

BVPro

Independent Business Valuations · England and Wales

SAMPLE MANUFACTURING (UK) LIMITED**INDEPENDENT BUSINESS VALUATION REPORT**

Valuation Date: 31 March 2026

Report Date: 28 August 2026

Prepared for: [Instructing solicitor and firm]

Prepared by:

Mark Prigge — B.Com (Bachelor of Commerce), MBA

Independent Business Valuation Consultant

Mark Prigge trading as BVPro, a UK sole trader

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01 Letter of Engagement

[Report Date]

[Instructing Solicitor]

[Firm]

[Address]

RE: Independent Business Valuation — Sample Manufacturing (UK) Limited

Dear [Name],

At your request, BVPro has performed an independent valuation of 100% of the issued ordinary share capital of Sample Manufacturing (UK) Limited (“the Company”) as at 31 March 2026.

The valuation has been performed for the purpose of financial remedy proceedings between [Party A] and [Party B]. It has been prepared in accordance with the International Valuation Standards (IVS) effective 31 January 2025, and with the requirements applicable to expert evidence in family proceedings under **FPR Part 25** and **PD25B**.

My fee for this engagement is fixed and agreed in advance. No part of it is contingent on the conclusion reached, on the outcome of the proceedings, or on any other event. I have no present or contemplated interest in the Company or in either party.

My duty in preparing this report is to the court. That duty overrides any obligation to the party from whom I have received instructions or by whom I am paid. I have complied with that duty and will continue to do so.

The concluded market value of 100% of the issued ordinary share capital, on a going-concern premise, is **£1,790,000** (one million seven hundred and ninety thousand pounds).

That figure should be read with Sections 08 to 11 and with the assumptions and limiting conditions at Appendix A, which form part of it.

Yours sincerely,

Mark Prigge B.Com, MBA · Independent Business Valuation Consultant

02 Executive Summary

Item	Detail
Company	Sample Manufacturing (UK) Limited
Registered number	[Illustrative — not a real company number]
Activity	Precision component manufacture and light engineering
Interest valued	100% of the issued ordinary share capital
Valuation date	31 March 2026
Purpose	Financial remedy proceedings
Basis of value	Market Value (IVS 102)
Premise	Going concern
Primary method	Earnings multiple (capitalised maintainable EBITDA)
Cross-check	Discounted cash flow
Floor test	Adjusted net asset value

Concluded market value, 100% shareholding: £1,790,000

Reasonable range: £1,650,000 to £1,950,000

How the conclusion is reached	£
Maintainable EBITDA (three-year average, normalised)	552,133
Concluded EBITDA multiple	4.1×
Enterprise value	2,263,747
Working capital deficit against normal requirement	(36,750)
Cash at bank	185,000
Interest-bearing debt	(620,000)
Equity value (calculated)	1,791,997
Concluded equity value (rounded)	1,790,000

Cross-checks. The discounted cash flow, built independently on a documented 15.0% weighted average cost of capital, produces an equity value of £2,124,685, which is 19% above the earnings-multiple conclusion. The adjusted net asset value is £920,000, so the

asset floor does not bind and the going-concern premise is supported. The treatment of the divergence is explained at Section 08.

The three figures that matter most. The conclusion is most sensitive to the maintainable earnings base, the multiple and the treatment of the owner's remuneration. Section 09 quantifies each.

03 Purpose, Basis of Value and Independence

Purpose. This valuation has been prepared for financial remedy proceedings. It is not prepared for, and may not be relied upon for, a sale, a purchase, a tax filing, a lending decision, or any other purpose. A change of purpose requires a new engagement, because scope, liability and the applicable procedural duties all change with it.

Procedural framework. Financial remedy proceedings are family proceedings, and expert evidence in family proceedings is governed by **FPR Part 25**, with **PD25B** setting out the expert's duties and the required contents of the report, and **PD25D** applying to financial remedy proceedings and to single joint experts. Where a valuation is prepared for a civil claim, the applicable rules are CPR Part 35 and Practice Direction 35 instead. The distinction matters and is stated here so that the reader can see it has been considered rather than assumed.

Duty. My duty is to the court. It overrides any obligation to the instructing party or to the payer of my fee.

