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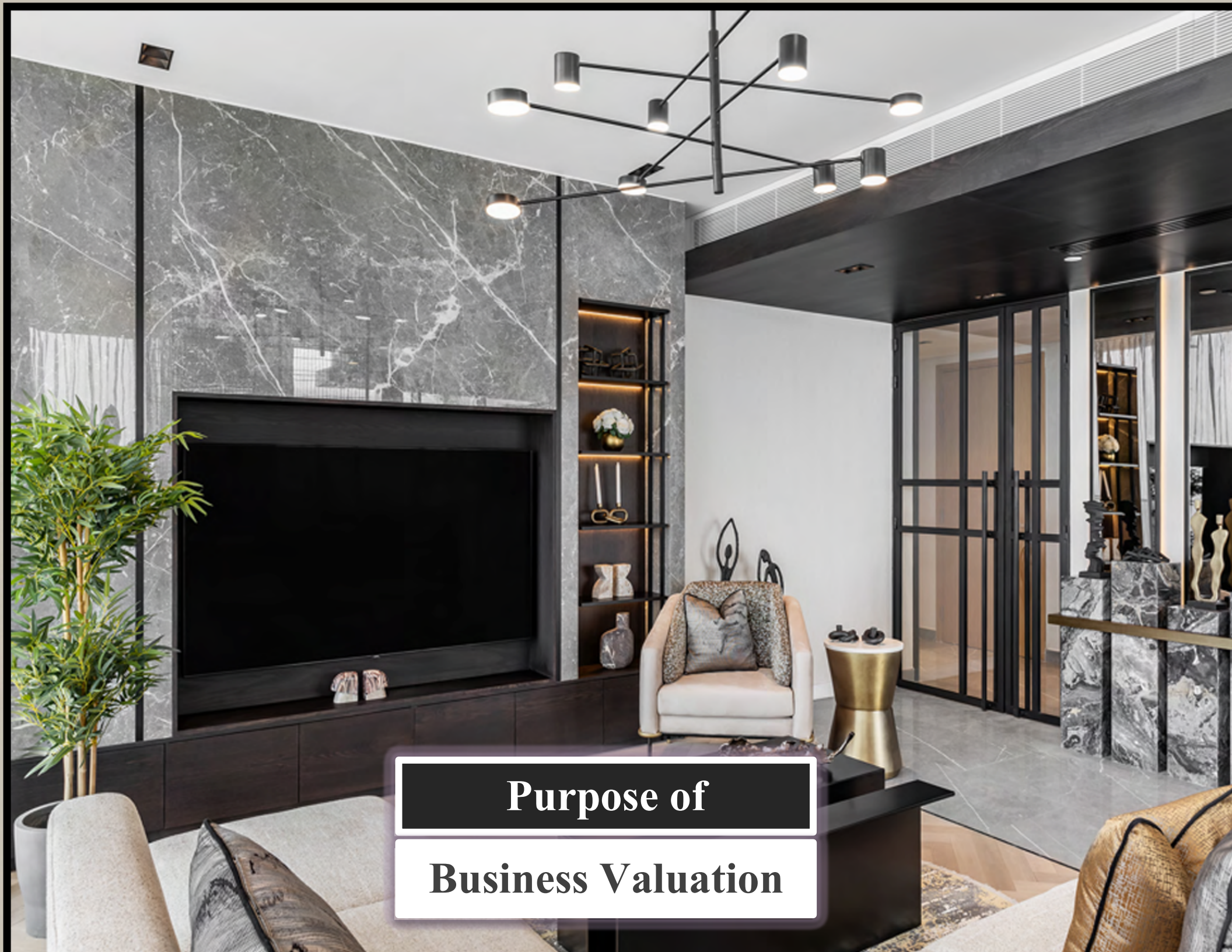
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- ✓ Our report (the “Report”) does not constitute investment advice or a recommendation to the Company on its future course of action. Our report and services are strictly for the benefit and use of the Company and accordingly should not be relied upon and used by (or for the benefit of) any third party (“Third Party”), including the Company and its management (“Management”).
- ✓ This Report is subject to certain statement of assumptions and limiting conditions.



Purpose of Business Valuation

2. Purpose of Business Valuation

- We understand you require assistance in carrying out a Business Valuation of 100% equity of the Company to determine the fair value of equity shares.
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3. Vision & Mission



To be the leading interior design company in Dubai, creating beautiful, functional and sustainable spaces for residential and commercial clients.



To provide exceptional interior design services that reflect our clients' unique styles and personalities, using our expertise, creativity and passion.



We value quality, innovation, collaboration, customer satisfaction and environmental responsibility. We strive to exceed our clients' expectations and deliver projects on time and within budget. We treat our vendors, suppliers and partners with respect and fairness. We are ethical, honest and transparent in all our dealings.



4. Company Profile

4.1. About Us

Our services span:

- Comprehensive interior design and space planning
- Turnkey project management and full fit-out execution
- Custom furniture design and manufacturing
- Bespoke material and fabric curation for each project

At Davis, our work is rooted in a philosophy of authenticity and excellence. Every project reflects a seamless fusion of architectural integrity, curated materiality, and lifestyle-driven design. Our interiors are **timeless yet progressive**, always tailored to enhance the daily living experience of our clients.

Having grown organically through client referrals, repeat business, and a trusted digital presence, Davis Interior Design stands today as a brand synonymous with quality, integrity, and distinct design sensibility.

Now, with the launch curated furniture and lifestyle showroom—we continue to expand our offering, allowing clients to engage with the full depth of our brand and craftsmanship.



4.2. Why Choose us?

Davis Interior Design is more than a design firm — it is a trusted brand built on years of consistent delivery, distinct creative identity, and organic market growth across the UAE, Morocco, and Qatar.

Our success stems from a core belief: **every client and every space deserves a highly tailored, thoughtful design approach.** By deeply understanding the unique needs of each client and project, Davis Interior Design creates environments that are not only aesthetically exceptional but deeply functional and enduring.

Our reputation has been built through:

- **A Distinctive Design Identity:** Davis projects are easily recognizable for their sophisticated yet timeless aesthetic. Our signature integration of black elements — used with precision and intention — creates a powerful architectural depth that distinguishes us from competitors.
- **Full Turnkey Service Offering:** Interior design, project management, full fit-out, and bespoke furniture design — offering clients a seamless, end-to-end experience.
- **Client-Centric, Detail-Driven Execution:** Our operational efficiency and meticulous attention to detail ensure high client satisfaction and strong repeat/referral business.
- **Organic Market Growth:** Built through word-of-mouth, client loyalty, and digital brand presence — without reliance on large marketing budgets — indicating strong brand trust and positioning.
- **Expansion Potential:** With the upcoming launch of Davis Home, our curated furniture and lifestyle showroom, Davis Interior Design is strategically positioned to scale its brand presence and revenue streams in both design services and product sales.



4.3. Key Investment Highlights –

Established, Trusted Brand with Distinct Identity

- Over six years of consistent organic growth across the UAE, Morocco, and Qatar.
- Recognizable, curated design style with signature elements that differentiate Davis from competitors.

Comprehensive Service Model with Expansion Capability

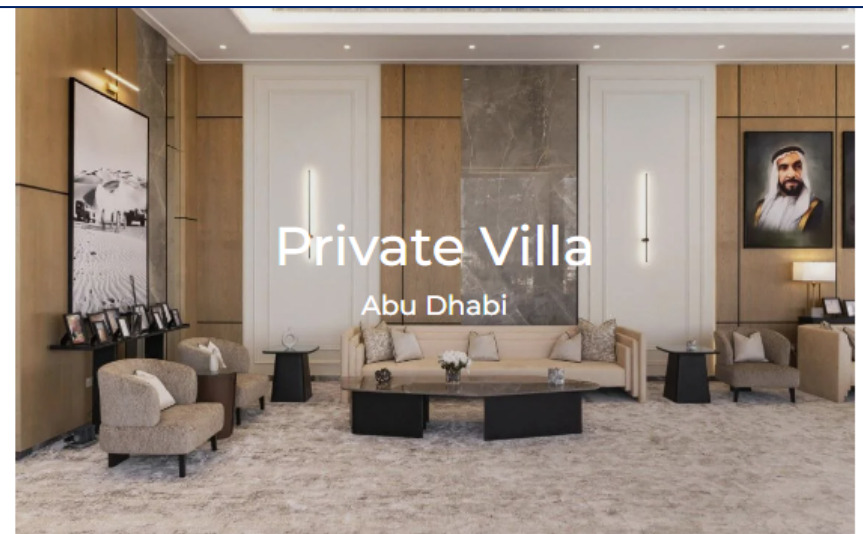
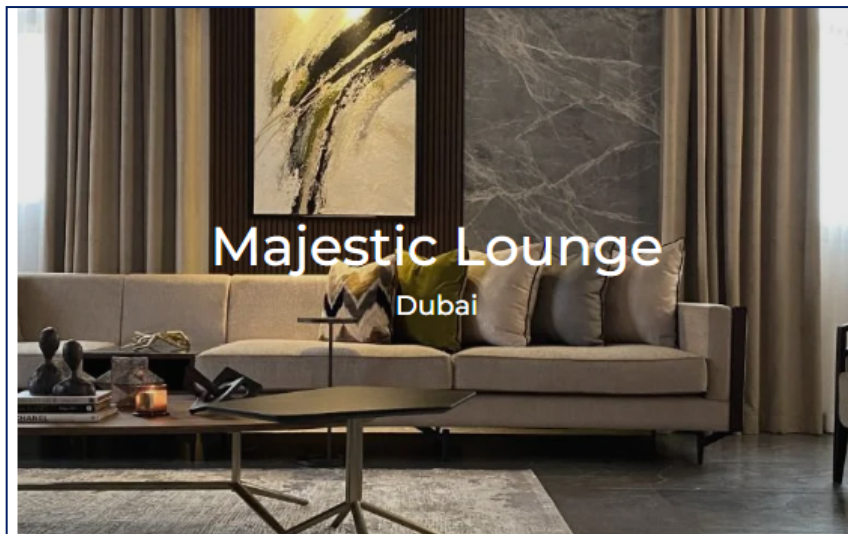
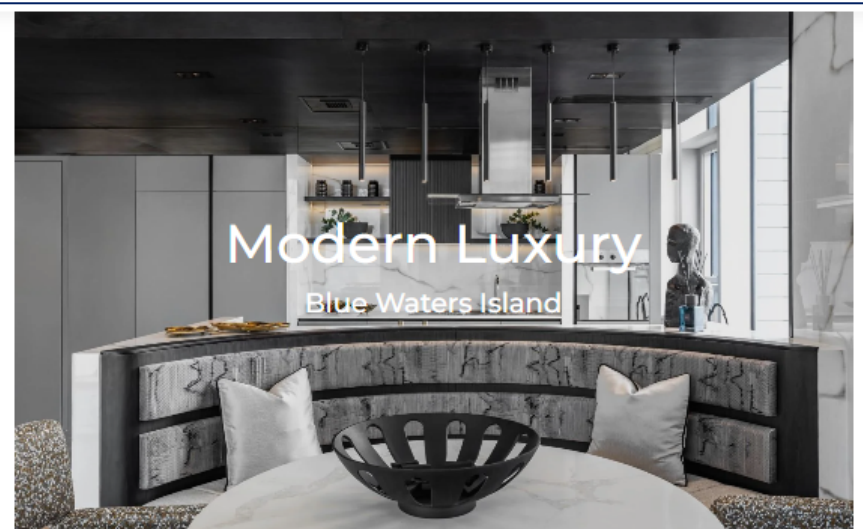
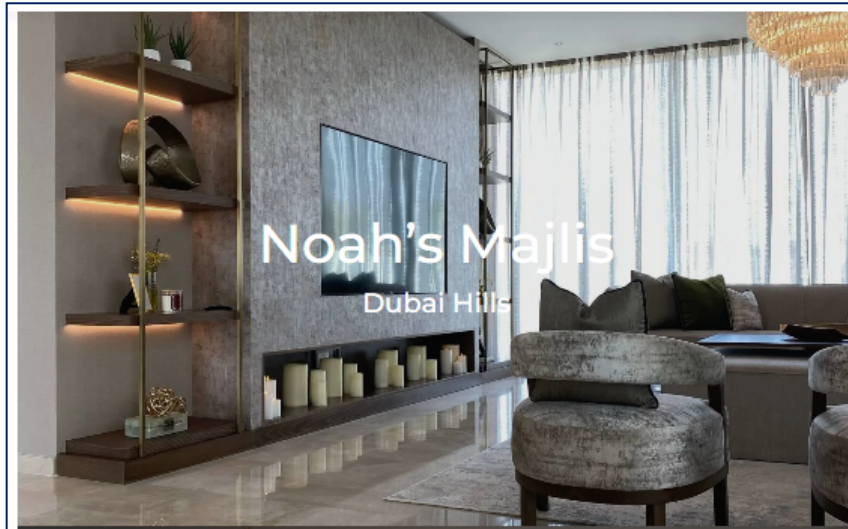
- Full turnkey solutions: interior design, project management, fit-out, and bespoke furniture manufacturing.
- showroom poised to unlock additional revenue streams in retail and product sales.

Strong Market Position and Scalable Growth Potential

- Built on high client satisfaction, repeat business, and referrals — without reliance on heavy marketing investment.
- Ready for accelerated expansion through strategic marketing, showroom presence, and business development.



4.4. Our Portfolio



4.5. Our Fitouts





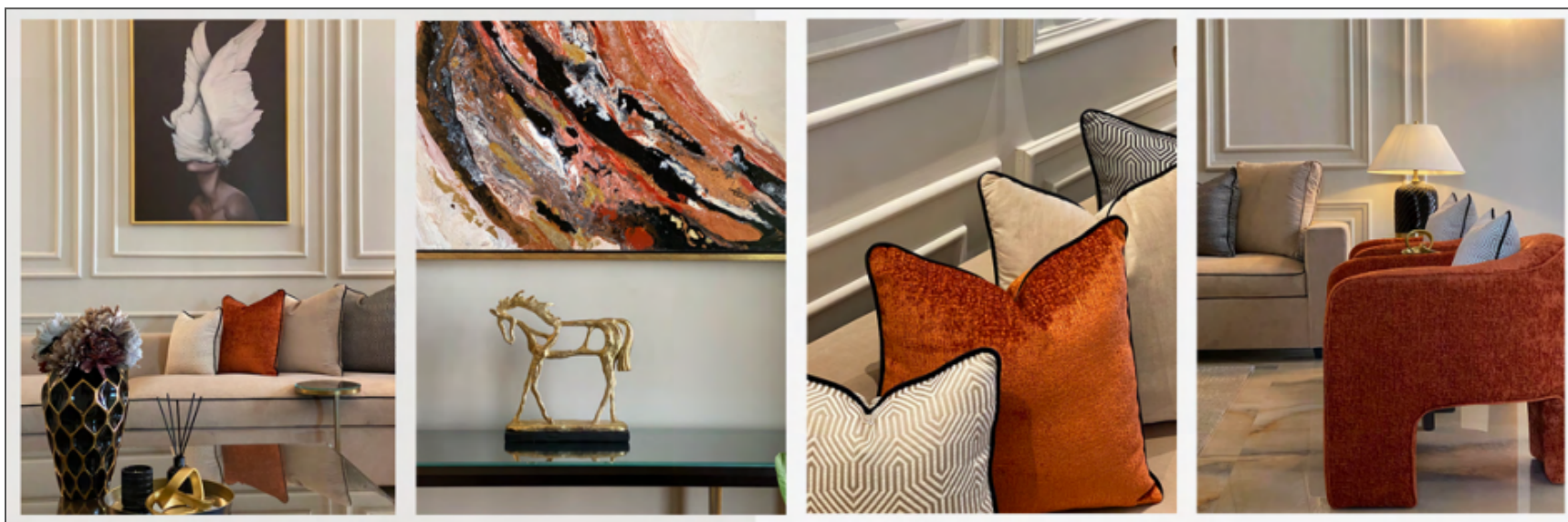
Products & Services

5. Products & Services

Here at Davis Interior Design, we listen and understand what your vision is for your space. After the initial meeting, we will develop layouts and arrangements that integrate your ideas in the final plan for the project.

We provide three distinct services:

1. **Design with Implementation:** This comprehensive package covers both the design phase and the actual implementation of the project.
2. **Design without Implementation:** If you already have the means to execute the design, this option focuses solely on the creative process.
3. **Furniture Layout and Implementation:** For clients specifically interested in optimizing their space with



furniture arrangements, this service is tailored to your needs.

If you are considering our design services, we would like to give you a quick overview of our packages. Once you decide to proceed with any of these services, we will provide you with a comprehensive Design Fee Proposal, this document will lay out the project's scope, the specific areas you want us to transform, and the final rates.

We have the following Services:

- 1) Platinum Package (VIP Service - Design with Handover)
- 2) Gold Package (Design with/without Handover)
- 3) Silver Package (Design without Handover) 4) Bronze Package (Consultancy with Handover)

1) Platinum Package (VIP Service - Design with Handover)
(excluding Furniture Costs)

We are pleased to offer you our Platinum Package, which includes the following services:

1. Professional consultation to determine your design style and requirements.
2. Conduct an initial project study and site measurement. 3. Create concept designs and mood boards.
3. Develop furniture layouts and callouts.
4. Provide 3D visualizations.
5. Prepare contractor drawings such as Electrical and RCP (Reflected Ceiling Plan).
6. Assist with materials and fabric selection by creating material mood boards.
7. Prepare a custom furniture and accessories quotation.



8. Liaise with suppliers and contractors.
9. Provide site supervision until project completion.
10. Assist with accessories selection.
11. Style the project and arrange for the final handover.

Rate:

Our Platinum Package starts at **17,000 AED** and an additional **7,000 AED** for each extra area. If you decide to go with five or more areas, then the rate will be only **7,000 AED** per area. The rate for Bathrooms is only **3,500 AED** each.

2) Gold Package (Design with/without Handover) (excluding Furniture Costs)

We are pleased to offer you our Gold Package, which includes the following services:

1. Professional consultation to determine your design style and requirements.
2. Conduct an initial project study and site measurement.
3. Develop furniture layouts and callouts.
4. Provide 3D visualizations.
5. Prepare contractor drawings such as Electrical and RCP (Reflected Ceiling Plan).
6. Provide two site visits.
7. Assist with virtual accessories selection and share the hyperlinks with a maximum of two alternatives.



