

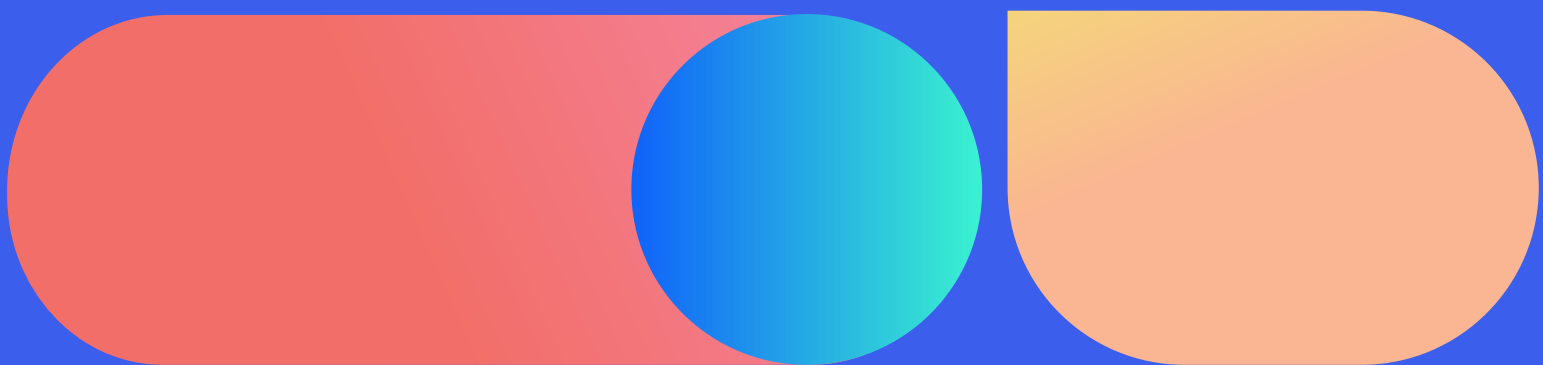


# Management Accounts

Flippy  
Nov 2021



FLIPPY



# Basis of Preparation

---

This report is prepared solely for the confidential use of Miller & Associates. In the preparation of this report Miller & Associates has relied upon the unaudited financial and non-financial information provided to them. The analysis and report must not be recited or referred to in whole or in part in any other document. The analysis and report must not be made available, copied or recited to any other party without our express written permission. Miller & Associates neither owes nor accepts any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on the report or the analysis contained herein.

# Notes to Management

November has been a strong month, with subscription revenue of \$269,983 and implementation revenue of \$174,182. We would like to see a focus on increasing the number of subscribers by 4% per month. Cost of Sales have also been controlled well, which is a promising sign of efficiency gains.

The YTD Gross profit margin of 71.69% and Operating profit margin of 56.32% show great profitability for such a young product.

We have also seen an increase in Revenue Churn and Customer Acquisition Cost this month, however these metrics are closely monitored by internal teams, and we don't think there's cause for concern. We will evaluate these metrics in Q1 to see if further action is needed.

One improvement opportunity the firm has identified is for a clearer marketing and branding plan to be put in place internally, this may lead to a short term increase in the Customer Acquisition Cost, but will increase leads and customers.

## Discussion Points

- Strategies to reduce revenue churn
- Review customer acquisition process
- Increase marketing team capacity
- Long-term expansion opportunities

### CUSTOMER ACQUISITION COST

**\$3,700**

▼ -17.8% vs target



Customer acquisition cost (CAC) shows exactly how much it costs to acquire new customers and how much value they bring to your business. When combined with CLV, this metric helps companies guarantee that their business model is viable.

### MONTHS TO RECOVER CAC

**8**

▲ 14% from Nov 2020



This metric helps determine how long after you've closed a customer you recoup the total CAC. In other words, months to recover CAC gives you an idea of how quickly a customer starts to generate ROI for your business -- and you want that number to get smaller over time as your business grows.

### REVENUE CHURN

**\$4,352**

▼ -13% vs target



It's important to measure revenue churn alongside customer churn to evaluate the outside impact some customers might have over others. Particularly if subscription price is variable depending on the number of seats or users a customer pays for.

### TOTAL REVENUE

**\$444,165**

▲ 14.3% from Nov 2020



A measure of the total amount of money received by the company for goods sold or services provided.

### GROSS PROFIT %

**74.97%**

▲ 4.83% vs rolling 12 months average



A measure of the proportion of revenue that is left after deducting all costs directly related to the sales.

