

Ledgerline

Monthly board pack — September 2026



PERIOD	ISSUED	BUSINESS	FUNDING	PREPARED BY
September 2026 · Q3 · YTD	14 October 2026 · working day 10	Spend-control and AP automation software for mid-market finance teams	Series B · venture debt	Valenmoor Finance · Core engagement

Contents

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

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ARR \$15.44M, up 31% a year but \$357K behind plan; EBITDA is ahead of budget and usable runway is 11 months.

September 2026: five points and two decisions.

ARR \$15.44M -357K vs budget · +31% YoY	NET NEW ARR (Q3) \$829K Budget \$1.10M	NET REVENUE RETENTION 105.5% Gross 88.1% · LTM	BURN MULTIPLE (Q3) 2.0x Net burn ÷ net new ARR	EBITDA -\$376K +42K vs budget	RUNWAY 11 months Net of \$3.0M minimum cash · \$11.18M cash
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- 1 · **ARR is \$15.44M, \$357K behind budget.**

September new ARR was \$268K against \$380K planned. Two enterprise deals, Kestrel Distribution (\$72K) and Harlow & Finch (\$64K), are verbally committed and moved to October at the customers' request. Year-over-year growth is 31%.
- 2 · **One acquisition-driven churn.**

Corvane Group (\$96K ARR) was acquired; its contract ended in September and it has moved to its parent's ERP-native AP tool. Excluding Corvane, September gross churn was in line with the trailing average. LTM gross retention is 88.1%, below the 90% we target for mid-market.
- 3 · **Spend is below budget because hiring is behind.**

EBITDA was -\$376K, \$42K better than budget. Headcount is 92 against 98 planned: four sales roles are open, and two engineering hires were paused in August (decisions log). That flatters this month and slows Q1 pipeline.
- 4 · **Billing terms cost \$371K of cash.**

Three large renewals moved from annual to quarterly billing in Q3. ARR and revenue are unchanged, but deferred revenue fell and the cash arrives over the year instead of upfront. Decision 2 sets a rule for future concessions.
- 5 · **Runway is 15 months, or 11 net of the venture-debt minimum-cash covenant.**

At the Q3 rate of cash use, including \$167K a month of venture-debt principal, the covenant floor is reached around Aug-27. A Series C needs to close before then, so the process should start in Q1 2027 (decision 1).

Decisions requested from the board

1. **Approve the Series C preparation timeline:** banker selection in November, data room by January, process February to April 2027, closing by June. Alternative: the no-raise path in the forecast section, which needs a cost cut instead of new money.

2. **Approve a billing-terms policy:** quarterly billing only with a 5% uplift and CFO approval; monthly billing not offered above \$25K ARR.

3. **Note** the shift of two open sales roles to expansion (customer-success-led) selling. Blended CAC payback is 24 months, but new-logo payback alone is 43 months.

Seven of 14 measures on target; the three for action are net new ARR, new-logo payback and runway.

SaaS health in one table: growth, retention, margin, efficiency, cash.

Measure	Sep - 26	Aug - 26	Sep - 25	Target	12-month trend	Status
ARR (\$000)	15,441	15,204	11,822	15,798 budget		Monitor
Net new ARR, month (\$000)	237	297	342	463 budget		Action
Customers (logos)	744	741	668	Net adds > 0		On track
Average ARR per customer (\$000)	20.8	20.5	17.7	Rising		On track
Net revenue retention (LTM)	105.5%	106.3%	–	100–120%		On track
Gross revenue retention (LTM)	88.1%	88.8%	–	≥ 90%		Monitor
Subscription gross margin	83.7%	83.7%	83.3%	70–85%		On track
Services gross margin	–8.5%	–13.8%	–10.2%	–10% to +25%		Monitor
EBITDA margin	–27.8%	–29.1%	–47.2%	Improving		On track
ARR per employee (\$000)	168	165	142	Rising		On track
Burn multiple (Q3; Q2 in Aug column)	2.0x	1.5x		< 1.5x strong; 1.5–2.5x ok		Monitor
CAC payback, blended (new + expansion)	24 mo			12–24 months		On track
CAC payback, new logos only	43 mo			12–24 months		Action
Runway net of minimum cash	11 mo			> 18 months		Action

