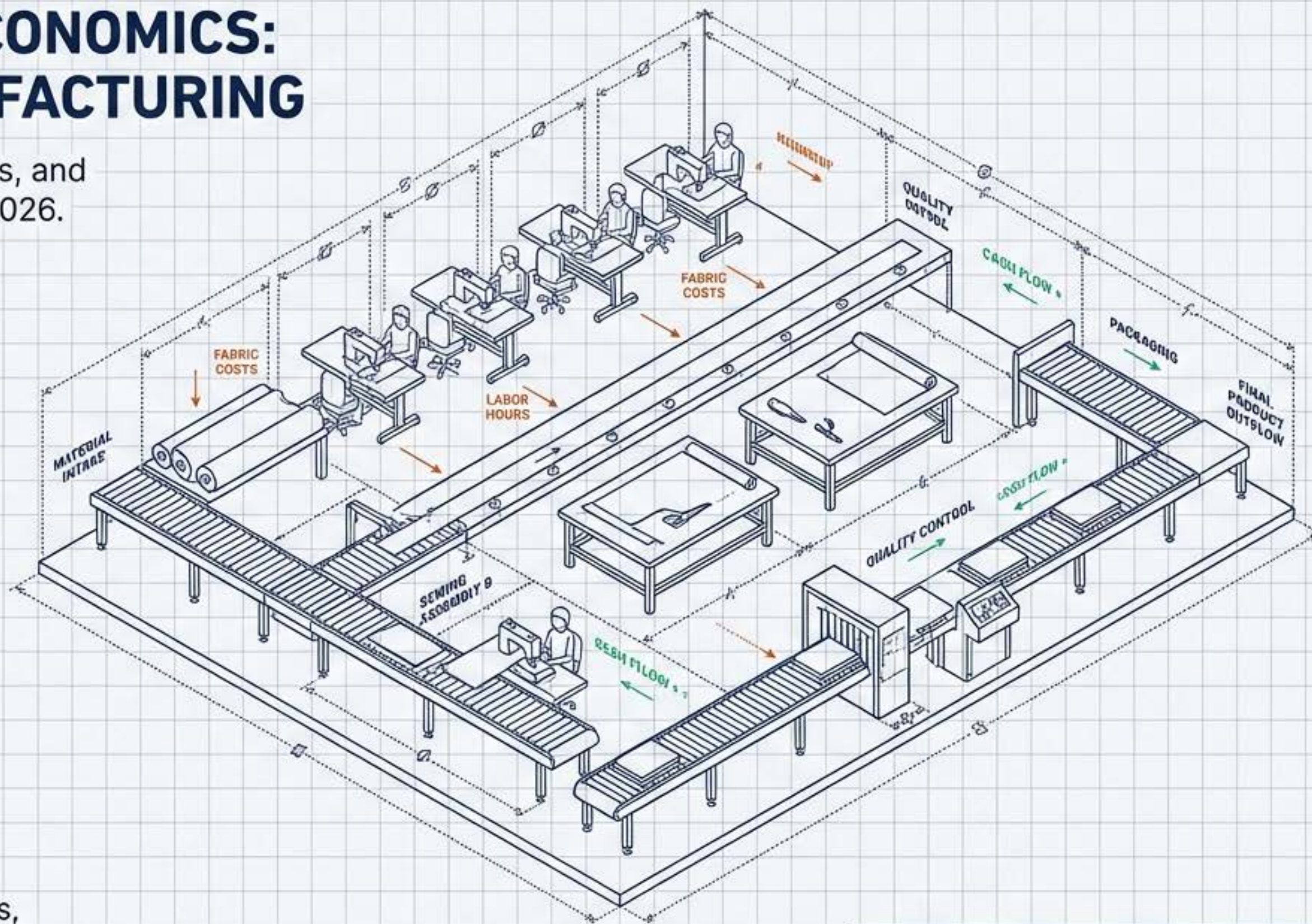


OPERATIONAL ECONOMICS: CLOTHING MANUFACTURING

Financial Projections, Burn Rates, and
Capital Requirements through 2026.



A structural analysis of Fixed Costs,
Variable Drivers, and Cash Flow Solvency.

