Bankable Deal

Bankable Deal — a service of The CFO Analyst · Sergei Mochtchenkov, CFA

BUYER REPORT

Sample Appliance Services Co.

Quality of earnings · financial due diligence

Report date	Data to	Prepared for	Prepared by
29 Oct 2026	31 Aug 2026	The buyer	Sergei Mochtchenkov, CFA

IMPORTANT NOTICE

Illustrative sample — fictional company and data. Prepared for the buyer; not an audit or review. Figures are for TTM Sep 2025 – Aug 2026 unless stated; this PDF shows the Base scenario and EBITDA.

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Transmittal letter to the buyer

29 Oct 2026
To the buyer
Re: Financial due diligence: quality of earnings — Sample Appliance Services Co.

We have completed the financial due diligence you engaged us to perform in connection with your proposed purchase of the Company. Its purpose is to help you understand the Company's earnings, working capital and debt-like items for Jan 2023 – Aug 2026, and the price and terms they support.

We examined 241 documents in 22 groups provided by the seller (Table G.1): bank and card statements, the ledger and trial balances, contracts, invoice and payroll registers, aging reports, stock counts, the accountant-prepared statements, tax returns and IRS transcripts. We tied every account to its bank statements, the books to the bank and the returns to the IRS transcripts, and we normalized the earnings for one-off, owner, related-party, accounting and run-rate items. The procedures are listed in the appendix (Table A.1).

Normalized EBITDA is $932K for TTM; of the $1.31M the seller claims for FY2025, 62% holds up. The main issues are Taco's tender, sales tax of $254K not remitted at 31 Aug 2026, and pre-sale actions that left working capital $174K below the peg at 31 Aug 2026. We recommend $2.80M, not $4.6M: the expected price at a 50% chance that Taco renews, with a $0.7M rebate to the SBA loan if it has not renewed by 31 Jan 2027.

This report is not an audit, a review or a compilation of the Company's financial statements, and it is not a valuation of the business. It gives no legal or tax advice: technician classification and the unremitted sales tax *need counsel*. We took the seller's documents as provided where the bank does not test them.

Figures are for TTM Sep 2025 – Aug 2026 unless stated; the seller's claim is compared for FY2025, the year it claims; balances are at 31 Aug 2026. The report does not reflect events after its date.

The report is for you, the buyer, and your advisers in this transaction. An SBA lender financing the purchase may use it once its approved vendor has checked it, and may ask for a reliance letter. Its use is restricted as set out below.

We are independent: the report is not prepared by or for the seller (SOP 50 10 8.1, App. 15, C.1); we have no relationship with the seller or the Company and no financial interest in the transaction; our fee does not depend on the transaction, the loan or the price.

We would be pleased to discuss the findings.

Yours faithfully,
Sergei Mochtchenkov, CFA
Bankable Deal — a service of The CFO Analyst

RESTRICTED USE

This report is for the buyer and its advisers, to evaluate the proposed purchase.

No other party may rely on it. An SBA lender financing the purchase may rely on it only once its approved vendor has checked it, with that check kept in the loan file, and may ask for a reliance letter.

It may not be quoted, referred to or distributed, in whole or in part, in any offering, filing, dispute or other document without our written consent.

It rests on the documents listed in the documents exhibit, as provided by the seller for Jan 2023 – Aug 2026; we have no duty to update it for later events.

ABOUT THE PREPARER

Sergei Mochtchenkov, CFA, prepared this report. He is a CFA charterholder and leads Bankable Deal, a service of The CFO Analyst.

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SBA APPLICABILITY

Transaction category: Initial acquisition (App. 15, B)

Business Purchase Price: $4.6M in the LOI; no owner-occupied real estate in the price (App. 15, A.15)

QoE requirement: At the $4.6M in the LOI the SBA QoE requirement applies (App. 15, C.1). At the recommended $2.80M it does not; the lender may still require a QoE under its own credit policy, and this report serves that.

Exemptions: Owner buyouts, ESOPs and prices below $3.0M: the recommended price is below it, the LOI price is not.

The SOP 50 10 8.1 Appendix 15 compliance map lists each requirement and where the report answers it (Table F.2).

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Glossary and periods

PERIODS

FY2025 — The seller's financial year, the year the seller's claim is for.

31 Aug 2026 — The date of the balances: the last month-end of the data.

Stress — Taco lost ($320K of TTM contribution), home repairs keep falling as in Jan–Aug 2026 against Jan–Aug 2025 ($53K of TTM EBITDA), and recruiting for two commercial technicians ($16K; their work is absorbed by the capacity Taco frees). Revenue in Stress: $4.59M a year (on TTM).

TTM — trailing twelve months: Sep 2025 – Aug 2026.

Jan 2023 – Aug 2026 — All the months the report covers.

High — Adds cash collected from customers and not deposited ($102K in TTM) and the unaccepted parts of the partly supported add-backs. Revenue in High: $5.69M a year (on TTM).

Jan–Aug 2026 — The current year to the data cut-off, against Jan–Aug 2025.

Base — Normalized earnings as documented.

TERMS

Normalized — Adjusted to what the business earns going forward: one-off and owner items removed, costs at market rates added.

Add-back — A cost the seller asks to add back to earnings as one-off or personal.

AR (accounts receivable) — Money customers owe for invoices already issued.

AP (accounts payable) — Money the business owes its suppliers for bills already received.

Aging — Receivables or payables listed by how long each invoice has been open.

P&L — Profit and loss statement: revenue less costs for a period.

NWC (net working capital) — Receivables, stock and prepaid costs less payables and accrued costs.

Normal terms — Working capital as it would be with customers and suppliers paying on their usual terms, without the actions taken before the sale.

Pre-sale actions — Steps before the sale that lower working capital: prepaid fees, early-payment discounts, stock cuts and paying suppliers late.

DSO (days of sales outstanding) — Receivables as days of sales: how long customers take to pay.

DIO (days of inventory outstanding) — Stock as days of parts used: how long parts sit on the shelf.

DPO (days of payables outstanding) — Payables as days of purchases: how long the business takes to pay suppliers.

Deferred revenue — Money billed or received for work not yet done; a liability until the work is done.

Contribution margin — Revenue less variable costs, as a share of revenue.

Break-even — The revenue at which contribution covers fixed costs and EBITDA is zero.

Operating leverage — Contribution ÷ EBITDA: how much faster EBITDA moves than revenue.

QoE (quality of earnings) — An analysis of how much reported earnings are backed by the bank, recur and turn into cash.

QoE ratio — Operating cash flow ÷ net income: how much of the profit arrives as cash.

Proof of cash — Opening balance, receipts, payments and closing balance tied between the books and the bank for every account and month.

DSC (debt service coverage) — Normalized EBITDA ÷ the year's combined loan and seller-note payments after the purchase (SOP form); tested on the last fiscal year or the two-year average, with a minimum the lender requires.

Stress — Taco lost ($320K of TTM contribution), home repairs keep falling as in Jan–Aug 2026 against Jan–Aug 2025 ($53K of TTM EBITDA), and recruiting for two commercial technicians ($16K; their work is absorbed by the capacity Taco frees).

Change of control — A change in who owns the business; some contracts need the customer's consent to it.

PTO — Paid time off earned by employees and not yet taken.

Line of credit — A revolving bank loan; here repaid by the seller at closing.

SBA loan — A bank loan under the 7(a) program of the US Small Business Administration, tested by the lender under SOP 50 10 8.1.

Peg — The normal level of working capital agreed in the purchase agreement; the price moves dollar for dollar with the gap at closing (the true-up).

True-up — The price adjustment for the gap between working capital at closing and the peg.

Debt-like items — Amounts the buyer will pay after closing for the seller's period, deducted from value.

Cost to serve — What the buyer spends to do the prepaid work: the basis for deferred revenue as a debt-like item.

Escrow — Part of the price held by a third party for an agreed period to pay valid claims.

Specific indemnity — The seller's promise to pay the buyer for a named liability, such as unpaid tax.

R&W (representations and warranties) — Statements of fact by the seller in the purchase agreement; the buyer can claim if they prove untrue.

Earn-out — Part of the price paid later if the business reaches agreed results.

Equity injection — The buyer's own money in the purchase; SBA rules set a minimum share of the total project cost (the price plus any working capital and transaction costs financed with it).

Rebate — Money the seller pays back to the buyer after closing if an agreed event happens; under SBA rules it goes to pay down the loan.

Credit ceiling — The highest price the earnings can finance at the lender's minimum coverage, with the deal's equity and seller-note shares.

Re-amortized — A loan recalculated over its remaining term after a paydown, so the payment falls.

1 Executive summary

This summary covers the deal, what the business really earns, the findings that matter, what the buyer takes on, financing and the terms. The bottom line is on the next page.

TABLES AND FIGURES IN THIS SECTION

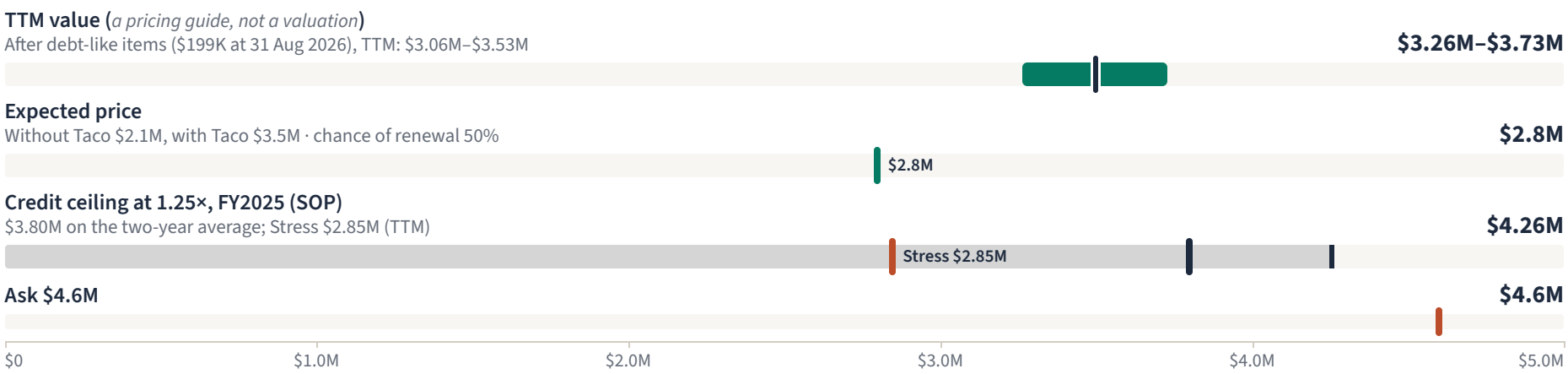
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We recommend $2.80M rather than $4.6M, with a rebate if Taco does not renew

BOTTOM LINE

We recommend $2.80M rather than the $4.6M asked. Normalized EBITDA is $932K for TTM, and only 62% of the $1.31M claimed for FY2025 holds up: add-backs without support, fees billed ahead and sales tax counted as revenue come out. At the buyer's 50% chance that Taco (11% of TTM revenue) renews, the loan passes the lender's test (1.90× on FY2025) and Stress (1.27×, TTM). Without Taco the business is worth about $2.1M on our pricing guide: a $0.7M rebate to the loan if Taco has not renewed by 31 Jan 2027 protects the price, bringing it to $2.1M. Set the peg at $388K (TTM), hold $300K in general escrow and take specific indemnities for the sales tax and technician classification. *The price is the buyer's decision; our recommendation rests on the findings and the buyer's assumed chance of renewal. Our calculation; the coverage test and the credit decision are the lender's.*

Figure 1.1 · Price scale



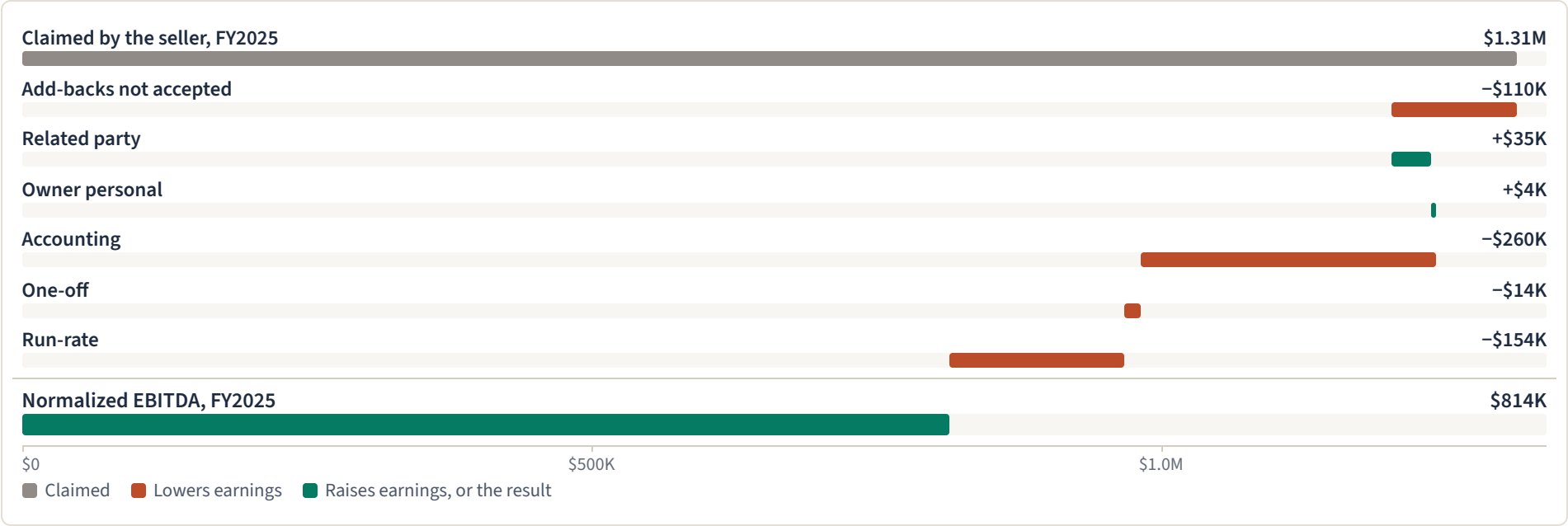
Value before debt-like items on TTM earnings (after them $3.06M–$3.53M), the expected price between the prices without and with Taco, the highest price the earnings can finance at 1.25× in SOP form (FY2025; the two-year average and Stress marked) and the ask; USD. *Multiples of 3.5–4.0× TTM EBITDA: our judgment for small owner-run service businesses; a pricing guide, not a valuation.* Source: databook, Deal Impact.

- **The deal.** The seller asks $4.6M under the letter of intent. That is $4.14M in cash at closing, including an SBA loan of $3.68M, and a seller note of $460K. As an initial acquisition, the lender requires coverage of 1.25×.
- **The business.** The Company repairs household appliances and services commercial kitchens. In TTM it earned $5.59M of normalized revenue: $2.61M from home repairs and $2.98M from four restaurant chains and other commercial customers.
- **Value.** After debt-like items of $199K at 31 Aug 2026, the business is worth $3.06M–$3.53M on TTM earnings, *a pricing guide, not a valuation*. Implied multiples of TTM normalized EBITDA: the ask 4.9× (3.5× on the claim), the expected price 3.0×.
- **Total debt against value.** At the ask, total debt of $4.14M is above our TTM value range; at the expected price, $2.52M is below it (App. 15, A.17). *Our range is a pricing guide; the lender's appraiser sets the value.*

What it really earns: $932K of normalized EBITDA for TTM; 62% of the $1.31M claimed for FY2025 holds up

The seller's books show EBITDA of $1.01M for FY2025; with $298K of add-backs, the seller claims $1.31M. The asking price rests on that claim.

Figure 1.2 · From the claim to normalized EBITDA



Claimed EBITDA, add-backs not accepted, diligence and method adjustments by nature, and normalized EBITDA; FY2025, USD. Source: databook, EBITDA Bridge.

- **Add-backs.** Owner and one-off add-backs of $189K are documented and accepted. We do not accept $110K, of which $103K has no support. The "one-time" campaign and the Taco "pre-opening" costs recur in the bank statements. The rest is the business part of the card purchases.
- **Diligence adjustments.** Diligence lowers EBITDA by a further $388K. The largest items are fees billed ahead of the work ($120K), sales tax counted as revenue ($95K) and costs below market, a market general manager included ($183K a year, TTM). The bridge by year gives every figure (Table 2.1).
- **Basis of value.** Normalized EBITDA is $814K for FY2025 and $932K for TTM. TTM is the basis of value. It is the latest full year and already carries the lower home-repair volume, so it does not depend on marketing returning.

Key findings: Taco's tender sets the price; the rest is answered in normalized earnings, the peg and the terms

The table lists each finding with its amount, the response in the deal and the page that holds the detail.

Table 1.1 · Material issues and what the deal does about them

	Issue	Amount	In the deal	See
①	Taco's contract is out to tender; award expected by 16 Nov 2026	$320K of TTM contribution	Expected price $2.80M; a $0.7M rebate if not renewed	Table 4.3, Table 8.4
②	Add-backs without support	$103K in FY2025	Taken out of earnings; not paid for	Table 2.2
②	Fees booked when billed; sales tax counted as revenue	$120K and $95K in FY2025	Moved out of normalized revenue	Table 4.4
③	Pre-sale actions ran working capital down	$206K by 31 Aug 2026	Peg $388K (TTM), dollar-for-dollar true-up	Figure 6.1
③	Sales tax charged and not remitted	$254K at 31 Aug 2026	Clearance at closing, specific indemnity, general escrow	Table 6.1
③	Other liabilities not in the books; debt-like items	$199K debt-like at 31 Aug 2026	Off the price; pay and job fees in the peg	Table 1.2, Table 3.5
④	Home-repair technicians paid as contractors	about $180K a year as employees (TTM)	Counsel's advice; specific indemnity	Table 5.1
④	Grill and Burger need to consent to a change of control	31% of TTM revenue	Consents as closing conditions	Table 4.3
④	At the ask the loan fails the lender's coverage test; at the expected price it passes	DSC 1.16× at the ask, 1.90× at the expected price (FY2025, SOP)	The recommended price, not the ask; a rebate protects the price	Figure 1.3, Table 8.2
④	What can go wrong after the sale	Home repairs down 14% in Jan–Aug 2026 against Jan–Aug 2025	Expected price and rebate; marketing budget; peg; retention and consents	Table 8.3

Source: databook, Deal Impact, Balance Sheet Health, EBITDA Bridge.

① **Taco's tender.** On 17 Aug 2026 Taco opened a tender for its contract. If Taco leaves, normalized EBITDA falls to $613K (TTM). The expected price weighs that chance, and a rebate covers the loss if Taco has not renewed by 31 Jan 2027.

② **Earnings.** For FY2025, unsupported add-backs and fees booked before the work are out of normalized EBITDA. Sales tax charged to customers leaves revenue. Each item traces to its record in the bridge, so the price does not pay for them.

③ **Balance sheet.** From Mar 2026 stock was run down, and from Apr 2026 customers paid early for discounts while suppliers waited. These pre-sale actions removed working capital, and other liabilities are not in the books. The peg, the price and the sales tax clearance settle them.

④ **Legal and financing.** The buyer should get counsel's advice on the technicians' classification. The Grill and Burger consents are closing conditions. At the expected price the loan passes the lender's test and Stress, and the rebate protects the price. Whether earnings hold after the sale is tested on its own page.

