

Business Valuation Report

Riverbend Machine Works, Inc.

Opinion of value as of June 30, 2026

PREPARED FOR

Prospective buyer

Riverbend Machine Works, Inc.

PREPARED BY

A. Sample, CVA

Sample Valuation Advisors

Table of Contents

Table of Contents	2
Letter of Opinion	3
Appraisal Engagement	4
Scope and Information Sources	5
Business Description	6
Industry Overview	7
Financial Statement Reconstruction	8
Income and Expense Forecast	9
Balance Sheet Reconstruction	10
Approaches and Methods	11
Asset-Based Results	12
Market-Based Results	13
Income-Based Results	14
Conclusion of Business Value	15
Selling Price Considerations	16
Business Price Justification	17
Statement of Limiting Conditions	18
Credentials and Certification	19
List of Abbreviations	20

Letter of Opinion

June 30, 2026

Prospective buyer
Riverbend Machine Works, Inc.

Re: Opinion of the fair market value of Riverbend Machine Works, Inc. as of June 30, 2026.

Dear Prospective buyer: at your request, we have performed a valuation engagement to estimate the fair market value of Riverbend Machine Works, Inc.. The analysis considered the asset, market, and income approaches, applied the methods described in this report, and reconciled the resulting indications of value using the weights set out in the Conclusion of Business Value.

BUSINESS ENTERPRISE VALUE

As of June 30, 2026

\$1,013,041

This opinion is subject to the assumptions and limiting conditions stated in this report and applies only to the interest, date, and purpose described here.

Sincerely,

A. Sample, CVA
Sample Valuation Advisors

Description of the Appraisal Engagement

Sample Valuation Advisors was engaged by Prospective buyer to estimate the fair market value of Riverbend Machine Works, Inc. on a going-concern basis as of June 30, 2026.

Standard and Premise of Value

The standard of value is fair market value: the price at which the business would change hands between a willing buyer and a willing seller, both adequately informed and neither compelled to act. The premise of value is continued use as a going concern.

SUBJECT COMPANY	VALUATION DATE	STANDARD OF VALUE
Riverbend Machine Works, Inc.	June 30, 2026	Fair market value

Scope of the Report

This report describes the information considered, the approaches and methods applied, and the reasoning that supports the conclusion of value, consistent with USPAP Standards Rule 10-2(a) and the factors enumerated in Revenue Ruling 59-60.

Information Sources

1. Financial statements and the Company Financials schedule (Company Financials).
2. Management representations regarding operations and outlook.
3. Industry transaction multiples from the ExitSight Deal Multiples Database.
4. Publicly available industry and economic data.
5. The worksheets reproduced as exhibits to this report.

Assumptions Made in Preparing This Report

We assumed the financial information provided is accurate and complete, that the business will continue as a going concern, and that management will remain competent. Departures from these assumptions could change the concluded value materially.

Business Description

Riverbend Machine Works, Inc. operates as a machine shops and tool manufacturers (SIC 3599 / NAICS 332710). The company generated revenue of \$1,850,000 in the most recent fiscal year with recast discretionary earnings of \$275,000.

REVENUE	DISCRETIONARY EARNINGS	MARGIN
\$1,850,000	\$275,000	14.9%

Reason for the Appraisal

The appraisal supports Prospective buyer in evaluating a potential transfer of the business. It is not intended for any other use.

Industry Overview

The subject operates among businesses classified under NAICS 332710. Transaction activity in this classification supports the market approach applied in this report; the multiples observed are summarized in Table 6.

Figure 1 — Subject Versus Industry Benchmarks



Financial Statement Reconstruction

Reported results were recast to state the discretionary earnings a single owner-operator receives. The adjustments and their bases appear in Table 1 and originate from the Recasting Financials worksheet (Exhibit D).

Table 1 – Income Statement Reconstruction

ITEM	BASIS	AMOUNT
Reported net income	Per financial statements	\$41,100
+ Owner compensation	Owner's salary and bonus added back	\$145,000
+ Depreciation and amortization	Non-cash charges added back	\$38,900
+ One-time legal settlement	Non-recurring expense	\$22,600
+ Above-market related-party rent	Excess over market rent added back	\$18,000
+ Personal auto expenses	Owner personal expenses in the business	\$9,400
Seller's discretionary earnings (SDE)	Reported net income plus add-backs	\$275,000
– Replacement manager wage	Market wage to replace the owner	\$-139,090
EBITDA	SDE less the replacement wage	\$135,910

SDE	EBITDA	SDE MARGIN ON REVENUE	TOTAL ADD-BACKS
\$275,000	\$135,910	14.9%	\$233,900

Table 1a – Results by Fiscal Year

FISCAL YEAR	REVENUE	NET INCOME	SDE	EBITDA
FY2024	\$1,610,000	\$18,400	\$224,800	\$92,800
FY2025	\$1,735,000	\$29,700	\$238,500	\$103,000
FY2026	\$1,850,000	\$41,100	\$275,000	\$135,910

Valuation basis: most recent year.

