

**STARK INDUSTRIES, INC**



**FINANCIAL REVIEW & ESTIMATE OF VALUE**

**DATE OF REPORT: 12/31/2023**

**STRICTLY CONFIDENTIAL**

**ANALYSIS BY :**

**"COFIA"™**

**CHIEF OFFICER, FINANCIAL INSIGHTS & ANALYTICS**



## Income Statement

Fiscal Year	Audited 2018	Audited 2019	Audited 2020	Audited 2021	Audited 2022	Est. 2023	Est. 2024	Est. 2025
Equipment Sales	7,554,749	8,200,744	11,261,700	11,978,641	12,539,986	13,543,185	14,626,640	15,796,771
Service Income	3,051,838	3,282,016	3,589,395	4,182,181	5,497,017	6,321,570	7,901,962	9,877,452
<b>Total Revenue</b>	<b>10,606,587</b>	<b>11,482,760</b>	<b>14,851,095</b>	<b>16,160,822</b>	<b>18,037,003</b>	<b>19,864,754</b>	<b>22,528,602</b>	<b>25,674,223</b>
Total Cost of Goods Sold	5,544,240	6,082,784	7,981,939	8,006,803	8,612,280	9,733,730	11,039,015	12,837,112
<b>Total Gross Profit</b>	<b>5,062,347</b>	<b>5,399,976</b>	<b>6,869,156</b>	<b>8,154,019</b>	<b>9,424,723</b>	<b>10,131,025</b>	<b>11,489,587</b>	<b>12,837,112</b>
<b>Operating Expenses</b>								
Wages & Payroll Taxes	2,556,675	2,577,675	3,671,250	4,080,000	4,347,000	4,830,000	5,605,600	6,511,232
Owner's Comp	345,850	398,143	345,745	351,234	346,057	359,899	374,295	389,267
Owner's Health Insurance	67,890	88,760	92,345	88,765	93,450	97,188	101,076	105,119
Owner's Other Benefits	70,000	72,500	74,000	75,000	77,000	80,080	83,283	86,615
Rent	204,000	204,000	164,400	204,000	204,000	204,000	206,040	208,100
Utilities	53,457	57,896	61,234	63,438	64,562	67,144	69,830	72,623
Insurance	174,011	187,664	208,353	267,854	278,765	300,500	315,525	331,301
Employee Benefits	55,597	38,631	41,280	44,502	42,041	43,723	45,472	47,290
Computer	100,965	105,031	127,924	121,539	124,325	121,000	125,840	130,874
Auto/Travel	121,355	104,725	88,003	109,562	119,765	96,000	98,880	101,846
Repairs & Maintenance	44,102	43,939	76,378	44,704	64,315	77,311	87,678	99,921
Office Expenses	91,766	123,770	114,946	121,345	103,567	107,600	109,752	111,947
Other Operating Expenses	67,898	166,768	164,568	256,897	245,876	274,567	280,058	285,660
<b>Total Operating Expenses</b>	<b>3,953,566</b>	<b>4,169,502</b>	<b>5,230,426</b>	<b>5,828,840</b>	<b>6,110,723</b>	<b>6,659,012</b>	<b>7,503,329</b>	<b>8,481,795</b>
<b>Operating Profit</b>	<b>1,108,781</b>	<b>1,230,474</b>	<b>1,638,730</b>	<b>2,325,179</b>	<b>3,314,000</b>	<b>3,472,012</b>	<b>3,986,257</b>	<b>4,355,317</b>
Gain (Loss) Sale of Assets	9,850	(13,451)	-	17,810	(256)	-	-	-
Non-Operating Income/(Expense)	9,449	18,330	444,242	399,990	-	59,876	10,000	10,000
<b>EBITDA</b>	<b>1,128,080</b>	<b>1,235,353</b>	<b>2,082,972</b>	<b>2,742,979</b>	<b>3,313,744</b>	<b>3,531,888</b>	<b>3,996,257</b>	<b>4,365,317</b>
<b>EBITDA Adjustments</b>								
Owner's Comp-Budget/Excess	350,000	(4,150)	48,143	(4,255)	1,234	(3,943)	9,899	24,295
Owner's Health Ins-Budget/Excess	35,000	32,890	53,760	57,345	53,765	58,450	62,188	66,076
Owner's Other Benefits	-	70,000	72,500	74,000	75,000	77,000	80,080	83,283
<b>Auto Expenses</b>	<b>16,150</b>	<b>16,150</b>	<b>2,676</b>	<b>15,046</b>	<b>11,311</b>	<b>11,311</b>	<b>11,311</b>	<b>11,311</b>
<b>Charitable Contributions</b>	<b>-</b>	<b>-</b>	<b>14,450</b>	<b>11,756</b>	<b>18,938</b>	<b>18,938</b>	<b>18,938</b>	<b>18,938</b>
<b>IRA Matching</b>	<b>-</b>	<b>-</b>	<b>9,310</b>	<b>10,170</b>	<b>9,270</b>	<b>9,270</b>	<b>9,270</b>	<b>9,270</b>
<b>Consultant Fees</b>	<b>90,000</b>	<b>90,000</b>	<b>90,000</b>	<b>90,000</b>	<b>90,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Bad Debt</b>	<b>-</b>	<b>-</b>	<b>590</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Gain (Loss) Sale of Assets	(9,850)	13,451	-	(17,810)	256	256	256	256
Non-Operating (Income)/Expense	(9,449)	(18,330)	(444,242)	(399,990)	-	(59,876)	(10,000)	(10,000)
<b>Total Adjustments</b>	<b>185,591</b>	<b>275,674</b>	<b>(200,126)</b>	<b>(160,829)</b>	<b>261,282</b>	<b>132,066</b>	<b>203,429</b>	<b>225,775</b>
<b>Adjusted EBITDA</b>	<b>1,313,671</b>	<b>1,511,027</b>	<b>1,882,846</b>	<b>2,582,150</b>	<b>3,575,026</b>	<b>3,663,955</b>	<b>4,199,686</b>	<b>4,591,092</b>
<b>Adj EBITDA - Business Value (pages 7- 8)</b>	<b>5,254,684</b>	<b>6,044,108</b>	<b>7,531,384</b>	<b>10,328,600</b>	<b>14,300,104</b>	<b>13,485,085</b>	<b>15,638,353</b>	<b>17,045,825</b>



