CONFIDENTIAL — STRATEGIC ADVISORY

Accelerating Growth Through Operational Transformation

Strategic Roadmap for **Vertex Industrial Group**

Prepared by **Nexa Strategic Advisory**

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Agenda

1. **Situation Assessment**
   Market dynamics & current performance
2. **Strategic Opportunity**
   Key growth levers identified
3. **Transformation Roadmap**
   100-day plan & phased milestones
4. **Financial Impact**
   Projected returns & investment case
5. **Next Steps**
   Decisions required & governance

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Situation Assessment

Market dynamics & current performance

Market Pressure

Industrial equipment spending contracted **8.4%** YoY across the North American mid-market. Inflationary headwinds and tightening credit have compressed margins sector-wide.

Key drivers:

- Raw material costs **+22%** vs. 2023
- Supply-chain lead times extended to **18 weeks**
- Competitor **Apex Corp** gained 3 pp share

Vertex Today

Vertex Industrial Group operates **14 facilities** across 6 states. Despite strong brand equity, organic revenue growth has stalled at **1.2%** CAGR over the past three years.

- EBITDA margin: **11.3%** (sector avg. 17.8%)
- Working capital cycle: **74 days** (target 45)
- Digital maturity score: **2.1** / **5.0**

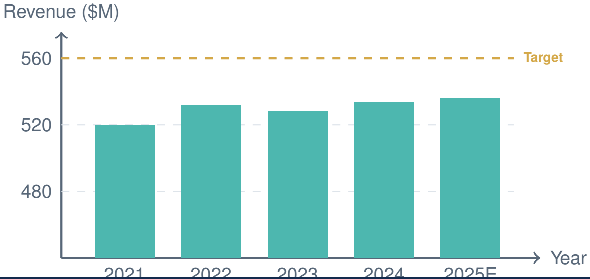
Bottom line: Vertex's cost structure and operational fragmentation limit its ability to compete

11.3%
EBITDA Margin
vs. 17.8% sector

74 days
Working Capital
target: 45 days

2.1/5
Digital Maturity
industry avg. 3.6

1.2%
Revenue CAGR
3-year trailing



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Strategic Opportunity

Key growth levers identified

Operational Efficiency

Streamline procurement and manufacturing through lean redesign. Target **$18M** in annualised savings within 18 months by consolidating 3 redundant plants and rationalising the supplier base from 240 to 80.

Benefit: +4–6 pp EBITDA margin.

Revenue Acceleration

Launch a **Vertex Connect** digital aftermarket platform. Cross-sell service contracts to the installed base of 11,400 machines. Adjacent market entry into *Nimbus Logistics* fleet maintenance.

Benefit: +$35M recurring revenue by Y3.

Capital Reallocation

Divest two non-core divisions (estimated **$40M** proceeds) and redeploy into high-margin precision components segment where Vertex holds IP advantage.

Benefit: ROIC improvement of **+8 pp** by Year 3.

Combined value creation potential: $93M cumulative EBITDA uplift over a 3-year horizon, representing a **2.4×** return on transformation investment.

Metric	Vertex	Apex Corp	Synapse Ind.	Meridian Mfg
EBITDA Margin	11.3%	19.2%	16.8%	18.1%
Revenue Growth (YoY)	1.2%	7.4%	5.1%	6.9%
Working Capital (days)	74	42	48	39
Digital Maturity	2.1/5.0	4.2/5.0	3.8/5.0	3.5/5.0
R&D as % of Rev.	1.4%	3.8%	2.9%	3.1%
NPS Score	34	61	52	58

Source: Industry benchmarking survey, Nexa proprietary database (N = 48 firms), FY2024 annual reports.

Gap to close: Vertex trails the peer median on every metric. Structured transformation can narrow the gap by **60–80%** within 36 months.

