

Financial Management Report

Rx LLC

December 2022



Basis of Preparation

To the Management of:
Rx LLC

We have prepared the accompanying financial statements and supplementary information for the management of Rx LLC. The financial statements have been prepared on the accounting basis used by the Company for income tax purposes.

The accompanying financial statements are the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The analysis and report must not be made available, copied or recited to any other party without our express written permission.

Fleming Advisors, LLC
(Rx Advisors is a division of Fleming Advisors, LLC)

Executive Summary + Key Performance Indicators

REVENUE

Revenue **\$6,335,769** (Last year \$6,229,523)

Positive trend upwards.

PROFITABILITY

Profitability Ratio **5.99%** (Last year 9.57%)

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

DEBT

Total Debt **\$2,963,543** (Same month last year \$3,248,745)

Total debt levels have fallen.

	RESULT	TARGET	TREND		IMPORTANCE
A PROFITABILITY	2022			vs 2021	
Total Revenue	\$6,335,769	\$6,540,000	✗	▲ 1.7%	High
Gross Profit Margin	42.23%	40%	✓	▲ 0.78%	High
Labor % *	23.1%	21%	✗	▲ 2%	High
EBITDA	\$661,796	\$392,400	✓	▼ -29.2%	High
EBITDA %	10.4%	6%	✓	▼ -4.6%	High
B LIQUIDITY					
Current Ratio	2.85:1	2.00:1	✓	▲ 0.11:1	Medium
Quick Ratio	1.48:1	1.00:1	✓	▼ -0.32:1	Medium

* For this metric, a result below target is favourable

Key Performance Indicators Explained

(2022)

✓ **Current Ratio** 2.85:1

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 2.85:1, up from 2.74:1 last period and above the minimum target of 2.00:1.

Current Ratio = Total Current Assets ÷ Total Current Liabilities

✓ **EBITDA** \$661,796

Net income adjusted for depreciation, amortization, interest, and taxes

EBITDA = Net Income + Depreciation & Amortisation + Interest Expenses

✓ **EBITDA %** 10.4%

EBITDA as a % of Sales

EBITDA % = EBITDA ÷ Revenue x 100

✓ **Gross Profit Margin** 42.23%

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 \$42.23 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 above the required target of 40%.

Gross Profit Margin = Gross Profit ÷ Revenue x 100

✗ **Labor %** 23.1%

The cost of labor is the sum of all wages paid to employees, as well as the cost of employee benefits and payroll taxes paid by the employer.

Labor % = Labor ÷ Revenue x 100

✓ **Quick Ratio** 1.48:1

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 1.48:1, down from 1.80:1 last period and above the minimum target of 1.00:1.

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

✗ **Total Revenue** \$6,335,769

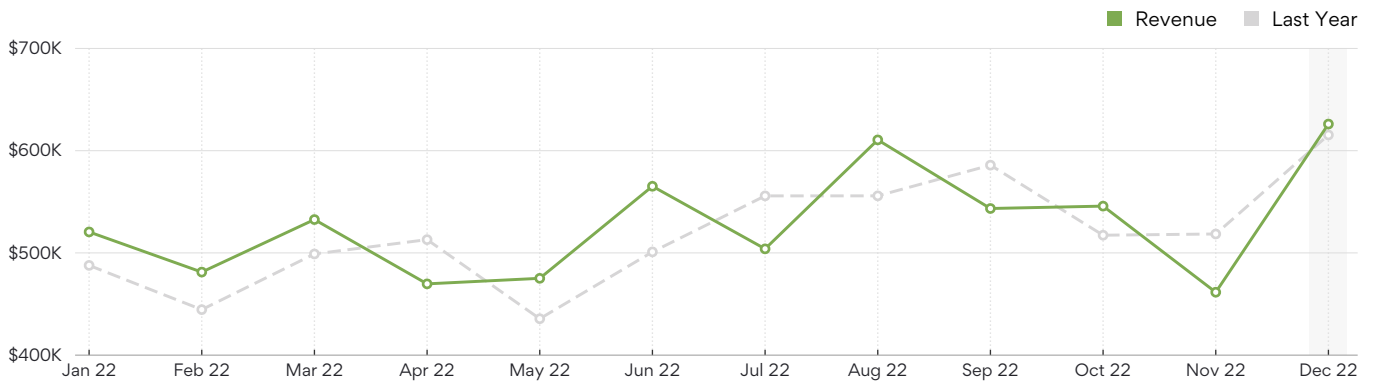
A measure of the total amount of money received by the company for goods sold or services provided. The business has earned total revenues of \$6,335,769. Strategies to improve revenue may include increasing prices, increasing the volume of sales through marketing initiatives or finding alternative sources of income. For this period, the revenue earned is below the required target of \$6,540,000.

