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RAINCATCHER℠

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Information Regarding This Offering

All inquiries and requests for additional information should be directed to the representative of RAINCATCHER listed below.

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Please do not contact the Company directly.

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EXECUTIVE SUMMARY

Executive Summary

LONG-LASTING LOCAL REPUTATION

Strong, 40+ year reputation in [Redacted] and with government agency personnel responsible for the bid process and oversight of resurfacing and repair.

The strength of their reputation is reflected in their long-term client base: most relationships last 10–40 years.

IN-HOUSE EQUIPMENT MAINTENANCE

Turnkey maintenance, repair, and fabrication facility used to refurbish and extend the life of expensive equipment.

Money is saved by performing specialized maintenance and part fabrication in-house.

OPERATIONAL EFFICIENCIES

Experienced job bidding team accurately estimates costs, manages materials; efficiently schedules staff and equipment.

Efficient process allows the company to maintain limited inventory and optimize staffing.

REAL ESTATE OPTIONS

Seven acres of real estate in [Redacted] owned by a separate LLC comprising members of the board of directors/ management team.

Can either be leased or can be purchased in a separate transaction.

PRODUCTIVE COMPANY CULTURE

Non-union shop that attracts and retains a strong employee base in both mid-level and senior management positions.

Compensation and benefits are competitive and at market rates. Management has built a productive and inclusive corporate culture.

STRONG FINANCIALS

Proven financial reporting coupled with experienced management.

Excellent potential to become a platform company to accommodate strategic tuck-in acquisitions.

Key Company Highlights

- Located in [Redacted], the Company provides pavement preservation services to their clients, namely slurry seal and microsurfacing.
- The Company has been in operation since the 1980's.
- The Company started with private contracts for residential areas and parking lots. But as the State of [Redacted] and other city and county municipalities adopted the slurry seal technique, 80-90% of the Company's revenue today is derived from government agency contracts.
- Facilities include the lease of a seven-acre yard that houses the corporate office and repair-and-maintenance facility.
- The Company's competitive advantage comes from the experience of their personnel and their equipment fleet. Barriers to entry for new competitors are high. New slurry crews are difficult to start and the combination of machines needed to perform a job can cost more than $1.8MM per project.
- The [Redacted] is an ideal region for slurry seal and microsurfacing application. They are somewhat weather-dependent. Both products contain water for mixing. In cooler temperatures, the evaporation process takes longer. These factors provide The Company with near year-around application potential.
- The Company owns 18 of its own specialized vehicles (14 truck-mounted slurry seal machines and 4 continuous run machines). In addition, they use 12 nurse units to support the continuous run machines.
- From the standpoint of systems, processes, personnel and an established, long-term customer base, the Company is well-positioned to transition to new ownership.

An exciting opportunity to acquire a decades-old, trusted pavement preservation business with nearly $30MM in annual revenue, a long-term customer base, and a fleet of specialized equipment.

Company Overview

The Company focuses primarily on the application of slurry seal and microsurfacing material.

Slurry seal became popular as a road maintenance process in the 1960s. Microsurfacing application was first introduced in the 1980s, making it an established road resurfacing technique.

The business model is established, as the Company has been a respected member of the greater [Redacted] area construction industry community for over 40 years.

80-90% of the Company's revenue derives from government contracts and 60% of which are multi-year agreements.

The Company saw 35% in YoY top line growth between 2019-20. Audited financials reflect consistent, stable revenue and profitability with strong cash flow.

The Company has a lean management structure and builds out work crews based on business volume. There is substantial financial upside possible by adding crews to absorb added business volume.

The market for pavement preservation treatments is growing every year. Metropolitan [Redacted] is an advantageous location, because urban sprawl supports ongoing road maintenance needs in the future.

The Company has a consistent, stable and diverse customer base that includes city, county and state governments with contracts ranging from three to five years.

Based on a strong reputation and track record of quality work that is on-time and on-budget, there is significant upside for an ambitious operator, especially as the markets for slurry seal and microsurfacing continue to grow in [Redacted].

Offering Price & Transaction Overview

Business	• [Redacted]	**Asking Price**	• Negotiable
Location	• [Redacted]	**Ownership**	• [Redacted]
Years in Business	• 40 years	**Terms**	• Negotiable
Average Inventory	• Little inventory is required. Raw materials are sourced on a daily basis based on work volume.	**Facilities**	• The Company occupies a seven-acre facility with offices, maintenance facility, and yard for equipment storage.
Employees	• The Company employs approximately 80 employees and is a non-union shop.	**Reason for Sale**	• Retirement for two of the four owners. President and VP open to continuing with the business.

