

FABA Venture Capital



Investment Memorandum

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We are the co-creators of human potential

- FABA is the first venture capital company with positive impact on our lives.
- FABA invests in those projects that passed through professional due diligence process, where it becomes an equity shareholder.
- Due to our professional approach, financial investment, time commitment of the mentors and the wide network of strategic contacts, the valuation of companies raises. Our investments are then exited at their peak to return multiples of initial investment .
- FABA was founded by a group of experienced people, whose interest is to support projects and teams of people with ambition to influence the world.
- The Common Vision has helped to define the target segments and future megatrends which are changing the environment today and are contributing to further development:
 - Foodtech, Biotech, AI, Robotics and other sector agnostic opportunities
- The investment horizon is set at 5 years. Companies in FABA portfolio will be exited in this time.
- The main goal of FABA is to become the largest venture capital company that supports game-changing projects with the positive impact on our environment.

FABA team



Robert Flocius

CEO, FABA



Alex Nakonechny

CTO, FABA



Julia Zajacova

CFO, FABA



Radek Zejda

CSO, FABA



Martin Malek

Mentor, FABA



Jonathan Todd

Mentor, FABA



William Jalloul

Mentor, FABA



Lenka Love

Mentor, FABA



Maksim Beliaev

Ideamaker, FABA



Zahar Deina

Programmer, FABA

Faba Core Team

Robert Flocius - CEO

- I'm the Financial Executive with broad experience in all aspects of equity investments. Former shareholder and Co-founder of UB Networks Benelux NV - a US based data communications company and first world partner of Cisco systems Inc. later sold to Newbridge for \$ 260 million. I served as senior Adviser to Madge Networks (fastest growing UK company in 1996). My focus: M&A, Equity, IPO's, Structured Finance, Consulting.

Alexander Nakonechny - CTO

- I focus primarily on the field of crisis management and business models set ups, which is essential in the implementation of business projects in different stages and sizes.

Julia Zajacova - CFO

- I graduated from Economics with specialisation on production management and logistics. I have 12 years of international experience in supply chain management working for the large corporates, specifically in planning and forecasting positions. I'd love to use my wide experience in order to support the new ideas, technologies and turn them into fresh energy.

Radek Zejda - CSO

- In my career I have worked mainly on sales positions. For the last 5 years, I have been working with people in the field of coaching and mentoring. Business, Management, HR and Marketing are areas that I understand and in which I see my value add.

Faba Mentor Team

Jonathan Todd

- I have 10 years of experience in founding some of the largest media brands on the web today. I specialise in building teams, marketing, UX and customer retention. I have had 3 successful exits in this time. I am looking to add value as a mentor to any web/mobile based projects.

Blake Wittman

- I've spent my 18-year career spreading my passion for people and purpose. My experience was gleaned across a broad spectrum of companies – from internet startups to Fortune100 companies. I currently serve as shareholder and CEO of GoodCall, an innovative disrupter in the recruitment space, and I run European strategic sales for two other HR startups.

Philip Staehelin

- I have more than 25 years of experience in the corporate and consulting world. I served as CEO of a \$500m payments company, I was a Managing Partner for Roland Berger, as well as holding executive roles in T-Mobile, Accenture, A.T. Kearney and CA-IB Investment Bank. I'm also a co-owner of Startup Yard (CEE's oldest startup accelerator).

Robert Breadon

- I have over 25 years of international business experience with startups in 9 different countries and 30 locations. The last ten years I have become a licence NLP trainer and use the techniques to accelerate development to maximum capacity. In Prague my training centre www.breadon.cz offers professional coaching services to corporate and domestic clients.

Investment strategy

In the first round of investment, FABA aims to support a maximum of 60 projects with the outlook of 6 - 9 successful projects that will reach target valuation of 10-30 multiples of the initial investment. It is common that up to 60% of average VC portfolio companies will fail with ROI lower than 1 and the remaining companies will generate ROI between 1 to 5. Faba will eliminate the fail rate by execution of comprehensive due diligence process and implementation of tranching mechanism binded to the agreed key milestones of the invested project. It is expected to execute all the Seed investments in the first 1 - 2 years and private equity investments within the first 4 years for ensuring enough time to achieve significant increase in value before exiting the shares which will be happening continually.

