

Confidential Information Memorandum

GDI Packaging Solutions Inc.

Enviro Healthcare Inc.

Prepared by Portage M&A Advisory

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Purpose

This Confidential Information Memorandum ("CIM"), presented by Portage M&A Advisory ("the Advisor") is intended to inform prospective purchasers with preliminary information regarding the client company, GDI Packaging Solutions Inc., ("GDI" or "the Company") which is currently available for acquisition, sale or merger. The purpose of the CIM is to highlight all aspects within the Company and relay same to prospective purchasers.

This CIM is being provided to only those prospective purchasers that have signed a Confidentiality Agreement and have made specific requests for information regarding the Company for the purpose of submitting an offer to acquire the Company or its assets. Each prospective purchaser is responsible for the performance and expense of the due diligence review prior to any acquisition of the Company or its assets.

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Once the Confidentiality Agreement has been signed, all information within the CIM shall not be disclosed in any manner, orally or by written word. It is imperative to the Company and its current owner(s) that all information be held in the strictest of confidence. There is risk that the Company could be seriously compromised if the sale becomes public to its customers, competitors and/or others.

The CIM cannot be reproduced, duplicated, or revealed, in whole or in part, or used in any other manner without the prior written consent of the Advisor or the Company. Should the receiving party have no further interest in the acquisition of the Company or its assets, the CIM and all information shall be promptly returned to the Advisor, or, if received electronically, deleted, and destroyed and the Advisor shall be notified of this destruction. The Confidentiality Agreement remains in effect regardless of the outcome of the acquisition.

Disclaimer

The Company has supplied the information contained in this CIM. The Advisor has not audited or otherwise confirmed this information and makes no representations, expressed or implied, as to its accuracy or completeness or the conclusions to be drawn and shall in no way be responsible for the content, accuracy, and truthfulness of such information. Any and all representations shall be made solely by the Company as set forth in a signed acquisition agreement or purchase contract, which agreement or contract shall control as to representations and warranties, if any. By requesting this CIM, the recipient acknowledges the responsibility to perform a due diligence review prior to any acquisition of, or business combination with, the Company.

The marketing information presented in this CIM is the result of the Company's management representations and a search utilizing sources and materials considered to be reliable and to contain information deemed to be relevant to the Company. However, no guarantees or warranties apply to this marketing information.

The Pro Forma Income Statements presuppose infusion of any necessary operating capital, adequacy of personnel, expertise at all levels of operations, and a firm dedication to attain growth. Such pro forma financial information and projections cannot anticipate economic, socioeconomic, and political factors, which might impact the expected growth. Accordingly, the Advisor makes no representations, expressed or implied, as to the validity of the pro forma projections.

Transaction Process

The process being facilitated by Portage M&A Advisory, for this opportunity, is intended to work to a mutually beneficial transaction with the most efficient, yet thorough, timeline as possible. This respects the time and resources devoted by both Purchaser and Seller. Therefore, the transaction process will follow this sequence of events:

1. Review the Confidential Information Memorandum (CIM) in Firmex
2. Follow up discussion with Purchaser and Portage M&A Advisory
3. Interested Purchasers submit an Indication of Interest (IOI) based on the contents and data in Firmex
4. Management meeting / conference call is held between Purchaser, Seller and Portage M&A Advisory
5. Submission of Letter of Intent (LOI), which must include the following:
 - I. Purchase price and deal structure
 - II. The sources and uses of funds for the transaction
 - III. A breakdown of equity and debt for the transaction
 - IV. A list of due diligence information that the Purchaser and their representatives will want to review prior to closing
 - V. A timeline and overview of the Purchaser's desired due diligence process
 - VI. Vision and Approach to the business
6. Site visit and meeting with Seller at Seller's facility
7. Negotiation and execution of LOI
8. Initiation of due diligence and closing process

The Confidential Information Memorandum and updated information that may be provided should be the basis of the LOI, which will detail the financial terms and structure of the transaction. The information contained herein, and the financial data provided and its level of assurance, is believed to be accurate.

Please note that all inquiries, communications, and follow up must be coordinated through Portage M&A Advisory. No direct contact with the company, its employees, customers or competitors is permitted without the express written consent of Portage M&A Advisory and the company.

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Company Summary

Executive Summary

Quick Facts

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Service Offering

GDI Products

Investment Highlights

Sellers/Owners Motivation & Objectives

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Executive Summary

Business Description

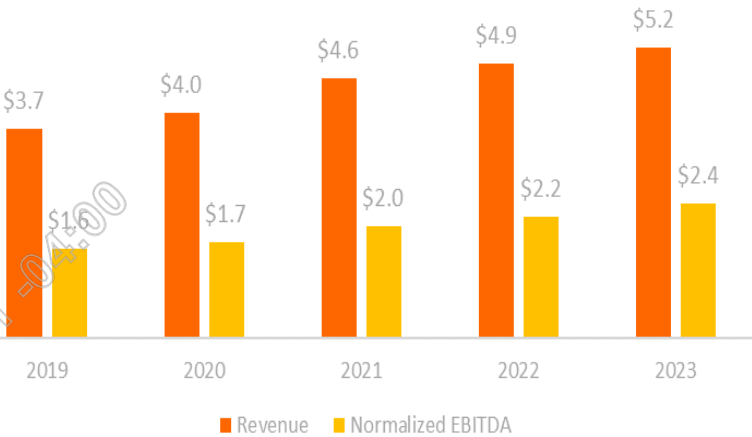
GDI Packaging Solutions Inc. ("GDI") and Enviro Healthcare Inc. ("Enviro") (collectively "the Company") form a leading packaging sales agency in the grocery, supermarket, food processors, retail, and healthcare sectors throughout Canada. Operating from Toronto, Ontario the Company is at the forefront of providing end-user customers with diverse and sustainable packaging options.

Established in 2007, GDI offers packaging solutions to top grocery chains which include Loblaws and Sobeys. GDI also provides Enviro products, which focus on custom packaging for laundry linen bags for healthcare institutions nationwide.

As a sales brokerage leader, the Company cultivates connections between the principals they represent and end users seeking top performing sustainable and innovative packaging, with relationships spanning Canada, the USA, Europe, and Asia. The Company is first to market and often developers of new packaging solutions. With a legacy of sustained profitability and a reputable status as a trusted industry partner, GDI and Enviro are intermediary "one-stop shops" for buyers and principals, providing the following services:

- Strategic sales representation, specializing in eco-friendly products and packaging solutions.
- Fit-for-purpose customer and principal engagement and packaging solutions.

Financial Performance (in Millions of CAD): Combined



Competitive Advantages

- 1 Strong Customer and Principal Relationships
- 2 Established Brand Identity
- 3 Unique Market Positioning
- 4 Niche Knowledge In Sustainable Packaging Solutions

Growth Opportunities

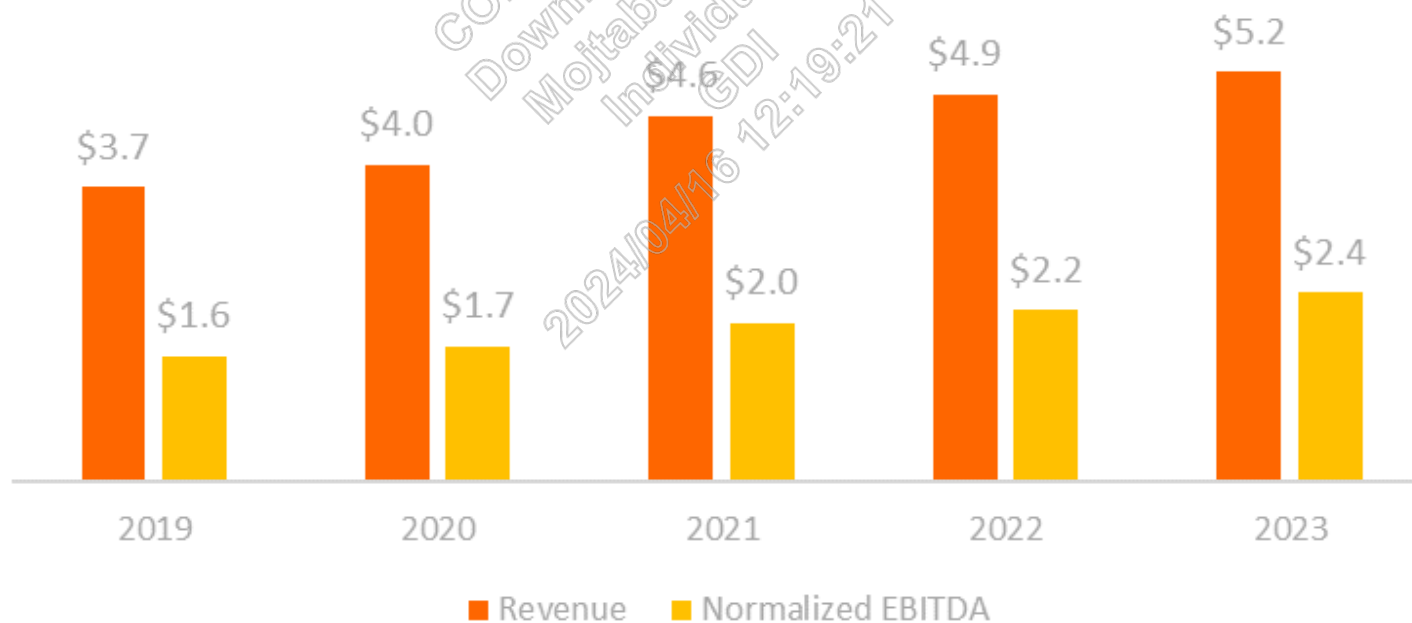
-  Increase Sales Force
-  Boost Market Share in Food Processor Services and Regional Supermarkets
-  Diversify Product Offering
-  Pursue Geographic Expansion

