

Brokerage Scaling Strategy & Financial Performance Metrics

Operational roadmap for sustainable growth, compliance management, and profitability by 2026.



Executive Summary: The Path to Operational Independence

The Challenge

Variable costs initially consume up to 120% of revenue. Immediate control over Clearing House and Data Fees is required to prevent margin erosion.

120%

Initial Variable Cost Load

The Solution

A segmented acquisition strategy balancing high-volume Retail (Commission) with stable Institutional (Subscription) clients to optimize margins.



The Milestone

Operational independence and cash flow positivity targeted for mid-2026.

**June
2026**

Breakeven Target

The Outcome

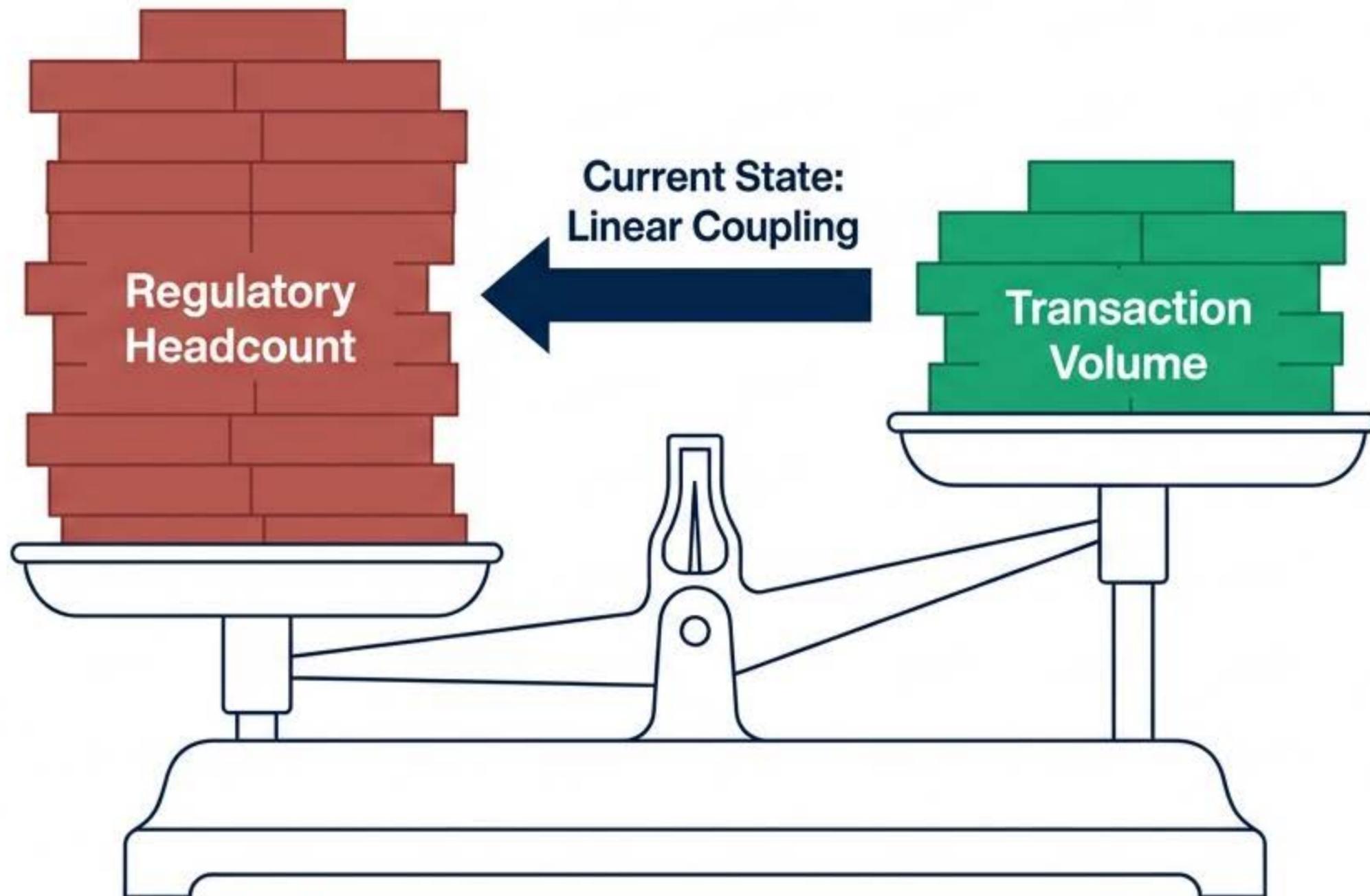
Rapid EBITDA growth driven by scaling client acquisition efficiency.