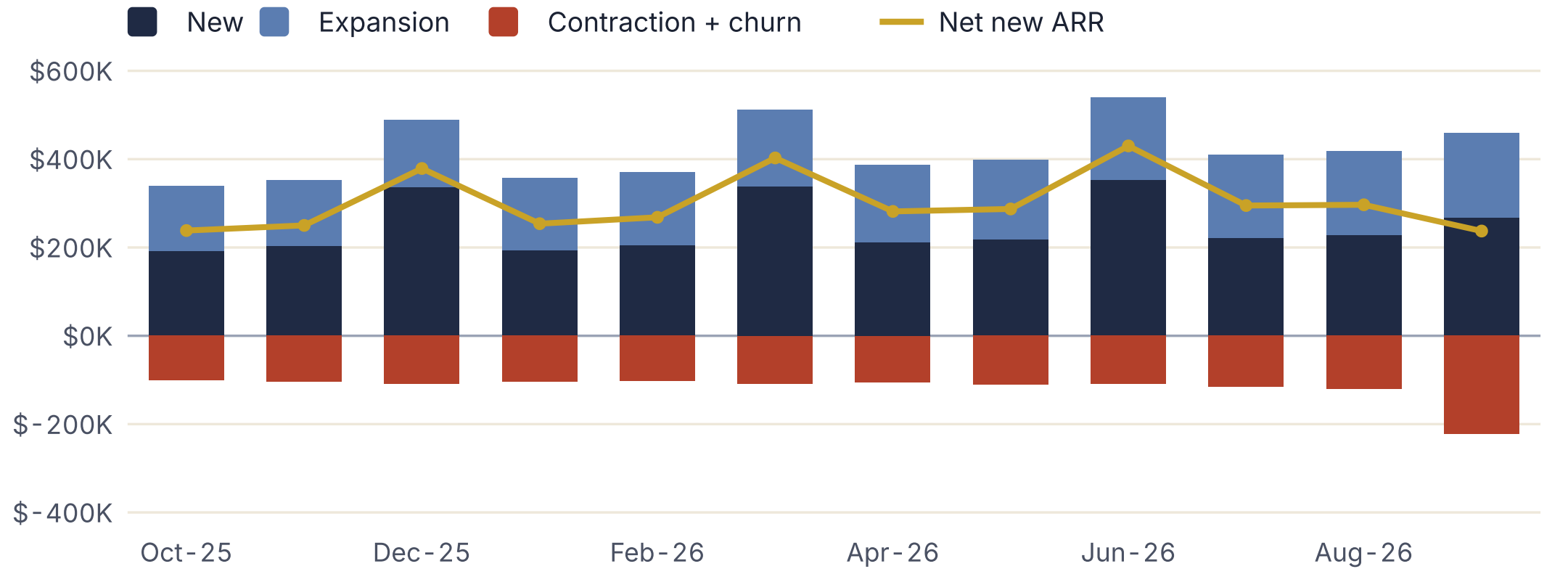
CAC payback = prior-quarter S&M ÷ (ARR added this quarter × subscription gross margin) × 12, in months. Burn multiple = net burn ÷ net new ARR. Targets are indicative mid-market ranges.

Q3 net new ARR \$829K against \$1.10M budget: new business and churn both missed.

Where ARR came from and where it went: month, quarter and year to date against budget.

