

CONSOLIDATED
AND COMPANY
ANNUAL FINANCIAL
STATEMENTS
2026

CONTENTS

APPROVAL AND REPORTS

Directors' responsibility and approval	2
Chief executive officer and chief financial officer responsibility statement	3
Company secretary's certificate	4
Independent auditor's report	5
Report of the audit and risk committee	11
Directors' report	14

CONSOLIDATED FINANCIAL STATEMENTS

Income statement	18
Statement of comprehensive income	19
Statement of financial position	20
Statement of changes in equity	21
Statement of cash flows	22
Segmental analysis	23
Accounting policies	27
Notes to the financial statements	34

COMPANY FINANCIAL STATEMENTS

Income statement and statement of comprehensive income	78
Statement of financial position	79
Statement of changes in equity	80
Statement of cash flows	81
Notes to the financial statements	82

ADDITIONAL INFORMATION

Analysis of shareholding	98
Corporate information	99

The consolidated and company annual financial statements for KAP Limited have been prepared under the supervision of the chief financial officer, Dries Ferreira CA(SA) and were published on 1 September 2026.

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 is presented on pages 5 to 10.

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 have been 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 2026, 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 2026 were approved by the board of directors on 31 August 2026 and are signed on its behalf by:



Johan Holtzhausen
Independent non-executive chairperson



Frans Olivier
Chief executive officer



Dries Ferreira
Chief financial officer

31 August 2026

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER RESPONSIBILITY STATEMENT

In line with paragraph 5.9 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 11 to 97, 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, and we have 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 any deficiencies in the 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.



Frans Olivier
Chief executive officer



Dries Ferreira
Chief financial officer

31 August 2026

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

31 August 2026

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 18 to 97, which comprise:

- the group and company statements of financial position as at 30 June 2026;
- 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;
- accounting policies; 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 2026, 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, No. 71 of 2008 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'), as applicable to audits of financial statements of public interest entities, 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	R82 million	R162 million
How we determined it	5% of profit before capital items and taxation	1% of total assets
Rationale for the benchmark and percentage applied	We chose to use actual profit before capital items and taxation as the benchmark to determine the group materiality. This was deemed an appropriate measure against which to determine materiality, as the group is a profit orientated company. 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-oriented 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, in order 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 17 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 17 components, of which we involved component auditors in performing the audit work on 16 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.

Group auditor oversight

As part of establishing the overall group audit strategy and plan, we conducted risk assessment and planning discussion

meetings with component auditors to discuss the group audit risks relevant to the respective components.

As group auditor, we engaged with the component auditors to assess the audit risks and strategy relating to their respective components. During these engagements, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail, and any further audit procedures required by us was then performed by the component auditors.

We also inspected the work performed by component auditors for the purpose of the group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed.

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 our audit
Impairment assessment of goodwill and intangible assets with indefinite useful lives	
<i>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.</i>	
As at 30 June 2026, the group held goodwill at the carrying value of R135 million, and patents & trademarks with indefinite useful lives at a carrying value of R265 million. Supplier relationships was fully impaired in the current financial year.	Our audit procedures focused on evaluating the appropriateness of the key assumptions used in management's determination of the recoverable amount of each CGU.
Annual impairment tests are conducted to assess the recoverability of the carrying value of these assets.	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.
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 primary procedures we performed to address this key audit matter included the following:
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.	- 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 control related to the review and approval 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 them with the requirements of IAS 36 – <i>Impairment of Assets</i> ('IAS 36') and IFRS 13 – <i>Fair Value Measurement</i> ('IFRS 13').
Management has applied significant judgement in determining the recoverable amount given the key assumptions applied in performing the impairment assessments.	

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matter	How the matter was addressed in our audit
Impairment assessment of goodwill and intangible assets with indefinite useful lives (continued) <i>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.</i> Key assumptions include: • cash flow projections; • discount rates applied to the projected future cash flows; • terminal growth rates; • polymer margins; and • royalty rates applicable to the patent and trademark valuations. 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.	
Based on the above procedures performed, we did not identify any matters requiring further consideration.	
Key audit matter	How the matter was addressed in our audit
Valuation of timber plantations <i>Refer to the consumable biological assets accounting policy, note 1 (judgements made by management and key sources of estimation uncertainty), note 17 (consumable biological assets) and note 24 (assets and liabilities held for sale) to the consolidated financial statements.</i> As at 30 June 2026, the group held timber plantations amounting to R1 469 million, comprising R460 million of consumable biological assets transferred to assets held for sale in note 24 and R1 009 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 – <i>Agriculture</i> ('IAS 41') and IFRS 13. During the year ended 30 June 2026, a fair value gain of R155 million was recognised in profit or loss relating to timber plantations, while R250 million was harvested, resulting in an overall decrease in the value of the timber plantations of R95 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.	
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 are appropriate by comparing it with acceptable industry standards and the requirements of IAS 41 and IFRS 13. • Evaluating the appropriateness of the risk adjusted discount rate by independently recalculating it. • 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.	

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matter	How the matter was addressed in our audit
Valuation of timber plantations (continued) <i>Refer to the consumable biological assets accounting policy, note 1 (judgements made by management and key sources of estimation uncertainty), note 17 (consumable biological assets) and note 24 (assets and liabilities held for sale) to the consolidated financial statements.</i>	
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.	• 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. Based on the above procedures performed, we did not identify any matters requiring further consideration.
Key audit matter	How the matter was addressed in our audit
Impairment assessment of the Sefripol Durban polyethylene terephthalate ('PET') plant <i>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.</i>	
As at 30 June 2026, the carrying value of the Sefripol Durban PET plant amounted to R578 million. The performance of the Sefripol 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 Sefripol 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: • cash flow projections; • discount rates; • 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 Sefripol 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 control 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 whether an impairment should be recognised and the accuracy thereof. Based on the above procedures performed, we did not identify any matters requiring further consideration.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 2026', which includes the Company secretary's certificate, Report of the audit and risk committee and the Directors' report as required by the Companies Act, No. 71 of 2008 of South Africa, which we obtained prior to the date of this report, and the 2026 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 statements in accordance with IFRS Accounting Standards and the requirements of the Companies Act, No. 71 of 2008 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/or 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/or 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 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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**Audit tenure**

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 five years.

**KPMG Inc.**

Per IM Engels
Chartered Accountant (SA)
Registered auditor
Director
31 August 2026

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 2026. The committee is an independent statutory committee with a formal charter aligned with the Companies Act, the JSE Listings Requirements and the recommendations of the King Code on Corporate Governance ('King Code'). The committee has discharged all its responsibilities as contained in the charter.

This report describes how the committee fulfilled its 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 the Companies Act and of King Code. The current committee members are:

- S Totaram (chairperson)
- KT Hopkins
- Z Fuphe

KT Hopkins stepped down as chairperson of the committee and was replaced by S Totaram effective 15 November 2025. TC Isaacs resigned effective 17 October 2025, and SH Müller stepped down from the committee on 15 November 2025.

The nomination committee of the company and the board are satisfied that these members have the required knowledge and experience, to serve on an audit committee of a public, listed company. The board will recommend the committee members for election by the company's shareholders in the notice of the 2026 Annual General Meeting ("AGM").

The committee met on four scheduled, and one ad hoc occasion 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 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's 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 group's annual and interim financial statements, as well as the annual financial statements of companies within the group, and ensure that the financial statements and any other formal announcements relating to financial performance comply with all applicable statutory and regulatory requirements.
- Endeavour to 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.
- Assess the independence of the internal audit function including the independent quality review when applicable.
- 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 JSE Listings Requirements and the Debt and Specialist Securities Listings Requirements.
- Endeavour to 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 Code and other applicable regulations.

REPORT OF THE AUDIT AND RISK COMMITTEE (CONTINUED)

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 the group's going concern assessment and solvency and liquidity position, including compliance with financial covenants.
- Reviewed, and recommended for board approval, the following financial information:
 - the consolidated and company annual financial statements for the year ended 30 June 2026; and
 - the interim results for the six months ended 31 December 2025.
- 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 2025; and
 - combined findings of the JSE proactive monitoring of financial statements (issued November 2025).
- Responded to the JSE's proactive monitoring review process of 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 2025.
- Assessed the effectiveness of internal audit, approved the annual internal audit coverage 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.
- Assisted the board in the oversight of the management and control of data, information and technology, which includes the prevention and detection of information privacy breaches and cyber-attacks.
- 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.
- Monitored and interrogated the effectiveness of the enterprise risk management programme for the material group risks.
- Reviewed the adequacy of the combined assurance model and profile for the group.
- Considered and, where required, investigated information received via the group's fraud reporting services.

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

SPECIFIC 2026 FOCUS AREAS

During the year under review, the committee focused specifically on the validity, accuracy and completeness of the impairment assessments conducted in respect of goodwill, indefinite useful life intangible assets and property, plant and equipment.

In addition to the regular oversight of the IT systems and processes, the committee focused on the group's posture on data governance and information security, which will be an ongoing focus item.

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 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 2026.

