



Sell-side report

Quality of Earnings

Prepared for Acme Industrial Services, LLC

June 2026

Strictly private & confidential



About this Report

Report letter

John Smith · Meridian Capital Partners

Dear Client,

We have obtained information with respect to the proposed divestiture of Acme Industrial Services, LLC ("Company") by Meridian Capital Partners ("Client") to assist Client in understanding the historical financial position and results of the Company. A substantial amount of the information herein was furnished by Company management; we have not independently verified its accuracy or completeness.

This report is solely for Client's use in connection with the contemplated transaction and may not be distributed outside of Client without OakStern's consent. Our procedures were limited to those outlined in the engagement letter and do not constitute an audit or review under AICPA standards; we express no opinion or other form of assurance.

Engagement team

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Industry-specific terms

Company	Acme Industrial Services, LLC
FY23 - FY25	Fiscal years ended December 31
Break - fix	Unplanned, demand - driven repair work billed on a time - and - materials basis, as distinct from scheduled preventive maintenance
ACV	Annual Contract Value; the annualized value of a recurring preventive - maintenance contract

Quality of Earnings

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Section 1

Business Overview

Operational Description

Reporting Environment

Management & Headcount

Operational Description

Operational description

Acme Industrial Services, LLC provides preventive maintenance and on-call repair services to commercial property owners across the Mid-Atlantic. Acme operates from a single facility in Wilmington, DE, dispatching mobile crews to approximately 1,200 active customer sites across DE, PA, NJ, and MD.

Founded in 2009 by the current owner, the Company expanded from a single truck to its current 84-employee operation through organic customer additions and selective recruitment of regional field-services veterans.

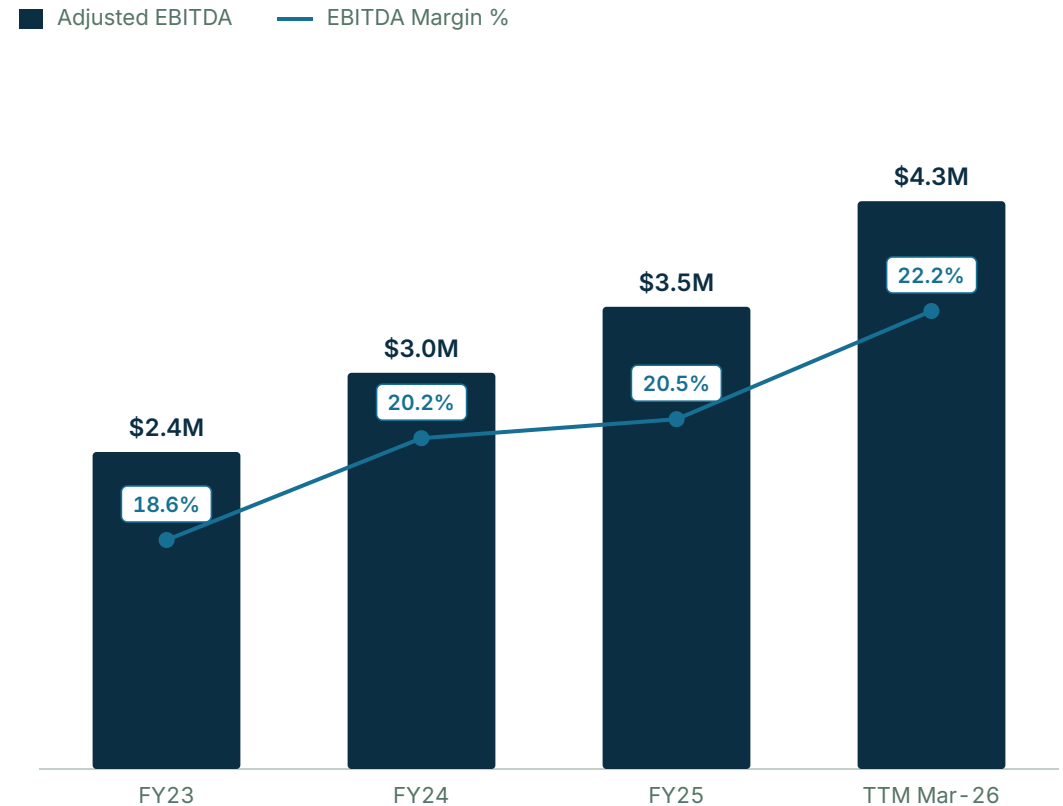
Revenue is split among recurring preventive maintenance contracts billed monthly (38% of TTM revenue), demand-driven time-and-materials repair work (45%), and capital project installations (17%). Average ticket size is \$1,840.

Industry overview

The commercial property services sector serves owners and operators of office, industrial, retail, and mixed-use properties through a combination of recurring maintenance contracts and break-fix repair services. The sector is highly fragmented at the local and regional level, with national consolidation accelerating among facility-services platforms. Customer relationships are typically multi-year with high switching costs once an operator is embedded in customer maintenance management systems.

Source: OakStern Commercial Due Diligence — Commercial Property Services sector report.

Adjusted EBITDA trend



Adjusted EBITDA grew at a 21.6% CAGR (FY23 to TTM), with margin expansion of 360 bps reflecting recurring revenue mix shift and G&A leverage.

Reporting Environment

Financial reporting environment

Systems Stack

QuickBooks Online (ERP) - FieldEdge (FSM) - Gusto (Payroll)

Days to Close

Business day 12

Last Audit / Review / Compilation

None - no audit, review, or compilation completed in the trailing five years

Accounting / Finance Headcount

2 FTE

Roles

Chief Financial Officer (joined Q3 FY25); Staff Accountant (5-yr tenure)

Key accounting cycles

Cycle	Policy	Impact
Revenue	Multi-month service contracts recognized at contract signing rather than ratably; deviation from ASC 606 <i>See Appendix — Accounting Policies</i>	Adjustment shifts \$315K from FY25 into FY26 <i>See Section III - Quality of Earnings</i>
Inventory	FIFO basis; parts and consumables only; no obsolescence allowance maintained <i>See Appendix — Accounting Policies</i>	No material impact identified
Bad Debt Reserve	Maintained at 1.2% of AR; below industry benchmark of 2.5 - 3.0% <i>See Appendix — Accounting Policies</i>	Reserve true-up of (\$65K) booked as a balance sheet adjustment <i>See Section IV - Net Working Capital</i>
PTO Liability	Not booked on the balance sheet; tracked off-system in HR file <i>See Appendix — Accounting Policies</i>	\$110K booked as a debt-like item at close <i>See Section V - Net Debt</i>



Management & Headcount

Management

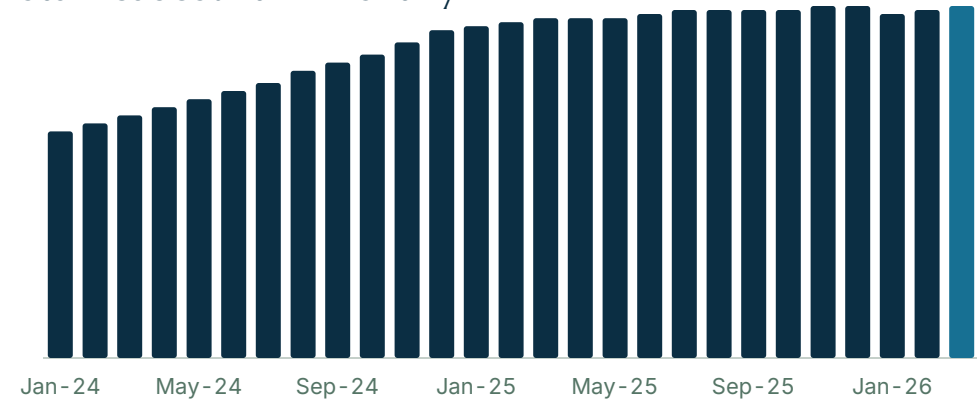
Name	Title	Tenure	Comp (Current)	Comp (Go-Fwd)
[Owner Name]	Founder & CEO	17 yrs	\$425K	\$350K
[CFO Name]	Chief Financial Officer	1 yr	\$215K	\$240K
[Operations Lead]	VP Operations	9 yrs	\$180K	\$195K
[Sales Director]	Sales Director	2 yrs	\$155K	\$165K

- [Owner Name] — Strategic direction, key customer relationships, supplier negotiations
- [CFO Name] — Financial reporting, treasury, FP&A, monthly close
- [Operations Lead] — Field operations, dispatch, crew management
- [Sales Director] — Outbound growth, account management, new logo acquisition

Key employees

- [Lead Project Manager] (Senior PM) — Owns top-3 customer relationships; departure would jeopardize 18% of TTM revenue
- [Dispatch Manager] (Operations) — Sole operator of dispatch system; backup not currently trained

Total headcount — monthly



Headcount by function

Function	FY23	FY24	FY25	TTM
Field Technicians	42	51	60	62
Dispatch / CSR	8	10	11	12
Office / Admin	4	5	6	6
Leadership	3	4	4	4
Total	57	70	81	84



Section 2

Executive Summary

Key Financial Metrics

Summary of Findings

Reported EBITDA → FCF Bridge

Key Financial Metrics

Income statement metrics (\$K)

Metric	FY23	FY24	FY25	TTM Mar-26
Revenue	12,890	14,820	17,105	19,240
Gross Profit	4,820	5,605	6,725	7,830
Gross Profit %	37.4%	37.8%	39.3%	40.7%
PF Adj EBITDA	2,395	2,585	3,390	4,530
PF EBITDA Margin	18.6%	17.4%	19.8%	23.5%
Avg Headcount	57	68	81	85
Free Cash Flow	1,610	1,820	2,400	3,000
Cash Conversion %	67.2%	70.4%	70.8%	70.3%

Revenue grew at a 15.4% CAGR; PF EBITDA margin expanded 490 bps over the historical period.

Balance sheet metrics (\$K)

Metric	FY23		FY24		FY25		TTM Mar-26	
	End	Avg	End	Avg	End	Avg	End	Avg
Net Debt	(720)	(680)	(165)	(160)	(135)	(150)	(145)	(150)
Adj. NWC	7,680	7,540	8,425	8,180	8,995	8,820	9,105	8,720
Cash	620	510	910	780	1,180	1,055	1,305	1,180
AR	2,150	2,180	2,560	2,420	2,890	2,815	3,120	2,960
Inventory	205	215	230	228	240	238	245	240

Net Debt has improved each year; NWC averages have scaled in line with revenue growth.