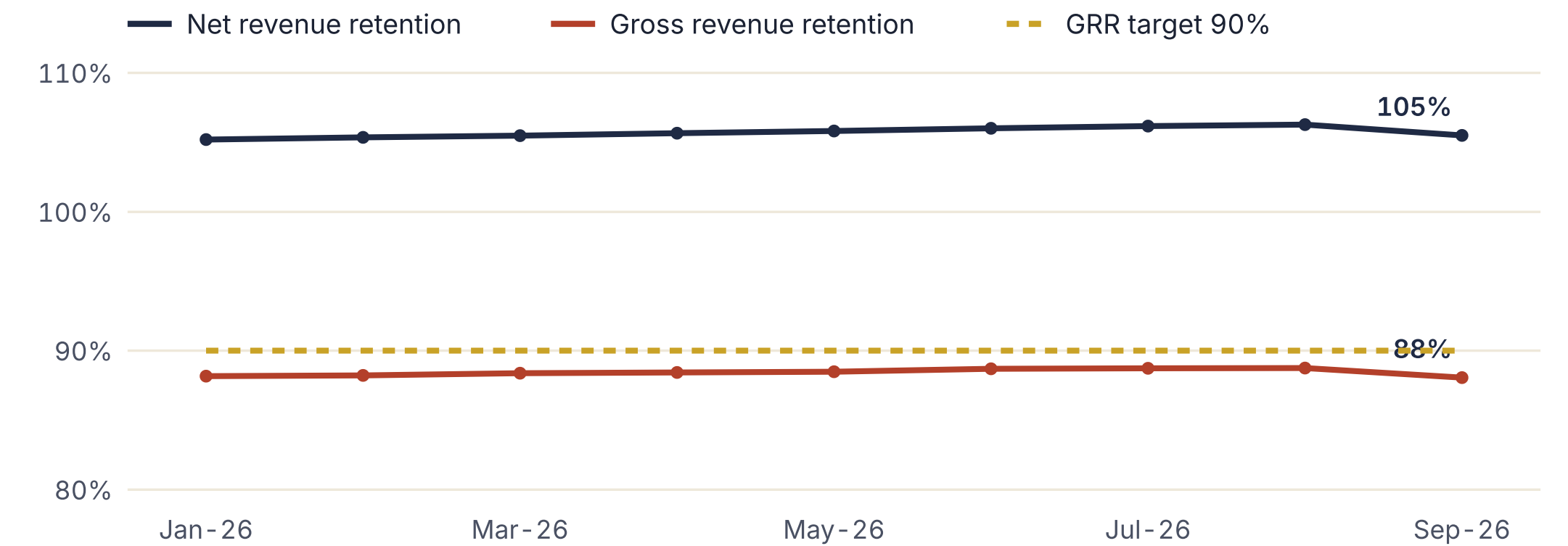
\$000	Sep act	Sep bud	Q3 act	Q3 bud	YTD act	YTD bud
Opening ARR	15,204	15,335	14,612	14,700	12,689	12,689
New customers	268	380	718	855	2,238	2,430
Expansion	192	199	569	586	1,613	1,635
Contraction	(49)	(43)	(139)	(126)	(376)	(352)
Churn	(174)	(74)	(320)	(216)	(722)	(604)
Closing ARR	15,441	15,798	15,441	15,798	15,441	15,798
Net new ARR	237	463	829	1,098	2,752	3,109

Opening + new + expansion – contraction – churn = closing, tested every month for actual and budget. ARR = contracted recurring subscription value of live customers, annualized; excludes services, usage overages and signed-not-live contracts.



Tie-out. September subscription revenue × 12 = \$15.32M, against average ARR for the month of \$15.32M. The difference is under 0.1%. ARR and revenue come from the same billing data and agree.

Net retention 105.5% is healthy; gross retention 88.1% is below target, driven by smaller customers.
LTM retention trend and how each customer cohort has developed.



Net revenue retention by customer cohort, last 12 months

Cohort (year won)	ARR Sep - 25 \$000	Same customers' ARR Sep - 26	NRR
2020 and earlier	2,310	2,398	103.8%
2021	2,050	2,175	106.1%
2022	2,330	2,484	106.6%
2023	1,890	2,026	107.2%
2024	1,350	1,392	103.1%
2025 (to Sep)	1,892	1,997	105.5%
All customers live in Sep - 25	11,822	12,471	105.5%

Customers live in September 2025, grouped by the year they were won. Their ARR today includes expansion, contraction and churn; customers won since September 2025 are excluded.

What this says. Customers won in 2021–2023 are expanding fastest, at 6–7% a year net. The 2024 cohort lags at 103.1%. It has more customers below \$15K ARR, who churn at about twice the rate of larger accounts. Gross retention of 88.1% is the number to move: a 2 -point gain is worth about \$309K of ARR a year.

