FINANCIAL REPORT / 01

The financial picture

Thread Harbor | USD | 3 operating years | base scenario

Revenue, profit and cash flow.

Year 1 revenue

817,689.60

USD

Year 1 net income

72,811.45

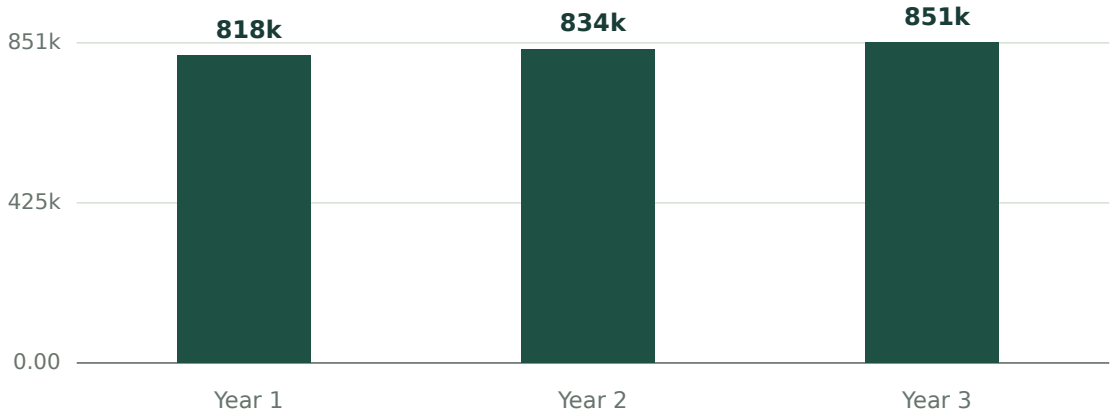
USD

Minimum cash

171,951.86

Includes the pre-opening period

ANNUAL REVENUE



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Planning forecast. Populated illustrative inputs are complete but unverified. Proposed funding is not a commitment.

FINANCIAL REPORT / 02

Profit & loss

USD | Annual operating results; pre-opening expenses are separate.

Measure	Year 1	Year 2	Year 3
Net revenue	817,689.60	834,043.41	850,724.24
Cost of sales	310,722.03	316,936.48	323,275.24
Gross profit	**506,967.57**	**517,106.93**	**527,449.00**
Operating expenses	430,616.12	441,008.05	451,661.22
EBITDA	**76,351.45**	**76,098.88**	**75,787.78**
Depreciation	3,540.00	3,540.00	3,540.00
Interest expense	0.00	0.00	0.00
Tax provision	0.00	0.00	0.00
Net income	**72,811.45**	**72,558.88**	**72,247.78**

YEAR 1 EBITDA

76,351.45

YEAR 2 EBITDA

76,098.88

YEAR 3 EBITDA

75,787.78

Expense rows are positive charges. Net income retains its sign. Tax is the planning provision; annual losses do not reverse provisions already calculated within the year.

FINANCIAL REPORT / 03

Cash flow

USD | Flows exclude launch; opening and closing cash are balances.

Measure	Year 1	Year 2	Year 3
Opening cash	171,951.86	238,823.81	313,200.76
Customer collections	817,689.60	834,043.41	850,724.24
Supplier payments	320,201.53	318,658.41	325,031.58
Operating expenses paid	430,616.12	441,008.05	451,661.22
Interest paid	0.00	0.00	0.00
Tax provision paid	0.00	0.00	0.00
Operating cash flow	**66,871.95**	**74,376.95**	**74,031.44**
Investing cash flow	0.00	0.00	0.00
Financing cash flow	0.00	0.00	0.00
Net change in cash	**66,871.95**	**74,376.95**	**74,031.44**
Closing cash	**238,823.81**	**313,200.76**	**387,232.20**

Supplier payments differ from cost of sales because stock and supplier terms affect timing. Positive financing cash is funding, not customer revenue or profit.

FINANCIAL REPORT / 04

Year-end balance sheet

USD | Closing positions at the end of each operating year.

Measure	Year 1	Year 2	Year 3
Cash	238,823.81	313,200.76	387,232.20
Accounts receivable	0.00	0.00	0.00
Inventory	100,984.68	103,004.37	105,064.44
Assets and deposits	14,760.00	11,220.00	7,680.00
Total assets	**354,568.49**	**427,425.13**	**499,976.64**
Accounts payable	14,888.78	15,186.54	15,490.27
Loan balance	0.00	0.00	0.00
Total liabilities	**14,888.78**	**15,186.54**	**15,490.27**
Equity and retained earnings	**339,679.71**	**412,238.59**	**484,486.37**
Reconciliation difference	**0.00**	**0.00**	**0.00**

Assets and refundable deposits are aggregated in the planning asset ledger. Deposits retain cost with no depreciation or refund modeled; assets equal liabilities plus equity.

