

Brightline Home Services

Monthly investor and board pack — September 2026

PERIOD	ISSUED	BRANCHES	OWNERSHIP	PREPARED BY
September 2026 · Q3 · YTD	14 October 2026 · working day 10	Raleigh · Durham · Charlotte · Greenville · Wilmington	Search fund · investor group · senior lender	Valenmoor Finance · Sponsor engagement

Contents

Every page opens with its conclusion. Figures in US\$ thousands unless stated; brackets are negative or adverse.

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Adjusted EBITDA of \$357K was \$11K ahead of budget; organic growth is 11.9% and all three covenant tests pass.

September 2026 for investors and the board: five points and two decisions.

ADJUSTED EBITDA \$357K +11K vs budget · 21.3% margin	REVENUE \$1.67M +58% YoY · incl. 2 acquisitions	ORGANIC GROWTH YTD 11.9% Branches owned in both years	RECURRING CUSTOMERS 21,638 Residential, commercial, fire	TOTAL NET LEVERAGE 3.24x Covenant 4.00x · senior 2.60x / 3.25x	LIQUIDITY \$3.36M Cash + RCF + undrawn DDTL
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- 1 · Ahead in the month, behind for the year, and Wilmington is doing the work.**

Adjusted EBITDA was \$357K, \$11K ahead of budget. Year to date it is \$2.54M, \$78K behind budget. Wilmington was not in the budget and has contributed \$106K since July. Without it, September revenue was \$28K short of budget, adjusted EBITDA was \$23K behind, and the original plan is \$184K behind for the year.
- 2 · Organic growth is 11.9%, inside the 5–12% range.**

Customer volume added \$578K, price \$370K and add-on work \$155K. The January 4.5% residential price increase was realized at 4.0%, because Charlotte's 5,000+ plans were not updated in the routing system until April. That cost about \$31K, and the gap is now closed.
- 3 · Charlotte is the margin problem.**

Labor is 37.6% of revenue against 33.2% in Raleigh and Durham, and residential cancellations run about 0.3 points a month higher than Raleigh. The cause is route density: Charlotte's routes cover more ZIP codes per technician - day. Decision 1 addresses it.
- 4 · Both acquisitions are integrated on schedule.**

Greenville (fire and life safety, closed April) is cross-selling into Raleigh's commercial pest base: 88 new inspection contracts since May. Wilmington (closed July) moves to the group price from October, worth about \$89K a year.
- 5 · Covenants pass with room to do one more deal.**

Total net leverage is 3.24x against 4.00x and senior leverage 2.60x against 3.25x, on covenant EBITDA of \$3.91M. After the Coastal Fire Protection acquisition (decision 2), pro forma total leverage would be 3.26x.

