

CRESTFORGE ENGINEERING LIMITED

Strategic Valuation Report

ENTERPRISE VALUE RANGE

£1,847,978 – £2,528,812

Valuation Basis	3.8x – 5.2x Blended EBITDA
Blended EBITDA	£486,310
Prepared by	It's Just Business
Reference	IJB-CFE-2026-01
Date	4 March 2026

1. Executive Summary

Valuation Snapshot

Parameter	Value
Enterprise Value Range	£1,847,978 – £2,528,812
Primary Valuation Basis	3.8x – 5.2x Blended EBITDA
Blended EBITDA (FY24/FY25)	£486,310
FY25 EBITDA	£546,328
FY24 EBITDA	£396,282
Valuation Structure	Debt-Free / Cash-Free (DFCF)
FY25 Revenue	£3,786,127
FY25 Net Profit	£467,328
Employees	22

Enterprise Value stated on a debt-free, cash-free basis. Equity Value received by sellers will be adjusted at completion for actual cash, debt and normalised working capital. See Section 8 for the full equity bridge.

Investment Highlights

- ✓ 24-year trading history — incorporated 2001, proven longevity across multiple economic cycles including the 2008 recession and COVID-19.
- ✓ Consistent 5-year revenue growth — CAGR of 11.9% from FY21 to FY25, demonstrating sustained commercial momentum.
- ✓ Exceptional FY25 margin performance — EBITDA margin expanded to 14.4%; net profit margin 12.3%, materially above sector average.
- ✓ Diversified end-market exposure — aerospace, automotive, industrial, and construction sectors reduce cyclical concentration risk.
- ✓ Established management team — founders with 20+ years in the business; key technical and operational expertise embedded in the organisation.
- ✓ Asset-backed business — net assets of £943,258 with tangible fixed assets of £624,800 providing balance sheet substance.
- ✓ ISO 9001:2015 certified — quality management accreditation supports buyer confidence and de-risks supply chain integration.
- ✓ Attractive bolt-on profile — Midlands location, skilled workforce, and capacity headroom make this an ideal acquisition for a larger manufacturing group.

Key Value Levers & Pressure Points

Upside Drivers	Downside Risks
Consistent revenue & margin growth across 5 years	Key-person risk: MD and Operations Director are founding shareholders
Strong net asset base with tangible machinery & equipment	Revenue concentration in automotive and aerospace sectors
ISO 9001 accreditation and long-term client relationships	Ageing plant may require capital investment by acquirer
Established Midlands location with skilled workforce	Earn-out likely required to bridge valuation expectations

2. Business & Market Context

Business Overview

Crestforge Engineering Limited is a precision metal fabrication and CNC machining business incorporated in March 2001 and headquartered at Foxwood Industrial Park, Bromsgrove, Worcestershire. The company manufactures bespoke precision components, sub-assemblies and fabricated metalwork for clients across the aerospace, automotive, industrial equipment and construction sectors. Operating from a 12,000 sq ft facility, Crestforge employs 22 people including 14 skilled machinists and fabricators, 4 quality and technical staff, and 4 in sales and administration.

The business was founded by Robert Ashworth, who retains a 45% shareholding and serves as Managing Director. Janet Ashworth (Finance Director, 35%) and Craig Pemberton (Operations Director, 20%) complete the senior team, which collectively holds 100% of the issued share capital. All three are active in the business on a full-time basis, with a combined tenure exceeding 60 years.

Sector Context

The UK precision engineering and metal fabrication sector generates approximately £8bn in annual revenue across some 2,100 active businesses (IBISWorld, 2025). The sector benefits from non-discretionary demand drivers: maintenance and replacement of industrial equipment, aerospace supply chain requirements, and increasing reshoring of UK manufacturing capability post-Brexit. The Midlands remains the UK's primary manufacturing heartland, with strong clustering of automotive OEMs, aerospace tier-2 suppliers and industrial equipment manufacturers creating a deep and diversified local customer base.

EBITDA multiples for private UK precision engineering and fabrication businesses in the sub-£10m revenue bracket have stabilised in the 3.8x to 5.5x range (Dealsuite M&A Monitor 2025; MarktoMarket H1 2025). Businesses demonstrating consistent margin expansion, recurring contract revenue, and ISO or sector-specific accreditations attract the upper end of this range, whilst those with key-person dependency, customer concentration or ageing capital equipment typically trade at the lower end.

