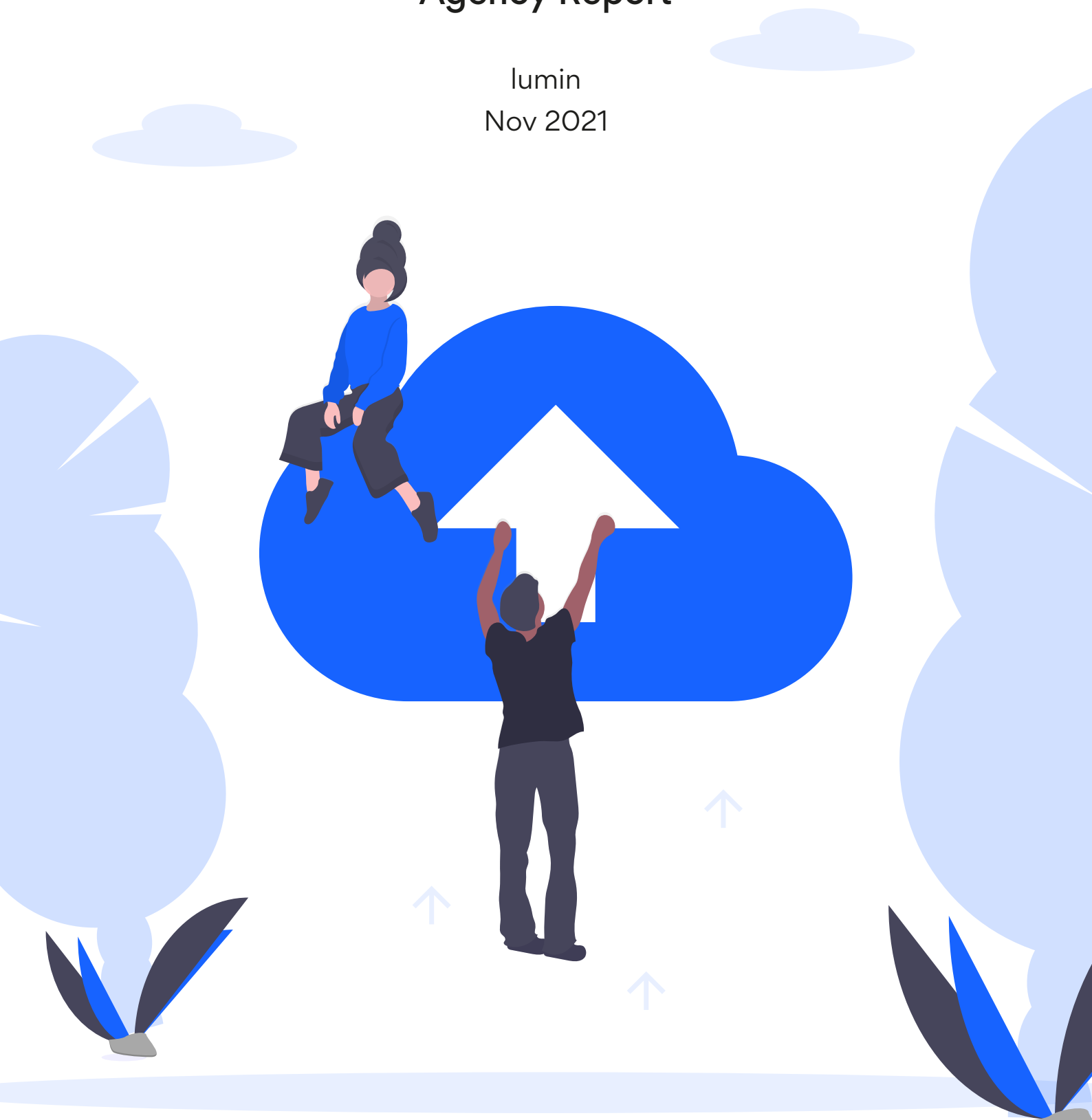


lumin

D I G I T A L

Agency Report

lumin
Nov 2021



Basis of Preparation

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Notes to Management

November has been a positive month overall with Revenue of \$417,281, compared to \$408,181 in October. The rolling forecast shows that we can continue to expect strong growth through the end of the quarter. The primary drivers of this are (1) our steady customer growth and (2) a strong upsell rate to existing clients. We believe the recent growth in new clients for web design largely stems from consumer trends towards online shopping and services.

Conversion rates for new clients have been on the rise, reaching 25%, with 4 new clients onboarded during the past month. Client satisfaction remains high at 92%.

Despite an overall decrease in customer acquisition cost compared to the prior period, we are still sitting above the months \$800 target. We will review our customer acquisition process to identify areas where spend can be reduced. Increased testing of ad campaigns and funnel optimisation strategies will be implemented as well.

November also saw unexpected project costs and delays. Actual vs Estimated time spent on projects saw a 7% increase, meaning we are spending more time than expected on projects. Mitigating steps will be new hires in the digital strategy and web design teams over December and January. The increase in team capacity is expected to provide an immediate decrease in lead time. Upgrades to our project management software are also necessary to ensure that maximum efficiencies are met across the growing team, and that Actual vs Expected project time does not increase further.

Action Items

- Review customer acquisition spend & process
- Implement strategies to reduce customer churn
- Start recruitment for Q3 hire
- Continue to monitor rolling 12 month plan & forecast

Key Financial Metrics:

NET INCOME

\$203,260

▼ -17.3% from last month



A measure of the proportion of revenue that is left after deducting all cost of goods, expenses, interest, dividends and taxes. Also known as Net Profit or 'the bottom line'.

GROSS PROFIT %

70.56%

▲ 0.56% vs target



A measure of the proportion of revenue that is left after deducting all costs directly related to the sales. Strategies to save costs include technology adoption, improving negotiation strategies, and bundling of services.