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. Going concern. The Company traded profitably throughout the review period, the asset floor does not bind, and there is no indication that an orderly realisation basis would be more appropriate.

Order of work. Purpose, then basis, then premise, then method. No figure in this report was calculated before those four were settled.

Interest valued. 100% of the issued ordinary share capital. Because a controlling interest is being valued, no discount for lack of control arises. The treatment that would apply to a minority interest is set out at Section 10 for completeness, since the point is frequently raised.

Independence. I have not previously acted for either party, for the Company, or for the instructing firm. My fee is fixed, agreed in advance and not contingent on any outcome. I

would have reached the same conclusion had I been instructed by the other party on the same information.

Information reliance. This valuation relies on the documents listed at Section 04. The statutory accounts for the three years to 31 March 2026 were independently prepared. Management accounts for the current period were not audited or independently examined, and are relied upon only for the purposes stated at Section 06. Items I was unable to verify are identified rather than absorbed silently.

04 Documents Received and Relied Upon

#	Document	Status	Use made of it
1	Statutory accounts, years ended 31 March 2022 to 2026	Independently prepared	Primary financial record
2	Management accounts to 31 March 2026	Unaudited, management-prepared	Cross-check on the final year only
3	Articles of association	Filed copy	Share rights and transfer provisions
4	Shareholders' agreement	Signed copy	Reserved matters and transfer restrictions
5	Lease over the trading premises	Signed copy	Occupancy cost and normalisation
6	Payroll summary and directors' remuneration schedule	Management-prepared	Owner remuneration normalisation
7	Revenue split by customer, two years	Management-prepared	Customer concentration risk
8	Fixed asset register	Management-prepared	Asset approach and depreciation
9	Aged debtor and creditor listings	Management-prepared	Working capital analysis
10	Management interview, 12 August 2026	Conducted	Operational context and one-off items

Requested and not received. A formal valuation of the plant and machinery by a qualified plant valuer was requested and not available. The asset approach at Section 06 therefore relies on the fixed asset register adjusted by management estimate. Because the asset floor does not bind, this limitation does not affect the conclusion; had the floor been close to binding, it would have.

05 The Business and Its Market

Sample Manufacturing (UK) Limited manufactures precision components to customer specification for industrial and transport-sector clients. It operates from leased premises, employs approximately 34 staff, and sells substantially all of its output within the United Kingdom.

Revenue has grown in each of the last five years, from £3.85m to £4.88m, a compound rate of approximately 6.1%. Gross margin has been stable in a narrow band around 38%,

which is consistent with a business whose cost structure is predominantly variable and whose pricing has kept pace with input costs.

The business is not dependent on any single supplier. Customer concentration is more material: the largest customer represents approximately 22% of revenue and the largest four represent approximately 55%. That concentration is reflected in the risk assessment at Section 10 and, through it, in the multiple selected at Section 08.

The owner remains actively involved in customer relationships and in production planning. A second-tier management team exists but is thin. This is a normal profile for a business of this size and is priced, not ignored.

06 Financial Analysis

Item	[Yr -2] £	[Yr -1] £	[Latest] £
Revenue	4,460,000	4,690,000	4,880,000
Cost of sales	2,765,200	2,907,800	3,025,600
Gross profit	1,694,800	1,782,200	1,854,400
Gross margin	38.0%	38.0%	38.0%
Operating expenses (excluding D&A and interest)	1,278,000	1,326,000	1,372,000
Reported EBITDA	416,800	456,200	482,400
Revenue growth	8.3%	5.2%	4.1%

Interpretation. Revenue growth is positive but decelerating. Gross margin is flat to the first decimal across all three years, which is unusual and was tested in interview: the Company reprices annually against a published input index, which explains it. EBITDA margin has improved from 9.3% to 9.9% because operating expenses have grown more slowly than revenue.

Working capital.

Item	£
Required debtors (55 days on revenue)	704,703
Required stock (62 days on cost of sales)	492,524
Required creditors (45 days on cost of sales)	(357,477)
Normal working capital requirement	839,750
Actual working capital at the valuation date	803,000
Surplus / (deficit)	(36,750)

Working capital has been assessed on a days basis at a normal, maintainable level rather than at a single period-end snapshot. Debtors are measured on revenue; stock and creditors on cost of sales. Cash and interest-bearing debt are excluded here because they are dealt with separately in the equity bridge at Section 09. The deficit of £36,750 means the Company was carrying slightly less working capital at the valuation date than it needs to trade normally, and a buyer would adjust for it.