£388k → £4.4m

EBITDA Growth (Y1-Y5)

The Scaling Dilemma: Decoupling Revenue from Headcount

Regulatory scrutiny increases with volume. Strategy requires mapping revenue growth to FTE efficiency.



The Efficiency Gap

- Institutional Clients: Lower commission rate but higher average order size.
Result: High revenue per compliance FTE.
- Retail Clients: High-frequency, low order size.
Result: High support and compliance load per £ of revenue.

Strategic Action

Prioritize segments where transaction density growth does not linearly dictate headcount increase.

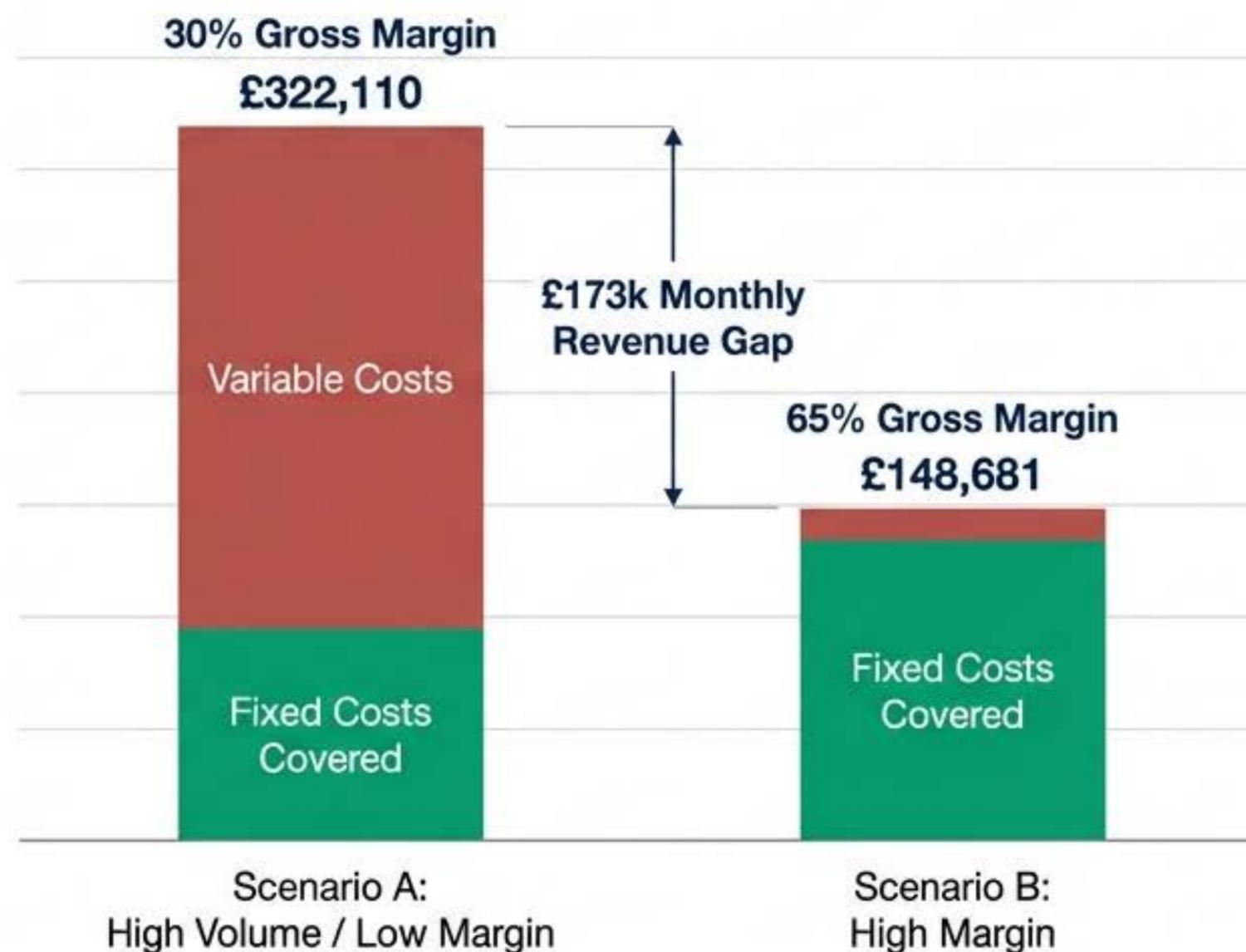
Cost Drivers & Breakeven Thresholds

Client mix determines the revenue floor required to cover £96,633 in fixed monthly costs.

