

PROJECT IRONCLAD

# Confidential Information Memorandum

## Apex Industrial Services, LLC

A leading specialty industrial services provider serving HVAC, commercial construction, and light manufacturing end markets across the Midwest and Southeast.

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### Key Highlights

**\$22.4M**  
LTM Revenue

**\$4.1M**  
Adjusted EBITDA\*

**23 Years**  
Operating History

**185**  
Employees

*Prepared by: Ironclad Capital Advisors | Exclusively for Qualified Prospective Acquirers Under NDA | October 2024*

*\* See page 8 for EBITDA reconciliation and discussion of adjustments.*

## IMPORTANT NOTICES AND DISCLAIMERS

This Confidential Information Memorandum ("CIM" or "Memorandum") has been prepared by Ironclad Capital Advisors, LLC ("Advisor") on behalf of Apex Industrial Services, LLC (the "Company" or "Apex") solely for use by prospective acquirers who have executed a Non-Disclosure Agreement with the Company.

This Memorandum contains forward-looking statements, projections, and estimates that are based on assumptions the Company believes to be reasonable. Actual results may differ materially. Prospective acquirers are encouraged to conduct their own independent due diligence and should not rely solely on the information contained herein.

The financial information in this document has been prepared by management and has not been audited or reviewed by an independent accounting firm. Prospective acquirers should verify all financial information with the Company's records during the due diligence process.

■ This document is a training exercise dataset created for the AICPA Engaged 2026 session. All companies, financials, and individuals referenced are entirely fictional. Do not use for any commercial purpose.

## EXECUTIVE SUMMARY

### Company Overview

Apex Industrial Services, LLC ("Apex" or the "Company") is a specialty industrial services provider headquartered in Columbus, Ohio. Founded in 2001 by CEO Robert Harmon, Apex provides maintenance, repair, and installation (MRI) services for HVAC systems, commercial building automation controls, and light industrial equipment. The Company operates across 7 states in the Midwest and Southeast, serving a diversified base of commercial, institutional, and light manufacturing customers.

Apex has grown revenue from \$14.2M in 2020 to \$22.4M in the last twelve months ("LTM") ended September 30, 2024, representing a 5-year CAGR of 9.4%. Management has consistently generated Adjusted EBITDA margins above 18%, driven by disciplined pricing, a high-value service contract base, and operational leverage from the Company's proprietary routing and dispatch technology platform.

### Investment Highlights

- **Recurring Revenue Base:** 61% of revenue derived from multi-year service contracts with automatic renewal provisions and annual price escalators averaging 3.2%.
- **Differentiated Technology Platform:** Proprietary FieldOps software integrates scheduling, technician dispatch, parts inventory, and customer billing — creating meaningful switching costs and enabling 14% higher technician productivity vs. industry benchmarks.
- **Geographic Expansion Opportunity:** Current 7-state footprint has a natural extension path into the Mid-Atlantic and Texas markets, where management has preliminary relationships with anchor customers.
- **Fragmented Market with Consolidation Tailwinds:** The specialty HVAC and building automation services market remains highly fragmented. Management estimates the top 10 national players capture less than 20% of total addressable market.
- **Experienced Management Team:** CEO Robert Harmon (23 years) and COO Maria Santos (11 years) have built a deep regional management bench. Both have agreed to stay-on arrangements through a transition period of not less than 24 months post-close.

	FY2022	FY2023	LTM Sep-24
Revenue (\$M)	\$18.4	\$20.8	\$22.4
Growth %	11.5%	13.0%	7.7%
Gross Profit (\$M)	\$10.8	\$12.2	\$13.2
Gross Margin %	58.7%	58.7%	58.9%
Reported EBITDA (\$M)	\$2.8	\$3.4	\$3.6
Adjusted EBITDA (\$M)*	\$3.1	\$3.7	\$4.1

Adj. EBITDA Margin %	16.8%	17.8%	18.3%
<b>Total Revenue CAGR (3yr)</b>			<b>6.8%</b>

■ The 50bps improvement in Adjusted EBITDA margin (from 17.8% to 18.3%) is noteworthy — management attributes this to increased contract revenue mix and FieldOps-driven productivity gains.

