

VALUATION REPORT

Vertex Dynamics Ltd

As of 2024-01-01

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Company Summary

Vertex Dynamics Ltd

Vertex Dynamics Ltd is an e-commerce and online marketplace services company headquartered in Saudi Arabia. The company operates a B2C platform that connects consumers with logistics and delivery services, leveraging technology to streamline last-mile delivery operations across the Kingdom.

Parameter	Details
Legal Name	Vertex Dynamics Ltd
Country	Saudi Arabia
Industry	Online Services / E-commerce & Marketplace
Business Activity	E-commerce & Online Marketplace Services
Business Model	B2C
Scalable Product	Yes
Number of Founders	2
Employees (excl. founders)	5
Year Started	2023
Year of Incorporation	2023
Stage of Development	Development Stage
Profitability	Pre-revenue (Development)
Founders' Committed Capital	SAR 1,200,000
Exit Strategy	Some exit opportunities identified

Forecasts Summary

Future Profitability

The following table presents the five-year financial projections for Vertex Dynamics Ltd, reflecting the company's anticipated revenue growth trajectory and cost structure as it scales operations across the Saudi market.

Year	Revenue (SAR)	Total Costs (SAR)	EBITDA (SAR)	EBITDA Margin
Year 1 (2024)	2,280,600	2,736,275	-455,675	-20.0%
Year 2 (2025)	4,041,765	3,739,470	302,295	7.5%
Year 3 (2026)	7,310,402	5,184,320	2,126,082	29.1%
Year 4 (2027)	13,497,589	8,421,000	5,076,589	37.6%
Year 5 (2028)	25,424,486	14,236,000	11,188,486	44.0%

Key Growth Metrics

Metric	Value
Revenue CAGR (5-Year)	62%
Projected Year 5 Revenue	SAR 25,424,486
Projected Year 5 EBITDA	SAR 11,188,486
Break-Even Year	Year 2 (2025)
Monthly Burn Rate (Current)	SAR 160,000
Current Runway	18 months

Valuation Summary

SAR 18,400,000

Pre-Money Valuation (Weighted Average)

The pre-money valuation of Vertex Dynamics Ltd has been determined using a multi-method approach, combining both qualitative and quantitative valuation techniques. Each method provides a different perspective on the company's value, and the final valuation represents a weighted average of all methods.

Valuation Method	Type	Estimated Value (SAR)	Weight
DCF with Long-Term Growth	Quantitative	21,200,000	25%
DCF with Multiples	Quantitative	19,800,000	25%
Scorecard Method	Qualitative	16,800,000	20%
Checklist Method	Qualitative	14,700,000	10%
VC Method	Hybrid	19,100,000	20%
Weighted Average		18,400,000	100%

Scorecard Method

The Scorecard Method compares the target company to typical funded startups in the region and adjusts the average pre-money valuation based on qualitative factors. Each factor is weighted according to its importance in determining early-stage company value.

Factor	Weight	Score	Weighted Score
Strength of Management Team	30%	125%	37.5%
Size of Opportunity	25%	110%	27.5%
Product / Technology	15%	100%	15.0%
Competitive Environment	10%	90%	9.0%
Marketing / Sales Channels	10%	105%	10.5%
Need for Additional Investment	5%	80%	4.0%
Other Factors	5%	100%	5.0%
Total Adjustment Factor			108.5%

Scorecard Valuation: **SAR 16,800,000**

Checklist Method

The Checklist Method evaluates the company across key dimensions, assigning a score to each criterion. The total score determines the valuation relative to a baseline.

Criterion	Score (1-5)	Assessment
Entrepreneurial Team	4	Strong founding team with domain expertise
Strategic Relationships	3	Developing partnerships in the ecosystem
Product Readiness	3	MVP launched, iterating based on feedback
Competitive Advantage	3	Technology-driven differentiation
Capital Requirements	4	Lean operations, efficient capital use
Market Opportunity	5	Large addressable market in KSA
Revenue Traction	2	Pre-revenue, strong pipeline

Checklist Valuation: **SAR 14,700,000**

VC Method

The Venture Capital Method estimates the company's value by working backward from an anticipated exit value, applying a target return multiple that reflects the risk profile of the investment.

Parameter	Value
Projected Revenue at Exit (Year 5)	SAR 25,424,486
Revenue Multiple at Exit	4.5x
Projected Exit Value	SAR 114,410,187
Target Return Multiple	6.0x
Post-Money Valuation	SAR 19,068,365
Pre-Money Valuation	SAR 19,100,000

VC Method Valuation: **SAR 19,100,000**

DCF with Long-Term Growth

The Discounted Cash Flow (DCF) model with Long-Term Growth calculates the present value of projected free cash flows plus a terminal value based on a perpetual growth rate.

Parameter	Value
Discount Rate (WACC)	28.5%
Terminal Growth Rate	3.0%
Projection Period	5 Years
PV of Free Cash Flows	SAR 8,640,000
PV of Terminal Value	SAR 12,560,000
Enterprise Value	SAR 21,200,000

DCF (LTG) Valuation: **SAR 21,200,000**

DCF with Multiples

This variation of the DCF model replaces the terminal value calculation with an exit multiple derived from comparable company analysis in the e-commerce and marketplace sector.

Parameter	Value
Discount Rate (WACC)	28.5%
Exit Multiple (EV/Revenue)	3.8x
Projection Period	5 Years
PV of Free Cash Flows	SAR 8,640,000
PV of Terminal Value (Multiple)	SAR 11,160,000
Enterprise Value	SAR 19,800,000

DCF (Multiples) Valuation: **SAR 19,800,000**

Financial Projections

Projected Income Statement (SAR)

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	2,280,600	4,041,765	7,310,402	13,497,589	25,424,486
COGS	-912,240	-1,414,618	-2,339,329	-4,049,277	-7,119,656
Gross Profit	1,368,360	2,627,147	4,971,073	9,448,312	18,304,830
Operating Expenses	-1,824,035	-2,324,852	-2,845,011	-4,371,723	-7,116,344
EBITDA	-455,675	302,295	2,126,062	5,076,589	11,188,486
D&A	-68,418	-121,253	-219,312	-404,928	-762,735
EBIT	-524,093	181,042	1,906,750	4,671,661	10,425,751
Net Income	-524,093	136,782	1,430,063	3,503,746	7,819,313

Conclusion

SAR 18,400,000

Recommended Pre-Money Valuation

Based on the comprehensive analysis conducted using five distinct valuation methodologies, we recommend a pre-money valuation of **SAR 18,400,000** for Vertex Dynamics Ltd. This valuation reflects the company's strong growth potential in the rapidly expanding Saudi e-commerce market, balanced against the inherent risks of an early-stage venture.

The quantitative DCF methods produced higher valuations (SAR 19.8M - 21.2M), reflecting confidence in the company's projected cash flows and growth trajectory. The qualitative methods provided more conservative estimates (SAR 14.7M - 16.8M), accounting for the company's early stage and pre-revenue status. The VC Method (SAR 19.1M) bridges these perspectives by anchoring to exit expectations.

Key Value Drivers

- Large and rapidly growing addressable market in Saudi Arabia's e-commerce sector
- Scalable technology platform with strong unit economics potential
- Experienced founding team with relevant domain expertise
- Favorable regulatory environment supporting digital transformation in KSA (Vision 2030)
- Capital-efficient business model with clear path to profitability by Year 2

Key Risks

- Pre-revenue stage with execution risk on go-to-market strategy
- Competitive landscape with well-funded regional and international players
- Dependency on market adoption rates and consumer behavior shifts
- Regulatory changes that may impact marketplace business models

Disclaimer

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