

Company summary

CoGrammar Ltd

 United Kingdom

 Currency: British Pound £

Industry: **Online Services**

Business Activity: **Other Online Services**

Founders: **1**

Employees: **193**

Started in: **2014**

Incorporated: **Yes**

Year of incorporation: **2016**

Founders' committed capital: **£0**



Opportunity

Business model: **B2B**

Scalable Product: **Yes**

Exit strategy: **Some exit opportunities**



Current Operations

Stage of development: **Growth stage**

Employees (excluding founders, interns and freelancers): **193**

Profitability: **Yes**



Latest operating performance

07/2022 - 06/2023

Revenue 6,944,643

EBITDA 1,654,503

Ebitda margin

-

EBIT 1,593,688

Ebit margin

-

Cash in hand 3,021,460

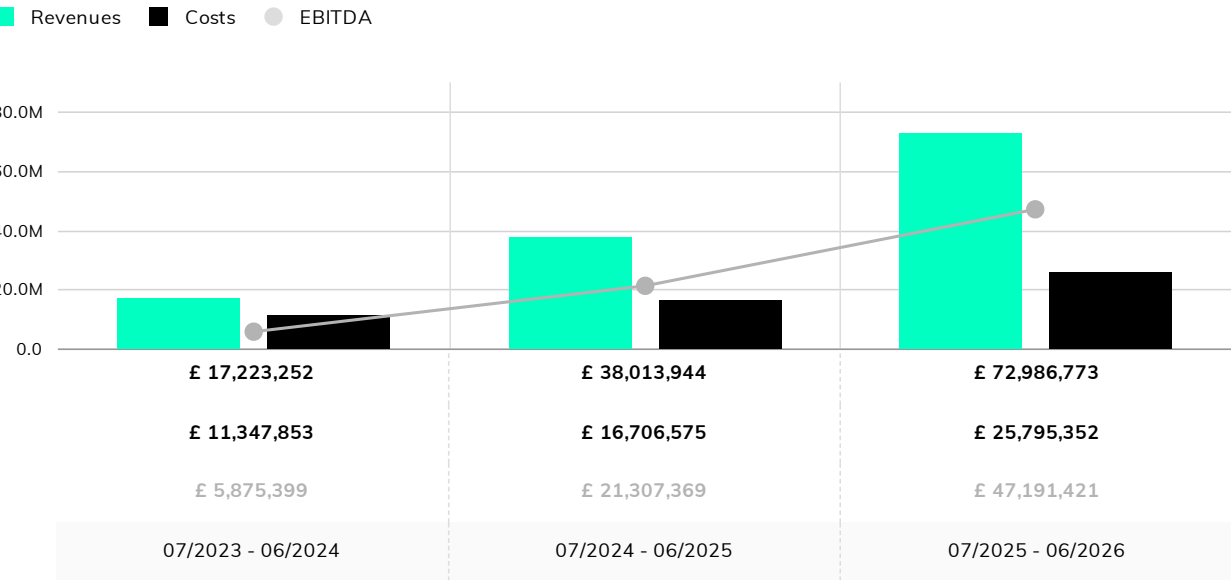
All numbers in GBP

/// More information on the history, milestones, team, etc., (e.g. pitchdeck) can be requested by the company

