

PEAK PHYSIQUE

Monthly Performance Report

Peak Physique
Jun 2018

Executive Summary

Overview

The Groupon deal has been a huge factor in driving membership growth. We've generated 110 new memberships to-date from this offer, which is beating our YTD New Member target of 90 by over 20%. In June, we landed 38 new memberships overall, bringing our YTD New Members total to 201. We currently have 1,556 active memberships, at an average monthly membership spend of \$227. Monthly Personal Training spend is up to \$139 per-member on average, 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.

Action Items

- Explore Groupon offer for personal training sessions
- Increase % of members participating in personal training sessions
- Book lodging for annual staff retreat

Observations



Monthly Revenue Growth

Revenue Growth 5.45% (Same month last year 5.09%)

Positive trend upwards, relative to the same month last year. Primarily driven by new memberships, and a slight increase in personal training revenue.



Profitability Ratio

Profitability Ratio 14.47% (Last month 13.16%)

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



Cash Flow

Net Cash Flow \$291,766

Net Cash Flow is positive. After paying operating expenses and investing for future growth, the business has generated excess cash. This cash is available for future investments and debt repayments.



Cancellations

Cancellations 8 (This month target 10)

Cancellations were below expectation. New member social events and retention strategies are paying off.

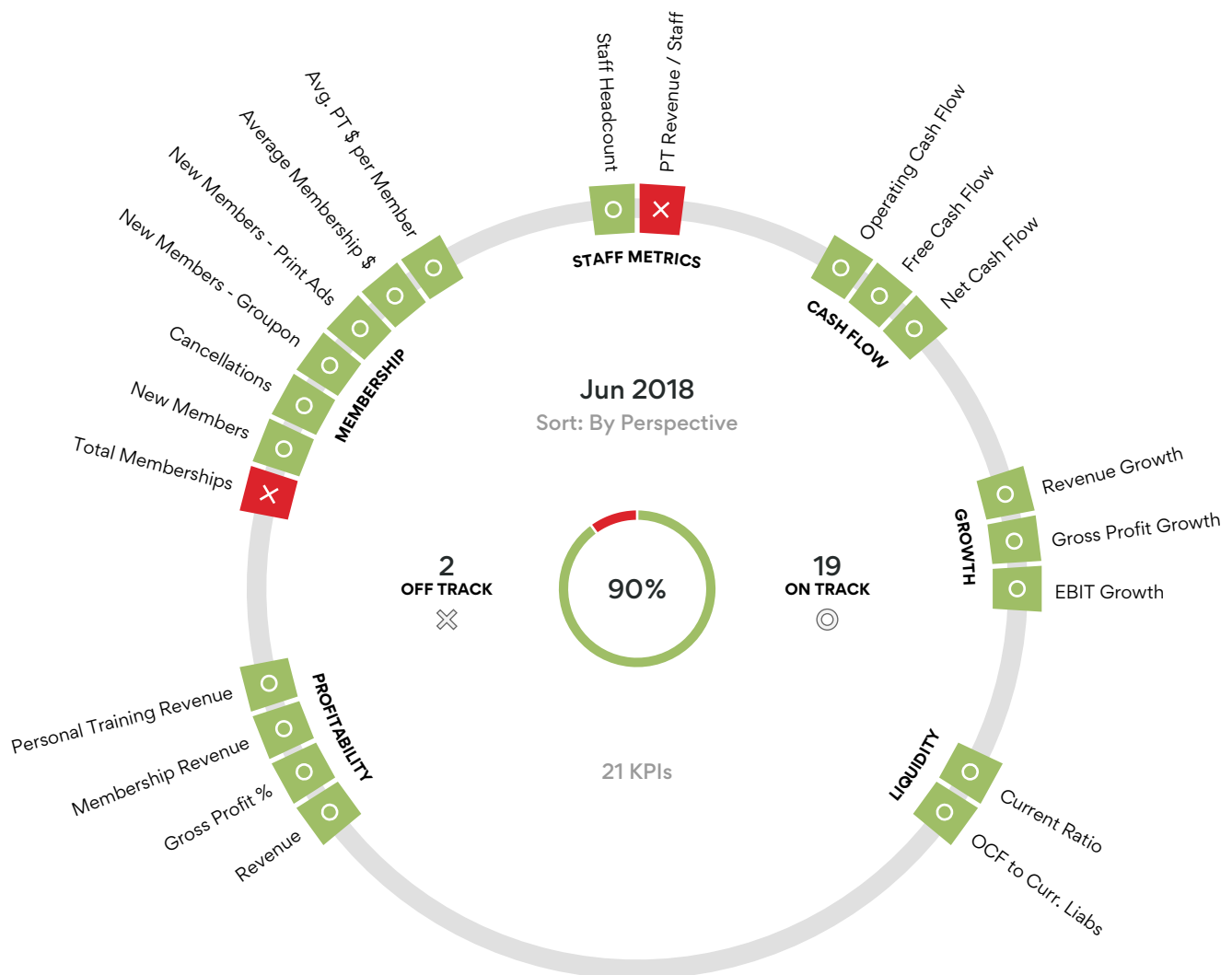
KPI Scorecard

	RESULT	TARGET		TREND	IMPORTANCE
A PROFITABILITY	JUN 2018			vs MAY 2018	
Total Revenue	\$569,621	\$568,624	✓	▲ 5.5%	Critical
Gross Profit Margin	73.7%	70%	✓	▲ 2.64%	Medium
Membership Revenue	\$353,165	\$347,782	✓	▲ 5.5%	Critical
Personal Training Revenue	\$216,456	\$23,185	✓	▲ 5.5%	High
B MEMBERSHIP					
Total Memberships	1,556	1,600	✗	▲ 30	High
New Members	38	30	✓	▼ -3	Critical
Cancellations *	8	10	✓	▼ -9	High
New Members - Groupon	21	15	✓	▲ 5	Medium
New Members - Print Ads	6	5	✓	▼ -1	Medium
Average Membership \$	\$227	\$0	✓	▲ 3.4%	High
Avg. Personal Training \$ per Member	\$139	\$0	✓	▲ 3.4%	High
C STAFF METRICS					
Staff Headcount	38	35	✓	0	Medium
Training Revenue per Employee	\$5,696	\$6,000	✗	▲ 5.5%	High
D CASH FLOW					
Operating Cash Flow	\$295,612	\$100,000	✓	▲ 105%	High
Free Cash Flow	\$327,288	\$75,000	✓	▲ 117.2%	Medium
Net Cash Flow	\$291,766	\$50,000	✓	▲ 155.5%	Medium
E GROWTH					
Revenue Growth	5.45%	3%	✓	▲ 6.58%	Critical
Gross Profit Growth	9.37%	5%	✓	▲ 13.2%	Medium
EBIT Growth	15.93%	10%	✓	▲ 0.54%	High
F LIQUIDITY					
Current Ratio	2.42:1	2.00:1	✓	▼ -0.31:1	Medium
Operating Cash Flow to Current Liabilities	3.57:1	1.00:1	✓	▲ 1.23:1	Medium

* For this metric, a result below target is favourable

KPI Performance

This chart shows KPIs grouped into performance perspectives.



Revenue Analysis

TOTAL REVENUE

\$569,621

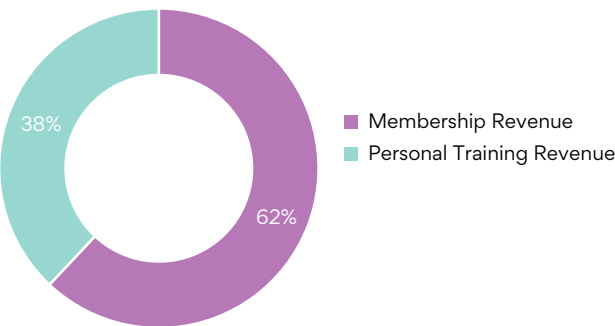
LAST MONTH (May 18)

\$540,162

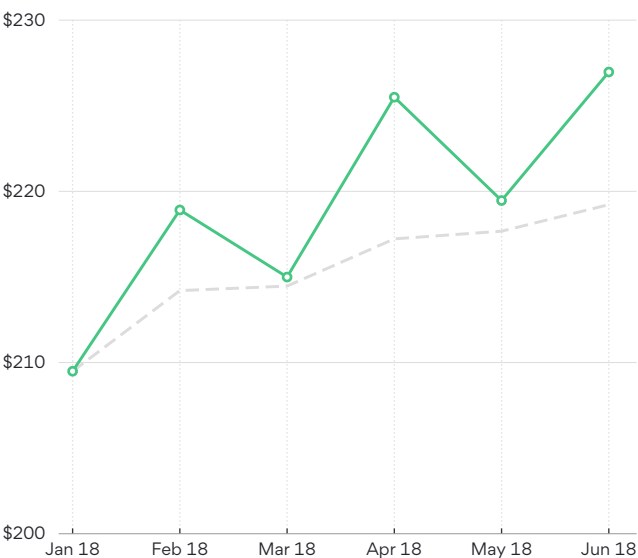
SAME MONTH LAST YEAR (Jun 17)

