CONSOLIDATED AND COMPANY ANNUAL FINANCIAL STATEMENTS 2025

kap

BEING THE CHANGE

CONTENTS

The consolidated and company annual financial statements for KAP Limited have been prepared under the supervision of the chief financial officer, Frans Olivier CA(SA) and were published on 28 August 2025.

DIRECTORS' RESPONSIBILITY AND APPROVAL

It is the directors' responsibility to ensure that the consolidated and company annual financial statements of KAP Limited ('the company') and its subsidiaries ('the group') fairly present the state of affairs of the group and company. The group's external auditors, KPMG Inc., are engaged to express an independent opinion on these financial statements which are presented on pages 5 to 9.

The directors are also responsible for the systems of internal controls. These are designed to provide reasonable, but not absolute, assurance on the reliability of the consolidated and company annual financial statements, to adequately safeguard, verify and maintain accountability of assets and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained employees with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the year under review.

The consolidated and company annual financial statements have been prepared by management on the basis of appropriate accounting policies, which were consistently applied, except where stated otherwise. The consolidated and company annual financial statements have been prepared in accordance with IFRS® Accounting Standards and interpretations of those standards as issued by the International Accounting Standards Board ('IASB') ('IFRS Accounting Standards') and effective for the group at 30 June 2025, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act, No. 71 of 2008 of South Africa as amended ('the Companies Act').

The consolidated and company annual financial statements have been prepared on the going concern basis since the directors have reviewed the cash flow forecasts and available cash resources and are satisfied that the group and company have adequate resources in place to continue operating in the foreseeable future.

The consolidated and company annual financial statements for the year ended 30 June 2025 were approved by the board of directors on 27 August 2025 and are signed on its behalf by:

Johan Holtzhausen
Independent non-executive chairperson

Gary Chaplin
Chief executive officer

Frans Olivier
Chief financial officer

27 August 2025

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER RESPONSIBILITY STATEMENT

In line with paragraph 3.84(k) of the JSE Limited Listings Requirements, each of the directors whose names are stated below, hereby confirm that:

- the consolidated and company annual financial statements set out on pages 10 to 94, fairly present in all material respects the financial position, financial performance and cash flows of KAP Limited and its subsidiaries in terms of IFRS Accounting Standards;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the consolidated and company annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the company and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the group;
- the internal financial controls are adequate and effective and can be relied upon in compiling the consolidated and company annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls. Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls, and have remediated the deficiencies or taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.

Gary Chaplin
Chief executive officer

Frans Olivier
Chief financial officer

27 August 2025

COMPANY SECRETARY'S CERTIFICATE

The company secretary certified, in accordance with section 88(2)(e) of the Companies Act, that the company has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns as are required for a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

KAP Secretarial Services Proprietary Limited
Company secretary

27 August 2025

3rd Floor, Building 2
The Views, Founders Hill Office Park
18 Centenary Street
Modderfontein, Johannesburg
1645

INDEPENDENT AUDITOR'S REPORT

To the shareholders of KAP Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of KAP Limited (the 'group' and 'company'), set out on pages 17 to 94, which comprise:

- the group and company statements of financial position as at 30 June 2025;
- the group income statement for the year then ended;
- the group statement of comprehensive income for the year then ended;
- the company income statement and statement of comprehensive income for the year then ended;
- the group and company statements of changes in equity for the year then ended;
- the group and company statements of cash flows for the year then ended;
- segmental analysis for the year then ended;
- material accounting policy information; and
- the notes to the group and company financial statements.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of KAP Limited as at 30 June 2025, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ('IFRS Accounting Standards') and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* ('IRBA Code') and other independence requirements applicable to performing audits of financial statements in South Africa.

We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 ('EAR Rule'), we report:

Final materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Consolidated financial statements	Separate financial statements
Overall materiality	R73 million	R184 million
How we determined it	5% (rounded) of the three-year average of profit before capital items and taxation.	1% (rounded) of total assets
Rationale for benchmark applied	We chose a three-year average of profit before capital items and taxation as the benchmark to determine the group materiality. Given the fluctuations in operating profit a three-year average was deemed an appropriate measure against which to determine materiality. Capital items are excluded as these items are not representative of the performance of the group. We chose 5% which is consistent with quantitative materiality thresholds used for profit-orientated companies in this sector and is further based on our professional judgement after consideration of qualitative factors that impact the group.	We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of the company is most likely to be measured by users when evaluating an investment holding company and is a generally accepted benchmark. We chose 1% which is consistent with quantitative materiality thresholds used for investment holding companies and is further based on our professional judgement after consideration of qualitative factors that impact the company.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Group audit scope

We tailored the scope of our audit, as communicated to the group audit and risk committee, to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

We performed risk assessment procedures to determine which of the group's components are likely to include risks of material misstatement to the consolidated financial statements and which further audit procedures to perform at these components to address those risks. Our judgement included assessing the size of the components, nature of assets, liabilities and transactions within the components as well as specific risks.

We identified 19 components at which further audit procedures were performed on one or more classes of transactions, account balances or disclosures based on the assessed risks of material misstatement to the consolidated financial statements. Accordingly, we performed audit procedures on 19 components, of which we involved component auditors in performing the audit work on 18 of the components.

For the remaining financial information where audit procedures were not performed, we performed an analysis at an aggregated group level to re-examine our assessment that there is less than a reasonable possibility of a material misstatement in the remaining financial information.

In respect of the reporting components where we performed audit procedures, 96% of the group's revenue and 85% of the group's total assets was covered by the audit of the 19 components.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters set out below relate to our audit of the consolidated financial statements. We have determined that there are no key audit matters to communicate in respect of the separate financial statements.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

Key audit matter	How the matter was addressed in the audit
Impairment assessment of goodwill and intangible assets with indefinite useful lives *Refer to the goodwill, intangible assets and impairment of non-financial assets accounting policies, note 1 (judgements made by management and key sources of estimation uncertainty), note 12 (goodwill) and note 13 (intangible assets) to the consolidated financial statements.*	
As at 30 June 2025, the group recognised goodwill amounting to R510 million. Included in intangible assets are patents and trademarks of R530 million and supplier relationships of R834 million both of which have indefinite useful lives. Annual impairment tests are conducted to assess the recoverability of the carrying value of these assets. In performing the impairment tests, the carrying amount of each cash-generating unit ('CGU'), is compared to the recoverable amount of the respective CGU. The recoverable amount of each CGU is determined based on the higher of fair value less estimated costs to sell and value in use using the discounted cash flow method. Patents and trademarks are tested using the relief of royalty method, however, are also tested for impairment as part of the applicable CGU. Management has applied significant judgement in determining the recoverable amount given the key assumptions applied in performing the impairment assessments. Key assumptions include: • projected future cash flows; • discount rates applied to the projected future cash flows; • terminal growth rates; • polymer margins; and • royalty rates applicable to the patent and trademark valuations.	Our audit procedures focused on evaluating the appropriateness of the key assumptions used in management's determination of the recoverable amount of each CGU. We involved our internal valuation specialists, with specialised skills and knowledge, to assist with performing the audit procedures relating to the appropriateness of the valuation models and the evaluation of the key assumptions applied. The primary procedures we performed to address this key audit matter included the following: • Gaining an understanding of the process followed by management to assess the goodwill and intangible assets for impairment through inquiries and testing the design and implementation of key controls related to this assessment, including management's controls related to the review of inputs included in the fair value less estimated costs to sell or value in use calculations. • Critically evaluating whether the discounted cash flow models used by management comply with acceptable industry standards by comparing with the requirements of IAS 36, *Impairment of Assets* ('IAS 36') and IFRS 13, *Fair Value Measurement* ('IFRS 13'). • Evaluating the appropriateness of the group's key assumptions used in calculating the discount rates by independently recalculating these discount rates. • Assessing the appropriateness of the projected future cash flows by comparing the CGU's historical forecast performance with the actual results over the same period, approved budgets and industry data to determine whether they are reasonable and supportable.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matter	How the matter was addressed in the audit
Impairment assessment of goodwill and intangible assets with indefinite useful lives (continued) *Refer to the goodwill, intangible assets and impairment of non-financial assets accounting policies, note 1 (judgements made by management and key sources of estimation uncertainty), note 12 (goodwill) and note 13 (intangible assets) to the consolidated financial statements.*	
As a result of the significant audit effort required to assess the judgements and key assumptions made by management with regard to the inputs into the discounted cash flows and the degree of complexity involved in determining the recoverable amounts of each CGU, the impairment assessment of goodwill and intangible assets with indefinite useful lives was considered a key audit matter in our audit of the consolidated financial statements.	• Performing sensitivity analyses over management's key assumptions regarding the projected future cash flows, discount rates, terminal growth rates, polymer margins and royalty rates to assess the impact of changes in these key assumptions on the recoverable amount of each CGU. • Recalculating the fair value less estimated cost to sell or value in use of the CGUs and comparing the calculated recoverable amount against the carrying value of each CGU to confirm the accuracy of the impairment recognised. • Reviewing and assessing the ethylene supply agreement, correspondence between the parties and legal advice obtained by the group to corroborate whether the existing terms of the supply agreement were included in the impairment considerations relating to the supplier relationship intangible asset. • Assessing the appropriateness of the disclosures included in the consolidated financial statements against the requirements of IAS 36 and IFRS 13. Based on the above procedures performed, we did not identify any matters requiring further consideration.
Valuation of timber plantations *Refer to the consumable biological assets accounting policy, note 1 (judgements made by management and key sources of estimation uncertainty) and note 17 (consumable biological assets) to the consolidated financial statements.*	
As at 30 June 2025, the group held timber plantations amounting to R1 564 million, included in the financial statement caption consumable biological assets. Timber plantations are measured at fair value less estimated cost to sell in accordance with IAS 41, *Agriculture* ('IAS 41') and IFRS 13. During the year ended 30 June 2025, a fair value gain of R250 million was recognised in profit or loss relating to timber plantations, while R220 million was harvested, resulting in an overall increase in the value of the timber plantations of R30 million year-on-year. The fair value of younger standing timber is determined using the discounted cash flow method applying a risk-adjusted discount rate. The fair value of mature standing timber is based on the market price of the estimated recoverable timber volumes, net of harvesting costs. The key assumptions in respect of the fair values, consistently applied in the current and prior year, include the following: • discount rates; • standing volumes; • forecast market prices; • yields per log class; and • operating costs. As a result of the significant audit effort required to assess the judgements and key assumptions made by management with regard to the inputs into the discounted cash flows in respect of younger standing timber, and the fair value of the mature standing timber, the valuation of timber plantations was considered a key audit matter in our audit of the consolidated financial statements.	Our audit procedures focused on evaluating the appropriateness of the key assumptions used in management's determination of the fair value of timber plantations. The procedures we performed to address this key audit matter included the following: • Critically evaluating whether the valuation methodology applied by management to calculate the fair value of the timber plantations is appropriate by comparing it with acceptable industry standards and the requirements of IAS 41 and IFRS 13. • Challenging management with respect to the expected yields per log class, operating costs and forecast market prices underlying the cash flow forecasts by comparing these inputs against external, observable industry data, where applicable, as well as comparing the group's historical forecast measurements with the actual results over the same period to determine whether they are consistent, reasonable and supportable. • Assessing the reasonableness of the group's fair value estimates and the related sensitivity analysis disclosures included in the consolidated financial statements by independently performing our own sensitivity analyses over the timber plantation valuations. • Comparing the actual harvested volumes for the year against the anticipated volumes in order to assess the reasonability of timber volumes contained in the timber management system at the reporting date and the forecast growth rates applied by management in respect of younger trees. • Assessing the reasonability of the underlying forestry data used in the valuation models based on our knowledge of the business. • Assessing the appropriateness of the disclosures included in the consolidated financial statements against the requirements of IAS 41 and IFRS 13. Based on the above procedures performed, we did not identify any matters requiring further consideration.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matter	How the matter was addressed in the audit
Impairment assessment of the Safripol Durban polyethylene terephthalate ('PET') plant *Refer to the impairment of non-financial assets accounting policy, note 1 (judgements made by management and key sources of estimation uncertainty) and note 14 (property, plant and equipment) to the consolidated financial statements.*	
As at 30 June 2025, the group impaired the Safripol Durban PET plant by R293 million. The performance of the Safripol Durban PET plant is impacted by the cyclical and unpredictable nature of global supply and demand of polymers and associated raw materials requiring an impairment assessment in terms of IAS 36. The recoverable amount of the Safripol Durban PET plant CGU ('the CGU') is determined based on a value in use calculation using the discounted cash flow method. Management has applied significant judgement in respect of the key assumptions made in determining the inputs included in the value in use calculation of the CGU. These include: • discount rates; • projected future cash flows; • terminal growth rates; and • polymer margins. As a result of the significant audit effort required to assess the judgements and key assumptions made by management with regard to the inputs into the discounted cash flows, and the degree of complexity involved in determining the recoverable amount of the CGU, the impairment of the Safripol Durban PET plant, was considered a key audit matter in our audit of the consolidated financial statements.	Our audit procedures focused on evaluating the appropriateness of the key assumptions used in management's determination of the value in use of the CGU. We involved our internal valuation specialists, with specialised skills and knowledge, to assist with performing the audit procedures relating to the appropriateness of the valuation model and the evaluation of key assumptions. The procedures we performed to address this key audit matter included the following: • Gaining an understanding of the process followed by management to assess the CGU for impairment through inquiries and testing the design and implementation of certain key controls related to this assessment, including management's controls related to the review of inputs included in the value in use calculation. • Critically evaluating whether the discounted cash flow model used by management to calculate the value in use of the CGU are appropriate by comparing it with acceptable industry standards and the requirements of IAS 36. • Evaluating the appropriateness of management's key assumptions used in calculating the discount rate, by independently recalculating the discount rate. • Assessing the appropriateness of the projected future cash flows by comparing the CGU's historical forecast performance with the actual results over the same period, approved budgets and industry data to determine whether they are reasonable and supportable. • Performing sensitivity analyses over management's key assumptions regarding the projected future cash flows, discount rate, terminal growth rate and polymer margins to assess the impact of changes in these key assumptions on the recoverable amount of the CGU. • Recalculating the value in use of the CGU and comparing the calculated recoverable amount against the carrying value of the CGU to confirm the accuracy of the impairment recognised. • Assessing the appropriateness of the disclosures included in the consolidated financial statements against the requirements of IAS 36. Based on the above procedures performed, we did not identify any matters requiring further consideration.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled 'KAP Limited consolidated and company annual financial statements 2025', which includes the Company secretary's certificate, Report of the audit and risk committee and the Directors' report as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the 2025 Integrated report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial

INDEPENDENT AUDITOR’S REPORT (CONTINUED)

statements in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the group, as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of KAP Limited for four years.

KPMG Inc.

KPMG Inc.
Registered auditor
Per IM Engels
Chartered accountant (SA)
Registered auditor
Director
27 August 2025

The Halyard
4 Christiaan Barnard Street
Foreshore
Cape Town
8001

REPORT OF THE AUDIT AND RISK COMMITTEE

INTRODUCTION

The audit and risk committee ('the committee') of KAP Limited (the 'company' or 'KAP') and its subsidiaries (the 'group') is pleased to present our report for the financial year ended 30 June 2025, as recommended by the King IV Report on Corporate Governance™ for South Africa, 2016 ('King IV™'),[1] the Companies Act, No. 71 of 2008 of South Africa as amended ('the Companies Act'), and the JSE Limited ('JSE') Listings Requirements.

The committee is an independent statutory committee with a formal charter that is in line with the Companies Act, the JSE Listings Requirements and the recommendations of King IV™. The charter was reviewed and updated in May 2025, and the revised charter was subsequently approved by the board of directors ('the board'). The committee has discharged all its responsibilities as contained in the charter.

This report aims to provide details on how the committee satisfied its various statutory obligations during the year, and to address significant matters that arose, to assist in ensuring the integrity of the group's financial reporting and control environment.

COMPOSITION AND GOVERNANCE

During the year, the committee comprised five independent non-executive directors, all of whom satisfied the independence requirements of section 94(4) of the Companies Act and of King IV™. The committee members are:

- KT Hopkins (chairperson)
- Z Fuphe
- TC Isaacs
- SH Müller
- S Totaram (appointed 5 May 2025)

The nomination committee of the company and the board are satisfied that these members have the required knowledge and experience, as set out in section 94(5) of the Companies Act and regulation 42 of the Companies Regulations, 2011, to serve on an audit committee of a public, listed company. In accordance with standard governance prescripts, the board will recommend the committee members for election by the company's shareholders in the notice of the 2025 annual general meeting ('AGM').

The committee met on four scheduled occasions in line with its charter.

The chief audit executive ('CAE'), representatives of the external auditors, other assurance providers and professional advisors may attend the committee meetings by invitation only. All directors who are not members of the committee have a standing invitation to attend meetings as observers. The chief executive officer ('CEO'), the chief financial officer ('CFO') and other executives attend as permanent invitees. The company secretary acts as secretary for the committee.

The chairperson maintains regular contact with the KAP management team and meets independently with the CAE and the external auditors as necessary. Committee meetings also include sessions without management present to ensure independent oversight.

The committee is supported by corporate committees that deal, among others, with combined assurance, compliance, information technology ('IT') and tax compliance.

The committee performed the duties required of it by section 94(7) of the Companies Act by holding meetings with key role players on a regular basis and granting unrestricted access to the external auditors.

SUBSIDIARY COMPANIES AND DIVISIONS

To support its oversight responsibilities, the committee is assisted by six divisional subcommittees which cover all subsidiary companies. These subcommittees include divisional executives responsible for risk, assurance and compliance, with the participation, by invitation, of corporate services executives, and internal and external auditors.

These divisional subcommittees meet biannually and deal with all audit and risk matters arising at divisional level. The divisional subcommittees escalate any unresolved matters of concern to the committee. The committee retains ultimate accountability for all statutory and other formal obligations of the company and its subsidiaries. From time to time, the committee chairperson and other committee members attend these divisional subcommittee meetings as observers to gain a full understanding of the business and to substantiate the assurance measures that are applied at operational level.

OBJECTIVE AND SCOPE

The committee's primary objectives are to:

- Review the principles, policies and practices adopted in the preparation of the annual financial statements of companies in the group and to ensure that the annual financial statements and any other formal announcements relating to financial performance comply with all applicable statutory and regulatory requirements.
- Ensure that the interim condensed financial statements and the consolidated and company annual financial statements comply with all applicable statutory and regulatory requirements.
- Ensure that all financial information contained in any consolidated submission to the board is accurate and complete.
- Assess and confirm the independence of the external auditors, recommend their appointment at the AGM and approve their fees.
- Review the work of the group's external and internal auditors to ensure the adequacy and effectiveness of the group's financial, operating, compliance and risk management controls.
- Oversee risk management and compliance monitoring across the group.
- Confirm that appropriate governance structures are in place for IT to support the business strategy and operations.
- Confirm that appropriate financial reporting controls and procedures exist and are effective for the company and its subsidiaries, in terms of paragraph 3.84(g)(ii) of the JSE Listings Requirements and paragraph 7.3(e)(ii) of the Debt & Specialist Securities Listings Requirements.
- Ensure that the directors have access to all the financial information of the group to allow them to approve the consolidated and company annual financial statements.
- Fulfil all duties that are assigned to it by its mandate from the board, the Companies Act, the JSE Listings Requirements, King IV™ and other applicable regulations.

[1] *Copy right and trade marks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.*

During the year under review, the committee:

- Reviewed internal audit reports on the effectiveness of the internal control environment, systems and processes.
- Reviewed the reports of both internal and external auditors detailing their findings arising from the audits and reviewed the responses from management to ensure that their findings were addressed.
- Recommended corrective actions to the board based on the audit findings.
- Assessed the independence and objectivity of the external auditors, ensuring that the scope of any additional services provided did not compromise their independence.
- Reviewed, and recommended for board approval, the following financial information:
  - the consolidated and company annual financial statements for the year ended 30 June 2025; and
  - the interim results for the six months ended 31 December 2024.
- Reviewed the JSE's monitoring activities reports listed below and implemented relevant findings to enhance financial disclosures. These reports included:
  - reporting back on proactive monitoring of financial statements in 2024; and
  - combined findings of the JSE proactive monitoring of financial statements (issued November 2024).
- Assessed the effectiveness of internal audit, approved the one-year internal audit plan and monitored the adherence of internal audit to its annual plan.
- Evaluated reports from the IT steering committee and IT executive concerning the effectiveness, suitability and reliability of the IT systems and processes, and recommended corrective actions to the board where necessary.
- Reviewed management reports on compliance with legal and regulatory requirements, environmental standards and open legal matters to ensure that all matters which could have a material impact on the group have been reported to the board.
- Considered and, where required, investigated information received via the group's fraud reporting service.

The committee is satisfied that its objectives were achieved during the year under review and that it operated effectively.

SPECIFIC 2025 FOCUS AREAS

During the year under review, the committee focused specifically on the following areas:

- Review of the group's going concern assessment and solvency and liquidity position, including compliance with financial covenants.
- Impairment assessment of goodwill, indefinite useful life intangible assets and property, plant and equipment.
- Oversight of the internal financial controls, effectiveness thereof and remedial actions implemented by management.
- Oversight of IT risks, the IT internal control framework and the IT assurance plan.
- Enterprise risk management through monitoring and interrogation of the material group risks.
- Oversight of the combined assurance model and profile for the group.
- Business continuity arrangements established and implemented by means of a crisis management and business continuity policy with its associated frameworks.
- Review and re-aligned the group's governance structure to remove duplication and to utilise the corporate services structures effectively.

INTERNAL AUDIT

The group's internal audit function, outsourced to Deloitte, operates under the direction of the committee, which approves the scope of the work to be performed. Significant findings are reported to both executive management and the committee, and corrective action is taken to address the identified internal control deficiencies.

During the year under review, internal audit findings were reported in accordance with the approved internal audit coverage plan. The group utilises an internal audit finding tracker to monitor significant unresolved findings against management's proposed corrective actions.

The internal auditor was given the opportunity to engage with committee members at each meeting, without management present. No matters of concern were raised.

The internal audit function and the CAE were evaluated during the year. The committee is satisfied that the internal audit function operates effectively.

EXTERNAL AUDIT

KPMG Inc. ('KPMG'), a registered and accredited auditor, was appointed as the independent auditor of the group (4th term) at the AGM and IM Engels, a registered and accredited auditor and member of KPMG, was appointed to lead the audit for the year ended 30 June 2025 (4th term).

The committee has confirmed, through enquiry, that the external auditors of the company and its subsidiaries are independent as defined by the Companies Act and other applicable legislation. The committee assessed the suitability of KPMG, in terms of paragraph 3.84(g)(iii) of the JSE Listings Requirements and paragraph 7.3(e)(iii) of the Debt & Specialist Securities Listings Requirements. Following a review of the inspection reports and ancillary documentation, as well as confirmation of their independence, accreditation and eligibility to serve as auditors, the committee concluded that both KPMG and IM Engels are fit, proper and suitable to be appointed as KAP's external auditors. The committee also verified that neither the audit firm nor the designated auditor appears on the JSE list of disqualified auditors.

In consultation with executive management, the committee approved the audit fee for the 2025 financial year. The fee was deemed appropriate for the scope of work reasonably foreseeable at the time. Audit fees are disclosed in note 7 to the consolidated annual financial statements.

A formal policy governs the process for the appointment of the external auditor for the provision of non-audit services. This policy is reviewed every two years or as needed. Each engagement letter for such work is reviewed in accordance with this policy and its procedures. The fees for non-audit services were insignificant in value and did not compromise the external auditor's independence.

The external auditor was given the opportunity to engage with committee members at each meeting, without management present. No matters of concern were raised.

The external audit function and the engagement partner were evaluated during the year. The committee has reviewed the outcome of the evaluation and was satisfied with the performance of the external auditor.

KEY AUDIT MATTERS

The committee noted the key audit matters set out in the independent auditor's report:

- impairment assessment of goodwill and intangible assets with indefinite useful lives;
- valuation of timber plantations; and
- impairment assessment of the Safripol Durban PET plant.

The committee has considered and evaluated these matters and is satisfied that they are represented correctly in the annual financial statements.

ACCOUNTING PRACTICES AND INTERNAL CONTROLS

The group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information presented in the consolidated and company annual financial statements, and to safeguard, verify and maintain the assets of the group.

Nothing has come to the attention of the committee to indicate that any material breakdown in the functioning of the group's key internal control systems occurred during the year under review. The CEO, CFO and internal auditors have reviewed the controls specifically designed to address risks related to financial reporting and presented their findings to the committee. Where weaknesses were identified, management committed to implement appropriate corrective actions and confirmed that previously identified deficiencies had been addressed.

All material deficiencies either had alternative mitigating controls or were remediated by year-end. Other remedial actions are expected to be completed in accordance with a formalised plan. The committee further considered the written assessment prepared by the internal auditors, which provided reasonable assurance that the overall system of internal controls in the group is acceptable.

Based on these evaluations, the committee believes the group's internal controls can be relied on as a reasonable basis for the preparation of the consolidated and company annual financial statements.

FRAUD PREVENTION

The group's anonymous and confidential fraud reporting service was efficient in identifying cases of suspected fraud at an early stage. No significant fraud was identified.

RISK MANAGEMENT

The committee received quarterly reports, provided as part of the company's enterprise risk management framework and effectively monitored those risks that fell within its mandate. The committee also noted the risk registers of the different divisions. The committee was satisfied that the enterprise risk management processes were integrated into the company's business and strategic processes, and that KAP, accordingly, derived appropriate value from this approach. This enables management to take appropriate risks to create value, as well as to respond to and mitigate risks appropriately. The risk management policy was reviewed and recommended to the board for approval.

COMBINED ASSURANCE

The committee understands that a well-executed combined assurance approach helps to optimise and maximise the level of governance and control oversight over the risk landscape, therefore providing stakeholders with an increased level of confidence and assurance.

The overall combined assurance profile of the group was reviewed, including assurance gaps and corrective actions. There are no material risks for which assurance gaps were identified.

The committee will continue to play a strategic oversight role to ensure that the advantages of combined assurance are leveraged.

EVALUATION OF CFO

As required by paragraph 3.84(g)(i) of the JSE Listings Requirements, paragraph 7.3(e)(i) of the JSE Debt & Specialist Securities Listings Requirements, and the recommended practices of King IV™, the committee has assessed the competence and performance of the CFO and believes that he possesses the appropriate expertise and experience to meet the responsibilities of his position. The committee is satisfied with the expertise and adequacy of resources within the finance and tax function and the experience of staff within these functions.

PERFORMANCE ASSESSMENT OF THE COMMITTEE

The committee received feedback on the performance self-assessment carried out in the prior year, and reflected on the committee's current operations. No matters of material concern were identified. The committee was assessed to be effective in rendering its oversight service to the board in terms of its charter and statutory obligations.

ANNUAL FINANCIAL STATEMENTS

The committee has evaluated the consolidated and company annual financial statements for the year ended 30 June 2025, and considers that they comply, in all material aspects, with the requirements of the Companies Act, IFRS Accounting Standards and the JSE Listings Requirements. The committee has therefore recommended the consolidated and company annual financial statements to the board for approval. The board has subsequently approved the consolidated and company annual financial statements, which will be presented to shareholders at the AGM.

Ken Hopkins
Audit and risk committee chairperson

27 August 2025

DIRECTORS' REPORT

for the year ended 30 June 2025

The directors are pleased to present the audited consolidated and company annual financial statements for KAP Limited ('KAP' or 'the company') and its subsidiaries ('the group') for the year ended 30 June 2025.

NATURE OF BUSINESS

KAP Limited is incorporated in South Africa and is the ultimate holding company of the group. The company's shares are listed on the JSE Limited. KAP is a diversified group consisting of leading industrial, chemical and logistics businesses. The group operates in the below-mentioned six divisions:

PG Bison	PG Bison produces wood-based decorative panels, which are used for interior applications, with the objective of inspiring and enabling beautiful living spaces.
Safripol	Safripol produces polymers that are used in a broad range of applications in sectors such as packaging, infrastructure, agriculture and homeware.
Unitrans	Unitrans is an end-to-end supply chain and operational services business providing customised solutions to clients in a diverse range of sectors, including food, agriculture, petrochemical, mining and passenger transport.
Feltex	Feltex manufactures automotive components designed to enhance the comfort and style of new vehicles.
Sleep Group (previously Restonic)	Sleep Group is an integrated manufacturer of sleep products under various brands, including Restonic and Genessi, as well as retail house brands for South African furniture and bedding retailers.
Optix	Optix utilises leading global video telematics and predictive analytics to prevent road accidents and improve road safety. Its unique user interfaces provide real-time event-based interventions, business intelligence tools and driver support to improve fleet efficiency and reduce risk.

