LEVERAGE STRATEGIC

FRACTIONAL CFO

CONFIDENTIAL — BOARD ONLY

Board Pack

Vaultline Software Inc.

Monthly Management Report · January 2025 (Month 1, FY2025) · Fictional Case Study

PREPARED BY	PERIOD	REPORT DATE
Leverage Strategic	January 2025	Apr 2026

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SECTION 01

Executive Dashboard — January at a Glance

$7.12M	77.7%	$98K	$2.14M	119%
ARR (EOM)	GROSS MARGIN	EBITDA	CASH	NRR (TTM)

Performance vs. Budget

Metric	Actual	Budget	Variance
ARR	$7,115K	$6,975K	+$140K
Revenue	$609K	$597K	+$12K
Gross Margin %	77.7%	80.1%	-240 bps
EBITDA	$98K	$112K	-$14K
Net New ARR	$285K	$145K	+$140K
New Logos	38	28	+10

Period vs. Period Comparison

Metric	Jan 2025	Jan 2025 Bgt.	MoM Δ	YoY Δ
ARR ($K)	$7,115	$6,975	+$285K	+42.9%
Gross Margin %	77.7%	80.1%	+50bps	+230bps
EBITDA ($K)	$98	$112	+$0K	n/m
NRR (TTM)	119%	118%	+1pt	+6pts
Cash ($K)	$2,140	$2,050	+$89K	+44.6%

Budget Gross Margin reflects 80.1%, the figure mathematically implied by Budget Revenue ($597K) and Budget COGS ($119K) — see the Gross Margin Bridge, page 9, and the P&L tab in the companion Excel model.

SECTION 02

CFO Commentary: What Happened & Why

January 2025 was a strong operational month: underlying Operating Income hit plan exactly at $60K, in both the actual and budget columns. The two headline misses below trace to two distinct, fully explained causes and are not signs of deteriorating unit economics.

Beat — Revenue & ARR

ARR closed at $7.12M, $140K ahead of the $6.98M budget. Three enterprise accounts closed in the final week of January (combined ACV $84K), all sourced through the outbound SDR program. Net New ARR of $285K was the strongest single month since September 2024. January new-logo count of 38 was 36% above the 28-logo budget.

Miss — Gross Margin (–240bps vs. budget)

Blended gross margin of 77.7% was 240bps below the 80.1% budget. A single AWS data-transfer event on January 14 cost ~296bps of margin ($18K of unplanned egress fees, triggered when 12 enterprise accounts ran a simultaneous batch export), partially offset by +56bps of favorable underlying mix. Excluding the AWS event, January gross margin would have been ~80.6% — slightly ahead of budget. Engineering deployed CDN caching on January 22 to route future batch exports through CloudFront, with expected savings of ~$14K/month.

Miss — EBITDA (–$14K vs. budget)

EBITDA of $98K was $14K below the $112K budget. Operating Income (Gross Profit less all operating expenses, including D&A) was exactly $60K in both the budget and the actual — the AWS-driven gross-profit miss was fully offset by an S&M underspend from a delayed SDR hire. The entire EBITDA variance is attributable to the SR&ED tax-credit accrual: management is recognizing a conservative 70% of the estimated eligible credit ($30K) pending the year-end CRA technical-eligibility review, versus the 100% rate ($44K) the budget assumed.

Beat — Cash & Collections

Cash closed at $2.14M, $90K above the $2.05M budget. DSO improved to 22 days from 28 days in December, driven by the systematic AR follow-up process VP CS implemented in November. The three new enterprise closings also contributed upfront annual prepayments totaling $252K.

