



BANK LOAN BUSINESS PLAN

Month XX, 20XX

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Where Tradition Meets Culinary Mastery

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Sample Company Business Plan's undersigned reader acknowledges that all information provided is entirely confidential. Therefore, the reader agrees not to disclose anything found in this business plan without the express written consent of Sample Company.

The reader also acknowledges that all information present in this business plan is in all aspects confidential in nature, other than the information available in the public domain through other means. Furthermore, the reader acknowledges that any disclosure or use of the same may cause serious harm to Sample Company.

This business plan document will be immediately returned to Sample Company upon request.

This is a business plan. It does not imply an offer of any securities.

Applicable Law

The laws in the Sample Country shall govern this contract.

Signature

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Overview

The restaurant industry in Sample Country has demonstrated considerable resilience in the face of the pandemic, with industry revenues rising from a twenty-year low of \$XXX.X billion in year 20XX to \$XXX.X billion in year 20XX. Industry trends suggest that while consumer preferences have steadily changed over time, demand for traditional full-service cuisine options – bolstered by rising per capita disposable income and steady economic growth in key urban centres – will remain strong into the foreseeable future.

Sample Company (hereafter also referred to as the “Parent Company”) has multiple distinct revenues streams, including wholesaling, catering, and pre-order pickups. Sample Company has been featured in national media outlets from Bon Appetite California monthly, the Cover of S Magazine and more. The Company has grown steadily over the years showing an impressive year over year growth of 200%, with a Sample Month, 20XX XX% returning customer rate, through \$XX,XXX in sales, at an impressive average sale of \$XXX.

Sample Company is seeking to take advantage of trends and growth in the industry by launching a new arm of the business through a restaurant (hereafter also referred to as the “Company” and “Sample Subsidiary”). Sample Subsidiary is a Sample City based restaurant concentrating in Mexican cuisine where world renowned Chef Jane Doe will showcase what Mexico means to her through Mexican gastronomy. The following business plan outlines a five-year strategy of Sample Company and accompanying financial forecasts that it anticipates achieving.

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1.0 Executive Summary

1.1. Industry Summary

The growing domestic economy led to consistent but modest increases in consumer spending on full-service restaurants. The fine-dining segment performed particularly well over the past five years due to solid growth in the income levels of affluent consumers. Nevertheless, industry operators were forced to curtail dine-in operations when the coronavirus struck, thus reducing demand for fine-dining restaurants as services at these establishments involve a high degree of in-person experience. Simultaneously, restaurants at the lower end of the market struggled as consumers traded down to the innovative products served by a growing number of new high-quality fast-casual chains. This trend was rapidly reversed as vaccine rollouts were introduced and establishments re-opened to the public. The industry saw a substantial uptick in revenue and demand as pent-up demand from the previous two years of isolation and closures.

As dine-in services have resumed, over the past five years, industry revenue has expanded at a CAGR of X.X% to \$XXX.X billion, including X.X% growth in 20XX. The majority of operators are small, family-run businesses, which causes the industry to be highly fragmented and exceedingly competitive. Single-location restaurants experience heavy competition from other food service providers and directly compete with chain restaurants, fast food restaurants, hotels and other coffee and snack stores

Despite the inflationary pressure, the industry will continue growing as consumer spending strengthens. Rising health consciousness and ethical consumerism will present industry operators with ongoing opportunities to reach niche markets with premium products to increase revenue. The industry will also benefit from growth in the number of high-income earners, in addition to a greater number of people living in urban areas where restaurants are highly concentrated. Industry revenue will grow at a CAGR of X.X% to \$XXX.X billion over the next five years.

1.2. Sample Company Introduction

Sample Subsidiary (also referred to as “the Company”) will be a new, innovative and exclusive restaurant arm being introduced under the Sample Company umbrella. Sample Subsidiary is a Sample City based restaurant concentrating in Mexican cuisine where Chef Jane Doe showcases what Mexico means to her through Mexican gastronomy. Chef Jane Doe and co-founder John Doe specialize in nixtamalized heirloom corn grown in Mexico and using produce from their regenerative farms in the surrounding Sample City metroplex. Sample Company (the parent company) was formed in Sample Month of 20XX, operating as a catering, pre-order pickup and wholesaling company. Today, management is seeking to capitalize on the growing popularity of the brand and Chef Jane’s incredible skillset by expanding operations through Sample Subsidiary. Sample Subsidiary will be a full-service restaurant and private tasting service.

1.3. Financing Summary

The purpose of this business plan is to obtain an investment of \$1.6 million, which will be strategically allocated to crucial core business activities, including essential capital expenses, restaurant buildout, equipment and technology purchases, salaries, sales and marketing initiatives, and other critical operating expenses. Funding will come from two sources, including a loan (\$1M) and investors (\$0.6M)

Startup Expenses		Post Financing Liabilities	
Menu	1,500	Loan	1,000,000
Branding, uniforms and aprons	5,000	Mortgage	0
Legal and accounting fees	8,000	Other Bank Debt	0
PR and marketing	80,000	Total Liabilities	1,000,000
Working capital (3 months)	477,217	Post Financing Investments	
Contingency	145,783	Owner	0
Total Startup Expenses	717,500	Investor	600,000
Startup Assets		Total Investments	600,000
Buildout	500,000	Post Financing Funding	
Kitchen & bar equipment	150,000	Total Liabilities	1,000,000
Furniture & décor	80,000	Total Planned Investment	600,000
Architectural work	40,000	Total Funding	1,600,000
Website	15,000		
Signage	62,000		
Audiovisual	5,000		
Security	4,500		
POS	2,500		
License	11,000		
Office equipment	2,500		
Inventory	10,000		
Total Startup Assets	882,500		
Total Requirements			
Total Startup Expenses	717,500		
Total Startup Assets	882,500		
Total Requirements	1,600,000		
Funding Round			
Pre-Money Valuation			2,400,000
Funding Round Preferred Shares			600,000
Post-Money Valuation			3,000,000

2.0 Sample Company Overview

Sample Subsidiary, is a Sample City based restaurant concentrating in Mexican cuisine where Chef Jane Doe showcases what Mexico means to her through Mexican gastronomy. Jane has been featured on the cover of S Magazine in 20XX (cover story for guide to Mexican cuisine in Sample City), cover of Eat and Drink by Sample City Morning News in 20XX, and recently featured at top 25 new taqueria in California by California Monthly (20XX) with articles and products featured in Bon Appetite, Texas Monthly, Edible DFW, Food Network Magazine, Sample City Morning News, D Magazine, Sample City Observer, and many more as mentioned previously. Sample Subsidiary is the service Jane is providing by showcasing traditional Mexican cooking techniques taught from her grandmother with modern touch and seasonality focused.

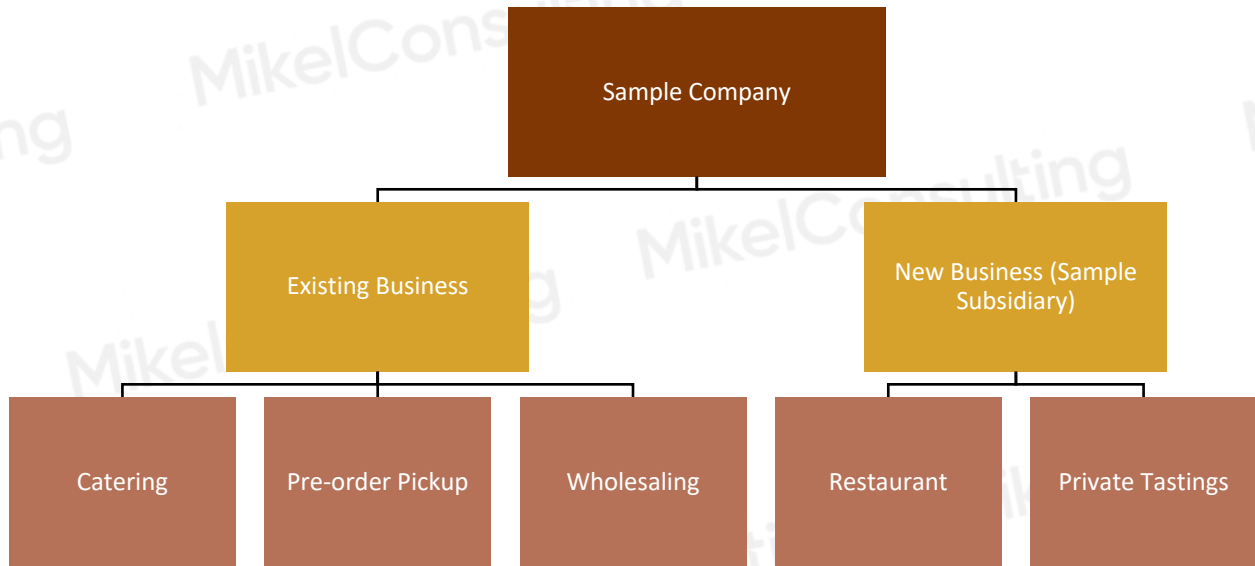


2.1. The Restaurant Concept

The restaurant concept will be unique in the region that will encompass a concept tasting dinner menu, which includes 7 courses with ability to add 1 or 2 more courses and a chef's tasting menu that consists 10+ courses. Unlike an 'a la carte menu', a chef's tasting menu is a cohesive experience through which the guest is guided by the chef of the restaurant. Each course seamlessly flows from the previous plate and into the following dish.