The buyer takes on $199K of debt-like items and a $174K peg gap at 31 Aug 2026

These amounts sit outside earnings: they change what the buyer pays at closing, not what the business earns. Each has its own settlement in the terms.

Table 1.2 · Debt, debt-like items, liabilities not in the books and the peg

	Item	USD	In the deal
	DEBT AND DEBT-LIKE ITEMS: OFF THE PRICE		
①	Platform advance, a liability booked as revenue	$82,200	Off the price
①	Cost to serve the fees billed ahead	$71,604	Off the price
①	Deferred fleet repairs	$45,000	Off the price
①	**Debt-like items, total**	**$198,804**	
①	Line of credit (recorded debt)	$75,000	Repaid by the seller
	NOT IN THE BOOKS, AT 31 AUG 2026		
②	Sales tax charged, not remitted	$253,830	Seller's: clearance, indemnity; *counsel to confirm*
②	Deferred revenue (fees collected, not earned)	$159,120	Cost to serve above
②	Pay and PTO earned	$54,814	In the peg
②	Job fees on open jobs	$36,342	In the peg
	WORKING CAPITAL		
③	Peg (TTM average at normal terms)	$388,190	
③	Working capital at 31 Aug 2026	$213,828	
③	**Shortfall against the peg**	**−$174,362**	**Dollar-for-dollar true-up**

Source: databook, Deal Impact, Balance Sheet Health, NWC Peg.

① **Debt-like items.** The platform advance ($82K), the cost to serve the fees billed ahead ($72K) and deferred fleet repairs ($45K) come off the price. The cost to serve is *an analyst estimate of 45%* of the fees. The platform's statement of the advance is still requested, and the repairs follow the fleet repair estimate. The seller repays the line of credit, $75K, at closing.

② **Sales tax and accruals.** The seller charged customers $254K of sales tax and did not pay it to the state. It is *the seller's liability under the purchase agreement; in many states the buyer of a business can be held liable unless a tax clearance is obtained — counsel to confirm*. Clearance before closing, a specific indemnity and the general escrow protect the buyer. Pay and job fees owed arise in the normal course and sit in the peg.

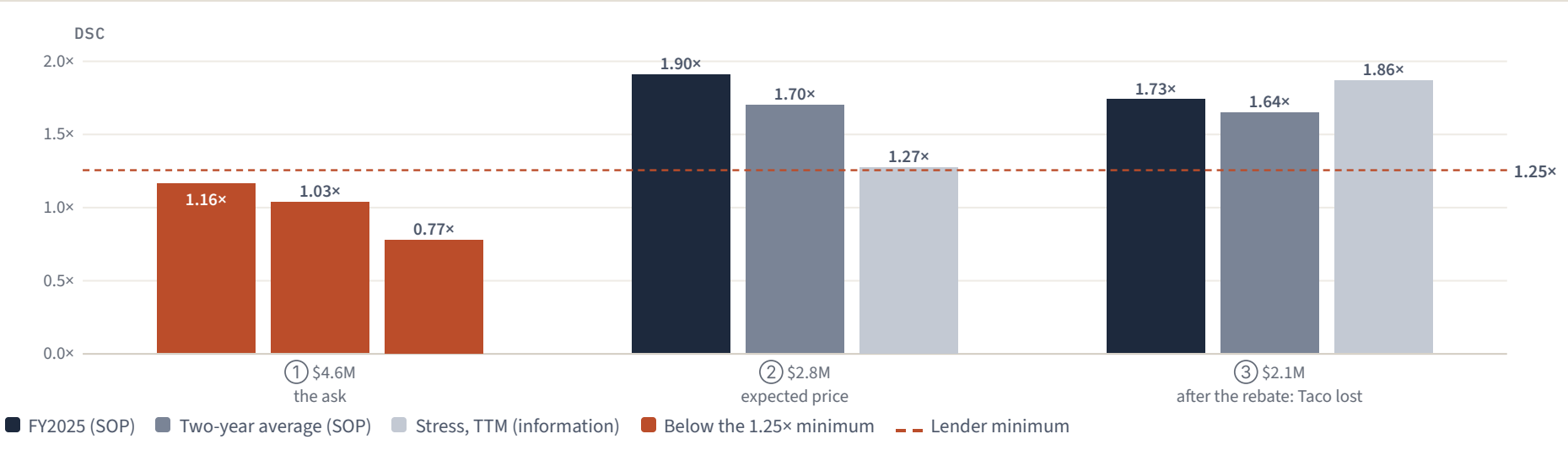
③ **Peg gap.** Working capital was $174K below the peg of $388K (TTM) after the pre-sale actions. Customers paid early for a discount, stock was run down and suppliers were paid late. Without a peg the buyer would fund that gap in its first months. The true-up at closing returns it dollar for dollar.

- **Financing.** Coverage at the expected price is on the next page (Figure 1.3). The debt-like items and the peg do not change the loan. They change the cash the buyer needs at and after closing.

Financing: at $2.80M the loan passes the lender's test (1.90× on FY2025) and Stress; the rebate protects the price

The lender requires coverage of 1.25× as an initial acquisition on the last fiscal year or the two-year average. The figure tests the ask, the expected price and the price after the rebate; Stress is for information.

Figure 1.3 · Debt service coverage at the ask, at the expected price and after the rebate



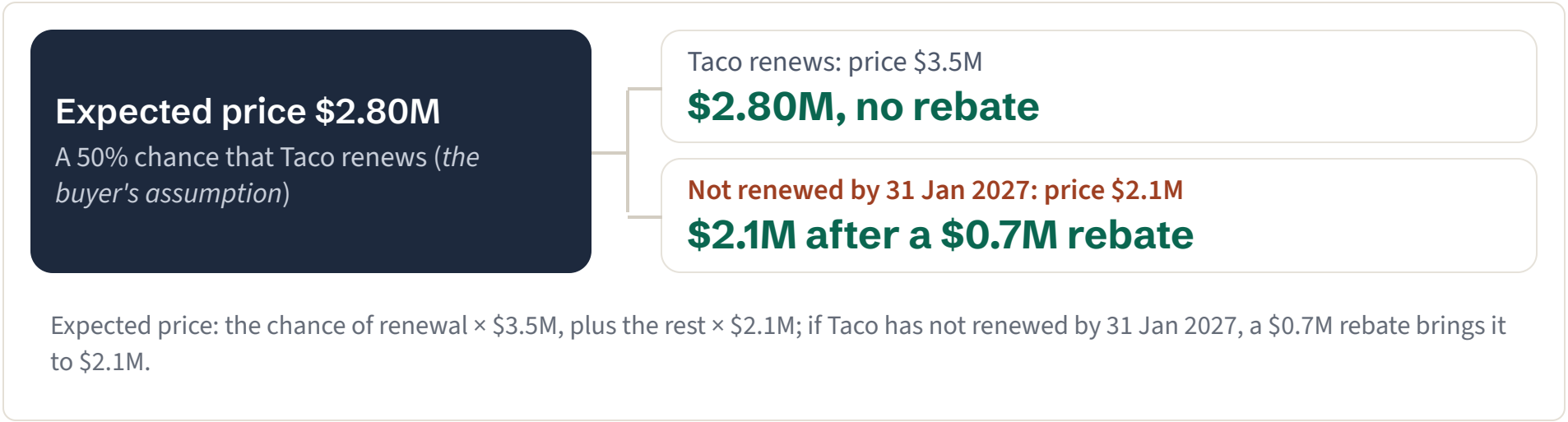
DSC in SOP form, on FY2025 and the two-year average, with Stress (TTM) for information, at the ask, at the expected price and after the rebate (re-amortized, without Taco's contribution; *re-amortization needs the lender's approval*); the dashed line is the lender's 1.25×. Debt service: SBA loan 10.5%, 10 years, monthly; seller note 6%, 5 years, amortizing — *assumed loan terms; the lender sets its own*. Source: databook, Deal Impact, Debt Coverage, Tender Schemes.

- **Coverage at the ask.** At the ask the SBA loan of $3.68M is covered 1.16× on FY2025 and 1.03× on the two-year average, below the 1.25× the lender requires as an initial acquisition: the buyer would add $318K of equity on FY2025. Stress, for information, is 0.77×.
- **Expected price.** At $2.80M the loan of $2.24M is covered 1.90× on FY2025 and 1.70× on the two-year average. Stress is 1.27× (TTM), above the minimum up to a 53% chance of renewal.
- **After the rebate.** If Taco has not renewed by 31 Jan 2027, the $0.7M rebate brings the price to $2.1M, about our pricing guide without Taco, and pays the loan down to $1.78M. Re-amortized, the loan is covered 1.73× on FY2025 without Taco's contribution and 1.86× in Stress.
- **SOP basis.** The lender tests historical DSC: normalized EBITDA over the combined debt service after the purchase (App. 15, C.2.iii.e), on the last fiscal year or the two-year average (App. 15, C.2.iii.c). The requirements the lender checks are mapped in the appendix (Table F.2). *Our calculation; the coverage test and the credit decision are the lender's.*

Recommended terms: $2.80M with a rebate if Taco has not renewed, a $388K peg (TTM), $300K in general escrow and specific indemnities

The expected price weighs the price with Taco against the price without it by the buyer's chance of renewal. The rebate settles the difference if Taco leaves.

Figure 1.4 · How the expected price is built



The price with and without Taco, the buyer's chance of renewal, and the rebate if Taco has not renewed by 31 Jan 2027; USD. Prices before debt-like items ($199K at 31 Aug 2026, off the price at closing): with Taco 3.75× TTM EBITDA of $932K; without Taco about 3.4× of $613K, a smaller business more dependent on home repairs. Source: databook, Tender Schemes, Deal Impact.

- **The chance of renewal.** Taco expects to award its contract by 16 Nov 2026; the model closes in Dec 2026. The buyer's assumption is a 50% chance of renewal.
- **Taco renews.** With Taco renewed for 24 months or more the business would be worth $3.5M on our pricing guide. The buyer still pays $2.80M, and no rebate is due.
- **Taco does not renew.** Without Taco it is worth about $2.1M on our pricing guide. If Taco has not renewed by 31 Jan 2027, the seller pays a $0.7M rebate, so the effective price is $2.1M.
- **Rebate.** The rebate goes to the SBA loan, secured by an offset against the seller note and a rebate escrow. An earn-out is possible only outside SBA financing.
- **Other terms.** A peg of $388K with a dollar-for-dollar true-up, and $300K in general escrow for 18 months. Specific indemnities cover the unremitted sales tax and the technicians' classification. The Grill and Burger consents, a market lease for the shop, sales tax clearance and the payoff of the line of credit are closing conditions. *Terms to be agreed with the buyer's counsel.*

Company background, systems and accounting

The business

The Company repairs household appliances and services commercial kitchen equipment. Home repairs are one-off calls from households, booked and invoiced through a field-service platform. Commercial work runs under service contracts with four restaurant chains at 90 locations, with call-outs for independent restaurants on top. In TTM home repairs brought $2.61M of normalized revenue and commercial work $2.98M.

Customers

Contracts with the chains bring 49% of TTM revenue, and the largest customer alone 17.5% of TTM revenue. Taco's contract, 11% of TTM revenue, ends 31 Jan 2027 and is out to tender. Households are many small one-off customers whose volume follows marketing spend.

The team

The owner runs the business as president and leaves at closing. An operations manager, an account manager who holds the chain relationships, a field supervisor and a bookkeeper (the owner's spouse) run the office. Commercial technicians are on the payroll; home-repair technicians are paid as contractors. The owner's son is on the payroll but does not work in the business.

Premises and vehicles

The business works from a shop rented from the owner's company below market; a market lease is a closing condition. Most service vans are leased; the Company owned a few vehicles and sold two vans in Oct 2025 (proceeds $22K, gain $14K, both in FY2025); stock and fixed assets are listed in the appendix (Table D.2). Fleet upkeep was put off before the sale, and the repairs due are a debt-like item.

Systems and accounting

The bookkeeper keeps the general ledger in-house. Home-repair jobs, invoices and payments run through the field-service platform, commercial invoices through an invoice register, and pay through a payroll register. The books record revenue when invoiced and costs when paid, with no accruals or reserves. An outside accountant compiles the annual statements on the income tax basis and prepares the S corporation's tax returns; the highest reporting level is CPA-compiled financial statements.

How the books tie out

The books are complete: every bank account ties to its statements in every month of Jan 2023 – Aug 2026, revenue reaches the bank, and the books, the accountant's statements, the tax returns and the IRS transcripts agree. They are not kept on an accrual basis: revenue is booked when invoiced, sales tax is counted as revenue, and nothing is accrued, so profit by period is off by the departures from the standard (Table 8.1).

Conclusion

The books are a sound base once normalized: nothing is missing from them, and every departure is measured and corrected in the bridge. After closing the buyer should move the books to accrual accounting and add a monthly close.

2

Quality of earnings

Of the $1.31M of EBITDA the seller claims for FY2025, 62% holds up. Every add-back and adjustment traces to a record. Stress and High show how far earnings could move from Base.

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Normalized EBITDA: $932K for TTM, $814K for FY2025

Each line of the bridge traces to a record, from the seller's books to normalized EBITDA. Owner and one-off add-backs hold; add-backs without support and revenue booked early come out.

Table 2.1 · EBITDA bridge: reported to normalized

	USD	FY2023	FY2024	FY2025	TTM
①	Reported EBITDA (seller's books)	$484,599	$822,032	$1,013,830	$1,117,985
①	Seller's add-backs: owner personal	$69,533	$72,812	$94,451	$107,216
①	Seller's add-backs: one-off	$0	$0	$204,000	$84,000
①	**Claimed adjusted EBITDA**	**$554,132**	**$894,844**	**$1,312,281**	**$1,309,201**
②	Add-backs not accepted	−$1,202	−$4,378	−$109,885	−$69,647
③	(a) Related party	$0	−$1,823	$35,070	$19,317
③	(b) Owner	$0	$0	$3,753	$18,510
③	(c) Accounting	−$42,111	−$100,170	−$259,766	−$164,371
③	(d) One-off	$0	$0	−$14,000	−$14,000
③	(e) Run-rate	−$155,541	−$151,541	−$153,541	−$166,541
④	**Normalized EBITDA**	**$355,278**	**$636,933**	**$813,913**	**$932,469**
	Add: market general manager	$155,000	$155,000	$155,000	$155,000
	Normalized SDE	$510,278	$791,933	$968,913	$1,087,469

Source: databook, EBITDA Bridge.

① **Reported and claimed.** The bridge starts from EBITDA in the seller's books: $1.01M for FY2025 and $1.12M for TTM. The books tie to the seller's P&L and to the bank. The seller's add-backs lead to its claim of $1.31M.

② **Add-backs.** We accept $189K of the add-backs claimed and take out $110K, mostly costs that recur (Table 2.2).

③ **Diligence adjustments.** Diligence and method adjustments for FY2025, −$388K in all, by nature:

- **(a)** Related party, +$35K: staff of the owner's other business leave costs, and rent to the owner's company rises to market.
- **(b)** Owner, +$4K: personal payments made through the labour lines.
- **(c)** Accounting, −$260K: fees billed ahead move to the months of service ($120K) and sales tax leaves revenue ($95K). We rebuilt the allowance and the accruals for pay and job fees from the cash-basis books.
- **(d)** One-off, −$14K: the gain on the vans sold in Oct 2025 is not operating income.
- **(e)** Run-rate, −$154K: the operations manager and the bookkeeper at market pay, fleet upkeep at its normal level, and a market general manager in place of the owner's salary.

④ **Result.** Normalized EBITDA is $814K for FY2025, $498K below the claim.

The seller's add-backs: owner and one-off items hold; $103K claimed for FY2025 does not

An add-back holds only if a record shows it and the cost will not recur under the buyer. The table tests each add-back against that rule.

Table 2.2 · Add-backs claimed by the seller

	Line	Claimed, FY2025	Accepted, FY2025	Accepted, TTM	Status
	OWNER PERSONAL				
①	Owner's vehicle loan payments	$8,813	$8,813	$8,818	Accepted
①	Owner's personal auto and home insurance	$12,655	$12,655	$13,891	Accepted
①	Owner's personal purchases on the business cards	$13,770	$6,885	$19,647	Partly accepted
①	Family trip booked as a conference	$14,000	$14,000	$0	Accepted
①	Family member on payroll	$45,213	$45,213	$45,213	Accepted
	ONE-OFF				
②	Settlement of a former technician's claim	$65,000	$65,000	$0	Accepted
②	Closing the storage unit	$24,000	$24,000	$0	Accepted
②	Costs of preparing the sale (broker, deal counsel)	$12,000	$12,000	$34,000	Accepted
③	"One-time" paid-search campaign	$75,000	$0	$0	Not accepted
③	"Pre-opening" costs of a new contract	$28,000	$0	$0	Not accepted

Source: databook, Add-back Evidence, EBITDA Bridge.

① **Owner personal.** These are the owner's vehicle and personal insurance, personal card purchases, a family trip booked as a conference and a family member on the payroll who does not work in the business. Each is on the bank or card statements or in the payroll register. The buyer will not carry them, so they are accepted. Part of the card purchases is ordinary business spending and stays in costs.

② **One-off costs.** A former technician's settlement, closing the storage unit and the costs of preparing the sale. Each traces to its document and to the bank. They will not recur under the buyer, so they are added back in full.

③ **Not accepted.** The "one-time" marketing campaign and Taco "pre-opening" costs, $103K, are not accepted. The bank statements show the same spending month after month. The campaign is the marketing that brings the home-repair calls, and the Taco costs continue while the contract runs.

- **In total.** Accepted add-backs come to $189K of $298K claimed. The rest stays in normalized EBITDA as an ordinary cost. The bridge carries both amounts by year (Table 2.1).

Diligence adjustments: related party, accounting, one-off and run-rate items, each traced to its record

The seller did not claim these items; we found them in the payroll register, the invoices, the lease and the bank. Each brings earnings to market terms and the accrual basis.

Table 2.3 · Adjustments found in diligence

	Line	Accepted, FY2025	Accepted, TTM
	RELATED PARTY		
①	Staff of the owner's other business paid by the company	$45,437	$58,194
①	Technicians of the business paid from the owner's other business account	$0	−$22,365
①	Related-party rent to market	−$10,367	−$16,513
	OWNER PERSONAL		
②	Personal payments within labour lines	$3,753	$3,467
②	Handyman work outside the business (half)	$0	$15,043
	ACCOUNTING		
③	Platform advance (not revenue)	$0	−$82,200
③	Sales tax charged to customers (not revenue)	−$94,963	−$75,322
③	Prepaid fees booked as revenue when billed	−$119,543	$0
③	Annual fees booked as revenue when billed	$0	−$5,440
③	Early-payment discounts before the sale	$0	$14,078
③	Disputed invoices written off / bad-debt allowance	−$38,400	−$12,000
③	Job fees on open jobs not accrued	−$3,667	−$2,434
③	Wages earned and unpaid at period-end not accrued	−$3,194	−$1,054
	ONE-OFF		
④	Gain on the sale of vehicles (outside EBITDA)	−$14,000	−$14,000
	RUN-RATE		
④	Operations manager pay to market	−$29,066	−$29,066
④	Bookkeeper pay to market	−$30,142	−$30,142
④	Fleet maintenance to normal level	−$5,000	−$18,000
④	Owner's salary replaced by a market general manager	−$89,333	−$89,333

Source: databook, Add-back Evidence, EBITDA Bridge.

① **Related party.** Staff of the owner's other business paid by the Company leave costs. Technicians of the business paid from the owner's other account come in. Rent to the owner's company, set in the shop lease, rises to market. Together +$35K for FY2025.

