

November 2023

The Republic of Everyone / FC Agro PLC

Company valuation

**THE
REPUBLIC OF
EVERYONE**



NEVER AT THE EXPENSE OF OTHERS

Pre-money valuation of equity

(value of equity before issue of new capital)

€4.4 million

Company information

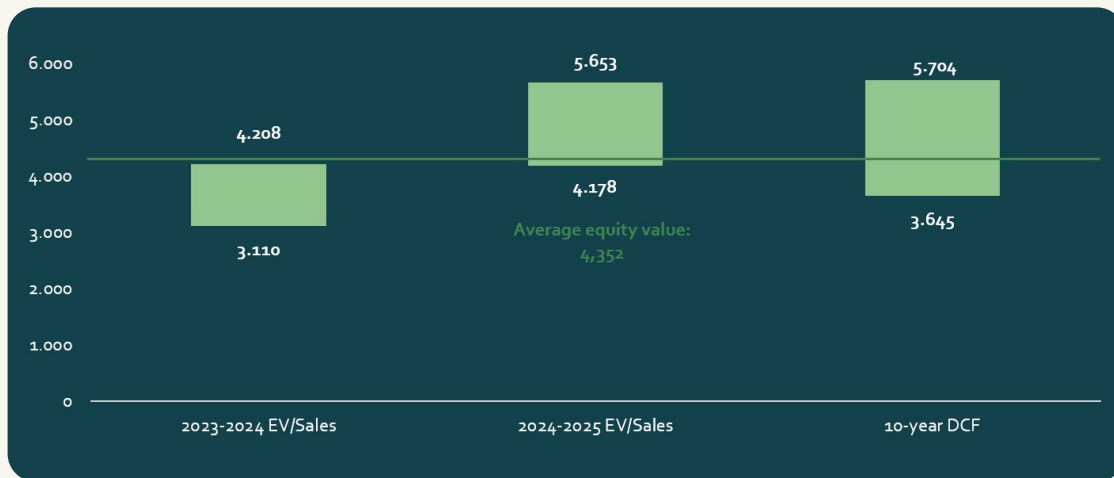
Name	Coöperatie The Republic of Everyone U.A.
Founded	FC Agro PLC 2019 / Cooperative 2022
Contact	invest@fairchain.org
Description	FC Agro operates a coffee plantation in the Mizan region in Ethiopia. The company is engaged in both coffee planting and coffee roasting. The farm is located in the middle of the so-called “coffee belt” and produces most of the coffee for exporting purposes. Coöperatie The Republic of Everyone U.A. is the holding company based in The Netherlands.

Summary

Based on the 'discounted cash flow' valuation method and sales multiple for fiscal year 2023-2024 and fiscal year 2024-2025, the company valuation of The Republic of Everyone is set at **€4.5 million**. Minus the outstanding net debt of **€0.1 million**, the equity value of The Republic of Everyone is **€4.4 million**. This is the average of three different valuations measured on the 31st of December 2023.

This valuation represents the pre-money equity valuation. This is the value of The Republic of Everyone before the amount of new capital that is invested in the company.

Valuations (x €1,000.-)



Trading multiples The Republic of Everyone

Year	22-23	23-24	24-25	25-26
EV/Sales	7.25x	5.58x	4.20x	3.03x

Enterprise value

€4.5 million

Pre-money equity valuation

€4.4 million

Net debt (31/12/2023)

€0.1 million

Forecast & Visualisation

Financials

Historical income statements (unaudited)

Historical income statements (x €1,000.-)

Year	2020-2021	2021-2022	2022-2023
Sales	478	620	374
Cost of goods sold	301	481	289
Gross margin	177	139	85
Personnel costs	47	38	49
Marketing costs	3	0	1
Administrative costs	14	7	11
Other costs	41	22	8
EBITDA	71	72	16
Depreciation	60	19	23
EBIT	11	53	-7
Interest	8	18	49
Tax	0	0	0
Net profit	4	35	-57