Net working capital peg

\$8.7M

12-month trailing avg of monthly balances
Latest: \$9.1M · +\$385K surplus

Debt-like inventory

\$550K

PTO liability	\$110K
Customer deposits	\$210K
Deferred bonus accrual	\$185K
Unpaid sales tax	\$45K

Industry KPIs

Pulled from Market Observations Value Drivers

Recurring revenue %	38%
Avg ticket size	\$1,840
Field-tech utilization	78%
Customer retention	94%



Summary of Findings

Accounting

Revenue cutoff at year-end — Multi-month contracts recognized at signing rather than ratably; out-of-period revenue identified and adjusted.

(\$40K) EBITDA

See Section III

Bad debt reserve below benchmark — Reserve at 1.2% of AR vs. 2.5–3.0% peer median; true-up recommended given \$480K of >90-day AR.

(\$65K) NWC

See Section IV

PTO liability not booked — Accrued vacation liability of \$110K at Mar-26 tracked off-system; booked as debt-like at close.

(\$110K) Net Debt

See Section V

Financial

Recurring revenue mix shift — Recurring contract revenue grew from 22% → 38% over three years, supporting margin expansion.

+490 bps margin

See Section II

Strong cash conversion — TTM EBITDA → FCF conversion of 70%, supporting standard credit assumptions in deal structure.

70.3% conversion

See Section IX

Operational

Customer concentration — Top 3 customers represent 41% of TTM revenue with month-to-month contractual structure; operationally integrated.

Materiality: High

See Section VII

Owner dependence — Founder remains sole signatory on key supplier contracts; no documented succession or backup operator.

Materiality: Med

See Section I

Opportunities

Pricing power — Jan-26 5% price increase absorbed with zero documented churn; supports continued pricing actions.

+\$220K PF EBITDA

See Section III

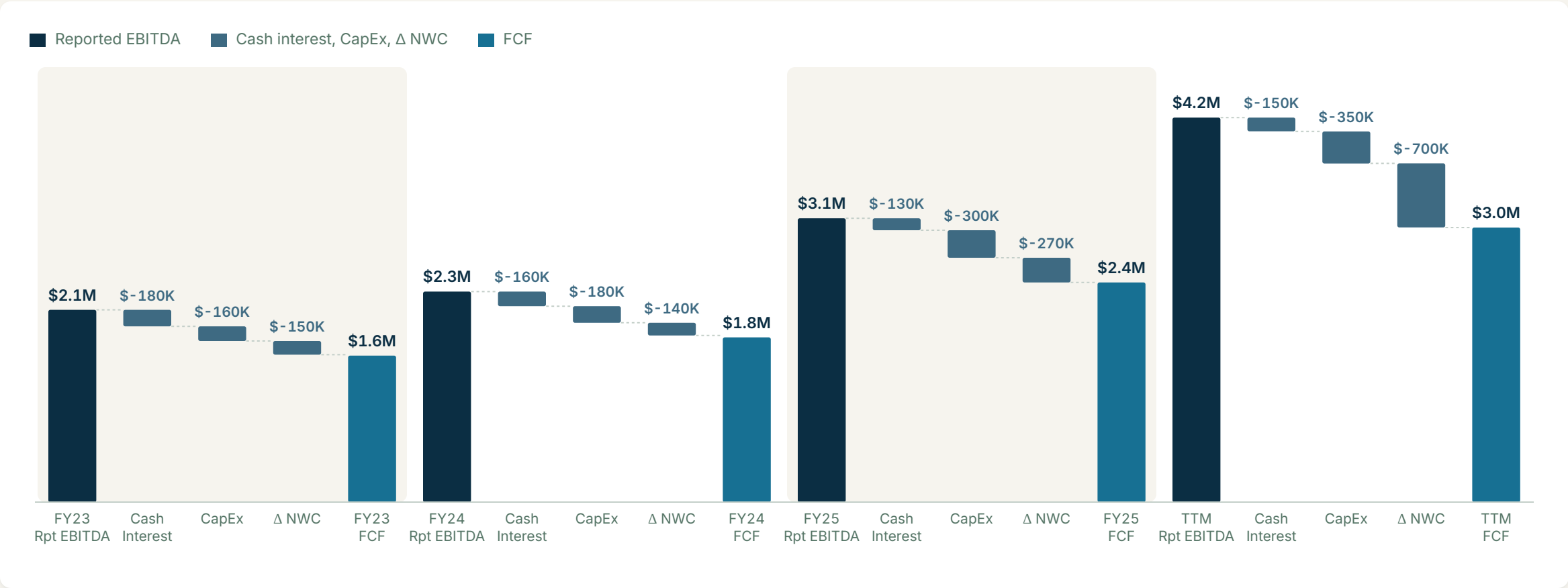
New logo retention — FY25 cohort showing 96% logo retention / 108% NDR — strong product-market fit.

+\$150K PF EBITDA

See Section VII



Reported EBITDA → FCF Bridge



Reported EBITDA converts to free cash flow at a 70%+ rate across the historical period. Cash interest is declining as the revolver is paid down; CapEx remains a low single-digit percent of revenue; the TTM ΔNWC drag reflects AR growth from new -logo additions in late FY25.



Section 3

Quality of Earnings

Adjustments to Reported EBITDA

Adjusted EBITDA Bridge

Quality of Earnings

\$'000	FY22	FY23	FY24	TTM Mar - 26
Net income / (loss)	(8,540)	(6,820)	(3,580)	(2,710)
Interest expense, net	1,180	1,540	1,820	1,920
Taxes	-	-	-	-
Depreciation & amortization	3,640	4,090	4,420	4,440
Reported EBITDA	(3,720)	(1,190)	2,660	3,650
Total Due Diligence Adjustments	450	(95)	645	720
Adjusted EBITDA	(3,270)	(1,285)	3,305	4,370
Total Pro Forma Adjustments	(110)	(110)	(110)	260
Pro Forma Adjusted EBITDA	(3,380)	(1,395)	3,195	4,630

Reported EBITDA

Reported EBITDA is calculated as net income/(loss) before net interest expense, income taxes, and depreciation & amortization. Amounts are derived from the Company's trial balances and reconcile to internal management reporting.

No income taxes are added back to arrive at Reported EBITDA because the Company is a pass-through entity for federal tax purposes.

Due Diligence Adjustments

Through review of the Company's financial statements, discussions with management, and the agreed-upon procedures detailed in the engagement letter, OakStern identified items considered non-cash, non-recurring, non-operating, or subject to normalization. Each adjustment is detailed on the pages that follow.

Pro Forma Adjustments

Pro forma adjustments reflect run-rate items that are supportable but not yet captured in reported results — FMV related-party adjustments, annualized contractual changes, and similar normalizations.

Quality of Earnings

\$'000	FY22	FY23	FY24	TTM Mar-26
Net income / (loss)	(8,540)	(6,820)	(3,580)	(2,710)
Interest expense, net	1,180	1,540	1,820	1,920
Taxes	-	-	-	-
Depreciation & amortization	3,640	4,090	4,420	4,440
Reported EBITDA	(3,720)	(1,190)	2,660	3,650
Due diligence adjustments				
Owner compensation normalization	320	340	395	420
Owner-personal expenses	130	145	165	180
Non-recurring legal settlements	-	-	-	95
One-time M&A advisory fees	-	-	85	65
Out-of-period revenue cutoff	-	-	-	(40)
PPP loan forgiveness reversal	-	(580)	-	-
Total DD Adjustments	450	(95)	645	720
Adjusted EBITDA	(3,270)	(1,285)	3,305	4,370
Pro forma adjustments				
FMV rent normalization	(110)	(110)	(110)	(110)
Annualized price increase	-	-	-	220
FY25 new-logo run-rate	-	-	-	150
Total PF Adjustments	(110)	(110)	(110)	260
Pro Forma Adjusted EBITDA	(3,380)	(1,395)	3,195	4,630

Owner Compensation Normalization

The Company's founder/CEO is compensated at \$425K annually with discretionary bonus arrangements that exceed market-rate compensation for an equivalent third-party operator of a business of this scale and complexity.

OakStern normalized founder compensation to a market-replacement CEO rate of \$350K using executive-compensation survey data for commercial property services companies in the \$15 - 25M revenue band. The adjustment removes the excess from each historical period and is supported by both the comp survey detail and the engagement-letter agreed-upon methodology.

Component	Actual	Market	Adjustment
Base salary	\$325K	\$275K	\$50K
Annual bonus	\$80K	\$60K	\$20K
Benefits / car	\$20K	\$15K	\$5K
Total	\$425K	\$350K	\$75K

See Appendix for additional detail.

Owner-Personal Expenses

OakStern identified discretionary spend categorized as business expense that is personal in nature to the founder, including a leased vehicle (not pool-vehicle), country-club dues, owner travel without business purpose, and select meals and entertainment. Adjustments by vendor are detailed in the Appendix.

The owner confirmed each item during the addback session; no items in the candidate list were disputed.

See Appendix for additional detail.

Quality of Earnings

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Non-Recurring Legal Settlements

In Q2 FY25, the Company settled a contract dispute with a former enterprise customer for \$95K plus outside counsel fees. The matter related to a single canceled engagement and closed definitively in Q3 FY25. Review of FY22 and FY23 legal categories confirms no prior contract - dispute pattern.

See Appendix for additional detail.

One-Time M&A Advisory Fees

In FY24 and TTM FY26, the Company incurred \$85K and \$65K of fees to a prior sell-side advisor engaged to conduct a strategic alternatives review. The engagement was terminated in Q1 FY26 and the fees are non-recurring in the run-rate cost structure.

See Appendix for additional detail.

Out-of-Period Revenue Cutoff

Review of December 2025 invoicing identified \$40K of multi-month service contract revenue recognized in full at signing rather than ratably. The adjustment shifts the unearned portion into FY26.

See Appendix for additional detail.



Quality of Earnings

\$'000	FY22	FY23	FY24	TTM Mar - 26
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PPP Loan Forgiveness Reversal

In FY23, the Company received forgiveness of a \$580K PPP loan and recorded the gain through other income. The reversal removes this non-recurring item from Reported EBITDA for FY23.

