

CREDIT MEMORANDUM

Northgate Mechanical Ltd.-Demo

Generated: 2026-10-15 23:38 UTC

1. Financing Scenario

Scenario Name:	Base Case
Status:	Draft
Purchase Price:	CA\$2,466,000
Equity Contribution:	CA\$466,000
Transaction Fees:	CA\$0
EBITDA Source:	Linked from QoE
Notes:	Northgate Base Case, 4.5x Adjusted EBITDA of 548,000

2. Underwriting Summary

Sources and Uses

Sources (Equity + Debt):	CA\$2,466,000.00
Uses (Price + Fees):	CA\$2,466,000.00
Gap (Sources - Uses):	CA\$0.00

Key Figures

Effective EBITDA:	CA\$548,000
Cash Available for Debt Service:	CA\$548,000
Total Debt:	CA\$2,000,000.00
Senior Debt:	CA\$1,550,000.00
Total Annual Debt Service:	CA\$252,669.36
Total Annual Interest:	CA\$147,188.02

Key Ratios

DSCR (Total):	2.17x (Strong)
DSCR (Senior):	2.43x (Strong)
Interest Coverage:	3.72x
Leverage Ratio:	3.65x
Senior Leverage:	2.83x
Equity %:	18.9%
Debt %:	81.1%
Free Cash Flow:	CA\$295,331

3. Debt Structure

Northgate Senior Term Loan (Senior Term Loan)

Principal:	CA\$1,550,000.00
Rate Type:	Fixed
Annual Rate:	8.00%
Amortization:	120 months
Payment Frequency:	Monthly
Interest-Only Period:	0 months
Included in DSCR:	Yes
Seniority Rank:	1

Northgate Seller Note (Seller Note)

Principal:	CA\$450,000.00
Rate Type:	Fixed
Annual Rate:	6.00%
Amortization:	60 months
Payment Frequency:	Annual
Interest-Only Period:	60 months
Balloon Payment:	CA\$450,000
Included in DSCR:	Yes
Seniority Rank:	2

4. Amortization Schedules

Northgate Senior Term Loan — 120 periods

#	Beg. Balance	Payment	Principal	Interest	End Balance	Flags
1	CA\$1,550,000.00	CA\$18,805.78	CA\$8,472.45	CA\$10,333.33	CA\$1,541,527.55	
2	CA\$1,541,527.55	CA\$18,805.78	CA\$8,528.93	CA\$10,276.85	CA\$1,532,998.62	
3	CA\$1,532,998.62	CA\$18,805.78	CA\$8,585.79	CA\$10,219.99	CA\$1,524,412.83	
4	CA\$1,524,412.83	CA\$18,805.78	CA\$8,643.03	CA\$10,162.75	CA\$1,515,769.80	
5	CA\$1,515,769.80	CA\$18,805.78	CA\$8,700.65	CA\$10,105.13	CA\$1,507,069.15	
6	CA\$1,507,069.15	CA\$18,805.78	CA\$8,758.65	CA\$10,047.13	CA\$1,498,310.50	
7	CA\$1,498,310.50	CA\$18,805.78	CA\$8,817.04	CA\$9,988.74	CA\$1,489,493.46	
8	CA\$1,489,493.46	CA\$18,805.78	CA\$8,875.82	CA\$9,929.96	CA\$1,480,617.64	
9	CA\$1,480,617.64	CA\$18,805.78	CA\$8,935.00	CA\$9,870.78	CA\$1,471,682.64	
10	CA\$1,471,682.64	CA\$18,805.78	CA\$8,994.56	CA\$9,811.22	CA\$1,462,688.08	
11	CA\$1,462,688.08	CA\$18,805.78	CA\$9,054.53	CA\$9,751.25	CA\$1,453,633.55	
12	CA\$1,453,633.55	CA\$18,805.78	CA\$9,114.89	CA\$9,690.89	CA\$1,444,518.66	
... (96 periods omitted) ...						
109	CA\$216,186.64	CA\$18,805.78	CA\$17,364.54	CA\$1,441.24	CA\$198,822.10	
110	CA\$198,822.10	CA\$18,805.78	CA\$17,480.30	CA\$1,325.48	CA\$181,341.80	
111	CA\$181,341.80	CA\$18,805.78	CA\$17,596.83	CA\$1,208.95	CA\$163,744.97	
112	CA\$163,744.97	CA\$18,805.78	CA\$17,714.15	CA\$1,091.63	CA\$146,030.82	
113	CA\$146,030.82	CA\$18,805.78	CA\$17,832.24	CA\$973.54	CA\$128,198.58	
114	CA\$128,198.58	CA\$18,805.78	CA\$17,951.12	CA\$854.66	CA\$110,247.46	
115	CA\$110,247.46	CA\$18,805.78	CA\$18,070.80	CA\$734.98	CA\$92,176.66	
116	CA\$92,176.66	CA\$18,805.78	CA\$18,191.27	CA\$614.51	CA\$73,985.39	
117	CA\$73,985.39	CA\$18,805.78	CA\$18,312.54	CA\$493.24	CA\$55,672.85	
118	CA\$55,672.85	CA\$18,805.78	CA\$18,434.63	CA\$371.15	CA\$37,238.22	
119	CA\$37,238.22	CA\$18,805.78	CA\$18,557.53	CA\$248.25	CA\$18,680.69	
120	CA\$18,680.69	CA\$18,805.23	CA\$18,680.69	CA\$124.54	CA\$0.00	