② **Owner personal.** Personal payments ran through the labour lines, and the handyman also worked outside the business. We found them in the payroll register and the contractor payments. The seller did not claim them. They leave costs, +$4K, because the buyer will not pay them.

③ **Accounting.** Sales tax and the platform advance leave revenue, and fees billed ahead move to the months of service. Disputed invoices get an allowance, pay and job fees owed are accrued, and pre-sale discounts are added back. We rebuilt these from the cash-basis books, the invoice register and the payroll register. Together −$260K, the largest group.

④ **One-off and run-rate.** The gain on the vans sold in Oct 2025 is not operating income. Market pay, market rent, normal fleet upkeep and a market general manager are costs the buyer will carry ($183K a year, TTM). One-off items come to −$14K and run-rate items to −$154K.

Stress leaves $544K of TTM normalized EBITDA, High $1.07M; Base is $932K (TTM)

Stress and High show how far TTM earnings could move from Base if the open risks or the unproven items turn out otherwise.

Table 2.4 · Scenarios, TTM

	USD, TTM	EBITDA
①	**Base: normalized EBITDA**	**$932,469**
②	Stress: Taco lost	−$319,631
②	Stress: home repairs keep falling	−$53,133
②	Stress: recruiting for two technicians	−$16,000
	Stress	**$543,705**
③	High: cash not deposited	$101,804
③	High: owner card personal other half	$19,647
③	High: handyman half other half	$15,043
	High	**$1,068,962**

Source: databook, Scenarios TTM.

① **Base.** Base is normalized EBITDA as documented. Every item in it traces to a record. Value and the expected price rest on it; the lender's coverage test uses the same normalized EBITDA for FY2025 and the two-year average.

② **Stress.** Taco lost ($320K of TTM contribution), home repairs keep falling as in Jan–Aug 2026 against Jan–Aug 2025 ($53K of TTM EBITDA), and recruiting for two commercial technicians ($16K; their work is absorbed by the capacity Taco frees). *A scenario, not a forecast*; the loan passes it at the expected price (1.27×).

③ **High.** High adds cash collected and not deposited ($102K) and items the seller could still document. None of it is proven, and cash that never reached the bank cannot be traced or used by the lender. The buyer should not pay for High.

- **Projections.** Our revenue projection for Sep 2026 – Aug 2027 is $5.52M with Taco and $5.13M without it ($4.79M in Stress): fees at current rates, call-outs +7.2% from January (their Jan–Aug 2026 trend), time-and-materials flat at its TTM level, home repairs at the last 6 months' level with FY2025 seasonality. The lender evaluates projections but tests coverage on historical figures (SOP 50 10 8.1, App. 15, C.2.iii.g), as this report does (Table 8.2).

WHAT THIS MEANS FOR THE DEAL

Price the business on TTM normalized EBITDA of $932K, not on the $1.31M claimed for FY2025. In FY2025 the gap is mostly revenue booked early, sales tax counted as revenue, add-backs without support and costs the business does not carry at market rates. On it the expected price of $2.80M is 3.0× and the ask 4.9×: *implied multiples, not a valuation*.

Next: the seller's statements as reported and adjusted, line by line.

3 Financial statements

The seller's books count sales tax and fees billed ahead as revenue and leave out $631K of liabilities at 31 Aug 2026. Adjusted line by line, the statements reach normalized EBITDA of $814K for FY2025.

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As reported: revenue $5.95M and EBITDA $1.01M in FY2025

Each line comes from the general ledger and ties to the tax returns (Table F.1).

Table 3.1 · Income statement, as reported

	USD	FY2023	%	FY2024	%	FY2025	%	TTM	%
①	Sales - Commercial Repairs	708,400	26.6%	1,385,600	30.7%	1,875,800	31.5%	1,956,142	34.1%
①	Sales - Commercial Service Agreements	740,400	27.8%	866,880	19.2%	1,112,903	18.7%	1,013,003	17.7%
①	Sales - Residential Service	1,217,953	45.7%	2,265,300	50.1%	2,961,225	49.8%	2,764,757	48.2%
①	**Total revenue**	**2,666,753**	**100.0%**	**4,517,780**	**100.0%**	**5,949,928**	**100.0%**	**5,733,901**	**100.0%**
②	Cost of Goods Sold - Parts and Materials	288,594	10.8%	508,610	11.3%	689,630	11.6%	647,651	11.3%
②	**Gross profit**	**2,378,159**	**89.2%**	**4,009,171**	**88.7%**	**5,260,298**	**88.4%**	**5,086,250**	**88.7%**
②	Accounting Fees	24,000	0.9%	24,000	0.5%	24,000	0.4%	24,000	0.4%
②	Advertising and Lead Fees	312,056	11.7%	621,941	13.8%	734,942	12.4%	489,876	8.5%
②	Automobile Expense	11,211	0.4%	6,540	0.1%	8,813	0.1%	8,818	0.2%
②	Bank Service Charges	13,594	0.5%	13,439	0.3%	5,698	0.1%	4,793	0.1%
②	Computer and Internet Expenses	11,234	0.4%	18,011	0.4%	21,371	0.4%	24,206	0.4%
②	Conferences and Seminars	0	0.0%	0	0.0%	14,000	0.2%	0	0.0%
②	Contract Labor - Office Support	39,892	1.5%	62,619	1.4%	73,296	1.2%	61,944	1.1%
②	Contract Labor - Technicians	608,227	22.8%	1,129,452	25.0%	1,551,815	26.1%	1,420,672	24.8%
②	Credit Card Charges	12,024	0.5%	43,778	1.0%	68,850	1.2%	196,467	3.4%
②	Fuel	21,732	0.8%	33,787	0.7%	43,037	0.7%	44,667	0.8%
②	Insurance Expense	52,704	2.0%	68,303	1.5%	82,655	1.4%	89,224	1.6%
②	Legal and Professional Fees	0	0.0%	0	0.0%	77,000	1.3%	34,000	0.6%
②	Office and Miscellaneous	3,907	0.1%	4,162	0.1%	9,342	0.2%	11,581	0.2%
②	Officer Compensation	60,803	2.3%	60,803	1.3%	60,803	1.0%	60,803	1.1%
②	Payroll Taxes	93,400	3.5%	136,102	3.0%	173,854	2.9%	177,618	3.1%
②	Rent Expense	0	0.0%	6,786	0.2%	38,601	0.6%	61,487	1.1%
②	Salaries and Wages - Office	123,598	4.6%	210,544	4.7%	281,574	4.7%	283,061	4.9%
②	Software Subscriptions	14,000	0.5%	14,000	0.3%	14,000	0.2%	14,000	0.2%
②	Storage Expense	0	0.0%	0	0.0%	24,000	0.4%	0	0.0%
②	Subcontractors	28,976	1.1%	45,050	1.0%	57,383	1.0%	59,556	1.0%
②	Taxes and Licenses	2,691	0.1%	4,691	0.1%	6,760	0.1%	8,406	0.1%
②	Technician Wages	398,710	15.0%	597,932	13.2%	785,074	13.2%	816,487	14.2%
②	Vehicle Leases	40,800	1.5%	61,200	1.4%	81,600	1.4%	81,600	1.4%
②	Vehicle Repairs and Maintenance	20,000	0.8%	24,000	0.5%	22,000	0.4%	9,000	0.2%
②	**Total operating expenses**	**1,893,560**	**71.0%**	**3,187,138**	**70.5%**	**4,260,469**	**71.6%**	**3,982,265**	**69.5%**
②	**Operating income**	**484,599**	**18.2%**	**822,032**	**18.2%**	**999,830**	**16.8%**	**1,103,985**	**19.3%**
②	Gain on Sale of Assets	0	0.0%	0	0.0%	14,000	0.2%	14,000	0.2%
③	**EBITDA, reported**	**484,599**	**18.2%**	**822,032**	**18.2%**	**1,013,830**	**17.0%**	**1,117,985**	**19.5%**
③	Depreciation Expense	18,000	0.7%	18,000	0.4%	18,000	0.3%	18,000	0.3%
③	Interest Expense	6,000	0.2%	6,000	0.1%	6,000	0.1%	6,000	0.1%
③	**Net income**	**460,599**	**17.3%**	**798,032**	**17.7%**	**989,830**	**16.6%**	**1,093,985**	**19.1%**

Source: databook, Income Statement.

① **Revenue.** Revenue in the books grew to $5.95M in FY2025 and is $5.73M in TTM. It includes sales tax charged to customers and fees billed ahead of the work. The adjustments take them out (Table 3.2).

② **Costs.** Technician pay and contract labour are the largest lines, followed by advertising and lead fees. The seller shows all labour below gross profit, so gross margin looks high. The margin walk puts it in cost of sales.

③ **EBITDA.** EBITDA in the books is $1.01M for FY2025 and $1.12M for TTM. Depreciation ($18K for FY2025) is the accountant's year-end entry. The seller's internal P&L leaves it out.

Adjustments by line: EBITDA $1.01M reported, $814K adjusted for FY2025

The seller's P&L carries the owner's costs, pays staff and rent below market, books some receipts as revenue too early and has no accruals. Each correction sits on the line it corrects, so the adjusted statement reads like the seller's own P&L.

Table 3.2 · Income statement adjustments, by line

	Effect on EBITDA, USD	FY2023	FY2024	FY2025	TTM
①	Automobile Expense	11,211	6,540	8,813	8,818
①	Conferences and Seminars	0	0	14,000	0
①	Contract Labor - Technicians (normalization)	0	0	49,190	54,339
①	Credit Card Charges	1,202	4,378	6,885	19,647
①	Gain on Sale of Assets	0	0	−14,000	−14,000
①	Insurance Expense	10,704	12,303	12,655	13,891
①	Legal and Professional Fees	0	0	77,000	34,000
①	Officer Compensation	−89,333	−89,333	−89,333	−89,333
①	Rent Expense	0	−1,823	−10,367	−16,513
①	Salaries and Wages - Office	−13,994	−13,994	−13,994	−13,994
①	Storage Expense	0	0	24,000	0
①	Vehicle Repairs and Maintenance	−7,000	−3,000	−5,000	−18,000
②	Sales - Commercial Service Agreements	0	0	−119,543	8,638
②	Sales - Residential Service	−42,111	−72,627	−94,963	−157,522
③	Contract Labor - Technicians (accrual)	0	−18,228	−3,667	−2,434
③	Technician Wages	0	−9,314	−3,194	−1,054
③	Bad-debt allowance	0	0	−38,400	−12,000
④	**Adjustments, effect on EBITDA**	**−129,321**	**−185,099**	**−199,917**	**−185,516**
④	**EBITDA, reported**	**484,599**	**822,032**	**1,013,830**	**1,117,985**
④	**EBITDA, adjusted**	**355,278**	**636,933**	**813,913**	**932,469**
④	**Normalized EBITDA, EBITDA Bridge**	**355,278**	**636,933**	**813,913**	**932,469**

Source: databook, Income Statement.

① **Owner, one-off and run-rate.** The owner ran personal costs through the business: a vehicle, insurance, card purchases, a family trip and a family member's pay. The labour lines also carried staff and work of the owner's other business. One-off costs leave too: a settlement, the sale preparation and the storage unit. The gain on the vans sold is outside EBITDA. Office pay and rent rise to market, fleet upkeep to normal, and a market general manager replaces the owner's salary.

② **Revenue lines.** Sales tax charged to customers is the state's money, so it leaves residential revenue. The platform advance is not revenue: the platform recovers it from future job payouts. Contract fees billed ahead move to the months they are earned. Revenue in the books, $5.95M, becomes $5.74M of normalized revenue. The detail by customer is in the revenue section (Table 4.1).

③ **Not in the books.** The books carry no allowance for disputed invoices and no accrual for pay and job fees owed. We rebuilt them from the AR aging, the payroll register and the platform export. Only the movement between period-ends reaches EBITDA, so the effect changes from year to year.

④ **Totals.** Adjusted EBITDA equals normalized EBITDA in the bridge (Table 2.1). Each adjustment by month is in the appendix (Table B.2). An adjustment known only for the year is shown for the period as a whole, with a note.

Adjusted: EBITDA $814K in FY2025 and $932K in TTM

This is the seller's P&L after every adjustment, line by line. Read it as the business would report on the accrual basis at market costs.

Table 3.3 · Income statement, adjusted

	USD	FY2023	%	FY2024	%	FY2025	%	TTM	%
①	Sales - Commercial Repairs	708,400	27.0%	1,385,600	31.2%	1,875,800	32.7%	1,956,142	35.0%
	Sales - Commercial Service Agreements	740,400	28.2%	866,880	19.5%	993,360	17.3%	1,021,641	18.3%
	Sales - Residential Service	1,175,841	44.8%	2,192,673	49.3%	2,866,262	50.0%	2,607,235	46.7%
	Total revenue	**2,624,641**	**100.0%**	**4,445,153**	**100.0%**	**5,735,422**	**100.0%**	**5,585,018**	**100.0%**
②	Cost of Goods Sold - Parts and Materials	288,594	11.0%	508,610	11.4%	689,630	12.0%	647,651	11.6%
	Gross profit	**2,336,048**	**89.0%**	**3,936,543**	**88.6%**	**5,045,792**	**88.0%**	**4,937,366**	**88.4%**
	Accounting Fees	24,000	0.9%	24,000	0.5%	24,000	0.4%	24,000	0.4%
	Advertising and Lead Fees	312,056	11.9%	621,941	14.0%	734,942	12.8%	489,876	8.8%
	Automobile Expense	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Bank Service Charges	13,594	0.5%	13,439	0.3%	5,698	0.1%	4,793	0.1%
	Computer and Internet Expenses	11,234	0.4%	18,011	0.4%	21,371	0.4%	24,206	0.4%
	Conferences and Seminars	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Contract Labor - Office Support	39,892	1.5%	62,619	1.4%	73,296	1.3%	61,944	1.1%
	Contract Labor - Technicians	608,227	23.2%	1,147,680	25.8%	1,506,292	26.3%	1,368,766	24.5%
	Credit Card Charges	10,822	0.4%	39,400	0.9%	61,965	1.1%	176,820	3.2%
	Fuel	21,732	0.8%	33,787	0.8%	43,037	0.8%	44,667	0.8%
	Insurance Expense	42,000	1.6%	56,000	1.3%	70,000	1.2%	75,333	1.3%
	Legal and Professional Fees	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Office and Miscellaneous	3,907	0.1%	4,162	0.1%	9,342	0.2%	11,581	0.2%
	Officer Compensation	150,136	5.7%	150,136	3.4%	150,136	2.6%	150,136	2.7%
	Payroll Taxes	93,400	3.6%	136,102	3.1%	173,854	3.0%	177,618	3.2%
	Rent Expense	0	0.0%	8,609	0.2%	48,968	0.9%	78,000	1.4%
	Salaries and Wages - Office	137,593	5.2%	224,539	5.1%	295,569	5.2%	297,056	5.3%
	Software Subscriptions	14,000	0.5%	14,000	0.3%	14,000	0.2%	14,000	0.3%
	Storage Expense	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Subcontractors	28,976	1.1%	45,050	1.0%	57,383	1.0%	59,556	1.1%
	Taxes and Licenses	2,691	0.1%	4,691	0.1%	6,760	0.1%	8,406	0.2%
	Technician Wages	398,710	15.2%	607,246	13.7%	788,267	13.7%	817,540	14.6%
	Vehicle Leases	40,800	1.6%	61,200	1.4%	81,600	1.4%	81,600	1.5%
	Vehicle Repairs and Maintenance	27,000	1.0%	27,000	0.6%	27,000	0.5%	27,000	0.5%
	Bad-debt allowance	0	0.0%	0	0.0%	38,400	0.7%	12,000	0.2%
	Total operating expenses	**1,980,770**	**75.5%**	**3,299,610**	**74.2%**	**4,231,880**	**73.8%**	**4,004,897**	**71.7%**
	Operating income	**355,278**	**13.5%**	**636,933**	**14.3%**	**813,913**	**14.2%**	**932,469**	**16.7%**
	Gain on Sale of Assets	0	0.0%	0	0.0%	0	0.0%	0	0.0%
③	**EBITDA, adjusted**	**355,278**	**13.5%**	**636,933**	**14.3%**	**813,913**	**14.2%**	**932,469**	**16.7%**

Source: databook, Income Statement.

① **Revenue.** Revenue is $5.74M for FY2025 and $5.59M for TTM, after sales tax, the platform advance and the timing of fees billed ahead. TTM is 2.6% lower than FY2025. Home repairs fell after marketing was cut, while commercial revenue kept growing. The detail by segment and customer is in the revenue section (Table 4.1).

② **Costs.** The lines carry market pay and normal fleet upkeep, without the owner's personal costs. The allowance and the accruals are added. The run-rate costs alone add $183K a year (TTM). The seller's P&L leaves them out or carries them below market, and the buyer will pay them.

③ **Margin.** The margin rose to 16.7% in TTM from 14.2% in FY2025, mostly because marketing fell to $588K from $769K. The saving lasts only while home repairs hold without that marketing. That is why Stress tests the residential trend.

- **Ties.** Adjusted EBITDA ties to normalized EBITDA in every year and TTM. The costs by behaviour and the cost lines are in the costs section (Table 5.1), and the customers in the revenue section (Table 4.3).

As reported: total assets $698K and equity $561K at 31 Aug 2026

The bank lines and the balances tie to the statements and to Schedule L of the returns. What the books leave out is on the next page.

Table 3.4 · Balance sheet, as reported

	USD	31 Dec 2023	%	31 Dec 2024	%	31 Dec 2025	%	31 Aug 2026	%
	Checking - 1101	44,098	7.6%	73,003	8.9%	−1	0.0%	−1	0.0%
	Checking - 2202					25,588	2.7%	34,515	4.9%
	Commercial Checking - 4848	161,691	28.0%	200,639	24.6%	200,957	21.1%	184,354	26.4%
	Total Checking/Savings	**205,789**	**35.7%**	**273,642**	**33.5%**	**226,544**	**23.8%**	**218,868**	**31.4%**
①	Accounts Receivable	162,572	28.2%	308,251	37.8%	507,339	53.2%	265,542	38.1%
①	**Total Accounts Receivable**	**162,572**	**28.2%**	**308,251**	**37.8%**	**507,339**	**53.2%**	**265,542**	**38.1%**
①	Inventory	113,257	19.6%	147,279	18.0%	154,684	16.2%	117,071	16.8%
①	Prepaid Insurance	23,000	4.0%	33,000	4.0%	37,000	3.9%	68,333	9.8%
①	**Total Other Current Assets**	**136,257**	**23.6%**	**180,279**	**22.1%**	**191,684**	**20.1%**	**185,404**	**26.6%**
①	**Total Current Assets**	**504,618**	**87.5%**	**762,172**	**93.4%**	**925,567**	**97.1%**	**669,814**	**96.0%**
①	Accumulated Depreciation	−54,000	−9.4%	−72,000	−8.8%	−35,000	−3.7%	−35,000	−5.0%
①	Vehicles and Equipment	126,000	21.9%	126,000	15.4%	63,000	6.6%	63,000	9.0%
①	**Total Fixed Assets**	**72,000**	**12.5%**	**54,000**	**6.6%**	**28,000**	**2.9%**	**28,000**	**4.0%**
	TOTAL ASSETS	**576,618**	**100.0%**	**816,172**	**100.0%**	**953,567**	**100.0%**	**697,814**	**100.0%**
②	Accounts Payable	19,720	3.4%	35,597	4.4%	39,052	4.1%	61,563	8.8%
②	**Total Accounts Payable**	**19,720**	**3.4%**	**35,597**	**4.4%**	**39,052**	**4.1%**	**61,563**	**8.8%**
②	Line of Credit	75,000	13.0%	75,000	9.2%	75,000	7.9%	75,000	10.7%
②	**Total Other Current Liabilities**	**75,000**	**13.0%**	**75,000**	**9.2%**	**75,000**	**7.9%**	**75,000**	**10.7%**
②	**Total Current Liabilities**	**94,720**	**16.4%**	**110,597**	**13.6%**	**114,052**	**12.0%**	**136,563**	**19.6%**
②	**Total Liabilities**	**94,720**	**16.4%**	**110,597**	**13.6%**	**114,052**	**12.0%**	**136,563**	**19.6%**
③	Retained Earnings	502,987	87.2%	481,898	59.0%	705,575	74.0%	839,515	120.3%
③	Shareholder Distributions	−481,688	−83.5%	−574,356	−70.4%	−855,890	−89.8%	−1,075,603	−154.1%
③	**Net Income**	**460,599**	**79.9%**	**798,032**	**97.8%**	**989,830**	**103.8%**	**797,340**	**114.3%**
③	**Total Equity**	**481,898**	**83.6%**	**705,575**	**86.4%**	**839,515**	**88.0%**	**561,251**	**80.4%**
	TOTAL LIABILITIES & EQUITY	**576,618**	**100.0%**	**816,172**	**100.0%**	**953,567**	**100.0%**	**697,814**	**100.0%**

Source: databook, Balance Sheet Adjusted.

