

Summary of Salient Results

Beginning Reference Point:
May 01, 2017

Case Study 1 Project Calculation # 3c8ce91c-OK

Target Company			
Company Purchase-Base Price	\$	700,000	2.64 EBITDA Multiple for 100% of Company
Performance Based Increase	\$	-	0.00 EBITDA Multiple
Seller Retained Assets	\$	-	
Indicated Value for 100% of Company	\$	700,000	2.64 EBITDA Multiple
Amount Financed	\$	465,000	
Equity Required	\$	296,650	

Purchase Target Company

Acquisition of Case Study 1

10 Year Horizon

ThruThink Deal Score SM

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	Initial	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Net Sales	\$950,000	\$ 969,000	\$ 1,017,450	\$ 1,068,323	\$ 1,068,323	\$ 1,068,323	\$ 1,068,323	\$ 1,068,323	\$ 1,068,323	\$ 1,068,323	\$ 1,068,323
% Sales Growth		2.0%	5.0%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cost of Goods Sold-% of Sales		62.0%	59.0%	56.2%	56.2%	56.2%	56.2%	56.2%	56.2%	56.2%	56.2%
Gross Margin-% of Sales		38.0%	41.0%	43.8%	43.8%	43.8%	43.8%	43.8%	43.8%	43.8%	43.8%
Operating Expenses -% of Sales		24.8%	23.6%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%
EBITDA prior to Adj	(1) \$ 265,000	127,793	176,243	227,116	227,116	227,116	227,116	227,116	227,116	227,116	227,116
EBITDA Margin		13.19%	17.32%	21.26%	21.26%	21.26%	21.26%	21.26%	21.26%	21.26%	21.26%
% Growth		-51.8%	37.9%	28.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(1) UnCompensated Owner Contribution adjustment	0	0	0	0	0	0	0	0	0	0	0
Adjusted EBITDA (1)	265,000	127,793	176,243	227,116	227,116	227,116	227,116	227,116	227,116	227,116	227,116
Less Depreciation and Amortization	(42,443)	(42,443)	(42,443)	(42,443)	(42,443)	(42,443)	(42,443)	(42,443)	(42,443)	(42,443)	(42,443)
Earnings before Interest and Taxes (EBIT)	222,557	85,350	133,800	184,672	184,672	184,672	184,672	184,672	184,672	184,672	184,672
Accrued Net Income (after income taxes)		44,077	84,240	123,290	128,352	133,793	133,793	133,793	133,793	133,793	133,793
% of Sales		4.5%	8.3%	11.5%	12.0%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Annual Cash Flow		(24,952)	(4,023)	28,299	12,327	129,125	126,236	126,236	126,236	126,236	126,236
Cumulative Cash Balance	\$ 50,000	\$ 25,048	\$ 21,025	\$ 49,324	\$ 61,651	\$ 190,776	\$ 317,013	\$ 443,249	\$ 569,486	\$ 695,722	\$ 821,958
Working Capital											
Current Assets Less Current Liabilities	\$	(89,041)	(115,702)	(111,063)	9,732	135,969	262,205	388,442	514,678	640,914	767,151
Current Ratio		0.54 :1	0.47 :1	0.54 :1	1.07 :1	1.99 :1	2.91 :1	3.83 :1	4.75 :1	5.67 :1	6.59 :1
Total Assets (including goodwill)	\$ 761,650	\$ 697,664	\$ 653,461	\$ 640,971	\$ 610,917	\$ 697,601	\$ 781,394	\$ 865,187	\$ 948,980	\$ 1,032,773	\$ 1,116,566
Total Liabilities	\$ 465,000	\$ 406,937	\$ 328,494	\$ 242,714	\$ 134,308	\$ 137,199	\$ 137,199	\$ 137,199	\$ 137,199	\$ 137,199	\$ 137,199
Book Value Equity	\$ 296,650	\$ 290,727	\$ 324,967	\$ 398,257	\$ 476,609	\$ 560,402	\$ 644,195	\$ 727,988	\$ 811,781	\$ 895,574	\$ 979,367
Debt to Equity (Debt/Equity)	1.57 :1	1.40 :1	1.01 :1	0.61 :1	0.28 :1	0.24 :1	0.21 :1	0.19 :1	0.17 :1	0.15 :1	0.14 :1
Debt to Adjusted EBITDA (1)	1.75 :1	3.18 :1	1.86 :1	1.07 :1	0.59 :1	0.60 :1	0.60 :1	0.60 :1	0.60 :1	0.60 :1	0.60 :1
