GREEN EATS
CAFE & RESTAURANT

Monthly Performance Report

Green Eats

Jun 2018

Executive Summary

Overall the results for this month are positive. Sales ($569,621 this month) have increased during the past 3 consecutive months. The primary drivers of this increase have been takeaway lunch meals and beverage sales. We assume beverage sales are up due to the warm weather we've been seeing this summer.

Customer satisfaction (92% this month) is also positive, which is of vital importance for driving repeat customer business. 17% of our sales this month were by repeat customers, nearing our customer loyalty target of 25%.

Some major expense categories are trending upwards, which requires monitoring. To improve expense management we are considering undertaking a cost audit soon. Specifically a review of the following operating costs: Marketing ($6,195 this month), Labor (28% of Sales this month) and Food costs (23% of sales this month).

Dinner bookings remain at a high levels. But limited floor space at our current venue will restrict bookings during weekends and other busy periods. As the business is committed to its current lease, expanding into larger premises is not currently an option. Our challenge is to improve margins and increase sales through greater restaurant patronage during off-peak times. However, currently our Rent sits at just 6% of Sales, which is quite impressive, and speaks to the affordability of our current space.

This month welcomes the commencement of bike services to deliver coffee to doorsteps across three Seattle suburbs. New sales training initiatives are planned for next month, to promote these new services.

Actions

- Review rolling 12 month plan and forecast
- Review sales order pipeline
- Update shareholders agreements
- Award vendor contracts

Observations

REVENUE

Total Revenue $569,621 (Last month $540,162)
Positive trend upwards. Strategies to improve the activity ratio include seeking ways to optimise the balance sheet, ie. by reducing the investment in working capital, selling-off any unused assets or by increasing sales using the same asset base.

PROFITABILITY

Profitability Ratio 7.89% (Last month 3.48%)
Positive trend upwards. Strategies to improve profitability include: increasing price, increasing sales volume, reducing cost of sales and reducing operating expenses.

EFFICIENCY

Return on Capital Employed 25.13% (Last month 10.96%)
Positive trend upwards. A higher ROCE% is favourable, indicating that the business generates more earnings per $1 of capital employed.

CASH FLOW

Free Cash Flow $289,785
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.