ACCOUNTS RECEIVABLE DAYS

16 days

▲ 2 days vs target



A measure of how long it takes for the business to collect the amounts due from customers. Strategies to decrease AR days include having payment terms in documentation and automating invoice chasing.

Client Analysis

NEW CLIENTS

4

▲ 3 from last month



The number of new clients acquired during the period. New clients are vital to the continued growth of the business. However, a strong focus is also placed over the retention of existing clients.

CONVERSION RATE

25%

▲ 4% from last month



The percent of leads that turn into clients. This can help determine whether we need a change in our conversion processes, and whether our services are a good fit for the market.

CLIENT ACQUISITION COST

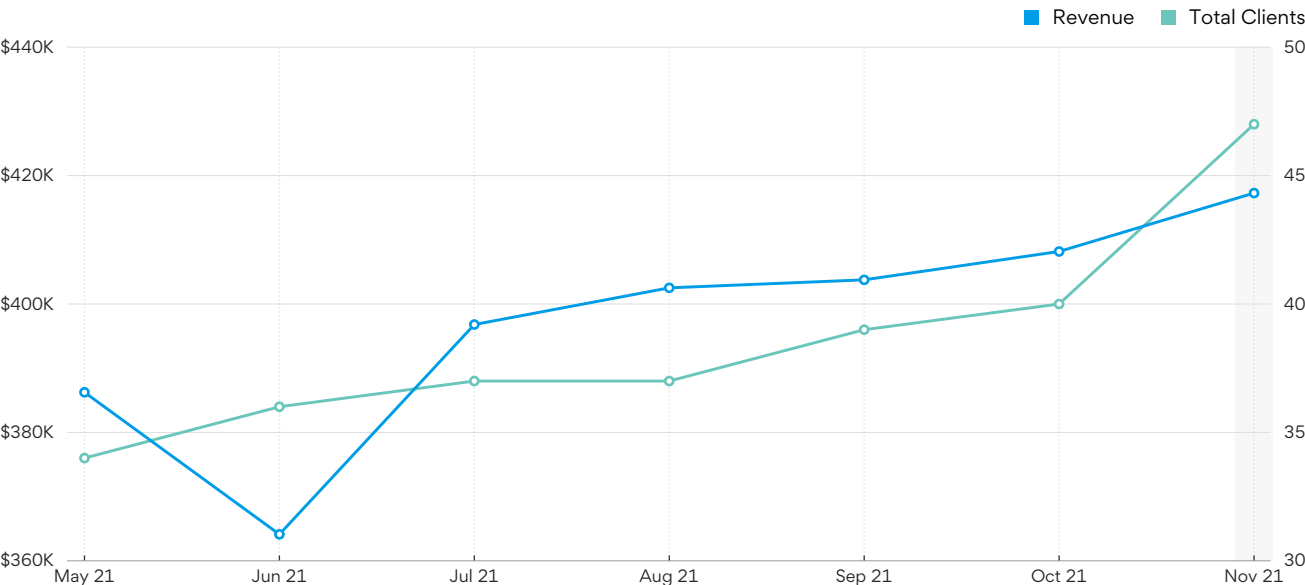
\$947

▲ \$147 vs target

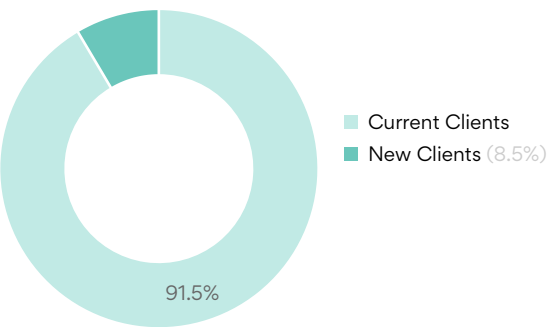


CAC is the marketing spend per month divided by the number of new clients. A measure of how effective our marketing campaigns are. Lowering CAC may pave the way for reinvestment into the agency's sales team.

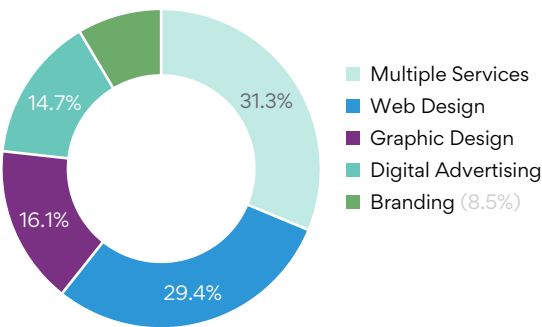
Revenue vs Client growth



Client Mix



Services our clients use most



Projects

AVERAGE LEAD TIME PER PROJE...

17 Days

▲ 31% from last month



Knowing the lead time is key in managing client expectations and knowing what the workload will be in the upcoming period.

ACTUAL VS ESTIMATED COST

101%

▼ -3% from last month



The variance of actual project spend vs estimated project spend. This will cover resource cost as well as any other spend on the project.

ACTUAL VS ESTIMATED TIME

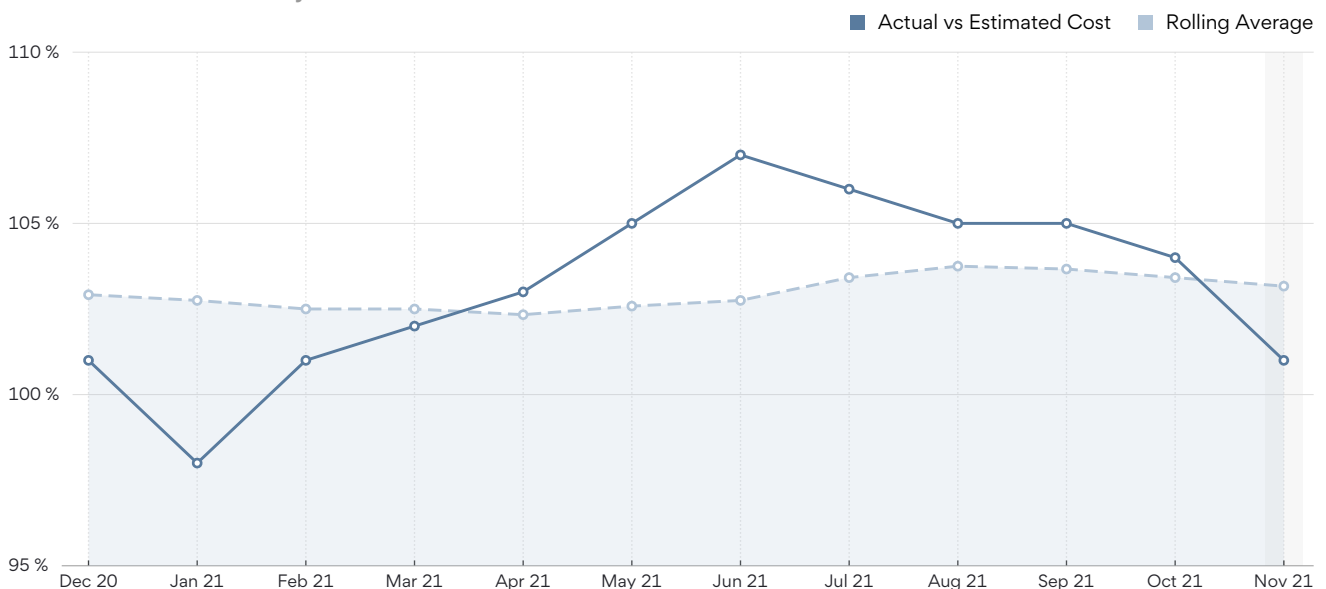
104%

▲ 7% from last month

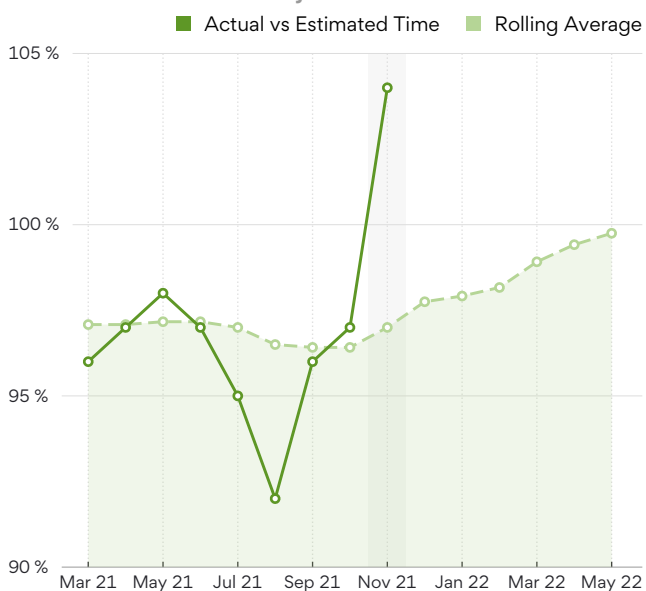


The variance of the actual project time spent versus the estimated project time. Tracking this is essential to accurately price services.

