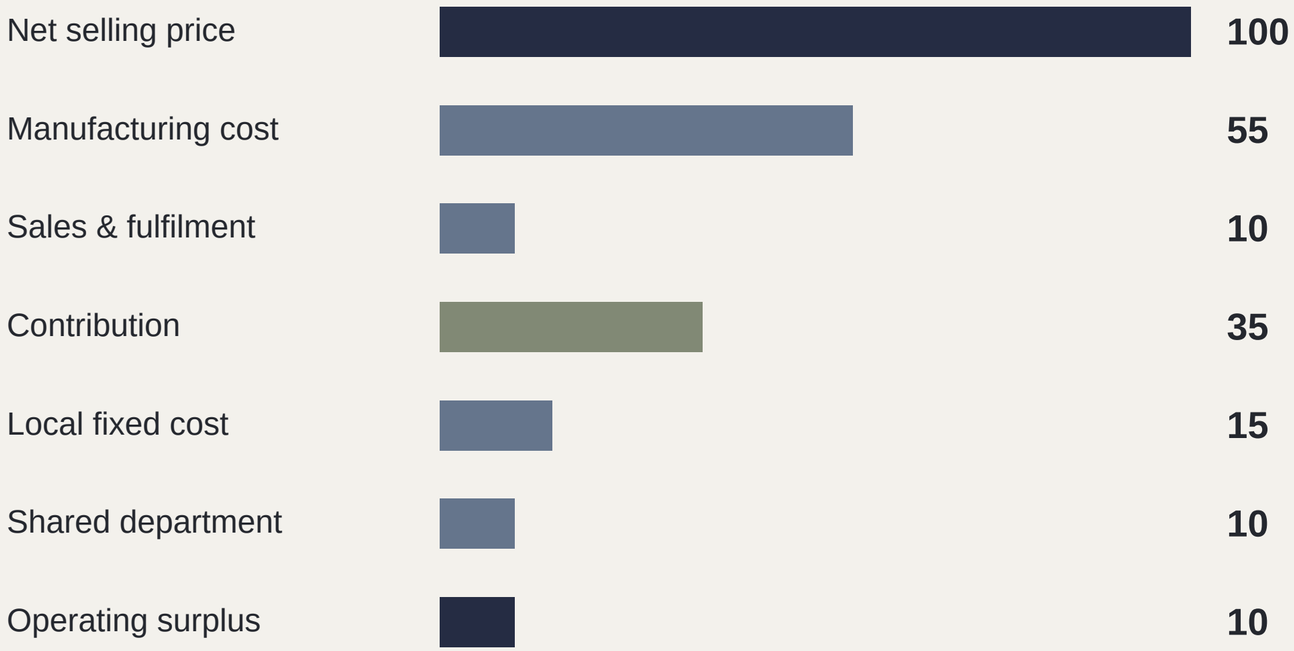
01 / UNIT ECONOMICS & SHARED CAPABILITY

One shared team. A visible cost for every venture.

A simplified annual case shows how a shared creative department enters the economics of a product business.

FROM PRICE TO CASH OPERATING SURPLUS / PER UNIT



SHARED DEPARTMENT / ANNUAL

36,000

3 ventures, equal capacity allocation in this example. **12,000** charged to each venture.

Base volume: **1,200 units/year**
Contribution: 1,200 x 35 = **42,000**
Local fixed + shared cost: **30,000**
Break-even volume: **858 units/year**

Cost is shared, not erased. In practice, allocation follows capacity used, project priorities and service levels; this example uses equal shares for clarity.

02 / SCENARIOS & WORKING CAPITAL

More demand changes both profit and funding.

Only annual volume changes across these scenarios. Price, unit costs and fixed costs are held constant.

ANNUAL MODEL	LOWER DEMAND	BASE CASE	HIGHER DEMAND
Units sold	800	1,200	1,600
Net revenue	80,000	120,000	160,000
Contribution after variable costs	28,000	42,000	56,000
Local fixed + shared department cost	30,000	30,000	30,000
Cash operating surplus / (deficit)	**-2,000**	**12,000**	**26,000**
Net operating working capital	**10,192**	**15,288**	**20,384**

Working capital = receivables + inventory - supplier payables.
30 collection days; 60 inventory days; 30 supplier-payment days. Annual values / 365.

BASE CASE / CASH STRESS

60 collection days + 90 inventory days:
30,575 IU tied up, despite the same sales.

03 / CAPITAL, RETURNS & DECISION GATES

Fund the next step when the evidence is ready.

A five-year, unlevered pre-tax illustration. The 12% discount rate is a modelling assumption, not a company cost of capital.

INITIAL FUNDING	NPV @ 12%	IRR	SIMPLE PAYBACK
45,288	28,629	30.2%	2.97 years

ANNUAL CASH BRIDGE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Volume / units	1,200	1,400	1,600	1,800	2,000
Operating cash surplus	12,000	19,000	26,000	33,000	40,000
Maintenance capital expenditure	2,000	2,000	2,000	2,000	2,000
Additional working capital	0	2,548	2,548	2,548	2,548
Free cash flow before tax	**10,000**	**14,452**	**21,452**	**28,452**	**35,452**

At year 0: 30,000 capex + 15,288 initial working capital.
No terminal value or working-capital recovery. Tax, financing and depreciation are excluded; these are not investment return estimates for SOCA.

DECISION GATES

Validate willingness to pay -> prove margin and delivery -> commit capacity -> expand only when cash can support it. A weak result can mean revise, pause or stop.