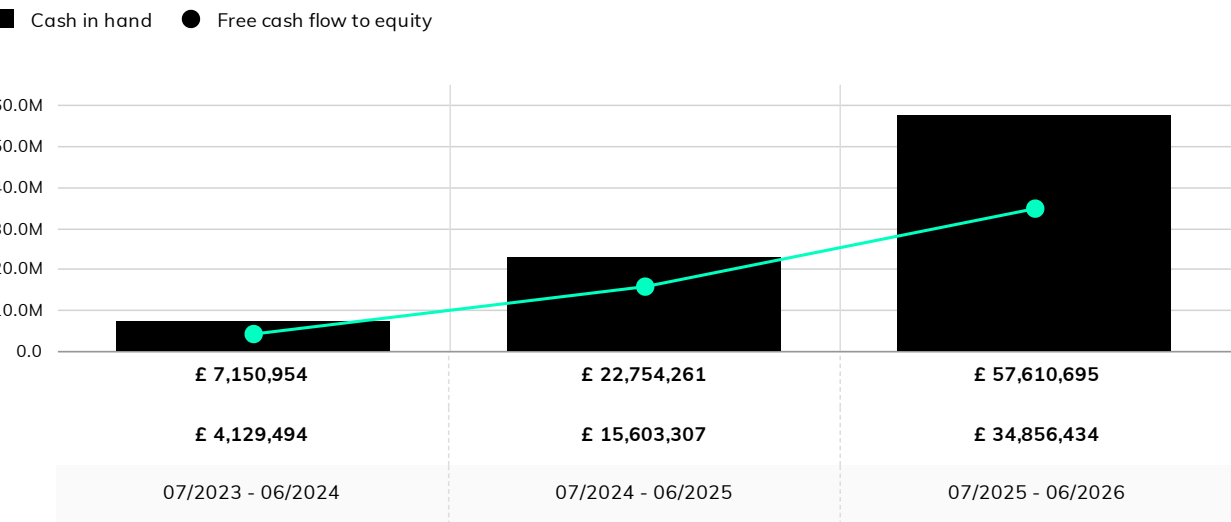


Forecasts summary

Future profitability



Cash forecast



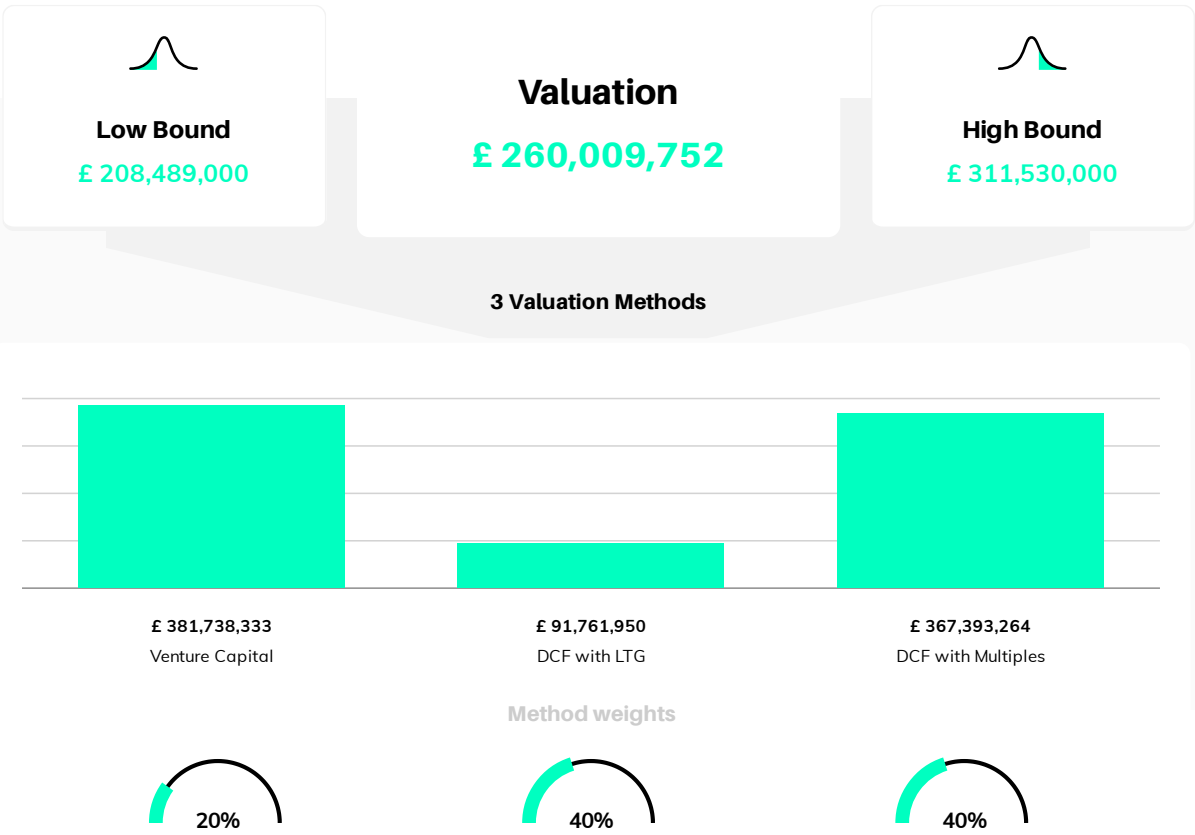
/// Full profit and loss and cash flow forecast at page 16.