### LIFETIME VALUE

**\$9,000**

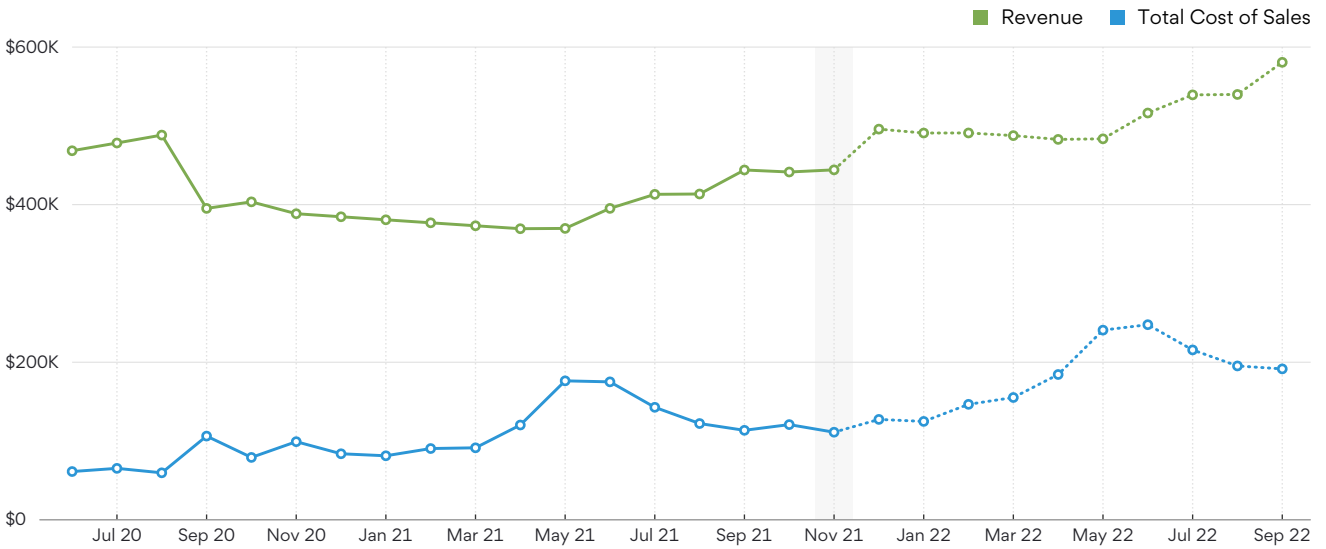
▲ \$400 from last month



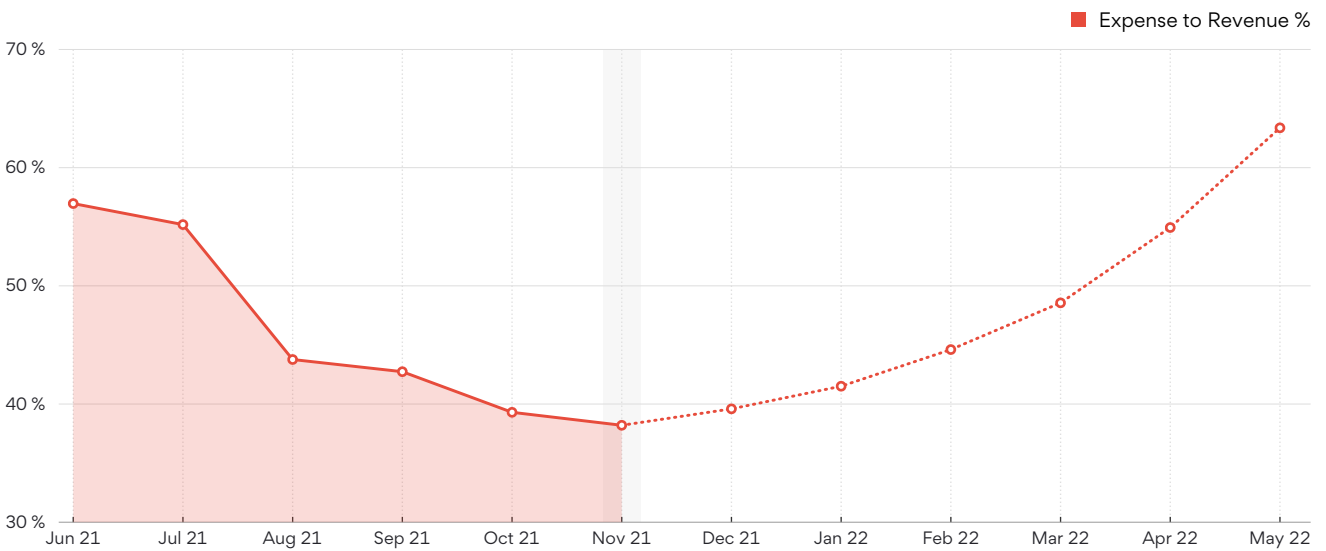
The Customer Lifetime Value is the total worth to a business of a customer over the whole period of their relationship.