① **Assets.** Receivables rise with the invoices billed in advance at the start of each year and fall when they are paid. Stock and prepaid insurance are the other current assets. Vehicles are at cost less depreciation. In Oct 2025 the Company sold two vans (stock and fixed assets; Table D.2).

② **Liabilities.** Liabilities are only payables and the line of credit ($75K). The books carry no deferred revenue, no accrued pay and no sales tax owed. A balance sheet kept on the cash basis looks stronger than the business is. The adjusted balance sheet adds what is owed (Table 3.5).

③ **Equity.** Equity grows with profit and falls with distributions to the owner, which take most of the cash the business makes in every year (Table 3.6). Equity in the books says little about value, which rests on normalized earnings.

Adjusted: $631K of liabilities added, equity −$154K at 31 Aug 2026

A cash-basis balance sheet shows a liability only when it is paid. Here each missing amount is added, with the record it comes from.

Table 3.5 · Balance sheet, adjusted

	USD	31 Dec 2023	%	31 Dec 2024	%	31 Dec 2025	%	31 Aug 2026	%
	Total assets, reported	**576,618**	**108.7%**	**816,172**	**106.0%**	**953,567**	**109.7%**	**697,814**	**113.8%**
①	Allowance for disputed invoices	0	0.0%	0	0.0%	−38,400	−4.4%	−38,400	−6.3%
①	Stock not moved in 12 months, written down	−46,000	−8.7%	−46,000	−6.0%	−46,000	−5.3%	−46,000	−7.5%
	Total assets, adjusted	**530,618**	**100.0%**	**770,172**	**100.0%**	**869,167**	**100.0%**	**613,414**	**100.0%**
	Total liabilities, reported	**94,720**	**17.9%**	**110,597**	**14.4%**	**114,052**	**13.1%**	**136,563**	**22.3%**
②	Deferred revenue (fees billed ahead, not yet earned)	0	0.0%	0	0.0%	119,543	13.8%	159,120	25.9%
②	Pay and PTO earned, not accrued	41,253	7.8%	50,567	6.6%	53,760	6.2%	54,814	8.9%
②	Technician job fees on open jobs	12,013	2.3%	30,241	3.9%	33,908	3.9%	36,342	5.9%
③	Sales tax charged, not remitted	n/m		n/m		n/m		253,830	41.4%
③	Platform advance	n/m		n/m		n/m		82,200	13.4%
③	Deferred fleet repairs	n/m		n/m		n/m		45,000	7.3%
③	**Liabilities not in the books**	**53,266**	**10.0%**	**80,808**	**10.5%**	**207,211**	**23.8%**	**631,306**	**102.9%**
	Total liabilities, adjusted	**147,985**	**27.9%**	**191,405**	**24.9%**	**321,264**	**37.0%**	**767,869**	**125.2%**
④	**Equity, reported**	**481,898**	**90.8%**	**705,575**	**91.6%**	**839,515**	**96.6%**	**561,251**	**91.5%**
④	**Equity, adjusted**	**382,633**	**72.1%**	**578,767**	**75.1%**	**547,904**	**63.0%**	**−154,454**	**−25.2%**

Source: databook, Balance Sheet Adjusted.

① **Assets written down.** Diner's disputed invoices ($38K) are unlikely to be collected in full, per the AR aging and Diner's agreement. Stock with no movement in a year ($46K) comes from the inventory counts. Both stay out of the peg, so the buyer does not pay for them. The buyer should count stock at closing.

② **Year-end model.** At the year-ends the same model adds deferred revenue and the pay and job fees owed, so the adjusted balance sheets compare from year to year. We rebuilt them from the invoice and payroll registers, as the books are kept on the cash basis. Sales tax, the advance and the repairs are measured at the last month-end only, the date the deal uses.

③ **Liabilities added.** We add sales tax not remitted ($254K), deferred revenue ($159K) and the platform advance ($82K). We also add pay and PTO earned ($55K), job fees on open jobs ($36K) and fleet repairs ($45K). None of it is in the seller's books.

④ **Equity.** Adjusted equity is −$154K against $561K in the books. In the deal the debt-like items come off the price and pay and job fees sit in the peg; the sales tax is *the seller's liability under the purchase agreement; in many states the buyer of a business can be held liable unless a tax clearance is obtained — counsel to confirm*.

Operating cash flow $1.27M in TTM; $1.33M paid out to the owner in TTM

Operating cash flow is net income plus depreciation, less the non-cash gain and the working capital taken up. Built from the seller's statements, it shows the business as the seller ran it.

Table 3.6 · Cash flow summary

	USD	FY2023	FY2024	FY2025	TTM
	Net income (accountant-prepared basis)	**460,599**	**798,032**	**989,830**	**1,093,985**
	Depreciation (accountant's year-end entry)	18,000	18,000	18,000	18,000
	Gain on the sale of vehicles (non-cash)	0	0	−14,000	−14,000
①	Working capital (books)	−4,000	−173,824	−207,038	175,711
	Operating cash flow	**474,599**	**642,208**	**786,792**	**1,273,696**
②	Vehicles sold	0	0	22,000	22,000
	Owner distributions (commercial account)	−370,000	−472,000	−686,000	−1,088,000
③	Owner and non-operating flows (residential accounts)	−111,688	−102,356	−169,890	−245,557
	Change in bank balances	**−7,089**	**67,853**	**−47,098**	**−37,860**
	Unexplained	0	0	0	0

Source: databook, Cash Flow Summary, Cash Conversion.

① **Working capital.** In FY2025 growth tied cash up in receivables. In TTM the pre-sale actions released it, which lifts operating cash flow above earnings (QoE ratio 1.16×). The release does not repeat, and the peg returns the working capital at closing. The buyer should plan on cash at the level of earnings.

② **Vans and the credit line.** Most service vans are leased, so their cost is in operating costs and there is no capital spending. In Oct 2025 the Company sold two of its own vans for $22K, a gain of $14K kept out of EBITDA. The bill of sale and the bank deposit support it. The line of credit stays at $75K at every year-end and at 31 Aug 2026.

③ **Cash to the owner.** The owner took out $856K in FY2025 as distributions and personal payments, and the bank balances barely moved. Almost all the cash the business makes leaves it each year. The buyer should not count on cash left in the business to fund the peg or growth.

WHAT THIS MEANS FOR THE DEAL

Use the adjusted statements, not the books. The price rests on the adjusted figures, and the liabilities missing from the books are settled in the terms.

Next: revenue by segment, customer and contract.

4 Revenue

Normalized revenue is $5.59M for TTM, 2.6% below FY2025, as home repairs fell after marketing was cut. Taco, 11% of TTM revenue, has put its contract out to tender.

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Normalized revenue grew 29% in FY2025; TTM is 2.6% lower as home repairs fell

Normalized revenue leaves out sales tax and the platform advance and books contract fees when earned. Commercial contracts keep growing; home repairs follow marketing, and Taco's contract is out to tender.

Table 4.1 · Revenue by segment and customer

	USD	FY2023	FY2024	FY2025	TTM
	Residential bank deposits (revenue categories)	$1,217,953	$2,265,300	$2,961,225	$2,764,757
	Less: sales tax charged	−$42,111	−$72,627	−$94,963	−$75,322
	Less: platform advance (not revenue)	$0	$0	$0	−$82,200
①	**Residential revenue**	**$1,175,841**	**$2,192,673**	**$2,866,262**	**$2,607,235**
	Other commercial	$120,000	$170,000	$215,000	$228,333
	Sample Burger Co.	$420,400	$589,760	$730,120	$753,996
	Sample Diner Co.	$300,000	$340,200	$375,000	$384,600
	Sample Grill Group	$608,400	$789,720	$939,040	$977,920
②	Sample Taco Group	$0	$362,800	$610,000	$632,933
③	**Commercial revenue (earned, before early-payment discounts)**	**$1,448,800**	**$2,252,480**	**$2,869,160**	**$2,977,783**
	Normalized revenue	**$2,624,641**	**$4,445,153**	**$5,735,422**	**$5,585,018**
④	Revenue in the seller's books	$2,666,753	$4,517,780	$5,949,928	$5,733,901
	Early-payment discounts (shown separately)	$0	$0	$0	$14,078

Source: databook, Revenue by Customer.

① **Residential decline.** Home repairs, $2.61M in TTM, fell 14% in Jan–Aug 2026 against Jan–Aug 2025 after paid marketing was cut. Stress assumes the fall continues ($53K of EBITDA). The buyer should budget marketing near the FY2025 level to hold this revenue.

② **Taco.** Normalized revenue grew 69% in FY2024, when Taco's contract began and home-repair calls rose with marketing. On 17 Aug 2026 Taco opened a tender for its contract, 11% of TTM revenue. It is the largest single risk to this revenue.

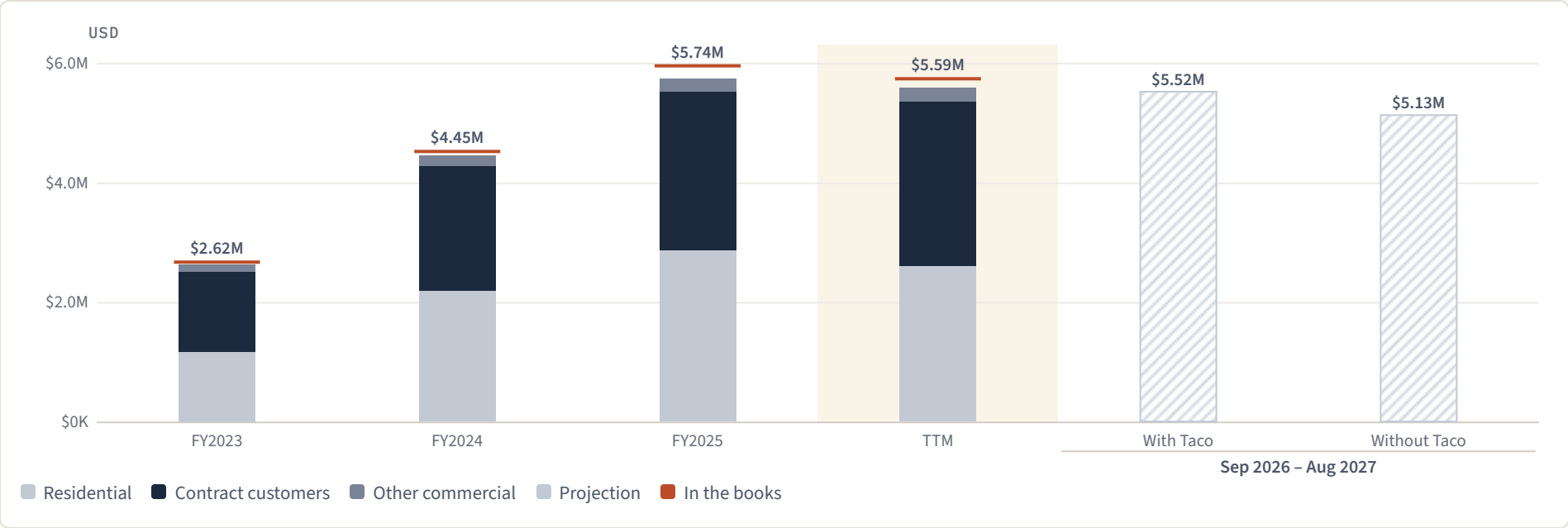
③ **Commercial.** Commercial revenue, $2.98M in TTM, grew 5.7% in Jan–Aug 2026 against Jan–Aug 2025. The growth is contract fees and call-outs at the same chains, with no chain added. Contract revenue keeps 50.5% of each dollar as contribution, so it carries most of the earnings.

④ **Books to normalized.** Revenue in the books, $5.95M for FY2025, includes sales tax charged to customers and, in TTM, the platform advance. Normalized revenue takes them out and books contract fees when earned: $5.74M for FY2025 and $5.59M for TTM. Fees tie to the invoice register and receipts to the bank.

Projection for Sep 2026 – Aug 2027: $5.52M with Taco, $5.13M without it; evaluated, not relied on for coverage

The projection shows where revenue goes over the next year on current trends, with and without Taco. The price rests on TTM and the coverage test on historical figures, not on it.

Figure 4.1 · Normalized revenue by year and the projection



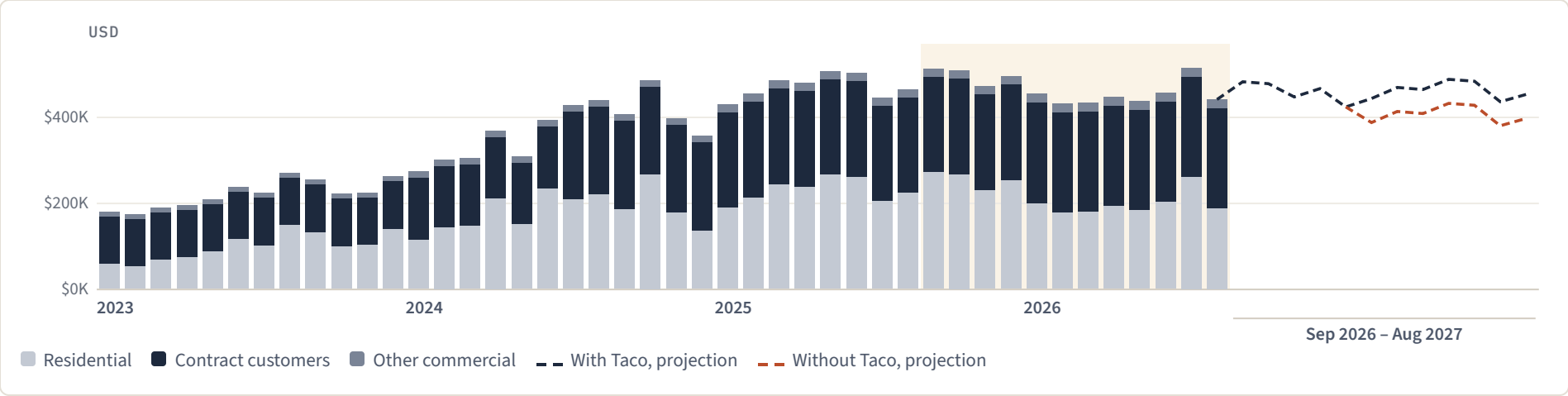
Home repairs, contract customers and other commercial work by year and TTM; the projection for Sep 2026 – Aug 2027 hatched, with and without Taco; a red tick marks revenue in the books. Under SOP 50 10 8.1 (App. 15, C.2.iii.g) a projection is *evaluated, not relied on* for DSC. Source: databook, Revenue by Customer, Revenue by Month.

- **Commercial.** Contract fees stay at their current monthly rates. Call-outs grow +7.2% from January, their trend in Jan–Aug 2026 against Jan–Aug 2025. Time-and-materials work stays flat at its TTM level: it has no contract and depends on the account manager.
- **Home repairs.** Home repairs stay at the level of the last 6 months, −16.2% against the same months of FY2025: each month follows FY2025's seasonality, scaled once to that level, with marketing at its current level.
- **With and without Taco.** With Taco, normalized revenue for Sep 2026 – Aug 2027 is $5.52M. Without it, Taco's revenue stops after 31 Jan 2027, for 7 of the 12 months, and revenue is $5.13M. In Stress, home repairs also keep falling: $4.79M.
- **Not relied on.** The lender evaluates projections but tests coverage on historical figures (SOP 50 10 8.1, App. 15, C.2.iii.g). Coverage in this report uses FY2025 and the two-year average; TTM is for information.

Month by month, commercial revenue is steady; home repairs move with the season and with marketing

The monthly pattern shows which revenue the buyer can count on and which must be bought again every month.

Figure 4.2 · Normalized revenue by month



Normalized revenue by month, home repairs and commercial, Jan 2023 – Aug 2026; USD; TTM shaded. Source: databook, Revenue by Month.

Table 4.2 · Normalized revenue by year

USD	FY2023	FY2024	FY2025	TTM
Home repairs	$1,175,841	$2,192,673	$2,866,262	$2,607,235
Commercial	$1,448,800	$2,252,480	$2,869,160	$2,977,783
Total	**$2,624,641**	**$4,445,153**	**$5,735,422**	**$5,585,018**
Growth		69.4%	29.0%	−2.6%

Source: databook, Revenue by Customer.

- **Commercial.** Contract customers pay fixed fees and call-out charges at a stable number of locations, so commercial revenue changes little month to month. It stepped up when Taco was added in FY2024. It would step down by Taco's share, 11% of TTM revenue, if Taco does not renew.
- **Seasonal calls.** Home repairs depend on calls bought through paid search and lead services, so they swing with the season and the marketing spend. Marketing was cut to $588K in TTM from $769K in FY2025. Home repairs fell month by month in Jan–Aug 2026.
- **By year.** Normalized revenue grew 69% in FY2024 and 29% in FY2025. TTM is 2.6% below FY2025, as home repairs fell while commercial revenue grew 5.7% in Jan–Aug 2026 against Jan–Aug 2025.
- **Billing spikes.** Normalized revenue books each contract fee in its month of service. The spikes in the books at the start of each year are billing, not work.

Contracts with four restaurant chains bring 49% of TTM revenue; the largest customer 17.5% of TTM revenue

Contract terms decide how much revenue survives the sale: the end dates, the notice periods and the change-of-control consents.

