

SCHOOL YEAR 2021/2022



THREECUBE

TEACHER: MGR. LINDA OZOLIŅA

LATVIA

THE YEARLY REPORT OF THREECUBE



MISSION

ThreeCube was started on the idea that education is the tool to change the world. We are an educational tech toys company that creates learning experiences for young children, utilizes miniature toys, augmented reality solutions, and gaming experiences. Our objective is to facilitate the acquisition of complex knowledge and skills through fun and engaging learning methods.



PRODUCT

We have developed a learning solution, combining an app and 3D toy minifigures that support children in developing knowledge in math, language, and art skills.

C-APP is an app that uses Augmented Reality technology. Kids can simulate a world in their living room. They explore the world from minifigures perspective. While exploring the world they find characters that give them visualized educational tasks in math, art, and English.



COMPANY VALUES

ThreeCube will always remain consistent with the values that the company defines. We believe that this company is here to change the world and revolutionize the process of learning. We want to create a world where every child is safe, sound and can be whoever they want to be. We give every child the courage to change the world around them.

By defining our values, we also support many initiatives around the world - supporting Ukrainian children, supporting LGBT+ youth, and many more.

COMPANY CONCEPT

ThreeCube's main purpose is to create innovative products that enrich children's lives by evoking their creativity. That is by developing high-tech products that are designed for kids and creating a space for children in which they not only play but also educate themselves.

We want kids to be able to express themselves and create better selves using the technology that they have at home.

Our business model is based on innovation and creating kid-friendly products. We want to create the best environment for kids to learn new things thus making their day more productive.

COMPANY PURPOSE

**FOUNDED
2021**

**1ST PLACE
JALATVIA
TECHTRACK
& FINAL**

**26 UNITS
SOLD**

**259,88€
PROFIT**

**EXPANSION
2022**

COMPANY OVERVIEW

COMPANY HISTORY

ThreeCube was founded on the 28th of September, 2021, by 4 students that wanted to revolutionize the learning process.

By analyzing consumer problems, the ThreeCube team managed to find a solution that can be solved by high-tech. The team created a vision for the future of education by creating a hybrid learning experience for kids ages 4 - 7 called SmartToys, which utilize given technologies and kid's imagination.

On the 10th of May, 2022, we started to work on expanding our business into Estonian and Finnish markets by establishing ThreeCube Estonia and ThreeCube Finland.

COMPANY STATUS AND FUTURE

Now we are spanning 2 markets and have a team of 10 members, who build ThreeCube as an internationally recognisable brand.

In September we are planning to fully be able to distribute and market our product in Estonia and Finland. To do this we have established good relations with our business partners from other student companies in these countries.

ThreeCube Estonia was established on June 6th, 2022, by establishing it, we have managed to successfully enter the Estonian market.

We are not stopping there, and in the future want to expand into VR technologies for university and high-school students to visualize given tasks and create ThreeCube Classroom, a platform for teachers.



PROBLEM THAT OUR COMPANY IS SOLVING

THE PROBLEM

The main problem is that many children waste their time on their phones and use mobile devices only for entertainment from an early age, and parents do not see opportunities to use them to develop and educate their children.

Our idea is based on revolutionizing the learning process, by using a hybrid learning experience. By combining high technologies and children's passion for playing, we have managed to create a unique platform, which not only uses the benefits that high technologies can give but also utilizes real-life elements - toy minifigures, which act as a friend for kids.

THE SOLUTION



MARKET AND MARKETING

ThreeCube operates fully in two markets - Latvia and Estonia. ThreeCube marketing is based on two parts - marketing for kids and marketing for parents and other people with income.

MARKETING FOR KIDS

We are in the process of making a cartoon for kids to promote our product, as well as creating small commercial clips, which include an app, to promote impulsive purchases.

By using Google ads, we want to promote our brand to kids ages 4 to 7 years old on the YouTube platform. We want to use local television in Latvia and Estonia, such as TV3 mini and Nickelodeon Baltics, to promote our product during morning cartoons, between 7 and 9 a. m.

Research shows that children ages 4 to 8 are exposed to more minutes of advertising than adults. By watching advertisements they are more impulsive to buy the product if they like it.

To solidify our brand name among kids, we want to realize the school environment through the commercialization of education. By sponsoring school events, gifting and creating school materials, and creating initiatives for gifts, we want to solidify our brand name to children in schools across Riga and Tallinn.

MARKETING FOR PARENTS AND PEOPLE WITH INCOME

By using social media, we want to create a trustworthy, interactive, and responsive way to market to parents, by inviting them into the conversation about playing and learning. Showing positive outcomes of the buying of the product - how the children are impacted with this product, and how he can express himself and embrace the company values that are mentioned above.

