

KAMEL POTTERIES - UPDATED CONSOLIDATED ANALYSIS

INCLUDING STOCK VALUATION

Date: October 21, 2025

Status: FINAL WITH WORKING CAPITAL

CRITICAL SUMMARY

Business Valuation Components:

1. **Normalized EBITDA:** R568,100
2. **Enterprise Value:** R2.0-2.5M (3.5-4.5x EBITDA)
3. **Stock on Hand:** R300,000 (at cost)
4. **Total Transaction Value:** R2.3-2.8M

VALUATION BREAKDOWN

Enterprise Value (Based on EBITDA)

Normalized EBITDA: R568,100 Valuation Multiple: 3.75x (recommended) Enterprise Value:
R2,130,375

Plus: Working Capital

Stock on Hand: R300,000 Other Working Capital: Negotiable Total Working Capital: R300,000+

Total Purchase Price

Enterprise Value: R2,130,375 Plus: Stock at Cost: R300,000
----- TOTAL TRANSACTION VALUE: R2,430,375

STOCK DETAILS

Category	Value (R)	%
Raw Materials	85,000	28%
Work in Progress	45,000	15%
Finished Goods	170,000	57%
TOTAL	**300,000**	100%

- All stock current and saleable
- No obsolescence provision required
- Physical count verification at closing

P&L; SUMMARY (UNCHANGED)

Normalized Performance

- Revenue: R9,303,610 (excl. rental)
- EBITDA: R568,100 (6.1% margin)
- Net Profit: R400,916 (4.3% margin)

Key Adjustments

- Removed: R1,141,451 rental income
- Added back: R1,415,856 personal expenses
- Net adjustment: +R274,405 to EBITDA

DEAL STRUCTURE OPTIONS

Option 1: Clean Deal (Recommended)

- Enterprise Value: R2,130,000
- Stock at Cost: R300,000
- **Total: R2,430,000**

Option 2: With Full Working Capital

- Enterprise Value: R2,130,000
- Total Working Capital: R812,000

- **Total: R2,942,000**

Option 3: Premium Valuation

- Enterprise Value (4x): R2,272,400
- Stock at Cost: R300,000
- **Total: R2,572,400**

PAYMENT STRUCTURE SUGGESTION

Component	Amount	%
Cash at Closing	R1,430,000	59%
Vendor Finance	R1,000,000	41%
Total	**R2,430,000**	100%

Terms for Vendor Finance:

- 3 years
- Prime + 2%
- Secured by business assets

KEY POINTS FOR BUYER

1. **EBITDA:** True normalized R568,100
2. **Stock:** Additional R300,000 at cost
3. **Total Investment:** R2.4-2.6M
4. **No rental income** (property excluded)
5. **Clean books** (personal expenses removed)

KEY POINTS FOR SELLER

1. **Reality Check:** Not R11-14M valuation
2. **Fair Value:** R2.4-2.6M total
3. **Stock:** Transfers at full cost

4. **Vendor Finance:** Available to facilitate
5. **Clean Exit:** All adjustments documented

DOCUMENTS IN PACKAGE

1. 01_NORMALIZED_PL_MEMO.md
2. 02_PL_COMPARISON_EXCEL.csv
3. 03_EBITDA_CALCULATION.md
4. 04_OWNER_DRAWINGS_DETAIL.md
5. 05_RENTAL_INCOME_EXCLUSION.md
6. 06_DD_SUMMARY.md
7. 07_CONSOLIDATED_ANALYSIS.md
8. **08_WORKING_CAPITAL_STOCK_MEMO.md** ← NEW
9. **08_WORKING_CAPITAL_EXCEL.csv** ← NEW
10. **09_UPDATED_CONSOLIDATED.md** ← THIS FILE

CONCLUSION

Final Valuation Components:

- Normalized EBITDA: R568,100
- Enterprise Value: R2,130,375 (3.75x)
- Stock Value: R300,000
- **Total Deal: R2,430,375**

All adjustments documented as memo entries. Xero accounting remains unchanged. Stock transfers at cost as additional value above enterprise valuation.

Prepared: October 21, 2025

Purpose: Complete Due Diligence Package

Status: Ready for Final Negotiation