

Share Valuation & Company Valuation Report

Prepared for: KGFA Capital Ventures Inc.
Lendinero Inc.
Florida registered company
DBA Lendinero, Linktolender.com, KGFA Realty Partners

Initial Valuation on: 4-14-2022
Report Date: 4-14-2022
Update Date: 12-3-2024



Table of Contents

Description of Appraisal Assignment.....	
Standard and Premise of Value.....	
Scope of Report.....	
Source of Information.....	
Business Description.....	
Industry Overview.....	
Financial Information.....	
Business Valuation Approaches.....	
P/E based business valuation result.....	
Discussion on Free Future Cashflows Method.....	
Conclusions.....	
List of Abbreviations.....	

KGFA Capital Ventures Inc.
United States

December 3,2024

Re: **Appraisal of KGFA Capital Ventures**

Dear Investors or Buyers

I have been engaged to estimate the fair market value of the business enterprise known as KGFA Capital Ventures Inc., a company that engaged in fintech and diversified financial services. At your request, I have provided a self-contained comprehensive valuation paper, which is advisory in nature and intended to be used for offering the subject business for sale or to sell private stocks to investors. Please refer to the statement of limiting conditions contained in the report. To develop this report, we have used the information provided by the company's Certified Public Accountant (CPA) in the United States, Julio Mayorga Edwards.

For the business of business appraisal, the **discounted cash flow method** is the measure of the share **price** related to estimating future cash flows. Its show's ability of firm to calculate discounted fair value of future cash flows.

Based on the information contained in the report that follows, it is our estimate that fair market value of **KGFA Capital Ventures** should be **\$2.00 per share based on earnings per share (EPS), peer price earnings per share (PE ratio), and the standard valuation formula of a business based on 3x the company's gross earnings.**

The business has been appraised subject in accordance with the Uniform Standards of PROFESSIONAL Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation and the International Valuation Standards (IVS) published by the International Valuation Standard Council. The business appraisal follows the requirements of a valuation engagement as that term is defined in the American Institute of Certified Public Accountants statement on Standards for Valuation

Sincerely

Syed Ali Haider

Certified Senior Business Valuation Analyst

Formerly

Chartered Accountant & Auditor for:

Hussain Farhad & Co. Chartered accountants-auditors

Nexia International Accountants, 790 offices globally

DESCRIPTION OF APPRAISAL ASSIGNMENT:

KGFA Capital Ventures, Inc. and Lendinero has been retained by Mr. Syed Ali Haider to estimate the fair market value of **KGFA Capital Ventures Inc., Lendinero** on FCFE basis as of April 1st, 2022. Thereafter, this report was updated on December 3rd, of 2024.

The purpose of this appraisal is solely to provide an independent valuation opinion to assist KGFA Capital Ventures Inc. and or Lendinero offer its private stock to investors and or to sell the business. As such this restricted appraisal is intended for use by KGFA Capital Ventures Inc. and or Lendinero only.

The valuation engagement was conducted in accordance with the Uniform Standard of Professional Appraisal Practice (USPAP) and International Valuation Standards.

The estimate of business value that results from this valuation engagement is expressed as conclusion of business, elsewhere in this detailed report.

STANDARD AND PREMISE OF VALUE:

The appraisal report relies upon the use of free cash flows discounted at weighted average cost of capital prevailing value of a company's shares in an absolute base.

Although there is detailed discussion about free future cash flows, growth rate, return on equity and the weighted average cost of capital (WACC). The appraisal was performed under the premise of value in continued use as entity going concern basis.

SCOPE OF REPORT:

This report is performed on a restricted report scope basis, as it is defined in USPAP standard 10. Specifically, the restricted report is not an appraisal report intended for parties other than the client, nor does it seek to meet all the requirements of the Revenue ruling 59-60.

During the preparation of this report there are certain assumptions, which are as follows:

- I as the business appraiser, have not conducted a suite review of the subject business physical premises. Since this business is an online business and performs its work online and remotely, physical inspection is not needed.
- It is assumed that the financial statements provided by KGFA Capital Ventures Inc., are true and correct. We assume that the financial statements are true and correct based on that the company provided previous year's tax returns filed with the Internal Revenue Service of the United States and prepared by its Certified Public Accountant, CPA, Julio Mayorga Edwards.

