Snappy Fast Foods (Pty) Ltd

VALUATION REPORT

29 September 2025

Valuation performed by:
CoVal

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Scope

The nature and scope of our work does not constitute an audit. Our report, therefore, does not express an opinion on the financial position, financial performance, and cash flows of the entity its subsidiaries and/or divisions. We also do not express an opinion on any forecasts or assumptions supplied to us. We have also not verified the accuracy and authenticity of any data and information provided by Management, as this is their sole responsibility. We did not conduct a physical examination of the assets or a detailed review of the income and expenditure.

Basis

The calculations supporting the valuation, based on the selected valuation method, are discussed in this report. Reliance was placed on the information provided by Management as a basis for this valuation. Any notes and discussions regarding the financial overview have been supplied by Management and are included for the purpose of background information and analysis for readers of this report. It is assumed that the overall economy, market, and industry trends were considered by Management when communicating their expectation of the future performance of the business.

Restrictions

No other party may place any reliance on the contents of this report, neither should any reliance be placed thereon for any other purpose than the specific reason for this valuation.

Sources

The sources of information, supplementing Management's forecasts, assumptions, and explanations are listed at the end of the report.

Explanation

The following historical financial years were utilised in the valuation, 2022, 2023 and 2024. The following forecasted financial years were utilised in the valuation, 2025, 2026 and 2027.

Executive Summary

Portion Being Valued:	100.00%
Valuation Date:	29 September 2025
Valuation Methods applied:	Discounted Cash Flow (Primary), Market Multiples (Secondary)
Valuation reason:	Transaction (M&A, Sale)

Valuation Summary

Example wording - to be updated by user: Based on the consideration of values derived from various valuation methodologies, the Market Based Valuation approach was adopted as the primary basis for determining the final value. This method is considered most appropriate as it directly reflects values from market transactions and comparable publicly traded companies, offering an external perspective on what the market may be willing to pay. The decision to utilize this method was further supported by its outcomes aligning with the established industry norm, reinforcing confidence that this approach provides a reasonable reflection of current market value. Accordingly, a value of R5 950 685 appears reasonable for a 60% shareholding in Company ABC as at 30 June 2025.

Company Overview

Background

Founded in 2012, Snappy Fast Foods began as a single food truck serving bold, flavor-packed burgers and fries in downtown Joburg. With a mission to deliver tasty meals fast, without sacrificing quality, Snappy quickly gained a loyal following. Today, it's a vibrant chain known for its signature "Snap Burgers", crispy chicken wraps, and loaded fries. Committed to freshness and speed, Snappy continues to redefine fast food across South Africa. Driven by passion and powered by local ingredients, Snappy Fast Foods has grown to over 60 locations nationwide, including major cities like Cape Town, Durban, Bloemfontein, and Pretoria. The brand has become especially popular with students and young professionals seeking quick, affordable, and flavourful meals on the go. In 2018, Snappy introduced its famous peri-peri chicken burger, which remains one of the top sellers. Snappy prides itself on innovation, offering plant-based options like the "Vegan Snap Stack" and seasonal limited-edition menu items. The company launched its first drive-thru in 2019 and rolled out a mobile app in 2021, allowing customers to order ahead, earn loyalty rewards, and access exclusive deals. With a vibrant brand culture, strong community initiatives, and a commitment to sustainability—including eco-friendly packaging and waste-reduction practices—Snappy Fast Foods continues to grow as a proudly South African success story.

Market Analysis

We consider Snappy Fast Foods (Pty) Ltd's relative market under the market multiple valuation section in this assessment.

Company Changes

Changes in the Company

Over the past year, Snappy Fast Foods has experienced its most exciting and transformative growth phase to date. Building on a decade of momentum, the brand successfully expanded into three new provinces—Mpumalanga, Northern Cape, and Limpopo—bringing the total number of outlets to over 75 nationwide. Fifteen new stores were launched, including the company's first-ever drive-thru locations in Polokwane, Nelspruit, and Kimberley, offering customers greater convenience and reducing wait times during peak hours.

Snappy also unveiled a bold new store design across all new and renovated locations, embracing a modern, street-style aesthetic with open kitchens, digital menu boards, and solar-powered lighting to reduce its carbon footprint. The updated menu introduced several innovative additions, including plant-based Snap Burgers, sweet potato fries, and regional flavour twists like the Cape Malay Chicken Wrap and the Bunny Chow Box, all developed through local customer feedback sessions.

In response to shifting consumer habits, the company strengthened its digital strategy by forming strategic partnerships with leading food delivery platforms such as Mr D and Uber Eats. As a result, online orders surged by 40%, with some locations reporting record-breaking delivery volumes. In parallel, the launch of the Snappy SnapPoints loyalty app revolutionised customer engagement. With over 100,000 downloads in just six months, the app offers personalised rewards.

