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VALUATION REPORT

Sample Company, LLC

SAMPLE REPORT. IDENTIFYING DETAILS CHANGED.

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About Your Valuation

Thank you for requesting your Valuation Report. This report provides a clear and practical estimate of your business's current value in today's market. It is designed by NACVA Certified Appraisers and written in plain English so you can easily understand what the numbers mean and how to use them. Whether you are planning for growth, considering a sale, evaluating financing options, handling a partnership matter, or simply seeking clarity, this report helps you understand how buyers, lenders, and advisors may view your company.

This report applies established business valuation methodologies to estimate your business's value using the information you provided together with leading market and financial data sources. For situations that require a professional business valuation, such as certain business transactions, lender requirements, or legal matters, consult your advisor about obtaining a valuation prepared by a NACVA Certified Appraiser.

Inside, you will find:

- A value estimate showing the most probable selling price of the business.
- Strengths of your business that help drive its value.
- Market comparisons that show how your business stacks up against recent sales.
- An explanation of your true business earnings and how buyers evaluate them.
- Insights into what buyers expect, what they can afford, and how deals are typically structured.
- High-level guidance on your next steps.

Your Advisor

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About Us

FairExit Advisors goes beyond a typical business brokerage. We believe every owner has a unique personality and individual goals, and every business operates differently, so our approach must be different too. We stand with the owner, offering guidance as they explore the many ways to exit until they confidently decide what's best for them, their business, and their family. At our core, we believe that putting their best interests first builds trust, offering reliable guidance adds value, and clear, open, honest communication reflects our character. Our services include Business and Personal Exit Planning, Business Assessment and Valuations, and brokering third-party sales through confidential marketing, deal structuring, and closing.

About Your Business

Sample Company, LLC operates as a specialized exterminating and pest control service provider, primarily focused on residential outdoor pest control. The company operates under a nationally recognized outdoor pest management brand. Established in 2016, the business has consistently served residential customers from its single operational base in the Charlotte, NC area.

Daily operations involve delivering scheduled pest control treatments designed to reduce pest populations and enhance outdoor living spaces for homeowners. The company's core customer base consists exclusively of residential clients within its designated service territory. Its affiliation with an established brand provides brand recognition, standardized service methodologies, and ongoing corporate support within the competitive local pest control market.

A significant competitive advantage for Sample Company, LLC stems from its affiliation with a respected franchise system, which provides proven business models and marketing strategies. This specialized residential focus, combined with nearly a decade of local operation, has allowed the company to cultivate a loyal customer base and build strong community ties. The business maintains a positive outlook, supported by the consistent demand for professional pest control services and the inherent resilience of the home services industry.

Key Facts

Legal Name	Sample Company, LLC
Year Established	2016
Industry	Exterminating and Pest Control Services
Location(s)	Single location, Charlotte, NC

Financial Snapshot (2025)

Revenue	$4,266,588
Adjusted EBITDA	$608,361
Seller’s Discretionary Earnings (SDE)	$758,361
Most Probable Selling Price (MPSP)	$2,861,000

What Your Business Is Worth

When we looked at your business, we considered it from a few different angles. We looked at the assets your business owns, how similar businesses are selling in today's market, and the income your business generates for the owner. Taken together, these perspectives give us a realistic view of what your business is worth to buyers right now. Based on this review, we estimate your Most Probable Selling Price to be $2,861,000, within a range of $2,305,000 to $3,577,000 (see Fig 1). Of course, the final selling price may be higher or lower depending on factors such as deal terms, buyer demand, your motivation to sell, and how your business performs during the sale process. (For more details about how your Valuation Report is calculated, see Appendix A – Valuation Methodology & Calculations.)

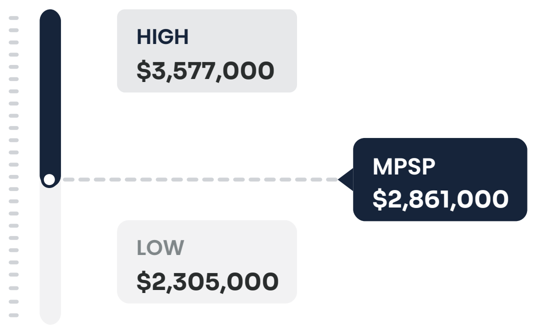
What You Keep After the Sale

The selling price of the business is not always the same as what you, the owner, actually walk away with. Here's why:

Most Probable Selling Price (MPSP)	**$2,861,000**
Business Debt to Be Paid Off	—
Other Adjustments	**15,900**
Personal Cash	**–**
What You Keep:	**$2,876,900**

If your business sells for around $2,861,000, you could personally keep about $2,876,900 after paying off debt, adjusting for working capital not included in the sale price, and keeping the cash that stays with you. However, if you or a family member plan to continue operating the business rather than sell, the estimated equity value would be about $2,877,000.

Fig 1 Selling Price Range & Most Probable Selling Price



Most Probable Selling Price

$2,861,000

Wide Variance Warning

This report detected a wider-than-typical variance among the valuation methods. While this does not indicate an error, it may suggest that the company's financial inputs or circumstances warrant a more detailed professional review. Consider discussing with your advisor whether a professionally prepared valuation would be appropriate for your needs. See the appendix for additional details.

Your True Business Earnings

As an owner, you may think of profit as the bottom line. Buyers and lenders look deeper into the true earning power of your business and ask, “How much cash does this business really produce each year?” To answer that, we adjust reported profit to remove one-time, personal, or non-operating expenses. This reveals the business’s true earning power.

Seller’s Discretionary Earnings (SDE) is most common for owner-operated businesses, especially those under about $1 million in revenue. It reflects the total financial benefit available to a working owner, including compensation and certain discretionary expenses.

Adjusted EBITDA is more common for businesses over about $2 million in revenue or those run by management. It reflects the cash flow available to an investor who may hire a management team.

Businesses between $1–$2 million may be evaluated using either method, depending on how the business operates.

Here’s how we move from reported profit to your true business earnings:

CATEGORY	ADJUSTMENT
Reported Profit	**$447,397**
+ Non-Cash Expenses	13,116
+ Interest	18,949
+ Revenue Adjustments	(20,000)
+ Salary Adjustments	53,309
+ Other Adjustments	95,590
Adjusted EBITDA *Adjustment to reflect owner-operated earnings*	**$608,361**
+ Owner Compensation	150,000
Seller’s Discretionary Earnings	**$758,361**

The earnings shown above are based on adjustments to your most recent year. When determining value, we may also look at several years of results and average them to show what your business typically earns in a normal year. See Appendix A for more details.

Adjusted EBITDA 2025

$608,361

Adjusted SDE 2025

$758,361

Note

This report applies established business valuation methodologies to the information and adjustments you provided to estimate your business's value. It is designed to provide meaningful insights for a wide range of planning and decision making purposes. For certain business transactions, lender requirements, tax matters, or legal proceedings, a professional business valuation may be appropriate. Consult your advisor to determine whether a valuation prepared by a NACVA Certified Appraiser best meets your needs.

How Buyers Value Your Business

Most buyers use a simple method to value a business. They look at how much money the business makes each year and apply a "multiple." A multiple is just a number buyers use based on what similar businesses have recently sold for.

The type of earnings buyers focus on usually depends on the size of the business. Smaller businesses often use Sales or SDE. Larger businesses often use EBITDA.

What Are the Multiples in Your Industry?

Recent sales of similar businesses in your industry show these common ranges:

Sales	0.63 to 1.08 times revenue
SDE	2.90 to 4.50 times earnings
EBITDA	6.10 to 12.00 times earnings

These ranges reflect actual private business sales in your industry and size range. When these multiples are applied to your financial results, they produce a value range for your business. The detailed calculations are shown in Appendix A.

What Your Business Is Really Worth

Your Most Probable Selling Price (MPSP) is our estimate of what a reasonable buyer may pay in today's market. While market multiples provide a starting point, they do not tell the whole story. We also consider your future cash flow, risk level, and working capital needs to arrive at a balanced and realistic value. This number reflects what your business may truly command, not just a simple rule of thumb.

Your Multiples

Sales

0.63x – 1.08x

SDE

2.90x – 4.50x

EBITDA

6.10x – 12.00x

Note

These ranges reflect the middle 50% of recent transactions. Individual businesses may sell for more or less depending on their performance and risk profile.

Financing and Closing the Deal

When evaluating a business to purchase, one of the first questions a prospective buyer asks is whether the cash flow can support the loan payments needed to buy the business while still leaving enough income to make the purchase worthwhile. Lenders apply the same test. The stronger the cash flow, the easier it is to qualify for financing and close the deal.

In this case, the business generates $577,051 in Adjusted EBITDA. At a Most Probable Selling Price of $2,861,000, estimated annual loan payments would be about $391,413, assuming 10 percent down and a 10-year loan term. After covering loan payments, approximately $177,838 in earnings would remain as a cushion for reinvestment, growth, or unforeseen expenses. See the appendix for additional financing scenarios.

Banks measure repayment ability using a Debt Service Coverage Ratio (DSCR), which compares earnings to loan payments. Here, the **DSCR is 1.45x, comfortably within the 1.25x to 2.0x range** that most banks and the SBA require.

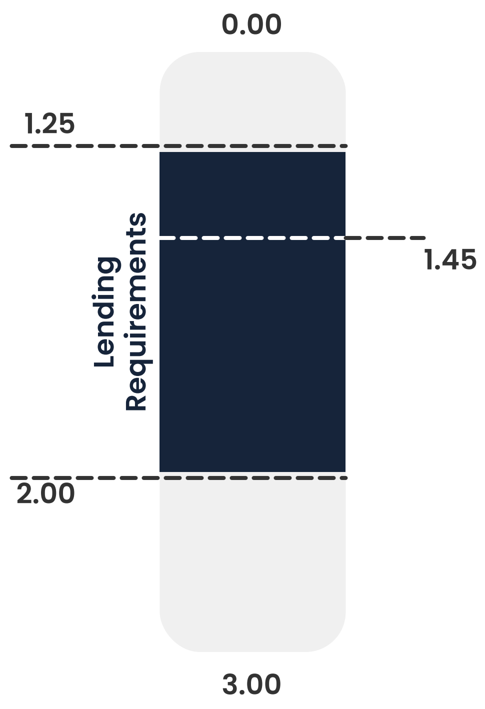
In practice, lenders typically require a buyer down payment of 10 to 20 percent. If a buyer cannot provide the full down payment, seller financing or other deal structures may be used to complete the transaction.

Common Deal Structures if Financing Falls Short

- **Installment Sale** – The buyer pays the purchase price in fixed installments over several years, sometimes with tax advantages for the seller.
- **Earnout** – A portion of the price is paid later if the business meets agreed performance goals.
- **Price Adjustment** – The purchase price is reduced if neither side is willing to take on extra financing risk.
- **Retained Equity** – The seller keeps a minority ownership stake, reducing the upfront cost for the buyer and sharing in future profits.

Talk with your advisor about which financing structures may be most appropriate for your business and how to position them with potential buyers.

Debt Service Coverage Ratio



Note

For more precision on what a lender may loan to a creditworthy buyer, talk to your advisor about upgrading this report to a Pre-Qualified Valuation prepared by a Certified Appraiser.