Total Revenue = Revenue

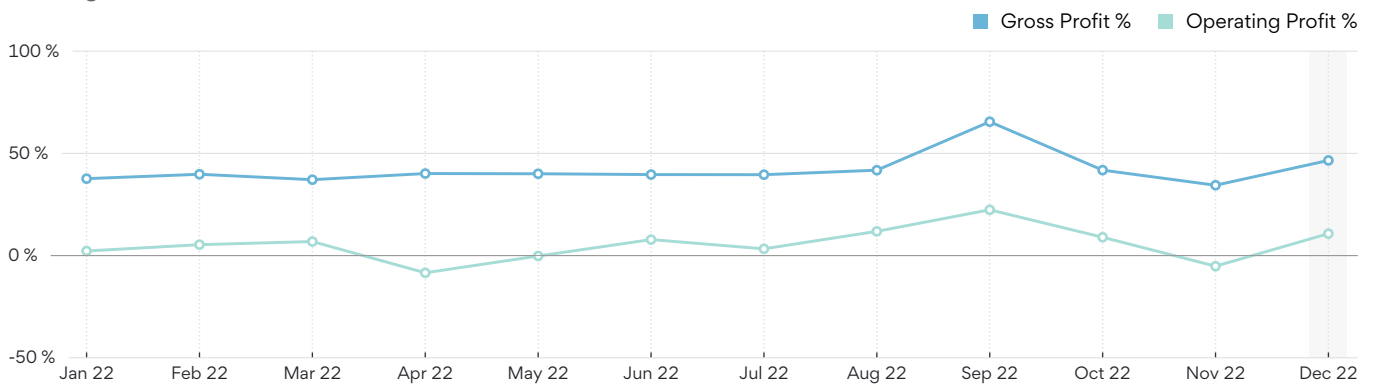
Profitability Charts

	2022	% of Revenue	2020	2021
Gross Profit	\$2,675,714	42.2%	\$625,746	\$2,582,147
Operating Profit	\$380,178	6.0%	\$20,023	\$444,305
Earnings Before Interest & Tax	\$379,557	6.0%	\$104,398	\$596,043
Earnings After Tax	\$179,111	2.8%	\$65,176	\$408,454

