



»skyBottle™ powered by SBTE GmbH« Business Plan

**A Master's Thesis submitted for the degree of
"Master of Business Administration"**

supervised by
Prof. Robert D. Hisrich, PhD

Juergen Kopeinig
9032424

Kraig (Austria), July 31st, 2012

Affidavit

I, **Juergen Kopeinig**, hereby declare

1. that I am the sole author of the present Master's Thesis "»skyBottle™ powered by SBTE GmbH« - Business Plan", 110 pages, bound, and that I have not used any source or tool other than those referenced or any other illicit aid or tool, and
2. that I have not prior to this date submitted this Master's Thesis as an examination paper in any form in Austria or abroad.

Kraig, July 31st 2012



Signature

For Ingeborg

Abstract

Author of the master's thesis	Mag. Juergen Kopeinig
Institution	WU Executive Academy
Title of the master's thesis	»skyBottle™ powered by SBTE GmbH« - Business Plan
Supervisor	Prof. Robert D. Hisrich, PhD
Extent	110 pages

SBTE GmbH is presenting a simple, innovative consumer product. The market already knows the progenitor of **skyBottle™** as a very old-fashioned product. SBTE GmbH uses research and development expertise, also from external research institutions, to create an effective, needs-addressing solution for drinks bottles, which could be delivered with an individual design aspect and a high usability standard. Trends in the behaviour of people through health awareness indicate that the market for **skyBottle™** has huge potential for growth. Current alternatives do not address these requirements. The customer will find the product in mountaineering equipment retailers or is able to buy it directly via webshop.

Critical success factors will be encouraged by the excellent setting of operations management and a well defined mix of internal and external forces to fulfil the company strategic requirements and targets. Excellent partners for various functions are involved in the value chain.

SBTE GmbH is a low-risk company which offers an internal rate of return of about 27.15% over a five year period. The company is preliminarily financed by the entrepreneurs and by governmental funds at the beginning of the venture. Further investments are covered by the funds from operations.

In year 3 of operations SBTE GmbH will look for an option to sell the venture. Potential candidates will be found in the list of competitors and in the list of mountaineering equipment sellers.

SBTE GmbH and their entrepreneurs, Severin Greyer and Juergen Kopeinig, set up a venture with enthusiasm and power and try to build up a great culture in the organisation.

In addition to the business plan, two small theoretical chapters have also been worked out. These chapters deal firstly with the partnering process during the pre-seed stage of a venture and secondly with bootstrapping during the financing process of the venture.

»skyBottle™ powered by SBTE GmbH« - Business Plan

An innovative business model in the mountain sports and leisure industry based on the potential of a consumer durable product “vacuum flask with a size of one litre or more”.



Confidential business plan number: _____

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List of abbreviations

After-tax WACC	After-tax weighted average costs of capital
CAPEX	Capital Expenditures
CEO	Chief Executive Officer
Cf.	confer (from Latin)
COGS	Costs of goods sold
COOP	Cooperative advertising
e.g.	example given
ESS	Enterprise support system
etc.	et cetera
FFG	FFG Austrian Research Promotion Agency
G&A	General and Administration
HC	Headcount
IRR	Internal rate of return
IT	Information Technologies
K&P	Kampitsch & Partner Steuerberatungs GmbH
KBB	Group KBB / Meissl
KWF	Carinthian Economic Promotion Fund
na.	not available
NCA	NCA Container und Anlagenbau GmbH
NPAT	Net Profit After Tax
NPV	Net present value
OPEX	Operating Expenses
POS	Point of sales
PRODCOM	Production Communautaire
R&D	Research and Development
R&T House	Research and Technology House
SITC	Standard International Trade Classification

1. Introduction

1st1. Introductory Page of the Business Plan

Venture:

SBTE GmbH
»skyBottle™ powered by SBTE GmbH«
Adlerweg 6
9311 Kraig, Austria
+43 660 321 90 20

Entrepreneurs:

Mr. Juergen Kopeinig
Mr. Severin Greyer
Email: office@skybottle.com

Nature of Business:

The main objective of SBTE GmbH is to provide the drinks bottles market in the mountaineering sports and leisure industry a product called **skyBottle™**, which is unique in this market. The liquids inside the bottle are maintained at the appropriate temperature by using new materials and designs. The processed materials are easy to clean, safe to handle, shockproof, have a moderate weight and can be individualised with little effort, and can be with print on techniques and shaping functionalities on the surface.

Financing:

The initial financing will be EUR 304k, where EUR 170k are provided in equal parts by the entrepreneurs, loans of EUR 94k are made available by governmental funding organisations and EUR 40k are provided as non-repayable grants from the government. This money will be used to develop technological expertise and to bring the product to market. During the first year, additional funding of about EUR 146k through loans and non-repayable grants from the government will be requested for operational activities.

Confidentiality:

This Business Plan is strictly confidential and is the property of the co-owners listed above. It is intended for use only by the persons to whom it is transmitted by the entrepreneurs. Any reproduction or divulgence of any of the contents without the prior written consent of the company is prohibited.

1.2. Structure of the Master's Thesis

The Master's Thesis is a business plan with a common structure about a vacuum flask which will be developed, produced and sold in various models.

In addition to the practice-oriented business plan, two small theoretical chapters have also been worked out. These chapters deal firstly with the partnering process during the pre-seed stage of a venture and secondly with bootstrapping during the financing process of the venture.

2. Executive Summary

Do you know the feeling of drinking high quality water or hot, tasty tea without any adverse, parasitical effects on flavour? Isn't it a great thing to know that inside of the bottle used there are no detrimental residues regardless of the liquid? It is so easy to clean the bottle due to the specific, well-tested material which is vitrified in the product. You have only one, correctly sized, individualised bottle with your individual liquid requirements with you in your backpack.

The idea for the venture business appeared from the personal knowledge of the entrepreneurs of countless hiking, mountaineering, and climbing events during the summer and winter seasons, where they met a huge amount of people also sharing their needs. The experience they had was that, if you do prepare and organize yourself for such an event, you have to decide what and how much liquid you will carry on that day. Of course, this depends on the weather conditions, on your personal liquid needs and on the distance goal for the day. The focus in the base stage of the venture is this group of customers who plan their outdoor events to be longer than three hours per day. The venture will concentrate the selling activities in the base stage in the region around the Alps in Europe. The market focus is the mountain sports and leisure industry and the marketing strategy is aligned to that. Distribution will be mainly performed by established distribution channels like chains, individual dealers, 3rd party webshops, business partners and our own channels which will have to be established.

In addition to supporting the market view, one of the business' major supporting trends in society is an increasing awareness of health of people living in European, industrialised countries. This is reflected in increasing amounts of outdoor activities and conscious use of "healthy" products.

Have a look at the range of product variety in retail, wholesale and other distribution channels of the sports and leisure industry or also in the household industry. You will not very often find a product with a bottle size larger than one litre; fulfil the needs of the focus group of **skyBottle**TM. Most of the direct competitors focus on bottle sizes between 0.25 and 1 litres. The most commonly used materials processed into comparable products are plastic, aluminium and stainless steel. The use of glass was common in the past but not at present. The market size is driven by the increasing share of people who like to do outdoor activities,

increasing consumer spending in the sports and leisure industry and by the ease of use and the simple understanding of the product features.

The development of the product includes the enormous expertise of research institutions and industry partners who will participate. The technical project covers the development of possible new applications of vessel designs and the materials used for the outer and the inner vessel. It also deals with new opportunities in surface coating with respect to heat exchange aspects, which means that customised surface coatings will allow the use of inexpensive materials. The use of glass for the inner vessel is one of the major technological solutions which will be forced in the product.

The future projections of the sales potential include customers primarily from Alps region in Europe. Table 1 gives an impression of the development of the customer base of the venture and the revenue aims for the next five years. By the fifth year sales are expected to exceed EUR 8.6m on a yearly basis with the EBITDA-Margin of about 8%, which is usual, compared to the competition.

Customer Development and Sales Revenue SBTE GmbH

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
Customer Development	# new	5.500	82.000	145.000	226.000	285.000
Sales Revenue - Bottles		165.550	2.438.552	4.303.890	6.757.648	8.643.858
AddOn Revenue - Individualisation		1.608	37.107	57.570	77.769	91.867
Total Sales Revenue		167.158	2.475.659	4.361.460	6.835.417	8.735.725

Table 1: Customer development and sales revenue

The co-founders Juergen Kopeinig and Severin Greyer share the entrepreneurial spirit and the vision of the venture. Juergen Kopeinig is educated in business administration and mechanical engineering and has over 12 years of experience in leading projects in the fields of projectmanagement and financial accounting and controlling. Severin Greyer is educated in business administration and has worked for the last 4 years as a sales representative in the sports industry for a large sports equipment distributor.

They have great respect for each other in the partnership. The main purpose of forming this partnership is to achieve success as a team. The individual skills of Juergen Kopeinig and Severin Greyer complement each other. This means in practice that Juergen Kopeinig is more introverted and strongly detail oriented. Severin Greyer is able to think outside the box,

is extroverted in approaching people and has strong professional skills in marketing and sales due to his professional background. Juergen Kopeinig likes problem-solving and therefore reflecting different thoughts regarding a specific issue and assesses the risks and the benefits with particular care. Severin Greyer concludes things immediately and prefers a quick decision-making process.

Both entrepreneurs like to have fun, are very open to new ideas, and have the ability to be creative and innovative. Process optimisation and to work really hard in implementing things are close to their hearts. Trust in the vision and trust in the partnership are essential issues for both of them.

It is important for the entrepreneurs to have a strong customer focus, respect for every individual (like employees) and a robust commitment that a strong team spirit is a key success factor. From the leadership perspective, the partners are experienced in mentoring and inspiring people. The partners are not interested in the venture for only financial reasons. They want to build a strong organisation.

SBTE GmbH is a low-risk company which offers an internal rate of return of about 27.15%. The company is preliminarily financed by the entrepreneurs and by governmental funds at the beginning of the venture. Further investments are covered by the funds from operations.

Beginning in year 3 after incorporation of the company, SBTE GmbH will look for an option to sell the venture. Potential candidates could be found in the list of competitors or in the list of mountaineering equipment producers and sellers. Both have access to 3rd party retail channels which will be supported by the venture. Both have established market presences and well-known brands. It makes sense to dissolve parallel structures to take advantage of synergies in various functions.

SBTE GmbH and its entrepreneurs, Severin Greyer and Juergen Kopeinig, set up a venture with enthusiasm and power and try to build up a great culture in the organisation.

3. Description of the Business

3.1. About the Product

The customer need

People doing an outdoor activity in winter or summer, like hiking, mountain climbing, rock climbing, alpine ski touring and snowshoeing, carry beverages, soft drinks, hot tea or simply water in various vessels/bottles in their backpacks. They would like to drink the substance in the vessel without any adverse, parasitical effects on flavour, which could happen on a long outdoor event if the bottle is made of plastic. People want to rely on the fact that there are no detrimental residues inside of the bottle used regardless of the liquid they carry. The insulation properties required by the customer have to be met by the product (keep it at the required temperature for a specified amount of time).

The product must have an effective, sustainable, easy and time-saving cleaning process. The bottle should have an attractive design related to the outdoor-activity or have a specific surface. They would like to take the right sized bottle on their tour to have enough liquid with them and not have to carry more than one vessel.

The solution of SBTE GmbH - skyBottle™

skyBottle™ is a new application of a bottle in which the processed materials are developed to meet the needs of the customers. The materials have a high quality standard and must be classified as environmentally friendly. The bottle covers new opportunities of surface coating with respect to heat exchange aspects. The assimilation of glass for the inner vessel or inside surface of the bottle is one of the major technological solutions. The glass body will be designed to be unbreakable and keep all the positive characteristics of glass.

The bottle is easy to clean, shockproof, has a moderate weight and can be individualised with little effort. The bottle cap is designed for simple and easy handling and is optimised regarding isolation. An additional feature is the function to regulate the temperature by a simple mechanism through air exchange via the bottle cap. An optional gadget of a customised cup is included with the bottle (e.g. to drink hot tea).

The design of the bottle is customer oriented and focussed on the outdoor activity for which the specific bottle is needed (design like a western canteen, print on techniques, shaping functionalities on the surface). E.g. a rock climber will get a bottle with the design of a shadowy representation of a climbing knot with ropes tied together; another one will get one

with a roughened and glittering surface. The product offers the possibility for the customer to personalise the **skyBottle™** with cool designs and cool coating technologies. In any case a range of various motives and surfaces will be offered in the standard product programme.

skyBottle™ is offered in six sizes from 1 litre up to 2.5 litres, which is summarised in Table 2.

Bottle name	Bottle volume in litre
skyBottle™ - Egalite	1.0
skyBottle™ - 1.2	1.2
skyBottle™ - Middlelow	1.5
skyBottle™ - Middlehigh	1.7
skyBottle™ - 2.0	2.0
skyBottle™ - Jumbo	2.5

Table 2: Product sizes

3.2. Mission Statement

This is the mission statement of SBTE GmbH:

“SBTE GmbH stands for customer service with high flexibility which improves the quality of the customer’s life through technology and innovation. To reach product excellence and reliability, the employees support the customer with enthusiasm, competence and fun. Respect for the individual is important.”

The product is established under the name and unregistered trademark **skyBottle™**. The company name “SBTE GmbH” is derived from it, whereas the single letters stands for service, behaviour, technology and evolution.

3.3. Business Model

The company does not need production facilities. Therefore the planned business location will be an office in the Lakeside Science & Technology Park in Klagenfurt, Austria, where SBTE GmbH will be moved into at the beginning of January 2013.

The technical product development process is supported by technical universities (University of Leoben and University of Bayreuth) with high skills and competences in the requested research fields of material sciences. Together with industry partners (Group KBB / Meissl and NCA Container und Anlagenbau GmbH) the transfer to the industrial production process will succeed. These industry partners have competences in the production of vessels and have specific expertise in coating technologies. The partners are located close to the entrepreneurs' office and know each other from technological projects completed in the past. These partners will then manufacture the products.

The product launch is in September 2013 and starts in the Austrian market. The venture will concentrate the selling activities in the first five years in the region around the Alps in Europe. Parallel to the market development in Austria, the regional markets in Germany, Italy, Slovenia, Switzerland and France will also be developed as downstream markets. The market focus lies in the mountain sports and leisure industry. The marketing strategy is aligned to that. That means that distribution will be mainly performed by established distribution channels like chains, individual dealers, 3rd party webshops, business partners and own channels which have to be established in the market. Great attention will be paid to the commission sales agreement with 3rd party retailers. Marketing activities will include cooperative advertising with 3rd party retailers as one of the most important activities. Also participation in trade shows, sponsorship of events in Alpine schools and national parks are important actions. Our own webshop also has a significant role in the marketing strategy due to the possibility of purchasing individualised products. This website also provides a selection and merging of relevant mountaineering forums, which has not been available until today.

The inventory administration and the logistics process are outsourced, with process control through the operational units in SBTE GmbH. The process will be supported by information systems. Inventory administration is supported by the supplier (NCA Container und Anlagenbau GmbH) and logistics by an external partner who is experienced in delivering packages. A decision on the partner has not been made yet. General and administration activities are also partly outsourced, only specific tasks and control processes will be done in-house.

4. Industry Analysis

4.1. Industry and Environment Trends

SBTE GmbH operates in the sports and leisure industry. The focus in this industry is people who do outdoor activities. Some trends can be observed through a closer examination.

- In their jobs and in the daily routines, people have to deal with stress. They are massively stimulated and influenced by computers, mobile phones, etc.. They like to get away from this for a while and concentrate on themselves and have a special experience in the outdoors, enjoy the change of the seasons in the nature or feel the power of the mountains. Future customers want actively experience the nature. The factor of nature opens a new market in the fields of adventure, activity and discovery.
- It is the public's general understanding that they should constantly work on their fitness. One of the main reasons for the industry's success in increasing growth rates is consumers' continually increasing health awareness. Sport belongs in many people's daily fitness routine. Therefore they have also invested in mountain sports equipment in recent years despite the economic crisis.
- The number of people who go Alpine ski touring (in Germany alone) has increased from 200.000 to 300.000 since 2000. This has led to double-digit growth rates in the Alpine ski touring equipment business. The trend is to climb a mountain as an athletic challenge.¹
- Outdoor customers are through their high quality standards and functionality requirements extremely technologically affine. Products must be functional and self-explanatory.
- Hiking, mountain climbing, rock climbing, Alpine ski touring and snowshoeing are cheap ways to exercise after the consumer has purchased the equipment (e.g. one ski-ticket in Austria will cost about EUR 42.00 per person per day, which is dramatically expensive, Alpine ski touring will cost EUR 0.00 to EUR 5.00 for a parking ticket). This aspect supports the trend of consumers moving into the activities described.
- The sports and leisure industry is also related to other industries such as mountain summer and winter tourism developments. This industry is growing due to the development of transportation, vacation time and financial opportunities.

¹ Cf. Meyer (2011).

² The assumption is based on the presence in the geographical target areas of SBTE GmbH regarding the

4th2. Industry – Porter’s Five Forces and Risk Assessment

The focus of the illustration of Porter’s five forces is based on the drinking bottle segment of the sports and leisure industry.

Barriers to entry - low

An understandable business concept and moderate investment costs into technology research and development will allow entry into various equipment niche markets in the sports and leisure industry. The establishment of access to distribution channels does not represent a major challenge when the product is convincing.

Bargaining power of customers – moderate to high

Most of the products are standard products. The price-value ratio will be taken into account by the customer. Reliability and trust in the product are important to the customers during usage in outdoor event. The number of buyers is also dependent on the power of the 3rd party retail.

Threat of substitutes - moderate

The availability of close substitutes for the product is fairly high in the industry (see Table 4) and the customers switching costs are relatively low. The technological development, which has been put into the product, hinders the possibility of imitation.

Bargaining power of suppliers - high

The availability of substitutes for the supplier’s products is low and therefore the switching costs for changing the supplier will be high. The expertise in product development and manufacturing will be lost. The supplier is an important driver of product quality, which could only be reached if the partnership and the manufacturing process are sustainable. Suppliers are often not solely focussed on production for the sports and leisure industry.

Rivalry among competitors - moderate

The global competition is concentrated among a large number of companies. The competition is based on product and price differentiation. The geographical area of operations is also a differentiation aspect. The industry is moderately profitable due to the dependency to partners (production, distribution), but with the potential of increasing margins.

SBTE GmbH's strategy is to develop and integrate the leading technology to maintain a leadership position and to build visibility and a brand for this technology. A sustainable partnership with the suppliers, the logistics partner and the distribution channels will be established to expand the product market. The risk assessment of the particular industry and competitive environment with the main issues for SBTE GmbH is summarised in Table 3.




Potential risk issue	Effect if the risk becomes reality	Prevention strategy
Dependency on two complementary manufacturing companies	Loss of production capability	Timely identification of backup industry partners and contract setting
Interruptions in the supply chain beyond control (suppliers to industry partners)	Production not in line with demand (e.g. glass products as base products)	Include in industry partner agreement clauses of quality control possibilities to have access to the suppliers of strategic important raw materials
Technology development project	Missed product development due to partner exit	Identification of backup research partners before project start, technology licence charge as motivation factor
POS Rollout speed	Lower customer base, delayed revenue stream	Put power into the POS key account management system
Distribution process - logistics partner	Delivery process unsuccessful	Contractdesign (agreement on defined delievery times) and backup logistics partner contract

Table 3: Risk assessment (SBTE GmbH)

4.3. Analysis of Competitors

The product variety in retail, wholesale and other distribution channels in the sports and leisure industry and the household industry is limited by the materials used and the bottle size. Most of the direct competitors focus on bottle sizes between 0.25 and 1 litres. The most common materials processed into comparable products are plastic, aluminium and stainless steel.

An assessment of the potential competition including the marketing strategies and their strengths and weaknesses is summarised in Table 4, where three main types of products fulfil the needs of the customers.

Type of product	Aluminium and plastic bottle	Portable hydration system	Vacuum flask (“retro”)
Type of competition	indirect	indirect	direct
Exemplary pictures (different brands in the market)			
Representative brands in the market (examples)	SIGG, Nalgene, Scout, Camelbak, Berghaus	Platypus, Deuter, SALEWA, Source, Camelbak	SALEWA, Thermos, Stanley, Tatonka, Primus, Esbit
Product and service strategies	Substitute to PET plastic water bottles through reusable water bottles, reduction of environmental impacts from disposable plastic bottles in case of aluminium material, accessories like pouches, cool designs	Hydration system consisting of streamer (robust plastic bag), drinking tube and mouthpiece, stored in the backpack, substitute product to existing product range of competitor mainly backpacks manufacturing companies, customers choose a reusable container instead of plastic bottled water	Vacuum flask with excellent heat exchange characteristics, retro design for decades, differentiation through cap designs, usage of stainless steel materials, distribution mainly in the household industry
Volume ranges	0.25 to 1.5 litres (except Nalgene: to 1.0 litre)	1.5 to 3.0 litres	0.5 to 1.0 litre (except Stanley: to 2.0 litres)
Pricing strategies	Price above the price of average reusable water bottle through quality and product life arguments	Including isolation accessories above the price of aluminum bottles and vacuum flasks	Stable price ranges through whole competition
Distribution strategies	Online shop, own store, 3rd party retail	Online shop, 3rd party retail	Online shop, own store, 3rd party retail
Promotion strategies	Website, cooperative marketing, social media	Website, cooperative marketing, social media	Website, cooperative marketing, social media

Strongest brand ²	SIGG	Platypus	SALEWA
Strengths and weaknesses (product and competitors)	<p>(+) Beautiful shape of the bottle, stylish and fashion accessory, can be personalized, various product range on bottles with a volume up to one litre, established brand name, manufacturing competence in-house, developed retail network</p> <p>(-) Pouches keep the liquid lousy on a requested temperature, bottles with a volume higher than 1 litre are available in just a few designs, disadvantages of the inner coating of the bottle (not easy to clean, coating influenced from liquid which was in the bottle), tattered reputation through processed unhealthy coating (BPA bisphenol scandal), slightly dented due to aluminium</p>	<p>(+) Permanent access for the user to the liquid, low weight of the product, volume, expertise in product development</p> <p>(-) Poor isolation characteristics, manufactured of plastic (polyurethane), no carbonated drinks are storable, laborious purification process due to necessary cleaning accessories and complicated disassemble process</p>	<p>(+) Keeping the temperature on a determined level, established manufacturing competence, brand name, established distribution network</p> <p>(-) No attractive and crude design –nearly stable design since decades, heavy weight compared to other solutions, coated inner vessel of stainless steel (e.g. through tea), often only by additives cleanable (also bottle cap systems are hard to clean), bottle volume mainly up to 1 litre, inflexible company structures due enterprises with traditions</p>

Table 4: Assessment of competitors

4.4. Industry and Market Forecasts

The market size is driven by the growing share of people who like to do outdoor activities, the people who live in the Alps region or come as tourists, the increasing consumer spending in the sports and leisure industry and by the ease of use and the simplicity of the product features (market of prioritisation 1).

The geographical area of the Alpine Convention covers around 190.100 km². Austria and Italy together represent 55% of this area. The total population of this area is about 14.3 million, but each year 120 million people visit this area, which is known as an attractive

² The assumption is based on the presence in the geographical target areas of SBTE GmbH regarding the defined customer group.

tourist destination. The detailed data about the split of Alpine area and Alpine population is summarised in Exhibit I.³

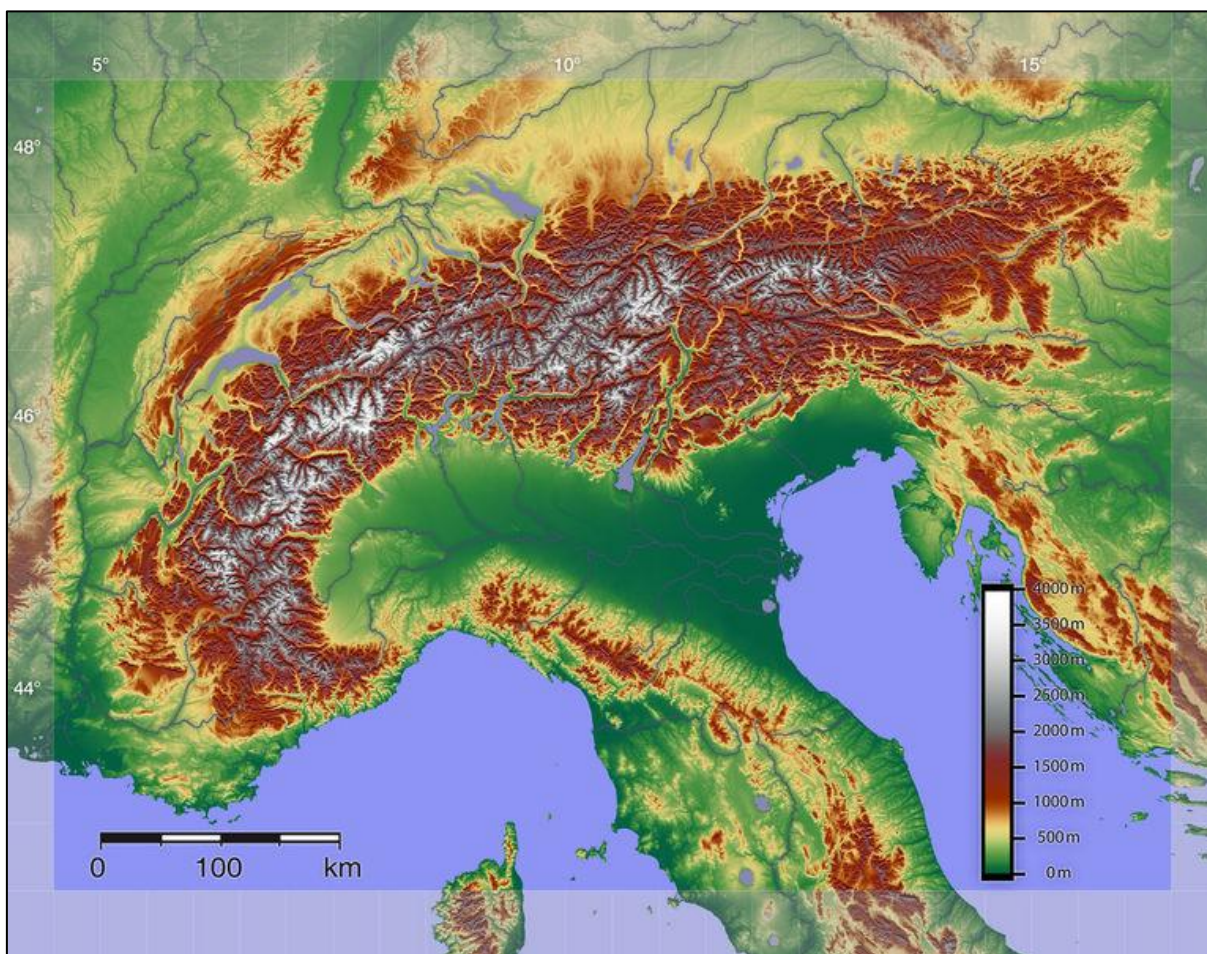


Figure 1: The Alps⁴

The aforementioned population of about 14.3 million has to be adjusted by population who live near the geographical area of the Alpine Convention (e.g people from Munich or Vienna). This adjustment is estimated by a factor of two, based on the 14.3 million, due to the assumption that these 28 million have the possibility to do outdoor events in this region and have less than two hour travel time to the border of the Alpine Convention geographical area (in the business plan defined as greater Alps area). The 120 million tourists will be not defined as full potential customers due to overlapping with the population in and around the Alpine Convention geographical area. Some of these tourists will come also more often in this area. The assumptions of the factors for the greater Alps area for the remaining

³ Cf. *Alpine Convention (2012)*. The Alpine Convention is an international treaty between the Alpine countries, aimed at promoting sustainable development in the Alpine area.

