

# B U S I N E S S P L A N

Roycebag

Website : [www.roycebag.com](http://www.roycebag.com)



## 1.0 Executive Summary

### 1.1 Company Profile

Roycebag is proudly a first mover of a new and unique product that will contribute changes in the trend of fashion industry. Our bags reflect the name of the company itself which offers not so ordinary bags. We aim to make minimal design inspired laptop bags for men and women working in office. Roycebag products will let you experience an amazing sense of extraordinary fashion along with the exceptional quality. Our innovative approach towards the design and functionality of the bag is geared to cater the needs of urban commuters. Roycebag has two products in its line-up. Roycebag 13 inch Silky white, is smaller in size and is generally geared towards the women working in offices. It can carry laptop and iPad up to 13 inch size. The 16 inch Midnight black is geared towards men that are looking for a heavy duty bag. The bag is larger in size and is designed to carry laptops up to 16 inch. The larger size is perfect for the consumers that need to carry a laptop having large screens with high graphics and memory power.

Roycebag is owned and operated by Javtesh Singh and Harkirat Kaur. Laksh and Ishrat joined the team later. Javtesh already holds 5 patents to his inventions and loves to create innovative and "never seen before" products. Harkirat on the other hand is a digital marketer and is often obsessed with the products that had high customer oriented approach. Ishrat is a fashion designer and holds a fashion design degree and had experience of 3 years designing women dresses. Laksh is an operational manager and holds a degree in supply chain management and has an experience of 5 years working with the different national and international organisations.

### 1.2 Market Research

We are starting in an industry with incredible growth potential.

Annual sales of handbag market in Canada is US\$2.1 bn while annual sales in USA tend to be US\$11.5bn. The annual growth rate in Canada is + 5.51% (CAGR 2022-2026) while the similar in the USA is + 4.39% (CAGR 2022-2026). Average profit margins in Canada is 15% while in USA it tends to be as high as 20%. Canada and USA are depicting similar trends in the bag and luggage industry. The market is witnessing a substantial growth in the coming time frame. The market is growing near to 5% every year.

However, we plan to initially serve the GTA area before expanding our operations to entire Canada and then to United States. Currently there are 300+ brands serving in Greater Toronto Area. Nearly 60 companies are the Canadian born companies. However, in our niche customer base we have our major three competitors. Those are Nomatic, Bobobark and Montage. All these brands sell premium laptop bags geared towards urban commuters. Roycebag is focused on selling laptop bags to office workers. Our target audience consists of males and females of 30-50 year old, working in office in Greater Toronto Area and have an average income of \$70k.

### 1.3 Marketing

We position ourselves as the mid-range luxury brand for laptop bags. Primarily we would be advertising to our customer base present on various social media channels such as Facebook, Instagram and Pinterest. We would also be choosing third party websites such as Stackoverflow where a large number of our potential customers visit daily. Our secondary marketing consists of influencers and YouTubers. We shall make partnerships with them to promote our bags to their dedicated customer base. Our supporting marketing activities will be traditional forms of advertising, sponsored advertisements on the internet, and a presence at major consumer expos in Greater Toronto Area.

### 1.4 Operations

Currently we are an online only store, that would be performing all our operations from a sub-urban warehouse. We plan to initially serve the GTA area before expanding our operations to entire Canada and USA. To succeed, to grow quickly, and to scale the business and internal operations smoothly will be very expensive operationally. Part of this expense is capital for hiring key team members and starting to scale the business in the very first year. We need a CEO, a digital marketing expert, a fashion designer and an operations manager to get us off the ground. Moreover we need 30,000 worth of inventories to begin with.

### 1.5 Finance

We will require \$100,000 to start the business. These costs will help us get initial inventory, launch website, incorporate our business, and pay for all other necessary services at launch. To achieve the expected growth, estimated at an 7% month-on-month growth in customer numbers. The expected revenues for the first year are \$1,117,190 with associated expenses of \$1,010,627. Second year's revenues are \$2,136,250 with expenses of \$1,618,741.

## 2.0 Company Profile

### 2.1 Business Overview

Roycebag is proudly a first mover of a new and unique product that will contribute changes in the trend of fashion industry. Our bags reflect the name of the company itself that offers not so ordinary bags. We aim to make minimal design inspired laptop bags for men and women working in office. The business shows that trend in fashion industry can evolve into not only sophisticated style but also in purpose and function. We position ourselves into the category of luxury laptop bags tailored towards men and women that are in need of premium laptop bags to carry their essential items to their work station.

Roycebag products will let you experience an amazing sense of extraordinary fashion along with the exceptional quality. Our innovative approach towards the design and functionality of the bag is geared to cater the needs of urban commuters. The Marketers and designers behind Roycebag are not only striving to make our products satisfy the demand of urban commuters but also are developing a whole different level of design approach that makes our product aesthetically pleasing to the eyes of the consumers.

Roycebag has two products in its line-up. Roycebag 13inch Silky white, is smaller in size and is generally geared towards the women working in offices. It can carry laptop and iPad up to 13 inch size. The small size is convenient and quite handy in nature. The straps of bag are removable and are designed to convert bags to different modes. When the both straps are attached, the bag acts as a backpack and on removing a single strap, the bag rotates to 90 degree and converts into tote bag. Tote bag mode also known as shoulder bag, is meant to provide quick access to all your items inside the bag. On removing the both straps the bag could be easily used as a handbag and becomes quite handy in nature while carrying the bag inside an office.

The 16 inch Midnight black is geared towards men that are looking for a heavy duty bag. The bag is larger in size and is designed to carry laptops up to 16 inch. The larger size is perfect for the consumers that need to carry a laptop having large screens with high graphics and memory power. The bag holds similar design and all the features of that of the Roycebag 13 inch Silky white addition. It also carries an additional handle on the right side of the bag that enables the bag to be carried as a briefcase mode, the mode that is quite preferred by the professional men working in office.

### 2.2 Company History

The idea to open Roycebag came when Javtesh and Harkirat were looking for an amazing bag to carry with them for a business trip to Delhi, India. The dress code were formals and after searching a lot on the web, none of the bag seemed suitable to carry with a business attire. The backpacks were bulky in nature and handbag and tote bags available in market were not sufficient to carry all the essential office equipment's inside them. Their desire to fill this void, combined with the minimalistic design approach sparked the idea of Roycebag. They discussed the scope of project with each other and after analysing various designs and current trends in the market they decided to give it a try.

Javtesh already holds 5 patents to his inventions and loves to create innovative and "never seen before" products. Harkirat on other hand is a digital marketer and is often obsessed with the products that had high customer oriented approach. They worked inside a lab creating mock-ups and prototypes for 1.5 years. Together, Javtesh and Harkirat created this uniquely designed bag that fully caters the needs of an urban office worker and thus Roycebag was formed.

### 2.3 Management

Roycebag is owned and operated by Javtesh Singh and Harkirat Kaur. Laksh and Ishrat joined the team later.

Javtesh is employed as the Chief executive officer that is responsible for the vision and overall operations of the company. Despite having a degree in Computer science, he had been developing the innovative projects and apps from past 4 years. He has experience in creating amazing customer oriented products and all of his designs and products are quite unique and creative in nature. He loves to create "never seen before" products. He had won various national and International competitions for his innovative projects. One of his project "QueenBelt" was an innovative approach to prevent sexual assault for women and was featured on all the major news channels in India.



Harkirat on the other hand holds a degree in Digital Marketing. She is responsible for all the marketing aspect of the business. She has 3 years' experience working with various multi-national companies to increase their product sales and to elevate their brands awareness using the power of digital media channels. She has developed a confident approach to market the products by focusing on right customer base and using custom marketing strategies to influence the niche groups inside them.

Ishrat Singh is a fashion designer. His is highly inspired by the minimalistic lifestyle approach as it had helped him value the “things that matter.” Ishrat holds a fashion design degree and had experience of 3 years designing women dresses. He is the chief design officer of the company. He has helped create the final design version of the bags by creating design patterns that are meant to be read by machines for the manufacturing process. The final design of the bag was result of his inclination towards the minimalistic design approach. With his help the team had moved from MVP (minimum viable product ) stage to the production stage of our bags.

Lakshdeep Singh is operational manager of the company and is in charge of all the operations inside the company. He holds degree in Supply chain management and has an experience of 5 years working with the different national and international organisations. As the organisation is in the fashion and apparel industry, it is their key requirement to constantly be in touch with the domestic and overseas manufacturers and suppliers for the timely and efficient delivery of their products. Laksh handles all the key operations inside the company. He is responsible to manage all the supply chain, quality checks, inventory checks, logistics and timely shipments of the products.

## Team



**Javtesh Singh**

Co- Founder and CEO

Inventor with 4 years of experience



**Harkirat Kaur**

Co-Founder and Marketing Manager

3 years Digital Marketing experience



**Ishrat Singh**

Chief Design Officer

3 Years Fashion experience



**Laksh Brar**

Operational Manger

5 years Supply Chain Management experience

## 2.4 Location

Currently we are an online only store, that would be performing all our operations from a sub urban warehouse. We plan to initially serve the GTA area before expanding our operations to entire Canada. We have initially finalised Nico Warehousing and distribution located in Brampton (Address : 5 kenview Blvs, Brampton, ON L6T 5G5) to store our initially inventory.

## 2.5 Legal Structure

RoyceBag is a Delaware registered C-Corp company (registered in United States, EIN Number : 37-1971873 ). The start-up was registered as a C-Corp company to raise more capital by publicly or privately selling their stocks. It was chosen to be a Delaware registered C-Corp as angel investors and venture capitals firms generally prefers Delaware corporations because of its laws that protects investors.

The company currently have four shareholders. Javtesh Singh and Harkirat Kaur are co-founders and both owns 30 Percent shares of the company each. The remaining 40 percent is divided into two slabs of 20 percent each and is owned by Ishrat Singh and Laksh Brar.

Initially, Javtesh and Harkirat each owned half of the shares of the company. They both collectively invested \$40000 (\$20k each) of their personal money into the company. There was a strong need to onboard a Designer and an operational manager for the company to work efficiently. Laksh and Ishrat agreed to be the part of the start-up by bringing their expertise and investment of \$10k each with each of them getting 20 percent shares of the company.

## 2.6 Vision and Mission

We envision the company to be top trend-conscious producer of great products in the bags category in the Northern America. We envision ourselves as distinctive and competitive company that would maintain its passion for the improvements throughout the years. With our innovative designs we aim to offer proficiency for the elegance and manageability of our products for the desires of our end users.

The fundamental purpose of Roycebag is to create most stunning yet fully functional laptop bag for both men and women. Roycebag aims to develop bags that are beautiful, versatile, functional and that is a piece of artistic beauty that looks stunning on the one carrying it. The bag with its futuristic and minimalistic design is tailored towards the needs of a daily office commuter. Roycebag aims to collaborate design and essence of a luxury brand along with versatile and sturdy functionality geared towards the needs of its consumers.

## 2.7 Goals and objectives

The company major goal for the business in next two years is to be profitable and to be fastest growing fashion brand in Ontario, Canada.

The Major five objectives to meet this goal are :

1. We need to sell on average of 500- 700 products every month.
2. We will try various marketing techniques that would be tailored uniquely towards our consumer base.
3. We need to achieve break-even point in first 7 months.
4. We need to have sales of 1.5M by end of two year period.

## Market Research

### 3.1 Industry Profile & Outlook

RoyceBag operates in clothing accessories store category. (NAICS code : 448150).

Annual sales in Canada is US\$2.1 bn while annual sales in USA tends to be US\$11.5bn.

The annual growth rate in Canada is + 5.51% (CAGR 2022-2026) while the similar in the USA is + 4.39% (CAGR 2022-2026). Average profit margins in Canada is 15%, while in USA it tends to be as high as 20%. The Market was initially witnessing a downfall in the pandemic period as the outside movements were restricted but has shown drastic increase in the post pandemic era. Now the market is growing near to 5% every year.

Our top three direct competitors are MONTAGE , BOBOBARK, and NOMATIC brand. All these brands sell premium laptop bags geared towards urban commuters and their price range varies from \$160 - \$290, making them our direct competitors with respect to similar price range and target market.

Nomatic Bag is one of the most famous brand on Kickstarter. It raised a whopping \$13 Millions for its different products so far. The bag with its water resistance design and large capacity is geared primarily towards the travellers and outdoor adventurers. The starting price of backpack is USD\$ 235. The bags are proudly US made and are manufactured in Utah. The bags are sold on ecommerce platforms such as amazon and on their own website(<https://www.nomatic.com/>). The influencers and youtubers are the primary source where they acquire majority of their customers. Lifestyle coach Lewis Howes, NFL Kicker Josh Lambo and photography influencer Peter McKinnon are the proud endorsers of their brand.

