

**Don't forget to Smile!**

**BUSINESS PLAN**  
**«LEMANN WELLNESS & DENTAL**  
**CENTER (MOSCOW)»**

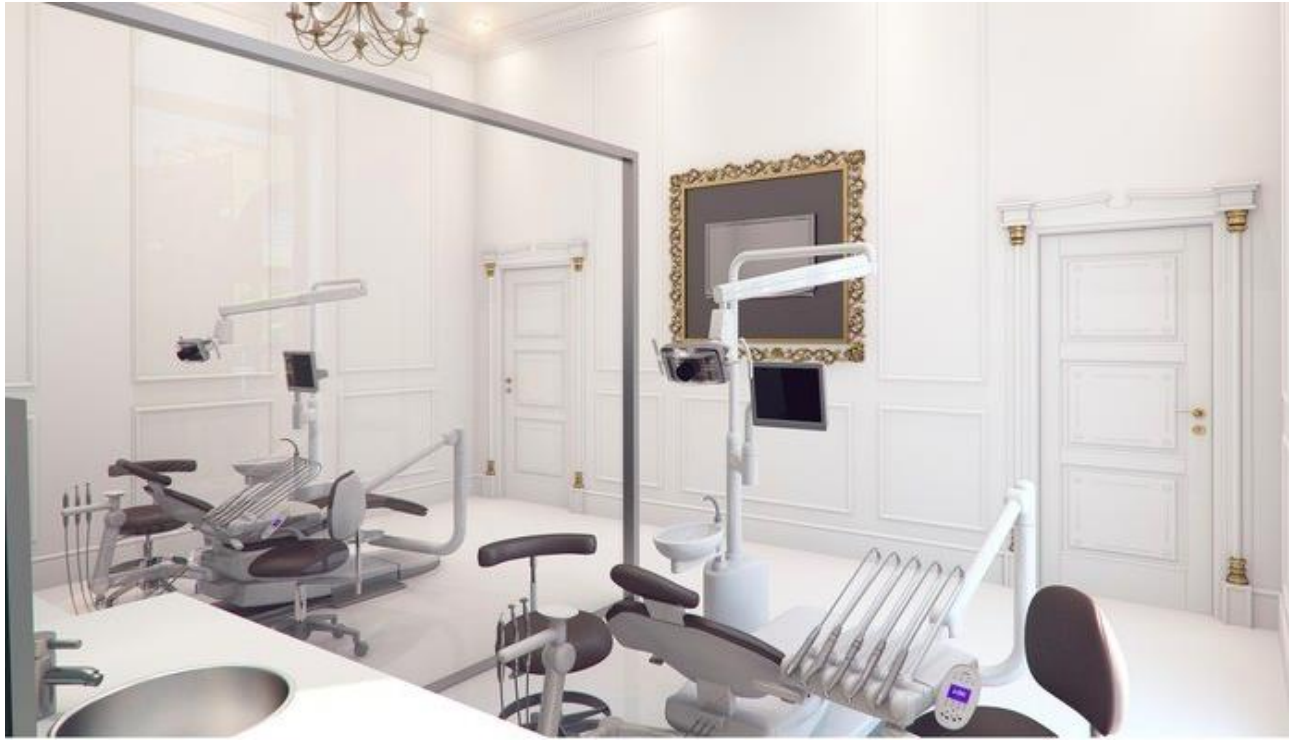


**LEMMANN**  
DENTAL LOUNGE



## TABLE OF CONTENTS

|                                                                  |    |
|------------------------------------------------------------------|----|
| PROJECT SUMMARY .....                                            | 4  |
| PROJECT DESCRIPTION .....                                        | 5  |
| MARKET ANALYSIS .....                                            | 7  |
| OPERATION PLAN .....                                             | 12 |
| FINANCIAL PLAN .....                                             | 16 |
| INPUT DATA .....                                                 | 16 |
| NOMENCLATURE AND PRICE OF SERVICES .....                         | 16 |
| COSTS ASSOCIATED WITH RAW MATERIALS AND OTHER MATERIALS .....    | 17 |
| OVERHEAD COSTS .....                                             | 18 |
| STAFF NUMBER AND SALARY .....                                    | 18 |
| TAX SYSTEM .....                                                 | 19 |
| CAPEX .....                                                      | 20 |
| CALCULATION OF REVENUE, EXPENSES ON EXIT OF RATED CAPACITY ..... | 21 |
| ESTIMATION OF PROJECT EFFICIENCY .....                           | 21 |
| APPENDIXES .....                                                 | 22 |



## PROJECT SUMMARY

**Name of the project:**

Lemann wellness center (Moscow)

**Project originator:**

Igor Lehmann

**Location of the project:**

Moscow, Russian Federation

**Project essence**

The project purpose – opening of the Lemann wellness center in Moscow (Russian Federation) and providing of dental, cosmetology and VIP-level beauty shop services to Moscow residents.

It will be achieved through repair of the room in the center Moscow into wellness center fitted out with the modern equipment and hiring of the highly skilled personnel in order to offer the competitive level of service.

It should be noted that this branch of business will only expands over time and generate increasing profit with every year.

**Terms of implementation of the project:**

Start of the project operation: Aug. – Sept., 2016.

**Financing:**

Total investment amount of the project – USD 440 000.

**Project participants:**

The originator of the project, the head of stomatology branch – Igor Lehmann, with a share in profit of 33,4%;

The head of beauty shop – a share in profit of 33,3%;

The project investor – a share in profit of 33,3%.

**Assessment of economic efficiency of the project:**

- payback period (PBP) – 17 months;
- annual discount rate (D) – 15%;
- discounted payback period (DPBP) – 17 months;
- net present value (NPV) –USD 1 092 944;
- internal rate of return (IRR) – 145%.



## PROJECT DESCRIPTION

Opening of the wellness center (dental care and beauty shop) is planned in Moscow within the frames of implementation of the project.

### Dental center

The stomatology will be equipped with 4 dental chairs (2 from which will be leased), and also other specialized equipment.



The period of time devoted to the dental clinic establishing and promotion is the most difficult one. Usually it takes from 1 year up to 2 years. It is very important from the first day of creation of new dental clinic to have absolutely accurate model of market entry with the corresponding level of equipment and personnel, to be correctly positioned for "the" potential client. The choice of the clinic equipment has to be sophisticated, carefully designed and met technical requirements for the tasks to be solved and to the opportunities of the supplier. Purchase costs should be considered not as the paid-back expenses but as long-term investments into successful business.

Working hours of the dental center – from 09.00 till 23.00.

It should be noted that for stomatology 4 main directions are characteristic: implantology, orthopedics, orthodontics and esthetic therapy.

Within implementation of the project rendering the wide list of services in the field of stomatology is planned:

- Implantation of teeth (consultation of the implant surgeon, installation of American-made or Swiss-made implants);
- Orthopedics (treatment of teeth, treatment of gums, tooth stopping, installation of fixed artificial dentures and dental crowns, installation of removable artificial dentures);
- Orthodontics (installation of bracket and bracket -systems, dental alignment);
- Esthetic therapy (bleaching, dental ornament, veneer and build-up installation).



### VIP-level beauty shop and cosmetology center

It is initially planned to provide services to clients for affordable prices, prices increase services is planned further on.

Working hours of beauty shop – round the clock (at night by appointments).