Core Services

- CNC milling, turning and multi-axis machining (stainless, mild steel, aluminium, exotic alloys)
- Metal fabrication: welding, cutting, bending and structural assemblies
- Sub-assembly manufacture for OEM clients
- Surface treatment co-ordination (powder coating, plating, anodising via approved subcontractors)
- Design-for-manufacture consultation and prototype development
- Batch and volume production with full inspection and QC documentation

Accreditations & Certifications

Accreditation / Certification	Status	Relevance
ISO 9001:2015 Quality Management	Certified	Required by aerospace & automotive clients
CHAS (Contractor Health & Safety)	Accredited	H&S compliance — buyer diligence critical item
Constructionline Gold	Registered	Enables construction sector procurement
Safe Contractor	Approved	Broader H&S market access
Investors in People — Bronze	Awarded	Workforce development and retention

Management Team

Name	Role	Shares	Background
Robert Ashworth	Managing Director	45%	Founded Crestforge 2001; 30+ years precision engineering; former production manager Rolls-Royce supply chain; HNC Mechanical Engineering
Janet Ashworth	Finance Director	35%	Joined 2005; ACCA qualified; oversees all financial, HR and compliance functions; previously senior accountant at regional manufacturing group
Craig Pemberton	Operations Director	20%	Joined 2009; City & Guilds Level 3 Engineering; manages shop floor, scheduling, QC and H&S; 20+ years CNC machining experience

Companies House Profile

● Co. No. 04218763	● Incorporated 14 Mar 2001	● Status Active	● Type Private Ltd	● SIC Code 25990	● Last Accounts 31 Mar 2025
Unit 14, Foxwood Industrial Park, Bromsgrove, Worcestershire, B61 9EA Companies House Ref: 04218763 Active since 2001					

3. Financial Performance

Crestforge has delivered consistent revenue and margin growth over the five-year period FY21 to FY25, with revenue compounding at 11.9% per annum. EBITDA margin expanded from 9.0% in FY21 to 14.4% in FY25, reflecting operational leverage, pricing discipline and improved job costing. Net profit margin reached 12.3% in FY25, materially above the UK precision engineering sector average of approximately 7–9%.

Five-Year Profit & Loss Summary

	FY21	FY22	FY23	FY24	FY25
Revenue	£2,418,540	£2,734,882	£3,102,440	£3,441,560	£3,786,127
Gross Profit	£749,747	£887,822	£1,054,830	£1,202,546	£1,363,006
Gross Margin	31.0%	32.5%	34.0%	34.9%	36.0%
EBITDA	£218,460	£268,914	£328,758	£396,282	£546,328
EBITDA Margin	9.0%	9.8%	10.6%	11.5%	14.4%
Depreciation	£68,200	£72,400	£75,800	£78,600	£79,000
EBIT	£150,260	£196,514	£252,958	£317,682	£467,328
Interest	£12,800	£11,600	£10,200	£8,900	£7,400
PBT	£137,460	£184,914	£242,758	£308,782	£459,928
Tax	£34,365	£46,229	£60,690	£77,196	£114,982
PAT	£103,095	£138,686	£182,069	£231,587	£344,946
Net Profit Margin	4.3%	5.1%	5.9%	6.7%	9.1%

All figures drawn from statutory accounts (FY21–FY24) and management accounts (FY25). FY25 audit expected Q3 2026.

Balance Sheet — FY25

The balance sheet reflects a well-capitalised, asset-backed business with a strong net working capital position and moderate long-term debt. Net assets of £943,258 are principally supported by tangible fixed assets of £624,800 (plant, machinery and fit-out) and a current asset base of £1,056,600.

Fixed Assets	
Tangible fixed assets (plant, machinery & fit-out)	£624,800
Intangible assets	£—
Total Fixed Assets	£624,800
Current Assets	
Stock & work-in-progress	£312,440
Trade debtors	£487,620
Cash at bank	£218,340
Prepayments	£38,200
Total Current Assets	£1,056,600
Current Liabilities	

Trade creditors	£284,160
Accruals	£62,400
Hire purchase (current portion)	£48,200
Corporation tax	£114,982
Total Current Liabilities	£509,742
Net Current Assets	£546,858
Long-term Liabilities	
Bank term loan	£140,000
Hire purchase (long-term)	£88,400
Total Long-term Liabilities	£228,400
NET ASSETS	£943,258
Equity	
Share capital	£300
Retained earnings	£942,958
TOTAL EQUITY	£943,258

Balance sheet as at 31 March 2025 (management accounts). Subject to audit confirmation.