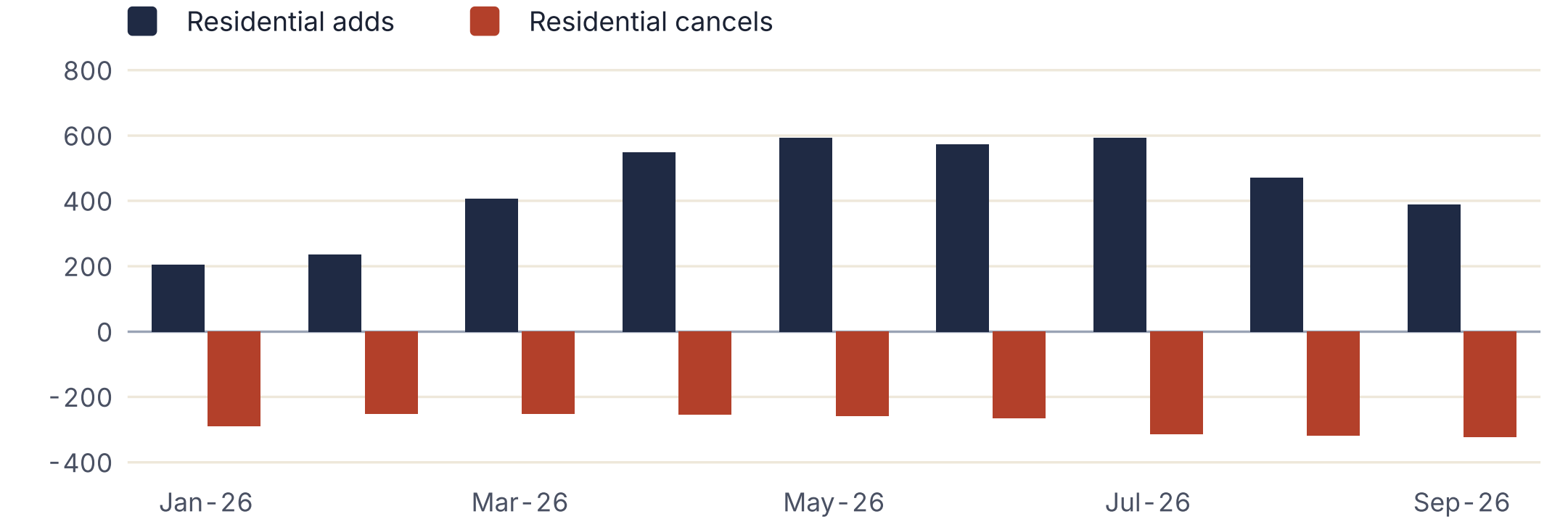
Decisions requested from the board

- Approve the Charlotte route plan.** Hire a route manager (\$72K a year) and re-cut routes by ZIP cluster in November and December. Target labor cost at 34% of revenue by June 2027: about \$176K a year gross, \$104K net of the new role.
- Approve submitting a non-binding LOI for Coastal Fire Protection** at up to \$2.1M (4.75x its \$442K quality-of-earnings-adjusted EBITDA). Funded by the remaining \$1.5M delayed-draw facility plus \$0.6M of investor equity, pro rata. The lender's consent is not required within the permitted-acquisition basket.
- Note** the decision to defer the second HQ finance hire to Q2 2027; Valenmoor covers FP&A until then.

Seven of ten thesis measures are on track; the three that need work all trace to Charlotte.

The measures investors underwrote, tracked monthly.

Thesis measure	Actual	Target	Comment	Status
Organic revenue growth (YTD)	11.9%	5–12%	Price, volume and add-on work, branches owned in both years	On track
Residential retention (annualized, YTD)	78.3%	≥ 80%	Charlotte 75.6%; Raleigh 79.8%; Durham 80.1%	Monitor
Commercial retention (annualized, YTD)	91.3%	≥ 90%	Stable across branches	On track
Price increase realized (residential)	4.0%	4.5% announced	Charlotte Jan–Mar not updated; fixed	Monitor
Labor % of revenue (September)	35.6%	≤ 35%	Charlotte 37.6%; fire work runs higher by nature	Monitor
Adjusted EBITDA margin (September)	21.3%	≥ 20%	Up from 17.2% a year ago	On track
Add-on acquisitions closed (2026)	2	2–3	Greenville (Apr), Wilmington (Jul)	On track
Fire cross-sell contracts since May	88	120 by Dec	Raleigh commercial base	On track
Total net leverage	3.24x	≤ 4.00x	Covenant	On track
Add-backs as % of adjusted EBITDA (LTM)	9.2%	< 10%	Transaction and seller transition only	On track



Why these measures. Route-based services create value through sticky customers (retention), annual price rises that actually reach the invoice (realization), and density on existing routes (labor %). Acquisitions add scale only if they are integrated onto the same price list and routing system. Each measure ties to the investment memo.

September adjusted EBITDA \$357K (21.3% margin) against \$345K budget; year to date \$78K behind.

Month and year to date against budget and prior year.

