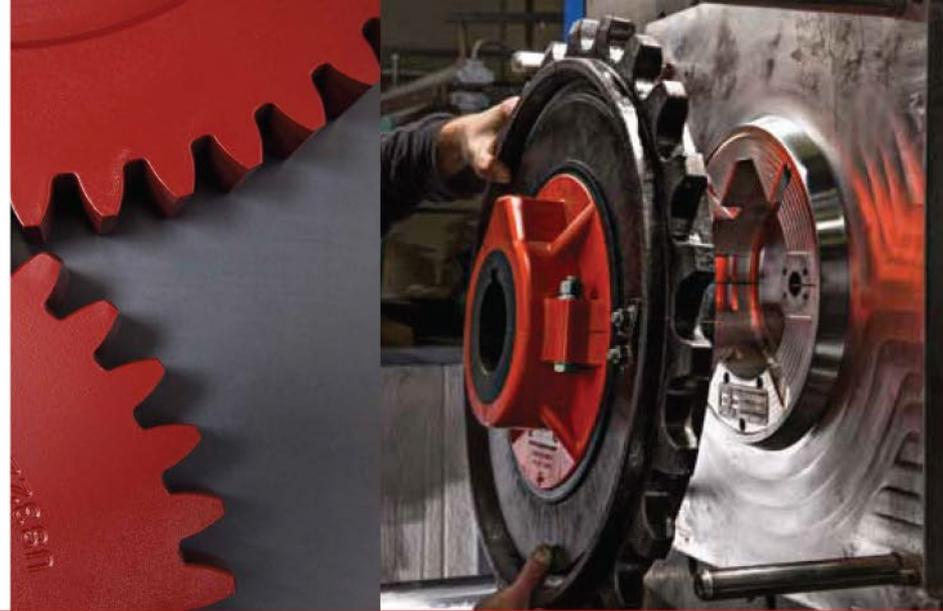




**DIVERSIFIED  
PLASTICS, INC.**



*Engineered plastics designed for the way you do business.*

## **CONFIDENTIAL INFORMATION MEMORANDUM**

Prepared by Alexander Hutton  
1301 5<sup>th</sup> Ave Suite 3405  
Seattle, WA 98105



**Alexander Hutton**  
Mergers & Acquisitions



I. EXECUTIVE SUMMARY



II. BACKGROUND & MARKET

III. PRODUCTS & SERVICES

IV. FACILITY & EQUIPMENT

V. OPERATIONS

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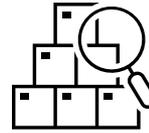


# Investment Highlights



## Proven History of Success

Diversified has been serving customers for almost 50 years. The Company is led by second generation owner Brad Reid alongside a team of dedicated and experienced managers.



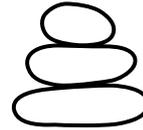
## Diverse Product Capabilities

The Company's proprietary MultiFab technology combines the capabilities of fabrication, machining, injection molding, and polyurethane casting, allowing Diversified to satisfy a variety of its customers needs all under one roof.



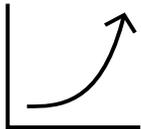
## Single-Source Vendor

Diversified acts as a single-source vendor by meeting needs across a wide range of applications, materials and volume requirements. This has resulted in reduced lead times, cost savings, and over 95% of revenue from repeat customers.



## Balanced End Markets

Diversified Plastics' serves customers across a wide range of industries that includes Water Treatment, Lumber, Car Washes and Agriculture. No single customer accounts for more than 11% of 2024 revenue.



## Strong Revenue and Profitability

The Company's 3-year revenue CAGR is 9% while gross profit steadily increased to 48% in June TTM period.



## American Made

Diversified's products are 100% American made, ensuring reliable production and pricing with **limited exposure to tariffs**. This leads to proven quality assurance, reliable USA-based supply chain, predictable pricing and shorter lead times.

### Proposed Transaction

Alexander Hutton has been exclusively retained by the owners of Diversified Plastics Inc. to sell or recapitalize the Company on a cash free/debt free basis to a strategic or financial partner.

For further information regarding this transaction please contact Alexander Hutton, Inc. Do not contact the Company directly.

**James Thompson** – Managing Director  
+1.206.852.6359 | [jt@alexanderhutton.com](mailto:jt@alexanderhutton.com)

**Stephen Humphreys** – Managing Director  
+1.206.949.3451 | [shumphreys@alexanderhutton.com](mailto:shumphreys@alexanderhutton.com)

**Shane Jansen** – Vice President  
+1.360.220.9061 | [sjansen@alexanderhutton.com](mailto:sjansen@alexanderhutton.com)

# Financials Highlights

## Consolidated Income Statement

Income Statement - Diversified Plastics Inc. + Diversified Equipment Leasing												
	2021		2022		2023		2024		TTM (Jun)		2025P	
Revenue (yearly growth as a %)	<b>13,564</b>		<b>15,592</b>	15%	<b>18,095</b>	16%	<b>17,503</b>	-3%	<b>19,337</b>		<b>20,500</b>	17%
Cost of Goods Sold	7,244		8,112		9,241		9,352		10,001		9,840	48%
<b>Gross Profit</b>	<b>6,320</b>	<b>47%</b>	<b>7,480</b>	<b>48%</b>	<b>8,854</b>	<b>49%</b>	<b>8,152</b>	<b>47%</b>	<b>9,336</b>	<b>48%</b>	<b>10,660</b>	<b>52%</b>
Expenses	4,562	34%	4,829	31%	5,477	30%	5,787	33%	6,326	33%	6,400	31%
<b>Operating Income</b>	<b>1,758</b>		<b>2,651</b>		<b>3,377</b>		<b>2,365</b>		<b>3,010</b>		<b>4,260</b>	
Net Other Income/(Expenses)	(403)		(495)		(801)		(892)		(832)		(742)	
<b>Net Income</b>	<b>1,355</b>	<b>10%</b>	<b>2,157</b>	<b>14%</b>	<b>2,576</b>	<b>14%</b>	<b>1,472</b>	<b>8%</b>	<b>2,178</b>	<b>11%</b>	<b>3,518</b>	<b>17%</b>
Interest Expense	55		86		97		103		112		90	
Depreciation & Amortization	355		411		555		659		680		680	
Taxes					150		148		70		70	
<b>EBITDA</b>	<b>1,765</b>		<b>2,654</b>		<b>3,378</b>		<b>2,382</b>		<b>3,040</b>		<b>4,358</b>	
Owner Life Insurance	52		52		87		54		52		58	
Discretionary Bonuses	249		40		36		11		91		80	
Other one time expenses	175		70		208		222		264		144	
<b>Adjusted EBITDA</b>	<b>2,241</b>	<b>17%</b>	<b>2,816</b>	<b>18%</b>	<b>3,707</b>	<b>20%</b>	<b>2,669</b>	<b>15%</b>	<b>3,446</b>	<b>18%</b>	<b>4,640</b>	<b>23%</b>

## Financial Highlights

### Gross Margins

June TTM

**48%**

### Revenue Growth

June TTM

**10%**

### EBITDA Margins

June TTM

**18%**

### Revenue CAGR

2021-2024

**9%**

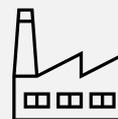
### June TTM

Revenue

**\$19,337**

Adj. EBITDA

**\$3,446**



**30%**

Growth in capacity  
available in current  
facilities



**\$3 M+**

Invested in  
equipment since  
2020



**24/7**

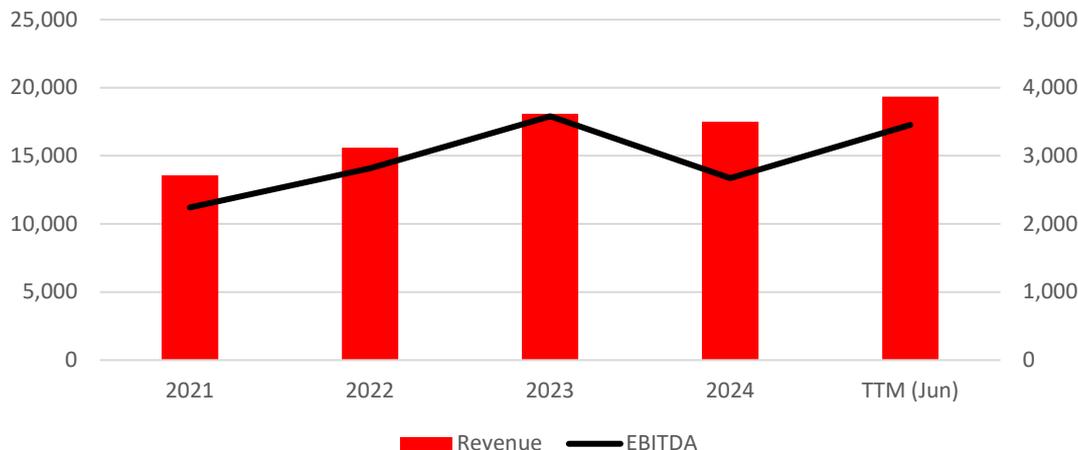
Production with  
day, night and  
weekend shifts

# Company Overview

## About Diversified Plastics Inc.

- Diversified Plastics, Inc (“the Company” or “Diversified”) is a single-source manufacturer of plastic components that creates solutions for manufacturers and end users across a wide variety of end markets as well as for key national and global distributors.
- For nearly 50 years, Diversified has developed a long-standing reputation of winning and maintaining client relationships due to its proprietary solutions that add significant value to their customers through cost-savings and shortened production timelines.
- They have continued to grow at steady and sustainable rates, with many key opportunities for organic and inorganic growth that will increase market capture.
- The Company is well positioned for growth with current facilities able to sustain a 25-30% growth in production demand, as well as established plans for additional facility expansions including new buildings with available property when necessary.