Bobobark is a brand found by Paris born Elie Seroussi. He is a designer from past 20 years and along with his daughter he cofounded Bobobark. The company promises unique design along with its waterproof and light weight vegan materials that gives their bags a pleasant look. The bag raised 1.3M on Kickstarter and is currently priced at USD \$289. The has a small physical store in Paris, but in Northern America it is solely focused on digital platforms. Due to their heavy digital media presence, It is one of the most popular brand on social media. The bag boasts 44.5k followers on Instagram. The bag heavily depends on Search Engine Optimization (SEO) and pay per click (PPC) ads, apart from the social media channels. The advertisements of the bag could be easily seen on the Google Ad supported third party websites.

Montage bag is a Kickstarter born eco-friendly everyday bag. The company is proud of its nature friendly “Cork Leather” materials and convertible design. The Bag raised \$627,825 by 4,234 backers on Kickstarter campaign. Due to its simple and sober design and convertibility modes, bag is highly popular among the urban commuters. It is priced at \$155 in Canada(CAD). The company has no physical presence and is solely sold on the digital platforms. After initially selling on Kickstarter, the company moved to another crowdfunding platform named Indiegogo and is now solely selling on their own website.( <https://montagebags.com/>). They primarily use digital marketing strategies to promote their products. The company has 7,839 followers on Instagram and it is their primary source of traffic to their website, followed by Pinterest and then their own Facebook group(3452 likes).

Canada and USA are depicting similar trends in the bag and luggage industry. The market is witnessing a substantial growth in the coming time frame. Rising incomes are expected to influence consumers purchasing behaviours and increase consumers spendings on luxury handbags especially among the working women class.

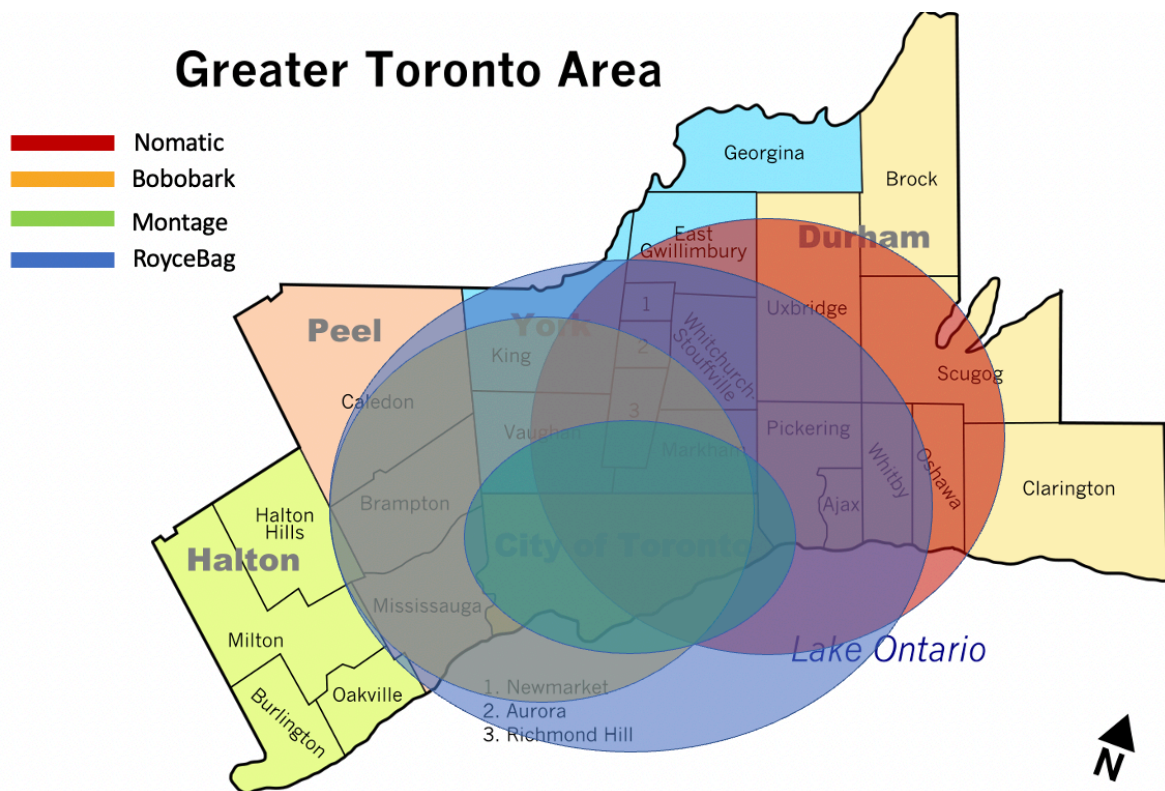
Moreover, increasing use of laptops as mainstream device is likely to boost the demand for the laptop bags. The increase in demands would help our start-up give a jump start from the very beginning and would allow us to easily establish our presence in the premium laptop bag market.

### 3.2 Local Market

We plan to initially serve the GTA area before expanding our operations to entire Canada and then to United States. We have initially finalised Nico Warehousing and distribution located in Brampton (Address : 5 kenview Blvs, Brampton, ON L6T 5G5) to store our initial inventory. We would primarily be selling through our website, targeting the IT professionals through social media channels such as LinkedIn, Instagram and twitter. Toronto is the IT hub and financial capital of Canada and it would be very easy for us to deliver our products in Greater Toronto Area and process the shipments, logistics and returns from sub urban warehouse located in Brampton.

Currently there are 300+ brands serving in Greater Toronto Area. Nearly 60 companies are the Canadian born companies. However, for our niche customer base top three competitors are Nomatic, Bobobark and Montage.

Geographic scope of Greater Toronto Area is 7,124 km square.



Greater Toronto Area, commonly referred to as GTA, includes City of Toronto and regional municipalities of Durham, Halton, Peel and York. It contains 25 urban, suburban and rural municipalities. As of 2021 census, the total population of this economic region is 6,712,341 people. It is a commercial, distribution, financial and economic centre, being the second largest financial centre in North America. The region generates about a fifth of Canada's GDP and is home to 40% of Canada's business headquarters.

As we can see clearly observe in the map above that city of Toronto is highly targeted with help of digital marketing by all the major competitors in Greater Toronto Area. Our no direct competitors have physical presence in Greater Toronto Area, however their most of the revenue across Canada comes from the Greater Toronto Area.

It is observed that Nomatic being a travel bag is popular among the Oshawa side as Oshawa is a commuter town and people living in Oshawa drive to office across Durham region or into downtown Toronto.

Our target market consist of people working in IT industry in age range of 30-50. Laptops are the essential part of their jobs and they carry them daily to their workstations. They are married, have 1-2 children and their average income is \$70,000 to \$90,000. They prefer to live near their office spaces and majority of them lives in downtown areas of the large cities as most of the IT company's headquarters are located there. They have interest in playing Video Games, doing yoga and cycling.

Greater Toronto Area is home to the most tech talent in Canada. Average salary in downtown Toronto is 91,987CAD and most typical earning in GTA area is 60,510. Women receives an average salary of 82,010CAD in downtown area of Toronto. Its workforce has been expanding fastest over the past year. According to latest edition of LinkedIn's Workforce report of Canada, the Greater Toronto Area is home to the most tech talent in the country. It has expanded its tech workforce by 2% over the past year. Moreover, it has seen a good number of established industries double down on scaling out their tech capabilities. It has been attracting tech workers form Montreal, Ottawa and Hamilton and has also attracted international tech workers, especially from Bangalore and Delhi.

We selected the GTA area as our target market area as most of its workforce is working professionals in tech space. IT professionals are in need for an elegant and versatile laptop bag to carry with them to their office. Majority of our customer base resides in this area. Increasing demand of tech professionals will increase the demand of laptop bags that will help us easily gain customers that are residing in this area.

### 3.3 Key Competitors/ SWOT Analysis

| Competitor | Strengths  | Weakness   | Opportunities  | Threats  |
|------------|--|--|--|--|
| Nomatic    | Established community of travelers and popular influencers.                          | It is a backpack and cannot be carried as shoulder or handbag.<br><br>Deign and shape is very Bulky in nature  | Roycebag bags with its removable straps convert into backpack, shoulder bag and handbag mode.  | Due its popular name in media channels, it makes the industry space highly competitive.  |
| Bobobark   | Unique waterproof design and Lightweight vegan material combined with Persian style. | No hard shape and no anti-theft features to protect the essential items inside.<br><br>Being a European brand there after sale service is very poor. | We will be using similar waterproof zippers to keep the items safe in harsh weather conditions.<br><br>Also being operated from suburban warehouse we could provide excellent after sale customer service. | French speaking customers are highly obsessed with Persian style bags.<br><br>It would be hard to penetrate their loyal customer base. |
| Montage    | Nature friendly Cork leather material and convertible design.                        | Bag is not water resistant and nor has anti-theft features.  | We will use similar nature friendly leather material instead of original leather to prevent animal cruelty.  | Vegans already love Montage bag and making them to buy our bags would be hard.   |
| RoyceBag   | Convertible hard shaped design with anti-theft and water-resistant zippers.          | No established name of the brand and no existing customer base or an online community on social media channels.                                      | The rate of IT professionals in GTA areas is quite increasing.   | Competitors can increase their product line and launch bags with similar designs to that of Roycebag.                                  |

### 3.4 Target Market

Roycebag is focused on selling laptop bags to Office workers.

DEMOGRAPHICS

- Males and females
- 30 to 50 years of age
- \$70,000+ income a year
- Multicultural
- Singles and couples
- 0-2 Children
- Urbanites

#### GEOGRAPHICS

- Greater Toronto Area
- 6,712,341 people residing.
- Average income is \$60,510 CAD.

#### PSYCHOGRAPHICS

- Personality: passionate, tech oriented, caring
- Personal values: moral, ethical, loyal, career oriented
- Interests: gaming, cycling, yoga, community

#### BEHAVIOURISTICS

- Users: regular users
- Degree of Loyalty: Medium
- Buyer Readiness: need to learn about the feature of product/service prior to purchase. love to buy latest gadgets.
- Benefits: quality, knowledgeable

### 3.5 Keys to Success

Initially, like Montage bags we would try to keep a competitive price to capture a portion of market and validate our business concept. Also as the influencers and youtubers are primary source of customers for Nomatic bags, we would also collaborate with different small and mid-level influencers by sending them free samples of our bags and requesting them for unboxing our bags on their social media channels. We would also try to create an organic fan base on social media websites, similar to Bobobark company, where we would ask user to tag us on social media channels in exchange of additional discounts on further purchases.

Since our product is unique in its own aspect, it shall provide us first move advantage in the market. Market penetration will be stepping stone for the progress of success of our company. Upon reaching this stage our excelling customer oriented obsession will help us maintain and gain more customers. Amazing customer service support will also help us increase customer satisfaction of our loyal customer base.

Extensive product distribution along with highly competitive price will act as strong foundation in establishment of our brand in the market. Also our focus on devolving a small but innovative product line of bags would result in creation of high quality fashionable and stylish products that would further help us increase our sales.

Roycebag's unique and patented design (Patent No. 348164-001) would also act as one of the major key success factors in the company.

The design was finalised after more than 20 prototypes and 15 months of extensive research. We will also ensure that everything from the raw material, manufacturer, supplier, production and customer services will go smoothly and will establish our company as a valuable brand in the eyes of our consumers that they shall take immense pride in carrying our products. Good leadership along with amazing team work will be our another key to success.

### 3.6 Keys to Customer Survey Summary

Javtesh and Harkirat visited an IT company named VertoTech. It was an industrial visit that was sponsored by our University. As we were already working on the Roycebag concept, we decided to use this opportunity to conduct market research for viability of their business idea. We took permission from our coordinator and then from the HR Manger inside the organisation to conduct an internal survey inside the organisation. We surveyed around 80 employees inside the campus. 48 were female within the age of 30 to 50 and 32 were males from age of 30 to 55. 90 percent of the employees were married and 60 percent of them had 1-2 kids. Moreover 60 percent of employees used to commute daily to workstation via public transport. We asked them from scale of 1 to 10 how much are they were satisfied with their laptop bags. Additionally, we also asked them to list three improvements they would like to have with their laptop bags.

