

Business Valuation Report

EBITDA-Based Valuation Analysis

Sales Performance Summary

Annual Sales Figures

- 2022: R1,807,348
- 2023: R1,842,149
- 2024: R1,904,402
- 2025 (Jan-Aug): R624,734

Key Observations

- Peak performance in 2024
- Significant decline in 2025 (down ~55% vs same period 2024)
- Consistent performance 2022-2024 before decline

Cost Structure (Annual Basis)

- Cost of Goods Sold (COGS): R654,000 per year
- Operating Expenses: R306,396.96 per year
- EBITDA Multiple for Valuation: 4.3x

Valuation Scenarios

1. Full Year 2024 (Peak Performance)

Turnover:	R1,904,402.43
Less: COGS:	(R 654,000.00)
Gross Profit:	R1,250,402.43
Less: Operating Expenses:	(R 306,396.96)
EBITDA:	R 944,005.47
Business Value (4.3x):	R4,059,223.52

2. Trailing 12 Months (Sept 2024 - Aug 2025)

Turnover: R1,424,615.06
Less: COGS: (R 654,000.00)
Gross Profit: R 770,615.06
Less: Operating Expenses: (R 306,396.96)
EBITDA: R 464,218.10

Business Value (4.3x): R1,996,137.83

3. Three-Year Average (Jan 2023 - Aug 2025)

Period: 32 months (2.67 years)

Turnover (32 months): R4,371,285.41
Less: COGS (2.67 years): (R1,746,180.00)
Gross Profit: R2,625,105.41
Less: Op Expenses (2.67y): (R 818,079.88)
EBITDA: R1,807,025.53

Business Value (4.3x): R7,770,209.78
Annualized EBITDA: R 676,783.36

4. Full Historical Period (Jan 2022 - Aug 2025) ✓ RECOMMENDED

Period: 44 months (3.67 years)

Turnover (44 months): R6,178,633.00
Less: COGS (3.67 years): (R2,400,180.00)
Gross Profit: R3,778,453.00
Less: Op Expenses (3.67y):(R1,124,476.84)
EBITDA: R2,653,976.16

Business Value (4.3x): R11,412,097.49
Annualized EBITDA: R 723,425.52

Valuation Summary

Scenario	Period	EBITDA	Business Value
Peak Year	2024 Only	R944,005	R4,059,224
Recent Performance	Last 12 Months	R464,218	R1,996,138
3-Year Average	2023-2025	R1,807,026	R7,770,210

Scenario	Period	EBITDA	Business Value
Full Historical	2022-2025	R2,653,976	R11,412,097

Recommendation

The **R11,412,097** valuation based on the full 44-month historical period (January 2022 - August 2025) provides the most balanced view of the business value because:

- 1. **Comprehensive Data:** Includes nearly 4 years of operations
- 2. **Normalized Performance:** Averages both strong years (2022-2024) and current challenges
- 3. **Annualized EBITDA:** R723,426 represents sustainable earnings capacity
- 4. **Fair Representation:** Neither overly optimistic (peak 2024) nor pessimistic (current 2025)

Additional Considerations

Strengths

- Consistent performance 2022-2024 demonstrates stability
- Strong gross margin (~40-65% depending on period)
- Established operations with 4+ year history

Risks

- 2025 sales decline requires investigation
- Need to understand if decline is temporary or structural
- Operating expense control important during revenue decline

Next Steps

- 1. Investigate causes of 2025 revenue decline
- 2. Develop recovery plan if decline is temporary
- 3. Consider cost optimization if decline is permanent
- 4. Update valuation quarterly as 2025 progresses

Report Generated: September 4, 2025

Valuation Method: 4.3x EBITDA Multiple