ADVANCED FINANCE, MODULE 5

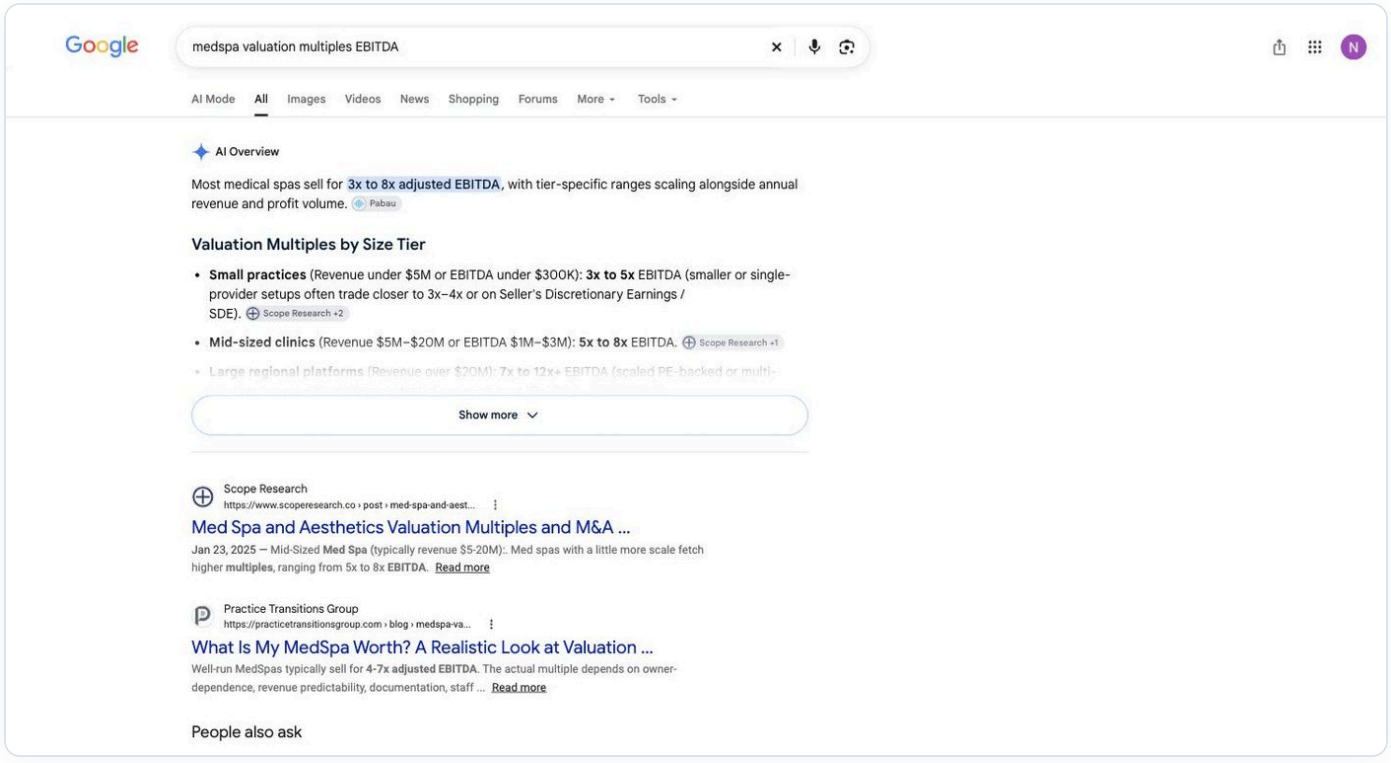
How a medspa is valued

After this module you know that a clinic is priced as a multiple of adjusted EBITDA, what the multiple ranges are for a business like yours, the five things that move the multiple, and why the books you keep in year one set the price in year five.

The formula

Most medspa sales come down to one line: **adjusted EBITDA times a multiple**. (Very small clinics are sometimes priced on seller's discretionary earnings instead, which adds the owner's full pay back; the idea is the same.) The EBITDA comes from Finance 5. The multiple is what buyers in the market are paying for a dollar of that earnings right now, and it depends on how much they trust the dollar to keep showing up after you leave.

A plain web search returns the same ranges the advisors below publish, which is a useful sanity check when someone quotes you a number.

