

Business Plan



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Section I: Executive Summary

1.1 The Opportunity

FIBONIX Incorporated (FIBONIX, or FIBONIX Inc.) is an S-Corporation organized to provide research and development to companies in the government, apparel, and textile sectors. FIBONIX is guided by strong core values supported with a foundation of fundamental textile capability.

The company's marketing strategy is based on areas in the textile industry likely to experience high growth. Sales forecasts predict earnings of over \$300,000 in the sixth year of operation and 10% profit margins. As a fully scaled up business, FIBONIX could earn upwards of \$10 million in revenue with 20% profit. The company believes that its unique set of processes can result in high growth and maintenance of profit margins.

1.2. The Product

FIBONIX provides in-house research and NPD services for the textile industry in response to the high risk and low return-on-investment (ROI) currently seen for research and development for this industry. In this way, the firm accepts the risk of managing complex research ventures for the client and thus provides a convenient and high-quality service to the customer. The aim of FIBONIX Inc. is to combine constructive elements of both industry new product development and academic research to generate effective knowledge creation and well-performing products in the textile and apparel industries.

The FIBONIX business model has a broad market reach with a wide array of benefits including fast timelines, high level of organization, unbiased, theory-based, and research supported conclusions, and highly specialized industry solutions. FIBONIX utilizes the pyramid structure for a top-down organizational plan of services. These services include concept development, product research plan, and testing.

1.3. The Markets

The target markets and applications in which FIBONIX's capabilities create customer value span the private and government sectors for both textile and apparel manufacturing. The table below lists some of the key markets and applications for FIBONIX (market size in parentheses).

Athletic sport clothing (303.44B)	Intimates (13.87B)	Outdoor apparel (14.9B)	Footwear (99.1B)	Medical (32.2B)	Technical textiles (188.8B)	U.S. Govt (40B)
Fabric properties Durability Cost	Ergonomic appeal Aesthetic appeal	Protection Durability	Ergonomic appeal Comfort	Hygiene Manufacturability Patient comfort Cost	Fabric properties Cost	Functionality Berry-compliant Reliable supply chain

1.4. The People

Sophie Nunno-Gorbachev is the founder and Chief Executive Officer of FIBONIX Inc. Sophie is also a Ph.D. candidate in Textile Technology Management at NC State University as part of The Nonwovens Institute (NWI). Sophie has extensive previous experience of all phases of the FIBONIX business.

1.5. Critical Risks

From an operational perspective, critical risks include:

- Availability for the research consulting market was not properly calculated and the market is truly oversaturated.
- FIBONIX's status as a developmental stage company may limit market strategy
- Scaling difficulties coupled with limited resources

1.6. Summary Financial Projections

Summary financial projections are presented in the table below:

FIBONIX Inc.								
Financial Projections								
Statement of Operations								
(in thousands of dollars)	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	...	FY20XX
Sales	102	117	178	189	283	300		944
Owners compensation	79	77	98	98	113	117		189
Operating expenses	3	30	57	62	143	153		593
Profit	20	10	23	29	27	30		162
Loan 1 amortization	17	14	0	-	-	-		
Loan 2 amortization					17	0		

Section II: The Company Structure and Guiding Values

2.1 Organizational Purpose & the Opportunity

FIBONIX, Inc. incorporated in Delaware under the subchapter S status of the Internal Revenue Code. Its purpose is to provide innovative research to companies in the government, apparel, and textile sectors and to develop state of the art design to help the textile industry be more sustainable and efficient.

The inspiration to develop this innovative entity is in response to the high risk and low return-on-investment (ROI) currently seen for research and development in the apparel and textile industry, which is currently conducted either internally, through universities, through contractors, or a combination of these.

Internal research requires high capital investment and personnel trained in the field as well as the research process. It is based on the assumption that most projects will not be transferred to a marketable product. Similarly, competitive financial environments incentivize companies to support less risky incentives; research and development is often categorized as high risk as benefits may not be realized fully in the short term. Therefore, research for many firms has shifted towards incremental improvements to existing products, and thus investment in breakthrough innovation has decreased. Although incremental improvements can be helpful to protect against IP infringement and optimize existing products, an absence of groundbreaking technologies can negatively impact long-term growth.

Alternatively, many firms may choose to conduct research activities through universities and independent contractors. This may mitigate some of the risk associated with research and reduce the internal capital required to conduct these activities. However, these agencies may not be well versed in the environment in which their technology is applied and thus may have difficulty aligning research activities with long-term business objectives. Similarly, apparel-specific research organizations are nearly non-existent, so textile and apparel firms must outsource to adjacent industries such as chemical engineering, mechanical engineering, or industrial design, who may not fully understand the application and implementation of their technology.

FIBONIX plans to meet this shortfall in the industry through the generation of effective & market-based research activities which provide high ROI and value to shareholders.

2.2 Mission & Goals

2.2.1 FIBONIX Mission Statement

FIBONIX – Innovation Navigation

Our sole purpose is to “provide dynamic innovative solutions for groundbreaking research and disruptive product development to companies in the apparel and textile sectors.”

Our emphatic belief is that innovation allows us to foster a better future and is committed to making the world more sustainable and efficient through design, engineering, and analytics.

2.2.2. FIBONIX Guiding Values

We Want to Help - At FIBONIX we are highly invested in the concept of improving the condition of our planet, starting with the textile industry. We care about the future of our planet and the natural world and want to help organizations bring highly sustainable and efficient technologies to market. This mindset is exhibited in our performance daily. We measure our success not simply by our accomplished tasks, but rather by the degree to which we made an impact on our client’s mission as well as the world environment.

