

August Online Technology

Eight-Year Financial Projection for Product X

21-Mar-18

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	
Sales	\$ 50,373,252.50	\$ 53,570,694.70	\$ 56,971,094.54	\$ 60,587,334.77	\$ 64,433,115.85	\$ 68,523,007.87	\$ 72,872,505.80	\$ 77,498,088.10	
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	\$ 15,061,602.50	\$ 16,017,637.71	\$ 17,034,357.27	\$ 18,115,613.10	\$ 19,265,501.64	\$ 20,488,379.35	\$ 21,788,879.23	\$ 23,171,928.34	
Expenses									
Advertising	\$ 4,031,110.20	\$ 4,286,905.58	\$ 4,558,937.56	\$ 4,848,236.78	\$ 5,155,899.27	\$ 5,483,090.63	\$ 5,831,050.46	\$ 6,201,097.05	
Maintenance	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	6,044,790.30	6,428,483.36	6,836,531.35	7,270,480.17	7,731,973.90	8,222,760.94	8,744,700.70	9,299,770.57	
Shipping	1,813,437.09	1,928,545.01	2,050,959.40	2,181,144.05	2,319,592.17	2,466,828.28	2,623,410.21	2,789,931.17	
Supplies	604,479.03	642,848.34	683,653.13	727,048.02	773,197.39	822,276.09	874,470.07	929,977.06	
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	\$ 14,078,816.62	\$ 15,041,882.29	\$ 15,799,812.45	\$ 16,856,095.01	\$ 17,929,439.62	\$ 18,898,791.79	\$ 20,043,347.86	\$ 21,302,570.97	
Operating Income	\$ 982,785.88	\$ 975,755.43	\$ 1,234,544.82	\$ 1,259,518.09	\$ 1,336,062.02	\$ 1,589,587.56	\$ 1,745,531.37	\$ 1,869,357.38	
Income Tax	324,319.34	321,999.29	407,399.79	415,640.97	440,900.47	524,563.90	576,025.35	616,887.93	
Net Income	\$ 658,466.54	\$ 653,756.14	\$ 827,145.03	\$ 843,877.12	\$ 895,161.55	\$ 1,065,023.67	\$ 1,169,506.02	\$ 1,252,469.44	

Assumptions

Units Sold in Prior Year	235,411
Unit Cost	\$150.00
Annual Sales Growth	3.25%
Annual Price Increase	3.00%
Margin	29.90%

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Eight-Year Financial Projection for Product

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	=NOW()
Sales	=B23*(B24*(1-B27))	=B4*(1+\$B\$25)*(1+\$B\$26)	=C4*(1+\$B\$25)*(1+\$B\$26)	=D4*(1+\$B\$25)*(1+\$B\$26)	=E4*(1+\$B\$25)*(1+\$B\$26)	=F4*(1+\$B\$25)*(1+\$B\$26)	=G4*(1+\$B\$25)*(1+\$B\$26)	=H4*(1+\$B\$25)*(1+\$B\$26)	=I4*(1+\$B\$25)*(1+\$B\$26)
Cost of Goods	=B4*(1-\$B\$27)	=C4*(1-\$B\$27)	=D4*(1-\$B\$27)	=E4*(1-\$B\$27)	=F4*(1-\$B\$27)	=G4*(1-\$B\$27)	=H4*(1-\$B\$27)	=I4*(1-\$B\$27)	
Gross margin	=B4-B5	=C4-C5	=D4-D5	=E4-E5	=F4-F5	=G4-G5	=H4-H5	=I4-I5	
Expenses									
Advertising	=1250+8%*B4	=1250+8%*C4	=1250+8%*D4	=1250+8%*E4	=1250+8%*F4	=1250+8%*G4	=1250+8%*H4	=1250+8%*I4	
Maintenance	500000	600000	440000	520000	555000	420000	390000	400000	
Rent	1000000	=B10+(6.5%*B10)	=C10+(6.5%*C10)	=D10+(6.5%*D10)	=E10+(6.5%*E10)	=F10+(6.5%*F10)	=G10+(6.5%*G10)	=H10+(6.5%*H10)	
Salaries	=12%*B4	=12%*C4	=12%*D4	=12%*E4	=12%*F4	=12%*G4	=12%*H4	=12%*I4	
Shipping	=3.6%*B4	=3.6%*C4	=3.6%*D4	=3.6%*E4	=3.6%*F4	=3.6%*G4	=3.6%*H4	=3.6%*I4	
Supplies	=1.2%*B4	=1.2%*C4	=1.2%*D4	=1.2%*E4	=1.2%*F4	=1.2%*G4	=1.2%*H4	=1.2%*I4	
Web Services	85000	=B14+(6%*B14)	=C14+(6%*C14)	=D14+(6%*D14)	=E14+(6%*E14)	=F14+(6%*F14)	=G14+(6%*G14)	=H14+(6%*H14)	
Total Expenses	=SUM(B8:B14)	=SUM(C8:C14)	=SUM(D8:D14)	=SUM(E8:E14)	=SUM(F8:F14)	=SUM(G8:G14)	=SUM(H8:H14)	=SUM(I8:I14)	
Operating Income	=B6-B15	=C6-C15	=D6-D15	=E6-E15	=F6-F15	=G6-G15	=H6-H15	=I6-I15	
Income Tax	=IF(B17<0,0,33%*B17)	=IF(C17<0,0,33%*C17)	=IF(D17<0,0,33%*D17)	=IF(E17<0,0,33%*E17)	=IF(F17<0,0,33%*F17)	=IF(G17<0,0,33%*G17)	=IF(H17<0,0,33%*H17)	=IF(I17<0,0,33%*I17)	
Net Income	=B17-B18	=C17-C18	=D17-D18	=E17-E18	=F17-F18	=G17-G18	=H17-H18	=I17-I18	

Assumptions

Units Sold in Prior Year	235411
Unit Cost	150
Annual Sales Growth	0.0325
Annual Price Increase	0.03
Margin	0.299

Projected Net Income