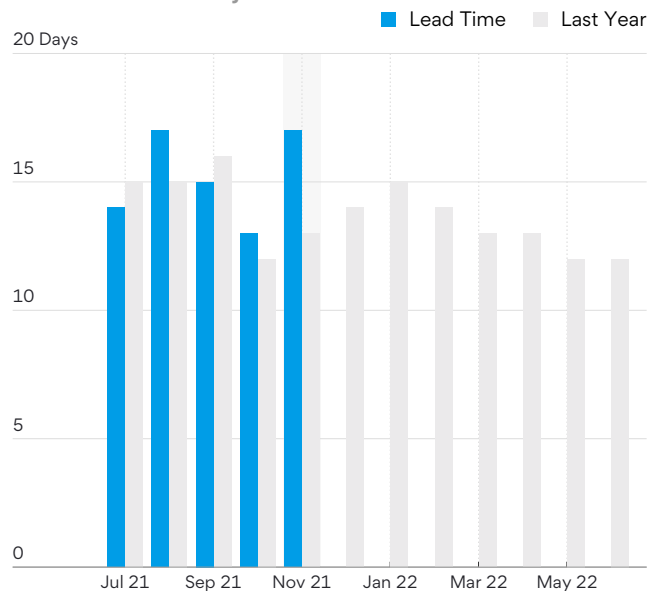
Actual vs Estimated Project Cost



Actual vs Estimated Project Time

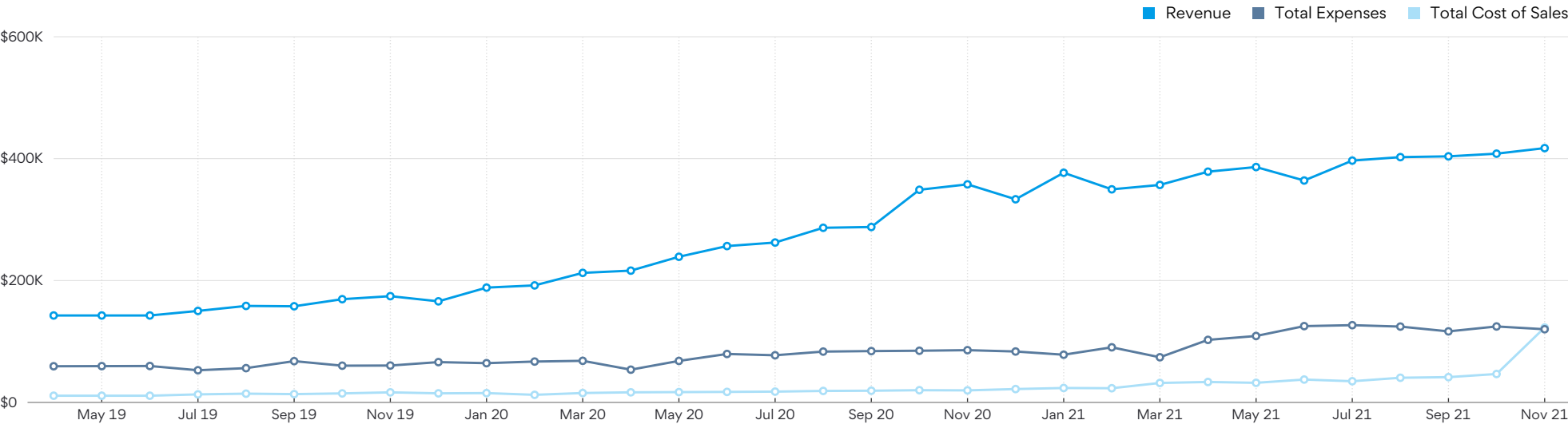


Lead Time Per Project vs Last Year



Revenue & Expenses

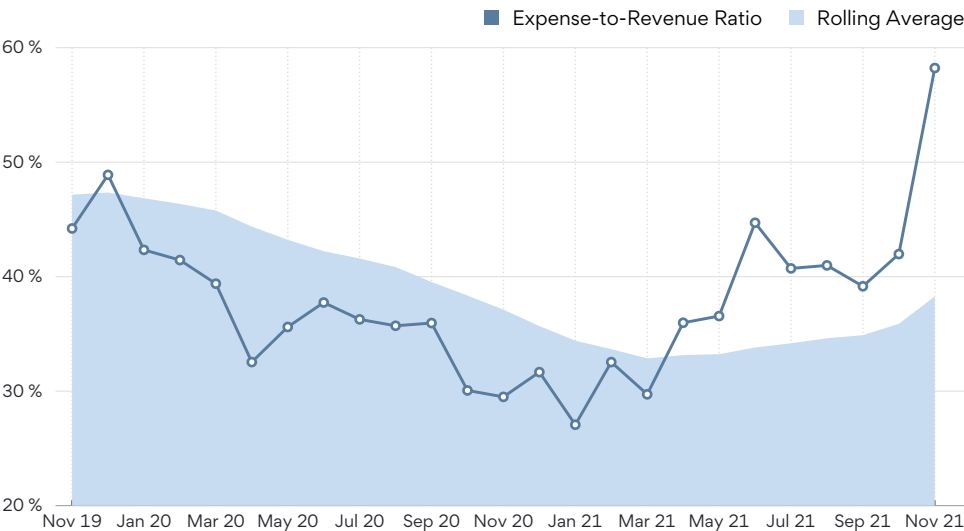
Metrics across all time



Expenses breakdown

Salaries & Wages	\$75,329
Travel & Accommodation	\$8,675
Entertainment	\$6,897
Advertising & Promotions	\$6,425
Insurance	\$4,909
Marketing	\$3,790
Training & Education	\$3,253
Lighting & Power	\$2,025
Depreciation & Amortisation	\$1,889
Charitable Donations	\$1,562

