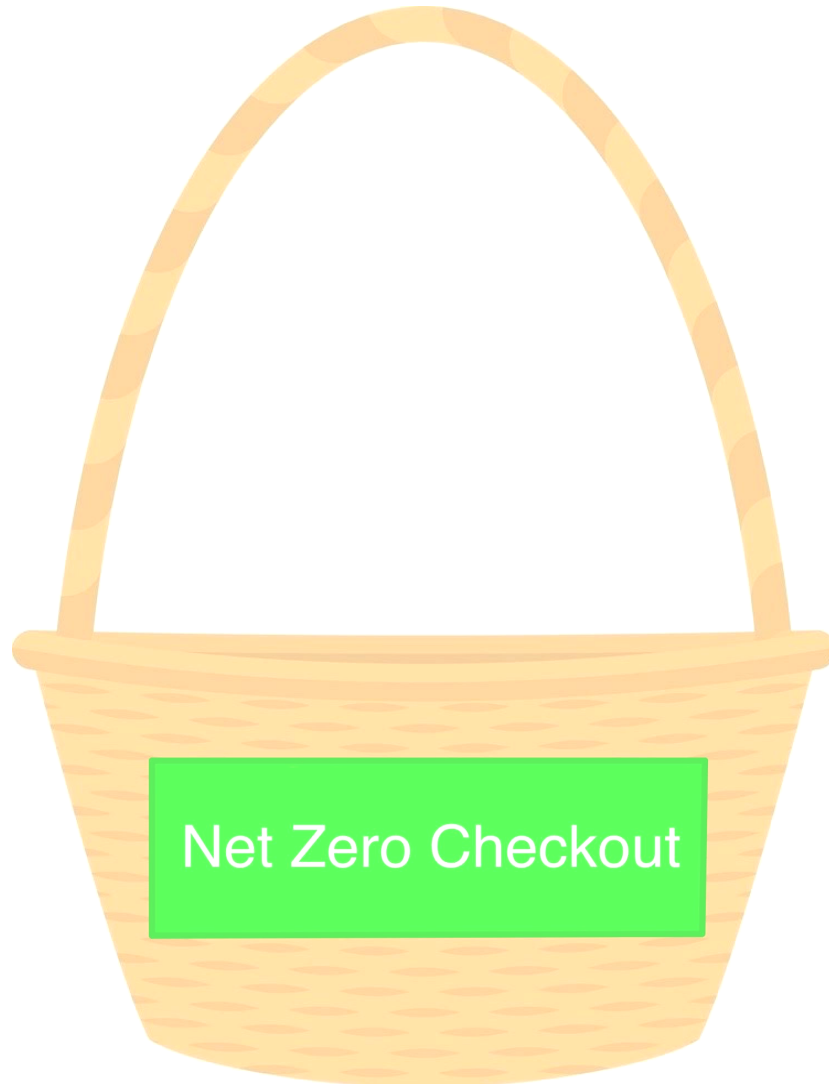


## **Financial Report**



**COEC 497 002**  
**Professor Momo Deretic**

**Group Members:**  
Catherine Xu (88616008),  
Ravi Rinarco (57822561) ,  
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## **Assumptions**

### **Sales Projections Assumptions**

- Walmart and Save on Foods use 1.683 and 1.157016 million bags per year respectively.
- We sell our bag for \$0.50 to stores.
- 492 Canadian Walmart and Save on Food stores sell our straw bags by Year 3.
- We are the sole supplier of bags for Walmart & Save On Foods in Vancouver, Alberta, Saskatchewan, Manitoba, Quebec, Ontario. 90% of store visitors use our straw bags (according to our market research 90% prefer our bag over existing options).

### **Income Statement and Cash Flow Assumptions**

- Year 1: 1 Factory, 1 Warehouse, 1 Office in Vancouver, 10 year finance
- Year 2 Q2: 1 Factory, 1 Warehouse in Saskatchewan, 10 year finance
- 1 Factory and 1 Warehouse costs 9 million
- Other key assumptions made for the Income Statement and Cash Flow are found in depth in the Income Statement Appendix B.

### **Break Even Assumptions**

- Break even after Q1 of Year 2
- Total Revenue is Cumulative Total
- Total Cost is Cumulative Total

### **Sources of Funds and Expenses Assumptions**

- Funds from family and friends, Angel investors.
- Expenses will be low in Year 1 with respect to Years 2 and 3, which will grow in conjunction with sales growth.