One of the things we want to develop is the support from other parents - by creating a parenting group on Facebook, we are working on solidifying the brand name in young parents' minds.

We want to market this group to young parents, through kindergartens and preschool activities in which children participate, by giving out flyers and inviting them into this group.

By posting exclusive tips and tricks on how to use our product differently, we want to make sure that parents become regular customers.

OPERATIONS DISTRIBUTION AND DELIVERY

These miniatures are manufactured and fully assembled in Latvia. The packaging includes acrylic paint and a brush, with which children can paint the minifigures and give them a unique design.

After manufacturing the minifigure, we package it in one of the uniquely designed packages.

We stick a sticker with a QR code, which contains all the necessary information to activate minifigure in the C-APP.



DELIVERY

Our website offers a wide range of delivery options from which the customer can choose - Latvijas pasts (Post of Latvia), DPD, Omniva, and others, that you can find locally.



WEBSITE AND E-STORE

We are currently focused on developing our website store in Latvia and Estonia. We have developed 3 websites for different audiences:

www.threecube.lv (for Latvian market),
www.threecube.ee (for Estonian market),
www.threecube.eu (for European market).

Our website store uses a technique called marketing funnels, which utilize marketing through social media and then shows off value proposition to customers.

CO-OPERATIONS WITH SCHOOLS AND KINDERGARTENS

We are currently in talks with 3 schools and kindergartens around Riga. We are planning to work with schools closely, starting in September 2022, to establish ThreeCube Classroom, the first website in Baltic states, which tracks students' progress in our learning platform and real-life tasks, which would be a future potential product for us.

We want to educate teachers on how to use our product in the learning process for 1st and 2nd grades. How to make learning more fun and engaging.

We are planning to expand into the educational market in the coming months and announce ThreeCube Classroom in March of 2023 for Latvia, Estonia, and Finland.

MANAGEMENT AND TEAM



ARTURS KORNEJEVS

THE CHIEF EXECUTIVE OFFICER

He was elected CEO by the management team on the 1st of October, 2021. Before that he worked on multiple projects and Student Companies. Having worked in the Municipal Youth Council, he gained knowledge in team leading and managing external relations.



OSKARS MALISKO

THE SENIOR VICE- PRESIDENT OF MARKETING

Having worked closely with the CEO on multiple projects, he gained knowledge in marketing and consumer relations. Before having worked on business and marketing projects, such as Riga Business School Greenhouse, he gained knowledge in team leading and marketing.



MAKSIMS RODINS

THE VICE-PRESIDENT OF COMMUNICATIONS AND RETAIL

Being one of the first people that joined the management team, he played a leading role in the creation of ThreeCube Estonia. He is our team's sporty member - before that having played in 3x3 basketball.



KRISTIAN'S ARTURS SELIS

THE VICE-PRESIDENT OF ENGINEERING

He oversees the entire ThreeCube's operations both in Latvia and Estonia. He is the head of engineering for all the SmartToys products, working on the design and manufacturing of minifigures.



THE THREECUBE TEAM

The main team consists of 10 people from Latvia and Estonia. Working in IT departments to Retail and Marketing departments. They have all previously worked or are currently working in other Student companies, they are all with a big knowledge about their work..

When doing market research, we found out that the toy market is very competitive, fixating on 3 main pillars - price, child and usefulness.

When looking at the price pillar - we looked through hundreds of toys in latvian market - having looked through both - the physical stores and e-stores. We found out that the average price for toys for education is 30 euros. We wanted to position our toy as both cheap and available to every parent, that's why we lowered our price of the product to 24,99 euros, with shipping included.

When doing our MVP testing, we found out that parents aged 24 - 35 would be ready to pay up to 40 euros for a product with an educational app. As a never before seen product, including many features, 22% of parents even offered to pay up to 100 euros for the product.

SALARY AND DIVIDENDS

When calculating the fixed expenditure, or expenditure per month, we set up the salary account. We wanted to ensure the stability of salaries for all of our employees. The money is divided by the managing-director of Finance of ThreeCube, by calculating each employee's salary not per-hour as companies are used to, but in a new and innovative way, by pay-by-work.