⁴ Cf. *Perconte (2006)*.

population (population of a country minus population in Alpine convention areas) of the Alps-nations are 50% (Austria, Slovenia and Switzerland), 13% (France), 12% (Germany) and 9% (Italy). The market potential, which can now be derived from these assumptions, leads to a volume of about 43.4 million people. In average 30.4% of this 43.4 million will do outdoor events in the categories specified, which leads to a market potential in terms of customers of about 13.2 million in 2013 (details see Exhibit II).

The consumer spending in the sports and leisure industry focussed on the segments of bottles, flasks and similar articles is derived from the import statistic figures and the statistics on the production of manufactured goods sold. Those figures are related to the Alps-nations based on the statistical codes (SITC, PRODCOM) in the focus of the business plan. The detailed data are summarised in Exhibit III. The past values of the market volume for all relevant SITC- and PRODCOM-Codes show a volume of about EUR 1.958m in 2009, a volume of about EUR 2.373m in 2010 and a volume of about EUR 2.588m in 2011. This leads to a growth rate of about 9.1% in the last year. The breakdown to the market volume of vacuum flasks indicates a volume of about EUR 99m in 2009, a volume of about EUR 130m in 2010 and a volume of about EUR 136m in 2011 with a growth rate in the last year of about 4.7%.⁵

Based on that figures and the future projections for consumer spending, market potential in terms of customers could be derived through the calculation with an average value per bottle/flask (see Exhibit II).

The growth rate of the sport retailer market for the geographical regions moved in the last two years between 0.9% and 4.0%. For internet trade the growth rate was between 0 and 6% (see Exhibit IV to support the market views).

Comparable to that view, the Austrian industry report illustrates a market volume of the Austrian sports retailer markets of about EUR 2.345m with an average growth rate of about 4.5% annually.⁶

The market potential, which is not developed in the current business plan, affects the household industry, where e.g. families will take walks and picnics and where the **skyBottle**TM could also be a useful accessory. Another industry which has potential is the defense industry. This is also not in the focus of the current business plan. Also an upside potential is

⁵ Cf. *Eurostat* (2012).

⁶ Cf. *Regioplan* (2010).

the extension onto other regions. E.g. the people from the Czech Republic and Slovakia like mountaineering sports. The advantage in those markets will be the existing 3rd party retail, which is similar in terms of identical chains as the Austrian market (markets of prioritisation 2).

The development of the market share is summarised in Table 5. In year 5 the market share will increase in the Austrian and in the Slovenia market up to 5%.

Market Share		SBTE GmbH				
[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
Market share						
Austria	%	0,4%	3,5%	4,1%	4,6%	5,0%
France	%	0,0%	0,0%	0,2%	0,3%	0,4%
Germany	%	0,0%	0,7%	1,0%	1,5%	1,6%
Italy	%	0,0%	0,2%	0,5%	0,8%	1,1%
Slovenia	%	0,0%	0,5%	3,0%	3,9%	5,0%
Switzerland	%	0,0%	0,0%	0,9%	1,9%	2,4%
Total	%	0,0%	0,5%	0,8%	1,2%	1,4%

Table 5: Market share

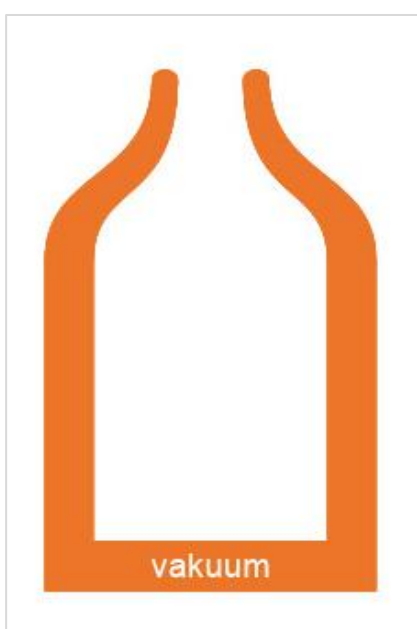
5. Technology Plan

5.1. Technology Baseline

History of the base concept

The technology which is used in a vacuum flask has an extensive history. Three main persons were involved in the development of the principle:

The chemist and physicist Sir James Dewar (Scotland, 1842-1923) developed a vessel (1893) where two vessels, separated by a vacuum, are fitted together with two mirrored walls inside the outer vessel and outside of the inner vessel. The flask contains a partial vacuum between its walls which greatly reduces conduction. A perfect vacuum contains no matter



and therefore does not conduct heat. The flask is closed to maintain the vacuum and prevent convection, the transfer of heat by air circulation. Through that arrangement, hot and cold liquids could be maintained at the same temperature.

Another chemist and physicist Adolf Ferdinand Weinhold (Germany, 1841-1917) had made some similar developments in vessels at nearly the same time.

Reinhold Burger (Germany, 1866-1954), a glass technologist and inventor, took up the idea of the vacuum flask years later and tried to turn it into economic success. He filed a patent in 1903 which was published in 1906.⁷

Figure 2: Symbolic illustration vacuum flask

Standard construction of vacuum flasks

The casing of the flask is either plastic or stainless steel. Both materials have no effect on the insulating properties of the bottle. A simple plastic flask could have advantages regarding weight requirements. A weak point of the bottle is the technology used to shut the flask. A simple screw cap could be used.

One of the important optional gadgets is the customised cup which is included in the flask. Another one could be the pump mechanism at the head of the jug, which is used primarily in large flasks. Through operating the button, the user pumps content out of the flask. A clear

⁷ Cf. Burger (1906).

advantage of using that technology is the easy handling of large jugs and lower heat transfer from the flask to the environment. A large disadvantage of the pump system is the lack of cleaning ability.

Inside of the flask, for the inner bottle, either glass or stainless steel is used. The big disadvantage of glass is its shock sensitivity. It happened very often in the past that the flask was damaged after the flask fell hard onto the ground. The alternative material which is preferably used today is stainless steel. Glass bodies will be seldom used. The advantages of glass bodies are cost factors (lower material costs compared to stainless steel), cleaning ability and a better isolation effect.

The capacity design varies from sizes of 0.25 up to more than 2 litres. The design of the flask was introduced by Reinhold Burger and has not changed significantly since 1903 compared to the sketches in the patent filed.

Alternative constructions to fulfil requirements of vacuum flasks

Alternatively to vacuum flasks, bottles which are extruded from a piece of pure aluminium with no seams in combination with pouches could be used. The advantage of such a bottle is the low weight. But the principle of a vacuum flask to keep the fluid at a desired, specified temperature using a vacuum is not integrated into such a product.

5.2. Technology Development Project

Technological targets

The technical project covers the development of possible new applications of vessel designs and the materials used for the outer and the inner vessel (e.g. also wood, leather or novel plastic materials could be a factor for the outer vessel). It also deals with new opportunities of surface coating with respect to heat exchange aspects, which means that customised surface coatings will allow the use of inexpensive materials. The use of glass for the inner vessel or inside surface of the bottle is one of the major technological solutions which should be forced in the project. The glass body should be designed to be unbreakable through surface coating techniques and keep all the positive characteristics of glass (glass bodies will be purchased).

Another research component of the project will be the analysis of replacement possibilities of the vacuum through novel material compounds. The opportunities of eliminating the vacuum in a new product design and a deviation from the two vessels should be discussed. The isolation properties and defined and requested indicators of heat exchange or lack of exchange will be evaluated.

The design of the bottle must be oriented to conventional designs and to new design requirements of the market, the ease of use for the specific target group of customers and cost-efficient production processes. Therefore the defined bottle cap should be designed to be as simple as possible and to be optimised regarding isolation. It could include the function to regulate the temperature with a simple mechanism (no liquid comes out of the bottle but air, which flows with an adjustable speed into the bottle, causing heat exchange with the environment). The optional gadget of a customised cup must be included in the flask.

The developed bottle should be easy to clean, shockproof, have a moderate weight and can be individualised with little effort (e.g. print on techniques, shaping functionalities on the surface, covered with textiles, resistant to denting). The materials which are used must be classified as environmentally friendly.

Involved research and development partners - resources

Table 6 gives an overview of the planned involved project partners. The selection of the partners is based on the specific knowledge required and the competence and experience the partners must have to make the project successful.

Partner (P)	Address	Competence
P1: SBTE GmbH <i>Contact person:</i> Juergen Kopeinig (Entrepreneur)	Adlerweg 6 9311 Kraig Austria	Juergen Kopeinig covers expertise in mechanical engineering and in managing research and development processes.
P2: University of Leoben⁸ <i>Contact person:</i> Univ.-Prof. Dr. Ralf Schledjewski (Department Polymer Engineering and Science, chair of Processing of Composites)	Franz-Josef-Straße 18 8700 Leoben Austria	The University has a high level of research expertise and an excellent cooperation setting within the University, on the international level and with industry partners, which is resulting in a high international reputation. The main competence with respect to the project is dealing with regard to all facets of different types of material.
P3: University of Bayreuth⁹ <i>Contact person:</i> Prof. Dr. Monika Willert-Porada (Department of Material Processing)	Universitätsstraße 30 95447 Bayreuth Germany	The department works close together with the glass industry in the specific areas of research and development projects about materials and composite materials related to glass. The core

⁸ Cf. *University of Leoben* (2012).

⁹ Cf. *University of Bayreuth* (2012).

on the Faculty of Engineering Science)		competence includes glass melting and forming technologies, glass composites, glass coatings, surface analysis, and process diagnostics.
P4: Group KBB / Meissl¹⁰ <i>Contact person:</i> Ing. Oskar Plechinger (CEO)	Berggasse 10 2401 Fischamend Austria and Hundsdorf 25 9470 St. Paul im Lavanttal Austria	The company has core competences in the application of different types of coating (e.g. organic coating, thermosetting material coating, rubber coating, etc.). The production facilities are up to date and flexible in needed adjustments for unproblematic use. The company location is also Carinthia and therefore the SBTE GmbH is located close to that partner.
P5: NCA Container und Anlagenbau GmbH¹¹ <i>Contact person:</i> Peter Sturmer (CEO)	Hundsdorf 25 9470 St. Paul im Lavanttal Austria	The company has core competences in processing of high quality stainless steel in the areas of inter alia manufacturing of vessels and containers. The company is located close to the SBTE GmbH and to the Group KBB / Meissl (sharing of production facilities) and have excellent resources (manpower and production facility) available.

Table 6: Overview technology development partners

Exhibit V and Exhibit VI illustrate the letters of commitment from the scientific partners. Exhibit VII and Exhibit VIII express the letters of commitment from the company partners. Included in the letters are also estimates for the required resources.

Structure of the technology development project

Figure 3 provides a rough overview of the project milestones and timelines.

The preparation phase includes an important step. SBTE GmbH will look out for additional potential partners (research institutions, enterprises) to the partners described in Table 6 who would contribute to the realisation of the project. Therefore a specific institution in Graz, Austria, called “Research and Technology House (R&T House)”¹² will be contacted to prove, extend or rearrange the assumed partner setting. The R&T House is organisationally linked

¹⁰ Cf. *Group KBB / Meissl* (2012).

¹¹ Cf. *NCA* (2012).

¹² Cf. *R&T House* (2012).

to the Technical University of Graz¹³ and is engaged as an interface between research institutions and the industry and provides services for all modes of knowledge and technology transfer. SBTE GmbH will call especially for technologies, knowledge, patents, methods of processing and manufacturing developed by research institutions with the aim to exploit this information for the benefit of the flask, the production processes and the used materials. In this context, the close cooperation of the R&T House and the KWF Carinthian Economic Promotion Fund¹⁴, where one of the entrepreneurs, Juergen Kopeinig, is actually employed and where the protagonists in both organisations have solid relationships, will support information generation.

Technology Development Project	By Partner	Planned finished by	PROCESS 2012			PROZESS 2013				
			Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Preparation phase										
Business Plan	P1	Jul. 31, 2012	■							
Business Plan Adaptions	P1	Sep. 1, 2013		■						
Call for additional potential partners (R&T House)	P1, P2	Oct. 31, 2012		■						
Preparation for application (loan and non-repayable government grant)	P1, P2,	Nov. 30, 2012	■							
Application date research and development project	P1, P2	Dec. 1, 2012			◆					
Realization phase										
Project Kick Off	P1-P5	Dec. 1, 2012			◆					
Offer and development contract (partners)	P1-P5	Dec. 15, 2012			■					
Concept freeze	P1-P5	Jan. 31, 2013			■					
Technical specification freeze	P1-P5	Feb. 28, 2013			■					
Design model	P1-P5	Mar. 15, 2013			■					
Function model / simulation	P1-P5	Mar. 15, 2013			■					
Design review	P1-P5	Apr. 15, 2013				■				
Prototypes	P4, P5	Apr. 30, 2013				■				
Design freeze	P1-P5	May 15, 2013			■					
Preproduction series	P1-P5	May 31, 2013				■				
Production series	P1-P5	Jun. 30, 2013				■				
Determination of protection strategies (protection by patent, legal protection of registered designs)	P1, P2	Jun. 30, 2013			■					
Reserve time budget due to delays	P1-P5	Aug. 31, 2013						■		
Product Launch	P1	Sep. 1, 2013							■	

Figure 3: Detailed timetable with milestones

¹³ Cf. *Technical University of Graz* (2012).

¹⁴ Cf. *KWF - Carinthian Economic Promotion Fund* (2012). KWF is a governmental owned, regional economic funding institution of the province of Carinthia.

The beginning of the realisation phase of the project (Kick Off) is planned for Dec. 1st, 2012. The assumed date of finishing the project and the date to be ready for series production of the product is Jun. 30th, 2013. For several reasons from past project management experience of the entrepreneurs, a time buffer of 2 months is integrated into the planning process. Parallel to the realisation phase, protection strategies must be discussed.

The detailed project task flow regarding the realisation phase is illustrated in Exhibit IX and is divided into six phases:

- Feasibility: Check if the defined (technical) product requirements match with the knowledge and experience the involved partners bring into the project;
- Requirements: Detailed specification and contract setting (including the detailed definition of work packages and responsibilities) between SBTE GmbH and the partners;
- Concept development: Creating the technical concept in detail, including intellectual property aspects, (industrial and market) design requirements and the industrialisation concept with a strong company partner focus;
- Design development: Determination of the design including part specification and verification of the functional capability;
- Realisation: Production of the prototype and set up of cost efficient and quality driven production processes (including necessary adaptations);
- Transition for production: Ready for series manufacturing and finishing all documentations of the research and development project by the partners.

Project cost structure

The cost item Technology R&D Cost in Table 7 consists of EUR 96k research and development costs from scientific partner University of Bayreuth and of EUR 217k development costs from company partners Group KBB / Meissl and NCA Container und Anlagenbau GmbH in equal shares (EUR 108.5k each). SBTE GmbH employs one technician from Jan. 1st, 2013. Due to his experience in handling R&D projects and technical background, shareholder Juergen Kopeinig is actively involved in the project. The cost amount of approximately EUR 53.9k is not included in the income statement. This is relevant because the cost guidelines of governmental funding programmes will accept this amount of fictive personnel costs. All other costs are part of the income statement. In the staff related expenses, primarily travel costs are included. The research and development costs of the University of Leoben will be charged based on licenses in the first stage.

Cost Structure SBTE GmbH

[in EUR, unless otherwise stated]	Unit	2013 Budget 2013
Extract from OPEX		
Technology R&D Cost		313.000
Salaries - Technical Department		56.117
Shareholder (Partner 1) Integration		53.900
Legal Fees - Patent Attorney		6.000
Rental Cost Office (70%)		1.638
Office Operating Expenses (70%)		504
Other Office Expenses (70%)		1.153
Staff Related Expenses (50%)		11.410
IT Operating Cost (70%)		2.920
Subtotal OPEX		446.642
Extract from Depreciation		
Depreciation Corporate IT CAPEX (70%)		871
Depreciation G&A CAPEX (70%)		317
Subtotal Depreciation		1.188
Total Project Cost		447.829

Table 7: Technology development project – cost structure

Project setting (inputs and benefits)

The partners' expertise which they bring into the project is illustrated in Table 6 and in the letters of commitment in Exhibit V to Exhibit VIII. Table 8 includes an overview of how the partners will benefit from the project and what elements will be the basis for the contract negotiations between SBTE GmbH and the partners.

Partner	Effort, input to the project	Benefits from implementation
P1: SBTE GmbH	Staff resources, cash, network	Feasible, convertible products
P2: University of Leoben	Staff resources (in kind), research and development power, knowledge, network	Technology license charges, publication possibilities, product improvement follow up contracts
P3: University of Bayreuth	Research and development power, knowledge, network	Cash
P4: Group KBB / Meissl	Development power, adaption of production capabilities	Cash for the development process, earnings through product manufacturing process

P5: NCA Container und Anlagenbau GmbH	Development power, adaption of production capabilities	Cash for the development process, earnings through product manufacturing process
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Table 8: Inputs and benefits project partners

6. Sales and Marketing Plan

6.1. Market Segment

The particular target market is receptive to customers who plan their outdoor event to be longer than three hours per day, where they are the sole user of the bottle. The bottle sizes are determined by that and start with a size of a minimum of one litre.

The customer loves the outdoors and enjoys being in the mountains and in the countryside all year round. He or she will go hiking, mountain climbing, rock climbing, Alpine ski touring and snowshoeing.

The venture will focus its sales activities in the base stage in the region around the Alps in Europe. The countries to be focussed on are Austria, which is located in the heart of the Alps, Germany, which meets the Alps in the south, Italy and Slovenia, which have the mountains in the north of their countries, Switzerland, which is also amidst the Alps and France, which have contact with the Alps in the south-east.



Figure 4: Alpine regions¹⁵

¹⁵ Cf. *Diercke* (2012).

The estimated product mix is shown in Table 9. The main product ranges which will be sold in the first years of the venture are the bigger sized **skyBottle™**. Beginning in year 3 competing, smaller-sized bottles will be substituted significantly by **skyBottle™**. The individualisation share to give **skyBottle™** a cool required design or an extravagant surface is defined as a percentage of customers who will buy the product on our own webshop or from the distributor due to simplification in operational processing as a 15% target.

Another market of consumers exists. This is not in the focus of the present business plan model, but could be derived as an upside potential. Specifically this means the household goods industry and the defense industry where the **skyBottle™** could also be placed in the market.

Product Mix per Bottle Size		SBTE GmbH				
[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
Unit		Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
Product Mix Bottle Size						
Bottle Volume 1.0 - Egalite	%	5%	8%	14%	18%	20%
Bottle Volume 1.2 - 1.2	%	5%	7%	10%	11%	12%
Bottle Volume 1.5 - Middlelow	%	30%	29%	28%	27%	26%
Bottle Volume 1.7 - Middlehigh	%	15%	14%	14%	13%	12%
Bottle Volume 2.0 - 2.0	%	30%	28%	23%	22%	21%
Bottle Volume 2.5 - Jumbo	%	15%	13%	11%	9%	9%
Total Product Mix	%	100%	100%	100%	100%	100%
Individualisation Share (only for channels own webstore and distributors)						
Individualisation Share out of Customers	%	10%	13%	15%	15%	15%

Table 9: Product mix

6.2. Pricing

skyBottle™ will be established as a technologically-advanced product and will be manufactured with high quality and environmentally friendly materials. These factors lead to increased product quality and a reasonable price. The prices for the various models are in the similar range compared to the direct competition. In addition, this is warranted by a longer product life and the stability of the product.

The determination of the price has three input frameworks:

- (1) The cost, which establishes the basic floor of the price (detailed sample calculation see Table 10).

- (2) The price of the direct competition and
- (3) how much the consumer, as the ultimate decider, is willing to pay. In the case of SBTE GmbH, (2) and (3) will have nearly the same impact due to the product. The price the customer pays for a similar product from the competition has already been proven by the market (competitors price ranges see Table 11).

Sample: Price Calculation of skyBottle™: Bottle Volume 1.7 - Middlehigh SBTE GmbH

[in EUR, unless otherwise stated]		
Unit	Factor	per Unit
Revenue		30,00
COGS		9,00
Unit Gross Margin		21,00
<i>Unit Gross Margin</i>	%	70%
Average Sales OPEX		
Commission		7,20
Channel Marketing Support Cost		0,60
Channel Operating Cost		0,30
Marketing Cost		0,70
Logistics Cost		2,60
Staff Cost Sales		4,00
Overhead Cost (Staff, G&A, etc.)	20%	3,08
Unit Net Profit		2,52
<i>Unit Net Profit</i>	%	8%

Table 10: Price calculation based on cost structure

Pricing per Unit, Price Range Competition SBTE GmbH

[in EUR, unless otherwise stated]		
Unit	2013 Budget 2013	Brands of competition (prices excluding VAT and shipping)
Pricing per Bottle Size		
Bottle Volume 1.0 - Egalite	24,00	#) SIGG (1.0 liter): Aluminum bottle EUR 13.80 to 19.00 + pouch EUR 8.60 = EUR 22,40 to 27.60
Bottle Volume 1.2 - 1.2	26,00	#) SIGG (1.0 liter): Vacuum flask EUR 26.00
Bottle Volume 1.5 - Middlelow	28,00	#) SIGG (1.5 liter): Aluminum bottle EUR 16.50 to 20.80 + pouch EUR 8.60 = EUR 25.10 to 29.40
Bottle Volume 1.7 - Middlehigh	30,00	#) Salewa (1.0 liter): Vacuum flask EUR 26,10
Bottle Volume 2.0 - 2.0	32,00	(Thermo lite up to EUR 34.70)
Bottle Volume 2.5 - Jumbo	34,00	#) Stanley (2.0 liter): Vacuum flask EUR 37,40
AddOn Pricing - Individualisation		#) Deuter (2.0 liter): Hydration system EUR 24.30 (cleaning set + EUR 12.20)
3rd Party Retail	15,00	#) Platypus (3.0 liter): Hydration system EUR 30.20 (cleaning set + EUR 18.10)
Own Retail	15,00	

Table 11: Pricing per skyBottle™ and price range of competition

6.3. Distribution

Distribution strategy

SBTE GmbH has opted for selective distribution, where SBTE GmbH relies on few intermediaries to transfer their product to the customers. The reason to employ this retail strategy is the focus on identified specific markets in the mountaineering sports and leisure industry (industry of prioritisation 1). skyBottle™ will be favoured by the customer in this industry segment. SBTE GmbH could therefore avoid distribution to retail channels where there is a small chance to gain market share and focus only on selected retailers based on geographical regions and on their product range. This will also lead to distribution cost advantages.

Distribution Channels

POS Rollout		SBTE GmbH				
[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
3rd Party Retail						
Webshops 3rd Party	# new	2	1	0	0	0
Distributors	# new	42	98	80	90	100
Chains	# new	0	141	180	200	240
Business Partners	# new	1	2	1	2	0
Own Retail						
Own Webshop	# new	1	0	0	0	0
Flagship Store	# new	0	0	1	0	0
Brand Store	# new	0	0	0	2	0
Total POS Rollout	# new	46	242	262	294	340
3rd Party Retail						
Webshops 3rd Party	# cum	2	3	3	3	3
Distributors	# cum	42	140	220	310	410
Chains	# cum	0	141	321	521	761
Business Partners	#cum	1	3	4	6	6
Own Retail						
Own Webshop	# cum	1	1	1	1	1
Flagship Store	# cum	0	0	1	1	1
Brand Store	# cum	0	0	0	2	2
Total POS (end of period)	# cum	46	288	550	844	1.184

Table 12: POS Rollout

The point of sale rollout is illustrated in Table 12. In principle, a distinction is made between 3rd party retail and own retail. At the end of year 5 nearly 1.200 point of sales should be established.

3rd party retailers are categorized into 3rd party webshops (e.g. Amazon¹⁶, etc.), distributors (list of distributors for Austria, see Exhibit XI), chains (list of chains for Austria, see Exhibit XII) and business partners (e.g. Österreichischer Alpenverein¹⁷, Nationalpark Hohe Tauern¹⁸, Deutscher Alpenverein¹⁹, etc.). Distributors represent specialised stores which are operated independently by a small group of staff (micro companies). These stores can operate under a common brand (e.g. franchise partner). An example in the Austrian market would be the brand Northland. Chains, on the other hand are medium sized to large sized companies with large store capacities scattered around different locations. The rollout will always be organised in stages for parts of the POS of various chains (e.g. based on geographical aspects). Business partners are organisations which will distribute the skyBottle™ under their own corporate design in their own shops and locations. Exhibit XIII illustrates a drafted letter of intent prepared to be completed with a distributor.

For the own retail, the webshop is the most important channel. The business plan includes also a rollout of one own flagship store in year 3 and of two branded stores in year 4. The stores are located in specific geographical areas with a high density of mountaineers. The suggested locations will be Innsbruck (Austria), Bolzano (Italy) and Zermatt (Switzerland).

