

—Demo Report—

Valat^oa Valuation Report

This demo report includes a few pages from the 27-page Valat^oa Valuation Report

HVAC Ltd
located in United Kingdom

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Report Prepared By: Valat^oa

Report Prepared on behalf of: John Smith

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HOW TO USE THIS REPORT

TAKE STOCK OF YOUR POSITION

Your Valatoa report is indicative of a professional valuation. Valatoa estimates your company value using the most popular methods used by the business valuing industry and data of approximately 50,000 businesses recently sold and listed for sale to ensure valuations are the most accurate for your business size and industry.

DISCUSS WITH YOUR ADVISOR

Find out what your company's strengths and weaknesses are and what is holding you back from taking your business to the next level.

Identify how your business scores in 9 areas that are important when optimising your company's value. Prospective business buyers consider these areas when evaluating a business. Valatoa Score is an overall measure of how well you've optimised your business in these 9 areas, enabling you to demand a high valuation and to achieve high growth.

MAKE A PLAN

Use this report and support from your advisor to build a solid plan for high growth or optimise the business value in preparation for a sale. Periodically measure your company valuation and Valatoa Score as you optimise your company value. Ultimately the value of a business can only be decided in negotiations between a business owner and a prospective business buyer, but always remember this famous Alexander Graham Bell quote:

*“Before anything else,
preparation is the key to success”*

-Alexander Graham Bell

YOUR ESTIMATED BUSINESS VALUATION

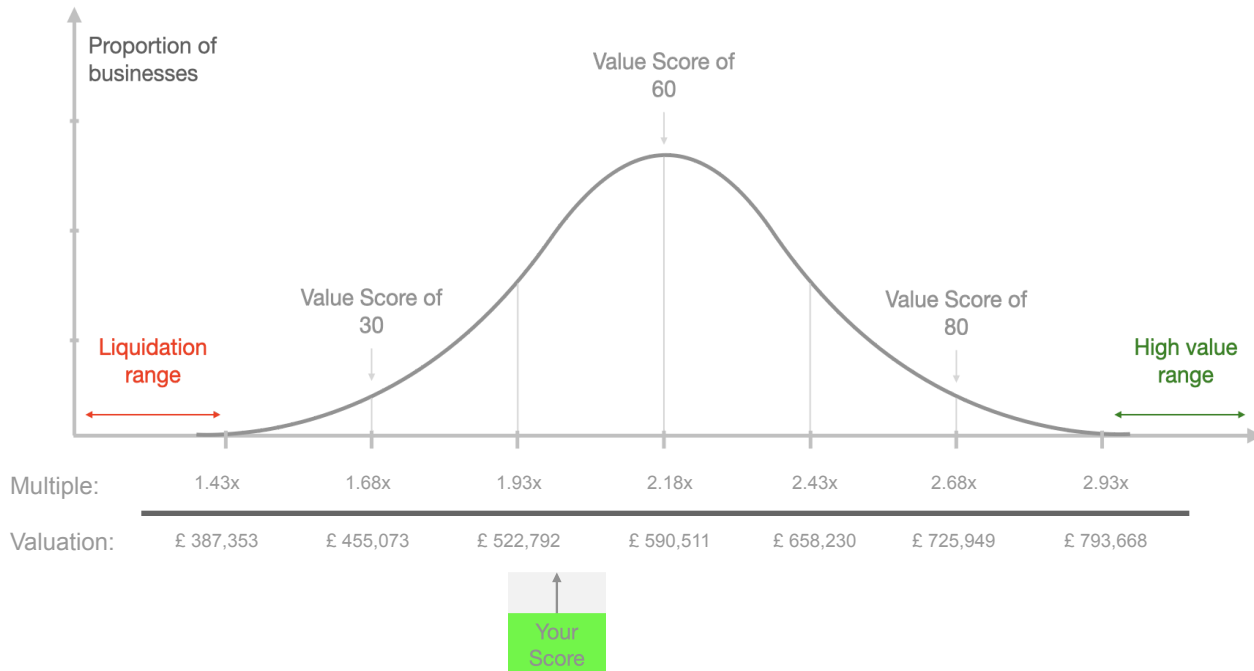
£ 541,753

Your industry:
Construction HVAC Businesses

Your country: *United Kingdom*

Your Company Description: *HVAC services*

For a similar size company in your industry, the average valuation is: £ 590,511. This is equivalent to a Valatoa Score of 60. Your Valatoa Score is 49 out of 100.



