Pre-IOI Due Diligence Workplan

CoolCo Heating, Plumbing & Electrical, LLC — Project Cumberland

Pre-IOI diligence workplan — Project Cumberland (CoolCo Heating, Plumbing & Electrical, LLC)

Strictly Confidential

Inputs: CIMScan IC Insights output (2026-10-28); target CIM

Prompt: Pre-IOI DD Workplan Prompt v4.5 (CIMScan)

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Reader's Note

CIMScan extracts all key operational claims from the target's marketing materials and evaluates them across five investment thesis pillars:

- Growth & Pipeline
- Retention / Revenue Quality
- Margin / Unit Economics / Cash Conversion
- Moat / Product / Tech
- Concentration / Risk / Compliance

This document converts the concerns identified by CIMScan into a structured pre-IOI diligence workplan, organized in three sections: Banker Information Requests for the **sell-side banker**, **management discussion topics**, and **third-party expert workstreams**. This document, when used in conjunction with other CIMScan outputs, can be useful in improving the speed and quality of pre-IOI diligence work.

Note: the diligence topics contained are intentionally comprehensive and may not all be appropriate to pursue at this stage of the process.

This workplan is generated with AI and may contain errors or omissions. Verify all figures and statements against the CIM before relying on them.

Section 1 — Banker Information Requests

Note: For your convenience, a copy-and-paste block containing the following requests is located just before the Closing Note section at the end of this document.

Margin / Unit Economics / Cash Conversion

Adjusted EBITDA Add-Back Package and QoE Readiness

> ***Concern:*** *The FY2025 Adjusted EBITDA of $9.136M rests on $1.445M of add-backs (18.8% of reported EBITDA) that the income statement (CIM p. 17) explicitly notes have been prepared by management and have not been subject to a quality of earnings review. The most structurally problematic item is the brand awareness campaign, added back at $310K in FY2023, $340K in FY2024, and $365K in FY2025, while the projection table (CIM p. 20) simultaneously carries the same*

add-back forward at $390K–$490K per year through FY2030P. A cost added back across eight consecutive projected years is difficult to characterize as non-recurring under standard quality-of-earnings conventions; if a QoE reviewer disallows it, FY2025 Adjusted EBITDA falls from $9.136M to $8.771M and the FY2030P figure falls from $17.936M to $17.446M — a $3.65M enterprise-value impact at 10.0x on the FY2025 figure alone. The owner compensation normalization add-back ($820K in FY2025) is described as Mr. Cole's compensation in excess of 'the estimated market cost of a chief executive' (CIM p. 17), but the market-cost benchmark is management's own and is not independently sourced. Full QoE verification is a post-LOI workstream; at pre-IOI stage we need the methodology summary and supporting schedules to assess whether the add-back package is defensible in principle. (CIM p. 17)

Diligence request for banker: Please provide a management-prepared schedule detailing each Adjusted EBITDA add-back for FY2023–FY2025, including the methodology used to size the owner compensation normalization (e.g., the market-rate benchmark source and assumed replacement compensation level) and the basis on which the brand awareness campaign is characterized as non-recurring given its continuation in the forward projections.

Free Cash Flow Reconciliation

Concern: *The CIM presents Adjusted EBITDA less capex ($7.256M in FY2025, implying approximately 79.4% cash conversion) as the primary cash generation metric (CIM p. 18) but does not provide a full free cash flow statement. Because the Company is taxed as a partnership, tax obligations flow through to Mr. Cole and are funded by distributions from the entity; at a 26.5% effective rate on FY2025 pre-tax income of $6.398M (CIM p. 16), estimated tax distributions would approximate $1.7M per year. Equipment loan principal payments on $3.1M of outstanding vehicle debt (CIM p. 18) at a typical five-year amortization approximate $620K per year. Net working capital investment in a business growing at 15%+ annually — receivables grew from $3.9M in FY2023 to $5.3M in FY2025 (CIM p. 18) — has consumed additional cash each year. These items together suggest true free cash flow after all uses could be materially below the $7.256M Adjusted EBITDA less capex proxy, which would constrain post-transaction debt capacity. A management-prepared FCF bridge reconciling to the balance sheet cash balance each year is the minimum pre-IOI data point needed to size leverage appropriately. (CIM p. 18)*

Diligence request for banker: Please provide a management-prepared free cash flow reconciliation for FY2023–FY2025 that bridges from Adjusted EBITDA to ending cash, including working capital changes, owner tax distributions, equipment loan principal payments, and any other material cash uses not captured in the capex line.