Within implementation of the project providing the wide range of services is planned:

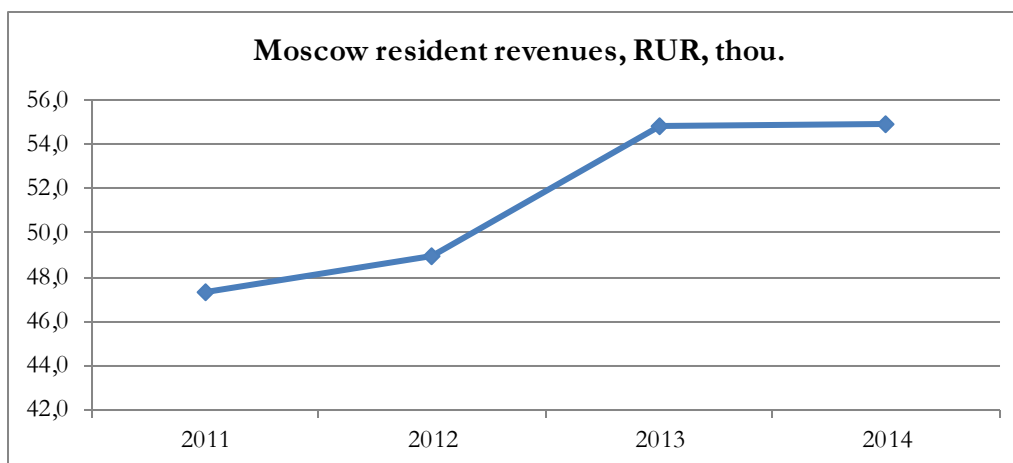
- Cosmetology services: peelings, masks, skin replenishment and care, treatment of an acne, face procedures, beauty injections;
- Laser cosmetology (by means of the multipurpose laser “palomer Icon”): removal of a nevus, papillomas and warts, laser-based photo-epilation, laser biorevitalization, radio wave lifting, laser rejuvenation and polishing of skin, removal of pigmentation, laser polishing of bracing rods, laser polishing of a post-acne, the rejuvenating laser polishing, removal of enlarged leg vessels, photorejuvenation, fractional laser rejuvenation;



- Massage services: general massage, facial massage, hand, feet massage, anti-cellulite massage;
- Hairdresser/make-up services: hairstyle, hair dressing, coloring hair, eyebrow correction, make-up;
- Services manicure/pedicure: manicure, pedicure, covering gel varnish, hand massage, SPA, nail design.

## MARKET ANALYSIS

Moscow population revenues tended to growth of over the past few years— see the following chart.



In the context of this project Moscow population expenses dynamics and structure are much more interesting.

According to the Forecast of a social and economic development of the city of Moscow, growth of paid services volumes is predicted at the level from 0,5% in 2015 to 2,0% in 2017.

### Features of the target market of dental services

The number of the population which lives in the certain administrative districts of Moscow, and also number of dental clinics on each of administrative districts is given in the following table (see also scheme of administrative districts of Moscow).

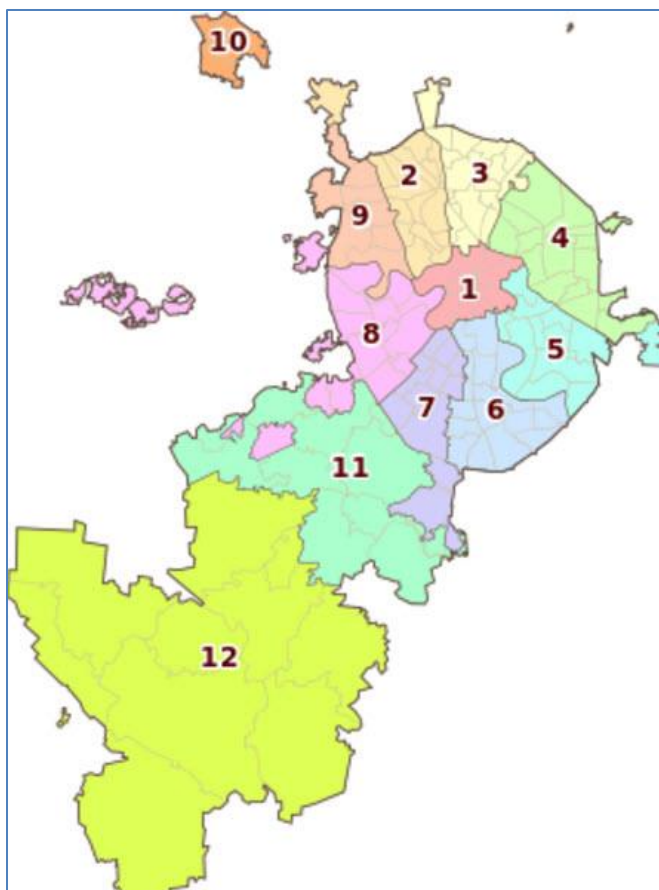


Table 1. Number of dental clinics in the districts of Moscow

| №  | Administrative district  | Population, thou. | Number of clinics | Thou. people / clinic |
|----|--------------------------|-------------------|-------------------|-----------------------|
| 1  | Central                  | 757               | 593               | 1,3                   |
| 2  | Northern                 | 1142              | 283               | 4,0                   |
| 3  | North-east               | 1398              | 246               | 5,7                   |
| 4  | Eastern                  | 1490              | 232               | 6,4                   |
| 5  | South-east               | 1352              | 261               | 5,2                   |
| 6  | South                    | 1755              | 196               | 9,0                   |
| 7  | South-west               | 1407              | 281               | 5,0                   |
| 8  | Western                  | 1334              | 229               | 5,8                   |
| 9  | North-west               | 974               | 179               | 5,4                   |
| 10 | Zelenograd               | 230               | 23                | 10,0                  |
| 11 | Novomoskovsk             | 166               | 7                 | 23,7                  |
| 12 | Troitsk                  | 103               | 2                 | 51,7                  |
|    | Across Moscow in general | 12108             | 2532              | 4,8                   |

Nowadays the market of dental services could be characterized by increase of level of the competition. The statistics data in this regard has showed some reduction of officially registered dentists. In essence, it means that rather low-qualified specialists leaves the market.

Price aspect of the dental services market (namely this segment can be estimated objectively now): the price index on dental services in Moscow (in Oct., 2015, in relation to Dec., 2014) made 111,3% (according to data of Russian State Statistics Bureau).

The dental service prices received from specialized portals (the prices are provided directly by the clinics) are given in the following table.

Table 2. Dental service prices, USD

|          | Deep or advanced caries treatment | Pulpitis | Flexible dentures | Bridge-like artificial denture | Metal ceramics | Crown from zirconium dioxide |
|----------|-----------------------------------|----------|-------------------|--------------------------------|----------------|------------------------------|
| From ... | 45,0                              | 101,3    | 291,3             | 370,0                          | 127,5          | 307,5                        |
| To ...   | 161,3                             | 250,0    | 500,0             | 1 250,0                        | 562,5          | 475,0                        |
| Average  | 97,5                              | 175,0    | 400,0             | 737,5                          | 312,5          | 362,5                        |

|          | Metal-free ceramic | Veneers | Implantation | Implantation (with a crown) | Tooth removal | Installation of brackets |
|----------|--------------------|---------|--------------|-----------------------------|---------------|--------------------------|
| From ... | 250,0              | 211,3   | 333,8        | 592,5                       | 30,0          | 693,8                    |
| To ...   | 375,0              | 562,5   | 812,5        | 2 065,0                     | 187,5         | 1 437,5                  |
| Average  | 287,5              | 325,0   | 600,0        | 1 437,5                     | 87,5          | 937,5                    |



## Features of the target market of beauty shops

As for the market of services of beauty shops, for 2015 some decrease in demand was observed. Thus it is possible to talk rather about decrease in demand in regions: Moscow market showed relative stability. Female (respectively – the main one) the part of target audience if necessary will refuse to save rather from any other benefits, but will not save on appearance.

Price reference points for this segment of services are given in the following tables. It should be noted that at an initial stage of development of the project it is necessary to be guided by a little smaller tariffs.

Table 3. Prices of cosmetology services, RUR/USD

| Наименование                              | Цена | Наименование                           | Цена |
|-------------------------------------------|------|----------------------------------------|------|
| Peeling (face + neck + décolleté area)    | 47,5 | Hardware treatment of acne, face       | 32,5 |
| Peeling of area: belly/buttock/hip/breast | 35,0 | Hardware treatment of acne, back       | 37,5 |
| Peeling of area: hands/knees              | 37,5 | Cosmetic massage (face + neck)         | 29,7 |
| Peeling of hairy part of head skin        | 56,3 | Massage (face + neck + decollete area) | 33,3 |
| Superficial peeling of a face             | 35,0 | Facial massage                         | 20,2 |