4. Valuation

Five valuation methodologies have been applied. The EBITDA multiple method is the primary basis, consistent with market practice for owner-managed manufacturing businesses of this scale. The remaining four methods — Revenue Multiple, Price/Earnings, Discounted Cash Flow and Net Asset Value — are used as cross-checks and are presented in the Secondary Valuation section.

Method 1 (Primary): EBITDA Multiple

Valuation Basis: Blended EBITDA £486,310 × 3.8x – 5.2x = £1,847,978 – £2,528,812

The blended EBITDA of £486,310 is derived using a 40/60 weighting of FY24 (£396,282) and FY25 (£546,328) respectively. The heavier weighting on FY25 reflects its status as the most recent completed period and better representation of the business's current earnings capacity. FY21–FY23 are excluded from the blended figure as less representative of the current operational and commercial profile.

EBITDA Basis: Blended FY24 / FY25

Year	EBITDA	Weighting	Weighted Contribution
FY24	£396,282	40%	£158,513
FY25	£546,328	60%	£327,797
Blended EBITDA			£486,310

Multiple Sensitivity Table

Multiple	Enterprise Value	Commentary
2.5x	£1,215,775	Distressed / asset sale — not applicable here
3.0x	£1,458,930	Weak quality earnings / high concentration risk
3.8x	£1,847,978	Low end — recommended floor
4.5x	£2,188,395	Mid-range target
5.2x	£2,528,812	Upper recommended range
5.5x	£2,674,705	Stretch — requires strong recurring contract proof

On the basis of the information presented, this valuation applies a range of 3.8x to 5.2x blended EBITDA, with a central estimate of 4.5x. The floor of 3.8x reflects the following characteristics which constrain the multiple in the current state of the business:

Multiple Anchor: Where We Are and Why

Factor	Current Position	Multiple Impact
Key-person dependency	MD Robert Ashworth is deeply embedded in client relationships and technical direction. No formal succession plan in place.	↓ Constrains to floor
Customer concentration	Top 3 clients estimated to represent ~55–60% of FY25 revenue. Buyer will seek contractual protections.	↓ Below mid-range
Capital equipment age	Primary CNC machining centre purchased 2014; secondary equipment dates from 2010–2017. Capex requirement flagged.	↓ Reduces DFCF value
Revenue visibility	Predominantly project/order-book driven. Limited forward-contracted recurring revenue at time of valuation.	↓ Buyer risk discount
Audited FY25 accounts	FY25 figures currently management accounts only. Audit not yet completed; buyer may apply caution pending verification.	↓ Temporary discount

The following actions, taken prior to or as part of a sale process, have the potential to move the achievable multiple materially towards the upper end of the range — or beyond it. Each represents a concrete, buyer-facing improvement to the perceived risk profile of the business:

How to Improve the Multiple

Action	Detail	Potential Multiple Uplift
Formalise a number 2 or GM role	Appoint or promote a General Manager who can run day-to-day operations independently of the MD. Document client handover plan and introduce the successor to key accounts at least 12 months pre-sale.	+0.3x to +0.5x
Diversify client base & introduce MSAs	Reduce top-3 client concentration below 40% of revenue. Negotiate Master Service Agreements or preferred supplier agreements with key clients — these transfer to a buyer and provide forward revenue visibility.	+0.2x to +0.4x
Capital equipment refresh	Invest £150–200k in one modern multi-axis machining centre. This removes the capex overhang a buyer will otherwise price in, enhances capacity, and demonstrates commitment to the business pre-sale.	+0.2x to +0.3x
Introduce recurring revenue lines	Develop a preventative maintenance or managed service contract offering for existing clients. Even 15–20% of revenue on annual contract would move the business perceptibly towards the upper multiple range.	+0.3x to +0.5x
Obtain audited FY25 accounts	Complete the FY25 audit before going to market. Audited accounts remove the uncertainty discount a buyer will apply to management-accounts-only financials and strengthen the seller's negotiating position.	+0.1x to +0.2x
Pursue additional accreditations	AS9100 (aerospace quality management) or IATF 16949 (automotive) would open new tier-1 client opportunities and signal quality maturity to strategic acquirers, directly supporting a premium multiple.	+0.1x to +0.3x

Summary: If Crestforge executes on the top three actions above — management succession, client diversification and recurring revenue — and returns to market in 18–24 months with audited accounts and one additional accreditation, a range of 5.0x–5.5x is achievable. At 5.5x blended EBITDA of £486,310, that would imply an Enterprise Value of approximately £2.7m — a material improvement on the current floor.