## Historical Revenue and Adj. EBITDA



## Key Company Information

- Based in **Missoula, MT**, Diversified serves clients throughout the **US and 14 other countries** since 1976.
- The Company maintains low customer concentration, with no customer making up more than **11% of 2024 revenue**.
- Diversified is **the only proven UHMW** injection molding supplier, giving the company a significant advantage over competitors. UHMW accounts for 15% of products sold.
- Diversified has a department of mechanical engineers dedicated to providing **custom plastic-based solutions** and support for new customer orders.
- Offerings include MultiFab technology, which combines many manufacturing techniques with proprietary solutions, allowing the Company to maintain **extremely high client retention rates**.
- The Company has been regularly recognized for various awards, most recently being named **Montana Business Ambassador of the year** in 2023.
- Well positioned to benefit from reshoring trends and an increasing emphasis on **Made in America Manufacturing**.

# Plastics Manufacturing Growth Drivers

## The Case for Plastic over Metal Components



### Durability

Manufactured plastics wear much slower compared to steel and aluminum components, due to their ability to flex and absorb impact, lengthening the useful life of key components.



### Production Timeline

Compared to metal components, plastics have a very quick manufacturing process, allowing for shorter production and lead times, benefitting both consumers and manufacturers.



### Cost Efficiency

Complex plastic components can be manufactured at much lower labor and material costs compared to metal components, attracting managers who are seeking to cut costs.



### Noncorrosive

Due to their noncorrosive nature, plastic components can be utilized in environments where steel and aluminum cannot, due to water exposure and corrosion concerns.



### Self-Lubricating

Plastic components are self-lubricating which permits them to perform better in dirty environments, require less maintenance and reduce operating costs.

## Industry Statistics

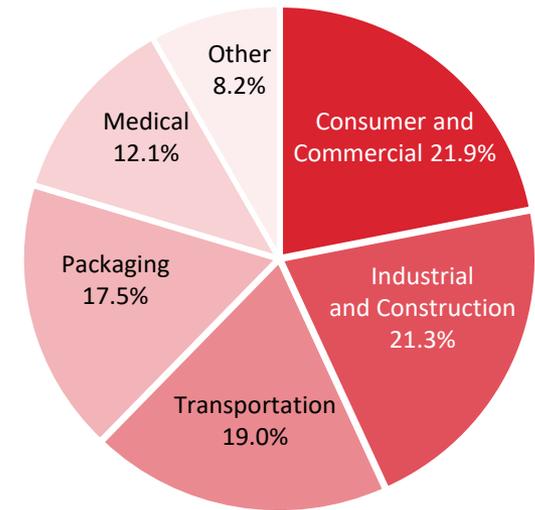
**\$16.8B**

Total Injection Molding Market

**5.2%**

5-Year Industry CAGR

### Injection Molding End Markets



## Industry Outlook

- Rising demand for manufactured plastic packaging from the Food & Beverage industry will continue to grow the plastics market globally due to food safety requirements.
- Technological advancements in the Injection Molding industry that allow manufactured plastics to be eco-friendly and 100% recyclable will drive demand across a variety of end markets for plastic components.
- Increased awareness of the benefits of plastic components compared to metal has driven increased adoption of plastic parts in the Automotive industry, which will continue to drive growth in the Manufactured Plastics industry.

A man with glasses and a dark t-shirt is holding a large, dark metal gear. He is standing in a workshop next to a large blue industrial machine. The machine has a control panel with a screen and several buttons. The background shows other parts of the workshop.

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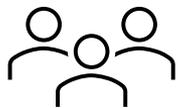
# Company History

**Diversified Plastics, Inc.** was founded in 1976 by Rod Reid in his garage in Missoula, Montana, with the purpose of supplying plastic components to lumber and pulp mills in the area. The Company has grown significantly since its time in Rod’s garage, becoming a leading North American plastics engineering and manufacturing firm.

The Company is now run by Brad Reid, Rod’s son, and a team of over 70 highly experienced employees. The knowledge brought by the team at Diversified Plastics allows the team to offer a wide variety of manufacturing solutions to its clients and provide tens of thousands of pieces all over the world.

While the Company has increased its size and expertise, it has remained true to its beginnings, providing the same problem-solving skills and quality solutions for decades. After nearly 50 years in operation, the Company has maintained its core values of being a company that people want to work for and work with.

**MANUFACTURER OF THE YEAR**



Employees: **76**



Founded: **1976**



HQ: **Missoula, MT**



Countries Served: **15**

# Value Proposition & Competitive Advantage

## Creative & Proprietary Solutions

- MultiFab Technology combines several manufacturing methods under one roof, making creative and proprietary solutions possible.
- These solutions are not easily-replicable, keeping customer retention high.

## Global Impact

- Diversified's commitment to supplying high quality parts has earned them global trust, serving customers around the world.
- By operating in a wide range of industries and countries, customers can trust that they are getting the best possible components, products, and services.

## Industry Expertise

- Diversified is an expert in over ten industries and has delivered hundred of thousands of highly engineered plastic parts
- Diversified is not just a manufacturer, but a plastic component innovator that finds ways to improve the life of a product and reduce costs.

## Outstanding Customer Service

- Diversified tailors every customer experience to meet their exact needs, from distribution channel to engineered specifications.
- Diversified's sales team travels to meet with customers in person and communicates effectively to ensure customer satisfaction and retention.

## Customer Testimonials

“Diversified is a company with a lot of integrity, positive responsiveness to their customers and with very good quality products.”

“They have an amazing array of capabilities, anything from raw material to highly machined parts.”

“We have been impressed with Diversified's communication, project management and commitment to quality from project start to finish.”

“[Diversified] communicates flawlessly and keeps you up to date on open projects so you can focus on your work without the worry of missing timelines.”

“Even though we were a small order, in a niche market, Diversified took our problem seriously and delivered results.”

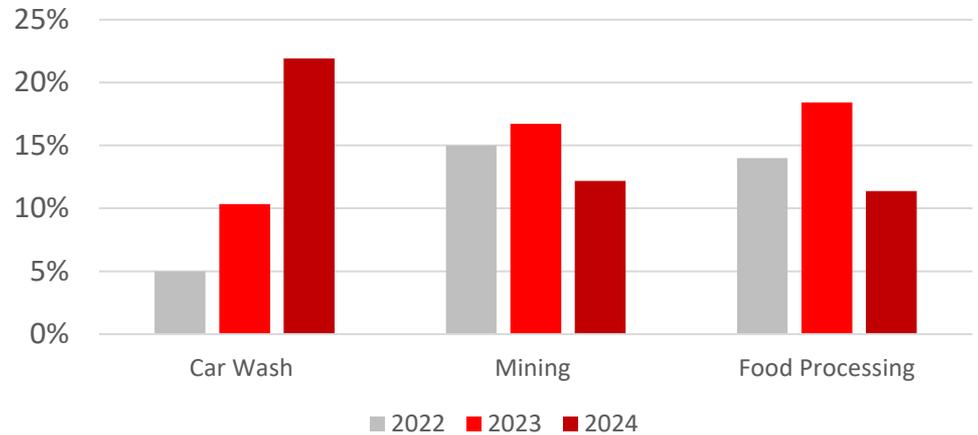
# Customers & End Markets

Diversified is proud to work with a wide variety of clients serving a diverse range of end markets while having low levels of customer concentration, with no customer making up more than 11% of 2024 revenue.

