

# Inflect

Board Financial Package

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**Apex Digital, Inc.**  
For the period ended March 31, 2026  
Series B · ARR \$8.4M · 47 employees

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*Prepared by Marlow, Senior Analyst · Inflect*

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## Executive Summary

March was a structurally strong month partially obscured by two timing items. New logo ARR of \$180K (3 logos) was the second-best month in the company's history. NRR held at 115% on a trailing 12-month basis. The gross margin step-down from 73.1% to 71.4% reflects the deliberate infrastructure pre-build for the Q3 enterprise tier — a temporary investment, not a signal of unit economics deterioration. The board confirmed this framing in January; Marlow is using it here.

Cash is \$8.5M against a burn of \$310K (net), implying 27 months of runway. The sales cycle compression initiative (SDR → AE handoff at demo-qualified, not SQL-qualified) is showing early results — median days-to-close down from 62 to 49 days. Two risks flagged for board attention: (1) Northwind Logistics renewal is at risk — champion departed, executive sponsor engagement needed by April 15. (2) Hosting cost per customer is trending 8% above model at current growth rate.

### Marlow's read

*Based on 6 months of confirmed decisions and board feedback, Marlow notes: The board has historically flagged gross margin moves of >1.5pp without a structural explanation. The infrastructure pre-build explanation has been confirmed twice. Leading with it here. The NRR figure uses the ARR-weighted trailing 12-month method confirmed in the October package — consistent with prior periods.*

## Key Performance Indicators

Metric	Mar 2026	Feb 2026	Mar 2025	vs. Budget
ARR	\$8.41M	\$8.23M	\$5.82M	+\$0.08M
MRR	\$701K	\$686K	\$485K	+\$6.8K
NRR (T12M)	115.2%	114.8%	108.4%	+2.2pp
GRR (T12M)	91.4%	91.1%	87.6%	+0.4pp
Gross Margin	71.4%	73.1%	72.8%	-1.4pp
Burn (net)	\$310K	\$298K	\$241K	-\$18K
Cash	\$8.51M	\$8.82M	\$6.43M	—
Headcount	47	46	31	on plan
CAC Payback	14 mo	15 mo	19 mo	2 mo better
Rule of 40	43.1	41.8	35.2	+5.1

Rule of 40 = YoY ARR growth (44.4%) + Operating margin (-1.3%). NRR/GRR computed on ARR-weighted trailing 12-month cohort basis (confirmed October 2025).

# Income Statement

March 2026 vs. Prior Month and Prior Year

	Mar 2026	Feb 2026	Δ MoM	Mar 2025	Δ YoY
<b>Revenue</b>					
Subscription	\$690K	\$675K	+2.2%	\$478K	+44.4%
Professional services	\$11K	\$11K	—	\$7K	+57.1%
<b> Total Revenue</b>	<b>\$701K</b>	<b>\$686K</b>	<b>+2.2%</b>	<b>\$485K</b>	<b>+44.5%</b>
<b>Cost of Revenue</b>					
Hosting & infrastructure	\$112K	\$102K	+9.8%	\$68K	+64.7%
Customer success	\$88K	\$86K	+2.3%	\$65K	+35.4%
<b> Total COGS</b>	<b>\$200K</b>	<b>\$188K</b>	<b>+6.4%</b>	<b>\$133K</b>	<b>+50.4%</b>
<b>Gross Profit</b>	<b>\$501K</b>	<b>\$498K</b>	<b>+0.6%</b>	<b>\$352K</b>	<b>+42.3%</b>
Gross Margin %	71.4%	72.6%	-1.2pp	72.6%	-1.2pp
<b>Operating Expenses</b>					
Sales & marketing	\$192K	\$188K	+2.1%	\$131K	+46.6%
R&D	\$188K	\$185K	+1.6%	\$122K	+54.1%
G&A	\$130K	\$123K	+5.7%	\$81K	+60.5%
<b> Total OpEx</b>	<b>\$510K</b>	<b>\$496K</b>	<b>+2.8%</b>	<b>\$334K</b>	<b>+52.7%</b>
<b>Operating Income (Loss)</b>	<b>(\$9K)</b>	<b>\$2K</b>		<b>\$18K</b>	
Operating Margin	-1.3%	+0.3%	-1.6pp	+3.7%	-5.0pp
EBITDA	\$18K	\$29K		\$34K	

Gross margin step-down from 73.1% to 71.4% reflects infrastructure pre-build for Q3 enterprise tier. Confirmed as temporary investment by board, January 2026. Not a unit economics signal.

