

| August Online Technology | | | | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Eight Year Financial Projection for Product X | | | | | | | | 20-Aug-20 |
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 |
| Sales | \$50,692,586.51 | \$53,910,298.44 | \$57,332,254.64 | \$60,971,419.50 | \$64,841,580.35 | \$68,957,399.66 | \$73,334,470.61 | \$77,989,376.13 |
| Cost of Goods | 35,311,650.00 | 37,553,056.98 | 39,936,737.28 | 42,471,721.67 | 45,167,614.21 | 48,034,628.52 | 51,083,626.56 | 54,326,159.76 |
| Gross margin | \$15,380,936.51 | \$16,357,241.46 | \$17,395,517.36 | \$18,499,697.82 | \$19,673,966.14 | \$20,922,771.14 | \$22,250,844.04 | \$23,663,216.37 |
| Expenses | | | | | | | | |
| Advertising | \$4,056,656.92 | \$4,314,073.88 | \$4,587,830.37 | \$4,878,963.56 | \$5,188,576.43 | \$5,517,841.97 | \$5,868,007.65 | \$6,240,400.09 |
| Maintainance | 500,000.00 | 600,000.00 | 440,000.00 | 520,000.00 | 555,000.00 | 420,000.00 | 390,000.00 | 400,000.00 |
| Rent | 1,000,000.00 | 1,065,000.00 | 1,134,225.00 | 1,207,949.63 | 1,286,466.35 | 1,370,086.66 | 1,459,142.30 | 1,553,986.55 |
| Salaries | 6,083,110.38 | 6,469,235.81 | 6,879,870.56 | 7,316,570.34 | 7,780,989.64 | 8,274,887.96 | 8,800,136.47 | 9,358,725.14 |
| Shipping | 1,824,933.11 | 1,940,770.74 | 2,063,961.17 | 2,194,971.10 | 2,334,296.89 | 2,482,466.39 | 2,640,040.94 | 2,807,617.54 |
| Supplies | 608,311.04 | 646,923.58 | 687,987.06 | 731,657.03 | 778,098.96 | 827,488.80 | 880,013.65 | 935,872.51 |
| LA Web services | 85,000.00 | 90,100.00 | 95,506.00 | 101,236.36 | 107,310.54 | 113,749.17 | 120,574.12 | 127,808.57 |
| Total Expenses | \$14,158,011.46 | \$15,126,104.01 | \$15,889,380.15 | \$16,951,348.02 | \$18,030,738.82 | \$19,006,520.95 | \$20,157,915.13 | \$21,424,410.40 |
| Operating Income | \$1,222,925.06 | \$1,231,137.44 | \$1,506,137.21 | \$1,548,349.80 | \$1,643,227.32 | \$1,916,250.19 | \$2,092,928.91 | \$2,238,805.97 |
| Income Tax | 403,565.27 | 406,275.36 | 497,025.28 | 510,955.44 | 542,265.02 | 632,362.56 | 690,666.54 | 738,805.97 |
| Net Income | \$819,359.79 | \$824,862.09 | \$1,009,111.93 | \$1,037,394.37 | \$1,100,962.31 | \$1,283,887.63 | \$1,402,262.37 | \$1,500,000.00 |

| Assumptions | |
|--------------------------|----------|
| Units Sold in Prior Year | 235,411 |
| Unit Cost | \$150.00 |
| Annual Sales Growth | 3.25% |
| Annual Price Increase | 3.00% |
| Margin | 30.34% |

Projected Net Income