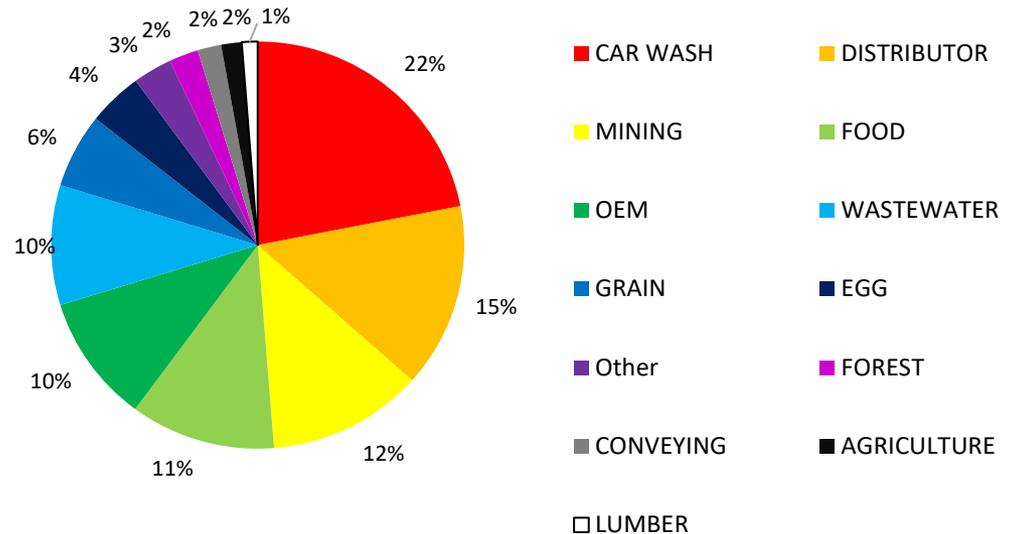
## Customer Concentration

Top 10 Customers	Total % of 2024 Revenue
Customer A	10.8%
Customer B	9.6%
Customer C	8.5%
Customer D	4.2%
Customer E	3.0%
Customer F	3.0%
Customer G	2.9%
Customer H	2.7%
Customer I	1.7%
Customer J	1.6%

## End Market Growth by % of Revenue



## 2024 Sales Percentages by End Markets



# Competition

Diversified operates in many different industries, with each end market possessing a different set of competitors. Due to its unique capacity for custom solutions, no single company can directly compete with Diversified across its total target market.

## Diversified Plastics' Competitors

**Redwood Plastics and Rubber:** Manufacturer of high quantities of urethane cast components as well as Nylon resin and Rubber components. Primarily focused on the Lumber Handling Equipment industry.

Headquarters: **Langley, B.C., Canada**



**TSE Industries:** Manufacturer of custom molded rubber components, the fabrication of plastic components, and specialty Coatings, Adhesive, Sealants, and Elastomers.

Headquarters: **Clearwater, Florida**



**Northern Plastics Ltd:** Urethane cast manufacturer that also works in UHMW extruders. Lack injection molding and thermoforming capabilities.

Headquarters: **Salmon Arm, B.C., Canada**



**Power Plastics Corp:** Machined plastics manufacturer using UHMW and other polymers, with no injection molding or thermoforming offerings.

Headquarters: **Portland, Oregon**



**Lehigh Valley Plastics:** Precision plastics manufacturer and distributor focused on machining, fabrication, and engineered products.

Headquarters: **Bethlehem, Pennsylvania**





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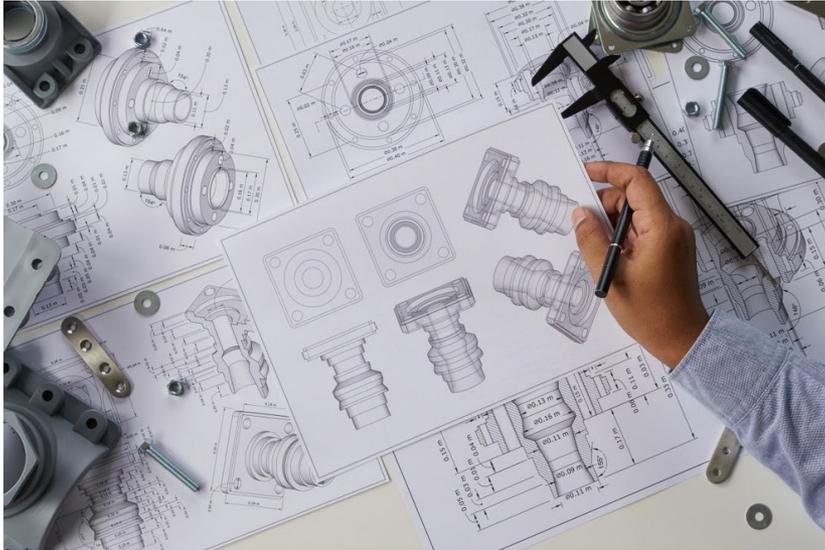
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# Major Services

## Custom Design



- Diversified has a dedicated team of 8 mechanical engineers that work with the sales team and directly with customers to creatively innovate, design, and reinvent industrial components.
- These solutions offer improved performance, cost reduction, weight reduction, increased manufacturability and other design improvements.

## MultiFab Technology™



- MultiFab combines the multitude of industrial plastics with the capabilities of Fabrication, Machining, Injection Molding, and PolyUrethane Casting to create an innovative solutions for Diversified's customer.
- This process is cost efficient, produces less material waste, and can update and convert metal parts to more effective plastic solutions.

# Major Services

## Injection Molding



- This process is a highly flexible and customizable way to create plastic components. The injection molding process is extremely efficient and can significantly reduce the amount of waste created in a project compared to other manufacturing methods.
- Diversified has the capabilities to mold nearly any size engineered plastic component that the industrial sector may require.

## CNC Machining



- Machining is done out of solid engineered plastics with state-of-the-art computer-aided equipment, ensuring exact results and control when creating plastic components.
- This process is ideally suited for jobs with specific regulations, tolerances and specifications.
- Complements well with injection molding, handling most jobs that can't be accomplished through molds.

# Major Services

## Thermo & Vacuum Forming



- Affordable and versatile, the thermoforming process is ideal for low volume production runs due to low set up and tooling costs.
- Diversified offers a full range of sheet plastic services, including plastic welding to vacuum forming as well as overlap and shiplap bonding, allowing Diversified to accommodate a wide variety of manufacturing demands

## Urethane Casting



- Urethane casting can be used to create components in a variety of shapes and sizes.
- The hardness of Urethane can be controlled to meet the specific needs of a component, and the bonding ability of the Urethane allows for uniquely versatile ability.
- Diversified can provide parts that are up to 100 pounds in weight in its three 5' x 12' casting/curing ovens.

# Major Services

## Light Steel Fabrication



- Diversified maintains light steel fabrication capabilities in-house to support custom fabrication services. Certain projects require both metal and plastic components, and Diversified’s ability to manufacture and integrate both materials in the same building differentiate the Company from many of its competitors.
- Fabrication equipment includes saws, drill presses, router and hydraulic presses.

## Tool and Die Machining



- Diversified maintains a competitive advantage over other injection molders by maintaining a tool and die machining shop to create custom injection molds in-house.
- This unique combination of competencies allows the Company to keep margins high and production timelines short by avoiding slowdowns coming from third parties.
- Diversified’s custom mold machining capabilities allows the Company to remain a single-source vendor for injection molding projects.

# Customer Case Study

## Organization

Sonny's Enterprises (Tamarac, FL)

Customer since 9/1/2023

## Challenge

Sonny's was unable to find an injection molded resin that was durable enough to be used in the Company's car wash rollers, so less cost-efficient machined parts were being used.

## Solution

- DPI designed rollers that are injection molded instead of machined, decreasing costs and limiting material waste.
- Diversified introduced Sonny's to its proprietary blend of injection moldable UHMW for a more durable and cost-efficient solution.



## Results

- Sonny's conducted costly research on DPI's product and produced a report confirming **it is the only injection molded UHMW** they have been able to find on the market.
- Sonny's and DPI entered a multi-year contract that included increasing volume minimums. This agreement expires in October 2026.
- DPI took the knowledge gained from entering the car wash industry to expand to several other customers within the industry.

**Sonny's was able to save 20% on roller components that are now higher quality and more durable, while Diversified receives consistent sales and maintains high margins on each sale.**

# Customer Case Study

## Organization

**GSI – Grain Systems Incorporated** (Assumption, IL)  
Customer since 1/18/2002

## Challenge

GSI couldn't maintain the necessary levels of drag paddle conveyor components used in the company's grain handling system to keep up with its growth.

## Solution

- Diversified introduced GSI to its proprietary blend of injection moldable UHMW for more cost-efficient Drag Paddle conveyor components.
- Diversified allowed GSI to focus on their growth by removing the restraint of component shortages.



## Results

- GSI has been able to keep up with all necessary demands for parts as it has grown.
- As GSI has increased production, they have continued to rely on Diversified's provided solutions.
- This deal has acted as a springboard for Diversified's sales efforts into competitive markets, leading to another 5 deals with large OEMs.