Fixed Cost Baseline: £96,633 monthly (Licenses, Certifications, Overhead).

The Variable Trap: High-volume clients erode margins via processing fees: 40% Clearing House Fees (Projected 2026) and 30% Platform Data Feeds.

Comparative Bar Chart: Revenue Required for Breakeven



Strategic Segmentation: Balancing Volume and Stability

Targeting a 50/50 revenue split between Commissions and Subscriptions.

	Retail Segment	Institutional Segment	HNW Segment
Profile	High churn risk, low order size (£5k avg). Needs automation.	Specialized compliance, high order size (£100k avg).	Requires premium analytics. Churn signals product failure.
Strategic Goal	Target 500 orders/year by 2026.	Maximize LTV via retention.	Zero churn via service excellence.
Financial Role	Volume Driver (Variable Upside).	Stability Anchor (Subscription Floor).	Yield Multiplier.

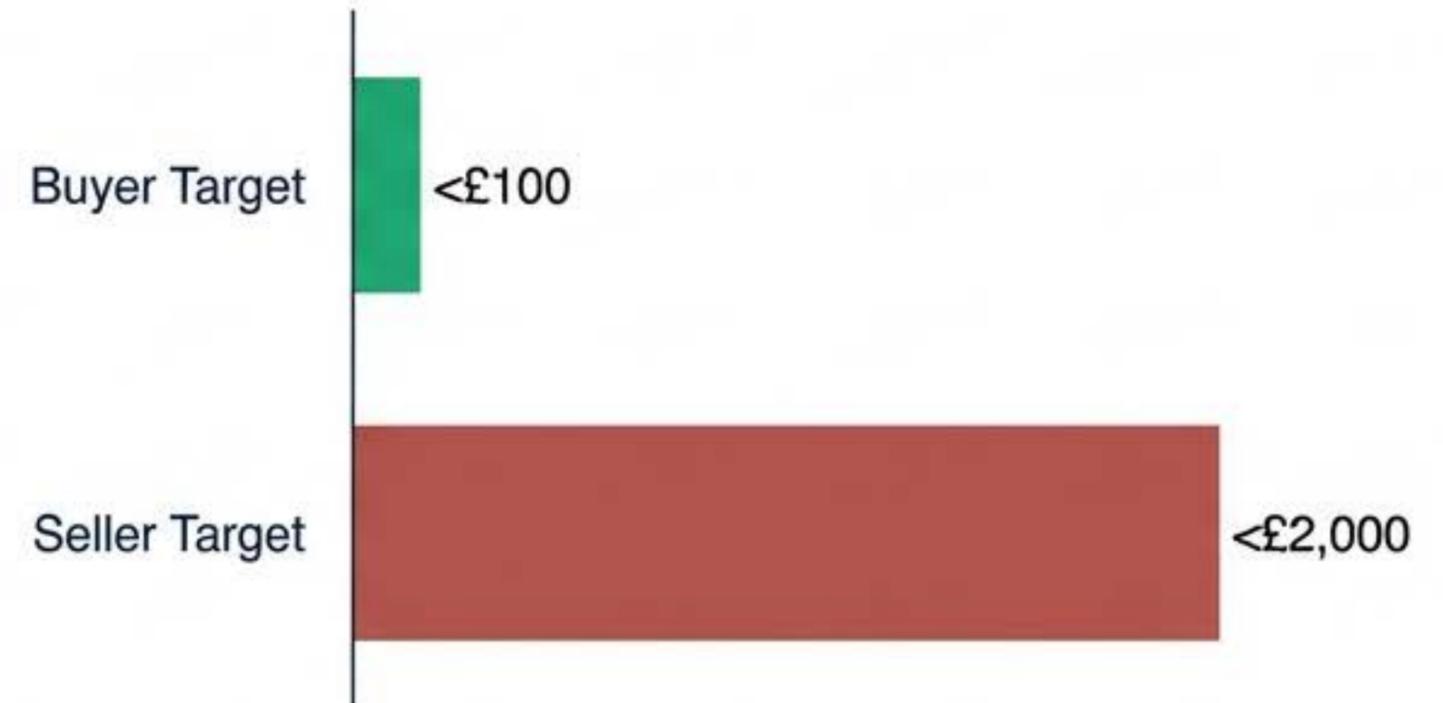
Growth Metrics: Liquidity & Acquisition Efficiency