FY2024 EBITDA Arithmetic Reconciliation

Concern: *The summary financials table (CIM p. 15) reports FY2024 EBITDA (reported) of $6,014K. The income statement (CIM p. 16) shows FY2024 gross profit of $20,238K less operating expenses of $14,224K, which yields $6,014K — consistent. However, the summary financials table on CIM p. 15 shows FY2024 gross profit as $20,248K (a $10K difference from the $20,238K on CIM p. 16), which would imply EBITDA of $6,024K rather than $6,014K. The CIM is the authoritative source; the $10K discrepancy between the two gross profit figures on different pages of the same document is an internal inconsistency that warrants a reconciliation before any financial model is anchored to these figures. (CIM p. 15; CIM p. 16)*

Diligence request for banker: Please provide a reconciliation of the FY2024 gross profit figure, which appears as $20,248K in the summary financials and $20,238K in the income statement, and confirm the correct figure along with any reclassification or rounding explanation.

Projection Model Assumptions — Simultaneous Margin and Opex Leverage

> ***Concern:*** *IC Insights flags that the FY2026E–FY2030P management case (CIM p. 20) requires gross margin expansion of +0.4 percentage points per year and operating expense ratio decline of -0.4 percentage points per year to occur simultaneously and consistently across all five projected years. The CIM's own historical record (CIM p. 15) shows that while gross margin expanded from 45.2% to 47.0% over FY2023–FY2025 and the opex ratio fell from 32.9% to 31.8%, no single historical year achieved both improvements at the stated forward rates simultaneously with 11%+ organic revenue growth. The projection is a statement of what must happen; the CIM does not provide a bottoms-up driver model explaining why all three conditions will hold concurrently. A management-prepared assumptions bridge is needed to assess whether the forward case is grounded in operational specifics or is a top-down extrapolation. (CIM p. 15; CIM p. 20)*

Diligence request for banker: Please provide the key assumptions underlying the FY2026E–FY2030P financial projections, including the specific operational drivers (e.g., technician count, jobs per technician, average ticket, membership count, cross-sell penetration rate) that support the projected gross margin expansion and operating expense leverage, and any scenario or sensitivity analysis management has prepared.

Retention / Revenue Quality

Comfort Club Cohort Retention and Member Economics

> ***Concern:*** *The CIM states that Comfort Club members renew at approximately 87% and spend roughly 2.4 times as much per year as non-members (CIM p. 10), but both figures are management estimates with no cohort-level or transaction-data support provided. An aggregate renewal rate can be mathematically consistent with deteriorating retention in recent enrollment cohorts if older cohorts retain well; without a year-by-year cohort view, it is impossible to determine whether the 14,200-member base is maturing favorably or decaying at the newer-member level. The 2.4x spend multiple is described as a management estimate; if it is calculated using members who were already high-spend service customers before joining the Club, it may reflect selection bias rather than a causal membership effect. A transaction-data validation distinguishing average annual revenue per member household versus per non-member household is the only way to assess causation versus selection at this stage. (CIM p. 10)*

Diligence request for banker: Please provide an anonymized cohort-level summary of Comfort Club membership showing, for each enrollment year from FY2021 through FY2025, the number of members enrolled, the number still active at each subsequent year-end, and the average annual revenue per member household versus per non-member household for the same period.

Growth & Pipeline

Commercial Electrical Pipeline and H1 2026 Actuals

> ***Concern:*** *The 20–25% annual electrical revenue growth assumption is the largest single revenue swing factor in the projection model, driving the electrical segment from $8.3M in FY2025 to a*

projected $23.0M by FY2030P (CIM p. 20). The CIM discloses no commercial electrical pipeline, no signed contracts, no letters of intent, and no H1 2026 actuals broken out by residential versus commercial electrical. The FY2026E electrical revenue estimate of $10.1M is described as reflecting six months of actual results plus a management estimate for H2 (CIM p. 20), without providing the H1 actual separately. Kevin Tran, the Director of Electrical Services leading this initiative, was hired in 2025 and has no disclosed performance track record at CoolCo (CIM p. 14). If commercial electrical grows at 10% per year rather than 20–25%, FY2030P electrical revenue reaches approximately $13.4M rather than $23.0M — a $9.6M shortfall representing approximately 11.2% of total projected FY2030P revenue. The minimum evidential requirement before any valuation can be anchored to the management projection is H1 2026 actual commercial electrical revenue (not blended electrical) and a probability-weighted commercial pipeline summary. (CIM p. 9; CIM p. 14; CIM p. 20)

Diligence request for banker: Please provide the H1 2026 actual revenue for the electrical service line broken out between residential and commercial/EV charger work, and a summary of the current commercial electrical pipeline including the number of active opportunities, estimated contract values, and stage of each engagement.