Table 4. Prices of laser cosmetology, USD

| Name                                                                 | Price | Name                                                                                                   | Price |
|----------------------------------------------------------------------|-------|--------------------------------------------------------------------------------------------------------|-------|
| Removal of multiple papillomas by fractional laser (up to 10 pieces) | 37,5  | PALOMAR Removal of pigmentary spots, cheeks                                                            | 48,8  |
| Removal of multiple papillomas by fractional laser (11-20 pieces)    | 75,0  | PALOMAR Removal of pigmentary spots, forehead                                                          | 47,5  |
| Removal of multiple papillomas by fractional laser (21-30 pieces)    | 112,5 | PALOMAR Removal of pigmentary spots, face (a surface pigment)                                          | 106,3 |
| Removal of multiple papillomas by fractional laser (over 30 pieces)  | 150,0 | PALOMAR Removal of pigmentary spots, face (a deep pigment)                                             | 168,8 |
| Laser photo-epilation: Upper lip                                     | 12,5  | PALOMAR Removal of pigmentary spots, décolleté area                                                    | 112,5 |
| Laser photo-epilation: Chin                                          | 25,0  | PALOMAR Removal of pigmentary spots, face and décolleté area                                           | 231,3 |
| Laser photo-epilation: Glabellar area                                | 12,5  | PALOMAR Removal of pigmentary spots, hands                                                             | 87,5  |
| Laser photo-epilation: Eyebrows correction (both)                    | 18,8  | Laser removal of varicose veins of extremities (1 vein, 8-10 cm)                                       | 350,0 |
| Laser photo-epilation: Temporal area (both)                          | 27,5  | Combined laser treatment of bracing rods (with a total area up to 400 cm <sup>2</sup> ), 10 procedures | 812,5 |
| Laser photo-epilation: Forehead                                      | 18,8  | PALOMAR Laser rejuvenation, face                                                                       | 312,5 |
| Laser photoepilation: Cheeks                                         | 47,5  | PALOMAR Laser rejuvenation, neck                                                                       | 187,5 |
| Laser photoepilation: Cheekbones                                     | 17,5  | PALOMAR Laser rejuvenation, eyelids                                                                    | 125,0 |
| Laser photoepilation: Nose                                           | 12,5  | PALOMAR Laser rejuvenation, forehead                                                                   | 125,0 |



| Name                                                                              | Price | Name                                                                                    | Price |
|-----------------------------------------------------------------------------------|-------|-----------------------------------------------------------------------------------------|-------|
| Laser photoepilation: Auricles                                                    | 17,5  | PALOMAR Laser rejuvenation, décolleté area                                              | 187,5 |
| Laser photoepilation: Neck                                                        | 33,8  | PALOMAR Laser rejuvenation, face, a neck and a décolleté area                           | 562,5 |
| Laser photoepilation: All face zones (chin, cheeks, forehead, temples, upper lip) | 87,5  | PALOMAR Laser rejuvenation, hands                                                       | 137,5 |
| Laser photoepilation: Neck (back surface)                                         | 37,5  | Removal of pigmentation and photo-rejuvenation, face (in full)                          | 87,5  |
| Laser photoepilation: Decollete area                                              | 37,5  | Removal of pigmentation and photo-rejuvenation, cheeks                                  | 56,3  |
| Laser photoepilation: Area of a female breast                                     | 40,0  | Removal of pigmentation and photo-rejuvenation, forehead                                | 43,8  |
| Laser photoepilation: Areola (both parties)                                       | 25,0  | Removal of pigmentation and photo-rejuvenation, decollete area or shoulders             | 100,0 |
| Laser photoepilation: Axillary crease                                             | 31,3  | Removal of pigmentation and photo-rejuvenation, face+ neck + décolleté area             | 225,0 |
| Laser photoepilation: Hands + fingers (both hands)                                | 27,5  | Removal of pigmentation and photo-rejuvenation, hands – photo-rejuvenation (in 2 steps) | 75,0  |
| Laser photoepilation: Forearm (both hands)                                        | 67,5  | Hands - pigment removal (all surface in one pass, or locally on pigmentary spots)       | 50,0  |
| Laser photoepilation: Shoulder (both hands)                                       | 57,5  | Laser peeling, face                                                                     | 425,0 |
| Laser photoepilation: Back                                                        | 93,8  | Laser peeling, a face, a neck, decollete area                                           | 525,0 |
| Laser photoepilation: Lumbar area                                                 | 43,8  | Laser peeling FULL, face, neck, décolleté area, hands                                   | 587,5 |
| Laser photoepilation: White line of a belly (3-5 cm)                              | 50,0  | Laser peeling - neck area                                                               | 175,0 |
| Laser photoepilation: Belly in full                                               | 93,8  | Laser peeling - back pov.ruk                                                            | 112,5 |
| Laser photoepilation: Bikini line                                                 | 40,0  | Laser peeling - decollete area                                                          | 200,0 |
| Laser photoepilation: Classic's bikini                                            | 43,8  | Laser peeling - body area (to 400 cm2)                                                  | 187,5 |
| Laser photoepilation: Bikini deep                                                 | 87,5  | Biorevitalization: face                                                                 | 50,0  |
| Laser photoepilation: Perianal area                                               | 25,0  | Biorevitalization: face + neck                                                          | 62,5  |
| Laser photoepilation: Buttocks                                                    | 81,3  | Biorevitalization: face + neck + decollete area                                         | 75,0  |
| Laser photoepilation: Toes and raising of foot (both feet)                        | 18,8  | Biorevitalization: Lips (volume increase)                                               | 12,5  |
| Laser photoepilation: Shins                                                       | 87,5  | Biorevitalization: Hands                                                                | 25,0  |
| Laser photoepilation: Hips (both sides)                                           | 105,0 | Er:YAG polishing, scar up to 5 cm                                                       | 42,5  |
| RL treatment of cellulitis, hips external surface                                 | 187,5 | Er:YAG polishing, scar of 5-10 cm                                                       | 70,0  |
| RL treatment of cellulitis, belly                                                 | 152,5 | Er:YAG polishing , scar of 10-20 cm                                                     | 106,3 |
| RL treatment of cellulitis, inner surfaces of hips tonus increase                 | 187,5 | Er:YAG polishing, scar more than 20 cm                                                  | 187,5 |
| RL treatment of cellulitis, buttocks                                              | 137,5 | RL treatment, forearm                                                                   | 125,0 |
| RL treatment. knees                                                               | 125,0 | RL massage inner surfaces of hips                                                       | 172,5 |

Table 5. Prices on hairdresser's services and services of the makeup artist, USD

| Name             | Price | Name            | Price |
|------------------|-------|-----------------|-------|
| Female hairstyle | 18,8  | Coloring out    | 41,3  |
| Coloring of hair | 62,5  | Day make-up     | 25,0  |
| Laying           | 25,0  | Evening make-up | 37,5  |

Table 6. Manicure and pedicure service prices, USD

| Name                                       | Price | Name               | Price |
|--------------------------------------------|-------|--------------------|-------|
| Manicure                                   | 12,5  | Shellac            | 12,5  |
| Man's manicure                             | 18,8  | Gel color covering | 16,3  |
| Children's manicure (younger than 7 years) | 6,3   | Massage of hands   | 6,3   |
| Removal of nail color                      | 6,3   | LARIC SPA          | 13,8  |
| Nail coloring                              | 6,3   | Pedicure           | 33,8  |

### Wellness / Dental center promotion

Promotion at the initial stages of the project is supposed to be done mainly through Internet.

It is recommended to begin with the web-site development, and the moment of the publication of the site in a network has to coincide on time with a teaser stage of a contextual advertising.

Contextual and the contextual media advertising in this case should be applied at the initial stage of the site promotion when the probability of view to the potential consumer is small.

It is necessary to consider during building of the site that it has to provide not only information to the potential clients, but also convenient feedback.

In the framework of this project it is expediently to create of pages of the centre on such social networks as Facebook, Google + and VKontakte, and also to make a YouTube channel.

Implementation of a mobile application will be also an advantageous way of promotion, first of all its creation is useful for cosmetology branch.

As working option development of the basic version (with the minimum functionality) both for iOS and Android development is proposed, as the second step – saturation by functionality of one of platforms – judging by characteristics of our target audience. The advancing development of the iOS platform, despite big mass character of Android is forecasted (however, here a lot of things depend on opportunities and tariff policy of the specific contractor).

Functions of push-notices in the application should be foreseen providing the opportunity of participation in programs of loyalty, and also function of feedback. Anyway the client needs to let know that we appreciate his opinion on the centre and we consider his remarks / offers.

The optimum scheme of interaction with the Client assumes the satisfied client which opinion will be considered by other potential clients at a choice of clinic.

Effective work with clients requires introduction of full-fledged Customer Relationship Management System. In this case application of SaaS option – system is quite possible (SaaS means ‘Software as a service’, i.e. the application work with which is carried out by means of the Internet interface).

In this case it will be a question only of a monthly fee for use of system, thus all cares on technical providing system are assumed by the supplier.