See Appendix for additional detail.

FMV Rent Normalization (Pro Forma)

The Company leases its Wilmington, DE headquarters from an entity controlled by the founder at a below-market rate. Three comparable industrial/flex-space leases in the Wilmington corridor support a fair-market range of \$14-15/sf vs. current paid rate of \$10/sf. The pro forma adjustment normalizes rent expense to \$14/sf, reducing PF Adj EBITDA by \$110K per period.

See Appendix for additional detail.

Quality of Earnings

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Pro Forma Adjusted EBITDA	(3,380)	(1,395)	3,195	4,630

Annualized Price Increase (Pro Forma)

The Company implemented a 5% price increase across all contract categories effective January 2026. The increase has been live for five months as of report date with zero documented churn attributable to price. The pro forma adjustment annualizes the increase at trailing twelve-month volume - no growth assumption embedded.

See Appendix for additional detail.

FY25 New-Logo Run-Rate (Pro Forma)

FY25 new logo additions contributed \$1.2M of incremental revenue, with the majority booked in Q4. The pro forma adjustment annualizes the Q4 run-rate at trailing gross margin to reflect the full-year earnings contribution of the FY25 cohort.

See Appendix for additional detail.



Section 4

Working Capital, Debt and Closing

Adjusted Net Working Capital

Target Net Working Capital

Net Debt and Debt-Like Items

Purchase Agreement Considerations

Adjusted Net Working Capital

\$'000	FY23	FY24	FY25	TTM Mar - 26
Operating current assets				
Accounts Receivable	2,150	2,560	2,890	3,120
Inventory	205	230	240	245
Prepaid Expenses	85	95	105	110
Other Current Assets	35	40	42	45
Total Operating CA	2,475	2,925	3,277	3,520
Operating current liabilities				
Accounts Payable	(1,180)	(1,310)	(1,420)	(1,485)
Accrued Payroll	(490)	(545)	(610)	(640)
Customer Deposits	(160)	(180)	(200)	(210)
Other Current Liab	(75)	(80)	(88)	(95)
Total Operating CL	(1,905)	(2,115)	(2,318)	(2,430)
Reported NWC	570	810	959	1,090
Adjustments				
PTO liability accrual	(95)	(100)	(105)	(110)
Bad debt reserve true-up	(50)	(55)	(60)	(65)
Unbilled service revenue	35	45	50	55
Reclass customer deposits to Net Debt	160	180	200	210
Reclass current portion of debt to Net Debt	7,060	6,675	8,381	8,545
Adjusted NWC	7,680	7,555	9,425	9,725

PTO Liability Accrual

Accrued vacation liability is currently tracked off-system in an HR file rather than booked to the balance sheet. OakStern recommends recognizing the accrued PTO liability on the Adjusted NWC build. The same amount is also booked as a debt-like item at close to reflect the obligation to fund vested PTO post-transaction.

Bad Debt Reserve True-Up

The Company maintains a 1.2% bad debt reserve against AR vs. industry benchmark of 2.5-3.0%. Of the \$3.1M Mar-26 AR balance, ~\$480K is aged >90 days. OakStern's adjustment increases the reserve to industry-comparable levels.

Unbilled Service Revenue

Multi-month service contracts billed in arrears generate unbilled revenue between billing cycles. OakStern booked this as an AR adjustment to align Adjusted NWC with the run-rate working capital need.

Adjusted Net Working Capital

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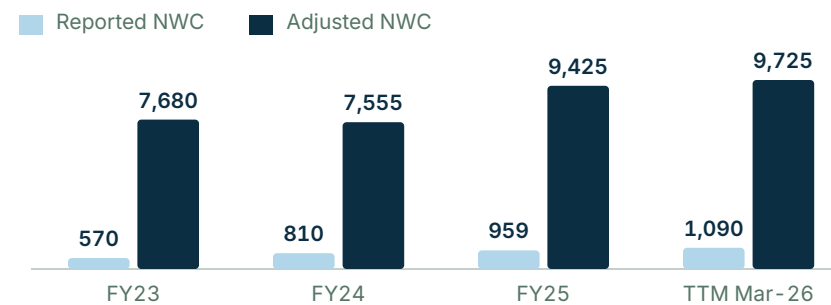
Customer Deposits Reclass

Customer deposits are refundable advance billings for capital projects. Because the obligation must be settled in cash at close (or assumed by the buyer), OakStern reclasses customer deposits from operating NWC to a debt-like item at close.

Current Portion of Debt Reclass

Short-term debt and current portion of long-term debt are reclassified from Reported NWC to Net Debt for purposes of the Adjusted NWC build, consistent with standard practice in transaction NWC pegs.

Reported NWC vs. Adjusted NWC (\$'000)



Target Net Working Capital

Methodology comparison

Methodology	Target NWC (\$K)
3-month trailing average	\$9,640
6-month trailing average	\$9,425
12-month trailing average (Recommended)	\$8,720

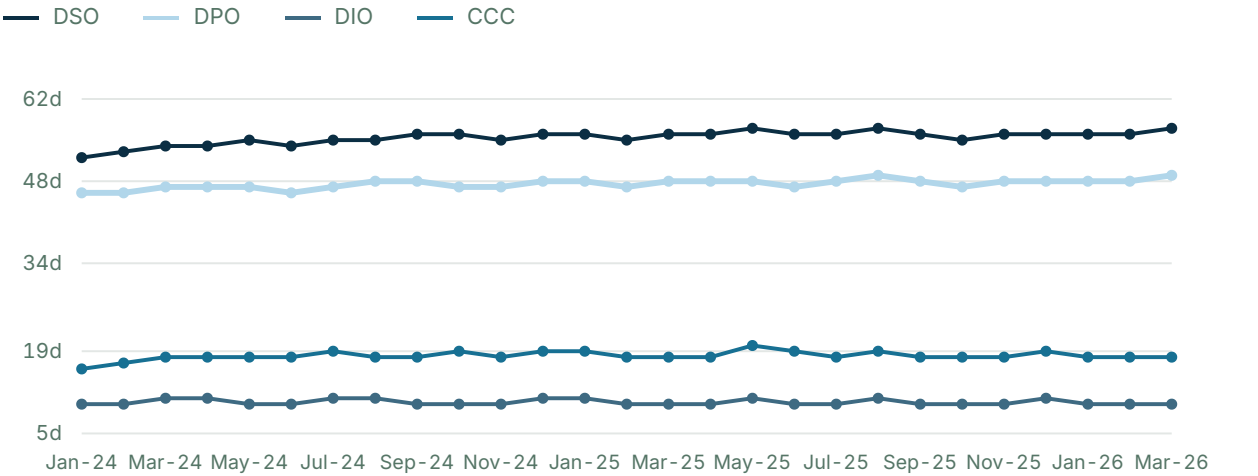
OakStern recommends a Target NWC of **\$8,720K** using the 12-month trailing average of monthly balances. The 12-month methodology smooths through seasonality and the lift in NWC in the most recent two quarters tied to the FY25 new logo additions. Latest Adjusted NWC of \$9,725K implies a **\$1,005K surplus** at close vs. the recommended Target.

Closing cash impact — scenarios

Item	If Included	If Excluded	Swing (\$K)
Customer deposits in NWC (vs debt-like)	\$9,725K NWC	\$9,515K NWC	\$210
PTO liability in NWC (vs debt-like)	\$9,615K NWC	\$9,725K NWC	\$110
Deferred bonus accrual	\$9,725K NWC	\$9,540K NWC	\$185
Unpaid sales tax	\$9,725K NWC	\$9,680K NWC	\$45

Each row shows the impact to Adjusted NWC at close under inclusion vs. exclusion. OakStern's recommended treatment reclasses each item to Net Debt / Debt-Like at close.

Days-based metrics (monthly)



Net Debt and Debt-Like Items

\$'000	FY23	FY24	FY25	TTM Mar - 26
Cash & cash-like				
Operating cash	620	910	1,180	1,305
Restricted cash (escrow)	55	70	80	85
Subtotal — Cash & Cash-Like	675	980	1,260	1,390
Debt				
Revolver (Line of Credit)	(720)	(680)	(610)	(650)
Term note — equipment	(420)	(380)	(340)	(340)
SBA EIDL note	(150)	(140)	(130)	(120)
Subtotal — Debt	(1,290)	(1,200)	(1,080)	(1,110)
Debt-like items				
PTO liability (unbooked)	(95)	(100)	(105)	(110)
Customer deposits (refundable)	(160)	(180)	(200)	(210)
Deferred bonus accrual	(155)	(170)	(180)	(185)
Unpaid sales tax (post-close)	(40)	(42)	(44)	(45)
Subtotal — Debt-Like Items	(450)	(492)	(529)	(550)
Net Debt at Close	(1,065)	(712)	(349)	(270)

Operating Cash

Operating cash represents the unrestricted bank balance available for working capital and general corporate purposes. The trailing-period build reflects strong cash generation from operations net of distributions to the owner.

Restricted Cash (Escrow)

Restricted cash is held in escrow against customer-funded capital project performance bonds. Released to operating cash on project completion.

Revolver Line of Credit

The Company maintains a \$1.5M revolver with its commercial banking partner. Trailing balances reflect normal seasonal working capital draw-downs. Outstanding balance at close treated as Debt.



Net Debt and Debt-Like Items

\$'000	FY23	FY24	FY25	TTM Mar-26
Cash & cash-like				
Operating cash	620	910	1,180	1,305
Restricted cash (escrow)	55	70	80	85
Subtotal — Cash & Cash-Like	675	980	1,260	1,390
Debt				
Revolver (Line of Credit)	(720)	(680)	(610)	(650)
Term note — equipment	(420)	(380)	(340)	(340)
SBA EIDL note	(150)	(140)	(130)	(120)
Subtotal — Debt	(1,290)	(1,200)	(1,080)	(1,110)
Debt-like items				
PTO liability (unbooked)	(95)	(100)	(105)	(110)
Customer deposits (refundable)	(160)	(180)	(200)	(210)
Deferred bonus accrual	(155)	(170)	(180)	(185)
Unpaid sales tax (post-close)	(40)	(42)	(44)	(45)
Subtotal — Debt-Like Items	(450)	(492)	(529)	(550)
Net Debt at Close	(1,065)	(712)	(349)	(270)

Term Note — Equipment

Equipment financing tied to truck and tool acquisitions. Amortizes over a 5-year term. Outstanding balance at close treated as Debt.

