

Fiber Optic Cable Installation Company



BUSINESS PLAN



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PROJECT PROFILE AND DEVELOPMENT STRATEGY

Chapter 1

1. PROJECT PROFILE AND DEVELOPMENT STRATEGY

1.1. Outline of the project

The Internet is a global network of computer networks that facilitates the exchange of information among users worldwide. It has become an integral part of our lives, providing instant access to information, communication with the world, work, education, and entertainment. Without the Internet, we would lose convenience, efficiency, and global interaction, finding ourselves disconnected from the modern flow of data and possibilities.

Internet connection is the means of accessing the Internet through wired or wireless networks, enabling the transmission of data between computers and devices. **Various methods exist for internet connection**, each with its characteristics: Dial-Up, DSL, Cable Internet, Satellite Internet, Fixed Wireless Internet. However, these methods have numerous drawbacks such as low speed, distance limitations, restricted bandwidth, and obsolescence due to technological advancements.

As of today, another method stands out for internet connection – *fiber optic cables*. In the context of these methods, fiber optic cables distinguish themselves with outstanding performance and efficiency. Consisting of thin glass or plastic fibers, fiber optics transmit data as light signals. Key advantages include high bandwidth and low latency, allowing for the transmission of vast amounts of data over long distances with minimal signal loss. Importantly, fiber optic cables exhibit resistance to electromagnetic interference, providing a more reliable and secure connection.

Fiber optic cables also offer exceptional data security, emitting no electromagnetic signals and making interception more challenging without detection. Their application in various industries, including telecommunications and data centers, makes them a crucial element in the structure of modern networks.

Due to their high versatility and adaptability to future technological changes, investing in establishing a fiber optic installation company represents a promising solution, capable of meeting the continually growing demand for high-speed and reliable internet connections.



Within this business plan, it is assumed that the main consumers of the company's services will be small, medium, and large enterprises in need of high-speed connectivity to streamline processes and ensure efficient business operations. This includes telecommunication companies, IT firms, banking and financial institutions (for inter-branch information transfer), manufacturing companies (engaging in remote management and monitoring), and governmental organizations.

The primary market for the company's services will be the state of Virginia.

Virginia holds the top position in the global data center market, bolstered by its robust internet and fiber optic infrastructure that fosters the prosperity of data centers. Approximately 70 percent of the world's internet traffic is thought to flow through Virginia, and ongoing investments to facilitate remarkable growth in the state's internet infrastructure indicate that Virginia will persist as a central hub. This prominence is primarily attributed to the establishment of high-density fiber optic cable networks spanning the entire state. Given that data centers demand dependable, swift, and redundant communications, addressing this requirement is imperative in Virginia.

The company's main activity will involve laying fiber optic cables. This service will encompass:

- Execution of installation works
- Testing and configuration of fiber optic communication lines
- Commissioning works
- Development of cable laying and installation projects
- Maintenance and support

The tasks will be carried out by **a team consisting of** a network equipment specialist, an engineer, and an installer. The growth of the team will be directly proportional to the complexity of projects and the overall company growth. The team composition over the years is outlined in Chapter 6 of this business plan.

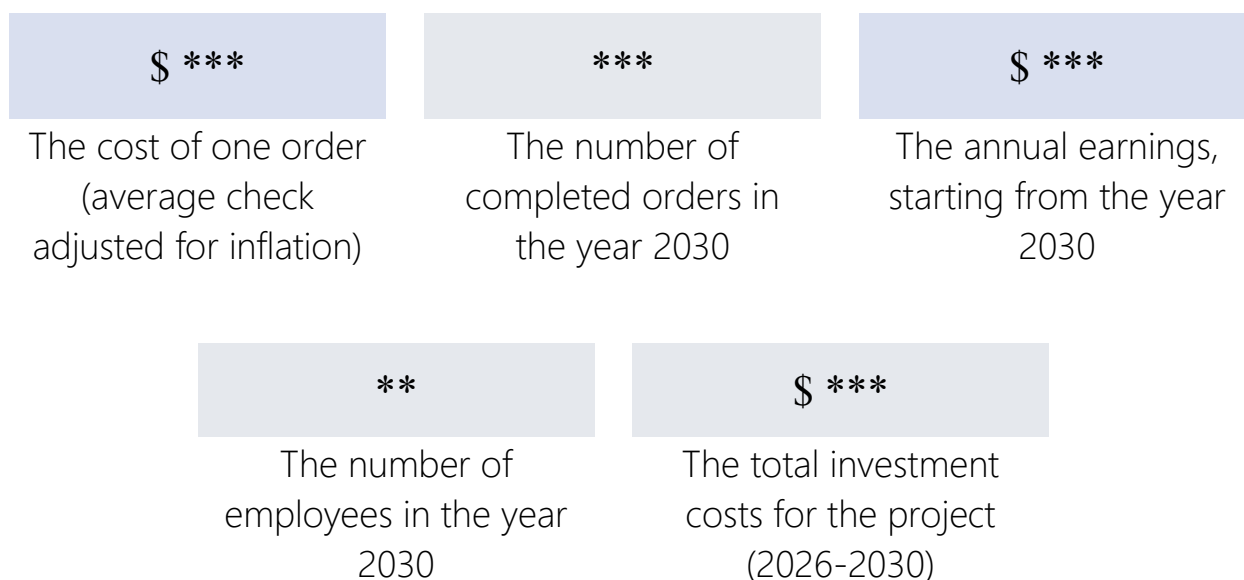
Additionally, beyond operational teams, the company will hire specialists such as chief project engineers, project managers, and construction or technical supervisors.

Starting from 2028, the workforce growth will focus solely on specialists and leaders who will optimize the time required for service delivery. It is anticipated that these actions will reduce the time needed to complete one order per month,

consequently significantly increasing the quantity and quality of services provided annually.