Quick Facts: Combined

Business Background and Transaction Overview

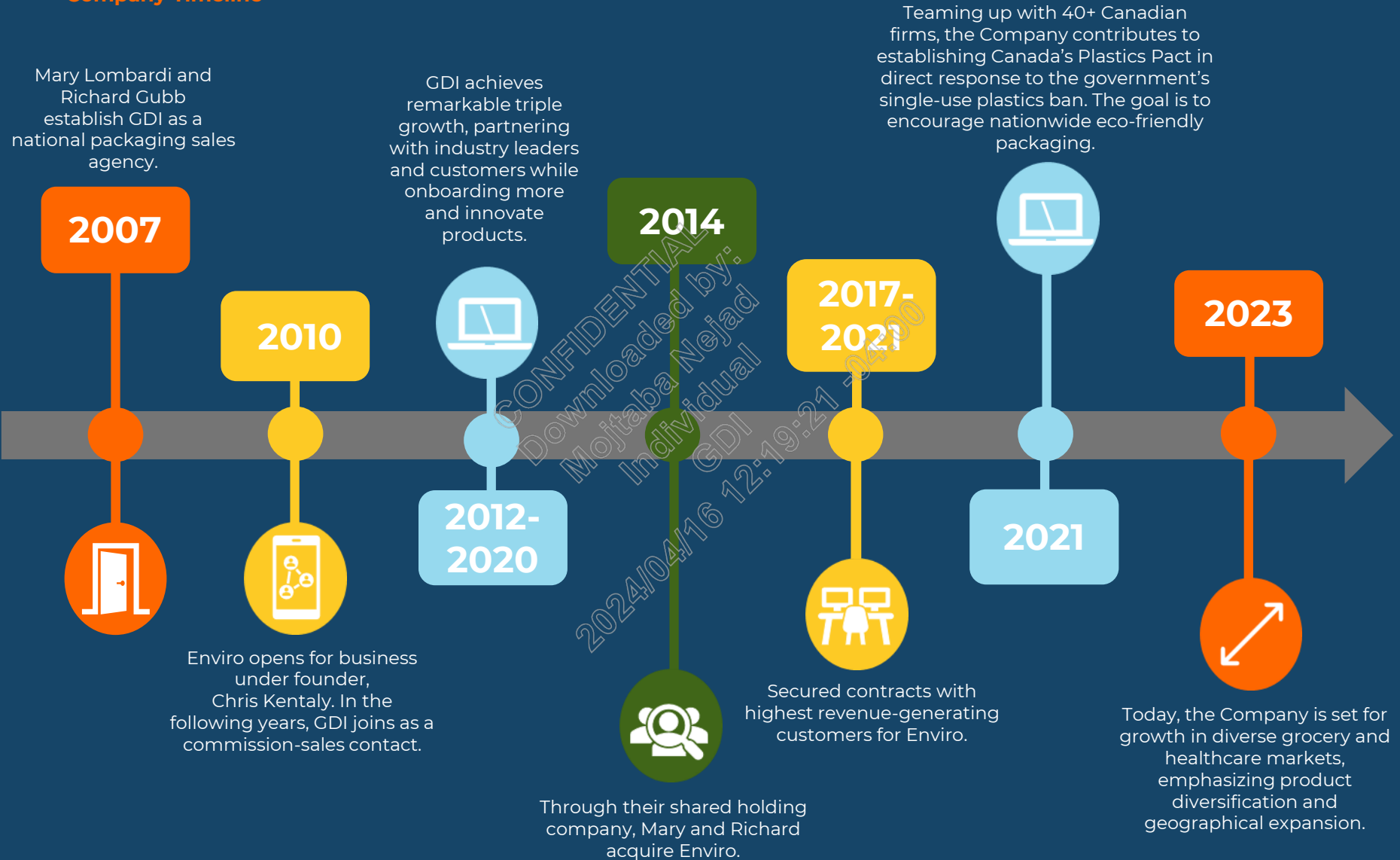
Entity:	The Company	Shareholders:	Mary Lombardi & Richard Gubb
Description:	Packaging Sales Agency	Year Founded/Acquired:	2007 (GDI)/2014 (Enviro)
Employees:	3	Years in Business:	16
Website:	https://www.gdipackaging.ca/	Sale Type:	Share sale
Location:	Toronto, Ontario	Assets Excluded:	N/A

Financial Performance (in Millions of CAD): Combined



1. Fiscal Year End March 31, 2023

Company Timeline



Service Offering

GDI and Enviro both offer the following 3 core specialties:



Sales Representation

- Agents to promote and showcase packaging products for principals
- Collaborate with principals to negotiate favourable terms on pricing, quality standards, and exclusivity
- Stay informed on regulations and sustainability goals for customer-appropriate product delivery



Customer Engagement

- Help source eco-friendly packaging options for products
- Oversee the supply chain for reliable flow of packaging materials and optimize inventory and operations
- Provide market intelligence and insights to keep clients informed about evolving trends and consumer habits



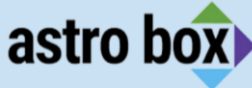
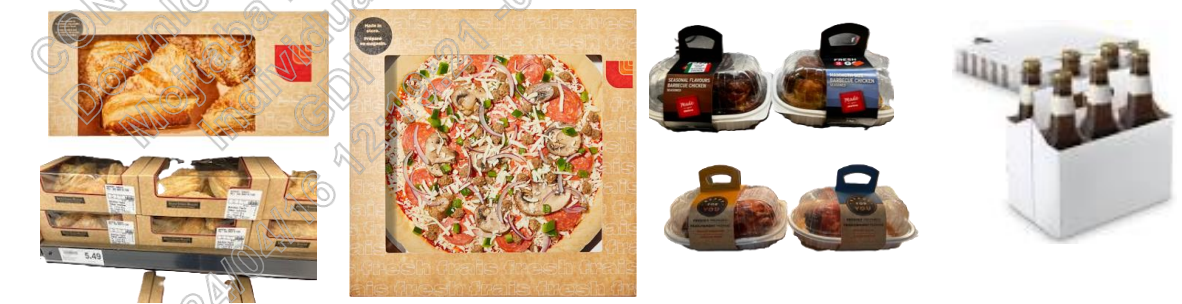




Principal Engagement

- Analyze market drivers, consumer preferences, and emerging technologies to keep principals updated on trends, demands, and competition
- Support business development and strategy to identify growth opportunities, product differentiation, and innovation
- Partner with (other) principals to develop innovative products and identify test end-users for trials



GDl Products: Diverse Selection For Customer Needs

Principal	Sustainability	Products
 <p>INTEPLAST GROUP Bags and Films Corporation</p>	<ul style="list-style-type: none"> First to Market with T-shirt style reusable bag Transitioned Voila from Plastic to Paper PE film development underway- replacement for PVC film 	
 <p>astro box</p>	<ul style="list-style-type: none"> 2022 Bakery Boxes with Acetate (paper) window –Project of the decade at Loblaws 2024 Project – Compostable Chicken Boxes 	
 <p>ATLAS PACKAGING An Inteplast Group Company</p>	<ul style="list-style-type: none"> All products transitioned to PFAS free 2024 will see changes in bread bags to more sustainable offerings 	

GDI Products: Diverse Selection For Customer Needs (continued)

Principal	Sustainability	Products
	<ul style="list-style-type: none"> PET products made with minimum of 10% PCR 100% Recyclable First to market with Tamper Evident Packaging Automation systems available for processor market 	  
	<ul style="list-style-type: none"> Domestic manufacturer of low-density products-100% recyclable Importing unlimited New business in paperboard take out boxes, hot and cold cups 	    
	<ul style="list-style-type: none"> Most sustainable PET Manufacturer in North America Clear is made of minimum 30% PCR Green is made of 100% PCR 2024 new product presentation – Capillary Trays to replace foam meat tray/soaker pads 	  

Investment Highlights

INVESTMENT THESIS

1

CUSTOMER & PRINCIPAL RELATIONSHIPS

The Company's' success rests on enduring ties with Loblaws, Metro, and Sobeys and other regional supermarket chains. Sales and packaging expertise, with an eye to market trends, are key to this success.