# Key Metrics

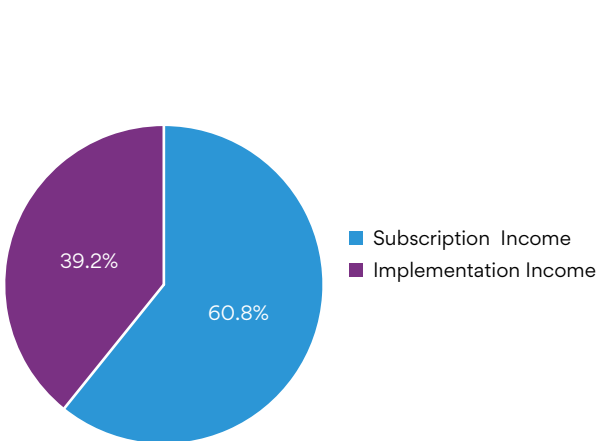
Revenue and Cost of Sales Forecast



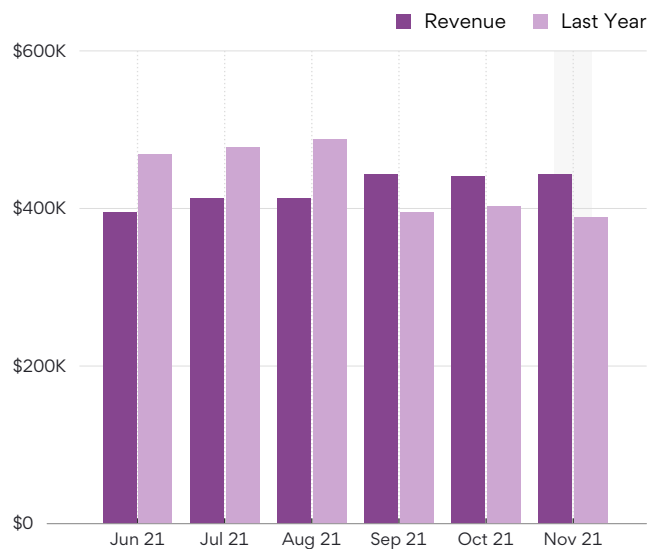
Expense-to-Revenue (%) Forecast



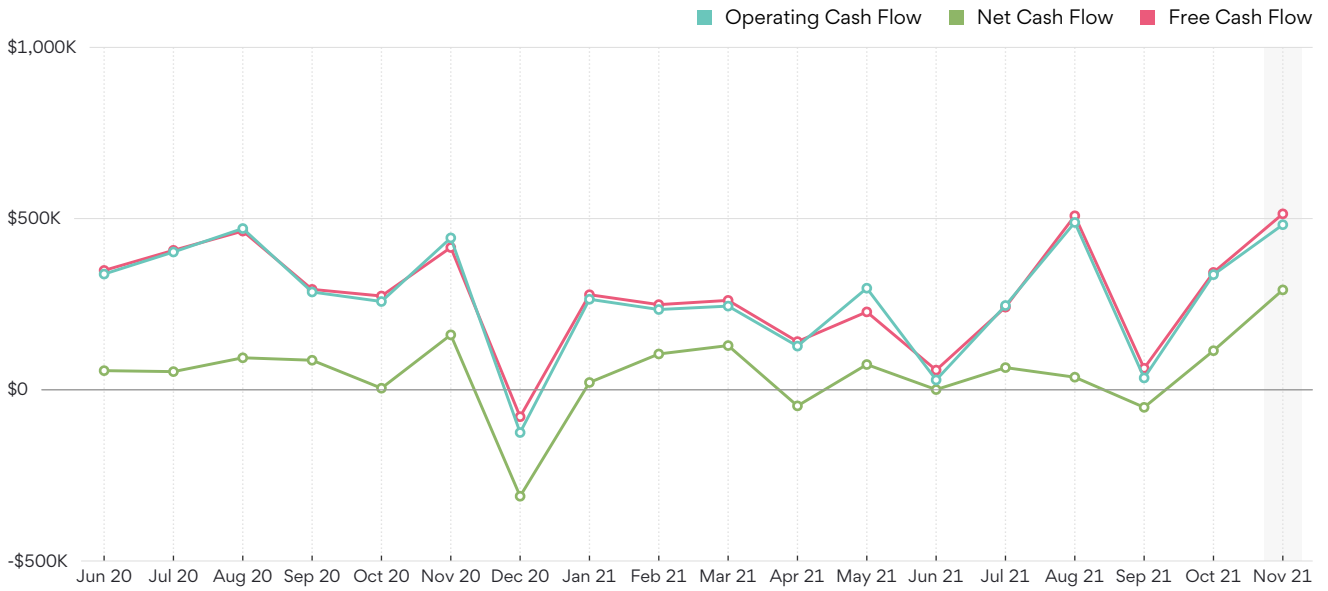
Revenue Mix



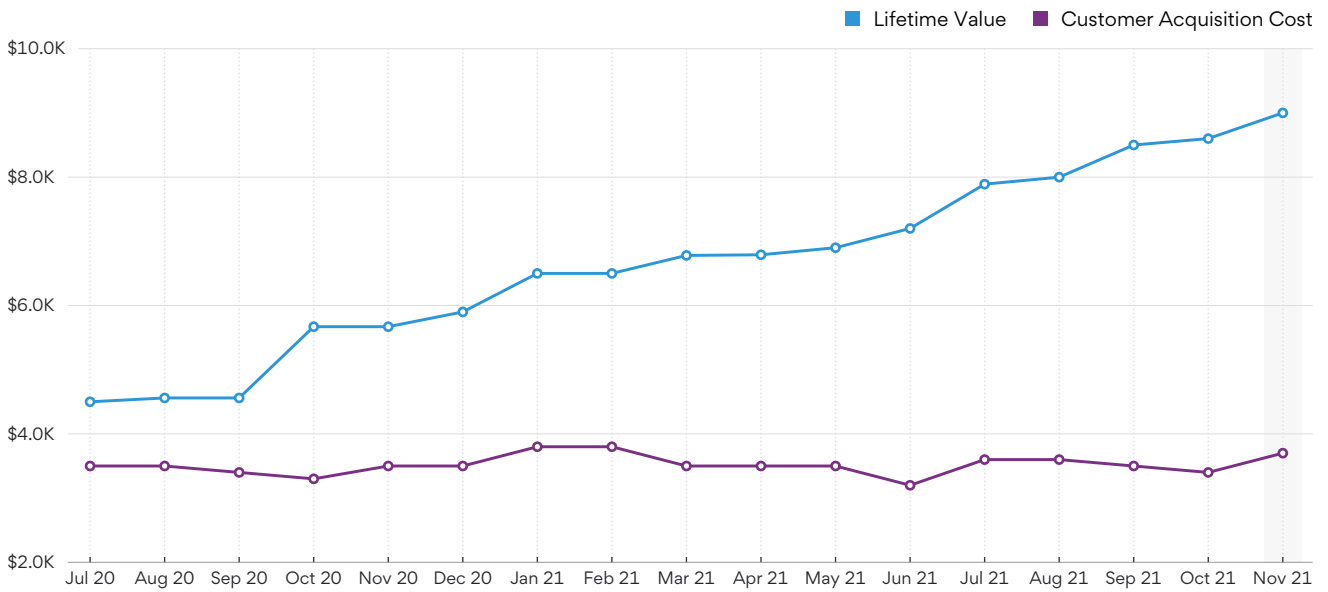
Revenue vs Last Year



## Cash Flow Trend



## Customer Acquisition



# KPI Results

	RESULT		TREND	IMPORTANCE
<b>A PROFITABILITY</b>	NOV 2021	NOV 2020	vs NOV 2020	
Total Revenue	\$444,165	\$388,505	▲ 14.3%	Critical
Gross Profit Margin	74.97%	74.48%	▲ 0.49%	Medium
Profitability Ratio	69.46%	73.12%	▼ -3.66%	Critical
Net Profit After Tax Margin	48.18%	67.78%	▼ -19.6%	Medium
Rent as a % of Sales *	3%	0%	▲ 3%	Low
Wages as a % of Sales	0%	0%	▼ 0%	Low
<b>B ACTIVITY</b>				
Activity Ratio	2.68 times	2.95 times	▼ -0.27 times	Critical
<b>C EFFICIENCY</b>				
Return on Equity	191.31%	283.24%	▼ -91.92%	Critical
Return on Capital Employed	186.26%	215.92%	▼ -29.66%	Critical
<b>D NON-FINANCIALS</b>				
Full Time Employees	33	17	▲ 16	Low
Customer Acquisition Cost *	\$3,700	\$3,500	▲ 5.7%	Low
