



Enterprise Valuation for:

Oak Street Supply

PREPARED FOR: William Jones

Date of Report: December 20, 2020

Effective Date: December 20, 2020

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STONEBRIDGE
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PREPARED BY:

Dan O'Connell, President
Stonebridge Advisory, Inc
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OPINION LETTER

2020-12-20
William Jones
Oak Street Supply
123 Easy Street

Dear William Jones,

Stonebridge was hired to appraise Oak Street Supply as of 2020-12-20. The valuation purpose is to estimate the value for 409 (A) IRS compliance purposes. The business was appraised using the standard of value for the company assuming a discount for a lack of control (DLOC) and a discount for lack of marketability (DLOM). Please note the limiting conditions listed in the later section of the report.

There restrictive agreements that might impact value. I have reviewed information on Oak Street Supply as well as the assumptions based on client discussions that allowed me to forecast the future cash flow of the business, review the assets and liabilities to the extent possible and build out the Discount and Capitalization Rate, which is essentially an indicator of risk in the business investment.

All traditional approaches to value were considered in this valuation and the appropriate allocation of methods and calculations were weighted that best represent the Company's value. The effective date of this appraisal is 2020-12-20. The appraisal's estimated value for 20,000 of the company's shares, with the appropriate discounts and premiums, is \$1,870,491 of equity value. This equates to \$93.52 per share. Equity value subtracts interest-bearing term debt from the enterprise value. Enterprise value is the invested capital value (debt and equity) of the business. This opinion of value is being presented as described per the valuation assignment in this report. The client is William Jones who is the intended user of this report. This report is to be only used by the stated user for the purpose listed in the valuation assignment.



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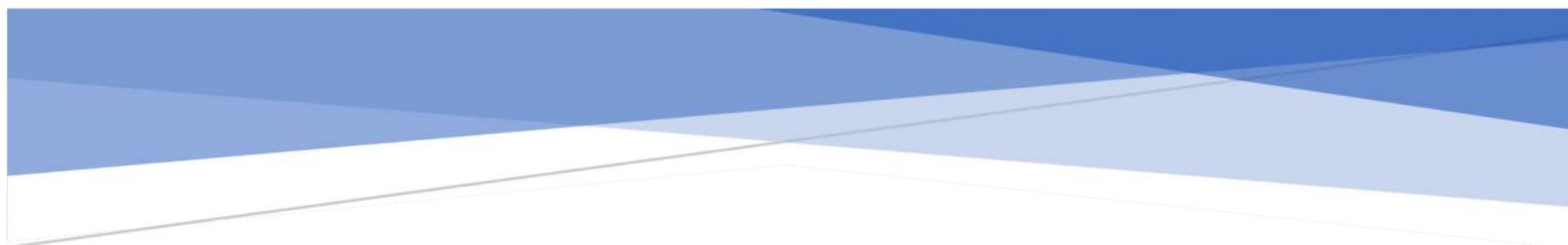


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THE VALUATION ASSIGNMENT

DEFINING THE VALUATION ASSIGNMENT

When defining the appraisal assignment, it is important to understand the concepts or directives that form the basis of this opinion of value and that these concepts meet your understanding of this assignment. If the appraisal assignment changes, some of the following valuation criteria might need to reflect the new intent and the appraisal assignment might need to be updated. "Company" used in this report covers any asset or liability being appraised.

DISCLAIMER

Stonebridge relies on the client, the company and the management team for its financial reporting and projections of the company's financials. While this information is deemed reasonable for the purposes of this report, Stonebridge makes no representations or warranties to the accuracy or thoroughness of this valuation report (see scope of appraisal and the *engagement's limiting conditions*).

VALUATION CONCEPT OF BENEFIT STREAM AND RISK

Business value is derived from an economic benefit and is weighted by a risk factor that relates to the risk in the company's business model. The economic benefit usually refers to a monetary flow such as earnings before interest, taxes, depreciation and amortization (EBITDA), Net Operating Profit After Tax (NOPAT), Gross Profit, or Net Cash Flow (NCF), etc. The risk factor is the rate of return a potential investor requires given the risk of attaining the expected economic benefits stream. The greater this risk, the greater the investor's needed rate of return and the lesser the value of the interest being appraised. In the case of less risk, the less the needed investor's rate of return and the greater the value of the interest being appraised. The investor's needed rate of return is the Cost of Equity and the debt and equity return needed is the Discount Rate.

In order to arrive at a valuation opinion, this report will review the company's historical and forecasted financial statements and the associated business and industry risk. This report will develop the cost of capital and apply that to the economic benefit stream to arrive at the Discounted Cash Flow Method and the Capitalization of Earnings Method. In addition, this report will apply the Market Selling Multiples Method to specific company benefit streams. When the company is being valued an on-going concern, the asset or cost approach to value might not be relevant in this report (see premise of value) and may not be used.

INTEREST BEING APPRAISED

Oak Street Supply ("the Company") is being appraised for 20,000 shares out of 100,000 shares outstanding. Shares are valued on an equity basis which is defined as the enterprise value less any term debt.

This appraisal assumes a Discount for Lack of Control (DLOC), Lack of control is defined as an equity interest of less than 50% where the shareholder has no operating control to make decisions and can not influence company performance.

This appraisal assumes an adjustment or Discount for a Lack of Marketability (DLOM). An adjustment for lack of marketability is defined as the percentage value deducted from the value of an ownership interest to reflect the absence of marketability relating to the longer period (and risk) it takes to convert ownership to sale proceeds (liquidity).

THE VALUATION ASSIGNMENT (cont.)

SCOPE OF THE APPRAISAL

This valuation is a Calculated Valuation. A calculated value provides an approximate indication of enterprise value or range of value. A Calculated Value is based on limited procedures (eg: no audit of company) and uses information deemed to be relevant and agreed upon between the valuator and client regarding the company's performance, market conditions and future opportunities.

PREMISE OF VALUE

This appraisal is based on the company as an on-going concern. The going concern premise of value assumes the company has the financial resources to continue operating into the foreseeable future whereas a non-going concern does not have the resources to continue operating and is a liquidity event.

EFFECTIVE DATE OF APPRAISAL

The report date of the appraisal is 2020-12-20 and the latest reported financials are as of 2020-10-31. The effective date of the valuation is 2020-12-20. If material time has elapsed from these dates or events occurred subsequently that may impact value, we suggest an update to the report, depending on the significance of how this opinion of value will be used by the intended user of this report.

CLIENT AND PURPOSE OF APPRAISAL

The client is William Jones, the only intended user for this report. The purpose of this appraisal is to estimate the Fair Market Value (or value range) of Oak Street Supply for 409 (A) IRS compliance purposes.

DATA SOURCES, VALUATION PROCESS & CONDITIONS

Financial and operational information was furnished by the Company. The Company provided expectations regarding the company's future performance. This report may utilize information from the industry standard RMA database, Duff & Phelps Cost of Capital, BVR Deal Stats, BV DataWorld, Plusis DLOM, Mergerstat Review Premiums & Discounts and IBISWorld. Stonebridge did not tour the company's facility or office in its process but is reasonably familiar with the type of facilities involved. There have been no extraordinary or hypothetical assumptions made nor any limiting conditions placed on Stonebridge.

THE VALUATION PROCESS

Value is derived from a risk adjusted economic benefit stream. In order to arrive at a valuation opinion, this report will review the company's risk associated with a "proposed" investment, the historical and forecasted financial statements, key ratios, the cost of capital and the future net cash flows. The cost of capital will be applied to the company's economic benefit stream and review risk adjusted market selling multiples. The appropriate weighing of specific approaches will be made that best represent the Company's value.

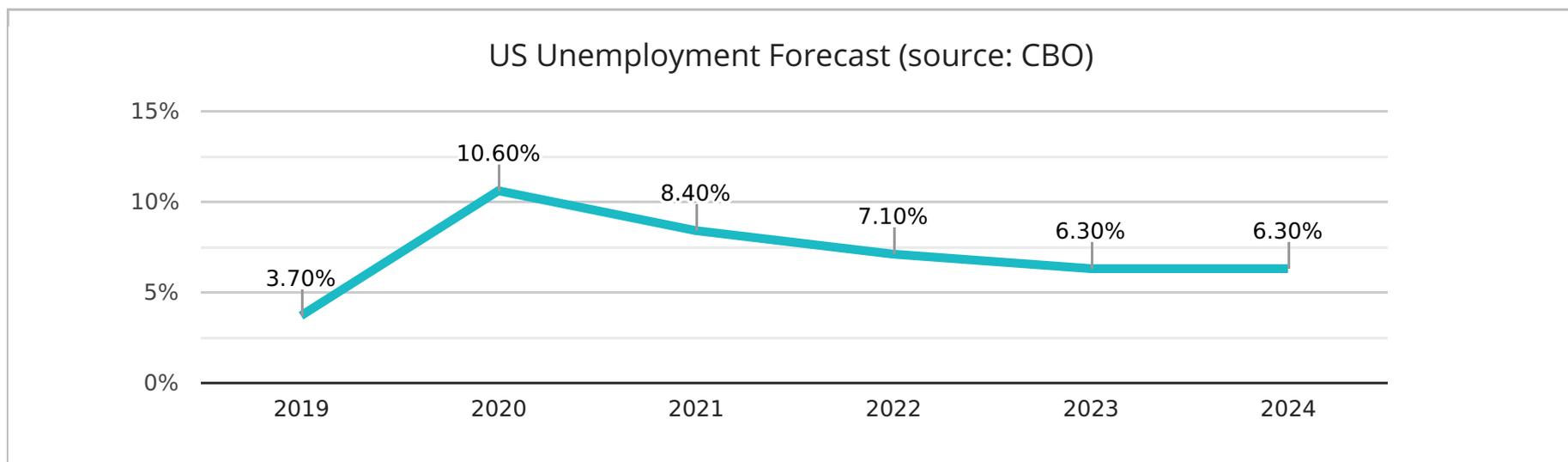
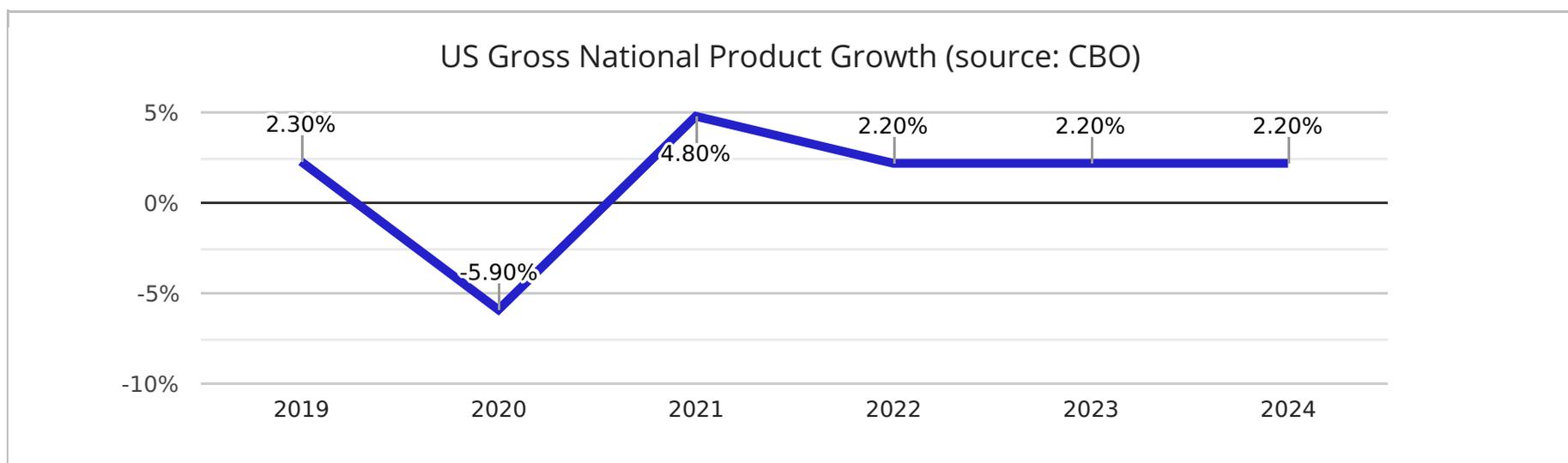
THE GLOBAL AND NATIONAL ECONOMIC IMPACT ON VALUE

THE GLOBAL ENVIRONMENT AND IMPACT ON THE COMPANY

Economic data and the outlook for the economy can be relevant information that might impact the company and its industry in which it competes. The International Monetary Fund (IMF) is an international organization whose purpose is to promote global trade, financial stability, economic growth and humanitarian needs. Prior to Covid-19, the IMF projected strong global growth, however with the world lock-down to combat the pandemic, the IMF is estimating that the global economy will contract by 4.9% in 2020 and then grow 5.4% in 2021.

THE NATIONAL ENVIRONMENT AND IMPACT ON THE COMPANY

While global economic conditions may impact a company, the national and local economy most likely has a greater impact on the Company. The Congressional Budget Office (CBO) published a forecast on two core economic trends, the Gross National Product and the Unemployment Rate. The current environment has seen a contraction in the US output with high levels of unemployment. While both economic trends seems to level out, it appears that it may take years to rebound fully. The Federal Reserve has maintained liquidity in the US economy which does provide capital for continued economic growth.



THE THREE APPROACHES TO VALUE

When valuing a company's common stock (or an asset or a transfer of a liability) we need to value the enterprise by utilizing the various approaches to value and then allocate the methods and calculations from each approach. The three Approaches to Value are the Income, Market and Asset Approach. These approaches, methods and calculations are summarized below.

THE INCOME APPROACH

The Income Approach estimates value by estimating the benefits stream (income) generated by the assets over a period of time. The value of the business is equal to the present value of the future benefits from owning the assets. The two common methods are the Discounted Cash Flow Method and the Capitalization of Earnings Method.

The Discounted Cash Flow Method

The Discounted Cash Flow (DCF) summarizes the company's cash flow for a period of time (usually five years but can be longer until the cash flows reach stability) as well as the cash flow from the Terminal Value (assumes a sale of the business in a future year). The future cash flows are brought to the present value by discounting the cash flows using the Discount Rate which measures the risk in achieving the expected cash flows. The DCF is a multi-year method and the advantages are that each year's sales, costs, receivables, inventory, payables and capital expenditures can be estimated. These cash flows should be estimated with reasonable caution. Because a buyer is purchasing the future cash flow of the business, the DCF model is a strong indication of value.

The Capitalization of Earnings Method

The Capitalization of Earnings Method is similar to the DCF except that it is a single year method that only applies the operating cash flow to the capitalization rate. The Capitalization of Earnings Method is applicable when the cash flow is stable or consistent (mature company).

THE MARKET APPROACH

The Market Approach compares the subject company to its industry peers. This comparison is accomplished by reviewing either private sale transactions or publicly traded companies. The benefit stream multiples are variations of income such as earnings before interest and taxes (EBIT) or EBITDA (depreciation & amortization), net operating profit after tax, gross profit, sales, etc. The industry multiple's are applied to the subject company's benefit stream using the multiples from the Guideline Public Companies or the private company transactions. The Market Approach is applicable if the subject company is similar to its industry peers.

THE ASSET OR COST APPROACH

The Asset Approach normally results in the lowest value for an operating company and measures the tangible assets. This approach can be based on the Net Asset Value or the Liquidation Value. The liquidation value assumes the company is not an on-going business. This report estimates the Net Asset Value which is defined as the market value of the assets less the market value of the liabilities. An asset-based holding company (eg: real estate or investment companies) would use the Asset Approach.

COMPANY BRIEF

This section will highlight the company, the products and services and the management team.

This section will review the industry outlook for the next three to five years.

This section will review the industry specific financial statistics and performance numbers.

This section will review the industry's expected trends for the next three to five years.