The committee has confirmed, through enquiry, that the external auditors of the company and its subsidiaries are independent. The committee assessed the suitability of KPMG, in terms of the JSE Listings Requirements and the Debt and Specialist Securities Listings Requirements.

In consultation with executive management, the committee approved the audit fee for the 2026 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

REPORT OF THE AUDIT AND RISK COMMITTEE (CONTINUED)

outcome of the evaluation and was satisfied with the performance of the external auditor.

IM Engels will conclude his five-year tenure following the conclusion of the audit for the 2026 financial year.

The committee welcomed the selection of Imraan Jeewa as the incoming lead audit partner, effective from the 2027 financial year, and is managing the transition to ensure continuity of audit quality.

KEY AUDIT MATTERS CONSIDERED

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 Sefripol Durban PET plant and equipment.

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.

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, as reviewed during the financial year, 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 for 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 CHIEF FINANCIAL OFFICER

The committee has assessed the competence and performance of the newly appointed 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 did not undergo a performance assessment during the year. The board will consider the appropriate method and process for evaluating the committee in FY27.

ANNUAL FINANCIAL STATEMENTS

The committee has evaluated the consolidated and company annual financial statements for the year ended 30 June 2026, 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.



Samara Totaram

Audit and risk committee chairperson

31 August 2026

* Dries Ferreira was appointed as CFO on 1 February 2026.

DIRECTORS' REPORT

for the year ended 30 June 2026

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 2026.

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	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 group operated in a challenging trading environment during the year, characterised by subdued consumer demand, global oversupply in certain product categories, sustained competitive pressure, rising trade barriers and heightened geopolitical uncertainty. More recently, the conflict in the Middle East, including the closure of the Strait of Hormuz, disrupted global supply chains, increased operational complexity and contributed to additional inflationary pressure.

Against this backdrop, the group's key strategic objectives continued to guide execution: 1) realising value from the major capital projects; 2) improving underperforming operations; and 3) reducing net debt. These objectives aim to improve returns, supporting sustainable medium-term growth and enhancing balance sheet flexibility.

The group made good progress against these objectives through disciplined execution, supported by increased utilisation of available capacity, asset rationalisation, prudent capital allocation and strict working capital management. These actions were underpinned by the group's continued focus on delivering differentiated products and services to customers, while driving operational improvements within its control. Further execution is required to fully realise these objectives and support a sustainable improvement in returns.

Group revenue was in line with the prior year at R29 606 million (2025: R29 615 million), with higher revenue from PG Bison and Feltex offset by lower revenue from Safripol and Unitrans. Operating profit before depreciation, amortisation and capital items ('EBITDA') increased by 13% to R3 882 million (2025: R3 422 million) while operating profit before capital items increased by 28% to R2 473 million (2025: R1 937 million), primarily due to:

- increased panel sales and production volumes, including full utilisation of PG Bison's new medium-density fibreboard ('MDF') line, which was ramped up during the previous year;

- temporary supply constraints in an oversupplied polymers market during the fourth quarter, resulting from the Middle East-related supply disruptions, which benefited Safripol;
- an improvement in underperforming businesses, mainly Unitrans; and
- a recovery in domestic vehicle assembly volumes, which supported an improved performance by Feltex.

The prior year's performance was negatively affected by increased operating costs, mostly related to PG Bison's new MDF line, as well as lower domestic vehicle assembly volumes.

Net finance costs decreased by 13% to R849 million (2025: R976 million) due to lower interest rates and reduced net interest-bearing debt.

The effective tax rate increased to 115.8% compared with 63.2% in the prior year. The effective tax rate was mainly affected by:

- Impairments of R389 million (112.5%) with no deferred tax impact.
- Taxation benefit of R248 million (66.5%) relating to section 12I allowances for PG Bison's MDF line.
- Taxation losses including both unrecognised and utilised losses of R123 million (32.9%).

In the prior year, the effective tax rate was affected by impairments of R180 million consisting of goodwill and intangible assets, taxation losses, including both unrecognised and utilised losses of R205 million and taxation benefits of R85 million, primarily in relation to the section 12I tax allowances associated with the PG Bison MDF line.

Headline earnings further benefited from lower net finance costs and increased tax incentives related to PG Bison's new MDF line, which resulted in an 88% increase in headline earnings per share ('HEPS') to 45.2 cents (2025: 24.1 cents). Due to significant impairments of goodwill and intangible assets totalling R1 183 million, net of taxation, earnings per share ('EPS')

DIRECTORS' REPORT (CONTINUED)

decreased to a loss of 4.8 cents (2025: earnings of 0.4 cents). The largest impairments were associated with Safripol, attributable to a stronger forecast rand relative to the US dollar and limited expected recovery in forecast polymer prices and margins, and Sleep Group due to continued deterioration in domestic bedding market conditions.

