

# FINANCIAL PROJECTIONS

## EducatedTraveler - 3-Year Financial Model

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**Fiscal Year:** Calendar Year (January - December)

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## EXECUTIVE FINANCIAL SUMMARY

### 3-Year Revenue Trajectory

- **Year 1 (2025):** \$450,000 (90 customers)
- **Year 2 (2026):** \$2,400,000 (400 customers)
- **Year 3 (2027):** \$7,500,000 (1,000 customers)

### 3-Year Profitability

- **Year 1:** \$75,000 net profit (17% margin)
- **Year 2:** \$696,000 net profit (29% margin)
- **Year 3:** \$3,000,000 net profit (40% margin)

### Key Assumptions

- Average program price: \$5,000 (Year 1) → \$6,000 (Year 2) → \$7,500 (Year 3)
  - Premium documentation uptake: 20% of customers
  - Customer acquisition cost: \$800 (Year 1) → \$600 (Year 2) → \$450 (Year 3)
  - Gross margin: 60% (Year 1) → 65% (Year 2) → 70% (Year 3)
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## YEAR 1 (2025) - DETAILED BREAKDOWN

### REVENUE MODEL

## Revenue Model

### Core Programs (75% of revenue = \$337,500)

- $90 \text{ customers} \times \$5,000 \text{ average} = \$450,000 \text{ total}$
- Breakdown by program type:
  - Italian Culinary ( $30 \text{ customers} \times \$4,500$ ) = \$135,000
  - Bali Wellness ( $25 \text{ customers} \times \$4,200$ ) = \$105,000
  - Greek Sailing ( $20 \text{ customers} \times \$5,800$ ) = \$116,000
  - Iceland Photography ( $15 \text{ customers} \times \$6,000$ ) = \$90,000
- Programs run: 12 total departures
- Average group size: 7.5 people per departure

### Premium Documentation Add-ons (15% = \$67,500)

- 18 customers purchase documentation packages (20% uptake)
- Average documentation package: \$1,500
- Professional photo package (12 customers): \$18,000
- Video + photo package (6 customers): \$49,500

### Certifications & Other (10% = \$45,000)

- Certification exam fees passed through: \$15,000
- Alumni membership (future revenue): \$0 (building community)
- Merchandise/gear: \$5,000
- Affiliate commissions (equipment, insurance): \$25,000

**Total Year 1 Revenue:** \$450,000

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## COST OF GOODS SOLD (COGS)

### Direct Program Costs (40% of program revenue = \$180,000)

Per Program Breakdown (Example: Italian Culinary 7-day):

- Accommodation (6 nights, boutique hotels): \$1,200
- Instruction fees (chef, assistants): \$800
- Food/ingredients for classes: \$400
- Ground transportation: \$200
- Certification materials/exam: \$150
- Welcome dinner + graduation meal: \$250
- Insurance (liability per person): \$100
- Local guides/translators: \$150
- Emergency fund allocation: \$100 **Total COGS per person:** \$3,350 **Selling at:** \$4,500 **Gross profit per person:** \$1,150 (26% margin on this program)

Higher margin programs (Sailing, Photography):

- Gross margins: 40-50% (lower instructor costs, existing infrastructure)

**Blended COGS:** 40% of revenue = \$180,000

**Documentation COGS (\$40,500)**

- Content creator fees (revenue share): \$27,000 (60% of doc revenue)
- Video editing/production: \$8,500
- Photo editing: \$3,000
- Platform/hosting (Vimeo, Dropbox): \$2,000

**Total COGS:** \$220,500

**GROSS PROFIT:** \$229,500 (51% margin)

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## **OPERATING EXPENSES**

**Marketing & Customer Acquisition (\$96,000)**

- Digital advertising (Google, Meta, TikTok): \$40,000

- Content creation (blog, social media): \$18,000
- Content creator partnerships (not per-trip): \$15,000
- SEO/SEM consultant: \$12,000
- Email marketing tools (ConvertKit): \$3,000
- Affiliate partnerships setup: \$8,000

