

The Current Marketplace

In 2020, the creative charcuterie market in the U.S. achieved \$27 billion in retail sales and was named one of the top ten food trends for 2021, with little sign of slowing down. In fact, the demand for quality charcuterie and dry-cured meats has only grown. There is a tremendous opportunity for Three Sisters to achieve a sizeable percentage of the potential revenue within this market, given how our business model is structured and the current position of our company with respect to production and distribution.

Our Plan To Gain Market Share

We plan on diversifying our market channels and opportunities, both retail and wholesale. Over the past 2 years, we have been able to maintain a successful online retail presence while expanding our wholesale reach. Our plan includes creating relationships with regional and multi-state grocery stores, increasing sales to charcuterie and subscription box services, online wholesale markets, wineries, and catering companies that service clients within the technology, business, and airline industries. We believe the current market is large and accessible enough through attaining and maintaining a diverse customer sales base, it will allow us a greater opportunity to acquire a meaningful share of the market.

Our business structure

We first started by producing and selling our chorizo in the San Francisco Bay Area for over two years, allowing us to refine and perfect our products. In recent months, we have acquired a new co-packer to manufacture and package our products, Espuña, LLC, in Gloversville, New York. Espuña is a USDA-certified producer of Spanish charcuterie, and its infrastructure will allow us to increase our volume without sacrificing product quality. Moreover, we are using the services of ShipBob for the warehousing of our chorizo, giving us the ability to warehouse across the United States and make our products more easily accessible to our customers by reducing shipping time and costs.

What we have been able to do over the past several years is create a solid foundation for our company to grow comfortably by having the necessary infrastructure and relationships in place. We are not starting from zero - we are in an ideal phase of our development, because of the time and work we have invested, to grow and expand our sales reach in a meaningful way.

Our Team

Our team is a strategic partnership between Three Sisters Artisanal Meats, LLC, and Espuña, LLC, bringing together centuries of expertise and knowledge in the production of dry-cured chorizo.

Jaime Acebes Fernández - Founder and owner of Three Sisters Meats. Jaime has been making chorizo since he was 4 years old with his parents on their small ranch in Northern California. Jaime is a multi-generational chorizo maker, whose family on both sides has a long history of creating various traditional Spanish cured meats in the hills of León and Asturias. It is from his family that Jaime inherited the recipe and skills for making chorizo, turning the tradition into a company, beginning in Richmond, California, and now working with Espuña, our co-packing partner, to create our product line of authentic and delicious links and sliced chorizo.

Espuña, LLC - Espuña LLC is owned by Esteban Espuña S.A., a traditional and innovative producer of Spanish Charcuterie. The history of Espuña dates back to 1947 when Esteve Espuña began producing sausages using traditional recipes in his farmhouse near Olot, Spain. Today Espuña has state-of-the-art facilities that serve customers all over the world. Espuña's success combines innovation and best practices to ensure that their old-world Spanish-cured meats maintain artisan craftsmanship for a truly authentic Spanish experience.

How We Make Money

Quite simply, we make money by selling our products to retail and wholesale customers. We will be offering 2 SKUs - a 6oz dry-cured link and a 3oz sliced chorizo package. These two products are the foundation of our company. In time, we plan on developing and offering new dry-cured products to our line.

Additionally, we have created a production and shipping structure that has reduced our overall costs, allowing us to sell our chorizo at a more competitive price point, thus making it more accessible and creating the ability for production and sales growth.

Break-Even

Our current projections forecast a break-even for Three Sisters by the first quarter of 2023. With both Fall and the winter holiday season on the near horizon, that is when we have historically achieved our greatest sales, with respect to units produced and purchased. Strategically, we are in an excellent position to create relationships with large-volume clients from different retail channels leading up to the 3rd and 4th quarters of 2022, when the demand is highest for artisanal cured meats.

Production Costs:

The minimum production order is **1,000 pounds** in finished dry-weight product.

- The final production cost will be **\$3.75 per 6oz link** and **\$1.87 per 3oz sliced**.
- There are two monthly fixed costs for **ShipBob** – receiving of product and storage of product:
 - Receiving is \$25 for the first 2 hours, \$40/man-hour thereafter.
 - Storage will be \$40 per month.
- Pick, pack, and shipping costs are varied depending on the number of orders and the size/weight/destination of the order.

Product Pricing:

- The wholesale price will be **\$5.75 per link** and **\$3.85 per sliced - \$70 per link case** and **\$46 per sliced case**.
- The retail price on our website will be **\$9.99 per link** and **\$5.99 per sliced - \$120 per link case** and **\$71 per sliced case**.

6oz Link projections per 1,000 pounds:

A 1,000-pound dry weight order will produce approximately 2,600 6oz units.

- **2,600 units x \$3.75 = \$9,750 total production cost**
- **2,600 units x \$5.75 = \$14,950 in wholesale revenue**
- **2,600 units x \$10 = \$26,000 in retail revenue**

3oz Sliced projections per 1,000 pounds:

A 1,000-pound dry weight order will produce approximately 5,300 3oz units.

- **5,300 units x \$1.87 = \$9,900 total production cost**
- **5,300 units x \$3.85 = \$20,400 wholesale revenue**
- **5,300 units x \$5.99 = \$31,700 in retail revenue**