



# Investment Memorandum

## Northgate Mechanical Ltd.-Demo

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Date: October 15, 2026

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## Executive Summary

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Northgate Mechanical Ltd.-Demo is an HVAC business currently at the sourced stage with a medium risk profile (overall risk score 2/3, 70% confidence). The seller is asking CA\$2,466,000, versus an estimated weighted equity value of CA\$1,888,480, and the probability of winning the deal is currently assessed at 45%. The investment thesis rests on the company's demonstrated earnings power, the presence of intangible going-concern value above a net asset base of CA\$778,000 (provisional, incorporated via the asset approach at a 30% weight), and acceptable debt service capacity under the proposed financing structure. Expected close is targeted for 2027-01-02.

Financial performance is anchored on FY2025, which is locked in the Quality of Earnings module. Reported FY2025 EBITDA is CA\$412,500 and reported SDE is CA\$412,500. After approved adjustments, normalized EBITDA is CA\$548,000 and normalized SDE is CA\$723,000. The normalized figures include specific approved add-backs, notably an EBITDA non-recurring adjustment of CA\$32,000 and SDE non-recurring adjustment of CA\$32,000, as well as owner-related adjustments of CA\$85,000 and CA\$18,500 to EBITDA and CA\$260,000 and CA\$18,500 to SDE. Quality of earnings adjustments represent 33% of reported EBITDA, which is substantial and warrants close scrutiny of sustainability and recurrence in the Quality of Earnings section. AI-extracted FY2025 revenue of CA\$4,200,000 is provisional and has not yet been locked in the Normalized Income Statement.

The triangulated valuation is driven primarily by the market approach (70% weight), with the asset approach (net asset value of CA\$778,000) carrying 30% and DCF at 0%. The blended valuation range is CA\$1,735,040 (low), CA\$1,888,480 (base), and CA\$2,041,920 (high), with a selected conclusion of CA\$1,888,480 on a weighted average basis (draft, not finalized). The seller's asking price of CA\$2,466,000 materially exceeds both the base conclusion and the upper bound of the indicated range of CA\$2,041,920, implying a potential overpayment risk and the need for significant negotiation support. The working capital adjustment in the equity bridge is CA\$0, based on an analyst override.

The proposed base-case financing structure contemplates a total purchase price of CA\$2,466,000 funded by CA\$466,000 of equity and CA\$2,000,000 of total debt. Debt consists of a CA\$1,550,000 Northgate senior term loan at 8.00% (annual debt service CA\$225,669) and a CA\$450,000 seller note at 6.00% (annual debt service CA\$27,000). Using normalized EBITDA of CA\$548,000 as cash available for debt service, total annual debt service of CA\$252,669 yields a DSCR of 2.17x, and total leverage is 3.65x (total debt/EBITDA). Stress testing has been performed, with 8 of 11 scenarios producing a coverage ratio and 3 risk flags identified; further detail is provided in the Financing Structure section.

Key risks include the valuation gap between the asking price and estimated value, the magnitude and nature of discretionary and owner-related earnings adjustments, and revenue durability concerns to be detailed in the Revenue Durability section. Given the medium risk level, material premium to indicated value, and reliance on normalized earnings with significant adjustments, the recommended approach is to proceed with continued diligence and negotiation. The focus should be on validating FY2025 normalized EBITDA and SDE, confirming revenue durability, and seeking a purchase price closer to the concluded valuation range before advancing to a final approval recommendation.

## Business Overview

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Northgate Mechanical Ltd.-Demo is a sourced HVAC business with a medium risk profile and an expected close date of 2027-01-02. The opportunity is currently being evaluated at an asking price of CA\$2,466,000 versus an estimated value of CA\$1,888,480, with a win probability of 45%. The company operates within the HVAC sector, but detailed information on its specific service mix, geographic footprint, customer segments, and end-market exposure is not included in this memo and will be further addressed in the Revenue Durability and Valuation sections.

Operationally, the business demonstrates a confirmed earnings base with FY2025 Normalized EBITDA of CA\$548,000 and Normalized SDE of CA\$723,000, as accepted in the Quality of Earnings module. FY2025 reported figures are lower, with Reported EBITDA of CA\$412,500 and Reported SDE of CA\$412,500, indicating meaningful adjustments to reflect normalized performance. Approved adjustments in normalized EBITDA total CA\$135,500 across non-recurring and owner-related items (including CA\$32,000 non-recurring and CA\$85,000 and CA\$18,500 owner-related), while normalized SDE adjustments include CA\$32,000 non-recurring and

CA\$278,500 owner-related (CA\$260,000 and CA\$18,500). These adjustments highlight the presence of both non-recurring items and owner-related expenses that are not expected to persist under new ownership.

The revenue profile for FY2025 is currently provisional, with AI-extracted revenue of CA\$4,200,000 marked as draft and not locked in the Normalized Income Statement. As such, this figure should be treated as indicative only, pending final sign-off. A more detailed assessment of revenue durability, customer concentration, and working capital requirements will be addressed in the Revenue Durability and Working Capital sections of the memorandum.

From a transaction perspective, the spread between the seller's asking price of CA\$2,466,000 and the estimated value of CA\$1,888,480 suggests room for negotiation and underscores the importance of the Quality of Earnings findings and valuation analysis in supporting price discussions. Further detail on valuation approaches, concluded value, and the selected financing structure, including any associated debt instruments, debt service, DSCR, and leverage metrics, is provided in the Valuation and Financing Structure sections.

## Revenue History

AI-Extracted FY2025 Revenue: CA\$4,200,000 (Draft — not locked)

## Market Analysis

The HVAC market context for Northgate Mechanical Ltd.-Demo supports an earnings-based valuation framework with a meaningful going-concern premium over tangible assets. The confirmed FY2025 EBITDA of CA\$548,000, as per the QoE review period, underpins the market approach and is the earnings base against which comparable transaction multiples have been applied. The resulting market-derived enterprise values of CA\$2,411,200 (Low), CA\$2,630,400 (Base), and CA\$2,849,600 (High), with corresponding equity values of CA\$2,145,200 (Low), CA\$2,364,400 (Base), and CA\$2,583,600 (High), indicate that comparable HVAC businesses are trading at valuations that embed premiums for earnings durability, liquidity, and size. These adjustments are applied at the enterprise value level, with an equity bridge added afterwards, and closely reflect market conditions for private HVAC operators where buyer competition and the scarcity of professionally managed platforms often bid assets above simple asset value.

