

SUBSEQUENT COVERAGE MAINTAIN BUY

23rd Mar 2026

Fair Value - FY27E (LKR)	175.0 [+35.7%]
Total Return with DPS (%)	39.2% [AER 25.4%]
Fair Value - FY28E (LKR)	200.0 [+55.0%]
Total Return with DPS (%)	60.7% [AER 18.4%]

KEY DATA

Share Price (LKR)	129.0
52w High (LKR)	175.0
52w Low (LKR)	69.1
Issued Share Capital (Shares 'Mn)	333.3
Market Cap (LKR 'Bn)	43.0
Market Cap (USD 'Mn)	138.1
Free Float	50.1%

FIRST CAPITAL RESEARCH

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PickMe



DIGITAL MOBILITY SOLUTIONS LANKA PLC

CSE: PKME.N0000 | Bloomberg: PKME SL
EQUITY | SRI LANKA | TRANSPORTATION

“Unlocking Tomorrow’s Mobility...”



***Please refer to page 72 for an important disclaimer*

INVESTMENT SUMMARY

Shaping the future through technology: Digital Mobility Solutions Lanka PLC (PKME.N0000) is a homegrown technology company in Sri Lanka, focused on providing tailored solutions to Sri Lanka's transport and logistics ecosystem. PKME's major business verticals include Ride-hailing and Delivery, where the business expanded into Events and Courier services during 2QFY26. Currently, the platform connects over 1.6Mn unique users, 100,000 independent drivers and 4,500 independent merchants across its service verticals.

Maintaining BUY recommendation: FCR maintains a BUY recommendation for PKME, with our fair value target of LKR 175.0 for FY27E, deriving a potential annualized total return of 25.4% (DY 3.5%) and fair value target of LKR 200.0 for FY28E [AER 18.4%, DY 5.7%] from equally weighted DCF and EV/EBITDA based valuation methodologies. FCR believes PKME's unique selling propositions, market leadership in ride-hailing, along with its innovation-driven expansions would position the company for a strong 3-year revenue CAGR of 33.4%. The cost-effective business model will further enhance its margin expansion prospects. FCR expects PKME to record a higher bottom line of LKR 2.9Bn in FY27E. Expansion into rural and suburban areas where demand is still untapped, diversification into new product verticals, as well as the growth in internet penetration among Sri Lankans will further enhance PKME's growth prospects. Consequently, ROE could rise significantly to 69.1% by FY27E, with the company potentially trading at an implied EV/EBITDA multiple of 13.4x, driving the share price towards our target price. Considering PKME's future growth prospects, we maintain our recommendation BUY.

- 1) **Expected higher topline growth at a 3-year CAGR of 33.4% by FY28E:** PKME's net revenue will grow due to the increase in its Gross Billing Value (GBV) and monthly unique consumer base. FCR expects PKME's GBV to rise at a 3-year CAGR of 47.1% by FY28E, supported by the expansion into new product verticals, competitive corporate mobility solutions and monthly subscription model which generate stable revenue. The rise in PKME's unique consumer base will be largely supported by PKME's expansion into untapped markets with high demand and increasing digital penetration in the country. During 3QFY26, PKME's user engagement on the platform has risen by c.50.0%YoY.
- 2) **Ability to reach untapped demand through a larger supplier base and deliver value through core value propositions:** PKME's distinctive market positioning is shaped by its unique value propositions; localization, convenience and availability. PKME ensures availability of supply on app, through attracting a higher number of drivers to the platform. In 3QFY26, driver registrations on the PKME platform increased by c.44.0%YoY.
- 3) **Anticipated margin expansion due to the cost-effective business model:** PKME operates on a SaaS Model, hosted by Google Cloud Services. This enables PKME to increase capacity, at a lower cost per ride. Therefore, the company's revenue per ride exceeds the cost, supporting the margin expansion. Moreover, PKME benefits from volume-led operating leverage, which we expect to continue the momentum >100.0%.



KEY FINANCIALS AND STOCK PERFORMANCE

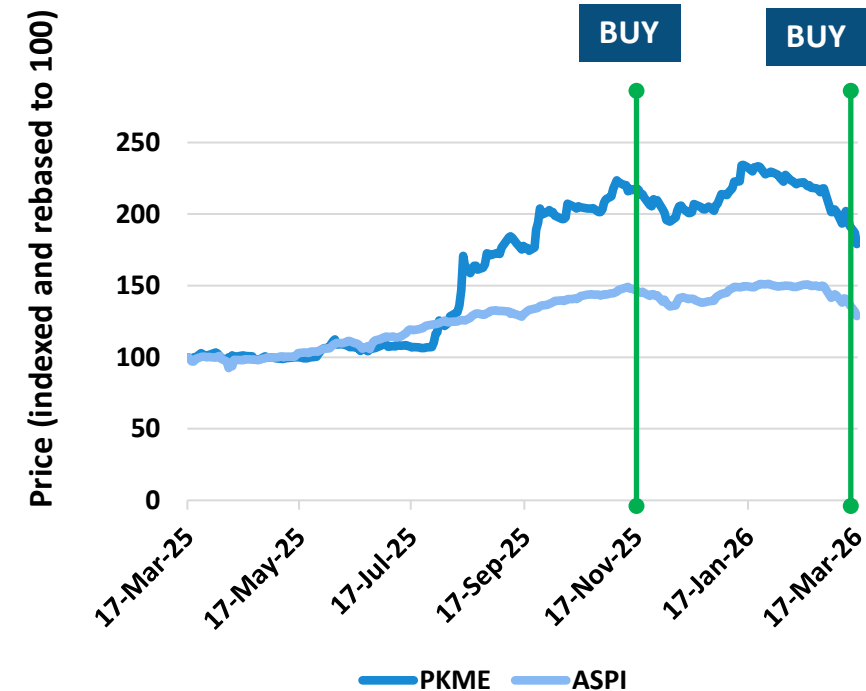
P/E 31st March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Estimates (LKR 'Mn)								
Net Revenue	1,295	1,964	3,919	5,835	7,665	10,416	13,849	17,589
Adjusted EBIT	(162)	15	925	1,603	2,512	4,035	6,202	8,648
Adjusted net profit	(157)	130	679	1,170	1,821	2,895	4,421	6,142
Adjusted EPS (LKR)	(0.5)	0.4	2.0	3.5	5.5	8.7	13.3	18.4
YoY Growth (%)	180.6	183.0	420.8	72.2	55.6	59.0	52.7	39.0
Valuations								
PER (x)	N/A	372.4	71.5	41.5	26.7	16.8	11.0	7.9
PBV (x)	53.9	46.2	27.8	18.8	13.9	9.9	7.1	5.1
DPS (LKR)	N/A	N/A	N/A	2.3	2.7	4.5	7.3	10.5
DY (%)	N/A	N/A	N/A	1.5	2.1	3.5	5.7	8.1
Dividend Payout (%)	N/A	N/A	N/A	24.2	50.0	52.0	55.0	57.0
NAVPS (LKR)	2.7	3.2	5.2	7.8	10.5	14.7	20.6	28.6

Price Performance (%)	1 mth	3 mths	12mths
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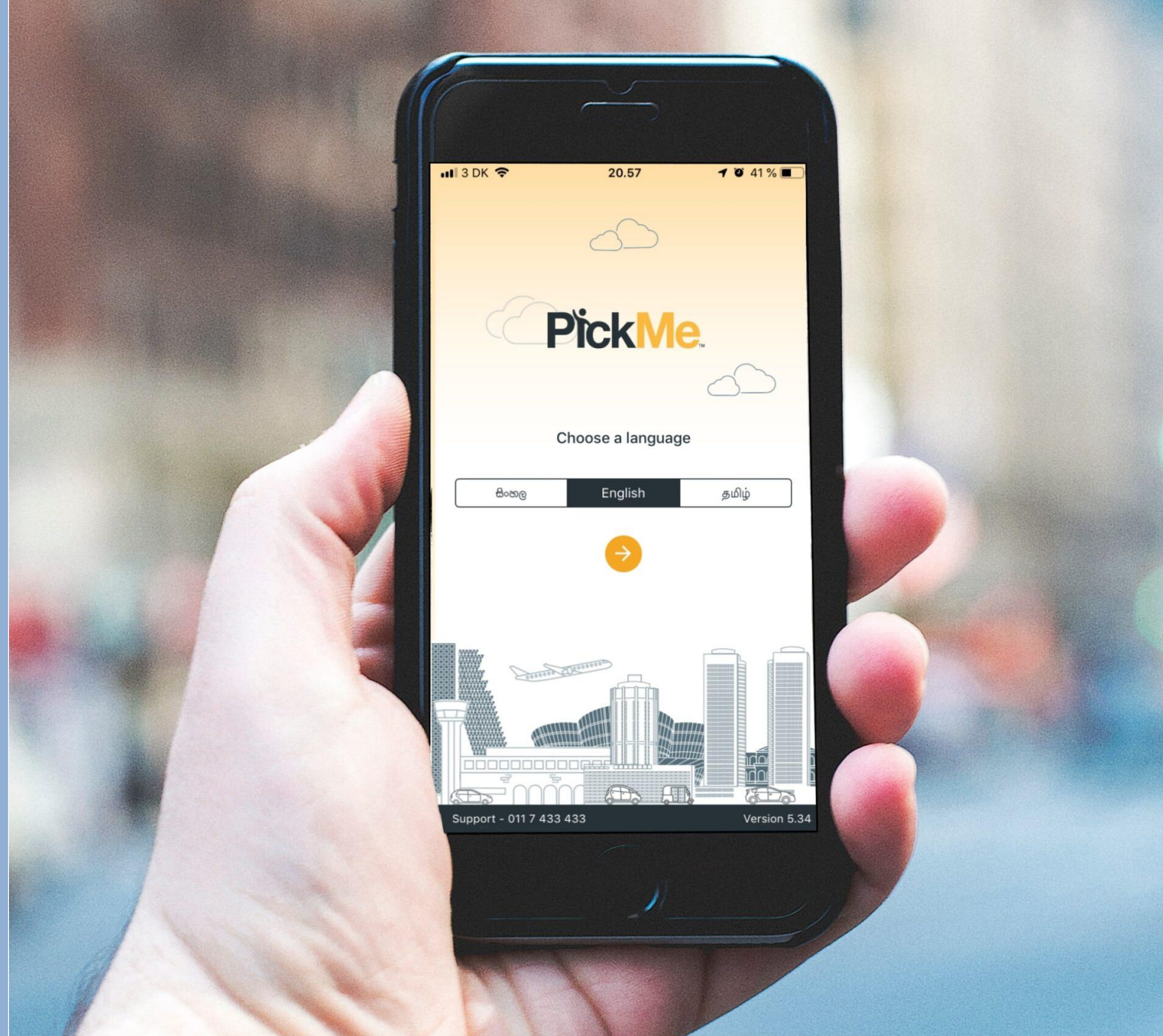
PKME -19.2% -11.0% 80.9%

ASPI -13.9% -8.6% 30.5%

Price movement of PKME vs ASPI



COMPANY OVERVIEW AT A GLANCE



Digital Mobility Solutions Lanka PLC: PKME is an integrated digital ecosystem, aiming to modernize Sri Lanka's mobility experience, using big data and scalable software solutions.

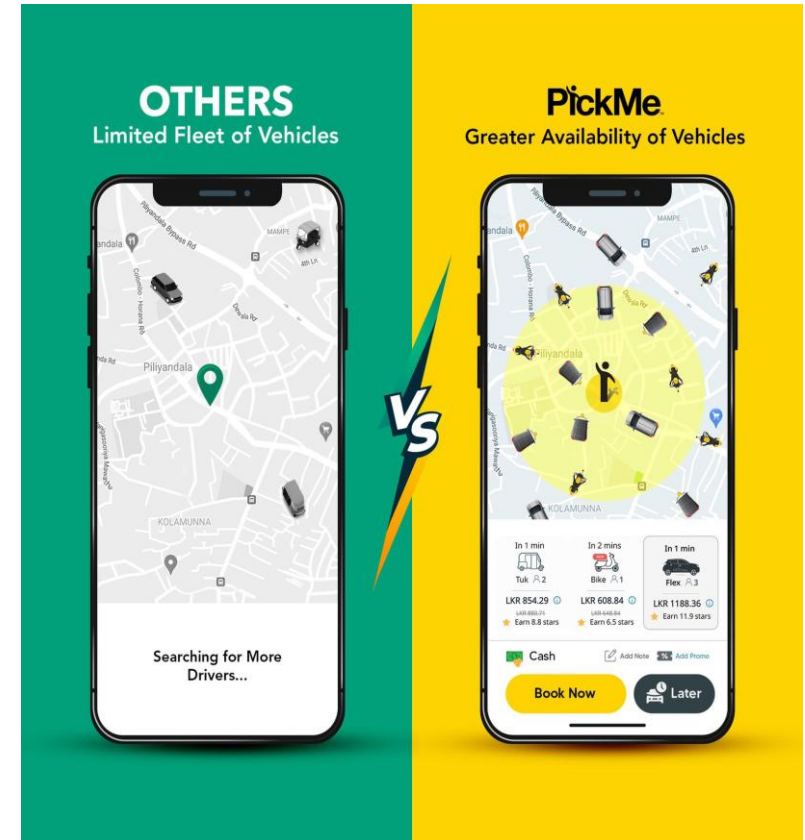
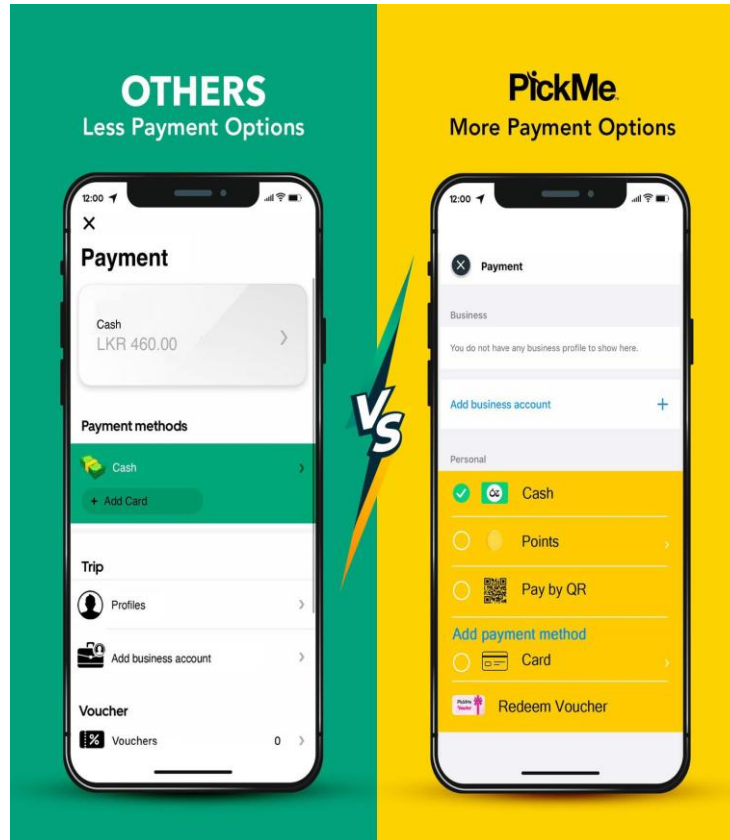
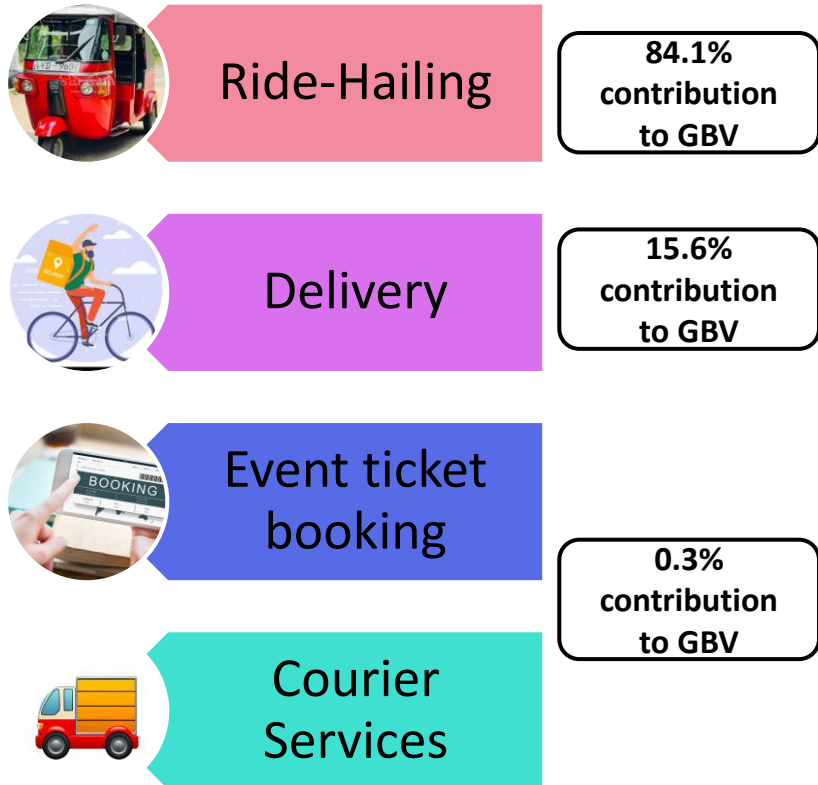


First Capital
A Janashakthi Group Company

PKME is a technology company that specializes in developing mobility-related software, to connect people, products, and services in real time. Publicly traded on the CSE since 2024, PKME's core focus is to strategically diversify its offerings, and cater to a digital-first population. Currently, PKME is the second most popular local mobile app in Sri Lanka. PKME's services are being diversified across the districts of Sri Lanka, instead of the concentration in the Western Province. In 3QFY26, 88.0% of ride-hailing services were provided in the Western Province, while the remaining 12.0% came in from other regions.

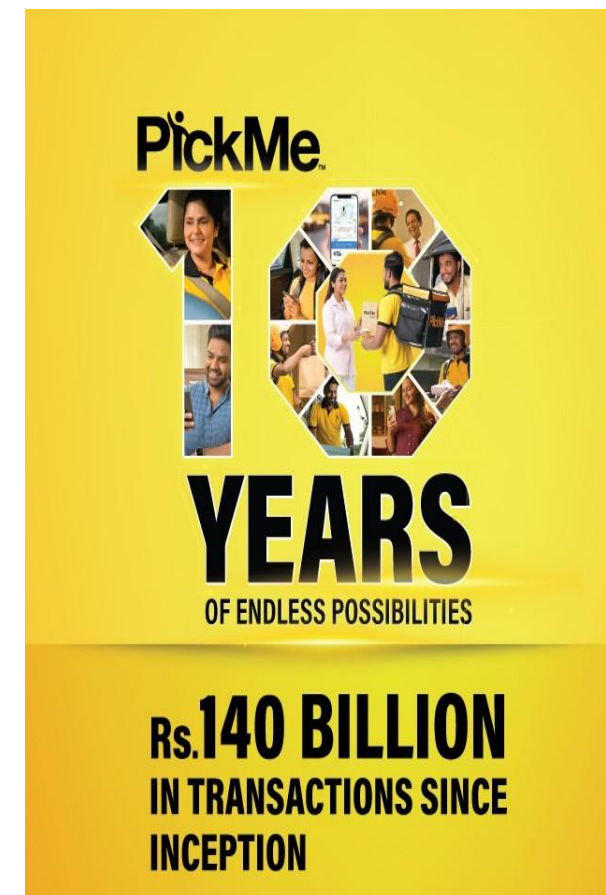
PKME has captured the ride-hailing market with its unique features such as higher availability of vehicles, more payment options and localization.

PKME Services Portfolio



PKME current performance vs IPO promises

IPO promise	Achievement
Improve brand name and image	PKME is positioned as a leading mobility solutions partner in Sri Lanka. The ride-hailing segment accounts for c.65.0%-70.0% of market share, whereas food delivery segment accounts for c.40.0%-45.0% of market share. Net revenue has grown at a 5-year CAGR of 39.2% by FY25.
Create liquidity for the company shares	At the IPO, some institutional and individual shareholders sold a portion of the shares held, totaling 43,474,179 (13.04% of total shares), to facilitate the IPO. Pre-IPO free-float was 11.35% whereas it was 50.12% as at 31-Dec-25. PKME shares are currently trading at a TTM PER of 22.9x, where the market is currently trading at a PER of 10.3x.
Introduce new technology backed solutions	Apart from ride-hailing, food delivery and marketplace, PKME has expanded its product portfolio into event ticket booking, and courier services. The company is planning to connect with other seamless opportunities in future.
Regional expansion	PKME has expanded its market presence to suburbs, apart from urban townships. During FY25, 19.0% of trip volumes have been generated from rural areas. It is further expanding to suburbs, depending on the demand in those areas.



PickMe.

10 YEARS
OF ENDLESS POSSIBILITIES

Rs.140 BILLION
IN TRANSACTIONS SINCE
INCEPTION

SWOT Analysis for PKME



- ✔ Market leader in domestic ride-hailing industry with a share of c.70.0% with more localization.
- ✔ Improved brand equity driven by PKME being the 2nd most popular mobile app in Sri Lanka.
- ✔ Increasing driver registrations, which drives the supply.
- ✔ Higher customer subscriptions to the platform (c.+50.0%YoY in 3QFY26).
- ✔ Well-maintained liquidity and cash position to be utilized in investments.



- ✔ Lower diversification in PKME Foods segment.
- ✔ Ride-hailing is still concentrated towards Western Province (88.0% from Western Province in 3QFY26).
- ✔ Events segment contributes to <1.0% of PKME's total revenue.
- ✔ Profitability might vary depending on the size of incentives given to the drivers and consumers.
- ✔ PKME's service quality depends on third-party independent drivers and merchants.



- ✔ Shift in consumer preference towards convenient mobility solutions.
- ✔ Favorable macro-economic factors which support the growth in demand for courier services.
- ✔ More potential in tourism and other related industries.
- ✔ Monetization levers beyond commission; as Ads/sponsored listings for merchants, subscription bundles, corporate mobility accounts will expand average revenue per customer without pure increase in price.
- ✔ Potential for deeper ecosystem partnerships such as banks, telecommunication, Electric Vehicles and travel aggregators, which will lead to consumer retention.



- ✔ Market is a duopoly, where there is stiff competition.
- ✔ Competition from Uber, especially with fixed prices.
- ✔ New entrants such as Helago compete with price.
- ✔ More driver-centric competitors could steal PKME's supply base.
- ✔ Adverse impact from macroeconomic and fuel price shocks.
- ✔ Threat of cybersecurity risks, negative reputation and safety incidents.

PKME: THE LOCAL WAY TO GO



Vehicle affordability in Sri Lanka vs convenience to use PKME

PKME offers ride-hailing options through different vehicle types such as bikes, tuks, cars and vans. We have compared the costs of owning a vehicle vs opting to travel by PKME, in order to assess the cheapest mode of transport for the passengers.

Calculations were done for the passengers who live in suburbs within 20Km from Colombo and travel to Colombo on a daily basis. We assumed they would travel 1,000Km per month. They have options of owning a vehicle through lease or rent, or travel by PKME.