Changes in the Industry

Over the past year, the fast food industry has undergone significant transformations driven by evolving consumer preferences and technological advancements. In South Africa, the sector is projected to grow at a compound annual growth rate (CAGR) of 8.0% between 2024 and 2028, fueled by influencer marketing, loyalty programs, and a shift towards healthier, plant-based menu options. Globally, the industry has embraced digital innovations, with AI-powered ordering systems enhancing customer experiences and operational efficiency. The rise of delivery apps and cloud kitchens has also reshaped the landscape, catering to the increasing demand for convenience and speed. Additionally, value-driven promotions and customizable menus have become pivotal in attracting and retaining customers in a competitive market.

Financial Highlights

Values are in South African Rand (ZAR)

INCOME STATEMENT DATA

	2022	2023	2024	2025	2026	2027
Revenue	1,201,479	1,458,790	1,555,450	1,816,304	1,934,364	2,060,098
Cost Of Sales	241,231	270,458	411,200	444,096	479,624	517,994
Gross Profit	960,248	1,188,332	1,144,250	1,372,208	1,454,740	1,542,104
EBITDA	796,964	1,032,776	911,770	1,129,709	1,200,204	1,274,988

*Normalisation adjustments are **not applied** in this section; the figures shown represent the **actual reported numbers** used for valuation purposes.*

BALANCE SHEET DATA

	2024
Total Assets	4,805,116
Total Liabilities	1,057,550
Total Equity	700,000

Total cash includes "cash and cash equivalents", "marketable securities", and "restricted cash and investments".

RATES & RATIOS

	2022	2023	2024	2025	2026	2027
Revenue	-	21.42%	6.63%	16.77%	6.5%	6.5%
Gross Profit	-	23.75%	-3.71%	19.92%	6.01%	6.01%
EBITDA	-	29.59%	-11.72%	23.9%	6.24%	6.23%

Key ratios and company trends

KEY METRICS FOR FIRST FORECASTED YEAR (2025) VS LAST FINANCIAL YEAR (2024)

Change in Revenue

↑

16.8%
ZAR 261 K

Change in Gross profit

↑

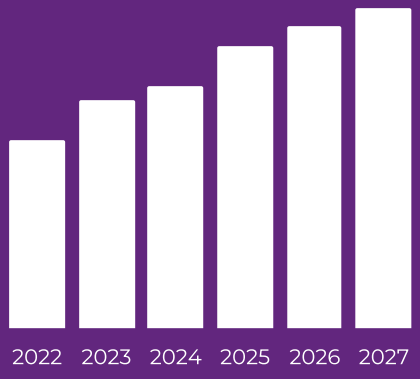
19.9%
ZAR 228 K

Change in EBITDA

↑

23.9%
ZAR 218 K

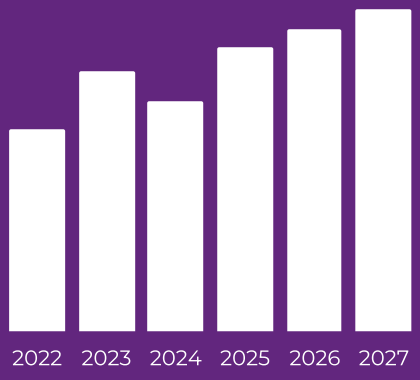
Revenue by year



Revenue (2022 - 2027)

Revenue has increased over the past three years due to strategic expansion into new markets, enhanced digital ordering platforms, and the introduction of popular menu innovations.

EBITDA by year



EBITDA (2022 - 2027)

While revenue has grown, EBITDA remained flat due to rising input costs, increased marketing spend, and higher operational expenses tied to new store openings and expanded delivery services.

Normalisation adjustments

Normalisation adjustments are made to reflect a company's sustainable financial performance by removing irregular, non-recurring, or non-operational items that may distort the true earnings potential. These adjustments help ensure a fair and consistent basis for valuation by aligning reported figures with the ongoing operations of the business.

In this case, adjustments were made to correct the timing of revenue recognition a include income from previously delayed franchise fee invoicing.

	Actual	Adjustment	Sustainable Value	Notes
Revenue	1,555,450	150,000	1,705,450	1
Other Income	23,500	1,500	25,000	2
Corporate Tax	70,535	25,000	95,535	3

Notes

1. Revenue
Adjustment made to correct revenue recognition timing. A portion of income from franchise fees was previously excluded due to delayed invoicing and has now been accounted for to reflect true operational earnings.

2. Other Income
Adjustment relates to income from an ongoing side project that is unrelated to the core fast-food operations. This amount was normalised to better reflect sustainable, recurring income from primary business activities.

3. Corporate Tax
Tax adjustment made to reflect a more standardised effective corporate tax rate. The actual tax figure was impacted by temporary tax incentives and deferred payments not expected to recur in future periods.

Basis of Valuation

The basis of valuation outlines the methodologies employed to determine the value of the business or asset under review. Selecting the most appropriate valuation approach is a critical step, as it must reflect both the current circumstances of the company and the purpose of the valuation. In practice, this choice is influenced by a range of factors, including the profitability and growth profile of the business, its stage of development, the availability and reliability of financial data, and prevailing industry practices.