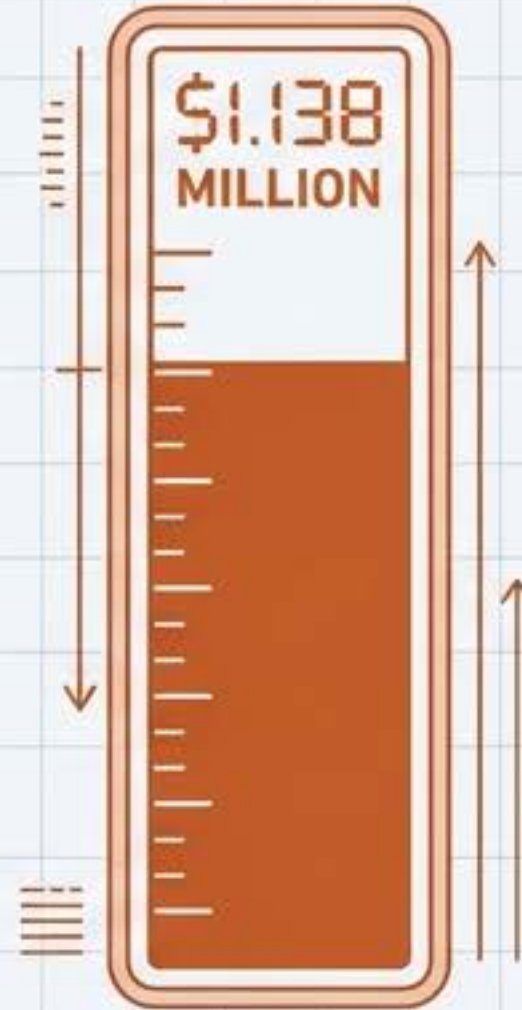
VERSION: FINAL // ARCHETYPE: ANALYTICAL DEEP DIVE

THE 12-MONTH FINANCIAL SNAPSHOT



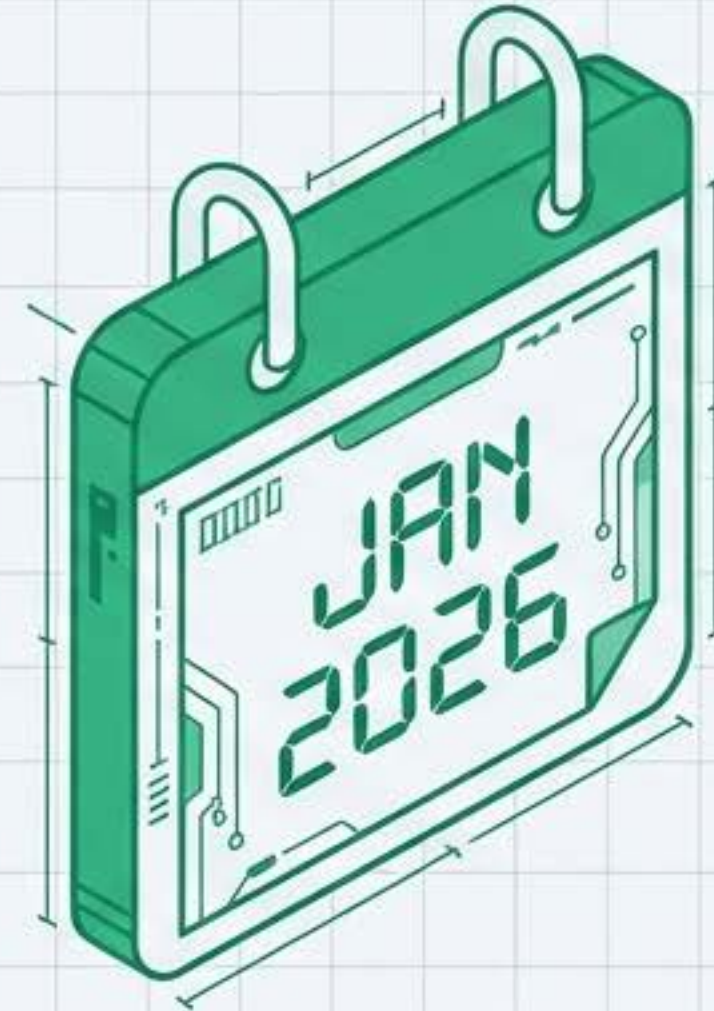
MONTHLY FIXED BURN RATE

The floor. Cost to exist before revenue.



PEAK CASH REQUIREMENT

The fuel. Capital needed to bridge to Jan 2026.



PROJECTED BREAK EVEN

The target. Date of self-sustainability.

STRATEGIC IMPLICATION

- **STRATEGIC IMPLICATION**
- If sales do not materialize immediately, the \$68k burn rate becomes the primary liability.
- A 12-month runway requires securing \$816,000 purely for survival.

THE BASELINE BURN RATE: \$68,000 / MONTH



INSIGHT

This baseline excludes all direct material costs. It is the cost of existence, not production. It must be paid even if production is zero.