Costs of owning a vehicle would include the rent/lease, fuel costs and the services and maintenance charges and vehicle parking charges. As the insurance costs vary depending on the type of vehicle, it is not incorporated into the calculations. Also, in the lease calculations, we have considered the opportunity cost of interest income from bank deposits.

Under the above assumptions, the costs of travelling per Km by each type of vehicle is as below.



Cost per Km (LKR)	Bike	Tuk	Car (Wagon R)
Rent a vehicle	44.0	78.0	173.0
Travel by PKME	60.0	75.0	100.0
Lease a vehicle	26.0	53.0	125.0

The cheapest option for bikes and tuks is vehicle leasing.

The passengers might opt for leasing a bike, considering the convenience factor and the travel need. The second-best alternative for tuks will be traveling by PKME.

However, for cars, PKME will remain as the best option.

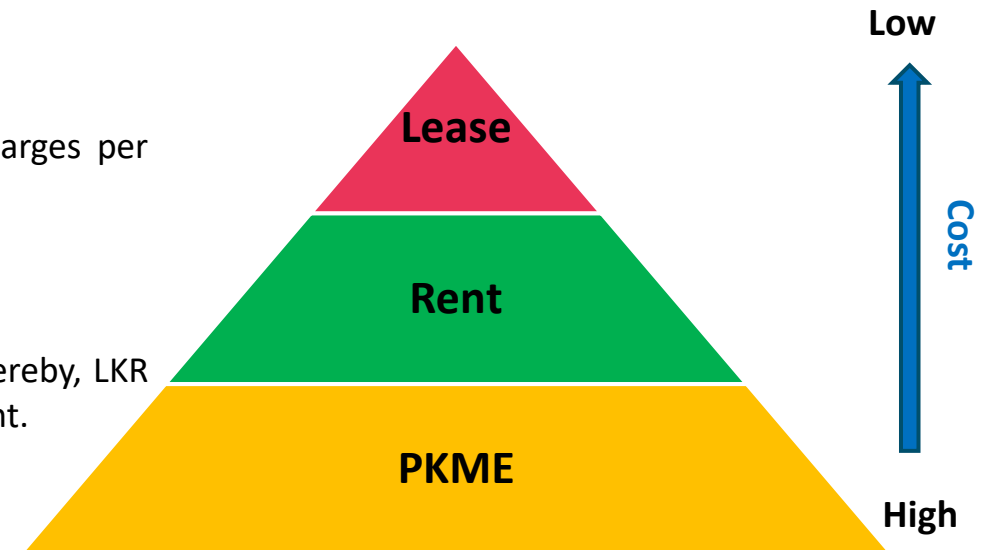
Vehicle affordability in Sri Lanka vs convenience to use PKME Contd...

Bike LKR	Rent/Lease	No. of Km allowed/ able to ride	Cost per Km	Fuel cost per Km	Services, Maintenance and parking charges	Total cost per Km
Rent	30,000.0	1,000	30.0	10.0	4.0	44.0
PKME	N/A	1,000	60.0	N/A	N/A	60.0
Lease	12,167.0	1,000	12.0	10.0	4.0	26.0



ASSUMPTIONS

- Per month rental for a bike is LKR 30,000
- Services & Maintenance charges will be LKR 10,000 for every 5,000Km and parking charges per month will be LKR 11,250 (LKR 70/hour; park for 9 hours/day; 25 days per month).
- Fuel cost will be LKR 294/Litre and 30Km can be ridden from 1 Litre of fuel.
- The cost of a brand-new motor bike will be LKR 0.7Mn and 70.0% of it will be leased. Thereby, LKR 0.48Mn will be leased for 5 years at 12.0% interest rate, and LKR 0.22Mn will be paid upfront.
- Opportunity cost: Interest income for LKR 0.22Mn at 8.0% interest rate.



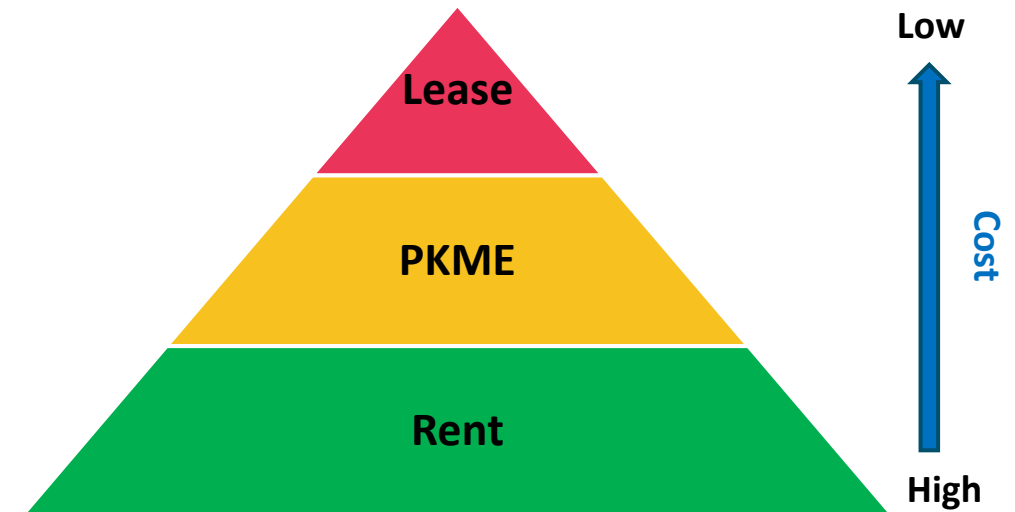
Vehicle affordability in Sri Lanka vs convenience to use PKME Contd...

Tuk / LKR	Rent/Lease	No. of Km allowed/ able to ride	Cost per Km	Fuel cost per Km	Services & Maintenance charges	Total cost per Km
Rent	60,000.0	1,000	60.0	15.0	3.0	78.0
PKME	N/A	1,000	75.0	N/A	N/A	75.0
Lease	35,140.0	1,000	35.0	15.0	3.0	53.0



ASSUMPTIONS

- Per month rental for a tuk is LKR 60,000
- Services & Maintenance charges will be LKR 15,000 for every 5,000Km
- Fuel cost will be LKR 294/Litre and 20Km can be ridden from 1 Litre of fuel.
- The cost of a brand-new three-wheeler will be LKR 2.0Mn and 70.0% of it will be leased. Thereby, LKR 1.4Mn will be leased for 5 years at 12.0% interest rate, and LKR 0.6Mn will be paid upfront.
- Opportunity cost: Interest income for LKR 0.6Mn at 8.0% interest rate.



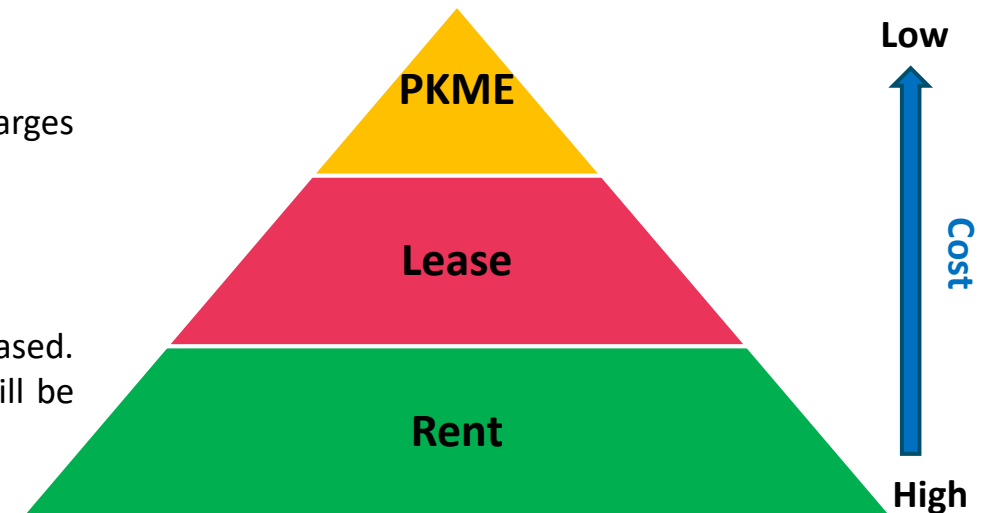
Vehicle affordability in Sri Lanka vs convenience to use PKME Contd...

Car LKR	Rent/Lease	No. of Km allowed/ able to ride	Cost per Km	Fuel cost per Km	Services, Maintenance and parking charges	Total cost per Km
Rent	150,000.0	1,000	150.0	15.0	8.0	173.0
PKME	N/A	1,000	100.0	N/A	N/A	100.0
Lease	102,310.0	1,000	102.0	15.0	8.0	125.0



ASSUMPTIONS

- Per month rental for a car is LKR 150,000
- Services & Maintenance charges will be LKR 25,000 for every 5,000Km and parking charges per month will be LKR 15,750 (LKR 70/hour; park for 9 hours/day; 25 days per month).
- Fuel cost will be LKR 294/Litre and 20Km can be ridden from 1 Litre of fuel.
- The cost of a brand-new Wagon R car will be LKR 6.0Mn and 70.0% of it will be leased. Thereby, LKR 4.0Mn will be leased for 5 years at 12.0% interest rate, and LKR 2.0Mn will be paid upfront.
- Opportunity cost: Interest income for LKR 2.0Mn at 8.0% interest rate.





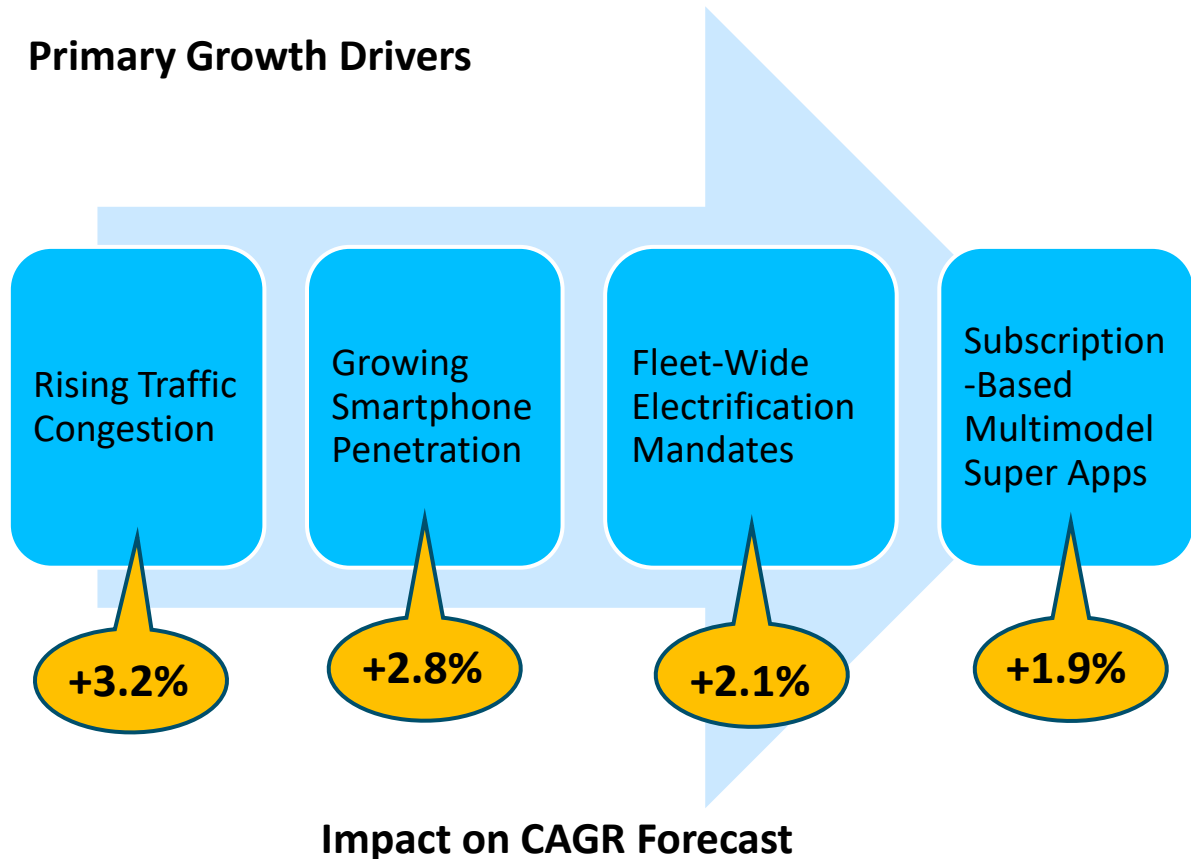
COMPETITIVE POSITIONING



Global ride-hailing industry

Ride-hailing is a massively growing global market, expected to reach a market size of USD 342.1Bn by 2030, with a 5-year CAGR of 16.6%. The market size amounted to USD 158.7Bn in 2025. South America is the fastest-growing ride-hailing market and Asia-Pacific is the largest ride-hailing market. The key reasons for the growth in the global ride-hailing market include, rising urban density, advances in autonomous driving and supportive policy frameworks.

Primary Growth Drivers



Major Global Players



c. 70.0% market share in the US



c. 30.0% market share in the US



Market share:
97.0% in Malaysia
91.0% in Philippines
85.0% in Thailand
67.0% in Vietnam

Other Global Players

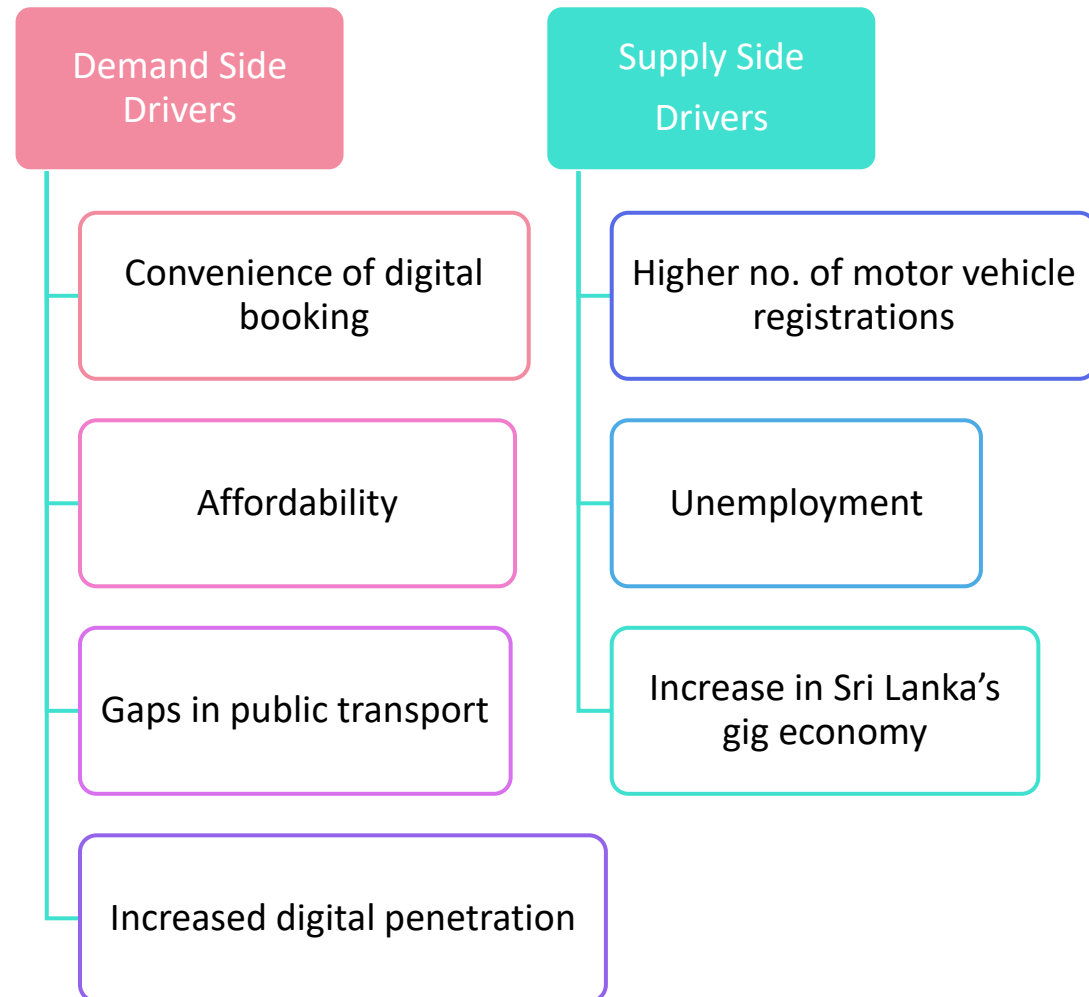
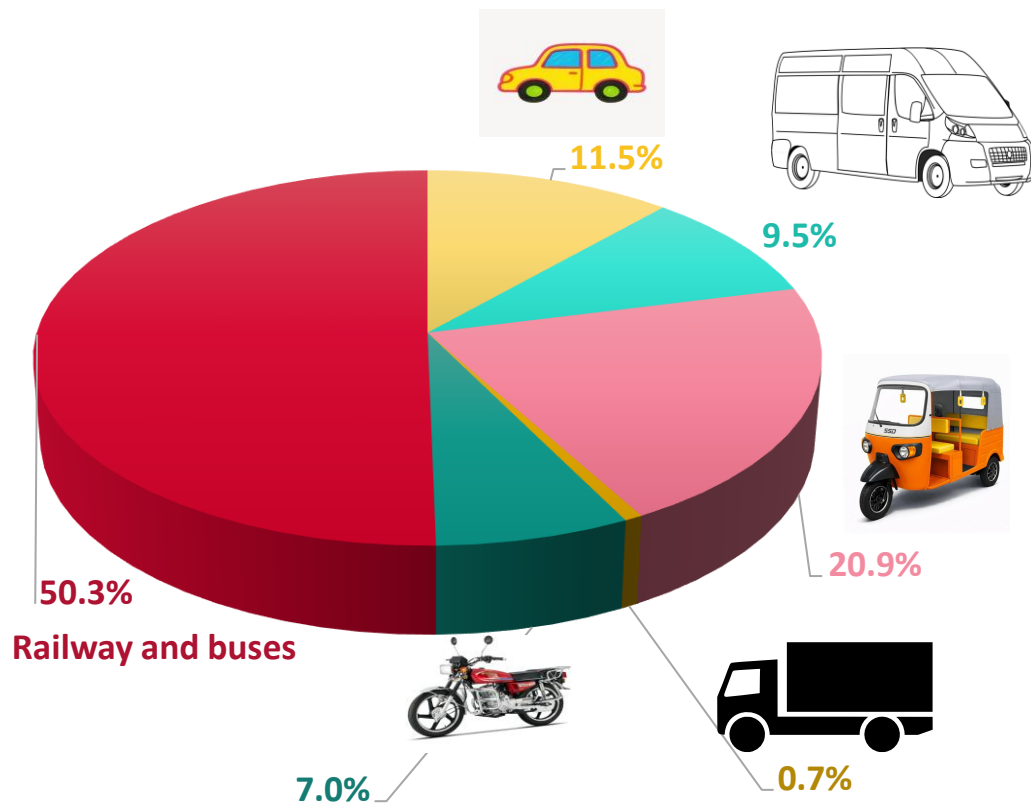


Overview of ride-hailing industry in Sri Lanka

Ride-hailing industry in Sri Lanka is expanding rapidly, with total users estimated to reach 4.3Mn and projected user penetration of 19.5% by 2027E.

Passenger Model Share 2024

Share of passenger transport by three-wheelers, motor cars, vans and motor-cycles in Sri Lanka show signs of increasing trends. Thereby, PKME has potential to cater to those segments.

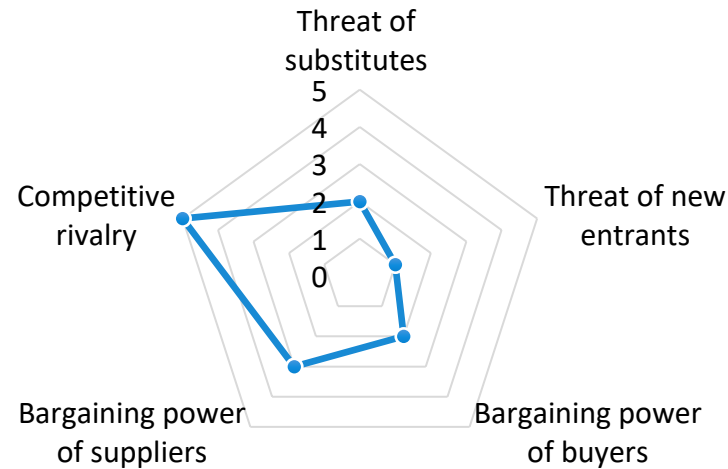


Overview of mobility sector in Sri Lanka, with Porter's Five Forces

Threat of substitutes

Owning a vehicle would be a costly solution, whereas for bikes and tuks it will be cheaper to enter into a lease agreement, compared to PKME. However, our Go-To-Market survey suggests that PKME flash and courier services remain as cheaper and convenient solutions compared to traditional courier. Overall, threat of substitutes is moderate.

Overall industry attractiveness: Neutral



Bargaining power of customers

Customers cannot decide on the price of their rides, however they can opt to compare it with Uber or other market players and choose the cheaper option. Overall, within the industry, the customers do not have much power to bargain over the price, but the customer opinion on convenience and quality of service will play a major role in defining their market position and sustainability. Bargaining power of customers remains moderate.

Threat of new entrants

Sri Lanka's ride-hailing market is dominated by two major players; PKME and Uber. Considering the duopoly and the learning curve, we believe that new entrants will have to face significant challenges when entering the market. Moreover, new entrants might face higher software development costs at the beginning. Therefore, it remains low.

