# BUSINESS PLAN & CAPITAL STACK

AJ-Holdings US
LLC

AJ-Holdings
US, LLC

# Business Plan and Funding Capital Stack Request
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**Table of Contents**

Executive Summary .......... 3

Company Overview .......... 4

Market Opportunity .......... 5

Acquisition Strategy .......... 6

Target Criteria & Deal Sourcing .......... 7

Capital Stack & Financing Structure .......... 8

Use of Funds .......... 10

Deal Structures & Seller Incentives .......... 11

Value Creation Plan .......... 12

Exit Strategy & Buyer Pipeline .......... 13

Risk Mitigation & Escrow Controls .......... 15

Loan Repayment Plan .......... 16

Financial Forecast – 12 Month Pro Forma .......... 17

Leadership Team .......... 19

Appendix
- A. Sample LOI
- B. Asset Purchase & Partnership Agreement Summary
- C. Exhibits A–G Overview (Assets, Earnouts, Promissory Note, Non-Compete, etc.)
- D. Target Business Valuation Summary
- E. Comparable Sales Multiples (Flippa, Acquire, Empire Flippers)
- F. SBA Loan Qualification Checklist

## 1. Executive Summary

AJ-Holdings, LLC is a California-based acquisition firm specializing in the purchase, optimization, and resale of undervalued SaaS and digital businesses. Our model is simple but powerful: we acquire at 2–3x profit multiples, implement proven growth and value-creation strategies, and resell within 12–36 months at premium valuations of 6–9x to strategic buyers, institutional funds, and private equity groups.

We target digital assets with strong cash flow, low operational complexity, and verifiable user and revenue metrics. Our deal structures prioritize no-money-down or minimal upfront capital, combining seller financing, performance-based earnouts, and SBA 7(a) loans with seller-aligned upside. This reduces risk, preserves working capital, and creates immediate equity upon close.

Each deal is governed by a proprietary Asset Purchase & Partnership Agreement, reinforced by exhibits covering asset allocation, transition support, clawback protections, and seller earnout and exit participation. These hybrid structures give sellers long-tail upside while giving AJ-Holdings operational control and full value-capture potential.

We are currently reviewing a pipeline of 30+ digital businesses (valued between $2M–$10M), with an immediate opportunity to acquire and flip 1–2 businesses using this structure. Our team brings decades of experience across digital product development, investor relations, operational scaling, M&A negotiation, and live-event marketing. Together, we are creating an institutional-grade platform for digital asset packaging, repositioning, and reselling overlooked digital businesses to higher-tier buyers at meaningful multiples.

We seek $2.5M in senior debt and $500K in flexible equity or subordinated debt to fund acquisitions, with loan payments fully covered by target business cash flows and performance thresholds.

## 2. Company Overview

AJ-Holdings, LLC is a digital asset acquisition and investment firm headquartered in San Marcos, California. We specialize in acquiring undervalued SaaS platforms and high-margin digital businesses, optimizing their operations, and reselling them at elevated multiples to strategic buyers, including private equity firms, venture-backed consolidators, and institutional investors.

Our acquisition strategy is grounded in three core principles:

- Buy Smart – Acquire at low entry multiples (2–3x annual profit) using creative, low-cash structures (seller financing, SBA 7(a), deferred payments).
- Scale Fast – Implement short-cycle value creation tactics to increase revenue, improve recurring income, and optimize operating leverage.
- Exit Strong – Flip the business within 12–36 months through curated broker channels, direct buy-side relationships, or high-traffic marketplaces (e.g., Empire Flippers, FE International, Acquire.com).

We operate using a hybrid purchase and partnership structure that grants AJ-Holdings full operational control while allowing sellers to participate in upside through performance-based earnouts and exit-linked bonuses. This approach improves seller alignment, reduces upfront risk, and enables rapid growth execution post-close.

AJ-Holdings is led by experienced operator-investors with deep backgrounds in digital product growth, deal structuring, SaaS GTM strategy, and high-stakes execution. Our principals Ray Upton, CEO, and Lindsay Restrepo, Managing Partner bring complementary expertise in acquisitions, strategic operations, and scaling revenue-focused businesses.

With an initial focus on the $5M–$10M valuation range, AJ-Holdings aims to build a portfolio of flipped digital assets, each delivering outsized ROI on entry-to-exit arbitrage. Our firm also maintains ready-to-buy relationships with known aggregators and acquirers across the SaaS and digital infrastructure space.