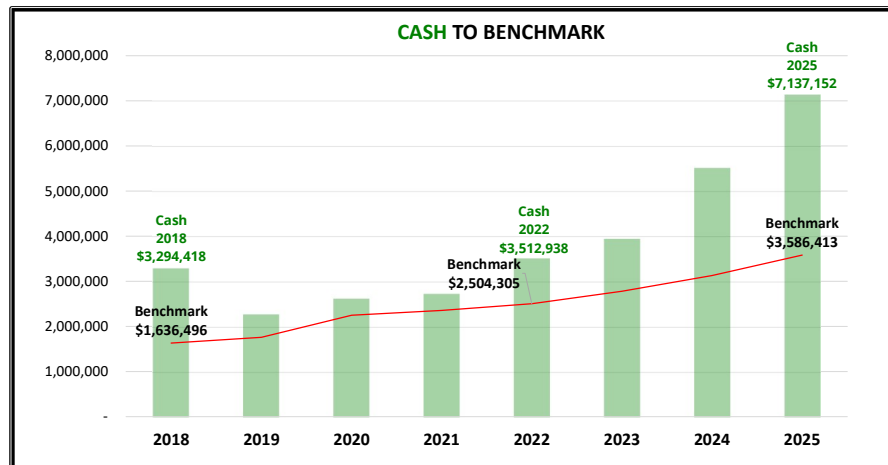
## Balance Sheet

Fiscal Year	Audited 2018	Audited 2019	Audited 2020	Audited 2021	Audited 2022	Est. 2023	Est. 2024	Est. 2025
<b>ASSETS</b>								
Cash	3,294,418	2,279,612	2,625,747	2,731,996	3,512,938	3,947,912	5,516,294	7,137,152
Accounts Receivable	1,932,126	2,245,062	1,849,794	2,181,963	1,905,059	2,830,047	2,839,221	3,165,315
Inventory	1,347,842	1,598,567	1,750,051	1,815,287	1,991,521	2,266,759	2,510,242	2,848,784
Other Current Assets	115,659	85,773	85,684	265,084	450,000	450,000	450,000	450,000
<b>Total Current Assets</b>	<b>6,690,045</b>	<b>6,209,014</b>	<b>6,311,276</b>	<b>6,994,330</b>	<b>7,859,518</b>	<b>9,494,718</b>	<b>11,315,756</b>	<b>13,601,251</b>
Property & Equipment	2,329,650	2,256,789	2,114,007	1,935,219	1,850,987	1,731,979	1,630,821	1,544,838
Other L-T Assets	122,447	136,241	156,003	157,916	811,856	699,406	599,406	749,406
Goodwill	191,650	191,650	191,650	191,650	191,650	191,650	191,650	191,650
<b>Total L-T Assets</b>	<b>2,643,747</b>	<b>2,584,680</b>	<b>2,461,660</b>	<b>2,284,785</b>	<b>2,854,493</b>	<b>2,623,035</b>	<b>2,421,877</b>	<b>2,485,894</b>
<b>TOTAL ASSETS</b>	<b>9,333,792</b>	<b>8,793,694</b>	<b>8,772,936</b>	<b>9,279,115</b>	<b>10,714,011</b>	<b>12,117,753</b>	<b>13,737,634</b>	<b>16,087,145</b>
<b>LIABILITIES &amp; EQUITY</b>								
<b>Liabilities</b>								
Accounts Payable	1,225,433	1,131,743	1,151,799	1,080,578	1,288,578	1,626,733	1,814,633	1,934,359
Line of Credit	1,125,732	1,225,769	987,094	1,309,876	1,450,875	1,450,875	1,450,875	1,450,875
Accruals	202,766	147,823	398,860	210,242	252,317	252,317	252,317	252,317
Other Current Liabilities	439,341	452,490	316,727	254,864	400,220	400,220	400,220	400,220
<b>Total Current Liabilities</b>	<b>2,993,272</b>	<b>2,957,825</b>	<b>2,854,480</b>	<b>2,855,560</b>	<b>3,391,990</b>	<b>3,730,145</b>	<b>3,918,045</b>	<b>4,037,771</b>
Long Term Liabilities	4,391,287	3,976,287	3,461,287	2,946,287	2,431,287	1,916,287	1,401,287	1,386,287
<b>Total Liabilities</b>	<b>7,384,559</b>	<b>6,934,112</b>	<b>6,315,767</b>	<b>5,801,847</b>	<b>5,823,277</b>	<b>5,646,432</b>	<b>5,319,332</b>	<b>5,424,058</b>
<b>Equity</b>								
Equity Capital	515,235	515,235	515,235	515,235	515,235	515,235	515,235	515,235
Retained Earnings	1,611,718	1,433,998	1,344,347	1,941,934	2,962,033	4,375,499	5,956,086	7,903,067
Net Income	322,280	410,349	1,097,587	1,520,099	1,913,466	2,080,587	2,446,981	2,744,784
Distributions	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
<b>Total Equity</b>	<b>1,949,233</b>	<b>1,859,582</b>	<b>2,457,169</b>	<b>3,477,268</b>	<b>4,890,734</b>	<b>6,471,321</b>	<b>8,418,302</b>	<b>10,663,087</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>9,333,792</b>	<b>8,793,694</b>	<b>8,772,936</b>	<b>9,279,115</b>	<b>10,714,011</b>	<b>12,117,753</b>	<b>13,737,634</b>	<b>16,087,145</b>



## Cash Flow Statement

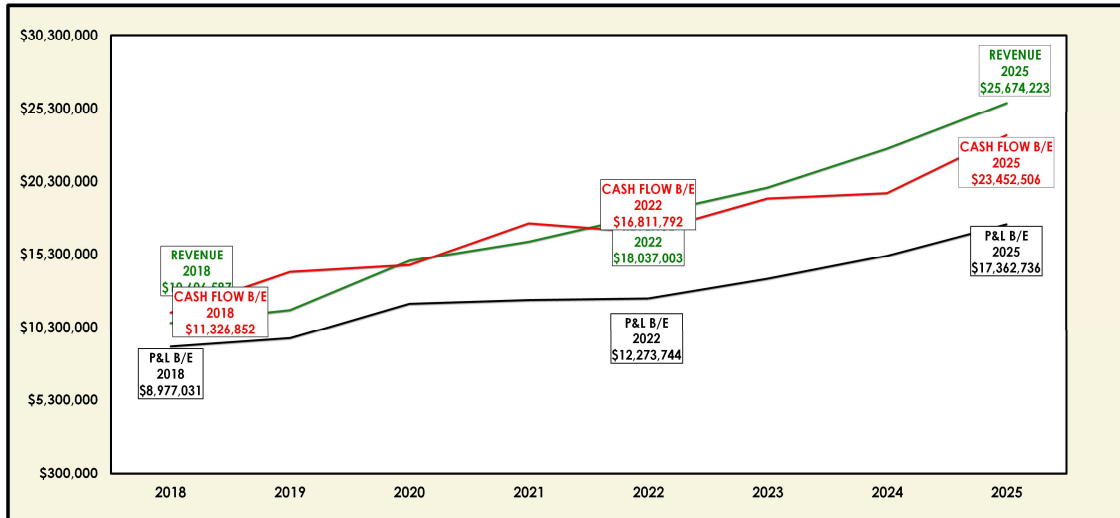
Fiscal Year	Audited 2018	Audited 2019	Audited 2020	Audited 2021	Audited 2022	Est. 2023	Est. 2024	Est. 2025
<b>Operating Cash Flow</b>								
Net Income	322,280	410,349	1,097,587	1,520,099	1,913,466	2,080,587	2,446,981	2,744,784
Depreciation	349,448	338,518	317,101	290,283	277,648	277,648	259,797	244,623
Amortization of Goodwill	-	-	-	-	-	-	-	-
Net Changes to NWC	(132,101)	(669,259)	379,203	(898,507)	311,185	(862,071)	(64,757)	(544,909)
<b>Net Operating Cash Flow</b>	<b>539,627</b>	<b>79,608</b>	<b>1,793,891</b>	<b>911,874</b>	<b>2,502,299</b>	<b>1,496,164</b>	<b>2,642,021</b>	<b>2,444,498</b>
<b>Investing Cash Flow</b>								
Goodwill	-	-	-	-	-	-	-	-
Other L-T Assets	(6,369)	(13,794)	(19,762)	(1,913)	(653,940)	112,450	100,000	(150,000)
Fixed Assets - Acq.	-	-	-	-	-	-	-	-
Net Capital Expenditures	(48,311)	(265,657)	(174,319)	(111,495)	(193,416)	(158,640)	(158,640)	(158,640)
<b>Net Investing Cash Flow</b>	<b>(54,680)</b>	<b>(279,451)</b>	<b>(194,081)</b>	<b>(113,408)</b>	<b>(847,356)</b>	<b>(46,190)</b>	<b>(58,640)</b>	<b>(308,640)</b>
<b>Financing Cash Flow</b>								
Line of Credit	25,732	100,037	(238,675)	322,782	140,999	-	-	-
Senior Bank Loan	(69,418)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)
Operating Lease	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)
L-T Loan # 3	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)
Other L-T Liabilities	-	100,000	-	-	-	-	-	500,000
Net Equity Issued/Distributed	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
<b>Net Financing Cash Flow</b>	<b>(783,686)</b>	<b>(814,963)</b>	<b>(1,253,675)</b>	<b>(692,218)</b>	<b>(874,001)</b>	<b>(1,015,000)</b>	<b>(1,015,000)</b>	<b>(515,000)</b>
<b>Net Cash Flow</b>	<b>(298,739)</b>	<b>(1,014,806)</b>	<b>346,135</b>	<b>106,249</b>	<b>780,942</b>	<b>434,974</b>	<b>1,568,382</b>	<b>1,620,859</b>
Beginning Cash	3,593,157	3,294,418	2,279,612	2,625,747	2,731,996	3,512,938	3,947,912	5,516,294
<b>Net Cash Flow</b>	<b>(298,739)</b>	<b>(1,014,806)</b>	<b>346,135</b>	<b>106,249</b>	<b>780,942</b>	<b>434,974</b>	<b>1,568,382</b>	<b>1,620,859</b>
<b>Ending Cash - Green &gt; Benchmark</b>	<b>3,294,418</b>	<b>2,279,612</b>	<b>2,625,747</b>	<b>2,731,996</b>	<b>3,512,938</b>	<b>3,947,912</b>	<b>5,516,294</b>	<b>7,137,152</b>
INPUT ▼								
<b>Benchmark - # Month's Expenses</b>	<b>2.00</b>	<b>1,636,496</b>	<b>1,764,103</b>	<b>2,249,168</b>	<b>2,354,924</b>	<b>2,504,305</b>	<b>2,779,119</b>	<b>3,130,520</b>





