

Assessment of Professional Competence






December 2024

Pre-released information

Leopardis Investments (Pty) Ltd

November 2024


Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Inbox Financial Analyst					
<div>  <div>Mail</div>  <div>Calendar</div>  <div>Contacts</div>  <div>Tasks</div> </div>	<div>  <div>INBOX</div> </div>				
	<i>Doc</i>	<i>From</i>	<i>Subject</i>	<i>Attachment</i>	<i>Received</i>
	1	Cheswill Moos	Welcome	Content for draft website pages	29 November 2024
	2	Cheswill Moos	Annual financial statements	Extracts from Leopardis AFS and management accounts	29 November 2024
	3	Phumzile Teke-Dlamini	Renovare	Example of Renovare SaaS agreement cash flows	29 November 2024
	4	Phumzile Teke-Dlamini	Café Rapide		29 November 2024
	5	Cheswill Moos	Assurance of EBITDA of Café Rapide		29 November 2024
	6	Cheswill Moos	Capital raising		29 November 2024
	7	Phumzile Teke-Dlamini	Risk management – Renovare		29 November 2024
	8	Phumzile Teke-Dlamini	SaaS agreements – tax implications		29 November 2024

Leopardis Investments (Pty) Ltd is a fictitious company, and all events as well as the names of all persons associated with this company, as mentioned in this Assessment of Professional Competence, are purely fictitious in nature and any resemblance to real persons, living or dead, or to an actual business entity, is purely coincidental.

DOCUMENT 1

EMAIL FROM CHIEF EXECUTIVE OFFICER TO FINANCIAL ANALYST

From: Cheswill Moos
Sent: Friday 29 November 2024, 7:59 AM
To: Financial Analyst
CC: Phumzile Teke-Dlamini
Subject: Welcome
Attachment:  Content for draft website pages.docx 23 KB

Hi there

Welcome to you on your first day at Leopardis Investments. I hope it is the start of a long and prosperous career with us. As discussed during your interview, you are being employed as a financial analyst and will be reporting directly to me. Leopardis is an investment entity focusing on investing in South African medium-sized companies that meet our investment criteria. Leopardis does not have a full-fledged finance function since it has limited staff and only has four investments at present. We have a financial accountant who is responsible for processing transactions in the general ledger, preparing our monthly management accounts, doing the VAT and income tax returns, paying suppliers and preparing the monthly payroll.

You will be assisting me in providing strategic support to our investee companies and in evaluating potential new investment opportunities for Leopardis (including due diligence investigations).

Support to our investees could include the following:

- Assistance with taxation matters;
- Review of and recommendations for improving their internal and financial controls;
- Advice regarding the preparation of their annual financial statements;
- Assistance in preparation for their external audits; and
- Assessment of growth opportunities being pursued by investees.

We are in the process of updating and refreshing Leopardis' website – refer to the attachment for the latest draft pages and notes we forwarded to our website designer. This could provide additional background information for you to get up to date with our group and investment activities. Enjoy the read.

At this stage, I do not expect you to be overly familiar with the nature of the industries in which our investees operate. You will over time get to know them very well and understand the nature of their businesses and their business models. For now, restrict yourself to investigating those aspects of our investees and the industries in which they operate that are relevant when you are directed to undertake such research or asked to assist with selected tasks regarding the investees.

Kind regards
Cheswill

CEO: Leopardis Investments (Pty) Ltd

NOTICE: Please note that this email and the contents thereof are subject to the standard Leopardis Investments (Pty) Ltd email disclaimer. See <http://www.leopardis.co.za/disclaimer/email.htm> for more details.