SBA EIDL Note

Economic Injury Disaster Loan from the COVID-era SBA program. Long-amortization, low-rate. Outstanding balance at close treated as Debt and would be repaid via deal proceeds.

Debt-Like Items

The four debt-like items (PTO liability, customer deposits, deferred bonus, unpaid sales tax) total \$550K at Mar-26. Each represents an obligation that must be funded post-close and is therefore reflected against purchase price as Debt-Like rather than as part of operating NWC.



Purchase Agreement Considerations

NWC definition — GL account treatment

Account	Treatment
Accounts Receivable (gross)	INCLUDE
Allowance for doubtful accounts	INCLUDE
Inventory (FIFO)	INCLUDE
Prepaid expenses (operating)	INCLUDE
Income tax receivable	EXCLUDE
Accounts Payable (trade)	INCLUDE
Accrued payroll & commissions	INCLUDE
Accrued operating expenses	INCLUDE
Customer deposits (refundable)	EXCLUDE
PTO liability	EXCLUDE
Income tax payable	EXCLUDE
Current portion of long-term debt	EXCLUDE

Indebtedness definition language — recommended

Indebtedness shall mean the aggregate amount, without duplication, of (i) all indebtedness of the Company for borrowed money, including the principal of and accrued and unpaid interest on the Revolver, Term Note — Equipment, and SBA EIDL Note; (ii) any accrued PTO liability not otherwise recorded in Closing Working Capital; (iii) any refundable customer deposits; (iv) any accrued and unpaid bonus obligations; (v) any accrued and unpaid taxes; and (vi) any prepayment penalties, breakage costs, or other amounts payable upon repayment or termination of the foregoing at Closing.

Target / closing WC & true-up language

Target Working Capital shall mean \$8,720,000, calculated as the 12-month trailing average of monthly Adjusted Working Capital. **Closing Working Capital** shall mean Working Capital as of the Closing Date, calculated on a basis consistent with the Target Working Capital methodology and in accordance with the Definitions and the Accounting Principles set forth in Schedule [X]. The Purchase Price shall be adjusted dollar-for-dollar by the difference between Closing Working Capital and Target Working Capital, with no collar or deductible. The Working Capital True-Up shall be finalized within 90 days post-Closing.

Drafted from sell-side perspective — tone toggles by engagement type.





Section 5

Reported Financials

Income Statement Flux Analysis

Balance Sheet Flux Analysis

Income Statement Flux Analysis

\$'000	\$ Amounts				% of Revenue			
	FY23	FY24	FY25	TTM Mar-26	FY23	FY24	FY25	TTM Mar-26
Revenue	12,890	14,820	17,105	19,240	100.0%	100.0%	100.0%	100.0%
Recurring PM contracts	3,990	5,350	6,280	7,320	30.9%	36.1%	36.7%	38.0%
T&M repair	6,420	6,920	7,705	8,660	49.8%	46.7%	45.0%	45.0%
Capital projects	2,480	2,550	3,120	3,260	19.2%	17.2%	18.2%	17.0%
Cost of Goods Sold	(8,070)	(9,215)	(10,380)	(11,410)	(62.6%)	(62.2%)	(60.7%)	(59.3%)
Parts & materials	(2,810)	(3,215)	(3,620)	(3,950)	(21.8%)	(21.7%)	(21.2%)	(20.5%)
Direct labor	(4,290)	(4,880)	(5,495)	(6,080)	(33.3%)	(32.9%)	(32.1%)	(31.6%)
Subcontractors	(600)	(685)	(775)	(870)	(4.7%)	(4.6%)	(4.5%)	(4.5%)
Truck / fuel / other	(370)	(435)	(490)	(510)	(2.9%)	(2.9%)	(2.9%)	(2.7%)
Gross Profit	4,820	5,605	6,725	7,830	37.4%	37.8%	39.3%	40.7%
Operating Expenses	(3,090)	(3,460)	(3,905)	(4,280)	(24.0%)	(23.3%)	(22.8%)	(22.2%)
Salaries & wages — G&A	(1,320)	(1,480)	(1,665)	(1,820)	(10.2%)	(10.0%)	(9.7%)	(9.5%)
Sales & marketing	(335)	(380)	(460)	(520)	(2.6%)	(2.6%)	(2.7%)	(2.7%)
Rent & occupancy	(235)	(240)	(245)	(250)	(1.8%)	(1.6%)	(1.4%)	(1.3%)
Software & IT	(190)	(215)	(270)	(305)	(1.5%)	(1.5%)	(1.6%)	(1.6%)
Professional services	(165)	(185)	(210)	(235)	(1.3%)	(1.2%)	(1.2%)	(1.2%)
Insurance	(145)	(165)	(185)	(205)	(1.1%)	(1.1%)	(1.1%)	(1.1%)
Other G&A	(700)	(795)	(870)	(945)	(5.4%)	(5.4%)	(5.1%)	(4.9%)
Reported EBITDA	1,730	2,145	2,820	3,550	13.4%	14.5%	16.5%	18.5%

Revenue — Recurring PM Contracts

Recurring PM contract revenue grew at a 22% CAGR (FY23 → TTM), substantially outpacing T&M repair and capital project growth. The mix shift toward recurring revenue is the principal driver of operating leverage in the historical period.

Revenue — T&M Repair

T&M repair revenue scaled in line with overall customer count, demonstrating consistent demand-driven activity. Average ticket size grew 8.2% YoY through the rate-card increase implemented in January 2025.

Revenue — Capital Projects

Capital project revenue is lumpier than other channels but grew at an 8.4% CAGR. The FY25 step-up reflected three multi-site customer expansions; TTM softness reflects normal pipeline timing.



Income Statement Flux Analysis

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	FY23	FY24	FY25	TTM Mar-26	FY23	FY24	FY25	TTM Mar-26
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Sales & marketing	(335)	(380)	(460)	(520)	(2.6%)	(2.6%)	(2.7%)	(2.7%)
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Insurance	(145)	(165)	(185)	(205)	(1.1%)	(1.1%)	(1.1%)	(1.1%)
Other G&A	(700)	(795)	(870)	(945)	(5.4%)	(5.4%)	(5.1%)	(4.9%)
Reported EBITDA	1,730	2,145	2,820	3,550	13.4%	14.5%	16.5%	18.5%

COGS — Direct Labor

Direct labor grew 13.3% CAGR (FY23 → TTM), roughly in line with revenue but with productivity gains: revenue per field tech increased from \$232K in FY23 to \$310K in TTM. The FY24 → FY25 step-up of \$615K reflects the addition of 9 net field technicians during the year.

COGS — Parts & Materials

Parts and materials grew 12% CAGR, slightly below revenue growth. The Company benefited from a 3-year supply agreement signed in FY24 with its primary parts distributor (Vendor 1), locking in pricing that has held through TTM.

Subcontractor Spend

Subcontractor utilization tracks capital project volume; growth reflects increased capital work, not erosion of in-house capability. Subcontractor mix at 7.6% of COGS is consistent with peer benchmarks.

Income Statement Flux Analysis

\$'000	\$ Amounts				% of Revenue			
	FY23	FY24	FY25	TTM Mar-26	FY23	FY24	FY25	TTM Mar-26
Revenue	12,890	14,820	17,105	19,240	100.0%	100.0%	100.0%	100.0%
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T&M repair	6,420	6,920	7,705	8,660	49.8%	46.7%	45.0%	45.0%
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Cost of Goods Sold	(8,070)	(9,215)	(10,380)	(11,410)	(62.6%)	(62.2%)	(60.7%)	(59.3%)
Parts & materials	(2,810)	(3,215)	(3,620)	(3,950)	(21.8%)	(21.7%)	(21.2%)	(20.5%)
Direct labor	(4,290)	(4,880)	(5,495)	(6,080)	(33.3%)	(32.9%)	(32.1%)	(31.6%)
Subcontractors	(600)	(685)	(775)	(870)	(4.7%)	(4.6%)	(4.5%)	(4.5%)
Truck / fuel / other	(370)	(435)	(490)	(510)	(2.9%)	(2.9%)	(2.9%)	(2.7%)
Gross Profit	4,820	5,605	6,725	7,830	37.4%	37.8%	39.3%	40.7%
Operating Expenses	(3,090)	(3,460)	(3,905)	(4,280)	(24.0%)	(23.3%)	(22.8%)	(22.2%)
Salaries & wages — G&A	(1,320)	(1,480)	(1,665)	(1,820)	(10.2%)	(10.0%)	(9.7%)	(9.5%)
Sales & marketing	(335)	(380)	(460)	(520)	(2.6%)	(2.6%)	(2.7%)	(2.7%)
Rent & occupancy	(235)	(240)	(245)	(250)	(1.8%)	(1.6%)	(1.4%)	(1.3%)
Software & IT	(190)	(215)	(270)	(305)	(1.5%)	(1.5%)	(1.6%)	(1.6%)
Professional services	(165)	(185)	(210)	(235)	(1.3%)	(1.2%)	(1.2%)	(1.2%)
Insurance	(145)	(165)	(185)	(205)	(1.1%)	(1.1%)	(1.1%)	(1.1%)
Other G&A	(700)	(795)	(870)	(945)	(5.4%)	(5.4%)	(5.1%)	(4.9%)
Reported EBITDA	1,730	2,145	2,820	3,550	13.4%	14.5%	16.5%	18.5%

OpEx — Salaries & Wages (G&A)

G&A salaries grew at 11.3% CAGR — slower than revenue (15.4% CAGR) — generating ~90 bps of operating leverage. The FY25 step-up of \$185K reflects the addition of the CFO (Q3 FY25) and a senior dispatcher.

Sales & Marketing

S&M spend grew 55% over the historical period (CAGR ~16%), reflecting deliberate investment in outbound sales capacity. Investment is producing measurable returns — the FY25 new-logo cohort delivered \$1.2M of incremental booked revenue.

Software & IT

Software & IT grew 60% over the historical period, reflecting FieldEdge implementation (FY24) and incremental reporting tools (FY25). Run-rate has stabilized; no incremental investment anticipated in TTM+12.



