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BizEquity Value & Growth Report

From today's valuation to tomorrow's opportunities

Ironside Commercial Builders, LLC

Confidential — Prepared exclusively for **Mike Danner**

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About this Business Value Estimate Report

Helping you understand what drives value — and how to strengthen it

Valuation is more than a number — it's a framework for smarter, data driven business decisions and clarity for your future.

This report provides an objective estimate of business value to help you understand current performance and strengthen future value.

It offers context, not just calculations, aligning financial performance, operational efficiency, and market conditions to clarify what's driving value and where improvement will have the greatest impact.

This report will help you

Identify opportunities to enhance business value

Plan for your retirement and future liquidity

Manage risk and protect your most valuable asset

Create an effective succession or exit strategy

Align your business goals and personal financial plan

Develop clarity and focus for your long-term strategy

Guiding you to see not just what your business is worth, but what's possible next.

Current Business Value Estimate

Today's valuation across equity, asset, enterprise, and liquidation measures

Valuation Estimates

Most Recent Financials used: **2025**
Industry: **236220 – Commercial and Institutional Building Construction**

Equity Value

Value attributable to all company assets net of all company liabilities (known and unknown).

\$1,882,635

Asset Value

Calculated via risk-adjusted SDE and revenue multiples (does not account for liabilities).

\$1,792,635

Enterprise Value

Reflects sum of equity value (investors) plus LT interest-bearing debt (creditors) less cash.

\$1,832,635

Liquidation Value

Worst-case scenario based on "forced liquidation" of assets and repayment of debts.

\$208,150

Foundations of Valuation

Revenue and SDE together capture the scale and earnings strength that drive valuation multiples.

SDE (Seller's Discretionary Earnings)

SDE is a measure of "Adjusted EBITDA" which is commonly used for small and mid-market valuations and transactions.

\$779,000 **2.3x**

SDE × 2.3 ≈ \$1.8M

Revenue

Top-line income showing market scale and growth. Key driver in industry comparisons and M&A benchmarking.

\$3,450,000 **0.5x**

Revenue × 0.5 ≈ \$1.7M

Exit Valuation Goal

Bridging the gap between today's value and your future target

Current Equity Value

Based on company financials.

\$1,882,635

Exit Goal Value

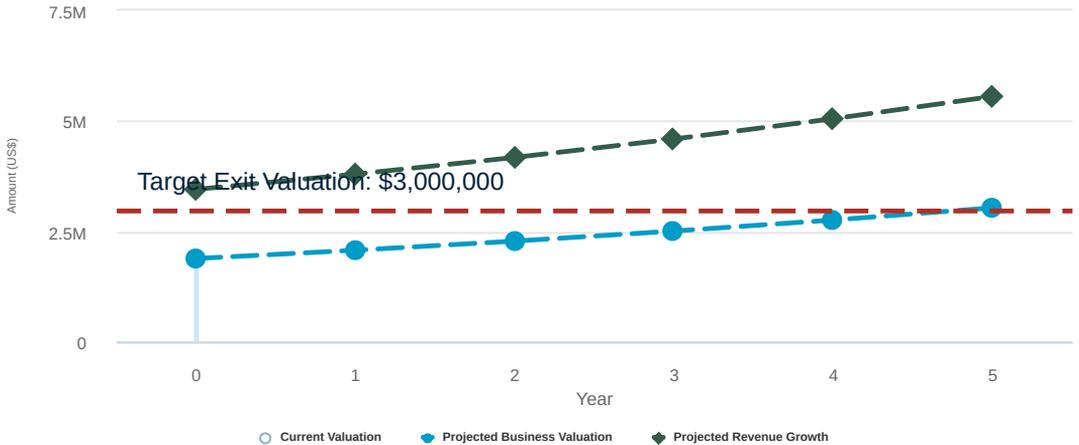
Target set by owner/advisor.

\$3,000,000

Value Gap

Gap between value and goal.

\$1,117,365



62.75% of exit goal achieved - Target reachable in **4.0** Years

How to close the gap

These priorities align with KPI Action Plan items to strengthen value drivers and support exit readiness.