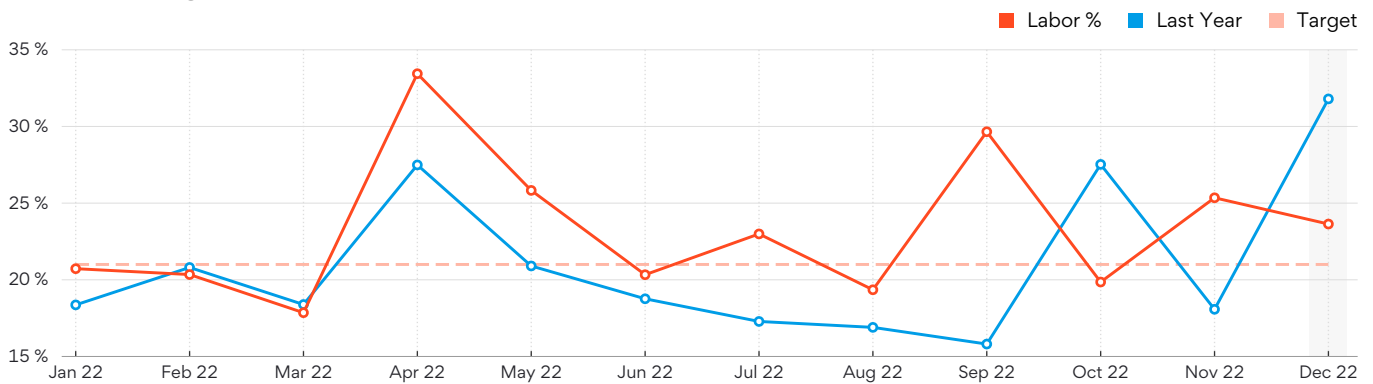
Revenue This year vs last year



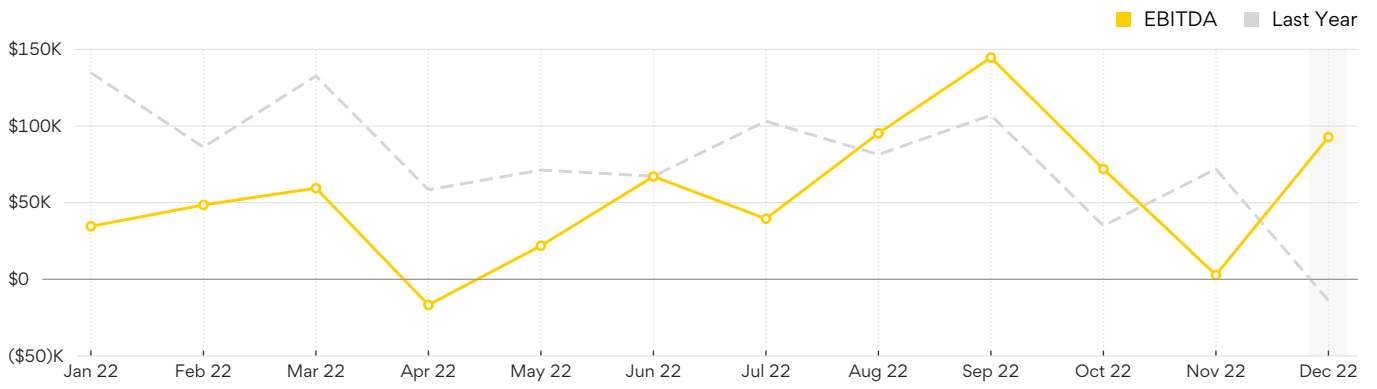
% Margins



Labor % vs Target



EBITDA - This year vs last year



Balance Sheet - Income Tax Basis

BALANCE SHEET	Dec 2022	Dec 2021	2022	YTD last year
ASSETS				
Cash & Equivalents	\$317,090	\$456,924	\$317,090	\$456,924
Accounts Receivable	\$181,741	\$172,731	\$181,741	\$172,731
Inventory	\$462,827	\$328,453	\$462,827	\$328,453
Total Current Assets	\$961,658	\$958,107	\$961,658	\$958,107
Fixed Assets	\$164,506	\$256,335	\$164,506	\$256,335
Intangible Assets	\$2,274,966	\$2,458,658	\$2,274,966	\$2,458,658
Total Non-Current Assets	\$2,439,473	\$2,714,992	\$2,439,473	\$2,714,992
Total Assets	\$3,401,131	\$3,673,100	\$3,401,131	\$3,673,100
LIABILITIES				
Accounts Payable	\$80,449	\$76,012	\$80,449	\$76,012
Other Current Liabilities	\$256,894	\$273,928	\$256,894	\$273,928
Total Current Liabilities	\$337,343	\$349,939	\$337,343	\$349,939
Long Term Debt	\$2,963,543	\$3,248,745	\$2,963,543	\$3,248,745
Total Non-Current Liabilities	\$2,963,543	\$3,248,745	\$2,963,543	\$3,248,745
Total Liabilities	\$3,300,886	\$3,598,684	\$3,300,886	\$3,598,684
EQUITY				
Retained Earnings	\$73,415	\$451,579	\$73,415	\$451,579
Current Earnings	\$179,111	\$408,454	\$179,111	\$408,454
Other Equity	(\$152,282)	(\$785,618)	(\$152,282)	(\$785,618)
Total Equity	\$100,245	\$74,415	\$100,245	\$74,415
Total Liabilities & Equity	\$3,401,131	\$3,673,100	\$3,401,131	\$3,673,100