Total Interest: CA\$706,693.05 Total Principal: CA\$1,550,000.00 Total Periods: 120

Northgate Seller Note — 5 periods

#	Beg. Balance	Payment	Principal	Interest	End Balance	Flags
1	CA\$450,000.00	CA\$27,000.00	CA\$0.00	CA\$27,000.00	CA\$450,000.00	IO
2	CA\$450,000.00	CA\$27,000.00	CA\$0.00	CA\$27,000.00	CA\$450,000.00	IO
3	CA\$450,000.00	CA\$27,000.00	CA\$0.00	CA\$27,000.00	CA\$450,000.00	IO
4	CA\$450,000.00	CA\$27,000.00	CA\$0.00	CA\$27,000.00	CA\$450,000.00	IO
5	CA\$450,000.00	CA\$477,000.00	CA\$450,000.00	CA\$27,000.00	CA\$0.00	Balloon

Total Interest: CA\$135,000.00 Total Principal: CA\$450,000.00 Total Periods: 5

5. Instrument Detail Breakdown

Northgate Senior Term Loan:	DS: CA\$225,669.36 Int: CA\$120,188.02 Rate: 8.00% In DSCR: Yes
Northgate Seller Note:	DS: CA\$27,000.00 Int: CA\$27,000.00 Rate: 6.00% In DSCR: Yes

6. Evidence Appendix

Adjustments listed here are supported by the source documents identified. Evidence is recorded at document level.

Ref	Adjustment	Period	Amount	Basis	Support	Source document	GL account	GL period
E1	One-time legal settlement of a supplier dispute, February 2025	FY2025	32,000	SDE	Document	northgate-addback-schedule.xlsx	-	-
E2	One-time legal settlement of a supplier dispute, February 2025	FY2025	32,000	EBITDA	Document	northgate-addback-schedule.xlsx	-	-
E3	Full owner compensation added back for SDE	FY2025	260,000	SDE	Document	northgate-addback-schedule.xlsx	-	-
E4	Owner compensation above market: paid 260,000 versus a 175,000 market manager rate	FY2025	85,000	EBITDA	Document	northgate-addback-schedule.xlsx	-	-
E5	Personal vehicle and travel run through the business	FY2025	18,500	EBITDA	Document	northgate-addback-schedule.xlsx	-	-
E6	Personal vehicle and travel run through the business	FY2025	18,500	SDE	Document	northgate-addback-schedule.xlsx	-	-

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