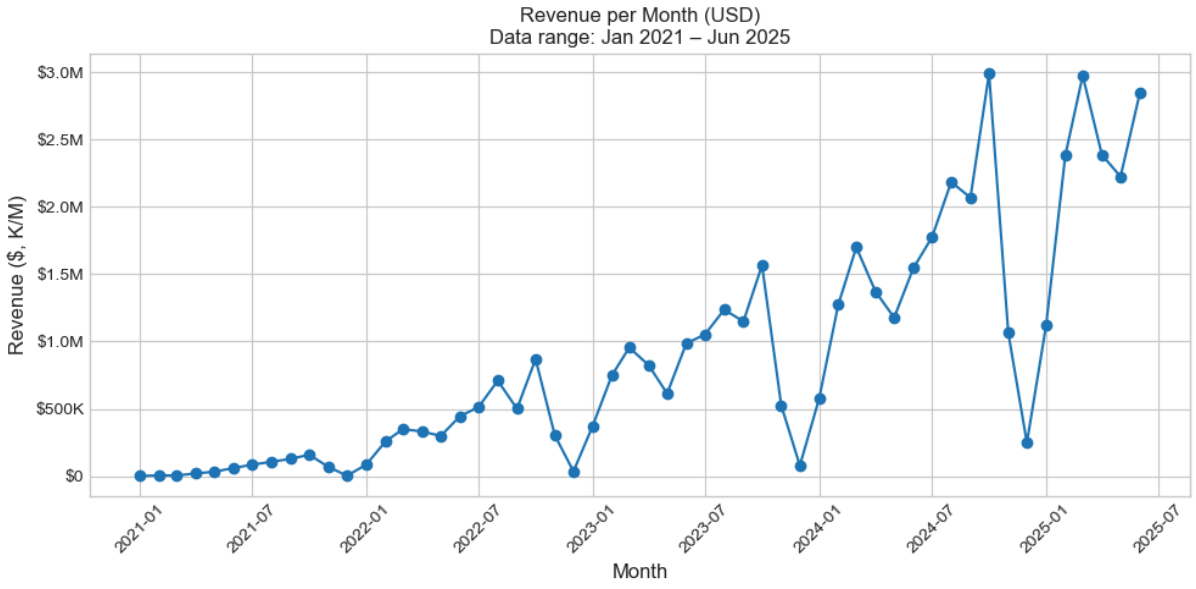
Executive Summary

IniTech operates a labor marketplace connecting workers with short-term job opportunities. Analysis of worker-level activity and company financials indicates strong underlying unit economics despite negative company-level profitability driven by fixed and growth-related costs. Worker retention is strongest in the first three months and declines thereafter, while ARPU increases meaningfully with tenure, concentrating revenue among higher-quality, repeat workers. Retention-weighted ARPU implies lifetime gross revenue of approximately $6,500–$8,000 per worker, supporting sustainable acquisition spend under reasonable margin assumptions. If IniTech can improve early retention and diversify revenue sources as it scales, the business has the potential to evolve into a more stable, compounding platform with durable long-term economics.

Question 1: How many users are there per month, and how is that growing? What about revenue?