Market Shares in the Austrian Sports Retail Market **SBTE GmbH**

[in EUR, unless otherwise stated]		2009	2010
	Unit	Actuals	Actuals
3rd party Retail without Webshop			
Intersport (chain)	%	37,3%	37,7%
Sport 2000 (chain)	%	22,2%	21,3%
Hervis (chain)	%	15,2%	15,5%
Distributors	%	10,9%	10,8%
Sports Experts (chain)	%	7,6%	7,9%
Gigasport (chain)	%	6,8%	6,8%
Total Market	%	100,0%	100,0%

Table 13: Market shares 3rd party retail Austria

An overview of the market assertiveness through the market share in the Austrian sports retail market is illustrated in Table 13.²⁰ Therefore, in the POS rollout, the focus of the midterm period is the rollout of chains.

¹⁶ Cf. Amazon (2012).

¹⁷ Cf. Österreichischer Alpenverein (2012).

¹⁸ Cf. Nationalpark Hohe Tauern (2012).

¹⁹ Cf. Deutscher Alpenverein (2012).

²⁰ Cf. Intersport (2012).

The estimated POS potential in the target markets are summarised in Table 14. At the end of year 5 of operation, 43% of the POS will be contracted.

Estimation of Relevant POS in Target Markets SBTE GmbH

[in EUR, unless otherwise stated]				
	Unit	Distributors	Chains	Total
Country				
Austria	#	53	722	775
Germany	#	40	500	540
Italy	#	40	300	340
Slovenia	#	20	150	170
Switzerland	#	100	450	550
France	#	70	300	370
Total POS in target markets		323	2.422	2.745

Table 14: Relevant number of POS in target markets

Commission Sales Agreement

SBTE GmbH will contract a selection of retailers who will sell the products in their stores. Therefore a commission sales agreement has to be negotiated. This agreement, alongside the outsourcing contract with the manufacturer, will be the most important agreement for SBTE GmbH due to its impact on the cost basis.

The content of this agreement should touch on the aspects of selling rights (territory, period, exclusivity), product prices (fixed selling price), orders (form, returns), commission (% of selling price dependent on the channel), training on the product, advertising (coop-marketing), product image, restraint of competition, confidentiality, termination and consequences, assignment, fiduciary relationship and miscellaneous (e.g. regulated by Austrian law).²¹

6.4. Promotion

The marketing and promotion plan includes various activities to make the product visible to the customer and install the brand **skyBottle™** into the market.

One of the first steps will be the development of our **own website** and the link to social media as shown below. The possibility for the customer to individualise the product via the webshop should improve the presence of the website.

²¹ Cf. Biztree (2012).

Attendance at **tradeshows** will be significant for the company in order to connect with the relevant customer groups and the 3rd party retailers. An excerpt from a list of relevant tradeshows is attached in Exhibit XIV.

SBTE GmbH will pay for local advertising or 3rd party retail advertising which will be organised by the local retail partners (**cooperative advertising**). The commission sales agreement regulates the terms and conditions (e.g. price, restrictions, etc.). This form of marketing will be a substantial aspect of the marketing strategy of SBTE GmbH.

Some **dummies** and other sales materials (e.g. folders) will be purchased by SBTE GmbH and distributed mainly during sponsoring events and tradeshows to future customers and sometimes, due to promotional activities, to one specific sales channel. These will be items such as key rings, which are formed like the product with an attractive design, or carabiners. Attention will be also paid to the **packaging** issue. Customers who purchase the **skyBottle™** via webshop will receive a well-designed package, whereas in retail stores, the product will not have a specific package.

Articles in sports and leisure related magazines will be posted (e.g. the magazine of the Österreichischer Alpenverein called "Bergauf", adventure and outdoor magazines, etc.). The articles could include the personal stories and experiences of the entrepreneurs, which will be accepted as articles by various magazines.

From the revenue perspective, **promotional discounts** should attract customers to buy the product. These discounts will be only given for the individualisation part of the product.

Sponsoring will be another important activity. Sponsoring will happen during events, such as hiking, mountain climbing, rock climbing, Alpine ski touring and snowshoeing, which are accompanied by a mountain guide from an Alpine school or which are promoted by national park organisations (see Exhibit XIV for more details on Alpine schools and national parks). On the beginning of organised events e. g. hikes, future customers are provided with the **skyBottle™** for the duration of the outdoor event to learn about the product.

The official Facebook page and Twitter account will give the customers the possibility to interact directly with SBTE GmbH. The Twitter accounts gives the customers the ability to pose questions and leave comments for the **skyBottle™** product and brand. SBTE GmbH will respond to these questions to satisfy the customers but will not respond to all comments. The close link to the SBTE GmbH website, where relevant mountaineering forums are selected, listed and embedded, will be important. The definition of a relevant forum means that this forum should have up-to-date content, should include relevant mountaineering route information and actual conditions for specific tours (e.g. snow conditions, which is relevant for an Alpine skier planning a tour during spring). In addition, the Facebook page enables the

mountaineering community to network. As observed by the entrepreneurs, this information is only provided on a rudimentary level on a regional basis²² (e.g. the plan is to do mountaineering tours 150 kilometres away from home and the question is where the hiker gets the information about the tour on the internet).

6.5. Sales Forecast

Channel Mix Customers		SBTE GmbH				
[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
3rd Party Retail						
Webshops 3rd Party	%	6%	15%	17%	18%	19%
Distributors	%	85%	61%	40%	31%	26%
Chains	%	0%	16%	35%	42%	45%
Business Partners	%	2%	4%	4%	4%	5%
Own Retail						
Own Webshop	%	7%	5%	3%	2%	2%
Flagship Store	%	0%	0%	1%	1%	1%
Brand Store	%	0%	0%	0%	2%	2%
Total Channel Mix	%	100%	100%	100%	100%	100%
3rd Party Retail						
Webshops 3rd Party	# new	324	12.461	24.650	40.680	54.150
Distributors	# new	4.683	50.139	58.000	70.060	74.100
Chains	# new	0	12.755	50.750	94.920	128.250
Business Partners	# new	88	2.905	5.800	9.040	14.250
Own Retail						
Own Webshop	# new	405	3.740	4.350	4.520	5.700
Flagship Store	# new	0	0	1.450	2.260	2.850
Brand Store	# new	0	0	0	4.520	5.700
Total New Customers	# new	5.500	82.000	145.000	226.000	285.000
3rd Party Retail						
Webshops 3rd Party	# cum	324	12.785	37.435	78.115	132.265
Distributors	# cum	4.683	54.822	112.822	182.882	256.982
Chains	# cum	0	12.755	63.505	158.425	286.675
Business Partners	# cum	88	2.993	8.793	17.833	32.083
Own Retail						
Own Webshop	# cum	405	4.145	8.495	13.015	18.715
Flagship Store	# cum	0	0	1.450	3.710	6.560
Brand Store	# cum	0	0	0	4.520	10.220
Total Existing Customers	# cum	5.500	87.500	232.500	458.500	743.500

Table 15: Channel mix customers

²² Cf. *Lawine Steiermark* (2012) as an example for a regional area based website, which is mainly active during the winter season.

Table 15 provides an overview of customer development based on sales channel distribution. At the beginning of the venture, the focus lies more on the distributors and on promoting our own webshop. In later periods, however, chains become a massive force in the sale of products. The reason is that distributor acquisition for SBTE GmbH would be easier due to the lower market power of distributors compared to chains. The 3rd party retail share is constantly above 90%. This reflects the sales strategy with the focus on 3rd party retail.

In the first years of the venture, customer development is focussed on Austria and Germany. The market development in Italy and Slovenia starts in year 2. In year three, the product should be available in all target countries (see Table 16).

Based on the established price structure, the sales revenue stream per product size and the additional revenue, which results from the individualisation efforts of the customers, is shown in Table 17. The promotional discounts are based only on the additional individualisation revenue. Basically, revenue development depends on the rollout of the sales channels.

Customer Development in Geographical Regions SBTE GmbH

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
Unit		Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
New Customers						
Austria	# new	3.800	37.000	46.000	55.000	65.000
France	# new	0	0	12.000	23.000	30.000
Germany	# new	1.700	38.000	56.000	93.000	110.000
Italy	# new	0	6.000	17.000	30.000	45.000
Slovenia	# new	0	1.000	7.000	10.000	14.000
Switzerland	# new	0	0	7.000	15.000	21.000
Total New Customers	# new	5.500	82.000	145.000	226.000	285.000
Existing Customers						
Austria	# cum	3.800	40.800	86.800	141.800	206.800
France	# cum	0	0	12.000	35.000	65.000
Germany	# cum	1.700	39.700	95.700	188.700	298.700
Italy	# cum	0	6.000	23.000	53.000	98.000
Slovenia	# cum	0	1.000	8.000	18.000	32.000
Switzerland	# cum	0	0	7.000	22.000	43.000
Total Existing Customers	# cum	5.500	87.500	232.500	458.500	743.500

Table 16: Customer development in geographical regions

Revenue and Promotional Discounts
SBTE GmbH

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
Revenue per Bottle Size						
Bottle Volume 1.0 - Egalite		6.600	160.320	496.944	1.015.763	1.451.733
Bottle Volume 1.2 - 1.2		7.150	143.806	384.540	672.473	943.626
Bottle Volume 1.5 - Middlelow		46.200	673.904	1.159.536	1.777.586	2.201.794
Bottle Volume 1.7 - Middlehigh		24.750	355.950	621.180	917.009	1.088.799
Bottle Volume 2.0 - 2.0		52.800	744.512	1.088.544	1.655.318	2.032.426
Bottle Volume 2.5 - Jumbo		28.050	360.060	553.146	719.499	925.479
Total Revenue - Bottles		165.550	2.438.552	4.303.890	6.757.648	8.643.858
AddOn Revenue - Individualisation						
3rd Party Retail		1.099	32.570	51.580	71.421	83.701
Own Retail		510	4.537	5.990	6.349	8.166
Total AddOn Revenue - Individualisation		1.608	37.107	57.570	77.769	91.867
Promotional Discount Rate						
3rd Party Retail	%	28%	25%	25%	25%	25%
Own Retail	%	28%	27%	25%	25%	25%
Promotional Discount						
3rd Party Retail		(308)	(8.164)	(12.895)	(17.855)	(20.925)
Own Retail		(143)	(1.212)	(1.497)	(1.587)	(2.041)
Total Promotional Discount		(450)	(9.376)	(14.393)	(19.442)	(22.967)

Table 17: Revenue and promotional discounts
Scenario: Aggressive POS rollout

A more aggressive POS rollout scenario leads to the following projections of sales in Table 18 of increasing customer base per region and in Table 19 the increasing associated revenue. The revenue in year 5 increases by 28% compared to the base scenario.

Scenario Aggressive POS Rollout - Customer Development
SBTE GmbH

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
New Customers						
Austria	# new	4.800	40.900	60.000	70.000	85.000
France	# new	0	0	20.000	30.000	38.000
Germany	# new	2.400	42.500	70.000	125.000	140.000
Italy	# new	0	10.800	25.000	40.000	53.000
Slovenia	# new	0	5.000	9.000	14.000	18.000
Switzerland	# new	0	0	8.000	22.000	30.000
Total New Customers		7.200	99.200	192.000	301.000	364.000

Table 18: Aggressive POS rollout – projection customer development

The financial implications are summarised in Exhibit XXIV and Exhibit XXV.

Revenue and Promotional Discounts		SBTE GmbH				
[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017	
Revenue per Bottle Size						
Bottle Volume 1.0 - Egalite	8.640	194.424	658.022	1.352.853	1.854.143	
Bottle Volume 1.2 - 1.2	9.360	173.862	509.184	895.639	1.205.193	
Bottle Volume 1.5 - Middlelow	60.480	815.472	1.535.386	2.367.493	2.812.116	
Bottle Volume 1.7 - Middlehigh	32.400	430.650	822.528	1.221.326	1.390.607	
Bottle Volume 2.0 - 2.0	69.120	900.608	1.441.382	2.204.649	2.595.800	
Bottle Volume 2.5 - Jumbo	36.720	434.826	732.442	958.271	1.182.016	
Total Revenue - Bottles	216.720	2.949.842	5.698.944	9.000.230	11.039.874	

Table 19: Aggressive POS rollout – projection revenue

7. Financial Plan

7.1. Pro Forma Income Statement

Financial projections for the first five years of the company are summarised in Table 20. Sales are based only on the product of bottles and the individualisation of these bottles. Growth is attributable to several factors. First, the company acquires new POS and second the share of chains compared to distributors on the total amount of POS increases and therefore the product is more visible to customers. The sales and marketing plan in chapter 6 provides an estimation of the customer base and the related revenue stream for the next years in detail. In the first year the assumed sales volume is 5,500 bottles with an average price of about EUR 30.10 and average costs of goods sold of about EUR 9.03 (for the detailed projection see Table 20). The average price and the average costs of goods sold are triggered from the product mix of different bottle sizes. In the following years the average figures of price and costs of goods sold seems to be nearly stable (Exhibit X). This comes out from the changing product mix towards a higher share of smaller sized bottles with the effect of decreasing of the average and the increasing inflation rate of prices and costs during the following years. The gross profit margin remains on a level of 70% and increases slightly over time. This is an outcome of production contracts due to the scalable production of the bottles. Only a small competitive advantage in product costs will be reached through mass production. Compared to the competitors this will be a realistic gross profit margin. The additional revenue from the individualisation of the product is planned as a marginal share of the sales revenue from the bottles and has no relevant impact onto the gross profit margin.

The pro forma income statement provides projections of the operating expenses for each month during the first two years (see Exhibit XVII).

The salaries are built on the headcount development (see Table 25). The board members will not get a regular salary. The staff costs as a % of OPEX shows in the long-term perspective a share of about 15% (see Exhibit X). For details regarding average salaries in the various departments see Exhibit XV.

The assumptions behind the Sales and Distribution operating cost are presented in detail in the Sales and Marketing Plan. For the detailed financial figures and assumptions see Exhibit XVIII.

Pro Forma Income Statement	SBTE GmbH	SBTE GmbH
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[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
Customer Base						
Customer Bottles	# new	5.500	82.000	145.000	226.000	285.000
Customer Individualisation	# new	107	2.474	3.763	4.983	5.771
Revenue Bottles		165.550	2.438.552	4.303.890	6.757.648	8.643.858
Direct Costs (COGS) - Bottles		(49.638)	(732.638)	(1.285.099)	(1.978.473)	(2.466.102)
Gross Margin Bottles		115.913	1.705.914	3.018.791	4.779.174	6.177.756
<i>Gross Margin</i>	%	70%	69%	69%	70%	71%
AddOn Revenue - Individualisation		1.608	37.107	57.570	77.769	91.867
Direct Costs (COGS) - AddOn Individualisation		(1.072)	(24.738)	(38.004)	(50.231)	(57.766)
Promotional discounts		(450)	(9.376)	(14.393)	(19.442)	(22.967)
Net Gross Margin		115.998	1.708.907	3.023.965	4.787.271	6.188.890
<i>Net Gross Margin</i>	%	70%	69%	70%	70%	71%
Operating Expenses						
Salaries		142.950	329.425	512.966	673.907	806.562
Sales and Distribution						
Commission		39.524	611.097	1.142.749	1.815.536	2.330.666
Channel Marketing Support Cost		24.690	127.530	257.860	329.650	422.348
Channel Operating Cost		180	551	26.197	87.295	131.256
Marketing, Advertising and Promotion Cost		27.524	81.215	87.119	99.769	141.369
Logistics Cost		3.400	189.999	406.530	807.878	1.144.352
Technical Operating Cost		332.250	66.894	92.951	73.637	62.953
IT Operating Cost		3.880	6.732	8.240	10.697	12.729
General and Administration Cost		54.608	166.655	270.854	379.423	474.044
Operating Expenses		629.006	1.580.097	2.805.468	4.277.791	5.526.279
Operating Margin		(513.008)	128.810	218.497	509.480	662.612
<i>Operating Margin</i>	%	(308%)	5%	5%	7%	8%
EBITDA		(513.008)	128.810	218.497	509.480	662.612
<i>EBITDA Margin</i>	%	(308%)	5%	5%	7%	8%
Depreciation		2.115	5.393	14.867	41.143	63.166
EBIT before exceptional items		(515.123)	123.417	203.631	468.337	599.446
Exceptional items (non-repayable Grant)		92.609	28.500	25.500	16.000	13.000
EBIT after exceptional items		(422.514)	151.917	229.131	484.337	612.446
<i>EBIT Margin</i>	%	(253%)	6%	5%	7%	7%
Net Interest		(1.092)	(2.600)	(1.916)	(1.673)	(6.508)
Profit before taxation		(423.605)	149.317	227.214	482.664	605.938
Taxation - Current		0	0	0	68.245	148.235
Net Profit After Tax (NPAT) Net income		(423.605)	149.317	227.214	414.419	457.704
<i>NPAT Margin</i>	%	(254%)	6%	5%	6%	5%

Table 20: Pro Forma Income Statement

Technical operating costs in 2013 are triggered by the technology development project as described in chapter 5.2. and by cost for a product requirement survey. In 2014 to 2017

mainly technology license charges will be invoiced through agreements with the University of Leoben.

The IT operating costs are based on a monthly average rate per headcount. These costs include license package for standard software, server maintenance costs, backup costs, etc..

Cost components depicted in the General and Administration costs are professional fees (for outsourced services, auditor and tax consultancy, legal requirements, etc.), rental fees, office operating expenses, other office expenses (e.g. insurance), leasing fees, staff related expenses (e.g. travel expenses, internal communication), recruitment and training expenses. Table 21 recap the cost components and Exhibit XVI gives an overview about the cost development and the assumptions of G&A costs in detail. The assumptions are based on current market values.

Cost components - General and Administration Cost						SBTE GmbH
[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017	
Professional Fees	12.080	64.564	128.550	208.098	270.027	
Rental Cost Office	3.380	11.006	18.665	22.349	25.329	
Office Operating Cost	1.040	3.386	5.743	6.877	7.794	
Other Office Expenses	2.528	12.921	14.467	18.541	20.617	
Leasing and Operating Fees - Pool Cars	4.800	17.952	29.964	30.563	41.565	
Staff Related Expenses	30.780	48.826	63.336	81.157	95.445	
Recruitment and Training Expenses	0	8.000	10.130	11.839	13.268	
General and Administration Cost	54.608	166.655	270.854	379.423	474.044	

Table 21: Cost components - General and Administration Cost

The detail descriptions on the exceptional items (non-repayable grant) and net interest will be part of chapter 7.4..

The taxation rate is about 25%. There are no taxes incurred in years 2014 to 2015 due to carryover of losses since year 2013.

The companies CAPEX are depreciated using the straight-line method over the estimated useful life. The depreciation period is assumed at:

- Sales and Distribution CAPEX – 5 years
- General and Administration CAPEX – 5 years
- IT CAPEX – 4 years

The company starts to produce profits in March 2014, which is in the 7th month of operation after product launch and in the 15th month after founding the company (see Exhibit XVII for the detailed monthly pro forma income statement for 2013 and 2014). The EBITDA Margin increases and ends up at 8% in year 5.

Exhibit XIX reflects the percentage relationship between sales revenue and the major categories in the income statement. The increase in the EBIT Margin is driven by decreasing technical operating and G&A costs. Lower margins in the beginning of the venture are achieved while establishing market presence in new markets. The increase in the net gross margin percentage which is also reflected in the EBIT Margin is the result of the increasing purchasing power of SBTE GmbH due to contract negotiations with the suppliers.

7.2. Pro Forma Balance Sheet

Plans for the pro forma balance sheet are illustrated in Exhibit XX and Exhibit XXI.

Since finished products would be purchased rather than manufactured by the company the CAPEX requirement is minimal in the projection. In the first years IT hard- and software (e.g. order processing system), webshop-programming (different languages), properties, fixtures and fittings have to be invested. The assumption for the years three and four is the construction of one flagship and two brand stores. The CAPEX requirements and the related depreciation are summarised in Exhibit XXII.

The inventory is organised as an inventory located on the production site of the supplier. The assumption for the average storage is triggered by the amount of new customers and the POS rollout. In the beginning of the venture small reservoir storage is established. The stock is evaluated based on the purchase price of the products.

The accounts receivable correspond to an average of 21 to 25 days of sales outstanding. This ratio is dependent of the channel mix whereas the trends are that webshop customers pay immediately and 3rd party retailers will pay occasionally delayed.

Accounts payable are estimated as a percentage of OPEX and COGS, except salaries. Salaries should be paid in the corresponding month. The average number of days the company takes to pay the suppliers is assumed at 24 to 27 days.

State and federal liabilities are assumed as a percentage of salaries and the accrued liabilities are relevant due to Christmas and holiday allowances which would be paid in June and December.

7.3. Cash Flow Projections and Break-even Analysis

Table 22 presents the comparative cash flow statement from the annual planning of SBTE GmbH. In the first year the lack of cash is mainly driven by the product development process. The cumulative free cash flow becomes positive in 2016. Exhibit XXIII shows the detailed monthly pro forma cash flow statement for 2013 and 2014.

Pro Forma Cash Flow Statement		SBTE GmbH				
[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017	
EBITDA	(513.008)	128.810	218.497	509.480	662.612	
Interest income	1.447	1.162	1.846	1.619	2.396	
Interest expenses and other finance costs	(2.539)	(3.762)	(3.762)	(3.292)	(8.903)	
Tax paid	0	0	0	(68.245)	(148.235)	
Exceptional items	92.609	28.500	25.500	16.000	13.000	
Adjustments to net income (salaries)	0	0	0	0	0	
Funds from Operations (= except non-cash, non-operating items)	(421.490)	154.711	242.081	455.562	520.869	
Movement in working capital						
Change in inventory	(11.375)	(31.063)	(30.063)	(68.750)	(60.625)	
Change in Accounts receivable	(19.565)	(123.219)	(201.527)	(313.877)	(206.197)	
Change in Accounts payable	15.993	122.989	218.777	312.123	204.273	
Change in State and federal liabilities	3.235	955	2.223	2.012	1.658	
Cash Flow from Operating Activities	(433.202)	124.373	231.492	387.069	459.979	
CAPEX & investments	(18.114)	(9.253)	(92.366)	(163.479)	(26.300)	
Cash Flow from Investing Activities	(18.114)	(9.253)	(92.366)	(163.479)	(26.300)	
Free Cash Flow (FCF)	(451.316)	115.120	139.126	223.590	433.679	
Cumulative Free Cash Flow	(451.316)	(336.196)	(197.071)	26.520	460.199	
Equity Contributions from Shareholders	170.000	0	0	0	0	
Change in External debt (w ithout payables)	323.088	0	7.155	(86.510)	(127.308)	
Dividends paid	0	0	0	(49.730)	(91.541)	
Others	0	0	0	0	0	
Net Cash Inflow (Outflow)	41.773	115.120	146.281	87.350	214.830	
Opening Cash Balance	0	41.773	156.892	303.173	390.523	
Closing Cash Balance	41.773	156.892	303.173	390.523	605.353	
Detail of External debt (w ithout payables)						
Friend and Family Loan	0	0	0	0	0	
Loan from Business Angel	0	0	0	0	0	
KWF-StartUp Loan	135.000	135.000	142.155	149.689	116.425	
FFG-Loan	188.088	188.088	188.088	94.044	0	
Bank Loan	0	0	0	0	0	
External debts (w ithout payables)	323.088	323.088	330.243	243.733	116.425	

Table 22: Pro Forma Cash Flow Statement

The peak funding is in 2013 (see Figure 5), mainly driven by the technology development project. The scenario analysis (financial overview see Exhibit XXIV) of a more aggressive POS rollout (cumulative plus 30.8%) combined with increased marketing costs and increased channel marketing support costs observe a change in NPV and IRR due to an increasing customer base (cumulative plus 29.6%). The IRR changed from 27.15% to 35.19%. IRR is the break-even-rate of the venture. If the discount rate (After-Tax WACC) is less than 27.15%, the NPV is above 0 and the SBTE GmbH is profitable from the projected cash flow statement perspective. The shareholder value increases by the net present value of this venture equal of EUR 325k and for the scenario EUR 593k (for assumptions and calculation see Exhibit XXIV and Exhibit XXV²³). To finance the venture in the aggressive POS rollout scenario an addition bank loan of about EUR 150k will be requested in September 2013. The break-even point in the second year, to cover only the fixed costs of the second year, is 76k units sold (no carryover of losses of year 1 included, details in Exhibit XXVI).

Pro Forma Cash Flow Statement - Comparison Peak Funding **SBTE GmbH**

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
Cumulative Free Cash Flow	kEUR	(451,3)	(336,2)	(197,1)	26,5	460,2
Cumulative Free Cash Flow - Scenario	kEUR	(488,5)	(484,4)	(262,7)	165,4	803,2

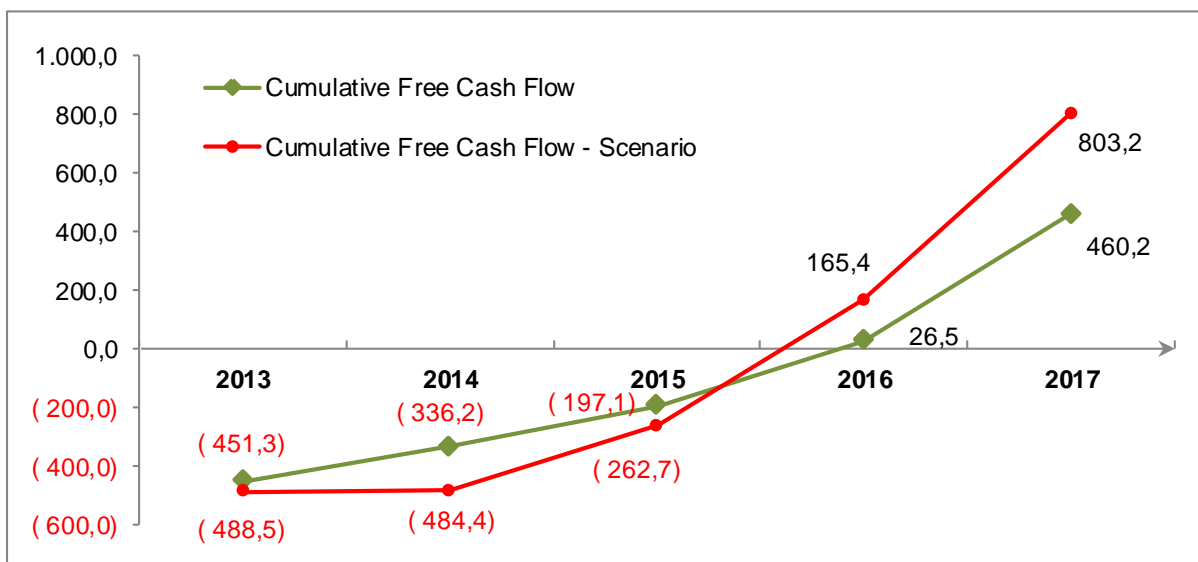


Figure 5: Cumulative Free Cash Flow – Peak Funding

²³ Cf. Damodaran (2012) and Reuters (2012) for assumption of variables.