## OPERATION PLAN

The project will be implemented in accordance with the schedule presented in the table below.

Table 7. Project schedule

| Stages                                     | Period (y./m.) | February<br>2016 | March<br>2016 | April<br>2016 | May<br>2016 | June<br>2016 | July<br>2016 | August<br>2016 | September<br>2016 |
|--------------------------------------------|----------------|------------------|---------------|---------------|-------------|--------------|--------------|----------------|-------------------|
| Fundraising                                |                |                  |               |               |             |              |              |                |                   |
| Incorporation                              |                |                  |               |               |             |              |              |                |                   |
| Space lease for wellness and beauty center |                |                  |               |               |             |              |              |                |                   |
| Renovation of premises                     |                |                  |               |               |             |              |              |                |                   |
| Equipment purchase and installation        |                |                  |               |               |             |              |              |                |                   |
| Acquisition of licenses and permissions    |                |                  |               |               |             |              |              |                |                   |
| Launch                                     |                |                  |               |               |             |              |              |                |                   |

Table 1. Project investment cost

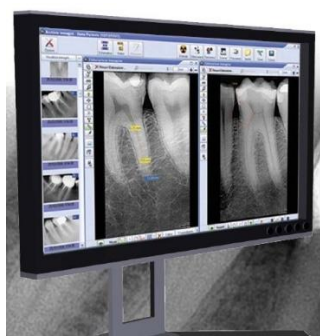
| №<br>п/п | Equipment                                         | Q-ty       | Price, \$  | Total, \$      |
|----------|---------------------------------------------------|------------|------------|----------------|
| <b>1</b> | <b>Turn-key works on renovation of premises</b>   | <b>200</b> | <b>500</b> | <b>100 000</b> |
| <b>2</b> | <b>Dental equipment</b>                           | <b>-</b>   | <b>-</b>   | <b>209 900</b> |
| 2.1      | Dental treatment units                            | 4          | 25 000     | 100 000        |
| 2.2      | Dental surgical microscope                        | 1          | 15 000     | 15 000         |
| 2.3      | Dental orthopedic microscope                      | 1          | 15 000     | 15 000         |
| 2.4      | Spot R unit                                       | 1          | 3000       | 3 000          |
| 2.5      | Orthopantomograph                                 | 1          | 20 000     | 20 000         |
| 2.6      | Visiograph                                        | 2          | 4 000      | 8 000          |
| 2.7      | Whitening lamps                                   | 2          | 7 500      | 15 000         |
| 2.8      | Scaler                                            | 4          | 700        | 2 800          |
| 2.9      | Laser                                             | 1          | 5 000      | 5 000          |
| 2.10     | Sealer                                            | 1          | 700        | 700            |
| 2.11     | Ultrasonic washer                                 | 2          | 200        | 400            |
| 2.12     | Equipment for endodontic treatment                | 1          | 10 000     | 10 000         |
| 2.13     | Equipment for implantology                        | 1          | 10 000     | 10 000         |
| 2.14     | Small dental tools                                | 1          | 5 000      | 5 000          |
| <b>3</b> | <b>Equipment for cosmetology and beauty salon</b> | <b>-</b>   | <b>-</b>   | <b>102 000</b> |
| 3.1      | Hairdressing chairs                               | 4          | 1 000      | 4 000          |
| 3.2      | Pedicure chairs                                   | 2          | 1 000      | 2 000          |
| 3.3      | Nail bar                                          | 1          | 2 000      | 2 000          |
| 3.4      | Equipment for massage room                        | 1          | 5 000      | 5 000          |
| 3.5      | Equipment for cosmetological room                 | 1          | 4 000      | 4 000          |
| 3.6      | Multifunctional Palomar laser Icon                | 1          | 80 000     | 80 000         |
| 3.7      | Small cosmetological tools                        | 1          | 5 000      | 5 000          |



|   |                            |  |  |                |
|---|----------------------------|--|--|----------------|
| 5 | Initial advertising budget |  |  | 5 000          |
| 6 | Overhead costs             |  |  | 23 100         |
|   | <b>TOTAL</b>               |  |  | <b>440 000</b> |

It is planned to carry out works on restoration and renovation of Lemann wellness and beauty center within the project framework.

The center will be equipped with up-to-date dental equipment:





**Palomar**  
FROM LIGHT COMES BEAUTY

Composition of investments by areas of activity is presented on the chart below:

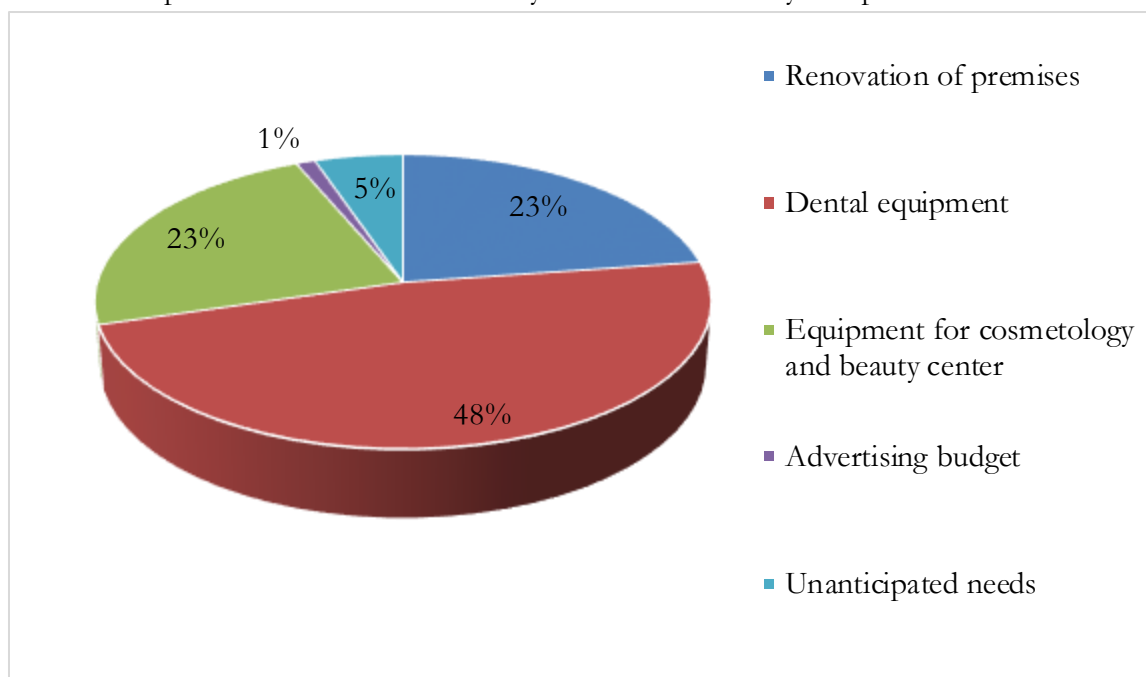


Figure 1. Composition of project investments by areas of activity

## FINANCIAL PLAN

Financial and economic evaluation of the project was implemented with regard to the following assumptions:

- calculations are made in fixed prices with zero inflation;
- calculations are made on a monthly basis;
- input and calculated data is presented in currency of payment and is converted in to US dollars at the exchange rate of the Central Bank of the RF at the time the payments are made;
- residual value of project assets as at the end of calculation period is not taken into account for the analysis of project performance indicators.

Evaluation of economic efficiency was implemented with regard to official Methodological recommendations on evaluation of the investment project's viability.

### INPUT DATA

The forms for initial data are designed to collect and structure information necessary to evaluate the project.

Input projects data includes: taxes paid by the company; nomenclature and price of services; sales plan; nomenclature and price of raw materials and other materials; calculations of direct material costs for unit value production; staff number and salary; capital costs.

