

Available for Acquisition #201901

Arizona & California Advanced Spray Drying Company

"The Most Advanced Process from Liquid to Powder"

ACT Capital Advisors is pleased to offer a fast-growing, highly profitable, industry leading, advanced Spray Drying company. The Company has designed and patented the most advanced process for taking "liquid formulations" and converting them to "powder substances". Powdered products are much easier to transport, handle, and store, as well as provide a longer, most stable shelf life than liquids. Spray Drying provides a unique product and economic alternatives in the food/dairy, pharmaceutical/nutraceutical, and chemical industries. The Company's advanced technology and unique end-to-end capabilities has allowed them to nurture a very dedicated and loyal customer base resulting in extremely high 40% profit margins.

Key Value Drivers

- **Complete Lifecycle Partnership.** Unlike industry competitors that focus on discreet aspects of the process, the Company has the unique ability to provide value/solutions while guiding customers through the various stages of "product development", generating revenue and strong profits in each of the three lifecycle stages: 1. Product formulation and "proving" (liquid to powder creation); 2. Tolling Services (Provide "Powder" as a service); and 3. Dryer Design and Manufacturing Sales (Customer Owned Dryer). The Company has created unique profit centers for each stage allowing for customer loyalty and retention, as well as both project and service annuity-based revenue/profit.
- **Better Technology:** The Company has developed and patented an alternative to traditional spray drying techniques. The Company has experience with over 200 different materials and have obtained very favorable results on minerals, specialty chemicals, foods, and nutraceuticals. The powders generated are generally superior in flavor, texture, pigmentation, protein viability, flowability, reconstitution properties, and particle size distribution. The powders provide more true taste, color, and chemical consistency. Due to the unique method and very large operating envelope, the Company has made successful powders for many difficult or previously 'un-dryable' materials, this expanding the market opportunities greatly.
- **Significant Cost Reduction & Opportunities:** For most materials currently spray dried, the Company's dryer can handle the same feed in a higher concentration of solids. This yields higher powder production rates and lower processing costs per finished pound. It also means that a smaller, less-expensive dryer can handle the same throughput as a larger, more expensive conventional spray dryer. In one recent dry sale, they were able to cut the number of dryers required in half.
- **Turnkey Business Opportunity:** The business is currently excelling in all areas. Their dedicated employees have the expertise and desire to work with the new management team to take the business to the next level. Everything is aligned: superior technology; new "applications" requiring spray drying growing the market steadily; ability to engage customers at every stage of the lifecycle; and the Company's mix of tolling service (annuity revenue) and dryer sales (large project revenue) allows for consistent cash flow and growth.



Highlights

Solid Financial Performance

- Annuity revenue from tolling services more than doubled in 2020.
- Strong dryer sales for 2021 will grow revenue by 50%.

Competitive Takeouts

- Easy migration and upgrade path from traditional spray dryers to "NEW" patented technology.

Massive New Application Growth

- Robust market opportunity for new spray drying applications for the following industries:
 - Food
 - Cosmetic
 - Pharma
 - Chemical
 - Cannabis

Demand for Exceeding Capabilities

- Demand from customers is far outpacing the current capacity and capabilities of the Company. Demand for tolling services alone is 3-4 times current capacity. The right partner/acquirer would allow the Company to capitalize on the market availability, thus easily doubling or tripling the business and its valuation in 2 to 3 years.

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Financial Summary

(in \$USD)	2018	2019	2020	2021E
Revenue	\$3.08M	\$4.74M	\$4.85M	\$6.80M
Gross Profit	\$1.48M	\$1.48M	\$1.95M	\$2.66M
Adj. EBITDA	\$0.89M	\$0.65M	\$1.40M	\$1.66M

Latest Application Successful Demonstrations

- Algal Slurries
- Egg whites, yellow, whole – Proteins & Lipids
- Microencapsulations
- Plant Protein Slurries
- Crystalized Acid Whey
- Dairy, Non-Dairy Creamers
- Minerals, Metals (Include. Lithium Battery Powders)
- Polymers, Chemicals
- Nutraceuticals (Humic, Extracts)
- CBD Emulsions

Contact Information & Next Steps

Interested parties should execute the attached Non-Disclosure Agreement (NDA) and return to ACT Capital Advisors with a written request to receive the Confidential Information Memorandum (CIM). NDAs and CIM requests should be submitted to:

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Managing Director

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