### 3. Market Opportunity

The digital M&A landscape is undergoing a generational shift. As thousands of bootstrapped founders, indie developers, and micro-operators seek exits for their SaaS and online businesses, buyer demand is surging from aggregators, PE-backed roll-up funds, and institutional investors looking for recurring revenue at scale. This fragmentation has created a clear arbitrage window: acquire overlooked, underpriced businesses on founder-friendly platforms and reposition them for resale at investor-grade multiples.

**Undervalued Supply**
Marketplaces like Flippa, Acquire.com, and MicroAcquire list thousands of SaaS, eCommerce, and digital service businesses annually often at low multiples (2–3x profit) due to lack of financial packaging, stale marketing, or founder fatigue. Many sellers prioritize a fast close and legacy continuity over top-dollar pricing, making them ideal for AJ-Holdings' no-money-down, value-aligned structures.

**Surging Demand for Flips**
At the upper end of the market, platforms like Empire Flippers, FE International, and Quiet Light cater to venture-backed funds and private equity roll-up firms. These buyers often pay 5–9x annual profit for stabilized, high-margin SaaS assets with strong KPIs, proper documentation, and scalable infrastructure.

This creates a valuation spread that AJ-Holdings is uniquely positioned to capture:

- Buy at 2.2x–3.0x profit from founder-led platforms
- Flip at 6.0x–8.5x to strategic buyers or institutional acquirers

**Industry Trends Favoring Our Model**
Over 80% of SaaS M&A transactions under $10M are seller-financed or funded via SBA 7(a) loans. Recurring revenue and customer retention are now more valuable than growth alone. Roll-ups and bolt-ons are accelerating across sectors like B2B SaaS, Creator Tools, Marketing Tech, and Micro-ERP platforms.Understaffed brokerages and overwhelmed buyers create time and expertise gaps that AJ-Holdings can arbitrage by repositioning assets for resale

With more than $200B in dry powder across lower middle-market private equity firms and an ever-growing inventory of profitable, founder-owned digital businesses AJ-Holdings is positioned at the intersection of rising supply and premium exit demand.

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## 4. Acquisition Strategy

AJ-Holdings employs a repeatable, structured acquisition strategy designed to minimize risk, maximize post-acquisition upside, and preserve capital through creative financing. Our model focuses exclusively on acquiring profitable, low-complexity SaaS and digital businesses priced between $2 million and $10 million, with a target acquisition multiple of 2.0x–3.5x annual profit.

We identify acquisition opportunities where the business is under-optimized—but has the fundamentals of recurring revenue, verified cash flow, sticky customers, and founder disengagement.

**Target Acquisition Criteria**
We seek businesses that meet most or all of the following characteristics:

- Annual net profit between $500,000 and $2,000,000
- Monthly Recurring Revenue (MRR) and high customer retention
- Simple operating structure, often founder-run with minimal staff
- Low customer acquisition cost (CAC) and positive LTV:CAC ratio
- Clear paths to growth via pricing changes, upsells, or SEO visibility
- Clean legal and financial documentation (or ability to verify during diligence)
- Listed on undervalued marketplaces (Flippa, Acquire.com, private seller groups)

**Deal Structuring Philosophy**
Each deal is structured to protect capital and align incentives with sellers. Common elements include:

- $0 upfront or minimal cash down
- Seller financing via promissory note, deferred over 24–60 months
- Performance-based earnouts tied to revenue or MRR milestones
- Exit-linked equity kicker where seller shares in a % of upside if the business is flipped at a higher valuation
- 120-day performance-based escrow with clawback or reversion protections
- Optional SBA 7(a) financing, layered with mezzanine or founder stack if needed

**Post-Close Execution Rights**
Every acquisition includes a fully executed Asset Purchase and Partnership Agreement granting AJ-Holdings:

- Full operational control from day one

- Platform access and vendor transition within 7 days
- Non-compete and confidentiality agreements with the seller
- Transition support for 90–120 days, codified via Exhibit B

This playbook allows us to acquire quickly, scale efficiently, and flip confidently all while keeping risk exposure low and minimal cash requirements.

