Gassed Up

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Executive Board

Krutarth Zaveri - Chief Financial Officer

Muhammad Khan- Chief Marketing Officer

Nick Galvani - Chief Information Officer

Monica Weglarz - Chief Executive Officer

Executive Summary

a. The Mission Statement:

To make your life easier and more convenient so that you have time for the things that really matter. It is a privilege for us to be able to serve you and ensure that your vehicle is fueled and ready to go.

b. Company Information:

Gassed Up is a startup fuel delivery company that works to provide consumers with time and convenience. Because of our services, our customers will no longer need to deal with the added stress and hassle of going to the gas station and waiting in the horrendously long lines. Company employees will no longer have to waste productive company time with filling out expense reports. With our services, each of our customers just have to focus on what's important - whether it's their upcoming sales presentation or Johnny's soccer game. We offer competitive prices and the delivery at your convenience at any time or day of the week. We ensure that when you hop in your car, you are ready to go places.

c. Services:

We provide our customers with three basic service packages. The Basic Service is $10 plus a 5% markup per gallon of gas. It includes the refueling of your vehicle. The Premium Service is $25 and is an add-on service to the basic service package that includes tire pressure checks, exterior/interior mirror cleaning, windshield cleaning, and vacuuming services. Finally, the Elite Service package is $30 and is an add-on service to the basic service package that includes washer fluid refills, tire pressure checks, exterior/interior mirror cleaning, windshield cleaning, vacuuming services, and minor detailing services.

d. Value Proposition:

We deliver convenience and time to our customers. Traveling is already stressful as is. We help make it less nerve wracking for our customers. All they need to do is hop in the car and drive. We take care of the rest.

We plan on starting off as a call-based service and later transitioning to an app-based system. With this, we will focus on social media and marketing to establish an online presence and push our app as soon as it is available.

e. Future Plans:

We have a plethora of plans for growth and expansion for our startup in the coming years. We are optimistic that the demand for our services will grow from month to month very rapidly. In the years to come, we hope to expand our services along the rest of the

northeast fueling vehicles from Boston to DC. Additionally, we hope to bring on more vehicle oriented service packages that include services such as tire changes and oil changes. Moreover, we hope to add mechanics to our teams to give our loyal customers the option to have their vehicles conveniently examined by experts if they are having issues. We are sure that we will be able to provide higher quality service and reliability than our competitors. This will propel us to the forefront of the industry and enable us to expand across state lines.

Market Analysis

1. Industry Description and Outlook:

The fuel delivery industry is a fairly novel industry that is just beginning to evolve. The US retail gasoline industry is currently valued at about $380 billion. This market is expected to grow in the years to come. It has grown on average about 2.6% yearly from 2016 to 2021. Experts predict that total vehicle miles will steadily increase in the years to come. This is a positive projection for the future of the industry along with startup companies in the fuel delivery industry. This industry still encompasses fuel delivery companies since they will be a direct competitor and threat to gas stations. These companies will provide the industry with change and innovation as they change the norms delivering gas in an Uber-like fashion.

In the past year or so, a few startups have begun operating in this space and working to provide fuel to consumers through an app-based system. Experts project that there will be many more in the months to come.

2. Market Research and Customer Discovery:

We expect our target market to include individuals in suburban towns along with businesses, schools, and government offices. This is our serviceable obtainable market. We expect our total marketable market to be consisting of corporations and customers in the northeast. Our plan is to focus on Bergen County which consists of many suburban towns and is home to a plethora of businesses. There are more than 252,000 small businesses in Bergen county with 500 employees or less. These businesses can offer our fuel delivery service as an employee benefit or to make their own operations more efficient and effective.

We conducted surveys to better understand our target market and gauge interest in our services. We spoke with a small law firm along with some small businesses (20 employees at the firms) to understand if they would be interested in this service. About 77% of the employees surveyed stated they would be very interested in this type of service for their vehicles; they would be paying for it themselves rather than it being offered as an employee benefit. Additionally, our team spoke with an HR representative at a nursing home who mentioned that it was a realistic addition to an employee benefits package.

3. Competitive Analysis:

Gassed Up is a company that differentiates itself from its competitors in many ways. We are getting into the market at a pivotal time that gives us a plethora of opportunities. Currently, we are the only fuel delivery startup located on the east coast and focusing on work in the Northeast. Most of our competitors are located in the South and on the West coast. Moreover, we are the only company that is working actively to have our services be offered as part of an employee benefits package to employees. Most of our competitors are soliciting customers outright. We are taking a bit of a different approach in that we are working to be the fuel supplier for government vehicles, sales representative vehicles, and much more.

4. Potential Market Share:

Gassed Up has the potential to capture a substantial portion of the fuel delivery market primarily because of how young the market is. However, it will likely only capture a small portion of the whole US retail gasoline industry just because of how large and competitive the industry is. We expect our company to capture 10% of the fuel delivery market within our first 10 years of operation. We believe that this is a realistic projection because of how early we are entering the market and the plethora of opportunities that we have at our disposal.

5. Pricing and Gross Margin:

For our Basic Service, we expect to charge $10 for the service of refueling a customer's vehicle. We expect our variable cost to be $5.50 for this resulting in a Gross Profit Margin of 45%.

However, we will additionally charge a 5% markup (from the average price of gas at that time) on the sale of the gasoline. We expect to be able to purchase our gasoline wholesale and at about a 15 cent discount per gallon. This will allow for us to have a Gross Profit Margin of 17% on the sale of the gasoline itself.

For our Premium Service, we expect to charge $25 for tire pressure checks, exterior/interior mirror cleaning, windshield cleaning, and vacuuming services. This will not include the refueling of one's vehicle. We expect our variable cost for this service to be $15.10 resulting in a Gross Profit Margin of 39.6%.

For our Elite Service package we will charge $30 for washer fluid refills, tire pressure checks, exterior/interior mirror cleaning, windshield cleaning, vacuuming services, and minor detailing services. This will not include the refueling of one's vehicle. We expect our variable cost for this service to be $20.00 resulting in a Gross Profit Margin of 33.3%.

6. Competition:

Our competition includes various startup companies participating in the gas delivery industry along with normal gas stations. Gas stations will be our direct competitors since customers can opt to refuel their own vehicles themselves. The leading companies in the gas delivery industry currently include four startup companies. WeFuel is a startup company that is part of our competition. It fuels vehicles currently on the West coast and offers its services through a subscription based service. It is currently working on having its customers install a device that will be able to alert the company when the vehicle has

low fuel and when it will need to be refueled soon. Filld is another one of our competitors that was able to raise over $3 million in seed money. This shows a lot of interest in this type of business idea. The company operates in California and relies on its app to connect its trucks with its customers. Booster is another competitor that operates in this sphere with a $9 million valuation. It fuels vehicles in California and Texas. Finally, Yoshi is a direct competitor that operates on a subscription basis. It too operates on the West coast and requires at least three vehicles for a Yoshi truck to come to refuel them.

SWOT Analysis:

Strengths:

Being one of the first movers in the fuel delivery industry gives us a competitive advantage. We offer our customers affordable pricing options that work to build customer loyalty over time. We offer convenience to our customers while providing a sustainable solution. We offer excellent customer service with our door-to-door car refueling and maintenance. Our business plan is low-cost with high efficiency that gives us the ability to deliver products/services to budget and schedules. Our dedicated quality control when it comes to the services we provide is one of our core strengths. Finally, we work to essentially make the world a better place through a sustainable fuel solution.

Weaknesses:

Our company lacks the recognition which some of our competitors have on the West coast and throughout other parts of the country. Since we are a startup, we have a limited budget to work

with. We would start by focusing on a small geographical area for our target market which would give an opportunity to potential competitor companies to start a similar business in another geographical area. Moreover, we are limited by our small amount of cash flow. With a limited amount of cash, especially at the very beginning, we are unable to expand quickly and keep up with the growth of our competitors.

Opportunities:

Gassed Up can begin spreading to underserved market areas where we can provide our services. This would give us a first mover advantage. Moreover, there are few companies on the East coast in this business. This would enable us to truly be competitive and position ourselves as a first mover in this novel industry. In the long run, this would enable us to have a competitive advantage over companies who try to deliver similar products or services. Since we are currently focused on a smaller geographical area, we can use that as our primary marketing and sales strategy to set foot in other markets as we plan to expand.

Threats:

The major threats our company is facing are the traditional gas stations. People like their own routines, thus not everyone might be interested in a novel service such as Gassed Up. There are also a myriad of fuel delivery companies along the West coast that have expanded their business around the country and will likely attempt to do so in the North East shortly. Another major threat to our company is the transformation of the gas vehicles to electric or semi-electric vehicles. However, this threatens our company in the long as electric vehicles penetrate more of the market.

