

COMPANY OVERVIEW

Our Client (the “Company”) is a long-tenured, family-owned specialty rebar contractor providing estimating, detailing, fabrication, delivery, and installation of reinforcing steel for construction projects across the Western United States.

Operating since 1954 from fabrication yards across Northern California, Southern California, the Pacific Northwest, and Arizona, the Company serves commercial, public-works, infrastructure, institutional, and large private projects. Revenue was ~\$146MM in FY2024 and ~\$172MM in FY2025; through May 2026, revenue was ~\$74MM with monthly billings ramping into peak season.

Revenue mix is approximately 75% furnish-and-install (F&I) work performed with union field crews and 25% material-only (FOB) sales, serving general contractors, concrete contractors, placing companies, and public agencies.

The FY2025 operating loss was tied to identifiable, substantially completed projects and margin issues; the responsible project manager has departed, and FY2026 bidding reflects improved discipline and a higher-margin mix.

Monthly borrowing base reporting is in place under the incumbent facility, supported by detailed AR agings, inventory reporting by yard, and job-level WIP schedules.

TRANSACTION OVERVIEW

The Company is seeking up to ~\$55MM of senior secured debt, comprising ~\$50MM AR and inventory revolver plus a ~\$5MM equipment-supported term loan, to: i) refinance its existing bank facility (~\$29.8MM revolver at the borrowing base cap, plus ~\$1.1MM term); ii) repay ~\$8.5MM of owner and related-party advances that funded near-term working capital; and iii) normalize trade vendors and fund peak-season working capital as billings ramp.

Facility Rationale: The incumbent facility is constrained by size, not collateral quality – the borrowing base is at the \$30MM cap with availability effectively exhausted, while eligible collateral grows with the billing ramp.

KEY CREDIT HIGHLIGHTS

Transaction Highlights

FY2025 Revenue	Contracted backlog	May '26 Gross Margin
\$172MM	\$159MM	~8.3% vs. 5.1% Jan-April*

*higher-margin backlog converting

❖ Collateral Supports Larger Facility

Borrowing Base (illustrative)	\$MM	Advanced
Gross Accounts Receivable	\$49.9	
Eligible AR (net of retention)	\$36.9	85% \$31.3
Inventory	\$7.5	50% \$3.8
Implied Borrowing Base (uncapped)		\$35.1
Current Facility Cap		\$30.0
Suppressed Availability		(\$5.1)

- The collateral already generates more availability than the incumbent facility permits
- The borrowing base is expected to exceed the incumbent's \$30MM cap by approximately \$5–6MM at June 30, with suppression expanding through the seasonal ramp in the second half.
- Retention receivables of ~\$13.0MM are excluded from eligibility, and equipment (est. \$6MM+) can support the proposed term component

❖ Recovery Underway

	Proj.			
(\$MM)	FY '24	FY '25	YTD MAY	FY '26
Revenue	\$146	\$172	\$74	\$229
GM	14.7%	11.0%	5.7%	11.6%

- Record ~\$159MM contracted backlog (~\$130MM WIP + ~\$29MM FOB) — largest in Company history, weighted toward higher-margin work
- FY2025 loss tied to identifiable project and margin issues; affected jobs are complete or nearing completion, the responsible PM has departed, and the associated losses are substantially recognized
- ~\$15.6MM owner support converted to equity; additional ~\$8.5MM advanced in 2026, repaid at close

TRANSACTION TEAM

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