Balance Sheet Flux Analysis

\$'000	FY23	FY24	FY25	TTM Mar-26
Current Assets	3,170	3,795	4,275	4,640
Operating cash	620	910	1,180	1,305
Restricted cash (escrow)	55	70	80	85
Accounts receivable, net	2,150	2,560	2,890	3,120
Inventory	205	230	240	245
Prepaid expenses & other	140	135	147	155
Non-Current Assets	2,820	3,015	3,290	3,420
Property, plant & equipment, net	2,540	2,720	2,975	3,090
Right-of-use lease asset	205	215	225	235
Other non-current assets	75	80	90	95
Total Assets	5,990	6,810	7,565	8,060
Current Liabilities	(3,195)	(3,315)	(3,398)	(3,540)
Accounts payable	(1,180)	(1,310)	(1,420)	(1,485)
Accrued payroll	(490)	(545)	(610)	(640)
Customer deposits	(160)	(180)	(200)	(210)
Accrued expenses & other	(75)	(80)	(88)	(95)
Current portion of LTD	(1,290)	(1,200)	(1,080)	(1,110)
Non-Current Liabilities	(205)	(215)	(225)	(235)
Lease liability — non-current	(205)	(215)	(225)	(235)
Equity	2,590	3,280	3,942	4,285
Members' equity / retained	2,590	3,280	3,942	4,285

Accounts Receivable

AR grew at 13.2% CAGR — slightly slower than revenue growth, reflecting modest DSO expansion from 52 to 56 days. The expansion is concentrated in larger anchor customers (top 3 represent 41% of TTM revenue), which carry longer cycle but more stable payment patterns.

Inventory

Inventory is service-business minimal — parts and consumables only. Grown roughly in line with field tech headcount additions. No write-downs in the historical period; turn rate consistent.

Operating Cash

Operating cash more than doubled (FY23 → TTM) despite owner distributions, reflecting strong cash conversion from operations. The Mar-26 balance of \$1.3M represents ~5 weeks of operating expenses.

Balance Sheet Flux Analysis

\$'000	FY23	FY24	FY25	TTM Mar - 26
Current Assets	3,170	3,795	4,275	4,640
Operating cash	620	910	1,180	1,305
Restricted cash (escrow)	55	70	80	85
Accounts receivable, net	2,150	2,560	2,890	3,120
Inventory	205	230	240	245
Prepaid expenses & other	140	135	147	155
Non - Current Assets	2,820	3,015	3,290	3,420
Property, plant & equipment, net	2,540	2,720	2,975	3,090
Right-of-use lease asset	205	215	225	235
Other non-current assets	75	80	90	95
Total Assets	5,990	6,810	7,565	8,060
Current Liabilities	(3,195)	(3,315)	(3,398)	(3,540)
Accounts payable	(1,180)	(1,310)	(1,420)	(1,485)
Accrued payroll	(490)	(545)	(610)	(640)
Customer deposits	(160)	(180)	(200)	(210)
Accrued expenses & other	(75)	(80)	(88)	(95)
Current portion of LTD	(1,290)	(1,200)	(1,080)	(1,110)
Non - Current Liabilities	(205)	(215)	(225)	(235)
Lease liability — non-current	(205)	(215)	(225)	(235)
Equity	2,590	3,280	3,942	4,285
Members' equity / retained	2,590	3,280	3,942	4,285

Property, Plant & Equipment

PP&E grew at 6.7% CAGR — primarily truck/equipment additions tracking field tech headcount growth. No material asset retirements in the historical period. Capital spend is maintenance-only in nature.

Accounts Payable

AP grew at 8.0% CAGR, in line with COGS. Net-30 terms are standard across the vendor base. No payment stretching detected in OakStern's vendor aging review.

Current Portion of LTD

Current portion of long-term debt reflects scheduled amortization of the Term Note and SBA EIDL. The Revolver drawdowns are reported within current portion as well. See Section IV for full debt schedule.



Section 6

Quality of Revenue

Summary

Growth & Mix

Revenue by Customer

Retention Dashboard

ACV Cohort Analysis

Summary

15.4%

Revenue CAGR
FY23 → TTM

38%

Recurring mix
+16 pp / 3 yrs

108%

Net \$ retention
blended TTM

41%

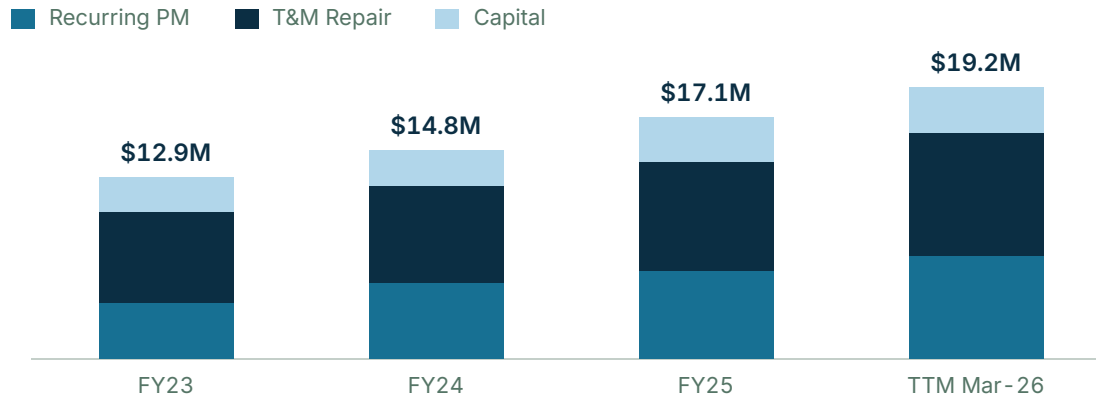
Top 3 concentration
TTM

Key takeaways

Growth above industry median	— 15.4% revenue CAGR exceeds the ~9% industry median, driven by recurring contract mix shift and FY24 sales team build.
Strong retention across cohorts	— Blended NDR of 108%; FY24 and FY25 cohorts at 94% and 96% logo retention respectively.
Demonstrated pricing power	— Jan 2026 5% rate-card increase absorbed with zero documented churn through Mar-26.
Concentration is the primary risk	— Top 3 customers represent 41% of TTM with month-to-month contractual structure; mitigated by operational embedding in customer CMMS systems.
Mix shift toward recurring revenue continues	— Recurring PM contract revenue at 38% of TTM (up from 22% three years ago). Current pipeline at 42% recurring.

Growth & Mix

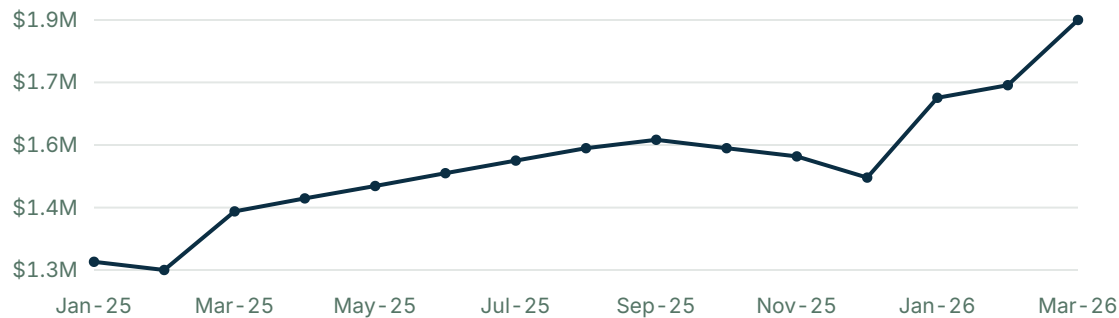
Revenue by channel



Revenue streams

- **Recurring PM contracts** (38% TTM, up from 22% three years ago) — monthly recurring billing, higher gross margin (~45%), customer-CMMS embedded
- **T&M repair** (45% TTM) — demand-driven, stable margins (~38%), avg ticket \$1,840 (up 8.2% YoY)
- **Capital projects** (17% TTM) — lumpy but high contribution per project; FY25 step-up reflected three multi-site customer expansions

Monthly revenue trend



Growth drivers

- 15.4% revenue CAGR vs. industry median ~9%
- Recurring revenue mix shift (+16 pp / 3 yrs) drives margin expansion
- Sales team build in FY24 (Sales Director + 2 BDRs) producing measurable returns — FY25 cohort booked \$1.2M of incremental revenue
- Pricing power demonstrated through January 2026 5% rate-card increase absorbed with zero documented churn

Revenue by Customer

Customer (\$K)	FY23	FY24	FY25	TTM Mar-26	Type
Customer A — anchor REIT	3,450	3,820	4,070	4,230	PM + T&M
Customer B — regional CRE owner	1,820	1,970	2,085	2,180	PM
Customer C — manufacturing HQ	1,310	1,420	1,540	1,620	T&M + Capital
Customer D — multi-site retailer	—	640	880	980	PM
Customer E — university campus	680	720	770	810	PM
Customer F — public REIT	510	555	595	625	PM
Customer G — logistics operator	430	470	510	540	T&M
Customer H — health system	360	390	420	445	T&M
Customer I — public university	310	335	360	380	PM
Customer J — industrial REIT	260	285	310	330	T&M + Capital
Top 10	9,130	10,605	11,540	12,140	
Other (94 customers)	3,760	4,215	5,565	7,100	
Total Revenue	12,890	14,820	17,105	19,240	

Customer A — anchor REIT

Relationship	9-year recurring PM contract holder, 11 active sites across DE/PA/NJ
Growth drivers	Site expansion (added 3 sites in FY24/FY25); contract auto-renewal
Revenue type	Recurring PM + ad-hoc T&M (~85% recurring)
Diligence	<i>Month-to-month nominal terms but Acme is named vendor in customer CMMS — operational switching cost is significant. Buyer should engage directly during diligence.</i>

Customer B — regional CRE owner

Relationship	7-year relationship across 6 sites
Growth drivers	Stable site count; modest rate-card increases adopted
Revenue type	Recurring PM (~95% recurring)
Diligence	<i>Long-tenured but with annual RFP cycles. Last RFP retained without rate concession.</i>



