Basis of Preparation

This report is prepared solely for the confidential use of Miller & Associates. In the preparation of this report Miller & Associates has relied upon the unaudited financial and non-financial information provided to them. The analysis and report must not be recited or referred to in whole or in part in any other document. The analysis and report must not be made available, copied or recited to any other party without our express written permission. Miller & Associates neither owes nor accepts any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on the report or the analysis contained herein.
Executive Summary

✅ 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

### A. Profitability

<table>
<thead>
<tr>
<th>Metric</th>
<th>Nov 2021</th>
<th>Oct 2021</th>
<th>Trend</th>
<th>Median</th>
<th>Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$329,397</td>
<td>$328,739</td>
<td>0.2%</td>
<td>$373,063</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Gross Profit Margin</td>
<td>58.45%</td>
<td>61.68%</td>
<td>-3.23%</td>
<td>45.88%</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Profitability Ratio</td>
<td>27.09%</td>
<td>27.35%</td>
<td>-0.27%</td>
<td>19.54%</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Net Profit After Tax Margin</td>
<td>17.06%</td>
<td>18.68%</td>
<td>-1.62%</td>
<td>13.59%</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Wages as a % of Sales</td>
<td>25%</td>
<td>23%</td>
<td>2%</td>
<td>18%</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Rent as a % of Sales *</td>
<td>16%</td>
<td>15%</td>
<td>1%</td>
<td>11%</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>

### B. Membership

<table>
<thead>
<tr>
<th>Metric</th>
<th>Nov 2021</th>
<th>Oct 2021</th>
<th>Trend</th>
<th>Median</th>
<th>Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Members</td>
<td>2,087</td>
<td>1,990</td>
<td>▲ 97</td>
<td>1,272</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Active Members</td>
<td>905</td>
<td>899</td>
<td>▲ 6</td>
<td>905</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Revenue per Active Memb.</td>
<td>$364</td>
<td>$366</td>
<td>▼ -0.5%</td>
<td>$364</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Rev / SQM of Gym</td>
<td>$165</td>
<td>$164</td>
<td>▲ 0.2%</td>
<td>$124</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>

### C. Cash Flow

<table>
<thead>
<tr>
<th>Metric</th>
<th>Nov 2021</th>
<th>Oct 2021</th>
<th>Trend</th>
<th>Median</th>
<th>Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on Hand</td>
<td>$756,132</td>
<td>$699,942</td>
<td>▲ 8%</td>
<td>$1,599,532</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Net Variable Cash Flow</td>
<td>60.43%</td>
<td>63.41%</td>
<td>▼ -2.99%</td>
<td>49.94%</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>

### D. Growth

<table>
<thead>
<tr>
<th>Metric</th>
<th>Nov 2021</th>
<th>Oct 2021</th>
<th>Trend</th>
<th>Median</th>
<th>Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Growth</td>
<td>0.2%</td>
<td>0.2%</td>
<td>▼ 0%</td>
<td>0.41%</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Gross Profit Growth</td>
<td>-5.05%</td>
<td>13.08%</td>
<td>▼ -18.12%</td>
<td>2.09%</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>EBIT Growth</td>
<td>-0.78%</td>
<td>13.64%</td>
<td>▼ -14.42%</td>
<td>-0.31%</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>

* For this metric, a result below target is favourable

### Profitability for all time

![Profitability Graph](image-url)

Legend:
- **Green** - Revenue
- **Blue** - Gross Profit
- **Gray** - Operating Profit
## Breakeven Analysis

<table>
<thead>
<tr>
<th>TOTAL REVENUE</th>
<th>EXPENSES TO REVENUE RATIO</th>
<th>BREAKEVEN MARGIN OF SAFETY</th>
</tr>
</thead>
<tbody>
<tr>
<td>$329,397</td>
<td>79.72%</td>
<td>$103,578</td>
</tr>
</tbody>
</table>

**TOTAL REVENUE**

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

**EXPENSES TO REVENUE RATIO**

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

**BREAKEVEN MARGIN OF SAFETY**

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.