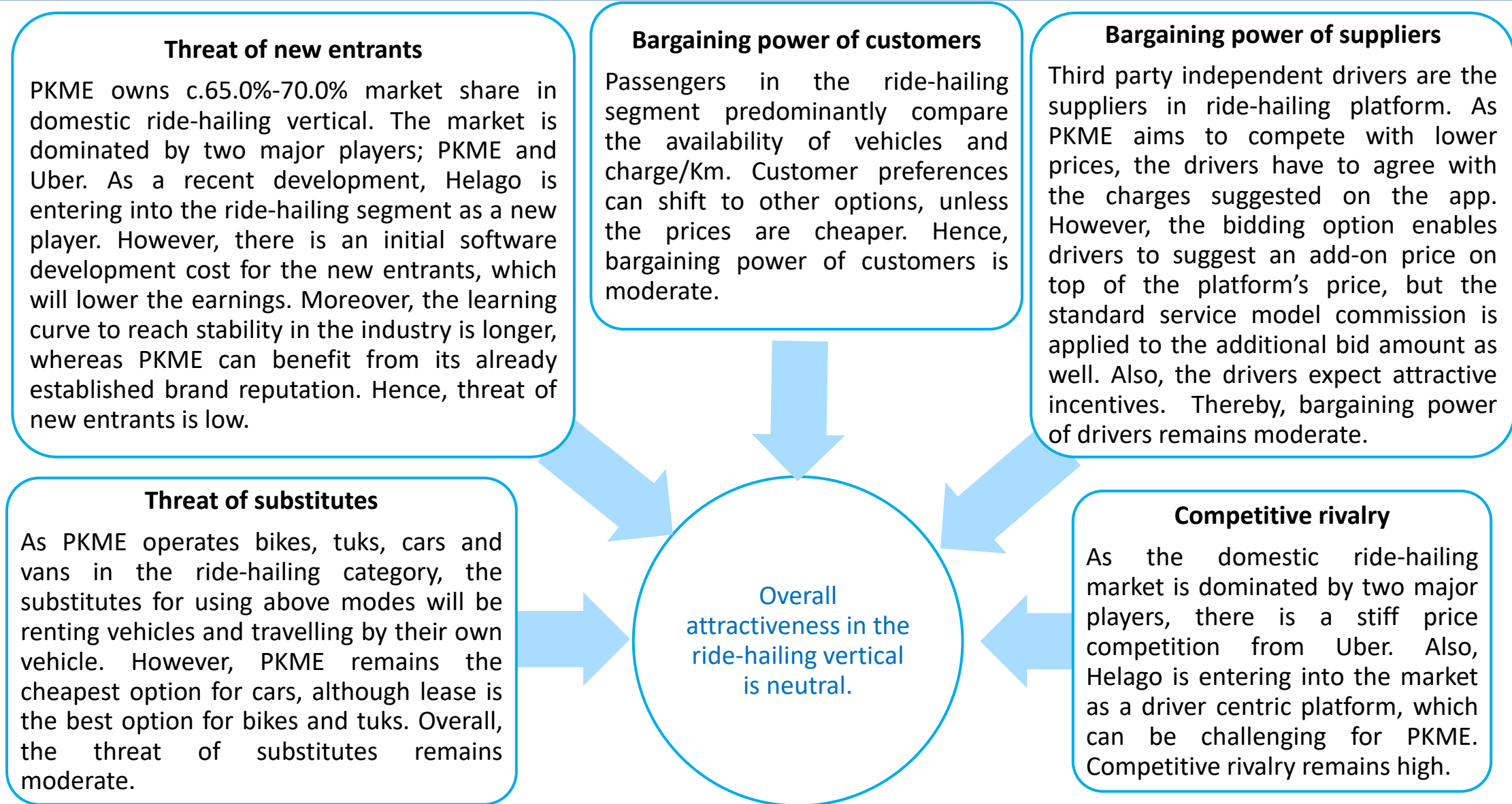
Competitive rivalry

Rivalry is very high among the players, as both major players are competing to be the market leader in ride-hailing and food segments. Pricing plays a major role in deciding the market leader.

Bargaining power of suppliers

Drivers and merchant partners are the suppliers of PKME. Bargaining power of drivers and merchants is high, since they look for attractive incentives and favorable gains from riding and doing business on the platform. PKME agrees upon satisfactory incentives. Thereby, the suppliers' bargaining power is high.

Porter's Five Forces analysis: PKME ride-hailing vertical



Porter's Five Forces analysis : PKME delivery vertical

Threat of new entrants

PKME's delivery vertical includes food, marketplace, PKME flash and courier services. New entrants must ensure that they capture the above segments under one mobility solution. Currently, there is no material threat from a new entrant to this vertical. Therefore, threat of new entrants is low.

Bargaining power of customers

Similar to the ride-hailing platform, customers are keen on the availability of merchant partners and the cost per order. As customers can compare with Uber and opt for other options for delivery, bargaining power of customers will remain moderate.

Bargaining power of suppliers

As at end Dec-2025, PKME has partnered with >7,000 merchants across food and marketplace platforms. The merchants and drivers are charged based on the standard service model commission. The merchants find PKME as a convenient solution to reach to a mass audience. Thereby, we identify the bargaining power of suppliers to be low.

Threat of substitutes

Substitutions for PKME's delivery vertical would primarily be the options such as food delivery from the outlet itself, courier services such as Fedex, UPS, DHL Express, Koombiyo Delivery for goods transfer. However, our Go-To-Market survey reflects that due to the convenience of finding a quick delivery solution via PKME app, consumers prefer to use PKME for food and goods delivery. Hence, threat of substitutes remain low.

Competitive rivalry

The stiff competition is coming from the major rival firm Uber, which owns >50.0% market share in the food delivery segment. Our Go-To-Market survey depicted that PKME has limited preference as a cost-effective delivery mode, compared to other players. Hence, competitive rivalry is high.

Overall
attractiveness in the
delivery vertical is
moderate.

Porter's Five Forces analysis : PKME events vertical

Threat of new entrants

PKME's events vertical is the latest addition to the app, which was designed based on the potential of reaching to a mass audience. A new entrant could result in lowering the revenue generation of the vertical. If a new competitor enters, it should capture a wider consumer base than PKME or should be more streamlined. Currently, there is no significant threat of new entrants to the events vertical, hence it remains low.

Bargaining power of customers

The customers could opt to choose other solutions, if they realize significant price differences between PKME's ticket prices and others. However, with the discounts and promotions, PKME has been able to maintain the demand, where the vertical contributed to 0.3% of total GBV in 3QFY26. Bargaining power of customers remain moderate.

Bargaining power of suppliers

As PKME events platform is an intermediate to the sale of tickets, PKME should execute the requirements of such independent merchants. PKME app should enable merchants' needs such as scanning a QR code at the entrance of an event. By 3QFY26, PKME has facilitated >50 events through the app. Nevertheless, bargaining power of suppliers remain high.

Threat of substitutes

Substitutes to PKME's events vertical can be identified as events websites such as Tickets Ministry, MyTickets, BookMyShow and direct bookings through websites. However, PKME offers exclusive discounts through the app, unlike some ticket booking sites. Also, PKME is continuously developing the vertical as they foresee it has a large potential to cater to more mobility needs. Therefore, the threat of substitutes remain moderate.

Competitive rivalry

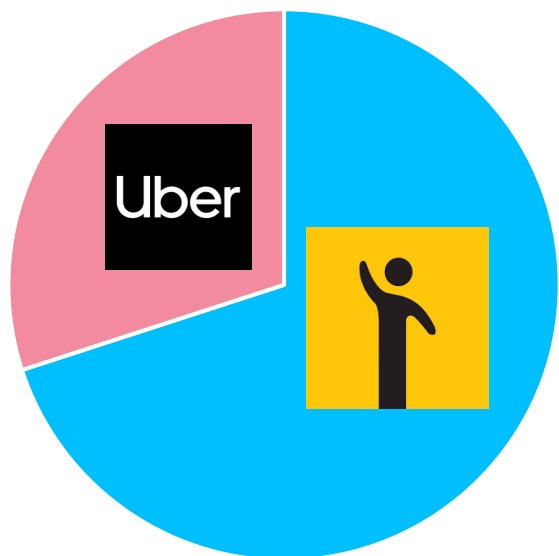
PKME's major rivals such as Uber has not yet launched an events vertical, thereby the competition is from other tickets sales platforms. However, PKME has potential to approach more steady demand generating systems such as public transport and collaborate with digital payment methods. Currently, the competitive rivalry is low in the events vertical.

Overall attractiveness in the events vertical is neutral.

Differentiation in PKME offerings compared to other ride-hailing apps

PKME differentiates themselves from other players, by offering an array of unique solutions. Focused on the convenience, the app has expanded to other mobility platforms, such as courier services and event ticket booking. Thereby, in the ride-hailing segment, PKME is leading the domestic market.

Domestic Competition



PKME dominates the local ride-hailing market with c.65.0%-70.0% market share in the segment.

New Product Verticals



PKME Events vertical is an expansion into the entertainment and lifestyle segment. It serves as an all-in-one ticketing platform, from which tickets for concerts, theatre, sports and any other kind of entertainment can be booked conveniently. This was launched in 2QFY26.



Courier segment was also launched in 2QFY26, which enables to deliver parcels across the country. The difference between traditional courier services and PKME courier is that it offers speedy, on-demand delivery with real-time tracking. Courier services contribute to c.1.0% of GDP.

FCR believes that the contribution from 'Courier' and 'Events' verticals to the total revenue will gradually increase from 4QFY26E onwards.

Key risks to PKME from new entrants

The domestic ride-hailing and food delivery market is currently dominated by PKME and Uber, depicting a duopoly. PKME is leading the ride-hailing market, while Uber is leading the food delivery market.

However, a third entrant is entering into the market; Helago. Buoyed by the higher reputation of “Helakuru” app, Helago is trying to compete in the ride-hailing market with unique set of values.

PKME v Helago



Ride-hailing market leader with c. 70.0% market share.

Expansion into new geographies and verticals.

Built on higher Gross Billing Value (GBV) and localization.



New entrant to the market

Driver-centric model with flexible fares

Built on the strong brand name from ‘Helakuru’.

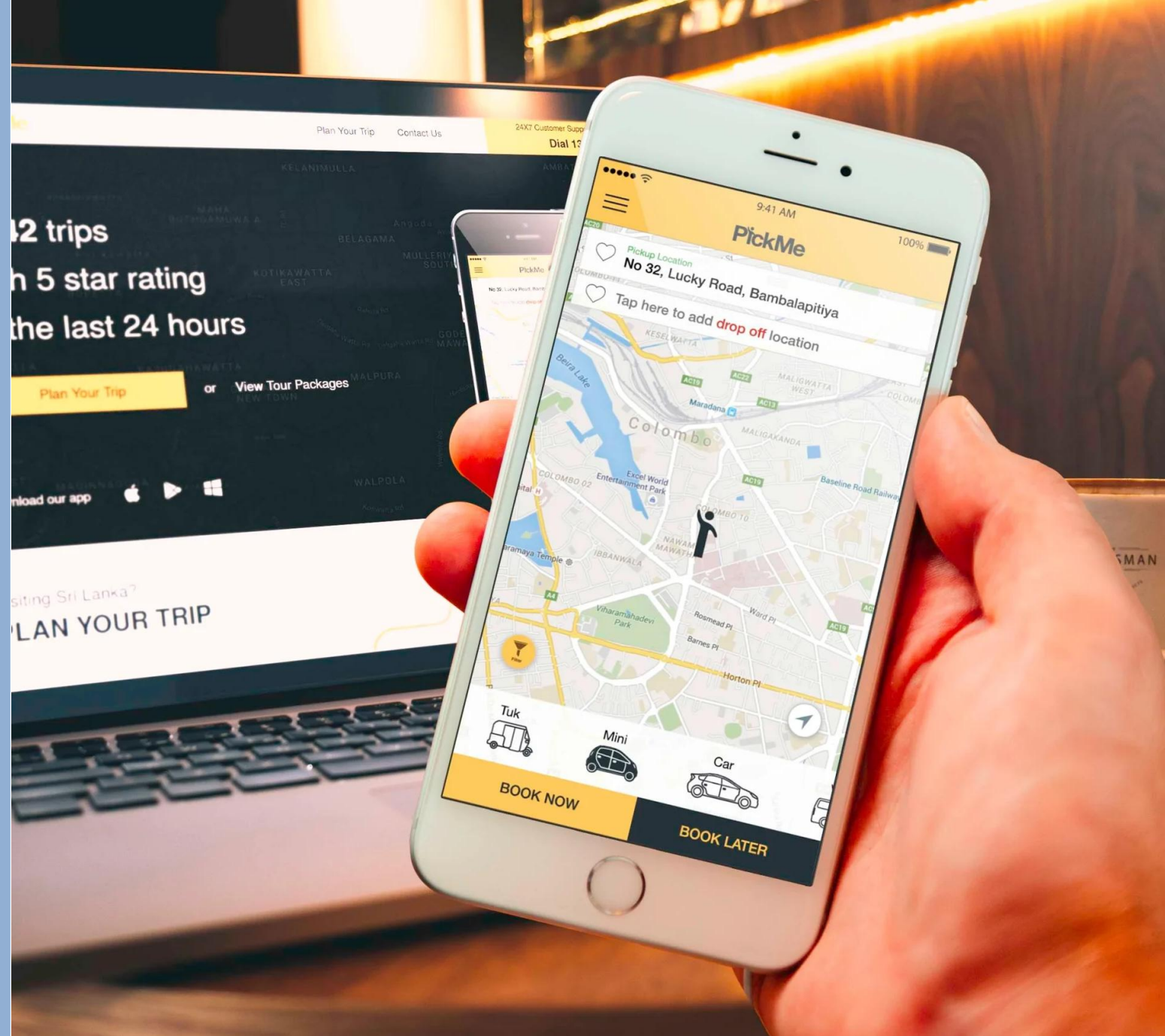
How PKME will get impacted?

- Helago’s pricing model is driver centric. Unlike in the PKME platform, the ride fare will be offered by the driver. If such fares are lower than PKME rides, it can reduce the Gross Billing Value of PKME.
- PKME’s major strategy is to increase the availability of drivers on the platform. There can be a driver migration towards Helago, due to its pricing model.
- As Helakuru stands out as the most popular mobile app in Sri Lanka, Helago can penetrate the market at a larger scale.
- PKME’s margins can get compressed, due to higher expenses on driver incentives and customer retention costs.

INVESTMENT THESIS

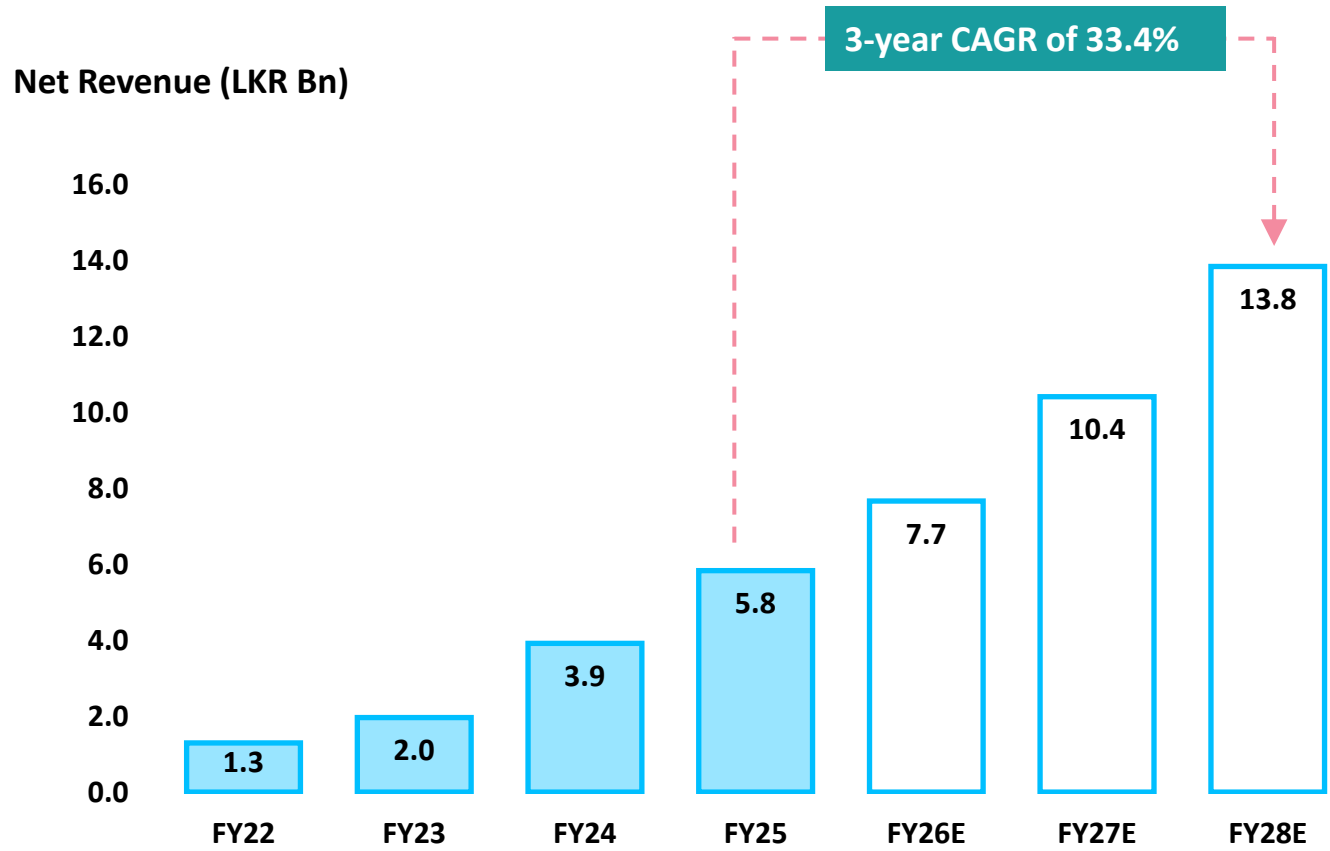


FCR forecasts PKME's net revenue to grow at a 3-year CAGR of 33.4% through FY25 to FY28E, supported by the growth momentum in average monthly unique users and Gross Billing Value (GBV)

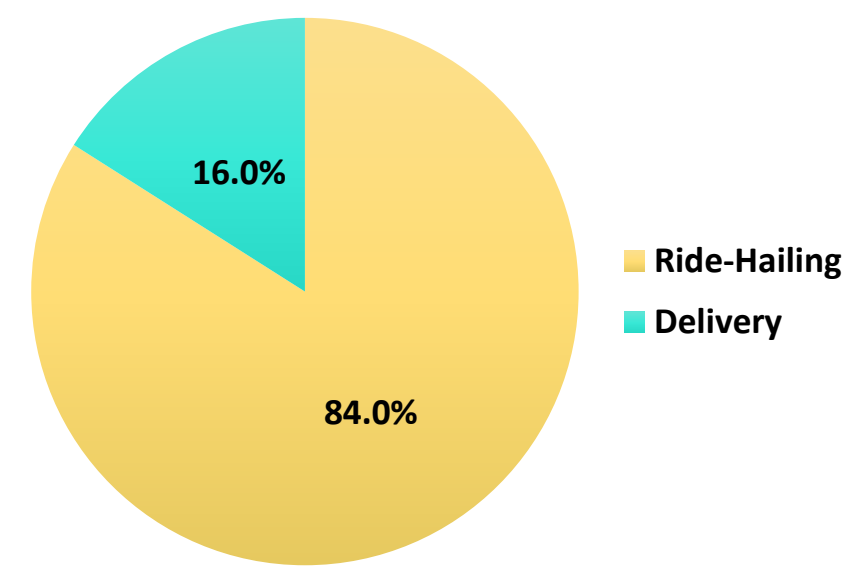


FCR expects PKME’s net revenue to grow at a 3-year CAGR of 33.4%, to reach LKR 13.8Bn by FY28E, as the platform earns higher revenue from connected mobility solutions.

PKME provides convenient Ride-Hailing and Delivery services across Sri Lanka, through its app. The Ride-Hailing segment accounts for ~65.0%-70.0% market share, whereas the Food Delivery segment accounts for ~40.0%-45.0% market share. As innovation sits at the heart of PKME, it is committing to evolve as a one-stop solution for all mobility needs. Thereby, PKME unlocks opportunities, which will increase the app usage. Owing to its distinctive positioning and growth potential, FCR expects PKME to reach its net revenue to LKR 13.8Bn by FY28E.



Segmental Revenue Contribution in 3QFY26

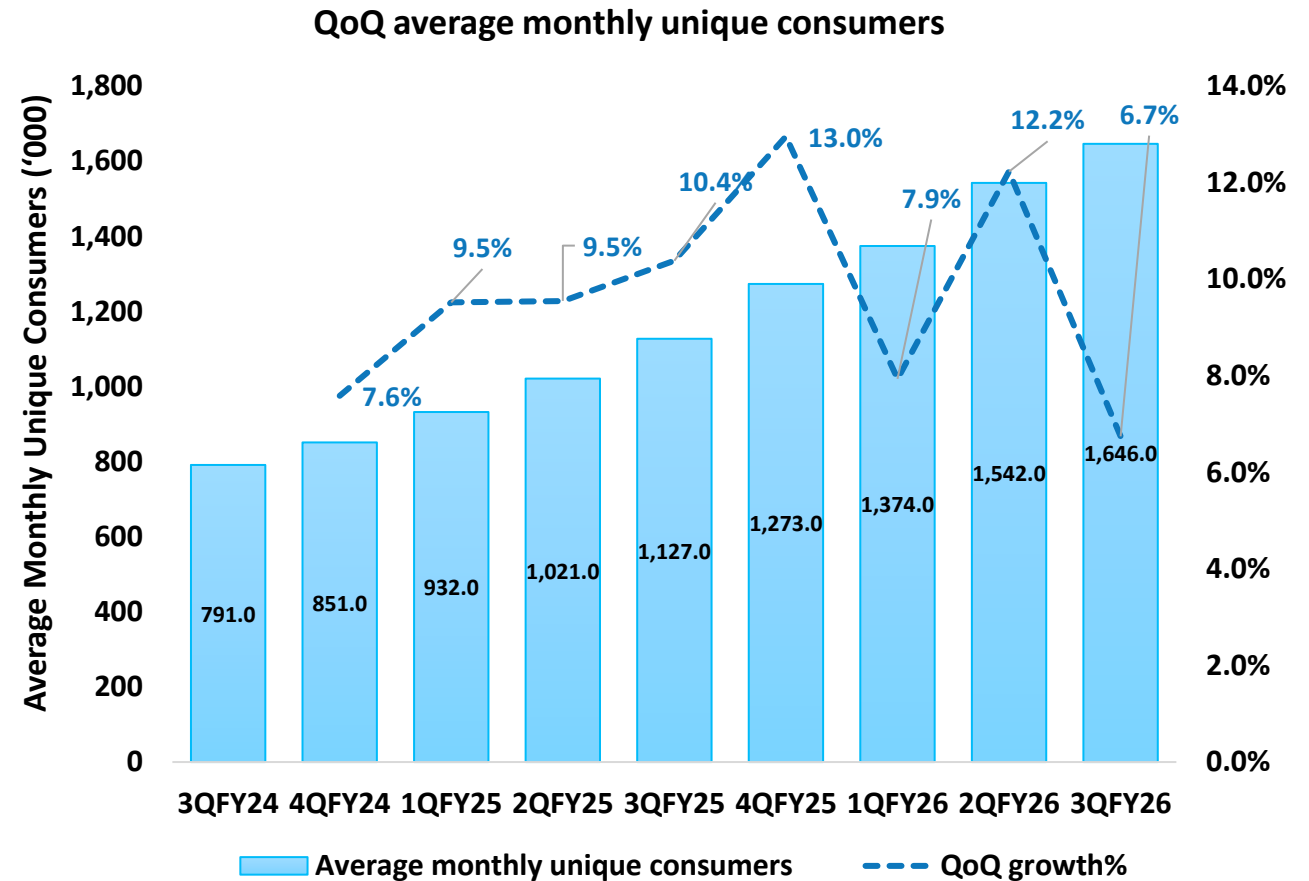
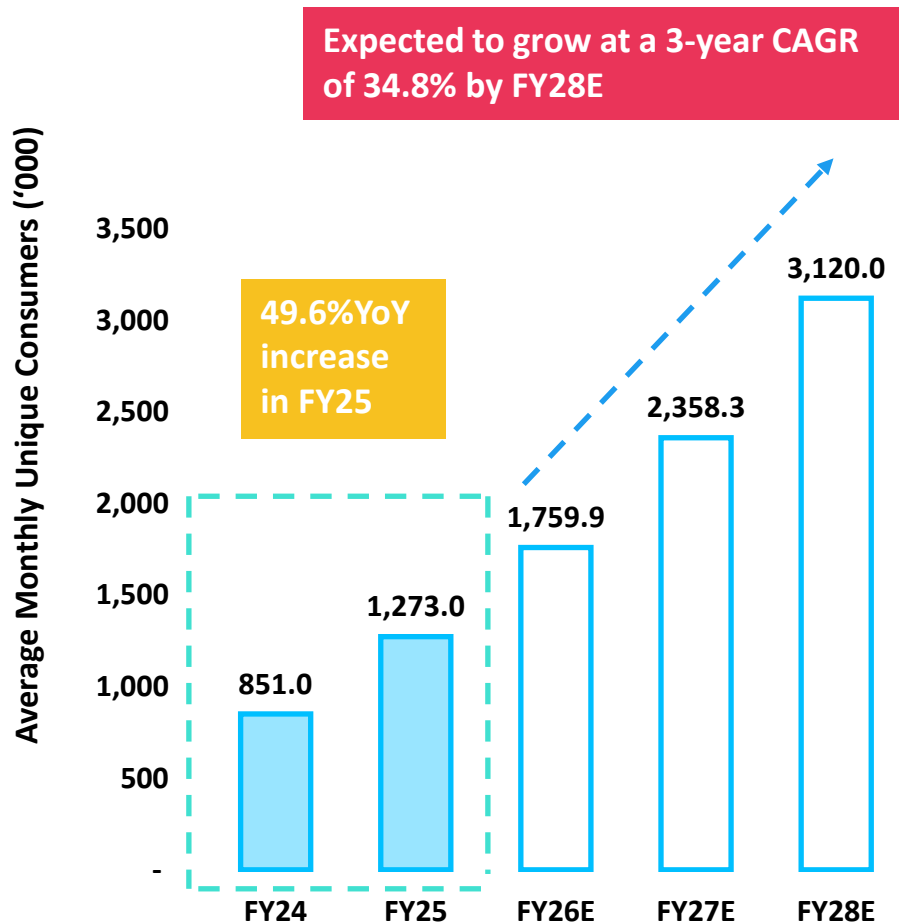


FCR believes PKME's monthly unique consumer base will rise to 3.1Mn by FY28E



FCR forecasts monthly unique consumer base to increase from 1.3Mn in FY25 to 3.1Mn by FY28E...