Different methodologies serve different objectives: income-based approaches such as the Discounted Cash Flow (DCF) method are suited to businesses where reliable forecasts exist and future potential is a key driver of value, while market-based methods, such as the use of EBITDA multiples, provide perspective by benchmarking against comparable companies or transactions. For businesses in earlier stages of development, startup-focused methods such as the Venture Capital, Scorecard, or Cost-to-Duplicate approaches may be more appropriate, while asset-based approaches like the Net Asset Value (NAV) method provide a conservative basis for valuation where earnings do not adequately capture underlying worth.

Ultimately, the valuation exercise applies the methodologies that best align with the company's profile and available information, ensuring that the selected approaches provide a balanced, supportable, and transparent view of value. The following section sets out the methodologies employed in this valuation, together with the rationale for their application.

Valuation Method Assessment

It was indicated that the company is currently profitable but not growing. For a stable company, future cash flows are a reliable indicator, leading to a primary recommendation of the **DCF** method, with **Market Multiples** as a secondary approach.

Decision Summary

The standardized recommendations were accepted without override.

Discounted Cash Flow

Free cash flows arise from the operations of an enterprise as well as the necessary investments in working capital and capital expenditure required to generate such cash flows. The DCF valuation methodology is based on the rationale that the enterprise value of an investment equates to the net present value of cash returns over the long term. These cash flows are to be discounted at the weighted average cost of capital ("WACC"), considering the risks and capital structure of the business over the forecast period.

Excess cash held in the business (i.e., cash reserves regarded as surplus to the business's operational needs to sustain the forecast level of earnings and cash flows) as well as other non-core assets (such as property) are added, and the market value of any non-current liabilities are deducted from the enterprise value of the business in calculating the market value of the ordinary shares on a marketable majority basis. Such a value should be reduced by an appropriate discount factor when a minority interest is valued and consider a marketability discount to acknowledge the illiquidity in the trading of the equity. There may also be circumstances where a control premium should be considered when a controlling interest is valued.

Reasons for consideration

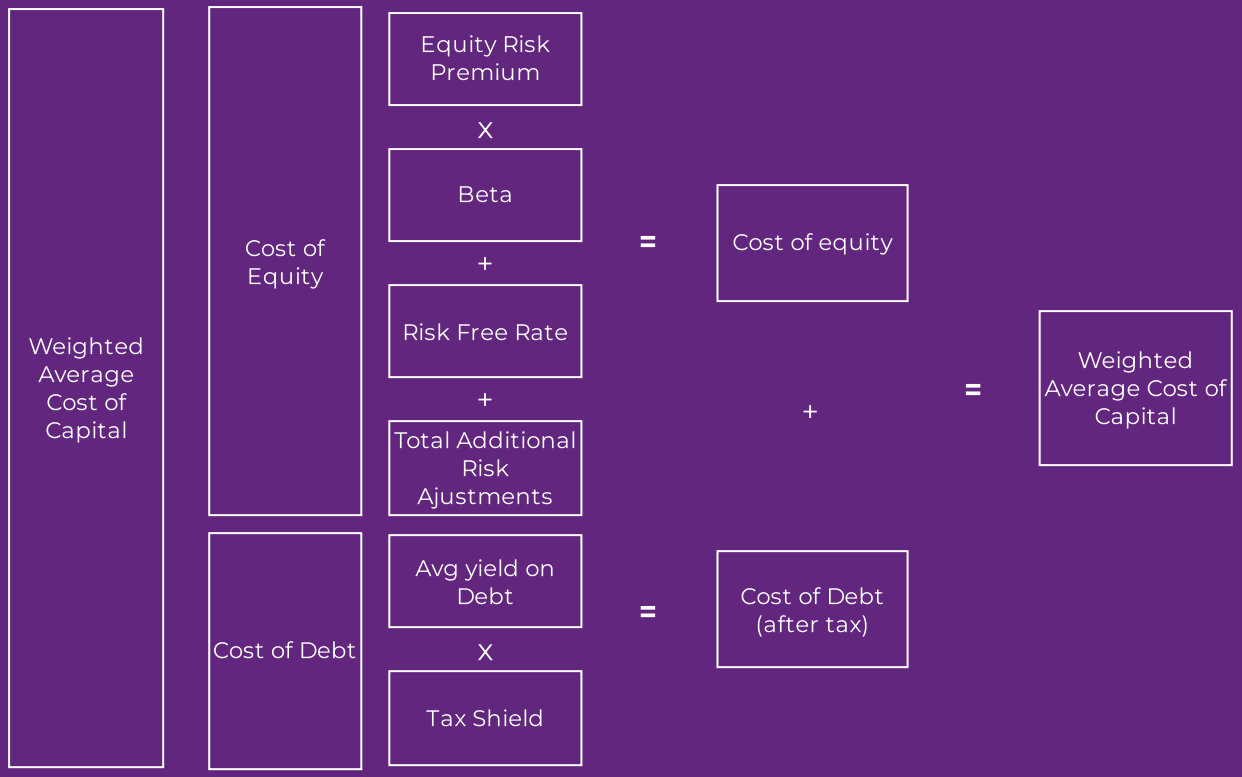
Snappy Fast Foods (Pty) Ltd was assessed as being profitable at the valuation date, which supports the application of the DCF method, as it relies on the company's ability to generate sustainable future cash flows based on current performance.