Strong — NRR Continues to Improve

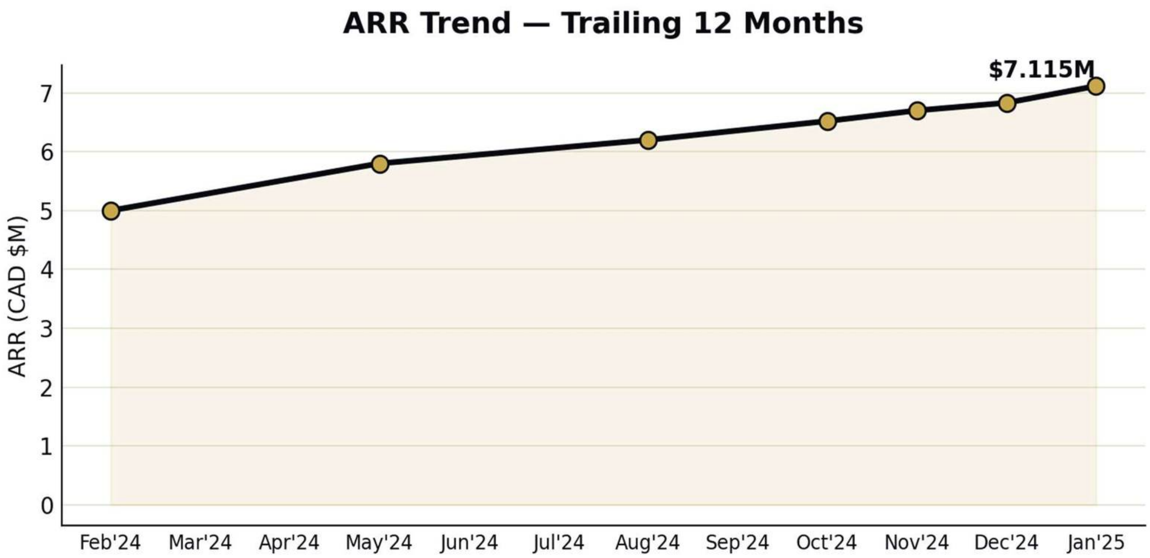
TTM NRR reached 119%, up from 118% in December and 113% a year ago. January drivers: four new Subcontractor Portal upsells ($8,800 combined ACV), eight Analytics Dashboard first-time activations, and 28 seat additions across 14 existing accounts. Churn was 2 customers ($10.4K ARR), the lowest single month since Q3 2023.

Watch Items

- Pipeline Coverage Is Thin — US pipeline coverage is running at ~2.8x quota against a 3.5x target; the US represents 22% of pipeline but only 14% of closed ARR.
- Two Competitive Losses Cited Product, Not Price — a mobile dispatch feature gap versus Buildertrend; VP Sales and CTO are reviewing the roadmap.
- CS Coverage Ratio Above Benchmark — 255 accounts per CSM vs. the 220-account benchmark; the pending Q3 2025 CS Manager hire helps but is not guaranteed to close the gap.

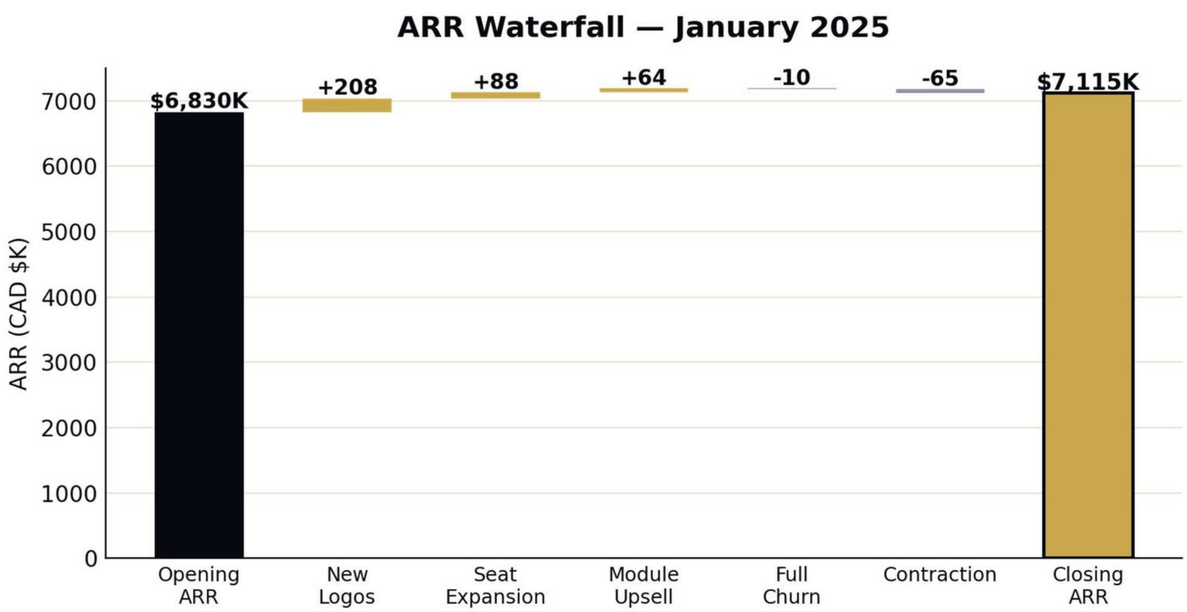
SECTION 03

Revenue & ARR Dashboard



Full month-by-month trend ladders mathematically from $4,980K (Jan'24 actual) through $7,115K (Jan'25 actual), passing through the $6,830K Dec'24 anchor used throughout this pack.