We received an average score of 6.4 out of 10 with 80 percent of people scoring between 5 to 7. When we analysed the reasons we were shocked to see that the most common reason was that the employees were looking for a larger bag. The second most common reason was the safety and versatility of the bags. Also we analysed that of majority of daily commuters that travelled via public transport made the safety issues of the bags as their top priority. Third common reason was the design of the bags. Employees mentioned they were looking for bags that had similar designs to that of the high end luxury brands such as Louis Vuitton, Deor or GUCCI but they had problem with their extreme price range. We were running out of time but we requested the manger to let us conduct quick second survey and we were authorised to do so. We asked the employee why don't they carry large backpacks if they are in need of more space, but they replied that we prefer design over functionality and the current backpacks were out of shapes and very bulky in nature. They mentioned that backpacks are meant only for travellers and they doesn't sit well with our business attire. Also we asked them that if we provide them a bag with a beautiful design that can be wore as a backpack, shoulder bag or handbag and is anti-theft and water resistance in nature would they buy it within the price range of 130 – 170 dollars ? 95 percent of the employees responded with yes.

Finally we were able to get clear insights how our bag should look and all the functionalities it should hold. We had a good understanding of all the needs of urban commuters and working professionals. We conclude that Office workers were looking for a bag that has an elegant design, is convertible in nature and has ant-theft zippers along with water resistant fabrics. With the consent of employees, we requested HR to provide us with their email address of their employees and once the design was finalised, we sent a blast of emails of 3d model rendering of our design along with the user ratings dialog box to all the employees. We also thanked them to be a part of our research survey and they all responded with a positive note. We were surprised to see that 90 percent of employees liked the design of our bags. We were extremely happy and full of joy. Finally an MVP was created based on the design, and a new brand named Roycebag was born. All in all, I was great survey and the user feedbacks motivated us launch our business into the market.

### 3.7 Market Potential and Market Share

Market Area is total population of Greater Toronto Area. This area includes City of Toronto and regional municipalities of Durham, Halton, Peel and York. It contains 25 urban, suburban and rural municipalities. As of 2021 census, the total population of this economic region is 6,712,341 people.(Source : City of Toronto estimate)

Calculating Market Potential :

Per capita bag sales in Greater Toronto Area = \$285

Population of Greater Toronto Area = 7,281,694

Since only one in five people made their laptop bag purchase in Greater Toronton Area therefore

Market Area potential =  $0.2 * 7,281,694 * 285$   
= 83,011,311

Approximately 83 Million.

Market Share : There are currently (320 brands including us) operating in Greater Toronto Area. Average price at which laptop bags are sold is \$68. We are selling at \$129 per unit.

Our Market share is =  $129 / 320 * 68 = 0.005 \%$

## 4.0 Sales and Marketing

### 4.1 Pricing Strategy

We position ourselves as the mid-range luxury brand for laptop bags. Initially we are planning to launch two bags into the market. Our 13inch milky white edition that is geared towards women working in office and 16 inch midnight Black edition that is made to cater the needs of men working in office.

Our 13inch milky white is priced at \$129.

Our 16 inch midnight Black is priced at \$149.

We got a quote from a well-known manufacturer named Guanzhou Evergreen Leather Goods Co. Ltd. located in Guangzhou, China. The company had an excellent history and had worked with leading brand of the bags in the industry such as Fossil ,Mavrick and Nordstrom. After initially signing an NDA, they agreed for the custom design for our bags. The price they quoted was \$18 for 13 inch and \$20 for 16 inch bags. We contacted the ecommerce shipping solutions named Shipbob and after confirming the weight and dimensions of our bags, the price they quoted were \$8 for both the bags. Initially we are planning to manufacture a couple thousand units, so we have to pay a large amount for shipping. They told us that with more number of units, the shipping cost could be further drastically reduced. They agreed to ship our bags to our sub urban warehouse located in Brampton, Canada.

Our warehouse would charge us average \$10 for a bag to be stored and additional \$15 to pack and ship anywhere in GTA area. Our payment service provider charges us nearly 3\$ transaction fee. Additional expenses such as defects and returns would cost us around \$5 average per bag.

We assume the cost to acquire a customer through digital marketing strategies would be would be nearly \$15.

Therefore our estimated cost of bag to manufacture and ship is  $\$20 + \$8 + \$10 + \$15 + \$3 + \$5 + \$15 = \$76$ .

Competitors Pricing :

- Nomatic : \$235
- Montage : \$155
- Bobobark :\$289

Average price of bags including other competitors is \$170.

We believe that \$129 price for our 13 inch bag and \$149 for our 16 inch bag is quite competitive in nature.

## 4.2 Marketing Strategy

The main purpose of digital marketing campaign strategy for Roycebag is to generate brand awareness among our target consumers. For a start-up to successfully penetrate into Laptop handbag market is quite challenging in nature. To do this, we will focusing on our highly researched and uniquely tailored marketing plan mentioned below. Our main customer base consist of working professionals in IT sector. We position ourselves as the mid-range luxury brand for laptop bags. Primarily we would be advertising to our customer base present on various social median channels such as Facebook, Instagram and Pinterest. We would also be choosing third party websites such as stackoverflow where large number of our potential customers visit daily Our secondary marketing consist of influencer and youtubers. We shall make partnerships with them to promote our bags to their dedicated customer base. Our supporting marketing activities will be traditional forms of advertising, sponsored advertisements on the internet, and a presence at major consumer expos in Greater Toronto Area.

## 4.3 Contents of Marketing Strategy

Facebook Ads :

Audience : 30-50 year old, male and female, Joined Job groups and liked programming related pages.

Content Schedule : Facebook is a very high value network We would be posting between 1 to 3 PM in the week days as it is the time for lunch breaks in the offices and office workers love to surf Facebook in their free times. Moreover we will perform ad retargeting to the same interested user on their Instagram account too.

Type of Content :. We will also be promoting short video ads in the reels and video sections.

As Instagram is owned by Facebook we will connect our Instagram and Facebook posts to reduce post redundancy.

Pinterest Ads

Audience : 30 - 45 year females.



Content Schedule : We will be posting ads only on weekends as the community at Pinterest love to do shopping from their own curated lists in the weekends.

Type of Content : : Pinterest Ads image with a fashion model wearing our bag will be geared towards women's those who love to collect designer laptop bags. Also we would be targeting followers of the users that had pinned our bags to their own custom list.

Google Ads :

Audience : 30-45 year old, male and female.

Content Schedule : Mon to Fri, 2 PM to 5 PM, 2-3 times in a week.

Type of Content: We will use google ads to promote our product on tech related websites that support google ads. Primarily we would focus on stack overflow and programming websites as they gain a lot of traffic from professionals working in office.

Instagram Ads :

Audience : 30-40 year old, male and females.

Content Schedule :

Type of Content : Our Instagram page will comprise of amazing quality images with vibrant backgrounds. Our page would have consistent colour scheme that aligns with our brand and image. We would also repost the custom tags pics and often feature our customers wearing our bags that shall help us in creating brand awareness.

YouTube Ads :

Audience : 30-50 year old, male and female.

Content Schedule : 3 - 4 Times a day(3 PM to 9 PM), only on weekends.

Type of Content : We would be posting images of working professionals carrying our bags in business attire. Also images of bags kept with laptop and tech accessories will be curated as business professionals can relate the need of product directly with them.

#### 4.4 Keeping track of Marketing Strategy Success

In first 6 months, we will have five main digital marketing goals to track our success. Our first month goal is to bring maximum traffic to our website and raise brand awareness by educating user about the products we offer. We expect conversion rate of around 10 percent in our initial stage.

We will always monitor the source from where the data and traffic our website is getting. We would make necessary changes in the first week of the month and let the strategy perform the rest of three weeks. Every first week of month we shall review the statics of the last month and make necessary changes accordingly.

#### 4.5 Marketing Strategy Budget

Since we are only selling digitally, we need invest a lot on digital media channels to ensure our solid presence on the web.

Our first year marketing budget is 110,400.

We roughly divide the amount into half between the daily ads on different media channels and other half on video production and influencer marketing.

Below is the breakdown of all the costs that makes up our budget.

Product Promo video production cost : \$10,000

Our product video cost is on a bit high end because our product belongs to a luxury items category. We need to have different filming locations, premium sound effects, expensive production equipment, video translation in different languages, talented models and amazing post production visual effects.

We treat video as an investment rather than an expense because it would help us educate our consumers about the product benefits in a very short time frame. The clips of video and still images from the video would be used as marketing materials on all the social media channels.

Influencer Partnership : \$1500 for a single unboxing and review video.

Reason : We contacted Maria Draganova, a fashion beauty and lifestyle vlogger that had 149K subscribers. She asked us to send us the bag and quoted price of \$1400 to unbox our bag on her youtube chanel.( <https://www.youtube.com/c/MariaDraganovax>). We added \$100 for

additional shipping cost. We aim to get 80k to 100k views from a single video in a year. It is often observed that consumers review bags first on YouTube before deciding to buy fashion accessories such as bags.

We tend to partnership with similar 10 – 12 youtubers to promote our bags on their channels. Total estimated yearly cost would be near to \$20,000.

Instagram Influencer Partnership : \$ 1000 for a post.

Reasoning : The average cost of micro Instagram influencer is \$1000. Men and women around 30 year age use this channel as their primary source of social media .

Total partnerships in a year = 20

Total yearly cost = \$20,000

Facebook and Instagram : \$1000 monthly ads (\$33.3 per day).

Reasoning : This cost would help us promote our posts both on Instagram and Facebook. We set a budget of \$1000 per month. According to the statics available on Facebook our post would reach to 1200 to 7400 people a day, those are located in GTA area.

Total yearly cost = \$12,000.

Google Ads:

Ad 1: Average CPC: .75 for 782 clicks, total cost: \$586.5 for the month

Ad 2: Average CPC: .64 for 1253 clicks, total cost: \$801.92 for the month

Ad 3: Average CPC: .97 for 398 clicks, total cost: \$386 for the month

Total monthly cost = \$1774.42

Total yearly cost = \$21,290.4

Reasoning : We took an example of an average cost of an ad, a low-cost example, and a high-cost example, to cover all price ranges of ads. These numbers were also inflated slightly to ensure we weren't underestimating any costs.

Pinterest Promotion : \$1000 per month.

Reasoning : We are targeting 9000 – 10,000 sessions at 0.1 CPC rate. This would bring nearly 9-10k unique visitors to our website, every month.

Total yearly cost = \$12000.

Therefore our total marketing expenditure comes out to be \$95,290.4

Another 15k is kept as reserved for unexpected marketing cost that shall occur in the first year.

## 4.6 Strategic Alliances

Roycebag will form strategic alliances with established brands such as Ykk, Gaofeng bags and with Hongyu Hand Bag Manufacturers.

When it comes to zippers of the bag, Ykk is the gold standard benchmark that the consumers look for. Ykk is a Japanese company that manufacture zippers that is trusted worldwide for their impeccable production standards and thorough quality control processes for zippers. Its zippers are used by top end luxury brands such as GUCCI and Louis Vuitton. We would collaborate with them to use their brand image for our promotion and to fulfil our key features such as anti-theft and water resistant zippers.

Geofan bags is manufacturer of 100% eco-friendly high quality vegan leather. They have 20 years' experience in manufacturing vegan materials and their materials are already being used in more than 8 million bags. We would collaborate with them to get best quality, ultra-light eco-friendly vegan leather for our bags. We would also collaborate with Hongyu Hand bag manufacturers to get custom metal made logo plates for our bags, as they provide high quality corrosion free metal accessories.

## 4.7 Positioning Statement

RoyceBag is a designer laptop bag made for urban professionals.

## 5.0 Operations

## 5.1 Location

Currently we are an online only store, that would be performing all our operations from a sub urban warehouse. We plan to initially serve the GTA area before expanding our operations to entire Canada. We have initially finalised Nico Warehousing and distribution located in to store our initial inventory.

Our website will be operating 24/7.

Our ware house will operating and shipping products : MON-FRI, 10AM to 5PM.

In initial stage we would be targeting and shipping orders only to GTA area, from our sub urban warehouse located in Brampton. Greater Toronto Area is home to the most tech talent in Canada. Average salary in downtown Toronto is 91,987CAD and most typical earning in GTA area is 60,510. Women receives an average salary of 82,010CAD in downtown area of Toronto. Its workforce has been expanding fastest over the past year. According to latest edition of LinkedIn's Workforce report of Canada, the Greater Toronto Area is home to the most tech talent in the country. It has expanded its tech workforce by 2% over the past year. Moreover, it has seen a good number of established industries double down on scaling out their tech capabilities. It has been attracting tech workers from Montreal, Ottawa and Hamilton and has also attracted international tech workers, especially from Bangalore and Delhi.