Profit & Loss - Income Tax Basis

PROFIT & LOSS	Dec 2022	Dec 2021	2022	YTD last year
Revenue				
Commissions	\$1,398	\$2,312	\$23,116	\$23,680
Sales - OTC	\$221,505	\$237,395	\$1,990,336	\$1,889,174
Sales - Rx	\$396,275	\$293,934	\$4,376,879	\$4,298,521
AR Adjustment	\$17,191	\$0	(\$30,829)	\$0
DIR Fees	(\$14,627)	(\$13,762)	(\$120,103)	(\$77,358)
Dr Eliza Sales	\$4,325	\$95,506	\$96,369	\$95,506
Total Revenue	\$626,068	\$615,384	\$6,335,769	\$6,229,523
Cost of Sales				
Delivery Cost	\$6,686	\$5,174	\$63,735	\$60,469
Lab Fees	\$1,291	\$1,324	\$6,096	\$11,348
Purchases - OTC	\$99,677	\$132,226	\$837,905	\$958,116
Purchases - Rx	\$244,809	\$272,086	\$3,006,376	\$2,828,639
Vendor Rebates	(\$17,729)	(\$18,464)	(\$254,057)	(\$211,196)
Total Cost of Sales	\$334,735	\$392,346	\$3,660,055	\$3,647,375
Gross Profit	\$291,333	\$223,038	\$2,675,714	\$2,582,147
Gross Profit (%)	46.53%	36.24%	42.23%	41.45%
Expenses				
Advertising	\$942	\$2,835	\$16,509	\$27,219
Labor	\$147,982	\$195,673	\$1,464,105	\$1,314,266
Facilities Expense	\$14,333	\$13,378	\$173,756	\$146,126
General & Administrative Expense	\$34,471	\$24,957	\$358,928	\$311,328
Depreciation & Amortization	\$26,499	\$28,096	\$282,238	\$338,903
Total Expenses	\$224,229	\$264,939	\$2,295,536	\$2,137,842
Operating Profit	\$67,104	(\$41,901)	\$380,178	\$444,305
Operating Profit (%)	10.72%	-6.81%	6.00%	7.13%
Other Income				
Other Income	\$0	\$0	\$0	\$156,203
Interest Income	\$142	\$0	\$341	\$0
Other Expenses				
Loss on sale of Fixed Assets	\$962	\$0	\$962	\$4,465
Earnings Before Interest & Tax	\$66,284	(\$41,901)	\$379,557	\$596,043
Interest Expenses				
Interest Expense	\$19,481	\$15,284	\$200,446	\$187,589
Earnings Before Tax	\$46,803	(\$57,185)	\$179,111	\$408,454
Net Income	\$46,803	(\$57,185)	\$179,111	\$408,454
Net Income (%)	7.48%	-9.29%	2.83%	6.56%