### **VC Valuation Assumptions**

- Exit after 5 years
- Used VC Valuation method
- P/E ratio equivalent to industrial average of 21.73

## Summaries

### Sales Projections

We are assuming that our brand will acquire contracts with Canadian grocery stores through our successful marketing and the timeline is as follows: In year 1, the Vancouver Walmart (1 storefront) will be using our straw bags; in year 2, we will penetrate all Save-on-Foods in Vancouver (6 storefronts) and Alberta (52 storefronts), plus all Walmarts across Alberta and Saskatchewan (72 storefronts); in year 3, Save-on-Foods' storefronts across BC, Saskatchewan and Manitoba will be selling our bags (130 storefronts), with Walmart storefronts across Manitoba, Ontario and Quebec also using our bags (231 additional storefronts) (further details into our calculations and projected unit sales/revenue can be found in the appendix):

- 2023: **\$ 556,330.73**
- 2024: **\$ 58,772,295**
- 2025: **\$ 240,375,096**

### Income Statement

We will be focusing on our business to business (B2B) revenue stream. This entails supplying standardized 10-use and over 50 times-use straw bags to partnering supermarkets. Throughout the 3 years, the main cost drivers consist of direct labor costs, rent/lease, and equipment costs. In 2024 and 2025, costs associated with wages, employee benefits and delivery expenses become major cost drivers as well. As our operations expand, so do most of our costs. We expect our net income to be negative throughout 2023, and begin to become positive by 2024. (Refer to Appendix B)

### Breakeven

We start to have positive cash flow and profits by the 2nd quarter of 2024. We expect to breakeven between Q1 and Q2 (roughly 18 months of operations). (Refer to Appendix C)

### Sources of Funds and Expenses

Seeing as how we will only begin to have a positive cash flow by the 2nd quarter of 2024, we will need some external funding (around \$993,099.39) to cover our expenses and thus alleviate the negative cash flow. Our expenses increase greatly after our 1st year (2023), with it expanding due to the concurrent expansion of our operations. Expenses will include buildings/real estate fees, capital equipment costs, advertising costs, direct labor costs, fees associated with product development, patents, and legal fees. To fund these expenses, we expect our sources of funds to come from Angel investors, family and friends. (Our funds and expenses are elaborated in Appendix D.)

### Venture Capital Valuation

Company valuation = **\$ 1,197,217,038**. (Refer to Appendix E for the calculation).

## APPENDIX A: SALES PROJECTIONS

Sales Projections (Units)													
Fiscal Year 2023													
Companies	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Walmart	141	4,462	25,091	59,500	91,626	113,702	126,661	133,685	137,341	139,206	140,149	141,097	1,112,661
Revenue Projections													
Fiscal Year 2023													
Companies	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Walmart	\$70.55	\$2,230.94	\$12,545.52	\$29,750.13	\$45,813.01	\$56,851.09	\$63,330.63	\$66,842.29	\$68,670.48	\$69,603.24	\$70,074.36	\$70,548.50	\$556,330.73

Sales Projections (Units)						Revenue Projections					
Fiscal Year 2024						Fiscal Year 2024					
Companies	Q1	Q2	Q3	Q4	Total	Companies	Q1	Q2	Q3	Q4	Total
Save on Foods	1,735,524	19,669,272	19,669,272	19,669,272	60,743,340	Save on Foods	\$867,762.00	\$9,834,636.00	\$9,834,636.00	\$9,834,636.00	\$30,371,670.00
Walmart	420,750	420,750	25,245,000	30,714,750	56,801,250	Walmart	\$210,375.00	\$210,375.00	\$12,622,500.00	\$15,357,375.00	\$28,400,625.00
Combined Total	2,156,274	20,090,022	44,914,272	50,384,022	117,544,590	Combined Total	\$1,078,137.00	\$10,045,011.00	\$22,457,136.00	\$25,192,011.00	\$58,772,295.00

Sales Projections (Units)						Revenue Projections					
Fiscal Year 2025						Fiscal Year 2025					
Companies	Q1	Q2	Q3	Q4	Total	Companies	Q1	Q2	Q3	Q4	Total
Save on Foods	55,536,768	57,272,292	59,007,816	59,007,816	230,824,692	Save on Foods	\$27,768,384.00	\$28,636,146.00	\$29,503,908.00	\$29,503,908.00	\$115,412,346.00
Walmart	30,714,750	35,343,000	60,588,000	123,279,750	249,925,500	Walmart	\$15,357,375.00	\$17,671,500.00	\$30,294,000.00	\$61,639,875.00	\$124,962,750.00
Combined Total	86,251,518	92,615,292	119,595,816	182,287,566	480,750,192	Combined Total	\$43,125,759.00	\$46,307,646.00	\$59,797,908.00	\$91,143,783.00	\$240,375,096.00