Solution Oriented Always - Guided by a relentlessly positive mindset and an imaginative problem-solving approach, our team strives to advance a path forward optimized for efficiency and value. We understand the importance of the work we do and strive to ensure excellence in every action; therefore we are guided by the alternate acronym for Science of Apparel - Solution Oriented Always.

Kindness Imperative - We strongly believe that the “buy-in” for successful teamwork is fairness. We are driven by the fact that we are serving a higher purpose, yet we do so at no one’s expense. We employ laughter, fun and enjoyment; and we acknowledge the positive effect that diversity has on the quality of our business relationships. We partner with entities who not only uphold a reputation for excellence, but also act equitably. In this way, we ensure that our extent of social responsibility grows in proportion to our shareholder value.

Prioritize Preparation - We strongly uphold the belief that dynamic planning and organization is the foundation for achieving momentum and strategic advantage. FIBONIX ensures timely realization of our objectives through the development of clearly communicated comprehensive systems. Our obsession with preparation multiplies our probability of success, ensures streamlined business operations, and allows personnel to operate harmoniously. We strive for healthy, sustainable growth and invest in our organizational effectiveness through careful forethought.

2.2.3. First year operating imperatives

- Organize under S-Corporation structure and meet all federal and state filing requirements.
- Streamline workflow processes to include documentation, timelines, and written standard operating procedures (SOP’s).
- Purchase key textile testing equipment and necessary software licenses (outlined in section VII).
- Establish a value-based pricing structure.
- Develop ongoing relationships with potential clients.
- Achieve sales metrics.
- Show 1% profit.

2.2.4. Short-term goals

- Secure B-corporation status.
- Establish efficient research and product development workflow systems.
- Purchase additional necessary textile testing equipment as outlined in section VII.
- Solidify testing business segment along with subscription service.
- Recruit and train testing technician(s) and possibly one or more of: design engineers, data scientists, administrative assistants, sales representatives.
- Establish profitable sales with numerous clients
- Show 5-10% profit

2.2.5. Long-term goals

- Establish within FIBONIX corporate structure a benefit corporation for legal protection while pursuing B-Corporation principles.
- Build and foster a collaborative, efficient, and solution-oriented team of innovative key individuals.
- Become the global leader in research and development contracting for the textile industry
- Issue I.P.O.

2.3 Tax structure

FIBONIX Inc. is organized in Delaware under subchapter S status of the Internal Revenue Code. This entity structure provides FIBONIX flexibility, tax savings, and versatility to meet officers, key employees, and other members of the team incentives with regard to compensation, benefits, and retirement plans.

The requirements for operating an S-Corporation are more stringent than for other entities. S-Corporation status requires organizational documents, bylaws, regular meetings, and minutes as well as annual shareholder meetings, reports, licensing and required tax filings to various federal and state entities are required for each year to maintain good standing of the corporate entity.

Lastly, it is possible for S-Corporations to issue shares of stock, a long-term plan of the company.

2.4 Organizational structure

- Board of Directors
 - Sophie Nunno-Gorbachev
 - Research
 - Testing
 - Engineering
 - Design
 - Technical Design
 - Creative Design
 - Analytics

- Front-end (e.g. experimental design, data collection)
- Back-end (e.g. analysis, reports)
- Administrative and sales
 - Administrative
 - Sales
 - Finance

2.5 The Founder

Sophie Nunno-Gorbachev is the founder and Chief Executive Officer of FIBONIX Inc. Sophie is also a Ph.D. candidate in Textile Technology Management at NC State University and is part of The Nonwovens Institute (NWI), the largest industry-funded academic organization in the country and the world's first accredited academic program for the interdisciplinary field of engineered fabrics. Sophie is advised by Dr. Behnam Pourdeyhimi, the director of The Nonwovens Institute and William A. Klopman Distinguished Professor of Textile Materials.

During her Ph.D. research she was engaged in a cooperative project with HanesBrands Inc. to develop methodology and knowledge around a novel technology for selective modification of fabric properties. Sophie also used well-founded statistical theories learned through her Ph.D-level minor in statistics to derive distinct relationships between variables and thus deepen the body of knowledge around this topic. In addition, Sophie was also able to take part in several other nonwoven-related projects in the fields of filtration, medical textiles, and personal care. This research was supported by knowledge gained through the Nonwovens Science and Technology Graduate Certification, an NWI program aimed to give advanced industry-supported expertise spanning the breadth of the nonwoven value-chain.

During her time in The Nonwovens Institute, Sophie was able to see industry and academia cooperate to solve mission-critical problems through the creation of innovative science-driven and market-ready technology. Sophie wants to bring this collaborative mindset and workflow to the adjacent textile and apparel industry with FIBONIX through the precise use of science-based tools, inventive design, and crystal-clear analytics.

Section III: Approach and Offerings

3.1. Introduction

FIBONIX is a service-based corporation. For this reason, there is no single technology that is central to the FIBONIX business, rather a process for innovation development and testing tailored for the textile industry is central to the company. This process is based on the scientific method and new product development theory and is supported with a foundation of material science, chemistry, and engineering principles fundamental to the industry.

FIBONIX provides in-house research and NPD services for the textile industry to centralize these operations in response to the high risk and low return-on-investment (ROI) currently seen for research and development for this industry. In this way, the firm accepts the risk of managing complex research ventures for the client and thus leads on convenience.

3.1.1. Theory-based approach

The aim of FIBONIX Incorporated is to combine constructive elements of both industry new product development and academic research to generate effective knowledge creation and well-performing products in the textile and apparel industries.