Detailed Profit & Loss - Income Tax Basis

PROFIT & LOSS	Dec 2022	Dec 2021	YTD	YTD last year
Revenue				
Commissions	\$1,398	\$2,312	\$23,116	\$23,680
Sales - OTC	\$221,505	\$237,395	\$1,990,336	\$1,889,174
Sales - Rx	\$396,275	\$293,934	\$4,376,879	\$4,298,521
AR Adjustment	\$17,191	\$0	(\$30,829)	\$0
DIR Fees	(\$14,627)	(\$13,762)	(\$120,103)	(\$77,358)
Dr Eliza Sales	\$4,325	\$95,506	\$96,369	\$95,506
Total Revenue	\$626,068	\$615,384	\$6,335,769	\$6,229,523
Cost of Sales				
Delivery Cost	\$6,686	\$5,174	\$63,735	\$60,469
Lab Fees	\$1,291	\$1,324	\$6,096	\$11,348
Purchases - OTC	\$99,677	\$132,226	\$837,905	\$958,116
Purchases - Rx	\$244,809	\$272,086	\$3,006,376	\$2,828,639
Vendor Rebates	(\$17,729)	(\$18,464)	(\$254,057)	(\$211,196)
Total Cost of Sales	\$334,735	\$392,346	\$3,660,055	\$3,647,375
Gross Profit	\$291,333	\$223,038	\$2,675,714	\$2,582,147
Expenses				
Advertising				
Advertising & Marketing	\$942	\$2,835	\$16,509	\$27,219
Labor				
Employee Benefits - Health	\$3,577	\$4,960	\$38,317	\$43,577
Employee Benefits - Retirement	\$30,014	\$89,653	\$111,585	\$120,063
Salaries & Wages	\$83,169	\$71,330	\$877,086	\$773,400
Salaries & Wages - Officer	\$23,077	\$23,077	\$311,538	\$295,192
Taxes-FUTA	\$0	\$23	\$0	\$823
Taxes-Payroll	\$8,145	\$6,522	\$125,578	\$76,260
Taxes-SUTA	\$0	\$109	\$0	\$4,950
Total Labor	\$147,982	\$195,673	\$1,464,105	\$1,314,266
Facilities Expense				
Rent	\$13,520	\$12,962	\$160,563	\$135,618
Repairs & Maintenance	\$814	\$416	\$6,826	\$10,507
Taxes-Property	\$0	\$0	\$6,367	\$0
Total Facilities Expense	\$14,333	\$13,378	\$173,756	\$146,126
General & Administrative Expense				
Bank Charges & Fees	\$53	\$69	\$1,461	\$906
Computer & Internet Expense	\$2,945	\$4,992	\$47,719	\$59,859
Continuing Education	\$0	\$0	\$959	\$1,750
Contract Labor	(\$363)	\$36	\$1,793	\$537
Credit Card / Processing Fees	\$13,733	\$11,437	\$164,313	\$152,798
Dues & Subscriptions	\$2,143	\$0	\$4,333	\$2,795
Insurance	\$690	\$214	\$24,543	\$22,957
Lab & Rx Supplies	\$1,281	\$1,562	\$16,665	\$13,057
Meals	\$3,652	\$3,378	\$14,736	\$10,337
Mileage	\$108	\$71	\$778	\$1,127
Office Supplies	\$890	\$428	\$13,391	\$11,246
Professional Services	\$4,587	\$2,497	\$53,034	\$28,354
Small Equipment	\$0	\$0	\$5,312	\$238
Telephone	\$112	\$126	\$1,478	\$2,510

	Dec 2022	Dec 2021	YTD	YTD last year
Travel	\$0	\$0	\$582	\$0
Uniforms	\$75	\$82	\$1,303	\$1,561
Licenses & Permits	\$0	\$65	\$1,398	\$1,296
Taxes-Other	\$0	\$0	\$565	\$0
Office Expense	\$4,565	\$0	\$4,565	\$0
Total General & Administrative Expense	\$34,471	\$24,957	\$358,928	\$311,328
Depreciation & Amortization				
Amortization Expense	\$15,308	\$15,308	\$183,691	\$183,691
Depreciation Expense	\$11,192	\$12,788	\$98,547	\$155,212
Total Depreciation & Amortization	\$26,499	\$28,096	\$282,238	\$338,903
Total Expenses	\$224,229	\$264,939	\$2,295,536	\$2,137,842
Operating Profit	\$67,104	(\$41,901)	\$380,178	\$444,305
Other Income				
Other Income	\$0	\$0	\$0	\$156,203
Interest Income	\$142	\$0	\$341	\$0
Other Expenses				
Loss on sale of Fixed Assets	\$962	\$0	\$962	\$4,465
Earnings Before Interest & Tax	\$66,284	(\$41,901)	\$379,557	\$596,043
Interest Expenses				
Interest Expense	\$19,481	\$15,284	\$200,446	\$187,589
Earnings Before Tax	\$46,803	(\$57,185)	\$179,111	\$408,454
Net Income	\$46,803	(\$57,185)	\$179,111	\$408,454

Top 10 Expenses YTD (2022)

Salaries & Wages	\$877,086
Salaries & Wages - Officer	\$311,538
Amortization Expense	\$183,691
Credit Card / Processing Fees	\$164,313
Rent	\$160,563
Taxes-Payroll	\$125,578
Employee Benefits - Retirement	\$111,585
Depreciation Expense	\$98,547
Professional Services	\$53,034
Computer & Internet Expense	\$47,719

