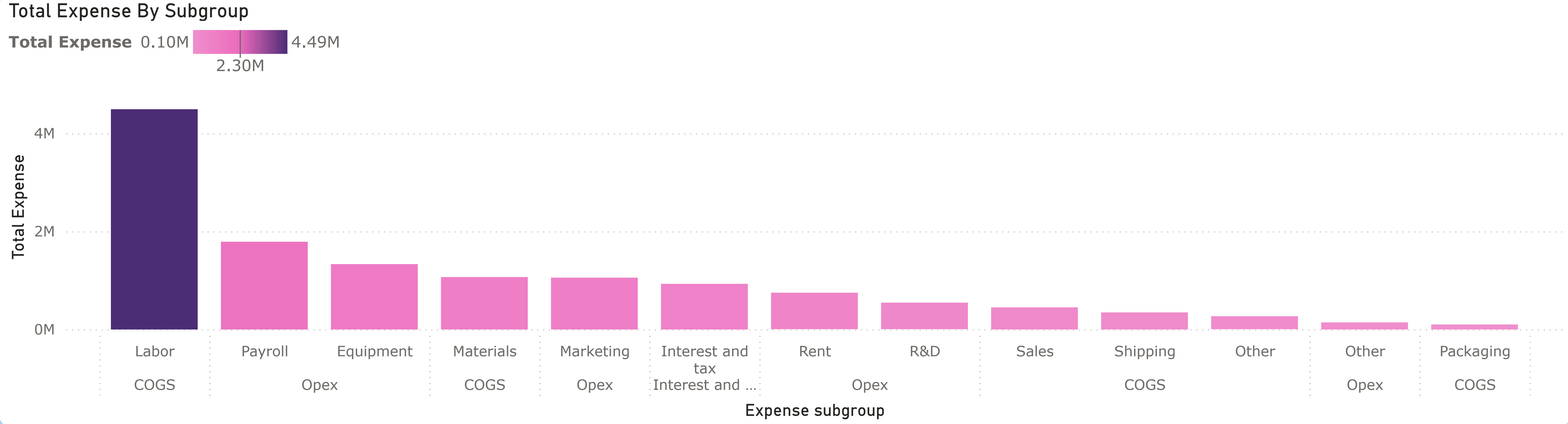
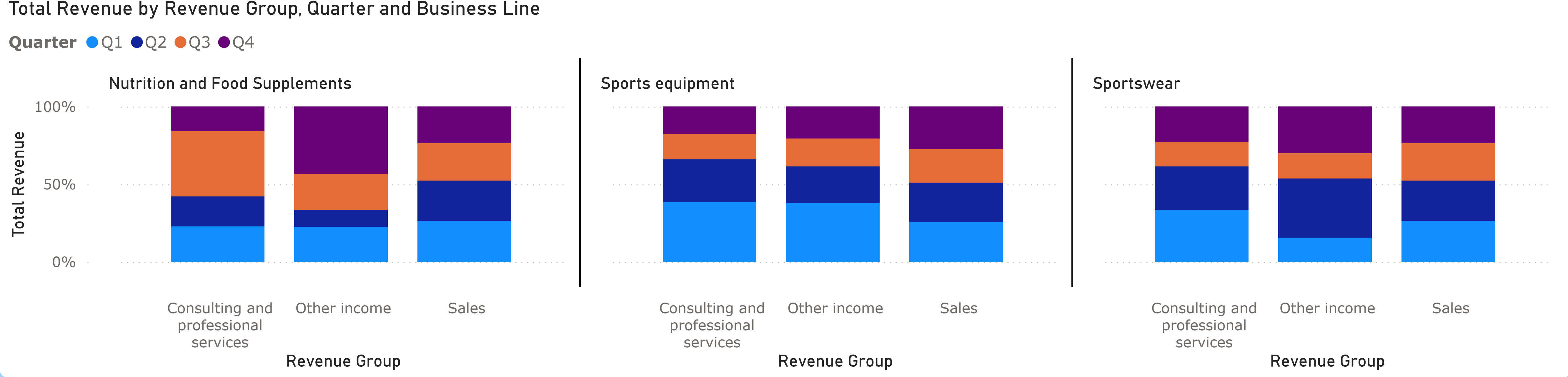
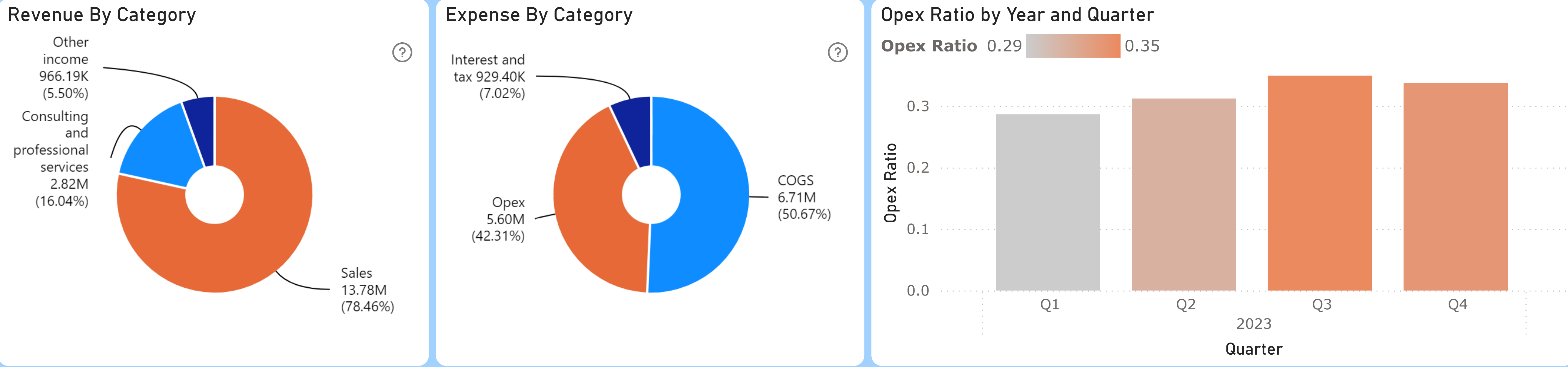