**GSI was able to save 49% on cost per piece by switching to Diversified Plastics, totaling over \$2.53 Million in cost savings over the last 16 years for GSI while Diversified maintains high margins on the sale.**

# Customer Case Study

## Organization

FLSmidth (Midvale, UT)

Customer since 8/22/2007

## Challenge

FLSmidth is a large engineering equipment OEM, mainly operating in the mining sector, and they needed solutions for plastic components in equipment such as rock crushers and water & mud filtration separators. The company has experienced fragmentations in its international divisions and have struggled with employees leaving for competitors.

## Solution

- FLSmidth has consistently relied on Diversified's plastics engineering, design, and problem-solving capabilities for their mining sector equipment.



## Results

- When the divisional fragmentation occurred, all divisions worldwide directly called upon Diversified to supply, innovate, and work with FLS's purchasing team and engineers directly.
- As FLS engineers have transferred to other engineering firms across the country, they bring their business with them, resulting in multiple large and loyal customers such as OVIVO and Westech.

**FLS was able to save 16% on cost per piece by switching to Diversified, totaling over \$390,000 in cost savings over the last 8 years for FLS while Diversified maintains high margins on the sale**

# Customer Case Study

## Organization

USNR (Woodland, WA & Jacksonville, FL)

Customer since 4/19/1997

## Challenge

USNR experienced large levels of inorganic growth through acquisition of OEMs such as HEMCO, Newnes, and LSI, and needed a trusted manufacturer that could handle all their lumber component needs.

## Solution

- Diversified provided manufacturing services for USNR and other OEMs across this space, making Diversified the continued choice post-roll up.
- Diversified brings experience and expertise in the lumber industry, making it a trusted partner for any engineered manufacturing need.

# USNR

## Results

- Since 1997, Diversified's relationship with USNR has led to a trusted relationship that continues to thrive as USNR grows.
- Diversified is widely recognized as a lumber Industry expert, with a reputation as a trusted and reliable manufacturer of industrial components both nationally and internationally.

**As USNR has continued to grow, Diversified remains the trusted option resulting in a **26-year** customer relationship and **\$200k** in yearly revenue.**

**VF 3SSYT**

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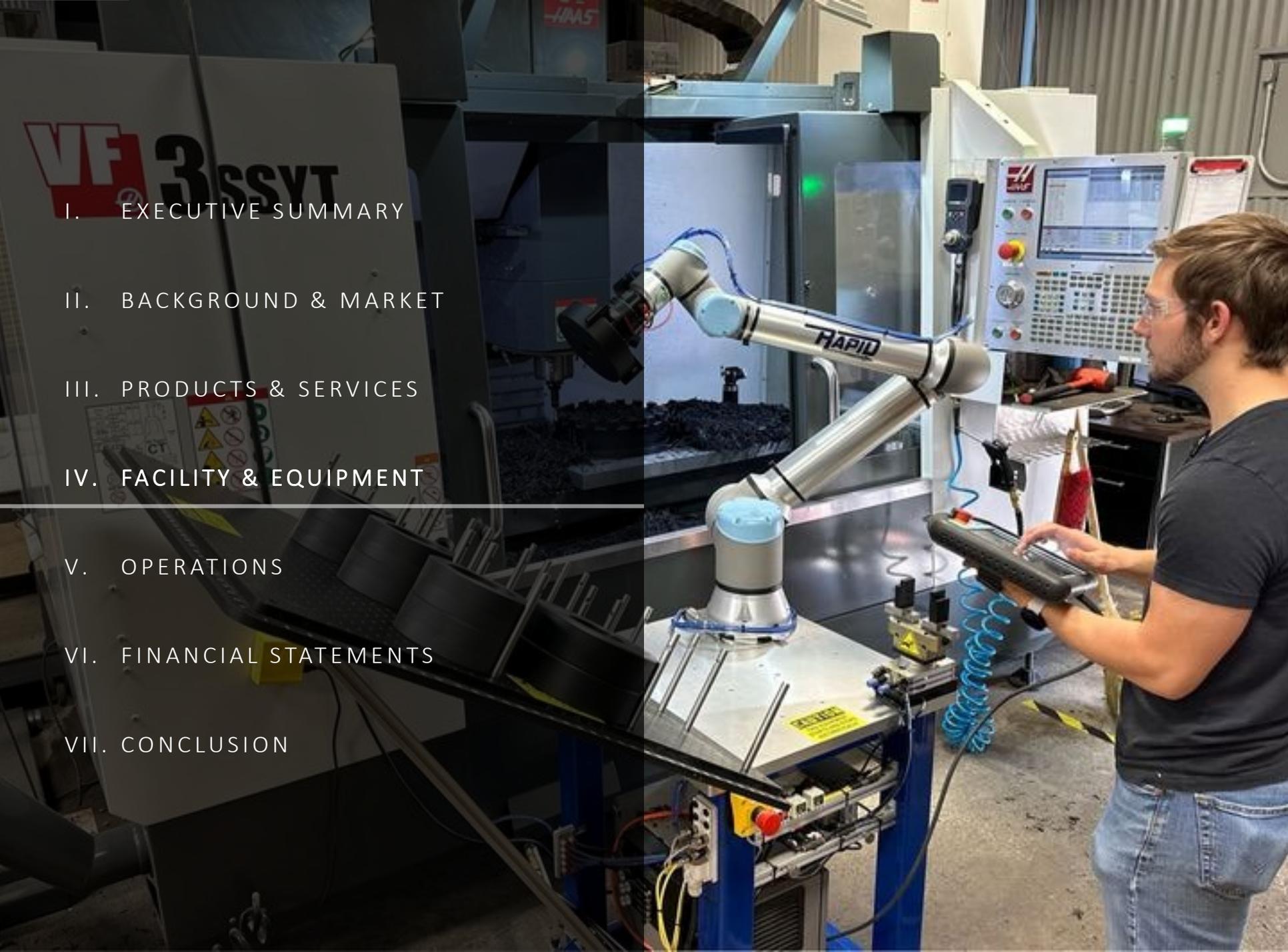
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# Facility



3721 Grant Creek Rd  
Missoula, MT 59808

Management estimates that all buildings can accommodate 25-30% growth.

Administration, Sales and Marketing Office

- 6,000 sq. ft.
- 29 Employees

Production Area

- 35,000 sq. ft.
- 47 Employees

Additional Buildings

- 6,000 sq. ft.
- Storage

# Property



## 3721 Grant Creek Rd

- 2.4 acres
- ~40,000 sq. ft. production and office space

## 3719 Grant Creek Rd

- 1.0 acre
- Plans for expansion of a 24,000 sq. ft. production facility in 2025

## 3625 and 2840 Grant Creek Rd

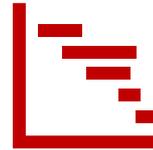
- 0.9 acre
- 4,000 and 2,000 sq. ft. buildings used as rental storage

\*All highlighted properties are owned by Brad and Wendy Reid, via Diversified Real Estate LLC. Further details on slide 38.

# Equipment Summary

## \$3.4 Million

Invested in Equipment Since 2020



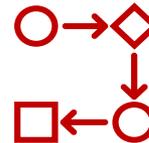
### No Significant Expected Capital Expenditure

Due to substantial investment in equipment over the last 3 years, Diversified only anticipates \$650k in CAPEX outside of regular maintenance for the remainder of 2025.



### Quality Equipment

Diversified exclusively purchases leading plastic manufacturing machines to ensure manufacturing quality and long machine lifespans



### Full Plastic Fabrication Capabilities

A full suite of equipment allows for Diversified to combine manufacturing techniques to accomplish complex solutions that most manufacturers cannot

## 165

Total pieces of equipment



### Automation

Diversified employs automation solutions in its injection molding process to reduce overhead and speed up its production timeline

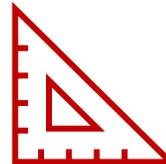
## 11

Major suppliers of plastic inputs



### Steel Machining Capabilities

Diversified maintains the equipment to perform any necessary steel manufacturing for components and creation of injection molds



### High Specificity

Diversified's equipment provides the necessary machining capabilities to meet client's component needs to exact specificities within extremely tight tolerances

# Equipment – Injection Molding



DPI currently utilizes 9 injection molding machines, all from Haitian Plastics Machinery

**1 Haitian Mars III Series**  
**5 Haitian Mars II Series**  
**3 Haitian Mars Machines**



The wide variety of injection molding machines provides DPI with the ability to mold machine shot sizes ranging from 19 oz. up to 311 oz. with 200 – 1,000 tons clamping capacity

## Materials Used:

- UHMW-PE
- Nylon
- Acetal
- Urethane
- PEEK
- HDPE
- Polycarbonate
- Elastomers



# Equipment – CNC Machining

DPI's second largest group of equipment supports the CNC machining services, with 14 machines all produced by Haas Automation Inc.