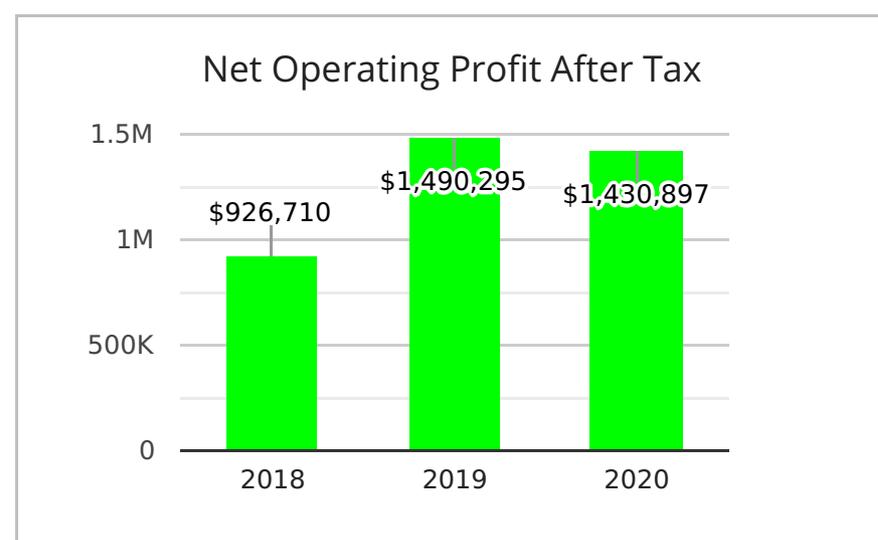
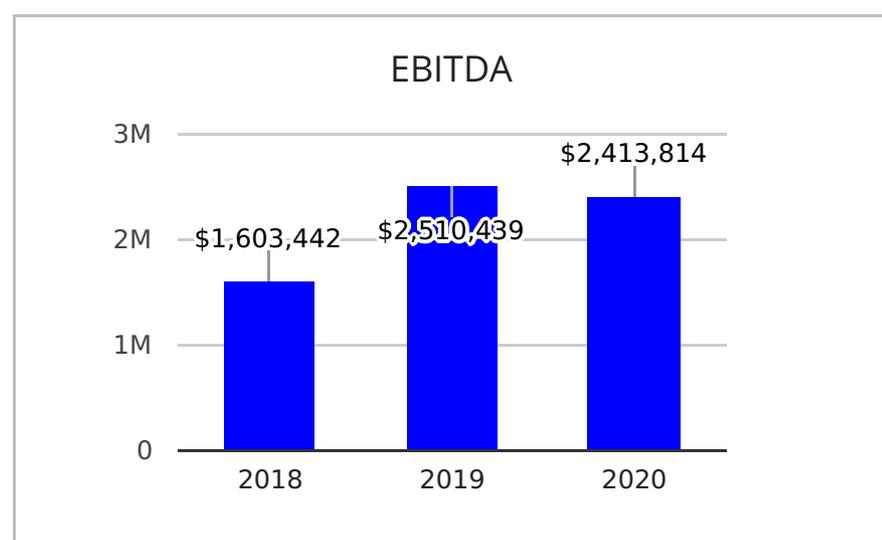
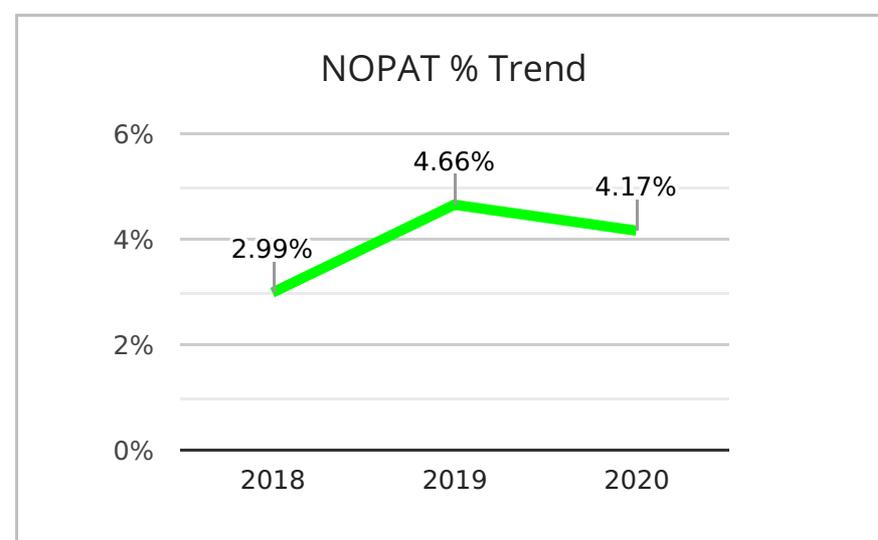
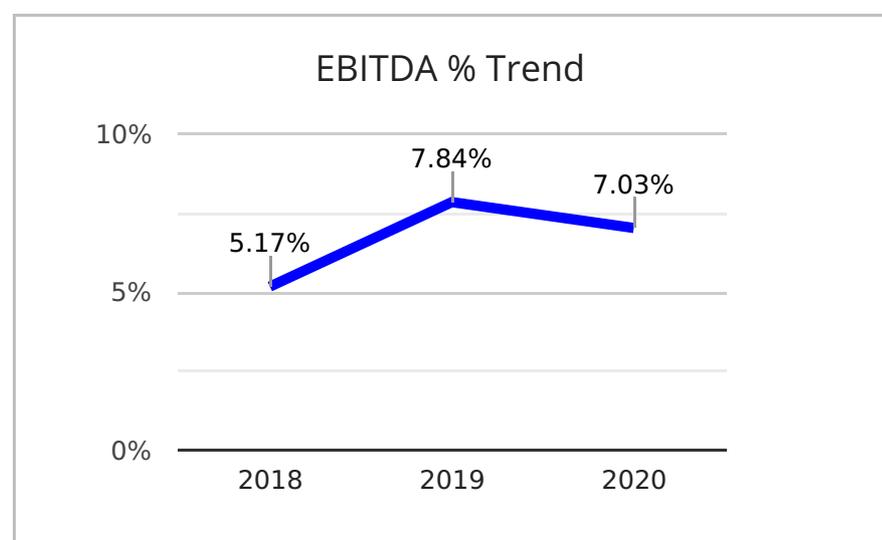
Income Statement	2016	2017	2018	2019	2020
SALES					
Revenues	\$26,580,192	\$26,756,262	\$30,985,812	\$32,001,372	\$34,348,597
Revenue Growth Rate		0.66%	15.81%	3.28%	7.33%
COST OF GOODS SOLD					
Other Cost of Goods Sold	\$21,918,821	\$22,020,240	\$25,756,556	\$25,936,479	\$28,831,054
Total Cost of Goods Sold	\$21,918,821	\$22,020,240	\$25,756,556	\$25,936,479	\$28,831,054
GROSS PROFIT	\$4,661,371	\$4,736,022	\$5,229,256	\$6,064,893	\$5,517,543
Gross Profit Margin	17.54%	17.70%	16.88%	18.95%	16.06%
OPERATING EXPENSES					
Depreciation	\$127,774	\$126,707	\$132,474	\$144,892	\$142,549
Amortization & Depletion	\$0	\$0	\$0	\$0	\$0
Wages & Salary	\$1,953,693	\$1,563,609	\$1,823,683	\$2,000,027	\$1,275,744
Other Expenses	\$1,199,035	\$1,611,638	\$1,802,131	\$1,554,427	\$1,827,985
Total Operating Expenses	\$3,256,049	\$3,301,954	\$3,758,288	\$3,699,346	\$3,246,278
Operating Income (Op. EBIT)	\$1,405,322	\$1,434,068	\$1,470,968	\$2,365,547	\$2,271,265
Operating Income %	5.29%	5.36%	4.75%	7.39%	6.61%
NON-OPERATING EXPENSES					
Interest Expense	\$157,768	\$135,322	\$109,958	\$68,350	\$12,918
Adjustments (see table below)	\$24,453	\$0	\$0	\$0	\$0
Other Non-Operating Expenses	\$20,479	(\$50,134)	(\$7,804)	(\$5,016,257)	(\$7,763)
Total Non-Op. Exp, (income is neg)	\$202,700	\$85,188	\$102,154	(\$4,947,907)	\$5,155
Net Profit Before Tax	\$1,202,622	\$1,348,880	\$1,368,814	\$7,313,454	\$2,266,110
OTHER KEY INCOME STREAMS					
Net Operating Profit After Tax	\$885,353	\$903,463	\$926,710	\$1,490,295	\$1,430,897
Operating EBITDA	\$1,533,096	\$1,560,775	\$1,603,442	\$2,510,439	\$2,413,814
Operating EBITDA %	5.77%	5.83%	5.17%	7.84%	7.03%
Seller's Discretionary Earnings	\$1,405,322	\$1,434,068	\$1,470,968	\$2,365,547	\$2,271,265

Adjustments	2016	2017	2018	2019	2020
Legal Fees	\$24,453	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
Total Adjustments	\$24,453	\$0	\$0	\$0	\$0

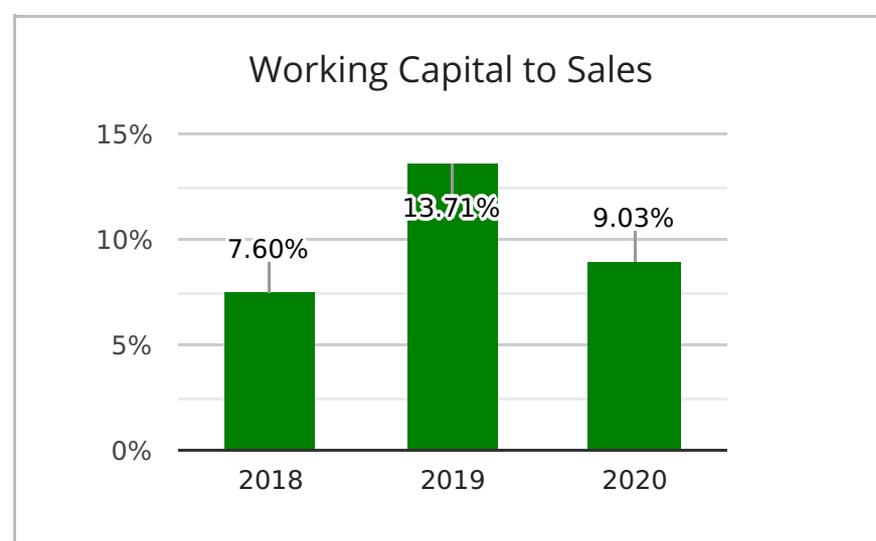
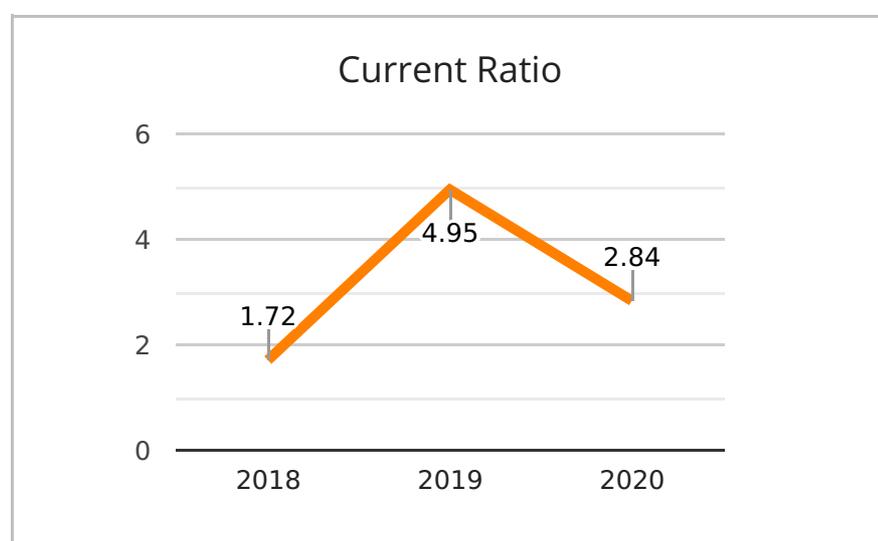
Net Operating Profit After Tax (NOPAT) applies a 37% marginal tax rate to the Operating Income. NOPAT and EBITDA reflect a debt free company (no interest, no debt). The latest \$1,430,897 of NOPAT, the \$2,413,814 of EBITDA and the \$2,271,265 of Seller's Discretionary Earnings are applied in the Market Approach Method.

Adjustments are non-operating expenses recorded as operating expenses but were not needed to operate the business. Adjustments might be compensation above or below market-based pay or discretionary expenses not expected to occur again. These adjustments 'normalize' the income stream.

Income Statement Common-Sized	2016	2017	2018	2019	2020
SALES					
Revenues	100.00%	100.00%	100.00%	100.00%	100.00%
COST OF GOODS SOLD					
Other Cost of Goods Sold	82.46%	82.30%	83.12%	81.05%	83.94%
Total Cost of Goods Sold	82.46%	82.30%	83.12%	81.05%	83.94%
GROSS PROFIT	17.54%	17.70%	16.88%	18.95%	16.06%
OPERATING EXPENSES					
Depreciation (Opex)	0.48%	0.47%	0.43%	0.45%	0.42%
Wages & Salary	7.35%	5.84%	5.89%	6.25%	3.71%
Other Expenses	4.51%	6.02%	5.82%	4.86%	5.32%
Total Operating Expenses	12.25%	12.34%	12.13%	11.56%	9.45%
Operating Income (Op. EBIT)	5.29%	5.36%	4.75%	7.39%	6.61%
NON-OPERATING EXPENSES					
Interest Expense	0.59%	0.51%	0.35%	0.21%	0.04%
Adjustments	0.09%	0.00%	0.00%	0.00%	0.00%
Other Non-Operating Expenses	0.08%	(0.19%)	(0.03%)	(15.68%)	(0.02%)
Net Profit Before Tax	4.52%	5.04%	4.42%	22.85%	6.60%
OTHER KEY INCOME STREAMS					
Net Operating Profit After Tax	3.33%	3.38%	2.99%	4.66%	4.17%
Operating EBITDA	5.77%	5.83%	5.17%	7.84%	7.03%



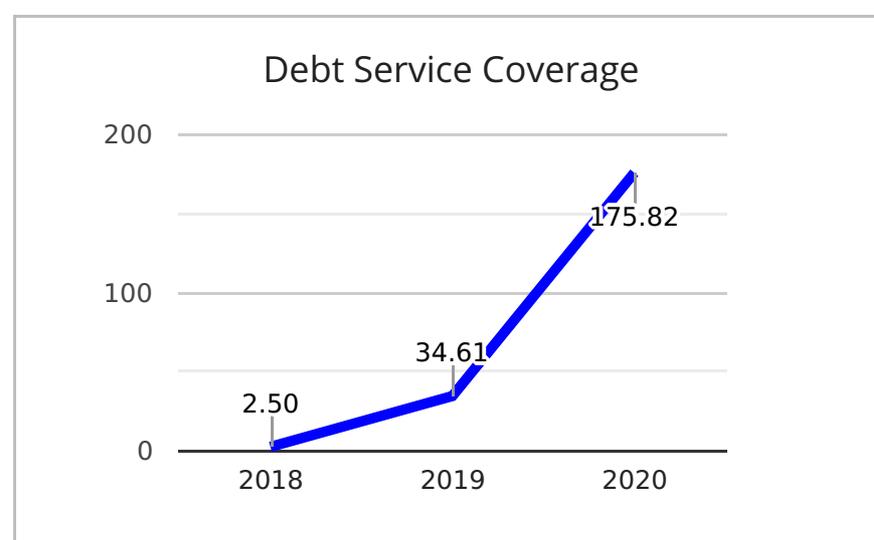
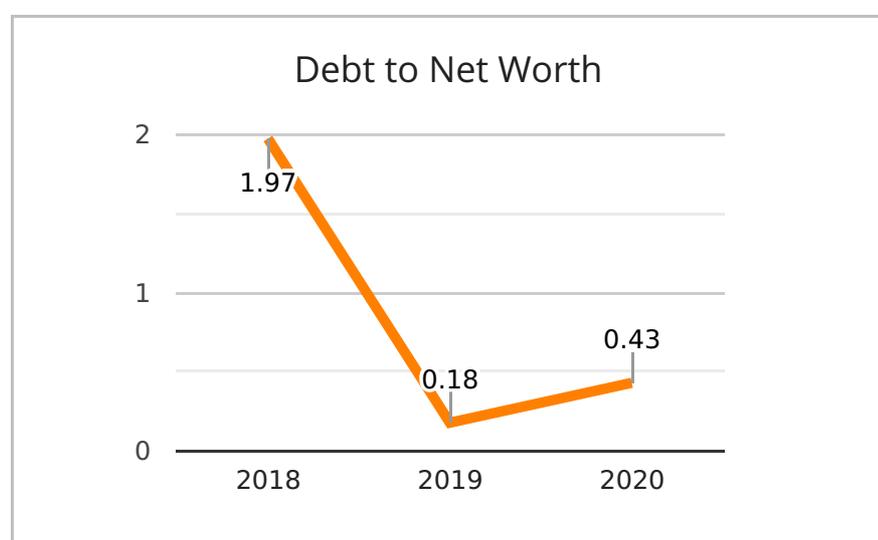
Balance Sheet	2016	2017	2018	2019	2020
CURRENT ASSETS					
Cash & Marketable Securities	\$6,512	\$45,895	\$1,683	\$34,367	\$27,243
Accounts Receivable (Trade)	\$919,229	\$839,449	\$1,041,458	\$982,495	\$2,391,081
Inventory	\$4,677,351	\$4,122,117	\$4,149,682	\$4,432,126	\$2,323,167
Other Current Assets	\$48,111	\$40,137	\$442,060	\$49,542	\$42,153
Total Current Assets	\$5,651,203	\$5,047,598	\$5,634,883	\$5,498,530	\$4,783,644
LONG-TERM ASSETS					
Fixed Assets	\$347,148	\$470,681	\$483,140	\$518,267	\$509,414
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0
Net Fixed Assets	\$347,148	\$470,681	\$483,140	\$518,267	\$509,414
Other Long-term Assets	\$1,569,490	\$1,569,488	\$1,569,489	\$1,569,489	\$1,569,488
Total Long-term Assets	\$1,916,638	\$2,040,169	\$2,052,629	\$2,087,756	\$2,078,902
Total Assets	\$7,567,841	\$7,087,767	\$7,687,512	\$7,586,286	\$6,862,546
CURRENT LIABILITIES					
Cur. Maturities of LT Debt	\$367,331	\$103,267	\$477,597	\$0	\$0
Accounts Payable	\$469,949	\$658,119	\$1,003,148	\$105,451	\$154,704
Notes Payable	\$0	\$0	\$1,575,767	\$830,000	\$650,000
Other Current Liabilities	\$1,884,284	\$1,928,544	\$223,638	\$174,937	\$877,512
Total Current Liabilities	\$2,721,564	\$2,689,930	\$3,280,150	\$1,110,388	\$1,682,216
LT LIABILITIES & EQUITY					
Term Debt	\$3,538,654	\$2,642,733	\$1,822,670	\$33,752	\$380,760
Other Long-term Liabilities	\$1	\$0	\$0	\$0	\$0
Total Long-term Liabilities	\$3,538,655	\$2,642,733	\$1,822,670	\$33,752	\$380,760
Total Liabilities	\$6,260,219	\$5,332,663	\$5,102,820	\$1,144,140	\$2,062,976
EQUITY					
Capital Stock	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000
Retained Earnings	\$1,202,622	\$752,622	\$1,624,777	\$6,337,146	\$6,337,144
Other Stockholders' Equity	\$0	\$897,482	\$854,915	\$0	(\$1,642,574)
Total Stockholders Equity	\$1,307,622	\$1,755,104	\$2,584,692	\$6,442,146	\$4,799,570
Total Liabilities & Equity	\$7,567,841	\$7,087,767	\$7,687,512	\$7,586,286	\$6,862,546



POINTS TO CONSIDER

Current Ratio: The Current Ratio is a liquidity measure of the short-term balance sheet (current assets/current liabilities). The latest current ratio of 2.84 is below the trend line. The latest working capital is above the average trend line of 10.03% in working capital percent to sales. The industry current ratio is 1.20. The Company has excess working capital of \$2,092,098.

