

VALUATION REPORTS



WHAT WE OFFER

- Essentials Broker Opinion of Value
- Standard Broker Opinion of Value
- Certified Summary Valuation
- Certified Detailed Valuation

WHICH REPORT IS RIGHT FOR YOU?



Buying or
Selling a
Business?



Broker
Opinion of
Value Report

- **Essentials:** 20+ pages; prepared for businesses with less than \$2M in revenue and no real estate included in the sale.
- **Standard:** 35+ pages; ideal for businesses with greater than \$2M in revenue. Also includes income approach valuation methods, EBITDA multiple and industry benchmarking. Assurance services, including industry verification, owner's compensation analysis, state tax verification and financials confidence check are included.



Courts,
Taxes or
Bank Loans?



Certified
Valuation
Report

- **Summary:** 65+ pages; provides a condensed version of the detailed report; ideal for single entity businesses; accepted by most banks; lower cost and faster turnaround.
- **Detailed:** 100+ pages; ideal for complex / multi-entity businesses and contentious court cases when more in-depth scrutiny over the value is expected.

BROKER OPINION OF VALUE REPORTS

Broker Opinion of Value Reports are less time-intensive to produce and more affordable. Business brokers use this information, along with their industry expertise, to find the highest value for which a business could list and sell.

These valuation reports are best for individuals who don't need a certified valuation and are comfortable with more limited procedures and reporting. All reports are prepared by financial analysts in our valuation team.

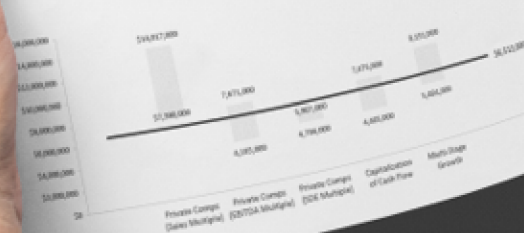


VALUATION SUMMARY EQUITY VALUE

The purpose of this informational Valuation and analysis is to provide you with a valuation based on the financial information you supplied as well as market-based information we obtained from subscription services, including comparable transactions and industry benchmarking.

The income, market and asset approaches were all considered to value the equity of the Company. The following table of Section 2 provides the calculations and explanations for each of the values shown below for the Company. The graph shows below under the "Median Value" of the values calculated for the Company per the market and income approaches described in the report. The graph also shows the values based on the 10th and 90th percentiles of the market approach methods and the "low" and "high" values of the income approach methods. The Company's value could be closer to these extreme low/high values based on current market conditions and the Company's performance (i.e., "backtracking") vs. its peers.

| Approach | Value | Median | High |
|-------------------------------------|--------------|---------------------|---------------|
| Private Comp (Sales Multiple) | \$ 7,200,000 | \$ 11,743,000 | \$ 34,017,000 |
| Private Comp (EBITDA Multiple) | 4,100,000 | 6,513,000 | 7,871,000 |
| Private Comp (DKR Multiple) | 4,700,000 | 4,700,000 | 5,807,000 |
| Capitalized Cash Flow | 4,400,000 | 5,360,000 | 7,470,000 |
| Multi-Stage Growth | 5,400,000 | 5,301,000 | 5,241,000 |
| Book Value Method | | | |
| Median (excludes book value) | | \$ 6,513,000 | |



VALUATION - MEDIAN OF APPROACHES
Based on the valuation approaches described in this report, below is a range of values for 2022. **\$ 6,513,000**

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EXECUTIVE SUMMARY

Economy & Industry U.S. REAL GDP, 2006-2018



The general automotive repair industry is impacted by several factors, including general economic conditions, consumer spending, gasoline prices and the number of registered vehicles. The U.S. economy, as measured by GDP growth, is projected to have growth to slow to 2.8% in Q4 2018 and to 1.8% in Q1 2019, down sharply from the final Q3 2018 growth rate of 3.4%.