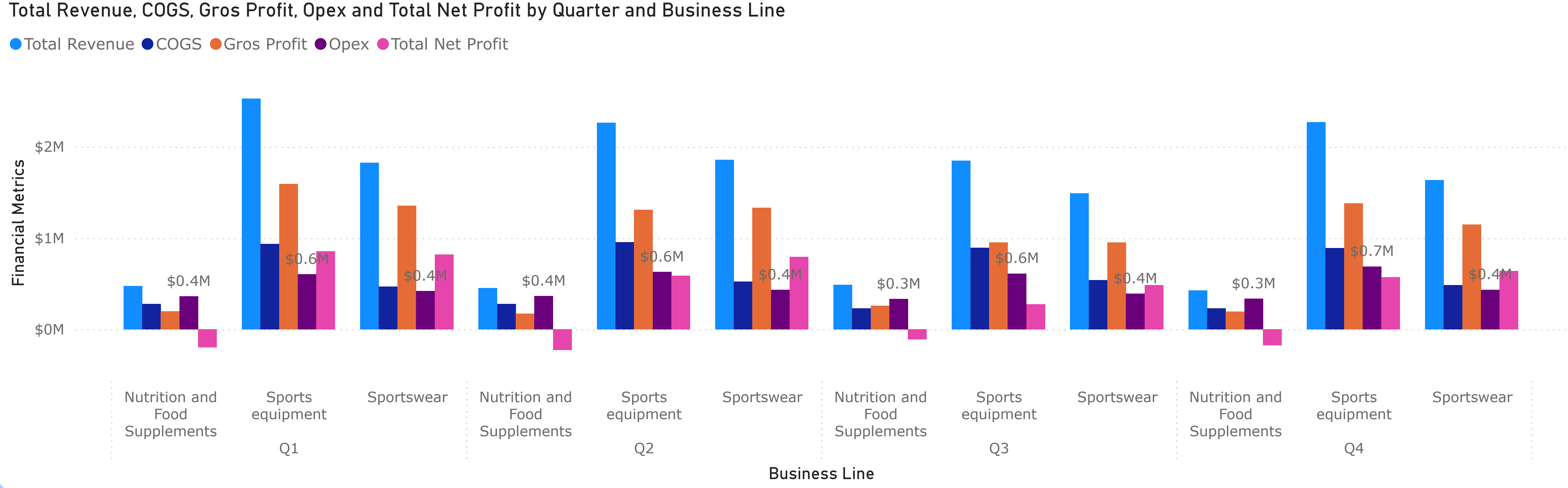
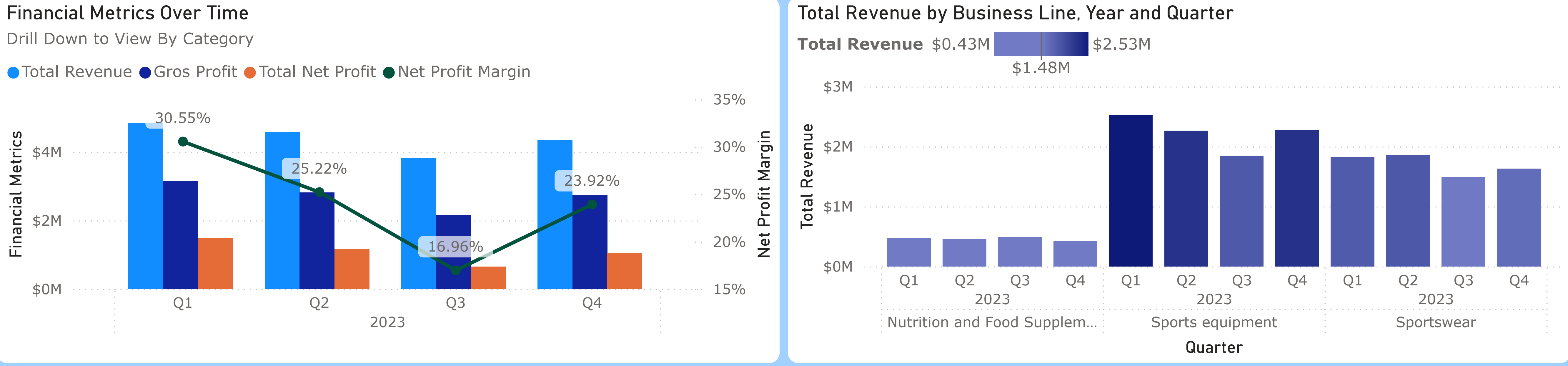


