# **Financial Model Outline: Hawlton & Ranée Rouge**

## **1. Introduction & Purpose**

This document outlines the structure for a comprehensive financial model for Hawlton Holdings and its first brand, Ranée Rouge. The model is designed to be a living document, built in a spreadsheet format (e.g., Excel or Google Sheets), allowing for easy adjustment of key variables to perform scenario analysis. The primary objectives are to:

* **Project Revenue & Profitability:** Provide a clear, data-driven projection of our financial performance over a 12-24 month period.
* **Assess Financial Health:** Identify critical financial milestones such as the **break-even point** and **cash runway**.
* **Validate Business Strategy:** Demonstrate the financial viability and responsible use of funds to potential investors.
* **Guide Operational Decisions:** Serve as a core tool for internal budgeting, performance tracking, and strategic planning.

## **2. Key Assumptions & Inputs**

This section contains all the core assumptions that drive the model. The model's power lies in its ability to adjust these assumptions to forecast different outcomes.

### **2.1. Revenue Assumptions**

* **Average Order Value (AOV):** PKR 1,200
* **Ranée Rouge's Commission:** 50% of the AOV. This is the revenue you will recognize. The other 50% is paid to the seller.
* **Monthly Order Growth Rate:**
  + Months 1-3: 50%
  + Months 4-6: 30%
  + Months 7-12: 20%
  + Months 13-24: 15% (stabilized growth)
* **Initial Customer Acquisition Channel Mix:**
  + Paid Social (Facebook/Instagram): 70%
  + Influencer Marketing: 20%
  + Organic/Direct: 10%

### **2.2. Cost of Goods Sold (COGS) Assumptions**

* **Supplier Payout:** 50% of the AOV (PKR 600)
* **Packaging & Branding Cost per Order:** PKR 75 (includes branded boxes, tissue paper, thank-you notes, provided to the seller for packing)
* **Logistics & Delivery Cost per Order:** PKR 120 (negotiated third-party logistics rate)
* **Payment Gateway / COD Fees:** PKR 50 per order (assumed average fee)

### **2.3. Operating Expense Assumptions (Fixed Costs)**

* **Salaries & Wages:**
  + Jahangir & Ismail: PKR 0 per month (initial, non-salaried)
  + Social Media Intern: PKR 8,000 per month (starting Month 1)
* **Marketing & Advertising:**
  + Ad Spend: PKR 30,000 per month (initial fixed budget)
  + Influencer Payments: PKR 10,000 per month (included in ad spend)
* **Website & Tech Subscriptions:** PKR 10,000 per month (Shopify, apps, domain, etc.)
* **Professional Fees:** PKR 5,000 per month (for legal, accounting, etc., on an as-needed basis)
* **Office & Supplies:** PKR 5,000 per month (initially for packaging materials, labels, etc.)
* **Total Monthly Fixed Costs (Initial):** PKR 58,000

### **2.4. Key Performance Indicator (KPI) Assumptions**

* **Customer Acquisition Cost (CAC):** PKR 600 per new customer (projected based on initial ad spend and conversion rates).
* **Customer Lifetime Value (CLV):** To be calculated and tracked as repeat customers are acquired.
* **Conversion Rate:** 2% (projected website traffic to sales)
* **Return/Exchange Rate:** 5% of orders (for planning purposes).

### **2.5. Investment & Runway Assumptions**

* **Total Funding Received:** PKR 750,000
* **Contingency Fund:** PKR 100,000 (included in the total funding)

## **3. Financial Statements & Projections**

This section will contain the core financial tables, projected on a month-by-month basis for 24 months.

### **3.1. Proforma Income Statement**

This table will project revenue, costs, and profitability over time.

| Category | Month 1 | Month 2 | Month 3 | Month 6 | Month 9 |

|---|---|---|---|---|---|

| Orders per Month | 50 | 75 | 113 | 248 | 430 |

| Total Sales (GMV) | PKR 60,000 | PKR 90,000 | PKR 135,600 | PKR 297,600 | PKR 516,000 |

| Cost of Goods Sold (COGS) | PKR 42,250 | PKR 63,375 | PKR 95,585 | PKR 209,560 | PKR 363,350 |

| Gross Profit | PKR 17,750 | PKR 26,625 | PKR 40,015 | PKR 88,040 | PKR 152,650 |

| Operating Expenses | PKR 58,000 | PKR 58,000 | PKR 58,000 | PKR 58,000 | PKR 58,000 |

| Net Profit / (Loss) | (PKR 40,250) | (PKR 31,375) | (PKR 17,985) | PKR 30,040 | PKR 94,650 |

### **3.2. Proforma Cash Flow Statement**

This table will track the movement of cash into and out of the business.

| Category | Month 1 | Month 2 | Month 3 | Month 6 | Month 9 |

|---|---|---|---|---|---|

| Beginning Cash Balance | PKR 750,000 | PKR 709,750 | PKR 678,375 | PKR 664,440 | PKR 811,360 |

| Cash from Operations | (PKR 40,250) | (PKR 31,375) | (PKR 17,985) | PKR 30,040 | PKR 94,650 |

| Ending Cash Balance | PKR 709,750 | PKR 678,375 | PKR 660,390 | PKR 694,480 | PKR 906,010 |

## **4. Key Metrics & Analysis**

This section will highlight the most important metrics for both founders and investors.

* **Contribution Margin:** This shows the profit generated from each sale.
* **Break-Even Point (Orders):** (Total Monthly Fixed Costs / Contribution Margin per Order) - The number of orders required to cover all fixed costs.
* **Monthly Burn Rate:** (Net Loss per Month) - The amount of cash the company is losing each month.
* **Cash Runway:** (Total Cash / Monthly Burn Rate) - The number of months the company can operate before needing additional funding.

### **4.1. Scenario Analysis**

* **Best Case:** Assume a 70% monthly order growth rate in the first three months due to a successful influencer campaign. This scenario would lead to profitability sooner and a stronger negotiating position for future funding.
* **Worst Case:** Assume a 20% monthly order growth rate due to initial marketing challenges. This scenario would test the model's resilience and inform a plan to reduce fixed costs if necessary.

### **4.2. Fundraising & Investor Return**

* **Investment Required:** PKR 750,000
* **Valuation:** We are not seeking an equity valuation at this stage.
* **Return Model:** **Revenue Share Model** - Investors will receive a percentage of monthly revenue until they have received a total return of 1.5x-2x their initial investment. This model is clear, transparent, and built for rapid, tangible returns.