Business Plan for SHOE STORE

A store for
the athletic community...

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THE STORE, NUMBERS AND DATA IN THIS DOCUMENT ARE FICTITIOUS.

ONLY AN EXAMPLE

1. Confidentiality Agreement

Confidentiality Agreement

The undersigned reader acknowledges that any information provided by Shoe Store Company in this business plan, other than information that is in the public domain, is confidential in nature, and that any disclosure or use of same by the reader may cause serious harm or damage to Shoe Store Company. Therefore, the undersigned agrees not to disclose it without express written permission from Shoe Store Company.

Upon request, the undersigned reader will immediately return this document to Shoe Store Company.

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Date

__________________________________ __________________________________

Signature Name

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

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2. Executive Summary

Shoe Store Company has been in business since January 2015 when we opened our first store in Location A. Our store has had tremendous success grabbing market share from the local competition. This feat has been accomplished principally by executing on our marketing plan:

- Becoming the go to place for the athletic community within our geographic market. We are the only store to offer a running club every Saturday and Sunday which leaves from our store and attracts all levels of runners.
- Developing a significant ad campaign in the prominent healthy clubs around the city.
- Sponsoring and partnering with all high school sports team within our area.
- Developing a loyalty membership program.

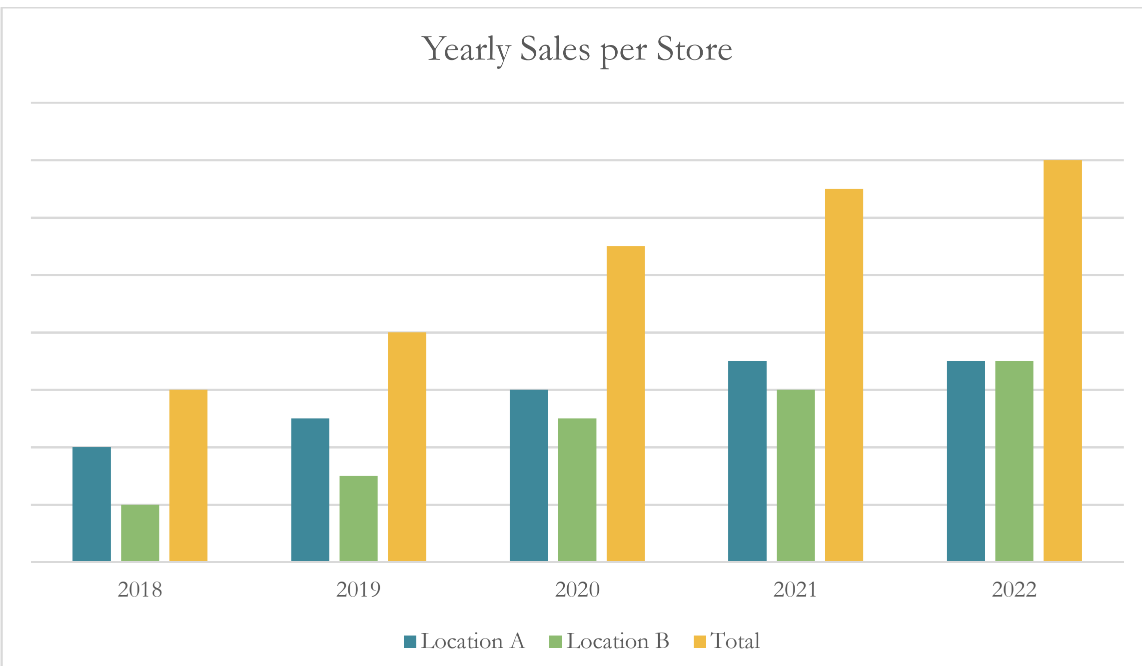
We offer all major athletic footwear brands including Nike, Adidas, Pumas and New Balance. We carry these brands for men, women and children. We also sell accessories such as sports socks, head bands and wrist bands. Our industry benefits from positive macro trends. Specifically, the athletic footwear industry has benefited from the athleisure trend. An increasing number of people wear athletic apparel and shoes as their day to day clothes for comfort and for style. In addition, Canadians have more free time and are able to allocate more time to physical activities. People are more health conscious and acknowledge the benefits of regular exercise such as reduction in depression, cardio vascular diseases and diabetes. Consumers are also more aware of the decrease in injuries in wearing the right athletic shoes for their chosen sports. These favorable trends are expected to continue in the foreseeable future.

When we opened our first location in 2015, we noticed a void in the market. Although there were shoe stores in our targeted area, there were no stores that truly catered to the athletic consumer. We believed that we could create a community around our store, where athletes and runners alike could assemble and share their passion. We also noticed that the high school teams in our market did not have a dedicated sponsor. We decided to open our store in response to this void. We have been able to execute on this vision and we are now ready to launch our second store to expand on that vision.

Our second store will be located in Location B, which is xx km from Location A but still within the same Metropolitan area. Location B is located on a quieter street than Location A but does not have any direct competitors within a xx km radius. We intend to offer the same selection as we do in our first store and target the same customer base. We will build on the brand and reputation we have developed with our first store to help drive even stronger sales. It is our goal to open a third location within 5 years.

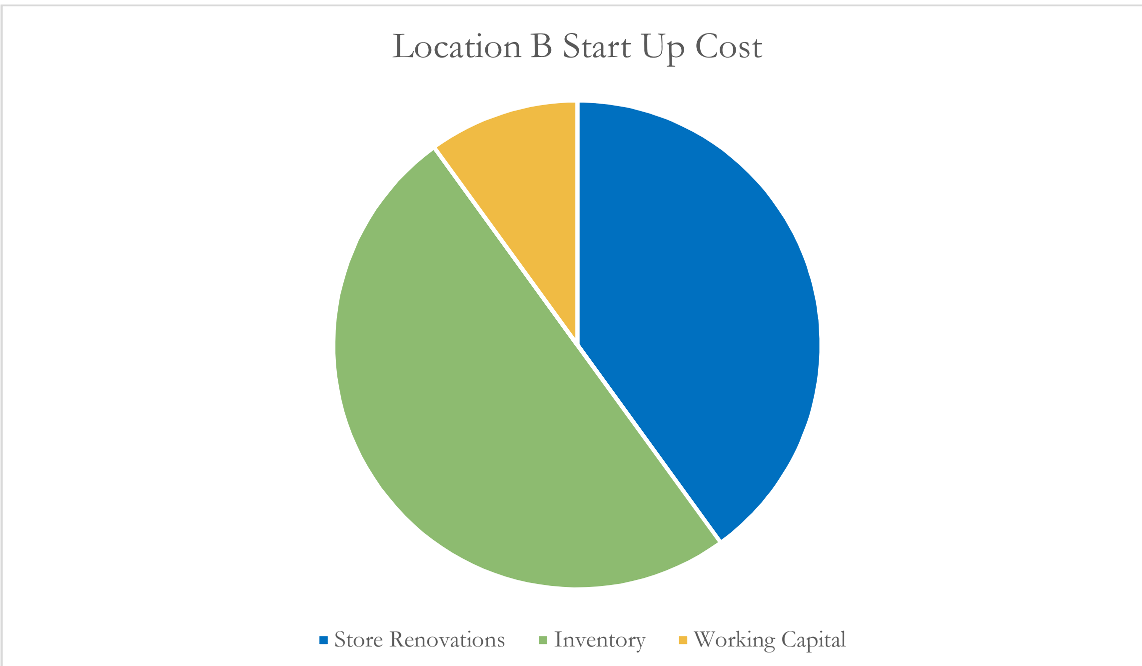
Shoe Store Company is managed by John Doe 1 and John Doe 2. John Doe 1 is responsible for the purchasing of the merchandise, the store design and our clients' experience when they walk in the store. John Doe 2 runs the day to day of the operations and oversees the HR department, finance department and marketing department. Both owners/managers have specific and relevant experience in their respective responsibilities. John Doe 1 worked for 15 years as a buyer at XXX, a multi-national shoe company. John Doe 2 worked for the last 8 years in the finance department of XXX where he oversaw the treasury department. In order to increase his knowledge of his HR responsibilities, John Doe 2 took an online Human Resources designation from the University of Montreal 2 years ago. John Doe 1 and John Doe 2 have a trusted and very knowledgeable store manager who focuses on providing an outstanding customer service to each customer who comes to the store or calls us. Our store manager has held a similar position at xxx for 10 years before joining our company.

