



## **Small Business Development Group, Inc.**

**Symbol: OTCMarkets “SBDG”**

Roy Y Salisbury  
Chief Executive Officer

### **CEO Opinion Letter**

#### **SBDG is the best kept secret as a nano/micro-cap company on OTC Markets**

SBDG is engineered to be a holding company with an “evergreen” life cycle. The business plan was developed and predicated on an early-stage business due to SBDG’s inactivity until January of 2021. SBDG is focused on its strategy of M&A advisory business - the heart of SBDG’s overall strategy of growing our portfolio investments and our support services for in-house as well as outside clients. In the first 7 months of 2022, three private companies have been acquired.

#### **The First Phase**

The first phase of the business plan is to build out SBDG as a holding company. The acquisitions were finalized using SBDG’s signature Soft Leverage Buy Out Model (Soft-LBO).

1. Stony Hill Advisors was the first step into our M&A advisory acquisition strategy which is very scalable. The expectation is to acquire additional firms in key markets. Discussions are underway with mid-Atlantic, southeast, north central, south central, northwestern, and southwestern firms. The M&A advisory firms generate deal flow (first look) for the company’s portfolio acquisition Soft-LBO efforts. The M&A advisory also provides services to lower and middle market business owners (clients) seeking transition and growth. M&A is a 10 trillion-dollar market expanding over the next decade due to the last of the baby boomer’s generation exiting their businesses. We are employing the roll up of M&A advisory firms of which baby boomers own the majority. Offices in the following states.

- Connecticut
- California
- Pennsylvania
- New York
- New Jersey
- North Carolina



2500 Regency Parkway, Cary, NC 27518 US  
1-919-654-6870

[www.SBDGStock.com](http://www.SBDGStock.com)

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2. Appraisal 3000, Inc., a real estate appraisal management company, is our initial step into real estate-related services. Due to market conditions and a slowdown in refi appraisals we are expanding into other geographic markets. Appraisal 3000 is licensed in the following states:

- California
- North Carolina
- South Carolina
- Texas
- Tennessee
- Arizona

3. The recent acquisition of Uzun Group, an information technology and Software Service (SaaS) and enterprise software integration firm was a strategic move. They will take the lead on the proprietary build out of systems, software, and platforms needed to support our M&A expansion, systems to manage 60 offices, 450 managers, brokers, and back-office staffing as well as platforms covering deal flow inbound listings, outbound listed deal flow to financial markets/investors/qualified buyers, and a robust education system for brokers and staff. The Uzun Group acquisition was predicated on:

- i. building on its success and to drive revenue, including organically, additional marketing, and through supporting SBDG clients and portfolio services; and
- ii. building out the AI driven M&A platforms for SBDG, its affiliates, and industry usage; and
- iii. the massive library of proprietary software that Uzun has compiled over 30 plus years. The library consists of over 40,000 files of software, software design, including SaaS offerings, and several full ERP cloud-based systems. SBDG and Uzun believe that with SBDG resources, and Uzun lead refinement, that the commercialization of just a fraction of the library will be a significant opportunity for SBDG.

## **The Second Phase**

We are progressing into the second phase of our business plan with several dynamic components that relate to the acquisition of portfolio companies which are backed by support services and capital access. Acquisition currency will be preferred shares, the core of the Soft-LBO Model. The concept behind the acquisition strategies is to “acquire – build – exit.”

- Acquire – SBDG is pursuing additional acquisitions of M&A advisory and B2B financial services, real estate services, software, and opportunistic prospects as they present themselves in key markets in the lower forty-eight states.
- Build – Acquisition of related tuck-ins to grow the portfolio.
- Exit – The preferred exit is based on a spinout through a registration and initial public offering to generate cash and registered securities to be distributed through dividends to SBDG’s shareholders thereby creating liquidity.

M&A centric corporate structure with the following three silos of focus:

- Portfolio acquisitions of private companies with owners seeking growth and timed liquidity and exit.
- Acquisition of support service companies to provide our portfolio companies with key services, growth, timed liquidity and exit and.
- Access to capital through a Captive Private Equity fund to be deployed in later 2022 thru early 2023.



There are currently five early-stage startup companies designed to exploit current opportunities.

- Strategic Manufacturers, Inc.
- SBDG (SEA) Sdn Bhd
- SBDG M&A Advisory Services (div)
- CyberDyne Marketing (div)
- Aggregation Energy Holdings, Inc.

**SBDG's biggest asset is its Current Information Pink Sheet Status**

**Arbitrage Strategy**

SBDG uses arbitrage to enhance the value of its portfolio acquisitions (size matters). Private equity groups and larger corporate buyers routinely use the process. Simple financial engineering for a public company is buying something at 3 to 5 times multiple and adding it to its portfolio that commands a 6 to 10 times multiple creating enhanced market value.