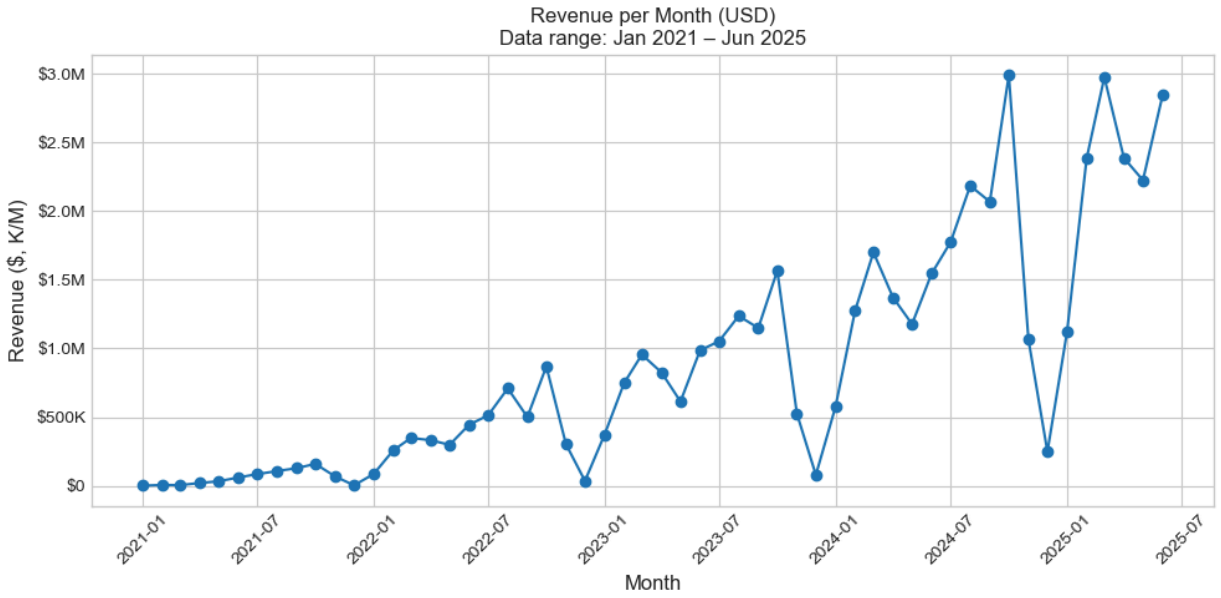


Monthly active workers grow substantially over the observed period, increasing from a very small base in early 2021 to approximately **1,800 active workers by mid-2025**. Growth accelerates over time rather than remaining linear, suggesting that worker acquisition becomes more effective as the platform matures. This pattern is consistent with a marketplace moving beyond its early experimentation phase into broader adoption.

"IniTech has demonstrated sustained and accelerating growth in its worker base over time."

While there are short-term fluctuations in month-to-month worker counts, the overall trajectory remains strongly positive. These fluctuations are relatively small compared to the long-term trend and are typical for a labor marketplace where worker participation may vary

with job availability or seasonal demand. Importantly, there is no extended period of stagnation or decline in active workers, indicating that growth is not being driven by one-off spikes but by continued expansion of the platform.



Revenue growth closely mirrors, but meaningfully outpaces, worker growth. Monthly revenue increases from near zero in 2021 to approximately **$2.8M in the most recent month**, with especially rapid growth beginning in 2022. The rate of revenue growth exceeds the rate of worker growth throughout most of the period, indicating that the platform is becoming more effective at monetizing its worker base over time.

“*Revenue is scaling faster than users, implying increasing revenue per worker.”*

However, revenue growth is noticeably more volatile than worker growth. The chart shows several sharp drops followed by rapid recoveries, particularly in late 2023 and early 2025. These movements suggest that revenue may be influenced by the timing of large jobs or contracts, seasonal demand, or changes in client mix. While revenue consistently recovers to higher levels after each drop, the volatility introduces uncertainty around revenue durability.