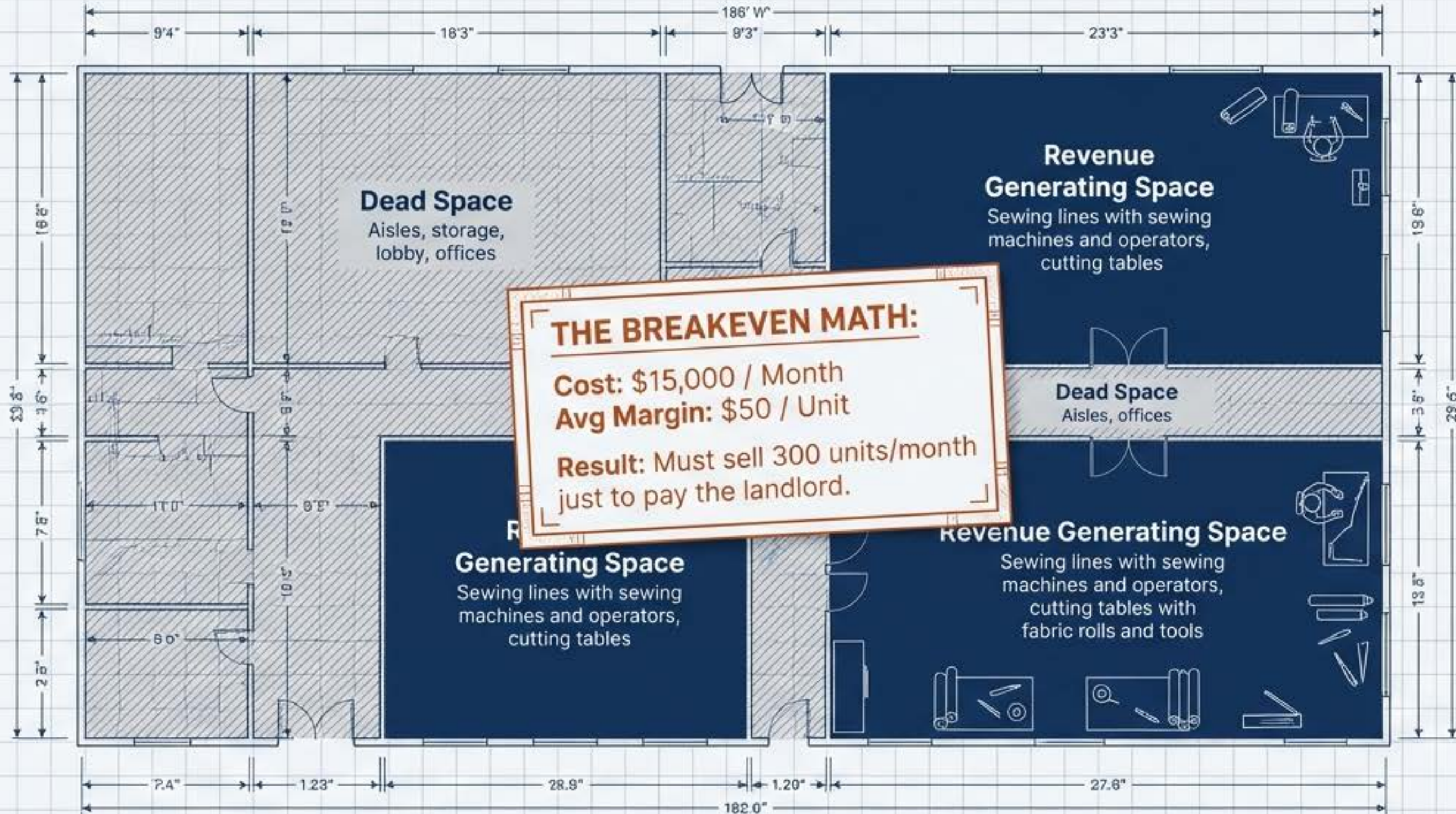
THE WEIGHT OF LEADERSHIP: MANAGEMENT PAYROLL



STRATEGIC IMPLICATION

- This is a fixed cost—bloat is dangerous here.
- Every administrative hire raises the breakeven point.
- Productivity per dollar must be scrutinized, especially if onboarding takes 14+ days.

REAL ESTATE STRATEGY: THE \$15,000 FLOOR



THE BREAK EVEN MATH:
Cost: \$15,000 / Month
Avg Margin: \$50 / Unit
Result: Must sell 300 units/month just to pay the landlord.

INSIGHT:

Avoid signing leases based on "success case" scale. Over-sized space drives unnecessary burn. Target 18-month minimums with capped escalators.