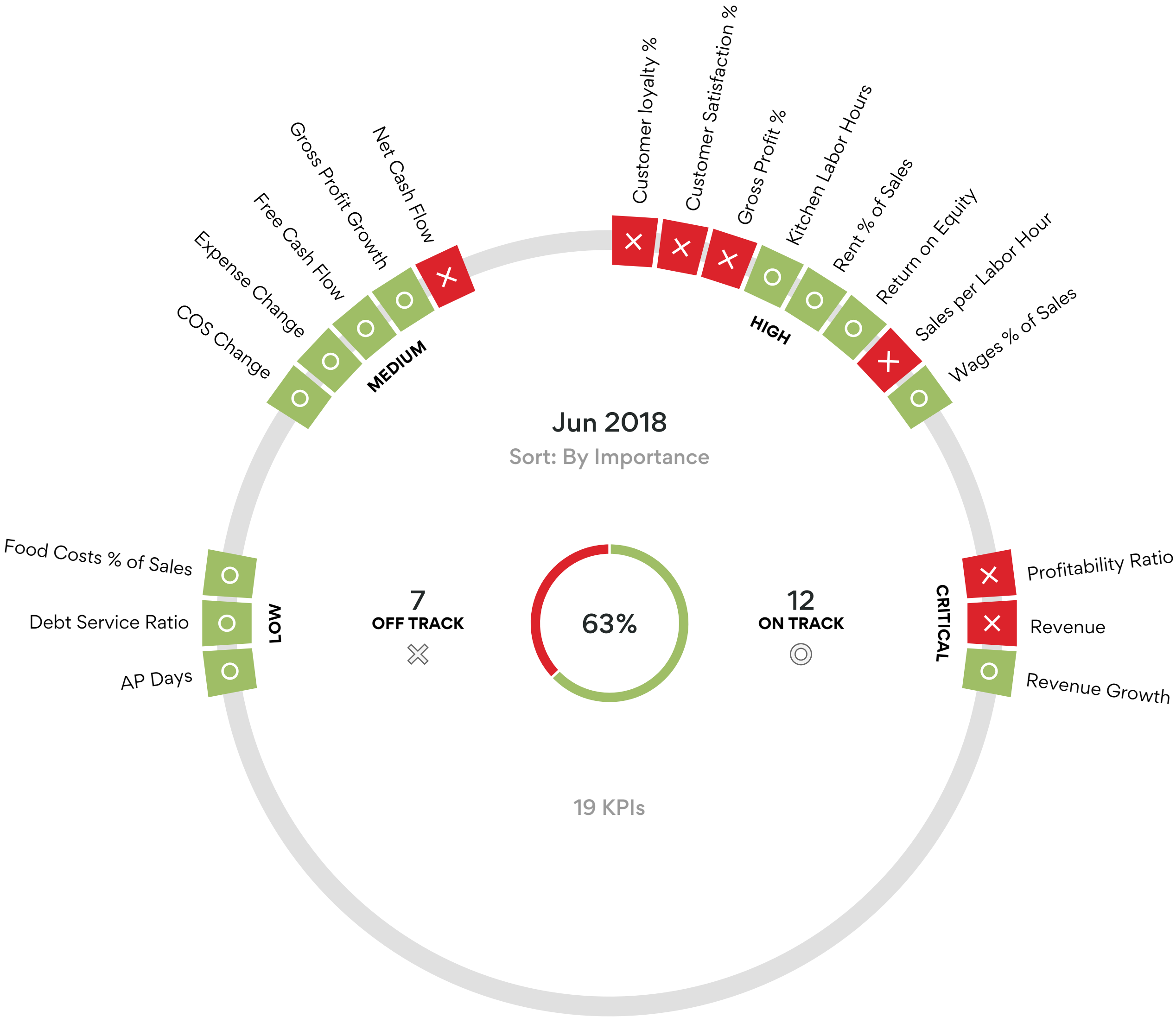
KPI Results

	RESULT	TARGET		TREND		IMPORTANCE
A NON-FINANCIALS	JUN 2018			vs MAY 2018		
Customer Satisfaction %	92%	95%	✗	▼	-1%	High
Customer loyalty %	17%	25%	✗	▼	-1%	High
Kitchen Labor Hours *	64	70	✓	▲	4	High
B EXPENSE RATIOS						
Food Costs % of Sales *	23%	25%	✓	▼	0%	Low
Wages % of Sales *	28%	30%	✓	▼	-2%	High
Rent % of Sales *	6%	10%	✓	▼	0%	High
C PROFITABILITY						
Total Revenue	$569,621	$641,852	✗	▲	5.5%	Critical
Gross Profit Margin	73.7%	73.78%	✗	▲	2.64%	High
Profitability Ratio	7.89%	30.75%	✗	▲	4.41%	Critical
Sales per Labor Hour	$8,900	$9,000	✗	▼	-1.1%	High
D CASH FLOW						
Free Cash Flow	$289,785	$193,745	✓	▲	194.5%	Medium
Net Cash Flow	$291,766	$300,000	✗	▲	155.5%	Medium
E GROWTH						
Revenue Growth	5.45%	0.25%	✓	▲	6.57%	Critical
COS Change *	-4.15%	0.24%	✓	▼	-10.38%	Medium
Expense Change *	3.39%	4.56%	✓	▲	7.96%	Medium
Gross Profit Growth	9.37%	0.25%	✓	▲	13.2%	Medium
F ACTIVITY						
Accounts Payable Days	77 days	0 days	✓	▲	24 days	Low
G EFFICIENCY						
Return on Equity	35.35%	15%	✓	▲	20.04%	High
H COVERAGE						
Debt Service Ratio *	0.17 Yrs	1.50 Yrs	✓	▼	-0.27 Yrs	Low

* For this metric, a result below target is favourable

On-Track KPIs

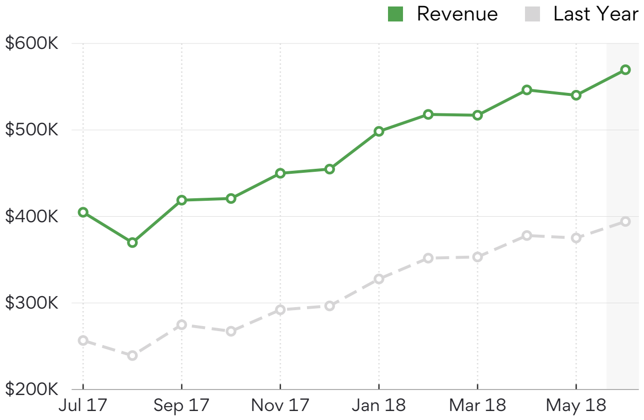
This chart shows KPIs grouped by importance levels.