Net asset value.

Item	£
Net assets per balance sheet	980,000
Plant and machinery, uplift to estimated market value	75,000
Stock, write-down to net realisable value	(25,000)
Debtors, provision against aged balances	(38,000)
Goodwill, non-transferable, removed	(60,000)
Estimated tax on revaluation gains	(12,000)
Adjusted net asset value	920,000

The adjusted net asset value is the floor of value. As a profitable going concern the Company is worth more than its underlying net assets, and the difference represents goodwill and earnings capacity. The floor is tested against the earnings conclusion at Section 09.

07 Normalisation Adjustments

Why normalisation is necessary. Accounts prepared for statutory and tax purposes do not show the true commercial earnings capacity of an owner-managed business. Owner remuneration is set for tax reasons rather than market reasons, personal costs are routed through the business, and one-off items distort individual years. Normalisation adjusts reported earnings to a sustainable, market-consistent figure reflecting what the business would earn under ordinary commercial ownership.

Before completing this table

Starting line. The first row is taken from the financial statements, stated after depreciation. It is not the same figure as row 12 of the valuation model's Normalisation tab, which already excludes D&A and interest and is therefore already EBITDA. The first three rows of this table together must equal model Normalisation row 12 for the same year. If the model figure is entered on the first row instead, the depreciation and interest rows below it are nil. Adding D&A or interest back a second time overstates maintainable earnings and is the most common way this schedule fails under challenge.

The owner is counted once. Either add back the excess of actual owner remuneration over the market rate, or deduct a market-rate replacement salary against the owner's full cost. Never both in the same year. Completing both rows deducts the replacement manager twice and understates the conclusion, which is the mirror image of the D&A error and equally visible to an opposing expert.

Item	[Yr -2] £	[Yr -1] £	[Latest] £	Recurring?	Rationale and source
Reported EBITDA (already excludes D&A and interest)	416,800	456,200	482,400	—	Section 06
Add: owner remuneration above market rate	70,000	72,000	75,000	Yes	Director's total cost compared with a market rate of £95,000 for an equivalent managing director; source: two published UK engineering-sector salary surveys, named at Appendix C
Add: personal expenses through the business	0	0	0	Yes	None identified
Add: one-off and non-recurring items	48,000	0	36,000	No	2024: legal costs of a concluded supplier dispute. 2026: redundancy costs on a single restructuring. Both evidenced against the five-year record and confirmed as non-recurring in interview
Add / (less): other adjustments	0	0	0	—	None
Normalised EBITDA	534,800	528,200	593,400		

Adjustments considered and not made. The premises are leased from an unconnected landlord at a market rent, so no rent normalisation arises. No family members are on the payroll above market rate. Deferred maintenance was raised in interview and inspected against the fixed asset register; no adjustment was found to be supportable.

Normalisation that only ever moves in one direction is advocacy, not analysis, and the downward candidates were tested with the same rigour as the upward ones.

Basis of maintainable earnings: the three-year average is used. Earnings are rising steadily rather than sharply, the three years are comparable in scope, and no single year is unrepresentative. A weighted basis would raise the figure by approximately 3% and was rejected as flattering the party who instructed me on facts that do not require it.

Maintainable earnings: £552,133

08 Valuation Approach and Assumptions

Method. The earnings-multiple method is the primary approach. It is the method by which businesses of this size and type are actually bought and sold in the United Kingdom, and it is the method a court is most likely to find intelligible. The discounted cash flow is the cross-check. The asset approach establishes the floor.

Multiple selection.

Step	Multiple
Sector base range, light engineering and precision components	3.0× to 5.5×
Risk adjustment (Section 10)	(0.15)×
Risk-adjusted range	2.85× to 5.35×
Concluded multiple	4.1×

The concluded multiple sits at the midpoint of the risk-adjusted range. The business earns a mid-range multiple rather than a low one because its margins are stable, its revenue is growing and its customer relationships are long-standing. It does not earn an upper-range multiple because of owner dependency and customer concentration.