We expect significant growth in sales with our existing store as well as the new store in Location B as seen in the graph below.



3. Purpose of Business Plan

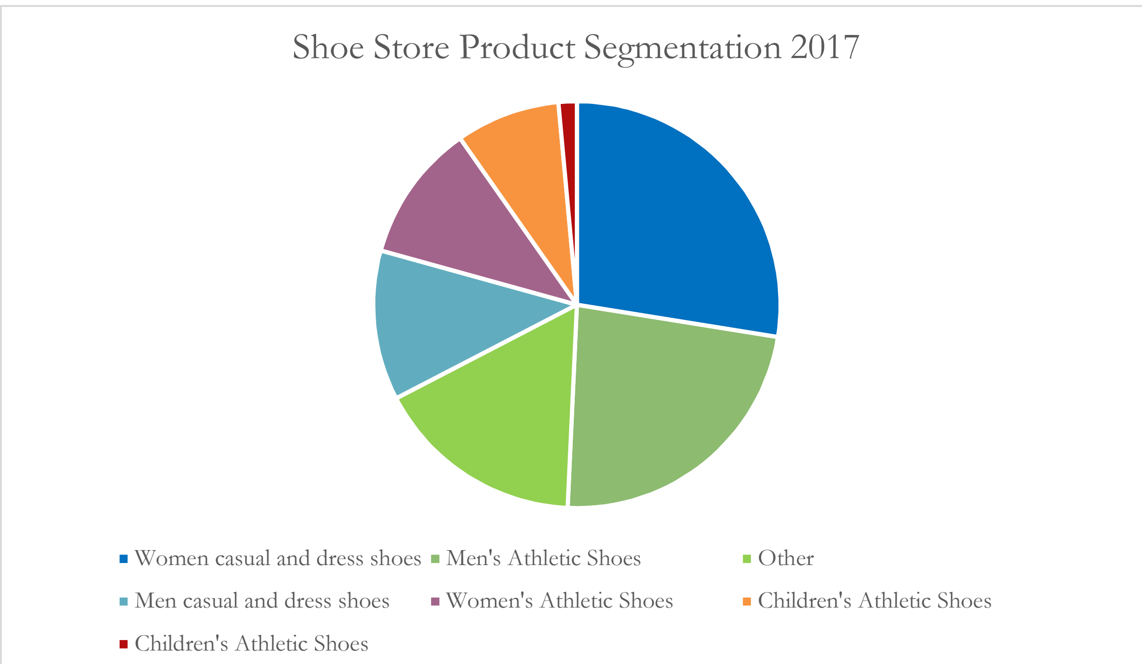
Shoe Store Company is looking to expand its growing business and open a second location for its athletic footwear business. We are looking for a $xxx bank loan to execute our plan. $xxx will be used to renovate and design the new space. $xxx will be used to invest in new inventory for the store. Shoe Store Company has had tremendous success since opening its first store in January 2015. It is a well-known athletic footwear store in the market we serve. Given the success we have had with our first store and our management's ability to execute, we feel that now is the right time to expand our reach with a second location.



4. Industry Overview

4.1 Industry Description

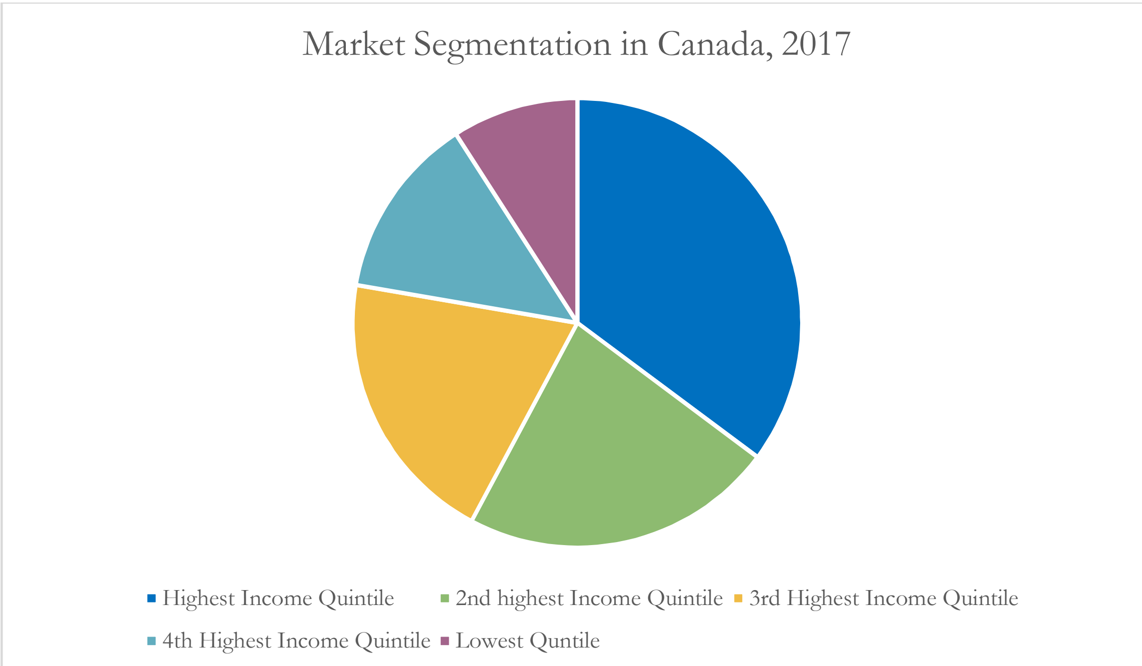
The shoe store industry was valued at $4.3 billion[1] in 2017 in Canada. Of that, 41% or $1.6 billion[1] was generated by selling athletic footwear. In 2017, there were 3,731[1] shoe stores in Canada and 1,422[1]enterprises. The shoe industry experienced strong growth in the last 5 years (xx%), driven primarily by a strong economy and improving consumer conditions. Specifically, the athletic footwear industry has benefited from the athleisure trend. An increasing number of people wear athletic apparel and shoes as their day to day clothes for comfort and for style. In addition, Canadians have more free time and are able to allocate more time to physical activities. People are more health conscious and acknowledge the benefits of regular exercise such as reduction in depression, cardio vascular diseases and diabetes. Consumers are also more aware of the decrease in injuries in wearing the right athletic shoes for their chosen sports. These favorable trends are expected to continue for the foreseeable future.



According to IBISWorld, the shoe store industry is expected to expand at a rate of xx% between 2018 and 2025. One would expect the increase in the athletic footwear portion of the market to be equal or slightly more given its more favorable industry trends.

[1] Source: IBISWorld

The market segmentation of the shoe industry follows a typical retail store segmentation in that the highest income quintile spends the most on shoes while the lowest quintile spends the least. The location of shoe stores throughout Canada follow a similar distribution to its population with Ontario having the most stores and Quebec being in second place.