While the company is not currently experiencing growth, the DCF method remains suitable as it enables the valuation to reflect stable or modestly changing cash flow expectations over time.

Application of methodology

This methodology was applied as the **Primary method** in the valuation of Snappy Fast Foods (Pty) Ltd.

Weighted Average Cost of Capital



Beta

This represents the risk of the business being valued relative to the risk of a market portfolio. A security with a beta of 1 would be expected to have a share price movement that is perfectly correlated with the overall movement in the market. A beta that is greater than 1 would be more sensitive and a beta of less than 1 would be less sensitive to systematic risk than the overall market.

Risk free rate

This represents the return on the lowest-risk instrument in the market that the company is being valued. This is typically a government bond in a well-traded and regulated bond market.

Equity risk premium

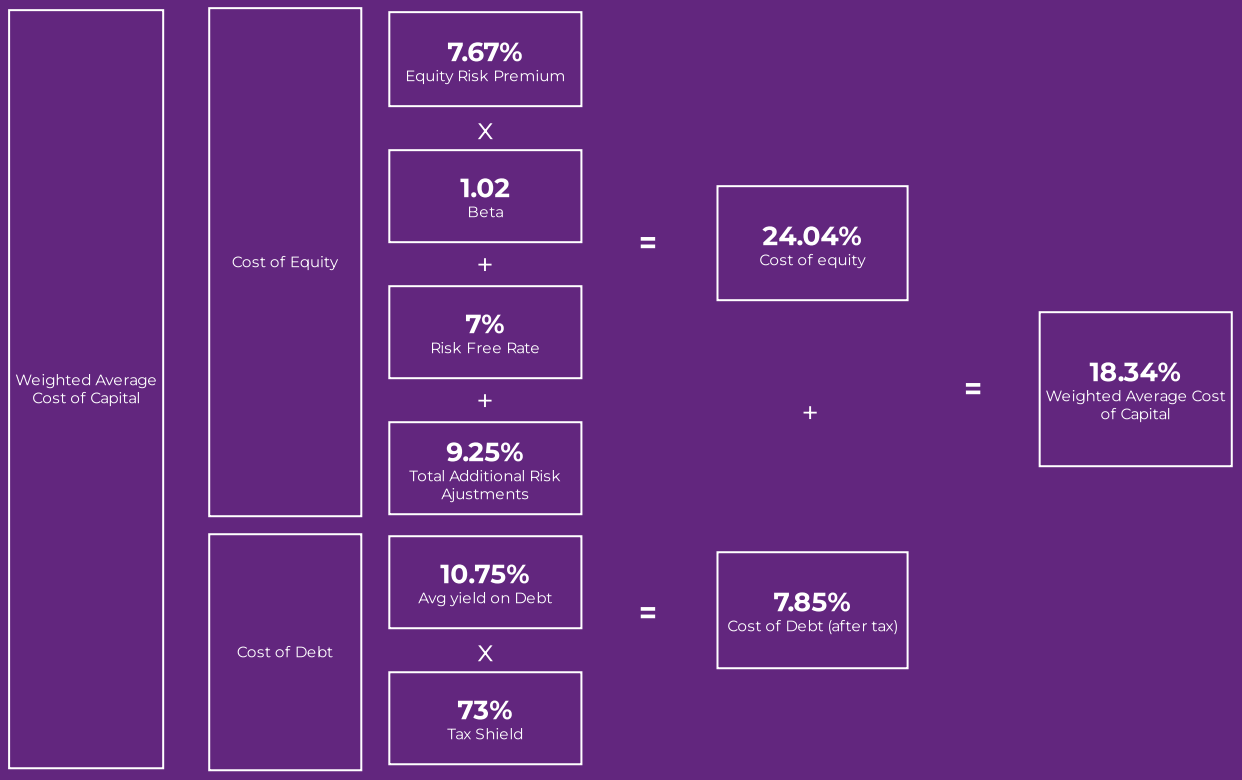
This is the expected return on the market portfolio more than the risk-free rate. Rm - Rf is also referred to as the market risk premium. This premium is required by the market as compensation for an investment in equities.

Discounted Free Cash Flow (DCF)

The future forecast cash flows to be discounted are the “free cash flows” which is the cash available from a business after all internal funding requirements necessary to maintain a required rate of growth have been met. Free cash flow is defined as the cash available to all providers of finance (shareholders and lenders to the company) and is discounted at the weighted average cost of capital to determine the present value of the future forecast free cash flows.