We selected the GTA area as our target market area as most of its workforce is working professionals in tech space. IT professionals are in need for an elegant and versatile laptop bag to carry with them to their office. Majority of our customer base resides in this area. Increasing demand of tech professionals will increase the demand of laptop bags that will help us easily gain customers that are residing in this area.

We have initially finalised Nico Warehousing and distribution located in Brampton (Address : 5 Kenview Blvs, Brampton, ON L6T 5G5) to store our initial inventory. We would primarily be selling through our website, targeting the IT professionals through social media channels such as LinkedIn, Instagram and twitter. Toronto is the IT hub and financial capital of Canada and it would be very easy for us to deliver our products in Greater Toronto Area and process the shipments, logistics and returns from sub urban warehouse located in Brampton.

Website : [www.roycebag.com](http://www.roycebag.com)

The website has four main sections. The first page is homepage where 360 product rotation is enabled on the website. User can drag the bag to different angles while clicking and holding the mouse pointer or with help of scroll wheel.

Scrolling below on the homepage leads to two different product offered by our company. Roycebag milky white and Roycebag Majestic black accompanied by a call to buy button.

You can add items to the cart and currently make a manual checkout on our website. We are currently in process of integrating payment gateways to our website.





## Like a Bag. Unlike any Bag.

Royce bag comes with unique side openings and anti-theft zippers that provide quick access and keeps your belongings safe.



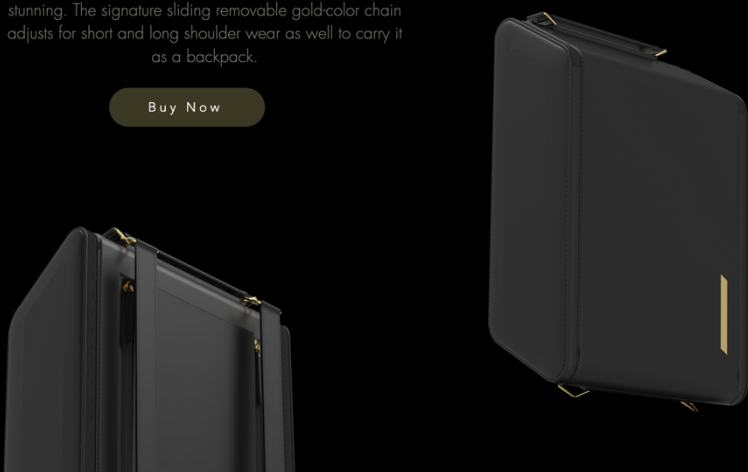
[Buy Now](#)



# Majestic Black

Made from soft quilted leather, black curved design looks stunning. The signature sliding removable gold-color chain adjusts for short and long shoulder wear as well to carry it as a backpack.

[Buy Now](#)



RoyceBag with its removable straps is designed to be three mode convertible Bag. You can use it as Backpack, Shoulder Bag or Handbag.



Enter your email to stay tuned for launch !!!

Subscribe

Home

Shop

Blog

Contact

New Arrival



Snow White

\$129.00

— 1 +

Add to Cart



Majestic Black XL


\$199.00

— 1 +

Add to Cart

Home **Shop** Blog Contact


New Arrival



Snow White  
\$129.00

- 1 +

Add to Cart




Majestic Black XL  
\$199.00

- 1 +


Add to Cart

> Cart



Snow White  
\$129.00

- 1 +




Majestic Black XL  
\$199.00

- 1 +

Subtotal  
\$328.00


View Cart

### My cart



Snow White  
\$129.00

- 1 +



Majestic Black XL  
\$199.00

- 1 +

### Order summary

Subtotal \$328.00

Shipping FREE

Ontario, Canada

---

Total \$328.00

Checkout

🔒 Secure Checkout

🔍 Enter a promo code

📝 Add a note

## 5.2 Legal Issues

We anticipate the following legal issues :

Business Licences

Operating Licence

Import-Export Licence

Registering Employees

Federal Business Registrations

Province Business Registration

Sales Tax permit

Health Permit

Roycebag will hire a lawyer to provide direction on licencing and insurance requirements and to review all the contracts with our international manufacturers and suppliers. The lawyer will register our business in Ontario and also incorporate the business with Federal Government. Roycebag would also obtain GST and RT number and will be registered for corporate income tax. We plan to launch the Canadian subsidiary branch under our original Roycebag Inc. that is already incorporated in United States. Once the legal paper work of incorporation is done we will obtain Import – export licence and other permits required to run our business.

## 5.3 Insurance Issues

Given the nature of our business, we generally require two type of insurances, Cyber Liability Insurance and Product Liability insurance. Cyber Liability Insurance : Estimated Cost \$ 600 per month. Cyber Liability Insurance is most important coverage for business like us that are selling products online. We tend to store customer data for marketing and billing purpose and the data is always at risk of being stolen. Generally, Cyber Insurance covers costs associated with electronic incidents, such as a cyber hack involving your technology systems and data It would also cover the cost to notify your customers and repair your data systems, as well as any legal expenses that result from the data breach.

Product Liability Insurance. Estimated Cost \$400 per month. Product Liability Insurance will protect us against claims alleging third-party property damage or bodily injury caused by our products. It would protects us from damages from design, manufacturing, or marketing defects, such as incorrect labelling and safety warnings.

## 5.4 Human Resources

Roycebag will have 4 - 6 full time professionals.

Roycebag will have 3 – 5 interns.

Initially, Javtesh and Harkirat each owned half of the shares of the company. There was a strong need to onboard a Designer and an operational manager for the company to work efficiently. Laksh and Ishrat agreed to be the part of the start-up by bringing their expertise in exchange of the equity for 20 percent each.

All the four owners will be working full time for the company.

Javtesh is the founder and CEO and is responsible for overall vision, functioning and financials of the company. He would be holding meetings with the potential investors and will be managing staff and payrolls.

He would be working full time at a yearly salary of \$48000.

Harkirat is a digital Marketing expert and will escalate the brand presence on digital and social media channels. She is responsible for brand logo, photography, contacting PR, media channels and Influencers to increase the brand awareness

She would be working full time at a yearly salary of \$48000.

Ishrat is a product designer and will evaluate the quality checks of existing fabrics that are being used in the bags and will introduce new product line that is in alliance with the design principles of Roycebag.

He will be working fulltime at yearly salary of \$42240

Laksh is the operational manager and will handle all the shipments, supply chain and logistics. He will also routinely visit the warehouse and perform quality checks and manufacturing defects on the inventories.



He will be working fulltime at yearly salary of \$42240

Additional two digital marketing inters would be required to aid Harkirat and to successfully implement digital marketing strategies.

Both interns would be working fulltime at \$ 17 per hour pay.

One supply chain intern would be hired to assist lash in dealing with the supply and logistics issues.

He would be working full time at \$16 per hour pay

Also an office boy is required as a helper to assist with everyday operations.

He would be working full time at \$15 per hour pay.

Total monthly staffing costs are estimated at 25,400, and 305,280 for the year.

Our Staffing requirement for the end of Year 3 will as following :



**Javtesh Singh**  
Co- Founder and CEO



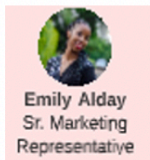
**Harkirat Kaur**  
Co-Founder and Marketing  
Manager



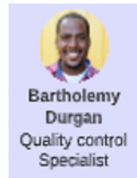
**Ishrat Singh**  
Chief Design Officer



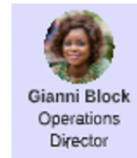
**Laksh Brar**  
Operational Manger



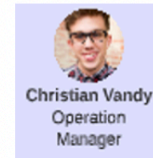
**Emily Alday**  
Sr. Marketing  
Representative



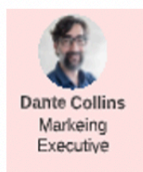
**Bartholemy  
Durgan**  
Quality control  
Specialist



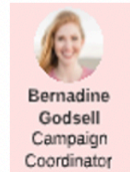
**Gianni Block**  
Operations  
Director



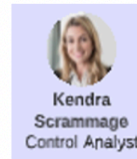
**Christian Vandy**  
Operation  
Manager



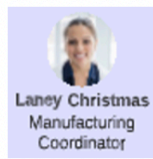
**Dante Collins**  
Markeing  
Executive



**Bernadine  
Godsell**  
Campaign  
Coordinator



**Kendra  
Scrammage**  
Control Analyst



**Laney Christmas**  
Manufacturing  
Coordinator

## 5.5 Process/ Production



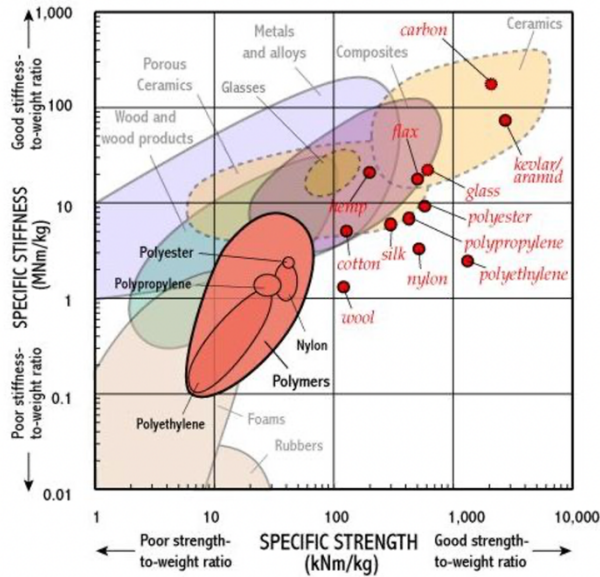
Royce bag takes pride in quality of our products. We had developed a robust system to maintain quality and timely delivery of our products. In the beginning the quality of polymers used in the bag manufacturing shall be checked. Here we are looking for materials having good strength to weight ratio. Then we shall finalize the design that is in sync with the material required to manufacture it.

Once, the design is finalized, the material will be sourced and raw sample would be made. The samples, shall be tested in various conditions and once approved, Product planning would began.

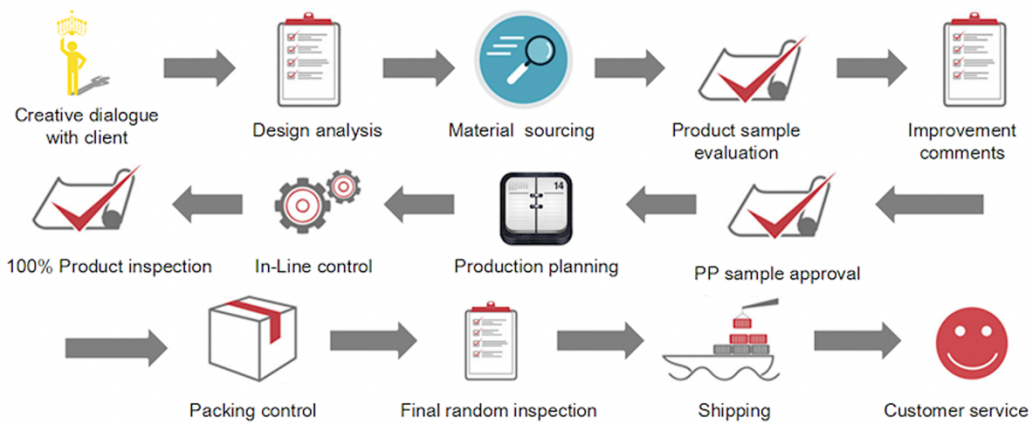
Large sheets would be cut into the required patterns, and then small pieces would be sewn with each other to form the final product. During manufacturing and post manufacturing random samples shall be tested to maintain the quality control of the product.

The products shall then be packed and shipped to the desired warehouse.

Diagram, below indicate the detail view of the production process.

