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	19 August 2026
Interest valued	100% of the issued share capital
Basis of value	Market Value (IVS 102) · highest and best use as a 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 valuation model.

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1. Executive Summary

Bizplans CC has been engaged to provide an independent opinion of the 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 under Market Value as defined at IVS 102, on the premise of highest and best use, being the Company's current use as a going concern, consistent with the International Valuation Standards.

Valuation conclusion

Item	Value
Enterprise value (earnings multiple — primary)	R18,133,600
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%)	**R22,015,189**
Supportable equity range	R18,436,189 – R27,980,189

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 ~12%
- 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 equity value
Earnings multiple	Primary	R22,015,189
Discounted cash flow	Cross-check	R19,807,814
Adjusted net asset value	Floor of value	R12,470,000

Bizplans CC is of the opinion that the Market Value, as defined at IVS 102, of 100% of the ordinary equity of the Company is **R22,015,189** as at 28 February 2026, within a supportable range of approximately R18.4 million to R28.0 million. The opinion lies below the middle of that range for the reasons given at Section 8.

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.

Basis of value

Market Value, as defined at IVS 102 — the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Premise of value

Highest and best use, being its current use as a going concern, the business continuing to trade in its current form (IVS 102 A10.04 and A90.04).

Order of work

Purpose, then basis of value, then premise, then method — settled before any number was calculated, consistent with the International Valuation Standards.

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	3,650,000	3,498,000	2,344,000	3,712,000	4,790,000
EBITDA margin	9%	8%	6%	9%	10%

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	2,344,000	3,712,000	4,790,000	
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	**3,674,000**	**4,972,000**	**5,670,000**	

Maintainable normalised EBITDA (three-year average): **R4,772,000**. 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 +0.05x) to a supportable range of 3.05x to 5.05x. Within that range, a multiple of 3.8x is concluded, just below the 4.05x midpoint: the principal's personal hold on the two import agencies and the informal,

uncontracted customer relationships are a transferability question a purchaser will price before anything else, which places the conclusion in the lower half of the range, while margin recovery and the eighteen-year exclusive supplier tenure keep it well clear of the floor.

Item	Multiple	Value
Maintainable EBITDA		4,772,000
Lower bound	3.05x	R14,554,600
Concluded	**3.8x**	**R18,133,600**
Upper bound	5.05x	R24,098,600

Equity bridge

Enterprise value (3.8x)	R18,133,600
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%)	**R22,015,189**

Applied across the supportable multiple range, the equity value spans approximately R18.4 million to R28.0 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 R15,926,225, below the R18,133,600 earnings-multiple enterprise value. After the same equity bridge, the DCF indicates an equity value of R19,807,814, against the concluded R22,015,189. 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 R22,015,189. The floor does not bind: the business is worth materially more as a going concern than the net value of its assets, confirming highest and best use as a going concern. 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	−
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. Owner dependency and management depth take 0.25x off the multiple; clean, consistent earnings, a self-funding working-capital cycle and low regulatory exposure add 0.30x, for a net risk adjustment of +0.05x. The dominant risks are also reflected, independently, in the discount-rate build-up, and are the principal reason the conclusion sits below the middle of the supportable range.

Environmental, social and governance factors

IVS 106 paragraph 30.06(m) requires a valuation report to convey the significant environmental, social and governance factors used and considered. Each factor below was considered. Where a factor was found not to be significant to value, that is stated. No factor recorded here is counted twice: those that affect value are reflected once, in the risk assessment above and through the company-specific risk premium, and are not applied a second time in the discount rates or in any discount to the concluded value.

Environmental. The Company is a distributor rather than a manufacturer, so it carries no manufacturing emissions, effluent or process-waste exposure. Two matters were considered. The first is extended producer responsibility for packaging placed on the South African market, which sits primarily with the producers whose product the Company distributes but which is increasingly passed down the supply chain in customer terms. The second is electricity supply interruption, which affects warehousing and order fulfilment rather than production. Neither is quantifiable on the information available and neither has been treated as a separate deduction. The sector volatility they contribute to is already reflected in the risk assessment.