### NOMENCLATURE AND PRICE OF SERVICES

Table 2. Scope of services

|                                     | Capacity per day | per month | Capacity factor | Clients with regard to capacity | Clients with regard to capacity |
|-------------------------------------|------------------|-----------|-----------------|---------------------------------|---------------------------------|
| <b>Dental treatment services</b>    |                  |           |                 |                                 |                                 |
| Implantology                        | 1,5              | 45,0      | 70%             | 1,1                             | 31,5                            |
| Dental orthopedics                  | 21,0             | 630,0     | 70%             | 14,7                            | 441,0                           |
| Orthodontics                        | 4,5              | 135,0     | 70%             | 3,2                             | 94,5                            |
| Aesthetic treatment                 | 3,0              | 90,0      | 70%             | 2,1                             | 63,0                            |
| Dental chair lease                  | 2,0              | 60,0      | 100%            | 2,0                             | 60,0                            |
| <b>Beauty salon and cosmetology</b> |                  |           |                 |                                 |                                 |
| Cosmetology                         | 20,0             | 600,0     | 70%             | 14,0                            | 420,0                           |
| Laser cosmetology                   | 20,0             | 600,0     | 70%             | 14,0                            | 420,0                           |
| Massage therapy                     | 30,0             | 900,0     | 70%             | 21,0                            | 630,0                           |
| Hairdressing/makeup                 | 80,0             | 2 400,0   | 70%             | 56,0                            | 1 680,0                         |
| Manicure / pedicure                 | 100,0            | 3 000,0   | 70%             | 70,0                            | 2 100,0                         |



Table 3. Revenue calculation

|                                     | Price, \$ | Revenue par day,<br>\$ | Revenue par<br>month, \$ |
|-------------------------------------|-----------|------------------------|--------------------------|
| <b>Dental treatment services</b>    |           |                        |                          |
| Implantology                        | 1 000     | 1 050                  | 31 500                   |
| Dental orthopedics                  | 88        | 1 286                  | 38 588                   |
| Orthodontics                        | 375       | 1 181                  | 35 438                   |
| Aesthetic treatment                 | 188       | 394                    | 11 813                   |
| Dental chair lease                  | 100       | 200                    | 6 000                    |
| Total                               |           | 4 111                  | 123 338                  |
| <b>Beauty salon and cosmetology</b> |           |                        |                          |
| Cosmetology                         | 19        | 5 886                  | 7 875                    |
| Laser cosmetology                   | 38        | 10 591                 | 15 750                   |
| Massage therapy                     | 13        | 20 789                 | 7 875                    |
| Hairdressing/makeup                 | 38        | 41 378                 | 63 000                   |
| Manicure / pedicure                 | 13        | 78 644                 | 26 250                   |
| Total                               |           | 157 288                | 120 750                  |

Note: The table contains the prices per one visit to a specialist. The prices for the next visits are a little bit lower than the cost of some services. In particular, the minimum cost of veneering is 600\$, implantation - 750\$, teeth whitening - 200\$, ceramic crownwork - 400\$.

#### COSTS ASSOCIATED WITH RAW MATERIALS AND OTHER MATERIALS

Table 4. Costs associated with raw materials and other materials

|                                     | Cost of materials,<br>% | Cost of materials,<br>\$ | Cost of materials<br>per month, \$ |
|-------------------------------------|-------------------------|--------------------------|------------------------------------|
| <b>Dental treatment services</b>    |                         |                          |                                    |
| Implantology                        | 20%                     | 200                      | 6 300                              |
| Dental orthopedics                  | 10%                     | 9                        | 3 859                              |
| Orthodontics                        | 5%                      | 19                       | 1 772                              |
| Aesthetic treatment                 | 10%                     | 19                       | 1 181                              |
| Dental chair lease                  | 0                       | 0                        | 0                                  |
| Total                               |                         |                          | 13 112                             |
| <b>Beauty salon and cosmetology</b> |                         |                          |                                    |
| Cosmetology                         | 5%                      | 1                        | 394                                |
| Laser cosmetology                   | 5%                      | 2                        | 788                                |
| Massage therapy                     | 5%                      | 1                        | 394                                |
| Hairdressing/makeup                 | 20%                     | 8                        | 12 600                             |
| Manicure / pedicure                 | 10%                     | 1                        | 2 625                              |
| Total                               |                         |                          | 16 800                             |



## OVERHEAD COSTS

Table 5. Overhead costs

| No.                    | Overhead costs item | Total, \$     |
|------------------------|---------------------|---------------|
| 1                      | Lease               | 5 000         |
| 2                      | Utility charges     | 500           |
| 3                      | Advertising         | 5 000         |
| 4                      | Other expenditures  | 1 250         |
| <b>TOTAL per month</b> |                     | <b>11 750</b> |

## 1. Space lease

The following space options can be considered as the places for wellness and beauty center location:

1.1. General purpose premises with a total floor area of 196 sq. m. located at Letnikov St. (Paveletskaya metro station). Lease payment – 437,5\$ / sq. m. per year (7 145,8\$ per month).

<http://www.apex-realty.ru/view.php?id=131217>

1.2. General purpose premises with a total floor area of 183 sq. m. located at Shepkin St. (Prospekt Mira metro station). Lease payment – 250,0\$ / sq. m. per year (3 812,5\$ per month).

<http://www.apex-realty.ru/view.php?id=130968>

1.2. General purpose premises with a total floor area of 230 sq. m. located at Zemlyanoy Val St. (Taganskaya metro station). Lease payment – 287,5\$ / sq. m. per year (5 510,4\$ per month).

<http://www.apex-realty.ru/view.php?id=23560>

## 2. Utility charges

It is necessary to include the utility charges at the level of 10% of a lease payment into the budget.

## 3. Advertising costs

Advertising costs include internet promotion of wellness and beauty center, advertising printing, etc.

## 4. Other expenses

Other expenses include expenses for banking services, communication, stationery and office supplies, security, equipment maintenance, legal and accounting services.

## STAFF NUMBER AND SALARY

Two senior positions without salary provision will be established within the project implementation.: director of dental clinic and director of beauty salon.

Dental clinic will be equipped with 4 dental chairs (2 of which are for let) and other special-purpose equipment.

It would be appropriate to hire 8 dentists and 2 nurses to organize dental clinic operation. The dentists will be provided with the piece wages, the nurses with the salary.

The beauty salon will include cosmetology room, massage room, 4 hairdressing chairs, 2 pedicure chairs and nail bar for 3 chairs. To organize the operation of the beauty salon it is necessary to attract 12 persons per shift. To organize day-and-night service, it would be appropriate to create 30 work positions for the specialists and 2 for administrators. The specialists will be provided with the piece wages, the administrators with the salary.

Besides it would be appropriate to create 2 work positions for cleaning personnel, to keep the space clean.

Table 6. Calculation of wage costs

|                                     | Remuneration,<br>% | Remuneration,<br>\$ | Remuneration<br>per month, \$ |
|-------------------------------------|--------------------|---------------------|-------------------------------|
| <b>Dental treatment services</b>    |                    |                     |                               |
| Implantology                        | 50%                | 400                 | 12 600                        |
| Dental orthopedics                  | 40%                | 32                  | 13 892                        |
| Orthodontics                        | 50%                | 178                 | 16 833                        |
| Aesthetic treatment                 | 40%                | 68                  | 4 253                         |
| Dental chair lease                  | 0                  | 0                   | 0                             |
| Total                               |                    |                     | 47 577                        |
| <b>Beauty salon and cosmetology</b> |                    |                     |                               |
| Cosmetology                         | 50%                | 9                   | 3 741                         |
| Laser cosmetology                   | 20%                | 7                   | 2 993                         |
| Massage therapy                     | 30%                | 4                   | 2 244                         |
| Hairdressing/makeup                 | 30%                | 9                   | 15 120                        |
| Manicure / pedicure                 | 30%                | 3                   | 7 088                         |
| Total                               |                    |                     | 31 185                        |

Table 7. Staff number and salary

| Staff category | Salary, \$ | Number | Total, \$ |
|----------------|------------|--------|-----------|
| Administrator  | 562,5      | 2      | 1 125,0   |
| Cleaner        | 250,0      | 2      | 500,0     |
| Nurse          | 500,0      | 2      | 1 000,0   |
| TOTAL          | -          | 6      | 2 625,0   |

## TAX SYSTEM

Table 8. Tax system

| Taxes paid by the company                                | Rate (or amount) | Tax base | Charging period |
|----------------------------------------------------------|------------------|----------|-----------------|
| Social taxes                                             | 30,2%            | Salary   | Month           |
| <i>Insurance and funded contributions paid to the PF</i> | 22,0%            | Salary   | Month           |
| <i>Contributions paid to the Social Insurance Fund</i>   | 2,9%             | Salary   | Month           |
| <i>Health insurance Fund</i>                             | 5,1%             | Salary   | Month           |
| <i>Accident insurance</i>                                | 0,2%             | Salary   | Month           |
| Tax with regard to simplified tax system application     | 15,0%            | Revenue  | Quarter         |
| Patent system of taxation                                | 675\$            | n/d      | year            |

It would be appropriate to create two legal entities for the purpose of the project:

The first one to organize the activity of dental clinic, and the second one to organize the activity of beauty salon and cosmetology.