Ownership believes that the existing vendor relationships can be transferred to the new owner.

Ownership is willing to sign a standard non-compete agreement. Ownership does plan to rent out their owned property in the future.

Ownership is committed to helping train the new buyer to help ensure there is a smooth transition into new ownership.

The new owner will have the opportunity to diversify services, expand crews and grow this well-established Company.

This business would be an ideal platform with strong potential for future growth, or a great add-on to a current platform looking for a large addition to a portfolio.

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THE COMPANY

The Story

A family business at its core, the Company was started in the 1980's. Slurry seal was developed to extend the life of existing asphalt pavements. In the beginning, most jobs completed by the Company were private residential streets or commercial parking lots. In time, public agencies began to use slurry seal on their streets and thanks to the leadership of the Company, slurry seal became a key component of the pavement maintenance programs for government agencies throughout the state of [Redacted].

Microsurfacing was introduced to [Redacted] in the 1990s and also quickly found its way into widespread use by municipalities, counties and state districts. The Company was the only firm applying microsurfacing treatments for several years, and agencies leaned on the Company for the development of specifications and proper use of the treatment.

When the City of [Redacted] decided to try to use their own employees for their slurry seal program, they turned to the Company for training and education. The Company remained as the only contractor at the table when the Department of Transportation developed their specifications for microsurfacing.

The firm expanded to its current location in 2001. The leased facility includes a 5,000 square-foot office building and a full automotive/equipment shop with 15,000 square feet of space on seven acres of land. The firm's asset schedule lists well over 100 pieces of equipment, including 18 specialized machines whose prices range from $200,000-$700,000, trucks, trailers, sweepers, vacuums, pavers, front-end loaders, tankers, forklifts and other related equipment.

The Company also provides crack sealing and minor asphalt patching prior to applications of liquid seal coat, slurry seal or microsurfacing, and additionally manages subcontractors for pavement markings and other applications that may be a part of an individual project.

Ownership has a long history of working at the Company, and many employees have more than 15 years of experience with the firm, both in the office and in the field. Their combined experience is a valuable asset for the Company and a testament to the family-run atmosphere of the Company.

Company History

1980's

The Company was started.

Slurry seal became a key component of the pavement maintenance programs for government agencies throughout its state.

Early 1990's

Microsurfacing introduced to [Redacted]. The Company remained the only firm applying micro-surfacing treatments for several years.

2001

The Company expanded to current location.

Facility includes:

- ➔ A 5,000 SF office building.
- ➔ A full automotive/ equipment shop with 15,000 SF of space on approximately 7 acres of land.

2012

[Redacted] stepped back as President and [Redacted] takes over.

Present

- $29.7MM in revenue (2020)
- Large equipment fleet (18 specialized vehicles).
- Highly experienced personnel with decades of experience.
- 80–90% of revenue coming from government projects -> cash flow stability.

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CUSTOMER PROFILE

Customer Profile

The Company serves customers in both the private and public sectors with expansion potential in both markets.

The customers for the public contracts are government agency divisions that manage streets or highways. Private customers primarily come from housing developments and parking lots.

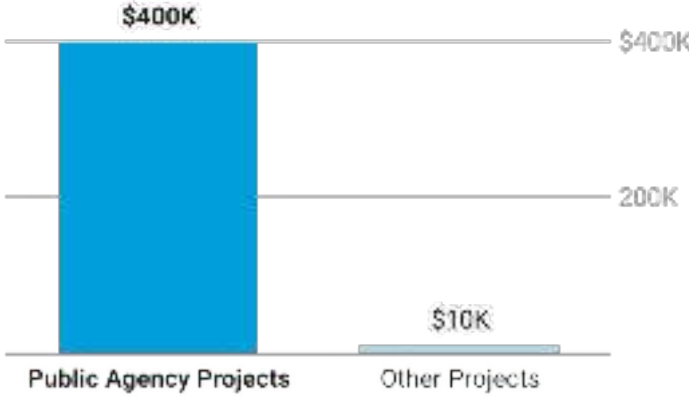
While not all of contracts are based on low bid, price does matter. Competitors all charge competitive prices. Most of the Company's revenue comes from multi-year contracts which are responsible for approximately 60% of overall sales. The Company sees:

- ➔ 10+ year relationships with most customers
- ➔ Almost all customers reflect a three-year increasing revenue trend
- ➔ The majority of top-tier clients are on multi-year contracts including Client A, who is regularly on a 5-year contract
- ➔ Revenue stability over the long haul that should continue going forward

Customer Longevity Chart

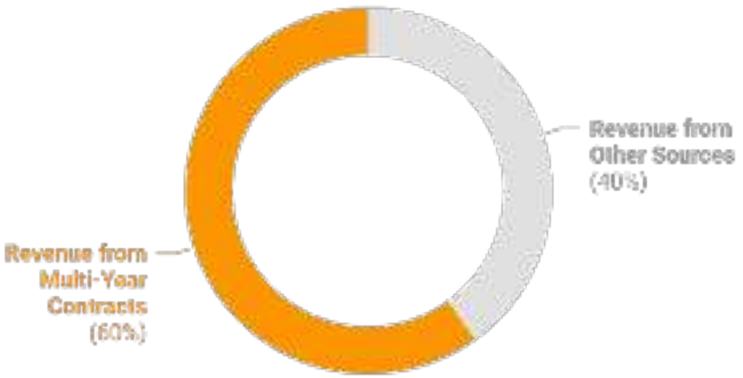
	Client	2020 Revenue	10+ Year Relationship?	3 Yr. Increasing Revenue Trend?	Anticipate Work for 2021?
1	Cient (A)	$8M	✔	✔	✔
2	Client (B)	$3.69M	9 Years	Steady	✔
3	Client (C)	$3.56M	✔	✔	✔
4	Client (D)	$2M	✔	✔	✔
5	Client (E)	$1.8M	9 Years	✔	✔
6	Client (F)	$1.07M	✔	✔	✔
7	Client (G)	$977K	✘	✔	✘
8	Client (H)	$955K	✔	✔	✔
9	Client (I)	$815K	✔	✔	✔

Average order value on government agency work is $400K*



**Public agency work accounts for 80–90% of the Company's work*

60% of the Company's total revenue stems from Multi-year contracts



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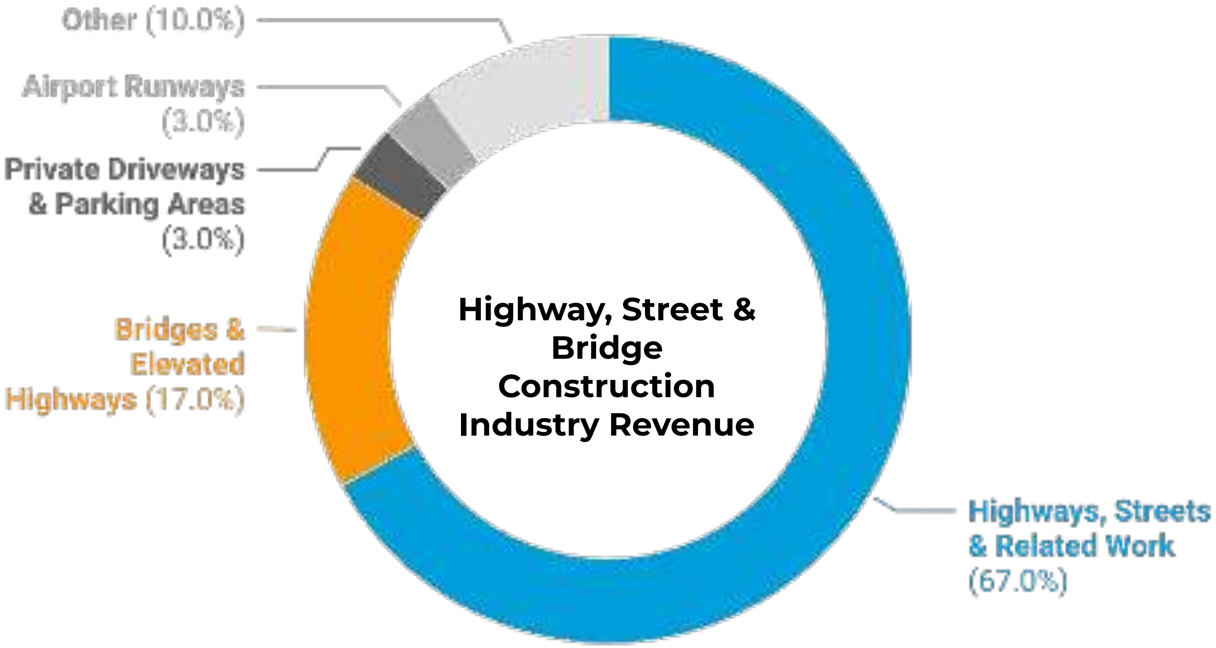
INDUSTRY

Industry Structure

A typical highway, street or bridge construction company operates out of a single location, employes about 40 workers, and generates about $14MM annually.