ATTACHMENT TO EMAIL
CONTENT FOR DRAFT WEBSITE PAGES

Leopardis Investments (Pty) Ltd

Homepage content plan

- **Header** - Leopardis Investments and logo, and navigation menu



[Please could you insert an image rotator or slider on the home page which contains different scenes of selected African bushveld]

- **Navigation menu items**
 - ⇒ About us
 - ⇒ Our approach
 - ⇒ Investment criteria
 - ⇒ Team
 - ⇒ Portfolio companies
 - ⇒ Latest news
 - ⇒ Contact us

About us

Founded in 2020, Leopardis Investments is an investment group that focuses on acquiring long-term shareholding interests in South African private companies. The vision of Leopardis is to create wealth by making a deep and meaningful difference to our stakeholders all over South Africa over the long term. As such, we believe in putting purpose before short-term profit, based on the understanding that we are an integral part of society and that our licence to operate is granted by our internal and external stakeholders and by South African society as a whole. In essence, our purpose is to create sustainable wealth, encompassing economic prosperity that can be achieved over a prolonged period without posing a significant threat to the environment, society or future generations.

The board and management of Leopardis exercise ethical and effective leadership towards the achievement of the following outcomes for Leopardis and its investee companies:

- Building ethical cultures;
- Continually enhancing performance;
- Ensuring effective control; and
- Maintaining legitimacy within the broader South African society.

Our shareholdings are generally minority interests, although we may acquire majority stakes from time to time. There is no time constraint on our investment period, unlike most private equity funds which invest for less than ten years.

Leopardis was started by the Moos family, who had successfully operated various food franchise businesses in Southern Africa. The Moos family disposed of these interests in 2019 and decided to reinvest a significant portion of the proceeds into Leopardis to create multi-generational wealth.

New shareholders were introduced in early 2024, when the Teke-Dlamini and Wyndham family offices each acquired a 15% shareholding in Leopardis. The Moos Family Trust remains the majority shareholder in Leopardis, with a 70% shareholding.

Our approach

Leopardis fundamentally believes that human capital drives outperformance in business. We regard the co-shareholders and the management teams of our investees as our partners, and we seek to create mutually beneficial long-term wealth through ethically and effectively building a better South Africa.

Leopardis invests in businesses that it understands and to which it can add value. We do not invest in early stage, venture-capital type investments as these are deemed too risky for the group.

We take an active interest in the companies in which we invest and appoint non-executive directors to the boards of directors of these companies. Leopardis seeks to assist investees wherever we can and often reaches out to our 'ecosystem' to obtain the best advice and know-how to solve problems and unlock opportunities.

Investment criteria

Leopardis seeks to invest in businesses that –

- are in a growth phase;
- have competent management teams who are resilient, resourceful and laser-focused;
- have a consistent profit history (turnarounds and hockey stick projections are of no interest to us);
- have enterprise values of between R100 million and R400 million; and
- have understandable business models (if you cannot explain it to us in ten minutes then we are unlikely to invest).

Leopardis currently invests between R20 million and R75 million in single or multiple tranches per investment. These funds are typically deployed to enable management

buyouts or buy-ins, facilitate organic growth or acquisitions, or to acquire shares from departing shareholders (retirement, emigration, etc.).

We seek a return on capital from our investments of CPI plus 15%, compounded annually.

Team

[We will provide photos of the executives and non-executives in due course]

Cheswill Moos (chief executive officer)

Cheswill has been the CEO of Leopardis since its inception in 2020. He is the son of Julius Moos, the founder of the successful Moos group of food franchising operations. He previously worked for the Real Equity Impact Fund of South Africa (REIFSA), a private equity fund that invests in infrastructure, sustainable energy and tourism opportunities. Cheswill spent eight years at REIFSA. He holds a BCom degree in marketing.

Phumzile Teke-Dlamini (chief investment officer)

Phumzile, the CIO, has over ten years' experience in financial services, having worked for a major investment banking group in Johannesburg in its property finance and private equity divisions. She qualified as a CA(SA) in 2013. Phumzile, as an executive director, is responsible for Leopardis' investment strategy and operations.

Jandri Volmink (chair and independent non-executive director)

Jandri is the founder and CEO of ElevenC, a large privately owned ICT group that provides IT-managed services, cloud solutions, cyber security services, data and analytics, and automation consulting. She holds BA and LLB degrees.

Lindiwe Gumede (non-executive director)

Lindiwe is the CFO of VATQ, a leading taxation consultancy based in Sandton. She is well known for her podcasts on taxation matters and often presents at taxation seminars hosted by various professional associations. Lindiwe has acted as an expert witness in VAT disputes in numerous court cases. Lindiwe is a CA(SA) and has a MCom (Taxation) degree.

William Moos (non-executive director)

William is Cheswill's brother, and a retired professional football player who played in the Premier Soccer League for nine years. Since retiring, William obtained a BCom (Industrial Psychology) degree and currently works full-time for the Moos Family Trust.

Portfolio companies

Zlisk Cleaning Solutions

Zlisk is a leading supplier of hygiene solutions in South Africa. It imports and distributes floorcare equipment such as scrubber driers, sweepers, vacuum cleaners and high-pressure washers sourced from leading global manufacturers. This equipment is widely

used by customers in the commercial cleaning industry and companies in the retail, hospitality, education, healthcare and office cleaning sectors. Zisk also manufactures its own range of environmentally friendly cleaning chemicals for commercial use.

Renovare Solar

Renovare is a leading provider of solar solutions to households and small and medium-sized enterprises (SMEs) in South Africa. Renovare offers Solar-as-a-Service (SaaS) and rent-to-buy solutions. The solar solution could typically consist of an inverter, solar panels and battery back-up. Customers can select from a range of specified energy solutions (3,6kW to 12kW inverters with batteries and solar panels). Renovare is responsible for the purchase, installation and maintenance of solar systems. Customers can enter into 36-month SaaS agreements or 60-month rent-to-buy agreements.

Weetland Coffee


Weetland is a chain of coffee shops in Gauteng and the Western Cape that serves the finest coffees and other quick service beverages, as well as freshly prepared sandwiches, wraps and breakfasts at its 25 stores (all company-owned). Coffee beans are indirectly sourced from ethical farmers in selected African countries. Weetland offers sit-down and take-away options to customers.

Latest news [to be drafted]

Contact us [details to be provided]

DOCUMENT 2

EMAIL FROM CHIEF EXECUTIVE OFFICER TO FINANCIAL ANALYST

From: Cheswill Moos
Sent: Friday 29 November 2024, 8:10 AM
To: Financial Analyst
CC: Phumzile Teke-Dlamini
Subject: Annual financial statements
Attachment:  Extracts from Leopardis AFS and management accounts.docx 32 KB

Hi there

I have attached the extracts from Leopardis' most recent annual financial statements (AFS) and the draft management accounts for the year ended 31 October 2024 (FY2024). These will assist in orienting you in your new role at Leopardis.

Leopardis' AFS are prepared in accordance with IFRS[®] Accounting Standards and are audited. Leopardis classifies and measures its investments at fair value through profit or loss. Leopardis defines itself as an investment entity in accordance with para. 31 of IFRS 10 *Consolidated Financial Statements* and does not consolidate any of its subsidiaries. Similarly, Leopardis accounts for its investments in associates and joint ventures at fair value through profit or loss as it classifies itself as 'an entity that is a venture capital organisation, or a mutual fund, unit trust or similar entity' in accordance with para. 18 of IAS 28 *Investments in Associates and Joint Ventures*. The external auditors have agreed with these classifications for accounting purposes.

Leopardis' ultimate parent, the Moos Family Trust, consolidates any underlying interests controlled by Leopardis in terms of para. 33 of IFRS 10 in its group financial statements.

Kind regards
Cheswill

CEO: Leopardis Investments (Pty) Ltd

NOTICE: Please note that this email and the contents thereof are subject to the standard Leopardis Investments (Pty) Ltd email disclaimer. See <http://www.leopardis.co.za/disclaimer/email.htm> for more details.

ATTACHMENT TO EMAIL

EXTRACTS FROM LEOPARDIS AFS AND MANAGEMENT ACCOUNTS

Selected information from the statement of financial position for FY2023 and draft management accounts for FY2024 are set out in the table below.