The restaurant utilizes a sourcing system that is unparalleled to ultimately deliver the most fresh and unique ingredients available. This is done through the company's farm; which is located south of Sample City. The farm is a regenerated off grid farm - solar panels, rainwater collection, etc.) where we utilized local produce. What cannot be grown through the farm, management carefully selects and sources ingredients and products from local farms and ranches.

2.2. New Proposed Corporate Structure



2.3. Three Year Objectives

Sample Company has identified the following three-year objectives:

- Acquiring external funding to source reputable third-party contractors, procure and install initial equipment and resources, and complete the leasehold improvement process for the restaurant.
- Completing all strategic objectives related to the initial go-to-market plan to enable full service and future restaurant expansion and service line development and extension opportunities.
- Establishing Sample Subsidiary as an industry leader in the Sample City restaurant market by consistently generating revenues through our high-quality, exclusive menu and services and enabling viable expansion opportunities across current and future target markets.
- Developing innovative new menu items and services lines – based on Sample City market data and patron feedback – that enhance Sample Subsidiary’s value offerings and create new revenue sources.
- Executing key strategic entry and marketing plans – supported by extensive, highly effective brand advertising and marketing campaigns – to expand Sample Subsidiary’s influence in Sample City.
- Build and expand the Sample Subsidiary website and social media channels into comprehensive, cross-channel marketing platforms and portals to boost patron attraction and conversion and generate higher brand recognition, credibility, and traction in the Sample City restaurant industry.
- Organizing and executing sales and marketing strategies across core operations to surpass quarterly sales targets, attraction and retention, and other KPIs across key target markets.
- Partnering with key industry stakeholder, such as partners, investors, and vendors, to expand our menu, mitigate risks, and reduce operational costs over time.
- Scaling brand recognition, credibility, and traction for Sample Subsidiary through strategic objectives, market entry and go-to-market implementation, and a comprehensive marketing plan.

2.4. Keys to Success

Sample Company has identified the following keys to success:

- **Multiskilled and Flexible Workforce:** Access to suitably skilled and trained staff on hourly rates is required to meet peak patron demand periods in full-service restaurants.
- **Proximity To Key Markets:** It is important for industry establishments to operate in good, easily accessible locations that are close to target markets (particularly in major urban centers).
- **Ability To Control Stock on Hand:** Controlling orders, stock, and food waste, which are significant costs, can reduce unnecessary expenses, improve efficiency, and mitigate environmental impact.
- **Appropriate Pricing Policy:** To maintain low costs and profit on meals, operators must ensure that menu pricing and portion control processes are undertaken thoroughly.
- **Clear Market Position:** Clear positioning with target markets enables industry operators to build a competitive advantage relative to undifferentiated competitors.

2.5. Management Team

Jane Doe - Co-owner / Chef

Jane Doe hails from the vibrant town of Sample City. Mornings in the bustling mercado were her playground, where she accompanied her adored Abuela Maria, absorbing the wisdom of ingredient selection. With her grandmother's passing, Jane purpose crystallized: she would become a culinary maestra, preserving Abuela Maria's legacy. In XX09, she graduated from the renowned Culinary Institute of Veracruz. The kitchens of acclaimed establishments, like El Sol (garde manger), La Cosecha (chef de partie), Delicioso (sous chef), and Sabores (sous chef), nurtured her talent. However, it was a transformative journey into the heartland of Mexico that shaped Jane's destiny. She ventured deep into the maize fields, unraveling the secrets of heirloom corn. Upon her return, she partnered with her childhood friend, Alejandro, and founded La Casa Azteca, a temple of Mexican gastronomy. Their vision: to pay homage to the cultural significance of maíz and the vibrancy of seasonal, local ingredients.



John Doe - Co-owner / Chief Gopher

John Doe is a visionary thinker, adept at unraveling complex problems with his astute intellect. With a degree in Economics from the esteemed University of North Atlantis, he possesses a sharp analytical mind coupled with a keen sense of creativity. During his time in the vibrant culinary landscape of Sample City, John honed his skills in fine dining establishments, including the renowned Gourmet Haven, Pacific Seafood Emporium, Oceanic Delights, Savory Bites, and Prime Cut Steakhouse. It was here that his passion for gastronomy flourished, and he mastered the art of crafting exquisite dishes. After completing his degree, John embarked on a surprising career trajectory, venturing into the world of finance as a licensed broker at Global Finance Associates. With a knack for strategic planning and a deep understanding of market trends, he navigated the complexities of the financial landscape with finesse.

3.0 Industry Overview

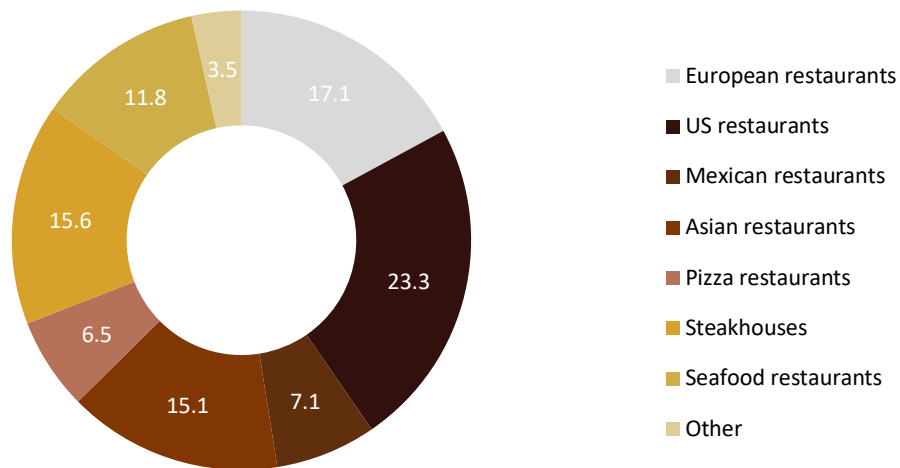
3.1. Industry Summary

The Sample Country Single Location Full-Service Restaurants industry includes single-location, independent or family-operated restaurants that provide food services to patrons who order and are served while seated (i.e. waiter and waitress service) and pay after eating. These businesses may sell alcohol and other beverages in addition to providing food services to guests.

Industry Activities

- Managing owner-operated full-service restaurants
- Managing family-operated full-service restaurants
- Managing independent-operated (nonchain or non-franchised) restaurants

Sample Country Single Location Full-Service Restaurants Industry Segments (%)

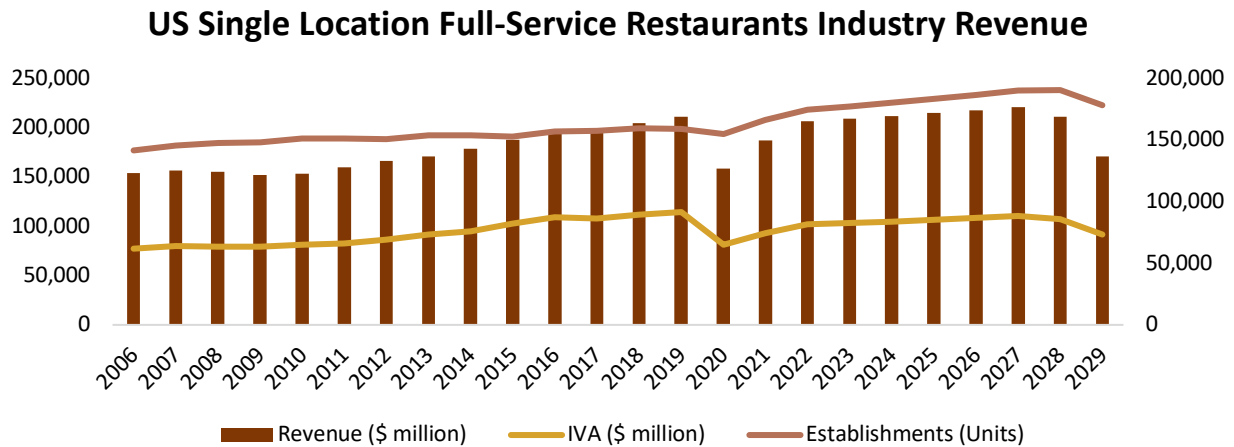


Mexican Subset

- Mexican restaurants are popular in regions with a high Hispanic population.
- Staples of Mexican cuisine include rice, corn, beans and chili peppers.
- Mexican restaurants are known for their intense and varied flavors and variety of spices.
- Mexican cuisine has had a significant influence on the Southwest region.
- In states like Texas, the growing Hispanic population has contributed to a rise in Mexican food consumption.