PKME’s monthly unique consumer base is expected to rise to 3.1Mn by FY28E, supporting the expected revenue growth to LKR 13.8Bn by FY28E. We have identified some major factors that would contribute to the growth in monthly unique consumers, such as PKME’s geographical expansion, higher digital penetration in Sri Lanka, PKME’s localization aspect and demand generation strategies. By 3QFY26, PKME’s average monthly unique consumer base stands at 1.6Mn (+46.0%YoY/+7.0%QoQ).

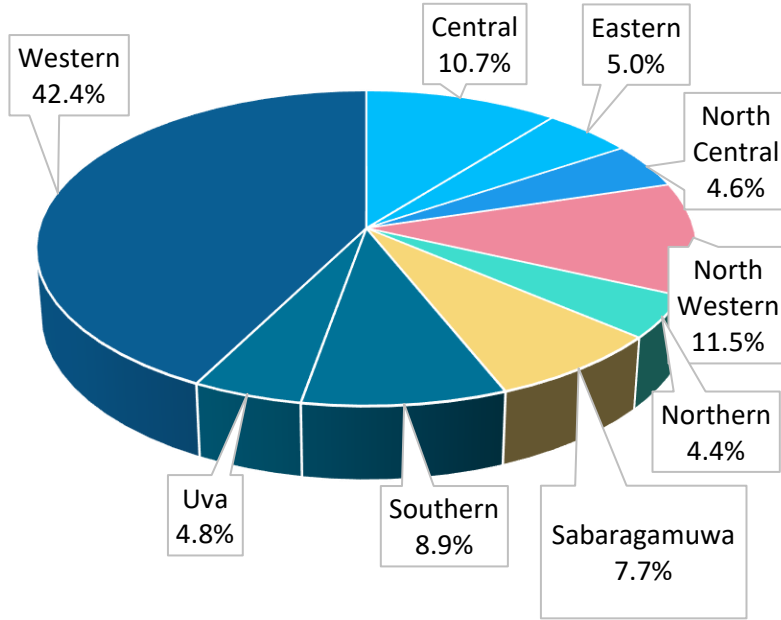


...due to the expansion of ride-hailing and delivery services to targeted growth zones outside Colombo, where demand is unmet...

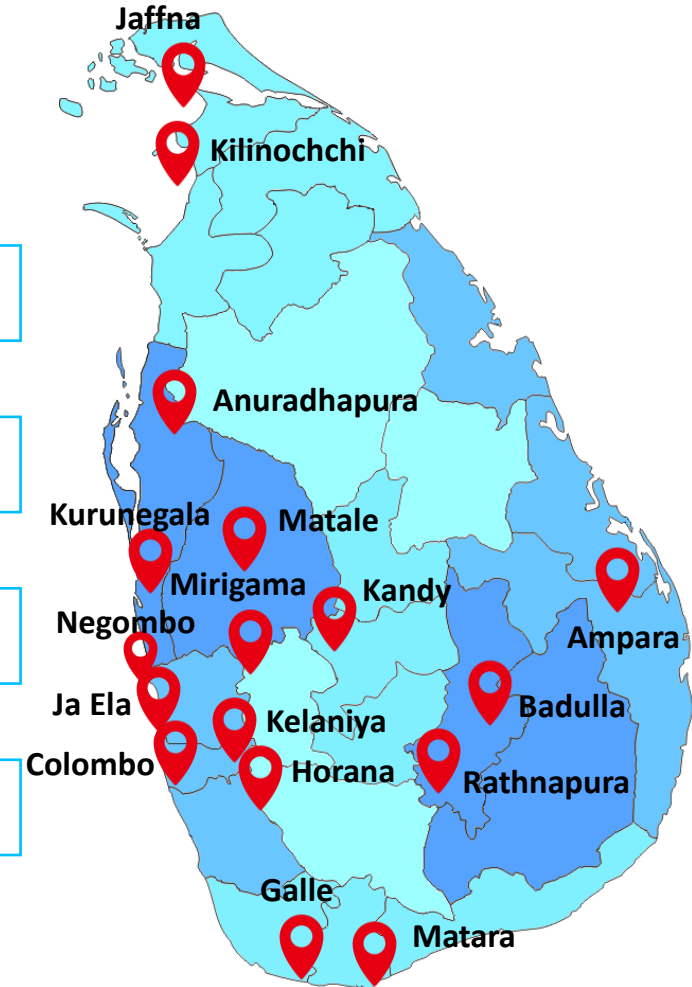
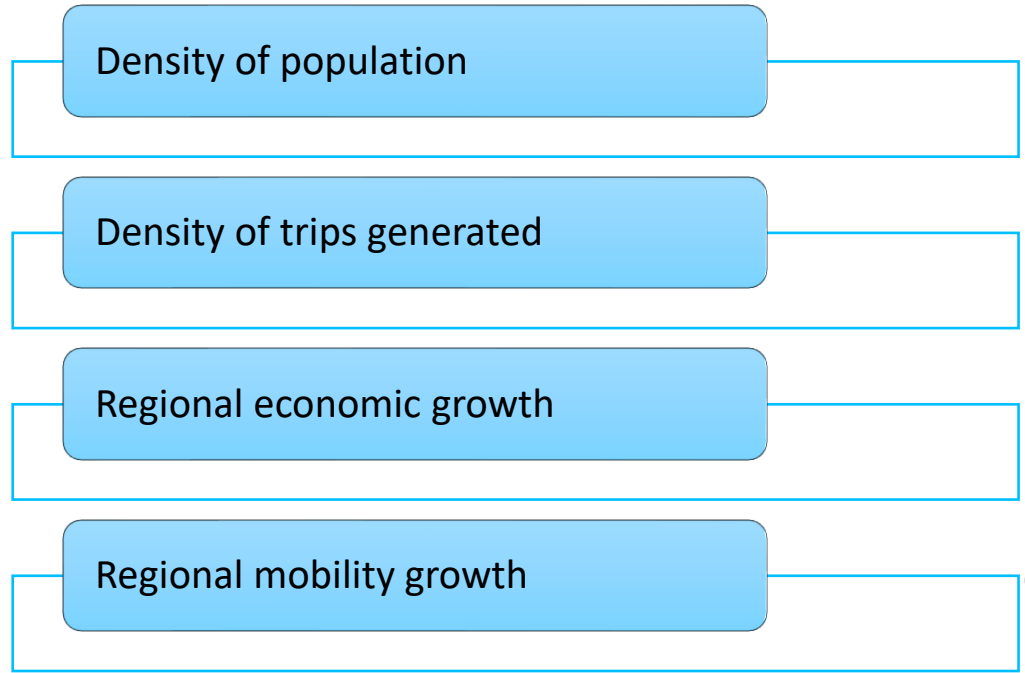


During FY25, PKME expanded to Jaffna, Rathnapura, Nuwara Eliya, Puttalam and Anuradhapura, increasing the volume contribution by suburbs to 19.0%. However, in 3QFY26, Western province accounted for 88.0% of the ride-hailing transactions. Although PKME had to face headwinds from Cyclone Ditwah, activity levels returned to pre-cyclone levels within around two weeks, lowering the adverse impact.

Provincial shares of GDP



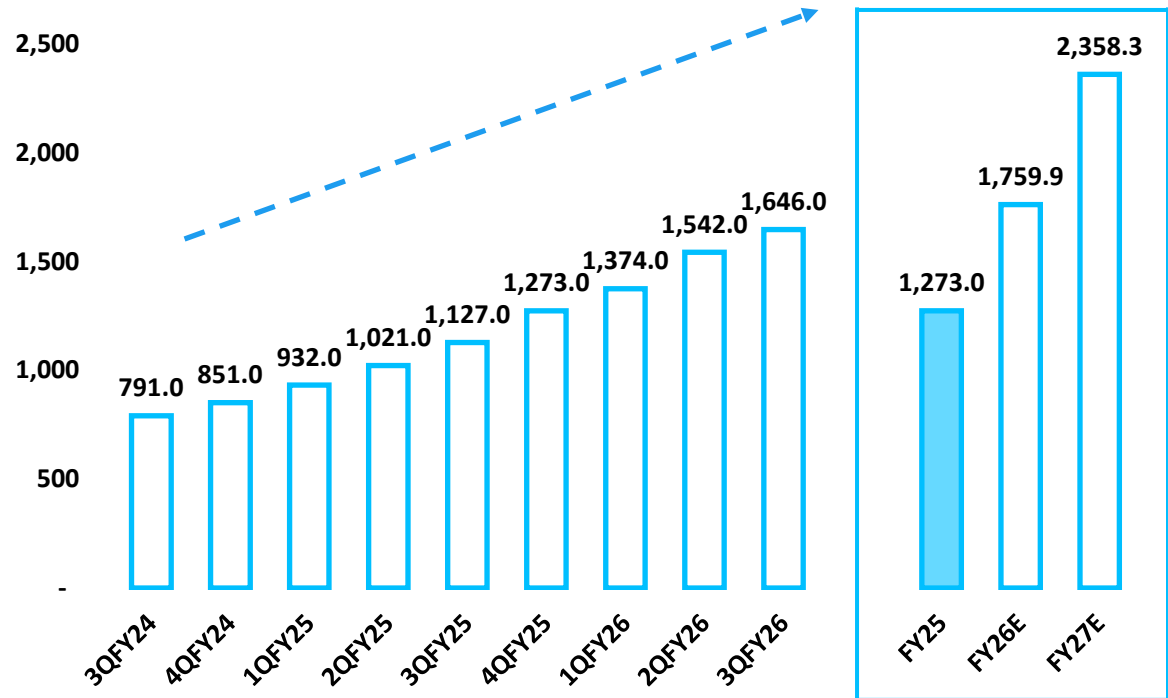
Key considerations for regional expansion



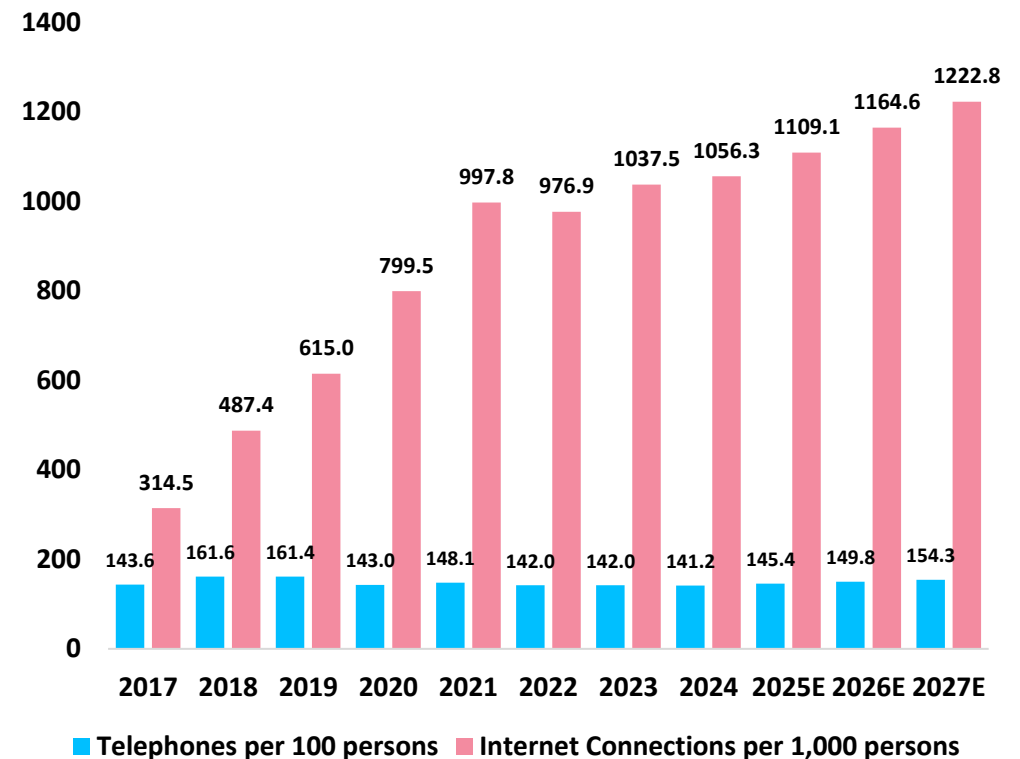
...and higher digital penetration of the country...

Sri Lanka’s digital penetration is rapidly expanding, with internet connections and telephone connections exceeding one per capita. Internet connections have grown at a 3-year CAGR of 2.0% during 2021-2024. FCR expects the internet connections will grow at a 3-year CAGR of 5.0% by 2027E. With the increased rate of adoption and use of internet nationwide, and the government initiatives on digital payment options, FCR believes PKME has potential to capture higher no. of consumers. Moreover, internet usage in urban areas is 45.0%, whereas it is 35.0% in rural areas. Hence, there is significant scope for digital penetration within the market.

PKME unique consumer base ('000)



Internet penetration/Telephone density in Sri Lanka

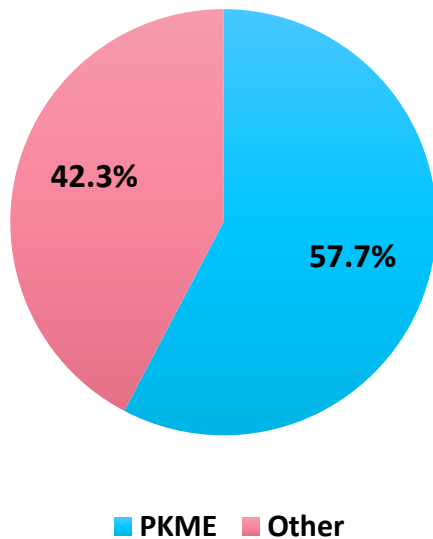


...along with the localized support and convenience which makes the platform more attractive to users....

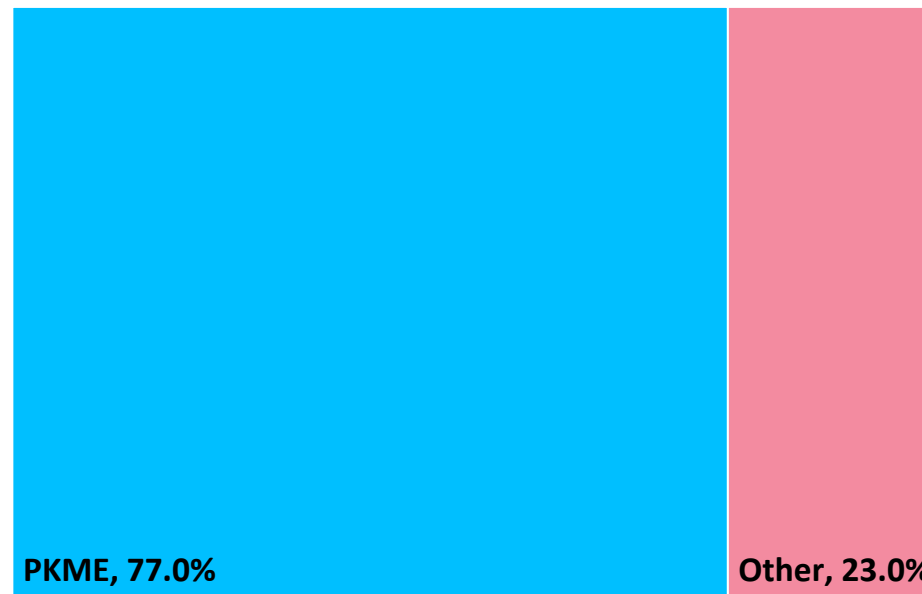


PKME's distinctive market positioning is largely attributed to the localization embedded in the services. It differentiates PKME from the competitors and generates recurring income to the platform. Moreover, consumers highly value the convenience in using the app. Since PKME has expanded into new product verticals, such as 'Events' (booking tickets for events via PKME app) and Courier Services, consumers find it as a one-stop solution for mobility needs. It is convenient for passengers and drivers to get call center support, as PKME is a homegrown Sri Lankan app. The call center actively provides technical support, as well as handles inquiries. Additionally, PKME has enabled smoother fund transferability to both passengers and drivers.

Platform with the lowest wait time



Most streamlined platform to the Sri Lankan market



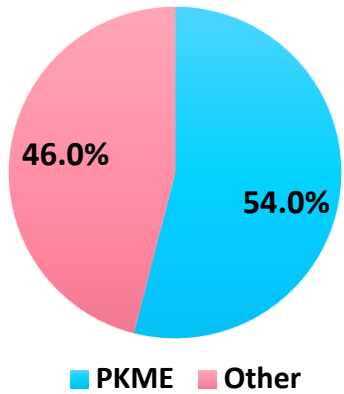
Our Go-To-Market survey indicated that customers accept PKME as the most streamlined ride-hailing platform in Sri Lankan market. Out of the respondents, 77.0% agreed with the statement.

Also, in terms of the convenience, 57.7% of the respondents stated that PKME has a lower wait time compared to others in the market. This is a core competitive advantage to capture higher market share for PKME.

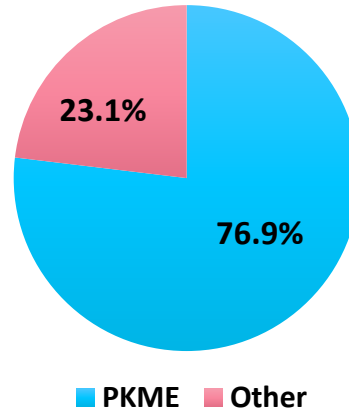
...backed by First Capital Research Go to Market Survey which implies customer preference for ride-hailing over PKME compared to other market players.

Among the respondents who participated in our survey from Western, Central, North-Western and Sabaragamuwa provinces, the most preferred ride-hailing platform was PKME. This had been caused by PKME’s reasonable pricing and cost-effective mobility solutions. 54.0% of the respondents agreed that they prefer PKME as a ride-hailing platform, compared to other players.

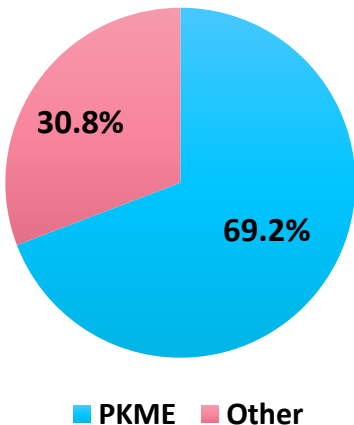
Most preferred ride-hailing platform



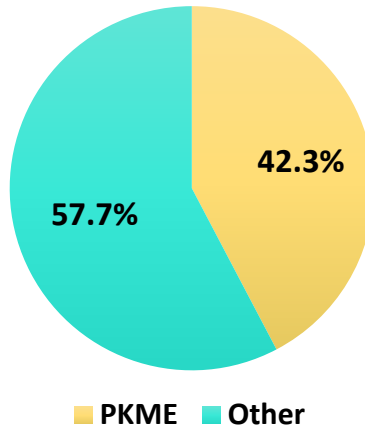
Most price-effective mode for courier



Most reasonably priced ride-hailing platform



Most price-effective mode for food delivery



According to our survey, PKME leads the ride-hailing market with cost-effectiveness and reasonable pricing structure.

- 69.2% of the respondents stated that PKME is the most reasonably priced ride-hailing platform.
- Also, 76.9% of the respondents agreed that PKME is the most price-effective mode for courier services.
- However, the food-delivery segment resulted in only 42.3% agreeing PKME Foods is cost-effective.

FCR projects growth in GBV with a 3-year CAGR of 47.1% to reach LKR 181.6Bn by FY28E



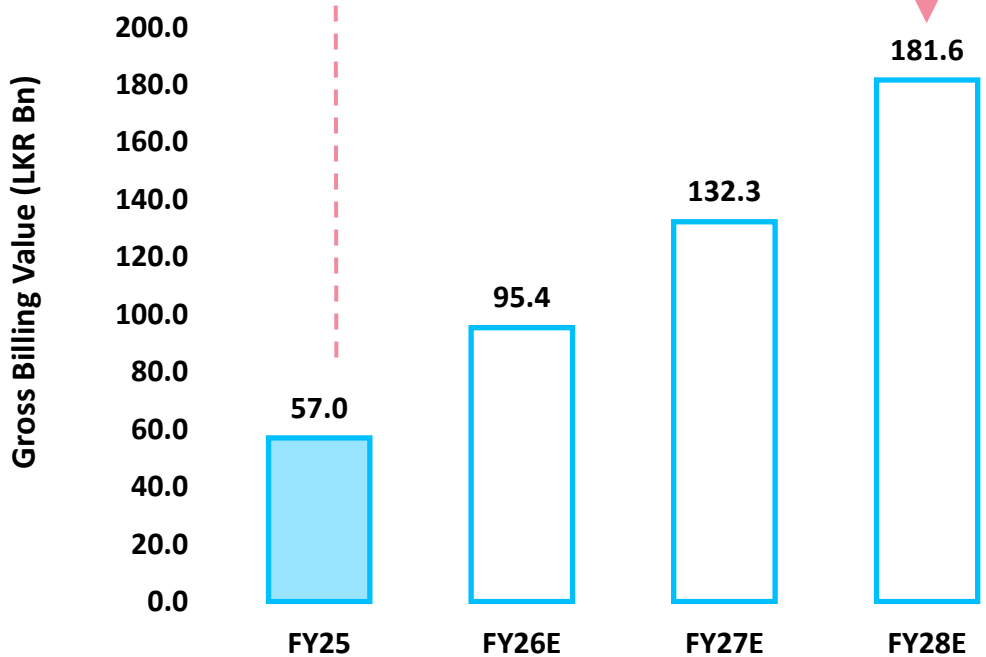
FCR expects PKME's GBV to rise to LKR 181.6Bn by FY28E with a 3-year CAGR of 47.1%.

