SEAS WORKED CASE

EBITDA Opportunity Diagnostic

A Public-Filing Analysis of a Mid-Market Safety Manufacturer

Subject: a publicly traded mid-market manufacturer of protective clothing and safety apparel (identity withheld)

An illustrative demonstration of the SEAS diagnostic methodology, built exclusively from public financial disclosures.

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1. Basis of Analysis and Important Limitations

This is an illustrative, benchmark-based opportunity analysis — not a finding of inefficiency.

Every figure described as an opportunity is an estimate of **potential** improvement, derived from public financial disclosures and peer benchmarks. It represents the set of hypotheses the SEAS diagnostic would place on the table at the start of an engagement — not a measured result. Confirming any figure requires internal operating data the company does not disclose publicly, and the estimates would change materially upon that validation.

A bottom-up SEAS leakage diagnosis normally draws on internal data: contract-level pricing, line-item SG&A, and category-level procurement spend. Public filings contain none of that granularity. This worked case therefore applies the SEAS lens to what is publicly reported, sizing opportunity from the gap between the company's disclosed metrics and credible peer benchmarks. The purpose is to demonstrate the methodology end to end, transparently, on a real company's real numbers.

This document is independent and is based solely on publicly available information. The subject company and its peer benchmark are deliberately not named, to avoid any reputational characterization of a specific business. The analysis makes no assertion about the actual operations, efficiency, or management of any company, and it is not investment advice.

2. Executive Summary

The subject is a publicly traded manufacturer of protective clothing and safety apparel, with roughly $167 million in annual revenue, that has grown rapidly by acquisition — completing several bolt-on acquisitions in its most recent fiscal year alone. That profile — a mid-market operator absorbing multiple bolt-ons in quick succession — is precisely the situation in which the three sources of EBITDA leakage SEAS targets tend to accumulate.

Applying the SEAS three-pocket lens to public disclosures surfaces an estimated $6–10 million of annual EBITDA opportunity, roughly 4–6 margin points, concentrated in SG&A integration efficiency, pricing harmonization across acquired brands, and procurement consolidation. A material portion of this overlaps the margin recovery management already guides toward for the coming year; the genuinely incremental, SEAS-attributable subset is estimated at $3–6 million and would require internal validation (see Section 9).

SEAS leakage pocket	Estimated annual EBITDA opportunity
SG&A Efficiency Gap	$3.3–5.9M
Pricing & Contract Drift	$1.7–2.5M

SEAS leakage pocket	Estimated annual EBITDA opportunity
Supply Chain / Vendor Concentration	$1.1–2.0M
Total opportunity surface	$6.1–10.4M (≈3.6–6.2 margin pts)

At an illustrative 8.0× EBITDA multiple — conservative for the safety-equipment sector — the full opportunity surface equates to roughly $49–83 million of enterprise value; the conservative incremental subset equates to roughly $24–48 million. A separate, one-time working-capital release of an estimated $10–18 million is also identified (Section 7).

3. The Company at a Glance

Metric	Latest FY	Prior FY	Note
Net sales	$167.2M	$124.7M	+34.1% YoY
Gross profit	$68.7M	$51.2M	Gross margin 41.1% (flat)
Organic gross margin	45.3%	41.1%	Acquisition mix drag
Operating expenses (reported)	$67.4M	$45.2M	+48.7%; incl. one-offs
Net income (loss)	$(18.1)M	$5.4M	Incl. non-cash goodwill impairment
Adjusted EBITDA ex-FX	$17.4M	$15.7M	Margin 10.4% vs 12.6%
Inventory (year-end)	$82.7M	—	Incl. ~$14.2M pre-tariff build
Forward guidance (next FY)	$210–220M	—	Adj. EBITDA ex-FX $24–29M

Source: the subject company's most recent full-year results (and fourth quarter), including forward guidance, as publicly reported.

