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CONFIDENTIAL BUSINESS PROFILE

Established Clinical Laboratory Equipment and Testing Supply Distributor

ABSENTEE RUN



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DRE# 02023864

Description of Business:

All information contained within this document and in all other materials was furnished by either the buyer or seller of the business. Purchasing a business involves risk and all parties are advised to seek legal and financial advice. Pacific Reliance has not and will not verify the accuracy or completeness of this information.

With a rich history spanning 38 years, this company has evolved from humble beginnings in a garage to a thriving enterprise headquartered in Texas and a warehouse strategically located in Southern California.

As an authorized distributor and value-added supplier for numerous key diagnostic manufacturers in the United States, they specialize in a comprehensive range of products, including instruments, support equipment, reagents, testing kits, and related supplies across multiple testing categories such as Chemistry, Hematology, Toxicology, Immunoassays, and specialty testing.

Their primary focus area is the western United States, with a stronghold in California, although they proudly serve customers across the nation.

Their clientele primarily consists of independent clinical laboratories, toxicology testing labs, research and biotech institutions, with a growing presence in physician office labs, hospitals, and other sectors.

At the heart of their business philosophy lies an unwavering commitment to exceptional customer service. Their small and nimble size enables them to provide personalized attention, ensuring satisfaction and fostering long-term partnerships. This dedication to service has garnered them a loyal customer base, with repeat orders and referrals serving as testament to their reliability and integrity.

Highlights

- Infrastructure ready for expansion of business both geographic and number of sites.
- Very experienced office Manager and small and lean organization.
- Key distributor agreement and long term relation with key manufacturers.
- Repeat and long term orders from existing customers.
- Significant sale of reagents and consumables with each new sale of laboratory analyzers.
- Owners are semi-retired and moved to other states from California
- Business runs itself
- Business can be relocated almost anywhere.
- A very large potential market of over 250,000 customers in the USA.
- Potential for expansion of product categories including molecular testing and point of care testing products.
- Very limited small size distributors and suppliers other than two large companies
- Very stable business with unlimited opportunities for expansion.

REVENUES are generated from the product sales for clinical laboratory testing:

PRODUCTS:

1. Clinical Chemistry analyzers and testing reagents and related supplies
2. Toxicology equipment and testing reagents and supplies.
3. Hematology analyzers and reagents and related supplies
4. Immunoassay analyzers and reagents and supplies
5. Lab information systems.
6. Support equipment and general testing products
7. General lab supplies.
8. Specimens collection products.
9. Controls, Calibrators,
10. Service and support for lab analyzers.

Customers	Sales %
Independent Clinical Labs	53%
Toxicology testing labs	13%
R&D testing	16%
Hospitals	6%
Physician Office Labs	4%
Others	8%

The company has over 70 active customers with 85% REPEAT business.

This company distributes product from major manufactures including:

- Horiba
- TOSOH Biosciences
- Medica Inc.
- CompuGroup Medical
- ThermoFisher Microgenics
- Jant Pharm
- Cerilliant Corp
- Lab Supply Specialists
- Phenomenex, LC/MS columns and misc. products.
- Bio-Rad, Chemistry Controls via a 2nd source. (K & K Consulting)
- Globe Scientific, Plastic's, and Glassware.
- Medical Chemical, Reagent grade water & misc. chemicals.
- R & D Systems, Linearity products for hematology.

The business has approximately \$70,000 in inventory with turnover every 30 to 60 days.

REVENUE HISTORY

Year	August 2021 through July 2022	August 2022 through July 2023	August 2023 through April 2024
Gross Sales	\$ 1,715,744.64	\$ 1,760,407	\$1,319,559
Net profit including Owner salary	\$ 257,534	\$316,542	\$218,218 for 8 months
			On track to net \$327,327 for fiscal year 2024 with revenues of \$1,979,288

* Fiscal year August through July

** Data provided by owner via p&l. Buyer to hire CPA to verify all numbers

A. SET UP AND MANAGEMENT

The business operates within a sublease agreement with another company, allowing for new ownership to continue at the current location for up to one year before relocating to a venue of their choosing.