The time required for optical cable installation can vary significantly based on factors such as task complexity, cable length, soil or environmental conditions, presence of obstacles, and other circumstances. For instance, installing internal optical cable in a typical office building may take from several hours to several days, depending on the building's size and installation complexity. Installation in the ground can significantly increase the time required. Preparatory tasks, like obtaining permits and conducting engineering surveys, also play a significant role in the order completion time.

The main outcomes of the project:



1.2. National importance

High-speed Internet

Fiber optic cables provide faster and more reliable internet connections compared to traditional copper cables, meeting the increasing demand for high-speed data transmission in the USA.

Data security

Fiber optic cables are more secure, as they don't emit electromagnetic signals, making it harder for unauthorized access or interception. This is crucial for protecting sensitive data, especially in industries like finance and healthcare.

Reliability

Fiber optic cables are less susceptible to interference and are more reliable in adverse weather conditions, ensuring a consistent and stable internet connection for businesses and consumers.

Increased bandwidth

Fiber optics offer higher bandwidth, allowing for the efficient transfer of large amounts of data. This is essential for businesses with heavy data usage, such as video streaming, cloud computing, and large-scale data transfers.

Scalability

Fiber optic networks are highly scalable, making it easier for the installation company to accommodate growing demands and future technological advancements without significant infrastructure overhauls.

Long-distance transmission

Fiber optic cables can transmit data over long distances with minimal signal loss. This is beneficial for connecting different regions and ensuring uniform high-speed connectivity across the USA.

Green technology

Fiber optic technology is more energy-efficient than traditional alternatives, contributing to environmental sustainability. This aligns with the growing emphasis on green practices in the USA.

Competitive advantage

Offering fiber optic installation services provides a competitive edge in the market, as businesses and consumers increasingly prioritize high-speed, reliable internet connections for their daily operations and activities.

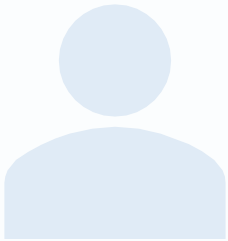
Job creation.

Establishing a fiber optic installation company contributes to job creation, supporting local economies and communities across the USA.

Future-proofing

Investing in fiber optics positions the company as forward-thinking, aligning with the future needs of businesses and individuals for faster and more robust internet services.

1.3. Owners of the project

	<p>Full Name: **** *</p> <p>Date of Birth: **</p> <p>Education: **** Specialization:</p> <ul style="list-style-type: none">• ****• ****
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Experience of **: ****

In the capacity of an engineer in the production technical department, **** successfully managed projects related to various types of engineering communications, gaining deep practical experience in this field. The development of drawings and estimates demanded high precision and thoroughness from him. Coordinating subcontractor activities and communicating with clients required strong project management and communication skills.

Thanks to his experience in engineering communications and project management in the construction industry, **** possesses the necessary skills to establish his own company specializing in the installation of optical cables. His experience in project development, interaction with subcontractors and clients, as well as knowledge of technical aspects of engineering communications, make him a suitable candidate for successful entrepreneurship in this field. Such experience also contributes to the creation of reliable and efficient processes in a new company, which is a key factor in successful business management in this industry.



MARKET ANALYSIS.
MARKETING STRATEGY

Chapter 2

2. MARKET ANALYSIS. MARKETING STRATEGY

The project is planned to provide fiber optic line laying services (project design for laying and installation of cables, installation works, testing and adjustment of fiber communication lines, commissioning, maintenance and support) in the United States, starting from the state of Virginia.

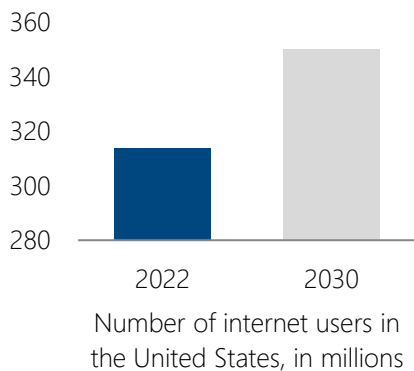
2.1. The broadband problem in the U.S. and the state of Virginia

The internet has become one of the most vital tools for communication, information, and entertainment in today's globalized world. More than half of the global population is connected to the internet, and while some regions still lack the infrastructure that is needed to provide sufficient online coverage, others have internet penetration rates close to absolute value.

Among the world's largest online markets, the United States ranks third with more than 314 million internet users nationwide. As a global center of technological innovation and home to some of the world's leading internet companies, the United States has increased its digital reach in recent decades to more than 90% of the population, many of whom can no longer imagine life without the internet.

Despite the high coverage and accessibility of the Internet in the country, its availability in rural areas and small towns, especially high-speed connections, is limited, and therefore a number of initiatives are being implemented by the government and local communities.

Starting in 2022, the US government has launched the «Internet for All» project, implemented under the Infrastructure Act, which provides for the allocation of up to 1 trillion US dollars for the technological development of the United States. A total of about \$42.5 billion is planned to be spent in order to provide the entire population of the country with high-speed Internet access by 2030. The initiative is administered by the US Department of Commerce's National Telecommunications and Information Administration (NTIA). For Virginia alone, the U.S. federal budget has allocated [\\$*** million USD](#) for broadband expansion, with the primary goal of providing high-speed internet access to 162,000 regional locations by the end of 2026.



According to Statista.com, the projected number of US Internet users will continue to increase by a total of ** million per year in the near term (+1.4 percent). It is estimated that by 2030 the number of users will reach a new peak of *** million.

