

# MONAD FINANCIAL PROJECTIONS

## 3-Year Model (2026-2028)

Version 1.0 | October 2025 | CONFIDENTIAL

### ASSUMPTIONS & METHODOLOGY

#### Key Assumptions

**Product Mix:** - Year 1: 70% Developer, 30% Professional - Year 2: 40% Developer, 50% Professional, 10% Enterprise - Year 3: 25% Developer, 50% Professional, 25% Enterprise

**Pricing:** - Developer Edition: £2,500 - Professional Edition: £4,000 - Enterprise Edition: £6,500 (average)

**Cost of Goods Sold (COGS):** - Developer: £950 (38% of revenue) - Professional: £1,200 (30% of revenue) - Enterprise: £1,800 (28% of revenue)

**Growth Drivers:** - Developer community word-of-mouth - Professional services industry adoption - Enterprise sales cycle maturation

### YEAR 1 (2026) - DETAILED PROJECTIONS

#### Revenue Build-Up

Month	Dev Units	Pro Units	Ent Units	Dev Rev	Pro Rev	Ent Rev	Total Rev
Jan	5	0	0	£12.5K	£0	£0	£12.5K
Feb	8	2	0	£20K	£8K	£0	£28K
Mar	10	3	0	£25K	£12K	£0	£37K
Apr	12	5	0	£30K	£20K	£0	£50K
May	10	5	0	£25K	£20K	£0	£45K
Jun	8	6	1	£20K	£24K	£6.5K	£50.5K
Jul	10	5	0	£25K	£20K	£0	£45K
Aug	12	6	0	£30K	£24K	£0	£54K
Sep	8	8	1	£20K	£32K	£6.5K	£58.5K
Oct	10	8	1	£25K	£32K	£6.5K	£63.5K
Nov	12	6	1	£30K	£24K	£6.5K	£60.5K
Dec	0	1	1	£0	£4K	£6.5K	£10.5K
Total	105	55	5	£262.5K	£220K	£32.5K	£515K

**Note:** Adjusted target from business plan (£431K) - conservative ramp included seasonal factors

Year 1 - Quarterly Summary

Quarter	Units Sold	Hardware Revenue	Support/Licensing	Total Revenue	COG
Q1	28	£77.5K	£11.7K	£89.2K	£30K
Q2	45	£145.5K	£21.9K	£167.4K	£54K
Q3	44	£157.5K	£23.7K	£181.2K	£56K
Q4	38	£134K	£20.1K	£154.1K	£48K
Year 1 Total	155	£514.5K	£77.4K	£591.9K	£188

Year 1 - Operating Expenses

Category	Monthly Avg	Annual Total	Notes
Personnel	£20K	£240K	5 FTE (3 founders + 2 engineers)
R&D	£10K	£120K	Software development, model optimization
Sales & Marketing	£6.7K	£80K	Content, ads, conferences
Operations	£5K	£60K	Office, tools, insurance, legal
COGS	£15.7K	£188K	Hardware components, assembly
Total Cash Out	£57.4K	£688K	Monthly burn rate

Year 1 - Cash Flow

Item	Amount
Starting Capital (Seed Funding)	£1,500K
Total Revenue	£592K
Total Operating Expenses	£500K
Total COGS	£188K
Net Cash Flow	-£96K
Ending Cash Balance	£1,404K
Runway Remaining	24+ months

YEAR 2 (2027) - ANNUAL PROJECTIONS

Revenue Forecast

Product	Units	ASP	Hardware Revenue	Mix %
Developer Edition	150	£2,500	£375K	30%
Professional Edition	250	£4,000	£1,000K	50%
Enterprise Edition	50	£6,500	£325K	10%
Total	450	£3,778	£1,700K	100%

Revenue Type	Amount	% of Total
Hardware Sales	£1,700K	87%
Support & Licensing	£255K	13%
<b>Total Revenue</b>	<b>£1,955K</b>	<b>100%</b>

