



BUSINESS DESCRIPTION

Our client (the "Company") operates a sawmill in California. Founded in 1968, the mill and property were acquired in 2023. The current owners have combined the sawmill operations with their lumber wholesale company to create a vertically integrated operation.

The facility, which can mill 4 million board feet of timber per month, includes a drying kiln and a storage area for log decks and finished goods. The mill is currently working at only a third of its capacity, processing 1.5 MMBF/month, providing the opportunity to increase revenue with the proper procurement of timber.

The Company recently implemented a modernization plan, with new equipment to be installed in the first quarter of 2026. The Company's plan for the above improvements will lead to a projected reduction in labor cost of around 25% while boosting overall efficiency by 30% for the sawmill. This is primarily due to a reduction in manual processes and increasing sorting capabilities.

The company has recently entered into a number of US Forestry and purchase contracts ensuring a source of well-costed timber over both the short and long term. Execution on these supply agreements will provide an estimated 10.5 MMBF of timber in the short term.

Conditions in the lumber market are positive; prices are rising due to demand driven by a stable and growing housing market and tightening supplies. Current tariff conditions have provided the domestic lumber industry with a boost, as an additional 10% tariff implemented on Canadian lumber imports in Oct. '25 brings the total tariff up to 45%. Manufactured wood products are subject to additional tariffs on Oct 14 '25 and Jan 1 '26.

TRANSACTION SUMMARY

The company is seeking \$10MM Working Capital loan to acquire timber to meet demand and ensure the mill is operating at capacity and leading to a net profit. The loan is to be secured by a second deed on the sawmill property. Additionally, the Company seeks \$5MM to replace an ABL facility from an incumbent lender to be secured by A/R and inventory.

Proposal Date: October 22, 2025

Closing Date: December 5, 2025

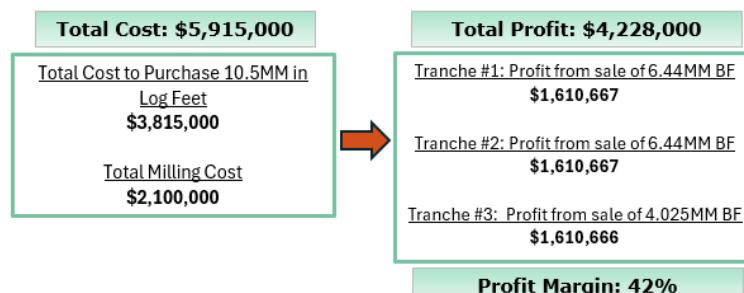
SELECT HIGHLIGHTS

1 Revenue Pipeline to Drive Profitability

\$000s	2023	2024	2025F	2026P
Net Revenue	\$21,668	\$30,485	\$35,513	\$80,549
Gross Profit	\$2,505	(\$49)	\$866	\$11,538
EBITDA	\$714	(\$2,146)	(\$568)	\$8,901
Net Income	(\$298)	(\$6,050)	(\$8,725)	\$4,110

The Company has successfully signed IRSC and MSA contracts to steadily acquire logs into FY'26. When fully operational and stocked with timber, the Company has the capability to not only produce more lumber, but produce it at a higher GM% as well, driving strong profits.

2 Transparent Bottom-Line



In the near term, the Company has a direct path to bottom line recovery with access to capital. The Company is under contract to purchase and mill 10.5MM LF of high-quality timber for ~\$5.9MM upfront, which will convert directly to ~\$4.2MM in bottom line profit. This specific project has complete transparency and significant margin baked in, mitigating risks in the extraction/processing stage.

3 Sources & Uses

Collateral	Total	Uses	Total
Accounts Receivable	\$1,079	Refi Bank of the Sierra	\$2,748
Inventory	\$4,801	Growth Capital on LOC	\$2,252
Appraised RE & Property	\$66,200	Second Mortgage	\$10,000
Equipment	\$4,749	Transaction Fees	\$450
Total Collateral	\$76,829	Total Uses	\$15,450

TRANSACTION TEAM

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