Technician Headcount, Turnover, and Academy Throughput

Concern: *The forward projection to $85.8M in FY2030P revenue (CIM p. 5) implies approximately 195+ field technicians at a revenue-per-technician ceiling of roughly $440K, requiring approximately 50 net new technicians above the FY2025 year-end count of 146 (CIM p. 11) over five years. The CoolCo Academy graduates 31 apprentices per year (CIM p. 11), but the CIM does not disclose the 12-month post-graduation retention rate for Academy graduates or the annual voluntary turnover rate for the existing field force — technician retention is described only as 'industry-leading' without a quantified rate (CIM p. 6; CIM p. 11). Without these figures, it is impossible to determine whether the Academy is generating net capacity growth or primarily replacing departures. If annual voluntary turnover among the 146-person field force is at even a moderate rate, the Academy's 31 annual graduates may be largely consumed by attrition replacement, leaving insufficient net capacity growth to achieve the revenue target organically. The CIM also does not disclose whether the Academy's 14-week program produces technicians who are immediately billable or who require additional supervised hours before independent deployment. (CIM p. 6; CIM p. 11)*

Diligence request for banker: Please provide the annual technician turnover rate (voluntary and total) for FY2023–FY2025, the 12-month post-graduation retention rate for CoolCo Academy graduates, and the average time from Academy graduation to independent billable deployment, along with the current technician headcount and open requisitions as of the most recent month-end.

Concentration / Risk / Compliance

Builder A Relationship — Contract Structure and Change-of-Control Terms

Concern: *Builder A generated $4.76M of FY2025 revenue, representing 77.8% of the new-construction channel and 9.4% of total FY2025 revenue (CIM p. 10). The CIM discloses that work is 'performed under purchase orders issued by community' — meaning there is no master services agreement and the relationship is terminable at will by Builder A on a project-by-project basis. The relationship is described as one that Mr. Cole has maintained personally since 2004, with no indication that any member of CoolCo's operational team has an independent relationship with Builder A's purchasing decision-makers (CIM p. 10; CIM p. 14). The CIM discloses no change-of-*

control notification requirement, no consent-to-assignment mechanism, and no contractual continuity provision. Builder A is also the primary pipeline for new homeowner relationships in the new-construction channel; loss of this relationship post-close would simultaneously remove $4.76M of direct annual revenue and narrow the enrollment funnel feeding the 25,000-member Comfort Club target (CIM p. 19). A commercial-terms summary (not the underlying purchase orders) is the appropriate pre-IOI request. (CIM p. 10; CIM p. 14)

Diligence request for banker: Please provide a summary of the commercial terms governing the Company's relationship with its largest homebuilder customer, including the general structure of work orders, any framework or preferred-vendor arrangement in place, and whether any change-of-control notification or consent provisions exist in any governing document.

Master Licence Holder Dependency and Succession Plan

Concern: *Mr. Cole personally holds the master HVAC contractor licence and the master electrical contractor licence in Tennessee (CIM p. 7). HVAC and electrical together generated $27.6M and $8.3M respectively in FY2025, accounting for approximately 71.0% of total revenue (CIM p. 9). The CIM states that 'a formal succession plan has not yet been adopted' and that Mr. Cole intends to remain only 'for a transition period' with no disclosed duration or contractual terms (CIM p. 14). The CIM provides no evidence that any current employee holds or is within a defined timeline of qualifying for either master licence. If Mr. Cole departs before a qualified replacement has been licensed and designated as the qualifying individual, the Company cannot legally perform HVAC or electrical work in Tennessee during any gap period — a binary operational risk that cannot be cured by price adjustment or earn-out. This is the single most consequential structural dependency in the transaction and must be addressed before any binding IOI is executed. A Tennessee legal opinion on the licence transfer process and timeline, and identification of a named qualifying successor for both licences, are the minimum pre-IOI requirements. (CIM p. 7; CIM p. 9; CIM p. 14)*

Diligence request for banker: Please provide a summary of the process and timeline required under Tennessee law to transfer or re-designate the qualifying individual for the Company's master HVAC and master electrical contractor licences, the identity of any current employee who holds or is actively pursuing the relevant master licence, and the proposed contractual terms (duration, role, and obligations) for Mr. Cole's post-transaction involvement.

Related-Party Lease — Antioch Operations Center

Concern: *The Company's primary operations center — 38,000 sq ft housing dispatch, the CoolCo Academy, warehouse, fleet maintenance, and administrative functions — is leased from an entity controlled by Mr. Cole under a lease expiring in 2029 (CIM p. 7). The CIM discloses no rent per square foot, no annual escalators, no renewal options, and no change-of-control provisions. The lease expires approximately two years after the targeted close (CIM p. 22), meaning within the near-term investment horizon the acquirer faces a lease renewal negotiation with a party who is simultaneously the seller and a continuing rollover equity holder. If the lease contains a change-of-control termination right exercisable by Mr. Cole's entity, this is a separate close-blocking condition from the licence issue. A relocation of a facility of this configuration and scale in a strengthening Nashville industrial market would represent a capital cost and operational disruption not modeled in any projection scenario (CIM p. 20). The CIM also does not disclose whether the current rent is at, above, or below market — a distinction that affects whether the operating expense base is normalized correctly in the Adjusted EBITDA reconciliation. A commercial-terms summary (not the underlying lease) is the appropriate pre-IOI request. (CIM p. 7; CIM p. 17)*

Diligence request for banker: Please provide a summary of the material commercial terms of the Antioch operations center lease, including the annual rent, escalation provisions, renewal options, and whether the lease contains any change-of-control notification or termination rights, along with any available market-rate comparison for comparable industrial space in the Nashville MSA.