Overall, the market value of the industry is expected to increase at a CAGR of 3.3% over the forecast period (2017-2027). However, regional area payoffs are forecasted to expand more slowly through the next 10-15 months, probably translating into more consumers keeping their existing cars, but having enough income to avoid do-it-yourself fixes and instead using local automotive repair shops for services.

REAL CHANGE IN GDP

| Year | Q1 | Q2 | Q3 | Q4 | Annual |
|------|------|------|-----|-----|--------|
| 2006 | 0.71 | 1.0 | 0.9 | 0.2 | 0.7 |
| 2007 | 0.46 | 0.46 | 1.5 | 1.8 | 1.0 |
| 2008 | -1.7 | 0.8 | 3.7 | 3.5 | 1.6 |
| 2009 | 2.5 | 2.4 | 0.8 | 0.8 | 1.6 |
| 2010 | 0.2 | 1.7 | 0.6 | 0.1 | 0.6 |
| 2011 | 1.6 | 0.5 | 0.2 | 0.1 | 0.6 |
| 2012 | 0.4 | 0.1 | 4.0 | 0.4 | 0.8 |
| 2013 | 1.4 | 3.3 | 1.8 | 0.4 | 1.6 |
| 2014 | 1.5 | 2.3 | 0.8 | 1.6 | 1.6 |
| 2015 | 1.8 | 3.0 | 0.8 | 2.0 | 1.9 |
| 2016 | 2.1 | 4.1 | 3.0 | 1.8 | 2.8 |

*The Global Vantage Pro (GVP) is a research tool to report (and collect) a variety of global and domestic data on a variety of markets. GVP is not a financial statement and should not be used as a substitute for financial statements. GVP is not a financial statement and should not be used as a substitute for financial statements. GVP is not a financial statement and should not be used as a substitute for financial statements.



ESSENTIALS BROKER OPINION OF VALUE REPORT



About the Report

The Essentials Broker Opinion of Value Report provides you with the value for a business based on financial performance, market variables, comparable sales data, and industry expertise that indicate what a buyer might willingly pay for the business on the open market.

Within this report, you will find a market-based valuation based on sales and SDE multiples as well as the asset value of your company. All methods are explained and the calculations are provided. The report includes the historic financials of the company as well as the adjusted financials, which are the basis of the valuation. You will see a "likely" or "suggested" price based on the median value of the comparable transactions. The value of the business will likely fall within a range or be close to the final sale price of the business but there is no guarantee.

When Should You Use It

Typically 20+ pages, this report is best suited for individuals who do not need a certified valuation and are comfortable with more limited procedures and reporting. Recommended for businesses with less than \$2M in revenue and no real estate included in the sale. This report is ideal to provide valuable insight to establish a market price, support exit planning or inform internal business planning decisions.

Benefits of the Report

- Prevents the needless loss of money by not fully understanding the value of your business;
- Reduces unnecessary delays if the business is over priced;
- Avoids the risk of sitting through a negotiation where the counterparty pokes holes in the valuation.

WHAT WE'LL NEED FROM YOU



Business Profile

- ✓ Contact Info (name, title, address, email)
- ✓ Business Details
 - Legal business name
 - DBA, if applicable
 - NAICS Industry Code
 - Company website
 - Type of legal entity
- ✓ Transaction History
 - Has the business been previously appraised? If yes, provide the details.
 - Has the business received any written or oral offers in the last five years? If yes, provide the details.
 - Have there been any transactions involving interests in the company in the last five years? If yes, provide the details.
- ✓ Value of adjustments and addbacks to the P&L statement.
 - Non-recurring revenue
 - Discontinued services/products
 - Non-recurring expenses
 - Owners' perks (examples: owner's car expense, personal expenses, etc.)
- ✓ Assets and liabilities for the trailing 12 months as well as the last three (3) fiscal years
 - Asset account balances needed for: cash, accounts receivable, inventory, other current assets, net fixed assets, intangible assets, and other non-current assets.
 - Liability account balances needed for: accounts payable, short-term notes payable, current portion of long-term debt, other current liabilities, long-term (bank) debt, and other non-current liabilities.
 - Equity account balance

