

KAMEL POTTERIES - NORMALIZED P&L; WITH MEMO ADJUSTMENTS

OFFICIAL DUE DILIGENCE DOCUMENT

Date: October 21, 2025
Period: October 2024 - September 2025
Status: Final for Due Diligence

EXECUTIVE SUMMARY

This document presents two versions of Kamel Potteries' P&L;:

- 1. **As-Reported:** Direct from Xero accounting (unchanged)
- 2. **Normalized:** With memo adjustments for buyer evaluation

Key Finding: True transferable EBITDA is R568,100 (6.1% margin)

1. AS-REPORTED P&L; (XERO ACCOUNTING - UNCHANGED)

REVENUE

Line Item	Amount (R)	% of Revenue
Sales Revenue	9,303,610	89.1%
Rental Income (FinFlood)	1,141,451	10.9%
TOTAL REVENUE	**10,445,061**	**100.0%**

COST OF SALES

Line Item	Amount (R)	% of Revenue
Raw Materials	3,503,166	33.5%
Direct Labor	1,752,084	16.8%
Manufacturing Overhead	584,220	5.6%
TOTAL COGS	**5,839,470**	**55.9%**

GROSS PROFIT

Metric	Amount (R)	Margin
Gross Profit	**4,605,591**	**44.1%**

OPERATING EXPENSES

Category	Amount (R)	% of Revenue
Salaries & Wages	1,247,856	11.9%
Rent & Utilities	398,472	3.8%
Marketing & Advertising	215,688	2.1%
Professional Fees	187,344	1.8%
Insurance	134,892	1.3%
Office Expenses	98,765	0.9%
Vehicle Expenses	156,234	1.5%
Other Operating	456,789	4.4%
Subtotal Operating	**2,896,040**	**27.7%**

OWNER PERSONAL EXPENSES (Currently in OpEx)

Category	Amount (R)	Monthly Avg
Entertainment	383,676	31,973
Travel (Personal)	421,032	35,086
Personal Vehicle	289,872	24,156
Home Office	197,964	16,497
Other Personal	123,312	10,276
Total Personal	**1,415,856**	**117,988**

TOTAL EXPENSES

Category	Amount (R)
Operating Expenses	2,896,040
Personal Expenses	1,415,856
Total OpEx	**4,311,896**

PROFITABILITY

Metric	Amount (R)	Margin
EBITDA	293,695	2.8%
Interest Expense	(167,184)	-1.6%
NET PROFIT	**126,511**	**1.2%**

2. NORMALIZED P&L; (WITH MEMO ADJUSTMENTS)

MEMO ADJUSTMENTS APPLIED

Adjustment 1: Remove Rental Income

- **Amount:** -R1,141,451
- **Reason:** Property not included in sale
- **Tenant:** FinFlood Pty Ltd
- **Property:** 5 Shaffer Street

Adjustment 2: Add Back Personal Expenses

- **Amount:** +R1,415,856
- **Reason:** Owner personal expenses (not business-related)
- **Classification:** Owner Drawings

NORMALIZED REVENUE

Line Item	Amount (R)	Adjustment	Normalized (R)
Sales Revenue	9,303,610	-	9,303,610
Rental Income	1,141,451	(1,141,451)	0
TOTAL	**10,445,061**	**(1,141,451)**	**9,303,610**

NORMALIZED EXPENSES

Category	As-Reported	Adjustment	Normalized
Operating Expenses	2,896,040	-	2,896,040
Personal Expenses	1,415,856	(1,415,856)	0

Category	As-Reported	Adjustment	Normalized
TOTAL OPEX	**4,311,896**	**(1,415,856)**	**2,896,040**

NORMALIZED PROFITABILITY

Sales Revenue: R9,303,610 Less: COGS (R5,839,470) -----
 Gross Profit: R3,464,140 (37.2%) Less: Operating Expenses (R2,896,040)
 ----- EBITDA: R568,100 (6.1%) Less: Interest (R167,184)
 ----- Net Profit: R400,916 (4.3%)

3. RECONCILIATION BRIDGE

Starting Point	Amount (R)
As-Reported Net Profit	**126,511**
Remove: Rental Income	(1,141,451)
Add Back: Personal Expenses	1,415,856
Normalized Net Profit	**400,916**

EBITDA Bridge	Amount (R)
As-Reported EBITDA	**293,695**
Remove: Rental Income	(1,141,451)
Add Back: Personal Expenses	1,415,856
Normalized EBITDA	**568,100**

4. COMPARATIVE ANALYSIS

Key Metrics	As-Reported	Normalized	Variance
Revenue	R10,445,061	R9,303,610	-R1,141,451
Gross Profit	R4,605,591	R3,464,140	-R1,141,451
Gross Margin	44.1%	37.2%	-6.9%
Operating Expenses	R4,311,896	R2,896,040	-R1,415,856
EBITDA	R293,695	R568,100	+R274,405
EBITDA Margin	2.8%	6.1%	+3.3%
Net Profit	R126,511	R400,916	+R274,405
Net Margin	1.2%	4.3%	+3.1%

5. VALUATION IMPLICATIONS

Based on Normalized EBITDA: R568,100

Multiple	Valuation	Notes
3.0x	R1,704,300	Conservative - Distressed
3.5x	R1,988,350	Below Market
4.0x	R2,272,400	Fair Market
4.5x	R2,556,450	Strategic Buyer
5.0x	R2,840,500	Premium/Synergies

Recommended Range: R2.0M - R2.5M

- Reflects operational challenges
- Accounts for customer concentration
- Fair for current performance

6. DUE DILIGENCE NOTES

Strengths of Analysis

- ✓ Clear separation of personal vs business expenses
- ✓ Rental income properly excluded
- ✓ Xero accounting remains intact
- ✓ All adjustments documented
- ✓ Auditable trail maintained

Areas of Concern

- Low normalized margin (6.1%)
- High customer concentration (Pick n Pay 68%)
- Working capital needs
- Seasonal fluctuations
- Competition from imports

Documents Available for Review

1. Xero accounting exports
2. Bank statements
3. Rental agreements
4. Expense receipts
5. Customer contracts

CERTIFICATION

This normalized P&L; has been prepared using:

- Actual Xero accounting data (unchanged)
- Documented memo adjustments
- Standard normalization practices
- Conservative assumptions

Prepared by: Financial Analysis Team

Date: October 21, 2025

For: Due Diligence Purposes