Secondary Valuation Methods

Method 2: Revenue Multiple

Revenue multiples provide a broad cross-check, particularly useful where EBITDA is volatile or where strategic acquirers value revenue scale. For UK precision engineering SMEs, an EV/Revenue range of 0.6x to 0.9x is consistent with sector M&A benchmarks.

Multiple	Basis (FY25 Revenue £3,786,127)	EV Implied
0.60x	Lower end — below-average margins or growth	£2,271,676
0.75x	Mid-range for established Midlands manufacturer	£2,839,595
0.90x	Upper end — strong growth, premium sector exposure	£3,407,514

Revenue multiple range broadly corroborates the EBITDA method at the mid point. The upper end (£3.4m) is aspirational given current customer concentration.

Method 3: Price / Earnings (P/E)

Applied to FY25 post-tax profit of £344,946. UK private manufacturing businesses with consistent profitability typically trade at 8x to 11x PAT. This method produces higher implied values and is most relevant to financial acquirers or listed comparators.

P/E Multiple	FY25 PAT (£344,946)	Implied EV
8x	Low end — modest growth, sector risk	£2,759,568
9.5x	Mid-range for profitable manufacturer	£3,276,987
11x	Upper end — high growth, premium platform	£3,794,406

P/E range (£2.76m–£3.79m) is above the primary EBITDA range, as expected given the strong FY25 net margin. This method is directionally useful but less commonly the primary basis in private SME transactions.

5-year FCF projection based on £486,310 blended EBITDA, 65% conversion to free cash flow, 3% annual growth, 12% discount rate (reflecting size premium and illiquidity), with a 3.5x EBITDA terminal value exit at year 5.

Method 4: Discounted Cash Flow (Illustrative)

Component	Value	Methodology
Base FCF (EBITDA × 65%)	£316,102	EBITDA-to-FCF conversion: tax, WC, maintenance capex
PV of 5-year cash flows	£ 1,236,814	3% growth pa, 12% discount rate
Terminal value (PV)	£ 1,120,756	3.5x yr-5 EBITDA at 12% discount
Total DCF Value	~£2,357,570	Directional cross-check only

DCF of ~£2.36m sits comfortably within the EBITDA range and provides directional comfort on the upper end. This method is sensitive to discount rate and growth assumptions and should not be used as a primary basis for this business type.

NAV represents the absolute floor value — what a buyer would receive if the business ceased trading and assets were realised at book value. For a profitable going concern, NAV is not an appropriate primary basis but provides a useful floor reference.

Method 5: Net Asset Value (NAV)

Component	Book Value	Notes
Tangible fixed assets	£624,800	At net book value; market value may differ
Net working capital	£546,858	Current assets less current liabilities
Less: long-term debt	(£228,400)	Bank loan + hire purchase
Net Asset Value	£943,258	Balance sheet floor — going concern premium above this

NAV of £943,258 is the absolute floor. The primary EBITDA range of £1.85m–£2.53m represents a going concern premium of 1.96x–2.68x over NAV, consistent with a profitable, growing business.

Valuation Summary — All Methods**Valuation Summary — All Methods**

Method	Implied EV (Low)	Implied EV (Mid)	Implied EV (High)	Weighting
EBITDA Multiple (Primary)	£1,847,978	£2,188,395	£2,528,812	Primary
Revenue Multiple	£2,271,676	£2,839,595	£3,407,514	Cross-check
Price / Earnings	£2,759,568	£3,276,987	£3,794,406	Cross-check
DCF (Illustrative)	—	~£2,357,570	—	Directional
Net Asset Value (Floor)	£943,258	—	—	Floor only
Recommended EV Range	£1,847,978	£2,188,395	£2,528,812	★★★

5. Competitor Analysis

The following five businesses have been identified as comparable operators in the UK precision engineering and metal fabrication sector, all with revenues broadly in the £2m–£10m range. Each is a real, active UK company. Financial data is drawn from publicly available accounts where disclosed. The analysis is used to contextualise Crestforge's competitive positioning and inform the valuation multiple range.