Balance Sheet (Common-Sized)	2016	2017	2018	2019	2020
CURRENT ASSETS					
Cash	0.09%	0.65%	0.02%	0.45%	0.40%
Accounts Receivable	12.15%	11.84%	13.55%	12.95%	34.84%
Inventory	61.81%	58.16%	53.98%	58.42%	33.85%
Other Current Assets	0.64%	0.57%	5.75%	0.65%	0.61%
Total Current Assets	74.67%	71.22%	73.30%	72.48%	69.71%
LONG-TERM ASSETS					
Total Fixed Assets	4.59%	6.64%	6.28%	6.83%	7.42%
Accumulated Depreciation	0.00%	0.00%	0.00%	0.00%	0.00%
Net Fixed Assets	4.59%	6.64%	6.28%	6.83%	7.42%
Other Long-term Assets	20.74%	22.14%	20.42%	20.69%	22.87%
Total Long Term Assets	25.33%	28.78%	26.70%	27.52%	30.29%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%
CURRENT LIABILITIES					
Current Maturities of LT Debt	4.85%	1.46%	6.21%	0.00%	0.00%
Accounts Payable	6.21%	9.29%	13.05%	1.39%	2.25%
Notes Payable	0.00%	0.00%	20.50%	10.94%	9.47%
Other Current Liabilities	24.90%	27.21%	2.91%	2.31%	12.79%
Total Current Liabilities	35.96%	37.95%	42.67%	14.64%	24.51%
LONG TERM LIABILITIES					
Term Debt	46.76%	37.29%	23.71%	0.44%	5.55%
Other Long-term Liabilities	0.00%	0.00%	0.00%	0.00%	0.00%
Total Long Term Liabilities	46.76%	37.29%	23.71%	0.44%	5.55%
Total Liabilities	82.72%	75.24%	66.38%	15.08%	30.06%
STOCKHOLDERS' EQUITY					
Capital Stock	1.39%	1.48%	1.37%	1.38%	1.53%
Retained Earnings	15.89%	10.62%	21.14%	83.53%	92.34%
Other Stockholders Equity	0.00%	12.66%	11.12%	0.00%	(23.94%)
Total Stockholders' Equity	17.28%	24.76%	33.62%	84.92%	69.94%
Total Liabilities & Equity	100.00%	100.00%	100.00%	100.00%	100.00%

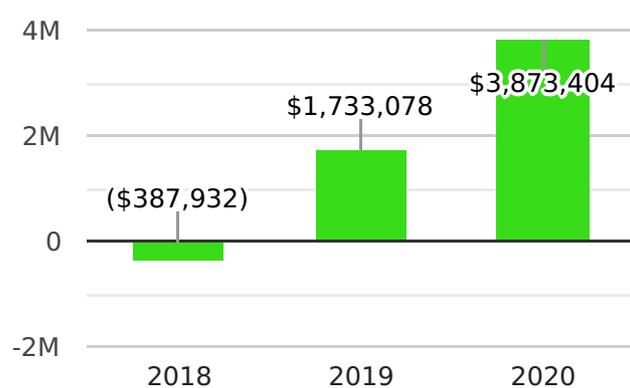


POINTS TO CONSIDER

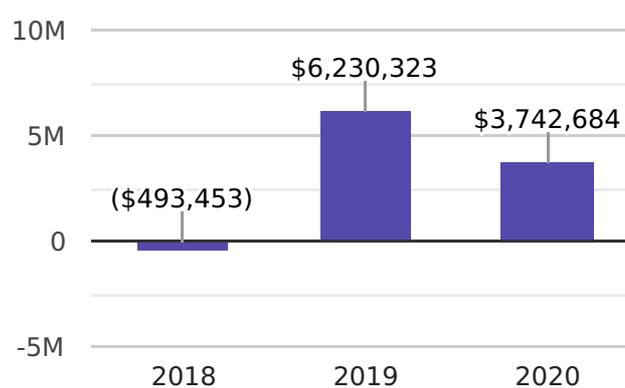
Leverage: A company's capital structure should allow for adequate liquidity which can be measured by the Debt to Net Worth Ratio (< 4:1 is best) and the Debt Service Coverage Ratio (> 1.25 is acceptable). The Company has a comfortable debt to equity capital structure. The Company's Debt Service Coverage seems to be adequate.

UCA Cash Flow Statement	2018	2019	2020
Revenues	\$30,985,812	\$32,001,372	\$34,348,597
Change In Accounts Receivable	(\$202,009)	\$58,963	(\$1,408,586)
CASH FROM SALES	\$30,783,803	\$32,060,335	\$32,940,011
Cost Of Goods Sold	(\$25,756,556)	(\$25,936,479)	(\$28,831,054)
Change In Inventory	(\$27,565)	(\$282,444)	\$2,108,959
Change In Accounts Payable	\$345,029	(\$897,697)	\$49,253
Production Costs	(\$25,439,092)	(\$27,116,620)	(\$26,672,842)
CASH AFTER PRODUCTION	\$5,344,711	\$4,943,715	\$6,267,169
Operating Expenses (non-cash items excluded)	(\$3,625,814)	(\$3,554,454)	(\$3,103,729)
Change In Other Current Assets	(\$401,923)	\$392,518	\$7,389
Change In Other Current Liabilities	(\$1,704,906)	(\$48,701)	\$702,575
Total Operating Cost	(\$5,732,643)	(\$3,210,637)	(\$2,393,765)
CASH AFTER OPERATIONS	(\$387,932)	\$1,733,078	\$3,873,404
Change In Other Long-term Liabilities	\$0	\$0	\$0
Income Taxes Paid	\$0	\$0	\$0
Other Non Op. Expenses (Income)	(\$7,804)	(\$5,016,257)	(\$7,763)
Total Other Operating Expenses (Income)	(\$7,804)	(\$5,016,257)	(\$7,763)
CASH AFTER ALL OPERATIONS	(\$380,128)	\$6,749,335	\$3,881,167
Interest Paid	(\$109,958)	(\$68,350)	(\$12,918)
CASH AFTER FINANCING COST	(\$270,170)	\$6,817,685	\$3,894,085
Current Maturities of Long-term Debt	(\$103,267)	(\$477,597)	\$0
CASH AFTER DEBT AMORTIZATION	(\$373,437)	\$6,340,088	\$3,894,085
Capital Expenditures	(\$120,015)	(\$109,765)	(\$151,402)
Intangibles	\$0	\$0	\$0
Change In Other Long-term Assets	(\$1)	\$0	\$1
Fixture & Investments	(\$120,016)	(\$109,765)	(\$151,401)
CASH AFTER INVESTMENTS - surplus or (needs)	(\$493,453)	\$6,230,323	\$3,742,684
Change In Short Term Notes	\$1,575,767	(\$745,767)	(\$180,000)
Change Long-term Debt	(\$342,466)	(\$1,788,918)	\$347,008
Financing Activity	\$1,233,301	(\$2,534,685)	\$167,008
Addbacks	\$0	\$0	\$0
CHANGE IN CASH (before tax or distributions)	\$739,848	\$3,695,638	\$3,909,692

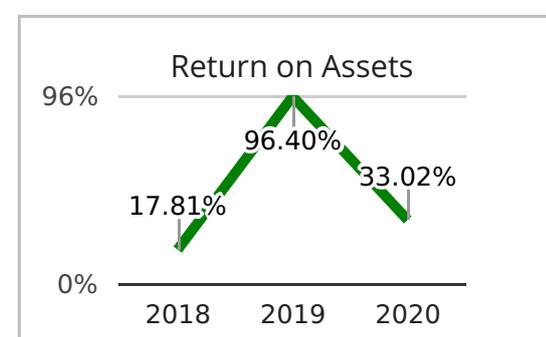
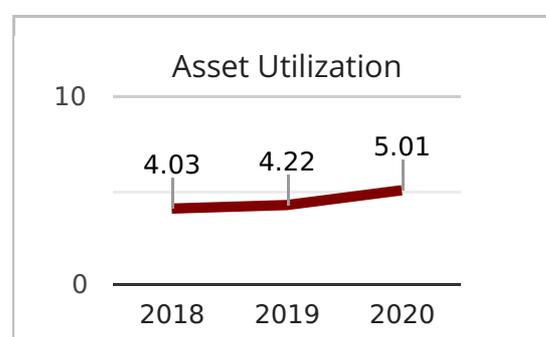
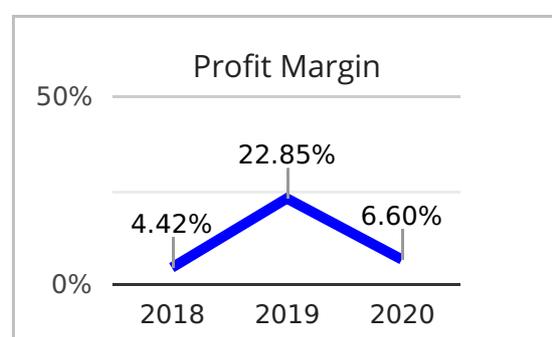
Cash After Operations



Cash Surplus (Cash Needs)



RATIO REVIEW	2016	2017	2018	2019	2020
PROFITABILITY RATIOS					
Sales Growth (> is better)		0.66%	15.81%	3.28%	7.33%
Gross Profit Growth (> is better)		1.60%	10.41%	15.98%	(9.02%)
Operating Expense Growth (< is better)		1.41%	13.82%	(1.57%)	(12.25%)
Operating Income Growth (> is better)		2.05%	2.57%	60.82%	(3.99%)
Cost Of Goods Sold	82.46%	82.30%	83.12%	81.05%	83.94%
Operating Expense	12.25%	12.34%	12.13%	11.56%	9.45%
Operating Income	5.29%	5.36%	4.75%	7.39%	6.61%
Net Profit Before Tax	4.52%	5.04%	4.42%	22.85%	6.60%
Operating EBITDA Margin	5.77%	5.83%	5.17%	7.84%	7.03%
Return on Assets (> is better)	15.89%	19.03%	17.81%	96.40%	33.02%
Return on Equity (> is better)	183.94%	88.08%	63.08%	162.04%	40.32%
Return on Capital Employed (> is better)	23.07%	29.97%	28.02%	112.93%	43.74%
LIQUIDITY RATIOS					
Current Ratio (> is better)	2.08	1.88	1.72	4.95	2.84
Quick Ratio (> is better)	0.36	0.34	0.45	0.96	1.46
Near Term Cash (cash + AR - AP)	\$455,792	\$227,225	\$39,993	\$911,411	\$2,263,620
Working Capital (> is better)	\$2,929,639	\$2,357,668	\$2,354,733	\$4,388,142	\$3,101,428
Working Capital to Sales (< is better)	11.02%	8.81%	7.60%	13.71%	9.03%
Working Capital Turnover (> is better)	9.07	11.35	13.16	7.29	11.08
ACTIVITY RATIOS					
Accounts Receivable Days (< is better)	12.62	11.45	12.27	11.21	25.41
Inventory Days (< is better)	77.89	68.33	58.81	62.37	29.41
Accounts Payable Days (> is better)	7.83	10.91	14.22	1.48	1.96
Working Capital Days (> is better)	40.23	32.16	27.74	50.05	32.96
Cash Conversion Cycle (< is better)	82.69	68.87	56.86	72.09	52.86
Asset Turnover (> is better)	3.51	3.77	4.03	4.22	5.01
Fixed Asset Turnover (> is better)	76.57	56.85	64.13	61.75	67.43
Sustainable Growth Rate (> is better)	119.56%	57.25%	41.00%	105.32%	26.21%
FINANCIAL RATIOS					
Term Debt to Net Worth	2.99	1.56	0.89	0.01	0.08
Debt To Net Worth (< 4:1 is better)	4.79	3.04	1.97	0.18	0.43
Debt to Assets (financing assets)	0.83	0.75	0.66	0.15	0.30
Capitalization Ratio (<30% is better)	74.92%	61.01%	47.09%	0.52%	7.35%
Interest Coverage (>3 is better)	8.62	10.97	13.45	108	176.42
Debt Service Coverage Ratio (1.25 is better)	2.68	6.01	2.50	34.61	175.82



POINTS TO CONSIDER

In the latest period inefficient expense controls contributed to a reduction in the Return on Assets (ROA) and the Asset Utilization positively impacted the ROA. The ROA is one of the most important measures on overall company performance. Expense controls and driving the most sales from the assets are the key to building future value.

INTERIM FINANCIALS

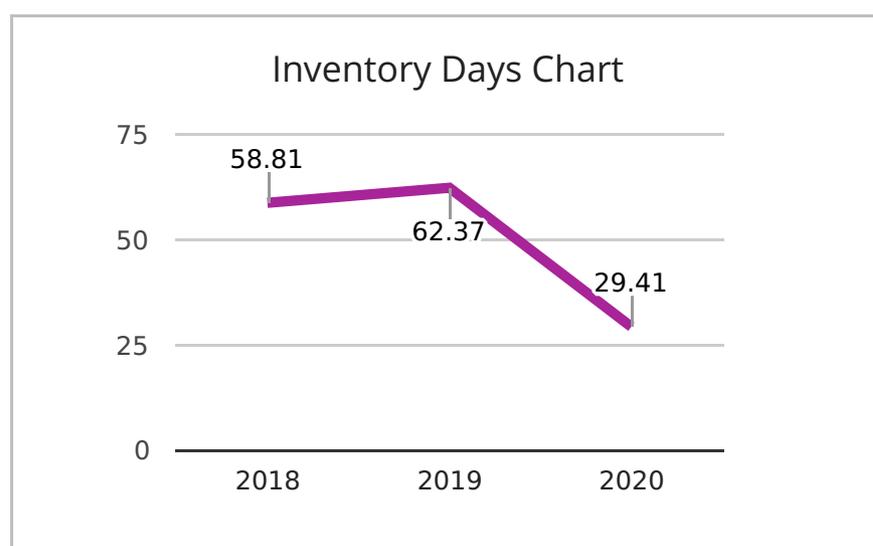
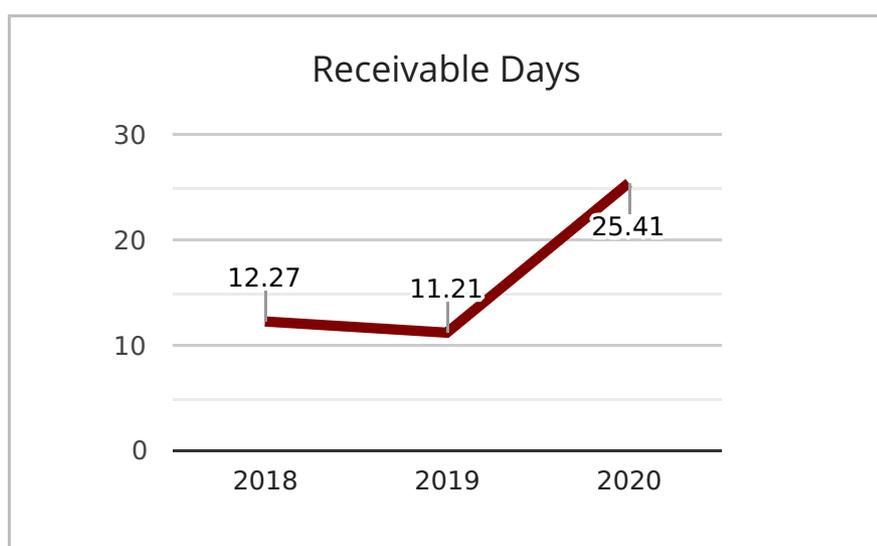
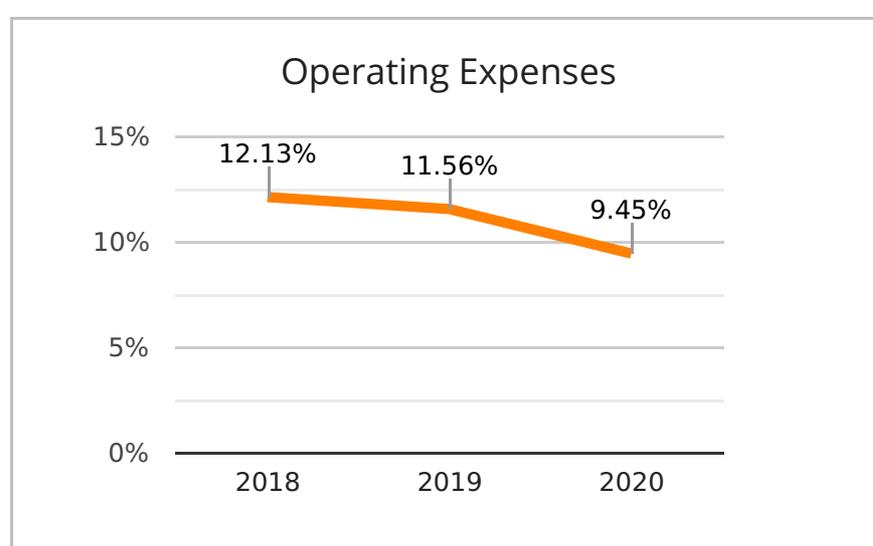
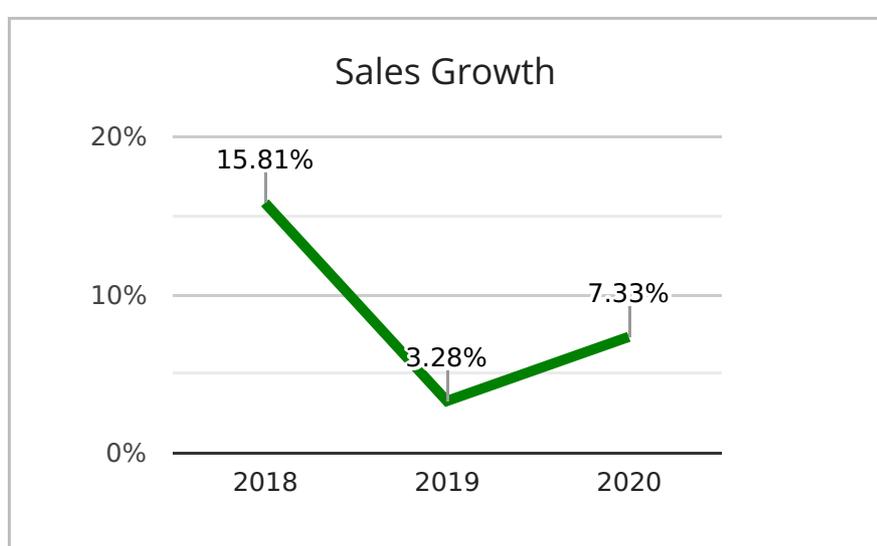
In the event interim financials have been submitted, they will be shown here. When submitted, this 'stub' period is used to assist in forecasting this years performance or expectations. The forecasted year assumes any seasonality should that be applicable. If available, the financial statements have been summarized below.

FORECASTING THE CASH DRIVERS

The historical ratios that drive a company's earnings and cash flow are called the Cash Drivers and are displayed on the table below called "Cash Drivers & Forecast". These cash drivers are the engine that generates and consumes cash for all businesses and optimizing these cash flows will improve a company's value. The industry in which the company participates will likely govern what cash drivers the company may or may not have.

After talking to management and/or the client and reviewing the Company's financial operations, the forecasted ratios have been estimated and can be found in the last column labeled "Forecast". The estimated ratios and percentages are based on past performance and reasonable expectations. All cash drivers have been reviewed for trends and expectations for future performance.

The estimated cash drivers will impact the financials of the company (income statement and balance sheet) over the next several years. The resulting income statement forecast and corresponding balance sheets will be estimated on the next page of this report. These financial forecast are applied in the Income Approach.



Cash Drivers & Forecast	2016	2017	2018	2019	2020	Forecast
Primary Cash Drivers						
Sales Growth		0.66%	15.81%	3.28%	7.33%	0.00%
Cost Of Goods Sold	82.46%	82.30%	83.12%	81.05%	83.94%	84.00%
Operating Expenses	12.25%	12.34%	12.13%	11.56%	9.45%	0.00%
Secondary Cash Drivers						
Accounts Receivable Days	12.62	11.45	12.27	11.21	25.41	12
Inventory Days	77.89	68.33	58.81	62.37	29.41	55
Accounts Payable Days	46.64	33.46	25.68	245.96	186.36	2
Capital Expenditures	0.00%	0.46%	0.04%	0.11%	(0.03%)	0.42%

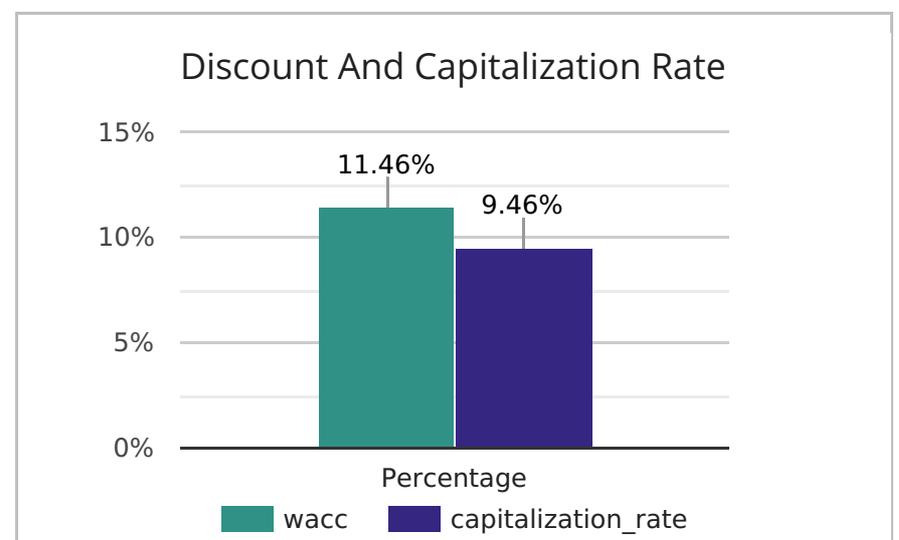
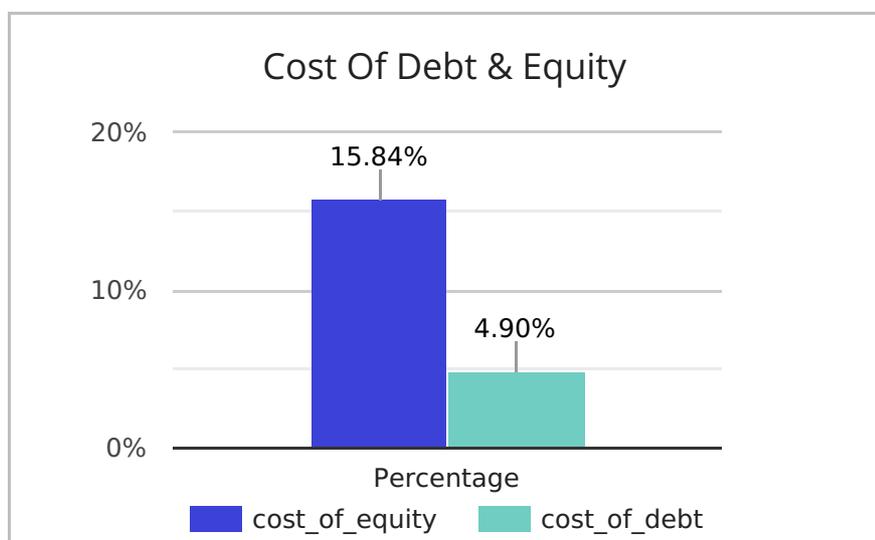
Income Statement (Forecast)	2021	2022	2023	2024	2025
INCOME STATEMENT BRIEF					
Sales	\$34,348,597	\$36,066,027	\$37,869,328	\$39,384,101	\$40,959,465
Sales Growth	0.00%	5.00%	5.00%	4.00%	4.00%
Cost of Goods Sold	\$28,852,821	\$30,295,463	\$31,810,236	\$33,082,645	\$34,405,951
Gross Profit	\$5,495,776	\$5,770,564	\$6,059,093	\$6,301,456	\$6,553,514
Gross Profit Margin	16.00%	16.00%	16.00%	16.00%	16.00%
OPERATING EXPENSES					
Depreciation	\$144,264	\$151,477	\$159,051	\$165,413	\$172,030
Selling, General & Admin Expenses	\$3,290,596	\$3,094,465	\$2,870,495	\$2,591,474	\$2,285,538
Total Operating Expenses	\$3,434,860	\$3,245,942	\$3,029,546	\$2,756,887	\$2,457,568
Operating Income (EBIT)	\$2,060,916	\$2,524,622	\$3,029,546	\$3,544,569	\$4,095,947
Operating Income %	6.00%	7.00%	8.00%	9.00%	10.00%
Operating EBITDA	\$2,205,180	\$2,676,099	\$3,188,597	\$3,709,982	\$4,267,976
EBITDA %	6.42%	7.42%	8.42%	9.42%	10.42%
Net Operating Profit After Tax (NOPAT)	\$1,298,377	\$1,590,512	\$1,908,614	\$2,233,079	\$2,580,446
NOPAT %	3.78%	4.41%	5.04%	5.67%	6.30%
Seller's Discretionary Earnings (SDE)	\$3,336,660	\$3,800,366	\$4,305,290	\$4,820,313	\$5,371,691
Balance Sheet (Forecast)					
ASSETS					
Cash	\$27,243	\$28,605	\$30,035	\$31,237	\$32,486
Accounts Receivables	\$1,129,269	\$1,185,732	\$1,245,019	\$1,294,820	\$1,346,613
Inventory	\$4,347,685	\$4,565,070	\$4,793,323	\$4,985,056	\$5,184,458
Other Current Assets	\$42,153	\$44,261	\$46,474	\$48,333	\$50,266
Current Assets	\$5,546,350	\$5,823,668	\$6,114,851	\$6,359,445	\$6,613,823
LONG-TERM ASSETS					
Net Fixed Assets	\$509,414	\$534,885	\$561,629	\$584,094	\$607,458
Other Long Term Assets	\$1,569,488	\$1,647,962	\$1,730,361	\$1,799,575	\$1,871,558
Total Assets	\$7,625,252	\$8,006,515	\$8,406,841	\$8,743,114	\$9,092,839
LIABILITIES					
Accounts Payable	\$158,098	\$166,003	\$174,303	\$181,275	\$188,526
Current Maturities of Long-Term Debt	\$0	\$0	\$0	\$0	\$0
Notes Payable	\$650,000	\$650,000	\$650,000	\$650,000	\$650,000
Other Current Liabilities	\$877,512	\$921,388	\$967,457	\$1,006,155	\$1,046,401
Current Liabilities	\$1,685,610	\$1,737,390	\$1,791,760	\$1,837,430	\$1,884,927
LONG-TERM LIABILITIES					
Term Debt Proj	\$380,760	\$380,760	\$380,760	\$380,760	\$380,760
Other Long Term Liabilities	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$2,066,370	\$2,118,150	\$2,172,520	\$2,218,190	\$2,265,687
LIABILITIES & EQUITY					
Shareholders' Equity	\$5,558,883	\$5,888,365	\$6,234,321	\$6,524,924	\$6,827,152
Total Liabilities & Equity	\$7,625,252	\$8,006,515	\$8,406,841	\$8,743,114	\$9,092,839
WORKING CAPITAL					
Working Capital	\$3,860,741	\$4,086,278	\$4,323,092	\$4,522,015	\$4,728,896
Working Capital (No Debt)	\$3,833,498	\$4,057,673	\$4,293,056	\$4,490,778	\$4,696,410
Working Capital Change	(\$759,313)	(\$224,175)	(\$235,384)	(\$197,722)	(\$205,631)

BUILD UP METHOD, DISCOUNT AND CAPITALIZATION RATE

The Build Up Method (BUM) applies risk factors to a proposed investment to arrive at the Discount Rate which is used in the Income Approach to Value. The BUM adds the Risk-Free Rate (assumes no risk on T Bills), the Equity Risk Premium (risk of equity above the T Bill), the Company Specific Risk Premium (CSRP) which is a non-diversified company risk, the Industry Risk (specific to the subject's industry) and Size Premium Risk (smaller companies have more risk). These risk factors total the Cost of Equity which is the rate of return an investor would seek on this type of investment in the subject company. The 20 year T-bill is a "normalized" rate that considers the Federal Reserves' policies to increase the money supply which drives interest rates lower.

The CSRP was given (2.00%) points which reduces to the investment risk which decreases value. The Cost of Equity and the Cost of Debt are weighted proportionately to determine the industry's capital structure and is called the Weighted Average Cost of Capital (WACC) and is commonly referred to as the Discount Rate (Cost of Capital). The Discount Rate is applied to the future cash flows in the Discounted Cash Flow Method on the next page. The long-term Growth Rate is deducted from the Discount Rate to arrive at the Capitalization Rate. The Capitalization Rate is applied to the Capitalization of Earnings method reviewed on the "Valuation Approaches" page.

Discount & Capitalization Rate	Percentage
Risk Free Rate	2.50%
Equity Risk Premium	6.00%
Industry Risk Premium	1.32%
Size Premium	8.02%
Company Specific Risk Premium	(2.00%)
Cost Of Equity	15.84%
Cost Of Debt	4.90%
Discount Rate (WACC)	11.46%
Growth Rate Terminal Year	2.00%
Capitalization Rate	9.46%



THE WEIGHTED AVERAGE COST OF CAPITAL DETAIL

Calculating the Cost of Equity is the first part to estimate the weighted average cost of capital. Oak Street Supply's Cost of Equity is 15.84%. The information source is the CRSP Deciles Size Study from Duff & Phelps Cost of Capital (online) and the formula is:

$$K_e = R_f + ERP + R_{Pi} + R_{Ps} + CSR_P$$

K_e = Cost of equity

(Source: Duff & Phelps Cost of Capital, normalized 20-year treasury)

R_f = Risk free rate of return on security

(Source: Duff & Phelps Cost of Capital)

ERP = Equity risk premium

(Source: Duff & Phelps Cost of Capital)

R_{Pi} = Industry risk premium

(Source: Duff and Phelps Cost of Capital Full Beta)

R_{Ps} = Risk premium on small stocks

(Source: Duff and Phelps Cost of Capital CRSP Decile 10z)

CSR_P = Company specific risk premium

(The CSR_P is added to account for risk above the financial markets)

The Weighted Average Cost of Capital (WACC) or Discount Rate for Oak Street Supply is 11.46%. The WACC proportionately weights the capital structure with the industry's capitalization of equity and debt. To arrive at the WACC the Cost of Equity and the Cost of Debt need to be calculated. The formula is:

$$WACC = (K_e \times E) + (K_d \times D)$$

WACC = Weighted average cost of capital

K_e = Cost of equity

K_d = Cost of debt

E = Percentage of equity in the capital structure

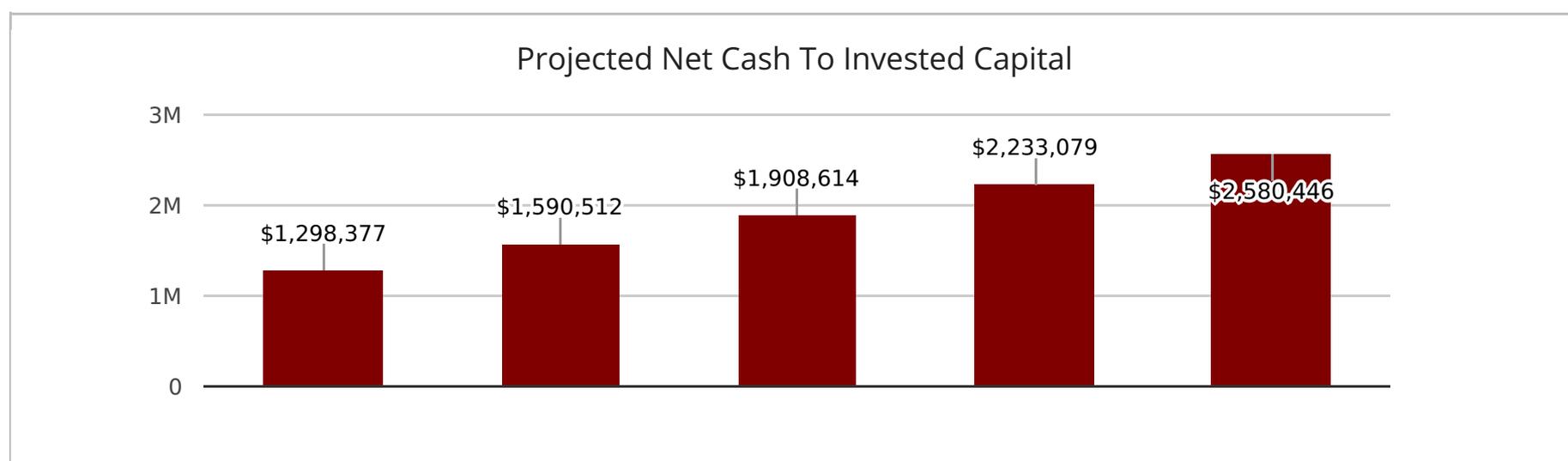
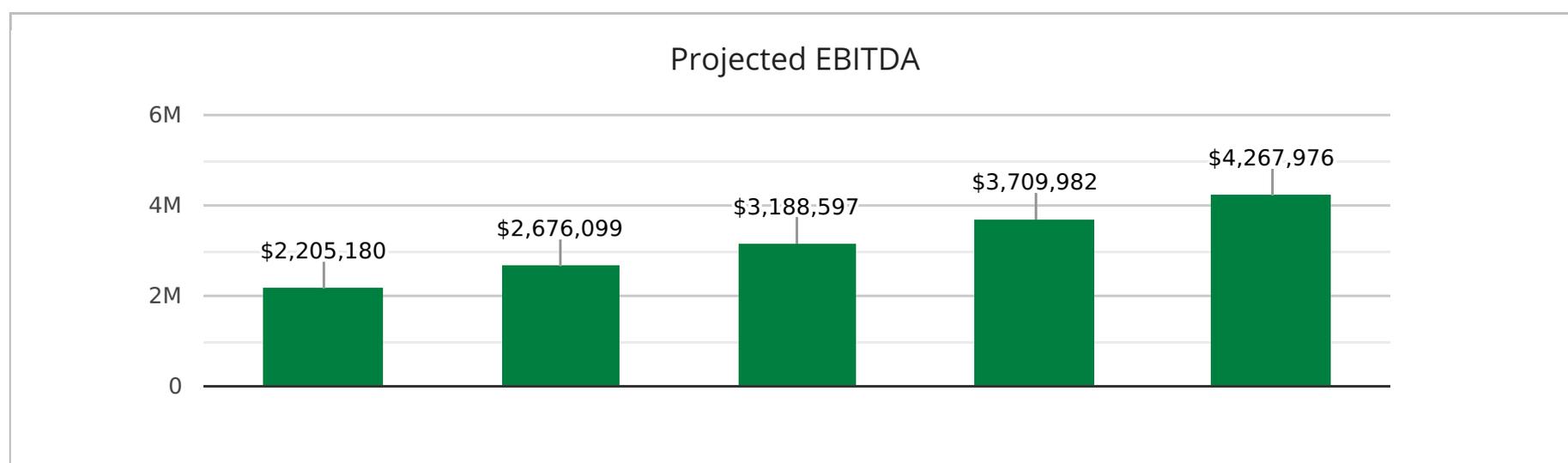
D = Percentage of debt in the capital structure

NET CASH FLOW (TO INVESTED CAPITAL)

The Net Cash Flow to Invested Capital is the cash available to debt and equity holders and is projected for a period of years (below). In the “termination” year after the last projected year, the shareholders theoretically recapitalize the business to total the sale proceeds along with the years of Operating Net Cash Flow. The Terminal Value is based on the month after the last projected year of net cash flow which is capitalized using the Capitalization Rate. The present value of the sum of the Operating Net Cash Flow plus the Terminal Value cash flow is presented on the next page under the Discounted Cash Flow Method.

Mid-Year or End-of-Year Convention Note:When applying the discount rate, it is typical to use either the end-of-year or mid-year in assuming the timing of the annual cash flows. Normally the mid-year best reflects the timing of the cash flows as the first half of cash flows will be overly discounted and the last half of the years will be under discounted. However the mid-year convention is best as the first and last half both cancel each other out and the middle of the year takes precedent. The end-of-year convention assumes the cash flows will come in at the very end of the year, which is unusual. This report uses the mid-year convention.

Net Cash Flow to IC	2021	2022	2023	2024	2025
Revenue	\$34,348,597	\$36,066,027	\$37,869,328	\$39,384,101	\$40,959,465
Growth Rate	0.00%	5.00%	5.00%	4.00%	4.00%
EBITDA	\$2,205,180	\$2,676,099	\$3,188,597	\$3,709,982	\$4,267,976
EBITDA %	6.42%	7.42%	8.42%	9.42%	10.42%
Income Taxes (37% Marginal Rate)	(\$762,539)	(\$934,110)	(\$1,120,932)	(\$1,311,491)	(\$1,515,500)
Capital Expenditures	(\$144,264)	(\$151,477)	(\$159,051)	(\$165,413)	(\$172,030)
Working Capital Change	\$0	\$0	\$0	\$0	\$0
NCF to Invested Capital	\$1,298,377	\$1,590,512	\$1,908,614	\$2,233,079	\$2,580,446



DISCOUNTED CASH FLOW METHOD (INCOME APPROACH)

The Net Cash Flow (NCF) is projected for five years. In the "termination" year after the fifth year, the shareholders theoretically recapitalize the business to total the sale proceeds and five years of operating net cash flow. The terminal value is based on the month after the fifth year's net cash flow which is capitalized using the Capitalization Rate. The DCF Method is the present value of the two cash flows.

Discounted Cash Flow Method (NCF to IC)	Present Value
Discounted Value of Operating Net Cash Flow	\$4,021,040
Discounted Cash Flow of Terminal Value	\$7,927,928
Discounted Cash Flow Method (DCF)	\$11,948,968

CAPITALIZATION OF EARNINGS METHOD (INCOME APPROACH)

The Capitalization of Earnings Method is based on the first year's forecasted Net Cash Flow to Invested Capital which is the NCF available to shareholder's and debt holders. The Capitalization Rate is adjusted for the company's mature growth rate. The Net Cash Flow is divided by the Capitalization Rate which calculates the company's Capitalized Value. The Capitalization of Earnings Method capitalizes one single year of net cash flow which is more applicable to mature companies with stable earnings and less so for growth companies or those with significant variances.