4.2 Main Players

The Shoe store industry has a low level of concentration as the two main players, Footlocker and Aldo have less than 30%[2] of the market share. Given the low barriers to entry in the market, there are many small players that compete throughout Canada. The industry is highly fragmented. The average industry enterprise employed 22[3] people in 2017. More consolidation is expected in the future, as smaller players struggle to compete with the larger shoe stores as well as department stores and e-commerce companies who are able to drive prices and margins down.

4.3 Government Regulations

There are no government regulations in our industry.

[2]IBISWorld
[3]IBISWorld

5. Business Overview

5.1 Business Summary

Shoe Store Company is an athletic footwear retail store with currently one location in Location A, Quebec. It is situated along the main shopping street in the center of town close to many other retail stores. Shoe Store Company sells athletic footwear for the whole family as well as some accessories such as socks and head bands. Shoe Store Company opened its first store in 2015 and has experienced tremendous success by focusing on customer satisfaction and targeting the athlete customer. For example, we have a membership card, which earns repeat customers a $20 discount off their third pair of shoes purchased at the store. We have also been able to develop great partnerships with local high school team and a percent of our sales is given back to the school in cash. In addition, we organize for free a running club that leaves from our store every Saturday and Sunday at 8am. We have developed a loyal customer base this way and a reputation for where local athletes hang out. We sell all major brands including but not limited to Nike, Adidas, Puma, Saucony and New Balance. Having learnt a lot from our first store as well as having accumulated enough equity, the owners are now ready to open their second store in Location B. Location B is located 30 minutes away from the first store but still serves the same metropolitan area.

5.2 Mission Statement and Values

Mission Statement: By focusing on our customers, we will become the best retail store for athletic footwear.

Values: We try to live by these values every day and every time we are with a customer. Our values also impact how and who we hire.

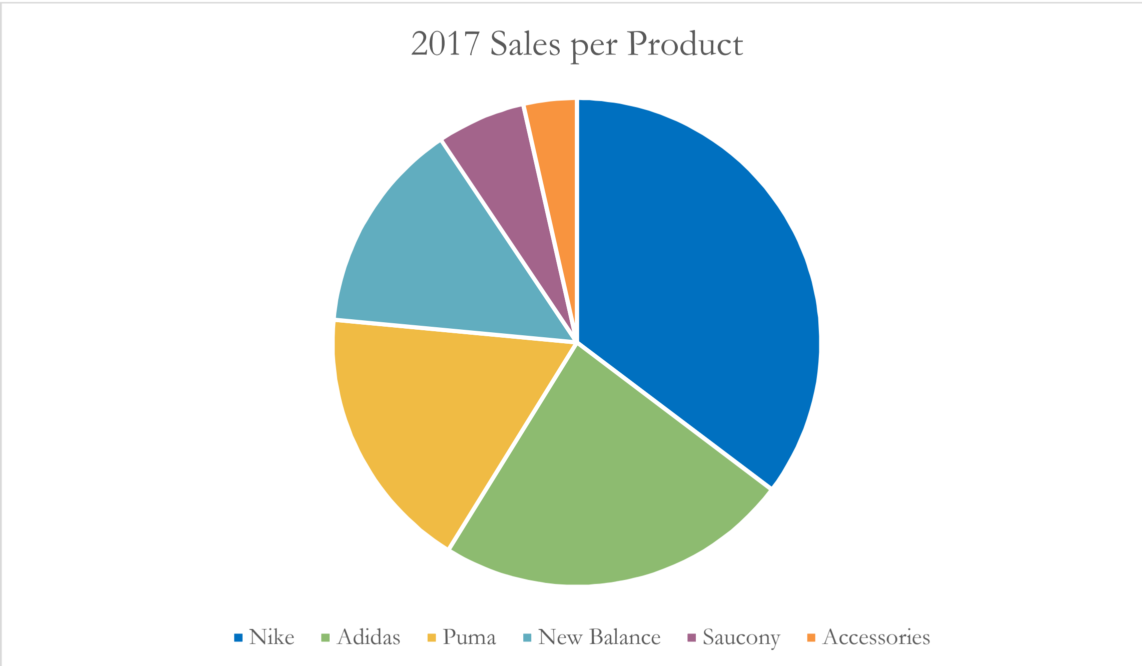
1. Reliability.
2. Loyalty.
3. Commitment.
4. Open-mindedness.
5. Consistency.
6. Honesty.
7. Efficiency.

5.3 Products and Services

We sell all major athletic shoe brands in the world. In order of importance, we offer Nike, Adidas, Puma, New Balance and Saucony. We also sell accessories such as socks, inner soles and head and wrist bands. Our accessories sales make up 5% of our total sales. Our store in Location A is open Monday to Wednesday from 10am to 6pm, on Thursdays and Fridays from 10am to 9pm, on

Saturdays from 10am to 5pm and on Sundays from 12pm to 5pm. Our second store will have the same opening hours.

Based on 2017 sales, our main products were as follows:



List of Accessories	% of Accessories Sale
Sport socks	40%
Head bands	10%
Wrist bands	10%
Inner soles	10%
Phone body holder	10%
Timers	10%
Water bottles	10%

When we opened our first location in 2015, we noticed a void in the market. Although there were shoe stores in the area, there were no stores that truly catered to athletic consumers. We believed that we could create a community around our store, where athletes and runners alike could assemble and share their passion. We also noticed that the high school teams in our market did not have a dedicated sponsor. We decided to open our store in response to this void. We have been able to execute on this vision and we are now ready to launch our second store to expand on that vision.

We do not price lead on any of our merchandise instead we build loyalty programs that incentivize customers to come back to our store. We follow the market closely and match our competitor's prices as much as we can. We aim to make a 50% gross margin on all shoe sales.

5.4 Keys to Success

- Service Quality: By providing outstanding customer service and giving more than our customers expect, we can increase our repeat customer rate. Repeat customers are our most profitable customers and help us spread the word about our store through word of mouth.

- Marketing: We need to make our store visible and known as the go to place for athletic footwear in and around Location A and Location B. We also need to focus on sponsoring athletic teams within our area.

- Reputation: Only by carrying the best products and by offering a wide selection of athletic shoes, will we get an outstanding reputation. Our reputation will also be re-enforced by being the go to location for the athletic and running community.

- Profit Margin: We need to focus on controlling our costs and on running an efficient operation by staffing the store with the right number of sales representatives and managing our inventories.

5.5 Ownership and Legal Structure

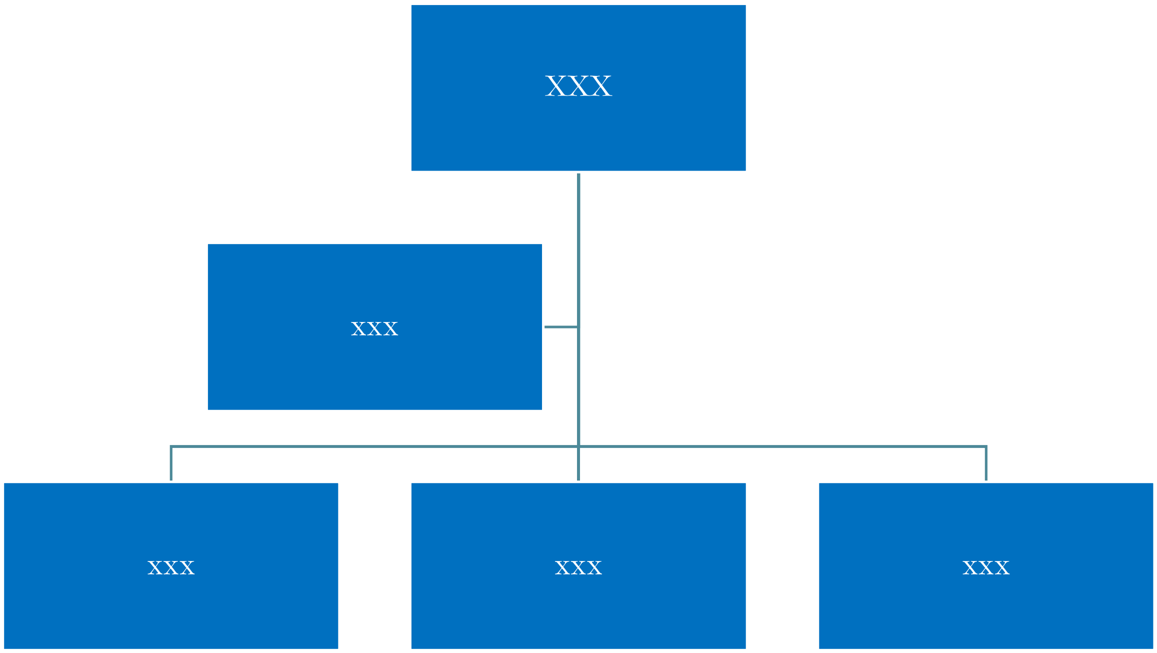
Shoe Store Company is a privately-held Corporation. It was incorporate on January 2015. It is owned equally by John Doe 1 and John Doe 2.

