Fathom

Consolidated Monthly Performance

Multi-Currency Group 2017-2018

Jul 2020

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Executive Summary

Actions

- Review rolling 12-month plan and forecast
- Review sales order pipeline
- Update shareholder agreements
- Award supplier contracts

Overview

Revenues for the current month are $1,969,979, which surpassed our goal of $196,252. We also increased our revenue from last month, which was $2,068,293.

Profitability margins this month were 19.84% versus last month's 35.13% due to cost saving measures. Notably the production facility reduced electrical consumption by twelve percent per roasted kilogram, while water consumption was reduced by twenty-six percent per kilo.

TOTAL REVENUE

Total Revenue $1,969,979 (This month target $196,252)

We reached our target revenue this month. Good job team!

Profitability

Profitability Ratio -53.55% (Last month -27.26%)

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

EXPENSES

Expenses $1,315,785 (This month budget $198,133)

Our expenses are greater than what we budgeted. Let's discuss ways to lower this number.

Consolidated Financials

PROFIT & LOSS	Jun 2020	Jul 2020	Budget (Jul 2020)	This month vs budget (%)
Revenue				
Group Sales				
Sales	$1,111,435	$992,567	$124,828	695.15%
Sales - Maintenance	$400,917	$406,517	$33,684	1,106.87%
Total Group Sales	**$1,512,352**	**$1,399,085**	**$158,511**	**782.64%**
Training Revenue				
Sales Training	$287,248	$296,474	$17,927	1,553.80%
Marketing Seminars	$268,693	$274,421	$19,814	1,284.99%
Total Revenue	**$2,068,293**	**$1,969,979**	**$196,252**	**903.80%**
Cost of Sales				
New Heading				
COS Goods	$1,341,709	$1,273,263	$56,928	2,136.62%
COS Other	$0	$305,861	$0	-
Total New Heading	**$1,341,709**	**$1,579,124**	**$56,928**	**2,673.90%**
Fixed COS	$0	$0	$0	-
Total Cost of Sales	**$1,341,709**	**$1,579,124**	**$56,928**	**2,673.90%**
Gross Profit Before Depreciation	**$726,584**	**$390,855**	**$139,324**	**180.54%**
Expenses				
Ad Hoc Expenses				
Intercompany Charges	$18,748	$19,160	$0	-
Insurance	$9,290	$9,572	$324	2,857.57%
Labour & OH Recovd	$27,870	$28,715	$971	2,857.57%
Total Ad Hoc Expenses	**$55,908**	**$57,446**	**$1,295**	**4,337.64%**
employee costs				
Agents Commission	$12,272	$10,196	$586	1,641.12%
Prof, Legal	$46,450	$47,858	$1,618	2,857.59%
Staff & Admin	$130,060	$134,002	$4,531	2,857.59%
Variable Expenses	$0	$0	$0	-
Total employee costs	**$188,783**	**$192,056**	**$6,735**	**2,751.81%**
Mkting & Advertising	$102,190	$105,287	$3,560	2,857.59%
Motor Vehicle Expenses	$74,320	$76,573	$2,342	3,168.91%
Payroll Items	$204,380	$210,575	$7,120	2,857.59%
Rents & Utilities	$111,480	$114,859	$3,514	3,168.92%
Repairs & Maintenanc	$65,030	$67,001	$2,265	2,857.58%
Telephone & Internet	$9,290	$9,572	$324	2,857.57%
Travel & Entertainmt	$56,664	$57,264	$3,236	1,669.43%
Other Expenses	$0	$0	$0	-
Total Expenses	**$868,046**	**$890,633**	**$30,390**	**2,830.65%**
Operating Profit Before Depn & Amort.	**($141,462)**	**($499,778)**	**$108,934**	**-558.79%**
Other Income				
Marketing Seminars	$18,555	$22,053	$0	-
Other Income	$50,171	$16,126	$0	-
Other Expenses				
Other Expenses	($27,286)	$168,080	$27,546	510.18%
EBITDA	**($45,450)**	**($629,679)**	**$81,388**	**-873.68%**
Total Depreciation & Amortisation	$518,378	$425,152	$167,743	153.45%
Earnings Before Interest & Tax	**($563,827)**	**($1,054,831)**	**($86,355)**	**-1,121.50%**