Evidence and its limits. UK private-company transaction data for businesses of this size is thin, and the transactions that are reported are disproportionately those the sellers chose to report. The sector range above is drawn from published UK SME transaction summaries, and its limitations are stated here rather than glossed. The conclusion is not left resting on the multiple alone: it is cross-checked against an independently built discounted cash flow.

Risk is counted once. Business risk is reflected in the multiple, through the risk assessment at Section 10, and independently in the company-specific risk premium within the discount rate at Appendix D. The two are set separately and are not mechanically linked to each other. Risk attaching to the shareholding rather than to the business — transfer restrictions and reserved matters — is dealt with only in the discounts, and does not arise here because a 100% interest is being valued.

Discount rate and the cross-check. The build-up rate at Appendix D produces a cost of equity of 16.75% and a weighted average cost of capital of 15.0%, applied to free cash flow in the discounted cash flow at Section 09. The cost of equity is not inverted into an implied multiple: capitalising a cost of equity yields an equity-earnings multiple, which is not comparable with an EBITDA multiple, and presenting the two side by side would be misleading. **The discounted cash flow is the cross-check.**

The divergence, and what it means. The discounted cash flow produces an equity value of £2,124,685 against the earnings-multiple conclusion of £1,791,997, a difference of 19%.

The divergence is expected and is not concealed. The discounted cash flow rewards the Company's forecast growth explicitly, while the multiple approach prices growth implicitly through a market range built on businesses that on average grow more slowly. Where the two diverge in this direction, the earnings-multiple figure is the more conservative and the more defensible, because it rests on transaction evidence rather than on management forecasts. The conclusion follows the earnings multiple, and the discounted cash flow is disclosed as corroboration of direction rather than of quantum.

Key assumptions. The Company continues as a going concern under existing management or a competent replacement. No material litigation, regulatory action or customer loss is pending. The lease continues on comparable terms. The largest customer relationship continues. **The assumption that would do the most damage if wrong is the last one:** the loss of the largest customer would remove approximately 22% of revenue and a materially higher proportion of contribution.

09 Valuation Calculations

Earnings multiple and equity bridge.

Item	£
Maintainable EBITDA	552,133
Concluded multiple	4.1×
Enterprise value	2,263,747
Working capital surplus / (deficit)	(36,750)
Add: cash at bank	185,000
Less: interest-bearing debt	(620,000)
Equity value	1,791,997
Concluded, rounded	1,790,000

Asset floor test. Adjusted net asset value is £920,000. The earnings-based equity value of £1,791,997 exceeds it by £871,997. The floor does not bind and the going-concern premise is supported. Had the floor exceeded the earnings value, the conclusion would have followed the floor and this report would say so.

Discounted cash flow cross-check.

Item	£
Weighted average cost of capital	15.0%
Long-term growth rate	3.5%
Enterprise value	2,596,435
Equity value after the same bridge	2,124,685

Sensitivity analysis. The conclusion moves as follows against the three inputs that carry it.

Variable	Change	Equity value £	Change
Concluded multiple	3.6×	1,516,000	(15%)
Concluded multiple	4.6×	2,068,000	+15%
Maintainable earnings	(10%)	1,565,600	(13%)
Maintainable earnings	+10%	2,018,400	+13%
Owner remuneration add-back removed entirely	(£72,333)	1,495,432	(17%)
Discount rate in the cross-check	+2 points	1,893,000	(11% on the DCF)

Football field.

Method	Low £	High £
Adjusted net asset value (floor)	920,000	920,000
Earnings multiple, risk-adjusted range	1,238,000	2,469,000
Discounted cash flow	1,893,000	2,357,000
Concluded range	1,650,000	1,950,000