Leopardis Investments Selected financial data	Notes	FY2023	FY2024
		Actual	Draft
		R'000	R'000
Non-current assets		75 575	124 132
Furniture and equipment		1 450	1 480
Investments at fair value through profit or loss	1	74 125	122 652
Current assets		1 626	6 138
Trade and other receivables		618	1 326
Cash and cash equivalents		1 008	4 812
Total assets		77 201	130 270
Share capital	2	60 000	90 000
Retained earnings		7 085	8 269
Total equity		67 085	98 269
Non-current liabilities		7 260	28 022
Borrowings	3	5 000	25 000
Deferred taxation		2 260	3 022
Current liabilities		2 856	3 979
Trade payables and accruals		1 356	1 479
Borrowings		1 500	2 500
Total equity and liabilities		77 201	130 270

Notes

- Unlisted investments are valued by Leopardis management using the EBITDA multiple method whereby an earnings before interest, taxation, depreciation and amortisation (EBITDA) multiple is applied to the estimated sustainable EBITDA of each investment. EBITDA multiples are obtained with reference to recent transactions and/or the multiples of comparable listed companies. The investment in Renovare has not yet been valued as the investment was only acquired in early 2024. The fair values of the remaining investments are set out in the table below:

	FY2023	FY2024
	Actual	Draft
	R'000	R'000
Zlisk Cleaning Solutions		
A supplier of a range of commercial cleaning equipment and a manufacturer and supplier of cleaning chemicals		
EBITDA valuation multiple	6,0	6,0
35% equity interest at fair value	45 281	46 615
Weetland Coffee		
Owner of 25 coffee shops located in Gauteng and the Western Cape		
EBITDA valuation multiple	4,0	4,0
27% equity interest at fair value	28 844	31 037
Renovare Solar		
A provider of solar solutions to households and SMEs through rent-to-buy and SaaS agreements		
30% equity interest at cost		5 000
Investment loans		40 000
Total investment		45 000

- 2 Leopardis issued shares to the Teke-Dlamini and Wyndham family offices in early 2024 to raise R30 million to partially fund the investment in Renovare.
- 3 Leopardis has various long-term loans from First Regional Bank which are repayable over three-year and five-year periods. These loans are interest bearing, and interest is charged at a variable rate ranging from the Johannesburg Interbank Average Rate (Jibar) plus 3,0% and Jibar plus 4,0%. The covenants in place in terms of the loan agreements require that the cumulative fair value of Leopardis' investments (shares held in and any advances to investees) should be at least 3,5 times that of the total outstanding loan balances to First Regional Bank at any point in time.


Selected financial information from the FY2023 statement of profit and loss and other comprehensive income and the draft FY2024 management accounts are set out below:

Leopardis Investments Selected financial data	FY2023	FY2024
	Actual	Draft
	R'000	R'000
Dividend income	1 000	1 000
Management fees*	1 000	1 000
Fair value adjustments to investments	786	3 527
Gross income	2 786	5 527
Expenditure	(5 900)	(6 343)
EBIT	(3 114)	(816)
Interest income	1 098	4 650
Interest expense	(523)	(1 870)
(Loss)/profit before taxation	(2 539)	1 964
Current taxation	–	–
Deferred taxation	(170)	(762)
(Loss)/profit for the year	(2 709)	1 202

- * Leopardis charges management fees to investees wherever possible to cover the cost of its executives acting as non-executive directors on the boards of directors of investees.

DOCUMENT 3

EMAIL FROM CHIEF INVESTMENT OFFICER TO FINANCIAL ANALYST

From: Phumzile Teke-Dlamini
Sent: Friday 29 November 2024, 8:30 AM
To: Financial Analyst
CC: Cheswill Moos
Subject: Renovare
Attachment:  Example of Renovare SaaS agreement cash flows.docx 21 KB

Hi there

I am so pleased you have joined Leopardis – we really need a young and enthusiastic CA(SA) on board to help us to continue to grow the group's net asset value.

Cheswill has given you some brief background regarding our investment in Renovare, but I would like to add some more details for your information:

- Leopardis acquired a 30% shareholding in Renovare in January 2024 by subscribing for new shares to the value of R5 million in the company. In addition, Leopardis advanced a R40 million loan to Renovare, repayable in a single bullet repayment in December 2028. The loan bears interest at Jibar plus 3,0%, with interest payable quarterly in arrears.
- Renovare was founded in January 2022 and has achieved significant growth as it provides solar systems (inverters, solar panels and battery back-up, etc.) to households and SMEs in terms of rent-to-buy rental agreements. The growth has been so phenomenal that Renovare required a capital injection (equity and/or loan capital) to continue expanding. Renovare also launched a SaaS rental package in early 2024 for its customers.
- The SaaS agreements with customers contain the following key aspects:
 - Agreements are entered into for a three-year period;
 - Renovare is responsible for the installation of, and all maintenance and repairs of, solar systems;
 - Customers select a solar package that suits their needs. For example, 3,6kW to 12kW inverters with the appropriate number of solar panels and battery back-up;
 - Customers pay a fixed monthly amount to Renovare, which increases annually by 5,0% per annum;
 - At the end of the initial three-year term of the agreement, the underlying equipment is reclaimed by Renovare. Customers can elect to renew the SaaS agreement at the end of the initial three-year term for a further three years, subject to agreement on new monthly amounts payable, or enter into a new agreement with different specifications for a solar system or upgraded equipment.

I have attached a copy of an Excel spreadsheet containing an example of the cash flow of a SaaS agreement for your information – it could be useful for you to familiarise yourself with the cash flow principles.

I have some concerns about the integrity of the revenue figures reported by Renovare. When the external audit of Renovare's 2024 annual financial statements commences, I will request a meeting with the external auditors in my capacity as a non-executive director of Renovare. In this meeting, I plan to share my concerns and gain an understanding of the nature of the work that

the auditors are planning to perform on revenue. But please brush up on your audit procedures related to revenue in the meantime – I plan to invite you to join me for this meeting.

As an aside – you would have noticed that we provisionally classified the R40 million loan to Renovare as forming part of investments at fair value through profit or loss in the draft AFS. Do not worry about this, the auditors will help us later to determine the correct classification for IFRS® Accounting Standards purposes. Your time can be better utilised on more pressing matters.

Kind regards
Phumzile

CIO: Leopardis Investments (Pty) Ltd

NOTICE: Please note that this email and the contents thereof are subject to the standard Leopardis Investments (Pty) Ltd email disclaimer. See <http://www.leopardis.co.za/disclaimer/email.htm> for more details.

ATTACHMENT TO EMAIL

EXAMPLE OF RENOVARE SAAS AGREEMENT CASH FLOWS

The following is a copy of an Excel spreadsheet of a typical Renovare SaaS agreement cash flow:

System cost	100 000			
Mark-up to customer	20 000			
	120 000			
VAT	0			
All-in cost	120 000			
Interest rate	15,0%			
Lease period (months)	36			
Annual escalation	5,0%			
Monthly lease payment (initial)	2 653			
Residual value*	62 500			
Month	Opening balance	Interest	Repayment	Closing balance
1	120 000	1 500	(2 653)	118 847
2	118 847	1 486	(2 653)	117 679
3	117 679	1 471	(2 653)	116 497
4	116 497	1 456	(2 653)	115 300
5	115 300	1 441	(2 653)	114 089
6	114 089	1 426	(2 653)	112 862
7	112 862	1 411	(2 653)	111 619
8	111 619	1 395	(2 653)	110 361
9	110 361	1 380	(2 653)	109 088
10	109 088	1 364	(2 653)	107 798
11	107 798	1 347	(2 653)	106 493
12	106 493	1 331	(2 653)	105 171
13	105 171	1 315	(2 786)	103 700
14	103 700	1 296	(2 786)	102 210
15	102 210	1 278	(2 786)	100 702
16	100 702	1 259	(2 786)	99 175
17	99 175	1 240	(2 786)	97 629
18	97 629	1 220	(2 786)	96 064
19	96 064	1 201	(2 786)	94 479
20	94 479	1 181	(2 786)	92 874
21	92 874	1 161	(2 786)	91 249
22	91 249	1 141	(2 786)	89 604
23	89 604	1 120	(2 786)	87 938

24	87 938	1 099	(2 786)	86 252
25	86 252	1 078	(2 925)	84 405
26	84 405	1 055	(2 925)	82 535
27	82 535	1 032	(2 925)	80 641
28	80 641	1 008	(2 925)	78 724
29	78 724	984	(2 925)	76 783
30	76 783	960	(2 925)	74 818
31	74 818	935	(2 925)	72 828
32	72 828	910	(2 925)	70 814
33	70 814	885	(2 925)	68 774
34	68 774	860	(2 925)	66 709
35	66 709	834	(2 925)	64 617
36	64 617	808	(65 425)	0

- * The residual value in the above table is Leopardis' estimate of the residual value of the solar system at the end of the three-year period. We estimate that the solar systems have a useful life of eight years and that Leopardis could sell the system to other users / customers for at least R62 500 at the end of year 3: The initial cost of R100 000 divided by 8 (estimated useful life) and multiplied by 5 years (remaining useful life).

In terms of SaaS agreements customers bear no risk relating to the residual value – they can simply hand back the solar system equipment at the end of the agreement term.

DOCUMENT 4

EMAIL FROM CHIEF INVESTMENT OFFICER TO FINANCIAL ANALYST

From: Phumzile Teke-Dlamini
Sent: Friday 29 November 2024, 9:34 AM
To: Financial Analyst
CC: Cheswill Moos
Subject: Café Rapide

Hi

I forgot to mention earlier that Leopardis recently signed a share purchase agreement to acquire a 55% shareholding in Café Rapide (Pty) Ltd on 31 October 2024 (acquisition date) from the existing shareholders of the company. This acquisition presented an opportunity to diversify our investments in the coffee industry, as Café Rapide follows a very different business model than Weetland.

The main terms and conditions of the share purchase agreement include the following:

- An initial payment, currently estimated to be R26,345 million, is payable on or before 31 January 2025.
 - The shareholders of Café Rapide have indicated that the EBITDA for the year ended 31 October 2024 of Café Rapide will be no less than R11,975 million. If the EBITDA is less than R11,975 million, the initial payment amount will be reduced proportionately.
- The purchase price for the 55% shareholding is to be finalised following the audit of the AFS of Café Rapide for the years ending 31 October 2025, 2026 and 2027.
 - The contingent purchase consideration will be determined as the average audited EBITDA of Café Rapide for FY2025, FY2026 and FY2027, multiplied by an EBITDA multiple of 4,0 times and multiplied by the 55% shareholding acquired, less the initial payment. The contingent consideration, if any, will be payable on or before 31 December 2027.

To illustrate the determination of the contingent purchase consideration, it is the current best estimate that the average EBITDA for FY2025, FY2026 and FY2027 will be R16,8 million. The indicative workings are set out below:

Average EBITDA of Café Rapide: FY2025 to FY2027	R16 800 000
EBITDA multiple	4,0 times
Final purchase price for 55% shareholding	R36 960 000
Less initial payment on 31 January 2025	(R26 345 000)
Contingent purchase consideration payable	R10 615 000

Café Rapide was established in early 2021 as a 'coffee shop' franchise that sold various beverage items (coffee, tea, bottled water and fruit juice), as well as sandwiches, pastries and doughnuts at R15 each (excluding VAT). The price for all items sold was increased to R20 each in FY2024 due to food price inflation pressures. The franchise model, whereby all stores are operated by franchisees rather than being company-owned, was a deliberate strategy to achieve a rapid rollout of stores throughout South Africa. Café Rapide and franchisees enter into five-year franchise agreements to govern their relationship as franchisor and franchisee. These agreements are renewable at the option of both parties at the end of the five-year term. Franchise stores are generally situated in regional and neighbourhood shopping centres, in large corporate head office buildings and on school campuses. Café Rapide stores only offer a take-away service and there is no sit-down option for patrons.

The strategy of selling affordable beverages, mainly coffees, together with delicious pre-prepared food items, has proved to be a major success. Café Rapide currently has 62 franchise stores open and trading, 30 of which are new franchise stores opened in FY2024.