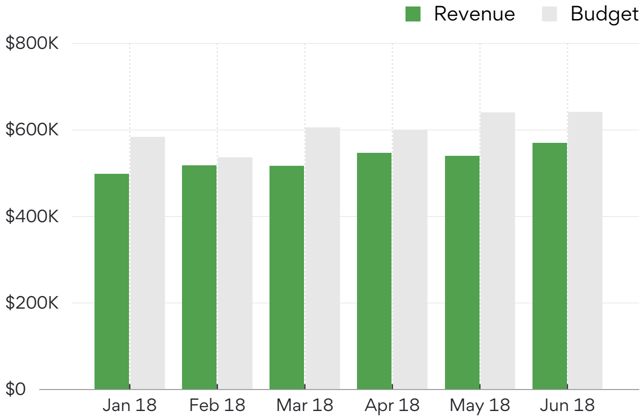
Revenue Analysis

TOTAL REVENUE	TOTAL REVENUE (Jun 17)	TARGET
$569,621	$394,242	$641,852

This year vs last year

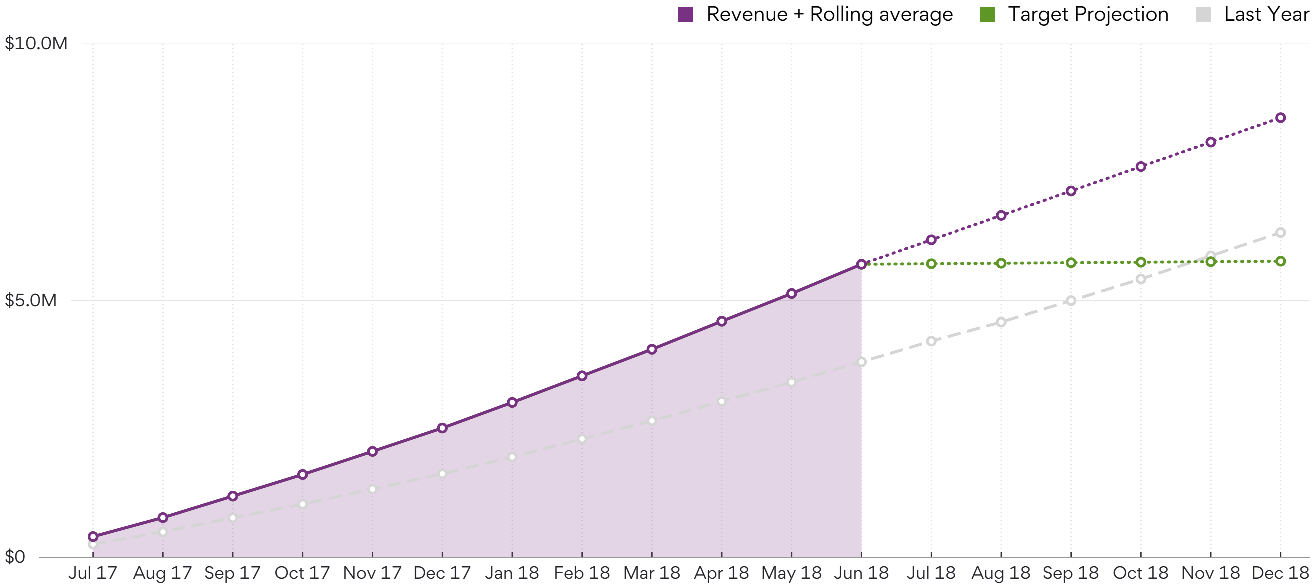


Last 6 months vs Budget



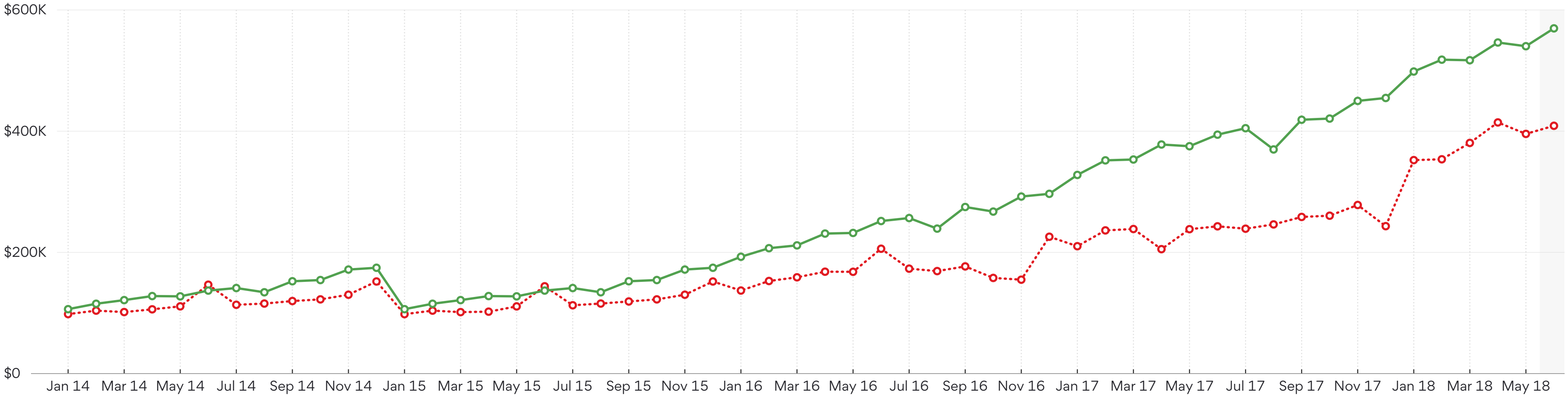
YTD REVENUE (2017/2018)	YTD TARGET (2017/2018)	LAST YEAR (2016/2017)
$5,708,497	$3,667,695 Target	$3,807,036