## 5. Target Criteria & Deal Sourcing

AJ-Holdings uses a disciplined, criteria-based approach to source acquisition targets with the highest potential for fast value creation and profitable resale. We focus exclusively on digital businesses with verifiable financials, recurring revenue, and a clear gap between current valuation and potential exit value.

Our sourcing process is driven by a combination of proprietary deal flow, outbound targeting, marketplace scanning, and direct founder outreach. We maintain daily watchlists across multiple platforms and routinely vet new listings for fast-close opportunities.

**Acquisition Profile**
We target digital businesses that meet the following filters:

**Business Type**

- B2B SaaS applications
- API-based tools and platforms
- Recurring-revenue service businesses with automation
- No-code and low-code digital products
- Productivity, creator, analytics, or marketing-focused tools

**Financial Criteria**

- Annual net profit between $500,000 and $2,000,000
- Strong gross margins above 60 percent
- Clear product-market fit and customer retention
- Verifiable recurring revenue through Stripe, PayPal, or Shopify exports
- Clean legal structure and minimal technical debt

**Operational Characteristics**

- Founder-led or under-resourced businesses
- Low fixed overhead and small teams
- Organic traffic or under-optimized acquisition channels

- Minimal churn or strong customer lifetime value

**Deal Type**

- Listings priced between two and three times trailing twelve-month profit
- Willing sellers open to seller financing and deferred structures
- Businesses with limited prior exposure to premium marketplaces

**Deal Flow Sources**

We identify and evaluate opportunities through the following acquisition channels:

**Primary Sources**

- Flippa (daily curated listings with low multiples)
- Acquire.com (targeting bootstrapped SaaS founders seeking quick exits)
- Empire Flippers, FE International, Quiet Light (as exit platforms)
- Private Slack and Discord groups for SaaS founders
- Newsletter deal lists including SaaS Bootstrapper and Indie Hackers

**Direct Outreach**

- Cold outreach to underpriced listings and expired marketplace accounts
- Follow-up with previous non-sold assets from Flippa and Acquire
- Partnerships with freelance brokers and small M&A advisors

**Proprietary Funnel**

- Website opt-in for founders to receive value-based exit offers
- Downloadable guides and “Quick Exit” tools designed to attract fatigued operators
- Founder-to-founder referrals from prior transactions

This multi-channel approach ensures a consistent pipeline of undervalued digital businesses that meet our exacting standards for profitable acquisition and rapid resale.

## 6. Capital Stack & Financing Structure

AJ-Holdings deploys a multi-layered capital stack designed to acquire high-margin digital businesses using minimal cash at close. Our structure blends seller financing, debt instruments, and revenue-linked payouts to reduce risk and preserve working capital. Each layer of the capital stack is customized per deal and structured to protect downside while maximizing upside for all parties.

Our financing approach is designed for flexibility, scale, and alignment with both SBA lenders and seller incentives. The capital stack allows us to acquire businesses without dilution, unlock seller trust, and accelerate time to close.

**Primary Capital Components**

Seller Financing (Promissory Notes)

Sellers receive a deferred payment note payable over 24 to 60 months with modest interest, no collateral, and flexible prepayment terms. This approach minimizes upfront cash needs and incentivizes sellers to structure fair pricing.

**SBA 7a Senior Debt**

For qualifying businesses, we pair seller financing with SBA 7a loans to fund acquisition and working capital. This program allows up to 90 percent leverage, includes a 10-year term, and requires only modest equity contribution. AJ-Holdings ensures full compliance with SBA net cash flow coverage requirements.

**Performance-Based Earnouts**

Sellers may receive additional quarterly payments based on meeting agreed revenue or profit milestones. These payouts are entirely self-funded from future cash flow and are contingent on performance. Earnouts align seller behavior during transition and reduce buyer risk.

**Exit-Linked Equity Kicker**

Each deal includes a back-end incentive for the seller to receive a percentage of net proceeds if AJ-Holdings resells the business at a higher valuation. This motivates seller transparency and simplifies negotiation while reducing the need for cash premiums.

**Mezzanine or Equity Bridge Capital (Optional)**

If required, AJ-Holdings may utilize flexible capital from non-dilutive investor partners or revenue-based financing firms such as Founderpath, Capchase, or Pipe. These funds are used to bridge SBA funding delays or provide short-term growth capital post-close.