	Jun 2020	Jul 2020	Budget (Jul 2020)	This month vs budget (%)
Interest Income				
Interest Income	$422	$1,078	$0	-
Interest Expenses				
Interest Expenses	$76,038	$60,519	$0	-
Other Loan Interest	$0	$0	$0	-
Earnings Before Tax	**($639,443)**	**($1,114,272)**	**($86,355)**	**-1,190.33%**
Tax Expenses				
Tax Expenses	$77,732	$41,319	$0	-
Earnings After Tax	**($717,176)**	**($1,155,592)**	**($86,355)**	**-1,238.18%**
Adjustments				
Adjustments	($33,670)	($42,127)	$0	-
Net Income	**($683,505)**	**($1,113,465)**	**($86,355)**	**-1,189.40%**
Dividends				
Dividends	$182,815	$181,243	$0	-
Retained Income	**($866,320)**	**($1,294,708)**	**($86,355)**	**-1,399.28%**

Financials by Company

PROFIT & LOSS	Loop Clothing	Lutebox Agency	Master Homes	Moby's Restaurant	Murphy & Associates	Northcoast	Oceanic Freight	Other	Total
Revenue	$22,053	$301,837	$70,586	$188,704	$237,485	$172,299	$977,017	$0	$1,969,979
Cost of Sales	$186,964	$353,545	$279,677	$59,924	$129,368	$65,595	$504,052	$0	$1,579,124
Gross Profit	**($164,911)**	**($51,708)**	**($209,092)**	**$128,780**	**$108,117**	**$106,704**	**$472,965**	**$0**	**$390,855**
Expenses	$28,842	$400,907	$55,147	$189,344	$199,714	$111,202	$330,629	$0	$1,315,785
Operating Profit	**($193,753)**	**($452,614)**	**($264,238)**	**($60,565)**	**($91,598)**	**($4,499)**	**$142,337**	**$0**	**($924,930)**
Other Income	$27,839	$2,645	$1,863	$2,437	($12,063)	$1,535	$13,922	$0	$38,178
Other Expenses	$0	($379)	$57	$26,234	$121,761	$17,901	$2,505	$0	$168,080
Earnings Before Interest & Tax	**($165,913)**	**($449,591)**	**($262,432)**	**($84,362)**	**($225,422)**	**($20,865)**	**$153,753**	**$0**	**($1.05)M**
Interest Income	$0	$0	$1,078	$0	$0	$0	$0	$0	$1,078
Interest Expenses	$3,343	$0	$0	$0	$32,734	$145	$24,297	$0	$60,519
Earnings Before Tax	**($169,257)**	**($449,591)**	**($261,354)**	**($84,362)**	**($258,156)**	**($21,010)**	**$129,456**	**$0**	**($1.11)M**
Tax Expenses	$294	$7,718	($2,846)	$0	$0	($8,905)	$30,058	$15,000	$41,319
Earnings After Tax	**($169,551)**	**($457,308)**	**($258,508)**	**($84,362)**	**($258,156)**	**($12,105)**	**$99,398**	**($15,000)**	**($1.16)M**
Adjustments	$0	$0	$1,115	$0	($43,241)	$0	$0	$0	($42,127)
Net Income	**($169,551)**	**($457,308)**	**($259,623)**	**($84,362)**	**($214,915)**	**($12,105)**	**$99,398**	**($15,000)**	**($1.11)M**
Dividends	$7,551	$17,759	$10,630	$0	$82,027	$14,683	$48,594	$0	$181,243
Retained Income	**($177,102)**	**($475,067)**	**($270,253)**	**($84,362)**	**($296,941)**	**($26,788)**	**$50,805**	**($15,000)**	**($1.29)M**

BALANCE SHEET	Loop Clothing	Lutebox Agency	Master Homes	Moby's Restaurant	Murphy & Associates	Northcoast	Oceanic Freight	Other	Total
ASSETS									
Accounts Receivable	$477,339	$1,092,419	$1,606,760	$238,236	$247,206	$506,298	$1,968,065	$0	$6,136,324
Inventory	$214	$632,034	$1,626,388	$100,586	$1,866,694	$44,575	$1,264,180	$0	$5,534,670
Other Current Assets	$1,634,981	$526,176	$171,968	$957,727	$2,885,911	$1,442,052	$835,648	$0	$8,454,462
Total Current Assets	**$2,112,534**	**$2,250,629**	**$3,405,116**	**$1,296,549**	**$4,999,812**	**$1,992,925**	**$4,067,892**	**$0**	**$20,125,456**
Fixed Assets	$361,886	$338,273	$888,205	$19,789	$529,087	$1,356,115	$4,232,289	$0	$7,725,644
Intangible Assets	$54,353	$34,457	$42,582	$0	$18,785,242	$14,592	$343,274	$0	$19,274,500
Investments or Other Non-Current Assets	$855,200	$2,542,557	$1,798,700	$3,723,013	$5,096,287	$203,185	$5,840,150	$0	$20,059,092
Total Non-Current Assets	**$1,271,439**	**$2,915,287**	**$2,729,488**	**$3,742,801**	**$24,410,617**	**$1,573,891**	**$10,415,713**	**$0**	**$47,059,236**
Total Assets	**$3,383,973**	**$5,165,916**	**$6,134,603**	**$5,039,350**	**$29,410,428**	**$3,566,816**	**$14,483,605**	**$0**	**$67,184,692**
LIABILITIES									
Short Term Debt	$105,226	$5,701	$1,265,324	$0	$415,070	$20,888	$326,753	$0	$2,138,962
Accounts Payable	$1,853,031	$1,019,469	$830,999	$307,482	$647,591	$324,087	$2,157,753	$0	$7,140,413
Tax Liability	$3,472	$41,910	($63,639)	$114,992	$1,224	($19,660)	$160,521	$15,000	$253,818
Other Current Liabilities	$29,143	$533,206	$95,378	$235,937	$3,096,811	$56,325	$650,447	$0	$4,697,248
Total Current Liabilities	**$1,990,871**	**$1,600,286**	**$2,128,062**	**$658,412**	**$4,160,697**	**$381,640**	**$3,295,474**	**$15,000**	**$14,230,441**
Long Term Debt	$154,949	$1,194,550	$820,609	$702,872	$5,723,890	$357	$2,534,886	$0	$11,132,112
Deferred Taxes	($80,995)	($83,680)	($266,675)	$384,738	($84,034)	$263,450	($361,019)	$0	($228,214)
Other Non-Current Liabilities	$73,552	$126,549	$124,011	$897,504	$1,880,156	$75,471	$911,115	$0	$4,088,359
Total Non-Current Liabilities	**$147,506**	**$1,237,419**	**$677,945**	**$1,985,115**	**$7,520,012**	**$339,279**	**$3,084,981**	**$0**	**$14,992,257**
Total Liabilities	**$2,138,377**	**$2,837,705**	**$2,806,007**	**$2,643,526**	**$11,680,709**	**$720,919**	**$6,380,455**	**$15,000**	**$29,222,698**
EQUITY									
Retained Earnings	$457,749	$417,401	$1,123,871	($7.75)M	$1,603,623	$2,022,059	$3,701,366	$0	$1,579,787
Current Earnings	$32,291	$31,429	$67,998	($631,614)	($39,206)	$177,776	$200,702	($15,000)	($175,623)
Other Equity	$755,556	$1,879,381	$2,136,726	$10,773,720	$16,165,303	$646,061	$4,201,082	$0	$36,557,830
Total Equity	**$1,245,596**	**$2,328,211**	**$3,328,596**	**$2,395,824**	**$17,729,720**	**$2,845,897**	**$8,103,150**	**($15,000)**	**$37,961,994**
Total Liabilities & Equity	**$3,383,973**	**$5,165,916**	**$6,134,603**	**$5,039,350**	**$29,410,428**	**$3,566,816**	**$14,483,605**	**$0**	**$67,184,692**

Breakdown

Revenue breakdown by Company

Oceanic Freight	$977,017
Lutebox Agency	$301,837
Murphy & Associates	$237,485
Moby's Restaurant	$188,704
Northcoast	$172,299
Master Homes	$70,586
Loop Clothing	$22,053

Expenses breakdown by Company

Lutebox Agency	$400,907
Oceanic Freight	$330,629
Murphy & Associates	$199,714
Moby's Restaurant	$189,344
Northcoast	$111,202
Master Homes	$55,147
Loop Clothing	$28,842