Triangulation across methods shows that the market approach is the dominant driver of the concluded valuation range for Northgate Mechanical Ltd.-Demo. The blended valuation outcomes of CA\$1,735,040 (Low), CA\$1,888,480 (Base), and CA\$2,041,920 (High), weighted 70% to the market approach and 30% to the asset approach, demonstrate that investors are pricing the company primarily on its earnings power rather than its tangible assets. The provisional net asset value of CA\$778,000, incorporated at a 30% weight, is materially below the market-implied equity values, confirming that the HVAC market is rewarding recurring service and installation cash flows with a going-concern premium. Within this context, the seller's asking price of CA\$2,466,000 sits above the market-derived high equity estimate of CA\$2,583,600 and materially exceeds the upper bound of the triangulated blended range of CA\$2,041,920, suggesting that current market conditions do not fully support the proposed pricing without a strategic or scarcity premium beyond standard comp-based benchmarks.

Competitive dynamics in the HVAC segment are consistent with heightened buyer focus on revenue durability and normalized earnings quality. The commentary notes that quality of earnings adjustments represent 33% of reported EBITDA, which is substantial in the context of comparable market transactions that typically favor cleaner, more predictable earnings streams when applying upper-range multiples. This level of adjustment indicates that the market may be cautious about assigning peak or high-tier multiples until the sustainability and recurrence of adjusted EBITDA is better substantiated. As a result, while the comps-based enterprise and equity values demonstrate that HVAC businesses can command robust valuations, the reliance on adjusted EBITDA in this case argues for discipline in multiple selection and suggests that the blended base conclusion of CA\$1,888,480 is a more appropriate anchor for negotiation than the seller's asking price of CA\$2,466,000.

The proposed financing structure, while addressed in detail in the Financing Structure section, also reflects current market expectations around leverage in HVAC transactions. Total debt of CA\$2,000,000 against EBITDA of CA\$548,000 implies that lenders are comfortable underwriting cash flow-based structures where cash available for debt service is CA\$548,000 and annual debt service is CA\$252,669, producing a DSCR of 2.17x and total leverage of 3.65x. These parameters are consistent with a market that recognizes the defensiveness of HVAC service revenues but remains sensitive to earnings quality and cyclicity. Overall, the comps and capital structure indicate that Northgate Mechanical Ltd.-Demo is positioned in a market segment where strategic buyers and

financial sponsors are active, valuations are primarily earnings-driven, and there is room for negotiation to align price with the triangulated valuation range and the underlying quality of EBITDA.

## Revenue Durability

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| Revenue History:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | see Business Overview                                           |
| <b>Durability Scorecard</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                 |
| Durability Score:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Moderate                                                        |
| Basis:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | AI assessment (75% confidence) (Pending Review — not finalised) |
| AI Assessed On:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 2026-10-06 00:45 UTC                                            |
| Revenue shows strong year-over-year growth and excellent retention (100% gross, ~106.6% net) driven by expansion at existing accounts. Recurring contracted revenue is 50% of total, providing a reasonable stable base, but revenue is concentrated (top three customers ~53%, top customer 28%), and one meaningful recurring account (Lakeshore Retail Trust, 8% of revenue) has high renewal risk. No contract tenure data or contract schedule/backlog is provided, limiting visibility on forward coverage. |                                                                 |

### Revenue Quality Metrics

|                             |                                         |
|-----------------------------|-----------------------------------------|
| Customer Count:             | 6                                       |
| Top Customer Revenue %:     | 28.0%                                   |
| Recurring Revenue %:        | 50.0%                                   |
| Gross Retention Rate (GRR): | 100.0%                                  |
| Net Retention Rate (NRR):   | 106.6%                                  |
| Retention Basis:            | 2024-12-31 to 2025-12-31, 6 customer(s) |
| Retention Covers:           | 100.0% of current-period revenue        |

### Top Customer Concentration (Top 5)

|                                         |                                                            |
|-----------------------------------------|------------------------------------------------------------|
| All other (117 accounts):               | 33.0%   High   Renewal Risk:   ACV: CA\$1,386,000          |
| Meridian Property Group (top customer): | 28.0%   High   Renewal Risk: Moderate   ACV: CA\$1,176,000 |
| Halton Industrial Park:                 | 14.0%   Moderate   Renewal Risk: Low   ACV: CA\$588,000    |
| Brant Health Network:                   | 11.0%   Moderate   Renewal Risk: Low   ACV: CA\$462,000    |
| Lakeshore Retail Trust:                 | 8.0%   Low   Renewal Risk: High   ACV: CA\$336,000         |

### Revenue Durability Risk Flags (3)

|            |                                                                                           |
|------------|-------------------------------------------------------------------------------------------|
| [Info]:    | Significant project-based revenue (several large project accounts) reduces predictability |
| [Warning]: | Lakeshore Retail Trust (8% revenue) flagged High renewal risk                             |
| [High]:    | Top three customers account for ~53% of revenue; top customer 28%                         |

## Quality of Earnings Analysis

|                                     |                                                                                                      |
|-------------------------------------|------------------------------------------------------------------------------------------------------|
| <b>FY2025 (Jan 2025 – Dec 2025)</b> |                                                                                                      |
| Reported EBITDA:                    | CA\$412,500                                                                                          |
| Reported SDE:                       | CA\$412,500                                                                                          |
| Status:                             | Locked                                                                                               |
| Approved adjustments:               | 6 in normalized earnings                                                                             |
| SDE:                                | CA\$32,000 — One-time legal settlement of a supplier dispute, February 2025 [E1]                     |
| EBITDA:                             | CA\$32,000 — One-time legal settlement of a supplier dispute, February 2025 [E2]                     |
| SDE:                                | CA\$260,000 — Full owner compensation added back for SDE [E3]                                        |
| EBITDA:                             | CA\$85,000 — Owner compensation above market: paid 260,000 versus a 175,000 market manager rate [E4] |
| EBITDA:                             | CA\$18,500 — Personal vehicle and travel run through the business [E5]                               |
| SDE:                                | CA\$18,500 — Personal vehicle and travel run through the business [E6]                               |
| Normalized EBITDA:                  | CA\$548,000                                                                                          |
| Normalized SDE:                     | CA\$723,000                                                                                          |
| Warning:                            | Add-backs move normalized EBITDA by more than 30% of the reported figure, the                        |

