

THE ANATOMY OF A DEAL

When Structure Meets Opportunity

BY ANDREW COONEY

Some of the most compelling deals arise when a great business simply finds itself without the right capital partner. That was precisely the situation when Altriarch was introduced to a West Coast-based manufacturer with more than 50 years of operating history, industry-leading products, and a capital base in need of a restructure.

With core offerings that include stud finders, wall scanners, metal detectors, and water leak detection systems, this company has become a household name in the home improvement and light construction space. Over the last 50 years, the products of this company have made it the market leader in its category, serving both professional contractors and the broader DIY consumer base. Those tools are stocked in the largest home improvement and e-commerce retailers in the country, and its intellectual property portfolio reflects decades of consistent innovation.

The Company approached Altriarch during a situation where its current credit profile reflected something a traditional lending facility isn't always built to accommodate: a fundamentally sound business temporarily pressured by forces outside its control. The tariff environment over the past two years had meaningfully compressed margins and strained working capital, as the cost of goods sourced from international manufacturing partners increased faster than pricing could offset. As those headwinds worked through the financials, the Company found itself seeking a more flexible capital partner that was willing to look past a difficult trailing period and underwrite the business on the full strength of its collateral and competitive position.

Rather than anchoring availability to recent earnings, Altriarch underwrote the business on the underlying collateral, which was investment-grade receivables from the country's largest home improvement retailers, as well as inventory that was validated through a field exam process. Additionally, the Company has a decades-old brand with durable shelf positioning. By engineering a borrowing base around the quality of those assets, Altriarch was able to provide additional availability while maintaining the principal protection that defines responsible asset-based lending. The result was a facility that gave the Company the liquidity runway it needed, anchored by a well-defined borrowing base.

A Capital Structure That Needed Catching Up

Founded in the 1970s, the Company had navigated five decades of market cycles, technological shifts, and various consumer trends. It had built its competitive moat through product innovation, a deep retail partnership and distribution network, and a significant IP portfolio that continues to generate commercial opportunities.

In recent years, the Company experienced operational obstacles as a result of a post-COVID environment and tariff uncertainty. Those challenges included supply chain diversification across multiple manufacturing geographies, shifting inventory profiles, and the pressure of sustained tariff uncertainty. These were not signs of a business in decline, but the natural friction of a company actively investing in its own resilience. By early 2026, the cost structure had normalized, and a pipeline of new product launches was actively coming to market, including next-generation detection devices and smart-home sensor products targeting the growing connected-home category. With those tailwinds building, the Company was positioned for meaningfully improved performance heading into the second half of the year. What it needed was a capital partner with the conviction to underwrite that trajectory.

"Tariffs, among other unforeseen circumstances, created a real earnings headwind for this business, which we understood going in. We also knew the underlying collateral, which consists primarily of receivables from investment-grade retailers, didn't change because of those headwinds. However, the underlying collateral was only part of the conviction. Spending time with the management team during underwriting made it clear that the team consists of long-tenured operators who know the business inside-and-out. The management team has navigated real cycles and was candid about the challenges that occurred. The combination of a strong asset base and a strong management team is a big reason why we are comfortable with this loan," said Andrew Cooney, senior vice president, Investments, Altriarch.

Built for Stability & Sized for Growth

Altriarch structured and ultimately closed a \$12.5M senior secured asset-based revolving credit facility, which includes a \$5M accordion feature, for a max commitment of \$17.5M. The facility is backed primarily by accounts receivable and was carefully engineered to provide additional working capital to the Company. At the same time, Altriarch maintains strong collateral coverage and principal protection



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independent of any growth assumptions by the Company. The borrowing base structure and mechanics, which contain clearly defined eligibility criteria and ongoing collateral monitoring, provide a structure that works for both Altriarch and the Company over the long term.

At close, the proceeds from the facility were used to refinance the Company's existing debt obligations and provide additional liquidity that was used to fund new product launches and strategic growth initiatives. The \$5M accordion feature was included due to the Company's strong pipeline of new products that are set to materialize in the next 6-18 months.

The Right Deal at the Right Time

Altriarch's edge as a lender isn't always based on speed or size. Complex structuring and the ability to evaluate a business on its full merits rather than a trailing 12-month income statement are what

separates Altriarch from traditional asset-based lenders. This transaction is a clear expression of that philosophy. The Company's financials had been pressured by a multi-year tariff environment that compressed margins and complicated working capital planning. However, the collateral was real, the retail relationships were durable, and the management team had navigated the business through harder cycles than this one.

Altriarch's underwriting began and ended with those fundamentals rather than a few ratios that happened to be temporarily off trend. That distinction is the primary reason transactions like this one get done in a way that works for the borrower and the lender.

Looking Ahead

After closing the new Altriarch facility, the Company is now entering the second half of 2026 with something it didn't have 12 months ago: a capital structure that values tangible assets that's built to support the growth of the business rather than what's happened over the last 12 months. The tariff headwinds and post-COVID challenges that defined the past two years are beginning to abate, the cost structure has been stabilized, and a new product pipeline is close to going to market and reaching retail shelves. The Company's retail partners remain fully engaged, and its category leadership position remains intact. This

facility is designed to provide a capital structure that grows alongside the Company, which means this relationship is built for long-term success. That said, Altriarch's work does not end when the loan closes, as the loan must be monitored closely to ensure the collateral remains intact throughout the life of the facility.

About Altriarch Asset Management, LLC

Altriarch is a private credit firm based in Charleston, South Carolina, specializing in asset-based credit solutions for fragmented markets underserved by traditional lenders. Managing nearly \$450 million in assets, Altriarch delivers structured financing to alternative lenders and small businesses seeking flexible capital backed by tangible assets. Each facility is meticulously designed to match the precise cash flow needs of borrowers, making Altriarch a trusted partner to fuel business expansion. 📍



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Andrew Cooney is a senior vice president at Altriarch. He helps lead the Firm's sourcing, underwriting, and deal execution functions, with responsibility for identifying and closing credit transactions from origination through close. Altriarch is a private credit firm that specializes in lender finance and asset-based lending. The Firm provides bespoke credit solutions across a broad range of borrowers and collateral types, with a focus on situations that require creativity and structuring expertise.