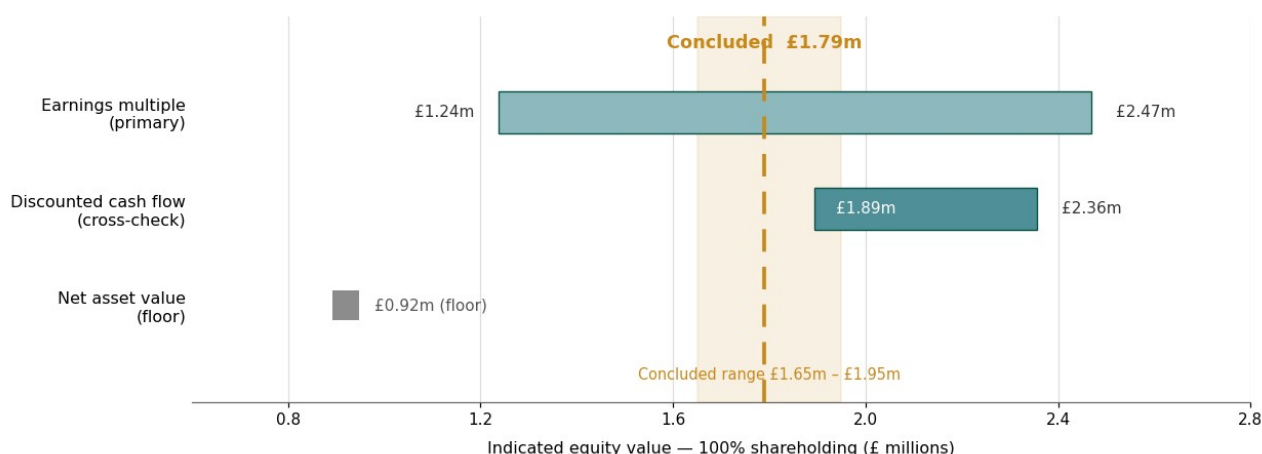


Figure 1. Indicated equity value by method, against the concluded value and concluded range.

10 Risk Assessment

Risk factor	Score (1 low – 5 high)	Rating	Effect on multiple
Owner dependency	3	Medium	(0.575)
Customer concentration	4	High	(0.500)
Earnings quality	2	Low	+0.500
Recurring revenue	2	Low	+0.500
Management depth	3	Medium	(0.175)
Working capital risk	2	Low	+0.250
Market / sector risk	3	Medium	(0.150)
Regulatory risk	1	Low	0.000
Net effect			(0.150)

Commentary. The two factors carrying the greatest weight are customer concentration and owner dependency, and they are the two a purchaser would price hardest. They are partly offset by earnings quality and by the proportion of repeat business, both of which are better than typical for a business of this size.

Minority interests, for completeness. A 100% interest is being valued, so no discount for lack of control or lack of marketability arises. Had a minority interest been in issue, two questions would have been answered before any percentage was applied. First, whether the matter is one in which discounts are appropriate at all: an unfair prejudice petition under section 994 of the Companies Act 2006 commonly calls for a pro-rata value without discount, and financial remedy proceedings raise the question in a different form again.

Second, if discounts do apply, lack of control and lack of marketability would be identified separately, evidenced separately against the articles and the shareholders' agreement, and applied sequentially rather than as a single blended figure.

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. Nothing recorded here is counted twice: factors that affect value are reflected once, in the risk assessment above and through the company-specific risk premium at Appendix D, and are not applied again as a separate deduction.

Environmental. The Company manufactures, so energy cost is a direct input and movements in it feed through to margin. That exposure is already inside the normalised earnings rather than treated as a separate adjustment. Waste and packaging obligations, and the energy performance of the premises occupied, were considered and no material liability or non-compliance was disclosed. Larger customers increasingly pass environmental reporting requirements down to suppliers of this size; that is a forward matter for a purchaser to assess and has not been quantified in this opinion.

Social. No labour dispute, health and safety enforcement action or material claim was disclosed. The workforce is small and skills dependency is real, which overlaps with owner dependency and is reflected in the risk assessment rather than separately. Whether employees transfer on a sale depends on the transaction structure, since a share sale leaves employment contracts undisturbed while a business and asset sale engages the transfer regulations; that is a structuring matter for the parties and does not change the value of the shares valued here.

Governance. Two matters carry weight. Customer concentration rests on relationships rather than long-term contracts, which is the factor a purchaser would price hardest and which is reflected in the risk assessment. Owner dependency is the second, and the two compound rather than sit independently. The articles and any shareholders' agreement were considered for transfer restrictions and reserved matters; a 100% interest is being valued, so no discount for lack of control or lack of marketability arises and no restriction has been reflected in the multiple.

