

## **SIMULATIVE FINANCIAL MODELLING**

Euro Worldwide Investments, Inc.'s (EWI) team of advisors has extensive finance experience across multiple industry domains: software and technology, new media and internet, cleantech, green building, real estate investment and development, and financial services. EWI utilizes simulative financial pro formas as an internal planning tool to inform operating and capital formation decisions. These tools are also instrumental to capital raising activities.

Our pro formas enable numerous factors to be evaluated across multiple variable inputs and scenarios. EWI's financial pro formas serve a multiplicity of functions enabling management, investors, and lenders to understand the following:

- i) Underlying assumptions used to project return on investment
- ii) Cash flow analysis regarding sources and uses of capital
- iii) Financing scenarios, equity, debt, mezz and impact to IRR
- iv) Future financial impact resulting from changes in variable assumptions
- v) External due diligence of client models and capabilities.

Utilizing simulative financial modeling, clients can better understand the overall cost structure (fixed and variable) and analyze what adjustments impact returns in order to determine viability and/or upside of the scenario under evaluation such as a merger, new market launch, or investment. Capitalization planning (funding scenarios and use of funds) enable *what if* scenarios to assure proper capitalization. Ultimately, EWI's financial modeling helps our clients properly plan financing needs, sequence critical business initiatives, and pursue those initiatives that are market-acceptable to financial partners.

EWI's team assists clients in the creation of consistent financial tools and communications for planning, operating and capitalization purposes. We develop illustrative tools and other metrics that are useful in investor presentations. Similar tools may be created to aide corporate finance and development activities, such as mergers and acquisitions.

**Phase I – Assessment.** EWI reviews existing financials for conformity to standard formats in the venture and financial community, internal coherence, and to make sure the models meet the functions described above. EWI's models are not hard coded, but are instead capable of significant *what if* scenario

analysis. Models include an income statement, balance sheet, and statements of change in cash. Sections of the models that feed each of these summaries are detailed with discrete entries and/or a set of variable global assumptions. Client models will be assessed for conformity to such industry standards.

**Phase II – Adaptation.** EWI adapts and builds full-functioning financial models. Working together with EWI clients we ascertain the underlying assumptions of the initiative and only then develop appropriate and reflective financials.

We work with clients to determine full life-cycle financial planning for each initiative, including an analysis of available capital sources or types e.g. debt, equity (private and institutional), mezzanine loans, carry-backs, and the specific costs needed for specified projects or initiatives. Then, we develop a pro forma structure that reflects the projected end-point with variable structural financial options, variable financing inputs, and the variable costs of development. Data points are then collected from the team and integrated into the model, e.g. launch or development cycles, general and administrative, access to capital, sales and marketing needs, and sales ramp.

### **Phase III – Implementation.**

EWI is available to assist in evaluation of particular transactions, investor scenarios, or liquidity and disposition opportunities. Ultimately, financial models must be consistent with the stated strategy as articulated in the business or project plan. Through our Strategy and Corporate Development services, we integrate financial pro formas into offering documents, business plans, and pitch presentations. We also offer additional strategic services to create the offering document itself from a business strategy articulation perspective. The goal is to use financial tools for planning and an asset for closing deals.

**Phase IV – Replacement.** In this Phase, EWI works with clients to determine ongoing finance needs related to each initiative or project and to implement financial monitoring. We train internal operating team members on use of financial tools and to transition to long-term management. Our modeling and financial skills may also prove useful for tracking initiatives or determining project performance such as return on investment, IRR, and cost to return.

We welcome the opportunity to further explore how EWI's simulative financial modeling and four-phased methodology may serve your needs. For further information, contact us at:

