



Sentrika

Accountants & Business Advisory
Sample Report - June 2022



Welcome to Sentrika.

Our team's personal & professional values form the cornerstone for how we conduct business. We believe that they align well with your business and we look forward to a future of strong growth.

Specialists in:



Speak to us at:

info@sentrika.com.au



Our Proud Difference

We offer our clients a broad range of professional services and strategies to drive their business forward with purpose and clarity.

Our team's non-negotiable values:

Innovative technology solutions. Customer-Centric.

Perpetual Education.

Humanised Support.

Basis of Preparation

This report is prepared solely for the confidential use of Sentrika Accountants & Business Advisory. In the preparation of this report Sentrika Accountants & Business Advisory 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. Sentrika Accountants & Business Advisory 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

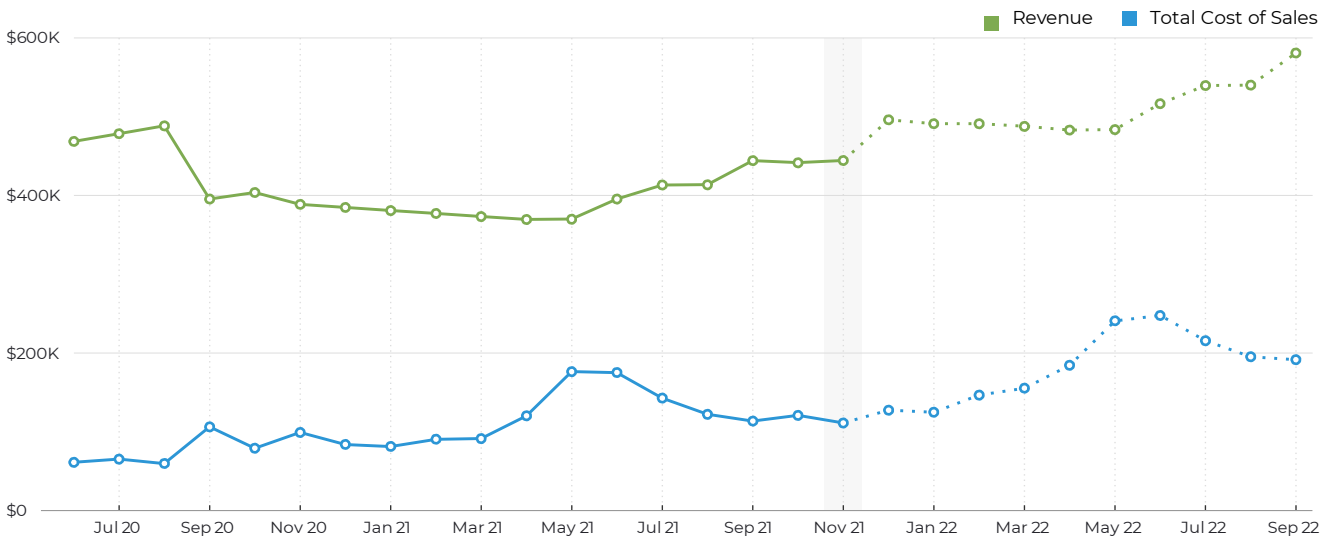
▲ \$400 from last month



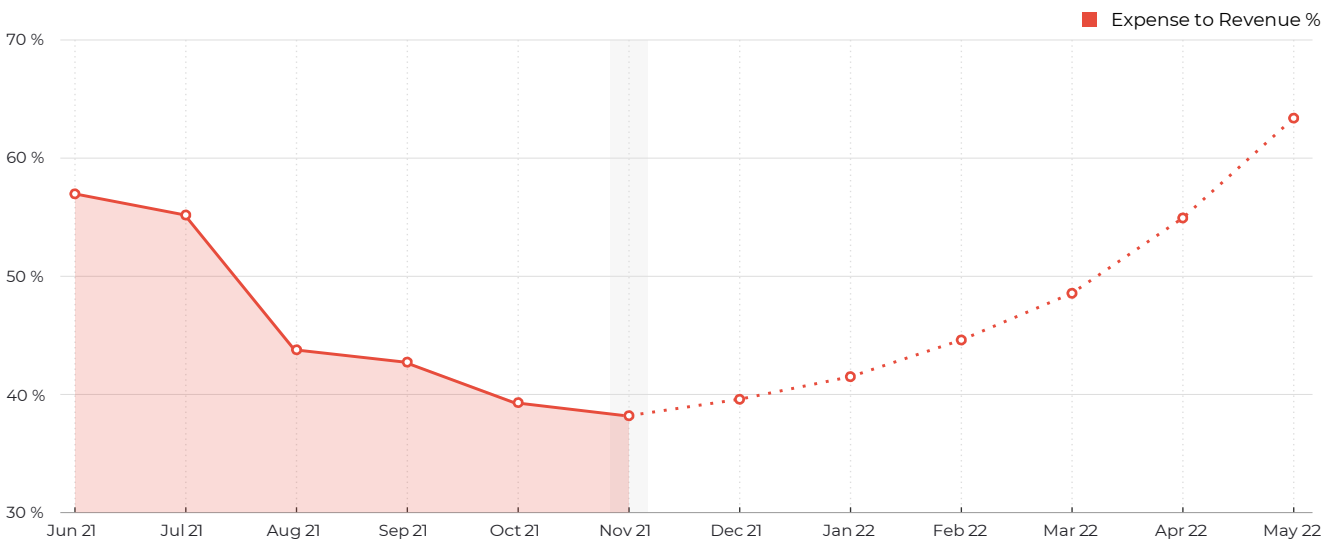
The Customer Lifetime Value is the total worth to a business of a customer over the whole period of their relationship.

Key Metrics

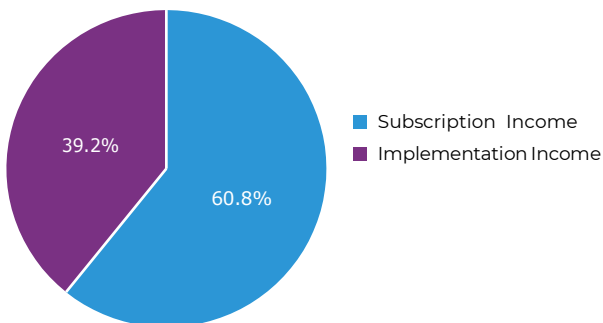
Revenue and Cost of Sales Forecast



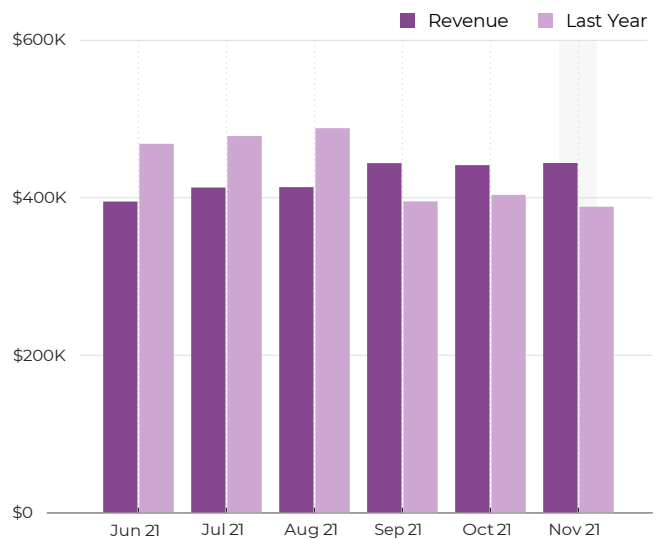
Expense-to-Revenue (%) Forecast



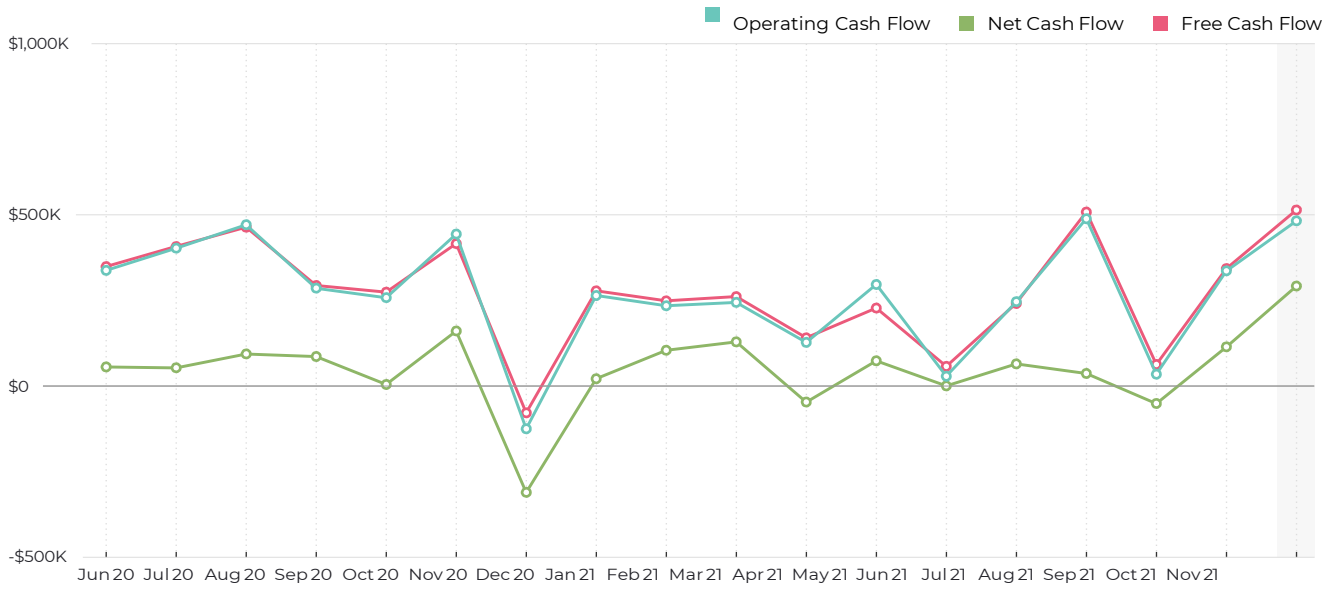
Revenue Mix



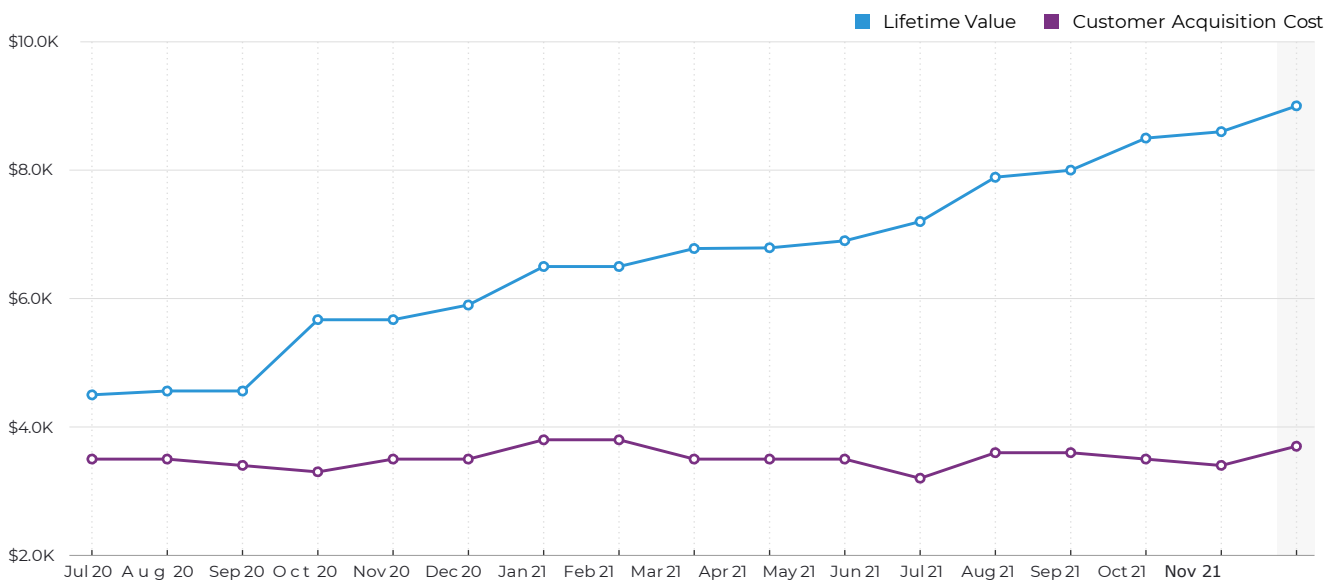
Revenue vs Last Year



Cash Flow Trend



Customer Acquisition



KPI Results

| | RESULT | | TREND | IMPORTANCE |
|-----------------------------|-------------|------------|---------------|------------|
| A PROFITABILITY | 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 ACTIVITY | | | | |
| Activity Ratio | 2.68 times | 2.95 times | ▼ -0.27 times | Critical |
| C EFFICIENCY | | | | |
| Return on Equity | 191.31% | 283.24% | ▼ -91.92% | Critical |
| Return on Capital Employed | 186.26% | 215.92% | ▼ -29.66% | Critical |
| D NON-FINANCIALS | | | | |
| 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 |
| E LIQUIDITY | | | | |
| Current Ratio | 2.09:1 | 1.96:1 | ▲ 0.14:1 | Medium |
| Quick Ratio | 1.50:1 | 1.37:1 | ▲ 0.13:1 | Medium |
| F CASH FLOW | | | | |
| 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

