

**FINANCIAL INFORMATION**

**SAMPLE COPY**

## Contents

Capital Structure and Funding .....	3
Revenue Projections .....	4
Assets & Liabilities .....	5
Cash Flow .....	6
Analysis & Comparatives.....	6
Unit Economics of The Business .....	7
Revenue .....	7
Cost of Revenue .....	8

## Capital Structure and Funding

1. WiiTell will be raising capital through different options namely, Founders' personal finance and equity distribution at Pre-seed and Seed Stage.
2. The company has already kicked-off with personal finance of its founders, a total sum of \$50,000.
3. The company will seek additional funding for its Pre-preparation activities, Market build-out and business scaling, having already obtained a total of \$50,000 in Investment from friends and families of the founders. The future funding required per time is highlighted in the table below.

Total Funds required	Type	Time Span
\$200,000	Pre-seed round	24 months
\$3.5 Million	Seed round	24 months (Year 1-3)

4. The company will raise a total sum of \$3.5 million in a Seed institutional funding round
5. The total funds raised from personal finance, and Pre-seed round at this time will be sufficient to run the business for the initial 24 months of operations.
6. In Year 3, at a point when the business model has been largely validated and requires scaling up, the company may seek additional funding in a new Series A round that is yet to be determined at this time.
7. Cash balance at the end of Yr 2 is \$1.708 million which when considered along with the Revenue generated in Yr 3 of over \$2.4 million ably covers COGS, SG&A, interest and tax expenditure due when well stretched. So why would we need funds infusion in Yr 3 if at all? As a backup or alternate plan, Yr 3 may be a time to massively scale up operations, enhance our tools to be a major platform in the world and add more sub-market modules to the stable of offerings thus requiring additional funding
8. The business will as a matter of strategy be re-investing some of its cash flow back into the business in order to keep scaling the business higher.
9. The founders believe that investment committed into WiiTell when considered alongside forecast sales potentials, can generate a high return on investment and be self-sufficient.

## Revenue Projections

1. The WiiTell platform has many revenue streams and multiple business channels; but for the purpose of the financial projection, we limit the revenue streams to the following sources, viz;
  - I. Membership Subscriptions
  - II. Fee for premium use
  - III. Resource download
  - IV. Paid Advertisements
  
2. While specific assumptions drive operational revenue and loss account presented, it is good to note that Yr 0 or Base/Pre-Revenue Yr represents startup period and costs without which operations will not commence.
  
3. Yr 1 represents maiden transactional period. While Subscription/Premium use revenue for prudence reasons does not start until the Yr 2, all other revenue streams are expected to generate revenues from launch.
  
4. Year 1 is projected to finish with an operational loss in the amount of approx. \$4.5 million.

	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>
<b>Revenue</b>	<b>\$ 69,308</b>	<b>\$ 2,065,986</b>	<b>\$ 2,466,559</b>
COGS	\$ 231,225	\$ 333,175	\$ 349,586
<b>Gross Profit</b>	<b>(\$ 161,917)</b>	<b>\$ 1,732,810</b>	<b>\$ 2,116,973</b>
SG&A	\$ 906,654	\$ 284,344	\$ 277,385
<b>EBITDA</b>	<b>(\$ 1,068,571)</b>	<b>\$ 1,448,466</b>	<b>\$ 1,839,588</b>
Depreciation & Amortization	\$ 36,958	\$ 43,762	\$ 39,886
<b>EBIT</b>	<b>(\$ 1,105,528)</b>	<b>\$ 1,404,704</b>	<b>\$ 1,799,703</b>
Interest income	-	\$ 41,981	\$ 39,166
<b>EBT</b>	<b>(\$ 1,105,528)</b>	<b>\$ 1,446,686</b>	<b>\$ 1,838,868</b>
Tax expense	-	\$ 303,804	\$ 386,162
<b>Net profit (PAT)</b>	<b>(\$ 1,105,528)</b>	<b>\$ 1,142,882</b>	<b>\$ 1,452,706</b>

5. WiiTell however starts posting profit from Yr 2 and keeps a good cover over its expenses up to Yr 3 and beyond
6. The company returns positive indices on average over all key revenue points – Revenue YOY (39%), Gross Profit margin (56%), Opex to Sales margin (444%), EBITDA (48%) and Net profit margins (38%). Its ROE and ROI show an average of 20% respectively over 3 yrs.