**8 CNC Machining Centers**  
**3 CNC Router Tables**  
**3 CNC Lathes**

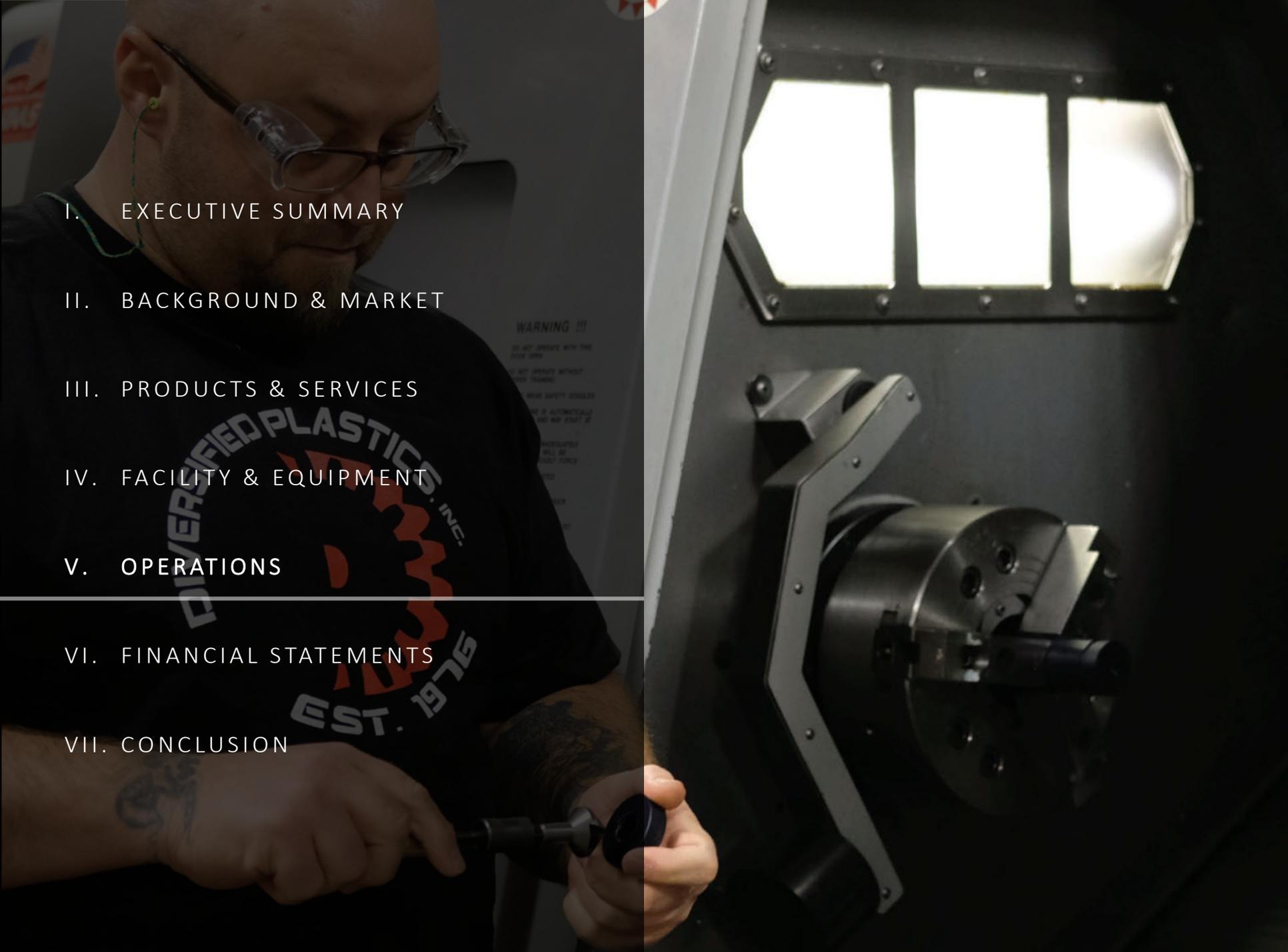


## Specialized Tools:

- Saws
- Drill Presses
- Planers
- Routers
- Key Seaters
- Broaching Machines
- Hydraulic Presses

SolidWorks and MasterCam is utilized throughout the CNC process to meet exact client specifications





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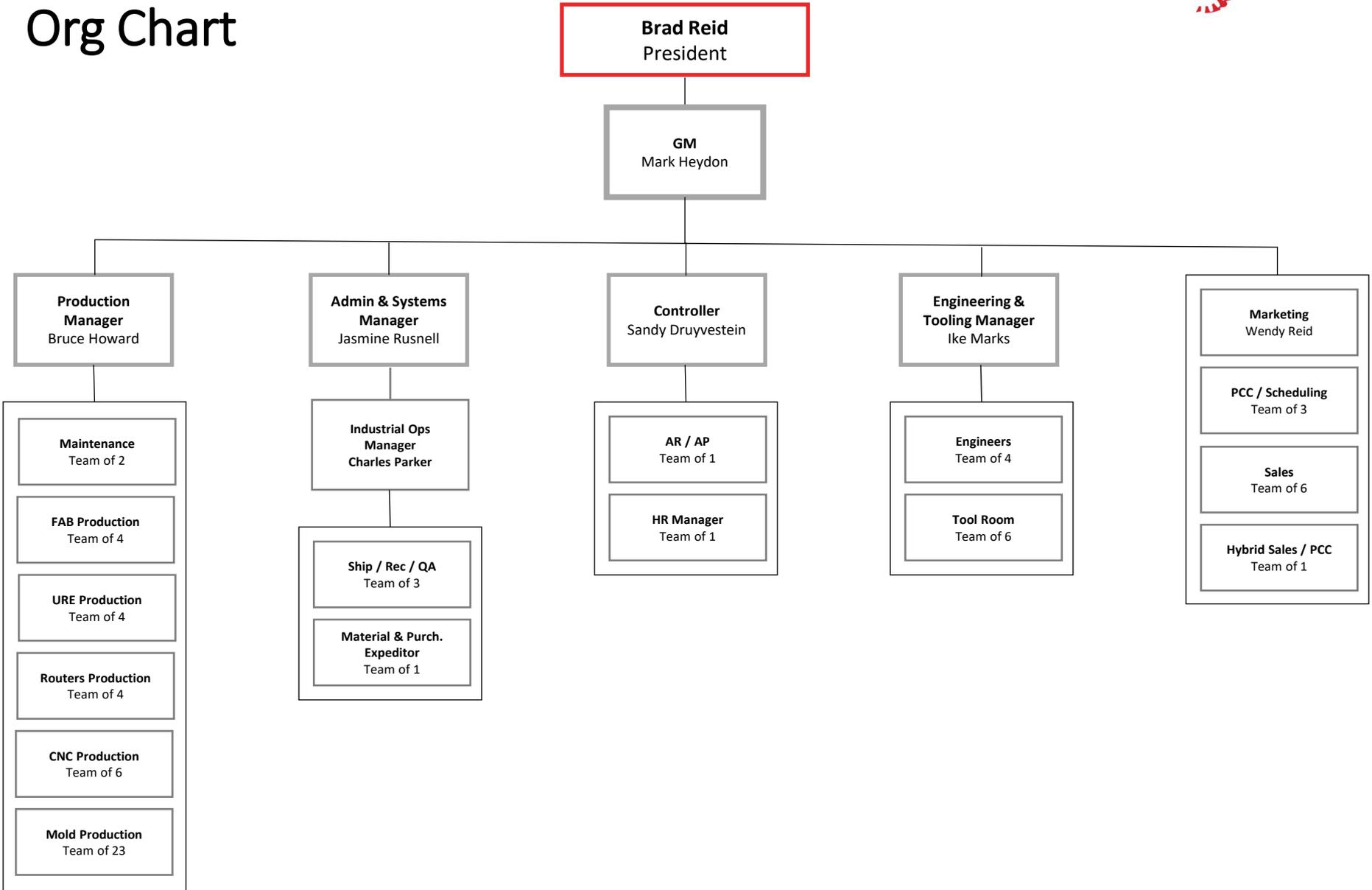
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# Org Chart



# Management Team

## **Brad Reid** | *President*

Brad is a mechanical engineer who has spent his entire career running and building Diversified Plastics, Inc. Brad graduated with his undergraduate degree in 1987 and immediately came to work for his father, Rod. Brad became the owner of the Company in 2002 and has continued to push the team to grow their expertise and manufacturing offerings.

## **Mark Heydon** | *General Manager*

Mark is a Montana native with a BS in Computer Science from the University of Montana. He brings over 25 years of leadership in global and entrepreneurial settings. He spent 13 years at Nike in key roles at the Oregon HQ, in Charlotte, and Taiwan. After returning to Missoula with his wife and three kids, he co-founded a start-up that led to a successful M&A event. Most recently, Mark spent 13 years leading Sun Mountain Sport's Apparel division. Mark joined the DPI team in Jan, 2025.