Improving the qualitative and quantitative characteristics of the Internet in the country is achieved by expanding broadband access. [Broadband \(high-speed\) Internet access is a data transmission that uses signals over a wide range of frequencies or at several different frequencies simultaneously and is used for fast connections to the Internet. The transmission medium can be wired, fiber optic, satellite and wireless communication lines of various types.](#)

[S&P Global estimates total U.S. broadband revenue of \\$*** billion in 2022, more than double the 2012 revenue of \\$*** billion, with more than 130.0 million households using high-speed Internet.](#)

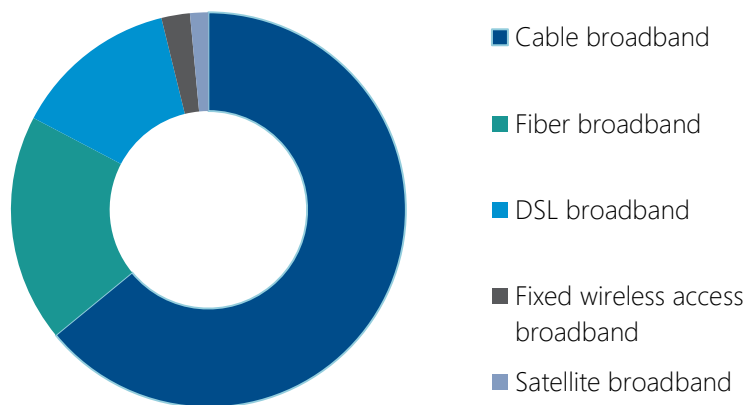


Figure 2.1. The structure of broadband subscribers in the United States by technology

Source: [FCC Form 477](#), [S&P Global](#)

Cable (including Comcast Corp., Charter Communications Inc., Altice USA Inc., WideOpenWest Inc., Cable One Inc. and others) dominates the U.S. broadband market (about two-thirds). The other fastest growing technology is fiber optic with a share of 18.6%. The number of digital subscriber line (DSL)

subscribers using telephone networks (AT&T Inc., Verizon Communications Inc., Frontier Communications Parent Inc. and others) accounts for 13.5% of the structure, but is currently in decline as cellular companies began losing DSL connections at about the same rate as they were adding new fiber and wireless broadband subscribers. The share of fixed wireless connections accounted for 2.3%, while the share of satellite broadband lines (Viasat Inc., EchoStar Corp., Starlink, etc.) reached about 1.5%, largely due to the growth of a new player in recent years in low Earth orbit Starlink.

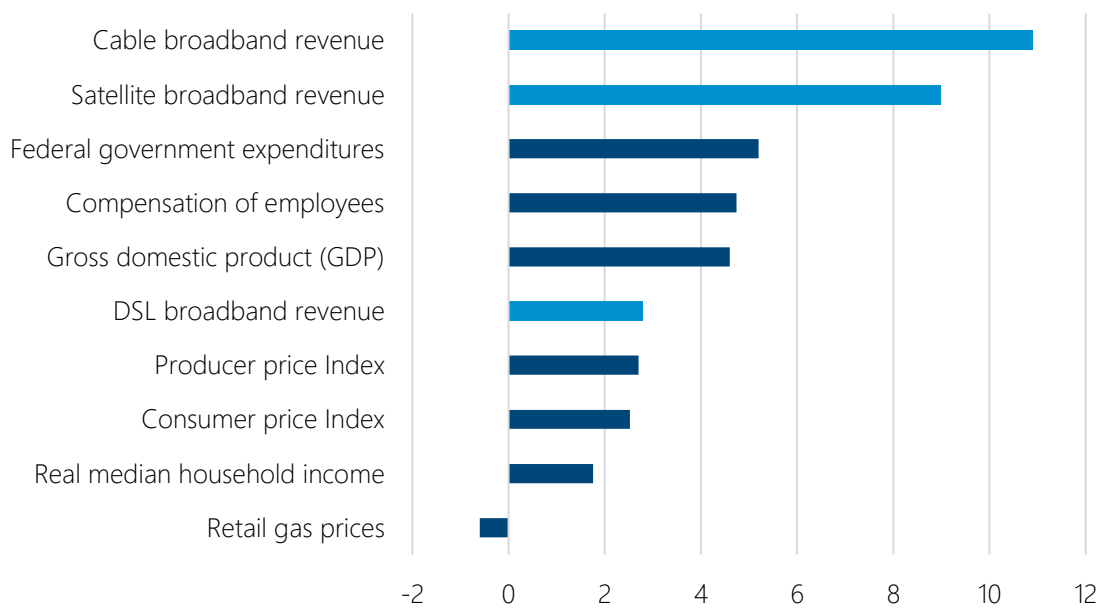


Figure 2.2. Compound annual growth rate (CAGR) of U.S. macroeconomic fundamentals compared to broadband financials in 2012-2022, %

Source: [S&P Global](https://www.spglobal.com)

Over the past decade, wired high-speed Internet operators have had the strongest price control of the group, with the average annual growth rate of cable broadband revenue more than double the 5.2% growth rate in federal government spending. The financial efficiency of the satellite segment demonstrated development at an average level of 9.0%, while digital telecom companies have managed to exceed the growth rate of the consumer and producer price index since 2012, maintaining an indicator of 2.8% per annum.

The state of Virginia is the leading data center market in the world, supported by its strong internet and fiber optic infrastructure that helps data

centers thrive. It is believed that roughly 70 percent of the world’s internet traffic runs through Virginia, and with continued investments to support incredible internet infrastructure growth in the state, Virginia will continue to remain at the epicenter. This is largely due to the development of high-density fiber optic cable networks running throughout the state. Data centers require reliable, fast, and redundant communications, and this need must be met in Virginia.