**Typical Capital Stack Example**

| Component | Amount | Source |
|---|---|---|
| SBA 7a Senior Loan | 1,800,000 | Traditional SBA lender |
| Seller Promissory Note | 500,000 | Deferred over 48 months |
| Earnout Pool | 300,000 | Based on performance |
| Equity Kicker (15 percent) | Exit-only upside | Seller incentive |
| Buyer Equity Contribution | 200,000 | From AJ-Holdings reserves |

This example illustrates a $2.5 million transaction with less than 10 percent equity injection, fully compliant with lender guidelines and structured for strategic scalability.

Our capital stack is engineered to reduce acquisition risk, maintain liquidity, and deliver superior returns on equity.

## 7. Use of Funds

The funds raised through SBA loans, seller financing, and investor capital will be deployed with a precise allocation strategy focused on high-ROI acquisition and post-close optimization. Our objective is to acquire profitable digital businesses, transition them efficiently, and scale their value prior to resale.

Every dollar is tied to measurable outcomes. We prioritize cash flow–positive targets with minimal integration needs, and we deploy capital only where it drives immediate margin expansion, recurring revenue growth, or buyer-readiness for resale.

**Projected Use of $2.5 Million Acquisition Capital**

| Category | Estimated Allocation | Purpose |
|---|---|---|
| Business Acquisition | 1,800,000 | Initial closing cost and seller promissory note obligations |
| Working Capital Reserve | 200,000 | Platform fees, third-party subscriptions, and cash buffer |
| Growth & Optimization Budget | 250,000 | Immediate improvements to marketing, CRO, pricing, and UI performance |
| Contractor & Vendor Onboarding | 100,000 | Freelancers, developers, and support transition costs |
| Legal & Diligence | 50,000 | Legal, tax, and diligence-related expenses |
| SBA Closing Costs & Fees | 100,000 | Origination fees, appraisal, and prepaid costs |

Additional equity or bridge capital may be used to accelerate growth initiatives post-close. These include email list expansion, paid traffic campaigns, AI integrations, or customer success enhancements—all designed to increase the resale multiple.

**Working Capital Philosophy**

Unlike traditional acquisitions that drain liquidity post-close, AJ-Holdings maintains a working capital reserve to support improvements that directly elevate valuation. Each use of funds is benchmarked against exit-readiness metrics, and no capital is applied to non-recurring or speculative activities.

Our focus is to keep overhead light, maximize contribution margin, and build businesses that are operationally lean and financially attractive to institutional buyers.

## 8. Deal Structures & Seller Incentives

AJ-Holdings structures every acquisition with a clear objective: to protect capital, reduce risk, and align seller incentives with post-close value creation. Our approach is seller-friendly, investor-safe, and optimized for rapid transitions.

We do not pursue full cash buyouts. Instead, we craft hybrid deals that include deferred payments, seller participation, and milestone-based payouts. This ensures we pay sellers for real value, not potential, and only after performance is validated.

**Standard Deal Elements**
Each transaction typically includes the following structure:

**Zero or Minimal Upfront Cash**
We defer the majority of the purchase price through seller-financed promissory notes. This allows for rapid deal execution without capital strain, while providing guaranteed income to the seller over time.

**Seller Promissory Notes**
These are structured with monthly payments over 24 to 60 months and include a modest interest rate. Notes are unsecured and contingent on post-close performance, with no personal guarantees.

**Performance-Based Earnouts**
Sellers can earn additional payouts based on achieving milestones such as increased MRR, decreased churn, or profitability growth. Earnouts are fully self-funding and paid from actual business performance.

**Exit-Linked Equity Kickers**
Sellers retain a percentage of the upside if AJ-Holdings resells the business at a higher valuation within a defined period. For example, a seller may receive 15 percent of the net increase in sale value over the original purchase price if a flip occurs within 36 months.

**Transition Support Incentives**
We reward sellers who actively support the handoff process by tying portions of their payout to smooth transition, documented SOPs, and timely access to key accounts, platforms, and vendor introductions.

**Non-Financial Incentives**
Our sellers often value clean exits, legacy preservation, and minimal involvement post-close. We ensure they do not carry ongoing obligations, are protected by clear contracts, and can exit confidently knowing their business is in capable hands.

