

Action Summary – 30 January 2024

Analyst Theodore R. O'Neill *is initiating coverage of ECD Automotive Design, Inc. with a Buy rating and an \$8 price target.*

- **Pureplay on a fast-growing automotive market.** ECD is the only public pureplay in a fast-growing, profitable market, which rebuilds older classic cars with the latest technology, known as *restomods*. It's a highly fragmented market with dozens of builders, is ripe for consolidation and ECDA is the only one with the equity to make that happen.
- **\$500MM-\$1B addressable market.** We believe this is an annual market of at least \$500MM. With six-digit ASPs, it takes fewer than 2,000 units to make this a \$500MM market and based on the number of participants, the number could be much larger.
- **Market share gains and industry consolidation are a likely outcome.** This is a highly fragmented market ripe for consolidation. Amongst a dozen or more profitable peers, ECD is the only public company.
- **Operating at scale, profitable and sold out.** ECD Automotive Design is renowned for its expertise in fabricating and updating classic vehicles. The company is profitable and its annual production, now sold out, is adding capacity and new products.
- **High-end automotive market is largely a custom-built product whether it is Porsche or ECD.** The market for new high-end cars is defined by high-net-worth buyers who want a customized vehicle. Vehicle ASPs are in the six-figures, and customization drives margins for the manufacturer. ECD's autos and customers are no different in those respects.
- **Attractive valuation.** The shares currently sell at a discount to our earnings-based price target and at a discount to peers as a multiple of sales.

1/29 Closing price: \$0.91 USD	Market cap: \$32 million	2025E Market Cap/Sales: 0.68x	EV/2025E Sales: 0.85x
Diluted shares outstanding: 34 million	Insider ownership: 86%	3-mo avg. daily trading volume: >300,000	Dividend 2023 /Yield: 0/0%

(Revenue in USD millions and Adjusted EPS in dollars)

Period	Revenue	EPS	Build Gross Profit
2022A	\$14.99	\$0.02	25%
2023E	\$21.50	\$0.04	34%
2024E	\$32.73	\$0.04	37%
2025E	\$46.97	\$0.16	38%

Note: Numbers may not be added due to rounding or change in share count. See our full model at the back of this report.

Cash balance (in USD millions)

• 2022A	• \$3.5
• 2023E	• \$7.5
• 2024E	• \$9.1
• 2025E	• \$12.6

Convertible debt (in USD millions)

• 2022A	• \$0.5
• 2023E	• \$15.8
• 2024E	• \$15.8
• 2025E	• \$15.8

Risks/Valuation

- Risks: Competition in its markets, evolving regulatory environment, changes in demand and supply for classic vehicles
- Our \$8 price target is derived from our discounted future earnings model.

Company description: ECD is a creator of restored luxury vehicles that combine classic English beauty with modern performance. Each vehicle produced by ECD is fully bespoke, a one-off that is designed by the client through an immersive luxury design experience and hand-built from the ground up in 2,200 hours by master-certified ASE craftsmen. Global headquarters is a 100,000-ft² facility located in Kissimmee, Florida, that is home to 90 talented craftsmen and technicians.

Figure 1 – ECD Automotive Design, Inc. – Trading snapshot from inception Dec 13, 2023



Source: FactSet

Investment Thesis

- **Pureplay on a fast-growing automotive market.** ECD is the only public pureplay in a fast-growing, profitable car market, which rebuilds older classic cars with the latest technology, known as *restomods*. It's a highly fragmented market with dozens of builders, is ripe for consolidation and ECDA is the only one with the equity to make that happen.
- **\$500MM-\$1B addressable market.** We believe this is an annual market of at least \$500MM. With six-digit ASPs, it takes fewer than 2,000 units to make this a \$500MM market and based on the number of participants, the number could be much larger. For comparison, Porsche AG (P911-NR) will deliver ~52,000 911s this year and Ferrari (RACE-NR) will deliver ~8,000 cars.
- **Market share gains and industry consolidation are a likely outcome.** This is a highly fragmented market ripe for consolidation. Companies offering custom classic restomods include Arkonik, Classic Motors LLC, David Brown Automotive, Emory Motorsports, Himalaya, KAMM Manufaktur, Mil-Spec Automotive, RAUH-Welt BEGRIFF (RWB), Rover Trophy, Ruf Automobile, Sacrilege Motors, Singer Vehicle Design, Theon Design, and Twisted Automotive. ECD is the only public company.
- **Follow-on recurring revenue.** While its legacy business is in classic restomods, the whole automobile eco-system of financing, leasing, resale, trade-in, service, and storage presents recurring income streams that could add millions in revenue over time.