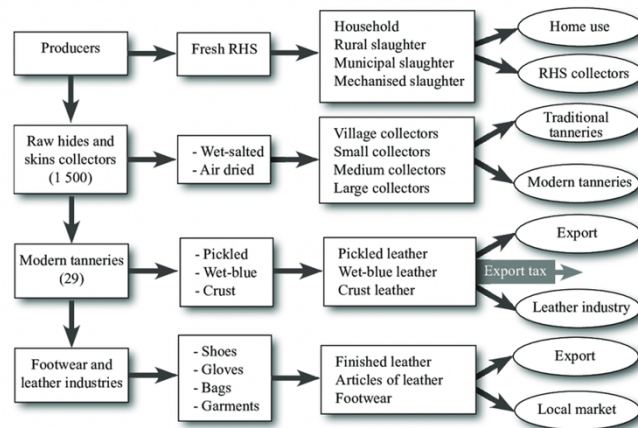


# Royce Bag Quality Chart



## PURCHASING AND SUPPLY MANAGEMENT SUPPLY STRATEGY

# SUPPLY PROCESSES & TECHNOLOGY OF ROYCE BAG



# MANUFACTURING PROCESS ROYCE BAG

## MANUFACTURING PROCESS OF BULK BAGS

The process of manufacturing bulk bags can be broken down into the following 11 steps



## 5.6 Risk Assessment

Three potential risks include Market Risk, Financial Risk and Execution Risk for our business. We will try to reduce them in following ways:

**Market Risk :** We tend to know our customers well, how and where they buy products such as bags for their personal needs. We had researched thoroughly and Identified these routes to the market. In timely fashion and our reasonable allotted budget, we hope to eliminate this risk in future.

**Financial Risk :** We shall use crowdfunding campaigns on Kickstarter or Indiegogo to get money for our initial batch. This shall reduce our risk of taking loan and will also act as proof of validation for our product for market fit. In addition we shall partner with certain angel investors and traditional VCs to fund our business in exchange of equity.

**Execution Risk :**

We are using certain parameters at every execution steps to maintain the quality control of our operations in timely manner.

Also, We shall not allow any one person to have 100 percent influence in the decision-making process. Again, we shall participate, evaluate the risks beforehand and would not be afraid to pivot.

If after a full year of business, sales are less than \$600,000, Roycebag would need to close its doors and declare bankruptcy. This would be handled by Roycebag lawyer as would the negotiation and selling of assets to repay the small business loan provided by the National Bank of Canada.

## 6.0 Financials

### 6.1 Start Up cost

#### Start-up Costs

First Month of Futurpreneur Loan is April 2014 1<sup>4</sup> July 2022

| Funding Sources |               | Owner Will Contribute | Futurpreneur Loan Funding | BDC Loan Funding | Other Funding 1 | Other Funding 2 |
|-----------------|---------------|-----------------------|---------------------------|------------------|-----------------|-----------------|
|                 | <b>Amount</b> | \$40,000              | \$20,000                  | \$20,000         | \$20,000        | \$0             |

| Start-up Item                                   | Cost of Item     | Owner Will Contribute | Futurpreneur Loan Funding | BDC Loan Funding | Other Funding 1 | Other Funding 2 | Balance Check |
|---|------------------|-----------------------|---------------------------|------------------|-----------------|-----------------|---------------|
| <b>Lease - Leasehold Improvements</b>           |                  |                       |                           |                  |                 |                 |               |
| First and last month rent (aka deposit)         | 5,000            |                       | 5,000                     |                  |                 |                 | 0             |
| Building improvement costs                      | 2,000            |                       | 2,000                     |                  |                 |                 | 0             |
| Legal fees to review documents                  | 3,000            |                       | 3,000                     |                  |                 |                 | 0             |
| Arch drawings                                   |                  |                       |                           |                  |                 |                 | 0             |
| <b>General Start-up Costs</b>                   |                  |                       |                           |                  |                 |                 |               |
| Business Insurance (paid monthly)               | 600              |                       |                           |                  | 600             |                 | 0             |
| Business License - Incorp                       | 3,000            |                       |                           |                  | 3,000           |                 | 0             |
| Equipment & Fixtures                            | 3,400            |                       |                           |                  | 3,400           |                 | 0             |
| Office Furniture (desk, filing cabinet)         | 4,000            |                       |                           |                  | 4,000           |                 | 0             |
| Computer, printer, fax machine                  | 3,000            |                       |                           |                  | 3,000           |                 | 0             |
| Accounting System - POS system                  |                  |                       |                           |                  |                 |                 | 0             |
| Accounting Consultation to set up books         | 1,500            |                       |                           |                  | 1,500           |                 | 0             |
| Legal fees to review contracts                  | 2,500            |                       |                           |                  | 2,500           |                 | 0             |
| Website   | 2,000            |                       |                           |                  | 2,000           |                 | 0             |
|   |                  |                       |                           |                  |                 |                 | 0             |
|   |                  |                       |                           |                  |                 |                 | 0             |
|   |                  |                       |                           |                  |                 |                 | 0             |
| <b>START-UP COST SUBTOTALS</b>                  | <b>30,000</b>    | <b>0</b>              | <b>10,000</b>             | <b>0</b>         | <b>20,000</b>   | <b>0</b>        |               |
| <b>Inventory / Stock / Products (ONLY)</b>      |                  |                       |                           |                  |                 |                 |               |
| retail price range [0 -\$100] or service #1     | 40,000           | 40,000                |                           |                  |                 |                 | 0             |
| retail price range [\$100 -\$200] or service #2 |                  |                       |                           |                  |                 |                 | 0             |
| retail price range [\$200 -\$300] or service #3 |                  |                       |                           |                  |                 |                 | 0             |
| retail price range [over \$300] or service #4   |                  |                       |                           |                  |                 |                 | 0             |
| <b>INVENTORY / STOCK SUBTOTALS</b>              | <b>\$40,000</b>  | <b>\$40,000</b>       | <b>\$0</b>                | <b>\$0</b>       | <b>\$0</b>      | <b>\$0</b>      |               |
| <b>TOTAL START-UP COSTS</b>                     |                  |                       |                           |                  |                 |                 |               |
| <b>START-UP &amp; INVENTORY SUBTOTALS</b>       | <b>\$70,000</b>  | <b>\$40,000</b>       | <b>\$10,000</b>           | <b>\$0</b>       | <b>\$20,000</b> | <b>\$0</b>      |               |
| <b>Available Cash in the Bank</b>               |                  |                       |                           |                  |                 |                 |               |
| Working Capital                                 | \$30,000         | \$0                   | \$10,000                  | \$20,000         | \$0             | \$0             |               |
| <b>TOTALS</b>                                   | <b>\$100,000</b> | <b>\$40,000</b>       | <b>\$20,000</b>           | <b>\$20,000</b>  | <b>\$20,000</b> | <b>\$0</b>      |               |
| Percentage Contributions                        | 100%             | 40%                   | 20%                       | 20%              | 20%             | NA              | 100%          |

## 6.2 Sales Forecast (Year 1&2)

### Year One Sales Forecast Including Assumptions:

Month 1 - \$62,050 - July – It's our grand opening and we plan to have a great start.

Month 2 - \$67,610 - August – Due to the hype in media, our sales keep on increasing at a steady rate in our second month of operation.

Month 3 - \$74,660 - September – Our sales are increasing as the fall season is out, and people love to travel around.

Month 4 - \$86,870 - October – Our sales witness a significant increase as some people are purchasing gifts for upcoming holiday season.

Month 5 - \$96,300 - November – Drastic increase in sales as the holiday season is arriving.

Month 6 - \$121,120 - December – Our greatest number of sales are in this month because people are gifting our bags to their loved ones.

Month 7 - \$74,460 – January - Due to post holiday month, there is sharp decline in our sales.

Month 8 - \$74,460 - February – The sales seem to be same in this month, because of cold weather no one seems to travel outside.

Month 9 - \$96,300 - March – We are start witnessing growth after two months period. The environment is heating up again.

Month 10 - \$107,220 - April – Sales have again caught the steady pace in month of April as people start moving outside

Month 11 - \$121,120 - May – We see steady increase as some people are pre-packing for their summer vacations.

Month 12 - \$135,020 - June – We see a sharp increase as people are travelling to their favorite tourist spots.

### Year Two Sales Forecast Including Assumptions:

Month 1 - \$155,280 - July – It is our 1-year anniversary month. Our sales are increasing as we launched a promo coupon for this month.

Month 2 - \$156,970 - August – Our sales seems to keep on steady pace as snowball effect from previous month.

Month 3 - \$164,520 - September - Our sales are increasing as the fall season is out, and people love to travel around.

Month 4 - \$174,850 - October - Our sales witness a significant increase as some people are purchasing gifts for upcoming holiday season. sales as people will be celebrating and letting loose.

Month 5 - \$190,250 – November - Drastic increase in sales as the holiday season is arriving.

Month 6 - \$217,670 - December - Our greatest number of sales are in this month because people are gifting our bags to their loved ones. more foot traffic outdoors and more tourists vacationing.

Month 7 - \$161,140 - January - Due to post holiday month, there is sharp decline in our sales.

Month 8 - \$161,140 - February - The sales seem to be same in this month, because of cold weather no one seems to travel outside.

Month 9 - \$171,470 - March - We are start witnessing growth after two months period. The environment is heating up again.

Month 10 - \$185,180 - April - Sales have again caught the steady pace in month of April as people start moving outside again.

Month 11 - \$197,200 - May - We see steady increase as some people are pre-packing for their summer vacations.

Month 12 - \$200,580 - June - We see a sharp increase as people are travelling to their favorite tourist spots.