2

VALUE ADD SERVICES

The Company's' expert product knowledge, at the intersection of principal capabilities and customer needs, drives an ability to customize products and manage supply chains that is very difficult to replicate.

3

CUSTOM PACKAGING SOLUTIONS THAT CATER TO DUAL INDUSTRIES

Sales brokers specializing in sourcing customized packaging, including eco-friendly products, tailoring solutions for the unique needs of grocery and healthcare customers.

4

SUSTAINABLE REVENUE GROWTH

The Company has consistently achieved organic growth, driven by strong trusted relationships and its diverse, innovation-driven range of solutions individualized to its two distinct end markets.

5

MULTIPLE GROWTH STRATEGIES

The Company is well-placed to pursue growth by expanding their sales team, diversifying their range of eco-conscious products, reaching new regions in Canada, and expanding their customer base.

Sellers/Owners Motivation & Objectives

GDI and Enviro have thrived for over 16 years and are poised for future growth. The Owners have built a highly regarded company within the packaging industry, cultivating strong relationships with respected principals and premier customers.

The Owners aim to sell the business to a buyer committed to upholding its ongoing operations. This involves retaining customer and principal relationships while continuing to provide exceptional service to both.

The Owners recognize the importance of knowledge transfer and are prepared to facilitate a smooth transition, sharing their expertise during the transition period. They are fully committed to providing the necessary support and will closely oversee the transfer of the established relationships to the Purchaser.



EnviroHealthcare Inc.
1504 Postmaster Drive • Oakville, Ontario, Canada • L6M 2Y7

QUALITY SOILED LINEN HOSPITAL BAGS AND HAMPERS

Bags

Low Density bag with superior
resistance to bursting
Available in all colours and sizes
Plastic Recycling Program available

Hampers

Hamper Program available
One piece unit
No assembly required
Specially made Metal lids
No Movement Gripper Bar
Solid 1" metal tubular frame
Conversion Shelf for small and large bags



Single and
Double units
available

For further information contact:
Richard Gubb 416-540-7075
Richardg@envirohealthcare.com
EnviroHealthcare.com

All products made in Canada and USA



Sales and Marketing

Target Market and Illustrative Customers

Revenue Analysis

Key Customers

Competitive Landscape

Growth Opportunities

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Target Market and Illustrative Customers: GDI

GDI fosters partnerships between packaging manufacturers and key players in the Canadian grocery, food processing, food service, and convenience store sectors. Through enduring relationships, the company consistently secures substantial orders from their end-customers across Canada.

The Canadian government's "Plastics Prohibition Regulation" and growing public preference for eco-friendly packaging have heightened demand for sustainable packaging options. This regulatory and social push has prompted increased investments by food industry businesses in specialized packaging for their products.

GDI, a leader and innovator in sustainable and cost-effective packaging for the grocery and food processing markets, is well-positioned to meet this industry demand. The company partners with principals to stay informed of sustainability trends to help develop innovative, eco-conscious packaging solutions customized for the requirements of customers in the food and beverage sector.

Similarly, as detailed in the following pages, GDI brokers packaging linen bags sourced by Enviro to laundry service providers in the healthcare industry.



IBISWorld, Packaging & Labelling Services in Canada Industry Report, 2023.

Illustrative GDI Principal Products Stocked at Various Grocery Stores

Target Market and Illustrative Customers: Enviro

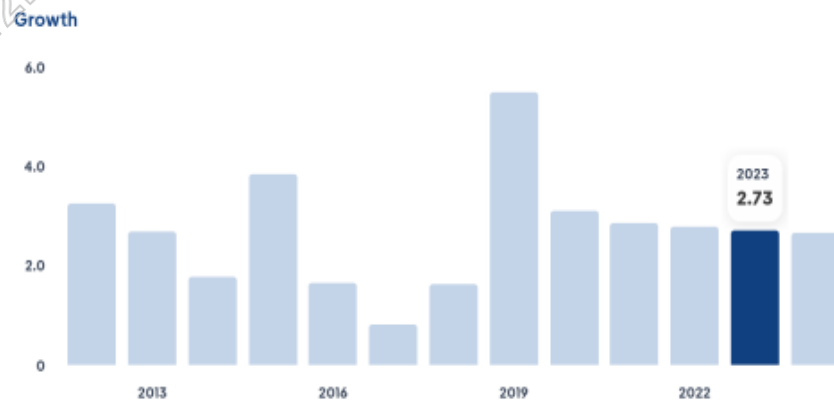
Enviro excels in delivering high-quality packaging solutions, particularly tailored for healthcare laundry. This focus positions the company advantageously amid the notable upsurge in demand observed in the past five years for healthcare laundry facilities, like prominent industry leaders Buanderie du Montreal and Service New Brunswick. This surge is primarily driven by an aging population and the heightened demand for broader healthcare services, a trend further intensified in the aftermath of the COVID-19 pandemic.

Leveraging their strong partnership with the Canadian-owned plastics manufacturer, Petro Plastics, Enviro has innovatively crafted a specialized resin blend. This unique formulation ensures superior performance and meets stringent safety standards for soiled linen bags, catering specifically to hospitals. By customizing products to align with the distinctive requirements of healthcare facilities, Enviro not only meets but surpasses industry standards with its exceptional laundry bags.

GDI has served as an agent for Enviro since 2010, earning commissions comparable to those obtained through its engagements with grocery industry principals. In 2014, Mary and Richard acquired Enviro through a jointly controlled company. Going forward, GDI retained its commission structure based on end-customer sales, whereas Enviro captured profits by incorporating markups in its transactions with end-customers.

Management estimates that central laundries in Canada acquire approximately 280,000 cases of soiled linen bags annually. Enviro supplies approximately 70,000 cases each year, securing a 25% share in the soiled linen bag market.

IBISWorld, Industrial Laundry Linen Supply in Canada Industry Report, 2023.



Linen and laundry service demand from healthcare and social assistance establishments.

Revenue Analysis (GDI): Principals and End-Customers

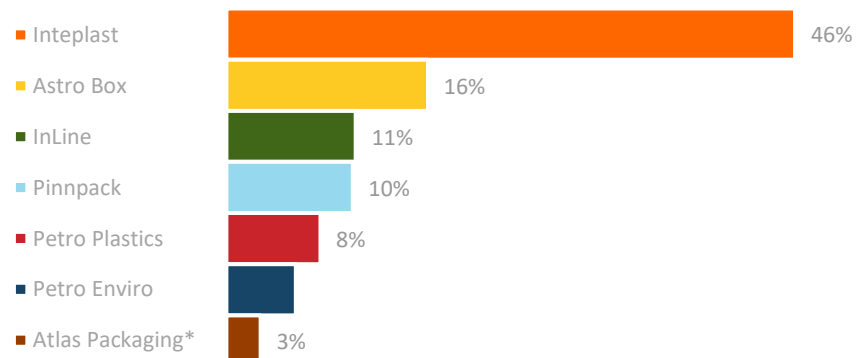
- GDI has contracts in place with principals outlining commissions earned on sales ranging from 1% to 5%.
 - Commission-based revenue models have consistently yielded margins exceeding 71%.
- Since inception, the Company has consistently grown its revenue.
- GDI has established lasting principal partnerships, some dating back to 2009, featuring an impressive history of collaboration.
- GDI could replace any of their existing principals.
 - GDI's strong customer relationships allow for recommending alternative principals when needed.
- Historically, the Company has worked with principals and customers to uphold product lines and service levels.
 - GDI assisted in developing the relationship that resulted in Inteplast's acquisition of Atlas. With COVID-19 pandemic challenges, Atlas bolstered service levels and managed higher paper bread bag usage with support from Inteplast.