ARR Waterfall — January 2025



ARR Movement	Customers	ARR ($K)	vs. Plan	Notes
Opening ARR — Dec 31, 2024	1,240	$6,830	–	Prior month close
(+) New Logos	+38	+$208	+$115 beat	3 enterprise closings

ARR Movement	Customers	ARR ($K)	vs. Plan	Notes
(+) Expansion — seat adds	–	+$88	+$18 beat	28 seat additions, 14 accts
(+) Expansion — module upsells	–	+$64	+$14 beat	4 Sub Portal + 8 Analytics
(–) Full churn	-2	-$10	+$8 beat	Apex Framing + Sullivan
(–) Contraction — downgrades	–	-$65	-$15 miss	3 accounts; seasonal
Net New ARR	+36	+$285	+$140 beat	Strongest since Sep 2024
Closing ARR — Jan 31, 2025	**1,276**	**$7,115**	**+$140 beat**	**$140K ahead of budget**

Revenue by Channel — January 2025

Channel	Jan ARR	% of ARR	MoM Δ	vs. Budget
Core Platform (seats)	$4,412K	62.0%	+$158K	+$90K
Safety Compliance	$1,139K	16.0%	+$52K	+$29K
Subcontractor Portal	$854K	12.0%	+$48K	+$14K
Analytics Dashboard	$426K	6.0%	+$22K	+$6K
Professional Services	$284K	4.0%	+$5K	+$1K
Total	**$7,115K**	**100%**	**+$285K**	**+$140K**

SECTION 04

P&L vs. Budget — January 2025 (CAD $'000)

Key Margin Metrics vs. Budget

Metric	Actual	Budget	Variance
Gross Margin %	77.7%	80.1%	-240 bps
EBITDA Margin %	16.1%	18.8%	-270 bps
S&M as % Rev	37.4%	39.0%	-160 bps
R&D as % Rev	17.2%	17.6%	-40 bps

Detailed P&L

Line Item	Actual	Budget	Variance	Commentary
Subscription Revenue	$593	$581	+$12	New logos + expansion
Professional Services	$16	$16	+$0	On budget
Total Revenue	$609	$597	+$12	+49.6% YoY
Hosting & Infrastructure	$84	$66	+$18	AWS batch-export event
Support & CS Staff	$42	$42	+$0	On budget
Third-Party Licenses	$10	$11	-$1	1 license delayed to Feb
Total COGS	$136	$119	+$17	AWS variance only
Gross Profit	$473	$478	-$5	+54.1% YoY
Sales & Marketing	$228	$233	-$5	SDR backfill delayed
R&D	$105	$105	+$0	On budget
G&A	$72	$72	+$0	On budget
D&A	$8	$8	+$0	On budget
Operating Income (GAAP)	$60	$60	$0	Zero variance
Add: SR&ED Tax Credit (accrued)	$30	$44	-$14	70% conservative accrual
EBITDA	**$98**	**$112**	**-$14**	**Operating Income + D&A + SR&ED**

Gross Margin Bridge — January 2025

Component	bps Impact	Commentary
Budget Gross Margin	80.1%	Implied by Budget Revenue $597K / Budget COGS $119K
AWS one-time event impact	-296 bps	$18K data-egress overage; isolated 12-account batch export
Underlying mix/cost favorability	+56 bps	Favorable revenue mix + license saving
= Actual Gross Margin	77.7%	Reconciles exactly — see companion Excel model

