

WEEKLY PROGRESS REVIEW (WPR)

The purpose of the Weekly Progress Review (**WPR**) is to engage key stakeholders in the process of improving the business. We will agree on the prioritization and scale of core issues, and the opportunities identified and realized. Finally, we will summarize this week's activities, findings, the tools built, and the changes implemented. We will discuss the training conducted, measure our results, and review the direction for next week.

The **WPR** builds on the Consulting Services Agreement and Project Plan between Cogent Analytics and Cardinal Transportation. This report covers the period from 2025-06-02 to 2025-06-04.

Executive Summary:

Cardinal Transportation has reached a critical inflection point—one where strategic ambition and operational readiness are converging. The original engagement was designed to deliver leadership development, establish measurement discipline, and lay the foundation for a more scalable business. That work remains fully intact. The 12-month Leadership Training Program launches next week as scheduled, and it will proceed uninterrupted. Rather than competing with that effort, the initiatives outlined in this report directly reinforce its objectives by embedding real-world financial, operational, and sales accountability into the same leaders we're training.

Profit Driving Decision Making

New pricing tools, built from verified job-level cost data, are being configured to ensure future decisions are guided by true margin—not guesswork or legacy assumptions. Client ownership roles, CRM structure, and transition financial reporting away from manual, reactive efforts; coupled with these tools are expected to replace inconsistencies with repeatable standards. Incentive plans and outbound sales expectations will be built to reward behavior tied directly to profitability. The ultimate aim is not just visibility, but control—where each pricing decision, client interaction, and payroll input contributes to a managed margin outcome.

Scalability

Cardinal's operational framework is being reimagined for replication and resilience. The assignment of clients to CSRs by tier—Amber, Indigo, and Scarlet—will allow for consistent service delivery, clearer accountability, and more predictable workloads. Early groundwork is underway to unify data flows between departments, linking rolling stock costs, labor burden, and real-time revenue attribution into actionable dashboards. CRM evaluation is being guided by workflow needs and tech compatibility. Once deployed, it will serve as a central platform for client touchpoints, quote tracking, and conversion visibility. These systems are being designed not just to improve today's operations—but to serve as the infrastructure for expansion, hiring, and acquisition integration without adding disproportionate complexity.

Enterprise Value

These forward-looking actions position the business to mature from owner-reliant to enterprise-grade. Acquisition analysis for Buckeye is underway, using a structured, internally managed process to quantify potential synergies and integration options. These actions are grounded in real data and designed to replace anecdotal interest with actionable strategy. If fully realized, this work will enable Cardinal to evaluate new markets, deploy capital intelligently, and increase its attractiveness to future investors or acquirers. By aligning sales, finance, operations, and leadership development into one coordinated framework, Cardinal is preparing to operate—and be valued—as an integrated, transferable enterprise.

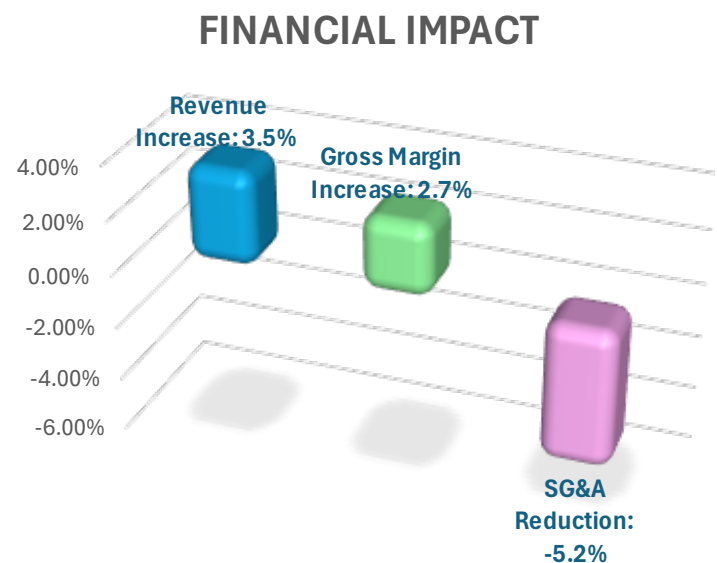
Reasoning:

Cardinal is entering a critical stage in its financial evolution, moving away from informal, founder-led practices toward a disciplined, enterprise-level infrastructure. Historically, financial management has been reactive, with fragmented data ownership and a lack of standardized measurement constraining both decision velocity and margin reliability. Key operational inputs—including labor burden and vehicle costs—have not been consistently attributed or tracked, resulting in incomplete cost modeling and delayed pricing feedback. These gaps have limited Cardinal’s ability to execute real-time course corrections, optimize asset utilization, and support accurate forecasting.