- The highway, street or bridge construction industry consists of 8,700 companies that employ about 351,000 workers and generate $124B annually.
- Government contracts account for about 71% of industry revenue, and the majority of government contracts are issued by state and local governments. Most small- to medium-sized companies operate within a limited geographical market.
- Securing highway, street, and bridge contracts generally involves a formal bidding process. Firms must be aggressive in pricing their bid to win the business, but must be able to accurately estimate project costs to ensure that the bid is profitable.
- There is an increasing trend toward Job Order Contracting (JOC) bids which are weighted based on company history, reputation and quality work. Pricing represents about 30% of the equation. The Company, with its established track record is extremely competitive in this bid structure.
- Industry revenue consists of new construction (45% of industry sales), additions, alterations, or reconstruction (32%), and maintenance and repair (23%).
- Equipment includes backhoes, bulldozers, cranes, excavators, loaders, motor graders, pavers, rollers, and scrapers.
- Raw materials include aggregates, cement, concrete, steel, asphalt (stone, gravel, sand, oil), and fuel.
- Both surface treatments, slurry seal and microsurfacing, continue to grow in popularity over time. The former was introduced in the 1960s and the latter in the 1980s.

67% of Industry Revenue Stems from Highways, Streets & Related Work



> **The highway, street, and bridge construction industry generates $124 billion annually, and government contracts account for about 71% of industry revenue.**

Sources: Vertical IQ

Slurry & Microsurfacing Processes

► **Slurry Seal**

Quick-set slurry is emulsified asphalt, crushed rock, and cement mixed and applied with specialized equipment forming a thick, tough, durable mixture that fills cracks, seals against damaging moisture invasion, hides utility trench patches, and resurfaces asphalt with a 1/4 to 1/2" attractive, skid-resistant finish.

Asphalt emulsions serve as a binder, holding the crushed aggregate together and adhering the new slurry seal to the old surface over which it is being applied. Various emulsions and aggregates are used to meet the conditions, specifications, and requirements of individual projects. A slurry seal for nearly any need or condition can be custom designed to satisfy the most difficult requirements.

► **Microsurfacing**

Microsurfacing is a polymer modified cold-mix paving system that can remedy a broad range of problems on today's streets, highways and airfields.

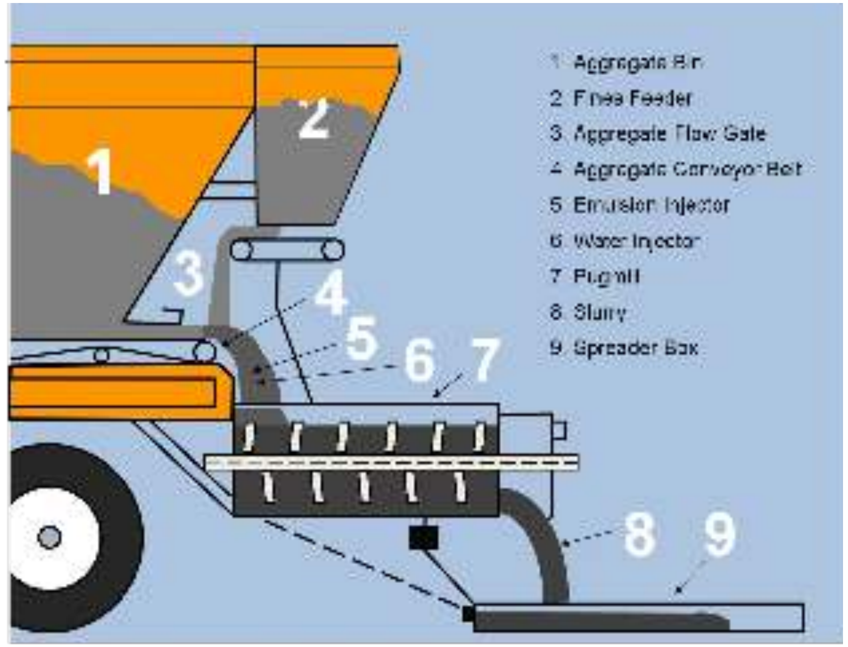
Microsurfacing begins as a mixture of dense-graded aggregate, asphalt, emulsion, water, and mineral fillers with advance polymers and other modern additives.