Key Principals



Personal Lunch Boxes (Fortinos)

Principal by Share of Revenue (2023)



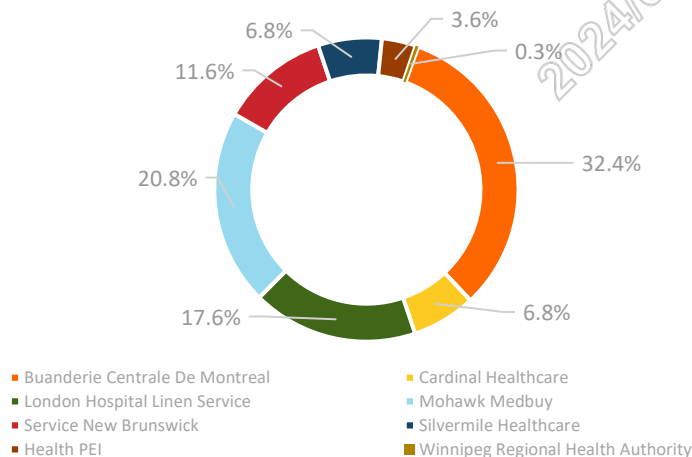
* Atlas Packaging is a division of Inteplast Group.

Revenue Analysis (Enviro): End-Customers

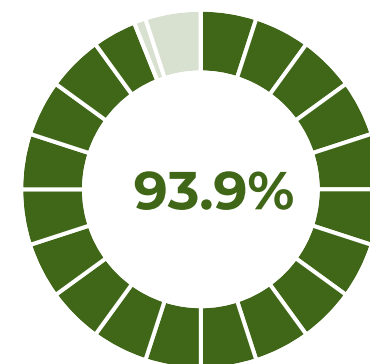
Enviro uses a single-principal structure for its soiled linen business (Petro Plastics).

- The Company bids to maintain gross profit margins of 15% to 25% with a potential to reach 35%. In the last five years, the Company sustained margins from 16% to 23% with fixed growth terms in 5-year contracts.
- Enviro's primary customers comprise major central laundries, including Buanderie Centrale De Montreal and London Hospital Linen Service, providing a reliable supply of soiled linen bags and hampers to central laundries in the healthcare industry.
- High customer retention has contributed to stable revenue growth over the last 3-years:
 - The enduring nature of Enviro's relationships with its customers has led to an impressive rate of repeat customers with **88% of 2023 end-customers** having returned in 2022 and 2021.
 - Repeat customers accounted for approximately **93.9% of the revenue in 2023**, underscoring Enviro's ability to adeptly nurture enduring customer relationships that consistently generate revenue.

Customers by Share of Revenue (FY 2023)



Revenue from Repeat Customers (FY 2023)



Revenue 3-Year Customers

Key Customers: GDI

GDI's highest-revenue customers – Loblaws, Metro, and Sobeys – operate through various subsidiaries in the expansive retail grocery market. Each of these major customers features an extensive network of nearly 1000+ stores nationwide. Collectively, these end-customers hold approximately 86% of the market share. GDI's products are stocked in all their Canadian locations.

metro →

Marché
Richelieu
Complice de votre quotidien

food
Basics

metro
PLUS

Servi-EXPRESS
G.E.M.
personnalisé
dépanneur

Marché
ami
Affilié à Metro Richelieu Inc.

Sobeys inc. →

IGA
extra

Sobeys
Urban FRESH

MARCHÉ
BONICHOIX

SAFEWAY

THRIFTY
FOODS

IGA
express

FOODLAND
• LES MARCHÉS •
Tradition
Cash & Carry

FRESH CO
Lowering food prices
Sobeys
Wholesale

Rachelle
Béry
Needs

Loblaws →

Zehrs
wholesale
club
Provigo

President's Choice
express
valu-mart

FARMER'S MARKET
DÉLICIES DU MARCHÉ

NOFRILLS

大統華 **T&T**

FORTINOS
Your Supermarket with a twist!
Extra Foods

REAL CANADIAN
SUPERSTORE

Atlantic
Superstore

no name
Independent
Your Independent Grocer

Stores in
Newfoundland
and Labrador

maxi

Number Of Loblaws, Metro, and Sobeys Stores By Province

Customer	Total Number of Stores Nationwide
Loblaws	1,033 locations
Metro	975 Locations
Sobeys	1,500 Locations

Key Customers: Enviro

Enviro caters to linen and laundry services that support hospitals and various healthcare facilities. The company supplies these customers with medical-grade plastic linen and laundry bags sourced from Petro Plastics, its exclusive principal.

Customer

Business Overview



Buanderie Central de Montreal, Montreal, Quebec

Buanderie Central de Montreal ("BCM") is a non-profit organization providing laundry services to hospitals in greater Montreal. Services include floor or bulk cart preparation and delivery, bed assembly advisory services, and custom tool development for linen management and annual inventory recording.



Cardinal Health Canada, Vaughan, Ontario




Cardinal Health Canada ("Cardinal") is a healthcare services intermediary providing over 70,000 products from 400+ principals to medical professionals and healthcare facilities across Canada. Their products include plastic laundry linen bags amongst other healthcare service essentials.



London Hospital Linen Service, London, Ontario

London Hospital Lining Service Inc ("LHLS") is a not-for-profit linen processing corporation that delivers clean linen to hospitals, community clinics, and long-term care facilities in southwestern Ontario. LHLS annually processes and ships over 12 million kg of linen.

Key Customers: Enviro contd.

Customer	Business Overview
	<p>Service New Brunswick, <i>New Brunswick</i></p> <p>Service New Brunswick, a crown corporation, was established to provide shared services for the Government of New Brunswick, aiming to standardize services and cut costs. It includes a laundry and linen services branch that offers comprehensive laundry solutions to healthcare facilities and nursing homes in the region.</p>
<div>Silvermile Healthcare Support Services</div>	<p>Silvermile Healthcare Support Services, Toronto, Ontario</p> <p>Silvermile Healthcare Support Services operates as a laundry facility servicing Canadian hospitals and healthcare providers. Notably, the company extends its laundry services to Sunnybrook Hospital, in Toronto, Ontario.</p>
	<p>Health PEI, <i>Prince Edward Island</i></p> <p>Health PEI oversees the delivery of publicly funded health services in Prince Edward Island, hospitals, health centers, and long-term care nursing facilities. The agency includes a laundry and linen services department processing laundry from various facilities across PEI.</p>
	<p>Winnipeg Regional Health Authority Laundry Services, <i>Winnipeg</i></p> <p>The Winnipeg Regional Health Authority ("WRHA") provides healthcare services to over 700,000 residents in Winnipeg and rural Manitoba. Their laundry service operates two advanced facilities in Winnipeg and Selkirk, managing the pickup, cleaning, and delivery of linens and garments for the entire healthcare network.</p>

Competitive Landscape: GDI

While most of GDI's competitors are fellow sales brokers in the packaging industry, the Company also contends with competition from the following regional players:

Competitor	Business Overview & Notable Clients
	<p>Marathon Marketing, Toronto, Ontario https://www.marathonmarketing.ca/</p> <p>Marathon Marketing Services Inc. ("Marathon") is a comprehensive food and packaging sales agency that serves as a representative for clients across a spectrum of markets, including grocery, club, drug, discount, and select distributors in Ontario, Quebec and Western Canada.</p>
	<p>Single Service Sales, Mississauga, Ontario https://www.singleservicesales.com/</p> <p>Single Service Sales Inc. ("Single Service") is a manufacturer's agency specializing in providing takeout packaging and disposables. Their expertise spans across serving the grocery, food service, and packer processor markets throughout Canada.</p>
	<p>JNP Enterprises Limited, Dartmouth, Nova Scotia http://www.jnp-enterprises.com/</p> <p>JNP Enterprises Limited. ("JNP") is a manufacturer's agency providing a variety of packaging and disposable goods. They service clients in the food service, grocery, packer processor, industrial and janitorial market segments across Quebec and the Maritimes.</p>

Competitive Landscape: Enviro

Enviro faces competition from the following players:

Competitor



Business Overview & Notable Clients

Alte-Rego Corporation, Toronto, Ontario | <https://alte-rego.com/>

Alte-Rego Corporation is a leading manufacturer and supplier of mono and co-extruded polyethylene films and liners. Specializing in diverse packaging solutions, the company produces an array of products, including medical supply and waste bags tailored for the healthcare industry.

Harco Co Ltd., Mississauga, Ontario | <https://www.harcoco.com/>

Harco Co Ltd. specializes in distributing commercial and industrial washing machines and laundry systems tailored for healthcare facilities. The company also offers an extensive soiled linen collection system, serving commercial laundry facilities throughout Canada.