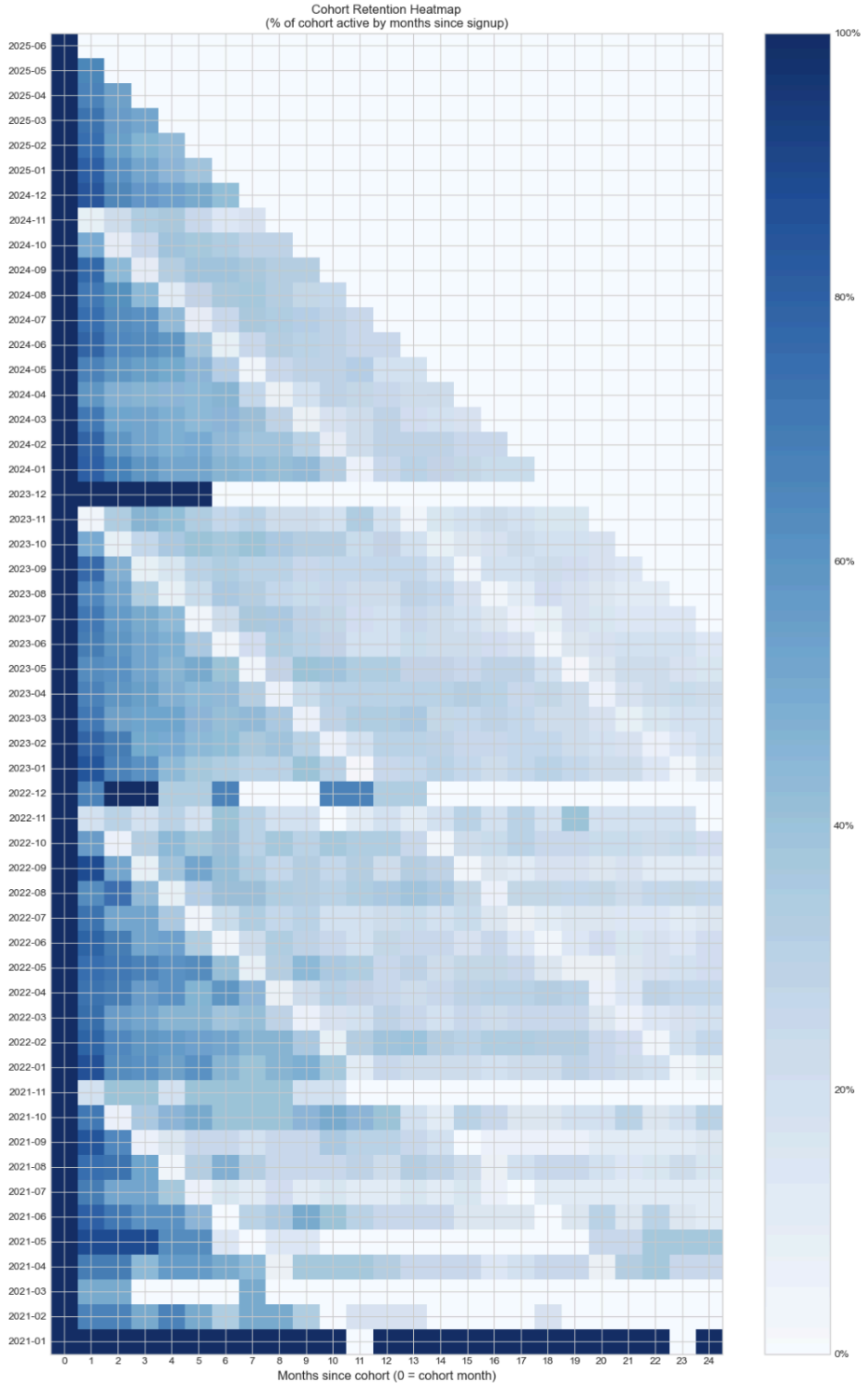
Taken together, the user and revenue trends suggest a marketplace that is scaling successfully but has not yet reached a fully stable growth regime. Worker growth provides a strong foundation, while faster revenue growth points to improving monetization efficiency.

“ *IniTech appears to be transitioning from pure user acquisition–driven growth toward a phase where monetization and worker quality play a larger role.”*

At the same time, the observed revenue volatility raises questions about concentration risk and the extent to which revenue is driven by a broad base of workers versus a smaller number of high-value jobs or clients. These questions motivate deeper analysis of retention, ARPU, and cohort behavior in subsequent sections.

Question 2: What is cohort retention, and what does it tell us about the business?

Cohort retention measures the percentage of workers from a given start month who remain active over time. By grouping workers based on the month they first appear on the platform and tracking their activity in subsequent months, cohort analysis isolates underlying worker engagement and marketplace health. Unlike topline growth metrics, which are influenced by ongoing acquisition, retention reveals whether workers continue to derive value from the platform after their initial engagement.

