

# FOUNDRY —FITNESS

## Franchise Report

Foundry Fitness  
Nov 2021



# Basis of Preparation

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# Executive Summary

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## ✓ REVENUE

**Revenue \$329,397** (Last month \$328,739)

Positive trend upwards.

## ✗ PROFITABILITY

**Profitability Ratio 27.09%** (Last month 27.35%)

Negative trend downwards. Strategies to improve profitability include: increasing price, increasing sales volume, reducing cost of sales and reducing operating expenses

## ✓ CASH FLOW

**Free Cash Flow \$91,422**

Free Cash Flow is positive. After paying its operating expenses and investing for future growth (capital expenditures) the business has generated cash. This cash is available to be paid back to the suppliers of capital.

## Overview

The Brisbane CBD location has had strong financial performance for the year.

We currently have 905 active memberships, at an average monthly membership spend of \$364. Monthly Personal Training revenue is up to \$65,879 but at present, only 20% of our members are participating in personal training sessions.

The good news is that the downward trend in personal training sessions we observed last year has reversed, and training sessions have increased in each of the last 6 months. Overall, our financial position is strong, and our focus should continue to remain on attracting and retaining a quality membership, as well as spreading brand awareness to the Franchise, and in particular the Brisbane CBD location.

## Agenda

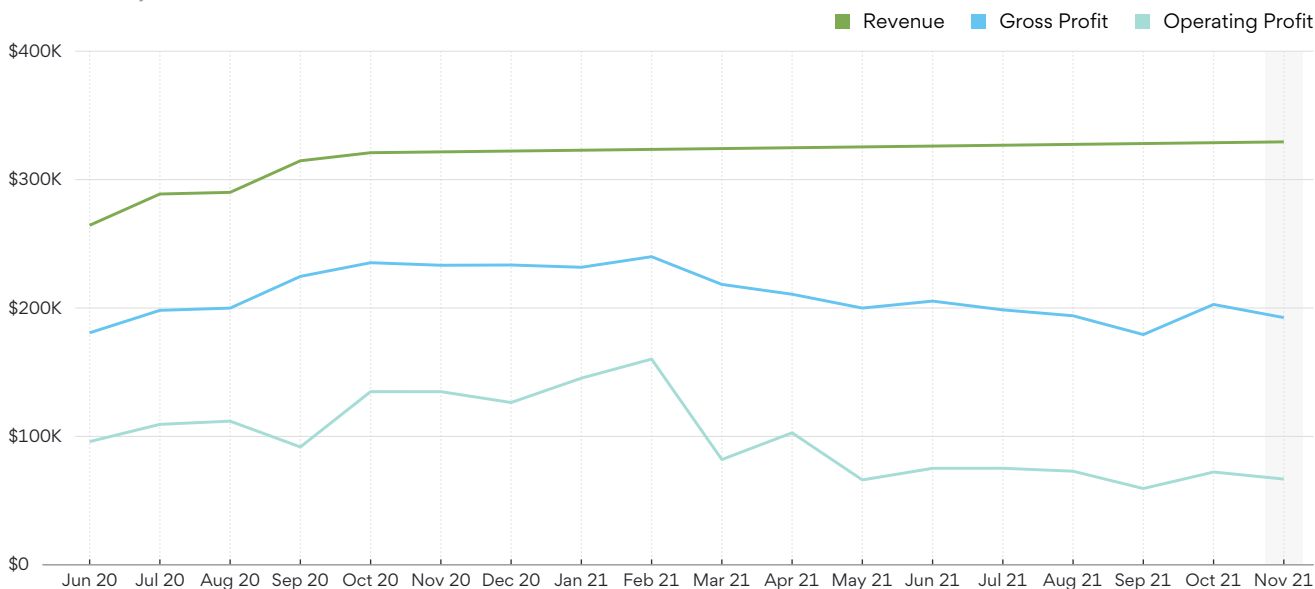
- Review hiring plans for Q1
- Review cleaning service and advocacy
- Lease negotiation
- Discuss store front inventory orders