9th place	<ul style="list-style-type: none"> among states in BroadbandNow's annual rankings for internet coverage, speed and affordability
**+	<ul style="list-style-type: none"> people still do not have any access to the Internet at home
**%	<ul style="list-style-type: none"> availability of high-speed broadband with a speed of at least 25 Mbps
**%	<ul style="list-style-type: none"> access to fiber-optic service

Figure 2.3. Key market trends in the Virginia Broadband market in 2022

Source: [BroadbandNow](#), [Broadbandsearch](#)

A comprehensive study of the characteristics and trends of the Virginia broadband market revealed a complex landscape characterized by inequalities in Internet deployment and connectivity, particularly across urbanization and urban versus rural access. The importance of eliminating these differences should be emphasized to bridge the digital divide, since limited broadband access can hinder the use of the Internet, and therefore the educational opportunities of the population, increasing the productive potential of the economy (as many enterprises are located outside cities and large populated areas), and the overall development of society.

2.2. Proposed solution for providing broadband access

Current issues facing the state include providing access to high-speed networks in hard-to-reach areas, increasing capacity (speed) and stability, increasing competition in the industry, and therefore stimulating the development of the innovation race and reducing the cost of both deployment and final consumption of the Internet.

Despite the high level of equipment and availability of some types of technologies, for example, satellite and cable connections, their use is significantly limited due to the presence of a large number of interference and delays in data transmission in the first case, as well as low bandwidth in the latter, due to which the formation of extensive fiber-optic connection networks that meet modern requirements is currently being considered as a prospect for the regional development of broadband access in the United States and the state of Virginia. In addition to these advantages, a fiber optic broadband connection has rich functionality and benefits:

- organization of a wireless network using routers;
- constant access to the Internet;
- providing support for digital television broadcasting, including IPTV;
- the ability to use remote data storage systems, such as cloud services;
- communication via IP telephony, instant messengers;
- viewing of content by the client in unlimited volumes - for leisure, work or study;
- fast data exchange;
- allows several devices to connect to the Network simultaneously without a speed drop.

The deployment of modern access networks is important in the context of increasing the average U.S. Internet download speed, which currently stands at 227.3 Mbps for fixed broadband based on [Speedtest Global Index](#) data, which, although it puts the country in the top 10, still maintains a gap among market leaders Singapore, Chile, China, and several other countries with access speeds of around 250 Mbps or more.

In addition to providing connections in residential and non-residential buildings, as well as office, warehouse and other premises, the deployment of fiber optic lines can be carried out by order of telecommunications companies for cell towers, which are the basic element of mobile network distribution, providing wireless connection of devices to the network based on the use of the radio spectrum. Optical fiber acts as a reliable and efficient method of data transmission and has a wide range of frequencies, which allows communication at higher speeds. Additionally, as noted earlier, optical fiber is less susceptible to electromagnetic interference, making it more reliable in environments with strong electromagnetic fields. Today, fiber optics are used to operate most cell towers

as well as connect them to other infrastructure such as data centers and switching centers.

Based on research, the current mobile Internet market in the United States is estimated at 172 billion USD, and by 2027 its share in total telecommunications revenue could reach 53.1%, driven by continued growth in the number of mobile Internet subscribers and average revenue per user (ARPU), the development of 5G networks, the popularity and availability of smartphones and other gadgets.

The U.S. fiber deployment market is a dynamic and fast-growing space, driven by the ever-increasing demand for high-speed Internet access. As the consumption of data and applications is increasing on a huge scale, the importance of having infrastructure in the form of companies providing related services is increasing.



Fiber Tech Industries, LLC – turnkey utility contractor specializing in the construction of energy and fiber optic networks. Fiber Tech was founded in 2016 with the aim of serving the telecom industry as a consulting firm. Due to the huge demand for fiber and bandwidth, consulting has become all about construction.



RCI Communications, Inc. specializes in cable data transmission for customers. The team serves most of the southeastern region of the United States. The team is well versed in all data cabling needs, having been in the market for over 20 years providing a variety of cables including fiber optic cables for access points and more.



Jacobs Solutions Inc. – an international firm providing professional engineering and construction services, as well as scientific and specialist advice to a wide range of clients around the world, including companies, organizations and government agencies.



Pinnacle Communications Corp. is one of the nation's largest providers of telecommunications solutions to the hotel and hospitality industry, with more than 500,000 rooms under service contract. With over two decades of hands-on project experience and development, Pinnacle created proprietary packaged solutions under its branded Hotel360 custom designed packaged solutions for hotels of every size and complexity.

Table 2.4. Characteristics of key market players according to Similarweb.com

Indicator	Fiber Tech Industries	RCI Communications	Jacobs Solutions	Pinnacle Communications
Headquarters	Daphne, Alabama	Lumberton, North Carolina	Dallas, Texas	Germantown, Maryland
Year of foundation	2016	2011	1947	1999
Site	fibertechindustries.com	pierrepauldriving.com	jacobs.com	pinnaclecommunications.com
Number of monthly site visits, Jan 2024	2.1K	n/a	750.9K	3.1K
Number of employees	**	**	**	**
Annual revenue	**	**	**	**

It is worth noting that there are other companies on the market that provide a similar list of services, but, as statistical analysis shows, the Internet coverage market is not yet fully developed, as a result of which the implementation of a project to deploy optical fiber, which will increase the availability and prevalence of the Internet among US residents, and also its bandwidth is appropriate.

The adoption of fiber optics as a solution for high-speed internet access, is justified by its superior speed, reliability, future-proof nature, economic benefits, potential for rural connectivity, environmental considerations, and support from governmental initiatives. Implementing fiber-optic networks can position these regions at the forefront of technological innovation and contribute to their overall growth and development.

2.3. Marketing strategy

The marketing strategy of a company determines its long-term and medium-term behavior in the market. From a marketing perspective, in its traditional interpretation, all activities of the company in the market should be aimed at satisfying the wants and needs of consumers.