\$394,242

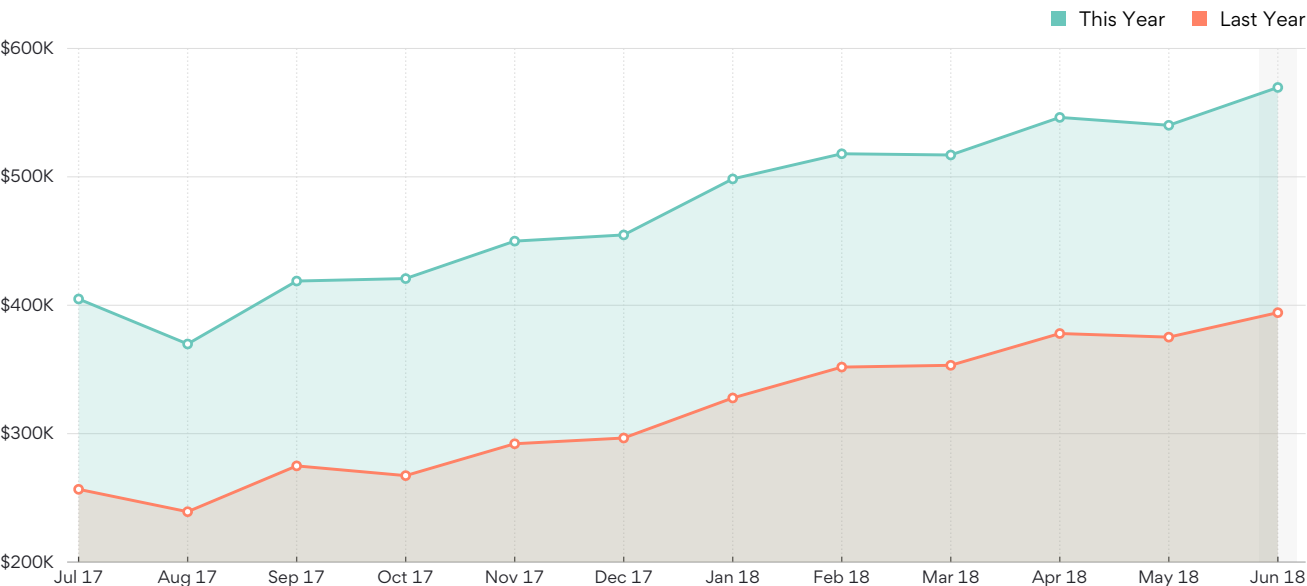
Revenue Mix



Average Monthly Membership Spend

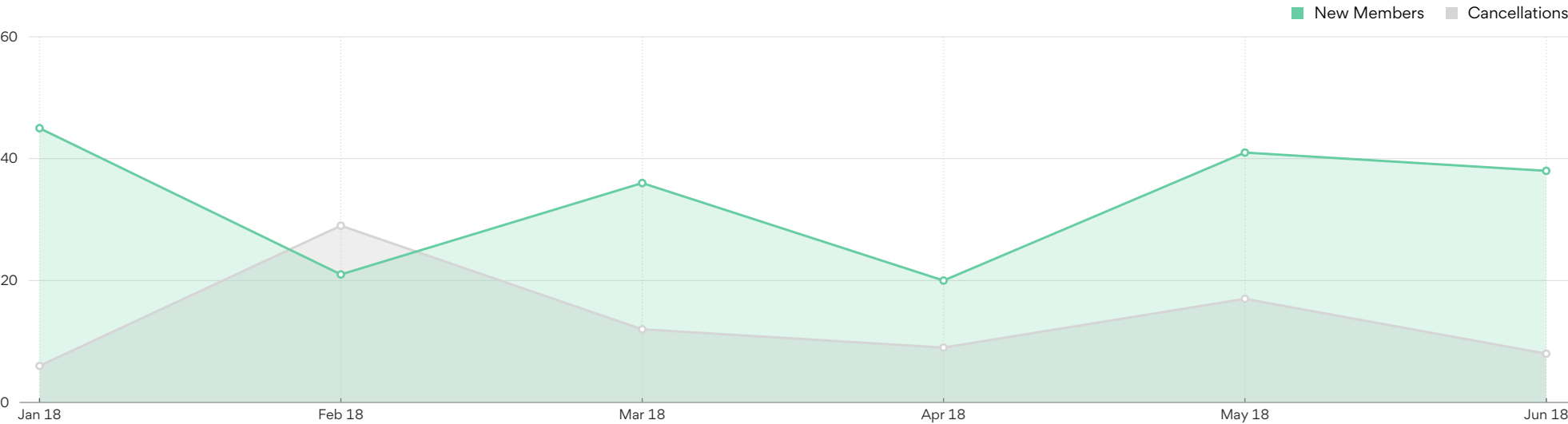


Total Revenue

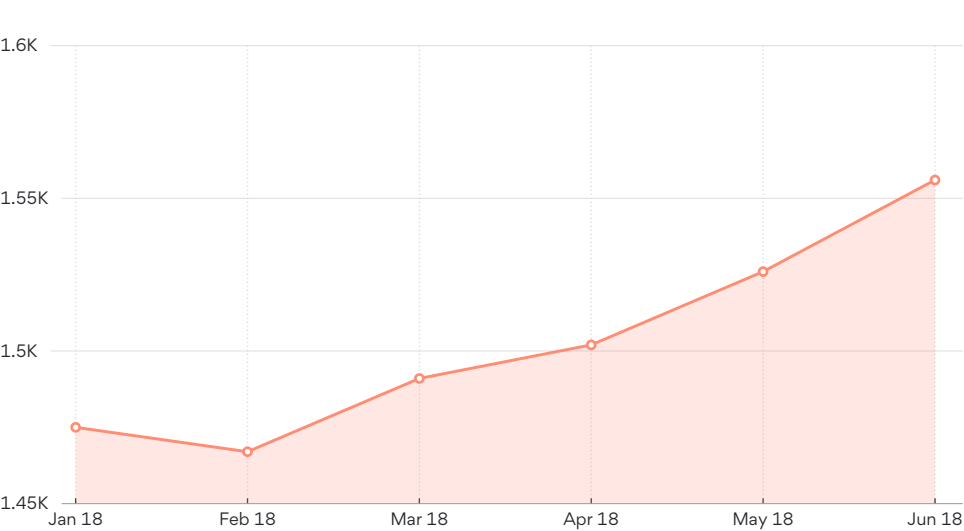


Membership Analysis

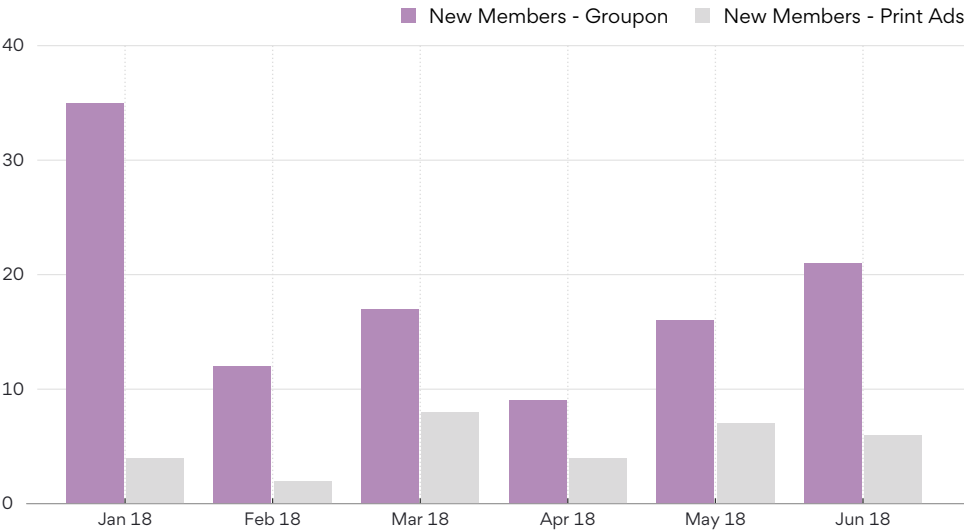
New vs Cancelled Memberships



Total Memberships



Marketing Initiatives

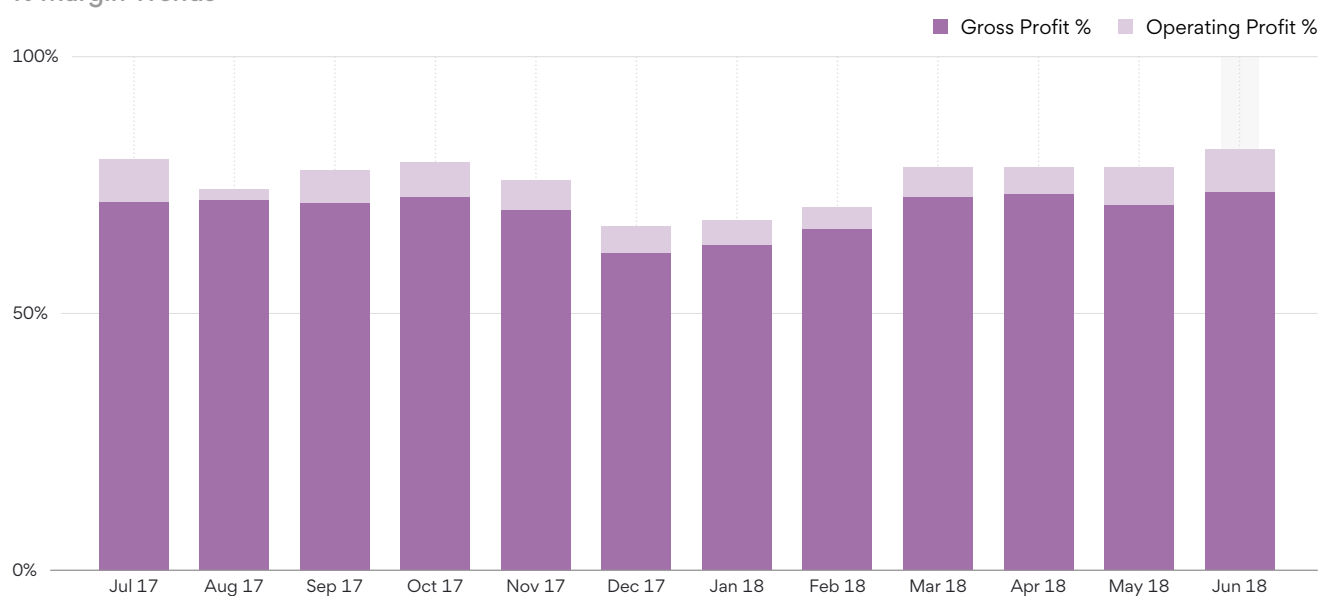


Margin Analysis

Positive trend month-over-month. Revenues for this period increased by 5.45% while Operating Profit increased by 19.05%. While revenue growth is strong, margin expansion is largely being driven by more thoughtful expense management. This is a positive recovery from the December and January period, where expense growth outpaced revenue growth, and we saw margins take a slight decline.