Table 4.3 · Contract customers

Customer	Locations	Fee a month	Billing	Pays in, days	Term ends	Consent
Sample Burger Co.	26	790	monthly, in advance	60	30 Jun 2028	required
Sample Diner Co.	12	725	monthly, in advance	45	open-ended	not required
Sample Grill Group	34	1,170	annual, in advance (first business day of January)	45	31 Dec 2027	required
Sample Taco Group	18	900	monthly, in advance	30	31 Jan 2027	not required

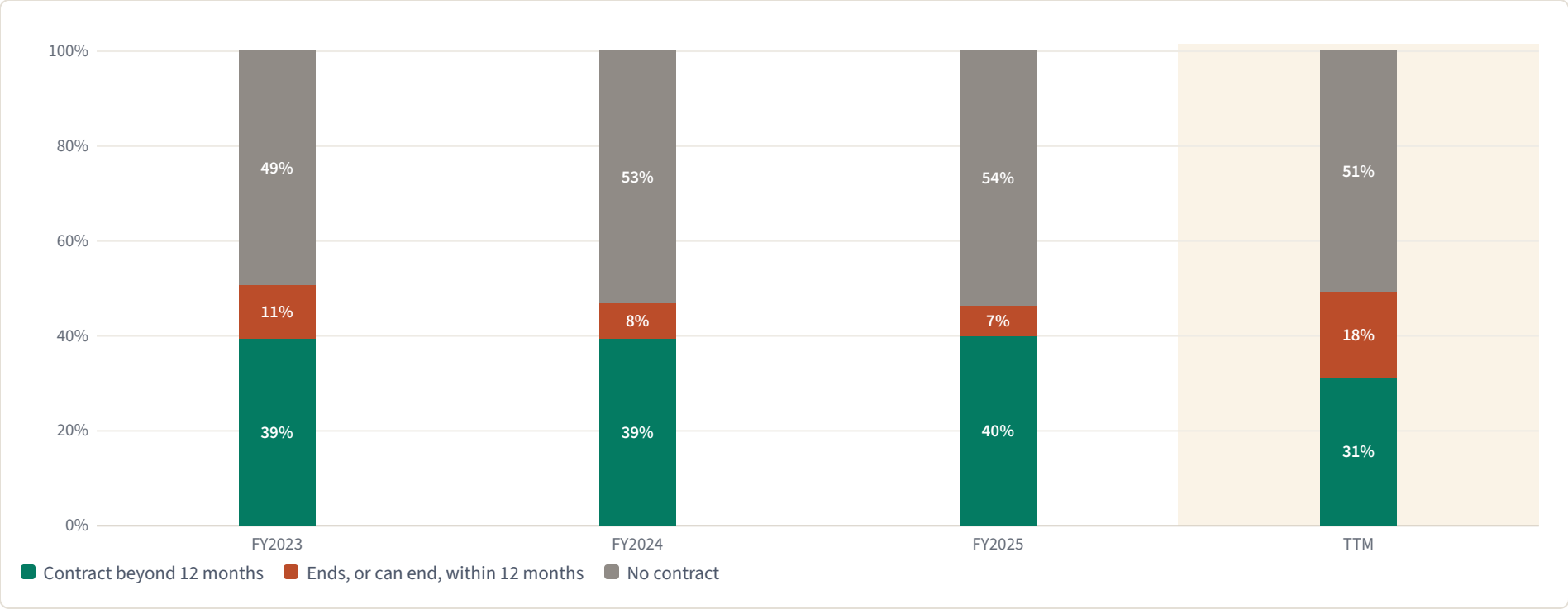
Source: databook, Contracts, Revenue by Customer.

- **Contracts read.** We read each contract with its amendments and notices and tied its fees to the invoice register. 90 locations are under contract, billed monthly or annually in advance. Grill is billed for the whole year on the first business day of January, so its fees sit in receivables and in revenue in the books from the start of each year.
- **Taco's tender.** On 17 Aug 2026 Taco gave notice that its contract ends 31 Jan 2027 and opened a tender. Taco brings 11% of TTM revenue from 18 locations. The price waits for its decision.
- **Continuity and consents.** Grill runs to 31 Dec 2027 and Burger to 30 Jun 2028. Both must consent to a change of control (31% of TTM revenue), so the consents are closing conditions. Diner (7% of TTM revenue) can end its contract on 60 days' notice. The buyer should get the consents in writing before closing.
- **Concentration.** The concentration risk sits in Taco's tender and is priced in the terms. One-off home calls, 47% of TTM revenue, have no contract and depend on marketing.

Revenue at risk: contracts that end, or can be ended, within a year carry 18% of TTM revenue

How much revenue rests on contracts that run beyond the next year decides how much survives a change of owner.

Figure 4.3 · Revenue at risk by year



The share of normalized revenue at each year-end and at the end of TTM: under contracts that run beyond the next year, under contracts that end or can be ended within it, and with no contract. Source: databook, Contracts, Revenue by Customer.

- **Beyond a year.** 31% of TTM revenue sits in contracts that run beyond the next year: Grill and Burger, whose consents to a change of control are closing conditions.
- **Within a year.** 18% of TTM revenue can end within a year: Taco's contract expires 31 Jan 2027, and Diner can end its contract on 60 days' notice.
- **No contract.** 51% of TTM revenue has no contract: home repairs and other commercial work, bought call by call.

Contracts bring 49% of TTM revenue; one-off home calls, 47% of TTM revenue, depend on marketing

The more revenue recurs without effort, the more predictable the earnings the price rests on. The figure ranks TTM revenue from most to least recurring.

Figure 4.4 · TTM revenue by kind



18.1% Contracted fixed fees · $1.01M
31.2% Contracted call-outs · $1.74M
4.1% Repeat commercial (time and materials) · $228K
46.7% One-off residential calls · $2.61M

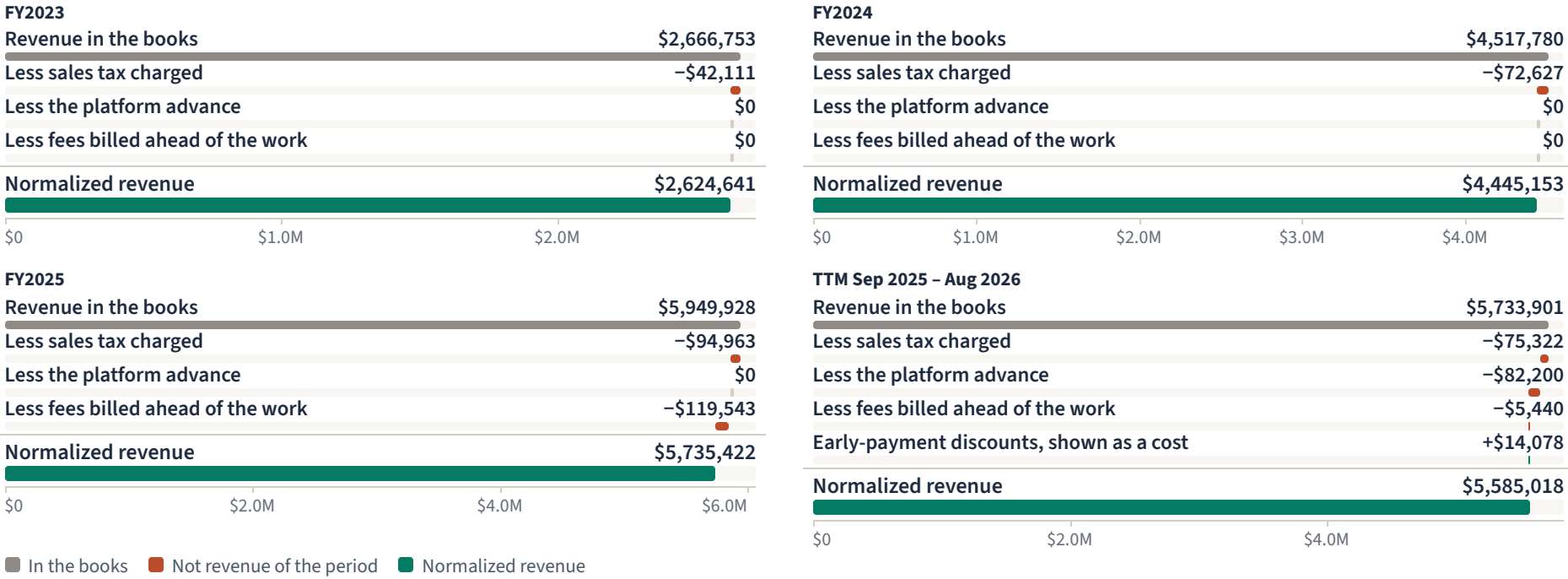
TTM normalized revenue by kind: contracted fixed fees, contracted call-outs, repeat commercial work and one-off home calls; USD and share. Source: databook, Recurring Revenue.

- **Fixed fees.** Fixed monthly fees, 18% of TTM revenue, recur as long as the contracts run. Each location pays a set fee for scheduled service, billed monthly or annually in advance. This is the most predictable revenue the buyer acquires. Taco's tender decides how much of it stays.
- **Contract call-outs.** Call-outs under the contracts, 31% of TTM revenue, recur at agreed rates as the chains' equipment needs service. Their volume follows the number of locations and the age of the equipment, not marketing or the season.
- **Repeat commercial work.** Other restaurants and businesses call the Company again for time-and-materials work without a contract. This work is small and depends on the relationships the account manager keeps. A retention agreement for the account manager is a condition of the deal.
- **Home calls.** One-off home calls must be bought again every month. Marketing fell to $588K in TTM from $769K in FY2025, and the calls fell with it. The buyer should budget marketing near the FY2025 level to keep this revenue. Stress shows the result if the fall continues.

Books to normalized revenue: sales tax, the advance and fees billed ahead come out of every year

The same items separate the books from normalized revenue in every year; the next page shows the fees billed ahead.

Figure 4.5 · Revenue in the books to normalized revenue, by year



For each year and TTM: revenue in the books, less sales tax charged, the platform advance and fees billed ahead of the work, with early-payment discounts shown as a cost, to normalized revenue. Source: databook, Revenue by Customer, Revenue Recognition.

- **The claimed year.** Revenue in the books, $5.95M for FY2025, comes to $5.74M normalized: $95K of sales tax and $120K of next-year fees come out.
- **TTM.** In TTM the platform advance also comes out ($82K), and normalized revenue is $5.59M.
- **Discounts.** Early-payment discounts are shown as a cost, so normalized revenue is stated before them.

$120K of next-year fees and $95K of sales tax sit in FY2025 revenue in the books

Revenue booked on invoice rather than when earned overstates the year it is billed. This page shows the timing and the amounts that move.

Table 4.4 · Contract fees billed and earned

USD	FY2023	FY2024	FY2025	TTM
Billed (gross)	$1,448,800	$2,252,480	$2,992,400	$2,986,920
Earned (gross of early-payment discounts)	$1,448,800	$2,252,480	$2,869,160	$2,977,783
Change in fees billed ahead (deferred)	$0	$0	$119,543	$5,440
Price discount on prepaid fees (earned at the net price, never revenue)	$0	$0	$3,697	$3,697

Source: databook, Revenue Recognition.

- **Billing ahead.** The books count a contract invoice as revenue when it is issued. In Dec 2025 Burger prepaid its next-year fees, and Grill is billed a year ahead. The invoice and the work then fall in different periods, so revenue in the books runs ahead of the work done.
- **Fees earned next year.** These fees were billed in FY2025 and earned in the next year. Normalized revenue books each fee in the month of service, per the contracts and the invoice register. The buyer would do that work without being paid again, so the fees cannot count as FY2025 earnings.
- **Sales tax and the advance.** Sales tax charged to customers belongs to the state and leaves revenue. The platform advance ($82K at 31 Aug 2026) is a liability the platform recovers from future job payouts. The platform's statement of it is still requested.
- **Cost to serve.** At 31 Aug 2026 customers have paid $159K for work not yet done. The cost to serve it, $72K, comes off the price as a debt-like item. It is *an analyst estimate of 45%* of the fees, as the data hold no cost by scheduled visit.

WHAT THIS MEANS FOR THE DEAL

You are buying a contract business with four restaurant chains (50.5% TTM contribution margin) and a home-repair business that needs steady marketing (14.5%). **Pay for revenue when it is earned, not when it is invoiced.** Taco's 11% of TTM revenue is priced in the expected price and covered by the rebate if Taco does not renew.

Next: the costs behind that revenue and the margin it leaves.

5 Costs

With technician pay in cost of sales, gross margin is 41.4% in TTM, not the 88.0% the seller presents. Costs are 80% variable, so earnings move by more than revenue.

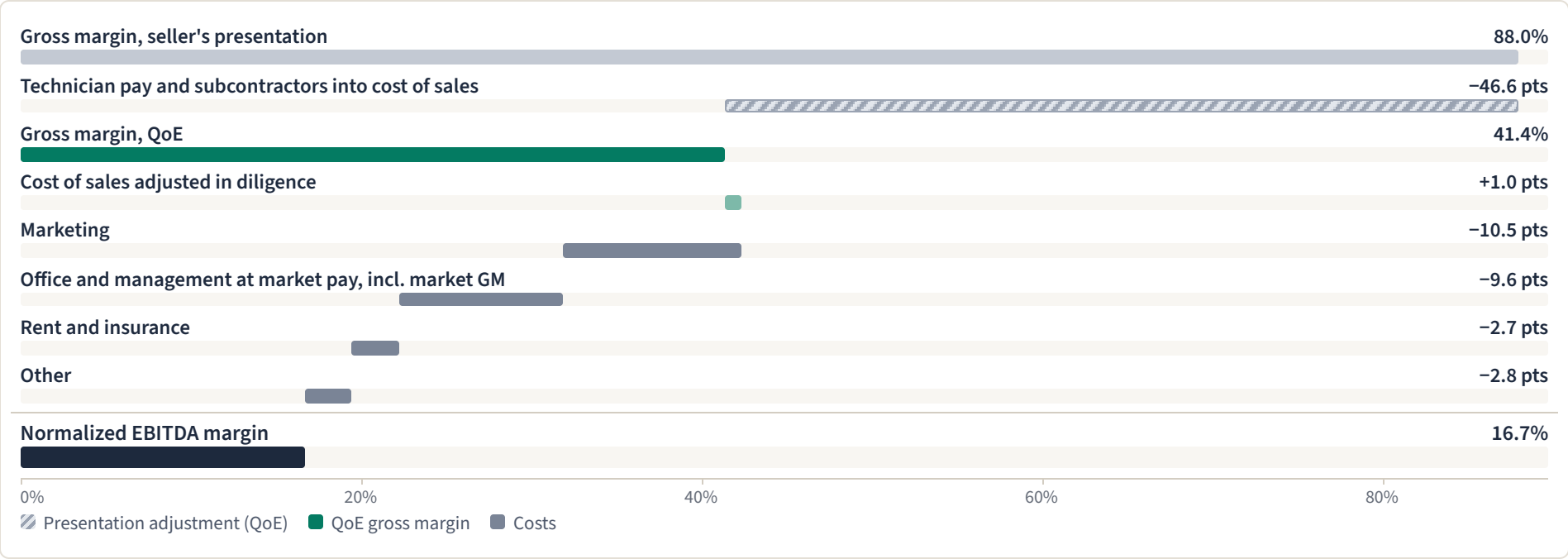
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With technician pay in cost of sales, gross margin is 41.4% in TTM, not the 88.0% the seller presents

The seller's P&L shows technician pay below gross profit, so its gross margin looks high. With each job's cost in cost of sales, margins and break-even in this report use that view.

Figure 5.1 · From the seller's gross margin to the EBITDA margin, TTM



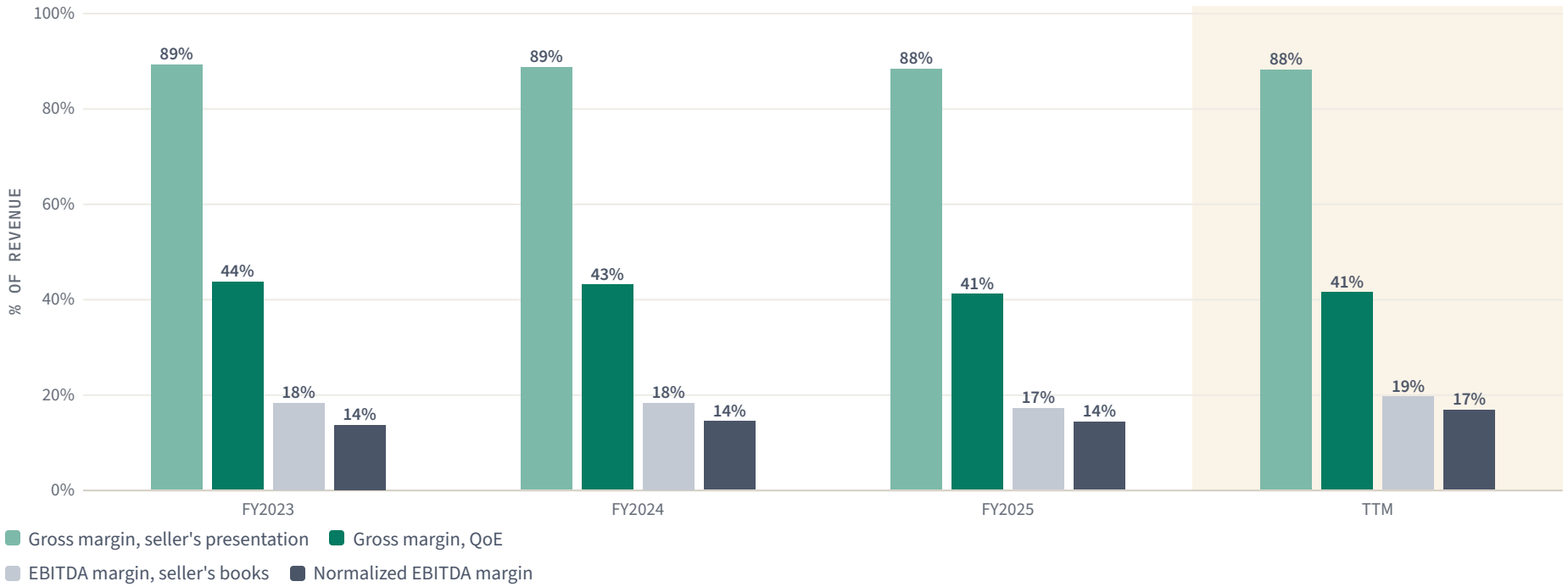
From the gross margin the seller presents to the normalized EBITDA margin, TTM; points of revenue. Source: databook, Cost Structure.

- **Seller's view.** Only parts sit in the seller's cost of sales. All labour, technicians included, sits below gross profit as an operating expense. The lines come from the general ledger and tie to the seller's P&L.
- **Job costs.** Field labour, subcontractors, van leases and fuel are costs of doing each job, so they belong in cost of sales. Field labour alone takes 42.5% of revenue. Diligence also corrects cost of sales for labour paid between the Company and the owner's other business.
- **Operating costs.** Below gross profit come marketing, office and management at market pay, rent and insurance, and other costs. Marketing is the largest of them and buys the home-repair calls.
- **EBITDA margin.** The normalized EBITDA margin is 16.7%, up from 14.2% in FY2025, mostly because marketing fell.

Margins by year: gross margin 41.4% on the QoE view, not the 88.0% the seller presents (TTM)

Margins on the seller's view and on the QoE view side by side: the gap is the cost of each job and the costs the books leave out.

Figure 5.2 · Gross and EBITDA margins by year, seller and QoE



Gross margin as the seller presents it and with job costs in cost of sales; EBITDA margin in the seller's books and normalized; each year and TTM. Source: databook, Cost Structure.

- **Gross margin.** The seller presents a gross margin of 88.0% in TTM because technicians' pay sits below gross profit. With job costs in cost of sales it is 41.4% in TTM and 43.6% in FY2023.
- **EBITDA margin.** The normalized EBITDA margin is 16.7% in TTM against 14.2% in FY2025. The seller's books show a higher margin in every period because they leave out market pay, market rent and fleet upkeep.
- **Marketing.** The rise in TTM comes mostly from lower marketing, 10.5% of revenue against 13.4% in FY2025. It lasts only while home repairs hold without that marketing.

