

# Operating budget, actual to June, and the re-forecast to year end

Two things moved in the first half: contract design ran hotter than planned against the Northwind and Brightline engagements, and the studio deferred its equipment refresh by a quarter. The re-forecast below holds the annual net within **\$9,400** of the approved budget without reopening headcount.

| APPROVED BUDGET                     |  | ACTUAL TO 30 JUNE                |            | RE-FORECAST                    |           | NET VARIANCE                      |  |
|-------------------------------------|--|----------------------------------|------------|--------------------------------|-----------|-----------------------------------|--|
| \$1,482,000                         |  | \$724,600                        |            | \$1,491,400                    |           | +\$9,400                          |  |
| net revenue, FY ending 31 December  |  | 48.9% of budget at the half year |            | H1 actual plus the H2 forecast |           | 0.6% favourable, within tolerance |  |
|                                     |  |                                  |            |                                |           |                                   |  |
| LINE                                |  | ANNUAL BUDGET                    | ACTUAL, H1 | FORECAST, FY                   | VARIANCE  | %                                 |  |
| REVENUE                             |  |                                  |            |                                |           |                                   |  |
| Retained brand programmes           |  | \$684,000                        | \$351,200  | \$702,400                      | +\$18,400 | +2.7%                             |  |
| Northwind, Staple & Oak, Fieldnotes |  |                                  |            |                                |           |                                   |  |
| Project work, fixed fee             |  | \$512,000                        | \$243,900  | \$498,000                      | −\$14,000 | −2.7%                             |  |
| Licensing and template sales        |  | \$286,000                        | \$129,500  | \$291,000                      | +\$5,000  | +1.7%                             |  |
| Total revenue                       |  | \$1,482,000                      | \$724,600  | \$1,491,400                    | +\$9,400  | +0.6%                             |  |
| OPERATING COSTS                     |  |                                  |            |                                |           |                                   |  |
| Studio salaries and benefits        |  | \$768,000                        | \$383,100  | \$766,800                      | −\$1,200  | −0.2%                             |  |
| nine people, no change to headcount |  |                                  |            |                                |           |                                   |  |
| Contract design and production      |  | \$164,000                        | \$104,700  | \$196,500                      | +\$32,500 | +19.8%                            |  |
| Software, hosting and tools         |  | \$58,400                         | \$30,800   | \$61,200                       | +\$2,800  | +4.8%                             |  |
| Studio rent and utilities           |  | \$96,000                         | \$48,000   | \$96,000                       | —         | —                                 |  |
| Equipment and refresh               |  | \$44,000                         | \$6,200    | \$18,000                       | −\$26,000 | −59.1%                            |  |
| deferred from Q3 to Q1 next year    |  |                                  |            |                                |           |                                   |  |
| Travel and client visits            |  | \$32,000                         | \$19,400   | \$37,600                       | +\$5,600  | +17.5%                            |  |
| Marketing and new business          |  | \$41,000                         | \$17,300   | \$38,000                       | −\$3,000  | −7.3%                             |  |
| Professional fees and insurance     |  | \$27,600                         | \$14,100   | \$28,200                       | +\$600    | +2.2%                             |  |
| Total operating costs               |  | \$1,231,000                      | \$623,600  | \$1,242,300                    | +\$11,300 | +0.9%                             |  |
| Net contribution                    |  | \$251,000                        | \$101,000  | \$249,100                      | −\$1,900  | −0.8%                             |  |

|                          |  |   |                                                                                                                                                                                                      |
|--------------------------|--|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| BASIS OF THE RE-FORECAST |  | 1 | Contract design is forecast at the June run rate to December. <b>It is the only line outside 10% tolerance</b> and it is engagement-driven, not structural — the Brightline build closes in October. |
|                          |  | 2 | Project work is held at three signed engagements. The two in the pipeline are excluded until they are countersigned, which is why the line reads below budget.                                       |
|                          |  | 3 | The equipment refresh moves to Q1, so \$26,000 falls out of this year and into next year's opening budget rather than being saved.                                                                   |
|                          |  | 4 | No headcount change is assumed in either half. A tenth designer, if approved in September, would add roughly \$31,000 to this year and \$94,000 to next.                                             |