Conclusion. Governance factors are significant to this valuation and are reflected in the concluded multiple through the risk assessment at Section 10. Environmental factors were considered and are not significant to value on the information available. Social factors are significant only to the extent of the skills and owner dependency already counted. Nothing in this section is applied to the concluded value a second time.

11 Opinion and Signature

In my opinion, the market value of 100% of the issued ordinary share capital of Sample Manufacturing (UK) Limited, on a going-concern premise, as at 31 March 2026, is:

£1,790,000

One million seven hundred and ninety thousand pounds

with a reasonable range of £1,650,000 to £1,950,000.

This opinion is subject to the assumptions and limiting conditions at Appendix A, which form part of it, and should be read with Sections 03 and 08.

Declaration. This report is addressed to the court. It has been prepared in accordance with FPR Part 25 and Practice Direction 25B, and the paragraphs below are given to meet the requirements of paragraph 9.1 of that practice direction.

Material instructions. My material instructions are contained in the letter of instruction from [instructing firm] dated [date], together with the documents listed at Section 04. [No oral instructions material to my opinions were given. / The substance of any oral instructions material to my opinions was as follows: [summary].] The facts and instructions material to the opinions expressed in this report are summarised at Sections 03, 04 and 06.

Enquiries and interviews. The management enquiries and interviews relied upon in this report were carried out by me personally. No test, examination or interview used for this report was carried out by any other person. Where calculation work was prepared with the assistance of a model or a junior, it was carried out under my supervision and I adopt it as my own evidence.

Basis of the opinions expressed. No proposition in this report is advanced as a hypothesis. The opinions expressed are deduced by methods established and accepted in valuation practice, applied as set out at Sections 07 to 09. Where an opinion is qualified or provisional, I have said so, stated the reason, and identified the further information that would be required to give an opinion without qualification. The range at Section 11 is a range of value, not a range of expert opinion. Where I consider there to be a range of reasonable professional opinion on a matter dealt with in this report, I have summarised that range, given my reasons and stated my own position within it. I have identified the matters on which I could not reach a concluded view for want of information.

Conflict of interest and continuing duty. I have no conflict of interest of any kind, other than any conflict disclosed in this report. I do not consider that any interest disclosed affects my suitability as an expert witness on any issue on which I have given evidence. I will advise the instructing party if, between the date of this report and the final hearing, there is any change in circumstances which affects either of the two preceding statements. I understand my duty to the court and I have complied with that duty. I am aware of the requirements of FPR Part 25 and of Practice Direction 25B.

Statement of truth. I confirm that I have made clear which facts and matters referred to in this report are within my own knowledge and which are not. Those that are within my own knowledge I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.

Methodology and software. The calculations in this report were produced using BVPro's own valuation model, which carries automated integrity checks on the normalisation chain.

Software assists the calculation; it does not make the judgements. Every judgement in this report is mine, and I adopt every part of this report, including any part prepared with the assistance of a model or a junior, as my own evidence.

Signed:

Mark Prigge · B.Com, MBA Independent Business Valuation Consultant Mark Prigge
trading as BVPro, a UK sole trader

Date:

Appendix A — Assumptions and Limiting Conditions

1. This report is prepared solely for the purpose stated at Section 03 and solely for the instructing party. No duty of care is accepted to any other person, and no other person may rely on it.
2. The valuation is as at 31 March 2026. Events after that date are not reflected except where expressly stated.
3. Information supplied by management has been assessed for reasonableness but has not been audited. No audit, review or assurance opinion is expressed.
4. Title to the assets is assumed to be good and marketable, and the Company is assumed to be free of undisclosed liabilities, contingent claims and environmental exposures.
5. Plant and machinery values rely on the fixed asset register adjusted by management estimate. A qualified plant valuation was requested and was not available. Because the asset floor does not bind, this does not affect the conclusion.
6. The Company is assumed to comply with all applicable laws, regulations and licence conditions.
7. A change of purpose requires a new engagement. This report may not be used for a sale, a purchase, a tax filing or a lending decision.
8. Neither this report nor any part of it may be published or referred to publicly without prior written consent.