- **Operating at scale, profitable and sold out.** ECD Automotive Design is renowned for its expertise in fabricating and updating classic vehicles. Their Florida operation occupies more than 100,000 square feet of space. It has over 90 full-time professionals and operations spanning two continents. The company is profitable and its annual production, now sold out, is adding capacity and new products.
- **High-end automotive market is largely a custom-built product whether it is Porsche or ECD.** The market for new high-end cars is defined by high-net-worth buyers who want a customized vehicle. Vehicle ASPs are in the six-figures, and customization drives margins for the manufacturer. ECD's autos and customers are no different in those respects. The difference is that ECD's business is to convert 25-year-old classic cars to 2024 standards of performance, electronics, and comfort. For those that like the classic look of 25-year-old Range Rover Classics, Defenders and Jaguars, but want a reliable daily driver with Apple Car Play and their initials stitched into the seats, for example or in an EV version, there is no other maker in this sector that is as well capitalized.
- **Attractive valuation.** The shares currently sell at a discount to our earnings-based price target and at a discount to peers as a multiple of sales.

Valuation and Price Target

Valuation Methodology

We believe ECDA is undervalued, and we support that belief with two valuation techniques. To determine our price target, we use a discounted future earnings model, and we support that with a comparable valuation to peers.

Discounted Future Earnings – Basis for Price Target

Our 12-month price target of \$8 is based on a discounted earnings model. For valuation purposes, we sum up all future earnings on a GAAP basis and discount them at 10%. We assume the company remains GAAP EPS profitable in 2024 and earnings growth ramps up for another 10 years until growth eventually slows to GDP. Our valuation model is shown in Figure 2 below. Note, this model understates future new services and growth through acquisitions and probably understates the tax benefits, but offsetting that, the earnings never have a down year. The implied share price is \$8.18, which we round to \$8.00.

Figure 2 – ECD Design Automotive, Inc. – Price Target Calculation

Discounted Future Earnings:		\$8.18
Year	EPS	Discounted EPS
2024	0.04	0.04
2025	0.16	0.15
2026	0.25	0.21
2027	0.35	0.26
2028	0.45	0.31
2029	0.60	0.37
2030	0.65	0.37
2031	0.72	0.37
2032	0.85	0.40
2033	0.88	0.37
2034	0.90	0.35
Terminal Value:		5.33

Source: Litchfield Hills Research LLC

Valuation Relative to Peers

Figure 3 summarizes our ECDA peer comparison. We are using a comparable group of high-end autos and finished goods catering to the same market as ECDs customers. Comparing ECD's 2025 multiples to the averages shows the shares sell at an 82% discount to 2025 market cap/sales and a 77% discount to EV/Sales. Were the shares to trade to our price target of \$8, they would be selling at a premium to the average, but nowhere near the high end of the range. We would argue that the shares should sell at a premium because the margins and sales growth will also be at the high end of comparables. This and our discounted future earnings model confirm our view that the shares are undervalued.