Free cash flows = NOPAT - I (net operating profit after tax) is the pre-interest, pre-non-operating and extraordinary items, after-tax earnings of the business. 'I' (investment) is the investment in operating assets (net of depreciation) required to maintain and grow the business. This includes the flow of funds because of changes in working capital and investment in capital equipment.

WACC calculation



Risk free rate

The risk-free rate was set to **7%**. Source: My risk free rate override.

> ***Override:*** *The system calculated value was **6.9%** (A difference of **+0.1%**) was noted.*
> ***Audit Trail:*** *Source 1 (Base Rate): Global Government Bond Market Data as of 29 Sept 2025. Source 2 (Country Risk): Aswath Damodaran (NYU Stern) - Country Default Spreads and Risk Premiums. Calculated for South Africa: A raw 10-Year Government Bond Yield of 9.16% was observed. To isolate the true risk-free rate, the sovereign Credit Default Swap (CDS) spread of 2.26% was subtracted, resulting in an adjusted Risk-Free Rate of 6.9%.*

Terminal growth rate

The terminal growth rate is the constant rate at which a company's free cash flows are expected to grow indefinitely beyond the forecast period in a discounted cash flow (DCF) valuation. For the purposes of this valuation, we applied a terminal growth rate of **5.85%**.

> ***Audit Trail:*** *Source: International Monetary Fund (IMF) World Economic Outlook (WEO) (April 2025 Release). Calculated using 5-year forecast data for South Africa (2025-2029). Projected Inflation (Inflation, average consumer prices): [2025: 3.79%, 2026: 4.53%, 2027: 4.50%, 2028: 4.50%, 2029: 4.50%] (Average: 4.36%). Projected GDP Growth (Gross domestic product, constant prices): [2025: 0.98%, 2026: 1.29%, 2027: 1.64%, 2028: 1.71%, 2029: 1.80%] (Average: 1.48%). The base rate of 5.85% (Inflation + GDP Growth) is capped at the prevailing risk-free rate of 6.90%.*

Equity risk premium

The Equity Risk Premium (**7.67%**) was dynamically calculated using a build-up method. This approach adds the country-specific risk premium (**3.44%**) to the implied premium for a mature equity market (**4.23%**), providing a forward-looking, market-based estimate.

> ***Audit Trail:*** *Source: Aswath Damodaran (NYU Stern) - Country Default Spreads and Risk Premiums. Calculated for South Africa using a build-up approach: Implied Premium for a Mature Equity Market (4.23%) + Additional Country Risk Premium (3.44%) = Total ERP of 7.67%.*

Borrowing interest rate

This is the average interest rate across all forms of funding debt (referred to as long-term debt). For the purposes of this valuation, we applied a borrowing interest rate of **10.75%**.

Debt-to-equity ratio

The debt-to-equity ratio (**0.54**) was determined based on the target capital structure of the company and industry benchmarks.

> ***Audit Trail:*** *Calculated using adjusted balance sheet values for FY2024. Long-Term Debt (R380,550) ÷ Total Equity (R700,000) = 0.5436.*

Company-specific risk premium

The factors identified as company-specific exclude industry-wide factors, since the latter are likely to be reflected in the beta estimate. Company-specific risk premium should compensate an equity investor in a company for all the risk factors associated with making such an investment. We have considered a proprietary risk matrix to derive at a specific risk premium. It is important to note that firm-specific risk can be applied as a premium or a discount.

For the purposes of this valuation, we have calculated and applied a premium of **4.75%**.

> ***Audit Trail:*** *Calculated based on: Key Partner Risk: +1.00%, Contract Duration: +0.25%, Regulatory Risk: +1.50%, Key Person Risk: +1.00%, Additional Manual Risk: +1.00%*

Small cap premium

It has been observed that, generally, smaller companies achieve higher rates of return than larger companies. Total risk, or the standard deviation of annual returns, tends to vary inversely with company size. To compensate investors for assuming this additional risk, a small cap premium is added to the discount rate. Recent industry benchmarks and valuation studies suggest appropriate ranges for such adjustments in the South African context. For the purposes of this valuation, we applied a small cap premium of **4.50%**.

> ***Audit Trail:*** *Calculated Base Premium (Relative Size: +2.00%, Access to Capital: +1.00%, Ownership Status: +0.75%) = 3.75%. Applied 'Emerging Markets / Rest of World' regional multiplier of 1.20 to reach 4.50%.*

Additional risk premium

The additional risk premium refers to an extra compensation demanded by investors to account for specific risks that may not be adequately captured by traditional valuation models. While our valuation model comprehensively addresses company-specific risks, the additional risk premium becomes relevant when unique and idiosyncratic risks necessitate further consideration. For the purposes of this valuation, we applied an additional risk premium of **1%**

Beta assessment

The beta was determined using a three-step 'bottom-up' approach. First, we identified the unlevered beta for the company's global industry peer group. Second, we applied adjustments based on specific operational and structural risks. Finally, these components were combined to form the final beta.

