

NovaTech Solutions -- Quarterly Business Report

Q1 2026 (January -- March)

Classification: Internal -- Board & Leadership Distribution Only

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1. Executive Summary

NovaTech Solutions delivered a strong first quarter in 2026, continuing the growth trajectory established in the second half of 2025. Annual Recurring Revenue (ARR) reached EUR 18.2 million at quarter-end, representing a 23% year-over-year increase from EUR 14.8 million at the close of Q1 2025. Quarterly recognized revenue came in at EUR 4.8 million, exceeding our internal forecast of EUR 4.6 million by approximately 4%.

Several factors contributed to this outperformance. The launch of ProjectHub v3.2 in February, which introduced our first AI-powered features, drove meaningful upsell activity among existing Enterprise accounts. Net Revenue Retention (NRR) improved to 112%, up from 108% in Q4 2025, reflecting both expansion revenue and a modest reduction in churn. The opening of our Lisbon engineering office in January proceeded on schedule and under budget, adding 22 staff members who are already contributing to the Insight product roadmap.

However, the quarter was not without challenges. Three Enterprise accounts totaling EUR 420,000 in ARR have flagged potential non-renewal for Q2 and Q3. The competitive landscape shifted meaningfully when Planwise, a well-funded competitor, launched AI-driven project analytics features in late March. These developments require focused attention in the coming quarter.

Overall, we enter Q2 2026 in a position of strength, with a qualified sales pipeline of EUR 2.3 million, a growing team, and a product roadmap that positions us well for the remainder of the fiscal year.

2. Financial Performance

2.1 Revenue Overview

Metric	Q1 2026	Q4 2025	Q1 2025	QoQ Change	YoY Change
Quarterly Revenue	EUR 4.8M	EUR 4.5M	EUR 3.7M	+6.7%	+29.7%
Annual Recurring Revenue (ARR)	EUR 18.2M	EUR 17.1M	EUR 14.8M	+6.4%	+23.0%
Average Revenue Per Account (ARPA)	EUR 21,488	EUR 20,612	EUR 18,750	+4.2%	+14.6%
Net Revenue Retention (NRR)	112%	108%	105%	+4pp	+7pp

Subscription revenue accounted for 91% of total quarterly revenue (EUR 4.37M), with the remaining 9% (EUR 0.43M) derived from professional services engagements, primarily onboarding and custom integration work for Enterprise-tier customers.

2.2 Revenue by Product Line

Product	Q1 2026 Revenue	Share of Total	YoY Growth
ProjectHub	EUR 3.36M	70%	+26%
Insight	EUR 1.20M	25%	+31%
Professional Services	EUR 0.24M	5%	+12%

ProjectHub remains our primary revenue driver, though Insight continues to grow at a faster rate as analytics adoption increases among existing ProjectHub customers. The attach rate for Insight among ProjectHub Enterprise customers rose to 68%, up from 54% a year ago.

2.3 Expense Summary

Total operating expenses for Q1 2026 were EUR 4.52M, yielding an operating margin of approximately 5.8%. This is down from 8.1% in Q4 2025, driven primarily by one-time costs associated with the Lisbon office opening (EUR 185K

in setup and relocation costs) and increased headcount-related expenses from 38 new hires during the quarter.

Category	Q1 2026	% of Revenue
Personnel (Salaries, Benefits, Equity)	EUR 2.88M	60.0%
Infrastructure & Hosting	EUR 0.53M	11.0%
Sales & Marketing	EUR 0.58M	12.1%
General & Administrative	EUR 0.34M	7.1%
Lisbon Office Setup (One-Time)	EUR 0.19M	3.9%
Total Operating Expenses	EUR 4.52M	94.2%
Operating Income	EUR 0.28M	5.8%

We expect operating margins to recover to the 9-11% range in Q2 as Lisbon setup costs are fully absorbed and new hires reach productivity targets.

2.4 Cash Position

Cash and cash equivalents at quarter-end stood at EUR 6.1M, down from EUR 6.8M at the end of Q4 2025. The decrease reflects the Lisbon office investment and accelerated hiring. At the current burn rate, NovaTech maintains approximately 16 months of runway without additional revenue growth, though our trajectory suggests continued cash generation. No additional fundraising is planned for 2026.