The current set of actions is designed to correct these structural deficiencies by embedding accountability and precision at every point in the financial process. James is now responsible for the accuracy and interpretation of financial outputs, while Kelly manages daily inputs and is receiving targeted training in Cogent’s financial tools. Harrison and the Cogent team provide ongoing support to ensure that system configuration, troubleshooting, and best practices are fully internalized by Cardinal’s staff. This realignment of roles, combined with the adoption of standardized tools—such as rolling stock cost tracking and dynamic pricing models—forms the backbone of a scalable, repeatable system that will support both current operations and future growth.

The business case for these actions is direct and data-driven. Structured pricing improvements, anchored in verified cost inputs and real-time demand signals, are projected to produce a **3.5% increase in top-line revenue—equivalent to \$487,372 annually** per the 2024 YE financials. With additional improvements—a **2.7 percentage point increase in gross margin** and a **5.2% reduction in SG&A**—the total estimated **net profit impact rises to \$783,505.93**.

These gains are contingent on disciplined enforcement of pricing logic, consistent data ownership, and operational alignment across sales, service, and finance. Beyond immediate profit improvement, the new infrastructure is expected to strengthen AR/AP workflows, enhance fixed asset transparency, and improve forecasting reliability—critical prerequisites for acquisition readiness and long-term enterprise value.



Methods:

The transformation of Cardinal's financial infrastructure is centering on a tightly coordinated set of actions designed to embed measurement, ownership, and operational discipline at every stage of the financial process. James, as GM/Finance, is assuming responsibility for the accuracy and interpretation of financial outputs, while Kelly, in Accounts Payable and Bookkeeping, is beginning a structured training program focused on the deployment and daily use of Cogent's financial tools. This training includes hands-on reconciliation of accounts payable, payroll, and the systematic migration of historical and current data into the Cogent platform. The objective is to ensure that all core operational inputs—most notably labor burden and vehicle costs—are attributed with precision and tracked in real time.

To support this transition, Harrison and the Cogent team are providing ongoing technical guidance and troubleshooting, ensuring that system configurations align with Cardinal's operational realities and that best practices are internalized by internal staff. This support includes the review and mapping of data ownership for critical cost centers, such as rolling stock, and the implementation of cost-tracking protocols that allow for full lifecycle modeling of vehicle assets. Data for these assets is sourced directly from operational staff (e.g., Ray and Tommy), ensuring that the information feeding into the pricing and cost allocation models is both current and operationally grounded.

The adoption of dynamic pricing logic represents a key operational advancement. By configuring the system to reflect real-time demand patterns and asset utilization, Cardinal is now positioning to optimize revenue during peak periods and maximize the efficiency of its fleet. Throughout this process, the focus remains on building a repeatable, scalable system: every tool, workflow, and reporting cadence is designed to support not just current needs but also future growth, including the seamless integration of new business units or acquisitions.

At each stage, the emphasis is on shifting day-to-day financial management from reactive review to proactive control, with clear lines of accountability and embedded measurement protocols. The process is iterative, with feedback loops between operational staff, finance, and the Cogent support team ensuring that issues are surfaced and resolved in real time. This disciplined approach to methods and implementation is forming the foundation for Cardinal's enterprise-level financial infrastructure and sets the standard for all future financial actions.