6.3 Cashflow Statements

Year 1

| Month   | Jul-22                 | Aug-22       | Sep-22       | Oct-22       | Nov-22       | Dec-22       | Jan-23       | Feb-23       | Mar-23       | Apr-23       | May-23       | Jun-23       | Total        |             |
|---|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| <b>Sales Assumptions</b>  |                        |              |              |              |              |              |              |              |              |              |              |              |              |             |
| retail price range [0-\$100] or service #1                      | 250                    | 270          | 290          | 350          | 400          | 500          | 300          | 300          | 400          | 450          | 500          | 550          | 4,560        |             |
| retail price range [\$100-\$200] or service #2                  | 200                    | 220          | 250          | 280          | 300          | 380          | 240          | 240          | 300          | 330          | 380          | 430          | 3,550        |             |
| retail price range [\$200-\$300] or service #3                  |                        |              |              |              |              |              |              |              |              |              |              |              | 0            |             |
| retail price range [over \$300] or service #4                   |                        |              |              |              |              |              |              |              |              |              |              |              | 0            |             |
| <b>Cash from Sales</b>  | <b>Avg \$ of Sale</b>  |              |              |              |              |              |              |              |              |              |              |              |              |             |
| retail price range [0-\$100] or service #1                      | \$ 129                 | \$ 32,250    | \$ 34,830    | \$ 37,410    | \$ 45,150    | \$ 51,600    | \$ 64,500    | \$ 38,700    | \$ 38,700    | \$ 51,600    | \$ 58,050    | \$ 64,500    | \$ 70,950    | \$588,240   |
| retail price range [\$100-\$200] or service #2                  | \$ 149                 | \$ 29,800    | \$ 32,780    | \$ 37,250    | \$ 41,720    | \$ 44,700    | \$ 56,620    | \$ 35,760    | \$ 35,760    | \$ 44,700    | \$ 49,170    | \$ 56,620    | \$ 64,070    | \$528,950   |
| retail price range [\$200-\$300] or service #3                  | \$ -                   | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$0         |
| retail price range [over \$300] or service #4                   | \$ -                   | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$0         |
| <b>Total Cash Sales</b>   |                        | \$ 62,050    | \$ 67,610    | \$ 74,660    | \$ 86,870    | \$ 96,300    | \$ 121,120   | \$ 74,460    | \$ 74,460    | \$ 96,300    | \$ 107,220   | \$ 121,120   | \$ 135,020   | \$1,117,190 |
| <b>Funding Sources</b>  |                        |              |              |              |              |              |              |              |              |              |              |              |              |             |
| Owner Will Contribute   |                        | 40,000       |              |              |              |              |              |              |              |              |              |              | \$40,000     |             |
| Futurpreneur Loan Funding                                       |                        | 20,000       |              |              |              |              |              |              |              |              |              |              | \$20,000     |             |
| BDC Loan Funding  |                        | 20,000       |              |              |              |              |              |              |              |              |              |              | \$20,000     |             |
| Other Funding 1   |                        | 20,000       |              |              |              |              |              |              |              |              |              |              | \$20,000     |             |
| Other Funding 2   |                        | -            |              |              |              |              |              |              |              |              |              |              | \$0          |             |
| Business Bank Account (Existing businesses only)                |                        |              |              |              |              |              |              |              |              |              |              |              | \$0          |             |
| <b>Total Other Cash Inflow</b>                                  |                        | 100,000      | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | \$100,000    |             |
| <b>(A) TOTAL CASH INFLOW</b>                                    |                        | 162,050      | 67,610       | 74,660       | 86,870       | 96,300       | 121,120      | 74,460       | 74,460       | 96,300       | 107,220      | 121,120      | \$1,217,190  |             |
| <b>Cash Outflow</b>   | <b>% of sales cost</b> |              |              |              |              |              |              |              |              |              |              |              |              |             |
| <b>Inventory Costs</b>  |                        |              |              |              |              |              |              |              |              |              |              |              |              |             |
| retail price range [0-\$100] or service #1                      | 36%                    | \$ 11,610    | \$ 12,539    | \$ 13,468    | \$ 16,254    | \$ 18,576    | \$ 23,220    | \$ 13,932    | \$ 13,932    | \$ 18,576    | \$ 20,898    | \$ 23,220    | \$ 25,542    | \$211,766   |
| retail price range [\$100-\$200] or service #2                  | 32%                    | \$ 9,536     | \$ 10,490    | \$ 11,920    | \$ 13,350    | \$ 14,304    | \$ 18,118    | \$ 11,443    | \$ 11,443    | \$ 14,304    | \$ 15,734    | \$ 18,118    | \$ 20,502    | \$169,264   |
| retail price range [\$200-\$300] or service #3                  | 0%                     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$0         |
| retail price range [over \$300] or service #4                   | 0%                     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$0         |
| <b>(B) TOTAL INVENTORY COSTS</b>                                |                        | \$ 21,146.00 | \$ 23,028.40 | \$ 25,387.60 | \$ 29,604.40 | \$ 32,880.00 | \$ 41,338.40 | \$ 25,375.20 | \$ 25,375.20 | \$ 32,880.00 | \$ 36,632.40 | \$ 41,338.40 | \$ 46,044.40 | \$381,030   |
| <b>General Expenses</b>   |                        |              |              |              |              |              |              |              |              |              |              |              |              |             |
| 1st Owner's draw/salary   |                        | 4,000        | 4,000        | 4,000        | 4,000        | 4,000        | 4,000        | 4,000        | 4,000        | 4,000        | 4,000        | 4,000        | 4,000        | \$48,000    |
| 2nd Owner's draw/salary, if necessary                           |                        | 4,000        | 4,000        | 4,000        | 4,000        | 4,000        | 4,000        | 4,000        | 4,000        | 4,000        | 4,000        | 4,000        | 4,000        | \$48,000    |
| Employee/contractor wages                                       |                        | 17,440       | 17,440       | 17,440       | 17,440       | 17,440       | 17,440       | 17,440       | 17,440       | 17,440       | 17,440       | 17,440       | 17,440       | \$209,280   |
| Legal fees  |                        | 1,400        | 1,400        | 1,400        | 1,400        | 1,400        | 1,400        | 1,400        | 1,400        | 1,400        | 1,400        | 1,400        | 1,400        | \$16,800    |
| Accounting services   |                        | 2,000        | 2,000        | 2,000        | 2,000        | 2,000        | 2,000        | 2,000        | 2,000        | 2,000        | 2,000        | 2,000        | 2,000        | \$24,000    |
| Advertising and promotion                                       |                        | 6,200        | 6,700        | 7,400        | 8,600        | 9,600        | 12,000       | 7,400        | 7,400        | 9,600        | 10,000       | 12,000       | 13,500       | \$110,400   |
| Commercial Rent   |                        | 2,000        | 2,000        | 2,000        | 2,000        | 2,500        | 2,500        | 2,500        | 2,500        | 3,000        | 3,000        | 3,000        | 3,000        | \$30,000    |
| Property taxes/TMI  |                        |              |              |              |              |              |              |              |              |              |              |              |              | \$0         |
| Utilities   |                        | 1,000        | 1,000        | 1,000        | 1,000        | 1,000        | 1,000        | 1,000        | 1,000        | 1,000        | 1,000        | 1,000        | 1,000        | \$12,000    |
| Business Insurance  |                        | 600          | 600          | 600          | 600          | 600          | 600          | 600          | 600          | 600          | 600          | 600          | 600          | \$7,200     |
| Bank Charges  |                        | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | \$2,400     |
| Office supplies & postage                                       |                        | 800          | 800          | 800          | 800          | 800          | 800          | 800          | 800          | 800          | 800          | 800          | 800          | \$9,600     |
| Telephone & Internet  |                        | 600          | 600          | 600          | 600          | 600          | 600          | 600          | 600          | 600          | 600          | 600          | 600          | \$7,200     |
| Alarm System  |                        | 250          | 250          | 250          | 250          | 250          | 250          | 250          | 250          | 250          | 250          | 250          | 250          | \$3,000     |
| Subscriptions & Memberships                                     |                        | 500          | 500          | 500          | 500          | 500          | 500          | 500          | 500          | 500          | 500          | 500          | 500          | \$6,000     |
| Training  |                        |              |              |              |              |              |              |              |              |              |              |              |              | \$0         |
| credit card transaction fee (2%)                                | 2%                     | 1,241        | 1,352        | 1,493        | 1,737        | 1,926        | 2,422        | 1,489        | 1,489        | 1,926        | 2,144        | 2,422        | 2,700        | \$22,344    |
|   |                        |              |              |              |              |              |              |              |              |              |              |              |              | \$0         |
|   |                        |              |              |              |              |              |              |              |              |              |              |              |              | \$0         |
|   |                        |              |              |              |              |              |              |              |              |              |              |              |              | \$0         |
| <b>(C) TOTAL GENERAL EXPENSES</b>                               |                        | 42,231       | 42,842       | 43,683       | 45,127       | 46,816       | 49,712       | 44,179       | 44,179       | 47,316       | 47,934       | 50,212       | 51,990       | \$556,224   |
| <b>Other disbursements</b>                                      |                        |              |              |              |              |              |              |              |              |              |              |              |              |             |
| TOTAL Start-up Costs  |                        | 70,000       |              |              |              |              |              |              |              |              |              |              |              | \$70,000    |
| Futurpreneur Loan Funding - Interest Payment + \$15 monthly fee |                        | -            | 135          | 135          | 135          | 135          | 135          | 135          | 135          | 135          | 135          | 135          | 135          | \$1,485     |
| Futurpreneur Loan Funding - Principal Payment                   |                        | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | \$0         |
| BDC Loan Funding - Interest Payment                             |                        | -            | 172          | 172          | 172          | 172          | 172          | 172          | 172          | 172          | 172          | 172          | 172          | \$1,888     |
| BDC Loan Funding - Principle Payment                            |                        | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | \$0         |
| Other Funding 1 - Interest + Principal Payment                  |                        |              |              |              |              |              |              |              |              |              |              |              |              | \$0         |
| Other Funding 2 - Interest + Principal Payment                  |                        |              |              |              |              |              |              |              |              |              |              |              |              | \$0         |
|   |                        |              |              |              |              |              |              |              |              |              |              |              |              | \$0         |
| <b>(D) TOTAL OTHER DISBURSEMENTS</b>                            |                        | 70,000       | 307          | 307          | 307          | 307          | 307          | 307          | 307          | 307          | 307          | 307          | 307          | \$73,373    |
| <b>(E) TOTAL CASH OUTFLOW (B+C+D)</b>                           |                        | 133,377      | 66,177       | 69,377       | 75,038       | 80,003       | 91,357       | 69,861       | 69,861       | 80,503       | 84,873       | 91,857       | 98,341       | \$1,010,628 |
| <b>(F) NET CASH-FLOW (A-E)</b>                                  |                        | 28,673       | 1,433        | 5,283        | 11,832       | 16,297       | 29,763       | 4,599        | 4,599        | 15,797       | 22,347       | 29,263       | 36,679       | \$206,562   |
| <b>(G) CASH FROM PREVIOUS PERIOD</b>                            |                        | 0            | 28,673       | 30,106       | 35,388       | 47,220       | 63,517       | 93,280       | 97,879       | 102,478      | 118,275      | 140,621      | 169,884      | \$0         |
| <b>(H) CUMULATIVE CASH-FLOW (F+G)</b>                           |                        | \$28,673     | \$30,106     | \$35,388     | \$47,220     | \$63,517     | \$93,280     | \$97,879     | \$102,478    | \$118,275    | \$140,621    | \$169,884    | \$206,562    | \$206,562   |



