

BleedIO Tech — Financial Assumptions & Definitions

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As of: **March 2026**

This memo defines how BleedIO calculates and reports financial metrics referenced throughout the data room. It is intended to ground the financial story in operating reality and make the forecast logic transparent.

1. Revenue Definitions

What Counts as MRR

Monthly Recurring Revenue (MRR) includes:

- Per-device SaaS subscription fees (\$3–\$5/device/month) from active deployments
- Platform access fees from enterprise customers with active accounts
- Channel partner revenue share from Lufthansa IS reseller activity

MRR **does not** include:

- One-time network installation fees (\$25K–\$60K) — these are recognized as project revenue at deployment
- Hardware sales or pass-through costs
- Microsoft Azure credits or other non-cash items
- Revenue from unpaid pilots or trial deployments
- Projected or pipeline revenue

Current MRR Snapshot

Metric	Value	As Of
Current MRR	\$3,000–\$4,000	March 2026
MRR sources	Chevron SaaS fees + Snap-on pilot fees + fire department initial subscriptions	
MRR growth rate	Not yet meaningful (too few months of data)	
Churn	0% to date (no customer has churned)	

2. Financial Snapshot Date

All financial figures in the data room reflect the company's position as of **March 2026** unless otherwise noted.

Metric	Value	Date	Source
Cash on hand	\$5,692	March 2026	Novo checking account

Metric	Value	Date	Source
Monthly operating burn	~\$5,000	Oct 2025–Mar 2026 avg	Categorized operations from Cash Activity Report
Credit card balances (gross)	~\$22,700	March 2026	6 company cards; net position -\$2,106 (more paid than owed)
Long-term debt	\$31,100	March 2026	Founder loans \$20K + AMEX credit lines \$11K + Novo \$100
Cloud credits (upon Seed close)	~\$400,000	Conditional	Azure \$100K + GCP \$150K + AWS \$150K. Activate upon VC/angel backing.
MRR	\$3,000–\$4,000	March 2026	Active subscriptions
Total revenue (Q4 2025–Q1 2026)	\$43,973	2 quarters	Subscription \$38,973 + Services \$5,000
Available cash balance	\$7,799	March 2026	Cash + net CC position

Important context: The company’s cash position is tight. The Seed round is critical for operational continuity. However, the ~\$5K/month operating burn is exceptionally lean for a company with Fortune 500 deployments, demonstrating capital discipline. Founders have contributed \$20K in personal loans to sustain operations. The \$400K in cloud credits (activating upon Seed close) provide 2+ years of infrastructure runway independent of cash.

3. Forecast Assumptions

Revenue Forecast (2026)

Quarter	Projected MRR	Key Drivers	Assumption Basis
Q1 (Actual)	\$3,000–\$4,000	Existing pilots	Actual data
Q2	\$8,000–\$12,000	Ignite Conference FD signings + Chevron expansion	5–10 new FDs at \$500–\$1K MRR each; Chevron upsell
Q3	\$15,000–\$20,000	Pilot conversions + Lufthansa channel first revenue	Snap-on converts to OEM; LHIND first cruise deployment
Q4	\$25,000+	Full pipeline conversion	25+ FDs active; 2nd O&G pilot signed; channel revenue

Conversion Assumptions Behind Forecasted ARR

Pipeline Stage	Conversion Rate Assumption	Basis
Deployed (Chevron)	95% renewal	Zero failures in 3+ months; expansion discussions active
Signed (Fire Depts)	90% to recurring	Contracts executed; deployment in progress
Paid Pilot (Snap-on)	70% to OEM contract	Positive pilot results; embedded integration path
Channel Partner (LHIND)	60% to first revenue	Agreement in place; dependent on LHIND sales cycle
Engagement (Oracle RBR)	40% to paid pilot	Early-stage; depends on POC scope and timing

Pipeline Stage	Conversion Rate Assumption	Basis
Pipeline (48 FDs)	20–30% in 2026	Ignite Conference is primary conversion event
Target (2nd O&G)	20% in 2026	Requires Chevron reference + industry introduction

4. Return Scenario Assumptions

Series A Scenario (18–24 months)