# KPI Results

	RESULT		TREND		vs All The Time Fitness	
A PROFITABILITY	NOV 2021	OCT 2021	vs OCT 2021		MEDIAN	PERCENTILE
Total Revenue	\$329,397	\$328,739	▲	0.2%	\$373,063	1 2 3 4 5
Gross Profit Margin	58.45%	61.68%	▼	-3.23%	45.88%	1 2 3 4 5
Profitability Ratio	27.09%	27.35%	▼	-0.27%	19.54%	1 2 3 4 5
Net Profit After Tax Margin	17.06%	18.68%	▼	-1.62%	13.59%	1 2 3 4 5
Wages as a % of Sales	25%	23%	▲	2%	18%	1 2 3 4 5
Rent as a % of Sales *	16%	15%	▲	1%	11%	1 2 3 4 5
B MEMBERSHIP						
Number of Members	2,087	1,990	▲	97	1,272	1 2 3 4 5
Active Members	905	899	▲	6	905	1 2 3 4 5
Revenue per Active Memb.	\$364	\$366	▼	-0.5%	\$364	1 2 3 4 5
Rev / SQM of Gym	\$165	\$164	▲	0.2%	\$124	1 2 3 4 5
C CASH FLOW						
Cash on Hand	\$756,132	\$699,942	▲	8%	\$1,599,532	1 2 3 4 5
Net Variable Cash Flow	60.43%	63.41%	▼	-2.99%	49.94%	1 2 3 4 5
D GROWTH						
Revenue Growth	0.2%	0.2%	▼	0%	0.41%	1 2 3 4 5
Gross Profit Growth	-5.05%	13.08%	▼	-18.12%	2.09%	1 2 3 4 5
EBIT Growth	-0.78%	13.64%	▼	-14.42%	-0.31%	1 2 3 4 5

\* For this metric, a result below target is favourable

## Profitability for all time



# Breakeven Analysis

## TOTAL REVENUE

**\$329,397**

A measure of the total amount of money received by the company for goods sold or services provided.

## EXPENSES TO REVENUE RATIO

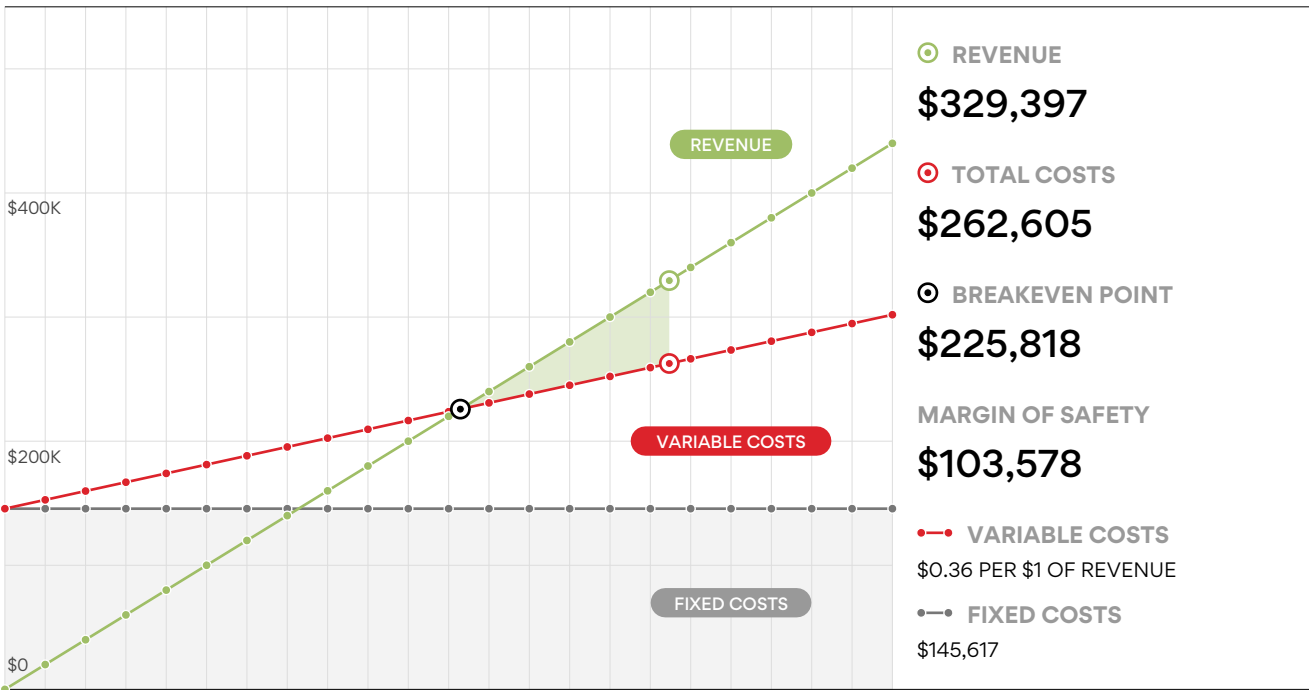
**79.72%**

A measure of how efficiently the business is conducting its operations.