FACILITIES

The office is located in Texas with management working remotely. The warehouse space is located in Orange County, CA.

The location of the warehouse is not relevant to the business as customers very rarely come to the warehouse for will call purposes.

The monthly rent for the space is \$2,500.

OWNERSHIP & EMPLOYEES/PERSONNEL:

The owners, while semi-retired, are actively involved in different aspects of the business, handling administration, payroll, sales, inventory control, and general oversight. Owner also work remotely and in different states. Additionally, there is one silent partner involved in the ownership structure.

The owners are selling the business for retirement reasons.

Current Owner(s)	Years Owned	% Owned	Hours worked per week	Primary Duties
Owner A	40	33	15 hrs	General oversight. Technical Support. Bookkeeping. AP/AR
Owner B	15	33	20 hrs	General oversight. Technical Support. Sales. Inventory control.
Owner C	40	33	None	None

The personnel structure includes the 2 owners mentioned as well as an office manager who works remotely and 1 part-time warehouse worker who fills the orders. The office manager has been a loyal employee for over 18 years and has full knowledge of the business.

Channel Distribution

The firm has created strategic partnerships with many of the largest manufacturers in the world to provide a "Best Fit" solution on your laboratory needs based on performance, cost and volume.

- Analyzer & Related Equipment
- Reagents
- Consumables
- General Laboratory Supplies

Area of Business and Competition

This business primarily operates within the West Coast of the USA, with approximately 90% of its business concentrated in this region. Additionally, it has a smaller presence in neighboring states and Midwest states, comprising roughly 10% of its operations. In terms of competition, there are two, namely Henry Schein and McKesson.

Growth Prospects There are more than 309,914 clinical labs in the United States. About 128,651 (over 42%) of these labs are physician Office Labs (POLs). Others include hospital-based labs (about 3%), independent labs (about 3%), and other labs (52%) that includes a variety of labs in urgent care centers, nursing homes, ambulatory centers, community health center, etc. There are about 16,000 moderate and high complexity POLs, and all these labs are potential customers for this lab supplier.

Marketing Potential Most marketing is referred or word of mouth. No marketing activities are currently being done. A new buyer can easily increase revenues by:

- Hiring an outside sales force.
- Creating e-blast and e-mail marketing to existing clients.

- Advertise **NATIONALLY** as this business is duplicable and scalable.
- Cross marketing with various medical based companies.
- Expand services to more states across the nation
- Becoming a member of ADLM, NACC and anything clinical laboratory related.

Don't miss this opportunity to own a scalable absentee run business!

For additional information, please contact Jerry Diza at Info@PacificRB.com or call (949) 427-0304

Profit & Loss

August 2023 through March 2024

8 month p&l. Fiscal year ends in July.

Aug '23 - Mar 24

Ordinary Income/Expense		
Income		
Freight Income		92,341.86
Sales Income		1,216,795.68
Service Income		10,422.06
		<hr/>
Total Income		1,319,559.60
Cost of Goods Sold		
Cost of Goods Sold		
Cost of Goods Sold - Other		2,907.80
Cost of Goods Sold - Other		896,810.32
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Total Cost of Goods Sold		899,718.12
Inventory Overages/Shortages		-19,100.70
Service		10,333.00
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Total COGS		890,950.42
Gross Profit		428,609.18
Expense		
Bank Service Charges		6,110.09
Car/Truck Expense		
Gas		449.11
Repairs & Maintenance		797.09
Car/Truck Expense - Other		245.83
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Total Car/Truck Expense		1,492.03
Charity Donations		9,605.18
Federal Income Tax Expense		4,292.34
Freight Expense		95,651.99
Insurance		
Office Insurance		6,362.36
Worker's Compensation		1,175.30
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Total Insurance		7,537.66
Internet		676.50
Meals and Entertainment		148.94
Office Equipment		1,000.00
Office Supplies		1,143.55
Outside Contracting Expense		12,717.09
Payroll Expenses		
Payroll - Non Officers		33,701.19
Payroll - Officers		96,680.89
Payroll Taxes		59,344.88
		<hr/>
Total Payroll Expenses		189,726.96
Postage and Shipping		2,506.09
Professional Fees		
Accounting Fees		675.00
Legal Fees		126.35
Payroll Services		1,884.15
		<hr/>
Total Professional Fees		2,685.50
Promotions		1,071.30
Reconciliation Discrepancies		-441.20
Rent		20,000.00
Repairs and Maintenance		
Computer Repairs		195.84
Repairs and Maintenance - Other		330.87
		<hr/>
Total Repairs and Maintenance		526.71

