CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS ADVISORS
FINANCIAL ADVISORS

TRANSACTION ADVISORY

Helping You Maximize Value in Every Stage of the M&A Process

DHJJ offers Full-Service Merger and Acquisition (M&A) Advisory on both the sell-side and buy-side. Our highly skilled specialist in M&A have years of experience and have closed hundreds of deals. Our area of focus is the middle market size companies from $2 million to $250 million in revenue. Whether you are looking to grow and buy a business or downsize or retire, we have you covered. Our Certified M&A Advisors, Certified Valuation Experts and CPAs will lead you through the entire process, negotiate the best terms for you and maximize your ROI.

In addition to full-service M&A, we also offer an "a la carte" menu of services where you may need specialized help when faced with complex business transactions such as mergers, acquisitions, divestitures, joint ventures or restructuring. These types of transactions can have a significant impact and may require specialized expertise to handle them successfully.

DHJJ offers a wide array of specialty consulting services called Transaction Advisory Services.In addition to helping our clients with these complex transactions, we also provide these services to private equity groups, law firms, and other accounting firms. We provide our clients with expert guidance throughout the transaction life cycle. This paper briefly explores the different types of analysis and services we offer.

Quality of Earnings Analysis

When preparing for either a sell-side or buy-side acquisition, getting a clear financial picture is critical to the decision-making process. A Quality of Earnings Analysis (QoE) is a deep dive into the quantitative and qualitative aspects of the company's financial performance.The QoE analysis analyzes past performance to determine if earnings are sustainable in the future. It will flush out any red flags that create perceived risk to a buyer. DHJJ performs both Sell-Side QoE Analysis for buyers looking to prepare to go to market and buy-side QoE analysis to assist the buyers properly identify and quantify risk, so they structure the deal properly.

Learn more about our services, including how we've helped other businesses in your industry by visiting our website at **www.dhjj.com.** To discuss your individual needs, please call us at

630.420.1360

TEL 630.420.1360
184 SHUMAN BLVD
SUITE 200
NAPERVILLE, IL 60563

TEL 630.377.1106
2560 FOXFIELD RD
SUITE 300
ST CHARLES, IL 60174

WWW.DHJJ.COM

Operational Effectiveness Assessment

A primary key to sustainable long-term growth is having a balanced organization that operates at peak efficiency in each functional area of the business. DHJJ's Operational Effectiveness Assessment provides a base for determining the risk-adjusted intrinsic value of the business. Deficiencies in business operations are viewed as risks from a buyer's perspective. This assessment looks at 250 different qualitative metrics in 8 functional areas of a business to identify any such risks. Sellers of a business will receive a roadmap of identified deficiencies and how addressing them before they go to market can increase their company value from 20% to 30%.

Indication of Business Value and Marketability Assessment

When a certified valuation is not necessary for transactions such as gifting, estate planning, divorce, or partner buyout agreements, an indication of value will provide valuable insight as to what your business is worth from the perspective of the buyer's eyes. The indication of business value utilizes many of the same techniques to value your business as a certified valuation, but it also incorporates many of the qualitative factors your business has. We combine this with a cursory review of historical financial performance and a mini "QoE" study. In addition, it researches your industry from a financial economic outlook perspective, which every buyer wants to know. Lastly, we also research the M&A activity in your industry to get a sense of the active players that are currently buying business. This is powerful information if you know there are 5 active PE firms and 2 strategic buyers looking for a company such as yours. DHJJ's Transactional Services team with valuation experts and M&A advisor experts have created this powerful assessment to help business owners who are beginning to build their exit plan.

Recapitalizations

Changing a company's capital structure (debt and equity) to provide the necessary funds to continue growing a business or create a more efficient way of funding the business. Some examples of recapitalization include:

- Debt for Equity
- New Equity
- Bank line Replacement
- Equipment or working capital lines of credit
- Change of partners/investors

DHJJ's Transaction Services Group has years of experience structuring both debt and equity funding. Several members of our team have been on both sides of the fence, either providing commercial debt financing, working a private equity funds or being a CFO of a company in need of recapitalization.