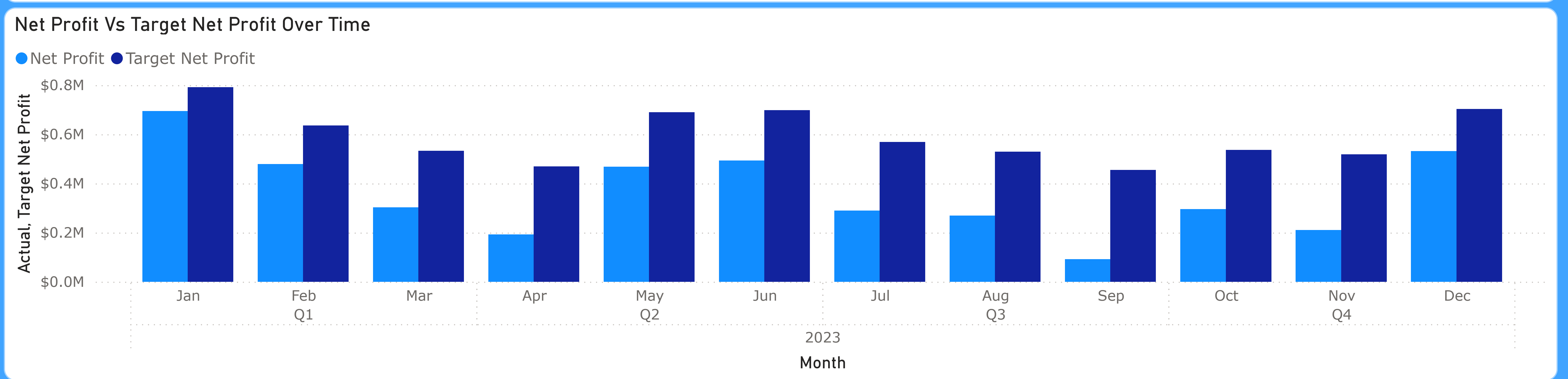
2023 Financial Performance Analysis : Sporting Goods Manufacturer