\$000	Sep act	Sep bud	Var	Var %	Sep-25	YTD act	YTD bud	Var	YTD-25
REVENUE									
Residential pest plans	827	734	92	+12.6%	641	6,451	6,249	202	5,535
Commercial pest contracts	388	360	28	+7.9%	320	3,245	3,161	84	2,812
Fire & life safety inspections	251	260	(9)	-3.6%	–	1,479	1,534	(55)	–
Add-on and termite work	134	120	14	+11.3%	101	1,151	1,113	38	943
Fire deficiency repairs	73	75	(3)	-3.6%	–	429	445	(16)	–
Total revenue	1,672	1,549	122	+7.9%	1,061	12,755	12,501	253	9,289
DIRECT COSTS									
Technician labor	(595)	(544)	(51)	-9.4%	(370)	(4,520)	(4,359)	(161)	(3,238)
Materials & chemicals	(125)	(115)	(10)	-8.8%	(85)	(970)	(948)	(22)	(743)
Fleet	(106)	(99)	(8)	-7.9%	(69)	(817)	(801)	(16)	(607)
Gross profit	845	791	53	+6.7%	537	6,448	6,393	55	4,702
Gross margin	50.5%	51.1%	–0.5pp		50.6%	50.6%	51.1%	–0.6pp	50.6%
BRANCH COSTS									
Branch overheads	(252)	(220)	(31)	-14.2%	(173)	(1,933)	(1,840)	(93)	(1,542)
Marketing	(30)	(28)	(2)	-7.9%	(19)	(230)	(225)	(5)	(167)
Sales commissions (amortized)	(60)	(54)	(6)	-11.9%	(38)	(432)	(416)	(17)	(301)
Branch contribution	503	489	13	+2.8%	308	3,853	3,913	(60)	2,692
HQ costs	(146)	(144)	(2)	-1.4%	(125)	(1,314)	(1,296)	(18)	(1,125)
Adjusted EBITDA	357	345	11	+3.3%	183	2,539	2,617	(78)	1,567
Adjusted EBITDA margin	21.3%	22.3%	–0.9pp		17.2%	19.9%	20.9%	–1.0pp	16.9%
Transaction costs	–	–	–		–	(209)	(140)	(69)	–
Seller transition consulting	(9)	(9)	–	–	–	(54)	(54)	–	–
One-off recruiting	–	–	–		–	(18)	–	(18)	–
Reported EBITDA	348	336	11	+3.4%	183	2,258	2,423	(165)	1,567
Depreciation & amortization	(99)	(91)	(8)	-8.8%	(70)	(780)	(756)	(24)	(630)
Interest	(98)	(91)	(7)	-7.5%	(71)	(748)	(757)	9	(646)
Tax	(38)	(39)	1	+2.2%	(10)	(195)	(232)	36	(73)
Net income	113	116	(3)	-2.2%	31	535	678	(144)	218