Cash generated from operations increased by 30%, supported by the improved EBITDA and a lower net working capital investment. Net interest-bearing debt declined by R1 130 million compared with the prior year and a target of R500 million, owing to the higher cash generated from operations and lower net finance costs, while investing activities increased moderately.

The results for the year under review are disclosed comprehensively 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 remaining intangible assets related to the Sasolburg acquisition were impaired, comprising R708 million supplier relationship and R265 million trademark. The recoverable value of these operations was primarily impacted by a stronger forecast rand relative to US dollar and limited recovery in forecast polymer prices and margins as the current global cyclical low is expected to persist, with improvement only expected beyond 2030.
- At Sleep Group, goodwill relating primarily to the Restonic acquisition amounting to R389 million was impaired attributable to the continued deterioration in the domestic bedding market conditions, characterised by subdued consumer demand and increased competitive pressures.
- In Optix, the remaining R122 million intangible asset relating to the division's Australian operations, recognised on the acquisition of Optix, was impaired. This is due to the division's continued underperformance, owing primarily to sub-optimal sales pipeline conversion, which led to revised expectations of future performance.

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'), 1 000 000 000 cumulative, non-redeemable, non-participating preference shares of no par value and 50 000 000 perpetual preference shares of no par value. Refer to note 25 to the consolidated annual financial statements for further details.

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 11 788 926 rights to KAP shares vested on 1 December 2025. Refer to note 26 to the consolidated annual financial statements for further details in this regard.

BORROWING FACILITIES AND LIQUIDITY

During the year, bonds to the value of R1 190 million were settled with funds raised through the planned R1 billion public bond auction. The R2 billion three-year tranche of the revolving credit facility, due to mature on 7 December 2026, was amended and the repayment date was extended by two years to 7 December 2028. The proactive extension was implemented to manage liquidity and refinancing risk.

Bonds to the value of R1 830 million will be maturing during the 2027 financial year, with almost all the refinancing risk already mitigated through appropriate headroom in existing committed facilities. The group continuously explores opportunities to reduce its cost of funding.

Net interest-bearing debt of R6 976 million decreased by R1 130 million compared with the prior year. The reduction resulted from strong cash flow generation across the group, supported by improved results from PG Bison, Safripol, Unitrans and Feltex, good working capital management and disciplined capital allocation. The reduction was ahead of the R500 million target, primarily due to better-than-expected results, particularly for Safripol, tighter working capital management and delayed capital expenditure. The net interest-bearing debt-to-equity (gearing) ratio declined to 57% (2025: 65%).

Debt serviceability ratios of net debt to EBITDA at 1.8 times and EBITDA to interest cover at 4.6 times remained well within financial covenants of less than 3.0 times and greater than 3.5 times respectively. As the group plans to further reduce net interest-bearing debt by R500 million in the 2027 financial year, the ratios are expected to continue to improve.

Global Credit Rating Co. Proprietary Limited reviewed KAP's credit rating in November 2025 and confirmed its rating as A+(za) but revised the outlook from stable to negative.

The group's borrowing facilities and usage thereof are set out in note 28 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 ACTION

PG Bison is in the process of concluding a merger transaction to combine its forestry, sawmilling and pole operations in the southern Cape with MTO Forestry's forestry and sawmilling operations in southern and Eastern Cape. The proposed merger is expected to establish a significant, black-controlled forestry and sawmilling business. The relevant assets of R925 million and liabilities of R115 million have been classified as held for sale pending the conclusion of the transaction. Refer to note 24 to the consolidated annual financial statements for more details.

DIRECTORS' REPORT (CONTINUED)

Unitrans continues to rationalise its assets and contracts portfolio to enhance returns. As part of this process, the division disposed of its petrochemical operations in Eswatini for R209 million, effective 1 December 2025. A R38 million loss on disposal arose because the disposal price was lower than the equity value of R247 million on the effective date. Refer to note 36 to the consolidated annual financial statements for more details.

Sleep Group acquired a bedding manufacturer in Botswana for R30 million, effective 1 August 2025, to serve the Botswana and Zambian regions. Goodwill of R15 million was recognised. Refer to note 35 to the consolidated annual financial statements for more details.

SUBSIDIARY COMPANIES

The material subsidiaries of the group are reflected in note 39 to the consolidated annual financial statements.