## **Technology & Platform (\$42,000)**

- Website development (custom booking system): \$20,000
- CRM (HubSpot): \$6,000
- Booking/payment processing (Stripe fees): \$9,000
- Cloud infrastructure (AWS): \$3,000
- Design/UX improvements: \$4,000

## **Salaries & Contractors (\$72,000)**

- Arnaud Callier (CEO): \$24,000 (minimal, reinvesting)
- Antoine Louis (CMO): \$24,000 (minimal, reinvesting)
- Operations Manager (part-time): \$18,000
- Freelance trip coordinators (3 @ \$2k each): \$6,000

## **Administrative & Operations (\$36,000)**

- Business insurance (liability, E&O): \$12,000
- Legal fees (contracts, terms): \$8,000
- Accounting/bookkeeping: \$6,000
- Office/coworking: \$4,800
- Travel (scouting trips, conferences): \$5,200

## **Certification Partnerships (\$9,000)**

- Partnership fees (PADI, RYA, etc.): \$6,000

- Training for team on certification processes: \$3,000

**Total Operating Expenses:** \$255,000

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## YEAR 1 PROFIT & LOSS

Line Item	Amount	% of Revenue
<b>Revenue</b>	\$450,000	100%
Cost of Goods Sold	-\$220,500	49%
<b>Gross Profit</b>	\$229,500	51%
Operating Expenses	-\$255,000	57%
<b>EBITDA</b>	-\$25,500	-6%
Depreciation/Amortization	-\$5,000	1%
Interest Expense	\$0	0%
<b>Net Profit</b>	-\$30,500	-7%

**Note:** Slight loss in Year 1 due to heavy reinvestment in platform, marketing, and team building. Becomes profitable by Q4.

## YEAR 1 CASH FLOW

### Operating Activities:

- Net Income: -\$30,500
- Add back depreciation: +\$5,000
- Change in working capital: -\$20,000 (customer deposits, vendor payments)
- **Cash from Operations:** -\$45,500

### Investing Activities:

- Website/platform development: -\$20,000

- Equipment (cameras for documentation): -\$5,000
- **Cash from Investing:** -\$25,000

### **Financing Activities:**

- Seed investment: +\$500,000
- **Cash from Financing:** +\$500,000

**Net Change in Cash:** +\$429,500 **Ending Cash Balance:** \$429,500

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## **YEAR 2 (2026) - SCALED OPERATIONS**

### **REVENUE MODEL**

#### **Core Programs (75% = \$1,800,000)**

- 400 customers  $\times$  \$6,000 average = \$2,400,000
- Programs expanded: 40 departures across 10 different programs
- New destinations added: Costa Rica, Morocco, Thailand, Rajasthan
- Average group size: 10 people per departure

#### **Premium Documentation (15% = \$360,000)**

- 80 customers purchase (20% uptake)
- Average package: \$1,800 (higher quality offerings)

#### **Certifications & Alumni (10% = \$240,000)**

- Alumni advanced programs: \$120,000
- Alumni membership revenue starts: \$40,000 (400 members  $\times$  \$100/year)
- Affiliate revenue scales: \$80,000

**Total Year 2 Revenue:** \$2,400,000

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## YEAR 2 COSTS

### COGS (35% = \$840,000)

- Improved margins through:
  - Volume discounts from hotels/vendors
  - Better route optimization
  - In-house trip coordination (less outsourcing)

### Operating Expenses (\$864,000)

- Marketing: \$480,000 (20% of revenue - scaling customer acquisition)
- Technology: \$72,000 (platform improvements, mobile app)
- Salaries: \$240,000 (10 full-time staff)
  - Founders take \$60k each
  - Hire: Head of Content, Ops Manager, 2 Trip Coordinators, Customer Success, 2 Marketing roles
- Administrative: \$72,000

**Total Expenses:** \$1,704,000

## YEAR 2 PROFIT & LOSS

Line Item	Amount	% of Revenue
<b>Revenue</b>	\$2,400,000	100%
COGS	-\$840,000	35%
<b>Gross Profit</b>	\$1,560,000	65%
Operating Expenses	-\$864,000	36%
<b>Net Profit</b>	\$696,000	29%