Café Rapide, as the franchisor, provides franchisees with most of the services needed to open their stores, such as finding suitable locations, helping to negotiate premises lease agreements with landlords, the supply of all the equipment required for their stores and the training of staff. Café Rapide charges R1,1 million (excluding VAT) upfront per new franchise store and this includes all equipment, royalties and service fees. Franchisees do not pay any further franchise fees or ongoing marketing fees – it is as simple as paying R1,1 million upfront and thereafter nothing to Café Rapide. Also, if Café Rapide and franchisees renew franchise agreements after the initial five-year period of the franchise agreement, no further franchisee fees are levied on franchisees by Café Rapide.

Café Rapide does insist that franchisees purchase all their coffee beans from one designated supplier, namely Bazam Coffee Roasters, which has been carefully vetted by Café Rapide. Bazam is also the preferred supplier of coffee beans to Weetland. Franchisees can purchase all other items for sale in their stores (that is, tea, bottled water, fruit juice and food items) from whomever they please.

Café Rapide estimates that it can open more than 200 franchise stores in South Africa, subject to finding suitable franchisees. Café Rapide is finding that certain franchisees open at multiple store locations (after agreement with Café Rapide as the franchisor) because the Café Rapide business model and brand are so compelling.

The funding of the estimated R26,345 million initial purchase consideration is still to be finalised by Leopardis but both First Regional Bank and the Moos Family Trust have indicated that they are willing to provide temporary loan facilities to Leopardis should this be necessary.

The investment opportunity in Café Rapide arose because its three founders (who were also equal shareholders in the company) wished to realise some wealth from their successes in expanding Café Rapide thus far. All three founders, who will remain shareholders and collectively own the remaining 45% of Café Rapide's shares in issue, will remain employed by Café Rapide for the next three years.

The forecast AFS and management accounts for FY2024 of Leopardis do not yet include the impact of this new investment. I will be asking you to assist Gill, our financial accountant, in finalising how Leopardis and the Moos Family Trust should account for the acquisition of a controlling interest in Café Rapide.

Due to the fact that we hold such a significant equity stake in Café Rapide, we will nominate two directors to serve on their board. We are not sure yet who we are going to select; however, at the first board meeting, we would like to demonstrate the value we can add to the business and make some suggestions to improve the profitability and long-term financial sustainability of the business.

Kind regards

Phumzile

CIO: Leopardis Investments (Pty) Ltd

NOTICE: Please note that this email and the contents thereof are subject to the standard Leopardis Investments (Pty) Ltd email disclaimer. See <http://www.leopardis.co.za/disclaimer/email.htm> for more details.

DOCUMENT 5

EMAIL FROM CHIEF EXECUTIVE OFFICER TO FINANCIAL ANALYST

From: Cheswill Moos
Sent: Friday 29 November 2024, 10:20 AM
To: Financial Analyst
CC: Phumzile Teke-Dlamini
Subject: Assurance of EBITDA of Café Rapide

Hi!

From Phumzile's email of earlier today it is evident that the EBITDA of Café Rapide for the year ended 31 October 2024 is fundamental in determining the amount of the initial payment due in terms of the share purchase agreement.

From our due diligence of Café Rapide (undertaken before concluding the share purchase agreement), we identified that –

- no external assurance was necessary or obtained with regard to Café Rapide's annual financial statements for FY2021 to FY2023. This was because of Café Rapide's size and the fact that it was owner-managed; and
- a firm of accountants, ABC & Associates, was appointed in FY2021, and reappointed every year thereafter, to compile the annual financial statements of Café Rapide.

I presume an external audit will be required for FY2024 as we have acquired a 55% shareholding in this company. Hopefully, simplifying the auditor's task is the fact that Café Rapide has adopted 'full' IFRS® Accounting Standards as its financial reporting framework since incorporation, but I suspect that the accounting for this company's revenue is not straight-forward.

I have another concern: if an audit is required, will our reliance on the auditor's report on the 2024 annual financial statements of Café Rapide be sufficient evidence for Leopardis to pay the full initial purchase amount of R26,345 million?

Your thoughts on this matter will be greatly appreciated!