EBIT breakdown by Company

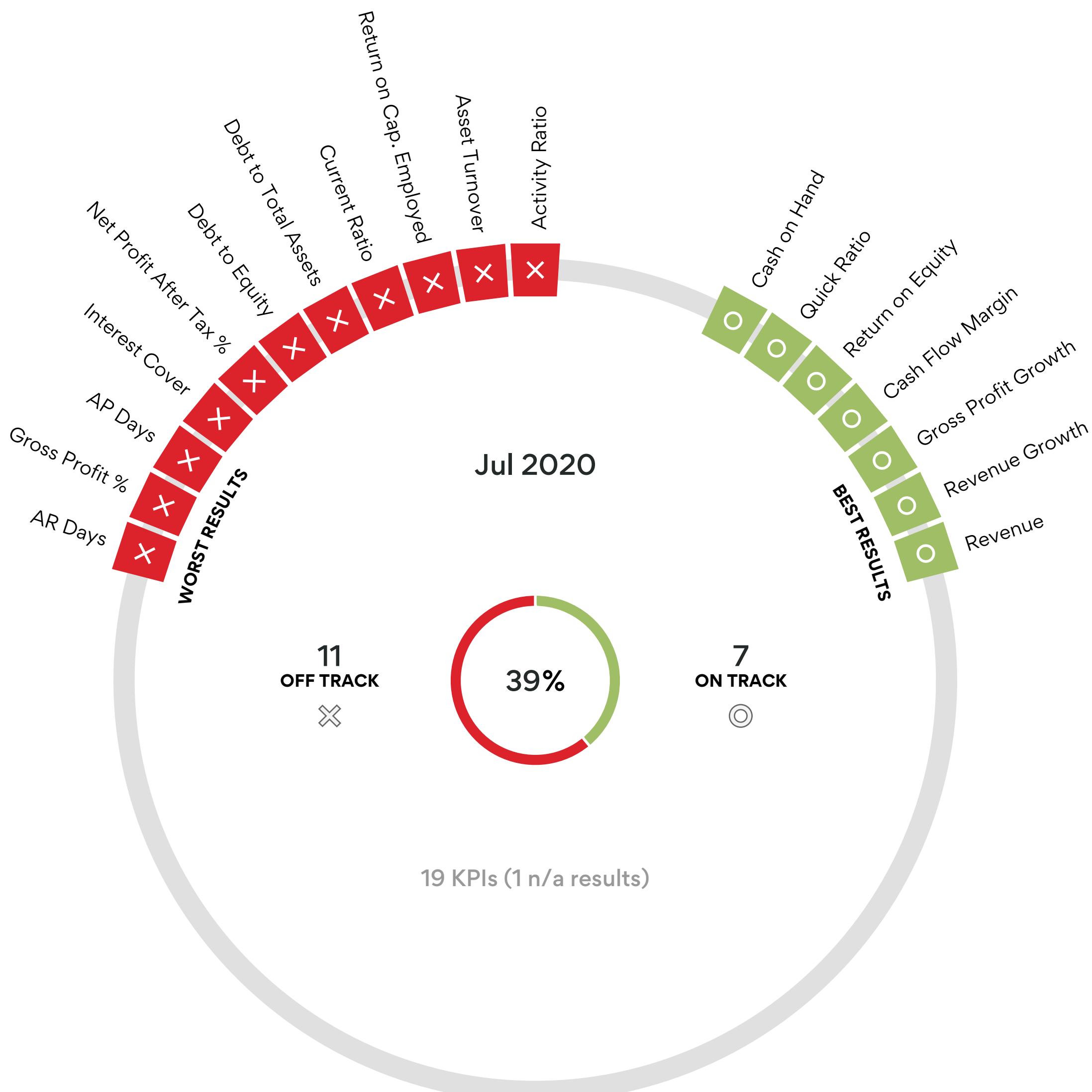
Oceanic Freight	$153,753
Northcoast	($20,865)
Moby's Restaurant	($84,362)
Loop Clothing	($165,913)
Murphy & Associates	($225,422)
Master Homes	($262,432)
Lutebox Agency	($449,591)

Total Current Liabilities breakdown by Company

Murphy & Associates	$4,160,697
Oceanic Freight	$3,295,474
Master Homes	$2,128,062
Loop Clothing	$1,990,871
Lutebox Agency	$1,600,286
Moby's Restaurant	$658,412
Northcoast	$381,640

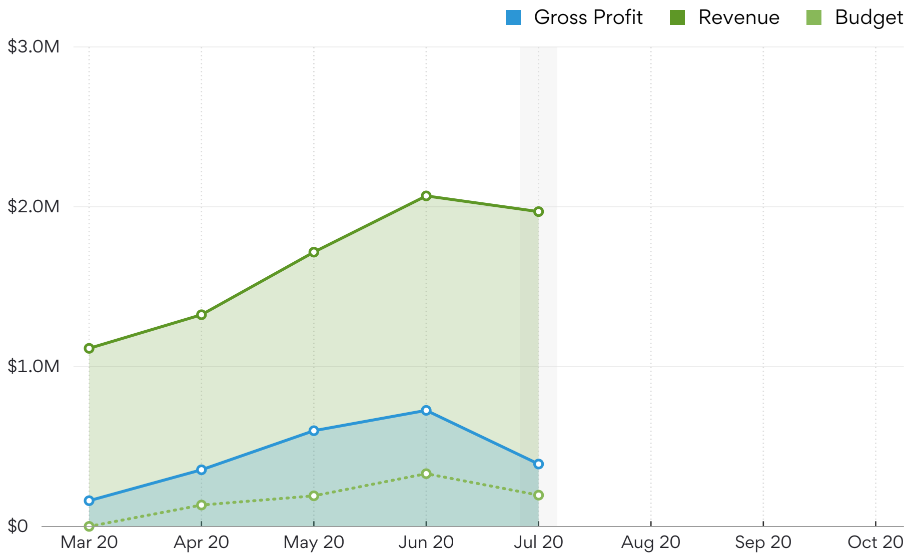
KPI Results

This chart shows KPIs sorted by degree of importance. KPIs are classified as either low, medium, high or critical importance.