FINANCIAL REPORT / 05

Launch budget & funding

USD | Before opening; proposed sources and uses.

STARTUP USES

Use	USD
Assets and deposits	18,300.00
Expensed setup	13,500.00
Opening inventory	76,616.40
Total startup uses	**108,416.40**

PROPOSED FUNDING

Source / balance	USD
Combined equity	280,368.26
Loan proceeds	0.00
Cash after startup uses	**171,951.86**

MINIMUM CASH THROUGHOUT THE FORECAST

171,951.86

USD

UNFUNDED CASH GAP

0.00

A deficit measure, not secured financing

Equity and loans shown here are planning assumptions. Cash remaining after launch is the initial operating buffer; it is not an additional startup expense.

FINANCIAL REPORT / 06

Break-even & project payback

USD | Operating profitability and investment recovery are separate measures.

Annual measure	Year 1	Year 2	Year 3
Break-even revenue	572,186.57	589,352.46	607,033.65
Margin of safety	245,503.03	244,690.95	243,690.59

PROJECT PAYBACK

Recovered within 16.89 months

Project measure	USD
Initial project outlay	108,416.40
Cumulative project cash at forecast end	106,863.94
Peak project cash deficit	108,416.40

Operating break-even excludes depreciation, interest and income tax. Project payback uses pre-tax project cash before financing and is not a dividend or an investor payout.

FINANCIAL REPORT / 07

Assumptions & review

The operating assumptions, accounting policies and items requiring review.

11 financial checks passed | 0 need attention | 9 forecast warnings

- Planning model, not audited accounts or tax advice. Revenue follows the selected sales or service activity. Any modeled subscriptions use monthly billing. Annual prepayments, milestone invoices, unbilled contract assets, customer taxes, seller settlements, capitalized interest and tax-loss carryforwards are not modeled. Refundable launch deposits are included at cost; refund timing, impairment and formal classification are outside scope.
- Collection and supplier terms use 30-day monthly interpolation. Inventory purchases and non-stock direct costs use supplier terms; operating costs, setup costs, taxes and opening stock are paid immediately. Stock coverage applies only to linked goods costs. Production stock is tracked separately at unit cost.
- Entity-level income tax is set to zero. No jurisdictional tax rules or owner personal taxes have been inferred.
- Fictional editorial scenario. Prices, workload, base pay, expenses and owner funding are illustrative inputs. They are not current quotes, market averages, verified demand or actual company results. Employer taxes, benefits and income taxes are excluded; resulting net income is before omitted taxes.
- Source initial scale, mix, base prices and paid roles are retained for Jan2027-Dec2029; later expansion is omitted. Volume is flat, prices grow2% and base/fixed costs3%. Income taxes and employer burden are excluded, not exempt. Named material COGS use physical stock days once; payable days retain the source effective mixed-cost input. Refundable deposits are paid once as nondepreciating asset-ledger proxies; refund timing is not modeled. Native depreciation is added. Full scope/timing changes are explained in the operating prose.
- Role-specific employer-cost allowances follow the saved paid-role rows; zero excludes employer burden rather than proving no obligation. The 0% income-tax provision is an explicit scenario input. A zero input excludes entity income taxes from these results and establishes no exemption; personal taxes, customer sales-tax receipts/remittances and distributions are outside the scenario.
- All equity is proposed, uncommitted month-0 cash. No debt is modeled. Opening cash is a reserve, not an extra startup expense. Asset/setup/insurance/premises allowances need scoped quotes; the listed refundable deposits are included, while unquoted additional site works are excluded.
- Inventory days are physical material coverage applied once to each named COGS row’s inventory share. Payment days are the effective blended delay across all direct-cost purchases and services, not a physical material supplier term. The shared payment schedule is a simplified timing proxy; material-specific supplier schedules are not modeled.

FINANCIAL REPORT / 07

Assumptions & review

Saved warnings continued; no inputs or results have been changed.

- Refundable deposits are paid once before opening and retained at cost without depreciation in the planning asset ledger. Assets and deposits are aggregated as a planning proxy; their formal accounting classification, impairment, refund timing and recovery are not modeled. Deposit cash is not available operating cash.