What You Keep After the Sale

Buyers expect the business to keep running smoothly on day one after closing. To make that possible, some amount of short-term assets and liabilities – known as net working capital – usually stays with the business. This ensures the new owner has what's needed to operate immediately after closing.

Your valuation already considers net working capital as part of the value, though the exact amount depends on the valuation method used (see Appendix C for more information). The market approaches rely on actual account balances, while the income approach reflects working capital within projected cash flows. The adjustments shown below for cash, debt, and other short-term items simply show how these factors combine to estimate what you would personally keep after the sale.

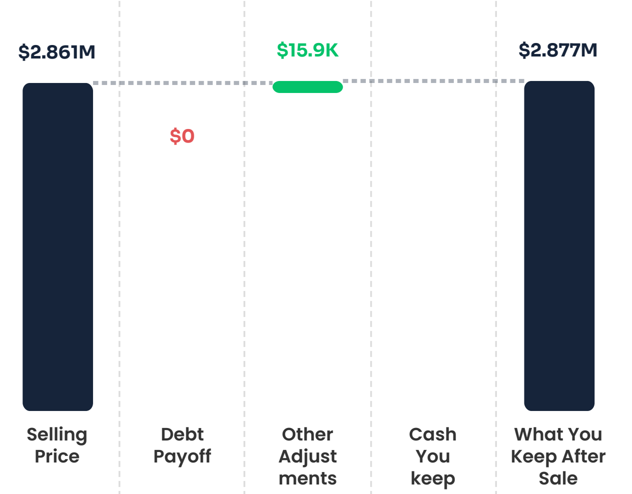
If you or your family continue to operate the business instead of selling, the "What You Keep" figure may differ from the equity value in the valuation, since the income approach assumes ongoing loan payments, while a sale assumes debts are paid off at closing.

Figure 3 illustrates how the estimated selling price, along with typical adjustments for cash, debt, and net working capital, combine to show the amount you could personally keep after the sale.

What You Keep

$2,876,900

Fig 3 Waterfall
(From Selling Price to What You Keep)



What To Do Next

This report gives you a clear picture of what the business is worth, how buyers and lenders are likely to view it, and what factors may influence future decisions. It is designed to help you set realistic expectations and take informed next steps, whether you are preparing to sell, buy, raise capital, or plan for growth.

If you are preparing to buy, sell, or plan your next move, you may benefit from a professionally prepared valuation. These reports are prepared by certified appraisers who carefully review financial adjustments, select the most relevant comparable sales, and tailor the analysis to your business.

For formal purposes such as lending, partner buy-ins and buy-outs, gift and estate planning, or legal proceedings, you may also upgrade to a certified valuation prepared and signed by a certified appraiser. A certified valuation includes the depth of analysis and documentation required to meet professional, legal, and regulatory standards.

Owner's Note

The sooner you take action, the more options you'll have. Use this report as your roadmap and lean on your advisor for guidance as you plan your next move.

Your next steps may include:

1. Using the value range as a reference point when planning a sale, acquisition, or ownership transition.
2. Talking with your advisor about ways to strengthen performance and position the business toward the top of the range.
3. Exploring potential deal or financing structures that align with your goals.
4. Reviewing how increases in revenue, improved margins, and stronger profitability can enhance value over time.

The Numbers Behind Your Valuation

The earlier pages of this report provide a clear, plain-language summary of what the business is worth and how it may be viewed by buyers, sellers, investors, and lenders. This appendix takes you a level deeper, showing the numbers, data, and analysis that support those conclusions. Inside, you will find financial ratios, market data, and key adjustments that explain how the value estimate was developed.

Whether you are using this report to prepare for a sale, evaluate a potential acquisition, or plan for growth, these details are included to give you confidence that the valuation is supported by sound methods and reliable information.

Appendix A: Valuation Methodology

Appendix B: Financials

Appendix C: Net Working Capital

Appendix D: Industry Benchmarking

APPENDIX A

Valuation Methodology

Your valuation uses three primary approaches
that are widely accepted in business valuation:

- **Market Approach** compares your business to similar companies that have sold.
- **Income Approach** values your earnings and growth potential.
- **Asset Approach** considers what the business is worth based on assets minus its liabilities.

While this report explains the results in plain English, the supporting detail is included in this appendix so you can see the calculations and methods behind your value estimate.

Valuation Approaches

The earlier sections of this report gave you a clear, plain-English estimate of what your business is most likely to sell for. This appendix provides more detail on the valuation methodology used to support that estimate.
We considered your business from multiple perspectives. These include:

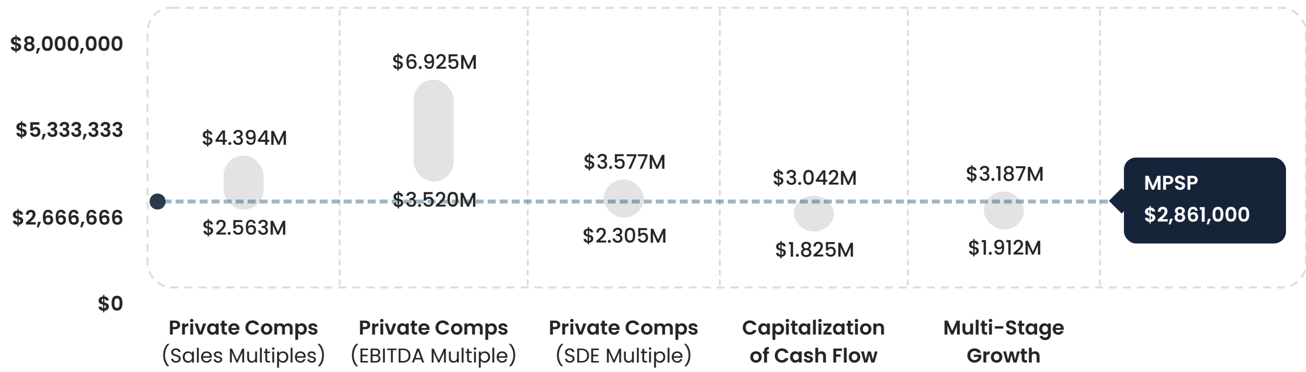
- Market Approach: Comparing your business to recent sales of similar businesses using sales, EBITDA, and SDE multiples.
- Income Approach: Estimating value based on the expected future cash flow your business can generate, using both a single-year capitalization and a multi-stage growth model.
- Asset Approach: Valuing your business based on the fair market value of its assets minus its liabilities, often used for holding companies, distressed businesses, or those facing liquidation. This approach is excluded from the median of values unless it exceeds either of the Market or Income approaches.

Most Probable Selling Price

The result of these approaches is a Most Probable Selling Price of $2,861,000, with an estimated equity value of $2,877,000 after accounting for debt and cash. Your business may fall toward the higher or lower end of the valuation range depending on its performance relative to similar companies, the experience and reliability of your team, and how well your processes are documented and consistently followed. The ease of transition to a new owner, urgency to sell, and type of buyer can also affect value — strategic buyers who see synergies may pay more, while financial buyers or quicker sales may result in lower offers.

APPROACH	METHOD	EST. SELLING PRICE (MVIC)			EQUITY VALUE
		LOW	MEDIAN	HIGH	
Market Approach	Private Comps (Sales Multiple)	2,563,000	3,459,000	4,394,000	3,474,000
Market Approach	Private Comps (EBITDA Multiple)	3,520,000	4,847,000	6,925,000	4,863,000
Market Approach	Private Comps (SDE Multiple)	2,305,000	2,861,000	3,577,000	2,877,000
Income Approach	Capitalization of Cash Flow	1,825,000	2,434,000	3,042,000	2,330,000
Income Approach	Multi-Stage Growth	1,912,000	2,550,000	3,187,000	2,441,000
Asset Approach [1]	Adjusted Net Asset Method				126,000
Loan Pmt Affordability [1]	10% down, 1.25 DSCR, 10-year tenor		3,329,000		
		MOST PROBABLE SELLING PRICE	2,861,000	EQUITY VALUE	2,877,000

[1] *Asset Approach and Loan Payment Affordability is excluded from median value and graph*



Market Approach

The Market Approach is based on a simple idea: the best way to know what your business might sell for is to see what similar businesses have sold for. Buyers and appraisers look at recent sales of comparable companies and apply the same pricing "multiples" to your business.

There are three common methods used in the Market Approach:

- Comparable Private Transactions
- Guideline Public Companies
- Prior Sales of the Same Company

For this valuation, we focused on comparable private transactions because data from private company sales is the most relevant for businesses like yours. Using data from premium sources, we searched for transactions involving companies in your industry (based on NAICS/SIC codes) and screened out companies that were either 1/10 smaller or 10x larger than yours.

From those transactions, we looked at three types of multiples:

- Sales Multiples (price compared to revenue)
- EBITDA Multiples (price compared to earnings before interest, taxes, depreciation, and amortization)
- SDE Multiples (price compared to seller's discretionary earnings, common for businesses under $2M in revenue)

These multiples are summarized in the table on the right. They show how buyers have priced similar businesses in recent years, from the 10th percentile to the 90th percentile, as well as the median. For your valuation, the Sales, EBITDA, and SDE multiples were all considered to develop your market-based value range.

What Multiples Were Used to Value Your Business

For your valuation, we considered Sales, EBITDA, and SDE multiples. These come from real transactions of comparable businesses, summarized in the table to the right.

- **Sales Multiple** – Best used when a company has revenue under $1–2 million. Many small business buyers and owners think in terms of "price compared to sales" because they believe they can control profit once they own the business. In some cases, both sales and earnings multiples are applied together for context.
- **SDE Multiple (Seller's Discretionary Earnings)** – Often used for businesses under $2 million in revenue. SDE shows the total financial benefit available to a single owner-operator, so it connects well with how individual buyers think about affordability.
- **EBITDA Multiple** – Typically applied when annual revenue is above $1–2 million. This measure removes the effects of taxes, interest, and accounting choices like depreciation. Lenders, investors, and valuation professionals often prefer EBITDA multiples because they provide a cleaner comparison across companies of different sizes and structures.

	SALES MULTIPLE	EBITDA MULTIPLE	SDE MULTIPLE
10th Percentile	0.41	4.10	1.90
25th Percentile	0.63	6.10	2.90
Mean (Average)	0.91	11.00	3.80
Median (Middle)	0.85	8.40	3.60
75th Percentile	1.08	12.00	4.50
90th Percentile	1.45	14.90	5.00

How the Multiples Were Applied

The sales, SDE, and EBITDA multiples were each applied to the company's sales, SDE, and EBITDA to estimate value. To make sure the results reflect the most reliable picture of performance, we reviewed up to three years of financial results. A weighted average was then calculated, which means some years were given more influence than others. Heavier weights were placed on the years that appeared to be better indicators of future performance, while less reliable years were given lighter weight.