EBIT to Total Assets	29.22%	12.23%	20.48%	28.81%	30.23%	26.47%	23.63%	21.34%	19.46%	17.88%	16.54%
Equity Split at Book Value											
Partner Group, Class or Name:	% Equity										
Mr Mrs Barnes	100%	\$ 296,650	\$ 290,727	\$ 324,967	\$ 398,257	\$ 476,609	\$ 560,402	\$ 644,195	\$ 727,988	\$ 811,781	\$ 895,574
Equity Group 2	0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity Group 3	0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	100%	\$ 296,650	\$ 290,727	\$ 324,967	\$ 398,257	\$ 476,609	\$ 560,402	\$ 644,195	\$ 727,988	\$ 811,781	\$ 895,574
Equity Split After a Market Value Sale											
Partner Group, Class or Name:	% Equity										
Mr Mrs Barnes	100%	\$ 296,650	(303,480)	(226,797)	(111,063)	9,732	135,969	262,205	388,442	514,678	640,914
Equity Group 2	0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity Group 3	0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	100%	\$ 296,650	(303,480)	(226,797)	(111,063)	9,732	135,969	262,205	388,442	514,678	640,914
Hard Asset Liquidation Value											
Total Assets w/o Goodwill less Liabilities (Hard Asset Value)	\$	(303,480)	(226,797)	(111,063)	9,732	135,969	262,205	388,442	514,678	640,914	767,151
Seller Debt Amount included in Hard Asset Value	\$	(310,573)	(214,439)	(111,095)	(0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity Debt Amount included in Hard Asset Value	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Liquidation Value w/EBITDA Multiple Sale (EBITDA prior to Adj)											
EBITDA Multiple required to breakeven		5.26x	3.59x	2.61x	2.42x	2.23x	2.04x	1.86x	1.67x	1.48x	1.30x
EBITDA Multiple for a Market Value Sale		0.00x	0.00x	0.00x	0.00x	0.00x	0.00x	0.00x	0.00x	0.00x	0.00x
EBITDA Sale Value Plus Cash less Liabilities	\$	(381,889)	(307,469)	(193,389)	(72,657)	53,577	179,814	306,050	432,287	558,523	684,759
Greater of Liquidation Value of Assets or EBITDA Sale Value	\$	(303,480)	(226,797)	(111,063)	9,732	135,969	262,205	388,442	514,678	640,914	767,151
(Plus Cash Less Liabilities)											
Total Gain (Loss) from Sale/Liquidation in Given Year	\$	(594,207)	(551,763)	(509,320)	(466,877)	(424,433)	(381,990)	(339,547)	(297,103)	(254,660)	(212,217)
Cumulative Net Income (Loss) from Operations	\$	44,077	128,317	251,607	379,959	513,752	647,545	781,338	915,131	1,048,924	1,182,717
Total Gain (Loss) after a Sale	\$	(550,130)	(423,447)	(257,713)	(86,918)	89,319	265,555	441,792	618,028	794,264	970,501
Less Beginning Equity Plus Cumulative Dividends/Draws (Contributions)	\$	(246,650)	(196,650)	(146,650)	(96,650)	(46,650)	3,350	53,350	103,350	153,350	203,350
Cumulative Benefit (Loss) after a Sale w/o tax on Sale Gain	\$	(796,780)	(620,097)	(404,363)	(183,568)	42,669	268,905	495,142	721,378	947,614	1,173,851
Year of Sub, Seller, Equity Debt Pay off					4	0	0	0	0	0	0
Amount of Positive Cash After Sub, Seller & Equity Debt		0	0	0	61,651	0	0	0	0	0	0
Cash less Sub, Seller & Equity Debt, Surplus, (Shortage)	\$	(285,525)	(193,414)	(61,771)	61,651	190,776	317,013	443,249	569,486	695,722	821,958
Total Accrued Net Income	\$	44,077	84,240	123,290	128,352	133,793	133,793	133,793	133,793	133,793	133,793
% of Total Book Equity		-14.52%	-37.14%	-111.01%	1318.83%	98.40%	51.03%	34.44%	26.00%	20.88%	17.44%