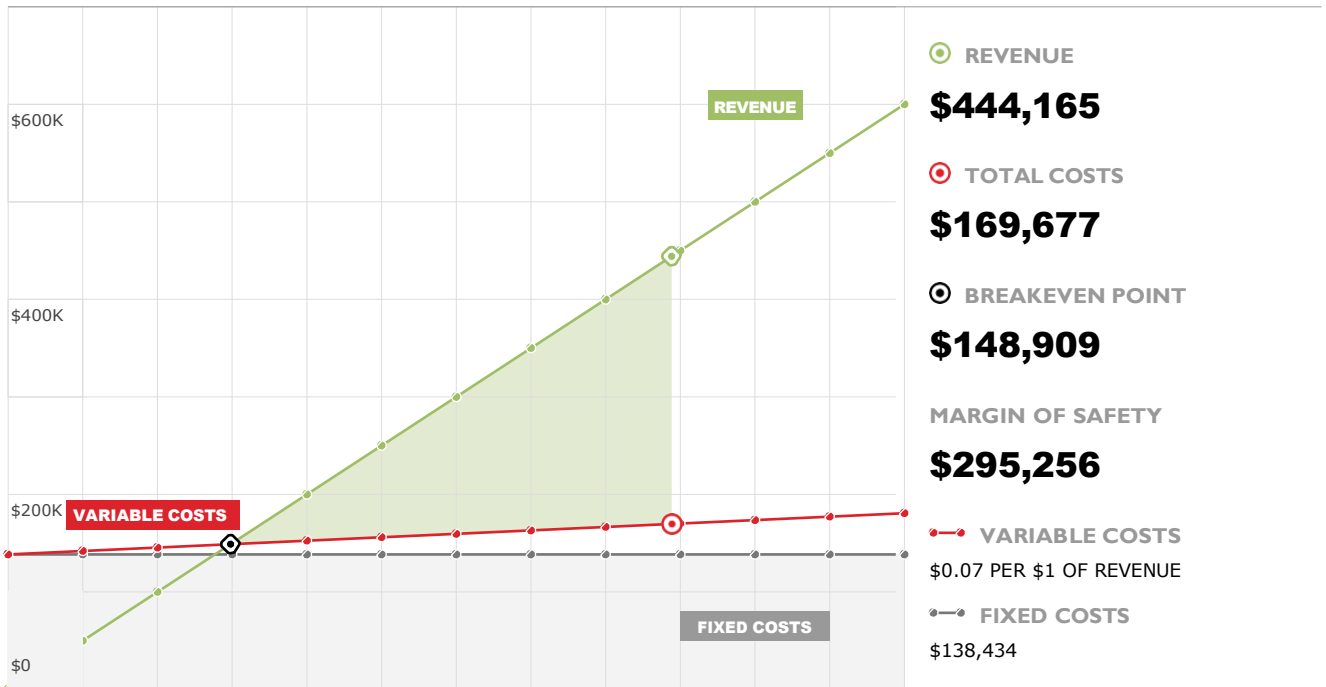
38.2%

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

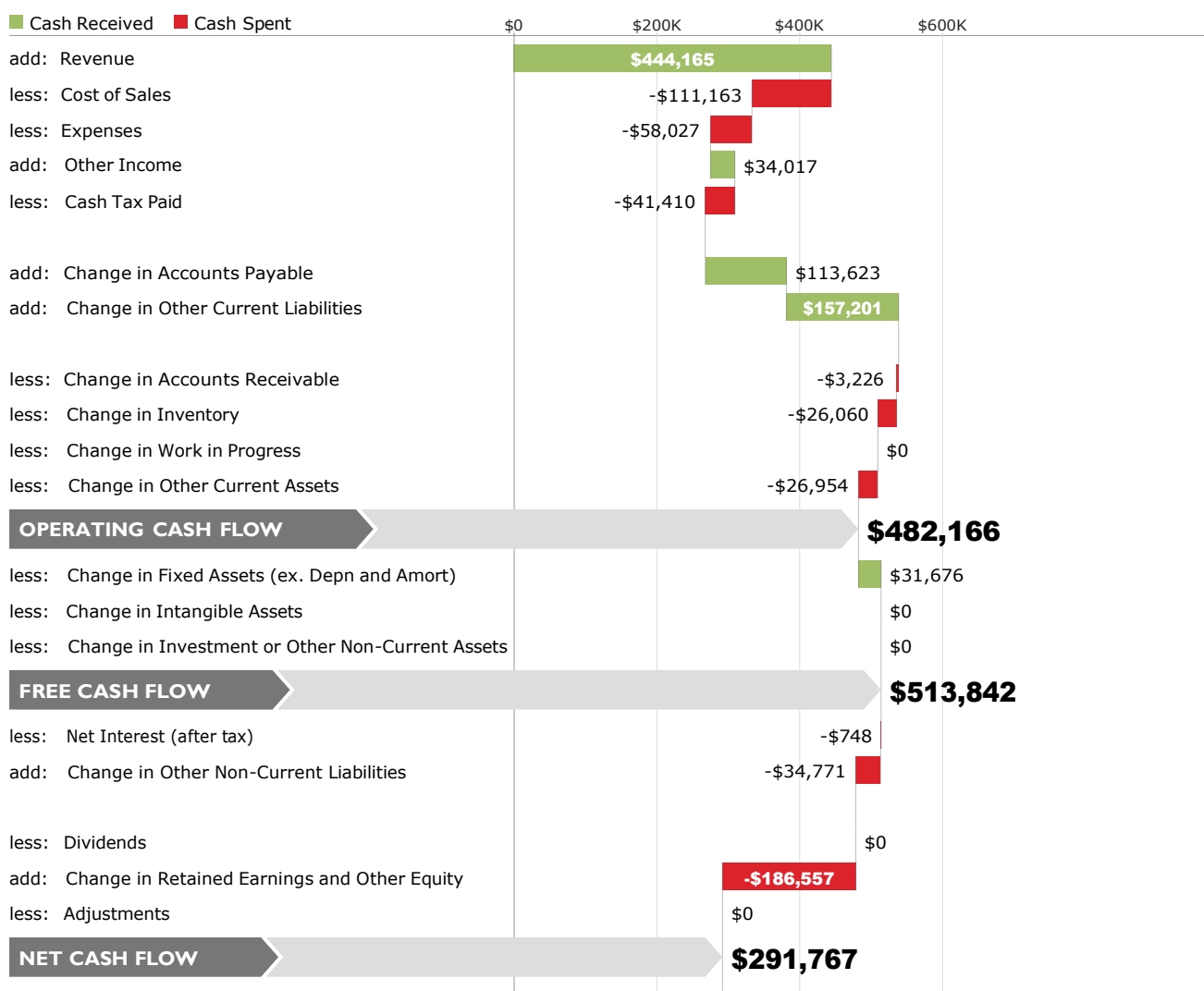
\$513,842

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

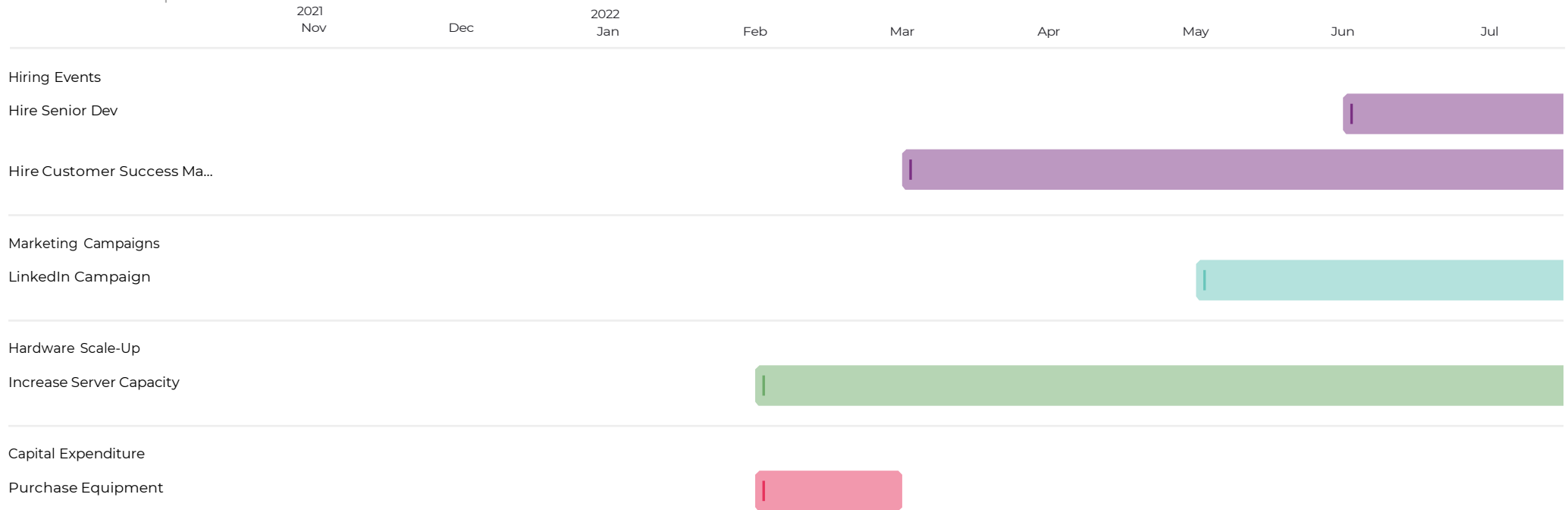
(Open: \$505,926, Close: \$612,393)

Financials

| PROFIT & LOSS | Nov 2021 | Oct 2021 | This month vs last month (%) | This month vs last month (\$) | Rolling 12 months |
|---|------------------|------------------|------------------------------|-------------------------------|--------------------|
| Revenue | | | | | |