	Jun 2018	May 2018	Apr 2018	Mar 2018
Gross Profit	\$419,786	\$383,838	\$399,126	\$375,614
Gross Profit Margin	73.70%	71.06%	73.06%	72.65%
Operating Profit	\$48,403	\$40,658	\$28,749	\$30,215
Operating Profit Margin	8.50%	7.53%	5.26%	5.84%

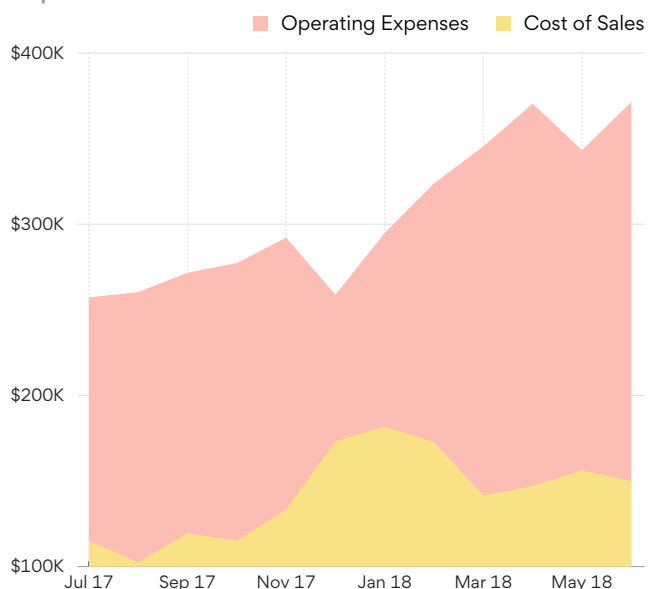
% Margin Trends



Top 10 Expense Accounts

Personal Training Commissions	\$98,756
Salaries & Wages	\$93,118
Income Tax Expense	\$39,530
Rent	\$36,681
Entertainment	\$13,458
Advertising & Promotions	\$13,295
Contractors	\$13,263
General Expenses	\$9,281
Telephone & Internet	\$9,255
Consulting Fees	\$9,047

Expense Breakdown



Profitability Analysis

REVENUE

\$569,621

▲ 5.5% from last month



EXPENSES TO REVENUE RATIO

91.5%

▼ -0.97% from last month



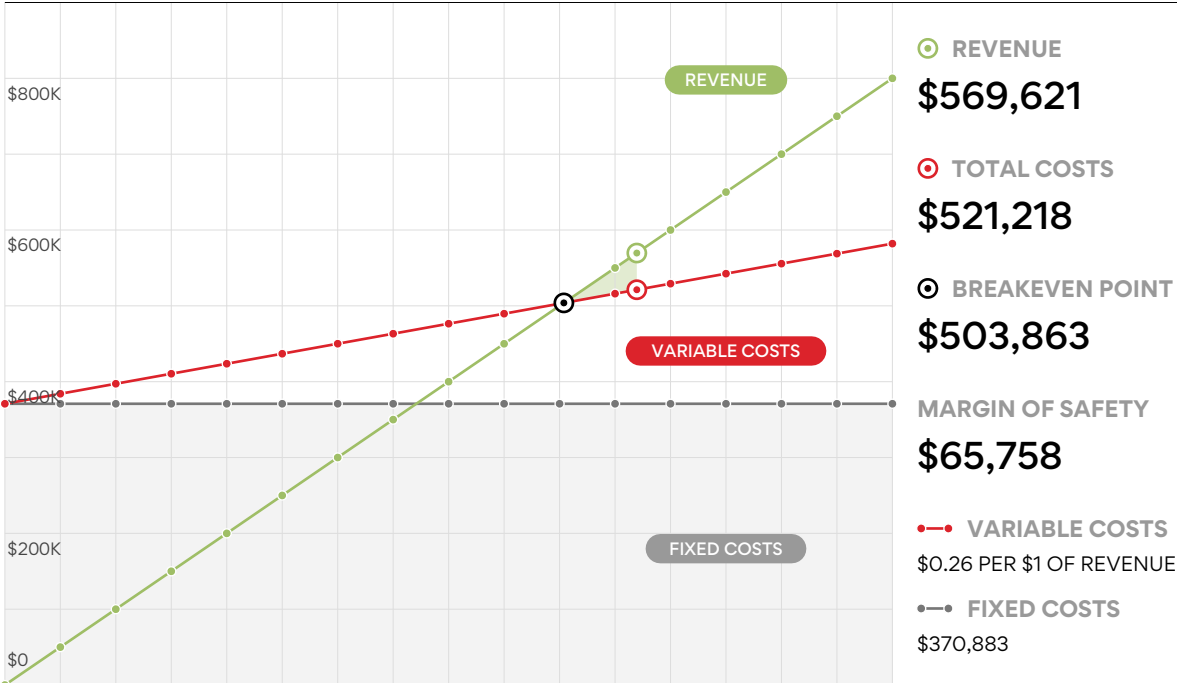
MARGIN OF SAFETY

\$65,758

▲ 14.8% from last month



Profitability can be further improved by improving price, volume, cost of sales and operating expense management.



Cash Flow Analysis

OPERATING CASH FLOW

\$295,612

Operating cash flow is simply the cash generated by the operating activities of the business. Operating activities include the production, sales and delivery of the company's product and/or services as well as collecting payment from its customers and making payments to suppliers.