Revenue Churn *	\$4,352	\$1,745	▲ 149.4%	Low
Lifetime Value	\$9,000	\$5,670	▲ 58.7%	Low
Months to Recover CAC *	8	7	▲ 1	Low
Customer Health Score	97	91	▲ 6	Low
<b>E LIQUIDITY</b>				
Current Ratio	2.09:1	1.96:1	▲ 0.14:1	Medium
Quick Ratio	1.50:1	1.37:1	▲ 0.13:1	Medium
<b>F CASH FLOW</b>				
Cash on Hand	\$1,599,532	\$970,248	▲ 64.9%	Medium
Net Variable Cash Flow	90.79%	89.51%	▲ 1.28%	Medium

\* For this metric, a result below target is favourable

# Breakeven Analysis

## TOTAL REVENUE

**\$444,165**

A measure of the total amount of money received by the company for goods sold or services provided.

## EXPENSE TO REVENUE RATIO

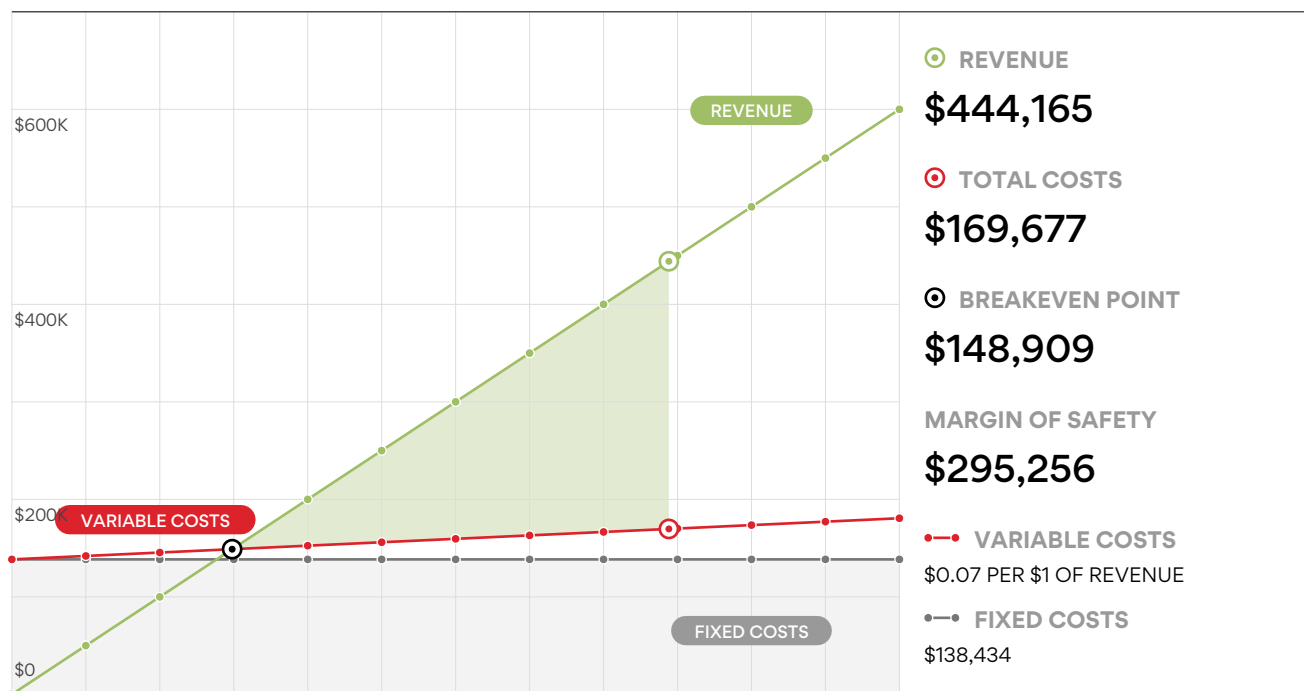
**38.2%**

A measure of how efficiently the business is conducting its operations.

## BREAKEVEN MARGIN OF SAFETY

**\$295,256**

The breakeven safety margin represents the gap between the actual revenue level and the breakeven point. In other words, the amount by which revenue can drop before losses begin to be incurred.