The distinct ideologies of industry and academia are often considered to be independently-focused, involving very separate approaches, methods and tools. In a 2022 paper in the open-access academic journal *Frontiers in Psychology*, Ahmet et. al. described the relationship between industry and academia as “two sides of a river that must flow independently.” Although these approaches contain characteristic differences based on foundational ideological polarity, it is possible to utilize both doctrines without the need to fundamentally change the processes for either. This firm seeks to extract knowledge from both systems yet allows each to perform as it was designed, akin to drawing power from separate water mill generators placed on two separate rivers.

Industry New Product Development (NPD) is focused on all stages to bring a product from concept to market as well as the creation of incremental improvements to help its performance. This is a systematic process consisting of

many steps specialized to each companies’ strategy and often includes market need identification, product conceptualization, prototype development, and user feedback acquisition among other steps. NPD researchers rely on skills and intuition as well as objective reasoning to make decisions. NPD engages as many stakeholders as possible as early on in the process as possible to ensure that their specific needs are considered. Generally, industry NPD is practically-focused and mission oriented, driven by specific targets and goals. This is because in most cases the NPD process exists within and is funded by a larger corporation which requires that all financial investments show returns. Often as a result, an emphasis is placed on short-term profitability, limiting breakthrough innovations characterized by high investment and risk.

Academic research, however, is not designed to benefit a specific company or organization and is focused on maintaining objectivity through an exploratory approach. Academic research follows the scientific method which focuses on exploring fundamental relationships between variables and observing natural phenomena. This may include concept formulation, testing and prototyping. In academic research, all claims must be supported through theory and sound logic, meaning that conclusions are very robust; however, intuitive sense does not support conclusions. This type of research is not mission-oriented as there are no specific tangible targets and goals, rather scientific researchers seek to contribute to an existing body of knowledge. However as a result, solutions gained through this perspective can be difficult to scale and timelines can be slow.

Industry New Product Development and academic research comparison

	Industry NPD	Academic Research
<i>Approach</i>	Strategic, practical	Exploratory, objective
<i>Goals</i>	Develop profitable new products	Contribute to a body of knowledge
<i>Designed to benefit</i>	The company conducting the research	The scientific community
<i>Guiding models</i>	Stage Gate model, other NPD models	Scientific method, epistemic logic
<i>Interdisciplinary collaboration</i>	More likely	Less likely

<i>Timeline</i>	Short, inflexible	Longer, flexible
<i>Measurement of success</i>	Sales and patents	Academic publications, citations, and patents

FIBONIX seeks to utilize successful elements of both ideologies to increase knowledge generation around apparel and textiles, leading to the development of innovative and successful products.

3.1.2. Benefits

The FIBONIX business model has a broad market reach with a wide array of benefits including:

- Fast timelines
- High level of organization
- Exploratory approach at the right time
- Unbiased, theory-based, and research supported conclusions
- Highly specialized industry solutions

3.2. Intellectual Property

FIBONIX has not yet filed any patents or patent applications; however, plans on participating in these activities in the near future.

3.3. Business operations

FIBONIX utilizes the pyramid structure for a top-down organizational plan of services. These services include concept development, product research plan, and testing.

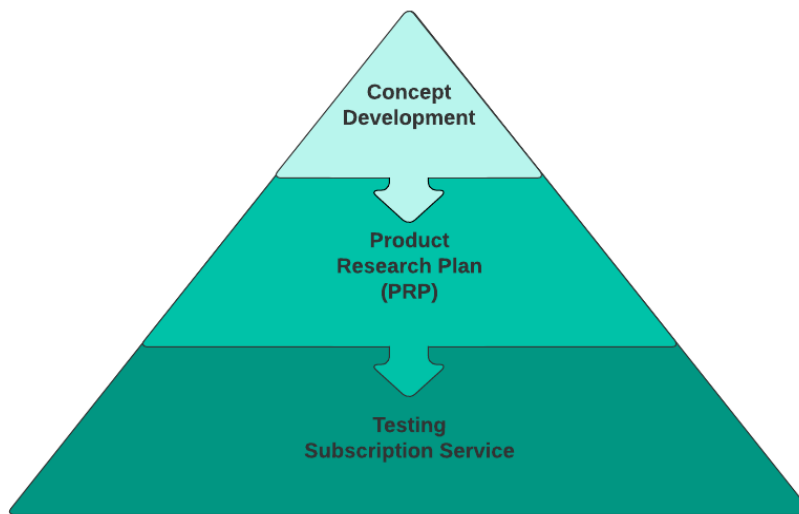


Figure 1: Organizational approach to FIBONIX service structure

Concept development - This service includes research, generation, and preliminary analysis of new product ideas. This may include a review of literature on the topic, a patent search, market research, simple prototyping, and preliminary screening.

Product Research Plan (PRP) - This service pertains to the development and management of a Product Research Plan. The PRP describes a process for new product development and testing based on Stage-Gate theory and the scientific method. This includes all aspects of new product development including concept development, prototype design, and market research as well as theory-based testing and analytics.

Note: In the early stages of this company's development, the capabilities to perform all these duties internally may not yet exist. In this case, FIBONIX will recommend another firm in the industry who is able to aid in the PRP process.

Testing subscription service - This service exists to bolster all NPD activities and will be made available in the form of a subscription service. Those who subscribe to the service will be able to choose between a base-level (x tests per month), mid-level ($x + c$ tests per month), or premium (unlimited tests per month) as well as a la carte tests. The testing will include measurements related to fiber, yarn, textile, and apparel development including physical testing such as tensile, abrasion, and burst testing, as well as garment testing such as fit testing and pressure sensing.