Rate:

Our Gold Package starts at **14,000 AED** and an additional **5,000 AED** for each extra area. If you decide to go with five or more areas, then the rate will be only 5,000 AED per area. The rate for Bathrooms is only **3,500 AED** each.

3) Silver Package (Design without Handover) (excluding Furniture Costs)

We are pleased to offer you our Silver Package, which includes the following services:

1. Professional consultation to determine your design style and requirements. Develop furniture layouts and callouts.
2. Provide 3D visualizations.
3. Assist with virtual accessories selection and share the hyperlinks with a maximum of two alternatives.

Rate:

Our Silver Package starts at **11,000 AED** and an additional **4,000 AED** for each extra area. The rate for Bathrooms is only **3,500 AED** each.



4) Bronze Package (Consultancy with Handover) (excluding Furniture Costs)



We are pleased to offer you our Bronze Package, which includes the following services:

1. Professional consultation to determine your design style and requirements.
2. Develop furniture layouts and callouts based on the client's 3D design.
3. Assist with materials and fabric selection.
4. Prepare a custom furniture and accessories quotation.
5. Assist with virtual accessories selection and share the hyperlinks with a maximum of two alternatives (if the implementation will be done by Davis Interior).

Rate:

Our Bronze Package starts at **6,000 AED** and an additional **4,000 AED** for each extra area.

5.1. Design phase: refinement

At the outset of the design journey, we'll schedule an initial meeting to understand your preferences and offer our expert advice.

We'll then set up an office presentation to delve into the design package.

Once we're aligned, we'll present mood boards, floor plans, and initial layouts for your consideration. Your approval paves the way for the creation of detailed 3D renderings.

Final process of the design is where we'll discuss fabrics and materials, ensuring every element aligns with your vision

With your seal of approval on all chosen fabrics and materials, we're ready for the exciting second stage — crafting bespoke furniture that's as unique as your space.



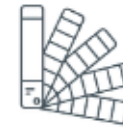
Floor Plans



Mood Boards



Detail Drawings



Fabric Mood Boards



Final Presentation

5.2. Production Stage: Bringing Designs to Life

In the second stage, we start production on what we have on the 3d designs and call layouts. We coordinate closely with suppliers and factories to ensure our designs are executed accordingly to plan. This stage is where your space truly begins to take shape, reflecting the careful attention to detail that sets us apart.

5.3. Installation: Where Dreams Take Shape

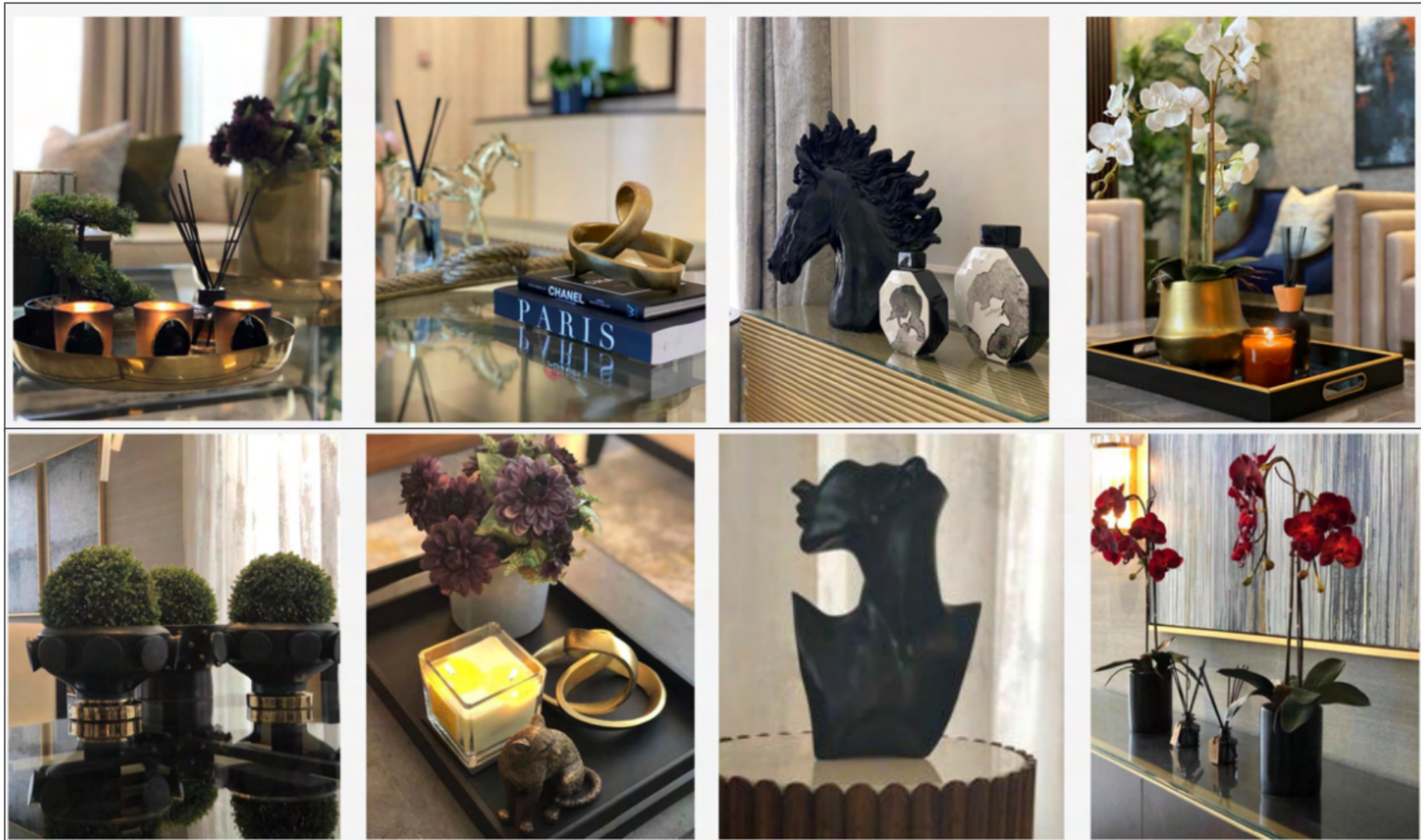
Stage three is where the magic truly unfolds. All the careful planning and meticulous crafting culminate in the transformation of your space. Our skilled team oversees every installation, working closely with trusted subcontractors to ensure flawless execution.

Finally, we add the finishing touches with villa styling and accessorizing, bringing your vision to life in every detail.



5.4. Our Accessories

As we design our clients' modest home, we ensure that aside from the custom design furniture, we also look for elegant and unique accessories that will enhance the elegance of every space in their home.



A modern interior design featuring a brown leather sofa with several patterned and solid-colored pillows. The sofa is positioned in front of a large, textured grey wall with vertical black lines. To the left, a pendant light with a white and black circular shade hangs over a small wooden side table with a glass top, which holds a small potted plant and a red vase. To the right, another similar side table holds a red vase and a small plant. In the background, a long hallway with large windows and curtains is visible, along with a mirror and a decorative object on a shelf. The overall aesthetic is contemporary and minimalist.

Industry & Market

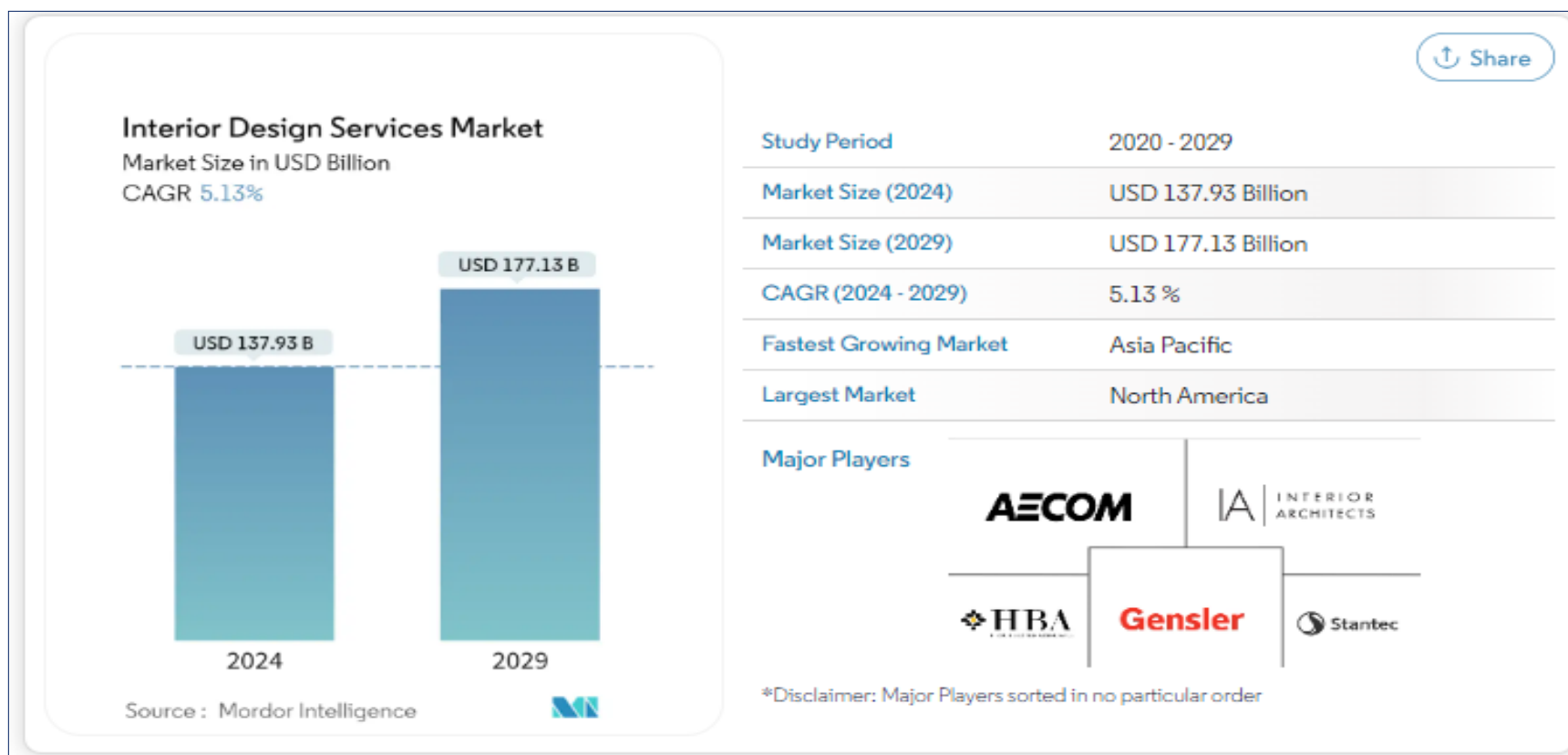
Analysis

6. Industry & Market Analysis

6.1. Global Market Overview

6.1.1. Interior Design/Home Décor Market

The Interior Design Services Market size is estimated at **USD 137.93 billion** in 2024, and is expected to reach **USD 177.13 billion** by 2029, growing at a **CAGR of 5.13%** during the forecast period (2024-2029).



Over the two years of the pandemic, more and more people began to visualize their living spaces, so brands started adopting AR technologies not as a gimmick but as a viable alternative to showcase their products and offerings. One of the most obvious applications is simply allowing consumers to place furniture in their current homes to see how it feels.¹

Globally, investments in real estate are increasing. Commercial real estate and co-working spaces are the most popular market investments. Interior design services will be demanded as the real estate market expands in the

¹ <https://www.mordorintelligence.com/industry-reports/interior-design-services-market/market-size>

future. Many countries are strengthening their investments in tier 1 and tier 2 cities, which is boosting the number of interior designers in these cities around the world. Several architecture businesses are venturing into interior design. The interior design industry is primarily concentrated in urban areas.

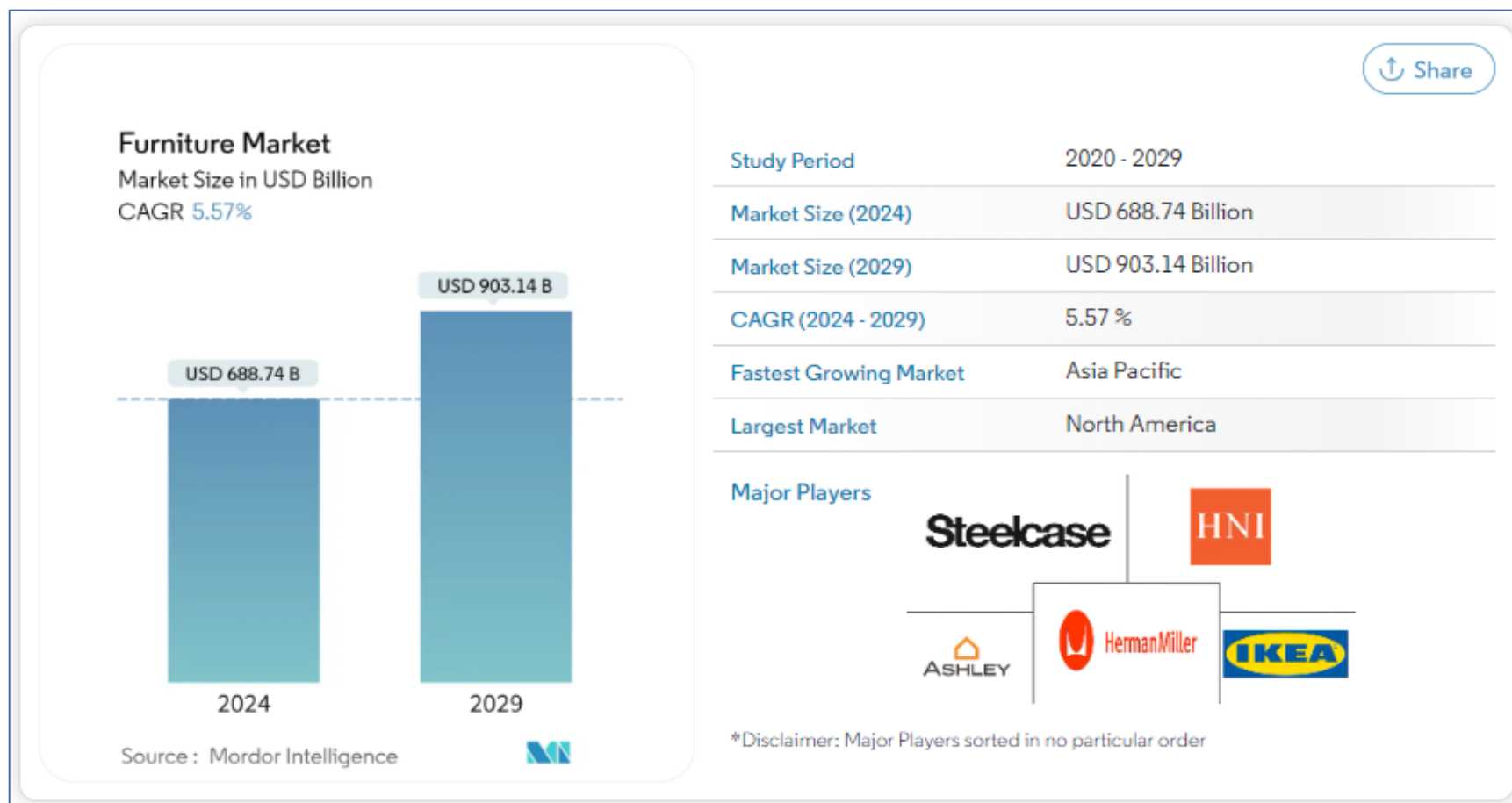
China and Japan's massive construction industries are responsible for a significant percentage of the increase in the use of interior design solutions. Hotels and resorts updated their ancient buildings in readiness for the Olympic Games bringing in millions of foreign guests. Japan is one of the largest and fastest-growing markets for Finnish companies specializing in furniture and other interior design products, owing to the country's increased demand for interior design.

During the COVID-19 pandemic, our attitude toward our home has changed significantly, affecting the entire interior design market. And according to the American Society of Interior Designers, 51% of designers have already adjusted to the new norm. The pandemic has dramatically changed consumption habits, as it happened during the previous one in 1918: People started to redesign their kitchens, bedrooms, and bathrooms.