Revenue & Expense Analysis

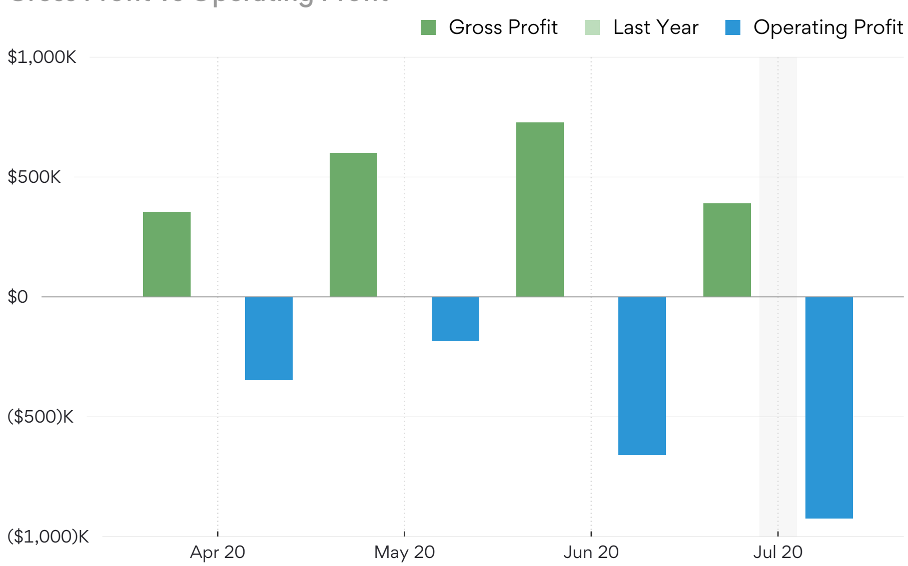
Revenue - Rolling 12 months



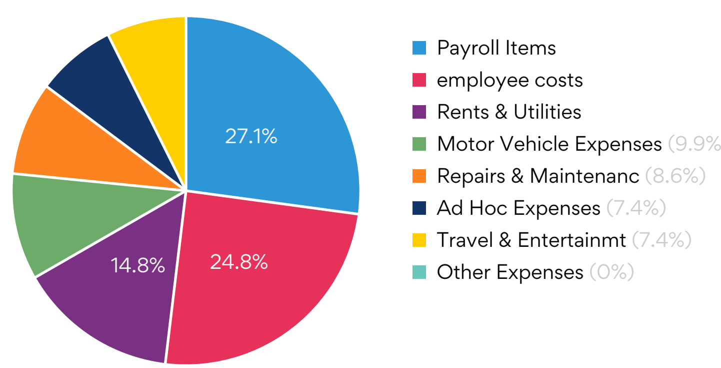
Expenses breakdown

Depreciation & Amortisation	$425,152
Payroll Items	$210,575
Staff & Admin	$134,002
Rents & Utilities	$114,859
Mkting & Advertising	$105,287
Motor Vehicle Expenses	$76,573
Repairs & Maintenanc	$67,001
Travel & Entertainmt	$57,264
Prof, Legal	$47,858
Labour & OH Recovd	$28,715