**Seller Win, Buyer Win**
This structure allows sellers to:

- Avoid the delays of traditional all-cash buyers
- Receive guaranteed and performance-linked payments
- Participate in the future upside of the business without effort
- Offload operational burden quickly and professionally

For AJ-Holdings, this reduces cash requirements, lowers acquisition risk, and ensures seller alignment during the critical first months of ownership.

Our acquisition model is built to reward transparency, speed, and collaboration delivering fair value to founders while protecting investors and lenders from downside exposure.

## 9. Value Creation Plan

AJ-Holdings applies a proven framework to quickly increase the value of each acquired business. Our approach is rooted in strategic repositioning, operational improvements, and digital marketing acceleration. Every decision is tied to increasing monthly recurring revenue, improving profitability, and preparing the business for resale at a significantly higher multiple.

We do not hold long term. We acquire, improve, and exit within a targeted window of 12 to 36 months. Our goal is to build a portfolio of flipped digital assets that deliver strong returns through valuation arbitrage.

**Post-Acquisition Improvements**
Once operational control is transferred, we deploy a tailored growth playbook based on the specific needs of the business. This may include:

**Revenue Expansion**

- Upsell and cross-sell funnels using email sequences and in-app messaging

- Conversion rate optimization across landing pages and checkout flows
- Introduction of new pricing tiers, annual plans, and premium features
- Launch of affiliate programs and partner channels

**Retention and Churn Reduction**

- Improved onboarding with drip campaigns and welcome flows
- Loyalty programs and customer success outreach
- In-app feedback and feature usage monitoring
- Exit surveys and reactivation offers

**Technical and UX Enhancements**

- Simplification of signup flows and user journeys
- Refactoring outdated code or replacing inefficient plug-ins
- Implementing A B testing and session recordings
- Enhancing site speed, mobile responsiveness, and user accessibility

**SEO and Organic Visibility**

- Keyword repositioning and authority-building through guest content
- Internal linking optimization and cleanup of technical SEO issues
- Content expansion via blog articles and help center improvements
- Use of AI tools to scale content creation rapidly

**Operational Efficiency**

- Consolidation of vendor and SaaS subscriptions
- Standardization of SOPs and knowledge management
- Offshore contractor onboarding to reduce fixed cost
- Creation of a dashboard for KPI visibility and automation alerts

**Flip Preparation and Packaging**

Once growth metrics stabilize, we begin preparing the business for exit:

- Full documentation of financials, SOPs, and transition materials
- Creation of a buyer pitch deck and one-page business overview
- Preparation of due diligence folders and third-party verification
- Identification of likely acquirers and outreach to premium brokerages

This process is codified and repeatable. We do not bet on product innovation or unproven marketing strategies. We focus on repeatable systems that deliver measurable uplift in valuation. Each business becomes a financial asset engineered for resale with institutional quality presentation and investor-grade documentation.

## 10. Exit Strategy & Buyer Pipeline

AJ-Holdings is a builder of resale-ready digital assets. Our goal is not long-term operation, but rather fast-cycle value creation and profitable exits. We target an exit window of 12 to 36 months post-acquisition, once value enhancements have been implemented and trailing twelve-month performance reflects sustainable growth.

We execute resale through a combination of premium broker networks, direct buyer outreach, and curated partnerships with strategic acquirers and private equity-backed roll-up funds.

**Exit Timeline**

Most businesses are pre-qualified for flip resale at the time of acquisition. Our typical timeline includes:

- First 90 days: Implement operational improvements, reduce churn, optimize pricing
- Months 4 to 12: Scale revenue, stabilize MRR, build SOPs and documentation
- Months 12 to 24: Prepare for listing with broker or direct outreach to buyer pipeline
- Months 18 to 36: Complete exit at 6 to 9 times multiple based on updated financials
- This timeline may accelerate for simpler or smaller assets and may extend for businesses undergoing more complex repositioning.

**Exit Channels**

We maintain active relationships with multiple exit platforms, broker networks and buyers, including:

- Empire Flippers
- FE International
- Quiet Light
- Foundy
- Website Closers

These firms cater to capital-backed buyers and consistently close deals at high multiples when the business is well packaged.

**Direct Institutional Buyers:**

- Private equity roll-up firms in the SaaS and marketing tech space
- Venture-backed platforms seeking bolt-on tools
- Strategic acquirers looking to expand functionality or user base
- Corporate development teams from infrastructure or creator economy platforms

**Buy-Side Deal Advisors**
We also maintain communication with boutique investment bankers and deal advisors representing funds actively searching for low-code SaaS, niche B2B tools, and creator monetization platforms.