7.4. Sources and Uses of Funds Statement

Table 23 illustrates the disposition of incomes from operating activities and from other internal and external financing and funding.

The details about the non-repayable grants and the long-term borrowings from KWF and FFG are summarised in Exhibit XXVII.

Pro Forma Sources and Application of Funds		SBTE GmbH				
[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017	
Source of funds						
Personal funds of founders	170.000	0	0	0	0	
Exceptional items (non-repayable Grant)	92.609	28.500	25.500	16.000	13.000	
EBITDA	(513.008)	128.810	218.497	509.480	662.612	
Interest income	1.447	1.162	1.846	1.619	2.396	
Long-term borrow ing (KWF-StartUp Loan)	135.000	0	7.155	7.534	0	
Long-term borrow ing (FFG-Loan)	188.088	0	0	0	0	
Total funds provided	74.138	158.473	252.998	534.633	678.007	
Application of funds						
Purchase of equipment (CAPEX)	18.114	9.253	92.366	163.479	26.300	
Interest expenses and other finance costs	2.539	3.762	3.762	3.292	8.903	
Tax paid	0	0	0	68.245	148.235	
Inventory	11.375	31.063	30.063	68.750	60.625	
Dividends paid	0	0	0	49.730	91.541	
Retire long-term borrow ing (KWF-Loan)	0	0	0	0	33.264	
Retire long-term borrow ing (FFG-Loan)	0	0	0	94.044	94.044	
Total funds expended	32.028	44.077	126.190	447.540	462.912	
Net increase/decrease in working capital	42.109	114.395	126.807	87.093	215.095	
Total application of funds	74.138	158.473	252.998	534.633	678.007	

Table 23: Sources and uses of funds

7.5. Theoretical aspects of bootstrapping

The start-up company's brilliance comes through figuring out how to tap the money of others, or how to substitute imagination, knowledge, or sweat for money in the first place.²⁴

The disadvantages of a limited financial budget of a start-up company are facing benefits. These are the focus, discipline and flexibility in start-ups. Founders have no obligations to

²⁴ Cf. *Mamis* (1992).

outside investors in order to open a potentially necessary modification of the strategic orientation of their start-up project.²⁵

The following normative guidelines for financial bootstrapping could be defined:²⁶

- Fastest possible start of operating activities (e.g. more realizable by innovative business model, market niche),
- Focusing on early profits and positive cash flow (e.g. early stage marketing of partly finished products, building trust with customers),
- Concentration of the founders onto the distribution function (e.g. focusing on quickly paying customers),
- Avoidance of highly paid and non-entrepreneurially motivated employees (e.g. agreement on low basic salary with high bonus payments),
- Controlled establishment of increasing capacity requirements (e.g. procurement management based on customer orders),
- Preference of liquidity considerations over profitability considerations (e.g. waiver of buying market share through price dumping, acceleration of receipt of payment by cash management),
- Early care of potential external financiers before actual use (occasional discussions with potential financiers like bank institute, signaling of good business practices).

Bootstrap financing involves methods for conserving cash. The only limitation in bootstrap financing is the imagination of the entrepreneurs. The entrepreneur has always to ask about discounts for larger purchasing volumes, renegotiates contracts from time to time, hires the right people to reach operational excellence, uses cooperative advertising to save and to share costs in the venture.²⁷

²⁵ Cf. *Bhide* (1992), p. 112.

²⁶ Cf. *Nathusius* (2001), p. 36-40.

²⁷ Cf. *Hisrich, Peters, Shepherd* (2010), p. 326-327.

8. Organisational Plan

8.1. Form of Ownership

SBTE GmbH will incorporate as a limited liability company registered as a legal person in accordance with Austrian law. The minimum share capital required to form a GmbH is EUR 35k. The capital is divided into two equal shares. Each of the co-founders will bring an overpayment on top of the minimum share capital to the company. The cooperation will end the founding process with a share capital of about EUR 85k per co-founder.

8.2. Management-Team

Co-founders and background

Juergen Kopeinig – Partner and Co-founder

Juergen Kopeinig, educated in business administration and mechanical engineering, has over 12 years of experience in leading projects in the fields of project management and financial accounting and controlling. For 6 of these 12 years, he worked as a project manager in the international telecommunication business with a strong focus in the technical telecommunication network rollout in Austria. He was involved in the start-up phase of Hutchison 3G Austria GmbH, a subsidiary of Hutchison Whampoa Limited, a renowned multinational conglomerate with various business focuses (headquartered in Hong Kong, China) and in the founding of NETCO 3G Austria GmbH, a subsidiary of Hutchison 3G Austria GmbH. For almost another 2 years he worked for the Chemson Group, located in Austria, managing the Group's accounting and controlling. The Chemson Group is a worldwide leader in the field of polymer additive and plastic production. For the last 3 years, Juergen Kopeinig has worked for a government-owned funding organisation. This organisation focuses on subsidising technology and innovation driven projects from enterprises.

With his experience, he is sure that he would manage the company and the projects efficiently. He is excited to start the company now and deal with all the challenges to come.

Severin Greyer – Partner and Co-founder

Severin Greyer, educated in business administration, has worked for the last 4 years as a sales representative in the sports industry for a large sports equipment distributor. He was responsible for the German-speaking market of Ober Alp AG (trademark Salewa). In this function, he got a strong insight into the various sales channels which could be used for

distribution of equipment and how they work (including logistical processes). He built up a strong network with 3rd party retailers and the sports equipment wholesalers. In addition, he was involved in product development processes.

He believes that his experience, network and knowledge will ensure high performance in sales and distribution.

Both are characterised by a powerful sense for trends and market developments. They have knowledge of the outdoor market and are enthusiastic mountaineers.

Characteristics of Co-founders and process of their partnering

The co-founders share the entrepreneurial spirit and the vision of the venture. They have great respect of each other in the partnership. The main purpose of forming this partnership is to achieve success as a team.

The individual skills of Juergen Kopeinig and Severin Greyer complement each other. This means in practice that Juergen Kopeinig is more introverted and strongly detail oriented due to his educational background and professional focus. Severin Greyer is able to think outside the box, is extroverted in approaching people and has strong professional skills in marketing and sales due to his professional background. Juergen Kopeinig likes problem-solving and therefore reflecting different thoughts regarding a specific issue and assesses the risks and the benefits with particular care. A long decision-making process may be a consequence thereof, as nearly everything has to be proven. Severin Greyer concludes things immediately and prefers a quick decision-making process.

Both entrepreneurs like to have fun, are very open to new ideas, and have the ability to be creative and innovative. Process optimisation and to work really hard in implementing things are close to their hearts. Trust in the vision and trust in the partnership are essential issues for both of them.

It is important for the entrepreneurs to have a strong customer focus, respect for every individual (like employees) and a robust commitment that a strong team spirit is a key success factor. From the leadership perspective, the partners are experienced in mentoring and inspiring people. The partners are not interested in the venture for only financial reasons. They want to build a strong organisation.

The set-up of the partnership was driven by Juergen Kopeinig. He started to make a list of the best people he could imagine to start the company together with. Therefore he had a close look into his private (friends and family members) and professional network

(enterprises, universities, etc.). The advantage is to know the quality of each other's work by having experience with their behaviour. After creating the list, Juergen Kopeinig prioritised the partners (identifying about ten potential partners) and pitched them the idea. Based on that, he rethought the prioritisation and invited the most appropriate three potential partners for a two day workshop. Despite previous cooperation with these three potential partners, each possible partnership was tested by tackling a small project together with them separately. This was a way to learn more about the personality, the individual expectations for the business, the prospects of the partnership and each other's core (personal and professional) values. In the workshop, the partners developed a clear sense of roles and responsibilities. Communication is important at every stage of a partnership, so it was tested whether both partners felt comfortable in expressing opinions, ideas and expectations. Juergen Kopeinig and Severin Greyer know each other from past work experience and the two day workshop led to the conclusion that this partnership would be strong in handling the entrepreneurial challenges.

Additional important key employees and outside team members

N.N. – Technical Expert (planned start of employment on Jan. 1st, 2013)

It is planned to find the technical expert, who will be heavily involved in the technical development project, via nodes of the network of Juergen Kopeinig from the University of Leoben. The ideal case would be that the Professor suggests a competent person.

Bernhard Kopeinig – Legal expert (outside)

The brother of Juergen Kopeinig is actually engaged in a temporary project at Freshfields Bruckhaus Deringer LLP at the Vienna office in Austria. The plan is that Bernhard Kopeinig will enter into permanent employment at Freshfields Bruckhaus Deringer LLP in October 2012. Bernhard Kopeinig contributes to the venture (e.g. contract setting with technology project partners) through his excellent legal expertise and will have also access to an international legal network.

N.N. – Mentor or Business Angel (outside)

The entrepreneurs are looking for a senior sales manager or a chief commercial officer who has been involved in retail and wholesale in the sports and leisure industry (e.g. a former sales manager of the Mammüt Sports Group AG with the head office in Switzerland; famous for its product in the (mountain) sports industry, but no flask in its product portfolio!).

8.3. Location of Venture

Due to the fact that the company will not need production facilities, the plan for the business location is to establish an office at the beginning of January 1st, 2013 in the Lakeside Science & Technology Park²⁸ in Klagenfurt, Austria. The Lakeside Science & Technology Park with flexible, designable office space of about 23.000m² is an established platform for cooperation between enterprises and research institutions due to the geographical proximity to the Alpen-Adria-Universität of Klagenfurt and the Carinthia University of Applied Sciences. The enterprises operating in the park are highly technology oriented. SBTE GmbH will profit from this innovative climate in the park.

8.4. Organizational Structure - Roles and Responsibilities

Partnership setting

An important issue the entrepreneurs have in their time schedule until founding the company is the creation of a written partnership agreement with the help of a lawyer. The agreement address some crucial issues like:

- form of ownership,
- compensation of the partners (primarily dividend payments from beginning of year 4 are discussed; conclusions of 12% to 20% of NPAT are part of the business plan),
- investments into the venture (e.g. on a later step by the entrepreneurs, venture capital from outside and therefore dilution issues),
- roles and responsibilities,
- definition of targets based on the business plan (e.g. POS acquisition),
- exit-clauses for the partners (e.g. what happens if one partner does not complete the work as expected; selling the company, terms if one partner is obliged to buy out the other partner, one partner wants to quit the business).

One of the first steps in the organisational structure is to establish processes for daily communication. The entrepreneurs agree:

- to talk one time a day at designated times and re-evaluate goals,
- to discuss monthly how the operations fits into the vision and
- to delineate the roles and responsibilities repeatedly to show employees to whom they should report.

²⁸ Cf. *Lakeside Science & Technology Park* (2012).

Costcenter (CC) structure

From the organisational setting the company management establishes a “costcenter” structure where areas with cost and budget responsibilities (5000 to 9030) and areas with revenue responsibility (4000) are established. Table 24 summarises the assumptions and gives an overview about how to split the responsibilities of the entrepreneurs.

Organisation: Costcenter (CC) Structure SBTE GmbH

Description CC	CC	Class	Responsibility
Revenues	4000	X	Greyer
Costs of Goods Sold (COGS)	5000	X	Kopeinig
Management Board	6000	X	Kopeinig
Technical Department	7000	sum	Kopeinig
Technical Development	7010	X	Kopeinig
Technical Operations	7020	X	Kopeinig
Commercial Department	8000	sum	Greyer
Sales	8010	X	Greyer
Customer Service	8020	X	Greyer
Logistics	8030	X	Greyer
Marketing	8040	X	Greyer
G&A Department	9000	sum	Kopeinig
Finance	9010	X	Kopeinig
Legal	9020	X	Kopeinig
Human Resources	9030	X	Kopeinig
Procurement, IT	9040	X	Kopeinig
Explanation: X...designed for posting sum...aggregation of CC			

Table 24: Costcenter structure

The organisational chart, illustrated in Figure 6, makes a colour distinction between organisational units, where the operational work is partly outsourced, and others, where the operational work is done by the entrepreneurs and employees of the company.

Technical Operations and therefore the manufacturing process will be supported by industry partners.

Logistics services will be supported by a logistics partner. Financial accounting (including tax) and payroll accounting will be outsourced to a consultancy firm (details see chapter 9).

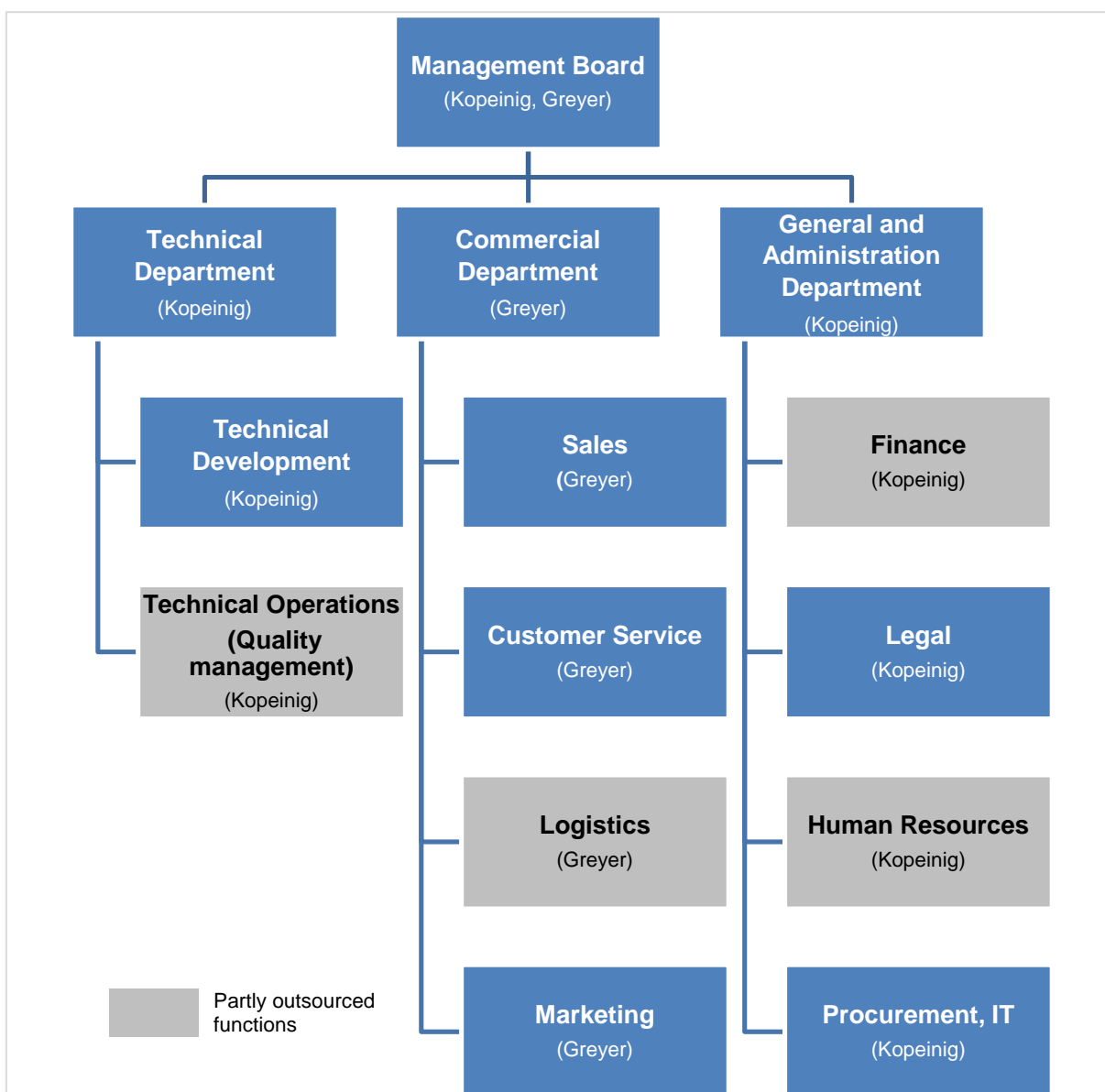


Figure 6: Organizational chart and responsibilities

8.5. Headcount development

Based on the organisational chart the headcount development (end of year) in the five year business plan is summarised in Table 25.

The commercial staff is aligned to fulfil an important KPI (see Exhibit X). The serviced and managed POS per fulltime employee of commercial staff should not exceed 150 per year on average to optimise the quality of service. This depends of course on the portfolio of serviced POS (mainly chains versus distributors) of the individual commercial staff responsibility.

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
Board Members (CC 6000)	#	2	2	2	2	2
Technical Department (CC 7000)	#	1	1	1	1	1
Commercial Department (CC 8000)	#	2	3	5	7	8
G&A Department (CC 9000)	#	1	1	2	2	2
Total Headcount	#	6	7	10	12	13

Table 25: Headcount development

8.6. Partnering – theoretical aspects

The challenges that founders usually conclude are huge so that they cannot do it all themselves. This means that founders must find the right partner and hire the right people to reduce risk. There are key steps to build a team that helps the venture to achieve its goals and to avoid mistakes in the start-up phase. Hiring and motivating excellent people is a critical factor of the entrepreneur's job. Actively managing the culture of the start-up is an essential part of that. If the entrepreneurs don't take care, poor productivity, running out of cash before getting market traction, etc. will happen. Hiring of friends, who don't add their skills to the company, are risk elements.²⁹

The process of choosing a co-founder starts with the formulation of the own human capital in terms of knowledge, skills, experience and personal characteristics. This will help to determine what the company needs from other people. Identifying of such people is time-consuming and will end up in the definition of roles and responsibilities.³⁰

In a sole proprietorship, the owner must take over different responsibilities and not all of them will fit well. For a successful partnership the skills usually complement each other. Through partnering, on the one hand side, there is a larger pool of capital available, but on the other hand side, the profits must be divided. A partnership can generally react quickly to changing market conditions. One important requirement is the qualification to deal with disagreements between the partners. A well-established communication structure will support this.³¹

²⁹ Cf. *Cohan* (2012).

³⁰ Cf. *Baron, Shane* (2008), p. 7-9.

³¹ Cf. *Kaplan, Warren* (2010), p. 140-142.

Addressing these issues and the mentioned issues in chapter 8.4 up front will help to focus on the business also later on. How good the entrepreneurs will work out the details of setting up a partnership could be an indicator of how well or poorly the prospective venture will operate.

9. Operational Plan

9.1. Strategic Value Chain

Based on the value chain described in Exhibit XXVIII the flow of goods and services from production to the customer is illustrated in Figure 7. The decision of the optimal support in the value chain, which could be **outsourcing** or **in-house performance**, has to be evaluated for the various elements.

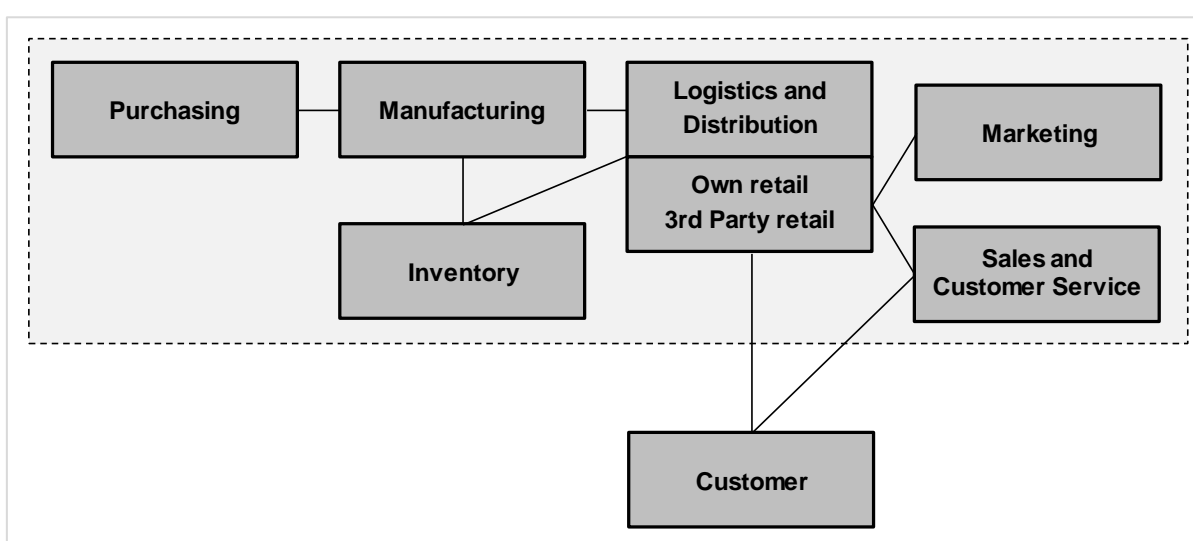


Figure 7: Flow of goods and services

Purchasing

The objective of the Procurement department is to manage day-to-day purchasing activities. The workload intensity is dependent on the demand, which is required from sales (own retail, 3rd party retail, internal purchase orders). To monitor the inventory levels and to keep POS (distributors, chains, etc.) stocked at required levels, the enterprise support system CAPEX is budgeted. The purchase order process (within the company, to the manufacturer and POS) will be performed through an IT system (ESS) which has not been selected until now. Existing and tested solutions actually used by the retailers and manufacturers are the focus of the evaluation. Open source inventory software will be screened. The possibility of setting up an approval process, where the entrepreneurs are included, will be important. Departments, Procurement, IT, Technical Operations, Logistics and Sales work together closely in the content sharing process.

The financial considerations reveal low costs to run a purchasing department (only salaries and some staff related expenses and investments). From the strategic point of view, it is important to have control over inventory management (every POS has to be stocked at the right time) and over the manufacturing process (controlling the performance of the production partner). Purchasing thereof is done in-house.

Purchasing of IT hardware will be managed by the Procurement department. Software-specific issues and the programming of the website will be supported by consultants.

Manufacturing

The Technology Development department supports the research and development process of the product (resources planned, see chapter 5.2). SBTE GmbH has a lack in capabilities (e.g. coating technology) and resources (e.g. production facilities) to manufacture, first, the prototype and, later on, the product. High investments into production capability and personnel recruitments (or consultants) will be necessary if SBTE GmbH does not partner with an industry partner. One risk could be that consultants have a lack of commitment to the project. An increase in our own qualified headcount would end up in excessive personnel resources which will not be needed after finishing the project.

Quality control on the materials, the product and the manufacturing process, which will be done by the Technical Operations department, are important. This department has to set up excellent relationships with the industry partners and a close internal communication structure with the Customer Service department to get the feedback from the customers into the production process. Manufacturing will be outsourced with established, strong process control. The products are stored in the inventory of the supplier.

The planned partners for manufacturing and individualisation of the product are Group KBB / Meissl and NCA Container und Anlagenbau GmbH (contact and competences see Table 6). SBTE GmbH will look out for additional potential partners who are able to contribute to the realisation of the project and the product as described in chapter 5.2. The raw materials purchasing process is fully the responsibility of the industry partners. In a long-term perspective, the purchasing price for SBTE GmbH will decrease due to economies of scale in the manufacturer cost base.

At a later stage, discussions about insourcing will be started. This is actually not in the focus of the business plan.

Inventory

Inventory stock will be monitored with a high level of precision by SBTE GmbH. If the level at NCA or in various POS's reaches a specific defined stock volume (minimum, maximum stock and reorder levels), notifications will be sent to Procurement of SBTE GmbH. The inventory is operated direct at the supplier's production site by the inventory staff of the supplier as a physically separate and identifiable part. SBTE GmbH will be responsible for the inventory in terms of accounting (e.g. realisation income statement), insurance issues (e.g. risk of collateral damage), and bearing loss.

Logistics and Distribution

No assembly operations will be handled on the site of SBTE GmbH. The final shipment out of the inventory emanates from the location of the supplier's site directly to the POS (3rd party retail, own stores) and from the supplier's site directly to the customers in the case of internet sales (3rd party webshops, own webshop). Therefore a logistics partner has to be found.

Two opportunities have already been evaluated. First, SBTE GmbH uses the established logistic knowledge of the supplier NCA and setup a contract where NCA will support SBTE GmbH as logistics partner. NCA as a logistics partner has direct access to the inventory stock, offers skilled labour for picking orders and packaging, has installed quality management in logistic processes and does not need much time to establish such a logistics system for SBTE GmbH. Secondly, an external logistics provider will be assigned as a logistics partner. Potential candidates are Deutsche Post AG³² (known as DHL; headquartered at Charles-de-Gaulle-Strasse 20, 53113 Bonn, Germany; relevant location for SBTE GmbH: Industriestrasse 16, 9241 Wernberg, Austria) and Österreichische Post AG³³ (known as EPS; headquartered at Haidlingergasse 1, 1030 Wien, Austria; relevant location for SBTE GmbH: Herberthstrasse 1, 9470 St. Paul im Lavanttal, Austria). The biggest disadvantage with this option is that this partner will need access to the inventory of NCA, where the inventory of SBTE GmbH is integrated. In any case, a external logistics provider will be involved to make sure that SBTE GmbH will get the logistics performance at a reliable market price (from NCA).

The decided opportunity from SBTE GmbH will be a combination of both, where NCA carries out the process until the final packaging and the external logistics provider handles shipping to the POS or customer.

³² Cf. *Deutsche Post AG* (2012).

³³ Cf. *Österreichische Post AG* (2012).

The Customer Service department puts the order with information about name (POS or customer), address, order volume and kind of product into the ESS. The logistics partner, NCA, handles the order, does the packaging and records stock movements (also returns) into the inventory system. The external logistics provider fulfils only the shipment.

