NATURAL EVENT (Portugal)

2024 Financial Report

eb, december 2024

Revised 25 january 2025

Updates:

- Two cash transfers from NE UK directly to bank account, not through Weiss were added
- Added 3.5K to the revenue from the WL festival.
- Some minor corrections on TVA paid and to be collected were maid
- Cashflow for 2025 table has been updated and an error about 2024 TVA to be collected was corrected.

1. Sales / Revenue

NEv system was sold to four festivals during 2024 with a total revenue of 111K euros. Three festivals (mogga, WL, LisbOn) paid directly to Natural Events UK. One festival (atman) paid one part of the invoice to Natural Events UK (4600 euros), another part to NB (3775 euros) and the remaining (1625 euros) is yet to be collected.

WL original invoice was 55K euros, but WL paid an extra 3.6K for local costs that where the responsability of NE (so this value was added both to the final revenue and to the costs of the operation) and WL is still to be invoiced 3.5K for additional costs of cleaning (this amount was also added to the revenue of the 2024 WL festival). At the end the total revenue was 111K:

	total	atman	moga	WL	LisbON
Revenue	111111	10000	21000	62111	18000

2. P&L statement

Total costs of the operations include costs processed by PT and cost of work paid directly by the UK.

Total costs amounted to 91K euros, which were paid 55.2K by PT and 34.8 were paid by the UK. TVA paid is for now included as a cost - to be recovered later (9.5K). Total cost also includes the cost of the use of cars by NB, accounting services and a small amount of non documented costs. An analytical breakdown of costs by festival is provided in a section ahead.

Cost of staff includes the cost of NB work: 6K (500 euros per month).

Revenue in the statement is 106.6K, not 104K, because it includes as revenue the amount of 2556 euros of manpower paid directly by Waking Life. The same amount was included in the cost of materials and services.

P&L statement	total
cost of materials and services (without TVA)	35620
TVA paid	9450
non documented cost	1625
Staff NB 2024	6000
cars (5K km a 0.2/km))	1000
Accounting services	1500
Direct cost of operations	55195
Total cost paid by pt	55195
Salaries paid by uk	35831
Total costs	91026
	total
Revenue	111111
Margin = Revenue - Total costs	20085
Margin as % revenue	18%
Margin + TVA to be recovered	29535
Margin + TVA as % revenue	27%

The meaning of margin depends, of course, how we define it. We estimate 27% for the margin of the overall operation <u>after collecting the TVA paid</u>. Before that TVA is collected, we estimate a total margin of 18%. These values for margin include the general costs of the operation (to be discussed in a later section of this report).
The investment of 8.5K (paid directly by the UK) in a second hand truck/van is not accounted for in the operational costs neither the depreciation of other capital items owned by the UK and used in PT.

3. Cash flow

During 2024, PT received several funds from the UK through Wise service:

Wise	28	5		5000	F16/2024
Wise	4	6		5000	F17
Wise	13	6		10000	
Wise	26	6	NEI running expenses	5000	
Wise	29	6	NEI expenses - cash flow	5000	
Wise	1	7	NEI operational funds	15000	
Wise	13	9	warehouse rent	1050	F25
Wise	22	9	season experience	1625	F26

And also two transfers paid directly to a bank account:

Received from NE UK 22/5 tab i Inov2	711
Received from NE UK 17/7 doors Inov2	1402

The summary of cash in and out *for the PT side* during 2024 was

Cash flows	
Received from NE UK weiss	45000
Received from NE UK 22/5 tab i Inov2	711
Received from NE UK 17/7 doors Inov2	1402
Received from NE UK 13/9 wharehouse weiss	1050
Received from NE UK 22/9 non documented weiss	1625
Received from atman	3775
TVA recovered truck 2022	1992
Cash in	55555
Cash out	55195
net	360

It includes a previous TVA from a 2022 truck, already collected, and the cash received until now from the atman festival. It dooes not include the cash still to be collected from atman, WL and TVA.
PT has now a 360 euros of available funds from the the total funds provided by the UK and also generated in PT (part of atman festival).
Inovatec will now send Natural Events (UK) an invoice of 40000 - 1402.50 (this is an invoice 2024/20 already sent by Inovatec) = 38597.50 euros to close the transactions of 2024 with the advancements of cash by UK.
The *cash flow for the UK side* was 16.6K: UK sent cash transfers of 49.8K, paid 34.8K directly to workers, and received 101.2K directly from the festivals. Capital investments not included (like the truck/van).