EBITDA –\$376K (–28% of revenue), \$42K better than budget, because hiring is 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									
Subscription	1,277	1,297	(20)	–1.6%	971	10,553	10,612	(59)	7,976
Implementation services	72	86	(14)	–16.0%	66	683	717	(34)	483
Total revenue	1,349	1,383	(34)	–2.5%	1,037	11,235	11,328	(93)	8,459
COST OF REVENUE									
Hosting	(92)	(93)	1	+1.6%	(70)	(760)	(764)	4	(574)
Support & customer success	(116)	(118)	2	+1.6%	(92)	(960)	(966)	5	(758)
Implementation delivery	(78)	(93)	15	+16.0%	(73)	(765)	(802)	38	(541)
Gross profit	1,063	1,079	(16)	–1.5%	802	8,751	8,796	(45)	6,586
Subscription gross margin	83.7%	83.7%	–		83.3%	83.7%	83.7%	–	83.3%
OPERATING EXPENSES									
Sales & marketing	(742)	(780)	38	+4.9%	(664)	(6,442)	(6,691)	249	(5,814)
Research & development (net of capitalized)	(460)	(476)	16	+3.3%	(409)	(4,003)	(4,100)	97	(3,566)
General & administrative	(236)	(240)	4	+1.7%	(218)	(2,085)	(2,118)	33	(1,901)
EBITDA	(376)	(417)	42	+10.0%	(489)	(3,779)	(4,113)	333	(4,695)
EBITDA margin	–27.8%	–30.2%	+2.3pp		–47.2%	–33.6%	–36.3%	+2.7pp	–55.5%

R&D is net of capitalized development (\$1.13M YTD, 22% of gross R&D, supported by Jira time records). Implementation fees are recognized over the implementation period, not on invoice.

Revenue was \$34K below budget: lower ARR and fewer implementations starting, because of the two deals that slipped. Subscription gross margin of 83.7% is inside the 70–85% range. Hosting, support and customer success all sit in cost of revenue.

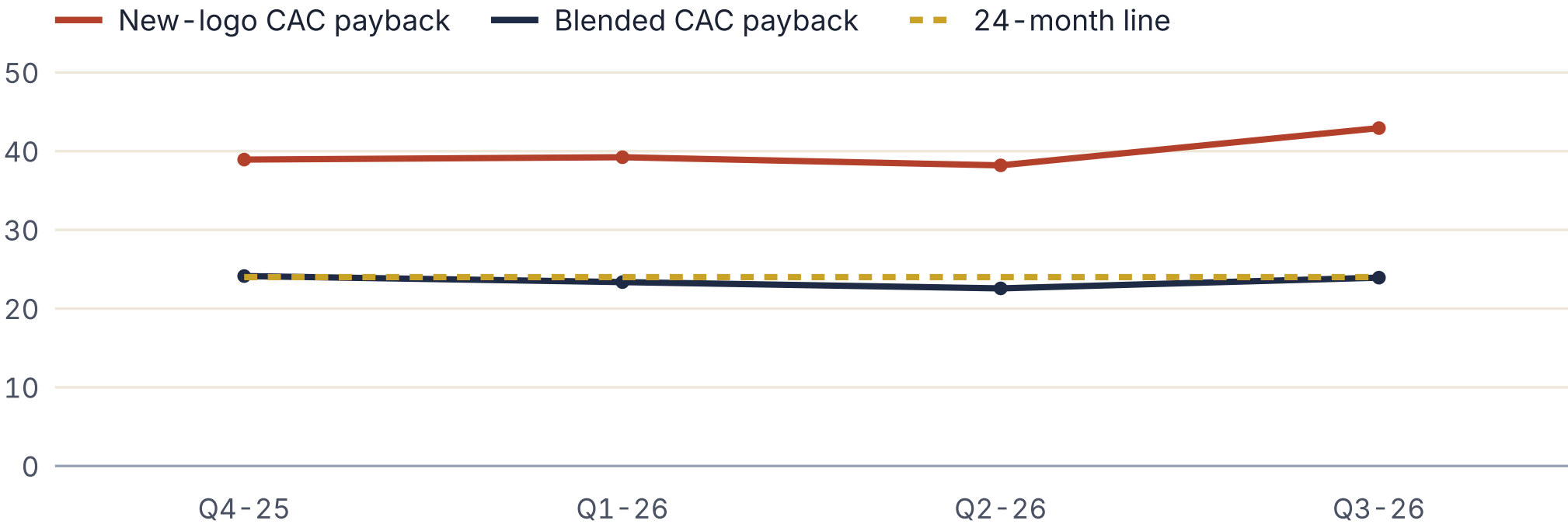
Costs were \$58K below budget, almost all from unfilled roles. Implementation runs at a loss: –8.5% margin in September and –12% year to date. That is deliberate to win subscriptions, but it should be priced, not absorbed (risks page).