Financial Information

- ✓ Revenue and expenses for the trailing 12 months as well as the last three (3) fiscal years
 - Owner's compensation, excluding equity distributions
 - Interest expense
 - Interest income
 - Non-cash operating expenses (examples: depreciation and amortization)
- ✓ Value of adjustments to the balance sheet:
 - Non-operating assets (examples: expensive art, hunting lease, etc.)
 - Owner's perks (example: personal cars)
 - Employee or owner loans (to be forgiven)
 - PPP loans that will be forgiven
 - Owner/Related party loans (to be forgiven)



STANDARD BROKER OPINION OF VALUE REPORT

\$

About the Report

The Standard Broker Opinion of Value Report provides you with the value for a business based on financial performance, market variables, comparable sales data, and industry expertise that indicate what a buyer might willingly pay for the business on the open market.

Within this report, you will find a market-based valuation based on sales, EBITDA and SDE multiples as well as the asset value of your company. All methods are explained and the calculations are provided. The report includes the historic financials of the company as well as the adjusted financials, which are the basis of the valuation. You will see a "likely" or "suggested" price based on the median value of the comparable transactions. The value of the business will likely fall within a range or be close to the final sale price of the business but there is no guarantee.

Assurance services, including industry verification, owner's compensation analysis, state tax verification and financials confidence check are included.

When Should You Use It

Typically 35+ pages, this report is best suited for individuals who do not need a certified valuation and are comfortable with more limited procedures and reporting. Recommended for businesses with more than \$2M in revenue and/or real estate included in the sale. This report is ideal to provide valuable insight to establish a market price, support exit planning or inform internal business planning decisions.

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Business Profile

- ✓ Contact Info (name, title, address, email)
- ✓ Business Details
 - Legal business name
 - DBA, if applicable
 - NAICS Industry Code
 - Company website
 - Type of legal entity
- ✓ Transaction History
 - Has the business been previously appraised? If yes, provide the details.
 - Has the business received any written or oral offers in the last five years? If yes, provide the details.
 - Have there been any transactions involving interests in the company in the last five years? If yes, provide the details.
- ✓ Value of adjustments and addbacks to the P&L statement.
 - Non-recurring revenue
 - Discontinued services/products
 - Non-recurring expenses
 - Owners' perks (examples: owner's car expense, personal expenses, etc.)
- ✓ Assets and liabilities for the trailing 12 months as well as the last three (3) fiscal years
 - Asset account balances needed for: cash, accounts receivable, inventory, other current assets, net fixed assets, intangible assets, and other non-current assets.
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 - Non-operating assets (examples: expensive art, hunting lease, etc.)
 - Owner's perks (example: personal cars)
 - Employee or owner loans (to be forgiven)
 - PPP loans that will be forgiven
 - Owner/Related party loans (to be forgiven)
- ✓ Client (or advisor) completes financials spreadsheet in Excel.

CERTIFIED VALUATION REPORTS

Certified valuation reports are invaluable for supporting business acquisitions, divestitures, estate planning, partner disputes, marital dissolutions, and bank loan applications – when the valuation must be credible and stand up to scrutiny. These types of reports are best when you expect a lot of scrutiny over the value or when there is a high level of interest in detailed support and explanation of the valuation. All reports are prepared by our valuation team and signed by a NACVA Certified Valuation Analyst (CVA). We offer two types of certified reports: Certified Summary and Certified Detailed Reports.





CERTIFIED SUMMARY VALUATION

About this Report

Certified Summary Reports are typically 65 pages in length and provide a condensed version of the information provided in a Certified Detailed Valuation Report.

Summary reports can be easily read to quickly understand the valuation of the company. Ideal for acquisitions, divestitures, IRS submissions, partner disputes and bank loan reports when substantiating information is needed to be presented to third parties.

Benefits

- Prevents the needless loss of money by not fully understanding the value of your business;
- Reduces unnecessary delays if the business is over priced;
- Avoids the risk of sitting through a negotiation where the counterparty pokes holes in the valuation.