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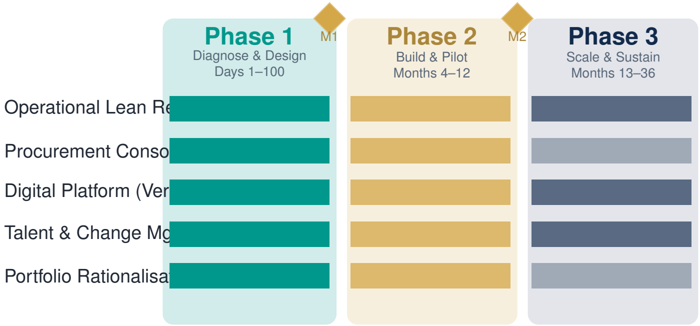
Transformation Roadmap

100-day plan & phased milestones

Transformation Roadmap | Phased Delivery Plan



M1 — Day 100

Diagnostic complete; quick-win savings of **$4M** captured; platform vendor selected.

M2 — Month 12

Pilot plants live; Vertex Connect beta launched; **$28M** annualised run-rate savings.

M3 — Month 36

Full scale achieved; **$93M** cumulative EBITDA uplift; ROIC at sector median.

Transformation Roadmap | The 100-Day Sprint

Week	Workstream	Key Deliverable	Owner
1–2	Governance	Establish Transformation Office; agree KPI dashboard and reporting cadence	C. Holloway
3–5	Operations	Map all 14 plant processes; identify top 20 waste elimination opportunities	R. Tanaka
6–8	Procurement	Supplier spend analytics; shortlist consolidation candidates	S. Mbeki
9–11	Digital	Platform RFP issued; vendor shortlist of 3; architecture blueprint approved	J. Patel
12–14	Talent	Change-readiness survey; identify transformation champions in each site	A. Fischer
15	Portfolio	Board presentation: divestiture rationale & indicative valuations	C. Holloway

All owners are Vertex executive sponsors supported by dedicated Nexa engagement teams.

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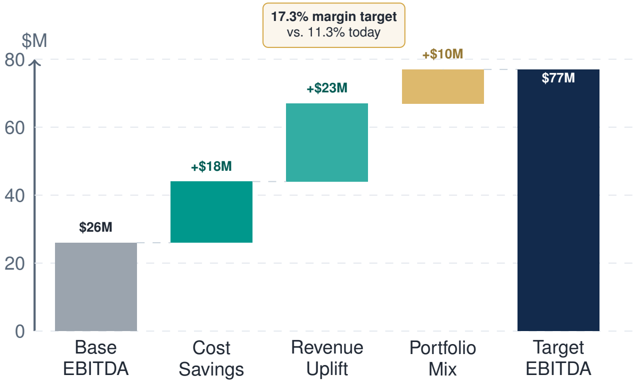
Financial Impact

Projected returns & investment case



3-year cumulative EBITDA uplift of **$93M**; Year 3 run-rate EBITDA of **$77M***

*Assumes flat revenue base; upside not included. All figures Nexa base-case estimates.

Financial Impact | Investment Case Summary

Item	Year 1	Year 2	Year 3
Investment			
Consulting & Programme Mgmt	($8.4M)	($5.2M)	($2.1M)
Capex: Digital Platform	($6.0M)	($3.5M)	($1.0M)
Restructuring Charges	($12.0M)	($4.0M)	—
Total Investment	**($26.4M)**	**($12.7M)**	**($3.1M)**
Benefit			
EBITDA Uplift (Cost Saves)	$8.0M	$14.0M	$18.0M
EBITDA Uplift (Revenue)	$5.0M	$15.0M	$23.0M
Portfolio Proceeds (one-time)	—	$40.0M	—
Total Benefit	**$13.0M**	**$69.0M**	**$41.0M**
Net Cash Impact	**($13.4M)**	**$56.3M**	**$37.9M**

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Next Steps

Decisions required & governance

Immediate Decisions

1. **Mandate Transformation Office:** Appoint executive sponsor (CEO / CFO level) and allocate dedicated programme resources.
2. **Approve Diagnostic Phase:** Authorise Nexa engagement for 100-day diagnostic at a fixed fee of **$3.2M**.
3. **Initiate Divestiture Review:** Engage M&A counsel to scope two non-core asset carve-outs.

Timeline to Mobilise

Date	Milestone
15 Sep 2025	Board approval
22 Sep 2025	Contracts executed
1 Oct 2025	Kick-off workshop
15 Oct 2025	TOC established
31 Dec 2025	Day-100 report

Urgency: Each quarter of delay costs an estimated **$4.7M** in unrealised EBITDA and cedes further market share to Apex Corp.

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Together, we can make Vertex the benchmark others chase.

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