Gross Profit vs Operating Profit



Expenditure Mix



Cash Flow

OPERATING CASH FLOW

$1,661,022

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

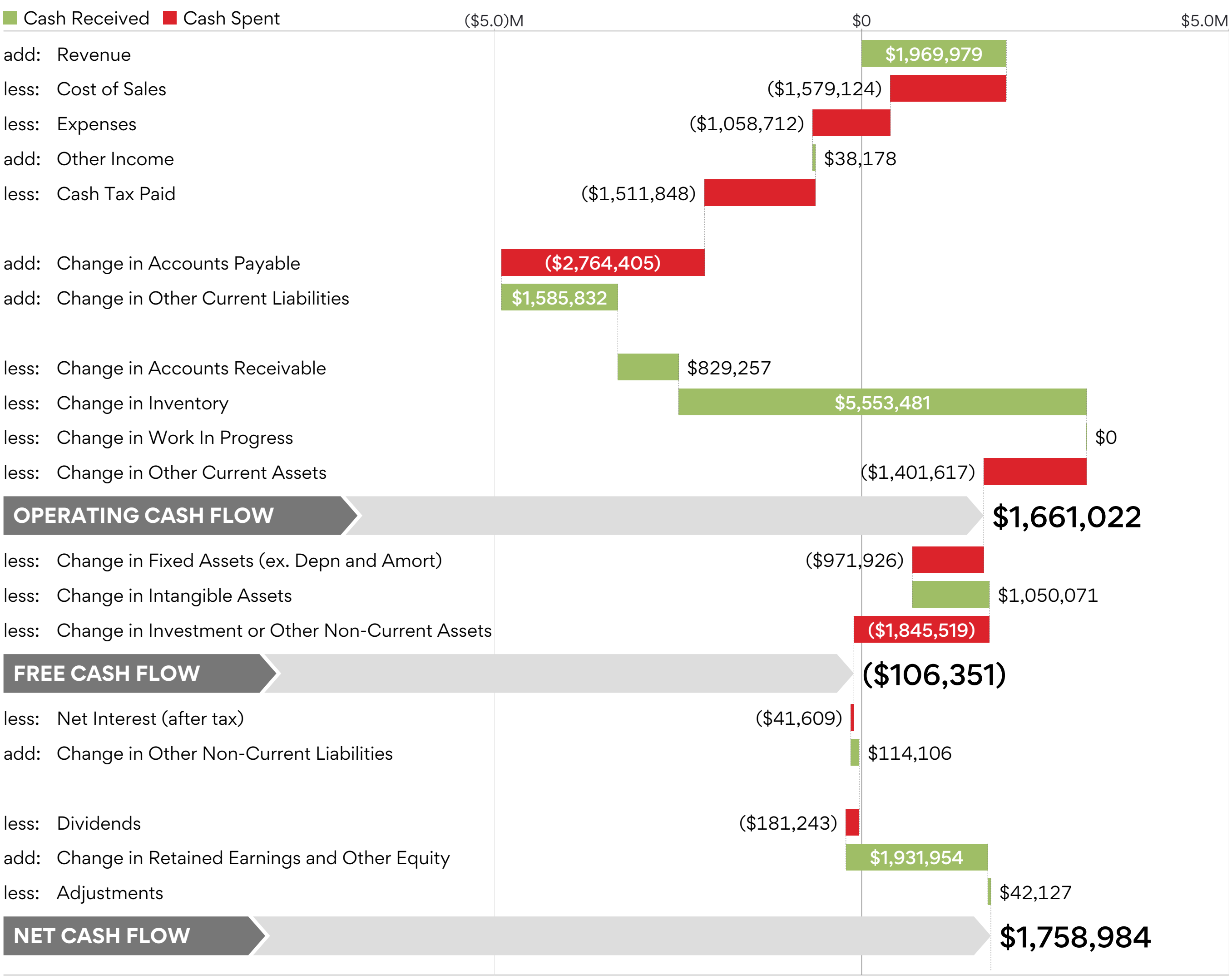
($106,351)

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

$1,758,984

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.

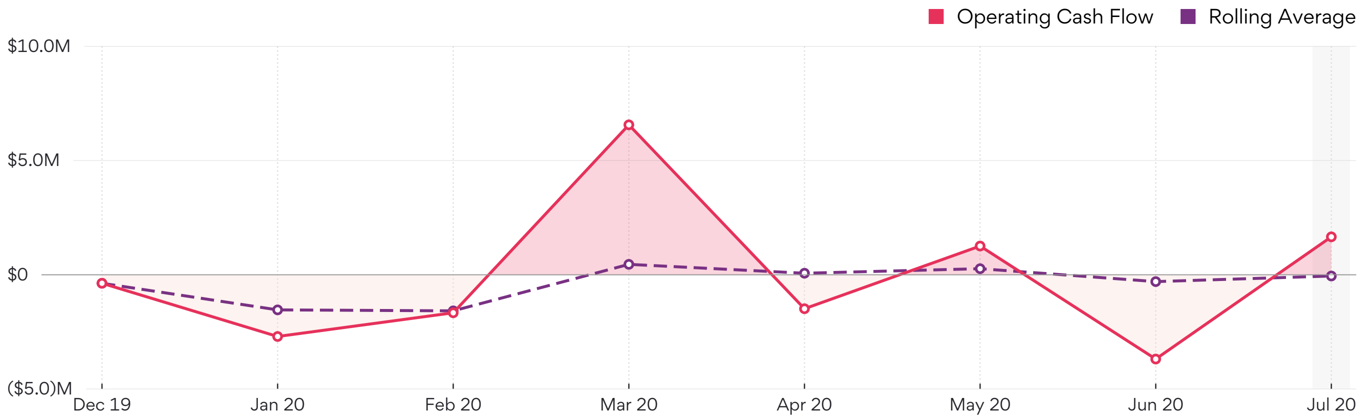


Net Cash Flow can also be calculated as:

Change in Cash on Hand $0 (Open: $0, Close: $0) — **Change in Debt** ($1,758,984) (Open: $15,030,057, Close: $13,271,074)

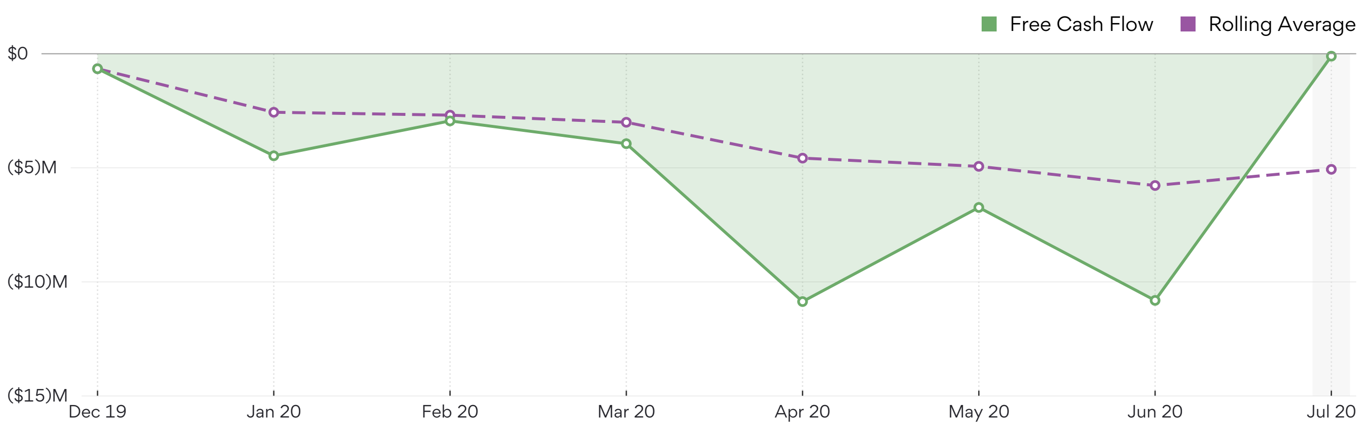
Cash Flow Charts

Operating Cash Flow



	Jul 2020	Apr 2020	May 2020	Jun 2020
Operating Cash Flow	$1,661,022	($1,486,254)	$1,257,877	($3,689,127)
Free Cash Flow	($106,351)	($10,861,961)	($6,737,243)	($10,810,283)
Net Cash Flow	$1,758,984	($2,750,285)	($1,889,875)	($2,284,546)
Cash on Hand	$0	$0	$0	$0

Free Cash Flow



KPIs Explained (Appendix)

Accounts Payable Days 140 days

A measure of how long it takes for the business to pay its creditors. A stable higher number of days is generally an indicator of good cash management. A longer time taken to pay creditors has a positive impact on Cash Flow. But an excessive lengthening in this ratio could indicate a problem with sufficiency of working capital to pay creditors. For this period, accounts payable days are below the target of 176 days.

Accounts Payable Days = Accounts Payable * Period Length / Cost of Sales

Accounts Receivable Days 97 days

A measure of how long it takes for the business to collect the amounts due from customers. A lower number indicates that it takes the business fewer days to collect its accounts receivable. A shorter time to collect debtors has a positive impact on Cash Flow. A higher number indicates that it takes longer to collect its accounts receivable. For this period, accounts receivable days are above the maximum target of 40 days.

Accounts Receivable Days = Accounts Receivable * Period Length / Revenue

Activity Ratio 0.42 times

A measure of the efficiency or effectiveness with which the business manages its resources or assets. This measure indicates the speed with which Net Operating Assets (Equity + Debt) are converted or turned into sales. This can be improved by optimising balance sheet efficiency, ie. by reducing the investment in working capital, selling-off any unused assets or by seeking ways to maximise the use of assets. For this period, the activity ratio is less than the target of 0.50 times.

Activity Ratio = Annualised Revenue / Total Invested Capital

Asset Turnover 0.35 times

A measure of how effectively the business has used its assets to generate revenue. The business makes $34.52 of sales for every $100 of its asset investment. The higher the number the better the turnover. Ways to improve this metric include increasing sales using the same asset base, using capital more efficiently, and/or improve cash management by reducing inventory and receivables. For this period, the Asset Turnover is less than the target of 0.44 times.

Asset Turnover = Annualised Revenue / Total Assets

Cash Flow Margin 84.32%

A measure of the company’s ability to turn sales into cash. The business converts each $100 of sales into $84.32 of Operating Cash Flow. For this period, the Cash Flow Margin exceeded the target of 81.82%.