Expense-to-Revenue Ratio

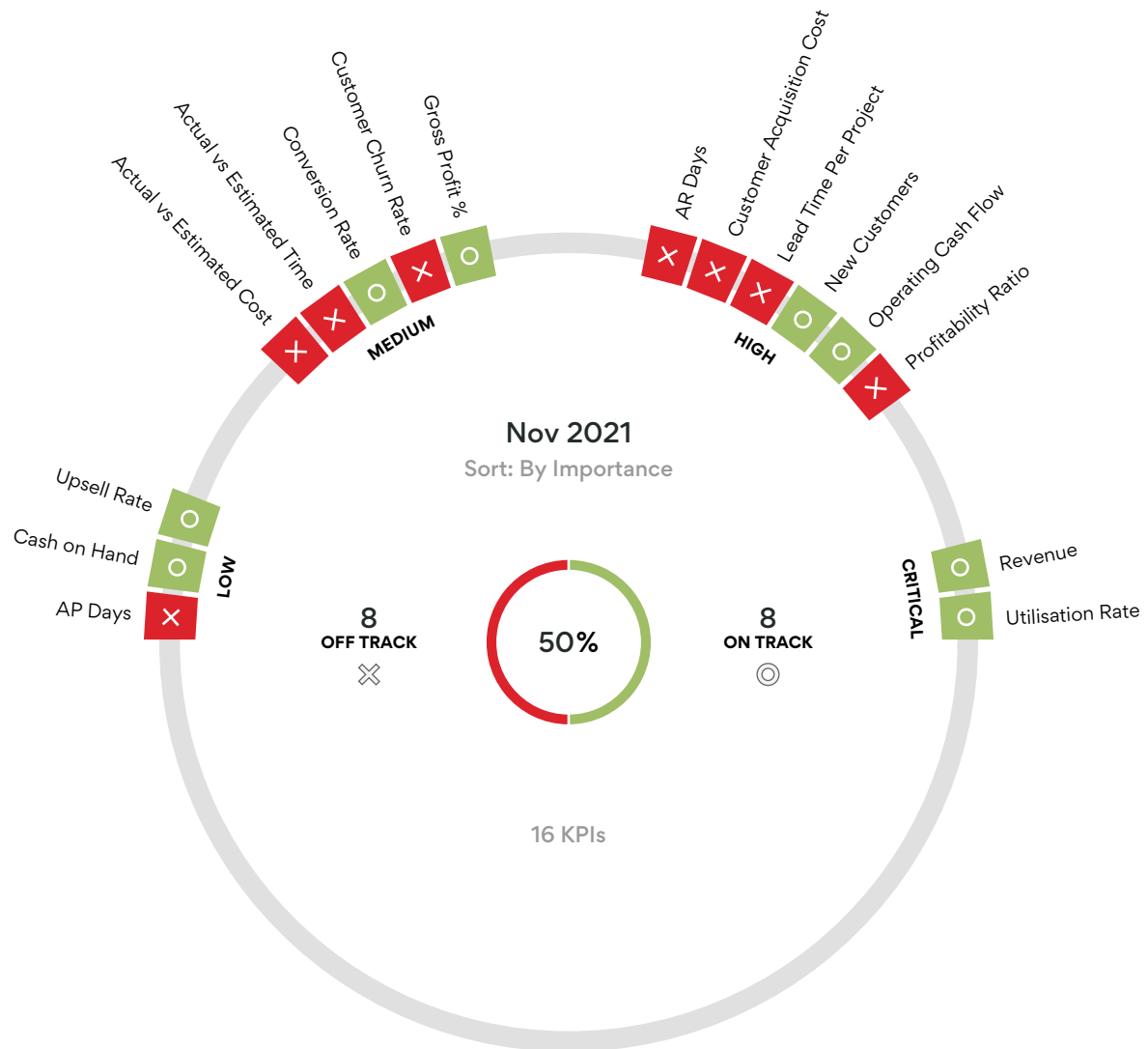


Profit & Loss

PROFIT & LOSS	Nov 2021	Budget (Nov 2021)	This month vs budget (%)
Revenue			
Branding	\$24,090	\$23,589	2.12%
Digital Advertising	\$11,308	\$12,304	-8.09%
Graphic Design	\$69,833	\$61,310	13.90%
Website Design	\$312,050	\$286,654	8.86%
Total Revenue	\$417,281	\$383,857	8.71%
Cost of Sales			
Commissions	\$9,976	\$8,759	13.90%
Consulting Fees	\$84,330	\$12,161	593.46%
General Expenses	\$18,542	\$18,877	-1.77%
Client Software	\$10,000	\$7,400	35.14%
Total Cost of Sales	\$122,848	\$47,196	160.29%
Gross Profit	\$294,433	\$336,661	-12.54%
Expenses			
Bank Fees	\$501	\$668	-24.94%
Charitable Donations	\$1,562	\$1,465	6.64%
Depreciation & Amortisation	\$1,889	\$2,000	-5.53%
Entertainment	\$6,897	\$5,736	20.24%
Employee Expenses			
Salaries & Wages	\$75,329	\$75,329	0.00%
Training & Education	\$3,253	\$3,080	5.62%
Total Employee Expenses	\$78,582	\$78,409	0.22%
Insurance	\$4,909	\$3,365	45.88%
Marketing Expenses			
Advertising & Promotions	\$6,425	\$4,405	45.87%
Online Advertising	\$203	\$184	10.11%
Print Advertising	\$640	\$540	18.52%
Marketing	\$3,790	\$4,000	-5.26%
Total Marketing Expenses	\$11,058	\$9,129	21.13%
Office Expenses			
Lighting & Power	\$2,025	\$2,289	-11.54%
Repairs & Maintenance	\$1,280	\$1,000	28.00%
Telephone & Internet	\$800	\$841	-4.93%
Utilities	\$707	\$700	1.03%
Total Office Expenses	\$4,812	\$4,830	-0.38%
Postage	\$67	\$32	108.34%
Travel & Accommodation	\$8,675	\$9,000	-3.61%
Printing & Stationery	\$23	\$40	-42.58%
Website	\$1,126	\$1,000	12.56%
Total Expenses	\$120,100	\$115,674	3.83%
Operating Profit	\$174,333	\$220,987	-21.11%
Other Income			
Other Revenue	\$37,670	\$15,169	148.34%
Earnings Before Interest & Tax	\$212,003	\$236,156	-10.23%
Interest Income			
Interest Income	\$1,163	\$1,000	16.29%

	Nov 2021	Budget (Nov 2021)	This month vs budget (%)
Interest Expenses			
Loan Interest	\$160	\$160	0.00%
Earnings Before Tax	\$213,006	\$236,996	-10.12%
Tax Expenses			
Income Tax Expense	\$8,000	\$20,246	-60.49%
Payroll Tax	\$1,046	\$2,046	-48.86%
Superannuation	\$500	\$497	0.66%
Tax Expense	\$200	\$300	-33.33%
Earnings After Tax	\$203,260	\$213,907	-4.98%
Net Income	\$203,260	\$213,907	-4.98%

KPI Analysis



Critical KPIs:

✓ Revenue

Revenue \$417,281 (Last month \$408,181)

Positive trend upwards compared to the prior period. Strategies to improve Revenue include increasing price and improving the Upsell Rate.

✓ Utilisation

Utilisation Rate 86% (Last month 85%)

The percentage of time that the team spends billing clients. The higher percentage the better, but it is important to consider employees also need time for non-client related tasks.