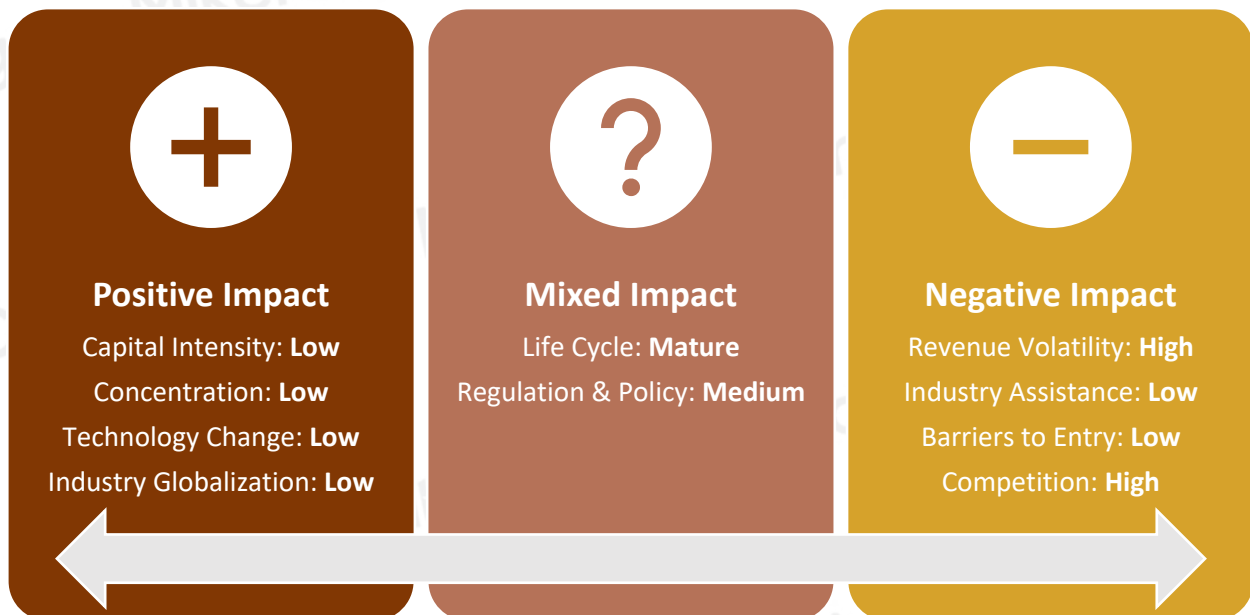
3.2. Market Size

IBISWorld (20XX) states the Sample Country Single Location Full-Service Restaurants market is expected to generate staggering revenues of \$XXX.X billion in year 20XX, with the market showing adequate growth of X.X% (CAGR 20XX-20XX) through 20XX, to reach annual revenues of \$XXX.XX billion by year 20XX.¹



3.3. Market Structure

Industry structure summarizes factors such as competition and profitability in the Single Location Full-Service Restaurants industry. Within this business plan, industry structure is defined in terms of underlying characteristics that shape competitive strategy for firms that produce products that are close substitutes. Ultimately, industry structure can determine whether a specific industry is favorable to enter.



3.4. Key Market Trends

A growing interest in localized food has supported the industry

- Consumers prefer to patronize local establishments oriented around a single chef or singular concept than large, homogenous chains with a traditional menu and decor concepts.
- Consumers are increasingly health-conscious and environmentally conscious, leading to an increase in farm-to-table restaurants nationwide.

The COVID-19 pandemic drove unprofitable small-scale restaurants out of the industry

- The government ordered restaurants to halt dine-in services in year 20XX.
- Data from OpenTable showed that year-over-year seated diners at New York restaurants declined since the state's first coronavirus case.
- To help restaurants, Postmates and DoorDash waived commission fees during the pandemic, while Grubhub deferred commission payments for one month.
- Restaurants like steakhouses could not offer take-out and delivery services because of the nature of their food.
- Relief funds targeting industry workers, including Restaurant Workers' Community Foundation, One Fair Wage, Unite Here Education and Support Fund and ROC Disaster Relief Fund, have cropped up.

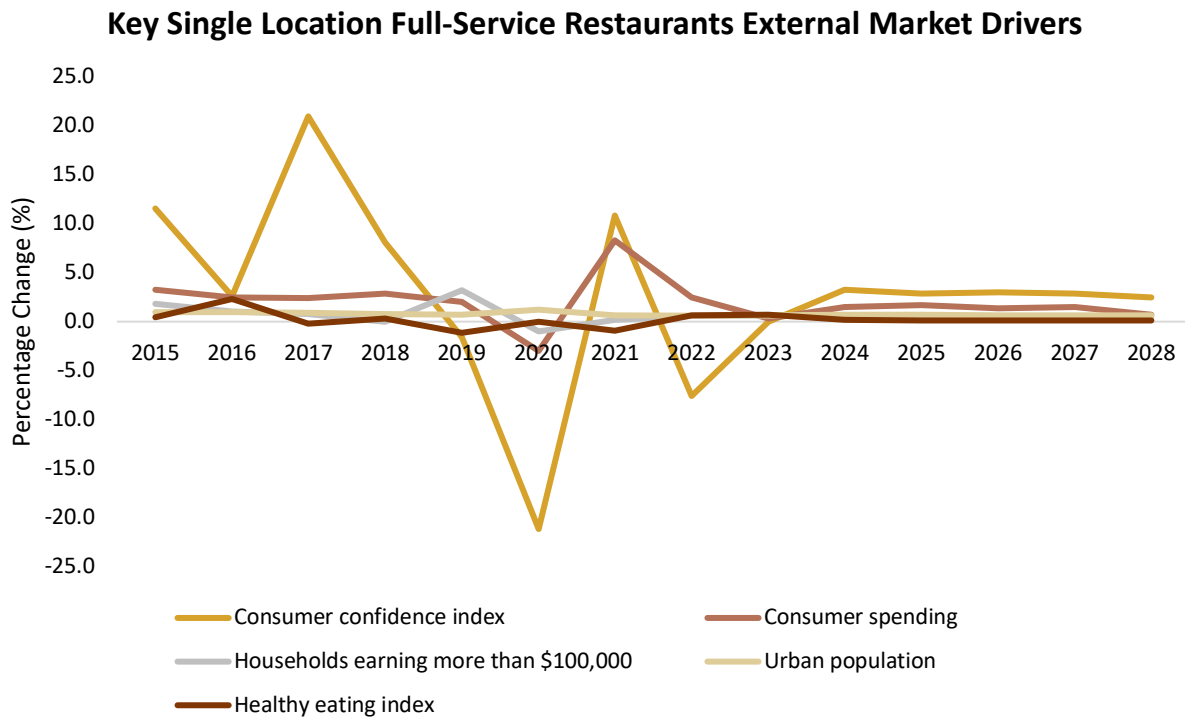
Changing consumer preferences urge industry restaurants to quickly adjust their menus

- Many restaurants will introduce new product lines, emphasizing healthy and gourmet meals to compete with fast-casual chains.
- Major restaurants will offer alternatives to red meat, like chicken and tofu and provide various other meal options, including fresh salads.
- While input costs for these meals are often cheaper than the standard menu, some healthier foods require higher-quality, more expensive ingredients.

Fine dining emerges as a new lifeline

- Fine dining will fare well thanks to more affluent households and their respective spending on high-end restaurants.
- Customers will continue shifting toward niche, value-added preferences, with consumers purchasing expensive meals, drinks, appetizers and desserts.
- Full-service restaurants are ideal for business lunches and corporate events as they locate in major metropolitan areas where business people congregate.