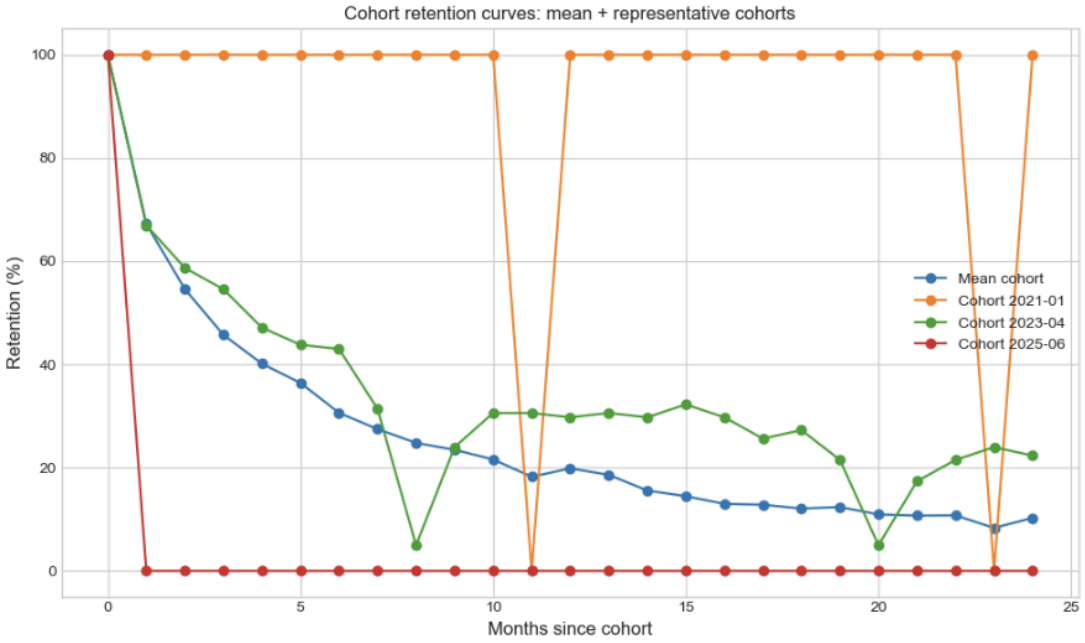


The cohort retention heatmap shows retention patterns across cohorts and months since first activity. Across nearly all cohorts, retention is strong in the short term but declines steadily over time. Median retention is approximately **71% after one month** and **52% after three months**, indicating that a majority of workers return for at least one or two additional engagements after joining. This suggests that the platform delivers clear short-term value to workers, likely through job availability and ease of participation.

“*IniTech exhibits strong early retention, indicating meaningful short-term worker value.”*

However, retention continues to decay as cohorts age. By six months, median retention falls to approximately **37%**, and by twelve months to roughly **23%**. This pattern is consistent with a transactional labor marketplace, where workers engage when they need work rather than remaining continuously active. While this is not inherently negative, it means that long-term growth depends either on sustained acquisition or on increasing the value generated by retained workers.

To better visualize this decay, we plot retention curves that aggregate cohort behavior over time.