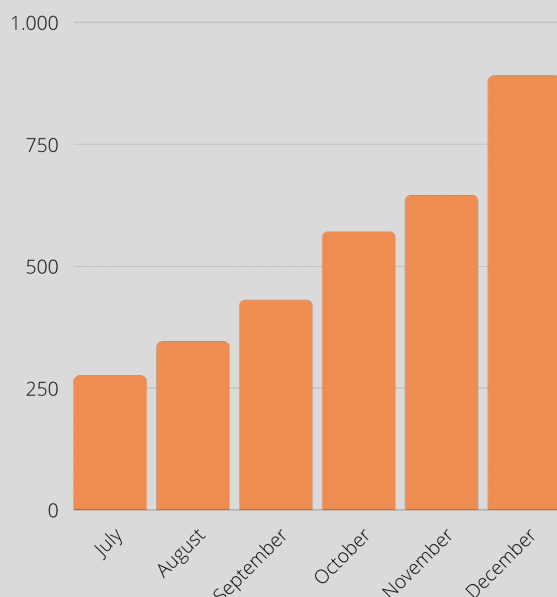
We also have a separate dividend account. All the profit is divided according to drafted and signed documents between the Board of iDirectors of ThreeCube.

PROFITABILITY

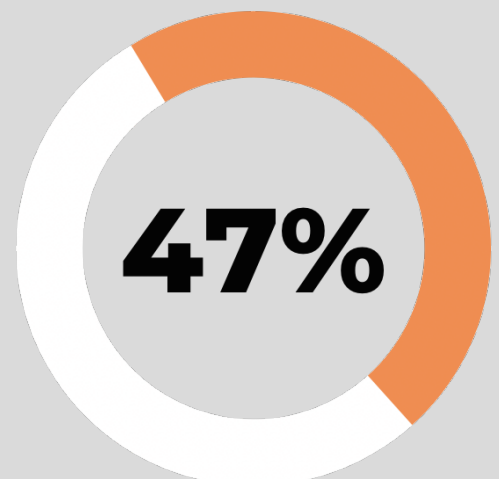
We have a profit margin of 47%. We are able to surpass our expenditure at the best rate if we sell 20 unit pieces a month. We are only starting to offer our product to wholesale and other customers only after 26th of June, 2022, the event of #Reveal22, where we will officially open the C-APP to the public.

We have a goal to sell 25 pieces a month, starting July and increase our selling 5 unit pieces a month. That way we would be able to steadily grow and be able to both increase salaries and improve our product.

PROJECTED PROFIT



PROFIT MARGIN



BUSINESS PERFORMANCE

Having worked very hard on the application and the concept, testing it out and trying to improve our product, we managed to do quite well on the budget and resources we had.

We saw more than 80% increase in the Christmas season for toys. We introduced ThreeCube TeddyBerrie, teddy bears for Christmas gift sets for children, which managed to drive our sales up. We managed to get almost 350 euro sales in pre-orders for our products, which helped us to develop our app even more better. By buying 3D printers we managed to cut costs from 9 euros per piece to just 3 euros per piece, that is more than 60% drop.

FUTURE POTENTIAL

ThreeCube will release an app on 26th of June on Androids and Apple iPhone phones. Having conducted research and having tested out the market for toys, we concluded that our idea is viable for Baltic and Scandinavian markets.

We are ready to expand and are already working on it. With an app, we will be ready to fully pack and sell the products. In the past months we have set up a process for every single thing in our business, starting from customer care to production of our minifigures - we are now fully able to produce and ship 4 units / day in Estonia, Latvia and Finland.

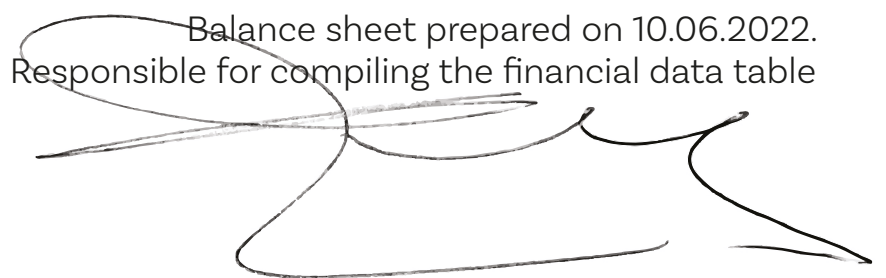
BALANCE SHEET

	Current Assets	119.94
	Stock	35.08
	Debtors	19.94
	Cash at Bank	64.92
	Cash in Hand	0.00
1	Total Current assets	486.40
	Current Liabilities	0.00
	Bank Overdraft	0.00
	Loans	0.00
	Creditors	0.00
	Corporation Tax Payable	23%
	VAT Due	0%
2	Total Current Liabilities	186.40
3	Balance (1-2)	672.80