At a later stage, discussions about insourcing will be started through the purchase of logistic facilities and employment of own staff. The starting point could be the partial insourcing of distribution from webshop-orders due to small distribution volumes. Commissioning of orders from POS (3rd party and own) remains outsourced. This is actually not in the focus of the business plan, but for cost-saving reasons, an important analyses aspect due to increasing logistics costs (see Table 20).

Retail, Marketing, Sale and Customer Service

SBTE GmbH relies on intermediaries and a few own channels to transfer their products to the customers. 3rd party retail is chosen because of the wide range of similar products they offer which are related to mountain sports.

For the retail customers, the Customer Service department is defined as the single point of contact, which includes order management, returns management, complaint management, payment, commissions, etc.. Orders (via phone or email) from retail customers and orders from our own channels will be processed by the Customer Service department using the ESS. The Sales department is primarily responsible for the rollout of the POS. A strong customer-centric focus and customer service is an essential part of operational excellence. It is important to have a close internal communication structure between Sales and Customer Service.

The Marketing department is responsible for marketing activities and events, which will be done by SBTE GmbH together with various partners (e.g. event management with mountaineering school, national parks, etc.), for the organisation of appearances at trade fairs and for collective activities with 3rd party retailers, where SBTE GmbH will pay for local advertising or retail advertising placed by a (local) retail store or retail group. The Marketing department will manage the contract design with the 3rd party retail (e.g. is the product the only one of its type in the advertisement, is it prominently featured on the first page, is it advertised below a defined price level, frequency, price, etc.).

9.2. Supporting Functionalities

Finance

Financial accounting will be supported by Kampitsch & Partner Steuerberatungs GmbH³⁴ (K&B, Unterer Platz 11, 9300 St. Veit an der Glan, Austria). This service company has an excellent reputation due to a long, proven relationship between the wife of Juergen Kopeinig and the service company. The service company has done the accounting for several years for his wife's business.

K&B will have access to the ESS system. They will do accounts receivable accounting, accounts payable accounting (including commissions), asset accounting, inventory accounting, payroll accounting and cash accounting. Payments and Cash accounting must always be proven by the entrepreneurs.

Controlling functions will be supported internally. On a weekly basis, K&B will provide accounting data in defined detailed structures. The main analysis will be done by both entrepreneurs and will focus on a summary of the income statement (revenue, COGS, OPEX), cash and liquidity (payment terms). Another monitoring focus will be paid to sales quality indicators (e.g. order processing time), which could be measured directly with the ESS system.

The administration of external governmental funding (public loans and non-repayable grants) will be done both internally and externally. The application process is managed by Juergen Kopeinig due to his experience. Cost tracking, accounting and reporting to the government will be done by K&B.

Legal

The Legal department is responsible for contract design, contract management and the set up of the terms and conditions of SBTE GmbH.

Outsourcing contracts will include duration of no longer than 3 years due to renegotiation issues and will include exit clauses if the business venture goes under.

The Legal department will be supported from outside the company by Bernhard Kopeinig and topic-specific consultants.

³⁴ Cf. *Kampitsch & Partner Steuerberatungs GmbH* (2012).

Human resources

Payroll accounting is fully outsourced. Recruitment will be done by the entrepreneurs. No headcounts are planned in the department, but the department has the budget to set up internal communications, which is in the strong focus of the entrepreneurs. This means that two times a year a two day workshop will be organised where the whole company staff is present. This event has a primarily working nature with social event factors in it and will be accompanied from an external consultant. Every month, a so-called staff-breakfast will be prepared. The background of both arrangements is to provide excellent information-transfer within the company and the possibility to rearrange or adjust the strategies of the company if necessary.

9.3. Exit Strategy

In year 3 after the establishment and incorporation of the company, SBTE GmbH will look for an option to sell the venture. Potential candidates could be found in the list of competitors or in the list of mountaineering equipment companies. Both have access to the 3rd party retail channels which will be supported by the venture. Both have established market presences and well-known brands. It makes sense to dissolve parallel structures to take advantage of synergies in various functions. If a competitor buys the venture there could be a cost-advantage due to established production facilities and expertise from the competitor. A mountaineering equipment company could complement the product range. If the manufacturing process would be further supported from NCA and KBB, both of the parties (manufacturer and new owner) will benefit from the partnership.

Identified potential candidates are defined in Table 26.

Candidate	Assessment	Evaluation of benefits
SIGG Switzerland AG ³⁵ Walzmühlestrasse 62 8501 Frauenfeld Switzerland	Resources: Own production facilities, channel network, skilled production staff, brand Product in range: Aluminium drinking bottle with accessories	Supplementary to plastic drinking bottles, establishment as experts in the drinking bottle segment, cost advantages, more than 100 years experience in bottle manufacturing

³⁵ Cf. SIGG Switzerland AG (2012).

<p>SALEWA Oberalp AG³⁶ Via Waltraud Gebert Deeg 4 39100 Bozen Italy</p>	<p>Resources: Partly outsourced production facilities, product development in-house, brand, knowledge of mountaineering culture, network of lead users like extreme mountaineers, channel network, own stores</p> <p>Product in range: Vacuum flask Salewa-branded (“old-style”) up to one litre volume</p>	<p>Supplementary to existing vacuum flask, extension of the product line</p>
<p>Mammut Sports Group AG³⁷ Birren 5 5703 Seon Switzerland</p>	<p>Resources: Outsourced production facilities, product development in-house, brand, market knowledge, channel network, network of lead users like extreme mountaineers, own stores</p> <p>Product in range: -</p>	<p>Supplementary to existing products, first drinking bottle with brand Mammut</p>

Table 26: Exit strategy candidates

³⁶ Cf. SALEWA Oberalp AG (2012).

³⁷ Cf. Mammut Sports Group AG (2012).

10. Conclusion

SBTE GmbH is presenting a simple, innovative consumer product. The market already knows the progenitor of **skyBottle™** as a very old-fashioned product. SBTE GmbH uses research and development expertise, also from external research institutions, to create an effective, needs-addressing solution for drinks bottles, which could be delivered with an individual design aspect and a high usability standard. Trends in the behaviour of people through health awareness indicate that the market for **skyBottle™** has huge potential for growth. Current alternatives do not address these requirements. The customer will find the product in mountaineering equipment retailers or is able to buy it directly via webshop.

Critical success factors will be encouraged by the excellent setting of operations management and a well-defined mix of internal and external forces to fulfil the company strategic requirements and targets. Excellent partners for various functions are involved in the value chain.

SBTE GmbH is a low-risk company which offers an internal rate of return of about 27.15%. The company is preliminarily financed by the entrepreneurs and by governmental funds at the beginning of the venture. Further investments are covered by the funds from operations.

In year 3 of operations SBTE GmbH will look for an option to sell the venture. Potential candidates will be found in the list of competitors and in the list of mountaineering equipment companies.

SBTE GmbH and their entrepreneurs, Severin Greyer and Juergen Kopeinig, set up the venture with enthusiasm and power and try to build up a great culture in the organisation.

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Exhibit I: Alpine area and Alpine population

Alpine areas and Alpine population

SBTE GmbH

Nation*	Alpine area		Alpine population		
	in sqkm	as % of national	in #	in %	as % of national
Austria	54.600	65,0%	4.000.000	28,0%	47,5%
France	40.800	7,0%	2.450.000	17,1%	3,7%
Germany	11.100	3,0%	1.380.000	9,6%	1,7%
Italy	52.000	17,0%	4.100.000	28,7%	6,7%
Slovenia	6.800	40,0%	640.000	4,5%	31,2%
Switzerland	24.850	60,0%	1.740.000	12,2%	22,0%
Total	190.150		14.310.000	100,0%	

*Liechtenstein and Monaco are not relevant for this illustration.



Exhibit II: Customer potentials

Customer Potential SBTE GmbH

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017	
1a. Market development based on population per region						
Population growth rate*						
Austria	%	0,35%	0,35%	0,35%	0,35%	0,35%
France	%	0,50%	0,50%	0,50%	0,50%	0,50%
Germany	%	0,10%	0,10%	0,10%	0,10%	0,10%
Italy	%	0,45%	0,45%	0,45%	0,45%	0,45%
Slovenia	%	0,20%	0,20%	0,20%	0,20%	0,20%
Switzerland	%	0,70%	0,70%	0,70%	0,70%	0,70%
Population*						
Austria	#	8.448.467	8.478.036	8.507.709	8.537.486	8.567.367
France	#	65.763.180	66.091.996	66.422.456	66.754.568	67.088.341
Germany	#	81.807.726	81.889.534	81.971.423	82.053.395	82.135.448
Italy	#	61.043.465	61.318.161	61.594.092	61.871.266	62.149.686
Slovenia	#	2.056.104	2.060.216	2.064.337	2.068.465	2.072.602
Switzerland	#	7.962.349	8.018.085	8.074.212	8.130.732	8.187.647
Total	#	227.081.291	227.856.028	228.634.229	229.415.912	230.201.092
Thereof inhabitants direct in Alps area regions						
Austria	#	4.000.000	4.014.000	4.028.049	4.042.147	4.056.295
France	#	2.450.000	2.462.250	2.474.561	2.486.934	2.499.369
Germany	#	1.380.000	1.381.380	1.382.761	1.384.144	1.385.528
Italy	#	4.100.000	4.118.450	4.136.983	4.155.599	4.174.300
Slovenia	#	640.000	641.280	642.563	643.848	645.135
Switzerland	#	1.740.000	1.752.180	1.764.445	1.776.796	1.789.234
Total	#	14.310.000	14.369.540	14.429.362	14.489.469	14.549.861
Thereof inhabitants in greater Alps area** (less than two hour travel time to the border of the Alpine Convention)						
Austria	#	2.224.233	2.232.018	2.239.830	2.247.670	2.255.536
France	#	8.230.713	8.271.867	8.313.226	8.354.792	8.396.566
Germany	#	9.651.327	9.660.978	9.670.639	9.680.310	9.689.990
Italy	#	5.124.912	5.147.974	5.171.140	5.194.410	5.217.785
Slovenia	#	708.052	709.468	710.887	712.309	713.733
Switzerland	#	3.111.175	3.132.953	3.154.883	3.176.968	3.199.206
Total	#	29.050.412	29.155.258	29.260.606	29.366.458	29.472.818
Share of population doing outdoor events** (in focus fields hiking, alpine ski touring, etc. based on the Alps area and greater Alps area)						
Austria	%	35%	35%	35%	35%	35%
France	%	30%	30%	30%	30%	30%
Germany	%	30%	30%	30%	30%	30%
Italy	%	25%	25%	25%	25%	25%
Slovenia	%	35%	35%	35%	35%	35%
Switzerland	%	35%	35%	35%	35%	35%

Exhibit II: Customer potentials (continued)

Customer Potential		SBTE GmbH				
[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
Customer Potential - developed from population						
Austria	#	2.178.482	2.186.106	2.193.758	2.201.436	2.209.141
France	#	3.204.214	3.220.235	3.236.336	3.252.518	3.268.781
Germany	#	3.309.398	3.312.708	3.316.020	3.319.336	3.322.656
Italy	#	2.306.228	2.316.606	2.327.031	2.337.502	2.348.021
Slovenia	#	471.818	472.762	473.707	474.655	475.604
Switzerland	#	1.697.911	1.709.796	1.721.765	1.733.817	1.745.954
Total	#	13.168.051	13.218.213	13.268.617	13.319.265	13.370.156
* Estimation based on data (values 2011 adjusted for 2013) from The World Bank (2011)						
** Estimation						
1b. Customer Potential based on Consumer spending						
Consumer spending bottles, flasks, jars, pots, caps, etc. industry						
% of growth	%	9,0%	9,0%	9,0%	9,0%	9,0%
Austria	kEUR	159.612	173.977	189.635	206.703	225.306
France	kEUR	1.168.360	1.273.512	1.388.128	1.513.060	1.649.235
Germany	kEUR	745.221	812.291	885.398	965.083	1.051.941
Italy	kEUR	619.556	675.316	736.094	802.343	874.553
Slovenia	kEUR	47.204	51.452	56.083	61.130	66.632
Switzerland	kEUR	80.872	88.151	96.084	104.732	114.158
Total	kEUR	2.820.825	3.074.699	3.351.422	3.653.050	3.981.824
Consumer spending vacuum flask industry						
% of growth	%	4,5%	4,5%	4,5%	4,5%	4,5%
Austria	kEUR	10.370	10.837	11.325	11.834	12.367
France	kEUR	34.585	36.141	37.767	39.467	41.243
Germany	kEUR	64.599	67.506	70.543	73.718	77.035
Italy	kEUR	21.653	22.627	23.645	24.709	25.821
Slovenia	kEUR	711	743	777	812	848
Switzerland	kEUR	9.879	10.324	10.788	11.274	11.781
Total	kEUR	141.797	148.178	154.846	161.814	169.096
Customer Potential - developed from consumer spending						
(10% of Consumer spending bottles, flasks, jars, pots, caps, etc. industry is related to sport and leisure and 100% of consumer spending vacuum flask industry)						
Austria	#	975.246	1.045.734	1.121.788	1.203.874	1.292.499
France	#	5.608.168	6.055.262	6.540.001	7.065.656	7.635.787
Germany	#	5.152.627	5.508.699	5.891.972	6.304.677	6.749.235
Italy	#	3.096.601	3.339.207	3.602.024	3.886.798	4.195.427
Slovenia	#	201.179	218.099	236.489	256.478	278.207
Switzerland	#	665.423	708.846	755.436	805.444	859.145
Total	#	15.699.243	16.875.847	18.147.710	19.522.927	21.010.301
thereof Customers outside greater Alps area		2.531.192	3.657.634	4.879.093	6.203.663	7.640.144

Exhibit III: Industry and market forecasts

Industry and Market Forecasts - all relevant SITC- and PRODCOM-Codes SBTE GmbH

[in EUR, unless otherwise stated]		Import*	Production**	Total	Total	Total
Unit	2009			2010	2011	
Austria	kEUR	108.159,8	5.228,0	113.387,8	127.011,4	146.433,3
France	kEUR	807.460,1	12.440,6	819.900,7	1.006.134,9	1.071.889,6
Germany	kEUR	494.526,3	17.249,8	511.776,1	595.495,1	683.689,4
Italy	kEUR	421.574,2	10.886,9	432.461,1	535.066,1	568.399,7
Slovenia	kEUR	29.816,7	122,1	29.938,8	40.418,1	43.306,0
Switzerland	kEUR	46.136,4	4.530,0	50.666,4	68.757,0	74.194,6
Total market volume	kEUR	1.907.673,4	50.457,5	1.958.130,9	2.372.882,6	2.587.912,7
growth rate	%				21,2%	9,1%

* ... SITC-Codes

066510 - Containers of a kind used for the conveyance or packing of goods, stoppers and closures, of glass

066511 - Bottles, flasks, carboys, jars, pots, phials and other containers of glass

066512 - Glass inners for vacuum flasks or for other vacuum vessels

069781 - Mechanical appliances, equipment of base metal, weighing less 10kg, conditioning or serving of food or drink

083122 - Trunks, vanity cases, executive cases, bottle cases with outer surface of plastics or of textile materials

089997 - Vacuum flasks and other vacuum vessels, complete with cases; parts thereof (other than glass inners)

** ... PRODCOM-Codes

22221450 - Plastic carboys, bottles, flasks and similar articles for the conveyance or packing of goods/capacity <= 2 litres

22221470 - Plastic carboys, bottles, flasks and similar articles for the conveyance or packing of goods/capacity > 2 litres

22221920 - Plastic caps and capsules for bottles

22221930 - Plastic stoppers, lids, caps and other closures

25221450 - Plastic carboys; bottles; flasks and similar articles for the conveyance or packing of goods/capacity <= 2 litres

25221453 - Carboys, bottles..., from polyethylene, capacity <= 2 l

25221455 - Carboys, bottles..., from polypropylene, capacity <= 2 l

25221457 - Carboys, bottles..., from polyvinyl chloride, capacity <= 2 l

25221459 - Carboys, bottles..., of other plastics, capacity <= 2 l

25221470 - Plastic carboys; bottles; flasks and similar articles for the conveyance or packing of goods/capacity > 2 litres

25221473 - Carboys, bottles..., from polyethylene, capacity > 2 l

25221475 - Carboys, bottles..., from polypropylene, capacity > 2 l

25221477 - Carboys, bottles..., from polyvinyl chloride, capacity > 2 l

25221479 - Carboys, bottles..., of other plastics, capacity > 2 l

25221525 - Plastic caps and capsules for bottles

25221527 - Plastic stoppers; lids; caps and other closures

25221550 - Caps and capsules for bottles of plastics

Exhibit III: Industry and market forecasts (continued)
Industry and Market Forecasts - only Vacuum Flask Codes
SBTE GmbH

[in EUR, unless otherwise stated]		Import*	Production**	Total	Total	Total
Unit	2009			2010	2011	
Austria	kEUR	5.719,2	5.228,0	10.947,2	9.423,4	9.923,8
France	kEUR	16.467,0	12.440,6	28.907,5	31.193,1	33.095,3
Germany	kEUR	16.467,0	17.249,8	33.716,8	61.261,4	61.817,0
Italy	kEUR	5.509,4	10.886,9	16.396,3	17.714,1	20.720,2
Slovenia	kEUR	532,8	122,1	654,9	819,5	680,8
Switzerland	kEUR	3.891,8	4.530,0	8.421,8	9.247,3	9.453,8
Total market volume	kEUR	48.587,1	50.457,5	99.044,6	129.658,7	135.691,0
growth rate	%				30,9%	4,7%

*** ... SITC-Codes**

066512 - Glass inner for vacuum flasks or for other vacuum vessels (whereas this is 0 in all years!)

089997 - Vacuum flasks and other vacuum vessels, complete with cases; parts thereof (other than glass inner)

**** ... PRODCOM-Codes**

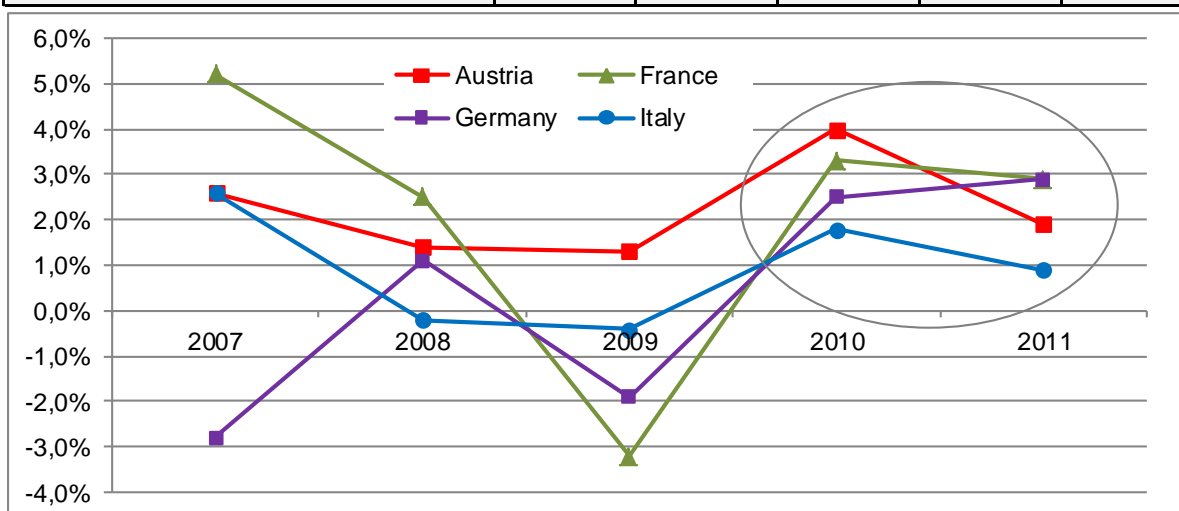
Same as in Table (Exhibit II): Industry and Market Forecasts - all relevant SITC- and PRODCOM-Codes

Exhibit IV: Growth rate of sports retailer market and internet trade

Growth Rate - Sports retailer market

SBTE GmbH

[in EUR, unless otherwise stated]		2007	2008	2009	2010	2011
	Unit	Actuals	Actuals	Actuals	Actuals	Actuals
Austria	%	2,6%	1,4%	1,3%	4,0%	1,9%
France	%	5,2%	2,5%	-3,2%	3,3%	2,9%
Germany	%	-2,8%	1,1%	-1,9%	2,5%	2,9%
Italy	%	2,6%	-0,2%	-0,4%	1,8%	0,9%
Slovenia	%	na.	na.	na.	na.	na.
Switzerland	%	na.	na.	na.	na.	na.



Growth Rate - Internet trade

SBTE GmbH

[in EUR, unless otherwise stated]		2007	2008	2009	2010	2011
	Unit	Actuals	Actuals	Actuals	Actuals	Actuals
Austria	%	0,9%	-2,4%	1,9%	2,2%	-0,3%
France	%	3,3%	0,1%	-0,8%	3,4%	3,5%
Germany	%	-3,6%	5,1%	-6,4%	-0,8%	6,3%
Italy	%	1,5%	-1,0%	-1,0%	3,1%	0,2%
Slovenia	%	na.	na.	na.	na.	na.
Switzerland	%	na.	na.	na.	na.	na.

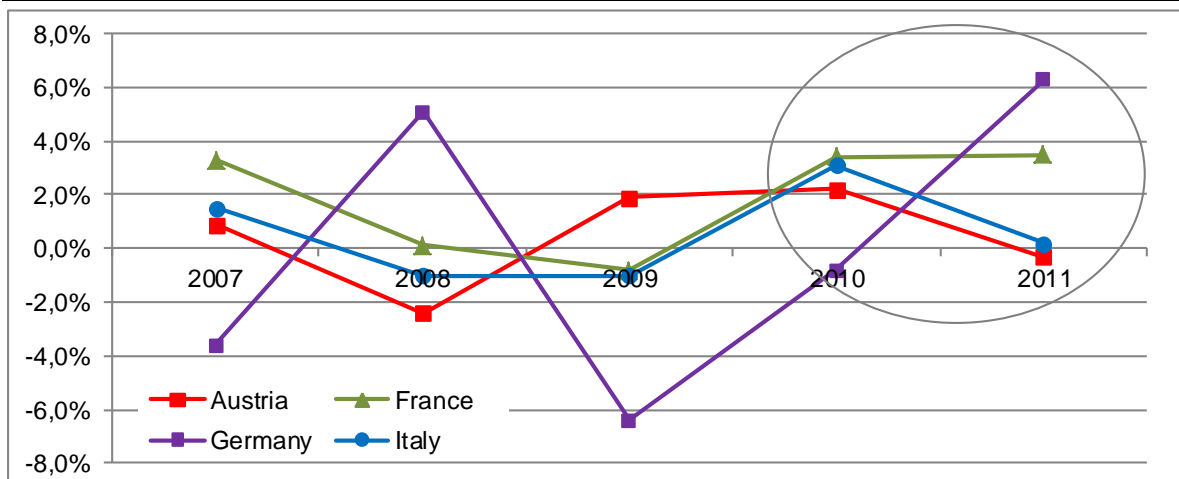


Exhibit V: Letter of commitment (draft) – Scientific partner University of Leoben

Montanuniversität Leoben
Franz-Josef-Straße 18
8700 Leoben



SBTE GmbH
Adlenweg 6
9311 Kraig
Austria

Letter of Commitment – Scientific Partner University of Leoben

Dear Mr. Kopeinig,

the University of Leoben is a nationally and internationally leading, well established research and development institution active in numerous scientific fields dealing with or closely related to advanced material sciences. Following the idea of the venture model SBTE GmbH, the University of Leoben is consequently highly interested in a participation in the first phase of the product development and in the second phase of the definition and implementation of additional technical adjustments and improvements of the product. The University will involve four departments in the project, namely the

- Department Polymer Engineering and Science
- Department Materials Physics
- Department Physical Metallurgy and Materials Testing
- Department Product Engineering

The planned and collaborative work of the departments will be coordinated internal in the University by the Department Polymer Engineering and Science. The communication design structure to the University of Bayreuth will also be coordinated by the Department Polymer Engineering and Science.

Exhibit V: Letter of commitment (draft) – Scientific partner University of Leoben

(continued)

From the planned cooperation in the research field it is of mutual benefit to all partners. All partners could safely expect the successful, internationally notable top-level research, creating cutting-edge knowledge from basics to industrial implementation and a range of notable international publications.

For the proposed joint research and development, the in-kind contributions of 100 man-days have been budgeted from the University for the duration of the project until end of August 2013 for the first phase and will not be charged to the company SBTE GmbH. In the second phase (focussed on product improvements) SBTE GmbH will purchase another 35 man-days with an average daily rate of about EUR 1.2k. This research and development activities are foreseen to be distributed in different shares over the duration of the funding period between 2014 and 2017.

Contributions: University of Leoben

[in EUR, unless otherwise stated]	2013	2014	2015	2016	2017
External development (in-kind)	120.000	0	0	0	0
External development (Cash)	0	18.342	17.522	5.837	5.953
Man-days per year	0	11	14	5	5
Technology Licence Charges	2.750	41.820	75.429	67.800	57.000

The University will in addition to the knowledge supplement and publications benefit from monthly technology licence charges, which is related to the amount of new customers of SBTE GmbH. An amount of about EUR 0.5 will be charged per new customer until end of 2015. In the beginning of 2016 | 2017 the amount per new customer decrease to EUR 0.3 | EUR 0.2. The full rights for the developed technology could be passed over to the SBTE GmbH in 2018, whereas the company have to pay an additional amount of EUR 0.2 for the amount of the period (since starting the venture) to date existing customer base.

With best regards

Place, date

Name (Signature, Stamp)

Exhibit VI: Letter of commitment (draft) – Scientific partner University of Bayreuth

Fakultät für Angewandte
Naturwissenschaften **FAN**

FAN • Universität Bayreuth • 95440 Bayreuth

SBTE GmbH
Adlerweg 6
9311 Kraig
Austria

Letter of Commitment – Scientific Partner University of Bayreuth

Dear Mr. Kopeinig,

the University of Bayreuth is an internationally renowned research institution dealing especially in the department of material processing (Faculty of Engineering Science) with all kinds of competences around the treatment of glass and glass processing. One major research and development focus is the close link to the industry (application-oriented research). Over the last years the University of Bayreuth has already successfully and fruitfully cooperated with industry partners in this research field of materials and composite materials related to glass.

