

SpecGrade Proforma

Slabbing machine cost	\$	1,500
Grading machine cost	\$	15,000
Development cost	\$	100,000 plus \$10,000/yr

Cards per grading machine per yr	240,000
Cards per authenticator per yr	120,000
Cards per slab machine per year	180,000

Slab & Grading technician cost per hr	\$	20.00
Authenticator cost per hr	\$	35.00

Standard rev per card	\$	10.00
Express rev per card	\$	20.00
Standard %		70%
Express %		30%
Shipping and Handling per card	\$	1.00
Maintenance expense (%ofRev)		1.5%

	Startup	Configuration 1	Configuration 2	Configuration 3	Configuration 4	Configuration 5
Facility Expense	20,000	20,000	30,000	100,000	150,000	200,000
Grading Machines	1	1	5	25	50	100
Slab Machines	-	1	5	25	50	100
Card volume per year	-	180,000	900,000	4,500,000	9,000,000	18,000,000
Card capacity per year	-	180,000	900,000	4,500,000	9,000,000	18,000,000
Slab & Grading techs	1	2	10	50	100	200
Authenticators	-	2	10	50	100	200
IT Technicians	1	1	1	1	2	4

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue						
Sales Revenue	\$ -	\$ 2,340,000	\$ 11,700,000	\$ 58,500,000	\$ 117,000,000	\$ 234,000,000
Expenses						
Direct Expenses (COGS)						
Authentication	\$ -	\$ 140,000	\$ 700,000	\$ 3,500,000	\$ 7,000,000	\$ 14,000,000
Grading	\$ 40,000	\$ 40,000	\$ 200,000	\$ 1,000,000	\$ 2,000,000	\$ 4,000,000
Slabbing	\$ -	\$ 40,000	\$ 200,000	\$ 1,000,000	\$ 2,000,000	\$ 4,000,000
Shipping and Handling	\$ -	\$ 180,000	\$ 900,000	\$ 4,500,000	\$ 9,000,000	\$ 18,000,000
Total Direct Expenses (COGS)	\$ 40,000	\$ 400,000	\$ 2,000,000	\$ 10,000,000	\$ 20,000,000	\$ 40,000,000
Operating Expenses						
Facilities	\$ 20,000	\$ 20,000	\$ 30,000	\$ 100,000	\$ 150,000	\$ 200,000
IT maintenance	\$ -	\$ 35,100	\$ 175,500	\$ 877,500	\$ 1,755,000	\$ 3,510,000
Sales and Advertising	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 1,000,000	\$ 2,000,000
Administrative	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 120,000	\$ 240,000
Total Operating Expenses	\$ 580,000	\$ 615,100	\$ 765,500	\$ 1,537,500	\$ 3,025,000	\$ 5,950,000
Total Expenses	\$ 620,000	\$ 1,015,100	\$ 2,765,500	\$ 11,537,500	\$ 23,025,000	\$ 45,950,000
Net Operating Income	\$ (620,000)	\$ 1,324,900	\$ 8,934,500	\$ 46,962,500	\$ 93,975,000	\$ 188,050,000
Capital Expenditures						
Machine Cost (Incremental)	\$ 15,000	\$ 1,500	\$ 66,000	\$ 330,000	\$ 412,500	\$ 825,000
Development Cost	\$ 100,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Total	\$ 115,000	\$ 11,500	\$ 76,000	\$ 340,000	\$ 422,500	\$ 835,000