There have been no material changes to the group's business from the prior year.

FINANCIAL RESULTS

The prolonged weakness in the macroeconomic environment throughout the year contributed to challenging trading conditions, with the fourth quarter particularly difficult for the group. While there was demand for the group's products and services, prices and margins were generally under pressure due to consumer price sensitivity and intense competition, reflective of the broader macroeconomic challenges.

During 2H24, the group completed several major multiyear projects, amounting to c. R2.6 billion, of which PG Bison's new medium-density fibreboard ('MDF') line in Mkhondo is the largest. These projects were ramped up during the current year and are expected to have useful lives of more than 20 years.

Group revenue increased by 2% to R29 615 million (2024: R29 062 million) supported by increased production capacity. Operating profit before depreciation, amortisation and capital items ('EBITDA') decreased by 7% to R3 422 million (2024: R3 694 million), operating profit before capital items decreased by 14% to R1 937 million (2024: R2 250 million) and the operating margin decreased to 6.5% (2024: 7.7%). Headline earnings per share ('HEPS') declined by 47% to 24.1 cents (2024: 45.3 cents).

The declines in operating profit and margin were attributable to lower performances from PG Bison, Unitrans, Feltex and Optix, which were partly offset by improved results from Safripol and Sleep Group.

Operating profit was negatively affected by several items, the largest being the ramp-up of PG Bison's MDF line, which resulted in increased operating costs, consisting mainly of R286 million in production overheads and R82 million in depreciation. The utilisation of the line was below full capacity during the year due to the stop-start nature of the ramp-up. Feltex delivered a lower result due mainly to a contraction in vehicle assembly volumes and costs associated with a key model changeover, while Unitrans' performance was affected by lower volumes, particularly during the fourth quarter. Optix also struggled with potential new sales pipeline conversion resulting in a loss for the division.

Due to these factors as well as impairments of goodwill, intangibles assets and property, plant and equipment totalling R579 million (net of taxation), basic earnings per share decreased by 99% to 0.4 cents. The largest impairments were related to Safripol's polyethylene terephthalate ('PET') operations, attributable to depressed global PET margins, and the goodwill and intangible assets in Optix due to the division's performance being below expectations.

Net finance costs increased by 18% to R976 million (2024: R825 million). No borrowing costs were capitalised during the current financial year, whereas R173 million was capitalised in the prior year.

The effective tax rate increased to 63.2% compared with 15% in the prior year. In the current year, the effective tax rate was mainly affected by:

- impairments of R180 million (20.8%) consisting of goodwill (R145 million) and intangible assets (R35 million), which are not deductible for tax purposes;
- taxation losses, including both unrecognised and utilised losses of R205 million (24.4%); and
- taxation allowances of R85 million (9.8%) primarily in relation to the section 12I tax allowances (R51 million) relating to the PG Bison MDF line.

In the prior year, the effective tax rate was affected by R790 million (15.0%) of section 12I tax allowances on the capitalisation of the PG Bison MDF line.

Cash generated from operations decreased by 13% to R3.0 billion due to the lower EBITDA and an increase in working capital. The group generated free cash flow (before dividends paid) of R482 million (2024: outflow of R79 million), with the lower cash flow from operations offset by a R960 million reduction in investing activities following the completion of the major projects. Net interest-bearing debt declined by R220 million, which is below our 2025 target of R1 billion mainly due to lower-than-expected EBITDA.

The results for the year under review are comprehensively disclosed in the consolidated and company annual financial statements.

IMPAIRMENTS OF GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

In accordance with the requirements of the IFRS® Accounting Standards, the group conducts annual impairment assessments on all intangible assets with indefinite useful lives, as well as on property, plant and equipment where impairment indicators exist. The following material impairments were recognised during the year:

- At Safripol, the PET plant and equipment were impaired by R293 million, primarily due to the impact of continued cyclical weakness in selling prices and indexed raw material margins, driven by a global oversupply of PET, particularly from China, which is expected to impact profitability for several years. This impairment follows a partial impairment of R472 million in June 2020, following capital expenditure overruns on expansion of the plant's capacity.
- At Feltex, the intangible asset in relation to Maxe's trademark was impaired by R57 million. This was primarily attributable to a shift in consumer preferences towards more affordable imported vehicles and a decline in demand for vehicle accessories. The change in buying behaviour has had a material impact on forecast sales and future cash flows.
- At Optix, goodwill of R145 million and intangible assets of R215 million were impaired. This was due to the division's performance falling below expectations, primarily due to its inability to expand the subscriber base at a rate sufficient to generate forecast cash flows.

Refer to note 6 (Capital items), note 12 (Goodwill), note 13 (Intangible assets) and note 14 (Property, plant and equipment) to the consolidated annual financial statements.

STATED SHARE CAPITAL

The authorised share capital of KAP remains unchanged from the prior year and consists of 6 000 000 000 ordinary shares of no par value ('the ordinary shares').

At the annual general meeting ('AGM') held on 29 November 2024, shareholders placed 124 000 000 cumulative, non-redeemable, non-participating preference shares of no par value and 50 000 000 perpetual preference shares of no par value (collectively, 'the preference shares'), each equating to less than 5% of the company's ordinary shares in issue at the date of the AGM, under the control of the directors. No preference shares have been issued as at the date of this report. Shareholders did not place any of the company's unissued ordinary shares under the control of the directors for purposes of a cash issue.

At the AGM held on 14 November 2012, the shareholders approved the adoption of the KAP Performance Share Rights Scheme. In accordance with the mandate from the human capital and remuneration committee, it was determined that 13 584 123 rights to KAP shares vested on 1 December 2024. Refer to note 25 to the consolidated annual financial statements for further details in this regard.

BORROWING FACILITIES AND LIQUIDITY

During the year, bonds and term debt to the value of R2 070 million were settled and new funding of R2 550 million was raised through a term loan with a maturity of 18 months and a public bond auction with three- and five-year maturities, at more favourable interest rates. The funding raised in the bond auction was used to settle 2H25 maturities and the remainder of the funds will be utilised to settle 1H26 maturities.

Net interest-bearing debt of R8 106 million decreased by R220 million compared with the prior year. The reduction was below our expectations, primarily due to lower-than-expected EBITDA. The net interest-bearing debt-to-equity (gearing) ratio declined to 65% from 67% in the prior year.

Debt serviceability ratios for the year of net debt to EBITDA at 2.4 times and EBITDA to interest cover at 3.5 times remained within our financial covenants of less than 3.0 times and greater than 3.25 times respectively. Both ratios are below our internal limits of net debt to EBITDA of 2.5 times and EBITDA to interest cover of 4.5 times. As noted above, with the major capital projects now complete, we plan to further reduce debt from 2026 into 2027.

Global Credit Rating Co. Proprietary Limited reviewed KAP's credit rating in November 2024, and confirmed its rating as A+(za), and revised the outlook from negative to stable.

The group's financial and cash flow forecasts continue to indicate that it will remain within its existing banking facilities and will not breach relevant financial covenant ratios for the foreseeable future.

The group's borrowing facilities and usage thereof are set out in note 27 to the consolidated annual financial statements. In terms of the memorandum of incorporation of the company and its subsidiaries, there is no limitation on the group's borrowing powers.

CORPORATE ACTIVITY

Effective 30 June 2025, Unitrans Passenger Proprietary Limited disposed of its shareholding in Mvelatrans Proprietary Limited ('Mvelatrans') for proceeds of R110 million. Mvelatrans formed part of the Unitrans division and managed a commuter contract in the North West Province. This is in line with Unitrans' rationalisation of its asset and contract portfolio, with a strategic focus on enhancing returns.

Refer to note 34 to the consolidated annual financial statements for more details on the disposal of subsidiaries.

DIRECTORS' REPORT (CONTINUED)

SUBSIDIARY COMPANIES

The material subsidiaries of the group are reflected in note 37 to the consolidated annual financial statements.

DIVIDENDS

Considering KAP's debt levels within the context of the subdued and uncertain macroeconomic environment, the board believes it prudent to focus on debt reduction. A dividend was therefore not declared for the 2025 financial year.

SAFRIPOL RAW MATERIAL SUPPLY DISPUTE

Sasol South Africa Limited ('Sasol') supplies Safripol with propylene and ethylene, used to produce PP and HDPE, in terms of evergreen supply agreements. During the year, Safripol and Sasol entered a dispute relating to the price of ethylene, which has progressed to independent arbitration and remains in progress. Separately, post-year-end the companies entered a dispute relating to the volume commitment in terms of the ethylene supply agreement.

On 30 June 2025, Safripol lodged a complaint against Sasol at the Competition Commission and requested the Commission to investigate expeditiously whether Sasol's conduct, as the monopoly ethylene supplier in South Africa, is in contravention of the Competition Act. Safripol applied to the Competition Tribunal for interim relief under section 49C of the Competition Act.

CONTINGENT LIABILITY

The group has a contingent liability relating to a Competition Commission ('the Commission') investigation into the activities of PG Bison Proprietary Limited ('PG Bison') and the referral of a complaint to the Competition Tribunal. PG Bison has applied for immunity from prosecution in terms of the Commission's Corporate Leniency Policy and has cooperated fully with the Commission throughout its investigation. While the Commission has declined PG Bison's application for immunity, the directors are of the opinion that PG Bison has a compelling case. As a result, PG Bison has taken the Commission's decision on review to the High Court. There has been no material development on this matter since the previous year. Refer to note 32 to the consolidated annual financial statements for further detail in this regard.

EVENTS AFTER THE REPORTING DATE

The directors are not aware of any significant events after the reporting date that will have a material effect on the group's results or financial position as presented in these annual financial statements.

CEO TRANSITION

In line with the board's succession planning, FH (Frans) Olivier was appointed as the new CEO with effect from 1 November 2025, following GN (Gary) Chaplin's recent resignation that was announced on 29 May 2025. A formal handover process is well advanced to ensure a smooth transition.

DIRECTORATE

At conclusion of the company's AGM, held on 29 November 2024, PK (Pat) Quarmby retired and stepped down from his position as chairperson of the KAP board of directors ('board') and the nomination committee and member of the investment committee. JA (Johan) Holtzhausen was appointed as chairperson of the board and the nomination committee in Pat's stead on this date.

S (Samara) Totaram was appointed as an independent non-executive director to the board on 5 May 2025. She also serves as a member of the audit and risk and the nomination committees.

Following these changes, the nomination committee has reviewed the composition of the board and its committees, and is satisfied that the board and its committees are well balanced and, collectively, comprise individuals with the necessary skills, expertise and diversity to fulfil their obligations effectively.

At 30 June 2025, the directors of the company and their committee membership are as follows:

Directors	Committee membership
Executive directors	
GN Chaplin (chief executive officer)	Investment committee, Sustainability, social and ethics committee
FH Olivier (chief financial officer)	Investment committee
SP Lunga	None
Non-executive independent directors	
JA Holtzhausen (chairperson of the board)	Human capital and remuneration committee, Investment committee, Nomination committee (chairperson)
Z Fuphe	Audit and risk committee, Nomination committee, Sustainability, social and ethics committee (chairperson)
KT Hopkins	Audit and risk committee (chairperson)
TC Isaacs	Audit and risk committee, Sustainability, social and ethics committee
SN Maseko	Investment committee, Sustainability, social and ethics committee
V McMenamin	None
AFB Mthembu	Human capital and remuneration committee, Investment committee
SH Müller	Audit and risk committee, Human capital and remuneration committee (chairperson), Investment committee (chairperson), Sustainability, social and ethics committee
S Totaram	Audit and risk committee, Nomination committee

DIRECTORS' SHAREHOLDING (INCLUDING THEIR ASSOCIATES)

As at 30 June 2025, the directors of the company held no direct or indirect interests in the company's issued ordinary shares other than:

	2025 Number of shares	2024 Number of shares
GN Chaplin	**6 358 772**	5 820 540
FH Olivier	**2 232 930**	1 892 939
SP Lunga	**1 226 289**	1 059 660
Z Fuphe	**111 100**	111 100
JA Holtzhausen	**863 000**	338 000
TC Isaacs	**22 000**	22 000
SH Müller	**225 004**	225 004
	11 039 095	9 969 243

In aggregate, the directors of the company and its subsidiaries held 32 134 478 (2024: 25 893 898) of the company's ordinary shares at 30 June 2025, equating to 1.28% (2024: 1.04%) of the ordinary shares in issue.

The details of the number of shares that vested in terms of the KAP Performance Share Rights Scheme relating to executive directors are disclosed in note 38.2 to the consolidated annual financial statements. Other than the above movements in shareholdings, there were no dealings in the company's ordinary shares by directors during the year under review. From 1 July 2025 to the date of approval of the company's annual financial statements, there were no dealings by directors in the company's ordinary shares.

DIRECTORS' DECLARATIONS OF PERSONAL FINANCIAL INTERESTS

No contracts were entered into during the year in which any director and/or officer of the company had an interest, and which significantly affected the affairs and business of the group, which were not disclosed. In the course of business, the directors have disclosed their personal financial interests (including intergroup directorships) and, where any conflict of interests was identified, the conflicted director did not participate in the decision-making process.

DISCLOSURE OF BENEFICIAL INTEREST OF MAJOR SHAREHOLDERS

	2025 %	2024 %
Shareholders with a beneficial interest above 5%		
Government Employees Pension Fund	**20.91**	19.97
Allan Gray	**16.86**	16.37

REPORT OF THE AUDIT AND RISK COMMITTEE

The report of the audit and risk committee, as required in terms of section 94(7)(f) of the Companies Act, No. 71 of 2008 of South Africa as amended, is set out on pages 10 to 12 of these annual financial statements. The audit and risk committee is satisfied that it has fulfilled its statutory and other prescribed obligations for the financial year under review.

EXTERNAL AUDITORS

KPMG Inc. ('KPMG') was reappointed, at the company's AGM on 29 November 2024, as the independent auditor of the group for their fourth term. IM Engels, a registered and accredited auditor and director of KPMG, was appointed to lead the audit for the financial year ended 30 June 2025 (4th term).

Johan Holtzhausen
Independent non-executive chairperson

27 August 2025

INCOME STATEMENT
for the year ended 30 June 2025

	Notes	2025 Rm	2024 Rm
Revenue	3	**29 615**	29 062
Cost of revenue		**(24 465)**	(23 921)
Gross profit		**5 150**	5 141
Selling and distribution expenses		**(988)**	(938)
Administrative and other expenses		**(2 522)**	(2 400)
Other income	4	**108**	207
Other net gains	5	**189**	240
Operating profit before capital items		**1 937**	2 250
Capital items	6	**(765)**	(46)
Operating profit	7	**1 172**	2 204
Finance costs	8	**(1 053)**	(901)
Finance income	9	**77**	76
Share of profit of associate and joint venture companies	18	**38**	38
Profit before taxation		**234**	1 417
Taxation	10	**(148)**	(213)
Profit for the year		**86**	1 204
Profit attributable to:			
Owners of the parent		**10**	1 090
Non-controlling interests	26	**76**	114
Profit for the year		**86**	1 204
Earnings per share attributable to owners of the parent	11	**Cents**	**Cents**
Basic earnings		**0.4**	43.8
Diluted earnings		**0.4**	43.2

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2025

	2025 Rm	2024 Rm
Profit for the year	86	1 204
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(41)	(191)
Total other comprehensive loss for the year, net of taxation	(41)	(191)
Total comprehensive income for the year, net of taxation	45	1 013
Total comprehensive income/(loss) attributable to:		
Owners of the parent	(30)	901
Non-controlling interests	75	112
Profit for the year	76	114
Foreign currency translation reserve transferred to non-controlling interests	(1)	(2)
Total comprehensive income for the year	45	1 013

STATEMENT OF FINANCIAL POSITION

as at 30 June 2025

	Notes	2025 Rm	2024 Rm
Assets			
Non-current assets			
Goodwill	12	**510**	659
Intangible assets	13	**1 491**	1 790
Property, plant and equipment	14	**15 633**	16 043
Investment property	15	**20**	–
Right-of-use assets	16	**318**	300
Consumable biological assets	17	**1 610**	1 586
Investments in associate and joint venture companies	18	**244**	250
Investments and loans receivable	19	**9**	4
Deferred taxation assets	20	**59**	81
Derivative financial instruments	21	**39**	58
		19 933	20 771
Current assets			
Inventories	22	**3 823**	3 807
Trade and other receivables	23	**4 834**	4 996
Derivative financial instruments	21	**14**	10
Loans receivable	19	**11**	23
Taxation receivable		**100**	93
Cash and cash equivalents	33.3	**2 090**	1 398
		10 872	10 327
Total assets		**30 805**	31 098
Equity and liabilities			
Capital and reserves			
Total equity attributable to owners of the parent		**12 443**	12 475
Non-controlling interests	26	**261**	300
Total equity		**12 704**	12 775
Non-current liabilities			
Loans and borrowings	27	**7 309**	6 710
Lease liabilities	28	**281**	273
Employee benefits	29	**46**	39
Provisions	30	**2**	2
Deferred taxation liabilities	20	**2 388**	2 511
		10 026	9 535
Current liabilities			
Loans and borrowings	27	**2 563**	2 710
Lease liabilities	28	**94**	82
Employee benefits	29	**380**	415
Provisions	30	**28**	38
Trade and other payables	31	**4 965**	5 458
Derivative financial instruments	21	**22**	36
Taxation payable		**16**	49
Other financial liabilities		**7**	–
		8 075	8 788
Total equity and liabilities		**30 805**	31 098

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2025

	Notes	Stated share capital (note 24) Rm	Distributable reserves Rm	Share-based payment reserve Rm	Reverse acquisition reserve Rm	Other reserves[1] Rm	Total equity attributable to owners of the parent Rm	Non-controlling interests Rm	Total Rm
Balance at 1 July 2023		7 896	6 656	604	(3 952)	338	11 542	277	11 819
Total comprehensive income/(loss) for the year		–	1 090	–	–	(189)	901	112	1 013
Profit for the year		–	1 090	–	–	–	1 090	114	1 204
Other comprehensive loss for the year		–	–	–	–	(189)	(189)	(2)	(191)
Dividends declared		–	–	–	–	–	–	(79)	(79)
Share-based payments		–	–	59	–	–	59	–	59
Share-based payment expense	25	–	–	58	–	–	58	–	58
Deferred taxation	20	–	–	1	–	–	1	–	1
Transfer between reserves		–	1	(1)	–	–	–	–	–
Gross obligation under non-controlling put option		–	–	–	–	12	12	–	12
Transactions with non-controlling interests		–	(6)	–	–	–	(6)	(10)	(16)
Other movements		–	–	(33)	–	–	(33)	–	(33)
Balance at 30 June 2024		**7 896**	**7 741**	**629**	**(3 952)**	**161**	**12 475**	**300**	**12 775**
Total comprehensive income/(loss) for the year		**–**	**10**	**–**	**–**	**(40)**	**(30)**	**75**	**45**
Profit for the year		**–**	**10**	**–**	**–**	**–**	**10**	**76**	**86**
Other comprehensive loss for the year		**–**	**–**	**–**	**–**	**(40)**	**(40)**	**(1)**	**(41)**
Dividends declared		**–**	**–**	**–**	**–**	**–**	**–**	**(123)**	**(123)**
Share-based payments		**–**	**–**	**27**	**–**	**–**	**27**	**–**	**27**
Share-based payment expense	25	**–**	**–**	**32**	**–**	**–**	**32**	**–**	**32**
Deferred taxation	20	**–**	**–**	**(5)**	**–**	**–**	**(5)**	**–**	**(5)**
Transactions with non-controlling interests		**–**	**(9)**	**–**	**–**	**–**	**(9)**	**9**	**–**
Other movements		**–**	**–**	**(20)**	**–**	**–**	**(20)**	**–**	**(20)**
Balance at 30 June 2025		**7 896**	**7 742**	**636**	**(3 952)**	**121**	**12 443**	**261**	**12 704**

[1] *Mainly comprising foreign currency translation reserve and actuarial reserve.*

STATEMENT OF CASH FLOWS
for the year ended 30 June 2025

	Notes	2025 Rm	2024 Rm
Cash flows from operating activities			
Cash generated from operations	33.1	**3 022**	3 491
Dividends received		**22**	10
Finance income received		**78**	76
Finance costs paid	27.4	**(1 061)**	(1 092)
Dividends paid		**(116)**	(79)
Taxation paid	33.2	**(282)**	(307)
Net cash inflow from operating activities		**1 663**	2 099
Cash flows from investing activities			
Additions to property, plant and equipment	14	**(1 592)**	(2 571)
Additions to intangible assets	13	**(11)**	(19)
Additions to consumable biological assets	17	**–**	(1)
Proceeds from disposal of property, plant and equipment		**140**	323
Acquisition of subsidiaries, net of cash acquired		**–**	(77)
Disposal of subsidiaries, net of cash disposed	34	**110**	–
Associate company loan repayment received		**17**	19
Loans receivable repayment received		**8**	3
Government grants received	14	**2**	54
Insurance proceeds		**29**	12
Net cash outflow from investing activities		**(1 297)**	(2 257)
Cash flows from financing activities			
Transactions with non-controlling interests		**–**	(19)
Loans and borrowings received	27.4	**4 080**	3 547
Loans and borrowings repaid	27.4	**(3 621)**	(3 183)
Lease liabilities capital repayments	28	**(100)**	(138)
Other movements		**(20)**	(33)
Net cash inflow from financing activities		**339**	174
Net increase in cash and cash equivalents		**705**	16
Cash and cash equivalents at beginning of the year		**1 398**	1 453
Effects of exchange rate translations on net cash and cash equivalents		**(13)**	(71)
Cash and cash equivalents at end of the year	33.3	**2 090**	1 398

SEGMENTAL ANALYSIS

for the year ended 30 June 2025

BASIS FOR SEGMENTATION

The group operates businesses within six operating segments, mainly in sub-Saharan Africa. The segments reflect how the results are reported to the executive directors.

The segmental analysis has been adjusted to disclose the results of the group's six operating segments which give information to investors and stakeholders regarding the financial results and financial position of the operating segments that are used by the group's chief operating decision-makers.

OPERATIONAL SEGMENTS

PG Bison	PG Bison contains the group's forestry and timber manufacturing operations and incorporates timber plantations, a sawmill, a pole plant and production facilities for wood-based decorative panel products.
Safripol	Safripol manufactures polyethylene terephthalate ('PET'), high-density polyethylene ('HDPE') and polypropylene ('PP').
Unitrans	Unitrans is an end-to-end supply chain and operational services business providing customised solutions to customers in a diverse range of sectors, including consumer, agriculture, petrochemical, mining and passenger transport.
Feltex	Feltex manufactures automotive components used primarily in new vehicle assembly and manufactures aftermarket accessories.
Sleep Group (previously Restonic)	Sleep Group is an integrated manufacturer of sleep products, including foam and sprung mattresses, together with mattress fabric and a range of industrial foam.
Optix	Optix provides technology-enabled driver behaviour management solutions.

The group mainly operates in South Africa, with the exception of Unitrans and Sleep Group, which also operate businesses in the rest of sub-Saharan Africa and Optix, which has operations in Australasia and Europe. Most of the group's non-current assets are located in South Africa. The geographic distribution of revenue is disclosed in note 3.1.

SEGMENT PERFORMANCE

Segment revenue includes the elimination of interdivisional revenue. Intersegmental sales are made on a commercial basis and are eliminated for group revenue. Segment operating profit before capital items represents segment revenue, segment expenses, other income and other net gains or losses, excluding capital items included in note 6. Segment expenses include cost of revenue, selling and distribution expenses and administrative and other expenses. Depreciation and amortisation have been allocated to the segments to which they relate.

The segment operating assets comprise all assets that are employed by the segment and that are either directly attributable to the segment, or can be allocated to the segment on a reasonable basis.

The segment operating liabilities comprise all liabilities that are used in the operations of the segment and that are either directly attributable to the segment, or can be allocated to the segment on a reasonable basis.

SEGMENTAL ANALYSIS (CONTINUED)

for the year ended 30 June 2025

	2025 Rm	2024 Rm
Operating assets include the following:		
Goodwill	**510**	659
Intangible assets	**1 491**	1 790
Property, plant and equipment	**15 633**	16 043
Investment property	**20**	–
Right-of-use assets	**318**	300
Consumable biological assets	**1 610**	1 586
Inventories	**3 823**	3 807
Trade and other receivables	**4 834**	4 996
Derivative financial instruments	**53**	68
	28 292	29 249
Operating liabilities include the following:		
Employee benefits	**426**	454
Provisions	**30**	40
Trade and other payables	**4 965**	5 458
Derivative financial instruments	**22**	36
	5 443	5 988
Net working capital includes the following:		
Inventories	**3 823**	3 807
Trade and other receivables	**4 834**	4 996
Employee benefits	**(426)**	(454)
Provisions	**(30)**	(40)
Trade and other payables	**(4 965)**	(5 458)
Net derivative financial instruments	**31**	32
	3 267	2 883
Total capital expenditure includes the following:		
Additions to property, plant and equipment	**1 592**	2 571
Proceeds from disposal of property, plant and equipment	**(140)**	(323)
Government grants received	**(2)**	(54)
Insurance proceeds	**(29)**	(12)
	1 421	2 182

SEGMENTAL ANALYSIS (CONTINUED)

for the year ended 30 June 2025

	PG Bison Rm	Safripol Rm	Unitrans Rm	Feltex Rm	Sleep Group Rm	Optix Rm	Corporate, consolidation and eliminations Rm	Total Rm
2025								
Income statement								
Segmental revenue	6 327	9 692	9 332	2 429	1 834	602	(601)	29 615
External revenue	6 321	9 689	8 832	2 393	1 826	554	–	29 615
Intersegmental revenue	6	3	500	36	8	48	(601)	–
Cost of revenue	(4 618)	(8 490)	(7 994)	(1 950)	(1 215)	(373)	175	(24 465)
Gross profit[1]	1 709	1 202	1 338	479	619	229	(426)	5 150
Operating profit before depreciation, amortisation and capital items	1 018	706	1 162	296	215	20	5	3 422
Depreciation and amortisation	(301)	(203)	(726)	(130)	(56)	(64)	(5)	(1 485)
Operating profit/(loss) before capital items[2]	717	503	436	166	159	(44)	–	1 937
Capital items	(33)	(309)	(2)	(61)	(1)	(359)	–	(765)
Impairment of goodwill	–	–	–	–	–	(145)	–	(145)
Impairment of intangible assets	–	–	–	(57)	–	(215)	–	(272)
Impairment of property, plant and equipment	(27)	(304)	(7)	(2)	–	–	–	(340)
(Loss)/profit on disposal of property, plant and equipment	(6)	(5)	(19)	(2)	(1)	1	–	(32)
Loss on disposal of subsidiaries	–	–	(4)	–	–	–	–	(4)
Insurance income	–	–	29	–	–	–	–	29
Other	–	–	(1)	–	–	–	–	(1)
Operating profit/(loss)	684	194	434	105	158	(403)	–	1 172
Material items included in segment profit or loss:								
Personnel expenses	(748)	(444)	(3 008)	(560)	(408)	(187)	(106)	(5 461)
Net fair value adjustment of consumable biological assets	24	–	–	–	–	–	–	24
Fair value gain	261	–	–	–	–	–	–	261
Decrease due to harvesting/disposals	(237)	–	–	–	–	–	–	(237)
Insurance income[3]	2	–	10	–	–	3	–	15
Statement of financial position								
Operating assets	10 232	6 617	7 183	2 018	1 765	527	(50)	28 292
Operating liabilities	(1 331)	(1 740)	(1 256)	(513)	(343)	(111)	(149)	(5 443)
Net operating assets/(liabilities)[4]	8 901	4 877	5 927	1 505	1 422	416	(199)	22 849
Net working capital	1 399	1 068	564	199	108	147	(218)	3 267
Statement of cash flows								
Replacement capital expenditure[5&6]	(59)	(115)	(667)	(72)	(9)	2	(1)	(921)
Expansion capital expenditure[7]	(186)	(58)	(146)	(40)	(14)	(56)	–	(500)
Total capital expenditure[5&6]	(245)	(173)	(813)	(112)	(23)	(54)	(1)	(1 421)

[1] *R426 million (2024: R392 million) intersegmental revenue is eliminated in other overheads.*
[2] *This is considered the measure for segment profit or loss.*
[3] *Included in other income.*
[4] *Net operating assets/(liabilities) comprise operating assets less operating liabilities.*
[5] *Net of proceeds from disposal of property, plant and equipment, insurance proceeds and government grants received.*
[6] *Unitrans proceeds from disposal of assets totalled R137 million (2024: R319 million) mainly due to the disposal of underutilised vehicles and trailers.*
[7] *Net of government grants received.*

SEGMENTAL ANALYSIS (CONTINUED)

for the year ended 30 June 2025

	PG Bison Rm	Safripol Rm	Unitrans Rm	Feltex Rm	Sleep Group Rm	Optix Rm	Corporate, consolidation and eliminations Rm	Total Rm
2024								
Income statement								
Segmental revenue	5 758	9 312	9 689	2 654	1 720	595	(666)	29 062
External revenue	5 753	9 220	9 198	2 633	1 708	550	–	29 062
Intersegmental revenue	5	92	491	21	12	45	(666)	–
Cost of revenue	(3 922)	(8 337)	(8 292)	(2 112)	(1 162)	(370)	274	(23 921)
Gross profit[1]	1 836	975	1 397	542	558	225	(392)	5 141
Operating profit before depreciation, amortisation and capital items	1 220	527	1 344	374	180	42	7	3 694
Depreciation and amortisation	(219)	(175)	(836)	(110)	(55)	(42)	(7)	(1 444)
Operating profit before capital items[2]	1 001	352	508	264	125	–	–	2 250
Capital items	(3)	(18)	(9)	(7)	(7)	(2)	–	(46)
Impairment of property, plant and equipment	–	(5)	–	–	(11)	–	–	(16)
Loss on disposal of property, plant and equipment	(5)	(13)	(15)	(7)	–	(2)	–	(42)
Insurance income	2	–	6	–	4	–	–	12
Operating profit/(loss)	998	334	499	257	118	(2)	–	2 204
Material items included in segment profit or loss:								
Personnel expenses	(672)	(390)	(3 060)	(535)	(381)	(151)	(110)	(5 299)
Net fair value adjustment of consumable biological assets	49	–	–	–	–	–	–	49
Fair value gain	324	–	–	–	–	–	–	324
Decrease due to harvesting/disposals	(275)	–	–	–	–	–	–	(275)
Insurance income[3]	15	–	29	19	1	–	–	64
Statement of financial position								
Operating assets	9 922	7 410	7 379	2 036	1 736	857	(91)	29 249
Operating liabilities	(1 417)	(2 173)	(1 338)	(478)	(272)	(84)	(226)	(5 988)
Net operating assets/(liabilities)[4]	8 505	5 237	6 041	1 558	1 464	773	(317)	23 261
Net working capital	944	1 103	709	200	136	127	(336)	2 883
Statement of cash flows								
Replacement capital expenditure[5&6]	(63)	(179)	(81)	(105)	5	–	–	(423)
Expansion capital expenditure[7]	(1 374)	(100)	(172)	(5)	(22)	(86)	–	(1 759)
Total capital expenditure[5&6]	(1 437)	(279)	(253)	(110)	(17)	(86)	–	(2 182)

[1] *R426 million (2024: R392 million) interesegmental revenue is eliminated in other overheads.*
[2] *This is considered the measure for segment profit or loss.*
[3] *Included in other income.*
[4] *Net operating assets/(liabilities) comprise operating assets less operating liabilities.*
[5] *Net of proceeds from disposal of property, plant and equipment, insurance proceeds and government grants received.*
[6] *Unitrans proceeds from disposal of assets totalled R137 million (2024: R319 million) mainly due to the disposal of underutilised vehicles and trailers.*
[7] *Net of government grants received.*

ACCOUNTING POLICIES

for the year ended 30 June 2025

The consolidated annual financial statements of KAP Limited ('the company') for the year ended 30 June 2025 comprise the company, its subsidiaries and the group's interest in associate and joint venture companies (collectively referred to as 'the group').