**Resale Criteria**
We only initiate a sale process once the following are in place:

- Twelve months of stable recurring revenue and profit growth
- Verified trailing financials through Stripe, PayPal, and bank exports
- Clean ownership of all code, contracts, and IP
- Updated brand positioning and marketing collateral
- Post-sale SOPs and transition documents for new owner onboarding

This exit readiness ensures we can command a premium multiple and move quickly when the buyer is identified. The AJ-Holdings model is built for this outcome. Our reputation, documentation, and post-close support make us a preferred seller for capital-backed buyers seeking profitable digital assets.

## 11. Risk Mitigation & Escrow Controls

AJ-Holdings deploys a multi-layered risk mitigation framework across every acquisition to protect lender capital, ensure operational stability, and maintain performance during the transition period. We do not rely on trust alone. Every deal is structured with enforceable legal protections, operational benchmarks, and exit contingencies that shield us from underperforming or non-cooperative sellers.

At the core of our strategy is a 120-day performance-based escrow period combined with seller clawback provisions, reversion rights, and detailed contractual enforcement. These tools ensure that no capital is left exposed to poorly performing assets.

### Key Risk Mitigation Mechanisms

**Performance-Based Escrow**
Each acquisition is subject to a 120-day escrow period during which the seller must deliver platform access, transition support, and full cooperation. Final seller payouts are withheld until key milestones are met. These include platform walkthroughs, successful vendor handoff, and operational performance tracking.

**Monthly Operational Reporting**
The buyer must submit detailed monthly reports on recurring revenue, churn, customer acquisition cost, and profitability. This transparency protects lenders and validates asset performance during the highest risk window.

**Transition Support Enforcement**
Sellers are obligated to provide onboarding assistance, documented processes, and platform walkthroughs for a minimum of 90 days. Failure to fulfill these duties may result in payment delays or forfeiture of earnout and kicker rights.

**Right to Reversion**
In the event of a seller breach, fraud, or material underperformance, AJ-Holdings retains the right to trigger reversion controls. These allow us to recover control of the business or reclaim deferred compensation before full transfer is finalized.

**Non-Compete and Non-Solicitation**
Sellers agree to three-year non-compete terms and cannot solicit customers, employees, or vendors of the acquired business. These provisions are critical to preserving operational integrity post-close.

**Clawback Provisions**
If a business is found to have misrepresented financials or concealed platform violations, AJ-Holdings reserves the right to halt payments and initiate arbitration. The seller's equity kicker and earnout are only paid after clean performance is verified.

**Third-Party Escrow and Arbitration**
Escrow accounts are held by neutral third parties with monthly performance milestones defined in advance. All disputes are subject to binding arbitration in San Diego County to ensure fast, low-cost resolution.

This comprehensive approach limits exposure and ensures that we pay only for real, verifiable value. It allows us to move quickly with confidence while protecting both debt capital and buyer equity throughout the transition period.

## 12. Loan Repayment Plan

AJ-Holdings structures every acquisition to ensure that lender capital is repaid through predictable, recurring cash flow generated by the acquired business. We do not rely on speculative future growth. We only acquire profitable businesses with trailing twelve-month financials that fully support debt service obligations.

Each loan repayment plan is designed with conservative assumptions, performance safeguards, and multi-layered coverage. We prioritize SBA 7a loans for their long amortization period, low interest rates, and flexibility in structuring deferred principal during the early months of ownership.

**SBA 7a Repayment Strategy**

**Loan Size**
Our typical loan requests range from one million to three million dollars per transaction.

**Term and Rate**
Loans are structured over ten years with fixed or variable rates within SBA guidelines. We assume a conservative rate between nine percent and ten percent in our models.

**Monthly Debt Service**
For a two point five million dollar loan at nine percent over ten years, the estimated monthly payment is approximately thirty one thousand five hundred dollars. The businesses we target must generate net monthly profit of at least forty five thousand dollars, leaving room for operating margin, owner compensation, and reinvestment.

**Coverage Ratio**
We target businesses with at least one point four times debt service coverage ratio. This ensures a strong margin of safety for both lenders and investors.