Revenue by Customer

Customer (\$K)	FY23	FY24	FY25	TTM Mar-26	Type
Customer A — anchor REIT	3,450	3,820	4,070	4,230	PM + T&M
Customer B — regional CRE owner	1,820	1,970	2,085	2,180	PM
Customer C — manufacturing HQ	1,310	1,420	1,540	1,620	T&M + Capital
Customer D — multi-site retailer	—	640	880	980	PM
Customer E — university campus	680	720	770	810	PM
Customer F — public REIT	510	555	595	625	PM
Customer G — logistics operator	430	470	510	540	T&M
Customer H — health system	360	390	420	445	T&M
Customer I — public university	310	335	360	380	PM
Customer J — industrial REIT	260	285	310	330	T&M + Capital
Top 10	9,130	10,605	11,540	12,140	
Other (94 customers)	3,760	4,215	5,565	7,100	
Total Revenue	12,890	14,820	17,105	19,240	

Customer C — manufacturing HQ

Relationship	6-year relationship, 2-site manufacturing HQ + DC
Growth drivers	Capital project work in FY25 (DC equipment install) boosted revenue
Revenue type	T&M repair + capital projects (~70/30 split)
Diligence	<i>Lumpier than top-2 due to capital project mix; underlying T&M is stable</i>

Customer D — multi-site retailer

Relationship	FY24 new logo (acquired Q2 FY24); now 12 sites under PM contract
Growth drivers	Site rollout in FY24/FY25; new region adds in FY26 pipeline
Revenue type	Recurring PM (100%)
Diligence	<i>Strongest growth account; FY25 cohort logo retention to-date is 100%</i>



Retention Dashboard

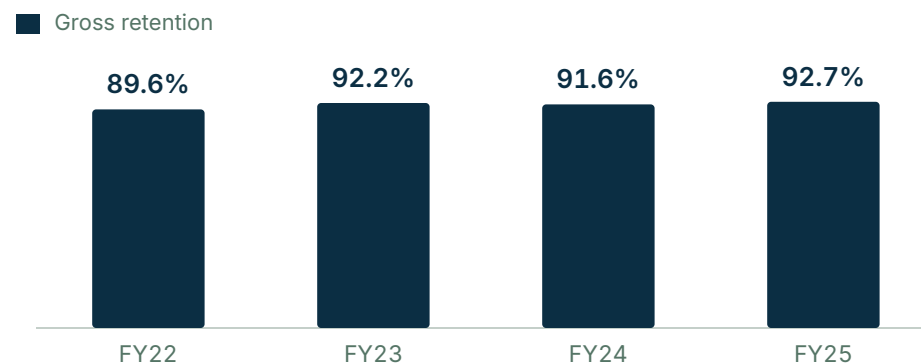
Revenue retention (annual)

\$K	FY22	FY23	FY24	FY25
Beginning existing customer sales	10,500	11,200	12,890	14,820
Less: Churn	(420)	(380)	(485)	(450)
Less: Customers with decreasing sales	(680)	(540)	(595)	(625)
Plus: Customers with increasing sales	1,150	1,420	1,825	2,180
Plus: New customers	650	1,190	1,185	1,080
Ending total customer sales	11,200	12,890	14,820	17,105
Gross retention %	89.6%	92.2%	91.6%	92.7%
Net retention %	104.1%	108.6%	105.4%	108.0%

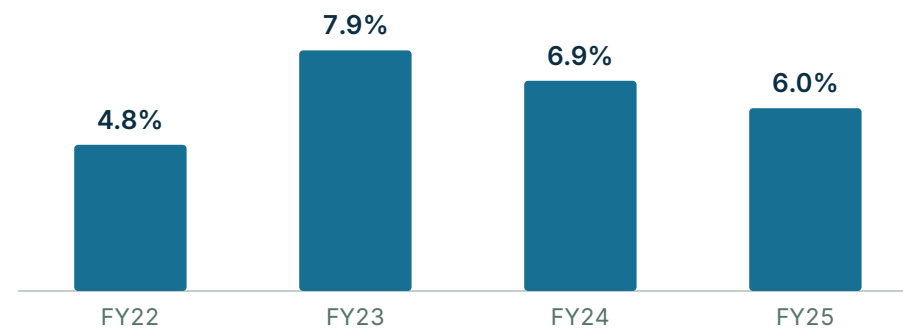
Customer count retention

	FY22	FY23	FY24	FY25
Beginning customer count	98	105	110	115
Plus: New customers	12	14	13	11
Less: Churned customers	(5)	(9)	(8)	(7)
Ending customer count	105	110	115	119
Logo retention %	94.9%	91.4%	92.7%	93.9%

Gross vs net retention (\$)



Churn rate by cohort year



ACV Cohort Analysis

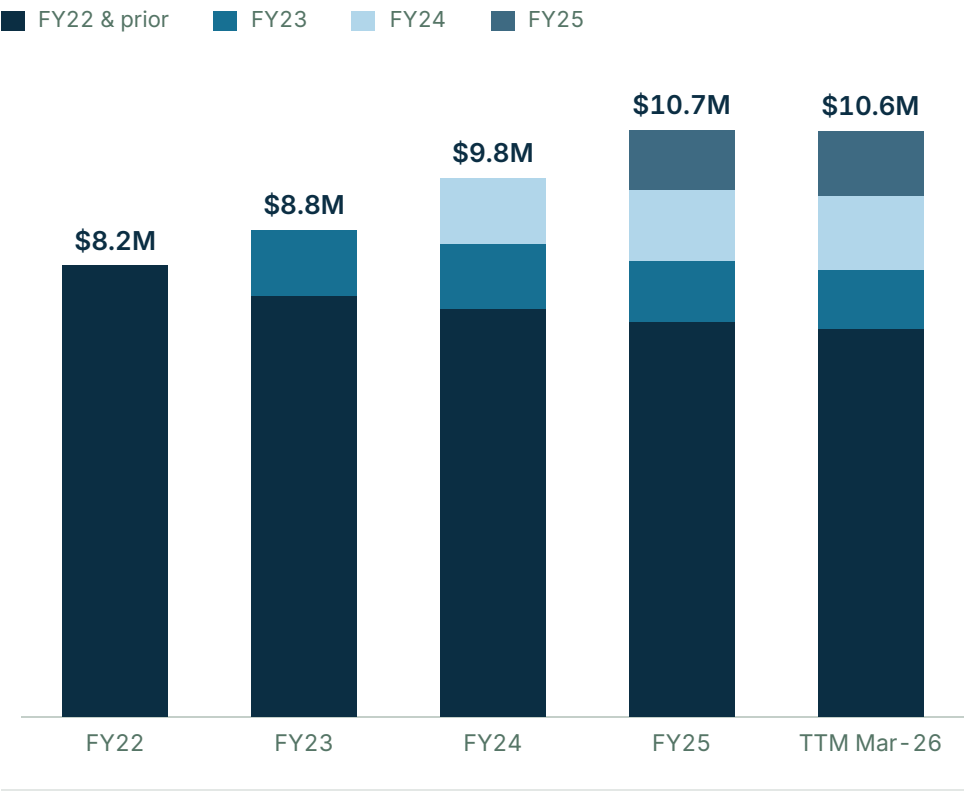
ACV by cohort year × calendar year (\$K)

Cohort	FY22	FY23	FY24	FY25	TTM Mar-26
FY22 & prior	8,200	7,650	7,420	7,180	7,055
FY23	—	1,190	1,180	1,105	1,065
FY24	—	—	1,185	1,290	1,360
FY25	—	—	—	1,080	1,165
TTM new	—	—	—	—	595
Total ACV	8,200	8,840	9,785	10,655	11,240

YoY retention multiples (vs. cohort year)

Cohort	Year 1	Year 2	Year 3	Year 4
FY22	1.00x	0.93x	0.91x	0.88x
FY23	1.00x	0.99x	0.93x	0.89x
FY24	1.00x	1.09x	1.15x	—
FY25	1.00x	1.08x	—	—

Cohort revenue over time (stacked)



Newer cohorts (FY24, FY25) show higher retention multiples than older cohorts, reflecting improvements in onboarding, targeting, and account management. Blended NDR of 108% supports continued double-digit organic growth.



Section 7

Value Driver Analysis

Industry Value Drivers

Financial Value Drivers

Qualitative Value Drivers

Industry Value Drivers

The drivers below are the principal factors that influence valuation multiples in the Commercial Property Services sector. Definitions, market ranges, and the Company's positioning are presented in this section. *OakStern presents data only — interpretation and recommendation is reserved for the separate Value Creation Plan.*

Driver	Measurement	Market Range (Low → High)	
Revenue growth (CAGR)	3-year revenue CAGR	6% → 20%	
Gross margin %	Gross profit / Revenue	32% → 48%	
Adj. EBITDA margin %	Adj. EBITDA / Revenue	12% → 28%	
Recurring revenue %	Recurring contracts / Total rev	15% → 55%	
Net dollar retention	Cohort revenue retention	92% → 115%	
Cash conversion %	FCF / Adj. EBITDA	55% → 85%	
Customer concentration	Top 3 customer revenue %	20% → 55%	
Brand & reputation	Qualitative — independence + recall	Weak → Strong	
Management depth	Qualitative — bench depth	Thin → Deep	
Pricing power	Qualitative — historical realization	Low → High	
Operational efficiency	Qualitative — utilization & process	Low → High	



Financial Value Drivers

Revenue Growth (CAGR)



Company at 15.4% 3-year CAGR vs. industry median ~9%. Driven by recurring contract mix shift and FY24 sales team build.

Gross Margin %



TTM gross margin at 40.7% — mid-range for sector. Margin has expanded 290 bps over 3 years on recurring-mix shift and supply contract.

Adj. EBITDA Margin %



TTM Adj EBITDA margin at 22.2% — upper-mid. Pro Forma margin at 23.5% reflects FMV rent + price increase + new logo run-rate.

Recurring Revenue %



Recurring contract revenue at 38% of TTM, up from 22% three years ago. Trajectory supports continued multi-arbitrage opportunity.

Net Dollar Retention



Blended NDR of 108% — strong upper-mid. FY24 and FY25 cohorts at 110% and 108% respectively support forward-look continuity.

Customer Concentration



Top 3 customers at 41% TTM — upper-mid concentration. Mitigated by long average tenure (8.5 yrs) and operational embedding in customer CMMS.

Qualitative Value Drivers

Brand & Reputation

Strong



16-year operator with strong Google/Yelp ratings, established CRE-broker referral network, and named-vendor relationships in customer CMMS systems.