6.1.2. Furniture Market

The Furniture Market size is estimated at **USD 688.74 billion** in 2024, and is expected to reach **USD 903.14 billion** by 2029, growing at a **CAGR of 5.57%** during the forecast period (2024-2029).²

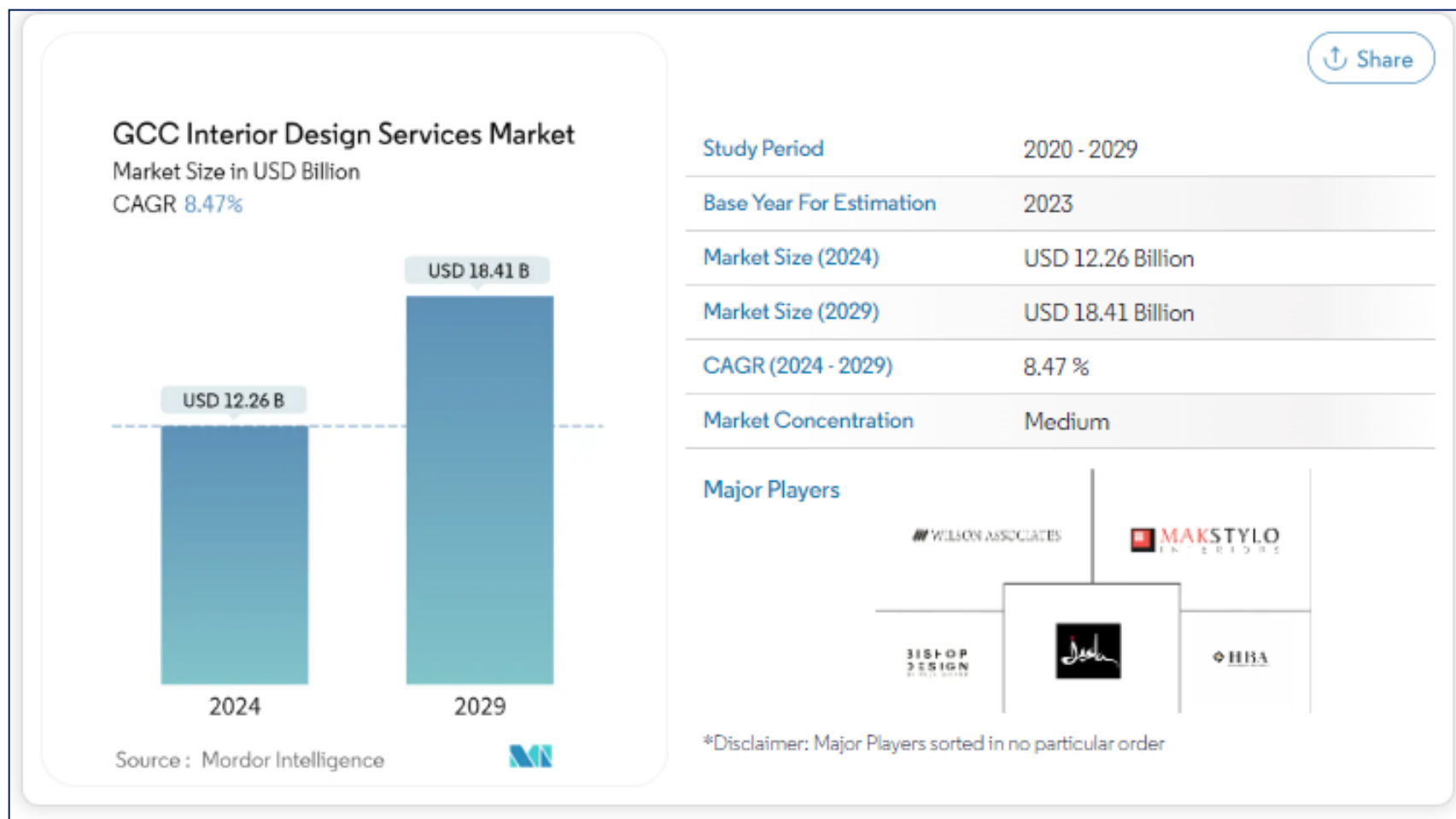
² <https://www.mordorintelligence.com/industry-reports/furniture-market>



6.2. GCC Market Overview

6.2.1. Interior Design/Home Décor Market

The GCC Interior Design Services Market size is estimated at **USD 12.26 billion in 2024**, and is expected to reach **USD 18.41 billion by 2029**, growing at a **CAGR of 8.47%** during the forecast period (2024-2029).



The GCC nations, known for setting the bar for innovation and change, are currently raising the bar when it comes to architecture and interior design, with the UAE leading the industry with an approximate 40% market share.

The GCC market for interior design services is positioned to depart from conventional models and develop into the richest, most developed market in the world. The next generation is setting up their first house with the utmost

drive to keep up with current interior trends as their tastes grow, as **60% of GCC** inhabitants are currently under the age of 30 and **54%** are under the age of 25.

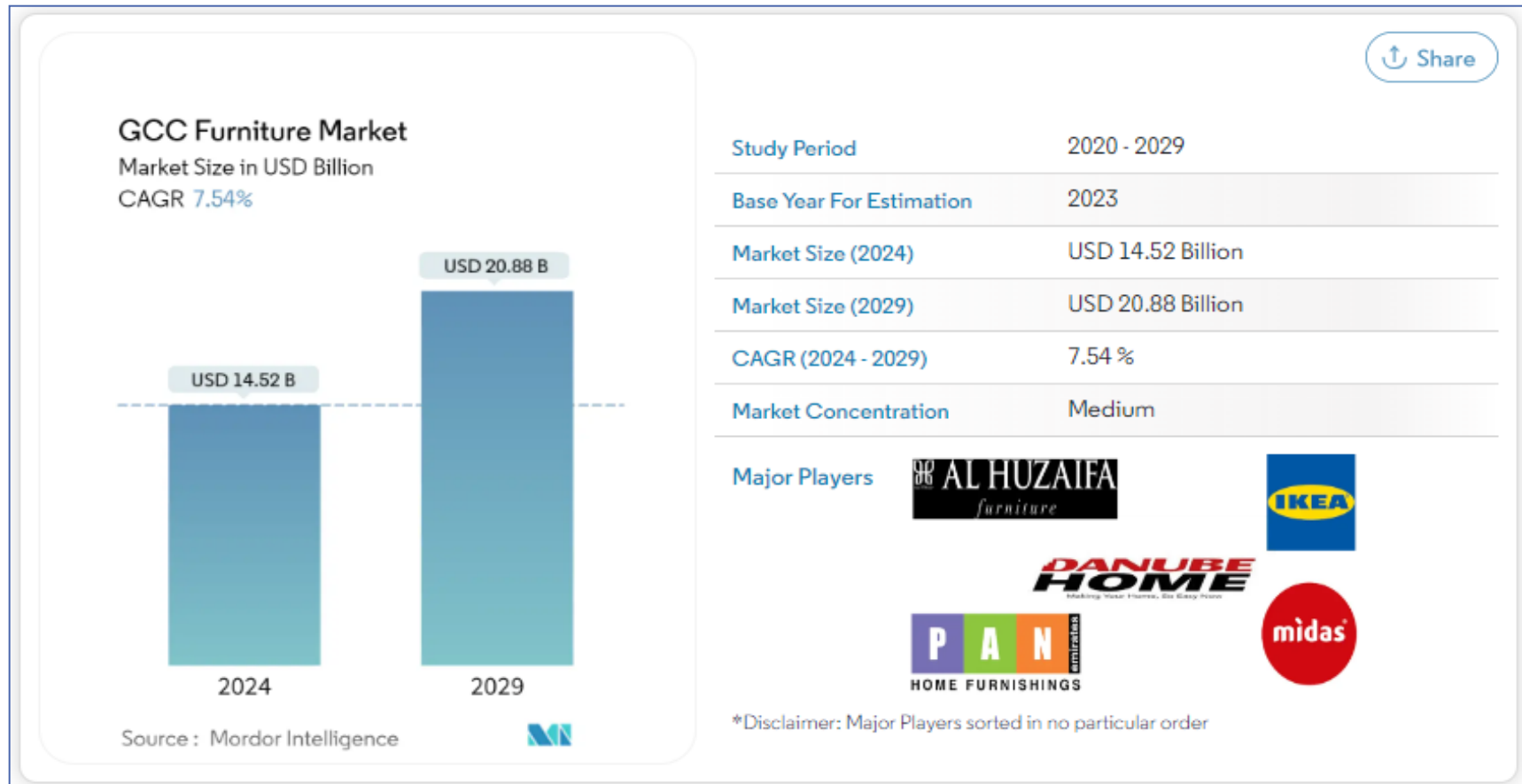
With strong support from a variety of sectors, the local interior design market is expanding by ten to twelve percent per year in terms of demand for interior furnishings. Noting that the value of the Dubai market does not lie in the internal market alone but rather in re-exporting to the Gulf countries, Arab countries, Africa, and Asia, real estate, hotels, and personal demand are among the most significant clients and drivers of the industry.

Saudi Arabia's construction output will increase by **3.2% in 2022**, with an additional annual average growth rate (AAGR) of 4% between 2023 and 2026. Despite global financial conditions having an impact on the sector, Saudi Arabia's construction industry remains the most successful in the MENA region. In 2022, the most valuable projects were given to the kingdom. This showed that it was serious about promoting economic diversification and changing the country in line with its Vision 2030.³

³ <https://www.mordorintelligence.com/industry-reports/gcc-interior-design-services-market>

6.2.2. Furniture Market

The GCC Furniture Market size is estimated at **USD 14.52 billion** in 2024, and is expected to reach **USD 20.88 billion** by 2029, growing at a **CAGR of 7.54%** during the forecast period (2024-2029). ⁴

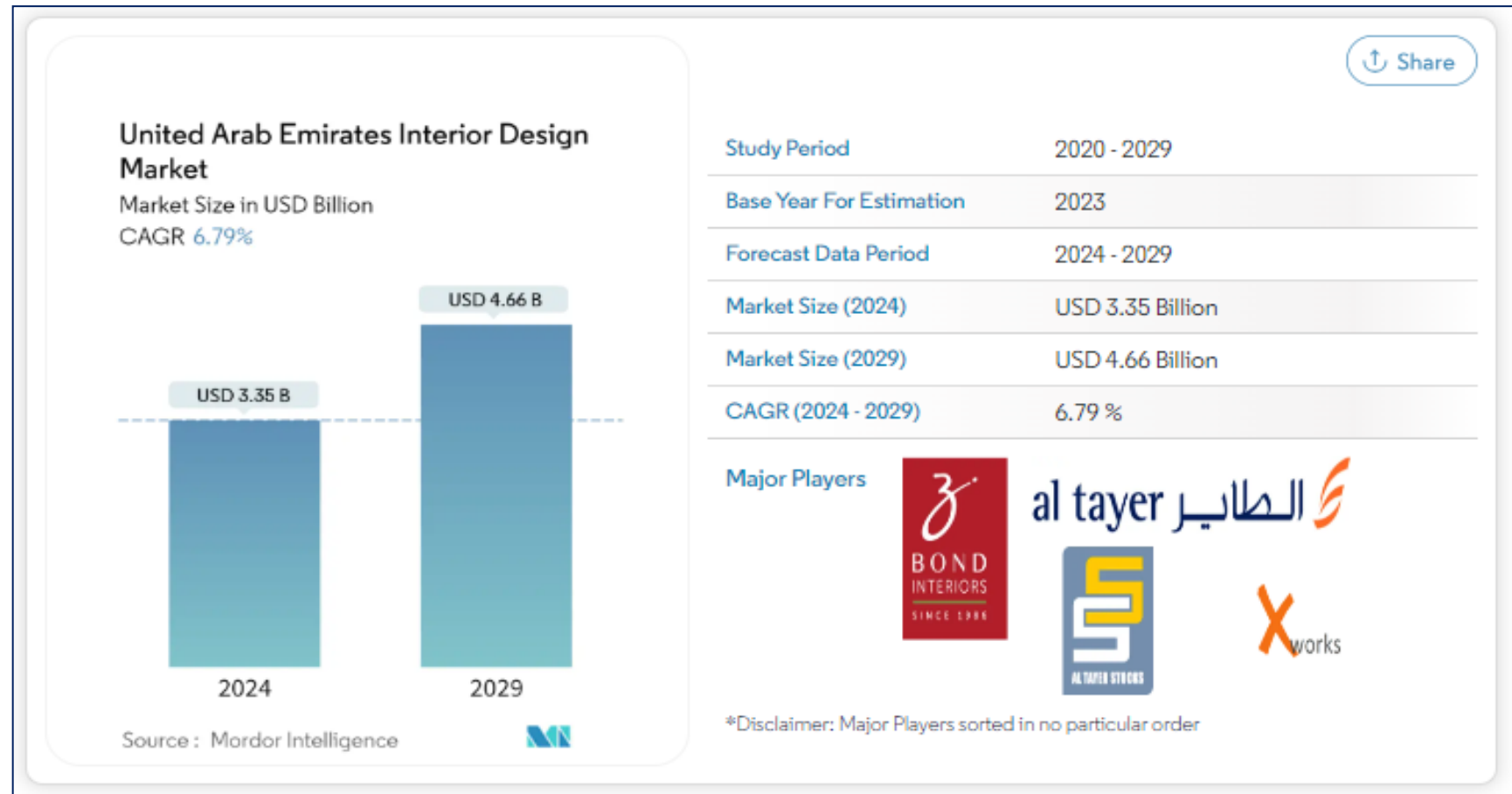


⁴ <https://www.mordorintelligence.com/industry-reports/gcc-furniture-market>

6.3. UAE Market Overview

6.3.1. Interior Design/Home Décor Market

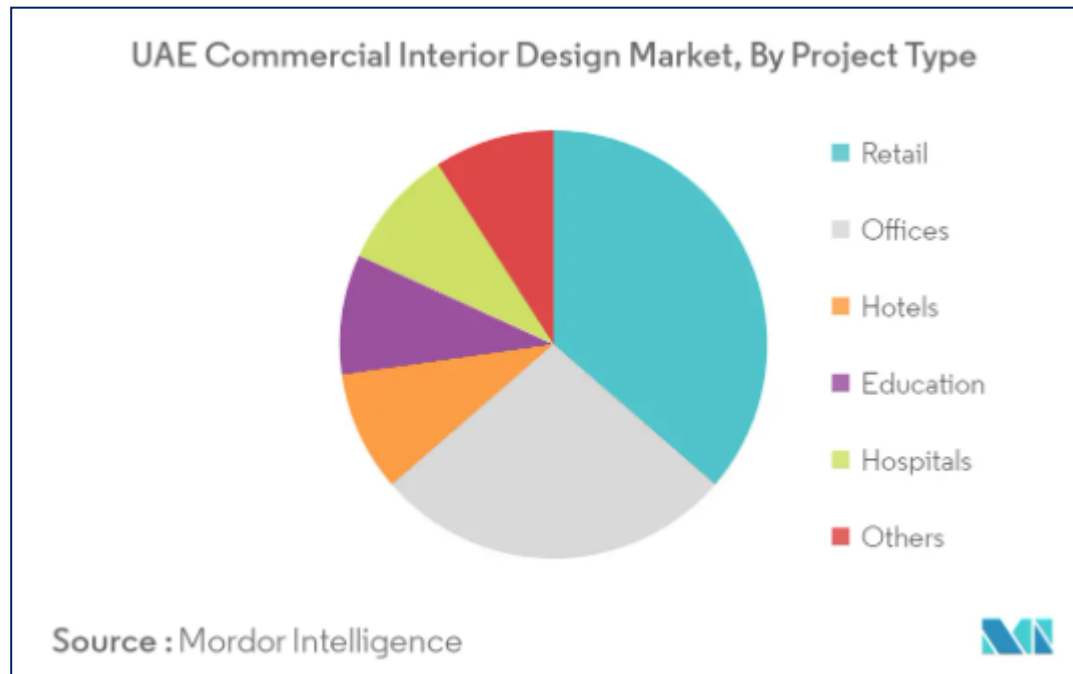
The United Arab Emirates Interior Design Market size is estimated at **USD 3.35 billion** in 2024, and is expected to reach **USD 4.66 billion** by 2029, growing at a **CAGR of 6.79%** during the forecast period (2024-2029).



The interior design market is tied to the overall health of the economy. UAE is spearheading the interior design GCC market with an overall share of about 40%. Architecture and innovation are transforming the way people live and stay in Dubai. The UAE's interior design market is driven by innovative architecture and interior design projects and the sustainability of the market. ⁵

The emirate announced the largest budget in 2019 which is going to fuel the demand in the market. Megaprojects such as expo 2021 and Burj 2020 set to rise over Jumeirah Lakes Towers are all leading to interior designing contracting services in the market. Index 2021 is a major exhibition taking place in Dubai that is expected to fuel the demand for interior design services in the market.

Digital solutions are expected to reduce the costs and making process flow more effective. New software designs such as BIM software have come into the market for enhanced function, proper documentation, and coordination between interior designers and MEP.



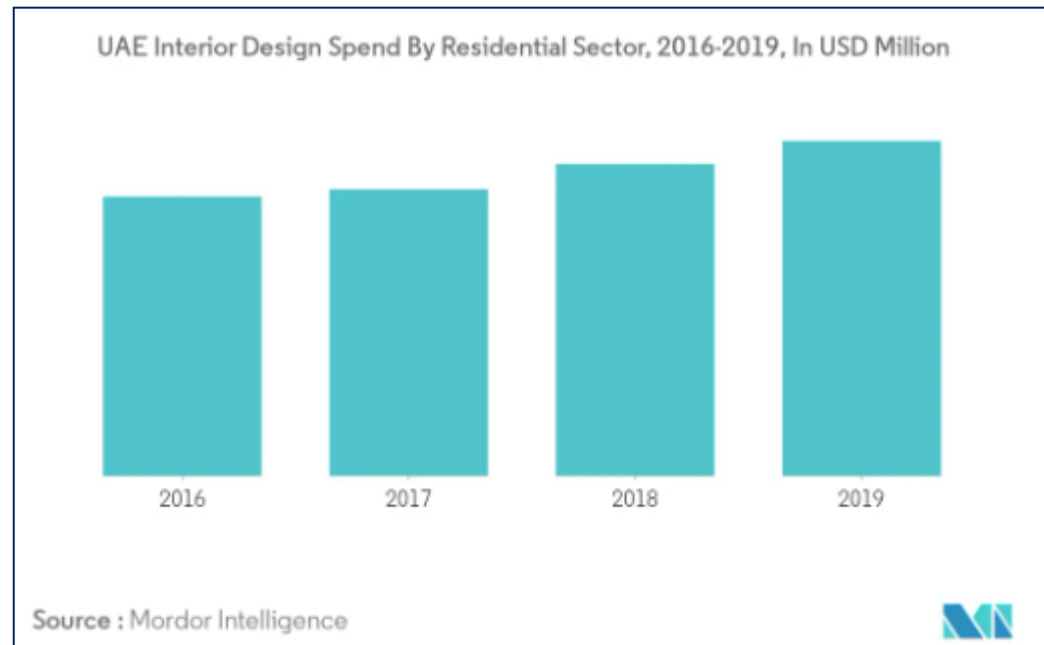
⁵ <https://www.mordorintelligence.com/industry-reports/united-arab-emirates-interior-design-market>

Building construction projects across GCC are expected to be completed and are expected to increase from USD 75 million to USD 78 Million in 2020. An increase in the commercial sector constructions and a rise in retail, education, and hospital projects are expected to demand interior projects in the market. The commercial hubs of the United Arab Emirates, Dubai, and Abu Dhabi have fast growth in real estate markets which will further increase interior design projects in the country. Office supply increase in Abu Dhabi and Dubai is expected to lead to design services in the market. Bright light open-plan workspaces have become normal now.