Figure 3 – ECD Automotive Design, Inc. – Valuation of Peers

FactSet Ticker	Company Name	Closing Price	Market Cap \$MM	EV \$MM	2025 Consensus Multiples	
					Market Cap / Sales	EV /Sales
TSLA-US	Tesla Inc	\$183.25	582,537	628,159	4.38	4.67
RACE-IT	Ferrari N.V. (IT Listing)	\$340.21	87,517	62,998	11.66	8.45
P911-DE	Porsche AG	\$83.08	75,308	82,449	1.57	1.73
MBG-DE	Mercedes-Benz Group AG (DE Listing)	\$66.54	71,191	150,190	0.42	0.98
BMW-DE	Bayerische Motoren Werke AG (BMW) (Ordinary)	\$102.94	65,363	119,715	0.38	0.88
AML-GB	Aston Martin Lagonda Global Holdings plc	\$2.42	1,991	3,132	<u>0.74</u>	<u>1.03</u>
AVERAGE					3.19	2.96
RMS-FR	Hermes International SCA (FR Listing)	\$2,135.78	225,474	214,376	12.73	12.19
MC-FR	LVMH Moet Hennessy Louis Vuitton SE (Ordinary)	\$839.78	421,610	438,801	3.99	4.31
KER-FR	Kering (FR Listing)	\$417.99	51,589	56,609	2.17	2.60
CFR-CH	Compagnie Financiere Richemont SA (CH Listing)	\$148.86	87,798	83,449	3.51	
MONC-IT	Moncler	\$61.76	16,962	16,414	4.50	4.53
BRBY-GB	Burberry Group Plc (GB Listing)	\$17.07	6,119	5,827	1.48	1.84
SFER-IT	Salvatore Ferragamo S.p.A.	\$12.75	2,153	1,854	1.62	1.33
LANV-US	Lanvin Group Holdings Limited	\$2.18	316	313		
AVERAGE					4.29	4.47
COMBINED AVERAGE					<u>3.74</u>	<u>3.71</u>
ECDA-US	ECD Automotive Design, Inc.	\$0.93	32	40	0.68	0.85
ECDA-US Premium/(Discount) to peers:					-82%	-77%

Source: Litchfield Hills Research LLC and FactSet

Company Background and Strategy

ECDA is a company specializing in automotive design, assisting clients across the United States in customizing classic (25 years or older) Land Rover and Jaguar vehicles. Founded in 2013, ECDA has become the world's leading facility for Land Rover and other customization and production. It has built a facility dedicated to producing highly customized classic cars, using top-quality parts and a highly skilled workforce to construct each vehicle. The company went public on December 13, 2023, through a definitive business combination agreement with EF Hutton Acquisition Corporation I ("EFHT"), a Special Purpose Acquisition Company (SPAC).

Business Operations

ECD Automotive Design specializes in the production and customization of classic Land Rover vehicles manufactured from the 1960's through to the late 1990's, including the Range Rover Classic, Land Rover Series (IIA and III), Land Rover Defenders, and, since July 2022, Jaguar E-Types. Occasionally, it has restored other models from the same car manufacturers. It generates revenue primarily from the direct sale of customized vehicles, as well as by providing repair or upgrade services to customers. It also generates revenue from the sale of extended warranties and occasionally earns

commissions on the resale of used vehicles that it originally built. It targets high net worth individuals who have large amounts of discretionary income and who tend to be less sensitive to underlying economic cyclicality, providing them with a one-of-a kind luxury automotive design experience for each of its unique custom builds. Their primary clientele includes auto enthusiasts, outdoor enthusiasts, and sports fans, with a particular focus on ultra-high-net-worth individuals. This includes C-Suite executives, those working in financial services, and notable figures such as professional athletes, celebrities and influencers, and actors.

The company operates from a 100,000 sq. ft. production facility named the Rover Dome, in Kissimmee, Florida (see Figure 4).

Figure 4 – ECD Automotive Design, Inc. – Production Facility at 4930 Industrial Lane, Kissimmee, FL



Source: Google Maps

ECD offers a comprehensive process to help clients design and build their dream car. The process begins with a design meeting with the client, followed by custom vehicle design rendering and approval. The base vehicle is then sourced from their facility in the UK. Once the vehicle has been acquired, teardown and fabrication begin.

The duration of a typical process, from the point of initial contract signing through to delivery of the vehicle, is approximately 12 to 14 months. Its in-house team of ASE-Certified highly trained technicians can upgrade any engine, including Chevrolet V8's, Land Rover V8's, Cummins diesel engines and new electric drivetrains, performing all the necessary body work, drivetrain selection and installation, every stitch in the interior, paint work, up to placement of the last nut and bolt. Each style uses, wherever possible, genuine Land Rover Defender and Range Rover Classic parts, and each vehicle is built using the highest quality parts and labor force. The team provides clients with all the necessary tools to understand all the available customization possibilities and its master-certified technicians hand-build a completely restored vehicle in approximately 2,200 man-hours, replacing and customizing substantially all its components: including the engine, color, seating, stitching, electronics, and cosmetic finishes. Currently, all the stages of the building process are completed in-house. Internally, it refers to each rebuilt vehicle as a project, whose name is chosen by the customer. Since the start of its operations, it has completed 500 projects, and it currently has >100 contracted projects in backlog.