Profitability

Strengthen pricing and cost discipline to expand margins and earnings quality.

Liquidity

Optimize receivables and working capital to unlock reinvestment capacity.

Solvency

Reinvest earnings and reduce leverage to build equity and valuation resilience.

Growth

Improve acquisition and retention to sustain long-term value.

Quantitative Factors

Financial Selections

These financial inputs establish the baseline for valuation, reflecting company performance and applying standard valuation methods on a 100% controlling interest basis.

KEY INPUT	VALUE	WHAT IT REPRESENTS
NAICS Code	236220	Industry classification
Revenue	\$3,450,000	Client financials
EBITDA	\$569,000	Rough proxy for overall company cash-flow
SDE (Seller's Discretionary Earnings)	\$779,000	Adjusted for owner compensation
Growth Rate	10%	Reflects company risk profile
EBITDA Multiple	3.2x	BVR DealStats median
SDE Multiple	2.3x	Peer comparables
Revenue Multiple	0.5x	Industry benchmark

Advisor Insight for Ironside Commercial Builders, LLC

These quantitative inputs anchor the valuation in earnings, growth, and capital structure. They provide the foundation before adjusting for company-specific risks and opportunities.

Next page applies company-specific slider adjustments (market risk, management depth, customer concentration, etc.) to refine valuation multiples.

Qualitative Factors

Growth and Operations Selections

Slider selections capture company-specific risk and opportunity factors, calibrating valuation multiples to reflect realities beyond the financial baseline.

FACTOR	SELECTION	INTERPRETATION
Leadership Depth	High Risk	Single Point of Failure Significant operational risk
Customer Concentration	Medium	Top 3 Customers Revenue 40% Moderate customer concentration
Economic Growth Outlook	Low Risk	+10% (Outpacing GDP) Strong growth trajectory
Recurring Revenue	Medium	35% (Repeat Customers) Good revenue stability
Long Term EBITDA Margin	Low Risk	+18% (High Margin) Excellent margin expansion

Advisor Insight for Ironside Commercial Builders, LLC

Qualitative strength drives valuation premiums. Robust management, revenue stability, and customer diversification reduce investment risk, leading to higher industry multiples. Strengthening these five pillars serves as a direct multiplier on your total business value.

Following page shows both average industry multiples and the risk-adjusted multiples developed via Bizequity's proprietary algorithm reflecting the risk factors presented above.

Benchmark Data (BVR)

Market-based valuation multiples from private company transactions

BVR (Business Valuation Resources) multiples are based on observed private company transactions. They reveal how buyers and sellers have transacted similar businesses on the open market and are used by BizEquity to develop proper company-specific multiples.

BizEquity utilizes multiples which are industry-specific, size-adjusted and company-specific risk-reflective.

Applied EBITDA Multiple

3.2x

Applied SDE Multiple

2.3x

METRIC	25%	50%	75%	RANGE	SOURCE/NOTE
SDE Multiple (Industry)	1.5x	2.4x	3.1x	1.1x - 4.3x	BVR DealStats
EBITDA Multiple (Industry)	2.5x	4.3x	8.5x	1.6x - 15.6x	BVR DealStats

Percentiles show where valuations land: 25% (low), 50% (typical), 75% (high-end) transactions.

Key Considerations

Benchmark Alignment

Use real market data—not assumptions—to establish credible and defensible valuation expectations.

Range vs. Median

Identify where the business stands: low (25%), typical (50%), or high-end (75%) performance.

Relevance

Apply industry benchmarks directly to valuation, guiding realistic discussions and exit planning.