INFORMATION SOURCES:

The following sources of the information were used in preparing the appraisal.

- Conduct queries with the client business and advisors.
- Conduct market research for the information related to capital structures and industry rate of return and discount rate.
- Business financial statements and tax records of the subject business over the recent years have been analyzed to estimate the business current performance and outlook for continued income generation

DESCRIPTION OF BUSINESS:

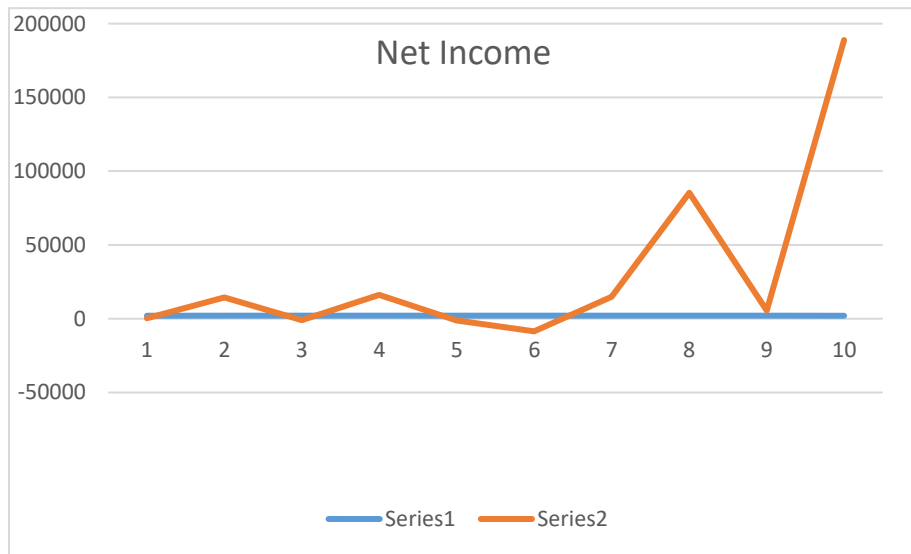
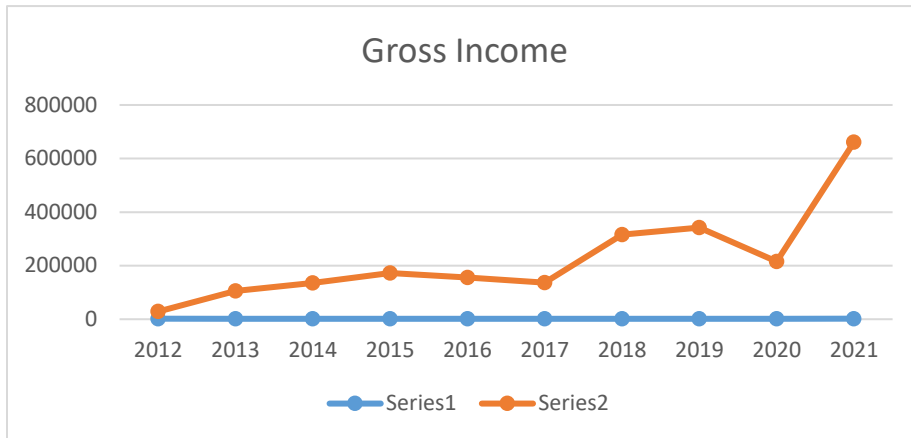
KGFA Capital Ventures Inc. is the owner of lendinero.com and linktolender.com, fintech platforms that provide business financing online. KGFA Capital Ventures Inc. is the majority owner of Lendinero Inc. Lendinero and linktolender.com are online marketplaces that match business borrowers with business lenders. Linktolender.com is a White-labeled digital originations platform for end-to-end loan processing, underwriting, and management platform. KGFA Capital Ventures Inc. owns the largest percentage of Lendinero associated brands and operates: www.kgfacapital.net, www.lendinero.com, , www.lendinero-latam.com, www.lendineronetwork.com and www.linktolender.com. KGFA Capital Ventures Inc. owns the following DBAs, Lendinero, KGFA Realty Partners and Linktolender. KGFA Capital Ventures Inc. invests its earnings across different class assets to include business loans via syndications, purchase of digital assets and online startup ventures. Digital assets include domain purchases in niche categories. KGFA Capital Ventures Inc. owns over 30 domains. A domain value can range from time to time. Example, Facebook.com paid for fb.com, \$1 million dollars. The domain values owned by KGFA Capital Ventures Inc. are included in the balance sheet. KGFA Capital Ventures Inc. has now expanded its products and services to include SBA loans and commercial and investment property mortgages. Last, KGFA Capital Ventures Inc. is raising capital to expand and grow in three different areas, direct sales for lendinero.com, B2B via linktolender.com and direct sales for KGFA Realty Partners.