**Cash Position End of Year 2:** \$1,080,000

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## YEAR 3 (2027) - MARKET LEADERSHIP

### REVENUE MODEL

#### Core Programs (75% = \$5,625,000)

- 1,000 customers × \$7,500 average = \$7,500,000
- Programs: 80+ departures, 15 different programs
- Signature Series launched (higher price points: \$10k-15k)
- Corporate B2B programs: \$600,000 (40 companies × \$15k avg)

#### Premium Documentation (15% = \$1,125,000)

- 200 customers purchase (20% uptake maintained)
- Signature documentary packages: \$3,000-5,000

#### Certifications & Alumni (10% = \$750,000)

- Alumni programs: \$400,000
- Membership: \$150,000 (1,500 members × \$100/year)
- Affiliate/partnerships: \$200,000

**Total Year 3 Revenue:** \$7,500,000

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### YEAR 3 COSTS

#### COGS (30% = \$2,250,000)

- Further margin improvements
- Some premium programs have higher costs but command premium prices

#### Operating Expenses (\$2,250,000)

- Marketing: \$1,500,000 (20% of revenue - continued growth investment)

- Marketing: \$1,500,000 (20% of revenue - continued growth investment)
- Technology: \$225,000 (marketplace platform, AI personalization)
- Salaries: \$900,000 (30 full-time staff)
  - Founders: \$120k each
  - Senior hires: COO, CFO, Head of B2B
  - Team: 25 full-time across ops, marketing, customer success
- Administrative & office: \$225,000
- Celebrity partnership advances: \$300,000 (Signature Series)
- International expansion costs: \$100,000

**Total Expenses:** \$4,500,000

## YEAR 3 PROFIT & LOSS

Line Item	Amount	% of Revenue
<b>Revenue</b>	\$7,500,000	100%
COGS	-\$2,250,000	30%
<b>Gross Profit</b>	\$5,250,000	70%
Operating Expenses	-\$2,250,000	30%
<b>Net Profit</b>	\$3,000,000	40%

**Cash Position End of Year 3:** \$3,775,000

## KEY FINANCIAL METRICS

### Unit Economics (Year 2 Stabilized)

#### Per Customer:

- Average Revenue: \$6,000

- Average COGS: \$2,000 (33.3%)

- Average CAC: \$2,100 (55%)
- Gross Profit: \$3,900 (65%)
- Customer Acquisition Cost: \$600
- Net Profit per Customer: \$1,740

### Lifetime Value (LTV):

- Average customer books 1.8 programs over 3 years
- $LTV = \$6,000 \times 1.8 \times 0.29$  (net margin) = \$3,132
- LTV/CAC Ratio = 5.2x (healthy, target >3x)

### Growth Metrics

Metric	Year 1	Year 2	Year 3
Customers	90	400	1,000
Growth Rate	-	344%	150%
Programs Offered	4	10	15
Departures	12	40	80+
Team Size	4	10	30
Countries Operated	4	8	12

### Profitability Metrics

Metric	Year 1	Year 2	Year 3
Gross Margin	51%	65%	70%
Net Margin	-7%	29%	40%
EBITDA	-\$26k	\$696k	\$3.0M
Cash Position	\$430k	\$1.08M	\$3.78M

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## FUNDING & USE OF FUNDS

**Seed Round: \$500,000 (Current)**

**Allocation:**

**1. Platform Development (\$150,000 - 30%)**

- Custom booking system with certification tracking
- Customer dashboard (view certifications, download content)
- CRM integration (HubSpot)
- Payment processing (Stripe Connect for multi-currency)
- Mobile-responsive design
- Security & compliance (GDPR, payment)

**2. Marketing & Launch (\$175,000 - 35%)**

- Brand development (\$20k): Logo, guidelines, messaging
- Website content (\$15k): Copywriting, photography, video
- Digital advertising (\$60k): Google, Meta, TikTok campaigns
- Content creator partnerships (\$40k): 3-5 initial partnerships
- PR agency (\$25k): Travel + lifestyle media outreach
- Launch event (\$15k): Press, influencer attendance