Gross Billing Value (GBV)
Total amount paid by the consumers for PKME transactions

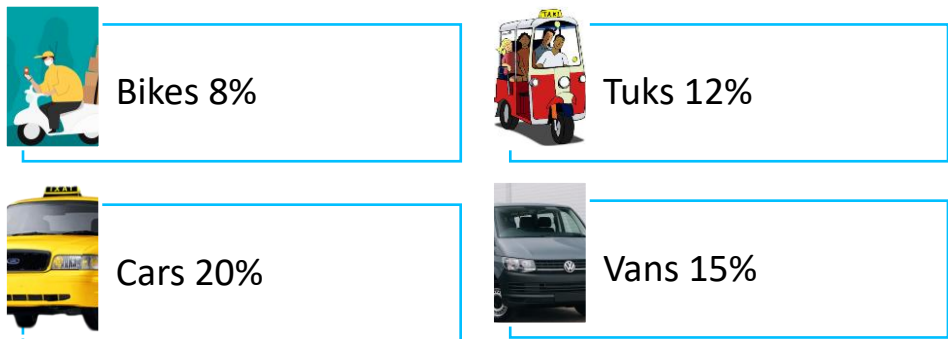
FCR expects the GBV growth to be primarily driven by higher total revenue generation through innovative product expansions, predictable demand from corporate tie-ups and subscription-based model that fuels higher transaction volume per customer.

PKME operates with a Right-to-Use payment framework. Drivers and merchant partners who operate on the PKME platform pay a portion of their transaction values to the platform as commission.

3-year CAGR of 47.1%



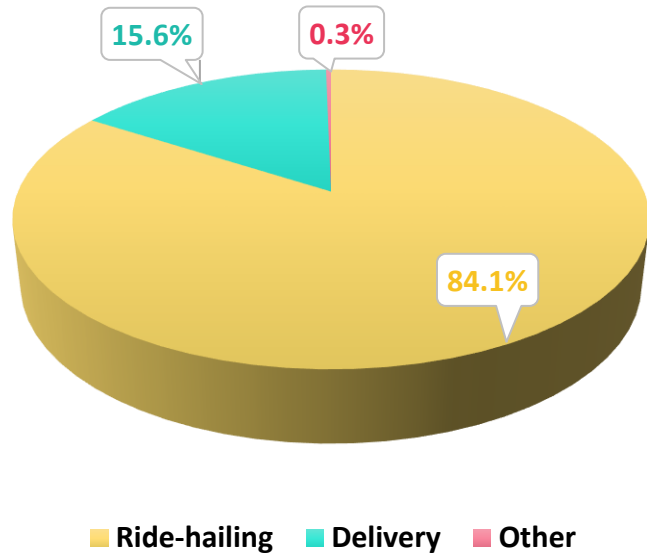
Average model commission from the driver to PKME



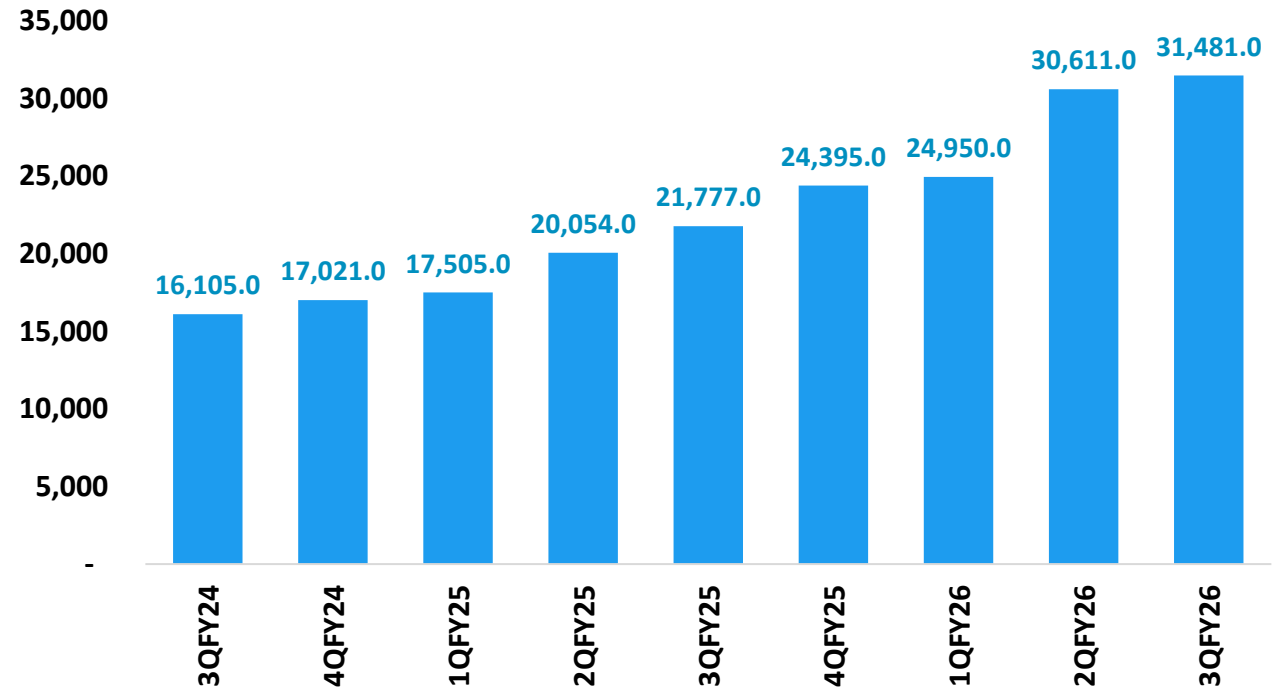
Expansion into new product verticals drives the increase in total platform movements, generating higher GBV to the platform...



Segmental Contribution to GBV in 3QFY26



QoQ total platform movements



PKME's new product verticals; courier and events contribute to increase the total platform movements and higher transaction values. In 3QFY26, courier and events verticals have contributed to 0.3% of the total GBV. However, PKME explores opportunities to create more value through events vertical.

Total platform movements have increased by 45.0%YoY/3.0%QoQ in 3QFY26. The total movements have been moderated in 3QFY26 due to the adverse impact from Ditwah. So far, PKME has hosted over 50 events on the platform. Moreover, PKME plans to scale up scheduled courier services which brings positive margins.

...while corporate travel partnerships create higher value trips to the platform...



PKME's corporate travel agreements generate predictable demand and higher trip values. The agreements operate under a Travel Management System (TMS), providing corporate mobility and logistics solutions under one roof. As a holistic ecosystem, the corporate app can be used for multiple business needs such as corporate travel, courier, food delivery for corporate events and bulk supplies from marketplace. The corporate platform provides services to 1,500+ active corporate clients, covering island-wide coverage of c.85.0%.

Why choose PKME over others?

PKME			
Vehicle Category	*Base Fare (LKR)	Base Distance	Rate per Km (LKR)
Flex	700.0	5Km	90.0
Mini car	800.0	5Km	107.0
Mini van	900.0	5Km	115.0
Sedan	1,000.0	5Km	120.0



Cheaper rates



Flash

Truck

Food Delivery

PKME provides all corporate mobility needs under one app

Kangaroo Cabs			
Vehicle Category	*Base Fare (LKR)	Base Distance	Rate per Km (LKR)
City cab - Wagon R	800.0	5Km	134.0
Car - Prius/Axio	1,200.0	6Km	156.0
Van - 9-seater KDH	2,500.0	10Km	192.0





Higher rates

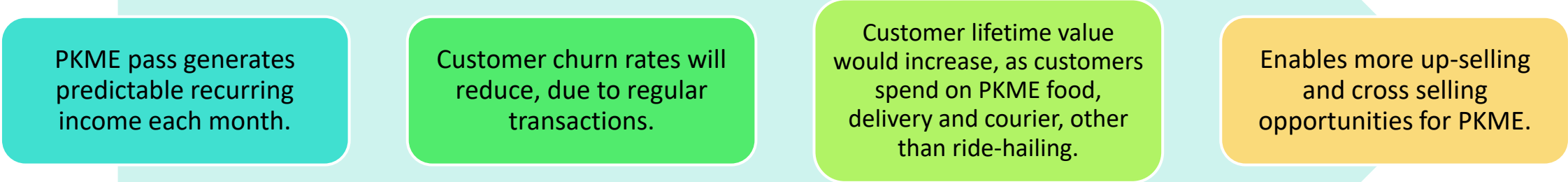
* All rates are approximate figures, whereas can be customized to the corporates.

...and monthly subscriptions through PKME Pass give rise to higher transaction volumes and GBV...



	PKME Pass v Uber One	
PKME Pass		Uber One
Membership fee is LKR 549.0/- per month.		Membership fee is LKR 599.0/- per month.
Up to 10.0% off on rides, flash & truck.		Up to 5.0% credit on all products and eligible Uber trips.
Delivery fee is waived when ordering from restaurants and groceries.		Delivery fee is waived on eligible restaurant orders above LKR 900.0/-

As PKME users can obtain PKME Pass at a lower monthly subscription compared to Uber One, they might tend to use PKME app for other mobility needs as well. Since the customers are given discounts such as waived delivery fee, periodic offers on PKME food and other bank promotions, the number of transactions generated by a single customer on PKME platform would increase. This helps the growth in PKME's Gross Billing Value.



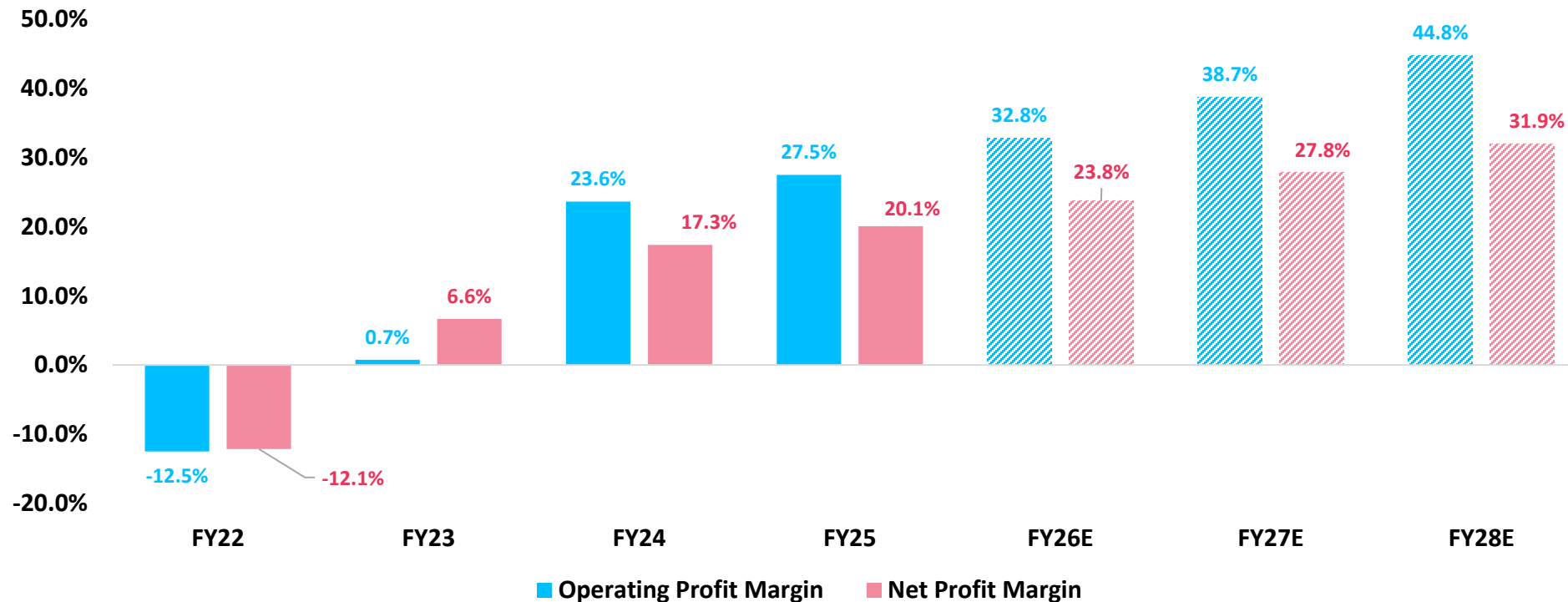
FCR expects PKME's EBIT margins to expand by 173bps by FY28E and operating leverage will continue to be >100.0%, enabled by its business model



PKME’s cost efficient business model enables capacity boosting at reduced cost...

PKME platform operates on SaaS (Software as a Service) model, which enhances the efficiency and scalability. SaaS model enables PKME to improve capacity, at larger economies of scale. The business ensures that cost per ride borne by PKME is lower, when the capacity is upgraded. Thereby, revenue per ride will be higher than the cost. This will support the margin expansion of PKME and maintain higher operating leverage. Moreover, value-added products such as PKME Food, Courier Services and Events will further strengthen profit margins. FCR projects PKME’s operating profit margins to expand by 173.0bps to reach 44.8% by FY28E, and operating leverage to remain >100.0% throughout the forecasted period (FY26E-FY28E). Moreover, FCR expects PKME’s net margin to grow by 118.6bps to reach 31.9% by FY28E.

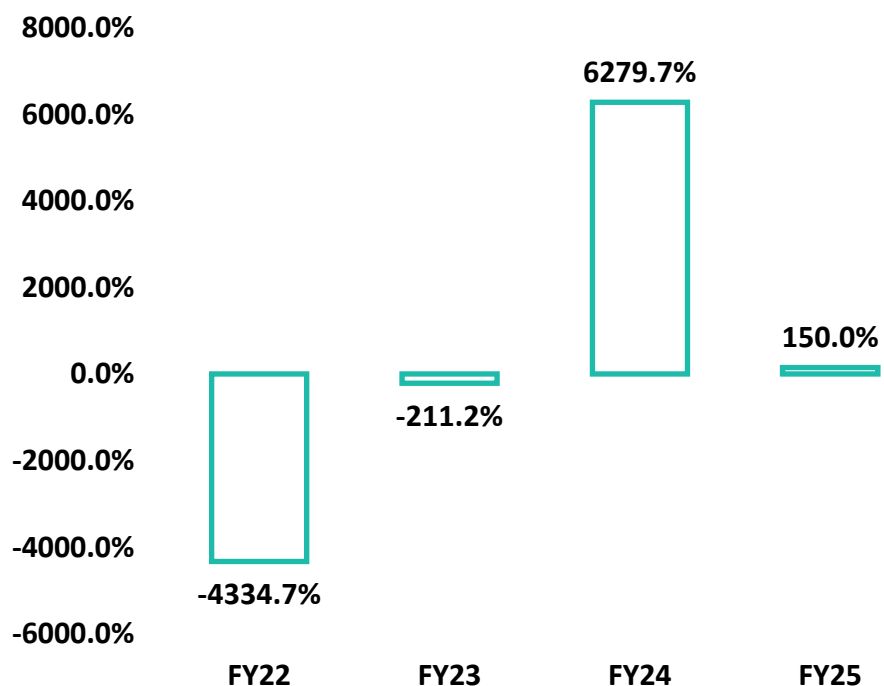
Operating Profit Margin and Net Profit Margin



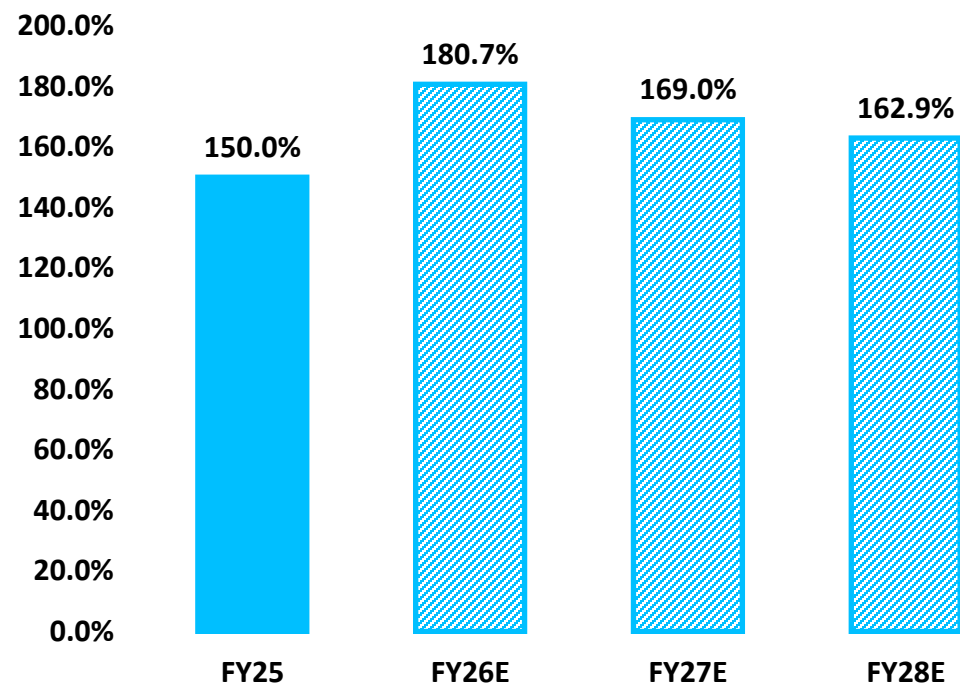
... along with higher operating leverage

As FCR expects the operating costs of PKME to grow at a lower rate compared to the topline growth, the company will sustain higher operating leverage levels >100.0%. Throughout the past quarters, higher volumes supported PKME to continue elevated operating leverage levels. However, due to the macroeconomic changes resulting from geopolitical tensions, the volumes are expected to grow at a lower rate, although the amount of average spend per person will increase, as fuel prices rise. Concurrently, operating costs will increase, yet FCR expects the increase in costs will not hinder the growth in operating margins YoY and continue to register >100.0% operating leverage.

Operating leverage during the historical period has gradually improved from negative to positive territory.



In forecasted periods, operating leverage will continue to remain >100.0%





PATH TO BECOMING A SUPER APP



Grab Holdings: An established example within the region

Grab Holdings, which started as a ride-hailing app in Malaysia has now evolved into a SUPER APP, catering to many day-to-day activities of residents across South-East Asia (SEA). Grab is a regional benchmark for success.



Grab Holdings' Core Competencies



Streamlined to SEA region: Grab has identified the unique needs of SEA region, where it provides tailored solutions such as GrabBike for congested cities and GrabGerak for special needs passengers.



Super App Ecosystem: The platform integrates ride-hailing, food delivery, courier and financial services.



Strategic Partnerships: To strengthen the market position, Grab has executed partnerships with regional governments and Microsoft for technology upskilling.



Leveraging on Fintech & Digital Payments: GrabPay and GrabFinance enabled the company to tap into the unbanked and underbanked population as well, with mobile wallets, insurance and lending to drivers and passengers.

Origin

- Started in 2012, as a taxi-hailing service in Malaysia.
- Expanded the operations across South-East Asia and acquired Uber Technologies' regional operations.

Transformation



- In 2019, Grab evolved into a super app, including services such as food delivery, digital payments and financial services under one platform.
- The app expanded into over 500 cities in more than 8 countries.

Developments

- In Dec-2025, Grab acquired Infermove; a Chinese tech company, with the aim of expanding into Artificial Intelligence-enabled robotics for food delivery.

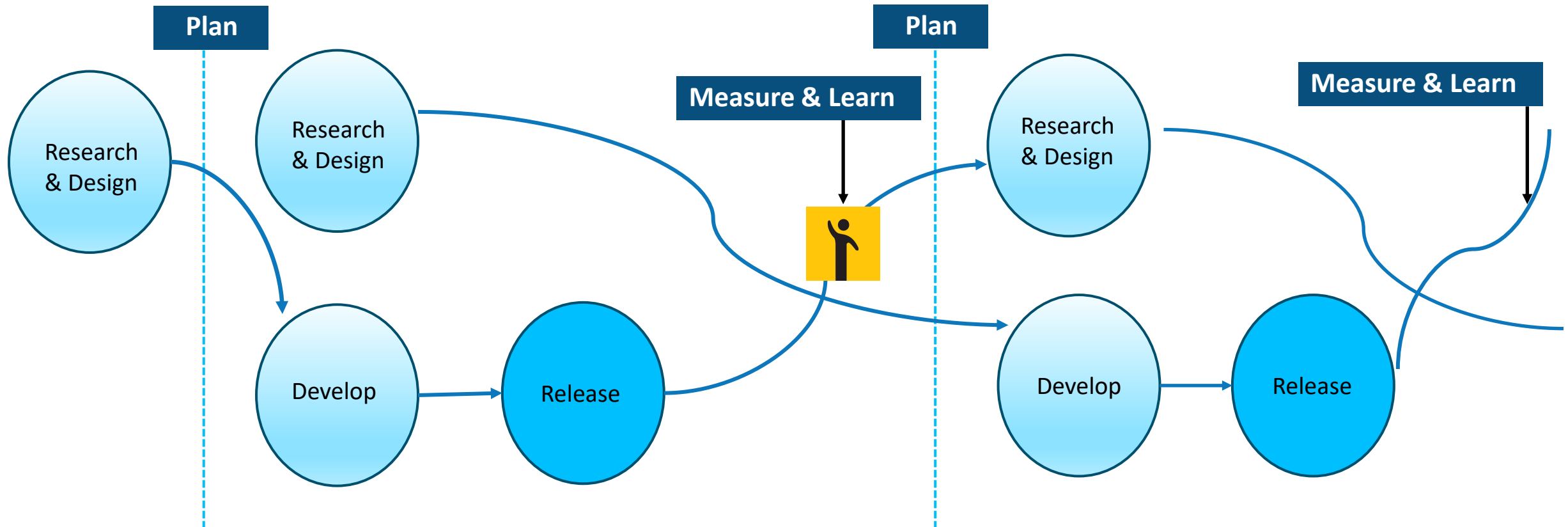
PKME’s potential to evolve from a simple ride to a super app

PKME’s tech-centric business model enables it to unlock seamless opportunities, creating various cross-selling opportunities. Similar to Grab, PKME can develop their app into a Super App.

