**Sofema Aviation Investment Services (SAIS)**

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| **Sofema Aviation Services Capital Investment Basic Checklist – Initial Application R1** |
| **Please Complete the following document and supply full details in support of the application (if you require an NDA please supply or request from** **team@sassofia.com** |
| **Venture Company Information****Name of Company** **Web****Email****Tel** **Name of Contact Person** |
| **Venture Company Brief Introduction**  |
| **Summary of Funding Expectations for this Round** |
| Assessing the suitability of a startup involves analyzing the company's business model, market potential, competitive landscape, financials, and the team behind the project. Due diligence is critical before committing capital to a new venture.It is important to identify:* A clear path to profitability
* A scalable product or service
* A strong, competent team.

**Potential Issues**Startups may not have enough business history for a reliable assessment.* Focus on industry comparisons, and market analysis, and stress-test financial projections.

Startups might have unrealistic growth expectations.* Compare projections against industry benchmarks and challenge assumptions during the due diligence process.

Startups often burn through cash quickly with no immediate return in sight.* Evaluate the sustainability of the burn rate relative to industry norms and the startup’s ability to secure further funding if needed.
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| **Check Points** | **Comments / Observation** |
| **1/ Team Evaluation**a) Founders' Background: Experience, past successes, relevant industry knowledge.b) Key Personnel: Depth of the current team, including technical and sales skills.c) Advisory Board: Quality and engagement of the advisory board.d) Cultural Fit: Team's culture and alignment with your values.e) Retention: Employee turnover rates and morale.***Commitment: Are the founders invested in the long term, and how much "skin in the game" do they have?*** |  |
| **2/ Business Model and Strategy**a) Value Proposition: Clear problem/solution statement.b) Business Model Viability: Ability to monetize effectively.c) Scalability: Potential to scale operations.d) Market Size: Size of the target market and growth potential.e) Product/Market Fit: Evidence of demand.f) Competitive Analysis: Understanding of the competitive landscape.g) SWOT Analysis: Strengths, weaknesses, opportunities, threats. |  |
| **3/ Market Analysis**a) Market Research: Comprehensive understanding of the market.b) Customer Demographics: Clear definition of target customers.c) Customer Acquisition: Strategies and costs to acquire customers.d) Retention Strategies: Methods for retaining customers.***Additional Check Points*** ***Size and Growth: Is the market large and growing?******Competition: How saturated is the market, and what is the startup's competitive edge?*** |  |
| **4/ Financials**a) Revenue Model: Clear and logical revenue streams.b) Profit Margins: Current and projected margins.c) Burn Rate: Current and historical cash burn rate.d) Financial Projections: Detailed projections for the next 3-5 years.e) Historical Performance: If applicable, an analysis of past financials.***How will the company make money?******Can the business model scale up without proportional increases in costs?******Note - Valuing a startup can be more art than science due to uncertainty in future growth.**** ***Use multiple valuation methods, such as discounted cash flow, compare with recent deals in the industry, and consider the value of intellectual property and other assets.***
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| **5/ Product or Service**a) Stage of Development: Current stage (idea, Minimum Viable Product - MVP, beta, etc.).b) Intellectual Property: Status of IP protection.c) Technology Stack: Appropriateness and modernity of the technology used.d) Product Roadmap: Clarity and feasibility of the product roadmap.***Product Readiness: What is the stage of product development? Is there a working prototype or minimum viable product (MVP)?*** |  |
| **6/ Legal and Compliance**a) Are there any potential legal or regulatory issues facing the company?b) Proper legal incorporation - Is the startup's legal structure appropriate for investment?c) Understanding of the regulatory environment.d) Contracts and Agreements: Review of customer, vendor, and partnership agreements.e) Litigation: Assessment of any current or potential legal issues.***Awareness Notes can impact the desirability of an investment.******Common deal terms such as*** ***anti-dilution provisions,*** ***right of first refusal,*** ***co-sale agreements, and*** ***drag-along rights*** |  |
| **7/ Risk Assessment**a) Market Risks: Potential changes in the market that could impact the startup.b) Operational Risks: Risks associated with the startup's operations.c) Financial Risks: Exposure to financial uncertainties.d) Technology Risks: Risks arising from technical challenges or disruptions. |  |
| **8/ Exit Strategy**a) Exit Options: Potential for IPO, acquisition, merger, etc.b) Investor Fit: Alignment with investor's timeline and exit preference.***What are the potential exit strategies for investors?******Have similar companies in the sector been able to successfully exit?*** |  |
| **9/ Benchmarks and Valuations**a) Comparable Analysis: Valuation multiples of comparable companies.b) Discounted Cash Flow: Net present value of projected cash flows.c) Venture Capital Method: Estimated return based on future rounds.d) Last Round Valuations: Insights from the most recent funding round.e) Investment Terms: Evaluation of the term sheet details.***Note - Startups are often valued based on industry benchmarks, the experience of the founding team, traction, and market size. Pre-money valuation refers to the value of the company prior to an investment. Data from recent deals in the sector or region can provide a baseline for what is reasonable*** |  |
| **10/ Use of Funds**a) Capital Allocation: Specific use of the investment capital. |  |
| **11/ Milestone Achievement**b) Feasibility of reaching milestones with the current ask. |  |
| **12/ Terms of Investment**a) Equity Offered: Reasonableness of the equity given the amount of capital.b) Control and Rights: Voting rights, board seats, liquidation preferences, etc. |  |
| **13/ Use of KPI Indicators**a) Investors often look for key performance indicators such as user growth, revenue growth, churn rate, and lifetime value (LTV) to customer acquisition cost (CAC) ratio. |  |
| **14/ Return on Investment (ROI) Expectations** a) Investors typically have a targeted ROI based on the risk profile of the startup, which can significantly vary across industries and individual business models.b) Comparison with average investment sizes, valuation, and ROI for similar startups within the industry can inform both the investor and the startup of expectations. |  |
| **Initial Date of Review Process****SAS / Ref #** |
| **Initial Summary and Actions (Date)** |
| **Secondary Review (Date)** |
| **Final Disposition (Date)** |