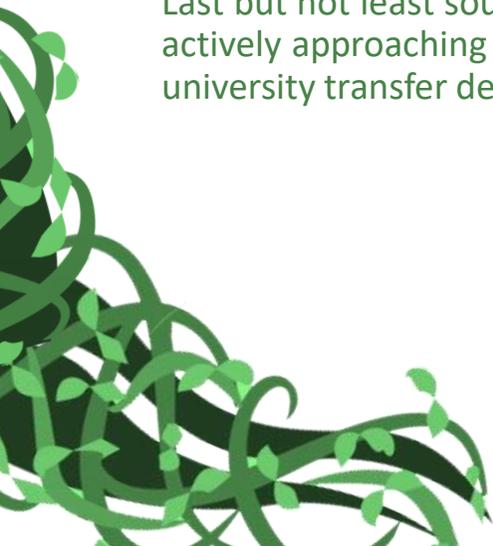
Investment deal-flow

We believe the deal flow is absolutely crucial to increase the chances of investing the unicorn. Our experience is that the top 1% out of the thousands of applications will be selected for the closer due diligence. Therefore we formulated comprehensive strategy to attract the top companies seeking the venture and private equity investments.

The most prospective source of companies for screening is our network of contacts that our team has built for passed years of being actively involved in venture capital industry. We cooperate on sourcing with independent scouts, technology experts and mentors that are influencing the startup environment in Europe and USA.

Our team will support and actively participate on the most important startup events among the Europe and USA.

Last but not least source of the most innovative and promising companies is the European Universities. We are actively approaching the top Universities to get access to spin-off companies usually hidden on the prestigious university transfer departments without the knowledge of approaching the venture capital investors.



Evaluation of potential project

The process of selecting a suitable project begins with an analysis of the basic form that is filled in by the applicant on our web page.

Once the project fits into FABAs investment strategy based on our investment memorandum and meets following criteria: business segment, market, global expansion and the size of the required investment, then it is invited to the elevator pitch presentation for introduction. Presentation is evaluated by mentors (people who have a proven track record of building and selling their own companies, or who have been in top management positions), they ask questions and give feedback to the project. At the end of the presentation mentors vote if the project can pass to the next round of assessment.

In every project, both the business plan and the core team are evaluated. The product or service can be always changed on its way, but it is the CEO and his team, that is the most important factor.

Evaluation of potential project

The duration of the presentation together with the additional questions from mentors is set for 1-1.5 hours. The applicant receives in advance by e-mail the content of the presentation:

- 📌 product / service description - current status
- 📌 market product need / service solving + value add
- 📌 core team, key roles and their substitutability
- 📌 business model
- 📌 marketing strategy
- 📌 competition and competitive advantage
- 📌 market position, planned expansion + SWOT analysis
- 📌 3 year plan - operational costs development and CAPEX
- 📌 investment offer - the amount of the business shares offered
- 📌 the required amount of investment and its breakup
- 📌 exit strategy

Evaluation of potential project

When the majority of mentors decide positively, one or more interested Faba mentors become the project mentor based on their experience. The mentor is financially motivated for his time and support and gains a call option for the minority stake for his commitment until the exit. The authorized capacity for one mentor is 2-3 projects.

At the investment stage of negotiations, FABA helps with the completion of the business plan, which becomes the annex of the company's share transfer agreement. The investment is divided into three tranches according to the KPI'S fulfilment on the bases of the business plan. FABA and the mentor get an equity share and the right for a call option for the investment provided. In the seed stage of the investment, FABA acquires a total of max 30 % of the company's shares, of which the mentor receives max 5% call option. For companies that have a turnover and proof of concept the amount of the equity is determined individually based on the company's valuation. The valuation is then determined by company's assets 3 x EBITDA, human capital, market share, segment and its valuation environment, potential, all reduced by risk.

FABA, together with the project founders, must agree on the exit strategy prior to the investment. After the investment, the project is shared in our online application, where the core activity and reporting schemes are described. This includes reports (revenue, costs, number of staff numbers, realization plans and their current status), mentors and as well online chat.

FABA application

There will be an application available for FABA bond holders in order to monitor our investments.

Users will be able to:

- Monitor projects into which FABA already invested and see their latest updates.
- Check regular company updates and news.

What do we offer to FABAs bond holders?



Total amount of emission CZK 600 M
Prospect approved by Czech National Bank
Nominal bond value CZK 10.000
Minimum subscription amount 10 pcs
Quarterly coupon payments
7,20 % p.a. interest in 5 year horizon

Funds allocation

- From the total amount of the bond sale, CZK 540 M (90%) will be used for equity Investments in prospective startups.
- Amount of CZK 60 M (10%), representing 2% p.a. management fee, will be used to cover FABAs operational costs and the entire acceleration infrastructure for a period of 5 years.



Average return on investment

- Investment into 55 projects out of which 6 - 9 best represent 10-30 x the return on investment, 1 out of 100 projects gets an valuation of \$ 1B (unicorn)
- We support a portfolio of multiple projects to diversify return on investment
- E.g. FABA invests CZK 600 M - expected return of CZK 6,72 B including unicorn, CZK 1.72 B excluding unicorn

Investment portfolio



whalecup

Biodegradable food packaging



AGORA Pharmaceuticals

Biotechnological company dedicated to development of new treatments against neurodegenerative disorders, like Alzheimer's disease



My Father's Hair

Natural cosmetics supporting the hair growth



Hooba Foods

Oyster mushroom as a substance for the meat



Reactor gen - 4

Hydrogen production from renewable resources



Investment portfolio

Supporting projects with global potential

- 34 x seed (idea)

For the seed companies we invest to create a proof of concept (functioning prototype).