Appendix B — Financial Summary, Five Years

Item	2022 £	2023 £	2024 £	2025 £	2026 £
Revenue	3,850,000	4,120,000	4,460,000	4,690,000	4,880,000
Cost of sales	2,387,000	2,554,400	2,765,200	2,907,800	3,025,600
Gross profit	1,463,000	1,565,600	1,694,800	1,782,200	1,854,400
Operating expenses	1,148,000	1,205,000	1,278,000	1,326,000	1,372,000
Reported EBITDA	315,000	360,600	416,800	456,200	482,400
Depreciation and amortisation	96,000	99,000	104,000	108,000	112,000
Interest paid	42,000	39,000	35,000	31,000	27,000
Corporation tax	38,000	46,000	56,000	62,000	68,000
Normalised EBITDA	380,000	428,600	534,800	528,200	593,400

Depreciation and interest are shown for disclosure only. They are not added back, because operating expenses above already exclude them and reported EBITDA is therefore already stated before them. Adding them back a second time is the single most common error in SME valuation schedules and is tested automatically in the model that produced this report.

Appendix C — Normalisation Detail and Sources

#	Adjustment	2024 £	2025 £	2026 £	Recurring	Source
1	Add: depreciation	0	0	0	Yes	Nil: the starting figure is already stated before depreciation
2	Add: interest paid	0	0	0	Yes	Nil: the starting figure is already stated before interest
3	Add: owner remuneration above market	70,000	72,000	75,000	Yes	Payroll summary; market rate of £95,000 from two named UK engineering-sector salary surveys
4	Add: personal expenses	0	0	0	Yes	None identified on review of the nominal ledger
5	Add: one-off legal costs	48,000	0	0	No	Solicitor invoices, concluded supplier dispute
6	Add: one-off redundancy costs	0	0	36,000	No	Payroll records, single restructuring event
7	Less: market-rate replacement salary	0	0	0	—	Not used: the owner is counted once, through item 3
	Total adjustments	118,000	72,000	111,000		

Appendix D — Build-Up Rate Model

Component	Rate	Source
Risk-free rate, UK 10-year gilt	4.20%	Bank of England, at the valuation date
Equity risk premium, UK	5.50%	Published UK ERP series, named and dated in the working file
Beta, unlisted SME	1.10	Reflects unlisted SME systemic risk
Size premium	4.00%	Published micro-cap private company premium
Company-specific risk premium	2.50%	Disclosed judgement referencing Section 10
Cost of equity	16.75%	Calculated
Cost of debt, pre-tax	6.50%	Base rate plus risk margin
Debt / (equity + debt)	15.0%	Conservative SME funding structure
Corporation tax	25.0%	HMRC main rate
Weighted average cost of capital	15.0%	Applied to free cash flow
Long-term growth	3.50%	Inflation target plus modest real growth

This rate feeds the discounted cash flow. It is not inverted into a multiple. Capitalising a cost of equity and taking its reciprocal produces an equity-earnings multiple, which is not comparable with the EBITDA multiple at Section 08, and no such comparison is made in this report.

Appendix E — Comparable Market Evidence

Source	Sector	Multiple range	Note
Published UK SME transaction summaries	Light engineering and precision components	3.0× to 5.5× EBITDA	Deal sizes broadly comparable; individual deal terms not disclosed
Broker-marketed listings	Engineering, similar turnover band	3.5× to 5.0× EBITDA	Asking prices, not achieved prices; treated as weak evidence

Limitations. UK private-company transaction data is thin at this deal size, reported deals are self-selecting, and multiples are quoted on inconsistent earnings definitions. The

evidence supports a range, not a point. The point within the range is a judgement, made at Section 08 and reasoned there.

Appendix F — Valuer Credentials and Independence

Mark Prigge, B.Com (Bachelor of Commerce), MBA. Over twenty years in business and finance, the last decade focused on independent business valuation for SMEs across the United Kingdom and South Africa. Valuations prepared to the evidentiary standards expected by the courts, HMRC and lenders.

Independence statement. I have no present or contemplated financial interest in the Company or in either party. My fee is fixed, agreed in advance, and is not contingent on the conclusion reached or on the outcome of these proceedings. I have not previously acted for either party, the Company or the instructing firm. My duty is to the court and it overrides any obligation to the party instructing or paying me.

Coverage. BVPro accepts instructions in England and Wales. Procedural requirements for expert evidence differ between jurisdictions.

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