### Data for Save-on-Foods

Save on Foods - approx. 1.157016 million bags per store per year. Use per store data close to Walmart but lessen slightly due to difference in sizes of the stores on average and the consumer market they serve, ie. 1.157016 million bags per store per year

### Data for Walmart

Walmart - approx. 1.683 million bags per store per year. Walmart stated that their switch to non-plastic bags would save 680 million plastic bags from entering circulation each year from their 404 stores across Canada. Our calculation of bag use (the gap we are filling) works out to be approximately 1.683 million bags per store per year (680 mil/404 stores = 1.683 million per year)

### Estimated Revenue Calculations

Year 1: Vancouver Walmart Store

- Monthly fulfillment in % =  $\sqrt{x}$
- $x$  = sales rate in previous month
- Jan ( $x$ ) = 0.001 (0.1%)
- Monthly Unit Sales = 1.683 million/12 months \*  $\sqrt{x}$
- Revenue = Monthly Unit Sales \* \$0.50

Year 1: \$556,330.73

Year 2: 117,544,590 \* \$0.50 = \$58,772,295

Year 3: 480,750,192 \* \$0.50 = \$240,375,096

APPENDIX B: INCOME STATEMENT

Net Zero Checkout												
Income Statement												
For The Year Ended Dec 31, 2023 (In Dollars)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Net Sales	\$ 70.55	\$ 2,230.94	\$ 12,545.52	\$ 29,750.13	\$ 45,813.01	\$ 56,851.09	\$ 63,330.63	\$ 66,842.29	\$ 68,670.48	\$ 69,603.24	\$ 70,074.36	\$ 70,548.50
Cost of Goods Sold (COGS)												
Direct Materials	\$ 3.53	\$ 111.55	\$ 627.28	\$ 1,487.51	\$ 2,290.65	\$ 2,842.55	\$ 3,166.53	\$ 3,342.11	\$ 3,433.52	\$ 3,480.16	\$ 3,503.72	\$ 3,527.43
Direct Labor	\$ 16,667.00	\$ 16,667.00	\$ 16,667.00	\$ 16,667.00	\$ 16,667.00	\$ 16,667.00	\$ 16,667.00	\$ 16,667.00	\$ 16,667.00	\$ 16,667.00	\$ 16,667.00	\$ 16,667.00
Manufacturing Overhead	\$ 675.00	\$ 675.00	\$ 675.00	\$ 675.00	\$ 675.00	\$ 675.00	\$ 675.00	\$ 675.00	\$ 675.00	\$ 675.00	\$ 675.00	\$ 675.00
Total COGS	\$ 17,345.53	\$ 17,453.55	\$ 17,969.28	\$ 18,829.51	\$ 19,632.65	\$ 20,184.55	\$ 20,508.53	\$ 20,684.11	\$ 20,775.52	\$ 20,822.16	\$ 20,845.72	\$ 20,869.43
Gross Profit	\$ (17,274.98)	\$ (15,222.61)	\$ (5,423.76)	\$ 10,920.62	\$ 26,180.36	\$ 36,666.54	\$ 42,822.10	\$ 46,158.18	\$ 47,894.96	\$ 48,781.08	\$ 49,228.64	\$ 49,679.08
Operating Expenses												
Wage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Research&development	\$ 180.50	\$ 180.50	\$ 180.50	\$ 180.50	\$ 180.50	\$ 180.50	\$ 180.50	\$ 180.50	\$ 180.50	\$ 180.50	\$ 180.50	\$ 180.50
Marketing&Advertising	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Benefits	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00
Rent/Lease	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00
Office Supplies	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
Internet	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
Utilities/Telephone Expenses	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00
Insurance	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00
Delivery/Freight Expenses	\$ 14.11	\$ 446.19	\$ 2,509.10	\$ 1,487.51	\$ 2,290.65	\$ 2,842.55	\$ 3,166.53	\$ 3,342.11	\$ 3,433.52	\$ 3,480.16	\$ 3,503.72	\$ 3,527.43
Equipment	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00
Total Operating Expenses	\$ 106,969.61	\$ 107,401.69	\$ 109,464.60	\$ 108,443.01	\$ 109,246.15	\$ 109,798.05	\$ 110,122.03	\$ 110,297.61	\$ 110,389.02	\$ 110,435.66	\$ 110,459.22	\$ 110,482.93
Total taxable income EBIT	\$ (124,244.59)	\$ (122,624.30)	\$ (114,888.36)	\$ (97,522.38)	\$ (83,065.79)	\$ (73,131.52)	\$ (67,299.93)	\$ (64,139.44)	\$ (62,494.07)	\$ (61,654.58)	\$ (61,230.58)	\$ (60,803.85)
Tax Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ (124,244.59)	\$ (122,624.30)	\$ (114,888.36)	\$ (97,522.38)	\$ (83,065.79)	\$ (73,131.52)	\$ (67,299.93)	\$ (64,139.44)	\$ (62,494.07)	\$ (61,654.58)	\$ (61,230.58)	\$ (60,803.85)