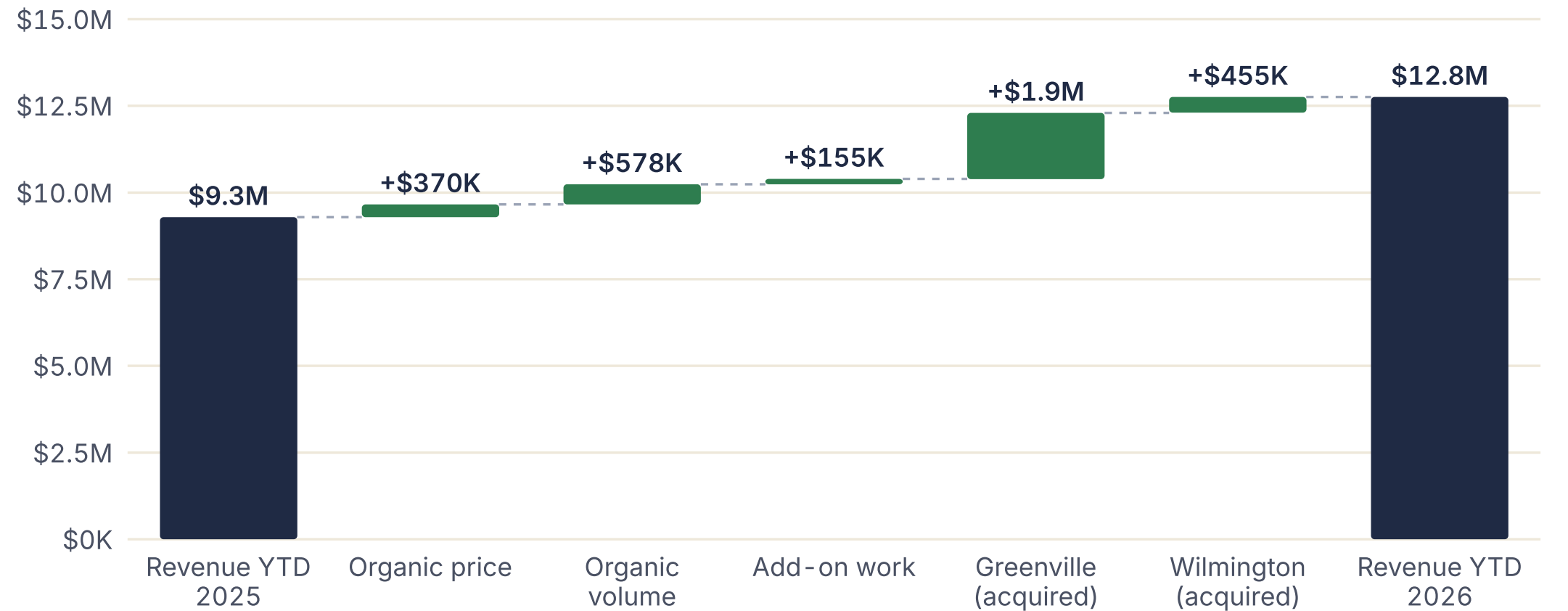
Budget approved December 2025 includes Greenville from April; Wilmington was not budgeted. Costs are negatives; green is favorable. Sales commissions are capitalized when paid and expensed over 24 months (ASC 340-40).

Month. Revenue was \$122K over budget, of which Wilmington is \$150K. Labor ran \$51K over: Wilmington's technicians, plus Charlotte overtime on longer routes.

Year to date. Revenue is 37% above last year: 11.9% organic, the rest acquired. Adjusted EBITDA margin is 19.9% against 16.9% a year ago, as HQ costs are spread over a larger base.

Revenue is up 37%: 11.9% organic and \$2.36M from two acquisitions.

How much growth came from the existing branches, and how much was bought.



YTD Jan–Sep, \$000	2025	2026	Growth	Customers Sep - 25	Customers Sep - 26	Change
Raleigh	4,043	4,601	+13.8%	7,022	7,653	+9.0%
Durham	1,777	2,030	+14.2%	3,292	3,599	+9.3%
Charlotte	3,470	3,761	+8.4%	6,009	6,301	+4.9%
Organic total	9,289	10,392	+11.9%	16,323	17,553	+7.5%
Greenville (from Apr - 26)	–	1,908	acquired	–	1,466	acquired
Wilmington (from Jul - 26)	–	455	acquired	–	2,619	acquired
Group	9,289	12,755	+37.3%			

Organic = branches owned in both periods (Raleigh, Durham, Charlotte). Price effect = change in plan price × 2026 customers; volume = 2025 price × change in customers. Customer counts are recurring pest customers for organic branches and fire inspection contracts for Greenville.

21,638 recurring customers: residential retention 78.3% annualized, below the 80% target.

Opening, acquired, added, canceled and closing customers by service line.

Customers	Opening	Acquired	Adds	Cancels	Closing	Retention (annualized)
Residential pest · Q3	15,225	2,405	1,454	(955)	18,129	78.6%
Residential pest · YTD	14,232	2,405	4,018	(2,526)	18,129	78.3%
Commercial pest · Q3	1,861	146	81	(45)	2,043	91.1%
Commercial pest · YTD	1,789	146	231	(123)	2,043	91.3%
Fire & life safety · Q3	1,436	–	54	(24)	1,466	93.4%
Fire & life safety · YTD	–	1,412	102	(48)	1,466	93.3%

Opening + acquired + adds – cancels = closing, tested for every line. Canceled and suspended accounts are excluded from the active count. Retention = 1 – cancels ÷ average customers, annualized. Acquired = customers on the routing system at the acquisition date.