The company's primary goal is to establish itself as a leading fiber deployment service provider. The marketing strategy aims to increase brand awareness, attract potential customers and ultimately increase sales of the company's fiber installation services. Initially, the project will be implemented in the state of Virginia, with potential expansion to other states.

Target audience: banking and financial institutions that use channels to transfer information between branches; manufacturing companies that perform

remote management and monitoring; government organizations, telecommunications and IT companies that need high-speed communication to establish processes and efficient business operation and others.

The sales strategy proposed by the project includes activities such as increasing the volume of service provision and maximizing company profits, satisfying consumer demand for quality service and related services, gaining presence in selected sales markets, entering new regional and national sales markets, increasing the number of clients.

Table 2.5. Strategic Marketing Tools

1. Participation in tenders
Participation in tenders is the main way to market the project. They act as an effective method of obtaining new contracts and expanding business, ensuring transparency and fairness in the ordering process, and promoting competition.
2. Internet Marketing
Availability of a well-thought-out website with a user-friendly interface and rich information, publication of thematic content, successful cases and company reviews on social networks and communication channels.
3. Regional Marketing
Engage with the community through events and community initiatives, sponsorships, and media advertising.
4. Expansion of the affiliate network
Increasing customers through direct sales. Partnerships may also include cross-promotion and joint events.
5. Brand Marketing
Includes positioning itself as a reliable, efficient and innovative fiber deployment company, emphasizing the benefits of fiber such as high-speed Internet, low latency and scalability.
6. Quality guarantees
Offering service and guarantees that increase customer confidence. Realization of aspirations provides high reliable fiber optic solutions.

One of the options for further industry development as the project unfolds is membership in the Virginia Broadband Telecommunications Association (VCTA), which has been in operation since 1966 and provides high-speed broadband connections to households and businesses of all sizes, educational institutions, hospitals, data centers, non-profit organizations, and many Virginia government and military facilities. This will allow you to quickly enter the market, find contact with customers, establish joint cooperation with partners and differentiate between competitors.



Figure 2.4. VCTA's broadband access activities

Source: Broadband Association of Virginia

Implementation of the strategy and its constant adaptation to the evolving market will allow the fiber deployment company to effectively reach its target audience, attract new customers and create a loyal customer base.

MONETIZATION PROGRAM

Chapter 3

3. MONETIZATION PROGRAM

3.1. Project monetization

The monetization strategy for the project is devised by establishing a unit economics model for each revenue stream, taking into account key indicators and factors such as anticipated market sizes, the quantity of teams or crews involved in the project, the projected number of completed orders per team per month, and the average transaction value for each monetization type.

The key indicators of the project monetization:

- Service launch: **July 2025**
- Average check: **USD ***** (without inflation)
- Number of completed orders per crew: **10/month**

The project implementation is scheduled to commence in the second quarter of 2025. The provision of services will begin in the third quarter of 2025.

Table 3.1. Unit economics of the project

Indication	Unit m-t	2025	2026	2027	2028	2029	2030
Prices							
provision of optical cable laying services							
<i>domestic market</i>	th. USD/ order	**	**	**	**	**	**
Number of working teams	units	1	3	4	4	4	4
Number of days to complete 1 order/month		**	**	**	**	**	**
Amount of orders by 1 team/month	units	**	**	**	**	**	**
Months of work per year		5	12	12	12	12	12
Sales volume plan							
provision of optical cable laying services							
<i>domestic market</i>	orders	**	**	**	**	**	**
Earnings							
provision of optical cable laying services	th. USD						
<i>domestic market</i>	th. USD	**	**	**	**	**	**
Earnings		**	**	**	**	**	**
<i>Gain</i>	%		1053,6%	154,6%	36,6%	12,6%	15,9%

A detailed calculation of the above-mentioned unit economics indicators throughout the forecast period is shown in Table 3 of Annex 1 to this paper.

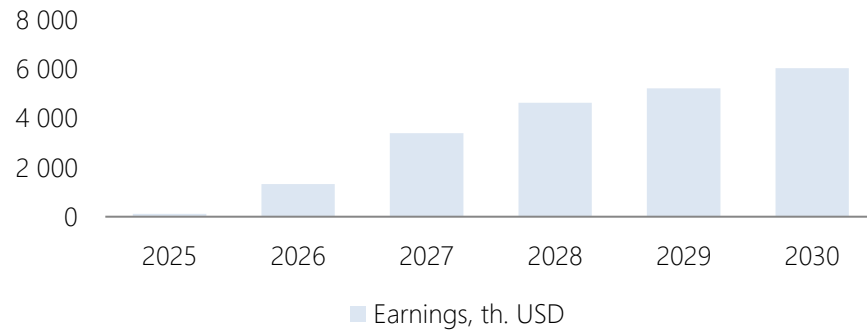


Figure 3.1. Trends in project sales revenue, USD'000

Thus, the company plans to raise its earnings to **USD *****/year by 2030.

3.2. Expenses on the product sales

The overall project cost estimate is shown in Table 4 of Annex 1 to this business plan.