ESSENTIAL OVERHEAD: COMPLIANCE & OPERATION

INSIGHT:

These are friction costs. While small individually, they form a \$6,000+ non-negotiable layer. Monitor maintenance contracts for overlap with indirect factory overhead.

THE FACTORY FLOOR



\$2,500 Utilities & Internet
\$1,500 Maintenance Contracts

Powering the assets.

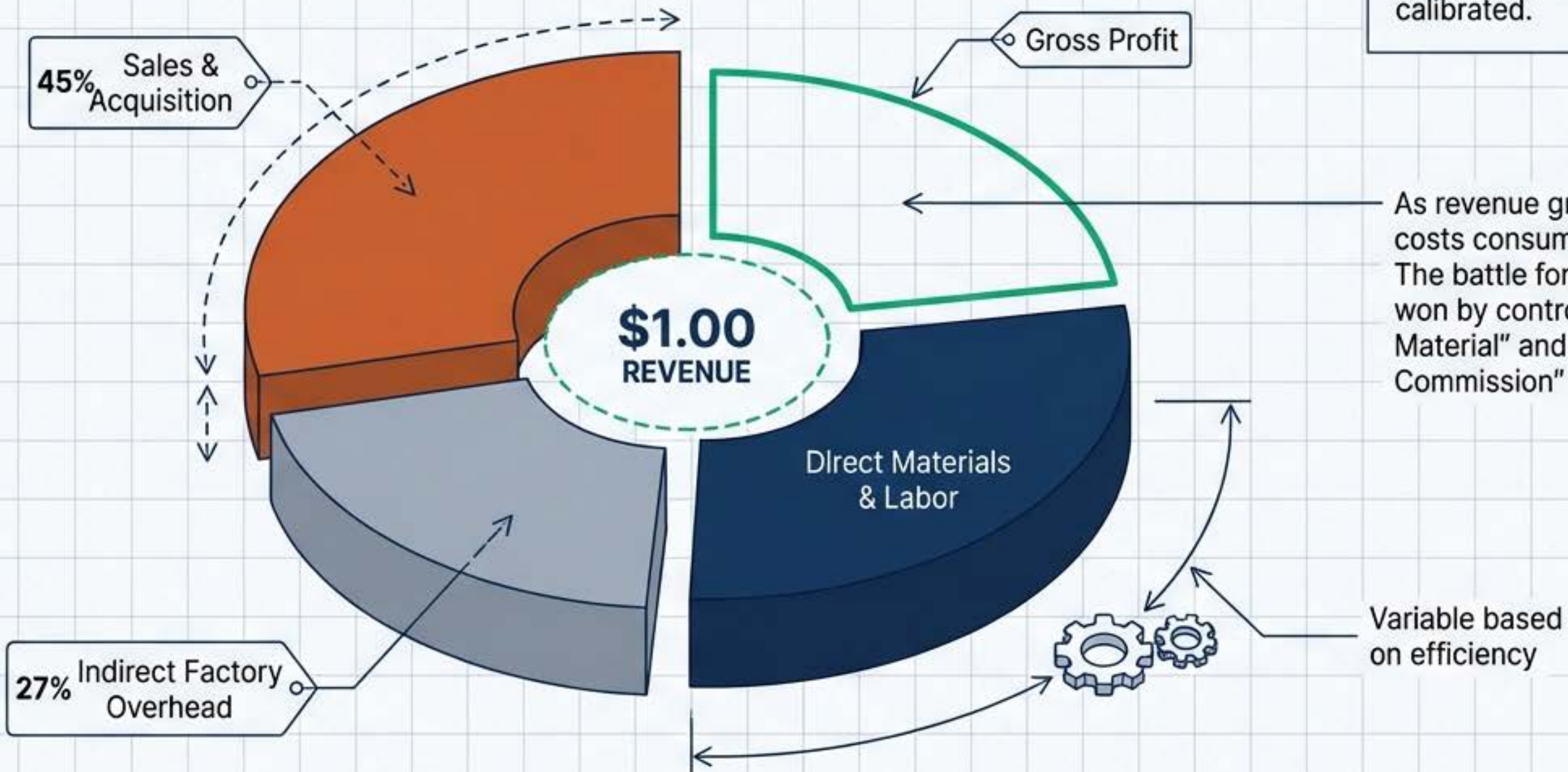
THE BACK OFFICE



\$1,200 Insurance Premiums
\$1,000 Legal/Accounting

Mitigating the risk.