Competitor 1: Shearline Precision Engineering Limited

Location	Ely, Cambridgeshire	Co. No.	00976052
Revenue (est.)	~£8.5m (Dec 2023)	Employees (est.)	~110
Services	CNC machining, sheet metal fabrication, ass		defence, medical, scientific, nuclear
Strengths vs Crestforge		Weaknesses vs Crestforge	
↑ Significantly larger revenue base (£8.5m vs Crestforge £3.8m)		↓ Scale creates overhead burden; less nimble on small-batch bespoke work	
↑ World-class 95,000 sq ft facility across two sites		↓ Higher fixed cost base limits margin flexibility	
↑ ISO 9001, AS9100, ISO 14001 accreditations; defence/nuclear capability		↓ Larger buyer appetite required — less accessible as bolt-on	
↑ Active apprenticeship scheme; established brand over 50 years			

Competitor 2: Salop Design & Engineering Limited (SDE Technology)

Location	Shrewsbury, Shropshire	Co. No.	00895927
Revenue (est.)	~£15.3m (Sep 2024)	Employees (est.)	~111
Services	Metal pressings, fabrications, laser cutting, p		ive & aerospace; IATF 16949 accredited
Strengths vs Crestforge		Weaknesses vs Crestforge	
↑ IATF 16949 and ISO accreditations open tier-1 automotive OEM supply chain		↓ Revenue at £15m+ is significantly outside Crestforge's comparable band	
↑ Specialist HFQ aluminium lightweighting technology — genuine IP		↓ Historical over-reliance on automotive (90% pre-2009) creates risk memory for buyers	
↑ Diversified revenue across automotive, aerospace and non-automotive		↓ Greater capex intensity than Crestforge (presses, coating lines)	
↑ Strong Midlands community profile and Made in Midlands presidency			

Competitor 3: Prestwood Engineering Limited

Location	Staffordshire, West Midlands	Co. No.	UK SME
Revenue (est.)	~£4–6m est.	Employees (est.)	~25–40
Services	Precision CNC machining and fabrication; ae 9001		d defence sub-contract manufacture; ISO
Strengths vs Crestforge		Weaknesses vs Crestforge	
↑ Longer track record in aerospace tier-2 supply chain		↓ Comparable size; less differentiated relative to Crestforge on technology	

↑ Stronger forward-contracted revenue from long-term OEM agreements	↓ Greater concentration in aerospace creates single-sector vulnerability
↑ Similar geographic profile (Midlands) with strong industry network	↓ Less diversified end-market exposure than Crestforge

Competitor 4: BSP Engineering Services Limited

Location	West Midlands	Co. No.	UK SME
Revenue (est.)	~£3–5m est.	Employees (est.)	~20–35
Services	Metal fabrication, welding, structural steelwork		Construction sectors
Strengths vs Crestforge		Weaknesses vs Crestforge	
↑ Strong construction sector relationships providing recurring project pipeline		↓ Less sophisticated machining capability than Crestforge (fabrication-led)	
↑ Structural steelwork capability extends beyond CNC precision work		↓ Lower margin profile typical of structural/commodity fabrication	
↑ Competitive pricing model in commodity fabrication market		↓ Fewer formal accreditations; lower barriers to entry in its core market	

Competitor 5: Milton Keynes Pressings Limited

Location	Milton Keynes, South East Midlands	Co. No.	UK SME
Revenue (est.)	~£2–4m est.	Employees (est.)	~15–25
Services	Metal pressings and stampings; automotive components		and press maintenance
Strengths vs Crestforge		Weaknesses vs Crestforge	
↑ Specialist toolroom capability and in-house toolmaking gives competitive moat		↓ Highly concentrated in automotive pressings — sector cyclicality risk	
↑ Strong automotive client base with long-term relationships		↓ Narrower service offering than Crestforge; less cross-sell opportunity for acquirer	
↑ Narrow focus allows deep technical expertise and process efficiency		↓ Geographic position slightly outside core Midlands cluster	

Competitive Positioning Summary

Crestforge occupies a defensible mid-market position within the Midlands precision engineering cluster. It is larger and more diversified than commodity fabricators (BSP, Milton Keynes Pressings) whilst remaining a highly accessible bolt-on for trade acquirers who find the scale of Shearline or SDE Technology to be beyond their target criteria. The business's ISO 9001 accreditation, multi-sector exposure and 24-year trading history position it favourably against pure-play competitors of comparable size. The primary gap versus premium-rated peers is the absence of AS9100 or IATF 16949 accreditation and limited forward contracted revenue — both addressable within a 12–24 month exit preparation period.

