



## Rapid Diligence

### Overview

Dear {Client Name},

We are pleased to share our findings in response to your request. Please review this file and let us know if you have any questions.  
We look forward to working with you!

—The Rapid Diligence Team

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Rapid Diligence

Average

2021-2023

Jan - June 2023

July - Dec 2023

FY 2024e

Actual

Pro-forma

	2019		2020		2021		2022		2023		FY 2024e	Jan - June 2023		July - Dec 2023	
												Actual		Pro-forma	
<b>Sales</b>	1,211,036	100%	899,163	100%	1,153,413	100%	1,244,213	100%	1,256,651	100%	1,218,092	661,001	100%	595,650	100%
<b>COGS</b>	681,957	56%	573,871	64%	666,806	58%	639,688	51%	638,203	51%	649,692	322,468	49%	315,735	53%
<b>GM</b>	<b>529,079</b>	44%	<b>325,292</b>	36%	<b>486,607</b>	42%	<b>604,525</b>	49%	<b>618,448</b>	49%	<b>568,400</b>	<b>338,533</b>	51%	<b>279,915</b>	47%
<b>Other income</b>	165						7,328								
<b>Expenses</b>	393,241	32%	399,631	44%	427,942	37%	549,086	44%	544,294	43%	505,697	275,335	42%	268,960	45%
<b>Net Income</b>	<b>136,003</b>	11%	<b>-74,339</b>	-8%	<b>58,665</b>	5%	<b>62,767</b>	5%	<b>74,154</b>	6%	<b>62,703</b>	<b>63,199</b>	10%	<b>10,955</b>	2%
<b>Depreciation &amp; Amortization</b>					11,210										
<b>Interest</b>					114										
<b>EBITDA</b>	<b>136,003</b>	35%	<b>-74,339</b>	-19%	<b>69,989</b>	16%	<b>62,767</b>	11%	<b>74,154</b>	14%	<b>62,703</b>	12%			
<b>Addbacks</b>															
Owner's salary/bonus	149,999		99,999		99,999		99,999		99,999						
FMV Rent Adjustment	-43,900		-9,500		9,000		5,000								
Owner Benefits			11,065		12,134		13,358		13,358						
Executive Coach	25,000		25,000		25,000		25,000		25,000						
<b>Total Addbacks</b>	<b>131,099</b>		<b>126,564</b>		<b>146,133</b>		<b>143,357</b>		<b>138,357</b>						
<b>SDE</b>	<b>267,102</b>	22%	<b>52,225</b>	6%	<b>216,122</b>	19%	<b>206,124</b>	17%	<b>212,511</b>	17%	<b>211,586</b>	17%			
<b>Ratios &amp; Assumptions</b>															
Sales Growth Rate			-26%		28%		8%		1%		12%				
Gross Margin	44%		36%		42%		49%		49%		47%				
OPEX Margin	32%		44%		37%		44%		43%		42%				



