

FIVE ITEMS TO REVIEW IN A BUY-SIDE FINANCIAL DUE DILIGENCE

LBMC

FAMILY OF COMPANIES



QUALITY OF EARNINGS/ ADJUSTED EBITDA

Includes non-recurring, non-cash, out-of-period items.



NET WORKING CAPITAL

Seasonality trends, non-operating working capital assets/liabilities, determination of working capital peg and definitions.



DEBT AND DEBT-LIKE ITEMS

Reported debt, on-balance sheet non-operating liabilities, off-balance sheet commitments and contingencies.



REVENUE AND MARGIN TRENDS

Increases or decreases in revenue and margins by customer, product, service, etc.



PRO FORMA

Post-close considerations, new/lost customers, new/closed lines of business, changes in owner or other post-close compensation.