The following items of the **operating expenses** of the organization were taken into account:

- Payroll expenses
- Depreciation
- Pickup truck rent
- Warehouse and office rent
- Business expenses
- Other operational costs

Thus, payroll expenses are responsible for the largest shares in expenses: ****%** in overall 2030 expenses, accordingly:

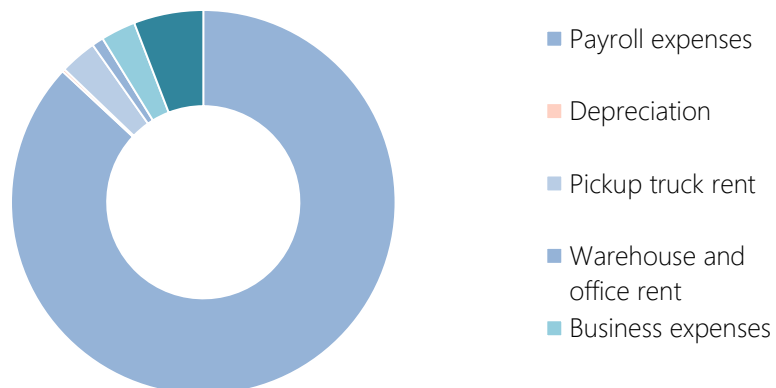


Figure 3.2. Breakdown of the platform expenses (2030), %

ORGANIZATIONAL PLAN

Chapter 4

4. ORGANIZATIONAL PLAN

4.1. Personnel

The project staff numbers were estimated on the basis of:

- recommendations made by the project participants and industry experts in view of lessons learned in similar projects
- specific aspects of the project support, development and operation
- industry-specific aspects and requirements to personnel.

The general labor remuneration in the enterprise, including wages of hired personnel, will be on the average US level.

The company's personnel will mostly consist of autonomous crews that will fulfill orders.

At the initial stage (2025), the team will be hired **on a contract basis**. Starting from 2026, employees will be hired **as permanent staff**.

The increase in team size will occur through the addition of more installers. The changes in the team composition over the years are outlined in Table 4.1.

Table 4.1 – The team composition for the years 2025-2030 is as follows:

Position	2025	2026	2027-2030
Engineer (specialist)	**	**	**
Network equipment specialist (specialist)	**	**	**
Installer (laborer)	**	**	**
In total	**	**	**

The company's development plan provides for creation of at least **4 crews by 2030**.

Additionally, starting from 2028, the company will have 3 engineering and technical personnel specialists (chief project engineers, project managers, construction managers) on a permanent basis, as well as 1 marketer, 1 chief accountant, 1 manager, and 1 executive.

Table 4.1. The company staff breakdown by key categories, throughout the planning horizon

Indicator	Unit m-t	2025	2026	2027	2028	2029	2030
Number of staff		1	13	25	28	28	28
CEO	person	*	*	*	*	*	*
Managers	person			*	*	*	*

Indicator	Unit m-t	2025	2026	2027	2028	2029	2030
Specialists	person		*	*	*	*	*
Laborers	person		*	*	*	*	*
Average annual salary							
CEO	USD	38 000	57 000	85 500	128 250	128 250	128 250
Managers	USD	96 000	98 880	101 846	104 902	108 049	111 290
Specialists	USD	84 000	86 520	89 116	91 789	94 543	97 379
Laborers	USD	60 000	61 800	63 654	65 564	67 531	69 556
Payroll fund	th. USD	*	*	*	*	*	*
CEO	th. USD	*	*	*	*	*	*
Managers	th. USD	*	*	*	*	*	*
Specialists	th. USD	*	*	*	*	*	*
Laborers	th. USD	*	*	*	*	*	*
<i>Gain in payroll fund</i>	%		-	106,0%	3,0%	3,0%	3,0%

4.2. Schedule of the project implementation

According to the project development plan, at the initial stage project development will be launched by the project owner/founder *****. Subcontracting company specializing in laying optical cables will be registered in Q2 2025.

To further implement the project, a legal entity in the state of Virginia will be created and additional staff will be hired.

Stage 1: Preparatory phase (Q2 2025- Q3 2025)

- To find employees who will be hired on a contractual basis
- Create a logo and company brand that needs to be actively promoted
- Develop a website showcasing the company's services
- To be engaged in signing service agreements with various telecommunication companies, IT firms, banking and financial institutions, manufacturing companies, and governmental organizations.

Stage 2: Commencement of company operations and service provision (Q3 2025- Q1 2026)

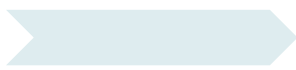
- Rent a space in **Virginia** (To start, it will be a small office since the workers will be hired on a contract basis and will not be constantly present in the office.)
- Create a workspace for the CEO

- Acquire the necessary equipment for laying optical cable



Stage 3: Company growth (Q1 2026 - Q1 2027)

- *****
- *****
- *****
- *****
- *****
- *****



Stage 4: Continuous improvement of the Company (Q1 2027 – Q4 2030)

- *****
- *****
- *****
- *****
- *****
- *****

INVESTMENT PLAN

Chapter 5

5. INVESTMENT PLAN

The project specifics entail ongoing capital investments in the project in connection with the scheduled annual increase in the number of crews.

In addition to capital expenditure, there will be a need for funding the project net working capital associated with the project scale-up.

Office equipment is additionally purchased for each employee in the manager category.

Optical fiber fusion splicer, Optical Fiber Testers, Cable laying device (cable winch), and a set of tools (cable knives, strippers, vises, crimpers) are purchased one unit per team.

Workwear is purchased as one set for each newly arrived team member.

Therefore, the company's development will comprise the following cost categories:

Table 5.1. Volume and financing of the project investment expenses, USD'000

Indicator	Unit m-t	2025	2026	2027	2028	2029	2030
Investment expenses							
Office equipment	th. USD	**	**	**	**	**	**
Optical fiber fusion splicer	th. USD	**	**	**	**	**	**
Optical Fiber Testers	th. USD	**	**	**	**	**	**
Cable laying device (cable winch)	th. USD	**	**	**	**	**	**
A set of tools (cable knives, strippers, vises, crimpers)	th. USD	**	**	**	**	**	**
Workwear	th. USD	**	**	**	**	**	**
Capital expenses	th. USD	**	**	**	**	**	**
Gain in net working capital	th. USD	**	**	**	**	**	**
TOTAL investment cost	th. USD	**	**	**	**	**	**
Funding sources							
Equity	th. USD	**	**	**	**	**	**
Founders'/investors' equity	th. USD	**	**	**	**	**	**
Project funds re-invested in the project	th. USD	**	**	**	**	**	**
TOTAL funding sources	th. USD	**	**	**	**	**	**

Therefore, at least **USD ***** will be invested throughout the planning horizon (2025-2030) including CAPEX of **USD 43,300.00**.