Cumulative Revenue



Revenue & Expenses

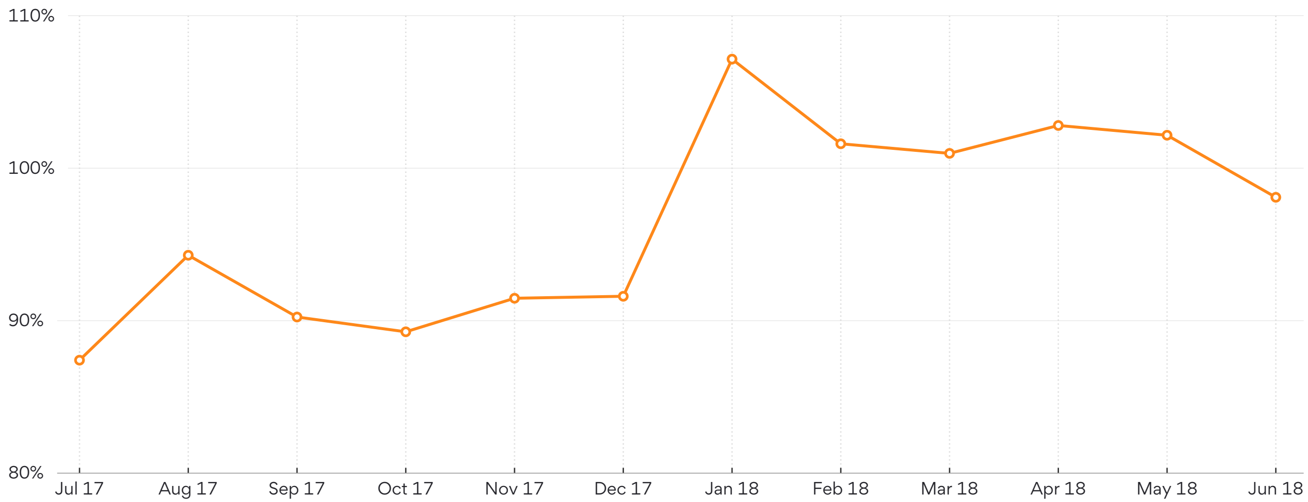
Revenue & Expenses for all time



Top 10 Expenses

Labor	$160,400
Salaries & Wages	$93,118
Income Tax Expense	$39,530
Rent	$36,681
Advertising & Promotions	$13,295
Contractors	$13,263
General Expenses	$9,281
Telephone & Internet	$9,255
Consulting Fees	$9,047
Training & Education	$6,735