FREE CASH FLOW

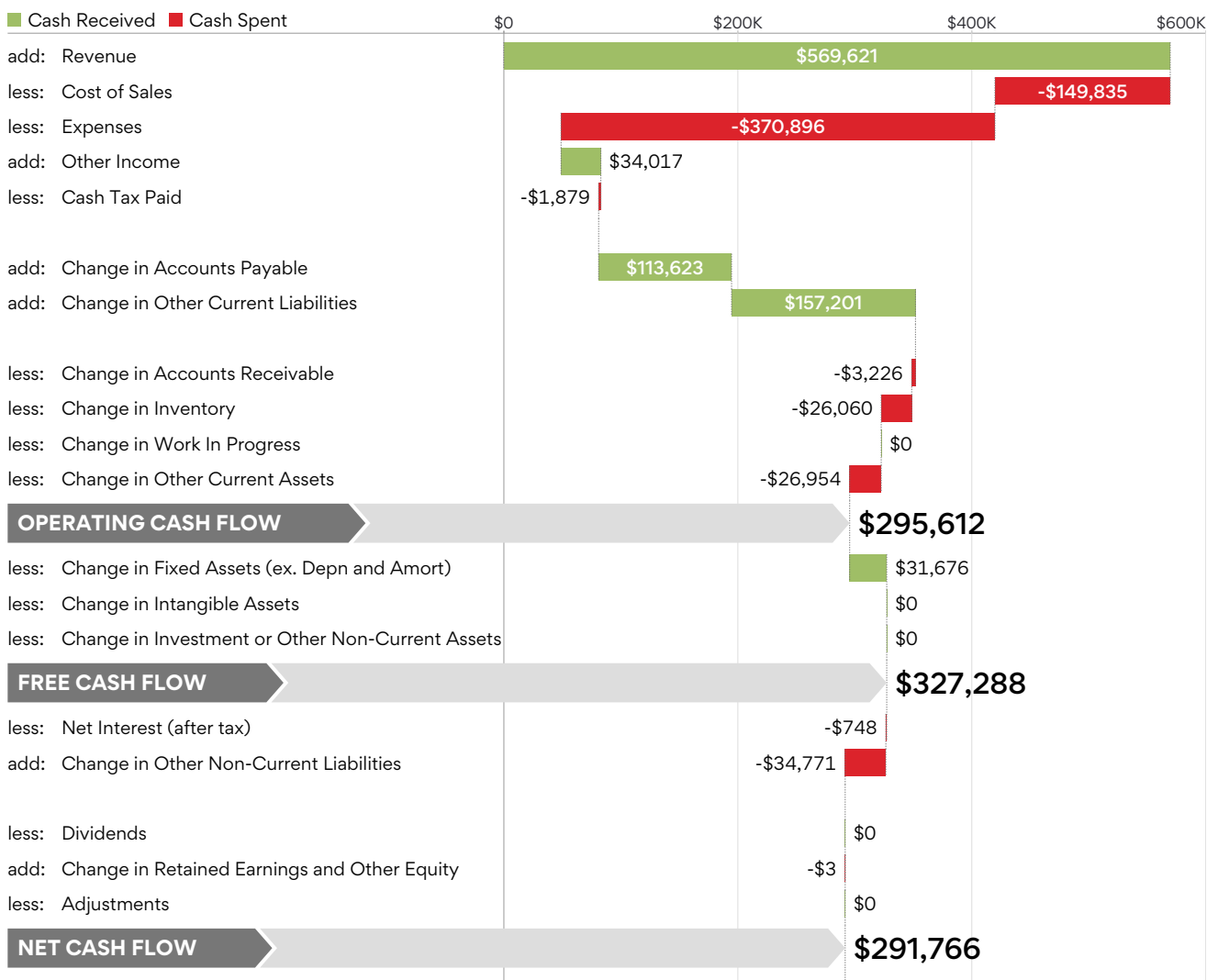
\$327,288

Free cash flow is the cash generated by the business, after paying its expenses and investing for future growth. It is the cash left after subtracting capital expenditure from operating cash flow. The term "free cash flow" is used because this cash is free to be paid back to the suppliers of capital.

NET CASH FLOW

\$291,766

Net cash flow is the cash left after subtracting expenditures from financing activities from the free cash flow. This includes the cash impact from financing activities. Financing activities include the inflow of cash from investors such as banks or shareholders, as well as the outflow of cash to shareholders as dividends.