3.5. Key Market Drivers



Sample Company has identified the following keys market drivers:

- **Consumer spending:** Consumer spending on restaurants is influenced by taxes, consumer sentiment, oil prices and unemployment and other external factors. An increase in consumer spending in 20XX will provide a boost to industry revenue.ⁱⁱ
- **Consumer confidence index:** Changes in consumer confidence have a significant effect on household expenditure on restaurant dining. Falling consumer confidence in year 20XX poses a threat to demand for full-service restaurants.ⁱⁱⁱ
- **Healthy eating index:** Consumers are becoming increasingly aware of issues related to weight and obesity, fatty food intake and food safety issues. As not all food offered by industry operators are considered healthy, an increase in healthy eating habits will depress industry demand.^{iv}
- **Households earning more than \$100,000:** Full-service restaurants draw their customers from higher-income households. As the number of affluent customers rises in year 20XX, full-service restaurants will benefit from this opportunity.^v
- **Urban population:** Time-strapped individuals living in urban areas will likely frequent industry establishments to save time on cooking. More people located in the urban area bolster demand for full-service restaurants.^{vi}

4.0 Competitor Analysis

4.1. Direct Competitors



Tacofina

Tacofina.com

- Mexican restaurant serving weekend brunch, lunch and dinners
- Sophisticated Mexican service tacos, enchiladas, rellenos, beer & mezcals margaritas
- Located at 1234 Main Street, Sample City
- Google Review: 4.4-star on 700 reviews
- Price index: \$\$

Epic Taco Lounge

epictacolounge.com

- Michoacán inspired restaurant with family recipes while driven by chef John Doe.
- Eatery offering both counter-service tacos & a room with reserved seating for a chef's tasting menu.
- Location: 1234 Main Street, Sample City
- Google Review: 4.4-star on 1,500 reviews.
- Price Index: \$\$

Elegante Lounge

elegantelounge.com

- Latin inspired restaurant with in house masa program.
- Opened in November, 2020
- Location: 1234 Main Street, Sample City
- Google Review: 4.4 on 66 reviews
- Price Index: \$\$\$

4.2. Differentiating Factor



I. 100% Seasonal

In house nixtamalized of 100% heirloom corn product in house. Compared to other restaurants, we are 100% seasonal with produce coming from our regenerative farm, Pequeno Farms and other farms from the are with a chef driven menu.

II. Sourcing

We strive to know where our product comes from. We have relations with local farmers (vegetables and fruit), ranchers (wagyu beef, pasture raised heritage pork, chickens and lamb) and seafood from meticulously sourced, hyper sustainable fish monger.

III. Menu & Ingredients

10 Items al la carte and seasonal 5 course pre-fixed menu and chefs tasting menu (9-12 courses). We strive to work closer to Mexican farmers and supporting heirloom corn farmers. Goal in 2023 to sponsor a farm in Mexico to grow heirloom corn rather than GMO corn with help of foundation tortilla.

5.0 Strategy & Go-to-Market Summary

5.1. Phased Approach

Sample Subsidiary's overall strategy is to finish building out our Sample City location of the Sample Subsidiary restaurant while simultaneously exploring new opportunities to scale and grow all subsidiaries and revenue streams under the Sample Company brand. Additionally, Sample Subsidiary will pursue viable menu extension and diversification opportunities to generate new revenue streams and unique competitive advantages through scale. Sample Subsidiary will strive to create an optimal value proposition through strategic go-to-market objectives and pathways to future revenue generation.

5.2. Phasing Strategy

Phase 1 – Location Due Diligence, Build-Out & Launch (0 – 3 Months)

Phase one of the initial go-to-market campaign will be to source strategic fundraising capital to initiate the leasehold improvement stages of the proposed location for the restaurant. Within phase one, management will be responsible for working with professional contractors to conduct leasehold improvements and equipment acquisition and installation. Additionally, all necessary permits, licenses, and applications will be processed to ensure the new location is fully compliant with municipal regulations before initiating operations. Other operational outputs within phase one will include completing webpage and social media design, along with any other additional operation outputs required to begin initial operations.

Activity	Estimated Time Frame
Design Phase Start	Month 1
Design Phase Complete	Month 1
Bid Date	Month 1
Bid Opening	Month 1
Obtain All Permits	Month 1
Award Contracts	Month 1
Start Construction	Month 2

Construction Complete	Month 2
Interior Design Phase Start	Month 2
Interior Design Phase Complete	Month 2
Install Equipment and Commence Hiring	Month 3
Staff Training and Final Preparation	Month 3
Commence Marketing	Month 3

Phase 2 – Brand Awareness Campaign (3-6 Months)

Once a thorough due diligence phase has been established, leasehold improvement has been complete and all staff is trained prepped for operations, a heavy emphasis on brand awareness strategies will be implemented to begin to create a following behind brand. Initial marketing efforts will be introduced, utilizing both digital advertising strategies as well as outbound cold lead generation with key industry stakeholders. Within phase two, operational inefficiencies will be corrected to ensure a seamless experience for our customers which includes a pre-launch training phase. This will allow for any operational inefficiencies to be corrected as well as intel gathering of subjective feedback to improve on the service offering and overall dining experience for our customers. It will be a key strategy to ensure we encourage feedback from our test phase before introducing the restaurant to the market.

Paid Media	
Facebook/Instagram	<ul style="list-style-type: none"> • Brand awareness campaign • Remarketing campaign • Retention campaign
Google Network	<ul style="list-style-type: none"> • Search ad retargeting • Search conversion ads • YouTube conversion ads
Peripheral Social Channels	<ul style="list-style-type: none"> • Twitter • Instagram
Direct Sales	
Guerilla Marketing	<ul style="list-style-type: none"> • Direct messaging to social media followers

	<ul style="list-style-type: none"> • Facebook group blasts • Cold Lead LinkedIn messaging
Partnership Marketing	
Potential Partnership	<ul style="list-style-type: none"> • Email placements • Standard podcast reads • Articles • Dedicated email blasts • Customized podcast reads • Homepage interstitial
Outreach	
Email Marketing	<ul style="list-style-type: none"> • Post-install series • Churn prevention series • Content emails • Email campaigns
Facebook Group Content	<ul style="list-style-type: none"> • Content marketing
Organic	
Social Marketing	<ul style="list-style-type: none"> • Twitter, Instagram & Facebook Posts
Live Events Marketing	<ul style="list-style-type: none"> • Social Streams
Other	<ul style="list-style-type: none"> • Podcasts • Search Engine Optimization • Blog Posts - Inbound Marketing

Phase 3 –Operational Scale & Expansion (Years 2 – 5)

Phase three of the initial go-to-market campaign will involve additional further scaling to increase capacity and expand Sample Subsidiary’s operational capabilities. Consistent dedication to effective digital marketing strategies will be present. At this stage, the company will seek viable expansion opportunities and begin to scale the farm and introduce future products. Potential other restaurant locations will be analyzed in the region that present favorable opportunity to expansion.

5.3. SWOT Analysis

Strengths

- High-quality Mexican cuisine with an exceptional core value proposition
- Excellent Sample City location with significant foot traffic and limited direct competition
- Innovative strategic marketing and digital technologies to enhance organizational recognition
- Experienced and dedicated management team with extensive capabilities and culinary skills
- Network of key industry stakeholders to strengthen our organization's Sample City presence
- World-class service and support driven by years' exposure in the market



Weaknesses

- Comparatively low initial awareness relative to more established restaurants
- Limited capacity and economies of scale relative to larger, more established competitors
- Significant initial CAPEX and strategic funding necessary prior to grand opening

Opportunities

- Evolving positive industry trends and demand for quality Mexican cuisine
- Developing new products and services to meet existing demand and future market opportunities
- Partnering with key stakeholders to reduce costs, increase efficiencies, and launch product lines
- Targeting new Sample City patron demographics based on outstanding demand

Threats

- Competitors entering key Sample City target markets
- Evolving negative industry trends and macroeconomic shifts (e.g., reduced disposable income)
- Changing patron tastes and needs leading to reduced demand for Mexican cuisine

6.0 Marketing Plan

Sample Subsidiary's marketing strategy is crucial to our long-term success and covers the following objectives:

1. Emphasizing the Sample Subsidiary brand name and our unique and exclusive Mexican cuisine offering by focusing on online advertising using multiple lead generation strategies.
2. Creating an exceptional restaurant experience, supported by a quality website and social media presence that is user-friendly, effective, and appealing, attracting and converting new patrons.
3. Creating robust direct outreach and sales strategies to build rapport with potential patrons and key industry stakeholders across the Sample City restaurant market.
4. Generating significant yearly sales growth and reducing patron acquisition costs through effective digital outbound marketing methods.

Sample Subsidiary's marketing strategy focuses on innovative, patron-centric advertising and marketing plans. Our target demographics' needs fundamentally determine how we promote our Mexican cuisine offering. Patron-focused marketing encompasses more than just prompting Sample City residents to visit Sample Subsidiary cuisine; our marketing plan strives to add value for patrons at every level. Sample Subsidiary designs each marketing element to generate brand recognition and credibility, retain loyalty, and create engagements and referrals in Sample City and beyond.



6.1. Pricing Strategy

Sample Subsidiary's high-level pricing strategy is to price our menu items competitively to the current market options. It is essential to secure patrons in the preliminary stages of the restaurant lifecycle; offering an added-value solution helps onboard patrons in the preliminary stages and allow for accelerated growth. Sample Subsidiary will create an optimal value proposition by positioning prices competitively to other market offerings while providing superior value and an exceptional dining experience. Once our brand has been recognized as a leader throughout the market and established as a premium Mexican cuisine option, our pricing model can be adjusted to reflect the intangible quality attributes behind the Sample Subsidiary brand.