SECTION 05

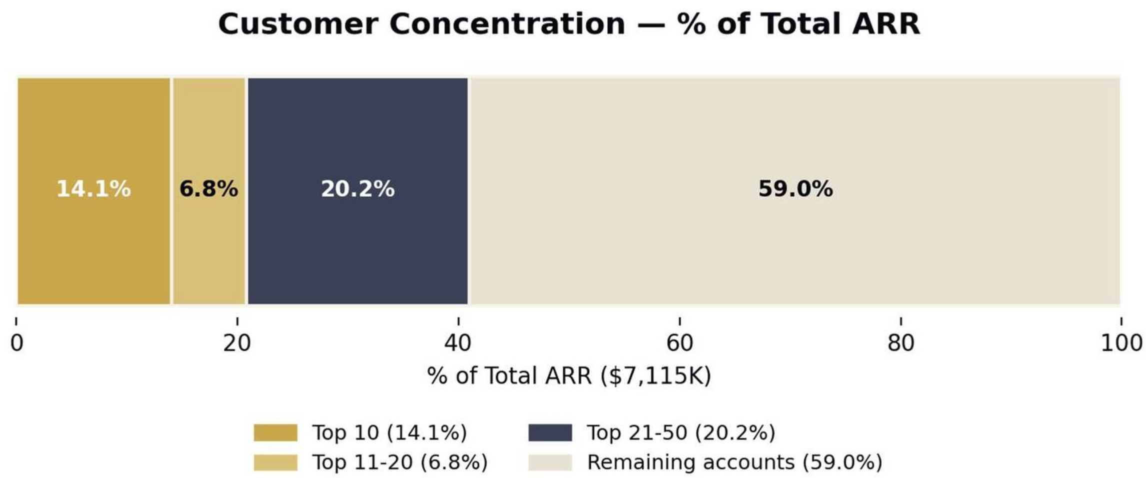
SaaS Metrics Scorecard — January 2025

Metric	Jan 2025	Dec 2024	Budget	Target	RAG
ARR ($K)	$7,115	$6,830	$6,975	$8,710 EOY	Above
MRR ($K)	$593	$569	$581	$726 EOY	Above
Net New ARR ($K/mo)	+$285	+$120	+$145	>$200K/mo	Above
NRR (TTM)	119%	118%	118%	>115%	Above
GRR (TTM)	95.0%	94.6%	94.5%	>93%	Above
Logo Churn (#/mo)	2	4	3	<4/mo	Above
New Logos	38	22	28	30+/mo	Above
Paying Customers	1,276	1,240	1,262	1,600 EOY	Above
ACV (CAD)	$5,576	$5,476	$5,530	>$5,800	Watch
CAC — Blended (CAD)	$6,710	$6,870	$7,200	<$6,500	Watch
CAC Payback (months)	14.4	15.0	15.6	<14 mo	Watch
LTV / CAC	6.5x	6.6x	6.2x	>6.0x	Above
Gross Margin %	77.7%	77.2%	80.1%	>80%	Watch
EBITDA Margin %	16.1%	16.8%	18.8%	18%+ by Q4	Watch
Rule of 40	65.7	n/a	65.5	>50	Above

SECTION 06

Customer Concentration Risk

Concentration is calculated against Total ARR of $7,115K.



#	Account	ARR ($K)	% Top 10	% Total ARR	Segment
1	Meridian Construction Group	217	21.7%	3.05%	Enterprise
2	Continental Builders Alliance	165	16.5%	2.32%	Enterprise
3	Apex National Contracting	125	12.5%	1.76%	Enterprise
4	TerraForm Builders	82	8.2%	1.15%	Enterprise
5	Summit Industrial Services	80	8.0%	1.12%	Enterprise
6	Northgate Mechanical Holdings	75	7.5%	1.05%	Mid-Market
7	Cascade Regional Builders	70	7.0%	0.98%	Mid-Market
8	Vertex Site Solutions	66	6.6%	0.93%	Mid-Market
9	Ironclad Project Partners	62	6.2%	0.87%	Mid-Market
10	Harborview Construction Co.	58	5.8%	0.82%	Mid-Market