5.6 Management Team

Shoe Store Company is managed by John Doe 1 and John Doe 2. John Doe 1 is responsible for the purchasing of the merchandise, the store design and our clients' experience when they walk in the store. John Doe 2 runs the day to day of the operations and oversees the HR department, finance department and marketing department. Both owners/managers have specific and relevant experience in their respective responsibilities. John Doe 1 worked for 15 years as a buyer at XXX, a multi-national shoe company. John Doe 2 worked for the last 8 years in the finance department of XXX where he oversaw the treasury department. In order to increase his knowledge of his HR duties, John Doe 2 took an online Human Resources designation from the University of Montreal 2 years ago. John Doe 1 and John Doe 2 have a trusted and very knowledgeable store manager who focuses on providing an outstanding customer service to each customer who comes to the store or calls us. Our store manager has held a similar position at xxx for 10 years before joining our company. Please see all 3 resumes attached.

John Doe 1 and John Doe 2 as well as the store manager will split their time between Location A and B once both stores are opened.

Below is the organization chart for Shoe Store Company:



5.7 ADVISORS

The owners/managers of Shoe Store Company have several advisors and mentors they rely on to provide expert advice and outsourcing:

Lawyer: xxxx

Accountant: xxx

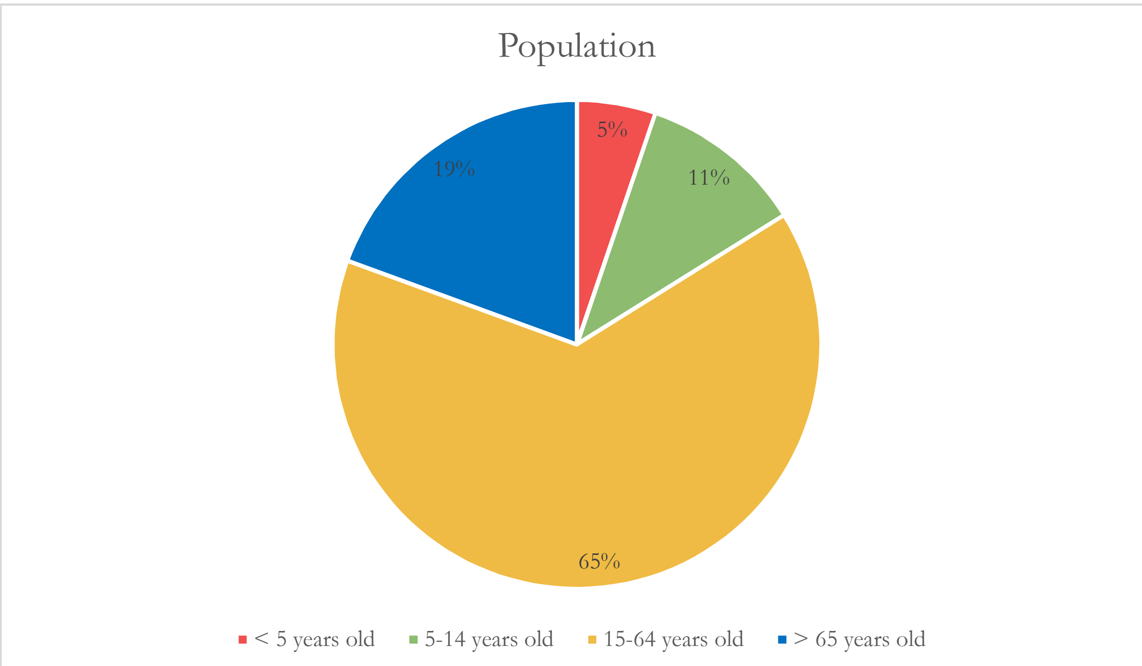
Insurance Agent: xxx

Mentor: xxxx

6. MARKETING PLAN

6.1 MARKET DESCRIPTION

There were approximately 212,000[4]people living in the metropolitan area of XXX as of 2016. Location A and B are both located within this area. There were 21,000 children between the age of 5 and 14 years old and 136,000 people between the age of 15 and 64. There were 41,000 people over 65 years old living in this area. Women and men are split evenly in all age categories except for the over 65 years old category which has a ratio of 56% women.



The aveage income per household in XXX was approximtely $53,700 in 2016 for compared to $59,800 for the province of Quebec and $70,300 for Canada. Although the average income is lower in XXX, the cost of living is also cheaper and therefore our customers have relatively the same amount of disposable income.The population growth of XXX has been around xx% over the last five years and we expect a similar steady growth rate in the next 5 years. Our main customers are men and women runners and local health club members as well as their kids. We also target athletic teenagers within our community who are involved in team sports. We promote our store within our community by taking an active sponsorship rolein the the local sport matches and by offering discountsto team members.We intend to target the same customer base for our second store in Location B.

[4]Census Canada 2016

We benefit from strong industry trends:

1. Specifically, the athletic footwear industry has benefited from the athleisure trend. An increasing number of people wear athletic apparel and shoes for comfort and for style.
2. Canadians have more leisure time and can allocate more time to playing sports and staying fit.
3. The general health trend is also beneficial to the industry. People are more health conscious and accept the benefits of regular exercise such as reduction in depression, cardio vascular diseases and diabetes.
4. Consumers are also more aware of the decrease in injuries in wearing the right athletic shoes for their chosen sports.

6.2 COMPETITION

Within our metropolitan area, there are xxx retail stores and xxx athletic footwear stores. Within a 10-kilometer radius, there are xx other athletic footwear stores around Location A and xx around Location B. We are the only store offering the runners club as well as being the only shoe advertiser at 10 health clubs around our area. We are very visible within our community and expect the same visibility for our store in Location B. Department stores and e-commerce sites also compete with us and attract a certain sub-segment of the market. Department stores tend to attract a less sophisticated customer when it comes to athletic shoes. Athletes and runners rely on their dedicated athletic footwear store to make purchases and appreciate a knowledgeable sales staff. We offer a much wider selection than department stores do. E-commerce attract the repeat customers who know exactly what they are looking for and do not need an expert sales rep to discuss the pros and cons or to try on the shoes for comfort. With our high visibility in our market, and our loyalty programs, we expect our customer base to stay with us and even accept a slightly higher price than the e-commerce sites.

Specifically, we have two stores that we compete with more directly: XXX and XXX. These two stores tend to attract the same clientele as us. XXX and XXX invested significantly in the appearance of their stores compared to ours, but do not carry as many brands as we do. We also tend to outperform them in terms of presence and advertising within the community. We are the only store which offers a runners' club, which gets us a lot of visibility amongst runners. We are able to differentiate ourselves by our one of a kind shoe selection and our excellent and knowledgeable customer service reps. We did a survey recently – see appendix A, and our customers ranked us #1 amongst our competition in term of customer service. We plan on using this same strategy for our second store.