Methods

Prmarind's caucial financial infrastructure transformation

-  Coordinated actions embedding measurement, ownership, and operational discipline
-  James assumes responsibility for financial output accuracy and interpretation
-  Kelly begins structured training on Cogent's financial tools including accounts payable,
-  Harrison and Cogent team provide ongoing technical guidance and troubleshooting
-  Review and mapping of data ownership for critical cost centers like rolling stock
-  Implementation of cost-tracking protocols for vehicle assets with data sourced from operational
-  Adoption of dynamic pricing logic to optimize revenue and fleet efficiency
-  Building a repeatable, scalable system supporting current needs and future growth
-  Iterative feedback loops between operational staff, finance, and Cogent support ensuring real-time issue resolution

FOCUS — Financial Evolution | Pillar — Measurements | Deliverable — Enterprise-Level Financials

Status:

The establishment of enterprise-level financial infrastructure at Cardinal remains in the foundational and early implementation stage. Responsibilities are being clarified across the team, with James agreeing to provide the full year-to-date financial package to support pricing model development and tool integration. Kelly's transition toward managing daily financial inputs is contingent on her receiving full QuickBooks access, and her capability for ongoing financial report delivery is set to be assessed in an upcoming Teams meeting with James and Harrison. This assessment will determine the pace and structure of the transition plan for internalizing financial management.

Operational data gathering is underway, with Tommy tasked to provide per-unit rolling stock cost inputs to improve trip-level financial accuracy. Dennis has supplied the employee census data required for Harrison's next steps in system configuration. Ownership mapping for key financial inputs and cost centers is being coordinated, with continued support from Harrison and the Cogent team to ensure alignment and adoption of best practices.

Action Plan (Ordered Work-Stream):

Step	Workstream	Action Description	Owner	Support
1	Tool & Financial Audit	Harrison to gather latest financials and assess the condition and readiness of existing financial tools	Harrison	James
2	PAT Training Launch	Begin Kelly's training in Cogent tools, including reconciliation, input formatting, and quality control	Harrison	Kelly
3	Data Input Ownership Mapping	Identify who owns key inputs such as labor burden, vehicle costs, and overhead allocations	James	EJC
4	Rolling Stock Data Collection	Work with Ray and Tommy to begin compiling vehicle data: fuel, depreciation, maintenance, insurance, etc.	Kelly	James
5	Cost Tool Configuration	Begin shaping the breakeven and costing tools using verified data from steps 2-4	Harrison	James
6	Dynamic Pricing Logic Integration	Integrate demand-responsive pricing logic into cost tools to optimize revenue during high-demand periods	Harrison	EJC
7	Financial Dashboard Planning	Explore layout, metrics, and frequency for job margin, G&A, breakeven, and dynamic pricing dashboards	Harrison	James

The pricing model has been identified as the immediate priority, given its dependence on accurate, up-to-date data from James and operational staff. CRM evaluation and compatibility review are in process. Maureen is focused on compiling and segmenting the client list for future assignments and onboarding. Leadership engagement is strong, with clear alignment on objectives and ongoing coordination among all parties. While the infrastructure for tools, training, and reporting cadence is being established, several foundational actions remain in process and require continued coordination and follow-through.

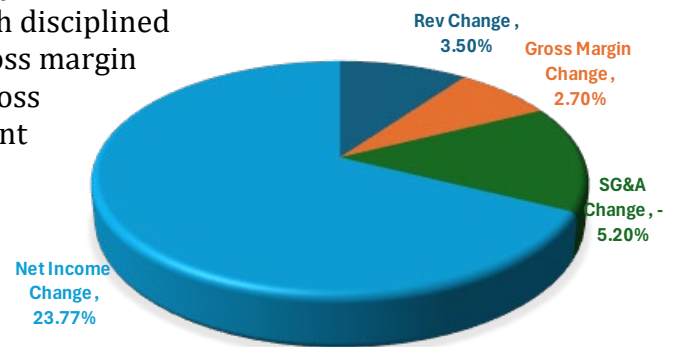
Key Status Highlights:

- James to provide a full YTD financial package for pricing model and tool integration
- Kelly's QuickBooks access and reporting capability pending assessment with James and Harrison
- Tommy assigned to collect per-unit rolling stock cost data
- Dennis delivered employee census data for system configuration
- Ownership mapping for financial inputs and cost centers in progress
- Pricing model designated as immediate priority, dependent on current data
- CRM evaluation and client list segmentation underway (Maureen compiling and segmenting client list)
- Leadership engagement and alignment confirmed, foundational actions ongoing

Impact:

The transition to internally owned financial processes at Cardinal is projected to deliver substantial improvements across all major financial statements, driven by the operational discipline and measurement rigor outlined in the preceding sections. The most immediate and material effect will be in revenue, where the implementation of structured pricing—supported by dynamic pricing tools and accurate, real-time cost attribution—is expected to produce a 3.5% lift in top-line results. On Cardinal's current revenue base of \$13,924,907, this would equate to an annualized increase of **\$487,372**.