It currently operates two production lines, the **North Line**, where it builds Range Rover Classic, Land Rover Series (IIA and III) and Land Rover Defenders, and the **South Line**, which commenced operation in July 2022 and it expects to be operating at its full capacity in the second quarter of 2024, where it builds Jaguar E-Types. Occasionally, customers bring their own base models for customization. However, in most cases, it imports vehicles from Europe using its subsidiary, ECD UK, benefitting from the National Highway Traffic Safety Administration (NHTSA) "25-year" rule, which allows for the import a vehicle into the United States that are at least 25 years old without having to comply with certain federal motor vehicle safety standards (FMVSS). When ECD rebuilds such vehicles, it installs US compliant drivetrains, using mostly Chevrolet crate systems, which it warrants for 2-years/50,000 miles. In addition, it offers an extensive warranty for its custom vehicles.

The Restomod Market

This is not a new market, but it has recently reached critical mass. The market for classic custom conversions (restomods) has been around for decades and started with one-person shops doing one-off EV conversions or putting Detroit engines in e-Type Jaguars. That same market for conversions of older classic cars is now well established, with many shops doing a handful of conversions/year. We estimate that ECDA will become the largest this year, converting ~100 vehicles. We would note that there are two main interests of buyers of older classic cars. One is for those looking to make a faithful restoration for their owners to enter prestige car shows like the Pebble Beach Concours d'Elegance. This is the *restoration market*. A complete restoration is focused on restoring a car to its original factory condition, so there is little room for customization or personalization. The other is those who appreciate the design and classic lines of older cars but want one with all the latest amenities and reliable modern engines that are easily repaired. This is called the *restomod market*. In many cases, we believe customers will own a vehicle from both categories, with one for showing and one to drive.

Currently, ECD custom builds various models of Jaguar and Range Rover, and we expect it to add other makes and models but all the cars that are a good restomod market fit have three things in common.

- 1) First, they are visually appealing with classic lines. These vehicles are iconic and easily identified from just a silhouette.
- 2) Second, they were produced virtually unchanged for decades, such was the appeal of the vehicles.
- 3) Lastly, production quality at the time wasn't great, meaning that an updated version of the vehicle made back then is in some ways far more appealing than an original that may have sat in a barn unused for decades.

We don't think there is a shortage of cars and trucks that would fit the requirements above. Ones that immediately comes to mind are the Ford Bronco, the Jeep Grand Wagoneer, early Trans Ams and Camaros to name a few. You might think of your favorite vehicle from when you were young and would be thrilled to see it fitted with all the latest amenities. Unquestionably, there is a lot of interest in the line of vehicles ECDA is currently building because they are sold out. We believe the market for a Range Rover that has a reliable engine, can be serviced with parts that are easily available from the local Advance Auto Parts store (AAP-NR) may be painted in the color of your choice with a luxurious interior, a navigation system, Apple CarPlay, and your initials engraved in the headrest is already large enough to support many builders. We believe this restomod market is at least a \$500MM annual business.

The company currently runs production lines covering three models of cars. One production line is dedicated to Land Rover vehicles and currently producing customer Defenders (Figure 5), Series IIA (Figure 6) and Range Rovers (Figure 7). A second line is focused on producing Jaguar e-Types (Figure 8). A third line will be added in 2024. Prices for these vehicles range from ~\$220K with no upgrades up to \$330,000 with a high level of upgrades depending on the model and the upgrades the client wishes to have. Their highest car build cost \$400,000.

Figure 5 - ECD Automotive Design, Inc. – Range Rover Defender



Source: Company presentation

Figure 6 - ECD Automotive Design, Inc. – Land Rover Series IIA



Source: Company presentation

Figure 7 - ECD Automotive Design, Inc. – Range Rover Classic



Source: Company presentation

Figure 8 - ECD Automotive Design, Inc. – Jaguar E-Type



Source: Company presentation

Driving Customer Engagement and Brand Loyalty

The total time frame from the execution of the sales contract to delivery is from 12 to 14 months, depending on the options and customization level selected by the client. While a typical car dealer may not see you again until delivery, ECD has taken a different approach. ECD has successfully taken the problem of the typical waiting period for a luxury vehicle and created a high-end immersive client experience, while driving revenue and margins with a high return on investment on what is typically viewed as customer service overhead. The direct result of this client journey is what we believe is extraordinary client satisfaction and loyalty. Currently, 15% of sales are made to repeat clients, including one client on his sixth ECD build.