Capitalization of Earnings Method (NCF to IC)	Present Value
First Year of Projected NCF to IC	\$1,298,377
Capitalization Rate	9.46%
Capitalized Method (NCF / Cap Rate)	\$13,719,114

SELLING MULTIPLES (MARKET APPROACH)

The Market Approach applies industry selling multiples of industry peers. Private company's often lack product and management depth, access to capital, increased competitive threats and growth initiatives and other concerns when compared to public or large private companies. This valuation report applies the industry mean which is a broad and accurate number that reflects the industry multiples.

Market Multiples Method	EBITDA	EBIT	NOPAT	SDE	Sales	Gross Profit
Industry Average Selling Multiple	5.70	6	8	2.10	0.56	0
Adjusted Selling Multiple	5.30	5.60	7	2.10	0.56	0
Subject Company Data	\$2,413,814	\$2,271,265	\$1,430,897	\$2,271,265	\$34,348,597	\$5,517,543
Market Multiples Method	\$12,793,214	\$12,719,084	\$10,016,279	\$4,769,657	\$19,235,214	\$0

NET ASSET VALUE METHOD (ASSET APPROACH)

The asset approach reviews the market value of the company's assets and liabilities. The market value of the liabilities is subtracted from the market value of the assets to arrive at the Net Asset Value. If the asset and liabilities have been adjusted, this will be displayed on the next page.

Net Asset Value (before adjustments)	Value
Total Assets	\$6,862,546
Total Liabilities	\$2,062,976
Net Asset Value	\$4,799,570

WEIGHTING OR ALLOCATING VALUE: Valuations are part subjective and relate to the quality of the benefit stream, risk and market conditions. Various methods and calculations have been selected and weighted that best considers the industry and the subject company to yield a reliable measure of the Company's enterprise value. The Fair Market Value (FMV) for 100% of Oak Street Supply's enterprise value is \$12,370,000 (rounded).

Weighting for Enterprise Value	Valuation	Weighting	Applied Value
Discounted Cash Flow Method (Income)	\$11,948,968	50.00%	\$5,974,484
Capitalization of Earnings Method (Income)	\$13,719,114	0.00%	\$0
EBITDA Calculation (Market)	\$12,793,214	50.00%	\$6,396,607
EBIT Calculation (Market)	\$12,719,084	0.00%	\$0
Net Asset Value	\$4,799,570	0.00%	\$0
Enterprise Value for 100% of Company		-	\$12,371,091
Adjusted Enterprise Value		-	\$14,463,190
Equity Value for 100% of Company		-	\$14,082,430

Allocation for Shares	Share Value
Shares Outstanding	100,000
Shares Being Valued (Share Lot)	20,000
Equity Value for 100% of Company	\$14,082,430
Value for Share Lot	\$2,816,486
Value Per Share	140.82

DISCOUNT FOR LACK OF CONTROL (LATEST YEAR)

The Discount for Lack of Control (DLOC) is used for minority shares that can't impact a company's operations or exit strategy. The Mergerstat Review Premium & Discounts reported the financial sector had an average premium of 31.00% in the latest year. The formula of "premium/1+ premium" is used to calculate a 23.66% discount rate.

Discount for Lack of Control	Value
Value Of Share Lot	\$2,816,486
Applied Discount For Lack Of Control	\$666,497
Value After Control Adjustment	\$2,149,989

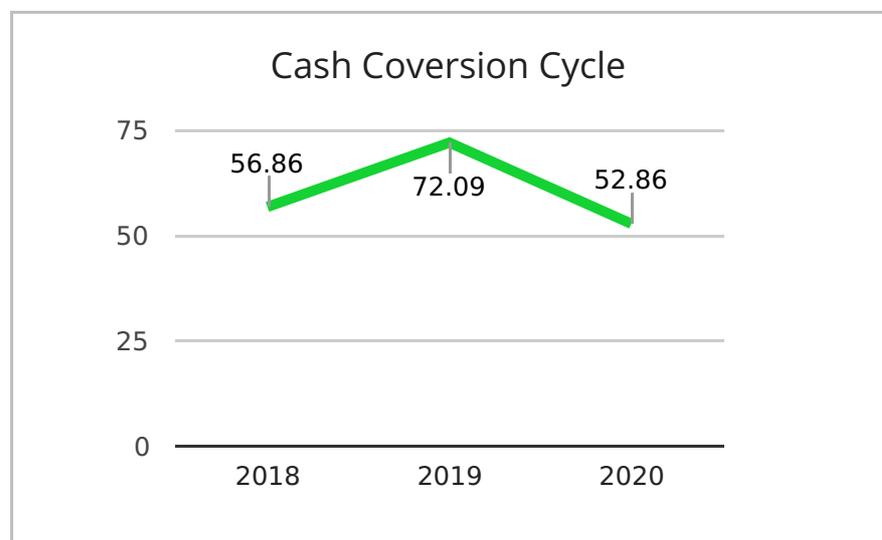
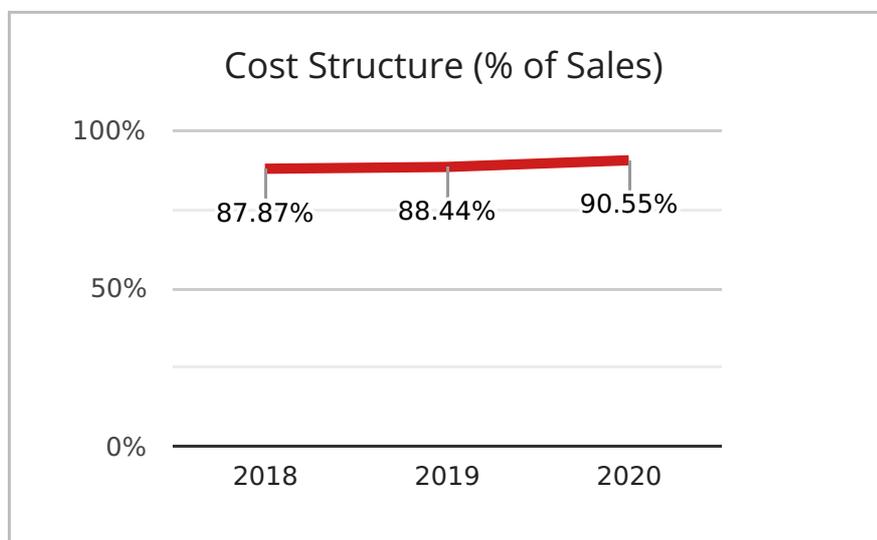
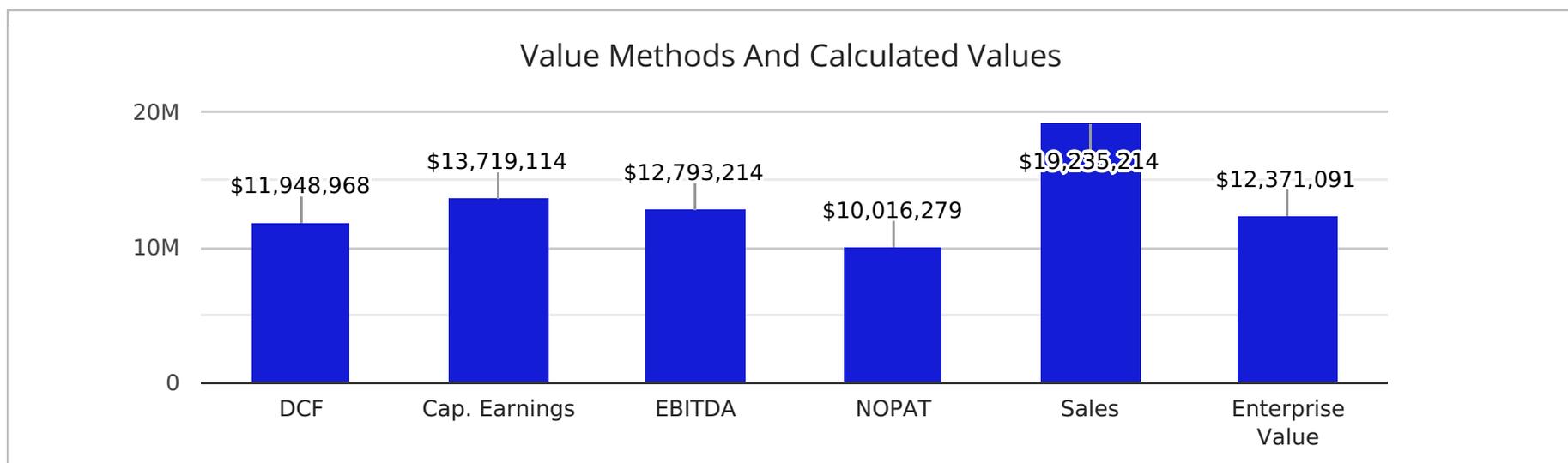
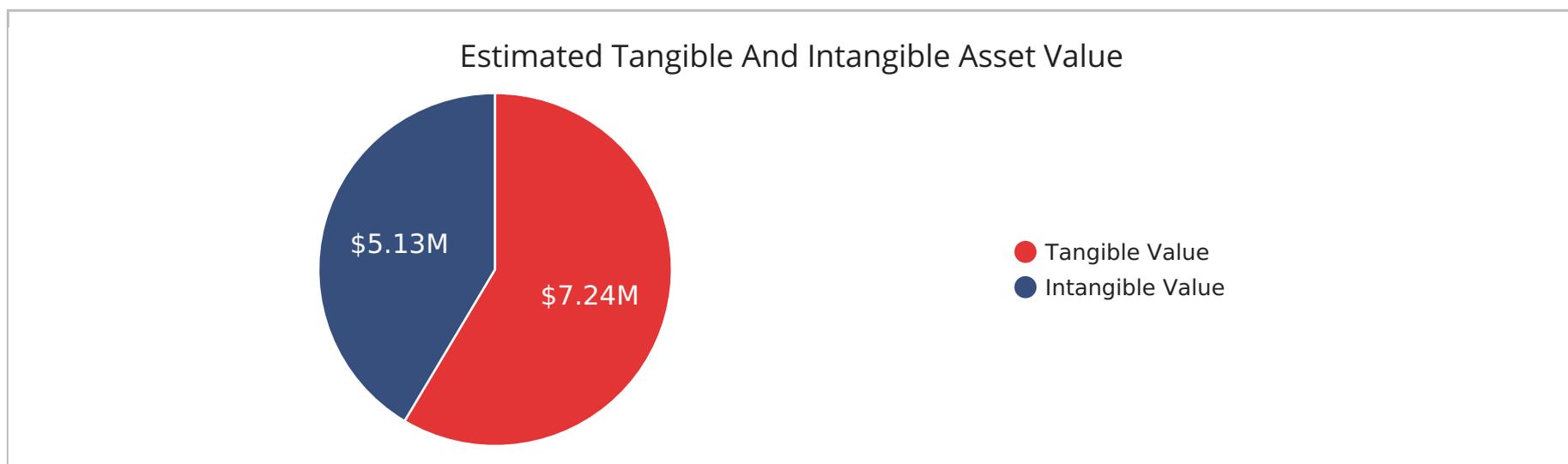
DISCOUNT FOR LACK OF MARKETABILITY

The Discount for Lack of Marketability (DLOM) is used to compensate for the time incurred to liquidate an equity and the risk associated with that holding period that the transaction might not occur or might be delayed. The DLOM applies the Restricted Stock Equivalent Discount (RSED) for smaller blocks of stock and the Private Equity Discount (PED) for lack of liquidity. The Pluris Database reports the RSED of 13.00% and the PED of 0.00%.

Discount For Lack Of Marketability	Value
Restricted Stock Equivalent Discount	13.00%
Private Equity Discount Increment	0.00%
Discount for Lack of Marketability	13.00%
Applied Marketability Discount	\$279,499
Value After Marketability Adjustment	\$1,870,491

VALUATION CONCLUSION

The Company is being valued for 20,000 shares of the Company. The Fair Market Value (enterprise value) of Oak Street Supply is estimated at \$12,370,000 and after any balance sheet adjustments (see balance sheet note) the adjusted value is \$14,463,190. After subtracting term debt if any, the equity value is \$14,080,000. The value is \$140.82 per share. The DLOC was applied in this valuation. The DLOM was also applied in this valuation. The 20,000 shares being valued after applying discounts or adjustments is \$1,870,491, or \$93.52 per share.



INTANGIBLE ASSETS

Intangible assets are goodwill and other assets that are not itemized or listed on the balance sheet. Tangible assets are hard assets or physical assets that are used to produce goods and services. Intangible assets (copyrights, brands, customer list, patents) most likely produce a higher return than the tangible assets. We estimated the value of both assets to put the company value into more perspective.

COST STRUCTURE

Companies build value by reducing their cost structure, improving cash management (cash conversion cycle) and efficiently managing fixed assets if applicable. Efficiencies or optimization increases net cash flow and business value.

CASH CONVERSION CYCLE

The Cash Conversion Cycle (CCC) is the amount of days the company invests cash into the business before it cycles to cash again. The lower the CCC Days (AR Days + Inventory - AP Days) the more the cash flow, which impacts value.

APPRAISER'S INDEPENDENCE

The business appraiser offers an objective and independent opinion of value of a business interest or a business appraiser can act in an advisory function which is not an objective opinion of value. In this valuation, the appraiser is offering an objective and independent opinion of value of the business interest. The appraiser is independent of the client and has no ownership interest, employee benefits or role in the company, is not an officer of the company and has no ongoing role in the future of the company. The consideration paid to an appraiser for the engagement should not be subject to meeting a client's expected concept of value. The appraisal fee for this valuation engagement is not dependent on any expectations of the client.

DANIEL P. O'CONNELL

Dan has been active in the appraisal business for over 20 years. Dan has passed intensive testing with the American Society of Appraisers (ASA) and will be applying for Senior Credentials. Dan has consulted with hundreds of companies in size from \$2 million to \$250 million in size on how to best build equity in the business by using the valuation process. Dan's concept is if business owners understand the components of business valuations, it serves as a great building tool to increase a company's cash flow and enterprise value. Dan meets the Qualified Valuation Expert status the IRS demands.

Dan started Stonebridge, a mergers & acquisitions firm in 1995 has been active in the financial services industry for over 25 years with a strong background in corporate finance, investment banking, financial analysis and business strategies. Dan has been active in the mergers and acquisitions area representing privately-owned businesses with \$5 million to \$100 million in sales as well as representing buyers for strategic acquisitions.

In addition, Dan assisted business owners in recapitalizing their balance sheet and raising growth capital, business reorganizations and buyouts. In the process, Dan was responsible for securing the proper financing for many of the transactions including debt and equity instruments. Dan has worked in the manufacturing, distribution, retail and business services industries. Over the years, Dan has provided hundreds of Fair Market Value business valuations to clients in who wanted market-based valuations.

Dan started Fiscal Advantage, a financial assessment service company for small businesses. Fiscal Advantage offer its Performance Insights program, a year-long practice (delivered quarterly) whose primary goal is to present information and an outside analytical perspective that can be utilized to accelerate financial performance and enterprise value.

ASSOCIATIONS AND EDUCATION

Dan graduated from St. John's University with a major in Business Administration and Management. Dan is a Candidate, American Society of Appraisers (ASA).

Courses ASA Business Valuation 201, Market Approach to Value – Tested out
ASA Business Valuation 202, Income Approach to Value – Tested out
ASA Business Valuation 203, Asset Approach to Value, Discounts and Premiums – Tested out
ASA Business Valuation 204, Advanced Topics in Business Valuation – Tested out
Uniform Standards of Professional Appraisal Practice – Tested out
ASA Principles of Appraisal Code of Ethics – Tested out

ADJUSTMENTS TO THE FINANCIAL STATEMENTS

A valuation reviews the benefits stream (income measure such as EBITDA) where owner discretionary spending is adjusted or added back to earnings to 'restore' the financial statements to a normalized basis. These adjustments can be made on the income statement and would include items such as one-time charges not expected to occur again and any shareholder distributions beyond a normal salary or expenses not pertinent to the day-to-day operations of the business. The balance sheet can also be adjusted to separate non-operating assets from the operating assets. The value of the non-operating assets is added to the fair market value.

BUILD UP METHOD (BUM)

The BUM's purpose is to measure the totality of a company's business risk. The risk measure starts with a risk-free rate which is the expected return on 20 Year Treasury Bills backed by the U.S. government. These risk-free investments generally offer a low risk and therefore lower rates of return. A company does not have the backing of the U.S. government and as an equity risk, the risk is higher than the T Bill. This Equity Risk is the risk of the equity investment beyond that of the risk-free rate. The Company Specific Risk Premium considers the non-diversified risk or the fact that this risk can't be diversified or spread over several companies or industries. In this valuation, we are including a size risk premium due to the subject company being smaller than the Guideline Public Companies used in the comparisons.

CAPITALIZATION METHOD

The Capitalization Method converts a company's benefit stream to a present value of the business. The Capitalization Method can use alternative measures such as Cash Flow to Equity or Cash Flow to Invested Capital. The formula is Benefit stream / Cap Rate.

CAPITALIZATION RATE

The Capitalization Rate is a percentage number calculated by deducting a company's growth rate from the Discount Rate. The Capitalization Rate is used to convert a company's single period benefits (income stream) to a capitalized value of a business.

DISCOUNTED CASH FLOW METHOD

Discounted Cash Flow (DCF) is the present value of future income streams. The DCF Method calculates the present value of a company's benefits stream (cash flow) and termination value, to present value of the business value. DCF utilizes the discount rate in the calculation.

DISCOUNT RATE

The Discount Rate is the risk rate used in a valuation to convert multiple periods of future benefits (income stream) to a capitalization value (present value). The discount rate utilizes the weighted average cost of capital (WACC) debt and equity participants would require given the risk of the future income stream of a business. The smaller the discount rate, the larger the business value.

EXCESS WORKING CAPITAL

When companies sell, buyers expect sellers to deliver the appropriate working capital at the closing, that is consistent with the industry or the needed liquidity to maintain the business. This working capital variance can be positive (cash back to seller) or negative (credit to buyer). If working capital is insufficient, buyers will consider the variance as purchase price which means a reduction in value.

GUIDELINE PUBLIC COMPANIES METHOD

The Market Approach uses selling multiples from Guideline Public companies where stock is traded daily. Accessing private data on company transactions can be difficult and spotty. Publicly traded companies are typically larger than private companies, are better capitalized, have more transparency, and are openly traded. Therefore, publicly traded company multiples are normally discounted by 30% due to size and liquidity. Public companies traded in volume presents a strong valuation model.

NET CASH FLOW TO INVESTED CAPITAL

The Net Cash Flow (NCF) to Invested Capital is a widely used measure in determining the cash flow that is available to debt holders and shareholders. The NCF begins with the earnings before interest, taxes, depreciation and amortization or EBITDA. Interest is added back to reflect a debt free company (no debt, no interest paid). Because taxes will be paid and capital expenditures may be needed, these costs are subtracted from the EBITDA numbers. This net cash flow is used in the Discounted Cash Flow and Capitalization of Earnings Method.

