

PROFITABILITY ANALYSIS				
Year	2021	2022	2023	2024
Revenue	182,024,675	207,171,166	214,292,598	528,952,974
Gross Profit	6,073,058	8,775,075	8,338,746	16,734,024
Gross Profit Margin	3.34%	4.24%	3.89%	3.16%
Net Profit	276,229	1,267,083	995,955	3,478,511
Net Profit Margin	0.15%	0.61%	0.46%	0.66%

Adjustment of 2024 Revenue*	
Audited 2024 Revenue	528,952,974
Less: TKC Plaza Revenue	(68,141,485)
60% NRFA toll price increase**	(77,426,911)
Adjusted 2024 Revenue***	383,384,578

* Adjustment of Revenue is to adjust for revenue arising from single instance factors
** NRFA increased toll prices by ~60% across vehicle categories
*** Adjusted 2024 revenue is a more sustainable measure of performance

P/E ANALYSIS		
Company	Business Type	P/E Multiple
Payment Processors Avg	Low-margin processors	13.3
Government Contractors Avg	Single-Customer Dependent	6.5
Zambian Market Avg	Local Market Conditions	7.5
Appropriate P/E Multiple		9.1

REALISTIC EARNING BASE	
2024 Reported Net Profit	3,478,511
3 Year Average Net Profit	846,422
Adjusted for one single instance factors*	2,956,734
Conservative Earnings Base	2,427,223

*15% haircut for the one time revenue

Realistic P/E Valuation	
Conservative Earnings Base	2,427,223
Appropriate P/E Multiple	9.1
Equity Value	22,070,195
Shares Outstanding:	10,000,000
Adjsuted Value Per share	2.21

DISCOUNTED CASHFLOW PROJECTION					
DCF Projections	2025	2026	2027	2028	2029
Revenue Growth %	10%	8%	7%	6%	5%
Revenue	421,723,036	421,723,037	421,723,038	421,723,038	421,723,039
EBITDA Margin %	1.50%	1.60%	1.70%	1.80%	1.90%
EBITDA	6,325,846	6,747,569	7,169,292	7,591,015	8,012,738

DCF Calculation	2025	2026	2027	2028	2029
Unlevered Future Cashflows*	4,744,384	5,060,676	5,376,969	5,693,261	6,009,553
Discount Factor	78%	61%	47%	37%	28%
PV of FCF	3,690,692	3,062,418	2,531,170	2,084,840	1,711,913
Terminal Value					22,101,685
PV of Terminal Value					6,296,004

Enterprise Value	44,561,051
Value Per Share	4.5

*Assumes 75% EBITDA Converts to Cash

Weighted Average Cost of Capital			
Component	Input	Calculation	Result
Cost of Equity			
Risk-Free Rate (Rf)		18% Source: BoZ 2025	
Market Risk Premium		8.5% Emerging Market Premium	
β Beta		1.3 Payment Processor Avg (1.1+0.2 risk premium)	
Cost of Equity (Re)			28.55%

Cost of Debt	
Base Lending Rate	24.5% BoZ Policy Rate
Company Credit Spread	3.0% NRFA Dependency Premium
Pre-Tax Cost of Debt (Kd)	27.50%

Tax Rate	30% 30% Corporate Tax Rate
Post-Tax Cost of Debt	19.25%

CAPITAL STRUCTURE			
Market Value of Equity (E)	100,000,000	Conservative Market Cap (1m shares @ K10)	
Market Value of Debt (D)	0	Company is debt-free per prospectus	*From Balance Sheet

Total Capital (V)	100,000,000
Weight of Equit (E/V)	1

WACC CALCULATION	
WACC Formula	(E/V) * Re + (D/V) * Rd * (1-Tax)
WACC	28.55%

VALUATION SUMMARY	
Valuation Method	Value Per Share (ZMW)
P/Ex Method	2.2
DCF Method	4.5
Average Valuation	3.3

Final Risk Adjustments *	
Base Average Valuation	3.3
NRFA Dependency Discount	3.0

Generosity Premiums	
Growth Potential	30%
Market Leadership	20%
Strategic Value	15%
Homegrown Tech IPO	10%
Total Valuation Premium Adjustment	75%

ABSOLUTE VALUATION CELING	K5.83
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VALUATION:
ZMW 5.83