KGFA Capital Ventures Inc. initiated operations on January 13th of 2012 as KGFA Capital Ventures LLC and converted the LLC to an Inc on November 1st of 2021. Now, Lendinero Inc. has spun off in creating its own entity with KGFA Capital Ventures Inc. owning 31% of the company.

FINANCIAL HIGHLIGHTS

Since 2012, KGFA Capital Ventures Inc. has had an average of 9% net earnings from gross revenues. Since 2012, the company has had an average of 41% retained earnings from gross earnings. While the company only has 9% of net earnings on an average from its profit to loss the company retains on an average 41% of these gross earnings. This means that for every \$1.00 generated the company keeps \$41 cents. Generating strong cash flow and maintaining a strong reserve account as reflected by its bank statements and its balance sheet. KGFA Capital Ventures Inc. can achieve these high retained earnings based on how the company operates which includes:

- Low overhead costs on brick and mortar
- Outsources 40% of its operations to offshore business processing outsourcing companies (BPOs) in Nicaragua
- Utilizes remote workers in different countries to include Mexico, Panama, Colombia, Nicaragua, United Kingdom, India, and Pakistan. Utilizes different freelance online marketplaces for hiring offshore talent.
- Utilizes remote workers and independent sales agents in the United States.
- Operates 100% of its business units online, remotely, and offshore
- This allows the company to reduce its operating costs