| 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 |
| Total Revenue | \$444,165 | \$441,440 | 0.62% | \$2,725 | \$4,806,320 |
| Cost of Sales | | | | | |
| 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 |
| Total Cost of Sales | \$111,163 | \$120,830 | -8.00% | -\$9,667 | \$1,429,121 |
| Gross Profit | \$333,002 | \$320,610 | 3.87% | \$12,393 | \$3,377,199 |
| Expenses | | | | | |
| 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 |
| Total Expenses | \$58,514 | \$52,654 | 11.13% | \$5,860 | \$616,915 |
| Operating Profit | \$274,488 | \$267,956 | 2.44% | \$6,533 | \$2,760,284 |
| Other Income | | | | | |
| Other Revenue | \$34,017 | \$30,439 | 11.76% | \$3,578 | \$341,094 |
| Earnings Before Interest & Tax | \$308,505 | \$298,394 | 3.39% | \$10,111 | \$3,101,378 |
| Interest Income | | | | | |
| Interest Income | -\$1,068 | \$858 | -224.55% | -\$1,926 | \$22,383 |
| Earnings Before Tax | \$307,436 | \$299,252 | 2.74% | \$8,185 | \$3,123,761 |
| Tax Expenses | | | | | |
| 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 |
| Earnings After Tax | \$214,010 | \$208,003 | 2.89% | \$6,007 | \$2,581,498 |
| Net Income | \$214,010 | \$208,003 | 2.89% | \$6,007 | \$2,581,498 |