Reading this. Residential cancellations are seasonal: they rise in November to January as customers drop plans after the summer. Charlotte's annualized retention (75.6%) is the lowest; exit surveys cite missed service windows, which links back to route density. Wilmington's figure covers only July to September.

Charlotte earns 25.2% contribution against 30.2% for the group; fixing its routes is worth more than any single price move.

Each branch on the same measures, year to date for the months owned.

YTD 2026, owned months	Since	Revenue \$000	Organic growth	Labor %	Fleet %	Techs	Rev / tech (Sep × 12)	Contrib. %
Raleigh	2024	4,601	+13.8%	33.3%	6.1%	25	\$257K	32.9%
Durham	2024	2,030	+14.2%	33.1%	6.0%	11	\$259K	31.7%
Charlotte	2024	3,761	+8.4%	37.6%	7.3%	23	\$228K	25.2%
Greenville (Fire & Life Safety)	Apr-26	1,908	acquired	38.9%	5.8%	18	\$220K	33.6%
Wilmington	Jul-26	455	acquired	35.2%	6.4%	7	\$244K	23.3%
All branches		12,755	+11.9% org.	35.4%	6.4%			30.2%

Contribution = revenue less technician labor, materials, fleet, branch overheads, marketing and amortized commissions, before HQ costs. Technicians are full-time equivalents in September. Fire work carries higher labor % by nature; compare Greenville with fire benchmarks, not pest.



From reported to covenant EBITDA: \$3.91M LTM, with add-backs at 9.2% of adjusted EBITDA.

Every adjustment between the statutory number and the number the lender tests, with its basis.

\$000	September	YTD	LTM
Reported EBITDA	348	2,258	2,759
Transaction costs (Greenville, Wilmington)	–	209	209
Seller transition consulting (Greenville, 12 months)	9	54	54
One-off executive search	–	18	18
Adjusted EBITDA	357	2,539	3,040
Pro forma: Greenville before acquisition (Oct-25 to Mar-26)			589
Pro forma: Wilmington before acquisition (Oct-25 to Jun-26)			277
Covenant EBITDA (LTM, pro forma)			3,905

Pro forma adjustments add the acquired branches' pre-acquisition contribution, as supported by their quality-of-earnings reports and permitted by the credit agreement. No run-rate synergies are added back.

Quality of the add-backs. LTM add-backs are \$281K, 9.2% of adjusted EBITDA. All relate to the two acquisitions or a one-off executive search, and each is documented. There are no "run-rate" or "synergy" add-backs. A buyer's QoE would likely accept the transaction costs; the seller consulting is the line most likely to be challenged.

Commissions are not an add-back. Door-to-door and inside-sales commissions paid this year were \$592K. The P&L carries \$432K of amortization. The \$159K difference sits on the balance sheet as a contract-cost asset (\$670K). That is GAAP, not a flattering adjustment, and the cash flow statement carries the full payment.

Goodwill and customer lists rose \$5.22M with two acquisitions; net debt is \$12.67M.

Consolidated balance sheet against the 2025 year-end and the end of Q2.

\$000	Dec - 25	Jun - 26	Sep - 26	Change YTD
Cash	1,288	1,110	857	(432)
Receivables	539	1,020	1,130	591
Inventory (chemicals, fire parts)	133	145	149	15
Prepayments	130	170	170	40
Contract-cost asset (commissions)	511	630	670	159
Vehicles, equipment & software	606	570	546	(60)
Goodwill & customer lists	21,224	25,073	26,442	5,218
Operating lease right-of-use assets	2,164	2,676	2,932	768
Total assets	26,596	31,393	32,896	6,301
Payables	230	279	294	63
Accruals (payroll, interest)	323	367	379	56
Deferred revenue (prepaid annual plans)	338	378	446	108
Senior term loan (incl. delayed draw)	7,460	10,215	11,030	3,570
Seller note (Charlotte)	2,500	2,500	2,500	–
Operating lease liabilities	2,164	2,676	2,932	768
Total liabilities	13,015	16,415	17,581	4,566
Equity	13,580	14,978	15,315	1,735