In case of dental clinic, it would be appropriate to choose “OOO” (limited liability company) as the legal form of organization and simplified tax system. It is necessary to note that this system can be applied, if the amount of income is below 750 ths. \$. Besides, it is necessary to note that there is the Governmental Decree as of 10.11.2011 No. 917 (as amended on 06.03.2015) “On the approval of the list of educational and medical services provided by the organizations for the purpose of application of

zero income tax rate ». This decree will be in effect until the year of 2020 and covers the activity of organizations, which provide dental services.

For beauty salon and cosmetology it is reasonable to open IE and apply patent tax system. Patent tax system is used towards such a kind of activity as hairdresser and cosmetics services. The sum of tax, using patent tax system for this kind of entrepreneurial activity for 12 months will be 675\$ (<http://patent.nalog.ru/info/>). It should be noted that this system can use IE with the revenue up to 750 thousand \$ per year and with the average number of employees 15 people.

Thus, for the purpose of tax optimization it is reasonable to divide revenue account for stomatology and beauty salon. At the same one part of the revenue from the beauty salon should not be displayed or should be opened the second IE with a similar system of taxation. The expenses for beauty salons, including tax expenses, related to the staff organization, can be carried out through stomatology (in order to reduce the tax burden after the cessation of activity of the judgment).

Considering the recruitment, the organization of suitable jobs with the minimum salary is reasonable. The total number of personnel in the project – is 46 people. At the time of personnel organization with the salary of \$ 125, the expenses on social taxes will amount to  $\$ 125 * 46 * 30.2\% = \$ 1\,736.5$ . Thus, tax expenses will be:

In the month of - \$ 1 792.8  
per year - \$ 21 513.6

## CAPEX

Table 9. Capex

| №<br>II/II | Equipment                                         | Q-ty       | Price, \$  | Total, \$      |
|------------|---------------------------------------------------|------------|------------|----------------|
| <b>1</b>   | <b>Turn-key works on renovation of premises</b>   | <b>200</b> | <b>500</b> | <b>100 000</b> |
| <b>2</b>   | <b>Dental equipment</b>                           | <b>-</b>   | <b>-</b>   | <b>209 900</b> |
| 2.1        | Dental treatment units                            | 4          | 25 000     | 100 000        |
| 2.2        | Dental surgical microscope                        | 1          | 15 000     | 15 000         |
| 2.3        | Dental orthopedic microscope                      | 1          | 15 000     | 15 000         |
| 2.4        | Spot R unit                                       | 1          | 3000       | 3 000          |
| 2.5        | Orthopantomograph                                 | 1          | 20 000     | 20 000         |
| 2.6        | Visiograph                                        | 2          | 4 000      | 8 000          |
| 2.7        | Whitening lamps                                   | 2          | 7 500      | 15 000         |
| 2.8        | Scaler                                            | 4          | 700        | 2 800          |
| 2.9        | Laser                                             | 1          | 5 000      | 5 000          |
| 2.10       | Sealer                                            | 1          | 700        | 700            |
| 2.11       | Ultrasonic washer                                 | 2          | 200        | 400            |
| 2.12       | Equipment for endodontic treatment                | 1          | 10 000     | 10 000         |
| 2.13       | Equipment for implantology                        | 1          | 10 000     | 10 000         |
| 2.14       | Small dental tools                                | 1          | 5 000      | 5 000          |
| <b>3</b>   | <b>Equipment for cosmetology and beauty salon</b> | <b>-</b>   | <b>-</b>   | <b>102 000</b> |
| 3.1        | Hairdressing chairs                               | 4          | 1 000      | 4 000          |
| 3.2        | Pedicure chairs                                   | 2          | 1 000      | 2 000          |
| 3.3        | Nail bar                                          | 1          | 2 000      | 2 000          |
| 3.4        | Equipment for massage room                        | 1          | 5 000      | 5 000          |



|          |                                    |   |        |                |
|----------|------------------------------------|---|--------|----------------|
| 3.5      | Equipment for cosmetological room  | 1 | 4 000  | 4 000          |
| 3.6      | Multifunctional Palomar laser Icon | 1 | 80 000 | 80 000         |
| 3.7      | Small cosmetological tools         | 1 | 5 000  | 5 000          |
| <b>5</b> | <b>Initial advertising budget</b>  |   |        | <b>5 000</b>   |
| <b>6</b> | <b>Overhead costs</b>              |   |        | <b>23 100</b>  |
|          | <b>TOTAL</b>                       |   |        | <b>440 000</b> |

#### CALCULATION OF REVENUE, EXPENSES ON EXIT OF RATED CAPACITY

Table 17. Calculation of revenue, expenses on exit of rated capacity

| Name of the article      | Sum per month, \$ | Sum per year, \$ |
|--------------------------|-------------------|------------------|
| Revenue from realization | 244 088           | 2 929 050        |
| Expenses on materials    | 29 912            | 358 943          |
| Overhead costs           | 11 750            | 141 000          |
| Expenses on salary       | 81 387            | 976 642          |
| Taxes                    | 1 793             | 21 514           |
| Total expenses           | 124 841           | 1 498 098        |
| Revenue                  | 119 246           | 1 430 952        |

#### ESTIMATION OF PROJECT EFFICIENCY

The project of opening beauty and health center Lemann in Moscow» is considered to be socially meaningful for the region and in case of its realization according to the implemented business plan, will be economically efficient.

The general sum of investments is 440 thousand dollars.

Within the confines of realization the current investment project will be achieved the following economic indicators of the project:

- pay back period (PBP) — 17 months;
- annual discount rate (D) — 15%;
- discount pay back period (DPBP) — 17 months;
- net present value (NPV) — 1 092 944\$;
- internal rate of return (IRR) — 145%.

The project is efficient by all the indicators. The company is interested in efficient realization of the investment project. This will allow provide maximum efficient enclosure of investment resources and further development of the company.



## APPENDIXIES

Table 18. Report about revenue and losses, \$

|                                       | 1 month       | 2 month       | 3 month       | 4 month       | 5 month        | 6 month        | 7 month        | 8 month        | 9 month        | 10 month       | 11 month       | 12 month       |
|---------------------------------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Utilisation rate                      | 25%           | 30%           | 35%           | 40%           | 45%            | 50%            | 55%            | 60%            | 65%            | 70%            | 75%            | 80%            |
| Revenue from stomatology realization  | 30 834        | 37 001        | 43 168        | 49 335        | 55 502         | 61 669         | 67 836         | 74 003         | 80 169         | 86 336         | 92 503         | 98 670         |
| Revenue from beauty salon realization | 30 188        | 36 225        | 42 263        | 48 300        | 54 338         | 60 375         | 66 413         | 72 450         | 78 488         | 84 525         | 90 563         | 96 600         |
| <b>Total revenue</b>                  | <b>61 022</b> | <b>73 226</b> | <b>85 431</b> | <b>97 635</b> | <b>109 839</b> | <b>122 044</b> | <b>134 248</b> | <b>146 453</b> | <b>158 657</b> | <b>170 861</b> | <b>183 066</b> | <b>195 270</b> |
| Materials                             | 7 478         | 8 974         | 10 469        | 11 965        | 13 460         | 14 956         | 16 452         | 17 947         | 19 443         | 20 938         | 22 434         | 23 930         |
| Piece-work salary                     | 19 690        | 23 629        | 27 567        | 31 505        | 35 443         | 39 381         | 43 319         | 47 257         | 51 195         | 55 133         | 59 071         | 63 009         |
| Salary of permanent staff             | 2 625         | 2 625         | 2 625         | 2 625         | 2 625          | 2 625          | 2 625          | 2 625          | 2 625          | 2 625          | 2 625          | 2 625          |
| Rent                                  | 5 000         | 5 000         | 5 000         | 5 000         | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          |
| Community charges                     | 500           | 500           | 500           | 500           | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            |
| Advertisement                         | 5 000         | 5 000         | 5 000         | 5 000         | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          |
| The other expenses                    | 1 250         | 1 250         | 1 250         | 1 250         | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          |
| Taxes                                 | 1 793         | 1 793         | 1 793         | 1 793         | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          |
| <b>Total expenses</b>                 | <b>43 336</b> | <b>48 770</b> | <b>54 204</b> | <b>59 637</b> | <b>65 071</b>  | <b>70 505</b>  | <b>75 938</b>  | <b>81 372</b>  | <b>86 806</b>  | <b>92 239</b>  | <b>97 673</b>  | <b>103 107</b> |
| <b>Revenue from realization</b>       | <b>17 686</b> | <b>24 456</b> | <b>31 227</b> | <b>37 998</b> | <b>44 768</b>  | <b>51 539</b>  | <b>58 310</b>  | <b>65 080</b>  | <b>71 851</b>  | <b>78 622</b>  | <b>85 393</b>  | <b>92 163</b>  |



