Woolong Corporation
Discounted Cash Flow Model - Enterprise Valuation
Prepared internally by Woolong Corp. Finance Group
Discounted Cash Flows are based on F2023 Board of Directors approved Cash Flow Projections

Woolong Corporation
Discounted Cash Flow 'DCF' Valuation Model
(Based on Board of Directors approved 12-month cash flow forecasts dated May 30, 2022)
Valuation date: June 1, 2022. **Scenario 1 - pessimistic growth rate assumption (50% Risk Premium)**

Purpose:

This model aims to estimate the value of Woolong Corp. using a Discounted Cash Flow method based on cash flow projections, as prepared by management (CEO David Webb).

This valuation model was prepared by the Company's in-house Finance department and has not been reviewed by any external Business Valuations team.

The DCF model, associated cash flows, and other relevant inputs have not been reviewed or audited.

The Cash Flow Projections/Forecasts used as the basis for the DCF were prepared by management, reviewed by department heads, and voted on and approved by the Board of Directors.

The in-house Finance department consists of a team of Chartered Accountants, Certified Professional Accountants, Certified Fraud Examiners, and Chartered Financial Analysts. The latter has a vast knowledge of valuation techniques and over 20 years of experience in auditing, preparing, and reviewing such materials.

The Board of Directors reviewed the Cash Flow Projections line by line and, as a whole, hold over 75 years of industry experience ranging from areas of expertise such as Operations, Marketing, Finance Investment Banking, Media and Television, Capital Markets, and International Commerce.

The Company and the Board are considered subject matter experts in cryptocurrency, specifically as it relates to the suite and scope of services offered by the Company.

Assumptions:

As required, the assumptions used have been documented to compile the expected cash flows and determine initial (unaudited) growth rates, discount rates, and terminal values.

As the Cash Flow Projections/Forecasts focus on determining the free cash amounts available to the Company, whereas the DCF model is based on the value of future earnings**, some adjustments have been made to the Board approved ash Flow Projections/Forecasts to determine the Annual Earnings.

*Earnings are considered annual profits after deducting all expenses (adjusted for depreciation and other non-cash expenses).
** Refer to the external accompanying workbook “Board Approved Woolong Corp Cash Flow Forecast_05242022.pdf.”

Valuation date:	01-Jun-22		
Assumed tax rate	38%		
WACC*:		Base Canadian interest:	3.73%
		Risk premium	17%
			20.73%

* Weighted Average Cost of Capital 'WACC' is consistent with the Net Present Value 'NPV' rate used in the intangible assets Valuation Models.

Variable Expenses which reflect margins of Revenue/'Cash In' have been pro-rated as a percentage of the Year 1 forecasted total expenses and applied against the annual Revenues accordingly. Assumed year-over-year growth rates are based on comparable entities in the same sector discounted to reflect a risk factor relevant to start-ups.

Within the Board approved Cash Flow Projections/Forecasts, growth rates are expected to increase up to 10-30% month over month, updated quarterly. To account for industry risk, a conservative growth rate is applied as follows (the logic for the 100% year over year 'YoY' growth rate is based on comparable industry corporations, which as start-ups experience from 100%-1,000% growth.

YoY expected growth:	100%	
Risk premium:	50%	Stress scenario 1 - additional 10% risk premium
Applied YoY growth rate*	50%	

*Assumed variable expense growth rate applied YoY. Variable expenses grow in line with expected revenue growth rates with the fixed portion remaining
fixed and grossed up by discount factor.

Discounted Cash Flow Valuation (based on Board of Directors approved 12-month cash flow forecasts dated May, 30 2022):
In thousands

	F2022	F2023	F2024	F2025	F2026	Terminal Value
Cash In (adjusted)	$ 2,280	$ 3,420	$ 5,130	$ 7,695	$ 11,543	
Cash Out (adjusted)	$ 935	$ 1,222	$ 1,597	$ 2,087	$ 2,727	
EBIT	$ 1,345	$ 2,198	$ 3,533	$ 5,608	$ 8,815	
Taxes	$ 511	$ 835	$ 1,343	$ 2,131	$ 3,350	
Forecasted free cash flows	$ 834	$ 1,363	$ 2,191	$ 3,477	$ 5,465	$ 7,065
WACC:	20.73%					
Discount Period	1	2	3	4	5	
Discount Factor	83%	69%	57%	47%	39%	39%
Discounted Cash Flows	**$ 691**	**$ 935**	**$ 1,245**	**$ 1,637**	**$ 2,131**	**$ 2,755**
Check						*$2,755*

Estimated Enterprise Value $ 9,000

Woolong Corporation
Discounted Cash Flow 'DCF' Valuation Model
(Based on Board of Directors approved 12-month cash flow forecasts dated May 30 2022)
Valuation date: June 1, 2022. **Base scenario (40% Risk Premium)**

Purpose:

This model aims to estimate the value of Woolong Corp. using a Discounted Cash Flow method based on cash flow projections, as prepared by management (CEO David Webb).