**Soft Leveraged Buy Out**

The 2022 acquisitions were purchased using the company's Soft LBO strategy - acquired with SBDG's Series A Preferred stock designated as a Convertible-Adjustable-Preferred (CAP) with a face amount of \$1,000 that carries a floor dividend of 4%, a collar of 12%, and a conversion rate to common at \$2.50 per share, or alternative redemption after 5 years. Additionally, the Soft LBO acquisition strategy offers, owner equity retention of 20% equity; and limited cash (the formation or Joint Venture of a Captive Private Equity Fund to coinvest).

**Acquisition Currency**

SBDG has authorized \$110 million in Series A Preferred (Convertible, Adjustable Preferred) in tranches tied to conversion ratios to common stock and interest rate fluctuations for this express purpose. Based on the securities and cash, this creates \$125 million in purchasing power. Management believes that combined acquisitions can result in \$16 million in EBIT by 2027.

SBDG has authorized \$25 million in Series B-1 Preferred (Convertible, Adjustable Preferred) to fund the initial M&A Advisors roll up acquisitions.

The following is the proposed schedule of issuances of Series A&B preferred for targeted acquisitions per year.

Year	Number of Series A & B Preferred	Series A Face Value	Conversion to Common share price	Number of Common Shares
2022	Series A-1 560	\$560,000	\$2.50	224,000
2023	Series B-1 25,000	\$25,000,000	\$5.00	5,000,000
2024	Series A-2 15,000	\$15,000,000	\$7.50	2,000,000
2025	Series A-3 31,500	\$31,500,000	\$10.50	3,000,000
2026	Series A-4 37,600	\$37,600,000	\$12.50	3,008,000
2027	TBD	TBD		TBD
<b>Total</b>	<b>109,660</b>	<b>\$109,660,000</b>		<b>13,232,000</b>

(2023 Series B is based on a 506 (c) Regulation D Private Placement to fund initial rounds of M&A Advisor)



### Pro forma goals for share appreciation portfolio growth: (\$\$\$)

Year	2023	2024	2024	2026	2027
Cash Available for Distribution					
M&A Advisory Portfolio	2,259,752	4,087,448	9,458,578	13,771,635	18,851,669
General Business Portfolio	-	2,000,000	4,000,000	8,000,000	16,000,000
Other	-	-	-	-	-
Total Cash (EBIT)	2,259,752	6,087,448	13,458,578	21,771,635	34,851,669
Multiplier	10	10	10	10	10
Market Value	22,597,520	60,874,480	134,585,780	217,716,350	348,516,690
Common Shares Issued	11,275,662	16,275,662	18,275,662	21,275,662	24,283,662
Share Value (est)	2.00	3.74	7.36	10.23	14.35

(Common shares are on a weighted average with preferred stock conversions. Conversion times may vary)

Management controls (directly and indirectly) 7,241,158, or 65% of the company and holds one share of Class C Preferred that votes at 4 times the common stock issued and outstanding.

### Being Public Without the Cost

On April 21, 2021, the company started reporting as a Current Information Pink Sheet on OTC Markets. The plan was to build out a M&A-focused holding company with a defensible share structure focused on future shareholder value.

SBDG's defensible share structure (current):

30,000,000	Authorized
11,051,662	Issued
10,101,011	Restricted
950,651	Unrestricted
873,756	Held by DTC

On May 22, 2022, we filed supplemental information to have the shell designation lifted off our symbol and were successful in achieving this undertaking.

SBDG's Current Information Pink status is an asset and a dynamic component of the overall strategy. The status allows SBDG to make acquisitions without the costly compliance of a registered public company such as OTCQB, NASDAQ or NYSE. The Company can construct smaller acquisitions which can then be guided through the process of preparing for a registration.

### Summary

As the Chief Executive Officer of SBDG, communicating our strategies and goals as a company are especially important. We have developed what we feel is a plan to build a dynamic and multi-dimensional holding company. Our model is based on solid business and financial fundamentals, and a defensible capital structure designed to prevent unreasonable dilution.

One of SBDG's goals is to attract and retain investors/shareholders with a long view seeking appreciation that can become generational. The investing public is not fully aware of SBDG's progress: we refuse to engage in investor relations hype and resort to programs to run the stock as many nano and micro companies. We endeavor to publish press and other content to communicate the company's progress to the public.



Our focus is to do everything in our power to project confidence and a commitment of protecting the company shareholders with anti-dilution techniques that protect the current and future shareholders. The company's Soft LBO strategy is issuing convertible preferred for acquisition purposes that can only be converted to common stock at \$2.50 per share a premium over the recent share price of 150% and as our common share price increases. We plan to continue this practice on conversions of our preferred securities at a premium to market of our common shares. The stronger the share price, the more companies we can acquire using the Soft-LBO model driving revenue and profit which drives share price. SBDG is engineered to grow and create liquidity events for our shareholders something very few if any small companies do.

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