IKATAN AKUNTAN INDONESIA
The Indonesian Institute of Accountants

sayurbox

Indonesia's leading farm-to-table e-grocery distribution

Regular Accounting Discussion (RAD):
Startup Funding and Accounting Aspect for Startup Funding

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Topics of Discussion

1. Sayurbox at a glance
2. Startup Funding & Valuation Methods
3. Reasons for doing an IPO
4. Informations and data requirements by investor and how to better prepare it
5. The role of information from financial statements in the company's business valuation

Delivering goodness to all **for greater good**

Ummu Kultsum
Petani Beras
Sayurbox

I Putu Arya
Petani Kubis
Sayurbox

2021

Sayurbox is bringing goodness to everyone!

This year, we have partnered with more than 1,100 local farmers in Java and Bali island, facilitating credit agriculture for farmers with AwanTunai, as well as introducing new features.

2020

We are expanding!

In addition to 6 areas in Greater Jakarta, we managed to bring our service to 2 new areas. Consumers in Bali and Surabaya can now make their first order on Sayurbox.com and app.

2019

We are evolving!

We transform Sayurbox into a farm-to-table e-commerce grocery, providing 4 new categories: carbohydrates, dairies, seasonings, and ready to eat food.

2018

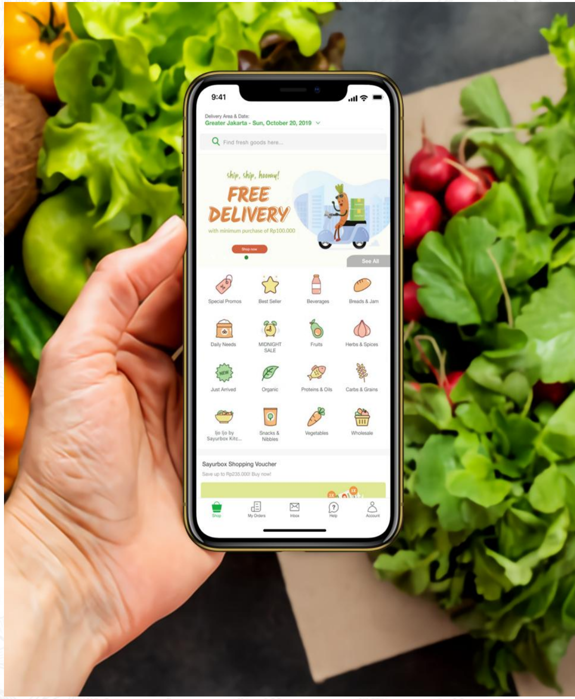
We are growing!

We listen to our consumers. Not only we provide custom packaged fruits and vegetables, but also a new protein category which consists of beef, chicken, fish, and eggs.

2017

We are born!

Sayurbox introduced custom-packaged fruits and vegetables to Greater Jakarta. Processing orders from Sayurbox.com and app which can be downloaded through App Store and Google Play.



sayurbox

We are Indonesia's largest fresh produce, **supported, scaled** and **further optimized** by our in-house technology and our **strong operations ecosystem**

Strong exclusive supply network/partnerships with 10,000+ farmers

Sourcing

- Sourcing hubs
- exclusive network of farmers
- Secured land for scale

Warehouse

- Large cold chain warehouses in different cities

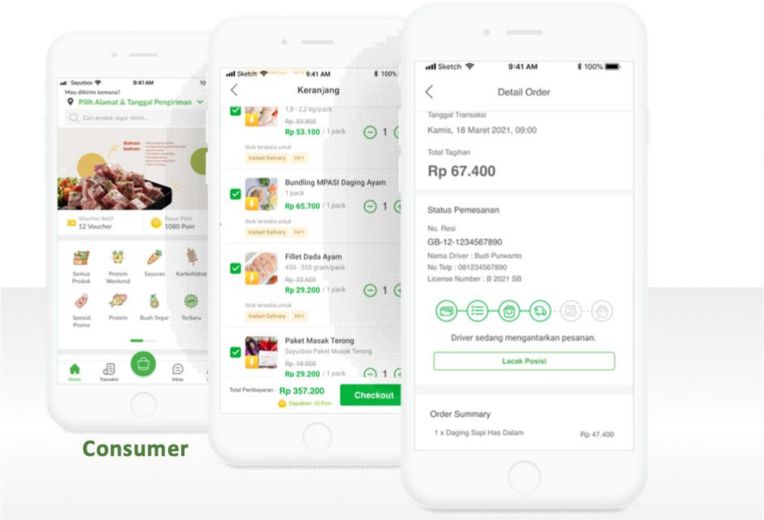
Micro Fulfillment Centres

- Cold chain micro fulfillment centers

Logistics

- Delivery hubs
- Partner delivery drivers

Consumer app with multiple features including product recommendations, instant delivery feature, loyalty tiering, influencer acquisition feature, etc.



