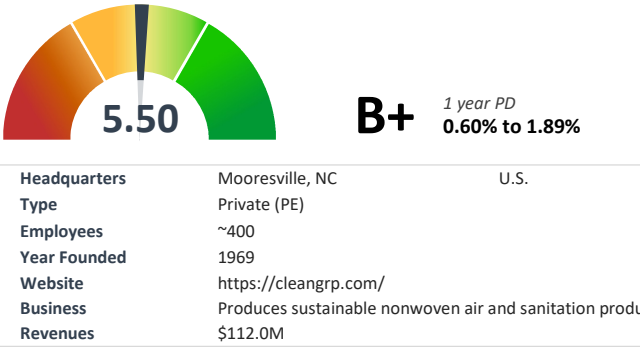


# Clean Solutions Group, Inc. ("CSG")



## Company Overview

- Company Overview:** CSG is a North Carolina-based manufacturer of environmentally responsible nonwoven fabrics and cleaning products. It is a consolidation of Fibrix Filtration (est '68) and Americo Manufacturing (est '69) created by the prior PE-owner, Branford Castle, in '22.
- Product:** Air Filtration Media - customized filtration materials for industrial and commercial use. Sanitation Products - floor pads, cleaning accessories, and matting solutions. Specialty Nonwoven Materials - engineered materials for safety matting and industrial applications.
- Customers:** Serves a diverse base of air filter manufacturers, janitorial services, and industrial sectors across North America.
- Ownership:** Acquired 9/2024 by Wind Point Partners ("WPP"), a PE-firm focused on growth-oriented businesses. WPP, has \$7bn AUM, and a track record of >90 platform acquisitions. Their investor base is primarily institutional (pension funds, insurances, etc).
- Debt Structure:** \$144mn amortizing TL and a \$5mn R/C-line (unused 12/23) provided by Whitehorse Capital with SOFR+650bps, due 11/28.
- Other (pros/cons):** Strained financial position on a standalone basis with Leverage of 9.0 and Debt-to-Assets almost 3x peers'. ~50% of Assets are Goodwill! Superior EBITDA margins (16.3%), growing losses in FY-23, driven by \$9.3mn interest expense (12.0% rate) and \$7.8mn non-cash Goodwill amortization. Although we consider continued support by WPP as critical, the TTM income statements received (through 11/24, no updated b/s) show substantial improvements with sales and Gross profits rising by nearly 1/3, Net Income jumped from a loss (-1.8mn) to a profit of \$3.78mn, and EBITDA Margin widened by an additional 27%.

## Financial Snapshot

|                     | Dec-22  | Dec-23  | Nov-24  | Chg     |
|---------------------|---------|---------|---------|---------|
| \$ '000s            | T12     | T12     | T12     | %       |
| Total Revenue       | 103,575 | 111,991 | 147,256 | 31.5%   |
| Gross Profit        | 26,388  | 30,653  | 40,663  | 32.7%   |
| Adjusted EBITDA     | 14,265  | 18,238  | 30,539  | 67.4%   |
| Gross Profit Margin | 25.5%   | 27.4%   | 27.6%   | 0.2 ppt |
| EBITDA Margin       | 13.8%   | 16.3%   | 20.7%   | 4.5 ppt |
| Net Income          | (46)    | (1,820) | 3,777   | 307.5%  |

## Financial Ratio Benchmarking

| # of Benchmarks:        | 21                | Industry Median | Company Metric | Percentile Rank | # of Industry Benchmarks                         | 21 |
|-------------------------|-------------------|-----------------|----------------|-----------------|--|----|
| Company Financials Date | Dec-23            |                 |                |                 |  |    |
|                         |                   |                 |                |                 | Industry Benchmarks - Primary: Building Products |    |
|                         | Revenue           | \$108M          | \$112M         |                 |  |    |
| Liquidity               | Current Ratio     | 1.83            | 4.00           | <div></div>     | 95%  |    |
|                         | Quick Ratio       | 1.25            | 2.31           | <div></div>     | 88%  |    |
| Leverage                | Net Debt / EBITDA | 1.80            | 9.00           | <div></div>     | 22%  |    |
|                         | Debt to Assets    | 31.4%           | 85.0%          | <div></div>     | 21%  |    |
| Profitability           | EBITDA Margin     | 10.1%           | 16.3%          | <div></div>     | 77%  |    |
|                         | ROCE %            | 16.3%           | 8.5%           | <div></div>     | 28%  |    |

## Business Risk

| Industry Group Risk Profile         |  |                      | Building Materials |  | 15% | 4.5 | to  | 6.0 |     |
|-------------------------------------|--|----------------------|--------------------|--|-----|-----|-----|-----|-----|
| Industry Risk Assessment            |  | KPI Rating           | Contribution       | Industry Group Description   |     |     |     |     |     |
| Cyclicality                         |  | Moderately high risk | <div></div>        | Revenues primarily from producing, distributing, and selling building materials and products. "Building materials" include cement, bricks, concrete, and aggregates like sand and gravel. "Building products" are items like glass, wallboard, roofing, plumbing, lighting, doors, windows, tools, hardware, HVAC equipment, and other goods for construction and building upkeep. |     |     |     |     |     |
| Competitive Risk                    |  | Intermediate risk    | <div></div>        |  |     |     |     |     |     |
| Global Industry                     |  | Intermediate risk    | <div></div>        |  |     |     |     |     |     |
| Market Segment Outlook              |  | Stable               | <div></div>        |  |     |     |     |     |     |
| Competitive Position Profile        |  |                      |                    | Manufacturing  |     | 35% | 5.0 | to  | 6.5 |
| Competitive Position KPIs           |  | KPI Rating           | Contribution       | Rating Guideline   |     |     |     |     |     |
| Cycle-Tested                        |  | < 2000               | <div></div>        | Navigated multiple economic down-cycles.   |     |     |     |     |     |
| Competitive Advantages              |  | Satisfactory         | <div></div>        | Average position in a market with several competitors; moderate threat of new entry and substitution.  |     |     |     |     |     |
| Supplier Diversity                  |  | Satisfactory         | <div></div>        | Limited diversity of suppliers, reliant on a few key ones.   |     |     |     |     |     |
| Customer Concentration              |  | Satisfactory         | <div></div>        | Top 5 customers 26-40% of revenue  |     |     |     |     |     |
| Manufacturing Redundancy            |  | Above Average        | <div></div>        | Multiple manufacturing sites in similar locations.   |     |     |     |     |     |
| Demand Elasticity                   |  | Weak                 | <div></div>        | Products have highly elastic demand (many substitutes available).  |     |     |     |     |     |
| Environmental Stewardship           |  | Satisfactory         | <div></div>        |  |     |     |     |     |     |
| Operational Efficiency              |  | Above Average        | <div></div>        |  |     |     |     |     |     |
| Contract Terms                      |  | Satisfactory         | <div></div>        |  |     |     |     |     |     |
|                                     |  |                      |                    |  |     |     |     |     |     |
| Management, Governance, Sponsorship |  |                      |                    |  |     | 50% | 5.5 | to  | 7.0 |

## Anchor Modifiers

|                        |            |             |  |
|------------------------|------------|-------------|--|
| Modifiers              |            |             |  |
| Financial Transparency | Risk Flag  | <div></div> | Partial: Assessed on 12/21/2024, making FY-22, and FY-23 almost 2 and 3 years old. No usable 2024 financials provided. |
| Trend Analysis         | Adjustment | <div></div> | Strong Positive  |
| Financial Flexibility  | Adjustment | <div></div> | Strained   |

## Rating Range (Rounded)

5.0 to 6.0