## Cash Flow Breakeven Revenue

The **Green Line** is **Actual & Projected Revenue**. The **Black Line** is the minimum **Revenue needed for a P&L Cash Breakeven**. The **Red Line** is the minimum **Revenue needed for a Cash Flow Breakeven**, to fund both P&L Cash B/E, and all Balance Sheet cash sources (uses). The gap between the **Black Line** and the **Red Line** is the amount of revenue needed to fund the balance sheet.



### Cash Flow Breakeven Revenue

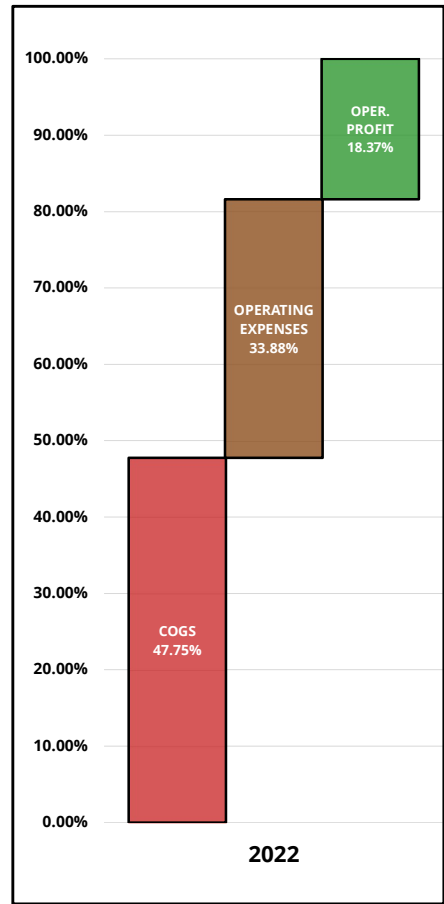
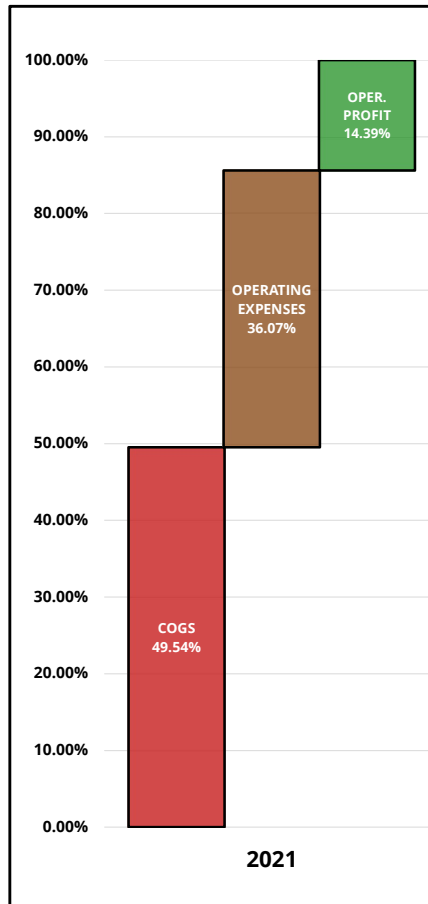
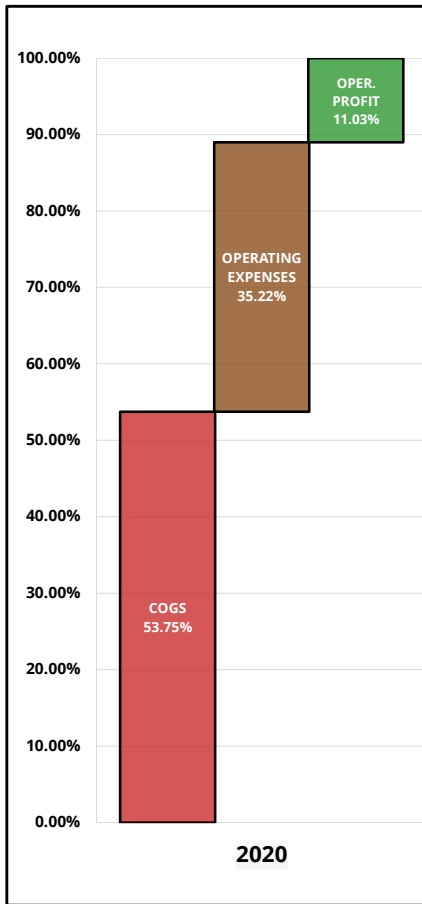
	Fiscal	2022	
P&L Overhead Expenses - (Use) of Cash	-\$6,413,296	=	\$12,273,744 P&L Cash B/E minimum Revenue
Balance Sheet Source (Use) of Cash	-\$2,371,228	=	\$4,538,048 Balance Sheet Cash B/E Revenue
<b>Cash Required - Balance Sheet + P&amp;L</b>	<b>-\$8,784,524</b>	=	<b>\$16,811,792 Cash Flow B/E Revenue</b>
Non-Operating Inc/(Exp) last year	-256	&	\$18,037,003 Revenue last year
Increase (Decrease) to S-T Debt last year	\$140,999	&	\$780,942 Incr (Decr) to Cash last year

### Balance Sheet Sources (Uses) of Cash

	2018	5 Year Avg	2022	
Avg Working Capital Sources (Uses)	-\$201,896	=	11%	of Balance Sheet Cash Uses (Sources)
Avg Capital Expenditures/LT Assets (Use)	-\$297,795	=	16%	"
Avg L-T Debt Sources (Uses)	-\$473,884	=	25%	"
Avg Equity Sources (Uses)	-\$923,904	=	49%	"
<b>5 yr avg Balance Sheet Cash Sources (Uses)</b>	<b>-\$1,897,479</b>	=	<b>\$3,892,802</b>	<b>of Revenue for Balance Sheet Cash B/E</b>