The mixture is made and applied to existing pavements by a specialized machine which carries all components, mixes them on the site, and spreads the mixture onto the road surface. Materials are continuously and accurately measured and then thoroughly combined in the machine's mixer.

As the machine moves forward, the mixture is continuously fed into a full-width surfacing box which spreads the mixture across the width of the traffic lane in a single pass. Edges of the microsurfacing are automatically feathered. The new surface is a dark brown color and changes to a finished black surface as the water is chemically ejected and the surface cures. Traffic is permitted within one hour in most cases.

Continuous-load machines utilize support units which bring the materials to the job site and load the machine while it is working thus maximizing production and minimizing transverse joints.

Process of Making Slurry Seal



Slurry Seal & Microsurfacing Facts

- Microsurfacing can generally support cross traffic in under 10 minutes; Slurry seal takes 20-30 minutes
- Slurry seal resurfacing has a lifespan of to 5-7 years; microsurfacing has a lifespan of 6-8 years
- A truck mount unit can hold 10 tons of aggregate, 600 gallons of emulsion and 600 of gallons water.
- A continuous run machine can hold 4-5 tons of aggregate, 800 gallons of emulsion and 800 gallons of water

Comparative Superiority of Slurry Seal & Microsurfacing

Microsurfacing and Slurry Seal are superior cold mix blends of high-quality aggregates, asphalt emulsions, water and mineral fillers. The unique characteristics of these processes deliver distinct advantages in pavement sealing, resurfacing and rut-filling applications.

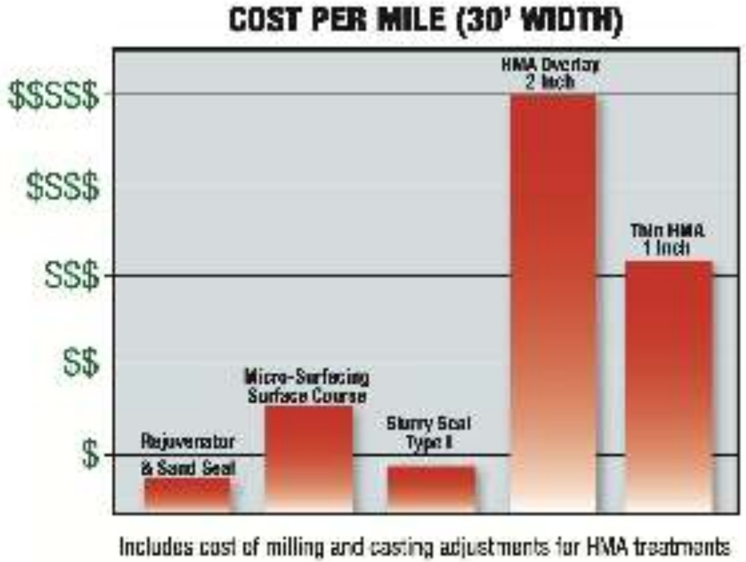
- ➔ Superior durability and wear properties
- ➔ Penetration of and adhesion to pavement surface with semi-fluid mixture
- ➔ Low permeability of mixture seals underlying pavement
- ➔ Typical resurfacing at 1/8 to 3/8 inch eliminates need for casting adjustments, milling along curbs and shoulder gravel
- ➔ Versatility of up to 1.5 inch in rut-filling for microsurfacing allows proper correction of wheel path rutting
- ➔ Unique macro texture provides superior surface friction properties
- ➔ Effective lower cost allows more miles to be preserved

SYSTEM COMPARISON CHART

Benefits	Slurry Systems	2" HMA	Thin HMA	Chip Seal
Macro Texture for Improved Safety	✔			✔
Quality Appearance, Service	✔	✔	✔	
Corrects Wheel Rutting (<1/2")	✔	✔		
Superior Skid Resistant Properties	✔			✔
Corrects Minor Surface Distress	✔	✔	✔	✔
Minimizes Curb Loss, Casting Adjustments	✔			✔
Maintains Ride Quality	✔	✔	✔	
Impermeable Surface Seal	✔			✔
Eliminates Dust, Loose Aggregate	✔	✔	✔	

Source: ISSA

Other resurfacing options can be as much as 2 to 5 times greater than the cost of Slurry Systems.