# Cash Flow Analysis

## OPERATING CASH FLOW

**\$482,166**

Operating cash flow is simply the cash generated by the operating activities of the business. Operating activities include the production, sales and delivery of the company's product and/or services as well as collecting payment from its customers and making payment to suppliers.

## FREE CASH FLOW

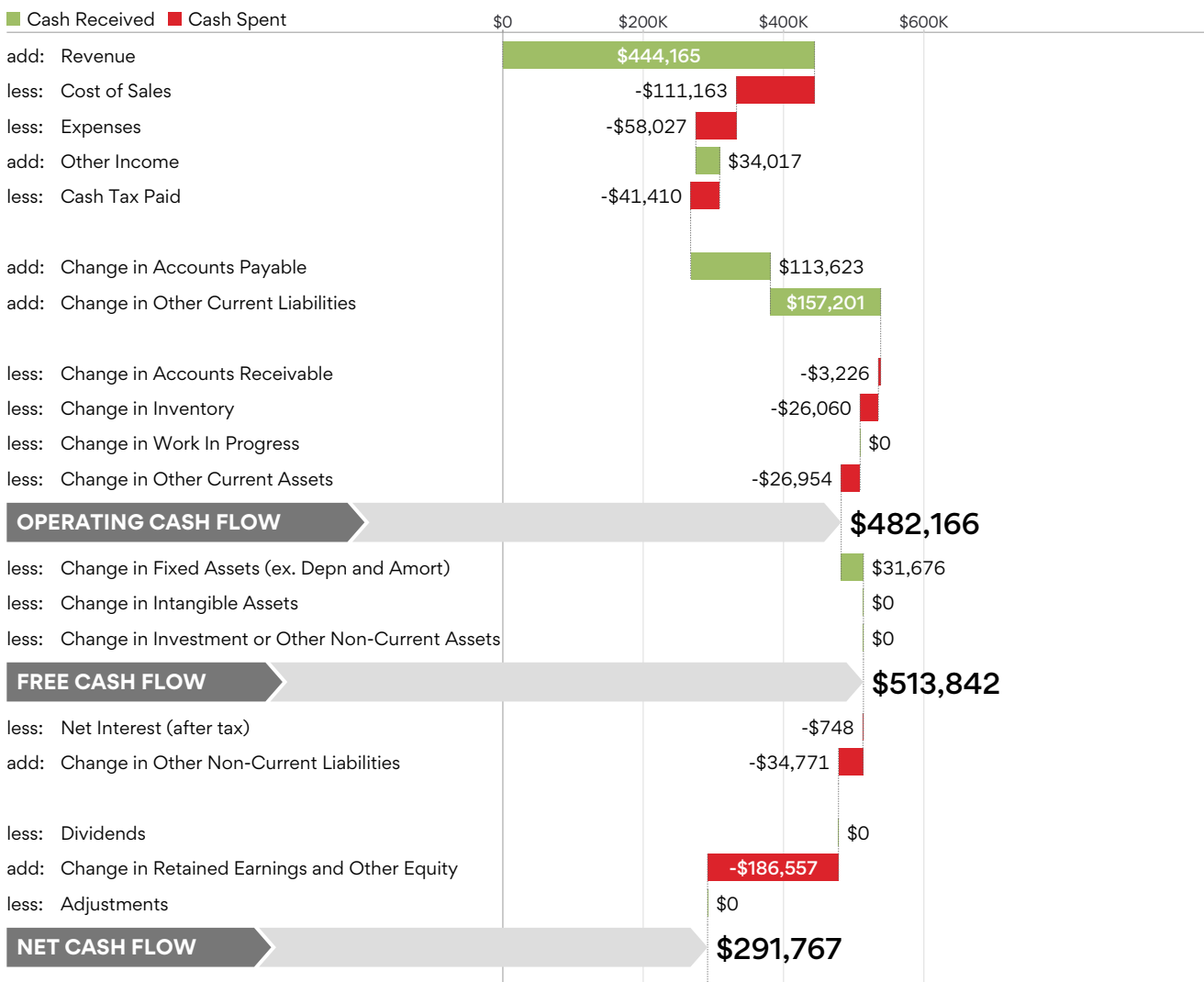
**\$513,842**

Free cash flow is cash generated by the business, after paying its expenses and investing for future growth. It is the cash left after subtracting capital expenditure from operating cash flow. The term "free cash flow" is used because this cash is free to be paid back to the suppliers of capital.

## NET CASH FLOW

**\$291,767**

Net cash flow is the cash flow remaining after operating, investing and financing activities. Financing activities may include cash outflows such as interest payments to lenders or dividend payments to shareholders.



Net Cash Flow can also be calculated as:

**Change in Cash on Hand** \$403,446

(Open: \$1,196,086, Close: \$1,599,532)

— **Change in Debt** \$106,467

(Open: \$505,926, Close: \$612,393)