Management Depth

Moderate



CFO added Q3 FY25, founder still in CEO seat. Operations and sales leadership in place; bench under founder is thin for buyer succession.

Pricing Power

Strong



Jan 2026 5% increase absorbed with zero documented churn. History of annual rate-card adjustments without volume impact supports continued pricing actions.

Operational Efficiency

Moderate



Dispatch routing is manual; technician utilization tracked but not optimized. Clear upside in operational improvements through routing optimization and CRM integration.

Talent Pipeline

Moderate



Tradesperson hiring market is structurally tight. Company runs an internal apprenticeship program but heavily relies on retention to maintain bench.

Regulatory / Compliance

Strong



Standard commercial trades licensure; no flagged compliance issues. Standard insurance coverages in place.



Section 8

Quality of Cash

Proof of Cash

Cash Flow Profile

Proof of Cash — FY24

Monthly walk — reported P&L to bank activity (\$K)

Line item	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY24
Revenue → Bank Deposits													
Reported Revenue	1,180	1,150	1,240	1,320	1,340	1,380	1,410	1,450	1,470	1,460	1,430	1,380	16,210
Δ AR	(30)	(15)	(45)	(60)	(45)	(35)	(40)	(35)	(40)	(15)	(20)	(50)	(430)
Implied Cash from Revenue	1,150	1,135	1,195	1,260	1,295	1,345	1,370	1,415	1,430	1,445	1,410	1,330	15,780
Bank Deposits	1,155	1,140	1,200	1,265	1,300	1,350	1,375	1,420	1,435	1,450	1,415	1,335	15,840
Variance	5	5	5	5	5	5	5	5	5	5	5	5	60
Cash Expenses → Bank Disbursements													
Cash Expenses (OpEx + COGS – D&A)	1,015	985	1,055	1,130	1,140	1,180	1,200	1,230	1,250	1,235	1,210	1,170	13,800
Δ AP & Accrued	10	8	15	20	15	10	12	15	12	8	10	15	150
Implied Cash Out	1,025	993	1,070	1,150	1,155	1,190	1,212	1,245	1,262	1,243	1,220	1,185	13,950
Bank Disbursements	1,030	1,000	1,075	1,155	1,158	1,195	1,215	1,250	1,265	1,250	1,225	1,190	14,008
Variance	5	7	5	5	3	5	3	5	3	7	5	5	58

Variance commentary: Revenue and expense variances net to immaterial month-over-month (avg ±0.4% of activity). No unexplained reconciling items.



Proof of Cash — FY25

Monthly walk — reported P&L to bank activity (\$K)

Line item	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY25
Revenue → Bank Deposits													
Reported Revenue	1,300	1,280	1,420	1,450	1,480	1,510	1,540	1,570	1,590	1,570	1,550	1,500	17,760
Δ AR	(35)	(25)	(50)	(45)	(35)	(40)	(45)	(50)	(40)	(20)	(25)	(45)	(455)
Implied Cash from Revenue	1,265	1,255	1,370	1,405	1,445	1,470	1,495	1,520	1,550	1,550	1,525	1,455	17,305
Bank Deposits	1,270	1,260	1,375	1,410	1,450	1,475	1,500	1,525	1,555	1,555	1,530	1,460	17,365
Variance	5	5	5	5	5	5	5	5	5	5	5	5	60
Cash Expenses → Bank Disbursements													
Cash Expenses (OpEx + COGS – D&A)	1,090	1,075	1,180	1,210	1,225	1,250	1,275	1,290	1,310	1,295	1,275	1,235	14,710
Δ AP & Accrued	12	10	18	20	15	12	15	18	15	10	12	18	175
Implied Cash Out	1,102	1,085	1,198	1,230	1,240	1,262	1,290	1,308	1,325	1,305	1,287	1,253	14,885
Bank Disbursements	1,108	1,090	1,205	1,235	1,245	1,267	1,295	1,315	1,330	1,310	1,290	1,260	14,950
Variance	6	5	7	5	5	5	5	7	5	5	3	7	65

Variance commentary: FY25 reconciliation clean. Average month-over-month variance of 0.4% of activity. No anomalies identified.



Proof of Cash — TTM Mar-26

Monthly walk — reported P&L to bank activity (\$K)

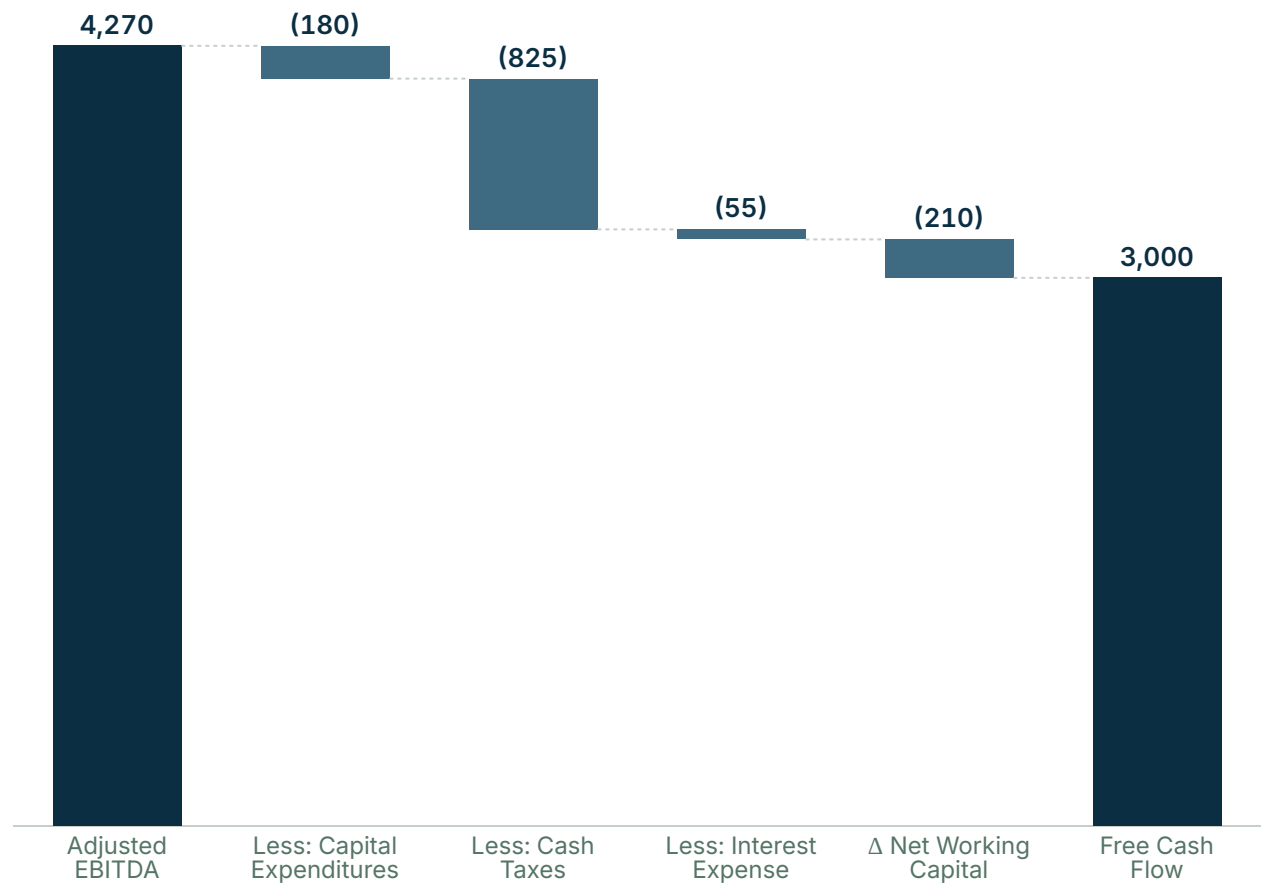
Line item	Apr -25	May -25	Jun -25	Jul -25	Aug -25	Sep -25	Oct -25	Nov -25	Dec -25	Jan -26	Feb -26	Mar -26	TTM Mar -26
Revenue → Bank Deposits													
Reported Revenue	1,450	1,480	1,510	1,540	1,570	1,590	1,570	1,550	1,500	1,690	1,720	1,875	19,045
Δ AR	(45)	(35)	(40)	(45)	(50)	(40)	(20)	(25)	(45)	(80)	(65)	(75)	(565)
Implied Cash from Revenue	1,405	1,445	1,470	1,495	1,520	1,550	1,550	1,525	1,455	1,610	1,655	1,800	18,480
Bank Deposits	1,410	1,450	1,475	1,500	1,525	1,555	1,555	1,530	1,460	1,615	1,660	1,805	18,540
Variance	5	5	5	5	5	5	5	5	5	5	5	5	60
Cash Expenses → Bank Disbursements													
Cash Expenses (OpEx + COGS – D&A)	1,210	1,225	1,250	1,275	1,290	1,310	1,295	1,275	1,235	1,395	1,420	1,545	15,725
Δ AP & Accrued	20	15	12	15	18	15	10	12	18	25	22	28	210
Implied Cash Out	1,230	1,240	1,262	1,290	1,308	1,325	1,305	1,287	1,253	1,420	1,442	1,573	15,935
Bank Disbursements	1,235	1,245	1,267	1,295	1,315	1,330	1,310	1,290	1,260	1,425	1,448	1,580	15,998
Variance	5	5	5	5	7	5	5	3	7	5	6	7	63

Variance commentary: TTM reconciles within 0.3% on both revenue and expense sides. Quarterly bank reconciliations are in place; no variance exceeds materiality.



Cash Flow Profile

EBITDA → free cash flow (TTM Mar-26)



Cash Conversion %

70.3%

Free Cash Flow

Adjusted EBITDA

The Company converts 70.3% of TTM Adjusted EBITDA to Free Cash Flow — strong for a services business of this scale. Conversion is supported by (i) low capex intensity (0.9% of revenue, maintenance-only), (ii) minimal interest burden from a modest debt load, and (iii) modest NWC drag tracking revenue growth. Buyer growth scenarios may require incremental capital to step up capex from the current maintenance profile.