1. Unlevered Beta (Base)

The base unlevered beta (**0.63**) was derived from global industry peers, cash-corrected, and adjusted for effective tax rates.

> ***Audit Trail:*** *The final weighted average unlevered beta of 0.6270 was calculated using peer group data from the Betas of Emerging Markets data set, which is the regional mapping for South Africa. This figure represents a weighted average of 'pure-play' (cash-corrected, applying the effective tax rate for that industry) unlevered betas calculated from historical Damodaran data covering the period 2022 to 2024. The final beta was derived from the following Coval industry components: Retail (Grocery And Food) (Weight: 100%). Historical Average Pure-Play Beta: 0.6270. Below is the source data used in the calculations. The data is condensed and in the format "Unlevered Cash Corrected Beta (Source File)" per industry. Damodaran Industry: "Retail (Grocery and Food)": 0.6021 (betaemerg22.xls), 0.6024 (betaemerg23.xls), 0.6766 (betaemerg24.xls). All source data is provided by Damodaran Online from https://pages.stern.nyu.edu/~adamodar/pc/datasets/ (current) and https://pages.stern.nyu.edu/~adamodar/pc/archives/ (archives).*

2. Specific Risk Adjustments

Private companies often face different structural risks than their public peers. An adjustment of **0.10** was calculated based on the company's operating leverage, revenue concentration, and business maturity.

> ***Audit Trail:*** *Calculated: Op. Leverage (0.05) + Concentration (0.00) + Maturity (0.05)*

3. Final Beta

The final beta applied to the valuation is **0.73**, representing the sum of the unlevered base and the specific risk adjustments.

> ***Audit Trail:*** *Calculated: Unlevered Beta (0.63) + Adjustment (0.10)*

Our calculations

We present the reconciliation of the enterprise values and the controlling, non-marketable equity values for the income approach using Management's forecast.

Sustainable Cash Flow Adjustments

	2025	2026	2027
Net Operating Profit After Tax	733,438	784,899	839,492
(+) Depreciation	125,000	125,000	125,000
(+) Disposals	-	-	110,000
(-) Acquisitions	499,990	-	-
Working Capital Change	235,147	8,860	(2,071)
Other Free Cash Flow Changes	-	10,000	-
Free Cash Flow (FCF) to Firm	593,594	928,759	1,072,420

Perpetual growth method	
Terminal Value	9,086,653
Present Value Of Terminal Value	5,483,056
Present Value Of Future Cash Flows	1,811,931
Enterprise Value	7,294,987

DCF Valuation Outcomes	**Low Risk**	**Medium Risk**	**High Risk**
Control Premium (27.50%)	2,142,757	2,006,122	1,885,326
Enterprise value on a controlling, marketable basis	9,934,601	9,301,109	8,741,058
Net Cash / (Debt)	(467,990)	(467,990)	(467,990)
Other Financial Assets	185,000	185,000	185,000
Equity value on a controlling, marketable basis	9,651,611	9,018,119	8,458,068
Lack of marketability discount (27.50%)	(2,654,193)	(2,479,983)	(2,325,969)
Equity value on a controlling, non-marketable basis	6,997,418	6,538,136	6,132,099

Value of 100.00% stake	**6,997,418**	**6,538,136**	**6,132,099**

Market Multiples

The market approach estimates a company's value by referencing pricing metrics from comparable businesses. Specifically, valuation multiples derived from recent transactions or publicly traded peers are applied to the earnings of the company being valued.

Commonly used multiples include:

- **EV/EBITDA** (Enterprise Value to Earnings Before Interest, Taxes, Depreciation, and Amortization);
- **EV/Revenue**

These multiples provide a market-based benchmark for assessing the value of the company relative to its earnings performance.

The determination of two key variables is thus essential when applying the capitalization of earnings valuation methodology:

- **Sustainable earnings:** This level of earnings is normally determined by the last year of trading results, adjusted for any abnormal and non-recurring events.
- **Objective multiples:** Determined by comparing the company to competitors and adjusting for differences in risk and growth prospects. Higher expected growth generally leads to higher earnings multiples, as markets price in future earnings.

Conversely, known risks or uncertainties reduce earnings multiples, as the market demands a higher return. Both sustainable earnings and objective multiples are subjectively estimated, with valuers relying on the best available information at the time of valuation.

Reasons for consideration

Snappy Fast Foods (Pty) Ltd was assessed as being profitable at the valuation date, which supports the use of the Market Multiple approach, as it allows for valuations based on how similar profitable companies are currently priced in the market.

Although the company is not currently growing, the Market Multiples method may still provide useful insight into prevailing valuation norms for stable, mature businesses within the same industry.

Application of methodology

This methodology was applied as the **Secondary method** in the valuation of Snappy Fast Foods (Pty) Ltd.