### Cost Structure

Category	Amount	% of Revenue
<b>COGS</b>	£530K	27%
<b>Gross Profit</b>	<b>£1,425K</b>	<b>73%</b>
<b>Operating Expenses:</b>		
Personnel	£450K	23%
R&D	£200K	10%
Sales & Marketing	£250K	13%
Operations	£120K	6%
<b>Total OpEx</b>	<b>£1,020K</b>	<b>52%</b>
<b>Operating Profit</b>	<b>£405K</b>	<b>21%</b>
<b>Net Profit Margin</b>	<b>£405K</b>	<b>21%</b>

### Year 2 - Key Metrics

Metric	Value
Monthly Recurring Revenue (MRR)	£21K (support/licensing)
Average Revenue Per Unit (ARPU)	£3,778
Customer Acquisition Cost (CAC)	£1,200
Customer Lifetime Value (LTV)	£4,100
LTV:CAC Ratio	3.4:1
Gross Margin	73%
Operating Margin	21%
Break-Even Point	Month 20 (Q3 Year 2)

## YEAR 3 (2028) - ANNUAL PROJECTIONS

### Revenue Forecast

Product	Units	ASP	Hardware Revenue	Mix %
Developer Edition	240	£2,500	£600K	20%
Professional Edition	600	£4,000	£2,400K	50%
Enterprise Edition	360	£6,500	£2,340K	30%
<b>Total</b>	<b>1,200</b>	<b>£4,450</b>	<b>£5,340K</b>	<b>100%</b>

Revenue Type	Amount	% of Total
Hardware Sales	£5,340K	90%
Support & Licensing	£600K	10%
<b>Total Revenue</b>	<b>£5,940K</b>	<b>100%</b>

### Cost Structure

Category	Amount	% of Revenue
COGS	£1,535K	26%
Gross Profit	£4,405K	74%
Operating Expenses:		
Personnel	£750K	13%
R&D	£300K	5%
Sales & Marketing	£450K	8%
Operations	£200K	3%
Total OpEx	£1,700K	29%
Operating Profit	£2,705K	46%
Net Profit Margin	£2,705K	46%

### Year 3 - Key Metrics

Metric	Value
Monthly Recurring Revenue (MRR)	£50K (support/licensing)
Average Revenue Per Unit (ARPU)	£4,450
Customer Acquisition Cost (CAC)	£900
Customer Lifetime Value (LTV)	£4,800
LTV:CAC Ratio	5.3:1
Gross Margin	74%
Operating Margin	46%
Annual Growth Rate	204%

## 3-YEAR SUMMARY

### Revenue Growth

Year	Units	Revenue	YoY Growth	Cumulative Revenue
2026	155	£592K	-	£592K
2027	450	£1,955K	230%	£2,547K
2028	1,200	£5,940K	204%	£8,487K

### Profitability Trend

Year	Gross Profit	Gross Margin	Operating Profit	Op Margin	Net Profit
2026	£404K	68%	-£96K	-16%	-£96K
2027	£1,425K	73%	£405K	21%	£405K
2028	£4,405K	74%	£2,705K	46%	£2,705K

### Cash Flow Summary

Year	Operating CF	Investing CF	Financing CF	Net Cash Flow	Cash Balance
2026	-£96K	-£50K (equipment) -£80K	£1,500K (funding)	£1,354K	£1,354K

2027	£405K	(equipment)	£0	£325K	£1,679K
2028	£2,705K	-£120K (expansion)	£0	£2,585K	£4,264K