Historical balance sheets (x €1,000.-)

Year	2020-2021	2021-2022	2022-2023
Total fixed assets	390	430	450
Inventories	120	130	262
Other current assets	15	32	17
<i>Cash</i>	<i>16</i>	<i>82</i>	<i>137</i>
Total current assets	150	244	418
Total assets	541	674	868
Long term loans	0	0	0
Short term loans	96	112	286
Other current liabilities	59	17	10
Total current liabilities	155	129	297
<i>Shareholders equity</i>	<i>386</i>	<i>545</i>	<i>572</i>
Total equity & liabilities	541	674	868

From the historical profit- and loss accounts and the forecast of the profit- and loss accounts can be derived that FC Agro PLC is able to establish an operationally profitable coffee plantation within the Mizam region in Ethiopia. With the sales of both green coffee beans and roasted coffee beans the company is expected to expand its social and environmental impact.

From 2022 onwards, sales numbers and profit margins are expected to increase. Besides that, depreciation costs will rise due to investments in land and production facilities being made in 2023.

Note that FC Agro PLC, as a subsidiary of The Republic of Everyone is located in Ethiopia, where a financial year runs from july to june and original financial statements are presented in Ethiopian Birr.

Financials

10-year forecast income statement

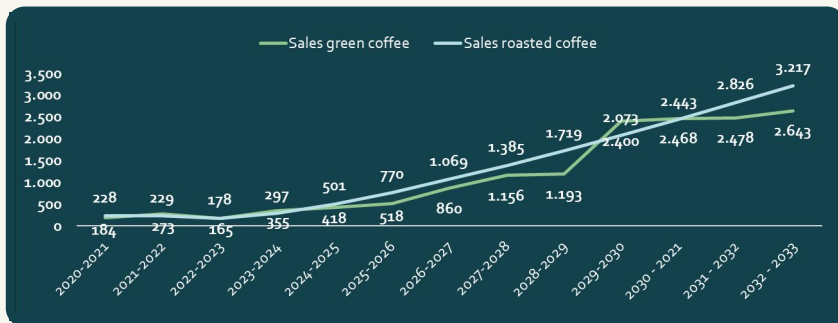
Forecast income statement (x €1,000.-)

Source: FC Agro PLC (2023)

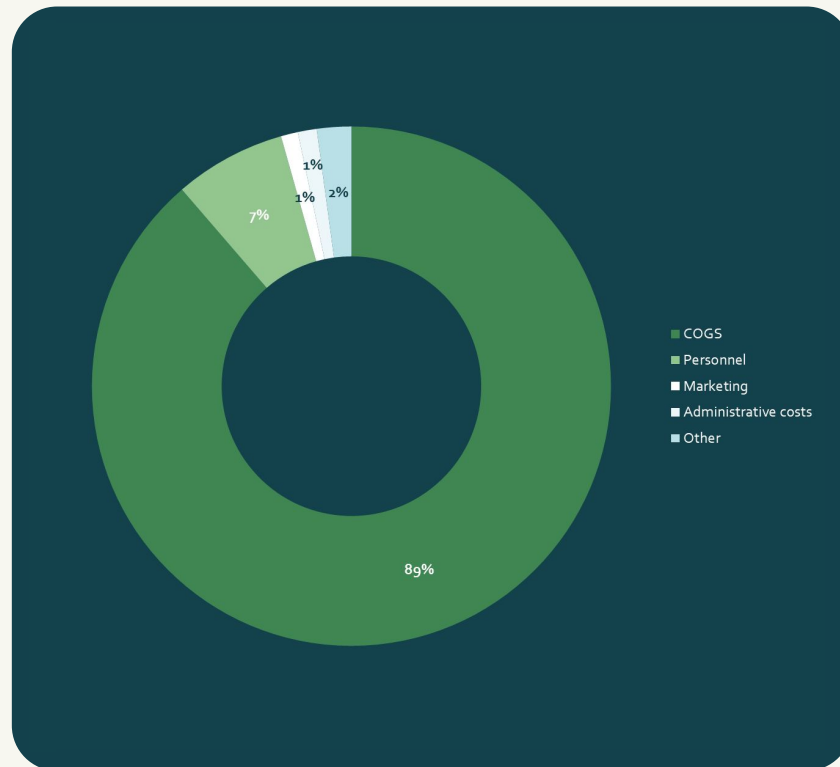
Year	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033
Sales	806	1,072	1,483	2,134	2,757	3,138	4,710	5,160	5,566	6,135
Cost of goods sold	625	847	1,173	1,648	2,118	2,365	3,574	3,834	4,107	4,392
Gross margin	181	225	310	486	639	774	1,136	1,326	1,459	1,743
Personnel costs	55	55	72	94	122	158	206	267	294	300
Marketing costs	5	5	7	10	15	23	34	51	77	116
Administrative costs	15	15	15	16	17	18	19	20	20	22
Other costs	23	23	24	25	26	28	29	30	32	33
EBITDA	84	128	192	341	459	547	848	957	1,036	1,272
Depreciation	37	37	37	37	42	45	45	45	45	45
EBIT	47	91	156	304	417	502	803	912	991	1,227
Interest	32	34	34	34	34	34	34	34	34	34
Tax	0	5	37	81	115	141	231	264	287	358
Net profit	15	53	85	189	268	328	539	615	670	836

