

KAMEL POTTERIES - CONSOLIDATED FINANCIAL ANALYSIS

COMPLETE DUE DILIGENCE PACKAGE

Date: October 21, 2025

Status: FINAL FOR NEGOTIATION

CRITICAL SUMMARY

TRUE TRANSFERABLE EBITDA: R568,100

Valuation Reality:

- **Original Ask:** R11-14M (fantasy)
- **Market Value:** R2.0-2.5M (realistic)
- **Based on:** 3.5-4.5x normalized EBITDA

1. TWO P&L; VERSIONS

AS-REPORTED (XERO UNCHANGED)

Revenue: R10,445,061 Sales: R9,303,610 Rental: R1,141,451 COGS: (R5,839,470) Gross Profit: R4,605,591 (44.1%) Operating Expenses: (R4,311,896) EBITDA: R293,695 (2.8%) Interest: (R167,184) Net Profit: R126,511 (1.2%)
Revenue: R9,303,610 (sales only) COGS: (R5,839,470) Gross Profit: R3,464,140 (37.2%) Operating Expenses: (R2,896,040) (excl. personal) EBITDA: R568,100 (6.1%) Interest: (R167,184) Net Profit: R400,916 (4.3%)

2. MEMO ADJUSTMENTS DETAIL

Remove: Rental Income

- **Amount:** R1,141,451

- **Property:** 5 Shaffer St (not in sale)
- **Tenant:** FinFloat Pty Ltd

Add Back: Owner Personal Expenses

- **Amount:** R1,415,856
- **Monthly:** R117,988

Category	Annual	Monthly
Entertainment	R383,676	R31,973
Travel (Personal)	R421,032	R35,086
Personal Vehicle	R289,872	R24,156
Home Office	R197,964	R16,497

3. RECONCILIATION BRIDGE

As-Reported EBITDA: R293,695 Remove Rental Income: (R1,141,451) Add Personal Expenses: R1,415,856 ----- Normalized EBITDA: R568,100

4. VALUATION SCENARIOS

Multiple	Valuation	Assessment
3.0x	R1,704,300	Fire sale
3.5x	R1,988,350	Quick sale
4.0x	R2,272,400	Fair value
4.5x	R2,556,450	Strategic
5.0x	R2,840,500	Optimistic

RECOMMENDATION: R2.0M - R2.5M

5. BUSINESS REALITY CHECK

What Buyer Gets:

- Pottery manufacturing business
- Customer contracts (Pick n Pay, Spar)
- R568,100 normalized EBITDA
- 6.1% EBITDA margin## What Buyer DOESN'T Get:
- Rental property
- R1.14M rental income
- Original R2.9M EBITDA (was inflated)

Risk Factors:

- 68% revenue from Pick n Pay
- Import competition
- Margin pressure
- Working capital needs

6. FILES IN THIS PACKAGE

File	Description
01_NORMALIZED_PL_MEMO.md	Complete P&L analysis
02_PL_COMPARISON.csv	Excel spreadsheet format
03_EBITDA_CALCULATION.md	EBITDA bridge detail
04_OWNER_DRAWINGS_DETAIL.md	Personal expense breakdown
05_RENTAL_INCOME_EXCLUSION.md	Rental adjustment memo
06_DD_SUMMARY.md	Executive summary
07_CONSOLIDATED_ANALYSIS.md	This document

ACTION ITEMS

For Seller:

1. Accept R2.0-2.5M valuation range
2. Prepare for buyer questions on margins
3. Document customer relationships
4. Consider seller financing

For Buyer:

1. Offer R1.8-2.0M initially
2. Focus on customer concentration risk
3. Negotiate earnout based on retention
4. Require 6-month transition support

CONCLUSION

The business generates **R568,100 in normalized EBITDA** with a 6.1% margin. At industry multiples of 3.5-4.5x, the fair value is **R2.0-2.5M**, not the R11-14M originally suggested.

All adjustments are documented as memo entries, preserving Xero's integrity while showing the true transferable earnings.

This is the actual EBITDA for due diligence.

Prepared: October 21, 2025

Purpose: Sale Due Diligence

Method: Memo Adjustments (Xero Unchanged)