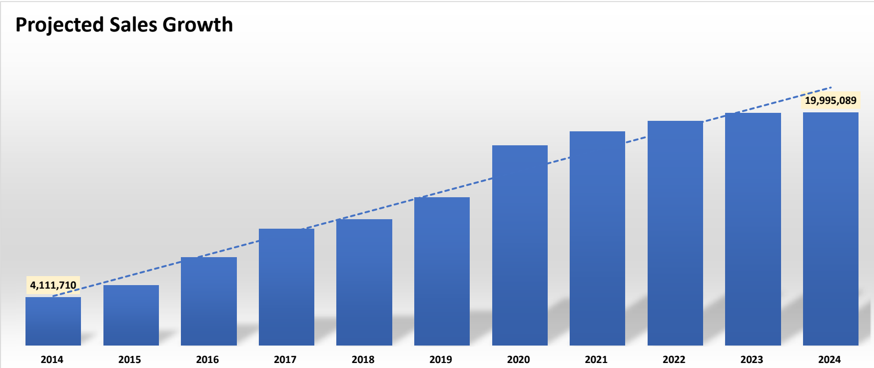
Financial Evaluation - Company Confidential

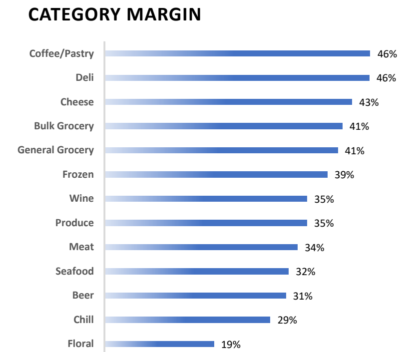
1
Sales &
Margin
Analysis

Key P&L Metrics	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Sales	4,111,710	5,140,779	7,524,842	10,006,049	10,782,087	12,683,289	17,154,209	18,331,283	19,265,545	19,959,005	19,995,089
Gross Profit	1,340,012	1,876,856	2,757,555	3,676,335	4,084,660	4,918,221	6,965,920	7,618,217	8,101,658	8,393,112	8,408,223
% of Sales	32.6%	36.5%	36.6%	36.7%	37.9%	38.8%	40.6%	41.6%	42.1%	42.1%	42.1%
EBITDA	(1,559,772)	(692,450)	(1,649,138)	(1,377,504)	(1,077,208)	(915,613)	52,555	472,178	761,992	923,130	893,418
EBITDA % of sales	-37.9%	-13.5%	-21.9%	-13.8%	-10.0%	-7.2%	0.3%	2.6%	4.0%	4.6%	4.5%
Store Assumption	1	1	2	3	3	4	4	4	4	4	4

CAGR (10 Yr Period)	Notes:
17.1%	CAGR Sales
20.2%	Growing Profit, Higher than Volume

Compound annual growth rate (CAGR) is an average that represents the rate of return for an investment as if it had compounded at a steady rate each year. In other words, CAGR is a "smoothed" growth rate that, if compounded annually, would be equivalent to what your investment achieved over a specified period of time.

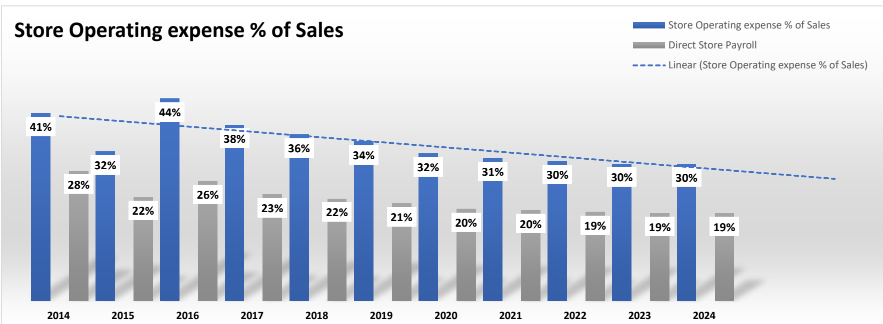


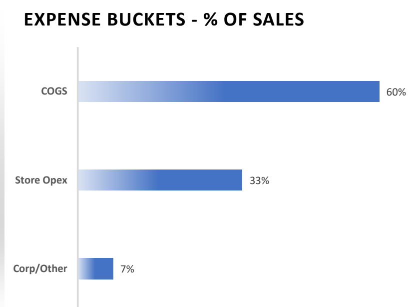


2
Expense
Analysis

Major Bucket Analysis

			Notes:
Store Opex	Store Opex - Average 10 Yr	*33%*	*Declining is a good thing, and shows scalability if they are able to hit sales volume* (this is key) -increasing contribution margin per store*
Direct Store Payroll	Direct Payroll for Stores - Average 10 yr	*21%*	*you would excpect this to decline with sales volume (they are projecting that)*
Real Estate	OCR (Occupancy Cost Ratio) - Average 10 yr	*7%*	*this is a healthy OCR (usually driven down by volume, meaning the leases are favorable, % of Sales)*





3
(Other Cash
Ratios)

Important Ratios (as of 2019) - Focuses on Balance Sheet/Cashflow & other considerations

1) Current Ratio

Current Assets	1,647,845
Current Liabilties	1,489,048
Current Ratio	1.1
Equity Raise "Ask"	2,000,000
Prof Forma Cash Position	3,647,845
Avg Current Liabilities	1,489,048
Current Ratio	2.4

Current Ratio = if under 1, it shows that they do not have enough "Current Assets" to cover liabilities.

In "Company", for 2019. This looks fine- however it is due to the 35% of the "Current Assets" are inventory (something to take into consideration). Obviously with funding, you will not have an issue at all with this ratio.

2) Cash to Debt Ratio

	2019	2020	2021	
Net Cash from Operating Activities	(1,155,010)	(692,701)	301,986	*without funding, CF positive not until 2021 (from operating activities)*
Avg Current Liabilities	1,489,048			
Cash Debt Ratio	(0.8)			*they are in need of "Cash", to run there business without hurting creditors*
End Cash Balance (w funding)	999,065			*Taking their "Funding" & adding it to the above to show true "cash position"*
Avg Current Liabilities	1,489,048			
Cash Debt Ratio	0.7			*they still need funding to stay cashflow positive as you can see*
Equity Raise "Ask"	**2,000,000**			*assumption from narrative*
Prof Forma Cash Position	2,999,065			
Avg Current Liabilities	1,489,048			*this would probably change a bit, if they have a new store (more liabilities)*
Cash Debt Ratio	2.0			*Adding in an extra 2M would keep them cashflow positive with there current liabilities*

True Cash to Debt Ratio: Measures the operating activities to show how much the business produces in order to pay its "current liablities" to operate the business.

A **higher current cash debt coverage** ratio indicates a better liquidity position. Generally a ratio of 1 : 1 is considered very comfortable because having a ratio of 1 : 1 means the business is able to pay all of its current liabilities from the cash flow of its own operations.