Net Zero Checkout				
Income Statement				
For The Year Ended Dec 31, 2024 (In Dollars)				
	Q1	Q2	Q3	Q4
Net Sales	\$ 1,078,137.00	\$ 10,045,011.00	\$ 22,457,136.00	\$ 25,192,011.00
Cost of Goods Sold (COGS)				
Direct Materials	\$ 10,781.37	\$ 100,450.11	\$ 224,571.36	\$ 251,920.11
Direct Labor	\$ 195,000.00	\$ 395,000.00	\$ 395,000.00	\$ 395,000.00
Manufacturing Overhead	\$ 1,475.00	\$ 2,150.00	\$ 2,150.00	\$ 2,150.00
Total COGS	\$ 207,256.37	\$ 497,600.11	\$ 621,721.36	\$ 649,070.11
Gross Profit	\$ 870,880.63	\$ 9,547,410.89	\$ 21,835,414.64	\$ 24,542,940.89
Operating Expenses				
Wage	\$ 234,386.00	\$ 234,386.00	\$ 234,386.00	\$ 234,386.00
Research&development	\$ 541.50	\$ 541.50	\$ 541.50	\$ 541.50
Marketing&Advertising	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Benefits	\$ 49,140.00	\$ 74,340.00	\$ 74,340.00	\$ 74,340.00
Rent/Lease	\$ 225,000.00	\$ 450,000.00	\$ 450,000.00	\$ 450,000.00
Office supplies	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
Internet	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
Utilities/Telephone Expenses	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00
Insurance	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00
Delivery/Freight Expenses	\$ 53,906.85	\$ 502,250.55	\$ 1,122,856.80	\$ 1,259,600.55
Equipment	\$ 72,000.00	\$ 144,000.00	\$ 144,000.00	\$ 144,000.00
Total Operating Expenses	\$ 645,649.35	\$ 1,416,193.05	\$ 2,036,799.30	\$ 2,173,543.05
Total taxable income EBIT	\$ 225,231.28	\$ 8,131,217.84	\$ 19,798,615.34	\$ 22,369,397.84
Tax Expense	\$ 78,830.95	\$ 2,845,926.24	\$ 6,929,515.37	\$ 7,829,289.24
Net Income	\$ 146,400.33	\$ 5,285,291.60	\$ 12,869,099.97	\$ 14,540,108.60

Net Zero Checkout				
Income Statement				
For The Year Ended Dec 31, 2025 (In Dollars)				
	Q1	Q2	Q3	Q4
Net Sales	\$ 43,125,759.00	\$ 46,307,646.00	\$ 59,797,908.00	\$ 91,143,783.00
Cost of Goods Sold (COGS)				
Direct Materials	\$ 431,257.59	\$ 463,076.46	\$ 597,979.08	\$ 911,437.83
Direct Labor	\$ 395,000.00	\$ 395,000.00	\$ 395,000.00	\$ 395,000.00
Manufacturing Overhead	\$ 3,150.00	\$ 3,150.00	\$ 3,150.00	\$ 3,150.00
Total COGS	\$ 829,407.59	\$ 861,226.46	\$ 996,129.08	\$ 1,309,587.83
Gross Profit	\$ 42,296,351.41	\$ 45,446,419.54	\$ 58,801,778.92	\$ 89,834,195.17
Operating Expenses				
Wage	\$ 234,386.00	\$ 234,386.00	\$ 234,386.00	\$ 234,386.00
Research&development	\$ 1,083.00	\$ 1,083.00	\$ 1,083.00	\$ 1,083.00
Marketing&Advertising	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Benefits	\$ 74,340.00	\$ 74,340.00	\$ 74,340.00	\$ 74,340.00
Rent/Lease	\$ 450,000.00	\$ 450,000.00	\$ 450,000.00	\$ 450,000.00
Office supplies	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
Internet	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
Utilities/Telephone Expenses	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00
Insurance	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00
Delivery/Freight Expenses	\$ 2,156,287.95	\$ 2,315,382.30	\$ 2,989,895.40	\$ 4,557,189.15
Equipment	\$ 144,000.00	\$ 144,000.00	\$ 144,000.00	\$ 144,000.00
Total Operating Expenses	\$ 3,065,771.95	\$ 3,224,866.30	\$ 3,899,379.40	\$ 5,466,673.15
Total taxable income EBIT	\$ 39,230,579.46	\$ 42,221,553.24	\$ 54,902,399.52	\$ 84,367,522.02
Tax Expense	\$ 13,730,702.81	\$ 14,777,543.63	\$ 19,215,839.83	\$ 29,528,632.71
Net Income	\$ 25,499,876.65	\$ 27,444,009.61	\$ 35,686,559.69	\$ 54,838,889.31