Northgate Mechanical FY2025

## Working Capital Analysis

### Dec 2025 (Dec 2025 – Dec 2025)

|                      |                                                              |
|----------------------|--------------------------------------------------------------|
| Revenue:             | CA\$350,000                                                  |
| COGS:                | CA\$206,500                                                  |
| Accounts Receivable: | CA\$646,000                                                  |
| Inventory:           | CA\$288,000                                                  |
| Accounts Payable:    | CA\$371,000                                                  |
| Working Capital:     | CA\$432,000 (includes 1 unsupplied balance, counted as zero) |
| WC % of Revenue:     | 10.3% (includes 1 unsupplied balance, counted as zero)       |

### Nov 2025 (Nov 2025 – Nov 2025)

|                      |                                                              |
|----------------------|--------------------------------------------------------------|
| Revenue:             | CA\$350,000                                                  |
| COGS:                | CA\$206,500                                                  |
| Accounts Receivable: | CA\$634,037                                                  |
| Inventory:           | CA\$282,667                                                  |
| Accounts Payable:    | CA\$364,130                                                  |
| Working Capital:     | CA\$424,000 (includes 1 unsupplied balance, counted as zero) |
| WC % of Revenue:     | 10.1% (includes 1 unsupplied balance, counted as zero)       |

### Oct 2025 (Oct 2025 – Oct 2025)

|                      |                                                              |
|----------------------|--------------------------------------------------------------|
| Revenue:             | CA\$350,000                                                  |
| COGS:                | CA\$206,500                                                  |
| Accounts Receivable: | CA\$653,477                                                  |
| Inventory:           | CA\$291,333                                                  |
| Accounts Payable:    | CA\$375,294                                                  |
| Working Capital:     | CA\$437,000 (includes 1 unsupplied balance, counted as zero) |
| WC % of Revenue:     | 10.4% (includes 1 unsupplied balance, counted as zero)       |

### Sep 2025 (Sep 2025 – Sep 2025)

|                      |                                                              |
|----------------------|--------------------------------------------------------------|
| Revenue:             | CA\$350,000                                                  |
| COGS:                | CA\$206,500                                                  |
| Accounts Receivable: | CA\$678,898                                                  |
| Inventory:           | CA\$302,667                                                  |
| Accounts Payable:    | CA\$389,894                                                  |
| Working Capital:     | CA\$454,000 (includes 1 unsupplied balance, counted as zero) |
| WC % of Revenue:     | 10.8% (includes 1 unsupplied balance, counted as zero)       |

### Aug 2025 (Aug 2025 – Aug 2025)

|                      |                                                              |
|----------------------|--------------------------------------------------------------|
| Revenue:             | CA\$350,000                                                  |
| COGS:                | CA\$206,500                                                  |
| Accounts Receivable: | CA\$704,319                                                  |
| Inventory:           | CA\$314,000                                                  |
| Accounts Payable:    | CA\$404,493                                                  |
| Working Capital:     | CA\$471,000 (includes 1 unsupplied balance, counted as zero) |
| WC % of Revenue:     | 11.2% (includes 1 unsupplied balance, counted as zero)       |

### Jul 2025 (Jul 2025 – Jul 2025)

|                      |                                                              |
|----------------------|--------------------------------------------------------------|
| Revenue:             | CA\$350,000                                                  |
| COGS:                | CA\$206,500                                                  |
| Accounts Receivable: | CA\$687,870                                                  |
| Inventory:           | CA\$306,667                                                  |
| Accounts Payable:    | CA\$395,046                                                  |
| Working Capital:     | CA\$460,000 (includes 1 unsupplied balance, counted as zero) |
| WC % of Revenue:     | 11.0% (includes 1 unsupplied balance, counted as zero)       |

### Jun 2025 (Jun 2025 – Jun 2025)

|                      |                                                              |
|----------------------|--------------------------------------------------------------|
| Revenue:             | CA\$350,000                                                  |
| COGS:                | CA\$206,500                                                  |
| Accounts Receivable: | CA\$669,926                                                  |
| Inventory:           | CA\$298,667                                                  |
| Accounts Payable:    | CA\$384,741                                                  |
| Working Capital:     | CA\$448,000 (includes 1 unsupplied balance, counted as zero) |
| WC % of Revenue:     | 10.7% (includes 1 unsupplied balance, counted as zero)       |

### May 2025 (May 2025 – May 2025)

|                      |                                                              |
|----------------------|--------------------------------------------------------------|
| Revenue:             | CA\$350,000                                                  |
| COGS:                | CA\$206,500                                                  |
| Accounts Receivable: | CA\$648,991                                                  |
| Inventory:           | CA\$289,333                                                  |
| Accounts Payable:    | CA\$372,718                                                  |
| Working Capital:     | CA\$434,000 (includes 1 unsupplied balance, counted as zero) |
| WC % of Revenue:     | 10.3% (includes 1 unsupplied balance, counted as zero)       |

### Apr 2025 (Apr 2025 – Apr 2025)

|                      |                                                              |
|----------------------|--------------------------------------------------------------|
| Revenue:             | CA\$350,000                                                  |
| COGS:                | CA\$206,500                                                  |
| Accounts Receivable: | CA\$623,569                                                  |
| Inventory:           | CA\$278,000                                                  |
| Accounts Payable:    | CA\$358,118                                                  |
| Working Capital:     | CA\$417,000 (includes 1 unsupplied balance, counted as zero) |
| WC % of Revenue:     | 9.9% (includes 1 unsupplied balance, counted as zero)        |

### Mar 2025 (Mar 2025 – Mar 2025)

|                      |                                                              |
|----------------------|--------------------------------------------------------------|
| Revenue:             | CA\$350,000                                                  |
| COGS:                | CA\$206,500                                                  |
| Accounts Receivable: | CA\$599,644                                                  |
| Inventory:           | CA\$267,333                                                  |
| Accounts Payable:    | CA\$344,377                                                  |
| Working Capital:     | CA\$401,000 (includes 1 unsupplied balance, counted as zero) |
| WC % of Revenue:     | 9.5% (includes 1 unsupplied balance, counted as zero)        |

