



## Business Opinion of Value for: TriStar Co

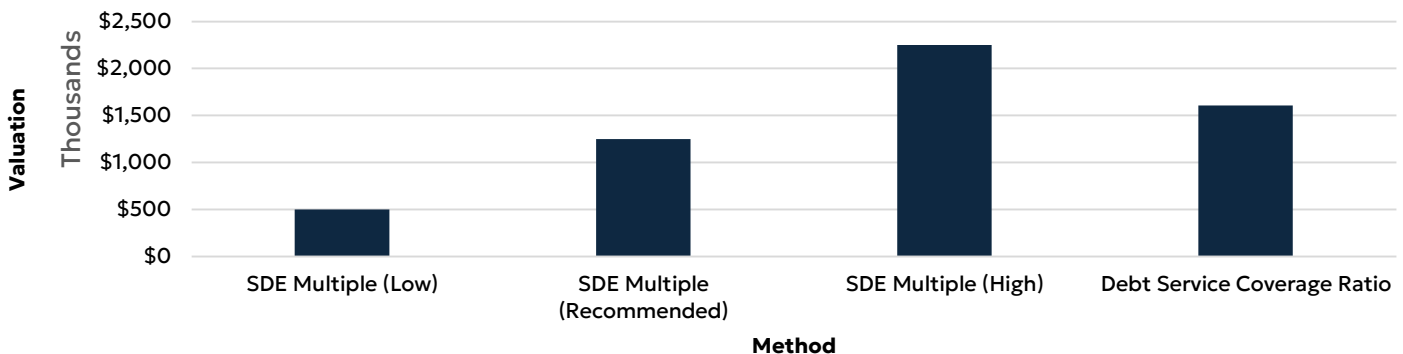
Prepared for: Dolly P | Date: 5/13/2026

### Executive Summary

Average Discretionary Earnings	<b>\$500,000</b>
High Value:	<b>\$2,250,000</b>
Recommended (Middle) Value:	<b>\$1,250,000</b>
Low Value:	<b>\$500,000</b>

A possible market price for TriStar Co is \$1,250,000 based on Seller's Discretionary Earnings of \$500,000 and a multiple of 2.5x. This price assumes that TriStar Co is an average performer in the distribution and warehousing industry. Recent transactions of distribution and warehousing businesses with similar revenue sold from 1.0x to 4.5x of discretionary earnings.

### Value Range Summary



### Areas of Opportunity

To increase the business' value, consider focusing on:

**Bookkeeping and add-back documentation:** Clean monthly P&Ls with clearly categorized add-backs (owner compensation, owner perks, non-recurring items) shorten buyer due diligence and strengthen lender confidence. Documenting the full add-back inventory with supporting evidence makes the SDE story easier to validate at the negotiating table.

**Management depth and process:** Building a documented manager role with operating SOPs would reduce owner dependency, support a smooth transition for a buyer, and help the business hold a stronger position in the comp range. SBA lenders also reward businesses that can run for 30-60 days without the owner present.

**Customer mix and recurring revenue:** Diversifying the customer base and shifting toward recurring or contracted revenue reduces concentration risk and supports a premium multiple. Buyers and lenders both view repeatability as a meaningful value driver.

## Assumptions, Disclaimer, and Limitations

This document is a non-certified opinion of value prepared by Legacy Entrepreneurs as a brokerage analysis to inform discussions about a potential sale, purchase, or strategic decision regarding the subject business. It is not a certified appraisal and is not intended to comply with the Uniform Standards of Professional Appraisal Practice (USPAP), the IRS Business Valuation Guidelines, or any professional standards of the AICPA, NACVA, ASA, or comparable certifying bodies. The author is not a Certified Public Accountant, a Certified Valuation Analyst, an Accredited Senior Appraiser, a tax attorney, or a licensed broker-dealer, and nothing in this document should be construed as legal, tax, accounting, or investment advice.

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Multiples and ratios derived from market-comparable transactions are statistical summaries of past private-market deals and are not predictive of future transaction prices. Discount rates, interest rates, financing terms, deal structures, and buyer demand vary materially and change over time. Forward-looking statements are inherently uncertain and should not be relied upon as guarantees. The actual price at which the business may transact, if at all, may differ materially from the

## Valuation Methods Used

This valuation applies two complementary methods commonly used for main-street businesses: an earnings-multiple approach and a debt-service-coverage cross-check. Together they triangulate a defensible price range.

### **Seller's Discretionary Earnings (SDE):**

Seller's Discretionary Earnings (SDE) estimates the total financial benefit a full-time owner-operator receives from the business. It starts with net income and adds back owner compensation, benefits, and other discretionary or non-recurring expenses based on details provided by the seller.

**SDE Multiple:**

The multiple applied to SDE is benchmarked against private-market transactions of similar businesses by industry and revenue size, with statistical outliers excluded using the Tukey 1.5×IQR rule. The Low and High bounds reflect the typical comp range; the Recommended multiple is positioned within that range based on the analyst's read of the business's quality and risk profile.

**DSCR Cross-Check:**

The debt-service-coverage cross-check estimates the maximum price a buyer could finance using standard SBA terms while still meeting the bank's required Debt Service Coverage Ratio (DSCR). It is a useful sanity check on what a typical buyer is actually able to pay.

**Risks and Caveats**

Risks and caveats common to main-street valuations include: dependence on owner relationships that may not transfer to a buyer; customer concentration that can erode value rapidly if a key account is lost; commingled owner expenses requiring add-backs that may be challenged by a buyer; and macroeconomic shifts (interest rates, labor costs, demand cycles) that can move private-market multiples meaningfully.