ECD has established that, during the waiting period, the client should have repeated and enjoyable contact with the company. This is not the norm in the automotive industry, where the waiting period is generally viewed as a negative down period. Accordingly, it developed a "white glove" immersive experience, with a CRM system that creates a client contact point every two weeks. At each of those contact points, the client is invited to make a design decision about the custom-build, ranging from exterior paint color all the way to the size and shape of the needle on the gauge cluster. ECD is aware that its clients are not limited by their cash resources, but as is typical in the automotive customization sector, they are "choice-starved," with limited opportunity to contribute creatively to the design and build of their vehicles. The ECD process removes this problem and gives the client a true one-of-one custom vehicle. The by-product of this journey and high level of customization are the additional upgrades, which cost an average of \$85,000, and may be as high as \$150,000 over the \$225,000 base contract price per vehicle. ECD's upgrade options also deliver higher margins, which improves the gross profit per vehicle.

Vehicles are sold directly to customers by means of direct online sales through its advanced digital platform, or in person in its headquarters. The company believes that centralizing the sales network provides an opportunity to control the customer experience and ensure that customer interactions are on-brand and pressure-free. The CRM management system it calls *Zoho*, has enabled it to capture and manage leads from the pipeline to the ultimate sale of the vehicle. Importantly, this software has allowed the logging of all objections from clients that did not close, giving it the ability to pull leads from several years and apply targeted outreach to them through a soft sales channel. As part of the team dedicated to customers' experience, it has a Chief Experience Officer, a Head of Sales and Design, and a Client Services Manager. As it grows, it intends to hire an additional sales manager to sell new and used vehicles and another sales manager dedicated to the design/upgrade process.

The highest build value of their vehicles is \$400,000. The company employs 80 staff members, and the vehicles they produce are compliant in all 50 states of the United States.

ECDA is in a unique position to take market share and consolidate the industry

We believe ECDA is in a position to take market share, and this has significant implications for growth. To understand why, look at the practical considerations faced by customers. The cost for these vehicles is very similar between different makers. (The margins aren't though. ECD has the benefit of scale). It's a six-figure purchase and the final cost is not a deciding factor. If you are a customer, one of the real risks is the **time to delivery**. For the smaller shops that build these, customers learn very quickly that the delivery dates can change if:

- The lead mechanic gets sick or quits
- A customer with a lot more money steps in and doesn't want to wait in line – we call this the Jay Leno effect
- The shop has a cash flow crunch

We are aware of these issues from firsthand interviews with customers. Any one of these things can delay delivery or postpone it forever. Customers of ECDA don't really face these risks due to the scale of operations and capitalization. As a result, we believe ECDA will take significant market share. Additionally, there is likely to be consolidation as the smaller firms see business flow to ECDA and realize that being part of ECDA is the best way to grow or provide an exit strategy.

However, lowering risks and consolidation are only part of the market share gain growth. Customization is also a path to share gains and earnings. Customizing the vehicle to the specifications of the customer is a key marketing point. These

customers are used to having things their way and the more in the way of options the better. In this regard, ECDA has advantages. Due to its scale, it has the capacity to source more and varied options. Options are also higher margin than the vehicle, so more options mean more revenue and earnings per build. Offering options that smaller firms cannot, is also likely to increase market share in our opinion. These advantages should have the effect of driving share to ECDA from others.

Organic and Inorganic Growth Plans

One of the inherent features of this business and its growth plans is that it has multiple paths to growth that do not require a capital raise. We have identified at least seven paths to organic revenue and earnings growth, all of which we consider highly likely in the next few years. Of inorganic growth through acquisition, even this may not need a capital raise because it can use stock.

Organic Growth

- Market share gains from undercapitalized builders or builders looking for an exit strategy
- Increase build capacity
- Add more classic cars to the production line
- Increase the portfolio of customer options
- Add complimentary services such as repair, retrofit, storage, consignment and financing
- Expand global footprint
- Improve supply chain efficiency through natural increases in scale

Inorganic

- Acquire firms in similar lines of work

Competition Faced by ECD Automotive Design

ECD Automotive Design competes with a broad range of luxury automotive companies. This includes large-scale luxury auto manufacturers like Porsche, Lamborghini, Land Rover, and Rolls Royce, custom luxury automotive manufacturers such as Apocalypse and Lexani Motorcars, and custom luxury automotive restoration and design companies like Mil-Spec Automotive, Arkonik Ltd., and Twisted Automotive. Some competitors, including Arkonik Ltd. and Twisted Automotive, offer custom restored and redesigned versions of the same or similar model vehicles as ECD.