STATEMENT OF COMPLIANCE

The consolidated and company annual financial statements have been prepared in accordance with the IFRS® Accounting Standards and interpretations of those standards as issued by the International Accounting Standards Board ('IASB') ('IFRS Accounting Standards'), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act, No. 71 of 2008 of South Africa as amended ('the Companies Act'), the Listings Requirements of the JSE Limited, and have been audited in compliance with all the requirements of section 29(1) of the Companies Act, as required.

BASIS OF PREPARATION

The consolidated and company financial statements for the year ended 30 June 2025 were authorised for issue by the board of directors on 27 August 2025.

The consolidated and company annual financial statements are prepared in millions of South African rand ('Rm') on the historical-cost basis, except for certain assets and liabilities, which are carried at amortised cost, and derivative financial instruments and consumable biological assets, which are stated at their fair value at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated and company annual financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 – *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 – *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 – *Inventories* or value in use in IAS 36 – *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The material accounting policies applied by the group, as well as accounting policies where IFRS allows choice, are set out below and have been applied consistently to the periods presented in the consolidated and company financial statements, except where stated otherwise.

The accounting policies have been applied consistently by all group entities unless indicated otherwise.

BASIS OF CONSOLIDATION

Business combinations

Acquisition of businesses is accounted for using the acquisition method.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the consideration transferred over the net acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement-period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Subsidiaries

Subsidiaries are entities controlled by the group. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Non-controlling interests ('NCI') are measured initially at their proportionate share of the acquiree's identifiable assets at the date of acquisition. NCI consist of the amount of those interests at the date of the original business combination and the NCI's share of changes in equity since the date of the combination.

Any increases or decreases in ownership interest in subsidiaries without a change in control are recognised as equity transactions.

When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

All intragroup transactions and balances are eliminated on consolidation. Unrealised profits that arise between group entities are also eliminated.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 30 June 2025

Investment in associate and joint venture companies

An associate company is an entity over which the group has significant influence, through participation in the financial and operating policy decisions of the entity, but which it does not control or jointly control. A joint venture is defined as an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Interests in associates and joint venture companies are accounted for using the equity method. The interest is initially measured at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate or joint venture company. Distributions received from associates and joint venture companies reduce the carrying amount of the investment.

The profit or loss on transactions with associate and joint venture companies is not eliminated.

GOODWILL

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill arising from a business combination is allocated to cash-generating units ('CGUs') or group of CGUs that are expected to benefit from the synergies of the combination. On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and impairment losses. If an intangible asset is acquired in a business combination, the cost of that intangible asset is measured at its fair value on the acquisition date.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. The gain or loss arising from the derecognition of an intangible asset is recognised in profit or loss when the asset is derecognised.

Subsequent expenditure

Subsequent expenditure is only capitalised when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised as an expense in profit or loss as incurred.

Amortisation

Amortisation of intangible assets is recognised in profit or loss on a straight-line basis over the assets' estimated useful lives unless such lives are indefinite. An intangible asset is regarded as having an indefinite useful life when, based on analysis of all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Other intangible assets are amortised from the date they are available for use. Estimated useful lives are disclosed in note 13 of the consolidated annual financial statements.

The amortisation methods, estimated useful lives and residual values are reassessed annually, with the effect of any changes in estimate being accounted for on a prospective basis.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the costs that are directly attributable to bringing an asset to use, such as the cost of materials, direct labour, an appropriate proportion of production overheads and borrowing costs capitalised. Capitalisation of costs ceases when the assets are substantially ready for their intended use and in their intended location.

Subsequent expenditure

Subsequent expenditure is only capitalised if it is probable that additional future economic benefits embodied within the item will flow to the group and the cost of such item can be measured reliably. All other expenditure is recognised as an expense in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis at rates that will reduce the carrying amount to estimated residual values over the estimated useful lives of the assets.

Land is not depreciated. Leasehold improvements are written off over their expected useful lives or, where shorter, the term of the relevant lease. Estimated useful lives are disclosed in note 14 of the consolidated annual financial statements.

The depreciation methods, estimated useful lives and residual values are reassessed annually, with the effect of any changes in estimate being accounted for on a prospective basis.

LEASES

At inception of a contract, the group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The group as lessee

The group recognises a right-of-use asset and a corresponding lease liability with regard to all lease arrangements in which it is the lessee, except short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the group recognises the lease payment as an operating expense over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

ACCOUNTING POLICIES (CONTINUED)
for the year ended 30 June 2025

The right-of-use asset is recognised when the asset is available for use and comprises the initial measurement of the corresponding lease liability, less any lease incentives received and including any initial direct costs. The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated on a straight-line basis over the lease term from the commencement date of the lease.

Variable lease payments, other than those that depend on an index or rate, are excluded from the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in profit or loss in the period in which the event or condition that triggers those payments occurs.

The group as lessor
Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Rental income for transactions that are part of the group's ordinary activities (primarily leases of video telematics devices) is recognised as revenue. The group uses IFRS 15 – *Revenue from Contracts with Customers* to allocate the consideration in contracts between any lease and non-lease components. Rental income that does not form part of the group's ordinary activities is recognised as other income. Initial direct costs incurred in negotiating and arranging an operating lease are expensed as incurred.

CONSUMABLE BIOLOGICAL ASSETS
The group's timber plantations and livestock are classified as consumable biological assets. These assets are measured on initial recognition and at each reporting date at their fair value less estimated costs to sell. Gains and losses arising from changes in the fair value of the assets less estimated costs to sell are recognised in other net gains and losses in profit or loss. At point of harvest, the carrying value of timber plantations is transferred to inventory and recognised as a decrease in fair value of the biological assets.

BORROWING COSTS
Borrowing cost is recognised as an expense in the period in which it is incurred, except to the extent that it is directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period to prepare for their intended use. Borrowing costs directly attributable to these qualifying assets are capitalised as part of the costs of the assets.

The capitalisation rate applied is the weighted average of the borrowing costs applicable to the borrowings of the group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. Capitalisation of borrowing costs ceases when the assets are substantially ready for their intended use.

IMPAIRMENT OF NON-FINANCIAL ASSETS
The carrying amounts of the group's non-financial assets, other than assets carried at fair value, are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated. In addition, goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, are assessed for impairment annually.

Calculation of recoverable amount
For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. The impairment loss is first allocated to reduce the carrying amount of any goodwill attributed to the CGU, and then pro rata to the other assets of the CGU on the basis of the carrying amount of each asset in the CGU.

Reversal of impairment losses
An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in previous years. A reversal of an impairment loss is recognised in profit or loss.

GOVERNMENT GRANTS
Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants with a primary condition that the group should purchase, construct or otherwise acquire assets are recognised by deducting the grant in calculating the carrying amount of the asset. In this case, the grant is recognised in profit or loss over the life of the depreciable asset by way of a reduced depreciation expense.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

ACCOUNTING POLICIES (CONTINUED)
for the year ended 30 June 2025

TAXATION

Income taxation on the profit or loss for the year comprises current and deferred taxation. Income taxation is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity. In that case, it is recognised directly in other comprehensive income or equity.

Current taxation

Current taxation is the expected taxation payable on the taxable income for the year, using taxation rates enacted or substantively enacted at the reporting date, and any adjustment to taxation payable in respect of previous years.

Deferred taxation

Deferred taxation is provided for temporary differences arising from differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used in the computation of taxable income. The following temporary differences are not provided for:

- goodwill not deductible for taxation purposes;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and
- differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current taxation assets and liabilities on a net basis.

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the taxation rates (and taxation laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred taxation liabilities and assets reflects the taxation consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset will be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Costs are determined on either a first-in, first-out method or weighted average cost method.

The cost of harvested timber is its fair value less estimated costs to sell at the date of harvest. Any change in fair value subsequent to the date of harvest is recognised in profit or loss. The cost of other inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of overheads based on normal operating capacity.

Where necessary, the carrying amounts of inventory are adjusted for obsolete, slow-moving and defective inventories.

SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled

The fair value of the share rights granted to employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and is expensed over the period during which the employees are required to provide services in order to become unconditionally entitled to the equity instruments. The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions on which the instruments are granted. The amount recognised as an expense is adjusted to reflect the actual number of the share rights that vest.

Cash-settled

The cost of cash-settled transactions is measured initially at fair value at the grant date. This fair value is expensed over the period in which the employees become unconditionally entitled to payment with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in profit or loss.

EMPLOYEE BENEFITS

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

PROVISIONS AND CONTINGENT LIABILITIES

The amount recognised as a provision is the best estimate of the full consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent liabilities are not recognised in the statement of financial position except for certain contingent liabilities assumed in a business combination. A contingent liability assumed in a business combination is recognised if it is a present obligation and its fair value can be measured reliably, however an outflow of resources is not probable. Contingent liabilities are reviewed continuously to assess whether an outflow of resources has become probable. If the recognition criteria are met, then a liability is recognised in the statement of financial position in the period in which the change in probability occurs.

ACCOUNTING POLICIES (CONTINUED)
for the year ended 30 June 2025

FOREIGN CURRENCY

Foreign currency transactions

Transactions in currencies other than the functional currency of entities within the group are initially recognised at the rates of exchange ruling on the dates of the transactions.

Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of all foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at rates of exchange ruling at the reporting date. The revenues and expenses of foreign operations are translated at rates approximating the foreign exchange rates ruling at the date of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and aggregated in the foreign currency translation reserve ('FCTR'). The FCTR applicable to a foreign operation is released to profit or loss on disposal of that foreign operation. If the group disposes of part of its interest in a foreign operation but retains control, then the relevant proportion of the cumulative amount of FCTR is reattributed to non-controlling interests.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. All financial instruments are initially measured at fair value, including transaction costs that are incremental to the group and directly attributable to the acquisition or issue of the financial asset or financial liability, except for those classified as fair value through profit or loss ('FVTPL'), where the transaction costs are recognised immediately in profit or loss. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets

Financial assets are classified as either amortised cost or at FVTPL. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing it. The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows or selling the financial assets.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise to cash flows on specific dates that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost are measured at FVTPL.

Financial liabilities

Financial liabilities are classified as either measured at amortised cost or FVTPL. Financial liabilities are classified at FVTPL when the financial liability is:

- held for trading;
- a derivative; or
- designated at FVTPL.

Subsequent measurement

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period.

Fair value through profit or loss

Financial instruments classified as at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains and losses recognised in profit or loss. For financial assets, the net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term bank deposits and bank overdrafts with an original maturity of three months or less.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses ('ECL') on financial assets that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments. The group considers the use of reasonable and supportable information that is relevant and available without undue cost or effort when assessing whether the credit risk of a financial asset has increased. This includes both quantitative and qualitative information based on the group's historical experience, as well as forward-looking information. Where the group concludes that the credit risk of a financial instrument has not increased significantly since initial recognition, the loss allowance is measured using a 12-month ECL. The group recognises lifetime ECL for trade receivables.

Write-off policy

The group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into business rescue proceedings, or in the case of trade

ACCOUNTING POLICIES (CONTINUED)

for the year ended 30 June 2025

receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default ('PD'), loss given default ('LGD') (i.e. the magnitude of the loss if there is a default) and the exposure at default ('EAD'). The assessment of the PD and LGD is based on historical data adjusted by forward-looking information. The EAD for financial assets is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive.

Derecognition

The group derecognises a financial asset when the rights to receive cash flows from the asset have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when, and only when, the liability is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or has expired.

REVENUE RECOGNITION

Revenue comprises income arising in the course of the group's ordinary activities. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer as the transfer of control coincides with the fulfilment of performance obligations. Revenue is disclosed net of sales taxes, returns, discounts and other allowances.

The group bases its estimates of variable consideration, such as settlement discounts and other allowances on historical experience, and it is calculated by applying percentages determined to actual sales for the period.

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year. Therefore, the group does not adjust any of the transaction prices for the time value of money.

Sale of goods

Sale of goods relates to both local sales and export sales and comprises mainly the sale of manufactured goods, goods purchased for resale and farming produce. Each item sold represents a separate performance obligation. Revenue from the sale of goods is recognised only when the performance obligations arising from the contract with a customer are satisfied at the point in time when control is transferred. Goods sold generally include delivery and each of these sales is identified as being a single performance obligation which is satisfied when the group has delivered the goods to the customer and the customer has accepted delivery. To the extent that the group acts as an agent and the group makes use of a transport provider, transport is regarded as a separate performance obligation. The revenue from these transport services is therefore recognised at the net amount of consideration retained after paying the service provider, if any.

Services provided

Services comprise mainly transport of goods or passengers, warehousing services, mining services and agricultural services. These services represent separate performance obligations (except for delivery services included in sale of goods as referred to under the Sale of goods above). Revenue from services is recognised over time as services are rendered. In the event that services comprise a fixed and variable portion, the variable portion is recognised when the performance obligations arising from the contract with a customer are satisfied.

Sale of goods and related services

In addition, the group sells goods to customers with related services included. Depending on the nature of the contract, the group applies its judgement to conclude whether the goods and services should be treated as a single performance obligation or as two or more separate performance obligations. Where the group sells goods and related services to customers and these goods and services are not distinct, i.e. not separately identifiable, the contracts are treated as a single performance obligation. However, where the goods and services are distinct, i.e. separately identifiable, and the customer can benefit from the goods and services either on its own or together with other resources that are readily available, then the goods and services are treated as separate performance obligations. The sale of goods is recognised when the group has delivered the goods to the customer and the customer has accepted delivery. The related services sold, when considered to be distinct, are recognised over time when the services are rendered to the customer.

INTEREST

Interest is recognised on the time proportion basis, taking account of the principal amount outstanding and the effective rate over the period to maturity.

SEGMENTAL REPORTING

A segment is a distinguishable component of the group that is engaged in providing products or services that are subject to risks and rewards that are different from those of other segments. The basis of segmental reporting is representative of the internal structure used for management reporting, as well as the structure in which the executive directors review the information.

The basis of segmental allocation is determined as follows:

- Segmental revenue includes revenue that can be directly attributed to a segment and the relevant portion of the profit that can be allocated on a reasonable basis to a segment.
- Segmental assets are those assets that are employed by a segment in its operating activities and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segmental assets exclude investments in equity-accounted companies, investments and loans, cash and cash equivalents, assets held for sale, deferred taxation assets and taxation receivable.
- Segmental liabilities are those liabilities that are employed by a segment in its operating activities and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segmental liabilities exclude loans and borrowings, lease liabilities, deferred taxation liabilities, taxation payable and bank overdrafts and short-term facilities.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2025

1. Judgements made by management and key sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next financial year are discussed below.

1.1. Judgements

Control

Management assesses whether it controls an entity based on whether the investor has power over the relevant activities of the investee. Relevant activities include the activities of the investee that significantly affect the investee's returns; the investor is exposed to variable returns from its involvement with the investee; and the investor is able to use its power to affect its returns from the investee. Control is reassessed if the facts and circumstances impacting the assessment change.

Hyperinflation – Malawi

Malawi's economy has been classified as hyperinflationary by the International Practices Task Force on 31 December 2024. The group, which provides logistics services in Malawi, assessed the impact of hyperinflationary adjustments as at 30 June 2025 to be immaterial and, accordingly, no financial balances have been adjusted. The impact of hyperinflation will continue to be reassessed annually.

1.2. Estimation uncertainties

Impairment of goodwill, intangible assets and property, plant and equipment

The carrying amounts of assets, other than assets carried at fair value, are assessed for impairment when there is an indication of impairment. Goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet ready for use, are assessed for impairment annually. The significant assumptions and estimates used in the determination of the recoverable amount are detailed in notes 12 to 14.

Useful lives and residual values

The depreciation methods, estimated remaining useful lives and residual values of property, plant and equipment and the useful lives of finite intangible assets are reviewed at least annually. The estimation of the useful lives is based on historical performance as well as expectations about future use and, therefore, requires a degree of judgement to be applied by management. The estimated useful lives for intangible assets with a finite life and property, plant and equipment are detailed in notes 13 to 14.

Consumable biological assets

The fair value of standing timber, which has become marketable, is based on the market price of the estimated recoverable timber volumes, net of harvesting costs. The fair value of younger standing timber is determined using a discounted cash flow method. The key assumptions used in the calculation of the fair value is detailed in note 17.

Valuation of equity compensation benefits

Management classifies its share-based payment scheme as either equity-settled or cash-settled based on the assessment of its role and that of the employees in the transaction. In applying its judgement, management consulted with external expert advisors in the accounting and share-based payment advisory industry. The critical assumptions used in the valuation model are detailed in note 25.

2. New or revised accounting pronouncements

During the current year, the group adopted all the new and revised standards issued by the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2024.

2.1. New or revised IFRS Standards applied with no material effect on the annual financial statements

- Amendment to IAS 1 – Classification of Liabilities as Current and Non-current
- Amendment to IAS 1 – Non-current Liabilities with Covenants
- Amendments to IAS 7 – and IFRS 7 – Supplier Finance Arrangements
- Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

2. New or revised accounting pronouncements (continued)

2.2. IFRS Accounting Standards and interpretations in issue but not yet effective

A number of amendments to standards are effective for annual periods beginning on or after 1 July 2025 and earlier application is permitted. However, the group has not early adopted the amended standards in preparing these financial statements. The following amended standards are not expected to have a material impact on the financial statements:

- Amendment to IAS 21 – Lack of Exchangeability
- Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments
- Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity
- Annual improvements to IFRS Accounting Standards – Volume 11
- IFRS 18 – Presentation and Disclosure in Financial Statements

3. Revenue

	Goods Rm	Services Rm	Rentals Rm	Total Rm
2025				
PG Bison	**7 060**	**–**	**–**	**7 060**
Safripol	**9 769**	**–**	**–**	**9 769**
Unitrans	**108**	**9 224**	**–**	**9 332**
Feltex	**2 432**	**–**	**–**	**2 432**
Sleep Group	**2 070**	**–**	**–**	**2 070**
Optix	**280**	**244**	**–**	**524**
Gross revenue	**21 719**	**9 468**	**–**	**31 187**
Variable consideration	**(1 049)**	**(1)**	**–**	**(1 050)**
Intergroup eliminations	**(54)**	**(537)**	**–**	**(591)**
Revenue from contracts with customers	**20 616**	**8 930**	**–**	**29 546**
Optix	**–**	**–**	**79**	**79**
Intergroup eliminations	**–**	**–**	**(10)**	**(10)**
	20 616	**8 930**	**69**	**29 615**
2024				
PG Bison	6 445	–	–	6 445
Safripol	9 400	–	–	9 400
Unitrans	147	9 543	–	9 690
Feltex	2 657	–	–	2 657
Sleep Group	1 926	–	–	1 926
Optix	131	396	–	527
Gross revenue	20 706	9 939	–	30 645
Variable consideration	(984)	(1)	–	(985)
Intergroup eliminations	(139)	(519)	–	(658)
Revenue from contracts with customers	19 583	9 419	–	29 002
Optix	–	–	68	68
Intergroup eliminations	–	–	(8)	(8)
	19 583	9 419	60	29 062

The following customer payment terms are generally applicable in the group:

- Sale of goods: 0 to 90 days;
- Sale of services: 0 to 60 days; and
- Rentals: 0 to 60 days.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2025

		Notes	2025 Rm	2024 Rm
3.	**Revenue (continued)**			
3.1.	**Geographic distribution**			
	South Africa		**24 289**	24 432
	Rest of Africa		**3 724**	3 722
	Middle East		**515**	91
	Americas		**484**	322
	Europe		**395**	156
	Australasia		**195**	338
	Asia		**13**	1
			29 615	29 062
3.2	**Unsatisfied performance obligations**			
	The following table includes revenue expected to be recognised within the next year and thereafter relating to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:			
	Services			
	Next year		**1 906**	1 870
	Within two to five years		**1 538**	1 897
	Thereafter		**–**	88
			3 444	3 855

In the event that consideration from long-term contracts comprise a fixed and variable portion, the fixed portion of the consideration is included in the amounts presented above. The variable portion of these contracts depends on usage and is constrained. The group does not disclose information about remaining performance obligations in a contract that has an original expected duration of one year or less.

		Notes	2025 Rm	2024 Rm
4.	**Other income**			
	Government grants		**21**	24
	Rental of properties		**16**	19
	Scrap sales		**16**	16
	Insurance income		**15**	64
	Tooling income		**15**	13
	Bad debts recovered		**3**	37
	Rebates		**3**	3
	Warranty claim		**–**	16
	Other		**19**	15
			108	207
5.	**Other net gains**			
	Net impairment of financial assets	36.2.2	**(33)**	(5)
	Reversal of impairment of loans receivable		**1**	1
	Impairment of trade and other receivables		**(34)**	(6)
	Fair value gain on consumable biological assets	17	**261**	324
	Fair value gain on timber plantations		**250**	316
	Fair value gain on livestock		**11**	8
	Net foreign exchange losses		**(9)**	(81)
	Net gains/(losses) on foreign currency derivative financial instruments		**1**	(60)
	Net gains/(losses) on conversion of monetary assets and liabilities – realised		**4**	(16)
	Net losses on conversion of monetary assets and liabilities – unrealised		**(14)**	(5)
	Net fair value (loss)/gain on equity derivative		**(30)**	2
			189	240

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

	Notes	2025 Rm	2024 Rm
6. Capital items			
(Expense)/income items of a capital nature are:			
Impairment of:		**(757)**	(16)
Goodwill	12	**(145)**	–
Intangible assets	13	**(272)**	–
Property, plant and equipment	14	**(340)**	(16)
Loss on disposal of:		**(36)**	(42)
Property, plant and equipment		**(32)**	(42)
Subsidiaries	34	**(4)**	–
Insurance income		**29**	12
Other		**(1)**	–
		(765)	(46)

Capital items reflect and affect the resources committed in producing operating performance and are not the performance itself. These items deal with the capital base of the group.

7. Operating profit

Operating profit is stated after taking account of the following items:

7.1 Depreciation and amortisation

	Notes	2025 Rm	2024 Rm
Depreciation		**1 453**	1 416
Property, plant and equipment	14	**1 351**	1 281
Right-of-use assets	16	**102**	135
Amortisation	13	**32**	28
		1 485	1 444
Recognised in:			
Cost of revenue		**1 361**	1 317
Selling and distribution expenses		**19**	18
Administrative and other expenses		**105**	109
		1 485	1 444

7.2 Auditor's remuneration

	Notes	2025 Rm	2024 Rm
Financial statement audit		**47**	40
Non-audit services		**1**	1
		48	41

7.3 Personnel expenses

	Notes	2025 Rm	2024 Rm
Salaries and wages		**5 037**	4 849
Retirement benefit contributions		**387**	375
Defined contribution plans		**372**	359
State-managed plans		**15**	16
Share-based payments – equity-settled	25.1	**32**	58
Share-based payments – cash-settled	25.2	**5**	17
		5 461	5 299
Recognised in:			
Cost of revenue		**3 883**	3 727
Selling and distribution expenses		**228**	212
Administrative and other expenses		**1 350**	1 360
		5 461	5 299

7.4 Lease expenses

	Notes	2025 Rm	2024 Rm
Short-term leases		**115**	101
Low-value assets		**6**	5
Variable lease payments		**–**	1
		121	107

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2025

		Notes	2025 Rm	2024 Rm
8.	**Finance costs**			
	Bank overdraft and short-term facilities		**76**	77
	Lease liabilities	28	**32**	34
	Receiver of revenue		**–**	6
	Revolving credit loan		**279**	90
	Senior unsecured listed notes		**450**	640
	Term loans		**68**	69
	Vehicle and asset finance		**128**	140
	Related-party	35	**5**	5
	Other		**15**	13
	Less: Borrowing cost capitalised	14	**–**	(173)
			1 053	901
9.	**Finance income**			
	Bank balances and short-term deposits		**67**	53
	Overdue debtor accounts		**4**	17
	Related-party	35	**2**	4
	Other		**4**	2
			77	76
10.	**Taxation**			
	10.1 Taxation expense			
	South African normal taxation		**186**	120
	Current year		**188**	159
	Prior year		**(2)**	(39)
	Foreign taxation		**32**	88
	Current year		**46**	76
	Prior year		**(14)**	12
	Withholding taxation		**23**	29
			241	237
	Deferred taxation			
	Current year		**(91)**	(61)
	Prior year		**(1)**	37
	Change in taxation rate		**(1)**	–
		20	**(93)**	(24)
			148	213

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

	2025 %	2024 %
10. Taxation (continued)		
10.2 Reconciliation of rate of taxation		
South African normal tax rate	**27.0**	27.0
Foreign rate differential	**(0.1)**	–
Reduction in rate of taxation	**(39.4)**	(18.6)
Government grants[1]	**(9.8)**	(15.7)
Prior year adjustments[2]	**(7.1)**	–
Utilisation of taxation losses not previously recognised	**(7.1)**	–
Share of profits of equity-accounted investments	**(4.4)**	(0.7)
Learnership allowances	**(4.3)**	(0.7)
Utilisation of foreign tax credits	**(3.4)**	(0.2)
Tax-exempt income	**(3.0)**	(0.6)
Change in taxation rate	**(0.3)**	–
Unrecognised temporary differences	**–**	(0.1)
Other	**–**	(0.6)
Increase in rate of taxation	**75.7**	6.6
Impairments[3]	**20.8**	0.1
Taxation losses not recognised[4]	**31.5**	2.4
Withholding taxes	**9.6**	2.0
Disallowed expenditure[5]	**8.6**	1.4
Disposal of subsidiaries	**3.2**	–
Unrecognised temporary differences	**1.4**	–
Prior year adjustments[2]	**–**	0.7
Other	**0.6**	–
Effective rate of taxation	**63.2**	15.0

[1] Included in the 2025 government grants is an amount of R51 million (2024: R790 million) in relation to section 12I tax allowance incentive which relates to the PG Bison MDF line in Mkhondo completed and brought into use during June 2024.
[2] The prior year adjustments are mostly attributable to foreign normal taxation and relate to the assessments raised by the Botswana Unified Revenue Service in 2023, which were recognised in the 2024 financial year. These assessments were successfully objected to and subsequently reversed in 2025.
[3] Included in impairments is R180 million (20.8%) consisting of goodwill (R145 million) and intangible assets (R35 million), which are not deductible for tax purposes.
[4] Included in taxation losses not recognised is the derecognition of the deferred taxation asset related to taxation losses incurred by Optix Africa Proprietary Limited, as it is not probable that future taxable profits will be available against which the company can realise the benefits.
[5] Disallowed expenditure relates mainly to consulting and professional fees of a capital nature and country-specific non-deductible expenses in African entities, among others.

