

Deal Risk Screen **SAMPLE**

Target: Concrete contractor, South Eastern BC (concrete construction, lifting and remediation, cutting and coring), established 2018

Source: Public listing, Sunbelt Network, listing ID VAN03BC002-58667, read on 2026-10-26

Prepared for: Sample for dealdiligence.ca (no client)

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SAMPLE. Prepared from the public listing only, as a demonstration of the Deal Risk Screen format. No seller package, financial statements or bank statements were reviewed, and no party commissioned this screen. Listing figures are the seller's. This is general information, not advice on this purchase.

This is an analysis for the client's own decision, based on documents provided. It is not an audit, review or assurance engagement and expresses no opinion on the financial statements. Not for litigation, matrimonial or tax-dispute use. Liability limited to the fee.

1. Verdict

Item	Result
Overall risk signal	Moderate
Listed price	\$790,000 (inventory, equipment and real estate not included)
Listed revenue / adjusted EBITDA	\$1,056,611 / \$269,762 (25.5% margin)
Implied multiple	2.9x adjusted EBITDA
Price the cash flow supports at 1.25x DSCR, on the structure below	About \$870,000 to \$1,100,000 if the listed earnings hold; about \$750,000 if they come in 30% lower

The three sentences that matter:

1. At the listed earnings the price is inside the range the cash flow supports, with a 1.75x coverage cushion; the question is not the price, it is whether \$270,000 recurs in a business that is eight years old and sells mostly new construction concrete.
2. Equipment is listed as not included, so a buyer must add the cost of acquiring or leasing the trucks, pumps and finishing equipment to the price, or confirm what the \$790,000 actually buys.
3. Work across BC and Alberta with a skilled crew means the risk sits in people and in the project pipeline, both of which a listing cannot show and a buyer must see before an LOI.

2. Earnings as listed, and what we could not test

The listing gives adjusted EBITDA, not seller's discretionary earnings. Until the statements are in hand, every line below is a question, not a finding.

Line	As listed	Status	What to ask for
Revenue	\$1,056,611	Unverified	Three years of statements; revenue by month and by project
Adjusted EBITDA	\$269,762	Questioned	The adjustment schedule: what was added back and why
Owner compensation	Not shown	Unknown	Does EBITDA already carry a market wage for the owner's hours on site and in sales?
Replacement manager	Not shown	Unknown	If the owner estimates, sells and supervises, a manager at \$90,000 to \$120,000 comes off the earnings
Equipment and vehicles	Not included	Red flag	What equipment the business uses, who owns it, and what it costs to replace or lease
Revenue mix	60% construction, 30% lifting and remediation, 10% cutting and coring	Noted	Remediation revenue is repeatable; new construction follows the building cycle

3. Risk pillars (first read from public facts)

Pillar	Read	What drives it
Financial health	Moderate	Strong margin on paper; EBITDA is adjusted and undefined; equipment outside the price; eight-year history
Operations and people	Elevated	Skilled crew is the asset; owner's role unknown; projects across two provinces; no headcount given
Market and competition	Moderate	Residential and commercial concrete tracks the construction cycle; remediation and soil stabilization is a steadier niche
External and regulatory	Moderate	WorkSafeBC and Alberta WCB standing, holdbacks under the BC Builders Lien Act, GST and T5018 filings all unseen

4. Debt service at the listed price

Structure assumed for this screen: 20% buyer equity (\$158,000), 15% vendor take-back (\$118,500 at 6% over 5 years), 65% lender term loan (\$513,500 at 8% over 7 years). Annual

debt service about \$126,800. Cash available for debt service about \$222,000 after an allowance of \$25,000 for equipment upkeep and small business tax at 11%.

Scenario	Cash available	Debt service	DSCR	Price supported at 1.25x
Listed earnings hold	\$222,000	\$126,800	1.75x	\$1,106,000
Earnings 10% lower	\$198,000	\$126,800	1.56x	\$987,000
Earnings 20% lower	\$174,000	\$126,800	1.37x	\$867,000
Earnings 30% lower	\$150,000	\$126,800	1.18x	\$747,000

Rates, terms and the tax allowance are assumptions for this sample, not quotes. A lender will set its own structure and will usually want 1.25x or better on its own normalized figure.

5. The five questions to ask before an LOI

1. What exactly is included for \$790,000, and what equipment, vehicles and yard does the business use that are not included?
2. What is in the EBITDA adjustments, and does the figure carry a market wage for the owner's hours?
3. What is the backlog today, by project and expected completion, and how much of last year's revenue came from the top five customers or general contractors?
4. Who runs the crews, who estimates, and will they stay? What are they paid?
5. What holdbacks are outstanding, how old are they, and what is the WorkSafeBC and Alberta WCB clearance status?

6. Documents to demand before an Earnings Risk Assessment

- Three years of financial statements and T2 returns with GIFI schedules; the EBITDA adjustment schedule
- Twelve months of bank statements for every business account
- Revenue by project and by customer; backlog and work-in-progress schedule; holdbacks receivable and their age
- Equipment list with ownership, leases and loans; payroll register and subcontractor list; T5018 summaries
- WorkSafeBC and Alberta WCB clearance letters; GST filing history; insurance certificates

7. What we did not do

No seller package, no statements, no proof of cash, no customer-level revenue, no conversation with the seller or the broker. This sample shows the format and the first read a

buyer gets from a Deal Risk Screen; the real screen runs on the listing package the buyer has in hand.

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