Streamline Solutions Orlando, Florida | <http://streamlinesolutionsusa.com/>

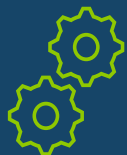
Streamline Solutions provides healthcare and hospitality laundries, hospitals, and healthcare facilities with a wide range of products, such as soiled linen bags, laundry bag recycling, disposable plastic liners, hamper stands, infectious waste bags, and medical supplies.

Growth Opportunities



Expand Sales Team

The Company currently operates with a small team of three dedicated professionals. Expanding their team would significantly improve their capacity to broaden their market reach into other provinces as well as the commercial sector, enabling them to serve a more extensive customer base.



Diversify Product Offerings

With a history of pioneering first-to-market solutions, the Company can diversify their product portfolio into new segments, including contemporary eco-friendly products, food services, bakery processors, and pharmacy bags. Seizing opportunities in these expanding industries offers a substantial avenue for GDI's growth.



Build-Out End-Customer Pool

Forming partnerships with reputable retailers like Costco and Walmart, and extending services to privately owned healthcare laundry facilities, the Company can capitalize on its trusted reputation to secure substantial orders from these clients. GDI is expected to extend its service reach by entering community stores in the first quarter of 2024 and explore various other specialized businesses. Enviro is strategically positioned to leverage the evolving customer landscape expected in coming years through established customer relationships.



Pursue Geographic Expansion

Although the Company has already built an impressive presence throughout Canada, there is significant opportunity for further growth in the western and eastern provinces, as well as in the Great Lakes Region and the United States for Enviro. This potential expansion is further supported by the recent increase in manufacturing capacity for partner principals, such as Astro Box. These opportunities to expand would both strengthen a foothold for the Company and its market standing in these regions.

Operations

Project Process

Principals

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Project Process: GDI

While GDI employs a diverse range of processes for the development and maintenance of its business, a standard approach typically involves:

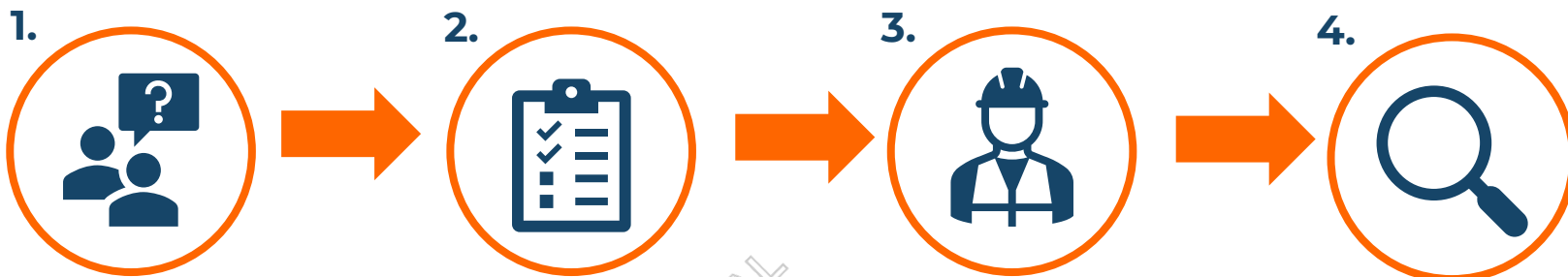


Pricing

GDI receives a commission ranging from 1% to 5% for each sale of principal products to end-customer grocery stores, supermarkets, and convenience stores.

Principal	Commission Percentage
Astro Box	1-5%
Atlas Packaging	2.5%
InLine	3%
Inteplast	2-3%
Petro Plastics	5%
Pinnpack	3%-5%

Project Process: Enviro



Enviro initiates the sale of products (soiled linen collection bags) directly to customers (central laundries in each geographical region) to establish long-term 3-5-year government contracts. Enviro then places monthly orders with the principal.

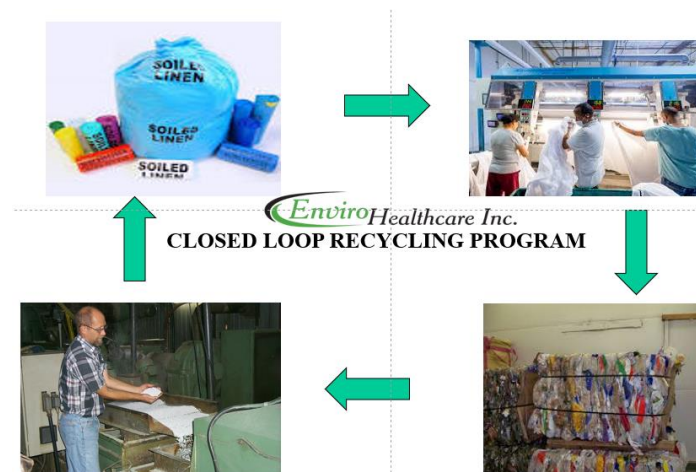
Petro Plastics ships the product to the customers and invoices Enviro who then distributes the linen bags, along with clean linen, to hospitals. Enviro invoices the customer and pays Petro for the product which is inclusive of the delivery fees.

Central laundries schedule regular daily pickups of soiled linen, contained in the soiled linen collection bags, from hospitals.

Enviro coordinates the baling and shipment of used bags back to the source for recycling, ensuring no plastic ends up in landfills.

Pricing

Enviro traditionally applies a 15% to 25% markup to the cost of soiled linen collection bags, establishing the selling price based on contract terms. Additionally, GDI receives a brokerage fee of \$1.90 for each case of bags purchased by Enviro Healthcare. See the forecast analysis in the 'Financial Analysis' section of this document for additional details.



Principals

Principal



Business Overview

Astro Box Corporation, Concord, Ontario | <https://astroboxcorp.com/>

GDI's second-largest principal, Astro Box ("Astro"), a family-owned folding carton manufacturer since 1982, excels in high-quality paper packaging. Specializing in folding cartons, trade printing, and precision die cutting, Astro has seen significant growth in the last two years, driven by their innovative sustainable packaging.

Atlas Packaging Inc., Toronto, Ontario | <https://atlaspaperbag.com/home/>

Atlas Packaging Inc. ("Atlas") is a leading paper packaging and manufacturer, with over 50 years of experience serving supermarket, food service, processor, and distribution networks. The company was recently acquired by the Inteplast Group.

Inline Plastics Canada Inc., Toronto, Ontario | <https://www.inlineplastics.com/>

Inline Plastics Canada Inc. ("Inline") is a leading manufacturer of thermoformed food packaging, headquartered in Shelton, CT with plants in Georgia, Michigan, and Utah. Respected for sustainable practices, all their products incorporate post-consumer recycled polyethylene terephthalate, demonstrating their commitment to environmental responsibility. Industry pioneer of tamper-evident containers.

Inteplast Bags and Films Corporation, Delta, British Columbia | <https://www.inteplast.com/>

Inteplast Group (Inteplast) is a prominent packaging materials manufacturer and subsidiary of the Inteplast Group, the largest integrated plastics manufacturer in North America. Renowned for its exceptional service, Inteplast adeptly moves products across the country to fulfill orders, minimizing the occurrence of out-of-stock situations, even with forecast increases on short notice.

Petro Plastics Corporation Ltd., Woodbridge, Ontario | <https://www.petroplastics.ca/>

Petro Plastics Corporation Ltd. ("Petro") is a third-generation plastics manufacturer, specializing in producing plastic bags, sheets and liners for diverse industries. Recognized for its adaptability and innovation, Petro supplies products to both GDI and Enviro.

Pinnpack Capital Holdings LLC, Oxnard, California | <https://www.pinnpack.com/>

Pinnpack Capital Holdings LLC ("Pinnpack") excels in thermoforming, specializing in food packaging for deli, bakery, produce, and food service. They are known as North America's most sustainable PET manufacturer, handling material recycling in-house, using terephthalate and recycled polyethylene terephthalate.

Personnel

Employees Roles

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Individual GDI
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Employee Roles

The Company maintains a relatively centralized and lean organizational structure, where the two owners oversee both sales and operations, with a single employee operating under their collective authority.

Richard Gubb

Owner

Richard oversees and directs strategic decision-making in alignment with the principals represented by GDI, determining product lines based on evolving market trends. He also navigates changing industry conditions influenced by customer preferences. As the driving force behind Enviro, Richard assumes responsibility for all aspects of sales, marketing, profits, and overall company growth. With 40+ years of experience in sales and packaging, Richard brings industry expertise, offering continued leadership for Chris Gubb moving forward.

