

**Economic Value Added (EVA) Estimate**

	<u>Act</u> <u>2015</u>	<u>Act</u> <u>2016</u>	<u>Act</u> <u>2017</u>	<u>Act</u> <u>2018</u>	<u>Est</u> <u>2019</u>	<u>Est</u> <u>2020</u>	<u>Est</u> <u>2021</u>	<u>Est</u> <u>2022</u>
<b>STEP 1: NOPAT CALCULATION:</b>								
Net Sales	70,000	85,000	105,000	125,000	150,000	180,000	200,000	215,000
Cost of Sales	<u>50,000</u>	<u>60,000</u>	<u>70,000</u>	<u>85,000</u>	<u>100,000</u>	<u>115,000</u>	<u>125,000</u>	<u>140,000</u>
Gross Margin	20,000 29%	25,000 29%	35,000 33%	40,000 32%	50,000 33%	65,000 36%	75,000 38%	75,000 35%
SG&A Dept Expenses	17,500	18,375	19,294	20,258	21,271	22,335	23,452	24,624
R&D development expenses	5,000	5,250	5,513	5,788	6,078	6,381	6,700	7,036
Interest Expense	100	475	663	850	1,113	950	300	-
Depreciation & Amortization	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Other Expenses	<u>1,000</u>	<u>1,050</u>	<u>1,103</u>	<u>1,158</u>	<u>1,216</u>	<u>1,276</u>	<u>1,340</u>	<u>1,407</u>
<b>Net Income Before Tax</b>	<b>(4,600)</b>	<b>(1,150)</b>	<b>7,429</b>	<b>10,946</b>	<b>19,323</b>	<b>33,057</b>	<b>42,208</b>	<b>40,933</b>
Add back Interest Expense	100	475	663	850	1,113	950	300	-
Deduct 45% of NIBT for taxes	2,070	518	(3,343)	(4,926)	(8,695)	(14,876)	(18,993)	(18,420)
<b>NOPAT</b>	<b>(2,430)</b>	<b>(158)</b>	<b>4,748</b>	<b>6,870</b>	<b>11,740</b>	<b>19,132</b>	<b>23,514</b>	<b>22,513</b>

<b>STEP 2: INVESTED CAPITAL</b>								
Line of Credit (ST)	8,000	11,000	13,500	16,000	20,000	12,000	-	-
Note payable (LT)	-	-	2,000	2,500	6,000	-	-	-
Debt	<u>8,000</u>	<u>11,000</u>	<u>15,500</u>	<u>18,500</u>	<u>26,000</u>	<u>12,000</u>	<u>-</u>	<u>-</u>
Common Stock	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Accumulated Other Comprehensive Loss	(300)	(500)	(300)	(250)	(300)	(500)	(500)	(500)
Retained Earnings	<u>7,866</u>	<u>7,233</u>	<u>11,319</u>	<u>17,339</u>	<u>27,967</u>	<u>46,148</u>	<u>69,363</u>	<u>91,876</u>
Shareholders Equity	10,566	9,733	14,019	20,089	30,667	48,648	71,863	94,376
<b>Total Invested Capital</b>	<b>18,566</b>	<b>20,733</b>	<b>29,519</b>	<b>38,589</b>	<b>56,667</b>	<b>60,648</b>	<b>71,863</b>	<b>94,376</b>

<b>STEP 3: CAPITAL CHARGE:</b>								
Avg Invested Capital	16,007	19,649	25,126	34,054	47,628	58,658	66,256	83,119
WACC	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
<b>Capital Charge (Invested Capital * WACC)</b>	<b>1,601</b>	<b>1,965</b>	<b>2,513</b>	<b>3,405</b>	<b>4,763</b>	<b>5,866</b>	<b>7,186</b>	<b>9,438</b>

<b>STEP 4: ECONOMIC VALUE ADDED (EVA):</b>								
NOPAT	(2,430)	(158)	4,748	6,870	11,740	19,132	23,514	22,513
Less Capital Charge	<u>1,601</u>	<u>1,965</u>	<u>2,513</u>	<u>3,405</u>	<u>4,763</u>	<u>5,866</u>	<u>7,186</u>	<u>9,438</u>
<b>EVA - Positive indicates value created</b>	<b>(4,031)</b>	<b>(2,122)</b>	<b>2,236</b>	<b>3,465</b>	<b>6,977</b>	<b>13,266</b>	<b>16,328</b>	<b>13,076</b>