Integrated in the University of Bayreuth is the WOPAG ("*Werkstoffe, Oberflächen-technologien und Prozesstechnik für Glas*"). The WOPAG is a formless association of different chairs of glass technology knowhow where the members combine their competences, expand it and link it together.

For the University of Bayreuth, cooperation with the University of Leoben and with the involved company partners is of both significant strategic and academic interest. The University of Bayreuth is therefore pleased to hereby confirm its commitment to prolong the participation in the technology project of the development of an advanced type of vacuum flasks.

For the proposed joint research and development, the following contributions of 80 man-days have been budgeted for the duration of the project until end of August 2013:

Exhibit VI: Letter of commitment (draft) – Scientific partner University of Bayreuth
(continued)

Contributions: University of Bayreuth

[in EUR, unless otherwise stated]	2013
External development (Cash, not in-kind)	96.000
Man-days per month: Jan. 10 Feb. 15 Mar. 15 Apr. 15 May 10 Jun. 10 Jul. 5	

This contribution to the joint research and development activities is foreseen to be distributed in different shares of man-days over the duration of the funding period with a daily rate of about EUR 1.2k.

With best regards

Place, date

Name (Signature, Stamp)

Exhibit VII: Letter of commitment (draft) – Company partner NCA

NCA Container- und Anlagenbau GmbH
 Hundsdorf 25
 9470 St. Paul im Lavanttal
 Austria



SBTE GmbH
 Adlerweg 6
 9311 Kraig
 Austria

Letter of Commitment – Company Partner NCA Container und Anlagenbau GmbH

Dear Mr. Kopeinig,

NCA Container- und Anlagenbau GmbH is a leading processor of stainless steel products. In this field we have reached a very high standard of quality. The participation in the project will allow investigating new approaches, thus significantly increasing the research activities while simultaneously strengthening the position of NCA Container und Anlagenbau GmbH as an innovation company. Additionally we get the possibility to extend our revenue streams with a new business segment. Hence, we are pleased to hereby confirm our commitment to contribute to the technology development project first and afterwards at the production process after the successful product development phase. We confirm also our commitment to work close together with the KBB / Meissl Group in the technology development project and afterwards in the production process.

For the proposed cooperative multi-partner research activities the following budget has been allocated by NCA Container und Anlagenbau GmbH for 2013:

Contributions: NCA

[in EUR, unless otherwise stated]	2013
External development (Cash)	108.500

Exhibit VII: Letter of commitment (draft) – Company partner NCA (continued)

This amount will be charged to SBTE GmbH after successful contract negotiations for the technology development project.

We look forward to a successful and sustainable cooperation and partnership.

With best regards

Place, date

Name (Signature, Stamp)

Exhibit VIII: Letter of commitment (draft) – Company partner Group KBB / Meissl

Group KBB / Meissl
 Hundsdorf 25
 9470 St. Paul im Lavanttal
 Austria



SBTE GmbH
 Adlerweg 6
 9311 Kraig
 Austria

Letter of Commitment – Company Partner Group KBB / Meissl

Dear Mr. Kopeinig,

Group KBB / Meissl is a leading company in the application of different types of coating (e.g. organic coating, thermosetting material coating, rubber coating, etc.). In this field we have reached a very high standard of quality. The participation in the project will allow investigating new approaches, thus significantly increasing the research activities while simultaneously strengthening the position of the Group as an innovation company. Additionally we get the possibility to extend our revenue streams with a new business segment.

Hence, we are pleased to hereby confirm our commitment to contribute to the technology development project first and afterwards at the production process after the successful product development phase. We confirm also our commitment to work close together with the NCA Container und Anlagenbau GmbH in the technology development project and afterwards in the production process.

For the proposed cooperative multi-partner research activities the following budget has been allocated by the Group for 2013:

Contributions: Group KBB / Meissl

[in EUR, unless otherwise stated]	2013
External development (Cash)	108.500

Exhibit VIII: Letter of commitment (draft) – Company partner Group KBB / Meissl
(continued)

This amount will be charged to SBTE GmbH after successful contract negotiations for the technology development project.

We look forward to a successful and sustainable cooperation and partnership.

With best regards

Place, date

Name (Signature, Stamp)

Exhibit IX: SBTE GmbH - Development process v1.0

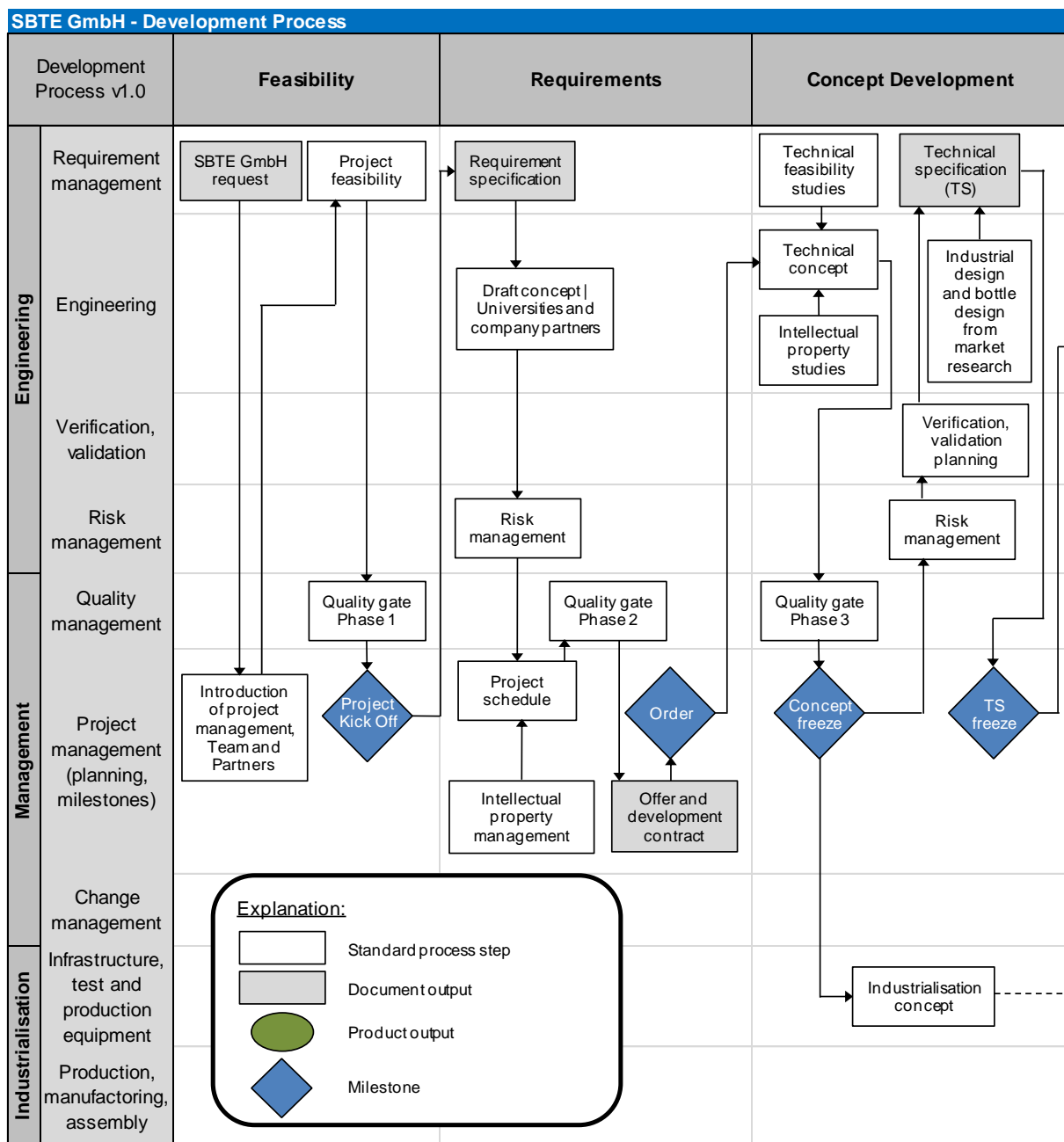


Exhibit IX: SBTE GmbH - Development process v1.0 (continued)

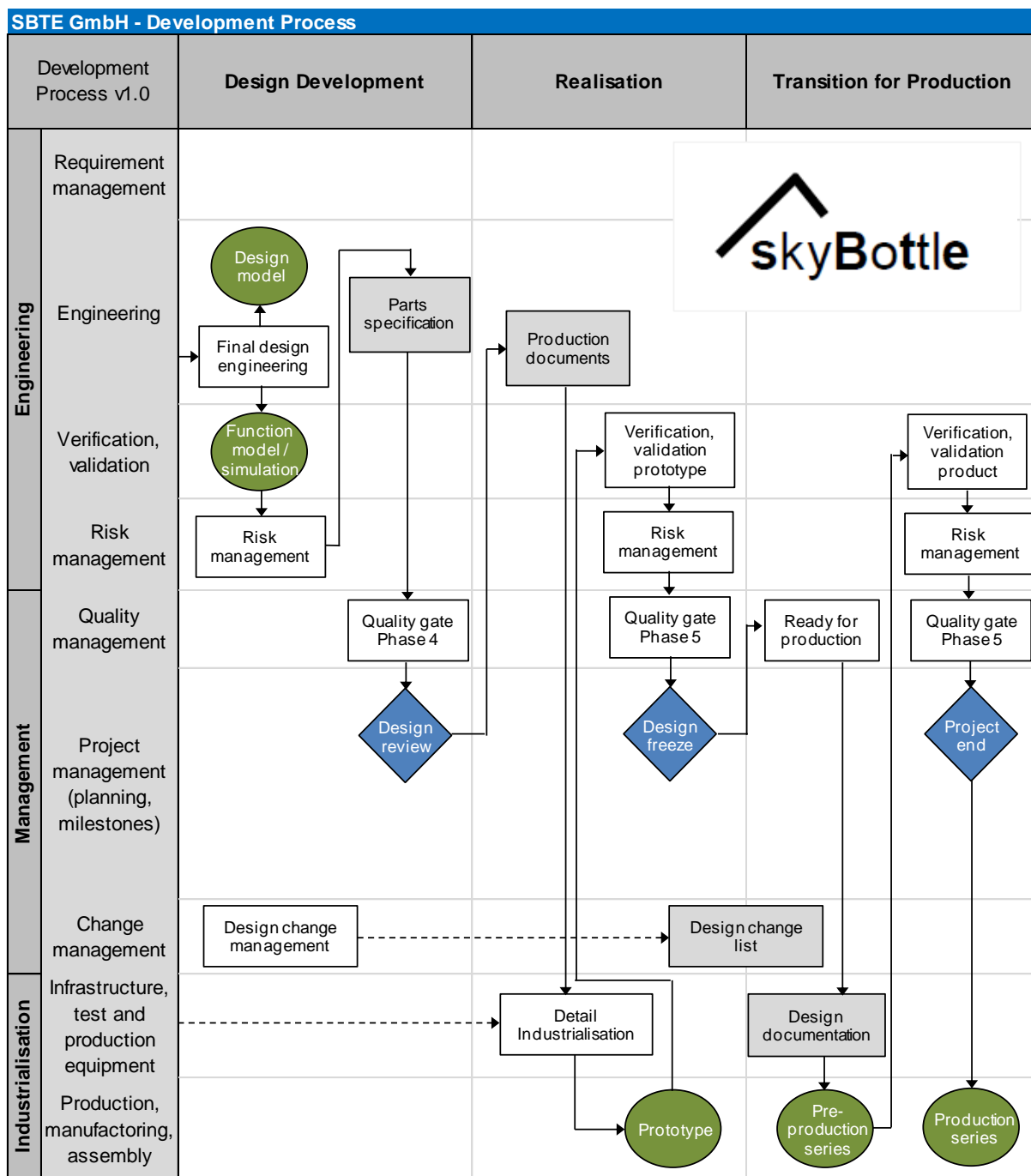


Exhibit X: Key performance indicators

Key Performance Indicators (KPI's) SBTE GmbH

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
KPI's - Income statement						
Average Revenue per New Customer		30,10	29,74	29,68	29,90	30,33
Average Costs of Goods Sold		9,03	8,93	8,86	8,75	8,65
POS / FTE Commercial Staff	#	23	96	122	130	148
Staff Costs as a % OPEX	%	23%	21%	18%	16%	15%
Break Even Volume (Bottles)	#	29.846	75.952	134.754	202.290	254.945
KPI's - Balance Sheet						
Days of sales outstanding (DSO)	days	21	21	22	23	25
Number of days of payables	days	27	26	26	25	24
KPI's - Commercial						
Market Share						
Austria	%	0,4%	3,5%	4,1%	4,6%	5,0%
France	%	0,0%	0,0%	0,2%	0,3%	0,4%
Germany	%	0,0%	0,7%	1,0%	1,5%	1,6%
Italy	%	0,0%	0,2%	0,5%	0,8%	1,1%
Slovenia	%	0,0%	0,5%	3,0%	3,9%	5,0%
Switzerland	%	0,0%	0,0%	0,9%	1,9%	2,4%
Total	%	0,0%	0,5%	0,8%	1,2%	1,4%
Average sale per day per POS	#	2,2	1,5	1,5	1,0	0,9
POS Growth Rate	%	100%	526%	91%	53%	40%
Marketing Spending per new customer		5,00	0,99	0,60	0,44	0,50

Exhibit XI: Example Austria – complete list of distributors³⁸

Distributor	Distributor address	Prioritization
Bergsport Schwanda Wien	1010 Wien, Bäckerstrasse 7	1
Northland Store Wien 1	1010 Wien, Brandstätte 3	1
Bergfuchs Fachgeschäft für den Berg- und Wandersport GesmbH	1070 Wien, Kaiserstrasse 15	1
Steppenwolf e.U.	1070 Wien, Kirchengasse 34	1
Northland Store Wien 8	1080 Wien, Auerspergstrasse 3	1
Northland Store Wien Auhof	1140 Wien, Albert-Schweitzer-Gasse 6	1
Northland Store Wien Westbahnhof	1150 Wien, Bahnhof City Wien West Westbahnhof E01	1
Northland Store Wien Liesing	1230 Wien, Breitenfurter Strasse 372	1
Northland Store SCS Vösendorf	2334 Vösendorf, Shopping City Süd Galerie 42	1
Northland Store Vösendorf	2351 Wiener Neudorf, SCS Multiplex Top 16b	1
Bergsportzentrum Inhaber Helmut Wimmer	2700 Wiener Neustadt, Richard-Wagner-Gasse 12	1
Northland Store Wiener Neustadt	2700 Wiener Neustadt, Zehnergürtel 12-24 (Fischapark Top 038 O2)	1
Bergsport-Scout	3100 Sankt Pölten, Klostersgasse 13	1
Condor - Haselsteiner & Riegler OG	3340 Waidhofen an der Ybbs, Patertal 31	1
Northland Store Horn	3580 Horn, Am Kuhberg 5 (EKZ Horn)	1
Mammut Store Linz	4020 Linz, Hauptplatz 32	1
Northland Store Linz	4020 Linz, Helmholtzstrasse 15/ Top 78-79	1
Northland Store Linz	4020 Linz, Mozartstrasse 7 (Atrium Center Top 25)	1
bergwerk Mountain Store GmbH	4020 Linz, Waldeggstrasse 12	1
Activ Sport Design Handels-GmbH	4076 Sankt Marienkirchen an der Polsenz, Daxberger Strasse 4	1
Northland Store Wels	4600 Wels, Salzburger Strasse 223	1
Northland Store Vöcklabruck	4840 Vöcklabruck, Linzer Strasse 50 (EKZ Varena)	1
Northland Outlet Salzburg	5073 Wals-Siezenheim, Kasernenstrasse 1 (DOC Salzburg)	1
more hohensinn gmbH	5082 Grödig, Hauptstrasse 31	1
Bergsport Pichler	5541 Altenmarkt im Pongau, Hauptstrasse 10	1
Northland Store Zell am See	5700 Zell am See, Kitzsteinhornstrasse 40	1
Northland Store Innsbruck	6020 Innsbruck, Museumstrasse 3	1
bergshop.com - Helmut Demetz	6068 Mils, Jagdweg 13a	1
Northland Store Schwaz	6130 Schwaz, Hermine-Berghofer-Strasse 12	1
Northland Store Wörgl	6300 Wörgl, Bahnhofstrasse 54a	1
Planet-Berg Bergsportartikel OG	6370 Kitzbühel, Kirchgasse 7	1
HZI GmbH	6471 Arzl im Pitztal, Gewerbepark Pitztal 7	1
Sportler Alpin	6700 Bludenz, Wichnerstrasse 34	1

³⁸ Cf. *Herold* (2012). Prioritization done due to location and product range, based on the experience of Severin Greyer.

Exhibit XI: Example Austria – complete list of distributors (continued)

Distributor	Distributor address	Prioritization
Alpin Locker	6840 Götzis, Im Buch 18	1
Urban Rock outdoor equipment	6845 Hohenems, Schweizer Strasse 77	1
Jack Wolfskin Store	6850 Dornbirn, Marktstrasse 29	1
Northland Store Bregenz	6900 Bregenz, Bahnhofstrasse 14	1
Northland Outlet Parndorf	7111 Parndorf, Designer Outlet Parndorf Galerien Top 4a/2	1
Karrimor-Outdoorausrüstung	7111 Parndorf, Designer Outlet Parndorf Top 20	1
Northland Store Oberwart	7400 Oberwart, Europastrasse 1	1
Northland Professional GmbH	8010 Graz, Grabenstrasse 90c	1
Northland Store Graz	8020 Graz, Elisabethnergasse 22	1
Bergfuchs Bergsport-S Steiner GesmbH	8020 Graz, Hans-Resel-Gasse 7	1
Northland Store Graz Nord	8051 Graz, Wiener Strasse 351 Top 1/6 (EKZ- Nord)	1
Northland Store Graz Seiersberg	8055 Seiersberg, Shopping City Seiersberg Top 4/1/11	1
Amberger Der Bergsportausrüster	8600 Bruck an der Mur, Roseggerstrasse 4	1
Starkl Hans-Peter	8680 Mürzzuschlag, Toni-Schruf-Gasse 12	1
Northland Store Fohnsdorf	8753 Fohnsdorf, Bundesstrasse 30	1
Northland Store Liezen	8940 Liezen, Gesäusestrasse 21-23	1
Herzog Wilfried	9020 Klagenfurt am Wörthersee, Völkermarkter Ring 3	1
High Life Alpinsport	9020 Klagenfurt am Wörthersee, Wiener Gasse 10	1
Northland Store St. Veit	9300 Sankt Veit an der Glan, Völkermarkter Strasse 38	1
Northland Store Villach	9500 Villach, Kärntner Strasse 34 (Atrio)	1
Total number of distributors with prioritization 1		53

Exhibit XII: Example Austria – complete list of chains

Chain	Chain address	Number of POS total	Sales sqm in total	Thereof POS in Austria
Intersport Austria Gesellschaft mbH ³⁹	4600 Wels, Flugplatzstrasse 10	359	300.000	280
Sport 2000 - Zentrasport Österreich e.Gen. ⁴⁰	4694 Ohlsdorf, Ohlsdorfer Strasse 10	428	124.000	319
Hervis Sport- und Modegesellschaft m.b.H. ⁴¹	5071 Wals, Bundesstraße 35	170	178.800	79
Sport Eybl & Sports Experts GmbH ⁴²	4600 Wels, Flugplatzstrasse 10a	28	60.000	26
Gigasport - KASTNER & ÖHLER Warenhaus AG ⁴³	8021 Graz, Sackstraße 7-13	21	22.100	18
Total number of chains		1.006		722

³⁹ Cf. *Intersport Austria* (2012).

⁴⁰ Cf. *Sport 2000* (2012).

⁴¹ Cf. *Hervis* (2012) and *Spar* (2012).

⁴² Cf. *Sports Experts* (2012).

⁴³ Cf. *Gigasport* (2012).

Exhibit XIII: Letter of intent (draft) - distributor

High life Alpenschule OG & High life Handels OG
Wienergasse 10
9020 Klagenfurt
Austria



SBTE GmbH
Adlerweg 6
9311 Kraig
Austria

Letter of Intent to purchase products from SBTE GmbH

Dear Mr. Kopeinig,

with reference to your plans, it is a pleasure that we confirm our intent to purchase products on a regular basis from your company. We believe that your developed new product concept will enable us to expand our range of products served in our retail stores.

The special terms and conditions will be negotiated within the commission sales agreement.

We look forward to a successful and sustainable cooperation and partnership.

With best regards

Place, date

Name (Signature, Stamp)

Exhibit XIV: Further marketing and promotion plan details

Tradeshows (excerpt)

SBTE GmbH

Trade show events	Date	Location	Frequency
OUTDOOR - European Outdoor Trade Fair	July	Friedrichshafen (Germany)	yearly
ISPO - International Trade Fair for Sports Equipment and Fashion	February	Munich (Germany)	yearly
FERIEN-MESSE SALZBURG - International Tourism Trade Fair for Holidays, Travel and Leisure	November	Salzburg (Austria)	yearly
FREIZEITMESSE - Fair for travel, sport, hiking	April	Klagenfurt (Austria)	yearly
Sport Achat - Winter Sports and Outdoor Fair	March	Lyon (France)	twice a year
FESPO - Exhibition for Holidays, Sports and Leisure	January	Zurich (Switzerland)	yearly
SPORTDAYS - Sport Fair	April	Basel (Switzerland)	yearly
RAD / OUTDOOR / SPORT - Cycling, Hiking, Climbing, Diving Fair	January	Magdeburg (Germany)	yearly
Salon de L'amenagement en monagne - Mondial of Mountain Equipment	April	Grenoble (France)	every 2 years
ALPITEC - International Trade Show for Mountain- and Winter Technologies	April	Bolzano (Italy)	every 2 years
TEMPO LIBERO / FREIZEIT - Trade Show for Sport, Hobby, Leisure and Mountain	April	Bolzano (Italy)	yearly
GESUND & WELLNESS - Fair for Health, Healthcare, Wellness & Fitness	November	Vienna (Austria)	yearly

Exhibit XIV: Further marketing and promotion plan details (continued)
Alpine Schools and National Parks (Estimation) SBTE GmbH

[in EUR, unless otherwise stated]	Unit	# of Alpine Schools	Relevant National Parks by name in the Alps area
Nation			
Austria	#	27	National Park Hohe Tauern, National Park Kalkalpen and Gesäuse,
Germany	#	43	National Park Bayerischer Wald, National Park Berchtesgarden,
Italy	#	25	National Park Stilfser Joch, National Park Dolomiti Bellunesi, National Park Foreste Casentinesi, National Park Gran Paradiso, National Park Val Grande,
Slovenia	#	2	National Park Triglav
Switzerland	#	29	National Park Engadin, National Park Sächsische Schweiz, Schweizerischer National Park, National Park Böhmisches Schweiz,
France	#	10	Vanoise National Park, Ecrins National Park, Mercantour National Park, Cevennes National Park, Pyrenees National Park
Total Alpine Schools and Parks	#	136	19

Exhibit XIV: Further marketing and promotion plan details (continued - examples for the Alps-location of the relevant National Parks in Austria and Italy)

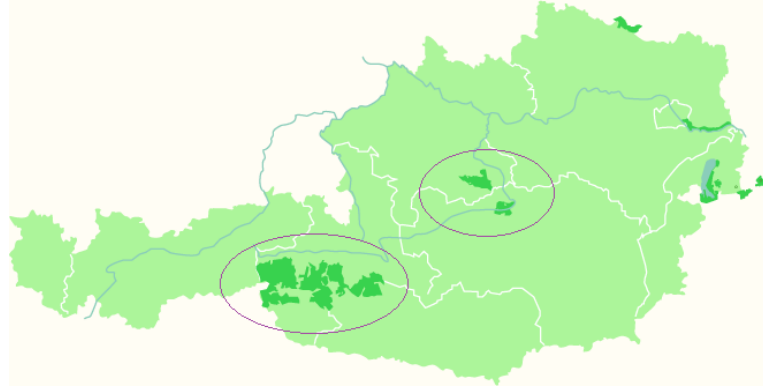


Exhibit XV: Salaries

Salaries		SBTE GmbH				
[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
% of increase	%	0%	3%	3%	3%	3%
Average Salary, incl. Bonus (month)						
Technical Department		5.612	5.780	5.953	6.132	6.316
Commercial Department		5.550	5.717	5.888	6.065	6.247
General and Administration Department		4.853	4.999	5.149	5.303	5.462
Salary, Bonus, Other Benefits						
Technical Department		67.340	69.360	71.441	73.584	75.792
Commercial Department		61.050	200.078	317.952	473.042	599.671
General and Administration Department		14.560	59.987	123.574	127.281	131.099
Total Salary, Bonus, Other Benefits		142.950	329.425	512.966	673.907	806.562

Exhibit XVI: G&A cost with assumptions

General and Administration Cost

SBTE GmbH

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
% of increase	%	0%	2%	2%	2%	2%
Monthly Ramp Up	#	12	12	12	12	12
Professional Fees						
Financial Accounting (outsourced)						
Cost (invoicebased) per month		18	18	18	18	18
Customer development - Own Retail	# new	405	3.740	5.800	11.300	14.250
POS Development - 3rd Party Retail	# cum	45	287	548	840	1.180
Total Financial Accounting		3.560	43.361	114.178	188.028	255.366
Payroll Accounting (outsourced)						
Payroll Accounting per HC per month		20	20	21	21	22
Headcount Development	#	4	5	8	10	11
Total Payroll Accounting		520	1.204	1.873	2.420	2.858
Professional Fees Finance						
Auditor Fees		0	2.000	3.000	3.060	3.121
Tax Consultancy		0	1.000	1.500	1.530	1.561
Total Professional Fees Finance		0	3.000	4.500	4.590	4.682
Legal Fees						
Legal Fees - ongoing (contract design, etc.)		1.000	3.000	3.000	3.060	3.121
Legal Fees - Patent Attorney		6.000	0	0	0	0
Legal Fees - entity setup		1.000	0	0	0	0
Total Legal Fees		8.000	3.000	3.000	3.060	3.121
Other Professional Fees						
Management Consultancy		0	3.000	0	5.000	0
Sales Consultancy		0	11.000	5.000	5.000	4.000
Total Other Professional Fees		0	14.000	5.000	10.000	4.000
Total Professional Fees		12.080	64.564	128.550	208.098	270.027
Rental Cost Office Operating Expenses						
Monthly Ramp Up	#	12	12	12	12	12
Monthly Ramp Up - Free of Charge	#	12	6	0	0	0
Headcount Development	#	4	5	8	10	11
Average Office Size - Base	sqm	40	40	40	40	40
Average Office Size - AddOn per HC	sqm	10	10	10	10	10
Office Size	sqm	80	90	115	135	150
Rental Cost per sqm per month		13	13	14	14	14
Rental Cost Office						
Rental Cost Office		9.620	14.188	18.665	22.349	25.329
Rental Cost - Free of Charge		(6.240)	(3.182)	0	0	0
Total Rental Cost Office		3.380	11.006	18.665	22.349	25.329