Financial Performance Trends

3-Year results with 2025 projection to benchmark valuation

INCOME	2025	2024	2023
Revenue	\$3,450,000	\$3,100,000	\$2,650,000
Pretax Income	\$414,000	\$372,000	\$318,000
Officer Compensation	\$210,000	\$195,000	\$185,000
Interest Expense	\$35,000	\$38,000	\$42,000
Non-Cash Expenses	\$120,000	\$110,000	\$95,000
One-Time Expenses	N/A	N/A	\$45,000
One-Time Revenues	N/A	\$12,000	N/A
SDE (Seller's Discretionary Earnings)	\$779,000	\$703,000	\$685,000

ASSETS	2025	2024	2023
Cash	\$245,000	\$210,000	\$185,000
Accounts Receivable	\$410,000	\$385,000	\$320,000
Inventory	\$58,000	\$52,000	\$45,000
Other Current Assets	\$20,000	\$18,000	\$15,000
Fixed Assets	\$560,000	\$520,000	\$480,000
Intangible Assets	N/A	N/A	\$0
Total Assets	\$1,293,000	\$1,185,000	\$1,045,000

LIABILITIES	2025	2024	2023
Accounts Payable	\$230,000	\$215,000	\$195,000
Other Short-Term Liabilities	\$78,000	\$72,000	\$65,000
Bank Loans	\$195,000	\$240,000	\$280,000
Other Long-Term Liabilities	N/A	N/A	N/A
Contingent Liabilities	N/A	N/A	N/A
Total Liabilities	\$503,000	\$527,000	\$540,000

Net Working Capital (CA - CL): \$733,000 - \$308,000 = \$425,000

Cash to Revenue (Liquidity)

How effectively the business turns revenue into cash to meet short-term obligations

Evaluates how effectively the business converts sales into liquid reserves. **Higher ratios indicate stronger liquidity and resilience during revenue fluctuations.**

Cash-to-Revenue Ratio = Cash & Cash Equivalents ÷ Total Revenue

Shows how much of annual revenue is held as liquid cash.

COMPANY

7%

Outperforming ↗

IND. AVG

4%

What to look out for

- Cash balances can sway markedly depending on time of year
- Benchmarking against wrong industry can create false impressions
- A higher ratio does not always mean liquidity improved (if revenues dropped)

Improving cash reserves strengthens stability, funding flexibility, and valuation confidence.

Quick Wins

- Accelerate receivables collections
- Review idle or restricted cash balances
- Delay non-essential spending and negotiate better payment terms

Big Plays

- Implement cash flow forecasting/controls and treasury management tools
- Automate billing and payment systems
- Build recurring revenue model for steady cash inflow

Interest Coverage (Liquidity)

How effectively the business turns revenue into cash to meet short-term obligations

The Interest Coverage Ratio determines how easily a company can pay the interest on its outstanding debts. **A higher ratio reflects stronger coverage and healthier cash flow.**

Interest Coverage Ratio = EBIT ÷ Interest Expense

Measures how easily earnings can cover interest obligations.

COMPANY

12.83x

Outperforming 

IND. AVG

9.13x

What to look out for

- Volatile Earnings (variability for cyclical industries)
- High Non-Cash Charges (can understate interest coverage ratio)
- Variable Interest Rates (rising rates depress coverage ratio even with stable profits)
- One-Time Events, e.g. sale of assets

Robust earnings coverage boosts lender confidence and reduces valuation risk.

Quick Wins

- Reduce non-essential expenses to boost operating income
- Negotiate better rates with lenders
- Improve budgeting discipline to avoid surprises

Big Plays

- Pursue equity infusion to reduce interest burden
- Invest in automation/process improvements for sustained earnings growth
- Expand into new markets with strong ROI potential

Debt to Equity (Solvency)

How well the company balances debt and equity to sustain long-term stability

Measures the degree to which a company uses debt versus equity to finance operations and growth. **A lower ratio reflects reduced leverage and stronger financial stability.**

Debt-to-Equity Ratio = Total Liabilities ÷ Total Owners' Equity

Indicates the proportion of financing provided by debt relative to shareholder equity.

COMPANY

64%

Outperforming ↗

IND. AVG

3023%

What to look out for

- Long-term debt from shareholders may act as “disguised equity”
- In low-interest environments, leverage can enhance returns, but adds risk
- A high share of short-term debt strains liquidity and flexibility

Balanced leverage lowers risk, improves credit standing, and supports sustainable growth.