# 'LEMANN' WELLNESS & DENTAL CENTER (MOSCOW)

|                                       | 13 month       | 14 month       | 15 month       | 16 month       | 17 month       | 18 month       | 19 month       | 20 month       | 21 month       | 22 month       | 23 month       | 24 month       |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Utilisation rate                      | 85%            | 90%            | 95%            | 100%           | 100%           | 100%           | 100%           | 100%           | 100%           | 100%           | 100%           | 100%           |
| Revenue from stomatology realization  | 104 837        | 111 004        | 117 171        | 123 338        | 123 338        | 123 338        | 123 338        | 123 338        | 123 338        | 123 338        | 123 338        | 123 338        |
| Revenue from beauty salon realization | 102 638        | 108 675        | 114 713        | 120 750        | 120 750        | 120 750        | 120 750        | 120 750        | 120 750        | 120 750        | 120 750        | 120 750        |
| <b>Total revenue</b>                  | <b>207 474</b> | <b>219 679</b> | <b>231 883</b> | <b>244 088</b> | <b>244 088</b> | <b>244 088</b> | <b>244 088</b> | <b>244 088</b> | <b>244 088</b> | <b>244 088</b> | <b>244 088</b> | <b>244 088</b> |
| Materials                             | 25 425         | 26 921         | 28 416         | 29 912         | 29 912         | 29 912         | 29 912         | 29 912         | 29 912         | 29 912         | 29 912         | 29 912         |
| Piece-work salary                     | 66 948         | 70 886         | 74 824         | 78 762         | 78 762         | 78 762         | 78 762         | 78 762         | 78 762         | 78 762         | 78 762         | 78 762         |
| Salary of permanent staff             | 2 625          | 2 625          | 2 625          | 2 625          | 2 625          | 2 625          | 2 625          | 2 625          | 2 625          | 2 625          | 2 625          | 2 625          |
| Rent                                  | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          |
| Community charges                     | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            |
| Advertisement                         | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          |
| The other expenses                    | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          |
| Taxes                                 | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          |
| <b>Total expenses</b>                 | <b>108 540</b> | <b>113 974</b> | <b>119 408</b> | <b>124 841</b> | <b>124 841</b> | <b>124 841</b> | <b>124 841</b> | <b>124 841</b> | <b>124 841</b> | <b>124 841</b> | <b>124 841</b> | <b>124 841</b> |
| <b>Revenue from realization</b>       | <b>98 934</b>  | <b>105 705</b> | <b>112 475</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> |



Table 19. Budget of revenue and expenses, \$

| Budget of profit and expenses            | 1 month       | 2 month       | 3 month       | 4 month       | 5 month        | 6 month        | 7 month        | 8 month        | 9 month        | 10 month       | 11 month       | 12 month       |
|------------------------------------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Revenue</b>                           | <b>61 022</b> | <b>73 226</b> | <b>85 431</b> | <b>97 635</b> | <b>109 839</b> | <b>122 044</b> | <b>134 248</b> | <b>146 453</b> | <b>158 657</b> | <b>170 861</b> | <b>183 066</b> | <b>195 270</b> |
| Product cost                             | 27 168        | 32 602        | 38 036        | 43 469        | 48 903         | 54 337         | 59 771         | 65 204         | 70 638         | 76 072         | 81 505         | 86 939         |
| <b>Gross profit</b>                      | <b>33 853</b> | <b>40 624</b> | <b>47 395</b> | <b>54 166</b> | <b>60 936</b>  | <b>67 707</b>  | <b>74 478</b>  | <b>81 248</b>  | <b>88 019</b>  | <b>94 790</b>  | <b>101 560</b> | <b>108 331</b> |
| Norm of gross profit                     | 55%           | 55%           | 55%           | 55%           | 55%            | 55%            | 55%            | 55%            | 55%            | 55%            | 55%            | 55%            |
| General business expenses                | 8 125         | 8 125         | 8 125         | 8 125         | 8 125          | 8 125          | 8 125          | 8 125          | 8 125          | 8 125          | 8 125          | 8 125          |
| Selling expenses                         | 5 000         | 5 000         | 5 000         | 5 000         | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          |
| The other expenses                       | 1 250         | 1 250         | 1 250         | 1 250         | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          |
| Taxes                                    | 1 793         | 1 793         | 1 793         | 1 793         | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          |
| <b>EBITDA</b>                            | <b>17 686</b> | <b>24 456</b> | <b>31 227</b> | <b>37 998</b> | <b>44 768</b>  | <b>51 539</b>  | <b>58 310</b>  | <b>65 080</b>  | <b>71 851</b>  | <b>78 622</b>  | <b>85 393</b>  | <b>92 163</b>  |
| Norm of EBITDA                           | 29%           | 33%           | 37%           | 39%           | 41%            | 42%            | 43%            | 44%            | 45%            | 46%            | 47%            | 47%            |
| Amortization                             | 0             | 0             | 0             | 0             | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>EBIT</b>                              | <b>17 686</b> | <b>24 456</b> | <b>31 227</b> | <b>37 998</b> | <b>44 768</b>  | <b>51 539</b>  | <b>58 310</b>  | <b>65 080</b>  | <b>71 851</b>  | <b>78 622</b>  | <b>85 393</b>  | <b>92 163</b>  |
| Norm of EBIT                             | 29%           | 33%           | 37%           | 39%           | 41%            | 42%            | 43%            | 44%            | 45%            | 46%            | 47%            | 47%            |
| <b>Revenue before tax</b>                | <b>17 686</b> | <b>24 456</b> | <b>31 227</b> | <b>37 998</b> | <b>44 768</b>  | <b>51 539</b>  | <b>58 310</b>  | <b>65 080</b>  | <b>71 851</b>  | <b>78 622</b>  | <b>85 393</b>  | <b>92 163</b>  |
| Accumulated loss                         | 17 686        | 24 456        | 31 227        | 37 998        | 44 768         | 51 539         | 58 310         | 65 080         | 71 851         | 78 622         | 85 393         | 92 163         |
| Tax on revenue                           | 0             | 0             | 0             | 0             | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Revenue from the current activity</b> | <b>17 686</b> | <b>24 456</b> | <b>31 227</b> | <b>37 998</b> | <b>44 768</b>  | <b>51 539</b>  | <b>58 310</b>  | <b>65 080</b>  | <b>71 851</b>  | <b>78 622</b>  | <b>85 393</b>  | <b>92 163</b>  |
| Revenue (loss) from the other operations | 0             | 0             | 0             | 0             | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Tax on property                          | 0             | 0             | 0             | 0             | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Net profit</b>                        | <b>17 686</b> | <b>24 456</b> | <b>31 227</b> | <b>37 998</b> | <b>44 768</b>  | <b>51 539</b>  | <b>58 310</b>  | <b>65 080</b>  | <b>71 851</b>  | <b>78 622</b>  | <b>85 393</b>  | <b>92 163</b>  |
| Norm of net profit                       | 29%           | 33%           | 37%           | 39%           | 41%            | 42%            | 43%            | 44%            | 45%            | 46%            | 47%            | 47%            |