Visualisation

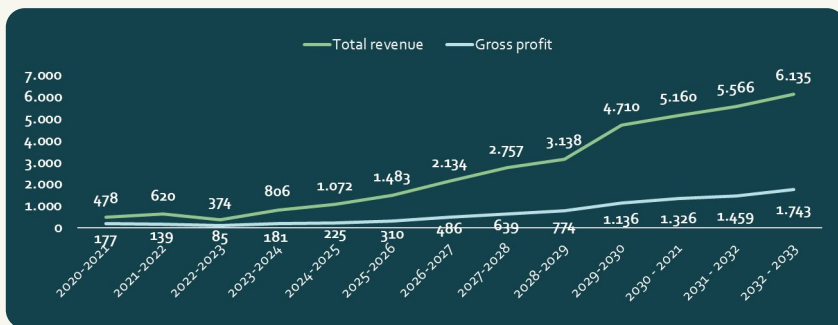
Sales green coffee vs roasted coffee (x €1,000.-)



Global cost structure

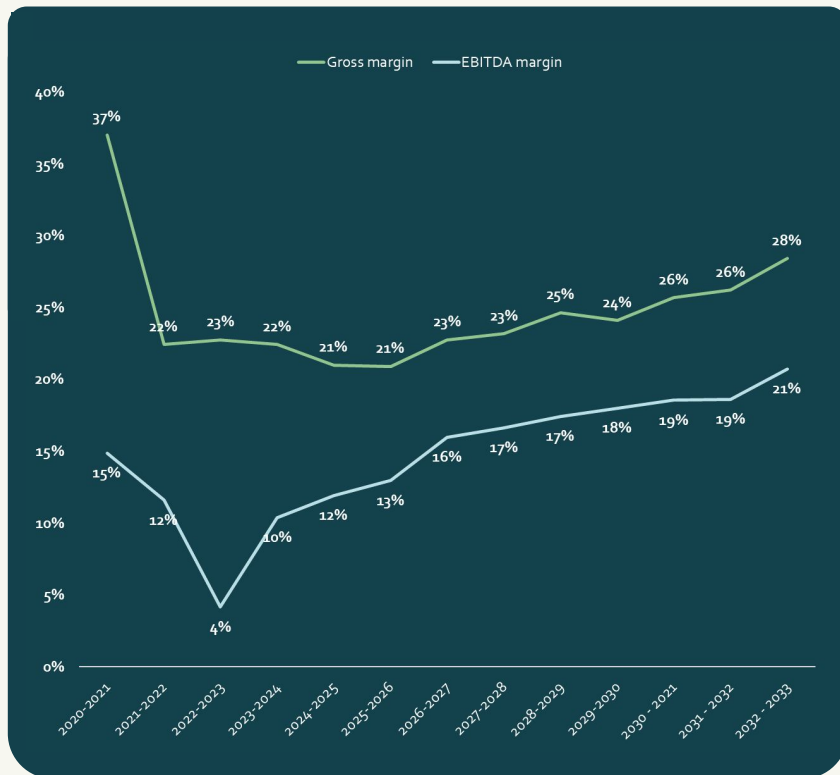


Total revenue and gross profit (x €1,000.-)



Visualisation

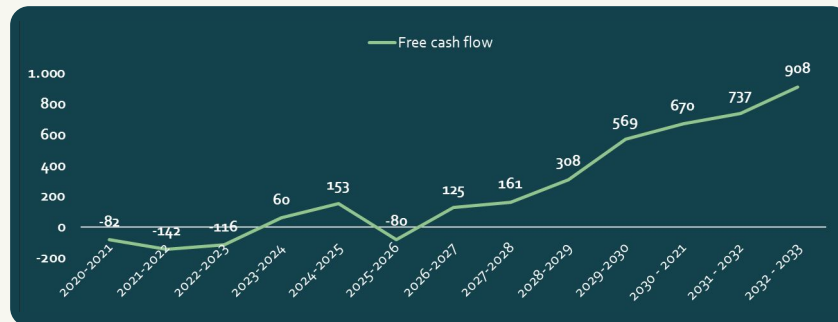
Profit margins



EBITDA & Net profit (x €1,000.-)



Free cash flow (x €1,000.-)



Comparables & Multiples

Comparables

Comparable companies

Sources: Comparables.ai (2023)

Company	Description	Country
CCL Products (India) Ltd	CCL Products (India) Ltd produces and sells various coffee products globally, with a focus on India, Singapore, Switzerland, and Vietnam. Their offerings include coffee powders, granules, freeze-dried, liquid concentrate, roast, and ground coffee.	India
Taiwan Tea Corp	Taiwan Tea Corp plants, cultivates and distributes tea and other tea ingredients. It plants tea trees and cultivates tea plantations. The tea leaves are roasted and processed into tea ingredients, packaged, and distributed to Asia and Australia.	Taiwan
Coffee Day Enterprises Ltd	Coffee Day Enterprises Ltd primarily operates in the coffee industry, from bean procurement and processing to retailing across different formats. It has four main business segments: coffee and related activities, integrated logistics, hospitality services, and corporate investments. Most of its revenue is derived from the coffee-related business, with the majority coming from operations in India.	India
PT Multi Agro Gemilang Plantation Tbk	PT Multi Agro Gemilang Plantation is engaged in the farm products business sector. The company is involved in establishing and running several plantation sites in Indonesia. The product that the farm yields are exported throughout Asia.	Indonesia
Salada Food Jamaica Ltd	Salada Foods Jamaica Ltd is engaged in the manufacture and sale of instant coffee and roasted and ground coffee beans and other consumer products. The company's products are coffee, cocoa, tea and other beverages drink mixes and dessert products.	Jamaica
Baristas Coffee Co Inc	Baristas Coffee Co Inc, a US-based company, specializes in manufacturing and selling coffee-related products primarily under the Baristas brand. They offer a range of products, including Baristas White Coffee, Baristas CBD Coffee, and CBD-infused coffee under the EnrichaRoast CBD brand. Additionally, the company extends its coffee expertise to a line of cosmetics, featuring the "Morning Mask" label, crafted from premium coffee ingredients.	United States of America