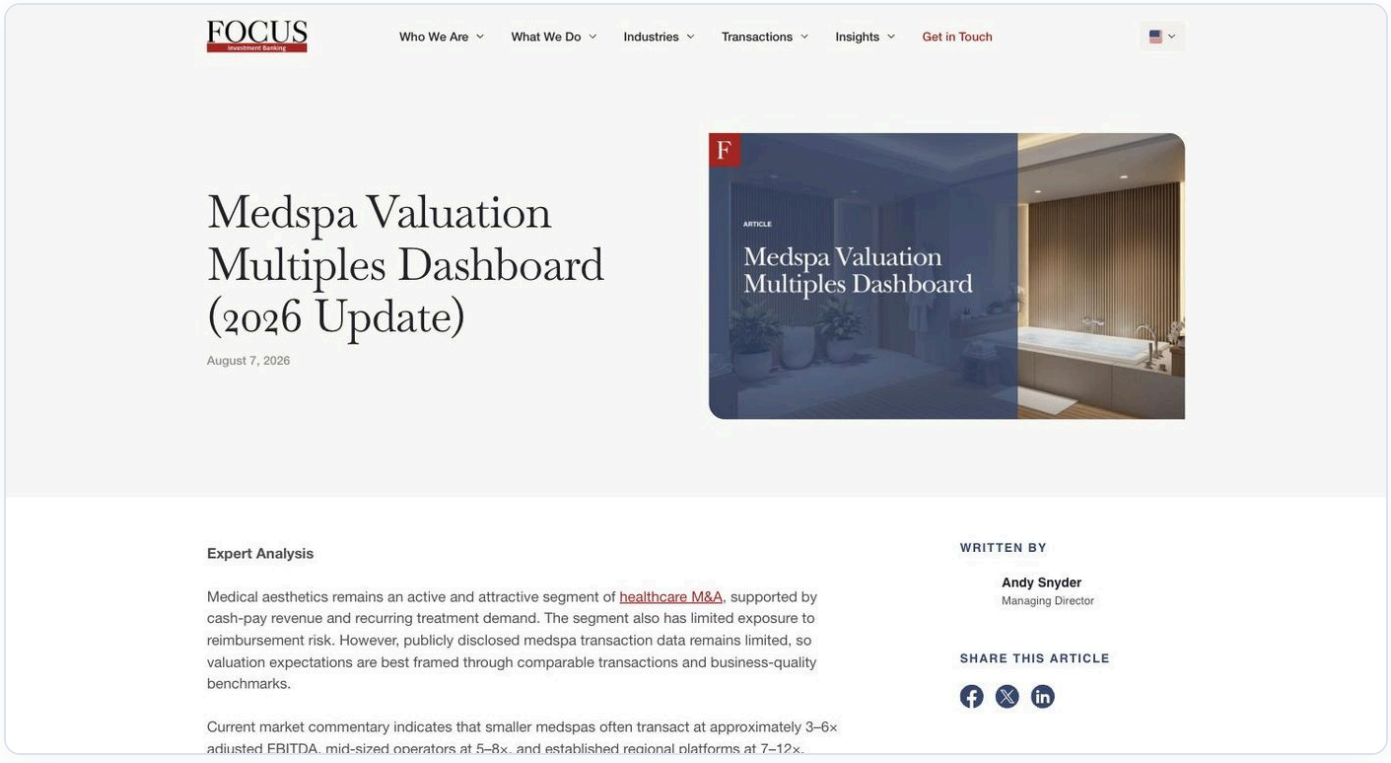


Source Google search, "medspa valuation multiples EBITDA", September 2026. Small practices 3x to 5x, mid sized 5x to 8x, platforms higher.