## UNIT ECONOMICS DEEP DIVE

### Developer Edition (£2,500)

Item	Amount	% of Price
<b>Hardware Cost</b>		
CPU/SoC	£300	12%
RAM (32GB)	£140	6%
SSD (512GB)	£60	2%
Chassis & Cooling	£80	3%
Power Supply	£30	1%
Assembly & Testing	£60	2%
Shipping & Packaging	£40	2%
<b>Total COGS</b>	<b>£710</b>	<b>28%</b>
<b>Gross Profit</b>	<b>£1,790</b>	<b>72%</b>
Customer Acquisition Cost	£200	8%
<b>Contribution Margin</b>	<b>£1,590</b>	<b>64%</b>

### Professional Edition (£4,000)

Item	Amount	% of Price
<b>Hardware Cost</b>		
CPU/SoC	£400	10%
RAM (64GB)	£200	5%
SSD (1TB)	£100	3%
Chassis & Cooling	£80	2%
Power Supply	£30	1%
Assembly & Testing	£60	2%
Shipping & Packaging	£50	1%
Pre-loaded Models	£80	2%
<b>Total COGS</b>	<b>£1,000</b>	<b>25%</b>
<b>Gross Profit</b>	<b>£3,000</b>	<b>75%</b>
Customer Acquisition Cost	£1,500	38%
<b>Contribution Margin</b>	<b>£1,500</b>	<b>38%</b>

### Enterprise Edition (£6,500)

Item	Amount	% of Price
<b>Hardware Cost</b>		
CPU/SoC	£450	7%
RAM (64GB+)	£250	4%
SSD (2TB)	£180	3%
GPU (optional)	£400	6%
Chassis & Cooling	£100	2%

Power Supply	£40	1%
Assembly & Testing	£80	1%
Shipping & Packaging	£60	1%
Enterprise Config	£140	2%
<b>Total COGS</b>	<b>£1,700</b>	<b>26%</b>
<b>Gross Profit</b>	<b>£4,800</b>	<b>74%</b>
Customer Acquisition Cost	£5,000	77%
<b>Contribution Margin</b>	<b>-£200</b>	<b>-3%</b>

**Note:** Enterprise edition negative contribution margin in Year 1 due to high sales costs. Becomes profitable through: - Multi-seat deployments (software licensing) - Premium support contracts (£2K-5K/year) - Custom services (training, fine-tuning) - Reduces effective CAC through expansion revenue

## BREAK-EVEN ANALYSIS

### Monthly Break-Even Calculation (Year 2)

Item	Amount
<b>Fixed Monthly Costs</b>	
Personnel	£37.5K
Office & Operations	£10K
Marketing (fixed)	£8K
R&D	£16.7K
<b>Total Fixed</b>	<b>£72.2K</b>
<b>Variable Costs</b>	
COGS per unit (blended)	£1,180
Variable marketing per unit	£400
<b>Total Variable</b>	<b>£1,580</b>
<b>Contribution Margin</b>	
Average Selling Price	£3,778
Variable Cost per Unit	£1,580
<b>Contribution per Unit</b>	<b>£2,198</b>
<b>Break-Even Units</b>	<b>33 units/month</b>
<b>Break-Even Revenue</b>	<b>£125K/month</b>
<b>Annual Break-Even</b>	<b>£1,498K</b>

### Break-Even Timeline

Month	Revenue	Profit/(Loss)	Cumulative P&L	Status
Month 12 (Dec 2026)	£592K	-£96K	-£96K	Pre-revenue
Month 18 (Jun 2027)	£155K	£32K	-£64K	Approaching
Month 20 (Aug 2027)	£165K	£42K	-£22K	Near break-even

Month 24 (Dec 2027)	£1,955K	£405K	£383K	PROFITABLE
---------------------------	---------	-------	-------	------------

## SENSITIVITY ANALYSIS

### Revenue Sensitivity (Year 2)

Scenario	Units Sold	Revenue	Change	Operating Profit
Bear Case (-30%)	315	£1,369K	-30%	£95K
Conservative (-15%)	383	£1,662K	-15%	£250K
Base Case	450	£1,955K	0%	£405K
Optimistic (+15%)	518	£2,248K	+15%	£560K
Bull Case (+30%)	585	£2,542K	+30%	£715K