6.3 SWOT Analysis

Strengths	Weaknesses
- Large selection - Excellent customer service as proven by our recent survey - Very present in the community with local high school teams, runners club and health centers - Knowledgeable staff – we take the time to train them well about each brand. Low turn over	- No online presence - We are never a price leader
Opportunities	**Threats**
- Favorable industry trends - E-commerce opportunities down the line - No other stores markets to the sophisticated customer like we do - We are the go to place for the running community	- E-commerce site can erode our margins - National franchises can steal market share because of brand and price

6.4 The Four Ps

1. **Products and Services:** We offer a wide selection of athletic footwear from all major brands. We pride ourselves in our offerings and stay ahead of trends. We target men and women athletes and their kids as well as teenagers on sport teams. We have a membership card, which earns repeats customers a $20 discount on their third pair of shoes acquired at the store. We have also been able to develop great partnerships with local schools and a percent of our sales is given in cash to the school. In addition, we organize for free a running club that leaves from our store every Saturday and Sunday at 8am. We have developed a loyal customer base this way and a reputation for where local athletes hang out. We sell all major brands including but not limited to Nike, Adidas, Skechers and New Balance.

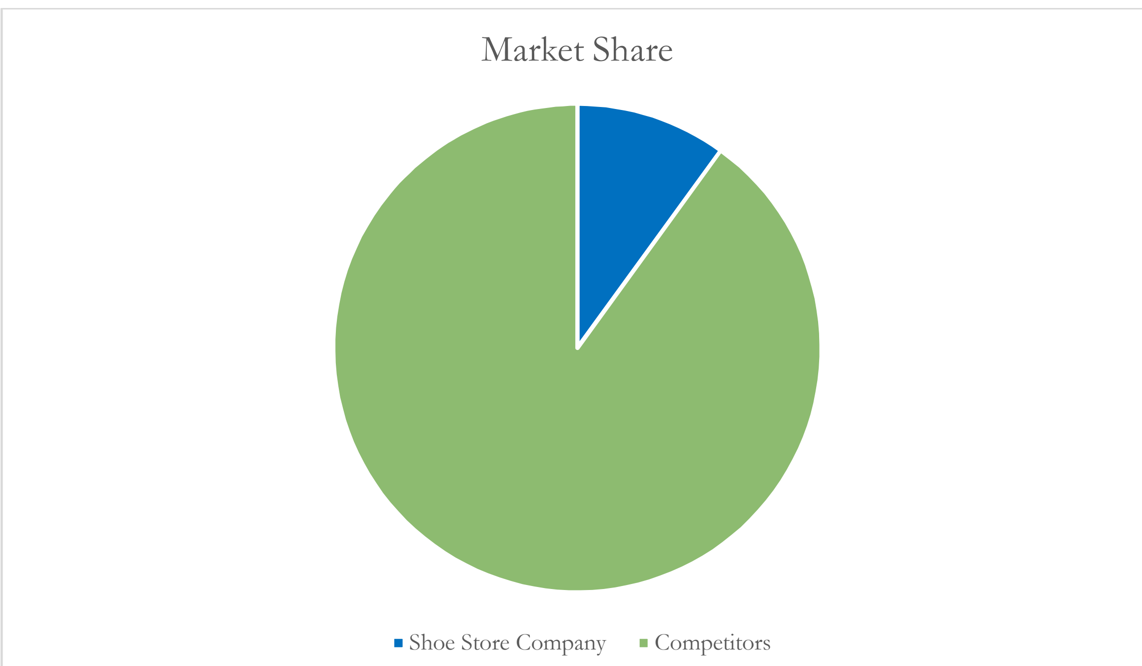
2. **Prices:** We are not price leaders. We follow the manufacturer's stated price point and follow our competitor's pricing. We do not intend to change this tactic. Our customers come to us because of our outstanding customer service and our knowledgeable staff – they do not expect the lowest prices.

3. **Promotion Plans:** We advertise at most health clubs around our market area. We post banner ads in the local newspapers and have a strong presence in school's athletic departments and athletic teams. Our weekend runners' club is also a great promotional tool for us as it attracts more than 50 people every weekend. It is our best word of mouth marketing tool.

4. **Placement Methods:** We sell solely through our physical store. We do not feel that our clients want to buy from us on-line and as such we have not developed this distribution channel as of now. We will re-evaluate this option on a yearly basis.

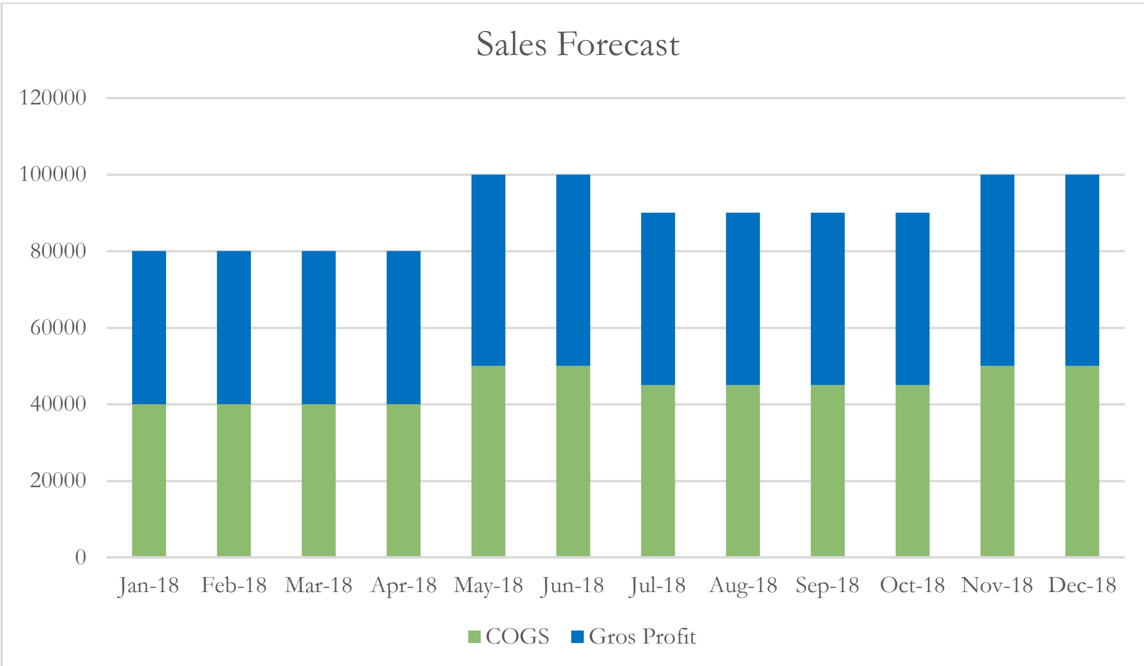
6.5 Expected Market Share

The athletic footwear revenues in 2017 was $1.76 billion. Canada's population in 2017 was 35.1 million and our market area's population was 212,000. By doing a rule of three, we can estimate the sales last year in our region at $10.6 million. With sales of xxx last year, we estimate our market share at xx%. We expect this market share to double in the next three years with our second store.



6.6 Sales Forecast

Using our sales per month in 2017, we forecasted our sales for 2018. We estimated a slight increase in the number of shoes sold (xx% increase) as well as an increase in sales price (xx% to adjust for inflation). We are anticipating an opening day for our store in Location B to be xxx 2018. We assumed the same ramp up in sales as we experienced for our store in Location A for the first 6 months. We have readjusted the prices per shoe to reflect today's prices but used the same number of shoes sold during that same time frame in our first store to be conservative. We expect this number to be higher since we now have a brand name and a reputation from our first store.