Breakeven Analysis

TOTAL REVENUE

\$417,281



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

EXPENSES TO REVENUE RATIO

58.22%



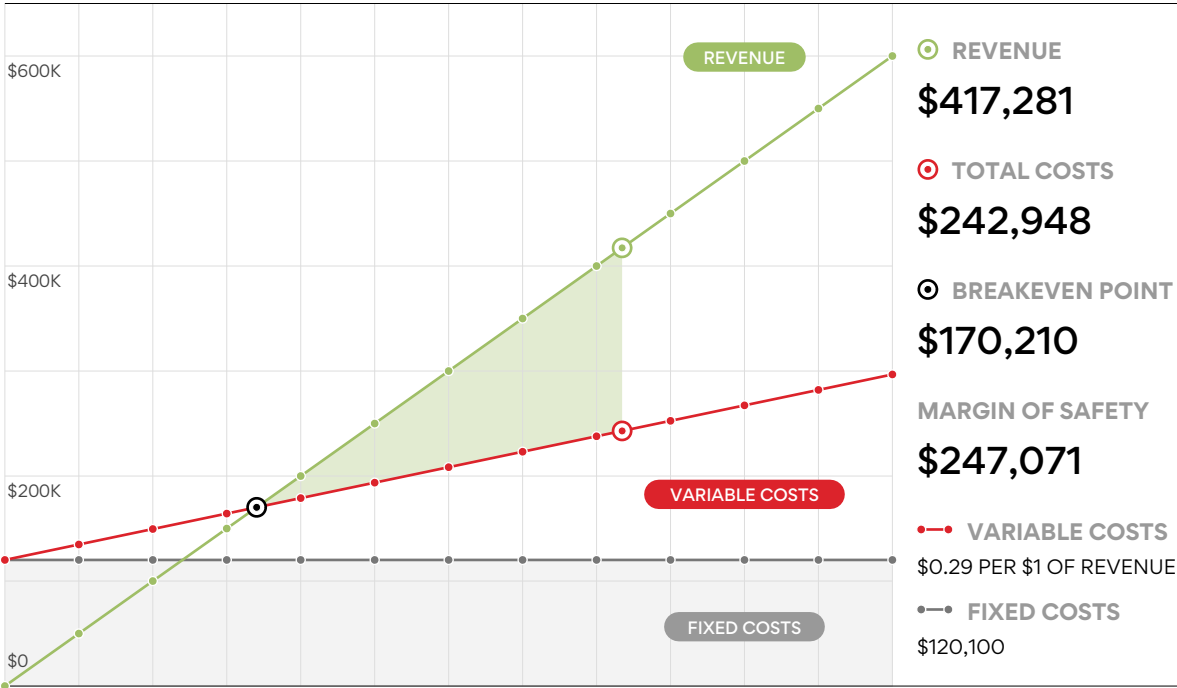
A measure of how efficiently the business is conducting its operations.

BREAKEVEN MARGIN OF SAFETY

\$247,071



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

NET CASH FLOW

\$162,943

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

OPERATING CASH FLOW

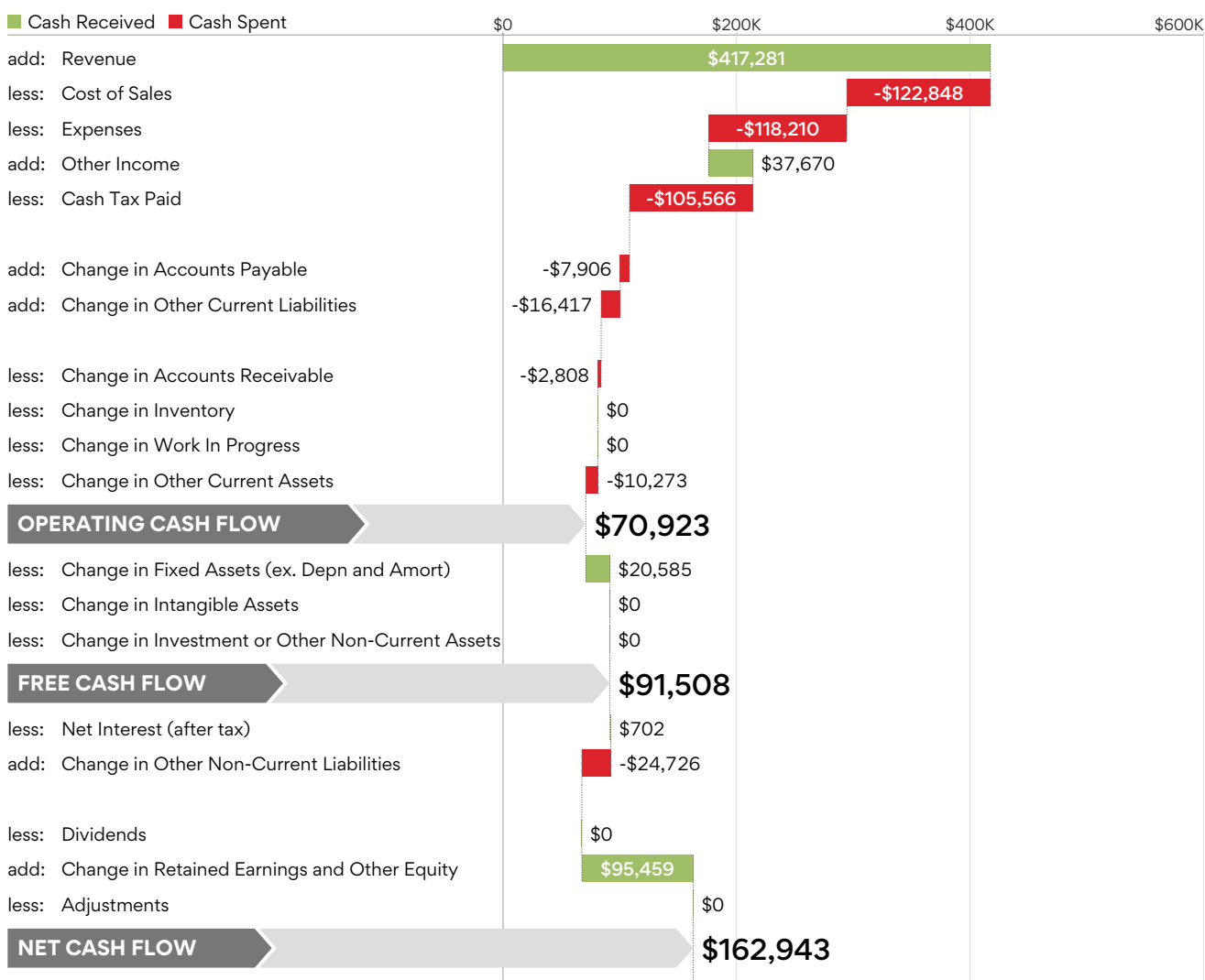
\$70,923

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

\$91,508

Free cash flow is the cash generated by the business after paying its expenses and investing in 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 can also be calculated as:

Change in Cash on Hand -\$70,306 (Open: \$970,248, Close: \$899,942) — **Change in Debt** \$39,115 (Open: \$378,655, Close: \$417,769)

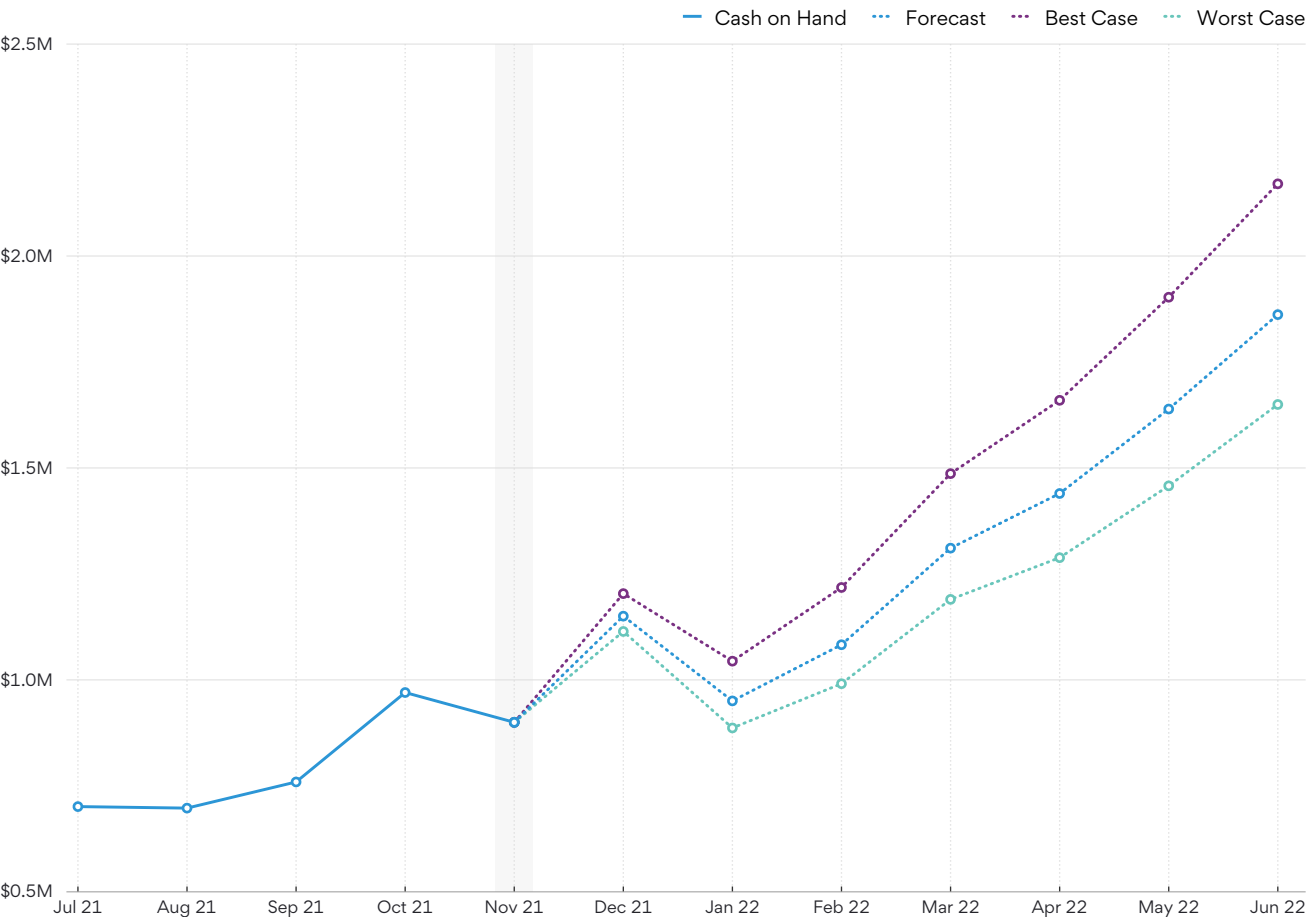
Forecasted Financials

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													
Branding	\$25,483	\$25,483	\$25,921	\$26,100	\$24,090	\$25,225	\$25,263	\$25,305	\$25,333	\$25,212	\$25,240	\$25,111	\$303,766
Digital Advertising	\$10,590	\$11,000	\$12,098	\$12,085	\$11,308	\$11,713	\$11,685	\$11,741	\$11,765	\$11,699	\$13,599	\$13,444	\$142,727
Graphic Design	\$60,870	\$65,095	\$64,695	\$67,991	\$69,833	\$72,645	\$75,214	\$77,783	\$80,353	\$82,922	\$85,491	\$88,060	\$890,951
Website Design	\$299,859	\$300,940	\$301,050	\$302,005	\$312,050	\$316,035	\$321,535	\$327,035	\$332,535	\$338,035	\$345,035	\$350,535	\$3,846,649
Total Revenue	\$396,802	\$402,518	\$403,764	\$408,181	\$417,281	\$425,618	\$433,697	\$441,865	\$449,986	\$457,867	\$469,365	\$477,150	\$5,184,093
Cost of Sales													
Commissions	\$8,696	\$9,299	\$9,242	\$9,713	\$9,976	\$9,932	\$10,115	\$10,298	\$10,482	\$10,665	\$10,848	\$11,031	\$120,297
Consulting Fees	\$5,971	\$6,966	\$14,301	\$15,656	\$84,330	\$23,524	\$24,778	\$26,031	\$27,285	\$28,539	\$29,793	\$31,047	\$318,222
General Expenses	\$10,135	\$14,231	\$7,974	\$11,304	\$18,542	\$12,092	\$12,281	\$12,469	\$12,658	\$12,847	\$13,035	\$13,224	\$150,793
Client Software	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$11,087	\$11,674	\$12,261	\$12,848	\$13,435	\$14,022	\$14,609	\$139,935
Total Cost of Sales	\$34,803	\$40,497	\$41,518	\$46,673	\$122,848	\$56,635	\$58,847	\$61,060	\$63,273	\$65,485	\$67,698	\$69,911	\$729,247
Gross Profit	\$361,999	\$362,021	\$362,246	\$361,509	\$294,433	\$368,983	\$374,850	\$380,805	\$386,713	\$392,381	\$401,667	\$407,239	\$4,454,846
Expenses													
Bank Fees	\$1,154	\$1,144	-\$2,079	\$501	\$501	\$751	\$700	\$686	\$700	\$686	\$1,697	\$1,697	\$8,139
Charitable Donations	\$1,466	\$1,364	-\$1,193	\$919	\$1,562	\$361	\$1,542	\$1,880	\$1,790	\$2,899	\$1,613	\$2,595	\$16,797
Depreciation & Amortisation	\$233	\$233	\$233	\$233	\$1,889	\$0	\$0	\$833	\$833	\$833	\$833	\$833	\$6,988
Entertainment	\$5,753	\$4,072	\$8,860	\$4,527	\$6,897	\$12,326	\$6,821	\$12,398	-\$793	\$7,435	\$3,775	\$7,731	\$79,801
Employee Expenses	\$83,039	\$84,538	\$80,313	\$92,286	\$78,582	\$89,982	\$92,783	\$100,644	\$92,955	\$120,629	\$121,956	\$129,472	\$1,167,179
Insurance	\$4,153	\$4,766	\$4,226	\$4,390	\$4,909	\$4,247	\$4,241	\$5,568	\$4,458	\$6,788	\$6,078	\$5,935	\$59,758