Residential projects hold the largest share of interior design projects. An increase in residential construction and government initiatives has led to the development of the residential interiors market of UAE. An increase in overall residential spending and rising population growth is driving the market. To reduce the gap between upper and lower-income people the initiative of affordable housing is also going to drive the market.⁶

6.3.2. Furniture Market

The UAE Home Furniture Market has generated a revenue of **USD 1.9 billion** in the current year and is poised to grow at a **CAGR** of greater than **3.91%** during the forecast period.⁷



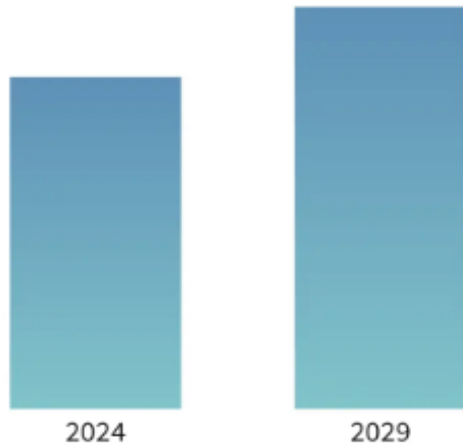
⁶ <https://www.mordorintelligence.com/industry-reports/united-arab-emirates-interior-design-market>

⁷ <https://www.mordorintelligence.com/industry-reports/uae-home-furniture-market>

UAE Home Furniture Market

Market Size

CAGR 3.91%



Source : Mordor Intelligence



[Share](#)

Study Period 2020 - 2029

Base Year For Estimation 2023

Forecast Data Period 2024 - 2029

Historical Data Period 2020 - 2022

CAGR 3.91 %

Market Concentration Low

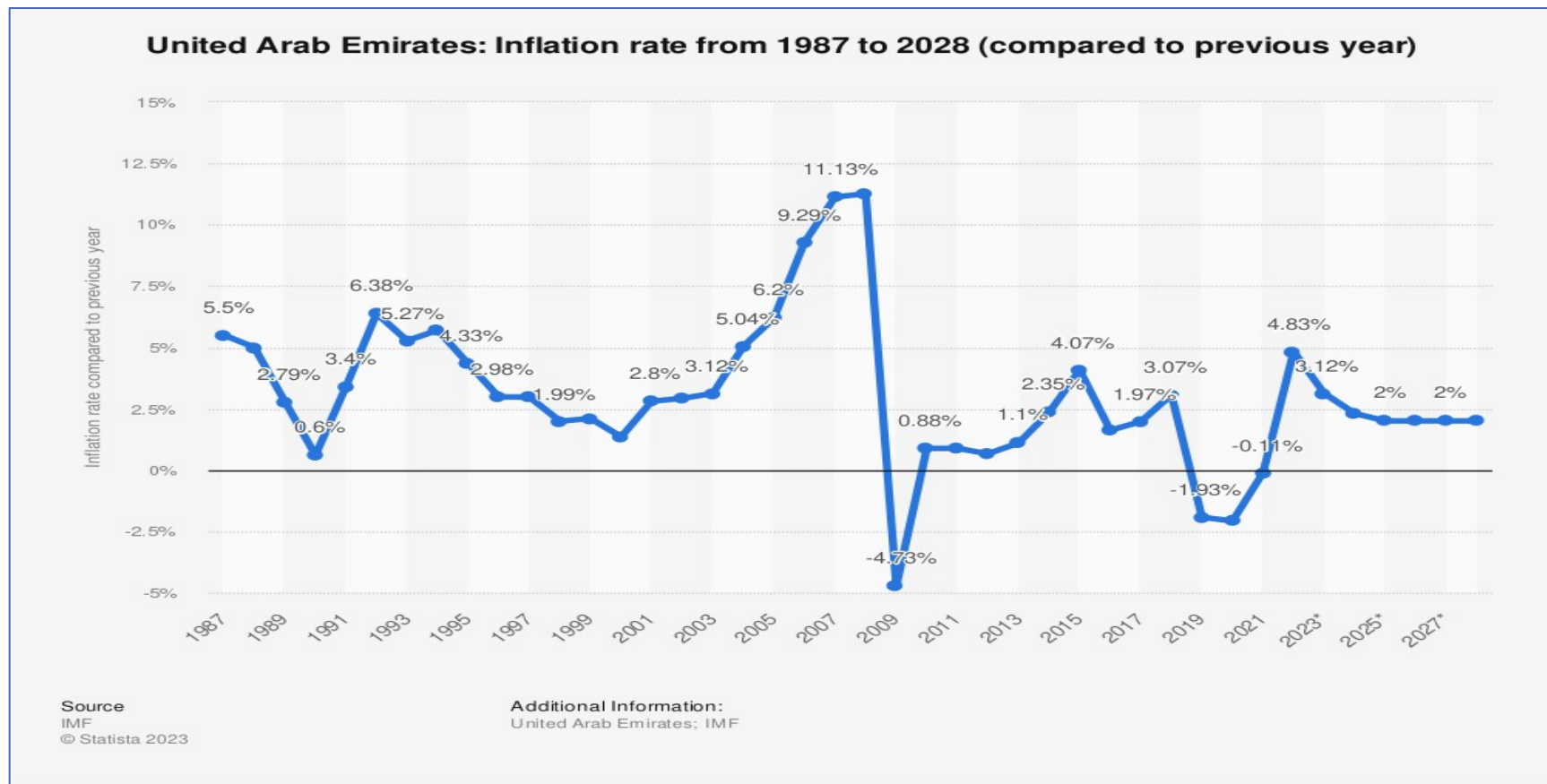
Major Players



*Disclaimer: Major Players sorted in no particular order

6.3.3. Inflation Rate UAE

In 2019, the inflation rate of the United Arab Emirates was at 1.93 percent compared to the previous year. For 2018, estimates show a sharp increase of over 3.07 percent, before inflation slumps back to around **2 percent** in 2028.⁸



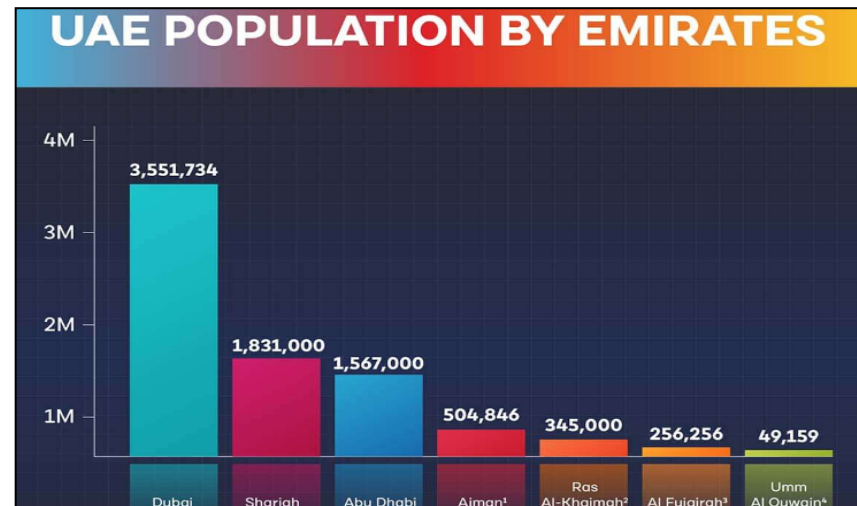
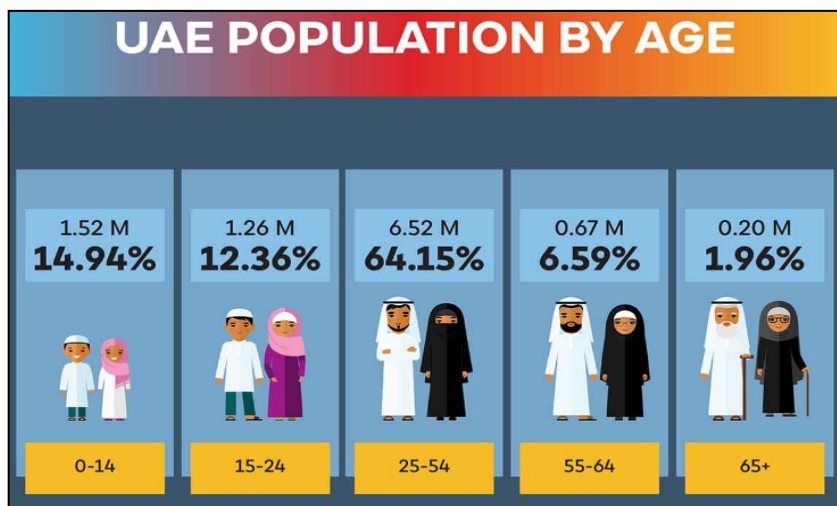
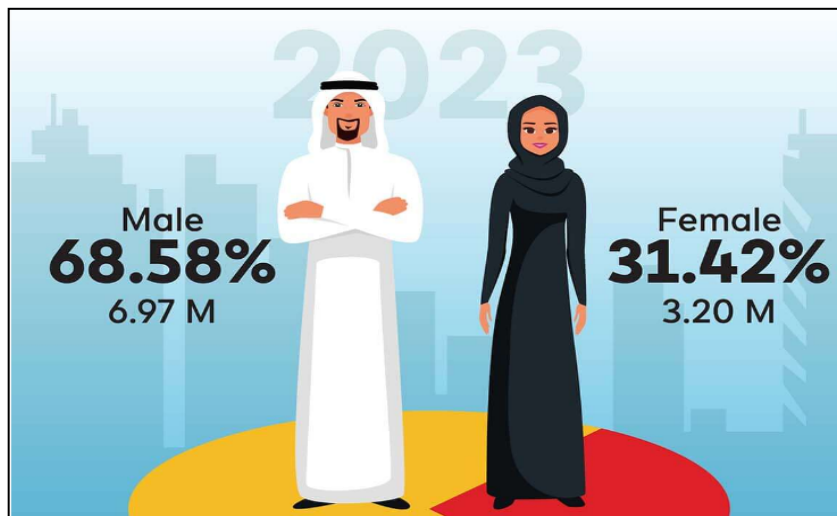
⁸ [United Arab Emirates - inflation rate 2028 | Statista](#)

6.3.4. Population Statistics of UAE

UAE Population 2024 (Key Statistics)

- ✚ According to [statista](#), the population of UAE in 2024 is **10.24 Million**.
- ✚ According to the [official statistics by the Dubai Government](#), the Dubai population stands at **3.65 Million** as of January 2024.⁹
- ✚ According to the research done by GMI, the total Expat population in UAE in 2024 stands at **9.06 Million**.
- ✚ The total male population in UAE 2024 is 7.07 Million.
- ✚ The total female population in UAE 2024 is 3.17 Million.
- ✚ As of January 2024, the Indian population in UAE is 3.86 Million.
- ✚ As of December 2023, the population of UAE is **10.17 Million**, a **0.89% increase** from 2022, according to the research by [GMI Team](#).
- ✚ According to the [official statistics by the Dubai Government](#), the Dubai population stands at **3.64 Million** as of December 2023.
- ✚ The population density of the UAE stands at **121.59 person Km²** with most of the population residing in Abu Dhabi and Dubai.
- ✚ According to the research done by GMI, the total Expat population in UAE in 2023 stands at **9.0 Million**.
- ✚ In 2023, the UAE's urban population is 8.91 million, and the rural population is 1.26 million.
- ✚ As of December 2023, the Indian population in UAE is 3.86 Million.

⁹ <https://www.globalmediainsight.com/blog/uae-population-statistics/#:~:text=The%20population%20of%20Abu%20Dhabi,is%20the%20least%20populated%20Emirate.>





SWOT Analysis

7. SWOT Analysis

7.1. Strengths

- **Distinctive Design and High-Quality Service:** Offers unique design aesthetics tailored to client styles, ensuring premium service delivery.
- **Strong Client Relationships and Market Reputation:** Benefits from established client trust and a positive standing within the industry.
- **Expertise and Innovation:** Driven by a team with deep expertise, creativity, and a passion for innovative interior design solutions.
- **Technological Integration:** Leverages digital tools and software to enhance operational efficiency and functionality.
- **Strategic Market Presence:** Holds an established position and network in Dubai, a key market in the GCC region.
- **Diverse and Skilled Team:** Comprised of talented designers, architects, and engineers with varied backgrounds and specializations.
- **Large-Scale Project Capability:** Demonstrates the ability to manage complex and extensive projects across diverse sectors.
- **Customer-Centric Approach:** Prioritizes personalized service, fostering strong customer loyalty and referrals.

7.2. Weaknesses

- **Limited Marketing and Online Visibility:** Lacks strong marketing expertise and a robust online presence to broaden reach.
- **Resource Constraints:** Operates with limited financial resources and budgetary restrictions.
- **Vendor Dependence:** Reliant on external suppliers and partners for essential materials and equipment.
- **Competitive Market and Price Sensitivity:** Faces intense competition and price pressures within the interior design sector.
- **High Operational Overheads:** Experiences significant costs related to rent, salaries, and taxes.
- **Talent Acquisition and Retention:** Encounters challenges in attracting and retaining qualified staff in a competitive labor market.
- **Lack of Clear Differentiation:** Needs to establish a stronger unique selling proposition to stand out from competitors.
- **Currency Fluctuation Risk:** Profitability is susceptible to adverse currency exchange rate movements.

7.3. Opportunities

- **Market Expansion:** Potential to grow by entering new market segments such as residential, retail, and hospitality.
- **Service Diversification:** Opportunity to increase revenue by offering complementary services like consultation and project management.
- **Digital Engagement:** Leveraging social media and online platforms to showcase work and attract new clientele.
- **Industry Events:** Participation in exhibitions like Index 2021 offers networking and exposure opportunities.
- **Sustainable Design Demand:** Growing market for environmentally conscious and sustainable interior design solutions.

- **E-commerce Potential:** Utilizing online platforms to display offerings and reach a wider customer base.
- **Strategic Partnerships:** Collaborations with other industry players can expand capabilities and reach.
- **Government Support:** Potential benefits from UAE government initiatives promoting the interior design sector.

7.4. Threats

- **Economic Downturns:** Demand for interior design services is vulnerable to economic recessions and fluctuations.
- **Increased Competition:** Growing pressure from both local and international interior design firms.
- **Regulatory and Environmental Changes:** Potential impact from evolving regulations and environmental concerns.
- **Negative Customer Feedback:** Risk of reputational damage from dissatisfied clients and negative reviews.
- **Regional Instability:** Political and security issues in the region could negatively affect business confidence.
- **Technological Disruption:** Challenges posed by new technologies and innovations in interior design practices.
- **Legal and Contractual Risks:** Potential for disputes arising from contracts, intellectual property, or negligence.
- **Damage to Brand Image:** Negative feedback and complaints can harm the company's reputation.



Risks & Mitigation

Strategies

8. Risks and Mitigation Strategies

Davis Interior Design operates within the dynamic and competitive interior design sector of the United Arab Emirates (UAE). Recognizing the inherent risks associated with this market is paramount to ensuring operational resilience, maintaining superior client satisfaction, and fostering sustainable growth. This document delineates five key risks identified for Davis Interior Design in the UAE and proposes comprehensive mitigation strategies to proactively address these challenges. Through the diligent implementation of these strategies, Davis Interior Design aims to fortify its market position and sustain a competitive advantage within the evolving UAE interior design landscape.

The following outlines five key risks and their corresponding mitigation strategies for Davis Interior Design in the UAE:

8.1. Market Volatility

- **Risk:** Fluctuations in the real estate sector or shifts in consumer preferences can significantly impact the demand for interior design services, potentially leading to revenue instability and project cancellations.¹⁰
- **Mitigation Strategy:** To mitigate the impact of market volatility, Davis Interior Design will implement a strategy of client base diversification, targeting both residential and commercial segments. Offering a comprehensive suite of services, including residential renovations, commercial space design, and retail

¹⁰

https://www.researchgate.net/publication/387793294_THE_DYNAMICS_OF_THE_REAL_ESTATE_MARKET_THE_IMPACT_OF_PRICE_CHANGES_ON_CONSUMER_DECISIONS_TO_PURCHASE_HOUSING

enhancements, will buffer the business against sector-specific downturns. Furthermore, the company will maintain a proactive approach to market analysis, ensuring its design offerings remain adaptable and aligned with evolving consumer preferences.

8.2. Supply Chain Disruptions

- **Risk:** Potential delays or disruptions within the supply chain, such as material shortages or logistical impediments, can result in project delays, increased operational costs, and diminished client satisfaction.¹¹
- **Mitigation Strategy:** Davis Interior Design will establish robust relationships with a diversified portfolio of reliable suppliers and cultivate alternative sourcing options for critical materials. Maintaining strategic inventory levels of essential materials and diligently monitoring global supply chain dynamics will enable proactive identification and management of potential disruptions. Transparent and timely communication with clients regarding any supply chain challenges, coupled with proactive expectation management, will be crucial in preserving client trust and project continuity.

8.3. Regulatory Compliance

- **Risk:** Changes in local regulations or evolving licensing mandates within the UAE could impact the operational framework of Davis Interior Design, potentially leading to legal complications or project delays.¹²
- **Mitigation Strategy:** Davis Interior Design will maintain a rigorous process for monitoring regulatory updates and ensuring consistent compliance with all pertinent licensing and permitting requirements in the UAE. This includes proactively securing necessary approvals for construction and renovation projects and

¹¹ https://www.inboundlogistics.com/articles/supply_chain_disruptions_how_they_happen_industries_affected_and_how_to_manage/

¹² <https://www.mdpi.com/2075-5309/14/5/1294>

staying abreast of any modifications to zoning or building codes. Cultivating open communication channels with relevant local authorities and seeking timely legal counsel when necessary will be integral to mitigating the risk of regulatory non-compliance.

8.4. Talent Retention

- **Risk:** Challenges in attracting and retaining highly skilled design professionals and experienced craftsmen can negatively affect project quality, adherence to timelines, and overall client satisfaction.¹³
- **Mitigation Strategy:** To foster talent retention, Davis Interior Design will implement competitive and comprehensive compensation packages, coupled with providing meaningful opportunities for professional advancement and skill development. The establishment of mentorship programs, targeted training workshops, and industry certifications will contribute to retaining top-tier talent and cultivating a culture of continuous professional growth. Furthermore, prioritizing the creation of a positive and collaborative work environment that values creativity, teamwork, and employee well-being will be paramount in enhancing employee retention and job satisfaction.

