



BUSINESS DESCRIPTION

Our Client (the “Company”) is a logistics and delivery company with over 20 years of experience, specializing in providing reliable service for the “last mile” of the supply chain across 32 states. Of total revenues, 50% are generated from top-100 customers, with an additional 1,000+ clients making up the balance. A large portion of revenue is related to the delivery of auto parts sold via retail, wholesale, and car dealerships, where timely delivery of parts is essential and for which demand is constant throughout all economic cycles. The Company provides on-demand, same-day, or next-day delivery services.

The Company operates as an “asset-light” business, utilizing over 5,000 Independent Contractors (“I/C”) drivers nationwide. These drivers own & operate their vehicles and are paid based on the completion of a delivery. The Company charges a fuel surcharge based on current fuel costs which contributes to profitability. The Company recruits Independent Contractors (“I/C”) drivers nationwide and employee drivers in Western states.

Customer churn is low because the Company economically removes the burden of managing driver turnover from its clients by providing that service with a reliable 98%+ on-time performance. The Company does not compete based entirely on price, as most customers consider the size, capability, capacity, and performance history as essential components to a business relationship.

Our Client is one of the largest players in the industry.

TRANSACTION SUMMARY

The Company has ~\$20MM outstanding under its current LOC and is seeking a \$25MM LOC. AR stands at ~\$29MM and bad debt has been historically low. It also owes ~\$7MM under a term loan and is seeking the highest term loan it can qualify for as part of the refinancing.

TARGET CLOSE: 8/15/24

1 Financial Highlights

Sales were rapidly growing prior to COVID; revenue growth has measurably improved post-COVID.

\$000s	2021	2022	2023	2024	2025
Revenue	\$232,977	\$279,187	\$266,900	\$282,275	\$352,157
Gross Profit	48,117	58,182	52,654	60,029	77,970
GM%	21%	21%	20%	21%	22%
Adj. EBITDA	1,951	14,525	6,705	15,829	30,596

The 12-month sales pipeline is over \$30MM, which will enable our Client to report continuing sales and EBITDA growth.

The Company has historically produced consistent 20%+ gross margins due to its “asset-light” business model, highly variable cost structure, and historic capability to increase prices and enable the continuation of 20%+ margins.

As of May 2024, YTD GAAP EBITDA totaled \$2.8MM and \$6.6MM Adj. EBITDA and TTM GAAP EBITDA were \$5.9MM and \$17.5MM Adj.

2 Balance Sheet Highlights

\$000s	2021	2022	2023	2024	2025
AR	30,167	33,087	29,779	29,660	34,484
Total Assets	\$47,957	\$57,256	\$55,537	\$52,779	\$59,312
Line of Credit	9,700	16,409	19,414	19,414	19,414
Total Liabilities	\$68,308	\$84,474	\$83,809	\$79,445	\$74,828
Total Equity	(\$20,351)	(\$27,218)	(\$28,272)	(\$26,666)	(\$15,516)

Total liabilities include ~\$27MM due its current lender, ~\$11MM in a legal settlement that will be paid out in 2025 from cash flow, and ~\$13MM under a subordinated second lien loan.

3 Solid Collateral Position

The Company has a high credit quality customer base. Current advance rates are 85% for investment grade A/R and 80% for non-investment grade A/R. Historic bad debt is minimal, averaging less than 0.5% of sales during each of the past 3 years.