In addition, ECD competes with traditional automotive manufacturers such as Jaguar/Land Rover, Mercedes-Benz, Ford, and General Motors, as well as a growing number of new companies that focus on vehicle restoration and customization. ECD anticipates this competition to intensify, especially in the electric vehicle market, as the transportation sector transitions towards low-emission, zero-emission, or carbon-neutral solutions.

ECD's future builds and vehicles are expected to compete with both traditional luxury internal combustion vehicles from established automotive manufacturers and electric and other alternative fuel vehicles from both new and established manufacturers. Many of these manufacturers have either entered or announced plans to enter the alternative fuel and electric vehicle market.

Financial Projections and Management Guidance

In order to be conservative, our forecast for 2023 and 2024 are just shy of management guidance given January 11, 2024. On that date, the company issued a press release saying it expects 2024 revenue of \$33MM and gross profit of "at least 38%." When management provides guidance in a range of "X-Y" we typically choose X. In this case we set our revenue and gross profit estimates just slightly below guidance. Our estimates also roughly track projections in the SEC filings from

its SPAC transactions (Form S-4/A (amendment 3) filed November 6, 2023, page 64 and 65. Our estimates do not include the impact of any acquisitions.

Management Summary

Technical expertise is central to the company's success. It has built a strong and qualified team over the past 10 years, with sixty-one ASE certifications and five (5) master level ASE certifications. The National Institute for Automotive Service Excellence (ASE) is a non-profit organization that provides certification for automotive professionals in the United States, and it offers a variety of certifications that cover several areas of automotive repair and service, including engine repair, brakes, electrical systems, and more. The process of becoming ASE Certified is not an easy feat. To attain ASE Certification, technicians must complete a minimum of 2 years of qualified work experience and pass a challenging test for each certification.

To ensure technicians are up to date on current systems and technologies, ASE Certified Technicians are required to prove their technical knowledge by retesting every 5 years to keep their certifications current.

By emphasizing ASE certifications and promoting its mechanics' expertise, it demonstrates the company's commitment to providing high-quality service and attracting customers who prioritize quality workmanship. It encourages all members of its team to take the ASE tests, with no limit on the number of tests they may take and offers paid leave for employees to take the tests, as well as a one-off bonus and salary increase for passing them. ECDA has a 98% retention rate for mechanics. Its mechanics are the center of its operations and are responsible for maintaining ECDA quality standards. In addition, it has in place a demanding selection process to join the teams, with rigorous interviews, hands-on testing, psychometric profiling, and structured review periods.

Scott Wallace, Chief Executive Officer



Scott Wallace, the founder and current CEO of ECD Auto Design, has a rich background in sales and marketing, having previously served as a director at Greene King P.L.C. and Duke Street Capital in the UK. His impressive track record includes a 200% rise in share value and spearheading a successful business acquisition worth £227 million in the private equity sector. As the CEO of ECD Auto Design, he works alongside a competent management team and his expertise and leadership have played a key role in the company's growth and success.

Tom Humble, Chief Experience Officer



Thomas Humble, a co-founder of ECD and its current Chief Experience Officer, has a wealth of experience as a Sales Director, with a proven history of success at international companies such as Nike, Volkswagen, Audi, and Porsche. In addition to his role at ECD, he has been a director and co-owner of Luxury Automotive Transport since 2019. Mr. Humble has been instrumental in managing ECD since it was founded in 2013, taking charge of areas such as import/export, logistics, vendor management, and client relations. In his role as CXO, he oversees all aspects of the operation, leveraging his leadership skills honed at ECD and his extensive background in the automotive industry.

Elliot Humble, Chief Technology Officer



Elliot Humble, one of the founders of ECD and its current Chief Technology Officer/Operation Manager, also holds directorship and co-ownership at Luxury Automotive Transport. His tenure at Halfords Auto Retailers in the U.K. equipped him with skills in quality control, innovative design, capital forecasting, and vendor relations. Mr. Humble, a graduate in Sports and Exercise Science from Leeds Metropolitan University, brings to his director role at ECD a wealth of experience from the automotive industry and his various roles within the company.