Comparables

EV/Sales multiple

4.72x

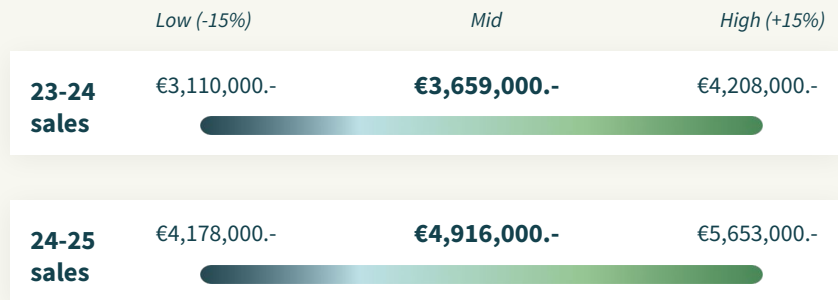
Comparable companies and numbers (x €1,000.-)

Sources: Morning Star (04-10-2023)

	CCL Products (India) Ltd	Taiwan Tea Corp	Coffee Day Enterprises Ltd	PT Multi Agro Gemilang Plantation Tbk	Salada Foods Jamaica Ltd	Baristas Coffee Co Inc	Median	FC Agro PLC (2023-2024)
Revenue	237,162	11,562	104,904	10,904	8,178	564	11,233	806
EBITDA	45,778	-42,394	-16,450	-10,716	1,598	-564	-5,640	84
Market value	968,388	488,048	120,884	53,430	18,706	2,989	87,157	4,352
<i>Coffee only?</i>	✓	✗	✗	✗	✗	✗		✓
<i>Coffee Belt?</i>	✓	✓	✓	✓	✓	✓		✓
<i>Business-to-consumer?</i>	✗	✓	✗	✓	✗	✗		✗
EV/Sales-Multiple	4.54x	55.96x	3.10x	4.90x	3.78x	5.30x	4.72x	5.58x

Multiple valuation

Valuation using multiples is a common method to determine the value of a company by comparing it to similar businesses (comparables). Multiples are ratio figures that reflect the market valuation of a company in relation to specific financial metrics such as revenue or EBITDA. The median or average of these multiples, derived from a comparable group of companies, is applied to the financial data of the company being valued. This way, the market value is determined.



Multiples

Enterprise value/Sales-multiple (EV/Sales)	4.72x
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Financials (x €1,000.-)

Year	2023-2024	2024-2025
Sales	806	1,072

Enterprise value (x €1,000.-)

with EV/Sales-multiple	3,659	4,916
Net debt (31/12/2023)	145	145

Equity value (x €1,000.-)

with EV/Sales-multiple	3,659	4,916
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Discounted free cash flow

DCF valuation

Weighted average cost of capital

The WACC is a financial measure used in business valuation. It represents the average return that a company should offer its investors for both equity and debt in order to cover the financings costs and generate value for shareholders. This cost of capital is used as the discount factor for which the future cash flows are discounted to today's value.

Weighted average cost of capital

Weighted average costs of capital (WACC)	12.48%
Long term growth (LTG)	2.50%

Equity 65.82%

Debt 34.18%

Cost of equity

Market risk premium	5.00%
Risk-free rate	2.90%
Tax rate Ethiopia	30.00%
Unlevered beta (farming & agriculture)	0.55
Levered beta	0.74
Firm specific premium	5.00%
Risk premium liquidity	5.50%
Cost of equity	17.15%

Cost of debt

Average interest on long-term debt	5.00%
Tax rate	30.00%
Cost of debt after tax	3.50%

DCF valuation

Discounted free cash flow

Discounted free cash flow calculation (x €1,000.-)