Income Statement Across Business Line By Date													
Business Line	Nutrition and Food Supplements						Sports equipment						
Year	Total Revenue	COGS	Gros Profit	Opex	EBIT	Interest and tax	Net Profit	Total Revenue	COGS	Gros Profit	Opex	EBIT	Inter
2023	\$1,843,620	\$1,017,300	\$826,320	\$1,395,200	(\$568,880)	\$144,000	(\$712,880)	\$8,908,500	\$3,674,200	\$5,234,300	\$2,533,600	\$2,700,700	
Q1	\$476,550	\$278,100	\$198,450	\$360,900	(\$162,450)	\$36,000	(\$198,450)	\$2,528,000	\$935,000	\$1,593,000	\$602,800	\$990,200	
Jan	\$186,000	\$94,000	\$92,000	\$125,500	(\$33,500)	\$12,000	(\$45,500)	\$1,033,000	\$408,600	\$624,400	\$206,400	\$418,000	
Feb	\$163,200	\$93,400	\$69,800	\$125,500	(\$55,700)	\$12,000	(\$67,700)	\$775,500	\$254,600	\$520,900	\$210,000	\$310,900	
Mar	\$127,350	\$90,700	\$36,650	\$109,900	(\$73,250)	\$12,000	(\$85,250)	\$719,500	\$271,800	\$447,700	\$186,400	\$261,300	
Q2	\$453,300	\$280,200	\$173,100	\$364,800	(\$191,700)	\$36,000	(\$227,700)	\$2,262,500	\$954,200	\$1,308,300	\$629,800	\$678,500	
Apr	\$108,600	\$91,900	\$16,700	\$109,900	(\$93,200)	\$12,000	(\$105,200)	\$629,500	\$241,000	\$388,500	\$186,400	\$202,100	
May	\$159,000	\$94,300	\$64,700	\$127,600	(\$62,900)	\$12,000	(\$74,900)	\$848,500	\$359,600	\$488,900	\$222,600	\$266,300	
Jun	\$185,700	\$94,000	\$91,700	\$127,300	(\$35,600)	\$12,000	(\$47,600)	\$784,500	\$353,600	\$430,900	\$220,800	\$210,100	
Q3	\$488,190	\$229,500	\$258,690	\$333,300	(\$74,610)	\$36,000	(\$110,610)	\$1,847,000	\$895,200	\$951,800	\$611,800	\$340,000	
Total	\$1,843,620	\$1,017,300	\$826,320	\$1,395,200	(\$568,880)	\$144,000	(\$712,880)	\$8,908,500	\$3,674,200	\$5,234,300	\$2,533,600	\$2,700,700	