This schedule is the financial baseline for the Earnings Multiple, Capitalized Earnings, Discounted Cash Flow, Adjusted Present Value, Business Goodwill, Market Comps, Net Present Value, Deal Check worksheets, which draw their inputs from it directly.

Income and Expense Forecast

The discounted cash flow method rests on the multi-year forecast below, discounted at 20% with terminal growth of 4%.

Table 2 — Cash Flow Forecast

YEAR	NET CASH FLOW	PRESENT VALUE
Year 1	\$135,910	\$113,258
Year 2	\$142,706	\$99,101
Year 3	\$149,841	\$86,714
Year 4	\$157,333	\$75,874
Year 5	\$165,199	\$66,390
Terminal value	\$1,073,794	\$431,534
Indicated value		\$872,871

Terminal value from the perpetuity-growth model: $TV = CF_n \times (1 + g) \div (d - g)$.

Balance Sheet Reconstruction

Asset and liability balances were reviewed to state the net tangible assets supporting the asset approach.

Table 3 — Net Tangible Assets

BALANCE SHEET ITEMS	ADJUSTED
Net tangible assets (total assets less current liabilities)	\$400,000
Net working capital (per Company Financials)	\$150,000
Non-operating assets	\$120,000
Long-term liabilities	\$-15,000

Notes to the Balance Sheet Reconstruction

Non-operating assets are added to operating value; long-term liabilities are deducted. Detail appears on the Business Goodwill and Earnings Multiple worksheets (Exhibits A and B).

Business Valuation Approaches and Methods

The three recognized approaches were considered. The methods applied under each, and their role in the conclusion, are listed below.

METHOD	APPROACH	STATUS
Earnings Multiple	Income	Applied — 35% weight
Discounted Cash Flow	Income	Applied — 25% weight
Capitalized Earnings	Income	Applied — 15% weight
Business Goodwill	Asset	Applied — 10% weight
Market Comps	Market	Applied — 10% weight
Adjusted Present Value	Income	Applied — 5% weight

Capitalization and discount rates reflect the risk of the subject's earnings: discount rate 20%, long-term growth 4%.

Asset-Based Valuation Results

The Capitalized Excess Earnings (Treasury) method values the business as its net tangible assets plus the capitalized value of earnings in excess of a fair return on those assets.

Goodwill = (earnings – net tangible assets × required return) ÷ capitalization rate	
Net tangible assets	\$400,000
Excess earnings	\$65,346
Business goodwill	\$435,643
Indicated value — asset approach	\$835,643

INDICATED BUSINESS VALUE — ASSET APPROACH	Goodwill is 52.1% of total value
\$835,643	

Market-Based Valuation Results

Valuation multiples were drawn from closed transactions of comparable businesses (Machine shops and tool manufacturers, NAICS 332710). Each multiple is weighted 12.5% minimum, 50% median, 25% mean, and 12.5% maximum. Multiples reflect the subject's industry (Machine shops and tool manufacturers), sized to its adjusted EBITDA on a curve anchored at main-street, lower-middle-market, and upper-market size points. Source: ExitSight Deal Multiples Database – closed transactions in this industry, size-adjusted against the all-industry curve.

Table 6 – Valuation Multiples

VALUATION MULTIPLE	MINIMUM	MEDIAN	AVERAGE	MAXIMUM	WEIGHTED
Price to cash flow	2.512	3.324	3.427	4.226	3.361
Price to ebitda	2.400	3.200	3.300	4.100	3.237
Price to revenue	0.530	0.846	0.947	1.528	0.917

Table 7 – Value Estimation Using Multiples

TYPE OF VALUE ESTIMATE	BASIS	MULTIPLE	ESTIMATED VALUE
Price to cash flow	\$275,000	3.361	\$924,275
Price to ebitda	\$135,910	3.237	\$440,009
Price to revenue	\$1,850,000	0.917	\$1,696,450
Average of estimates			\$1,020,245

Income-Based Valuation Results

Discounted Cash Flow

The forecast in Table 2, discounted at 20%, indicates a value of **\$872,871**.