Blended CAC payback 24 months; new logos alone take 43. Expansion is carrying efficiency.

What growth costs, quarter by quarter.

Quarter	Prior-qtr S&M	New ARR	Expansion	Net new ARR	CAC new (mo)	CAC blended (mo)	Burn mult.	Net new ARR per \$ S&M
Q4-25	1,978	732	449	867	39	24	1.9x	0.44
Q1-26	2,019	738	501	924	39	23	1.7x	0.46
Q2-26	2,084	782	542	999	38	23	1.5x	0.48
Q3-26	2,150	718	569	829	43	24	2.0x	0.39

All figures \$000 unless stated. CAC payback uses subscription gross margin for the quarter.

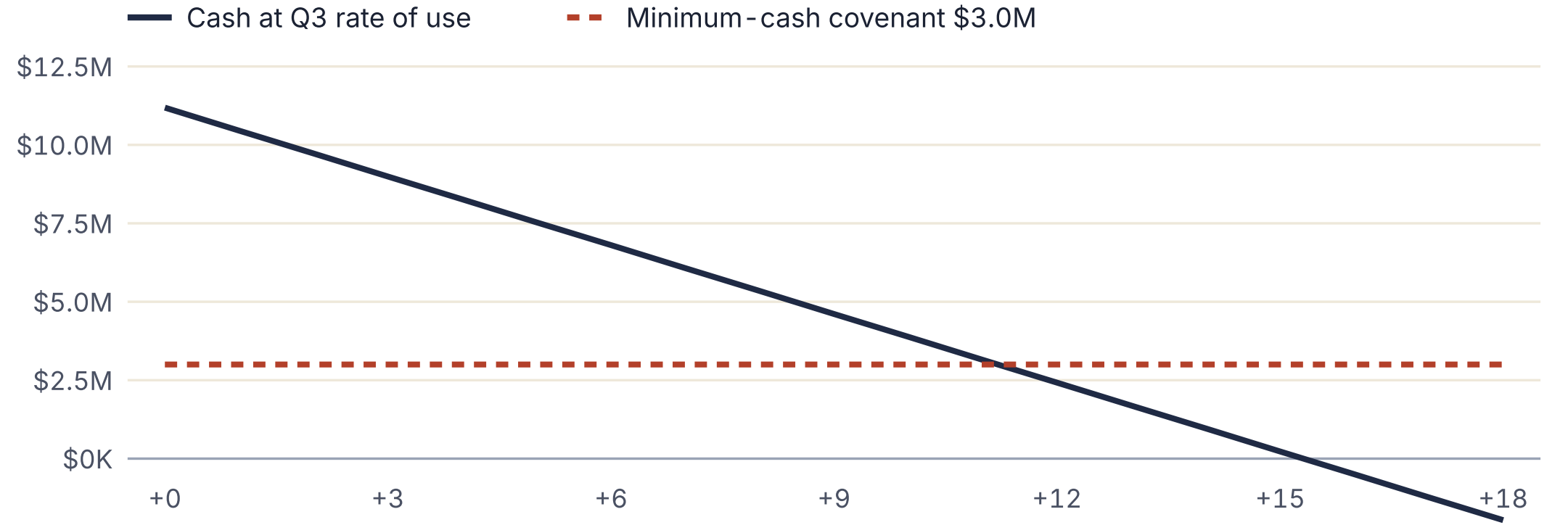


The efficiency question for the board. Expansion ARR costs far less to win than new logos: customer success drives it, with little marketing spend. New-logo payback of 43 months means each new customer takes over three years to repay its acquisition cost. That is acceptable only if gross retention holds above 90%. Moving two open sales roles to expansion selling (note 3) targets the cheaper growth first. One caveat: customer success sits in cost of revenue, not S&M, so blended payback flatters expansion. Counting half of support and customer-success cost as acquisition spend, blended payback is about 26 months.

