



BUSINESS DESCRIPTION

Our client (the "Company") is a privately held C-Corp founded in 1994 operating as a commercial pasta and sauce manufacturer. It developed a reputation as a producer of the finest quality frozen pasta products based on its ability to match restaurant chefs' small batch sauce recipes at commercial scale. The Company sells its products to regional and national frozen entree food manufacturers and food service distributors. Over the past 12 twelve months, the Company has nearly emerged from a turn-around process that has included (i) reducing platform costs, (ii) recapitalizing its financial position, (iii) successfully executing on its sales strategy to transact as an in-line supplier with tier-1 co-manufacturers, (iv) adding a next-level food manufacturing COO and CFO to its senior management team, and (v) laying the groundwork for the launch of a shelf stable bottling line that will round out its product offering.

The Company has lined up an immediate pipeline of existing and new customer business which will enable it to double sales by April. Higher sales will enable our Client to rapidly return to profitability. In order to meet its interim supply chain, working capital, and other runway needs, the Company is in the process of closing a related party loan totaling \$500K to pay-off aged AP and improve working capital.

TRANSACTION SUMMARY

Our Client is seeking a (i) working capital line of credit of up to \$1.5MM and (ii) \$500,000 of equipment financing to support its growing sales channel. The line of credit will be secured by creditworthy Accounts Receivable and Inventory. As of March, AR and Inventory stood at \$500K and \$1.7MM and will increase to \$1.1MM and \$1.7MM, respectively, by June. The principals are prepared to personally guarantee the requested credit facility. The equipment was appraised in January 2022 and FMV value was \$1.55MM.

TRANSACTION TEAM

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Financial Highlights

\$ in thousands	FY '21	FY '22	FY '23	FY '24
Sales	\$10,183	\$8,985	\$5,201	\$16,112
GM%	28.4%	23.2%	24.7%	30.4%
Net Income	(\$233)	(\$678)	(\$1,168)	\$1,196

Historic losses were primarily attributable to the impact of the Covid Pandemic on the food manufacturing industry, a significant business interruption event in May 22, and the bankruptcy filing of a key customer in July 23. Return to profitability in 2024 will occur based on a 12-month turnaround effort and the onboarding of a number of sizable in-line customers.

Rapidly Growing Sales Funnel

Sales are forecasted to increase for a variety of reasons including (i) increased demand from existing and new customers, (ii) competitive pricing, (iii) acceptance of smaller orders to add new customers, (iv) proximity to regional markets and (v) increased contract manufacturing service revenue.

Improving Net Worth

\$ in thousands	FY '21	FY '22	FY '23	FY '24
Total Assets	\$3,823	\$3,541	\$3,425	\$4,700
Shareholders Loans	\$2,011	\$2,996	\$4,252	\$4,225
Net Worth	(\$1,726)	(\$2,404)	(\$3,363)	(\$2,168)
Adj. Net Worth	\$284	\$591	\$888	\$2,057

During the past 4 years, the principals have continued to invest in the business. Aggregate investment over the past three years exceeded \$2.1MM and will further increase by \$400K in 2024.