Section 9

Appendix

Accounting Policies

Vendor Concentration

Project Manager & Sales Rep Performance

AR and AP Aging

Stakeholder Q&A

Scope

Disclaimer

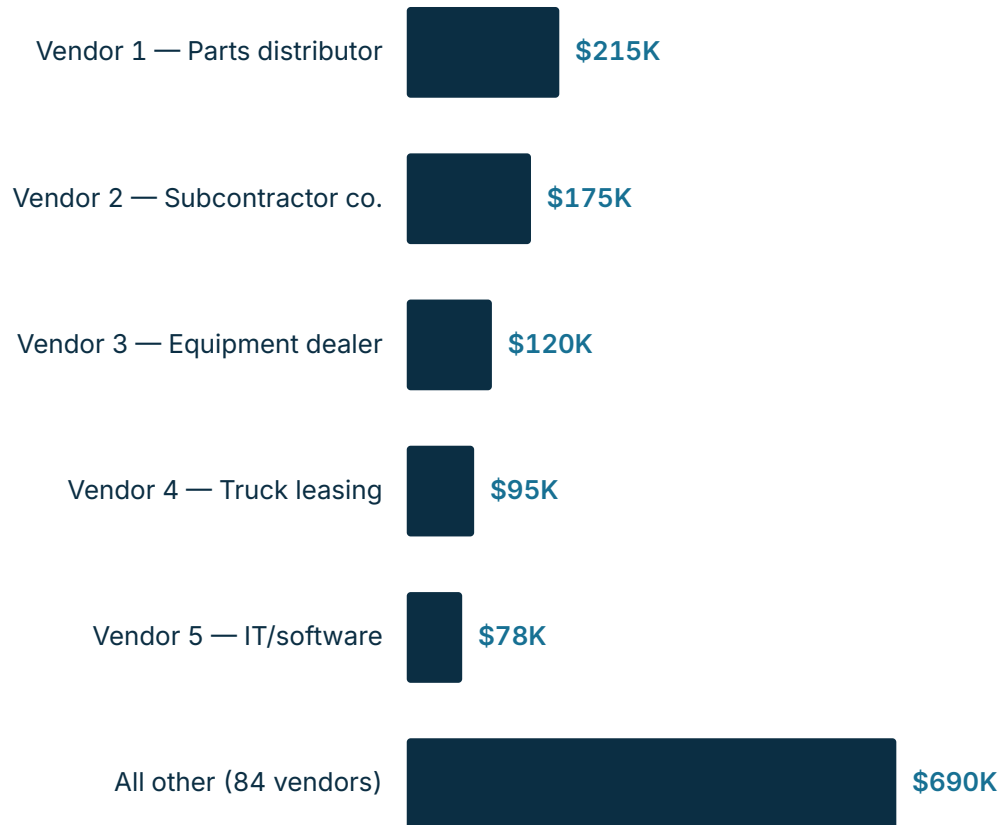
Accounting Policies

Policy Area	Description
Basis of accounting	Modified cash basis at month-end; accrual conversions applied only to AR/AP at period-end
Revenue recognition	Multi-month service contracts recognized at signing (deviation from ASC 606 — adjustment proposed in QoE)
Inventory	FIFO basis; obsolescence allowance not maintained — items at cost
Fixed assets / Depreciation	Straight-line over 5–7 year lives; \$2.5K capitalization threshold
Lease accounting	Operating-lease basis (ASC 842 not implemented; immaterial)
Income taxes	S-Corp; flow-through to ownership; no entity-level tax
Bad debt reserve	1.2% of AR (Company); 2.5% recommended per industry benchmark
Accrued PTO	Not booked; tracked off-system in HR file



Vendor Concentration

Top vendors — TTM (\$K)



Vendor profile

- Top 5 vendors represent **49%** of TTM vendor spend (\$683K of \$1.37M)
- No vendor exceeds 16% of total spend — no single-source critical dependency
- Parts distributor (Vendor 1) is principal supplier; secondary source qualified
- Subcontractor relationship (Vendor 2) is event-driven, not contractual

Risk considerations

No material vendor risk identified. Standard net-30 terms across vendor base; no extended payables or vendor financing arrangements detected.

Project Manager & Sales Rep Performance

Project Manager	Tenure (yrs)	Revenue Managed (\$K)		GM %		Avg Ticket (\$)
PM 1 — Senior	2.5		920		22.4%	1,842
PM 2 — Senior	2.2		805		21.8%	1,755
PM 3 — Mid	1.8		645		19.5%	1,610
PM 4 — Mid	1.6		580		18.9%	1,502
PM 5 — Junior	1.1		395		16.2%	1,280

Senior PMs (Tier 1) generate higher revenue per PM and higher gross margins, reflecting better customer relationships and project execution. The progression from Junior → Senior is well-defined and supports continued bench development.

Accounts Receivable Aging & Bad Debt Analysis

AR aging (Mar-26)

Bucket	Balance (\$K)		% of AR
Current (0–30 days)	1,920		61.5%
31–60 days	510		16.3%
61–90 days	210		6.7%
91–120 days	240		7.7%
>120 days	240		7.7%
Total AR	3,120		100.0%

DSO trend: 52 days (FY23) → 56 days (TTM Mar-26). Modest expansion driven by larger anchor-customer mix; payment patterns stable.

Bad debt reserve analysis

Metric	FY23	FY24	FY25	TTM
AR balance	2,150	2,560	2,890	3,120
Bad debt reserve	(26)	(31)	(35)	(37)
Reserve %	1.2%	1.2%	1.2%	1.2%
Recommended reserve (2.5%)	(54)	(64)	(72)	(78)
True-up adjustment	(28)	(33)	(37)	(41)

Company reserve at 1.2% of AR vs. industry benchmark of 2.5–3.0%. The \$480K aged >90 days at Mar-26 supports an increase to industry-comparable levels. True-up booked as a Net Working Capital adjustment (see Section IV).

Write-off history: \$18K (FY23) · \$24K (FY24) · \$31K (FY25) · \$9K (TTM). Modest write-off volume consistent with reserve methodology.

Accounts Payable Aging

AP aging (Mar-26)

Bucket	Balance (\$K)		% of AP
Current (0–30 days)	1,365		91.9%
31–60 days	95		6.4%
61–90 days	20		1.3%
>90 days	5		0.4%
Total AP	1,485		100.0%

DPO trend: 46 days (FY23) → 48 days (TTM Mar-26). Within standard net-30 vendor terms.

AP profile

- Net-30 terms standard across the vendor base
- 92% of AP balance is current (0–30 days)
- No payment stretching detected — aged buckets are reconciling items rather than overdue obligations
- No vendor financing or extended-terms arrangements identified
- Top 5 vendors represent 49% of TTM AP, consistent with vendor concentration analysis on prior page

Risk considerations

No material AP risk identified. AP balances are well-managed relative to revenue scale and consistent with the Company's stated payment policies.

Stakeholder Q&A

Q-001

Seller

Why was the legal fee adjustment treated as non-recurring when the Company has had multiple contract disputes in the trailing 5 years?

The Q2 FY25 dispute relates to a single canceled customer engagement and the settlement closed the matter definitively. Prior disputes were operationally distinct (vendor disagreement, FY22; employment matter, FY23) and not indicative of a recurring contract dispute pattern. OakStern's diligence file includes correspondence supporting the one-time characterization.

Evidence: ADJ-003 backup; Q2 FY25 legal invoice + settlement; review of FY22/FY23 legal categories

Q-002

Buyer

What protections exist if the top customer (22% of revenue) reduces or terminates the relationship?

Customer A is a 9-year recurring PM contract holder with 11 active sites; while month-to-month in nominal terms, the operational integration (Acme is the named vendor in their CMMS) creates significant switching cost. OakStern recommends buyer engage the customer directly during diligence to confirm intent.

Evidence: FY16 onboarding agreement; FY23-FY25 site additions; customer CMMS exhibits



Stakeholder Q&A (cont'd)

Q-003

Buyer

Is the FMV rent adjustment defensible? The owner controls the landlord entity.

FMV -rent adjustment of (\$110K) is conservatively positioned. Three comparable industrial / flex - space leases in the Wilmington corridor support a \$14–15/sf range vs. paid \$10/sf. Adjustment uses \$14/sf. The related - party nature is disclosed and the adjustment is pro forma (post - close FMV lease).

Evidence: PF - 001 backup; CoStar comp set; landlord - tenant lease agreement

Q-004

Buyer

Why is the annualized price increase booked as a pro forma adjustment? Is the assumed retention realistic?

The 5% Jan - 26 increase has been live for 5 months as of report date with zero documented churn attributable to price. PF - 002 annualizes the rate at trailing TTM volume — no growth assumption. Buyer can stress - test by applying 1–3% volume haircut.

Evidence: PF - 002 backup; pre/post - increase invoice grids; churn log Jan - Mar 2026



Scope

The agreed-upon scope of the engagement is set forth in the engagement letter dated [Date]. The procedures performed are detailed below:

- 1 **Financial statements** — Company-prepared monthly P&L and balance sheet (QuickBooks Online export), FY22 through Mar-26
- 2 **General ledger detail** — FY24, FY25, FY26 YTD (QuickBooks Online), used for adjustment scrubs
- 3 **Invoice register** — FieldEdge transaction export, Jan-22 through Mar-26 (used for Revenue Quality)
- 4 **Payroll register** — Gusto payroll detail by employee/department, Jan-23 through Mar-26
- 5 **Bank statements** — Operating account, Apr-24 through Mar-26 (used for proof-of-cash)
- 6 **Management discussions** — kickoff call (May 2026), owner addback session (Jun 2026), follow-ups
- 7 Engagement letter dated [Date]; scope and procedures incorporated by reference

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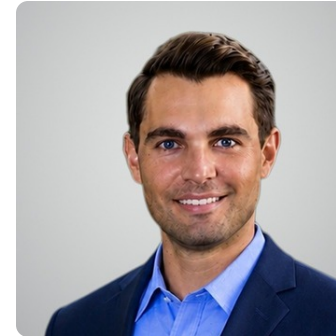
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Leadership

Our team



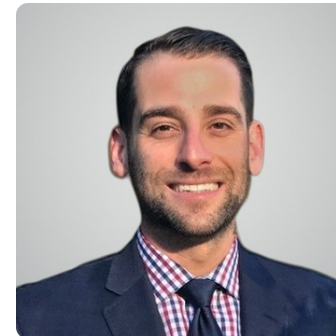
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