Kind regards

Cheswill
CEO: Leopardis Investments (Pty) Ltd

NOTICE: Please note that this email and the contents thereof are subject to the standard Leopardis Investments (Pty) Ltd email disclaimer. See <http://www.leopardis.co.za/disclaimer/email.htm> for more details.

DOCUMENT 6

EMAIL FROM CHIEF EXECUTIVE OFFICER TO FINANCIAL ANALYST

From: Cheswill Moos
Sent: Friday 29 November 2024, 10:32 AM
To: Financial Analyst
CC: Phumzile Teke-Dlamini
Subject: Capital raising

Hi there

I am aware that Phumzile has briefed you on Leopardis' recent acquisition of a 55% shareholding in Café Rapide and that we still need to finalise the capital raising to fund this investment. I am hesitant to keep going back to Leopardis' shareholders asking for more money each time we find a new investment opportunity. I know that the current Leopardis shareholders could possibly invest more by subscribing for new shares in Leopardis but I would like us to explore other funding options. This would entail raising another R50 million in capital to be available to deploy over the next 24 months in new investments such as Café Rapide.

I do not think raising more medium-term loans from our bank (First Regional Bank) is a sensible idea. We have to keep ensuring we meet our banking covenants and from what I have heard banks are becoming more risk averse given the poor state of the South African economy. Please do some research on possible alternatives – from what I have read, preference shares and convertible debentures could be viable options. Furthermore, presumably the tax implications of such fund raising could be complicated.

Kind regards

Cheswill
CEO: Leopardis Investments (Pty) Ltd

NOTICE: Please note that this email and the contents thereof are subject to the standard Leopardis Investments (Pty) Ltd email disclaimer. See <http://www.leopardis.co.za/disclaimer/email.htm> for more details.

DOCUMENT 7

EMAIL FROM CHIEF INVESTMENT OFFICER TO FINANCIAL ANALYST

From: Phumzile Teke-Dlamini
Sent: Friday 29 November 2024, 10:45 AM
To: Financial Analyst
CC: Cheswill Moos
Subject: Risk management – Renovare

Hi!

As you are aware, I serve as a director on the board of Renovare, representing Leopardis.

At our last board meeting, we had a lengthy discussion about the adequacy of Renovare's risk management policies and practices. This discussion stemmed from my comment that I have never seen a risk register for Renovare, nor had this matter previously appeared on any board meeting agenda. There was also no risk governance committee, as recommended by the King Code.

Accordingly, the board of Renovare resolved that a risk governance committee be established for the company, and the board duly appointed me as the chair of this committee. The first meeting of the risk governance committee is scheduled for Friday, 6 December 2024, and I am currently reflecting on what key risks should appear in the company's risk register.

I would appreciate it if you could give this matter some thought, and we can then chat about this in the next few days.

Kind regards

Phumzile

CIO: Leopardis Investments (Pty) Ltd

NOTICE: Please note that this email and the contents thereof are subject to the standard Leopardis Investments (Pty) Ltd email disclaimer. See <http://www.leopardis.co.za/disclaimer/email.htm> for more details.

DOCUMENT 8

EMAIL FROM CHIEF INVESTMENT OFFICER TO FINANCIAL ANALYST

From: Phumzile Teke-Dlamini
Sent: Friday 29 November 2024, 11:47 AM
To: Financial Analyst
CC: Cheswill Moos
Subject: SaaS agreements – tax implications

Hi

I completely forgot to also ask you in my earlier email about the SaaS agreements to consider the tax implications.

Cheswill would have communicated to you that we try to support our investees in matters such as taxation, when needed. The finance people at Renovare have reached out to us to assist them with the tax implications (including VAT) of these SaaS agreements. They are unsure if they have been correctly accounting for the tax since the roll-out of these agreements and whether any corrections need to be made.

Please see my earlier email to you regarding the aspects of these agreements.

Kind regards

Phumzile

CIO: Leopardis Investments (Pty) Ltd

NOTICE: Please note that this email and the contents thereof are subject to the standard Leopardis Investments (Pty) Ltd email disclaimer. See <http://www.leopardis.co.za/disclaimer/email.htm> for more details.