Cost lines, TTM: the books, the adjustments and the normalized cost the buyer will carry

Each line shows what the books record, what we adjust and what the business will cost under the buyer.

Table 5.1 · Cost lines, TTM

	TTM	Behaviour	Books	Adjustments	Normalized	Share
	COST OF SALES					
①	Parts and materials	Variable	$686,945	$0	$686,945	14.8%
①	Field labour, home repairs (contract technicians)	Variable	$1,420,672	$54,339	$1,366,332	29.4%
①	Commercial technicians' pay and payroll taxes	Variable	$949,403	−$3,487	$952,891	20.5%
①	Subcontractors	Variable	$59,556	$0	$59,556	1.3%
①	Fuel	Variable	$44,667	$0	$44,667	1.0%
①	Van leases	Fixed	$81,600	$0	$81,600	1.8%
①	Fleet repairs and maintenance, at the normal level	Fixed	$9,000	−$18,000	$27,000	0.6%
	MARKETING					
②	Marketing and lead fees (home repairs)	Variable	$588,109	$0	$588,109	12.6%
	OFFICE AND MANAGEMENT AT MARKET PAY, INCL. MARKET GM					
③	Office and field management staff, at market pay	Fixed	$305,706	−$13,994	$319,700	6.9%
③	Offshore office support	Fixed	$61,944	$0	$61,944	1.3%
③	General manager at market pay (replaces the owner's salary)	Fixed	$65,667	−$89,333	$155,000	3.3%
	RENT AND INSURANCE					
③	Rent at market, and storage	Fixed	$61,487	−$16,513	$78,000	1.7%
③	Business insurance	Fixed	$89,224	$13,891	$75,333	1.6%
③	Owner's vehicle	Fixed	$8,818	$8,818	$0	0.0%
	OTHER					
④	Software, internet and travel	Fixed	$57,853	$0	$57,853	1.2%
④	Accounting, legal and professional fees	Fixed	$58,000	$34,000	$24,000	0.5%
④	Bank and merchant fees	Variable	$4,793	$0	$4,793	0.1%
④	Office, conferences and miscellaneous	Fixed	$11,581	$0	$11,581	0.2%
④	Taxes and licences	Fixed	$8,406	$0	$8,406	0.2%
④	Payroll taxes not assigned to a role	Fixed	$17,193	$0	$17,193	0.4%
④	Owner's card purchases not accepted as personal	Fixed	$39,293	$19,647	$19,647	0.4%
④	Bad-debt allowance	Fixed	$0	−$12,000	$12,000	0.3%
	Variable costs, cost lines				**$3,703,292**	**79.6%**
	Fixed costs, cost lines				**$949,256**	**20.4%**
	Total costs				**$4,652,549**	**100.0%**
	Normalized revenue less total costs (= normalized EBITDA)				**$932,469**	

Source: databook, Cost Structure.

① **Job costs.** Cost of sales holds parts, technicians' pay, subcontractors, fuel, van leases and normal fleet repairs. Home-repair technicians are paid as contractors. As employees they would add about $180K a year, a cost normalized EBITDA does not carry. The buyer should take counsel's advice on their classification.

② **Marketing.** Marketing, $588K in TTM, is the largest operating cost and buys the home-repair calls. It fell from $769K in FY2025, and home repairs fell with it. It is a cost of revenue, not a saving.

③ **Office, management and rent.** Office and management staff are at market pay, with a market general manager in place of the owner ($155K a year). Market rent adds $16.5K a year.

④ **Other and totals.** Other costs are small and mostly fixed. Variable costs are 80% of costs. Revenue less total costs is normalized EBITDA, $932K, a margin of 16.7%.

- **Behaviour.** We treat home-repair marketing and commercial technicians' pay as variable, a judgment. The databook tests the other case (Cost Structure, sensitivity).

Costs are 80% variable in TTM; break-even revenue is $2.82M in TTM, 50% of TTM revenue

How costs move with revenue decides how hard a lost contract hits earnings. Contribution margins by segment show where a lost dollar costs most.

Table 5.2 · Cost structure by year

	USD	FY2023	FY2024	FY2025	TTM
	Normalized revenue	$2,624,641	$4,445,153	$5,735,422	$5,585,018
	Variable costs	$1,745,211	$3,105,735	$4,001,248	$3,703,292
	Variable share of costs	76.9%	81.6%	81.3%	79.6%
①	**Contribution**	**$879,430**	**$1,339,418**	**$1,734,175**	**$1,881,725**
①	Contribution margin	33.5%	30.1%	30.2%	33.7%
①	residential	12.6%	9.2%	10.0%	14.5%
①	commercial	50.5%	50.5%	50.5%	50.5%
②	Fixed costs	$524,152	$702,485	$920,262	$949,256
②	**Break-even revenue**	**$1,564,322**	**$2,331,351**	**$3,043,575**	**$2,817,421**
②	Break-even as share of revenue	59.6%	52.4%	53.1%	50.4%
③	**Normalized EBITDA**	**$355,278**	**$636,933**	**$813,913**	**$932,469**
③	EBITDA margin	13.5%	14.3%	14.2%	16.7%
③	EBITDA margin, seller's books (reported EBITDA ÷ revenue in the books)	18.2%	18.2%	17.0%	19.5%
③	Marketing, all payments	$318,068	$643,830	$769,367	$588,109
③	Marketing, % of revenue	12.1%	14.5%	13.4%	10.5%
④	Operating leverage (contribution ÷ EBITDA)	2.48×	2.10×	2.13×	2.02×
④	EBITDA at +10% revenue	$443,221	$770,875	$987,330	$1,120,642
④	EBITDA at −10% revenue	$267,335	$502,991	$640,495	$744,297

Source: databook, Cost Structure, Break-even.

① **Contribution.** Contribution margin is 33.7%: 50.5% on commercial work and 14.5% on home repairs. On home repairs the technicians' pay and the marketing both scale with each job. So the mix matters more than volume. A dollar of Taco revenue lost costs more EBITDA than a dollar of home repairs.

② **Fixed costs and break-even.** Fixed costs are mostly office, management, rent and van leases. Break-even revenue sits well below revenue, so the business stays profitable through a large fall in revenue. The break-even share has come down since FY2023, as revenue grew faster than fixed costs.

③ **Margin and marketing.** The EBITDA margin rose to 16.7% from 14.2% in FY2025, mostly because marketing fell to 10.5% of revenue from 13.4%. The gain lasts only while home repairs hold without that marketing. The buyer should not price on it.

④ **Operating leverage.** Revenue up or down 10% moves EBITDA by $188K. Operating leverage is 2.02×, so EBITDA moves by more than revenue in percent. That is why Stress, with Taco gone and home repairs falling, cuts EBITDA much more than revenue.

- **Sensitivity.** If part of the commercial technicians' pay were fixed, break-even would rise and a fall in revenue would hit EBITDA harder. The databook tests that case (Cost Structure, sensitivity).

The buyer pays $183K a year (TTM) more than the P&L shows: a market general manager, market pay, rent and fleet upkeep

These costs arise under any owner, but the seller's P&L leaves them out or carries them below market. Each estimate rests on the records named.

Table 5.3 · Run-rate costs, TTM

	Per year	TTM
①	Operations manager pay to market	$29,066
	Bookkeeper pay to market	$30,142
②	Related-party rent to market	$16,513
③	Fleet maintenance to normal level	$18,000
④	Owner's salary replaced by a market general manager	$89,333
	Run-rate cost increase	**$183,053**

Source: databook, Run-Rate Costs.

① **Market pay.** The operations manager and the bookkeeper (the owner's spouse) are paid below market, per the payroll register and the staff questionnaire. The buyer will have to pay market rates to keep or replace them. Market pay is *our estimate*. The difference is a real cost the P&L does not show, so it comes out of normalized earnings.

② **Market rent.** The shop is rented from the owner's company below market under the lease. Market rent adds $16.5K a year and is *our estimate*. A market lease is a closing condition, so the buyer does not depend on a below-market arrangement that could end.

③ **Deferred maintenance.** Fleet upkeep ran below its normal level before the sale. Normal upkeep adds to costs, and the repairs due are a debt-like item ($45K at 31 Aug 2026) per the fleet repair estimate. The first is a lasting cost, the second a one-off bill for the seller's period.

④ **General manager.** The owner runs the business and leaves at closing. A market general manager replaces the owner's salary ($155K a year).

WHAT THIS MEANS FOR THE DEAL

Budget for a market general manager, managers at market pay, market rent and normal fleet upkeep: the seller's P&L does not carry them. Each dollar of commercial revenue lost takes about 50 cents of EBITDA; a home-repair dollar about 15 cents (TTM). Normalized EBITDA already carries these costs, so the price does not pay for them.

Next: the working capital that comes with the business, and the peg.

6 Working capital and peg

Before the sale, customers paid early, stock was cut and suppliers waited, so working capital fell below its normal level. The books also leave out $631K of liabilities at 31 Aug 2026, mostly sales tax not remitted.

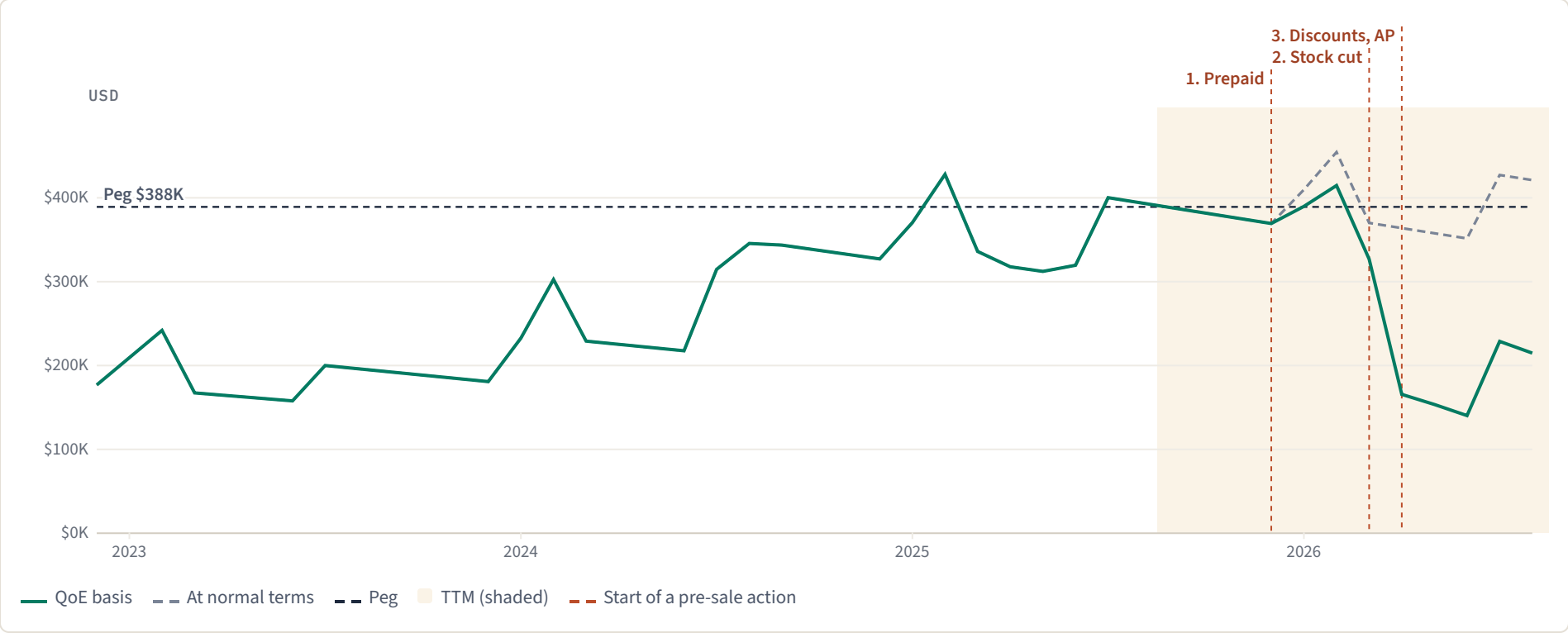
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The peg is $388K, the TTM average of month-end working capital at normal terms

The peg fixes how much working capital comes with the business; the price moves with any gap at closing. Before the sale, the seller drew working capital down.

Figure 6.1 · Working capital against the peg, by month



Month-end working capital on the QoE basis and at normal terms against the peg, Jan 2023 – Aug 2026; USD; markers at the start of each pre-sale action. Source: databook, NWC Monthly, NWC Peg.

- **Definition and source.** Working capital is receivables, stock and prepaid costs less payables, pay and job fees owed. We rebuilt it month by month from the aging reports (Table C.1), stock counts, payroll register and invoices, as the books are kept on the cash basis.
- **TTM average.** The peg is the TTM average at normal terms. The correction for prepaid fees adds $22K to it.
- **Pre-sale actions.** At 31 Aug 2026 working capital is $214K against $420K at normal terms. Stock was run down from Mar 2026, and from Apr 2026 customers paid early and suppliers waited. These pre-sale actions removed $206K.
- **True-up.** A dollar-for-dollar true-up returns the $174K shortfall. Growth ties up about 13% of each added dollar of commercial revenue.

$631K of liabilities are not in the books at 31 Aug 2026, led by $254K of sales tax not remitted

The seller keeps the books on the cash basis, so a liability appears only when it is paid. Each item is settled in the terms: off the price, in the peg, or by the seller.

Table 6.1 · Liabilities not in the books

	At 31 Aug 2026	USD	Treatment
①	Deferred revenue	$159,120	Debt-like
①	Payroll and PTO earned, not accrued	$54,814	NWC
①	Technician job fees on open jobs	$36,342	NWC
②	Sales tax charged, not remitted	$253,830	Seller's
③	Platform advance (a liability)	$82,200	Debt-like
③	Deferred fleet repairs	$45,000	Debt-like
	Total	**$631,306**	
④	Stock not moved in 12 months	$46,000	Excluded
④	Disputed invoices	$38,400	Excluded
④	Line of credit (recorded debt)	$75,000	Repaid at closing

Source: databook, Balance Sheet Health.

① **Deferred revenue and accruals.** Customers have paid for work the buyer will do after closing. The cost to serve it, $72K, comes off the price. Pay, PTO and job fees owed recur every month and belong in the peg. We rebuilt them from the payroll register and the platform export.

② **Sales tax not remitted.** The seller has charged sales tax to customers and not paid it to the state since Jan 2023, the start of the data. The invoice register shows the tax charged; the bank statements show no payment to the state. Interest and penalties are still to come. It is *the seller's liability under the purchase agreement; in many states the buyer of a business can be held liable unless a tax clearance is obtained — counsel to confirm*. Clearance at closing, a specific indemnity and the general escrow protect the buyer.

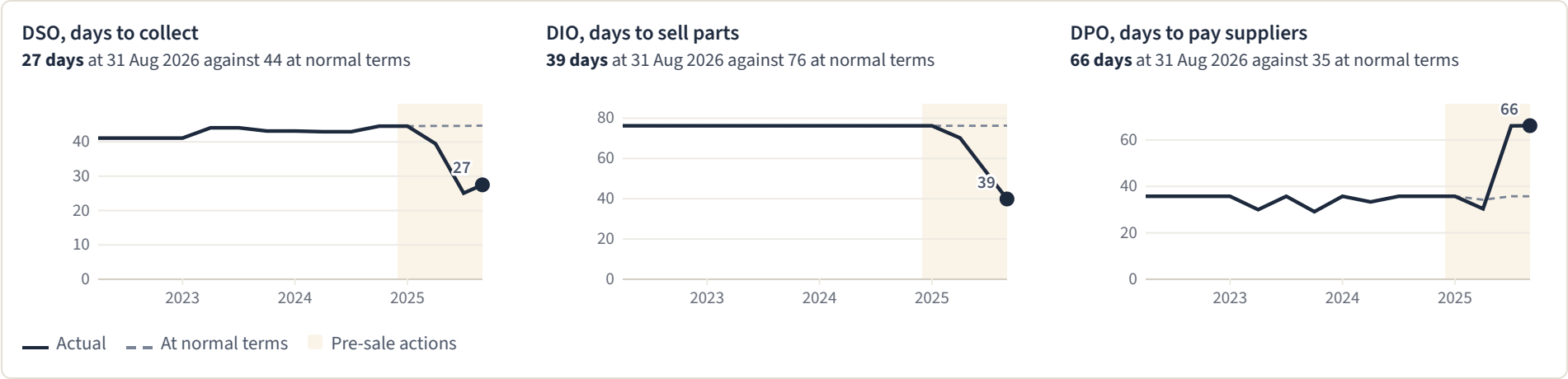
③ **Advance and fleet repairs.** The platform paid the seller an advance and recovers it from future job payouts (statement requested from the seller). The fleet repairs due follow the fleet repair estimate and are a bill for the seller's period. Both are debt-like and come off the price.

④ **Excluded and repaid.** Stock not moved in a year and Diner's disputed invoices stay out of the peg. The buyer cannot turn either into cash and should count stock at closing. The seller repays the line of credit at closing.

At 31 Aug 2026 customers pay in 27 days against 44 at normal terms: pre-sale actions, not better terms

The dashed lines mark normal terms; the shading marks the months from the first pre-sale action.

Figure 6.2 · Days to collect, to sell and to pay, at the quarter-ends



Days to collect (DSO), to sell (DIO) and to pay (DPO) at each quarter-end and at 31 Aug 2026; dashed lines at normal terms; shaded from the first pre-sale action. Source: databook, NWC Days.

- **Days to collect.** DSO is 27 days against 44 at normal terms. From Apr 2026 customers were given discounts to pay early. After closing they return to normal terms and receivables rise again. The days come from the AR aging, agreed to the ledger and the bank (receivables by age; Table D.1).
- **Days to sell.** DIO is 39 days against 76 at normal terms. Stock was run down from Mar 2026, per the inventory counts. Technicians need parts on the van to finish jobs on the first visit, so the buyer will have to restock. The peg at normal terms pays for that.
- **Days to pay.** DPO is 66 days against 35 at normal terms, and 54% of AP is past due per the AP aging. After closing the buyer pays those suppliers on normal terms, and the true-up covers it.

WHAT THIS MEANS FOR THE DEAL

Set the peg at $388K (TTM) with a dollar-for-dollar true-up. Without a peg you fund the $174K gap to normal working capital at closing; the pre-sale actions behind it removed $206K by 31 Aug 2026. Expect growth to tie up about 13% of each added dollar of commercial revenue (TTM). The unremitted sales tax ($254K) is *the seller's liability under the purchase agreement; in many states the buyer of a business can be held liable unless a tax clearance is obtained — counsel to confirm*.

Next: whether the earnings reach the bank.

7

Proof of cash and QoE ratio

Every bank account ties to its statements, and normalized EBITDA walks to the bank with $0 unexplained in TTM. The QoE ratio shows how much of TTM cash came from working capital.