Year	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	TY
Operational profit after tax	47	86	119	223	302	362	572	649	704	869	
+ Depreciation	37	37	37	37	42	45	45	45	45	45	
- Capital expenditures	31	26	246	70	80	19	10	5	2	1	
- Working capital investments	-7	-56	-10	64	102	79	38	19	20	5	
Free cash flow	60	153	-80	125	161	308	569	670	737	908	9,325
<i>Discount rate</i>	<i>0.94</i>	<i>0.84</i>	<i>0.75</i>	<i>0.66</i>	<i>0.59</i>	<i>0.52</i>	<i>0.47</i>	<i>0.41</i>	<i>0.37</i>	<i>0.33</i>	<i>0.33</i>
Discounted cash flow	56	128	-60	83	95	161	265	277	271	297	3,050
Enterprise value	4,625										
Net debt (31/12/2023)	145										
Equity value	4,480										

DCF valuation

Sensitivity analysis

Sensitivity analysis (x €1,000.-)

WACC/LTG	1.50%	2.00%	2.50%	3.00%	3.50%
11.50%	4,804	4,994	5,204	5,439	5,704
12.00%	4,468	4,633	4,846	5,018	5,245
12.48%	4,175	4,320	4,480	4,656	4,852
13.00%	3,893	4,020	4,159	4,312	4,481
13.50%	3,645	3,757	3,879	4,013	4,161

Low
(WACC @13.50% / LTG @1.00%)

Mid
(WACC @12.48% / LTG @2.00%)

High
(WACC @ 11.50% / LTG @3.50%)

DCF

€3,645,000.-

€4,480,000.-

€5,704,000.-



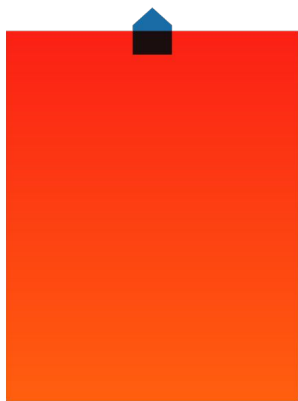
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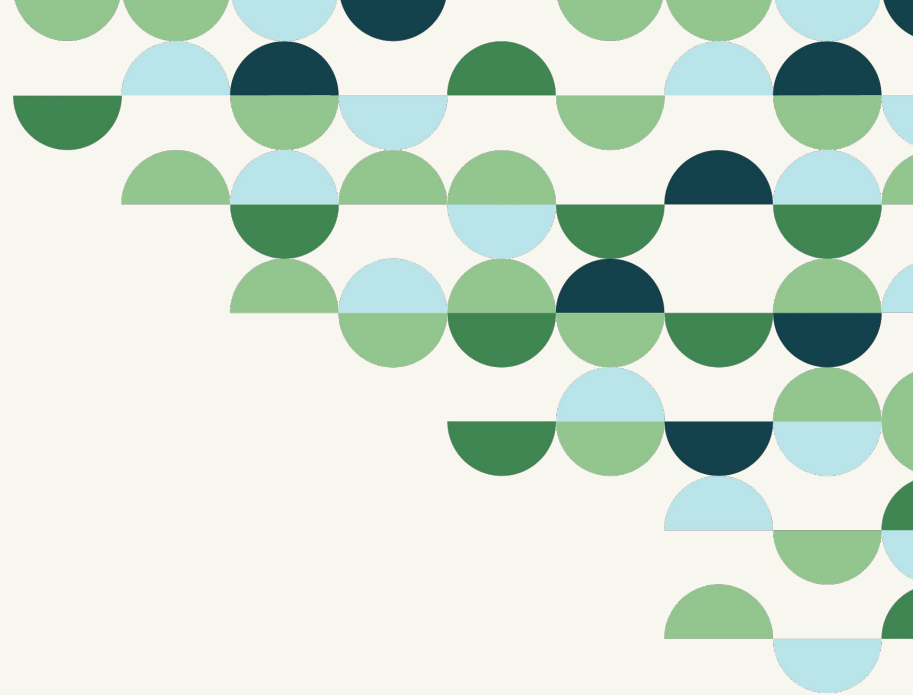
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