PROJECT REMEDY

$40MM TERM LOAN

ACQUIRE BUILDING AND FINANCE TI

BIZCAP®
BUSINESS CAPITAL SINCE 2002

EXCLUSIVE FINANCIAL ADVISOR

TRANSACTION HIGHLIGHTS

- Rapidly growing and highly-profitable CA-based Specialty Pharmaceutical Company
- Strong legacy producer of generic pharmaceuticals with a growing pipeline of modified high-quality FDA-approved drugs
- Excellent management team
- 2025 sales to exceed $75MM
- 2024 Adj. EBITDA: ~$6.7MM; 2025: ~$25MM
- Strong liquidity with Cash >$23MM sourced from profits and product sale
- Strong Balance Sheet NW>$64MM & leverage <0.8X
- Seeking to purchase a ~64K SF leased building for ~$14MM. It invested ~$50MM to date for TI's & equipment – build-out completed by the end of 2025

COMPANY DESCRIPTION

Our Client is a privately-held pharmaceutical company that sells, develops, manufactures, and markets generic and specialty pharmaceuticals. Our Client has 4 revenue streams (i) legacy generics, (ii) clinical batch manufacturing, (iii) in-house developed injectable generics, and (iv) in-house developed RTU high-value specialized products(505b2). The sales team has decades of experience in rapidly launching prescription drug products that are sold through multiple channels, including wholesalers, retailers, pharmacy benefit managers (PBMs), and group purchasing organizations (GPOs). Wholesalers include McKesson, Cardinal Health, and Amerisource Bergen; retailers include Walmart, CVS, and Kaiser Permanente.

Our Client competes based on (i) price, (ii) product availability, (iii) diversified product line, and (iv) a state-of-the-art facility to manufacture new products. The newly built-out facility will include excess capacity as it will be made available for CDMO services.

With the investment in the new state-of-the-art facility, our Client in 2022, pivoted away from a legacy generic distributor to an in-house developer of specialized products and a CDMO business model. Although it will continue to sell legacy generic pharmaceuticals, the company is moving toward developing licensed-out high-value products. Our Client has already cultivated Nine licensing partnerships that are forecasted to generate $27MM in licensing fees in 2025 and $36MM in 2026 along with future royalty payments.

Section	Format	Capacity Per Year
1	Vial / PFS / Cartridges	10.8MM units
2	IV Bags	4.3MM bags
3	Batch Manfacturing	Variable
4	Future Expansion (IV Bag)	8MM+ units

FINANCIAL SUMMARY

Growth in sales and EBITDA+R&D have been attributable to the introduction of new drugs and our Client's ability to penetrate original markets while maintaining market share for existing products. Historical R&D expense is primarily associated with funds invested to manufacture generic drugs and obtain FDA approval. Our Client has a 100% track record for FDA approval. R&D Expenses have been funded by equity investments. Clinical trial risk is minimal because the basic molecules have been used in drugs to treat the target for other indications.

000's	FY '22A	FY '23A	FY '24A	FY '25F	FY '26F
Net Sales	**$34,543**	**$50,379**	**$41,718**	**$75,699**	**$76,319**
Gross Profit	$8,345	$20,558	$12,494	$32,866	$45,656
Gross Margin	*24%*	*41%*	*30%*	*43%*	*60%*
R&D Expense	5,894	5,460	4,941	8,473	13,536
EBITDA + R&D	**$1,562**	**$14,281**	**$6,719**	**$25,313**	**$37,425**
Cash Position	**$8,539**	**$15,392**	**$19,119**	**$11,261**	**$17,704**

EBITDA+R&D is a sound measurement of profitability because (i) equity investments fund substantially all R&D expenses and (ii) the gap in time (measured in over a year) between when R&D costs are expensed and subsequent revenue begins, and (iii) 100% track record of obtaining FDA approval.

Liquidity is strong, as cash is $23MM, AR is ~$14MM, and Inventory is ~$12MM. LOC borrowings have been zero as of 2022. New product launches along with licensing fees project the company to have a strong bottom-line performance of ~$19MM.

Total Assets stand at $99MM, Total Liabilities $34MM, and Net Worth is $65MM with strong balance sheet leverage of <0.8x.

The cost of the real property is modest in comparison to the overall amount of tenant improvements. This facility build-out has been in development since 2022 and will be completed in 2025. Our Client has invested ~$50MM in the facility.

OPPORTUNITY SUMMARY

$ in thousands MAY 2025

Sources		Uses	
Cash	$22,779	Acquire Building	$13,700
Real Estate	$13,700	Refinance Term Loan	$10,758
Tenant Improvements (TI)	$48,124	Refinance TI	$15,000
Accounts Recevable*	$13,730	Transaction Fees	$789
Inventory*	$12,277		
Total Sources	**$98,332**	**Total Uses**	**$40,247**

* ~$26MM AR and Inventory used as boot collateral to further secure the loan

The new manufacturing facility enables our Client to diversify revenues and reduce lease expenses through a consolidation of leased locations to directly scale the P&L. Sales and earnings are sourced from existing products for known markets, new product launches, and third-party manufacturing services.

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