DIVIDENDS

In considering KAP's net debt levels within the context of the subdued and uncertain macroeconomic environment, the board believes it prudent to focus on further debt reduction. A dividend was therefore not declared for the 2026 financial year.

SAFRIPOL RAW MATERIAL SUPPLY DISPUTE

Safripol and Sasol South Africa Limited ('Sasol') are involved in pricing and volume disputes under the ethylene supply agreement, the outcomes of which remain uncertain. The resolution processes are expected to take time given the complexity of the matters. The ethylene pricing dispute was determined in Safripol's favour, with the arbitrator upholding Safripol's interpretation of the pricing principles in the supply agreement. Sasol has since applied to the High Court for the arbitrator's award to be reviewed and set aside. The separate dispute relating to Sasol's volume commitment has progressed to independent arbitration. The impairment assessments performed as at 30 June 2026 were based on the existing terms of the ethylene supply agreement and therefore do not reflect any potential impact arising from these disputes.

Separately, 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 also applied to the Competition Tribunal for interim relief under section 49C of the Competition Act. The matter was heard before the Competition Tribunal and judgement remains outstanding.

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 were no material developments on this matter since the previous year. Refer to note 33 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.

DIRECTORATE

TC Isaacs resigned on 17 October 2025 as an independent non-executive director, member of the audit and risk committee and member of the sustainability, social and ethics committee.

S Totaram was appointed as member of the human capital and remuneration committee effective 17 October 2025 and as chairperson of the audit and risk committee with effect from 15 November 2025, replacing KT Hopkins who will remain a member of the audit and risk committee.

S Totaram was appointed as the chairperson of the human capital and remuneration committee, with effect from 1 July 2026, replacing SH Müller who will remain a member of the human capital and remuneration committee.

GN Chaplin resigned as executive director and member of the sustainability, social and ethics committee effective 31 October 2025. FH Olivier was appointed as member of the sustainability, social and ethics committee on the same date.

SH Müller stepped down as member of the audit and risk committee with effect from 15 November 2025.

SH Müller stepped down as chairperson of the investment committee on 1 July 2026 but will remain a member of the investment committee. JA Holtzhausen was appointed as chairperson of the investment committee.

JAI Ferreira was appointed as group chief financial officer and member of the investment committee, with effect from 1 February 2026, following the appointment of FH Olivier (who was the group chief financial officer until 31 October 2025) as group chief executive officer of the company from 1 November 2025.

SP Lunga has resigned as executive director of corporate affairs, effective 30 April 2026.

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.

DIRECTORS' REPORT (CONTINUED)

At 30 June 2026, the directors of the company and their committee membership are as follows:

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

DIRECTORS' SHAREHOLDING (INCLUDING THEIR ASSOCIATES)

As at 30 June 2026, the directors of the company held no direct or indirect interests in the company's issued ordinary shares other than:

	2026 Number of shares	2025 Number of shares
GN Chaplin ¹	–	6 358 772
FH Olivier	4 159 183	2 232 930
SP Lunga ²	–	1 226 289
Z Fuphe	300 100	111 100
JA Holtzhausen	1 351 500	863 000
TC Isaacs ³	–	22 000
SH Müller	265 005	225 004
	6 075 788	11 039 095

¹ Resigned effective 31 October 2025.

² Resigned effective 30 April 2026.

³ Resigned effective 17 October 2025.

In aggregate, the directors of the company and its subsidiaries held 18 661 584 (2025: 32 134 478) of the company's ordinary shares at 30 June 2026, equating to 0.7% (2025: 1.28%) 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 40.2 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 2026 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

	%
Shareholders with a beneficial interest above 5% as at 30 June 2026:	
Government Employees Pension Fund	21.15
Allan Gray	15.51
Sanlam	5.16
Alexforbes	5.10

REPORT OF THE AUDIT AND RISK COMMITTEE

The report of the audit and risk committee is set out on pages 11 to 13 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 26 November 2025, as the independent auditor of the group. IM Engels, a registered and accredited auditor and director of KPMG, was appointed to lead the audit for the financial year ended 30 June 2026 (5th term).