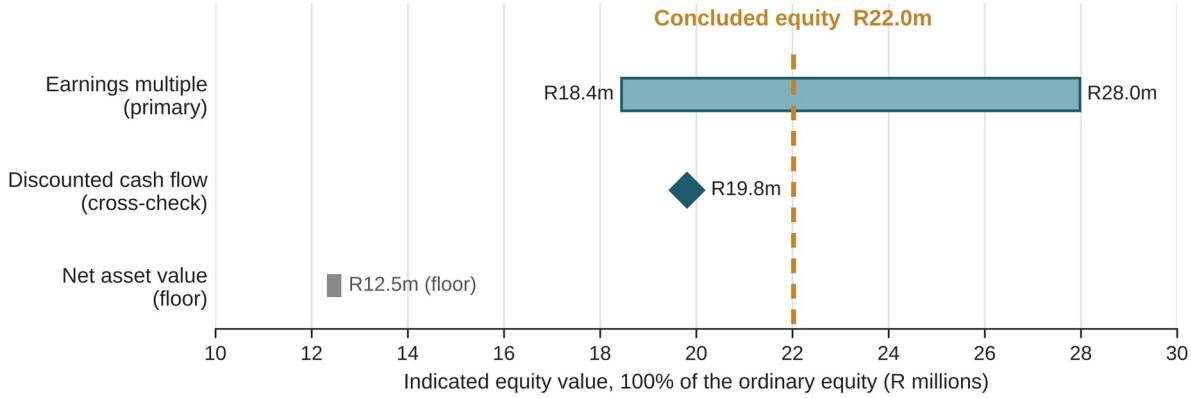
Social. Employment is stable and no labour dispute was disclosed. The Company's B-BBEE recognition level was considered because it can affect procurement decisions by larger corporate customers; on the information available it has not been treated as a distinct value driver in either direction, and a purchaser conducting due diligence would test it. Dependency on the principal is a social factor as much as a commercial one, and it is significant here. It is reflected in the risk assessment and in the company-specific risk premium, and is not deducted again.

Governance. This is the most significant of the three for this valuation. The two exclusive import agencies are held personally by the principal rather than by the Company, which is a transferability question a purchaser will raise before price; it is reflected once, in the risk assessment. The top three customers account for 45% of revenue on informal terms, with no written supply agreements, so the revenue base rests on relationships rather than contracts. Second-tier management is thin, which limits the Company's capacity to operate independently of the principal. The shareholder loan of R600,000 payable to the owner is dealt with in the equity bridge rather than here.

Conclusion. Governance factors are significant to this valuation and are reflected in the concluded multiple through the risk assessment. Environmental factors were considered and are not significant to value on the information available. Social factors are significant only to the extent of the owner dependency already counted. Nothing in this section is applied to the concluded value a second time.

12. Valuation Summary & Conclusion

Method	Lower / point	Upper
Earnings multiple — equity (primary)	R18,436,189	R27,980,189
Discounted cash flow — equity (cross-check)	R19,807,814	–
Net asset value — equity (floor)	R12,470,000	–
Concluded equity value (100%)	**R22,015,189**	**–**



Indicated equity value by method, 100% of the ordinary equity. The earnings multiple bar spans the supportable range; the DCF sits within it, below the concluded equity value; NAV is the 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 6.5% 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 Market Value, as defined at IVS 102, of 100% of the ordinary equity: **R22,015,189** as at 28 February 2026, within a supportable range of approximately R18.4 million to R28.0 million. The opinion lies below the middle of that range for the reasons given at Section 8.

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.
- The premise of value is highest and best use, being the Company’s current use as a going concern.
- 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 has more than twenty years in corporate finance, M&A and business valuation across South Africa and the United Kingdom. He holds a B.Com (Bachelor of Commerce) and an MBA with distinction, both from the University of the Free State.

His roles have included four years as an M&A senior manager with a London mid-market M&A adviser, two years as a senior expert in M&A, financial and strategic advisory with an international advisory firm in London, and founder of an M&A advisory practice for SMEs in South Africa.

He has prepared valuations for contested divorce and partnership matters on instructions from attorneys and accountants, none of which proceeded to a hearing, and has been instructed by an advocate on a deceased estate, including advice on the sale of the business.

Sectors covered in his valuation and M&A work include healthcare practices (dental, medical, veterinary), professional services including a UK law firm, education and training, insurance and financial services, software and IT, advertising and television production, construction, earthworks and home renovation, HVAC, manufacturing (bricks, windows, cheese), pharmaceutical wholesale, food production and retail, trade, energy, e-commerce, facility management, electronics and logistics.

Bizplans CC provides independent, fixed-fee valuations of privately owned South African SMEs, never contingent on the outcome.

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