Litigation, Regulatory, and Insurance Exposure

> ***Concern:*** *The CIM discloses only a single FY2024 property-damage settlement (CIM p. 17) and provides no disclosure of pending or threatened litigation, regulatory proceedings, or contingent liabilities beyond that item. The Company operates 172 vehicles (CIM p. 11), performs electrical, gas, and plumbing work in customers' homes, and employs 214 people — all activities with inherent property damage, personal injury, and employment liability exposure. The CIM does not disclose the insurance program structure, coverage limits, or claims history. The absence of any litigation or insurance disclosure beyond the single settled claim is not itself evidence that no exposure exists; it is simply not disclosed in the CIM. (CIM p. 17; (not disclosed in CIM)*

Diligence request for banker: Please provide a summary of the Company's current insurance program (lines of coverage, per-occurrence and aggregate limits, and carrier), a five-year claims history summary by line of coverage, and a representation as to whether any litigation, regulatory proceeding, or material contingent liability is currently pending or threatened against the Company.

Moat / Product / Tech

ERP and Cross-Sell Module Deployment Status

> ***Concern:*** *The new ERP and field-service dispatch platform was implemented in 2025 (CIM p. 7; CIM p. 11), with implementation costs of $260K added back to FY2025 Adjusted EBITDA (CIM p. 17). The CIM does not disclose the go-live status of the cross-sell marketing module, the percentage of service calls currently priced under flat-rate, or the completeness of customer history data migration from the prior system. The growth strategy (CIM p. 19) describes raising cross-trade penetration from 31% toward 45% 'supported by the new ERP's customer history and marketing tools' — and the plumbing projection of 8–11% annual growth is described as driven primarily by cross-selling to the existing customer base (CIM p. 20). If the cross-sell marketing module is not yet activated at close, the primary operational mechanism for the cross-sell growth assumption does not exist in functional form. A system-readiness summary (not system access) is the appropriate pre-IOI request. (CIM p. 7; CIM p. 11; CIM p. 17; CIM p. 19)*

Diligence request for banker: Please provide a summary of the current deployment status of the ERP and dispatch platform, including which modules are live, the percentage of service calls currently processed under flat-rate pricing, and the status of the customer history and cross-sell marketing functionality.

Financial Reporting Maturity

draws on: Margin / Unit Economics / Cash Conversion; Concentration / Risk / Compliance

Pre-2024 Accounting Environment and CFO Transition

> ***Concern:*** *The CFO joined in 2024 and the CIM notes he implemented monthly close and led the 2025 ERP deployment (CIM p. 14), implying that FY2023 financial statements were prepared under a prior accounting system and reporting environment. The CIM does not disclose whether any*

reclassifications or corrections were made to prior-year figures upon the CFO's arrival, nor does it characterize the accounting system in place before his tenure. FY2023 and FY2024 reviewed financials were prepared under conditions that are acknowledged to have been less mature. The FY2023–FY2024 trend data — the revenue CAGR, gross margin expansion, and Adjusted EBITDA growth — is the primary historical evidence underwriting the forward projection; if any portion of that trend reflects a change in accounting treatment (revenue recognition timing, cost allocation, add-back classification) rather than genuine operational improvement, the starting point for the projection is overstated. The CIM explicitly states that all financial statements are reviewed but not audited (CIM p. 2). A full QoE addressing prior-period consistency is a post-LOI workstream; at pre-IOI stage, a management representation on accounting policy continuity is the proportionate request. (CIM p. 2; CIM p. 14)

Diligence request for banker: Please provide a summary of any accounting policy changes, reclassifications, or restatements made to the FY2023 or FY2024 financial statements following the CFO's arrival in 2024, and confirm whether the revenue recognition policy, cost-of-revenue classification, and add-back methodology have been applied consistently across FY2023–FY2025.