Multiple of Discretionary Earnings — Table 9, Factor Selection

VALUATION FACTOR	BASIS FOR THE ASSIGNED VALUE	VALUE
Earnings track record	Consistent, verifiable revenue/profits	3.5
Industry growth	Industry tracks overall market	2.5
Business growth	Steady, predictable business growth	2.5
Business financing	Average financing terms	2.0
Competition	Significant market consolidation	1.5
Owner dependence	Some owner involvement	2.0
Customer concentration	Moderate concentration	2.5
Factor score (average of factors, 0–4)		2.36
Scale applied	ExitSight standard scale: a factor score of 0 is worth 2× discretionary cash flow, an average score of 2 about 3×, and only a perfect 4 reaches 7×.	2.00× – 7.00×
Earnings multiplier (score positioned on the scale)		3.52×

Applied to discretionary cash flow of \$275,000, plus working capital of \$150,000 and non-operating assets of \$120,000, less long-term liabilities of \$15,000, the method indicates **\$1,223,346**.

Capitalized Earnings

Capitalizing next year's earnings at 16% indicates **\$883,415**.

Conclusion of Business Value

Table 10 — Value Synthesis

METHOD	APPROACH	VALUE	WT.	WEIGHTED
Earnings Multiple	Income	\$1,223,346	35%	\$428,171
Discounted Cash Flow	Income	\$872,871	25%	\$218,218
Capitalized Earnings	Income	\$883,415	15%	\$132,512
Business Goodwill	Asset	\$835,643	10%	\$83,564
Market Comps	Market	\$1,050,055	10%	\$105,005
Adjusted Present Value	Income	\$911,406	5%	\$45,570
Indicated business value			100%	\$1,013,041

Figure 2 — Range of Indications



CONCLUDED BUSINESS ENTERPRISE VALUE

Indications range \$835,643 – \$1,223,346

\$1,013,041

Business Value and Selling Price Considerations

Concluded value and realized selling price can differ: financing terms, the mix of assets transferred, and the motivations of the parties all move the price actually struck.

REASONS A BUSINESS IS OFFERED FOR SALE

Retirement · Health · Partner disputes · New ventures · Estate planning

FACTORS AFFECTING WHAT A BUYER WILL PAY

Financing availability · Owner dependence · Customer concentration · Transferable contracts · Seller training and transition

Business Sale Financing

Most transactions at this size close with a downpayment, a seller's note, and bank financing. The Business Price Justification section tests whether the earnings can carry that structure.

Business Price Justification

The deal structure below tests an acquisition at \$875,000 against the cash flow available.

ANNUAL DEBT SERVICE	CASH FLOW REQUIRED	CASH FLOW AVAILABLE
\$132,890	\$313,230	\$275,000

Based on the assumptions above, the business cash flow falls short of the transaction requirements by \$38,230 per year — the price or terms would need to change.

Statement of Limiting Conditions

1. This report was prepared with the aid of valuation software, which performs calculations from figures and judgments supplied by the preparer. The software is a calculation tool, not an appraisal; the analyses, assumptions, factor selections, and conclusions are those of the preparer, and the results depend on the inputs provided.
2. Information supplied by management is assumed accurate and complete; it was not audited or independently verified.
3. This report is valid only for the stated purpose, interest, and valuation date.
4. No responsibility is assumed for events or conditions after the valuation date.
5. Neither the report nor the appraiser's name may be used in any offering document without written consent.
6. The appraiser has no obligation to update this report for subsequent events.
7. The fee for this engagement is not contingent on the value concluded.
8. Court testimony or deposition attendance requires separate arrangements.

Appraiser Credentials and Certification

A. Sample, CVA of Sample Valuation Advisors performed this engagement. The appraiser's analysis, opinions, and conclusion were developed — and this report prepared — in conformity with USPAP.

Certification

I certify that, to the best of my knowledge and belief: the statements of fact in this report are true and correct; the analyses and conclusions are limited only by the stated assumptions; I have no present or prospective interest in the business; my compensation is not contingent on the value reported; and no one provided significant professional assistance except as noted.

A. Sample, CVA

June 30, 2026

List of Abbreviations

SDE	Seller's discretionary earnings
EBITDA	Earnings before interest, taxes, depreciation and amortization
DCF	Discounted cash flow
APV	Adjusted present value
NPV	Net present value
IRR	Internal rate of return
NTA	Net tangible assets
FMV	Fair market value
USPAP	Uniform Standards of Professional Appraisal Practice
SIC	Standard Industrial Classification
NAICS	North American Industry Classification System
TV	Terminal value
CF	Cash flow