Forecast Reporting

Business Roadmap



| | | | | | | | | | |
|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Cash on Hand | \$1,599,532 | \$1,611,658 | \$1,069,358 | \$1,291,155 | \$1,472,688 | \$1,434,529 | \$1,530,441 | \$1,753,006 | \$1,777,119 |
|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|

| REVENUE FORECAST | 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 |
| Total Revenue Forecast | \$413,100 | \$413,513 | \$444,000 | \$441,440 | \$444,165 | \$495,857 | \$490,899 | \$490,990 | \$487,630 | \$482,819 | \$483,545 | \$516,315 | \$5.604M |

Forecast Projection

| PROFIT & LOSS | 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 |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| Revenue | | | | | | | | | | | | | |
| 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 |
| Total Revenue | \$413,100 | \$413,513 | \$444,000 | \$441,440 | \$444,165 | \$495,857 | \$490,899 | \$490,990 | \$487,630 | \$482,819 | \$483,545 | \$516,315 | \$5,604,273 |
| Cost of Sales | | | | | | | | | | | | | |
| 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 |
| Total Cost of Sales | \$142,783 | \$122,177 | \$113,571 | \$120,830 | \$111,163 | \$127,413 | \$124,857 | \$146,549 | \$155,221 | \$184,412 | \$240,732 | \$247,636 | \$1,837,343 |
| Gross Profit | \$270,317 | \$291,337 | \$330,429 | \$320,610 | \$333,002 | \$368,445 | \$366,042 | \$344,441 | \$332,409 | \$298,407 | \$242,813 | \$268,679 | \$3,766,930 |
| Expenses | | | | | | | | | | | | | |
| 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 |
| Total Expenses | \$85,182 | \$58,807 | \$76,177 | \$52,654 | \$58,514 | \$68,904 | \$78,900 | \$72,478 | \$81,577 | \$80,827 | \$65,696 | \$88,403 | \$868,120 |
| Operating Profit | \$185,135 | \$232,530 | \$254,251 | \$267,956 | \$274,488 | \$299,541 | \$287,142 | \$271,963 | \$250,831 | \$217,580 | \$177,118 | \$180,275 | \$2,898,810 |

| | 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 |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| Other Income | | | | | | | | | | | | | |
| 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 |
| Earnings Before Interest & Tax | \$205,605 | \$278,593 | \$287,117 | \$298,394 | \$308,505 | \$334,862 | \$327,226 | \$314,884 | \$291,508 | \$258,442 | \$223,238 | \$235,084 | \$3,363,459 |
| Interest Income | | | | | | | | | | | | | |
| Interest Income | \$643 | -\$1,777 | \$17,111 | \$858 | -\$1,068 | \$0 | \$0 | \$0 | \$600 | \$630 | \$661 | \$694 | \$18,351 |
| Interest Expenses | | | | | | | | | | | | | |
| interest expense | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$469 | \$458 | \$448 | \$437 | \$1,812 |
| Earnings Before Tax | \$206,249 | \$276,816 | \$304,228 | \$299,252 | \$307,436 | \$334,862 | \$327,226 | \$314,884 | \$291,639 | \$258,614 | \$223,452 | \$235,341 | \$3,379,998 |
| Tax Expenses | | | | | | | | | | | | | |
| 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 |
| Earnings After Tax | \$179,676 | \$238,852 | \$212,583 | \$208,003 | \$214,010 | \$234,115 | \$228,771 | \$220,131 | \$202,059 | \$178,941 | \$154,328 | \$160,751 | \$2,432,220 |
| Net Income | \$179,676 | \$238,852 | \$212,583 | \$208,003 | \$214,010 | \$234,115 | \$228,771 | \$220,131 | \$202,059 | \$178,941 | \$154,328 | \$160,751 | \$2,432,220 |