Multiples Applied

Full Company Name	Country of Operation	Primary Industry	Transaction Type	Control Type	EV / EBITDA Multiple	Include
KFC (Pty) Ltd	United States	Diversified	Comparable	Minority	8.74x	Include
Steers	South Africa	Diversified	M&A	Majority	7.12x	Include
McDonalds	United States	Diversified	Comparable	Minority	12.67x	Exclude
Namma Chicken	Namibia	Diversified	M&A	Minority	6.52x	Include
Chicken Licken	South Africa	Diversified	Comparable	Minority	6.88x	Include
Bots Walkie Talkies	Botswana	Diversified	M&A	Majority	6.32x	Include

The selection of comparable companies for the valuation of Snappy Fast Foods (Pty) Ltd involved a careful consideration of industry dynamics, company specifics, and data availability. While perfect comparables are rare, the chosen companies provide relevant benchmarks for assessing Snappy Fast Foods (Pty) Ltd's value. The following is a breakdown of the rationale for each inclusion:

Included -> KFC (Pty) Ltd
KFC is included as a comparable company due to its dominant footprint in the South African fast food sector, particularly in the quick-service chicken segment. Its nationwide presence, consistent financial performance, and similar target market to Snappy Fast Foods make it a suitable benchmark for assessing market value within the industry.

Included -> Steers
Steers is included for its established reputation in the burger and fries category, directly overlapping with Snappy Fast Foods' core offerings. The brand's positioning, market presence, and customer appeal provide useful comparability in terms of pricing strategy, scale, and profitability dynamics.

Excluded -> McDonalds
We have decided to exclude McDonalds due to their huge international footprint and completely different business model.

Included -> Namma Chicken
Namma Chicken was included as a comparable because it operates in a similar consumer-facing food services sector, with a franchise-driven model and revenue profile that aligns closely to the subject company. Its scale of operations and growth trajectory provide relevant insight into market valuations for businesses leveraging brand recognition and high-volume, mid-margin product sales.

Included -> Chicken Licken
Chicken Licken has been selected due to its strong brand equity and focus on affordable, high-flavour fried chicken offerings—aligning closely with Snappy's menu and customer profile. Its operational model, including standalone stores and drive-thrus, mirrors Snappy's growth path, making it a relevant peer from both a product and strategic standpoint.

Included -> Bots Walkie Talkies
Bots Walkie Talkies was selected due to its presence in the communications equipment segment, which, like the subject company, is capital-light but brand and distribution intensive. The company's transaction multiples capture investor sentiment around niche technology products with scalable sales channels, making it a meaningful benchmark for valuation.

Calculation of the Median Adjusted Multiple

Below is the filtered data (based on whether the record was included / exlcuded by the valuation expert) utilised in the caluation of the median multiple value.

Full Company Name	EV / EBITDA Multiple	Country Adjustment	Size Adjustment	Control Adjustment	Adjusted EV Multiple
KFC (Pty) Ltd	8.74x	-20.7%	-18.72%	27.5%	7.7x
Steers	7.12x	0%	-18.72%	0%	5.79x
Namma Chicken	6.52x	18.41%	-18.72%	27.5%	8.29x
Chicken Licken	6.88x	0%	-18.72%	27.5%	7.48x
Bots Walkie Talkies	6.32x	-7.99%	-18.72%	0%	4.63x

Adjustment of the Median Multiple	
Median Multiple	7.48x
CSRP Adjustment	4.75%
Median Multiple Adjusted	5.52x

Overarching Rationale

KFC, Steers, and Chicken Licken are included as comparative companies due to their strong presence and brand recognition in the South African fast food market. They operate in similar segments—quick service, chicken and burger offerings—and target a comparable customer base. Their established financial performance, market share, and operational scale provide relevant benchmarks for assessing Snappy Fast Foods' market value within the same competitive landscape.

Our calculations

	Low Risk	Medium Risk	High Risk
Normalised EBITDA	1,063,270	1,063,270	1,063,270
Adjusted EV Multiple	5.94x	5.52x	5.11x
Enterprise Value On A Marketable Basis	6,311,041	5,870,736	5,430,430
Net Cash / (Debt)	(467,990)	(467,990)	(467,990)
Other Financial Assets	185,000	185,000	185,000
Equity value on a controlling, marketable basis	6,028,051	5,587,746	5,147,440
Lack Of Marketability Discount	(1,657,714)	(1,536,630)	(1,415,546)
Equity value on a controlling, non-marketable basis	4,370,337	4,051,116	3,731,894
Value of 100.00% stake	**4,370,337**	**4,051,116**	**3,731,894**

Lack of marketability discount

Marketability can be defined as "the ability to convert the business ownership interest (at whatever ownership level) to cash quickly, with minimum traction and administrative costs in so doing and with a high degree of certainty of realizing the expected amount of net proceeds."