7.2 Advertising & Promotion Strategy

Social Media

Social media will be at the forefront of Sample Subsidiary's advertising strategy. Social media platforms such as Facebook, Instagram, Twitter, Snapchat, Tiktok, Pinterest, and LinkedIn allow the company to advertise directly to the target audience and track progress in real-time. Social media platforms are also an effective way to create a following behind the Sample Subsidiary brand, track popular trends, and offer promotions to followers. An emphasis on social media advertising will be continuously implemented while consistently finding ways to reduce the cost of acquiring patrons.

Industry Conferences & Events

Sample Subsidiary will attend numerous Sample City and BC restaurant industry conferences, trade shows, and events in the early stages of our company's expansion plans, further building positive word-of-mouth and leveraging management's 40 years' experience in the industry. Doing so will help create strategic, long-lasting relationships and establish a meaningful physical presence in the Sample City restaurant industry. By attending notable events, Sample Subsidiary can gain recognition and strategic partners. Over time, we can develop these professional relationships into multifaceted, long-term partnerships.

Website

The Sample Subsidiary website is being designed to effectively tell the story behind our brand and promote our unique Mexican menu. Prospective patrons can easily navigate through our website, learn about the brand and menu, make reservations, and navigate from the site to social media platforms. We will consistently integrate and monitor website ads and SEO to ensure that our website appears when visitors search for related queries. Sample Subsidiary also integrates conversion funnel optimization to ensure that the website converts optimally. Optimizing conversion funneling ensures users do not drop out during website usage.

Website Pay-Per-Click Ads

Sample Subsidiary will utilize a pay-per-click strategy through Google AdWords. This platform allows us to reach target markets while adhering to a strict budget plan. Pay-per-click advertising efficiently targets our demographic and drives traffic through search engines. We will also utilize Google Places to help patrons effectively find our location. Pay-per-click advertising is an efficient advertising model used to drive traffic to our website and is commonly associated with first-tier search engines. Pay-per-click advertising will be an integral advertising platform for generating leads and traffic to our website.

Lead Generation

- **Targeted Social Media Ads:** This is an essential aspect of advertising, which will require more initial capital than other advertising platforms. Popular social media platforms (e.g., Facebook and Instagram) target specific demographics based on existing market research and are especially useful for targeting patrons that are correspondingly more likely to seek out our location. We can narrow in on specific trends where we recognize opportunities to expand our brand recognition using targeted social media ads.
- **Targeted Professional Platform Ads:** Professional platforms (e.g., LinkedIn and Twitter) will also be used for lead generation (relating to key industry stakeholders and partnerships) and tracking progress while targeting specific demographics. Sample Subsidiary will use these leads in addition to our target market data gathered in the initial stages of the marketing plan. Professional platforms such as LinkedIn are excellent for cold lead generation to potential partnerships and B2B relationship-building.
- **Search Engine Ads:** Google AdWords will allow potential patrons to readily access our website and social media platforms when performing related searches online. Sample Subsidiary will consistently monitor and adjust search engine optimization to ensure our brand is available for patrons searching for similar cuisine. Search engine optimization will also ensure Sample Subsidiary is active for potential patrons exploring related queries. Additionally, we will focus on SEO strategies to encourage free, organic traffic to the webpage.
- **Cold Lead Generation:** As the Sample Subsidiary brand continues to grow and generate brand awareness in the Canadian market, we will focus increasingly on generating leads with large corporate patrons. Cold calling and emailing will initiate relations with key personnel of potential B2B partners. This will enable us to pitch our value proposition and onboard larger patrons through pilot periods before adoption. Utilizing ownership's unique mix of experience gained across Sample City's restaurant industry, Sample Subsidiary will make cold calls to generate relations with stakeholders to enable and encourage future B2B sales.

Outbound Marketing

Sample Subsidiary will continually adopt and refine a potent combination of direct and indirect sales methods. We will approach potential industry partners (e.g., distributors, retailers, and suppliers), presenting sales opportunities and steadily building relationships. Agents will be responsible for conducting relationships and bringing forth B2B sale opportunities to the brand. Sample Subsidiary will utilize cold calling, media buys, and direct emails to help put our value proposition in front of target partners. Developing relationships with stakeholders is also a way to gain strategic relationships, generate leads, and grow revenues.

7.0 Financial Forecasts

7.1. Use of Funds

Startup Expenses	
Menu	1,500
Branding, uniforms and aprons	5,000
Legal and accounting fees	8,000
PR and marketing	80,000
Working capital (3 months)	477,217
Contingency	145,783
Total Startup Expenses	717,500

Startup Assets	
Buildout	500,000
Kitchen & bar equipment	150,000
Furniture & décor	80,000
Architectural work	40,000
Website	15,000
Signage	62,000
Audiovisual	5,000
Security	4,500
POS	2,500
License	11,000
Office equipment	2,500
Inventory	10,000
Total Startup Assets	882,500

Total Requirements	
Total Startup Expenses	717,500
Total Startup Assets	882,500
Total Requirements	1,600,000

Post Financing Liabilities	
Loan	1,000,000
Mortgage	0
Other Bank Debt	0
Total Liabilities	1,000,000

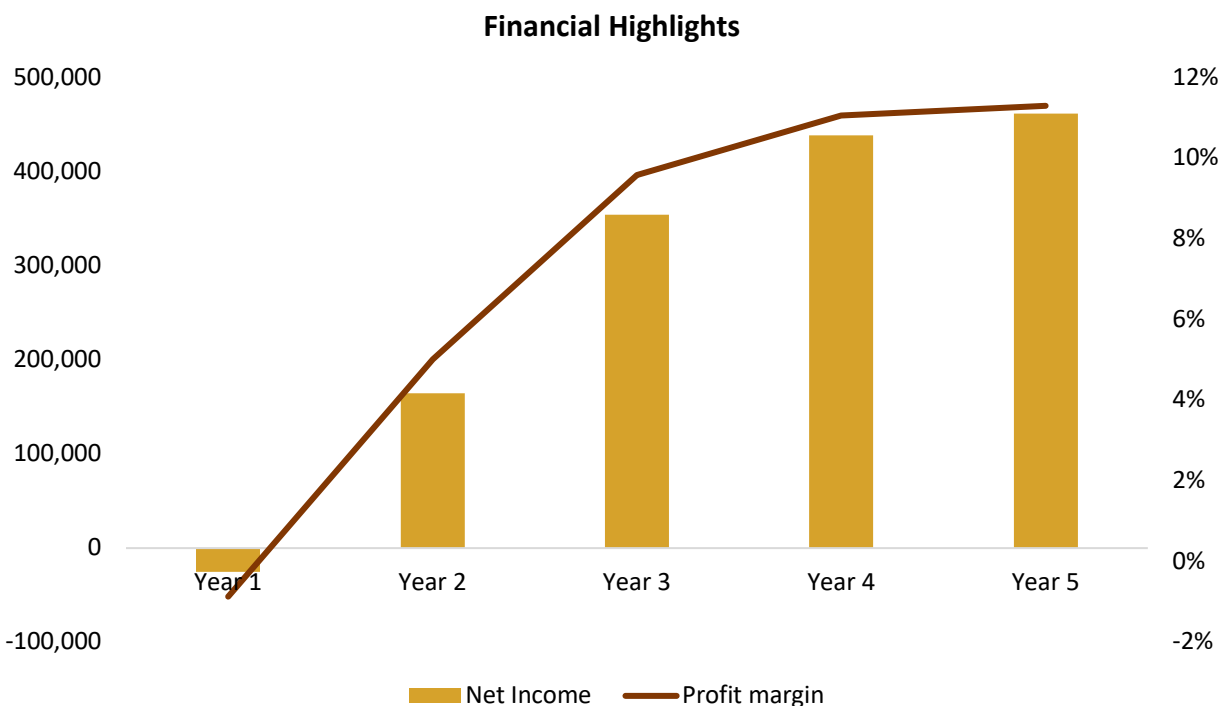
Post Financing Investments	
Owner	0
Investor	600,000
Total Investments	600,000

Post Financing Funding	
Total Liabilities	1,000,000
Total Planned Investment	600,000
Total Funding	1,600,000

Funding Round	
Pre-Money Valuation	2,400,000
Funding Round Preferred Shares	600,000
Post-Money Valuation	3,000,000

7.2. Financial Highlights

Financial Highlights						
	Year 1	Year 2	Year 3	Year 4	Year 5	5 years
Revenue	2,910,634	3,279,776	3,695,733	3,965,305	4,085,914	17,937,363
Gross profit	2,048,224	2,307,990	2,600,701	2,790,400	2,875,273	12,622,589
EBITDA	104,598	289,812	475,017	554,237	571,997	1,995,660
Net Income	(25,336)	164,429	354,460	438,795	461,976	1,394,324
Gross margin	70.4%	70.4%	70.4%	70.4%	70.4%	70.4%
EBITDA margin	3.6%	8.8%	12.9%	14.0%	14.0%	11.1%
Profit margin	-0.9%	5.0%	9.6%	11.1%	11.3%	7.8%



