



REGANARTS

May 2015 Performance Report

July 7, 2015

Business Highlights

- *ISIS* and *My Fight/Your Fight* both appeared on the *NY Times* bestsellers lists, ReganArts' first national hits
- Rhonda Rousey (*My Fight*), featured on the cover of *Sports Illustrated* and *ESPN Magazine*, advanced more than 87,000 copies
- Pre-publication marketing is accelerating for a very exciting Fall list, especially for lead title Khloe Kardashian's *Strong Looks Better Naked*
- Other major Fall releases include:
 - Linda Gray's *The Road to Happiness (is Always Under Construction)*
 - *Drone Warrior: The Untold Story of America's Most Secretive Fight Against Terror* (subject to government approval)
 - *Empire: The Unofficial Untold Story*
- Sold audio rights for 15 books for \$66,000 and licensed 3 books into 24 languages for \$80,000
- Two major awards for cover designs to be announced in October

Financial Highlights

- Sales are on track to meet budget
- Costs are under budget and forecasted to be +30% favorable
- Cash receipts impacted by unfavorable trading terms with S&S, but this is largely timing
- Bottom-line cash is \$.8M - \$1.0M better than forecasted (\$4.2M)
- No substantial inventory or author advance write-off identified as yet

Revenue performance

<u>REPORTED REVENUE</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>YTD</u>	<u>FY FORECAST</u>	<u>FY BUDGET</u>
Gross Revenue -- North America	\$ 32,375	\$ 151,816	\$ 670,291	\$ 878,459	\$ 1,352,677	\$ 3,085,618	\$ 7,200,000	\$ 7,600,000
Returns -- North America	\$ 8,218	\$ 24,127	\$ 32,235	\$ 21,214	\$ 61,463	\$ 147,257	\$ 1,700,000	\$ 1,748,000
Net Revenue -- North America	\$ 24,157	\$ 127,689	\$ 638,056	\$ 857,245	\$ 1,291,214	\$ 2,938,361	\$ 5,500,000	\$ 5,852,000
Gross Units -- North America	4,186	18,259	53,674	64,450	95,007	235,576		
Returns Units -- North America	667	1,727	2,389	1,586	4,722	11,091		
eBook Sales		\$ 11,961	\$ 34,588	\$ 26,730	\$ 46,126	\$ 119,405		
Titles published		1	5	6	6	18	43	

FY Forecast Returns includes \$755,000 reserve for returns

Cash revenue forecast

CASH REVENUE FORECAST (NET OF DISTRIBUTION/ALLOWANCES/RETURNS/DEDUCTIONS)						
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jan - May</u>
Cash Revenue*	\$ 39,551	\$ 180,967	\$ 21,234	\$ 36,094	\$ 24,745	\$ 302,591
	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>		
	\$ 64,217	\$ 700,000	\$ 835,000	\$ 165,000		
	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD EST.</u>	<u>BUDGET</u>	
	\$ (150,000)	\$ 50,000	\$ 745,000	\$ 2,711,808	\$ 5,149,760	

S&S Payment Terms: Gross revenue paid 90 days end of month, less actual returns, 20% reserve for returns, commissions, and other fees deducted 30 days end of month

Net Cash Flow

	<u>JAN-MAY 2015</u>	<u>FY FORECAST</u>	<u>BUDGET</u>
<u>Cash Inflow</u>	\$ 302,591	\$ 2,711,808	\$ 5,149,760
<u>Inventory spend</u>	\$ 472,236	\$ 1,000,000	\$ 1,064,000
<u>Advances paid</u>	\$ 1,127,643	\$ 2,100,000	\$ 4,000,000
<u>Direct expenses</u>	\$ 1,171,068	\$ 3,000,000	\$ 4,200,000
<u>CapEx</u>		\$ 500,000	\$ 240,000
<u>Plant expense</u>	\$ 169,989	\$ 340,000	\$ 750,000
<u>Net Cash Flow</u>	\$ (2,638,345)	\$ (4,228,192)	\$ (5,104,240)

Bestsellers and key accounts

Top titles	
My Fight, Your Fight	\$ 1,268,913
ISIS	\$ 303,081
Out Came the Sun	\$ 272,091
Top Accounts	
Barnes & Noble	\$ 1,147,820
Amazon	\$ 498,226
Baker & Taylor	\$ 314,705

*As of 6/30/12