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Market Approach

Sales Multiple

Calculation of Sales Base

	ANNUALIZED 2026	2025	2024	2023
Revenue	4,186,638	4,266,588	3,809,931	3,753,497
Weight on Revenue	1	1	–	1
SELECTED ONGOING REVENUE				**4,068,908**

Estimated Selling Price

$3,459,000 ROUNDED

Calculation of Value Using Sales Multiple

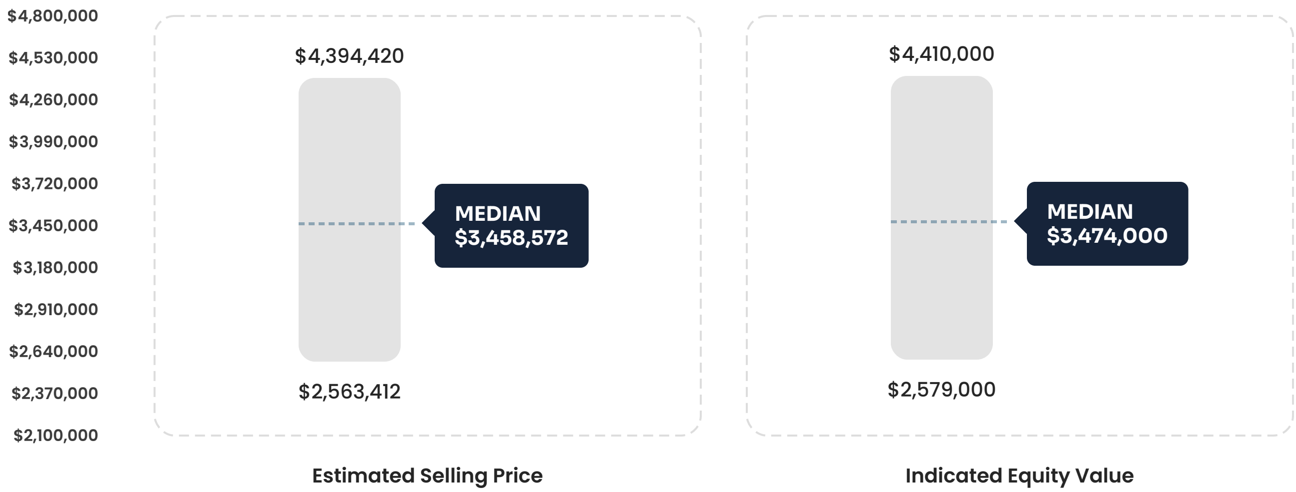
	SALES MULTIPLES					
	10th PCTL	25th PCTL	MEAN	MEDIAN	75th PCTL	90th PCTL
Sales Base	4,068,908	4,068,908	4,068,908	4,068,908	4,068,908	4,068,908
Multiple	0.41x	0.63x	0.91x	0.85x	1.08x	1.45x
Ongoing Value	1,668,252	2,563,412	3,702,706	3,458,572	4,394,420	5,899,916
Operating Working Capital [1]	–	–	–	–	–	–
Estimated Selling Price	**1,668,252**	**2,563,412**	**3,702,706**	**3,458,572**	**4,394,420**	**5,899,916**
Adjusted Balance Sheet Debt	–	–	–	–	–	–
SUBTOTAL	1,668,252	2,563,412	3,702,706	3,458,572	4,394,420	5,899,916
Adjustment [2]	15,900	15,900	15,900	15,900	15,900	15,900
INDICATED EQUITY VALUE (ROUNDED)	**1,684,000**	**2,579,000**	**3,719,000**	**3,474,000**	**4,410,000**	**5,916,000**

[1] *Refer to the calculation of net working capital (NWC) found in Appendix C. NWC is also referred to as "Operating Working Capital";*
[2] *Adjustment includes cash and cash equivalents; other current assets, and other current liabilities less NWC*

What does this range of values mean?

The values for your business range from the low end (10th and 25th percentiles) to the high end (75th and 90th percentiles), with the mean and median representing the middle. The mean is the simple average, calculated by adding all the multiples together and dividing by the count. The median is the middle number when the multiples are sorted from lowest to highest. If the median is higher than the mean, unusually low results may be pulling the mean down. If the mean is higher than the median, unusually high results may be pushing the mean up. For this reason, many analysts place the most weight on the median, since it is usually the most representative of market values. You can also compare your business's profitability to industry benchmarks to decide whether your value should align more closely with the median, or lean toward the higher or lower end of the range.

Value Range Based on Sales Multiple (25th to 75th Percentile)



Market Approach EBITDA Multiple

Calculation of EBITDA Base

	ANNUALIZED 2026	2025	2024	2023
Adj. Pre-Tax Income	666,786	576,296	157,572	395,305
Interest	14,984	18,949	27,520	35,434
Non-cash expenses [1]	–	13,116	13,116	10,283
EBITDA	681,770	608,361	198,208	441,022
Weight on EBITDA	1	1	–	1
SELECTED ONGOING EBITDA BASE				**577,051**

[1] *Non-cash expenses, like depreciation or amortization, are accounting costs without actual cash payments*

Estimated Selling Price

$4,847,000 ROUNDED

Calculation of Value Using EBITDA Multiple

	EBITDA MULTIPLE					
	10th PCTL	25th PCTL	MEAN	MEDIAN	75th PCTL	90th PCTL
EBITDA Base	577,051	577,051	577,051	577,051	577,051	577,051
Multiple	4.10x	6.10x	11.00x	8.40x	12.00x	14.90x
Ongoing Value	2,365,909	3,520,011	6,347,561	4,847,228	6,924,612	8,598,060
Operating Working Capital [1]	–	–	–	–	–	–
Estimated Selling Price	**2,365,909**	**3,520,011**	**6,347,561**	**4,847,228**	**6,924,612**	**8,598,060**
Adjusted Balance Sheet Debt	–	–	–	–	–	–
SUBTOTAL	2,365,909	3,520,011	6,347,561	4,847,228	6,924,612	8,598,060
Adjustment [2]	15,900	15,900	15,900	15,900	15,900	15,900
INDICATED EQUITY VALUE (ROUNDED)	**2,382,000**	**3,536,000**	**6,363,000**	**4,863,000**	**6,941,000**	**8,614,000**

[1] *Refer to the calculation of net working capital (NWC) found in Appendix C. NWC is also referred to as "Operating Working Capital";*

[2] *Adjustment includes cash and cash equivalents; other current assets, and other current liabilities less NWC*

What does this range of values mean?

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Value Range Based on EBITDA Multiple (25th to 75th Percentile)

Market Approach

SDE Multiple

Calculation of SDE Base

	ANNUALIZED 2026	2025	2024	2023
Adj. Pre-Tax Income	666,786	576,296	157,572	395,305
Interest	14,984	18,949	27,520	35,434
Non-cash expenses [1]	–	13,116	13,116	10,283
Owner's comp	353,310	150,000	150,000	150,000
SDE	1,035,080	758,361	348,208	591,022
Weight on SDE	1	1	–	1
SELECTED ONGOING SDE BASE				**794,821**

[1] *Non-cash expenses, like depreciation or amortization, are accounting costs without actual cash payments*

Estimated Selling Price

$2,861,000 ROUNDED

Calculation of Value Using SDE Multiple

	SDE MULTIPLE					
	10th PCTL	25th PCTL	MEAN	MEDIAN	75th PCTL	90th PCTL
SDE Base	794,821	794,821	794,821	794,821	794,821	794,821
Multiple	1.90x	2.90x	3.80x	3.60x	4.50x	5.00x
Ongoing Value	1,510,160	2,304,981	3,020,320	2,861,356	3,576,694	3,974,105
Operating Working Capital [1]	–	–	–	–	–	–
Estimated Selling Price	**1,510,160**	**2,304,981**	**3,020,320**	**2,861,356**	**3,576,694**	**3,974,105**
Adjusted Balance Sheet Debt	–	–	–	–	–	–
SUBTOTAL	1,510,160	2,304,981	3,020,320	2,861,356	3,576,694	3,974,105
Adjustment [2]	15,900	15,900	15,900	15,900	15,900	15,900
INDICATED EQUITY VALUE (ROUNDED)	**1,526,000**	**2,321,000**	**3,036,000**	**2,877,000**	**3,593,000**	**3,990,000**

[1] *Refer to the calculation of net working capital (NWC) found in Appendix C. NWC is also referred to as "Operating Working Capital";*
[2] *Adjustment includes cash and cash equivalents; other current assets, and other current liabilities less NWC*

What does this range of values mean?

The values for your business range from the low end (10th and 25th percentiles) to the high end (75th and 90th percentiles), with the mean and median representing the middle. The mean is the simple average, calculated by adding all the multiples together and dividing by the count. The median is the middle number when the multiples are sorted from lowest to highest. If the median is higher than the mean, unusually low results may be pulling the mean down. If the mean is higher than the median, unusually high results may be pushing the mean up. For this reason, many analysts place the most weight on the median, since it is usually the most representative of market values. You can also compare your business's profitability to industry benchmarks to decide whether your value should align more closely with the median, or lean toward the higher or lower end of the range.

Value Range Based on SDE Multiple (25th to 75th Percentile)

Market Approach

Market Multiple

One of the most common ways buyers value a business is by looking at what similar businesses have sold for and applying those same pricing "multiples." A multiple is simply a way of saying, *"I'll pay X times sales, EBITDA, or SDE for this business."*

For example, if a business earns $1,000,000 a year and buyers are paying a 3x multiple, the selling price would likely be about $3,000,000.

To estimate your value, we reviewed comparable transactions from premium data sources that track the buying and selling of privately held businesses. Using data from private companies is important because these businesses are more similar in size, structure, and risk to yours — unlike large public companies, whose stock prices reflect investor expectations, market liquidity, and other factors that don't apply to small or mid-sized private firms.

This report presents the range of pricing multiples observed in the market — from the lower to the higher end — so you can see how businesses like yours are typically valued.

MULTIPLE TYPE	10TH PCTL	25TH PCTL	MEAN	MEDIAN	75TH PCTL	90TH PCTL
Sales Multiple	0.41x	0.63x	0.91x	0.85x	1.08x	1.45x
EBITDA Multiple	4.10x	6.10x	11.00x	8.40x	12.00x	14.90x
SDE Multiple	1.90x	2.90x	3.80x	3.60x	4.50x	5.00x

Note

These multiples are based on comparable transactions from premium sources that track sales of privately held businesses. The data used in this report was filtered to include transactions relevant to your company's industry, size, and the timing of the transactions. A professional valuation goes a step further by analyzing individual transactions in greater detail to determine which are most comparable to your company's unique characteristics and circumstances. Talk to your advisor to see if upgrading this report to a Certified Appraisal is right for you.

Income Approach

The Income Approach values a business based on its ability to generate future cash flow. Unlike the Market Approach, which compares your business to others that have sold, the Income Approach looks directly at the earnings potential of the business and converts those expected earnings into today's value. Buyers and lenders like this approach because it answers the question: *"How much future income will this business realistically produce, and what is that worth right now?"*

Common Income Valuation Methods

There are three widely accepted methods under the Income Approach:

- **Discounted Cash Flow (DCF) Method** – The DCF method values a business as the present value of its projected future earnings plus the present value of its terminal value. This method is often used when a company expects significant changes in revenue, expenses, or capital spending. While it was not applied in this valuation, appraisers may use DCF when reliable projections are available or when short-term growth is expected to normalize in the long term.
- **Capitalization of Earnings (Cash Flow) Method** – This method applies when income is expected to remain relatively stable into the future. It converts a single period of earnings into value using a capitalization rate, essentially treating the business as though its current earnings will continue indefinitely at a steady pace.
- **Multi-Stage Growth Method** – This method recognizes that near-term growth may be different from long-term growth. It applies different growth rates for the short- to mid-term versus the long-term, but still assumes that the overall relationship between revenue and expenses remains stable.