For details on deferred taxation (liabilities)/assets refer to note 20.

The KAP Group is subject to the Pillar Two rules with effect from 1 July 2024, as a result of the Income Inclusion Rule envisaged in the South African Global Minimum Top-up Tax Act. The group operates in 15 jurisdictions of which six jurisdictions introduced Pillar Two legislation (effective date in brackets for year of assessment beginning on or after the stated date) namely Australia (1 January 2024), Kenya (27 December 2024), Mauritius (to be announced), Singapore (1 January 2025), South Africa (1 January 2024) and the United Kingdom (31 December 2023). Botswana has initiated the implementation of Pillar Two legislation. In preparation for the effective date, the group has applied the Organisation for Economic Co-operation and Development's three Transitional Safe Harbour ('TSH') tests and in all 15 of the jurisdictions, at least one of the TSH tests has been met. As a result, the group does not believe that it is subject to Pillar Two top-up tax.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

	2025 Rm	2024 Rm
10. Taxation (continued)		
10.3 Taxation losses		
Taxation losses available for offset against future taxable income:		
South African taxation losses	**3 558**	3 076
Foreign taxation losses	**268**	269
	3 826	3 345
Taxation losses recognised	**3 174**	2 920
Taxation losses unrecognised[6]	**652**	425
Available for offset against future taxable income	**422**	231
Available for offset against future taxable capital gains	**230**	194
	3 826	3 345

[6] *Taxation losses available for offset against future taxable income are included at 100% and taxation losses available for offset against future capital gains at 80%.*

Deferred taxation assets have not been recognised in respect of unrecognised taxation losses because it is not yet probable that future taxable profits will be available against which the group can realise the benefits. Deferred taxation assets are assessed at each statutory entity level.

The taxation losses do not expire under current taxation legislation, except for the below:

- Southern Star Logistics Proprietary Limited (Eswatini) have estimated losses of R129 million as at 30 June 2025, which expire in 2029.
- Unitrans Namibia Proprietary Limited have estimated losses of R45 million as at 30 June 2025, which expire in 2029.
- Unitrans Namibia Holdings Proprietary Limited have estimated losses of R12 million as at 30 June 2025, which expire in 2030.
- Unitrans Zambia Limited have estimated losses of R34 million as at 30 June 2025, of which R5 million expires in 2026 and the remaining R29 million in 2030. Unitrans Zambia Limited had losses of R6 million that expired in the current year.
- Unitrans Malawi Limited have estimated losses of R40 million as at 30 June 2025, which expire in 2031.

With effect from 2025, taxation losses in Eswatini and Namibia expire after five years.

	2025 Cents	2024 Cents
11. Earnings		
The calculation of per share numbers uses the exact unrounded numbers, which may result in differences when compared to calculating the numbers using the rounded number of shares and earnings as disclosed below.		
Basic earnings per share	**0.4**	43.8
Diluted earnings per share	**0.4**	43.2
Headline earnings per share	**24.1**	45.3
Diluted headline earnings per share	**23.8**	44.6
Net asset value per share	**498**	500

Basic earnings per share are calculated by dividing the basic earnings attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share are calculated by dividing the diluted earnings attributable to owners of the parent by the diluted weighted average number of ordinary shares in issue during the year. The calculation assumes conversion of all dilutive potential shares.

Headline earnings per share are calculated by dividing the headline earnings by the weighted average number of ordinary shares in issue during the year.

Diluted headline earnings per share are calculated by dividing the diluted headline earnings by the diluted weighted average number of shares in issue during the year. The calculation assumes conversion of all dilutive potential shares.

Net asset value per share is calculated by dividing the net asset value attributable to owners of the parent by the number of ordinary shares in issue at year-end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

			2025 Million	2024 Million
11.	**Earnings (continued)**			
11.1	**Weighted average number of ordinary shares**			
	Issued ordinary shares at beginning of the year		**2 494**	2 477
	Effect of shares issued		**4**	9
	Weighted average number of ordinary shares		**2 498**	2 486
	Potential dilutive effect of share rights granted		**33**	35
	Diluted weighted average number of ordinary shares		**2 531**	2 521
		Note	**2025 Rm**	**2024 Rm**
11.2	**Headline and diluted headline earnings attributable to owners of the parent**			
	Basic and diluted earnings attributable to owners of the parent		**10**	1 090
	Adjusted for:			
	Capital items	6	**765**	46
	Taxation effects of capital items		**(154)**	(12)
	Non-controlling interests' portion of capital items, net of taxation		**(23)**	1
	Capital items of associate and joint venture companies, net of taxation		**5**	–
			603	1 125
11.3	**Net asset value**			
	Attributable to owners of the parent		**12 443**	12 475
12.	**Goodwill**			
	Carrying amount at beginning of the year		**659**	662
	Impairments		**(145)**	–
	Exchange differences on translation of foreign operations		**(4)**	(3)
	Carrying amount at end of the year		**510**	659

Goodwill impairment testing

Goodwill is allocated to the cash-generating unit ('CGU') that is expected to benefit from that business and is assessed for impairment annually, unless an impairment indicator exists, in which case it will be assessed when the impairment indicator arises.

The impairment test compares the carrying amount of the CGU, including goodwill, to the recoverable amount of the CGU. The recoverable amount of the CGU is determined based on a value in use or fair value less estimated costs to sell calculation using the discounted cash flow method. The cash flow projections are derived from the most recent financial budgets approved for the next year and detailed forecasts prepared by management for the following four years. Cash flows beyond the period covered by the budgets and forecasts are extrapolated using the terminal growth rate. The specific forecast assumptions relating to sales and direct costs are unique for each CGU. Selling prices and direct costs are based on historical experience and expectations of future changes in the market. Key assumptions used in the calculation include those regarding the discount rates and terminal growth rates.

Key assumptions	Approach used to determine values
Discount rates	Discount rates are based on a weighted average pre-tax cost of capital, incorporating the specific risks applicable to the CGU.
Terminal growth rates	Terminal growth rates are based on management's experience and expectations, taking into consideration the industry trends and opportunities. Growth rates used do not exceed the long-term average growth rate for the industry in which the CGU operates.

All impairment testing was consistent with valuation methods applied as at 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

12. Goodwill (continued)

The table below reflects the carrying amount per CGU and the key assumptions applied for the impairment testing.

	Pre-tax discount rate		Terminal growth rate		Carrying amount	
Cash-generating unit	**2025 %**	**2024 %**	**2025 %**	**2024 %**	**2025 Rm**	**2024 Rm**
Value in use						
Connacher[1]	**22.40**	24.23	**4.50**	4.50	**12**	12
PG Bison	**18.12**	20.88	**4.50**	4.50	**123**	123
Sleep Group	**20.33**	23.15	**4.50**	4.50	**375**	375
Fair value less estimated costs to sell						
Optix Africa	**30.61**	24.85	**6.70**	4.50	**–**	70
Optix Australasia	**29.18**	26.67	**4.20**	2.00	**–**	79
Carrying amount at end of the year					**510**	659

[1] *Connacher is the fibre-tearing line within the Feltex division.*

The fair value determined for use as the recoverable amount for impairment testing is classified as Level 3 based on the fair value hierarchy. There were no transfers between the levels during the year.

An impairment charge is required for goodwill when the carrying amount exceeds the recoverable amount. An impairment of R145 million was recognised in the current year (2024: Rnil). The Optix Africa and Optix Australasia goodwill was impaired in full during the year. This was due to the division's performance falling below expectations, primarily due to a more extended sales cycle and inability to expand its subscriber base resulting in revised expectations of operating profitability going forward.

As at 30 June 2025, management has performed sufficient sensitivity analyses to conclude that a reasonable possible change of 50 basis points in key assumptions would not cause the carrying amount of any of the CGU's to exceed the recoverable amount.

13. Intangible assets

	Notes	Patents and trademarks Rm	Supplier relationships Rm	Software Rm	Customer contracts and relationships Rm	Capital work-in-progress Rm	Total Rm
Balance at 1 July 2023		587	1 058	71	5	7	1 728
Additions		–	–	17	–	2	19
Amortisation		–	–	(25)	(3)	–	(28)
Reclassified from property, plant and equipment	14	–	–	1	–	–	1
Reclassified between categories		–	–	9	–	(9)	–
Acquisition of subsidiaries		–	–	–	74	–	74
Exchange differences on translation of foreign operations		–	(4)	–	–	–	(4)
Balance at 30 June 2024		**587**	**1 054**	**73**	**76**	**–**	**1 790**
Additions		**–**	**–**	**6**	**2**	**3**	**11**
Impairment		**(57)**	**(215)**	**–**	**–**	**–**	**(272)**
Amortisation		**–**	**–**	**(25)**	**(7)**	**–**	**(32)**
Reclassified to property, plant and equipment	14	**–**	**–**	**–**	**–**	**(1)**	**(1)**
Exchange differences on translation of foreign operations		**–**	**(5)**	**–**	**–**	**–**	**(5)**
Balance at 30 June 2025		**530**	**834**	**54**	**71**	**2**	**1 491**
Cost		1 756	2 493	215	82	–	4 546
Accumulated amortisation and impairment		(1 169)	(1 439)	(142)	(6)	–	(2 756)
Carrying amount at 30 June 2024		587	1 054	73	76	–	1 790
Cost		**1 756**	**2 488**	**162**	**83**	**2**	**4 491**
Accumulated amortisation and impairment		**(1 226)**	**(1 654)**	**(108)**	**(12)**	**–**	**(3 000)**
Carrying amount at 30 June 2025		**530**	**834**	**54**	**71**	**2**	**1 491**

Supplier relationships relate to Safripol's evergreen contract, which is in place with its major supplier for the supply of raw materials used in its manufacturing processes, as well as Optix's exclusive supplier contract. The impairment of R215 million in the current year relates to Optix Africa's exclusive supplier contract.

Customer relationships recognised during the prior year related to Imvusa Interior Trim Proprietary Limited's ('Imvusa') contracts, which are in place with its major customer for the supply of soft trim components. Imvusa is a business within the Feltex division.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

13. Intangible assets (continued)

Useful lives

Under IAS 38, the useful life of an asset is either finite or indefinite. An indefinite life does not mean an infinite useful life, but rather that there is no foreseeable limit to the period over which the asset can be expected to generate cash flows for the entity. Intangible assets with an indefinite useful life are not amortised; an impairment test is performed at least annually as well as an annual review of the assumptions used to determine the useful life.

Patents and trademarks and supplier relationships are classified as indefinite useful life assets. These patents and trademarks and supplier relationships were assessed independently at the time of the acquisitions, and the indefinite useful life assumptions were supported by the following evidence:

- The patents and trademarks are long established relative to the market and have been in existence for a long time.
- The intangible assets relate to patents and trademarks rather than products and are therefore not vulnerable to typical product life cycles or to the technical, technological, commercial or other types of obsolescence that can be seen to limit the useful lives of other intangible assets.
- The supplier relationships relate to evergreen contracts which are in place with major suppliers, and supplier arrangements that provide exclusive rights in their respective markets.

The classification as indefinite useful life assets is reviewed annually.

Indefinite useful life intangible assets, excluding goodwill, recognised at fair value in business combinations, are expected to generate cash flows indefinitely and the carrying value would only be recovered through use. Accordingly, deferred taxation is raised at the normal taxation rate on the fair value of such assets exceeding its taxation base.

The estimated useful lives for intangible assets with a finite life are:

Software	1 – 3 years
Contracts with customers	Over the term of the contract
Customer relationships	13 years

Intangible asset impairment testing

Indefinite useful life intangible assets and intangible assets that are not yet available for use, are tested for impairment annually, unless an impairment indicator exists, in which case it will be assessed when the impairment indicator arises. Finite intangible assets are tested for impairment when there is an indication of impairment.

Supplier relationships are tested for impairment as part of the applicable CGU. Patents and trademarks are tested using the relief of royalty method; however, they are also tested for impairment as part of the applicable CGU. The recoverable amount of the CGU is determined based on a value in use or fair value less estimated costs to sell calculation using the discounted cash flow method. The cash flow projections are derived from the most recent financial budgets approved for the next year and detailed forecasts prepared by management for the following four years. Cash flows beyond the period covered by the budgets and forecasts are extrapolated using the terminal growth rate. The specific forecast assumptions relating to sales and direct costs are unique for each CGU. Selling prices and direct costs are based on historical experience and expectations of future changes in the market. Key assumptions used in the calculation include those regarding the discount rates, terminal growth rates, polymer margins and royalty rates.

Key assumptions	Approach used to determine values
Discount rates	Discount rates are based on a weighted average pre-tax cost of capital, incorporating the specific risks applicable to the CGU.
Terminal growth rates	Terminal growth rates are based on management's experience and expectations, taking into consideration the industry trends and opportunities. Growth rates used do not exceed the long-term average growth rate for the industry in which the CGU operates.
Polymer margins	The polymer margin inputs are driven by forecast US dollar margins and a forecast rand exchange rate. In determining sustainable 'through-the-cycle'[1] margins, to be used in the terminal value cash flow, the previous seven- to 10-year historical average US dollar margins were considered.
Royalty rates	Royalty rates used are determined with reference to industry benchmarks.

[1] *The results of Safripol are impacted by the cyclical nature of global supply and demand of polymers and associated raw materials. Sustainable 'through-the-cycle' refers to margins which can be expected as an average through a seven- to 10-year global polymer's cycle.*

All impairment testing was consistent with valuation methods applied as at 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2025

13. Intangible assets (continued)

Intangible asset impairment testing (continued)

The table below reflects the carrying amount of indefinite useful life intangible assets per CGU and the key assumptions applied for the impairment testing:

		Pre-tax discount rate		Terminal growth rate		Carrying amount	
Cash-generating unit	**Category**	**2025 %**	**2024 %**	**2025 %**	**2024 %**	**2025 Rm**	**2024 Rm**
Value in use							
PG Bison	Patents and trademarks	**18.12**	20.88	**4.50**	4.50	**207**	207
Safripol	Patents and trademarks	**19.98**	22.63	**3.00**	3.00	**266**	266
Safripol	Supplier relationships	**19.98**	22.63	**3.00**	3.00	**708**	708
Unitrans	Patents and trademarks	**19.20**	22.29	**4.50**	4.50	**49**	49
Feltex	Patents and trademarks	**22.78**	25.55	**3.50**	4.50	**–**	57
Sleep Group	Patents and trademarks	**20.03**	23.22	**4.50**	4.50	**9**	9
Fair value less estimated costs to sell							
Optix Africa	Supplier relationships	**30.61**	24.85	**6.70**	4.50	**–**	215
Optix Australasia	Supplier relationships	**29.18**	26.67	**4.20**	2.00	**125**	130
Carrying amount at end of the year						**1 364**	1 641

The royalty rates used in the determination of the recoverable amount for the current year ranged between 0.50% to 3.74% (2024: between 0.50% to 4.25%).

The fair value determined for use as the recoverable amount for impairment testing is classified as Level 3 based on the fair value hierarchy. There were no transfers between the levels during the year.

An impairment charge is required for intangible assets when the carrying amount exceeds the recoverable amount. An impairment of R272 million was recognised in the current year (2024: Rnil) and can be attributed to the following:

- An impairment of R57 million was recognised for the Feltex patents and trademarks related to the Maxe trademark. This was primarily attributable to a shift in consumer preferences towards more affordable imported vehicles and a decline in demand for vehicle accessories. The change in buying behaviour has had a material impact on forecast sales and future cash flows.
- An impairment of R215 million was recognised for the Optix Africa supplier relationships. This was due to the division's performance falling below expectations, primarily due to a more extended sales cycle and inability to expand its subscriber base resulting in revised expectations of operating profitability going forward.

Safripol and Sasol are engaged in pricing and volume disputes in relation to the ethylene supply agreement, the outcome of which remains uncertain. In view of the complex nature of these matters, it is anticipated that the relevant resolution processes will be lengthy. The price dispute has been scheduled for arbitration in March 2026. However, the timing of the volume dispute remains uncertain at this stage. The impairment assessments performed as at 30 June 2025 were based on the existing terms of the ethylene supply agreement and therefore do not reflect any potential impact from the disputes.

Sensitivity analysis

The recoverable amount of the Safripol supplier relationships approximates its carrying amount. Therefore, any adverse movement in a key assumption would lead to an impairment. The table below represents the impact that a change in one of the key assumptions would have on the (impairment)/reversal of impairment recognised in profit or loss.

	2025 Rm	**2024 Rm**
50 basis point – increase		
Discount rate	**(110)**	(94)
Terminal growth rate	**70**	52
50 basis point – decrease		
Discount rate	**120**	100
Terminal growth rate	**(64)**	(48)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

	Notes	Land and buildings Rm	Plant and machinery Rm	Rental assets Rm	Renewable energy Rm	Long-haul vehicles, motor vehicles and equipment Rm	Capital work-in-progress Rm	Leasehold improvements Rm	Office and computer equipment, furniture and other assets Rm	Total Rm
14. Property, plant and equipment										
Balance at 1 July 2023		2 870	5 558	66	145	4 848	1 486	21	100	15 094
Additions		282	1 187	81	24	356	609	1	31	2 571
Government grants		–	(15)	–	–	–	(39)	–	–	(54)
Depreciation		(42)	(543)	(29)	(8)	(612)	–	(8)	(39)	(1 281)
Disposals		–	(39)	(2)	–	(269)	–	–	(2)	(312)
Impairment		–	(10)	–	–	–	(6)	–	–	(16)
Acquisition of subsidiaries		–	22	–	–	1	–	–	–	23
Borrowing costs capitalised		–	–	–	–	–	173	–	–	173
Reclassified between categories		84	1 695	–	81	2	(1 876)	2	12	–
Reclassified to intangible assets	13	–	–	–	–	–	(1)	–	–	(1)
Reclassified to inventories		–	(24)	–	–	–	–	–	–	(24)
Exchange differences on translation of foreign operations		(1)	(42)	–	–	(83)	(3)	–	(1)	(130)
Balance at 30 June 2024		3 193	7 789	116	242	4 243	343	16	101	16 043
Additions		70	295	48	7	696	454	2	20	1 592
Government grants		–	(2)	–	–	–	–	–	–	(2)
Depreciation		(47)	(634)	(50)	(15)	(560)	–	(6)	(39)	(1 351)
Disposals		(14)	(30)	–	–	(128)	–	–	–	(172)
Impairment		(16)	(278)	–	–	(7)	(36)	–	(3)	(340)
Disposal of subsidiaries	34	–	–	–	–	(112)	–	–	–	(112)
Reclassified between categories		71	144	–	59	58	(347)	–	15	–
Reclassified from intangible assets	13	–	–	–	–	–	1	–	–	1
Reclassified to investment property	15	(20)	–	–	–	–	–	–	–	(20)
Reclassified from inventories		–	7	–	–	–	–	–	–	7
Exchange differences on translation of foreign operations		–	(5)	(1)	–	(8)	1	–	–	(13)
Balance at 30 June 2025		3 237	7 286	113	293	4 182	416	12	94	15 633
Cost		3 662	13 028	182	250	7 864	343	55	297	25 681
Accumulated depreciation and impairment		(469)	(5 239)	(66)	(8)	(3 621)	–	(39)	(196)	(9 638)
Carrying amount at 30 June 2024		3 193	7 789	116	242	4 243	343	16	101	16 043
Cost		3 769	13 299	207	316	7 814	452	44	307	26 208
Accumulated depreciation and impairment		(532)	(6 013)	(94)	(23)	(3 632)	(36)	(32)	(213)	(10 575)
Carrying amount at 30 June 2025		3 237	7 286	113	293	4 182	416	12	94	15 633

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2025

	Notes	2025 Rm	2024 Rm
14. Property, plant and equipment (continued)			
Encumbered assets			
Carrying amount	27.3	**1 611**	1 675
Borrowing cost			
Borrowing cost capitalised	8	–	173
Capitalisation rates used		–	9.98% to 10.23%

Land and buildings

Details of land and buildings are available for inspection by shareholders on request at the various registered offices of the company and its subsidiaries.

Insurance

Property, plant and equipment, with the exception of land and certain long-haul vehicles are insured at the approximate cost of replacement. Motor vehicles are insured at market value. The remaining long-haul vehicles are self-insured.

Useful lives

The estimated useful lives for property, plant and equipment are:

Straight-line basis	
Buildings	5 – 60 years
Computer equipment	2 – 5 years
Long-haul vehicles (including bus fleet)	4 – 15 years
Motor vehicles	3 – 10 years
Office equipment and furniture	3 – 16 years
Plant and machinery	3 – 50 years
Renewable energy	20 years
Rental assets	3 – 5 years

Impairments

An impairment of R340 million (2024: R16 million) was recognised in the current year and is included with capital items (note 6).

In the Safripol division, the polyethylene terephthalate ('PET') plant was impaired by R293 million to a carrying amount of R605 million, primarily due to the impact of continued cyclical weakness in selling prices and indexed raw material margins, driven by a global oversupply of PET, particularly from China. It is expected that this global cyclical low in prices and margins will continue in the medium term and show signs of improvement only from beyond 2030. This impairment follows a partial impairment of R472 million in June 2020, following capital expenditure overruns on expansion of the plant's capacity.

Impairment test of the Safripol Durban PET plant

The recoverable amount of the CGU is determined based on a value in use calculation using the discounted cash flow method. The cash flow projections are derived from the most recent financial budgets approved for the next year and detailed forecasts prepared by management for the following four years. Cash flows beyond the period covered by the budgets and forecasts are extrapolated using the terminal growth rate. Key assumptions used in the value in use calculation include the pre-tax discount rate of 19.98% (2024: 22.63%), terminal growth rate of 3.00% (2024: 3.00%) and polymer margins.

Key assumptions	Approach used to determine values
Discount rate	The discount rate is based on a weighted average pre-tax cost of capital, incorporating the specific risks applicable to the CGU.
Terminal growth rate	The terminal growth rate is based on management's experience and expectations, taking into consideration the industry trends and opportunities. Growth rates used do not exceed the long-term average growth rate for the industry in which the CGU operates.
Polymer margins	The polymer margin inputs are driven by forecast US dollar margins and a forecast rand exchange rate. In determining sustainable 'through-the-cycle'[1] margins, to be used in the terminal value cash flow, the previous seven- to 10-year historical average US dollar margins were considered.

[1] *Safripol results are impacted by the cyclical nature of global supply and demand of polymers and associated raw materials. Sustainable 'through-the-cycle' refers to margins which can be expected as an average through a seven- to 10-year global polymer cycle.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2025

14. Property, plant and equipment (continued)

Sensitivity analysis

The recoverable amount of the Safripol Durban CGU, which is used for the PET plant impairment test, approximates its carrying amount. Therefore, any adverse movement in one of the key assumptions would lead to an impairment. The table below represents the impact that a change in one of the key assumptions would have on the (impairment)/reversal of impairment recognised in profit or loss.

	Note	2025 Rm	2024 Rm
50 basis point – increase			
Discount rate		**(35)**	(36)
Terminal growth rate		**20**	19
50 basis point – decrease			
Discount rate		**37**	39
Terminal growth rate		**(18)**	(17)

15. Investment property

	Note	2025 Rm	2024 Rm
Carrying amount at beginning of the year		**–**	–
Reclassified from property, plant and equipment	14	**20**	–
Carrying amount at end of the year		**20**	–

No depreciation was recognised on investment property as the residual values approximate the carrying values of the investment property.

As at 30 June 2025, investment property was valued by management at R42 million. The fair value was based on the income approach whereby the market-related net income of the property is discounted at the market yield for a similar property. The market yield used in the valuation was 11%.

The fair value of investment property is classified as Level 3 based on the fair value hierarchy. There were no transfers between the levels during the year.

Rental income from the investment property of R4 million was recognised through profit or loss for the year ended 30 June 2025.

16. Right-of-use assets

	Land and buildings Rm	Plant and machinery Rm	Long-haul and motor vehicles Rm	Total Rm
Balance at 1 July 2023	196	169	25	390
Additions	34	6	–	40
Remeasurement	4	1	–	5
Depreciation	(82)	(33)	(20)	(135)
Balance at 30 June 2024	**152**	**143**	**5**	**300**
Additions	**6**	**41**	**–**	**47**
Remeasurement	**64**	**9**	**–**	**73**
Depreciation	**(66)**	**(31)**	**(5)**	**(102)**
Balance at 30 June 2025	**156**	**162**	**–**	**318**
Cost	391	248	91	730
Accumulated depreciation and impairment	(239)	(105)	(86)	(430)
Carrying amount at 30 June 2024	152	143	5	300
Cost	**412**	**270**	**1**	**683**
Accumulated depreciation and impairment	**(256)**	**(108)**	**(1)**	**(365)**
Carrying amount at 30 June 2025	**156**	**162**	**–**	**318**

The group's key leases include leases of land and buildings (warehouses, distribution centres, depots and office space), leases of plant and machinery (storage tanks, equipment and forklifts), as well as leases of long-haul and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2025

	2025 Rm	2024 Rm
17. Consumable biological assets		
Timber plantations		
Carrying amount at beginning of the year	**1 534**	1 480
Decrease due to harvesting	**(220)**	(262)
Fair value gain	**250**	316
Carrying amount at end of the year	**1 564**	1 534
Livestock		
Carrying amount at beginning of the year	**52**	56
Additions	**–**	1
Decrease due to disposals	**(17)**	(13)
Fair value gain	**11**	8
Carrying amount at end of the year	**46**	52
	1 610	1 586

In terms of IAS 41 – *Agriculture*, the timber plantations are valued at fair value less estimated costs to sell. The fair value of mature standing timber, being the age at which it becomes marketable, is based on the market price of the estimated recoverable timber volumes, net of harvesting costs. The fair value of younger standing timber is determined using the discounted cash flow method using a risk-adjusted discount rate. The key assumptions used in the calculation include a discount rate, standing volumes, market prices and operating costs.

The group owns and manages timber plantations for use in the manufacturing of timber products and for sales to external parties. The plantations comprise pulpwood and sawlogs and are managed on a sustainable basis. As such, once in rotation, increases by means of growth are negated by fellings over the rotation period.

At 30 June 2025, consumable biological assets were valued by management at R1 610 million (2024: R1 586 million). The valuation of the group's consumable biological assets has been carried out by management. The fair value of consumable biological assets is classified as Level 3 based on the fair value hierarchy. There were no transfers between the levels during the year.