Valuation

The valuation displayed below is the result of the weighted average of different methods. The use of several methods is a best practice in company valuation, as looking at the business from different perspectives results in a more comprehensive and reliable view.

These methods are compliant with IPEV (International Private Equity Valuation) Guidelines and each of them will be explained in more detail in the following pages of the report.

More information on the weights can be found in the Appendix.

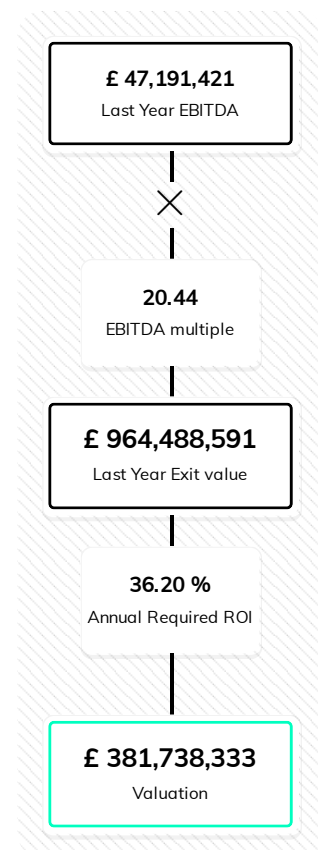
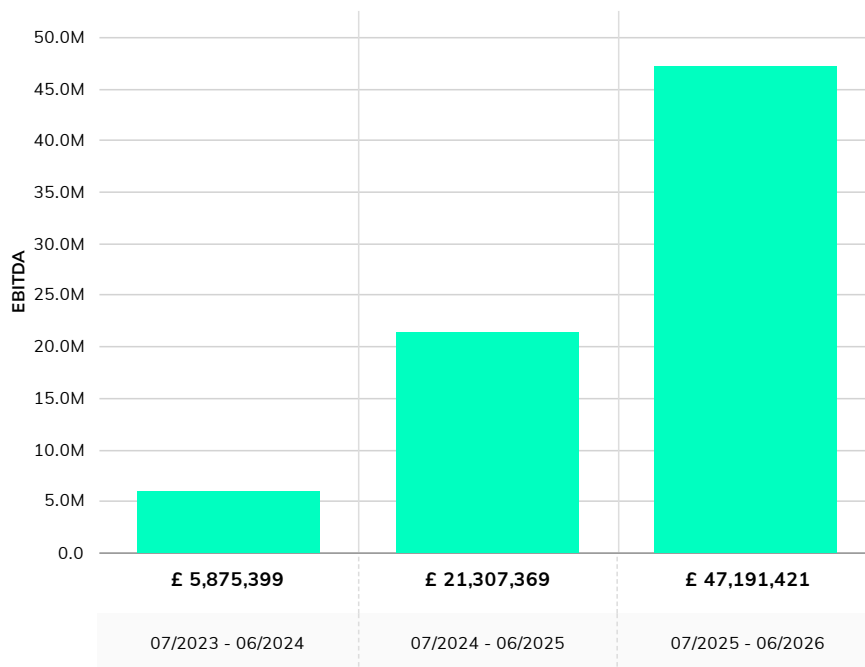


VC Method

Valuation: £ 381,738,333

The VC (Venture Capital) method is one of most common approaches among financial practitioners in the private company market. The startup is given the valuation that will grant investors a predetermined return at the exit.

The potential exit value of the company is computed with an industry-based EBITDA multiple. The valuation is equal to this value discounted by a required ROI (Return On Investment). This depends on the startup's stage of development, higher for early stage riskier companies, lower for more mature ones. It is the minimum rate that will allow investors to have positive returns from portfolios where most companies fail and gains come from a selected few.