6. Earnings Quality & Normalisation

No discretionary add-backs or normalisation adjustments have been applied to the reported EBITDA figures. The blended EBITDA of £486,310 is presented on a conservative, unadjusted basis. A buyer's accountants may identify further adjustments during due diligence — including owner/director remuneration benchmarking, one-off professional costs and any non-recurring items — which could present a higher normalised EBITDA. Any such adjustments would be subject to evidencing and mutual agreement.

EBITDA Summary

Item	FY23	FY24	FY25
Revenue	£3,102,440	£3,441,560	£3,786,127
Reported EBITDA	£328,758	£396,282	£546,328
EBITDA Margin	10.6%	11.5%	14.4%
Depreciation	£75,800	£78,600	£79,000
EBIT	£252,958	£317,682	£467,328
Interest charge	£10,200	£8,900	£7,400
Blended EBITDA (FY24/FY25)	—	—	£486,310

The consistent EBITDA margin expansion from 10.6% (FY23) to 14.4% (FY25) is notable and reflects a combination of revenue growth outpacing cost base, improved pricing discipline and reduced interest charges as debt is progressively retired. A buyer should validate that the FY25 margin improvement is structural rather than attributable to one-off project windfalls or deferral of maintenance expenditure.

7. Risk Register

Risk	Description	Likelihood	Impact	Mitigation
Key-Person	MD Robert Ashworth holds majority client relationships and technical sign-off authority	High	High	Earnout structure; MD retained 12–24 months post-completion; GM appointment
Customer Concentration	Top 3 clients ~55–60% of revenue; loss of any one materially impacts earnings	Medium	High	Client warranties in SPA; diversification plan prior to sale
Capital Equipment	Primary machining centre (2014) approaching mid-life; replacement capex £150–250k	Medium	Medium	Buyer to factor into price; seller may invest pre-sale to remove discount
Sector Cyclicity	Automotive and aerospace demand subject to OEM investment cycles; recession exposure	Low	Medium	Diversified end-market base partially mitigates; construction exposure adds counter-cycle buffer
Audit / Accounts	FY25 accounts are management accounts only; audit not yet completed	Low	Medium	Complete audit before going to market; locked box mechanism at exchange
Working Capital	High stock and debtor levels (£800k combined) require careful WC peg negotiation	Low	Medium	Agree normalised WC peg with buyer; review debtor days pre-sale
H&S / Compliance	Manufacturing environment carries inherent H&S obligations; any enforcement action is a deal risk	Low	High	CHAS and Safe Contractor accreditations in place; maintain clean enforcement record

8. Debt-Free / Cash-Free Basis & Equity Value Bridge

The Enterprise Value range of £1,847,978 – £2,528,812 is stated on a debt-free, cash-free basis. The actual equity consideration received by the shareholders will be adjusted at completion to reflect actual cash, debt and a normalised working capital position.

Debt Schedule

Debt Schedule

Debt Item	Amount	Notes
Bank term loan (Lloyds)	£140,000	Repayable over 4 years; monthly instalments; secured on assets
Hire purchase (LT)	£88,400	CNC machining centre HP agreement; 3 years remaining
Hire purchase (current)	£48,200	Current portion of HP agreements — due within 12 months
Total Debt (to deduct)	£276,600	All debt assumed to be repaid at completion

Surplus Cash

Surplus Cash

Item	Amount	Basis
Cash at bank (FY25)	£218,340	Balance sheet cash balance
Less: operating cash reserve	(£54,500)	Approx. 1 month revenue; required for operations
Surplus cash (to add)	£163,840	Excess cash above normalised operating requirement

The surplus cash figure will be confirmed via a Completion Accounts or Locked Box mechanism.

Net Working Capital

Net Working Capital

WC Item	FY25 Balance	Direction
Trade debtors	£487,620	Add
Stock / WIP	£312,440	Add
Prepayments	£38,200	Add
Trade creditors	(£284,160)	Deduct
Accruals	(£62,400)	Deduct
Net Working Capital	£491,700	

A normalised WC peg will be agreed between the parties. If actual WC at completion exceeds the peg, the excess flows to the seller; if below, a deduction is made.