A discount for lack of marketability was applied at the Equity Value level to reflect the illiquidity of the company's private shares. The discount was calculated using a factor-based model that considers the company's specific profile, including its size and profitability, its dividend policy, and the likelihood of a future liquidity event (e.g., a sale or IPO). This ensures the discount is tailored to the specific asset being valued.

Our model produces a range of 15% to 30%, which is anchored by decades of empirical data from restricted stock studies. For the purposes of this valuation, we have applied a discount of **27.50%**.

> ***Audit Trail:*** *Scored via CoVal factor-based assessment: Company Profile (10/10), Exit Horizon (10/10), and Shareholder Returns (5/10). Total Factor Score: 25/30. Calculated using a base DLOM of 15.00% plus a variable risk component of up to 15.00% based on the total score, resulting in a final discount of 27.50%.*

Control premium

A control premium refers to an amount that a buyer is willing to pay in excess of the fair market value of shares to gain a controlling ownership interest in a company. The rationale behind a control premium can be attributed to several factors:

1. **Strategic Influence:**
   Acquiring a controlling interest allows the shareholder to influence key strategic decisions, including business direction, acquisitions, and divestitures.
2. **Governance Authority:**
   Control over the composition of the board of directors and executive leadership positions enhances governance authority, enabling effective oversight and decision-making.
3. **Operational Flexibility:**
   Controlling shareholders have the autonomy to implement operational changes, optimize resource allocation, and drive performance improvements without external constraints.
4. **Value Creation Potential:**
   The ability to implement synergistic initiatives, streamline operations, and unlock value-enhancing opportunities contributes to the perceived value creation potential of a controlling ownership stake.

For Market Multiple valuations using public comparables, a Control Premium is applied. The valuation is based on multiples that reflect a minority shareholder perspective. Since a majority stake is being valued, this premium is added to account for the value of control.

When using the Discounted Cash Flow (DCF) method, this premium is particularly important. The inputs for a DCF valuation, such as the beta and equity risk premium, are derived from public market data which reflects a minority shareholder perspective. Therefore, the premium is applied to adjust the valuation from a non-controlling to a controlling basis.

Our model produces a range of 10% to 35%, which is informed by **empirical acquisition studies and market-based transaction data**. This range is further refined through our **factor-based 'Levels of Value' framework**, which evaluates the specific rights and strategic influence associated with a controlling interest. For the purposes of this valuation, we have applied a control premium of **27.50%**.

> ***Audit Trail:*** *Scored via CoVal factor-based assessment: Management (5), Operational (0), Strategic (10) = Total Score: 15/30. Applied Tier 3 (100% Stake) base matrix to derive a Control Premium of 27.50%.*

Reasonability tests

Two important assumptions in our market multiple valuation is the market multiple and **Sustainable EBITDA** used. Set out below is a sensitivity analysis of the value of Snappy Fast Foods (Pty) Ltd based on a change in the **Sustainable EBITDA** and the market multiple used:

Sustainable EBITDA	4.47x	4.97x	5.52x	6.07x	6.68x
861,249	2,587,380	2,897,663	3,242,422	3,587,181	3,966,416
956,943	2,897,663	3,242,422	3,625,487	4,008,553	4,429,925
1,063,270	3,242,422	3,625,487	4,051,116	4,476,744	4,944,935
1,169,597	3,587,181	4,008,553	4,476,744	4,944,935	5,459,945
1,286,557	3,966,416	4,429,925	4,944,935	5,459,945	6,026,457

Two important assumptions in our DCF valuation is the discount rate (WACC) and terminal growth rate used. Set out below is a sensitivity analysis of the value of Snappy Fast Foods (Pty) Ltd based on a change in the discount rate and the terminal growth rate used:

Terminal Rate	14.85%	16.5%	18.34%	20.17%	22.19%
5.35%	8,827,212	7,443,567	6,320,059	5,475,863	4,760,891
5.6%	9,040,649	7,593,573	6,426,958	5,555,273	4,820,282
5.85%	9,265,933	7,750,617	6,538,136	5,637,455	4,881,490
6.1%	9,504,079	7,915,204	6,653,855	5,722,556	4,944,600
6.35%	9,756,221	8,087,893	6,774,398	5,810,735	5,009,701

Sources

The following sources were utilized in the preparation of this valuation report:

Financial statements:

- Annual Financial Statement for FY2022
- Annual Financial Statement for FY2023
- Annual Financial Statement for FY2024

Management projections:

- Annual financial forecast

Industry reports and research:

- Fast Food industry research

CoVal System Sources:

- Global Government Bond Market Data (Risk-Free Rate)
- Aswath Damodaran, NYU Stern - Country Default Spreads and Risk Premiums
- Aswath Damodaran, NYU Stern - Levered and Unlevered Betas by Industry
- CoVal Proprietary Risk Matrix (Company-Specific Risk)
- CoVal Size Premium Matrix
- CoVal 'Levels of Value' Framework (Control Premium)
- CoVal Marketability Discount Matrix (DLOM)