Parameters

Industry Multiple: 20.44

Annual Required ROI: 36.20 %

DCF Methods

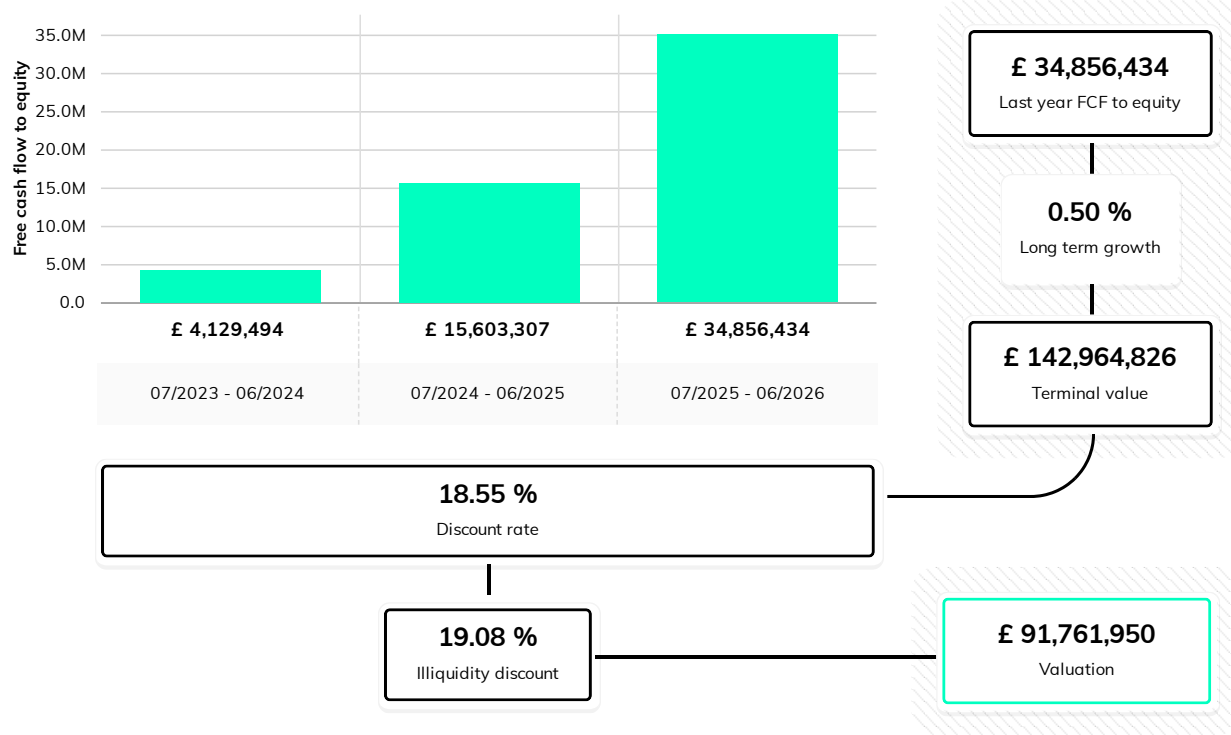
The DCF (Discounted Cash Flow) methods represent the most renown approach to company valuation, recommended by academics and a daily tool for financial analysts. The valuation is the present value of all the free cash flows to equity the startup is going to generate in the future, discounted by its risk.

These methods weight the projected free cash flow to equity by the probability the startup will survive. Then, the flows are discounted to present by a rate that represents risks related to industry, size, development stage and profitability. Lastly, an illiquidity discount is applied to the sum of the discounted cash flows to compute the valuation.

The value of cash flows beyond the projected ones is represented by the TV (Terminal Value) and the way it is calculated is the difference between the following two methods.

DCF with LTG: £ 91,761,950

The DCF with LTG (Long Term Growth) assumes the cash flows beyond the projected ones will grow forever at a constant rate based on the industry and computes the TV accordingly.