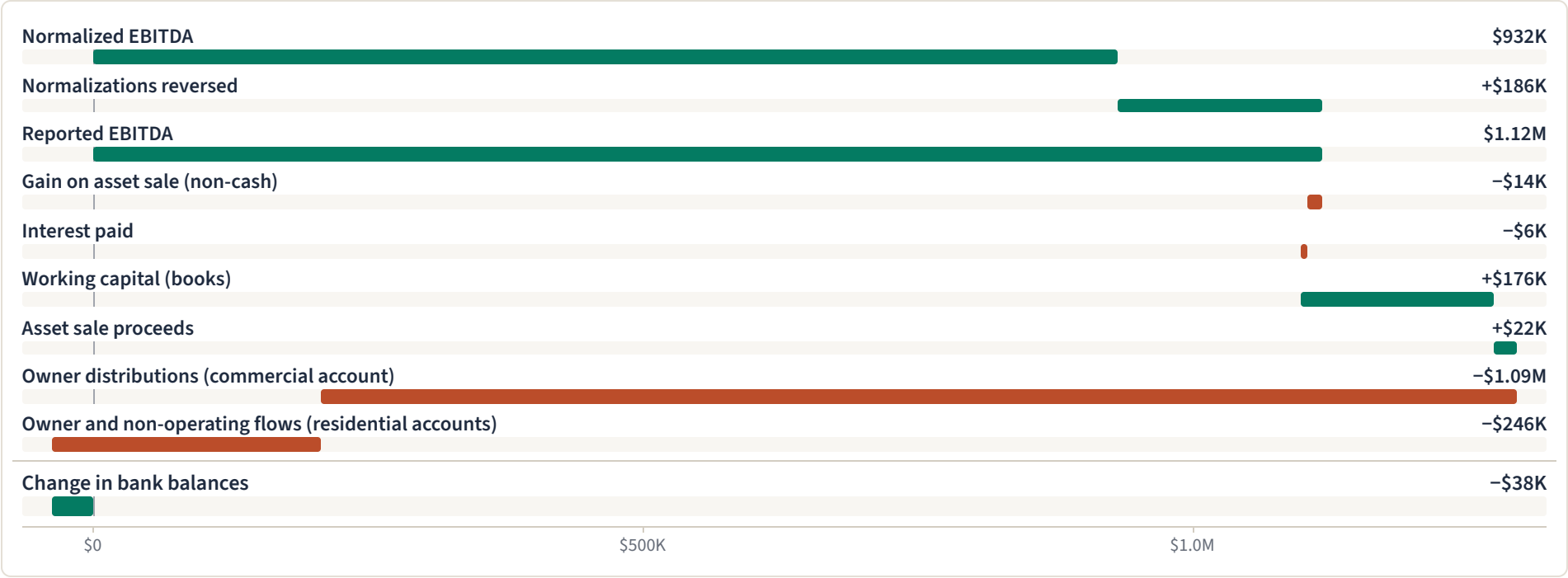
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Every account ties to its statements; EBITDA ties to the bank with $0 unexplained in TTM

The proof of cash walks normalized EBITDA to the change in the bank balances. It shows whether the earnings reached the bank and how much of TTM cash came from working capital.

Figure 7.1 · Normalized EBITDA to the change in the bank, TTM



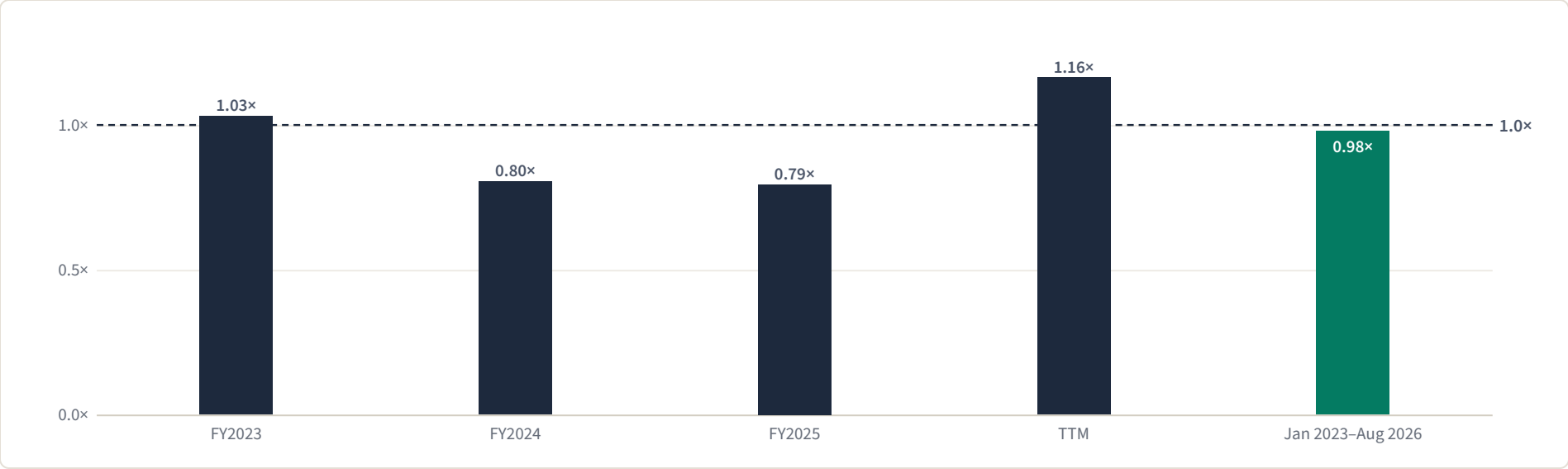
From normalized EBITDA to the change in the bank balances, TTM; USD. Source: databook, Cash Conversion.

- **Bank ties.** 104 account-months tied over Jan 2023 – Aug 2026. Each statement's balances agree to the ledger, and every deposit and payment is classified.
- **Normalizations reversed.** The walk reverses the normalizations to reach EBITDA in the books. It then follows the cash: interest, working capital, vans sold and payments to the owner.
- **The result.** It ends at the change in the bank balances with nothing unexplained, as in every year (Table E.1). The earnings reach the bank.
- **Receipts.** Commercial receipts were $3.09M against $2.96M earned. Customers paid early before the sale, so receivables fell by $122K. Fees billed ahead of the work add $5K. Month by month (Table E.2), receipts follow revenue.

The QoE ratio was 0.79× in FY2025 and 1.16× in TTM: growth, then the pre-sale release

The QoE ratio is operating cash flow over net income. Below 1.0×, profit waits in receivables or stock; above it, cash comes from working capital.

Figure 7.2 · QoE ratio by year



Operating cash flow over net income by year, for TTM and over Jan 2023 – Aug 2026; the line marks 1.0×. Source: databook, Cash Conversion.

- **Growth years.** It was 0.80× in FY2024, as growth tied cash up in receivables.
- **TTM.** The TTM ratio comes from the pre-sale release of working capital, not from conservative accounting.
- **Whole period.** Over Jan 2023 – Aug 2026 it is 0.98×, so there is no lasting gap between the books and cash.

WHAT THIS MEANS FOR THE DEAL

Treat TTM cash as lifted, not as a run-rate: the pre-sale actions to 31 Aug 2026 (next-year fees prepaid, early collection, stock cut, late payment to suppliers) released $206K. The earnings themselves reach the bank, so the price can rest on normalized earnings. The peg restores working capital at closing; budget the first months without that release.

Next: where the books depart from the standard, and the business risks after the sale.

8 Accounting policy and business risks

Eight departures from US GAAP add $260K to FY2025 EBITDA; each is corrected in normalized EBITDA or answered in the terms. Among the business risks, Taco's tender sets the price: at the expected price the loan passes the lender's test, and a rebate protects the price.

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Revenue on invoice, no reserves, no accruals: the departures add $260K to FY2025 EBITDA

The seller's books depart from the accounting standard in revenue timing, reserves and accruals. Each departure is measured from the records and corrected in normalized EBITDA.

Table 8.1 · Departures from the accounting standard

	Departure	Standard	FY2025	TTM
①	Revenue timing	ASC 606	$119,543	$5,440
①	Sales tax	ASC 606-10-32-2A	$94,963	$75,322
①	Financing	ASC 470	$0	$82,200
②	Credit losses	ASC 326	$38,400	$12,000
②	Stock	ASC 330	$0	$0
②	Payroll and PTO	ASC 710	$3,194	$1,054
②	Presentation	ASC 225	$0	$0
②	Matching	ASC 405	$3,667	$2,434
③	**Total**		**$259,766**	**$178,449**

Source: databook, Accounting Policies.

① **Revenue.** Revenue booked on invoice brings next-year fees into the year they are billed. Sales tax counted as revenue is money owed to the state. The platform advance booked as revenue is financing, which the platform recovers from future job payouts. Each is corrected in normalized EBITDA and normalized revenue.

② **Reserves and accruals.** No allowance for doubtful accounts: at 31 Aug 2026 Diner's disputed $38K sits in receivables at full value. No reserve for slow stock: $46K not moved in a year is carried at cost, with no effect on EBITDA. No accruals for pay and job fees owed, so a growing year looks cheaper than it is. Field labour shown below gross profit changes the gross margin, not EBITDA.

③ **In total.** Eight departures from the standard are mostly differences between cash-basis and accrual-basis reporting. Revenue is booked when invoiced rather than when earned, and pay and job fees owed are not accrued. Together they add $178K to TTM EBITDA.

- **After closing.** Each departure is corrected in normalized EBITDA or answered in the terms. After closing the buyer should move the books to accrual accounting.

At the expected price the loan passes the lender's test (1.90× on FY2025) and Stress; total debt is below our value range

The lender tests historical DSC, normalized EBITDA over the combined debt service after the purchase, on the last fiscal year or the two-year average (App. 15, C.2.iii.c, App. 15, C.2.iii.e), and requires 1.25× for an initial acquisition. The table tests the ask, the expected price and its sensitivity, and the price after the rebate.

Table 8.2 · Debt service coverage at the ask, at the expected price and after the rebate

	Price and loan	Price	Multiple	SBA loan	Debt service a year	DSC FY2025	DSC average	Stress, TTM
①	The ask	$4,600,000	4.93×	$3,680,000	$702,590	1.16×	1.03×	0.77×
	EXPECTED PRICE, BY THE CHANCE THAT TACO RENEWS							
	30%	$2,520,000	2.70×	$2,016,000	$384,897	2.11×	1.88×	1.41×
②	**50%, the buyer's assumption**	**$2,800,000**	**3.00×**	**$2,240,000**	**$427,663**	**1.90×**	**1.70×**	**1.27×**
	70%	$3,080,000	3.30×	$2,464,000	$470,430	1.73×	1.54×	1.16×
③	After the rebate, re-amortized: Taco lost	$2,100,000		$1,775,744	$291,720	1.73×	1.64×	1.86×
	Required as an initial acquisition					1.25×	1.25×	1.25×

Price, implied multiple of TTM normalized EBITDA *(not a valuation)*, SBA loan, debt service and DSC in SOP form (FY2025, two-year average) with Stress (TTM) for information, at the ask, at the expected price for each chance of renewal and after the rebate. Debt service: SBA loan 10.5%, 10 years, monthly; seller note 6%, 5 years, amortizing — *assumed loan terms; the lender sets its own. Our calculation; the coverage test and the credit decision are the lender's.* Source: databook, Deal Impact, Tender Schemes, Debt Coverage.

① **Coverage at the ask.** At the ask the loan is covered 1.16× on FY2025 and 1.03× on the two-year average, below 1.25×: the buyer would add $318K of equity ($755K on the average). Stress is 0.77×.

② **Expected price.** At the buyer's 50% chance of renewal the price is $2.80M, 3.0× of TTM normalized EBITDA. The loan of $2.24M is covered 1.90× on FY2025 and 1.70× on the average; Stress, for information, is 1.27×.

- **Sensitivity.** A lower chance of renewal lowers the price and the loan and lifts coverage; a higher chance does the reverse. The earnings can finance up to $4.26M on FY2025 and $3.80M on the average; Stress reaches the minimum up to a 53% chance of renewal, about $2.85M.
- **Total debt against value.** At the ask, total debt of $4.14M is above our TTM value range of $3.06M–$3.53M; at the expected price, $2.52M is below it (App. 15, A.17). *Our range is a pricing guide; the lender's appraiser sets the value for this test.*

③ **After the rebate.** If Taco has not renewed by 31 Jan 2027, the $0.7M rebate brings the price to $2.1M and the loan to $1.78M; re-amortized, the loan is covered 1.73× on FY2025 without Taco's contribution.

What can go wrong, in money: Taco costs $320K of EBITDA a year (TTM); Diner's notice and the consents sit outside Stress

Each risk in money: a year's effect, used for the loan test, and the next 12 months, which show the timing. The status shows whether Stress carries it.

Table 8.3 · What can go wrong, in money

	Risk	When	Revenue, a year	EBITDA, a year	EBITDA, Sep 2026 – Aug 2027	Trigger	Protection	Status
①	Taco does not renew	After 31 Jan 2027	−$633K	−$320K	−$186K	Out to tender; award expected by 16 Nov 2026	Expected price; $0.7M rebate to the SBA loan	in Stress
②	Home repairs keep falling	Under way	−$367K	−$53K	−$53K	Marketing cut to $588K in TTM from $769K in FY2025; down 14% in Jan–Aug 2026	Marketing budget; the price rests on TTM	in Stress
③	Taco stays, two technicians leave	Any time	−$106K	−$70K	−$70K	Taco keeps the team fully loaded; three months to replace them	Retention; market pay already in normalized EBITDA	not a scenario
③	Diner ends its contract	60 days' notice	−$385K	−$194K	−$162K	Open-ended contract, 7% of TTM revenue	None in the contract	not in Stress
④	Grill, Burger withhold consent	Before closing	−$1,732K	−$875K	—	Change of control needs consent: 31% of TTM revenue	Closing condition	condition
④	Other commercial, home repairs: no contract	Any time	—	—	—	51% of TTM revenue has no contract	Home repairs' fall is in Stress	partly in Stress
④	Growth needs more technicians	With new contracts	—	—	—	14 commercial technicians earned $213K each in TTM; no hours recorded	Hire before new contracts start	condition

A year's effect is used for the loan test; the next 12 months show the timing. USD, on TTM. Source: databook, Scenarios TTM, Revenue by Customer, Contracts, Cost Structure.

① **Taco.** Taco brings 11% of TTM revenue, not secured until its decision by 16 Nov 2026. A year without it costs $320K of EBITDA (TTM); in Sep 2026 – Aug 2027 it costs $186K, from the month after 31 Jan 2027. The expected price weighs that chance, and the rebate covers a loss after closing.

② **Home repairs.** Home repairs fell 14% in Jan–Aug 2026 against Jan–Aug 2025 after marketing was cut to $588K in TTM from $769K in FY2025. If the fall continues, EBITDA loses $53K a year (TTM).

③ **Technicians and Diner.** If Taco renews, two commercial technicians leaving for three months would cost about $70K of EBITDA: a risk, not a scenario. Diner (7% of TTM revenue) can end its contract on 60 days' notice; at the commercial margin that is $194K of EBITDA a year, outside Stress. The owner may stay only as a consultant, for up to 24 months.

④ **Consents and growth.** The Grill and Burger consents (31% of TTM revenue) are a closing condition. 51% of TTM revenue has no contract. 14 commercial technicians earned $213K of revenue each in TTM; the records hold no hours, so growth beyond TTM volume means hiring first.

Protection: a $0.7M rebate to the SBA loan if Taco has not renewed by 31 Jan 2027 brings the price to $2.1M

With an SBA loan the seller cannot take an earn-out, so the protection is a rebate paid to the loan. The table shows the price, the loan and coverage before and after it.

Table 8.4 · The expected price and the rebate

USD	Price	Equity	Seller note	SBA loan	Debt service a year	DSCR
Expected price at closing	$2,800,000	$280,000	$280,000	$2,240,000	$427,663	1.90× FY2025 · TTM 2.18× · Stress 1.27×
Rebate if Taco has not renewed by 31 Jan 2027	−$700,000		−$267,900	−$432,100		
Effective price, loan re-amortized	**$2,100,000**			**$1,775,744**	**$291,720**	**1.73× FY2025 · TTM 2.10× · Stress 1.86×**
The loan at the same payment					$362,705	1.39× FY2025 · TTM 1.69× · Stress 1.50×
Note offset $267,900 · Rebate escrow $440,000						

Source: databook, Tender Schemes.

- **The expected price.** At closing the buyer pays $2.80M: equity, a seller note and an SBA loan of $2.24M.
- **The rebate.** If Taco has not renewed by 31 Jan 2027, the seller pays a $0.7M rebate. The effective price is $2.1M, the price without Taco.
- **Rebate security.** An offset against the seller note ($268K) and a rebate escrow of $0.44M secure it. The cash goes to the SBA loan, as the rules require (SOP 50 10 8.1, Appendix 15, Para. A.21). *Terms to be agreed with the buyer's counsel.*
- **Re-amortize.** Re-amortized, the loan of $1.78M is covered 1.73× on FY2025 without Taco's contribution and 1.86× in Stress (TTM). At the same payment Stress is 1.50×, also above the minimum. *The note offset, the rebate escrow and the re-amortization need the lender's approval*; at the same payment DSC is 1.39× on FY2025.

WHAT THIS MEANS FOR THE DEAL

At $2.80M the loan passes the lender's test and Stress; the rebate protects the price. In SOP form coverage is 1.90× on FY2025 and 1.70× on the two-year average; Stress, for information, is 1.27× (TTM), above 1.25×. Without Taco the business is worth about $2.1M on our pricing guide: agree a $0.7M seller rebate to the SBA loan if Taco has not renewed by 31 Jan 2027, secured by the seller note and a $0.44M rebate escrow. The effective price then falls to $2.1M, and the re-amortized loan is covered 1.73× on FY2025 without Taco's contribution.

The appendix that follows holds the supporting schedules.

A–G

Appendix: supporting schedules

Detailed schedules to check the conclusions of the report: the procedures, the statements by month, working capital, receivables and stock, the proof of cash, the earnings reconciliation with the lender's checklist, and the documents.

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Procedures: every account tied to its statements over Jan 2023 – Aug 2026, the books to the bank, the returns to the IRS transcripts

Each procedure with the documents it used and what it found. Every conclusion of the report rests on these ties; the tables named hold the figures.

Table A.1 · Procedures performed

Area	Procedure	Result	See
Bank	Tied every account to its statements, month by month	104 account-months over Jan 2023 – Aug 2026; $0 unexplained in TTM	
Books	Tied the ledger to the bank and to the seller's P&L, line by line	Every P&L line ties for each year	Table 3.1
Tax and reporting	Tied the internal P&L to the accountant's statements, the returns and the IRS transcripts	Highest reporting level: CPA-compiled financial statements	Table F.1
Revenue	Read the contracts and notices; tied fees to the invoice register and receipts to the bank	Commercial receipts of $3.09M against $2.96M earned (TTM): receivables collected down $122K, fees billed ahead $5K	Table 4.3
Add-backs	Traced each add-back to its invoice, card statement or payroll record	$189K accepted of $298K claimed (FY2025)	Table 2.2
Payroll	Tied the payroll register to the ledger and the bank; compared pay with market rates	Run-rate costs $183K a year (TTM), a market general manager included	Table 5.3
Working capital	Rebuilt receivables, stock, payables, pay and job fees owed for each month-end	Peg $388K (TTM)	Table C.1
Liabilities	Searched for liabilities not in the books: sales tax, deferred revenue, advances, pay, repairs	$631K at 31 Aug 2026	Table 6.1
Financing	Tested the debt service coverage in SOP form at the ask, the expected price and after the rebate, with Stress for information	1.90× on FY2025 at the expected price; 1.16× at the ask	Table 8.2

Source: databook, Document Ties, Proof of Cash, Earnings Reconciliation.

Income statement by month, TTM, down to adjusted EBITDA

Every P&L line by month of TTM from the general ledger. Commercial revenue is steady month to month; home repairs and the costs that follow them move with the season, and the adjustments shift EBITDA between months without changing TTM.