Both acquisitions were asset purchases; sellers kept their receivables, so no acquired working capital. Vehicles and branch premises are operating leases under ASC 842 in every branch (aligned at acquisition): right-of-use assets and lease liabilities are on the balance sheet, lease cost sits in fleet and branch overheads, and covenant EBITDA is like-for-like. Lease liabilities are excluded from debt under the credit agreement.

Year-to-date free cash flow of \$598K covered most of the \$600K cash put into Wilmington; cash is \$857K.

Cash generation, acquisition funding and debt service.

\$000	September	Q3	YTD
Adjusted EBITDA	357	1,090	2,539
One-off costs (transaction, seller, recruiting)	(9)	(58)	(281)
Commissions paid less amortized	–	(40)	(159)
Working capital	(47)	(19)	(419)
Tax paid	(38)	(112)	(195)
Interest paid	(98)	(286)	(748)
Operating cash flow	165	574	736
Capital expenditure	(14)	(42)	(138)
Free cash flow	151	532	598
Acquisitions	–	(1,600)	(5,800)
Delayed-draw term loan drawn	–	1,000	4,000
Equity from investors	–	–	1,200
Term-loan amortization	(185)	(185)	(430)
Net change in cash	(34)	(253)	(432)
Opening cash	890	1,110	1,288
Closing cash	857	857	857

Sources and uses: 2026 acquisitions

\$000	Greenville (Apr)	Wilmington (Jul)	Total
USES			
Purchase price (asset deal)	4,200	1,600	5,800
SOURCES			
Delayed-draw term loan	3,000	1,000	4,000
Investor equity (pro rata)	1,200	–	1,200
Balance-sheet cash	–	600	600
Total sources	4,200	1,600	5,800
Multiple of LTM EBITDA at signing	3.6x	4.3x	3.8x

Transaction costs (\$209K total) were paid from operating cash and are in one-off costs above.

Senior leverage 2.60x and total leverage 3.24x: both inside covenant, with room for one more add-on.

Quarterly tests, facilities and acquisition capacity.

Test	Covenant EBITDA	Senior leverage	Max	Total leverage	Max	Fixed-charge cover	Min	Status
Mar-26	3,534	1.72x	3.25x	2.43x	4.00x	2.74x	1.25x	On track
Jun-26	3,761	2.42x	3.25x	3.09x	4.00x	2.64x	1.25x	On track
Sep-26	3,905	2.60x	3.25x	3.24x	4.00x	2.38x	1.25x	On track
Dec-26 fcst	4,055	2.34x	3.25x	2.96x	4.00x	2.17x	1.25x	On track

Senior leverage = (term loan – cash) ÷ covenant EBITDA; total adds the seller note. Fixed-charge cover = (covenant EBITDA – capex – cash tax) ÷ (cash interest + scheduled principal).

Facility	Commitment	Drawn	Available	Pricing	Maturity
Senior term loan	7,800	7,030	–	SOFR + 4.25%	Jun-2030
Delayed-draw term loan	5,500	4,000	1,500	SOFR + 4.25%	Jun-2030
Revolving credit facility	1,000	–	1,000	SOFR + 4.00%	Jun-2029
Seller note (subordinated)	2,500	2,500	–	7.0% cash	Feb-2029 bullet

Capacity for decision 2. Coastal Fire Protection at \$2.1M, funded by \$1.5M of delayed-draw and \$0.6M of investor equity, takes pro forma total leverage to 3.26x (net debt \$14.17M ÷ covenant EBITDA \$4.35M). That keeps 18% EBITDA headroom. Cash is untouched at \$857K, and the \$1.0M revolver stays undrawn as the buffer.