Quick Wins

- Refinance costly loans at lower rates
- Sell non-core assets to reduce liabilities
- Track debt-to-equity monthly to maintain awareness

Big Plays

- Bring in strategic equity partners
- Use leverage selectively for high-ROI projects
- Restructure capital mix to optimize long-term growth

Debt to Revenue (Solvency)

How well the company balances debt and equity to sustain long-term stability

Shows how much total debt the company carries relative to its annual sales. **A lower ratio reflects reduced leverage and stronger financial stability.**

Debt-to-Revenue Ratio = Total Revenue ÷ Total Debt

Shows how much total debt the company carries relative to annual revenue.

COMPANY

15%

Underperforming ↘

IND. AVG

7%

What to look out for

- The company's ability to service debt during downturns
- Over-reliance on borrowed capital for operations or growth
- Higher ratios suggest higher leverage or dependence on borrowed funds

Controlled debt levels strengthen financial stability and preserve business value.

Quick Wins

- Pay down high-cost short-term debt
- Negotiate extended terms with key suppliers
- Boost margins via pricing adjustments or expense controls

Big Plays

- Reinvest retained earnings into scalable growth
- Grow revenues faster than debt obligations
- Digitize financial operations to track leverage trends proactively

SDE Margin (Profitability)

How efficiently the business converts revenue into earnings and long-term value

Reflects the firm's ability to generate discretionary cash flow available to a single hypothetical buyer to pay an owner salary, buy new equipment, or retire debt. **A higher ratio reflects stronger profitability and overall performance.**

$$\text{SDE Margin} = \text{SDE} \div \text{Total Revenue}$$

Measures how effectively revenue is converted into owner cash flow.

COMPANY

23%

Outperforming 

IND. AVG

3%

What to look out for

- A higher ratio means the business converts more revenue into owner benefit — useful for pinpointing inefficiencies
- Rising SDE often translates to higher perceived valuation when selling the business
- High SDE encourages a focus on profitability over top-line revenue growth

Higher SDE margins drive valuation growth, liquidity strength, and long-term owner flexibility.

Quick Wins

- Raise prices and accelerate receivables collections
- Reduce overhead and renegotiate vendor contracts
- Cut discretionary outlays and schedule efficiency reviews

Big Plays

- Build management depth and strengthen brand positioning
- Drop unprofitable clients and diversify the customer base
- Focus on recurring, high-margin products and services

Return on Equity (Profitability)

How efficiently the business converts revenue into earnings and long-term value

Quantifies profitability in relation to the equity invested by owners. **A higher ratio reflects stronger profitability and effective capital use.**

Return on Equity (ROE) = Pretax Income ÷ Average Owners' Equity

Measures how efficiently owners' capital generates profit before taxes.

COMPANY

52%

Outperforming ↗

IND. AVG

42%

What to look out for

- High levels of owner compensation can understate true profitability
- Excessive debt inflates returns temporarily but increases long-term risk
- Negative pretax income or declining equity signals financial stress

Higher ROE reflects efficient use of owner capital and sustained business performance.

Quick Wins

- Tighten expense controls and review pricing strategy
- Audit vendor and customer contracts to improve margins
- Make small, targeted marketing adjustments to boost ROI

Big Plays

- Strengthen brand and expand market presence
- Diversify revenue with higher-margin offerings
- Improve succession planning and leadership depth

Receivables Conversion (Activity)

How efficiently the company manages assets, receivables, and cash conversion cycles

Average number of days it takes a company to collect payment from its customers after a credit sale is made. **A lower ratio reflects faster conversion and stronger efficiency.**

Receivables Conversion = (Accounts Receivable ÷ Total Revenues) × 365 Days

Indicates the average number of days required to collect customer payments after credit sales.

COMPANY

42 days

At Industry Avg 

IND. AVG

49 days

What to look out for

- Tightening credit policies can reduce DSO but risk losing strong clients
- Large enterprise customers often extend terms, masking good collection trends
- Early-payment discounts or factoring may inflate performance temporarily

Faster collections improve cash flow, liquidity, and business resilience.

