

PROSPECTUS

**ESTABLISHED LASER-ENGRAVING
BUSINESS FOR SALE
POSSIBLE 3-YEAR EARN-OUT**



Light Wave Art[®]*

www.lightwaveart.com

Operating in Hamilton, Montana
since 2009

LightWave Art (LWA) was incorporated in 2009 as an S-Corp. LLC, registered in the State of Montana. The Corporate registration is current.

The business includes the hardware, software, and know-how to design and manufacture custom laser engraved products. The design and manufacturing processes are well documented, allowing the consistent high-quality production of its unique products.

General Business Information:

- Seller will be available to provide consulting services to train buyer in design, manufacturing, distributing, and supporting their products.
- Reason for selling: Owner-developer's desired personal life's focus is elsewhere.
- Business has a great reputation with over 350 local customers, many repeat customers and corporate accounts.
- The business includes professional branding design by a prestigious San Diego ad agency that defines our product literature, attractive Trademarked company name, and effective web-site, and company e-mail facility.
- Business has established and maintained trade accounts with all necessary suppliers.
- A pre-sale Non-Disclosure/Non-compete Agreement (NDA) will be required by the purchaser to protect the company's proprietary information.

Business Risks and Opportunity Disclosures:

- The laser engraver is 19 years old, but has been carefully maintained and is regularly serviced. The laser engraver is currently in excellent working order. The Epilog Technical Support is excellent.

- There is almost no competition for laser engraving services in Western Montana. Good business expansion opportunities currently exist.
- Some innovative proprietary design and manufacturing processes were developed by LightWave Art, and are well documented.
- Laser engraver technology is rapidly advancing and the newer engravers have more capabilities than the LWA laser engraver.
- The necessary air-handling equipment is fairly noisy and should be installed outside any office or retail environment. The current attractive outdoor housing may be included in the sale for \$500.
- The current owner/operator will make his expertise and experience available to the new owner to provide technical and business consulting to assist in getting the design and manufacturing processes functioning as soon as possible. His consulting fee is \$40/hr, or is included in the three-year Earn-Out proposal.
- The business owns Patent Application No. 60/756,921: "Laser-bonding metallic color pigments to glass, stone, and tile substrates."

Disclosure: The U.S. EPA has outlawed the primary color metallic pigments because they contain Cadmium. The remaining colors of black, grey, and bronze-tones are not restricted, and are currently used in customer projects.

Asset List (Price):

1. Fully functional and complete laser manufacturing system: (\$4,400)
(Original cost was \$55,000).
 - Epilog 32EX **120 watt CO2 laser** engraver, 32" x 20" engraving area.
 - 4" lens, 1 1/2" lens
 - Epilog Cutting Grid
 - Epilog Dual-Head beam splitter, for two-up lasering
 - Epilog Rotary Device to engrave cylindrical objects (\$650)
2. Dell Laser Engraver Server and Design System (\$1,560).
 - DELL OPTIPLEX 780 CPU – 2.33 GHZ
 - Windows XP Professional
 - RAM: 3.21 GB
 - CorelDRAW 12
 - Epilog Legend driver software 601
3. Air-Brush system (\$520)
 - Badger Model 175 air brush system
 - Gast Manufacturing air-compressor with regulator
4. Penn State Industries Dust Collection System (\$225).
5. Copyrighted Registered Trademark and Logo: LightWave Art.
Functional website (LightWaveArt.com - \$3,000)
6. Material Supplier contacts and established relationships. (\$1,500)
7. Carefully documented laser production settings for a wide range of materials and laser results (\$3,500) (Priceless).
8. Customer contact information for over 350 local customers, including three local business accounts. (\$2,500)
9. Epilog Air Assist system with a 150psi, 1.6 HP, 33 Gal. compressor, for vector cutting (\$325).
10. Extensive laser-ready image library (23 GB, est. 11,000+ images).
Plus over 400 documented, repeatable customer project designs (\$5,000).

LIABILITIES: No debt, no accounts payable, no unpaid liabilities, salaries, or taxes.

PROPOSED PURCHASE AGREEMENT

THREE-YEAR EARN-OUT

The Earn-out Proposal is intended to benefit both the seller and the buyer, and to mitigate the risks for both parties. The seller makes more money over the 3-year term, but the risk of getting fully compensated is increased. The buyer pays more money over the 3-year term, but pays less during the riskier start-up phase of the new business and gains the seller's incentives to maximize their profits. The seller is motivated to assist the buyer in increasing his revenues, and the buyer has access to the expertise and know-how of the seller during the period.

1. Purchase price and payments: (\$27,350 all-cash purchase price).

For an Earn-out, a down-payment of 25% is required (\$6,882; residual is \$20,468 earn-out amount).

The remaining acquisition price is increased by 5% per annum over three years ($1.15 \times 20,468 = \$23,538$)

Quarterly payments over the 3-year term will be \$1,961 plus 8% of gross sales over the term (paid out of revenues).

2. Aligning interests: Both Buyer and Seller have incentives to grow the Buyer's business:

The Buyer will pay to the Seller an additional 8% of GAAP Gross Revenues for each quarter during the term of this agreement.

In exchange for the 8% premium, the Seller will provide 20 hours per quarter of business and technical consulting and training (worth \$800/qtr). In the event greater than 20 hours are requested by the Buyer in a given quarter, the additional consulting fee will be \$40 per hour.

3. In the event the Buyer becomes bankrupt or is otherwise unable or unwilling to pay the quarterly amount of \$1,961, plus 8% of gross sales, ownership of the purchased assets will revert to the Seller as salvage value.

4. Bill of Sale: (TBD)
5. Corporate Resolution: (TBD)
6. Independent Contractor Agreement: (TBD)
 - Design Training
 - Technical Training
 - Production Training
7. Non-Disclosure Agreement: (TBD)
8. Buyer's Promissory Note: (TBD)
9. Seller's Representations and Disclosure Statement:

2019 - 2022 Gross Profit:

GROSS PROFIT	2019	2020	2021	2022
Gross Revenues	9012	5794	9157	10792
Materials and manufacturing expenses	1764	4131	2056	2339
GROSS PROFIT	7248	1663	7101	8453

10. Seller's Training Log: (TBD)
11. Severability: (TBD-Standard legal clause)
12. Governing Law: Montana

SOME OF LIGHTWAVE ART'S OVER 400 PROJECTS:



Engraved Glasses



Black Marble



Acrylic Ornament



Corporate Gifts



Engraved Wood Art



Awards



Laser Rotary Device - for cylindrical objects

Knives and Firearms:



Pet Urns





Door Decor



Stainless Cups



**Engraved
Wood
Boxes**

**Personalized
Laptops
and
Phones**



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