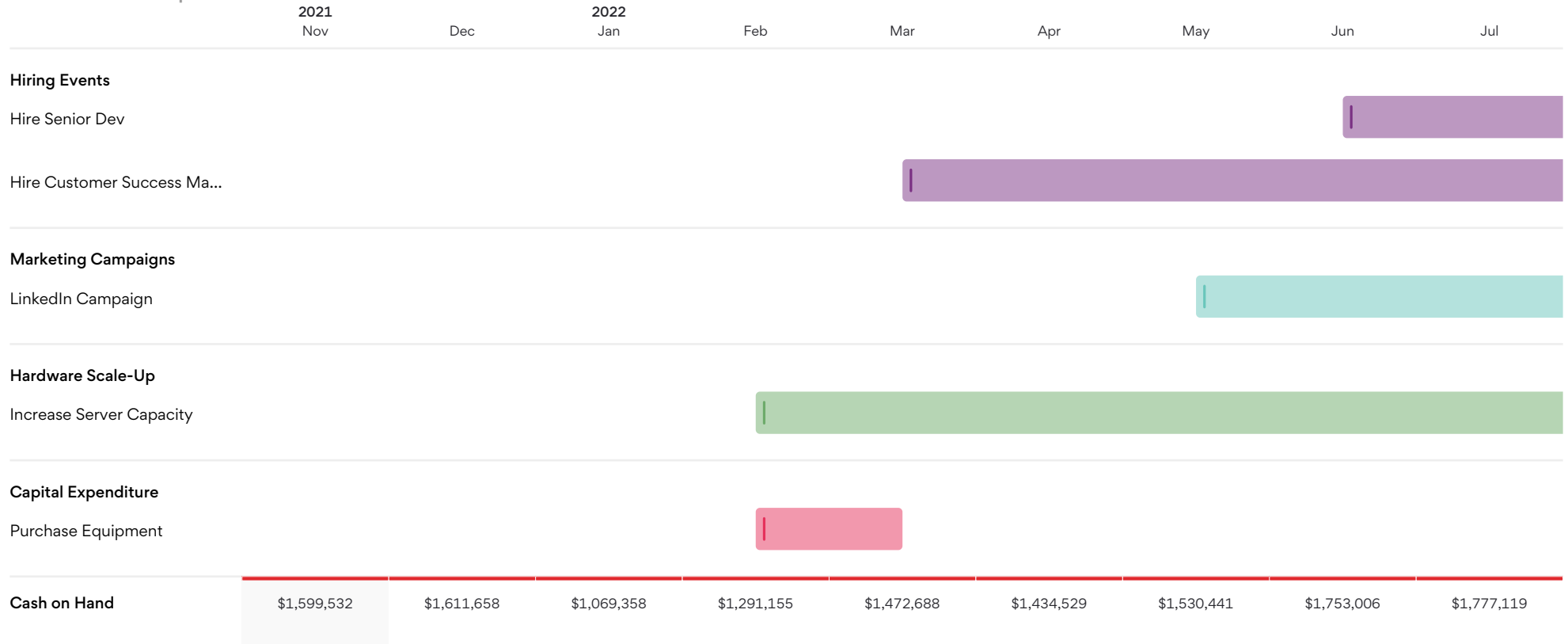


# Financials

PROFIT & LOSS	Nov 2021	Oct 2021	This month vs last month (%)	This month vs last month (\$)	Rolling 12 months
<b>Revenue</b>					
Implementation Income	\$174,182	\$181,440	-4.00%	-\$7,258	\$1,908,040
Subscription Income	\$269,983	\$260,000	3.84%	\$9,983	\$2,898,280
<b>Total Revenue</b>	<b>\$444,165</b>	<b>\$441,440</b>	<b>0.62%</b>	<b>\$2,725</b>	<b>\$4,806,320</b>
<b>Cost of Sales</b>					
Accounting & Legal	\$1,333	\$1,333	0.00%	\$0	\$17,333
Advertising & Promotions	\$13,296	\$12,842	3.53%	\$453	\$119,046
Computer Equipment	\$14,108	\$13,414	5.18%	\$694	\$141,118
Consulting Fees	\$9,047	\$8,409	7.58%	\$638	\$132,260
Contractors	\$13,263	\$13,097	1.26%	\$165	\$165,906
Data Communication Costs	\$3,112	\$16,822	-81.50%	-\$13,710	\$240,241
Implementation Consultants	\$5,795	\$5,674	2.14%	\$121	\$63,105
Postage	\$67	\$67	0.02%	\$0	\$2,899
Salaries & Wages	\$1,200	\$1,200	0.00%	\$0	\$14,400
Sever Costs	\$36,681	\$34,875	5.18%	\$1,805	\$366,908
Training & Education	\$13,263	\$13,097	1.26%	\$165	\$165,906
<b>Total Cost of Sales</b>	<b>\$111,163</b>	<b>\$120,830</b>	<b>-8.00%</b>	<b>-\$9,667</b>	<b>\$1,429,121</b>
<b>Gross Profit</b>	<b>\$333,002</b>	<b>\$320,610</b>	<b>3.87%</b>	<b>\$12,393</b>	<b>\$3,377,199</b>
<b>Expenses</b>					
Salaries & Wages	\$30,501	\$19,938	52.98%	\$10,563	\$281,553
Marketing	\$8,094	\$7,102	13.98%	\$993	\$80,886
Bank Fees	\$500	\$491	1.88%	\$9	\$7,352
Depreciation & Amortisation	\$487	\$673	-27.64%	-\$186	\$6,776
Insurance	\$5,795	\$5,674	2.14%	\$121	\$63,105
Loan Interest	\$136	\$3,869	-96.48%	-\$3,733	\$24,481
Rent	\$13,001	\$14,908	-12.80%	-\$1,908	\$152,762
<b>Total Expenses</b>	<b>\$58,514</b>	<b>\$52,654</b>	<b>11.13%</b>	<b>\$5,860</b>	<b>\$616,915</b>
<b>Operating Profit</b>	<b>\$274,488</b>	<b>\$267,956</b>	<b>2.44%</b>	<b>\$6,533</b>	<b>\$2,760,284</b>
<b>Other Income</b>					
Other Revenue	\$34,017	\$30,439	11.76%	\$3,578	\$341,094
<b>Earnings Before Interest &amp; Tax</b>	<b>\$308,505</b>	<b>\$298,394</b>	<b>3.39%</b>	<b>\$10,111</b>	<b>\$3,101,378</b>
<b>Interest Income</b>					
Interest Income	-\$1,068	\$858	-224.55%	-\$1,926	\$22,383
<b>Earnings Before Tax</b>	<b>\$307,436</b>	<b>\$299,252</b>	<b>2.74%</b>	<b>\$8,185</b>	<b>\$3,123,761</b>
<b>Tax Expenses</b>					
Income Tax Expense	\$92,231	\$89,776	2.73%	\$2,455	\$495,567
Payroll Tax	\$452	\$433	4.51%	\$20	\$29,555
Tax Expense	\$743	\$1,040	-28.59%	-\$297	\$17,142
<b>Earnings After Tax</b>	<b>\$214,010</b>	<b>\$208,003</b>	<b>2.89%</b>	<b>\$6,007</b>	<b>\$2,581,498</b>
<b>Net Income</b>	<b>\$214,010</b>	<b>\$208,003</b>	<b>2.89%</b>	<b>\$6,007</b>	<b>\$2,581,498</b>