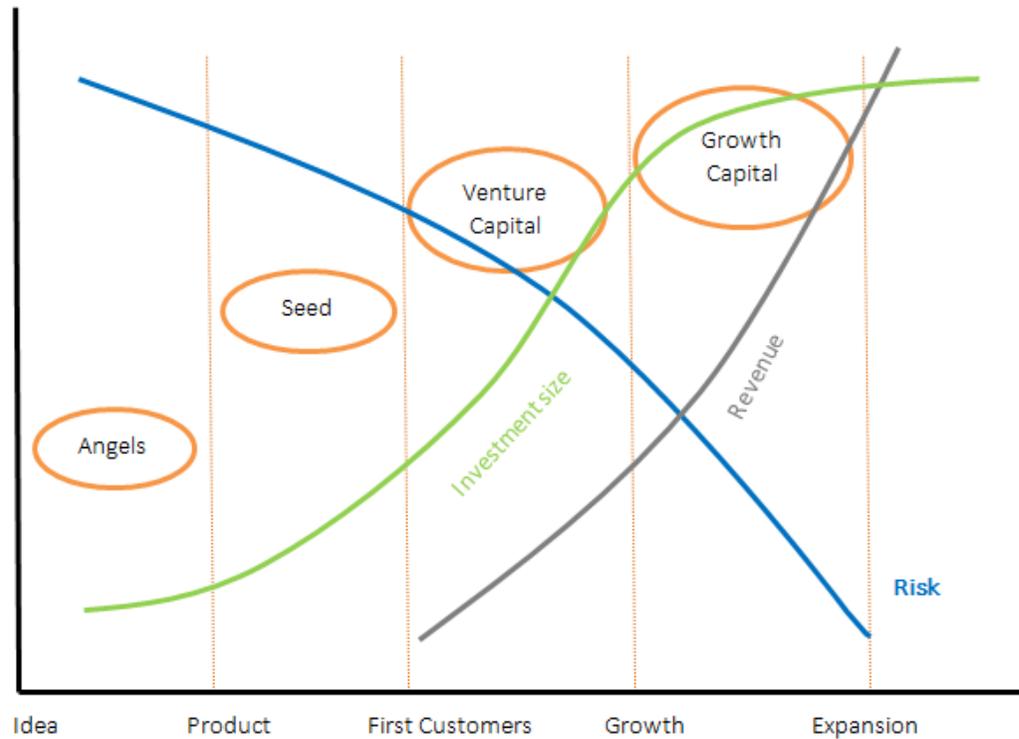
- 19 x venture capital (turnover)

Venture capital (the initial income phase), is to be used as stabilization of the main expansion strategy.

- 2 x private equity

These are companies with minimum risk, with the high potential of growth.

Investment to startups



Where do we look for projects?



USA

Californian Silicon Valley has been considered as one of the most innovative place in the world for decades. In the vicinity of San Francisco, they are the headquarters of internet giants and computer world as Facebook, Google or Apple.