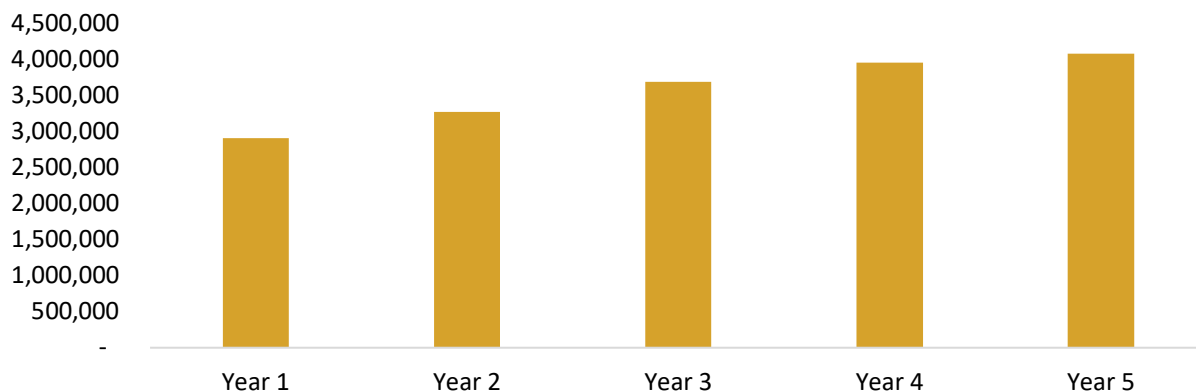
7.3. Unit Economics

Unit Economics						
	Year 1	Year 2	Year 3	Year 4	Year 5	5 years
Covers	21,560	24,295	27,376	29,373	30,266	132,869
Average Cover Value	135	135	135	135	135	135
Revenue	2,910,634	3,279,776	3,695,733	3,965,305	4,085,914	17,937,363
Direct Cost Per Cover	40	40	40	40	40	40
COGS	862,410	971,785	1,095,032	1,174,905	1,210,641	5,314,774

7.4. Projected Profit & Loss

Pro Forma Income Statement					
(expressed in Sample Currency)					
For the years ended December 31,					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	2,910,634	3,279,776	3,695,733	3,965,305	4,085,914
Direct cost of revenue	862,410	971,785	1,095,032	1,174,905	1,210,641
Gross margin	2,048,224	2,307,990	2,600,701	2,790,400	2,875,273
Expenses					
Startup Costs					
Paper goods and menu	2,500	-	-	-	-
Branding, uniforms and aprons	4,500	-	-	-	-
Legal and accounting fees	10,000	-	-	-	-
PR and marketing	10,000	-	-	-	-
Operating Expenses					
Rent	144,000	148,320	152,770	157,353	162,073
Insurance	15,600	16,380	17,199	18,059	18,601
Utilities	72,000	75,600	79,380	83,349	85,849
Credit card processing fee	49,481	55,756	62,827	67,410	69,461
Legal and professional fees	7,200	7,560	7,938	8,335	8,585
Marketing and advertising	12,000	13,200	14,520	15,972	16,451
Misc SG&A	84,000	92,400	101,640	111,804	115,158
Salaries and wages	1,532,345	1,608,963	1,689,411	1,773,881	1,827,098
Total Expenses	1,943,626	2,018,179	2,125,685	2,236,163	2,303,276
EBITDA	104,598	289,812	475,017	554,237	571,997
Depreciation and amortization expense	73,533	73,533	73,533	73,533	73,533
Interest expense	56,401	51,849	47,024	41,909	36,487
Earnings (loss) before taxes	(25,336)	164,429	354,460	438,795	461,976
Income taxes	-	-	-	-	-
Net income (loss)	(25,336)	164,429	354,460	438,795	461,976

Revenue by Year



7.5. Sensitivity Analysis

Best Case Scenario (Revenues Increased by 15%)

(expressed in Sample Currency)

For the years ended December 31,

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	3,347,230	3,771,742	4,250,093	4,560,101	4,698,801
Cost of goods sold	991,772	1,117,553	1,259,287	1,351,141	1,392,237
Gross margin	2,355,458	2,654,189	2,990,806	3,208,960	3,306,564
Operating expenses	1,943,626	2,018,179	2,125,685	2,236,163	2,303,276
EBITDA	411,832	636,010	865,122	972,797	1,003,288
Depreciation and amortization expense	73,533	73,533	73,533	73,533	73,533
Interest expense	56,401	51,849	47,024	41,909	36,487
Earnings (loss) before taxes	281,898	510,628	744,565	857,355	893,267

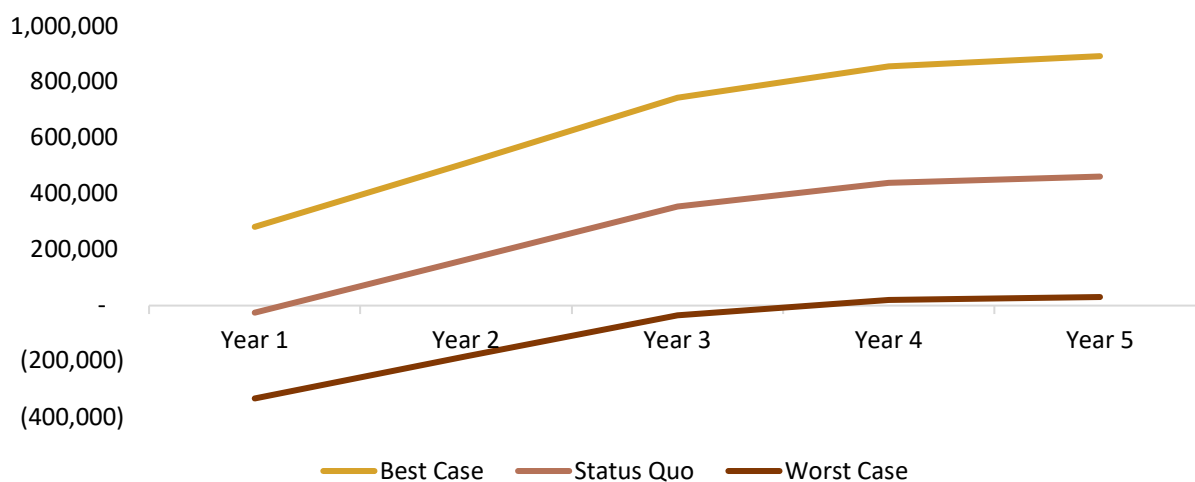
Worst Case Scenario (Revenues Decreased by 15%)

(expressed in Sample Currency)

For the years ended December 31,

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	2,474,039	2,787,809	3,141,373	3,370,509	3,473,027
Cost of goods sold	733,049	826,018	930,777	998,669	1,029,045
Gross margin	1,740,991	1,961,792	2,210,596	2,371,840	2,443,982
Operating expenses	1,943,626	2,018,179	2,125,685	2,236,163	2,303,276
EBITDA	(202,635)	(56,387)	84,911	135,677	140,706
Depreciation and amortization expense	73,533	73,533	73,533	73,533	73,533
Interest expense	56,401	51,849	47,024	41,909	36,487
Earnings (loss) before taxes	(332,570)	(181,769)	(35,646)	20,235	30,685

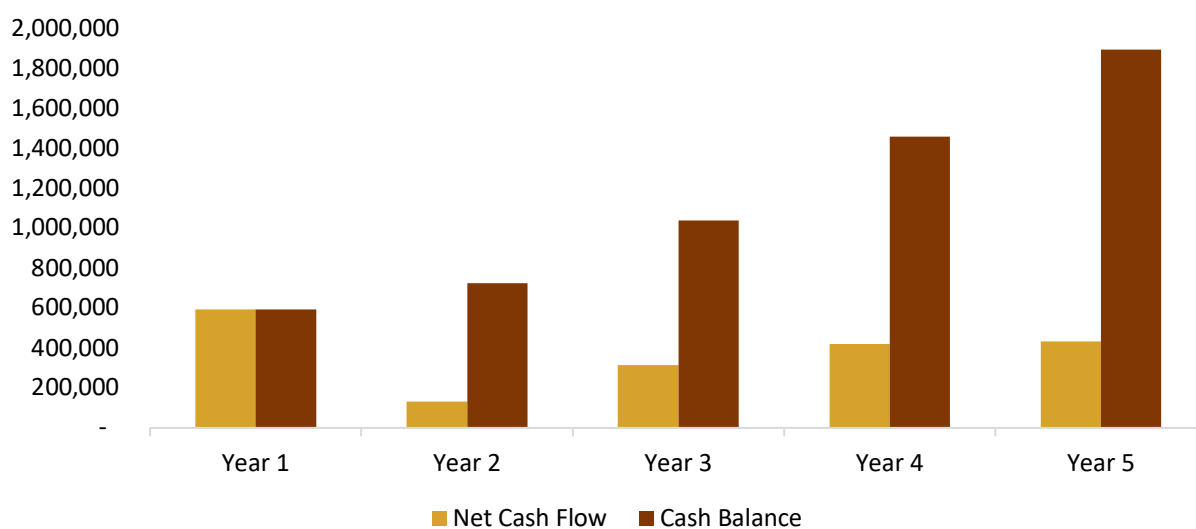
Sensitivity Analysis - Earnings Before Taxes