Methods Used for This Valuation

For your valuation, both the Capitalization of Cash Flow Method and the Multi-Stage Growth Method were applied. The difference between the two is based on assumptions about growth:

- **The Multi-Stage Growth Method** assumes your business will grow in line with its industry forecast or at other growth rates noted in this report.
- **The Capitalization of Cash Flow Method** assumes your business is already in a more mature stage and will grow at a slower pace, closer to the overall economy (for example, between real and nominal GDP growth).

By looking at both methods side by side, we capture a range of perspectives on your company's ability to generate future income and what that means for its value today.

Growth Forecasts

CAPITALIZATION OF CASH FLOW METHOD

ITEM	GROWTH RATE [1]
Sustainable Growth Rate	2.5%

1 Growth rate is between long-term real and nominal GDP forecast.

MULTI-STAGE GROWTH METHOD

ITEM	GROWTH RATE [2]
Year 1	5.9%
Year 2	5.8%
Year 3	1.5%
Year 4	1.5%
Sustainable long-term growth	2.5%

2 Growth rates for Years 1–4 are from published industry growth rates. The sustainable long-term growth rate is between the long-term real and nominal GDP forecast.

Income Approach

Capitalization of Cash Flow Method

Under the capitalization of cash flow method, cash flow is projected at a stabilized level based on past performance and future expectation and converted to present value at the capitalization rate.

We determined future levels of stabilized cash flow for this method by considering the weighted average of past years' performance, both at current debt levels and without any debt based on how you answered questions during the intake process. The adjusted pre-tax income includes any adjustments to the income statements, which are listed in Appendix B of this report.

Estimated Selling Price

$2,434,000 ROUNDED

STEP 1 Calculation of Cash Flow (earning power)

	ANNUALIZED 2026	2025	2024	2023
Adj. Pre-Tax Income	666,786	576,296	157,572	395,305
+ Non-cash expenses [1]	–	13,116	13,116	10,283
Ongoing Earning Power	666,786	589,412	170,688	405,588
Weight	1	1	–	1
SELECTED ONGOING EARNING POWER	**553,929**			

[1] *Non-cash expenses, like depreciation or amortization, are accounting costs without actual cash payments*

STEP 2-A Calculation of Net Cash Flow

	ASSUMES NO DEBT	ASSUMES CURRENT DEBT
Normalized Pre-Tax Cash Flow	553,929	553,929
+ Interest expense	23,122	*n/a*
− Ongoing non-cash	7,800	7,800
Taxable base	**569,251**	**546,129**
− Est. state taxes	6.50%	6.50%
Before federal taxes	**532,250**	**510,631**
− Est. federal taxes (21%)	111,772	107,232
Subtotal	**420,477**	**403,398**
+ Ongoing non-cash	7,800	7,800
Subtotal	**428,277**	**411,198**
Adjustment for Working Capital	(20,345)	(20,345)
Adjustment for Capital Expenditure	(7,800)	(7,800)
Adjustment for Long-Term Debt	0	0
CALCULATED ONGOING AFTER TAX CASH FLOW	**400,133**	**383,054**

STEP 2-B Calculation of Cost of Equity

	RATE
Risk-free rate of return	4.57%
Equity risk premium	5.00%
Small stock risk premium	4.37%
Plus/minus industry risk premium	0.30%
Company specific risk	6.80%
Net cash flow discount rate	**21.04%**
Less: Sustainable growth rate	2.50%
Net cash flow capitalization rate	**18.54%**
SELECTED RATE	**16.85%***

**Apply mid-year convention (18.54%/(1+21.04%)^0.5)*

STEP 3 Calculation of Value

	ESTIMATED SELLING PRICE (MVIC)			EQUITY VALUE		
	ASSUMES NO DEBT	125% OF CURRENT ("HIGH")	75% OF CURRENT ("LOW")	ASSUMES CURRENT DEBT	125% OF CURRENT ("HIGH")	75% OF CURRENT ("LOW")
Net of debt after tax cash flow	$400,133	$500,166	$300,100	$383,054	$478,817	$287,290
Sustainable future growth rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Cash flow with future growth	$410,136	$512,670	$307,602	$392,630	$490,787	$294,472
Capitalization rate	16.85%	16.85%	16.85%	16.85%	16.85%	16.85%
INDICATED VALUE (ROUNDED)	**$2,434,000**	**$3,042,000**	**$1,825,000**	**$2,330,000**	**$2,912,000**	**$1,747,000**

Value Range Based on Capitalization of Cash Flow Method

Income Approach

Multi-Stage Growth Method

Under the multi-stage growth method, your business's future cash flow is projected forward using published industry growth rates. Those projected cash flows are then converted back into today's value using a discount rate, which reflects the return an investor would require to put money into your business.

Estimated Selling Price

$2,550,000 ROUNDED

To capture long-term value, the method also calculates a terminal value. This represents the business's worth beyond the initial forecast period, starting with year five's projected cash flow and assuming it continues into the future at a sustainable growth rate. That growth rate is set between the long-term real and nominal GDP forecasts, representing what a mature business could reasonably achieve over time.

The steps below outline how this method was applied to estimate the value of your business.

STEP 1 Calculation of Cash Flow (earning power)

	ANNUALIZED 2026	2025	2024	2023
Adj. Pre-Tax Income	666,786	576,296	157,572	395,305
+ Non-cash expenses [1]	–	13,116	13,116	10,283
Ongoing Earning Power	666,786	589,412	170,688	405,588
Weight	1	1	–	1
SELECTED ONGOING EARNING POWER	**553,929**			

[1] *Non-cash expenses, like deprecation or amortization, are accounting costs without actual cash payments*

STEP 2 Calculation of Net Cash Flow

	ASSUMES NO DEBT	ASSUMES CURRENT DEBT
Normalized Pre-tax cash flow	553,929	553,929
+ Interest expense	23,122	*n/a*
− Ongoing non-cash	7,800	7,800
Taxable base	**569,251**	**546,129**
− Est. state taxes	6.50%	6.50%
Before federal taxes	**532,250**	**510,631**
− Est. federal taxes (21%)	111,772	107,232
Subtotal	**420,477**	**403,398**
+ Ongoing non-cash	7,800	7,800
Subtotal	**428,277**	**411,198**
Adjustment for working capital	(20,345)	(20,345)
Adjustment for capital expenditure	(7,800)	(7,800)
Adjustment for long-term debt	0	0
CALCULATED ONGOING AFTER TAX CASH FLOW	**400,133**	**383,054**

Calculation of Cost of Equity

	RATE
Risk-free rate of return	4.57%
Equity risk premium	5.00%
Small stock risk premium	4.37%
Plus/minus industry risk premium	0.30%
Company specific risk	6.80%
Net cash flow discount rate	**21.04%**
Less: Sustainable growth rate	2.50%
Net cash flow capitalization rate	**18.54%**

STEP 3 Calculation of Discounted Cash Flows

		ESTIMATED SELLING PRICE (MVIC)			EQUITY VALUE		
	% GROWTH	ASSUMES NO DEBT	125% OF CURRENT ("HIGH")	75% OF CURRENT ("LOW")	ASSUMES CURRENT DEBT	125% OF CURRENT ("HIGH")	75% OF CURRENT ("LOW")
Year 0		$400,133	$500,166	$300,100	$383,054	$478,817	$287,290
Year 1	5.90%	$423,741	$529,676	$317,806	$405,654	$507,067	$304,240
Year 2	5.80%	$448,318	$560,397	$336,238	$429,182	$536,477	$321,886
Year 3	1.50%	$455,043	$568,803	$341,282	$435,619	$544,524	$326,715
Year 4	1.50%	$461,868	$577,335	$346,401	$442,154	$552,692	$331,615
Year 5	2.50%	$473,415	$591,769	$355,061	$453,208	$566,509	$339,906

STEP 4 Calculation of Value

		ESTIMATED SELLING PRICE (MVIC)			EQUITY VALUE		
	DISCOUNT RATE [1]	ASSUMES NO DEBT	125% OF CURRENT ("HIGH")	75% OF CURRENT ("LOW")	ASSUMES CURRENT DEBT	125% OF CURRENT ("HIGH")	75% OF CURRENT ("LOW")
Year 1	0.9089	$385,155	$481,444	$288,866	$368,715	$460,894	$276,536
Year 2	0.7509	$336,661	$420,826	$252,496	$322,291	$402,863	$241,718
Year 3	0.6204	$282,312	$352,890	$211,734	$270,262	$337,827	$202,696
Year 4	0.5126	$236,737	$295,922	$177,553	$226,632	$283,291	$169,974
PV Terminal Value	0.5126	$1,308,823	$1,636,029	$981,617	$1,252,957	$1,566,197	$939,718
INDICATED VALUE (ROUNDED)		**$2,550,000**	**$3,187,000**	**$1,912,000**	**$2,441,000**	**$3,051,000**	**$1,831,000**

[1] *Mid-year convention applied using discount factor 1 / (1 + Discount Rate)^(t - 0.5). The exponent reflects receipt of cash flows at the midpoint of each projection year (0.5, 1.5, 2.5, etc.).*

Value Range Based on Multi-Stage Growth Method

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Asset Approach

Adjusted Net Asset Method

The Asset Approach looks at the value of a business based on its assets minus its liabilities. In other words, it answers the question: "If we sold everything the business owns and paid off everything it owes, what would be left?"

This approach is most commonly used for holding and investment companies, or for businesses that are losing money or are close to liquidation. For healthy and profitable operating companies, buyers usually place more weight on the Market and Income Approaches, but the Asset Approach can still provide helpful context.

Equity Value (Asset Approach)

$126,000 ROUNDED

Common Asset Valuation Methods

There are two widely accepted methods under the Asset Approach:

- **Book Value Method** – This method uses the numbers shown on the company's balance sheet. Because accounting rules sometimes record assets at historical cost rather than current market value, book value may not always reflect today's fair value.
- **Adjusted Net Asset Method** – This method starts with book value and then adjusts assets and liabilities to their fair market values. Tangible assets (like equipment or inventory) and certain intangible assets are considered. This approach is often used for non-operating businesses, for companies that continue to generate losses, or for businesses expected to be liquidated in the near future.

Methods Used for This Valuation

For your valuation, we used the **Adjusted Net Asset Method** because, during the intake process, adjustments were made to bring assets and liabilities up to their current values. This means the figures in this valuation are intended to reflect today's estimated market values rather than the historical costs shown on the balance sheet.

MARKET VALUE ESTIMATE

ITEM	PERIOD ENDED JUNE 30, 2026
Adjusted Net Assets	–
Adjusted Liabilities	(126,177)
Indicated Value	126,177
SELECTED VALUE (ROUNDED)	**126,000**

Loan Payment Affordability

Loan payment affordability gives us another way to look at the estimated selling price of your business. Instead of focusing only on market multiples or income methods, this approach asks a practical question: "Can the business generate enough cash flow to cover the loan payments a buyer would need to make?"

If the business's cash flow supports the payments, banks are more likely to finance the deal, and buyers will feel more confident paying your asking price. If the cash flow falls short, the selling price may need to be adjusted, or the deal structured differently (for example, a larger down payment, seller financing, or performance-based earnouts).