7. PRODUCTION PLAN

7.1 LOCATION, OFFICES, EQUIPMENT AND TECHNOLOGY

Location A: Our store in Location A, is located at xxx. It is situated at the corner of a busy intersection in the retail district of town. It is ideally located to attract many pedestrians just walking by. Our employees also live nearby making it very convenient for them. See google map below. The retail store has 2,000 square feet of retail space, 1,000 square feet in inventory space (backroom) and 500 square feet for the office. We are currently renting this space for $xxx per month. We are responsible to pay for all utility bills and maintenance costs. We do not have any intentions of owning the retail space for the foreseeable future. Our equipment needs are minimal. Our computer system used to keep track of our inventory and our sales is our main tool for work. We have shelves and storage equipment in the backroom, but these are very low tech and not very expensive.

Location B: Our new location which we plan to move into in xxx 2018 will be located at Location B about xxx km from Location A. It is located in a smaller town then the one in Location A, but it is still within the same metropolitan area. Location B has fewer direct competitors in its immediate surrounding area. The store will be similar in size to Location A with 1,800 square feet in retail space, 800 square feet in inventory space and 500 square feet for the office for a total of 3,100 square feet. We will be renting the space for $xxx per month making it slightly cheaper than our original location on a square footage basis. The equipment needed for this store will be the computer system used for sales and inventory management. We will purchase the same shelves for the backroom storage.

A floor plan of the retail store in Location A and the one proposed for Location B is included below.

7.2 PRODUCTION

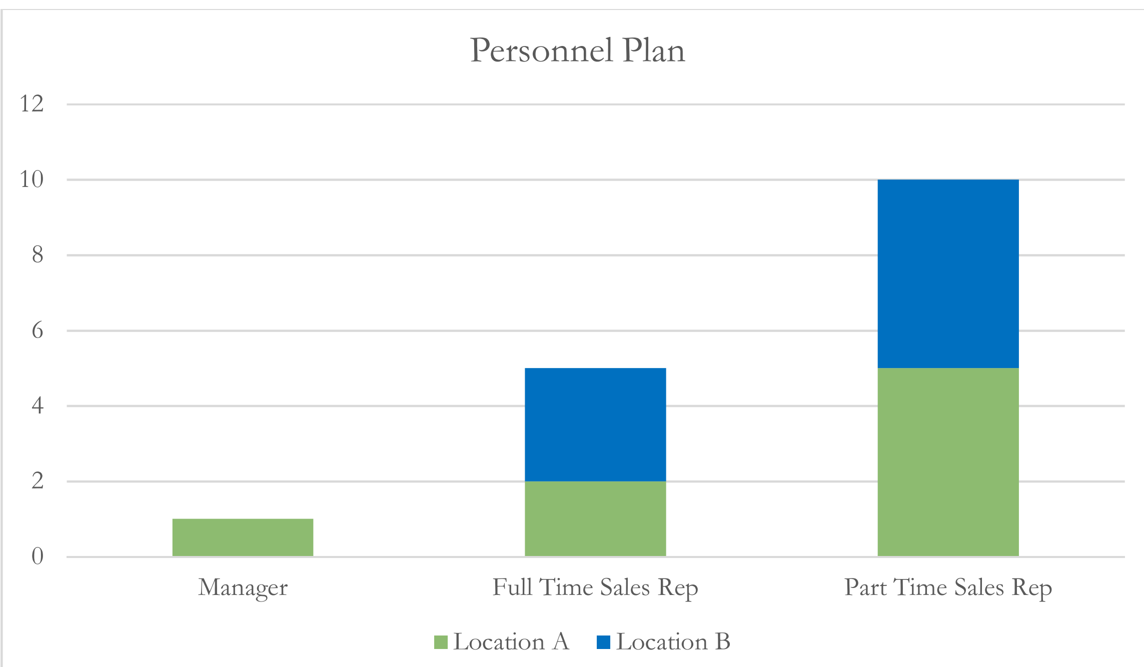
As we currently do in Location A, we intend to sell all the popular athletic footwear brands for the whole family in Location B. Our selection includes but is not limited to New Balance, Adidas, Puma, Nike and Saucony. We order our shoes from a wholesaler, who can ship orders to us within 2 business days. Once the orders arrive, our inventory clerk places and organizes all shoes in our inventory backroom according to our internal system. We do a physical count of our inventory every 3 months. Our inventory and sales are tracked using our computer system. We are able to keep an accurate count of our inventory and sales by brand, size and style. Our fixed cost per shoes is estimated at xxx. This includes the management team, our sales team and inventory clerk, as well as our computer software. Our retail store is open Monday to Wednesday from 10am to 6pm. On Thursdays and Fridays, we are open from 10am to 9pm. On Saturdays we are open from 10am to 5pm and on Sundays we are open from 12pm to 5pm.

7.3 PERSONNEL

Shoe Store Company employs 3 full time employees and 5 part-time employees. We have a manager who is at the store Wednesday to Sunday and is in charge of providing outstanding customer service as well as managing the other employees. The manager works from 1pm to 9pm. The owner XXX acts as the manager on Mondays and the owner, XXX acts as the manager on Tuesdays. Our manager has 10 years of experience managing other retail stores in the area. This person came highly recommended and has done an excellent job for our company. Our manager is a salaried employee and makes $xxxx per year. In addition, we pay a commission of xxx on our monthly sales. This pay structure helps us drive sales growth per customer. In addition, we have two full time sales representatives. One sales representative works from Monday to Friday. This person is in charge of opening the store. The store is always closed by one of the owners and/or the manager. The other full-time sales representative works from Wednesday to Sunday from 10am to 6pm. During our busy hours and on weekends, we have 5 part-time sales representatives to help with sales. We also ask them to put in more hours during our busy periods such as the holiday season.

Our personnel go through an intensive 1-week training before becoming sales rep. We want our sales reps to be more knowledgeable than our competitor's sales reps and as such, we dedicate a lot of resources to make sure they know the pros and cons of all the shoes we sell.

We project the same personnel plan for our Location B.



A more detailed personnel cost forecast is included in the financial overview section.

7.4 Suppliers

Shoe Store Company's main suppliers are several wholesalers. The cost of athletic shoes follows the inflation rate. The industry does not experience wide changes in prices from year to year. Our suppliers are very reliable and have historically delivered on time. We may have to wait longer than anticipated to receive certain trendy styles, but by in large we receive our orders shortly after they are placed. We are always on the lookout for up and coming athletic shoe manufacturers and try to stay ahead of fashion. We go to several shows a year to stay abreast of new developments in the industry.

Here is a list of our agreement with each one of our suppliers:

Names	Type of Inventory	Amount delivered	Delivery Policy	Payment Terms
Xxx	Athletic footwear for men, women and children			
Xxx	Athletic footwear for men, women and children			
Xxx	Athletic footwear for men, women and children			
Xxx	Athletic footwear for men, women and children			
Xxx	Athletic footwear for men, women and children			
Xxx	Athletic footwear accessories			

7.5 Inventory

Shoe Store Company keeps an average of $xxx worth of shoes in inventory. Our turnover rate is around xxx. We are in line with industry averages which stood at xxx in 2017. Our accessories do not turnover as fast and is approximately xxx. Our industry is somewhat seasonal: November and December as well as May and June are our busiest months. During these months, we need to increase our inventory. On average and depending on the models and styles, we need to keep xx% more inventory during these months.

7.6 Credit Policies

We do not sell on credit. Our customers have the option of paying with cash, debit cards or credit cards. Cash transactions are free for us where as debit transactions cost us a small flat fee of xxx per transaction and credit card transactions cost us a xxx% fee based on the size of the transaction. We accept Visa, Mastercard and American Express cards.