**COMPANY DASHBOARD - FINANCIAL SUMMARY, KEY METRICS, RATIOS**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b><u>1: Income Statement Summary</u></b>								
Sales	70,000	85,000	105,000	125,000	150,000	180,000	200,000	215,000
Chg in Sales vs. Prior Year		15,000	20,000	20,000	25,000	30,000	20,000	15,000
NIBT (Contunuing Operations)	(4,600)	(1,150)	7,429	10,946	19,323	33,057	42,208	40,933
EBITDA	-4,500	-675	8,091	11,796	20,436	34,007	42,508	40,933
<b><u>2: Balance Sheet Summary</u></b>								
Cash	560	314	(579)	(1,540)	(1,248)	(1,838)	(1,604)	(244)
AR	15,000	18,000	28,000	35,000	50,000	55,000	60,000	75,000
Inventory	5,399	10,216	13,181	15,180	19,480	21,026	23,462	27,265
Net capital assets	2,624	2,588	4,193	5,835	8,332	10,445	15,214	20,342
Other assets	<u>2,433</u>	<u>4,223</u>	<u>2,768</u>	<u>5,596</u>	<u>5,880</u>	<u>6,948</u>	<u>9,160</u>	<u>8,960</u>
<b>Total Assets</b>	<b>25,456</b>	<b>35,027</b>	<b>48,142</b>	<b>61,611</b>	<b>83,692</b>	<b>92,027</b>	<b>107,836</b>	<b>131,567</b>
Bank Debt - Line of Credit	8,000	11,000	13,500	16,000	20,000	12,000	-	-
Bank Debt - Long Term	0	0	2,000	2,500	6,000	0	0	0
AP & Accrued Liabilities	5,000	12,000	14,824	17,647	21,176	25,412	28,235	30,353
Deferred Liabilities	<u>2,450</u>	<u>2,607</u>	<u>3,221</u>	<u>3,834</u>	<u>4,601</u>	<u>5,521</u>	<u>6,134</u>	<u>6,594</u>
<b>Total Liabilities</b>	<b>15,450</b>	<b>25,607</b>	<b>33,544</b>	<b>39,981</b>	<b>51,777</b>	<b>42,933</b>	<b>34,370</b>	<b>36,947</b>
<b>Total Equity</b>	<b>10,566</b>	<b>9,733</b>	<b>14,019</b>	<b>20,089</b>	<b>30,667</b>	<b>48,648</b>	<b>71,863</b>	<b>94,376</b>
<b>Total Liabilities &amp; Equity</b>	<b>26,016</b>	<b>35,340</b>	<b>47,563</b>	<b>60,070</b>	<b>82,444</b>	<b>91,581</b>	<b>106,232</b>	<b>131,323</b>
<b><u>3: Working Capital Ratios</u></b>								
Invoiced \$\$s (revenue + ext warranty, freight)	79,455	92,992	122,331	155,071	199,355	243,638	270,709	291,012
AR Days Invoiced \$\$s Outstanding *	<b>52</b>	<b>54</b>	<b>63</b>	<b>63</b>	<b>69</b>	<b>63</b>	<b>61</b>	<b>71</b>
Inventory Days On Hand	<b>39</b>	<b>47</b>	<b>60</b>	<b>60</b>	<b>62</b>	<b>59</b>	<b>64</b>	<b>65</b>
AP and Accrued Liabilities as % of Sales	<b>7.1%</b>	<b>14.1%</b>	<b>14.1%</b>	<b>14.1%</b>	<b>14.1%</b>	<b>16.7%</b>	<b>14.1%</b>	<b>14.1%</b>
Net Fixed Assets as % of Sales	<b>3.7%</b>	<b>3.0%</b>	<b>4.0%</b>	<b>4.7%</b>	<b>5.6%</b>	<b>5.0%</b>	<b>7.6%</b>	<b>9.5%</b>
<b><u>4: Cash Flow Summary</u></b>								
Cash from Operations	1,818	2,264	(1,496)	(100)	3,000	7,179	31,881	30,700
Capital Expenditures	(1,242)	(2,631)	(2,748)	(3,200)	(3,400)	(4,000)	(4,400)	(4,840)