Why Loan Payment Affordability Matters

Understanding loan payment affordability helps you see how buyers and banks will view the financial strength of your business. Lenders evaluate the **Debt Service Coverage Ratio (DSCR)** – how much operating income (after operating expenses) is available to cover loan payments. Most banks require a DSCR between **1.25x and 2.0x**, meaning the business should generate 25% to 100% more cash than the annual debt payments. If DSCR falls below this range, lenders may not approve full financing and buyers may push for changes in price or terms.

If your Adjusted EBITDA is **$577,051** and annual loan payments are about **$391,413**, the DSCR comes out to roughly **1.45x**. Because this falls within the typical lender range of **1.25x to 2.0x**, your business shows a healthy ability to cover debt payments and maintain financial stability. Lenders would generally view this as a comfortable margin for repayment, making the business financeable and attractive to qualified buyers. A DSCR in this range also signals that your company generates enough cash flow to support future growth, withstand slower periods, and still meet loan obligations on time.

How DSCR is Calculated

The DSCR measures how many times the business's earnings can cover its debt payments. Here's how it works:

STEP 1 **Adjusted EBITDA**

This is your business's earnings before interest, taxes, depreciation, and amortization, adjusted for one-time, discretionary, or non-operating expenses. Adjusted EBITDA shows the true cash flow available to service debt. Note: While buyers often accept these adjustments, lenders may be stricter, especially for loans guaranteed by the SBA.

STEP 2 **Capital Expenditures (CAPEX)**

CAPEX reflects money spent on maintaining or improving equipment, facilities, or other assets. Since this cash is not available for debt repayment, it is deducted from Adjusted EBITDA.

STEP 3 **Debt Service**

Debt service is the total annual loan payment, including both principal and interest.

DSCR Formula

$$\text{DSCR} = \frac{\text{Adjusted EBITDA - CAPEX}}{\text{Debt Service}}$$

Loan Payment Affordability for Most Probable Selling Price

To test loan payment affordability, we start with the Most Probable Selling Price of your business. From there, we calculate the Debt Service Coverage Ratio (DSCR) using both past results and forecasted Adjusted EBITDA. This shows whether the business can realistically support the loan payments a buyer would take on at the estimated price.

Steps to Calculate DSCR

1. Begin with Adjusted EBITDA, both historical and forecasted.
2. Subtract expected Capital Expenditures (CAPEX), which represent money reinvested into the business.
3. Compare the remaining cash flow to the annual loan payments (principal plus interest).
4. Divide available cash flow by annual loan payments to determine the DSCR.

A DSCR of at least 1.25x to 2.0x is typically required by banks. A higher DSCR shows more financial cushion and increases buyer confidence in paying the full price.

STEP 1 Adjusted EBITDA

Adjusted EBITDA is used in the calculation of DSCR because it provides a measure of a company's operating performance and cash generation before certain non-operating expenses. The use of Adjusted EBITDA in the DSCR calculation helps in assessing the company's ability to cover its debt obligations based on its core operating profitability. The Company's past Adjusted EBITDA and the calculated ongoing EBITDA is shown below.

	ANNUALIZED 2026	2025	2024	2023
Adj. Pre-Tax Income	666,786	576,296	157,572	395,305
Interest	14,984	18,949	27,520	35,434
Non-cash expenses [1]	–	13,116	13,116	10,283
Adj. EBITDA	681,770	608,361	198,208	441,022
Weight on Adj. EBITDA	1	1	–	1
(A) SELECTED ONGOING EBITDA BASE				**577,051**

[1] *Non-cash expenses, like depreciation or amortization, are accounting costs without actual cash payments*

Estimated Selling Price*

$3,329,000 ROUNDED

Assumes 10% down and 1.25 DSCR

STEP 2 Estimated CAPEX

Capital Expenditures (CAPEX) are investments in long-term assets such as equipment, property, or technology. Subtracting CAPEX helps account for the funds a business needs to maintain and grow its operations over time. However, not all lenders handle CAPEX the same way. Some banks exclude CAPEX from the DSCR calculation because it is not considered an ongoing operating expense, but rather a periodic investment. For this valuation, an estimate of ongoing CAPEX has been included in the calculation of DSCR to provide a more realistic view of the cash available to cover debt payments.

(B) SELECTED ONGOING CAPEX	**7,800**

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STEP 3 Estimated Debt Service

Debt service is the total of the principal and interest payments a company must make on its debt, usually calculated on an annual basis. The Debt Service Coverage Ratio (DSCR) compares these payments to the cash flow of the business (such as Adjusted EBITDA) to show whether the business can comfortably support the debt.

For this valuation, the debt service calculation focuses only on the loan a buyer would take out to purchase the business. The exact payment amount depends on the loan terms, such as the interest rate, down payment, and repayment period, which are shown on the following page.

LOAN ASSUMPTIONS		SCENARIO 1	SCENARIO 2	SCENARIO 3
(C) EBITDA[1] less CAPEX (A - B)	$	569,251	569,251	569,251
(D) Sales Price	$	2,861,000	2,861,000	2,861,000
(E) Down Payment as a % of Purchase Price		10.00%	10.00%	20.00%
(F) Down Payment Amount	$	286,100	286,100	572,200
(G) Loan Amount (D - F)	$	2,574,900	2,574,900	2,288,800
(H) Prime Rate		6.75%	6.75%	6.75%
(I) Interest Premium		2.25%	2.25%	2.25%
(J) Market Loan Interest Rate (H + I)		9.00%	9.00%	9.00%
(K) Loan Period (years)		5	10	10
(L) Annual Debt Service Payment (principal + interest)	$	641,408	391,413	347,923
(M) EXCESS CASH FLOW AFTER DEBT SERVICE (C - L)	$	**(72,157)**	**177,838**	**221,329**

[1] *EBITDA = Seller Discretionary Earnings (SDE) less normalized owner's salary*

STEP 4 Resulting DSCR

	SCENARIO 1	SCENARIO 2	SCENARIO 3
(N) DEBT SERVICE COVERAGE RATIO (C / L)	**0.89**	**1.45**	**1.64**

	ONGOING EBITDA (A)	2025	2024	2023
EBITDA less CAPEX $	**569,251**	600,561	190,408	433,222
Scenario 1 DSCR	**0.89**	0.94	0.30	0.68
Scenario 2 DSCR	**1.45**	1.53	0.49	1.11
Scenario 3 DSCR	**1.64**	1.73	0.55	1.25

DSCR Guideline

2.0 OR GREATER	Considered very strong and shows that a company can cover two times its debt
1.2 – 1.25	Many lenders will set minimum DSCR requirements between 1.2 and 1.25
1.15	The Small Business Association usually requires a minimum DSCR ratio of 1.15 in order to grant loans over $350k

STEP 5 Sensitivity Analysis – Loan Capacity

Below is a sensitivity analysis of the estimated selling price of the Company, considering diverse targets for the Debt Service Coverage Ratio (DSCR) across three distinct scenarios. This analysis enables you and lending institutions to evaluate how alterations in DSCR affect the potential loan capacity of the transaction. By delving into various scenarios, you can acquire valuable insights into the potential effects on financial outcomes, empowering you to make well-informed decisions.

	ESTIMATED SELLING PRICE (MVIC)		
	SCENARIO 1	SCENARIO 2	SCENARIO 3
Based on 1.75× Coverage Ratio	$1,451,000	$2,378,000	$2,675,000
Based on 1.50× Coverage Ratio	$1,693,000	$2,774,000	$3,121,000
Based on 1.25× Coverage Ratio	$2,031,000	$3,329,000	$3,745,000
Based on 1.15× Coverage Ratio	$2,208,000	$3,618,000	$4,070,000

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APPENDIX B

Financials

This appendix provides a summarized view of the company's historical financial results and adjusted figures.

- By reviewing revenue, expenses, assets, and key adjustments across multiple periods, you can see how earnings and profitability have trended over time. These adjustments remove one-time items and personal expenses to provide a clearer picture of the company's true financial performance.
- The financial information presented in this section forms the foundation of the company's valuation.

Historic Financials

The summarized historical results of operations and the financial position of the company are presented below to provide a clearer view of its earnings and profitability over time. The tables show annual results for 2023 through 2025, along with the company's 3-year average.

INCOME	JUN 30, 2026 $	2025 $	2024 $	2023 $	3 YR AVG $
Revenue	2,093,319	4,286,588	3,821,931	3,753,497	3,954,005
COGS	217,640	500,336	397,643	272,023	390,001
Gross Profit	1,875,679	3,786,252	3,424,288	3,481,474	3,564,005
Gross Profit %	89.6%	88.3%	89.6%	92.8%	90.1%
Operating Expenses	1,450,023	3,356,599	3,261,387	3,060,683	3,226,223
Operating Profit	425,656	429,653	162,901	420,791	337,782
Other Income / Expenses	–	24,410	–	–	8,137
Pre-tax Income	**425,656**	**454,063**	**162,901**	**420,791**	**345,918**
Pre-tax Income %	**20.3%**	**10.6%**	**4.3%**	**11.2%**	**8.7%**

ASSETS	JUN 30, 2026 $	2025 $	2024 $	2023 $	3 YR AVG $
Cash	–	417,902	141,732	661,232	406,955
Accounts Receivable	–	14,296	21,315	21,315	18,975
Other Current Assets	–	–	24,057	30,000	18,019
Total Current Assets	–	432,198	187,104	712,547	443,950
Net Fixed Assets	–	–	–	16,000	5,333
Net Intangible Assets	–	105,952	119,068	89,684	104,901
Other Non-current	–	288,476	304,376	385,316	326,056
TOTAL ASSETS	**–**	**826,626**	**610,548**	**1,203,547**	**880,240**

LIABILITIES AND EQUITIES	JUN 30, 2026 $	2025 $	2024 $	2023 $	3 YR AVG $
Short term Notes Payable	–	97,851	169,281	120,809	129,314
Other Current Liabilities	–	702,884	624,197	1,019,894	782,325
Total Current Liabilities	–	800,735	793,478	1,140,703	911,639
Long-term (Bank) Debt	–	145,218	152,967	318,377	205,521
TOTAL LIABILITIES	**–**	**945,953**	**946,445**	**1,459,080**	**1,117,159**
TOTAL EQUITY	**–**	**(119,327)**	**(335,897)**	**(255,533)**	**(236,919)**
TOTAL LIABILITIES & EQUITY	**–**	**826,626**	**610,548**	**1,203,547**	**880,240**

List of Income Adjustments

In valuation, it is common to adjust reported income so it better reflects your business's true earning power and future potential. These adjustments remove items that are one-time, unusual, or not part of normal operations. Based on the information provided, the following income adjustments were made to your financial statements.

