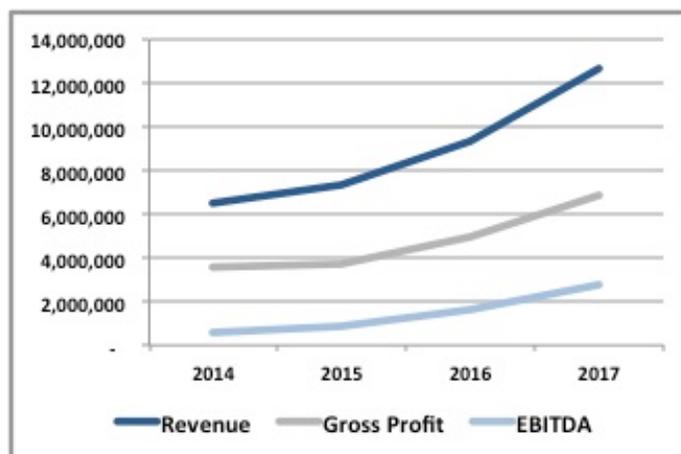


Pacific Northwest Turn-Key Medical Product Manufacturer With Strong International Brand, Under-Exploited Proprietary Products, and Registered IP

Since this business' inception over 20 years ago, it has largely grown based on word-of-mouth due to the quality and efficacy of its products along with exceptional service. Since 2014 its seven primary proprietary products have helped the business achieve average annual revenue growth of about 25%. While this growth is impressive, it is recognized that a larger organization with greater sales and marketing resources, distribution, and complementary products may be able to significantly increase revenue growth for several years.

This business' core competency has primarily been as an R&D facility. There are a variety of products, technologies, and intellectual property that the company has developed and owns but which are significantly under-exploited. Despite this, the business enjoys strong recognition, having won a best-in-industry award from a large consumer of its products, endorsements from industry associations, and one of its products is reported to have 70% market share in its product category.

The business is poised to be acquired by a larger company: it has written policies, procedures, and systems as evidenced by ISO certification; a well-trained staff; a claims-free history; and CPA-reviewed financial statements. None of the shareholders in the company play an active daily management role, and there are good management staff in place, making it a truly turn-key operation. An acquirer could likely achieve a good return on investment by simply owning the business and continuing to let it run as a stand-alone operation. However, it is anticipated that a buyer who focuses on sales and marketing activities may achieve significantly higher growth. There are 12+ opportunities for growth or profit enhancement that have been identified.



Business Type:	Manufacturer of Proprietary Niche Medical Products
NAICS:	339113
General Location:	Pacific Northwest
Organization Type:	C Corporation
Business Listing Number:	1000011774
Years in Business:	20+
Employees:	41
Price:	\$36 million
Revenue*:	\$14,127,237
Gross Profit*:	\$7,678,140
Re-Cast EBITDA*:	\$3,351,854

* The above numbers are TTM ending 12/31/17. FYE was 9/30/17.

Business Highlights

- **A well-recognized and well-regarded international brand amongst its target customers** known for outstanding customer service and for providing reliable, well-thought-out, high-quality, effective products that elegantly solve some of the most common and difficult problems for military medics and first responders.
- **Under-exploited proprietary product lines with proven market acceptance.** This business' core competency has primarily been as a R&D facility, with limited resources devoted to sales and marketing efforts to date. There are a variety of products, technologies, and intellectual property that the company has developed and owns but which are significantly under-exploited including a half dozen core product lines.
- **A new revolutionary product launched in mid-2017.** The company's newest product line was launched in 2017 against entrenched competitors and is experiencing strong sales. It may prove to be one of the company's top products going forward.
- **Significant registered intellectual property protection for a company of this size.** Over the course of the business' history the company has registered dozens of domestic and international patents or patents pending, as well as a variety of registered trademarks.
- **A true turn-key operation with professional staff.** The departing primary owner is not playing an active daily management roles in the business. There's a strong non-owner President in place who is helping the company achieve good results and would like to continue his management role if an acquirer wants to retain him. The business is professionally run with written policies, procedures, and systems as evidenced by ISO compliance, a well-trained 41-person staff, a legal claims-free history, and CPA-reviewed financial statements. While this is a small business, it is operated in a manner that will be familiar and consistent with the quality and operational standards of a larger acquirer, making it an easier business to integrate into an existing operation.
- **Barriers to Entry for Competitors.** To be competitive a new market entrant would need to develop a line of quality, effective products that have some level of intellectual property protection to prevent knock-offs; certifications required to sell the products; customer trust and confidence in the products, service, and company; and relationships with distributors and customers who have access to alternate products that endeavor to solve similar problems. This limits competition in this space.
- **High growth, increasing margins, and productivity gains per employee.** From 2014 to 2017 average annual revenue growth has been 25.16%. At the same time re-cast EBITDA margins for those four years have increased steadily from 8% to 22%. As the business grows and matures it has also become more productive in terms of revenue produced per employee, with \$203,250 in revenue per employee in 2014, increasing to \$308,236 in 2017.
- **An ever-growing level of repeat customer sales through well-regarded distributors.** The Company enjoys strong repeat sales through its distributors.