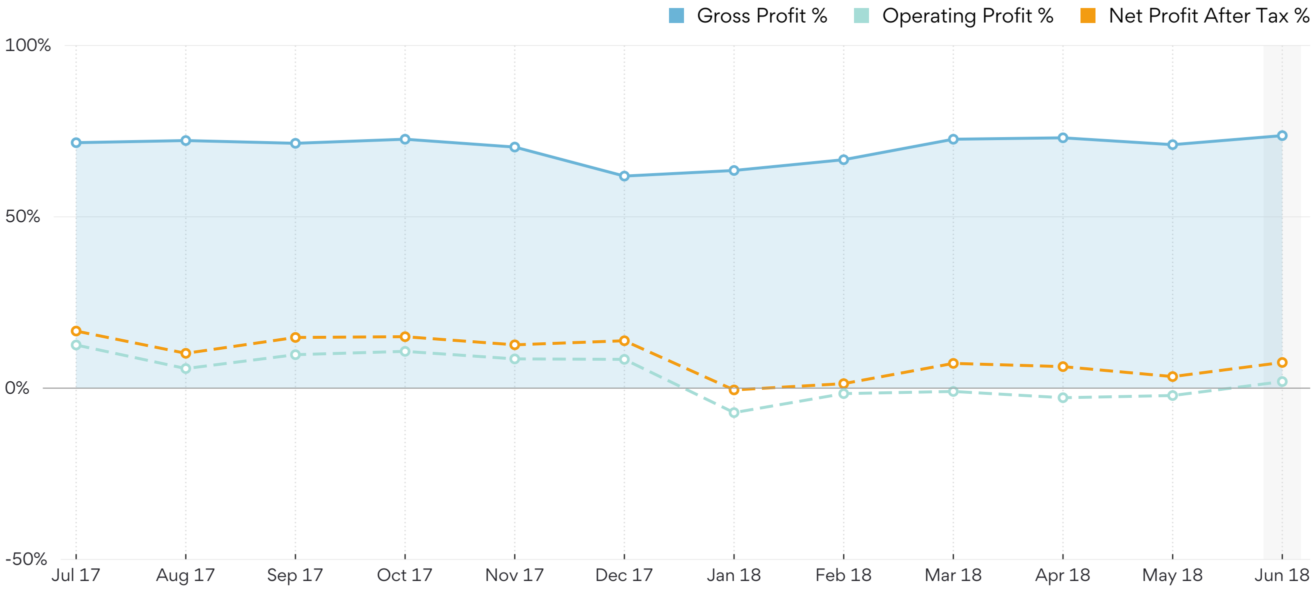
Expense-to-Revenue Ratio



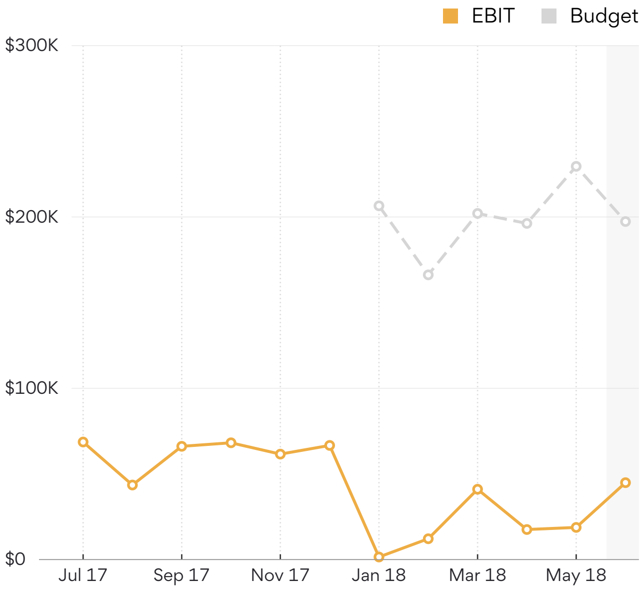
Profitability Margins

	Jun 2018	% of Revenue	Mar 2018	Apr 2018	May 2018
Gross Profit	$419,786	73.7%	$375,614	$399,126	$383,838
Operating Profit	$10,900	1.9%	-$4,997	-$15,300	-$11,647
Earnings Before Interest & Tax	$44,917	7.9%	$41,066	$17,565	$18,792
Earnings After Tax	$42,654	7.5%	$37,347	$34,299	$18,177