* Payroll tax should be 10% of payroll for non-officers or \$3370, not \$59,344.
Difference is \$55,974 which could be an add back to profits. Waiting for CPA clarification.

Profit & Loss

August 2022 through July 2023

	Aug '22 - Jul 23	
Ordinary Income/Expense		
Income		
Freight Income	108,078.23	
Sales Income	1,628,858.20	
Service Income	23,370.79	
Uncategorized Income	100.00	
Total Income	1,760,407.22	
Cost of Goods Sold		
Cost of Goods Sold		
Cost of Goods Sold - Other	0.00	
Cost of Goods Sold - Other	1,177,323.33	
Total Cost of Goods Sold	1,177,323.33	
Freight Costs	138.21	
Inventory Overages/Shortages	-47,277.82	
Service	9,760.00	
Total COGS	1,139,943.72	
Gross Profit	620,463.50	
Expense		
Bad Debt Expense	17,000.00	
Bank Service Charges	16,581.10	
Car/Truck Expense		
Gas	2,488.85	
Repairs & Maintenance	6,904.54	
Total Car/Truck Expense	9,393.39	
Charity Donations	11,159.27	
Conferences & Seminars	474.83	
Dues and Subscriptions	388.87	
Federal Income Tax Expense	18,705.18	
Freight Expense	132,657.21	
Insurance		
Office Insurance	7,756.20	
Worker's Compensation	1,145.58	
Insurance - Other	26.49	
Total Insurance	8,928.27	
Internet	874.60	
Licenses and Permits	350.00	
Meals and Entertainment	676.23	
Office Equipment	699.62	
Office Supplies	2,509.91	
Outside Contracting Expense	18,992.43	
Outside Sales Commissions	2,195.93	
Payroll Expenses		
Payroll - Non Officers	48,613.93	
Payroll - Officers	122,700.61	Payroll tax not accurate. Should be
Payroll Taxes	77,779.53	10% of wages (\$4,861)
Payroll Expenses - Other	35.00	
Total Payroll Expenses	249,129.07	
Postage and Shipping	3,998.98	
Professional Fees		
Accounting Fees	4,075.00	
Consulting Fees	2,621.29	
Legal Fees	2,183.99	
Payroll Services	2,521.92	
Total Professional Fees	11,402.20	

Profit & Loss

August 2022 through July 2023

	Aug '22 - Jul 23
Promotions	1,161.10
Property Taxes	803.35
Reconciliation Discrepancies	-2,230.02
Rent	35,000.00
Repairs and Maintenance	1,252.00
Sales Promotions	121.68
Sales Tax Adjustment	2,655.17
Service Cost One time expense	24,510.00
Software	5,621.28
State Income Tax Expense	8,282.16
Telephone and Fax	5,923.54
Travel	
Air	3,106.09
Auto Mileage	403.60
Lodging	722.16
Parking	299.00
Travel - Other	61.48
Total Travel	4,592.33
Utilities	46.34
Total Expense	593,856.02
Net Ordinary Income	26,607.48
Other Income/Expense	
Other Income	
Interest Income	1,083.73
Total Other Income	1,083.73
Other Expense	
Finance Charges	472.16
Total Other Expense	472.16
Net Other Income	611.57
Net Income	27,219.05

Items in green can be considered add backs to profit which total to \$243,624
 Payroll tax is not accurate...waiting on clarification from CPA as payroll tax is usually no more than 10% of payroll which should be (\$4861, not \$77,779 which is a difference of \$72,918 and should be considered as an add back)
 Net income: \$243,624 + \$72,918= \$316,542.

