

Valuation: Berkus Method (ENG)

Comparison startup

Valuation of the comparison startup

Date

Filled by

| Factor | Description | Value (€) |
|--------------------------|---|-----------|
| Sound Idea | Basic value of the idea | |
| Prototype | Stage of the product (idea or concept, prototype, MVP, finished product) | |
| Quality Management Team | Experience, skills, and ability of the team and key personnel to execute the idea | |
| Strategic Relationships | Status of important partnerships | |
| Product Rollout or Sales | The stage of the product's market launch | |
| Total | | |

Valuation: Berkus Method (ENG)

Comparison startup

Example Ltd

Valuation of the comparison startup

1 000 000 €

Date

1.1.2025

Filled by

John Doe

| Factor | Description | Value (€) |
|---------------------------------|--|----------------|
| Sound Idea | Basic value of the idea | 130 000 |
| Prototype | Stage of the product (idea or concept, prototype, MVP, finished product) | 120 000 |
| Quality Management Team | Experience, skills, and ability of the team to execute the idea | 100 000 |
| Strategic Relationships | Status of important partnerships | 50 000 |
| Product Rollout or Sales | The stage of the product's market launch | 30 000 |
| Total | | 430 000 |

Berkus Method -instructions 1/2

The Berkus Method is a tool used to estimate the value of a startup in its early pre-revenue stage, when the company does not yet have cash flow. The method is based on five factors, each assigned a monetary value. Each factor represents max 20% of the company's value, and the total valuation is determined by summing the individual factor values. Follow these steps:

1. Choose a comparison valuation that reflects the average startup valuation in the same industry and geographic region. Enter this comparison valuation in the top box, e.g., 1 000 000 €.
2. Fill in the "**Value**" column for each row with 0–20% of the chosen comparison valuation, depending on how well you estimate your startup performs in relation to that specific factor. For example, with a comparison valuation of 1 000 000€, one factor would range from 0 € to 200 000 €. Refer to the detailed factor-specific assessment instructions on the next page.
3. Calculate the company's total valuation by summing the values for all the factors.

NOTE! Berkus Method is an indicative tool for early-stage valuation. A more accurate valuation requires more detailed analyses.

Berkus Method -instructions 2/2

- 1. Sound Idea:** 0-50 000€: Basic idea with limited market potential without clear differentiation. 50 000-100 000€: Promising idea that would solve an identifiable problem and has received early validation. 100 000-150 000€: Strong concept with significant market potential and innovation value, as well as a clear competitive edge. 150 000-200 000€: Exceptional idea that solves a critical, widespread problem with high market potential and has good chances for execution.
- 2. Prototype:** 0-50 000€: An early-stage concept that requires significant development. 50 000-100 000€: A partially developed prototype showing promise but needing further development. 100 000-150 000€: A functional prototype that has received positive user feedback. 150 000-200 000€: A fully functional prototype, market-ready, and receiving highly positive feedback.
- 3. Quality Management Team:** 0-50 000€: The team has limited experience, and key personnel are missing. 50 000-100 000€: The team has some experience and skills but with noticeable gaps. 100 000-150 000€: The team has significant experience and skills but may still need additional resources. 150 000-200 000€: The team has substantial experience, expertise, and a clear vision for business execution.
- 4. Strategic Relationships:** 0-50 000€: Potential partners identified, but no significant progress has been made. 50 000-100 000€: Initial discussions with partners are ongoing, and some supportive relationships exist. 100 000-150 000€: Established partnerships provide moderate market support. 150 000-200 000€: Established partnerships provide substantial market support and actively aid the business.
- 5. Product Roll-out or Sales:** 0-50 000€: The product is in the launch phase but has no sales or significant market traction yet. 50 000-100 000€: The product has been launched, with early-stage sales showing promise. 100 000-150 000€: The product has been launched and generates moderate revenue with positive customer feedback. 150 000-200 000€: The product has been launched and generates significant revenue with positive customer feedback.