8.5. Economic Downturn

- **Risk:** Economic recessions or periods of significant economic downturn can lead to a contraction in consumer spending on discretionary services such as interior design, thereby impacting the company's revenue streams and overall profitability.¹⁴
- **Mitigation Strategy:** To mitigate the adverse effects of economic downturns, Davis Interior Design will strategically diversify its revenue generation by offering a range of design packages catering to various budget levels and exploring complementary service offerings such as renovation consultation and property staging. Cultivating strong, enduring relationships with a loyal client base and maintaining an unwavering focus on delivering exceptional customer service will be critical in sustaining business during challenging economic climates. Additionally, the

¹³ https://www.researchgate.net/publication/313872749_Impact_of_Design_Risk_on_the_Performance_of_Design-Build_Projects

¹⁴ <https://www.investopedia.com/articles/economics/08/recession-affecting-business.asp>

company will maintain a lean and efficient operational structure, coupled with diligent expense monitoring, to ensure adaptability to fluctuations in market demand and overall economic conditions.

8.6. Risk Analysis

Description	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
Break Even Point Analysis	2025	2026	2027	2028	2029
Fixed Cost	AED 978,345	AED 1,056,028	AED 1,140,215	AED 1,231,933	AED 1,331,047
C/M Ratio	49%	49%	49%	49%	49%
Break Even Revenue	AED 1,997,748	AED 2,156,374	AED 2,328,283	AED 2,515,568	AED 2,717,954
Margin Of safety	32%	32%	32%	33%	33%

Margin of safety means that the maximum decrease in revenue that will still lead to breakeven point.

Sensitivity Analysis		
Revenue		If Revenue is decreased by 17% then business will have zero value i.e. NPV of the Project will be 0.
Cost of Revenue		If Cost of Revenue is decreased by 33% then business will have zero value i.e. NPV of the Project will be 0.

Conclusion: Business is most sensitive to the revenue decrease, so it is important to make sure that revenue must be materialized as per the projection to get the value of the business

Sensitivity Calculation					
Revenue	AED 3,191,871	AED 3,449,242	AED 3,727,366	AED 4,027,916	
PV of Revenue @ WACC	AED 2,342,170	AED 2,168,121	AED 2,007,005	AED 1,857,862	AED 8,375,157
Cost of revenue	AED 1,628,736	AED 1,760,066	AED 1,901,986	AED 2,055,350	
PV of Cost of Revenue @ WACC	AED 1,195,154	AED 1,106,340	AED 1,024,127	AED 948,023	AED 4,273,644



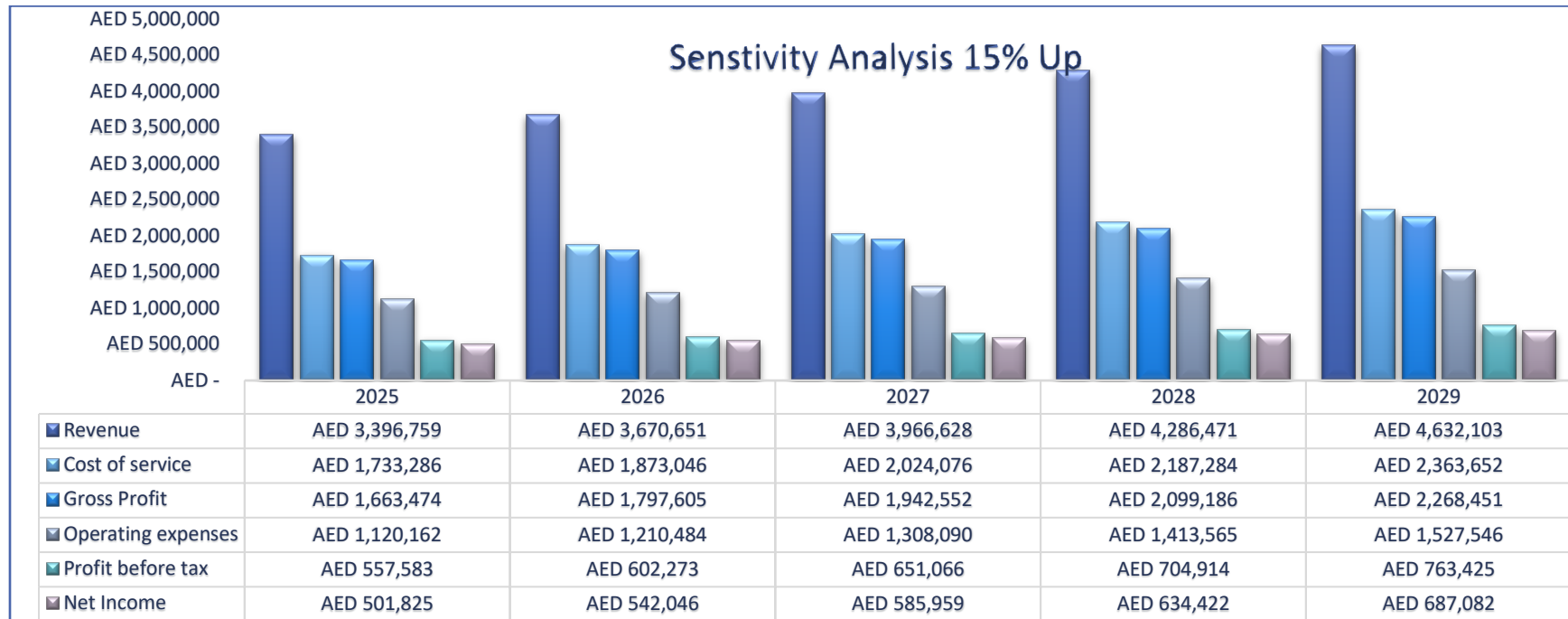
PV of DCF	AED 369,143	AED 374,619	AED 346,273	AED 320,046	AED 1,410,080
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8.7. Project Sensitivity Analysis

Sensitivity Analysis 15% Up	Forecast	Forecast	Forecast	Forecast	Forecast
	2025	2026	2027	2028	2029
Revenue	AED 3,396,759	AED 3,670,651	AED 3,966,628	AED 4,286,471	AED 4,632,103
Cost of revenue	AED 1,733,286	AED 1,873,046	AED 2,024,076	AED 2,187,284	AED 2,363,652
Gross Profit	AED 1,663,474	AED 1,797,605	AED 1,942,552	AED 2,099,186	AED 2,268,451
% of revenue	49%	49%	49%	49%	49%
Operating expenses	AED 1,120,162	AED 1,210,484	AED 1,308,090	AED 1,413,565	AED 1,527,546
% of revenue	33%	33%	33%	33%	33%
Operating Income	AED 543,312	AED 587,121	AED 634,463	AED 685,621	AED 740,905
Depreciation & Amortization	AED (4,934)	AED (3,948)	AED (3,158)	AED (3,158)	AED (3,158)
Finance cost	AED (9,337)	AED (11,204)	AED (13,445)	AED (16,134)	AED (19,361)
Profit Before Tax	AED 557,583	AED 602,273	AED 651,066	AED 704,914	AED 763,425
Provision for taxation	AED 55,758	AED 60,227	AED 65,107	AED 70,491	AED 76,342
Net Profit / Income	AED 501,825	AED 542,046	AED 585,959	AED 634,422	AED 687,082
% of revenue	15%	15%	15%	15%	15%

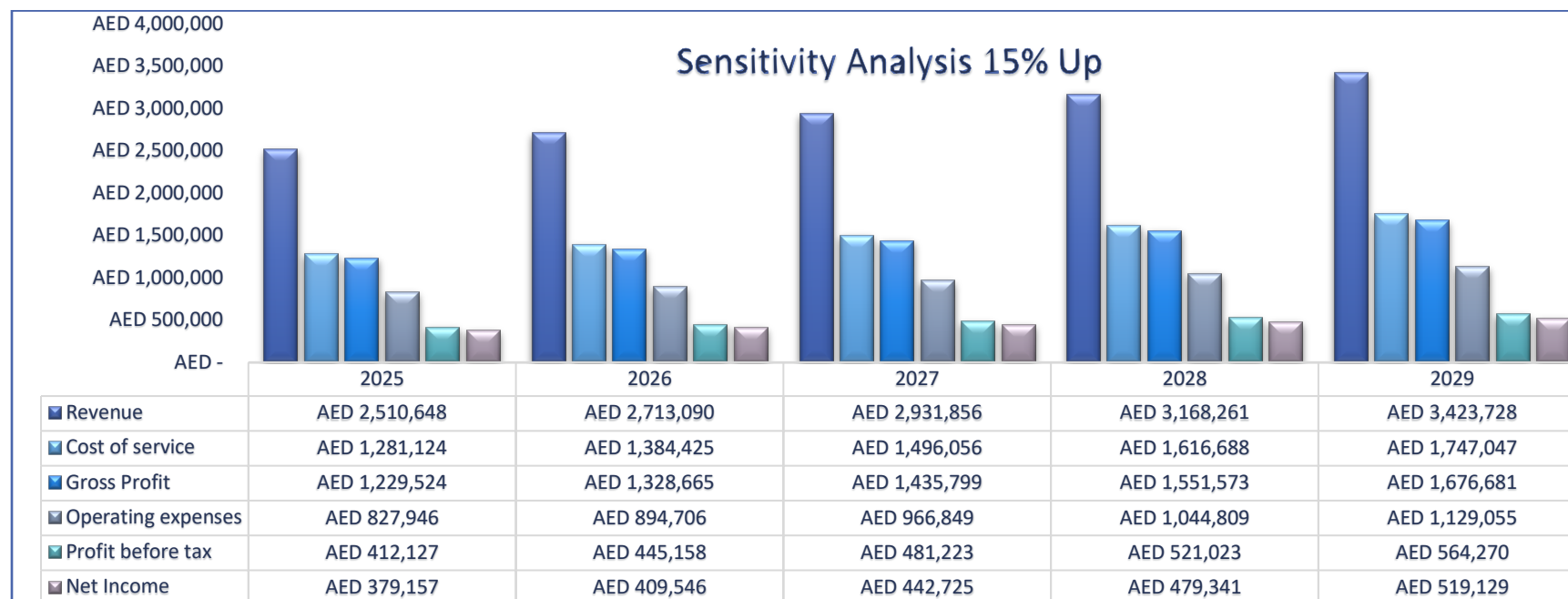
Revenue	AED 3,396,759	AED 3,670,651	AED 3,966,628	AED 4,286,471	AED 4,632,103
Cost of service	AED 1,733,286	AED 1,873,046	AED 2,024,076	AED 2,187,284	AED 2,363,652
Gross Profit	AED 1,663,474	AED 1,797,605	AED 1,942,552	AED 2,099,186	AED 2,268,451
Operating expenses	AED 1,120,162	AED 1,210,484	AED 1,308,090	AED 1,413,565	AED 1,527,546
Profit before tax	AED 557,583	AED 602,273	AED 651,066	AED 704,914	AED 763,425
Net Income	AED 501,825	AED 542,046	AED 585,959	AED 634,422	AED 687,082



Sensitivity Analysis 15% Down	Forecast	Forecast	Forecast	Forecast	Forecast
	2025	2026	2027	2028	2029
Revenue	AED 2,510,648	AED 2,713,090	AED 2,931,856	AED 3,168,261	AED 3,423,728
Cost of revenue	AED 1,281,124	AED 1,384,425	AED 1,496,056	AED 1,616,688	AED 1,747,047
Gross Profit	AED 1,229,524	AED 1,328,665	AED 1,435,799	AED 1,551,573	AED 1,676,681
% of revenue	49%	49%	49%	49%	49%
Operating expenses	AED 827,946	AED 894,706	AED 966,849	AED 1,044,809	AED 1,129,055
% of revenue	33%	33%	33%	33%	33%
Operating Income	AED 401,578	AED 433,959	AED 468,951	AED 506,764	AED 547,626
Depreciation & Amortization	AED (3,647)	AED (2,918)	AED (2,334)	AED (2,334)	AED (2,334)
Finance cost	AED (6,901)	AED (8,282)	AED (9,938)	AED (11,925)	AED (14,311)

Profit Before Tax	AED 412,127	AED 445,158	AED 481,223	AED 521,023	AED 564,270
Provision for taxation	AED 32,970	AED 35,613	AED 38,498	AED 41,682	AED 45,142
Net Profit / Income	AED 379,157	AED 409,546	AED 442,725	AED 479,341	AED 519,129
% of revenue	15%	15%	15%	15%	15%

Revenue	AED 2,510,648	AED 2,713,090	AED 2,931,856	AED 3,168,261	AED 3,423,728
Cost of service	AED 1,281,124	AED 1,384,425	AED 1,496,056	AED 1,616,688	AED 1,747,047
Gross Profit	AED 1,229,524	AED 1,328,665	AED 1,435,799	AED 1,551,573	AED 1,676,681
Operating expenses	AED 827,946	AED 894,706	AED 966,849	AED 1,044,809	AED 1,129,055
Profit before tax	AED 412,127	AED 445,158	AED 481,223	AED 521,023	AED 564,270
Net Income	AED 379,157	AED 409,546	AED 442,725	AED 479,341	AED 519,129



8.8. Project Scenario Analysis

Description	Worst Case		Base Case		Best Case	
	%age	Amount in Year 1	%age	Amount in Year 1	%age	Amount in Year 1
Revenue	50%	AED 1,476,852	100%	AED 2,953,704	115%	AED 3,396,759
Cost of revenue	150%	AED 2,260,807	100%	AED 1,507,205	85%	AED 1,281,124
Operating Expenses	115%	AED 1,120,162	100%	AED 974,054	85%	AED 827,946
Tax rate	10%	AED 4,883	9%	AED 47,183	8%	AED 3,609

Earning After Tax in each Scenario

Scenario	Forecast	Forecast	Forecast	Forecast	Forecast
	2025	2026	2027	2028	2029
Best Case	AED 1,177,721	AED 1,274,251	AED 1,378,351	AED 1,490,170	AED 1,611,014
Base Case	AED 412,852	AED 446,356	AED 482,165	AED 519,975	AED 560,580
Worst Case	AED (1,917,745)	AED (2,072,290)	AED (2,239,759)	AED (2,421,742)	AED (2,618,720)

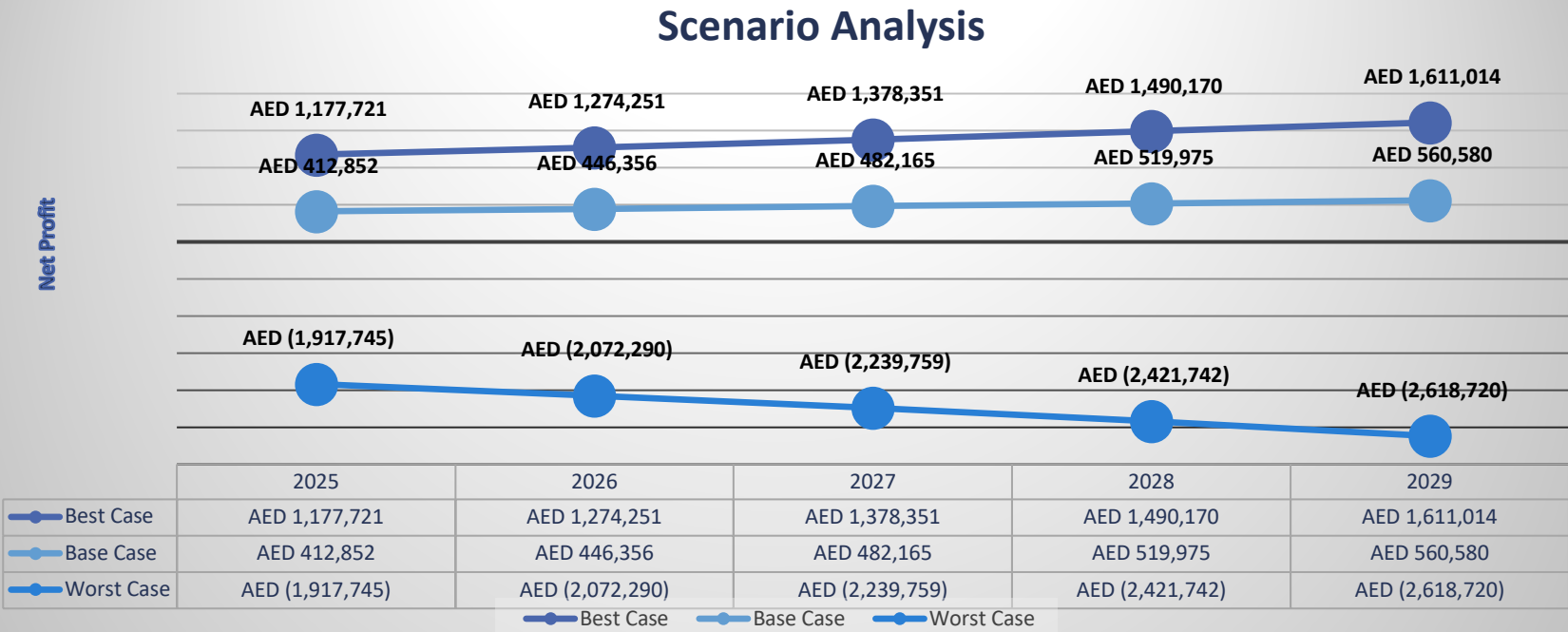
Worst Case	Forecast	Forecast	Forecast	Forecast	Forecast
	2025	2026	2027	2028	2029
Revenue	AED 1,476,852	AED 1,595,935	AED 1,724,621	AED 1,863,683	AED 2,013,958
Cost of revenue	AED (2,260,807)	AED (2,443,104)	AED (2,640,099)	AED (2,852,979)	AED (3,083,025)
Gross Profit	AED (783,955)	AED (847,168)	AED (915,478)	AED (989,296)	AED (1,069,067)
% of revenue	-53%	-53%	-53%	-53%	-53%
Operating expenses	AED (1,120,162)	AED (1,210,484)	AED (1,308,090)	AED (1,413,565)	AED (1,527,546)
% of revenue	76%	76%	76%	76%	76%
Operating Income (EBITDA)	AED (1,904,117)	AED (2,057,653)	AED (2,223,568)	AED (2,402,862)	AED (2,596,612)
Depreciation	AED (4,291)	AED (3,433)	AED (2,746)	AED (2,746)	AED (2,746)
Finance cost	AED (9,337)	AED (11,204)	AED (13,445)	AED (16,134)	AED (19,361)
Earning Before Tax (EBT)	AED (1,917,745)	AED (2,072,290)	AED (2,239,759)	AED (2,421,742)	AED (2,618,720)
Provision for taxation	AED -	AED -	AED -	AED -	AED -