THE VARIABLE ENGINE: COSTS THAT SCALE



INSIGHT:

STRATEGY: Variable costs represent volatility. Unlike fixed costs, these only appear when you succeed—but they can eat the margin entirely if not calibrated.

DIRECT MATERIALS & LABOR: THE VOLATILITY OF MIX

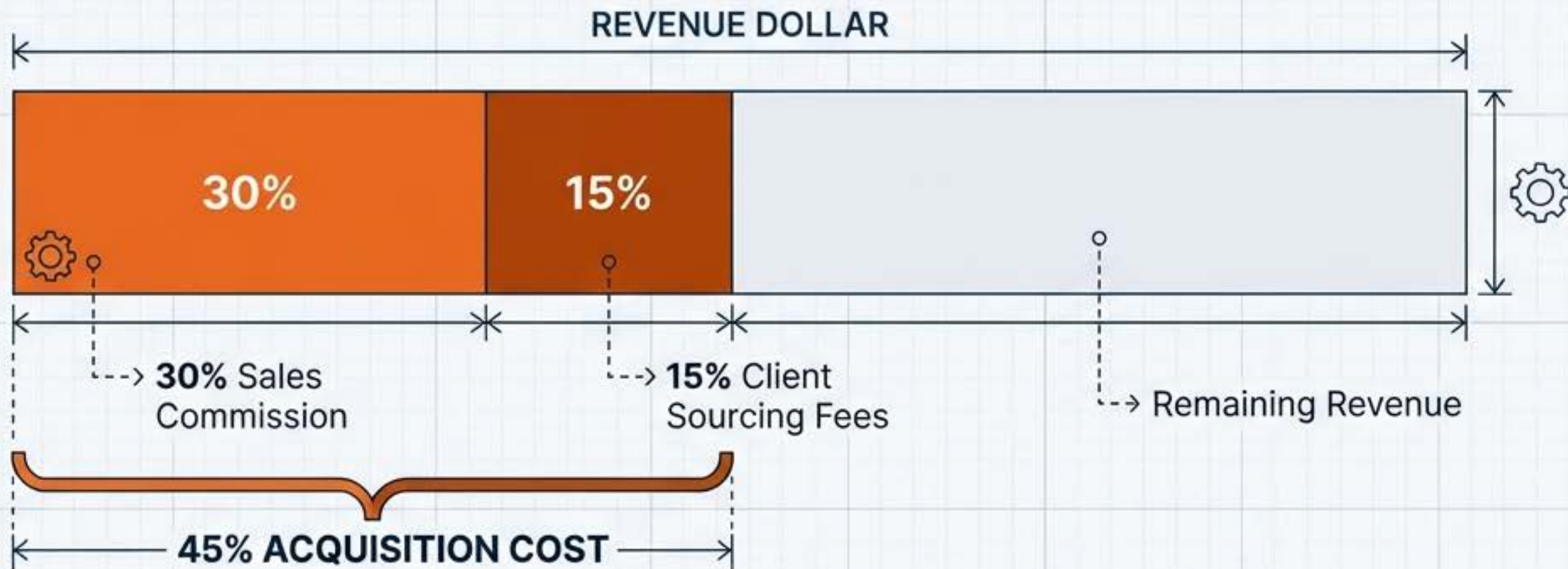


INSIGHT:

THE LEVER:

Controlling unit material spend is the single biggest opportunity for profitability. A high volume of complex items (Puffer Jackets) crushes margins if pricing isn't calibrated.

