BIZPLANS

Independent Business Valuation Report

Illustrative Sample Report — fictional case, prepared to show our format and methodology

Prepared for	Protea Packaging Distributors (Pty) Ltd
Prepared by	Bizplans CC
Valuer	Mark Prigge · B.Com, MBA
Valuation date	28 February 2026
Report date	10 June 2026
Interest valued	100% of the issued share capital
Basis of value	Fair Market Value · IVS 2022 · going concern

Illustrative Sample Notice

This is an illustrative sample. Protea Packaging Distributors (Pty) Ltd is a fictional business; all names, figures and registration details are invented to demonstrate the structure, methodology and standard of a Bizplans valuation report. It is not an opinion of value on any real entity. Every figure shown reconciles through the Bizplans BVPro valuation model.

Contents

1. Executive Summary

Bizplans CC has been engaged to provide an independent opinion of the fair market value of 100% of the ordinary equity of Protea Packaging Distributors (Pty) Ltd ("the Company") as at 28 February 2026. The Company is a privately owned Johannesburg distributor of specialty food-grade packaging, established eighteen years ago, with FY2026 revenue of R47.3 million. The valuation is prepared on a going-concern basis under Fair Market Value, consistent with IVS 2022.

Valuation conclusion

Item	Value
Enterprise value (earnings multiple — primary)	R20,590,933
Add: cash and equivalents	R4,850,000
Less: interest-bearing debt	(R1,150,000)
Add: net surplus / non-operating adjustment	R181,589
Concluded equity value (100%)	**R24,472,522**
Supportable equity range	R17,970,122 – R28,807,456

The net surplus / non-operating adjustment of R181,589 is a sustainable working-capital surplus of R781,589 net of the R600,000 shareholder loan payable to the owner.

Key value drivers

Supporting value

- Eighteen-year trading history with two exclusive import agencies
- Gross margin recovered to 30% and normalised EBITDA margin of ~13%
- Consistent profitability and healthy, self-funding working capital
- Surplus cash and a sustainable working-capital surplus add to equity

Constraining value

- High owner dependency — the principal personally holds the import agencies and top-customer relationships
- Thin second-tier management
- Customer concentration: largest customer 18%, top three 45% of revenue, on informal terms
- Exposure to South African economic and sector volatility

Methods applied

The opinion is judgement-led, not a mechanical average. The earnings multiple is the primary method; the discounted cash flow and the adjusted net asset value are used to test it, not to be blended into it.

Method	Role	Indicated value
Earnings multiple	Primary	EV R20,590,933
Discounted cash flow	Cross-check	EV R18,785,673
Adjusted net asset value	Floor of value	R12,470,000

Bizplans CC is of the opinion that the fair market value of 100% of the ordinary equity of the Company is **R24,472,522** as at 28 February 2026, within a supportable range of approximately R18.0 million to R28.8 million.

2. Scope, Purpose & Basis of Value

Purpose

The valuation supports the shareholder in sale preparation and succession planning. It is not a fairness opinion and is not contingent on any transaction.

Standard of value

Fair Market Value — the estimated amount at which the business would change hands between a willing buyer and a willing seller, at arm's length, both informed and neither under compulsion.

Premise of value

Going concern, assuming continued operation in its current form.

Order of work

Purpose, then basis of value, then premise, then method — settled before any number was calculated, consistent with IVS 2022.

Scope and sources

- Audited annual financial statements, FY2022–FY2026
- Management accounts to February 2026
- Ownership and operational information from management
- Earnings normalisation and working-capital analysis
- Industry and market context

3. Company Overview

Item	Detail
Company	Protea Packaging Distributors (Pty) Ltd
Registration	2008/123456/07 (fictional — sample)
Sector	Specialty food-grade packaging distribution
Location	Johannesburg, South Africa
Established	Approximately 18 years ago
Ownership	100% — S. Naidoo
FY2026 revenue	R47,300,000

The Company distributes specialty food-grade packaging to commercial and manufacturing customers across South Africa, on the strength of two exclusive import agencies and long-standing, informal customer relationships. The principal is closely involved in supplier and key-customer management.

4. Industry & Economic Overview

The specialty packaging distribution sector serves food and manufacturing customers whose demand is relatively defensive but sensitive to input costs, the rand and import logistics. Competition is moderate and price-sensitive. South African macro conditions — currency volatility, interest rates and constrained growth — are reflected in the discount rate and the risk-adjusted multiple applied later in this report, rather than asserted here.