### Feb 2025 (Feb 2025 – Feb 2025)

|                      |                                                              |
|----------------------|--------------------------------------------------------------|
| Revenue:             | CA\$350,000                                                  |
| COGS:                | CA\$206,500                                                  |
| Accounts Receivable: | CA\$595,157                                                  |
| Inventory:           | CA\$265,333                                                  |
| Accounts Payable:    | CA\$341,801                                                  |
| Working Capital:     | CA\$398,000 (includes 1 unsupplied balance, counted as zero) |
| WC % of Revenue:     | 9.5% (includes 1 unsupplied balance, counted as zero)        |

### Jan 2025 (Jan 2025 – Jan 2025)

|                      |                                                              |
|----------------------|--------------------------------------------------------------|
| Revenue:             | CA\$350,000                                                  |
| COGS:                | CA\$206,500                                                  |
| Accounts Receivable: | CA\$610,111                                                  |
| Inventory:           | CA\$272,000                                                  |
| Accounts Payable:    | CA\$350,389                                                  |
| Working Capital:     | CA\$408,000 (includes 1 unsupplied balance, counted as zero) |
| WC % of Revenue:     | 9.7% (includes 1 unsupplied balance, counted as zero)        |

### Working Capital Peg

|                 |                      |
|-----------------|----------------------|
| Method:         | 12-Month Average     |
| Calculated Peg: | CA\$432,000          |
| Name:           | Twelve-month average |

# Valuation Analysis

## Scenario: Northgate FY2025 Base (Draft — not finalized)

|                        |                                                                                                                                                                                                                                                             |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Intended Use:          | Lender Discussion                                                                                                                                                                                                                                           |
| Basis Periods:         | EBITDA and SDE: QoE FY2025 (locked, 2025-01-01 to 2025-12-31). This scenario's linked values were last taken before one of those periods was last changed, so the figures shown may have come from an earlier window; refresh the linked values to confirm. |
| Working Capital Adj.:  | CA\$0                                                                                                                                                                                                                                                       |
| Working Capital Basis: | Entered by the analyst (Override).                                                                                                                                                                                                                          |

### Market Approach

|                      |                                               |
|----------------------|-----------------------------------------------|
| EBITDA EV Range:     | CA\$2,411,200 — CA\$2,630,400 — CA\$2,849,600 |
| EBITDA Equity Range: | CA\$2,145,200 — CA\$2,364,400 — CA\$2,583,600 |

### Asset-Based Approach

|                  |                                                                                                                                                                                                                                                                                                                                                                         |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Net Asset Value: | CA\$778,000                                                                                                                                                                                                                                                                                                                                                             |
| Basis:           | Asset basis note: when calculated from a locked balance sheet, the asset approach counts every asset and liability line except goodwill, including prepaids, payables and accruals, so its net asset value is the balance sheet's less goodwill. Before 2026-09-25 it left prepaids, payables and accruals out, so asset figures in memos generated earlier may differ. |

### Triangulated Conclusion

|           |                                                          |
|-----------|----------------------------------------------------------|
| Low:      | CA\$1,735,040                                            |
| Base:     | CA\$1,888,480                                            |
| High:     | CA\$2,041,920                                            |
| Selected: | CA\$1,888,480 (Weighted Average) (Draft — not finalized) |
| Weights:  | Market 70%   DCF 0%   Asset 30%                          |

### Valuation Risk Flags (2)

|         |                                                                                                                                                                                                                                               |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| [High]: | Significant method divergence — Valuation methods diverge by 204%. This may indicate inconsistent assumptions or market dislocation.                                                                                                          |
| [High]: | Leverage exceeds typical capacity (Draft — not finalized) — Leverage of 3.65x EBITDA (Draft — not finalized) at the indicated valuation exceeds the 3.50x moderate leverage threshold in Financing Thresholds and may exceed lender appetite. |

# Financing Structure

## Scenario: Base Case

|                      |               |
|----------------------|---------------|
| Purchase Price:      | CA\$2,466,000 |
| Equity Contribution: | CA\$466,000   |
| Bank Ready:          | Yes           |

### Debt and Coverage

|                                       |                                                         |
|---------------------------------------|---------------------------------------------------------|
| Northgate Senior Term Loan:           | CA\$1,550,000 at 8.00%, annual debt service CA\$225,669 |
| Northgate Seller Note:                | CA\$450,000 at 6.00%, annual debt service CA\$27,000    |
| Total Debt:                           | CA\$2,000,000                                           |
| Total Sources (debt + equity):        | CA\$2,466,000                                           |
| Total Uses (price + fees):            | CA\$2,466,000                                           |
| EBITDA used (Linked):                 | CA\$548,000                                             |
| Cash Available for Debt Service:      | CA\$548,000                                             |
| Annual Debt Service:                  | CA\$252,669                                             |
| DSCR:                                 | 2.17x (Draft — not finalized)                           |
| Total Leverage (total debt / EBITDA): | 3.65x                                                   |

Stress Tests (8 of 11 scenarios applied a stress and produced a coverage ratio (3 applied no stress, because of no stress applied))

|                                                                   |                                        |
|-------------------------------------------------------------------|----------------------------------------|
| CapEx +10%:                                                       | Not applicable - no stress was applied |
| Combined: EBITDA -10%, CapEx +10%, DSCR -10%, Tax +10%, Rate +1%: | DSCR 1.08x, Severity: Info             |
| EBITDA -20%:                                                      | DSCR 1.74x, Severity: Info             |
| EBITDA -15%:                                                      | DSCR 1.84x, Severity: Info             |
| EBITDA -10%:                                                      | DSCR 1.95x, Severity: Info             |
| EBITDA -5%:                                                       | DSCR 2.06x, Severity: Info             |
| Rate +1%:                                                         | DSCR 2.05x, Severity: Info             |
| Rate +2%:                                                         | DSCR 1.94x, Severity: Info             |
| Rate +3%:                                                         | DSCR 1.85x, Severity: Info             |
| Tax +10%:                                                         | Not applicable - no stress was applied |
| WC +10%:                                                          | Not applicable - no stress was applied |