	2025 Hectares	2024 Hectares
17.1 Quantities of timber plantations		
Pine	**31 663**	31 624
Eucalyptus	**10 522**	10 446
Temporary unplanted areas	**2 540**	2 685
	44 725	44 755

	2025 m^3	2024 m^3
17.2 Reconciliation of standing volume		
Opening balance	**5 593 068**	5 383 664
Increase due to growth	**514 878**	864 792
Decrease due to harvesting	**(513 968)**	(655 388)
	5 593 978	5 593 068

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

	2025 %	2024 %
17. Consumable biological assets (continued)		
17.3 Key assumptions		
Discount rate		
Risk-free rate[1]	**9.96**	11.55
Pre-tax discount rate	**17.52**	19.34

[1] *The timber plantations mature over an extended period of time and therefore the 10-year Government Bond Yield Curve (GSAB10YR) represents a suitable fit for the period under consideration.*

Standing volumes

The expected yields per log class are calculated with reference to standard industry growth models relevant to the planted area and tree species. Growth models are updated regularly with enumeration data. Enumerations involve processes to regularly collect more accurate information about the rate of growth and stocking of trees in the plantations.

	2025 R/m³	2024 R/m³
Market prices		
The price per cubic metre per log class is based on current market prices per log class.		
Log prices		
Pine	**315 to 1 041**	301 to 1 026
Eucalyptus	**510**	488
Harvesting costs		
Pine	**165 to 297**	154 to 280
Eucalyptus	**226**	213

Operating costs

The costs are based on the forest management activities required for the trees to reach the age of felling. The costs include the current costs of maintenance and risk management, as well as an appropriate amount of fixed overhead costs.

17.4 Sensitivity analysis

The sensitivity analysis shows how the fair value of mature and immature timber would be affected if the key valuation parameters were changed as indicated below:

	2025 Rm	2024 Rm
Current log price – 100 basis point increase	**27**	27
Forecast log price inflation rate – 25 basis point increase	**10**	9
Forecast cost inflation rate – 25 basis point increase	**(2)**	(1)
Pre-tax discount rate – 25 basis point increase	**(6)**	(5)
Volume – 100 basis point increase	**12**	13

A decrease by the same percentage in the above categories would have an equal, but opposite effect on fair value.

17.5 Northeastern Cape plantation fire

Consumable biological assets were affected by a fire in the northeastern Cape region during August 2024, which resulted in damage to 901 hectares of plantations. The value of the affected plantations was R43 million and it is estimated that this entire value will be recovered through salvage operations. The prior year also included the impact of a fire in the northeastern Cape region during August 2023, which resulted in damage to 2 492 hectares of plantations. The value of the affected plantations was R115 million and this entire value was recovered through salvage operations and insurance proceeds of R15 million.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

17. Consumable biological assets (continued)

17.6 Risk management

The group is exposed to a number of risks regarding its timber plantations:

Regulatory and environmental risks

The group's timber plantation operations are subject to laws and regulations. The group has established environmental policies and procedures aimed at compliance with local environmental and other laws. The northeastern and southern Cape forests are managed in compliance with the requirements of the Forestry Stewardship Council ('FSC') and are FSC certified. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risks

For sale of timber to external parties, the group is exposed to risks arising from the fluctuations of price and sales volumes of timber. Where possible, the group manages these risks by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that the group's pricing structure is in line with the market and projected harvest volumes are consistent with the expected demand.

Climate and other risks

The group's timber plantations are exposed to the risk of damage from climate change, disease, forest fires and other natural forces. The group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry and pest disease surveys. The group also insures itself, where cost effective, against natural disasters such as fire. Livestock was introduced to the plantations as part of the fire-prevention strategy of the group.

17.7 Encumbered consumable biological assets

None of the group's consumable biological assets are encumbered.

17.8 Commitments

No amounts are committed for the development and acquisition of consumable biological assets.

18. Investments in associate and joint venture companies

18.1 Shareholding in associate and joint venture companies

	Place of business	Nature of business	2025 % shareholding	2024 % shareholding
Associate companies				
Auria South Africa Proprietary Limited	South Africa	Manufacturing of automotive components	**49.0**	49.0
PG Bison (Kenya) Limited	Kenya	Retail of wood-based decorative panel products	**50.0**	50.0
iDream Limited	New Zealand	Retail of bed mattresses and bedroom furniture	**50.0**	50.0
Joint venture companies				
Auria Feltex Proprietary Limited	South Africa	Dormant	**49.0**	49.0
Autoneum Feltex Proprietary Limited	South Africa	Manufacturing of automotive components	**49.0**	49.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

	Carrying amount		Profit or (loss)	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
18. Investments in associate and joint venture companies (continued)				
18.2 Summarised aggregate information in respect of associate and joint venture companies				
Associate companies				
Auria South Africa Proprietary Limited[1]	**134**	128	**25**	19
PG Bison (Kenya) Limited	**72**	67	**7**	4
iDream Limited	**12**	20	**(7)**	(2)
	218	215	**25**	21
Joint venture companies				
Autoneum Feltex Proprietary Limited	**26**	35	**13**	17
	244	250	**38**	38

[1] *Included in the carrying amount is a loan receivable of R14 million (2024: R31 million).*

The investment in iDream Limited was impaired by R5 million during the current financial year, due to the ongoing losses incurred by this start-up business.

	Notes	2025 Rm	2024 Rm
19. Investments and loans receivable			
Unlisted investments		**1**	1
Loans receivable (carried at amortised cost)		**39**	47
Less: Loss allowance	36.2.2	**(20)**	(21)
Total investments and loans receivable		**20**	27
Less: Loans receivable included in current assets		**(11)**	(23)
Non-current investments and loans receivable		**9**	4

The loans receivable consist of various loans bearing interest at market-related interest rates as well as interest-free loans.

The fair value of investments and loans is disclosed in note 36.1.

Credit risk related to loans receivable and the management thereof is disclosed in note 36.2.2.

	Notes	2025 Rm	2024 Rm
20. Deferred taxation (liabilities)/assets			
20.1 Deferred taxation movement			
Balance at beginning of the year		**(2 430)**	(2 444)
Deferred taxation of subsidiaries acquired		**–**	(26)
Deferred taxation of subsidiaries disposed	34	**12**	–
Amounts charged directly to equity			
Share-based payments		**(5)**	1
Current year charge per the income statement	10	**93**	24
Exchange differences on translation of foreign operations		**1**	15
		(2 329)	(2 430)
Comprising:			
Deferred taxation assets		**59**	81
Deferred taxation liabilities		**(2 388)**	(2 511)
		(2 329)	(2 430)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2025

	2025 Rm	2024 Rm
20. Deferred taxation (liabilities)/assets (continued)		
20.2 Analysis of deferred taxation balances		
Deferred taxation assets		
Property, plant and equipment	**(24)**	(43)
Right-of-use assets	**(11)**	(8)
Prepayments and provisions or allowances	**25**	27
Share-based payments	**3**	6
Taxation losses	**44**	82
Other temporary differences	**22**	17
	59	81
Deferred taxation liabilities		
Intangible assets	**(375)**	(442)
Property, plant and equipment	**(2 555)**	(2 490)
Right-of-use assets	**(74)**	(73)
Consumable biological assets	**(430)**	(424)
Share-based payments	**14**	19
Lease liabilities	**88**	87
Prepayments and provisions or allowances	**116**	95
Taxation losses	**815**	709
Other temporary differences	**13**	8
	(2 388)	(2 511)

Realisation of the deferred taxation assets is expected from future taxable income, which is based on the assessment by management of future plans and forecasts, and is assessed and deemed to be reasonable.

Deferred taxation has been calculated at the standard corporate and capital gains tax rates substantively enacted as at the reporting date. The rate used is based on management's expected manner of recovery of the carrying value of assets and settlement of the carrying amount of liabilities.

	2025		2024	
	Assets Rm	Liabilities Rm	Assets Rm	Liabilities Rm
21. Derivative financial instruments				
Non-current				
Equity derivatives	**39**	**–**	58	–
Current				
Foreign currency derivatives	**14**	**(22)**	10	(36)
	53	**(22)**	68	(36)

Equity derivative

In November 2022, the group entered into an equity derivative transaction for a total amount of R117 million to hedge the cash impact of a long-term incentive scheme (refer note 25.2). The hedging instrument's forward dates are 2 November 2026, 1 November 2027 and 31 October 2028, which closely coincide with the vesting dates of the long-term incentive schemes.

The fair value of the equity derivative is based on the forward pricing methodology. The inputs used in the valuation include the current spot price and the present value of the assumed dividends which are calculated using a risk-free rate.

Foreign currency derivatives

The group uses forward exchange contracts and currency options to hedge its foreign currency risk against change in foreign currency denominated assets and liabilities. Fair values are calculated using standard market calculation conventions with reference to the relevant closing market spot rates and forward foreign exchange rates. Refer to note 36.2.1 for more detail.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2025

		Notes	2025 Rm	2024 Rm
22.	**Inventories**			
	Finished goods		**1 572**	1 108
	Raw materials		**1 110**	1 756
	Work in process		**191**	155
	Consumables		**950**	788
			3 823	3 807

The cost of inventories recognised as an expense during the year was R17 428 million (2024: R17 059 million).

		Notes	2025 Rm	2024 Rm
23.	**Trade and other receivables**			
	Trade receivables		**4 235**	4 301
	Deposits paid		**41**	48
	Insurance claims receivable		**3**	34
	Related-party receivables	35	**20**	36
	Other amounts due		**111**	133
	Less: Loss allowance	36.2.2	**(112)**	(82)
	Trade and other receivables (financial assets)		**4 298**	4 470
	Prepayments		**378**	425
	Value added taxation receivable		**158**	101
			4 834	4 996

The credit period on sale of goods and services varies based on industry norms. Where relevant, interest is charged at market-related rates on outstanding balances.

No trade receivables were written off during the current year which are still subject to legal enforcement processes (2024: R29 million).

The group's exposure to foreign currency risk related to trade and other receivables is disclosed in note 36.2.1.

Credit risk related to trade and other receivables and the related management thereof is disclosed in note 36.2.2.

		2025 Number of shares	2024 Number of shares	2025 Rm	2024 Rm
24.	**Stated share capital**				
	Authorised				
	Ordinary shares of no par value	**6 000 000 000**	6 000 000 000	**–**	–
	Cumulative, non-redeemable, non-participating preference shares of no par value	**1 000 000 000**	1 000 000 000	**–**	–
	Perpetual preference shares of no par value	**50 000 000**	50 000 000	**–**	–
	Issued				
	Ordinary shares in issue at beginning of the year	**2 493 716 807**	2 477 094 448	**7 896**	7 896
	Ordinary shares issued during the year	**7 471 234**	16 622 359	**–**	–
	Ordinary shares in issue at end of the year	**2 501 188 041**	2 493 716 807	**7 896**	7 896

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

25. Share-based payments

25.1 KAP Performance Share Rights Scheme

At the annual general meeting of KAP on 14 November 2012, a share incentive scheme was approved and implemented. The maximum number of ordinary shares that may be used for the continued implementation of the scheme may not exceed 366 274 533 ordinary shares. The share rights granted annually since this meeting are subject to the following scheme rules:

- Rights are granted to qualifying senior executives on an annual basis.
- Vesting of rights occurs on the third anniversary of grant date, provided performance criteria, as set by KAP's remuneration committee at or about the time of the grant date, have been achieved.
- In the event of performance criteria not being satisfied by the third anniversary of the relevant annual grant, all rights attaching to the particular grant will lapse.

	2025 Number of shares	2024 Number of shares
Reconciliation of the number of shares available for allocation		
Shares authorised for purposes of KAP Performance Share Right Scheme	**366 274 533**	366 274 533
Cumulative share rights granted[1]	**(183 943 562)**	(187 095 947)
Shares available for allocation	**182 330 971**	179 178 586

[1] *The cumulative share rights granted are net of grants which lapsed or were forfeited.*

	2025 Rights	2024 Rights
Reconciliation of rights granted		
Balance at beginning of the year	**96 986 028**	87 957 768
Forfeited/lapsed during the year	**(57 234 314)**	(30 065 209)
Exercised during the year	**(13 584 123)**	(30 222 544)
Granted during the year	**60 194 818**	69 316 013
Balance at end of the year	**86 362 409**	96 986 028

	2025 Rm	2024 Rm
Charged to profit or loss	**32**	58

Assumptions

The fair value of services received in return for share rights granted is measured by reference to the fair value of the share rights granted. The estimated fair value of the services received is measured based on the assumption that all vesting conditions are met and all employees remain in service. The fair value at measurement date is determined using a present value methodology whereby the unconditional fair value is equal to the share price at the grant date, less the present value of estimated dividends paid prior to time of exercise.

	December 2024 Grant	December 2023 Grant	December 2022 Grant	December 2021 Grant	December 2020 Grant
Fair value of KAP share rights and assumptions					
Fair value at measurement date	**R2.83**	R2.27	R3.56	R3.46	R2.48
Share price at grant date	**R3.30**	R2.64	R4.30	R4.23	R2.95
Exercise price	**R0.00**	R0.00	R0.00	R0.00	R0.00
Risk-free interest rate	**7.22%**	7.65%	8.09%	5.98%	4.22%
Expected dividend yield	**5.14%**	5.03%	6.28%	6.65%	5.42%
Expected forfeiture rate	**0.00%**	0.00%	0.00%	0.00%	0.00%
Life of share right	**3 years**	3 years	3 years	3 years	3 years

The risk-free interest rates were obtained from the swap yield curve on the valuation date. The swap yield curve was independently constructed using a bootstrapping methodology together with a combination of traded money-market, forward rate agreement ('FRA') and swap rate inputs.

The dividend forecasts were estimated using a combination of broker consensus forecasts, historical dividend data, and/or management's view of the future dividends. The dividend per share forecasts and the projected forward share prices (calculated under the risk-neutral framework), at the estimated ex-dividend dates, were used to determine simple periodic dividend yields over the period of the scheme.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

25. Share-based payments (continued)

25.2 KAP Executive Retention Scheme

Effective 1 November 2022, the group issued 34 million cash-settled share appreciation rights to executive management with an exercise price of Rnil. The value of these share appreciation rights is linked to the KAP share price over the vesting period. The share appreciation rights vest on 31 October 2026, 31 October 2027 and 31 October 2028. These share appreciation rights are classified as cash-settled share-based payment benefits.

	2025 Rights	2024 Rights
Reconciliation of rights granted		
Balance at beginning of the year	**31 422 495**	34 000 000
Forfeited during the year	**(2 065 508)**	(2 577 505)
Balance at end of the year	**29 356 987**	31 422 495

None of the share appreciation rights had vested as at 30 June 2025.

	2025 Rm	2024 Rm
Charged to profit or loss	**5**	17

Assumptions

The cash-settled share-based payment liability is measured at the fair value of the share appreciation rights, taking into account the terms and conditions on which the rights were granted and the extent to which the employees have rendered service to date. The fair value is determined using a present value methodology whereby the fair value is equal to the share price at the measurement date, less the present value of estimated dividends paid prior to time of exercise. The liability is included with employee benefits in note 29.

The assumptions used in estimating the fair value at year-end are listed below:

Vesting period	31 October 2026	31 October 2027	31 October 2028
Share price at 30 June 2025	**R2.05**	**R2.05**	**R2.05**
Risk-free interest rate	**6.95%**	**6.92%**	**7.00%**
Expected dividend yield	**3.06%**	**6.27%**	**7.56%**
Expected forfeiture rate	**0.00%**	**0.00%**	**0.00%**
Rights value at 30 June 2025	**R1.97**	**R1.77**	**R1.59**

The risk-free interest rates were obtained from the swap yield curve on the valuation date. The swap yield curve was independently constructed using a bootstrapping methodology together with a combination of traded money-market, FRA and swap rate inputs.

The dividend forecasts were estimated using a combination of broker consensus forecasts and historical dividend data. The dividend per share forecasts and the projected forward share prices (calculated under the risk-neutral framework), at the estimated ex-dividend dates, were used to determine simple periodic dividend yields over the period of the scheme.

26. Non-controlling interests

Details of subsidiaries that have non-controlling interests:

	Non-controlling shareholding		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2025 %	2024 %	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Bapotrans Proprietary Limited	**50.0**	50.0	**4**	–	**23**	19
DesleeMattex Proprietary Limited	**40.0**	40.0	**14**	13	**58**	55
Feltex Fehrer Proprietary Limited	**49.0**	49.0	**30**	40	**135**	142
Iqhaue Proprietary Limited	**49.9**	49.9	**16**	14	**24**	23
MB Transport and Logistics Proprietary Limited	**48.0**	48.0	**3**	1	**5**	4
Mega Express Proprietary Limited	**35.0**	35.0	**19**	20	**23**	16
Optix Holdings Proprietary Limited	**13.6**	13.6	**(38)**	(6)	**(28)**	6
Phenduka Transit Systems Proprietary Limited	**49.9**	49.0	**7**	8	**6**	7
SingRisk Services Private Limited	**13.6**	13.6	**(1)**	1	**30**	27
Southern Star Logistics Proprietary Limited	**50.0**	50.0	**(7)**	(4)	**(61)**	(53)
UniMat Logistics SA	**40.0**	40.0	**15**	22	**28**	49
Unitrans Namibia Proprietary Limited	**25.0**	25.0	**–**	–	**10**	10
Individually immaterial subsidiaries with non-controlling interest[1]	**24.5 to 49.0**	24.5 to 49.0	**14**	5	**8**	(5)
			76	114	**261**	300

[1] *The current year profit allocated to non-controlling interests includes the impact of the final liquidation of UTF Transport and Logistics Proprietary Limited, which resulted in a profit of R11 million.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

	Note	2025 Rm	2024 Rm
27. Loans and borrowings			
27.1 Analysis of closing balance			
Secured financing		1 296	1 321
Vehicle and asset finance		1 296	1 307
Term loans		–	14
Unsecured financing covered by intergroup cross-guarantees		8 483	8 010
Term loans		1 001	–
Senior unsecured listed notes		5 468	6 015
Revolving credit loan		2 014	1 995
Unsecured financing		93	89
Related-party loan payable	35	92	88
Other loans		1	1
Total loans and borrowings		9 872	9 420
Less: Loans and borrowing included in current liabilities		(2 563)	(2 710)
Non-current loans and borrowings		7 309	6 710

	Next year Rm	Year two Rm	Year three Rm	Year four Rm	Year five Rm	Total Rm
27.2 Analysis of repayment						
2025						
Revolving credit loan[1&2]	19	1 000	–	1 000	–	2 019
Senior unsecured listed notes[1]	982	2 080	1 785	–	625	5 472
Term loans	1 001	–	–	–	–	1 001
Vehicle and asset finance	495	368	232	147	54	1 296
Related-party and other loans	70	–	23	–	–	93
Transaction costs capitalised	(4)	(3)	(1)	(1)	–	(9)
	2 563	3 445	2 039	1 146	679	9 872
2024						
Revolving credit loan[1&3]	4	–	2 000	–	–	2 004
Senior unsecured listed notes[1]	2 137	940	2 080	860	–	6 017
Term loans	8	3	3	–	–	14
Vehicle and asset finance	495	392	263	120	37	1 307
Related-party and other loans	70	–	–	19	–	89
Transaction costs capitalised	(4)	(4)	(2)	(1)	–	(11)
	2 710	1 331	4 344	998	37	9 420

[1] *Excludes transaction costs capitalised which are disclosed in a separate line.*
[2] *R1 billion is drawn down under Facility A which has a maturity date of 7 December 2026 and R1 billion is drawn down under Facility B which has a maturity date of 7 December 2028.*
[3] *R2 billion is drawn down under Facility A which has a maturity date of 7 December 2026.*

All loans and borrowings are carried at amortised cost. The fair values of loans and borrowings are disclosed in note 36.1.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2025

		Current year interest rate	2025 Rm	2024 Rm
27.3	**Loans and borrowings details**			
	Secured[4]			
	Variable interest rates			
	Vehicle and asset finance[5]	5.98% to 10.50%	**1 287**	1 296
	Term loan[6]	12.50% to 12.75%	**–**	5
	Term loan[7]	21.3%	**–**	9
	Unsecured financing covered by intergroup cross-guarantees			
	Variable interest rates			
	Term loan[8]	8.49% to 9.25%	**1 000**	–
	Senior unsecured listed notes[9]	8.66% to 9.95%	**5 430**	5 950
	Revolving credit loan[10]	8.89% to 9.84%	**2 000**	2 000
	Unsecured			
	Variable interest rates			
	Related-party loans payable	10.25% to 15.75%	**33**	33
	Interest free			
	Related-party loans payable	–	**50**	50
	Other loans	–	**1**	1
	Finance cost accrued			
	Vehicle and asset finance		**9**	11
	Term loans		**1**	–
	Senior unsecured listed notes		**42**	67
	Revolving credit loan		**19**	4
	Related-party loan payable		**9**	5
	Transaction costs capitalised		**(9)**	(11)
	Total loans and borrowings		**9 872**	9 420

[4] *The carrying amount of assets encumbered in favour of the secured loans amounts to R1 611 million (2024: R1 675 million).*
[5] *The vehicle and asset finance bears interest linked to SA prime or a fixed rate and is repayable in monthly instalments up to 60 months.*
[6] *The term loan bears interest linked to SA prime and was repaid in October 2024.*
[7] *The term loan was denominated in Mozambican metical (MZN), incurred interest linked to the Mozambican prime lending rate and was repaid in September 2024.*
[8] *The term loan bears interest linked to 3-month JIBAR and is repayable in March 2026.*
[9] *The senior unsecured listed notes bear interest linked to 3-month JIBAR and the maturity dates are publicly available.*
[10] *The revolving credit loan bears interest linked to 3-month JIBAR. R1 billion is drawn down under Facility A which has a maturity date of 7 December 2026 and R1 billion is drawn down under Facility B which has a maturity date of 7 December 2028.*

The group complied with all the financial covenants during the 2025 and 2024 financial years. The capital risk management and financial covenant triggers are disclosed in note 36.3.

Global Credit Rating Co. Proprietary Limited reviewed the company's credit rating in November 2024 and confirmed the long-term national scale issuer rating of the company as A+(za) and its short-term national scale issuer rating as A1(za), and revised the outlook from negative to stable on both ratings.

Unsecured financing covered by intergroup cross-guarantees

The following companies participate in the cross-guarantees (jointly and severally) in respect of the company's term loan and its revolving credit facility:

- KAP Automotive Proprietary Limited
- PG Bison Proprietary Limited
- Safripol Proprietary Limited
- Sleep Group Proprietary Limited
- Unitrans Passenger Proprietary Limited
- Unitrans Supply Chain Solutions Proprietary Limited

The following companies participate in the guarantee (jointly and severally) in respect of the notes issued by the company under its domestic medium term note programme:

- KAP Automotive Proprietary Limited
- PG Bison Proprietary Limited
- Safripol Proprietary Limited
- Sleep Group Proprietary Limited
- Unitrans Passenger Proprietary Limited
- Unitrans Supply Chain Solutions Proprietary Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

27. Loans and borrowings (continued)

27.3 Loans and borrowings details (continued)

Transition from JIBAR to ZARONIA

The South African Reserve Bank has published the South African Overnight Index Average ('ZARONIA') as the official successor rate to the Johannesburg Interbank Average Rate ('JIBAR'). The JIBAR cessation announcement will likely come in 2025, followed by the formal cessation date at the end of 2026. ZARONIA is a near risk-free rate based on overnight unsecured lending transactions and is designed to enhance transparency and align with global benchmark reform initiatives. The group has exposure to funding arrangements that currently reference JIBAR. While the transition is still in progress, the group is actively monitoring developments to assess the potential impact of the change. At the reporting date, no funding arrangements have yet transitioned from JIBAR to ZARONIA, and the group does not expect any immediate impact on the measurement and classification of loans and borrowings. The group will continue to evaluate the impact of the transition and provide updated disclosures in future reporting periods as more information becomes available.

	2025 Rm	2024 Rm
27.4 Reconciliation of movements in loans and borrowings		
Balance at beginning of year	**9 420**	9 096
Changes from financing cash flows		
Loans and borrowings received[11]	**4 080**	3 547
Loans and borrowings repaid[11]	**(3 621)**	(3 183)
	459	364
Other changes		
Borrowing cost capitalised	**–**	173
Finance costs expense	**1 053**	901
Finance costs paid	**(1 061)**	(1 092)
Other	**1**	(22)
	(7)	(40)
Total loans and borrowings	**9 872**	9 420

[11] R1 billion (2024: R750 million) revolving credit loan was drawn down and repaid in the same year, resulting in an equal but opposite inflow and outflow included in loans and borrowing received and repaid.

	2025 Rm	2024 Rm
27.5. Available borrowing facilities		
Committed		
Revolving credit loan	**1 000**	1 000
Uncommitted		
Call loan and overdraft facilities	**2 339**	2 133
	3 339	3 133

In addition, the group has access to available facilities for guarantees, letters of credit, foreign exchange contracts, cards and vehicle and asset financing.

In terms of the memorandum of incorporation, the borrowing powers of the company are unlimited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

		2025 Rm	2024 Rm
28.	**Lease liabilities**		
	Balance at beginning of the year	**355**	449
	Additions	**47**	40
	Remeasurements	**73**	5
	Capital repayments	**(100)**	(138)
	Finance costs	**32**	34
	Payments	**(132)**	(172)
	Exchange differences on translation of foreign operations	**–**	(1)
	Total lease liabilities	**375**	355
	Less: Lease liabilities included in current liabilities	**(94)**	(82)
	Non-current lease liabilities	**281**	273

The lease payments are discounted using the incremental borrowing rate. The incremental borrowing rate for leases is determined based on the company borrowing rate, as the group utilises a central treasury function. Adjustments for the underlying group divisional credit risk and asset classes are not considered to give rise to a material impact on the accounting for right-of-use assets and lease liabilities. Interest is based on incremental borrowing rates ranging between 5.73% and 11.00% (2024: between 5.73% and 12.25%).

	2025 Rm	2024 Rm
Analysis of contractual maturity[1]		
Next year	**122**	108
Year two	**113**	82
Years three to five	**166**	177
After five years	**53**	74
	454	441

[1] *Table includes both interest and capital repayments.*

		2025 Rm	2024 Rm
29.	**Employee benefits**		
	Performance-based bonus	**165**	178
	Cash-settled share-based payment	**30**	25
	Wage/13th cheque bonus	**59**	58
	Leave pay	**161**	181
	Post-retirement medical benefits	**2**	2
	Other	**9**	10
	Total employee benefits	**426**	454
	Less: Employee benefits included in current liabilities	**(380)**	(415)
	Non-current employee benefits	**46**	39

Performance-based bonus

The bonus payable refers to various schemes across the group and is calculated based on the employee's achievement of performance targets.

Leave pay

The leave pay provision relates to vesting leave pay to which employees may become entitled on leaving the employment of the group. The provision arises as employees render a service that increases their entitlement to future compensated leave and is calculated based on employees' total cost of employment. The provision is utilised when employees become entitled to and are paid for the accumulated leave or utilise compensated leave due to them.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

	Note	Accident and insurance fund provisions Rm	Other[1] Rm	Total Rm
30. Provisions				
Balance at 1 July 2023		31	12	43
Additional provision raised		99	3	102
Amounts unused reversed		(56)	(1)	(57)
Amounts utilised		(50)	(3)	(53)
Reclassification from accruals		–	5	5
Balance at 30 June 2024		**24**	**16**	**40**
Additional provision raised		**109**	**11**	**120**
Amounts unused reversed		**(64)**	**(8)**	**(72)**
Amounts utilised		**(52)**	**(3)**	**(55)**
Disposal of subsidiaries	34	**(1)**	**(2)**	**(3)**
Balance at 30 June 2025		**16**	**14**	**30**

	Note	2025 Rm	2024 Rm
Total provisions		**30**	40
Less: Provisions included in current liabilities		**(28)**	(38)
Non-current provisions		**2**	2

[1] *Other provisions include legal, lease restoration, labour-related matters, warranties and performance guarantees, among others.*

Accident and insurance fund provisions

The fund relates to accidents that occurred but were not settled at the reporting date.

