

Adjusted EBITDA¹ Valuation Multiples

	<i><3.0x</i>	<i>3.0x – 5.0x</i>	<i>6.0x or Higher</i>
MANAGEMENT	<ul style="list-style-type: none"> Heavily owner dependent 	<ul style="list-style-type: none"> One or two senior management in addition to owner 	<ul style="list-style-type: none"> Well-rounded management, little owner involvement
FINANCIALS	<ul style="list-style-type: none"> Poor accounting systems No CPA involvement No professional accounting staff 	<ul style="list-style-type: none"> Limited accounting systems Compiled/professionally reviewed financials Controller on staff 	<ul style="list-style-type: none"> Sophisticated accounting systems Audited financials Full-time CPA or CFO
END MARKETS	<ul style="list-style-type: none"> Completely discretionary Small, shrinking market Heavy government pressures or regulatory constraints Considered a boom or bust business 	<ul style="list-style-type: none"> Customers need or should have solution Low market growth Government pressures promoting solution Cyclical business or correlated to GDP 	<ul style="list-style-type: none"> Solution is non-discretionary Large market, rapid growth Steady business, grew through recession Little government involvement
CUSTOMERS	<ul style="list-style-type: none"> Top 3 customers >90% of revenue Service agreement with purchase orders Small, local customers Owner manages customers Project-based, lumpy revenue 	<ul style="list-style-type: none"> Top 10 customers <50% of revenue Annual contracts Middle market or regional customers Dedicated salesman One-time and recurring revenues 	<ul style="list-style-type: none"> No customer is over 5% of revenue Multi-year contracts Blue chip multi-national customers Full sales/service team Small, recurring purchases
SUPPLIERS	<ul style="list-style-type: none"> Top 3 Suppliers >90% of purchases No contracts Core operations outsourced to supplier Can sell directly to customer base Heavily reliant on proprietary products 	<ul style="list-style-type: none"> Top 10 Suppliers <50% of purchases Annual contracts Difficult but able to switch Occasional or hybrid supplier competition Some reliance on proprietary products 	<ul style="list-style-type: none"> No supplier is over 5% of purchases Multi-year agreements with exclusivity Easy to switch Exclusivity or non-compete agreements Not reliant on proprietary products
COMPETITION	<ul style="list-style-type: none"> Highly commoditized products, low margins Many competitors, no differentiation Low entry barriers 	<ul style="list-style-type: none"> Limited alternatives, average margins Balanced industry market shares Significant entry investment 	<ul style="list-style-type: none"> Proprietary products, high margins Market leader, few competitors Hard to recreate significant capabilities

These are only a few variables and do not constitute a complete valuation. Contact us for a no charge, no obligation **Opinion of Value** that defines our view on the current business valuation and the terms under which it would be sold. Industry specific factors also affect valuation multiples, which can be derived from a variety of factors such as EBITDA, EBIT, SDE, and Annual Sales.

¹ Adjusted EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization where the EBITDA is adjusted for unusual expenses and compensation, then normalized to align with market based benefits and compensation required to operate the business.