Grab	Grab vs PKME	Opportunities for PKME
 <p>Began as a ride-hailing service in Malaysia and expanded across South-East Asia.</p>	 <p>Began as a convenient ride-hailing service in Sri Lanka’s urban cities and expanded into suburbs.</p>	<p>Expansion into more rural areas in Sri Lanka and across the Asian region.</p>
<p>Evolved into a super app, incorporating food delivery, digital payments and financial services.</p>	<p>Expansion into PKME food, courier services and event ticket booking.</p>	<p>Collaboration with the public transportation in Sri Lanka and digital payment systems.</p>
<p>Adoption of AI to enhance first and last-mile delivery automation.</p>	<p>Adoption of AI for real-time tracking and suggesting rides on the PKME app.</p>	<p>Use of AI to streamline the app for more day-to-day needs.</p>
<p>Grab partnered with China’s GAC International to deploy up to 20,000 electric vehicles across 6 South-East Asian markets over the next 2 years.</p>	<p>PKME entered into a strategic collaboration with LOLC Holdings PLC to accelerate the adoption of electric vehicles. LOLC will provide Browns EV vehicles to PKME’s independent third-party drivers, under a direct rent-to-own facility.</p>	<p>Execution of cleaner mobility and expansion of the driver base.</p>

Product Lifecycle

PKME is a digital mobility app, which keeps evolving with additions of new services. It serves Sri Lankans as a domestic mobility solutions platform, with opportunities to enter into new product and geographical markets. A digital product will not die, instead it will evolve over time. The key to develop the digital product is to identify users' expectations and needs. PKME delivers its value by developing the app with latest technology adoptions and variety of services.



As PKME is exploring opportunities, the business verticals are also expanding. The platform is designed to add value to both customers and drivers.

Recent Quarterly Performance and Financial Analysis



First Capital
Investment Group Company



Recent quarterly performance

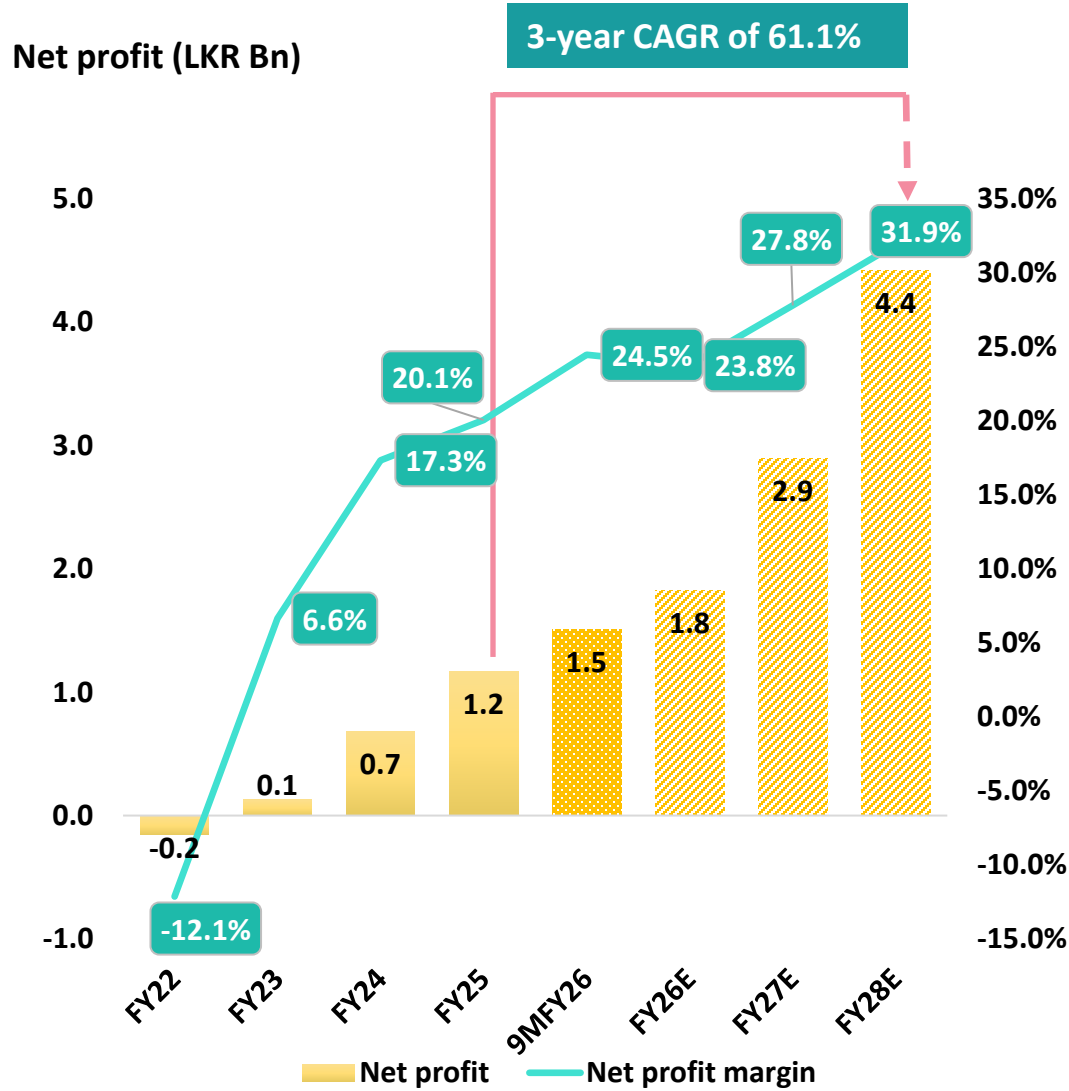
(LKR Mn)	3QFY26	3QFY25	YoY	9MFY26	9MFY25	YoY
Earnings						
Revenue	2,257	1,524	48.1%	6,155	4,108	49.8%
EBIT	763	446	71.0%	2,069	1,069	93.5%
PBT	796	417	90.7%	2,156	1,126	91.5%
Net profit	555	293	89.8%	1,506	795	89.4%
Balance Sheet						
Shareholders' Equity	3,092	2,212	39.8%	3,092	2,212	39.8%
Borrowings	-	-	N/A	-	-	N/A
Lease Liabilities	388	335	15.9%	388	335	15.9%
NAVPS	9.3	6.6		9.3	6.6	

Increased user engagement and expanding supply base supported PKME to keep up the growth momentum:

PKME reported earnings of LKR 555.2Mn in 3QFY26, an increase of 89.8%YoY (+8.0%QoQ) compared to earnings of LKR 292.5Mn in 3QFY25, while revenue reached LKR 2.3Bn (48.1%YoY/7.4%QoQ)). For 9MFY26, the earnings surged by 89.4%YoY to LKR 1.5Bn. This had been driven by increased revenues of 49.8%YoY to LKR 6.2Bn and operating profit growth by 93.5%YoY to LKR 2.1Bn. The revenue for 9MFY26 reflects an upside of 7.4% compared to our forecasts of LKR 5.7Bn.

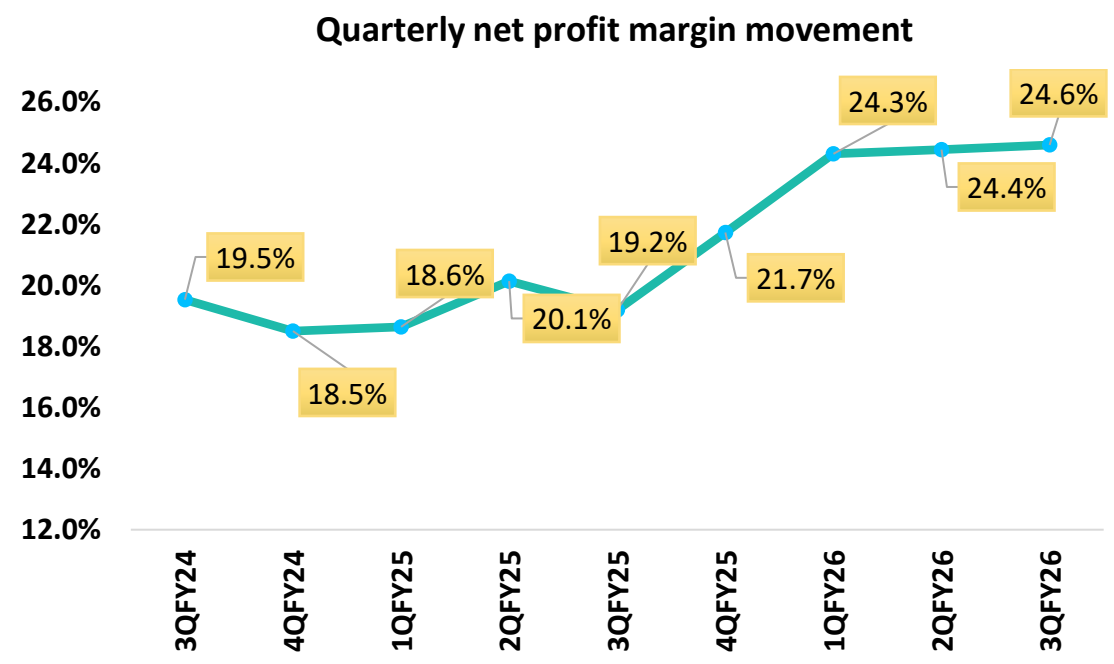
Expansion in EBIT margin (+452.0bpsYoY) and Net Profit Margin (+540.0bpsYoY) was largely supported by the increase in topline, due to higher transaction volumes on the platform. Although the recent cyclone Ditwah hit the activity levels of PKME, the platform recovered quickly in two weeks, ensuring higher potential.

FCR expects PKME's bottom-line to increase at a 3-year CAGR of 61.1%, underpinned by the expected growth in revenue and business model positivity.



Why PKME's bottom-line is expected to increase?

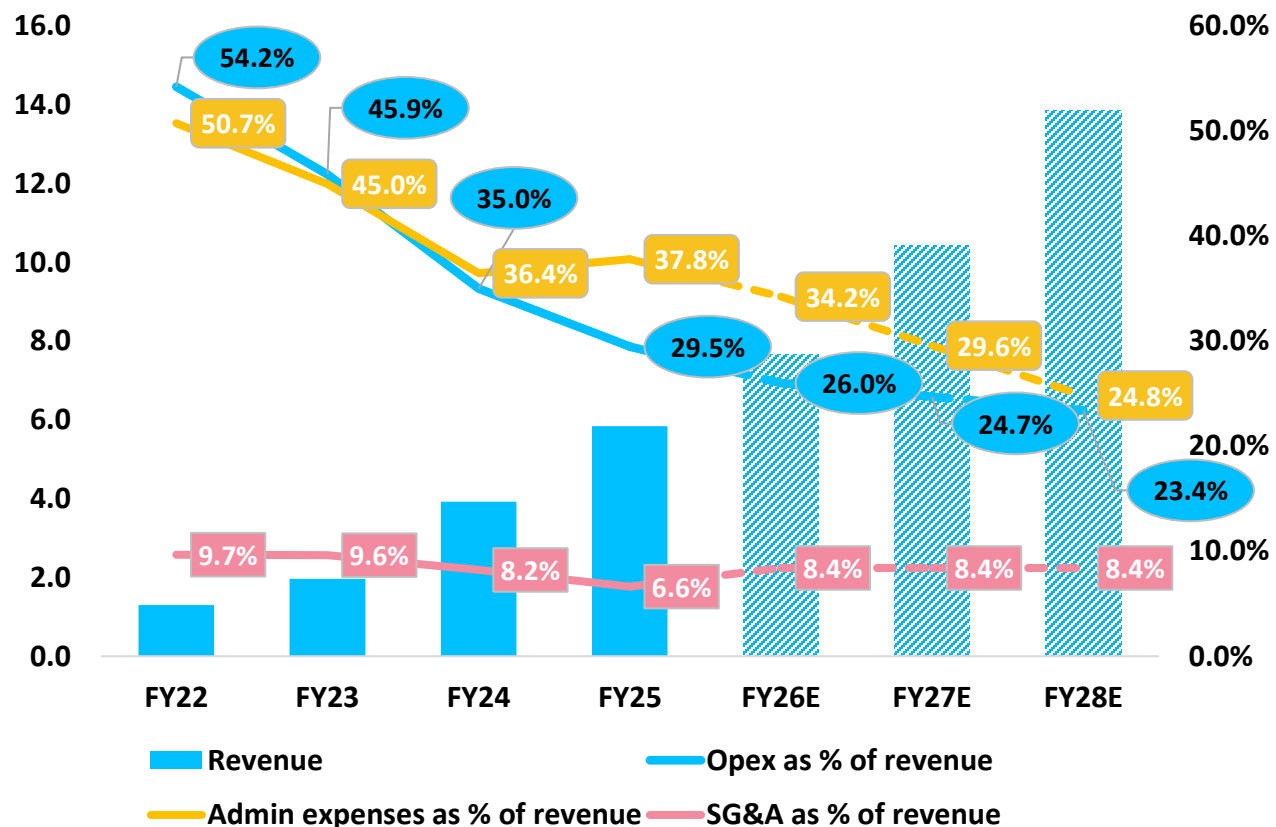
- Expected growth in revenue due to higher prices
- Operations on SaaS model results in lower variable costs compared to fixed costs
- Lower incremental costs compared to incremental revenue



Supported by PKME’s business model, FCR projects that the cost efficiency will be maintained.

- ❖ PKME’s business model benefits the company with higher levels of economies of scale. Majority of the total costs are attributed to the fixed cost component, where it accounted for 60.0% in 3QFY26. However, the company incurs variable costs such as incentives, proportionate to the revenue. In 3QFY26, the incentives accounted for around 5.0% of their total revenue, whereas the split between drivers and passengers was approximately 3.5% vs 1.5%.

Revenue (LKR Bn)



Favorable cost structure

FCR forecasts that PKME’s opex and admin expenses as % of revenue would gradually reduce during the forecast period FY26E-FY28E, primarily due to the lower variable costs, attributing to a step-up fixed cost structure.

Cost efficiency

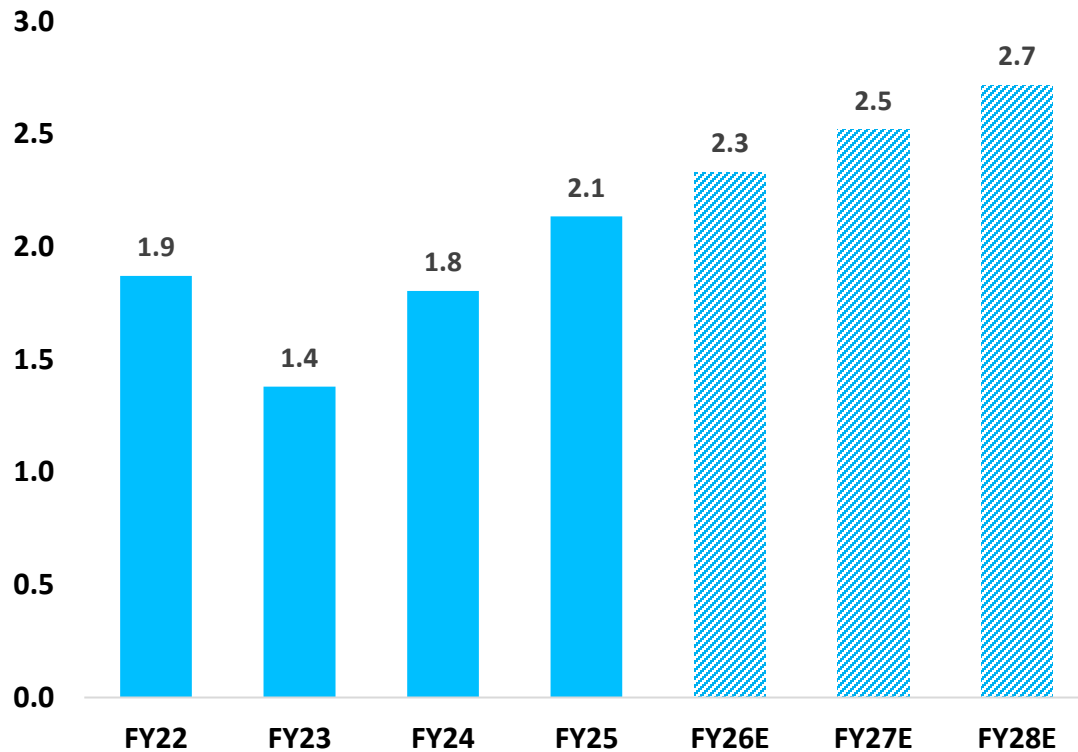
With lower overhead cost, we expect that PKME will maintain cost efficiency over the forecast period.

PKME to sustain healthy liquidity levels, through the expected improvement in quick ratio.

FCR believes PKME will continue to register quick ratio (Current Assets/Current Liabilities) >2.0x, primarily supported by the sound cash position and the asset base. Moreover, PKME has not made significant external borrowings up to 3QFY26. Hence, we expect PKME to maintain healthy liquidity levels throughout the forecasted period from FY26E to FY28E.

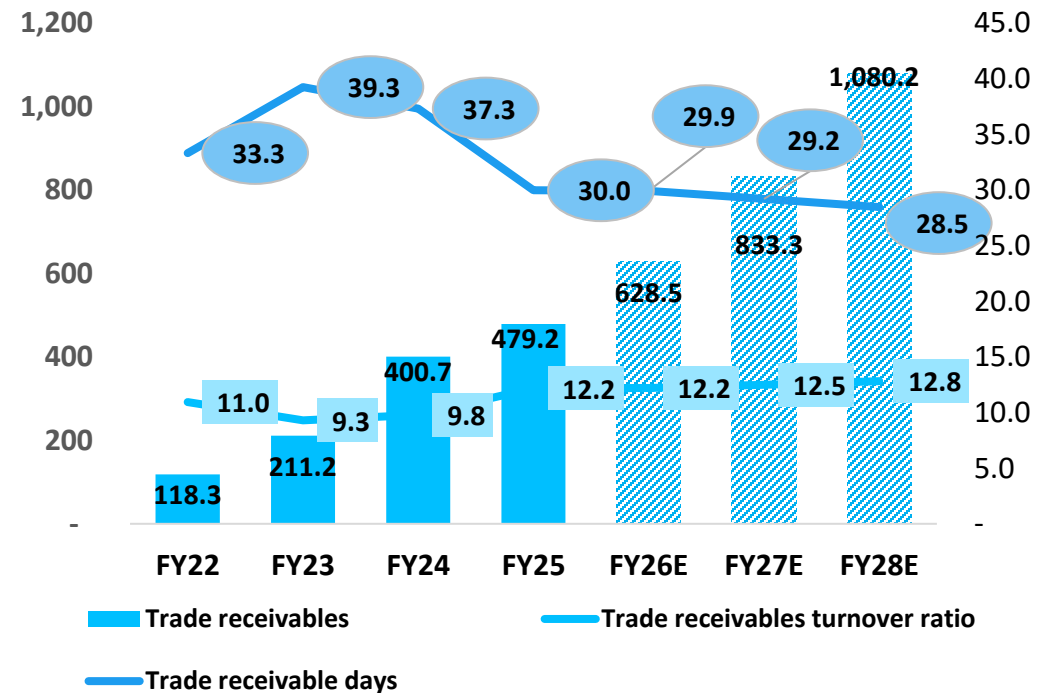
We expect trade receivables balance to increase during the forecast FY26E-FY28E period, with the rise in transaction volumes. Also, the gradual increase in trade receivables turnover ratio is expected to continue its momentum, while trade receivable days slow down, signaling positive working capital levels. However, macroeconomic conditions such as geopolitical changes could heavily impact PKME's working capital levels.

Quick ratio (x)



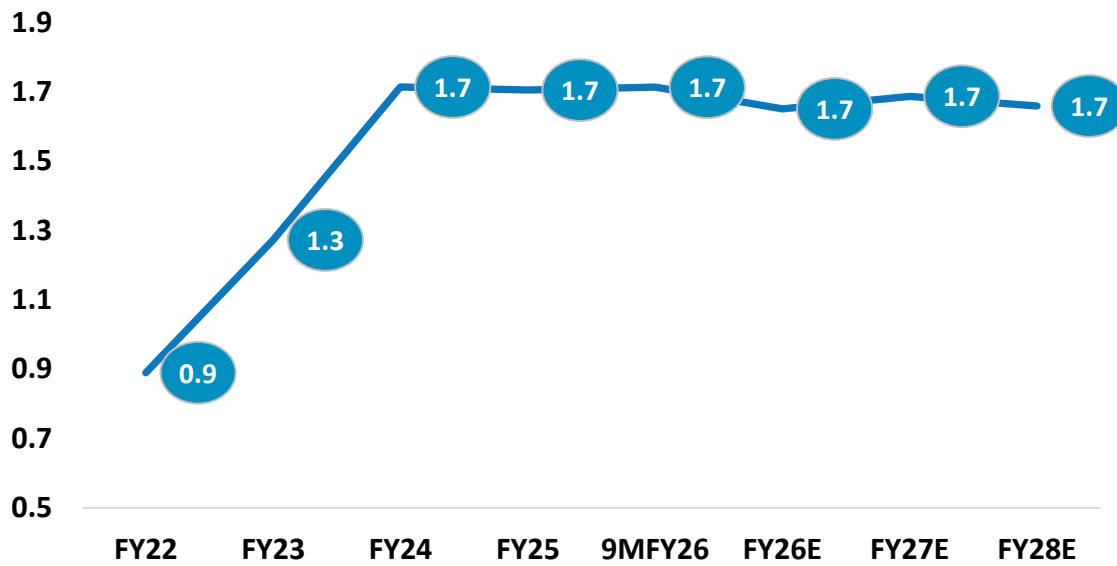
LKR Mn

Days

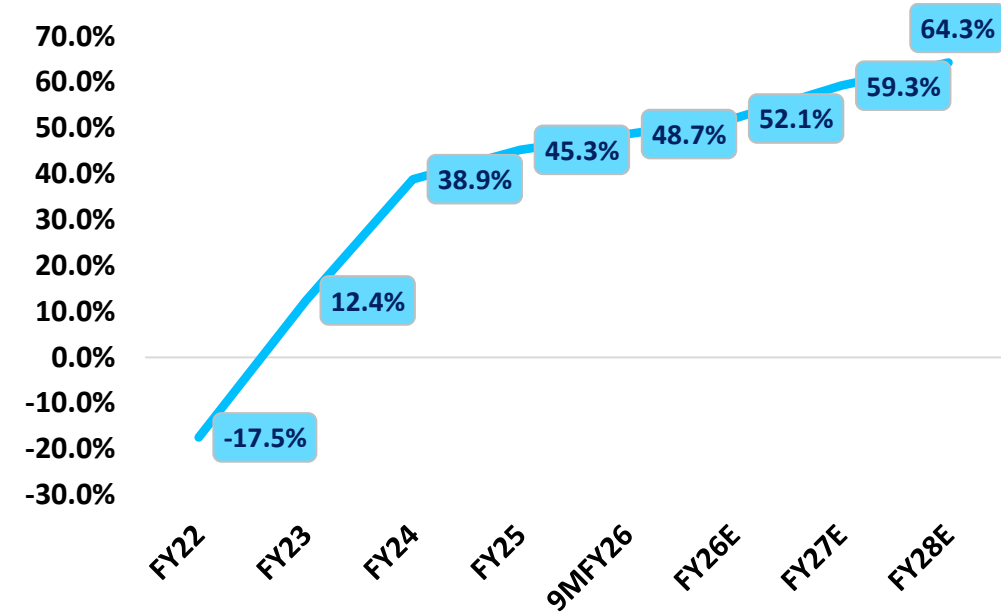


We expect PKME to sustain shareholder value creation through generating higher returns.