Parameters

Long term growth: 0.50 %
Illiquidity discount: 19.08 %

Discount rate

Risk free rate: 3.54 %
Beta: 2.15
Market Risk Premium: 6.97 %

Survival rates

Year 1: 90.14 %
Year 2: 81.44 %
Year 3: 73.67 %

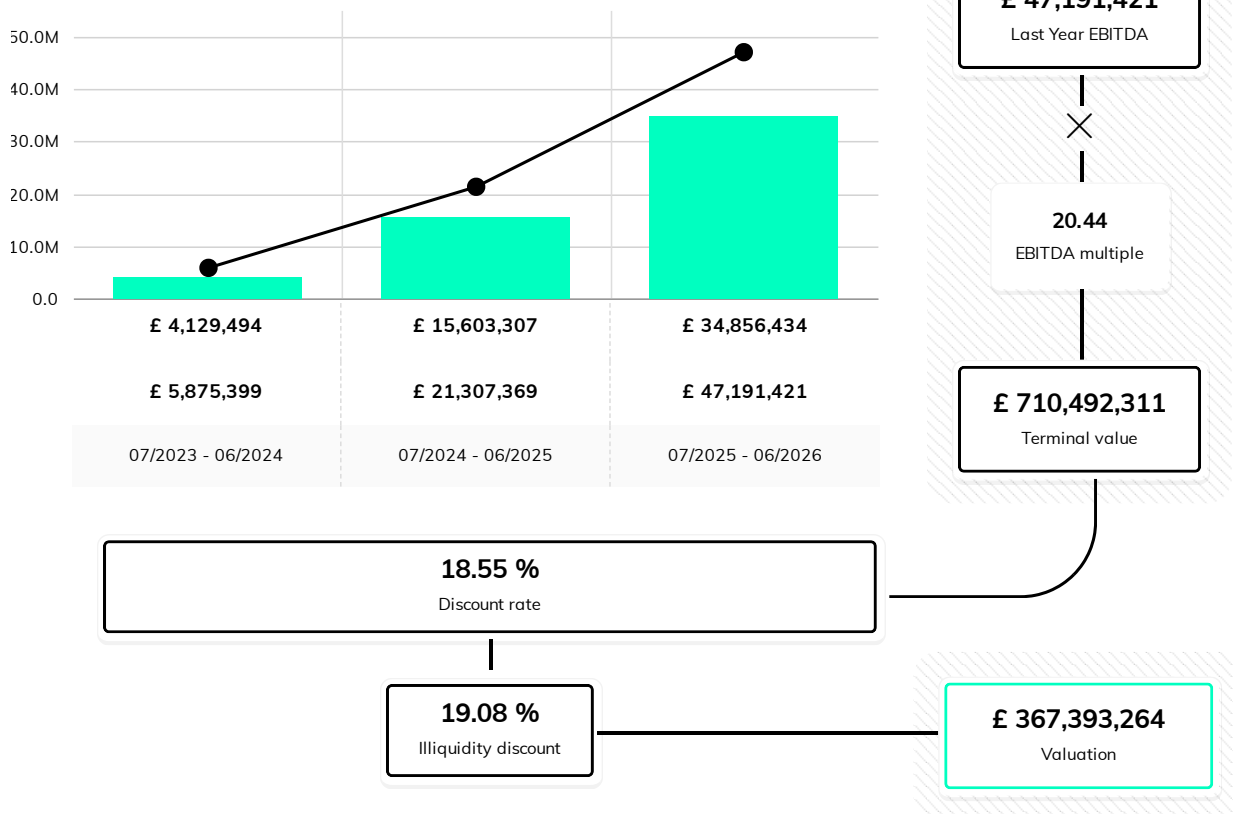
/// Please see appendix for data sources and defaults



DCF with Multiples: £ 367,393,264

The DCF with Multiple assumes the TV (Terminal Value) is equal to the exit value of the company computed with an industry-based EBITDA multiple.

■ Free cash flow to equity ● EBITDA



Parameters

EBITDA multiple: **20.44**
Illiquidity discount: **19.08 %**

Discount rate
Risk free rate: **3.54 %**
Beta: **2.15**
Market Risk Premium: **6.97 %**

Survival rates
Year 1: **90.14 %**
Year 2: **81.44 %**
Year 3: **73.67 %**

/// Please see appendix for data sources and defaults



Financial Projections

Profit & Loss

The profit & loss projections are displayed below. Data about revenue and operating costs are provided by the company. Depreciation and amortization, interest, and taxes are either provided by the company or estimated by Equidam. Please consult our methodology document for more details.

