

SPECGRADE

Pro Forma • Five-Year Operating Build

ISSUE № 01 • CONFIDENTIAL • PREPARED FOR MANAGEMENT REVIEW

PEAK REVENUE	PEAK NOI	PEAK MARGIN	CUMULATIVE CAPEX	PEAK VOLUME	HEADCOUNT
\$59M <i>at Configuration 3 • Year 5</i>	\$46M <i>Configuration 3 • Year 5</i>	78.3% <i>operating margin</i>	\$543K <i>through Year 5</i>	5M <i>cards graded / yr</i>	101 <i>techs at Config 3</i>

ASSUMPTIONS

Capital Costs	Throughput	Pricing & Labor
Slabbing machine cost	\$1,500 Cards per grading mach	240,000 Standard rev per card
Grading machine cost	\$15,000 Cards per authenticator	120,000 Express rex per card
Development cost	\$100,000 Cards per slab machine	180,000 Slab & Grading technician cost per h
		\$10.00
		\$20.00
		\$20.00

OPERATING STATEMENT

Period	Startup	Configuration 1	Configuration 2	Configuration 3
	Year 0	Year 1	Year 3	Year 5
Card Volume	—	180,000	900,000	4,500,000
Capacity	—	180,000	900,000	4,500,000

Revenue	—	\$2,340,000	\$11,700,000	\$58,500,000
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Direct Expenses (COGS)				
Authentication	—	\$140,000	\$700,000	\$3,500,000
Grading	\$40,000	\$40,000	\$200,000	\$1,000,000
Slabbing	—	\$40,000	\$200,000	\$1,000,000
Shipping & Handling	—	\$180,000	\$900,000	\$4,500,000
Total COGS	\$40,000	\$400,000	\$2,000,000	\$10,000,000

Operating Expenses				
Facilities	\$20,000	\$20,000	\$30,000	\$100,000
IT Maintenance	—	\$35,100	\$175,500	\$877,500
Sales & Advertising	\$500,000	\$500,000	\$500,000	\$500,000
Administrative	\$60,000	\$60,000	\$60,000	\$60,000
Insurance	—	\$46,800	\$234,000	\$1,170,000
Total OpEx	\$580,000	\$661,900	\$999,500	\$2,707,500

Total Expenses	\$620,000	\$1,061,900	\$2,999,500	\$12,707,500
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NET OPERATING INCOME				
	(\$620,000)	\$1,278,100	\$8,700,500	\$45,792,500
Operating Margin	—	54.6%	74.4%	78.3%

CAPITAL EXPENDITURES

Machine Cost (Incremental)	\$15,000	\$1,500	\$66,000	\$330,000
Development Cost	\$100,000	\$10,000	\$10,000	\$10,000
Total CapEx	\$115,000	\$11,500	\$76,000	\$340,000

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