



Business Valuation — Estimate Valuation Report

This estimate valuation was produced by the Apex CBV Skill for Marchetti Precision Components Inc. as at the valuation date of April 13, 2026. The valuation is prepared for estate freeze and succession planning purposes under CICBV Practice Standard No. 110. **This output requires review and sign-off by a CICBV-designated Chartered Business Valuator before use in any legal, tax, or transactional context.**

Engagement Parameters

Parameter	Detail
Client / subject company	Marchetti Precision Components Inc.
Valuation date	April 13, 2026
Purpose	Estate freeze (ITA s.86) / succession planning
Standard of value	Fair Market Value (FMV)
Premise of value	Going concern
Report type	Estimate Valuation — CICBV PS-110
Primary valuation method	Capitalized earnings (EBITDA multiple)
Secondary method	Adjusted net asset value (cross-check)

Normalised EBITDA — Three-Year Analysis

Adjustment	FY 2023	FY 2024	FY 2025 (LTM)	Rationale
Reported EBITDA	\$1,743,000	\$1,820,000	\$1,983,000	
+ Owner comp above market	\$162,000	\$168,000	\$180,000	Market CEO rate ~\$200K; total comp \$380K
+ Non-arm's-length rent	\$40,000	\$42,000	\$45,000	Rent to owner's Holdco above market rate
+ Non-recurring items	\$19,000	\$39,000	\$49,000	Legal fees, restructuring, personal vehicle
= Normalised EBITDA	\$1,964,000	\$2,069,000	\$2,277,000	
Weighted avg (40/30/30)			\$2,139,000	40% most recent year

Enterprise Value — Capitalised Earnings Method

The capitalised earnings method applies a sector-specific EV/EBITDA multiple to the weighted average normalised EBITDA. The multiple is selected by reference to: (a) current public comparable trading multiples, (b) disclosed private transaction precedents in the Canadian and US lower mid-market precision machining and Tier 2 automotive supply sector, and (c) company-specific adjustment factors.

Multiple Component	Value	Basis
Base sector multiple (Tier 2 automotive)	4.0–5.5x	Canadian lower mid-market; tariff headwinds in 2026
Selected base multiple	4.5x	3-yr revenue CAGR ~8%; improving margins
Adj: Customer concentration (Ford 44%)	-0.25x	Top customer > 30% = downward pressure



Adj: No CUSMA compliance documentation	-0.25x	US strategic buyers apply discount without docs
Adj: Key-person dependency (Robert, age 64)	-0.25x	Succession plan not in place; transition risk
Adj: Recurring contract base (Ford/Stellantis)	+0.25x	Long-term OEM supply agreements in place
Applied multiple	4.0x	Net of adjustments
Weighted avg normalised EBITDA	\$2,139,000	40/30/30 weighting
Enterprise value — going concern	\$8,556,000	4.0x x \$2,139,000

Post-CUSMA Compliance — Enhanced Valuation Scenario

If Marchetti completes the Apex CUSMA Tariff Revenue Audit and achieves documented CUSMA compliance, the following adjustments to the enterprise value are projected:

Item	Impact
Recoverable tariffs (EBITDA add-back)	\$280,000–\$420,000 / year
EBITDA add-back x 4.0x multiple	+\$1,120,000–\$1,680,000 EV
CUSMA documentation discount removed	+0.25x multiple uplift
US strategic buyer universe opened	+0.5–1.0x additional multiple premium
Enhanced EV estimate (post-compliance)	\$11,500,000–\$14,000,000

Quality of Earnings Flags

Flag	Severity	Detail
Customer concentration — Ford 44%	HIGH	Single customer > 30% of revenue. Loss of Ford program would reduce EBITDA by ~\$1.1M.
Key-person dependency	HIGH	Robert Marchetti is the primary relationship holder. No documented succession plan.
CUSMA compliance not documented	HIGH	US revenue ~45% of total. No certifications of origin on file. Contingent tariff liability: \$280K–\$420K annually
No estate freeze in place	HIGH	All future appreciation taxable in Robert's hands. LCGE multiplication opportunity not captured.
Stellantis concentration (28%)	MEDIUM	Combined Ford + Stellantis = 72% of revenue. Platform risk if either OEM changes supplier.

LCGE Qualification Assessment

For shares to qualify for the \$1,250,000 LCGE under ITA s.110.6(2.1): (1) Holding period — Robert has held the shares for > 24 months. (2) QSBC test at disposition — 90% of FMV of assets used in active business. Preliminary confirm: no significant passive investment assets identified. (3) QSBC test throughout 24-month period — 50% of FMV used in active business. Confirm. (4) Not a public company. **Preliminary conclusion: Robert's shares appear to qualify for the LCGE.** New shares issued to family members at the estate freeze date will qualify after the 24-month holding period.

Cross-referral triggers: CPA Skill — T2054 election and estate freeze implementation should proceed immediately. CEPA Skill — update exit readiness score with new EV estimate. Commercial Lending Skill — model succession financing for Marco/Sofia buyout if applicable.

Disclaimer: This output was produced by the Apex Invest AI CBV Skill for the fictional Marchetti Precision Components Inc. case study. It does not constitute a formal valuation report under CICBV PS-110 and requires review and sign-off by a CICBV-designated Chartered Business



Valuator before use in any legal, tax, or transactional context.