Johan Holtzhausen

Independent non-executive chairperson

31 August 2026

INCOME STATEMENT

for the year ended 30 June 2026

	Notes	2026 Rm	2025 Rm
Revenue	3	29 606	29 615
Cost of revenue		(23 419)	(24 465)
Gross profit		6 187	5 150
Selling and distribution expenses		(1 181)	(988)
Administrative and other expenses		(2 782)	(2 522)
Other income	4	75	108
Other net gains	5	174	189
Operating profit before capital items		2 473	1 937
Capital items	6	(1 568)	(765)
Operating profit	7	905	1 172
Finance costs	8	(901)	(1 053)
Finance income	9	52	77
Share of profit of associate and joint venture companies	18	45	38
Profit before taxation		101	234
Taxation	10	(117)	(148)
(Loss)/profit for the year		(16)	86
(Loss)/profit attributable to:			
Owners of the parent		(119)	10
Non-controlling interests	27	103	76
(Loss)/profit for the year		(16)	86
Loss/(earnings) per share attributable to owners of the parent	11	Cents	Cents
Basic (loss)/earnings		(4.8)	0.4
Diluted (loss)/earnings		(4.7)	0.4

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2026

	2026 Rm	2025 Rm
(Loss)/profit for the year	(16)	86
Other comprehensive loss		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	(155)	(41)
Total other comprehensive loss for the year, net of taxation	(155)	(41)
Total comprehensive (loss)/income for the year, net of taxation	(171)	45
Total comprehensive (loss)/income attributable to:		
Owners of the parent	(270)	(30)
Non-controlling interests	99	75
Profit for the year	103	76
Foreign currency translation reserve transferred to non-controlling interests	(4)	(1)
Total comprehensive (loss)/income for the year	(171)	45

STATEMENT OF FINANCIAL POSITION

as at 30 June 2026

	Notes	2026 Rm	2025 Rm
Assets			
Non-current assets			
Goodwill	12	135	510
Intangible assets	13	368	1 491
Property, plant and equipment	14	15 267	15 633
Investment property	15	20	20
Right-of-use assets	16	285	318
Consumable biological assets	17	1 065	1 610
Investments in associate and joint venture companies	18	258	244
Investments and loans receivable	19	7	9
Deferred taxation assets	20	62	59
Derivative financial instruments	21	43	39
		17 510	19 933
Current assets			
Inventories	22	4 195	3 823
Trade and other receivables	23	5 013	4 834
Derivative financial instruments	21	32	14
Loans receivable	19	11	11
Taxation receivable		60	100
Cash and cash equivalents	34.3	1 781	2 090
		11 092	10 872
Assets held for sale	24	925	–
		12 017	10 872
Total assets		29 527	30 805
Equity and liabilities			
Capital and reserves			
Total equity attributable to owners of the parent		12 189	12 443
Non-controlling interests	27	335	261
Total equity		12 524	12 704
Non-current liabilities			
Loans and borrowings	28	5 913	7 309
Lease liabilities	29	238	281
Employee benefits	30	76	46
Provisions	31	–	2
Deferred taxation liabilities	20	2 052	2 388
		8 279	10 026
Current liabilities			
Loans and borrowings	28	2 408	2 563
Lease liabilities	29	104	94
Employee benefits	30	510	380
Provisions	31	17	28
Trade and other payables	32	5 424	4 965
Derivative financial instruments	21	17	22
Taxation payable		7	16
Bank overdrafts		122	–
Other financial liabilities		–	7
		8 609	8 075
Liabilities held for sale	24	115	–
		8 724	8 075
Total equity and liabilities		29 527	30 805

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2026

	Notes	Stated share capital (note 25) 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 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	26	–	–	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
Total comprehensive income/(loss) for the year		–	(119)	–	–	(151)	(270)	99	(171)
(Loss)/profit for the year		–	(119)	–	–	–	(119)	103	(16)
Other comprehensive loss for the year		–	–	–	–	(151)	(151)	(4)	(155)
Dividends declared		–	–	–	–	–	–	(81)	(81)
Share-based payments		–	–	25	–	–	25	–	25
Share-based payment expense	26	–	–	19	–	–	19	–	19
Deferred taxation	20	–	–	6	–	–	6	–	6
Transfer between reserves		–	25	(25)	–	–	–	–	–
Eliminated on disposal of subsidiaries	36	–	–	–	–	–	–	56	56
Other movements		–	–	(9)	–	–	(9)	–	(9)
Balance at 30 June 2026		7 896	7 648	627	(3 952)	(30)	12 189	335	12 524

¹ Mainly comprising foreign currency translation reserve and actuarial reserve.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2026