---

![Graph showing revenue, total costs, breakeven point, and margin of safety](image-url)
Revenue Benchmark

<table>
<thead>
<tr>
<th>Total Revenue My Franchise</th>
<th>East</th>
<th>North</th>
<th>South</th>
<th>West</th>
<th>Other</th>
<th>#5 Foundry Fitness</th>
<th>Percentile</th>
<th>Rank</th>
<th>Median</th>
<th>Nov 2021</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>#5 Foundry Fitness</td>
<td>94%</td>
<td>5/68</td>
<td>$373,063</td>
<td>$329,397</td>
<td></td>
</tr>
</tbody>
</table>
Profitability Benchmark

Profitability Ratio My Franchise

<table>
<thead>
<tr>
<th></th>
<th>Nov 2021</th>
<th>Median</th>
<th>Rank</th>
<th>Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundry Fitness</td>
<td>27.09%</td>
<td>9.48%</td>
<td>56/68</td>
<td>18%</td>
</tr>
</tbody>
</table>

Foundry Fitness

-200%
-100%
0%

Median

Nov 2021

Percentile

Rank

-0.81%

Foundry Fitness

18%

56/68

9.48%

27.09%
### KPIs Explained (Appendix)

<table>
<thead>
<tr>
<th>KPI</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Members</td>
<td>905</td>
</tr>
<tr>
<td>Median</td>
<td>905</td>
</tr>
<tr>
<td>Rank</td>
<td>2 / 3</td>
</tr>
<tr>
<td>Percentile</td>
<td>50%</td>
</tr>
<tr>
<td>Cash on Hand</td>
<td>$756,132</td>
</tr>
<tr>
<td>EBIT Growth</td>
<td>-0.78%</td>
</tr>
<tr>
<td>Gross Profit Growth</td>
<td>-5.05%</td>
</tr>
<tr>
<td>Gross Profit Margin</td>
<td>58.45%</td>
</tr>
<tr>
<td>Net Profit After Tax Margin</td>
<td>17.06%</td>
</tr>
</tbody>
</table>

#### Active Members

- **Median**: 905
- **Rank**: 2 / 3
- **Percentile**: 50%

#### Cash on Hand

- **Median**: $1,599,532
- **Rank**: 5 / 6
- **Percentile**: 0%

#### EBIT Growth

- **Median**: -0.31%
- **Rank**: 4 / 6
- **Percentile**: 40%

#### Gross Profit Growth

- **Median**: 2.09%
- **Rank**: 5 / 6
- **Percentile**: 20%

#### Gross Profit Margin

- **Median**: 45.88%
- **Rank**: 2 / 6
- **Percentile**: 80%

#### Net Profit After Tax Margin

- **Median**: 13.59%
- **Rank**: 2 / 6
- **Percentile**: 80%

---

**Active Members**

<table>
<thead>
<tr>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>905</td>
</tr>
</tbody>
</table>

**Cash on Hand**

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.

\[
\text{Cash on Hand} = \text{Cash & Equivalents}
\]

**EBIT Growth**

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 was less than the target of 0.17%.

\[
\text{EBIT Growth} = \frac{(\text{Earnings Before Interest & Tax} - \text{Prior Earnings Before Interest & Tax})}{\text{Prior Earnings Before Interest & Tax}} \times 100
\]

**Gross Profit Growth**

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

\[
\text{Gross Profit Growth} = \frac{\text{Gross Profit} - \text{Prior Gross Profit}}{\text{Prior Gross Profit}} \times 100
\]

**Gross Profit Margin**

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%.

\[
\text{Gross Profit Margin} = \frac{\text{Gross Profit}}{\text{Revenue}} \times 100
\]

**Net Profit After Tax Margin**

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.

\[
\text{Net Profit After Tax Margin} = \frac{\text{Earnings After Tax}}{\text{Revenue}} \times 100
\]
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

Number of Members  2,087

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

Rent as a % of Sales  16%
Rent as a % of Sales = (Rent / Revenue) * 100

Rev / SQM of Gym  $165
Rev / SQM of Gym = Revenue / Square Meters of Gym

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
**Revenue per Active Memb.**  $364

Revenue per Active Memb. = Revenue / Active Members

<table>
<thead>
<tr>
<th>Median</th>
<th>Rank</th>
<th>Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>$364</td>
<td>2 / 3</td>
<td>50%</td>
</tr>
</tbody>
</table>

**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

<table>
<thead>
<tr>
<th>Median</th>
<th>Rank</th>
<th>Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>$373,063</td>
<td>4 / 6</td>
<td>40%</td>
</tr>
</tbody>
</table>

**Wages as a % of Sales**  25%

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

<table>
<thead>
<tr>
<th>Median</th>
<th>Rank</th>
<th>Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>18%</td>
<td>2 / 6</td>
<td>80%</td>
</tr>
</tbody>
</table>