THE COST OF SALES: ACQUISITION ECONOMICS

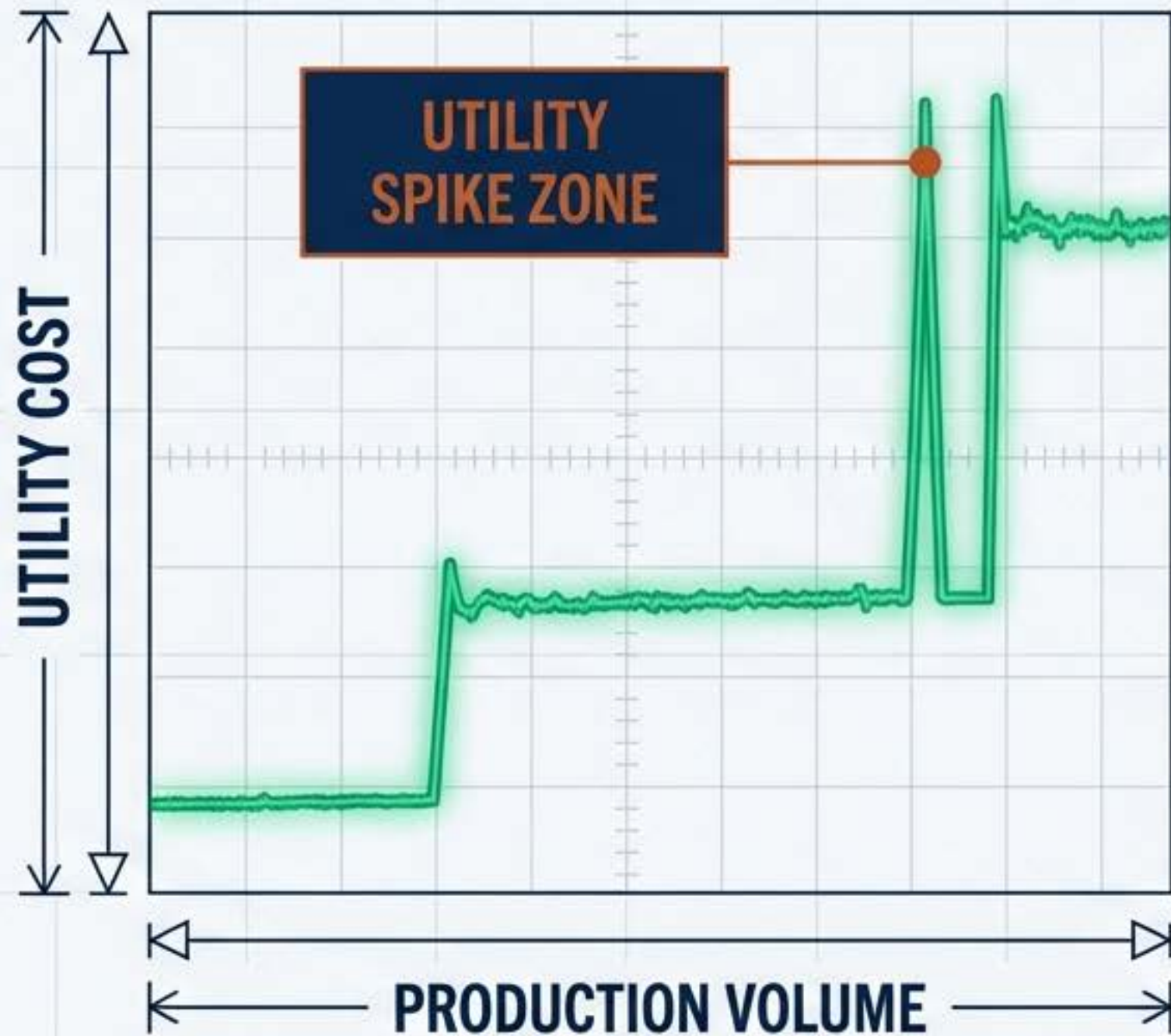


ACTION ITEM:

Focus on Average Contract Value (ACV). Commissions should reward profitable, bulk orders, not one-offs. Streamline sourcing to lower the 15% fee component.

Sales Commissions and Sourcing Fees eat nearly half of all revenue.

INDIRECT FACTORY OVERHEAD: THE HIDDEN SCALERS



TOTAL INDIRECT LOAD:
27% OF REVENUE

DEPRECIATION:
8% (ASSET WEAR)

FACTORY UTILITIES:
5% (POWER USAGE)

INSIGHT:
DIN Next LT Pro
While depreciation is fixed based on CapEx, utility costs can spike unexpectedly with volume.
Fixed-rate utility contracts are a necessary hedge.

THE PEAK CASH DEMAND: SURVIVING THE GAP

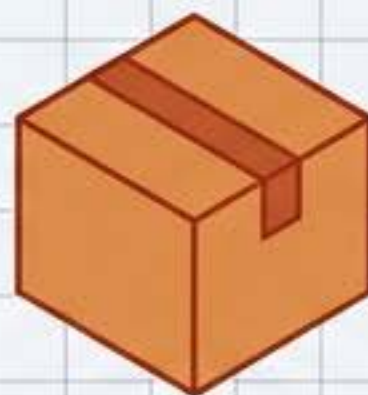


STRATEGIC IMPLICATION:

This capital is not just for equipment (CapEx). It is the liquidity required to pay for raw materials while waiting for client payments.

This \$1.138M requirement covers the operational lag—working capital to survive the inventory drag.

INVENTORY ECONOMICS: THE CASH CONVERSION CYCLE



RAW MATERIALS

Cash Out Immediately.

PRODUCTION

Labor & Overhead.

INVENTORY

Finished Goods Waiting.

CLIENT PAYMENT

Cash In Delayed.