Service Explanation

1. Service Description:

Our company plans to offer three different product/service options to the market:

- **Basic Service:** This is our most affordable option which our company offers to the consumers. This service would cost $10 and 5% service charge on the price per gallon. This is our primary service option to our customers which includes a door-to-door refueling service with a free vehicle inspection.

- **Premium service:** This is our intermediate service which costs $25. This service includes a tire pressure check, interior and exterior mirror cleaning, windshield cleaning and vacuuming services. All these services are non-customizable as they are included in the package price.

- **Elite service:** This is our elite service that costs $30. This service is a fully customizable service strictly based on the customer's needs. Some of the services offered by our elite service include refilling the washer fluid, tire pressure checks, exterior/interior mirror cleaning, windshield cleaning, vacuuming services, oil changes, car washing and minor detailing services. This is our only service that lets the customer customize their service package. We believe that this is a service that customers would not require on a regular basis. However, we do offer special pricing schemes and loyalty programs which would make this service seem an attractive option.

Alternative Strategies

RFID Technology:

One of the major problems that we faced in our business and logistics plan was the actual distribution of the gasoline. We weren't sure how we were going to actually get the physical gasoline into our customers' vehicles without sacrificing convenience. One of the ways that we could operate this is through asking the customer to leave their fuel tank open so that we could access it upon arrival. They could also just wait for our arrival and then open it. However, this raised a few issues. First off, some customers might have concerns about leaving their fuel tanks open. Moreover, it would lessen some of the convenience aspects of our services if we had to ask customers to come down to open their fuel tanks. The other option would be to install RFID technology (similar to that of Zipcar) for our employees to unlock the vehicles of customers without customers present. After conducting some market research, we decided to not go with this option since it had more cons than the primary option. Customers did not like the idea of this clunky technology being installed onto their vehicles. Moreover, many raised concerns about someone having an actual access key to their vehicles. From our perspective as a business, this would result in more liability on our end also. Therefore, we decided against the installation of RFID technology.

Fueling Location:

Another major decision that we were faced with was where we would actually fuel our customer's vehicles. Our first option was to go from house to house and refuel our customers' vehicles at their houses. This option contained a plethora of convenience for our customers since

it would be quite accommodating for them. However, it would be more expensive for us as the provider since we would have to drive from house to house, covering more miles with less vehicles. Our second option was to primarily target workplaces and have either employees enroll in our services or have them offered as an employee benefits package. Additionally, we would be able to service businesses with fleets of vehicles like car rental companies or companies with sales representatives. This second option would enable us to cut costs and to provide fuel in a more environmentally friendly manner. We decided to go with this second option because of the fact that we could offer lower prices and operate more efficiently.

Services Offered:

We were unsure of if we should merely sell gasoline and operate around that service or if we should offer other car-related services. After speaking with customers, we decided to offer three different options for services. We believe that there is demand in the market for these services as they provide our customers with added comfort and convenience. These services will supplement our primary income from the sale of fuel and delivering it to our customers. Moreover, we decided that it would further foster a loyal customer base and develop a strong, trusting relationship.

Business Model Canvas (BMC)

Business Model Canvas for (Gassed Up)

KEY PARTNERS

Monica
Nicholas
Muhammad
Krutarth

KEY ACTIVITIES

Gas Delivery service
Detailing
Tire/Oil Checks

KEY RESOURCES

For a small charge and markup fee, we will come to the customer, wherever they are located and provide gasoline along with other services.

VALUE PROPOSITIONS

We offer a gas delivery service that is to provide convenience to our customers

CUSTOMER RELATIONSHIPS

We will start door-to-door. We will reach out to our friends and family. We will establish a website and run online ads

CHANNELS

We will contact friends, family and run online ads and show them our service packages. We will show how our service provides them the convenience and how it can help make their lives easier.

CUSTOMER SEGMENTS

Friends, Family, and anyone with a gas-powered vehicle

COST STRUCTURE

Gasoline
Leasing Pickup trucks
Gas containers
Marketing
Website
Legal fees/ insurance

REVENUE STREAMS

We will have three service packages, with a base fee with a pre-determined markup percentage per gallon of gas

Financial Projections & Valuation Discussion

Primary Case

Weights	
Base	10.00%
Muddle	40.00%
Fail	50.00%
RADR	15.00%

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Y5 Sale
Base CF	$238,133.60	$317,404.00	$4,234,157.40	$10,037,940.00	$145,435,845.24	$132,156,920.24
Muddle CF	-$342,167.00	-$151,781.00	-$199,392.00	$299,462.00	$30,985,216.67	$28,156,131.67
Fail CF	-$299,787.00	-$151,781.00	-$199,392.00	$0.00	$0.00	$0.00

In our primary case financial projections, we expect to focus on the state of New Jersey, specifically one county. From there, we will expand into other counties as we grow slowly and gradually. For example, we could focus on Bergen County in New Jersey, which is home to thousands of small businesses. We believe that this alternative would enable us to truly understand our target market, and this would prove to be advantageous to us in the long run. This gives us a lot of opportunities to grow our business and build loyal relationships with our customers. In starting small, we are able to be very detail oriented and ensure that our quality and customer service are excellent. Moreover, with this we are able to better understand our customers and target market. Our company will be small enough that we will be able to adapt to changing market conditions easily and pivot. In order to better understand the consequences of this decision on our financials and our valuation, we have broken down our primary case into three scenarios: a base case, a muddle case, and a fail case.

Base Case - VC Method:

In starting Gassed Up, we are planning on investing $70,000 of our own money into the company. In addition to the founder's money, we will need an additional investment amounting to $865,000 from an outside investor to get our company off the ground and running. This influx of cash flow will enable us to pay for salaries, truck and car expenses, advertising, legal, and the gasoline itself. In that first year, we expect demand to grow slowly. The first few months of operation, we do not expect to make any income. This is because of the fact that we will be setting everything up, training our employees, and working out the "on-the-ground" logistics of operating our business. After four months of operation, we expect to begin serving customers. After the first year, we project revenue of $1,006,962 and total expenses equating to $559,816. This comes out to a net income of $245,753.60.

The start-up funds include $5000 of leased vehicles, $700 worth of equipment which would include car vacuum cleaner, tyre pressure measuring equipment, car washing equipment and car detailing equipment. The prepaid insurance premiums for our business would cost $1200. The legal fees would cost $200, the supplies for the car services would cost $500.

In year two, we project optimistic growth as our business grows and we obtain new customers. Our costs this year are going to increase since we will be hiring more full time and part time employees. Additionally, we will need to lease more vehicles to keep up with demand and spend some more on advertising. However, we will primarily rely on word of mouth along with social media such as Instagram and Facebook for our advertising. These methods keep costs down and we believe will be effective for our business. Additionally, we will aggressively work with business owners to get our service included in employee benefits packages. We

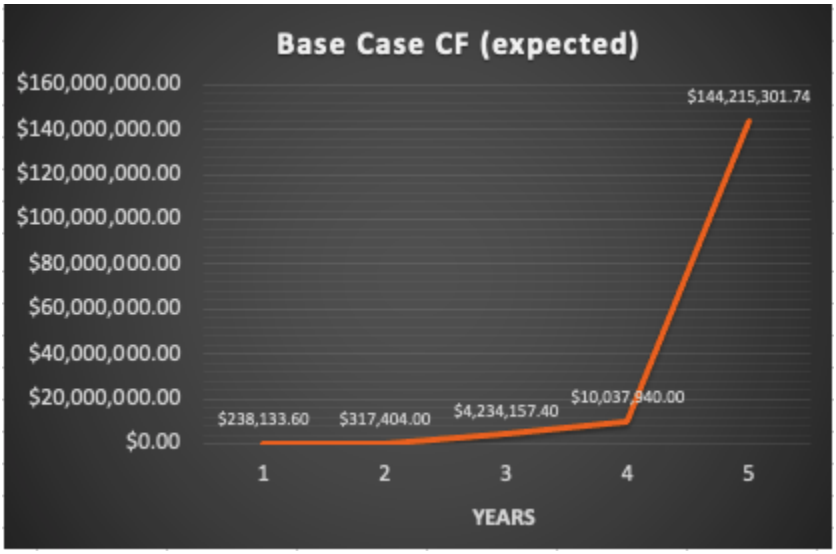
project revenue of $1,351,770 for the second year of operation and expenses being equal to $764,012. This will be equal to a total of net income being $317,404.