	07-2022 - 06-2023	07-2023 - 06-2024	07-2024 - 06-2025	07-2025 - 06-2026
Revenue	6,944,643	17,223,252 +2X	38,013,944 +2X	72,986,773 +92%
Cost of Goods Sold	-	-	-	-
Salaries	2,106,714	6,531,756 +3X	9,347,634 +43%	13,856,215 +48%
Operating Expenses	3,183,426	4,816,097 +51%	7,358,941 +53%	11,939,137 +62%
=====				
EBITDA	1,654,503	5,875,399 +4X	21,307,369 +4X	47,191,421 +2X
Ebitda margin	24 %	34 %	56 %	65 %
D&A	60,815	82,091 +35%	99,015 +21%	125,257 +27%
=====				
EBIT	1,593,688	5,793,308 +4X	21,208,354 +4X	47,066,164 +2X
Ebit margin	23 %	34 %	56 %	64 %
Interest	-4,868	-7,302 -50%	-10,953 -50%	-17,525 -60%
=====				
EBT	-	5,800,610	21,219,307 +4X	47,083,689 +2X
Taxes	-	1,450,152 +15X	5,304,827 +4X	11,770,922 +2X
Nominal tax rate	-	-	-	-
Effective tax payable	-	1,102,116	4,031,668	8,945,901
Deferred tax assets	-	348,036	1,621,195	4,446,216
=====				
Net profit	1,499,167	4,350,458 +3X	15,914,480 +4X	35,312,767 +2X
Net profit margin	22 %	25 %	42 %	48 %

All numbers in GBP

Cash Flow

The cash flow projections are displayed below. Capital expenditure, debt at the end of the year, and equity fundraising are provided by the company. Account payables, account receivables, inventory and D&A are either provided by the company or estimated by Equidam based on the average percentage of revenue for public companies in the company's industry.

	07/2022 - 06/2023	07/2023 - 06/2024	07/2024 - 06/2025	07/2025 - 06/2026
Net profit	1,499,167	4,350,458 +3X	15,914,480 +4X	35,312,767 +2X
Change in Working Capital	-	166,109	263,242	424,645
Working capital	-	55,500	318,742 +6X	743,387 +2X
Account Payables	215,248	288,965	441,536	716,348
Account Receivables	104,639	344,465	760,278	1,459,735
Inventory	-	-	-	-
D&A	60,815	82,091 +35%	99,015 +21%	125,257 +27%
Capital expenditures	35,538	45,000 +27%	55,000 +22%	65,000 +18%
Change in outstanding debt	-	-91,946	-91,946	-91,945
Debt at the end of the year	320,489	228,543 -29%	136,597 -40%	44,652 -67%
=====				
Free cash flow to equity	-	4,129,494	15,603,307 +4X	34,856,434 +2X
Equity fundraising	-	-	-	-
Free cash flow	-	4,129,494	15,603,307 +4X	34,856,434 +2X
=====				
Beginning of the year cash	-	3,021,460	7,150,954 +2X	22,754,261 +3X
=====				
End of the year cash	-	7,150,954	22,754,261	57,610,695

All numbers in GBP

Addendum

Legal Notes

Equidam Valuation SL does not represent or endorse the accuracy or reliability of any advice, opinion, statement or any other information displayed or distributed through this report or its website. The estimates and the data contained herein are made using the information provided by the user, publicly available information and data for different industries. Equidam Valuation SL has not audited or attempted to confirm this information for accuracy or completeness.

Under no circumstances the present report is to be used or considered as an offer, solicitation, or recommendation to sell, or a solicitation of any offer to buy any security. Equidam Valuation SL excludes any warranties and responsibilities concerning the results to be obtained from the present report nor their use and shall not be liable for any claims, losses or damages arising from or occasioned by any inaccuracy, error, delay, or omission, or from use of the report or actions taken in reliance on the information contained in it. The use of this report and the information provided herein is subject to Equidam Valuation SL online [Terms of Use](#) and [Privacy Policy](#).



Appendix

Weights of the methods

The default weight of each method is determined by Equidam based on the stage of development, and they are shown below. They can be manually adjusted by the company.

Default weights of the 5 methods

Stage of development	Checklist Method	Scorecard Method	VC Method	DCF with LTG	DCF with Multiples
Idea stage	38%	38%	16%	4%	4%
Development stage	30%	30%	16%	12%	12%
Startup stage	15%	15%	16%	27%	27%
Expansion stage	6%	6%	16%	36%	36%
▶ Growth stage	0%	0%	20%	40%*	40%
Maturity stage	0%	0%	0%	50%	50%

CoGrammar Ltd stage of development: **Growth stage**

These are determined according to the following principles:

- Qualitative information is more important in early stage companies, where performance uncertainty is extremely high, so qualitative methods are weighted in more
- The investors' view is equally important across all stages, so the weight of the VC method does not change
- Quantitative information is more reliable in later stages, when a company already has a proven financial track record. Therefore, it is possible to use the DCF methods more extensively as projected results get founded in past performance

VC method

Below the sources of the valuation parameters used in the VC Method: EBITDA Multiple and Annual Required ROI, and their default values provided by Equidam

EBITDA multiple

Description: Enterprise value on EBITDA multiples computed over a dataset of global, publicly listed firms organized by industry

Datasource: Prof. A. Damodaran, NYU Stern School of Business

Update: Annual

Notes: We favor the use of EBITDA multiple, as we believe revenue multiples fail to capture the ability of startups to generate cash flow, i.e. the ultimate determinant of value.