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Slurry & Microseal Equipment

Pavement preservation operations rely on the use of specialized, expensive industrial equipment to complete their services.

One of the Company's competitive advantages is that it owns its own equipment, including the continuous run machines that are required to work on DOT projects. Truck-mounted slurry seal machines are generally used in residential and commercial areas.

One of the biggest challenges in starting a slurry crew is the cost of equipment: a truck-mounted machine, including its truck, can cost around $400,000.

The Company additionally maintains its own automotive/equipment shop which enables them to maintain their fleet onsite.

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HUMAN RESOURCES

Human Resources

Wages

Field

Field employees (hourly wages): $16–$26 per hour

Foremen (2 salaried employees): paid approximately $70k /year + bonuses

Shop

Shop Superintendent (salaried): ~$70k/year + bonuses

Mechanics: (6-8) paid $22-$26 per hour

Office

Administrative Personnel (4 salaried employees): $18-$28 per hour

In-house Accountant: $70k per year + bonus

Project Managers (3 salaried employees): $75k-$80k per year plus bonuses

Sales and estimating (3 salaried employees): $75k-$80k per year + bonuses

401 K Plan

The Company matches 3.5% of employee contributions.

Vacation & Holidays

Salaried personnel are given 1 week paid vacation after 1 year of employment and 2 weeks vacation after 5 years of service.

Hourly personnel receive 1 week paid vacation after 5 years of service.

Paid holidays include Memorial Day, 4th of July, Labor Day, 2 days for Thanksgiving and Christmas Day.

Profit Sharing Plan

Contributions to the profit-sharing plan are determined by the company's annual performance.

Generally, this amounts to 3%-5% of wages.