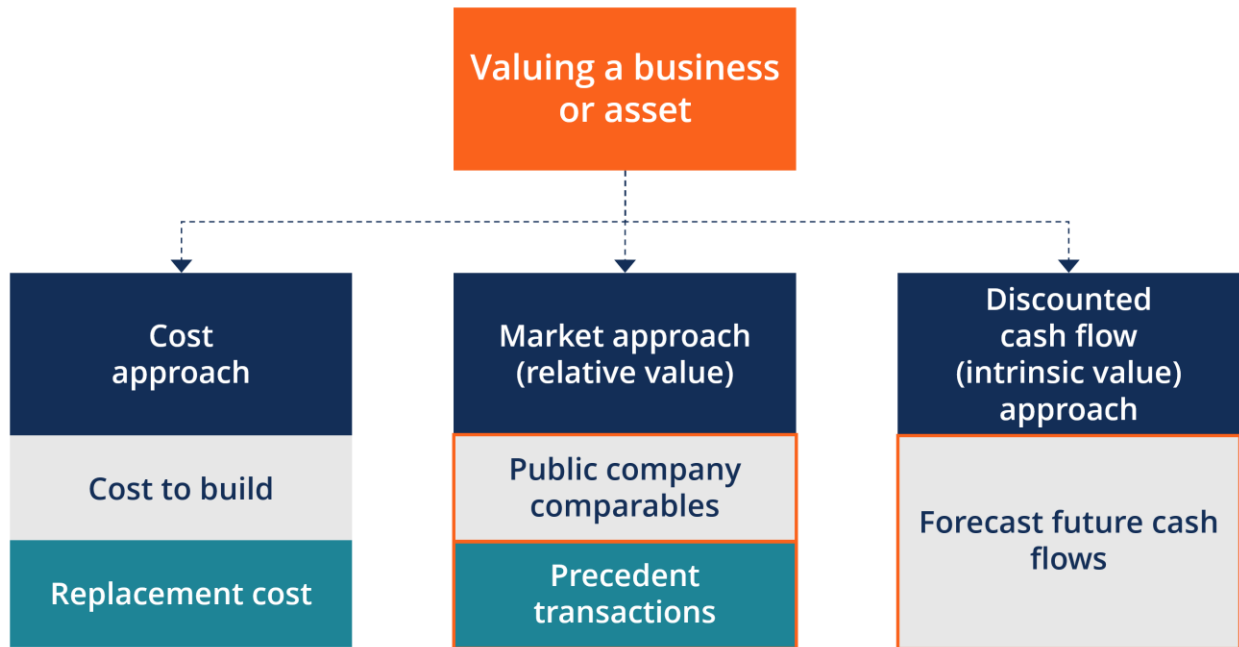


INDUSTRY OVERVIEW:

KGFA Capital Ventures Inc. dba lendinero, linktolender.com and other digital operations the business operates is considered the industry of business-to-business electronic markets as per the Internal Revenue Services and SIC Codes. Also, it is considered a fintech company. The global business to business electronic markets market is expected to grow from \$9.77 billion in 2020 to \$10.34 billion in 2021 at a compound annual growth rate (CAGR) of 5.8%. The growth is mainly due to the companies rearranging their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities that resulted in operational challenges. The market is expected to reach \$12.45 billion in 2025 at a CAGR of 4.8%. Businesses are establishing their B2B marketplaces for selling their products and services online and fulfilling the customer requirements for niche products, which is likely to be a key trend in the business-to-business electronic. The global financial technology market is expected to grow gradually and reach a market value of approximately \$324 billion by 2026, growing at a compound annual rate of 25.18% over the forecast period 2022 – 2027. The U.S. was the leading revenue contributor to the global business fintech industry in 2019 and presumed to continue domination.

BUSINESS VALUATION APPROACHES AND METHODS

Here are the most common methods of valuation used in Investment Banking, equity research, private equity, corporate development, mergers & acquisitions (M&A), leveraged buyouts (LBO) and most areas of finance.



As shown in the diagram above, when valuing a business or asset, there are three broad categories that each contain their own methods.

1. **The Cost Approach:** looks at what it cost to build something, and this method is not frequently used by finance professionals.
2. **The Market Approach:** this is a form of *relative valuation* and frequently used in industry. It includes Comparable Analysis Precedent Transactions.
3. **The discounted cash flow (DCF) approach** is a form of *intrinsic valuation* and is the most detailed and thorough approach to valuation modeling

DISCOUNTED CASH FLOW APPROACH:

This income-based business valuation method provides highly accurate estimate of business value based on the business earning potential. Under this method, we determine the business value by discounting the future business earnings using the so-called discount rate which captures the business risk.

The use of this method requires the following three inputs:

1. Business net cash flow forecast over a pre-determined future period
2. Discount rate
3. Expected or potential growth rate over the period, remember this method can only be used when growth rate is positive, or company's operating profits are growing over the period.

Year	Notes	Actual			Projected				
		2019	2020	2021	2021	2022	2023	2024	2025
Sales revenue		\$342,514	\$215,334	\$660,813	\$759,935	\$835,928	\$902,803	\$947,943	\$995,340
Less operating expenses									
Total operating expenses		\$257,056	\$218,840	\$471,928	\$556,523	\$604,582	\$657,049	\$687,749	\$723,267
Operating profit (EBIT)		\$85,458	(\$3,506)	\$188,885	\$203,412	\$231,346	\$245,753	\$260,194	\$272,073
Tax	5% of profits				\$10,171	\$11,567	\$12,288	\$13,010	\$13,603.67
Add back depreciation & Amortization				\$1,267.00	\$1,457	\$1,603	\$1,731	\$1,818	\$1,908
Operating cash flows		\$85,458	(\$3,506)	\$190,152	\$194,698	\$221,382	\$235,197	\$249,002	\$260,378
Less change in WC				(\$52,000)	(\$3,900)	(\$4,220)	(\$2,756)	(\$2,280)	(\$2,370)
Less Capex				(\$120,000)	(\$6,000)	(\$5,040)	(\$7,862)	(\$6,000)	(\$4,292)
FCFF					\$184,798	\$212,122	\$224,578	\$240,721	\$253,716
Terminal value									\$4,913,909
Discounted cash flows					\$170,607	\$3,685	\$176,711	\$174,868	\$3,465,656
Value of entity					\$3,991,526.92				
No. of shares					1000000				
Price of share to issue					\$3.99				