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Retention summary (median / mean % across cohorts):
 Month 1: median = 71.4%, mean = 67.2%
 Month 3: median = 51.9%, mean = 45.7%
 Month 6: median = 36.6%, mean = 30.6%
 Month 12: median = 22.8%, mean = 19.8%
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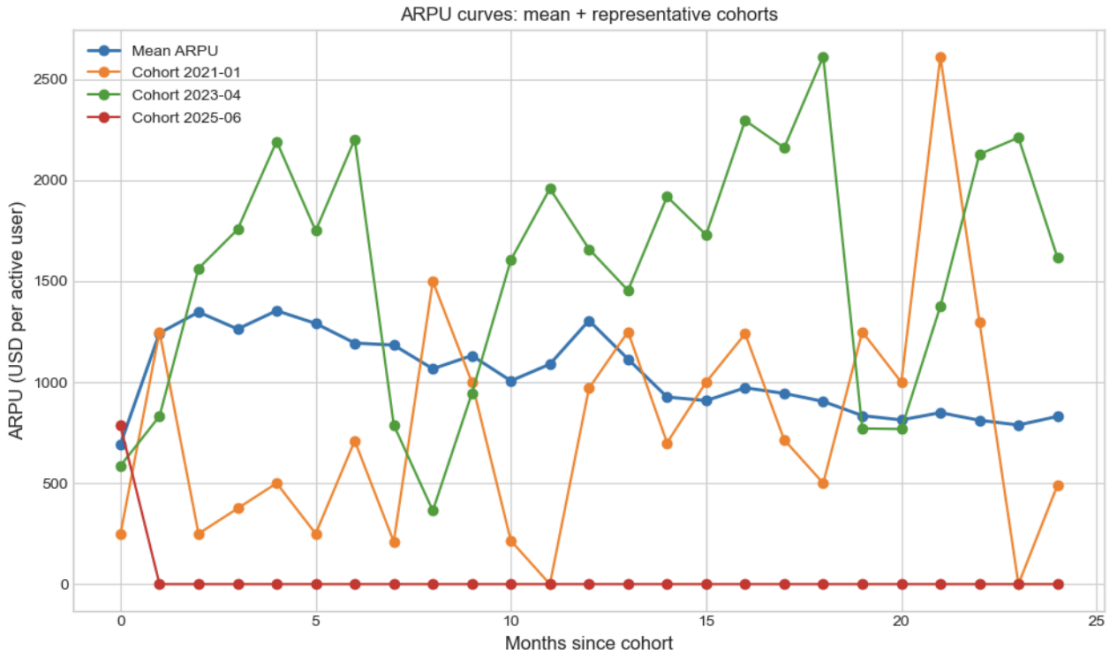
The retention curves reinforce the heatmap’s message: sharp drop-off occurs early, followed by a more gradual decline among retained workers. Importantly, newer cohorts show slightly worse early retention than older cohorts. Initial three-month retention declines by approximately **1–2 percentage points per cohort over time**, which may reflect changes in worker mix, acquisition channels, onboarding quality, or job availability.

“*Early retention is weakening in newer cohorts, representing a potential risk to long-term unit economics.”*

How retention interact with revenue per worker (ARPU)? - Extension of question 2

While retention declines over time, monetization among retained workers improves materially. To understand how revenue interacts with retention, we examine **ARPU curves by months since cohort**, rather than cohort heatmaps, which are visually dense and less intuitive at this scale.

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ARPU summary (median / mean in USD):
 Month 0: median = $702, mean = $694
 Month 1: median = $1,250, mean = $1,244
 Month 3: median = $1,349, mean = $1,263
 Month 6: median = $1,374, mean = $1,194
 Month 12: median = $1,552, mean = $1,306
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The ARPU curves show that average revenue per active worker increases with tenure. Median ARPU rises from approximately **$700 in the cohort month** to around **$1,350 by month three**, and continues to increase to roughly **$1,550 by month twelve**. This indicates that workers who remain active are disproportionately higher-value, either because they take on more jobs, higher-paying jobs, or become more consistently engaged over time.

“*Retention decay is partially offset by rising ARPU among retained workers.”*

This relationship helps explain why overall revenue can continue to grow even as retention declines. Although fewer workers remain active at later stages, those who do generate more revenue per active month, concentrating value among a smaller subset of high-quality workers. At the same time, ARPU curves exhibit noticeable volatility, suggesting that revenue may be influenced by the timing of large jobs or contracts, introducing concentration and predictability risk.

“*ARPU growth mitigates retention decline but introduces revenue concentration risk.”*

Question 3: How valuable is a worker to IniTech? How much would the company be willing to pay to acquire them?

To assess how valuable a worker is to IniTech, it is important to distinguish between **company-level profitability** and **worker-level unit economics**. While the income statement shows that IniTech is currently unprofitable on a monthly basis, this reflects fixed operating costs and growth investments rather than the intrinsic value generated by an individual worker. Worker value should therefore be evaluated by combining retention behavior and revenue generation over time.