## BREAKEVEN MARGIN OF SAFETY

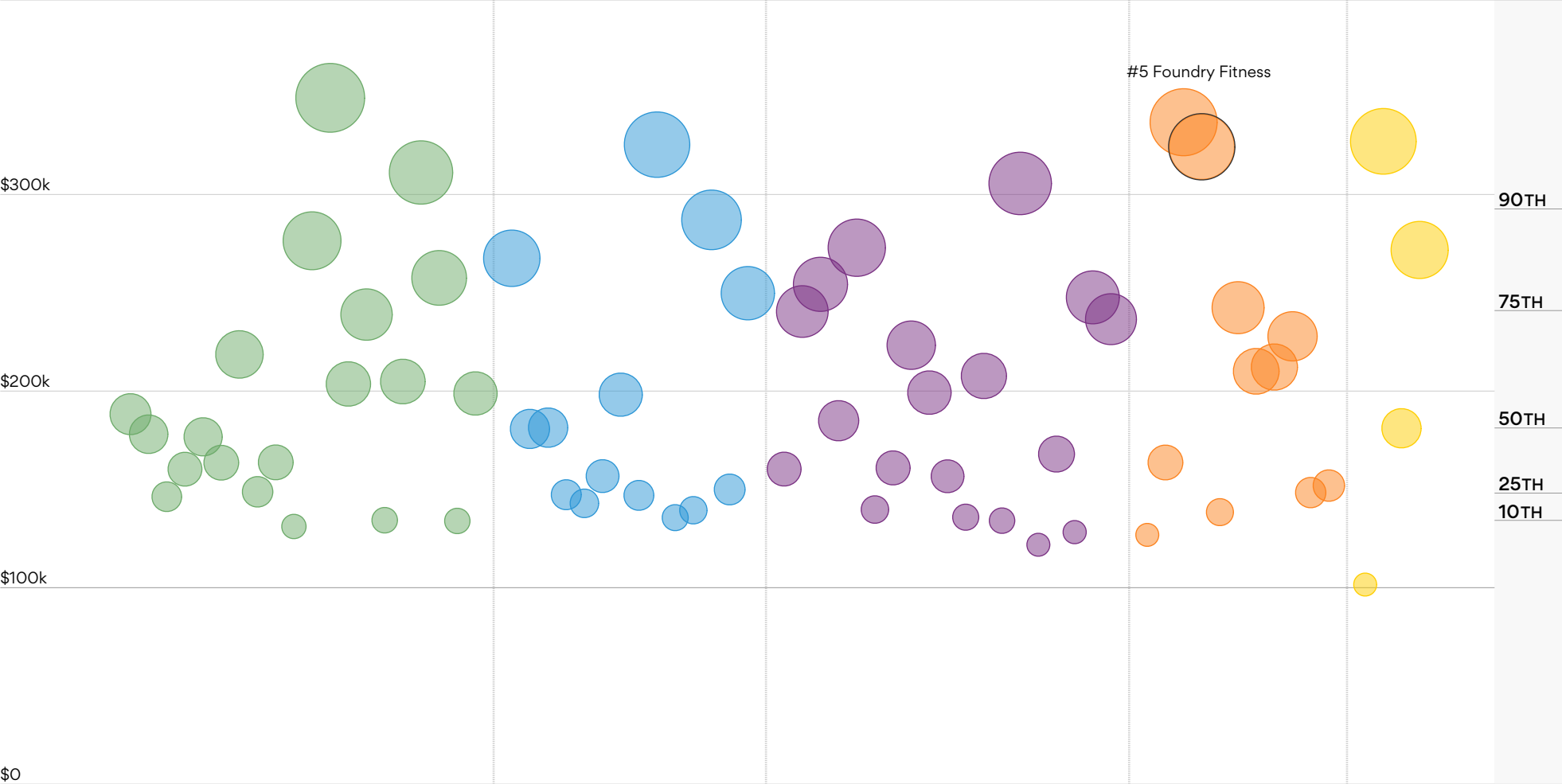
**\$103,578**

The breakeven safety margin represents the gap between the actual revenue level and the breakeven point. In other words, the amount by which revenue can drop before losses begin to be incurred.