	Notes	2026 Rm	2025 Rm
Cash flows from operating activities			
Cash generated from operations	34.1	3 933	3 022
Dividends received	37	10	22
Finance income received		51	78
Finance costs paid	28.4	(901)	(1 061)
Dividends paid		(88)	(116)
Taxation paid	34.2	(355)	(282)
Net cash inflow from operating activities		2 650	1 663
Cash flows from investing activities			
Additions to property, plant and equipment	14	(1 762)	(1 592)
Additions to intangible assets	13	(4)	(11)
Proceeds from disposal of property, plant and equipment		199	140
Acquisition of business, net of cash acquired	35	(30)	–
Disposal of subsidiaries, net of cash disposed	36	165	110
Associate company loan repayment received		13	17
Loans receivable repayment received		3	8
Government grants received	14	17	2
Insurance proceeds	6	2	29
Net cash outflow from investing activities		(1 397)	(1 297)
Net cash flow from operating and investing activities		1 253	366
Cash flows from financing activities			
Loans and borrowings received	28.4	2 753	4 080
Loans and borrowings repaid	28.4	(4 249)	(3 621)
Lease liabilities capital repayments	29	(108)	(100)
Other movements		(9)	(20)
Net cash (outflow)/inflow from financing activities		(1 613)	339
Net (decrease)/increase in cash and cash equivalents		(360)	705
Cash and cash equivalents at beginning of the year		2 090	1 398
Effects of exchange rate translations on cash and cash equivalents		(58)	(13)
Cash and cash equivalents at end of the year	34.3	1 672	2 090

SEGMENTAL ANALYSIS

for the year ended 30 June 2026

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 discloses 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 a 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	Sleep Group is an integrated manufacturer of sleep products, including foam and sprung mattresses, together with mattress fabric and a range of industrial foams.
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 operates businesses in the rest of sub-Saharan Africa and Optix, which also has operations in Australasia and Europe. The majority 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 2026

	2026 Rm	2025 Rm
Operating assets include the following:		
Goodwill	135	510
Intangible assets	368	1 491
Property, plant and equipment	15 267	15 633
Investment property	20	20
Right-of-use assets	285	318
Consumable biological assets	1 065	1 610
Inventories	4 195	3 823
Trade and other receivables	5 013	4 834
Derivative financial instruments	75	53
Assets held for sale	912	–
	27 335	28 292
Operating liabilities include the following:		
Employee benefits	586	426
Provisions	17	30
Trade and other payables	5 424	4 965
Derivative financial instruments	17	22
Liabilities held for sale	61	–
	6 105	5 443
Net working capital includes the following:		
Inventories	4 195	3 823
Trade and other receivables	5 013	4 834
Employee benefits	(586)	(426)
Provisions	(17)	(30)
Trade and other payables	(5 424)	(4 965)
Net derivative financial instruments	58	31
Assets held for sale	145	–
Liabilities held for sale	(61)	–
	3 323	3 267
Total capital expenditure includes the following:		
Additions to property, plant and equipment	1 762	1 592
Proceeds from disposal of property, plant and equipment	(199)	(140)
Government grants received	(17)	(2)
Insurance proceeds	(2)	(29)
	1 544	1 421

SEGMENTAL ANALYSIS (CONTINUED)
for the year ended 30 June 2026

	PG Bison Rm	Safripol Rm	Unitrans Rm	Feltex Rm	Sleep Group Rm	Optix Rm	Corporate, consolidation and eliminations Rm	Total Rm
2026								
Income statement								
Segmental revenue	7 278	9 131	8 671	2 758	1 831	544	(607)	29 606
External revenue	7 270	9 117	8 164	2 719	1 822	514	–	29 606
Intersegmental revenue	8	14	507	39	9	30	(607)	–
Cost of revenue	(4 992)	(7 811)	(7 150)	(2 110)	(1 224)	(308)	176	(23 419)
Gross profit ¹	2 286	1 320	1 521	648	607	236	(431)	6 187
Operating profit before depreciation, amortisation and capital items	1 239	822	1 274	412	178	(48)	5	3 882
Depreciation and amortisation	(304)	(191)	(658)	(142)	(61)	(48)	(5)	(1 409)
Operating profit/(loss) before capital items²	935	631	616	270	117	(96)	–	2 473
Capital items	(2)	(985)	(59)	–	(390)	(132)	–	(1 568)
Impairment of goodwill	–	–	–	–	(389)	–	–	(389)
Impairment of intangible assets	–	(973)	–	–	–	(122)	–	(1 095)
Impairment of property, plant and equipment	(2)	(1)	–	–	–	–	–	(3)
Loss on disposal of property, plant and equipment	–	(11)	(18)	–	(1)	(10)	–	(40)
Loss on disposal of subsidiaries	–	–	(43)	–	–	–	–	(43)
Insurance income	–	–	2	–	–	–	–	2
Operating profit/(loss)	933	(354)	557	270	(273)	(228)	–	905
Material items included in segment profit or loss:								
Personnel expenses	(843)	(453)	(2 782)	(597)	(410)	(230)	(154)	(5 469)
Net fair value adjustment of consumable biological assets	(85)	–	–	–	–	–	–	(85)
Fair value gain	173	–	–	–	–	–	–	173
Decrease due to harvesting or disposals	(258)	–	–	–	–	–	–	(258)
Statement of financial position								
Operating assets	10 383	6 042	7 172	1 971	1 419	438	(90)	27 335
Operating liabilities	(1 589)	(2 353)	(1 149)	(484)	(305)	(93)	(132)	(6 105)
Net operating assets/(liabilities) ³	8 794	3 689	6 023	1 487	1 114	345	(222)	21 230
Net working capital	1 416	962	606	211	166	194	(232)	3 323
Statement of cash flows								
Replacement capital expenditure ^{4&5}	(51)	(77)	(807)	(83)	(17)	1	–	(1 034)
Expansion capital expenditure ⁶	(215)	(12)	(172)	(23)	(26)	(62)	–	(510)
Total capital expenditure ^{4&5}	(266)	(89)	(979)	(106)	(43)	(61)	–	(1 544)