Income Statement Assumptions:

Year 1 (2023)

Marketing costs: \$60 000/year  
Delivery/Freight Expenses : 20% of Sales Revenue in the first 3 months, then 5% after March  
Manufacturing costs: unit costs equate to \$0.05  
Lease: 1 factory, 1 warehouse, 1 set of equipments  
Employee benefits: \$420/month per employee  
Hire: 5 factory workers and paid a wage of \$3333.40/month per worker  
Office supplies costs: \$150/month per office/factory/warehouse  
Internet: \$100/month per office/factory/warehouse  
Utility & telephone expenses: \$200/month per office/factory/warehouse  
Insurance: \$225/month per office/factory/warehouse  
Tax rate: 35% of taxable income  
Distribution channel: Walmart in Vancouver

Year 3 (2025)

Marketing: \$20 000/year  
Expand distribution to Walmarts and SOFs in Manitoba, Quebec, and Ontario

Year 2 (2024)

Marketing: \$40 000/year  
Q1: Incur 0.01% direct material cost  
Q2:  
Expand distribution to Walmarts and Save-On-Foods (SOF) in Alberta  
Build in Saskatchewan: 1 factory, 1 warehouse, and 1 set of equipments  
Utilities, internet, supplies scaled accordingly  
Hire:  
15 factory workers (\$3333.40 per month per worker)  
3 managers (\$5000 per month per manager)  
2 accountants (\$4678 per month per accountant)  
2 marketing specialist (\$4713 per month per specialist)  
5 straw bag designers (\$4063 per month per designer)  
5 customer representatives (\$2681 per month per representative)  
2 website developers (\$4480 per month per developer)  
Q4: Expand distribution to Walmarts and SOFs in Saskatchewan