Trends - COGS, Operating Expenses, Operating Profit



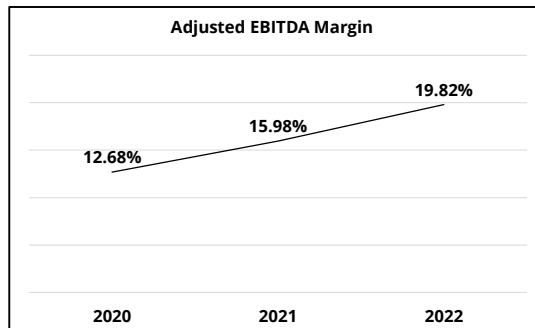
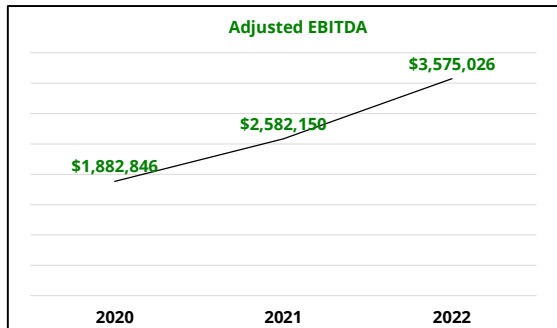
	5 yr avg	3 yr avg	2022	Last year to 3 yr avg
Cost of Goods Sold	51.26%	50.35%	47.75%	-2.60%
Operating Expenses % Revenue	35.75%	35.06%	33.88%	-1.18%
Operating Profit Margin	12.99%	14.60%	18.37%	3.77%

Operating Profit - before non-operating income/expense, interest, depreciation, amortization and tax.



## Adjusted EBITDA

Fiscal Year	2020	2021	2022
<b>Total Revenue</b>	<b>14,851,095</b>	<b>16,160,822</b>	<b>18,037,003</b>
<b>EBITDA</b>	<b>2,082,972</b>	<b>2,742,979</b>	<b>3,313,744</b>
<b>EBITDA Margin</b>	<b>14.03%</b>	<b>16.97%</b>	<b>18.37%</b>
<b>Adjustments</b>			
Owner's Comp-Budget/Excess	(4,255)	1,234	(3,943)
Owner's Other Benefits	74,000	75,000	77,000
Owner's Health Ins-Budget/Excess	57,345	53,765	58,450
Auto Expenses	2,676	15,046	11,311
Charitable Contributions	14,450	11,756	18,938
IRA Matching	9,310	10,170	9,270
Consultant Fees	90,000	90,000	90,000
Bad Debt	590	0	0
(Gain) Loss Sale of Assets	0	(17,810)	256
Non-Operating (Income)/Expense	(444,242)	(399,990)	0
<b>Total Adjustments</b>	<b>(200,126)</b>	<b>(160,829)</b>	<b>261,282</b>
<b>Adjusted EBITDA</b>	<b>1,882,846</b>	<b>2,582,150</b>	<b>3,575,026</b>
<b>Adjusted EBITDA Margin</b>	<b>12.68%</b>	<b>15.98%</b>	<b>19.82%</b>



<b>Adj EBITDA &amp; Margin</b>	<b>3 year average</b>	<b>\$2,680,007</b>	<b>16.16%</b>
<b>Adj EBITDA &amp; Margin</b>	<b>5 year average</b>	<b>\$2,172,944</b>	<b>14.80%</b>



**Market Approach**

Industry EBITDA Margin:	12.00%	Input ▼	*page 13
Industry EBITDA Multiple:	4.00		
Industry Revenue Multiple:	48.00%		

**Revenue Multiple Business Value**

Year	Revenue	Multiple	Business Value
2022	\$18,037,003	48%	\$8,657,761
2021	\$16,160,822	48%	\$7,757,195
2020	\$14,851,095	48%	\$7,128,526
<b>3 Year Avg</b>	<b>\$16,349,640</b>	<b>48%</b>	<b>\$7,847,827</b>

**1 - Revenue Weighted Avg**    **\$16,771,481**    **48%**    **\$8,050,311**

**EBITDA Multiple Business Value - High Range**

Year	Adj EBITDA	Multiple	Business Value
2022	\$3,575,026	4.00	\$14,300,104
2021	\$2,582,150	4.00	\$10,328,600
2020	\$1,882,846	4.00	\$7,531,384
<b>3 Year Avg</b>	<b>\$2,680,007</b>	<b>4.00</b>	<b>\$10,720,029</b>

**EBITDA Multiple Business Value - Low Range**

Year	Adj EBITDA	Multiple	Business Value
2022	\$3,575,026	3.00	\$10,725,078
2021	\$2,582,150	3.00	\$7,746,450
2020	\$1,882,846	3.00	\$5,648,538
<b>3 Year Avg</b>	<b>\$2,680,007</b>	<b>3.00</b>	<b>\$8,040,022</b>

**Weighted EBITDA Multiple Business Value**

Year	Adj EBITDA	Input ▼ Weighting	Value
2022	\$3,575,026	50%	\$1,787,513
2021	\$2,582,150	25%	\$645,538
2020	\$1,882,846	25%	\$470,712
<b>Weighted Avg</b>		<b>100%</b>	<b>\$2,903,762</b>

**2 - EBITDA Weighted Avg**    **\$2,903,762**    **4.00**    **\$11,615,048**

**Summary**

Valuation	Weighted Avg	Multiple	Business Value	Input ▼ Weighting	Weighted Value
Revenue Multiple	\$16,771,481	48%	\$8,050,311	0%	\$0
EBITDA Multiple	\$2,903,762	4.00	\$11,615,048	100%	\$11,615,048