Asset turnover ratio



Return on equity



- ❖ PKME had been able to generate asset turnover ratio of >1.0x throughout the previous financial years. We believe that the company can sustain this level at 1.7x, over the forecasted FY26E-FY28E period, due to the company's timely investment decisions. PKME has identified that delivery vertical can be improved through expansions. Also, the events category has a significant vacant space, where the company has identified that there is an upside in the event vertical. Relevant investments in IT infrastructure will support PKME to maintain the asset turnover ratio.
- ❖ Additionally, the company's return on equity (ROE) saw an increasing trend, where it has registered an ROE of 48.7% by 9MFY26. We expect the company will be able to gradually increase the ROE during FY26E-FY28E.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE



FCR equally weighted total ESG score gives 89.0% points to PKME's ESG performance

Environmental; FCR provides a score of 78.0% for PKME's environmental initiatives

Key environmental highlights

Product carbon footprint: By promoting ride-pooling and optimizing dispatch algorithms to reduce CO₂ emissions per transaction, PKME supports Sri Lanka's low-carbon mobility agenda.

Waste reduction: E-waste reduction efforts include reducing electronic waste through responsible device lifecycle management and improved recycling practices across the tech operations. Transition to digital receipts, app-based onboarding of drivers and passengers, paperless user interactions have helped PKME to reduce waste.

Opportunities in renewable energy: PKME has taken strategic initiatives such as promotion of Electric Vehicles, assessing the viability of Electric Vehicles on PKME platform and partnerships. PKME partnered up with LOLC Holdings PLC to promote Browns Electric Vehicles to independent third-party drivers under a direct rent-to-own facility.



FCR equally weighted total ESG score gives 89.0% points to PKME's ESG performance Contd...

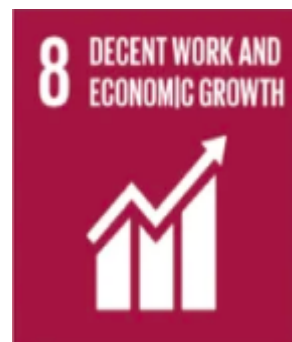
Social; FCR provides a score of 89.0% for PKME's social initiatives

Key social highlights

Human capital development: The independent third-party drivers are provided enhanced digital literacy training. This covers platform functionality, customer interaction protocols and safety features. The employees are provided an in-depth training on best practices for identifying cyber threats. PKME has invested over LKR 28.4Mn in training and development.

Product liability: PKME is actively working to align its practices with the requirements of Sri Lanka's Personal Data Protection Act (PDPA), in order to strengthen the data protection framework and ensure full compliance. The IT Steering Committee reviews data protection and cybersecurity policies. In delivery vertical, enhancements to the delivery order pooling algorithm enabled more efficient batching of orders by independent third-party delivery personnel, helping to reduce per-order delivery friction while maintaining a high-quality user experience. The enhanced dispatch algorithms led to an 11% reduction in consumer wait time.

Community relations: PKME facilitates financial literacy and gender empowerment sessions based on community feedback. Also, the financial inclusion through facilitating micro loans and digital wallets. PKME responds to evolving urban lifestyles and ensures reliable, affordable transport, while empowering digitally connected citizens.



FCR equally weighted total ESG score gives 89.0% points to PKME's ESG performance Contd...

Governance; FCR provides a score of 100.0% for PKME's corporate governance

PKME complies with all the corporate governance guidelines provided by CA Sri Lanka Code of Best Practices, CSE Listing Rules and CFA Institute Corporate Governance Best Practices.

Chairman and CEO: The Chairman and CEO positions are held by two separate individuals. Mr Ajit Damon Gunewardene is the Chairman of PKME and is a Non-Independent and Non-Executive Director. Mr Jiffry Zulfer Hassen holds the CEO position and is an Executive Director.

Board composition:

- The board comprises of 9 Directors
- Out of the 9 Directors, 2 are Executive Directors while the other 7 are Non-Executive Directors
- 4 of the Non-Executive Directors are Independent



1 female
director



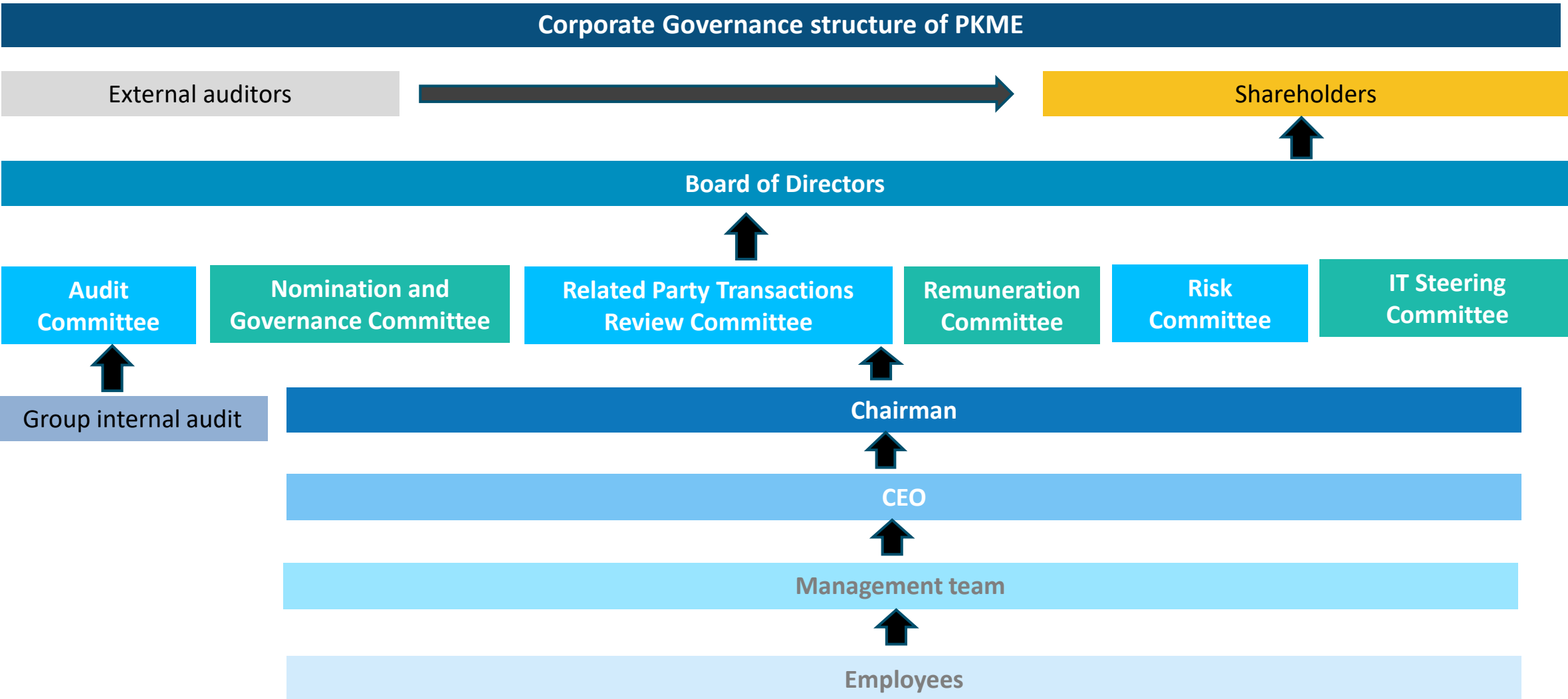
8 male
directors

Appraisal of board performance: The board conducts performance evaluations of the board, its committees, and the CEO, and reviews the internal control systems and compliance frameworks to ensure their adequacy and effectiveness.

Appraisal of CEO: The board conducts performance evaluations of the CEO annually and ensures his adequacy and effectiveness.

Public shareholding: PKME's public shareholding accounts for 24.15%, well above the minimum threshold of 7.5% as per CSE regulations.

FCR equally weighted total ESG score gives 89.0% points to PKME's ESG performance Contd...





VALUATIONS



Estimate revision

(LKR Mn)	FY26E-O	FY26E-R	% Change	FY27E-O	FY27E-R	% Change
Earnings Estimate						
Net Revenue	7,642	7,665	+3.0	10,506	10,416	(0.1)
Adjusted EBIT	2,986	2,512	(15.9)	4,738	4,035	(14.8)
PBT	3,076	2,602	(15.4)	4,839	4,136	(14.5)
Adjusted Net profit	2,153	1,821	(15.4)	3,387	2,895	(14.5)
Adjusted EPS (LKR)	6.5	5.5	(15.4)	10.2	8.7	(14.7)
Balance Sheet						
Shareholders' Equity	3,662	3,497	(4.5)	5,288	4,886	(7.6)
Lease Liabilities	351	351	0.0	386	386	0.0
NAVPS (LKR)	11.0	10.5	(4.5)	15.9	14.7	(7.5)
Ratio Estimate						
PER (x)	22.6	26.7		14.3	16.8	
PBV (x)	13.3	13.9		9.2	9.9	
DY (%)	2.3	2.1		3.8	3.5	

- ❖ FCR has revised upward the PKME's topline estimates for FY26E by +3.0%, as the company slightly overperformed our target. However, considering the potential impact of escalating Middle East conflicts on PKME's topline growth, we have made a slight downward revision to its FY27E topline.
- ❖ Moreover, FCR expects that PKME's operating profit and bottom line would be lower in FY27E, due to the anticipated low transaction volumes resulting from the impact of higher oil prices. Thereby, we expect the net profit would be lower by 14.5% compared to our previous estimation levels of LKR 3.4Bn.

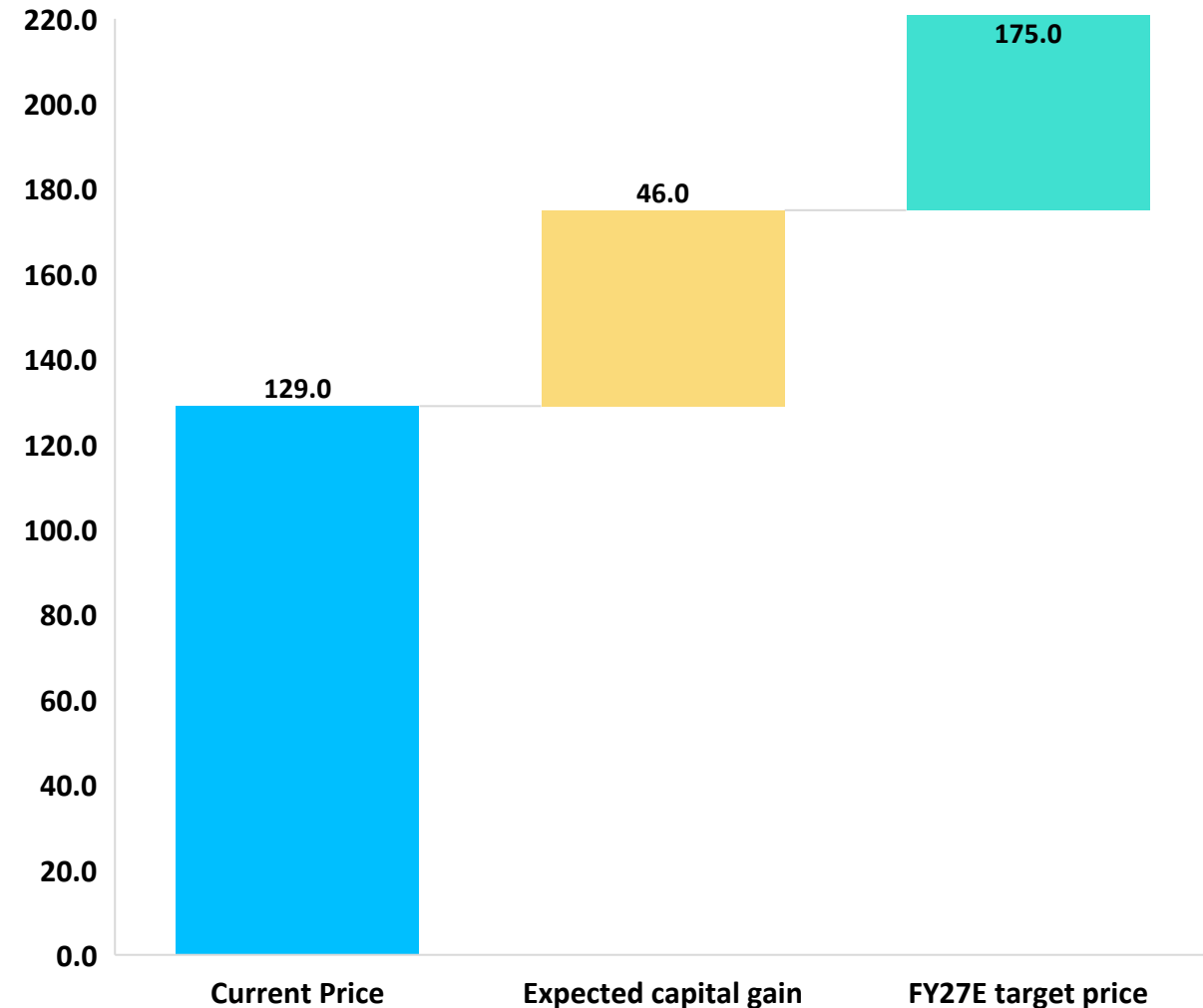
FCR recommends a MAINTAIN BUY for PKME, with a fair value target of LKR 175.0 for FY27E, derived from an equally weighted DCF and EV/EBITDA-based valuation methodologies



Valuation Summary

Expected PKME price	FY27E	FY28E
EV/EBITDA Valuation based target price	188.0	207.7
DCF Valuation based target price	163.1	182.0
Average Target Price	175.5	194.9
Price after Rounding-off	175.0	200.0

Return	FY27E	FY28E
Target Price	175.0	200.0
Current Price	129.0	129.0
Capital Gain (LKR)	46.0	71.0
Dividends up to 31st March	4.5	7.3
Capital Gain %	35.7%	55.0%
Dividend Yield %	3.5%	5.7%
Total Return %	39.2%	60.7%
Annualized Return %	25.4%	18.4%



DCF Valuation: WACC Assumptions

FCR forecasts PKME's DCF based fair value target to be LKR 163.0 for FY27E. WACC is calculated under the assumptions that terminal growth rate would be 3.0% and Debt/Equity composition would be 10/90.

DCF based valuation

DCF based valuation	FY27E	FY28E
Enterprise Value	51,959.9	56,862.4
(-) Debt	-385.9	-424.5
(+) Cash	2,802.6	4,213.8
Total Value of Equity	54,376.6	60,651.8
No. of Shares (Mn)	333.3	333.3
Target Price	163.0	182.0

WACC Assumptions

WACC	FY27E	FY28E	Cost of equity	FY27E	FY28E
Cost of equity (Ke)	14.6%	14.6%	Risk free rate (Rf)	9.0%	9.0%
After tax cost of debt (Kd)	9.1%	9.1%	Expected market return (Rm)	17.0%	17.0%
D/E Assumption	10/90	10/90	Growth %	3.0%	3.0%
Terminal growth %	3.0%	3.0%	Unlevered Beta (β)	0.70	0.70
WACC	14.1%	14.1%	Ke = Rf + β (Rm-Rf)	14.6%	14.6%

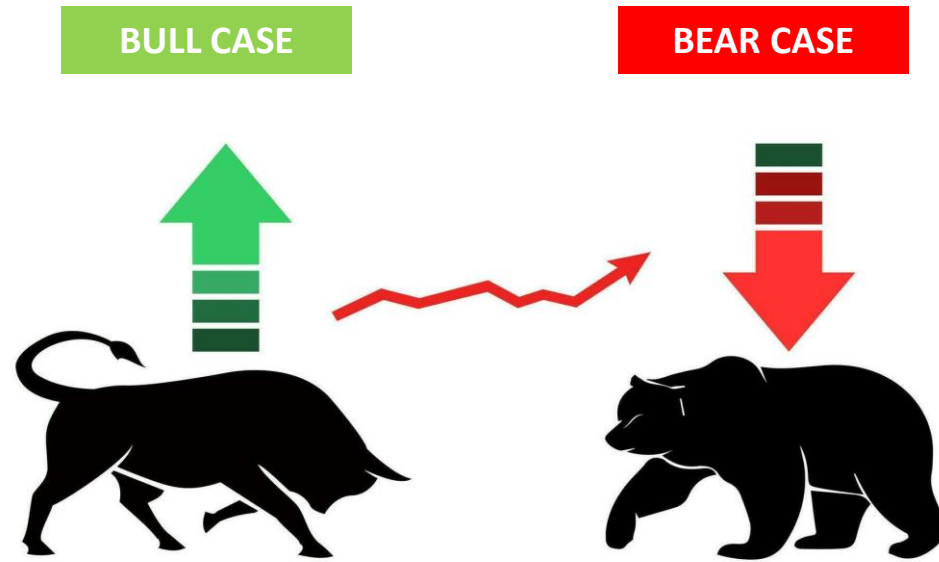
EV/EBITDA based Valuation

EV/EBITDA based valuation	FY27E	FY28E
EBITDA (LKR 'Mn)	4,855.8	7,303.7
Enterprise Value (LKR 'Mn)	65,067.8	73,036.7
(-) Net debt	-2,416.7	-3,789.3
Total Value of Equity	62,651.1	69,247.4
Implied EV/EBITDA	13.4	10.0
No. of Shares (Mn)	333.3	333.3
Target Price	188.0	208.0

FCR forecasts PKME's EV/EBITDA based fair value target to be LKR 188.0 for FY27E. When arriving at the implied EV/EBITDA multiple, EV/EBITDA of listed close peers were considered. As PKME does not have comparable local peers, Uber Technologies Inc. (19.1x) and Grab Holdings Ltd. (28.1x) were selected. In comparison to PKME's EV/EBITDA multiple of 13.2x, Grab Holdings Ltd. was an outlier. Thereby, the average EV/EBITDA of Uber Technologies Inc. and PKME (16.2x) was discounted at 17%, accounting for Sri Lanka's country risk premium and the adverse impact from current geopolitical escalations in Middle East. Hence, the implied EV/EBITDA multiple was 13.4x. Moreover, for FY28E, the implied EV/EBITDA multiple was further discounted to 10.0x, considering the potential business risks in future periods which could result in anticipated lower YoY EBIT growth.

Company	Market Cap (LKR Mn)	P/E (x)	EV/EBIT	EV/EBITDA	EV/Revenue	PBV (x)
Uber Technologies Inc.	47,846,389,578,000.0	23.7	25.4	19.1	3.5	8.9
Grab Holdings Ltd.	4,779,656,905.0	63.3	65.7	28.1	4.8	3.8
PKME	42,998.8	46.2	26.0	13.2	5.3	20.9
Average	15,950,389,759,301.2	44.4	39.0	20.2	4.6	11.2

FCR analysed two scenarios to assess the price changes of PKME, as current geopolitical tensions could potentially impact the company's performance.



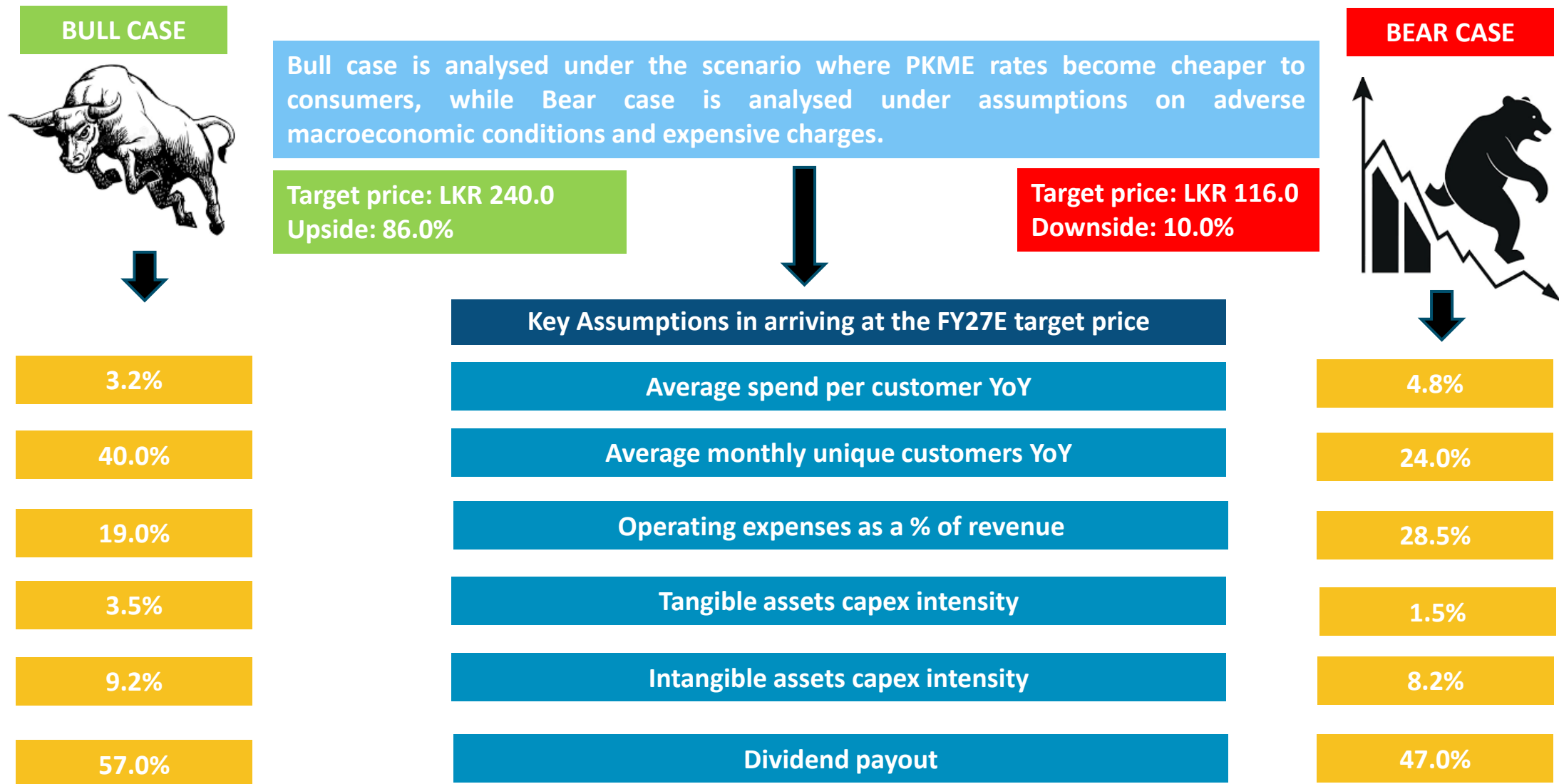
Target price: LKR 240.0
Upside: 86.0%
Dividend Yield: 5%
Total Annualized Return: 91.1%

Target price: LKR 116.0
Downside: 10.0%
Dividend Yield: 2%
Total Annualized Downside: 19.0%

Bull Case	Bear Case
Increase in global petroleum stocks will pull down the demand for oil, which in turn will cause oil prices to reach at an average price of \$54-\$64 per barrel.	Due to the Middle East geopolitical tensions, oil prices rise up to \$150 per barrel.
Reduction in PKME prices to drive more transactions, hence higher volumes.	Lower PKME consumption by customers, due to expensive rates, hence lower volumes.
Average spend per customer to decrease as PKME becomes cheaper.	Average spend per customer to increase due to higher rates.