In year three, we expect growth to continue. We will certainly need to hire more people and lease out more cars. At this time, we will likely be expanding into another county that neighbors Bergen county, servicing more customers and businesses. We project our revenue this year to reach $6,617,643 with expenses being equal to $1,059,957. This will result in a net income of $4,234,157.40. We expect to be efficient and economical with our travel expenses, refueling multiple vehicles per parking lot we visit. Moreover, we expect at this point to have a plethora of steady customers who refuel their vehicles as part of an employee benefits program or businesses that have a fleet of vehicles that need refueling and frequent maintenance.

In year four of this projection, we expect growth at a higher rate than in any of the three other years. In accordance with this growth, we will hire workers to keep up with the projected demand. Though some may criticize our projections for underestimating advertising costs, we believe that our projections are indeed realistic since we will have a designated founder communicating with new business owners who want to add our program to their employee benefits program. We plan on relying heavily on word of mouth and then social media once again to reach new eyes and a new audience as we grow. We project Gassed Up's revenue this year to be $14,489,285 with expenses of $1,553,488. This will translate into a net income of $10,037,940.

In year five, we project for this growth to continue on this same track. At this point we would expect to have a heavy grasp on multiple counties. Once again, employees will be hired this year to ensure we are able to service the demand. We expect revenue to be $19,249,775 with

expenses equating to a total of $2,120,895. This results in a net income of $13,278,925 in year five.



This is certainly an optimistic business projection for Gassed Up that sees strong demand for our services and propels our business forward. The cash flow for this optimistic base case follows a J-curve that is often seen with startups. As seen above, during the first three years of operations, Gassed Up is very limited on its available cash. However, as the company grows and matures, the cash flow increases quickly. Gassed Up's cash flows in year four and five are very optimistic and highlight a plethora of cash opportunities for the company.

For this optimistic base case, we employed the VC method to obtain a terminal value for the company after five years. In order to understand this valuation, one must explore the assumptions we made in our projections. We assumed our liquidity premium to be 4.5% since our company is not as risky and illiquid as companies that require a lot of physical capital (manufacturing company etc.). Additionally, we projected a growth rate of 4.5%. The average growth rate for companies in the US is about 2.5%. The reason we exceed this average is

because of how novel the gas delivery service industry is and the immense amount of potential that it holds. We assumed the market risk premium to be 5% since it has been on the decline since the beginning of this year. This means that investors are expecting a bit of a smaller return for the risk that they take with an investment. Finally, we assumed for the risk-free rate to be 0.5% which basically is equivalent to the rate of return for an investment with no risk. This makes sense since there is more risk today in general due to looming inflationary pressures and constant fears of new COVID variants. We assumed for our market correlation to be 40% and calculated a beta of 2. This means that Gassed Up's stock price will move somewhat relative to the market. With this, we calculated a RADR of 15% which highlights a less risky investment in the market. This is because of the fact that our company is entering into an up-and-coming industry and requires little physical investment into plants, property, and equipment compared to other industries. With this same thinking we assessed our rate for the VC method to be 75% since it was a less risky investment than other startup companies. Through conducting the VC method, we estimated Gassed Up's terminal value to be $10,961,001.95 after five years in a pre money situation. The Gordon Growth Model value would be $132,156,920.24. This model enables us to understand a stock or company's arbitrary value when taking into account the market's returns.

Fail Case:

In this case, we would also be investing $70,000 of our own money into the company. In addition to the founder's money, we will need an additional investment amounting to $865,000 from an outside investor to get our company off the ground and running. This influx of cash flow will enable us to pay for salaries, truck and car expenses, advertising, legal, and the gasoline

itself. We would decide to spend the first year truly getting to know our target market and understanding their needs and how we can best fulfill them through our services. With this, we would have no revenue in year one. Perhaps there would be less demand for our services than we expected. However, we would still have to pay out wages to our employees for the work that they did. Moreover, we also would lease out vehicles for our employees to begin navigating the logistics of gas delivery. Because of this, we project our total expenses to equate to $292,167. This would come out to a net income of -$292,167 in the first year.

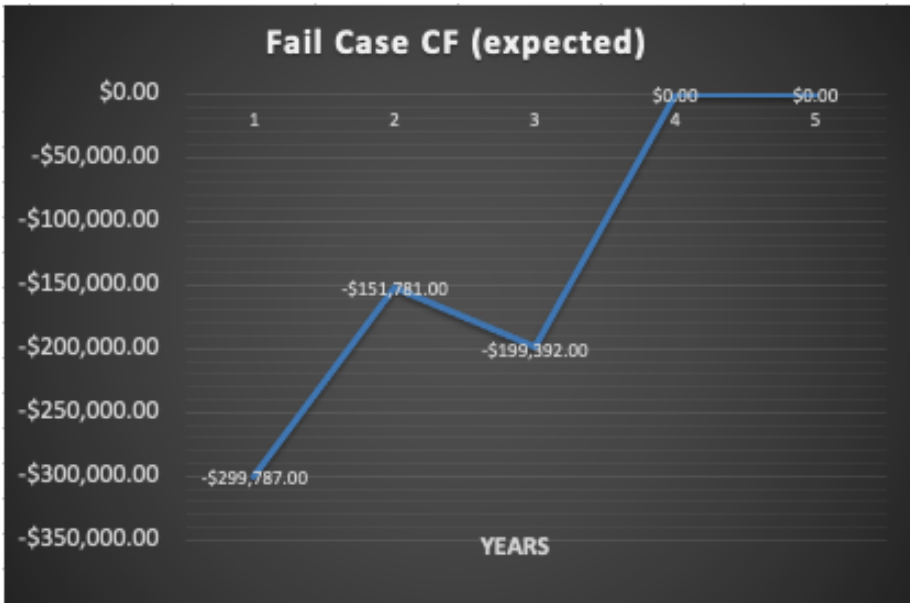
In year two, we would project our business growing and our company obtaining new customers. However, there would not be enough demand for our services and our company would be nowhere near making the revenue and sales we had projected in our optimistic case. Many business owners would be uninterested in our services, thus we would be stuck servicing customers at their homes. In this case, we would only obtain revenue of $300,000 in year two. On top of this, we would have total expenses amounting to $391, 781. This would further our net loss to equal -$151,781. In this projection, we would realize that we would need to pivot or else our company would go under soon. Thus, we would decide that in year 3, we would really focus on building critical relationships with business owners.

In year three, we would be somewhat successful in beginning to service fleets for businesses and had our services adopted into some employee benefits programs. We would hire more people this year increasing our expenses and lease more vehicles for these employees to use to deliver gasoline. However, all of this would not be enough and should have been done sooner. In this case, we would not grow fast enough and would incur too many costs. In year

three, we would have revenue of $500,000 - an increase yet not enough growth. We would have expenses equating to $599,392 that year resulting in a net loss of $199,132. With a cash flow of zero, we are unable to operate as a business.

Theoretically if we didn't run out of cash we could see a strategy of the following in years four and five. In year four, we would continue this same growth strategy that was used in year three. We would focus our work on servicing businesses and business employees through employee benefits programs. However, through increased demand we would have to hire more employees to service the vehicles. This would increase our costs. Our growth would not be fast enough to support the employees that we hired and this investment would be quite costly for our company. The revenue for year four would be $700,000. Our total revenue would not increase at a faster rate than from year 2 to year 3. Meanwhile, the costs that were incurred would exceed revenue once again. Our total expenses for year four would be $900,538. Thus, we would have a net loss of $340,538 that year. This was once again another year where our net income was not positive.

In year five, we would attempt to turn the failing company around. However, it would be too late. We would continue our growth strategy from year three and year four. This would prove to be a strategic decision since we had the highest jump in revenue that year. We would have established a small but loyal customer base that amounted to the sales that we made that year. Our net revenue would be $1,000,000. We would incur costs of $1,170,915 amounting in a net loss of $370,915.



This business projection would clearly be a failure. The projected demand did not meet the founders' expectations. Moreover, this version of the plan to gradually grow was not well thought out and executed. There should have been a greater business focus in the first year that would've built a strong and loyal customer base. This foundation in early years is key for the company to grow. With too much time spent on customer discovery and understanding the market, too much of limited capital was washed down the drain on salaries and leases. These losses made it impossible for the company to bounce back in the years to follow. Essentially, with the strategy followed in this case, the company would be doomed to fail. When examining the cash flow, there is a slight increase from year one to year two. After three years, the company runs out of cash and has a cash flow of zero in the last two years of "operations". The total cash lost would be equal to -$3,691,487.38.