3. Customer Metrics

3.1 Customer Base Overview

Metric	Q1 2026	Q4 2025	Q1 2025
Total Customers	847	821	714
Enterprise Tier	52	48	39
Professional Tier	283	271	241
Starter Tier	512	502	434
New Customers (Q1)	41	37	29

Metric	Q1 2026	Q4 2025	Q1 2025
Churned Customers (Q1)	15	12	11

Net customer additions for the quarter were 26, bringing the total base to 847. Customer acquisition was strongest in the Professional tier (+17 net), which continues to be the primary entry point for mid-market companies.

3.2 Revenue Concentration by Tier

Tier	Accounts	Revenue Contribution	Avg. Contract Value
Enterprise	52 (6.1%)	EUR 2.93M (61.0%)	EUR 56,346
Professional	283 (33.4%)	EUR 1.39M (29.0%)	EUR 4,912
Starter	512 (60.5%)	EUR 0.48M (10.0%)	EUR 938

Enterprise-tier concentration remains a point of attention. While 52 accounts contributing 61% of revenue reflects healthy per-account economics, it also means that the loss of any single Enterprise customer has a material impact. Our top 10 customers alone represent 28% of total ARR.

3.3 Churn and Retention

Quarterly gross churn rate was 3.2%, a slight improvement from 3.5% in Q4 2025. Annualized, this projects to approximately 12.4%, which is within industry benchmarks for B2B SaaS but above our internal target of 10%.

Churn was concentrated in the Starter tier (11 of 15 churned accounts), where customers tend to have lower switching costs and less deeply integrated workflows. Enterprise churn was zero for the fifth consecutive quarter, though three accounts have been flagged as at-risk for upcoming renewals (see Section 7, Risk Factors).

Logo retention (customer count basis) stood at 98.2% for the quarter. Dollar-based net retention of 112% reflects meaningful expansion revenue, primarily driven by seat-count growth within existing accounts and upsells to the Insight product.

3.4 Notable Customer Wins

- **Meridian Logistics Group** (Enterprise): New logo, EUR 89K ACV. Replaced a legacy project tracking tool across their 600-person operations division. Won after a competitive evaluation against Planwise and Monday.com.

- **Krauss Engineering GmbH** (Enterprise): Expansion from Professional to Enterprise tier, ACV increased from EUR 14K to EUR 62K. Added Insight analytics across all three of their German offices.
 - **Finova Capital Partners** (Professional): New logo, EUR 8.2K ACV. Referred by existing customer Bergmann Wealth Advisors. Signals growing traction in the financial services vertical.
 - **Nordic Health Alliance** (Professional to Enterprise upgrade): ACV moved from EUR 11K to EUR 48K after pilot program for Insight dashboards proved successful across their hospital network spanning Denmark and Sweden.
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4. Product Milestones

4.1 ProjectHub v3.2

ProjectHub v3.2 was released on February 12, 2026, representing our most significant product update in over a year. Key features included:

- **AI Task Prioritization Engine:** Uses machine learning models to analyze historical project data and recommend task prioritization. Available to Professional and Enterprise tiers. Early adoption has been strong, with 34% of eligible accounts activating the feature within the first six weeks.
- **Smart Dependency Mapping:** Automatically detects and visualizes task dependencies based on project descriptions and historical patterns. Reduces manual setup time for complex projects by an estimated 40%.
- **Enhanced Gantt View:** Rebuilt Gantt chart component with improved performance (3x faster rendering for projects with 500+ tasks) and new drag-and-drop rescheduling capabilities.
- **Webhook API v2:** Expanded integration framework supporting bi-directional sync with 14 additional third-party tools, including Jira, Salesforce, and SAP.

Customer feedback on v3.2 has been overwhelmingly positive. Net Promoter Score for ProjectHub improved from 42 to 51 in post-launch surveys conducted in March. The AI Task Prioritization Engine has been cited in three Enterprise upsell conversations as a deciding factor.