We have analysed the recent geopolitical escalations in the Middle East, which could possibly impact the prices of PKME. We determined the bull case and bear case target prices, after factoring in the scenarios such as changes in global oil prices and domestic consumption patterns.

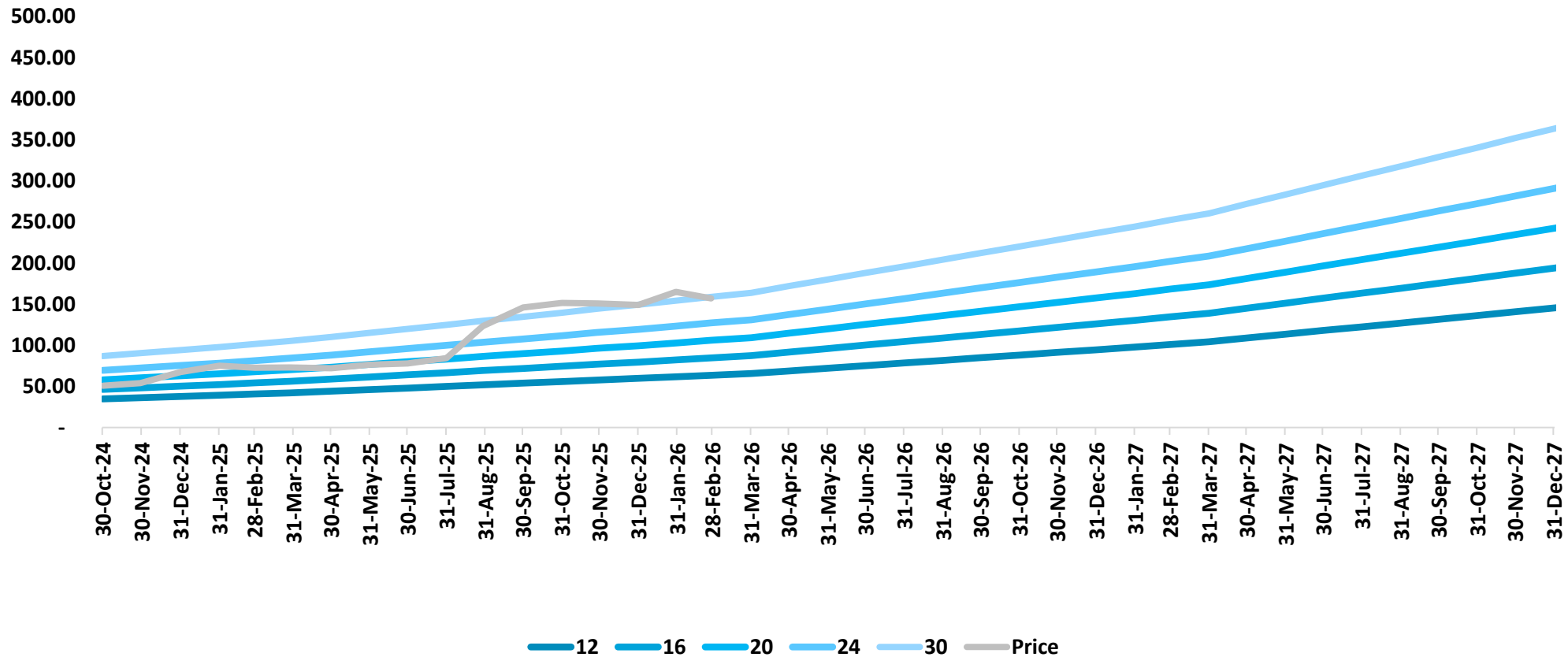
Key assumptions under scenario analysis



PE band chart



PKME is currently trading at a TTM PER of 22.9x, well above the Transportation sector TTM PER of 14.9x, due to higher earnings growth.





RISK ANALYSIS



Risk Matrix

We have identified both downside and upside risks related to PKME, including operational and macro-economic factors. Our financial forecasts and valuations are based on conservative assumptions, taking into account the likelihood and potential impact of these risks. In doing so, we have adjusted our assumptions with appropriate premiums and discounts. The identified risks have been incorporated into a risk matrix, reflecting their likelihood and impact and further details on both downside and upside risks will be provided in the next two slides.

		LIKELIHOOD			
		LOW	MEDIUM	HIGH	VERY HIGH
IMPACT	LOW				
	MEDIUM	DOR7 – Natural disasters	DOR6– Lower vehicle registrations in the country	UPR1 – AI adoption DOR3 – Peer pressure	
	HIGH		DOR2 – Platform outages DOR5 – Increase in inflation UPR2 – Shift in consumer preferences towards digital mobility	DOR1 – Threat of cyber attacks	
	VERY HIGH		DOR4 – Increase in fuel prices		

Downside Risks

Code	Risk	Financial and valuation impact	Likelihood	Impact
DOR 1	Threat of cyber attacks	As PKME app collects a large pool of user and driver data, it has to be well managed, in compliance with the Data Protection Act. In an event of cyber attack, it can take the app temporarily offline, prevent riders from booking rides or orders, stop drivers from receiving trip requests and interrupt payments and GPS tracking. Moreover, personal data can be leaked or sold unknowingly. This can create customer frustration and trust damages, as well as loss of daily revenue.	High	High
DOR 2	Platform outages	PKME's services are hosted by the Google Cloud Services. There could be instances of services outages on the platform. Similar to cyber attacks, this can create customer frustration and loss of daily revenue to the platform.	Medium	High
DOR 3	Competitive pressure from competitors	PKME is vulnerable to the threat from new entrants into the market. In an event of a new entrant competing with lower prices, PKME will face pricing pressure and loss of customers, as well as curtail the margins of PKME. However, local ride-hailing market is an oligopoly, where PKME is positioned as a leading player. Therefore, it will create challenges for a third entrant to capture the market.	High	Medium
DOR 4	Increase in fuel prices	Increase in fuel prices can create less demand for ride-hailing services. Since PKME generates a larger revenue portion from ride-hailing segment, this can create a huge revenue loss to PKME.	Medium	Very High

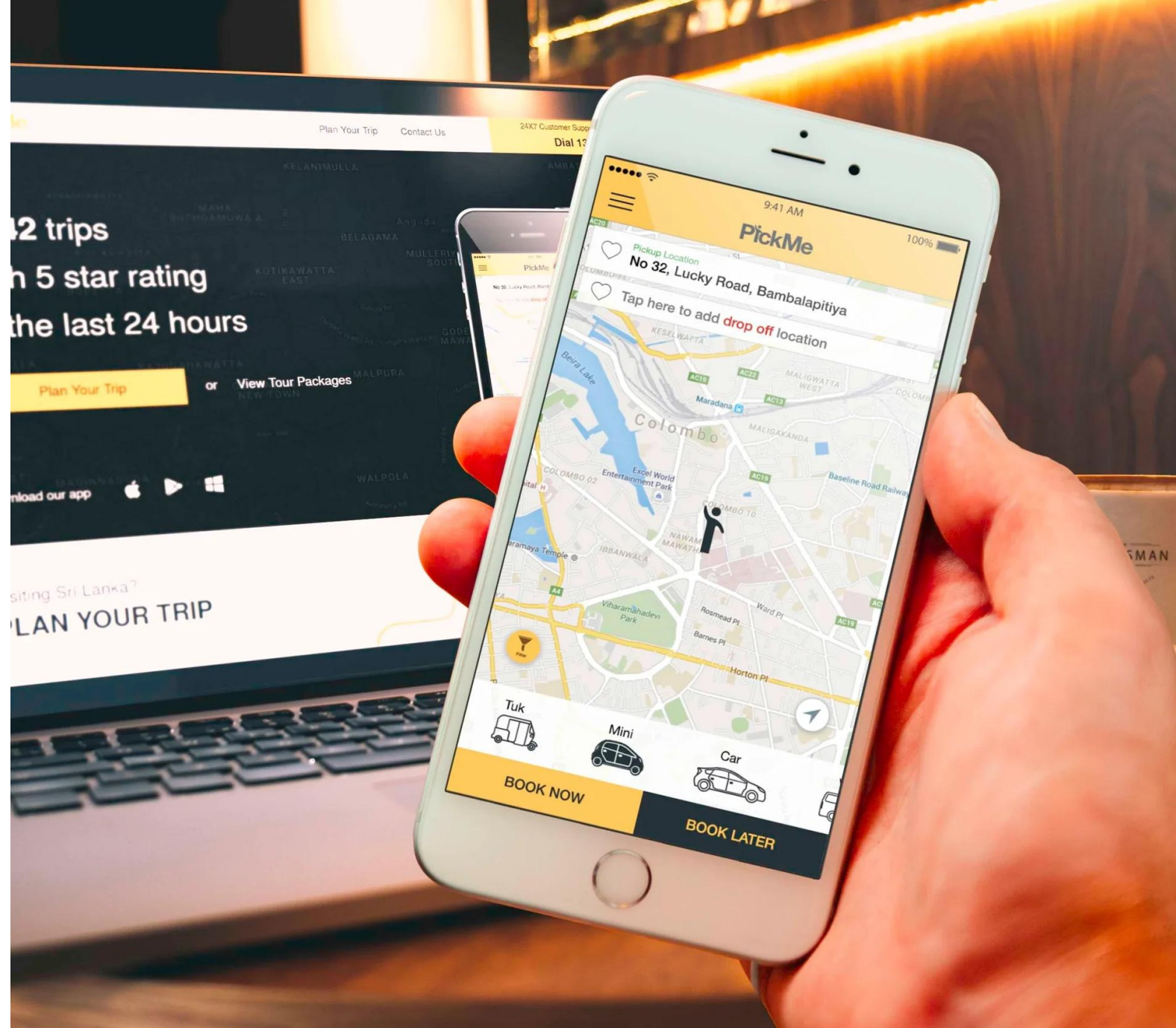
Downside Risks cont...

Code	Risk	Financial and valuation impact	Likelihood	Impact
DOR 5	Increase in inflation	Increase in inflation will create a ripple effect to the performance of PKME. On one hand, consumers will prudently assess the cheaper mobility solutions, such as public transport. Thereby, it can create loss of customers and revenue. On the other hand, the drivers might need more incentives, which will increase PKME's costs and narrow the margins.	Medium	High
DOR 6	Lower vehicle registrations in the country	Currently, the vehicle registrations are increasing, due to the release of import restrictions by the government and lower interest environment. However, the pent-up demand is slowing down, where it can reach lower vehicle registrations. In such event, PKME will have a lower supply base to expand into new regions. This will decrease the revenue of the company.	Medium	Medium
DOR 7	Natural Disasters	Natural disasters such as the recent cyclone effect will hinder the expansion of services, as well as limit the usage of app, consequently creating adverse impact on revenue.	Low	Medium

Upside Risks

Code	Risk	Financial and valuation impact	Likelihood	Impact
UPR 1	AI adoption	PKME will benefit from adopting AI into the platform, as it can track larger data sets and identify new market opportunities. Moreover, it will help reduce passenger wait time, by identifying the demand gaps correctly.	High	Medium
UPR 2	Shift in consumer preferences towards digital mobility	As consumers value convenience, there can be a shift of preference towards digital mobility solutions provided by PKME. This can create new market opportunities, as well as ease expansion.	Medium	High

APPENDIXES



1. First Capital Research Go to Market Survey results

Objectives of the Go To Market survey:

- To examine the mobility consumption patterns of individuals residing in Sri Lanka.
- To identify the preference towards PKME as a convenient mobility solutions platform.
- To assess the spending patterns of PKME consumers on ride-hailing, delivery and events verticals.
- To identify the strength of supply side and demand side drivers of PKME revenue growth.

Sampling technique and population:

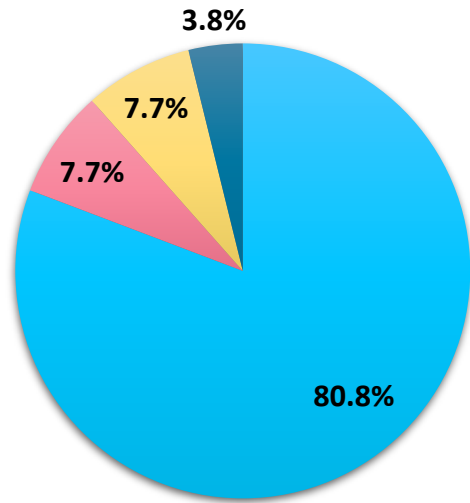
- We have used cluster sampling, in which the individuals are selected based on the residence area. The responses were gathered from random individuals who voluntarily participated in the survey.
- The population includes individual residents in Sri Lanka who travel on a frequent basis for their day-to-day needs and engage in sending/receiving deliveries. The participants were not limited to urban areas.

Key Findings

	PKME	Other
The most preferred ride hailing platform	54%	46%
Reasonably priced platform	69%	31%
Most user-friendly interface	50%	50%
Highly available in the residing area	73%	27%
Lowest wait time	58%	42%
Most price-effective mode for ride booking	65%	35%
Most price-effective mode for food delivery	42%	58%
Most price-effective mode for courier	77%	23%
Most streamlined platform for the Sri Lankan market	77%	23%

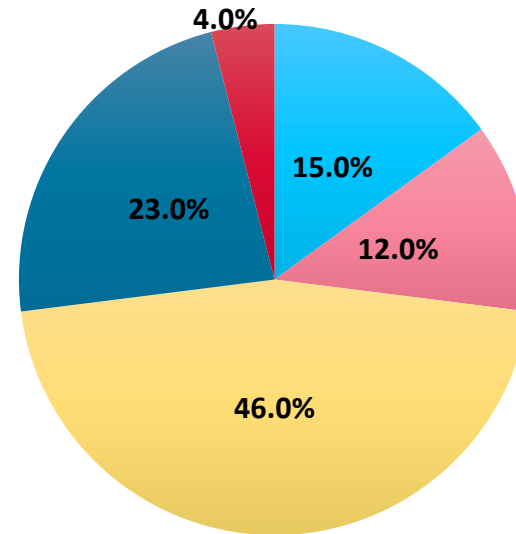
First Capital Research Go to Market Survey results contd...

Geographical distribution



Western North Western Sabaragamuwa Central

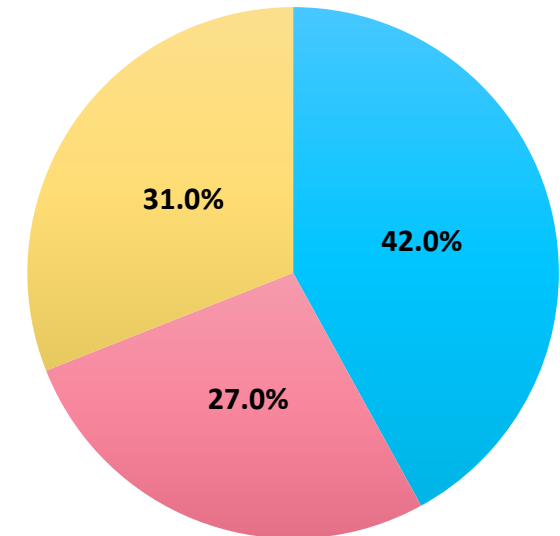
Income level



Below 50,000 LKR 50,000-100,000
LKR 100,000-250,000 LKR 250,000-500,000
Above LKR 500,000

Highest income generating category was between LKR 100,000 – LKR 250,000.

Most frequently used transportation mode



Own vehicle Tuk/cab rides Public transport

Majority of the sample (42.0%) responded that they use their own vehicle for transport needs.

Districts covered:

Western Province: Colombo, Gampaha, Kalutara

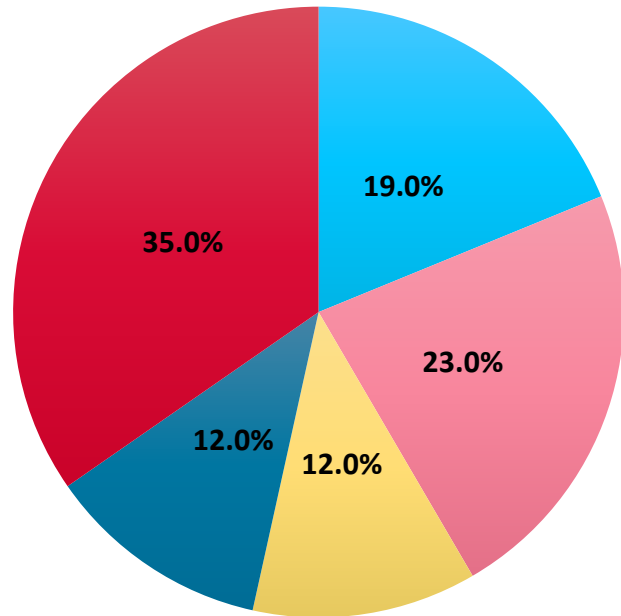
Central Province: Kandy

North-Western Province: Kurunegala

Sabaragamuwa Province: Rathnapura

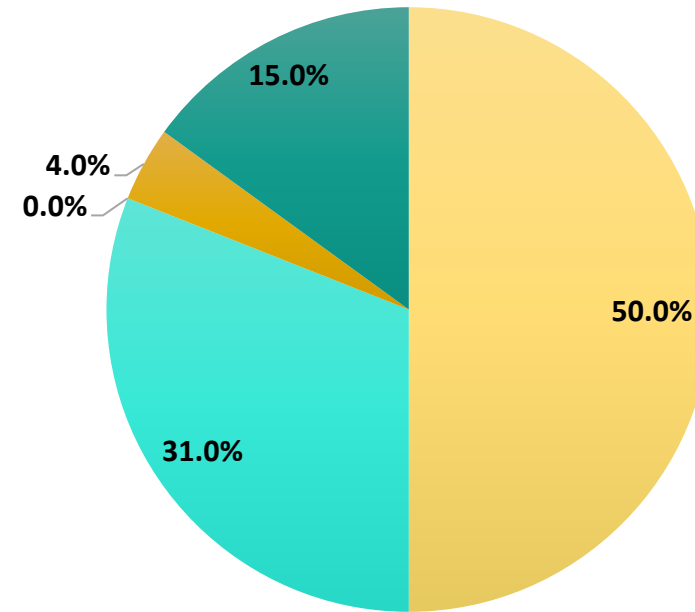
First Capital Research Go to Market Survey results contd...

Average monthly expenditure on fuel



- Below 10,000
- LKR 10,000-LKR 20,000
- LKR 20,000-LKR 30,000
- Above LKR 30,000
- No expenditure

Average monthly expenditure on tuk/cab rides



- Below 10,000
- LKR 10,000-LKR 20,000
- LKR 20,000-LKR 30,000
- Above LKR 30,000
- No expenditure

The Go-To-Market survey revealed that on average, most consumers spend below LKR 10,000/month on tuks/cabs.

2. Forecast Financial Statements: Summarized statement of profit and loss

Income Statement (LKR Mn) Year ended 31st March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Net Application Usage Income	2,401	3,170	4,119	6,852	9,348	12,702	16,888	21,450
(-) VAT Payments	(1,106)	(1,206)	(201)	(1,017)	(1,683)	(2,286)	(3,040)	(3,861)
Revenue from contracts with customers	1,295	1,964	3,918	5,835	7,665	10,416	13,849	17,589
Other Income	27	23	127	79	107	146	194	246
Operating Expenses	(702)	(900)	(1,371)	(1,719)	(1,993)	(2,573)	(3,241)	(3,887)
Admin Expenses	(657)	(883)	(1,428)	(2,205)	(2,624)	(3,079)	(3,437)	(3,823)
Selling and Distribution Expenses	(125)	(189)	(322)	(387)	(644)	(875)	(1,163)	(1,478)
Profit from Operations	(162)	15	925	1,603	2,512	4,035	6,202	8,648
Finance Cost	(18)	(49)	(42)	(42)	(48)	(55)	(64)	(74)
Finance Income	36	107	121	122	138	157	178	201
Share of loss from Associate Company	(1)	(4)	(11)	-	-	-	-	-
Profit Before Taxation	(144)	69	993	1,683	2,602	4,136	6,315	8,775
Income Tax Expense/Reversal	(13)	61	(314)	(513)	(781)	(1,241)	(1,895)	(2,632)
Net Profit for the Year	(157)	130	679	1,170	1,821	2,895	4,421	6,142
Adjusted EPS	(0.5)	0.4	2.0	3.5	5.5	8.7	13.3	18.4



Forecast Financial Statements: Summarized statement of financial position

Statement of Financial Position (LKR Mn) As at 31st March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
ASSETS								
Non-Current Assets								
Property, Plant and Equipment	24	23	132	202	266	395	608	918
Intangible Assets	543	706	959	1,176	1,399	1,772	2,313	3,008
Right of Use Assets	24	10	159	291	323	358	397	439
Investments in Subsidiary	-	91	-	-	-	-	-	-
Deferred Tax Asset	14	11	-	-	-	-	-	-
Total Non-Current Assets	605	840	1,250	1,669	1,988	2,525	3,317	4,364
Current Assets								
Inventories	3	10	6	7	13	16	18	19
Trade and Other Receivables	118	211	401	479	629	833	1,080	1,337
Other Investments	587	644	718	778	840	907	980	1,058
Cash and Bank Balances	20	47	445	1,091	1,792	2,803	4,214	6,059
Total Current Assets	728	912	1,570	2,355	3,274	4,559	6,292	8,474
Total Assets	1,334	1,752	2,821	4,024	5,262	7,084	9,609	12,838
EQUITY & LIABILITIES								
Equity								
Stated Capital	1,495	1,526	1,555	1,573	1,573	1,573	1,573	1,573
Retained Earnings	(630)	(499)	177	1,013	1,924	3,313	5,303	7,944
Employee Share Option Plan	36	24	17	-	-	-	-	-
Total Equity	901	1,051	1,749	2,586	3,497	4,886	6,876	9,517
Non-Current Liabilities								
Defined Benefit Obligations	34	39	58	75	75	75	75	75
Deferred Tax Liability	-	-	2	12	12	12	12	12
Lease Liabilities	10	1	142	248	274	301	331	364
Total Non-Current Liabilities	43	40	201	334	361	388	418	451
Current Liabilities								
Interest Bearing Loans and Borrowings	153	260	5	-	-	-	-	-
Trade and Other Payables	216	368	593	798	1,094	1,491	1,988	2,533
Tax Payable	-	23	238	234	234	234	234	234
Lease Liabilities	21	11	35	71	77	85	93	103
Total Current Liabilities	389	661	871	1,104	1,405	1,810	2,316	2,870
Total Liabilities	433	701	1,072	1,438	1,766	2,198	2,734	3,321
Total Equity and Liabilities	1,334	1,752	2,821	4,024	5,262	7,084	9,609	12,838
Adjusted NAVPS	2.7	3.2	5.2	7.8	10.5	14.7	20.6	28.6



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