Exhibit XVI: G&A cost with assumptions (continued)
General and Administration Cost SBTE GmbH

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017	
Office Operating Cost						
Office Operating Cost per sqm per month	4	4	4	4	4	4
Office Operating Cost	2.960	4.366	5.743	6.877	7.794	
Office Operating Cost - Free of Charge	(1.920)	(979)	0	0	0	
Total Office Operating Cost	1.040	3.386	5.743	6.877	7.794	
Other Office Expenses						
Office equipment						
Office equipment (paper, etc.) per HC	20	20	21	21	22	
Average Headcount in Period #	2	5	6	9	10	
Total Office Equipment Cost	490	1.193	1.561	2.165	2.663	
Copier rental, maintenance cost	630	7.711	7.865	8.023	8.183	
Insurance Cost (Fixum)	60	734	749	2.400	2.448	
Telephones						
Mobile Phones Usage per HC per month	30	31	31	32	32	
Fixed Line Usage per HC per month	25	26	26	27	27	
Total Telephone Cost	1.348	3.282	4.292	5.953	7.323	
Total Other Office Expenses	2.528	12.921	14.467	18.541	20.617	
Leasing and Operating Fees - Pool Cars						
Monthly Ramp Up #	12	12	12	12	12	
Number of Pool Cars (Tracking) #	1	2	3	3	4	
Cost per Poolcar per month	700	714	728	743	758	
Parking Space needed #	1	2	3	3	4	
Cost Parking Space per month	100	102	104	106	108	
Total Leasing and Operating Fees	4.800	17.952	29.964	30.563	41.565	
Staff Related Expenses						
Travel Expenses						
Average Cost per HC per month	400	408	416	424	433	
Relevant HC for travel #	5	6	8	10	11	
Total Travel Expenses	18.800	28.968	37.454	48.391	57.152	
Business Entertainment Expenses						
Average Cost per HC per month	200	204	208	212	216	
Relevant HC for Business Entertainm. #	5	6	8	10	11	
Total Business Entertainment Expenses	9.400	14.484	18.727	24.196	28.576	

Exhibit XVI: G&A cost with assumptions (continued)
General and Administration Cost
SBTE GmbH

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
Internal Communication						
Number of Teambreakfasts (monthly)	#	11	12	12	12	12
Average Cost per Teambreakfast		80	100	102	104	106
Number of internal Workshops (2x)	#	1	2	2	2	2
Headcount		6	7	9,5	11,5	13
Average Cost per Event per HC - Workshop		300	306	312	318	325
Total Internal Communication Expenses		2.580	5.374	7.154	8.571	9.716
Total Staff Related Expenses		30.780	48.826	63.336	81.157	95.445
Recruitment and Training Expenses						
Recruitment Expenses		0	8.000	5.000	5.100	5.202
Training Expenses						
Training Cost - as % of Salary	%	0,0%	0,0%	1,0%	1,0%	1,0%
Total Salary, Bonus, Other Benefits		142.950	329.425	512.966	673.907	806.562
Training Expenses		0	0	5.130	6.739	8.066
Recruitment and Training Expenses		0	8.000	10.130	11.839	13.268

Exhibit XVII: Pro Forma Income Statement – 2 years on monthly basis

SBTE GmbH														
Pro Forma Income Statement														
[in EUR, unless otherwise stated]	Unit	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2013
		Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013
Customer Base														
Customer Bottles	# new	0	0	0	0	0	0	0	0	0	800	1.800	2.600	5.500
Customer Individualisation	# new	0	0	0	0	0	0	0	0	2	6	42	57	107
Revenue Bottles		0	0	0	0	0	0	0	0	9.030	24.080	54.180	78.260	165.550
Direct Costs (COGS) - Bottles		0	0	0	0	0	0	0	0	(2.708)	(7.220)	(16.245)	(23.465)	(49.638)
Gross Margin Bottles		0	0	0	0	0	0	0	0	6.323	16.860	37.935	54.795	115.913
Gross Margin	%	-	-	-	-	-	-	-	-	70%	70%	69%	69%	70%
AddOn Revenue - Individualisation		0	0	0	0	0	0	0	0	0	96	632	858	1.608
Direct Costs (COGS) - AddOn Individualisation		0	0	0	0	0	0	0	0	(15)	(64)	(421)	(572)	(1.072)
Promotional discounts		0	0	0	0	0	0	0	0	(6)	(27)	(177)	(240)	(450)
Net Gross Margin		0	0	0	0	0	0	0	0	6.324	16.865	37.969	54.841	115.988
<i>Net Gross Margin</i>	%	-	-	-	-	-	-	-	-	70%	70%	69%	70%	70%
Operating Expenses														
Salaries		5.612	5.612	5.612	5.612	5.612	11.162	11.162	11.162	16.712	21.565	21.565	21.565	142.950
Sales and Distribution		0	0	0	0	0	0	0	0	2.280	5.888	12.870	18.486	39.524
Commission		0	0	0	0	0	0	0	500	2.570	5.472	7.312	8.836	24.690
Channel Marketing Support Cost		0	0	0	0	0	0	0	0	45	45	45	45	180
Channel Operating Cost		0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing, Advertising and Promotion Cost		0	0	0	0	0	0	5.800	1.900	6.332	2.480	9.640	1.372	27.524
Logistics Cost		0	0	0	0	0	0	0	0	150	520	1.170	1.560	3.400
Technical Operating Cost		34.500	66.500	44.500	45.500	42.500	44.500	35.000	15.400	1.250	400	900	1.300	332.250
IT Operating Cost		240	240	240	240	240	280	320	320	360	440	480	480	3.880
General and Administration Cost		2.095	5.155	2.155	2.155	5.155	2.983	3.840	4.840	5.349	5.640	6.811	8.430	54.608
Operating Expenses		42.447	77.507	52.507	53.507	53.507	58.924	56.122	34.122	35.048	42.450	60.793	62.074	629.006
Operating Margin		(42.447)	(77.507)	(52.507)	(53.507)	(53.507)	(58.924)	(56.122)	(34.122)	(28.724)	(25.585)	(22.825)	(7.233)	(513.008)
<i>Operating Margin</i>	%	-	-	-	-	-	-	-	-	(318%)	(106%)	(42%)	(9%)	(308%)
EBITDA		(42.447)	(77.507)	(52.507)	(53.507)	(53.507)	(58.924)	(56.122)	(34.122)	(28.724)	(25.585)	(22.825)	(7.233)	(513.008)
<i>EBITDA Margin</i>	%	-	-	-	-	-	-	-	-	(318%)	(106%)	(42%)	(9%)	(308%)
Depreciation		94	94	94	94	94	125	125	125	290	323	327	332	2.115
EBIT before exceptional items		(42.540)	(77.600)	(52.600)	(53.600)	(53.600)	(59.049)	(56.247)	(34.247)	(29.014)	(25.908)	(23.151)	(7.565)	(515.123)
Exceptional items (non-repayable Grant)		40.305	0	0	12.000	24.183	0	0	0	0	0	0	16.122	92.609
EBIT after exceptional items		(2.236)	(77.600)	(52.600)	(41.600)	(29.418)	(59.049)	(56.247)	(34.247)	(29.014)	(25.908)	(23.151)	8.557	(422.514)
<i>EBIT Margin</i>	%	-	-	-	-	-	-	-	-	(321%)	(107%)	(42%)	11%	(253%)
Net Interest		32	12	(5)	(22)	(11)	(128)	(150)	(167)	(178)	(174)	(161)	(141)	(1.092)
Profit before taxation		(2.203)	(77.588)	(52.605)	(41.622)	(29.429)	(59.177)	(56.397)	(34.414)	(29.193)	(26.082)	(23.312)	8.417	(423.605)
Taxation - Current		0	0	0	0	0	0	0	0	0	0	0	0	0
Net Profit After Tax (NPAT) Net income		(2.203)	(77.588)	(52.605)	(41.622)	(29.429)	(59.177)	(56.397)	(34.414)	(29.193)	(26.082)	(23.312)	8.417	(423.605)
<i>NPAT Margin</i>	%	-	-	-	-	-	-	-	-	(323%)	(108%)	(43%)	11%	(254%)

Exhibit XVII: Pro Forma Income Statement – 2 years on monthly basis (continued)

SBTE GmbH													
Pro Forma Income Statement													
[in EUR, unless otherwise stated]	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2014
	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014
Customer Base													
Customer Bottles	2.000	4.000	6.500	6.500	6.000	6.500	7.000	8.700	10.700	8.800	5.600	9.700	82.000
Customer Individualisation	57	107	166	158	143	227	236	286	345	275	175	300	2.474
Revenue Bottles	60.200	120.400	195.650	195.650	180.600	192.920	207.760	257.346	316.506	260.304	165.648	285.568	2.438.552
Direct Costs (COGS) - Bottles	(18.050)	(36.100)	(58.663)	(58.663)	(54.150)	(57.980)	(62.440)	(77.387)	(95.177)	(78.276)	(49.812)	(85.942)	(732.638)
Gross Margin Bottles	42.150	84.300	136.988	136.988	126.450	134.940	145.320	179.960	221.330	182.028	115.836	199.626	1.705.914
Gross Margin	70%	70%	70%	70%	70%	69%	69%	69%	69%	69%	69%	69%	69%
AddOn Revenue - Individualisation	849	1.602	2.486	2.369	2.151	3.408	3.544	4.287	5.176	4.118	2.621	4.496	37.107
Direct Costs (COGS) - AddOn Individualisation	(566)	(1.068)	(1.658)	(1.580)	(1.434)	(2.272)	(2.363)	(2.858)	(3.451)	(2.746)	(1.747)	(2.997)	(24.738)
Promotional discounts	(425)	(801)	(1.243)	(1.185)	(1.076)	0	0	0	(2.588)	(2.059)	0	0	(9.376)
Net Gross Margin	42.009	84.033	136.573	136.593	126.092	136.076	146.501	181.388	220.467	181.342	116.710	201.125	1.708.907
Net Gross Margin	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%
Operating Expenses													
Salaries	22.212	27.928	27.928	27.928	27.928	27.928	27.928	27.928	27.928	27.928	27.928	27.928	329.425
Sales and Distribution													
Commission	14.260	28.907	46.775	47.703	44.217	48.200	52.372	65.490	80.873	66.512	42.326	73.463	611.097
Channel Marketing Support Cost	2.418	7.388	3.055	9.028	7.410	9.028	11.736	17.334	18.490	15.206	9.677	16.762	127.530
Channel Operating Cost	46	46	46	46	46	46	46	46	46	46	46	46	551
Marketing, Advertising and Promotion Cost	6.432	6.330	2.994	13.154	3.217	3.105	9.045	5.392	5.637	5.881	14.126	5.902	81.215
Logistics Cost	5.636	7.886	10.117	10.739	11.267	12.906	13.929	17.735	21.678	23.850	25.431	29.027	189.999
Technical Operating Cost	1.020	2.040	11.547	12.047	9.048	5.437	3.570	4.437	5.457	4.488	2.856	4.947	66.894
IT Operating Cost	490	530	571	571	571	571	571	571	571	571	571	571	6.732
General and Administration Cost	10.708	17.757	14.233	11.375	11.853	11.696	12.827	13.152	14.542	14.073	19.460	14.979	166.655
Operating Expenses	63.221	98.612	117.266	132.590	115.557	118.917	132.025	152.085	175.221	158.556	142.422	173.624	1.580.097
Operating Margin	(21.212)	(14.579)	19.307	4.002	10.534	17.158	14.477	29.304	45.246	22.765	(25.712)	27.501	128.810
Operating Margin	(35%)	(12%)	10%	2%	6%	9%	7%	11%	14%	9%	(15%)	9%	5%
EBITDA	(21.212)	(14.579)	19.307	4.002	10.534	17.158	14.477	29.304	45.246	22.765	(25.712)	27.501	128.810
EBITDA Margin	(35%)	(12%)	10%	2%	6%	9%	7%	11%	14%	9%	(15%)	9%	5%
Depreciation	369	407	417	426	435	444	453	463	477	489	500	514	5.393
EBIT before exceptional items	(21.581)	(14.986)	18.890	3.576	10.100	16.715	14.024	28.840	44.769	22.296	(26.212)	26.987	123.417
Exceptional items (non-repayable Grant)	0	0	0	0	0	21.500	0	0	0	0	7.000	0	28.500
EBIT after exceptional items	(21.581)	(14.986)	18.890	3.576	10.100	38.215	14.024	28.840	44.769	22.296	(19.212)	26.987	151.917
EBIT Margin	(36%)	(12%)	10%	2%	6%	19%	7%	11%	14%	8%	(11%)	9%	6%
Net Interest	(210)	(224)	(237)	(237)	(243)	(235)	(235)	(232)	(241)	(173)	(164)	(175)	(2.600)
Profit before taxation	(21.791)	(15.211)	18.660	3.339	9.857	37.979	13.789	28.608	44.527	22.123	(19.376)	26.812	149.317
Taxation - Current	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Profit After Tax (NPAT) Net income	(21.791)	(15.211)	18.660	3.339	9.857	37.979	13.789	28.608	44.527	22.123	(19.376)	26.812	149.317
NPAT Margin	(36%)	(13%)	9%	2%	5%	19%	7%	11%	14%	8%	(12%)	9%	6%

Exhibit XVIII: Sales and Distribution OPEX in detail (including assumptions)
Sales and Distribution OPEX SBTE GmbH

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
Commission						
% of increase	%	0%	2%	2%	2%	2%
Average 3rd Party Retail Commission per Customer						
Web Shops 3rd Party		5	5,1	5,2	5,3	5,4
Distributors		8	8,16	8,3	8,5	8,7
Chains		9,5	9,69	9,9	10,1	10,3
Business Partners		5	5,1	5,2	5,3	5,4
3rd Party Retail Commission						
Web Shops 3rd Party		1.620	63.551	128.229	215.850	293.069
Distributors		37.464	409.134	482.746	594.786	641.666
Chains		0	123.596	501.603	956.934	1.318.808
Business Partners		440	14.816	30.172	47.967	77.123
Total 3rd Party Retail Commission		39.524	611.097	1.142.749	1.815.536	2.330.666
Channel Marketing Support Cost						
% of increase	%	0%	2%	2%	2%	2%
Sales Materials & Dummies						
Sales Material - 3rd Party Retail		7.000	7.000	3.200	3.300	3.500
Sales Material - Own Retail		500	800	900	1.000	1.100
Dummies & other Giveaways		7.000	2.000	3.200	3.300	3.500
Total Sales Material & Dummies		14.500	9.800	7.300	7.600	8.100
COOP						
Average COOP per Customer		2,0	1,8	1,8	1,5	1,5
Web Shops 3rd Party		648	18.802	44.370	61.020	82.850
Distributors		9.366	73.563	104.400	105.090	113.373
Chains		0	20.874	91.350	142.380	196.223
Business Partners		176	4.491	10.440	13.560	21.803
Total COOP		10.190	117.730	250.560	322.050	414.248

Exhibit XVIII: Sales and Distribution OPEX in detail (including assumptions) - continued
Sales and Distribution OPEX SBTE GmbH

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
Channel Operating Cost						
% of increase	%	0%	2%	2%	2%	2%
Monthly Ramp Up - Flagship Store	#	0	0	4	12	12
Monthly Ramp Up - Brand Store	#	0	0	0	2	12
Monthly Ramp Up - Web Store	#	4	12	12	12	12
Average Store Size - Flagship Store	sqm	80	80	80	80	80
Average Store Size - Brand Store	sqm	60	60	60	60	60
Rental Cost Stores						
Rental Cost per sqm per month (Flagship)		60	61	62	64	65
Rental Cost per sqm per month (Brand)		50	51	52	53	54
Total Rental Cost Stores		0	0	19.976	67.493	101.316
Operating Cost Stores						
Operating Cost per sqm per month (Flagship)		17	17	18	18	18
Operating Cost per sqm per month (Brand)		15	15	16	16	16
Total Operating Cost Stores		0	0	5.660	19.229	29.356
Operating Cost Web Store						
Domain and Hosting per month		20	20	21	21	22
Traffic Fee, Maintenance per month		25	26	26	27	27
Total Operating Cost Web Store		180	551	562	573	585
Marketing, Advertising and Promotion Cost						
% of increase	%	0	2%	2%	2%	2%
Classic Communication						
Number of Media Event	#	19	38	40	40	40
Media Spending per Event (average)		100	102	104	106	108
Total Media Spending		1.900	3.876	4.162	4.245	4.330

Exhibit XVIII: Sales and Distribution OPEX in detail (including assumptions) - continued

Sales and Distribution OPEX		SBTE GmbH				
[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
Unit		Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
Tradeshow Events and Sponsoring						
Number of Tradeshow Event	#	4	10	8	5	5
Total Tradeshow Cost		16.000	30.500	20.000	16.000	16.320
Number of Sponsoring Event	#	46	175	150	150	250
Sponsoring Cost per Event		200	204	208	212	216
Total Sponsoring Cost		9.200	35.700	31.212	31.836	54.122
Trade Marketing						
POS Material Cost per POS (except Web)		4	4	4	4	4
Number of POS (end of period)	# cum	43	284	546	840	1.180
Web banner Cost per POS		13	13	14	14	14
Number of Websites for banner ad	# cum	0	12	10	12	14
Total Trade Marketing Cost		424	8.339	28.890	44.774	63.627
Social Media Marketing						
Facebook		0	2.200	2.244	2.289	2.335
Others		0	600	612	624	637
Total Social Media Marketing		0	2.800	2.856	2.913	2.971
Logistic Cost						
% of increase	%	0	2%	2%	2%	2%
Monthly Ramp Up	#	4	12	12	12	12
Logistic Cost POS (Except Web Shops)						
Number of POS (end of period)	# cum	43	284	546	840	1.180
Delivery Cost (average per POS per month)		85	87	88	90	92
Total Logistic Cost POS (except Web)		0	150.425	347.652	727.394	1.042.252
Logistic Cost POS (Own Web Shops)						
Own Web Shop Customers	# new	405	3.740	4.350	4.520	5.700
Packaging, Mailing (average per Customer)		5	5	5	5	5
Total Logistic Cost POS (Own Web Shops)		2.025	19.074	22.629	23.983	30.849
Logistic Cost Inventory Stock						
Average Stock (as a % of # new)	#	1.300	4.850	72.500	113.000	142.500
Inventory Stock Cost (per # new)		1	1	1	1	1
Total Logistic Cost Inventory Stock		1.375	20.500	36.250	56.500	71.250

Exhibit XIX: Pro Forma Income Statement – percentage relationships

Pro Forma Income Statement (% relationship)

SBTE GmbH

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
Revenue (incl. Promotional discounts)	%	100,0%	100,0%	100,0%	100,0%	100,0%
Direct Costs (COGS)	%	30,4%	30,7%	30,4%	29,8%	29,0%
Net Gross Margin	%	69,6%	69,3%	69,6%	70,2%	71,0%
Operating Expenses						
Salaries	%	85,7%	13,4%	11,8%	9,9%	9,3%
Sales and Distribution	%	57,2%	41,0%	44,2%	46,1%	47,9%
Technical Operating Cost	%	199,3%	2,7%	2,1%	1,1%	0,7%
IT Operating Cost	%	2,3%	0,3%	0,2%	0,2%	0,1%
General and Administration Cost	%	32,8%	6,8%	6,2%	5,6%	5,4%
Depreciation	%	1,3%	0,2%	0,3%	0,6%	0,7%
Exceptional item (non-repayable Grant)	%	(55,6%)	(1,2%)	(0,6%)	(0,2%)	(0,1%)
EBIT after exceptional items		(253,4%)	6,2%	5,3%	7,1%	7,0%
Net Interest	%	(0,7%)	(0,1%)	(0,0%)	(0,0%)	(0,1%)
Taxation - Current	%	0,0%	0,0%	0,0%	1,0%	1,7%
Net Profit After Tax (NPAT)	%	(254,1%)	6,1%	5,2%	6,1%	5,3%

Exhibit XX: Pro Forma Balance Sheet

Pro Forma Balance Sheet SBTE GmbH

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017	
Assets						
Current assets						
Cash and cash equivalents	41.773	156.892	303.173	390.523	605.353	
Accounts receivable	19.565	142.784	344.311	658.188	864.386	
Inventory	11.375	42.438	72.500	141.250	201.875	
Total Current assets	72.713	342.114	719.984	1.189.961	1.671.613	
Non-current assets - Fixed Assets						
Fixed Assets - at start of period	0	15.999	19.859	97.358	219.694	
Additions	18.114	9.253	92.366	163.479	26.300	
Depreciation	2.115	5.393	14.867	41.143	63.166	
Fixed Assets - at end of period	15.999	19.859	97.358	219.694	182.828	
Total Non-current assets - Fixed Assets	15.999	19.859	97.358	219.694	182.828	
Total Assets	88.711	361.972	817.342	1.409.655	1.854.441	
Equity and Liabilities						
Capital and reserves						
Owners Equity - Partner 1	85.000	85.000	85.000	85.000	85.000	
Owners Equity - Partner 2	85.000	85.000	85.000	85.000	85.000	
Net Profit after Tax Net income	(423.605)	149.317	227.214	414.419	457.704	
Unappropriated retained earnings	0	(423.605)	(274.288)	(47.073)	317.615	
Total Equity	(253.605)	(104.288)	122.927	487.615	853.778	
Non-current liabilities						
Long Term Liabilities - Interest favoured						
KWF-Start-Up Loan	135.000	135.000	142.155	149.689	116.425	
FFG-Loan	188.088	188.088	188.088	94.044	0	
Long Term Liabilities - Interest bearing	0	0	0	0	0	
Total Non-current liabilities	323.088	323.088	330.243	243.733	116.425	
Current liabilities						
Accounts payable	15.993	138.983	357.760	669.883	874.156	
State and federal liabilities (staff, tax, etc.)	3.235	4.189	6.412	8.424	10.082	
Accrued liabilities	0	0	0	0	0	
Total Current liabilities	19.228	143.172	364.172	678.307	884.238	
Total Equity and Liabilities	88.711	361.972	817.342	1.409.655	1.854.441	

Exhibit XXI: Pro Forma Balance Sheet – on monthly basis (2013)

Pro Forma Balance Sheet													SBTE GmbH		
[in EUR, unless otherwise stated]	Unit	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2013	
		Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013
Assets															
Current assets															
Cash and cash equivalents		266.464	197.102	140.711	100.503	263.715	198.266	144.397	107.672	68.490	41.701	15.073	41.773	41.773	
Accounts receivable		0	0	0	0	0	0	0	0	2.258	6.020	13.545	19.565	19.565	
Inventory		0	0	0	0	0	0	0	1.000	2.813	3.500	7.875	11.375	11.375	
Total Current assets		266.464	197.102	140.711	100.503	263.715	198.266	144.397	108.672	73.560	51.221	36.493	72.713	72.713	
Non-current assets - Fixed Assets															
Fixed Assets - at start of period		0	4.706	4.613	4.519	4.425	4.331	5.806	5.681	5.556	14.889	16.250	16.103	0	
Additions		4.800	0	0	0	0	1.600	0	0	9.623	1.684	180	227	18.114	
Depreciation		94	94	94	94	94	125	125	125	290	323	327	332	2.115	
Fixed Assets - at end of period		4.706	4.613	4.519	4.425	4.331	5.806	5.681	5.556	14.889	16.250	16.103	15.999	15.999	
Total Non-current assets - Fixed Assets		4.706	4.613	4.519	4.425	4.331	5.806	5.681	5.556	14.889	16.250	16.103	15.999	15.999	
Total Assets		271.170	201.715	145.230	104.928	268.046	204.073	150.079	114.229	88.449	67.471	52.597	88.711	88.711	
Equity and Liabilities															
Capital and reserves															
Owners Equity - Partner 1		85.000	85.000	85.000	85.000	85.000	85.000	85.000	85.000	85.000	85.000	85.000	85.000	85.000	
Owners Equity - Partner 2		85.000	85.000	85.000	85.000	85.000	85.000	85.000	85.000	85.000	85.000	85.000	85.000	85.000	
Net Profit after Tax Net income		(2.203)	(77.588)	(52.605)	(41.622)	(29.429)	(59.177)	(56.397)	(34.414)	(29.193)	(26.082)	(23.312)	8.417	(423.605)	
Unappropriated retained earnings		0	(2.203)	(79.791)	(132.397)	(174.019)	(203.448)	(262.625)	(319.022)	(353.436)	(382.628)	(408.710)	(432.022)	0	
Total Equity		167.797	90.209	37.603	(4.019)	(33.448)	(92.625)	(149.022)	(183.436)	(212.628)	(238.710)	(262.022)	(253.605)	(253.605)	
Non-current liabilities															
Long Term Liabilities - Interest favoured		0	0	0	0	135.000	135.000	135.000	135.000	135.000	135.000	135.000	135.000	135.000	
KWF-Start-Up Loan		94.044	94.044	94.044	94.044	150.471	150.471	150.471	150.471	150.471	150.471	150.471	150.471	188.088	
Long Term Liabilities - Interest bearing		0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Non-current liabilities		94.044	94.044	94.044	94.044	285.471	285.471	285.471	285.471	285.471	285.471	285.471	323.088	323.088	
Current liabilities															
Accounts payable		7.367	14.379	9.379	9.579	9.579	9.563	8.992	4.592	4.209	5.621	11.095	15.993	15.993	
State and federal liabilities (staff, tax, etc.)		842	842	842	842	842	1.674	1.674	1.674	2.507	3.235	3.235	3.235	3.235	
Accrued liabilities		1.121	2.241	3.362	4.482	5.603	0	2.964	5.927	8.891	11.855	14.819	0	0	
Total Current liabilities		9.329	17.462	13.582	14.903	16.024	11.227	13.630	12.194	15.607	20.711	29.148	19.228	19.228	
Total Equity and Liabilities		271.170	201.715	145.230	104.928	268.046	204.073	150.079	114.229	88.449	67.471	52.597	88.711	88.711	