4.2 Insight Updates

Insight received two minor releases during Q1 (v2.7.1 and v2.7.2) focused on:

- **Custom Dashboard Builder:** A drag-and-drop interface allowing users to construct personalized analytics dashboards without requiring administrator access. This was the number-one feature request from the 2025 customer survey, with 187 unique requests logged.
- **Improved Data Export:** Support for scheduled PDF and CSV exports with configurable filters, enabling automated reporting workflows.
- **Performance Improvements:** Query execution time reduced by 25% on average through database indexing optimizations and query plan caching.

4.3 Platform and Infrastructure

- Migrated 60% of backend services to Kubernetes (target: 100% by Q3 2026), reducing deployment times from 45 minutes to under 8 minutes.
- Achieved 99.97% uptime across all production services in Q1, exceeding our SLA commitment of 99.9%.
- Completed SOC 2 Type II audit renewal with zero findings, maintaining our compliance posture for regulated-industry customers.

4.4 Product Roadmap -- Upcoming

The following major initiatives are planned for the remainder of 2026:

Initiative	Target Quarter	Status
ProjectHub v3.3 (Advanced Reporting)	Q2 2026	In development
Insight v3.0 (Predictive Analytics)	Q2 2026	In development
NovaTech Copilot (AI Assistant)	Q3 2026	Design phase
ProjectHub Mobile App (iOS/Android)	Q3 2026	Design phase
Insight Real-Time Streaming	Q4 2026	Planning

NovaTech Copilot is an AI-powered conversational assistant designed to operate across both ProjectHub and Insight. It will enable users to query project status, generate reports, create tasks, and receive proactive recommendations through natural language interaction. The Copilot initiative is being led by a dedicated 8-person team in the Lisbon office, with an initial internal alpha targeted for July 2026 and customer beta planned for September 2026.

Estimated development investment for 2026 is EUR 1.2M, including infrastructure costs for hosting the underlying language models.

5. Sales and Pipeline

5.1 Q1 Sales Performance

The sales team closed EUR 1.9M in new Annual Contract Value (ACV) during Q1, against a target of EUR 1.7M (112% attainment). This was driven by strong Enterprise-tier performance, where the team closed 6 new Enterprise deals averaging EUR 58K ACV.

Segment	New ACV Closed	Target	Attainment
Enterprise	EUR 1.04M	EUR 0.90M	116%
Professional	EUR 0.62M	EUR 0.58M	107%
Starter	EUR 0.24M	EUR 0.22M	109%
Total	EUR 1.90M	EUR 1.70M	112%

5.2 Q2 Pipeline

The qualified pipeline entering Q2 stands at EUR 2.3M, distributed as follows:

Stage	Value	Deal Count	Avg. Days in Stage
Discovery	EUR 0.48M	14	18
Evaluation	EUR 0.72M	11	32
Proposal	EUR 0.64M	7	21
Negotiation	EUR 0.46M	4	14
Total Qualified Pipeline	EUR 2.30M	36	--

Assuming a historical stage-weighted conversion rate of 38%, we project EUR 0.87M in new ACV closings for Q2, which would put us on track for our full-year new business target of EUR 7.2M.

Three high-value opportunities in the pipeline deserve special mention:

1. **Oesterreich Bahn AG** (Austrian rail operator): EUR 210K ACV opportunity for ProjectHub Enterprise plus Insight, currently in Proposal stage. Decision expected by end of May.
2. **Delacroix Media Group** (French media conglomerate): EUR 145K ACV, in Evaluation stage. Competitive situation with Planwise and Asana.
3. **Baltic Trade Consortium**: EUR 92K ACV, multi-entity deal spanning Estonia, Latvia, and Lithuania. In Negotiation stage, expected close in April.

5.3 Channel Partnerships

Our reseller program, launched in Q3 2025, contributed EUR 0.31M in ACV during Q1 through four active channel partners. We signed two additional partners in Q1: TechBridge Consulting (Nordics) and Avantis Group (Benelux), bringing the total partner count to six. Channel-sourced pipeline for Q2 is EUR 0.44M.

6. People and Organization

6.1 Headcount Summary

NovaTech Solutions ended Q1 2026 with 412 full-time employees, up from 374 at the end of Q4 2025. We hired 38 new team members during the quarter against a target of 35.