CoGrammar Ltd industry: **Other Online Services**

Other Online Services EBITDA multiple: **20.44**

Annual Required ROI

The default annual required ROI rates are determined by Equidam based on the returns investors require for companies at different stage of development, and are shown below. They can be manually adjusted by the company.

Stage of development	Discount/Required ROI
Idea stage	135.93%
Development stage	111.47%
Startup stage	89.12%
Expansion stage	48.60%
▶ Growth stage	36.20%
Maturity stage	26.10%

CoGrammar Ltd stage of development: **Growth stage**



DCF Methods

Below the sources of the valuation parameters used in the DCF Methods: Discount Rate, Survival Rates and Illiquidity Discounts, and their default values provided by Equidam.

Discount rate

Risk Free Rate

Description: 10Y government rates

Datasource: Trading Economics (tradingeconomics.com), various public databases

Update: Bi-annual (but more frequent if macroeconomic conditions are more volatile)

Notes: For the Eurozone we apply the German 10Y Bond rate

CoGrammar Ltd country: **United Kingdom**

United Kingdom risk free rate: **3.54%**

Industry betas

Description: Industry beta computed over industry specific portfolios of global, public listed companies (same as in EBITDA multiple)

Datasource: Prof. A. Damodaran, NYU Stern School of Business

Update: Annual

CoGrammar Ltd industry: **Other Online Services**

Other Online Services default beta: **2.15%**

Market Risk Premium

Description: Country based total equity risk premium as implied in the previous 12 trailing months.

Datasource: Prof. A. Damodaran, NYU Stern School of Business

Update: Biannual

CoGrammar Ltd country: **United Kingdom**

United Kingdom default market risk premium: **6.97%**

Survival Rate

Dataset: Country-level survival probabilities of the latest cohort of companies with three years of data available.

Datasource: European Office of Statistics (<http://ec.europa.eu/eurostat>), U.S. Bureau of Labor Statistics (<https://www.bls.gov/>), specific academic research and public offices of statistics for different countries.

Update: Annual

CoGrammar Ltd year of incorporation: **2016**

Default survival rate Year 1: **90.14%**

Default survival rate Year 2: **81.44%**

Default survival rate Year 3: **73.67%**

Default survival rate Year 4: **73.67%**

Illiquidity discount

The default illiquidity discount is assigned based on current profitability and projected revenue, according to the approach suggested by William L. Silber.

CoGrammar Ltd illiquidity discount: **19.08%**

DCF with LTG

Long term growth

Dataset: Global, publicly listed companies organized by industry (same as in EBITDA multiple)

Datasource: Prof. A. Damodaran, NYU Stern School of Business

Update: Annual

Notes: The value is winsorized over a 0% - 2.5% range. We do not want the long term growth to be above world GDP growth expectations, as it would mean the company is going to overgrow world economy at some point in time

CoGrammar Ltd industry: **Other Online Services**

Other Online Services default long term growth: **0.50**

DCF with Multiples

EBITDA multiple

Dataset: Global, publicly listed companies organized by industry

Datasource: Prof. A. Damodaran, NYU Stern School of Business

Update: Annual

Notes: We favor the use of EBITDA multiple, as we believe revenue multiples fail to capture the ability of startups to generate cash flow, the ultimate determinant of value.

CoGrammar Ltd industry: **Other Online Services**

Other Online Services default EBITDA multiple:



Last Available Balance Sheet

Below the simplified, last available balance sheet of the company.

		07/2022 - 06/2023
Cash and equivalents		3,021,460
Of Which: Non Operating Cash		-
Tangible assets		36,432
Intangible assets		13,421,433
Financial assets		40,289
Deferred tax assets		-
 Total Assets		16,519,614
Debts due within one year time		705,093
Debt due beyond one year time		320,489
Equity		18,348,778
 Total Liabilities and Shareholder's Equity		19,374,360

All numbers in GBP



