

REALSTEEL S CORPORATION — Financials

Automating the Future of Framing
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Capitalization & Funding Structure

Category	Amount	Notes
Investor Equity	\$400,000	30% equity with 1.5x preferred return (investor receives \$600,000 before profit)
Operating Cash Flow (Year 2)	\$225,000	Funds Expansion CapEx (cash)
Total Initial Capitalization	\$400,000	Covers startup uses and small working capital buffer

Uses of Funds (Opening)

Item	Amount
Cold Roll Forming Machine	\$100,000
Forklift	\$25,000
Steel Coil Inventory (50 tons @ \$0.80/lb)	\$80,000
Screws (1,000 boxes @ \$40)	\$40,000
Shop Setup / Capital Expenditures	\$100,000
Working Capital Buffer	\$5,000
Total Startup Uses	\$395,000 + \$5,000 = \$400,000

Base Case (Operating View)

Revenue	Material	Labor	Overhead & Admin	Misc.	Net Profit
\$2,000,000	\$800,000	\$300,000	\$150,000	\$50,000	\$700,000

Ramp■Up vs Base (Year 1)

Metric	Base	Ramp■Up
Revenue	\$2,000,000	\$1,000,000
Net Profit	\$700,000	\$100,000 (5%)

Ramp■Up + Expansion (Operating View; CapEx is cash)

Year	Revenue	Material	Labor	Overhead & Admin	Misc.	Net Profit	CapEx
1 (Ramp■Up)	\$1,000,000	\$400,000	\$300,000	\$150,000	\$50,000	\$100,000 (5%)	\$0
2 (Expanded)	\$3,400,000	\$1,360,000	\$375,000	\$409,000	\$70,000	\$1,186,000 (35%)	\$225,000

3 (Expanded)	\$4,000,000	\$1,600,000	\$400,000	\$415,000	\$80,000	\$1,505,000 (38%)	\$0
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Year 2 free cash flow ≈ \$1.186M – \$0.225M = \$0.961M (pre-tax).