**Payment Timeline and Reserves**
We implement a 120-day operating period before full loan payments begin. During this time:

- The business generates cash flow under our operational control
- We build a reserve of at least three months of debt service
- We track performance and verify stability before initiating principal repayment

Lenders are protected by a fully executed purchase agreement, transition performance benchmarks, and documented trailing profit data from verified Stripe, PayPal, and bank records.

**Repayment Cushion and Optional Coverage**
In addition to cash flow coverage, AJ-Holdings may use:

- Personal guarantees backed by verifiable assets
- Interest-only bridge capital to stagger early repayment risk
- Equity co-investors for working capital coverage if needed

Our repayment plans are conservative by design. We do not depend on best case scenarios. Each business must support full repayment even under modest growth and stable churn conditions. By combining cash flow underwriting, performance verification, and layered protections, we present lenders with a clear, low-risk path to repayment.

## 13. Financial Forecast – 12 Month Pro Forma

AJ-Holdings builds each 12-month forecast using actual trailing twelve-month performance data from the acquired business, combined with realistic value creation initiatives that can be implemented quickly. We do not base projections on aggressive scaling or speculative growth. Instead, our forecasts focus on sustainable improvements in revenue, margin expansion, and operating efficiency.

All projections are grounded in strategies that have been repeatedly deployed across digital businesses. These include pricing optimization, churn reduction, funnel conversion improvements, and cost control through contractor realignment and automation.

**Assumptions Used in the Pro Forma**
Starting monthly recurring revenue: one hundred twenty-five thousand dollars

- Average churn reduction: two percent
- Conversion rate optimization uplift: ten percent
- Annualized revenue growth target: twenty five percent
- Operating margins increase through automation and vendor consolidation: eight percent
- One-time investment in growth initiatives: two hundred fifty thousand dollars from reserve capital

**Projected 12-Month Income Statement**

| Metric | Month 1 | Month 12 | Total 12 Months |
|---|---:|---:|---:|
| Monthly Recurring Revenue | 125,000 | 160,000 | 1,825,000 |
| Other Revenue (upsells etc.) | 10,000 | 15,000 | 150,000 |
| Gross Revenue | 135,000 | 175,000 | 1,975,000 |
| Cost of Goods Sold | 25,000 | 30,000 | 340,000 |
| Gross Profit | 110,000 | 145,000 | 1,635,000 |
| Operating Expenses | 60,000 | 70,000 | 780,000 |
| EBITDA | 50,000 | 75,000 | 855,000 |
| Debt Service (SBA Loan) | 31,500 | 31,500 | 378,000 |
| Net Operating Income | 18,500 | 43,500 | 477,000 |

**Notes on Forecast**

- Monthly recurring revenue grows through price tier adjustments and lower churn
- Expenses remain lean due to offshore contractor utilization and software stack optimization
- Gross profit improves as cost per customer declines through marketing funnel changes
- EBITDA margin expands from 37 percent to 43 percent
- Debt service remains fully covered by net income with strong cash cushion maintained

This 12-month forecast shows that the business not only supports loan repayment, but also generates meaningful cash flow that can be reinvested, distributed, or used to fund future acquisitions.

AJ-Holdings expects to exit each business after year two or three, with a resale multiple between six and nine times EBITDA. This results in substantial return on equity for both the company and its investors.

## 14. Leadership Team

AJ-Holdings is led by seasoned operators and acquisition specialists with decades of experience across digital media, SaaS, business development, M&A, and high-stakes event production. Together, they bring a unique blend of financial discipline, technical acumen, and marketing insight that enables the successful acquisition, optimization, and resale of undervalued digital businesses.

**Ray Upton**
Chief Executive Officer

Ray Upton is a lifelong entrepreneur and business development executive with more than 20 years of experience generating multimillion-dollar revenue deals across media, technology, and B2B services. Ray has led successful projects involving investor fundraising, strategic partnerships, large-scale event production, and digital innovation. He has personally closed over 50 million dollars in funding commitments and sponsorships across multiple industries.

As CEO of AJ-Holdings, Ray leads acquisition negotiations, capital stack design, and high-level exit packaging. He brings a unique lens to value creation through his deep understanding of buyer psychology, investor storytelling, and deal flow optimization. Ray previously served as a senior executive in touring, media, and nonprofit sectors, and he remains known for his ability to scale underperforming platforms into high-margin revenue engines.