**3. Operations & Certification Partnerships (\$125,000 - 25%)**

- Certification body partnerships (\$30k): PADI, RYA, Yoga Alliance, WSET setup
- Insurance & legal (\$40k): Comprehensive liability, contracts, terms
- Vendor agreements (\$25k): Hotels, instructors, ground transport
- Scouting trips (\$20k): Visit/vet all Year 1 destinations
- Emergency fund (\$10k): Customer issues, refunds

**4. Working Capital (\$50,000 - 10%)**

- 6-month operational runway
- Buffer for customer deposits (held in escrow)
- Unexpected expenses

## Series A Considerations (Year 2 - Optional)

**Potential Raise:** \$2-3M for aggressive expansion

**Use:**

- International market entry (UK, Australia offices)
- Technology: Build marketplace platform (open to other providers)
- Marketing: Scale to \$2M annual spend
- Team: Hire 15-20 additional staff
- Celebrity partnerships: Signature Series development

**Valuation Target:** \$15-20M post-money (based on Year 1 traction)

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## SCENARIO ANALYSIS

### Best Case Scenario (+30% vs Base)

- **Year 1:** \$585k revenue, break-even
- **Year 2:** \$3.1M revenue, \$900k profit
- **Year 3:** \$9.8M revenue, \$3.9M profit
- **Drivers:** Viral social media moment, celebrity partnership early, higher documentation uptake

### Base Case (Presented Above)

- Steady, sustainable growth
- Conservative customer acquisition assumptions
- Proven travel market dynamics

## Worst Case Scenario (-30% vs Base)

- **Year 1:** \$315k revenue, -\$90k loss
  - **Year 2:** \$1.7M revenue, \$200k profit
  - **Year 3:** \$5.3M revenue, \$1.5M profit
  - **Drivers:** Slower customer acquisition, higher CAC, competitive pressure
  - **Mitigation:** Still profitable by Year 2, sustainable business model
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## BREAK-EVEN ANALYSIS

### Monthly Break-Even (Year 1)

- **Fixed Costs per Month:** \$21,250
- **Average Gross Profit per Customer:** \$2,550
- **Break-Even Customers per Month:** 8.3 customers
- **Expected:** 7.5 customers/month (achieve break-even by Q4)

### Path to Profitability

- **Q1 2025:** -\$15k (4 customers/month - launching)
  - **Q2 2025:** -\$10k (6 customers/month - building momentum)
  - **Q3 2025:** -\$5k (8 customers/month - approaching break-even)
  - **Q4 2025:** +\$20k (12 customers/month - profitable, peak season)
  - **Full Year:** -\$10k (slight loss, heavy investment)
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## RETURN ON INVESTMENT (For Investors)

### \$500k Seed Investment @ 20% Equity

#### Exit Scenarios (Year 4-5):

**Conservative Exit (\$30M valuation):**

- Investor stake value: \$6M
- Return: 12x
- IRR: ~85% over 4 years

**Base Case Exit (\$45M valuation):**

- Investor stake value: \$9M
- Return: 18x
- IRR: ~110% over 4 years

**Optimistic Exit (\$70M valuation):**

- Investor stake value: \$14M
- Return: 28x
- IRR: ~140% over 5 years

**Comparable Acquisitions:**

- Flash Pack: \$20M (2018)
  - Much Better Adventures: \$8M (2020)
  - TripSchool: \$12M (2015)
  - Our advantage: Certification model + documentation creates higher defensibility
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**FINANCIAL CONTROLS & REPORTING****Monthly Reporting**

- P&L statement
- Cash flow statement
- Customer metrics (bookings, conversion rates)
- CAC and LTV tracking

- Program-level profitability

## Quarterly Board Updates

- Strategic initiatives progress
- Fundraising needs assessment
- Competitive landscape changes
- Risk assessment

## Annual Audit

- Full financial audit (Year 2+)
  - Tax compliance
  - Insurance review
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## APPENDICES

### Available Upon Request:

- Detailed monthly cash flow (36 months)
  - Program-by-program P&L
  - Customer acquisition model
  - Sensitivity analyses
  - Cap table
  - Founder vesting schedules
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