### Pricing Sensitivity (Year 2)

Scenario	Blended ASP	Revenue	Change	Gross Margin
-10% Price	£3,400	£1,530K	-22%	69%
-5% Price	£3,589	£1,615K	-17%	71%
Base Case	£3,778	£1,955K	0%	73%
+5% Price	£3,967	£2,115K	+8%	75%
+10% Price	£4,156	£2,295K	+17%	77%

### COGS Sensitivity (Year 2)

Scenario	Blended COGS	Gross Margin	Change	Op Profit
+20% COGS	£1,416	68%	-5pp	£305K
+10% COGS	£1,298	71%	-2pp	£355K
Base Case	£1,180	73%	0pp	£405K
-10% COGS	£1,062	76%	+3pp	£455K
-20% COGS	£944	79%	+6pp	£505K

## KEY PERFORMANCE INDICATORS (KPIs)

### Growth Metrics

KPI	Year 1	Year 2	Year 3	Industry Benchmark
Revenue Growth	-	230%	204%	100-150% (hardware startups)
Unit Growth	-	190%	167%	150-200% (early stage)
Customer Growth	155	450	1,200	Varies

Profitability Metrics

KPI	Year 1	Year 2	Year 3	Industry Benchmark
Gross Margin	68%	73%	74%	50-70% (hardware)
Operating Margin	-16%	21%	46%	10-20% (mature)
EBITDA Margin	-15%	22%	47%	15-25% (mature)

Efficiency Metrics

KPI	Year 1	Year 2	Year 3	Target
CAC	£645	£1,200	£900	<£1,000
LTV	£2,400	£4,100	£4,800	>£3,000
LTV:CAC	3.7:1	3.4:1	5.3:1	>3:1
Payback Period	8 months	10 months	6 months	<12 months
Rule of 40	-16%	251%	250%	>40%

**Rule of 40:** Growth Rate + Profit Margin (healthy SaaS metric, adapted for hardware)

Operational Metrics

KPI	Year 1	Year 2	Year 3	Target
Units per Employee	31	56	120	100+
Revenue per Employee	£118K	£244K	£594K	£400K+
Inventory Turns	8×	10×	12×	8-12×
Gross Margin per Unit	£2,606	£3,167	£3,671	£3,000+

FUNDING SCENARIO ANALYSIS

Scenario 1: Base Case (£1.5M Seed)

Milestone	Timeline	Capital Remaining	Status
Seed Funding	Month 0	£1,500K	✓ Target
Developer Launch	Month 6	£1,200K	Funded
Break-Even	Month 20	£900K	Funded
Profitability	Month 24	£1,404K	Surplus
Series A Ready	Month 30	£2,100K+	Strong position

Scenario 2: Conservative (£1.0M Seed)

Milestone	Timeline	Capital Remaining	Status
Seed Funding	Month 0	£1,000K	Constrained
Developer Launch	Month 6	£700K	Funded
Break-Even	Month 24	£200K	Tight
Profitability	Month 28	£350K	Requires



Series A Need	Month 24	-	discipline Likely required
---------------	----------	---	-------------------------------

### Scenario 3: Bull Case (£2.0M Seed)

Milestone	Timeline	Capital Remaining	Status
Seed Funding	Month 0	£2,000K	Well-capitalized
Developer Launch	Month 6	£1,700K	Funded
Aggressive Growth	Month 12	£1,300K	Funded
Break-Even	Month 18	£1,100K	Early achievement
Series A Optional	Month 24	£2,000K+	Growth capital only

## EXIT VALUATION ANALYSIS

### Comparable Company Multiples

Company	Revenue	Valuation	Multiple
Raspberry Pi	£500M	£4B	8×
System76	£25M (est)	£75M (est)	3×
Framework	£30M (est)	£150M (est)	5×
Industry Average	-	-	4-6×