The size of your company has been estimated based upon a weighted average of your previous 3 years earnings:

Last Year	2 Years Ago	3 Years Ago	Average:
£ 235,663	£ 346,574	£ 245,364	£ 270,877

Note that this valuation does not include certain assets such as property and cash which may be added to a final sales price of a business.

HOW YOUR VALUATION IS ESTIMATED

Valatoa estimates your business valuation using the *Earnings Multiple* method by comparing your business to a dataset of over 50,000 small and medium sized businesses. Valatoa then adjusts your estimated valuation based upon your Valatoa Score.

Remember that **ultimately a business' worth can only be decided by how much a buyer and seller is willing to agree to** but your Valatoa report gives a good estimation based upon your questionnaire results and similar businesses in your industry.

Earnings Multiple is a popular and proven method to measure business value. See the 'Finances' section in this report for a detailed explanation. The most common methods used in the business valuing industry include:

Earnings multiples

An approximation of the valuation is made by comparing your company's previous annual earnings with other companies in your industry of a similar size who have recently sold. Also called the Comparables method.

Discounted cash-flow analysis

The valuation is based upon expected future cash flow, discounted for risks such as interest rates and industry stability. This method requires expected future cash flows to be accurate.

Revenues multiple

This method is similar to the Earnings Multiple method. An approximation of the valuation is made by comparing previous annual revenues with other companies in your industry of a similar size who have recently sold. This method is useful when the company has negative or low earnings, meaning that the Earnings Multiple method cannot be used.

Liquidation value

The valuation of a business is made by considering the hypothetical market value from the sale of all of the assets within the company if it was to be closed down and liquidated.

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HOW YOUR MULTIPLE WAS CALCULATED

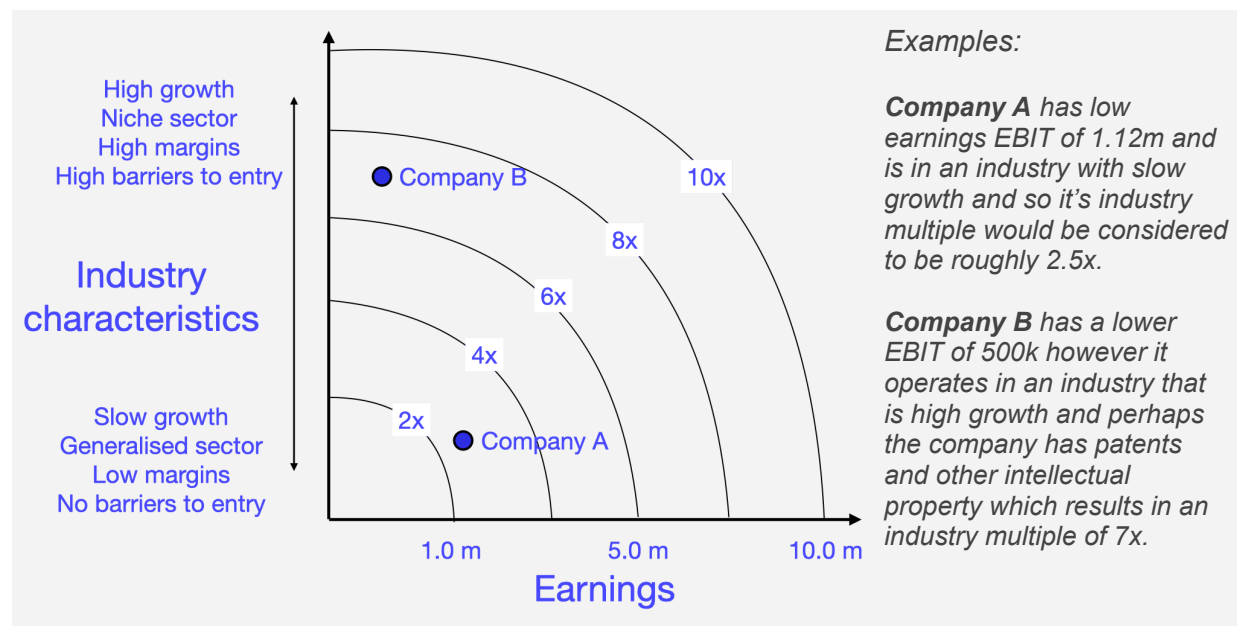
An approximation of your valuation is made by drawing a comparison with other companies in your industry of a similar size who have recently sold.

Earnings before interest and tax (EBIT) is used as a point of comparison, also known as pre-tax profit.

Your pre-tax profit from the previous three years are averaged and multiplied against a metric of *cash flow multiple* for your industry, also called an *industry multiple*. This metric is collected from industry standards data of over 55,000 companies in 65 industries. Your pre-tax profit was calculated to be £ 270,877 from your responses to the questionnaire.