# Revenue Benchmark

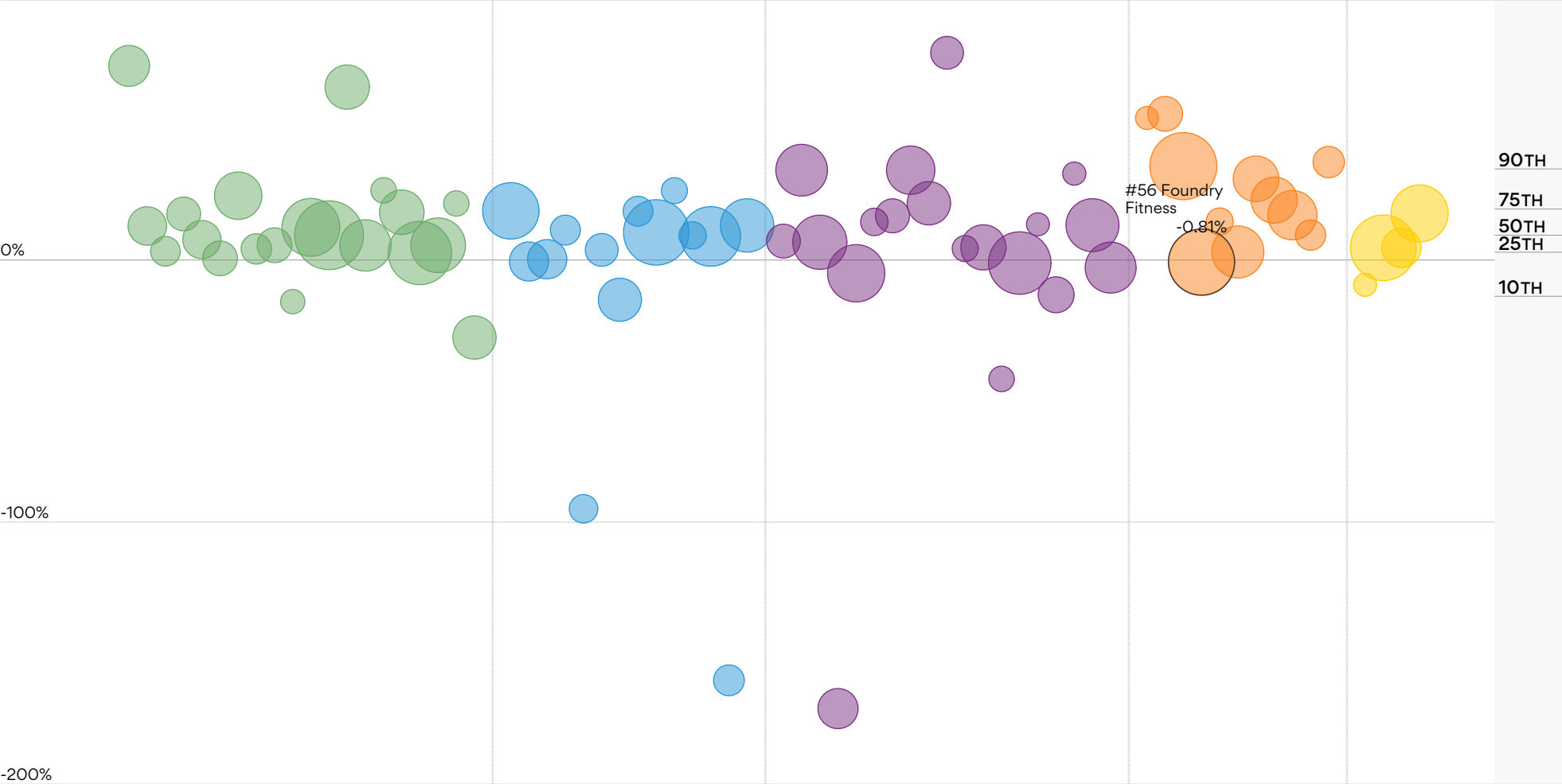
Total Revenue My Franchise



	Nov 2021	Median	Rank	Percentile
Foundry Fitness	\$329,397	\$373,063	5/68	94%

# Profitability Benchmark

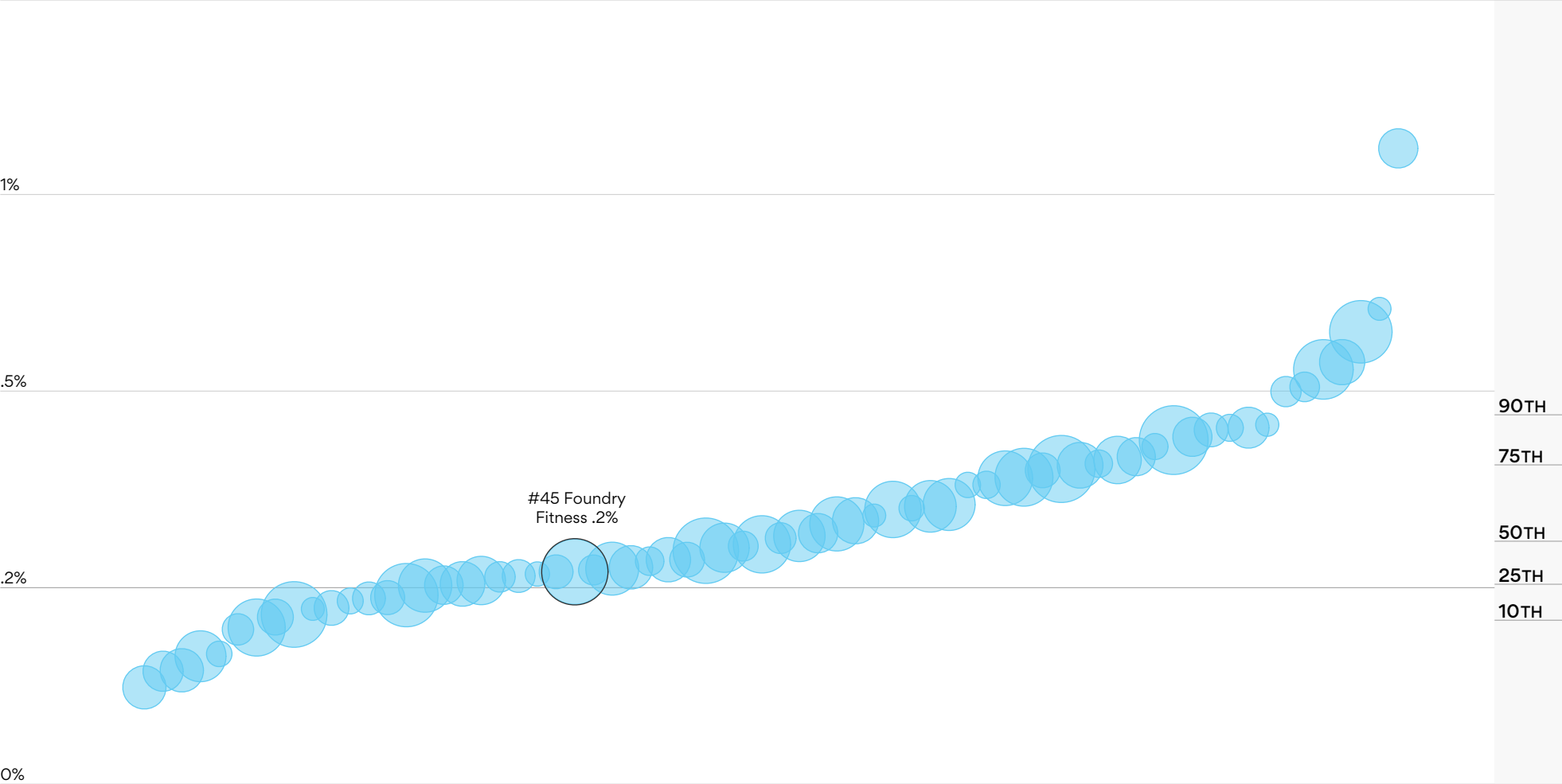
Profitability Ratio My Franchise



	Nov 2021	Median	Rank	Percentile
Foundry Fitness	27.09%	9.48%	56/68	18%

# Growth Benchmark

Revenue Growth My Franchise (Q3 2021/2022 (QTD))



