8 Drivers of Company Value

Financial Performance

Your history of producing revenue and profit combined with the professionalism of your record keeping.

Growth Potential

Your likelihood to grow your business in the future and at what rate.

Switzerland Structure

How dependent your business is on any one employee, customer or supplier.

Valuation Teeter Totter

Whether your business is a cash suck or a cash spigot.

Recurring Revenue

The proportion and quality of automatic, annuity-based revenue you collect each month.

Monopoly Control

How well differentiated your business is from competitors in your industry.

Customer Satisfaction

The likelihood that your customers will re-purchase and also refer you.

Hub & Spoke

How your business would perform if you were unexpectedly unable to work for a period of three months.

Certified Value Builder™

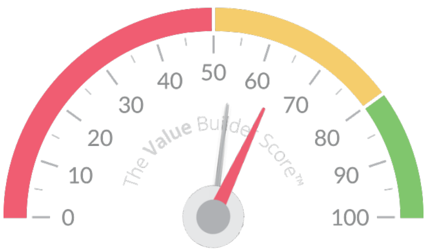
Marigold Resources .com

Chris Barnard
cbarnard@marigoldresources.com
tel: 563-424-5707
Marigold Resources

SAMPLE

Scenario Plan: October 2018 Trailing Twelve Months

Created: Jul 20, 2018



Value Builder Score	Potential Score	
54	64	
Estimate of Value	**Potential Estimate of Value**	**Incremental Value**
$3,845,000	$5,456,000	$1,611,000

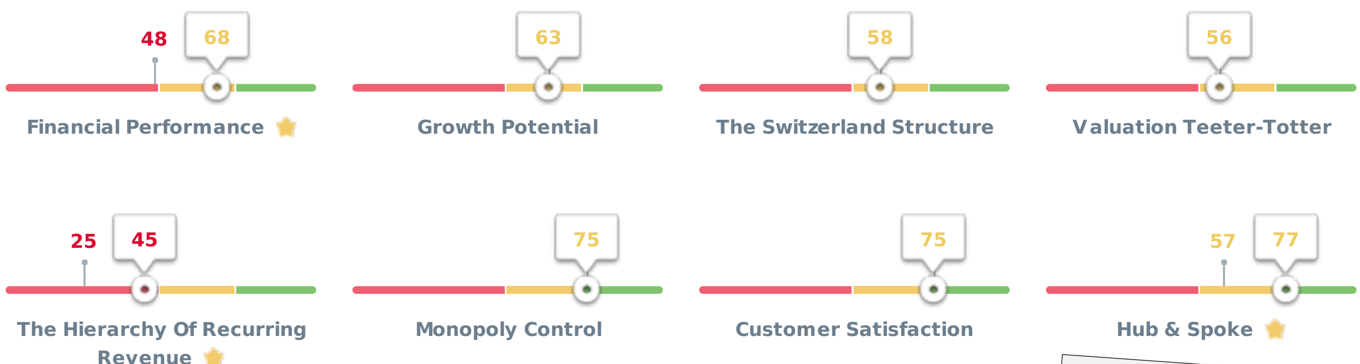
Potential Improvements:

Pre-Tax Profit

Pre-Tax Profit: $1,166,666
3 year average from recent score.

Potential Pre-Tax Profit: $1,400,000
Scenario forecast

8 Key Drivers of Company Value



Every paid Estimate of Value Engagement includes Scenario Planning tools shown above. In-real-time, modify key value driver scores and pre-tax income to recalculate Estimate of Value. The following pages are examples from the full Value Builder Report & Estimate of Value. All Listing Engagements include this report and tools above.

Note: The Estimate of Value and Potential Estimate of Value are for information purposes only. They are derived from information provided in The Value Builder Score questionnaire. A business is only worth what someone will pay for it; and therefore the market will ultimately be the most accurate reflection of the value of a company.