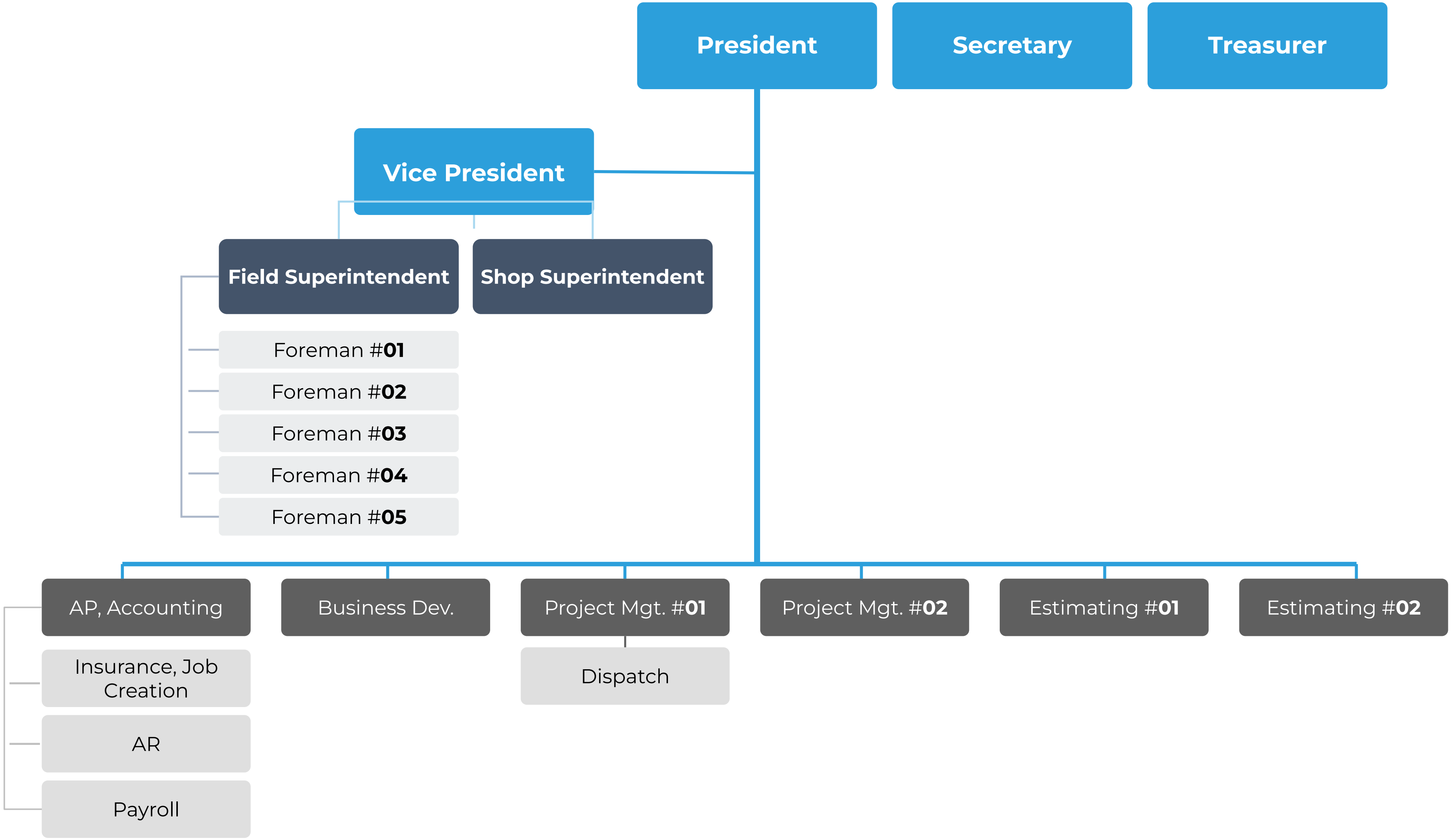
Other Benefits

A safety program that includes cash rewards

1 week of paid sick leave for everyone.

- ➔ **# of Employees:** 80+/-
- ➔ **Non-Union** work environment
- ➔ **Hours worked per week:** 40-60 hours
- ➔ Ownership believes that most existing employees would stay on following the sale. A couple may consider the new ownership and management team before making a decision.

Organizational Chart



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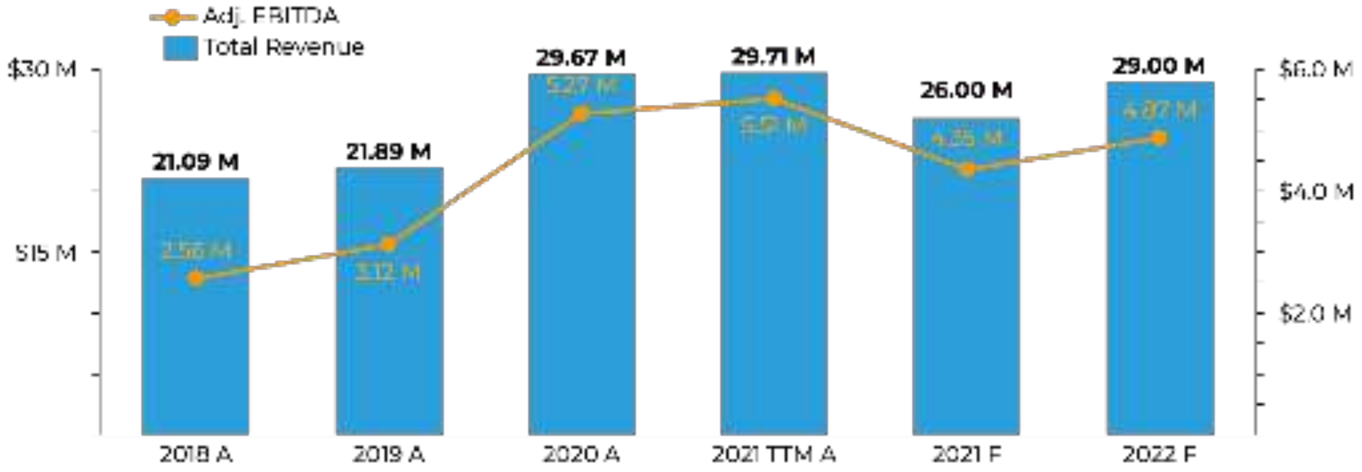
FINANCIAL INFORMATION