For this very pessimistic base case, we calculated a projected terminal value for the company after five years. In order to understand this valuation, one must explore the

assumptions we made in our projections. We assumed our liquidity premium to be 4.5% since our company is not as risky and illiquid as companies that require a lot of physical capital (manufacturing company etc.). Additionally, we projected a growth rate of 4.5%. The average growth rate for companies in the US is about 2.5%. The reason we exceed this average is because of how novel the gas delivery service industry is and the immense amount of potential that it holds. We assumed the market risk premium to be 5% since it has been on the decline since the beginning of this year. This means that investors are expecting a bit of a smaller return for the risk that they take with an investment. Finally, we assumed for the risk-free rate to be 0.5% which basically is equivalent to the rate of return for an investment with no risk. This makes sense since there is more risk today in general due to looming inflationary pressures and constant fears of new COVID variants. We assumed for our market correlation to be 40% and calculated a beta of 2. This means that Gassed Up moves somewhat relative to the market. With this, we calculated a RADR of 15% which highlights a less risky investment in the market. This is because of the fact that our company is entering into an up-and-coming industry and requires little physical investment into plants, property, and equipment compared to other industries. (These are the same assumptions made in the previous model). The Gordon Growth Model value would be -$3,691,487.38.

Muddle Case:

In examining a startup and its projections, one must also consider a muddle case. This is a situation where the startup is still profitable, yet not as profitable as in the optimistic case. This is because we were probably too over optimistic with the revenue and demand in the optimistic case - as would any other founder. In starting Gassed Up, we are planning on

investing $70,000 of our own money into the company. In addition to the founder's money, we will need an additional investment amounting to $865,000 from an outside investor to get our company off the ground and running. This startup cash is critical for it would enable us to pay for salaries, truck and car expenses, advertising, legal, and the gasoline itself. Without it, the company would be in very bad financial shape and on a trajectory for failure. In this first year, we would be likely setting up the business for operations and building critical relationships with potential customers and businesses. We would lock-down concrete contracts with businesses with fleets and business owners. Moreover, we would focus on slow and steady growth in one county. We would likely lease vehicles in order to get the logistics of our business perfected very early on. With this, we would project our revenue for the first year of operation to be zero since we would not be in operation technically but rather focusing on understanding the execution of the business plan. The total expenses would be $292,167 resulting in a net loss that year of $292,167.

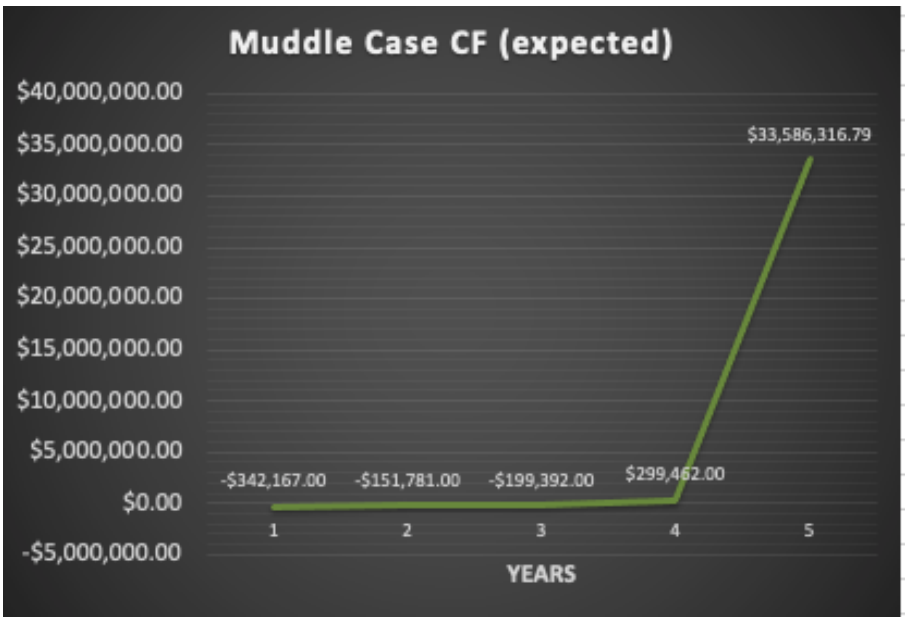
In the second year of operations, we would begin making income as we would begin bringing our business to life. In addition to this, we would designate employees to foster new relationships with new clients. We would also have to hire more employees to deal with this growth. This would enable us to ensure that our quality is not compromised for growth. Additionally, we would already have a client base to service at this point in time that allows for some sort of cash flow into the company. In this case, we would only obtain revenue of $300,000 in year two. On top of this, we would have total expenses amounting to $391, 781. This would further our net loss to equal $151,781. Net losses in the first years of operations are typical for startup companies, thus this would not be a cause for alarm but rather something that we must merely be aware of.

In year three, our preparation and planning would slowly come to fruition. At this point in time, we would have more and more customers in Bergen county, slowly establishing a loyal base. In order to keep up with this demand, we would have to hire more employees and lease more vehicles in order to streamline the process of fuel delivery to our clients and decrease their wait times. Despite this growth, we would still incur costs that exceed revenue. In year three, we would have revenue of $500,000 - an increase in revenue from year two but not enough growth. We would have expenses equating to $599,392 that year resulting in a net loss of $199,132. Regardless of the losses, Gassed Up would be on a path of growth at this point and would break even soon.

In the fourth year, the company would be thriving in the county that it was operating in and become well established. Gassed Up would begin looking at another county to expand into slowly in this year and the next year. New employees would certainly need to be hired to aid in the expansion of the business. We would likely have to devote less resources to advertising at this point in time since we would be relying on word of mouth by satisfied customers. The revenue for year four would be $1,500,000. Meanwhile, our total expenses for year four would be $900,538. Thus, we would have a net income of $299,462. This would be the first year that the company would be making a profit.

In year five, we would fixate on expanding into this second county. We would continue our growth strategy from year three and year four. This would prove to be a strategic decision since we would have the highest jump in revenue that year. We would have established a small but loyal customer base that amounted to the sales that we made that year. This base was

established slowly and gradually. Our net revenue would be $5,000,000. We would incur costs of $1,170,915 amounting to a net income of $2,829,085.



This is a muddle case because the company has a negative cash flow in the first three years and then is able to break even and make profits after a few years of operations. This case follows a similar J-curve that was seen with the optimistic case and is common with startups. As the company grows and matures, the cash flow increases quickly. Gassed Up's cash flows in year four and five are very optimistic and highlight a plethora of cash opportunities for the company. However, these opportunities are significantly lower than that of the optimistic model that was discussed above. This is because of the fact that the company grew considerably slower in the muddle case. Additionally, demand in the optimistic was overstated compared to the muddle case. Both this case and the optimistic case started with more cash than the fail case. This enabled the company to make key investments in infrastructure that was needed for its operations.

For the muddle case, we calculated a projected terminal value for the company after five years. In order to understand this valuation, one must explore the assumptions we made in our projections. We made the same assumptions as in the previous two models. The Gordon Growth Model value would be $28,156,31.67.

First Chicago Method Valuation for the Primary Case:

In order to better contextualize the three cases (base, fail, muddle) explored above, we decided to conduct a First Chicago Method Valuation for our primary business case. This method discounts cash flows that are projected by taking into account the capital's opportunity cost. This method has some limitations in that there is too much discretion left pertaining to the discount rate and the weight of the probabilities. However, every valuation method has some flaws. There is value in examining a valuation through various methods and lenses.

In order to complete this valuation one examines the projected cash flows for various scenarios. In the case of Gassed Up, we had three cases or scenarios - base, fail, muddle. For this method, different weights equating to 100% are given to each of the scenarios weighing the probabilities of them occurring. For our model, we assigned a weight of 5% to the base case, a weight of 45% to the muddle case, and a weight of 60% to the fail case. This is because of the fact that the base case is very optimistic - almost too optimistic in some cases. From the perspective of the investor it can be misleading since it accounts for the best case scenario from the entrepreneur's perspective. Moreover, this base case is typically over optimistic and fails to consider situations of where there is less demand than projected or some aspect of the business plan does not come into fruition. In order to mitigate this, the base case is valued at only 5% in order to keep the valuation realistic. Meanwhile, the fail case has the highest weight of 60%.

This is because of the fact that more than 60% of businesses fail within the first five years of operation. Our business too faces this risk of being a failure and is not averse without it. Therefore, we have weighed this scenario at 60%. Finally, we valued the muddle case at 45% because of the fact that it is more realistic than the optimistic scenario. With this, we calculated a First Chicago Valuation of $57,423,535.30.