Gross margin expansion is projected to follow directly from the internalization of labor burden tracking and rolling stock costing, paired with disciplined enforcement of minimum pricing thresholds. The gross margin rate is expected to rise from 46.7% to **49.4%**, and gross profit is projected to be \$6,879,323. This improvement will be anchored in the full attribution of operational costs to each job and the elimination of margin leakage previously caused by incomplete or delayed data.



SG&A efficiency gains are also anticipated as a result of improved reporting accuracy, reduced manual reconciliation, and the shift to proactive financial management. The projected 5.2% reduction in SG&A costs, applied to a \$5.1 million baseline, would yield an annual savings of **\$265,200**. These savings are expected to materialize through both direct labor efficiencies and the reduction of errors and rework associated with legacy processes.

On the balance sheet, strengthened data flow for accounts receivable and accounts payable, as well as improved tracking of fixed assets, is expected to enhance forecasting reliability and overall financial visibility. These changes will be supported by the deployment of breakeven and cost allocation models, dynamic pricing tools, rolling stock cost trackers, and a weekly financial visibility dashboard.

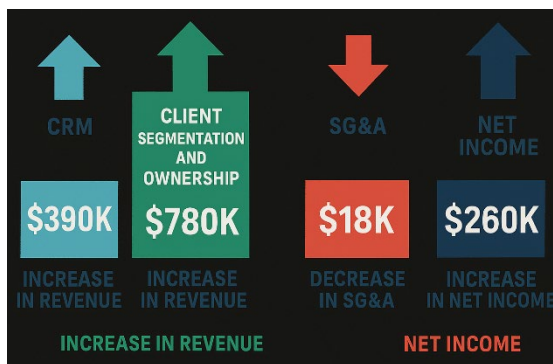
Taken together, these improvements are projected to result in a conservative net income increase of **\$783,505.93** annually. This figure reflects the combined effect of revenue optimization, margin expansion, and SG&A cost control, and will be contingent on sustained adherence to pricing discipline, data integrity, and proactive management practices across all operational and financial functions.

Focus –Sales Evolution | Pillar –Operations & Biz Dev | Deliverable- CRM & Structured Clientele

Reasoning:

Cardinal's sales evolution recognizes that sustainable growth requires shifting from reactive service to proactive, accountable sales management. Assigning each CSR a defined client portfolio and clear responsibility for outbound development and relationship management eliminates ambiguity and ensures intentional, measurable client interactions.

The Amber, Indigo, and Scarlet client tiers form a brand-aligned framework prioritizing clients objectively—based on revenue, profitability, strategic relevance, and growth opportunity—while reinforcing Cardinal's identity. Unlike generic "A/B/C" labels, which can carry unintended



value judgments if overheard, these colors drawn from a cardinal's plumage keep segmentation professional and respectful. This approach supports operational clarity and protects client relationships by avoiding any implication of lesser value or status. The color-coded tiers help direct resources to the most impactful opportunities, maintaining brand integrity and client trust.

Replacing handwritten logs and whiteboards with a CRM platform creates a single source of truth for sales activity, margin contribution, and client engagement, enabling leadership to track performance and enforce standards at scale. Integration of pricing logic ensures disciplined, margin-focused job selection, preventing low-value work from eroding profitability.

Financially, the model is robust under conservative assumptions. Formalizing sales responsibilities and clarifying client ownership is projected to generate a net income impact of **\$161,226 annually** driven by two additional jobs per week across all CSRs at an average job value of \$7,500, Cardinal's 2024 gross margin of 44.81%, and after accounting for SG&A at 24.14%. Separately, implementing a structured CRM system is expected to add **\$98,634 in net income per year**, based on one incremental job per week captured through improved follow-up and conversion, the same gross margin and SG&A rates, plus \$18,000 in SG&A savings from reduced administrative inefficiency.

Together, these initiatives are projected to deliver a combined net income impact of **\$259,860 annually**. This reflects modest outbound sales gains, structured CRM adoption, clarified client ownership, and improved sales visibility, excluding further upside from full adoption, tighter margin controls, or expanded outbound capacity.