Based upon your overall Valatoa Score of 49, you can expect a company multiple of : 2x

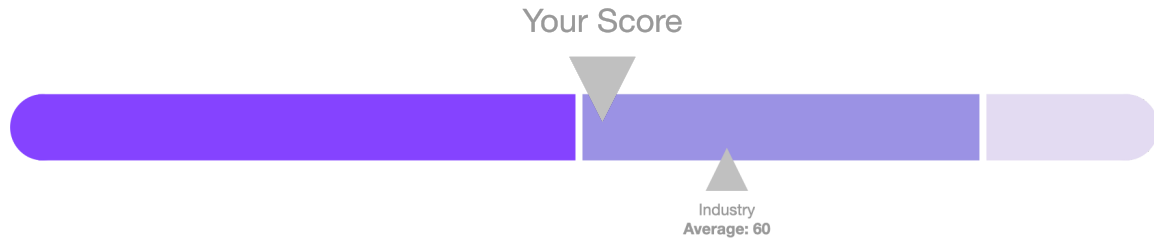
The below graph shows the relationship between average earnings of a company to characteristics of the industry it performs in.



Financial institutes perceive larger businesses as lower risk and more stable because they have proven that they can function and grow with little dependency on the business owner. These business owners can demand higher valuations from prospective buyers as a result and they will attract more prospective buyers which will compound this.

YOUR BUSINESS PERFORMANCE SCORE

Your Valat^oa Score is: **49** out of 100



0-30 is Low: There is significant work required to optimise the business. The estimated value of your company could be doubled by increasing the Company's Valat^oa score to over 100.

30-80 is Moderate: There is still significant work to optimise the business for maximum success.

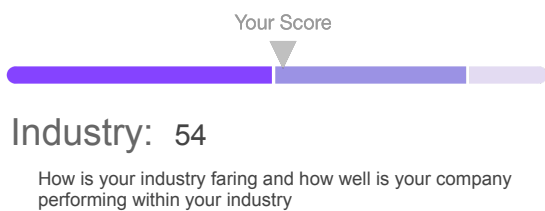
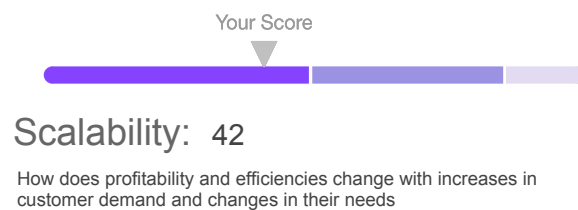
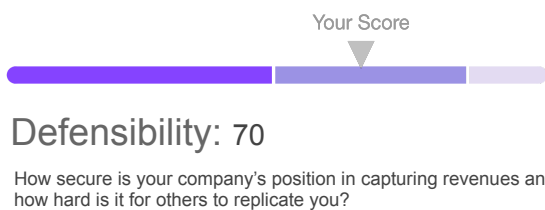
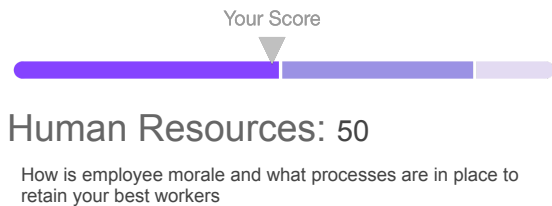
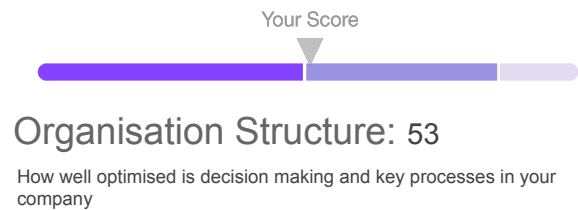
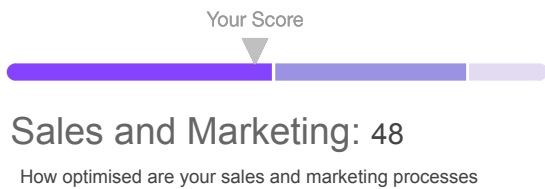
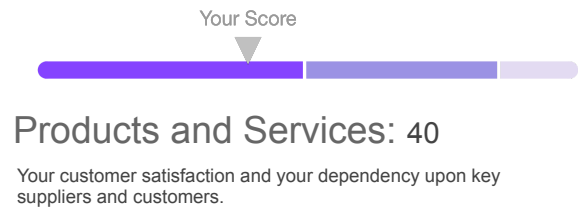
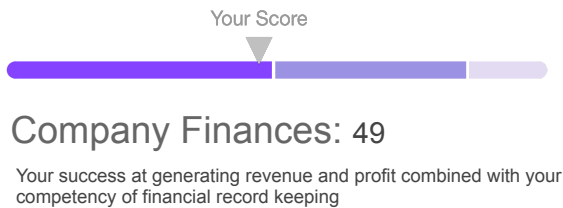
90-100 is Excellent: Your company is more valuable than the average company that has been evaluated with Valat^oa.