3.4. Personnel

Initially, all job functions will be performed by management. Additional team members will be added to allow for increased capability and the ability to take on additional clients. Sophie Nunno-Gorbachev, founder of FIBONIX, will initially manage the business. The increase in personnel is shown in the table below.

Job Title	Year 1	Year 2	Year 3	Year 4	Year 5	...	Year X
Management	1	1	1	1	1		1
Technician	0	1	1	1	1		4
Researcher	0	0	0	1	1		
Researcher I	0	0	0	0	0		2
Technical Designer	0	0	0	0	0		1
Creative Designer	0	0	0	0	0		1
Engineering staff	0	0	0	0	0		2
Analytics	0	0	0	0	0		1
Administrative staff	0	0	0	0	0		1
Sales/Marketing staff	0	0	0	0	0		1
Finance staff	0	0	0	1	0		1
TOTAL	1	2	2	3	3		15

Section IV: The Markets

4.1. Proposed markets

We have determined that the below market segments will be competitive for this firm. Segments marked with an asterisk are of especial interest and development and sales will be focused in these areas.

	Textiles	Apparel
Industrial sector	Agricultural/geotextiles Medical* Home furnishings Automotive Personal care	Functional apparel textiles* Athletic sport clothing* Ergonomic apparel*
Government sector	Protective textiles Sensing textiles Aerospace textiles	Protective apparel Footwear

4.2. Global trends in textiles

The global technical textile market, including businesses involved in manufacturing, distribution & supply, and application of textiles, is currently valued at 1.6T USD. Predictions show this value is expected to grow quickly from 2023-2030 at a CAGR of 7%. The largest proportion of this market is made up of fashion textiles, followed by technical and household textiles (figure 2). [4]

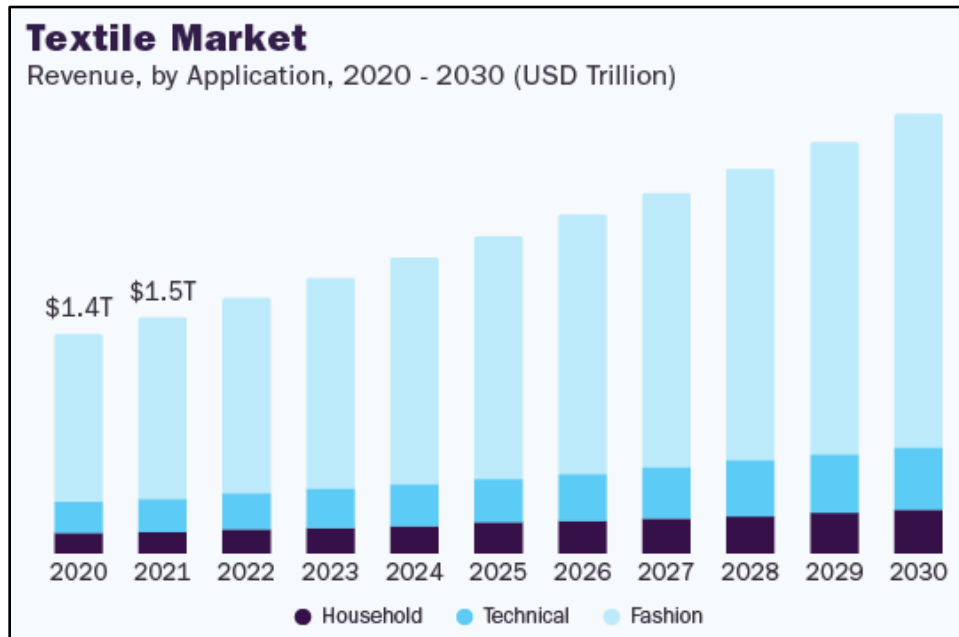


Figure 2: Global textile market [1]

4.2.1. Global trends in technical textiles

The global technical textile market is currently valued at 188.8B USD. Industrial, home, and transportation-related textiles make up a large proportion of this market (figure 3). Predictions show this value is expected to grow steadily from 2023 to 2030 at a CAGR of 4.7%. Regions showing areas of growth in the U.S. include nanotechnology and finishing treatments as well as 3D weaving and knitting (figure 4). Key players in this market include Freudenberg Group, Berry Global Group, Incorporated, Ahlstrom-Munksjo, Kimberly-Clark Corp., Mitsui Chemicals, Inc., and Huntsman International LLC.