	Q3 2021/2022 (QTD)	Median	Rank	Percentile
Foundry Fitness	0.2%	0.41%	55/68	20%



# KPIs Explained (Appendix)

## ✓ Active Members 905

Median Rank Percentile  
905 2 / 3 50%

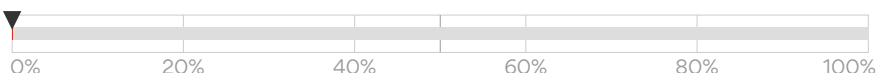


## ✗ Cash on Hand \$756,132

A measure of the cash and cash equivalents in actual possession by the company at a particular time. At the end of this period the company held \$756,132 of cash and cash equivalents. Cash on Hand is below the required target of \$900,000. Insufficient cash reserves may result in an inability to pay creditors and cover current liabilities.

Cash on Hand = Cash & Equivalents

Median Rank Percentile  
\$1,599,532 5 / 6 0%

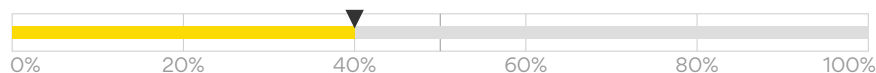


## ✗ EBIT Growth -0.78%

A measure of the percentage change in EBIT for the period. A combination of growth in revenues and growth in profits presents a balanced measure of growth. For this period, EBIT growth of -0.78% was less than the target of 0.17%.

EBIT Growth = (Earnings Before Interest & Tax - Prior Earnings Before Interest & Tax) / Prior Earnings Before Interest & Tax \* 100

Median Rank Percentile  
-0.31% 4 / 6 40%

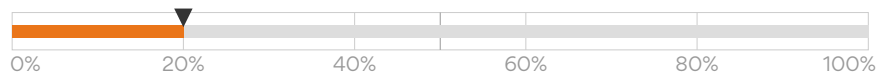


## ✗ Gross Profit Growth -5.05%

A measure of the percentage change in gross profit for the period. For this period, gross profit growth of -5.05% was less than the target of 0.17%.

Gross Profit Growth = (Gross Profit - Prior Gross Profit) / Prior Gross Profit \* 100

Median Rank Percentile  
2.09% 5 / 6 20%

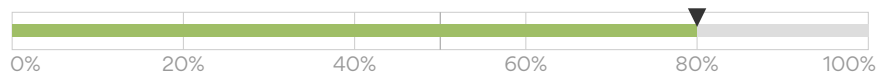


## ✓ Gross Profit Margin 58.45%

A measure of the proportion of revenue that is left after deducting all costs directly related to the sales. For each \$100 in sales the business retains \$58.45 after deducting the cost of sales. The gross profit serves as the source for paying operating expenses. The gross profit margin can be further improved by improving price, volume and cost of sales management. For this period, the gross profit margin % is above the required target of 35%.

Gross Profit Margin = Gross Profit / Revenue \* 100

Median Rank Percentile  
45.88% 2 / 6 80%

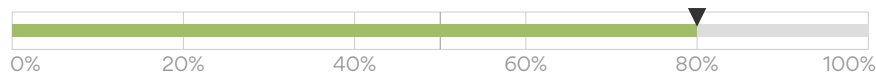


## ✓ Net Profit After Tax Margin 17.06%

A measure of the proportion of revenue that is left after all expenses have been paid. The business makes \$17.06 of net profit for every \$100 it generates in revenue. For this period, the Net Profit After Tax margin is above the required target. A higher result indicates that the business is better prepared to handle down-turns.

Net Profit After Tax Margin = Earnings After Tax / Revenue \* 100

Median Rank Percentile  
13.59% 2 / 6 80%

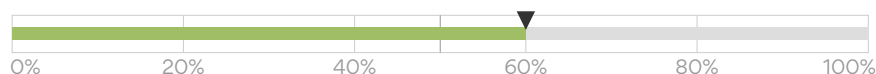


### ✓ Net Variable Cash Flow 60.43%

A measure of the additional cash that will either be generated or used up by the next \$100 of products or services that the business sells. If the Net Variable Cash Flow is positive then for every additional \$100 of revenue the business will generate cash. If the Net Variable Cash Flow is negative then for every additional \$100 of revenue the business will require additional cash funding. For this period, the Net Variable Cash Flow exceeded the target of 0%. The Net Variable Cash Flow is 60.43% of gross revenue. Each additional \$100 of Revenue will generate \$60.43 of cash.