| Month   | Jul-23                 | Aug-23           | Sep-23           | Oct-23           | Nov-23           | Dec-23           | Jan-24           | Feb-24           | Mar-24           | Apr-24           | May-24           | Jun-24           | Total            |                    |
|---|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| <b>Sales Assumptions</b>  |                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                    |
| retail price range [0-\$100] or service #1                      | 13                     | 14               | 15               | 16               | 17               | 18               | 19               | 20               | 21               | 22               | 23               | 24               |                  |                    |
| retail price range [0-\$100] or service #1                      | 570                    | 570              | 600              | 650              | 700              | 800              | 600              | 600              | 650              | 700              | 750              | 750              | 7,940            |                    |
| retail price range [\$100-\$200] or service #2                  | 450                    | 460              | 480              | 500              | 550              | 630              | 460              | 460              | 480              | 520              | 550              | 570              | 6,110            |                    |
| retail price range [\$200-\$300] or service #3                  |                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | 0                |                    |
| retail price range [over \$300] or service #4                   |                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | 0                |                    |
| <b>Cash from Sales</b>  | <b>Avg \$</b>          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                    |
| retail price range [0-\$100] or service #1                      | \$ 139                 | \$ 79,230        | \$ 79,230        | \$ 83,400        | \$ 90,350        | \$ 97,300        | \$ 111,200       | \$ 83,400        | \$ 83,400        | \$ 90,350        | \$ 97,300        | \$ 104,250       | \$ 104,250       | \$1,103,660        |
| retail price range [\$100-\$200] or service #2                  | \$ 169                 | \$ 76,050        | \$ 77,740        | \$ 81,120        | \$ 84,500        | \$ 92,950        | \$ 106,470       | \$ 77,740        | \$ 77,740        | \$ 81,120        | \$ 87,880        | \$ 92,950        | \$ 96,330        | \$1,032,590        |
| retail price range [\$200-\$300] or service #3                  | \$ -                   | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$0                |
| retail price range [over \$300] or service #4                   | \$ -                   | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$0                |
| <b>Total Cash Sales</b>   |                        | <b>155,280</b>   | <b>156,970</b>   | <b>164,520</b>   | <b>174,850</b>   | <b>190,250</b>   | <b>217,670</b>   | <b>161,140</b>   | <b>161,140</b>   | <b>171,470</b>   | <b>185,180</b>   | <b>197,200</b>   | <b>200,580</b>   | <b>\$2,136,250</b> |
| Owner's Investment  |                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | \$0                |
| <b>Total Other Cash Inflow</b>                                  |                        | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>\$0</b>         |
| <b>(A) TOTAL CASH INFLOW</b>                                    |                        | <b>155,280</b>   | <b>156,970</b>   | <b>164,520</b>   | <b>174,850</b>   | <b>190,250</b>   | <b>217,670</b>   | <b>161,140</b>   | <b>161,140</b>   | <b>171,470</b>   | <b>185,180</b>   | <b>197,200</b>   | <b>200,580</b>   | <b>\$2,136,250</b> |
| <b>Cash Outflow</b>   |                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                    |
| <b>Inventory Costs</b>  | <b>% of sales cost</b> |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                    |
| retail price range [0-\$100] or service #1                      | 32%                    | \$ 25,354        | \$ 25,354        | \$ 26,688        | \$ 28,912        | \$ 31,136        | \$ 35,584        | \$ 26,688        | \$ 26,688        | \$ 28,912        | \$ 31,136        | \$ 33,360        | \$ 33,360        | \$353,171          |
| retail price range [\$100-\$200] or service #2                  | 28%                    | \$ 21,294        | \$ 21,767        | \$ 22,714        | \$ 23,660        | \$ 26,026        | \$ 29,812        | \$ 21,767        | \$ 21,767        | \$ 22,714        | \$ 24,606        | \$ 26,026        | \$ 26,972        | \$289,125          |
| retail price range [\$200-\$300] or service #3                  | 0%                     | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$0                |
| retail price range [over \$300] or service #4                   | 0%                     | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$0                |
| <b>(B) TOTAL INVENTORY COSTS</b>                                |                        | <b>46,648</b>    | <b>47,121</b>    | <b>49,402</b>    | <b>52,572</b>    | <b>57,162</b>    | <b>65,396</b>    | <b>48,455</b>    | <b>48,455</b>    | <b>51,626</b>    | <b>55,742</b>    | <b>59,386</b>    | <b>60,332</b>    | <b>\$642,296</b>   |
| <b>General Expenses</b>   |                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                    |
| 1st Owner's draw/salary   |                        | 4,800            | 4,800            | 4,800            | 4,800            | 4,800            | 4,800            | 4,800            | 4,800            | 4,800            | 4,800            | 4,800            | 4,800            | \$57,600           |
| 2nd Owner's draw/salary, if necessary                           |                        | 4,800            | 4,800            | 4,800            | 4,800            | 4,800            | 4,800            | 4,800            | 4,800            | 4,800            | 4,800            | 4,800            | 4,800            | \$57,600           |
| Employee/contractor wages                                       |                        | 39,360           | 39,360           | 39,360           | 39,360           | 39,360           | 39,360           | 39,360           | 39,360           | 39,360           | 39,360           | 39,360           | 39,360           | \$472,320          |
| Legal fees  |                        | 1,400            | 1,400            | 1,400            | 1,400            | 1,400            | 1,400            | 1,400            | 1,400            | 1,400            | 1,400            | 1,400            | 1,400            | \$16,800           |
| Accounting services   |                        | 2,000            | 2,000            | 2,000            | 2,000            | 2,000            | 2,000            | 2,000            | 2,000            | 2,000            | 2,000            | 2,000            | 2,000            | \$24,000           |
| Advertising and promotion                                       |                        | 15,000           | 15,500           | 16,000           | 17,000           | 19,000           | 21,000           | 16,000           | 16,000           | 17,000           | 18,000           | 19,500           | 20,000           | \$210,000          |
| Commercial Rent   |                        | 3,500            | 3,500            | 3,500            | 3,500            | 4,000            | 4,000            | 4,000            | 4,000            | 4,500            | 4,500            | 4,500            | 4,500            | \$48,000           |
| Property taxes/TMI  |                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | \$0                |
| Utilities   |                        | 1,000            | 1,000            | 1,000            | 1,000            | 1,000            | 1,000            | 1,000            | 1,000            | 1,000            | 1,000            | 1,000            | 1,000            | \$12,000           |
| Business Insurance  |                        | 600              | 600              | 600              | 600              | 600              | 600              | 600              | 600              | 600              | 600              | 600              | 600              | \$7,200            |
| Bank Charges  |                        | 200              | 200              | 200              | 200              | 200              | 200              | 200              | 200              | 200              | 200              | 200              | 200              | \$2,400            |
| Office supplies & postage                                       |                        | 800              | 800              | 800              | 800              | 800              | 800              | 800              | 800              | 800              | 800              | 800              | 800              | \$9,600            |
| Telephone & Internet  |                        | 600              | 600              | 600              | 600              | 600              | 600              | 600              | 600              | 600              | 600              | 600              | 600              | \$7,200            |
| Alarm System  |                        | 250              | 250              | 250              | 250              | 250              | 250              | 250              | 250              | 250              | 250              | 250              | 250              | \$3,000            |
| Subscriptions & Memberships                                     |                        | 500              | 500              | 500              | 500              | 500              | 500              | 500              | 500              | 500              | 500              | 500              | 500              | \$6,000            |
| Training  |                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | \$0                |
| credit card transaction fee (2%)                                | 2%                     | 3,106            | 3,139            | 3,290            | 3,497            | 3,805            | 4,353            | 3,223            | 3,223            | 3,429            | 3,704            | 3,944            | 4,012            | \$42,725           |
|   |                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | \$0                |
|   |                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | \$0                |
|   |                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | \$0                |
| <b>(C) TOTAL GENERAL EXPENSES</b>                               |                        | <b>77,916</b>    | <b>78,449</b>    | <b>79,100</b>    | <b>80,307</b>    | <b>83,115</b>    | <b>85,663</b>    | <b>79,533</b>    | <b>79,533</b>    | <b>81,239</b>    | <b>82,514</b>    | <b>84,254</b>    | <b>84,822</b>    | <b>\$976,445</b>   |
| <b>Other disbursements</b>                                      |                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                    |
| Start-up Costs  |                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | \$0                |
| Futurpreneur Loan Funding - Interest Payment + \$15 monthly fee | 135                    | 135              | 135              | 135              | 135              | 135              | 135              | 135              | 135              | 135              | 135              | 135              | 135              | \$1,620            |
| Futurpreneur Loan Funding - Principal Payment                   | -                      | 417              | 417              | 417              | 417              | 417              | 417              | 417              | 417              | 417              | 417              | 417              | 417              | \$4,583            |
| BDC Loan Funding - Interest Payment                             | 172                    | 172              | 172              | 172              | 172              | 172              | 172              | 172              | 172              | 172              | 172              | 172              | 172              | \$2,060            |
| BDC Loan Funding - Principal Payment                            | -                      | 417              | 417              | 417              | 417              | 417              | 417              | 417              | 417              | 417              | 417              | 417              | 417              | \$4,583            |
| Other Funding 1 - Interest + Principal Payment                  |                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | \$0                |
| Other Funding 2 - Interest + Principal Payment                  |                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | \$0                |
|   |                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | \$0                |
| <b>(D) TOTAL OTHER DISBURSEMENTS</b>                            |                        | <b>307</b>       | <b>1,140</b>     | <b>1,140</b>     | <b>1,140</b>     | <b>1,140</b>     | <b>1,140</b>     | <b>1,140</b>     | <b>1,140</b>     | <b>1,140</b>     | <b>1,140</b>     | <b>1,140</b>     | <b>1,140</b>     | <b>12,847</b>      |
| <b>(E) TOTAL CASH OUTFLOW (B+C+D)</b>                           |                        | <b>124,870</b>   | <b>126,710</b>   | <b>129,642</b>   | <b>134,019</b>   | <b>141,417</b>   | <b>152,199</b>   | <b>129,128</b>   | <b>129,128</b>   | <b>134,005</b>   | <b>139,396</b>   | <b>144,780</b>   | <b>146,294</b>   | <b>1,631,588</b>   |
| <b>(F) NET CASH-FLOW (A-E)</b>                                  |                        | <b>30,410</b>    | <b>30,260</b>    | <b>34,878</b>    | <b>40,831</b>    | <b>48,833</b>    | <b>65,471</b>    | <b>32,012</b>    | <b>32,012</b>    | <b>37,465</b>    | <b>45,784</b>    | <b>52,420</b>    | <b>54,286</b>    | <b>\$504,662</b>   |
| <b>(G) CASH FROM PREVIOUS PERIOD</b>                            |                        | <b>206,562</b>   | <b>236,973</b>   | <b>267,232</b>   | <b>302,110</b>   | <b>342,941</b>   | <b>391,774</b>   | <b>457,245</b>   | <b>489,257</b>   | <b>521,269</b>   | <b>558,734</b>   | <b>604,518</b>   | <b>656,938</b>   | <b>\$206,562</b>   |
| <b>(H) CUMULATIVE CASH-FLOW (F+G)</b>                           |                        | <b>\$236,973</b> | <b>\$267,232</b> | <b>\$302,110</b> | <b>\$342,941</b> | <b>\$391,774</b> | <b>\$457,245</b> | <b>\$489,257</b> | <b>\$521,269</b> | <b>\$558,734</b> | <b>\$604,518</b> | <b>\$656,938</b> | <b>\$711,224</b> | <b>\$711,224</b>   |

## 6.4 Income Statements Year 1&amp;2)

| <b>Projected Income Statement</b>                  |                    |                    |
|--|--------------------|--------------------|
|  | <b>Year 1</b>      | <b>Year 2</b>      |
| <b>Revenues</b>                                    |                    |                    |
| <b>Sales</b>                                       |                    |                    |
| retail price range [0 -\$100] or service #1        | 588,240            | 1,103,660          |
| retail price range [\$100 -\$200] or service #2    | 528,950            | 1,032,590          |
| retail price range [\$200 -\$300] or service #3    | 0                  | 0                  |
| retail price range [over \$300] or service #4      | 0                  | 0                  |
| <b>(A) Total Sales</b>                             | <b>\$1,117,190</b> | <b>\$2,136,250</b> |
| <b>Inventory Costs</b>                             |                    |                    |
| Opening Inventory / Stock / Product (from startup) | 40,000             |                    |
| retail price range [0 -\$100] or service #1        | 211,766            | 353,171            |
| retail price range [\$100 -\$200] or service #2    | 169,264            | 289,125            |
| retail price range [\$200 -\$300] or service #3    | 0                  | 0                  |
| retail price range [over \$300] or service #4      | 0                  | 0                  |
| <b>(B) Total Cost of Inventory</b>                 | <b>\$421,030</b>   | <b>\$642,296</b>   |
| <b>(C) GROSS MARGIN (A-B)</b>                      | <b>\$696,160</b>   | <b>\$1,493,954</b> |
| <b>Expenses</b>                                    |                    |                    |
| <b>General Expenses</b>                            |                    |                    |
| Owner's Draws/salaries                             | 96,000             | 115,200            |
| Employee/contractor wages                          | 209,280            | 472,320            |
| Legal fees   | 16,800             | 16,800             |
| Accounting services                                | 24,000             | 24,000             |
| Advertising and promotion                          | 110,400            | 210,000            |
| Commercial Rent                                    | 30,000             | 48,000             |
| Property taxes/TMI                                 | 0                  | 0                  |
| Utilities  | 12,000             | 12,000             |
| Business Insurance                                 | 7,200              | 7,200              |
| Bank Charges                                       | 2,400              | 2,400              |
| Office supplies & postage                          | 9,600              | 9,600              |
| Telephone & Internet                               | 7,200              | 7,200              |
| Alarm System                                       | 3,000              | 3,000              |
| Subscriptions & Memberships                        | 6,000              | 6,000              |
| Training   | 0                  | 0                  |
| credit card transaction fee (2%)                   | 22,344             | 42,725             |
|  | -                  | 0                  |
|  | -                  | 0                  |
|  | -                  | 0                  |
| <b>(D) TOTAL GENERAL EXPENSES</b>                  | <b>\$556,224</b>   | <b>\$976,445</b>   |
| <b>Other Disbursements</b>                         |                    |                    |
| Start up Costs                                     | 30,000             | 0                  |
| Futurpreneur Loan Funding                          | 1,485              | 6,203              |
| BDC Loan Funding                                   | 1,888              | 6,643              |
| Other Funding 1                                    | 0                  | 0                  |
| Other Funding 2                                    | 0                  | 0                  |
|  | -                  | 0                  |
| <b>(E) TOTAL OTHER EXPENSES</b>                    | <b>\$33,373</b>    | <b>\$12,847</b>    |
| <b>(F) TOTAL EXPENSES (D+E)</b>                    | <b>\$589,597</b>   | <b>\$989,292</b>   |
| <b>NET PROFIT BEFORE TAX (C-F)</b>                 | <b>\$106,562</b>   | <b>\$504,662</b>   |
| Income Tax (estimated at 25%)                      | <b>-\$26,641</b>   | <b>-\$146,352</b>  |
| <b>NET PROFIT AFTER TAX</b>                        | <b>\$79,922</b>    | <b>\$358,310</b>   |



## 6.5 Break Even

Total Unit sold in first year = 4560 + 3550 = 8110

Fixed cost = 556224.

Sales price per unit

$$\begin{aligned} &= \text{Total Sales} / \text{Unit sold} \\ &= 1117190 / 8110 \\ &= 137.75 \end{aligned}$$

Variable Cost per unit

$$\begin{aligned} &= \text{Total variable cost} / \text{Unit produced} \\ &= 421030 / 8110 \\ &= 51.91 \end{aligned}$$

Break Even point (units) = Fixed costs / (Sales price per unit – variable cost per unit).

$$\begin{aligned} &= 556224 / (137.5 - 51.91) \\ &= 6479 \text{ units.} \end{aligned}$$

## 6.6 Capital Requirements.

We will require \$100,000 to start the business.

Javtesh and Harkirat are investing a total of \$40,000 (20,000 each) of their personal money. We are borrowing \$20,000 from the bank and \$20,000 from Futurpreneur loan funding. Additionally, we are bringing in Ishrat and Laksh as full time employee and each of them are investing \$10,000 in exchange of 20 percent of our company.

