

# **FOR SALE: Nationwide Distribution with Packaging & Fulfillment: Owner will carry 30%**

*Large Sales Team with clients in 35 States!*

## Financial Overview

**List Price: \$39,000,000**

### Gross Sales

2023 Projected	2022	2021	2020
\$31,000,000	\$25,366,713	\$29,345,769	\$11,089,057

### Cash Flow

2 Year Avg.	2022	2021
\$8,559,125	\$6,761,275	\$10,356,976

## Assets: \$3,435,366

**Inventory:** \$3,149,880

**Deposits:** \$285,486

**A/R:** \$68,538 (very low, paid at time of sale)

**A/P:** -\$78,943 (vendors paid ahead)

**Profit Margin:** 36%

## Funding Example

**Purchase Price: \$39,000,000**

<b>70% Buyer &amp; Lender</b>	\$27,300,000
<b>30% Seller Carry (combination of Promissory Note, Earn out or Equity Roll)</b>	\$11,700,000

**Reason for Selling:** Expand with a Strategic Buyer or Equity Group who can bring strong business acumen and who may want to grow into manufacturing, bringing it in house to boost profit margins.

**Target Buyer:** There are 43 well-known and respectably sized Private Equity Groups and dozens of publicly traded companies that own very similar businesses.

## Business Information

**Services:** Their services include wholesale, coordinating manufacturing, packaging & fulfillment, and arranging logistics, which that is outsourced to 3rd party freight companies.

**Clients:** B2B sales and distribution with two primary client types: Regional Wholesalers (59%) Direct to Multi-location Shop Owners (38%), B2C for product testing purposes (3%). The largest client is less than 4% of revenue, proving there is a very diverse base.

**Personnel:** 39: CFO, General Manager, VP of Sales, Retail Lead, 2 Manufacturing Leads, Warehouse Lead, 4 Warehouse Associates, 5 In House Sales Reps, 24 Packagers, 19 Outside Sales Reps

**Lease:** 12,000 sq. ft. distribution center in Orange County, California. They moved in 2021 to add more space due to growth

**Current Owners' Responsibilities:** Owner 1: Product development, management, and market research, with a 4–5-year transition period. Owner 2: Risk management and team support (only 5 hours per week, no replacement needed).

**Service Area:** Across the United States, 35 states legalized low dose CBD/THC, with 6-9 more coming in the next 12 months.

**Excluded Services:** The business does not represent any cannabis products which is where the law can be more complicated. Everything that is sold is **legal** hemp derived CBD Products. Think "Farm Bill" regulated hemp, **not** a "licensed" cannabis dispensary or farm. This allows the business to sell across state lines in full compliance.

## Description

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Services include wholesale, coordinating manufacturing, packaged development with fulfillment, and arranging logistics, through 3rd party freight. This wholesale & distribution business has Sellers open to remaining on board for 4 years and are willing to do a 30% carry or equity roll combo for a sign of a vested interest in the business's success. With boosting sales of \$29MM in 2021 the business is servicing clients in the B2B space. They have two primary client types of Small Wholesalers & direct Shop Owners. The business does not sell any traditional cannabis products but rather regulated hemp which allows them to totally legally sell across state lines. The business is operating out of a 12,000 sq. ft. distribution facility in Orange County and has a strong team of about 40 individuals who are experts in this industry. This includes a CFO, General Manager, VP of Sales, Retail Lead, 2 Manufacturing Leads, Warehouse Lead, 4 Warehouse Associates, 5 In House Sales Reps, 24 Packagers, and 19 Outside Sales Reps. They do not have any drivers, as this is all outsourced. They have unparalleled growth from 11 million to nearly 30 million over the last 24 months! This company focuses mainly on Distribution and Logistics to other much smaller wholesalers which makes up 59% of their revenue, while 38% is sold Business to Business directly to shop owners; less than 3% is sold direct to the consumer and this is intentional for research and development purposes.

The current owners recently reinvested significant amounts of time and money into expanding operations, including moving to a distribution center twice the size to handle the growth, and they brought on Delta8, along with other unique products to continue being the industry leader. A buyer will be able to enjoy the spoils of this recent focus, but they will also have multiple opportunities to continue this growth trajectory. Note from the seller: "In response to any concerns regarding Vapes. Inhale-able products have gone from roughly 80% of sales last year to closer to 30% as we pivoted towards the edible products in 2022. This limits exposure to possible Inhale-able product legislation." Currently there are 35 States who have recognized these Low-Dose consumables as a legal product and there are projected to be another 6-9 states that will follow suit in the next 6-9 months. Priced at **\$39,000,000**, the seller is offering a combination of Promissory Note and Equity Roll for a total of 30% if desired by the buyer. This is a sign of good faith in the business continuing successfully. The 4.1 multiple on a business boasting a 2-year average \$8,559,125 cash flow, a 36% profit margin is a very fair ask, as they are looking for a strategic buyer for growth.

This fulfillment, wholesale, and distribution business has 4 subsidiaries, each with a unique product and target consumer. The products range from legalized low dose CBD to natural consumables. This market provides an alternative to western medicine and has helped users manage their pain without the fear of an addiction. The use of these products/alternative is on the rise and has helped people with Alzheimer's Disease, Amyotrophic Lateral Sclerosis (ALS), Crohn's Disease, Epilepsy and Seizures, Glaucoma, Multiple Sclerosis and Muscle Spasms, Severe and Chronic Pain, Severe Nausea or Vomiting caused by Cancer Treatment. There are several health benefits, as it is better for you than alcohol, helps to calm anxiety, and assists with PTSD. Individual states are continually expanding the legality of hemp and nicotine-based products, which allows for organic growth. The owner also sits on a major lobbying board that campaigns Congress constantly. As the health benefits of hemp and cannabis products continue to be shared, the client base for this business continues to grow. The goal for selling at this time is to expand with a Strategic Buyer or Equity Group who can bring strong business acumen and who may want to grow into manufacturing, bringing it in house to enhance profit margins.

**- CONFIDENTIAL -**

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