# Institutional Readiness Assessment

## Cedarbrook Foods, Inc. — Q1 2026

### Composite: Developing

**Verification In Progress**

*Computed August 22, 2026*

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### Readiness heat strip — 10 axes at a glance

| Fin. Cons. | Reporting | KPIs | Op. Risk | Stress | Data Integrity | Gov. | Mgmt Resp. | Key Person | Cust. Conc. |
|---|---|---|---|---|---|---|---|---|---|
| Institutional Ready | Near Ready | Developing | Developing | Developing | Developing | Near Ready | Near Ready | Near Ready | Near Ready |

### Top blockers a sophisticated reviewer will surface

| Must fix | Important | Important |
|---|---|---|
| Provenance coverage at 91.5% | KPI coverage below institutional threshold (83/100) | Leverage Risk signal: WARN |

## Composite verdict

**Your business has some real issues to address before institutional review.**

An institutional buyer's IC or a lender's credit committee would extend their timeline to address these. Most are fixable in 3-6 months with focused work.

## Foundation (gating) axes

- **Can you back up your numbers?:** Developing
- **Do your numbers tie out?:** Institutional Ready

## Financial profile at a glance

| Revenue (TTM) | $147.2M |
|---|---|
| **Adjusted EBITDA** | **$46.5M · 31.6% margin** |
| **Net leverage** | **3.53x · gross 3.53x** |
| **FCCR** | **1.38x** |
| **Liquidity (cash)** | **$14.8M · current ratio 35.49x** |
| **Working capital** | **$35.0M** |
| **AR days (DSO)** | **43 days** |

*The promoted KPI set — the same figures the buy-side deal spine reads. Adjusted EBITDA reflects add-backs per the management pack.*

## Indicative Valuation Thesis

No valuation assumption has been supplied, so no range is stated. Capital Refinery does not select multiples; your advisor, banker or lender provides one and it is recorded with its basis.

### What These Figures Rest On

- Reported EBITDA ties to net income plus interest, tax and depreciation.
- 15% of the earnings basis above comes from add-backs ($7.0M). A buyer will test each one individually.

## Quick reference: institutional terms

Plain-English definitions of the institutional terms that appear in the verdict above and across this assessment. Skim now or come back when a term is unfamiliar — every term used downstream is defined here.

**DSCR (Debt Service Coverage Ratio)** — Operating cash flow divided by debt payments. A 1.20x DSCR means cash flow covers debt service 1.2 times over. Lenders typically want at least 1.20x; below 1.0x means cash flow can't cover debt.

**FCCR (Fixed Charge Coverage Ratio)** — Like DSCR but also includes other fixed payments — rent, capital expenditures, sometimes tax distributions. Stricter than DSCR; lenders use it on businesses with meaningful lease obligations or recurring capital needs.

**EBITDA (Earnings Before Interest, Taxes, Depreciation, Amortization)** — A rough proxy for cash flow from operations. Buyers and lenders adjust this number ("Adjusted EBITDA") to normalize for one-time costs and owner discretion. The adjustments themselves get scrutinized in diligence.

**LTV (Loan-to-Value)** — How much of an asset's value is financed by debt. 80% LTV means 80 cents of every dollar of the asset is borrowed. Lower is safer; lenders typically cap LTV at 65-80% depending on asset type.

**QoE (Quality of Earnings)** — A diligence service where an outside accounting firm validates the seller's reported numbers — confirming revenue is real, expenses are complete, and EBITDA add-backs are legitimate. Typical scope: $50-150K and 4-6 weeks.

**IC (Investment Committee)** — The group at a buy-side firm (PE, lender, family office) that approves or rejects deals. Sell-side preparation aims to make the IC's review smooth — answer their questions before they ask them.

**AR aging (Accounts Receivable aging)** — A schedule showing how long unpaid customer invoices have been outstanding — current, 30 days, 60 days, 90+ days. Heavy aging at 90+ signals collection trouble or customer problems.

**AR concentration** — How much of total receivables sit with a small number of customers. High concentration is a liquidity risk — if one big customer disputes an invoice or extends payment, your cash flow takes a real hit.

**Covenant** — A promise in a loan agreement. Financial covenants set thresholds the borrower has to maintain. Breaking one — a "covenant

breach" — gives the lender rights to renegotiate, charge a fee, or call the loan.

**Leverage** — How much debt the business carries relative to earnings. Usually expressed as a multiple (e.g., 4.5x leverage = debt equals 4.5 times annual EBITDA). High leverage means thin cushion if earnings drop.

**Collateral** — Assets the lender can seize if the borrower defaults — real estate, equipment, inventory, accounts receivable. Strong collateral lets a lender accept higher leverage.

**Provenance** — Where each number came from. Every promoted figure carries the source document, page or cell reference, and extraction method — so an outside reviewer can trace any number back to its primary source.