7.6. Projected Cash Flow

Pro Forma Statement of Cash Flows					
(expressed in Sample Currency)					
For the years ended December 31,					
	Year 1	Year 2	Year 3	Year 4	Year 5
Cash provided from (used in):					
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES:					
Net income (loss)	(25,336)	164,429	354,460	438,795	461,976
Adjustments for:					
Depreciation and amortization	73,533	73,533	73,533	73,533	73,533
(Increase)/decrease in accounts receivable	(251,848)	(31,941)	(35,992)	(9,726)	(10,022)
(Increase)/decrease in inventory	(74,622)	(9,464)	(10,664)	(2,882)	(2,970)
(Increase)/decrease in prepaid expenses	(12,802)	(1,624)	(1,830)	(494)	(509)
Increase/(decrease) in accounts payable	231,948	17,817	19,508	11,727	8,473
	(59,127)	212,751	399,016	510,953	530,481
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:					
Issuance of debt	1,000,000	-	-	-	-
Issuance of share capital	600,000	-	-	-	-
Repayment of debt	(75,868)	(80,420)	(85,245)	(90,360)	(95,782)
Distributions	-	-	-	-	-
	1,524,132	(80,420)	(85,245)	(90,360)	(95,782)
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES:					
Additions to capital assets	(872,500)	-	-	-	-
	(872,500)	-	-	-	-
Change in cash	592,505	132,331	313,771	420,593	434,700
Cash, Beginning of year	-	592,505	724,836	1,038,607	1,459,199
Cash, end of year	592,505	724,836	1,038,607	1,459,199	1,893,899

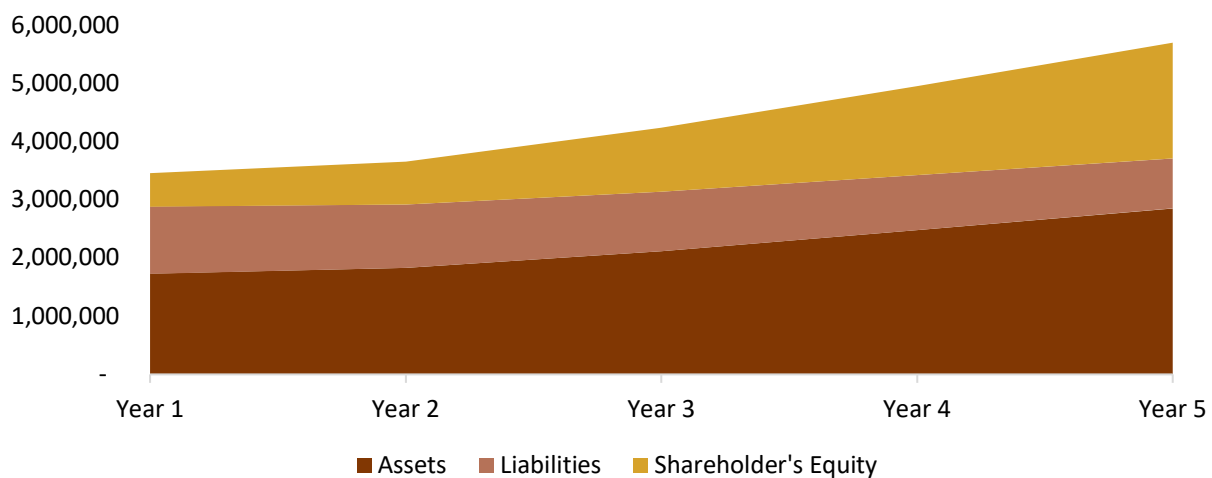
Cash Balance



7.7. Projected Balance Sheet

Pro Forma Balance Sheet					
(expressed in Sample Currency)					
For the years ended December 31,					
	Year 1	Year 2	Year 3	Year 4	Year 5
ASSETS					
Current assets					
Cash	592,505	724,836	1,038,607	1,459,199	1,893,899
Accounts receivable	251,848	283,789	319,781	329,507	339,529
Inventory	74,622	84,086	94,750	97,632	100,601
Prepaid expenses	12,802	14,426	16,256	16,750	17,259
Long term assets					
PPE, net	798,967	725,433	651,900	578,367	504,833
Land	-	-	-	-	-
Total Assets	1,730,744	1,832,570	2,121,293	2,481,455	2,856,122
LIABILITIES					
Current liabilities					
Account payable	231,948	249,764	269,273	281,000	289,473
Long term liabilities					
Long term loan	924,132	843,712	758,467	668,107	572,325
Total liabilities	1,156,080	1,093,476	1,027,740	949,107	861,798
SHAREHOLDER'S EQUITY					
Owner's equity	600,000	600,000	600,000	600,000	600,000
Retained earnings	(25,336)	139,093	493,553	932,348	1,394,324
Total shareholder's equity	574,664	739,093	1,093,553	1,532,348	1,994,324
Total liabilities and shareholder's equity	1,730,744	1,832,570	2,121,293	2,481,455	2,856,122

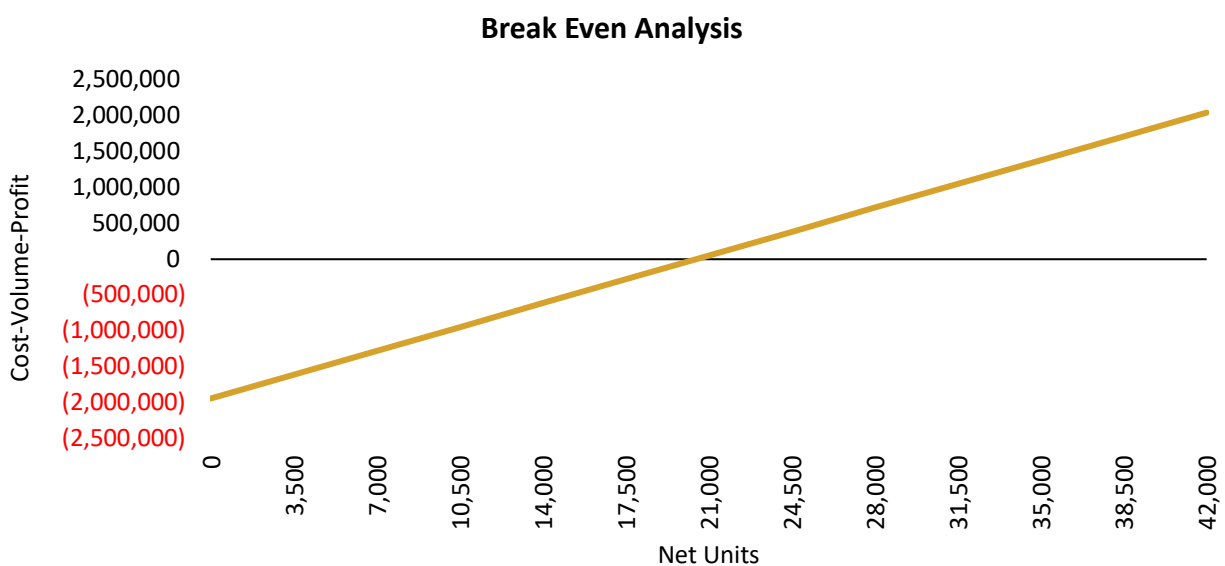
Balance Sheet



7.8. Break-Even Analysis

Break Even Analysis	
Total Fixed Expenses (first year expenses)	1,943,626
Contribution margin (per cover)	
Selling price	135
Variable costs	40
Contribution Margin	95
Breakeven even covers	20,459
Breakeven sales	2,762,006