Dividends - taxes	(1,019)	(3,443)	(1,419)	(2,650)	(4,087)	(6,801)	(8,502)	(8,187)
Misc - chg cash balance & exch rate, litigation	<u>230</u>	<u>2,617</u>	<u>970</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
<b>Debt Borrowed/Repayed</b>	<b>214</b>	<b>1,193</b>	<b>4,693</b>	<b>5,450</b>	<b>3,987</b>	<b>3,087</b>	<b>(19,479)</b>	<b>(18,173)</b>
<b><u>5: Debt Ratios &amp; Capacity</u></b>								
<b>Liabilities / Equity</b>	<b>1.46</b>	<b>2.63</b>	<b>2.39</b>	<b>1.99</b>	<b>1.69</b>	<b>3.09</b>	<b>0.48</b>	<b>0.39</b>
<b>Bank Debt / Equity</b>	<b>0.76</b>	<b>1.13</b>	<b>1.11</b>	<b>0.92</b>	<b>0.85</b>	<b>1.14</b>	<b>-</b>	<b>-</b>
Bank Debt (at year end)	8,000	11,000	15,500	18,500	26,000	12,000	-	-
<b>Bank Debt / EBITDA</b>	<b>(1.78)</b>	<b>(16.30)</b>	<b>1.92</b>	<b>1.57</b>	<b>1.27</b>	<b>1.81</b>	<b>-</b>	<b>-</b>
Theoretical Debt Capacity at 3.5 Debt/Ebitda	(15,750)	(2,363)	28,319	41,285	71,525	119,026	148,777	143,266
Actual Bank Debt	<u>8,000</u>	<u>11,000</u>	<u>15,500</u>	<u>18,500</u>	<u>26,000</u>	<u>12,000</u>	<u>-</u>	<u>-</u>
<b>Theoretical Debt Availability (Shortfall)</b>	<b>(23,750)</b>	<b>(13,363)</b>	<b>12,819</b>	<b>22,785</b>	<b>45,525</b>	<b>23,775</b>	<b>148,777</b>	<b>143,266</b>
<b><u>6: Economic Value Added (EVA):</u></b>								
NOPAT	(2,430)	(158)	4,748	6,870	11,740	6,630	23,514	22,513
Less Capital Charge (10%)	<u>1,601</u>	<u>1,965</u>	<u>2,513</u>	<u>3,405</u>	<u>4,763</u>	<u>5,392</u>	<u>7,186</u>	<u>9,438</u>
<b>EVA</b>	<b>(4,031)</b>	<b>(2,122)</b>	<b>2,236</b>	<b>3,465</b>	<b>6,977</b>	<b>1,238</b>	<b>16,328</b>	<b>13,076</b>
<b><u>7: Return on Invested Capital (ROIC)</u></b>								
NOPAT	(2,430)	(158)	4,748	6,870	11,740	6,630	23,514	22,513
Total Invested Capital (per EVA calculation)	<u>16,007</u>	<u>19,649</u>	<u>25,126</u>	<u>34,054</u>	<u>47,628</u>	<u>53,924</u>	<u>66,256</u>	<u>83,119</u>
<b>Return on Invested Capital</b>	<b>-15.2%</b>	<b>-0.8%</b>	<b>18.9%</b>	<b>20.2%</b>	<b>24.6%</b>	<b>12.3%</b>	<b>35.5%</b>	<b>27.1%</b>
<b><u>8: EBITDA multiple based Market Cap Estimate</u></b>								
Ebitda	-4,500	-675	8,091	11,796	20,436	14,096	42,508	40,933
Assumed multiple	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Enterprise value based on Ebitda multiple	<b>(22,500)</b>	<b>(3,375)</b>	<b>40,456</b>	<b>58,979</b>	<b>102,178</b>	<b>119,818</b>	<b>212,539</b>	<b>204,666</b>
Less bank debt	<u>8,000</u>	<u>11,000</u>	<u>15,500</u>	<u>18,500</u>	<u>26,000</u>	<u>25,562</u>	<u>-</u>	<u>-</u>
Equity value based on Ebitda multiple	<b>(30,500)</b>	<b>(14,375)</b>	<b>24,956</b>	<b>40,479</b>	<b>76,178</b>	<b>94,257</b>	<b>212,539</b>	<b>204,666</b>