7.7 Legal Environment

We do not operate in a legal intensive industry. We have insurance coverage for the inventory we keep in the store. This insurance costs us xxx for the year and insures Shoe Store Company for up to xxx. The insurance is against theft and damages that could occur to our inventory. We need to follow the CSST health regulations for our employees and minimize any chances of our customers employees getting hurt on the job. As such we follow procedures to minimize our risks such as:

Outside the store:

1. Inspect parking lot and all areas where employees or customers walk or park and identify hazards.
2. Keep entrance clear of ice, snow or other hazards.
3. Make sure properly lighting is installed outside.

Inside the store:

1. Always keep a first-hand kit.
2. Make sure properly lighting is installed in the store and backroom.
3. Keep floors dry and clean.
4. Keep backroom orderly and neat.
5. Check rack and shelves regularly to make sure they are stable.
6. Always put heavy items at the bottom.

7.8 Milestones and Timetable

Below is our projected milestones and timetable for our second store in Location B. We are currently in the process of negotiating the lease with the landlord of the new location. We should be in a position to sign it in the next month. We have also asked 3 contractors to look at Location B and give us a quote for the renovations and upgrades needed. The plans and layouts of the store have already been done. We used the same designer who did our first store. This will assure a uniformity of design between the two stores.

Milestone	Time Frame	Budget
Sign lease	June 2017	$xxx
Renovations of Location B space	July to November 2017	$xxxx
Inventory Purchase	November 2017. Delivery in December	$xxxx
Hiring of employees	Start process in November 2017	
Store Opening	January 1, 2018	

8. Financial Overview

8.1 Assumptions Used

All numbers are fictitious and do not represent reality. This section is only intended to show what a financial overview section written by OnPoint Business Plans might look like and what kind of information would normally be included. Each business plan is different.

The following table highlights the assumptions used to build the financial projections.

- We have assumed we are able to double our production between 2018 and 2020.
- Sales prices are estimated at current price with an inflation rate increase every year.
- We assumed an inflation rate for both sales and cost of 2%.
- We assumed a $100 million term loan at the beginning of 2018 at 6% interest rate payable in 7 years.
- We assumed CAPEX of $50 million in 2018 and 2019
- Days in for Accounts receivables, inventories and accounts payables are assumed constant at 30 days while the tax rate is estimated at 35%.

Shoe Store Company - Assumptions

(CDN$ in Millions)	*Projected*				
	2018	**2019**	**2020**	**2021**	**2022**
Capital Assumptions					
Term Debt	$100				
Interest Rate on Loan	6.0%				
CAPEX	50	50	-	-	-
Common Share Issuance (Repayment)	-	-	-	-	-
Other Assumptions					
Inflation (Sales and Costs)		2.0%	2.0%	2.0%	2.0%
Tax Rate	35.0%	35.0%	35.0%	35.0%	35.0%
Days in Accounts Receivable	30	30	30	30	30
Days in Inventory	30	30	30	30	30
Days in Accounts Payables	30	30	30	30	30

8.2 Sources and Uses of Funds

The owners will put in $5M from their personal assets into the company. The company will put in $5M from its savings and a term loan of $100M will be obtained from the bank. This money will be invested in equipment, technology and working capital.

Shoe Store Company - Uses and Sources of Funds

(CDN$ Millions)

Uses	
CAPEX	100.0
Working Capital	10.0
Total Uses of Funds	**110.0**
Sources	
Term Debt	100.0
Equity from Business	5.0
Owner's Savings	5.0
Total Sources of Funds	**110.0**

8.3 Revenue and Expense Projections

The revenues increase rapidly in the first few years and then are assumed to level off with inflation.

Shoe Store Company - Revenue Projections

(CDN$ in Millions)

	Projected				
	2018	**2019**	**2020**	**2021**	**2022**
Sales Forecast					
Quantity Sold					
Product 1	10	15	20	20	20
Product 2	10	15	20	20	20
Price per Unit					
Product 1	$15.00	$15.30	$15.61	$15.92	$16.24
Product 2	$25.00	$25.50	$26.01	$26.53	$27.06
Total Sales	$400.0	$612.0	$832.3	$849.0	$865.9
Growth Increase		*53.0%*	*36.0%*	*2.0%*	*2.0%*

Shoe Store Company - Cost of Goods Sold Projections

(CDN$ in Millions)

	Projected				
	2018	**2019**	**2020**	**2021**	**2022**
Cost of Sales					
Material Costs	100.0	153.0	208.1	212.2	216.5
Direct Labour Wages	100.0	153.0	208.1	212.2	216.5
Repairs and Maintenance	20.0	20.4	20.8	21.2	21.6
Services / utilities	5.0	5.1	5.2	5.3	5.4
Depreciation	0.0	0.0	0.0	0.0	0.0
Overhead	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Total Cost of Sales	225.0	331.5	442.2	451.0	460.0
Growth Increase		*47.3%*	*33.4%*	*2.0%*	*2.0%*

Shoe Store Company - Sales Expenses Projections

(CDN$ in Millions)

	Projected				
	2018	**2019**	**2020**	**2021**	**2022**
Sales Expenses					
Selling Salaries	20.0	20.4	20.8	21.2	21.6
Traveling	2.0	2.0	2.1	2.1	2.2
Advertising	10.0	10.2	10.4	10.6	10.8
Shipping & Delivery	10.0	10.2	10.4	10.6	10.8
Other	0.0	0.0	0.0	0.0	0.0
Total Sales Expenses	42.0	42.8	43.7	44.6	45.5
Growth Increase		*2.0%*	*2.0%*	*2.0%*	*2.0%*

Shoe Store Company - Head Count and Salaries Projections

(CDN$ in Millions)

	Projected				
	2018	**2019**	**2020**	**2021**	**2022**
Head Count					
Owner	1.0	1.0	1.0	1.0	1.0
Owern	1.0	1.0	1.0	1.0	1.0
Managers	1.0	1.0	1.0	1.0	1.0
Total Head Count	**3.0**	**3.0**	**3.0**	**3.0**	**3.0**
Salaries					
CEO	40,000.0	40,000.0	40,000.0	40,000.0	40,000.0
CFO	40,000.0	40,000.0	40,000.0	40,000.0	40,000.0
Managers	35,000.0	35,000.0	35,000.0	35,000.0	35,000.0

Shoe Store Company - General and Administrative Expenses Projections

(CDN$ in Millions)

	Projected				
	2018	**2019**	**2020**	**2021**	**2022**
General and Admin Expenses					
Management Salaries	20.0	20.4	20.8	21.2	21.6
Office Salaries	1.0	1.0	1.0	1.1	1.1
Professional Fees	1.0	1.0	1.0	1.1	1.1
Telecommunication	1.0	1.0	1.0	1.1	1.1
Office Expenses	1.0	1.0	1.0	1.1	1.1
Insurance and Taxes	1.0	1.0	1.0	1.1	1.1
Bad Debts	1.0	1.0	1.0	1.1	1.1
Other	1.0	1.0	1.0	1.1	1.1
Research And Development	0.0	0.0	0.0	0.0	0.0
Total General and Admin Expenses	27.0	27.5	28.1	28.7	29.2
Growth Increase		*2.0%*	*2.0%*	*2.0%*	*2.0%*

8.4 Income Statement Pro Forma

Shoe Store Company - Income Statement

(CDN$ in Millions)