### MONAD Exit Scenarios

Scenario	Year 3 Revenue	Multiple	Valuation	Investor Return
Conservative	£4.42M	3×	£13.3M	1.9× (£7M pre)
Base Case	£5.94M	4×	£23.8M	3.4×
Optimistic	£7.13M	5×	£35.7M	5.1×
Bull Case	£8.91M	6×	£53.5M	7.6×

### Returns Analysis (£1.5M Seed @ £7M pre-money)

Exit Valuation	Investor Ownership	Investor Return	IRR (4 years)
£13.3M	17.6%	1.6× (£2.3M)	12%
£23.8M	17.6%	2.8× (£4.2M)	29%
£35.7M	17.6%	4.2× (£6.3M)	43%
£53.5M	17.6%	6.3× (£9.4M)	58%

## RISK-ADJUSTED PROJECTIONS

### Probability-Weighted Revenue (Year 2)

--

Scenario	Probability	Revenue	Weighted
Bear (-30%)	15%	£1,369K	£205K
Conservative (-15%)	25%	£1,662K	£416K
<b>Base Case</b>	40%	<b>£1,955K</b>	<b>£782K</b>
Optimistic (+15%)	15%	£2,248K	£337K
Bull (+30%)	5%	£2,542K	£127K
<b>Expected Value</b>	100%	-	<b>£1,867K</b>

## Downside Protection

**Minimum Viable Business** (if growth slower than projected): - 200 units/year = £800K revenue - 65% gross margin = £520K gross profit - Lean team (3 FTE) = £180K personnel - Total OpEx = £300K - **Break-even at 200 units** (vs. 450 projected)

**Pivot Options** if hardware sales lag: 1. Software-only licensing (lower margin, faster adoption) 2. White-label OEM partnerships (volume, lower branding) 3. Enterprise services focus (consulting, fine-tuning)

## CAPITAL ALLOCATION STRATEGY

### Use of £1.5M Seed Funding

Category	Amount	%	Timeline	Milestones
<b>Software R&amp;D</b>	£450K	30%	18 months	Voice/multimodal, enterprise features
<b>Hardware</b>	£375K	25%	12 months	100 units, certifications, tooling
<b>Personnel</b>	£300K	20%	18 months	3 hires (dev, AI eng, HW eng)
<b>Operations</b>	£225K	15%	18 months	Legal, compliance, certs, insurance
<b>Marketing</b>	£150K	10%	18 months	Launch, content, community
<b>Total</b>	<b>£1,500K</b>	<b>100%</b>	-	-

### Quarterly Burn Rate

Quarter	Funding Use	Remaining Capital	Runway (months)
Q1 2026	£200K	£1,300K	21
Q2 2026	£250K	£1,050K	15
Q3 2026	£220K	£830K	12
Q4 2026	£180K	£650K	10
Q1 2027	£150K (revenue offsetting)	£680K	12
Q2 2027	£100K (approaching break-even)	£745K	18

# CONCLUSION

## Investment Summary

**Capital Required:** £1.5M seed funding

**Expected Outcome:** £5.94M revenue, £2.7M profit by Year 3

**Investor Return:** 3-7× over 4 years

**Risk Profile:** Medium (market proven, execution risk)

## Financial Highlights

- ✓ **Strong Unit Economics:** 68-74% gross margins
- ✓ **Path to Profitability:** Break-even Month 20, profitable Year 2
- ✓ **Capital Efficient:** £1.5M to profitability, no Series A required
- ✓ **Scalable Model:** Margins improve with volume
- ✓ **Downside Protected:** Break-even possible at 200 units vs. 450 projected

## Next Steps

1. **Due Diligence:** Validate assumptions with customer interviews
2. **Financial Review:** Detailed model in Excel with sensitivity scenarios
3. **Investment Decision:** Term sheet negotiation and closing

---

**CONFIDENTIAL** | © 2025 MONAD | All Rights Reserved