# Forecast Reporting

## Business Roadmap



<b>REVENUE FORECAST</b>	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Total
Baseline	\$413,100	\$413,513	\$444,000	\$441,440	\$444,165	\$495,857	\$490,899	\$490,990	\$486,130	\$481,319	\$481,795	\$514,563	\$5.598M
Hire Customer Success Manager	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500	\$1,500	\$1,500	\$1,500	\$6,000
LinkedIn Campaign	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$250	\$253	\$503
<b>Total Revenue Forecast</b>	<b>\$413,100</b>	<b>\$413,513</b>	<b>\$444,000</b>	<b>\$441,440</b>	<b>\$444,165</b>	<b>\$495,857</b>	<b>\$490,899</b>	<b>\$490,990</b>	<b>\$487,630</b>	<b>\$482,819</b>	<b>\$483,545</b>	<b>\$516,315</b>	<b>\$5.604M</b>

# Forecast Projection

<b>PROFIT &amp; LOSS</b>	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Total
<b>Revenue</b>													
Coffee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Implementation Income	\$162,000	\$162,162	\$189,000	\$181,440	\$174,182	\$203,622	\$201,586	\$199,570	\$199,074	\$197,099	\$197,294	\$210,750	\$2,277,779
Subscription Income	\$251,100	\$251,351	\$255,000	\$260,000	\$269,983	\$292,235	\$289,313	\$286,420	\$283,556	\$280,720	\$281,251	\$300,565	\$3,301,494
<b>Total Revenue</b>	<b>\$413,100</b>	<b>\$413,513</b>	<b>\$444,000</b>	<b>\$441,440</b>	<b>\$444,165</b>	<b>\$495,857</b>	<b>\$490,899</b>	<b>\$490,990</b>	<b>\$487,630</b>	<b>\$482,819</b>	<b>\$483,545</b>	<b>\$516,315</b>	<b>\$5,604,273</b>
<b>Cost of Sales</b>													
Accounting & Legal	\$1,333	\$1,333	\$1,333	\$1,333	\$1,333	\$1,165	\$1,165	\$1,165	\$1,165	\$2,499	\$1,165	\$1,165	\$16,158
Advertising & Promotions	\$12,497	\$12,548	\$12,996	\$12,842	\$13,296	\$15,724	\$15,630	\$15,986	\$16,585	\$16,583	\$19,055	\$20,395	\$184,138
Computer Equipment	\$12,811	\$12,791	\$13,523	\$13,414	\$14,108	\$15,211	\$14,348	\$15,562	\$15,612	\$16,354	\$16,472	\$17,559	\$177,764
Consulting Fees	\$10,864	\$11,606	\$9,099	\$8,409	\$9,047	\$8,540	\$8,307	\$7,696	\$5,857	\$4,401	\$3,854	\$4,057	\$91,735
Contractors	\$12,965	\$17,783	\$14,113	\$13,097	\$13,263	\$13,989	\$16,260	\$16,671	\$19,596	\$27,956	\$34,180	\$34,059	\$233,932
Data Communication Costs	\$39,419	\$8,385	\$6,522	\$16,822	\$3,112	\$12,024	\$8,751	\$13,069	\$8,114	\$18,679	\$57,381	\$54,539	\$246,815
Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,500	\$4,590	\$4,682	\$4,775	\$4,871	\$23,418
Implementation Consultants	\$5,353	\$5,425	\$5,443	\$5,674	\$5,795	\$6,037	\$5,649	\$5,587	\$6,673	\$5,778	\$7,617	\$5,972	\$71,004
Postage	\$67	\$67	\$67	\$67	\$67	-\$17	-\$17	-\$17	-\$17	-\$17	\$2,034	\$31	\$2,311
Salaries & Wages	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$8,700	\$8,700	\$8,700	\$16,617	\$52,317
Sever Costs	\$33,309	\$33,256	\$35,160	\$34,875	\$36,681	\$39,549	\$37,304	\$48,460	\$48,750	\$50,843	\$51,317	\$54,313	\$503,819
Training & Education	\$12,965	\$17,783	\$14,113	\$13,097	\$13,263	\$13,989	\$16,260	\$16,671	\$19,596	\$27,956	\$34,180	\$34,059	\$233,932
<b>Total Cost of Sales</b>	<b>\$142,783</b>	<b>\$122,177</b>	<b>\$113,571</b>	<b>\$120,830</b>	<b>\$111,163</b>	<b>\$127,413</b>	<b>\$124,857</b>	<b>\$146,549</b>	<b>\$155,221</b>	<b>\$184,412</b>	<b>\$240,732</b>	<b>\$247,636</b>	<b>\$1,837,343</b>
<b>Gross Profit</b>	<b>\$270,317</b>	<b>\$291,337</b>	<b>\$330,429</b>	<b>\$320,610</b>	<b>\$333,002</b>	<b>\$368,445</b>	<b>\$366,042</b>	<b>\$344,441</b>	<b>\$332,409</b>	<b>\$298,407</b>	<b>\$242,813</b>	<b>\$268,679</b>	<b>\$3,766,930</b>
<b>Expenses</b>													
Salaries & Wages	\$43,585	\$32,875	\$30,070	\$19,938	\$30,501	\$36,478	\$33,198	\$32,309	\$35,118	\$32,177	\$34,581	\$33,084	\$393,913
Marketing	\$9,210	\$8,522	\$8,046	\$7,102	\$8,094	\$9,006	\$8,704	\$9,620	\$9,952	\$11,460	\$10,633	\$11,154	\$111,502
Bank Fees	\$1,635	\$492	\$771	\$491	\$500	\$730	\$702	\$730	\$720	\$730	\$720	\$730	\$8,949
Depreciation & Amortisation	\$441	\$440	\$440	\$673	\$487	\$0	\$0	\$0	\$6,750	\$6,446	\$6,156	\$5,879	\$27,713
Insurance	\$5,353	\$5,425	\$5,443	\$5,674	\$5,795	\$6,037	\$5,649	\$5,587	\$6,673	\$5,778	\$7,617	\$5,972	\$71,004
Loan Interest	\$6,080	\$1,002	\$19,105	\$3,869	\$136	\$8,188	\$9,948	\$8,188	\$8,188	\$8,188	-\$5,843	\$13,628	\$80,676
Rent	\$18,879	\$10,051	\$12,302	\$14,908	\$13,001	\$8,466	\$20,700	\$16,045	\$14,177	\$16,049	\$11,831	\$17,957	\$174,364
<b>Total Expenses</b>	<b>\$85,182</b>	<b>\$58,807</b>	<b>\$76,177</b>	<b>\$52,654</b>	<b>\$58,514</b>	<b>\$68,904</b>	<b>\$78,900</b>	<b>\$72,478</b>	<b>\$81,577</b>	<b>\$80,827</b>	<b>\$65,696</b>	<b>\$88,403</b>	<b>\$868,120</b>
<b>Operating Profit</b>	<b>\$185,135</b>	<b>\$232,530</b>	<b>\$254,251</b>	<b>\$267,956</b>	<b>\$274,488</b>	<b>\$299,541</b>	<b>\$287,142</b>	<b>\$271,963</b>	<b>\$250,831</b>	<b>\$217,580</b>	<b>\$177,118</b>	<b>\$180,275</b>	<b>\$2,898,810</b>