KPI 1: Total Transaction Volume (TTV)



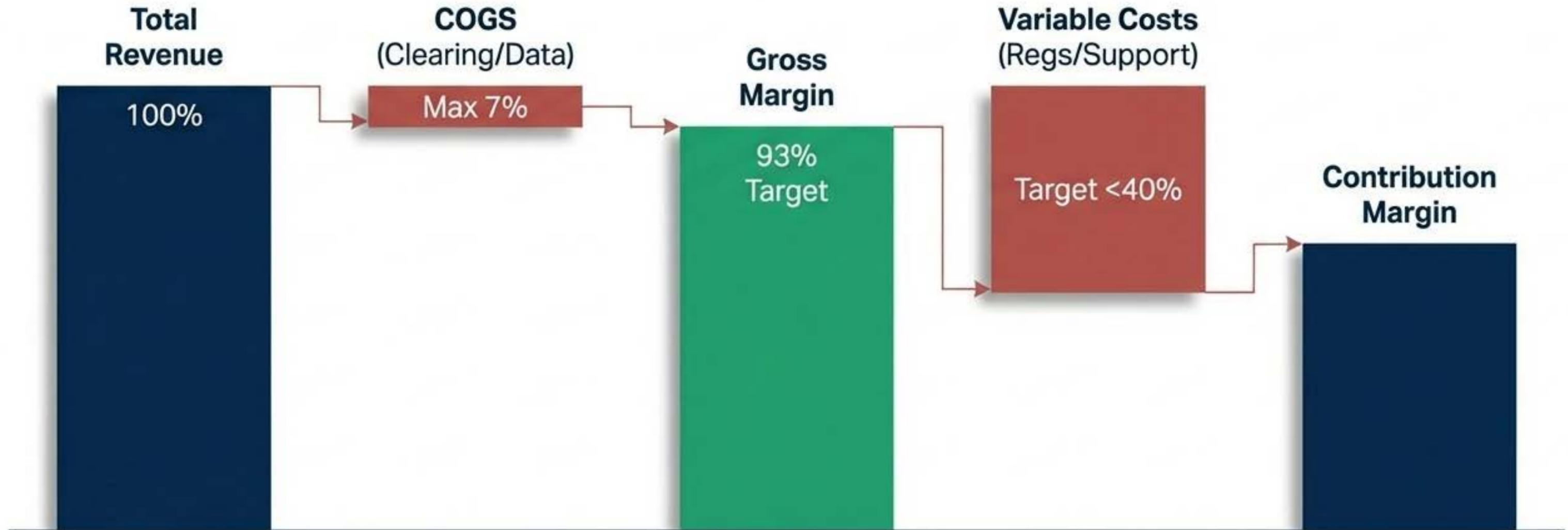
Primary indicator of market share and liquidity. Validates tiered membership utility.

KPI 2: Blended Client Acquisition Cost (CAC)



Strategy: High seller CAC is acceptable only if offset by high recurring transaction volume.

Unit Economics: Managing Margins & Variable Costs



KPI 3: Gross Margin %. Target 93%. If dipped, review seller advertising pricing immediately.
KPI 5: Variable Cost Ratio. Target <40% at scale. Reduce from 50% (2026) to 35% (2030).

Client Value: Revenue Yield & Retention

The Golden Ratio: $LTV/CAC > 3:1$



Insight: Low ARPU signals failure to capture Institutional value. Retention of Institutional clients is paramount.

The Bottom Line: EBITDA Margin Trajectory

Operating profitability target: >20% at scale.