Section 2 — Management Discussion Topics

Ray Cole Transition — Licence Transfer, Builder A Continuity, and Contractual Commitment

Concern: IC Insights characterizes the Cole dependency as the single most consequential structural risk in the transaction. Mr. Cole simultaneously holds the master HVAC and master electrical licences (CIM p. 7), owns the primary Builder A relationship personally since 2004 (CIM p. 10; CIM p. 14), and is the 28-year brand identity of the business. The CIM states that a formal succession plan has not yet been adopted and that Mr. Cole intends to remain only for a transition period with no disclosed duration or contractual terms (CIM p. 14). HVAC and electrical together represent approximately 71.0% of FY2025 revenue (CIM p. 9); Builder A represents an additional 9.4% (CIM p. 10). The compounding risk is that a Cole departure without completed licence transfer and Builder A relationship institutionalization simultaneously puts the majority of revenue at operational or commercial risk. (CIM p. 7; CIM p. 9; CIM p. 10; CIM p. 14)

Question(s) to put to management:

- What is Mr. Cole's intended post-transaction role, and what minimum duration and obligations is he prepared to commit to contractually?
- Which current employee holds or is actively pursuing a Tennessee master HVAC or master electrical licence, and what is the realistic timeline to complete that process?
- Has Mr. Cole introduced any member of the CoolCo operational team to Builder A's purchasing decision-makers, and does Builder A's team have a working relationship with anyone at CoolCo other than Mr. Cole?
- Is Mr. Cole prepared to facilitate a formal introduction and relationship transition with Builder A as part of the transaction process, and would Builder A be receptive to a preferred-vendor framework agreement with CoolCo as an entity rather than with Mr. Cole personally?
- What is the proposed structure for Mr. Cole's rollover equity stake, and how does management envision aligning his incentives with the post-transaction growth plan?

What we need to hear to get comfortable submitting an IOI: We would be comfortable proceeding to IOI if management can articulate a credible, time-bound licence succession plan with a named internal

candidate and a realistic qualification timeline; demonstrate that at least one senior operational leader has an established working relationship with Builder A's key decision-makers; and indicate that Mr. Cole is prepared to commit to a contractual transition period of sufficient duration to complete both the licence transfer and the Builder A relationship institutionalization. The absence of any of these three elements would require us to treat the licence and Builder A risks as unresolved structural conditions rather than priceable risks.

Commercial Electrical Strategy — Pipeline, Traction, and Kevin Tran's Track Record

Concern: IC Insights flags the commercial electrical thesis as the most exposed component of the projection model. The electrical segment is projected to grow from $8.3M in FY2025 to $23.0M by FY2030P at 20–25% per year (CIM p. 20), but the CIM discloses no commercial pipeline, no signed contracts, and no H1 2026 actuals broken out by residential versus commercial electrical (CIM p. 9; CIM p. 20). Kevin Tran, the Director of Electrical Services, was hired in 2025 and has no disclosed performance track record at CoolCo (CIM p. 14). The CIM does not disclose how the commercial electrical initiative is being marketed, what the target customer profile is, or what the average contract size or sales cycle looks like for apartment complex and small-business customers. (CIM p. 9; CIM p. 14; CIM p. 20)

Question(s) to put to management:

- What commercial electrical revenue has the Company generated in H1 2026, and how does that compare to the H1 2026 budget embedded in the $10.1M FY2026E estimate?
- What is the current commercial electrical pipeline — how many active opportunities, at what estimated contract values, and at what stage of the sales process?
- What is Kevin Tran's specific track record in commercial electrical sales and project delivery, and what relationships has he brought to CoolCo from his prior role?
- How does the Company differentiate its commercial electrical offering from established commercial electrical contractors in the Nashville market, and what is the typical sales cycle for an apartment complex or small-business engagement?
- If commercial electrical grows at 10% per year rather than 20–25%, what is management's contingency plan for the overall revenue projection?

What we need to hear to get comfortable submitting an IOI: We would be comfortable with the commercial electrical growth assumption if management can demonstrate H1 2026 commercial electrical revenue that is on track with the implied run-rate for the $10.1M FY2026E estimate, show a probability-weighted pipeline of committed or near-committed commercial work exceeding $2.0M of forward revenue, and articulate a differentiated go-to-market approach with specific named customer types and a realistic sales cycle. If H1 2026 actuals are materially below the implied run-rate, we would need to rebase the electrical projection before anchoring any valuation to the management case.

Comfort Club Economics — Cohort Health and Member Spend Causality

Concern: IC Insights flags that the 87% renewal rate and 2.4x member spend multiple are management estimates with no cohort-level or transaction-data support in the CIM (CIM p. 10). An aggregate renewal rate can mask deteriorating retention in recent enrollment cohorts if older cohorts retain well. The 2.4x spend multiple may reflect selection bias if the members who joined the Club were already high-spend service customers before enrollment. The Comfort Club is central to the investment thesis — the growth

strategy targets 25,000 members by FY2030 (CIM p. 19), and the Club is described as the primary mechanism for smoothing seasonality and increasing customer lifetime value. (CIM p. 10; CIM p. 19)

Question(s) to put to management:

- How is the 87% renewal rate calculated — is it based on member count at the start of each renewal period, and does it reflect gross cancellations before new enrollments are added?
- Are renewal rates consistent across enrollment cohorts, or do newer cohorts (e.g., FY2023–FY2025 enrollees) renew at materially different rates than older cohorts?
- How is the 2.4x member-to-non-member spend multiple calculated — does it control for the fact that members may have been higher-spend customers before joining the Club?
- What is the average tenure of a Comfort Club member at cancellation, and what are the most common stated reasons for cancellation?
- What is the average cost to acquire a new Comfort Club member through technician-led enrollment versus through marketing, and how does that compare to the lifetime value of a member at an 87% renewal rate?