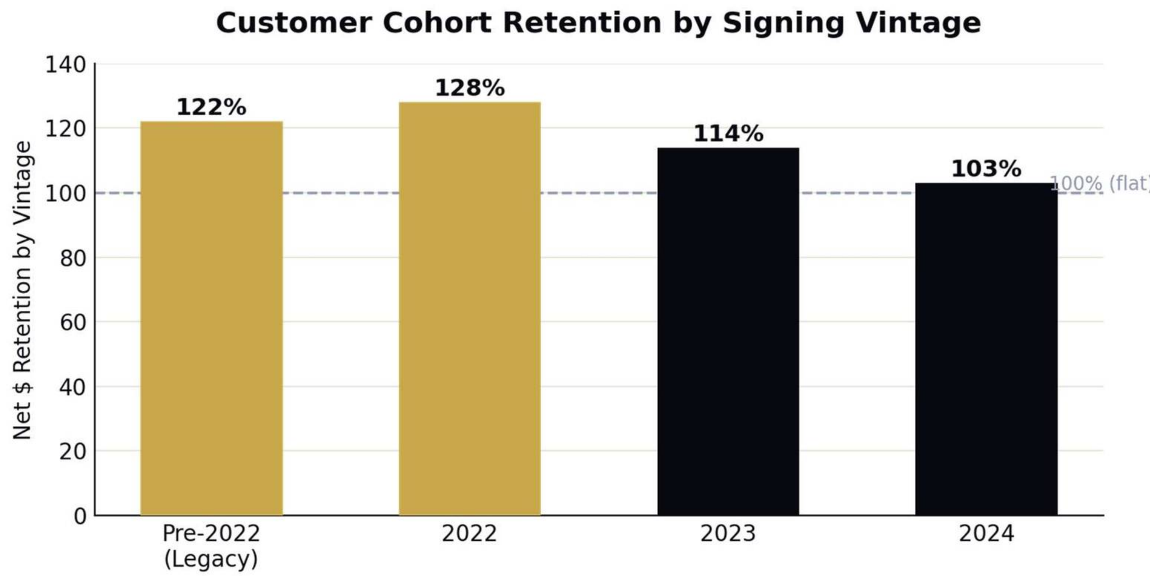
— Top 10 concentration of ~14% is low for a company at this ARR scale — typical SaaS benchmarks flag concern above 25–30% for Top 10.

- Largest single account (Meridian, $217K) is 3.05% of total ARR — a full loss would be a real but non-existential event, not a board-level solvency risk.
- Watch item: TerraForm Builders (#4, $82K) is mid-renewal negotiation for an expanded 3-year term.

SECTION 07

Customer Cohort Retention

Each cohort is the set of customers signed in that calendar year, tracked from initial ARR at signing to current (Jan 2025) ARR.



Vintage	Customers	Initial ARR ($K)	Current ARR ($K)	Net $ Retention
Pre-2022 (Legacy)	195	902	1,100	122%
2022	230	1,133	1,450	128%
2023	310	1,754	2,000	114%
2024	503	2,288	2,357	103%
2025 YTD (Jan cohort)	38	208	208	n/a — too new
Total	**1,276**	**$6,285**	**$7,115**	**113%**

— Every pre-2025 vintage is net-expansive (>100%) — no cohort has shrunk on a blended basis, including the newest fully-measurable vintage (2024, 103%).

— Watch item: the 2024 cohort is the largest by customer count (503 logos) but expansion has barely started (103%).

SECTION 08

Net Retention Bridge

Rebuilt as a monthly walk that mathematically sums to its own total, separating a clean monthly movement from the trailing-twelve-month (TTM) trend tracked elsewhere in this pack.

Component	$K	% of Starting ARR	Notes
Starting ARR (existing base, Dec 31, 2024)	6,830	100.0%	
(+) Seat expansion (existing accounts)	88	1.3%	28 seat additions, 14 accounts
(+) Module upsell (existing accounts)	64	0.9%	4 Sub Portal + 8 Analytics
(–) Full churn	-10	-0.1%	Apex Framing + Sullivan
(–) Contraction (downgrades)	-65	-1.0%	3 accounts; 1 mid-cycle
Ending ARR (existing base, before new logos)	**6,907**	**101.1%**	**Excludes new logos by definition**