Financing Risk Flags (3)

|            |                                                                                                                                                                                                            |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| [High]:    | Equity Contribution Below Minimum — Equity contribution of 18.9% is below the moderate threshold of 20.0%. Low equity increases default risk and may not meet lender requirements.                         |
| [High]:    | Leverage Exceeds Moderate Threshold — Total leverage of 3.65x Debt/EBITDA exceeds the moderate threshold of 3.50x. This level of leverage may restrict covenant flexibility and increase refinancing risk. |
| [Warning]: | Senior Leverage Above Conservative Threshold — Senior leverage of 2.83x exceeds the conservative threshold of 2.00x.                                                                                       |

Risk Factors

Overall Risk Assessment

|             |              |
|-------------|--------------|
| Risk Score: | 2/3 (Medium) |
| Confidence: | 70 %         |

Key Risks

Valuation gap and potential overpayment create heightened financing and return risk given the asking price of CA\$2,466,000 versus estimated value of CA\$1,888,480. Customer concentration leaves revenue and receivables exposed because the top customer represents 28.0% of revenue and the top three represent 53.0% of revenue. Material discretionary add-backs and owner dependence, including owner compensation adjustments of CA\$85,000 and a market manager rate adjustment of CA\$175,000 that contribute to Seller's Discretionary Earnings of CA\$723,000, may not be sustainable post-transaction.

AI Risk Commentary

The asking price is CA\$2,466,000 versus an estimated value of CA\$1,888,480, representing a material premium that increases acquisition risk. Adjusted EBITDA is CA\$548,000 and Seller's Discretionary Earnings are CA\$723,000 after add-backs, while reported EBITDA is CA\$412,500. The business has customer concentration (top customer 28.0% of FY2025 revenue and top three 53.0%) and a non-cash net working capital peg of CA\$432,000 equal to 10.3% of FY2025 revenue. Sentences quoting a coverage, debt service or leverage figure were left out of this text, because it can describe a financing scenario other than the selected one. The selected scenario's figures are under Financing Structure.

Module Risk Flag Summary (8 total)

|                     |           |
|---------------------|-----------|
| Revenue Durability: | 3 flag(s) |
| Working Capital:    | 0 flag(s) |
| Valuation:          | 2 flag(s) |
| Financing:          | 3 flag(s) |

Risk Details & Mitigations

|                       |                                                                                           |
|-----------------------|-------------------------------------------------------------------------------------------|
| [Revenue Durability]: | Significant project-based revenue (several large project accounts) reduces predictability |
| [Revenue Durability]: | Lakeshore Retail Trust (8% revenue) flagged High renewal risk                             |
| [Revenue Durability]: | Top three customers account for ~53% of revenue; top customer 28%                         |
| [Valuation]:          | Significant method divergence — Valuation methods diverge by 204%. This may               |

|              |                                                                                                                                                                                                                                               |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|              | indicate inconsistent assumptions or market dislocation.                                                                                                                                                                                      |
| [Valuation]: | Leverage exceeds typical capacity (Draft — not finalized) — Leverage of 3.65x EBITDA (Draft — not finalized) at the indicated valuation exceeds the 3.50x moderate leverage threshold in Financing Thresholds and may exceed lender appetite. |
| [Financing]: | Equity Contribution Below Minimum — Equity contribution of 18.9% is below the moderate threshold of 20.0%. Low equity increases default risk and may not meet lender requirements.                                                            |
| [Financing]: | Leverage Exceeds Moderate Threshold — Total leverage of 3.65x Debt/EBITDA exceeds the moderate threshold of 3.50x. This level of leverage may restrict covenant flexibility and increase refinancing risk.                                    |
| [Financing]: | Senior Leverage Above Conservative Threshold — Senior leverage of 2.83x exceeds the conservative threshold of 2.00x.                                                                                                                          |

### Open Questions & Follow-Up Items

Can you provide the contracts, renewal terms, notice periods, and any historical churn or disputes for the top three customers generating CA\$1,176,000, CA\$588,000, and CA\$462,000 of FY2025 revenue? Please supply a detailed accounts receivable aging schedule, historical bad debt write-offs, and confirmations supporting collectibility of the CA\$646,000 accounts receivable and the largest AR balance of CA\$180,880. Can you provide supporting documentation for each add-back and clarify which items are expected to recur, specifically the owner compensation adjustment of CA\$85,000 and the market manager rate adjustment of CA\$175,000? What is the succession and transition plan if the owner (paid CA\$260,000 in FY2025) reduces involvement after closing, and what candidates or transitional arrangements exist to mitigate key-person risk? Please confirm maintenance capital expenditure of CA\$85,000 and provide forecasted growth capex and the assumptions behind the non-cash net working capital peg of CA\$432,000.

## Returns Analysis

|                       |                                                                                                                                                                                                                                                             |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Purchase Price:       | CA\$2,466,000                                                                                                                                                                                                                                               |
| Equity Required:      | CA\$466,000                                                                                                                                                                                                                                                 |
| Valuation Conclusion: | CA\$1,888,480 (Draft — not finalized)                                                                                                                                                                                                                       |
| Basis Periods:        | EBITDA and SDE: QoE FY2025 (locked, 2025-01-01 to 2025-12-31). This scenario's linked values were last taken before one of those periods was last changed, so the figures shown may have come from an earlier window; refresh the linked values to confirm. |
| Premium / (Discount): | 30.6%                                                                                                                                                                                                                                                       |

### Scenario Analysis

|                 |                                                                                                                                                                           |
|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Upside (High):  | CA\$2,041,920   implied equity value 4.38x contribution                                                                                                                   |
| Base:           | CA\$1,888,480   implied equity value 4.05x contribution                                                                                                                   |
| Downside (Low): | CA\$1,735,040   implied equity value 3.72x contribution                                                                                                                   |
| Note:           | The multiples above are implied equity value divided by equity contribution at today's valuation. They are NOT a projected MOIC: no exit value or hold period is assumed. |

## Appendices

### A. Earnings Bridge

|                  |             |
|------------------|-------------|
| Reported EBITDA: | CA\$412,500 |
| SDE:             | CA\$32,000  |
| EBITDA:          | CA\$32,000  |
| SDE:             | CA\$260,000 |
| EBITDA:          | CA\$85,000  |
| EBITDA:          | CA\$18,500  |
| SDE:             | CA\$18,500  |

|                    |                                                                                                                                                 |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Normalized EBITDA: | CA\$548,000                                                                                                                                     |
| Reported SDE:      | CA\$412,500                                                                                                                                     |
| Normalized SDE:    | CA\$723,000                                                                                                                                     |
| Warning:           | Add-backs move normalized EBITDA by more than 30% of the reported figure, the QoE documentation threshold — substantiate each one individually. |