5. Historical Financial Analysis

R	FY2022	FY2023	FY2024	FY2025	FY2026
Revenue	38,500,000	41,200,000	39,800,000	43,600,000	47,300,000
Gross profit	11,550,000	11,948,000	11,144,000	12,862,000	14,190,000
Reported EBITDA	4,170,000	4,038,000	2,954,000	4,362,000	5,470,000
EBITDA margin	11%	10%	7%	10%	12%

Revenue grew over the period with a dip in FY2024. Reported FY2024 EBITDA was depressed by a one-off ERP and website implementation; FY2025 carried a one-off bad debt from a single customer liquidation. Both are removed in normalisation below, after which the underlying earnings trend is clearly upward.

6. Normalisation Adjustments

Owner remuneration of R1,900,000 exceeds the R1,200,000 market rate for a replacement manager; only the R700,000 excess is added back, with the market cost left in the earnings base so it is counted once. Personal expenses run through the business are added back, as are the two non-recurring items.

Adjustment (R)	FY2024	FY2025	FY2026	Basis
Reported EBITDA	2,954,000	4,362,000	5,470,000	
Add: owner salary above market	700,000	700,000	700,000	Excess only
Add: personal expenses	180,000	180,000	180,000	Owner benefit
Add: ERP/website (one-off)	450,000	–	–	FY2024
Add: bad debt (one-off)	–	380,000	–	FY2025
Normalised EBITDA	**4,284,000**	**5,622,000**	**6,350,000**	

Maintainable normalised EBITDA (three-year average): **R5,418,667**. This is the earnings base for both the primary method and the cross-check.

7. Valuation Methodology

Three approaches are used in defined roles:

- Earnings multiple — the primary method for a profitable SME, applying a risk-adjusted multiple to maintainable normalised EBITDA.
- Discounted cash flow — a secondary cross-check, used because credible projections exist.
- Adjusted net asset value — the floor of value, not a weighted component.

The methods are not averaged. The earnings multiple produces the opinion; the DCF and NAV test whether that opinion is reasonable. Company risk is counted once: it informs the multiple under the earnings approach and the company-specific risk premium under the discount-rate build-up, set independently of one another — never linked so that one mechanically drives the other.

> **Why this matters.** *Company risk is reflected once in the multiple and once in the discount rate, set independently — never auto-linked. Letting one mechanically drive the other charges the same risk twice, and it is one of the first things an opposing expert tests.*

8. Earnings Multiple Valuation (primary)

A sector base range of 3.0x–5.0x EBITDA is adjusted by the risk framework (net −0.40x) to a supportable range of 2.6x to 4.6x. Within that range, a multiple of 3.8x is concluded — above the 3.6x midpoint: margin recovery and the eighteen-year exclusive supplier tenure support the upper half, while high owner dependency and thin management hold the conclusion below the top of the band.

Item	Multiple	Value
Maintainable EBITDA		5,418,667
Lower bound	2.6x	R14,088,533
Concluded	**3.8x**	**R20,590,933**
Upper bound	4.6x	R24,925,867

Equity bridge

Enterprise value (3.8x)	R20,590,933
Add: cash and equivalents	R4,850,000
Less: interest-bearing debt	(R1,150,000)
Add: working-capital surplus	R781,589
Less: shareholder loan payable	(R600,000)
Concluded equity value (100%)	**R24,472,522**

Applied across the supportable multiple range, the equity value spans approximately R18.0 million to R28.8 million.

9. Discounted Cash Flow (cross-check)

A five-year free-cash-flow model discounts at a South African WACC of 24.2% with 4% long-term growth. EBITDA is struck after a market-rate owner salary (single source), so no further owner cost is deducted in the DCF — the owner cost is counted once. The model returns an enterprise value of R18,785,673, below the R20,590,933 earnings-multiple enterprise value. The DCF is therefore a conservative corroboration of the primary method, the gap explained by the high South African discount rate.

10. Net Asset Value Assessment (floor)

Item	R
Book net assets	13,370,000
Plant, equipment & vehicles to market	(150,000)
Inventory to net realisable value	(300,000)
Debtors to recoverable value	(250,000)
Remove purchased goodwill	(200,000)
Adjusted net asset value (floor)	**R12,470,000**

The adjusted NAV of R12,470,000 sits well below the concluded earnings equity of R24,472,522. The floor does not bind: the business is worth materially more as a going concern than the net value of its assets, confirming the going-concern premise. NAV is reported as a floor only — it is not weighted into the conclusion.