What we need to hear to get comfortable submitting an IOI: We would be comfortable with the Comfort Club economics if management can demonstrate that renewal rates are consistent or improving across enrollment cohorts (not just in aggregate), that the 2.4x spend multiple is derived from transaction-level data controlling for pre-enrollment spend, and that the member acquisition cost is well below the implied lifetime value at the stated renewal rate. Cohort-level deterioration in recent enrollees or evidence that the spend multiple reflects selection rather than causation would require us to rebase the membership growth assumption in our model.

Technician Supply Chain — Academy Throughput, Turnover, and Net Capacity Growth

Concern: IC Insights flags that the CoolCo Academy's competitive advantage claim is contingent on a retention rate the CIM does not disclose. The Academy graduates 31 apprentices per year (CIM p. 11), but without knowing the annual voluntary turnover rate for the existing 146-person field force and the 12-month post-graduation retention rate for Academy graduates, it is impossible to determine whether the Academy is generating net capacity growth or primarily replacing departures. The forward projection to $85.8M in FY2030P revenue (CIM p. 5) likely requires approximately 50 net new technicians above the FY2025 year-end count of 146 over five years. If annual voluntary turnover is at even a moderate rate, the Academy's 31 annual graduates may be largely consumed by attrition replacement. (CIM p. 6; CIM p. 11; CIM p. 5)

Question(s) to put to management:

- What is the annual voluntary turnover rate for field technicians, and has it changed materially over FY2023–FY2025?
- What percentage of CoolCo Academy graduates are still employed by CoolCo 12 months after graduation, and 24 months after graduation?
- How many net new technicians does management expect to add per year through FY2030, and what is the assumed split between Academy graduates and external hires?
- What is the current open requisition count for field technicians, and what is the average time-to-fill for a licensed technician role in the Nashville market?

- What specific retention mechanisms — compensation, career path, benefits — does management believe differentiate CoolCo from competitors in the technician labor market?

What we need to hear to get comfortable submitting an IOI: We would be comfortable with the technician supply assumption if management can demonstrate that annual voluntary turnover is sufficiently low that the Academy's 31 annual graduates generate meaningful net capacity growth (i.e., at least 10–15 net new technicians per year after attrition replacement), and that the external hiring pipeline is sufficient to supplement Academy throughput if needed. If turnover data suggests the Academy is primarily a replacement mechanism rather than a growth engine, we would need to assess whether the revenue projection is achievable without a material increase in Academy capacity or external hiring spend.

Section 3 — Third-Party Expert Workstreams (pre-IOI scope)

Tennessee Contractor Licensing Counsel — Licence Transfer and Succession Opinion

Expert type: Tennessee-licensed construction and contractor regulatory counsel (e.g., firms with active Tennessee contractor licensing practice: Bass Berry & Sims, Waller Lansden Dortch & Davis, or comparable Nashville-based construction law practices)

Pre-IOI scope: Pre-IOI desktop review of Tennessee contractor licensing statutes and regulations governing the transfer or re-designation of qualifying individuals for master HVAC and master electrical contractor licences. No management permission, contract access, or system access required. Review publicly available Tennessee Board for Licensing Contractors rules, application requirements, examination prerequisites, and typical processing timelines. Assess whether a licence gap is possible between a qualifying individual's departure and a successor's designation, and what interim operational restrictions would apply during any gap period.

Key questions to resolve:

- What is the process and realistic timeline for re-designating a new qualifying individual for a Tennessee master HVAC contractor licence and a Tennessee master electrical contractor licence?
- Can the Company continue to perform HVAC and electrical work under its existing licences during a transition period if the current qualifying individual (Mr. Cole) departs, and if so, under what conditions and for how long?
- What are the examination, experience, and application requirements for a new qualifying individual, and are there any expedited pathways available?
- Are there any change-of-control notification requirements to the Tennessee Board for Licensing Contractors upon a majority ownership change?
- What is the Board's current processing backlog for qualifying individual applications, and what is the realistic end-to-end timeline from application submission to licence re-issuance?

What success looks like: A written legal opinion confirming the specific process, timeline, and any interim operational restrictions associated with re-designating qualifying individuals for both the master HVAC and master electrical licences, along with a clear statement of whether a licence gap is legally possible and what its operational consequences would be. This opinion must be in hand before any binding IOI is executed.