Net Income (EB)	AED (1,917,745)	AED (2,072,290)	AED (2,239,759)	AED (2,421,742)	AED (2,618,720)
% of revenue	-130%	-130%	-130%	-130%	-130%

Base Case	Forecast	Forecast	Forecast	Forecast	Forecast
	2025	2026	2027	2028	2029
Revenue	AED 2,953,704	AED 3,191,871	AED 3,449,242	AED 3,727,366	AED 4,027,916
Cost of revenue	AED (1,507,205)	AED (1,628,736)	AED (1,760,066)	AED (1,901,986)	AED (2,055,350)
Gross Profit	AED 1,446,499	AED 1,563,135	AED 1,689,176	AED 1,825,380	AED 1,972,566
% of revenue	49%	49%	49%	49%	49%
Operating expenses	AED (974,054)	AED (1,052,595)	AED (1,137,469)	AED (1,229,187)	AED (1,328,301)
% of revenue	33%	33%	33%	33%	33%
Operating Income (EBITDA)	AED 472,445	AED 510,540	AED 551,707	AED 596,192	AED 644,265
Depreciation	AED (4,291)	AED (3,433)	AED (2,746)	AED (2,746)	AED (2,746)
Finance cost	AED (8,119)	AED (9,743)	AED (11,692)	AED (14,030)	AED (16,836)
Earning Before Tax (EBT)	AED 460,035	AED 497,364	AED 537,269	AED 579,416	AED 624,683
Provision for taxation	AED (47,183)	AED (51,009)	AED (55,104)	AED (59,441)	AED (64,103)
Net Income (EB)	AED 412,852	AED 446,356	AED 482,165	AED 519,975	AED 560,580
% of revenue	14%	14%	14%	14%	14%

Best Case	Forecast	Forecast	Forecast	Forecast	Forecast
	2025	2026	2027	2028	2029
Revenue	AED 3,396,759	AED 3,670,651	AED 3,966,628	AED 4,286,471	AED 4,632,103
Cost of revenue	AED (1,281,124)	AED (1,384,425)	AED (1,496,056)	AED (1,616,688)	AED (1,747,047)
Gross Profit	AED 2,115,635	AED 2,286,226	AED 2,470,572	AED 2,669,782	AED 2,885,056
% of revenue	62%	62%	62%	62%	62%
Operating expenses	AED (827,946)	AED (894,706)	AED (966,849)	AED (1,044,809)	AED (1,129,055)
% of revenue	24%	24%	24%	24%	24%
Operating Income (EBITDA)	AED 1,287,690	AED 1,391,520	AED 1,503,723	AED 1,624,973	AED 1,756,000
Depreciation	AED (4,291)	AED (3,433)	AED (2,746)	AED (2,746)	AED (2,746)
Finance cost	AED (8,119)	AED (8,282)	AED (8,447)	AED (8,616)	AED (8,788)
Earning Before Tax (EBT)	AED 1,275,280	AED 1,379,806	AED 1,492,530	AED 1,613,611	AED 1,744,466
Provision for taxation	AED (97,559)	AED (105,555)	AED (114,179)	AED (123,441)	AED (133,452)

Net Income (EB)	AED 1,177,721	AED 1,274,251	AED 1,378,351	AED 1,490,170	AED 1,611,014
% of revenue	35%	35%	35%	35%	35%





Business Valuation

9. Business Valuation

9.1. interior Design Summary - Valuation of Business

Sr#	Approaches	Techniques	Methods	Business Valuation	
1	Income Based Approach				
	FCFF Lowest Valuation Highest WACC - Scenario 1	Intrinsic Value	Discounted Free Cash Flow Method (DCF)	AED	3,558,001
	FCFF Medium Valuation Normal WACC - Scenario 2	Intrinsic Value	Discounted Free Cash Flow Method (DCF)	AED	4,555,771
	FCFF Highest Valuation Lowest WACC - Scenario 3	Intrinsic Value	Discounted Free Cash Flow Method (DCF)	AED	6,307,246
Average Business Value under Income Based Approach				AED	4,807,006
2	Market Based Approach				
	P/E Market Multiple	Relative Value	Guideline Public Company Method (GPCM)	AED	3,960,287
	EV/EBITDA Market Multiple	Relative Value	Comparable Guideline Transaction Method (GTM)	AED	4,702,216
Average Business Value under Market Based Approach				AED	7,331,251
Average Business Value - Three Methods Approach				AED	7,569,129

Income Based Approach

This approach has been used to Value Company by using the FCFF method to adjust the discount rate with a Multiple risk premium to account for industry and company-specific risks and etc. We have accounted different uncertainties in future cash flows, ensuring a more precise estimation of the company's value.

Scenario 1 - FCFF Lowest Valuation Highest WACC

Income Based Approach - Under DCF Method	Amount	
Sum of PV of FCFF (Year 1-Year 5) - A	AED	1,586,525
Adjustment		
Weighted Average Cost of Capital (WACC or Discount Rate)		19.74%
Long Term Industry Growth Rate		5.76%
Capitalization rate		13.97%
PV of Terminal Value from Year 6 onwards in perpetuity - B	AED	1,971,477
Total Business Value (A+B)	AED	3,558,001

Scenario 2 - FCFF Medium Valuation Normal WACC

Income Based Approach - Under DCF Method	Amount	
Sum of PV of FCFF (Year 1-Year 5) - A	AED	1,705,818
Adjustment		
Weighted Average Cost of Capital (WACC or Discount Rate)		16.74%
Long Term Industry Growth Rate		5.76%
Capitalization rate		10.97%
PV of Terminal Value from Year 6 onwards in perpetuity - B	AED	2,849,953
Total Business Value (A+B)	AED	4,555,771

Scenario 3 - FCFF Highest Valuation Lowest WACC

Income Based Approach - Under DCF Method	Amount	
Sum of PV of FCFF (Year 1-Year 5) - A	AED	1,839,947

Adjustment	
Weighted Average Cost of Capital (WACC or Discount Rate)	13.74%
Long Term Industry Growth Rate	5.76%
Capitalization rate	7.97%
PV of Terminal Value from Year 6 onwards in perpetuity - B	AED 4,467,299
Total Business Value (A+B)	AED 6,307,246

Market Based Approach

In a market-based approach, determine the company's value by comparing it to similar publicly traded firms or recent acquisition deals. This method relies on market multiples such as P/E Multiple or Enterprise Value to EBITDA or EV/EBITDA Multiples to gauge the company's worth relative to its industry peers. As the Company lacks public company status in the market and its shares are not easily tradable in the private market, we should apply a marketability discount & Controllability Discount. This discount should be calculated based on the Company's specific risk factors in relation to comparable public companies.

Market Based Approach (Using P/E Multiples)	Amount
EBITDA for the Year 5 - DAVIS INTERIOR DESIGN	AED 896,742.39
P/E Market Multiple - Industry Multiple	13.68
Indicated Value of Invested Capital	AED 12,265,792
<i>Discount Rate: Present Value Calculation</i>	16.74%
PV of Discount Factor (For Year 5) @ 16.73831%	0.46
Business Value (Equity) without discount	AED 5,657,552
<i>Discounted for:</i>	-
Lack of Marketability Discount Rate	15%
Less: Lack of Marketability Discount	AED (848,633)
Total Business Value	AED 3,960,287

Market Based Approach (Using EV/EBITDA)	Amount
EBITDA for the Year 5 - DAVIS INTERIOR DESIGN	AED 896,742
EV/EBITDA Market Multiple - Industry Multiple	AED 13.37
Business Value using EV/EBITDA Market Multiple	AED 11,993,631
<i>Discount Rate:</i>	16.74%
PV of Discount Factor (For Year 5) @ 16.73831%	0.46

Business Value (Equity) without discount	5,532,019
<i>Discounted for:</i>	-
Lack of Marketability Discount Rate	15%
Less: Lack of Marketability Discount	(829,803)
Total Business Value	AED 4,702,216

9.2. Interior Design Income Approach (Discounted Cash Flow Method)

Description	Forecasted		Forecasted		Forecasted		Forecasted		Forecasted	
	2025		2026		2027		2028		2029	
Revenue	Income statement	AED 2,953,704	AED 3,191,871	AED 3,449,242	AED 3,727,366	AED 4,027,916				
Cost of Revenue		AED (1,507,205)	AED (1,628,736)	AED (1,760,066)	AED (1,901,986)	AED (2,055,350)				
Gross Profit		AED 1,446,499	AED 1,563,135	AED 1,689,176	AED 1,825,380	AED 1,972,566				
Less : General and Administrative Expenses		AED (974,054)	AED (1,052,595)	AED (1,137,469)	AED (1,229,187)	AED (1,328,301)				
Earnings Before Interest, Taxes, Depreciation & Amortization (EBIDTA)		AED 472,445	AED 510,540	AED 551,707	AED 596,192	AED 644,265				
Less: Amortization / Depreciation		AED (4,291)	AED (3,433)	AED (2,746)	AED (2,746)	AED (2,746)				
Earnings Before Interest & Taxes (EBIT)		AED 468,154	AED 507,107	AED 548,960	AED 593,446	AED 641,519				
Less : Finance cost		AED (8,119)	AED (9,743)	AED (11,692)	AED (14,030)	AED (16,836)				
Add: Other Income		AED 64,219	AED 69,397	AED 74,993	AED 81,040	AED 87,574				
Earning Before Tax (EBT)		AED 524,254	AED 566,761	AED 612,261	AED 660,456	AED 712,257				
Corporate tax @ 9%	Appendix D	AED (47,183)	AED (51,009)	AED (55,104)	AED (59,441)	AED (64,103)				
Net Income (EB)		AED 477,071	AED 515,753	AED 557,158	AED 601,015	AED 648,154				
Adjustments										
Plus: Depreciation for the Year		AED 4,291	AED 3,433	AED 2,746	AED 2,746	AED 2,746				
Less: Change in working capital		AED (50,431)	AED (8,661)	AED (9,022)	AED (9,379)	AED (9,730)				

Less: Capital Expenditure		AED -	AED -	AED -	AED -	AED -
Free Cashflows to the Firm (FCFF)		AED 430,931	AED 510,525	AED 550,882	AED 594,382	AED 641,170

Scenario 2 - Medium Valuation Using Base WACC Rate under Income Approach Method

Description	Notes	Amount
Sum of Present Value of FCFF (Year 1-Year 5)	Note 4	AED 1,705,818
Terminal Value of FCFF form Year 6 onwards in perpetuity	Note 3	AED 2,849,953
Total Business Value		AED 4,555,771

Note : 3

Terminal Value Computation	Amount
Free Cashflows (FCF) for the Year 5	AED 641,170
Long Term Industry Growth Rate	5.76%
Free Cashflows (FCF) for the Year 6	AED 678,123
Weighted Average Cost of Capital (WACC or Discount Rate)	16.74%
Less: Long Term Industry Growth rate	5.76%
Capitalization rate	10.97%
Capitalized FCFF for TV	AED 6,178,808
Discount factor (For Year 5)	0.46
PV of Terminal Value of Free Cash Flows (FCFF)	AED 2,849,953

Note: 4	Audited	Actual	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
Description	2023	2024	2025	2026	2027	2028	2029
Free Cashflows to the Firm (FCFF)	AED 1,459,822	AED 221,548	AED 430,931	AED 510,525	AED 550,882	AED 594,382	AED 641,170
Discount Period	0	0	1	2	3	4	5
Discount Rate	16.74%	16.74%	16.74%	16.74%	16.74%	16.74%	16.74%
Discount Factor	1.00	1.00	0.86	0.73	0.63	0.54	0.46
PV of Free Cash Flows to the Firm (PV of FCFF)	AED 1,459,822	AED 221,548	AED 369,143	AED 374,619	AED 346,273	AED 320,046	AED 295,737

Scenario 3 - Highest Valuation Using Lower WACC Rate under Income Approach Method

Description	Notes	Amount
Sum of Present Value of FCFF (Year 1-Year 5)	Note 5	AED 1,839,947
Terminal Value of FCFF form Year 6 onwards in perpetuity	Note 6	AED 4,467,299
Total Business Value		AED 6,307,246

Note : 5

Terminal Value Computation	Amount
Free Cashflows (FCF) for the Year 5	AED 641,170
Long Term Industry Growth Rate	5.76%
Free Cashflows (FCF) for the Year 6	AED 678,123
Weighted Average Cost of Capital (WACC or Discount Rate)	13.74%
Less: Long Term Industry Growth rate	5.76%
Capitalization rate	7.97%
Capitalized FCFF for TV	AED 8,503,132
Discount factor (For Year 5)	0.53
PV of Terminal Value of Free Cash Flows (FCFF)	AED 4,467,299

Note: 6		Audited	Actual	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
Description		2023	2024	2025	2026	2027	2028	2029
Free Cashflows to the Firm (FCFF)		AED1,459,822	AED 221,548	AED 430,931	AED 510,525	AED 550,882	AED 594,382	AED 641,170
Discount Period		0	0	1	2	3	4	5
Discount Rate		13.74%	13.74%	13.74%	13.74%	13.74%	13.74%	13.74%
Discount Factor		1.00	1.00	0.88	0.77	0.68	0.60	0.53
PV of Free Cash Flows to the Firm (PV of FCFF)		AED1,459,822	AED221,548	AED378,879	AED394,642	AED374,402	AED355,172	AED336,852

9.3. Market Approach (Comparable Company Analysis)

Description	Notes	Actual 2024	Forecasted 2025	Forecasted 2026	Forecasted 2027	Forecasted 2028	Forecasted 2029
Revenue	Income statement	AED 2,733,308	AED 2,953,704	AED 3,191,871	AED 3,449,242	AED 3,727,366	AED 4,027,916
Cost of Revenue		AED (1,521,340)	AED (1,521,340)	AED (1,507,205)	AED (1,628,736)	AED (1,760,066)	AED (1,901,986)
Gross Profit		AED 1,211,968	AED 1,432,364	AED 1,684,666	AED 1,820,506	AED 1,967,300	AED 2,125,929
Less : General and Administrative Expenses		AED (901,373)	AED (901,373)	AED (974,054)	AED (1,052,595)	AED (1,137,469)	AED (1,229,187)
Earnings Before Interest, Taxes, Depreciation & Amortization (EBIDTA)		AED 310,595	AED 530,991	AED 710,612	AED 767,911	AED 829,830	AED 896,742

Market Based Approach (Using P/E Multiples)

Company Valuation - Guideline Public Company Method (GPCM) Using P/E Market Multiples Comparables				Notes	P/E Multiple Method
Normalized EBITDA for the Year 5					AED 896,742
P/E Market Multiple				Note 1	13.68
Indicated Value of Invested Capital					AED 12,265,792
Less: Debt Capital					
Indicated Value of Equity					AED 12,265,792
Discount Rate: Present Value Calculation					16.74%
PV of Discount Factor (For Year 5)					0.46
Business Value (Equity) without discount					AED 5,657,552
Discounted for:					
Lack of Marketability Discount Rate					15%
Less: Lack of Marketability Discount					AED (848,633)
Lack of Controllability Rate					15%
Less: Lack of Controllability Discount					AED (848,633)
Value of Business (Equity Value)					AED 3,960,287

Market Based Approach (Using EV /EBITDA Multiples)

Company Valuation - Guideline Transaction Method (GTM) using EV/EBITDA Market Multiple Comparables				Notes	EV/EBITDA Multiple Method
Normalized EBITDA for the Year 5					AED 896,742
EV / EBITDA Market Multiple				Note 1	13.37
Indicated Value of Invested Capital					AED 11,993,631
Less : Debt Capital					
Indicated Value of Equity					AED 11,993,631
Discount Rate: Present Value Calculation					16.74%
PV of Discount Factor (For Year 5)					0.46
Business Value (Equity) without discount					AED 5,532,019
Discounted for:					

Lack of Marketability Discount Rate		15.00%
Less: Lack of Marketability Discount		AED (829,803)
Value of Business (Equity Value)		AED 4,702,216

Comparable Companies Market Multiples Analysis								
Company Name	Market Data		Financial Data			Valuation		
	Price (\$/Share)	EV (\$B)	Sales (\$B)	EBITDA (\$B)	Earnings (\$B)	EV/Sales x	EV/EBITDA x	P/E x
Ethan Allen Interiors Inc. (ETD)	28.43	0.71	6.27	0.14	0.09	1.14	8.28	24.96
Maruti Interior Products Limited	1.44	0.00	0.05	0.01	0.004	5.37	37.24	9.40
Ruentex Interior Design Inc.	7.10	0.08	0.62	0.009	0.007	1.28	9.91	28.77
Average						2.60	18.48	21.04
Median						1.28	9.91	24.96

Note 1:

Guideline Public Company Method (GPCM) using P/E Market Multiples				
Description	Ethan Allen Interiors Inc. (ETD)	Maruti Interior Products Limited	Ruentex Interior Design Inc.	Average
P/E Market Multiple of the Comparable Companies	24.96	9.40	28.77	21.04
Less : Relative Risk & growth adjustment for the Subject Company based on P/E Multiple of Comparable Companies (Note 1.2)				15%
Equal : Multiple Before Control Adjustment				
Less : Control Premium Adjustment / Discount growth factor				
Equal : Multiple After Control Adjustment				
Less : Discount on the Size of the Subject Company based on P/E Multiple (Note 1.1)				20%
Equal : P/E Pricing Multiple				13.68

Guideline Transaction Method (GTM) using EV/EBITDA Market Multiples				
Description	Ethan Allen Interiors Inc. (ETD)	Maruti Interior Products Limited	Ruentex Interior Design Inc.	Average
Initial Market Value of Inveted Capital (MVIC) to EBITDA from Comparable Companies	10.17	37.24	9.91	19.11
Less : Relative Risk & growth adjustment for the Subject Company based on P/E Multiple of Comparable Companies (Note 1.2)				15%
Equal : Multiple Before Marketability Adjustment				
Less : Lack of Marketability Discount factor				
Equal : Multiple After Marketability Adjustment Discount				
Less : Discount on the Size of the Subject Company based on EV / EBITDA Multiple (Note 1.3)				15%
Equal : EV / EBITDA Market Multiple				13.37

Sources :

Ethan Allen Interiors Inc. (ETD)

<https://finance.yahoo.com/quote/ETD/key-statistics/>

Maruti Interior Products Limited

<https://finance.yahoo.com/quote/SPITZE.BO/key-statistics/>

Ruentex Interior Design Inc.