**3 - Market Value Weighted Avg**    **\$11,615,048**

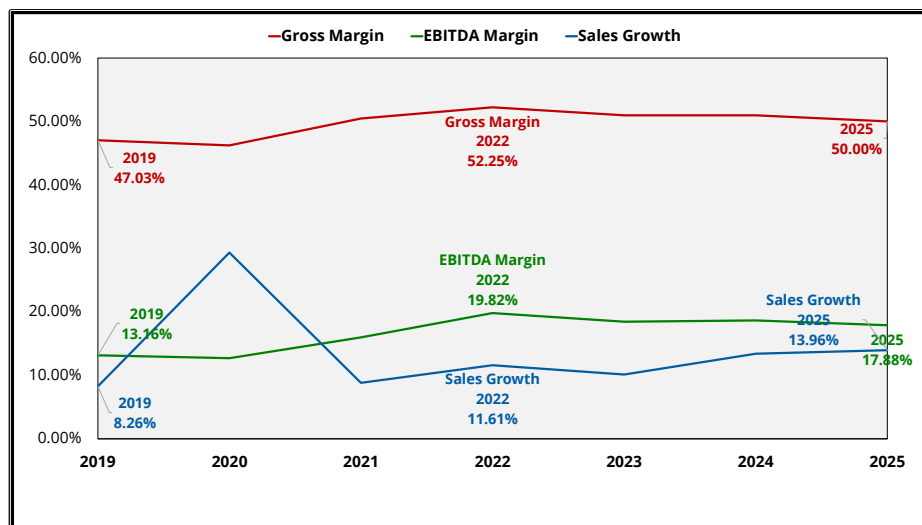




## Projections

### Assumptions

	5 year Average	Audited 2018	Audited 2019	Audited 2020	Audited 2021	Audited 2022	Est. 2023	Est. 2024	Est. 2025
Total Revenue	\$14,227,653	\$10,606,587	\$11,482,760	\$14,851,095	\$16,160,822	\$18,037,003	\$19,864,754	\$22,528,602	\$25,674,223
<b>Sales % Growth</b>	<b>14.51%</b>	n/a	8.26%	29.33%	8.82%	<b>11.61%</b>	<b>10.13%</b>	<b>13.41%</b>	<b>13.96%</b>
Gross Profit	\$6,982,044	\$5,062,347	\$5,399,976	\$6,869,156	\$8,154,019	\$9,424,723	\$10,131,025	\$11,489,587	\$12,837,112
<b>Gross Margin</b>	<b>48.74%</b>	47.73%	47.03%	46.25%	50.46%	<b>52.25%</b>	<b>51.00%</b>	<b>51.00%</b>	<b>50.00%</b>
Adjusted EBITDA	\$2,172,944	\$1,313,671	\$1,511,027	\$1,882,846	\$2,582,150	\$3,575,026	\$3,663,955	\$4,199,686	\$4,591,092
<b>Adjusted Ebitda Margin</b>	<b>14.80%</b>	12.39%	13.16%	12.68%	15.98%	<b>19.82%</b>	<b>18.44%</b>	<b>18.64%</b>	<b>17.88%</b>
Capex	-\$158,640	-\$48,311	-\$265,657	-\$174,319	-\$111,495	-\$193,416	-\$158,640	-\$158,640	-\$158,640
<b>Changes - Working Capital</b>	<b>-\$201,896</b>	<b>-\$132,101</b>	<b>-\$669,259</b>	<b>\$379,203</b>	<b>-\$898,507</b>	<b>\$311,185</b>	<b>-\$862,071</b>	<b>-\$64,757</b>	<b>-\$544,909</b>
Income Taxes	-\$423,904	-\$125,331	-\$167,607	-\$385,639	-\$620,885	-\$820,057	-\$846,577	-\$984,972	-\$1,086,617
<b>Free Cash Flow</b>	<b>\$1,388,505</b>	<b>\$1,007,928</b>	<b>\$408,503</b>	<b>\$1,702,091</b>	<b>\$951,263</b>	<b>\$2,872,738</b>	<b>\$1,796,667</b>	<b>\$2,991,317</b>	<b>\$2,800,926</b>
<b>Free Cash Flow - % of EBITDA</b>	<b>63.90%</b>	<b>76.73%</b>	<b>27.03%</b>	<b>90.40%</b>	<b>36.84%</b>	<b>80.36%</b>	<b>49.04%</b>	<b>71.23%</b>	<b>61.01%</b>
Internally Funded Growth Rate	4.00%	-1.37%	-0.72%	5.04%	7.81%	9.23%	12.02%	12.47%	11.94%

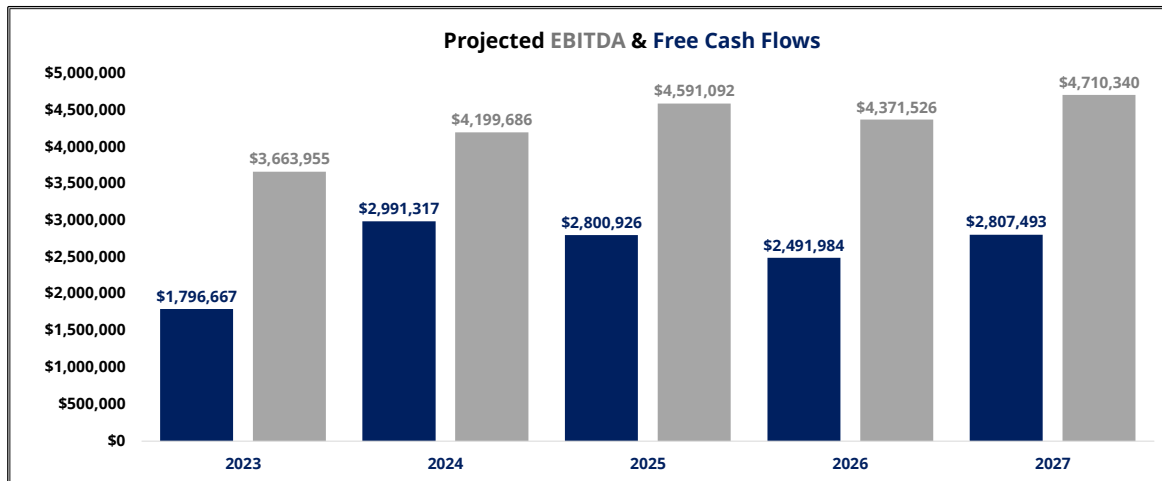




## Business Value - Discounted Cash Flows

Discount Rate Build Up		
Risk Free Rate	INPUT <input type="text"/>	4.50%
Equity Premium		5.50%
Company Size Premium		5.00%
Company Specific Premium		10.00%
<b>Discount Rate</b>		<b>25.00%</b>
Project EBIT CAGR/L-T Growth	7.30%	5.00%
Change EBIT CAGR: INPUT <input type="text"/>	0.00%	5.00%

Summary of Discounted Cash Flow Analysis		
Free Cash Flows - Avg / 5 Yr Total	\$2,577,677	\$12,888,387
Exit/Terminal Value Cash Flow		+ \$14,739,338
<b>Total Free Cash &amp; Exit Cash Flows</b>		<b>\$27,627,725</b>
Discount Rate/Weighted Factor	25.00%	* 41.83%
NPV - All Cash Inflows	2022 - 2027	\$11,556,313
Market Approach Purchase Price	2022	-\$11,615,048
<b>NPV - All Cash Flows including Purchase</b>		<b>-\$58,735</b>

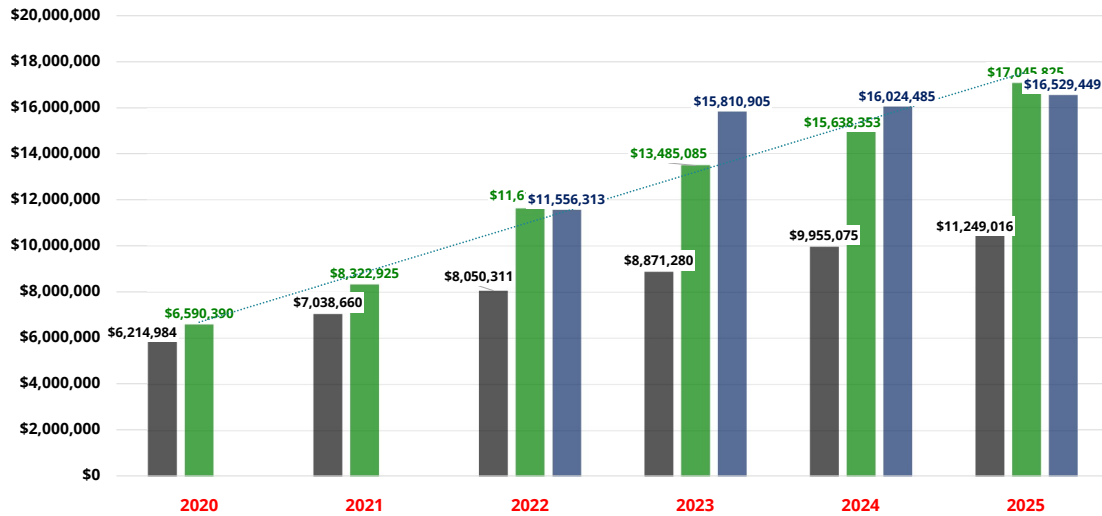


EBITDA & FREE CASH FLOWS		2023	2024	2025	2026	2027	5 YR AVG	5 YR TOTAL
<b>EBITDA</b>		<b>3,663,955</b>	<b>4,199,686</b>	<b>4,591,092</b>	<b>4,371,526</b>	<b>4,710,340</b>	<b>4,307,320</b>	<b>21,536,598</b>
Less: Taxes	Rate Input <input type="text"/> 25.00%	(846,577)	(984,972)	(1,086,617)	(1,034,950)	(1,122,394)	-1,015,102	(5,075,510)
Less: Capex	% Adj <input type="text"/> 100%	(158,640)	(158,640)	(158,640)	(158,640)	(158,640)	(158,640)	(793,198)
Less: Working Cap	% Adj <input type="text"/> 100%	(862,071)	(64,757)	(544,909)	(685,952)	(621,813)	(555,901)	(2,779,503)
<b>Free Cash Flow</b>		<b>1,796,667</b>	<b>2,991,317</b>	<b>2,800,926</b>	<b>2,491,984</b>	<b>2,807,493</b>	<b>2,577,677</b>	<b>12,888,387</b>