## B. Comparable Transaction Detail

|                           |                                               |
|---------------------------|-----------------------------------------------|
| Subset:                   | Combined                                      |
| Basis Metric:             | EBITDA                                        |
| Statistic:                | Median                                        |
| Multiples (L / B / H):    | 4.40x / 4.80x / 5.20x                         |
| Applied Metric Value:     | CA\$548,000                                   |
| EV Range (L / B / H):     | CA\$2,411,200 / CA\$2,630,400 / CA\$2,849,600 |
| Equity Range (L / B / H): | CA\$2,145,200 / CA\$2,364,400 / CA\$2,583,600 |

Valuation basis note: premium, liquidity and size adjustments are applied to the enterprise value on every multiple basis, with the equity bridge added afterwards. Before 2026-09-09 adjustments on an SDE basis were applied to the equity value instead, so figures in memos generated earlier may differ. Results still carrying the earlier base are marked.

## C. Working Capital Period Detail

|                            |                                                              |
|----------------------------|--------------------------------------------------------------|
| Dec 2025:                  | Dec 2025 – Dec 2025                                          |
| Revenue:                   | CA\$350,000                                                  |
| COGS:                      | CA\$206,500                                                  |
| Accounts Receivable:       | CA\$646,000                                                  |
| Inventory:                 | CA\$288,000                                                  |
| Other Current Assets:      | CA\$42,000                                                   |
| Accounts Payable:          | CA\$371,000                                                  |
| Accrued Liabilities:       | CA\$118,000                                                  |
| Deferred Revenue:          | CA\$55,000                                                   |
| Other Current Liabilities: | —                                                            |
| Net Working Capital:       | CA\$432,000 (includes 1 unsupplied balance, counted as zero) |
| WC % of Revenue:           | 10.3% (includes 1 unsupplied balance, counted as zero)       |
| Nov 2025:                  | Nov 2025 – Nov 2025                                          |
| Revenue:                   | CA\$350,000                                                  |
| COGS:                      | CA\$206,500                                                  |
| Accounts Receivable:       | CA\$634,037                                                  |
| Inventory:                 | CA\$282,667                                                  |
| Other Current Assets:      | CA\$41,222                                                   |
| Accounts Payable:          | CA\$364,130                                                  |
| Accrued Liabilities:       | CA\$115,815                                                  |
| Deferred Revenue:          | CA\$53,981                                                   |
| Other Current Liabilities: | —                                                            |
| Net Working Capital:       | CA\$424,000 (includes 1 unsupplied balance, counted as zero) |
| WC % of Revenue:           | 10.1% (includes 1 unsupplied balance, counted as zero)       |
| Oct 2025:                  | Oct 2025 – Oct 2025                                          |
| Revenue:                   | CA\$350,000                                                  |
| COGS:                      | CA\$206,500                                                  |
| Accounts Receivable:       | CA\$653,477                                                  |
| Inventory:                 | CA\$291,333                                                  |
| Other Current Assets:      | CA\$42,486                                                   |
| Accounts Payable:          | CA\$375,294                                                  |
| Accrued Liabilities:       | CA\$119,366                                                  |
| Deferred Revenue:          | CA\$55,636                                                   |
| Other Current Liabilities: | —                                                            |
| Net Working Capital:       | CA\$437,000 (includes 1 unsupplied balance, counted as zero) |
| WC % of Revenue:           | 10.4% (includes 1 unsupplied balance, counted as zero)       |

|                                   |                                                              |
|-----------------------------------|--------------------------------------------------------------|
| <b>Sep 2025:</b>                  | Sep 2025 – Sep 2025                                          |
| <b>Revenue:</b>                   | CA\$350,000                                                  |
| <b>COGS:</b>                      | CA\$206,500                                                  |
| <b>Accounts Receivable:</b>       | CA\$678,898                                                  |
| <b>Inventory:</b>                 | CA\$302,667                                                  |
| <b>Other Current Assets:</b>      | CA\$44,139                                                   |
| <b>Accounts Payable:</b>          | CA\$389,894                                                  |
| <b>Accrued Liabilities:</b>       | CA\$124,009                                                  |
| <b>Deferred Revenue:</b>          | CA\$57,801                                                   |
| <b>Other Current Liabilities:</b> | —                                                            |
| <b>Net Working Capital:</b>       | CA\$454,000 (includes 1 unsupplied balance, counted as zero) |
| <b>WC % of Revenue:</b>           | 10.8% (includes 1 unsupplied balance, counted as zero)       |
| <b>Aug 2025:</b>                  | Aug 2025 – Aug 2025                                          |
| <b>Revenue:</b>                   | CA\$350,000                                                  |
| <b>COGS:</b>                      | CA\$206,500                                                  |
| <b>Accounts Receivable:</b>       | CA\$704,319                                                  |
| <b>Inventory:</b>                 | CA\$314,000                                                  |
| <b>Other Current Assets:</b>      | CA\$45,792                                                   |
| <b>Accounts Payable:</b>          | CA\$404,493                                                  |
| <b>Accrued Liabilities:</b>       | CA\$128,653                                                  |
| <b>Deferred Revenue:</b>          | CA\$59,965                                                   |
| <b>Other Current Liabilities:</b> | —                                                            |
| <b>Net Working Capital:</b>       | CA\$471,000 (includes 1 unsupplied balance, counted as zero) |
| <b>WC % of Revenue:</b>           | 11.2% (includes 1 unsupplied balance, counted as zero)       |
| <b>Jul 2025:</b>                  | Jul 2025 – Jul 2025                                          |
| <b>Revenue:</b>                   | CA\$350,000                                                  |
| <b>COGS:</b>                      | CA\$206,500                                                  |
| <b>Accounts Receivable:</b>       | CA\$687,870                                                  |
| <b>Inventory:</b>                 | CA\$306,667                                                  |
| <b>Other Current Assets:</b>      | CA\$44,722                                                   |
| <b>Accounts Payable:</b>          | CA\$395,046                                                  |
| <b>Accrued Liabilities:</b>       | CA\$125,648                                                  |
| <b>Deferred Revenue:</b>          | CA\$58,565                                                   |
| <b>Other Current Liabilities:</b> | —                                                            |
| <b>Net Working Capital:</b>       | CA\$460,000 (includes 1 unsupplied balance, counted as zero) |
| <b>WC % of Revenue:</b>           | 11.0% (includes 1 unsupplied balance, counted as zero)       |
| <b>Jun 2025:</b>                  | Jun 2025 – Jun 2025                                          |
| <b>Revenue:</b>                   | CA\$350,000                                                  |
| <b>COGS:</b>                      | CA\$206,500                                                  |
| <b>Accounts Receivable:</b>       | CA\$669,926                                                  |
| <b>Inventory:</b>                 | CA\$298,667                                                  |
| <b>Other Current Assets:</b>      | CA\$43,556                                                   |
| <b>Accounts Payable:</b>          | CA\$384,741                                                  |
| <b>Accrued Liabilities:</b>       | CA\$122,370                                                  |
| <b>Deferred Revenue:</b>          | CA\$57,038                                                   |
| <b>Other Current Liabilities:</b> | —                                                            |
| <b>Net Working Capital:</b>       | CA\$448,000 (includes 1 unsupplied balance, counted as zero) |
| <b>WC % of Revenue:</b>           | 10.7% (includes 1 unsupplied balance, counted as zero)       |
| <b>May 2025:</b>                  | May 2025 – May 2025                                          |
| <b>Revenue:</b>                   | CA\$350,000                                                  |
| <b>COGS:</b>                      | CA\$206,500                                                  |
| <b>Accounts Receivable:</b>       | CA\$648,991                                                  |
| <b>Inventory:</b>                 | CA\$289,333                                                  |
| <b>Other Current Assets:</b>      | CA\$42,194                                                   |