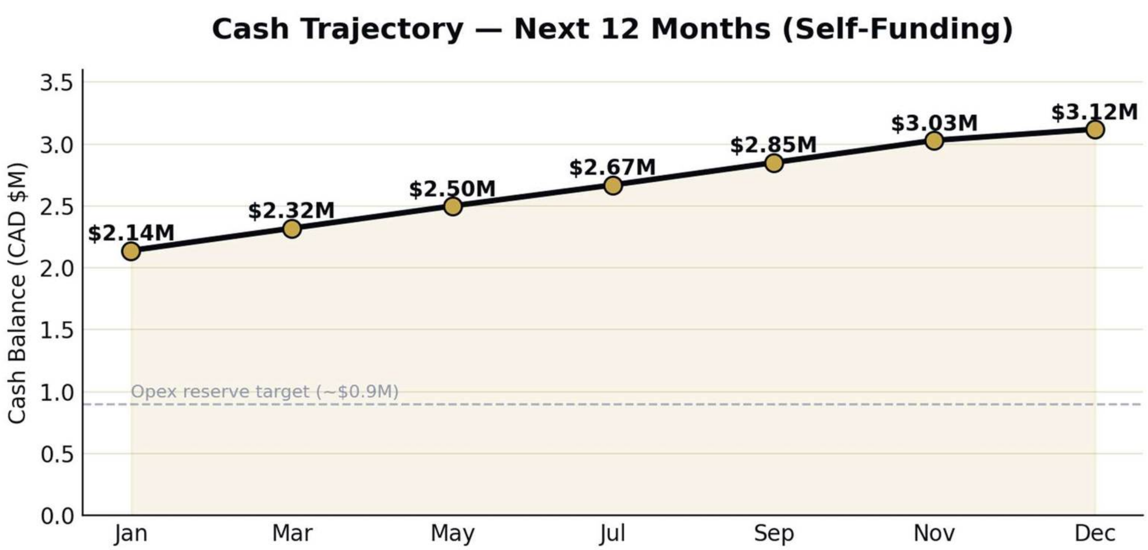
A single month's net retention compounded is a reasonableness check, not a derivation of the TTM figure — the gap between 101.1% monthly and 119% TTM is itself informative: retention has been accelerating, not flat, over the trailing year.

SECTION 09

Cash, Balance Sheet & Cash Bridge

The Company is cash-generative every month shown below; there is no operating burn to project a runway against.

Component	$K	Notes
Beginning Cash (Dec 31, 2024)	2,051	
+ EBITDA	98	Per P&L tab
+/- Net Working Capital Δ	46	AR -$38K (source); other items net +$84K
- Capex & Capitalized Development	-55	Capitalized engineering spend
Ending Cash (Jan 31, 2025)	**2,140**	Ties exactly to the Balance Sheet below



Balance Sheet Summary — January 31, 2025

Item (CAD $K)	Jan 31, 2025	Dec 31, 2024	MoM Δ
Cash & Equivalents	$2,140	$2,051	+$89
Accounts Receivable	$188	$226	-$38
Total Current Assets	$2,390	$2,335	+$55
Total Assets	$2,617	$2,571	+$46
Total Liabilities	$472	$460	+$12
Net Assets / Equity	$2,145	$2,111	+$34

SECTION 10

Headcount & People Investment

Department	Jan FTE	Dec FTE	Open Roles	FY25 Target	Owner
Engineering / R&D	8	8	1 FE Dev (Q2)	10	CTO
Sales (AE + SDR)	6	5	1 AE (Q2)	9	VP Sales
Customer Success	5	5	–	7	VP CS
Marketing	2	2	1 Content (H2)	3	CEO
G&A / Finance	3	3	–	3	CEO
Total FTE	**24**	**23**	**3 roles open**	**32 EOY**	

People Investments — FY2025 Plan

Role	Timing	Annual Cost	Expected Impact	Status
AE — Mid-Market (US)	Q2 2025	$95K + OTE	Target $420K new ARR, yr 1	Pending Approval
FE Developer	Q2 2025	$110K	Mobile v2.0; analytics	Approved
Content Marketer	H2 2025	$72K	SEO / inbound diversification	Pending Planning
CS Manager (Sr.)	Q3 2025	$85K	US-based accounts; scale CS	Pending Approval

SECTION 11

Q1 2025 Forecast & Outlook

Metric (CAD $K)	Jan Act.	Feb Fcst.	Mar Fcst.	Q1 Total	Q1 Budget
ARR (EOM)	$7,115	$7,365	$7,620	$7,620	$7,650
Net New ARR	+$285	+$250	+$255	+$790	+$675
Revenue	$609	$631	$651	$1,891	$1,924
Gross Margin %	77.7%	79.4%	80.4%	79.2%	80.1%
EBITDA	$98	$127	$147	$372	$392
Cash (EOM)	$2,140	$2,229	$2,320	$2,320	$2,280
New Logos	38	32	34	104	90