Target Summary

Target Revenue	Target COGS	Target Gross Profit	Target Gross Profit Margin	Target Opex
\$19.315802M	\$6.7605307M	\$12.5552713M	65.00%	\$3.8631604M
Target Opex Ratio	Target EBIT	Target Interest & Tax	Target Net Profit	Target Net Profit Margin
0.20	\$8.6921109M	\$1.564579962M	\$7.127530938M	36.90%



Insights & Action Suggestion

- With a gross profit margin of 60%, the company is effectively managing its production and direct costs, retaining a significant portion of revenue after covering the cost of goods sold.
- The drop from a 61.78% gross profit margin to a 24.57% net profit margin indicates that **18.392%** of revenue is consumed by **operational expenses, taxes and interest**. This is a typical margin difference but suggests room for improving efficiency in these areas.
- Sports Equipment** is the highest revenue contributor (50.73%), followed by Sports Wear (38.7%) and Nutrition (10.5%). While Sports Equipment is the **primary driver**, this concentration **poses a risk**. The company should **diversify by expanding the Sports Wear and Nutrition segments** to reduce dependency on Sports Equipment and ensure more balanced growth.

- While Sports Equipment has a higher gross profit, its **net profit is lower** compared to Sportswear. This suggests that the **OPEX** associated with Sports Equipment might be higher or there could be other factors affecting the net profitability.

- In Q1, the company achieved the highest net profit margin at 30.55%, indicating a strong start to the year. This was followed by a decrease in Q2 to a net profit margin of 25.22%, showing good performance but not as strong as Q1. Q3 saw the lowest net profit margin at 16.96%, suggesting significant challenges or increased costs during this period. However, there was a recovery in Q4 with a net profit margin of 23.92%, indicating an improvement from Q3. Overall, the net profit margins peaked in Q1, declined through Q3, and **showed some recovery in Q4**.

- In 2023, Q1 showed strong revenue and profits, peaking in January with a gradual decline by March. Q2 started weaker in April but recovered with higher revenues and profits in May and June. Q3 saw a decline, particularly in September, with the lowest net profit margin of the year (8.17%). Q4 began with modest results in October and November but ended on a high note in December, with the second-highest net profit margin of the year (30.69%). Overall, the year was characterized by strong starts in Q1 and Q4, with dips in Q2 and a significant decline in Q3.

- Total Revenue decrease in Q2 and Q3 of Sports Equipment which again signifies the balanced growth in order to have negative impact on the overall profit.

- Revenue and COGS distribution is relatively stable across all quarters.

- Opex is 32 % of Total Revenue.

- Opex increases than gross profit in **Nutrition and Food Supplements** in all quarters which results in **net loss** across all quarter.

- High revenue comes from the sales, consultancy and professional services and other income and expenses are spent across COGS followed by Opex and Interest and tax.

- Opex Ratio has major impact to net profit ranges and efficiently controlling operating expenses and interest costs while optimizing tax strategies could be key to maintaining or **improving net profit margins**.

- Key components of operating expenses, such as labor, payroll, and equipment, play a significant role in the observed profit declines. These factors need to be carefully evaluated to understand the dips in profitability.

Since revenue and COGS remain relatively stable, the fluctuations in net profit across quarters are likely due to variations in other factors, such as operating expenses, marketing costs, or unexpected one-time expenses. This stability in revenue and COGS suggests that the company's core operations are consistent, and the changes in profitability are more likely driven by how efficiently the company manages its other expenses and resources throughout the year.

Target Calculations:

Listed is the target calculations calculated based on the existing 2023 financial data,

- Revenue Target:** \$19.316 million
- Gross Profit Target:** \$12.559 million (65% margin)
- COGS Target:** \$6.761 million
- Opex Target:** \$3.863 million (20% of revenue, reduced from previous)
- EBIT Target:** \$8.692 million
- Interest & Tax:** \$1.565 million (18% of EBIT)
- Net Profit:** \$7.128 million
- Net Profit Margin:** 36.90%