Emily Humble, Chief Production Officer



Emily Humble, who co-founded ECD and serves as its Chief Product Officer, is a leader in the field of education with a strong background in the performing arts. She established Dance Station Orlando, which drew more than 400 students within a span of three years, before returning to ECD on a full-time basis in 2020. Holding a BA in Ballet Education and a PGCE, Ms. Humble plays a crucial role in enriching the client experience.



ECD Automotive Design, Inc.

ECDA-US - Buy \$8 PT

Raymond Cole, Chief Financial Officer



Raymond Cole, who has been the Chief Financial Officer at ECD since May 2023, has a rich professional history. He was formerly the CEO of Lucky Jack Coffee, where he was responsible for implementing an ERP/warehouse system. His career in finance took off at Salomon Smith Barney and JPMorgan Chase, and he later assumed the roles of COO/CFO at Empowered Media, LLC, and Director at American Express. Mr. Cole, a holder of an MBA in finance from the Zicklin School of Business at Baruch College and a bachelor's degree in economics from Fordham University, contributes a wealth of financial acumen and operational expertise to his position at ECD.

Figure 9 – ECD Automotive Design, Inc. – Income Statement (\$000)

December ending year	2022A Year	2023E Year	2024E Year	2025E Year
Total Revenue	\$14,990	\$21,500	\$32,725	\$46,970
YoY growth	NA	43%	52%	44%
Materials, shipping, warranty	8,994	11,073	16,320	23,485
Line labor	<u>2,223</u>	<u>3,100</u>	<u>4,200</u>	<u>5,800</u>
	3,773	7,328	12,205	17,685
Build gross profit	25%	34%	37%	38%
Operating expenses				
Professional fees	323	700	2,000	2,000
Other operating expense	<u>4,240</u>	<u>10,000</u>	<u>8,400</u>	<u>8,800</u>
Total Operating Expenses	<u>4,563</u>	<u>10,700</u>	<u>10,400</u>	<u>10,800</u>
Operating Income	(790)	(3,373)	1,805	6,885
Tax expense/(benefit)	\$206	\$563	\$325	\$1,239
Net income	<u>(\$996)</u>	<u>(\$3,936)</u>	<u>\$1,480</u>	<u>\$5,646</u>
Merger related accounting adjustments	<u>(\$1,737)</u>	<u>(\$5,370)</u>	\$0	\$0
ECD net income exl. transaction costs	<u>\$741</u>	<u>\$1,435</u>	<u>\$1,480</u>	<u>\$5,646</u>
EPS adjusted for merger related costs	\$0.02	\$0.04	\$0.04	\$0.16
GAAP EPS	(\$0.03)	(\$0.12)	\$0.04	\$0.16
Diluted Shares Outstanding	31,875	34,000	34,500	35,300

Source: Company reports and Litchfield Hills Research LLC

Figure 10 – ECD Automotive Design, Inc. – Balance Sheet (\$000)

December ending year	FY2025E	FY2024E	FY2023E	FY2022A
Balance sheet				
Current Assets				
Cash and S.T.I.	\$12,584	\$9,088	\$7,478	\$3,515
Accounts receivable	7,000	4,000	2,900	503
Inventories	6,000	5,000	4,000	3,054
Other assets	500	250	100	278
Total Current Assets	26,084	18,338	14,478	7,351
Net PP&E	1,200	900	510	571
Right-to-use asset	4,400	4,400	4,400	4,444
Other non-current	200	100	70	76
Total Assets	31,884	23,738	19,458	12,441
Current Liabilities				
Credit line	0	0	0	0
Accounts payable and accrued exp.	2,500	2,000	1,300	605
Customer deposits	13,000	11,000	8,900	9,494
Other current liabilities	2,400	2,400	2,400	610
Total current liabilities	17,900	15,400	12,600	10,708
Convertible note and Credit Line	15,800	15,800	15,800	500
Lease liability - non-current	4,000	4,000	4,000	4,239
Total Liabilities	37,700	35,200	32,400	15,447
Stockholders' Equity				
Preferred stock	0	0	0	0
Common stock	0	0	0	1
Additional paid-in-capital	2	2	2	2
Retained earnings	(5,818)	(11,464)	(12,944)	(3,009)
Cum. trans. adj. and treasury stock	0	0	0	0
Total stockholders' equity	(5,816)	(11,462)	(12,942)	(3,005)
Total Liabilities and equity	\$31,884	\$23,738	\$19,458	\$12,441