Report Cost

| Report Type | \$ |
|--|---|
| Certified Summary Report Single Entity with less than \$5M revenue; Delivery in 4 weeks or less | \$ |
| Add-Ons | \$ |
| Financials Transcription to .XLS format | \$600 |
| Rush Orders | <ul style="list-style-type: none"> • \$1,500 (3 weeks or less) • \$2,500 (2 weeks or less) • \$3,500 (1 week or less) |
| Company Revenue | <ul style="list-style-type: none"> • \$0 (<\$5M) • \$1,500 (\$5-10M Revenue) • \$2,500 (\$10-15M Revenue) • \$3,500 (\$15-20M Revenue) • Quote (\$20-50M Revenue) • Quote (\$50M+ Revenue) |
| Additional Legal Entity - same or similar industry with separate financials | \$1,900 / entity |
| Site Visit | \$175 / hr. + travel |

WHAT WE'LL NEED FROM YOU



Business Profile

✓ Contact Info (name, title, address, email)

✓ Business Details

- Legal business name
- DBA, if applicable
- NAICS Industry Code
- Company website
- Type of legal entity

✓ Transaction History

- Has the business been previously appraised?
- Has the business received any written or oral offers in the last five years?
- Have there been any transactions involving interests in the company in the last five years?

Nature & History of the Business

✓ Company Background

- Brief history/background of the company and why it was started
- Major historical events of the company
- Current number of employees / contractors
- Principal activity of the company
- Type of legal entity (sole proprietorship, LLC, partnership, C-Corp, etc.)
- Owners and their percentage of ownership

✓ Products & Services

- Products/services (indicate proprietary nature, if any).

✓ Customers & Market

- Customer(s) description
- Top 5 customers and annual sales from each last year
- Expectation of any changes to top five customers and their associated revenues
- Market area or region
- Marketing and advertising strategy description
- Nature of seasonal or business cycles

✓ Competition & Differentiation

- Company's major competitors.
- Comparison in size and market share to competitors
- Ease of entrance to industry
- Company's product/service differentiation from competition.
- Company's competitive strengths.
- Company's weaknesses.

✓ Management

- Key members of management and compensation (salary, bonus, etc) for each
- Turnover in management over last five years.
- Employee benefits
- Employment contracts in place

✔ Operations & Facilities

- Capacity relative to the current operating levels
- Shifts and days per week
- Buildings and/or machinery owned or leased
- Equipment, including business information systems
- Condition of the equipment and systems
- When equipment is likely to be replaced
- Potential local, state or national initiatives for new regulations that may impact the business

Industry & Financial Information

✔ Industry

- Company's NAICS Industry Code(s).
- Business entity tax method (owner's tax return, partnership, S Corp, C Corp, disregarded entity, etc)
- Entity or person who prepares the company's financial statements
- Fiscal year-end of the Company (December 31st or another date)
- Prepared budgets or forecasts
- Planned future capital expenditures
- Short- or long-term sources of credit used in the last five years
- Pending or threatened litigation
- Non-operating assets and liabilities (vacant land, cash portion of life insurance, etc.).
- Assets not in use

Minimum Required Documents

- ✔ Annual financial statements, in Excel format, for the last five years (or since inception if less than 5 years)
- ✔ Interim financial statements, in Excel format, for the most recent 12 months, provided by month

Important: Financials to be submitted in Excel format or charges will apply for manual data entry into Excel format. Include all historical years of the P&L onto one worksheet and the same for the balance sheet. Here are the instructions on how to do this using QuickBooks.



CERTIFIED DETAILED VALUATION

About this Report

Certified Detailed Valuation Reports help the intended reader understand the data, reasoning, and analyses underlying the valuation analyst's conclusion of value. It includes more detail than the summary level report and is typically 100 or more pages in length.

Detailed reports provide the highest level of in-depth written analysis of the nature & history of company, industry & economy, financials and conclusion of value. Ideal for complicated businesses, court cases and IRS-related estate planning purposes when more in-depth scrutiny over the value is expected.

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