictedness, the better attraction of investors.

Partnership

Having multiple partnership agreements already running, your company will have many good opportunities to reinforce your business everyday

Your BRL scoring:

6.20

out of 10.00

Financial Stability Level (FSL)

 **Last 12 months (in K€)**

Revenues 1,000

EBITDA 125

Revenue growth driver

product A **> 0-4,99 % projects**

product B **10-19,99 % devices**

product C **20-49,99 % terminations**

Key Metrics (in K€)

	Revenues	EBITDA
2019	900	100
2020	950	110
2021	1,000	125
2022	1,100	150
2023	1,200	165

Financial Stability Level (FSL)

Cash generation

- You have generated >100k€ in your company.
- Your company is above the break even in terms of cash. This situation gives confort to potential investors to consider your bet but they will also need a more aggressive plan to lead the company to an increasement of cash generation.

Economic indicators

- Last year revenues were 1000k€ and expected revenues for current year are 1000k€.
- If you have historical revenues, your past growth should reach two digits per year to attract investor candidates.
- Your growth planification is too low for a startup. Investors will like to see two digit growth in your forecasts.

Your FSL scoring:

4.78

out of 10.00

Company Success Readiness Level (CSRL)

Our proprietary methodology allows companies to obtain a **compounded scoring** based on a weighted summation of previous indicators:

- **TRL** (Technology Readiness Level)
- **Team RL** (Team Readiness Level)
- **MAL** (Market Attractiveness Level)
- **BRL** (Business Readiness Level)
- **FSL** (Financial Stability Level)

Our proprietary company assessment scoring is named **Company Success Readiness Level** (CSRL).



Company Success Readiness Level (CSRL)

TRL **8.35**
out of 10.00

Team RL **7.00**
out of 10.00

MAL **6.65**
out of 10.00

BRL **6.20**
out of 10.00

FSL **4.78**
out of 10.00

CSRL **6.60**
out of 10.00



Your investment **grade**



Your investment **stage**



Recommended **investors**



IPO: Initial Public Offering to be traded in a stock exchange market; Private Equity: is an entity composed of funds and investors that directly invest in private companies Private bank, invest arm: Banks with investment vehicles in private companies; IP: Industrial Partner; PC: Public Company; PPC: Public-Private Company; Family office: Investment vehicle of a wealthy family; VC / VC IP: Venture Capital firms, independent or belonging to private companies, that invest in early stage; Invest club: Informal group of investors not controlled under any institution; Crowd funding: A platform to raise funds from many investors with small tickets each; Biz Incubator: A business incubator is a firm devoted to support seed and early stage companies; Biz Angels: Wealthy individuals who usually invest in seed and early stage companies; High net worth individual; FFF: Friends, fools and family