REVENUE	Jun 30, 2026 $	2025 $	2024 $	2023 $
Revenue	2,093,319	4,286,588	3,821,931	3,753,497
Non-Recurring Revenue	–	(20,000)	(12,000)	–
Total Adjustments	–	(20,000)	(12,000)	–
Adjusted Revenue	**2,093,319**	**4,266,588**	**3,809,931**	**3,753,497**
COGS	**Jun 30, 2026 $**	**2025 $**	**2024 $**	**2023 $**
COGS	217,640	500,336	397,643	272,023
Total Adjustments	–	–	–	–
Adjusted COGS	**217,640**	**500,336**	**397,643**	**272,023**
EXPENSES	**Jun 30, 2026 $**	**2025 $**	**2024 $**	**2023 $**
Operating Expenses	1,450,023	3,356,599	3,261,387	3,060,683
Owner's Compensation	75,000	(53,309)	(46,671)	(14,514)
Non-Recurring Expenses	–	(100,000)	–	–
Total Adjustments	75,000	(153,309)	(46,671)	(14,514)
Adjusted Operating Expenses	**1,525,023**	**3,203,290**	**3,214,716**	**3,046,169**
OTHER INCOME / (EXPENSE)	**Jun 30, 2026 $**	**2025 $**	**2024 $**	**2023 $**
Other Income / (Expense)	(17,263)	17,744	(40,000)	(40,000)
Non-Operating Gain/Loss	–	(4,410)	–	–
Total Adjustments	–	(4,410)	–	–
Adjusted Other Income / (Expense)	**(17,263)**	**13,334**	**(40,000)**	**(40,000)**
ADJUSTED PRE-TAX INCOME	**Jun 30, 2026 $**	**2025 $**	**2024 $**	**2023 $**
Adjusted Pre-Tax Income	**333,393**	**576,296**	**157,572**	**395,305**

List of Balance Sheet Adjustments

It is sometimes necessary to adjust the balance sheet to better reflect the economic value of the company's assets and liabilities. These adjustments remove non-operating or one-time items and reclassify accounts to present a clearer view of the company's financial position as of the valuation date. Based on the information provided, the following balance sheet adjustments were applied.

ADJUSTED ASSETS	JUN 30, 2026 ($)	2025 ($)	2024 ($)	2023 ($)
Total Assets	–	826,626	610,548	1,203,547
Total Adjustments	–	–	–	–
Adjusted Total Assets	**–**	**826,626**	**610,548**	**1,203,547**
ADJUSTED LIABILITIES	**JUN 30, 2026 ($)**	**2025 ($)**	**2024 ($)**	**2023 ($)**
Total Liabilities	–	945,953	946,445	1,459,080
Personal Liabilities	(15,900)	(15,900)	151,938	(583)
Other Non-Operating Liabilities	(110,277)	(110,277)	(8,000)	–
Total Adjustments	(126,177)	(126,177)	143,938	(583)
Adjusted Total Liabilities	**(126,177)**	**819,776**	**1,090,383**	**1,458,497**

Adjusted Financials

The summarized adjusted results of operations and the financial position of the company are presented below. Certain adjustments have been made to remove one-time or non-operating items so that the figures better reflect the company's ongoing earning power and future potential.

ADJUSTED INCOME	JUN 30, 2026 $	2025 $	2024 $	2023 $	3 YR AVG $
Revenue	2,093,319	4,266,588	3,809,931	3,753,497	3,943,339
COGS	217,640	500,336	397,643	272,023	390,001
Gross Profit	1,875,679	3,766,252	3,412,288	3,481,474	3,553,338
Gross Profit %	89.6%	88.3%	89.6%	92.8%	90.1%
Operating Expenses	1,525,023	3,203,290	3,214,716	3,046,169	3,154,725
Operating Profit	350,656	562,962	197,572	435,305	398,613
Other Income / Expenses	(17,263)	13,334	(40,000)	(40,000)	(22,222)
Pre-tax Income	**333,393**	**576,296**	**157,572**	**395,305**	**376,391**
Pre-tax Income %	**15.9%**	**13.5%**	**4.1%**	**10.5%**	**9.5%**

ASSETS	JUN 30, 2026 $	2025 $	2024 $	2023 $	3 YR AVG $
Cash	–	417,902	141,732	661,232	406,955
Accounts Receivable	–	14,296	21,315	21,315	18,975
Other Current Assets	–	–	24,057	30,000	18,019
Total Current Assets	–	432,198	187,104	712,547	443,950
Net Fixed Assets	–	–	–	16,000	5,333
Net Intangible Assets	–	105,952	119,068	89,684	104,901
Other Non-current	–	288,476	304,376	385,316	326,056
TOTAL ASSETS	**–**	**826,626**	**610,548**	**1,203,547**	**880,240**

LIABILITIES AND EQUITIES	JUN 30, 2026 $	2025 $	2024 $	2023 $	3 YR AVG $
Short term Notes Payable	–	97,851	169,281	120,809	129,314
Other Current Liabilities	(15,900)	686,984	776,135	1,019,311	827,477
Total Current Liabilities	(15,900)	784,835	945,416	1,140,120	956,790
Long-term (Bank) Debt	–	145,218	152,967	318,377	205,521
Other Non-current Liabilities	(110,277)	(110,277)	(8,000)	–	(39,426)
TOTAL LIABILITIES	**(126,177)**	**819,776**	**1,090,383**	**1,458,497**	**1,122,885**
TOTAL EQUITY	**126,177**	**6,850**	**(479,835)**	**(254,950)**	**(242,645)**
TOTAL LIABILITIES & EQUITY	**–**	**826,626**	**610,548**	**1,203,547**	**880,240**

Adjusted EBITDA & SDE

EBITDA stands for Earnings Before Interest, Taxes, Depreciation, and Amortization. In valuation, it is common to adjust EBITDA to remove one-time, non-operating, or discretionary expenses so it more accurately reflects the cash flow a buyer can expect from the business. The adjusted EBITDA shown below provides a clearer picture of your business's true earning power.

HISTORICAL EBITDA	JUN 30, 2026 $	ANNUALIZED 2026 $	2025 $	2024 $	2023 $
Net Income Before Taxes	408,393	816,786	447,397	122,901	380,791
+ Depreciation and Amortization	–	–	13,116	13,116	10,283
+ Interest Expense on Loans to Business	7,492	14,984	18,949	27,520	35,434
Total Adjustments	7,492	14,984	32,065	40,636	45,717
EBITDA (Historical, Unadjusted)	**415,885**	**831,770**	**479,462**	**163,537**	**426,508**
ADJUSTMENTS	**JUN 30, 2026 $**	**ANNUALIZED 2026 $**	**2025 $**	**2024 $**	**2023 $**
+ Salary Adj. for Owner (1 Owner Only)	(75,000)	(150,000)	53,309	46,671	14,514
+ One-Time Adjustments	–	–	100,000	–	–
+ All Other Adjustments	–	–	(4,410)	–	–
+ Revenue Adjustments	–	–	(20,000)	(12,000)	–
Total Adjustments	**(75,000)**	**(150,000)**	**128,899**	**34,671**	**14,514**
ADJUSTED EBITDA	**JUN 30, 2026 $**	**ANNUALIZED 2026 $**	**2025 $**	**2024 $**	**2023 $**
Adjusted EBITDA	**340,885**	**681,770**	**608,361**	**198,208**	**441,022**
OWNER'S COMPENSATION	**JUN 30, 2026 $**	**ANNUALIZED 2026 $**	**2025 $**	**2024 $**	**2023 $**
+ Owner's Compensation (1 Owner)	176,655	353,310	150,000	150,000	150,000
SELLER DISCRETIONARY EARNINGS (SDE)	**JUN 30, 2026 $**	**ANNUALIZED 2026 $**	**2025 $**	**2024 $**	**2023 $**
SDE	**517,540**	**1,035,080**	**758,361**	**348,208**	**591,022**

APPENDIX C

Net Working Capital

This appendix takes a closer look at the working capital used in your valuation. Net working capital shows how much cash is tied up in running the business each day — such as accounts receivable, inventory, and accounts payable. It helps show whether the business has enough money flowing through it to operate smoothly and meet short-term needs.

- The analysis that follows explains how this number was calculated and what assumptions were used. It also shows how different working-capital positions can affect value, whether you are planning for growth, evaluating a purchase, or preparing for a sale.
- Every business transaction can handle working capital differently. In this report, one of three options was chosen to best fit your situation. Refer to the pages that follow for details on the specific assumption applied in this valuation.

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Net Working Capital Overview

Net working capital shows how much cash is tied up in your company's day-to-day operations. It is calculated by subtracting what the business owes in the short term (like accounts payable) from what it owns and can collect soon (such as accounts receivable and inventory).

This number helps show whether the business has enough resources to keep running smoothly, pay its bills on time, and support future growth. It is also one of the key figures buyers, lenders, and advisors look at when evaluating the financial health of a business.

What Makes Up Net Working Capital

For this valuation, net working capital is made up of two categories:

Current Operating Assets

- **Accounts Receivable** – Money owed to your business by customers.
- **Inventory** – Goods on hand available for sale.

Current Operating Liabilities

- **Accounts Payable** – Amounts your business owes to suppliers.

Net Working Capital Formula

Accounts Receivable
+ Inventory
− Accounts Payable

Net Working Capital (NWC)

Why Net Working Capital Matters in a Sale

- **For Sellers** – In smaller businesses (typically under $750,000 in annual sales), sellers are often allowed to keep working capital after the sale. For larger businesses, working capital is usually factored into the business valuation and included in the deal.
- **For Buyers** – Buyers expect to receive enough working capital to keep operations running smoothly from day one. Net working capital is therefore built into the purchase price and shows the ongoing cash flow needs of the business.

Common Considerations for Buyers and Sellers

Working capital plays a key role in most business sales, and both buyers and sellers should understand how it affects the deal. For example, if a business is valued at $1.5 million and that value assumes $300,000 of working capital is included, the buyer expects those funds to stay in the business so operations can continue smoothly after closing. If the seller decides to remove the working capital before the sale, the buyer would need to replace it — meaning their total investment would still be $1.5 million, but they might pay the seller $1.2 million for the business and then contribute $300,000 of cash or credit back into the company to fund its operations.

It is also important that the working capital used in the valuation matches the period of the earnings used. For example, if the valuation is based on a three-year average of earnings, then the working capital should also reflect a three-year average. This keeps the analysis consistent and prevents over- or under-estimating the true operating requirements of the business. While buyers may prefer to focus on the most recent figures, accuracy comes from aligning the same time periods for both earnings and working capital.

For businesses with more than $750,000 in annual sales, net working capital is typically included in the purchase price. This means assets like accounts receivable and inventory, as well as liabilities such as accounts payable, remain with the business.

It's worth noting that the buyer does not usually receive the seller's current working capital balance on the closing date. Instead, the purchase price reflects the amount of working capital required to run the business, based on the years used to calculate the valuation. That is the amount buyers generally expect to see in the business at closing.

Selected Working Capital Option

For this valuation, **Option 1: Seller Keeps Working Capital at Closing** was selected during intake. Under this option, the seller retains the company's current working capital when the business is sold. This means items such as accounts receivable, inventory, and accounts payable are not included in the most probable selling price.

This approach is most common for smaller businesses or companies with annual sales under roughly $750,000, where the owner typically keeps short-term assets and liabilities after the sale.

Net Working Capital Calculation for Small Businesses

Net Working Capital Calculation

For smaller businesses with annual sales under $750,000, the most common approach is for the seller to keep the working capital after the sale. In this case, the working capital is not included in the purchase price, and the buyer must provide their own funds to cover the business's operating needs once they take over.