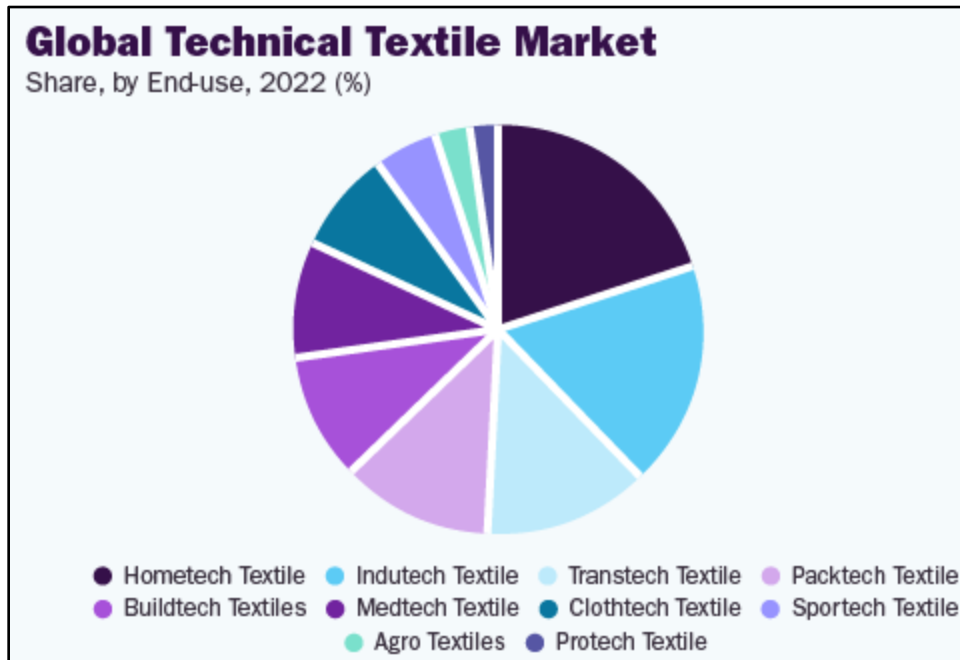


Figure 3: Global textile market [2]

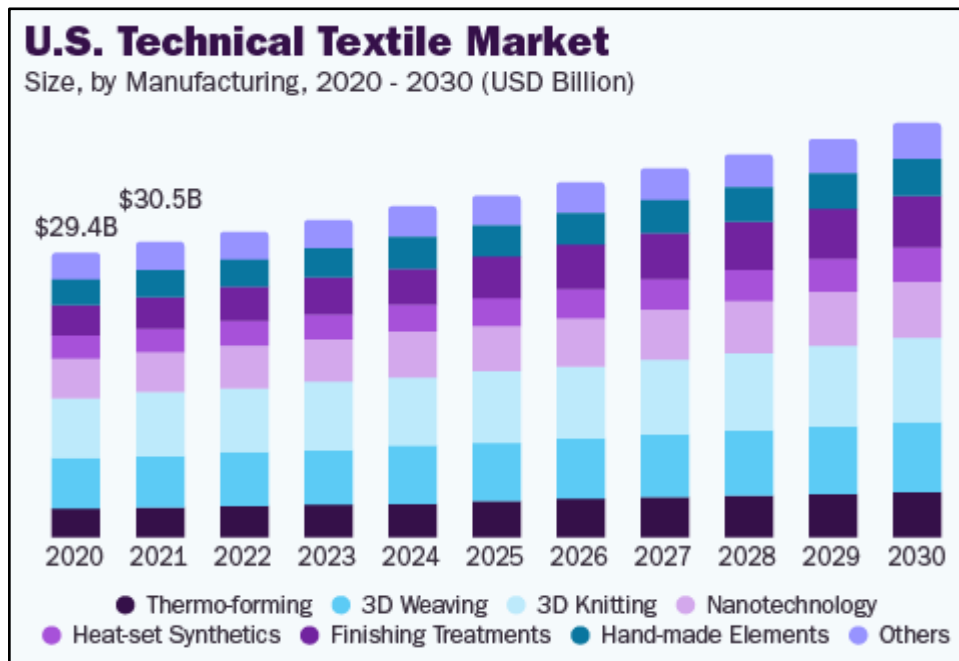


Figure 4: U.S. technical textile market [2]

4.1.2. Global Trends in the apparel supply chain

The global apparel supply chain market is currently valued at 863.75B USD. Predictions show this value is expected to grow steadily from 2022 to 2028 at a CAGR

of 3.8%. Preproduction activities make up the majority proportion of this market (figure 5). This rising growth is largely attributed to the increased usage of e-commerce platforms, and urbanization of developing countries, both resulting in increased demand. Key players in this market include BSL Ltd., INVISTA Equities, LLC, and Paramount Textile Mills Ltd.

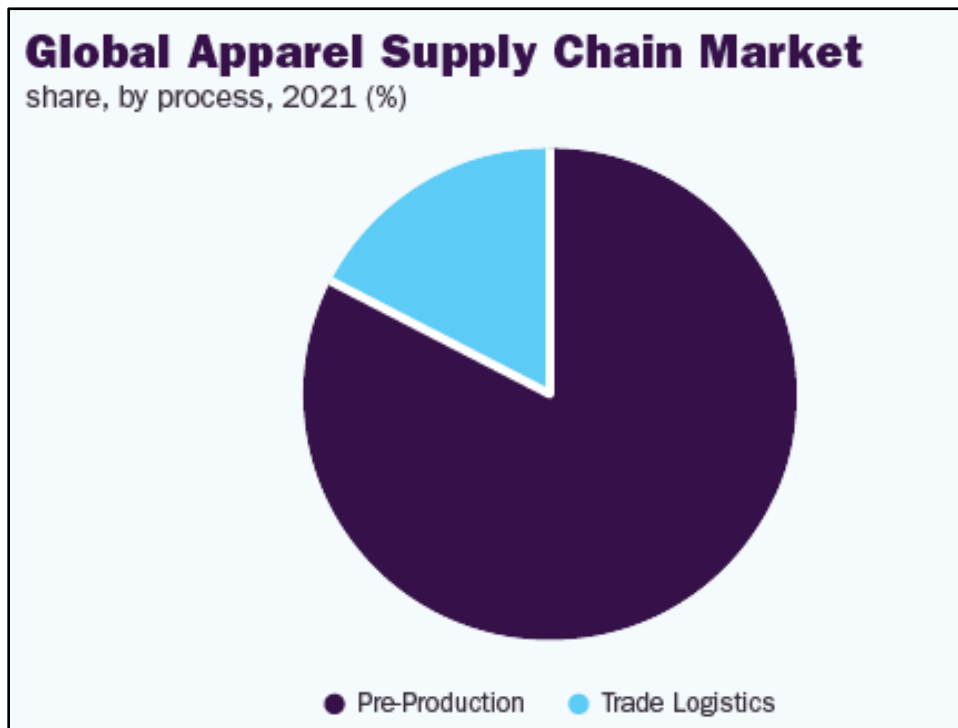


Figure 5: Global Apparel Supply Chain Market [3]