Net Cash Flow can also be calculated as:

Change in Cash on Hand \$403,446

(Open: \$1,196,086, Close: \$1,599,532)

— **Change in Debt** \$106,467

(Open: \$505,925, Close: \$612,392)

This Month vs Last Month

PROFIT & LOSS	Jun 2018	May 2018	This month vs last month (%)
Revenue	\$569,621	\$540,162	5.45%
Cost of Sales	\$149,835	\$156,324	-4.15%
Gross Profit	\$419,786	\$383,838	9.37%
Expenses	\$371,383	\$343,180	8.22%
Operating Profit	\$48,403	\$40,658	19.05%
Other Income	\$34,017	\$30,439	11.75%
Earnings Before Interest & Tax	\$82,420	\$71,097	15.93%
Interest Income	-\$1,068	\$858	-224.48%
Earnings Before Tax	\$81,352	\$71,955	13.06%
Tax Expenses	\$1,195	\$1,473	-18.87%
Earnings After Tax	\$80,157	\$70,482	13.73%
Retained Income	\$80,157	\$70,482	13.73%
BALANCE SHEET	Jun 2018	May 2018	This month vs last month (%)
ASSETS			
Cash & Equivalents	\$1,599,532	\$1,196,086	33.73%
Accounts Receivable	\$148,191	\$144,965	2.23%
Inventory	\$351,671	\$325,611	8.00%
Other Current Assets	\$339,540	\$312,586	8.62%
Total Current Assets	\$2,438,934	\$1,979,248	23.23%
Fixed Assets	\$630,774	\$662,937	-4.85%
Intangible Assets	\$3,867	\$3,867	0.00%
Investment or Other Non-Current ...	\$11,994	\$11,994	0.00%
Total Non-Current Assets	\$646,635	\$678,798	-4.74%
Total Assets	\$3,085,569	\$2,658,046	16.08%
LIABILITIES			
Short Term Debt	\$95,498	\$85,427	11.79%
Accounts Payable	\$382,297	\$268,674	42.29%
Other Current Liabilities	\$528,351	\$371,150	42.36%
Total Current Liabilities	\$1,006,146	\$725,251	38.73%
Long Term Debt	\$516,894	\$420,498	22.92%
Deferred Taxes	\$54,388	\$54,752	-0.66%
Other Non-Current Liabilities	-\$110,421	-\$75,650	-45.96%
Total Non-Current Liabilities	\$460,861	\$399,600	15.33%
Total Liabilities	\$1,467,007	\$1,124,851	30.42%
EQUITY			
Retained Earnings	\$1,007,769	\$1,007,769	0.00%
Current Earnings	\$353,819	\$271,910	30.12%
Other Equity	\$186,638	\$188,393	-0.93%
Total Equity	\$1,548,226	\$1,468,072	5.46%
Total Liabilities & Equity	\$3,015,233	\$2,592,923	16.29%

Income Statement Trends

PROFIT & LOSS	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Total
Revenue	\$404,885	\$369,832	\$418,851	\$420,780	\$449,935	\$454,760	\$498,388	\$517,971	\$517,024	\$546,288	\$540,162	\$569,621	\$5,708,497
Cost of Sales	\$114,837	\$102,583	\$119,526	\$115,090	\$133,374	\$173,307	\$181,769	\$172,657	\$141,410	\$147,162	\$156,324	\$149,835	\$1,707,874
Gross Profit	\$290,048	\$267,249	\$299,325	\$305,690	\$316,561	\$281,453	\$316,619	\$345,314	\$375,614	\$399,126	\$383,838	\$419,786	\$4,000,623
Expenses	\$257,186	\$260,335	\$271,659	\$277,277	\$292,061	\$258,813	\$294,901	\$323,853	\$345,399	\$370,377	\$343,180	\$371,383	\$3,666,424
Operating Profit	\$32,862	\$6,914	\$27,666	\$28,413	\$24,500	\$22,640	\$21,718	\$21,461	\$30,215	\$28,749	\$40,658	\$48,403	\$334,199
Other Income	\$17,670	\$22,434	\$25,270	\$23,026	\$23,212	\$28,470	\$37,159	\$20,470	\$46,063	\$32,865	\$30,439	\$34,017	\$341,095
Earnings Before Interest & Tax	\$50,532	\$29,348	\$52,936	\$51,439	\$47,712	\$51,110	\$58,877	\$41,931	\$76,278	\$61,614	\$71,097	\$82,420	\$675,294
Interest Income	\$1,163	\$985	\$993	\$1,006	\$670	\$943	\$856	\$643	-\$1,777	\$17,111	\$858	-\$1,068	\$22,383
Earnings Before Tax	\$51,695	\$30,333	\$53,929	\$52,445	\$48,382	\$52,053	\$59,733	\$42,574	\$74,501	\$78,725	\$71,955	\$81,352	\$697,677
Tax Expenses	\$2,358	\$6,944	\$5,189	\$6,061	\$5,364	\$4,718	\$5,021	\$6,054	\$1,942	\$377	\$1,473	\$1,195	\$46,696
Earnings After Tax	\$49,337	\$23,389	\$48,740	\$46,384	\$43,018	\$47,335	\$54,712	\$36,520	\$72,559	\$78,348	\$70,482	\$80,157	\$650,981
Retained Income	\$49,337	\$23,389	\$48,740	\$46,384	\$43,018	\$47,335	\$54,712	\$36,520	\$72,559	\$78,348	\$70,482	\$80,157	\$650,981