Financial Information

▶ The Company P&L Highlights

	Historical Results								Forecast			
	2018 A		2019 A		2020 A		2021 TTM A		2021 F		2022 F	
($,000)	$	%	$	%	$	%	$	%	$	%	$	%
Sales												
Sales Growth			4%		36%				-12%		12%	
Contract Rev.	21.09M	100%	21.89M	100%	29.67M	100%	29.71M	100%	26.00M	100%	29.00M	100%
Total Sales	**21.09M**		**21.89M**		**29.67M**		**29.71M**		**26.00M**		**29.00M**	
COGS												
Job Costs	17.03M	81%	16.46M	75%	21.48M	72%	21.37M	72%	18.96M	73%	21.00M	72%
Total COGS	**17.03M**	81%	**16.46M**	75%	**21.48M**	72%	**21.37M**	72%	**18.96M**	73%	**21.00M**	72%
Gross Profit	**4.06M**		**5.43M**		**8.19M**		**8.34M**		**7.04M**		**8.00M**	
Gross Margin	19%		25%		28%		28%		27%		28%	
Op. Expenses	2.66M	13%	3.51M	16%	4.31M	15%	4.25M	14%	4.07M	16%	4.59M	16%
Other (Inc.) Exp.	-67.81K	-0.3%	-25.43K	-0.1%	76.68K	0%	81.99K	0.3%	-36.25K	0%	-46.00K	-0.2%
Net Income	**1.34M**	6%	**1.90M**	9%	**3.95M**	13%	**4.17M**	14%	**2.94M**	11%	**3.37M**	12%
Adj. EBITDA	**2.56M**	12%	**3.12M**	14%	**5.27M**	18%	**5.51M**	19%	**4.35M**	17%	**4.87M**	17%



The Company generates revenue by providing pavement preservation services to their clients, namely slurry seal and microsurfacing. In 2020, The Company total revenue and cash flow grew significantly, even in the midst of a pandemic that left most of the country under a total lockdown for much of the year.

Revenue increased by 36% to $29.6MM from $21.8MM in 2019. During the same period, net income more than doubled to $3.95MM compared to $1.9MM in 2019. Seller's Adjusted EBITDA totaled $5.27MM which is roughly 68% higher than 2019's figure.

The Company is able to keep COGS lower by avoiding stocking inventory. They order material for each job and have it delivered on-site, eliminating the need to store or transport inventory.

2020 shows a clear jump in revenue for the Company. This is primarily attributed to big jumps in revenue from a select group of major customers, including the Department of Transportation. While the Company hopes to sustain those levels for 2021 and beyond, the likelihood is that the business will stabilize. Growth is anticipated in 2022 with increased infrastructure spending.

Management believes that based on indications that the federal government intends to invest aggressively in infrastructure will be beneficial for the company for at least the next several years.

New Growth Initiatives

The market for pavement preservation treatments is growing every year. Metropolitan [Redacted] is an ideal location, because urban sprawl means that more roads must be maintained.

- ➔ The creation of one additional slurry seal crew would allow for growth of 15-20%. The Company has passed on many opportunities due to existing personnel constraints. The addition of 4 CDL drivers is the greatest hurdle in creating an additional crew.
- ➔ The Company has in the past completed liquid seal coating projects and still owns the equipment necessary to pursue liquid seal coating projects. The firm made a conscious decision to concentrate on slurry seal and microsurfacing work years ago. The local market for liquid seal coats is large and entry into the market would not be difficult. By adding a full-time seal coat crew 10-15% growth is a reasonable expectation.
- ➔ 5-10% growth is a realistic expectation by adding asphalt patching equipment and an effort to enter the market. The Company has routinely referred this type of work to other contractors.
- ➔ Pursuing work in States surrounding [Redacted] could result in significant growth depending upon the effort exerted. The Company used to be licensed in [Redacted]. As the market and workload grew in [Redacted], it was decided to let out of state opportunities pass.
- ➔ 5%-10% growth would be easily obtained with a greater emphasis on the crack seal market. The Company already owns 3 crack sealing machines, the vacuums and air compressors necessary to take on much more work
- ➔ Capacity to install in-house emulsion production which would increase margins and create an ability to have increased control over material pricing.

Summary of the Company's growth initiatives and the implied growth

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01 **Adding (1) slurry seal crew**
15–20% potential growth

02 **Adding a full-time seal coat crew**
10–15% growth is expected

03 **Adding asphalt patching equipment**
5–10% growth

04 **Pursuing projects in surrounding states**
Significant growth is possible depending upon the effort exerted

05 **Greater emphasis on the crack seal market**
5–10% growth easily achievable

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THANK YOU