WEIGHTING THE METHODS OF VALUE

Some valuation methods might better reflect value for a specific company. Experts select which methods best fits with the subject company being appraised to arrive at the Fair Market Value. A weighted average best suits most companies for a market-based appraisal. This valuation weights up to five different methods to arrive at Fair market Value.

WEIGHTED AVERAGE COST OF CAPITAL (WACC)

The weighted average cost of capital is the rate of a company's funding (debt and equity). WACC is the amount the debt and equity holders expect to receive and is the minimum return that is normally required by a company. If a company's ROIC is greater than the WACC, value is being created. If less, value is being diminished.

MARKET VALUE OF EQUITY (MVE)

The Market Value of Equity (MVE) is based on the income stream of a business including interest on debt and principle amounts. By deducting the interest payment from the Net Cash Flow and considering the change in the debt (principle), the company is valuing its equity. The Net Cash Flow to MVE is the cash available to the shareholders as the debt holders has been paid.

MARKET VALUE OF INVESTED CAPITAL (MVIC)

The Market Value of Invested Capital (MVIC) is based on the income stream of a business and does not include interest on debt or any principle amounts. By not deducting any interest payment from the Net Cash Flow and not considering the change in the debt (principle), the company is valuing the business based on the enterprise value of debt and equity. The Net Cash Flow to MVIC is the cash available to the shareholders and the debt holders.

SCOPE OF APPRAISAL

The scope of the appraisal defines the comprehensiveness of the process, the extent of the procedures used, and the detail of information collected and analyzed. The valuation scope ranges between a limited and a comprehensive valuation. A 'Calculated Value' such as this valuation, is a limited valuation. A calculated valuation provides an approximate indication of enterprise value or range of value based on limited procedures and information deemed to be relevant. The information collected is deemed to be accurate as presented by company management.

STANDARD OF VALUE

The standard of value refers to the type of value to be assessed. There are four types of values: Fair Market Value, Fair Value, Investment Value and Intrinsic Value. The Fair Market Value is the most common standard and is the value an asset would expect to sell for on the open market given broad assumptions. The Fair Value deals mostly with a fair value for legal purposes, and not the market or economic value. The Investment Value is based on what an asset would sell for given a specific buyer which is opportunistic in nature and is considered strategic. The Intrinsic Value considers all factors any prudent investor would see in the inherent value of a business and does not consider any extreme aspects of market conditions or behaviors.

GOODWILL (INTANGIBLE ASSETS)

Goodwill is the portion of the business value beyond the value of the identifiable tangible assets and identifiable intangible assets of the business. Goodwill is an intangible asset and is usually the result of an acquisition or purchase.

ENGAGEMENT'S LIMITING CONDITIONS

1. This valuation is only valid for the stated purpose and as of the date listed in the Appraisal Assignment.
2. This valuation was performed with information from the Company and/or the Client. This information may include financials, ownership positions, business conditions, forecasted assumptions and other data and has been excepted and deemed to be accurate, but has not been verified. Stonebridge and the appraiser make no representations or warranties to the accuracy of this information.
3. This valuation relied upon industry information and has been accepted but not validated, but deemed accurate. Stonebridge makes no representations on the accuracy of this content.
4. Forecasted numbers are reliant on historical data and the Company or Clients vision and assumptions going forward. Because actual results can be different from forecasted results, sometimes significant variances can occur.
5. Forecasted numbers and the valuation conclusion both are predicated on continuous management execution and expertise and the company continuing to operate in such a manner as to not diminish the operations which may impact value. Because assumptions are based on client assumptions and Stonebridge has not performed an audit of the company or its financials, Stonebridge does not make any representations or warranties to the valuation conclusion as the forecast can differ from actual performance.
6. This valuation does not offer or imply any investment or accounting advice in any way. The value in this report is the product of both Company or Client information that was used in the valuation process to determine value. This report is only to be used by the intended user (the client) and only for the purpose listed in the Appraisal Assignment.
7. Any future work product where the client is in need of additional work (testifying or providing more information) will be determined in a separate agreement between the client and Stonebridge.
8. Stonebridge is not obligated to perform any future services that deal with any subject matter in this report including testimony or attendance in court, or conference calls or meetings of any type unless a separate agreement is made between the parties. Any separate agreement must agree on the services and pricing required.
9. Stonebridge is not responsible for any environmental conditions or governmental laws, codes or rulings in any event that relate to the subject company, its shareholders or client's diminished value in the asset being appraised. Stonebridge has not conducted any compliance, analysis or review on property or general company compliance with any governmental organizations or authorities and Stonebridge makes no representations or warranties on these conditions.
10. Stonebridge recommends that the client further investigate or contact specific professionals who can provide guidance on any governmental, environmental, legal, operational or financial matters that may impact value.
11. No changes to this report can be made. Only Stonebridge is allowed to make changes.
12. This report does not present a fairness opinion as to an actual value for a proposed transaction, a solvency opinion or an investment opinion unless expressly stated in the Appraisal Assignment. Values of exchanged assets may be significantly different from the appraisal value on a specific date and between specific parties.

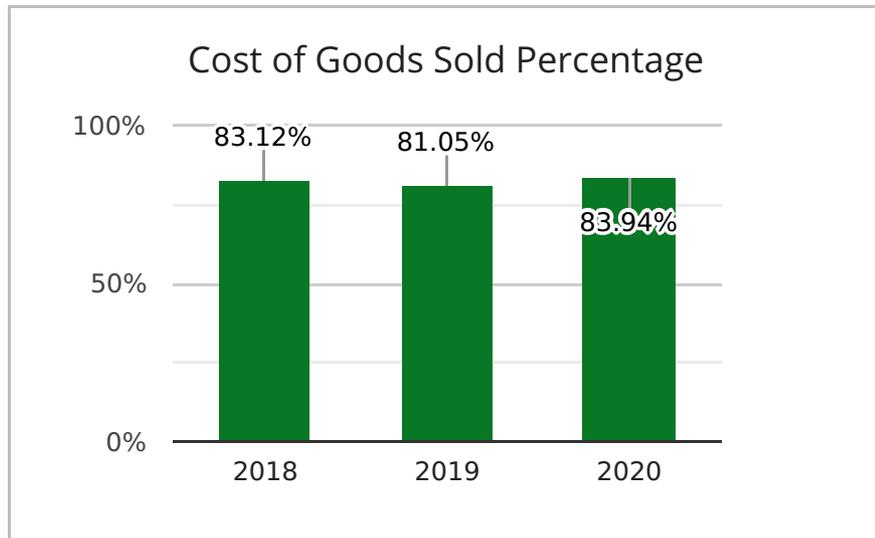
SUPPLEMENT

Business valuations report the enterprise value using the traditional Asset, Market and Income Approach to value. The following financial analytics in the Supplement to the appraisal can be useful to better understand what is impacting value and where operational changes might be made and how specific changes might influence future cash flow and enterprise value.

The analysis reviews the cost structure of the business, productivity, liquidity, cash generation and cash consumption, forecasted cash needs, borrowing capacity and the risk rating.

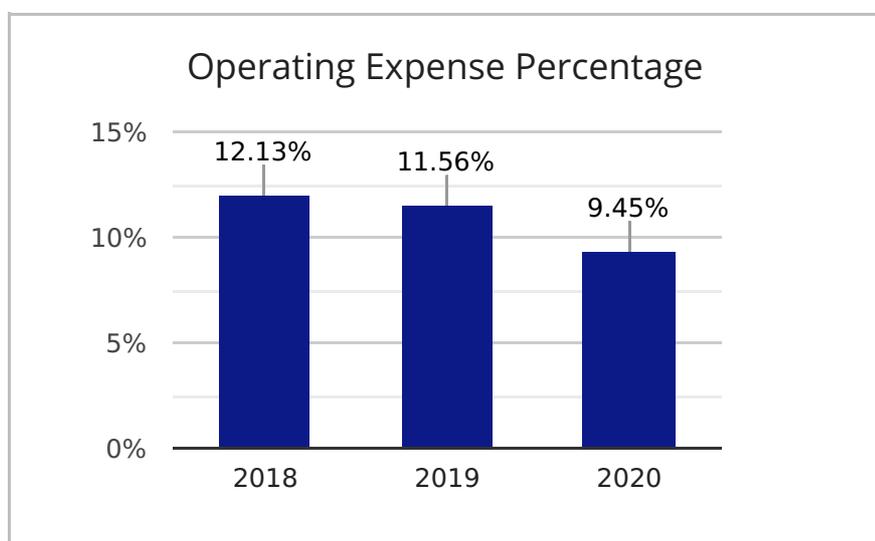
COST CONTROLS & PRODUCTIVITY

Valuations look backwards (Market Approach) and forward (Income Approach). The latest year is usually the most critical in the market approach where the income stream is multiplied by the Company's peer multiple. As such, cost controls and productivity become important value drivers in a valuation. This next section will discuss expenses, productivity and operating income. As company's execute, this impacts cash flow, enterprise value and the company's ability to secure capital.



COGS TO SALES %

Last year COGS increased 11.16% as sales grew 7.33%. COGS was trending above the average ratio of 82.57%, acting like a sales decrease. Optimal COGS results in improved inventory levels with reasonably good sales volume and increased business value due to higher margins, retained earnings, and increased liquidity (less liabilities and interest cost). Optimal COGS impacts "bankability" ratios such as Debt Service Coverage, Debt to Equity and Interest Coverage Ratios. These factors impact cash flow and business value.



OPERATING EXPENSE %

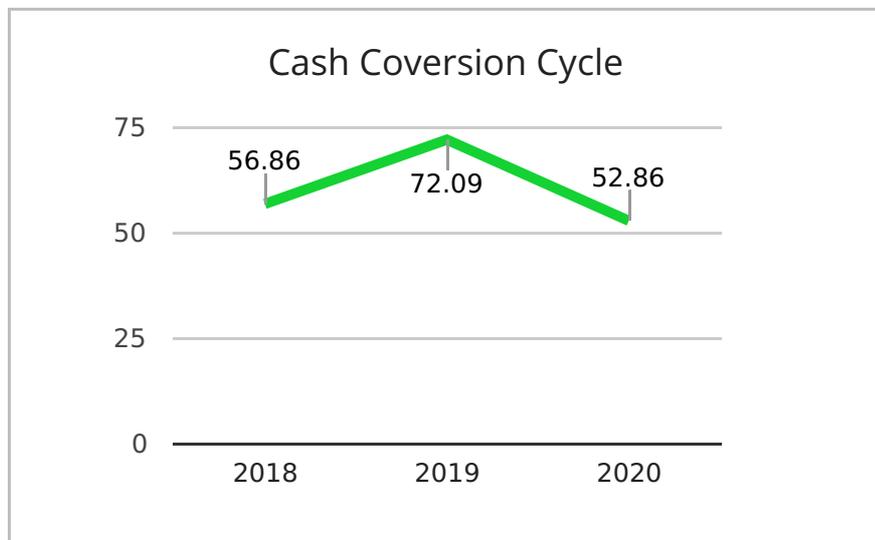
Last year Operating Expenses decreased (12.25%) as sales grew 7.33%. Operating expenses were trending below the average ratio of 11.55%, which increases margins and profit dollar for dollar. Optimal expenses are influenced by variable and fixed costs, employee productivity and sales quality. Good expense management leads to higher retained earnings or greater liquidity (less liabilities and interest cost), both which leads to improved business value and "bankability" (meeting loan covenants).



SALES PRODUCTIVITY

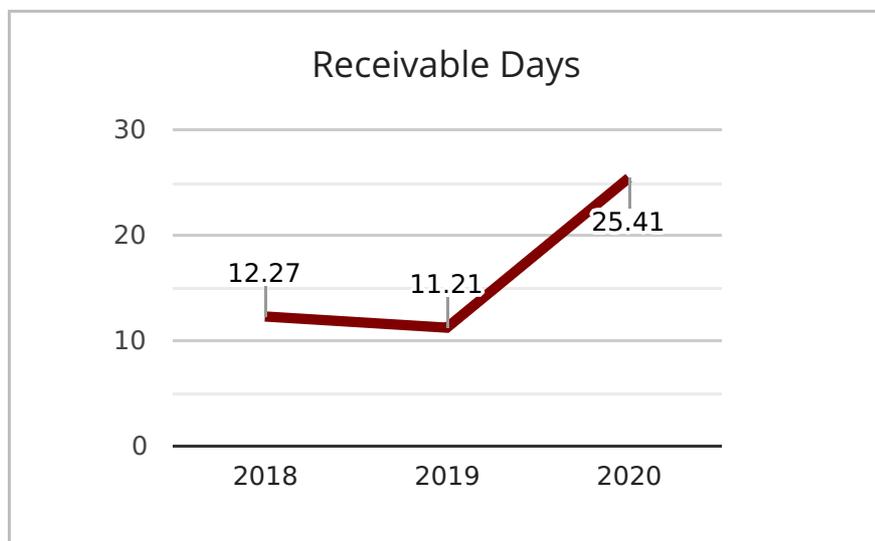
Normally more wealth is created by the intangible assets than the tangible assets. Often the employees impact value the most and are critical company intangible assets. Last year productivity improved as sales were \$26.92 for each dollar of wages compared to \$16 the previous year.

Last year the operating income to wages was \$1.78, a 50.52% increase over the previous year which was \$1.18.



CASH CONVERSION CYCLE DAYS

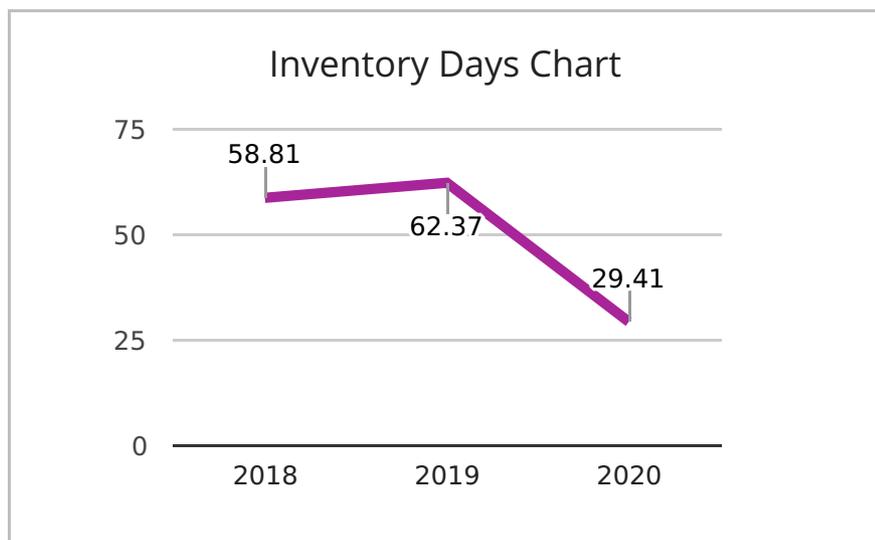
Receivables, Inventory and Payables finance sales. Often a revolver credit line that is secured with company assets is used to make up for shortfalls. The Cash Conversion Cycle (CCC) is the amount of time cash is invested in the business before being converted back to cash. The CCC is calculated as AR Days + Inventory Days - Payable Days. The cash cycle impacts a company's asset management and cash flow which is most important for growing companies or seasonal parts of the year.



ACCOUNTS RECEIVABLE DAYS

AR Days varied between 11.21 and 25.41 Days and was 25.41 Days last year. Faster collection periods offer greater sales opportunities, profits, and retained earnings and lower liabilities and borrowing cost.

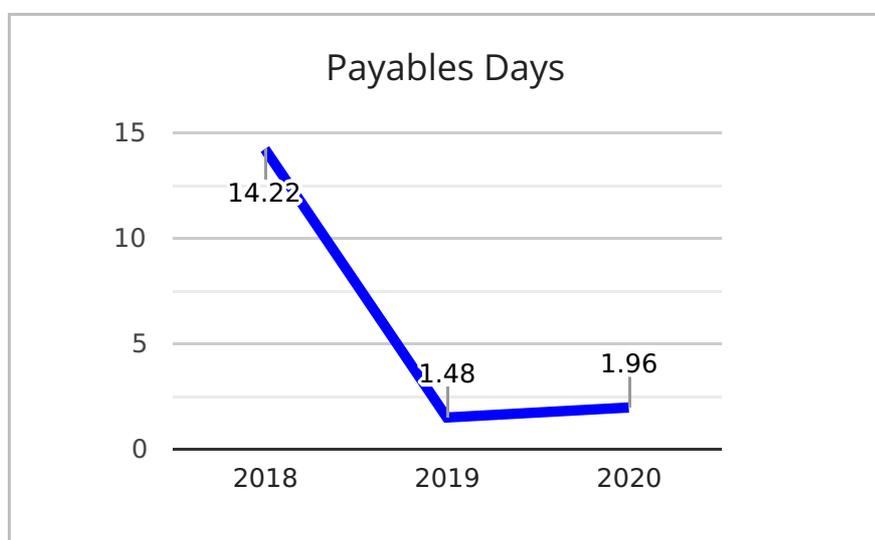
Last year receivables were \$2,391,081 which was 34.84% of sales. Receivables ranged from 11.84% to 34.84% of sales. Last year there were \$1,336,522 of over-funded receivables compared to the optimal year.



INVENTORY DAYS

Inventory is an asset; however it can act like a liability and increase expenses. Excess inventory can increase storage and handling costs, space requirements, obsolescence risk and liquidation cost. After adding these costs and the 15.84% Cost of Equity, the excessive inventory cost can surpass 25% or more.

This however is not the case as the Company had it's lowest inventory days last year of 29.41 Days.