## **Bruce Howard** | *Production Manager*

Bruce has been with Diversified for 14 years and has been in Montana for the last 30 years. He is a true Montanan who enjoys driving his UTV and exploring in the Mountains. Bruce oversees all production operations and works closely with the sales and operations teams to make sure Diversified delivers only the best results. He came to the Company with prior experience in Lumber, where he gained experience with many of the machines that Diversified creates components for. **(3 Shares)**

## **Ike Marks** | *Engineering & Tooling Manager*

Ike began working with Diversified over 13 years ago. He started in production (machining in the CNC router department on the night shift) when he was discovered by Brad to have a BA in Mechanical Engineering from Montana State University. Ike is proficient in Mastercam and other production processes throughout the Company. Ike and his spouse have three kids and are firmly rooted in the Missoula community.

## **Jasmine Rusnell** | *Admin & Systems Manager*

Jasmine is a Montana native who earned her BA in Biology. She originally came to Diversified as a temp before being hired on in 2015. Starting as an HR Generalist and then quickly moving up to lead the department, Jasmine has been key to Diversified's success. Jasmine and her husband Jeremy, who is also a Montana native, just welcomed their firstborn, Mack, earlier this year. Jasmine and Jeremy enjoy fishing, hunting, hiking and mountain climbing throughout Montana.

## **Logan Reid** | *Regional Sales Manager*

Logan is educated with three years in mechanical engineering from Montana State University and earned his bachelor's degree in business management from the University of Montana in 2020. Logan handles the Company's Rep agency and is lead educator specializing in plastics and its properties for manufacturing. Logan is married with two kids and his family loves everything outdoors related.

## **Sandy Druyvestein** | *Controller*

Sandy joined Diversified in 2016 and is responsible for financial statements, overseas internal control implementation, budgeting and calculating shop floor rates. Sandy is a Montana native and graduated from Montana State University with a degree in business finance. Prior to working at Diversified, Sandy gained experience in corporate accounting, internal auditing and tax preparation. Sandy and her spouse have three children and love the outdoor activities of Montana.

## **Luke Vonlanken** | *Lead Outside Sales*

Luke has worked for Diversified for 8 years. He has a degree in Mechanical Engineering Technology from Montana State University. Luke's sales rival with some of Diversified's distributor relationships in terms of highest annual sales volume. Luke has a huge passion and drive for acquiring new customers, which makes him a successful salesperson. Luke and his family love enjoying the Montana outdoors and all the area has to offer.

# Distribution Channels

Diversified utilizes three main distribution channels, allowing for Diversified to maintain high levels of revenue and a global reach while maintaining a relatively lean sales team.

## Channels

### Original Equipment Manufacturers (OEMs)

Purchasers of components for original manufacturing of machines and vehicles.

62.6% of 2024 Revenue

### Distributors

Tend to purchase products in large quantities (thousands) and often repeat orders.

31.4% of 2024 Revenue

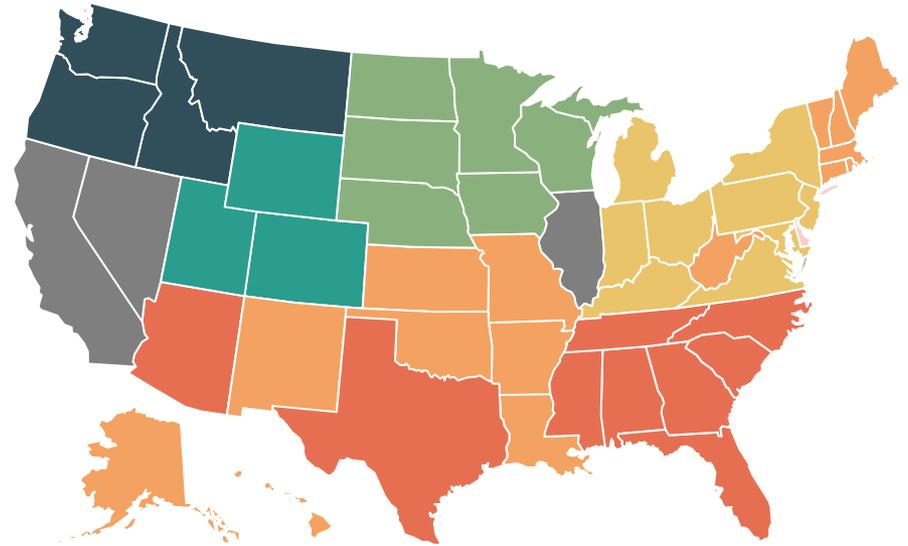
### Direct to Consumer

Direct to end users generally to replace broken or defective parts. Commonly order in lower quantities.

6.0% of 2024 Revenue

## Individual Sales Territories

Each color on the map below identifies a territory covered by one of Diversified’s sales representatives. All international sales are handled by the Global Sales Agent.



■ Covered by multiple Diversified Sales Representatives

## Key Distributors

Distributor	End Markets	2024 Revenue
Alro Plastics	Industrial Supply	\$1,426,000
Motion Industries	Food Processing, Lumber Processing, etc.	\$711,000
Curbell Plastics	Food Processing, Packaging & Conveying, etc.	\$509,000
DXP Enterprises	Agriculture, Mining, Oil & Gas, etc.	\$503,000

# Marketing Channels

## Trade Shows

Diversified regularly attends trade shows for industries such as conveying and packaging and water treatment with the intent to interact with clients, as well as discover new manufacturers and customers that they may be able to capture business from.

## Internet Searches

Many end users and OEMs find Diversified’s website, which gives a strong summary of the Company’s capabilities and products, through online searches and research when looking for component manufacturers that can create plastic component solutions.

## Social Media

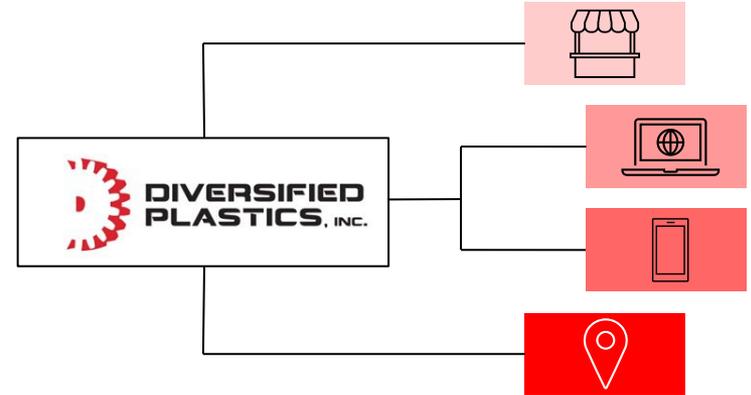
Diversified recently started increasing their social media presence, demonstrating the manufacturing processes and capabilities of the company. The page also updates followers on what trade shows the Company will be attending and informs them of events the company hosts, such as open houses.

## Regional Visits

Diversified’s sales team will regularly take trips to visit potential and existing client’s facilities to develop and build relationships with owners and operators. These trips also allow for Diversified’s sales representatives to notice areas in a facility where Diversified can add additional value through new plastic components.