Two observations frame the opportunity. First, profitability fell even as revenue grew 34%: adjusted EBITDA margin compressed from 12.6% to 10.4% — the classic signature of integration cost outrunning integration benefit. Second, the 4.2-point gap between reported gross margin (41.1%) and organic gross margin (45.3%) quantifies how much of that compression is acquisition-related rather than structural.

4. The SEAS Diagnostic Lens

SEAS organizes EBITDA leakage into three pockets — the SG&A Efficiency Gap, Pricing & Contract Drift, and Supply Chain / Vendor Concentration. This worked case follows that structure. In a live engagement, each pocket is quantified from internal data; here, each is sized from public disclosures against peer benchmarks, with deliberately conservative recovery assumptions.

The best-in-class peer anchor used throughout is the sector's largest pure-play safety-equipment manufacturer, which operated at an approximately 24% EBITDA margin in its most recent fiscal year — roughly 14 points above the subject's 10.4%. Scale explains a

substantial part of that gap. SEAS sizes only the portion plausibly attributable to integration-stage inefficiency, never the full peer differential.

5. Pocket 1 — SG&A Efficiency Gap

Disclosed: reported operating expenses rose 48.7% to $67.4 million while revenue rose 34.1%. The company attributes the increase partly to acquisition expenses, restructuring, and higher organic SG&A — notably compensation and professional fees. Stripping non-recurring items, the adjusted operating-cost base embedded in adjusted EBITDA ex-FX is approximately $51 million, or about 31% of sales (gross profit of $68.7M less adjusted EBITDA ex-FX of $17.4M).

SEAS hypothesis: a company that absorbed several acquisitions in a short window typically carries duplicated back-office functions, redundant administrative spend, and un-rationalized spans and layers. Bringing the adjusted operating-cost ratio down by a conservative 2.0–3.5 points toward integrated-operator norms implies $3.3–5.9 million of annual EBITDA.

What confirmation requires: department-level headcount and cost mapping across legal entities, professional-services and vendor spend detail, and an organizational-design review.

Estimated SG&A efficiency opportunity: $3.3–5.9M annual EBITDA.

6. Pocket 2 — Pricing and Contract Drift

Disclosed: reported gross margin (41.1%) sits 4.2 points below organic gross margin (45.3%), a gap the company attributes to acquired-entity mix and purchase-accounting effects. Separately, the company has communicated tariff-driven surcharges to channel partners on certain imported goods.

SEAS hypothesis: newly acquired brands frequently carry legacy price lists, discount structures, and contract terms below the parent's realized economics. Harmonizing pricing and maintaining discipline on surcharge pass-through to recover even 1.0–1.5 of the 4.2-point gap implies $1.7–2.5 million of annual EBITDA.

What confirmation requires: SKU- and customer-level price and margin waterfalls across acquired and legacy brands, discount and rebate analysis, and the contract renewal calendar.

Estimated pricing and contract opportunity: $1.7–2.5M annual EBITDA.

7. Pocket 3 — Supply Chain and Vendor Concentration

Disclosed: a multi-entity, multi-geography manufacturing footprint assembled through acquisition; cost of goods sold of approximately $98.5 million (net sales less gross profit);

and inventory of $82.7 million at year-end, including roughly $14.2 million of deliberate pre-tariff buildup.

SEAS hypothesis (procurement): post-roll-up procurement is rarely consolidated. Addressable direct and indirect spend — a subset of COGS — typically yields 2–3% on consolidation and supplier rationalization. Against an estimated $55–65 million of addressable spend, that implies $1.1–2.0 million of annual EBITDA.

SEAS hypothesis (working capital — a returns lever, not EBITDA): inventory of $82.7 million against COGS of $98.5 million represents roughly ten months of stock. Even after allowing for the intentional tariff buildup, normalizing toward sector inventory turns through disciplined sales-and-operations planning could release an estimated $10–18 million of one-time cash, improving hold-period returns independent of the EBITDA effect.