		Projected				
		2018	**2019**	**2020**	**2021**	**2022**
Total Sales		400.0	612.0	832.3	849.0	865.9
Cost of Goods Sold		225.0	331.5	442.2	451.0	460.0
Gross Profit		**175.0**	**280.5**	**390.2**	**398.0**	**405.9**
Total Sales Expenses		42.0	42.8	43.7	44.6	45.5
Total General and Admin Expenses		27.0	27.5	28.1	28.7	29.2
EBITDA		148.0	253.0	362.1	369.3	376.7
Depreciation		1.3	3.8	5.0	5.0	5.0
EBIT		146.8	249.2	357.1	364.3	371.7
Total Interest Expense		6.0	6.0	6.0	6.0	6.0
EBT		140.8	243.2	351.1	358.3	365.7
Taxes		49.3	85.1	122.9	125.4	128.0
Net Income		91.5	158.1	228.2	232.9	237.7
Margins						
Gross Margin	(%)	*43.8%*	*45.8%*	*46.9%*	*46.9%*	*46.9%*
EBITDA Margin	(%)	*37.0%*	*41.3%*	*43.5%*	*43.5%*	*43.5%*
EBIT Margin	(%)	*36.7%*	*40.7%*	*42.9%*	*42.9%*	*42.9%*

8.5 CASH FLOW STATEMENT PRO FORMA

Shoe Store Company - Cash Flow Statement

(CDN$ Millions)

	Projected				
	2018	**2019**	**2020**	**2021**	**2022**
Operating Activities					
Net Income	91.5	158.1	228.2	232.9	237.7
Depreciation	1.3	3.8	5.0	5.0	5.0
Changes in working capital	(32.9)	(17.4)	(17.9)	(1.6)	(1.4)
Operating Cash Flow	**59.9**	**144.4**	**215.3**	**236.3**	**241.3**
Investing Activities					
CAPEX	(50.0)	(50.0)	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	**(50.0)**	**(50.0)**	**0.0**	**0.0**	**0.0**
FCF Before Debt Issuance / (Repayment)	**$9.9**	**$94.4**	**$215.3**	**$236.3**	**$241.3**
Financing Activities					
Common Shares Issuance (Repayment)	0.0	0.0	0.0	0.0	0.0
Debt Issuance (Repayment)	100.0	0.0	0.0	0.0	0.0
Total Financing Activities	**100.0**	**0.0**	**0.0**	**0.0**	**0.0**
Change in the Cash Position	109.9	94.4	215.3	236.3	241.3
Beginning Cash	0.0	109.9	204.3	419.5	655.9
Ending Cash	109.9	204.3	419.5	655.9	897.2

8.6 BALANCE SHEET PRO FORMA

Shoe Store Company - Balance Sheet

(CDN$ Millions)

		Projected				
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
ASSETS						
Cash		109.9	204.3	419.5	655.9	897.2
Accounts Receivable		32.9	50.3	68.2	69.8	71.2
Inventory		18.5	27.2	36.2	37.1	37.8
Prepaid expenses and deposits		0.0	0.0	0.0	0.0	0.0
Other		0.0	0.0	0.0	0.0	0.0
Total Current Assets		161.2	281.8	524.0	762.7	1,006.2
Net PP&E	0.0	48.8	95.0	90.0	85.0	80.0
Other		0.0	0.0	0.0	0.0	0.0
Total Assets		**210.0**	**376.8**	**614.0**	**847.7**	**1,086.2**
LIABILITIES AND EQUITY						
Line of Credit		0.0	0.0	0.0	0.0	0.0
Accounts Payable		18.5	27.2	36.2	37.1	37.8
Accruals		0.0	0.0	0.0	0.0	0.0
Income Taxes Payable		0.0	0.0	0.0	0.0	0.0
Other		0.0	0.0	0.0	0.0	0.0
Total Current Liabilities		18.5	27.2	36.2	37.1	37.8
Term Debt		100.0	100.0	100.0	100.0	100.0
Other liabilities		0.0	0.0	0.0	0.0	0.0
Total non-Current Liabilities		100.0	100.0	100.0	100.0	100.0
Total Liabilities		**118.5**	**127.2**	**136.2**	**137.1**	**137.8**
Common Shares		0.0	0.0	0.0	0.0	0.0
Preferred Shares		0.0	0.0	0.0	0.0	0.0
Retained Earnings		91.5	249.6	477.8	710.7	948.4
Total Equity		**91.5**	**249.6**	**477.8**	**710.7**	**948.4**
Total Liabilities and Equity		**$210.0**	**$376.8**	**$614.0**	**$847.7**	**$1,086.2**

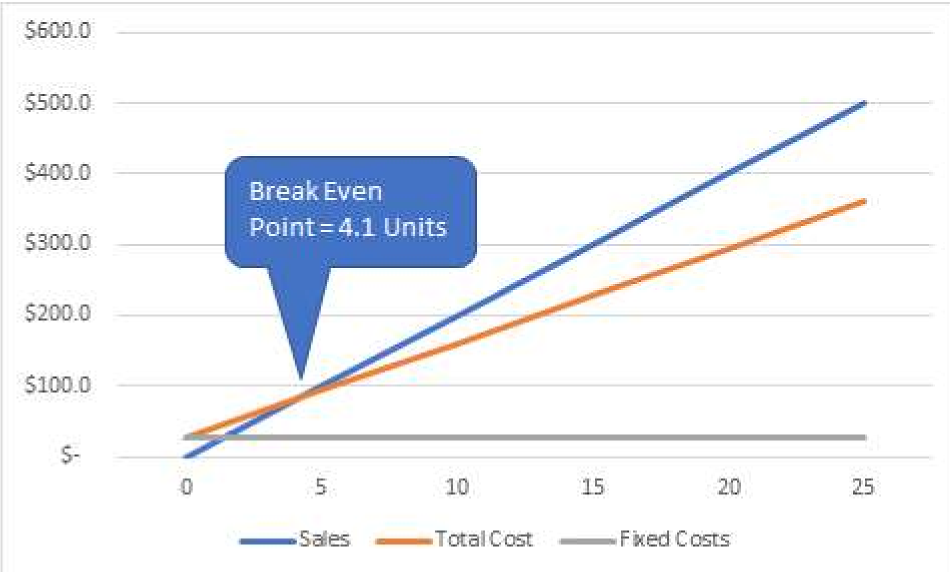
8.7 MONTHLY CASH FLOW STATEMENT

Shoe Store Company - Monthly Cash Flow

	Projected											
	01/2018	**02/2018**	**03/2018**	**04/2018**	**05/2018**	**06/2018**	**07/2018**	**08/2018**	**09/2018**	**10/2018**	**11/2018**	**12/2018**
Operating Activities												
Net Income	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6
Depreciation	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Changes in working capital	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)
Operating Cash Flow	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Investing Activities												
CAPEX	(50.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	(50.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF Before Debt Issuance / (Repayment)	(45.0)	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Financing Activities												
Common Shares Issuance (Repayment)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt Issuance (Repayment)	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Financing Activities	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in the Cash Position	55.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Beginning Cash	0.0	55.0	60.0	65.0	70.0	74.9	79.9	84.9	89.9	94.9	99.9	104.9
Ending Cash	55.0	60.0	65.0	70.0	74.9	79.9	84.9	89.9	94.9	99.9	104.9	109.9

8.8 Break Even Analysis

We also performed a break-even analysis for the company. The company breaks even with a production of 4.1 units.



8.9 Performance Ratios

The company's ratios are reasonable starting in 2018 and are expected to get better over time.

Shoe Store Company - Performance Ratios

	Projected				
	2018	**2019**	**2020**	**2021**	**2022**
Current Ratio	8.7	10.3	14.5	20.6	26.6
Interest Coverage	24.5	41.5	59.5	60.7	61.9
Total Debt to Equity (%)	130%	51%	29%	19%	15%
Return on Investment (%)	100%	63%	48%	33%	25%
Return on Assets (%)	44%	42%	37%	27%	22%
Asset Turnover	1.9	1.6	1.4	1.0	0.8