This valuation model was prepared by the Company's in-house Finance department and has not been reviewed by any external Business Valuations team.

The DCF model, associated cash flows, and other relevant inputs have not been reviewed or audited.

The Cash Flow Projections/Forecasts used as the basis for the DCF were prepared by management, reviewed by department heads, and voted on and approved by the Board of Directors.

The in-house Finance department consists of a team of Chartered Accountants, Certified Professional Accountants, Certified Fraud Examiners, and Chartered Financial Analysts. The latter has a vast knowledge of valuation techniques and over 20 years of experience in auditing, preparing, and reviewing such materials.

The Board of Directors reviewed the Cash Flow Projections line by line and, as a whole, hold over 75 years of industry experience ranging from areas of expertise such as Operations, Marketing, Finance Investment Banking, Media and Television, Capital Markets, and International Commerce.

The Company and the Board are considered subject matter experts in cryptocurrency, specifically as it relates to the suite and scope of services offered by the Company.

Assumptions:

As required, the assumptions used have been documented to compile the expected cash flows and determine initial (unaudited) growth rates, discount rates, and terminal values.

As the Cash Flow Projections/Forecasts focus on determining the free cash amounts available to the Company, whereas the DCF model is based on the value of future earnings**, some adjustments have been made to the Board approved ash Flow Projections/Forecasts to determine the Annual Earnings.

*Earnings are considered annual profits after deducting all expenses (adjusted for depreciation and other non-cash expenses).
** Refer to the external accompanying workbook “Board Approved Woolong Corp Cash Flow Forecast_05242022.pdf.”

Valuation date:		01-Jun-22	
Assumed tax rate		38%	
WACC*:	Base Canadian interest:		3.73%
	Risk premium		17%
			20.73%

* Weighted Average Cost of Capital 'WACC' is consistent with the Net Present Value 'NPV' rate used in the intangible assets Valuation Models.

Variable Expenses which reflect margins of Revenue/'Cash In' have been pro-rated as a percentage of the Year 1 forecasted total expenses and applied against the annual Revenues accordingly. Assumed year-over-year growth rates are based on comparable entities in the same sector discounted to reflect a risk factor relevant to start-ups.

Within the Board approved Cash Flow Projections/Forecasts, growth rates are expected to increase up to 10-30% month over month, updated quarterly. To account for industry risk, a conservative growth rate is applied as follows (the logic for the 100% year over year 'YoY' growth rate is based on comparable industry corporations, which as start-ups experience from 100%-1,000% growth.

YoY expected growth: 100%	100%	
Risk premium:	40%	← Base scenario 2 – no stress testing to Risk Premium
Applied YoY growth rate*	50%	

*Assumed variable expense growth rate applied YoY. Variable expenses grow in line with expected revenue growth rates with the fixed portion remaining fixed and grossed up by discount factor.

Discounted Cash Flow Valuation (based on Board of Directors approved 12-month cash flow forecasts dated May, 30 2022):
In thousands

	F2022	F2023	F2024	F2025	F2026	Terminal Value
Cash In (adjusted)	$ 2,280	$ 3,648	$ 5,837	$ 9,339	$ 14,942	
Cash Out (adjusted)	$ 935	$ 1,241	$ 1,647	$ 2,186	$ 2,902	
EBIT	$ 1,345	$ 2,407	$ 4,190	$ 7,152	$ 12,040	
Taxes	$ 511	$ 915	$ 1,592	$ 2,718	$ 4,575	
Forecasted free cash flows	$ 834	$ 1,492	$ 2,598	$ 4,435	$ 7,465	$10,396
WACC:	20,73%					
Discount Period	1	2	3	4	5	
Discount Factor	83%	69%	57%	47%	39%	39%
Discounted Cash Flows	**$ 691**	**$ 1,024**	**$ 1,476**	**$ 2,087**	**$ 2,910**	**$ 4,053**
Check						*$ 4,053*

Estimated Enterprise Value $ 12,000

Woolong Corporation
Discounted Cash Flow 'DCF' Valuation Model
(Based on Board of Directors approved 12-month cash flow forecasts dated May, 30 2022)
Valuation date: June 1, 2022 **Scenario 3 - optimistic growth rate assumption (30% Risk Premium)**

Purpose:

This model aims to estimate the value of Woolong Corp. using a Discounted Cash Flow method based on cash flow projections, as prepared by management (CEO David Webb).