**Business Valuation of {COMPANY NAME}**

Tax Rate		22%									
WACC		22%									
Terminal Growth		0%									
<b>Business Financials</b>	<b>2023 (Actuals)</b>	<b>12/31/2024</b>	<b>12/31/2025</b>	<b>12/31/2026</b>	<b>12/31/2027</b>	<b>12/31/2028</b>	<b>12/31/2029</b>	<b>12/31/2030</b>	<b>12/31/2031</b>	<b>12/31/2032</b>	<b>12/31/2033</b>
Revenue	\$1,256,651	\$1,218,092	\$1,218,092	\$1,218,092	\$1,218,092	\$1,218,092	\$1,218,092	\$1,218,092	\$1,218,092	\$1,218,092	\$1,218,092
YoY Revenue Growth	8%	-3%	0%	0%	0%	0%	0%	0%	0%	0%	0%
SDE	\$212,511	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586
SDE Margin %	17%	17%	17.4%	17%	17%	17%	17%	17%	17%	17%	17%
Operating Profit (adding back CEO salary)	\$212,511	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586
Operating Profit (Monthly)	\$17,709	\$17,632	\$17,632	\$17,632	\$17,632	\$17,632	\$17,632	\$17,632	\$17,632	\$17,632	\$17,632
Operating Margin %	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%
<b>Business DCF</b>											
Operating Income	\$212,511	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586	\$211,586
(-)Taxes		(\$46,549)	(\$46,549)	(\$46,549)	(\$46,549)	(\$46,549)	(\$46,549)	(\$46,549)	(\$46,549)	(\$46,549)	(\$46,549)
(+)Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(-)Increase in WC	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(-)CAPEX		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Unlevered Free Cash Flow</b>		\$165,037	\$165,037	\$165,037	\$165,037	\$165,037	\$165,037	\$165,037	\$165,037	\$165,037	\$165,037
Free Cash flow growth rate			0%	0%	0%	0%	0%	0%	0%	0%	0%
Discount period		0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50
Discount factor		1.10	1.35	1.64	2.01	2.45	2.99	3.64	4.44	5.42	6.61
<b>Discounted Unleveraged FCF</b>		\$149,417	\$122,473	\$100,388	\$82,285	\$67,447	\$55,284	\$45,315	\$37,143	\$30,445	\$24,955

\*Assume the depreciation expense is put back into the business as CAPEX

\*\*Assume no working capital change YoY

<b>Discounted Cash Flow Valuation</b>	
Weighted average cost of capital:	22%
<b>Net present value of FCF</b>	<b>\$715,154</b>
<b>Perpetuity Growth Method</b>	
Growth Rate of FCF after FY28	0.0%
Terminal value	\$750,167
Present value of the terminal value	<b>\$113,433</b>
TV % of TEV	14%
Implied EBITDA Exit Multiple	3.5x
<b>EV - Perpetuity Growth Method</b>	<b>\$828,587</b>
	Enterprise Value
<b>Exit Multiple Method</b>	
Exit Multiple of FCF after FY28	3.5x
Terminal value	\$577,629
Present value of the terminal value	<b>\$87,343</b>
<b>EV - Exit Multiple Method</b>	<b>\$802,497</b>
	Enterprise Value

Exit multiple is in range of the acquisition multiple

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Market Comparable Approach	
TTM Earnings (2023)	\$212,511
Comparable Earnings Multiple*	3.55 – 3.85X
Market Comparable Range:	\$754,413 - \$818,166

<b>Proposed Enterprise Value</b>	<b>\$775,000</b>
<b>FY2023 Implied EBITDA multiple</b>	<b>3.6x</b>
<b>FY2023 Implied Revenue multiple</b>	<b>0.6x</b>

Enterprise Value Sensitivity						
		Discount Rate				
		18%	20%	22%	24%	26%
	0.0%	<b>\$995,979</b>	<b>\$903,945</b>	<b>\$828,588</b>	<b>\$765,740</b>	<b>\$712,514</b>
	0.5%	\$1,002,394	\$908,437	\$831,807	\$768,090	\$714,259
<b>Terminal Growth Rate</b>	<b>1.0%</b>	\$1,009,187	\$913,166	\$835,178	\$770,543	\$716,075
	1.5%	\$1,016,392	\$918,150	\$838,714	\$773,105	\$717,964
	2.0%	\$1,024,047	\$923,411	\$842,427	\$775,783	\$719,932

\*Our valuation is based on twelve, different performance metrics of Business, ranging from the Businesses history, current standing, future potential, and market comparable multiplier which allow us to provide an accurate and holistic assessment of the Business's true worth.

Please note the following:

1. Our valuation may differ from a broker's, simply because brokers primarily represent sellers and thus it is in their interest to close a sale at the best price possible, while our objective is providing a price point that will allow you to be a competitive buyer for any business without overpaying for it.
2. It is important to realize that there is always a level of subjectivity that is associated with valuing a business, even if done algorithmically as even algorithms are ultimately designed by individuals.