ACCOUNTS PAYABLE DAYS

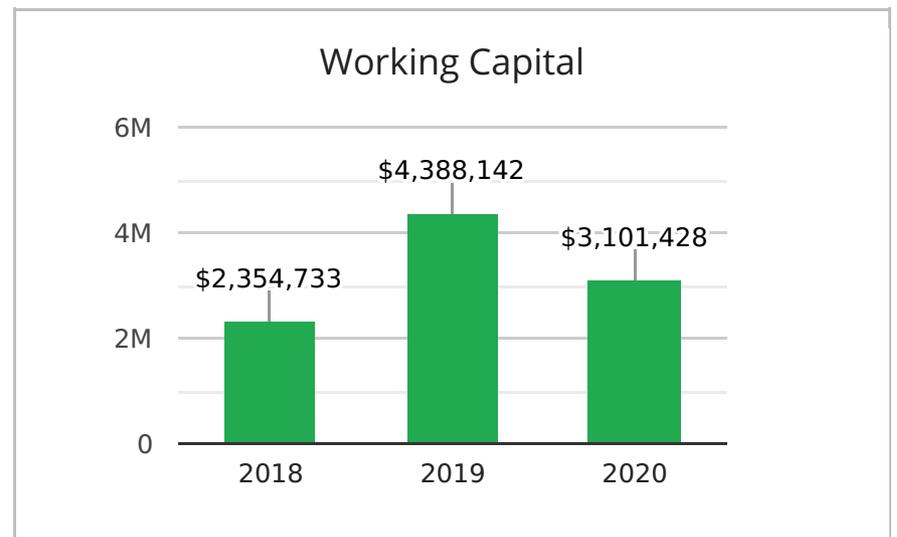
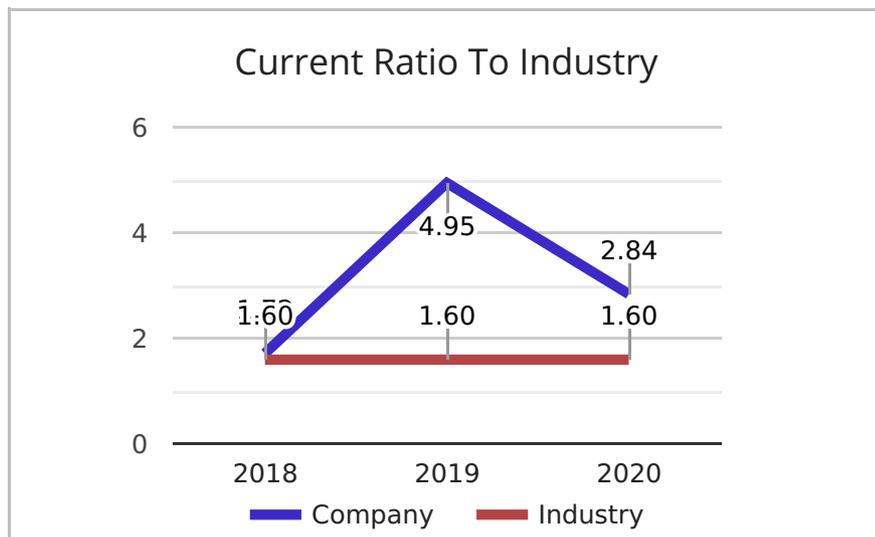
Over the past years AP Days has varied between 1.48 and 14.22 Days. Last year the Company had 1.96 Days. While the longer the payables are extended the more it improves cash flow, it is always a balance between using good credit and not giving the vendor stress.

In this case the Company's latest AP Days has higher credit compared to prior years.

SHORT-TERM LIQUIDITY TRENDS

A company's liquidity directly impacts their ability to finance day-to-day operations. Without liquidity a company can't pay its bills in a timely manner, plan and invest for the future. A business valuation reviews liquidity and the Current Ratio (current assets divided by current liabilities). In the first chart the industry Current Ratio is compared to the Company's Current Ratio. In the past period, the Company had greater short-term liquidity than the industry's 1.20 Current Ratio.

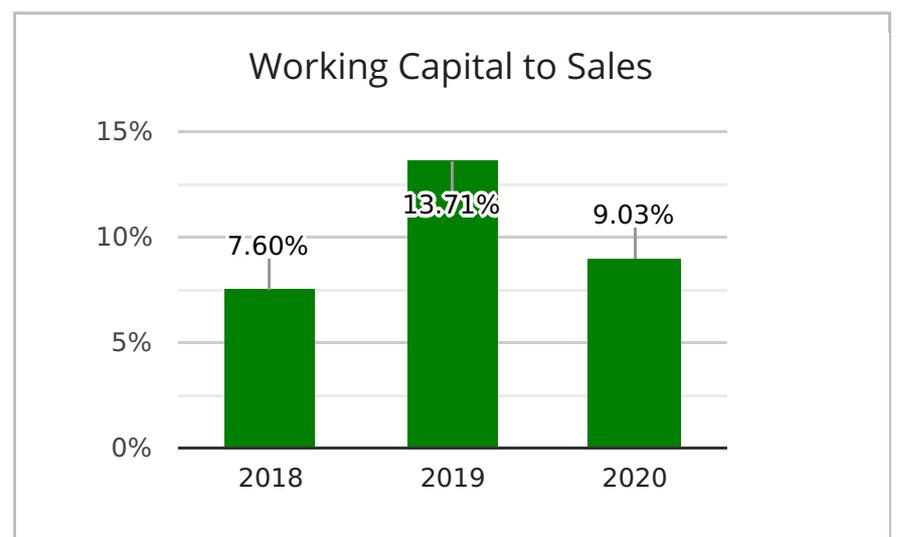
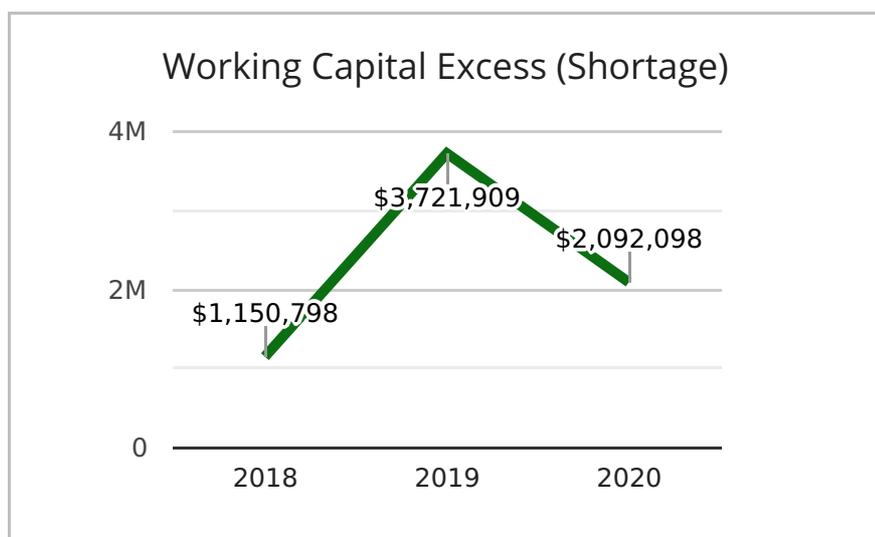
The second chart documents the Company's Working Capital versus the Industry's Working Capital. Long term, working capital needs to fund sales in order for a company to remain viable. The Company's working capital surplus improves their ability to pay debts and invest for the future. The working capital surplus was \$2,092,098 which should allow for less business risk.



WORKING CAPITAL EXCESS & TRENDS

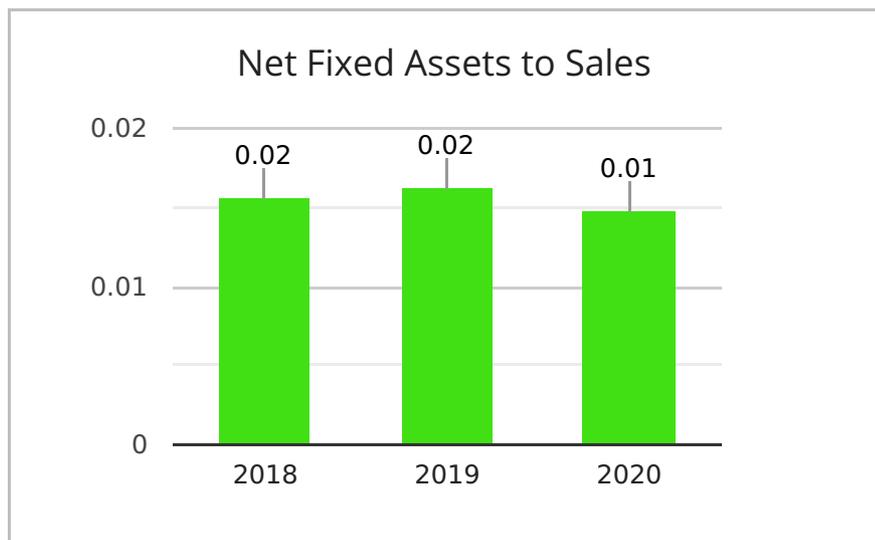
The first chart shows the working capital excess or shortage when comparing the Company's position to that of the industry.

In the second graph the consistency of working capital to sales is noted. A Company should use its working capital efficiently. It is always best to compare your company to the industry as industry capital needs change from industry to industry. The working capital to sales ratio is helpful when forecasting a company's cash needs for the seasonality in a business, for growth initiatives and for general cash management purposes.



CAPITAL INVESTMENT TRENDS

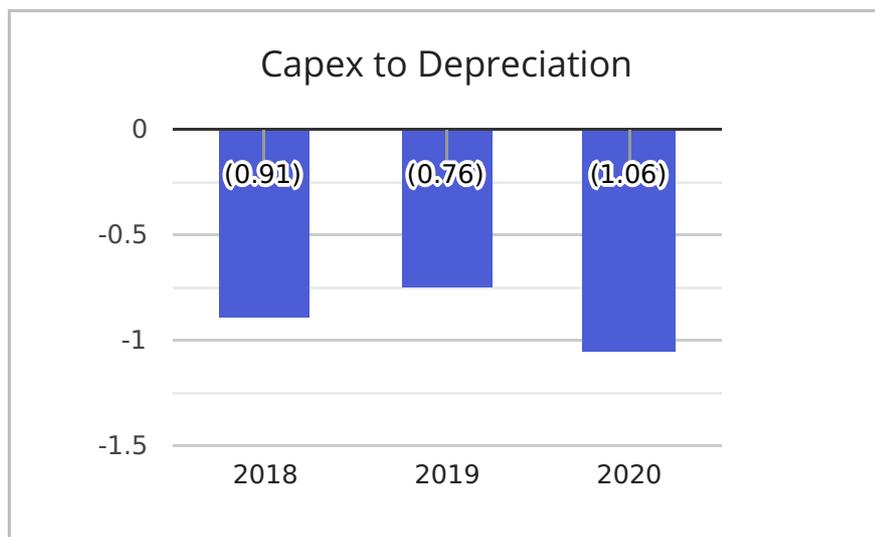
While Capital Expenditures (capex) does not directly impact the income statement, capex is normally critical to support sales. Capital spending is to maintain present sales and investment or growth capex is to grow revenues. Detailed capex planning is needed to support the infrastructure to support the expected sales volumes. Important consideration must be given to the impact capex investments will have on future cash or borrowing needs. Excessive capex spending may limit future investment such as growth capital, inventory purchases, new product development or other items and not investing might also impact future cash flow.



FIXED ASSETS TO SALES

The Net Fixed Assets (NFA) varied between 0.01 and 0.02 of sales. Companies hope to generate as much sales as possible from the fixed assets. For every dollar of capital expenditures last year, the Company had \$(226.87) of sales. The previous year, the Company had \$(291.54) of sales for each dollar of capital expenditures.

Investment in fixed assets is critical to both maintain sales and develop new sales. Fixed Assets drive value in asset intensive industries.



CAPITAL SPENDING TO DEPRECIATION

Usually there is a long term relationship between capital investment and depreciation. Long-term capital spending needs to outpace depreciation or the assets are not being replenished and future sales will be impacted. A 'rule of thumb' in most industries is for every \$1.00 of depreciation, capex should be \$1.20, depending on the industry and capital budgets. Last year the capex to depreciation was (1.06) and (0.76) the prior year. This means for every dollar of depreciation last year capex was \$(1.06) and \$(1.06) the year before.

CASH FLOW MANAGEMENT

Managing the Company's cash position deals with how the Primary and Secondary Cash Drivers are managed. The Primary Cash Drivers are Sales, Cost of Goods Sold and Operating Expenses. The Secondary Cash Drivers are Receivables, Inventory, Payables and Capital Investment. All companies could have up to seven cash drivers but not every company will have all of them (dependent on their industry). This cash management concept is to measure the best cash flow (per driver) the Company had performed in the past against the latest year of performance and determine whether the variance is positive (creating more cash flow) or negative (consuming more cash). Creating or consuming cash flow impacts the business valuation.

The Primary Cash Drivers are such because they typically contribute most of the cash. If a company's primary cash drivers are consuming too much cash, this uncollected cash can never be recovered, This is why cash analysis is critical for companies to monitor frequently. As the Primary Cash Drivers chart below shows, last year the sales were \$34,348,597 with with a 7.33% growth rate. The Cost of Goods Sold last year was \$28,831,054 which was 83.94% COGS to Sales. The lowest COGS to Sales percentage achieved in the past (best) was 81.05%. Compared to the optimal COGS to Sales percentage, the Company left (\$992,196) in the cost structure of the business. The Operating Expenses last year were \$3,246,278 which was 9.45% Operating Expenses to Sales. The lowest (best) the Company had achieved was 9.45%, so the cash left in the cost structure of the business was \$0. In total, the Primary Cash Drivers consumed (\$992,196) more cash last year assuming normal operations.

The Secondary Cash Drivers are such because they support sales and typically contribute less cash to the business than the Primary Drivers. If excessive cash is tied up in the Secondary Cash Drivers, they can be extracted with improved management. The lowest (best) Accounts Receivables Days (AR Days) were 11.21 days which was the Company's best, and last year the AR Days was 25.41 days. The Company consumed (\$1,336,522) more cash due to it's receivables management. Continue with the inventory and payables to the extent the Company has them. The Capital Expenditure analysis is different as investment is usually based on specific needs and opportunities and the investment can vary significantly. For this reason we use a Capital Expenditure average versus the lowest percentage of capex to sales. In total, the Secondary Cash Drivers consumed (\$2,082,369) more cash last year assuming normal operations.

CASH GENERATION AND CONSUMPTION CONCLUSION: The total cash consumption for all the cash drivers was (\$3,074,564). If this was expected, great. If not it is best to review what is driving the variances and make changes.

Primary Cash Drivers	Last Year	Company Best %	Last Year %	Cash Variance
Sales (last year & growth rate)	\$34,348,597	-	7.33%	-
Cost Of Goods Sold (last year & % of sales)	\$28,831,054	81.05%	83.94%	(\$992,196)
Operating Expenses (last year & % of sales)	\$3,246,278	9.45%	9.45%	\$0
Total Cash Drivers (> is better)	-	90.50%	93.39%	(\$992,196)

Secondary Cash Drivers	Last Year	Company Best	Last Year	Cash Variance
Receivables Days (last year AR & variance)	\$2,391,081	11.21	25.41	(\$1,336,522)
Inventory Days (last year invt & variance)	\$2,323,167	29.41	29.41	\$173,238
Payable Days (last year & variance)	\$154,704	14.22	1.96	(\$968,187)
Capital Expenditures (last year, average & variance)	(\$8,853)	0.12%	(0.03%)	\$49,103
Total Cash Drivers & Variance	-	-	-	(\$2,082,369)

Total Cash Generated (Consumed)	Total Variances
Total Cash Consumed (from optimal)	(\$3,074,564)

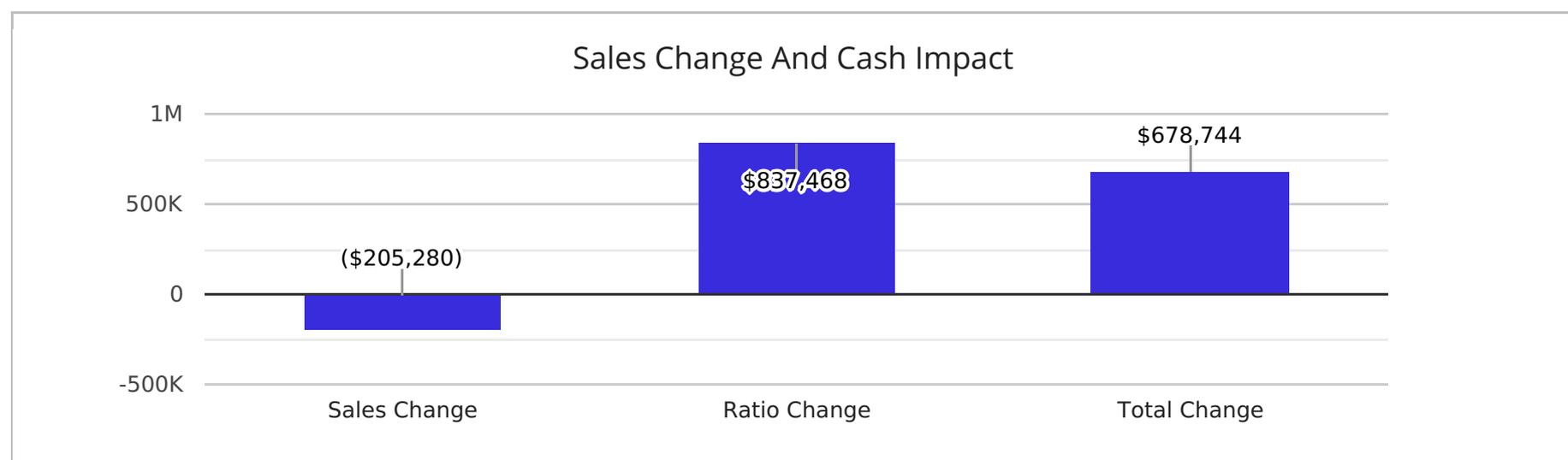
CASH IMPACT FROM ANNUAL SALES CHANGE

The Cash Drivers reflect a company's ability to produce cash from its operations to grow the business, reduce debt or distribute cash to the shareholders. The **Sales Change Impact on Cash Drivers** is divided into two segments. First is the cash generated and consumed just because the sales increased or decreased. The second part deals with the cash generated or consumed due to ratio changes (management).

Last year sales grew 7.33% with a \$2,347,225 change in sales. Due to this change in sales the Cost of Goods Sold decreased cash by (\$1,902,379). The sales change consumed cash operating expenses (\$260,711), receivables consumed (\$72,064), inventory consumed (\$325,086), payables generated \$7,735, with a total cash drain from the sales change of (\$205,280).

The second part of the table reports how the sales change was impacted by the ratio changes or management execution. The COGS ratio change from 81.05% to 83.94% consumed cash of (\$992,196). The cash operating expense change from 11.56% to 9.45% generated cash of \$724,406, receivables changed from 11.21 days to 25.41 days which consumed (\$1,336,522), inventory changed from 62.37 days to 29.41 days which generated \$2,434,045, payables changed from 1.48 days to 1.96 days which generated \$41,518, with a total cash contribution from ratio changes of \$837,468. The total sales change of \$2,347,225 impacted cash after capital expenditures (if any) by \$678,744. The Cash Drivers are the cash engine of every business.

