Featherstone Mechanical Services, LLC

Commercial and residential HVAC service · Salem, Virginia · Confidential Information Memorandum, excerpt: sections 1 and 4

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1. INVESTMENT HIGHLIGHTS

- **Established regional brand.** Founded in 1998 by Walt Featherstone. 61 employees, including 34 licensed field technicians and a fleet of 29 service vehicles.
- **Scale and momentum.** 2025 revenue of **$14.2 million**, up from $10.9 million in 2023, driven by commercial maintenance contracts across the Roanoke Valley.
- **Improving unit economics.** Gross margin expanded from 34.0% in 2023 to 36.0% in 2025 as the company shifted toward contracted maintenance work.
- **Attractive profitability.** 2025 Adjusted EBITDA of **$1.9 million** after customary normalizing adjustments (see Section 4).
- **Diversified, sticky customer base.** More than 1,900 residential jobs and over 55 commercial accounts in 2025. **No single customer represents more than 10% of revenue.**
- **Clear succession opportunity.** The founder, 67, intends to transition out over 12 to 18 months. A general manager can be hired at a market salary of about $300,000.

REVENUE HISTORY

FISCAL YEAR	2023	2024	2025
Revenue	$10.9M	$12.6M	$14.2M
Gross margin	34.0%	35.0%	36.0%
Reported EBITDA	$0.6M	$1.1M	$1.3M

$ in millions. Source: management. Fiscal year ends December 31.

4. EBITDA and normalizing adjustments

The table below reconciles reported 2025 EBITDA to Adjusted EBITDA. Adjustments remove costs that a buyer would not expect to carry going forward.

FISCAL 2025	AMOUNT
Reported EBITDA	$1,300,000
Owner compensation normalization (founder paid $720,000; market general manager $300,000)	$420,000
One-time legal expense (Hartwell Builders contract dispute, resolved September 2025)	$180,000
Adjusted EBITDA	**$1,900,000**

Reported EBITDA per company financial statements. Adjustments per management and Ashby Lane analysis.

NOTES ON THE ADJUSTMENTS

Owner compensation. Mr. Featherstone's 2025 compensation of $720,000 includes salary, bonus and personal vehicle costs. A buyer would replace him with a general manager at roughly $300,000, all in.

Legal expense. In 2025 the company incurred legal costs pursuing a payment dispute with Hartwell Builders, a general contractor. The matter settled in September 2025 and management does not expect it to recur. Hartwell remains a customer.

WORKFORCE

Technician turnover was 11% in 2025, below the regional average. Every technician holds a Virginia tradesman license. The company has no union employees and no pending employment claims.