Net Working Capital

–

Formula	JUN 30, 2026	2025	2024	2023
Net Working Capital	–	–	–	–
Weight	1	1	–	1
OPTION 1: NET WORKING CAPITAL	**–**			

Net Working Capital Calculation

Net Working Capital Calculation for Larger Businesses

For businesses with annual sales greater than $750,000, net working capital is usually included in the purchase price. It is calculated as accounts receivable plus inventory plus prepaid expenses, minus accounts payable and accrued liabilities. This method ensures that the business has enough operating capital to continue running smoothly after the sale.

In practice, many valuations use a weighted average of historical working capital rather than just the most recent balance. This avoids a mismatch, since using only current levels could result in the buyer receiving more or less working capital than what was assumed in the valuation.

Net Working Capital

$11,870

Formula	JUN 30, 2026	2025	2024	2023
Accounts Receivable	–	14,296	21,315	21,315
+ Inventory	–	–	–	–
− Accounts Payable	–	–	–	–
Net Working Capital	–	14,296	21,315	21,315
Weight	1	1	–	1
OPTION 2: NET WORKING CAPITAL	**11,870**			

Net Working Capital – Custom (Buyer/Seller Agreement)

Net Working Capital Custom Calculation (Buyer/Seller Agreement)

In certain transactions, the specific components and calculation of net working capital are mutually defined by the buyer and seller rather than using a standard formula. This approach allows flexibility to tailor the definition of working capital to the nature of the business or the deal structure. The agreed-upon calculation may include or exclude particular asset and liability accounts as determined during negotiations. This option is typically used when both parties wish to align the working capital target with unique operational or contractual considerations identified for the transaction.

Net Working Capital

–

Formula	JUN 30, 2026	2025	2024	2023
Net Working Capital	–	–	–	–
Weight	1	1	–	1
OPT 3: NET WORKING CAPITAL	–			

APPENDIX D

Industry Benchmarking

This appendix compares your company's adjusted financial results to businesses that have recently sold in the same industry. These benchmarks are drawn from the same transaction data used to develop the valuation multiples in this report. By comparing your company's revenue, margins, and balance sheet ratios to these peer transactions, you can see how your company's performance aligns with what buyers are paying for similar companies today.

Benchmarking helps highlight how your business compares to others in key financial areas. It can show where your company is performing above average, where there may be room for improvement, and how those differences may influence value in the market.

Benchmarking

Benchmarking compares your company's financial performance to similar businesses that have recently sold in the same industry. It gives you a quick way to see what you're doing well and where there may be room to improve.

ADJUSTED INCOME & PROFIT RATIOS	2025 ($)		PEER BENCHMARKING	
Revenue	4,266,588	100%	100%	
COGS	500,336	12%	23%	✓ Below
Gross Profit	3,766,252	88%	77%	✓ Above
Operating Expenses	3,203,290	75%	65%	! Above
Operating Profit	562,962	13%	12%	✓ Above
Other Income / (Expense)	13,334	0%	1%	N/A
Pre-Tax Income	576,296	14%	13%	✓ Above
EBITDA Margin	14.3%		10.5%	✓ Above
SDE Margin	17.8%		29.4%	! Below
Return on Assets (ROA)[1]	69.7%		24.5%	✓ Above
Return on Equity (ROE)[1]	8413.1%		24.7%	✓ Above
LIQUIDITY RATIOS				
Current Ratio	0.55		69.44	! Below
Quick Ratio	0.55		69.44	! Below
ASSET MANAGEMENT RATIOS				
Total Asset Turnover	5.16		26.81	! Below
Fixed Asset Turnover	–		863.05	! Below
Inventory Turnover	–		–	

[1] *ROA and ROE is provided for the last reported fiscal year*

Benchmarking Guideline

✓ GREEN	Performing better than peers
! RED	Performing worse than peers

Gross Profit Margin Ratio

About this Ratio

The Gross Profit Margin shows how efficiently your company turns sales into profit after covering the direct costs of what you sell. In simple terms, it tells you how much money is left from every dollar of sales after paying for the materials, supplies, or labor directly tied to those sales.

For young or fast-growing companies, this margin can start out low or even negative because growth often comes with higher upfront costs. Over time, a healthy business should earn more than it spends to produce or deliver its products or services. Comparing your margin to industry averages or similar businesses is the best way to understand whether your performance is strong or needs improvement.

How This Ratio Impacts a Potential Sale

Buyers look closely at the Gross Profit Margin because it shows how much is left to cover overhead, pay employees, invest in growth, and still make a profit. A higher margin usually signals a stronger and more efficient operation. However, what counts as “good” depends on your type of business. That’s why potential buyers compare your margin to industry benchmarks and to how it has changed over time. A margin that improves year after year gives buyers and lenders confidence in your company’s performance.

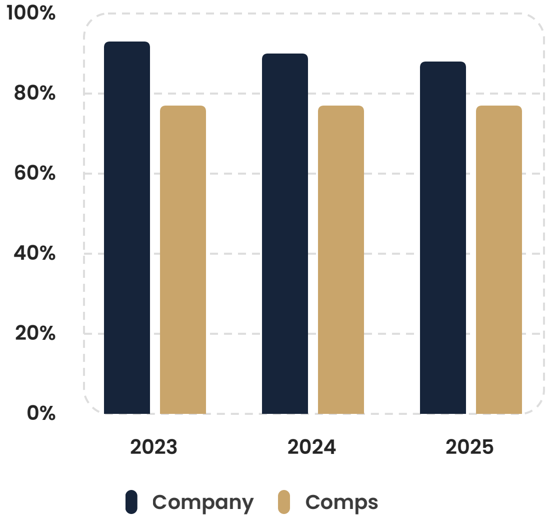
Your Ratio Compared to Industry Peers

Your company’s gross profit margin has been compared to margins from the comparable transactions used in this market valuation. For 2025, the analysis shows a better ratio than the peer group. This indicates that your business may command stronger sales pricing, manage production costs more efficiently, or both, relative to the companies included in the analysis.

The table below compares your company’s historical performance to the comparable transactions used in this valuation.

	COMPANY	COMPS	RATING
2023	93%	77%	✔ Better
2024	90%	77%	✔ Better
2025	88%	77%	✔ Better

Your Company vs Comps



Operating Profit Margin Ratio

About this Ratio

The Operating Profit Margin measures how efficiently your company manages its operating expenses compared to its revenue. It reflects how much profit remains after covering all day-to-day business costs, such as salaries, rent, and administrative expenses.

Because management typically has more control over expenses than over total sales, this ratio provides a good indication of how effectively the leadership team is running the business. A higher operating profit margin shows stronger expense control and lower financial risk. A lower margin may indicate that operating costs are consuming too much of your company's revenue.

How This Ratio Impacts a Potential Sale

Buyers pay close attention to the Operating Profit Margin because it reveals how well your company converts sales into operating profit. A healthy margin shows that your business can generate steady earnings even if sales fluctuate. There is no single target margin that fits all industries, so potential buyers compare your results with industry averages and your own past performance to evaluate efficiency and long-term stability.

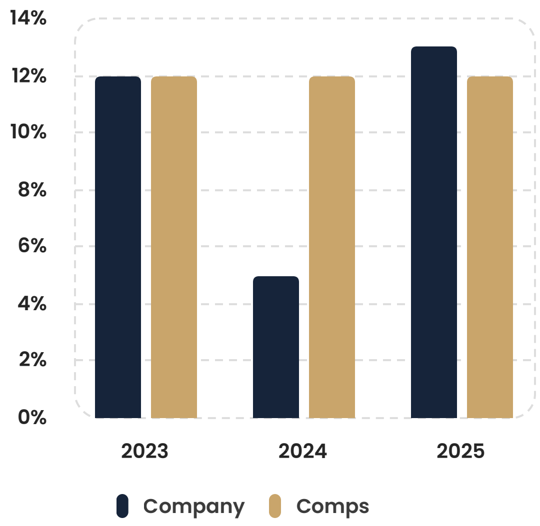
Your Ratio Compared to Industry Peers

Your company's operating profit margin has been compared to margins observed in the comparable transactions used in this market valuation. For 2025, the analysis shows a better ratio than the peer group, indicating that your business manages its operating expenses more efficiently than similar companies in the market. This level of performance may signal greater operating discipline and stronger profitability relative to peers.

The table below compares your company's historical performance to the comparable transactions used in this valuation.

	COMPANY	COMPS	RATING
2023	12%	12%	! Lower
2024	5%	12%	! Lower
2025	13%	12%	✓ Better

Your Company vs Comps



Return on Assets Ratio

About this Ratio

The Return on Assets (ROA) Ratio measures how efficiently your company uses its total assets to generate profit. It shows how well your business turns its investments in equipment, property, and other resources into earnings. A higher ROA means management is putting assets to work effectively to produce profits, while a lower ROA suggests that assets may be underused or producing less return than expected.

Because management has more control over how efficiently assets are used than over external factors such as market demand, ROA serves as a strong indicator of how well the leadership team manages company resources. A higher ROA signals stronger overall performance and efficiency, while a lower ROA may point to opportunities for improving asset utilization.

How This Ratio Impacts a Potential Sale

Buyers pay attention to the Return on Assets Ratio because it reflects how well your company converts its resources into profits. A business that generates strong earnings with fewer assets is often seen as more efficient and less risky. Although there is no universal target ROA, comparing your ratio to similar companies helps buyers understand how effectively your business operates relative to others in your industry.

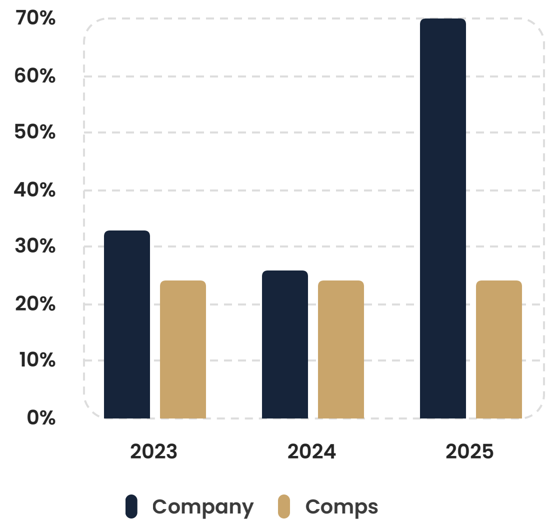
Your Ratio Compared to Industry Peers

Your company's return on assets ratio has been compared to the ratios observed in the comparable transactions used in this market valuation. For 2025, the analysis shows a better ROA than the peer group, indicating that your business generates more profit from its total asset base than similar companies. This level of performance suggests efficient asset utilization and stronger operational returns, which can positively influence valuation.

The table below compares your company's historical performance to the comparable transactions used in this valuation.

	COMPANY	COMPS	RATING
2023	33%	24%	✔ Higher
2024	26%	24%	✔ Higher
2025	70%	24%	✔ Higher

Your Company vs Comps



Return on Equity Ratio

About this Ratio

The Return on Equity (ROE) Ratio measures how effectively your company generates profits from the money invested by its shareholders. It shows how well management uses equity capital to produce earnings. A higher ROE means your company is earning more on each dollar of shareholder investment, while a lower ROE suggests that capital may not be used as efficiently to drive profitability.