	Note	2025 Rm	2024 Rm
31. Trade and other payables			
Trade payables		**4 285**	4 802
Accruals		**181**	194
Rebates payable		**234**	245
Related-party payables	35	**31**	13
Other payables and amounts due		**52**	37
Trade and other payables (financial liabilities)		**4 783**	5 291
Employee-related accruals		**71**	68
Value added taxation payable		**111**	99
		4 965	5 458

The fair value of trade and other payables is disclosed in note 36.1.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

	2025 Rm	2024 Rm
32. Commitments and contingencies		
32.1 Capital expenditure		
Contracts for capital expenditure authorised	**144**	134

Capital expenditure will be financed from cash flows from operating activities and existing borrowing facilities.

32.2 Contingent liabilities

Certain companies in the group are involved in disputes where the outcomes are uncertain. However, the directors are of the opinion that the potential impact on the group will not be material.

The Competition Commission of South Africa ('the Commission') initiated an investigation into alleged price fixing and collusion by PG Bison Proprietary Limited ('PG Bison'), a subsidiary of the company, in March 2016. As a result of internal investigations, PG Bison discovered certain conduct, which it considered may have been in contravention of the Competition Act, 89 of 1998. PG Bison notified the Commission thereof through the Commission's corporate leniency policy and, in April 2018, applied to the Commission for immunity against prosecution. In October 2019, the Commission informed PG Bison that its immunity application had been declined. PG Bison launched a review application in the High Court, on 7 November 2019, to review and set aside the Commission's refusal to grant it immunity ('the review application'). On 13 November 2019, the Commission referred a complaint against PG Bison to the Competition Tribunal, alleging collusive conduct for the period 2009 to 2016 ('the complaint referral') and requesting a penalty of 10% of PG Bison's annual turnover. On 11 December 2019, PG Bison filed a stay application with the Competition Tribunal to suspend the hearing of the complaint referral, pending the outcome of PG Bison's review application, which the Commission has not opposed. There were no material developments in PG Bison's review application during the year. The directors are of the opinion that PG Bison has a compelling case and that the review application should be successful.

There are no other litigation or legislative compliance matters, current or pending, which are considered likely to have a material adverse effect on the group.

The group has issued guarantees and suretyships to various banking and financial institutions for the credit facilities available to the group, as well as to suppliers of goods and services to the group, in the ordinary course of business. However, the directors are confident that no material liability will arise as a result of these guarantees and suretyships.

	2025 Rm	2024 Rm
33. Cash flow information		
33.1 Cash generated from operations		
Operating profit	**1 172**	2 204
Adjusted for:		
Capital items	**765**	46
Amortisation and depreciation	**1 485**	1 444
Net fair value adjustments of consumable biological assets[1]	**(24)**	(49)
Share-based payment – equity-settled	**32**	58
Reversal of impairment of loans receivable	**(1)**	(1)
Other non-cash adjustments	**4**	(8)
Cash generated before working capital changes	**3 433**	3 694
Working capital changes		
Increase in inventories	**(36)**	(333)
Decrease/(increase) in trade and other receivables	**92**	(234)
Decrease in derivative financial assets	**15**	100
Decrease in provisions	**(6)**	(3)
(Decrease)/increase in employee benefits	**(16)**	9
(Decrease)/increase in trade and other payables	**(446)**	309
Decrease in derivative financial liabilities	**(14)**	(51)
Changes in working capital	**(411)**	(203)
Cash generated from operations	**3 022**	3 491

[1] *Includes fair value gains and decrease due to harvesting and disposals of livestock.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

	Note	2025 Rm	2024 Rm
33. Cash flow information (continued)			
33.2 Taxation paid			
Net taxation (receivable)/payable at beginning of year		**(44)**	18
Taxation receivable		**(93)**	(50)
Taxation payable		**49**	68
Current year charge through the income statement	10	**241**	237
Acquisition of subsidiaries		**–**	2
Interest receivable received		**1**	–
Interest payable (paid)/accrued		**(1)**	5
Exchange differences on translation of foreign operations		**1**	1
Net taxation receivable at end of the year		**84**	44
Taxation receivable		**100**	93
Taxation payable		**(16)**	(49)
Taxation paid		**282**	307
33.3 Cash and cash equivalents			
Geographic distribution			
South Africa		**1 495**	774
Rest of Africa		**581**	595
Asia		**7**	18
Australasia		**7**	11
		2 090	1 398
Restricted cash		**499**	25

During the current year, local currency cash balances of R78 million in Malawi and R396 million in Mozambique were classified as restricted cash. This classification was due to repatriation restrictions arising from limited foreign exchange availability in these countries. As a result, the restricted cash balances held by the respective subsidiaries are not available for general use by the holding company or other subsidiaries in the group, but can be utilised to settle liabilities denominated in the subsidiaries' functional currency.

34. Disposal of subsidiaries

Effective 30 June 2025, Unitrans Passenger Proprietary Limited disposed of its shareholding in Mvelatrans Proprietary Limited ('Mvelatrans') for proceeds of R110 million. Mvelatrans formed part of the Unitrans division and managed a commuter contract in the North West Province. This is in line with Unitrans' rationalisation of its asset and contract portfolio, with a strategic focus on enhancing returns.

	2025 Rm
The carrying value of assets disposed of at the date of disposal was:	
Assets	
Property, plant and equipment	**112**
Inventories	**8**
Trade and other receivables	**62**
Liabilities	
Related-party loan	**(36)**
Deferred taxation liabilities	**(12)**
Provisions	**(3)**
Employee benefits	**(11)**
Trade and other payables	**(42)**
Carrying value of assets and liabilities disposed	**78**
Proceeds allocated to the related-party loan	**36**
Loss on disposal	**(4)**
Proceeds from disposal	**110**
Cash and cash equivalents on hand at disposal	**–**
Net cash inflow on disposal of subsidiaries	**110**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

35. Related-party balances and transactions

Related-party relationships exist between shareholders, subsidiaries, associate and joint venture companies within the group.

These transactions are concluded in the normal course of business. All material intergroup transactions are eliminated on consolidation. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Trading balances and transactions

The following is a summary of material transactions with related parties during the year and the balances of receivables and payables at year-end:

	2025 Rm	2024 Rm
Related-party loans payable		
Autoist Proprietary Limited	7	6
Freight-X Proprietary Limited	56	56
Rhidan Investments 94 Proprietary Limited	13	13
Steve Ford Solutions Proprietary Limited	16	13
	92	88
Related-party loans receivables		
Associate and joint venture companies	13	31
Related-party receivables		
Associate and joint venture companies	20	36
Related-party payables		
Bekaert Deslee N.V. and its subsidiaries	30	11
F.S. Fehrer Automotive GmBH	1	2
	31	13
Dividends received from:		
Associate and joint venture companies	22	10
Dividends paid to:		
Bekaert Deslee Innovation BV	12	9
Burev ITM Proprietary Limited	1	–
F.S. Fehrer Automotive GmBH	38	10
George Link Proprietary Limited	14	–
Kidrogen Proprietary Limited	4	–
Lebza Mataboge Trading and Projects Proprietary Limited	1	–
Malibongwe Bafazi Transport and Tour Services Proprietary Limited	1	–
Mauritius Automotive Trading Company SARL	35	24
Otic Projects Proprietary Limited	1	–
Talama Fleet Logistics Investments Proprietary Limited	12	36
Tengeneza Proprietary Limited	4	–
	123	79
Sales to:		
Associate and joint venture companies	117	149
F.S. Fehrer Automotive GmBH	4	–
	121	149
Purchases from:		
Freight-X Proprietary Limited	11	4
F.S. Fehrer Automotive GmBH	7	7
Bekaert Deslee N.V. and its subsidiaries	84	82
	102	93

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

	2025 Rm	2024 Rm
35. Related-party balances and transactions (continued)		
Net administrative and other expenses, including management fees (paid to)/received from:		
Associate and joint venture companies	4	5
Bekaert Deslee N.V. and its subsidiaries	(5)	(4)
Freight-X Proprietary Limited	(3)	(3)
F.S. Fehrer Automotive GmBH	(13)	(18)
Mauritius Automotive Trading Company SARL	2	2
Pamue Investments Corporation Proprietary Limited	(1)	(1)
Rhidan Investments 94 Proprietary Limited and its subsidiaries	–	(3)
	(16)	(22)
Finance income received from:		
Associate and joint venture companies	2	4
Finance costs paid to:		
Autoist Proprietary Limited	1	1
Freight-X Proprietary Limited	2	2
Steve Ford Solutions Proprietary Limited	2	2
	5	5

For details of material related parties where control exists, refer to note 37.

Directors of the company are considered to be key management personnel. For details in respect of key management compensation, refer to note 38.

36. Financial instruments and risk management

36.1 Financial instruments

The following table summarises the group's classification of the carrying values of financial instruments and their fair values.

	At fair value through profit or loss Rm	At amortised cost Rm	Total carrying values Rm	Total fair values Rm
2025				
Financial assets				
Investments and loans receivable	–	20	20	20
Trade and other receivables	–	4 298	4 298	4 298
Derivative financial instruments	53	–	53	53
Cash and cash equivalents	–	2 090	2 090	2 090
	53	6 408	6 461	6 461
Financial liabilities				
Loans and borrowings	–	(9 872)	(9 872)	(9 929)
Trade and other payables	–	(4 783)	(4 783)	(4 783)
Derivative financial instruments	(22)	–	(22)	(22)
	(22)	(14 655)	(14 677)	(14 734)
Net financial instruments	31	(8 247)	(8 216)	(8 273)
Net losses recognised in profit or loss	29	10	39	
Net interest expense	–	947	947	
2024				
Financial assets				
Investments and loans receivable	–	27	27	27
Trade and other receivables	–	4 470	4 470	4 470
Derivative financial instruments	68	–	68	68
Cash and cash equivalents	–	1 398	1 398	1 398
	68	5 895	5 963	5 963
Financial liabilities				
Loans and borrowings	–	(9 420)	(9 420)	(9 475)
Trade and other payables	–	(5 291)	(5 291)	(5 291)
Derivative financial instruments	(36)	–	(36)	(36)
	(36)	(14 711)	(14 747)	(14 802)
Net financial instruments	32	(8 816)	(8 784)	(8 839)
Net losses recognised in profit or loss	58	21	79	
Net interest expense	–	994	994	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

36. Financial instruments and risk management (continued)

36.1 Financial instruments (continued)

Fair values

The fair values of financial assets and financial liabilities are determined as follows:

Trade and other receivables and loans receivable

The carrying amount of trade and other receivables and loans receivable reasonably approximates the fair value at 30 June 2025.

Derivative financial instruments

The fair values of forward exchange contracts and currency options are based on the standard market calculation conventions with reference to the relevant closing market spot rates and forward foreign exchange rates.

The fair value of the equity derivative is based on the forward pricing methodology. The inputs used in the valuation include the current spot price and the present value of the assumed dividends which are calculated using the risk-free rate.

Financial liabilities at amortised cost

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The fair values are not necessarily indicative of the amounts the group would require to settle the liability in the normal course of business.

The carrying amount of short-term financial liabilities reasonably approximates the fair value at 30 June 2025.

Fair value hierarchy

Financial instruments measured at fair value are grouped into the following levels based on the significance of the inputs used in determining fair value:

- Level 1 – Unadjusted quoted prices for financial assets and financial liabilities traded in an active market for identical financial assets or financial liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the financial asset or financial liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs for the financial asset or financial liability that are not based on observable market data.

The group's derivative financial instruments are classified as Level 2. Refer to note 21 for details on the inputs used in determining fair value.

The fair value of loans and borrowings for disclosure purposes is classified as Level 2. Details on the inputs used in determining the fair value are disclosed above.

There were no Level 1 or Level 3 financial assets or financial liabilities as at 30 June 2025 or 30 June 2024.

36.2 Financial risk management

The group's activities expose it to a variety of financial risks including:

- market risk arising from foreign currency risk and interest rate risk;
- credit risk; and
- liquidity risk.

The executive team is responsible for implementing the risk management strategy to ensure that an appropriate risk management framework is operating effectively across the group, embedding a risk management culture throughout the group. The board and the audit and risk committee are provided with a consolidated view of the risk profile of the group, and any major exposures and relevant mitigating actions are identified.

The group operates a central treasury function that manages the funding and liquidity risks and requirements of the group's operations. The divisional funding structures and divisional balance sheet structures are determined centrally, according to the requirements of each division. Cash management is controlled and reported centrally to ensure that it is managed effectively and provides daily visibility of all bank accounts in the group. Currency volatility is closely managed by the central treasury office to mitigate foreign exchange risk. The group manages liquidity risk by monitoring forecast cash flows and by ensuring that adequate borrowing facilities are available. Cash surpluses and short-term financing needs of the group are mainly centralised in the central treasury office. The central treasury office invests the net cash reserves and borrows the net cash deficits from the financial markets, mainly in short-term instruments linked to variable interest rates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

36. Financial instruments and risk management (continued)

36.2 Financial risk management (continued)

The system of risk management is designed so that the different business units are able to tailor and adapt their risk management processes to suit their specific circumstances.

Regular management reporting and internal audit reports provide a balanced assessment of key risks and controls. The CFO provides quarterly confirmation to the board that financial and accounting control frameworks have operated satisfactorily and consistently.

The group does not speculate in the trading of derivative or other financial instruments. It is group policy to hedge exposure to cash and future contracted transactions. These contracts are not designated as effective hedging instruments and therefore hedge accounting is not applied.

36.2.1 Market risk

Market risk is the risk arising from adverse changes in market rates and equity prices.

Price risk

The group's exposure to price risk relates to the equity derivative (refer to note 21) as a result of fluctuations in the share price of the company. The equity derivative was purchased in order to settle the total expected future obligation relating to the share appreciation rights that have been granted to executive management in terms of the long-term incentive scheme (refer to note 25.2). The movements in the company share price affect both the fair value of the equity derivative and cash-settled share appreciation rights. Movements will not have a material impact on either profit or loss or equity of the group over time.

Foreign currency risk

Risk exposure	The group interacts with international customers and suppliers and is exposed to foreign currency risk arising from these exposures. The group's operating costs, however, are principally incurred in South African rand. The differences resulting from the translation of foreign operations into the presentation currency of the group are not taken into account when considering foreign currency risk.
How the risk arises	Foreign currency risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. Foreign currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.
Objectives, policies and processes for managing risk	It is group policy to hedge exposure to cash and future contracted transactions in foreign currencies for a range of forward periods, but not to hedge exposure for the translation of reported profits or reported assets and liabilities.

At reporting date, the carrying amounts of the group's material foreign currency denominated monetary assets and liabilities that will have an impact on profit or loss when exchange rates change, are as follows:

	AU dollar Rm	Euro Rm	UK Pound Rm	US dollar Rm
Foreign currency denominated monetary assets and liabilities				
2025				
Trade and other receivables	**6**	**15**	**16**	**218**
Cash and cash equivalents	**–**	**–**	**–**	**46**
Trade and other payables	**–**	**(358)**	**(9)**	**(914)**
Pre-derivative position	**6**	**(343)**	**7**	**(650)**
Derivative effect	**(4)**	**361**	**4**	**611**
Open position	**2**	**18**	**11**	**(39)**
2024				
Trade and other receivables	30	3	–	103
Cash and cash equivalents	–	9	–	99
Trade and other payables	–	(436)	(3)	(1 023)
Pre-derivative position	30	(424)	(3)	(821)
Derivative effect	(18)	430	3	824
Open position	12	6	–	3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

36. Financial instruments and risk management (continued)

36.2 Financial risk management (continued)

36.2.1 Market risk (continued)

The following significant exchange rates applied during the year and were used in calculating sensitivities:

Rand	Forecast rate[1] 30 June 2026	Forecast rate[1] 30 June 2025	Reporting date spot rate 30 June 2025	Reporting date spot rate 30 June 2024
AU dollar	**11.80**	12.45	**11.66**	12.18
Euro	**20.10**	20.10	**20.88**	19.53
UK pound	**23.90**	23.50	**24.38**	23.04
US dollar	**18.00**	18.00	**17.78**	18.23

[1] *The forecast rates represent an average of the foreign currency rates forecast by the major banks that the group transacts with regularly. These rates are not necessarily management's expectations of currency movements.*

Sensitivity analysis

The table below indicates the group's sensitivity at year-end to the movements in the major currencies that the group is exposed to on its financial instruments. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis performed was consistent with methods applied as at 30 June 2024.

The impact on the reported numbers of using the forecast rates as opposed to the reporting-date spot rates is set out below:

Impact on profit/(loss) before taxation	2025 Rm	2024 Rm
AU dollar strengthened by 1.2% (2024: strengthened by 2.2%) to the rand	**–**	–
Euro weakened by 3.7% (2024: strengthened by 2.9%) to the rand	**(1)**	–
UK pound weakened by 2.0% (2024: strengthened by 2.0%) to the rand	**–**	–
US dollar strengthened by 1.2% (2024: weakened by 1.3%) to the rand	**–**	–

The group's open position exposure at 30 June 2025 considering the forecast change in foreign currency rates would have an immaterial impact on profit or loss.

If the foreign currencies were to strengthen/weaken against the rand, by the same percentages as set out in the table above, it would have an equal, but opposite effect on profit or loss before taxation.

Foreign currency derivative financial instruments

The group uses forward exchange contracts ('FECs') and currency options to hedge its foreign currency risk against change in foreign currency denominated assets and liabilities. FECs have maturities of less than one year after the reporting date. The currency options matured during the year, with no balance remaining at year-end. As a matter of policy, the group does not enter into derivative instruments for speculative purposes. The fair values of such contracts at year-end, by currency, were:

	Derivative financial assets Rm	Derivative financial liabilities Rm	Net derivative financial assets/ (liabilities) Rm
Derivative financial instruments			
2025			
Euro	**8**	**(1)**	**7**
US dollar	**6**	**(21)**	**(15)**
	14	**(22)**	**(8)**
2024			
Euro	7	(14)	(7)
US dollar	2	(22)	(20)
AU dollar	1	–	1
	10	(36)	(26)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

36. Financial instruments and risk management (continued)

36.2 Financial risk management (continued)

36.2.1 Market risk (continued)

The group does not apply hedge accounting to FECs and currency options. Changes in the fair value of derivative instruments of economically hedged monetary assets and liabilities in foreign currencies are recognised in profit or loss.

Interest rate risk

Risk exposure	The group is exposed to interest rate risk on cash and cash equivalents, loans receivable and interest-bearing borrowings. Financial instruments with variable rates expose the group to cash flow interest rate risk, while those linked to fixed rates expose the group economically to fair value interest rate risk.
How the risk arises	The group's interest rate risk primarily arises from the impact of movements in market rates (mainly JIBAR and SA prime) on the value of the group's interest-bearing borrowings and receivables.
Objectives, policies and processes for managing risk	As part of the process of managing the group's borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. The group has a central treasury function that manages funding and monitors market conditions to achieve the best funding rates. Interest rate exposure is managed through the use of fixed and variable borrowings, as appropriate.

The interest and related terms of the group's interest-bearing loans are disclosed in note 27.

At the reporting date, the interest rate profile of the group's financial instruments was:

	Variable JIBAR and SA prime Rm	Variable other[2] Rm	Fixed rate Rm	Non-interest-bearing Rm	Total Rm
2025					
Financial assets					
Investments and loans receivable	**–**	**–**	**–**	**20**	**20**
Trade and other receivables	**–**	**–**	**–**	**4 298**	**4 298**
Derivative financial instruments	**–**	**–**	**–**	**53**	**53**
Cash and cash equivalents	**1 479**	**415**	**87**	**109**	**2 090**
	1 479	**415**	**87**	**4 480**	**6 461**
Financial liabilities					
Loans and borrowings	**(9 805)**	**(24)**	**–**	**(43)**	**(9 872)**
Trade and other payables	**–**	**–**	**–**	**(4 783)**	**(4 783)**
Derivative financial instruments	**–**	**–**	**–**	**(22)**	**(22)**
	(9 805)	**(24)**	**–**	**(4 848)**	**(14 677)**
	(8 326)	**391**	**87**	**(368)**	**(8 216)**
2024					
Financial assets					
Investments and loans receivable	–	–	–	27	27
Trade and other receivables	–	–	–	4 470	4 470
Derivative financial instruments	–	–	–	68	68
Cash and cash equivalents	767	444	107	80	1 398
	767	444	107	4 645	5 963
Financial liabilities					
Loans and borrowings	(9 339)	(27)	–	(54)	(9 420)
Trade payables	–	–	–	(5 291)	(5 291)
Derivative financial instruments	–	–	–	(36)	(36)
	(9 339)	(27)	–	(5 381)	(14 747)
	(8 572)	417	107	(736)	(8 784)

[2] *Variable other refers to any financial instruments with interest rates linked to a variable rate other than JIBAR or SA prime, mainly related to entities operating outside South Africa.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

36. Financial instruments and risk management (continued)

36.2 Financial risk management (continued)

36.2.1 Market risk (continued)

Sensitivity analysis

The group is sensitive to movements in the JIBAR and SA prime rates, which are the primary interest rates to which the group is exposed.

The sensitivities calculated below are based on an increase of 100 basis points for each interest category. These rates are also used when reporting sensitivities internally to key management personnel.

Impact on profit/(loss) before taxation	2025 Rm	2024 Rm
JIBAR and SA prime – 100 basis point increase	**(83)**	(86)

A 100 basis point decrease in the above rates would have had an equal, but opposite, effect on profit or loss before taxation.

36.2.2 Credit risk

Risk exposure	Credit risk arises mainly from short-term cash and cash equivalent investments, trade and other receivables, and loans receivable. Given the diverse nature of the group's operations, it does not have significant concentration of credit risk in respect of trade receivables, with exposure spread over a large number of customers. At 30 June 2025, the group did not consider there to be any significant concentration of credit risk that had not been adequately provided for. The amounts presented in the statement of financial position are net of loss allowances.
How the risk arises	Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.
Objectives, policies and processes for managing risk	The group primarily deposits short-term cash surpluses with South African financial institutions of high-quality credit standing, including their subsidiaries. However, due to operational needs in regions outside South Africa, the group may engage with financial institutions in countries where internationally accredited credit ratings are unavailable. In such cases, management assesses the credit risk of each financial institution individually to determine potential exposure. Cash balances deposited with these financial institutions are kept to an operational minimum. The group aims to minimise loss caused by default of customers through specific group-wide policies and procedures. Compliance with these policies and procedures is the responsibility of divisional management. Monitoring of compliance with these policies is done centrally and by internal audit. All known risks are required to be fully disclosed and are taken into consideration in calculating the loss allowance. The group assesses the creditworthiness of potential and existing customers by obtaining trade references and credit references and evaluating the business acumen of the customer. Once this review has been performed, the applied credit limit is reviewed and approved. Companies within the group perform ongoing credit evaluations on the financial condition of their customers. This process is supported by the divisional audit and risk subcommittees, which are in place for all operating divisions. Reports on the credit quality and exposures are provided to the divisional subcommittees for review. These subcommittees meet quarterly and deal with all issues arising at the operational division or subsidiary level. The group does not generally require collateral in respect of trade receivables and other receivables. The group does not have trade receivables for which no loss allowance is recognised because of collateral. The group has liens over items sold until full payment has been received from customers. The fair value of collateral held against these loans and receivables is linked to the value of the liens. Furthermore, all the divisions except for Unitrans and Optix have credit insurance to partially cover their exposure to risk on receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

36. Financial instruments and risk management (continued)

36.2 Financial risk management (continued)

36.2.2 Credit risk

Exposure to credit risk

The carrying amounts of financial assets represent the maximum credit exposure:

	2025 Rm	2024 Rm
Maximum exposure to credit risk		
Investments and loans receivable	**20**	27
Trade and other receivables	**4 298**	4 470
Derivative financial instruments	**53**	68
Cash and cash equivalents	**2 090**	1 398
	6 461	5 963
Maximum exposure to credit risk by segment[3]		
PG Bison	**1 849**	1 624
Safripol	**1 326**	1 397
Unitrans	**2 453**	2 717
Feltex	**578**	568
Sleep Group	**438**	373
Optix	**193**	142
Corporate	**(376)**	(858)
	6 461	5 963

[3] *Includes account balances on accounts participating in cash management arrangements with the group's bankers.*

	2025 Rm	2024 Rm
Maximum exposure to credit risk by geographical region		
South Africa	**4 971**	4 598
Rest of Africa	**1 231**	1 178
Americas	**126**	–
Europe	**51**	87
Australasia	**36**	80
Middle East	**39**	2
Asia	**7**	18
	6 461	5 963
Carrying amount of financial assets		
Gross carrying amount:	**6 593**	6 066
12-month ECL (Not credit impaired)	**2 340**	1 743
Lifetime ECL (Not credit impaired)	**4 200**	4 282
Lifetime ECL (Credit impaired)	**53**	41
Less: Loss allowance	**(132)**	(103)
12-month ECL (Not credit impaired)	**(16)**	(19)
Lifetime ECL (Not credit impaired)	**(92)**	(63)
Lifetime ECL (Credit impaired)	**(24)**	(21)
	6 461	5 963

36. Financial instruments and risk management (continued)

36.2 Financial risk management (continued)

36.2.2 Credit risk (continued)

The group's current credit risk grading framework comprises the following categories:

Category		Credit risk
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Not credit impaired
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition	Not credit impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit impaired	Credit impaired
Write-off	There is evidence indicating that the financial asset is in severe financial difficulty and the group has no realistic prospect of recovery	Amount is written off

Expected credit loss ('ECL') assessment for financial assets

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The group recognises lifetime ECL for trade receivables.

The measurement of ECL is a function of the probability of default ('PD'), loss given default ('LGD') (i.e. the magnitude of the loss if there is a default) and the exposure at default ('EAD'). All the divisions except for Unitrans and Optix have credit insurance to partially cover their exposure to risk on receivables and this is taken into account when determining the EAD.

The group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to best available external data where there is a lack of internal historical data. In some cases, external benchmarking data, adjusted for forward-looking information was considered most appropriate where it aligned with the underlying characteristics of the financial asset.

Exposures within each credit risk grade are segmented by industry and an ECL rate is calculated for each segment. These rates are adjusted to take into account forward-looking information, including the current view of economic conditions, difficulty experienced in specific industries and sectors and country risk. The group also considers customer-specific risks such as the payment history of customers, extended credit terms or financial support that is provided by its holding company.

At the reporting date the industry segment risk profile of the group's financial instruments was:

	Average loss rate[4] %	Gross carrying amount Rm	Loss allowance Rm	Net carrying amount Rm
Segment				
2025				
General	**17.1**	**43**	**(8)**	**35**
Large and corporate enterprises	**2.0**	**2 741**	**(54)**	**2 687**
Public sector entities	**1.4**	**5**	**–**	**5**
Local government and municipalities	**1.1**	**68**	**(1)**	**67**
National government	**6.1**	**23**	**(1)**	**22**
Banks and financial institutions	**0.0**	**2 157**	**–**	**2 157**
Small and medium enterprises	**3.2**	**1 299**	**(42)**	**1 257**
Micro enterprises	**10.2**	**257**	**(26)**	**231**
		6 593	**(132)**	**6 461**
2024				
General	18.8	38	(7)	31
Large and corporate enterprises	1.6	2 900	(48)	2 852
Public sector entities	1.8	8	–	8
Local government and municipalities	0.9	131	(1)	130
National government	0.1	20	–	20
Banks and financial institutions	0.0	1 510	–	1 510
Small and medium enterprises	1.7	1 324	(23)	1 301
Micro enterprises	17.5	135	(24)	111
		6 066	(103)	5 963

[4] *The calculation of the average loss rate uses the exact unrounded numbers, which may result in differences when compared to calculating the numbers using the rounded figures presented.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

36. Financial instruments and risk management (continued)

36.2 Financial risk management (continued)

36.2.2 Credit risk (continued)

Movement in the loss allowance

The movement in the loss allowance in respect of trade receivables, other receivables and loans receivable during the year is indicated in the table below:

	12-month ECL (Not credit-impaired) Rm	Lifetime ECL (Not credit-impaired) Rm	Lifetime ECL (Credit-impaired) Rm	Total Rm
Movement in the loss allowance for loans receivable				
Balance at 1 July 2023	(14)	(9)	(7)	(30)
Net impairment recognised in profit or loss	1	–	–	1
Amounts unused reversed	1	–	–	1
Amounts utilised during the year	–	–	8	8
Reclassified between categories	–	1	(1)	–
Balance at 30 June 2024	**(13)**	**(8)**	**–**	**(21)**
Net impairment recognised in profit or loss	**1**	**–**	**–**	**1**
Amounts unused reversed	**1**	**–**	**–**	**1**
Balance at 30 June 2025	**(12)**	**(8)**	**–**	**(20)**
Movement in the loss allowance for trade and other receivables				
Balance at 1 July 2023	(6)	(64)	(12)	(82)
Net impairment recognised in profit or loss	(4)	–	(2)	(6)
Additional provision raised	(5)	(41)	(12)	(58)
Amounts unused reversed	1	41	10	52
Amounts utilised during the year	4	1	1	6
Reclassified between categories	–	8	(8)	–
Balance at 30 June 2024	**(6)**	**(55)**	**(21)**	**(82)**
Net impairment recognised in profit or loss	**2**	**(30)**	**(6)**	**(34)**
Additional provision raised	**(3)**	**(57)**	**(23)**	**(83)**
Amounts unused reversed	**5**	**27**	**17**	**49**
Amounts utilised during the year	**–**	**–**	**4**	**4**
Reclassified between categories	**–**	**1**	**(1)**	**–**
Balance at 30 June 2025	**(4)**	**(84)**	**(24)**	**(112)**

The ECL provision on trade and other receivables has increased significantly during the year. This is primarily due to:

- Export customers in PG Bison who have exceeded their credit terms, resulting in elevated credit risk.
- Unitrans Mozambique identified a customer experiencing financial difficulties, which increased the credit risk and affected the customer's ability to meet contractual payment obligations. Although the customer adhered to the agreed payment plan and was not assessed as credit-impaired at year-end, an ECL of R22 million was recognised in profit or loss during the year resulting in a total loss allowance of R23 million.