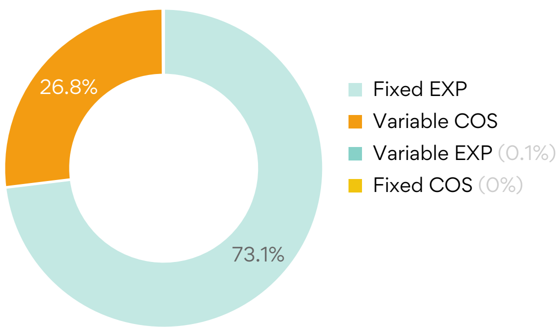
% Margins



EBIT vs Budget



Expenditure Mix



Profitability

REVENUE

$569,621

▲ 5.5% from last month

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

EXPENSES TO REVENUE RATIO

98.09%

▼ -4.07% from last month

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

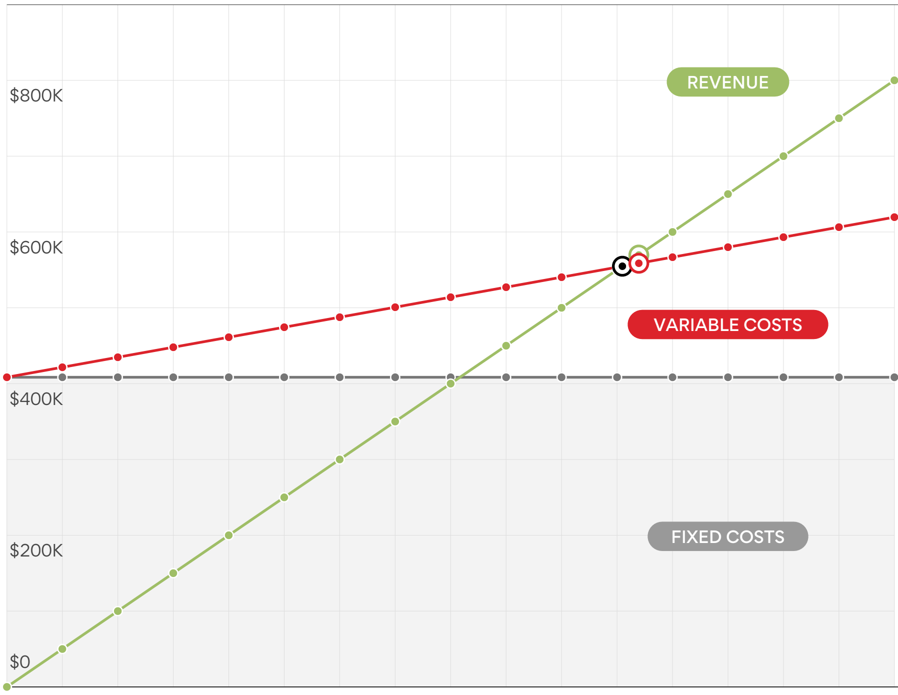
MARGIN OF SAFETY

$14,808

▲ 190.2% from last month

The breakeven safety margin represents the gap between the actual revenue level and the breakeven point.