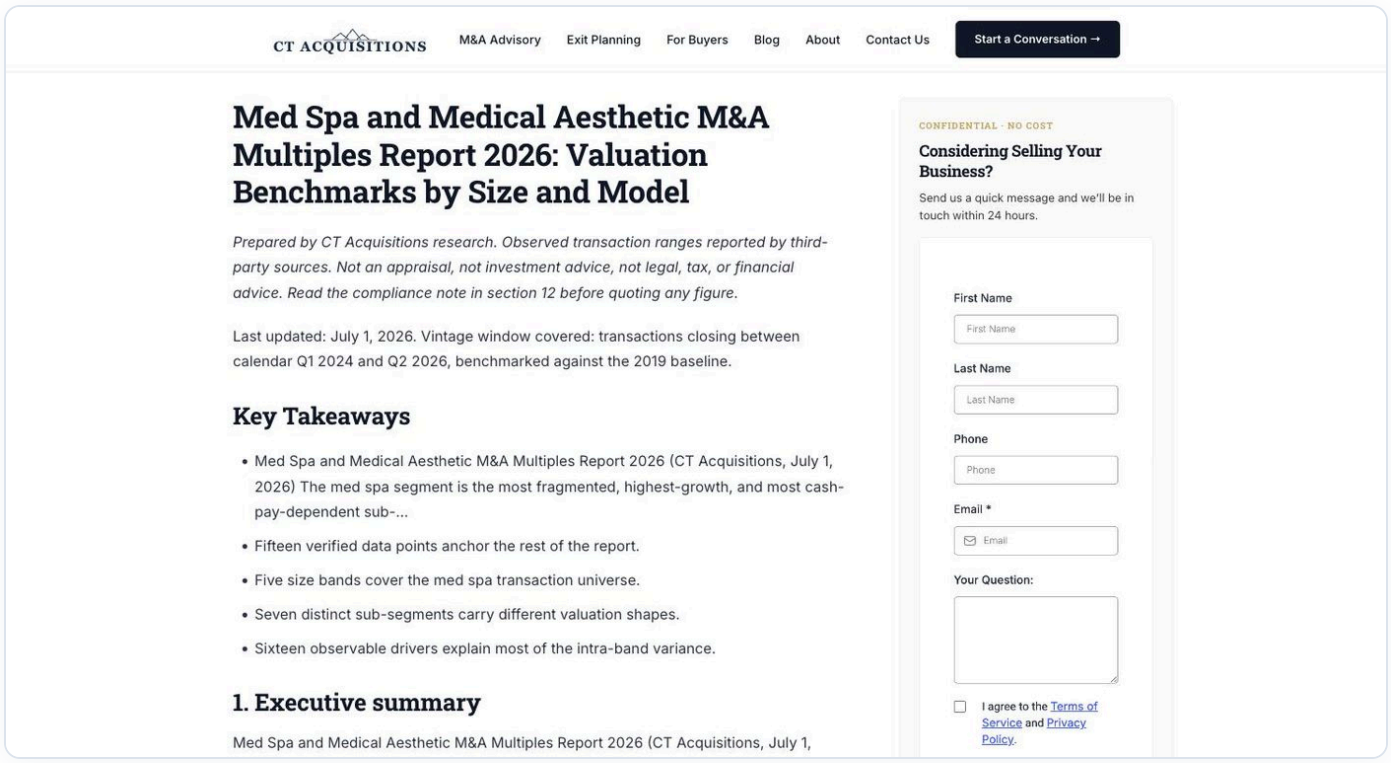
What the market says in 2026

Three sell side advisors (firms that represent owners in a sale) published ranges this year. They agree more than they disagree.

Source	Range	Applies to
FOCUS Investment Banking, Aug 2026	3x to 6x adjusted EBITDA	Smaller medspas
FOCUS	5x to 8x	Mid sized operators
FOCUS	7x to 12x	Established regional platforms
Breakwater M&A, 2026	3.5x to 5.0x	Owner dependent, limited documentation
Breakwater	5.0x to 6.5x	Single location with SOPs and solid retention
Breakwater	7.0x to 9.0x	Multi provider, recurring revenue, 15%+ growth
CT Acquisitions, Jul 2026	5.0x to 7.0x, median 5.5x to 6.5x	$1M to $3M adjusted EBITDA



Source FOCUS Investment Banking, Medspa Valuation Multiples Dashboard, August 7, 2026.



Source CT Acquisitions, Med Spa and Medical Aesthetic M&A Multiples Report 2026, July 1, 2026.

A note on the sources: all three are sell side advisors, who benefit when owners believe multiples are high. Treat the top of each range as achievable, not typical.

Try the range on Harbor Aesthetics

Harbor's adjusted EBITDA from Advanced 4 was $228,000. At that size it sits at the small end of the market, where 3x to 5x is realistic and 6x is a strong outcome. Move the slider and watch what one turn (one whole number) of the multiple is worth.



4.5x

Multiple

$1,026,000

Implied value

Single location with SOPs, retention and clean books

What a buyer sees

The point of the slider. Between 3x and 6x the same $228,000 of earnings is worth $684,000 or $1,368,000. Nothing about the patients or the treatments changed. What changed is how transferable and how documented the earnings are. Every one of the drivers below is something you control long before a buyer shows up.