36.2.3 Liquidity risk

Risk exposure	The group is exposed to liquidity risk through financial liabilities that have contractual cash flows and maturity dates.
How the risk arises	Liquidity risk arises should the group not be able to meet its obligations as they become due.
Objectives, policies and processes for managing risk	The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are available. Cash surpluses and short-term financing needs of the group are mainly centralised in the central treasury office. The central treasury office invests the net cash reserves and borrows the net cash deficits from the financial markets, mainly in short-term instruments linked to variable interest rates. The group has sufficient available bank facilities that can be utilised to service short-term commitments. Refer to note 27.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

36. Financial instruments and risk management (continued)

36.2 Financial risk management (continued)

36.2.3 Liquidity risk (continued)

The following table details the group's remaining contractual maturity for its financial liabilities. The table has been drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table includes both interest and principal cash flows:

	0 to 3 months Rm	4 to 12 months Rm	Year 2 Rm	Years 3 to 5 Rm	After 5 years Rm	Total Rm
Contractual maturity						
2025						
Loans and borrowings	**(688)**	**(2 520)**	**(5 115)**	**(3 159)**	**(2)**	**(11 484)**
Trade and other payables	**(4 652)**	**(130)**	**–**	**–**	**–**	**(4 782)**
Derivative financial instruments	**(22)**	**–**	**–**	**–**	**–**	**(22)**
	(5 362)	**(2 650)**	**(5 115)**	**(3 159)**	**(2)**	**(16 288)**
2024						
Loans and borrowings	(1 372)	(1 989)	(1 926)	(5 726)	(1)	(11 014)
Trade and other payables	(5 189)	(102)	–	–	–	(5 291)
Derivative financial instruments	(36)	–	–	–	–	(36)
	(6 597)	(2 091)	(1 926)	(5 726)	(1)	(16 341)

36.3 Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue on the going concern basis, while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the group consists of borrowings disclosed in note 27, cash and cash equivalents, and equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

In order to maintain or adjust the capital structure, the group may adjust the amount of distribution paid to shareholders, repurchase shares currently in issue, issue new shares, issue new debt to replace existing debt with different terms, and/or sell assets to reduce debt.

The group monitors the following debt serviceable ratios:

	2025 Rm	2024 Rm
Loans and borrowings	**9 872**	9 420
Lease liabilities	**375**	355
Non-interest-bearing loans and borrowings	**(51)**	(51)
Cash and cash equivalents	**(2 090)**	(1 398)
Net interest-bearing debt	**8 106**	8 326
EBITDA[5]	**3 422**	3 694
Net finance costs including borrowing cost capitalised	**976**	998
EBITDA: interest cover (times) > 3.25[6&7]	**3.5**	3.7
Net debt: EBITDA (times) < 3.00[6]	**2.4**	2.3
Gearing %	**65**	67

[5] *Operating profit before depreciation, amortisation and capital items.*
[6] *Financial covenant triggers.*
[7] *EBITDA: interest cover covenant requirement increases:*
2024: 3.00
2025: 3.25
2026: 3.50

The group complied with all the financial covenants during the 2025 and 2024 financial years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

37. Material subsidiaries

	Principal activity	Place of incorporation	Ownership 2025 %	Ownership 2024 %
PG Bison Proprietary Limited	Integrated forestry, timber and resin manufacturing	South Africa	**100**	100
KAP Automotive Proprietary Limited	Vehicle retail accessories and components used in new vehicle assembly	South Africa	**100**	100
Safripol Proprietary Limited	Manufacturing of polyethylene terephthalate ('PET'), high-density polyethylene ('HDPE') and polypropylene ('PP')	South Africa	**100**	100
Sleep Group Proprietary Limited	Manufacture of foam, fabrics and branded mattresses	South Africa	**100**	100
Unitrans Holdings Proprietary Limited	Holding company of Unitrans Supply Chain Solutions Proprietary Limited and Unitrans Africa Proprietary Limited	South Africa	**100**	100
Unitrans Supply Chain Solutions Proprietary Limited[1]	Provision of integrated supply chain solutions in South Africa	South Africa	**67**	67
Unitrans Africa Proprietary Limited	Holding company of various subsidiaries that provide integrated supply chain solutions in Sub-Saharan African countries outside South Africa	South Africa	**100**	100
Unitrans Passenger Proprietary Limited	Provision of personnel and commuter transport services	South Africa	**100**	100

[1] *Unitrans Supply Chain Solutions Proprietary Limited is party to a broad-based black economic empowerment ('B-BBEE') transaction whereby a 33% ownership in the company is held by B-BBEE partners.*

38. Directors' remuneration

38.1 Remuneration

	Basic R	Company contributions paid to pension scheme R	Guaranteed salary R	Annual incentive bonuses[1] R	Value of share rights exercised[2] R	Total R
Executive directors						
2025						
GN Chaplin	**10 834 743**	**726 257**	**11 561 000**	**3 272 100**	**3 229 397**	**18 062 497**
FH Olivier	**6 889 334**	**413 666**	**7 303 000**	**2 067 000**	**2 039 951**	**11 409 951**
SP Lunga	**4 743 150**	**497 850**	**5 241 000**	**1 483 200**	**999 775**	**7 723 975**
	22 467 227	**1 637 773**	**24 105 000**	**6 822 300**	**6 269 123**	**37 196 423**
2024						
GN Chaplin	10 205 279	701 721	10 907 000	8 725 600	7 801 897	27 434 497
FH Olivier	6 429 010	460 990	6 890 000	5 512 000	4 744 398	17 146 398
SP Lunga	4 340 692	463 308	4 804 000	2 798 400	2 534 825	10 137 225
	20 974 981	1 626 019	22 601 000	17 036 000	15 081 120	54 718 120

[1] *Bonuses paid in the current year relate to the performance of the previous financial year.*
[2] *The value of share rights exercised reflects the number of share rights vested during the year at the market price on vesting date of R3.30 on 1 December 2024 (R2.43 on 1 December 2023).*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2025

	2025 R	2024 R
38. Directors' remuneration (continued)		
38.1 Remuneration (continued)		
Non-executive directors		
Z Fuphe	**1 495 633**	1 380 320
KJ Grové[3]	**–**	414 955
JA Holtzhausen	**1 473 073**	949 499
KT Hopkins	**1 515 835**	1 399 891
TC Isaacs	**1 248 613**	1 146 270
SN Maseko[4]	**857 205**	289 287
V McMenamin	**640 992**	520 365
AFB Mthembu[5]	**857 205**	425 213
SH Müller	**1 495 633**	1 433 680
PK Quarmby[6]	**705 038**	1 717 503
S Totaram[7]	**173 811**	–
	10 463 038	9 676 983

[3] *Resigned effective 21 November 2023.*
[4] *Appointed effective 15 March 2024.*
[5] *Appointed effective 15 January 2024.*
[6] *Resigned effective 29 November 2024.*
[7] *Appointed effective 5 May 2025.*

All remuneration disclosed above was paid to directors in respect of services rendered as directors of the company.

Directors of the company are considered to be key management personnel.

	Offer date	Vesting date	Number of rights as at 30 June 2024	Number of rights awarded during the year	Number of rights exercised during the year	Number of rights lapsed during the year[8]	Number of rights as at 30 June 2025
38.2 Share rights							
Executive directors							
GN Chaplin[9]	Dec-21	Dec-24	978 605	**–**	**(978 605)**	**–**	**–**
	Dec-22	Dec-25	1 005 226	**–**	**–**	**(1 005 226)**	**–**
	Dec-23	Dec-26	7 087 428	**–**	**–**	**(7 087 428)**	**–**
	Dec-24	Dec-27	–	**7 072 114**	**–**	**(7 072 114)**	**–**
			9 071 259	**7 072 114**	**(978 605)**	**(15 164 768)**	**–**
FH Olivier	Dec-21	Dec-24	618 167	**–**	**(618 167)**	**–**	**–**
	Dec-22	Dec-25	635 006	**–**	**–**	**–**	**635 006**
	Dec-23	Dec-26	4 477 160	**–**	**–**	**(3 357 870)**	**1 119 290**
	Dec-24	Dec-27	–	**4 467 403**	**–**	**–**	**4 467 403**
			5 730 333	**4 467 403**	**(618 167)**	**(3 357 870)**	**6 221 699**
SP Lunga	Dec-21	Dec-24	302 962	**–**	**(302 962)**	**–**	**–**
	Dec-22	Dec-25	342 336	**–**	**–**	**–**	**342 336**
	Dec-23	Dec-26	2 413 665	**–**	**–**	**(1 810 248)**	**603 417**
	Dec-24	Dec-27	–	**2 553 308**	**–**	**–**	**2 553 308**
			3 058 963	**2 553 308**	**(302 962)**	**(1 810 248)**	**3 499 061**
			17 860 555	**14 092 825**	**(1 899 734)**	**(20 332 886)**	**9 720 760**

[8] *Relates to the estimate of performance criteria not satisfied by the third anniversary of the relevant annual grant.*
[9] *GN Chaplin's share rights were forfeited following the announcement in May 2025 of his intention to step down from the chief executive officer position in the KAP Group with effect from 31 October 2025.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

39. Going concern

The financial statements are prepared on a going concern basis. The assessment of going concern included the consideration of current economic conditions as well as all available information about future risks and uncertainties.

Projections for the group, based on various financial analyses, have been prepared, covering its future performance, capital and liquidity for a period of 12 months subsequent to the approval date of the financial statements.

The group's forecasts and projections of its current and expected profitability, taking account of reasonably possible changes in trading performance, show that the group will be able to operate within the limits of its existing banking facilities for at least 12 months from the approval date of the financial statements.

Given the difficult operating environment, management will focus on cost reductions and optimisation of net working capital levels, as well as reducing net debt levels and the related interest expense to improve the group's operating cash flows. KAP raised sufficient funding in May 2025 to settle bonds of R940 million maturing in September and November 2025. In addition, KAP intends to refinance a portion of the R1 billion term loan maturing in March 2026.

The financial statements were accordingly prepared on the going concern basis since the directors believe that the group has adequate resources in place to continue in operation for the foreseeable future.

40. Events after reporting date

The directors are not aware of any significant events after the reporting date that will have a material effect on the group's results or financial position as presented in these financial statements.

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2025

	Notes	2025 Rm	2024 Rm
Revenue	4	**897**	972
Administrative and other expenses		**(15)**	(22)
Other expenses	5	**(1)**	–
Other net (losses)/gains	6	**(614)**	111
Operating profit before capital items		**267**	1 061
Capital items	7	**(464)**	508
Operating (loss)/profit		**(197)**	1 569
Finance costs	8	**(894)**	(913)
Finance income	9	**29**	14
(Loss)/profit before taxation		**(1 062)**	670
Taxation	10	**(4)**	(15)
(Loss)/profit for the year		**(1 066)**	655
Other comprehensive income for the year		**–**	–
Total comprehensive (loss)/income for the year		**(1 066)**	655

STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2025

	Notes	2025 Rm	2024 Rm
Assets			
Non-current assets			
Investments in subsidiary companies	11	**6 855**	7 303
Related-party loans receivable	19	**10 052**	10 803
		16 907	18 106
Current assets			
Trade and other receivables	12	**–**	1
Share scheme asset	14	**62**	92
Related-party loans receivable	19	**99**	1
Taxation receivable		**13**	1
Cash and cash equivalents	18.2	**897**	238
		1 071	333
Total assets		**17 978**	18 439
Equity and liabilities			
Capital and reserves			
Stated share capital	13	**7 896**	7 896
Reserves		**159**	1 213
		8 055	9 109
Non-current liabilities			
Loans and borrowings	15	**6 485**	5 873
Current liabilities			
Loans and borrowings	15	**1 998**	2 137
Trade and other payables	16	**6**	11
Bank overdrafts	18.2	**1 434**	1 309
		3 438	3 457
Total equity and liabilities		**17 978**	18 439

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2025

	Stated share capital Rm	Distributable reserves Rm	Share-based payment reserve Rm	Total Rm
Balance at 1 July 2023	7 896	113	420	8 429
Total comprehensive income for the year	–	655	–	655
Profit for the year	–	655	–	655
Other comprehensive income for the year	–	–	–	–
Share-based payments movement through reserve accounting	–	–	58	58
Other movements	–	–	(33)	(33)
Balance at 30 June 2024	**7 896**	**768**	**445**	**9 109**
Total comprehensive loss for the year	**–**	**(1 066)**	**–**	**(1 066)**
Loss for the year	**–**	**(1 066)**	**–**	**(1 066)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**
Share-based payments movement through reserve accounting	**–**	**–**	**32**	**32**
Other movements	**–**	**–**	**(20)**	**(20)**
Balance at 30 June 2025	**7 896**	**(298)**	**457**	**8 055**

STATEMENT OF CASH FLOWS

for the year ended 30 June 2025

	Notes	2025 Rm	2024 Rm
Cash flows from operating activities			
Cash generated from operations	18	**922**	998
Finance income received		**20**	5
Finance costs paid	15.4	**(901)**	(936)
Taxation paid		**(17)**	(16)
Net cash inflow from operating activities		**24**	51
Cash flows from investing activities			
Related-party loans advanced		**(626)**	(1 712)
Related-party loans repayment received		**676**	790
Net cash inflow/(outflow) from investing activities		**50**	(922)
Cash flows from financing activities			
Loans and borrowings received	15	**3 550**	3 250
Loans and borrowings repaid	15	**(3 070)**	(2 602)
Other movements		**(20)**	(33)
Net cash inflow from financing activities		**460**	615
Net increase/(decrease) in cash and cash equivalents		**534**	(256)
Net cash and cash equivalents at beginning of the year		**(1 071)**	(815)
Net cash and cash equivalents at end of the year	18.2	**(537)**	(1 071)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2025

1. Accounting policies

The accounting policies of the company are the same as those of the group, where applicable. Refer to the consolidated financial statements in this regard. The accounting policies applied by the company have been applied consistently to the periods presented in these financial statements, except where stated otherwise. The policies detailed below are those specifically applicable to the company.

Investments in subsidiary companies

Investments in subsidiaries are measured at cost less impairment losses.

Share-based payment transactions

Group share-based payment transactions

Transactions in which a parent grants rights to its equity instruments directly to the employees of its subsidiaries are classified as equity settled in the annual financial statements of the subsidiary, provided the share-based payment is classified as equity settled in the consolidated annual financial statements of the parent.

The subsidiary recognises the services acquired with the share-based payment as an expense and recognises a corresponding increase in equity representing a capital contribution from the parent for those services acquired. The parent recognises in equity the equity-settled share-based payment and recognises a corresponding increase in the investment in subsidiary.

A recharge arrangement exists whereby the subsidiary is required to fund the difference between the exercise price on the share right and the market price of the share at the time of exercising the right. The recharge arrangement is accounted for separately from the underlying equity-settled share-based payment as follows upon initial recognition:

- The subsidiary recognises a share scheme liability at fair value, using cash-settled share-based payment principles, and a corresponding adjustment against equity for the capital contribution recognised in respect of the share-based payment.
- The parent recognises a corresponding share scheme asset at fair value and a corresponding adjustment to the carrying amount of the investment in the subsidiary.

Subsequent to initial recognition, the recharge arrangement is remeasured at fair value at each subsequent reporting date until settlement date to the extent vested. Where the liability recognised is greater than the initial capital contribution recognised by the subsidiary in respect of the share-based payment, the excess is recognised as a net capital distribution to the parent. The amount of the asset in excess of the capital contribution recognised as an increase in the investment in subsidiary is recognised as a share scheme recharge distribution by the parent in profit or loss.

Revenue recognition

Interest income

Interest is recognised on the time proportion basis, taking account of the principal amount outstanding and the effective rate over the period to maturity.

Dividend income

Dividend income from investments is recognised when the right to receive payment has been established.

2. Judgements made by management and key sources of estimation uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next financial year are discussed below.

Estimation uncertainties

Impairment of investments in subsidiary companies

Investments in subsidiary companies are assessed annually for impairment by considering the recoverable amount of subsidiary companies. Refer to note 11.

Valuation of equity compensation benefits

Management classifies its share-based payment scheme as an equity-settled scheme based on the assessment of its role and that of the employees in the transaction. In applying its judgement, management consulted with external expert advisors in the accounting and share-based payment advisory industry. The critical assumptions used in the valuation model are detailed in note 14.

Calculation of the loss allowance

Significant judgement is required to determine the loss allowance which is processed against loans receivable in terms of the requirements of IFRS 9 – *Financial Instruments*, relating to expected credit losses ('ECL'). The significant judgements applied in determining the loss allowance include the expected realisable value of the collateral securing the advance, the probability that an advance will default (probability of default ('PD')), credit risk changes (significant increase in credit risk ('SICR')), the size of credit exposures (exposure at default ('EAD')), and the expected loss on default (loss given default ('LGD')). The method and assumptions used to calculate the ECL is detailed in note 20.

3. New or revised accounting pronouncements

During the current year, the company has adopted all the new and revised standards issued by the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2024.

3.1 New or revised IFRS Standards applied with no material effect on the annual financial statements

- Amendment to IAS 1 – Classification of Liabilities as Current and Non-current
- Amendment to IAS 1 – Non-current Liabilities with Covenants

3.2 IFRS Accounting Standards and interpretations in issue but not yet effective

A number of amendments to standards are effective for annual periods beginning on or after 1 July 2025 and earlier application is permitted. However, the company has not early adopted the amended standards in preparing these financial statements. The following amended standards are not expected to have a material impact on the financial statements:

- Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments
- Annual improvements to IFRS Accounting Standards – Volume 11
- IFRS 18 – Presentation and Disclosure in Financial Statements

	Notes	2025 Rm	2024 Rm
4. Revenue			
Related-party			
Interest income	19	**897**	972
5. Other expenses			
Share scheme recharge distribution		**(1)**	–
6. Other net (losses)/gains			
(Impairment)/reversal of impairment of related-party loans receivable	20.2.2	**(614)**	111
7. Capital items			
(Expenses)/income items of a capital nature are:			
(Impairment)/reversal of impairment of investments in subsidiary companies		**(464)**	508

Capital items reflect and affect the resources committed in producing operating performance and are not the performance itself. These items deal with the capital base of the company.

	Notes	2025 Rm	2024 Rm
8. Finance costs			
Bank overdraft and short-term facilities		**92**	109
Revolving credit loan		**279**	90
Senior unsecured listed notes		**450**	640
Term loans		**68**	69
Credit facilities arranging fees		**5**	5
		894	913
9. Finance income			
Bank balances and short-term deposits		**29**	14
10. Taxation			
10.1 Taxation expense			
South African normal taxation			
Current year		**4**	15

	%	%
10.2 Reconciliation of rate of taxation		
South African normal tax rate	**(27.0)**	27.0
Impairment/(reversal of impairment) of related-party loans receivable	**15.6**	(4.5)
Impairment/(reversal of impairment) of investments in subsidiary companies	**11.8**	(20.5)
Disallowed expenditure	**–**	0.2
Effective rate of taxation	**0.4**	2.2

	2025 Rm	2024 Rm
10. Taxation (continued)		
10.3. Taxation losses		
Unrecognised taxation losses available for offset against future taxable capital gains		
South African taxation losses	**14**	14

The taxation losses do not expire under current taxation legislation. No deferred taxation asset has been recognised in respect of taxation losses because it is not yet certain that future taxable profits will be available against which the company can realise the benefits therefrom.

	2025 Rm	2024 Rm
10.4. Unrecognised temporary differences		
Investments in subsidiary companies	**2 245**	1 874

No deferred taxation asset has been recognised in respect of these temporary differences because it is improbable that the temporary differences will reverse in the foreseeable future and that the company will realise the benefits.

11. Investments in subsidiary companies

	2025 Rm	2024 Rm
Shares at cost	**9 301**	9 285
Accumulated impairment	**(2 446)**	(1 982)
	6 855	7 303

	Holding		Shares at cost		Accumulated impairment		Carrying amount	
	2025 %	2024 %	2025 Rm	2024 Rm	2025 Rm	2024 Rm	2025 Rm	2024 Rm
KAP Automotive Proprietary Limited	**100**	100	**220**	220	**–**	–	**220**	220
KAP Corporate Services Proprietary Limited	**100**	100	**–**	–	**–**	–	**–**	–
KAP Energy Proprietary Limited	**100**	100	**–**	–	**–**	–	**–**	–
KAP Secretarial Services Proprietary Limited	**100**	100	**–**	–	**–**	–	**–**	–
Optix International Proprietary Limited	**100**	100	**–**	–	**–**	–	**–**	–
PG Bison Proprietary Limited	**100**	100	**900**	900	**–**	–	**900**	900
Safripol Proprietary Limited	**100**	100	**2 039**	2 039	**(722)**	(652)	**1 317**	1 387
Sleep Group Proprietary Limited	**100**	100	**900**	900	**–**	–	**900**	900
Unitrans Holdings Proprietary Limited	**100**	100	**5 040**	5 040	**(1 724)**	(1 330)	**3 316**	3 710
Unitrans Passenger Proprietary Limited	**100**	100	**106**	106	**–**	–	**106**	106
Share-based payments			**96**	80	**–**	–	**96**	80
			9 301	9 285	**(2 446)**	(1 982)	**6 855**	7 303

During the year, an impairment of R70 million (2024: R132 million reversal of impairment) was recognised on Safripol Proprietary Limited ('Safripol') based on the results of the value in use calculations performed on the underlying operating assets. Safripol is impacted by the continued cyclical weakness in selling prices and indexed raw material margins, driven by a global oversupply of polyethylene terephthalate ('PET'), particularly from China. It is expected that this global cyclical low in prices and margins will continue in the medium term and shows signs of improvement only from beyond 2030. Refer to note 13 and 14 of the consolidated annual financial statements for details of the specific assumptions applied in the impairment testing of the Safripol intangible asset and PET plant, which are also applicable to the investment in subsidiary.

The company also recognised an impairment loss on Unitrans Holdings Proprietary Limited ('Unitrans Holdings') of R394 million (2024: R306 million reversal of impairment), as a result of deteriorated performance and forecast cash flows. The fair value less estimated costs to sell attributable to the shareholding in Unitrans Holdings was calculated with reference to the expected future cash flows of Unitrans Holdings and a forward EV/EBITDA multiple of 5.3 (2024: 4.5). The multiple is determined with reference to a range of between 4.5 and 6.5 based on similar businesses and industries and taking into account enterprise risk.

	2025 Rm	2024 Rm
12. Trade and other receivables		
Prepayments	**–**	1

	2025 Number of shares	2024 Number of shares	2025 Rm	2024 Rm
13. Stated share capital				
13.1 Share capital				
Authorised				
Ordinary shares of no par value	**6 000 000 000**	6 000 000 000	**–**	–
Cumulative, non-redeemable, non-participating preference shares of no par value	**1 000 000 000**	1 000 000 000	**–**	–
Perpetual preference shares of no par value	**50 000 000**	50 000 000	**–**	–
Issued				
Ordinary shares in issue at beginning of the year	**2 493 716 807**	2 477 094 448	**7 896**	7 896
Ordinary shares issued during the year	**7 471 234**	16 622 359	**–**	–
Ordinary shares in issue at end of the year	**2 501 188 041**	2 493 716 807	**7 896**	7 896

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the company.

14. Share-based payments

14.1 KAP Performance Share Rights Scheme

At the annual general meeting of KAP on 14 November 2012, a share incentive scheme was approved and implemented. The maximum number of ordinary shares that may be used for the continued implementation of the scheme may not exceed 366 274 533 ordinary shares. The share rights granted annually since this meeting are subject to the following scheme rules:

- Rights are granted to qualifying senior executives on an annual basis.
- Vesting of rights occurs on the third anniversary of grant date, provided performance criteria, as set by KAP's remuneration committee at or about the time of the grant date, have been achieved.
- In the event of performance criteria not being satisfied by the third anniversary of the relevant annual grant, all rights attaching to the particular grant will lapse.

	2025 Number of shares	2024 Number of shares
Reconciliation of the number of shares available for allocation		
Shares authorised for purposes of KAP Performance Share Right Scheme	**366 274 533**	366 274 533
Cumulative share rights granted[1]	**(183 943 562)**	(187 095 947)
Shares available for allocation	**182 330 971**	179 178 586

[1] *The cumulative share rights granted are net of grants which lapsed or were forfeited.*

	2025 Rights	2024 Rights
Reconciliation of rights granted		
Balance at beginning of the year	**96 986 028**	87 957 768
Forfeited/lapsed during the year	**(57 234 314)**	(30 065 209)
Exercised during the year	**(13 584 123)**	(30 222 544)
Granted during the year	**60 194 818**	69 316 013
Balance at end of the year	**86 362 409**	96 986 028

Assumptions

The fair value of services received in return for share rights granted is measured by reference to the fair value of the share rights granted. The estimated fair value of the services received is measured based on the assumption that all vesting conditions are met and all employees remain in service. The fair value at measurement date is determined using a present value methodology whereby the unconditional fair value is equal to the share price at the grant date, less the present value of estimated dividends paid prior to time of exercise.

14. Share-based payments (continued)

14.1 KAP Performance Share Rights Scheme (continued)

	December 2024 Grant	December 2023 Grant	December 2022 Grant	December 2021 Grant	December 2020 Grant
Fair value of KAP share rights and assumptions					
Fair value at measurement date	**R2.83**	R2.27	R3.56	R3.46	R2.48
Share price at grant date	**R3.30**	R2.64	R4.30	R4.23	R2.95
Exercise price	**R0.00**	R0.00	R0.00	R0.00	R0.00
Risk-free interest rate	**7.22%**	7.65%	8.09%	5.98%	4.22%
Expected dividend yield	**5.14%**	5.03%	6.28%	6.65%	5.42%
Expected forfeiture rate	**0.00%**	0.00%	0.00%	0.00%	0.00%
Life of share right	**3 years**	3 years	3 years	3 years	3 years

The risk-free interest rates were obtained from the swap yield curve on the valuation date. The swap yield curve was independently constructed using a bootstrapping methodology together with a combination of traded money-market, forward rate agreement ('FRA') and swap rate inputs.

The dividend forecasts were estimated using a combination of broker consensus forecasts and historical dividend data, and/or management's view of the future dividends. The dividend per share forecasts and the projected forward share prices (calculated under the risk-neutral framework), at the estimated ex-dividend dates, were used to determine simple periodic dividend yields over the period of the scheme.

Share scheme asset

Rights granted under the share scheme are subject to a recharge arrangement whereby the subsidiary is required to pay KAP the subscription price of shares granted to employees, equivalent to the quoted market price of such shares on the vesting date when the shares are secured by the subsidiary for delivery to the employees less the option subscription price payable by employees.

The fair value of the share scheme settlement asset is determined using a present value methodology whereby the unconditional fair value is equal to the share price at the grant date, less the present value of estimated dividends paid prior to time of exercise. The fair value of the share scheme settlement asset is remeasured at each statement of financial position date and settlement date.