From the worker-level analysis, value is generated quickly but unevenly across a worker's lifetime. As shown in the previous section, retention is strongest in the first three months and declines thereafter, while ARPU increases meaningfully with tenure. Most revenue is generated within the **first 3–6 months** of activity, and workers who remain active beyond this point are disproportionately higher-value.

"*Worker value is front-loaded, with the majority of lifetime revenue generated early in the lifecycle by a subset of retained workers."*

Using retention-weighted ARPU, a typical worker generates approximately **$6,500–$8,000 in lifetime gross revenue**. This represents total revenue attributable to a worker over their active lifetime and does not account for company-level fixed costs. Importantly, this level of gross value indicates that workers are economically meaningful units, even though the company is not yet profitable at the aggregate level.

Earlier sections reference a conservative worker LTV range of $6,500–$8,000 to reflect typical gross revenue generated by a worker under observed retention patterns. In the sensitivity analysis, we compute cohort-level lifetime revenue directly and find a median gross LTV of $8,982. The difference reflects methodology rather than contradiction: the sensitivity analysis uses full cohort revenue aggregation and reports the median across cohorts, while earlier ranges are intentionally conservative summaries. Throughout, we rely on median values to reduce the influence of skew and outliers.

The income statement provides context for translating revenue into profit. IniTech's negative monthly profit reflects significant spending on operating expenses such as engineering, sales, and marketing, which are largely fixed or semi-fixed in nature. Applying a conservative **30–40% contribution margin** to worker-level revenue implies that each worker contributes approximately **$1,800–$3,000 in lifetime contribution profit** before fixed costs.

"*Despite company-level losses, worker-level unit economics are positive and meaningful."*

CAC and payback implications

The table below summarizes how worker lifetime value translates into rational acquisition spend under different margin and payback assumptions:

Scenario	Gross LTV (Revenue)	Contribution Margin	Contribution LTV	Implied Max CAC
Conservative	$6,500	30%	~$1,950	$300–$600
Base case	$7,500	35%	~$2,625	$800–$1,200
Aggressive growth	$8,000	40%	~$3,200	$1,500–$2,000

The implied CAC ranges assume payback within 6–12 months and account for uncertainty around retention decay and revenue concentration. More aggressive acquisition spending is justified only if early retention stabilizes or improves and if revenue becomes less dependent on a small number of large jobs or clients.

“*Worker lifetime value supports meaningful acquisition spend, but CAC discipline is critical given retention decay and revenue volatility.”*

Question 4: What could be interesting about IniTech if it scaled?

At its current scale, IniTech exhibits strong worker-level unit economics but limited durability due to retention decay and revenue volatility. However, scale has the potential to fundamentally improve both the **quality** and **stability** of the business by strengthening the underlying marketplace dynamics.

Today, retained workers already generate meaningfully more value over time. As shown earlier, median ARPU rises from roughly **$700 in the cohort month** to **$1,350 by month three** and over **$1,550 by month twelve**, indicating that workers who remain active quickly become high-value contributors. At the same time, cohort analysis shows that retention declines steadily, with median retention falling from approximately **71% after one month** to **~23% after twelve months**, concentrating value among a relatively small subset of repeat workers.

“*IniTech’s value today is driven by a small group of high-quality, retained workers.”*

At scale, increased marketplace liquidity—more workers and more jobs—would likely improve match quality and job availability. Better matching reduces friction for workers, increases the likelihood of repeat engagement, and directly improves early retention. Because most lifetime value is generated in the first **3–6 months**, even modest improvements in early retention would have an outsized impact on worker LTV, as demonstrated in the sensitivity analysis.

“*Scale improves retention by improving liquidity, which compounds worker lifetime value.”*

Scale would also materially reduce revenue volatility. Current revenue patterns show sharp spikes and drops, consistent with dependence on large, infrequent jobs or a small number of clients. With a larger and more diversified base of employers and workers, revenue would be spread across more transactions, smoothing month-to-month performance and reducing concentration risk.

“*Scale diversifies revenue sources, improving predictability and reducing concentration risk.”*

Finally, scale allows fixed operating costs—currently driving negative company-level profitability—to be leveraged across a much larger revenue base. Combined with improving retention and higher ARPU among retained workers, this operating leverage creates a credible path from strong unit economics to sustainable profitability.