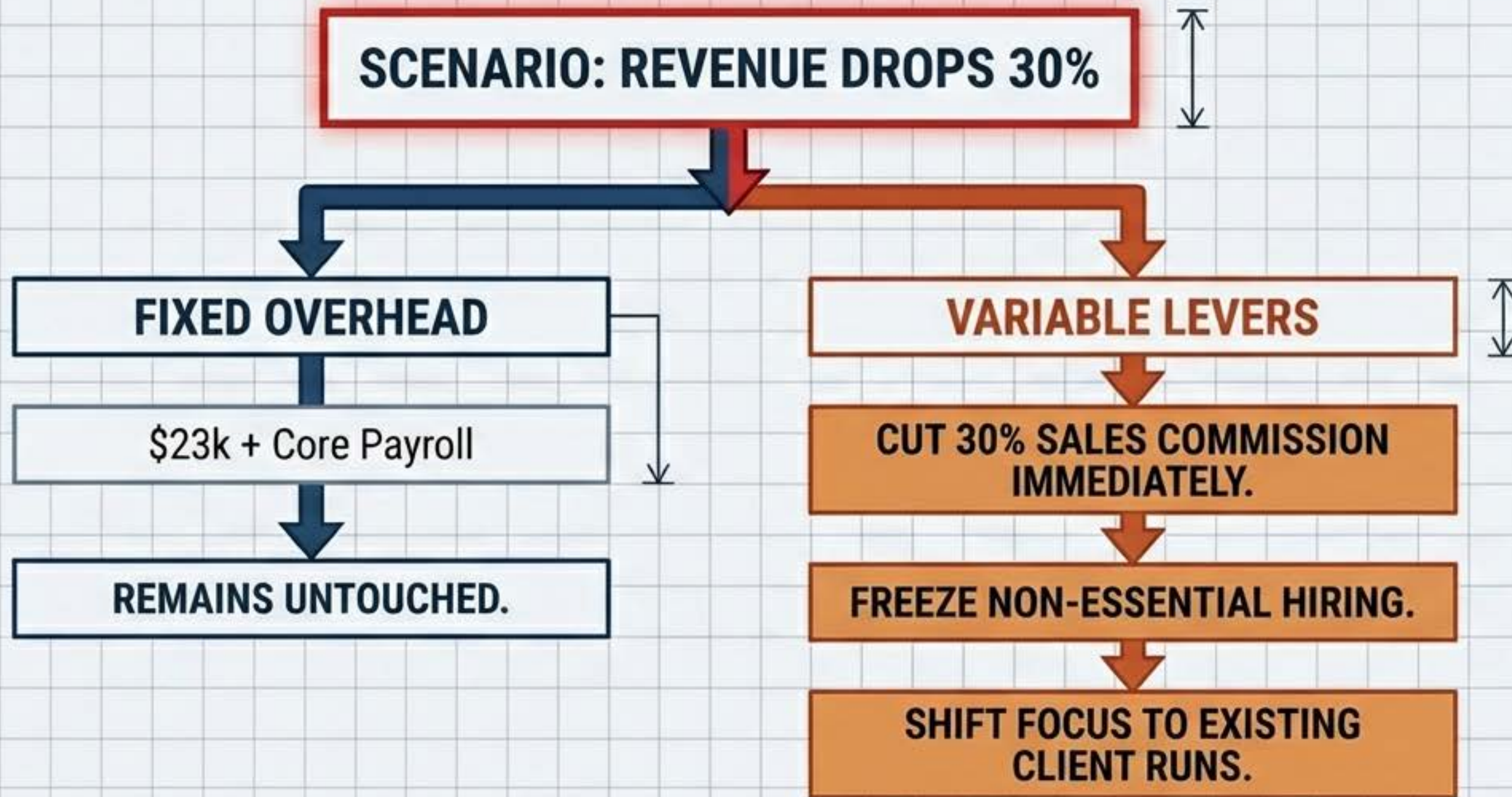


INSIGHT:

Raw materials must be paid for upfront. Finished goods sit waiting.

This "Inventory Drag" strains liquidity even when the business is profitable on paper.