This valuation model was prepared by the Company's in-house Finance department and has not been reviewed by any external Business Valuations team.

The DCF model, associated cash flows, and other relevant inputs have not been reviewed or audited.

The Cash Flow Projections/Forecasts used as the basis for the DCF were prepared by management, reviewed by department heads, and voted on and approved by the Board of Directors.

The in-house Finance department consists of a team of Chartered Accountants, Certified Professional Accountants, Certified Fraud Examiners, and Chartered Financial Analysts. The latter has a vast knowledge of valuation techniques and over 20 years of experience in auditing, preparing, and reviewing such materials.

The Board of Directors reviewed the Cash Flow Projections line by line and, as a whole, hold over 75 years of industry experience ranging from areas of expertise such as Operations, Marketing, Finance Investment Banking, Media and Television, Capital Markets, and International Commerce.

The Company and the Board are considered subject matter experts in cryptocurrency, specifically as it relates to the suite and scope of services offered by the Company.

Assumptions:

As required, the assumptions used have been documented to compile the expected cash flows and determine initial (unaudited) growth rates, discount rates, and terminal values.

As the Cash Flow Projections/Forecasts focus on determining the free cash amounts available to the Company, whereas the DCF model is based on the value of future earnings**, some adjustments have been made to the Board approved ash Flow Projections/Forecasts to determine the Annual Earnings.

*Earnings are considered annual profits after deducting all expenses (adjusted for depreciation and other non-cash expenses).
** Refer to the external accompanying workbook “Board Approved Woolong Corp Cash Flow Forecast_05242022.pdf.”

Valuation date:		01-Jun-22	
Assumed tax rate		38%	
WACC*:	Base Canadian interest:		3.73%
	Risk premium		17%
			20.73%

* Weighted Average Cost of Capital 'WACC' is consistent with the Net Present Value 'NPV' rate used in the intangible assets Valuation Models.

Variable Expenses which reflect margins of Revenue/'Cash In' have been pro-rated as a percentage of the Year 1 forecasted total expenses and applied against the annual Revenues accordingly. Assumed year-over-year growth rates are based on comparable entities in the same sector discounted to reflect a risk factor relevant to start-ups.

Within the Board approved Cash Flow Projections/Forecasts, growth rates are expected to increase up to 10-30% month over month, updated quarterly. To account for industry risk, a conservative growth rate is applied as follows (the logic for the 100% year over year 'YoY' growth rate is based on comparable industry corporations, which as start-ups experience from 100%-1,000% growth.

YoY expected growth: 100%	100%	
Risk premium:	30%	← Base scenario 3 – reduction by 10% to Risk Premium
Applied YoY growth rate*	50%	

*Assumed variable expense growth rate applied YoY. Variable expenses grow in line with expected revenue growth rates with the fixed portion remaining fixed and grossed up by discount factor.

Discounted Cash Flow Valuation (based on Board of Directors approved 12-month cash flow forecasts dated May, 30 2022):
In thousands

	F2022	**F2023**	**F2024**	**F2025**	**F2026**	**Terminal Value**
Cash In (adjusted)	$ 2,280	$ 3,876	$ 6,589	$ 11,202	$ 19,043	
Cash Out (adjusted)	$ 935	$ 1,260	$ 1,698	$ 2,289	$ 3,085	
EBIT	$ 1,345	$ 2,616	$ 4,891	$ 8,913	$ 15,958	
Taxes	$ 511	$ 994	$ 1,858	$ 3,387	$ 6,064	
Forecasted free cash flows	$ 834	$ 1,622	$ 3,032	$ 5,526	$ 9,894	$ 14,768
WACC:	20,73%					
Discount Period	1	2	3	4	5	
Discount Factor	83%	69%	57%	47%	39%	39%
Discounted Cash Flows	**$ 691**	**$ 1,113**	**$ 1,723**	**$ 2,601**	**$ 3,857**	**$ 5,758**
Check						*$5,758*

Estimated Enterprise Value **$15,000**