Mary Lombardi

Owner

Mary oversees and directs strategic decision making in alignment with the principals represented by GDI. Mary oversees the management and strategic growth of three major national grocery chains – Loblaws, Sobeys, and Metro, along with key processor accounts. In this role, Mary manages day-to-day business activity and brings new packaging concepts to customers, often being first-to-market. Additional responsibilities include, but are not limited to, both customer and principal reporting requirements (sales, rebates, inventory, forecasting, budgets, pricing) and management of all bookkeeping and payroll for GDI and Enviro.

Chris Gubb

National Account
Manager

With 11+ years of sales experience, Chris is a seasoned professional who, during his short tenure at GDI, has successfully secured new business with notable clients such as McCain Foods and Colemans. His expanding responsibilities include overseeing sales to Western Canada customers, Ontario processors, Metro stores in Ontario and Quebec. In 2024, Chris is poised to enhance his role further, transitioning to Loblaw's lead contact by mid-year while continuing to drive new business initiatives. Proficient in collaborating across GDI and Enviro, Chris is an indispensable asset to the Company, committed to playing a key role in its future success.

Financial Analysis

This section includes:

Detailed Statement of Income and Adjustments – Combined, Independent

Detailed Statement of Adjustments - Independent

Historical Balance Sheets – Combined, Independent

Financial Projections

Detailed Statement of Income and Adjustments: Combined

	FYE 2023		FYE 2022		FYE 2021		FYE 2020		FYE 2019	
	Stated	Normalized	Stated	Normalized	Stated	Normalized	Stated	Normalized	Stated	Normalized
Sales	5,173,626	5,173,626	4,888,790	4,888,790	4,634,308	4,624,308	4,006,578	4,006,578	3,717,974	3,717,974
Cost of Sales	2,122,922	2,082,922	2,308,871	2,268,871	2,216,803	2,176,803	1,813,001	1,773,001	1,804,799	1,804,799
Gross Profit	3,050,704	3,090,704	2,579,919	2,619,919	2,417,505	2,447,505	2,193,577	2,233,577	1,913,175	1,913,175
EXPENSES										
Accounting Fees	28,890	5,000	18,362	5,000	21,010	5,000	21,730	5,000	21,850	5,000
Office & General	42,867	39,867	35,501	32,501	53,425	50,425	62,002	59,002	35,235	32,235
Vehicle	8,518	8,518	10,325	10,325	8,998	8,998	6,668	6,668	8,979	8,979
Rental	9,000	-	16,200	-	16,200	-	33,000	-	16,200	-
Meals and Entertainment	11,949	8,949	6,219	3,219	3,016	3,016	5,330	2,330	7,859	4,859
Travel	165,641	56,641	111,524	33,067	99,322	34,261	142,687	49,237	149,741	48,741
Telephone	16,642	10,642	15,306	9,306	13,133	7,133	13,971	7,971	15,816	9,816
Interest and bank charges	365	365	904	904	1,012	1,012	968	968	1,149	1,149
Advertising and Promotion	93,790	68,970	64,148	61,398	50,081	19,900	93,708	60,320	103,357	71,141
Management salaries and benefits	768,314	493,825	587,070	300,000	594,791	324,747	576,049	323,999	361,437	143,317
Professional Fees	25,890	5,890	4,750	4,750	4,350	4,350	4,625	4,625	4,200	4,200
Repairs and Maintenance	6,704	6,704	-	-	-	-	-	-	-	-
Amortization	242	242	302	302	648	648	388	388	166	166
Bonuses	-	-	620,000	-	620,000	-	-	-	300,000	-
Bad Debt Expense	-	-	-	-	284	-	(18,909)	-	13,052	-
Memberships and licenses	-	-	2,530	2,530	1,277	1,277	823	823	1,818	1,818
Operating Expenses	1,178,812	705,613	1,493,141	463,302	1,487,547	460,767	943,040	521,331	1,040,859	331,421
EBITDA	1,871,892	2,385,091	1,086,778	2,156,617	929,958	1,986,738	1,250,537	1,712,246	872,316	1,581,754
EBITDA Margin		46.1%		44.1%		43.0%		42.7%		43%
Gross Margin		59.7%		53.6%		52.9%		55.7%		70.8%

1. GDI has a fiscal year end of March 31, Enviro a fiscal year end of November 30th, no adjustments or consolidation entries have been made.

Detailed Statement of Income and Adjustments: GDI

	FYE 2023		FYE 2022		FYE 2021		FYE 2020		FYE 2019	
	Stated	Normalized	Stated	Normalized	Stated	Normalized	Stated	Normalized	Stated	Normalized
SALES	2,592,177	2,592,177	2,190,284	2,190,284	1,886,905	1,876,905	1,652,392	1,652,392	1,484,702	1,484,702
EXPENSES										
Management salaries and benefits	768,314	493,825	587,070	300,000	594,791	324,747	576,049	323,999	361,437	143,317
Travel Expense	159,608	50,608	108,457	30,000	95,344	30,283	133,450	40,000	141,237	40,237
Professional Fees	25,890	5,890	4,750	4,750	4,350	4,350	4,625	4,625	4,200	4,200
Office	25,292	25,292	20,019	20,019	39,624	39,624	41,435	41,435	18,684	18,684
Telephone	16,642	10,642	14,793	8,793	13,015	7,015	13,971	7,971	15,816	9,816
Rental	9,000	-	9,000	-	9,000	-	25,800	-	9,000	-
Repairs and Maintenance	6,704	6,704	-	-	-	-	-	-	-	-
Advertising and Promotions	93,790	68,970	64,147	61,397	45,437	15,256	85,712	52,324	99,078	66,862
Bank Charges	291	291	666	666	705	705	968	968	1,149	1,149
Amortization	242	242	302	302	648	648	388	388	166	166
Bonuses	-	-	620,000	-	620,000	-	-	-	300,000	-
Licenses and Memberships	-	-	2,530	2,530	1,277	1,277	823	823	1,818	1,818
Bad debt Expense	-	-	-	-	284	-	(18,909)	-	13,052	-
Operating Expenses	1,105,773	662,464	1,431,734	428,457	1,424,475	423,905	864,312	472,533	965,637	286,249
EBITDA	1,486,404	1,929,713	758,013	1,761,827	462,430	1,453,000	788,080	1,179,859	519,065	1,198,453
EBITDA Margin	57.3%	74.4%	34.6%	80.4%	24.5%	77.4%	47.7%	71.4%	35%	81%

Detailed Statement of Income and Adjustments: Enviro

	FYE 2023		FYE 2022		FYE 2021		FYE 2020		FYE 2019	
	Stated	Normalized	Stated	Normalized	Stated	Normalized	Stated	Normalized	Stated	Normalized
Sales	2,581,449	2,581,449	2,698,506	2,698,506	2,747,403	2,747,403	2,354,186	2,354,186	2,233,272	2,233,272
Cost of Sales	2,122,922	2,082,922	2,308,871	2,268,871	2,216,803	2,176,803	1,813,001	1,773,001	1,804,799	1,804,799
Gross Profit	458,527	498,527	389,635	429,635	530,600	570,600	541,185	581,185	428,473	428,473
EXPENSES										
Accounting Fees	28,890	5,000	18,362	5,000	21,010	5,000	21,730	5,000	21,850	5,000
Office & General	17,575	14,575	15,482	12,482	13,801	10,801	20,567	17,567	16,551	13,551
Vehicle	8,518	8,518	10,325	10,325	8,998	8,998	6,668	6,668	8,979	8,979
Rental	-	-	7,200	-	7,200	-	7,200	-	7,200	-
Meals and Entertainment	11,949	8,949	6,219	3,219	3,016	3,016	5,330	2,330	7,859	4,859
Travel	6,033	6,033	3,067	3,067	3,978	3,978	9,237	9,237	8,504	8,504
Telephone	-	-	513	513	118	118	-	-	-	-
Interest and bank charges	74	74	238	238	307	307	-	-	-	-
Advertising and Promotion	-	-	-	-	4,644	4,644	7,996	7,996	4,279	4,279
Operating Expenses	73,039	43,149	61,406	34,844	63,072	36,862	78,728	48,798	75,222	45,172
EBITDA	385,488	455,378	328,229	394,791	467,528	533,738	462,457	532,387	353,251	383,301
EBITDA Margin		17.6%		14.6%		19.4%		22.6%		17%
Gross Margin		19.3%		15.9%		20.8%		24.7%		17.2%

Detailed Statement of Adjustments: GDI (cont.)