## Facility Tours

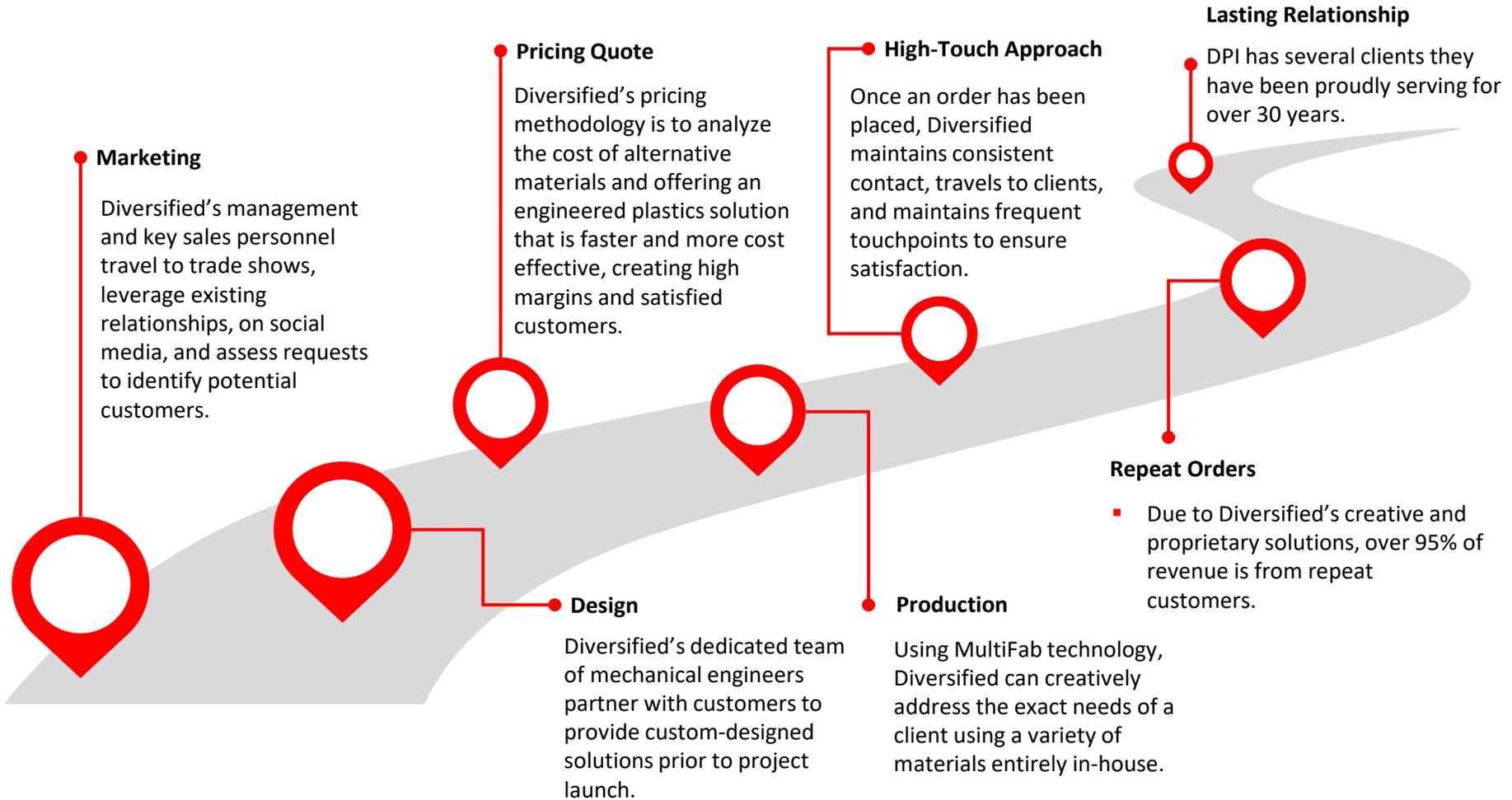
Potential customers are flown out to Missoula to meet the Diversified team and are given a tour of the facility. This time together is seen as an opportunity to build a meaningful relationship with the customer and showcase the wide range of capabilities Diversified has to offer.



Yearly Marketing Spend Breakout	
2024	
Travel Expense	\$55,496
Advertising	445
Customer Visits	1,944
Marketing & Promotions	100,686
Trade Show Expenses	190,422
<b>Total</b>	<b>\$348,993</b>
<b>% of 2024 Revenue</b>	<b>1.99%</b>

# Customer Journey

Diversified Plastics takes a personalized and tailored approach to each client’s journey. The Company’s sales reps combine long-standing relationships with a high touch approach to make sure that every customer’s needs are met in the way that fits them best.



# Organic Growth Strategy

Diversified has identified several end markets and services where increased attention and investment could drive significant sales growth.

## Expand Cast Urethane Offerings

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- Diversified Plastics currently offers cast Urethane in limited amounts to their customers but have identified it as a potential area for rapid growth.
- Urethane is in a class of its own in versatility thanks to its adjustable hardness and capacity to bond with virtually any metal.
- Diversified uses proprietary processes and protocols to maximize the versatility and varying hardness of Urethane

## Expand Physical Footprint

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- Diversified has access to land and space that would allow them to scale production in line with continued growth
- Diversified Plastics has already begun the permitting process with the city of Missoula to expand facilities in 2025
- Plans include the addition of 20,000 square feet in production space

## Invest in Niche End Markets

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- The Company has entered an exclusive relationship with a major Car Wash Equipment distributor including multi-million-dollar volume commitments and revenue minimums that increase every year for the next three years.
- There is a large potential to increase market capture into the Pool Equipment and Ski equipment industries, which are both billion-dollar industries.
- Can utilize existing industry relationships to garner more revenue and market capture.

# Inorganic Growth Strategy

Diversified has identified multiple acquisition targets to boost growth

- These targets could allow for:
  - Expansion of the Company's manufacturing capabilities
  - Greater market capture in industries the Company is currently operating in
  - Increased Intellectual Property holdings of the Company
  - Consolidation of manufacturing steps in certain industries
- Management has existing relationships with Company #3 and Company #4



Target	End Markets	Location	Management Proj. Revenue	Rationale
Company #1	Agriculture, Automotive, Food Processing	Canada	\$10-15M	Diversified wants to increase its extrusion offerings. Diversified has competed with this target in the past and would rather own than compete.
Company #2	Lumber, Mining, Agriculture	Canada	\$30M	One of Diversified's competitors in the Lumber Industry. Can effectively increase market capture in industry through acquisition of target.
Company #3	Wastewater Treatment	Midwest US	\$1.5M	There is only a single major player in Wastewater (Polychem) and Diversified has identified a large market potential for a second major player.
Company #4	Oil and Gas	Mountain West US	\$1.5M	Long standing Rubber Products mfg. using proprietary blends and design solutions. Great add-on with similar customer base, allowing DPI to enter market with more products. Owner is interested in selling.



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# Ownership Landscape

For the purposes of this CIM, “Diversified Plastics” or the “Company” refers to Diversified Plastics, Inc. (DPI) and Diversified Equipment Leasing LLC (DEL). DPI, the operating company, leases the equipment held by DEL. The financials provided in this CIM, unless otherwise stated, are the consolidated financials of DPI and DEL. Both entities are included in the proposed transaction.

## Diversified Plastics, Inc. (DPI)

Diversified Plastics Inc. is owned by nine individual shareholders, all of whom are currently employed by Diversified. All sales and operating expenses of the Company run through DPI. All assets aside from machining equipment are held by DPI. DPI is included in the sale of the Company.

## Diversified Equipment Leasing LLC (DEL)

Diversified Equipment Leasing LLC, is exclusively held by Brad and Wendy Reid. Diversified Plastics Inc. rents the equipment for use from Diversified Equipment Leasing LLC at fair market rate. All assets of Diversified Equipment Leasing LLC are included in the sale of the Company.

## Diversified Real Estate LLC (DRE)

Diversified Real Estate LLC is exclusively held by Brad and Wendy Reid. DRE owns the facility at 3721 and 3723 Grant Creek Rd and leases it to DPI at a market rate. All properties held by Diversified Real Estate LLC will be excluded in the sale of the Company and will continue to be held by the Reids and leased to the Company.

## Diversified Plastics Inc. Cap Table

Owner	Percent Ownership
Brad Reid	26%
Wendy Reid	52%
Luke Vonlanken	4%
Mark Heydon	3%
Sandy Druyvestein	3%
Bruce Howard	3%
Ike Marks	3%
Logan Reid	3%
Jasmine Rusnell	3%
<b>Total</b>	<b>100%</b>

# Income Statement

<b>Income Statement - Diversified Plastics Inc. + Diversified Equipment Leasing</b>												
	<u>2021</u>		<u>2022</u>		<u>2023</u>		<u>2024</u>		<u>TTM (Jun)</u>		<u>2025P</u>	
<b>Revenue (yearly growth as a %)</b>	<b>13,564</b>		<b>15,592</b>	<b>15%</b>	<b>18,095</b>	<b>16%</b>	<b>17,503</b>	<b>-3%</b>	<b>19,337</b>		<b>20,500</b>	<b>17%</b>
Cost of Goods Sold	7,244		8,112		9,241		9,352		10,001		9,840	<b>48%</b>
<b>Gross Profit</b>	<b>6,320</b>	<b>47%</b>	<b>7,480</b>	<b>48%</b>	<b>8,854</b>	<b>49%</b>	<b>8,152</b>	<b>47%</b>	<b>9,336</b>	<b>48%</b>	<b>10,660</b>	<b>52%</b>
Expenses	4,562	34%	4,829	31%	5,477	30%	5,787	33%	6,326	33%	6,400	31%
<b>Operating Income</b>	<b>1,758</b>		<b>2,651</b>		<b>3,377</b>		<b>2,365</b>		<b>3,010</b>		<b>4,260</b>	
Net Other Income/(Expenses)	(403)		(495)		(801)		(892)		(832)		(742)	
<b>Net Income</b>	<b>1,355</b>	<b>10%</b>	<b>2,157</b>	<b>14%</b>	<b>2,576</b>	<b>14%</b>	<b>1,472</b>	<b>8%</b>	<b>2,178</b>	<b>11%</b>	<b>3,518</b>	<b>17%</b>
Interest Expense	55		86		97		103		112		90	
Depreciation & Amortization	355		411		555		659		680		680	
Taxes					150		148		70		70	
<b>EBITDA</b>	<b>1,765</b>		<b>2,654</b>		<b>3,378</b>		<b>2,382</b>		<b>3,040</b>		<b>4,358</b>	
Owner Life Insurance	52		52		87		54		52		58	
Discretionary Bonuses	249		40		36		11		91		80	
Other one time expenses	175		70		208		222		264		144	
<b>Adjusted EBITDA</b>	<b>2,241</b>	<b>17%</b>	<b>2,816</b>	<b>18%</b>	<b>3,707</b>	<b>20%</b>	<b>2,669</b>	<b>15%</b>	<b>3,446</b>	<b>18%</b>	<b>4,640</b>	<b>23%</b>