APPENDIX C: CASH FLOW PROJECTIONS

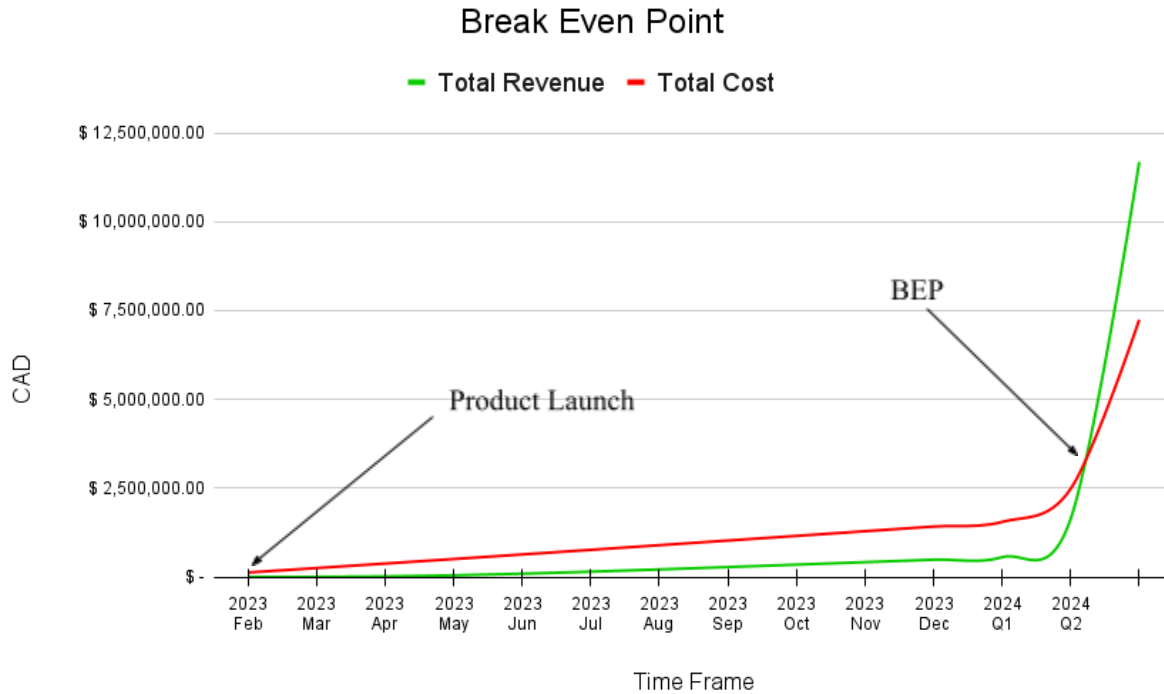
Net Zero Checkout												
Statement of Cash Flows												
For The Year Ended Dec 31, 2023 (In Dollars)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash at beginning of month:	\$ 1,000,000.00	\$ 875,755.41	\$ 753,131.11	\$ 638,242.75	\$ 540,720.36	\$ 457,654.57	\$ 384,523.06	\$ 317,223.13	\$ 253,083.70	\$ 190,589.64	\$ 128,935.06	\$ 67,704.48
<b>Cash from Operating Activities</b>												
Cash receipts from												
Businesses	\$ 70.55	\$ 2,230.94	\$ 12,545.52	\$ 29,750.13	\$ 45,813.01	\$ 56,851.09	\$ 63,330.63	\$ 66,842.29	\$ 68,670.48	\$ 69,603.24	\$ 70,074.36	\$ 70,548.50
Cash paid for												
Cost of goods sold	\$ 17,345.53	\$ 17,453.55	\$ 17,969.28	\$ 18,829.51	\$ 19,632.65	\$ 20,184.55	\$ 20,508.53	\$ 20,684.11	\$ 20,775.52	\$ 20,822.16	\$ 20,845.72	\$ 20,869.43
Total Operating Expenses	\$ 7,969.61	\$ 8,401.69	\$ 10,464.60	\$ 9,443.01	\$ 10,246.15	\$ 10,798.05	\$ 11,122.03	\$ 11,297.61	\$ 11,389.02	\$ 11,435.66	\$ 11,459.22	\$ 11,482.93
Income taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Cash Flow from Operating Activities</b>	<b>\$ (25,244.59)</b>	<b>\$ (23,624.30)</b>	<b>\$ (15,888.36)</b>	<b>\$ 1,477.61</b>	<b>\$ 15,934.21</b>	<b>\$ 25,868.49</b>	<b>\$ 31,700.07</b>	<b>\$ 34,860.57</b>	<b>\$ 36,505.94</b>	<b>\$ 37,345.42</b>	<b>\$ 37,769.42</b>	<b>\$ 38,196.14</b>
<b>Cash from Investing Activities</b>												
Cash paid for												
Lease of property and equipment	\$ 99,000.00	\$ 99,000.00	\$ 99,000.00	\$ 99,000.00	\$ 99,000.00	\$ 99,000.00	\$ 99,000.00	\$ 99,000.00	\$ 99,000.00	\$ 99,000.00	\$ 99,000.00	\$ 99,000.00
<b>Net cash flow from Investing Activities</b>	<b>\$ (99,000.00)</b>	<b>\$ (99,000.00)</b>	<b>\$ (99,000.00)</b>	<b>\$ (99,000.00)</b>	<b>\$ (99,000.00)</b>	<b>\$ (99,000.00)</b>	<b>\$ (99,000.00)</b>	<b>\$ (99,000.00)</b>	<b>\$ (99,000.00)</b>	<b>\$ (99,000.00)</b>	<b>\$ (99,000.00)</b>	<b>\$ (99,000.00)</b>
<b>Net Change in Cash</b>	<b>\$ (124,244.59)</b>	<b>\$ (122,624.30)</b>	<b>\$ (114,888.36)</b>	<b>\$ (97,522.39)</b>	<b>\$ (83,065.79)</b>	<b>\$ (73,131.51)</b>	<b>\$ (67,299.93)</b>	<b>\$ (64,139.43)</b>	<b>\$ (62,494.06)</b>	<b>\$ (61,654.58)</b>	<b>\$ (61,230.58)</b>	<b>\$ (60,803.86)</b>
Cash at the end of month	\$ 875,755.41	\$ 753,131.11	\$ 638,242.75	\$ 540,720.36	\$ 457,654.57	\$ 384,523.06	\$ 317,223.13	\$ 253,083.70	\$ 190,589.64	\$ 128,935.06	\$ 67,704.48	\$ 6,900.62