Table B.1 · Income statement by month, TTM

USD thousands	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	Mar 2026	Apr 2026	May 2026	Jun 2026	Jul 2026	Aug 2026	TTM
Sales - Commercial Repairs	156.3	156.3	156.3	156.3	167.9	167.9	167.9	165.4	165.4	165.4	165.4	165.4	1956.1
Sales - Commercial Service Agreements	44.4	44.4	44.4	163.9	502.3	24.9	24.9	24.6	24.6	24.6	45.1	45.1	1013.0
Sales - Residential Service	280.1	274.6	237.1	263.1	207.4	183.2	184.3	199.5	189.0	207.9	265.3	273.2	2764.8
Total revenue	**480.8**	**475.3**	**437.7**	**583.4**	**877.6**	**376.1**	**377.1**	**389.5**	**379.0**	**397.9**	**475.8**	**483.7**	**5733.9**
Cost of Goods Sold - Parts and Materials	52.2	62.6	57.6	68.3	54.6	51.6	47.5	51.3	49.0	48.9	52.4	51.5	647.7
Accounting Fees	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	24.0
Advertising and Lead Fees	89.6	68.5	57.9	22.3	27.0	3.9	45.4	12.0	12.5	40.3	58.3	52.1	489.9
Automobile Expense	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	8.8
Bank Service Charges	0.9	0.7	0.5	0.2	0.9	0.0	0.0	1.5	0.0	0.1	0.0	0.0	4.8
Computer and Internet Expenses	1.8	2.0	2.0	2.5	1.9	1.9	1.9	2.1	2.1	1.9	2.1	2.1	24.2
Conferences and Seminars	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contract Labor - Office Support	6.1	3.8	5.4	4.8	7.7	5.6	4.8	4.2	5.1	4.6	5.0	4.9	61.9
Contract Labor - Technicians	130.6	141.0	142.0	138.0	101.9	91.3	87.2	88.8	105.3	100.8	147.1	146.7	1420.7
Credit Card Charges	3.6	3.3	4.9	22.5	31.6	37.0	1.6	43.9	33.2	5.2	5.4	4.3	196.5
Fuel	3.6	3.6	3.6	3.6	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	44.7
Insurance Expense	7.3	6.2	8.5	7.3	7.3	7.3	7.3	7.3	6.2	7.9	8.3	8.3	89.2
Legal and Professional Fees	0.0	0.0	12.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0	7.0	8.0	34.0
Office and Miscellaneous	0.3	1.1	1.5	0.7	1.0	1.2	1.0	0.7	0.3	0.5	1.5	1.9	11.6
Officer Compensation	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	60.8
Payroll Taxes	14.4	14.4	14.4	15.8	13.3	15.2	15.2	15.0	15.0	15.0	15.0	15.0	177.6
Rent Expense	3.6	3.6	3.5	3.4	3.4	6.6	5.9	7.5	6.9	7.0	7.1	2.9	61.5
Salaries and Wages - Office	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6	283.1
Software Subscriptions	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	14.0
Storage Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subcontractors	4.8	4.8	4.8	4.8	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	59.6
Taxes and Licenses	0.0	0.0	0.0	0.0	0.0	5.4	0.0	3.0	0.0	0.0	0.0	0.0	8.4
Technician Wages	65.8	65.8	65.8	65.8	66.5	69.5	69.5	69.5	69.5	69.5	69.6	69.7	816.5
Vehicle Leases	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	81.6
Vehicle Repairs and Maintenance	1.8	1.8	1.8	1.8	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	9.0
Total operating expenses	**373.4**	**359.8**	**367.7**	**332.8**	**310.9**	**293.4**	**288.3**	**303.9**	**304.6**	**308.2**	**374.9**	**364.3**	**3982.3**
Gain on Sale of Assets	0.0	14.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.0
EBITDA, reported	**55.1**	**66.9**	**12.4**	**182.2**	**512.1**	**31.1**	**41.4**	**34.3**	**25.3**	**40.7**	**48.5**	**68.0**	**1118.0**
Adjustments by month (Monthly Adjustments TTM)	23.0	8.0	37.3	−96.6	−435.4	47.8	45.4	50.4	48.3	54.6	34.0	−44.8	−227.9
Adjustments for the period as a whole													42.3
EBITDA, adjusted	**78.1**	**74.9**	**49.7**	**85.6**	**76.7**	**78.9**	**86.8**	**84.7**	**73.7**	**95.3**	**82.6**	**23.2**	**932.5**

Source: databook, Monthly P&L TTM.

EBITDA adjustments by month over TTM, each in the month of its records

Each adjustment sits in the month of its records; those known only for TTM as a whole are in the column Period. Market pay and the market general manager recur every month; fees billed ahead and the pre-sale discounts fall in the months they were billed.

Table B.2 · EBITDA adjustments by month, TTM

USD thousands	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	Mar 2026	Apr 2026	May 2026	Jun 2026	Jul 2026	Aug 2026	TTM
Owner's vehicle loan payments	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	8.8
Owner's personal auto and home insurance	1.2	0.0	2.3	1.2	1.2	1.2	1.2	1.2	0.0	1.7	1.4	1.4	13.9
Owner's personal purchases on the business cards	0.4	0.3	0.5	2.2	3.2	3.7	0.2	4.4	3.3	0.5	0.5	0.4	19.6
Family member on payroll	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	45.2
Costs of preparing the sale (broker, deal counsel)	0.0	0.0	12.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0	7.0	8.0	34.0
Staff of the owner's other business paid by the company	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	58.2
Technicians of the business paid from the owner's other business account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	−22.4
Personal payments within labour lines	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5
Handyman work outside the business (half)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.0
Platform advance (not revenue)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	−82.2	−82.2
Sales tax charged to customers (not revenue)	−7.6	−7.4	−6.6	−9.6	−7.8	−5.1	−4.2	−5.7	−5.8	−5.4	−5.7	−4.4	−75.3
Prepaid fees booked as revenue when billed	0.0	0.0	0.0	−119.5	19.9	19.9	19.9	19.9	19.9	19.9	0.0	0.0	0.0
Annual fees booked as revenue when billed	38.4	38.4	38.4	38.4	−437.6	39.8	39.8	39.8	39.8	39.8	39.8	39.8	−5.4
Early-payment discounts before the sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.8	2.8	2.8	2.8	2.8	14.1
Gain on the sale of vehicles (outside EBITDA)	0.0	−14.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	−14.0
Disputed invoices written off / bad-debt allowance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	−12.0
Related-party rent to market	−1.0	−1.0	−0.9	−0.9	−0.9	−1.8	−1.6	−2.0	−1.9	−1.9	−1.9	−0.8	−16.5
Operations manager pay to market	−2.4	−2.4	−2.4	−2.4	−2.4	−2.4	−2.4	−2.4	−2.4	−2.4	−2.4	−2.4	−29.1
Bookkeeper pay to market	−2.5	−2.5	−2.5	−2.5	−2.5	−2.5	−2.5	−2.5	−2.5	−2.5	−2.5	−2.5	−30.1
Fleet maintenance to normal level	−0.5	−0.5	−0.5	−0.5	−2.0	−2.0	−2.0	−2.0	−2.0	−2.0	−2.0	−2.0	−18.0
Job fees on open jobs not accrued	0.0	0.0	0.0	0.0	−2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	−2.4
Wages earned and unpaid at period-end not accrued	0.0	0.0	0.0	0.0	−1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	−1.1
Owner's salary replaced by a market general manager	−7.4	−7.4	−7.4	−7.4	−7.4	−7.4	−7.4	−7.4	−7.4	−7.4	−7.4	−7.4	−89.3
Adjustments, total	**23.0**	**8.0**	**37.3**	**−96.6**	**−435.4**	**47.8**	**45.4**	**50.4**	**48.3**	**54.6**	**34.0**	**−44.8**	**−185.5**

Source: databook, Monthly Adjustments TTM.

Working capital by month over TTM, as booked and at normal terms, against the $388K peg (TTM)

Each component at each month-end of TTM. Working capital at normal terms stays near the peg; as booked it falls from Apr 2026 as receivables are collected early, stock is cut and suppliers wait.

Table C.1 · Working capital by month, TTM

USD thousands	Receivables	Disputed	Billed ahead	Stock	Slow stock	Prepaid	Payables	Pay owed	Job fees owed	As booked	QoE basis	Normal terms
Sep 2025	387.8	38.4	0.0	154.7	46.0	55.5	39.1	53.8	33.9	558.9	386.9	386.9
Oct 2025	387.8	38.4	0.0	154.7	46.0	49.3	39.1	53.8	33.9	552.8	380.7	380.7
Nov 2025	387.8	38.4	0.0	154.7	46.0	43.2	39.1	53.8	33.9	546.6	374.5	374.5
Dec 2025	507.3	38.4	119.5	154.7	46.0	37.0	39.1	53.8	33.9	660.0	368.4	368.4
Jan 2026	857.3	38.4	437.6	159.4	46.0	30.8	45.6	54.8	36.3	1001.9	388.8	408.7
Feb 2026	845.0	38.4	397.8	159.4	46.0	24.7	42.0	54.8	36.3	987.0	413.7	453.5
Mar 2026	364.8	38.4	0.0	152.3	46.0	18.5	34.2	54.8	36.3	501.4	325.9	369.1
Apr 2026	245.0	38.4	0.0	145.2	46.0	12.3	62.5	54.8	36.3	340.1	164.6	362.9
May 2026	245.0	38.4	0.0	138.2	46.0	6.2	61.3	54.8	36.3	328.1	152.6	356.7
Jun 2026	245.0	38.4	0.0	131.1	46.0	0.0	61.3	54.8	36.3	314.8	139.3	350.6
Jul 2026	265.5	38.4	0.0	124.2	46.0	75.2	61.5	54.8	36.3	403.4	227.8	426.2
Aug 2026	265.5	38.4	0.0	117.1	46.0	68.3	61.6	54.8	36.3	389.4	213.8	420.2

Source: databook, NWC Monthly.

Receivables by age, stock by count and fixed assets at 31 Aug 2026

Receivables are collected within their terms except Diner's disputed invoices, $38K at 31 Aug 2026, kept out of the peg. $46K of stock has not moved in a year at 31 Aug 2026; vehicles are at cost less depreciation, and two vans were sold in Oct 2025.

Table D.1 · AR aging at the latest month-ends

Month-end	Current	1-30	31-60	61-90	Over 90	Total
28 Feb 2026	$287,335	$519,235	$0	$0	$38,400	$844,970
31 Mar 2026	$271,106	$55,255	$0	$0	$38,400	$364,761
30 Apr 2026	$189,588	$17,015	$0	$0	$38,400	$245,002
31 May 2026	$188,762	$17,840	$0	$0	$38,400	$245,002
30 Jun 2026	$190,578	$16,024	$0	$0	$38,400	$245,002
31 Jul 2026	$201,453	$25,690	$0	$0	$38,400	$265,542
31 Aug 2026	$201,256	$25,886	$0	$0	$38,400	$265,542

Source: databook, AR Aging.

Table D.2 · Stock and fixed assets

		Total	Not moved in a year	Lines
STOCK AT EACH COUNT				
31 Dec 2023	$113,257	$46,000	$100	
31 Dec 2024	$147,279	$46,000	$107	
31 Dec 2025	$154,684	$46,000	$101	
31 Aug 2026	$117,071	$46,000	$99	
FIXED ASSETS, SELLER'S BALANCE SHEET: 31 DEC 2023 · 31 DEC 2024 · 31 DEC 2025 · 31 AUG 2026				
Accumulated Depreciation	−54,000 · −72,000 · −35,000 · −35,000			
Vehicles and Equipment	126,000 · 126,000 · 63,000 · 63,000			
Total Fixed Assets	**72,000 · 54,000 · 28,000 · 28,000**			

Source: databook, Inventory, Balance Sheet Adjusted.

Earnings tie to the bank in every year of Jan 2023 – Aug 2026

Normalized EBITDA walks to the change in the bank balances in every year and TTM with nothing unexplained. The payments to the owner take most of the cash the business makes; working capital ties cash up in the growth years and releases it in TTM.

Table E.1 · Proof of cash by year

USD	FY2023	FY2024	FY2025	TTM
Net income (accountant-prepared basis)	**460,599**	**798,032**	**989,830**	**1,093,985**
Change in books NWC	4,000	173,824	207,038	−175,711
Operating cash flow	**474,599**	**642,208**	**786,792**	**1,273,696**
QoE ratio (OCF ÷ net income)	1.03×	0.80×	0.79×	1.16×
Cash conversion (OCF ÷ normalized EBITDA)	133.6%	100.8%	96.7%	136.6%
Normalized EBITDA	**355,278**	**636,933**	**813,913**	**932,469**
Normalizations reversed	129,321	185,099	199,917	185,516
Reported EBITDA	484,599	822,032	1,013,830	1,117,985
Gain on asset sale (non-cash)	0	0	−14,000	−14,000
Interest paid	−6,000	−6,000	−6,000	−6,000
Working capital (books)	−4,000	−173,824	−207,038	175,711
Asset sale proceeds	0	0	22,000	22,000
Owner distributions (commercial account)	−370,000	−472,000	−686,000	−1,088,000
Owner and non-operating flows (residential accounts)	−111,688	−102,356	−169,890	−245,557
Change in bank balances	**−7,089**	**67,853**	**−47,098**	**−37,860**
Unexplained	0	0	0	0

Source: databook, Cash Conversion.

Month by month: customer receipts against normalized revenue

Customer receipts per the bank statements against normalized revenue for each month of FY2025 and TTM. The difference is the sales tax collected, the timing of collections and, in TTM, the platform advance; over the months it nets out.

Table E.2 · Customer receipts and normalized revenue by month

Month	Customer receipts, bank	Normalized revenue	Difference
Jan 2025	$378,005	$429,087	−$51,082
Feb 2025	$402,849	$452,413	−$49,564
Mar 2025	$912,820	$483,162	$429,658
Apr 2025	$446,665	$477,372	−$30,707
May 2025	$463,545	$505,631	−$42,086
Jun 2025	$457,573	$500,399	−$42,827
Jul 2025	$399,233	$443,515	−$44,282
Aug 2025	$432,495	$463,702	−$31,207
Sep 2025	$480,780	$511,612	−$30,832
Oct 2025	$475,310	$506,310	−$31,000
Nov 2025	$437,743	$469,560	−$31,816
Dec 2025	$463,821	$492,659	−$28,838
Jan 2026	$527,665	$452,173	$75,492
Feb 2026	$388,382	$430,663	−$42,280
Mar 2026	$857,345	$432,672	$424,672
Apr 2026	$509,223	$446,248	$62,975
May 2026	$378,994	$435,742	−$56,747
Jun 2026	$397,884	$454,986	−$57,102
Jul 2026	$455,279	$512,708	−$57,429
Aug 2026	$483,727	$439,683	$44,044
Total, FY2025	**$5,750,840**	**$5,735,422**	**$15,418**
Total, TTM	**$5,856,156**	**$5,585,018**	**$271,138**

Source: databook, Revenue by Month, Monthly P&L.

Earnings reconciliation and the lender's checklist

Net income agrees from the internal P&L to the accountant's statements, the returns and the IRS transcripts, but for the accountant's year-end depreciation entry; reporting level: CPA-compiled financial statements. Each QoE requirement of SOP 50 10 8.1 maps to a table of this report.

Table F.1 · Earnings reconciliation

USD	FY2023	FY2024	FY2025
Revenue, seller's books	$2,666,753	$4,517,780	$5,949,928
Net income, internal P&L	$478,599	$816,032	$1,007,830
Accountant's year-end entries	−$18,000	−$18,000	−$18,000
Net income, accountant-prepared statements	**$460,599**	**$798,032**	**$989,830**
Ordinary business income, Form 1120-S	$460,599	$798,032	$989,830
Ordinary business income, IRS transcript	$460,599	$798,032	$989,830
Reported EBITDA	**$484,599**	**$822,032**	**$1,013,830**
Normalized EBITDA	**$355,278**	**$636,933**	**$813,913**

Source: databook, Earnings Reconciliation.

Table F.2 · What an SBA lender checks and where the report answers it

Requirement	Rule	Where in this report
A QoE independent of the seller; a buyer's QoE usable once the lender's vendor has checked it	App. 15, C.1	Transmittal letter
The accountant's statements, the returns, the internal statements and the IRS transcripts reconciled	App. 15, C.1.a	Table F.1, Table 3.1
Proof of cash: the bank statements to the income statement and the return	App. 15, C.1.b	Table E.1
Every add-back and adjustment: one-off items, owner pay, related parties, deferred maintenance, differences between cash-basis and accrual-basis reporting	App. 15, C.1.c	Table 2.1, Table 2.2, Table 8.1
Customer concentration, contract continuity and whether revenue and margins hold after the sale	App. 15, C.1.c	Table 4.3, Figure 4.3, Figure 5.2, Table 8.3
The lender uses the QoE earnings in its coverage test; if coverage fails, a smaller loan or more equity	App. 15, C.1.d; App. 15, A.16	Table 8.2
Coverage of 1.25× for this transaction type	App. 15, C.2.iii.c	Table 8.2, Figure 1.3
Total debt within the value: at the ask above our TTM value range, at the expected price below it	App. 15, A.17	Figure 1.1, Table 8.2
Fiscal years at the highest reporting level. Interim Jan–Aug 2026 against Jan–Aug 2025: compared in the revenue section (home repairs −14%, commercial +5.7%); the full interim analysis is the lender's	App. 15, C.2.iii.a.ii	Table 3.1, Table 4.1
The seller may stay only as a consultant, for up to 24 months	App. 15, A.22	Table 8.3
No earn-out to the seller; a rebate goes to the loan; a working capital true-up is not a rebate	App. 15, A.21	Table 8.4
Working capital enough for the next year	App. 15, C.2.vi	Figure 6.1
Historical and projected earnings: coverage tested on historical figures; projections evaluated, not relied on	App. 15, C.2.iii.g	Table 2.4, Table 2.1, Figure 4.1

Source: databook, Debt Coverage, SBA rules.

241 documents in 22 groups examined

Each group of documents with its period, the number of files and its status. Every figure in the report traces to these documents; a single request to the seller is open: the platform's statement of the advance and its recovery.

Table G.1 · Documents examined

Group	Period	Files	Status
Bank statements, three operating accounts, with check images	Jan 2023 – Aug 2026	104	received
Card statements, two cards	Jan 2023 – Aug 2026	48	received
General ledger and trial balances	Jan 2023 – Aug 2026	2	received
Seller P&Ls; combined P&L workbook with the seller's comments	FY2023 – FY2025; Jan–Aug 2026	5	received
Balance sheets	Dec 2023 – Aug 2026	4	received
Accountant-prepared statements (compilation)	2023–2025	3	received
Tax returns, Form 1120-S	2023–2025	3	received
IRS transcripts	2023–2025	6	received
AR and AP aging	Jan 2023 – Aug 2026	2	received
Inventory counts	Dec 2023 – Aug 2026	1	received
Invoice register	Jan 2023 – Aug 2026	1	received
Customer agreements, amendment, notice; platform agreement	—	7	received
Payroll register	Jan 2023 – Aug 2026	1	received
Staff and management questionnaire	—	1	received
Field-service platform export (jobs and payments)	Jan 2023 – Aug 2026	1	received
Vendor and payee list with the seller's notes; addendum	—	2	received
Seller recast	—	1	received
Insurance policies and loss runs	—	12	received
Registrations and licences	—	2	received
Statement of Information; lease	—	2	received
Supporting documents for the adjustments	—	31	received
Broker profile; LOI	—	2	received

Source: databook, Documents tab: documents manifest.