Quick Wins

- Send invoices immediately after delivery and automate follow-ups or payment reminders
- Review and update customer contracts and payment terms quarterly
- Offer structured incentives for early payments

Big Plays

- Implement a dedicated collections function with A/R dashboards
- Introduce client self-service payment portals integrated with CRM/accounting systems
- Perform quarterly credit reviews to manage risk proactively

Fixed Assets Turnover (Activity)

How efficiently the company manages assets, receivables, and cash conversion cycles

How effectively a company is using its fixed assets (like property, plant, and equipment) to generate revenue. **A higher ratio reflects stronger operational efficiency.**

Fixed Assets Turnover = Revenues ÷ Fixed Assets

Measures how effectively property, plant, and equipment are used to drive sales.

COMPANY

6.16x

Underperforming ↘

IND. AVG

29.37x

What to look out for

- Older or fully depreciated assets can raise the ratio artificially but signal upcoming replacement costs
- Outsourced or leased assets may distort comparisons with owned asset structures
- Ratio is most meaningful when benchmarked within the same industry and asset profile

Efficient asset use enhances productivity, margins, and valuation strength.

Quick Wins

- Update asset registry, verify depreciation schedules, and sell redundant equipment
- Lease or outsource machinery to enhance efficiency and preserve cash flow
- Improve preventive maintenance schedules to reduce downtime

Big Plays

- Reinvest in automation or technology to boost output per asset
- Transition to an asset-light model by consolidating production or distribution
- Cross-train staff to maximize utilization of high-value assets

Insurance Summary

How coverage supports business continuity, valuation resilience, and risk management

Valuation Baseline: Current equity value of **\$1.88M** serves as the benchmark for insurance coverage analysis.

Buy/Sell Agreement

N/A

Policy Structures: Entity, Cross-Purchase, One-Way

Recommended	\$1,882,635
Current	None
Gap	\$1,882,635
Risk	High

Why it matters

Protects your business by establishing a clear plan for ownership changes. It defines how interests are valued and transferred, supports smooth transitions, and provides confidence to partners, employees, and family by keeping the company aligned and stable as it grows.

Next step

Increase buy-sell coverage by \$1.88M to fully support your ownership transition plan and keep the business protected as it grows.

Insurance Summary

How coverage supports business continuity, valuation resilience, and risk management

Valuation Baseline: Current equity value of **\$1.88M** serves as the benchmark for insurance coverage analysis.

Key Person Insurance

N/A

Policy Structures: Term, Permanent, Executive Bonus Plan

Recommended

\$1,022,500

Current

None

Gap

\$1,022,500

Risk

High

Why it matters

Protects the business from the financial impact of losing a key employee or owner whose expertise, leadership, and relationships drive performance. Coverage helps offset revenue loss and fund replacement hiring, supporting operational stability and confidence as the business navigates a critical transition.

Next step

Add \$1.02M in coverage to protect against revenue loss, support replacement hiring, and maintain operational and valuation stability.

Insurance Summary

How coverage supports business continuity, valuation resilience, and risk management

Valuation Baseline: Current equity value of **\$1.88M** serves as the benchmark for insurance coverage analysis.

Disability Buyout

N/A

Policy Structures: Lump-Sum, Installment, Hybrid (Lump-Sum + Installment, Cross-Purchase)

Recommended

\$1,882,635

Current

None

Gap

\$1,882,635

Risk

High

Why it matters

Disability Buy-Out (DBO) insurance helps fund the purchase of a totally disabled business owner's interest under a buy-sell agreement. DBO insurance helps fund the purchase of a totally disabled business owner's interest under a buy-sell agreement.

Next step

Increase DBO coverage to align with your current valuation and ensure your Buy-Sell Agreement is properly funded.

Insurance Summary

How coverage supports business continuity, valuation resilience, and risk management

Valuation Baseline: Current equity value of **\$1.88M** serves as the benchmark for insurance coverage analysis.

Business Overhead Expense

N/A

Policy Structures: Standard, Short Wait, Long Wait, High Benefit, Temporary Coverage

Recommended

\$2,159,600

Current

None

Gap

\$2,159,600

Risk

High

Why it matters

Covers fixed business expenses only such as rent, payroll, utilities, and loan payments during an owner's disability or absence. BOE keeps essential operations funded, protects cash flow, and helps the business remain stable until the owner returns.

