



INVESTMENT MEMORANDUM

Purpose of the Document

Its purpose is to **fully address the fundamental questions raised by investors** after reviewing the core business plan:

- Why the market is ready *now*
- Why VELTO has a structural competitive advantage
- How value and profit are generated
- How an investor enters the project
- How an investor earns returns
- What exit scenarios exist
- What risks are present and how they are managed

This memorandum is prepared for:

- strategic investors
 - investment funds
 - industrial partners
 - ESG-oriented institutions
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1. Ownership Structure and Management Team

Company:

VELTO Technologies Ltd
(UK registration in progress)

The company is founded by **three co-founders with equal ownership and equal rights**.

Founding Team

Firuz Latipov

Founder & CEO, Managing Director

Responsible for corporate strategy, development of the global VELTO platform, governance, investor relations, and international partnerships.

Anvar Mirzayev

Co-Founder & Chief Global Commercialization Officer

Responsible for global commercialization, B2B sales, international market entry, distributor networks, and key commercial contracts.

Azamat Sharipov

Co-Founder & Chief Technology & Manufacturing Architect

Responsible for TCB technology architecture, manufacturing processes, factory scaling, and CAPEX / OPEX efficiency.

Operational Track Record

All founders are also co-founders of **Asia Silk Wallpaper**, an operating company that:

- processes textile waste;
- manufactures decorative wall coatings and acrylic materials;
- exports products to Kazakhstan, Kyrgyzstan, Tajikistan, and Russia.

✦ **VELTO is built by an operating industrial team, not a theoretical startup.**

2. Intellectual Property (IP) and Regulatory Strategy

IP Approach

VELTO **does not rely on a single blocking patent.**

Project protection is based on:

- proprietary process know-how;
- material formulations and pressing parameters;
- industrial-scale replication complexity;
- integrated textile-waste-to-material production architecture.

Planned Actions

After stabilization of **Phase I**:

- filing of selective process and technology patents;
- trademark registrations;
- obtaining mandatory environmental and product certifications for the EU and US.

✦ Lack of a patent at the initial stage **does not restrict commercialization** or create legal barriers.

3. Competitive Landscape and Freedom to Operate

Can anyone prohibit VELTO from operating?

No.

- There is no patent monopoly on textile-composite boards;
- The alternative MDF/HDF category is legally open;
- Competition is economic and operational, not legal.

Actual Competitive Environment

Existing alternatives are:

- laboratory-scale;
- pilot projects;
- economically unstable;
- not integrated into mass production.

VELTO:

- is the first industrially scalable platform;
- is capable of genuinely replacing MDF/HDF in core applications.

4. Market Readiness — The Key Investor Question

The global MDF/HDF/OSB market exceeds **USD 110–115 billion annually**.

Structural Pressure on the Market

- timber shortages and 40–80% price increases;
- tightening EUDR and formaldehyde regulations;
- ESG compliance is now mandatory for developers and funds;
- manufacturers increasingly lose access to financing without compliance.

✦ The market is **not waiting for alternatives** — it is **forced to adopt them**.

Why Alternatives Failed Before

- high production costs;
- unstable raw materials;
- lack of scalable industrial models;
- incompatibility with mass-market products.

Why TCB Is a Timely Solution

- globally available raw material (textile waste);
- industrial scalability;
- compatibility with existing infrastructure;
- one solution addressing two global crises.

✦ This is **not a future market** — it is a market already in pain.

5. Commercialization and Sales Logic

VELTO does not hide material composition and does not rely on market ignorance.

Who Makes Purchasing Decisions

Decisions are made by:

- manufacturers;
- developers;
- contractors;
- distributors;
- procurement committees.

Key decision criteria:

- zero formaldehyde content;
- environmental profile;
- cost stability;
- standards compliance;
- reproducible quality.

Sales Model

Two parallel tracks:

1. **Finished Products**
FLOOR / DOOR / FURNITURE / WALL
→ fast market entry, existing channels, scalable demand.
2. **TCB CORE as a Material**
→ tenders, OEM contracts, green projects, industrial manufacturers.

✦ **TCB itself is the core sales argument**, not a hidden component.

6. Financial Architecture and CAPEX Logic

CAPEX Is Phased, Not One-Time

Total CAPEX: USD 10.5–18.5 million

Investments are:

- deployed in phases;
- into one integrated factory;
- without capacity duplication.

Phase I — positive operating cash flow.

Phase II — capacity and product expansion.

Phase III — product-mix optimization and higher CORE share
(without building a new plant).

7. Revenue, Profitability, and Cash Flow

At mature utilization:

- Revenue: **USD 27–33 million / year**
- EBITDA: **~USD 12.7 million / year**
- Net operating cash flow: **USD 8–10 million**
- Break-even: **12–18 months**
- Phase I payback: **2–3 years**

ROI:

- Phase I: 33–55%
 - Phase II: 70–120%
 - Phase III: 120–140%
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8. How the Investor Earns Returns

Investor returns are generated through:

- operating profit participation;
- dividend distributions;
- equity value appreciation;
- strategic transactions.

✦ This is a **cash-flow-driven investment**, not price speculation.

9. Investor Entry

Entry Formats

- equity participation;
- convertible instruments;
- strategic co-investment by region or product line.

✦ The project is **not geographically limited to Uzbekistan**.
Production can be launched in the US, EU, China, India, or other regions.

10. Investor Exit

Exit Scenarios

1. sale to a strategic industry player;
2. secondary buyout by a fund;
3. dividend-focused holding model;
4. regional spin-off projects.

✦ The investor is **not constrained to a single exit path**.

11. Risk Management

This is not a venture-stage experiment:

- raw materials are abundant;
- equipment is standard industrial;
- markets already exist;
- risks are operational and controllable.

✦ The project is closer to an **infrastructure-type asset** than a startup.

12. Final Investor Summary

VELTO is:

- a new industrial category, not a single factory;
- a structural response to global material crises;
- a scalable platform;
- a stable cash-flow generator;
- an investment with multiple entry and exit options.

✦ Risk decreases with each phase.

✦ Returns scale faster than CAPEX.

VELTO represents a long-term industrial investment platform for the 21st century.