	December 2024 grant	December 2023 grant	December 2023 grant	December 2022 grant	December 2022 grant	December 2021 grant
	2025	**2025**	2024	**2025**	2024	2024
Share price at 30 June	**R2.05**	**R2.05**	R2.85	**R2.05**	R2.85	R2.85
Exercise price	**R0.00**	**R0.00**	R0.00	**R0.00**	R0.00	R0.00
Term	**29 months**	**17 months**	29 months	**5 months**	17 months	5 months
Risk-free interest rate	**6.92%**	**6.94%**	7.79%	**7.13%**	7.85%	8.17%
Expected dividend yield	**6.06%**	**2.89%**	7.54%	**0.00%**	5.09%	0.00%
Expected forfeiture rate	**0.00%**	**0.00%**	0.00%	**0.00%**	0.00%	0.00%
Fair value of grant	**R1.77**	**R1.97**	R2.37	**R2.05**	R2.65	R2.85

The risk-free interest rates were obtained from the swap yield curve on the valuation date. The swap yield curve was independently constructed using a bootstrapping methodology together with a combination of traded money-market, FRA and swap rate inputs.

The dividend forecasts were estimated using a combination of broker consensus forecasts and historical dividend data. The dividend per share forecasts and the projected forward share prices (calculated under the risk-neutral framework), at the estimated ex-dividend dates, were used to determine simple periodic dividend yields over the period of the scheme.

	2025 Rm	2024 Rm
Reconciliation of share scheme asset		
Balance at beginning of the year	**92**	102
Increase in fair value	**15**	63
Share scheme settlement received	**(45)**	(73)
Balance at end of the year	**62**	92

	2025 Rm	2024 Rm
15. Loans and borrowings		
15.1 Analysis of closing balance		
Unsecured financing covered by intergroup cross-guarantees		
Term loans	**1 001**	–
Senior unsecured listed notes	**5 468**	6 015
Revolving credit loan	**2 014**	1 995
Total loans and borrowings	**8 483**	8 010
Less: Loans and borrowings included in current liabilities	**(1 998)**	(2 137)
Non-current loans and borrowings	**6 485**	5 873

	Next year Rm	Year two Rm	Year three Rm	Year four Rm	Year five Rm	Total Rm
15.2 Analysis of repayment						
2025						
Revolving credit loan[1&2]	**19**	**1 000**	**–**	**1 000**	**–**	**2 019**
Senior unsecured listed notes[1]	**982**	**2 080**	**1 785**	**–**	**625**	**5 472**
Term loans	**1 001**	**–**	**–**	**–**	**–**	**1 001**
Transaction costs capitalised	**(4)**	**(3)**	**(1)**	**(1)**	**–**	**(9)**
	1 998	**3 077**	**1 784**	**999**	**625**	**8 483**
2024						
Revolving credit loan[1&3]	4	–	2 000	–	–	2 004
Senior unsecured listed notes[1]	2 137	940	2 080	860	–	6 017
Transaction costs capitalised	(4)	(4)	(2)	(1)	–	(11)
	2 137	936	4 078	859	–	8 010

[1] *Excludes transaction costs capitalised, which are disclosed in a separate line.*
[2] *R1 billion is drawn down under Facility A, which has a maturity date of 7 December 2026 and R1 billion is drawn down under Facility B, which has a maturity date of 7 December 2028.*
[3] *R2 billion is drawn down under Facility A, which has a maturity date of 7 December 2026.*

	Current year interest rate	2025 Rm	2024 Rm
15.3 Loans and borrowings details			
Unsecured financing covered by intergroup cross-guarantees			
Variable interest rates			
Term loans[4]	8.49% to 9.25%	**1 000**	–
Senior unsecured listed notes[5]	8.66% to 9.95%	**5 430**	5 950
Revolving credit loan[6]	8.89% to 9.84%	**2 000**	2 000
Finance cost accrued			
Term loans		**1**	–
Senior unsecured listed notes		**42**	67
Revolving credit loan		**19**	4
Transaction costs capitalised		**(9)**	(11)
Total loans and borrowings		**8 483**	8 010

[4] *The term loan bears interest linked to 3-month JIBAR and is repayable in March 2026.*
[5] *The senior unsecured listed notes bear interest linked to 3-month JIBAR and the maturity dates are publicly available.*
[6] *The revolving credit loan bears interest linked to 3-month JIBAR. R1 billion is drawn down under Facility A which has a maturity date of 7 December 2026 and R1 billion is drawn down under Facility B which has a maturity date of 7 December 2028.*

Global Credit Rating Co. Proprietary Limited reviewed the company's credit rating in November 2024 and confirmed the long-term national scale issuer rating of the company as A+(za) and its short-term national scale issuer rating as A1(za), and revised the outlook from negative to stable on both ratings.

Unsecured financing covered by intergroup guarantees

The following companies participate in the cross-guarantees (jointly and severally) in respect of the company's term loans and its revolving credit facility:

- KAP Automotive Proprietary Limited
- PG Bison Proprietary Limited
- Safripol Proprietary Limited
- Sleep Group Proprietary Limited
- Unitrans Passenger Proprietary Limited
- Unitrans Supply Chain Solutions Proprietary Limited

15. Loans and borrowings (continued)

15.3 Loans and borrowings details (continued)

The following companies participate in the guarantee (jointly and severally) in respect of the notes issued by the company under its note programme:

- KAP Automotive Proprietary Limited
- PG Bison Proprietary Limited
- Safripol Proprietary Limited
- Sleep Group Proprietary Limited
- Unitrans Passenger Proprietary Limited
- Unitrans Supply Chain Solutions Proprietary Limited

Transition from JIBAR to ZARONIA

The South African Reserve Bank has published the South African Overnight Index Average (‘ZARONIA’) as the official successor rate to the Johannesburg Interbank Average Rate (‘JIBAR’). The JIBAR cessation announcement will likely come in 2025, followed by the formal cessation date at the end of 2026. ZARONIA is a near risk-free rate based on overnight unsecured lending transactions and is designed to enhance transparency and align with global benchmark reform initiatives. The company has exposure to funding arrangements that currently reference JIBAR. While the transition is still in progress, the company is actively monitoring developments to assess the potential impact of the change. At the reporting date, no funding arrangements have yet transitioned from JIBAR to ZARONIA, and the company does not expect any immediate impact on the measurement and classification of loans and borrowings. The company will continue to evaluate the impact of the transition and provide updated disclosures in future reporting periods as more information becomes available.

	2025 Rm	2024 Rm
15.4 Reconciliation of movements in loans borrowings		
Balance at beginning of year	**8 010**	7 390
Changes from financing cash flows		
Loans and borrowings received[7]	**3 550**	3 250
Loans and borrowings repaid[7]	**(3 070)**	(2 602)
	480	648
Other changes		
Finance costs expense	**894**	913
Finance costs paid	**(901)**	(936)
Other	**–**	(5)
	(7)	(28)
Total loans and borrowings	**8 483**	8 010

[7] R1 billion (2024: R750 million) revolving credit loan was drawn down and repaid in the same year, resulting in an equal but opposite inflow and outflow included in loans and borrowing received and repaid.

	2025 Rm	2024 Rm
15.5. Available borrowing facilities		
Committed		
Revolving credit loan	**1 000**	1 000
Uncommitted		
Call loan and overdraft facilities	**2 329**	2 123
	3 329	3 123

In terms of the memorandum of incorporation, the borrowing powers of the company are unlimited.

16. Trade and other payables

	2025 Rm	2024 Rm
Other payables and amounts due (financial liabilities)	**6**	11

The fair value of trade and other payables is disclosed in note 20.1.

17. Commitments and contingencies

17.1 Capital expenditure

The company is not committed to any capital expenditure.

17.2 Contingent liabilities

There are no litigation or legislative compliance matters, current or pending, which are considered likely to have a material adverse effect on the company.

The company has a number of guarantees and suretyships outstanding at year-end. However, the directors are confident that no material liability will arise as a result of these guarantees and suretyships. These guarantees and suretyships include but are not limited to the following:

- Parental/performance guarantees have been provided for the obligations of subsidiaries to, among others, suppliers of goods/services in the ordinary course of business in an aggregate amount of c. R2 116 million.
- Limited suretyship has been provided in favour of Volvo Financial Services Southern Africa Proprietary Limited, for vehicle and asset financing facilities, to the value of R522 million as at 30 June 2025.
- Cross-guarantee has been provided in favour of Absa Bank Limited, for general banking facilities, to the value of R1 701 million as at 30 June 2025.
- Cross-guarantee has been provided in favour of Nedbank Limited, for general banking facilities, to the value of R1 159 million as at 30 June 2025.
- Cross-guarantee has been provided in favour of Standard Bank South Africa Limited, for general banking facilities, to the value of R1 214 million as at 30 June 2025.
- Cross-guarantee and cession of credit balances have been provided in favour of Standard Bank South Africa Limited, for cash management facility as at 30 June 2025.
- Cross-suretyship has been provided in favour of FirstRand Bank Limited, for general banking facilities, to the value of R2 405 million as at 30 June 2025.
- Cross-suretyship and cession of credit balances have been provided in favour on FirstRand Bank Limited for cash management facility as at 30 June 2025.

The following loan amounts have been subordinated in favour of the other creditors until that company's assets, fairly valued, exceeded the liabilities:

- KAP Corporate Services Proprietary Limited for R883 million (2024: R564 million); and
- Optix International Proprietary Limited for R295 million (2024: R143 million).

Letters of support have been issued in favour of:

- KAP Automotive Proprietary Limited for R1 077 million (2024: R1 117 million);
- KAP Corporate Services Proprietary Limited for R323 million (2024: R674 million);
- Optix International Proprietary Limited for R402 million (2024: R679 million);
- PG Bison Proprietary Limited for R1 813 million (2024: R2 172 million);
- Safripol Proprietary Limited for R1 557 million (2024: R1 730 million);
- Sleep Group Proprietary Limited for R485 million (2024: R563 million);
- Unitrans Holdings Proprietary Limited for R19 million (2024: R223 million); and
- Unitrans Passenger Proprietary Limited for R239 million (2024: R397 million).

	2025 Rm	2024 Rm
18. Cash flow information		
18.1 Cash generated from operations		
Operating (loss)/profit	**(197)**	1 569
Adjusted for:		
Impairment/(reversal of impairment) of related-party loans receivable	**614**	(111)
Impairment/(reversal of impairment) of investments in subsidiary companies	**464**	(508)
Share scheme recharge distribution	**1**	–
Cash generated before working capital changes	**882**	950
Working capital changes		
Decrease in trade and other payables	**(5)**	(25)
Settlement of share scheme asset	**45**	73
Changes in working capital	**40**	48
Cash generated from operations	**922**	998
18.2 Net cash and cash equivalents		
Short-term bank deposits	**897**	238
Bank overdraft	**(1 434)**	(1 309)
Net cash and cash equivalents	**(537)**	(1 071)

19. Related-party balances and transactions

Related-party relationships exist between shareholders, subsidiaries, associate and joint venture companies within the KAP Limited group of companies.

These transactions are concluded in the normal course of business.

The following is a summary of material balances of receivables and payables at year-end:

	2025 Rm	2024 Rm
Related-party loans receivable		
KAP Automotive Proprietary Limited	**1 215**	1 306
KAP Corporate Services Proprietary Limited	**1 211**	1 211
Optix International Proprietary Limited	**795**	683
PG Bison Proprietary Limited	**3 404**	3 404
Safripol Proprietary Limited	**3 000**	3 000
Sleep Group Proprietary Limited	**634**	712
Sakhumzi Empowerment Proprietary Limited	**1**	1
Unitrans Africa Proprietary Limited	**–**	31
Unitrans Holdings Proprietary Limited	**20**	220
Unitrans Passenger Proprietary Limited	**450**	450
Unitrans Supply Chain Solutions Proprietary Limited	**600**	351
	11 330	11 369
Less: Loss allowance	**(1 179)**	(565)
KAP Corporate Services Proprietary Limited	**(883)**	(564)
Optix International Proprietary Limited	**(295)**	–
Sakhumzi Empowerment Proprietary Limited	**(1)**	(1)
Total related-party loans receivable	**10 151**	10 804
Less: Related-party loans included in current assets	**(99)**	(1)
Non-current related-party loans receivable	**10 052**	10 803

The related-party loans are unsecured. Loans other than the Unitrans Supply Chain Solutions Proprietary Limited ('USCS') loan bears interest between 0% and prime less 2% (2024: 0% and prime less 1%) and have no fixed repayment terms. The USCS loan bears interest of JIBAR plus 3.95% and is repayable by 30 June 2030.

During the year, the company recognised impairment losses of R319 million (2024: R104 million reversal of impairment) for KAP Corporate Services Proprietary Limited and R295 million for Optix International Proprietary Limited (2024: Rnil). The loss allowance considers the value by which the total liabilities exceed the total assets.

Refer to note 17.2 for details of which loan amounts have been subordinated.

19. Related-party balances and transactions (continued)

The following is a summary of material transactions with related parties during the year:

	2025 Rm	2024 Rm
Interest income		
KAP Automotive Proprietary Limited	113	131
Optix International Proprietary Limited	42	31
PG Bison Proprietary Limited	328	358
Safripol Proprietary Limited	277	323
Sleep Group Proprietary Limited	50	57
Unitrans Africa Proprietary Limited	1	12
Unitrans Passenger Proprietary Limited	42	49
Unitrans Supply Chain Solutions Proprietary Limited	44	11
	897	972

Directors of the company are considered to be key management personnel. For details in respect of directors' remuneration, refer to note 38 of the consolidated annual financial statements.

20. Financial instruments and risk management

20.1 Financial instruments

The following table summarises the company's classification of financial instruments and the fair values:

	Total carrying values at amortised cost Rm	Total fair values Rm
2025		
Financial assets		
Related-party loans receivable	10 151	10 151
Cash and cash equivalents	897	897
	11 048	11 048
Financial liabilities		
Loans and borrowings	(8 483)	(8 540)
Trade and other payables	(6)	(6)
Bank overdrafts	(1 434)	(1 434)
	(9 923)	(9 980)
Net financial instruments	1 125	1 068
Net finance income		
Finance income	926	
Finance expense	(894)	
	32	
2024		
Financial assets		
Related-party loans receivable	10 804	10 804
Cash and cash equivalents	238	238
	11 042	11 042
Financial liabilities		
Loans and borrowings	(8 010)	(8 065)
Trade and other payables	(11)	(11)
Bank overdrafts	(1 309)	(1 309)
	(9 330)	(9 385)
Net financial instruments	1 712	1 657
Net finance income		
Finance income	986	
Finance expense	(913)	
	73	

20. Financial instruments and risk management (continued)

20.1 Financial instruments (continued)

Fair values

The fair values of financial assets and financial liabilities are determined as follows:

Loans receivable

The fair values of loans receivable are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The carrying amount reasonably approximates the fair value at 30 June 2025.

Financial liabilities at amortised cost

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The fair values are not necessarily indicative of the amounts the company would require to settle the liability in the normal course of business.

The carrying amount of short-term financial liabilities reasonably approximates the fair value at 30 June 2025.

No fair value adjustments were made to any of the financial assets and liabilities.

Fair value hierarchy

Financial instruments measured at fair value are grouped into the following levels based on the significance of the inputs used in determining fair value:

- Level 1 – Unadjusted quoted prices for financial assets and financial liabilities traded in an active market for identical financial assets or financial liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the financial asset or financial liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs for the financial asset or financial liability that are not based on observable market data.

The fair value of loans and borrowings for disclosure purposes is classified as Level 2. Details on the inputs used in determining the fair value are disclosed above.

There were no Level 1 or Level 3 financial assets or financial liabilities as at 30 June 2025 or 30 June 2024.

20.2 Financial risk management

The company's activities expose it to a variety of financial risks including:

- market risk arising from interest rate risk;
- credit risk; and
- liquidity risk.

The executive team is responsible for implementing the risk management strategy to ensure that an appropriate risk management framework is operating effectively across the company, embedding a risk management culture throughout the company. The board and audit and risk committee are provided with a consolidated view of the risk profile of the group, and any major exposures and relevant mitigating actions are identified.

The system of risk management is designed so that the different business units are able to tailor and adapt their risk management processes to suit their specific circumstances.

Regular management reporting and internal audit reports provide a balanced assessment of key risks and controls. The CFO provides quarterly confirmation to the board that financial and accounting control frameworks have operated satisfactorily and consistently.

20. Financial instruments and risk management (continued)

20.2 Financial risk management (continued)

20.2.1 Market risk

Market risk is the risk arising from adverse changes in market rates.

Foreign currency risk

The financial assets and financial liabilities of the company are all denominated in South African rand and therefore the company does not have any exposure to foreign currency risk.

Interest rate risk

Risk exposure	The company is exposed to interest rate risk on cash and cash equivalents, loans receivables and interest-bearing borrowings. Financial instruments with variable rates expose the company to cash flow interest rate risk, while those linked to fixed rates expose the company economically to fair value interest rate risk.
How the risk arises	The company's interest rate risk primarily arises from the impact of movements in market rates (mainly JIBAR and SA prime) on the value of the company's interest-bearing current and non-current borrowings and receivables.
Objectives, policies and processes for managing risk	As part of the process of managing the company's borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. Interest rate exposure is managed through the use of a mix of fixed and variable borrowings, as appropriate.

The interest and related terms of the company's interest-bearing loans are disclosed in note 15.

At the reporting date the interest rate profile of the company's financial instruments was:

	Variable JIBAR and SA prime Rm	Non-interest-bearing Rm	Total Rm
2025			
Related-party loans receivable	**9 672**	**479**	**10 151**
Cash and cash equivalents	**897**	**–**	**897**
Loans and borrowings	**(8 483)**	**–**	**(8 483)**
Trade and other payables	**–**	**(6)**	**(6)**
Bank overdrafts	**(1 434)**	**–**	**(1 434)**
	652	**473**	**1 125**
2024			
Related-party loans receivable	9 352	1 452	10 804
Cash and cash equivalents	238	–	238
Loans and borrowings	(8 010)	–	(8 010)
Trade and other payables	–	(11)	(11)
Bank overdrafts	(1 309)	–	(1 309)
	271	1 441	1 712

Sensitivity analysis

The company is sensitive to movements in the JIBAR and SA prime rates, which are the primary interest rates to which the company is exposed.

The sensitivities calculated below are based on an increase of 100 basis points for each interest category. These rates are also used when reporting sensitivities internally to key management personnel.

Impact on profit or (loss) before taxation	2025 Rm	2024 Rm
JIBAR and SA prime – 100 basis point increase	**7**	3

A 100 basis point decrease in the above rates would have had an equal, but opposite effect on profit or loss before taxation.

20. Financial instruments and risk management (continued)

20.2 Financial risk management (continued)

20.2.2 Credit risk

Risk exposure	Credit risk arises mainly from short-term cash and cash equivalent and related-party loans. At 30 June 2025, the company did not consider there to be any significant concentration of credit risk that had not been adequately provided for. The amounts presented in the statement of financial position are net of the loss allowances.
How the risk arises	Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.
Objectives, policies and processes for managing risk	The company deposits short-term cash surpluses with major banks of high-quality credit standing. The company aims to minimise loss caused by default of related-parties through specific company-wide policies and procedures. Compliance with these policies and procedures is the responsibility of central office management. Monitoring of compliance with these policies is done by internal audit. All known risks are required to be fully disclosed and are taken into consideration in calculating the loss allowance. The company actively monitors the financial performance of related-parties. Where surplus cash is identified, the company requests repayment of related-party loans, which are undocumented and therefore considered repayable on demand.

Exposure to credit risk

The carrying amounts of financial assets represent the maximum credit exposure:

	2025 Rm	2024 Rm
Maximum exposure to credit risk		
Related-party loans receivable	**10 151**	10 804
Cash and cash equivalents	**897**	238
	11 048	11 042
Maximum exposure to credit risk by geographical region		
South Africa	**11 048**	11 042
Carrying amount of financial assets		
Gross carrying amount:		
12-month ECL (Not credit impaired)	**12 227**	11 607
Less: Loss allowance		
12-month ECL (Not credit impaired)	**(1 179)**	(565)
	11 048	11 042

The company's current credit risk grading framework comprises the following categories:

Category	Description	Credit risk
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Not credit impaired
Doubtful	Amounts is > 30 days past due or there has been a significant increase in credit risk since initial recognition	Not credit impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit impaired	Credit impaired
Write-off	There is evidence indicating that the financial asset is in severe financial difficulty and the company has no realistic prospect of recovery	Amount is written off

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

20. Financial instruments and risk management (continued)

20.2 Financial risk management (continued)

20.2.2 Credit risk (continued)

Expected credit loss assessment for financial assets

The company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to best available external data where there is a lack of internal historical data. In some cases, external benchmarking data, adjusted for forward-looking information was considered most appropriate where it aligned with the underlying characteristics of the financial asset.

Exposures within each credit risk grade are segmented by industry and an ECL rate is calculated for each segment. These rates are adjusted to take into account forward-looking information, including the current view of economic conditions, difficulty experienced in specific industries and sectors and country risk. The company also considers customer-specific risks such as the payment history of customers and extended credit terms.

At the reporting date, the segment risk profile of the company's financial instruments was:

	Average loss rate %	Gross carrying amount Rm	Loss allowance Rm	Net carrying amount Rm
Segment				
2025				
Large and corporate enterprises[1]	**10.4**	**11 330**	**(1 179)**	**10 151**
Banks and financial institutions	**0.0**	**897**	**–**	**897**
		12 227	**(1 179)**	**11 048**
2024				
Large and corporate enterprises[1]	5.0	11 369	(565)	10 804
Banks and financial institutions	0.0	238	–	238
		11 607	(565)	11 042

[1] *Mainly related-party loans receivable.*

Movement in the loss allowance

The movement in the loss allowance in respect of related-party loans receivable during the year is indicated in the table below:

	12 month ECL (Not credit-impaired) Rm
Movement in the loss allowance for related-party loans receivable	
Balance at 1 July 2023	(676)
Amount unused reversed through profit or loss	111
Balance at 30 June 2024	**(565)**
Additional provision raised through profit or loss	**(614)**
Balance at 30 June 2025	**(1 179)**

The ECL provision on related-party loans receivable has increased significantly during the year due to an increase in the exposure at default as a result of the deteriorated performance of the related-parties' underlying investments in subsidiaries. Refer to note 19 for the detail.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2025

20. Financial instruments and risk management (continued)

20.2 Financial risk management (continued)

20.2.3 Liquidity risk

Risk exposure	The company is exposed to liquidity risk through financial liabilities that have contractual cash flows and maturity dates.
How the risk arises	Liquidity risk arises should the company not be able to meet its obligations as they become due.
Objectives, policies and processes for managing risk	The company manages liquidity risk by monitoring forecast cash flows and by ensuring that adequate borrowing facilities are available. Cash surpluses and short-term financing needs of the company are mainly centralised in the central treasury office. The central treasury office invests the net cash reserves and borrows the net cash deficits from the financial markets, mainly in short-term instruments linked to variable interest rates. The company has sufficient available borrowing facilities that can be utilised to service short-term commitments. Refer to note 15.5.

The following table details the company's remaining contractual maturity for its financial liabilities. The table has been drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The table includes both interest and principal cash flows:

	0 to 3 months Rm	4 to 12 months Rm	Year 2 Rm	Years 3 to 5 Rm	Total Rm
Contractual maturity					
2025					
Loans and borrowings	**530**	**2 094**	**4 690**	**2 684**	**9 998**
Trade and other payables	**6**	**–**	**–**	**–**	**6**
Bank overdrafts	**1 434**	**–**	**–**	**–**	**1 434**
	1 970	**2 094**	**4 690**	**2 684**	**11 438**
2024					
Loans and borrowings	1 198	1 558	1 467	5 263	9 486
Trade and other payables	11	–	–	–	11
Bank overdrafts	1 309	–	–	–	1 309
	2 518	1 558	1 467	5 263	10 806

20.3 Capital risk management

The company manages its capital to ensure that it will be able to continue on the going concern basis, while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the company consists of borrowings, cash and cash equivalents, and equity attributable to owners of the parent, comprising issued capital and reserves as disclosed in the statement of changes in equity.

In order to maintain or adjust the capital structure, the company may adjust the amount of distribution paid to shareholders, return capital to the shareholders, repurchase shares currently in issue, issue new shares, issue new debt to replace existing debt with different terms, and/or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2025

21. Going concern

The financial statements are prepared on a going concern basis. The assessment of going concern included the consideration of current economic conditions as well as all available information about future risks and uncertainties.

Projections for the company, based on various financial analyses, have been prepared, covering its future performance, capital and liquidity for a period of 12 months subsequent to the approval date of the financial statements.

As at 30 June 2025, the company was solvent but not liquid due to its current liabilities exceeding its current assets. The majority of the company's loans provided to its subsidiaries are classified as non-current assets as the company does not intend to request settlement of the loans for a period of 12 months subsequent to the reporting date. However, the loans are payable on demand.

The company's forecasts and projections of its current and expected profitability, taking account of reasonably possible changes in trading performance, show that the company will be able to operate within the limits of its existing banking facilities for at least 12 months from the approval date of the financial statements.

The financial statements were accordingly prepared on the going concern basis since the directors believe that the company has adequate resources in place to continue in operation for the foreseeable future.

22. Events after reporting date

The directors are not aware of any significant events after the reporting date that will have a material effect on the company's results or financial position as presented in these financial statements.

ANALYSIS OF SHAREHOLDING

for the year ended 30 June 2025

	2025			
	Number of shareholders	% of shareholders	Number of shares	% of shares
Shareholder spread				
1 – 1 000 shares	6 157	63.38	736 507	0.03
1 001 – 10 000 shares	1 685	17.35	7 360 095	0.29
10 001 – 100 000 shares	1 151	11.85	42 477 911	1.70
100 001 – 1 000 000 shares	482	4.96	162 549 530	6.50
1 000 001 – 10 000 000 shares	202	2.08	600 825 782	24.02
10 000 001 shares and over	37	0.38	1 687 238 216	67.46
	9 714	100.00	2 501 188 041	100.00
Resident/non-resident split				
Resident	9 529	98.10	2 122 079 165	84.84
Non-resident	185	1.90	379 108 876	15.16
	9 714	100.00	2 501 188 041	100.00
Public/non-public shareholding				
Public	9 698	99.84	2 486 692 492	99.42
Non-public	16	0.16	14 495 549	0.58
Directors and their associates	9	0.09	11 039 095	0.44
Extended family of directors	3	0.03	261 000	0.01
Directors of major subsidiaries and their associates	4	0.04	3 195 454	0.13
	9 714	100.00	2 501 188 041	100.00
Beneficial shareholdings greater than 5%				
Government Employees Pension Fund			523 068 257	20.91
Allan Gray			421 711 206	16.86

CORPORATE INFORMATION

KAP LIMITED

Business address
Unit G7
Stellenpark Business Park
Cnr R44 and School Road
Jamestown
Stellenbosch 7600

Telephone
+27 21 808 0900

Facsimile
+27 21 808 0901

E-mail
investors@kap.co.za

Website
www.kap.co.za

Registered address
3rd Floor, Building 2
The Views
Founders Hill Office Park
18 Centenary Street
Modderfontein
Johannesburg 1645

PO Box 2766
Edenvale 1610

Registration number
1978/000181/06

Share code
KAP

ISIN
ZAE000171963

LEI code
3789001F51BC0045FD42

Company secretary
KAP Secretarial Services Proprietary Limited

3rd Floor, Building 2
The Views
Founders Hill Office Park
18 Centenary Street
Modderfontein
Johannesburg 1645

PO Box 2766
Edenvale 1610

External auditor
KPMG Inc.

Equity and debt sponsor
PSG Capital Proprietary Limited

Stellenbosch office
First Floor, Ou Kollege Building
35 Church Street
Stellenbosch 7600

PO Box 7403
Stellenbosch 7599

Telephone
+27 21 887 9602

Facsimile
+27 21 887 9624

Johannesburg office
First Floor, The Place
1 Sandton Drive, North Towers, Sandhurst
Sandton 2196

PO Box 650957
Benmore 2010

Debt officer
RH Louw
Treasury and legal executive
Unit G7
Stellenpark Business Park
Cnr R44 and School Road
Jamestown
Stellenbosch 7600

Bankers
Absa Bank Limited
FirstRand Bank Limited
Investec Bank Limited
Nedbank Limited
The Standard Bank of South Africa Limited

Transfer secretary
Computershare Investor
Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196

Private Bag X9000
Saxonwold 2132

Telephone
+27 11 370 5000

Facsimile
+27 11 688 7710