Next step

Add \$2.16M in BOE coverage to fully fund essential operating costs and protect the business from cash-flow strain if the owner is unable to work.

Addressing these coverage gaps will reduce valuation risk, improve business continuity, and strengthen overall financial resilience — key drivers of your company's enterprise value.

Minority Interest Impact on Valuation

Quantifying control and marketability discounts on minority stakes

Minority stakes face valuation discounts due to limited control and liquidity. Lack of Control (DLOC) and Lack of Marketability (DLOM) can reduce value by 20–40% compared to controlling ownership.

CALCULATIONS

Marketable Control Value	\$1,882,635
100% Ownership	\$1,882,635
Lack of Control Discount (N/A reduction due to limited influence)	N/A
Marketable Minority Value	N/A
Lack of Marketability Discount (N/A reduction due to harder-to-sell shares)	N/A
Final Minority Value (Net after discounts)	N/A

Key Considerations

Control Limitations

Limited influence over decisions lowers stake value and bargaining power.

Liquidity Constraints

Difficulty selling shares reduces marketability and increases discounts.

Strategic Planning

Discount awareness is critical when structuring buy-sell or partner agreements.

Valuation Impact

Combined discounts often reduce stake value by 20–40%, lowering exit proceeds.

Valuation Fundamentals

How BizEquity determines business value using consistent appraisal standards

What every valuation reflects

1. Verified financial data and established valuation standards; and
2. Adjustments that normalize results for fair comparison across businesses and industries.

Why there's no single "true value"

- **Timing:** Valuation effective date
- **Purpose:** Type of value (Fair Market, Investment, or Liquidation)
- **Scope:** Whether it reflects asset sale or equity value
- **Control:** Level of ownership or decision-making influence
- **Assumptions:** Normalization adjustments and data interpretation

How BizEquity standardizes that context

The BizEquity valuation model applies the same professional standards used by certified appraisers for privately held businesses. These methods are standard tools used by professional appraisers worldwide. It integrates two proven approaches:

- **Market approach:** Industry-specific multiples of adjusted EBITDA and revenues.
- **Income approach:** Discounted cash flow variant.

Seller's Discretionary Earnings (SDE)

BizEquity measures transferable cash flow using SDE — a normalized version of adjusted EBITDA that reflects owner compensation, perks, and discretionary expenses. This approach highlights return on labor rather than return on capital, revealing true earnings power for small and owner-operated firms.

Discretionary Earnings =

Normalized Pretax Profits* + Owner's Compensation** + Non-Cash Charges*** + Interest Expense

* Pretax profits after removing non-recurring or non-operating items;

** Includes salary, ~7% payroll burden, and perks or discretionary outlays to the primary owner;

*** Depreciation / Amortization.

Operational and Ownership Perspectives

How Asset and Equity values reflect operational and ownership perspectives

Valuation formulas and when they apply

Asset and Equity values represent the operational and ownership layers of a business's worth.

Asset Value establishes the foundation by isolating tangible and intangible components, while **Equity Value** builds upon it — capturing the owner's residual stake after accounting for liquid financial assets and liabilities.

Asset Sale Value

Market value of tangible and intangible assets, excluding liabilities. Used as the foundation for calculating Equity Value.

$\text{Inventory} + \text{Fixed Assets} + \text{Intangibles (e.g., tradename, goodwill, non-compete)}$

USE CASE

- Negotiating the purchase or sale of a business
- Monitoring and optimizing the firm's operational value
- Facilitating "apples to apples" comparisons of value
- Comparing ultimate after-tax proceeds upon sale

Equity Value

Represents all assets minus liabilities — known and unknown — reflecting the owner's residual interest when transferring or selling the business.

$\text{Asset Sale Value} + \text{Liquid Financial Assets} - \text{Liabilities}$

USE CASE

- Complying with buy/sell agreement provisions
- Fostering sale of firms with licenses, contracts in company name
- Meeting IRS requirements for gifting and estate tax purposes
- Handling partner disputes or matrimonial dissolution

Market and Recovery Perspectives

How Enterprise and Liquidation values define market range and recovery limits

Valuation formulas and when they apply

Enterprise and Liquidation values frame the outer boundaries of a business's valuation range.