Residential Home Services Commercial Due Diligence — Nashville Market and Competitive Position

Expert type: Commercial due diligence advisors with residential home services sector expertise and Southeast US market coverage (e.g., AlixPartners, L.E.K. Consulting, Bain & Company, or boutique home services specialists such as Sagent Advisors or similar)

Pre-IOI scope: Pre-IOI desktop and expert-interview-based assessment of the Nashville MSA residential HVAC, plumbing, and electrical services market. No management permission or customer contact required. Scope includes: (1) independent assessment of the $1.4B market size estimate (CIM p. 12), which the CIM notes is a management estimate not independently verified; (2) competitive landscape mapping of PE-backed platforms, larger independents, and owner-operated shops active in the 13-county Nashville MSA; (3) assessment of the commercial electrical opportunity for a residential-focused contractor entering the apartment complex and small-business segment; (4) assessment of the Comfort Club membership model's renewal rate and spend-multiple benchmarks relative to comparable programs at other residential home services platforms; (5) assessment of technician labor market conditions and typical voluntary turnover rates in the Nashville MSA.

Key questions to resolve:

- Is the $1.4B combined residential HVAC, plumbing, and electrical services market size estimate for the 13-county Nashville MSA consistent with independent market data?
- What PE-backed platforms are currently active in the Nashville MSA, what is their estimated market share, and how aggressively are they investing in digital marketing and technician recruitment?
- Is a 20–25% annual growth rate for commercial electrical services achievable for a company transitioning from a residential-focused model, and what are the typical barriers to entry in the apartment complex and small-business segment?
- What are benchmark renewal rates and member-to-non-member spend multiples for residential home services membership programs comparable to the Comfort Club?
- What is the current state of the technician labor market in the Nashville MSA, and what annual voluntary turnover rates are typical for well-managed residential HVAC and electrical contractors?

What success looks like: An independent assessment confirming or adjusting the $1.4B market size estimate, a clear view of the competitive threat from PE-backed platforms in the two core counties (Davidson and Williamson), a credible range for achievable commercial electrical growth given CoolCo's current capabilities, and benchmark data on Comfort Club renewal rates and technician turnover that allows us to stress-test the management projection assumptions.

Quality of Earnings Advisor — Pre-IOI Scoping Assessment

Expert type: Accounting advisory firms with QoE experience in founder-led services businesses (e.g., Alvarez & Marsal, FTI Consulting, Kroll, or mid-market QoE specialists such as Plante Moran or Citrin Cooperman)

Pre-IOI scope: Pre-IOI scoping assessment based solely on the CIM and any management-prepared schedules obtained through the banker information request process. No audit work papers, underlying contracts, or system access required at this stage. Scope includes: (1) assessment of the structural defensibility of each add-back category in the Adjusted EBITDA reconciliation (CIM p. 17), with particular

focus on the brand awareness campaign add-back and its characterization as non-recurring given its continuation in the forward projections; (2) independent benchmarking of market-rate total CEO compensation for a Nashville MSA residential services/contractor business with $40–60M of revenue to assess the owner compensation normalization add-back; (3) identification of the key QoE workstreams that would be required post-LOI and an estimate of the risk range around the $9.136M FY2025 Adjusted EBITDA figure based on publicly available information and the CIM's own disclosures; (4) assessment of the related-party lease rent relative to Nashville industrial market comparables.

Key questions to resolve:

- Is the brand awareness campaign add-back defensible as non-recurring under standard QoE conventions given that it is projected to continue at increasing amounts through FY2030P?
- What is the market-rate total compensation range for a CEO of a Nashville MSA residential home services business with $40–60M of revenue, and how does that benchmark compare to the implied normalization in the CIM?
- What is the risk range around the $9.136M FY2025 Adjusted EBITDA figure based on the CIM's own disclosures, and what are the highest-priority QoE workstreams for the post-LOI phase?
- Is the Antioch operations center rent (not disclosed in CIM) likely to be at, above, or below market for comparable Nashville industrial space, and does the absence of a disclosed renewal option represent a material financial risk?
- Are there any red flags in the FY2023–FY2024 financial trends that could indicate accounting policy changes rather than genuine operational improvement following the CFO transition?

What success looks like: A pre-IOI scoping memo that (1) identifies which add-backs are likely to survive a full QoE and which are at risk, (2) provides an independent CEO compensation benchmark, (3) estimates a risk-adjusted Adjusted EBITDA range for FY2025, and (4) outlines the post-LOI QoE workplan with estimated timeline and fee range. This memo should be in hand before IOI submission so that our valuation range reflects a defensible Adjusted EBITDA figure rather than the unadjusted management case.

Email-Ready Banker Request Block

Note: these requests are intentionally comprehensive. Select those appropriate to the current stage of the process before sending them to the banker.