Net Zero Checkout				
Statement of Cash Flows				
For The Year Ended Dec 31, 2024 (In Dollars)				
	Q1	Q2	Q3	Q4
Cash at beginning of Quarter:	\$ 6,900.62	\$ 344,637.29	\$ 3,916,356.69	\$ 12,316,392.72
<b>Cash from Operating Activities</b>				
Cash receipts from				
Businesses	\$ 1,078,137.00	\$ 10,045,011.00	\$ 22,457,136.00	\$ 25,192,011.00
Cash paid for				
Cost of goods sold	\$ 207,256.37	\$ 497,600.11	\$ 621,721.36	\$ 649,070.11
Total Operating Expenses	\$ 348,649.35	\$ 822,193.05	\$ 1,442,799.30	\$ 1,579,543.05
Income taxes	\$ 78,830.95	\$ 2,845,926.24	\$ 6,929,515.37	\$ 7,829,289.24
<b>Net Cash Flow from Operating Activities</b>	<b>\$ 443,400.33</b>	<b>\$ 5,879,291.60</b>	<b>\$ 13,463,099.97</b>	<b>\$ 15,134,108.60</b>
<b>Cash from Investing Activities</b>				
Cash paid for				
Purchase of property and equipment	\$ 297,000.00	\$ 594,000.00	\$ 594,000.00	\$ 594,000.00
<b>Net cash flow from Investing Activities</b>	<b>\$ (297,000.00)</b>	<b>\$ (594,000.00)</b>	<b>\$ (594,000.00)</b>	<b>\$ (594,000.00)</b>
<b>Net Change in Cash</b>	<b>\$ 337,736.67</b>	<b>\$ 3,571,719.40</b>	<b>\$ 8,400,036.03</b>	<b>\$ 9,463,902.40</b>
Cash at the end of quarter	\$ 344,637.29	\$ 3,916,356.69	\$ 12,316,392.72	\$ 21,780,295.12

Net Zero Checkout				
Statement of Cash Flows				
For The Year Ended Dec 31, 2025 (In Dollars)				
	Q1	Q2	Q3	Q4
Cash at beginning of month:	\$ 22,220,295.12	\$ 47,720,171.77	\$ 75,164,181.38	\$ 110,850,741.07
<b>Cash from Operating Activities</b>				
Cash receipts from				
Businesses	\$ 43,125,759.00	\$ 46,307,646.00	\$ 59,797,908.00	\$ 91,143,783.00
Cash paid for				
Cost of goods sold	\$ 829,407.59	\$ 861,226.46	\$ 996,129.08	\$ 1,309,587.83
Total Operating Expenses	\$ 2,471,771.95	\$ 2,630,866.30	\$ 3,305,379.40	\$ 4,872,673.15
Income taxes	\$ 13,730,702.81	\$ 14,777,543.63	\$ 19,215,839.83	\$ 29,528,632.71
<b>Net Cash Flow from Operating Activities</b>	<b>\$ 17,031,882.35</b>	<b>\$ 18,269,636.39</b>	<b>\$ 23,517,348.31</b>	<b>\$ 35,710,893.69</b>
<b>Cash from Investing Activities</b>				
Cash paid for				
Purchase of property and equipment	\$ 594,000.00	\$ 594,000.00	\$ 594,000.00	\$ 594,000.00
<b>Net cash flow from Investing Activities</b>	<b>\$ (594,000.00)</b>	<b>\$ (594,000.00)</b>	<b>\$ (594,000.00)</b>	<b>\$ (594,000.00)</b>
<b>Net Change in Cash</b>	<b>\$ 25,499,876.65</b>	<b>\$ 27,444,009.61</b>	<b>\$ 35,686,559.69</b>	<b>\$ 54,838,889.31</b>
Cash at the end of month	\$ 47,720,171.77	\$ 75,164,181.38	\$ 110,850,741.07	\$ 165,689,630.38



## APPENDIX D: BREAKEVEN GRAPH



## APPENDIX E: SOURCES OF FUNDS AND EXPENSES

We break even in year 2 so no external financing will be needed beyond year 1.

<b><u>Sources of Capital Year 1</u></b>	
Angel Investors	\$ 775,000.00
Family and Friends	\$ 225,000.00
<b>Total Sources of Funds</b>	<b>\$ 1,000,000.00</b>
<b><u>Startup Expenses Year 1</u></b>	
Direct Materials	\$ 27,816.54
Direct Labor	\$ 200,004.00
Manufacturing Overhead	\$ 8,100.00
Wage	\$ -
Research & Development	\$ 2,166.00
Marketing & Advertising	\$ 60,000.00
Benefits	\$ 25,200.00
Rent/Lease	\$ 900,000.00
Office Supplies	\$ 1,800.00
Internet	\$ 1,200.00
Utilities/Telephone Expenses	\$ 2,400.00
Insurance	\$ 2,700.00
Delivery/Freight Expenses	\$ 30,043.59
Equipment	\$ 288,000.00
<b>Total Expenses</b>	<b>\$ 1,549,430.13</b>
<b>Total Revenue</b>	<b>\$ 556,330.74</b>
<b>External Financing Needed</b>	<b>\$ (993,099.39)</b>

## **APPENDIX F: VENTURE CAPITAL CALCULATION**

\*Note: The very large valuation comes from the large revenue (from assumptions).\*