## Appendix

### 1. Industry Canada, NAICS “Definition of the Sector”

| North American Industry Classification System (NAICS) Canada 2012   | Introduction |
|---|--------------|
| <ul style="list-style-type: none"> <li>• <a href="#">44-45 - Retail trade</a></li> <li>• <a href="#">448 - Clothing and clothing accessories stores</a><sup>US</sup></li> <li>• <a href="#">4483 - Jewellery, luggage and leather goods stores</a><sup>US</sup></li> <li>• <a href="#">44832 - Luggage and leather goods stores</a><sup>US</sup></li> </ul> |              |
| <b>448320 - Luggage and leather goods stores</b> <sup>US</sup>  |              |
| <p>This Canadian industry comprises establishments primarily engaged in retailing luggage, briefcases, trunks and related products, and establishments engaged in retailing a line of leather items.</p>  |              |
| <p><b>Illustrative example(s)</b></p> <ul style="list-style-type: none"> <li>◦ luggage and leather goods stores (e.g., attaché cases, travelling cases, suitcases, storage or travel trunks), retail</li> </ul>   |              |
| <p><a href="#">All examples</a></p>   |              |
| <p><b>Exclusion(s)</b></p> <ul style="list-style-type: none"> <li>◦ retailing a single or general line of leather and non-leather clothing accessories (See 448150 Clothing accessories stores)</li> <li>◦ retailing leather coats and other leather clothing articles (See 448199 All other clothing stores)</li> </ul>                                    |              |

### 2. Industry Canada, Financial Data Profile (Revenues, Expenses and Net Profit/Loss)

|  | Whole industry (reliability) | Bottom quartile (25%) | Lower middle (25%) | Upper middle (25%) | Top quartile (25%) | Percentage of businesses reporting |
|--|------------------------------|-----------------------|--------------------|--------------------|--------------------|------------------------------------|
| <a href="#">Gross margin (%)</a>                                 | 44.6                         | 16.8                  | 46.1               | 47.1               | 57.4               |                                    |
| <a href="#">Return on total assets (%)</a>                       | N/A                          | N/A                   | N/A                | N/A                | N/A                |                                    |
| <a href="#">Collection period for accounts receivable (days)</a> | N/A                          | N/A                   | N/A                | N/A                | N/A                |                                    |
| <b>Profitable vs Non-profitable businesses</b>                   | (thousands of dollars)       |                       |                    |                    |                    |                                    |
| <b>Profitable</b>  |                              |                       |                    |                    |                    |                                    |
| Percentage of businesses (%)                                     | 40.0                         | N/A                   | N/A                | N/A                | N/A                |                                    |
| <a href="#">Total revenue</a>                                    | 355.3 <sup>C</sup>           | N/A                   | N/A                | N/A                | N/A                |                                    |
| <a href="#">Total expenses</a>                                   | 314.4 <sup>C</sup>           | N/A                   | N/A                | N/A                | N/A                |                                    |
| <a href="#">Net profit</a>                                       | 40.8 <sup>C</sup>            | N/A                   | N/A                | N/A                | N/A                |                                    |
| <b>Non-Profitable</b>  |                              |                       |                    |                    |                    |                                    |
| Percentage of businesses (%)                                     | 60.0                         | N/A                   | N/A                | N/A                | N/A                |                                    |
| <a href="#">Total revenue</a>                                    | 282.6 <sup>C</sup>           | 225.6                 | 342.4              | N/A                | N/A                |                                    |
| <a href="#">Total expenses</a>                                   | 349.6 <sup>C</sup>           | 344.6                 | 381.4              | N/A                | N/A                |                                    |
| <a href="#">Net loss</a>   | -66.9 <sup>C</sup>           | -119.0                | -39.1              | N/A                | N/A                |                                    |

**Legend for: [Quality indicators](#)**

A = Excellent B = Very good C = Good D = Acceptable E = Use with caution

Source: Statistics Canada - Small business profiles, 2020

3. Industry report (MarketLine)

|          |   |
|----------|---|
| Overview | ▼ |
| Contents | ▼ |
| Tables   | ◀ |
| Figures  | ▼ |

Key Highlights

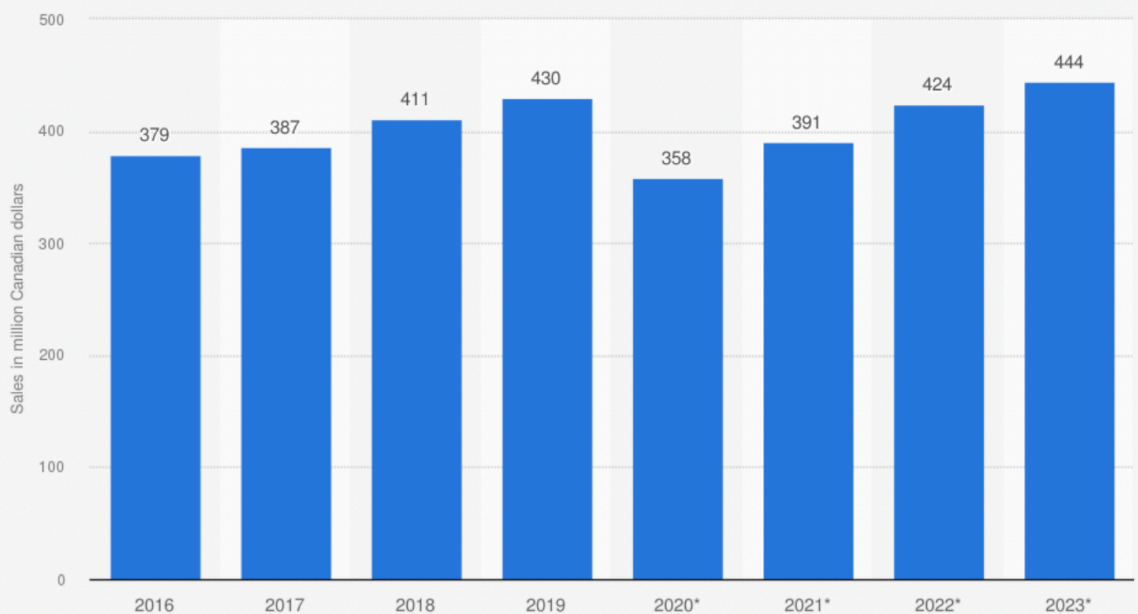
- The online retail market includes all sales within Clothing & Footwear, Electricals, Food & Grocery, Health & Beauty, Home and Other (Books, News & Stationery, Jewelry & Watches, Luggage & Leather Goods, Music, Video & Entertainment Software, Sports & Leisure Equipment and others) segments, provided they take place over the internet, where the payment does not occur in-store on a later occasion. Data is included irrespective of whether the vendor is a pure-play internet company or the online offering of a bricks and mortar retailer. Online specialists retailers include sell only via the internet. Other online retail is a sell done online by retailers that also operate via offline channels (in-store, mail order, direct selling, etc.)

- The Canadian online retail sector had total revenues of \$32.6bn in 2020, representing a compound annual growth rate (CAGR) of 24.8% between 2016 and 2020.

- The electrical and electronics retail segment accounted for the sector's highest value-share in 2020, with total revenues of \$7.9bn, equivalent to 24.4% of the sector's overall value.

- The value of the Canadian online retail sector grew by 52.9% in 2020.

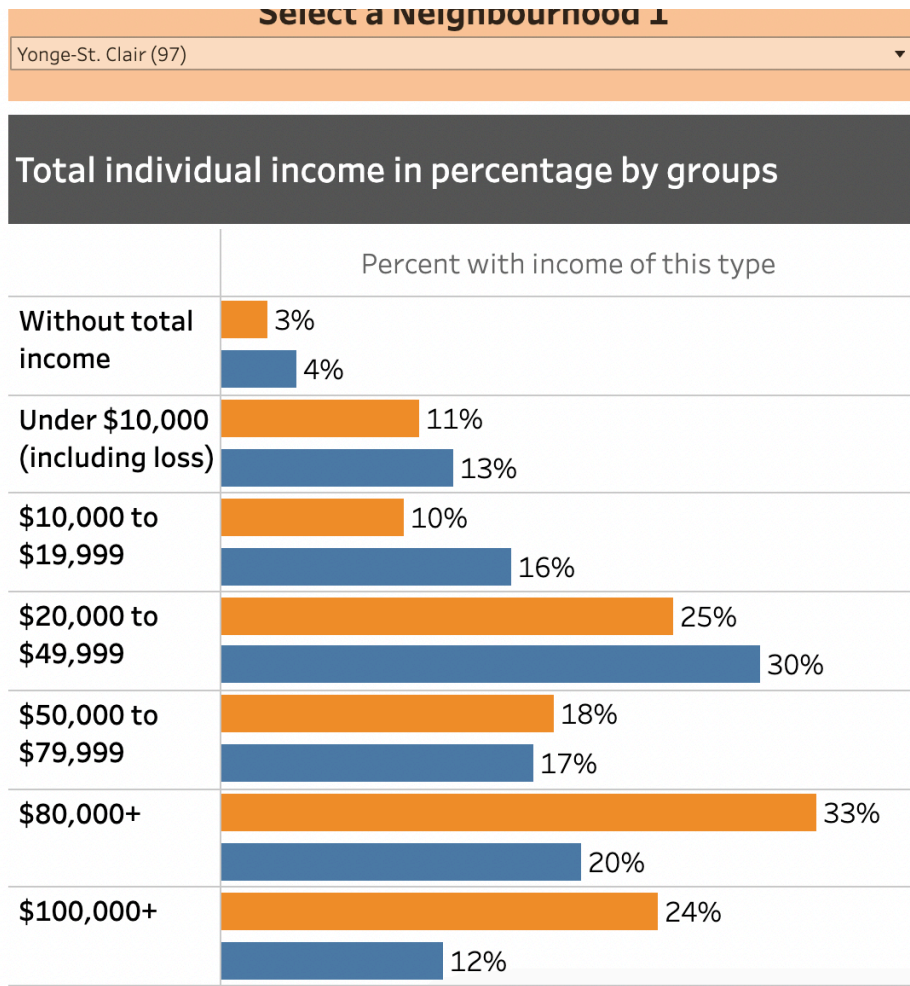
Forecast sales value of luxury purses in Canada from 2016 to 2023 (in million Canadian dollars)




Source  
Trendex North America  
© Statista 2021

Additional Information:  
Canada; Trendex North America; 2019

4. City of Toronto website, Neighbourhood Profile and neighbourhood Map.




## Neighbourhood Profile Data

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For page summaries and definitions view the [Neighbourhood Profiles and a Census Glossary](#) for 2016 data.



Yonge-St. Clair (97) | 2016

Profile for **Yonge-St. Clair (97)** Snapshot for **Yonge-St. Clair (97)**



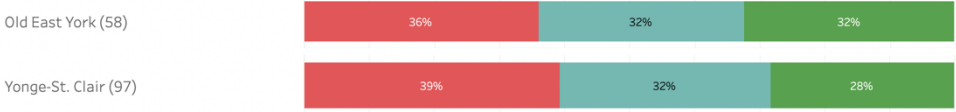
|                                |                             |
|--------------------------------|-----------------------------|
| Population, 2016               | 12,528                      |
| Population change (%), 2011-16 | 7.52%                       |
| Population density, 2016       | 10,708 people per square km |

**Population by Age**

|            |               |   |
|------------|---------------|---|
| Median age | City          |  39.3 |
|            | Neighbourhood |  44.0 |

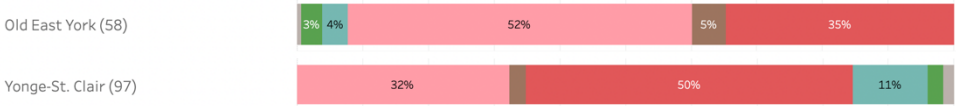
© 2022 Mapbox © OpenStreetMap

| Average weeks worked       | Median (full-time) income   | Median income all workers   |
|----------------------------|-----------------------------|-----------------------------|
| Yonge-St. Clair (97): 44.0 | Yonge-St. Clair (97): \$70K | Yonge-St. Clair (97): \$47K |
| Old East York (58): 43.0   | Old East York (58): \$64K   | Old East York (58): \$40K   |



**Color Legend for Work Activity**  
■ Worked full-year, full-time    ■ Worked part year and/or part-time    ■ Did not work

**Main mode of commuting to work**



**Color Legend for Main mode of commute to work**  
■ Other    ■ Driver (in vehicle)  
■ Bicycle    ■ Passenger (in vehicle)  
■ Walk    ■ Public Transit