CRISIS PROTOCOL: THE 30% REVENUE MISS

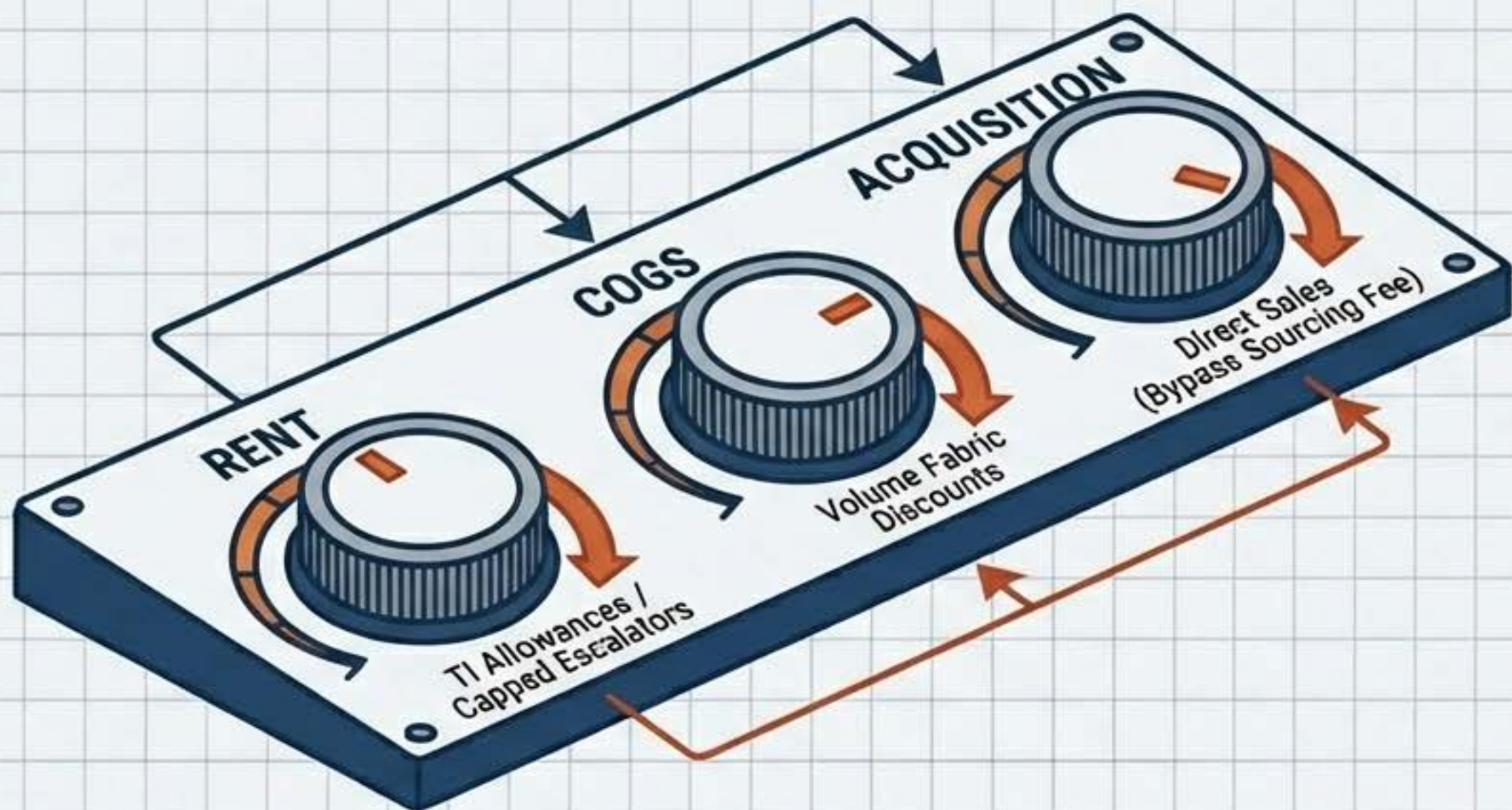


PROTOCOL:

In a downturn, you cannot easily cut the fixed "machine."

You must immediately cut the variable "fuel" (commissions) to preserve cash.

STRATEGIC LEVERS FOR OPTIMIZATION



STRATEGY:

These are the proactive adjustments available to management to lower the burn rate and improve margins without sacrificing product integrity.

Optimization is not about cutting quality; it's about efficiency in acquisition and production.

OPERATIONAL BLUEPRINT: KEY TAKEAWAYS

- ✓ **SECURE CAPITAL:** Confirm \$1.138M upfront to bridge Jan 2026 gap.
- ✓ **PROTECT THE FLOOR:** Maintain runway for \$68k fixed monthly burn.
- ✓ **MONITOR SCALING COSTS:** Track 45% sales cost & Unit COGS.
- ✓ **TARGET BREAK-EVEN:** Execute plan for self-sustainability by Jan 2026.

CONCLUSION:

The machinery is designed for profit, but it requires specific fuel (capital) and maintenance (cost control) to reach the destination.