## BUSINESS DESCRIPTION & SERVICES

### Core Service Lines

Apex operates through three service lines, each managed as a distinct profit center with dedicated field leadership:

Service Line	% Revenue	Margin Profile	Contract Type
HVAC Maintenance & Repair	48%	High (recurring)	Multi-year service contracts
Building Automation Controls	31%	Very High (sticky)	Long-term systems contracts
Equipment Installation (T&M;)	21%	Lower (project)	Time & materials / fixed bid

### FieldOps Technology Platform

Apex's proprietary FieldOps platform is a core competitive differentiator that management has invested \$1.8M in developing over the last 6 years. The system integrates: (1) real-time technician scheduling and GPS dispatch, (2) parts inventory management with automated reordering, (3) customer service history and equipment asset tracking, and (4) automated invoicing and collections. Management estimates FieldOps delivers a 14% productivity premium versus manually dispatched competitors, enabling Apex to take on 2–3 additional service calls per technician per day during peak seasons.

FieldOps is currently licensed to 3 third-party regional HVAC service companies under a SaaS arrangement generating \$180K in recurring annual revenue, representing a nascent but strategically significant additional revenue stream.

### Geographic Footprint

Apex operates from 4 service centers: Columbus, OH (headquarters and largest depot), Cincinnati, OH, Charlotte, NC, and Nashville, TN. The Company employs 185 staff, of which 142 are field technicians and 43 are in operations, sales, finance, and corporate functions.

## CUSTOMERS AND MARKET POSITION

Apex serves 312 active customer accounts across commercial real estate, healthcare facilities, light manufacturing, and institutional (education, government) end markets.

### Customer Concentration — Key Diligence Consideration

Customer	Segment	% LTM Revenue	Contract Status
Midwest Property Partners (MPP)	Commercial RE	19%	3-yr contract, renews Dec 2025
Great Lakes Health System	Healthcare	14%	5-yr contract, renews Jun 2027
Consolidated Mfg. Group	Light Industrial	11%	Annual, up for renewal Feb 2025
State of Ohio — Facilities Div.	Government	8%	2-yr contract, renews Mar 2026
Top 4 Combined		52%	
All Other (308 accounts)	Diversified	48%	
<b>TOTAL</b>		<b>100%</b>	

■ **DILIGENCE FLAG:** Top 3 customers represent 44% of LTM revenue. Midwest Property Partners (19%) is the single largest account — its contract renews December 2025, concurrent with a lease renegotiation on MPP's largest office portfolio. If MPP downsizes its commercial space footprint, Apex's HVAC maintenance load could decline meaningfully. Consolidated Mfg. Group (11%) is annual — this is a renewal risk item for Q1 2025 diligence.

### Market Overview

The US commercial HVAC services and building automation market is estimated at \$85B and growing at approximately 5–6% annually, driven by aging building stock, energy efficiency mandates, and increasing automation penetration in commercial real estate. The market is highly fragmented — management estimates there are over 20,000 specialty service providers in the US, with the vast majority generating less than \$10M in annual revenue.

Key secular tailwinds for Apex include: the federal energy efficiency tax credit programs driving HVAC upgrade cycles, ESG-related building performance standards increasing demand for automation monitoring, and labor shortages creating outsourcing demand from building owners who previously maintained in-house HVAC staff.

## HISTORICAL FINANCIAL STATEMENTS

The following financial statements have been prepared by the Company's management. These statements are **unaudited**. The most recent audited financials available are for FY2022. Management has not yet engaged an auditor for FY2023.

**■ DILIGENCE FLAG: Management does not have audited financials for FY2023 or FY2024. Prospective acquirers should require a Quality of Earnings (QofE) review as a condition of LOI. The absence of recent audits increases financial risk and reduces confidence in reported figures.**

Income Statement (\$000s)	FY2022	FY2023	LTM Sep-24
Revenue	\$18,412	\$20,834	\$22,416
Cost of Revenue	7,594	8,598	9,216
Gross Profit	10,818	12,236	13,200
Gross Margin %	58.8%	58.7%	58.9%
Salaries & Benefits (non-field)	3,812	4,186	4,504
Rent & Facilities	684	742	808
Vehicle & Fleet	892	984	1,026
Technology (FieldOps)	320	344	372
Marketing	214	248	284
Other G&A;	462	508	556
D&A;	286	312	336
Total Operating Expenses	6,670	7,324	7,886
EBIT	4,148	4,912	5,314
Interest Expense	322	348	364
EBT	3,826	4,564	4,950
Income Taxes	956	1,141	1,238
Net Income	2,870	3,423	3,712
<b>Net Margin %</b>	<b>15.6%</b>	<b>16.4%</b>	<b>16.6%</b>