Source: Company reports and Litchfield Hills Research LLC

Figure 11 – ECD Automotive Design, Inc. – Cash Flow (\$000)

	FY25E	FY24E	FY23E
Net Income	\$5,646	\$1,480	(\$3,936)
Receivables	(\$3,000)	(\$1,100)	(\$2,397)
Inventories	(\$1,000)	(\$1,000)	(\$946)
Other assets	(\$250)	(\$150)	\$178
Net PP&E	(\$300)	(\$390)	\$61
Right-to-use asset	\$0	\$0	\$44
Other non-current	(\$100)	(\$30)	\$6
Credit line	\$0	\$0	\$0
Accounts payable and accrued exp.	\$500	\$700	\$695
Customer deposits	\$2,000	\$2,100	(\$594)
Lease obligations and other	\$0	\$0	\$1,790
Convertible note and Credit Line	\$0	\$0	\$15,300
Lease liability - non-current	\$0	\$0	(\$239)
Preferred stock	\$0	\$0	\$0
Common stock	\$0	\$0	(\$1)
Additional paid-in-capital	\$0	\$0	\$0
Accum. Other Comprehensive loss	\$0	\$0	\$0
Dividends and transition adjustments			(\$6,000)
Total Cash Flow	\$3,496	\$1,610	\$3,963

Source: Litchfield Hills Research LLC

Disclosures:

Analyst Certification

We, the Litchfield Hills Research Department, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject company and the underlying securities.

FINRA Compliant Research Report

We, the Litchfield Hills Research Department, hereby certify that this report is compliant with FINRA research rules 2241, 3110, the analyst is registered with FINRA, and the report has been reviewed by a Supervisory Analyst.

MiFID II Compliant Research Report

Our research is classified as minor non-monetary benefit under MiFID II. This applies to all forms of transmission, including email, website, and financial platforms such as Bloomberg, FactSet, S&P Global, Refinitiv and 13 others. We do not seek payment from the asset management community and do not have any execution function. Investors can continue to receive our research under the MiFID II regime without the need for a contract for services to be put in place. This applies to all forms of transmission, including email, website, and financial platforms.

Litchfield Hills Research LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Other Disclosures

Litchfield Hills Research, LLC ("LHR") is not a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission nor a member of Financial Industry Regulatory Authority. The principal of LHR and publisher of this report, Theodore R. O'Neill, is a registered representative of Ascendant Capital Markets, LLC ("Ascendant"), a registered broker-dealer and FINRA member firm. Ascendant considers Mr. O'Neill's association with LHR to be an "outside business activity" and is disclosed as such with FINRA. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject LHR or any divisions, subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction.



All material presented in this report, unless specifically indicated otherwise, is under copyright to LHR and the subject company. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied, or distributed to any other party, without the prior express written permission of LHR or the subject company. All trademarks, service marks and logos used in this report are trademarks, service marks, registered trademarks, or service marks of LHR or its affiliates. The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. LHR may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable, appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. LHR does not offer advice on the tax consequences of investment, and you are advised to contact an independent tax adviser. LHR believes the information and opinions in the Disclosure Appendix of this report are accurate and complete. Information and opinions presented in this report were obtained or derived from sources LHR believes are reliable, but LHR makes no representations as to their accuracy or completeness.

Ownership and Material Conflicts of Interest

The analyst owns no shares of the subject company. The analyst and his family have no known material conflicts of interest in authoring this report. No employees of Ascendant Capital Markets, LLC own any material amount of ECDA stock or have any influence on the ECDA Board of Directors.

Investment Banking and Fees for Services

Litchfield Hills Research has not received compensation for advisory or investment banking services from the Company in the past 12 months. Ascendant Capital Markets, LLC has not received compensation for advisory or investment banking services from the Company in the past 12 months. Litchfield Hills Research LLC has received compensation from the subject company for distribution and investor targeting services. Ascendant Capital Markets, LLC has not received compensation for non-investment banking services from the Company in the past 12 months.

Market Making

Neither Litchfield Hills Research, LLC nor Ascendant Capital Markets, LLC makes a market in the subject company's securities.

Additional information is available upon request. LHR accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to LHR. This report is not to be relied upon in substitution for the exercise of independent judgment.