PROFIT & LOSS	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Total
Revenue	\$520,516	\$481,232	\$532,628	\$469,723	\$475,135	\$565,188	\$503,967	\$610,560	\$543,440	\$545,774	\$461,538	\$626,068	\$6.336M
Cost of Sales	\$324,701	\$289,844	\$334,899	\$281,257	\$285,006	\$341,260	\$304,588	\$355,570	\$187,701	\$317,694	\$302,799	\$334,735	\$3.660M
Gross Profit	\$195,814	\$191,388	\$197,729	\$188,466	\$190,129	\$223,928	\$199,379	\$254,990	\$355,740	\$228,079	\$158,739	\$291,333	\$2.676M
Gross Profit (%)	37.62%	39.77%	37.12%	40.12%	40.02%	39.62%	39.56%	41.76%	65.46%	41.79%	34.39%	46.53%	42.23%
Expenses	\$184,141	\$165,758	\$161,165	\$228,049	\$191,132	\$179,755	\$182,746	\$182,635	\$234,058	\$179,164	\$182,703	\$224,229	\$2.296M
Operating Profit	\$11,673	\$25,630	\$36,563	(\$39,583)	(\$1,004)	\$44,174	\$16,633	\$72,355	\$121,682	\$48,915	(\$23,964)	\$67,104	\$380,178
Operating Profit (%)	2.24%	5.33%	6.86%	-8.43%	-0.21%	7.82%	3.30%	11.85%	22.39%	8.96%	-5.19%	10.72%	6.00%
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$116	\$83	\$142	\$341
Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$962	\$962
Earnings Before Interest & Tax	\$11,673	\$25,630	\$36,563	(\$39,583)	(\$1,004)	\$44,174	\$16,633	\$72,355	\$121,682	\$49,031	(\$23,881)	\$66,284	\$379,557
Interest Expenses	\$14,684	\$16,031	\$13,505	\$13,963	\$14,889	\$15,755	\$14,589	\$18,282	\$18,707	\$17,442	\$23,118	\$19,481	\$200,446
Earnings Before Tax	(\$3,011)	\$9,599	\$23,059	(\$53,546)	(\$15,893)	\$28,419	\$2,044	\$54,073	\$102,975	\$31,589	(\$46,999)	\$46,803	\$179,111
Net Income	(\$3,011)	\$9,599	\$23,059	(\$53,546)	(\$15,893)	\$28,419	\$2,044	\$54,073	\$102,975	\$31,589	(\$46,999)	\$46,803	\$179,111
Net Income (%)	-0.58%	1.99%	4.33%	-11.40%	-3.34%	5.03%	0.41%	8.86%	18.95%	5.79%	-10.18%	7.48%	2.83%