Leadership buy-in and clear role definition—especially from Maureen and James—ensure the transition is credible and executable. The initiative establishes infrastructure for scalable, repeatable sales growth and positions Cardinal to measure, manage, and reward sales effectiveness supporting current operations and future expansion.

Focus –Sales Evolution | Pillar –Operations & Biz Dev | Deliverable- CRM & Structured Clientele

Methods:

Cardinal’s sales strategy transformation will embed structure, accountability, and data-driven rigor across all client-facing processes. The plan centers on two core actions: formal client segmentation and ownership, and deployment of a centralized CRM platform.

Identifying Areas for Improvement:

The strategy was informed by detailed analysis of Cardinal’s historical financials and direct conversations with Roy, James, and Maureen. This blend of data and stakeholder insight surfaced key operational bottlenecks, gaps in client management, and scalable growth opportunities—ensuring the approach is both context-specific and grounded in proven practice.

Client Segmentation & Ownership:

Each CSR will own a defined book of business, with clients segmented into Amber, Indigo, or Scarlet tiers based on revenue, profitability, and strategic relevance. Inspired by the cardinal’s plumage, the naming avoids value-laden rankings while promoting objective prioritization. Clear ownership sets expectations for responsiveness, performance, and proactive outreach. Variable compensation will reward new client acquisition and expanded service within portfolios, tying pay to revenue impact and KPIs.

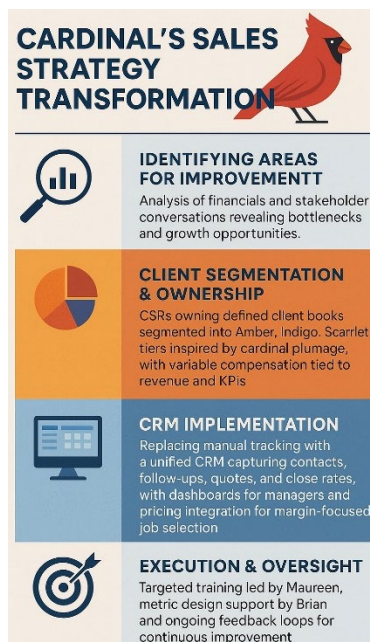
CRM Implementation:

Cardinal will replace whiteboards, handwritten logs, and inbox-driven tracking with a unified CRM system capturing contacts, follow-ups, quotes, and close rates. This will serve as a single source of truth for client activity. Managers will use CRM dashboards to review performance, enforce standards, and coach for consistency. Integration with pricing tools will drive margin-informed job selection, while role-based KPIs within the CRM will ensure visibility and accountability.

Execution & Oversight:

The rollout includes targeted training for CSRs and managers. Maureen will lead adoption, supported by Brian for metric design. Ongoing feedback loops between sales, operations, and finance will drive continuous refinement.

This structured, tech-enabled approach transitions Cardinal from reactive to proactive sales management—creating a scalable foundation for sustainable revenue growth and improved profitability.



Focus –Sales Evolution | Pillar –Operations & Biz Dev | Deliverable- CRM & Structured Clientele

Status:

Work on the Sales Evolution section has resulted in a clearly defined client segmentation model (Amber, Indigo, Scarlet) with assignment criteria based on revenue, profitability, and strategic relevance. CSR book ownership mapping is being developed to support clear client assignment and accountability. The CRM implementation approach has been outlined, detailing requirements for capturing sales activities, client touchpoints, pipeline management, and integration with pricing logic.

Operational improvement areas have been identified through financial analysis and stakeholder discussions. These findings have informed the design of new outreach expectations for CSRs and clarified the logic for tiering clients. Leadership input has been incorporated throughout the process to ensure alignment with organizational goals.

Agreement has been reached on the adoption of incentive-based compensation for CSRs, with exact details to be finalized and communicated in the next phase. Brian will be joining the project on 6/16 in a business development capacity to further support growth initiatives and strategic sales efforts.

Key Status Highlights:

- Client segmentation model (Amber, Indigo, Scarlet) defined with assignment criteria
- CSR book ownership mapping in development
- CRM implementation approach outlined, including data capture and pricing integration requirements
- Improvement areas identified through financial analysis and stakeholder input
- Outreach expectations and client tiering logic clarified
- Leadership input incorporated throughout development
- Agreement reached on incentive-based compensation; details forthcoming
- Brian scheduled to join 6/16 in a business development role

Focus –Sales Evolution | Pillar –Operations & Biz Dev | Deliverable- CRM & Structured Clientele

Impact:

Cardinal's sales evolution plan is projected to generate a conservative annual net income impact of \$259,860 by embedding structure, accountability, and measurable ownership into client engagement.