Optional: Sensitivity of Retention on Worker LTV and CAC

After establishing baseline retention, ARPU, and worker lifetime value, we conducted a sensitivity analysis to understand how changes in early retention affect IniTech’s unit economics. The objective of this analysis is not to forecast precise outcomes, but to quantify how sensitive worker value is to a key operational lever—early-stage retention—and to assess how improvements in retention translate into higher lifetime value and greater flexibility in customer acquisition spend.

Methodology

We began by computing **baseline cohort-level lifetime value (LTV)** using worker-level data. For each cohort, defined as the month a worker first became active, we summed all revenue generated by that cohort across time and divided it by the original cohort size. This produces a measure of **lifetime gross revenue per worker**, independent of company-level fixed costs. Across cohorts, the median baseline LTV is approximately **$8,982**, representing the typical economic value of a worker given observed retention and ARPU patterns.

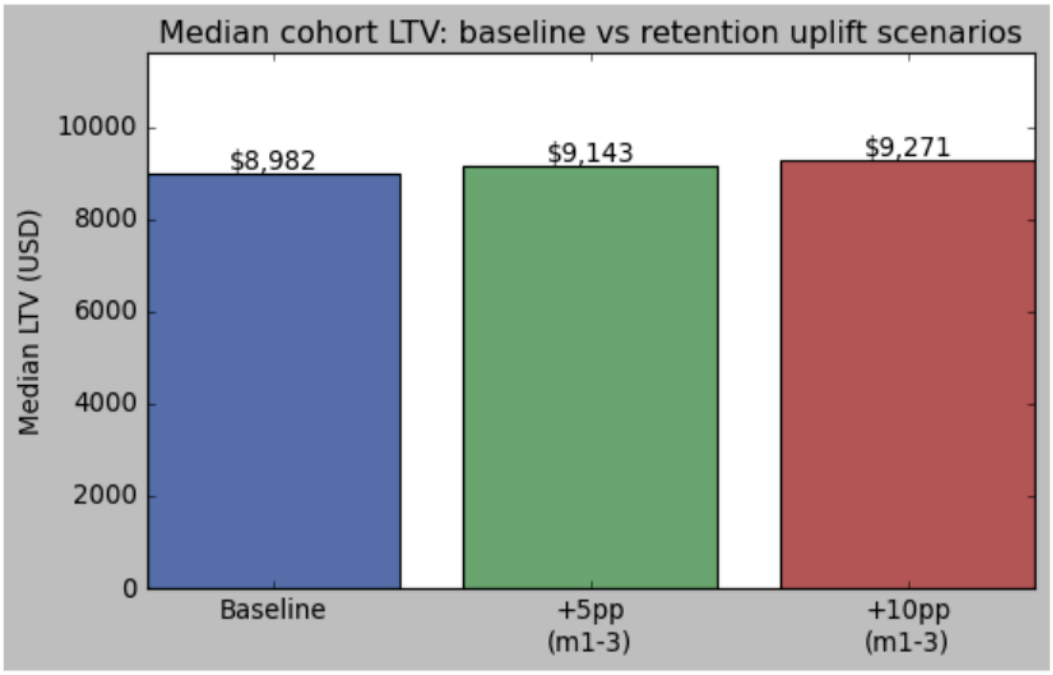
To test sensitivity, we simulated two hypothetical scenarios in which early retention improves modestly:

- an absolute **+5 percentage point increase**
- an absolute **+10 percentage point increase**

applied only to **months 1–3 after cohort entry**. These months were chosen because prior analysis shows that most worker churn occurs early and that a large share of lifetime revenue is generated within the first **3–6 months**. In both scenarios, ARPU was held constant, isolating the effect of retention improvements alone.