Cash \$11.18M; cash use \$730K a month including debt principal; 11 months of usable runway.

Cash flow for the month, quarter and year, and how long the money lasts.

\$000	September	Q3	YTD
EBITDA	(376)	(1,160)	(3,779)
Receivables	2	80	(64)
Deferred revenue	(42)	(72)	620
Accruals, payables & prepayments	–	11	49
Interest (venture debt)	(43)	(133)	(408)
Operating cash flow	(459)	(1,275)	(3,581)
Capitalized development	(130)	(387)	(1,129)
Capital expenditure	(6)	(30)	(78)
Free cash flow (net burn)	(594)	(1,691)	(4,788)
Venture - debt principal	(167)	(500)	(500)
Net change in cash	(761)	(2,191)	(5,288)
Opening cash	11,946	13,376	16,473
Closing cash	11,185	11,185	11,185



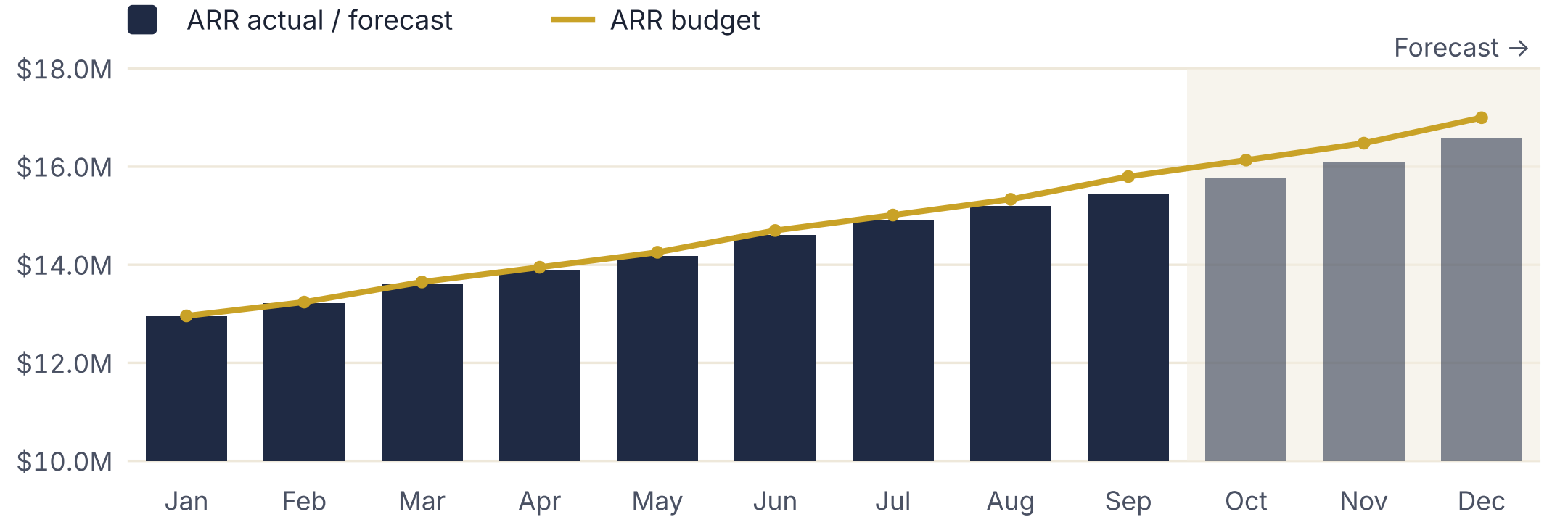
Runway. Q3 average cash use was \$730K a month: \$564K of net burn plus \$167K of venture - debt principal. Cash of \$11.18M lasts 15 months. The venture - debt agreement requires \$3.0M minimum cash at all times, so usable runway is 11 months, to about Aug - 27. The projection is flat - line: it ignores the forecast improvement, so treat it as the floor.

Deferred revenue. Billings were \$1.31M in September against \$1.35M revenue. Deferred revenue fell \$72K in Q3, when ARR growth alone would have added about \$298K. The difference, about \$371K, is the three renewals moved to quarterly billing. It is a timing cost, not lost revenue, but it shortens runway by about 0.5 months.