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Y5 Sale		
Base CF	$238,133.60	$317,404.00	$4,234,157.40	$10,037,940.00	$145,435,845.24	$132,156,920.24		Terminal Value
Muddle CF	-$342,167.00	-$151,781.00	-$199,392.00	$299,462.00	$30,985,216.67	$28,156,131.67		$211,141,152.87
Fail CF	-$299,787.00	-$151,781.00	-$199,392.00	$0.00	$0.00	$0.00		
Expected CF	**-$321,940.67**	**-$143,499.85**	**$2,346.27**	**$636,654.90**	**$21,215,139.76**			
Exp Value DCF	**-$279,948.41**	**-$108,506.50**	**$1,542.71**	**$364,009.51**	**$115,522,143.00**	**$115,499,240.30**		1st Chicago- Valuation
					^ (CF5+TV)/(1+RADR)^5			$57,423,535.22

Relative Value Method Valuation for the Primary Case:

In addition to the First Chicago Method, we attempted to value the company using the Relative Value Method. It was difficult to find exact companies that were publicly traded that were exactly like Gassed Up. For our calculations, we used this calculation to estimate when Gassed Up will look like companies in the industry such as Marathon Petroleum or Valero Energy. We calculated an industry average of 4.2x when examining the Price per Earnings and the median of this was 3.9x. This was quite optimistic and highlights a lot of potential.

Relative Value

	Market Data			Financial Data				Valuation			
	Price	Market Cap	EV	Revenue	EBITDA	EBIT	Earnings	EV/Sales	EV/EBITDA	EV/EBIT	P/E
Company Name	*($/share)*	*($T)*	*($T)*	*($T)*	*($T)*	*($T)*	*($T)*	*x*	x	x	x
Marathon Petroleum	56.26	37,960	52,650	111,148	7,720	4,462	11,920	0.5x	6.8x	11.8x	3.2x
Valero Energy	70.65	29,800	39,960	108,000	2,700	2,645	5,540	0.4x	14.8x	15.1x	5.4x
ConocoPhillips	56.84	93,790	93,080	36,670	17,110	10,694	24,085	2.5x	5.4x	8.7x	3.9x
Average								**1.1x**	**9.0x**	**11.9x**	**4.2x**
Median								**0.5x**	**6.8x**	**11.8x**	**3.9x**

When we conducted our valuation using 4.2 as the multiple, we had a valuation that tripled our current valuation. We decided to decrease the multiple to 1.5 in order to make a more realistic use of the Relative Value Method. The main problem with this method is that there is no

company yet that has been sold or acquired that is identical to ours. There are certainly similarities with public companies such as Marathon Petroleum which acquired Speedway. However, there has been no acquisition of a gas delivery company since many of them are so novel. We did not think that it was an accurate representation of our company in using 4.2 as the multiple. This is because we would be deeming our startup somewhat equivalent to a company that had already been in operation for years before being acquired. With this, we calculated a Valuation of $97,805,142.52 for our company.

′ear	Year 1	Year 2	Year 3	Year 4	Year 5	Y5 Sale		
ʒase CF	$238,133.60	$317,404.00	$4,234,157.40	$10,037,940.00	$189,224,681.25	$175,945,756.25		Relative-Terminal Value
Muddle CF	-$342,167.00	-$151,781.00	-$199,392.00	$299,462.00	$33,586,316.79	$30,757,231.79		$366,870,786.65
ʻail CF	-$299,787.00	-$151,781.00	-$199,392.00	$0.00	$0.00	$0.00		
ɛxpected CF	**-$482,911.01**	**-$215,249.78**	**$3,519.41**	**$954,982.35**	**$36,862,614.93**			
ɛxp Value DCF	**-$419,922.61**	**-$162,759.75**	**$2,314.07**	**$546,014.26**	**$196,755,430.42**	**$196,721,076.38**		Relative 1st Chicago -Valuation
					^ (CF5+TV)/(1+RADR)^5			$97,805,142.52

Final Valuation of the Primary Case:

Thus, the estimated valuation of the company would be projected to be equivalent to $109,670,139. This was calculated through assigning different weights equating to 100% to each of the valuations weighing the probabilities of them occurring. For our model, we assigned a weight of 25% to the VC method, a weight of 25% to the Relative Value method, and a weight of 50% to the DCF method. This is because of the fact that the VC Method and Relative Method are typically more optimistic than the DCF method. Each of these methods holds different assumptions that can make their valuations misleading and not accurate. Thus, to mitigate this, we calculated the valuation and weighted the probabilities of the methods.

My Est Val	**$109,670,139.73**
Weights	
VC	0.25
DCF	0.5
RV	0.25

Alternative Case

Weights	
Base	10.00%
Muddle	40.00%
Fail	50.00%
RADR	15.00%

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Y5 Sale
Base CF	$6,228,400.00	$8,042,832.00	$14,732,257.00	$21,676,682.00	$466,456,943.33	$436,035,838.33
Muddle CF	-$991,600.00	-$142,100.00	$3,937,257.00	$6,086,682.00	$102,371,884.53	$92,945,779.53
Fail CF	-$1,071,600.00	-$221,600.00	-$607,743.00	$0.00	$0.00	$0.00

In our alternative case financial projections, we expect to focus on major cities in various states in the North East. This will be a strategy of rapid expansion and rapid growth that will require an influx of capital at the beginning to get the operation running. We believe that this option would enable us to garner a plethora of market share quickly and enable us to establish ourselves as a key player in the fuel delivery industry. Moreover, we would be able to be a leader in this industry through this rapid expansion plan. We will have to hire more people to ensure that our quality is not compromised as we grow. In order to better understand the consequences of this decision on our financials and our valuation, we have broken down our primary case into three scenarios: a base case, a muddle case, and a fail case.

Base Case - VC Method:

In order to get this plan off the ground and running, we will need a greater amount of startup capital. We project for this amount to be $2,000,000. As founders, we will be putting in $200,000 of our own capital. We will then need the remaining $1,800,000 from an outside investor. With this money, we will be able to begin our operations in multiple locations. Specifically, we will need to rent out office space and parking spaces in the cities that we will be operating in. The office spaces will serve as headquarters for our employees and the parking

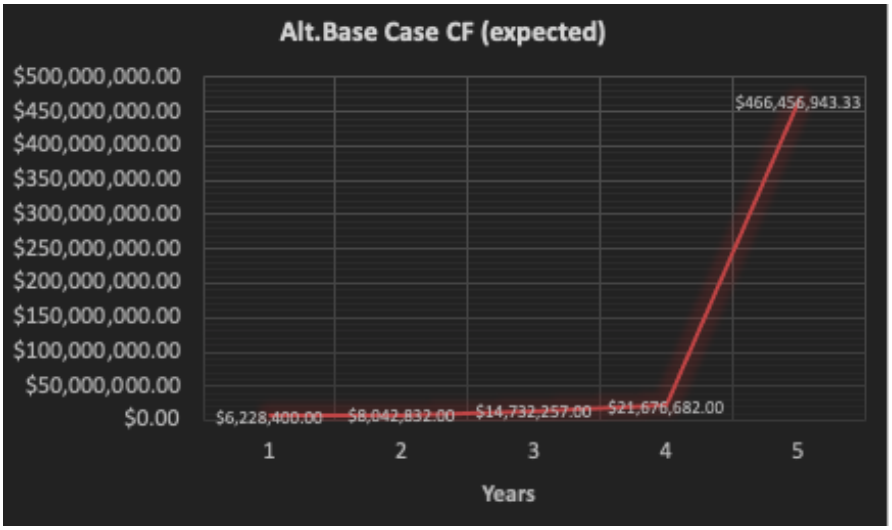
spaces will serve as “storage” for our fuel-delivery trucks. We will start out this first year with focusing on growing our business in three major cities - Washington, D.C., Boston, and New York. The reason why we selected these three locations is that these two cities have very low numbers of gas stations in them. We believe that this is a problem for customers that our fuel delivery service would truly solve since the amount of gas stations is limited in cities. We will have a founder living in each city to ensure the smooth running of both operations. We will use the startup money to pay for the salaries and wages of employees, to pay for the leased vehicles, to pay for rent, to pay for advertising, and to pay for legal/insurance. In this first year of operation, we will target consumers directly and focus on advertising. We must be sure to provide excellent customer service in order to build a strong customer base that is loyal. We project that our revenue in this first year will be $10,000,000 with expenses of $1,641,600. Our net income will be $8,358,400. We expect a plethora of demand for our services in these cities since we hit the nail on the head in identifying an issue that matters to customers.