Opportunities

More than a dozen opportunities for growth and increasing profits have been identified. Following are high level descriptions of some that can be revealed without compromising confidentiality. The confidential information memorandum will contain more detailed information on these and the opportunities not disclosed here for confidentiality reasons:

- **Opportunity for deeper market penetration.** Seven niche target markets have been identified that are not currently being actively pursued, and far more could be done to grow sales to the verticals that are its current focus.
- **Market products to the veterinary care industry.** Sales to veterinarians currently represent <5% of one of this Company's product lines. According to the World Veterinary Association, there are over 500,000 veterinarians worldwide. Consequently, it may be worthwhile to increase focus on developing uses of this Company's products for veterinary care and increasing marketing and sales efforts in that space.
- **Renew sales and marketing efforts for innovative products that have been developed but aren't being actively marketed.** Given the business' focus on R&D, it has some innovative products that have been developed which are not currently being marketed but could be revived. There are also new products in the development pipeline that may provide additional future growth.
- **Develop a marketing campaign around a government and industry educational campaign to exploit this business' ownership of the corresponding URL.** A large healthcare awareness campaign was launched by the government and industry in 2016 relevant to the niche this company serves. This company owns a URL that is the exact name of this educational campaign.
- **A new idea for a mold for a particular part used in one of this company's products is being pursued by a supplier.** To date such a mold has not been successfully produced, but if this can be accomplished it would likely increase the gross profit of the product line that incorporates this part by about 6%.
- **One of the company's products has recently been introduced into 22 locations of a 700+ location customer, which could lead to company-wide use of the product.** After five months of multiple clinic evaluations and complete chart reviews, it was determined that this company's product was equal to, if not superior to, the current solution the customer was using, and will save it significant expense. If use in the 22 locations goes well, the \$60+ billion organization will likely expand its use of the product regionally and then nationally. This has the potential of dwarfing all of the other company's combined product sales.

Financials

Condensed Income Statements

	2014	2015	2016	2017	TTM 12/31/17
Revenue	6,504,829	7,298,686	9,347,899	12,637,665	14,127,237
COGS	(2,927,891)	(3,565,240)	(4,406,390)	(5,811,958)	(6,449,097)
Gross Profit	3,576,938	3,733,446	4,941,509	6,825,706	7,678,140
SG&A					
Quality & Regulatory	(173,681)	(255,072)	(331,251)	(374,017)	(408,432)
Research & Development	(349,259)	(424,235)	(391,645)	(393,166)	(431,181)
Marketing	(646,054)	(541,302)	(542,669)	(444,041)	(492,003)
Training	-	-	(97,767)	(104,550)	(165,336)
Administration	(1,813,274)	(1,451,967)	(1,694,281)	(1,670,165)	(2,239,363)
Sales	(757,410)	(980,062)	(1,017,948)	(1,341,717)	(1,460,516)
Total SG&A	(3,739,677)	(3,652,638)	(4,075,560)	(4,327,657)	(5,196,832)
Net Operating Income	(162,739)	80,808	865,949	2,498,050	2,481,309
EBITDA	2,690	238,042	1,081,916	2,741,199	2,746,985
Re-Casting Adjustments	538,978	616,271	594,893	46,961	604,869
Adjusted EBITDA	541,668	854,313	1,676,810	2,788,160	3,351,854

Any financial or operating information relating to the company was prepared by, or from figures, documentation and information supplied by the Seller. Codiligent LLC, its principals, and employees can not guarantee the accuracy, completeness, quality, or reliability of information, financial data, or assumptions provided. A buyer should not rely on Codiligent LLC, its principals, or employees for any investigation, interpretation, or opinion as to the accuracy, completeness, quality, or reliability of said information. A buyer should conduct its own independent investigation and evaluation of this business opportunity, ascertain the accuracy, quality, reliability, and completeness of information provided, and assumptions used, and develop and rely on independently developed projections. Codiligent LLC, its principals, and employees shall neither be responsible for the accuracy, completeness, quality, or reliability of information, financial data, assumptions used, or projections provided, nor shall it be responsible for Buyer relying on said information and data.