What confirmation requires: a spend cube by category and supplier, supplier concentration and contract terms, and an inventory and turns analysis by SKU and location.

Estimated procurement opportunity: $1.1–2.0M annual EBITDA, plus a one-time working-capital release of $10–18M.

8. Consolidated Opportunity and Value Translation

Item	Estimate
Pocket 1 — SG&A Efficiency Gap	$3.3–5.9M EBITDA
Pocket 2 — Pricing & Contract Drift	$1.7–2.5M EBITDA
Pocket 3 — Supply Chain / Vendor Concentration	$1.1–2.0M EBITDA
Total annual EBITDA opportunity surface	$6.1–10.4M
Implied enterprise value at 8.0×	$49–83M
One-time working-capital release (cash, not EBITDA)	$10–18M

At an illustrative 8.0× EBITDA multiple — conservative for the safety-equipment sector — the opportunity surface equates to approximately $49–83 million of enterprise value. Focused safety peers have at times traded well above 8×; a higher multiple would scale these figures proportionally.

9. Reconciliation with Management's Own Guidance

Not all of the surface above is incremental, and a value-creation diagnostic that double-counts management's existing plan is not credible. The company's forward guidance — revenue of $210–220 million and adjusted EBITDA ex-FX of $24–29 million — implies adjusted EBITDA margin recovering to roughly 11.4–13.2%, from 10.4%. Part of that recovery reflects the non-recurrence of the latest year's one-off costs and the integration benefits management already anticipates, which overlap Pockets 1 and 2.

Netting that overlap, the genuinely incremental, SEAS-attributable opportunity — improvement beyond, or accelerating, the trajectory management has already signaled — is estimated at $3–6 million of annual EBITDA, equivalent to roughly $24–48 million of enterprise value at 8.0×, plus the one-time working-capital release. This is the figure we would stand behind as incremental.

10. What This Demonstrates — and What Confirmation Requires

What it demonstrates: the SEAS methodology can take a real mid-market company, identify where EBITDA is most likely escaping, size each pocket against benchmarks, and translate the result into margin points and enterprise value — systematically and transparently. The same lens applies across SEAS's covered verticals.

What it cannot do from public data: confirm that any specific dollar of opportunity is real. The disclosed figures support hypotheses; only internal data — the contract-level, line-item, and spend-level detail held inside the company — can convert a hypothesis into a validated, bankable number. In an engagement, that conversion is the work.

This worked case is therefore best read as what SEAS sees on day one, before it has seen anything proprietary — and as an indication of how much structured opportunity a disciplined operator can surface from the public record alone.

11. Methodology and Sources

Methodology. Opportunity sizing applies conservative recovery rates to gaps between the subject's disclosed metrics and peer benchmarks. SG&A: improvement in the adjusted operating-cost ratio toward integrated-operator norms. Pricing: partial recovery of the disclosed reported-versus-organic gross-margin gap. Procurement: a standard consolidation benchmark of 2–3% applied to estimated addressable spend. Working capital: normalization of inventory toward sector turns. Enterprise-value translation at an illustrative 8.0× multiple.

Sources.

- The subject company's most recent full-year and fourth-quarter results, including forward guidance, as publicly reported. Identity withheld by choice.
- The sector's largest pure-play safety-equipment manufacturer — most recent full-year results; adjusted EBITDA margin of approximately 24%, used as the best-in-class peer benchmark.
- Cost of goods sold, the adjusted operating-cost base, addressable-spend estimates, and ratio calculations derived by Smart Agentic Systems from the above disclosures.

reviewed by any company referenced or analyzed herein. Figures described as opportunities are benchmark-derived estimates of potential improvement, not findings of inefficiency, waste, or mismanagement, and not statements of fact about any company's operations or management. The analysis is illustrative and forward-looking, would change materially upon validation against non-public data, and does not constitute investment advice or a recommendation regarding any security.