

# 2Q24

## Quarterly Report

December 1 2023 – February 29 2024  
FY2023-2024

**STRATFORD  
MERIDIAN**

## Executive Summary

Stratford Meridian operates in home-improvement verticals that exhibit seasonal demand patterns. Q2 (winter) is historically a lower-activity period, and results reflect prudent execution in a softer environment. Despite seasonality, the Company maintained strong unit economics and profitability, with eSAM CRM recurring revenue providing stability. Management expects accelerated growth in Q3 as activity normalizes with warmer weather and as the sales pipeline converts.<sup>1</sup>

### Key highlights:

- Revenue (recognized): \$1,950.00
- Gross Margin: 84.4%
- Operating Margin: 64.9%
- GAAP Net Income: \$1,265.00
- Ending Cash Balance: \$1,985.00
- MRR (end of quarter): \$650.00 (ARR \$7,800.00)
- Active Customers: 3 (New: 1; Lost: 0; Churn: 0.0%)

## Income Statement (GAAP, Accrual) — Table 1.1

Line Item	Amount (USD)
<b>Revenue<sup>2</sup></b>	
WAD (Website-in-a-Day) <sup>3</sup>	\$150.00
Custom Websites (Setup)	\$0.00
Custom Website Maintenance	\$0.00
eSAM CRM (SaaS) <sup>4</sup>	\$1,800.00
Deferred Revenue Recognized <sup>5</sup>	\$0.00
<b>Total Revenue</b>	<b>\$1,950.00</b>

<sup>1</sup> See Note on Seasonality for additional context.

<sup>2</sup> Presented on an accrual basis in accordance with U.S. GAAP (ASC 606).

<sup>3</sup> WAD is a low-ticket website subscription (~\$150.00/month) used as an entry product.

<sup>4</sup> eSAM CRM is the white-labeled automation/CRM platform (~\$300.00/month per client).

<sup>5</sup> No deferred revenue was recognized during the quarter.

<b>**Cost of Goods Sold (COGS)**<sup>6</sup></b>	
Contractors	\$0.00
Software Tools (Direct)	\$270.00
Hosting & Domains	\$35.00
Refunds	\$0.00
<b>Total COGS</b>	<b>\$305.00</b>
<b>Gross Profit<sup>7</sup></b>	<b>\$1,645.00</b>
<b>Operating Expenses (OPEX)</b>	
Marketing & Sales	\$120.00
G&A	\$150.00
Professional Services	\$0.00
Subscriptions & SaaS	\$100.00
Travel & Meals	\$10.00
Depreciation	\$0.00
<b>Total OPEX</b>	<b>\$380.00</b>
<b>Operating Income</b>	<b>\$1,265.00</b>
Interest Expense	\$0.00
Taxes (pro forma)	\$0.00
<b>**Net Income (GAAP)**<sup>8</sup></b>	<b>\$1,265.00</b>

<sup>6</sup> COGS primarily reflects direct software and hosting required to deliver services.

<sup>7</sup> Gross Margin = Gross Profit ÷ Total Revenue = **84.4%**.

<sup>8</sup> Net Income equals Operating Income this quarter (no interest or tax expense recognized).

## Balance Sheet (GAAP, Accrual) — Table 1.2

Line Item	Amount (USD)
<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents <sup>9</sup>	\$1,985.00
Accounts Receivable <sup>10</sup>	\$0.00
Prepaid Expenses	\$0.00
<b>Total Current Assets</b>	<b>\$1,985.00</b>
<b>Long-Term Assets</b>	
Property & Equipment (net)	\$0.00
<b>Total Assets</b>	<b>\$1,985.00</b>
<b>Liabilities &amp; Owner's Equity</b>	
<b>Current Liabilities</b>	
Accounts Payable <sup>11</sup>	\$50.00
Deferred Revenue	\$0.00
<b>Total Liabilities</b>	<b>\$50.00</b>
<b>Owner's Equity<sup>12</sup></b>	

<sup>9</sup> Cash per bank statement at quarter end.