Confidentiality Agreement for Codiligent Represented Business #1000011774

THIS IS NOT AN AGENCY AGREEMENT

Neither this agreement nor any other communications between Codiligent LLC and you will establish a Principal-Agent Relationship, unless explicitly stated in writing. Codiligent LLC represents the Seller. Nothing in this agreement shall be construed to create a Principal-Agent Relationship between you and Codiligent LLC. You agree and acknowledge that you will engage professional advisors as you deem necessary and appropriate in connection with a potential acquisition, and that Codiligent LLC is only providing you with certain information. You agree and confirm that you have neither engaged Codiligent LLC to provide any advice to you about an acquisition, nor will you rely on information provided by Codiligent LLC in making a purchase decision. Codiligent LLC makes no representation or warranty, express or implied, as to the truth, accuracy, or completeness of any information provided to Codiligent LLC by the Seller. You further agree that you have not established a Principal-Agent relationship with Codiligent LLC.

CONFIDENTIALITY

This CONFIDENTIALITY AGREEMENT (the "Agreement") is made by and among the undersigned individually, and any business entity in which the individual is employed by, an officer of, or has a financial interest in, as well as any such entity's officers, directors, employees, agents and advisors ("Buyer"), Codiligent, LLC ("Codiligent") and the owner of ("Seller") the number-designated business ("Business") listed above as of which information is being requested by Buyer to evaluate the possible acquisition of the Business by Buyer ("Business Purpose"). In consideration of Codiligent's and Seller's disclosure of confidential information, as defined below, regarding the Business, Buyer agrees as follows:

1. 'Confidential Information' means all information and data, whether in oral, written, graphic or electronic form, furnished to Buyer by Codiligent or Seller now and in the course of Buyer's investigation of Seller and the Business, that is not available to the general public, including but not limited to products, reports, analysis, plans, inventions, improvements, concepts, ideas, formulas, research, engineering, testing, designs, know-how, marketing, manufacturing and other business and financial information. Any information or data prepared by Codiligent, Seller or the Business and provided to the Buyer, should be considered Confidential Information unless explicitly stated in writing otherwise by Codiligent, or Seller or the Business.
2. Buyer agrees (i) to hold Confidential Information in strict confidence; (ii) not to disclose Confidential Information to any third parties without the prior written consent of Seller; (iii) not to use Confidential Information for any purpose except for the Business Purpose. Buyer may disclose the Confidential Information to its employees, agents, attorneys, accountants, and consultants with a bona fide need to know, but only to the extent necessary to carry out the Business Purpose. Buyer shall notify each persons to whom disclosure is made that the Confidential Information is confidential and shall be kept in confidence in accordance with the terms of this Agreement and shall require each of them having use or access to Confidential Information to enter into appropriate agreements to protect the Confidential Information, if not otherwise subject to similar confidentiality requirements.
3. Buyer shall not disclose or make known to any third parties that the Business is for sale either during or after termination of Buyer's investigations or negotiations except as specifically provided in this Agreement.
4. Buyer shall not contact Seller or employees, customers, suppliers, competitors, accountants, bankers or attorneys of the Business to discuss the Business without the written consent of Codiligent.
5. Buyer shall promptly notify Codiligent or Seller of any unauthorized use or disclosure of Confidential Information, or any other breach of this Agreement; and assist Codiligent or Seller in every reasonable way to retrieve any Confidential Information and to mitigate the harm caused by the unauthorized use or disclosure.
6. Upon Codiligent's or Seller's request, Buyer will promptly return to Codiligent or Seller, or destroy, all tangible items containing or consisting of Confidential Information and all copies thereof and will delete from all computers the originals and all copies of the Confidential Information including all materials created by Buyer using Confidential Information (e.g. notes, analysis, graphs, etc.).
7. Buyer acknowledges that all of the Confidential Information is owned solely by Codiligent, Seller or the Business and that the unauthorized disclosure or use of such Confidential Information would cause irreparable harm and significant injury, the degree of which may be difficult to ascertain. Accordingly, Buyer agrees that Codiligent, Seller or the Business will have the right to obtain an immediate injunction enjoining any breach of this Agreement, as well as the right to pursue any and all other rights and remedies available at law or in equity for such a breach without posting a bond.
8. Buyer shall not enter into any agreement for the purchase of stock or assets of Business, unless said agreement contains an acknowledgment that Codiligent is the procuring cause of such agreement and Codiligent is entitled to a commission as agreed upon by Business and Codiligent.

Dated at _____ am/pm, this _____ day of _____ 20__.

Name of Individual (Printed): _____ Company: _____

Address: _____ Phone: _____

Signature: _____



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