4.1.3. Global Trends in functional apparel

The global functional apparel market is currently valued at 284.2B USD. The majority proportion of this market is dominated by sportswear, especially the professional athletic sector (figure 6). Predictions show this value is expected to expand quickly from 2022 to 2028 at a CAGR of 7.2%. This rising growth is largely attributed to the increased demand for activewear. Key players in this market include Nike, Under Armor, Adidas, PVH Corp., Gap, PUMA, Reebok, Ralph Lauren, and Asics Corporation.

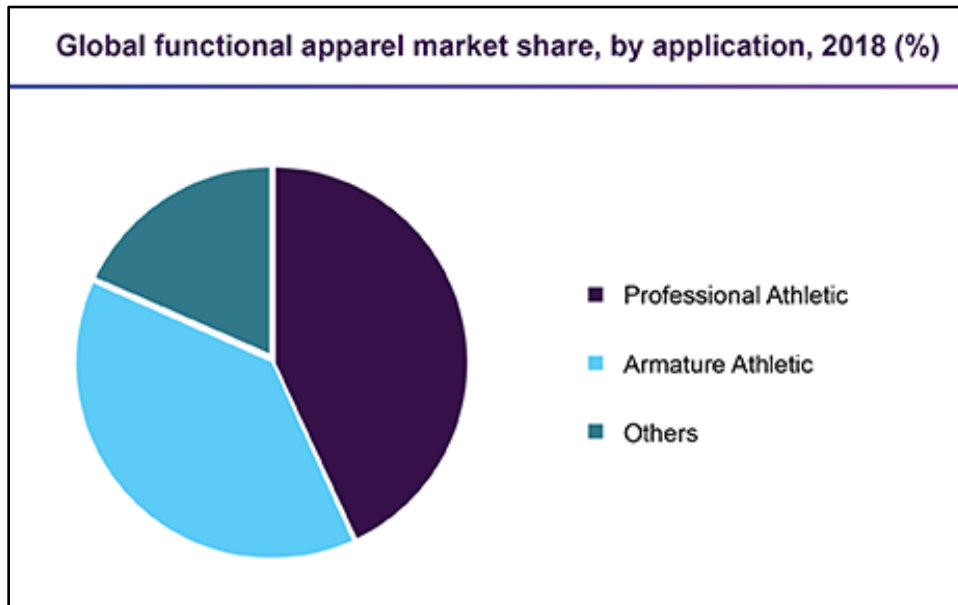


Figure 6: Global functional apparel market [3]

4.1.4. Conclusion

Areas of growth in these markets point to possible profitable avenues through which FIBONIX should concentrate these resources. Key players in the market respond quickly to market trends and could point to potential cooperative business relationships.

4.3. Potential customers

Customers identified as possible market entry targets are listed in the table below.

Product segment	Target companies	Drivers	Global market size (USD in billions)
Athletic sport clothing	Adidas Nike Lululemon	Fabric properties Durability Cost	303.44
Intimates	HanesBrands Soma Aerie	Ergonomic appeal Aesthetic appeal	13.87

Outdoor apparel	Patagonia The North Face (VF) Arc'teryx	Protection Durability	14.9
Footwear	Nike Adidas Clarks	Ergonomic appeal Comfort	99.1
Medical	Precision Fabric Group Atex technologies Indorama Corp Apex Mills Corp	Hygiene Manufacturability Patient comfort Cost	32.2
Technical textiles	Freudenberg Group Berry Global Group. Inc. Kimberly-Clark Corp. I.L.C. Dover	Fabric properties Cost	188.8
U.S. Govt	NASA U.S. Air Force U.S. Army U.S. Navy	Functionality Berry-compliant Reliable supply chain	

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1. Grand View Research. (2023). *Textiles Industry Data Book - Household Textile, Technical Textile and Fashion Textile Market Size, Share, Trends Analysis, And Segment Forecasts, 2023 – 2030*
<https://www.grandviewresearch.com/sector-report/textile-industry-data-book>
2. Grand View Research. (2023). *Technical Textile Market Size, Share & Trends Analysis Report By Manufacturing (3D Weaving, Thermo-forming, 3D Knitting), By End-use (Agro Textiles, Hometech Textiles), By Region, And Segment Forecasts, 2023 - 2030*
<https://www.grandviewresearch.com/industry-analysis/technical-textiles-market>

- 3.** Grand View Research. (2023). *Apparel Supply Chain Market Size, Share & Trends Analysis Report By Process (Pre-Production, Trade Logistics), By Region, And Segment Forecasts, 2022 – 2028*
<https://www.grandviewresearch.com/industry-analysis/apparel-supply-chain-market-report>
- 4.** Grand View Research. (2023). *Functional Apparel Market Size, Share & Trends Analysis Report By Product (Sportswear, Active Wear), By Application, By Distribution Channel, And Segment Forecasts, 2019 – 2025*
<https://www.grandviewresearch.com/industry-analysis/functional-apparel-market>

Section V: Sales and Marketing

5.1. Competitive Analysis

Direct competitors include universities, private, and public contractors.

Indirect competitors include the company's own research and development group, design firms, and global manufacturers.