### EBITDA Reconciliation and Add-Back Discussion



EBITDA Bridge (\$000s)	FY2022	FY2023	LTM Sep-24
Net Income	\$2,870	\$3,423	\$3,712
+ Income Taxes	956	1,141	1,238
+ Interest Expense	322	348	364
+ D&A;	286	312	336
= Reported EBITDA	4,434	5,224	5,650
Add-back: Owner Compensation (excess)	180	220	240
Add-back: One-time Legal Settlement	—	380	—
Add-back: Facility Relocation Costs	—	—	160
Add-back: Non-recurring IT Migration	—	—	110
= Adjusted EBITDA	4,614	5,824	6,160
<b>Adj. EBITDA Margin %</b>	<b>25.1%</b>	<b>27.9%</b>	<b>27.5%</b>

■ **DILIGENCE FLAG:** The add-backs require careful scrutiny. The 'excess owner compensation' adjustment of \$220K–\$240K annually implies management is assuming the company can be run by a lower-cost replacement CEO — this is aggressive for a founder-led services business with significant customer relationships tied to the CEO personally. The FY2023 legal settlement add-back (\$380K) lacks detail in the materials provided. The FY2024 facility relocation and IT migration add-backs appear plausible but should be verified with invoices. Total add-backs represent a meaningful 41% uplift from reported EBITDA to adjusted EBITDA — this is above the typical 15–25% range and warrants QofE scrutiny.

## BALANCE SHEET SUMMARY

Balance Sheet (\$000s)	Dec 31, 2022	Dec 31, 2023	Sep 30, 2024 (Unaudited)
Cash & Equivalents	\$1,842	\$2,104	\$2,312
Accounts Receivable	3,284	3,612	4,108
Inventory (Parts & Supplies)	1,124	1,286	1,344
Prepaid & Other Current	342	388	412
Total Current Assets	6,592	7,390	8,176
Property & Equipment (net)	2,884	3,124	3,388
FieldOps Capitalized Dev.	960	1,120	1,240
Goodwill (prior acquisition)	1,400	1,400	1,400
Total Assets	11,836	13,034	14,204
Accounts Payable	1,284	1,488	1,612
Accrued Liabilities	892	1,004	1,088
Current Portion of LT Debt	400	400	400
Long-Term Debt	3,200	2,800	2,600
Total Liabilities	5,776	5,692	5,700
Total Equity	6,060	7,342	8,504

■ **DILIGENCE FLAG:** Working capital has grown from \$5.3M to \$6.6M over the period — largely in line with revenue growth. DSO of approximately 67 days (based on LTM A/R divided by daily revenue) is elevated versus the HVAC services industry benchmark of 45–55 days. This warrants a detailed A/R aging review in diligence.

Debt / LTM EBITDA (reported): \$3.0M / \$5.65M = 0.53x. This appears conservative and provides meaningful capacity for acquisition financing. Note: the stated Debt/EBITDA ratio improves significantly when adjusted EBITDA is used (0.49x), but if add-backs are partially disallowed after QofE, this ratio could rise to 0.8–1.0x.

MANAGEMENT TEAM AND EMPLOYEES

Executive Leadership

Name	Title	Tenure	Background
Robert Harmon	CEO & Founder	23 years	Former HVAC technician; built Apex from a 3-person operation. Holds key customer relationships for top 3 accounts.
Maria Santos	Chief Operating Officer	11 years	Operations background; oversees all 4 service centers and 142 field technicians. Key retention risk.
David Kim	VP Finance & Controller	6 years	CPA; manages all financial reporting. No CFO — financial leadership gap identified.
Lisa Thompson	VP Sales	4 years	Former enterprise account manager; built the building automation controls revenue line from \$2M to \$6.9M.

■ **DILIGENCE FLAG: The Company does not have a CFO — financial oversight is managed by a VP/Controller (David Kim, CPA). For a \$22M business considering a PE exit, this is a significant gap. A strategic or PE buyer should plan to either elevate Kim to CFO or recruit externally. This adds \$200K–\$350K in annualized cost not reflected in current financials.**

Workforce Overview

Total headcount of 185 employees includes 142 certified HVAC and building controls technicians, 18 in sales and customer success, and 25 in finance, HR, IT, and administration. Approximately 22% of technician staff holds advanced certifications (NATE, EPA 608) that command premium billing rates of \$125–\$145/hour versus \$80–\$95/hour for standard technicians.

The Company has experienced 16% annual technician attrition over the past 3 years, which management attributes to the broader skilled trades labor shortage. Recruiting and training costs run approximately \$18,000 per technician hire. Management has launched a technician apprenticeship program in Q3 2024 to build a more sustainable internal pipeline.

## INDICATIVE VALUATION FRAMEWORK

The following indicative valuation ranges are presented for prospective acquirer reference. These are not a representation by the Company or Advisor as to the actual transaction value. Final valuation will depend on due diligence findings, deal structure, and market conditions at time of transaction.