Pitchbook and CIM Preparation

A pitchbook, sometimes called a Confidential Information Memorandum (abbreviated: "CIM"), is a comprehensive sales document created by an M&A Advisor or investment bank that details the main attributes of a company. It includes everything an investor or bank would want to know about a company before providing funding such as history, products, customer profile, management profile, investment thesis, historical financial performance, and forward-looking pro-forma financial estimates. Our Transaction Services team has created hundreds of pitchbooks to successfully close deals. We know what works and what gets the money in the door.

Growth Through Acquisitions

To enhance and accelerate your organic growth strategy, our M&A Advisory team can assist you with developing an aggressive growth strategy through the acquisition of smaller companies. This can be like companies expanding your customer base or complimentary products to expand your service or product offerings or vertical acquisitions such as part of your supply line. This can achieve 60% to 120% more growth in a shorter period than organic strategies. See our white paper on this topic on our website or call us to learn more about this exciting growth strategy.

Valuation Services

DHJJ offers a full array of Qualified Valuation Services. Whether you are looking for an indication of value for exit planning or need a certified conclusion of value for tax, estate, legal or court reasons, we can accommodate your needs. Our deep and vast industry expertise and resources allow us to deliver accurate and timely results. Our integrated approach with Certified Valuation experts and Certified M&A Advisors sets us apart from our competitors by incorporating very sophisticated valuation models and incorporating the business buyer's view when required for transaction valuation services.

Benchmark Analysis

A benchmarking analysis will show how your financial performance stacks up against your competitors so you can optimize your business strategies and goals to strive for the "best in class" status. Not only will a benchmark analysis identify areas for improvement, understand the competitive landscape, but it will also help guide you in how to be efficient with human capital – to assess if you are over/(under) staffed by department.

Financial Forecast and Strategic Planning

Effective financial forecasting is crucial in steering a business toward sustainable growth and stability. We take the time to get to know your business and what are the key performance indicators that drive volume, revenue and expenses. A well-designed financial forecast model is not simply a prediction of where you may end up. It is a tool whereby you can quickly run multiple strategic scenarios to see what the results will be. It will help you answer questions like when you should hire the next employee, plan for increasing lines of credit to cover working capital and how different paths can improve your company value.

ESOP Feasibility Assessment

An Employee Stock Ownership Plan (ESOP) is an excellent way for some company owners to exit their business either gradually or all at once with a built-in market they sell their business to. There are several tax advantages to both the owner and the employees. An ESOP can become complex and is best suited for companies with at least 25 to 50 or more employees and enough cash flow to service the debt used to fund the plan. An ESOP feasibility study is an in-depth report that will model the scenarios that can help a company determine if an ESOP can help them achieve their goals.

Due Diligence Management

As Certified M&A Advisors, our Transaction Services team has an in-depth understanding of both the sell & buy side of the due diligence process.Due diligence is the heart of all M&A transactions. It is the part of the process where, if not done properly, 70% of M&A transactions fail. It can save you millions of dollars in gaining value on the sell-side or carving out risk on the buy-side. We work on solving problems to mitigate non-compliance issues.

This is also the most time-consuming process in M&A. Seller's sometimes give due diligence the short end of their time if they try to DIY it while continuing to keep their eye on running operations. Buyers are more efficient when they can outsource this work to a competent experienced team like DHJJ.

Post Acquisition Integration Services

The adage "the devil is in the details" couldn't be truer when it comes to post acquisition integration efforts. Deals don't die at this stage; they are already closed. However, lack of integration planning is the number one spot where deals don't return the ROI the buyer planned for. At DHJJ, we can take you from planning to execution to help you create long-term value. Our M&A years of experience will help you design a successful integration in accounting, human capital, IT systems, operations, and culture so you can realize the synergies contemplated in the transaction.

Transaction Tax Analysis and Strategies

The most complex part of the IRS tax code lies in the M&A transaction rules and is the least used part of the code. Our M&A tax CPAs have a deep understanding of this complex tax code. The IRS is always the silent third party in every M&A transaction with Uncle Sam holding his cup out waiting for you to make a mistake and fill that cup with your hard-earned dollars. M&A tax strategy starts on day one of every transaction. Knowing how structure and tax election will impact multi-million-dollar deals can either save you money or negotiate a higher purchase price if a buyer dictates these options. M&A tax specialist CPAs are like the difference between a general doctor and a brain surgeon. DHJJ has the experience and expertise to help you navigate the most tax-efficient deal for you.