Balance Sheet Trends

BALANCE SHEET	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Total
ASSETS													
Cash & Equivalents	\$699,942	\$756,132	\$774,097	\$823,031	\$843,516	\$953,525	\$927,881	\$1,102,968	\$1,209,214	\$1,014,806	\$1,196,086	\$1,599,532	\$1,599,532
Accounts Receivable	\$80,488	\$79,611	\$79,984	\$78,434	\$90,741	\$95,701	\$102,644	\$104,194	\$139,917	\$143,916	\$144,965	\$148,191	\$148,191
Inventory	\$241,946	\$244,396	\$248,706	\$239,074	\$273,533	\$263,223	\$296,230	\$295,039	\$309,996	\$321,843	\$325,611	\$351,671	\$351,671
Other Current Assets	\$232,268	\$234,620	\$238,758	\$229,512	\$262,592	\$252,695	\$284,381	\$283,238	\$297,596	\$308,970	\$312,586	\$339,540	\$339,540
Total Current Assets	\$1,254,644	\$1,314,759	\$1,341,545	\$1,370,051	\$1,470,382	\$1,565,144	\$1,611,136	\$1,785,439	\$1,956,723	\$1,789,535	\$1,979,248	\$2,438,934	\$2,438,934
Fixed Assets	\$749,133	\$735,361	\$720,637	\$703,443	\$689,765	\$758,814	\$729,655	\$725,260	\$702,222	\$673,351	\$662,937	\$630,774	\$630,774
Intangible Assets	\$653	\$653	\$653	\$653	\$653	\$653	\$653	\$653	\$653	\$653	\$3,867	\$3,867	\$3,867
Investment or Other Non-Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,728	\$11,844	\$11,994	\$11,994	\$11,994	\$11,994
Total Non-Current Assets	\$749,786	\$736,014	\$721,290	\$704,096	\$690,418	\$759,467	\$730,308	\$734,641	\$714,719	\$685,998	\$678,798	\$646,635	\$646,635
Total Assets	\$2,004,430	\$2,050,773	\$2,062,835	\$2,074,147	\$2,160,800	\$2,324,611	\$2,341,444	\$2,520,080	\$2,671,442	\$2,475,533	\$2,658,046	\$3,085,569	\$3,085,569
LIABILITIES													
Short Term Debt	\$68,047	\$66,725	\$64,537	\$65,407	\$68,244	\$66,124	\$77,733	\$90,152	\$92,163	\$83,594	\$85,427	\$95,498	\$95,498
Accounts Payable	\$155,740	\$161,474	\$162,546	\$159,184	\$161,314	\$189,266	\$158,341	\$184,693	\$198,819	\$235,029	\$268,674	\$382,297	\$382,297
Other Current Liabilities	\$214,220	\$222,139	\$223,195	\$218,127	\$221,070	\$261,786	\$218,637	\$255,029	\$552,978	\$324,687	\$371,150	\$528,351	\$528,351
Total Current Liabilities	\$438,007	\$450,338	\$450,278	\$442,718	\$450,628	\$517,176	\$454,711	\$529,874	\$843,960	\$643,310	\$725,251	\$1,006,146	\$1,006,146
Long Term Debt	\$405,397	\$441,088	\$355,789	\$276,648	\$334,408	\$374,808	\$330,375	\$428,468	\$492,937	\$356,005	\$420,498	\$516,894	\$516,894
Deferred Taxes	\$0	\$0	\$0	\$0	\$0	\$48,394	\$48,394	\$51,355	\$52,494	\$52,792	\$54,752	\$54,388	\$54,388
Other Non-Current Liabilities	-\$101,194	-\$126,750	-\$78,933	-\$25,378	-\$54,303	-\$91,106	-\$28,687	-\$62,553	-\$99,194	-\$38,535	-\$75,650	-\$110,421	-\$110,421
Total Non-Current Liabilities	\$304,203	\$314,338	\$276,856	\$251,270	\$280,105	\$332,096	\$350,082	\$417,270	\$446,237	\$370,262	\$399,600	\$460,861	\$460,861
Total Liabilities	\$742,210	\$764,676	\$727,134	\$693,988	\$730,733	\$849,272	\$804,793	\$947,144	\$1,290,197	\$1,013,572	\$1,124,851	\$1,467,007	\$1,467,007
EQUITY													
Retained Earnings	\$1,007,769	\$1,007,769	\$1,007,769	\$1,007,769	\$1,007,769	\$592,845	\$1,007,769	\$1,007,769	\$1,007,769	\$1,007,769	\$1,007,769	\$1,007,769	\$1,007,769
Current Earnings	\$205,441	\$228,831	\$277,571	\$323,955	\$366,971	\$414,304	\$10,184	\$46,706	\$121,046	\$200,407	\$271,910	\$353,819	\$353,819
Other Equity	\$620	\$620	\$620	\$620	\$620	\$415,544	\$459,453	\$459,453	\$190,429	\$189,415	\$188,393	\$186,638	\$186,638
Total Equity	\$1,213,830	\$1,237,220	\$1,285,960	\$1,332,344	\$1,375,360	\$1,422,693	\$1,477,406	\$1,513,928	\$1,319,244	\$1,397,591	\$1,468,072	\$1,548,226	\$1,548,226
Total Liabilities & Equity	\$1,956,040	\$2,001,896	\$2,013,094	\$2,026,332	\$2,106,093	\$2,271,965	\$2,282,199	\$2,461,072	\$2,609,441	\$2,411,163	\$2,592,923	\$3,015,233	\$3,015,233