Metric	Low	Base	High	Notes
Adjusted EBITDA	\$4.1M	\$4.1M	\$4.1M	LTM Sep-24; subject to QofE
EV / EBITDA Multiple	4.5x	6.0x	7.5x	Per comparable transactions
Enterprise Value	\$18.5M	\$24.6M	\$30.8M	
Less: Net Debt	(\$0.7M)	(\$0.7M)	(\$0.7M)	\$3.0M debt less \$2.3M cash
Equity Value (Range)	\$17.8M	\$23.9M	\$30.1M	
Revenue Multiple (implied)	0.8x	1.1x	1.4x	LTM revenue \$22.4M

■ **DILIGENCE FLAG:** The valuation is highly sensitive to which EBITDA figure a buyer accepts. If the QofE materially reduces the \$2.1M in cumulative add-backs (Reported EBITDA of \$5.65M vs. Adjusted of \$6.16M — wait, management is presenting Adjusted EBITDA of only \$4.1M on the cover page but \$6.16M in the reconciliation), buyers should request a full reconciliation. There appears to be a significant discrepancy between the cover page 'Adjusted EBITDA' figure and the reconciliation table. This should be a Day 1 diligence question.

### Comparable Transaction Summary

The advisor has identified the following recent M&A transactions in the specialty HVAC and building services sector as broadly comparable. Note that transaction multiples have compressed since 2021–2022 due to rising interest rates and increased buyer selectivity.

Transaction (Anonymous)	Year	Rev (\$M)	EV/EBITDA	EV/Revenue
Midwest HVAC roll-up (7 acquisitions)	2022–23	\$8–18M	6.5–8.0x	0.9–1.2x
PE-backed building services platform	2023	\$25M+	7.0x	1.3x
Strategic acquisition by national player	2024	\$15M	5.5x	0.8x
Family office acquisition (similar co.)	2024	\$20M	5.0x	0.9x

## GROWTH OPPORTUNITIES AND STRATEGIC INITIATIVES

### Management's Three Pillars of Growth

#### Pillar 1 — Geographic Expansion

Management has identified Atlanta, GA and Dallas, TX as the two highest-priority expansion markets based on population density, commercial construction activity, and relative lack of strong regional incumbents. The Company estimates \$3–4M in incremental revenue per new market within 24 months of launch, requiring \$600–800K in upfront investment for facilities, fleet, and staff recruitment.

#### Pillar 2 — FieldOps Licensing Acceleration

The FieldOps platform currently generates \$180K ARR from 3 licensees. Management believes this could scale to \$1.2M ARR within 3 years by targeting regional HVAC operators in the 50–150 technician size range who lack proprietary dispatch software. Gross margins on FieldOps licensing are estimated at 85%+.

#### Pillar 3 — Building Automation Controls Deepening

The building automation controls segment (31% of revenue) commands the highest margins in the business — management estimates segment EBITDA margins of 28%+ — and benefits from long contract terms and significant switching costs. Management plans to add 2 senior controls engineers and expand the controls footprint in the existing 4-market geography before entering new markets.

Scenario	FY2025E	FY2026E	FY2027E	Key Assumption
Base (organic only)	\$24.1M	\$26.2M	\$28.4M	7–8% organic growth; no new markets
Bull (+ 2 new markets)	\$26.8M	\$31.4M	\$37.2M	Atlanta launch Q2 2025; Dallas Q4 2025
Bear (demand headwind)	\$22.8M	\$23.6M	\$24.8M	MPP contract not fully renewed; mkt softness

TRANSACTION PROCESS AND NEXT STEPS

Ironclad Capital Advisors is managing a structured sale process on behalf of the Company's ownership. The process is designed to provide qualified acquirers with sufficient information to submit an indication of interest while preserving optionality for the Company.

Milestone	Target Date	Details
CIM Distribution	October 2024	Distribution to pre-qualified buyers under NDA
Indication of Interest (IOI)	November 15, 2024	Non-binding; include valuation range and structure
Management Presentations	December 2024	Invited IOI submitters only; in-person preferred
Letter of Intent (LOI)	January 2025	Binding with 60-day exclusivity
Due Diligence & Confirmatory	Jan–Mar 2025	VDR access; QofE, legal, commercial, technical
Closing	Q2 2025	Target close April–May 2025

Contact Information

All inquiries, IOI submissions, and requests for additional information should be directed to:

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■ Session Note: In the hands-on exercise, Claude should flag: (1) the EBITDA add-back discrepancy on the cover page vs. reconciliation table, (2) the customer concentration risk with MPP, (3) the absence of a CFO, and (4) the elevated DSO. These are the four planted issues in this CIM.