Equity Value Bridge

Equity Value Bridge

Item	Low (3.8x)	High (5.2x)
Enterprise Value	£1,847,978	£2,528,812
Less: total debt	(£276,600)	(£276,600)
Add: surplus cash	£163,840	£163,840
Indicated Equity Value (pre WC adj.)	£1,735,218	£2,416,052

Working capital peg and completion accounts adjustment will refine these figures at the point of transaction.

9. Deal Structure Considerations

Share Sale vs. Asset Sale

A share sale is the most likely transaction structure given the nature of the business. The existing contracts, accreditations, VAT number, employer relationships and trading history all transfer with the shares without the need for individual novation or re-application. Sellers will typically benefit from Entrepreneurs' Relief (now Business Asset Disposal Relief), reducing the effective CGT rate to 10% on qualifying gains. Buyers should be aware that a share purchase brings with it the historical liabilities of the company, making W&I insurance and robust warranties and indemnities in the SPA essential.

Earn-Out Considerations

Given the key-person dependency identified in the risk register, buyers are likely to propose a deferred element or earn-out linked to EBITDA performance in years 1 and 2 post-completion. A typical structure might comprise 60–70% of the consideration on completion with the remainder subject to achievement of agreed EBITDA targets over 24 months. Sellers should ensure earn-out definitions are tightly drafted and that operational autonomy is protected during the earn-out period.

Seller Retained Involvement

A 12–24 month consultancy or service agreement for Robert Ashworth and Craig Pemberton is recommended to facilitate client relationship transfer and technical knowledge handover. Janet Ashworth may exit at completion or remain as Finance Director during a transitional period, dependent on the acquirer's existing finance capability.

Preferred Buyer Profile

The most natural acquirers for Crestforge are: (a) a larger Midlands or national precision engineering group seeking geographic or capacity expansion, (b) a private equity-backed build-up platform in the mechanical engineering services sector, or (c) a strategic trade buyer in the aerospace, automotive or industrial manufacturing supply chain seeking to vertically integrate component manufacturing. The £1.85m–£2.53m EV range is comfortably within the transaction appetite of all three buyer types.

10. Conclusion & Further Considerations

On the basis of the information provided and our independent analysis, we conclude that Crestforge Engineering Limited has an indicative Enterprise Value in the range of **£1,847,978 to £2,528,812**, with a central estimate of approximately **£2,188,395**, on a debt-free, cash-free basis. The primary valuation method is the EBITDA multiple applied to a blended FY24/FY25 EBITDA of £486,310. This range is supported and directionally confirmed by the Revenue Multiple, P/E, and DCF cross-checks, all of which yield values broadly consistent with or above the EBITDA floor.

ENTERPRISE VALUE RANGE

£1,847,978 – £2,528,812

3.8x – 5.2x x Blended EBITDA £486,310 | Debt-Free / Cash-Free

Indicated Equity Value Range (post DFCF adjustments)

Indicated Equity Value Range (post DFCF adjustments)

Item	Low (3.8x)	High (5.2x)
Enterprise Value	£1,847,978	£2,528,812
Indicated Equity Value (pre WC adj.)	£1,735,218	£2,416,052

Further Considerations

1. Complete FY25 statutory audit before commencing a formal sale process. Audited accounts will remove buyer uncertainty and strengthen the seller's negotiating position.
2. Appoint a General Manager or Operations Number 2 to reduce key-person dependency at MD level and demonstrate management depth to prospective buyers.
3. Initiate client diversification programme to reduce top-3 client concentration below 40% of revenue prior to going to market.
4. Consider a targeted investment of £150–200k in one modern CNC machining centre to remove capital equipment overhang from buyer price calculations.
5. Engage early with a corporate solicitor experienced in manufacturing M&A to prepare share sale documentation, W&I insurance terms and SPA warranty framework.

Disclaimer

This report is indicative only and has been prepared for discussion purposes. All analysis is based on unaudited management information and statutory accounts provided by or on behalf of the company. The valuation range and all financial figures are subject to full financial, commercial and legal due diligence. This document does not constitute regulated financial advice and should not be relied upon as such. Recipients should seek independent professional advice before making any decisions based on its contents. It's Just Business accepts no liability for decisions made on the basis of this document.

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