5.1.1. Competitive strategy

FIBONIX's competitive advantage is expressed through the convenience of in-house research and NPD services. FIBONIX accepts the risk and responsibility of research ventures for its clients through internal development and testing specialized to the industry. Rather than performing these activities within a company and thus accepting the low ROI often present with these ventures, or outsourcing to separate entities without comprehensive understanding of the textile industry, FIBONIX provides the highest quality hands-on involvement and support available.

Competitive advantage will also be provided through utmost quality and timeliness of deliverables, so that clients can move through the NPD process smoothly, allowing for better market penetration and growth. Lastly, protection of intellectual property will be enforced in order to strengthen our competitive standing as a firm.

FIBONIX's competitive strategy seeks to:

- Provide innovative solutions to allow customers to grow their shareholder value as well as help sustain the planet.
- Generate deliverables in a timely and efficient manner, characterized by clear communication and forethought.
- Continually improve our research process.
- Broaden the range of textile applications to which our process can be applied.

5.2. Sales and Marketing Strategy

FIBONIX Incorporated will sell its services directly to key innovators in the textile field. This will be spread primarily through our sales team through work of mouth

interactions, promotional material, and physical demonstrations at conferences and workshops. Similarly, FIBONIX will focus on partnerships to amplify our positive effect. Our partners will be characterized as experts who highly value the long-term impact of textile innovation.

5.2.1. Promotional Plan

Promotional activities will include

- Physical demonstrations at conferences, trade shows, and workshops.
- Publications in scientific journals and magazines.
- Word of mouth interaction (conversations) with key stakeholders.
- Promotional marketing materials delivered on the website, through email, or in print.

5.3. Pricing strategy

A value-based pricing strategy has been adopted. This pricing strategy is based on the development of contracts through which FIBONIX will fulfill certain deliverables. The total cost outlined in the contract proposal will include the cost of materials incurred during the service and the hourly rate of any employees on the project. Sales objectives are determined by the Profit First system, a financial accounting method based on the allocation of profit before any other expense. This method is detailed further in section VII.

Section VI: Execution Risks

FIBONIX's business strategy accounts for a number of execution risks:

- **Market saturation** - Research-specific organizations that benefit the textile industry do exist albeit in other industries. There is a risk that textile industry participants will be satisfied through the services provided by other industries. To mitigate this risk, FIBONIX will focus on highlighting benefits of research as related to the textile and apparel complex.
- **Market strategy** - Specifically in the initial stages of development, FIBONIX must focus its resources on front-end assessments to determine markets that will result in high growth and the value of the product to the customer. Therefore, FIBONIX will weigh market research heavily to strategically choose new customers who will provide value.
- **Scaling difficulties** - FIBONIX is aware one of the key risks in new business development is the knowledge of when to scale. FIBONIX will take a conservative approach, starting small and following Profit First guidelines. More details of this approach can be found in section VII.

Section VII: Financial Projections

7.1. Consolidated Financial Statements

Consolidated financial projections, cash flow projections, and projected balance sheet information are detailed in the tables below.

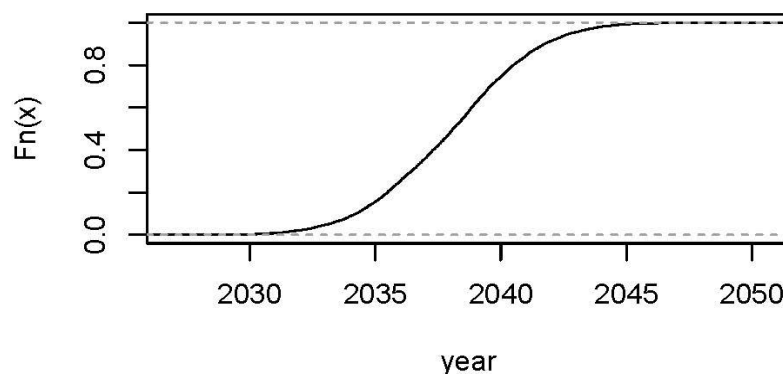
FIBONIX Inc.								
Financial Projections								
Statement of Operations								
(in thousands of dollars)	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	...	FY20X X
Sales	102	117	178	189	283	300		944
Owners compensation	79	77	98	98	113	117		189
%	77	66	55	52	40	39		20
Operating expenses	3	30	57	62	143	153		593
%	3	26	32	33	50	51		63
Profit	20	10	23	29	27	30		162
%	20	8	13	15	10	10		17
			*			*		
Loan 1 amortization (EOY)	17	14	0	-	-	-		
Loan 2 amortization (EOY)					17	0		
# of employees	0	1	1	1	2	2		6

*Reinvest profit to pay off loan and give bonuses to employees

7.1.1. Sales Projections

FIBONIX sales projections are approximately \$102,000 in FY2024, growing to \$300,000 in FY 2029. Theoretically, the distribution of sales will be symmetrically distributed around a mean. This mean represents the year in which the company generates the most revenue, after which, the revenue may decrease due to market changes, internal changes, or other reasons. The total revenue plotted as a sum of each year's revenue before it looks like the letter "S." This is called the cumulative distribution function and is the basis for S-Curve theory. FIBONIX plans to grow steadily and, as growth slows, reinvent itself in order to generate consistent and healthy growth.

S-Curve for SOA revenue with mean at FY2038



7.1.2. Profit Projections

FIBONIX follows Profit First guidelines, meaning expected profit will be extracted throughout the year as a percentage of sales. In this way, the company can ensure profit early on as well as develop better estimates for operating expenses.