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



REVENUE

$569,621

TOTAL COSTS

$558,721

BREAKEVEN POINT

$554,813

MARGIN OF SAFETY

$14,808

VARIABLE COSTS

$0.26 PER $1 OF REVENUE

FIXED COSTS

$408,386

Cash Flow

OPERATING CASH FLOW

$258,109

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

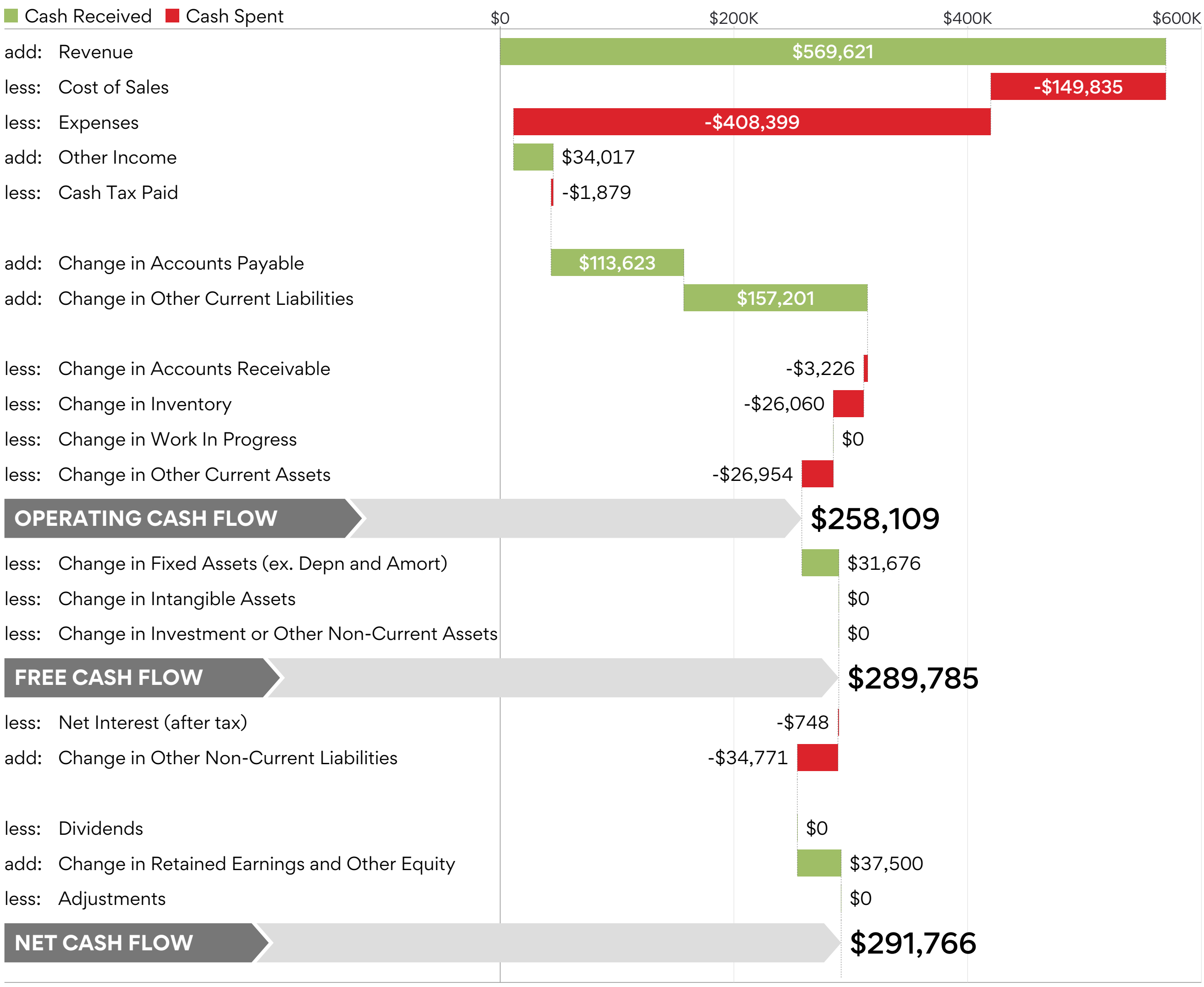
$289,785

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)

Financial Statements

PROFIT & LOSS	Jun 2018	Budget	Budget Variance ($)	Budget Variance (%)
Revenue				
Sales	$569,621	$641,852	-$72,231	-11.25%
Cost of Sales				
Freight	$3,112	$148,323	-$145,211	-97.90%
Commissions	$14,108	$4,220	$9,888	234.31%
Food Costs	$132,615	$15,779	$116,836	740.45%
Total Cost of Sales	**$149,835**	**$168,322**	**-$18,487**	**-10.98%**
Gross Profit	**$419,786**	**$473,530**	**-$53,744**	**-11.35%**
Expenses				
Accounting & Legal	$1,333	$110,454	-$109,121	-98.79%
Advertising & Promotions	$13,295	$1,333	$11,962	897.37%
Bank Fees	$500	$21,247	-$20,747	-97.65%
Consulting Fees	$9,047	$0	$9,047	–
Contractors	$13,263	$11,738	$1,525	12.99%
Depreciation & Amortisation	$487	$22,509	-$22,022	-97.84%
General Expenses	$9,281	$15,135	-$5,854	-38.68%
Income Tax Expense	$39,530	$16,403	$23,127	140.99%
Insurance	$5,795	$5,603	$192	3.43%
Lighting & Power	$265	$6,606	-$6,341	-95.99%
Loan Interest	$136	$800	-$664	-83.00%
Marketing	$6,195	$0	$6,195	–
Online Advertising	$1,753	$14,120	-$12,367	-87.58%
Postage	$67	$8,417	-$8,350	-99.20%
Print Advertising	$0	$67	-$67	-100.00%
Printing & Stationery	$159	$0	$159	–
Rent	$36,681	$160	$36,521	22,825.63%
Repairs & Maintenance	$278	$41,026	-$40,748	-99.32%
Salaries & Wages	$93,118	$1,600	$91,518	5,719.88%
Telephone & Internet	$9,255	$0	$9,255	–
Training & Education	$6,735	$1,003	$5,732	571.49%
Utilities	$471	$11,567	-$11,096	-95.93%
Website	$759	$921	-$162	-17.59%
Worker's Compensation	$83	$2,733	-$2,650	-96.96%
Labor	$160,400	$0	$160,400	–
Total Expenses	**$408,886**	**$293,442**	**$115,444**	**39.34%**
Operating Profit	**$10,900**	**$180,088**	**-$169,188**	**-93.95%**
Other Income				
Other Revenue	$34,017	$17,267	$16,750	97.01%
Earnings Before Interest & Tax	**$44,917**	**$197,355**	**-$152,438**	**-77.24%**
Interest Income				
Interest Income	-$1,068	$1,284	-$2,352	-183.18%
Earnings Before Tax	**$43,849**	**$198,639**	**-$154,790**	**-77.93%**
Tax Expenses				
Payroll Tax	$452	$3,328	-$2,876	-86.42%
Tax Expense	$743	$667	$76	11.39%
Earnings After Tax	**$42,654**	**$194,644**	**-$151,990**	**-78.09%**
Retained Income	**$42,654**	**$194,644**	**-$151,990**	**-78.09%**