DISCOUNTED FREE CASH FLOWS		2023	2024	2025	2026	2027	5 YR AVG	5 YR TOTAL
<b>Free Cash Flow</b>		<b>1,796,667</b>	<b>2,991,317</b>	<b>2,800,926</b>	<b>2,491,984</b>	<b>2,807,493</b>		<b>12,888,387</b>
Discount Factor		80%	64%	51%	41%	33%	<b>Avg Discount Factor</b>	<b>42%</b>
<b>NPV's - Free Cash Flows</b>		<b>1,437,334</b>	<b>1,914,443</b>	<b>1,434,074</b>	<b>1,020,717</b>	<b>919,959</b>	<b>Operating FCFs NPV</b>	<b>6,726,527</b>
							<b>Exit Price</b>	<b>14,739,338</b>
							<b>Discount Factor Exit</b>	<b>33%</b>
							<b>EXIT NPV</b>	<b>4,829,786</b>
								<b>11,556,313</b>



**Business Value** : Revenue Multiple, EBITDA Multiple, Discounted Cash Flow



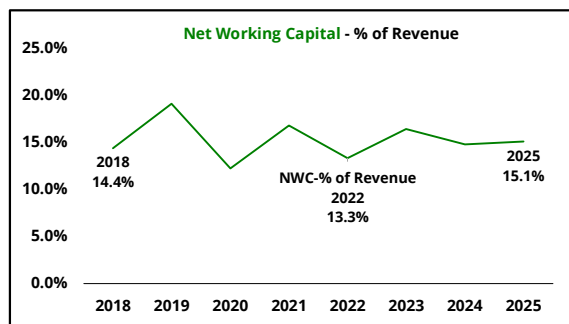
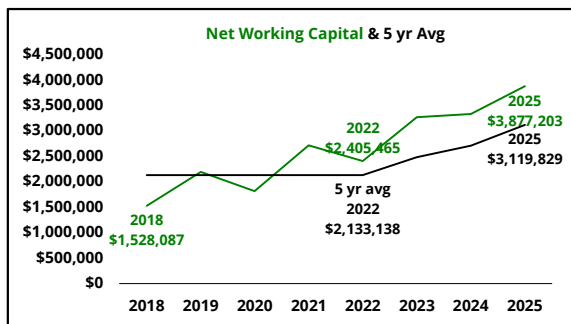
**Net Enterprise Value**

	2020	2021	2022	2023	2024	2025
<b>EBITDA Multiple Business Value</b>	<b>\$7,531,384</b>	<b>\$10,328,600</b>	<b>\$11,615,048</b>	<b>\$13,485,085</b>	<b>\$15,638,353</b>	<b>\$17,045,825</b>
<b>Plus:</b> Cash Holdings	\$2,625,747	\$2,731,996	\$3,512,938	\$3,947,912	\$5,516,294	\$7,137,152
<b>Plus (Less):</b> Excess (Short) Work Cap. * next page	-\$314,995	\$583,512	\$272,327	\$786,508	\$624,276	\$757,373
<b>Less:</b> Debt & L-T Liabilities	-\$4,448,381	-\$4,256,163	-\$3,882,162	-\$3,367,162	-\$2,852,162	-\$2,837,162
<b>Total Asset/Liability Adjustments</b>	<b>-\$2,137,629</b>	<b>-\$940,655</b>	<b>-\$96,897</b>	<b>\$1,367,258</b>	<b>\$3,288,407</b>	<b>\$5,057,363</b>
<b>Net Enterprise Value</b>	<b>\$5,393,755</b>	<b>\$9,387,945</b>	<b>\$11,518,151</b>	<b>\$14,852,344</b>	<b>\$18,926,761</b>	<b>\$22,103,188</b>



## Net Working Capital

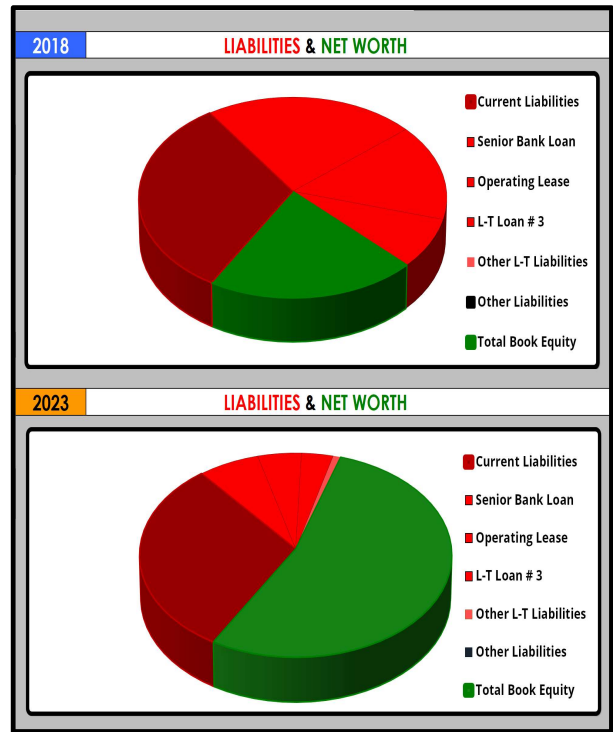
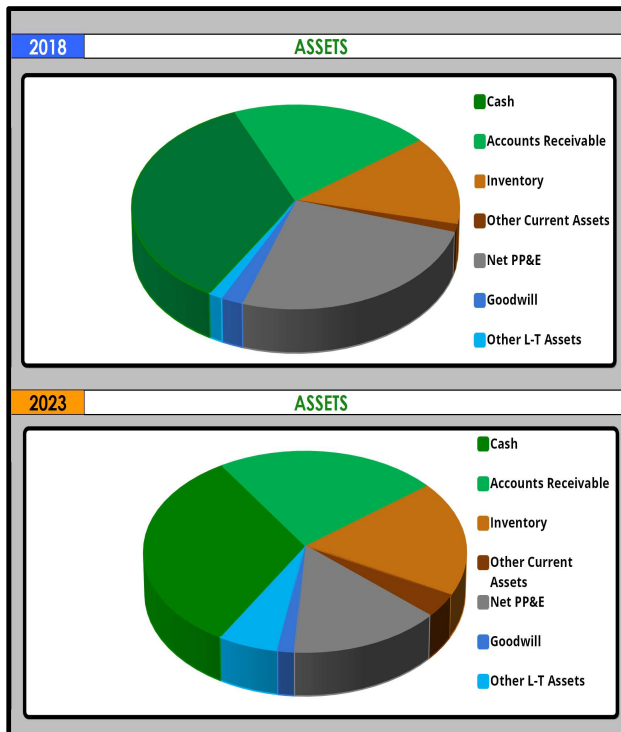
	Audited 2018	Audited 2019	Audited 2020	Audited 2021	Audited 2022	Est. 2023	Est. 2024	Est. 2025
Accounts Receivable	\$1,932,126	\$2,245,062	\$1,849,794	\$2,181,963	\$1,905,059	\$2,830,047	\$2,839,221	\$3,165,315
Inventory	\$1,347,842	\$1,598,567	\$1,750,051	\$1,815,287	\$1,991,521	\$2,266,759	\$2,510,242	\$2,848,784
Other Current Assets	\$115,659	\$85,773	\$85,684	\$265,084	\$450,000	\$450,000	\$450,000	\$450,000
<b>Total Current Assets</b>	<b>\$3,395,627</b>	<b>\$3,929,402</b>	<b>\$3,685,529</b>	<b>\$4,262,334</b>	<b>\$4,346,580</b>	<b>\$5,546,806</b>	<b>\$5,799,463</b>	<b>\$6,464,099</b>
Accounts Payable	\$1,225,433	\$1,131,743	\$1,151,799	\$1,080,578	\$1,288,578	\$1,626,733	\$1,814,633	\$1,934,359
Accruals	\$202,766	\$147,823	\$398,860	\$210,242	\$252,317	\$252,317	\$252,317	\$252,317
Other Current Liabilities	\$439,341	\$452,490	\$316,727	\$254,864	\$400,220	\$400,220	\$400,220	\$400,220
<b>Total Current Liabilities</b>	<b>\$1,867,540</b>	<b>\$1,732,056</b>	<b>\$1,867,386</b>	<b>\$1,545,684</b>	<b>\$1,941,115</b>	<b>\$2,279,270</b>	<b>\$2,467,170</b>	<b>\$2,586,896</b>
<b>Net Working Capital</b>	<b>\$1,528,087</b>	<b>\$2,197,346</b>	<b>\$1,818,143</b>	<b>\$2,716,650</b>	<b>\$2,405,465</b>	<b>\$3,267,536</b>	<b>\$3,332,293</b>	<b>\$3,877,203</b>
5 Yr Avg Net Working Capital	<b>\$2,133,138</b>	\$2,133,138	\$2,133,138	\$2,133,138	<b>\$2,133,138</b>	\$2,481,028	\$2,708,017	<b>\$3,119,829</b>
<b>Excess (Shortfall) Net Working Capital</b>	<b>-\$605,051</b>	<b>\$64,208</b>	<b>-\$314,995</b>	<b>\$583,512</b>	<b>\$272,327</b>	<b>\$786,508</b>	<b>\$624,276</b>	<b>\$757,373</b>