The investment expenses will be made with the project owner's equity and by reinvesting the company's earnings.



FINANCIAL AND BUSINESS FORECASTS

Chapter 6

6. FINANCIAL AND BUSINESS FORECASTS

6.1 General

The project's financial results were estimated in view of an assessment of the current economic situation in the U.S.A., the government foreign exchange and price regulation policies, investments required for successful implementation of this project, funding sources and terms. The planning process covered estimations of the project's expected financial results, cash flows, financial and economic indicators, as well as the viability of the entity's financial plan. The business plan includes an assessment of the financial and economic activities of the investment project in general, taking into account taxes and duties.

The financial model of the project is shown in Annex 1 to this business plan.

The projections are based on the following assumptions:

1. Business plan date: ***.
2. Unit of account used in the business plan: USD.
3. Assumed forecast period: **6 years (2025-2030)**.
4. Table data increment: **1 year**.
5. The estimates were based on the expected inflation rate of **3,0%** per annum.
6. Taxes and other payments to the government budget and off-budget funds were estimated in accordance with the current tax regulations.

The jurisdiction assumed for the project is the U.S.A. (**Virginia**).

6.2 Tax environment

The key taxes payable by the entity are listed in Table 6.1.

Table 6.1. Taxes payable under the project (U.S.A./ Virginia)

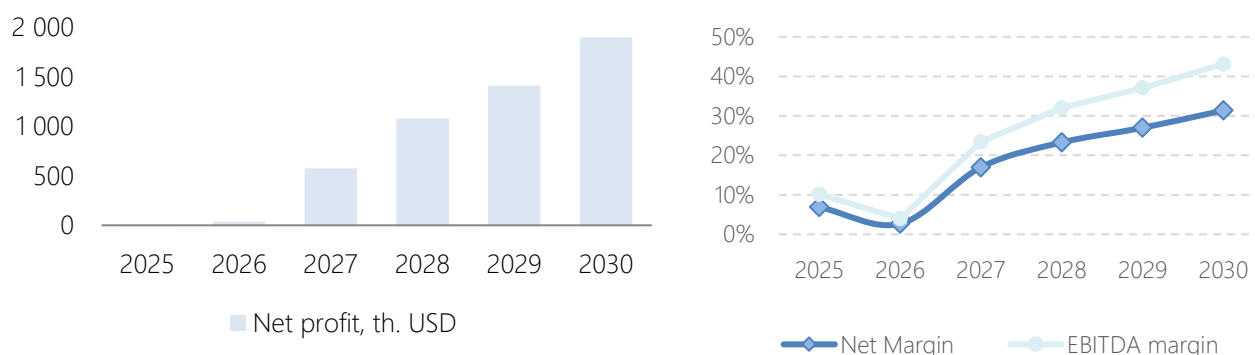
Taxes from revenue	
Sales tax (combined)	5.75%
Business & occupation tax	0%
Taxes from profit	
Corporate income tax	federal tax – 21% state tax – 6%
Taxes, duties and charges referred to payroll budget	
Social Security Tax	6.2% of wages
Medicare	1.45% of wages
State Unemployment Insurance Tax	2.50% of wages

6.3 Financial results of the project

A project’s financial results are defined by the sum of earnings and profit margin. An estimate of the net profit from the project product sales is shown in Table 7 of Annex 1.

The calculation results show that the company will make net profit every year starting from **2025**, which suggests that the business activities will be efficient and profitable.

The net profit and margins trends in the project period are shown in Figures below.



The project cash flow projections show cash flows from all activities: financial, investment and operating, throughout the project years.

Cash flow estimates with and without the project are shown in Table 8 of Annex 1.

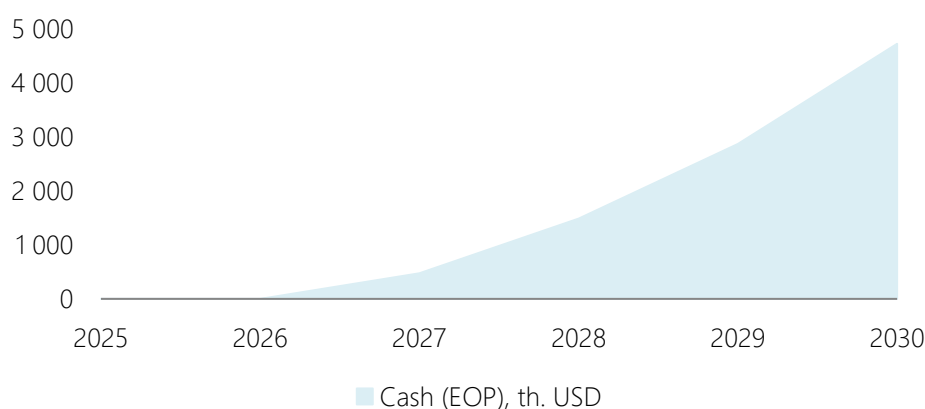


Figure. Trends in the project cash flows, USD’000

Therefore, the financial and economic indicators and cash flow estimate show that the raised investments and proceeds from the project operations will cover all expenses related to the entity’s activities including ongoing payments,

taxes, deductions and charges levied according to the current regulations. They will also provide for generation of a net profit sufficient for scaling up and development of the company.

