

AquaSense Financials

Cost of Unit (including Manufacturing):	\$30	Price of Product:	\$99
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Overview of Company Financials (Revenue/Cost)					
Estimated Projections for Units Sold (Monthly):	Year 1	Year 2	Year 3	Year 4	Year 5
	0	2,000	7,000	15,000	30,000
Estimated Projections for Revenue (Monthly):					
	\$0	\$198,000	\$693,000	\$1,485,000	\$2,970,000
Net Revenue (Annual):	\$0	\$2,376,000	\$8,316,000	\$17,820,000	\$35,640,000
Estimated Projections for Production Costs (Annual):					
Production Costs:	\$0	\$720,000	\$2,520,000	\$5,400,000	\$10,800,000
Employee Costs:	\$560,000	\$1,760,000	\$2,740,000	\$3,470,000	\$4,790,000
Total Additional Costs (G&A, R&D, etc.):	\$200,000	\$400,000	\$1,500,000	\$2,000,000	\$2,500,000
Net Costs (Annual):	\$760,000	\$2,880,000	\$6,760,000	\$10,870,000	\$18,090,000
Estimated Projections for Profit (Annual):	-\$760,000	-\$504,000	\$1,556,000	\$6,950,000	\$17,550,000
Gross Margin % (Annual):	N/A	-21.21%	18.71%	39.00%	49.24%

Market Size Projection (US Population)	15,000,000
Market Saturation Projection (US Population)	648,000
Market Saturation Projection Percentage	4.32%

With these given production projections, we estimate that in 5 years our revenue will be about **\$35M** with costs at about **\$18M**, resulting in profits of about **\$17M**. Besides production costs and employee wages (outlined below), we decided that R&D funding should gradually increase over time, especially after we break even (after year 2), to stimulate long-term growth and innovation. By year 5, we project our R&D investment to increase to about **\$2.5M**. Lastly, we calculate the projected saturation, by year 5, of our product in the estimated market population, 15M people (5% of US population), to reach about **5%**. This projection shows a very optimistic opportunity for long-term growth and expansion of our company further into this rapidly growing market.

Company Composition and Monetary Distribution							
Position	Year 1	Year 2	Year 3	Year 4	Year 5	Salaries	Post Break-Even Salaries (YR 3)
Executive Team	4	4	5	6	8	\$50,000	\$100,000
Software Developers	2	6	8	10	14	\$90,000	
Hardware Developers	2	4	4	5	7	\$90,000	
Sales Executives	0	3	5	7	10	\$80,000	
Marketing Executives	0	3	5	9	10	\$80,000	
Legal/Contract Team	0	2	4	6	10	\$90,000	
Headcount	8	22	31	43	59		
# of Locations	1	1	2	3	5		
Subtotal Team Costs:	\$560,000	\$1,760,000	\$2,740,000	\$3,470,000	\$4,790,000		

We believe that in order to develop a fully-operational prototype and intelligent platform that is market ready by the beginning of year 2, that we will need an initial team of 2 software developers and 2 hardware developers. Including the 4 founding members (executive team), this means that our initial team will consist of approximately **8 employees**.

Once production is underway in year 2, we want to rapidly expand our company to include a robust marketing, sales, and contract team that will provide rapid growth for the sales and distribution of our product. Starting in year 3, we will begin to expand our reach by adding another location (in another key market location - probably Seattle due to high water prices) and subsequently more team members. In addition, we added more executive positions, such as a chief financial officer or chief marketing officer, in order to distribute the management of the company into more manageable sections.

This trend continues for the rest of our 5 year plan, resulting in a team of almost **60 employees (8 executive officers)** over **5 locations**, with annual wages coming to about **\$5M**. We also made sure that for the first 2 years, while investments are the main capital of the company, the executive officers take a pay cut (compared to market average wages) in order to conserve investment capital.

Plan for Investor Funding:

Investments		Milestones
Seed A (Year 1)	\$1M	Prototype of device/app
Seed B (Year 2)	\$3M	Coming to market; product distribution/production
Seed C (Year 3)	\$6M	Expansion in size of company (locations, production, new ideas/developments) and market presence
Funding Justification		
<p>Seed A funding will allow for our company to start and produce a fully-operational prototype and software platform, and establish a foundation for future production and distribution.</p> <p>Seed B funding, in the second year, will provide capital for production, marketing, and distribution. This will also provide a significant financial foundation upon which the company can take off from.</p> <p>Seed C funding, in the middle of the third year, will provide a means of expanding the company (long-term growth) to several new locations across the country, scaling up production, and developing new technologies, as well as updating versions of the initial product.</p>		