Sales Change Impact on Cash Drivers		2020
CASH FLOW DUE TO SALES CHANGE		
Sales Change		\$2,347,225
Cost of Goods Sold Impact from Sales Change		(\$1,902,379)
Gross Profit Impact from Sales Change		\$444,846
Operating Cash Expense Impact from Sales Change		(\$260,711)
Receivables Impact from Sales Change		(\$72,064)
Inventory Impact from Sales Change		(\$325,086)
Payables Impact from Sales Change		\$7,735
Cash Impact from Sales Change		(\$205,280)
CASH FLOW DUE TO RATIO CHANGE (Management)		
Cost Of Goods Sold from Ratio Change		(\$992,196)
Operating Cash Expense Impact from Ratio Change		\$724,406
Receivables Impact from Change in AR Days		(\$1,336,522)
Inventory Impact from Change in Inventory Days		\$2,434,045
Payables Impact from Change in AP Days		\$41,518
Cash Impact from Ratio Change (Management)		\$837,468
Total Cash Impact on Business Operations		\$632,188
Change In Capital Expenditures		\$46,556
Total Change After All Cash Drivers		\$678,744



NEAR TERM CASH (NTC)

Near term cash (NTC) is defined as cash and marketable securities, plus accounts receivable less accounts payable. The Near-Term Cash Days are the days of available 'cash' to cover operating expenses. NTC does not cover a variety of other accounts in current assets and current liabilities and is more of a pure liquidity measure. Days of cash becomes more important when starting a new business or product line, or if a company is at the high cash demand point of a seasonal business or is in a significant business transition.

In the table below, the Company's Near Term Cash Days on Hands was 266.20 Days last year. The Company's operating income is greater than the industry and the Company typically has an easier time resupplying its cash.

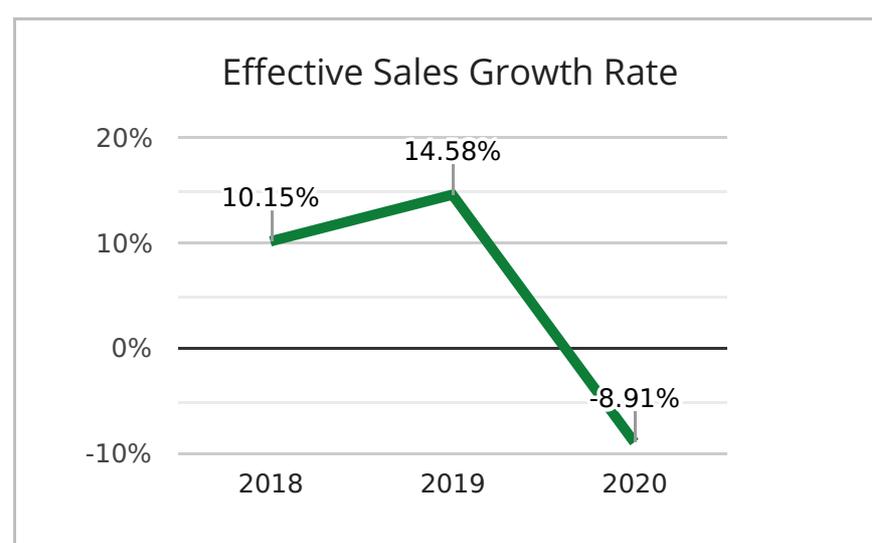
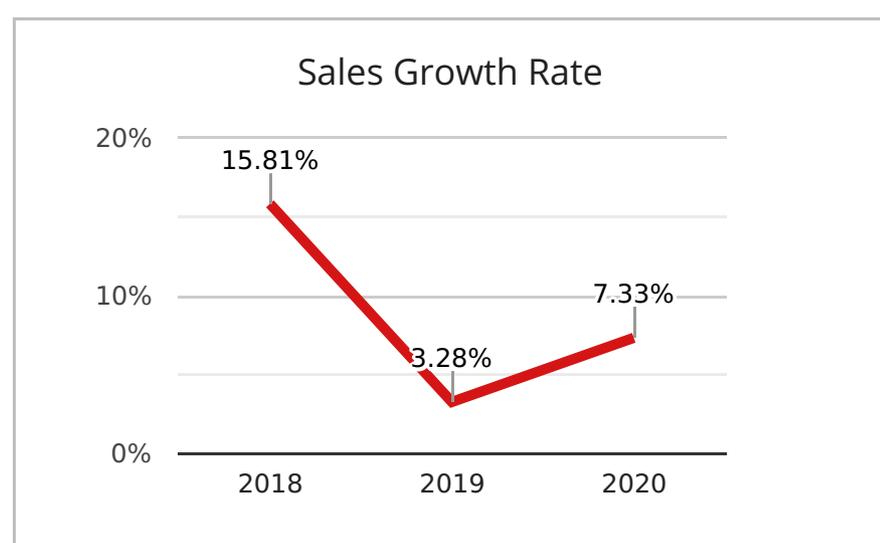
Near Term Cash	2016	2017	2018	2019	2020
Near Term Cash Days					
Cash & Marketable Securities	\$6,512	\$45,895	\$1,683	\$34,367	\$27,243
Receivables	\$919,229	\$839,449	\$1,041,458	\$982,495	\$2,391,081
Payables	(\$469,949)	(\$658,119)	(\$1,003,148)	(\$105,451)	(\$154,704)
Near Term Cash	\$455,792	\$227,225	\$39,993	\$911,411	\$2,263,620
NTC Days on Hand	53.18	26.12	4.03	93.59	266.20

SALES AND IT'S IMPACT

A company's sales are impacted by annual sales growth, sales quality, product pricing, annual price increases, product mix, cash management (financing the sales through receivables, inventory, investment and payables) and the Company's cost structure. Sales quality impacts a company's financial health and the risk level which in turn increases or decreases the Discount Rate utilized in the valuation. A review of the real sale growth rate might add perspective to the sales quality.

THE EFFECTIVE SALES GROWTH RATE

The largest cash driver is sales. A review of the sales quality begins by determining the effective sales growth rate. The Effective Sales Growth Rate factors in any change in the Cost of Goods Sold and an inflation-based number. If the COGS as a percentage of Sales increases this acts as a price decrease which generates less cash. When the COGS as a percentage of Sales decreases this acts as a price increase which generates more cash. In this case, last year the sales growth rate was 7.33% and the effective sales growth rate was (9.41%), which reduced the cash flow from sales.

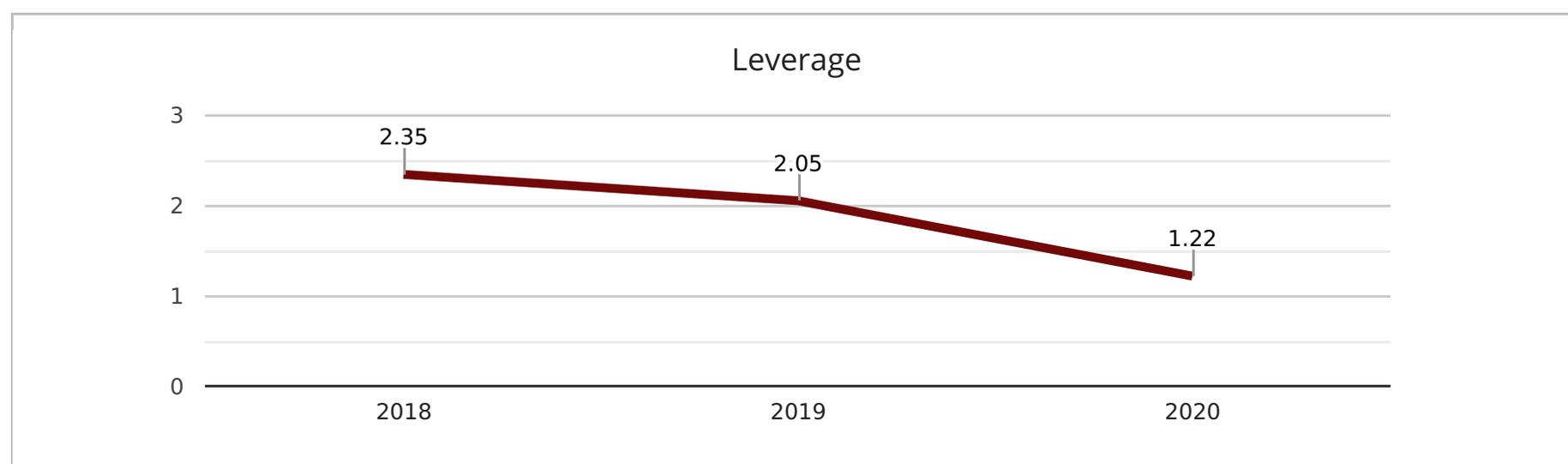
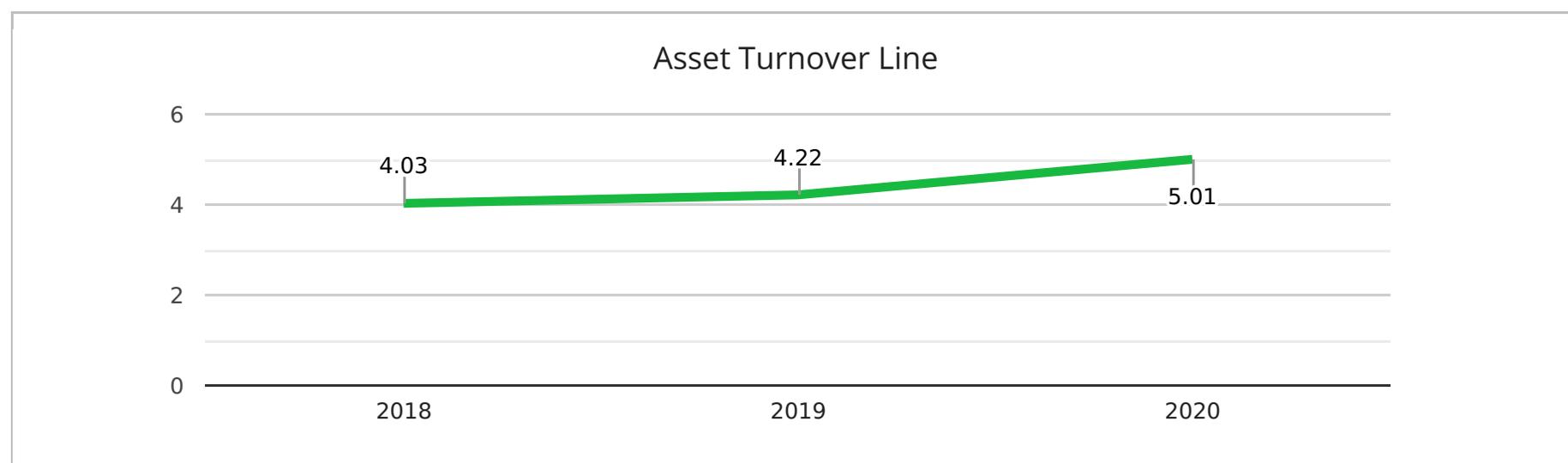
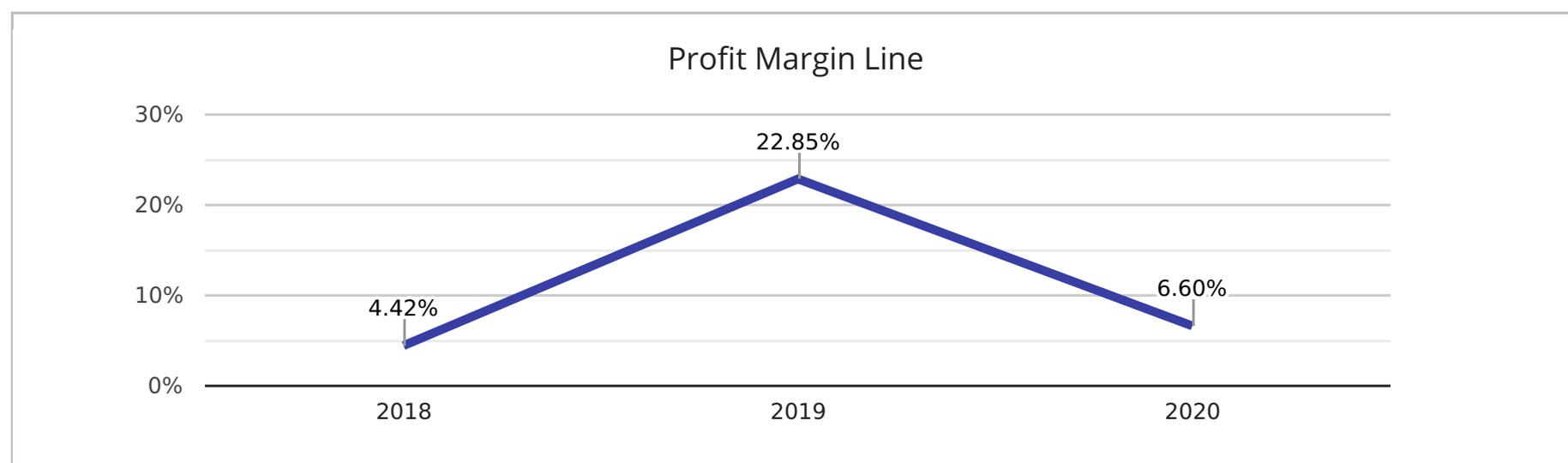


Effective Sales Growth Rate	2016	2017	2018	2019	2020
Revenue Growth Rate		0.66%	15.81%	3.28%	7.33%
Gross Profit Margin Growth Rate		0.93%	(4.66%)	12.30%	(15.24%)
Inflation		(1.50%)	(1.50%)	(1.50%)	(1.50%)
Effective Sales Growth Rate		0.10%	9.65%	14.08%	(9.41%)

THE DUPONT FORMULA

The DuPont Formula reviews the underlying metrics of business performance which results in the Return on Assets (ROA) and the Return on Equity (ROE). The ROA (profit/assets) measures how well a company manages its assets in relation to profit while the ROE (profit/equity) measures the shareholder return on their equity. The charts below multiply the profit margin by the asset turnover to arrive at the ROA. The ROA is about expense management and extracting as much sales from the assets. The lower the expenses the higher the profit margin and the higher the asset turnover which increases the ROA.

The ROA multiplied by a company's leverage (total assets/average equity) equals the ROE. Leverage impacts the ROE. To summarize, a company's performance consist of expense controls, asset utilization and leverage The 6.60% net profit margin times the 5.01 asset turnover equals a 33.02% ROA (see ratio analysis page). Multiplying the 33.02% ROA by the 1.22 leverage equals a 40.32% ROE. As the profit margin, asset turnover or leverage lines trends up, that improves the returns and a decline reduces the returns.



FORECASTED SURPLUS, LOAN CAPACITY & COVERAGE RATIOS

It is important to plan on a company's future sales, margins, cash needs, bankability and loan coverages. The **Forecasted Cash Surplus (Needs)** table reviews the cash flows and whether the company has a cash surplus or a cash need. If there is a cash need, new capital needs to be raised. The **Collateral Loan Capacity** table reviews the revolving credit (short-term loan) and the term loan (long-term loan) capacity based on standard asset percentages. Lenders look at coverage ratios which will be used in the loan covenants. The trends are important to notice to see how leverage may be changing year to year. Successful companies continually track performance and make operating changes when needed to optimize cash flow. When reviewing the **Enterprise Value Growth**, the percentage trend is more important than the estimated value which is based on the current EBITDA selling multiple.

Forecasted Cash Surplus (Needs)	2021	2022	2023	2024	2025
Sales	\$34,348,597	\$36,066,027	\$37,869,328	\$39,384,101	\$40,959,465
Cost of Goods Sold	\$28,852,821	\$30,295,463	\$31,810,236	\$33,082,645	\$34,405,951
Gross Profit	\$5,495,776	\$5,770,564	\$6,059,093	\$6,301,456	\$6,553,514
Operating Expenses	\$3,434,860	\$3,245,942	\$3,029,546	\$2,756,887	\$2,457,568
Operating Income (EBIT)	\$2,060,916	\$2,524,622	\$3,029,546	\$3,544,569	\$4,095,947
Depreciation & Amortization	\$144,264	\$151,477	\$159,051	\$165,413	\$172,030
Operating EBITDA	\$2,205,180	\$2,676,099	\$3,188,597	\$3,709,982	\$4,267,976
Change In Receivables	\$1,261,812	(\$56,463)	(\$59,287)	(\$49,801)	(\$51,793)
Change In Inventory	(\$2,024,518)	(\$217,384)	(\$228,253)	(\$191,733)	(\$199,402)
Change In Payables Loan	\$3,394	\$7,905	\$8,300	\$6,972	\$7,251
Total Change in Cash Management	(\$759,313)	(\$265,943)	(\$279,240)	(\$234,562)	(\$243,944)
Cash Flow After Cash Management	\$1,445,867	\$2,410,156	\$2,909,357	\$3,475,421	\$4,024,032
Capital Expenditures	(\$144,264)	(\$151,477)	(\$159,051)	(\$165,413)	(\$172,030)
Financing Cost (last year's)	\$0	\$0	\$0	\$0	\$0
Cash Surplus (Needs)	\$1,301,603	\$2,258,679	\$2,750,306	\$3,310,008	\$3,852,002
Cash Surplus After Tax (37% tax rate)	\$820,010	\$1,422,968	\$1,732,693	\$2,085,305	\$2,426,762

Collateral Loan Capacity	2021	2022	2023	2024	2025
Revolver					
Collateral Receivables (80% advance rate)	\$903,415	\$948,586	\$996,015	\$1,035,856	\$1,077,290
Collateral Inventory (50% advance rate)	\$2,173,843	\$2,282,535	\$2,396,662	\$2,492,528	\$2,592,229
Revolving Credit Capacity	\$3,077,258	\$3,231,121	\$3,392,677	\$3,528,384	\$3,669,519
Term Loan					
Fixed-Asset Capacity (60% advance rate)	\$305,648	\$320,931	\$336,977	\$350,456	\$364,475
Total Asset Borrowing Capacity	\$3,382,906	\$3,552,052	\$3,729,654	\$3,878,840	\$4,033,994
Available_Credit					
Existing Debt	\$380,760	\$380,760	\$380,760	\$380,760	\$380,760
Available Capacity	\$3,002,146	\$3,171,292	\$3,348,894	\$3,498,080	\$3,653,234
Available Capacity %	88.74%	89.28%	89.79%	90.18%	90.56%

Coverage Ratios	2021	2022	2023	2024	2025
Debt Service Coverage Ratio (> 1.25 best)	5.24	6.41	7.70	9	10.40
Interest Coverage (> 3.0 best)	159.54	195.43	234.52	274.39	317.07
Debt To Equity Ratio (< 4:1 best)	0.37	0.36	0.35	0.34	0.33
Cash Flow Loan (capacity at 3 x's surplus)	\$3,904,809	\$6,776,037	\$8,250,919	\$9,930,023	\$11,556,007
Enterprise Value (EBITDA multiple)	\$11,687,454	\$14,183,326	\$16,899,566	\$19,662,906	\$22,620,274
Enterprise Value Growth	-	21.36%	19.15%	16.35%	15.04%