Because management has more control over how equity is deployed than over outside financing terms, ROE serves as a strong indicator of how effectively leadership is creating value for shareholders. A higher ROE signals stronger management performance and efficient use of equity. A lower ROE may indicate that shareholder funds are not producing the level of returns that investors expect.

How This Ratio Impacts a Potential Sale

Buyers pay attention to the Return on Equity Ratio because it shows how effectively a company generates returns on invested capital. A business that consistently produces higher returns on equity is seen as more profitable and better managed. Although there is no single “ideal” ROE across industries, a higher ratio generally makes a company more attractive to investors and buyers by signaling stronger financial performance and efficient use of capital.

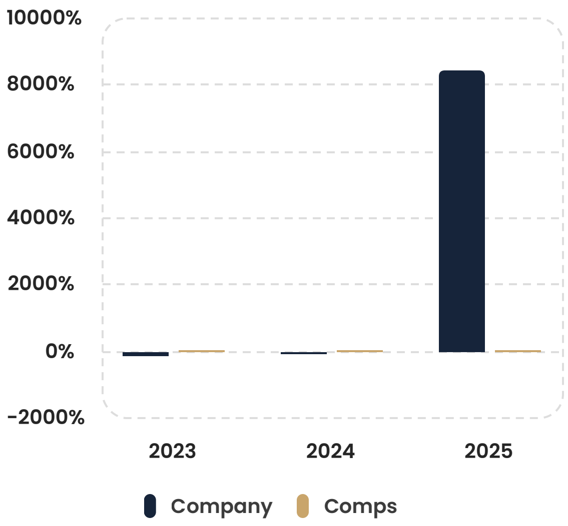
Your Ratio Compared to Industry Peers

Your company’s return on equity ratio has been compared to the ratios observed in the comparable transactions used in this market valuation. For 2025, the analysis shows a better ROE than the peer group, indicating that the company generates stronger returns for its shareholders than similar businesses. This suggests effective management of equity capital and solid profitability relative to peers.

The table below compares your company’s historical performance to the comparable transactions used in this valuation.

	COMPANY	COMPS	RATING
2023	-155%	25%	! Lower
2024	-33%	25%	! Lower
2025	8413%	25%	✔ Higher

Your Company vs Comps



Current Ratio

About this Ratio

Current assets include your company's cash, accounts receivable, inventory, pre-paid expenses, and other assets expected to be converted into cash within a year. Current liabilities are short-term financial obligations due within one year, such as accounts payable, short-term loans, and taxes owed.

The Current Ratio measures your company's ability to pay short-term obligations using its current assets. A ratio below 1.00 means the company may not have enough short-term assets to cover its liabilities if all were due at once. A ratio above 1.00 suggests that your company has the financial strength to meet its short-term obligations and maintain day-to-day stability. Comparing your ratio to industry averages provides important context, since the ideal range can vary depending on the type of business.

How This Ratio Impacts a Potential Sale

A potential buyer will review the Current Ratio to assess whether your company can comfortably meet its short-term financial commitments. A strong ratio reassures buyers that the business can manage its cash flow effectively and is unlikely to face liquidity problems. Companies can improve this ratio by paying down short-term debt or increasing liquid assets.

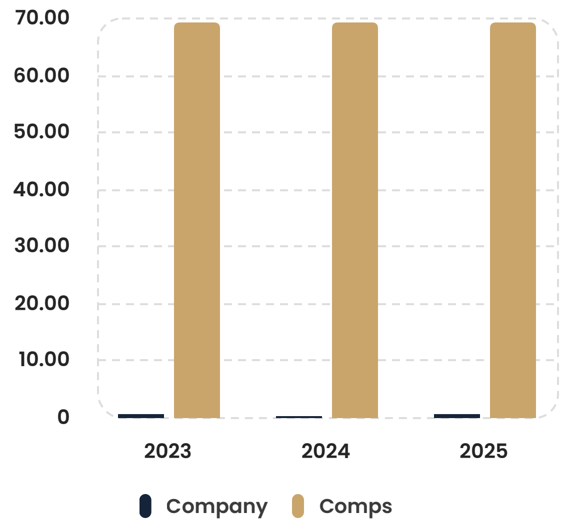
Your Ratio Compared to Industry Peers

Your company's current ratio has been compared to the ratios observed in the comparable transactions used in this market valuation. For 2025, the analysis shows a lower current ratio than the peer group, suggesting that the company may have limited liquidity relative to similar businesses. While this may signal the need for stronger short-term working capital management, it may also highlight opportunities to improve cash flow or optimize operating efficiency.

The table below compares your company's historical performance to the comparable transactions used in this valuation.

	COMPANY	COMPS	RATING
2023	0.62	69.44	! Lower
2024	0.20	69.44	! Lower
2025	0.55	69.44	! Lower

Your Company vs Comps



Quick Ratio

About this Ratio

The Quick Ratio measures your company's ability to meet short-term obligations using only its most liquid assets, such as cash and accounts receivable. It compares these assets to current liabilities like accounts payable, short-term loans, and taxes owed. Inventory and prepaid expenses are excluded because they are not easily converted into cash.

The Quick Ratio measures your company's ability to pay short-term obligations using only its most liquid resources. A ratio below 1.00 means the company may not have enough liquid assets to cover its short-term liabilities if all were due at once. A ratio above 1.00 suggests that your company has the financial strength to meet its short-term obligations and maintain day-to-day stability. Comparing your ratio to industry averages provides important context, since the ideal range can vary depending on the type of business.

How This Ratio Impacts a Potential Sale

Buyers review the Quick Ratio to assess your company's short-term financial health. A higher ratio indicates stronger liquidity and lower financial risk, which can make your business more appealing to buyers. A lower ratio may signal that your company depends more on inventory or financing to meet short-term obligations.

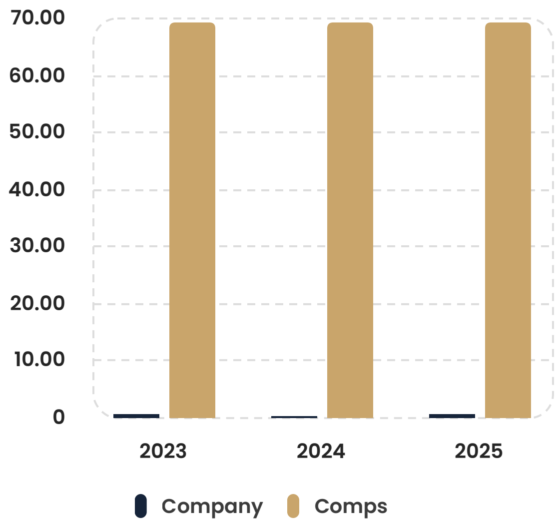
Your Ratio Compared to Industry Peers

Your company's quick ratio has been compared to the ratios observed in the comparable transactions used in this market valuation. For 2025, the analysis shows a lower quick ratio than the peer group, suggesting that the company may have limited liquidity when relying on its most liquid assets. While this may signal short-term financial pressure, it may also highlight opportunities to improve cash flow management and strengthen working capital.

The table below compares your company's historical performance to the comparable transactions used in this valuation.

	COMPANY	COMPS	RATING
2023	0.60	69.44	! Lower
2024	0.17	69.44	! Lower
2025	0.55	69.44	! Lower

Your Company vs Comps



Total Asset Turnover Ratio

About this Ratio

The Total Asset Turnover Ratio measures how efficiently your company uses its total assets to generate sales. A higher ratio means your company is generating more revenue for every dollar invested in assets, while a lower ratio may indicate that assets are not being used as effectively.

This ratio helps show management's ability to make the most of the company's resources. However, it can also be influenced by other factors. For example, companies with newer, less-depreciated assets may have a lower ratio than those with older or fully depreciated assets. Likewise, a low ratio may point to underutilized, outdated, or impaired assets that could be affecting sales performance.

How This Ratio Impacts a Potential Sale

A potential buyer will review this ratio to understand how efficiently your company turns its assets into sales. A higher ratio suggests the business is using its assets effectively to generate revenue, while a lower ratio can raise questions about whether all assets are contributing to profitability. Buyers typically compare this ratio to industry averages to understand how your company's efficiency compares with similar businesses.

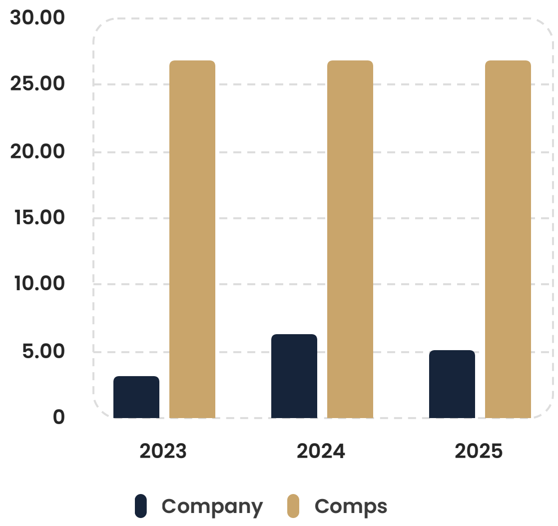
Your Ratio Compared to Industry Peers

Your company's total asset turnover ratio has been compared to the ratios observed in the comparable transactions used in this market valuation. For 2025, the analysis shows a lower ratio than the peer group, indicating that the company generates less revenue per dollar of assets than comparable businesses. While this may suggest underutilized assets or operational constraints, it may also highlight an opportunity to improve efficiency and enhance revenue generation.

The table below compares your company's historical performance to the comparable transactions used in this valuation.

	COMPANY	COMPS	RATING
2023	3.12	26.81	! Lower
2024	6.24	26.81	! Lower
2025	5.16	26.81	! Lower

Your Company vs Comps



Net Fixed Asset Turnover Ratio

About this Ratio

Net sales represent total revenue minus returns, allowances, and discounts. Fixed assets refer to long-term assets such as property, equipment, and machinery, shown at book value after accounting for accumulated depreciation.

The Fixed Asset Turnover Ratio measures how effectively your company uses its fixed assets to generate sales. A higher ratio indicates that management is making efficient use of its investment in fixed assets to produce revenue. However, the ratio can also be affected by factors beyond operational efficiency. Companies with newer, less-depreciated assets may report lower ratios than those with older, fully depreciated assets. Similarly, a low ratio may suggest underused or obsolete fixed assets.

How This Ratio Impacts a Potential Sale

A potential buyer will examine this ratio to understand how efficiently your company uses its fixed assets to drive sales. A higher ratio can indicate stronger management of capital investments and better use of the company's resources, while a lower ratio may point to underutilized assets or overinvestment in equipment relative to sales volume. Buyers often compare this ratio with industry averages to evaluate how effectively your business manages its fixed assets compared to peers.

Your Ratio Compared to Industry Peers

Your company's fixed asset turnover ratio has been compared to the ratios observed in the comparable transactions used in this market valuation. For 2025, the analysis shows a lower ratio than the peer group, suggesting that the company generates less sales revenue from its fixed assets compared to similar businesses. This may point to underutilized assets or excess capacity, but also signals opportunities to improve asset productivity or enhance revenue generation.

The table below compares your company's historical performance to the comparable transactions used in this valuation.

	COMPANY	COMPS	RATING
2023	234.59	863.05	! Lower
2024	–	863.05	! Lower
2025	–	863.05	! Lower

Your Company vs Comps