Cash Flow Margin = Operating Cash Flow / Revenue * 100

Cash on Hand $0

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 $0 of cash and cash equivalents. Cash on Hand is below the required target of $0. Insufficient cash reserves may result in an inability to pay creditors and cover current liabilities.

Cash on Hand = Cash & Equivalents

Current Ratio 1.41:1

A measure of liquidity. This measure compares the totals of the current assets and current liabilities. The higher the current ratio, the greater the 'cushion' between current obligations and the business's ability to pay them. Generally a current ratio of 2 or more is an indicator of good short-term financial strength. In other words, the current assets of the business should be at least double the current liabilities. For this period, the current ratio was 1.41:1, down from 1.41:1 last period and below the minimum target of 1.96:1.

Current Ratio = Total Current Assets / Total Current Liabilities

NA Debt Payback

A measure of the number of years for the business to repay total debt from after tax earnings. The lower result indicates that the company is in a better position to rapidly repay its debt.

Debt Payback = Total Debt / (Annualised Earnings After Tax)

Debt to Equity 34.96%

A measure of the proportion of funds that have either been invested by the owners (equity) or borrowed (debt) and used by the business to finance its assets. An appropriate mix of debt financing and equity financing will vary for each industry and business. Management are responsible to ensure that an appropriate balance between the two sources of financing is maintained. To improve this ratio, management can seek to internally generate profits and retain these profits to fund future growth, rather than borrowing additional funds. For each $100 of equity supplied by shareholders, the business is carrying $34.96 of debt. For this period, the debt to equity ratio is above the target of 28.62%.

Debt to Equity = Total Debt / Total Equity * 100

Debt to Total Assets 19.75%

A measure of the proportion of the business's assets that are financed through debt. The funds to pay for 19.75% of the business's assets have been supplied by creditors. For this period, the debt to total assets ratio is above the set target of 13.97%.

Debt to Total Assets = Total Debt / Total Assets * 100

Gross Profit Growth -46.21%

A measure of the percentage change in gross profit for the period. For this period, gross profit growth of -46.21% exceeded the target of -51.91%.

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

Gross Profit Margin 19.84%

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 $19.84 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 below the required target of 70.99%.

Gross Profit Margin = Gross Profit / Revenue * 100

Interest Cover -17.75 times

A measure of the ability to service its interest payments from the profits earned by the business. A result of more than 2 is generally considered to be safe, but businesses with volatile earnings may require a higher level of cover. A lower result indicates that the business is more burdened by debt expense. A lower result may also identify the potential risk that profits will be insufficient to cover interest payments. A high result may indicate that the business can easily meet its interest obligations. For this period, interest cover is less than the safety target of 2.00 times.

Interest Cover = Earnings Before Interest & Tax / (Interest Expenses - Interest Income)

Net Profit After Tax Margin -58.66%

A measure of the proportion of revenue that is left after all expenses have been paid. The business makes ($58.66) of net profit for every $100 it generates in revenue. For this period, the Net Profit After Tax margin is below the required target. This may indicate cost blowouts that require efficiency improvements.

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

Quick Ratio 0.43:1

The Quick Ratio measures the availability of assets which can quickly be converted into cash to cover current liabilities. Inventory and other less liquid current assets are excluded from this calculation. The Quick Ratio is a measure of the ability to pay short-term creditors immediately from liquid assets. A quick ratio of 1:1 or more is considered 'safe'. For this period, the quick ratio was 0.43:1, up from 0.39:1 last period and above the minimum target of 0.36:1.

Quick Ratio = (Cash & Equivalents + Accounts Receivable) / Total Current Liabilities

Return on Capital Employed -22.54%

A measure of the efficiency and profitability of capital investment (ie. funds provided by shareholders & lenders). ROCE monitors the relationship between the capital ('inputs') used by the business and the earnings ('outputs') generated by the business. ROCE is arguably one of the most important performance measures. The higher the result the greater the return to providers of capital. For this period, the business has generated a ROCE of -22.54%. This return is less than the target of -22.14%.

Return on Capital Employed = Annualised Earnings Before Interest & Tax / Total Invested Capital * 100

Return on Equity -35.12%

A measure of how effectively the business has used the resources provided by its owners to generate profits. The higher the ratio the greater the rate of return for shareholders. For this period, the business has generated a Return on Equity of -35.12%. This return exceeds the target of -35.54%.

Return on Equity = Annualised Net Income / Opening Total Equity * 100

Revenue Growth -4.75%

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 -4.75% exceeded the target growth of -40.64%.

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