Valuation Report

ABC Manufacturing

July 31, 2026

Valuation Overview

Fair Value (Weighted)	Valuation Method
$44,608,612	Combined
Final enterprise value	DCF (65%) + Relative (35%)

Discounted Cash Flow (DCF) — $13,103,923

Key Assumptions

Discount Rate (WACC)	10.5%
Long-term Growth Rate	2.3%

Future Cash Flows (discounted at 10.5%)

Year	Cash Flow	Discount Factor	Present Value
2026	-$3,175,610	0.9	-$2,858,049
2027	$1,736,276	0.82	$1,423,746
2028	$2,113,075	0.74	$1,563,675
2029	$2,188,465	0.67	$1,466,272
2030	$2,200,712	0.61	$1,342,434
Total PV of 5 Years			$2,938,079

PV of 5-Year Cash Flows		PV of Terminal Value		Enterprise Value
$2,938,079	+	$10,165,845	=	$13,103,923
22% of EV		78% of EV		

Relative Valuation (Market Multiples) — $103.1M

Market Multiples

EV/EBITDA Multiple	6.2x
EV/Revenue Multiple	1.1x

Metric Weights

EV/EBITDA 70% | EV/Revenue 30%

EV/EBITDA 70%

$135.1M

$21,798,000 × 6.2x

EV/Revenue 30%

$28,380,000

$25,800,000 × 1.1x

Final Valuation Logic

$44,608,612

DCF Weight

65%

$13,103,923 × 65%

Relative Weight

35%

$103.1M × 35%

Final Enterprise Value

$44,608,612

Weighted Average

Adjust Weights

DCF 65% | Relative 35%

Why these weights?

DCF (65%): Higher weight reflects the business-specific forecast and future cash generation.

Relative (35%): Market comparison balances the model with what similar companies are trading for.

Sensitivity Analysis

Best Case

$49,515,559

Lower discount rate, higher growth

+11%

Base Case

$44,608,612

Current assumptions

0%

Worst Case

$39,701,665

Higher discount rate, lower growth

-11%

Valuation Matrix

WACC \ Growth	1.8%	2.3%	2.8%
9.5%	$46,839,043	$48,177,301	$49,515,559
10.0%	$45,054,698	$46,392,957	$47,731,215
10.5%	$43,270,354	$44,608,612	$45,946,870
11.0%	$41,486,009	$42,824,268	$44,162,526
11.5%	$39,701,665	$41,039,923	$42,378,182

Green = higher value, Red = lower value. Highlighted cell = base case.

Key Insights

- A 1% decrease in WACC increases value by ~8%
- A 0.5% increase in growth rate increases value by ~3%
- Valuation is more sensitive to discount rate changes

AI Valuation Insights

Automated analysis of your business value

Valuation Summary

Your business, 2totwo, is currently valued at $ 88,322,247.06 in equity terms, which reflects what the company is worth to you as the owner. The total business value before accounting for debt and cash is $ 49,723,988.91. This value is based on a blend of projected cash flows and how similar companies are valued.

What's driving your valuation

2totwo's revenue for the current year stands at $ 25,800,000, with projected growth slowing from 2.2% next year to just 0.8% by year five. Your margins are exceptionally strong—your EBITDA margin starts at 97.1% and remains above 68% over five years, while your gross margin is above 82% after year two. On the market side, the final value reflects an EV/Revenue multiple of 1.93x, higher than the 1.1x multiple used for the sector.

What could change this value

Free cash flow was negative in the first projected year at -$ 3,174,277.75, although it turns positive after that. The business is carrying $ 2,702,646.79 in debt, but this is far outweighed by your cash balance of $ 41,300,904.94. If your growth rate slows further or cash flow does not improve, your value could drop.

How you can improve it over time

Focus on boosting your already high margins, and work to increase your revenue growth beyond the current projections. Improving free cash flow—especially in the early years—and maintaining low debt compared to your strong cash position will further strengthen your business's value. Keeping your EBITDA margin above 70% as you scale will keep 2totwo's valuation strong.