In the second year of operations, we project continued growth. We will also begin expanding our services to fleet-based businesses in addition to servicing customers in these two cities. We are very optimistic in demand being strong and high for Gassed Up’s services. Because of this, we project an increase in revenue and sales in this second year of operations. Some may argue that we are being over optimistic. However, we believe that our projections reflect the dense populations of these two cities. Through having so many individuals located in small square footage, we will save on transportation costs on our end too. We project revenue to increase by $5,000,000 in year two, being equal to $15,000,000. Our costs including those for salaries and vehicles will increase since we will need more help to execute our business plan. Our expenses will be equal to $3,957,168 resulting in a net income of $11,042,832.

In this third year of operations, we project for this growth to continue at a rapid pace. Moreover, we begin penetrating into the market potential of another city - Philadelphia. With this growth, we will need to hire new employees and rent out new parking spaces for our vehicles. We will likely use our New York office space for the management of the Philadelphia market. This will enable us to save costs since management doesn't need to be in the city to do the groundwork. Management will rather be working on locating new leads and figuring out the best trajectory for the business to grow. They will additionally work on solidifying contracts with businesses to provide our services to company fleets or as employee benefits programs. In this third year, we project revenue to amount to $25,000,000 with expenses being equal to $5,267,743. This will result in net income of $19,732,257.

In year four of operations, we will continue on growing in all four of these major Northeastern cities. We will continue to focus on ensuring that our services are high quality and that our customer's needs are well met. We will hire more employees in order to accomplish that. We project our revenue in year four to be $37,000,000 with costs amounting to $7,923,318. This will leave us with a net income of $29,076,682 for that year.

In year five, we would fixate on solidifying ourselves in these locations and begin building an expansion plan into new northeastern cities. We would continue our growth strategy from the fourth year. Through this strategy of fast paced growth, we would garner a large portion of the market share early. This is critical because the fuel-delivery industry is novel and there is minimal saturation. Through fast-paced growth, we would be able to emerge as a key player in the industry. Our net revenue would be $50,000,000. We would incur costs of $9,578,895 amounting to a net income of $40,421,105.



This is certainly an optimistic business projection for Gassed Up that sees strong demand for our services and propels our business forward. The cash flow for this optimistic base case follows a J-curve that is often seen with startups. As seen above, during the first four years of operations, Gassed Up is very limited on its available cash. However, as the company grows and matures, the cash flow increases quickly. Gassed Up's cash flow in the fifth year is very optimistic and highlights a plethora of cash opportunities for the company.

For this optimistic base case, we utilized the VC method to obtain a terminal value for the company after five years. In order to understand this valuation, one must examine the assumptions we made in our projections. We assumed our liquidity premium to be 4.5% since our company is not as risky and illiquid as companies that require a lot of physical capital (manufacturing company etc.). Additionally, we projected a growth rate of 7.5% because we expected to grow quickly and expand. We assumed the market risk premium to be 5% since it has been on the decline since the beginning of this year. This means that investors are expecting a bit of a smaller return for the risk that they take with an investment. Finally, we assumed for the risk-free rate to be 0.5% which basically is equivalent to the rate of return for an investment

with no risk. This makes sense since there is more risk today in general due to looming inflationary pressures and constant fears of new COVID variants. We assumed for our market correlation to be 40% and calculated a beta of 2. This means that Gassed Up's stock price will move somewhat relative to the market. With this, we calculated a RADR of 15% which highlights a less risky investment in the market. This is because of the fact that our company is entering into an up-and-coming industry that holds a lot of potential for growth. With this same thinking we assessed our rate for the VC method to be 75% since it was a less risky investment than other startup companies. Through conducting the VC method, we estimated Gassed Up's terminal value to be $52,851,765.99 after five years in a pre money situation. The Gordon Growth Model value would be $579,369,171.67.

Fail Case:

In this case, we would also be investing $200,000 of our own money into the company. In addition to the founder's money, we will need an additional investment amounting to $1,800,000 from an outside investor to get our company off the ground and running. With this cash we will be able to pay for salaries, truck and car expenses, advertising, legal, and the gasoline itself. We would decide to spend the first year truly getting to know our target market and understanding their needs and how we can best fulfill them through our services. We would focus on growing our business in three major cities - Washington, D.C., Boston, and New York. With this, we would have no revenue in year one. However, we would still have to pay out wages to our employees for the work that they did. Moreover, we also would lease out vehicles for our employees to begin navigating the logistics of gas delivery. Because of this, we project our total expenses to equate to $941,600. This would come out to a net income of -$941,600 in the first year.

In the second year, we would attempt to increase our demand through focusing more on advertising and hiring more employees to focus on informing individuals and companies about our services. We would see some optimistic growth as revenue came in and some demand arose for our services. In this case, we would make $500,000 in year two. On top of this, we would have total expenses amounting to $861,600. This would decrease our net loss to $461,600. We thought that this would put us on a trajectory for a muddle case situation. That is far from true.

In the third year, we would shift our focus on building critical relationships with business owners. We would not be making enough revenue to expand our business into another city. Instead, we would have to focus our attention on solidifying our place in the current industry in these cities. This year, we would see an increase in expenses and a decline in revenue. With our shift of focus, demand fell because our service and quality declined. We essentially spread ourselves too thin on resources and lost customers. Our revenue was only $450,000 that year and our costs rose to $1,167,743. That resulted in a net loss of $807,743. This would drive our cash flow to zero. With a cash flow of zero, we are unable to operate as a business.

Theoretically if we didn't run out of cash we could see a strategy of the following in years four and five. In year four, we would have to refocus our work and hire more people and advertise more. Yet we would be slowly realizing that there is just not enough demand from customers for our services. We would be nowhere near making the revenue and sales we had projected in our optimistic case. All of what we would be doing would not be enough and should have been done sooner. In this case, we would not grow fast enough and would incur too many costs. In year four, we would have revenue of $350,000 - quite a shocking decline. We would have expenses equating to $1,423, 318 that year resulting in a net loss of $1,423,318. With this scenario, we would be in very serious trouble financially and failing as a business.

In year four, we would continue this same growth strategy that was used in year three. We would focus our work on servicing businesses and business employees through employee benefits programs. However, through increased demand we would have to hire more employees to service the vehicles. This would increase our costs. Our growth would not be fast enough to support the employees that we hired and this investment would be quite costly for our company. The revenue for year four would be projected to be $700,000. Our total revenue would not increase at a faster rate than from year 2 to year 3. Meanwhile, the costs that were incurred would exceed revenue once again. Our total expenses for year four would be expected to be $900,538. Thus, we would project a net loss of $340,538 that year. This was once again another year where our net income was not positive.

We would expect these same trends to translate into year five. According to our projections, net revenue would equal $170,000 while expenses would be equal to $1,578,895. This would result in a net loss of $1,442,895. It is evident that under this scenario our business would fail in its attempt to expand into multiple cities in the Northeast megalopolis.

This business projection would clearly be a failure. The projected demand did not meet the founders' expectations. Moreover, this version of the plan failed primarily because of the

fact that the demand did not line up with the expectations. The company designated too much money to growing a business that they did not know would fulfill a need for customers that mattered. The company overspent limited cash on things such as salaries for employees and leases for vehicles that were not needed. These losses made it impossible for the company to bounce back in the years to follow. Essentially, with the strategy followed in this case, the company would be doomed to fail. When examining the cash flow, there is a slight increase from year one to year two. After three years, the company runs out of cash and has a cash flow of zero in the last two years of "operations". The total cash lost would be equal to $14,360,240.71.

For this very pessimistic base case, we calculated a projected terminal value for the company after five years. In order to understand this valuation, one must explore the assumptions we made in our projections. We assumed our liquidity premium to be 4.5% since our company is not as risky and illiquid as companies that require a lot of physical capital (manufacturing company etc.). Additionally, we projected a growth rate of 4.5%. The average growth rate for companies in the US is about 2.5%. The reason we exceed this average is because of how novel the gas delivery service industry is and the immense amount of potential that it holds. We assumed the market risk premium to be 5% since it has been on the decline since the beginning of this year. This means that investors are expecting a bit of a smaller return for the risk that they take with an investment. Finally, we assumed for the risk-free rate to be 0.5% which basically is equivalent to the rate of return for an investment with no risk. This makes sense since there is more risk today in general due to looming inflationary pressures and constant fears of new COVID variants. We assumed for our market correlation to be 40% and calculated a beta of 2. This means that Gassed Up moves somewhat relative to the market. With

this, we calculated a RADR of 15% which highlights a less risky investment in the market. This is because of the fact that our company is entering into an up-and-coming industry and requires little physical investment into plants, property, and equipment compared to other industries. The Gordon Growth Model value would be -$14,360,240.71

Muddle Case:

As in the two cases above, we would also be investing $200,000 of our own money into the company. In addition to the founder's money, we will need an additional investment amounting to $1,800,000 from an outside investor to get our company off the ground and running. With this cash we will be able to pay for salaries, truck and car expenses, advertising, legal, and the gasoline itself. We would focus on growing our business in three major cities - Washington, D.C., Boston, and New York as in the other cases. In this first year, we would have no revenue because we would focus on establishing strategic logistics and creating relationships with potential customers. However, we would still have to pay out wages to our employees for the work that they did. Moreover, we also would lease out vehicles for our employees to begin navigating the logistics of gas delivery. Because of this, we project our total expenses to equate to $941,600. This would come out to a net income of -$941,600 in the first year.