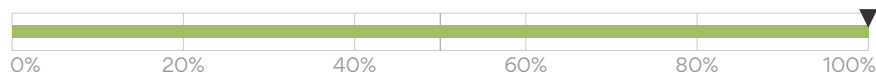
Net Variable Cash Flow = (Annualised Revenue - Annualised Variable COS - Annualised Variable Expenses - Operating Working Capital) / (Annualised Revenue) \* 100

Median	Rank	Percentile
49.94%	3 / 6	60%



### ✓ Number of Members 2,087

Median	Rank	Percentile
1,272	1 / 2	100%

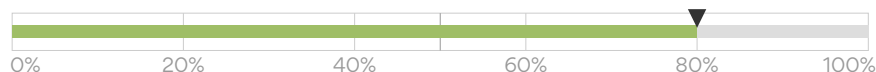


### ✓ Profitability Ratio 27.09%

A measure of the proportion of revenue that is left after deducting all expenses. This excludes finance costs and tax expenses. The business makes \$27.09 of EBIT for every \$100 it generates of revenue. The profitability ratio can be further improved by improving price, volume, cost and expense management. For this period, the Profitability ratio is above the required target of 15%.

Profitability Ratio = Earnings Before Interest & Tax / Revenue \* 100

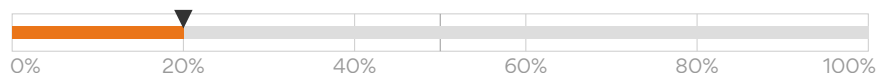
Median	Rank	Percentile
19.54%	2 / 6	80%



### ✗ Rent as a % of Sales 16%

Rent as a % of Sales = (Rent / Revenue) \* 100

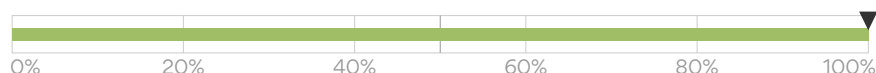
Median	Rank	Percentile
11%	5 / 6	20%



### ✓ Rev / SQM of Gym \$165

Rev / SQM of Gym = Revenue / Square Meters of Gym

Median	Rank	Percentile
\$124	1 / 2	100%

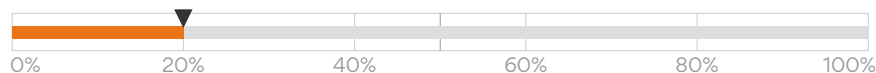


### ✗ Revenue Growth 0.2%

A measure of the percentage change in revenue for the period. Management should ensure that revenues increase at rates higher than general economic growth rates (ie. inflation). For this period, revenue growth of 0.2% was below the target growth of 0.41%.

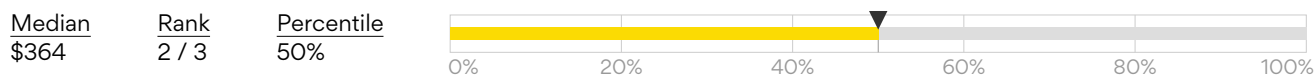
Revenue Growth = (Revenue - Prior Revenue) / Prior Revenue \* 100

Median	Rank	Percentile
0.41%	4 / 6	20%



✓ **Revenue per Active Memb. \$364**

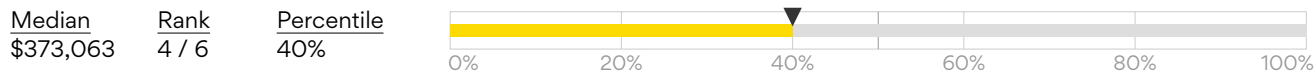
Revenue per Active Memb. = Revenue / Active Members



✗ **Total Revenue \$329,397**

A measure of the total amount of money received by the company for goods sold or services provided. The business has earned total revenues of \$329,397. Strategies to improve revenue may include increasing prices, increasing the volume of sales through marketing initiatives or finding alternative sources of income. For this period, the revenue earned is below the required target of \$450,000.

Total Revenue = Revenue



✓ **Wages as a % of Sales 25%**

Wages as a % of Sales = (Salaries & Wages / Revenue) \* 100