# OF DAYS TURN	INPUT ▼	2018	2019	2020	2021	2022	2023	2024	2025
Accounts Receivable	40	66	71	45	49	39	52	46	45
Inventory	90	89	96	80	83	84	85	83	81
Accounts Payable	40	81	68	53	49	55	61	60	55
Cash Collection Cycle	Goal < 90	75	99	73	83	68	76	69	71



## Balance Sheet Analysis



Green - Liquid Assets (Cash & A/R)  
 Brown - Other Current Assets  
 Blue & Gray - Long Term Assets

Dark Red - Current Liabilities  
 Red - Long Term Liabilities  
 Green - Net Book Equity

	2018	INPUT - SELECT STARTING YEAR							2023	INPUT - SELECT COMPARISON YEAR		
<b>Balance Sheet Composition</b>		<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>			
Liquid Assets		56%	51%	51%	53%	51%	56%	61%	64%			
Other Current Assets		16%	19%	21%	22%	23%	22%	22%	21%			
Long Term Assets		28%	29%	28%	25%	27%	22%	18%	15%			
<b>Total Assets</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>			
<b>Current Liabilities</b>		<b>32%</b>	<b>34%</b>	<b>33%</b>	<b>31%</b>	<b>32%</b>	<b>31%</b>	<b>29%</b>	<b>25%</b>			
Long Term Liabilities		47%	45%	39%	32%	23%	16%	10%	9%			
Net Worth		21%	21%	28%	37%	46%	53%	61%	66%			
<b>Total Liabilities &amp; NW</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>			
		<b>Goal</b>										
Liquid Assets/Current Liabs		100%	175%	153%	157%	172%	160%	182%	213%	255%		
Liquid Assets/Total Liabs		50%	71%	65%	71%	85%	93%	120%	157%	190%		
<b>Net Worth</b>	<b>Green</b>	<b>&gt; Benchmark</b>	<b>\$1,949,233</b>	<b>\$1,859,582</b>	<b>\$2,457,169</b>	<b>\$3,477,268</b>	<b>\$4,890,734</b>	<b>\$6,471,321</b>	<b>\$8,418,302</b>	<b>\$10,663,087</b>		
<b>Benchmark</b>	<b>Total Liabilities</b>	<b>* 25.00%</b>	<b>\$1,846,140</b>	<b>\$1,733,528</b>	<b>\$1,578,942</b>	<b>\$1,450,462</b>	<b>\$1,455,819</b>	<b>\$1,411,608</b>	<b>\$1,329,833</b>	<b>\$1,356,015</b>		



## Peer Benchmarking

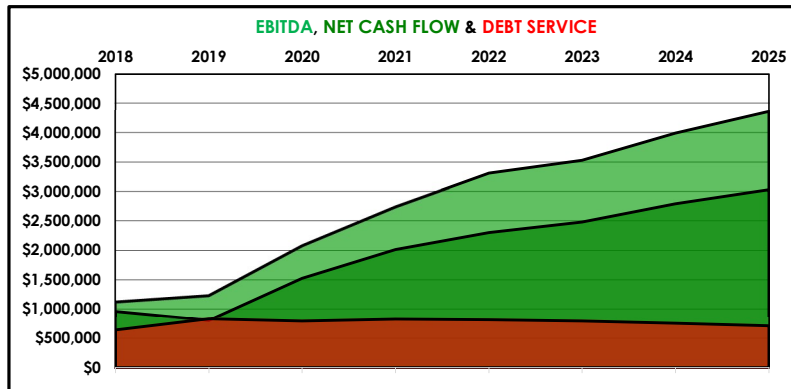
FINANCIAL METRIC	INPUT ▼	2018	2019	2020	2021	2022	2023	2024	2025
<b>GROWTH &amp; GROSS MARGIN</b>									
Sales Growth Rate	7.00%	N/A	8.26%	29.33%	8.82%	11.61%	10.13%	13.41%	13.96%
Sales Growth Avg - Industry		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Gross Profit Margin	50.00%	47.73%	47.03%	46.25%	50.46%	52.25%	51.00%	51.00%	50.00%
Gross Profit Margin Avg - Industry		50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
<b>EMPLOYEE PRODUCTIVITY &amp; PAY</b>									
Revenue Per FTE		\$235,702	\$249,625	\$270,020	\$269,347	\$286,302	\$287,895	\$292,579	\$298,537
Revenue - FTE - Industry (w/ 2% Incr)	\$200,000	\$184,000	\$188,000	\$192,000	\$196,000	\$200,000	\$204,000	\$208,080	\$212,242
Revenue Per FTE to Industry		28.10%	32.78%	40.64%	37.42%	43.15%	41.12%	40.61%	40.66%
Number of Company FTE's		45	46	55	60	63	69	77	86
Expected FTEs @ Industry Productivity		58	61	77	82	90	97	108	121
Company FTEs to Industry Avg		(13)	(15)	(22)	(22)	(27)	(28)	(31)	(35)
Average Employee Salary		\$56,815	\$56,036	\$66,750	\$68,000	\$69,000	\$70,000	\$72,800	\$75,712
Avg Salary - Industry (w/ 3% Incr)	\$62,500	\$55,331	\$57,042	\$58,806	\$60,625	\$62,500	\$64,375	\$66,306	\$68,295
Employee Pay to Industry		2.68%	-1.76%	13.51%	12.16%	10.40%	8.74%	9.79%	10.86%
<b>OPERATING EXPENSES</b>									
Wages & Payroll Tax - % of Revenue	31.00%	24.10%	22.45%	24.72%	25.25%	24.10%	24.31%	24.88%	25.36%
Non-Wage Expenses - % of Revenue	7.00%	8.61%	8.99%	7.05%	7.63%	6.91%	6.50%	5.94%	5.41%
Operating Expenses - % of Revenue	38.00%	32.71%	31.44%	31.77%	32.88%	31.02%	30.82%	30.83%	30.77%
<b>PROFITABILITY</b>									
EBITDA Margin	12.00%	12.39%	13.16%	12.68%	15.98%	19.82%	18.44%	18.64%	17.88%
Pretax Profit Margin	7.00%	4.22%	5.03%	9.99%	13.25%	15.16%	14.96%	15.52%	15.27%
<b>EFFICIENCY</b>									
Return on Assets	Goal => 10.00%	3.45%	4.67%	12.51%	16.38%	17.86%	17.17%	17.81%	17.06%
Return on Equity	Goal => 25.00%	16.53%	22.07%	44.67%	43.72%	39.12%	32.15%	29.07%	25.74%