<https://finance.yahoo.com/quote/6881.TWO?.tsrc=fin-srch>

Projected Balance Sheet

Description	Actual 2024	Forecasted 2025	Forecasted 2026	Forecasted 2027	Forecasted 2028	Forecasted 2029
Assets						
<i>Non-Current Assets</i>						
Property, Plant & Equipment	AED 21,454	AED 17,163	AED 13,731	AED 10,984	AED 8,238	AED 5,492
Security Deposits	AED -	AED -	AED -	AED -	AED -	AED -
Total Non-Current Assets	AED 21,454	AED 17,163	AED 13,731	AED 10,984	AED 8,238	AED 5,492
<i>Current Assets</i>						
Trade & Other Receivables	AED 110,211	AED 295,370	AED 319,187	AED 344,924	AED 372,737	AED 402,792
Due from related parties	AED -	AED -	AED -	AED -	AED -	AED -
Prepayments & Deposits	AED 16,700	AED 17,535	AED 18,412	AED 19,332	AED 20,299	AED 21,314
Cash and Cash Equivalents	AED 468,361	AED 620,994	AED 828,606	AED 923,475	AED 832,032	AED 442,621
Total Current Assets	AED 595,272	AED 933,899	AED 1,166,204	AED 1,287,731	AED 1,225,067	AED 866,726
Total Assets	AED 616,726	AED 951,063	AED 1,179,935	AED 1,298,716	AED 1,233,306	AED 872,218
Equity and Liabilities						
<i>Equity</i>						
Share Capital	AED -	AED -	AED -	AED -	AED -	AED -
Statutory Reserve	AED -	AED -	AED -	AED -	AED -	AED -
Retained Earnings	AED 879,959	AED 1,357,030	AED 1,872,783	AED 2,429,941	AED 3,030,956	AED 3,679,110
Shareholders current account	AED (408,985)	AED (613,478)	AED (920,216)	AED (1,380,324)	AED (2,070,487)	AED (3,105,730)
Total Equity	AED 470,974	AED 743,553	AED 952,567	AED 1,049,616	AED 960,469	AED 573,380
<i>Non-Current Liabilities</i>						

Long Term Vehicles Laon	AED -	AED -	AED -	AED -	AED -	AED -
Provision for Gratuity	AED -	AED -	AED -	AED -	AED -	AED -
Total Non- current liabilities	AED -	AED -	AED -	AED -	AED -	AED -
<i>Current Liabilities</i>						
Income tax payable	AED -	AED 47,183	AED 51,009	AED 55,104	AED 59,441	AED 64,103
Due to a related party	AED -	AED -	AED -	AED -	AED -	AED -
Loan from a related party	AED -	AED -	AED -	AED -	AED -	AED -
Trade and other payables	AED 145,752	AED 160,327	AED 176,360	AED 193,996	AED 213,396	AED 234,735
Total current liabilities	AED 145,752	AED 207,510	AED 227,368	AED 249,099	AED 272,837	AED 298,838
Total Equity & Liabilities	AED 616,726	AED 951,063	AED 1,179,935	AED 1,298,716	AED 1,233,306	AED 872,218

Note 1:

The above-mentioned data was provided by the management of DAVIS Interior Design and is sourced from the 2020 to 2024 audited financial statements. Our projections are based on the country's inflation rate and industry growth rate.

9.4. Projected Income Statement

Description	Actual Forecasted Forecasted Forecasted Forecasted Forecasted						
	Notes	2024	2025	2026	2027	2028	2029
Revenue	Appendix A	AED 2,733,308	AED 2,953,704	AED 3,191,871	AED 3,449,242	AED 3,727,366	AED 4,027,916
Cost of revenue	Appendix B	AED (1,521,340)	AED (1,507,205)	AED (1,628,736)	AED (1,760,066)	AED (1,901,986)	AED(2,055,350)
% from total revenues		56%	51%	51%	51%	51%	51%
Gross Profit		AED 1,211,968	AED 1,446,499	AED 1,563,135	AED 1,689,176	AED 1,825,380	AED 1,972,566
Total General and Administrative Expenses	Appendix C	AED (901,373)	AED (974,054)	AED (1,052,595)	AED (1,137,469)	AED (1,229,187)	AED (1,328,301)
% from total revenues		33%	33%	33%	33%	33%	33%
Earnings before Interest, Taxes, Depreciation & Amortization (EBITDA)		AED 310,595	AED 472,445	AED 510,540	AED 551,707	AED 596,192	AED 644,265
% from total revenues		11%	16%	16%	16%	16%	16%
Amortization/Depreciation		AED (14,084)	AED (4,291)	AED (3,433)	AED (2,746)	AED (2,746)	AED (2,746)
Earnings Before Interest & Taxes (EBIT)		AED 296,511	AED 468,154	AED 507,107	AED 548,960	AED 593,446	AED 641,519
Less : Finance cost		AED (6,766)	AED (8,119)	AED (9,743)	AED (11,692)	AED (14,030)	AED (16,836)

Add: Other Income		AED 59,427	AED 64,219	AED 69,397	AED 74,993	AED 81,040	AED 87,574
Earning Before Tax (EBT)		AED 349,172	AED 524,254	AED 566,761	AED 612,261	AED 660,456	AED 712,257
Corporate tax @ 9%	Note 2	AED -	AED (47,183)	AED (51,009)	AED (55,104)	AED (59,441)	AED (64,103)
Net Income (EB)		AED 349,172	AED 477,071	AED 515,753	AED 557,158	AED 601,015	AED 648,154
% from total revenues		13%	16%	16%	16%	16%	16%

Note 1:

The above-mentioned data was provided by the management of DAVIS Interior Design and is sourced from the 2020 to 2024 audited financial statements. Our projections are based on the country's inflation rate and industry growth rate.

Note 2:

Businesses with an income of AED 375,000 or below incur a 0% tax rate, while those earning more than AED 375,000 are subject to a 9% tax rate.

9.5. Projected Cashflow Statement

Description	Actual 2024	Forecasted 2025	Forecasted 2026	Forecasted 2027	Forecasted 2028	Forecasted 2029
Cash Flow from Operating Activities						
Profit Before Tax	AED 349,172	AED 524,254	AED 566,761	AED 612,261	AED 660,456	AED 712,257
Adjustment for:						
Finance Cost	AED -	AED 8,119	AED 9,743	AED 11,692	AED 14,030	AED 16,836
Depreciation	AED 14,084	AED 4,291	AED 3,433	AED 2,746	AED 2,746	AED 2,746
Operating gain before working capital changes	AED 363,256	AED 536,664	AED 579,937	AED 626,699	AED 677,232	AED 731,840
Change in Current Assets	AED (116,081)	AED (185,994)	AED (24,693)	AED (26,658)	AED (28,779)	AED (31,070)
Change in Current Liabilities	AED (25,627)	AED 14,575	AED 16,033	AED 17,636	AED 19,400	AED 21,340
Cash used / generated in operations	AED 221,548	AED 365,245	AED 571,276	AED 617,677	AED 667,853	AED 722,109
Less: Employees end of Service benefits and Advance paid	AED -	AED (8,119)	AED (9,743)	AED (11,692)	AED (14,030)	AED (16,836)
Tax paid	AED -	AED -	AED (47,183)	AED (51,009)	AED (55,104)	AED (59,441)
Net Cash (Outflows)/ Inflows for Operating Activities	AED 221,548	AED 357,126	AED 514,350	AED 554,977	AED 598,719	AED 645,832
Cash Flow from Investing Activities						
Purchase of Property &	AED -	AED -	AED -	AED -	AED -	AED -

Equipment						
Net Cash (Outflows)/Inflows from Investing Activities	AED -	AED -	AED -	AED -	AED -	AED -
Cash Flow from Financing Activities						
Long Term Loan	AED -	AED -	AED -	AED -	AED -	AED -
Share Capital	AED -	AED -	AED -	AED -	AED -	AED -
Shareholders current account	AED -	AED (204,493)	AED (306,739)	AED (460,108)	AED (690,162)	AED (1,035,243)
Net Cash Inflows from Financial Activities	AED -	AED (204,493)	AED (306,739)	AED (460,108)	AED (690,162)	AED (1,035,243)
Net Increase/(Decrease) in Cash Flows during the Year	AED 221,548	AED 152,633	AED 207,612	AED 94,869	AED (91,443)	AED (389,411)
Cash and Bank at Start of the Year	AED 246,813	AED 468,361	AED 620,994	AED 828,606	AED 923,475	AED 832,032
Cash and Bank at End of the Year	AED 468,361	AED 620,994	AED 828,606	AED 923,475	AED 832,032	AED 442,621

Note 1:

The above-mentioned data was provided by the management of DAVIS Interior Design and is sourced from the 2020 to 2024 audited financial statements. Our projections are based on the country's inflation rate and industry growth rate.

9.6. Financial Analysis

Projected Income Statement	Actual	Forecasted	Forecasted	Forecasted	Forecasted
	2025	2026	2027	2028	2029
Revenue	AED 2,953,704	AED 3,191,871	AED 3,449,242	AED 3,727,366	AED 4,027,916
Less: Cost of Revenue	AED (1,507,205)	AED (1,628,736)	AED (1,760,066)	AED (1,901,986)	AED (2,055,350)
Gross Profit	AED 1,446,499	AED 1,563,135	AED 1,689,176	AED 1,825,380	AED 1,972,566
Total General and Administrative Expenses	AED (974,054)	AED (1,052,595)	AED (1,137,469)	AED (1,229,187)	AED (1,328,301)
Earnings before Interest, Taxes, Depreciation & Amortization (EBITDA)	AED 472,445	AED 510,540	AED 551,707	AED 596,192	AED 644,265
Depreciation & Amortization	AED (4,291)	AED (3,433)	AED (2,746)	AED (2,746)	AED (2,746)
Earnings Before Interest & Tax (EBIT)	AED 468,154	AED 507,107	AED 548,960	AED 593,446	AED 641,519
Less: Finance cost	AED (8,119)	AED (9,743)	AED (11,692)	AED (14,030)	AED (16,836)
Earning Before Tax (EBT)	AED 460,035	AED 497,364	AED 537,269	AED 579,416	AED 624,683
Provision for taxation @ 9%	AED (47,183)	AED (51,009)	AED (55,104)	AED (59,441)	AED (64,103)
Net Income (EB)	AED 412,852	AED 446,356	AED 482,165	AED 519,975	AED 560,580

Description	Industry Standard	2025	2026	2027	2028	2029
Profitability Ratios						
Sale	100%	100%	100%	100%	100%	100%
Cost of Sale Ratio	70% - 85%	51%	51%	51%	51%	51%
Gross Profit Margin	> 30%	49.0%	49.0%	49.0%	49.0%	49.0%
Operating Expenses ratio	10% - 15%	33%	33%	33%	33%	33%
Operating Income or Operating Profit Margin	> 10%	16%	16%	16%	16%	16%
Net Income or Net Profit Margin	> 5%	14%	14%	14%	14%	14%
Return on Assets (ROA)	> 0.2	43%	38%	37%	42%	64%
Return on Investment (ROI)	> 0.2	-67%	-49%	-35%	-25%	-18%
Return on equity (ROE)	> 0.2	64%	54%	53%	63%	113%
Return on Capital Employed (ROCE)	> 0.2	71%	59%	58%	69%	124%

Return on Invested Capital						
Operating Cash Flow Ratio	> 1	1.7	2.3	2.2	2.2	2.2
EBITDA Margin	>10%	16%	16%	16%	16%	16%
EBIT Margin	>10%	16%	16%	16%	16%	16%
Corporate Tax Ratio	< 5%	2%	2%	2%	2%	2%

Projected Balance Sheet	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
	2025	2026	2027	2028	2029
Non-Current Assets	AED 17,163	AED 13,731	AED 10,984	AED 8,238	AED 5,492
Current Assets	AED 933,899	AED 1,166,204	AED 1,287,731	AED 1,225,067	AED 866,726
Total Assets	AED 951,063	AED 1,179,935	AED 1,298,716	AED 1,233,306	AED 872,218
Non-Current Liabilities	AED -	AED -	AED -	AED -	AED -
Current Liabilities	AED 207,510	AED 227,368	AED 249,099	AED 272,836	AED 298,838
Total Equity	AED 743,553	AED 952,567	AED 1,049,616	AED 960,469	AED 573,380
Total Equity and Liabilities	AED 951,063	AED 1,179,935	AED 1,298,716	AED 1,233,306	AED 872,218

Efficiency Ratios	2025	2026	2027	2028	2029
Fixed Assets Turnover	172.1	232.5	314.0	452.4	733.4
Total Asset Turnover	3.1	2.7	2.7	3.0	4.6
Inventory Turnover	N/A	N/A	N/A	N/A	N/A
Accounts Receivable Turnover	N/A	N/A	N/A	N/A	N/A
Accounts Payable Turnover	N/A	N/A	N/A	N/A	N/A

Liquidity Ratios	2025	2026	2027	2028	2029
Current Ratio	4.5	5.1	5.2	4.5	2.9
Quick Ratio / Acid Test Ratio	4.5	5.1	5.2	4.5	2.9
Working Capital Ratio	4.5	5.1	5.2	4.5	2.9

Cash Ratio	1.7	2.3	2.2	2.2	2.2
Cash return on Assets	0.4	0.4	0.4	0.5	0.7
Operating Cash Flow Ratio	1.7	2.3	2.2	2.2	2.2

Solvency Ratios	2025	5	5	4	3
Debt to Equity ratio	N/A	N/A	N/A	N/A	N/A
Total Assets to Debt ratio	N/A	N/A	N/A	N/A	N/A
Debt to Asset Ratio	N/A	N/A	N/A	N/A	N/A
Financial Leverage Ratio	N/A	N/A	N/A	N/A	N/A
Fixed Charge Ratio	N/A	N/A	N/A	N/A	N/A
Interest Coverage Ratio	N/A	N/A	N/A	N/A	N/A

9.7. Appendix A Forecasted Revenue

Description	Audited 2024	Forecasted 2025	Forecasted 2026	Forecasted 2027	Forecasted 2028	Forecasted 2029
Forecasted Revenue						
Sales - Accessories	AED 247,304	AED 267,245	AED 288,794	AED 312,080	AED 337,244	AED 364,437
Sales - Consultation and Design Fee	AED 674,308	AED 728,680	AED 787,436	AED 850,929	AED 919,542	AED 993,688
Sales - Furniture	AED 1,811,696	AED 1,957,779	AED 2,115,641	AED 2,286,233	AED 2,470,579	AED 2,669,790
Total Forecasted Revenue	AED 2,733,308	AED 2,953,704	AED 3,191,871	AED 3,449,242	AED 3,727,366	AED 4,027,916

Description	Audited 2024	Forecasted 2025	Forecasted 2026	Forecasted 2027	Forecasted 2028	Forecasted 2029
Forecasted Other Income						
Other Income	AED 59,427	AED 64,219	AED 69,397	AED 74,993	AED 81,040	AED 87,574
Total Other Income	AED 59,427	AED 64,219	AED 69,397	AED 74,993	AED 81,040	AED 87,574

Note 1:

The above-mentioned data was provided by the management of DAVIS Interior Design and is sourced from the 2020 to 2024 audited financial statements. Our projections are based on the country's inflation rate and industry growth rate.

9.8. Appendix B Cost of Revenue

Description	Actual		Forecasted		Forecasted		Forecasted		Forecasted		Forecasted	
	2024		2025		2026		2027		2028		2029	
Cost of Revenue												
Cost of Revenue	AED	1,521,340	AED	1,507,205	AED	1,628,736	AED	1,760,066	AED	1,901,986	AED	2,055,350
Total Cost of Revenue	AED	1,521,340	AED	1,507,205	AED	1,628,736	AED	1,760,066	AED	1,901,986	AED	2,055,350

Note 1:
The above-mentioned data was provided by the management of DAVIS Interior Design and is sourced from the 2020 to 2024 audited financial statements. Our projections are based on the country’s inflation rate and industry growth rate.

9.9. Appendix C Operating Expenses

Description		Actual	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
	Notes	2024	2025	2026	2027	2028	2029
Operating Expenses							
General & Admin Expense	1	AED 901,373	AED 974,054	AED 1,052,595	AED 1,137,469	AED 1,229,187	AED 1,328,301
Total General & Admin Expense		AED 901,373	AED 974,054	AED 1,052,595	AED 1,137,469	AED 1,229,187	AED 1,328,301

Note 1:

The above-mentioned data was provided by the management of DAVIS Interior Design and is sourced from the 2020 to 2024 audited financial statements. Our projections are based on the country’s inflation rate and industry growth rate.

9.10. Weighted Average Cost of Capital (WACC)

Weighted Average Cost of Capital (WACC)

Weighted Average Cost of Capital (WACC) - Build-Up approach (Base WACC)	16.74%
Weighted Average Cost of Capital (WACC) - Expanded CAPM	14.74%

WACC - (Build-Up approach) for Income Approach Method	
Highest Valuation Using Lowest WACC under Income Approach Method	13.74%
Medium Valuation Using Base WACC under Income Approach Method	16.74%
Lowest Valuation Using Higher WACC under Income Approach Method	19.74%

Capital Structure Calculations (Note 1)	
Debt	0%
Equity	100%
Total	100%

Note 1: Equity & Debt Component			
Debt	AED	-	0%
Equity*	AED	470,974	100%
Total	AED	470,974	100%

*Company's equity comprises of Owners' capital account.