FY26 ARR forecast \$16.59M, \$407K short of budget; EBITDA \$411K better.

Nine months of actuals, a re-forecast Q4, and the alternative to raising.

\$000	Q1	Q2	Q3	Q4 fcst	FY26 fcst	FY26 budget	Var	FY25
Revenue	3,496	3,746	3,993	4,228	15,463	15,683	(219)	11,722
Gross profit	2,712	2,915	3,123	3,308	12,059	12,181	(122)	9,104
Operating expenses	(4,064)	(4,182)	(4,283)	(4,416)	(16,946)	(17,479)	533	(15,211)
EBITDA	(1,352)	(1,267)	(1,160)	(1,108)	(4,888)	(5,299)	411	(6,107)
Free cash flow (net burn)	(1,601)	(1,497)	(1,691)	(1,456)	(6,245)			(6,527)
Closing ARR	13,614	14,612	15,441	16,592	16,592	17,000	(407)	12,689



Q4 assumptions. The two slipped deals close in October, and the Q4 new -ARR forecast is \$916K against the \$940K budget. Four open sales roles are filled by December. December ARR is forecast at \$16.59M, \$407K short of budget. **No-raise path (alternative to decision 1):** to stay above the \$3.0M covenant floor without new money, operating costs must fall about 11% from January 2027. ARR growth would slow to about 20%. EBITDA breakeven would come in Oct-27, and cash would bottom at \$3.20M. It is possible, but it spends the growth story that a Series C would price.

Pipeline is the near-term risk; runway is the decision.

Risk	Exposure	Action	Owner	Due	Status
Gross retention below 90%	Each point ≈ \$155K ARR a year	Small - customer onboarding redesign; health scores in CS	VP CS	Q1 - 27	Monitor
Pipeline for Q1 - 27 thin after hiring lag	Qualified pipeline \$1.6M vs \$2.4M needed (3x coverage)	Fill 4 roles by Dec; partner channel with two ERP resellers	CRO	Dec	Action
Billing - term concessions	\$371K cash in Q3	Decision 2 policy	CFO	Now	Monitor
Implementation priced below cost	Services margin -12% YTD	Raise fixed implementation fee 20% for new deals	COO	Nov	Monitor
Runway and minimum - cash covenant	11 months usable	Decision 1; monthly runway reporting	CEO	This board	Action
Capitalized development policy	22% of R&D	Keep below 30%; auditors reviewed in July	Controller	Annual	On track

Decisions log

Date	Decision	Outcome
Jun - 26	Venture debt moves to amortization from July	\$167K a month principal
Jul - 26	Annual price uplift 5% on renewals from Q4	In Q4 forecast
Aug - 26	Pause two engineering hires until Q4	Filled roles: 92 of 98

How these numbers were prepared and checked.

Basis of preparation

- Management accounts, unaudited, US GAAP (ASC 606). Subscription revenue recognized ratably; implementation over the implementation period.
- ARR excludes services, usage overages, pilots and signed -not- live contracts.
- Budget approved December 2025.

Definitions

- **NRR / GRR:** ARR today from customers who were live 12 months ago, including (NRR) or excluding (GRR) expansion, ÷ their ARR 12 months ago.
- **Burn multiple:** net burn ÷ net new ARR for the same period.
- **CAC payback:** prior-quarter S&M ÷ (ARR added × subscription gross margin) × 12, in months.
- **Runway:** cash ÷ average monthly cash used in the quarter, including venture-debt principal, rounded down.

Quality gate before issue

Check	Done
Billing-system export (Stripe) reconciled to GL revenue and deferred revenue by customer	✓
ARR schedule rolled forward and tied to subscription revenue × 12	✓
Deferred revenue tied to trailing billings; no upfront recognition of implementation fees	✓
Capitalized development agreed to Jira time records	✓
Hosting, support and CS costs confirmed in cost of revenue	✓
Venture-debt covenant (minimum cash) tested daily balance, not just month-end	✓
Cohort table recomputed from customer-level data	✓
Every headline re-checked against its table	✓

Prepared Valenmoor Finance, FP&A · 13 Oct 2026	Reviewed Controller, Ledgerline · 13 Oct 2026	Approved for issue CEO, Ledgerline · 14 Oct 2026
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Automated tie-out checks passed: 164.