Valat^oa Score is a measure of how well you've optimised your business in 9 key areas required to demand a high valuation and to achieve high growth:

- Company Finances
- Products and Services
- Sales and Marketing
- Organisational Structure
- Human Resources
- Shareholder Dependencies
- Defensibility
- Scalability
- Industry

STRENGTHS & WEAKNESSES OF YOUR BUSINESS

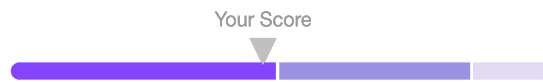
9 KEY AREAS THAT OPTIMISE BUSINESS VALUE



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COMPANY FINANCES

Your Score: 49 out of 100



Your success at generating revenue and profit combined with your competency of financial record keeping

Your Margins

A lot of value is being lost here and there is room for improvement. John Smith can share tactics to increase margins, recurring revenues and the cash in your bank, which will help your profitability and provide opportunities for further growth or to sell the business.

Your questionnaire responses:

Your Gross profit margin	Your Net profit margin
c) 40-60%	d) 11-20%

How satisfied are you with these margins? John Smith can help to uncover value by analysing the below areas in detail with you. These methods will enable you to improve margins by spending no or very little additional funds.

- Working capital
- Bad Debt
- Bookkeeping

Boosting the health of your company finances is not the only way to increase your company's valuation. Continue reading the analysis in this report to learn about the other areas to optimise your business value.

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SHAREHOLDER DEPENDENCIES

Your Score: 60 out of 100



Does the success of your business rely too heavily on you, your family members or other shareholders

Most business owners struggle to grow their company and/or sell their company because the business is still too dependent upon them and their family members. Successful business owners work *on* their business, unsuccessful business owners work *in* their business. John Smith can help you to build a plan to reach greater control and independence if you are still stuck working *in* your business.

Business buyers and investors seek an ideal company which can scale indefinitely and operate like a well-oiled machine that will continue to generate profits irrespective of who is driving it.

How would the business perform if you and any family members working in the company spent time away for 3 months?

Your questionnaire response:

c) Suffer a lot, but survive

It is rewarding to help people and to know that customers are being served to the best degree. It can be costly and time consuming to train someone to serve customers to the required level and so many business owners resort to being heavily involved in the sales and marketing tasks. Speak to John Smith to help prioritise the longer-term benefits over the shorter-term benefits and therefore focus on structuring the business in a way so that it is less dependent on you and your family (if they are also involved).

If you're still the business' most valuable employee, a business buyer will not want to acquire the business from you and then let you walk away from the business.

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YOUR MINDSET

Your entries in the Valatoa Questionnaire are listed below

Goals and Problem Solving

Magic Wand

If you could wave a magic wand and fix one problem in your company would it be?

Your questionnaire response:

Grow profit

12 Month Goal

If you could achieve one thing in the next 12 months, what would it be?

Your questionnaire response:

Receive an offer to acquire the business

Long Term Goal

What is your long-term goal for your business?

Your questionnaire response:

Transition my business to my kids

The Start and the End

The Start

What year did you start your business (or take over it)?

Your questionnaire response:

1990

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Growing Your Company's Value

Dear Bill Todd,

It has been a pleasure sharing this comprehensive business report of your company with you. Other business owners I have worked with have found my insights shared in my reports helpful in unlocking the full value of their business. This report highlights the strengths and weaknesses of your business and I'm looking forward to discussing them in more detail with you after your review. I would be glad to offer guidance to help you to build a plan to increase your Valatoa Score and in turn, your company's valuation. I'm also able to offer support if you are interested in selling your company. I invite you to contact me.

Sincerely,

John Smith

JohnSmith@investor.com

Your Advisor: John Smith



An expert in building value and developing strategies for business success. Their experience comes from helping owners like you to set up their businesses to thrive without them, take greater control over their lives or exit their business. They follow a systematic process, working closely with each owner to monitor and improve their business to reach new heights.

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