Assumption	Value	Basis
ARR at Series A	\$1.0M–\$2.0M	Pipeline conversion at rates above; conservative uses 50% of weighted pipeline
Revenue multiple	15–25x	Carta Seed-to-A benchmarks for infrastructure SaaS; adjusted up for mission-critical positioning
Series A raise	\$5M–\$8M	Standard Seed-to-A progression
Dilution at Series A	~15%	Standard for \$5–8M raise on \$30–37M pre-money

Series B Scenario (3–4 years)

Assumption	Value	Basis
ARR at Series B	\$5M–\$10M	Requires channel scale (Lufthansa + Snap-on) + 200+ FDs + multi-site O&G
Revenue multiple	10–18x	Multiple compression from Series A; still premium for infrastructure
Cumulative dilution	~30%	Series A + B combined

Exit Scenario (5–7 years)

Assumption	Value	Basis
ARR at exit	\$20M–\$50M (base)	Requires multi-channel, international, platform-standard status
Exit multiple	6–12x	Based on verified comps: Cradlepoint (8.5x), Nozomi (8–12x), Splunk (7.6x), Sierra Wireless (2x)
Cumulative dilution	~50%	All rounds + option pool expansion

Category Leadership Exit (\$1.5B–\$2.4B)

Assumption	Value	Basis
ARR at exit	\$150M–\$200M	Requires defense adoption + multi-continent commercial + edge AI monetization

Assumption	Value	Basis
Exit multiple	10–12x	Premium for multi-vertical platform with defense positioning
Key enabler	Defense market entry	\$15.8B military drone market; \$1B+ Replicator/DAWG budget

5. Downside / Base / Upside Logic

Scenario	Definition	Key Variable
Downside (Conservative)	Only existing signed contracts convert; no new verticals; channel slower than expected	Conversion rates at 50% of base assumptions
Base Case	Pipeline converts at expected rates; 1 new vertical opens; channel begins generating revenue	Conversion rates per Section 3
Upside	Pipeline converts faster; defense SBIR awarded; 2nd O&G signed early; Snap-on OEM accelerates	Conversion rates at 150% of base; new revenue streams
Category Leadership	All upside factors + defense program adoption + international expansion + edge AI premium	Requires 5+ years; multiple funding rounds; execution across all verticals

6. Cost Assumptions

Category	Monthly Cost	Notes
Independent contractors	~\$1,000	Engineering support (from Cash Activity Report)
Software (operating)	~\$1,000	HubSpot, development tools, SaaS subscriptions
Software (cost of revenue)	~\$300	Platform costs tied to customer delivery
Travel & meals	~\$500	Pilot installations, customer meetings, conferences
Infrastructure (cloud)	\$0 (credits)	\$400K cloud credits (Azure + GCP + AWS) activate upon Seed close
Sales & marketing	~\$1,000	Conferences, business development (episodic)
Legal	~\$1,000	Duane Morris + Patent 360 (episodic; Dec 2025 spike of \$13.4K was one-time engagement retainer)
General operations	~\$200	Bank fees, licenses, supplies, shipping
Total operating burn	~\$5,000/month	Categorized operations avg (Oct 2025–Mar 2026)

Note on founder compensation: Founders are currently taking \$0 salary. All founder-related expenses flow through personal credit cards and are categorized as company operations. This is reflected in the \$20K founder loan balance and the lean burn profile.

Post-Seed burn projection: Expected to increase to \$25K–\$35K/month as the company hires 2–3 engineers and 1 solutions engineer. At \$900K raise and ~\$5K current burn, the company has significant pre-hire runway. Full team burn provides 18–24 months to Series A.

7. What Is Not Included

The following are explicitly **not** reflected in financial projections:

- Revenue from defense / drone swarm contracts (not yet in pipeline)
- Revenue from AI Ops Copilot features (not yet built)
- International revenue (no non-US customers yet)
- Hardware sales margin (BleedIO is software-first; hardware is pass-through)
- Grant income (no SBIR/STTR applications filed yet)

These represent upside optionality, not base-case revenue. They are discussed in the Product Vision and Drone Swarm Operations documents but are not included in financial forecasts.

All financial figures are unaudited management estimates. Forward-looking projections are based on management assumptions and pipeline data as of March 2026. Actual results may differ materially. This document does not constitute financial advice or an offer to sell securities.