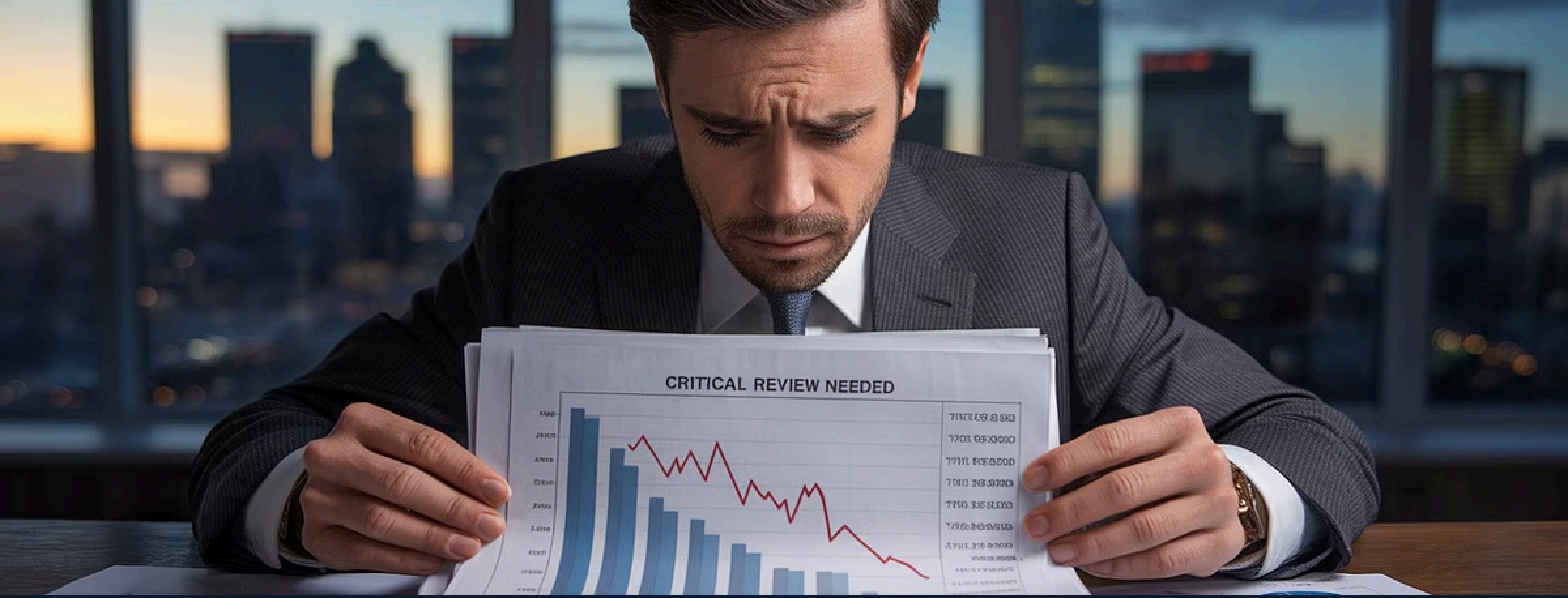

Are You Overpaying for Your Next Acquisition?

Many SME deals at "just" 4-5× EBITDA end up being dramatically overpriced.

Swipe through to discover why most buyers get trapped before negotiations even begin...

The EBITDA Mirage

Deceptive Metrics

EBITDA in founder-owned businesses rarely reflects true earnings power

Hidden Adjustments

Accounting practices vary widely across SMEs and jurisdictions

Value Destruction

A 5× multiple on false EBITDA guarantees Day 1 disappointment

What Are You Really Buying?

Pre/Post-Founder Salary?

Many owners take minimal salary, inflating EBITDA artificially

R&D Treatment?

Capitalization vs. expensing dramatically affects profitability

One-Time Gains?

COVID relief and other temporary factors distort true performance

The Four Components of True EBITDA

Core Operating Profit

Earnings after proper owner compensation

Discretionary Add-Backs

Family salaries, perks, non-recurring expenses

Working Capital Effects

Seasonal inventory swings and timing distortions

Deferred Revenue Recognition

Especially critical in SaaS or service businesses

Major Red Flags to Watch For

Unearned Revenue in EBITDA

Especially SaaS companies billing far in advance

"One-off" Costs Recurring Annually

If it happens three years straight, it's not one-time

Founder Sales Efforts Capitalized

You'll need to replace this post-acquisition

Most sellers severely underestimate how forensic professional buyers will be.

Regional Accounting Distortions

UK

CGT incentives lead to pre-tax profit inflation for Entrepreneurs'/BADR Relief

France/Belgium

Watch for accrued liabilities from legacy tax structures

Netherlands/Germany

Working capital manipulations often mask valuation gaps

Smarter Financial Analysis Tactics

Use 36-Month Trends

Annual snapshots miss cyclical patterns

Cross-Check Multiple Sources

Compare P&L with bank deposits and VAT filings

Validate Employee Costs

Match reported expenses to actual payroll data

Review Management Letters

Not just the final audit report

Don't Get Trapped in a Bad Deal

The best buyers don't just analyze numbers—they understand the story behind them and how it changes post-acquisition.

Considering a UK or European SME acquisition?

Archimax supports business buyers with strategy, origination, deal execution and post-acquisition support.

📩 Let's talk: info@archimax.solutions

🌐 Learn more: www.archimax.solutions