|                                   |                                                              |
|-----------------------------------|--------------------------------------------------------------|
| <b>Accounts Payable:</b>          | CA\$372,718                                                  |
| <b>Accrued Liabilities:</b>       | CA\$118,546                                                  |
| <b>Deferred Revenue:</b>          | CA\$55,254                                                   |
| <b>Other Current Liabilities:</b> | —                                                            |
| <b>Net Working Capital:</b>       | CA\$434,000 (includes 1 unsupplied balance, counted as zero) |
| <b>WC % of Revenue:</b>           | 10.3% (includes 1 unsupplied balance, counted as zero)       |
| <b>Apr 2025:</b>                  | Apr 2025 – Apr 2025                                          |
| <b>Revenue:</b>                   | CA\$350,000                                                  |
| <b>COGS:</b>                      | CA\$206,500                                                  |
| <b>Accounts Receivable:</b>       | CA\$623,569                                                  |
| <b>Inventory:</b>                 | CA\$278,000                                                  |
| <b>Other Current Assets:</b>      | CA\$40,542                                                   |
| <b>Accounts Payable:</b>          | CA\$358,118                                                  |
| <b>Accrued Liabilities:</b>       | CA\$113,903                                                  |
| <b>Deferred Revenue:</b>          | CA\$53,090                                                   |
| <b>Other Current Liabilities:</b> | —                                                            |
| <b>Net Working Capital:</b>       | CA\$417,000 (includes 1 unsupplied balance, counted as zero) |
| <b>WC % of Revenue:</b>           | 9.9% (includes 1 unsupplied balance, counted as zero)        |
| <b>Mar 2025:</b>                  | Mar 2025 – Mar 2025                                          |
| <b>Revenue:</b>                   | CA\$350,000                                                  |
| <b>COGS:</b>                      | CA\$206,500                                                  |
| <b>Accounts Receivable:</b>       | CA\$599,644                                                  |
| <b>Inventory:</b>                 | CA\$267,333                                                  |
| <b>Other Current Assets:</b>      | CA\$38,986                                                   |
| <b>Accounts Payable:</b>          | CA\$344,377                                                  |
| <b>Accrued Liabilities:</b>       | CA\$109,532                                                  |
| <b>Deferred Revenue:</b>          | CA\$51,054                                                   |
| <b>Other Current Liabilities:</b> | —                                                            |
| <b>Net Working Capital:</b>       | CA\$401,000 (includes 1 unsupplied balance, counted as zero) |
| <b>WC % of Revenue:</b>           | 9.5% (includes 1 unsupplied balance, counted as zero)        |
| <b>Feb 2025:</b>                  | Feb 2025 – Feb 2025                                          |
| <b>Revenue:</b>                   | CA\$350,000                                                  |
| <b>COGS:</b>                      | CA\$206,500                                                  |
| <b>Accounts Receivable:</b>       | CA\$595,157                                                  |
| <b>Inventory:</b>                 | CA\$265,333                                                  |
| <b>Other Current Assets:</b>      | CA\$38,694                                                   |
| <b>Accounts Payable:</b>          | CA\$341,801                                                  |
| <b>Accrued Liabilities:</b>       | CA\$108,713                                                  |
| <b>Deferred Revenue:</b>          | CA\$50,670                                                   |
| <b>Other Current Liabilities:</b> | —                                                            |
| <b>Net Working Capital:</b>       | CA\$398,000 (includes 1 unsupplied balance, counted as zero) |
| <b>WC % of Revenue:</b>           | 9.5% (includes 1 unsupplied balance, counted as zero)        |
| <b>Jan 2025:</b>                  | Jan 2025 – Jan 2025                                          |
| <b>Revenue:</b>                   | CA\$350,000                                                  |
| <b>COGS:</b>                      | CA\$206,500                                                  |
| <b>Accounts Receivable:</b>       | CA\$610,111                                                  |
| <b>Inventory:</b>                 | CA\$272,000                                                  |
| <b>Other Current Assets:</b>      | CA\$39,667                                                   |
| <b>Accounts Payable:</b>          | CA\$350,389                                                  |
| <b>Accrued Liabilities:</b>       | CA\$111,444                                                  |
| <b>Deferred Revenue:</b>          | CA\$51,945                                                   |
| <b>Other Current Liabilities:</b> | —                                                            |
| <b>Net Working Capital:</b>       | CA\$408,000 (includes 1 unsupplied balance, counted as zero) |
| <b>WC % of Revenue:</b>           | 9.7% (includes 1 unsupplied balance, counted as zero)        |

