CreditRiskMonitor®

A leading provider of global business intelligence and predictive risk analytics.

creditrisk monitor®

supplychain monitor®
A CreditRiskMonitor Product

Disclaimer – Safe Harbor Statement

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CreditRiskMonitor® – Corporate Overview

- Began formal operations in January 1999

- Offers SaaS subscription products focused on analyzing corporate B2B financial risk, in the context of:
    - The extension of business trade credit (selling)
    - Supply chain management (buying)
    - Counterparty relationships (any financial exposure)

- CreditRiskMonitor® and SupplyChainMonitor™ platforms provide comprehensive commercial credit reports, bankruptcy risk analytics, financial and payment information, and curated news on public and private companies, among other actionable data on countries, industries, and businesses worldwide

- Thousands of subscribers worldwide, including nearly 40% of the Fortune 1000, use our timely news alerts, research, and reports on public and private companies to make important business and risk management decisions every day

- Value Proposition: Provide industry-leading commercial financial risk reports featuring analytics with the highest accuracy levels in the marketplace. We strive to help busy risk professionals stay ahead of financial risk quickly, easily, and precisely, at a competitive cost compared to other leading providers

CreditRiskMonitor® & SupplyChainMonitor™

BUSINESSES PER COUNTRY
- 0
- 1 – 100
- 101 – 1,000
- 1,001 – 5,000
- 5,001 – 100,000
- 100,001+

- Both platforms offer reports on 30+ million businesses worldwide, which accounts for 90+% of global GDP

- Collect ~$3 trillion of buy and sale transactions annually (trade credit & spend data) as part of the Trade Contributor Program covering ~4 million companies worldwide

- Proprietary Artificial Intelligence/Machine Learning Bankruptcy Prediction Scores

  - **FRISK® Score** - 57K public and 325K private companies worldwide | 96% accurate | Worldwide
  - **PAYCE ® Score** - ~330,000 private companies– 330K private companies including vast majority of US privates w/ $5+ million in annual revenue | 80% accurate | North America

- Provides access to add-on products:
  - *International Private Company Data Enhancements* to further expand foreign company coverage
  - *Private Company Financial Statement Solutions* to obtain reports in bulk on your unique private company counterparties
  - *API integrations* for on-demand enterprise data access
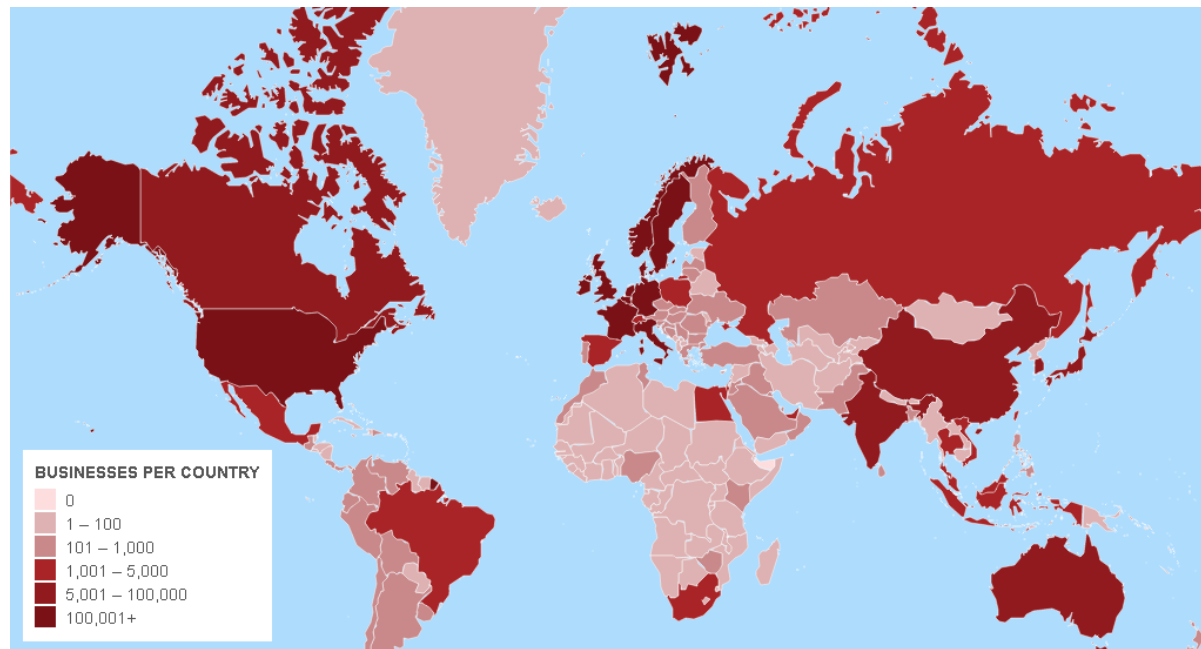
Jerry's Keys to Microcap Investing and CreditRiskMonitor

Key to Success in Long-Term Microcap Investing: **Find Durable Companies**

Jerry's Five Pillars of Durability	CreditRiskMonitor® Attribute Explanation
Countercyclicality	• Risk analysis services are more necessary in downturns • Experienced 10%+ growth rates during and after the Great Recession • Sell into all industries w/ no single customer representing >1% of total revenue
Recurring Streams of Income	• 99% of revenue is from annual, pay-up-front subscriptions • Offers multiyear contracts w/ reduced price escalators • High Retention Rates over 90%
Big Total Addressable Market	• Dun & Bradstreet is the major w/ its Finance & Risk business producing $1.286 billion in 2022 • IDC has the Big Data & Analytics Software Market at $90 billion in 2021 • Plenty of Opportunity and already used in nearly 40% of Fortune 1000
Overly Strong Balance Sheet	• Cash & Cash Equiv. + Short-Term Treasuries worth ~$13.9 million (77% of 2022 Revenue) • No Debt with largest Liability being Unearned Subscription Revenue • Tangible Net Worth of ~$5.6 million
Honest Skin-in-the Game Management	• Experienced senior mgmt. team with average tenure of over 15 years • Largest shareholder is Flum Partners/Jerry Flum • All Sr. Mgmt and key personnel have QSBS options

Key Investment Highlights

- Sustained, stable growth while maintaining profitability and free cash flow generation
  - Avg. Revenue Growth YoY for the Past 5 Years is 6.1% | Past 2 Years is 6.9%
  - Avg. Net Income Margin for the Past 5 Years is 5.4% | Past 2 Years is 13.6%
  - Avg. FCF for the Past 5 Years is $929K per year | Past 2 Years is $1.55M

- Great Performance relative to Tangible Net Worth ("TNW")
  - Avg. Operating Profit/TNW: 5-Year = 16.4% | 2-Year = 60.36%
  - Avg. Pre-Tax Income/TWN: 5-Year = 24.6% | 2-Year = 62.0%
  - Avg. Net Income/TNW: 5-Year = 22.0% | 2-Year = 52.4%

- Enterprise Value to Revenue Multiple – Buy $1 of Recurring Revenue for under $1 of EV
  - Avg. EV/Rev: 5-Year = 0.68 | 2-Year = 0.50