Enterprise Value reflects total market worth from an investor's view, while **Liquidation Value** defines the recovery floor if operations cease or assets are sold.

Enterprise Value

Total market value of the business, including debt and cash, from an investor's perspective. Commonly used for benchmarking, financing, and M&A analysis — contrasting with the value realized if operations cease and assets are sold.

$$\text{Equity Value} + \text{Long-Term Debt} - \text{Cash}$$

USE CASE

- Evaluating middle-market/M&A transactions
- Recapitalizing/planning company debt and equity mix
- Comparing firms with divergent capital structures
- Assessing overall value and performance

Liquidation Value

Recoverable value if operations stop and assets are sold — establishing the lower bound of business value. Used in wind-down, restructuring, or solvency assessments.

$$\text{Net Realizable Asset Value (Forced Liquidation Basis)}$$

USE CASE

- Unwinding companies during insolvency or bankruptcy
- Determining worst case scenarios
- Calculating maximum loan amounts for asset-based lending
- Identifying assets which could be used as collateral

Valuation and Ownership Transfers

How sale structure influences business value and continuity

Value perspectives

Fair Market Value

Estimated price a willing buyer and seller would agree upon in today's open market, without compulsion.

Going Concern

Value based on an operating business expected to continue generating income under normal conditions.

Liquidation Value

Recoverable worth if operations stop and assets are sold, often under time constraints or distress.

How ownership transfers

	ASSET SALE	EQUITY SALE
What's transferred	Selected assets only (no liabilities)	Entire entity, including all assets and liabilities
Common for	Small or closely held businesses	Larger or established companies
Favored by	Buyers seeking control and lower risk (no past liabilities)	Sellers or buyers prioritizing continuity
Tax impact	Often less favorable to the seller	Often more favorable to the seller
Complexity	Detailed negotiations on specific assets	Simpler — entity continues

Sale structure in practice

Asset Sale

Preferred by buyers seeking control and reduced liability exposure.

A small private company sells equipment and inventory, while the owner retains debts and liabilities.

Equity Sale

Preferred when continuity, contracts, or licenses must transfer seamlessly.

A mid-market firm sells the entire business — all contracts, employees, and obligations transfer to the buyer.

Multiples and Valuation Drivers

How performance and market context determine business value

Key factors that shape your valuation multiple

BizEquity applies market-tested valuation methods to translate financial performance into an accurate reflection of business worth — grounded in real data, not assumptions.

A company's multiple reflects the market's confidence — stronger results, lower risk, higher value.

Final multiples applied within BizEquity

- Industry-specific
- Size-adjusted
- Company risk-reflective

Key factors that influence value multiples

Multiples rise with stronger performance, stability, and market positioning — and adjust downward when risks or dependencies increase.

- 6-digit NAICS industry code
- Revenue growth
- EBITDA magnitude and growth
- Earnings margin
- Relative size of inventory and fixed assets
- Intangible assets and IP
- Recurring revenue percentage
- Customer concentration
- Dependence on key owners or employees
- Real-time public market adjustments

Smaller firms tend to trade at lower multiples due to higher perceived risk, while larger firms often command valuation premiums — a dynamic known as the size effect.

Disclaimers

Please read carefully.

Business value estimations are not an official appraisal of a business's value and may not be provided to a third party or used for lending or third-party sales. A Business Value Estimation is intended to be used as part of the business planning or personal financial planning process. Business Value Estimates are provided by a third party, such that LPL makes no representations regarding the accuracy of the illustrations. LPL does not independently verify the accuracy of the information you provide or of the illustrations presented in the report.



Thank you for trusting us

We're honored to support your business journey and help you unlock its full value.

For questions about this report or to discuss strategies for improving valuation, please contact your advisor:

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POWERED BY

BIZ|EQUITY

Delivering the insights that help business owners grow, protect, and realize their value.