India

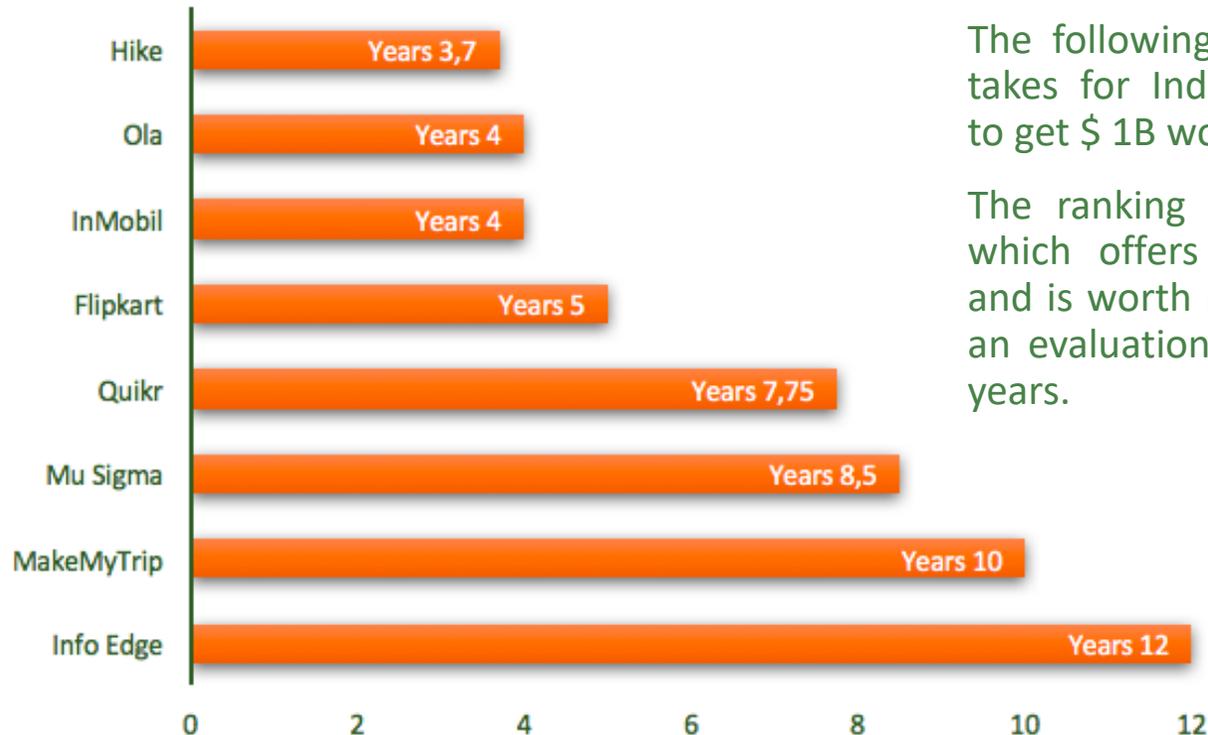
With an estimate of 1.3B population, India is the world's largest democracy. GDP is the fourth-largest in the world after the United States, China and Japan. India represents huge market and dynamic development.



Europe

Czech Republic belongs to the most technologically developed countries in EU. Successful projects as AVG and AVAST were born here.

How fast do unicorns grow in India ?.



The following chart shows how long it takes for Indian technology companies to get \$ 1B worth of so-called unicorns.

The ranking is led by Hike a start-up which offers a messaging application, and is worth more than a billion dollars, an evaluation reached in less than four years.



Synergy



Value add

How venture capital works

- Invia.cz (CZ) In 2008, the entry of the Polish investor MCI was 2.7M EUR for a 50.1% share. In 2011 and 2012 MCI increases its business share to around 80%.
- Year 2016 Czech Rockaway Capital is buying Invia for 76M EUR.
- MCI for its share got 54M EUR. The first investment returned eleven times, later 3.5 times.

invia

mci

r o c k a w a y

How venture capital works

- 🍷 Uber was founded in the year 2009. In the same year the company received initial investment (seed funding) in the amount of \$ 200 000.
- 🍷 In 2010, Uber received \$ 1.25M and 2011 additional \$ 44.5M.
- 🍷 In June 2014 Uber announced, that it received \$ 1.2B funding and its estimated value reached \$ 18.2B. Next investment was \$ 1.5B in the summer.
- 🍷 In the beginning of 2018 Soft Bank buys 2.9% of Uber shares for 1.4B dollars from Uber Co-founder Travis Kalanick.

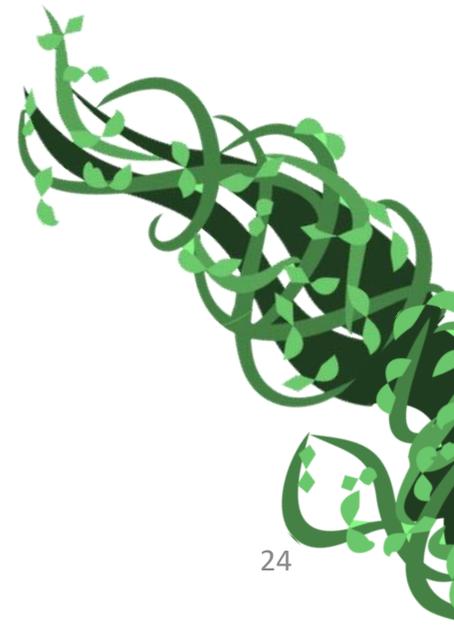
 SoftBank





How do we select startups?

- The foundation of a successful startup is a unique team of people
- Product /customer need solution / company impact
- Economy and market policy, how can a product become successful
- Grow potential / Value
- Exit horizon 3-8 years
- Global ambition



What is the key to a successful investment?

Value add

- 👉 Project control by Faba team
- 👉 Network of accelerators and other external partners
- 👉 Creating the right environment for development
- 👉 Support by our experts and mentors
- 👉 Co-investment, using kickstarter platforms

To approve the investment is required

- 👉 Quality business plan
- 👉 Unique team
- 👉 Due diligence
- 👉 Correctly selected market
- 👉 Quality product that addresses the need
- 👉 Thoughtful investment strategy



Contact

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“Become a part of new FABA economy and make the world better together with us!”