	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019
Operating Income	1,486,404	758,549	462,430	788,080	519,065
Add (Deduct):					
Bad debt (1)	-	-	284	(18,909)	13,052
Professional fees (1)	20,000	-	-	-	-
Rent (2)	9,000	9,000	9,000	25,800	9,000
Salary adjustment to market (4)	203,918	194,415	190,685	186,826	182,302
Car allowance to holding compaines (3)	60,000	60,000	60,000	60,000	60,000
Telephone/Internet (3)	6,000	6,000	6,000	6,000	6,000
Auto/Travel/Marketing (3)	49,000	18,457	5,061	33,450	41,000
Donations (1)	24,820	2,750	6,181	9,388	7,216
Scholarships (1)	-	-	24,000	24,000	25,000
Management salary adjustment (5)	70,571	712,655	699,359	65,224	335,818
Subsidies and Grants (1)	-	-	(10,000)	-	-
	443,309	1,003,277	990,570	391,779	679,388
Normalized EBITDA	1,929,713	1,761,826	1,453,000	1,179,859	1,198,453

Note 1 - Amount deemed to be discretionary and/or non-recurring in nature.

Note 2 - Amount is a home office allocation for tax purposes.

Note 3 - Amount has been adjusted to reflect normal levels of spending going forward. Personal component has been added back to income.

Note 4 - Salaries to family

	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019
Spouse Salaries	196,800	187,800	184,800	181,200	177,000
Spouse CPP	7,118	6,615	5,885	5,626	5,302
	203,918	194,415	190,685	186,826	182,302

Note 5 - Salaries to Management

Actual salaries to Richard and Mary	370,571	392,655	379,359	365,224	335,818
Management Bonus	-	620,000	620,000	-	300,000
FMV Salary - Richard and Mary	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Salary adjustment	70,571	712,655	699,359	65,224	335,818

Detailed Statement of Adjustments: Enviro (cont.)

	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019
Operating Income	385,488	328,229	467,528	462,457	353,251
Add (Deduct):					
Accounting (1)	16,800	16,800	16,800	16,800	16,800
Meals & Entertainment (1)	3,000	3,000	-	3,000	3,000
Rent (2)	7,200	7,200	7,200	7,200	7,200
Office (1)	3,000	3,000	3,000	3,000	3,000
Cart Accrual (1)	40,000	40,000	40,000	40,000	-
	70,000	70,000	67,000	70,000	30,000
Normalized EBITDA	455,488	398,229	534,528	532,457	383,251

Note 1 - Amount has been adjusted to reflect normal levels of spending going forward. Personal component has been added back to income.

Note 2 - Amount is a home office allocation for tax purposes.

Historical Balance Sheets: Combined

	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019
ASSETS					
Current Assets					
Cash	1,127,762	1,155,302	985,301	687,214	547,233
Accounts Receivable	399,918	446,781	387,435	260,547	278,020
Income Taxes Recoverable	-	10,591	88,399	-	27,357
Prepaid Expenses	-	25,000	-	-	-
Government remittances recoverable	1,352	-	1,613	-	-
Harmonized Sales Tax Recoverable	-	27,021	33,592	-	-
Due from related parties	265,799	-	-	20,340	20,340
Capital Assets	968	1,210	1,512	-	388
Total Assets	1,795,799	1,665,905	1,497,852	968,101	873,338
LIABILITIES					
Current Liabilities					
Accounts Payable and Accrued Liabilities	313,155	294,091	305,391	141,237	206,026
Government Remittances Payables	-	1,498	-	34,482	42,990
Related Party Payable	-	-	27,000	18,000	27,165
Income Taxes Payable	217,240	-	57,089	86,050	17,036
HST Payable	70,599	-	-	-	-
Employee Deductions Payable	5,102	-	-	-	-
Management Bonuses Payable	-	-	-	-	300,000
Long-Term Debt	-	30,000	30,000	-	-
Due to Related Parties	45,000	36,000	-	-	-
Due to Shareholders	760,860	760,860	680,260	-	-
Total Liabilities	1,411,956	1,122,449	1,099,740	279,769	593,217
SHAREHOLDERS' EQUITY					
Share Capital	43,522	43,523	43,523	43,523	43,523
Retained Earnings	340,321	499,933	354,589	644,809	236,598
Total Shareholder's Equity	383,843	543,456	398,112	688,332	280,121
Total Liabilities and Shareholder's Equity	1,795,799	1,665,905	1,497,852	968,101	873,338

1. GDI has a fiscal year end of March 31, Enviro a fiscal year end of November 30th, no adjustments or consolidation entries have been made.

Historical Balance Sheets: GDI

	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019
ASSETS					
Current Assets					
Cash	650,826	801,661	524,878	419,778	429,148
Accounts Receivable	74,075	102,772	83,671	69,747	81,329
Income Taxes Recoverable	-	10,591	88,399	-	-
Due From Related Party	-	-	-	20,340	20,340
Harmonized Sales Tax Recoverable	-	27,021	33,592	-	-
Total Current Assets	724,901	942,045	730,540	509,865	530,817
Capital Assets	968	1,210	1,512	-	388
Total Assets	725,869	943,255	732,052	509,865	531,205
LIABILITIES					
Current Liabilities					
Accounts Payable and Accrued Liabilities	3,500	4,400	4,400	4,700	4,601
Government Remittances Payables	-	-	-	33,797	38,457
Management Bonuses Payable	-	-	-	-	300,000
Related Party Payable	-	-	27,000	18,000	27,165
Income Taxes Payable	178,597	-	-	66,805	17,036
HST Payable	70,599	-	-	-	-
Employee Deductions Payable	5,102	-	-	-	-
Total Current Liabilities	257,798	4,400	31,400	123,302	387,259
Long-Term Debt	-	30,000	30,000	-	-
Due to Related Parties	45,000	36,000	-	-	-
Due to Shareholders	760,860	760,860	680,260	-	-
Total Liabilities	1,063,658	831,260	741,660	123,302	387,259
SHAREHOLDERS' EQUITY					
Share Capital	43,422	43,422	43,422	43,422	43,422
Retained Earnings	(381,211)	68,573	(53,030)	343,141	100,524
Total Shareholder's Equity	(337,789)	111,995	(9,608)	386,563	143,946
Total Liabilities and Shareholder's Equity	725,869	943,255	732,052	509,865	531,205
Non-Cash working capital	71,000	98,000	79,000	65,000	77,000
Non-cash working capital PEG	83,000				

1. Fiscal Year End March 31.

2. Working capital PEG was calculated as an average of the F2021 through F2023.

Historical Balance Sheets: Enviro

	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018
ASSETS						
Current Assets						
Cash	476,936	353,641	460,423	267,436	118,085	97,100
Accounts Receivable	325,843	344,009	303,764	190,800	196,691	268,140
Income Taxes Recoverable	-	-	-	-	27,357	12,454
Prepaid Expenses	-	25,000	-	-	-	-
Government remittances recoverable	1,352	-	1,613	-	-	-
Due from related parties	265,799	-	-	-	-	-
Total Assets	1,069,930	722,650	765,800	458,236	342,133	377,694
LIABILITIES						
Current Liabilities						
Accounts Payable and Accrued Liabilities	309,655	289,691	300,991	136,537	201,425	309,593
Government Remittances Payables	-	1,498	-	685	4,533	225
Income Taxes Payable	38,643	-	57,089	19,245	-	-
Total Liabilities	348,298	291,189	358,080	156,467	205,958	309,818
SHAREHOLDERS' EQUITY						
Share Capital	100	101	101	101	101	101
Retained Earnings	721,532	431,360	407,619	301,668	136,074	67,775
Total Shareholder's Equity	721,632	431,461	407,720	301,769	136,175	67,876
Total Liabilities and Shareholder's Equity	1,069,930	722,650	765,800	458,236	342,133	377,694
Non-Cash working capital	18,000	78,000	4,000	54,000	(9,000)	(42,000)
Non-cash working capital PEG	33,000					

1. Fiscal Year End November 30.
2. Working capital PEG was calculated as an average of the F2021 through F2023.

Financial Projections: Combined

Projected EBITDA

	FYE 2024	FYE 2025
Sales	5,064,000	5,184,000
Cost of Sales	1,810,496	1,711,786
Gross Profit	3,253,504	3,472,214
Total Operating Expenses	684,394	742,249
EBITDA	2,569,110	2,729,966

These forecasts do not include any of the growth initiatives that would be available to a Buyer as outlined earlier in this document.