# Balance Sheet

<b>ASSETS</b>	<b>2024</b>
<b>Current Assets</b>	
CASH & CASH EQUIVALENTS	1,395,439.41
A/R -TRADE	2,204,575.65
DUE FROM AFFILIATES	17,887.00
INVENTORY	2,000,731.00
PREPAID EXPENSES	114,018.27
<b>Total Current Assets</b>	<b><u>5,732,651.33</u></b>
<b>Non-current Assets</b>	
FURNITURE & COMPUTERS	61,301.95
PURCHASED SOFTWARE	203,077.30
EQUIPMENT	6,261,793.27
VEHICLES	33,440.00
MOLDS	257,315.00
ACCUM DEPRECIATION	<u>(4,546,380.82)</u>
<b>Total Non-current Assets</b>	<b><u>2,270,546.70</u></b>
<b>Intangible Assets</b>	
LOAN ORIG FEE	6,651.07
<b>Total Intangible Assets</b>	<b><u>6,651.07</u></b>
<b>TOTAL ASSETS</b>	<b><u>8,009,849.10</u></b>

## LIABILITIES

### Current Liabilities

ACCOUNTS PAYABLE	365,705.84
401K W/H PAYABLE	7,399.32
LINE OF CREDIT	600,000.00
ACCRUED PAYROLL TAX	28,037.01
MT SUTA PAYABLE	2,002.54
HEALTH SAVINGS	1,103.01
FUTA PAYABLE	1,071.47
CUSTOMER DEPOSITS	251,391.01
STATE FUND WC PAYABLE	6,160.37
401K LOAN WITHHELD	157.21
401K SAFE HARBOR	3,142.48
ACCRUED WAGES PAYABLE	121,744.00
ACCRUED COMMISSIONS	101,734.47
ACCRUED VACATION PAY	172,439.54
DUE TO AFFILIATES	17,887.00
ACCRUED EXPENSES	23,189.45
ACCRUED INTEREST PAYABLE	906.73
PROPERTY TAX PAYABLE	<u>23,153.00</u>
<b>Total Current Liabilities</b>	<b><u>1,727,224.45</u></b>

### Non-current Liabilities

FSB LOAN 481009	519,597.47
FSB LOAN 482265	214,910.70
FSB LOAN 482064	<u>784,615.01</u>
<b>Total Non-current Liabilities</b>	<b><u>1,519,123.18</u></b>

### TOTAL LIABILITIES

**3,246,347.63**

## EQUITY

### Equity

CAPITAL STOCK	67,911.00
CAPITAL PAID IN	589,548.08
TREASURY STOCK	(1,413,201.77)
RETAINED EARNINGS	4,046,960.47
Total Equity	<b><u>3,291,217.78</u></b>
Net Profit (Loss)	<u>1,472,283.69</u>
<b>TOTAL EQUITY</b>	<b><u>4,763,501.47</u></b>

### TOTAL LIABILITIES AND EQUITY

**8,009,849.10**

A large industrial facility with various machines and equipment. The scene is dimly lit, with a person standing near a large machine on the left. The floor is concrete, and there are several blue cabinets and a blue tool chest in the foreground. A person is standing near a large machine on the left, and there are several blue cabinets and a blue tool chest in the foreground. A person is standing near a large machine on the left, and there are several blue cabinets and a blue tool chest in the foreground.

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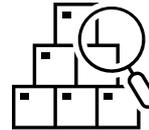
VII. CONCLUSION

# Investment Highlights



## Proven History of Success

Diversified has been serving customers for almost 50 years. The Company is led by second generation owner Brad Reid alongside a team of dedicated and experienced managers.



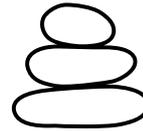
## Diverse Product Capabilities

The Company's proprietary MultiFab technology combines the capabilities of fabrication, machining, injection molding, and polyurethane casting, allowing Diversified to satisfy a variety of its customers needs all under one roof.



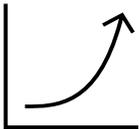
## Single-Source Vendor

Diversified acts as a single-source vendor by meeting needs across a wide range of applications, materials and volume requirements. This has resulted in reduced lead times, cost savings, and over 95% of revenue from repeat customers.



## Balanced End Markets

Diversified Plastics' serves customers across a wide range of industries that includes Water Treatment, Lumber, Car Washes and Agriculture. No single customer accounts for more than 11% of 2024 revenue.



## Strong Revenue and Profitability

The Company's 3-year revenue CAGR is 9% while gross profit steadily increased to 48% in June TTM period.



## American Made

Diversified's products are 100% American made, ensuring reliable production and pricing with **limited exposure to tariffs**. This leads to proven quality assurance, reliable USA-based supply chain, predictable pricing and shorter lead times.

### Proposed Transaction

Alexander Hutton has been exclusively retained by the owners of Diversified Plastics Inc. to sell or recapitalize the Company on a cash free/debt free basis to a strategic or financial partner.

For further information regarding this transaction please contact Alexander Hutton, Inc. Do not contact the Company directly.

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## IMPORTANT NOTICE

The information contained in this Executive Summary, including but not limited to the executive summary, business description, corporate history, organization, financial statements, and other related information, has been supplied by our Client, Diversified Plastics Inc., (hereafter, “Client”, or “Company”). Neither Alexander Hutton, Inc., nor any independent third party, has audited or otherwise confirmed this information. While the Company and Alexander Hutton, Inc. are not aware of any inaccuracies, no warranty or representation is made as to its accuracy or completeness or the conclusions to be drawn. The Company and Alexander Hutton, Inc. expressly disclaim any liability for damages, direct or consequential, arising out of or related to any statement, omission, or information herein, or any other information provided either in writing or orally, regarding any potential transaction. By requesting or using this Executive Summary, recipient acknowledges the responsibility to perform and rely on its own due diligence review and/or to any representations and warranties set forth in a fully executed definitive agreement with the Company relative to the transaction.

## FORWARD LOOKING STATEMENTS

Any Pro Forma Income Statements presuppose market conditions, sales, expenses, infusion of any necessary operating capital, adequacy of personnel, expertise at all levels of operations and a firm dedication to attain growth forecasts. Such pro forma financial information and projections, while made in good faith by the Client, cannot anticipate economic, socioeconomic, and political factors which might impact upon the expected growth. Accordingly, neither the Company nor Alexander Hutton, Inc. make any representations, expressed or implied, as to the validity of the pro forma projections. There is no assurance these estimates, forecasts, and projections will prove to be correct. Nor is there assurance that information contained herein will be correct as of any subsequent date.

## CONFIDENTIAL INFORMATION

This Executive Summary is intended to acquaint a prospective investor with preliminary information regarding the Company, which is currently available for sale. The format is designed to reflect the factors that the Client and Alexander Hutton, Inc. believe create value within the Client Company.

The information and exhibits contained in the Executive Summary have been obtained primarily from the Client Company. Although the Company and Alexander Hutton, Inc. believe the data to be a fair representation of the Company’s activities and industry information, neither the Company nor Alexander Hutton, Inc. can guarantee its completeness or accuracy.

This Executive Summary is furnished only to prospective corporate investors, or their designated representative, who have made a specific request for such information as part of their evaluation to determine their level of interest in submitting an offer to invest in or acquire the Company or its business. In addition, the investor or their designated representative agrees to sign or has signed a Confidentiality (Non-Disclosure) Agreement regarding the Client Company. Each prospective investor is responsible for the performance and expense of their due diligence review prior to any investment in the Client Company. The contents of this document and any prior or subsequent communications from the Company should not be construed as legal, investment, or tax advice. Potential buyers should consult their own attorneys, accounts, or investment advisors on legal, tax, and other issues concerning an investment in the Company. Neither this Executive Summary nor its delivery to any party constitutes an offer to sell or the solicitation of an offer to buy any securities. The Company reserves the right to negotiate with one or more prospective buyers at any time and to enter into a definitive agreement with a buyer without prior notice to other prospective buyers.

## COMMUNICATION

To maintain confidentiality and to avoid disruption of the business of the Company, all discussions concerning this memorandum or questions about the Company are to be channeled through Alexander Hutton, Inc. and there should be no direct contact with the Company or its personnel.

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