<sup>10</sup> No receivables outstanding at quarter end.

<sup>11</sup> Includes vendor invoices incurred but unpaid as of quarter end.

<sup>12</sup> Owner's Equity equals Total Assets less Total Liabilities; roll-forward of contributed capital and retained earnings will be presented in the annual report.

Owner's Equity (plug)	\$1,935.00
Total Liabilities & Equity	\$1,985.00

## Statement of Cash Flows — Table 1.3

Cash Flow Activity	Amount (USD)
<b>Cash Flows from Operating Activities</b>	
Cash received from customers	\$1,950.00
Cash paid to vendors	\$(685.00)
<b>Net Cash from Operating Activities</b>	<b>\$1,265.00</b>
<b>Cash Flows from Investing Activities</b>	
Purchases of equipment	\$0.00
<b>Net Cash from Investing Activities</b>	<b>\$0.00</b>
<b>Cash Flows from Financing Activities</b>	
Owner contributions (net)	\$0.00
Owner draws (net)	\$0.00
<b>Net Cash from Financing Activities</b>	<b>\$0.00</b>
<b>Ending Cash Balance<sup>13</sup></b>	<b>\$1,985.00</b>

<sup>13</sup> Ending cash balance agrees to **Balance Sheet – Cash**. This quarter is presented using the **direct method** for clarity; a reconciliation to the indirect method is provided in the annual report.

## Operating KPIs — Table 1.4

KPI	Value
<b>Recurring Revenue</b>	
MRR (end of quarter) <sup>14</sup>	\$650.00
ARR (run-rate) <sup>15</sup>	\$7,800.00
<b>Customer Metrics</b>	
Active Customers	3
New Customers (Quarter)	1
Churned Customers (Quarter)	0
Churn Rate (Logo) <sup>16</sup>	0.0%
<b>Unit Economics</b>	
CAC (per new customer)	\$120.00
LTV (per customer)	\$2,100.00
LTV/CAC Ratio	17.5×

## Notes to the Financial Statements

1. **Basis of Accounting:** U.S. GAAP, accrual basis.
2. **Revenue Recognition (ASC 606):** Revenue recognized when services are delivered or control is transferred; no deferred revenue recognized this quarter.
3. **Expense Recognition:** Costs recorded in the period incurred; COGS includes software/hosting directly attributable to delivery.

<sup>14</sup> MRR/ARR reflect contracted recurring revenue at quarter end.

<sup>15</sup> MRR/ARR reflect contracted recurring revenue at quarter end.

<sup>16</sup> Churn is based on customer logo count (not dollars) during the period.

4. **Taxes:** Stratford Meridian is a single-member LLC; results pass through to the owner's **Schedule C** for U.S. federal tax purposes.
5. **Related-Party / Extraordinary Items:** None in the period.
6. **Subsequent Events:** None requiring disclosure.

## Management Commentary

Demand softness during winter is consistent with customer behavior in roofing, remodeling, and related trades. The quarter's results demonstrate the resilience of the model: a software-led delivery mix, disciplined COGS, and tight OPEX control maintained profitability through the trough.

Commercial priorities for Q3 focus on (i) converting late-stage opportunities initiated in Q2, (ii) targeted vertical campaigns (roofing, bathroom remodel, solar), and (iii) expanding attach rates from WAD to bundled web + eSAM packages. Management expects sequential MRR growth and healthy margin retention as seasonality abates.

## Outlook and Guidance

Management expects a sequential improvement in bookings and revenue in Q3 as typical spring activity resumes across target verticals. Pipeline composition (qualified demos and proposals) supports an increase in MRR and ARR run-rate while preserving gross margins above 80%. The Company will continue to prioritize profitable growth and maintain a lean cost base.

This outlook is subject to normal execution risks, conversion timing, and macro conditions in local service markets.

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