1. Exit at 5 years
2. Net Earnings
  - a. Revenue = \$961,500,384 (Assume it doubles each year from year 3)
  - b. Cost = \$14,379,000 (expenses for first 3 years) + \$800,000 (additional expenses for remaining 2 years) + \$192,300,077 (costs) + \$96,150,039 (distribution costs, 10% of revenue) + \$30,000,000 (Distribution/Warehouses Purchased in Years 4&5) + \$76,920,030 (R&D is 2% of value added in Years 4&5) = \$410,549,147
  - c. Net Earnings = \$550,951,237
3. P/E Ratio (Source for industry averages:
  - a. Industry Average P/E: Paper/Forest Products
    - i. 19.46
  - b. Industry Average P/E: Packaging and Container
    - i. 23.99
  - c. Estimated P/E Ratio for Net Zero Checkout
    - i.  $21.73 = (23.99 + 19.46) / 2$
4. Terminal Value
  - a. (Net Earnings)\*(P/E Ratio) =  $(21.73) * (\$550,951,237) = \$11,972,170,380$
5. ROI = 10 times (as suggested in class)
6. Company Value Today
  - a. (Terminal Value)/(Required Return) =  $(\$11,972,170,380) / (10)$   
= **\$1,197,217,038** (Company Value Today)



## APPENDIX G: BUSINESS MODEL CANVAS

### The Business Model Canvas

Designed for:  
COEC 497 STARTUP

Designed by:  
Group 9: Net Zero  
Checkout

On: 23/03/22

Iteration #

<b>Key Partners</b> <ul style="list-style-type: none"> <li>- We will supply reusable straw bags to stores and make them to their specification (custom labeling, dimensions, etc).</li> <li>- We will try to work with governments and regulators to make straw bags the only alternative and eliminate the use of plastic and paper bags.</li> <li>- With celebrity and influencer endorsement, custom, high quality, limited edition straw bags can be sold and all profits will be donated (good for advertisement and our vision).</li> </ul>	<b>Key Activities</b> <ul style="list-style-type: none"> <li>- Straw bag production.</li> <li>- Cost control.</li> <li>- Quality control.</li> <li>- Straw bag design.</li> <li>- Customer relations.</li> <li>- Inventory management.</li> <li>- Advertisement.</li> <li>- Partner relationship management.</li> </ul> <b>Key Resources</b> <ul style="list-style-type: none"> <li>- Manufacturing plant, property, equipment</li> <li>- Bag Design team</li> <li>- Sales team</li> <li>- Website team</li> <li>- Startup funds</li> <li>- PR team/customer relations.</li> </ul>	<b>Value Propositions</b> <ul style="list-style-type: none"> <li>- Our straw bags are cheaper for businesses and consumers</li> <li>- More convenient compared to paper,</li> <li>- More environmentally friendly than all the existing solutions.</li> <li>- More ergonomic than current paper bag options.</li> <li>- Utilizes wheat farming by-products; reduces waste more effectively.</li> <li>- Could be recycled or used for animal feed or biofuel; very sustainable.</li> </ul>	<b>Customer Relationships</b> <p>Social Media Promotion</p> <ul style="list-style-type: none"> <li>- Information posts</li> <li>- Giveaways</li> <li>- Email subscription</li> </ul> <p>Special Endorsement</p> <ul style="list-style-type: none"> <li>- Signed bags from our website allows for further advertisement</li> <li>- Spreads further awareness</li> </ul> <p>Provide active customer support</p> <b>Channels</b> <ul style="list-style-type: none"> <li>- Grocery Stores</li> <li>- E-Commerce</li> </ul>	<b>Customer Segments</b> <p>1: B2B (main): Supply bags to businesses and can fit their specifications while complying with regulations and reducing costs.</p> <p>2: B2C: Sell customizable straw bags on our e-commerce store direct to consumers. Consumers will be in a niche market that look for a sustainable vision. Limited edition celebrity/influencer bags will be sold and profits will be donated to aid climate change. At the end of the product's life, the consumer can turn in their bag to see how much pollution they've reduced.</p>
<b>Cost Structure</b> <p>The most important costs in our Business Model are those associated with the manufacturing of the bags—most notably warehouse leasing, as well as input costs. Others include operating expenses for offices. Key activity costs include marketing/advertising costs as well as research &amp; development.</p>			<b>Revenue Streams</b> <p>Our revenue stream will mainly be centered around the sales to be sold to businesses we partner with. In terms of our B2C segment through our e-commerce store, every dollar made will be donated to sustainable initiatives. Customers currently pay \$0.15 on average for paper bags. Surveys and interviews suggest that the WTP for an alternative reusable (50 times) straw bag is \$7.45 due to do it being more eco-friendly and reliable.</p>	