

Acquisition Opportunity

CNC Machine Shop

2023

For more information, please contact:

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**The assets of the Company, including goodwill, are offered for sale at
\$825,000.**

**THIS SUMMARY DOES NOT CONSTITUTE AN OFFERING
TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITY OR
REAL ESTATE**

PURPOSE

Anastasi, Moore & Martin, PLLC (“AMM”) has prepared this Acquisition Opportunity to assist interested parties in determining their interest in pursuing a potential acquisition of the Company. This Acquisition Opportunity is in no way an offering to buy or sell any securities associated with or pertaining to the Company or to buy, sell or lease any real estate.

INQUIRIES AND NEXT STEP

AMM is acting as an advisor to the Company, and its fees are paid entirely by the seller. Accordingly, please note that all inquiries and follow-up should be coordinated through AMM and its representatives. All parties who are interested in pursuing this transaction should contact AMM at the contact information provided on the cover. Upon your request, we will provide a Non-Disclosure Agreement to you. Once the signed agreement has been received by AMM, we will be able to disclose the name of the Company and provide you with a full memorandum.

THE COMPANY

The Company started operations in 1997, incorporated on June 1, 2001 and elected to be taxed as an “S” corporation on January 1, 2018. The business is owned by a husband and wife. No other individuals own or otherwise possess any rights, options, or other ownership rights in the Company.

FACILITY

This Company operates from a 4,500 square foot building on approximately one-third of an acre that is owned by the current owners. The seller is willing to enter into a lease agreement at an annual rent of \$36,000, which is currently at or below market rates for an initial period of three years. Renewal terms will be negotiated with the sale of the business. It is anticipated that the lease will include a right of first refusal to purchase upon sale and a purchase option can be discussed.

WHAT IT DOES

The Company is a full-service Machine Shop with a focus on manufacturing precision parts. For over 20 years, the Company has served customers in the aerospace, medical packaging, robotics, paper and textile, food packaging, computer and electronics, aftermarket automotive, ATV and snowmobile, and new product development (prototypes) industries. The Company maintains a consistent customer base in the region, providing quality product development and satisfaction-oriented service.

A financial overview of the Company is provided in the Financial Profile below. A detailed asset listing for the Company will be provided to interested buyers but key equipment includes:

- 4 x Fadal vertical machining centers (3 with 4th axis and one with 3 axis. Up to 50" x 20" x 28")
- Daewoo Lynx 200 15 HP turning center
- Manual lathe
- Manual mill
- 6" x 18" surface grinder
- Horizontal band saw
- Vertical band saw
- Optical comparator
- Newest version of Mastercam with file converter

COMPETITION

The Company does not have any direct competitors in their market area but does compete with others outside of the area in the markets the Company serves.

GROWTH AND EXPANSION

The Company is well established, and the owners would like to retire. The Company has a reliable pool of long-term employees to continue operations. Following a reasonable transition period, the new owners will be responsible for higher management with extremely reliable on-site operations support. Current customer relationships are strong,

and, with appropriate knowledge, the Company has the potential to expand and diversify their customer base in the future.

STRENGTHS

- Well established with long-term customer relationships.
- Well-trained, competent staff who are willing to provide transition assistance to a new owner/operator.
- Quick and honest quotes
- Competitive pricing
- In shop programming
- In house quality control
- Access to any post processing available to complete your parts. Including anodize, heat treat and paint for full turnkey service.

CHALLENGES

- Commodity pricing for metals.
- Difficult to find and hire qualified machinists.
- Lack of a developed and systematized advertising and marketing program. This does, however, result in an opportunity for a buyer.

FINANCIAL PROFILE

As shown below, the Company's revenues fluctuate but and have increased each year since 2020. Adjustments have been made to reflect the fair market value of Officer's Compensation, and rents.

Normalized Historical and Pro Forma Income Statement As of December 31st					
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Company Sales	\$403,739	\$521,761	\$345,324	\$538,700	\$806,825
% Growth	N/A	29.23%	-33.82%	56.00%	49.77%
COGS	81,681	108,984	79,520	169,552	260,809
% of Sales	20.23%	20.89%	23.03%	31.47%	32.33%
Adjusted EBITDA	-18,489	-21,540	-43,910	-24,364	125,758
% of Sales	-4.58%	-4.13%	-12.72%	-4.52%	15.59%

REASON FOR SALE

After many years of work and success, the owners wish to divest the Company and plan to pursue retirement. The owners are both willing to assist for an agreed-upon period of time to help with the transition process.

NEXT STEPS

If you are interested in discussing this opportunity further, please email Scott Martin at smartin@am-cpas.com.

We will provide you with an Investigation and Non-Disclosure Agreement for your review and signature. Once we have received the signed agreement, we will then provide you with a complete narrative, document support, and financial statements.