## Debt Covenants

### Debt Covenants

COVENANT	INPUT ▼	2018	2019	2020	2021	2022	2023	2024	2025
<b>Current Ratio:</b>		2.24	2.10	2.21	2.45	2.32	2.55	2.89	3.37
Covenant Minimum	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
<b>EBITDA Debt Service Coverage</b>		1.76	1.48	2.61	3.32	4.05	4.43	5.29	6.11
Covenant Minimum	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
<b>Fixed Charge Coverage</b>		1.49	0.96	1.91	2.43	2.81	3.11	3.69	4.24
Covenant Minimum	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15
<b>Total Debt to EBITDA</b>		4.89	4.13	2.09	1.52	1.14	0.93	0.69	0.51
Covenant Maximum	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
<b>Total Liabilities to EBITDA</b>		6.55	5.61	3.03	2.12	1.76	1.60	1.33	1.24
Covenant Maximum	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
<b>Total Liabilities/Net Worth</b>		3.79	3.73	2.57	1.67	1.19	0.87	0.63	0.51
Covenant Maximum	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00



		2018	2019	2020	2021	2022	2023	2024	2025
<b>Altman Z Credit Score</b>		2.49	2.18	3.00	3.45	3.60	3.75	4.05	4.20
Altman Score - Low Risk	= > 2.6	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
Altman Score - High Risk	= < 1.1	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10



## Collateral Analysis

Margined Collateral to Debt		INPUT ▼	2018	2019	2020	2021	2022	2023	2024	2025
<b>Accounts Receivable</b>			\$1,932,126	\$2,245,062	\$1,849,794	\$2,181,963	\$1,905,059	\$2,830,047	\$2,839,221	\$3,165,315
Exclude Ineligibles (> 90 Days, etc)	10%		-\$193,213	-\$224,506	-\$184,979	-\$218,196	-\$190,506	-\$283,005	-\$283,922	-\$316,532
Eligible Accounts Receivable			\$1,738,913	\$2,020,556	\$1,664,815	\$1,963,767	\$1,714,553	\$2,547,042	\$2,555,299	\$2,848,784
<b>Advance Rate</b>	75%		75%	75%	75%	75%	75%	75%	75%	75%
<b>A/R Availability</b>			<b>\$1,304,185</b>	<b>\$1,515,417</b>	<b>\$1,248,611</b>	<b>\$1,472,825</b>	<b>\$1,285,915</b>	<b>\$1,910,282</b>	<b>\$1,916,474</b>	<b>\$2,136,588</b>
<b>Inventory</b>			\$1,347,842	\$1,598,567	\$1,750,051	\$1,815,287	\$1,991,521	\$2,266,759	\$2,510,242	\$2,848,784
Exclude Ineligible (Obsolete)	10%		-\$134,784	-\$159,857	-\$175,005	-\$181,529	-\$199,152	-\$226,676	-\$251,024	-\$284,878
Eligible Inventory			\$1,213,058	\$1,438,710	\$1,575,046	\$1,633,758	\$1,792,369	\$2,040,083	\$2,259,218	\$2,563,905
<b>Advance Rate</b>	50%		50%	50%	50%	50%	50%	50%	50%	50%
<b>Inventory Availability</b>			<b>\$606,529</b>	<b>\$719,355</b>	<b>\$787,523</b>	<b>\$816,879</b>	<b>\$896,184</b>	<b>\$1,020,042</b>	<b>\$1,129,609</b>	<b>\$1,281,953</b>
<b>Margined A/R &amp; Inventory</b>										
			<b>\$1,910,714</b>	<b>\$2,234,772</b>	<b>\$2,036,134</b>	<b>\$2,289,704</b>	<b>\$2,182,099</b>	<b>\$2,930,323</b>	<b>\$3,046,083</b>	<b>\$3,418,540</b>
Credit Commitment			\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
<b>Line of Credit - Drawn</b>										
			<b>\$1,125,732</b>	<b>\$1,225,769</b>	<b>\$987,094</b>	<b>\$1,309,876</b>	<b>\$1,450,875</b>	<b>\$1,450,875</b>	<b>\$1,450,875</b>	<b>\$1,450,875</b>
<b>Unused LOC - Availability</b>			<b>\$784,982</b>	<b>\$1,009,003</b>	<b>\$1,049,040</b>	<b>\$979,828</b>	<b>\$731,224</b>	<b>\$1,479,448</b>	<b>\$1,549,125</b>	<b>\$1,549,125</b>
<b>Fixed Assets</b>										
			\$2,329,650	\$2,256,789	\$2,114,007	\$1,935,219	\$1,850,987	\$1,731,979	\$1,630,821	\$1,544,838
<b>Advance Rate</b>	80%		80%	80%	80%	80%	80%	80%	80%	80%
<b>Margined Fixed Assets</b>			<b>\$1,863,720</b>	<b>\$1,805,431</b>	<b>\$1,691,206</b>	<b>\$1,548,175</b>	<b>\$1,480,790</b>	<b>\$1,385,583</b>	<b>\$1,304,657</b>	<b>\$1,235,870</b>
<b>Total Long Term Debt</b>										
			<b>\$4,391,287</b>	<b>\$3,876,287</b>	<b>\$3,361,287</b>	<b>\$2,846,287</b>	<b>\$2,331,287</b>	<b>\$1,816,287</b>	<b>\$1,301,287</b>	<b>\$786,287</b>
<b>Excess (Shortfall) L-T Collateral</b>			<b>-\$2,527,567</b>	<b>-\$2,070,856</b>	<b>-\$1,670,081</b>	<b>-\$1,298,112</b>	<b>-\$850,497</b>	<b>-\$430,704</b>	<b>\$3,370</b>	<b>\$449,583</b>
<b>Total Margined Assets</b>										
			<b>\$3,774,434</b>	<b>\$4,040,203</b>	<b>\$3,727,340</b>	<b>\$3,837,879</b>	<b>\$3,662,889</b>	<b>\$4,315,906</b>	<b>\$4,350,740</b>	<b>\$4,654,411</b>
<b>Less - Total Debt</b>			<b>-\$5,517,019</b>	<b>-\$5,102,056</b>	<b>-\$4,348,381</b>	<b>-\$4,156,163</b>	<b>-\$3,782,162</b>	<b>-\$3,267,162</b>	<b>-\$2,752,162</b>	<b>-\$2,237,162</b>
<b>Excess (Shortfall) Total Collateral</b>			<b>-\$1,742,585</b>	<b>-\$1,061,853</b>	<b>-\$621,042</b>	<b>-\$318,284</b>	<b>-\$119,273</b>	<b>\$1,048,744</b>	<b>\$1,598,578</b>	<b>\$2,417,249</b>