**EBITDA add-back** — An adjustment to EBITDA that excludes a cost the business won't have going forward — owner's discretionary salary, one-time legal fees, non-recurring rent. Add-backs increase reported EBITDA and require source documentation.

## Axis grid

Ten readiness areas an institutional buyer or lender's review team would look at.

| Axis | Grade | What a buyer sees |
|---|---|---|
| **Do your numbers tie out? · FOUNDATION** | **Institutional Ready** | If a buyer's IC sees disagreement on key numbers, they extend the timeline 3-4 weeks for Quality of Earnings work.<br>*Key figures: adjusted EBITDA $46.5M vs reported $39.5M* |
| **Are your reports on a regular schedule?** | **Near Ready** | Buyers and lenders want trailing 24+ months of consistent reporting before they'll trust the trajectory. |
| **Are the right metrics being tracked?** | **Developing** | Missing KPIs mean missing visibility — buyers will ask for back-fill, which slows the deal. |
| **What red flags are showing?** | **Developing** | Risk signals get flagged in committee. Each flag |

| | | |
|---|---|---|
| | | becomes a question you'll have to answer in diligence.<br>*Key figures: net leverage 3.53x (gross 3.53x) · FCCR 1.38x* |
| **What happens if conditions tighten?** | **Developing**<br>*modeled — leverage proxy* | Lenders model worst-case scenarios. If your covenants tighten under stress, they'll price the risk in.<br>*Key figures: FCCR 1.38x · leverage 3.53x* |
| **Can you back up your numbers? · FOUNDATION** | **Developing** | An institutional review team won't accept a number they can't trace back to a primary document. |
| **Is the business well-organized? · FIRST-PASS** | **Near Ready** | Strong governance signals 'this is a real business, not a one-person operation' — and supports a higher multiple. |
| **How quickly can you answer questions? · FIRST-PASS** | **Near Ready** | Slow or incomplete answers in diligence can extend close timelines or kill deals. Fast, complete responses move things forward. |
| **What if a key person left? · FIRST-PASS** | **Near Ready** | If one person disappearing breaks the business, buyers either price the risk in or walk away. |
| **How spread out are your customers? · FIRST-PASS** | **Near Ready** | High concentration is a discount factor. Diversified revenue or long-term contracts on top customers protect valuation. |

## What you'd need to fix

Ordered by impact. Fix the foundation issues first — those hold everything else back.

### Must fix (1)

- **Provenance coverage at 91.5%**

Promoted KPIs lack complete provenance lineage. Without full evidence trail, no other axis grade can be trusted by an institutional reviewer.

**What you can do:** Backfill source_document + locator for unfilled KPIs; ensure extraction_method is recorded for every promoted line.

### Important to fix (3)

- **KPI coverage below institutional threshold (83/100)**

Lane-required KPI coverage is below the 95% institutional threshold. A buyer's IC will request additional disclosure.

**What you can do:** Add document evidence for unfilled KPIs; promote method where derivation is possible.

- **Leverage Risk signal: WARN**

Leverage is high (93.3%) — thin equity cushion

**What you can do:** Surface remediation context in the next quarterly pack; address the underlying signal driver per domain.

- **Stress tolerance: thin cushion (provisional)**

Provisional grade based on leverage_risk signal. Monte Carlo P95/P99 + Breach Radar wiring lands in Phase 1.x; full stress-tolerance grade arrives then.

**What you can do:** Strengthen equity cushion or covenant amortization; document expected step-down in next quarterly pack.

### Worth knowing (1)

- **Reporting cadence / period coverage limited**

Engine sufficiency status indicates reporting coverage is thin. Multi-period consistency is not yet established in the available document set.

**What you can do:** Provide trailing 24+ months of consistent quarterly or monthly reporting to establish cadence credibility.

## Workplan

Workplan table — quote remediation against this. Each blocker carries the evidence that would resolve it and a status field you can update as you work.

| Blocker | Axis | Severity | What | Status | Owner / |
|---|---|---|---|---|---|

| | | | evidence is needed? | | Due |
|---|---|---|---|---|---|
| **Provenance coverage at 91.5%** | Can you back up your numbers? | **Must fix** | Provenance for the under-covered KPIs — primary document, page or cell reference, extraction method tagged. | Open | — |
| **KPI coverage below institutional threshold (83/100)** | Are the right metrics being tracked? | **Important to fix** | Backfill of the lowest-coverage KPIs from primary documents (statements, schedules, registers). | Open | — |
| **Leverage Risk signal: WARN** | What red flags are showing? | **Important to fix** | — | Open | — |
| **Stress tolerance: thin cushion (provisional)** | What happens if conditions tighten? | **Important to fix** | Stress-scenario evidence: lender covenant headroom, refinance plan, or secondary liquidity source documented and dated. | Open | — |
| **Reporting cadence / period** | Are your reports on a regular schedule? | **Worth knowing** | Trailing 24+ months of consistent | Open | — |

| | | | | | |
|---|---|---|---|---|---|
| **coverage limited** | | | financial reporting (P&L + balance sheet) on a stable cadence. | | |

## How a consultant or advisor can help

Capital Refinery measures readiness; the modernization work itself is something an operating consultant, M&A advisor, or accountant can do with you. This brief shows where their help would matter most.