Department	Headcount (Q1 End)	Q1 Hires	% of Total
Engineering	156	18	37.9%
Product & Design	34	4	8.3%
Sales	62	6	15.0%
Customer Success	48	3	11.7%
Marketing	29	2	7.0%
General & Administrative	38	1	9.2%
People Operations (HR)	18	1	4.4%
Finance	15	1	3.6%
Legal & Compliance	12	2	2.9%
Total	412	38	100%

6.2 Headcount by Office Location

Office	Headcount	Departments Present
Munich HQ	298	All departments
Lisbon	22	Engineering (18), Product & Design (4)
Austin	68	Sales (28), Customer Success (22), Marketing (18)
Remote (DACH region)	24	Various

The Lisbon office opened on January 15, 2026, in the Parque das Nacoes business district. Initial staffing focused on backend engineering and product design roles supporting the Insight product line and the NovaTech Copilot initiative. The office has capacity for up to 40 employees, and we plan to grow the Lisbon team to 35 by year-end.

6.3 Key Hires

- **Dr. Sofia Almeida**, VP of AI & Machine Learning (Lisbon). Joined February 3 from OutSystems. Leading the NovaTech Copilot initiative and the AI Task Prioritization team.
- **Marcus Lindgren**, Senior Director of Enterprise Sales (Munich). Joined January 20 from SAP. Responsible for DACH Enterprise accounts above EUR 50K ACV.
- **Priya Sharma**, Head of Data Engineering (Munich). Joined March 1 from Celonis. Overseeing the data infrastructure modernization program supporting Insight v3.0.

6.4 Employee Engagement

The Q1 employee engagement survey (conducted in March, 89% response rate) showed an overall engagement score of 78/100, stable compared to Q4 2025. Areas of strength included team collaboration (84/100) and manager effectiveness (81/100). Areas for improvement included career development pathways (69/100) and cross-office communication (66/100), the latter likely reflecting growing pains from the Lisbon office addition.

Voluntary attrition in Q1 was 2.1% (quarterly) or approximately 8.4% annualized, below the tech industry average of 13%. Six of the nine voluntary departures were in engineering roles, which we are monitoring closely.

7. Risk Factors

7.1 Competitive Threat: Planwise

Planwise, a venture-backed competitor (Series B, USD 45M raised), launched "Planwise Intelligence" on March 22, 2026. This feature set includes AI-driven project forecasting, automated resource allocation, and natural language project querying -- capabilities that overlap significantly with our ProjectHub AI features and our planned NovaTech Copilot.

Assessment: Planwise's AI features are currently less mature than our AI Task Prioritization Engine based on our competitive analysis, but their marketing has been aggressive and effective. We have already encountered Planwise in two Enterprise evaluations in Q1 where they were not previously present. We lost one Professional-tier prospect (EUR 6.5K ACV) to Planwise in March.

Mitigation: Accelerate the ProjectHub v3.3 release to include additional AI capabilities. Increase competitive battle card resources for the sales team. Commission a third-party analyst comparison report.

7.2 Enterprise Renewal Risk

Three Enterprise accounts with renewals in Q2-Q3 2026 have been flagged as at-risk:

Account	ARR	Renewal Date	Risk Factor
Gruber Manufacturing	EUR 178K	June 2026	Sponsor departure; new CTO evaluating alternatives
Rheinland Utilities AG	EUR 148K	July 2026	Budget pressure; exploring downgrade to Professional tier
Alpen Logistics	EUR 94K	May 2026	Low adoption (32% seat utilization); internal tool preference

Total at-risk ARR: EUR 420K (2.3% of total ARR).

Customer Success has initiated executive-level engagement for all three accounts. Gruber Manufacturing has been assigned a dedicated solutions architect to support the new CTO's evaluation process. Rheinland Utilities is being offered a 12-month commitment at a 10% discount in exchange for maintaining Enterprise-tier service levels. Alpen Logistics has been enrolled in

our adoption acceleration program with weekly check-ins and customized training sessions.