7.1.3. Cost of Services

As a fully scaled-up business, FIBONIX projects operating expenses to be about \$593,000, representing 63% of total revenue. As this is primarily a service-based organization, the majority of operating expenses goes to the employee salaries. Ideally, the team would consist of a number of technicians, researchers, and scientists directly working on projects as well as administrative assistants and financial personnel.

7.1.4. Interest Expenses

The interest expenses are based on projected borrowings to finance equipment and supplies. In FY2024, a loan of \$20,000 will be taken out to cover priority 1 items (detailed in the table below). After this loan is paid off, another loan of \$20,000 will be taken out to cover priority 2 items (detailed in the table below). Estimations for interest expense are based on a 7% rate and 5 year financing.

Priority	Description
1	Essential for business operations; needs to be purchased by Y2
2	Helpful for business operations; should be purchased by Y3
3	Supplementary to business operations; purchased beyond Y5

Equipment & Tools	Priority	Cost (in thousands)
Tensile, Compression, and Flexure	1	8.5
Microscope	1	1
301 Lockstitch	1	1
4-Thread Serger	1	1
Sample-Making Table	1	0.5
Direct3D Pellet Extrusion 3D Printer	1	7
Dress Form(s)	1	1
Single-Fibre Test System	2	5
Abrasion and Pilling Resistance	2	3
Laundering	2	2
Tear Strength	2	1
Air Permeability	2	5
Burst Testing	2	2
Camera	2	2
Scanning Electron Microscope	3	70

Tekscan Pressure Sensors	3	30
Subtotal - priority 1		20
Subtotal - priority 2		20
Subtotal - priority 3		100
TOTAL		140

7.1.5. Members Equity and Distributions

This projection assumes \$10,000 made in distributions to members in the first three years and \$15,000 made in distributions to members in years 4 to 6.

7.1.6. Cash Flow

Consolidated estimates of cash flow are presented in the table below. "

FIBONIX Inc.						
Financial Projections						
Statement of Cash Flow						
(in thousands)	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Cash in Bank - BOY	0	8	4	3	16	26
OPERATIONS	0	0	0	0	0	0
Net (Loss) Income	20	10	23	29	27	30
<u>Cash Flows from Operations</u>	20	10	23	29	27	30
INVESTMENT	0	0	0	0	0	0
Changes to working capital/ inventory	20	0	0	0	20	0
Capital Expenditures	(20)	0	0	0	(20)	0

Investment Income	0	0	0	0	0	0
Note Reduction (pay down)	(3)	(3)	(14)	0	(3)	(17)
Cash Flow From Investment Activities	(3)	(3)	(14)	0	(3)	(17)
FINANCING	0	0	0	0	0	0
Equity Capital	0	0	0	0	0	0
Stock purchase*	0	0	0	0	0	0
Shareholder distribution	(10)	(10)	(10)	(15)	(15)	(15)
Cash Flows from Financing Activities	(10)	(10)	(10)	(15)	(15)	(15)
Net change in Cash Position	8	(3)	(2)	14	10	(2)
Cash in Bank - EOY	8	4	3	16	26	23

7.2. Exit Strategy

According to marketing research, the company is not planning to sell in the near future. Instead, the company plans to expand its offering to various segments of the textile and apparel industry.

There can be no assurance that the company will achieve the projected 2029 Enterprise Value. The Projected 2029 Enterprise value is dependent on the assumptions made above. In addition, the general condition of the US, European and world economies over the period of projected operations can be expected to affect the Company's operations.

The residual value of the company to its members could be less than projected Enterprise Value depending on the nature and extent of any fees (investment banker, legal and other) related to the sale of the Company and its stock.

Acknowledgements

This Business Plan was created with the help of many inspirational and practical influences.

I learned about the importance of [guiding values](#) through former chairman, president, and CEO of IBM, Ginny Rometty. Coincidentally Ginny spoke (and was awarded an honorary PhD) at my undergraduate graduation in 2019 and I was greatly inspired by her speech, although I did not have any entrepreneurial plans at the time. In 2023, searching for resources to help me with my business, I serendipitously came across a podcast episode featuring Ginny as a guest and was inspired by her stories of determination, conviction, and integrity. She went on to describe that if she was starting a business again, she would take time to firmly solidify the guiding values first, stating, “clients say, ‘What’s your strategy?’ and I say, ‘Ask me what I believe first.’ That’s a far more enduring answer.” Ginny was able to help me find a keystone on which to build the business.

I gained an understanding of Profit First [cash management](#) principles through entrepreneur and public speaker Mike Michalowicz in his book on the topic. I was then inspired to read another one of his novels, “The Toilet Paper Entrepreneur,” which provided me with an early roadmap to simplify this complex process. Mike Michalowicz’s writings helped provide me with financial and practical guidance for this venture.

The [financial and tax information](#) was solidified with the help of my aunt, Janice (Jaja) Scrivens, founder of the tax accounting and financial advising firm Janice E. Scrivens LLC. Janice has also helped encourage me throughout my undergraduate and graduate career to start this corporation through optimistic discussions of business finance, philosophy, and ethics.

Lastly, much of the information on [Stage Gate theory](#) and the relationship between industry and academia was obtained through the course in nonwovens apparel product development taught through The Nonwovens Institute at NC State. This course is taught through my advisor and mentor, Dr. Behnam Pourdeyhimi, who has had a huge influence in my growth as a researcher and entrepreneur, who has encouraged me to be creative in my endeavors, and who will be an inspiration for kind and effective leadership for the rest of my life.

A handwritten signature in black ink, appearing to read 'Sophie Nunno-Gorbachev', written in a cursive style.

Sophie Nunno- Gorbachev