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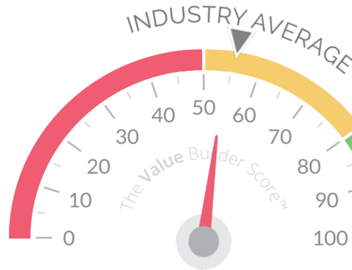
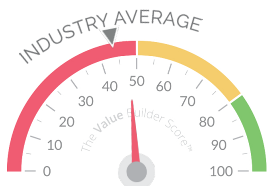
Overall Score



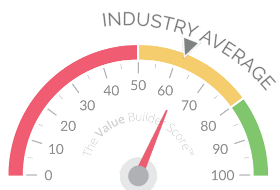
SAMPLE

Score 54

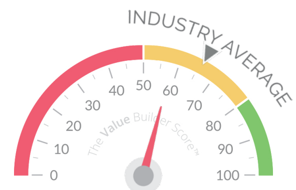
8 Key Value Builder Drivers



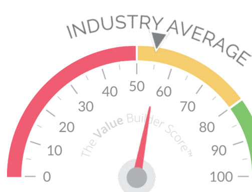
Financial Performance
Score 48



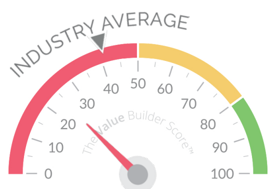
Growth Potential
Score 63



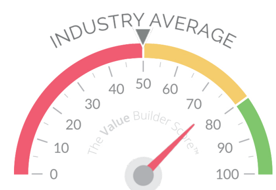
The Switzerland Structure
Score 58



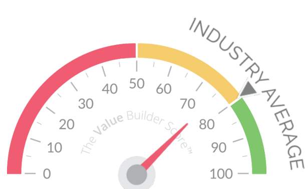
The Valuation Teeter-Totter
Score 56



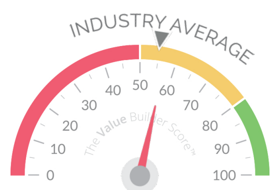
The Hierarchy Of Recurring Revenue
Score 25



The Monopoly Control
Score 75



Customer Satisfaction
Score 75



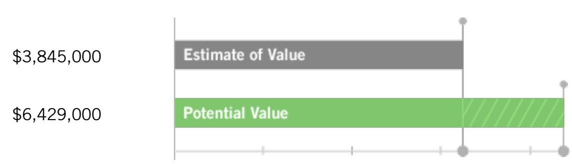
Hub & Spoke
Score 57

Estimate of Value: $3,845,000

Potential value: $6,429,000

Potential additional value: $2,584,000

By increasing your Value Builder Score to 80, we estimate you would add up to approximately $2,584,000 or 93% to the value of your company.



Please note: this Estimate of Value is for information purposes only and is derived from the information you provided in your Value Builder Score questionnaire. A business is only worth what someone will pay for it; and therefore the market will ultimately be the most accurate reflection of the value of your company.

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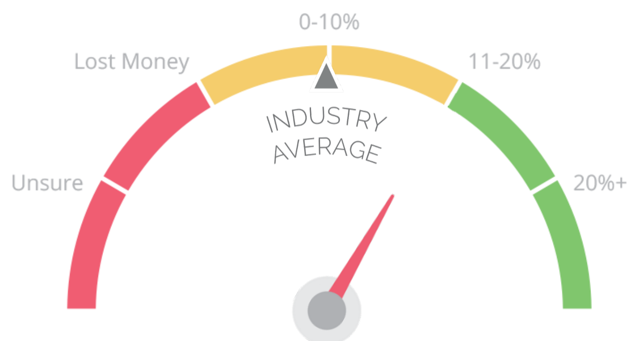
For example, if you project your company will generate $1,000,000 of profit per year for the next 10 years, financial buyers would "discount" the $1,000,000 by 15 percent for each year they have to wait for their money:

End of year	Pre-tax profit	15% discount
1	$1,000,000	$869,570
2	$1,000,000	$756,140
3	$1,000,000	$657,520
4	$1,000,000	$571,750
5	$1,000,000	$497,180
6	$1,000,000	$432,330
7	$1,000,000	$375,940
8	$1,000,000	$326,900
9	$1,000,000	$284,260
10	$1,000,000	$247,180
	Present Value	**$5,018,770**