# Variance Commentary

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## Revenue — \$15K favorable vs. budget

New logo ARR of \$180K (3 logos) vs. \$165K budgeted. Enterprise ACV trending 12% above model as ICP tightened to Series B+ SaaS in Q4. SMB cohort slightly below — two deals slipped to April. Net: structural positive, one-period timing miss on SMB.

## Hosting & infrastructure — \$12K adverse vs. budget

Per-customer hosting cost is running 8% above model. Root cause: new enterprise customers are importing 3–5x more historical data than modeled. Engineering has an optimization sprint scheduled for April. The board asked about this trajectory last quarter; Marlow flagged it as a revisit item — this is the update.

## G&A; — \$7K adverse vs. budget

One-time legal fees (\$31K) related to standard enterprise contract review for two Q1 logos. Not recurring. CFO confirmed this framing at the February review meeting.

## Operating margin — 1.6pp below prior month

Combination of the infrastructure timing (\$12K) and legal fees (\$7K) above. Adjusted for both one-timers: operating margin would be +0.6%, above the 0.3% prior month.

## Cash Position & Balance Sheet Summary

	Mar 31, 2026	Feb 28, 2026	Dec 31, 2025
<b>Assets</b>			
Cash & equivalents	\$8,508K	\$8,818K	\$9,124K
Accounts receivable	\$412K	\$388K	\$344K
Prepaid & other	\$218K	\$201K	\$187K
<b>Total Current Assets</b>	<b>\$9,138K</b>	<b>\$9,407K</b>	<b>\$9,655K</b>
PP&E (net)	\$142K	\$149K	\$168K
Intangibles (net)	\$310K	\$328K	\$382K
<b>Total Assets</b>	<b>\$9,590K</b>	<b>\$9,884K</b>	<b>\$10,205K</b>
<b>Liabilities &amp; Equity</b>			
Accounts payable	\$198K	\$184K	\$201K
Deferred revenue	\$1,402K	\$1,372K	\$1,288K
Accrued liabilities	\$312K	\$298K	\$284K
<b>Total Current Liabilities</b>	<b>\$1,912K</b>	<b>\$1,854K</b>	<b>\$1,773K</b>
Long-term debt	\$0	\$0	\$0
<b>Total Liabilities</b>	<b>\$1,912K</b>	<b>\$1,854K</b>	<b>\$1,773K</b>
Total Equity	\$7,678K	\$8,030K	\$8,432K
<b>Total L + E</b>	<b>\$9,590K</b>	<b>\$9,884K</b>	<b>\$10,205K</b>
Balance check	✓ Balanced	✓ Balanced	✓ Balanced

Balance sheet validated — assets (\$9,590K) = liabilities + equity (\$9,590K). Infect's validation gate confirmed reconciliation before export.

# Decision Ledger — What Marlow Remembers

Confirmed decisions, preferences, and revisit triggers captured across 6 months of packages. Marlow uses these to lead with your conclusions — not generic defaults.

Date	Topic	Decision / Preference
Jan 2026	NRR methodology	ARR-weighted T12M cohort method confirmed. Use consistently. Board uses this for YoY comparison.
Jan 2026	Gross margin framing	Infrastructure pre-build for Q3 enterprise tier is a 'temporary investment,' not a unit economics signal. Use this l
Nov 2025	Rule of 40 variant	Operating-margin variant (not FCF). Confirmed by CEO and lead investor.
Oct 2025	Burn presentation	Show net burn (not gross). Cash runway in months, not quarters. Board preference.
Oct 2025	Northwind renewal	Flag if renewal engagement drops — champion departed risk. Revisit trigger set.
Sep 2025	Hosting cost	8% above model — track monthly. Board asked for update at next two packages.

*This ledger is what makes Month 6 read differently from Month 1. Marlow doesn't re-learn your preferences — she cites them.*