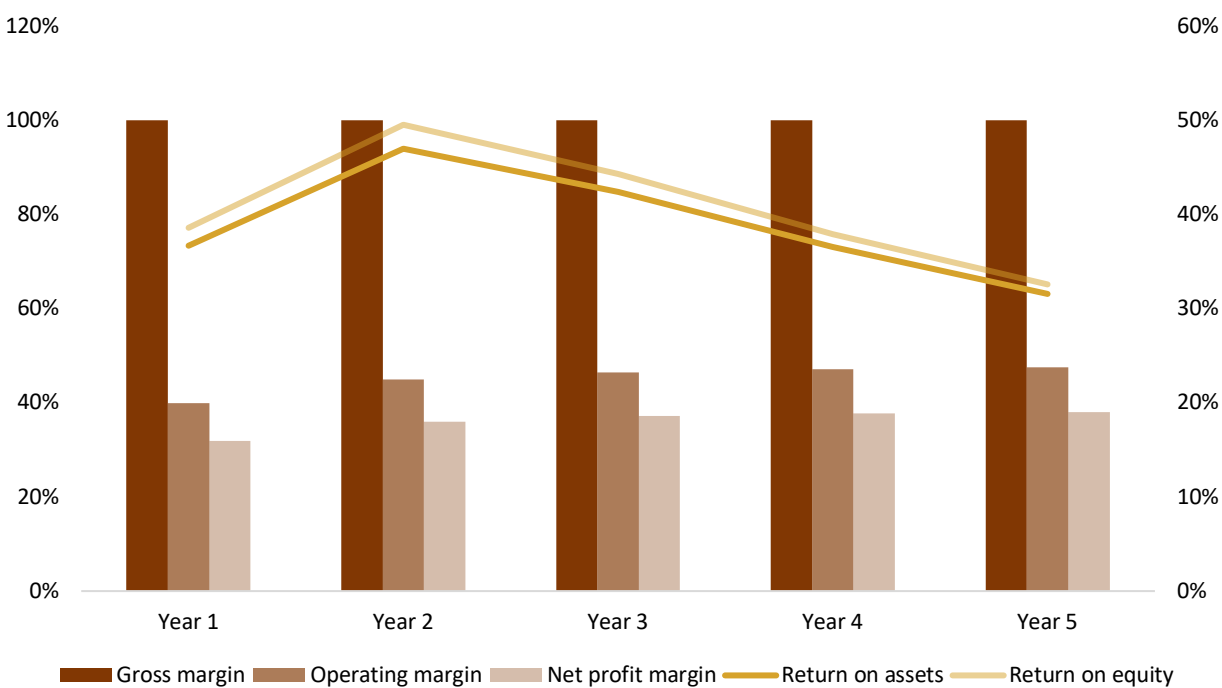
Break Even Analysis					
Covers	Revenue	Fixed Costs (FC)	Variable Cost (VC)	Total Cost (FC+VC)	Net Profit
0	0	1,943,626	0	1,943,626	(1,943,626)
3,500	472,500	1,943,626	140,000	2,083,626	(1,611,126)
7,000	945,000	1,943,626	280,000	2,223,626	(1,278,626)
10,500	1,417,500	1,943,626	420,000	2,363,626	(946,126)
14,000	1,890,000	1,943,626	560,000	2,503,626	(613,626)
17,500	2,362,500	1,943,626	700,000	2,643,626	(281,126)
21,000	2,835,000	1,943,626	840,000	2,783,626	51,374
24,500	3,307,500	1,943,626	980,000	2,923,626	383,874
28,000	3,780,000	1,943,626	1,120,000	3,063,626	716,374
31,500	4,252,500	1,943,626	1,260,000	3,203,626	1,048,874
35,000	4,725,000	1,943,626	1,400,000	3,343,626	1,381,374
38,500	5,197,500	1,943,626	1,540,000	3,483,626	1,713,874
42,000	5,670,000	1,943,626	1,680,000	3,623,626	2,046,374



7.9. Financial Indicators

Ratio Analysis					
	Year 1	Year 2	Year 3	Year 4	Year 5
Liquidity ratios					
Current	4.02	4.43	5.46	6.77	8.12
Quick	3.70	4.10	5.11	6.43	7.78
Acid Test	3.64	4.04	5.04	6.37	7.72
Activity ratios					
Account receivable turnover	12.19	12.25	12.25	12.21	12.21
Inventory turnover	12.19	12.82	13.44	14.11	14.23
Total asset turnover	1.68	1.79	1.74	1.60	1.43
Profitability ratios					
Gross margin	70%	70%	70%	70%	70%
Operating margin	1%	7%	11%	12%	12%
Net profit margin	-1%	5%	10%	11%	11%
Return on assets	-1%	9%	17%	18%	16%
Return on equity	-4%	22%	32%	29%	23%
Leverage					
Debt to equity	2.01	1.48	0.94	0.62	0.43
Debt to assets	0.67	0.60	0.48	0.38	0.30
Interest coverage	0.55	4.17	8.54	11.47	13.66

Ratio Analysis



8.0 Appendix

Pro Forma Income Statement

(expressed in Sample Currency)

For the year ended December 31,

	Year 1											
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Revenue	229,500	231,795	234,113	236,454	238,819	241,207	243,619	246,055	248,516	251,001	253,511	256,046
Direct cost of revenue	68,000	68,680	69,367	70,060	70,761	71,469	72,183	72,905	73,634	74,371	75,114	75,865
Gross profit	161,500	163,115	164,746	166,394	168,058	169,738	171,436	173,150	174,881	176,630	178,396	180,180
Expenses												
Startup Costs												
Paper goods and menu	2,500	-	-	-	-	-	-	-	-	-	-	-
Branding, uniforms and aprons	4,500	-	-	-	-	-	-	-	-	-	-	-
Legal and accounting fees	10,000	-	-	-	-	-	-	-	-	-	-	-
PR and marketing	10,000	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses												
Rent	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Insurance	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Utilities	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Credit card processing fee	3,902	3,941	3,980	4,020	4,060	4,101	4,142	4,183	4,225	4,267	4,310	4,353
Legal and professional fees	600	600	600	600	600	600	600	600	600	600	600	600
Marketing and advertising	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Misc SG&A	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Salaries and Wages	127,695	127,695	127,695	127,695	127,695	127,695	127,695	127,695	127,695	127,695	127,695	127,695
Total Expenses	186,497	159,536	159,575	159,615	159,655	159,696	159,737	159,778	159,820	159,862	159,905	159,948
EBITDA	(24,997)	3,579	5,171	6,778	8,402	10,042	11,699	13,371	15,061	16,768	18,491	20,232
Depreciation and amortization expense	6,128	6,128	6,128	6,128	6,128	6,128	6,128	6,128	6,128	6,128	6,128	6,128
Interest expense	4,868	4,838	4,807	4,777	4,747	4,716	4,686	4,655	4,624	4,593	4,561	4,530
Earnings (loss) before taxes	(35,992)	(7,386)	(5,764)	(4,127)	(2,472)	(802)	885	2,589	4,310	6,047	7,802	9,575
Income taxes	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss)	(35,992)	(7,386)	(5,764)	(4,127)	(2,472)	(802)	885	2,589	4,310	6,047	7,802	9,575

Pro Forma Statement of Cash Flows

(expressed in Sample Currency)

For the years ended December 31,

	Year 1											
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash provided from (used in):												
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES:												
Net income (loss)	(35,992)	(7,386)	(5,764)	(4,127)	(2,472)	(802)	885	2,589	4,310	6,047	7,802	9,575
Adjustments for:												
Depreciation and amortization	6,128	6,128	6,128	6,128	6,128	6,128	6,128	6,128	6,128	6,128	6,128	6,128
(Increase)/decrease in accounts receivable	(225,738)	(2,257)	(2,280)	(2,303)	(2,326)	(2,349)	(2,373)	(2,396)	(2,420)	(2,444)	(2,469)	(2,494)
(Increase)/decrease in inventory	(66,885)	(669)	(676)	(682)	(689)	(696)	(703)	(710)	(717)	(724)	(732)	(739)
(Increase)/decrease in prepaid expenses	(11,475)	(115)	(116)	(117)	(118)	(119)	(121)	(122)	(123)	(124)	(126)	(127)
Increase/(decrease) in accounts payable	250,325	(25,850)	714	721	729	736	743	751	758	766	773	781
	(83,638)	(30,150)	(1,994)	(379)	1,251	2,897	4,560	6,239	7,935	9,648	11,378	13,124
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:												
Issuance of debt	1,000,000	-	-	-	-	-	-	-	-	-	-	-
Issuance of share capital	600,000	-	-	-	-	-	-	-	-	-	-	-
Repayment of debt	(6,155)	(6,185)	(6,215)	(6,245)	(6,276)	(6,306)	(6,337)	(6,368)	(6,399)	(6,430)	(6,461)	(6,493)
Distributions	-	-	-	-	-	-	-	-	-	-	-	-
	1,593,845	(6,185)	(6,215)	(6,245)	(6,276)	(6,306)	(6,337)	(6,368)	(6,399)	(6,430)	(6,461)	(6,493)
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES:												
Additions to capital assets	(872,500)	-	-	-	-	-	-	-	-	-	-	-
	(872,500)	-	-	-	-	-	-	-	-	-	-	-
Change in cash	637,708	(36,334)	(8,209)	(6,625)	(5,025)	(3,409)	(1,777)	(128)	1,537	3,218	4,917	6,632
Cash, Beginning of year	-	637,708	601,373	593,164	586,540	581,515	578,106	576,330	576,201	577,738	580,956	585,873
Cash, end of year	637,708	601,373	593,164	586,540	581,515	578,106	576,330	576,201	577,738	580,956	585,873	592,505

9.0 References

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- ⁱ Source
 - ⁱⁱ Source
 - ⁱⁱⁱ Source
 - ^{iv} Source
 - ^v Source
 - ^{vi} Source