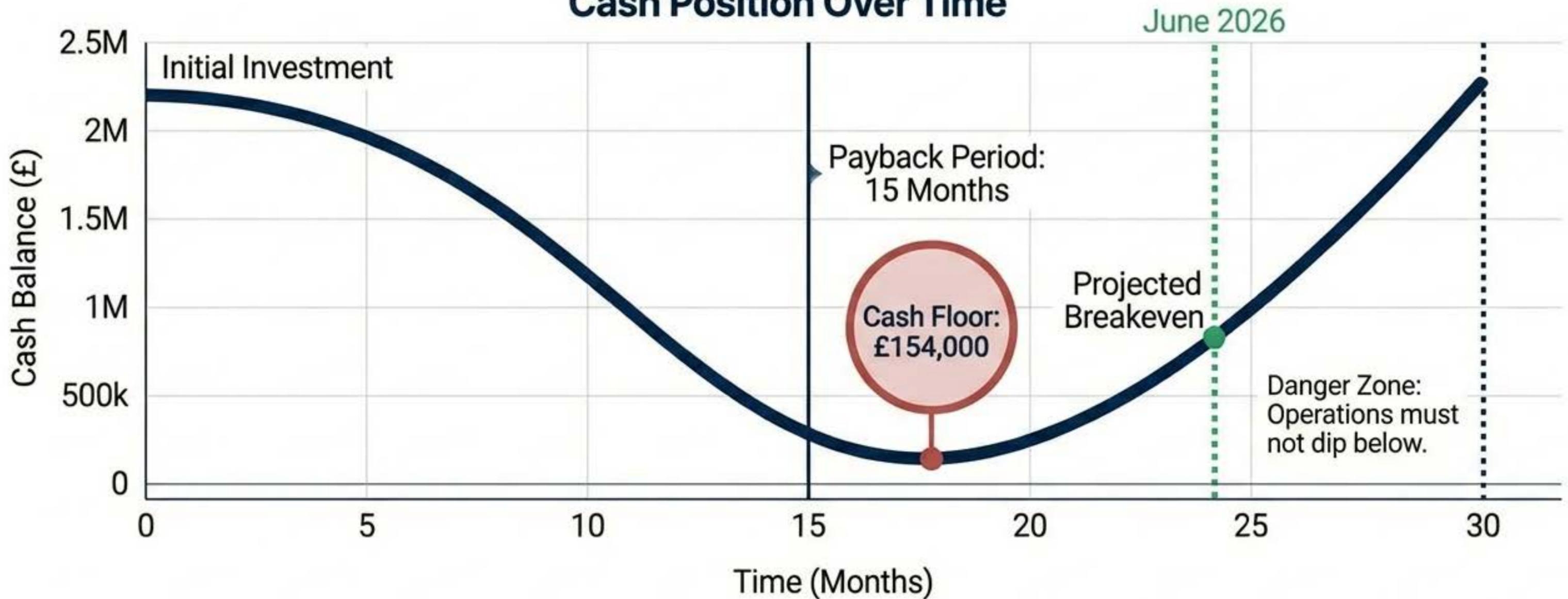


KPI 7: EBITDA Margin. Definition: Operating profitability before interest, tax, depreciation, amortization.

Cash Flow & Liquidity Timeline

Managing the runway to operational independence.

Cash Position Over Time



Five-Year Strategic Outlook

Year 1: Validation

- Establish liquidity.
- Validate tiered membership.
- EBITDA: £388k.

Year 3 (2026): Stability

- Hit Breakeven (June).
- Optimize Variable Cost Ratio to 50%.
- Payback complete.

Year 5 (2030): Maturity

- Market Maturity.
- VCR reduced to 35%.
- TTV Growth 25% YoY.
- EBITDA: £4.4m+.

Implementation Priorities & Risk Management

Immediate Actions

- ✓ **Cost Control:** Aggressively negotiate Data Feed contracts (Target <30% of revenue).
- ✓ **Efficiency:** Automate compliance checks to reduce FTE/Revenue ratio.
- ✓ **Retention:** Focus efforts on Institutional clients (highest LTV potential).

Critical Risks

- ⚠ **Churn:** Risk spikes if onboarding takes >14 days.
- ⚠ **Liquidity:** Cash runway depletion before June 2026 breakeven.

Summary: The Formula for Success

93%

Gross Margin Target

Non-negotiable control of COGS
(Clearing/Data).

3:1

LTV / CAC Ratio

Marketing spend validated
by retention.

Sustainable scaling relies on strict adherence to these two primary operational ratios.

Appendix: KPI Definitions & Formulas

KPI	Definition/Formula
TTV	Sum of (Order Value × Number of Orders)
CAC	Total Marketing Spend / Total New Clients
GM%	(Revenue - COGS) / Revenue
ARPU	Total Recurring Revenue / Total Active Clients
VCR	(Regulatory Fees + Support Costs) / Total Revenue × 100
LTV	(Avg Monthly Revenue × GM%) / Churn Rate
EBITDA Margin	(Operating Profit / Revenue)