This projection is driven by two core actions: (1) formal client segmentation with CSR portfolio ownership, and (2) implementation of a centralized CRM system. Together, these address longstanding issues of ambiguous client responsibility, inconsistent outreach, and lack of visibility into sales activity and margin contribution.

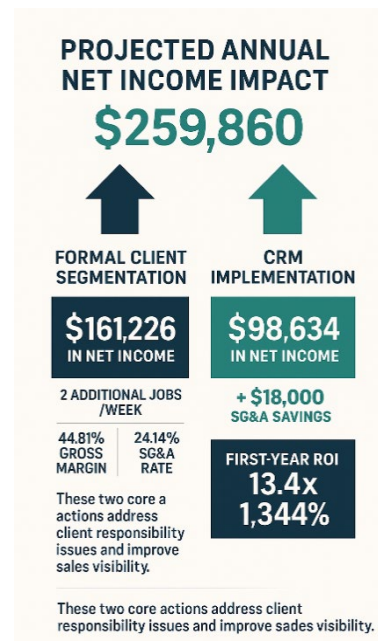
Assigning each CSR a defined book of business with clear outbound expectations is expected to deliver \$161,226 in net income annually, based on capturing two additional jobs per week across the team. This is calculated using an average job value of \$7,500, Cardinal's 2024 gross margin of 44.81%, and a 24.14% SG&A rate.

CRM adoption will replace manual tracking with a structured platform, improving visibility and conversion rates. Capturing just one additional job per week through the CRM is projected to yield \$98,634 in net income annually, plus \$18,000 in SG&A savings from reduced administrative inefficiency.

The total impact of \$259,860 reflects a conservative, achievable gain. With CRM implementation costs estimated at \$18,000, the first-year ROI is 13.4x, or 1,344%, before considering further scalability or integration with pricing and incentive management.

These results are based on modest increases in job volume and supported by new infrastructure—client tiering (Amber, Indigo, Scarlet), CRM dashboards, and variable compensation logic—designed for accountability and repeatability.

This transformation will shift Cardinal from reactive service to a scalable, systematized sales engine that links activity to margin and supports long-term profitability and enterprise value.



Focus – Acquisition | Pillar – Strategy | Deliverable- Fact Based Opinion and Path

Reasoning:

Cardinal’s pursuit of the Buckeye acquisition has, until now, been characterized by informal interest without the necessary structure or analytical rigor to advance decision-making. This workstream is designed to convert that informal interest into a disciplined, actionable assessment—anchored in verified data and internal ownership of the process.

The rationale for this approach is twofold. First, Buckeye’s assets—particularly its Columbus presence, in-house body shop, and established fleet—represent a strategic opportunity for Cardinal to expand its operational footprint and service capabilities. Second, there is a credible hypothesis that Cardinal’s existing administrative platform could absorb Buckeye’s overhead with minimal incremental cost, thereby enhancing consolidated EBITDA and overall transaction value.

Additionally, Buckeye may have software, CRM, or other industry tools that Cardinal could adapt or leverage to aid in the achievement of our goals and action items. Evaluating these systems will be an important part of the assessment process, as they may offer operational efficiencies or best practices that support integration and future growth.



However, these potential synergies and value drivers cannot be validated without a structured evaluation. The initial focus is on assembling comprehensive financial and real estate documentation, already partially available through James, and performing a targeted gap analysis to identify and secure any missing information. Clarifying the status of Buckeye’s real estate holdings is also essential, as property ownership may materially impact both valuation and integration strategy.

A rigorous review of Buckeye’s financials will enable Cardinal to test the cost absorption thesis and begin modeling the range of potential outcomes. The goal is to produce a credible, internally developed indication of value that can serve as the foundation for informed leadership decisions and next-phase negotiations.

This disciplined process ensures that any acquisition consideration is grounded in fact, not assumption—positioning Cardinal to move forward with confidence, transparency, and a clear understanding of both risks and opportunities.