Summary Balance Sheet

BALANCE SHEET	Jun 2018	May 2018	Variance $	Variance %
ASSETS				
Cash & Equivalents	$1,599,532	$1,196,086	$403,446	33.73%
Accounts Receivable	$148,191	$144,965	$3,226	2.23%
Inventory	$351,671	$325,611	$26,060	8.00%
Other Current Assets	$339,540	$312,586	$26,954	8.62%
Total Current Assets	**$2,438,934**	**$1,979,248**	**$459,686**	**23.23%**
Fixed Assets	$630,774	$662,937	-$32,163	-4.85%
Intangible Assets	$3,867	$3,867	$0	0.00%
Investment or Other Non-Current ...	$11,994	$11,994	$0	0.00%
Total Non-Current Assets	**$646,635**	**$678,798**	**-$32,163**	**-4.74%**
Total Assets	**$3,085,569**	**$2,658,046**	**$427,523**	**16.08%**
LIABILITIES				
Short Term Debt	$95,498	$85,427	$10,071	11.79%
Accounts Payable	$382,297	$268,674	$113,623	42.29%
Other Current Liabilities	$528,351	$371,150	$157,201	42.36%
Total Current Liabilities	**$1,006,146**	**$725,251**	**$280,895**	**38.73%**
Long Term Debt	$516,894	$420,498	$96,396	22.92%
Deferred Taxes	$54,388	$54,752	-$364	-0.66%
Other Non-Current Liabilities	-$110,421	-$75,650	-$34,771	-45.96%
Total Non-Current Liabilities	**$460,861**	**$399,600**	**$61,261**	**15.33%**
Total Liabilities	**$1,467,007**	**$1,124,851**	**$342,156**	**30.42%**
EQUITY				
Retained Earnings	$1,007,769	$1,007,769	$0	0.00%
Current Earnings	$353,819	$271,910	$81,909	30.12%
Other Equity	$186,638	$188,393	-$1,755	-0.93%
Total Equity	**$1,548,226**	**$1,468,072**	**$80,154**	**5.46%**
Total Liabilities & Equity	**$3,015,233**	**$2,592,923**	**$422,310**	**16.29%**

KPIs Explained

Accounts Payable Days 77 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 above the target of 0 days.

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

COS Change -4.15%

A measure of the percentage change in total cost of sales for the period. A significant increase in cost of sales may indicate the erroding of margins and should prompt action. While growing revenues, management need to monitor expense growth to ensure disciplined growth. For this period, expense growth of -4.15% was below the target of 0.24%.

COS Change = (Cost of Sales - Prior Cost of Sales) / Prior Cost of Sales * 100

Customer loyalty % 17%

Percentage of purchases made by repeat cusomers

Customer Satisfaction % 92%

Debt Service Ratio 0.17 Yrs

A measure of the number of years for the business to repay total debt from free cash flow. The lower result indicates that the company is in a better position to rapidly repay its debt. For this period, the debt service ratio is less than the target of 1.50 Yrs.

Debt Service Ratio = Total Debt / (Annualised Free Cash Flow)

Expense Change 3.39%

A measure of the percentage change in total expenses for the period. While growing revenues, management need to monitor expenses. A significant increase in expenses may indicate the erroding of margins and should prompt action. For this period, expense growth of 3.39% was below the target of 4.56%.

Expense Change = (Expenses - Prior Expenses) / Prior Expenses * 100

Food Costs % of Sales 23%

Food Costs % of Sales = (Food Costs / Revenue) * 100

Free Cash Flow $289,785

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.

Free Cash Flow = Operating Cash Flow - (Total Non - Current Assets - Opening Total Non - Current Assets + Depreciation + Depreciation & Amortisation)

Gross Profit Growth 9.37%

A measure of the percentage change in gross profit for the period. For this period, gross profit growth of 9.37% exceeded the target of 0.25%.

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

✕ Gross Profit Margin 73.7%

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 $73.70 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 73.78%.

Gross Profit Margin = Gross Profit / Revenue * 100

✓ Kitchen Labor Hours 64

✕ Net Cash Flow $291,766

Net cash flow is the cash flow remaining after operating, investing and financing activities. Financing activities may include cash outflows such as interest payments to lenders or dividend payments to shareholders.

Net Cash Flow = Free Cash Flow - Net Interest + (Net Interest * (Tax Rate / 100)) - Dividends - Adjustments + (Other Non - Current Liabilities - Opening Other Non - Current Liabilities) + (Other Equity - Opening Other Equity) + (Retained Earnings - Opening Retained Earnings) + (Current Earnings - Opening Current Earnings) - Retained Income

✕ Profitability Ratio 7.89%

A measure of the proportion of revenue that is left after deducting all expenses. This excludes finance costs and tax expenses. The business makes $7.89 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 below the required target of 30.75%.

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

✓ Rent % of Sales 6%

Rent % of Sales = (Rent / Revenue) * 100

✓ Return on Equity 35.35%

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 35.35%. This return exceeds the target of 15%.

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

✓ Revenue Growth 5.45%

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 5.45% exceeded the target growth of 0.25%.

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

✕ Sales per Labor Hour $8,900

Sales per Labor Hour = Revenue / Kitchen Labor Hours

✕ Total Revenue $569,621

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 $569,621. 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 $641,852.

Total Revenue = Revenue