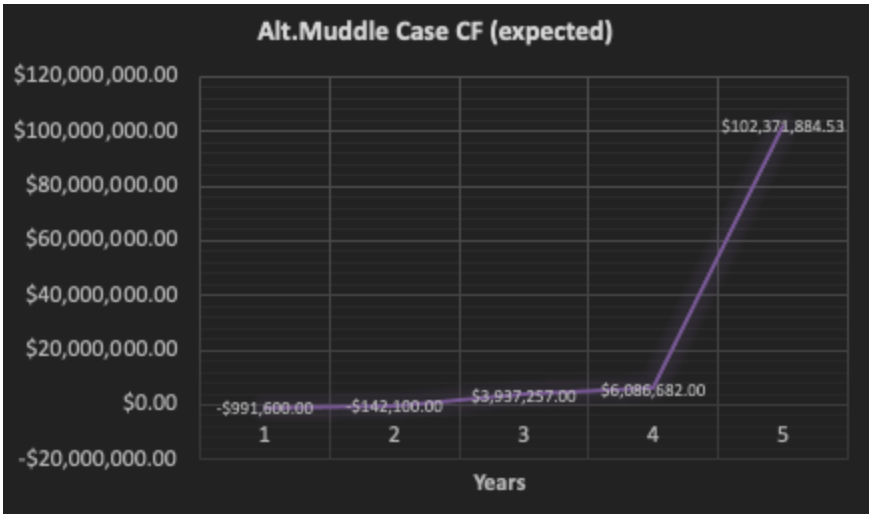
In the second year, we would attempt to increase our demand through focusing more on advertising and hiring more employees to focus on informing individuals and companies about our services. We would see some optimistic growth as revenue came in and some demand arose for our services. In this case, we would make $1,000,000 in year two. On top of this, we would have total expenses amounting to $942,100. This would decrease our net loss to $142,100. This

is realistic in any startup since most startups do not make money in the first few years of operations.

In the third year, we would shift our focus on building critical relationships with business owners. We would be making enough plans to expand our business into another city. Additionally, we would have to focus our attention on solidifying our place in the current industry in these cities. This year, we would see an increase in expenses and an increase in revenue. This makes sense since we had to hire more people to keep up with our business expansion and the demand. Our revenue was $7,000,000 that year and our costs rose to $1,662,743. That resulted in a net income of $3,937,257. This would be the first year that we would make a profit and break even.

In year four, we would have to refocus our work and hire more people and advertise more. We would proceed forward with expanding into another major city in the Northeast. However, Gassed Up would be nowhere near making the revenue and sales we had projected in our optimistic case. All of what we would be doing would not be enough and should have been done sooner. In this case, we would be projecting to have revenue of $10,00,000. We would have expenses equating to $1,913,318 that year resulting in a net profit of $6,086,682.

We would expect these same trends to translate into year five. According to our projections, net revenue would equal $15,000,000 while expenses would be equal to $2,573,895. This would result in a net profit of $9,426,105. Thus, our growth in this muddle scenario would still make Gassed Up a profitable company - certainly not as profitable as in the optimistic case.



This is a muddle case because the company has a negative cash flow in the first two years and then is able to break even and make profits after a few years of operations. This case follows a similar J-curve that was seen with the optimistic case and is common with startups. As the company grows and matures, the cash flow increases quickly. However, this cash flow is significantly lower than that of the optimistic model that was discussed above. This is because of the fact that the company grew considerably slower in the muddle case. Additionally, demand in the optimistic was overstated compared to the muddle case. Both this case and the optimistic case started with more cash than the fail case. This enabled the company to make key investments in infrastructure that was needed for its operations.

For the muddle case, we calculated a projected terminal value for the company after five years. In order to understand this valuation, one must explore the assumptions we made in our projections. We made the same assumptions as in the previous two models. The Gordon Growth Model value would be $28,156,31.67.

First Chicago Method Valuation for the Primary Case:

In order to better contextualize the three cases (base, fail, muddle) explored above, we decided to conduct a First Chicago Method Valuation for our alternative case as we did for the primary case. Just as before, we assigned different weights equating to 100% are given to each of the scenarios weighing the probabilities of them occurring. For our model, we assigned a weight of 5% to the base case, a weight of 45% to the muddle case, and a weight of 50% to the fail case. This is because of the fact that the base case is very optimistic - almost too optimistic in some cases. From the perspective of the investor it can be misleading since it accounts for the best case scenario from the entrepreneur's perspective. Moreover, this base case is typically over optimistic and fails to consider situations of where there is less demand than projected or some aspect of the business plan does not come into fruition. In order to mitigate this, the base case is valued at only 5% in order to keep the valuation realistic. Meanwhile, the fail case has the highest weight of 50%. This is because of the fact that more than 60% of businesses fail within the first five years of operation. Our business too faces this risk of being a failure and is not averse without it. Therefore, we have weighed this scenario at 50%. Finally, we valued the muddle case at 45% because of the fact that it is more realistic than the optimistic scenario. With this, we calculated a First Chicago Valuation of $263,000,323.49.

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Y5 Sale			
Base CF	$6,228,400.00	$8,042,832.00	$14,732,257.00	$21,676,682.00	$466,456,943.33	$436,035,838.33			Terminal Value
Muddle CF	-$991,600.00	-$142,100.00	$3,937,257.00	$6,086,682.00	$102,371,884.53	$92,945,779.53			$994,592,797.97
Fail CF	-$1,071,600.00	-$461,600.00	-$807,743.00	$0.00	$0.00	$0.00			
Expected CF	**-$670,600.00**	**$107,396.60**	**$2,104,507.00**	**$3,822,841.00**	**$69,390,195.21**				1st Chicago
Exp Value DCF	**-$583,130.43**	**$81,207.26**	**$1,383,747.51**	**$2,185,721.75**	**$ 528,987,590.96**	**$532,055,137.05**			$ 263,000,323.49
					^ (CF5+TV)/(1+RADR)^5				

Relative Value Method Valuation for the Alternative Case:

In addition to the First Chicago Method, we attempted to value the company using the Relative Value Method. As in the primary case, we decided to decrease the multiple to 1.5 in order to

make a more realistic use of the Relative Value Method. The main problem with this method is that there is no company yet that has been sold or acquired that is identical to ours. There are certainly similarities with public companies such as Marathon Petroleum which acquired Speedway. However, there has been no acquisition of a gas delivery company since many of them are so novel. We did not think that it was an accurate representation of our company in using 4.2 as the multiple. This is because we would be deeming our startup somewhat equivalent to a company that had already been in operation for years before being acquired. With this, we calculated a Valuation of $240,282,383.62 for our company.

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Y5 Sale
Base CF	$6,228,400.00	$8,042,832.00	$14,732,257.00	$21,676,682.00	$330,387,349.65	$299,966,244.65
Muddle CF	-$991,600.00	-$142,100.00	$3,937,257.00	$6,086,682.00	$102,371,884.53	$92,945,779.53
Fail CF	-$1,071,600.00	-$221,600.00	-$607,743.00	$0.00	$0.00	$0.00
Expected CF	-$670,600.00	$227,396.60	$2,204,507.00	$3,822,841.00	$62,586,715.52	
Exp Value DCF	-$583,130.43	$171,944.50	$1,449,499.14	$2,185,721.75	$483,293,699.32	**$486,517,734.27**
					^ (CF5+TV)/(1+RADR)^5	

Final Valuation of the Alternative Case:

Thus, the estimated valuation of the company would be projected to be equivalent to $397,573,309. This was calculated through assigning different weights equating to 100% to each of the valuations weighing the probabilities of them occurring. For our model, we assigned a weight of 25% to the VC method, a weight of 25% to the Relative Value method, and a weight of 50% to the DCF method. This is because of the fact that the VC Method and Relative Method are typically more optimistic than the DCF method. Each of these methods holds different assumptions that can make their valuations misleading and not accurate. Thus, to mitigate this, we calculated the valuation and weighted the probabilities of the methods.

