

Executive Summary

- Topsail Capital Advisors is thrilled to present an exceptional opportunity to acquire or partner with a 25+ year old wholesale industrial distribution and supply business headquartered in South Carolina with locations and operations in multiple different countries. This Company also has an additional arm of the business that is located outside of the US that deals with Sew & Stitch products. Those financials and information are not included but will be provided in the CIM.
- The Company provides comprehensive services across multiple industries, including automotive, consumer goods, industrial equipment, and electronics. They specialize in global sourcing and custom manufacturing, partnering with reliable suppliers to source high-quality materials and deliver tailored production solutions.
- Their offerings include sub-assembly services for complex components, customized logistics solutions to ensure efficient delivery, and full freight management including US customs clearance. With engineering support from design through production, rigorous quality control measures, and custom packaging solutions, The Company ensures that all products meet the highest standards and are protected during transit, helping clients optimize their supply chain and market appeal.
- Projected Revenue: 2024: \$9,903,709 | 2025: \$18,038,528 | 2026: \$34,195,654
- Projected EBITDA: 2024: \$(523,561) | 2025: \$1,013,405 | 2026: \$4,013,721

Executive Summary Continued.

- The Company has strategically positioned itself to capitalize on Honda's shift toward electric-powered equipment, which aligns with broader industry trends emphasizing environmental sustainability and energy efficiency. This shift, driven by rising regulatory pressures and growing consumer demand for eco-friendly products, is expected to generate significant long-term growth for The Company.
- In recent months, The Company has successfully secured multiple new contracts with Honda to produce essential components for their next generation of electric products, including the HL4M and HL8M side-by-sides. These new agreements are poised to significantly increase both revenue and cash flow for the business over the coming years as they fully grow into these contracts. The strategic alignment with Honda's electrification efforts not only strengthens The Company's relationship with one of the world's leading manufacturers but also opens the door to further opportunities with other major players in the electric engine market.
- With electric engines offering greater efficiency, lower emissions, and long-term cost savings, The Company is well-positioned to meet the rising demand in both residential and commercial sectors. Despite initial challenges posed by the industry's transition to electric engines, The Company's ability to adapt and innovate ensures it will remain competitive in this evolving market. As environmental regulations tighten and consumer preferences increasingly favor sustainable products, The Company's renewed focus on producing cutting-edge components for electric-powered equipment will drive both growth and profitability, securing its leadership position in the market for years to come.

Historical Financials

Income Statement	2021	2022	2023	Q2 2024	Proj. FY24
Revenue:	\$ 50,640,549	\$ 42,973,272	\$ 17,276,279	\$ 4,404,523	\$ 9,903,709
<i>Growth Rate</i>	0.00%	-15.14%	-59.80%	-74.51%	-42.67%
COGS:	\$ 42,066,648	\$ 37,805,248	\$ 14,347,910	\$ 3,566,324	\$ 8,019,006
<i>COGS Margin</i>	83.07%	87.97%	83.05%	80.97%	80.97%
Gross Profit:	\$ 8,573,901	\$ 5,168,024	\$ 2,928,369	\$ 838,198	\$ 1,884,702
<i>Gross Margin</i>	16.93%	12.03%	16.95%	19.03%	19.03%
Operating Expenses:	\$ 4,035,021	\$ 3,711,940	\$ 3,204,850	\$ 1,482,459	\$ 2,964,919
<i>OPEX Margin</i>	7.97%	8.64%	18.55%	33.66%	29.94%
Net Operating Income:	\$ 4,538,880	\$ 1,456,084	\$ (276,480)	\$ (644,261)	\$ (1,080,216)
Plus: Other Income & Expense	\$ (1,075,632)	\$ 58,000	\$ 131,678	\$ 31,175	\$ 62,350.82
Net Income:	\$ 3,463,248	\$ 1,514,084	\$ (144,803)	\$ (613,086)	\$ (1,017,866)
<i>Net Income Margin</i>	6.84%	3.52%	-0.84%	-13.92%	-10.28%
EBITDA Adjustments:	\$ 806,706	\$ 567,410	\$ 603,009	\$ 247,150	\$ 494,304
Adjusted EBITDA:	\$ 4,269,954	\$ 2,081,494	\$ 458,207	\$ (365,935)	\$ (523,561)
<i>Margin:</i>	8.43%	4.84%	2.65%	-8.31%	-5.2865%

Projected Financials based on recently won contracts with Honda.

Income Statement	Projected FY24	Projected FY25	Projected FY26	Projected FY27	Projected FY28
Revenue:	\$ 9,903,709	\$ 18,038,528	\$ 34,195,654	\$ 36,386,859	\$ 37,129,905
<i>Growth Rate</i>	-42.67%	82.14%	89.57%	6.41%	2.04%
COGS:	\$ 8,019,006	\$ 14,605,797	\$ 27,688,221	\$ 29,462,440	\$ 30,064,084
<i>COGS Margin</i>	80.97%	80.97%	80.97%	80.97%	80.97%
Gross Profit:	\$ 1,884,702	\$ 3,432,732	\$ 6,507,433	\$ 6,924,419	\$ 7,065,821
<i>Gross Margin</i>	19.03%	19.03%	19.03%	19.03%	19.03%
Operating Expenses:	\$ 2,964,919	\$ 2,980,654	\$ 3,073,198	\$ 3,170,369	\$ 3,272,399
<i>Operating Expenses Margin</i>	29.94%	16.52%	8.99%	8.71%	8.81%
Net Operating Income:	\$ (1,080,216)	\$ 452,078	\$ 3,434,235	\$ 3,754,050	\$ 3,793,422
Plus: Other Income	\$ 62,350.82	\$ 67,027.13	\$ 72,054.17	\$ 77,458.23	\$ 83,267.60
<i>Other Income Margin</i>	0.6296%	0.1141%	0.1141%	0.1141%	0.1141%
Net Income:	\$ (1,017,866)	\$ 519,105	\$ 3,506,289	\$ 3,831,508	\$ 3,876,690
EBITDA Adjustments:	\$ 494,304	\$ 494,300	\$ 507,432	\$ 521,220	\$ 535,698
<i>Adjustment Margin</i>	4.99%	2.74%	1.48%	1.43%	1.44%
EBITDA:	\$ (523,561)	\$ 1,013,405	\$ 4,013,721	\$ 4,352,729	\$ 4,412,388
<i>Margin</i>	-5.2865%	5.6180%	11.7375%	11.9624%	11.8836%