

## AVAILABLE for ACQUISITION

### *E-Cigarette Liquid Manufacturing*

Be part of a 2 Billion Dollar Industry and Growing

#### **Introduction**

This Company is a 3 year old Company that is already recognized as an industry leader with a sterling reputation in manufacturing of E-Liquids and for their quality of flavors produced and their customer support. The Company produces over 400 liquid flavors and ships their product throughout the world. The American E-Liquid Manufacturing Standards Association (AEMSA Certification) ratings that this Company has achieved is unheard of, for a company their size. Their proven production and delivery methods have been said to be the best in the industry.

This Company is positioned for explosive growth. The Owner's are proud of what they have created and desire a buyer to take this opportunity with additional capital to the next level of success.

#### **Growth Opportunity**

This Company is poised for growth in a worldwide growing market and with a stronger capital structure in place the possibilities for the future are vast.

As a pioneer in their field the Company is encountering a worldwide demand for its products. Its unique quality and ability to fulfill the custom needs has created a strong customer base. The Company is truly in the right place at the right time to profit from this exponentially increasing demand for e-liquids in the tobacco industry.

In an article that Chris Burritt from Bloomberg wrote in June 21, 2013 that e-cigs is one of the fastest growing product segments in the United States today.

“Although e-cigs now account for only 1 percent of U.S. cigarette sales, The industry leaders projects revenues will double to \$1.5 billion this year and reach \$3 billion within five years. Bonnie Herzog, a Wells Fargo Securities analyst based in New York, predicts even faster growth, with sales topping \$16 billion by 2023.”

#### **Financial History**

<b>Fiscal Year</b>	<b>2013 Projected</b>	<b>2012</b>	<b>2011</b>
<b>Revenues &amp; Gross Profit</b>			
Sales	\$7,953,919	\$1,738,395	\$95,635
Cost of Goods Sold	\$3,081,567	\$636,511	\$42,555
<b>Gross Profit</b>	<b>\$4,872,352</b>	<b>\$1,101,884</b>	<b>\$53,080</b>
<b>Margins</b>	<b>61.26%</b>	<b>63.39%</b>	<b>55.50%</b>
<b>EBITDA</b>	<b>\$1,835,591</b>	<b>\$377,229</b>	<b>\$25,327</b>

(For more details, see Section 6.0—Financial.)

### **Competitive Advantages**

The Company has earned and developed 6 competitive advantages that focus on its market, including its focus on quality and customer service. Each of these advantages contributes to the future growth and prosperity of the Company. See Section 3.4 Competitive Advantages for more details.

### **Management Succession**

Predictability of personnel and management for a buyer is vital. The current operation is strong and all processes are in place with a trained workforce. There are key management personnel at all levels. The Owner is looking for a staged retirement so this is effectively a turn-key operation for the next owner. See Section 11.0 Owner/Purchaser Transition for more details.

## **Piper Group International, LLC**

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## NON-DISCLOSURE AGREEMENT—E-Liquid Manufacture

Seller is willing to disclose Confidential Information to Recipient so that Recipient can evaluate a possible purchase of Seller's business or certain business assets (the "Transaction"), but only on the conditions stated in this Agreement. Recipient acknowledges that the Confidential Information is of inherent substantial commercial value and has resulted from the investment of considerable time and expense by Seller and Recipient's receipt of same from Seller will place it in a position of having thereby acquired a significant amount of information about Seller, its business affairs, finances, customers, products, and the potential thereof, and consequently greater knowledge and additional advantage than would be otherwise available to Recipient. In consideration of the release of Confidential Information by Seller to Recipient, Recipient, intending to be legally bound, agrees that:

1. Recipient will keep confidential any nonpublic information about the Transaction or about Seller's existing or proposed business, products, or services ("Confidential Information"). Confidential Information may be written, oral, observed during facility tours, embodied in product samples, or in other forms and may or may not constitute the basis of a patentable invention. Examples of Confidential Information are (a) financial information, (b) business plans, (c) development, manufacturing, and pricing information, (d) marketing, customer, and supplier information, (e) the fact that Seller is considering or negotiating the Transaction, and (f) the terms and status of any proposed agreement.
2. Recipient will protect Confidential Information from disclosure by using reasonable care and at least the same care Recipient uses to protect its own Confidential Information. Recipient will notify Seller immediately of any disclosure of Confidential Information not permitted by this Agreement, and will cooperate fully with Seller to recover it and limit its dissemination.
3. Recipient may disclose Confidential Information only to such of its directors, shareholders, employees, and advisors, who need to know Confidential Information to evaluate the Transaction and who are obligated to comply with the restrictions imposed on Recipient by this Agreement ("Reviewing Personnel"). A breach of this Agreement by any Reviewing Personnel will be deemed a breach by Recipient. The representatives of any limited liability company, corporation or other kind of entity understand and agree that this Agreement extends to them personally and not only in their representative capacity. Recipient shall deliver a signed copy of this Agreement to each Reviewing Personnel at the time the Reviewing Personnel first receives any Confidential Information.
4. Recipient will not use or allow Reviewing Personnel to use Confidential Information, except to evaluate and negotiate the Transaction. Recipient will cease all use of Confidential Information at Seller's request. Seller retains ownership of all Confidential Information.
5. Recipient will promptly advise Seller of any decision not to proceed with the Transaction. Upon making such a decision, Recipient will either destroy the Confidential Information and all copies thereof or will return all materials furnished by Seller that contain Confidential Information to Piper Group International, LLC, 5 Centerpointe Dr. Suite 400, Lake Oswego, OR 97035, and will destroy or deliver to Seller any other materials containing or referring to Confidential Information, including materials prepared by Recipient. Recipient will state in writing under oath that it has complied with this section.
6. This Agreement does not apply to Confidential Information that: (a) is or becomes publicly available through no fault of Recipient or Reviewing Personnel; or (b) is or has been received in good faith by Recipient without restriction on use or disclosure from a third party having no obligation of confidentiality to Seller; or (c) is or has been independently developed by Recipient without reference to Confidential Information received from Seller, as evidenced by Recipient's written records.
7. The fact that portions of Confidential Information may be publicly available or otherwise not subject to this Agreement will not affect Recipient's obligations with respect to the remaining portion or with respect to the particular formulation or compilation disclosed by Seller.
8. If Recipient is required by judicial or administrative process to disclose Confidential Information, Recipient will promptly notify Seller and allow Seller a reasonable time to oppose such process. If disclosure is nonetheless required, Recipient will use its best efforts to limit the dissemination of Confidential Information that is disclosed.
9. This Agreement shall remain in effect for three years. This Agreement does not require that either party enter into the Transaction or any other business relationship, does not create any agency or partnership between the parties, and does not require that Seller disclose specific Confidential Information.
10. For two years from the date Recipient executes this Agreement, Recipient will not hire or offer to hire any of Seller's employees, other than in connection with an acquisition of Seller with Seller's consent, unless such employee first approaches Recipient without any action by Recipient
11. Recipient acknowledges that its breach of this Agreement would cause irreparable harm to Seller's business and that any remedy at law would be inadequate. In the event of a breach under this Agreement, Seller will be entitled to injunctive relief, without posting bond, in addition to any other available remedies, including damages. In any litigation concerning this Agreement, the prevailing party will be entitled to recover all reasonable expenses of litigation, including reasonable attorney fees at trial and on any appeal or petition for review or any proceeding in bankruptcy court.
12. This Agreement shall be subject to and shall be construed under the laws of the state of Oregon, without regard to conflicts of law principles. Any suit or action in regard hereto or arising out of the terms and conditions hereof shall be instituted and litigated exclusively in the Circuit Court for Polk County, Oregon, and in no other state or federal court.
13. Delivery of a signed copy of this Agreement by fax or electronic signature will have the same effect as delivery of the signed original. All additions or modifications to this agreement must be in writing and executed by both parties.
14. Neither Seller nor any of its representatives or advisors make any representation or warranty as to the accuracy or completeness of the Confidential Information, nor undertake any liability to Seller resulting from Recipient's use of the Confidential Information.
15. Seller's rights under this Agreement shall inure to the benefit of and be enforceable by any party who eventually purchases all or a portion of the business or assets of Seller to which the Confidential Information relates.
16. Recipient will make requests for and receive Confidential Information only through Seller's representative, Piper Group International, LLC. Neither Recipient nor any Reviewing Personnel will contact any employee of Seller by phone, by fax, by mail, in person, or otherwise, at any time, without Seller's prior written consent. Recipient acknowledges this provision is reasonable because of the confidential nature of the Transaction and the Confidential Information

**Recipient:**

Company \_\_\_\_\_ Address \_\_\_\_\_

By \_\_\_\_\_ Print Name \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
Email Address

(\_\_\_\_\_) \_\_\_\_\_  
Telephone Number

(\_\_\_\_\_) \_\_\_\_\_  
Mobile Number