Methods:

Utilizing a structured, four-phase approach to convert Cardinal's informal interest in Buckeye into a disciplined, data-driven assessment. The methodology prioritizes verified financials, operational synergies, and leadership alignment to inform a credible indication of value.

Phase 1: Data Collection & Documentation

Objective: Establish a foundation of validated financial and operational data.

- **Action 1:** James compiles Buckeye's full financial statements (P&L, balance sheet, tax returns), real estate documentation, and operational records (fleet details, body shop capacity, client contracts).
- **Action 2:** Confirm whether real estate is included in the transaction and clarify ownership status.
- **Deliverable:** Centralized data repository for all Buckeye-related documents.

Phase 2: Gap Analysis & Validation

Objective: Identify missing data, quantify absorption synergies, and validate assumptions.

- **Action 1:** Elliott conducts a gap analysis to pinpoint incomplete or inconsistent data (e.g., unverified overhead costs, fleet maintenance expenses).
- **Action 2:** Model overhead absorption potential by mapping Buckeye's administrative functions (HR, accounting, sales) against Cardinal's existing structure.
- **Deliverable:** Report detailing data gaps, synergy opportunities, and feasibility of cost absorption.

Phase 3: Indication of Value Modeling & Structural Scenarios

Objective: Develop a preliminary indication of value and assess acquisition structures.

- **Action 1:** Build a base-case financial model using verified data, incorporating Buckeye's standalone EBITDA and Cardinal's overhead absorption savings.
- **Action 2:** Stress-test scenarios:
 - **Scenario A:** Real estate included vs. excluded.
 - **Scenario B:** Full vs. partial integration of Buckeye's operations.
 - **Scenario C:** Sensitivity analysis on fleet utilization and body shop margins.
- **Deliverable:** Valuation range and prioritized structural options for leadership review. Third party valuation may be necessary.

Methods Continued:

Phase 4: Leadership Review & Path Forward

Objective: Align on findings and determine next-phase strategy.

- **Action 1:** Present results in a 30-minute working session, focusing on key value drivers, risks, and recommended actions.
- **Action 2:** Secure leadership consensus on proceeding to formal due diligence, renegotiation, or discontinuation.
- **Deliverable:** Decision memo outlining next steps (e.g., deeper diligence, LOI drafting, or strategic pause).

Critical Success Factors:

- **Overhead Absorption Clarity:** Explicitly quantify how Buckeye's administrative costs can be reduced or eliminated through integration.
- **Real Estate Certainty:** Resolve ambiguity around property ownership to avoid valuation distortions.
- **Leadership Engagement:** Maintain tight coordination with Roy, James, and key stakeholders to ensure alignment and rapid decision-making.

This iterative, fact-based approach ensures Cardinal retains control of the process while building internal capability to evaluate and execute strategic acquisitions.

Focus – Acquisition | Pillar – Strategy | Deliverable- Fact Based Opinion and Path

Status:

Initial planning and information gathering are underway. The current focus is on outlining the assessment approach, specifying the required financial and real estate documentation, and clarifying key questions related to Buckeye's assets, overhead structure.

We will verify Buckeye's financials and understanding the operational footprint, including the in-house body shop, fleet, and the role of real estate in the transaction. Special attention is being given to identifying any technology platforms or process tools in use at Buckeye that could provide operational advantages or efficiencies for Cardinal.

The review of documentation is also intended to surface potential synergies and operational efficiencies, as well as to highlight any material challenges or complexities related to integration. Real estate ownership and terms are being considered as a potentially significant factor in both valuation and integration planning.

If Buckeye passes the initial financial review, Elliott will conduct interviews with the owners and, as appropriate, select employees. These interviews will focus on identifying additional synergies, assessing cultural fit, and uncovering any red flags or operational risks that may not be apparent from the documentation alone. This qualitative assessment will supplement the financial analysis and help inform Cardinal's next steps.

In addition, if warranted by the complexity of the transaction or to ensure objectivity in the valuation process, Cardinal may engage known third-party valuation professionals. Utilizing an independent, credentialed valuation firm can provide an unbiased assessment, satisfy audit or regulatory requirements, and add credibility to the final indication of value.