> **Why this matters.** *Net asset value is shown as a floor, not blended into an average. Mechanically weighting asset value alongside earnings — a common shortcut in cheaper valuations — understates a profitable business and is the first thing challenged under cross-examination.*

11. Risk Analysis

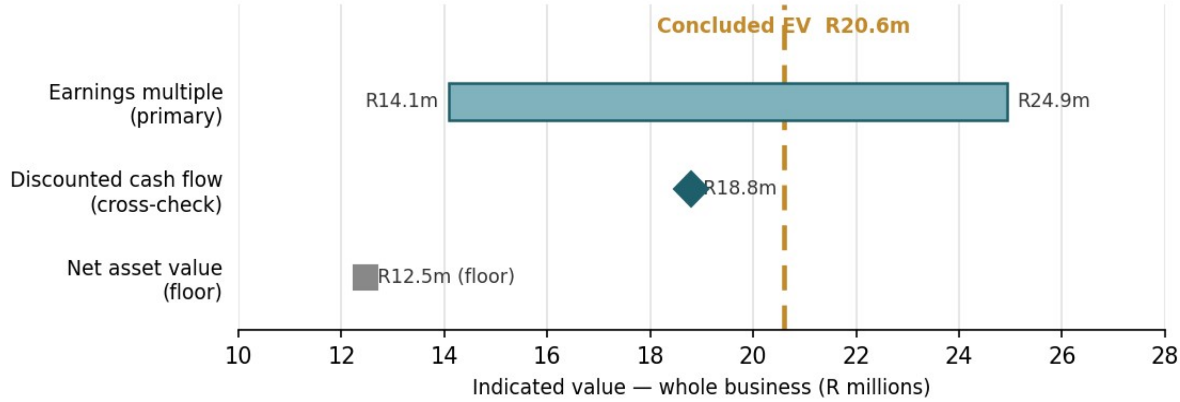
Risk factor	Score	Rating	Effect
Owner dependency	4	High	−
Customer concentration	3	Medium	−
Earnings quality	2	Low	+
Recurring revenue	3	Medium	+/−
Management depth	4	High	−
Working-capital risk	2	Low	+
Market / sector risk	3	Medium	−

Risk factor	Score	Rating	Effect
Regulatory risk	1	Low	Neutral

Owner dependency and management depth are the dominant risks: the principal personally holds the exclusive import agencies and the top-customer relationships, with limited second-tier cover. Customer concentration (top three at 45%, on informal terms) compounds this. These factors are reflected in the −0.40x risk adjustment to the multiple and in the discount-rate build-up, and are the principal reason the conclusion sits below the top of the supportable range.

12. Valuation Summary & Conclusion

Method	Lower / point	Upper
Earnings multiple — equity (primary)	R17,970,122	R28,807,456
Discounted cash flow — EV (cross-check)	R18,785,673	–
Net asset value — equity (floor)	R12,470,000	–
Concluded equity value (100%)	**R24,472,522**	**–**



Range of value indications across methods, on a whole-business basis. The earnings multiple range spans the supportable band; the DCF and NAV sit where expected — DCF just below the concluded enterprise value, NAV as a floor beneath both.

As a market reasonableness check, the concluded value sits within the external SDE- and EBITDA-based ranges for businesses of this type, with the primary conclusion about 9% above the small-business rule-of-thumb mid-point — explained by the eighteen-year exclusive supplier position and margin profile. Rules of thumb are corroborative context only and are predominantly US data.

Concluded fair market value of 100% of the ordinary equity: **R24,472,522** as at 28 February 2026, within a supportable range of approximately R18.0 million to R28.8 million.

13. Transaction Structure Observations

Likely acquirers include trade buyers, private investors and management. A typical structure might combine an initial cash payment, a working-capital adjustment, an earnout and a seller transition period. Value would be enhanced by reducing owner dependency, formalising customer contracts and strengthening second-tier management.

14. Assumptions & Limiting Conditions

- Information supplied by management has been relied upon without independent audit verification.
- The valuation reflects conditions as at the valuation date only.
- A going-concern premise is assumed.
- No legal, tax, environmental or technical due diligence was undertaken.

- The report is for the stated purpose only and should not be relied upon for any other.
- Actual transaction prices may differ with negotiation, structure and buyer-specific factors.

15. Appendix

Documents reviewed

- Audited financial statements FY2022–FY2026
- Management accounts to February 2026
- Forecast information
- Operational and ownership information
- Industry and market data

Valuer

Mark Prigge holds a B.Com and an MBA and brings more than twenty years in business and finance, the last decade and more focused on independent business valuation. Bizplans CC provides independent, fixed-fee valuations of privately owned South African SMEs — never contingent on the outcome. Reports are prepared to the evidentiary standards expected by SARS, the courts and lenders, and are built to withstand challenge.