| Balance                   | 1 month         | 2 month       | 3 month       | 4 month       | 5 month       | 6 month       | 7 month       | 8 month       | 9 month       | 10 month      | 11 month      | 12 month      |
|---------------------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Net working capital (NWC) | 3 385           | 4 062         | 4 739         | 5 417         | 6 094         | 6 771         | 7 448         | 8 125         | 8 802         | 9 479         | 10 156        | 10 833        |
| Credit debt               | 2 717           | 3 260         | 3 804         | 4 347         | 4 890         | 5 434         | 5 977         | 6 520         | 7 064         | 7 607         | 8 151         | 8 694         |
| Debit debt                | 6 102           | 7 323         | 8 543         | 9 764         | 10 984        | 12 204        | 13 425        | 14 645        | 15 866        | 17 086        | 18 307        | 19 527        |
|                           |                 |               |               |               |               |               |               |               |               |               |               |               |
| Cash flow budget          | 1 месяц         | 2 месяц       | 3 месяц       | 4 месяц       | 5 месяц       | 6 месяц       | 7 месяц       | 8 месяц       | 9 месяц       | 10 месяц      | 11 месяц      | 12 месяц      |
| CFO                       | 14 300          | 20 394        | 26 488        | 32 581        | 38 675        | 44 768        | 50 862        | 56 956        | 63 049        | 69 143        | 75 237        | 81 330        |
| Investments               | 500 000         | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Project FCF</b>        | <b>-485 700</b> | <b>20 394</b> | <b>26 488</b> | <b>32 581</b> | <b>38 675</b> | <b>44 768</b> | <b>50 862</b> | <b>56 956</b> | <b>63 049</b> | <b>69 143</b> | <b>75 237</b> | <b>81 330</b> |
| Project FCF (funded)      | -485 700        | -465 306      | -438 818      | -406 237      | -367 562      | -322 794      | -271 932      | -214 976      | -151 927      | -82 784       | -7 547        | 73 783        |
| <b>Project DFCF</b>       | <b>-485 700</b> | <b>20 158</b> | <b>25 878</b> | <b>31 462</b> | <b>36 914</b> | <b>42 236</b> | <b>47 429</b> | <b>52 496</b> | <b>57 440</b> | <b>62 262</b> | <b>66 965</b> | <b>71 550</b> |
| DFCF (funded)             | -485 700        | -465 542      | -439 664      | -408 202      | -371 287      | -329 052      | -281 623      | -229 126      | -171 686      | -109 424      | -42 459       | 29 091        |
| PV Capex                  | 500 000         | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| PV CFO                    | 14 300          | 20 158        | 25 878        | 31 462        | 36 914        | 42 236        | 47 429        | 52 496        | 57 440        | 62 262        | 66 965        | 71 550        |



| Budget of revenue and expenses           | 13 month       | 14 month       | 15 month       | 16 month       | 17 month       | 18 month       | 19 month       | 20 month       | 21 month       | 22 month       | 23 month       | 24 month       |
|------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Revenue</b>                           | <b>207 474</b> | <b>219 679</b> | <b>231 883</b> | <b>244 088</b> | <b>244 088</b> | <b>244 088</b> | <b>244 088</b> | <b>244 088</b> | <b>244 088</b> | <b>244 088</b> | <b>244 088</b> | <b>244 088</b> |
| Product cost                             | 92 373         | 97 806         | 103 240        | 108 674        | 108 674        | 108 674        | 108 674        | 108 674        | 108 674        | 108 674        | 108 674        | 108 674        |
| <b>Gross profit</b>                      | <b>115 102</b> | <b>121 872</b> | <b>128 643</b> | <b>135 414</b> | <b>135 414</b> | <b>135 414</b> | <b>135 414</b> | <b>135 414</b> | <b>135 414</b> | <b>135 414</b> | <b>135 414</b> | <b>135 414</b> |
| Norm of gross profit                     | 55%            | 55%            | 55%            | 55%            | 55%            | 55%            | 55%            | 55%            | 55%            | 55%            | 55%            | 55%            |
| General business expenses                | 8 125          | 8 125          | 8 125          | 8 125          | 8 125          | 8 125          | 8 125          | 8 125          | 8 125          | 8 125          | 8 125          | 8 125          |
| Selling expenses                         | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          | 5 000          |
| The other expenses                       | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          | 1 250          |
| Taxes                                    | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          | 1 793          |
| <b>EBITDA</b>                            | <b>98 934</b>  | <b>105 705</b> | <b>112 475</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> |
| Norm of EBITDA                           | 48%            | 48%            | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            |
| Amortization                             | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>EBIT</b>                              | <b>98 934</b>  | <b>105 705</b> | <b>112 475</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> |
| Norm of EBIT                             | 48%            | 48%            | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            |
| <b>Revenue before tax</b>                | <b>98 934</b>  | <b>105 705</b> | <b>112 475</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> |
| Accumulated loss                         | 98 934         | 105 705        | 112 475        | 119 246        | 119 246        | 119 246        | 119 246        | 119 246        | 119 246        | 119 246        | 119 246        | 119 246        |
| Tax on revenue                           | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Revenue from the current activity</b> | <b>98 934</b>  | <b>105 705</b> | <b>112 475</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> |
| Revenue (loss) from the other operations | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Tax on property                          | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Net profit</b>                        | <b>98 934</b>  | <b>105 705</b> | <b>112 475</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> | <b>119 246</b> |
| Norm of net profit                       | 48%            | 48%            | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            |
|                                          |                |                |                |                |                |                |                |                |                |                |                |                |



| Balance                   | 13 month      | 14 month      | 15 month      | 16 month       | 17 month       | 18 month       | 19 month       | 20 month       | 21 month       | 22 month       | 23 month       | 24 month       |
|---------------------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net working capital (NWC) | 11 510        | 12 187        | 12 864        | 13 541         | 13 541         | 13 541         | 13 541         | 13 541         | 13 541         | 13 541         | 13 541         | 13 541         |
| Credit debt               | 9 237         | 9 781         | 10 324        | 10 867         | 10 867         | 10 867         | 10 867         | 10 867         | 10 867         | 10 867         | 10 867         | 10 867         |
| Debit debt                | 20 747        | 21 968        | 23 188        | 24 409         | 24 409         | 24 409         | 24 409         | 24 409         | 24 409         | 24 409         | 24 409         | 24 409         |
|                           |               |               |               |                |                |                |                |                |                |                |                |                |
| Cash flow budget          | 13 month      | 14 month      | 15 month      | 16 month       | 17 month       | 18 month       | 19 month       | 20 month       | 21 month       | 22 month       | 23 month       | 24 month       |
| CFO                       | 87 424        | 93 517        | 99 611        | 105 705        | 105 705        | 105 705        | 105 705        | 105 705        | 105 705        | 105 705        | 105 705        | 105 705        |
| Investments               | 0             | 0             | 0             | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Project FCF</b>        | <b>87 424</b> | <b>93 517</b> | <b>99 611</b> | <b>105 705</b> | <b>105 705</b> | <b>105 705</b> | <b>105 705</b> | <b>105 705</b> | <b>105 705</b> | <b>105 705</b> | <b>105 705</b> | <b>105 705</b> |
| Project FCF (funded)      | 161 206       | 254 724       | 354 335       | 460 040        | 565 744        | 671 449        | 777 153        | 882 858        | 988 563        | 1 094 267      | 1 199 972      | 1 305 677      |
| <b>Project DFCF</b>       | <b>76 021</b> | <b>80 378</b> | <b>84 624</b> | <b>88 761</b>  | <b>87 733</b>  | <b>86 717</b>  | <b>85 713</b>  | <b>84 721</b>  | <b>83 740</b>  | <b>82 770</b>  | <b>81 812</b>  | <b>80 864</b>  |
| DFCF (funded)             | 105 112       | 185 490       | 270 114       | 358 875        | 446 608        | 533 325        | 619 038        | 703 759        | 787 498        | 870 268        | 952 080        | 1 032 944      |
| PV Capex                  | 0             | 0             | 0             | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| PV CFO                    | 76 021        | 80 378        | 84 624        | 88 761         | 87 733         | 86 717         | 85 713         | 84 721         | 83 740         | 82 770         | 81 812         | 80 864         |

EBITDA – is an analytical indicator, equal to the volume of revenue up to withholding of expenses and taxes, as well as to the accumulated amortization.

Norm of EBITDA = EBITDA / revenue

EBIT – is revenue of business enterprise from the main (common) activity, equal to the difference between net proceeds and expenses on the common activity ( the last includes direct and operating expenses)

Norm of EBIT = EBIT / revenue  
Net Working capital (NWC) = debit debt — credit debt

Project FCF – is free cash flow, an indicator of financial efficiency, calculated as the difference between operating cash flow and capital expenses

Project DFCF — discounted free cash flow of the project.

PV Capex – current cost of cash flow (investments).

PV CFO – current cost of cash flow.