Scenario	Feb Rev	Mar Rev	Q1 EBITDA	Key Driver
Upside	$655	$685	$421	AE hire pulled forward; renewal cohort holds 96%+
Base (Board Case)	$631	$651	$372	As forecast above
Downside	$605	$615	$298	March renewal cohort renews below 90%

Q1 Key Risks

— AWS CDN Fix Effective Feb 1 — if the January 22 CDN caching fix doesn't hold, downside risk of -60bps margin and -$9K monthly EBITDA.

— March Renewal Cohort (180 accounts, $1.08M ARR at risk) — historical March renewal rate is 94.2%; expected churn of ~$63K ARR is already modeled in the Base case.

— US Pipeline Coverage Is Thin — US represents 22% of pipeline but only 14% of closed ARR; current Q1 coverage is running ~2.8x quota vs. the 3.5x target the Base case assumes.

SECTION 12

Board Decisions Required

D-01 · Approve: AWS Reserved Instance Commitment — Decide by Feb 14

38% discount vs. on-demand pricing. Estimated annual saving: $28K. Upfront payment: $42K. Break-even: 18 months. Management recommends Approve.

D-02 · Approve: AE Hire — US Mid-Market — Decide by Mar 1

Target comp: $95K base + $65K OTE. Expected contribution: $420K new ARR in first 12 months. CAC payback at target quota is 12.4 months, within the 14-month benchmark.

D-03 · Guidance Required: Pricing Strategy — 2025 Renewal Cycle

180 accounts renew in March 2025. Management is considering a 5% price increase ($38 → $40/seat). At 95% acceptance, net ARR impact is +$54K; at 90% acceptance, +$12K. Management is divided given the TerraForm renewal in progress.

D-04 · Approve: SOC 2 Type II Audit Engagement — Decide by Mar 15

Three enterprise prospects ($310K combined ACV) require SOC 2 Type II. Estimated cost: $40K. Management recommends Approve, citing 5.4x ROI.

D-05 · Approve: Equity Option Refresh — VP Sales & VP CS — Decide by Mar 31

0.5% option grant each, vesting monthly over 24 months with a 12-month cliff, tied to tenure through transaction close.

D-06 · Accelerate US AE Hire vs. Hold Q2 Timeline — Decide This Meeting

Pulling the AE hire forward to mid-February costs ~$13K of incremental comp, reducing Q1 EBITDA toward the $359K range. Management is split; the CEO has asked the board to decide.

SECTION 13

Customer Health: Wins, Losses & Pipeline

Top Wins — January 2025

Account	ACV	Segment	Channel	Key Buying Reason
Pinnacle General Contracting	$31,200	Enterprise	Outbound SDR	Safety compliance automation
BlueStar Mechanical	$28,800	Mid-Market	Outbound SDR	Replaced Buildertrend
Atlas Restoration	$24,400	Mid-Market	Referral	Referred by peer CEO
+ 35 SMB new logos	$124,000 total	SMB	Mixed	Field dispatch & mobile job cards

Churn & Contraction — January 2025

Account	ARR Lost	Reason	Preventable?	Action
Apex Framing Ltd.	-$6,200	Competitive — Buildertrend price	Partially	VP CS followup; pricing review
Sullivan Plumbing	-$4,200	Company ceased operations	No	Write off; no action
3 seat contractions	-$65,000	Seasonal headcount reduction	Seasonal	Monitor for re-expansion in Apr

Top Expansion Opportunities — Next 90 Days

Account	Current ARR	Opportunity	Expansion ARR	Probability
TerraForm Builders	$82K	3-yr renewal + Analytics + 12 seats	+$38K	75%
Morrison Mechanical	$44K	Subcontractor Portal upsell	+$22K	80%
Greystone Contracting	$38K	Safety Compliance + 8 seats	+$20K	65%
Pacific Roofing Group	$28K	Seat expansion — 6 new crew	+$14K	90%
Fairview Electrical	$24K	Analytics Dashboard upsell	+$12K	55%

Account	Current ARR	Opportunity	Expansion ARR	Probability
Total pipeline	—	—	+$106K	74% wtd.

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