Multi-channel selling network

tokopedia · Shopee · GO MART POWERED BY GOJEK · GrabMart · sayurbox Resellers

SUPER INDO · Alfamidi · Alfamart · Panen · Grab Kios · daily foodhall · GrandLucky Superstore

Startup Funding Stages: From Seed round to IPO

Pre-seed / bootstrapping

- **Self-funding from founders and family/relatives**
  - During this stage, the research or development is still being done; some might already have a working prototype
  - With self-funding this is a very strong signal for potential investors. These investors are then straight away interested in how & why an entrepreneur is doing that

Seed & Angel Funding

- **Funding from incubators or angel investors**
  - In this phase, the owners try and raise funds to conduct market research to know their target customers' tastes and preferences
  - Here, the owners really try building traction so there's a relentless flow of revenue; otherwise, the startup may need to fold

Series A, B, C*
Venture Capital Stages
**might continue to Series D,E,F and so on*

- **Multiple funding rounds to scale the business and increase the valuation**
  - Series A: This is the primary round of funding that takes place within the risk capital stage. At this time, the startup should have a product or service and a customer base with a reliable income stream.
  - Series B: This funding stage is at the expansion stage of the business, including product or the service, the customer base, employees, and management team
  - Series C: During this stage, companies are usually expected to create new products, reach new markets and even make sure that others don't meet the expectations of comparable new business deals

Initial Public Offering (IPO)

- **Happens if the company decides to sell corporate shares to public**
  - Some benefits of IPO: additional funding to grow; becoming more attractive to talents; and easier path for future M&A

Source: Alpha JWC publication 2021

Startup Valuation Methods: The most common one is using the revenue multiple

Step Up Valuation

Using 10 valuation factors and scoring 0 – 500k USD

1. Total market size over 500.000.000 USD
2. Business model scales wel
3. Founders have previous “exit experience” or other significant experience
4. More than one founder is committed full time;
5. MVP (minimum viable product) is developed, and customer development under way
6. Business model is validated with paying customers
7. Significant industry partnerships are signed.
8. Execution road-map developed and being achieved
9. IP (intellectual property) issued or technology is protected
10. Competitive environment is favourable

Market Comparison (Multiple)

using Revenue Multiple: 3 – 5X

by benchmarking in the market for similar business model/sector

VC – Exit valuation

Determining the exit value

This includes:
- assumption on expected value in the next 5 years (exit value)
- VC ROI multiple: X times

- **Pre-money valuation:** value of company before investor money
  - \+ **Investment : additional fund raising**
- **Post-money valuation:** value of company after investment and including dilution

Source: Startup Valuation (2017). Author: Stephen R. Poland. 1X1Media US.

Reasons for doing an IPO

How does an IPO work?

- In an IPO, a privately owned company lists its shares on a stock exchange, making them available for purchase by the general public.
- **Going public is challenging**, why a private company that plans to go public hires an underwriter, usually an investment bank, to consult on the IPO and help it set an initial price for the offering.
- Underwriters help management prepare for an IPO, creating key documents for investors and scheduling meetings with potential investors, called roadshows

Advantages of going public?

★ Funding access in stock market
★ More trust to access loan
★ Lift up the professionalism
★ Company's image enhancement
★ Stock liquidity & possible divestment for founder at optimal value
★ Raise employee loyalty
★ Improvement of company value
★ Ability to maintain its going concern

Source: IDX, IPO Guidance

SPACs and IPOs

A **special purpose acquisition company (SPAC)**, otherwise known as a "blank check company." SPAC raises money in an initial public offering with the sole aim of acquiring other companies.

Many private companies choose to be acquired by SPACs to expedite the process of going public. As newly formed companies, SPACs don't have long financial histories to disclose to the SEC.

Source: Forbes, IPO

Informations and Data requirements to investor and how to prepare it

Investor Data Room

The primarily required documents:

1. Legal structure and articles of incorporation
2. Records of previous capital raises and liquidity events
3. Board of Directors' meeting minutes or previous actions
4. Business plans
5. Company financials, including profit and loss statements and projections
6. Tax returns, audits, financial evaluations and other reports from third-party professional service providers
7. IP, including patents and trademarks
8. Product and service information, including roadmaps
9. Marketing plans, strategies and assets
10. Sales strategy and pipeline, including existing customers MRR and ARR
11. Information about employees, including compensation and contracts
12. Technology investments
13. Additional operational liabilities, including capital expenditures, commercial leases and investments in R&D

Regular Performance Reporting

- Regular and ad-hoc investor updates to discuss important topics or require decision making
- Monthly or quarterly financial update to the investor

The role of information from financial statements in the company's business valuation

The main **financial statements** (balance sheet, income statement, statement of cash flows, statement of stockholders' equity) **may provide some helpful partial information, but they will not report the value of the business.**

Two reasons why the value of a business is not included in the financial statements are:

- The financial statements are generally based on the company's past recorded transactions. The value of the business will more likely be based on the perceived future transactions.

- The accountants' cost principle prohibits a business from reporting some highly-valued assets such as trademarks, brand names, and an effective management team (assuming these were developed internally).

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