Notes:

- F2024 and F2025 forecast has been prepared by Management for GDI (year-end March 31)
- F2024 forecast has been prepared by Management for Enviro (year-end November 30)

Financial Projections: GDI

Projected EBITDA

	FYE 2024	FYE 2025
Sales		
Astro Box	804,000	1,020,000
Atlas Paper	104,000	156,000
InLine	293,000	300,000
Inteplast	1,025,000	1,000,000
Petro	235,000	250,000
Petro Enviro	122,000	125,000
Pinnpack	225,000	200,000
Total Sales	2,808,000	3,051,000
Operating Expenses		
Management salaries and benefits	444,893	483,393
Travel Expense	56,484	61,372
Professional Fees	6,949	7,551
Office	43,556	47,325
Telephone	13,070	14,201
Repairs and Maintenance	1,452	1,578
Advertising and Promotions	78,300	85,076
Bank Charges	1,207	1,312
Amortization	517	562
Licenses and Memberships	1,996	2,169
Total Operating Expenses	648,426	704,540
EBITDA	2,159,574	2,346,460

Sales broken
out by key
supplier

As noted on the
combined forecast
– this forecast
does not include
any of the growth
levers available to
a buyer.

Notes by Principal

- o Astro Box
 - o Experience substantial growth due to development of new sustainable packaging.
 - o Prior to F2022, essentially no business to Loblaw's, presently has changed to highest total commissions for GDI via Astro.
 - o Focus for F2024 processor and industrial packaging, non-window boxes, beer-carriers.
 - o Launched compostable boxes to Sobeys in September 2023, with a community store launch scheduled for February 2024.
 - o Re-awarded all current business with most recent Sobeys RFQ.
- o Atlas Packaging
 - o New sustainable material review to replace poly window bread bags underway for 2024.
 - o Product line includes paper bread bags, bakery parchments, scale paper, market. paper, wraps and liners, foil bags, butcher rolls. Currently enjoy all of Metro and Sobeys in these categories.
 - o New business confirmed for 2024 – Calgary Coop private label bread bags and bakery parchment paper.
 - o Re-awarded all current business with most recent Sobeys RFQ.
- o InLine
 - o Sobeys made up 100% of InLine business in Canada through March 2022, however GDI sales have been awarded with Loblaw's in June 2022, and Metro in February 2023.
 - o Re-awarded all current business with most recent Sobeys RFQ.
 - o Commissions paid in US\$.
- o Inteplast
 - o GDI has introduced its full product line to end customers.
 - o Awarded Walmart produce bag business commencing April 2024.
 - o GDI has been re-awarded all current business as part of most recent Sobeys RFQ, reusable bag business decision due March 2024.
 - o Limited offerings with Metro, developing new relationships with QC.
- o Petro
 - o Very forward thinking.
 - o Re-awarded business as part of the Sobeys RFQ- most business is with Longo's and Farm Boy.
- o Pinnpack
 - o Most sustainable PET manufacturer in North America.
 - o New product offering coming in 2024 for replace foam meat trays.
 - o Processor market – high growth opportunity not yet tapped into
 - o Re-awarded all current business with most recent Sobeys RFQ.
 - o Commissions paid in US\$.

Financial Projections: Enviro

Projected EBITDA

	FYE 2024	FYE 2025
Sales		
BCM	803,000	827,000
Cardinal	168,000	173,000
London	456,500	470,000
Mohawk/EcoTex	185,000	-
Silvermile	103,000	106,000
SNB	258,000	266,000
Stevens	102,500	106,000
Additional new business	180,000	185,000
Total Sales	2,256,000	2,133,000
Cost of Sales	1,810,496	1,711,786
Gross Profit	445,504	421,214
Operating Expenses		
Accounting Fees	4,362	4,370
Office & General	12,219	12,737
Vehicle	7,464	7,444
Meals and Entertainment	3,805	7,821
Travel	4,989	5,272
Telephone	131	-
Interest and bank charges	129	65
Advertising and Promotion	2,869	-
Total Operating Expenses	35,968	37,709
EBITDA	409,536	383,505

Sales broken out by key supplier

As noted on the combined forecast – this forecast does not include any of the growth levers available to a buyer.

Notes:

- o F2024 forecast has been prepared by Management.

Present Status of Contracts and renewal dates

- o BCM Montreal / Cardinal – December 31, 2025 – 3rd renewal.
- o London Hospital Linen – July 1, 2026 - 3rd renewal.
- o Mohawk Medbuy - June 30, 2024 – doing business for 15 years, recently sold to Eco-Tex, therefore forecast has excluded this renewal.
- o Service New Brunswick – Extension in process July 31, 2024. – 3rd renewal.
- o Silvermile – Sunnybrook Hospital – annual contract, orders received for 2024. Business for 10 years.
- o PEI Health / Stevens – issued by Medbuy – June 30, 2024. Will issue a 5-year contract.

New Business Pending

- o WRHA Winnipeg Health Authority – final stage of bid for 5- 8-year contract. Involves new equipment. Value \$650,000 per year.
- o Eco Tex – Presently out for tender on Toronto facility – annual \$900,000.

Plan

- o Expansion into NE USA – independent business Michigan, Pennsylvania, Ohio and NY State, attending ATRA meeting April 2024.
- o Tender due HLS Ottawa – June 2025.

Appendix

Glossary of Terms

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Glossary Of Terms

Asset Sale [see Stock/Share Sale]

The Buyer acquires all or part of the company's assets, while the Seller retains the ownership of the company entity (Shares).

Capital Expenditure (CAPEX)

Funds used by a company to acquire or upgrade physical assets such as property, plant, or equipment. This outlay is made by companies to maintain or increase the scope of their operations.

Cash Flow from Operation (CFO)

CFO represents the cash generated from the operations of a company. Cash flow is also often used to identify the company's earnings.

Earnings

Earnings are synonymous with the profit of the business and are separate from revenue.

EBITDA [see EBIT, SDE]

Earnings before Interest, Taxes, Depreciation and Amortization. EBITDA is an indicator of a company's financial performance. Could be normalized or not. When normalized it is net of any discretionary, non-recurring and nonoperational expenses or income. In essence, it is the Net profit of the business plus interest on long term debt plus taxes plus depreciation and amortization.

EBIT [see EBITDA, SDE]

Earnings before Interest, and Taxes. It is the Net profit of the business plus interest on long term debt plus taxes plus depreciation and amortization.

Fair Market Value (FMV) [see Net Book Value]

The price at which the business and/or property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the relevant facts.

Free Cash Flow (FCF)

FCF represents the cash that a company is able to generate after meeting its reinvestment needs in the form of working capital and capital expenditures. Also called free cash flow to firm (FCFF), it is the cash available to be distributed to all capital providers of the company.

Goodwill

The collection of intangible assets represented in dollars by the difference between the total purchase price for the business and the net value of the tangible assets being purchased.

Gross Margin

A company's total sales revenue minus cost of goods sold, divided by the total sales revenue, expressed as a percentage. Gross margin is an important measure of a company's profitability.

Glossary Of Terms (cont.)

NAICS Code

North American Industry Classification System code.

Net Book Value (NBV) [see Fair Market Value]

NBV is the value at which an asset is carried on a balance sheet. It is the historical cost of an asset minus accumulated depreciation.

Normalized Financial Statements

Normalized financial statements are financial statements that have been adjusted to eliminate non-recurring and non-business-related items.

Pro Forma

A method of calculating financial results in order to emphasize projected figures.

Regression Analysis

In general, regression analysis is a measure of the relationship between two variables (for example sales and costs) and is used to find the line that best represents the given data in order to get an indication of the extent to which one can predict some variables by knowing others. This is at times used in calculating forward looking projections.

SDE [see EBITDA, EBIT]

Seller's Discretionary Earnings. SDE is a commonly used valuation multiple for small businesses where the buyer would most likely be an individual or main street buyer, who would take on a hands-on approach to working in the business. It is typically EBITDA plus one owner's salary adjusted to FMV.

SIC Code

Standard Industrial Classification Code.

Stock/Share Sale [see Asset Sale]

The Buyer acquires all or part of the company's stock/shares and the ownership of the company or specific shares/stocks is/are transferred to the Buyer. Since the assets of the business are owned by the company and the company is an independent entity and its ownership is represented by the shares/stock, purchasing the shares includes the assets and liabilities of the company unless otherwise specifically excluded.

Working Capital

Also called net working capital, though there are several methods for calculating this, however, it is traditionally calculated as total current assets minus total current liabilities, excluding interest-bearing debt. Investment in Working Capital in the form of inventory and accounts receivable is necessary to maintain the company's daily operations. Working Capital is a measure of both a company's efficiency and its short-term financial health.