My Est Val	$397,573,309.25
Weights	
VC	0.25
DCF	0.5
RV	0.25

Decision:

When comparing the Primary and the Alternative case, we would select the Alternative case as our business strategy. This is because of the fact that this case certainly yields a higher valuation in comparison to the Primary case. With this case, we would require $1,800,000 in startup funds resulting in us giving .45% of our company. We calculate this by the original investment of the $1.8 million divided by our valuation of $397,573,309. This valuation comes from the VC value with the weights determined by each of the methods and the final summation.

Term Sheet

TERMS FOR PRIVATE PLACEMENT OF SEED SERIES PREFERRED STOCK OF GASSED UP, INC.

DECEMBER 11, 2021

The following is a summary of the principal terms with respect to the proposed Seed Series Preferred Stock financing of Gassed Up, Inc., a New Jersey corporation (the "***Company***"). Except for the sections entitled "Expenses", "No Shop/Confidentiality", such summary of terms does not constitute a legally binding obligation. Any other legally binding obligation will only be made pursuant to definitive agreements to be negotiated and executed by the parties.

Offering Terms

Securities to Issue:	Shares of Seed Series Preferred Stock of the Company (the "***Series Seed***").
Aggregate Proceeds:	Minimum of $1,800,000 [and maximum of $3,000,000 in aggregate].
Lead Investors:	Members of New York Angels, Inc. who will invest a minimum of $1,800,000.
Price Per Share:	$ 3.50 (the "***Original Issue Price***"), based on a pre-money valuation of $397,573,309, calculated based upon the capitalization of the Company as set forth in Exhibit A inclusive of an available post-closing option pool of 15% after receipt of maximum Aggregate Proceeds.
Dividends:	Annual 6% accruing cumulative dividend payable when as and if declared, and upon (a) a Redemption or (b) a Liquidation (including a Deemed Liquidation Event) of the Company in which the holders of Series Seed receive less than 5 times the Original Issue Price per share (the "Cap"). For any other dividends or distributions, participation with Common Stock on an as-converted basis.

Liquidation Preference:	One times the Original Issue Price plus any accrued and unpaid dividends thereon (subject to the "Cap") plus any other declared but unpaid dividends on each share of Series Seed, balance of proceeds paid to Common. A merger, consolidation, reorganization, sale or exclusive license of all or substantially all of the assets or similar transaction in one or a series of related transactions will be treated as a liquidation (a "Deemed Liquidation Event").
Conversion:	Convertible into one share of Common (subject to proportional adjustments for stock splits, stock dividends and the like, and Broad-based Weighted Average anti-dilution protection) at any time at the option of the holder.
Voting Rights:	Votes together with the Common Stock on all matters on an as-converted basis. Approval of a majority of the Series Seed required to (i) adversely change rights of the Series Seed; (ii) change the authorized number of shares; (iii) authorize a new series of Preferred Stock having rights senior to or on parity with the Series Seed; (iv) create or authorize the creation of any debt security if the Company's aggregate indebtedness would exceed 50% of the aggregate proceeds of the Series Seed; (v) redeem or repurchase any shares (other than pursuant to the Company's right of repurchase at original cost); (vi) declare or pay any dividend; (vii) increase in the option pool reserve within two years following the closing; (viii) change the number of directors; or (ix) liquidate or dissolve, including any change of control or Deemed Liquidation Event.

Documentation:	Documents will be based on Seed Series Preferred Stock documents published at http:/gust.com/SeriesSeed which will be generated/drafted by Company counsel.
Financial Information:	All Investors will receive annual financial statements and narrative update reports from management. Investors who have invested at least $25,000 ("***Major Investors***") will receive quarterly financial and narrative update reports from management and inspection rights. Management rights letter will be provided to any Investor that requires such a letter. All communications with Investors shall be conducted through Company's secure investor relations deal room on the Gust platform, which Company shall be responsible for maintaining with current, complete and accurate information.
Participation Right:	Major Investors will have the right to participate on a pro rata basis in subsequent issuances of equity securities.
Redemption Right:	The Series Seed shall be redeemable from funds legally available for distribution at the option of the holders of a majority of the outstanding Series Seed commencing any time after the seventh anniversary of the Closing at a price equal to the Original Purchase Price plus all accrued but unpaid dividends and any other declared and unpaid dividends thereon. Redemption shall occur in three equal annual portions.

Board of Directors:	Two directors elected by holders of a majority of Common stock, one elected by holders of a majority of Series Seed as nominated by the Lead Investor. Series Seed Director approval required for (i) incurring indebtedness exceeding $25,000 for borrowed money, (ii) selling, transferring, licensing, pledging or encumbering technology or intellectual property, other than licenses granted in the ordinary course of business, (iii) entering into any material transaction with any founder, officer, director or key employee of the Company or any affiliate or family member of any of the foregoing, (iv) hiring, firing or materially changing the compensation of founders or executive officers, (v) changing the principal business of the Company or (vi) entering into any Deemed Liquidation Event that would result in the holders of Series Seed Series receiving less than 5 times their Original Purchase Price.
Expenses:	Company to reimburse Investors a flat fee of $10,000 for background check expenses, due diligence and review of transaction documentation by Investors' counsel. Company shall be responsible for the expense of Company's Gust investor relations deal room up to $1,500 per year.
Future Rights:	The Series Seed will be given the same contractual rights (such as registration rights, information rights, rights of first refusal and tag along rights) as the first series of Preferred Stock sold to investors on terms similar to or consistent with NVCA or other standard documents customary for venture capital investments by institutional investors.

Founder Matters:	Each founder shall have four years vesting beginning as of the Closing, with 25% vesting on the first anniversary of the Closing and the remainder vesting monthly over the following 36 months. Full acceleration upon "Double Trigger." Each Founder shall have assigned all relevant IP to the Company prior to closing and shall have entered into a non-disclosure, non-competition and non-solicitation agreement (to the fullest extent permitted by applicable law), with such non-competition and non-solicitation covenants to be applicable during the term of his or her employment by the Company and for one year after the termination thereof. Founders shall be subject to an agreement with the Company pursuant to which the Company shall have a right of first refusal with respect to any proposed transfer of capital stock of the Company at the price offered.
No Shop / Confidentiality:	The Company and the founders agree that they will not, for a period of 60 days from the date these terms are accepted, take any action to solicit, initiate, encourage or assist the submission of any proposal, negotiation or offer from any person or entity other than the Investors relating to the sale or issuance, of any of the capital stock of the Company and shall notify the Investors promptly of any inquiries by any third parties in regards to the foregoing. The Company and the founders will not disclose the terms of this Term Sheet to any person other than officers, members of the Board of Directors and the Company's accountants and attorneys and other potential Investors acceptable to the Investors, without the written consent of the Investors

Term Sheet Discussion

Our term sheet discussion took place with Members of New York Angels, Inc. who will invest a minimum of $1,800,000 into our company. In our negotiations with the funders, a few critical things were discussed between the two parties. Primarily, the Angels believed that our valuation was too optimistic. Thus, there will need to be further discussion on this matter and further financials from our company. However, we do highlight to the Angels that we do have a plethora of relative options that have a potential for pivot and profit. This includes the ability to use our business model to take vehicles for inspections or perhaps merely just doing repairs for customers rather than fuel delivery. This increases the profitability of our startup. We certainly want to remain as transparent as possible with our investors. Transparency encourages accountability and builds trust, which is critical for a relationship between entrepreneurs and investors. We did not establish any special rights nor terms to buy out the company at this point in time. This is something that can certainly be discussed at a later date. However, we did discuss terms to buy out the company. We hope to sell the company after seven to ten years of operation. Our ultimate goal is for our company to be purchased by a larger gas company such as Exon Mobil. This could be a unique opportunity for a company of this nature to grow its grasp on this industry and truly revolutionize it. In regards to the board of directors, we will likely have three individuals on the board equating to an odd number of five. We agreed that two individuals from the Angels and two members from Gassed Up (CEO and CFO) would compromise the core four members. The fifth individual would be someone that is elected by a majority of the four members. This will enable both parties to feel a sense of equality and ownership of their votes. As further discussions occur, the Angels and founders will be able to come to more agreement on more terms.

References

https://jungleworks.com/on-demand-gas-apps/

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