### Where they'd focus first

- **Can you back up your numbers?**: Provenance coverage at 91.5%

Backfill source_document + locator for unfilled KPIs; ensure extraction_method is recorded for every promoted line.

- **Are the right metrics being tracked?**: KPI coverage below institutional threshold (83/100)

Add document evidence for unfilled KPIs; promote method where derivation is possible.

- **What red flags are showing?**: Leverage Risk signal: WARN

Surface remediation context in the next quarterly pack; address the underlying signal driver per domain.

- **What happens if conditions tighten?**: Stress tolerance: thin cushion (provisional)

Strengthen equity cushion or covenant amortization; document expected step-down in next quarterly pack.

### Where they don't need to spend time

- Do your numbers tie out?

### Suggested re-check schedule

- 30 days post engagement kickoff: progress check
- 90 days: full Re-IRA delta — partner ROI artifact
- Quarterly thereafter until composite reaches Near Ready

## KPI appendix

### Income statement

| Revenue (TTM) | $147.2M |
|---|---|
| COGS | $83.8M |
| Gross profit | $63.4M |
| EBIT | $33.5M |
| Adjusted EBITDA | $46.5M |
| Reported EBITDA | $39.5M |
| Interest expense | $10.2M |
| Net income | $16.8M |

### Balance sheet

| Total assets | $176.1M |
|---|---|
| Cash | $14.8M |
| Accounts receivable | $21.3M |
| Inventory | $23.7M |
| Accounts payable | $11.2M |
| Total debt | $164.3M |
| Book equity | $-14.0M |

### Cash flow

| Operating cash flow | $14.7M |
|---|---|
| CapEx | $14.7M |
| Free cash flow | $2026.00B |
| Working capital | $35.0M |

### Credit

| Net leverage | 3.53x |
|---|---|
| Gross debt / EBITDA | 3.53x |
| FCCR | 1.38x |
| Current ratio | 35.49x |
| AR days (DSO) | 43 days |

## Engagement summary

This section is the addendum to the artifact above. It names what was graded, the documents the engine read, the verification touchpoints that ran, and — explicitly — what this engagement does and does not entitle the holder of this artifact to expect from Capital Refinery.

### Scope of the assessment

10 axes graded, 2 gating axes evaluated, intake conflicts surfaced. The 10 axes are the locked IRA axis set (Financial Consistency, Data Integrity,

Reporting Maturity, KPI Completeness, Operational Risk, Stress Tolerance, Governance, Management Responsiveness, Key-Person Dependency, Customer Concentration). The 2 gating axes — Financial Consistency and Data Integrity — cap the composite band when they fail, regardless of how the other 8 axes scored. Intake conflicts are discrepancies between operator-attested claims and the document evidence; they are surfaced inline rather than averaged away.

## Document set

No structured sources were ingested for this artifact. The grades above derive from operator-attested intake only — no document review took place. This is the expected state for a Self-Assessment-tier engagement.

## Verification touchpoints

Review cycle count: 1. External attestations on file: none. The verification chain is deterministic — every grade above traces back to the specific intake answer or document source that produced it. No grade was promoted by operator narrative or platform discretion.

## What this artifact entitles

Tier: Verification In Progress (Gap Review). This engagement entitles the holder to the following: the rendered docx artifact above, the structured remediation workplan derived from the named blockers, and (where a share token has been issued) a `/p/<token>` verification URL that any third party can use to confirm the fingerprint, algorithm version, and grade composite match the artifact in hand.

Verified Opportunities listing eligibility: not at this tier. Verified Opportunities listing requires Institutional Readiness Verified (Internal) or Institutional Readiness Verified (External).

## What this artifact does NOT entitle

This artifact is a Gap Review (verification in progress). It does not entitle the holder to any of the following: a full 10-axis grade across all evidence dimensions (the Gap Review is scoped to the top diligence blockers, not the full axis grid); an Institutional Readiness Verified state badge (the verification chain is incomplete by construction); a Verified Opportunities listing (not eligible until the artifact reaches Institutional Readiness Verified); or any externally-distributable share-token verification URL on the full IRA composite.

Upgrade path: Institutional Readiness Assessment, Internal (SKU ira_internal) — $12,500. The full IRA extends the Gap Review's document-verified scope to all 10 axes and produces an Institutional Readiness Verified state badge if the

conditions are met. The amount paid for this Gap Review credits forward in full within the credit-forward window stamped on the deal's purchase record.