Therefore, the project will bring the following economic benefits to the country throughout the planning horizon:

- More than USD *** in revenue in 2025-2030, at least USD *** a year starting from 2030;
- Jobs for U.S. residents (** FTE jobs by the end of 2030);
- Taxes paid throughout the project period (2025 - 2030):
 - Sales tax (combined): th. USD ***;
 - Corporate income tax: th. USD ***;
 - Social Security Tax: th. USD ***;
 - Medicare: th. USD ***;
 - State Unemployment Insurance Tax: th. USD 251,2;
- CAPEX of th. USD *** throughout the project period.



PROJECT PROFILE AND DEVELOPMENT STRATEGY

Chapter 1

7. PROJECT PERFORMANCE INDICATORS

7.1 Estimation of the investment project efficiency

Investment efficiency is assessed by comparing the net profit expected from the project implementation and the capital invested in the project. It is based on a net cash flow estimate, which underlies estimates of the key indicators of investment efficiency.

The estimates of the net cash flow and project performance indicators are shown in Table 10 of Annex 1.

Future cash inflows and outflows were adjusted for the time of investment by the discounting method.

The key indicators of the general project investment efficiency (net present value, profitability index, discounted payback period) were calculated at the discount rate of **13% (Weighted Average Cost of Capital (WACC))**. The project discount rate calculation is shown in the financial model of the project.

Table 7.1. – Performance indicators of the investment project

Indicator	U/m	Value
Net present value (NPV)	th. USD	2 952.1
Internal rate of return (IRR)	%	***
Simple payback period of the project	years	***
Discounted payback period of the project	years	***

Net present value (**NPV**) is the difference between discounted cash inflows and outflows under the project. The accumulated net present value under the project is **th. USD 2 952.1** by the end of the planning horizon, suggesting that the discounted inflows exceed the discounted outflows; the project is efficient.

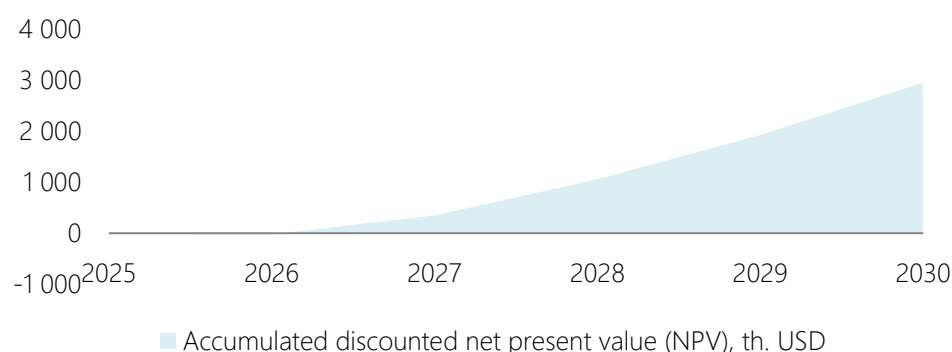


Figure 7.1 Trends in the project NPV, USD'000

A **project payback period** is the length of time, when the cash inflow from the project implementation covers investments in its implementation.

Simple project payback period is the length of time, after which net proceeds/profits exceed the volume of the project investments/expenses. The project payback period is ***** years**.

Discounted payback period is estimated according to an accumulative discounted net cash flow. The discounted payback period is ***** years**.

Internal rate of return (**IRR**) is the most common characteristic used for assessing the performance of an investment project. It represents the discount rate, when the net present value by the end of the estimation horizon is zero, i.e., when the sum of discounted cash inflows is equal to the sum of discounted cash outflows. Therefore, if the internal rate of return is less than the discount rate, the project is ineffective, and vice versa: the higher the project's internal rate of return is, compared to the discount rate, the higher is the margin of safety of the project. The internal rate of return under this project is *****%**, which defines it as having a high safety margin.

Therefore, the completed project analysis and marketing analysis of the existing sales markets, as well as the projected development values and indicators, allow concluding that the company's activities are efficient, cost-effective and have significant prospects for development and scaling.

7.2. Risk assessment

The implementation of this investment project entails the probability of various risks. In the conducted analysis of the main risks, their locations, and conditions, the most substantial risks were identified, their probability and degree of impact on the achievement of key planned indicators were assessed, and measures to prevent and minimize their negative effects, if they occur, were developed.

The main risks of the investment project and recommended risk mitigation measures:

1. Inadequate experience of the project owners to implement the project.

Risk: *low*.

The project owner has an extended experience in business development and in the telecommunications industry.

2. Negative economic and political developments in the country and worldwide

Risk: *low*.

Macroeconomic shocks and upheavals will not substantially affect the activity of the industry and the company's current customers, except for potential problems with logistics and supply of the required equipment.

3. Short- or medium-term prospect of the market curtailment, reduction in effective demand.

Risk: *medium*.

The market's organic curtailment is unlikely; the demand may be affected by external factors only. One of the project's key goals is to acquire the first-tier subcontractor status, which will allow the company to get orders directly from equipment suppliers.

4. Lack of skilled professionals for employment in the project implementation.

Risk: *low*.

The company will be hiring new employees and monitoring the market for filling its open vacancies.

5. Law of working capital

Risk: *medium*.

Develop a system of measures to reduce the company's working capital requirements by improving the work process regularity. At that, the estimates show that the company will need a large amount of working capital throughout the period under review; however, it may be covered with the company's equity.

6. Lack of the project owner's equity capital.

Risk: *low*.

At the initial stage of the project, significant investment is not required, and further funding is planned to be sourced solely from reinvesting the generated profits.

7. Unfeasibility of profitable operation in a specific economic context.

Risk: *low*.

According to financial estimates, the company will generate a profit throughout the planning horizon.

8. Opposition of competitors.

Risk: *high*.

Develop corporate brands, optimize the service provision technology – identify and shape the company's competitive edge. The competitors' prices must be monitored on a continuous basis.



FINANCIAL MODEL OF THE PROJECT

Annex 1