Exhibit XXII: CAPEX development and related depreciation
Capital Expenditures and Investments **SBTE GmbH**

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017	
CAPEX - Additions						
Sales and Distribution CAPEX						
Property & Leasehold Improvement	0	0	65.000	119.000	0	
Fixtures and Fittings Stores	0	0	16.000	24.000	0	
Other Sales and Distribution CAPEX	8.000	2.000	600	1.200	3.000	
IT CAPEX						
Corporate IT CAPEX	6.600	1.122	2.861	5.335	5.786	
Enterprise Support IT CAPEX	514	5.621	6.604	12.883	16.702	
General & Administration CAPEX						
	3.000	510	1.301	1.061	812	
Total CAPEX - Additions	18.114	9.253	92.366	163.479	26.300	
CAPEX - Cumulated						
Sales and Distribution CAPEX						
Property & Leasehold Improvement	0	0	65.000	184.000	184.000	
Fixtures and Fittings Stores	0	0	16.000	40.000	40.000	
Other Sales and Distribution CAPEX	8.000	10.000	10.600	11.800	14.800	
IT CAPEX						
Corporate IT CAPEX	6.600	7.722	10.583	15.918	21.704	
Enterprise Support IT CAPEX	514	6.135	12.740	25.623	42.325	
General & Administration CAPEX						
	3.000	3.510	4.811	5.872	6.684	
Total CAPEX - Cumulated	18.114	27.367	119.733	283.212	309.512	
Depreciation						
Sales and Distribution CAPEX						
Property & Leasehold Improvement	5	0	0	6.500	24.900	36.800
Fixtures and Fittings Stores	5	0	0	1.600	5.600	8.000
Other Sales and Distribution	5	533	2.000	2.060	2.240	2.960
IT CAPEX						
Corporate IT CAPEX	4	1.146	1.907	2.265	3.289	4.257
Enterprise Support IT CAPEX	4	19	793	1.618	4.054	9.821
General & Administration CAPEX						
	5	417	694	824	1.060	1.328
Total Depreciation	2.115	5.393	14.867	41.143	63.166	

Exhibit XXIII: Pro Forma Cash Flow Statement – 2 years on monthly basis

Pro Forma Cash Flow Statement												SBTE GmbH	
[in EUR, unless otherwise stated] Unit	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2013
	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013	Budget 2013
EBITDA	(42.447)	(77.507)	(52.507)	(53.507)	(53.507)	(58.924)	(56.122)	(34.122)	(28.724)	(25.585)	(22.825)	(7.233)	(513.008)
Interest income	189	169	152	135	146	123	100	84	72	77	90	110	1.447
Interest expenses and other finance costs	(157)	(157)	(157)	(157)	(157)	(251)	(251)	(251)	(251)	(251)	(251)	(251)	(2.539)
Tax paid	0	0	0	0	0	0	0	0	0	0	0	0	0
Exceptional items	40.305	0	0	12.000	24.183	0	0	0	0	0	0	16.122	92.609
Adjustments to net income (salaries)	1.121	1.121	1.121	1.121	1.121	(5.603)	2.964	2.964	2.964	2.964	2.964	(14.819)	0
Funds from Operations (= except non-cash, non-operating items)	(989)	(76.374)	(51.391)	(40.408)	(28.214)	(64.655)	(53.308)	(31.325)	(25.939)	(22.795)	(20.021)	(6.070)	(421.490)
Movement in working capital													
Change in inventory	0	0	0	0	0	0	0	(1.000)	(1.813)	(688)	(4.375)	(3.500)	(11.375)
Change in Accounts receivable	0	0	0	0	0	0	0	0	(2.258)	(3.763)	(7.525)	(6.020)	(19.565)
Change in Accounts payable	7.367	7.012	(5.000)	200	0	(27)	(561)	(4.400)	(383)	1.412	5.474	4.899	15.993
Change in State and federal liabilities	842	0	0	0	0	833	0	833	728	0	0	0	3.235
Cash Flow from Operating Activities	7.220	(69.362)	(56.391)	(40.208)	(28.214)	(63.849)	(53.869)	(36.725)	(29.560)	(25.105)	(26.448)	(10.692)	(433.202)
CAPEX & investments	(4.800)	0	0	0	0	(1.600)	0	0	(9.623)	(1.684)	(180)	(227)	(18.114)
Cash Flow from Investing Activities	(4.800)	0	0	0	0	(1.600)	0	0	(9.623)	(1.684)	(180)	(227)	(18.114)
Free Cash Flow (FCF)	2.420	(69.362)	(56.391)	(40.208)	(28.214)	(65.449)	(53.869)	(36.725)	(39.183)	(26.789)	(26.628)	(10.919)	(451.316)
Cumulative Free Cash Flow	2.420	(66.942)	(123.333)	(163.541)	(191.756)	(257.204)	(311.073)	(347.798)	(386.981)	(413.770)	(440.397)	(451.316)	(451.316)
Equity Contributions from Shareholders	170.000	0	0	0	0	0	0	0	0	0	0	0	170.000
Change in External debt (w/without payables)	94.044	0	0	0	191.427	0	0	0	0	0	0	37.618	323.088
Dividends paid	0	0	0	0	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Inflow (Outflow)	266.464	(69.362)	(56.391)	(40.208)	163.212	(65.449)	(53.869)	(36.725)	(39.183)	(26.789)	(26.628)	26.699	41.773
Opening Cash Balance	0	266.464	197.102	140.711	100.503	263.715	198.266	144.397	107.672	68.490	41.701	15.073	0
Closing Cash Balance	266.464	197.102	140.711	100.503	263.715	198.266	144.397	107.672	68.490	41.701	15.073	41.773	41.773
Detail of External debt (without payables)													
Friend and Family Loan	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan from Business Angel	0	0	0	0	0	0	0	0	0	0	0	0	0
KWF-StartUp Loan	0	0	0	0	135.000	135.000	135.000	135.000	135.000	135.000	135.000	135.000	135.000
FFG-Loan	94.044	94.044	94.044	94.044	150.471	150.471	150.471	150.471	150.471	150.471	150.471	150.471	188.088
Bank Loan	0	0	0	0	0	0	0	0	0	0	0	0	0
External debts (w/without payables)	94.044	94.044	94.044	94.044	285.471	285.471	285.471	285.471	285.471	285.471	285.471	285.471	323.088

Exhibit XXIII: Pro Forma Cash Flow Statement – 2 years on monthly basis (continued)

SBTE GmbH													
Pro Forma Cash Flow Statement													
[in EUR, unless otherwise stated]	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2014
Unit	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014	BP 2014
EBITDA	(21.212)	(14.579)	19.307	4.002	10.534	17.158	14.477	29.304	45.246	22.785	(25.712)	27.501	128.810
Interest income	103	89	84	77	70	78	79	81	72	141	149	139	1.162
Interest expenses and other finance costs	(313)	(313)	(313)	(313)	(313)	(313)	(313)	(313)	(313)	(313)	(313)	(313)	(3.762)
Tax paid	0	0	0	0	0	0	0	0	0	0	0	0	0
Exceptional items	0	0	0	0	0	21.500	0	0	0	0	7.000	0	28.500
Adjustments to net income (salaries)	4.624	4.624	4.624	4.624	4.624	(23.122)	4.788	4.788	4.788	4.788	4.788	(23.939)	0
Funds from Operations (= except non-cash, non-operating items)	(16.798)	(10.179)	23.702	8.390	14.916	15.301	19.030	33.859	49.792	27.400	(14.089)	3.387	154.711
Movement in working capital													
Change in inventory	2.625	(8.750)	(10.938)	0	2.188	(2.188)	(2.188)	(7.438)	(8.750)	8.313	14.000	(17.938)	(31.063)
Change in Accounts receivable	4.515	(15.050)	(18.813)	0	3.763	(3.080)	(3.710)	(12.397)	(93.917)	28.101	47.328	(59.960)	(123.219)
Change in Accounts payable	(1.229)	11.931	10.304	3.831	(5.386)	1.798	4.392	8.752	10.232	(8.391)	(11.150)	97.906	122.989
Change in State and federal liabilities	97	857	0	0	0	0	0	0	0	0	0	0	955
Cash Flow from Operating Activities	(10.790)	(21.190)	4.256	12.221	15.479	11.831	17.524	22.777	(42.643)	55.422	36.090	23.396	124.373
CAPEX & investments	(2.198)	(1.944)	(477)	(422)	(406)	(448)	(415)	(520)	(638)	(596)	(501)	(689)	(9.253)
Cash Flow from Investing Activities	(2.198)	(1.944)	(477)	(422)	(406)	(448)	(415)	(520)	(638)	(596)	(501)	(689)	(9.253)
Free Cash Flow (FCF)	(12.987)	(23.134)	3.778	11.799	15.073	11.383	17.109	22.257	(43.281)	54.827	35.589	22.707	115.120
Cumulative Free Cash Flow	(464.303)	(487.438)	(483.659)	(471.860)	(456.787)	(445.404)	(428.295)	(406.038)	(449.319)	(394.492)	(358.904)	(336.196)	(336.196)
Equity Contributions from Shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in External debt (without payables)	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Inflow (Outflow)	(12.987)	(23.134)	3.778	11.799	15.073	11.383	17.109	22.257	(43.281)	54.827	35.589	22.707	115.120
Opening Cash Balance	41.773	28.785	5.651	9.429	21.228	36.301	47.684	64.793	87.050	43.769	98.596	134.185	41.773
Closing Cash Balance	28.785	5.651	9.429	21.228	36.301	47.684	64.793	87.050	43.769	98.596	134.185	156.892	156.892
Detail of External debt (without payables)													
Friend and Family Loan	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan from Business Angel	0	0	0	0	0	0	0	0	0	0	0	0	0
KWF-StartUp Loan	135.000	135.000	135.000	135.000	135.000	135.000	135.000	135.000	135.000	135.000	135.000	135.000	135.000
FFG-Loan	188.088	188.088	188.088	188.088	188.088	188.088	188.088	188.088	188.088	188.088	188.088	188.088	188.088
Bank Loan	0	0	0	0	0	0	0	0	0	0	0	0	0
External debts (w/ without payables)	323.088	323.088	323.088	323.088	323.088	323.088	323.088	323.088	323.088	323.088	323.088	323.088	323.088

Exhibit XXIV: Scenario - aggressive rollout of POS

Pro Forma Income Statement

SBTE GmbH

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
Customer Base						
Customer Bottles	# new	7.200	99.200	192.000	301.000	364.000
Customer Individualisation	# new	143	3.000	4.982	6.637	7.371
Revenue Bottles		216.720	2.949.842	5.698.944	9.000.230	11.039.874
Direct Costs (COGS) - Bottles		(64.980)	(886.261)	(1.701.648)	(2.635.046)	(3.149.688)
Gross Margin Bottles		151.740	2.063.582	3.997.296	6.365.184	7.890.186
Gross Margin	%	70%	69%	69%	70%	71%
AddOn Revenue - Individualisation		2.140	45.006	76.231	103.578	117.332
Direct Costs (COGS) - AddOn Individualisation		(1.427)	(30.004)	(50.322)	(66.900)	(73.778)
Promotional discounts		(599)	(11.135)	(19.058)	(25.894)	(29.333)
Net Gross Margin		151.854	2.067.449	4.004.147	6.375.967	7.904.407
Net Gross Margin	%	70%	69%	70%	70%	71%
Operating Expenses						
Salaries		142.950	398.023	583.622	746.682	881.521
Sales and Distribution						
Commission		51.685	739.402	1.513.158	2.418.037	2.976.710
Channel Marketing Support Cost		34.504	211.223	412.804	522.310	642.989
Channel Operating Cost		180	551	26.197	87.295	131.256
Marketing, Advertising and Promotion Cost		71.660	133.095	99.854	116.833	160.334
Logistics Cost		4.460	280.723	587.980	1.124.679	1.495.044
Technical Operating Cost		333.100	75.666	117.401	96.137	78.753
IT Operating Cost		3.880	7.670	9.239	11.716	13.769
General and Administration Cost		55.722	194.329	331.692	462.705	563.196
Operating Expenses		698.141	2.040.682	3.681.947	5.586.393	6.943.572
Operating Margin		(546.287)	26.767	322.200	789.574	960.835
Operating Margin	%	(250%)	1%	6%	9%	9%
EBITDA		(546.287)	26.767	322.200	789.574	960.835
EBITDA Margin	%	(250%)	1%	6%	9%	9%
Depreciation		2.120	6.017	15.768	42.864	66.591
EBIT before exceptional items		(548.407)	20.750	306.432	746.709	894.244
Exceptional items (non-repayable Grant)		92.609	28.500	25.500	16.000	13.000
EBIT after exceptional items		(455.798)	49.250	331.932	762.709	907.244
EBIT Margin	%	(209%)	2%	6%	8%	8%
Net Interest		(3.417)	(9.575)	(8.891)	(8.648)	(13.483)
Profit before taxation		(459.215)	39.675	323.041	754.062	893.762
Taxation - Current		0	0	0	123.738	220.190
Net Profit After Tax (NPAT) Net income		(459.215)	39.675	323.041	630.323	673.571
NPAT Margin	%	(210%)	1%	6%	7%	6%

Exhibit XXIV: Scenario - aggressive rollout of POS (continued)
Pro Forma Cash Flow Statement
SBTE GmbH

[in EUR, unless otherwise stated]	2013	2014	2015	2016	2017
Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
EBITDA	(546.287)	26.767	322.200	789.574	960.835
Interest income	1.447	1.162	1.846	1.619	2.396
Interest expenses and other finance costs	(4.864)	(10.737)	(10.737)	(10.267)	(15.878)
Tax paid	0	0	0	(123.738)	(220.190)
Exceptional items	92.609	28.500	25.500	16.000	13.000
Adjustments to net income (salaries)	0	0	0	0	0
Funds from Operations (= except non-cash, non-operating items)	(457.094)	45.692	338.809	673.188	740.162
Movement in working capital					
Change in inventory	(15.313)	(33.250)	(47.438)	(92.125)	(69.708)
Change in Accounts receivable	(26.338)	(137.055)	(292.524)	(404.105)	(243.967)
Change in Accounts payable	25.284	139.543	315.170	416.974	240.555
Change in State and federal liabilities	3.235	1.812	2.249	2.038	1.685
Cash Flow from Operating Activities	(470.226)	16.743	316.266	595.969	668.728
CAPEX & investments	(18.275)	(12.650)	(94.587)	(167.814)	(30.970)
Cash Flow from Investing Activities	(18.275)	(12.650)	(94.587)	(167.814)	(30.970)
Free Cash Flow (FCF)	(488.501)	4.093	221.679	428.155	637.757
Cumulative Free Cash Flow	(488.501)	(484.407)	(262.728)	165.427	803.185
Equity Contributions from Shareholders	170.000	0	0	0	0
Change in External debt (w ithout payables)	473.088	0	7.155	(86.510)	(127.308)
Dividends paid	0	0	0	(75.639)	(134.714)
Others	0	0	0	0	0
Net Cash Inflow (Outflow)	154.588	4.093	228.834	266.007	375.735
Opening Cash Balance	0	154.588	158.681	387.515	653.522
Closing Cash Balance	154.588	158.681	387.515	653.522	1.029.257
Detail of External debt (w ithout payables)					
Friend and Family Loan	0	0	0	0	0
Loan from Business Angel	0	0	0	0	0
KWF-StartUp Loan	135.000	135.000	142.155	149.689	116.425
FFG-Loan	188.088	188.088	188.088	94.044	0
Bank Loan	150.000	150.000	150.000	150.000	150.000
External debts (w ithout payables)	473.088	473.088	480.243	393.733	266.425

Exhibit XXV: NPV and IRR

NPV and IRR

SBTE GmbH

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
Free Cash Flow (FCF)	kEUR	(451,3)	115,1	139,1	223,6	433,7
Free Cash Flow (FCF) - Scenario	kEUR	(488,5)	4,1	221,7	428,2	637,8
Assumptions:			Comments:			
Tax rate	%	25,00%	pro forma income statement			
Cost of debt	%	3,30%	yield to maturity from yield curves of benchmark bonds			
Market risk premium	%	5,00%	assumption			
Risk free rate	%	2,50%	yield curve of benchmark bonds (5 years, AAA rating)			
β (equity)	#	1,29	for retail stores			
Cost of equity	%	8,95%	result, calculation from assumptions above			
Capital structure at market values						
Debt/Equity Ratio	%	190%	pro forma balance sheet (end of year 1)			
After-Tax WACC	%	4,71%				
Net Present Value	kEUR	325,8				
IRR	%	27,15%				
After-Tax WACC - Scenario	%	4,71%				
Net Present Value - Scenario	kEUR	593,2				
IRR - Scenario	%	35,19%				

Exhibit XXVI: Break even point

Break Even Point

SBTE GmbH

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
	Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
Break Even Volume (Bottles)	#	29.846	75.952	134.754	202.290	254.945
Sales Volume (Bottles)	#	5.500	82.000	145.000	226.000	285.000
Break Even Volume (Bottles)	# cum	29.846	105.798	240.552	442.842	697.787
Sales Volume (Bottles)	# cum	5.500	87.500	232.500	458.500	743.500
Break-even Point cumulated	#				442.894	

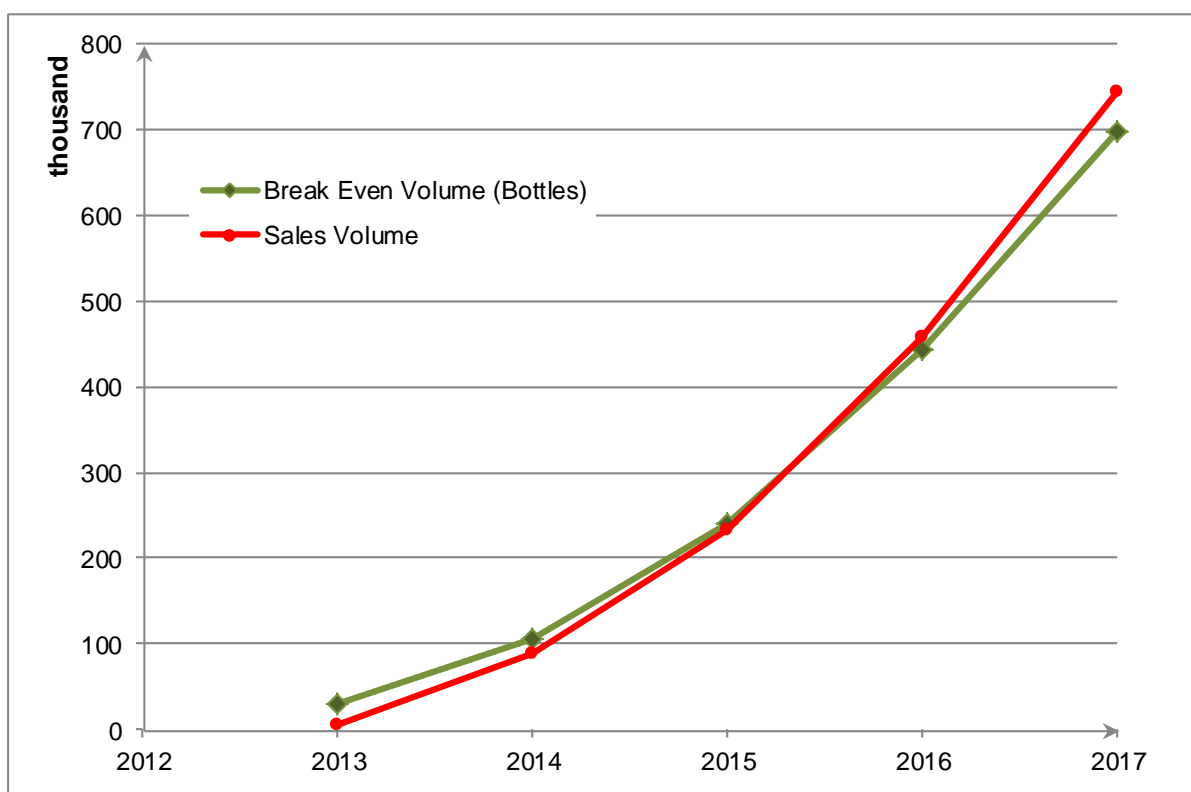


Exhibit XXVII: Non-repayable grants and long-term borrowings KWF, FFG⁴⁴
Long-term Borrowings **SBTE GmbH**

[in EUR, unless otherwise stated]	2013	2014	2015	2016	2017
Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017
<u>KWF StartUp-Loan</u>					
Cost base - Sales and Distribution OPEX	95.318	1.010.391			
Interest and Repayment					
At start of period	0	135.000	135.000	142.155	149.689
Repayment	0	0	0	0	33.264
Addition to liability due to Interest Payment	0	0	7.155	7.534	0
At end of period (Balance Sheet)	135.000	135.000	142.155	149.689	116.425
Interest Base 1	135.000	135.000	135.000	142.155	149.689
Interest Base 2 (Repayment during 2017)	0	0	0	0	133.057
Interest Rate %	0%	0%	5,3%	5,3%	5,3%
Interest Payments	0	0	7.155	7.534	7.493
<p><u>Conditions (3 phases):</u> Application date: Dec. 1st, 2012 Allocation of loan in May 2013 Phase 1: interestfree, no repayment (duration 2 years) Phase 2: interest (reference like EURIBOR + 4% per anno) - amount will not be paid back to KWF, it increases the debt (duration 2 years) Phase 3: interest payments (rate from Phase 2), repayment in 9 similar parts (duration 4 years) For the KWF, no credit hedging is required.</p>					

⁴⁴ Cf. FFG Austrian Research Promotion Agency (2012).

Exhibit XXVII: Non-repayable grants and long-term borrowings KWF, FFG (continued)
Non-repayable Grants and Long-term Borrowings SBTE GmbH

[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017	
FFG-Loan and non-repayable government grant						
FFG-Loan and non-repayable government grant - Cost Base						
Technology R&D Cost	313.000	0	0	0	0	0
Salary - Technical Department	56.117	0	0	0	0	0
Shareholder (Partner 1)	53.900	0	0	0	0	0
Legal Fees - Patent Attorney	6.000	0	0	0	0	0
Rental Cost Office (70%)	1.638	0	0	0	0	0
Office Operating Expenses (70%)	504	0	0	0	0	0
Other Office Expenses (70%)	1.153	0	0	0	0	0
Staff Related Expenses (50%)	11.410	0	0	0	0	0
IT Operating Cost (70%)	2.920	0	0	0	0	0
Depreciation Corporate IT CAPEX (70%)	871	0	0	0	0	0
Depreciation General & Administration CAPEX	317	0	0	0	0	0
Cost Base (cumulated Projectduration)	447.829	0	0	0	0	0
Expected grant in %	%	60%	0%	0%	0%	0%
thereof:						
Expected Loan (3 Tranchen)		188.088	0	0	0	0
Expected non-repayable government grant		80.609	0	0	0	0
Interest and Repayment						
At start of period (Aconto)		94.044	188.088	188.088	188.088	94.044
Repayment		0	0	0	94.044	94.044
Addition to liability due to Aconto Payment		94.044	0	0	0	0
At end of period (Balance Sheet)		188.088	188.088	188.088	94.044	0
Interest Base 1		150.471	188.088	188.088	188.088	94.044
Interest Base 2 (repayments during year)		0	0	0	141.066	47.022
Interest Rate	%	2,0%	2,0%	2,0%	2,0%	2,0%
Interest Payments		2.539	3.762	3.762	3.292	1.411
Non-repayable FFG Grant		80.609	0	0	0	0
<u>Conditions (3 tranches):</u>						
Application date: Dec. 1st, 2012						
Tranche 1: Aconto allocation of 50% from FFG (loan and non-repayable grant, interest payments of 2% fixed rate) - January 2013						
Tranche 2: Allocation of loan and non-repayable grant of 30% from FFG (after 50% of the cost base is reached) - May 2013						
Tranche 3: Allocation of loan and non-repayable grant of 30% from FFG (after confirmation of the costs) - December 2013						

Exhibit XXVII: Non-repayable grants and long-term borrowings KWF, FFG (continued)

Other Non-repayable Grants		SBTE GmbH				
[in EUR, unless otherwise stated]		2013	2014	2015	2016	2017
Unit	Budget 2013	BP 2014	BP 2015	BP 2016	BP 2017	
(a) International Grant						
Cost Base						
Tradeshaw Cost	16.000	30.500	20.000	16.000	16.320	
Trade Marketing Cost	424	8.339	28.890	44.774	63.627	
Non-repayable International Grant (IS)	0	7.000	7.000	7.000	0	
(b) Grant from Incubator						
Cost Base						
Market survey and feasibility studies	16.500	0	0	0	0	
Non-repayable Grant (IS)	12.000	0	0	0	0	
(c) Micro Enterprises Grant						
Cost Base						
CAPEX Additions	19.803	9.253	92.366	163.479	26.300	
Non-repayable Grant (BS net)	0	1.811	0	5.000	2.630	
Non-repayable Grant (IS)	0	4.000	1.000	4.000	8.000	
(d) Innovation Cheque (2 Types: EUR 10k and EUR 5k)						
Cost Base						
Technology R&D Cost	313.000	25.074	17.522	5.837	5.953	
Non-repayable Innovation Cheque (IS)	0	17.500	17.500	5.000	5.000	
<p><u>Comments:</u> Application for (a) and (c) at KWF, frequency - once a year, grant volume is 50% of project costs or maximum EUR 7k. Application for (b) at build! Gruenderzentrum GmbH (incubator in Carinthia), one time grant in addition to subsidised office space, located in Lakeside Park in Klagenfurt SBTE GmbH will also start the application process for office space in October 2012. Application for (d) at FFG, frequency - once a year, grant volume are two cheques (one for EUR 10k and one for EUR 5k), required is a cooperation with a research and development institution.</p>						

Exhibit XXVIII: Strategic value chain