RELATIVE VALUATION MODEL

A relative valuation model is a business valuation method that compares a company's value to that of its competitors or industry peers to assess the firm's financial worth. Relative valuation models are an alternative to absolute value models, which try to determine a company's intrinsic worth based on its estimated future free cash flows discounted to their present value, without any reference to another company or industry average. Like absolute value models, investors may use relative valuation models when determining whether a company's stock is a good buy.

Annexure-A

Cost of equity	=	Rf+(Rm-Rf)*Beta
Rf	=	US 10 years treasury bond rate
Beta	=	Estimated
Rm-Rf	=	Risk premium

Cost of equity = **11.34%**

Cost of debt

Cost of debt	=	4.00%
Avg tax rate	=	5.00%
After tax cost of debt	=	3.80%

WACC

	Value	Weight	Cost	Weighted avg cost
Weight of equity				
Total value of equity	\$500,900.00	84.93%	11.34%	9.63%
Total value of debt	\$88,900.00	15.07%	3.80%	0.57%
Total	\$589,800.00	100.00%		10.20%

WACC **10.20%**

OTHER WAYS TO VALUE A COMPANY

How is company valuation done? It is calculated by **multiplying the company's share price by its total number of shares outstanding**. For example, as of January 3, 2018, Microsoft Inc. traded at \$86.35. ² With a total number of shares outstanding of 7.715 billion, the company could then be valued at $\$86.35 \times 7.715 \text{ billion} = \666.19 billion .

How many times revenue is a business worth?

A standard valuation formula is to take **3 times your gross revenue**. So, if your gross revenue is \$1 million, your valuation would be \$3 million. If you are selling your company, the idea is that the new owner could recuperate his investment in a short time: three years.

Based on this formula in 2021, KGFA Capital Ventures Inc. generated \$660,813 and retained \$188,885, 28% of earnings. Based on 2021 financial figures 3 x Gross Revenues, the business is worth: \$1,982,439. The company has a total of 1,000,000 shares. Based on these figures each share price can be priced at \$1.982, roughly \$2.00 per share. Similarly, prices as per the valuation from bases on the earnings per share (EPS) and price earning (PE) ratio of competitive companies at a value per share of \$2.15. In 2024, the company's gross earnings were \$610,000 like 2021. This allows for the stock per share to be valued at \$2.00 per share.

What is the rule of thumb for valuing a business?

The most used rule of thumb is simply a **percentage of the annual sales, or better yet, the last 12 months of sales/revenues**.

SUMMARY

KGFA Capital Ventures Inc. based on different valuations approach in this report, leads to conclude.

- A fair value for the year ending in 2021 and now 2024, each stock price to be valued at \$2.00 per share.
- The company has registered 1,000,000 stocks with the Florida Department of State, division of corporations.
- Based on the number of stocks registered, the valuation of this company is \$2,000,000 USD.
- 200,000 stocks are owned by the founder and CEO, Gil Zapata representing 20% ownership of the company.
- 310,000 stocks are owned by KGFA Capital Ventures Inc. representing 31% ownership of the company.
- 490,000 stocks are available for issuance or sale at a price per share of \$2.00, a total of \$980,000 via the option pool for OS.
- The price of this stock can fluctuate based on document subscriptions on an annual basis.
- The company intends to use the EPS and PE ratio to value the price of the stock on annual basis which takes into account the net income of the company and dividends paid out on annual basis divided by the total amount of outstanding share to determine the EPS and it will use a PE ratio of similar companies on the NYSE.