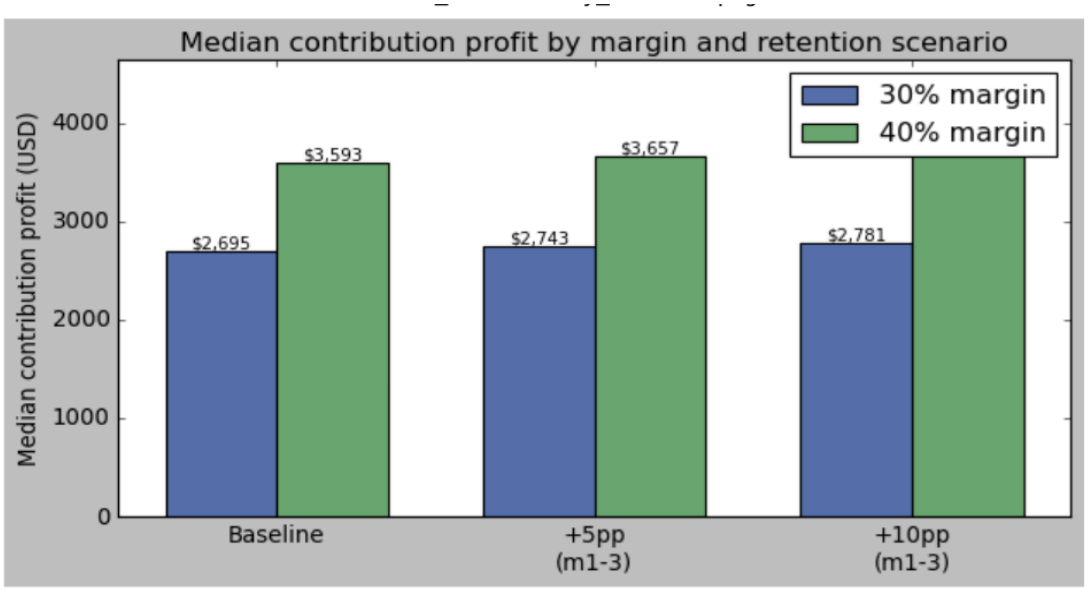
Under each scenario, we recomputed the number of active workers in months 1–3, recalculated implied revenue using observed ARPU, and then recomputed cohort-level LTV. To reduce the influence of outliers and small cohorts, results are summarized using **median LTV across cohorts**.

Results



Under the baseline scenario, median worker LTV is **$8,982**. With a +5 percentage point improvement in early retention, median LTV increases to **$9,143**, representing a **+1.7% uplift**. A +10 percentage point improvement increases median LTV to **$9,271**, a **+3.3% uplift**. While these percentage increases may appear modest at the individual-worker level, they are economically meaningful when applied across a large and growing worker base.

To translate these gains into profitability implications, we applied conservative **contribution margin assumptions of 30–40%**, consistent with earlier discussion of company-level financials.



At a 30% margin, the simulated retention improvements generate approximately **$48–$86** of incremental contribution profit per worker; at a 40% margin, the increase is approximately **$64–$115** per worker. These gains compound at scale and directly expand the company's sustainable **customer acquisition cost (CAC)** ceiling.

Interpretation and implications

This sensitivity analysis highlights three important insights. First, **early retention is a real economic lever**: even modest improvements in months 1–3 increase worker lifetime value and expand CAC headroom. Second, the magnitude of the uplift depends on how **broad and durable** retention improvements are; larger gains would be expected if improvements extend beyond month 3 or disproportionately affect higher-value workers. Third, because LTV gains compound across thousands of workers, retention initiatives become increasingly powerful as the platform scales.

"*Improving early retention is one of the most capital-efficient ways for IniTech to strengthen unit economics, reduce acquisition risk, and improve long-term durability."*

In practice, pairing retention improvements with efforts to reduce revenue concentration—such as diversifying job types and employer mix—would further compound these benefits, making scale both more profitable and more predictable.

Appendix: Methodology & Assumptions

- Cohorts defined by worker's first active month
- LTV = total cohort revenue ÷ cohort size
- Retention measured monthly
- ARPU measured per active worker per month
- Sensitivity applies +5 pp / +10 pp absolute retention to months 1–3
- Contribution margin assumed at 30–40% for CAC analysis