	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Total
<b>Other Income</b>													
Other Revenue	\$20,470	\$46,063	\$32,865	\$30,439	\$34,017	\$35,321	\$40,084	\$42,921	\$40,677	\$40,862	\$46,120	\$54,809	\$464,649
<b>Earnings Before Interest &amp; Tax</b>	<b>\$205,605</b>	<b>\$278,593</b>	<b>\$287,117</b>	<b>\$298,394</b>	<b>\$308,505</b>	<b>\$334,862</b>	<b>\$327,226</b>	<b>\$314,884</b>	<b>\$291,508</b>	<b>\$258,442</b>	<b>\$223,238</b>	<b>\$235,084</b>	<b>\$3,363,459</b>
<b>Interest Income</b>													
Interest Income	\$643	-\$1,777	\$17,111	\$858	-\$1,068	\$0	\$0	\$0	\$600	\$630	\$661	\$694	\$18,351
<b>Interest Expenses</b>													
interest expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$469	\$458	\$448	\$437	\$1,812
<b>Earnings Before Tax</b>	<b>\$206,249</b>	<b>\$276,816</b>	<b>\$304,228</b>	<b>\$299,252</b>	<b>\$307,436</b>	<b>\$334,862</b>	<b>\$327,226</b>	<b>\$314,884</b>	<b>\$291,639</b>	<b>\$258,614</b>	<b>\$223,452</b>	<b>\$235,341</b>	<b>\$3,379,998</b>
<b>Tax Expenses</b>													
Income Tax Expense	\$20,519	\$36,021	\$91,268	\$89,776	\$92,231	\$100,458	\$98,168	\$94,465	\$87,492	\$77,584	\$67,035	\$70,602	\$925,621
Payroll Tax	\$3,968	\$185	-\$1,018	\$433	\$452	\$288	\$288	\$288	\$2,088	\$2,088	\$2,088	\$3,988	\$15,136
Tax Expense	\$2,086	\$1,757	\$1,395	\$1,040	\$743	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,021
<b>Earnings After Tax</b>	<b>\$179,676</b>	<b>\$238,852</b>	<b>\$212,583</b>	<b>\$208,003</b>	<b>\$214,010</b>	<b>\$234,115</b>	<b>\$228,771</b>	<b>\$220,131</b>	<b>\$202,059</b>	<b>\$178,941</b>	<b>\$154,328</b>	<b>\$160,751</b>	<b>\$2,432,220</b>
<b>Net Income</b>	<b>\$179,676</b>	<b>\$238,852</b>	<b>\$212,583</b>	<b>\$208,003</b>	<b>\$214,010</b>	<b>\$234,115</b>	<b>\$228,771</b>	<b>\$220,131</b>	<b>\$202,059</b>	<b>\$178,941</b>	<b>\$154,328</b>	<b>\$160,751</b>	<b>\$2,432,220</b>