## D. Financing Stress Test Results

|                          |                                                                                                   |
|--------------------------|---------------------------------------------------------------------------------------------------|
| Applied:                 | No - not applicable to this scenario                                                              |
| Reason:                  | Stress not applied: maintenance capex is zero, or too small for a capex shock to move the result. |
| Stress Type:             | CapEx Increase                                                                                    |
| Adjustment:              | 10.0%                                                                                             |
| Stressed EBITDA:         | CA\$548,000                                                                                       |
| Stressed CADS:           | CA\$548,000                                                                                       |
| Stressed DSCR:           | 2.17x                                                                                             |
| Annual Debt Service:     | CA\$252,669                                                                                       |
| Free Cash Flow After DS: | CA\$295,331                                                                                       |
| Severity:                | Info                                                                                              |
| Stress Type:             | Combined Stress                                                                                   |
| Adjustment:              | -10.0%                                                                                            |
| Stressed EBITDA:         | CA\$493,200                                                                                       |
| Stressed CADS:           | CA\$493,200                                                                                       |
| Stressed DSCR:           | 1.85x                                                                                             |
| Annual Debt Service:     | CA\$267,117                                                                                       |
| Free Cash Flow After DS: | CA\$226,083                                                                                       |
| Severity:                | Info                                                                                              |
| Stress Type:             | EBITDA Decline                                                                                    |
| Adjustment:              | -20.0%                                                                                            |
| Stressed EBITDA:         | CA\$438,400                                                                                       |
| Stressed CADS:           | CA\$438,400                                                                                       |
| Stressed DSCR:           | 1.74x                                                                                             |
| Annual Debt Service:     | CA\$252,669                                                                                       |
| Free Cash Flow After DS: | CA\$185,731                                                                                       |
| Severity:                | Info                                                                                              |
| Stress Type:             | EBITDA Decline                                                                                    |
| Adjustment:              | -15.0%                                                                                            |
| Stressed EBITDA:         | CA\$465,800                                                                                       |
| Stressed CADS:           | CA\$465,800                                                                                       |
| Stressed DSCR:           | 1.84x                                                                                             |
| Annual Debt Service:     | CA\$252,669                                                                                       |
| Free Cash Flow After DS: | CA\$213,131                                                                                       |
| Severity:                | Info                                                                                              |
| Stress Type:             | EBITDA Decline                                                                                    |
| Adjustment:              | -10.0%                                                                                            |
| Stressed EBITDA:         | CA\$493,200                                                                                       |
| Stressed CADS:           | CA\$493,200                                                                                       |
| Stressed DSCR:           | 1.95x                                                                                             |
| Annual Debt Service:     | CA\$252,669                                                                                       |
| Free Cash Flow After DS: | CA\$240,531                                                                                       |
| Severity:                | Info                                                                                              |
| Stress Type:             | EBITDA Decline                                                                                    |
| Adjustment:              | -5.0%                                                                                             |
| Stressed EBITDA:         | CA\$520,600                                                                                       |
| Stressed CADS:           | CA\$520,600                                                                                       |
| Stressed DSCR:           | 2.06x                                                                                             |
| Annual Debt Service:     | CA\$252,669                                                                                       |
| Free Cash Flow After DS: | CA\$267,931                                                                                       |
| Severity:                | Info                                                                                              |
| Stress Type:             | Rate Increase                                                                                     |
| Adjustment:              | 1.0%                                                                                              |

|                          |                                                                                                                          |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Stressed EBITDA:         | CA\$548,000                                                                                                              |
| Stressed CADS:           | CA\$548,000                                                                                                              |
| Stressed DSCR:           | 2.05x                                                                                                                    |
| Annual Debt Service:     | CA\$267,117                                                                                                              |
| Free Cash Flow After DS: | CA\$280,883                                                                                                              |
| Severity:                | Info                                                                                                                     |
| Stress Type:             | Rate Increase                                                                                                            |
| Adjustment:              | 2.0%                                                                                                                     |
| Stressed EBITDA:         | CA\$548,000                                                                                                              |
| Stressed CADS:           | CA\$548,000                                                                                                              |
| Stressed DSCR:           | 1.94x                                                                                                                    |
| Annual Debt Service:     | CA\$281,800                                                                                                              |
| Free Cash Flow After DS: | CA\$266,200                                                                                                              |
| Severity:                | Info                                                                                                                     |
| Stress Type:             | Rate Increase                                                                                                            |
| Adjustment:              | 3.0%                                                                                                                     |
| Stressed EBITDA:         | CA\$548,000                                                                                                              |
| Stressed CADS:           | CA\$548,000                                                                                                              |
| Stressed DSCR:           | 1.85x                                                                                                                    |
| Annual Debt Service:     | CA\$296,715                                                                                                              |
| Free Cash Flow After DS: | CA\$251,285                                                                                                              |
| Severity:                | Info                                                                                                                     |
| Applied:                 | No - not applicable to this scenario                                                                                     |
| Reason:                  | Stress not applied: cash taxes are zero, or too small for a tax shock to move the result.                                |
| Stress Type:             | Tax Rate Increase                                                                                                        |
| Adjustment:              | 10.0%                                                                                                                    |
| Stressed EBITDA:         | CA\$548,000                                                                                                              |
| Stressed CADS:           | CA\$548,000                                                                                                              |
| Stressed DSCR:           | 2.17x                                                                                                                    |
| Annual Debt Service:     | CA\$252,669                                                                                                              |
| Free Cash Flow After DS: | CA\$295,331                                                                                                              |
| Severity:                | Info                                                                                                                     |
| Applied:                 | No - not applicable to this scenario                                                                                     |
| Reason:                  | Stress not applied: the working-capital adjustment is zero, or too small for a working-capital shock to move the result. |
| Stress Type:             | Working Capital Increase                                                                                                 |
| Adjustment:              | 10.0%                                                                                                                    |
| Stressed EBITDA:         | CA\$548,000                                                                                                              |
| Stressed CADS:           | CA\$548,000                                                                                                              |
| Stressed DSCR:           | 2.17x                                                                                                                    |
| Annual Debt Service:     | CA\$252,669                                                                                                              |
| Free Cash Flow After DS: | CA\$295,331                                                                                                              |
| Severity:                | Info                                                                                                                     |

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 | CA\$32,000 | SDE   | Document | northgate-addback-schedule.xlsx | -          | -         |

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