<b>Margin Analysis</b>	average			
Revenue YOY growth	39.80%	0.00%	100.00%	19.39%
Gross profit margin	56.57%	0.00%	83.87%	85.83%
Opex to Sales margin	444.38%	1308.14%	13.76%	11.25%
EBITDA margin	48.23%	0.00%	70.11%	74.58%
EBIT margin	46.99%	0.00%	67.99%	72.96%
EBT margin	48.19%	0.00%	70.02%	74.55%
Net profit Margin	38.07%	0.00%	55.32%	58.90%
<b>Dupont Analysis</b>				
<b>ROE</b>	20.48%	0.00%	31.56%	29.87%
Net profit margin	38.07%	0.00%	55.32%	58.90%
Sales/Assets	0.34x	0.0x	0.5x	0.5x
Asset/Equity	1.07x	1.0x	1.1x	1.1x
<b>ROE</b>	20.48%	0.00%	31.56%	29.87%
<b>ROI</b>	20.48%	0.00%	31.56%	29.87%
<b>ROA</b>	18.72%	0.00%	28.74%	27.40%

## Assets & Liabilities

1. While fixed assets is kept on a prudent gradient from Yr 1 to Yr 3 through intentional departure from owning buildings and all such fixed assets to reflect the virtual nature of our business, we plan to keep a good eye on applying the company's cash inflow on a good mix of long-term investments while keeping a good cache of near cash or liquid investments in the short term.
2. WiiTell will diligently pursue opportunities to acquire existing or emerging businesses that are convergent to its goals and continuously seek to upgrade its platform tools, modules and service offerings in its quest to be Africa's economic engine room.
3. Given the strong financial management background of our owners and management, we expect to Start dividend returns to investors quickly. Payback period is computed to be about 1 year while break-even point in the business is 2 years.
4. Where found necessary, WiiTell may seek further infusion of funds in Yr 3 but only for targeted investments or portfolio upscaling that will put it ahead of its competition. Additional funds could come from preference stockholding from the unissued part of the company's total share capital.

## Cash Flow

1. Closing cash balance in the respective years are stated as follows, after annual range of Dividends payout as well as non-defaults on Taxes.

<b>Cash Analysis</b>	Base/Pre-Revenue	Year 1	Year 2	Year 3
Beginning Cash balance	-	(\$ 119,575)	\$ 2,132,583	\$ 1,708,801
Cash generated for the period	(\$ 119,575)	\$ 2,252,158	(\$ 423,782)	\$ 1,440,265
<b>Closing cash balance</b>	<b>(\$ 119,575)</b>	<b>\$ 2,132,583</b>	<b>\$ 1,708,801</b>	<b>\$ 3,149,065</b>

## Analysis & Comparatives

1. Overall, WiiTell's forecast financials show that investing in Social Networking, when done smartly, returns great yield. On all key indices from profitability to cash cover to dividend payouts as well as loan repayments, the company even by conservative estimates is an incredibly attractive investment.
2. When compared with or considered alongside many of the Social Networking/Review Platforms of today, it holds well on several comparative fronts as tabulated below:

<b>Performance</b>	<b>Industry</b>	<b>Angie's list</b>	<b>TripAdvisor</b>	<b>Yelp</b>	<b>WiiTell</b>
	5 year avg	5 year avg	5 year avg	5 year avg	3 years avg
Gross margin	91.00%	82.00%	98.00%	93.00%	56.57%
Operating margin	(1.00%)	(27.00%)	37.00%	(13.00%)	48.23%
Pretax margin	(2.33%)	(30.00%)	36.00%	(13.00%)	48.19%
Net profit margin	(6.33%)	(30.00%)	24.00%	(13.00%)	38.07%
Return on Equity	(34.00%)	(157.00%)	31.00%	24.00%	20.48%
Return on Assets	(17.67%)	(52.00%)	16.00%	(17.00%)	18.72%
Return on Investment	46.67%	141.00%	21.00%	(22.00%)	20.48%
Sales growth	32.33%	31.00%	22.00%	44.00%	39.80%
Quick ratio					0.59
Current ratio	3.54	1.11	2.33	7.18	12.19
LT debt to Equity	(6.95%)	(50.86%)	0.3	0	0.00%
Asset turnover	1.21	1.88	0.66	1.0977	0.34

## Unit Economics of The Business

### Revenue

- We have conservatively estimated the Per unit income generation for all our streams of income in Yr. 1. Members and Premium users are estimated to pay a monthly fee of \$10 to use latest features. Although, our forecast is that this stream will start to yield by Yr.2
- Subscription Increases by 20% YOY
- Advertising revenue increases by 10% YOY
- Resource download will increase 10% YOY

PER UNIT ESTIMATE	Year One
Membership/Premium subscription for business	\$10
<b><i>Subscriptions % of Active business users</i></b>	<b><i>10.00%</i></b>
Advert charges: Cost per click	\$0.12
Advert charges: Cost per 1000 impressions	\$1.00
<b><i>Estimated minimum number of clicks per user per month (%active users)</i></b>	<b><i>10.00%</i></b>
Estimated minimum number of impressions per month	50,000
Resource Download/per app downloads	\$0.01
investment income (% of other income)	2.50%

### Analysis

- We expect that consumers who become active on our platform will easily become lifetime users, owing to the high retention value most Social Networks have. Our investment into creating daily and engaging contents will yield value for us in the way our active users can help our platform command high pricing in advertising (CPC & CPM).
- Lifetime Value of customers is expectedly very high, owing to very high number of transactions on each of our Income stream.
- CAC is also very low owing to the fact that we will operate as a social Network, which means free entertainment value for the average users.

	Year 1	Year 2	Year 3
Revenue	\$ 69,308	\$ 2,065,986	\$ 2,466,559
Total purchase	8,140	152,952	183,543
<b>Average value of sale</b>	<b>\$ 9</b>	<b>\$ 14</b>	<b>\$ 13</b>
average number of transactions	6,784	50,984	61,181
Retention period (In Years)	5	5	7
Net profit Margin	0.00%	55.32%	58.90%
<b>Customer Life-time Value</b>	-	<b>\$ 1,904,803</b>	<b>\$ 3,389,648</b>
Sales and marketing expenses	\$ 818,450	\$ 198,138	\$ 188,138
Total Users	2,869,339	11,361,285	13,633,542
<b>Customer Acquisition Cost</b>	<b>\$0.29</b>	<b>\$0.02</b>	<b>\$0.01</b>

## Cost of Revenue

- We estimated that Human resources will account for our biggest direct spend to generate Revenue.
- While our COGS may not fully reveal itself until we launch, we estimated along industry stands, and the cost of revenue percentage to Sales for WiiTell is much higher than those of our competitors (Yelp, TripAdvisor, Angie's List)

App maintenance	\$ 21,600	\$ 23,760	\$ 26,136	\$ 28,750
Developers' salaries	\$ 55,800	\$ 204,000	\$ 224,400	\$ 246,840
Other cost of sales		\$ 3,465	\$ 82,639	\$ 73,997
<b>Total Direct cost</b>	<b>\$ 77,400</b>	<b>\$ 231,225</b>	<b>\$ 333,175</b>	<b>\$ 349,586</b>