

# BUSINESS VALUATION REPORT

TechFlow Solutions Inc.

Valuation Date: July 30, 2025

## Company Overview

Company:	TechFlow Solutions Inc.	Founded:	2020
Industry:	Software as a Service (SaaS)	Location:	Austin, Texas
Business:	Project Management Software	Employees:	45

## Executive Summary

TechFlow Solutions Inc. is a rapidly growing SaaS company providing project management software to enterprise clients. The company demonstrates exceptional financial performance with strong recurring revenue, excellent unit economics, and impressive customer retention rates.

### Enterprise Valuation

**\$13.5 Million**

Range: \$13.0M - \$14.0M

## Financial Performance Analysis

Key Metric	Current Year	Industry Benchmark	Performance Rating
Annual Revenue	\$2,500,000	-	Strong Growth
Annual Recurring Revenue	\$2,200,000	-	88% of Total Revenue
EBITDA	\$750,000	\$500K - \$625K	Above Average
EBITDA Margin	30%	20% - 25%	Excellent
Customer Retention	95%	85% - 90%	Best-in-Class
LTV/CAC Ratio	5.25	3.0 - 5.0	Excellent

## Valuation Methodologies

### 1. Revenue Multiple Approach

Comparable company analysis using revenue multiples from public SaaS companies.

#### Key Assumptions:

- SaaS industry revenue multiples: 4x - 8x
- Applied multiple: 6.0x (premium for strong metrics)
- Justification: Superior retention and unit economics

Annual Revenue: \$2,500,000  
Revenue Multiple: 6.0x

**Enterprise Value = \$15,000,000**

### 2. EBITDA Multiple Approach

Valuation based on EBITDA multiples of profitable SaaS companies.

#### Key Assumptions:

- SaaS EBITDA multiples: 12x - 20x
- Applied multiple: 15.0x (mid-range)
- Reflects strong profitability profile

EBITDA: \$750,000  
EBITDA Multiple: 15.0x

**Enterprise Value = \$11,250,000**

### 3. Discounted Cash Flow (DCF) Analysis

Intrinsic valuation based on projected future cash flows.

#### Key Assumptions:

- Revenue growth: 25% annually (5 years)
- Terminal growth rate: 3%
- Discount rate (WACC): 12%

Year	Revenue	EBITDA	Free Cash Flow	Present Value
1	\$3,125,000	\$937,500	\$750,000	\$669,643
2	\$3,906,250	\$1,171,875	\$937,500	\$747,768
3	\$4,882,813	\$1,464,844	\$1,171,875	\$834,598
4	\$6,103,516	\$1,831,055	\$1,464,844	\$930,672
5	\$7,629,395	\$2,288,818	\$1,831,055	\$1,038,755
Terminal	-	-	\$20,865,625	\$9,000,000

**Total Enterprise Value = \$13,220,000**

## Valuation Summary

Valuation Method	Enterprise Value	Weight	Weighted Value
Revenue Multiple	\$15,000,000	25%	\$3,750,000
EBITDA Multiple	\$11,250,000	35%	\$3,937,500
Discounted Cash Flow	\$13,220,000	40%	\$5,280,000
<b>FINAL ENTERPRISE VALUE</b>	<b>\$13,500,000</b>	<b>100%</b>	<b>\$12,967,500</b>

## Risk Assessment & Value Drivers

### Positive Value Drivers

- Industry-leading retention rate (95%)
- Excellent unit economics (5.25 LTV/CAC)
- Strong EBITDA margins (30%)
- Predictable recurring revenue model
- Enterprise customer focus
- Proven management team

### Key Risk Factors

- Intense competition in SaaS market
- Customer concentration risk
- Technology disruption threat
- Dependence on key personnel
- Economic downturn sensitivity
- Scaling operational challenges

## Strategic Recommendations

TechFlow Solutions is positioned for continued success with strong fundamentals and market opportunity:

### Growth Strategy

- Product Innovation:** Invest in AI and automation features
- Market Expansion:** Target mid-market segment
- Customer Success:** Maintain industry-leading retention
- Operational Excellence:** Scale efficiently while preserving margins
- Strategic Partnerships:** Accelerate market penetration

**Important Disclaimer:** This business valuation report is prepared for educational and illustrative purposes only. It should not be considered as investment advice, and actual valuations may vary significantly based on market conditions, transaction specifics, and due diligence findings.