

PROJECT ELDER

\$5.0MM ABL LINE OF CREDIT

UP TO A \$2.5MM REAL ESTATE TERM LOAN



EXCLUSIVE FINANCIAL ADVISOR

BUSINESS DESCRIPTION

Our client (the “Company”) is a privately held S-Corp founded in 2009 and based in Northern California that produces a diverse portfolio of spirits and wine and is led by a fourth-generation vintner. The owner has supported the Company with \$1MM+ in shareholder debt. The Company’s portfolio has a premium gin brand, a premium rum brand, and a variety of wine brands. The Company develops its own brands, manufactures its products through third-party contractors, and sells its goods through distributors domestically and internationally.

In Thousands	Rum Brand	Gin Brand
2024 Brand Revenue	\$2,423	\$2,293
2024 Gross Profit	\$1,153	\$1,124
2024 Contribution Margin	\$1,033	\$979

Our client has a history of developing and selling brands to recapitalize the balance sheet. In Q4 2024, the Company sold one of its premium brands for \$10.5MM at a 1.6x revenue multiple and a 4.4x contribution margin multiple; \$8MM in cash was received on the date of sale and an additional \$2.5MM in cash will be received on November 1, 2025. This will provide runway to scale the P&L and service the debt.

TRANSACTION SUMMARY

Our client is seeking a (i) \$5.0MM asset-based line of credit and (ii) up to a \$2.5MM real estate term loan to support its growing sales channel by providing the Company with liquidity and runway. The line of credit will be secured by ~\$600K in AR, ~5.9MM in inventory, and ~\$7.5MM in estimated intellectual property for its rum and gin brands. Its real estate has an appraised value of \$4.5MM as of 2024, with \$880K outstanding on the property at only ~20% LTV. The Company projects to grow into the full \$5MM LOC, due to increased AR associated with its brand growth initiatives.

TERM SHEET DEADLINE: June 20, 2025

TRANSACTION TEAM

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SELECT HIGHLIGHTS

1 Repositioned Brands to Optimize Growth

\$000s	2021	2022	2023	2024	2025F	2026F
Net Revenue	\$15,612	\$16,367	\$12,705	\$11,785	\$8,625	\$12,363
Gross Profit	\$7,882	\$7,966	\$5,734	\$4,159	\$3,963	\$5,713
GM %	50%	49%	45%	35%	46%	46%
EBITDAR	\$672	\$502	(\$1,881)	(\$3,410)	(\$1,812)	(\$794)
Net Income	\$140	(\$134)	(\$2,871)	\$3,070	(\$2,526)	\$2,733

The Company has successfully repositioned its brand portfolio to streamline operations. Wine margins have been steady; gross margin is forecasted to increase to 46% in 2025 as its highly profitable rum and gin sales rise.

2 Improving Net Worth

\$000s	2021	2022	2023	2024	2025F	2026F
Cash	\$1	\$1	\$79	\$1,489	\$2,986	\$6,097
AR	2,248	2,717	1,164	676	609	1,064
Seller Note	-	-	-	2,500	2,500	-
Inventory	8,036	12,830	11,664	6,362	5,600	4,750
Total Assets	\$12,605	\$19,447	\$16,334	\$13,566	\$11,823	\$14,439
Line of Credit	\$3,968	\$7,058	\$7,178	\$3,192	\$2,779	\$2,662
AP	721	2,309	2,016	1,162	1,200	1,200
S.H. Debt	-	-	518	1,030	1,030	1,030
Total Liabilities	\$6,306	\$13,645	\$13,402	\$7,564	\$8,588	\$8,471
Total Equity	\$6,299	\$5,803	\$2,932	\$6,001	\$3,235	\$5,968

The Company has cash on its balance sheet to provide the runway needed to service the debt and fuel growth. The strategic brand sale of \$10.5MM in Q4 2024 deleveraged the balance sheet. The \$2.5MM seller note will be converted to cash in November 2025. There’s intent for an additional brand sale in 2026, contributing to the Company’s long-term sustainability. It now has a TNW of ~\$5.1MM and balance sheet leverage of 1.5x.

3 Sources & Uses

\$ in thousands			
Collateral		Refinance Debt	
Cash	\$927	Refinance Bank of Marin LOC	\$3,181
Accounts Receivable	\$598	Refinance Bank of Marin RE Loan	\$880
Inventory	\$5,962	Working Capital	\$1,217
Appraised Real Estate	\$4,500	Refinance Past Due AP	\$403
IP	\$7,501	Transaction Fees	\$225
Total Collateral	\$19,487	Total Debt	\$5,906