Greenville is fully integrated; Wilmington has two steps left, both due by November.

Integration checklist for the 2026 add-ons and the acquisition pipeline.

Integration step	Greenville	Wilmington	Status
Routing & billing on FieldRoutes	Done (May)	Done (Aug)	On track
Price list harmonized to group	Done	From 1 Oct	Monitor
Payroll & benefits on group provider	Done	Done	On track
Fleet leases aligned (operating)	Done	Done	On track
Rebrand trucks and uniforms	Done	Nov	Monitor
Month-end close inside group WD5	Done	Done	On track
Seller transition plan	Consulting to Mar-27	Complete	On track

Pipeline

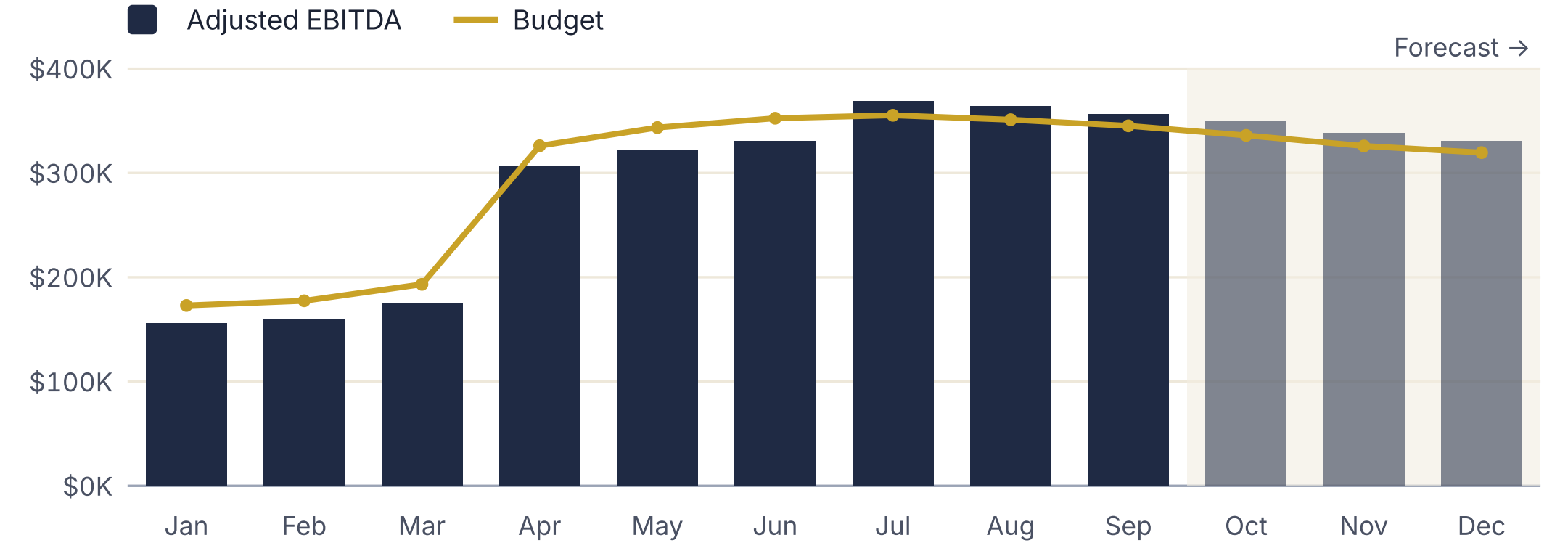
Target	Service	Location	Revenue \$000	Adj. EBITDA \$000 (seller)	Stage	Next step
Coastal Fire Protection	Fire & life safety	Coastal NC	2,350	442	Management meetings done	LOI (decision 2), then QoE
Pine Ridge Pest	Residential pest	Triangle NC	1,120	205	Owner meetings	Data request
Summit Termite	Termite & moisture	Upstate SC	1,640	260	Initial call	Teaser review

Targets are fictional. EBITDA is the seller's adjusted figure from management accounts; each is confirmed by an independent quality-of-earnings (QoE) review after LOI and before signing.