Key Status Highlights:

- Assessment approach and documentation requirements being established
- Key questions on assets, overhead, technology, and real estate identified
- Verification of Buckeye's financials and operational footprint in progress
- Review of Buckeye's technology stack and process tools prioritized
- Contingency for post-financial review interviews to evaluate synergies, culture, and risks
- Possibility of engaging third-party valuation professionals for independent assessment
- Emphasis on both quantitative (financial) and qualitative (cultural, operational) evaluation

This status reflects a systematic and thorough launch of the assessment process, with a focus on building a complete and actionable understanding of Buckeye's value drivers and integration considerations.

Speculative Impact:

Preliminary Assessment Pending Financial Review

If Cardinal proceeds with acquiring Buckeye and successfully integrates its operations under the existing financial, routing, and service infrastructure, the outcome could represent a significant and scalable expansion opportunity. While this assessment remains speculative until Buckeye's full financial documentation is obtained and validated, early modeling highlights potential value creation across multiple dimensions.

Financial Impact (Preliminary Estimate):

- **Revenue (P&L):** \$3,000,000 in new top-line revenue routed through Cardinal's systems.
- **Gross Margin Expansion:** Projected 250–300 basis point improvement driven by pricing discipline, improved vehicle utilization, and internalization of repairs via Buckeye's in-house body shop.
- **SG&A Reduction:** Lower administrative overhead through support function consolidation (HR, accounting, dispatch), redundant software elimination, and centralized vendor relationships.
- **Estimated Net Income Impact: \$960,000 annually**, comprising:
 - \$786,000 from margin-accretive absorption (26.2% effective net margin on \$3M revenue).
 - \$174,000 in additional value from body shop use, reduced downtime, and insurance cycle optimization.

Strategic and Operational Benefits:

- **Geographic Footprint Expansion:** Extends Cardinal's service network into the Dayton region, supporting cross-market routing optimization and deeper regional brand presence.
- **Technology and Infrastructure Leverage:** Cardinal may be able to consolidate or sunset Buckeye's existing technology stack, streamlining licensing, training, and operational oversight while improving data visibility and service consistency.
- **Internal Synergy Capture:** Integration could unlock value from aligned maintenance programs, shared fleet tracking systems, and centralized KPI reporting via dashboards such as:
 - Rolling Stock Maintenance Cost Tracker
 - Contribution Margin Summary
 - Fleet Utilization Dashboard
 - Combined Pro Forma Model (Cardinal + Buckeye)

As of now, this projection serves as a directional planning tool. **Formal financial validation, overhead mapping, and real estate verification** are required before any value conclusion is finalized. However, if the thesis holds, this acquisition could produce a high-ROI, margin-accretive growth path and serve as a scalable model for future expansion.

LOOKING FORWARD**NEXT:**

- **Launch Leadership Training Program**
Leadership development begins next week as scheduled. Cohort assignments have been confirmed, and training materials are ready. This launch marks the start of Cardinal's 12-month Leadership Training Program and will run in parallel with key operational initiatives, reinforcing accountability, communication, and performance execution.
- **Complete Financial Transition Actions**
Facilitate a joint session with James, Kelly, and Harrison to confirm Kelly's full QuickBooks access, evaluate her reporting readiness, and initiate the transition of daily financial input ownership. Concurrently, James will supply YTD financials for pricing model finalization. Tommy will continue gathering per-unit rolling stock data, and Harrison will complete cost center mapping and tool alignment.
- **Secure Roy's Buy-In for Valuation and Succession Planning**
Present the case and pathway for producing a formal Indication of Value for Cardinal. This milestone will give Roy a structured view of the company's current valuation, along with modeled options for equity reduction, phased transition, or advisory continuity. It's the first step in transforming succession from an abstract concern to a set of tangible, actionable scenarios.
- **Confirm Project Expansion**
Clarify that the scope of current initiatives—CRM structure, pricing model deployment, buy-side readiness, and financial tool transition—expand upon original engagement parameters. Secure Roy's formal approval for expanded on-site project hours to sustain execution momentum, prevent regression, and maximize return on the work already completed. Will provide Expansion Agreement Next Tuesday, 2025-06-10.

This week's progress and achievements are represented by 33 billable project hours, totaling \$13,578.15

As outlined in the associated Invoice, 30 of those hours represent my time, Elliott J. Culp and 3 of those hours represent Harrison McClain-Rubin time, 3 hours.

Examined and approved by:

Elliott J. Culp
Project Director
Cogent Analytics

Roy Alonso
President/Owner
Cardinal Transportation