1. Please provide a management-prepared schedule detailing each Adjusted EBITDA add-back for FY2023–FY2025, including the methodology used to size the owner compensation normalization (e.g., the market-rate benchmark source and assumed replacement compensation level) and the basis on which the brand awareness campaign is characterized as non-recurring given its continuation in the forward projections.
2. Please provide a management-prepared free cash flow reconciliation for FY2023–FY2025 that bridges from Adjusted EBITDA to ending cash, including working capital changes, owner tax distributions, equipment loan principal payments, and any other material cash uses not captured in the capex line.
3. Please provide a reconciliation of the FY2024 gross profit figure, which appears as $20,248K in the summary financials and $20,238K in the income statement, and confirm the correct figure along with any reclassification or rounding explanation.

4. Please provide an anonymized cohort-level summary of Comfort Club membership showing, for each enrollment year from FY2021 through FY2025, the number of members enrolled, the number still active at each subsequent year-end, and the average annual revenue per member household versus per non-member household for the same period.
5. Please provide the H1 2026 actual revenue for the electrical service line broken out between residential and commercial/EV charger work, and a summary of the current commercial electrical pipeline including the number of active opportunities, estimated contract values, and stage of each engagement.
6. Please provide the annual technician turnover rate (voluntary and total) for FY2023–FY2025, the 12-month post-graduation retention rate for CoolCo Academy graduates, and the average time from Academy graduation to independent billable deployment, along with the current technician headcount and open requisitions as of the most recent month-end.
7. Please provide a summary of the commercial terms governing the Company's relationship with its largest homebuilder customer, including the general structure of work orders, any framework or preferred-vendor arrangement in place, and whether any change-of-control notification or consent provisions exist in any governing document.
8. Please provide a summary of the process and timeline required under Tennessee law to transfer or re-designate the qualifying individual for the Company's master HVAC and master electrical contractor licences, the identity of any current employee who holds or is actively pursuing the relevant master licence, and the proposed contractual terms (duration, role, and obligations) for Mr. Cole's post-transaction involvement.
9. Please provide a summary of the material commercial terms of the Antioch operations center lease, including the annual rent, escalation provisions, renewal options, and whether the lease contains any change-of-control notification or termination rights, along with any available market-rate comparison for comparable industrial space in the Nashville MSA.
10. Please provide the key assumptions underlying the FY2026E–FY2030P financial projections, including the specific operational drivers (e.g., technician count, jobs per technician, average ticket, membership count, cross-sell penetration rate) that support the projected gross margin expansion and operating expense leverage, and any scenario or sensitivity analysis management has prepared.
11. Please provide a summary of the Company's current insurance program (lines of coverage, per-occurrence and aggregate limits, and carrier), a five-year claims history summary by line of coverage, and a representation as to whether any litigation, regulatory proceeding, or material contingent liability is currently pending or threatened against the Company.
12. Please provide a summary of the current deployment status of the ERP and dispatch platform, including which modules are live, the percentage of service calls currently processed under flat-rate pricing, and the status of the customer history and cross-sell marketing functionality.
13. Please provide a summary of any accounting policy changes, reclassifications, or restatements made to the FY2023 or FY2024 financial statements following the CFO's arrival in 2024, and confirm whether the revenue recognition policy, cost-of-revenue classification, and add-back methodology have been applied consistently across FY2023–FY2025.

Closing Note

Tranche 1 requests (Adjusted EBITDA add-back schedule, free cash flow reconciliation, FY2024 gross profit reconciliation, Comfort Club cohort data, commercial electrical H1 2026 actuals and pipeline, technician turnover and Academy retention data, Builder A commercial terms summary, master licence succession summary, and Antioch lease commercial terms summary) should be submitted simultaneously in a single email to the banker immediately upon execution of the NDA. These items are either binary gating questions (licence, Builder A, FCF) or are needed to anchor the valuation range before IOI submission. Tranche 2 requests (projection model assumptions bridge, litigation and insurance summary, ERP deployment status, and pre-2024 accounting policy continuity representation) should follow within five to seven business days of receiving Tranche 1 responses, as they are informed by the Tranche 1 data. No Tranche 3 requests are required at pre-IOI stage; post-LOI workstreams (full QoE, underlying contracts, audit work papers) are noted in the relevant concern paragraphs.

The Tennessee contractor licensing counsel opinion has the longest lead time and should be engaged immediately upon NDA execution, as it requires independent legal research and a written opinion that must be in hand before any binding IOI is submitted. The commercial due diligence advisor should be engaged in parallel, as expert interviews and market data assembly typically require three to four weeks. The QoE scoping advisor should be engaged upon receipt of the Tranche 1 management-prepared schedules, as the scoping memo is most useful when it can reference the actual add-back methodology documentation rather than the CIM alone.