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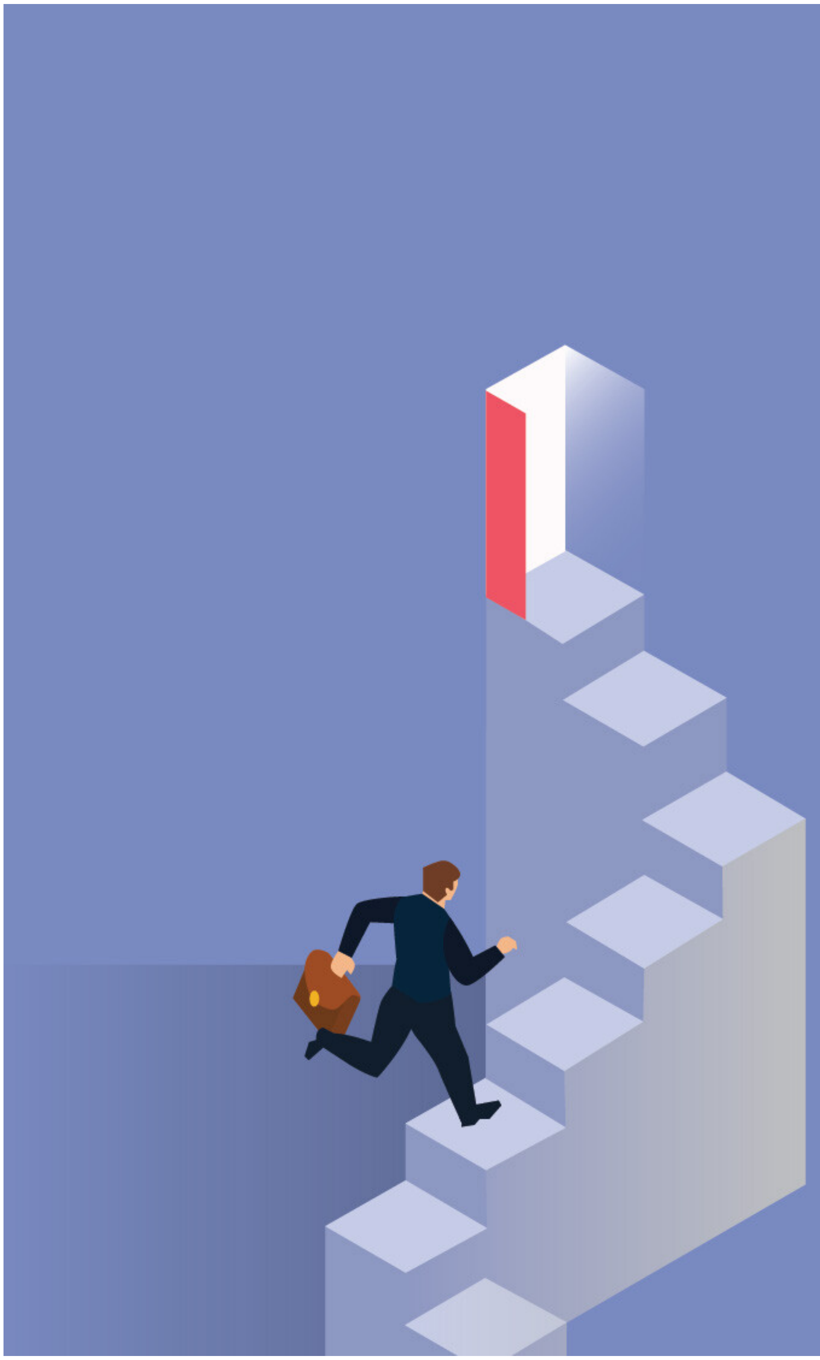
BUSINESS ADVISORY

Sell-side Quality of Earnings Reports: Top 10 Benefits

Are you thinking about selling your business in the next year? Here are ten great reasons why you should consider a Sell-side Quality of Earnings Report.

A sell-side Quality of Earnings (Q of E) report is a thorough analysis of a company's financials conducted by a third-party firm such as Velorum Business Advisory. It provides potential buyers with a holistic understanding of the company's earnings and financial performance. For sellers, a sell-side report is usually prepared before any Letter of Intent (LOIs) have been signed and may be prepared even before Company management has formally listed the business for sale.

Here are the Top 10 reasons why management might consider getting a sell-side Q of E report prepared before a company sale.



1. **Increase Credibility**: A professionally prepared sell-side Q of E report adds credibility to the financial information presented to buyers, as it is prepared by an independent third-party firm.
2. **Enhance Transparency**: A sell-side Q of E report enhances the transparency of the company's financial performance and operations, making it easier for potential buyers to assess its value accurately. For many buyers, transparency increases trust and lowers their perception of risk.
3. **Attract More Buyers**: A comprehensive sell-side Q of E report can attract a larger pool of potential buyers, as it helps them quickly understand the company's financials and make informed decisions. Through highlighting key financial trends, prospective buyers can gain additional insights on the economic health of your business and future prospects.
4. **Streamline Due Diligence**: Providing a sell-side Q of E report upfront can expedite the due diligence process for potential buyers, saving time and resources for both parties.
5. **Highlight Value Drivers**: The report can identify key value drivers within the company, helping buyers recognize areas of strength and growth potential. For strategic buyers and private equity, a sell-side Q of E report can highlight the business case for an acquisition.
6. **Identify Risks**: The sell-side Q of E report can also identify potential financial risks, enabling the company to address them proactively before entering into negotiations with buyers. De-risking the company before sale can add significant value to your company.
7. **Negotiation Tool**: The report can serve as a valuable negotiation tool, providing an objective assessment of the company's financial health to support the asking price.

8. **Competitive Advantage**: In a competitive market, having a sell-side Q of E report can give the company a competitive advantage, as it shows the company's commitment to transparency and professionalism.
9. **Smooth the Sale Process**: A well-prepared sell-side Q of E report can streamline the sale process, reduce the likelihood of surprises during due diligence, and increase the chances of a successful transaction.
10. **Enhance Valuation**: A sell-side Q of E report can potentially lead to a higher valuation for the company, as it provides buyers with greater confidence in the accuracy of the financial information presented and the important business trends being experienced.

Interested in having a sell-side Quality of Earnings report prepared? Contact David Prowse at Velorum Business Advisory. Email us at david@velorum.ca or phone us at 905-337-8341.

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