

Letter from the CEO

Dear Customers, Associates, Friends,

We ended last year with our second consecutive year of relatively flat growth in net revenue (+1.11%). We experienced pressure on our Operating Income and Net Income. This was reflected in significant reductions in several key margins. The Net Income and Net Margin results would have shown even greater reductions were it not for the effect of the Tax Cuts and Jobs Act, which lowered the corporate tax rate from 35% to 20%. After studying these results, we came to the conclusion that we must concentrate our efforts in the next year on making significant reductions to our costs, both Cost Of Goods Sold and Sales General & Administrative costs.



For almost 60 years, Pull-Start Golf Carts has been owned and operated by members of my family. From the day my grandfather and his partner produced their first gas-powered cart, the company has been a source of family pride and accomplishment. Over the years, several larger firms have approached us with offers to acquire the company and merge it into their operations. My grandfather, my father, and the rest of my family members have always rejected such offers. Now that I have responsibility for on-going success of Pull-Start, I have concluded that a change in operating principles is required. To take Pull-Start where the organization can go, we must have a partner to ensure operational stability and provide required financial backing. Therefore, I reversed my family's long-held resistance to acquisition offers. As a result of an agreement concluded late last year, Pull-Start Golf Carts is part of a larger organization, as we are now a wholly-owned subsidiary of Monihan Corporation, a global conglomerate.

As we evaluated different merger options, one factor remained essential to us: to maintain our autonomy as a company. In negotiations with Monihan to facilitate the acquisition, their leadership made it clear that they welcomed and expected us to continue to operate as an autonomous organization, with consistent leadership now backed by the resources of Monihan. Our leadership team will remain intact, and our strategy will continue, now reinforced by our new parent company. As a result, we are very optimistic regarding the long-term outlook for our business. We expect the percentage of revenues derived from our core Golf Division products to stabilize and improve over the next year. Commercial and Industrial revenues should continue to grow as we invest further, and customers and end-users continue to gain confidence in our brand and expanding product offering. And we see even stronger growth for our Parts and Service Division as more and more of our customers seek to extend the life of their cart fleets. Together we expect these businesses to form a strong backbone for continued growth for the foreseeable future.

New Strategy to Achieve Positive Financial Performance and Market Leadership

As we look to the coming years, the Senior Leadership Team has worked closely with the SLT of Monahan and together we have concluded that the organization requires a new, more aggressive and ambitious strategy to achieve our financial and marketplace objectives. It is obvious to us that we cannot achieve these goals by focusing primarily on either revenue growth or cost reduction. While both are essential elements of our strategy, neither will enable us to achieve our objective on its own. Therefore, we enter the new fiscal year with a two-pronged five-year strategy. The two elements of the strategy are:

- Focus on Innovation to Drive Revenue Growth
- Margin Protection through Reasonable Costs Reductions

Focus on Innovation to Drive Revenue Growth

Innovation has always been essential element of Pull-Start Golf Carts' strategy, and the resulting successes in the marketplace. There is no question about that. The question posed to the SLT was whether we have been doing enough in this critical area. So we conducted an honest, open, and objective assessment of our approach to market growth. The results were somewhat alarming. We concluded that, while we have traditionally focused on the high-

quality reputation of our products, we have not been as targeted as we should in the area of direct sales. Our salespeople have supported our dealer network while not being as aggressive as they could be with selling directly to our customers, the golf course managers, and industrial/commercial customers. In order to reshape and transform our sales organization and our sales culture, we have turned to new leadership. I am pleased to announce that J. Clark has joined Pull-Start as our Senior Vice President of Sales. J. Clark comes to us from Caterpillar where she spent 21 years in sales and sales management roles. We are looking forward to her utilizing her wealth of experience and knowledge to facilitate a new way of approaching our customers and our market.

Margin Protection through Reasonable Costs Containment and Reduction

On the other side of the coin, we realize that we must refocus our efforts on reducing costs. But we must follow an intelligent approach to doing so. There's an old adage in business that "you can't cut yourself to long-term profitability." So while we realize that we must renew our efforts to get our costs back under control, we cannot do so in a way that is detrimental to the business. Cost savings is something we must think about and act upon daily despite our willingness to invest heavily in new product initiatives. Like many businesses, we have tolerated inefficiencies for far too long. The "we'll get around to it one of these days" approach has reached a point of effecting the business too much. We feel that re-engineering of core business and production processes, supported by new and more efficient technology platforms, provides several new opportunities to streamline the business – we expect to capitalize on these to reduce the cost of doing business and increase performance to ensure we remain competitive in the market place.

Long-Term Goals

In this environment, we have to have a long-term strategy, but we must also develop the agility to respond to changing conditions without losing our focus on the execution of that strategy. The Pull-Start Golf Carts management team and I have outlined three key long-term goals for the next ten years. The goals are:

- Double revenue and margins within the next ten years
- Drive out cost and improve efficiencies
- Protect revenue streams by growing and diversifying the product portfolio

To support these Long-Term Goals, we will undertake Seven Strategic Initiatives. While I will not go into detail on those initiatives here, please be assured that we have the best people in the Pull-Start Golf Carts organization devoted to them so we can achieve the greatest success. The Strategic Initiatives are:

1. All Electric product portfolio in three years
2. Aggressive Process Reengineering and Cost Controls
3. Enterprise-wide Use of Technology
4. A Customer-Centric Go-to-Market Strategy
5. Maximize Our Return on Invested Capital
6. Aggressive Re-vitalization and Expansion of Product Portfolio
7. Create a "Green Cart" Environmental Focus

As the leader of a family-owned and operated business, I had a responsibility not only to our customers and associates. I had a responsibility to continue a tradition of growth and success that was begun by my grandfather and his best friend on a hot Georgia afternoon. I take that responsibility very seriously. I am confident that our new partnership with Monihan will ensure the long-term health and vitality of the company. Thank you again for your support and trust in Pull-Start. Hit 'emstraight.

Best regards,

Thomas Phillips

Thomas Phillips
President and Chief Executive Officer
Pull-Start Golf Carts