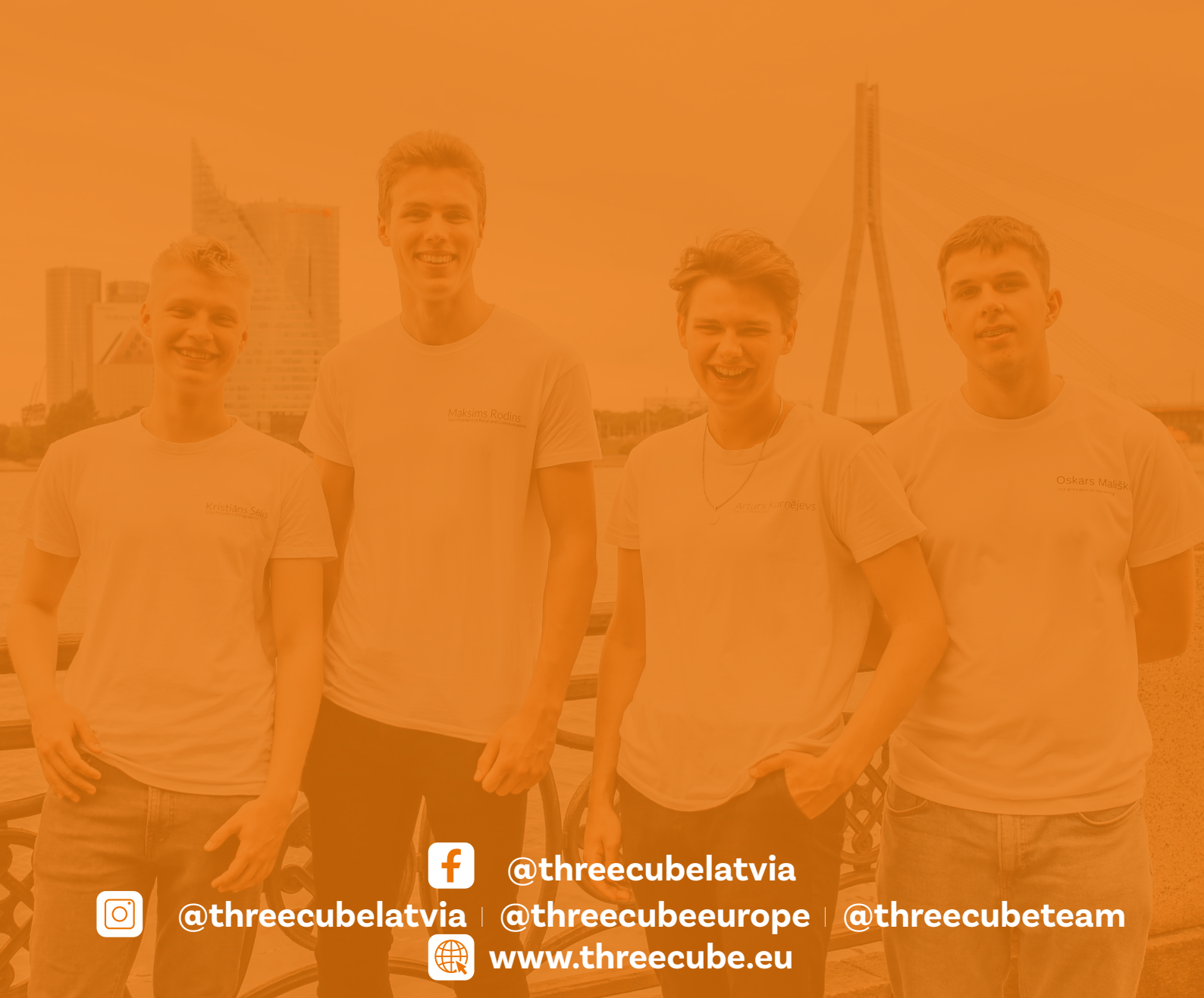
PROFIT & LOSS ACCOUNT

A	Sales	391.27
B	Purchases	213.73
C	Production Wages	50.00
D	Closing Stock	26.00
E	Cost of Sales	-101.54
	Gross profit	427.46
F	Salaries, Commissions, and Bonuses	1200.00
G	Stationery	20.00
H	Rent & Hire	0.00
I	Miscellaneous Expenditure	14.00
J	Registration Fee	0.00
K	Total expenses (F+G+H+I+J)	1166.00
L	Gross Profit Less Total Expenses	308.86
M	Miscellaneous Income	1200.00
N	Net Profit/ Loss (K+L)	1508.86
O	Corporation Tax Payable (...%)	0%
P	Profit after Tax (M-N)	1508.86
Q	Appropriations of Profit (Q+R+S)	0.00
R	Dividends	0.00
S	Donations	0.00
	Other	0.00
	Balance (O-P)	1508.86

Balance sheet prepared on 10.06.2022.
Responsible for compiling the financial data table



Kristiāns Artūrs Sēlis
Vice-President of Engineering



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