FY26 adjusted EBITDA forecast \$3.56M, \$40K short of the \$3.60M budget even with the unbudgeted Wilmington deal.

Nine months of actuals and a re-forecast Q4.

\$000	Q1	Q2	Q3	Q4 fcst	FY26 fcst	FY26 budget	Var	FY25
Revenue	3,199	4,507	5,048	4,909	17,664	17,038	626	12,375
Gross profit	1,625	2,274	2,549	2,486	8,934	8,716	218	6,268
Branch contribution	928	1,397	1,528	1,458	5,311	5,327	(16)	3,567
Adjusted EBITDA	490	959	1,090	1,020	3,559	3,599	(40)	2,067
Reported EBITDA	386	840	1,032	993	3,251	3,378	(127)	2,067
Net income	(38)	236	337	305	840	987	(147)	277



Assumptions. Residential cancellations follow last year's seasonal pattern (higher November to January). Wilmington moves to group pricing from October. Charlotte labor improves only after the route plan is approved, so no benefit before January. No further acquisitions are included. **Sensitivity:** each 1 point of residential retention is worth about \$55K of annual adjusted EBITDA, at the 55% incremental margin of a stop on an existing route.

Two items need a decision today (Charlotte routes and the Coastal LOI); the rest are owned and dated.

Risk	Exposure	Action	Owner	Due	Status
Residential retention below 80%	≈ \$55K EBITDA a year per point	Charlotte route plan; service - window SMS alerts	COO	Dec	Monitor
Charlotte labor and overtime	≈ \$176K a year above a 34% labor target	Decision 1	CEO	This board	Action
Coastal Fire Protection LOI	Integration bandwidth while Wilmington finishes	Decision 2; QoE before signing; integration lead named	CEO	This board	Monitor
Technician hiring before spring 2027	Seasonal capacity	Recruit from January; referral bonus	HR lead	Jan	Monitor
Wilmington price change from 1 Oct	Churn risk on 2,300 plans	60 - day notice sent; churn tracked weekly	Branch GM	Oct–Dec	Monitor
Interest rate (floating senior debt)	+1% SOFR ≈ \$110K a year	Hedge 50% when term loan resets in Q1	CEO	Q1 - 27	On track
Seller note maturity Feb - 2029	\$2.5M bullet	Refinance in next credit - agreement amendment	Board	2028	On track

Decisions log

Date	Decision	Outcome
Mar - 26	Approve Greenville acquisition (\$4.2M)	Closed 1 Apr; integrated
Jun - 26	Approve Wilmington acquisition (\$1.6M)	Closed 1 Jul; two steps left
Aug - 26	Confirm 24 - month amortization period for capitalized commissions (ASC 340 - 40)	Auditors agreed; no change to policy

How these numbers were prepared and checked.

Basis of preparation

- Management accounts, unaudited, US GAAP. Recurring plan revenue recognized as service is performed; prepaid annual plans deferred.
- Adjusted EBITDA excludes transaction costs, seller transition consulting and one-off recruiting only.
- Organic growth excludes Greenville and Wilmington in every period.

Quality gate before issue

Check	Done
Bank, card and merchant accounts reconciled (5 branches)	✓
Routing - system invoiced revenue (FieldRoutes) tied to GL revenue by branch	✓
Customer roll-forward tested: opening + acquired + adds – cancels = closing	✓
Deferred revenue tied to prepaid - plan report	✓
Contract - cost asset roll-forward (paid – amortized)	✓
Acquisition accounting: purchase price allocation agreed to valuation	✓
Covenant EBITDA re-performed; pro forma figures agreed to QoE reports	✓
Organic growth recomputed on branches owned in both periods	✓
Every headline re-checked against its table	✓

Prepared Valenmoor Finance, FP&A · 13 Oct 2026	Reviewed Controller, Brightline · 13 Oct 2026	Approved for issue CEO, Brightline · 14 Oct 2026
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Automated tie-out checks passed: 146.