** Buyer to verify all number with CPA.

Profit & Loss

August 2021 through July 2022

	Aug '21 - Jul 22	
Ordinary Income/Expense		
Income		
Freight Income	112,735.00	
Outside Contracting	74,513.57	
Sales Income	1,526,992.66	
Service Income Income from another business	442,320.26	
Uncategorized Income	1,503.41	Business Income
Total Income	2,158,064.90	\$ 1,715,744.64
Cost of Goods Sold		
Cost of Goods Sold		
Cost of Goods Sold - Other	3,344.93	
Cost of Goods Sold - Other	1,118,529.89	
Total Cost of Goods Sold	1,121,874.82	
Freight Costs	137.52	
Inventory Overages/Shortages	-39,068.11	
Packaging Costs	79.50	
Total COGS	1,083,023.73	
Gross Profit	1,075,041.17	
Expense		
Advertising Expense	229.15	
Bad Debt Expense	14,788.49	
Bank Service Charges	22,632.57	
Break Room Supplies	34.99	
Car/Truck Expense		
Gas	5,724.27	
Registration & License	238.91	
Repairs & Maintenance	1,308.16	
Car/Truck Expense - Other	219.20	
Total Car/Truck Expense	7,490.54	
Charity Donations	16,252.76	
Conferences & Seminars	929.16	
Dues and Subscriptions	510.88	
Federal Income Tax Expense	18,147.64	
Freight Expense	135,265.52	
Insurance		
Office Insurance	7,731.87	
Worker's Compensation	1,590.88	
Total Insurance	9,322.75	
Internet	1,118.00	
Meals and Entertainment	934.36	
Office Equipment	7,718.58	
Office Security	-1,566.26	
Office Supplies	2,100.50	
Outside Contracting Expense	205,154.77	
Payroll Expenses		
Payroll - Non Officers	36,577.71	
Payroll - Officers	125,945.10	
Payroll Taxes	87,453.43	* See notation below
Total Payroll Expenses	249,976.24	
Postage and Shipping	11,738.49	

* Should only be \$3658 (10% for payroll tax is normal) not \$87,453 which is \$83,795 more than normal. The difference should be considered as an add back. CPA is verifying these figures.

Profit & Loss

August 2021 through July 2022

	<u>Aug '21 - Jul 22</u>
Professional Fees	
Accounting Fees	1,175.00
Consulting Fees	349.00
Legal Fees	608.00
Payroll Services	<u>2,078.25</u>
Total Professional Fees	4,210.25
Promotions	1,052.21
Property Taxes	784.62
Reconciliation Discrepancies	-1,080.46
Rent	25,056.00
Repairs and Maintenance	
Office Cleaning	100.00
Repairs and Maintenance - Other	<u>2,641.92</u>
Total Repairs and Maintenance	2,741.92
Sales Promotions	42.42
Sales Tax Adjustment	-4,957.46
Service Cost	326,326.97
Software	5,388.84
State Income Tax Expense	4,946.00
Telephone and Fax	6,748.73
Travel	
Air	2,151.09
Lodging	<u>1,130.09</u>
Total Travel	3,281.18
Uncategorized Expenses	0.00
Utilities	<u>977.50</u>
Total Expense	<u>1,078,297.85</u>
Net Ordinary Income	-3,256.68
Other Income/Expense	
Other Income	
Other Income PPP and CA grant	<u>75,332.00</u>
Total Other Income	75,332.00
Other Expense	
Finance Charges	<u>365.99</u>
Total Other Expense	365.99
Net Other Income	<u>74,966.01</u>
Net Income	<u><u>71,709.33</u></u>

Items in green can be considered add backs totaling \$173,739 not including payroll tax add back

Add backs with payroll tax adjustment would equal \$257,534 as total profit.

Buyer to hire CPA to verify all figures.