Build-Up Approach: Required Rate of Return on Equity (Cost of Equity)

Risk free rate	4.24%
Equity risk premium	3.00%
Industry risk premium (Note 3)	3.00%
Company specific risk (Note 5)	2.50%
Protection Risk	2.00%
Indicated return on equity	14.74%
<i>Liquidity Risk Premium Calculations</i>	
Liquidity Risk premium for Private company (Note 6)	2.00%
Total Cost of Equity	16.74%
Cost of Debt (Kd)	0.00%
Weighted Average Cost of Capital (WACC) - Build-Up approach	16.74%

Expanded CAPM: Required Rate of Return on Equity (Cost of Equity)	
Risk- free rate	4.24%
Equity risk premium adjusted for beta (Note 4)	3.00%
Company specific risk (Note 5)	2.50%
Small Stock Premium (Note 3)	3.00%
Indicated return on equity	12.74%
<i>Liquidity Risk Premium Calculations</i>	
Liquidity Risk premium for Private company (Note 6)	2.00%
Total Cost of Equity (Ke)	14.74%
Cost of Debt (Kd)	0.00%
WACC - Expanded CAPM	14.74%

Terminal Rate Calculation	Buildup Approach	Expanded CAPM
WACC or Discount Rate (Note 2)	16.74%	14.74%

Less: Long Industry Term Growth rate	5.76%	5.76%
Capitalization rate	10.97%	8.97%

BETA CALCULATION FOR COMPARABLE COMPANIES

Beta , Risk Premium , Lack of Discount Control & Lack of Marketability Calculations

Comparable Services Companies

Description	Ethan Allen Interiors Inc. (ETD)	Maruti Interior Products Limited	Ruentex Interior Design Inc.	Average
Beta - Equity (Levered Beta)	1.18	(1.51)	0.63	0.10
Debt	129	59	91	93
Equity	483	306	886	558
D/E	0.27	0.19	0.10	0.19
Effective Corporate Tax Rate	21%	25%	20%	22%
Beta - Assets (Unlevered Beta)	0.97	(1.32)	0.58	0.08
Beta Asset Adjusted for mean reversion				0.39
Beta equity				0.39

Beta Calculations	
Average Beta Equity - Unlevered - comparable companies	0.08
Beta Equity of DAVIS Interior Design (adjusted)	0.39
Risk free rate	4.24%

Statistics for UAE Country - Risk Premiums	UAE
GDP (in Billions)	\$568.57
Moody's rating	Aa2
Adj. Default Spread	0.49%
Equity Risk Premium	4.99%
Country Risk Premium	0.66%

Small size Company	5.00%
Risk Free Rate	
UAE	4.24%

Lack of Controllability and Marketability Discount for Private Companies	
Lack of Controllability Discount	15%
Lack of Marketability Discount	15%

Discount rate for private Companies		%
Min	Note 7	22%
Max	Note 7	28%
Average	Note 7	25%

Note 2: WACC Formula
The Weighted Average Cost of Capital (WACC) formula calculates the average cost of capital for a company, taking into account the proportion of each type of capital used. The formula is as follows: $WACC = (E/V) * Re + (D/V) * Rd * (1 - Tc)$ Where: WACC represents the Weighted Average Cost of Capital. E/V is the proportion of equity (E) to the total market value of the company (V). Re is the cost of equity. D/V is the proportion of debt (D) to the total market value of the company (V). Rd is the cost of debt. Tc is the corporate tax rate. In this formula, the cost of equity (Re) and the cost of debt (Rd) are typically calculated separately using different methods. The proportion of equity (E/V) and the proportion of debt (D/V) are determined by the market values of equity and debt, respectively. It's worth noting that the WACC formula assumes a company's capital structure is composed of equity and debt only, and it doesn't account for other sources of financing, such as preferred stock or hybrid securities.

Note: 3

Industry risk premium, and Small stock premium are considered in calculation of WACC incase of a private company (as the private company investment is more risky as compared to a public company). These risk percentage can be between 2% - 10% subjective to our judgment. And we have considered 2% each.

Note: 4

Beta Equity of the DAVIS Interior Design is 0.39 (also the Adjusted beta asset) and equity risk premium is 3% therefore the equity risk premium adjusted for Beta is 0.01

Note: 5

We attempted to identify comparable companies listed in the UAE; however, we were unable to find suitable matches. The companies we did find were well-established, leading us to increase the perceived risk in our analysis.

Note: 6

As the DAVIS Interior Design is a private company, the liquidity risk factor while calculating the WACC is set at 2% as the Company lacks public company status and is unable to sell its shares in private market easily.

Note: 7

The AICPA “Stock Practice Aid” comments on risk reductions in pre- IPO and IPO companies as follows: “The cost of equity capital for a private enterprise prior to its IPO generally ranges from 20 to 35 percent,” in paragraph 117; and in paragraph 119, “By contrast, the cost of equity capital for a newly public enterprise generally ranges from 15 to 25 percent.”

Sources :

UAE equity risk premiums	https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html
Ethan Allen Interiors Inc. (ETD)	https://finance.yahoo.com/quote/ETD/key-statistics/
Maruti Interior Products Limited	https://finance.yahoo.com/quote/SPITZE.BO/key-statistics/
Ruentex Interior Design Inc.	https://finance.yahoo.com/quote/6881.TWO?.tsrc=fin-srch
Discount rate for private firm	https://www.cfainstitute.org/en/research/cfa-digest/2013/05/private-equity-performance-and-liquidity-risk-digest-summary
Risk free rate	https://www.centralbank.ae/en/forex-eibor/eibor-rates/
Aswath Damodaran	https://pages.stern.nyu.edu/~adamodar/

9.11. Weighted Average Cost of Capital (WACC) - Methodology

Cost of Equity - Expanded CAPM

The expanded Capital Asset Pricing Model (CAPM) is an extension of the traditional CAPM, which takes into account additional risk factors beyond the market risk. One of the key components of the expanded CAPM is the cost of capital.

The cost of capital represents the required return that investors expect to receive for investing in a particular asset or project. It is a measure of the opportunity cost of using capital in one investment instead of another with similar risk. In the expanded CAPM, the cost of capital is calculated by incorporating various risk factors that affect the expected returns.

To determine the cost of capital in the expanded CAPM, the formula is as follows:

$$\text{Cost of Capital} = \text{Risk-Free Rate} + \text{Beta} \times (\text{Market Risk Premium} + \text{Risk Factor Premiums})$$

Here's a breakdown of the components:

1. **Risk-Free Rate:** This is the return expected from a risk-free investment, such as a government bond. It represents the time value of money and serves as a baseline for calculating the cost of capital.
2. **Beta:** Beta measures the sensitivity of an asset's returns to the overall market returns. It represents the asset's systematic risk or volatility relative to the market. A higher beta implies higher risk and, consequently, a higher cost of capital.
3. **Market Risk Premium:** It reflects the additional return required by investors for bearing the systematic risk of the overall market. It is calculated by subtracting the risk-free rate from the expected market return.
4. **Risk Factor Premiums:** These represent additional risk factors beyond the market risk that impact the expected returns. These factors can include industry-specific risks, economic conditions, inflation rates, exchange rates, or other relevant variables. Each factor is assigned a premium based on its impact on the asset's expected returns.

By incorporating these additional risk factors and their respective premiums into the cost of capital calculation, the expanded CAPM provides a more comprehensive framework for evaluating investments. It acknowledges that the market risk alone is not sufficient to capture all the

relevant risks faced by investors and helps determine a more accurate expected return for a given investment opportunity.

Cost of Capital - Build-up Approach

The build- up approach was introduced in the reading on return concepts. When guideline public companies (public company comparable for the company being valued) are not available or of questionable comparability, appraisers may rely on a build- up method rather than the CAPM or other models. The build- up method is similar to the expanded CAPM but excludes the application of beta to the equity risk premium. Many view betas that are different from 1.0 as substantially reflecting industry risk factors and thus do not include an industry risk premium in the expanded CAPM. In the build- up model, in which beta is implicitly assumed equal to 1.0, an argument exists to include an industry risk adjustment (premium or discount), although there are challenges in measuring industry risk adjustments. As the baseline implementation of the build- up model, we take the model with an industry risk adjustment.

Build- Up Method: Required Rate of Return on Equity		Expanded CAPM: Required Rate of Return on Equity	
Risk- free rate	4.8%	Risk- free rate	4.8%
Plus: Equity risk premium	5.0%	Plus: Equity risk premium adjusted for beta*	5.5%
Plus: Small stock premium	3.0%	Plus: Small stock premium	3.0%
Plus: Industry risk premium	0.0%	Plus: Company- specific risk adjustment	1.0%
Plus: Company- specific risk adjustment	1.0%		
Indicated return on equity	13.8%	Indicated required return on equity 14.3%	14.3%

Estimating BETA for non-traded companies

- Beta for a Non- Traded Company
- Step 1
- Select the benchmark (comparable)
- Step 2

Estimate benchmark's beta
Step 3
Unlever the benchmark's beta
Step 4
Lever the beta to reflect the
subject company's financial leverage

BETA computation method

Beta estimation for thinly traded stocks and non-public companies involves a 4-steps procedure. If ABC is the non-public company the steps are:

Step 1: Identify a benchmark company, which is publicly traded and similar to ABC in its operations.

Step 2: Estimate the beta of that benchmark company, which we will denote XYZ. This can be done with a regression analysis.

Step 3: Unlever the beta estimate for XYZ with the formula:

unlevered beta for XYZ = $(\text{beta of XYZ}) \times 1 / [1 + \text{debt of XYZ} / \text{equity of XYZ}]$

Step 4: Lever up the unlevered beta for XYZ using the debt and equity measures of ABC to get an estimate of ABC's beta for computing the required return on ABC's equity:

estimate of beta for ABC = $(\text{unlevered beta of XYZ}) \times [1 + \text{debt of ABC} / \text{equity of ABC}]$

9.12. General Assumptions - Business Valuation

Growth rate		
Country Growth rate	4.36%	UAE GDP Growth rate for the Year 2024 is considered as terminal growth rate for valuation purposes. Usually it should range between 2-5%.
Industry Growth Rate		
Home Décor Industry Growth rate (0-5 Years)	2.96%	In the United Arab Emirates, the revenue generated in the Home Décor Market Segment amounts to US\$582.80m in 2024. It is projected that this market will experience an annual growth rate of 2.96% (CAGR 2024-2028).
Interior Design/ Decoration Industry Growth rate (0-5 Years)	6.79%	The United Arab Emirates (UAE) interior design market is projected to grow significantly, reaching an estimated USD 4.97 billion by 2030, with a CAGR of 6.79% from 2025 to 2030.
Furniture Industry Growth rate (0-5 Years)	7.54%	The GCC Furniture Market size is estimated at USD 14.52 billion in 2024, and is expected to reach USD 20.88 billion by 2029, growing at a CAGR of 7.54% during the forecast period (2024-2029).
Average Industry Growth Rate	5.76%	There are different growth rates attributed to the home décor, interior design, and furniture industries. Therefore, we opted for an average growth rate

Projected Income Statement Assumptions		
Revenue	8%	Revenue is projected to growth by 8.06%in forecasted Years as per the CAGR of the Company and respective Industry plus Inflation.
Cost of Revenue	51%	Cost of Revenue is projected to growth by 51.03%in forecasted Years as per the CAGR of the respective Industry plus Inflation.
General and Admin Expenses	33%	General and Admin Expenses is projected to growth by 32.98%in forecasted Years as per revenue

Other General Assumptions

Corporate tax	9%	The UAE has introduced the lowest corporate income tax rate within the GCC region at a standard rate of 9%.
VAT	5%	A VAT of 5 per cent is levied at the point of sale in UAE
UAE projected Inflation Rate	2.30%	United Arab Emirates: Expected Inflation rate in 2024

<i>DAVIS Interior Design Historical Data Growth Rate</i>	CAGR 2020- 2024	Audited 2020	Audited 2021	Audited 2022	Audited 2023	Actual 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
Revenue <i>Growth Rate</i>	3%	-	15%	-7%	4%	7%	8%	8%	8%	8%	8%
Cost of Good Sold % from total Revenue	51%	55%	51%	41%	57%	56%	-1%	8%	8%	8%	8%
General & Admin Expense % from total Revenue	40%	10%	13%	18%	24%	33%	8%	8%	8%	8%	8%

Inflation	https://www.statista.com/statistics/297779/uae-inflation-rate/
Terminal growth	https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=AE
Corporate tax	https://home.kpmg/ae/en/home/services/tax/corporate-tax-in-the-uae.html
CAGR:	
Home Décor	
Industry	https://www.statista.com/outlook/cmo/furniture/home-decor/united-arab-emirates
Interior Design/	https://www.mordorintelligence.com/industry-reports/united-arab-emirates-interior-design-market/market-size#:~:text=UAE%20Interior%20Design%20Market%20Analysis,period%20(2024%2D2029).
Decoration	
Furniture	https://www.statista.com/outlook/cmo/furniture/united-arab-emirates#:~:text=In%202024%2C%20the%20Furniture%20market,(CAGR%202024%2D2028).
Industry	https://www.swissre.com/institute/research/sigma-research/Economic-Outlook/uae-economic-outlook-2024.html#:~:text=We%20forecast%20the%20UAE%20economy,construction%2C%20tourism%20and%20infrastructure%20spen
UAE CAGR	
VAT Rate	https://tallysolutions.com/mena/uae-vat/vat-rate-list-in-uae/#gref
UAE GDP	https://www.reuters.com/world/middle-east/uaes-gdp-grew-37-first-half-2023-supported-by-non-oil-sector-2023-11-01/

UAE GDP	
Growth Rate	https://wam.ae/article/b1k7o1n-uaes-real-gdp-grow-53-percent-2024-sp-global
Interest rate in UAE	https://tradingeconomics.com/united-arab-emirates/interest-rate
Risk free rate	https://www.centralbank.ae/en/forex-eibor/eibor-rates/

Discounted Cash Flow Methods (DCF)

These methods stem out of the widely applied Discounted Cash Flow, based on discounting future cash flows for an array of risk factors, for which the formula is illustrated below.

Discount Rate

The discount rate used is the Weighted Average Cost of Capital (WACC). Being the debt in private companies (when present) not tradable, the WBS Management Consultant assumes that the WACC is equal to the cost of Equity. The cost of Equity is then calculated with the CAPM formula, that is: **Risk free rate + B (Market Returns - risk free rate)**

Data Source :

Risk free rate = The nominal interest rates of 10 Years Government Securities of each Country .

Beta

B = indicates how the industry of the company relates to the market in terms of risk. If the industry is more volatile than the market, then the risk but also the expected returns are higher, and vice versa.

Risk Premium of the Market

Market Risk Premium = determined according to the Country where the Company is based. It is Calculated on a biannual basis by Professor Aswath Damodaran by Subtracting the risk free rate to the last 12 Months returns of the stock market in the Country.

Illiquidity Discount

The illiquidity discount is applied to take into account the risk of being unable to resell the stocks of the company due to the lack of a market for private companies. It is computed by Equidam based on research on private companies' share liquidity and it is updated annually.

Why this growth rate ?

The growth rate assumes the company will grow at that pace in perpetuity and it can not be higher than the GDP growth rate of a certain country, as this would mean that the company will outpace the country and eventually become bigger than the country itself.

Terminal Value

Terminal value is the present value of cash flows beyond the explicit projected period to perpetuity. It is arrived at by applying a perpetuity growth rate to the cash flows of the Company, adjusting them for any increase/decrease in future CAPEX and working capital requirements, and then discounting the terminal value cash flow with the terminal discount rate.

Equity and Liabilities					
Equity					
Share Capital	AED -	AED -	AED -	AED -	AED -
Retained Earnings	AED 863,473	AED 1,010,099	AED 2,008,460	AED 530,787	AED 879,959
Shareholders current account	AED (863,473)	AED (489,205)	AED (826,418)	AED (408,985)	AED (408,985)
Total Equity	AED -	AED 520,894	AED 1,182,042	AED 121,802	AED 470,974
<i>% from next year revenues</i>	<i>0%</i>	<i>19%</i>	<i>46%</i>	<i>4%</i>	<i>17%</i>
Non-Current Liabilities					
Provision for Gratuity	AED -	AED -	AED -	AED -	AED -
Loan from a related party	AED -	AED -	AED -	AED -	AED -
Total Non-Current Liabilities	AED -	AED -	AED -	AED -	AED -
<i>% from next year revenues</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>
Current Liabilities					
Due to a related party	AED -	AED -	AED -	AED -	AED -
Trade and other payables	AED 556,174	AED 61,033	AED 140,402	AED 171,379	AED 145,752
Total current liabilities	AED 556,174	AED 61,033	AED 140,402	AED 171,379	AED 145,752
<i>% from next year revenues</i>	<i>23%</i>	<i>2%</i>	<i>5%</i>	<i>6%</i>	<i>5%</i>
Total Equity & Liabilities	AED 556,174	AED 581,927	AED 1,322,444	AED 293,181	AED 616,726

Historical Data Cash Flow

Description	Audited 2020	Audited 2021	Audited 2022	Audited 2023	Audited 2024
Cash Flow from Operating Activities					
Profit Before Tax	AED 863,473	AED 1,010,099	AED 998,361	AED 522,327	AED 349,172
Adjustment for:					
Amortization	AED -	AED -	AED -	AED -	AED -
Depreciation	AED -	AED 10,399	AED 10,399	AED 14,084	AED 14,084
Operating gain before working capital changes	AED 863,473	AED 1,020,498	AED 1,008,760	AED 536,411	AED 363,256
Change in Current Assets	AED (43,200)	AED (26,955)	AED (812,311)	AED 871,636	AED (116,081)
Change in Current Liabilities	AED 556,174	AED (495,141)	AED 79,369	AED 30,977	AED (25,627)
Cash used / generated in operations	AED 1,376,447	AED 498,402	AED 275,818	AED 1,439,024	AED 221,548
Less: Employees end of Service benefits and Advance paid	AED -	AED -	AED -	AED -	AED -
Net Cash (Outflows)/ Inflows for Operating Activities	AED 1,376,447	AED 498,402	AED 275,818	AED 1,439,024	AED 221,548
Cash Flow from Investing Activities					
Purchase of Property & Equipment	AED -	AED (51,955)	AED -	AED (18,425)	AED -
Net Cash (Outflows)/Inflows from Investing Activities	AED -	AED (51,955)	AED -	AED (18,425)	AED -
Cash Flow from Financing Activities					

Dividend	AED -	AED (863,513)	AED -	AED (2,000,000)	AED -
Shareholders current account	AED (863,473)	AED 374,268	AED (337,213)	AED 417,433	AED -
Net Cash Inflows from Financial Activities	AED (863,473)	AED (489,245)	AED (337,213)	AED (1,582,567)	AED -
Net Increase/(Decrease) in Cash Flows during the Year	AED 512,974	AED (42,798)	AED (61,395)	AED (161,968)	AED 221,548
Cash and Bank at Start of the Year	AED -	AED 512,974	AED 470,176	AED 408,781	AED 246,813
Cash and Bank at End of the Year	AED 512,974	AED 470,176	AED 408,781	AED 246,813	AED 468,361

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