4. TVA
During 2024, PT paid 9.5K euros for the TVA associated with expenses paid. Breakdowns of the TVA paid for each festival and for general costs are listed in the table of next section. TVA for general costs includes around 3.5K of TVA paid to enter two trucks with equipment from the UK.
The TVA amount can be recovered later if PT operation generates invoices for customers in Portugal enough to allow that amount (9.5K) to be collected - to be reimbursed of this amount from the 2024 operations we will need around 42K of the invoicing during 2025.
Until reimbursement of the TVA against future revenues, we consider it as a cost because the cash is not yet available and its availability is conditional on future invoicing.

5. Breakdown of P&L per festival
Costs of the P&L statement (see section 2) are divided by the four festival and general costs (indirect costs to be imputed to the festivals in order to estimate the total costs). General costs have been around 20K euros and it includes around 1.5K for decoration of units and 1.4 for warehousing services from august.
The Waking Life festival revenue was added with the same amount the festival paid workers directly.

P&L statement	total	atman	moga	WL	LisbON
cost of materials and services (without TVA)	35620	2524	6128	17269	4415
TVA paid	9450	180	654	3169	379
non documented cost	1625				
Staff NB 2024	6000				
cars (5K km a 0.2/km))	1000				
Accounting services	1500				
Direct cost of operations	55195	2704	6782	20438	4794
Indirect (general) costs		1969	4135	10829	3544
Total cost paid by pt	55195	4673	10917	31267	8338
Salaries paid by uk	35831	3000	6000	23831	3000
Total costs	91026	7673	16917	55098	11338
	total	atman	moga	WL	LisbON
Revenue	111111	10000	21000	62111	18000
Margin = Revenue - Total costs	20085	2327	4083	7013	6662
Margin as % revenue	18%	23%	19%	11%	37%
Margin + TVA to be recovered	29535	2507	4737	10181	7040
	27%	25%	23%	16%	39%
Gross margin = Revenue-direct costs-salaries		4296	8218	17842	10206
		43%	39%	29%	57%

General costs with associated TVA (iva):

ano	conta	d	m	forn	valor	v sem iva	iva	fest
2024	eb.bcp	30	4	trovisco aires	2060.35		2060.35	geral
2024	Inov1	14	5	vplogistica	184.50	150.00	34.50	geral
2024	Inov1	4	6	trovisco aires	1411.11		1411.11	geral
2024	Inov1	7	6	vplogistica	184.50	150.00	34.50	geral
2024	Inov1	3	7	dismael	1333.66	1084.28	249.38	geral
2024	Inov1	12	7	xico leao	1402.50	1140.24	262.26	geral

2024	Inov1	23	7	rot alegre	344.40	280.00	64.40	geral
2024	Inov1	17	9	rot alegre	430.50	350.00	80.50	geral
2024	Inov1		11	rot alegre	1291.50	1050.00	322.00	geral

To estimate the margin of each festival, the general costs of the PT operation and associated TVA to each festival we allocated in proportion to its revenue.
Including the future TVA to be reimbursed, the margins estimated were 26% for the overall operation and 25% for atman, 23% for moga, 16% for Waking Life and 39% for LisbON. The cost of manpower paid by the UK was included in the total costs of each festival.
Details of the costs for each festival are available in the following spreadsheets:

- atman festival (xls)
- mogga festival (xls)
- waking life festival (xls)
- lisbOn festival (xls)

6. Structure of costs

Total costs have been broken by five classes: transportation, materials, hospitality, manpower and others per each festival (not including indirect costs) and general costs common to all the operations. Cost of work is the main class, around half of the total cost (and it was paid mainly directly by the UK).
Per festival, the cost of work was around one third for moga and around 57% for Working Life. The high level of manpower costs in this festival (and low margin of the results) was a consequence of some mismanagement of the resources that is expected not to happen in the future.

	transportation	materials&tools	food&hotels	salaries	others	total
% total without cost of TVA paid	20%	21%	8%	49%	3%	100%
% total with cost of TVA paid	18%	19%	7%	44%	3%	89%
atman	13%	20%	11%	56%	0%	100%
mogga	27%	30%	11%	32%	0%	100%
WL	18%	20%	5%	57%	0%	100%

LisbON	21%	10%	29%	40%	0%	100%
general	19%	22%	0%	40%	18%	100%
total	20%	21%	8%	49%	3%	100%

7. Bonus for NB

It was not previously defined how to evaluate a bonus for NB work. It is suggested that NB may receive a bonus for the year 2024 to be decided, between 5K and 10K. It is to be paid with part of the remaining amount yet to be collected from atman festival (1.6K) and the TVA to be reimbursed with future invoices (9.5K).