Ray holds a degree in Communications with a focus on Television Production and Marketing from Graham Junior College in Boston.

**Lindsay Restrepo**
Managing Partner

Lindsay Restrepo is an accomplished SaaS and B2B marketing executive with over a decade of experience leading go-to-market strategy, customer lifecycle growth, and product marketing for venture-backed technology companies. She has scaled multiple marketing organizations, executed cross-functional product launches, and driven significant ARR growth through content strategy, automation, and brand development.

At AJ-Holdings, Lindsay oversees deal sourcing, post-acquisition growth planning, and buyer packaging. She brings expertise in growth marketing, customer success, and investor communications, helping reposition acquired businesses for faster and more profitable exits.

Lindsay holds a bachelor's degree in communications and is certified in multiple CRM, product, and analytics platforms.

Together, Ray and Lindsay form a complementary leadership team with the operational skill set, acquisition discipline, and strategic clarity to deliver superior outcomes for lenders, sellers, and equity partners.

## 15. Appendix

The following exhibits and supporting documents provide a full view of AJ-Holdings' acquisition framework, contractual protections, and financial modeling. These materials are available upon request and form the backbone of our due diligence, negotiation, and execution process.
Each document has been professionally prepared to ensure clarity for lenders, investors, sellers, and legal counsel.

**A. Sample Letter of Intent (LOI)**
Outlines our standard no-money-down deal proposal, including deferred purchase terms, seller financing, performance-based earnouts, and exit-linked equity kicker. Designed to accelerate deal flow while aligning seller incentives with our exit timeline.

**Key Features**

- No cash at closing
- 90-day seller transition support
- 30-day due diligence exclusivity period
- Confidentiality and dispute resolution terms

**B. Asset Purchase and Partnership Agreement (Hybrid)**
The definitive agreement used to execute all acquisitions. Combines a traditional asset purchase framework with partnership-style performance and transition terms. Designed to give AJ-Holdings full control while protecting the seller's deferred interest.

**Key Features**

- Complete asset transfer including IP, code, accounts, and trademarks
- Seller carry and deferred compensation terms
- Non-compete, non-solicitation, and reversion protections
- Transition timelines and deliverables
- Binding arbitration and jurisdiction clause

**C. Exhibits A to G Overview**
These exhibits are attached to the purchase agreement and define the structure, protection, and performance criteria for each deal.

- Exhibit A – Asset Schedule and Transfer Inventory
- Exhibit B – Transition Support Outline
- Exhibit C – Performance-Based Earnout Metrics
- Exhibit D – Exit-Linked Equity Kicker Terms
- Exhibit E – Due Diligence Checklist
- Exhibit F – Promissory Note Structure
- Exhibit G – Non-Compete and Confidentiality Agreement

**D. Target Business Valuation Summary**
A working model that analyzes current acquisition targets based on asking price, profit multiple, cash flow, and potential resale value. Each business is evaluated using conservative growth scenarios and projected flip returns.

**Included Metrics**

- Monthly and annual net profit
- Seller asking price
- Implied profit multiple
- Projected resale multiple and gross exit value
- Return to AJ-Holdings after costs and fees

**E. Comparable Sales Multiples Reference**
Data set compiled from recent closed transactions across Empire Flippers, Acquire, FE International, and Quiet Light. Used to benchmark acquisition targets and validate post-flip valuation assumptions.

**Highlights**

- SaaS businesses under ten million dollars are trading between six and nine times annual profit
- Content and utility SaaS tools with strong MRR and clean metrics command the highest multiples
- Founder fatigue, limited growth strategy, or lack of packaging contribute to low listing prices on founder-friendly marketplaces

**F. SBA Loan Qualification Checklist**

Prepared to ensure full eligibility and compliance for SBA 7a acquisition funding. This checklist confirms that all AJ-Holdings acquisitions meet the required criteria.

**Checklist Includes**

- Verifiable historical cash flow
- Seller willing to finance a portion of the deal
- U.S.-based operations with legal transferability of assets
- No known legal liabilities or IP conflicts
- Debt service coverage based on TTM financials

These materials demonstrate that AJ-Holdings is not just acquisition-ready, but deal-tested. Our documentation, structures, and protections have been refined for repeat use and can be shared in full with lenders, institutional co-investors, or qualified sellers under NDA.