The five things that move the multiple

Recurring revenue

Memberships and subscriptions make next year's revenue predictable. CT Acquisitions reports that membership at 30 to 40 percent of revenue adds roughly half a turn to a full turn of multiple, the largest single lever in their data.

Provider independence

If the owner performs most of the treatments, the earnings leave with the owner. CT Acquisitions reports a discount of half a turn to a full turn when a single provider is above about 35 percent of revenue. Multiple injectors, written protocols (SOPs) and a medical director who is not the sole producer all push the other way.

Physician integration

A physician owned practice with a compliant management company removes a category of legal risk that private equity buyers price heavily.

Service mix and retention

Injectables weighted clinics trade higher than device weighted clinics because the patient comes back every three to four months. CT Acquisitions cites a return visit rate above 65 percent over twelve months as the benchmark.

Clean, accrual books

Most buyers of a clinic this size commission a quality of earnings review: an accountant rebuilds your EBITDA from bank statements and source documents. Deferred revenue handled correctly, inventory counted, intercompany accounts tied, add backs documented, reconciliations complete. A clinic that passes cleanly closes at the agreed price; one that does not usually gets repriced.



Source Breakwater M&A, Medical Spa Valuation Multiples 2026: What is Your $1M to $3M EBITDA Practice Worth?

How a deal is actually paid

The headline number is rarely all cash. The advisors above describe typical structures of 60 to 80 percent cash at close with 10 to 25 percent in an earnout (paid later if the clinic hits agreed targets) and sometimes a rollover (you keep a stake in the buyer's company). The books matter here too: an earnout is measured on the same EBITDA definition, so the accounting you agree to at signing is the accounting that pays you two years later.

Why this matters in year one

Nobody sells in year one. But every driver above is built or broken in year one: the membership program, the second injector, the deferred revenue account, the inventory count, the habit of never running a personal expense through the clinic. A buyer will read three years of financials. The first of those three years starts when you open. That is the reason the books are set up the way they are from the first month.

> **Where Benchmark comes in.** Membership (Operations 6), provider concentration (Finance 5), retention (Operations 7) and the close (Finance 4) are all on your scorecard every month, which means all five drivers are being worked whether or not a sale is on your mind. Exit preparation, when you want it, starts from a valuation range and the list of what a buyer would mark down (Advanced 6).

Try it yourself

- [ ] Estimate what share of your revenue will be recurring (memberships) in year one. Write down the number you want it to be in year three.
- [ ] Estimate what share of treatments the owner performs. If it is over a third, that is the first thing a buyer will discount.

Check yourself: Advanced 5

A clinic has adjusted EBITDA of 400,000 and a buyer offers 5x. The headline price is

- 400,000
- 2,000,000
- 5,000,000

Adjusted EBITDA times the multiple.

Which change most reliably raises a clinic's multiple?

- A new logo
- Growing membership revenue to a third of the total
- Buying a second laser

Recurring revenue is the lever every source names first. Equipment is an asset, not a multiple driver.

The owner performs 70 percent of treatments. A buyer will

- Pay more, because the owner is clearly skilled
- Pay less, because the earnings depend on one person who may leave
- Not care

Provider concentration is a discount. The earnings are only worth what stays after the sale.

A quality of earnings review is

- A patient satisfaction survey
- The buyer's accountant rebuilding your EBITDA from source documents
- An IRS audit

It tests whether the numbers you presented can be proven. Clean books pass quickly.

Why do year one books matter for a sale in year five?

- They do not
- Buyers read three years of financials, and the habits that drive the multiple start on day one
- Because the multiple is set by the first year's revenue

Recurring revenue, provider mix, and clean accounting are built over years, not fixed in the month before a sale.

Pick an answer for each question.

Want this done, not just explained?

The 10-Day Sprint finds the leaks for $1,000, one time. After that, on the plan, the scorecard keeps coming and at least one growth initiative is executed with you every month. Plans from $2,299 a month. Everything in this module is part of that work.

See the sprint and pricing | Text Nate

Educational material from Benchmark Advisors, not tax, legal, medical or investment advice, and not a promise of any result. The sample clinic and its figures are invented. Rules differ by state and change; confirm anything that matters with your CPA, your attorney and your state board. Full disclaimers.