To be received from atman	1625
To be received from WL	3500
To be recovered from TVA	9450
	14575

8. Plans for 2025

- Minimum 6 festivals, revenue 150K, margin 30% or higher per festival after indirect costs and TVA (margin defined as revenue minus costs of PT operation and manpower paid by UK, assuming future reimbursement of TVA)
- Efforts should be made in order to sell at least 1 (of 6) festival in Spain (Galicia being the first province to explore commercially)
- In order to recover both 2004 and 2005 TVA, PT must invoice directly at least 80 to 100K (it is suggested that UK invoices directly Waking Life, at least)
- For joint monitoring of costs and use of cash, PT will maintain a bank account only used by the operations of NE in Portugal as well as a cost center in the accounting system and share updated information with SPENDESK - but some kind of integration with the accounting system through the API need to be developed (one time expense, expected to be not more than 1K, included in the estimated general costs). The bank account may support several cards (credit and/or debit) used only for the purpose of the operations.
- UK will continue to pay directly to workers

- A draft for an estimate of the 2025 P&L statement is suggested as a basis for further discussion and refinement:

		3 festivals				5 festivals		
	2024	2024	2024	2024	2025	2025	2025	2025
P&L statement	total	others	WL	general	total	others	WL	general
cost of materials and services (without TVA)	35620	13067	17269	5284	43000	24000	17000	2000
TVA paid	9530	1213	3169	5149	9635	4800	3400	1435
non documented cost	1625	0		1625	500			500
Staff (NB+manager)	6000	0		6000	10000			10000
cars (5K km a 0.2/km))	1000	0		1000	1500			1500
Accounting services	1500	0		1500	3000			3000
Direct cost of operations	55276	14280	20438	20558	67635	28800	20400	18435
Indirect (general) costs	20558	9686	10872			10915	7520	18435
Total cost paid by pt	55276	23966	31310		67635	39715	27920	
Salaries paid by uk	35831	12000	23831		50000	29000	21000	
Total costs	91107	35966	55141		117635	68715	48920	
	total	others	WL		total	others	WL	
Revenue	110311	49000	61311		152000	90000	62000	
Margin = Revenue - Total costs	19204	13034	6170		34365	21285	13080	
Margin as % revenue	17%	27%	10%		23%	24%	21%	
Margin + TVA to be recovered	28735	14247	9339		44000	26085	16480	
	26%	29%	15%		29%	29%	27%	

It has a provision to a operations manager (12K for 6 months, april to september) and NB together with a part time assistant (10 K/yr) in the “staff” item.
This plan projects a 40% growth of revenue (from 106K to 150K) with an increase of 78% in final margin (from 23K to 41K, TVA reimbursement included).

- Based on the previous P&L statement, the cash flow until the end of 2025 is estimated to be 51K, part in PT (39K) and part in UK (12K), assuming full collection of the festivals for 2025 during the saame year.

Cash flows		
To be collected from atman	1625	1625
To be collected from WL	3500	5125
TVA reimbursement (2024) to be collected	9450	14575
Payment bonus NB 2024	-7500	7075
TVA reimbursement (2025)	9635	16710
Received from festivals (others, **not WL**)	90000	106710
Cash out (costs)	-67635	39075
net pt	39075	
Paid by UK (manpower, all festivals)	-50000	
Received by UK (WL festival)	62000	
Net uk	12000	
total net	51075	

- No financial costs are included in the previous projections. The first festival is expected to happen in May. Until May some support for working capital may be needed until some cash is received from festivals (TVA reimbursements will not happen until invoicing of 2025 festivals). We estimate a maximum of 5 to 15K may be needed until May. An initial transfer of 10K should be enough to finance the first months of 2025 until receivements from 2025 festival can begin.
- Invoicing 90K to other festivals (not WL) is expected to reimburse enough TVA to recover the full 2024 and also 2025 TVA meanwhile paid and its collection may be sufficient for the expected cash needs until the end of the year.