Marketing Expenses	\$9,811	\$10,303	\$9,921	\$10,875	\$11,058	\$10,780	\$10,509	\$9,533	\$12,714	\$10,848	\$16,227	\$24,426	\$147,004
Office Expenses	\$12,078	\$8,252	\$5,002	\$2,228	\$4,812	\$3,044	\$1,908	\$3,274	\$1,363	\$702	\$12,023	\$14,492	\$69,176
Postage	\$178	\$100	-\$67	\$67	\$67	\$47	\$80	\$80	\$329	\$282	\$147	\$147	\$1,457
Travel & Accommodation	\$7,526	\$8,277	\$7,225	\$7,262	\$8,675	\$7,553	\$7,716	\$9,900	\$7,558	\$10,192	\$11,030	\$10,753	\$103,667
Printing & Stationery	\$80	\$62	\$53	\$32	\$23	\$24	\$41	\$244	\$125	\$133	\$61	\$353	\$1,233
Website	\$1,307	\$1,364	\$4,101	\$1,340	\$1,126	\$0	\$0	\$0	\$0	\$0	\$1,552	\$1,594	\$12,383
Total Expenses	\$126,778	\$124,473	\$116,596	\$124,659	\$120,100	\$129,114	\$126,340	\$145,040	\$122,033	\$161,426	\$176,991	\$200,030	\$1,673,581
Operating Profit	\$235,221	\$237,548	\$245,650	\$236,850	\$174,333	\$239,869	\$248,510	\$235,765	\$264,680	\$230,955	\$224,676	\$207,209	\$2,781,265

	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	\$19,129	\$22,943	\$22,627	\$19,720	\$37,670	\$41,715	\$49,237	\$56,759	\$64,280	\$71,802	\$79,323	\$86,845	\$572,051
Earnings Before Interest & Tax	\$254,351	\$260,491	\$268,276	\$256,570	\$212,003	\$281,584	\$297,747	\$292,524	\$328,960	\$302,757	\$303,999	\$294,054	\$3,353,316
Interest Income													
Interest Income	\$917	\$1,076	\$851	\$1,582	\$1,163	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,589
Interest Expenses													
Loan Interest	\$9,600	\$160	\$1,120	\$160	\$160	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,200
Earnings Before Tax	\$245,667	\$261,407	\$268,007	\$257,992	\$213,006	\$281,584	\$297,747	\$292,524	\$328,960	\$302,757	\$303,999	\$294,054	\$3,347,705
Tax Expenses													
Income Tax Expense	\$12,411	\$12,611	\$12,811	\$10,121	\$8,000	\$73,212	\$77,414	\$76,056	\$85,530	\$78,717	\$79,040	\$76,454	\$602,376
Payroll Tax	\$7,584	\$4,864	\$4,384	\$1,184	\$1,046	\$15,221	\$18,816	\$0	\$0	\$5,318	\$4,163	\$6,766	\$69,346
Superannuation	\$133	\$861	\$592	\$247	\$500	\$9,784	\$10,290	\$11,094	\$10,344	\$13,129	\$12,790	\$13,647	\$83,413
Tax Expense	\$1,377	\$1,560	\$1,410	\$650	\$200	\$1,556	\$1,422	\$1,673	\$1,580	\$1,828	\$1,779	\$1,913	\$16,949
Earnings After Tax	\$224,162	\$241,511	\$248,810	\$245,790	\$203,260	\$181,812	\$189,805	\$203,700	\$231,507	\$203,765	\$206,227	\$195,274	\$2,575,621
Net Income	\$224,162	\$241,511	\$248,810	\$245,790	\$203,260	\$181,812	\$189,805	\$203,700	\$231,507	\$203,765	\$206,227	\$195,274	\$2,575,621

Forward Planning

Cash on Hand



Business Roadmap