SAMPLE

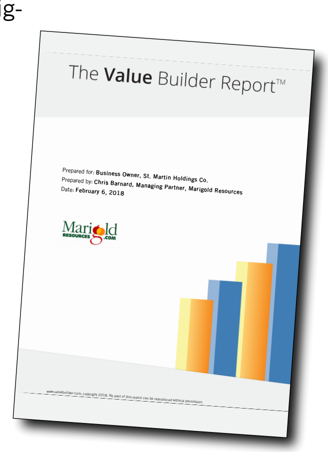
Therefore, an investor looking for a 15 percent return on his or her money would pay $5,018,770 (in MBA parlance, this is called "present value") today for a business that he or she expects to generate $1,000,000 a year for the next 10 years.



What was your profit margin (before tax) in your most recent completed financial year? NOTE: Please adjust your profit margin to reflect a market rate salary for the owner(s). For example, if you withdrew $350,000 in compensation but you could hire someone to replace you for $120,000, then estimate what your profit margin would have been if you had only withdrawn $120,000.

The relationship between risk and return affects your Value Builder Score

The price an investor is willing to pay for an asset relates to how risky he or she perceives the future stream of profits to be: the riskier the investment, the higher the return an investor will demand. Today, investors can put their money into relatively safe bonds and get a few percentage points of return, or they can buy a balanced portfolio of big-company stocks and expect perhaps a seven or eight percent return over time.



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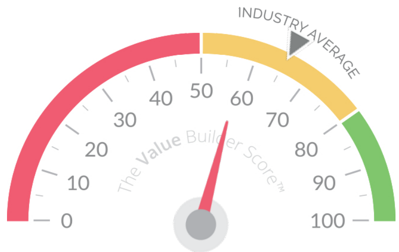
The Switzerland Structure

Your Score: 58



SAMPLE

A business´s sellability requires that the business not be overly reliant on any one customer, employee or supplier. The name "The Switzerland Structure" was inspired by Switzerland´s focus on neutrality. The country has not declared a state of war since 1847 (it never entered the World Wars or the Iraq war), opted out of joining the European Union and entered the United Nations only after a countrywide referendum.

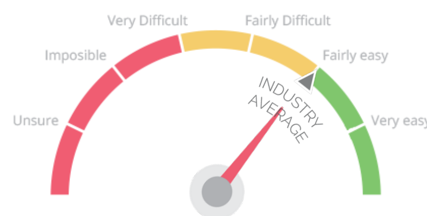
Your score of 58 out of a possible 100 shows you´re performing satisfactorily in this area of your business yet there may still be improvements you can make to maximize the value of your company.

Consider The Switzerland Structure in all areas of your business:

Suppliers

If your business is dependent on one or two key suppliers (companies or independent consultants), you are at their mercy.

Cultivating a bench of suppliers, on the other hand, means you will never feel beholden to anyone. Spread your business around - even if you lose some special pricing discounts. Neutrality is worth more than a few dollars in savings.

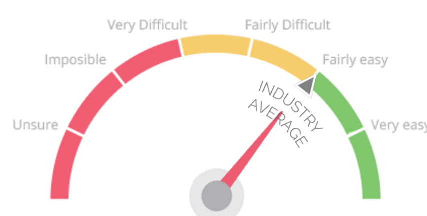


How easy would it be to replace your most important external supplier?

Employees

If you´re too reliant on any one employee, you are at significant risk if that employee chooses to leave and at a disadvantage when it comes to negotiating his or her salary.

To avoid this situation, nurture a pool of people you want to hire. Toronto-based executive search firm IQ Partners offers a bench-building service: it proactively recruits a short list of candidates who could fill your key roles so that you have a "bench" of people to go to in the event of an employee defection.



How easy would it be to replace your most important sales & marketing employee?