7.3 Engineering Capacity

With three major product initiatives in progress simultaneously (ProjectHub v3.3, Insight v3.0, and NovaTech Copilot), engineering capacity is stretched. Sprint velocity across teams declined 8% in March compared to January, which the VP of Engineering attributes to onboarding overhead from new hires and context-switching between projects.

Mitigation: Implement dedicated project teams with minimal cross-assignment. Pause non-critical maintenance work in Q2. Evaluate contract engineering augmentation for the Kubernetes migration workstream.

7.4 Regulatory

The EU AI Act implementation timeline continues to evolve. Our AI Task Prioritization Engine and the planned NovaTech Copilot will likely fall under "limited risk" classification, requiring transparency obligations (users must be informed they are interacting with AI-generated recommendations). Legal & Compliance is tracking requirements and has budgeted EUR 85K for compliance implementation in H2 2026.

8. Strategic Priorities for Q2 2026

Based on Q1 performance and the risk factors outlined above, the leadership team has aligned on the following priorities for Q2:

1. **Protect Enterprise Revenue Base:** Dedicated executive engagement for the three at-risk accounts. Target: retain at least EUR 300K of the EUR 420K at-risk ARR.
2. **Accelerate AI Differentiation:** Ship ProjectHub v3.3 with expanded AI capabilities by end of May. Begin closed beta recruitment for NovaTech Copilot. Target: 15 beta commitments from existing Enterprise customers.
3. **Scale Lisbon Office:** Hire 8-10 additional engineers in Lisbon by end of Q2. Establish Lisbon as the center of excellence for AI/ML development.
4. **Pipeline Conversion:** Convert EUR 2.3M qualified pipeline at or above the historical 38% conversion rate. Target: EUR 0.9M in new ACV for Q2.

5. **Operational Efficiency:** Complete Kubernetes migration to 85% of services. Reduce average customer onboarding time from 21 days to 14 days.
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9. Board Requests

Management respectfully requests the Board's input on the following items:

1. **Competitive Response Budget:** Approval for an additional EUR 150K in Q2 marketing spend to counter Planwise's market entry, specifically for analyst relations, competitive content, and targeted digital campaigns.
 2. **Lisbon Office Expansion:** Approval to sign a lease extension securing additional floor space in the Parque das Nacoes building, enabling growth to 40 seats. Estimated incremental annual lease cost: EUR 120K.
 3. **AI Infrastructure Investment:** Authorization to establish a dedicated GPU compute environment for NovaTech Copilot development and deployment. Estimated Q2-Q3 cost: EUR 280K. This investment is critical to maintaining our AI development velocity and avoiding dependency on third-party API providers for production model serving.
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Appendix A: Q1 2026 Financial Statements Summary

Detailed financial statements are provided under separate cover by the Finance department.

Line Item	Q1 2026 (EUR)
Subscription Revenue	4,370,000
Professional Services Revenue	240,000
Other Revenue	190,000
Total Revenue	4,800,000
Cost of Revenue	(1,056,000)
Gross Profit	3,744,000
Gross Margin	78.0%

Line Item	Q1 2026 (EUR)
Research & Development	(1,680,000)
Sales & Marketing	(1,152,000)
General & Administrative	(632,000)
Total Operating Expenses	(3,464,000)
Operating Income	280,000
Operating Margin	5.8%

Appendix B: Key Performance Indicators Dashboard

KPI	Q1 2026	Target	Status
ARR	EUR 18.2M	EUR 17.5M	Above target
ARR Growth (YoY)	23%	20%	Above target
Net Revenue Retention	112%	110%	Above target
Gross Churn (Quarterly)	3.2%	2.5%	Below target
New ACV	EUR 1.9M	EUR 1.7M	Above target
Customer Count	847	830	Above target
NPS (ProjectHub)	51	50	On target
NPS (Insight)	46	48	Below target
Employee Headcount	412	409	On target
Employee Engagement	78/100	80/100	Below target
Platform Uptime	99.97%	99.9%	Above target
CAC Payback (months)	14	15	Above target
LTV/CAC Ratio	4.8x	4.5x	Above target

This report is confidential and intended for internal distribution to the NovaTech Solutions Board of Directors and senior leadership team. Do not distribute externally.

Next quarterly report: Q2 2026, scheduled for publication July 14, 2026.