PROFIT & LOSS	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Total
Revenue													
Commissions	\$1,590	\$990	\$2,004	\$2,466	\$1,969	\$1,456	\$2,537	\$3,371	\$1,636	\$992	\$2,707	\$1,398	\$23,116
Sales - OTC	\$160,141	\$142,942	\$161,791	\$143,925	\$134,172	\$156,510	\$178,815	\$188,672	\$185,923	\$151,456	\$164,483	\$221,505	\$1.990M
Sales - Rx	\$377,045	\$336,514	\$369,490	\$333,282	\$331,708	\$394,457	\$341,284	\$410,512	\$384,181	\$368,873	\$333,258	\$396,275	\$4.377M
AR Adjustment	(\$19,760)	(\$784)	(\$2,021)	(\$12,199)	\$6,243	\$9,349	(\$15,612)	\$7,580	(\$5,773)	\$25,866	(\$40,910)	\$17,191	(\$30,829)
DIR Fees	(\$6,500)	(\$4,579)	(\$9,784)	(\$7,000)	(\$4,958)	(\$4,707)	(\$11,207)	(\$7,000)	(\$29,757)	(\$9,937)	(\$10,047)	(\$14,627)	(\$0.12)M
Dr Eliza Sales	\$8,000	\$6,149	\$11,147	\$9,249	\$6,000	\$8,124	\$8,150	\$7,425	\$7,230	\$8,523	\$12,047	\$4,325	\$96,369
Total Revenue	\$520,516	\$481,232	\$532,628	\$469,723	\$475,135	\$565,188	\$503,967	\$610,560	\$543,440	\$545,774	\$461,538	\$626,068	\$6.336M
Cost of Sales													
Delivery Cost	\$4,652	\$5,401	\$5,114	\$5,245	\$5,221	\$5,286	\$4,654	\$5,086	\$5,326	\$4,875	\$6,188	\$6,686	\$63,735
Lab Fees	\$379	\$0	\$629	\$1,444	\$600	\$325	\$325	\$418	\$0	\$210	\$475	\$1,291	\$6,096
Purchases - OTC	\$80,071	\$71,481	\$80,895	\$64,766	\$60,378	\$70,430	\$80,467	\$84,903	\$2,665	\$68,155	\$74,017	\$99,677	\$837,905
Purchases - Rx	\$264,252	\$236,551	\$266,228	\$235,454	\$235,640	\$284,258	\$241,914	\$287,174	\$203,623	\$264,606	\$241,866	\$244,809	\$3.006M
Vendor Rebates	(\$24,652)	(\$23,589)	(\$17,967)	(\$25,653)	(\$16,832)	(\$19,039)	(\$22,772)	(\$22,011)	(\$23,914)	(\$20,152)	(\$19,748)	(\$17,729)	(\$0.25)M
Total Cost of Sales	\$324,701	\$289,844	\$334,899	\$281,257	\$285,006	\$341,260	\$304,588	\$355,570	\$187,701	\$317,694	\$302,799	\$334,735	\$3.660M
Gross Profit	\$195,814	\$191,388	\$197,729	\$188,466	\$190,129	\$223,928	\$199,379	\$254,990	\$355,740	\$228,079	\$158,739	\$291,333	\$2.676M
Expenses													
Advertising	\$5,969	\$1,512	\$1,181	\$513	\$550	\$529	\$519	\$1,759	\$696	\$2,269	\$70	\$942	\$16,509
Labor	\$107,875	\$97,897	\$95,101	\$157,079	\$122,726	\$114,909	\$115,872	\$118,142	\$161,165	\$108,363	\$116,995	\$147,982	\$1.464M
Facilities Expense	\$13,260	\$13,201	\$13,229	\$19,684	\$14,358	\$13,739	\$17,988	\$13,241	\$13,450	\$13,896	\$13,376	\$14,333	\$173,756
General & Administrative Expense	\$34,137	\$30,249	\$28,755	\$27,872	\$30,599	\$27,677	\$25,468	\$26,593	\$35,848	\$31,737	\$25,521	\$34,471	\$358,928
Depreciation & Amortization	\$22,900	\$22,900	\$22,900	\$22,900	\$22,900	\$22,900	\$22,900	\$22,900	\$22,900	\$22,900	\$26,740	\$26,499	\$282,238
Total Expenses	\$184,141	\$165,758	\$161,165	\$228,049	\$191,132	\$179,755	\$182,746	\$182,635	\$234,058	\$179,164	\$182,703	\$224,229	\$2.296M
Operating Profit	\$11,673	\$25,630	\$36,563	(\$39,583)	(\$1,004)	\$44,174	\$16,633	\$72,355	\$121,682	\$48,915	(\$23,964)	\$67,104	\$380,178
Other Income													
Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$116	\$83	\$142	\$341
Other Expenses													
Loss on sale of Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$962	\$962
Earnings Before Interest & Tax	\$11,673	\$25,630	\$36,563	(\$39,583)	(\$1,004)	\$44,174	\$16,633	\$72,355	\$121,682	\$49,031	(\$23,881)	\$66,284	\$379,557

	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Total
Interest Expenses													
Interest Expense	\$14,684	\$16,031	\$13,505	\$13,963	\$14,889	\$15,755	\$14,589	\$18,282	\$18,707	\$17,442	\$23,118	\$19,481	\$200,446
Earnings Before Tax	(\$3,011)	\$9,599	\$23,059	(\$53,546)	(\$15,893)	\$28,419	\$2,044	\$54,073	\$102,975	\$31,589	(\$46,999)	\$46,803	\$179,111
Net Income	(\$3,011)	\$9,599	\$23,059	(\$53,546)	(\$15,893)	\$28,419	\$2,044	\$54,073	\$102,975	\$31,589	(\$46,999)	\$46,803	\$179,111