¹ R431 million intersegmental revenue is eliminated in other overheads.

² This is considered the measure for segment profit or loss.

³ Net operating assets/(liabilities) comprise operating assets less operating liabilities.

⁴ Net of proceeds from disposal of property, plant and equipment, insurance proceeds and government grants received.

⁵ Unitrans proceeds from disposal of assets totalled R196 million mainly due to the disposal of underutilised vehicles and trailers.

⁶ Net of government grants received.

SEGMENTAL ANALYSIS (CONTINUED)
for the year ended 30 June 2026

	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 before capital items²	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 or disposals	(237)	–	–	–	–	–	–	(237)
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) ³	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 ^{4&5}	(59)	(115)	(667)	(72)	(9)	2	(1)	(921)
Expansion capital expenditure ⁶	(186)	(58)	(146)	(40)	(14)	(56)	–	(500)
Total capital expenditure ^{4&5}	(245)	(173)	(813)	(112)	(23)	(54)	(1)	(1 421)

¹ R426 million intersegmental revenue is eliminated in other overheads.

² This is considered the measure for segment profit or loss.

³ Net operating assets/(liabilities) comprise operating assets less operating liabilities.

⁴ Net of proceeds from disposal of property, plant and equipment, insurance proceeds and government grants received.

⁵ Unitrans proceeds from disposal of assets totalled R137 million mainly due to the disposal of underutilised vehicles and trailers.

⁶ Net of government grants received.

ACCOUNTING POLICIES

for the year ended 30 June 2026

The consolidated financial statements of KAP Limited ('the company') for the year ended 30 June 2026 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 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 2026 were authorised for issue by the board of directors on 31 August 2026.

The consolidated and company 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 financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 – *Share-based Payments*, 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 Accounting Standards 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 2026

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.

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 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 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.

INVESTMENT PROPERTY

Investment property is land and buildings that are held to earn rental income or for capital appreciation, or both.

Investment property is initially recognised at cost when it is probable that future economic benefits associated with the property will flow to the group and the cost can be measured reliably. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is its cost at the date when construction and development are completed.

Subsequent to initial recognition, investment property is accounted for using the cost model. Under the cost model, investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. The depreciation and impairment policies applied are consistent with those adopted for property, plant and equipment.

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.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 30 June 2026

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.

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. 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 using the effective interest rate method 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

ACCOUNTING POLICIES (CONTINUED)

for the year ended 30 June 2026

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.

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 and are included in cost of revenue.

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.

Long-term employee benefits

Liabilities for long-term employee benefits, which are not expected to be settled within 12 months, are discounted to present value using the market yields at the reporting date on government bonds with maturity dates that most closely match the terms of maturity of the group's related liabilities.

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.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 30 June 2026

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.

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

ACCOUNTING POLICIES (CONTINUED)

for the year ended 30 June 2026

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 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 using output-based methods that measure progress towards the satisfaction of performance obligations. Progress is determined based on units delivered or services performed, such as kilometres driven, tonnage transported, volumes handled, or services completed. These methods faithfully depict the transfer of services to customers, as they directly reflect the value of services provided and the extent to which the group has fulfilled its performance obligations. 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

The group provides customers with integrated hardware-enabled solutions through the sale or rental of hardware devices together with related software and subscription services. Rental arrangements do not contain a lease within the scope of IFRS 16, as customers do not obtain the right to control the use of an identified asset. The hardware, software and subscription services are not distinct within the context of the contract and are therefore accounted for as a single performance obligation, as the various components are highly interdependent and interrelated. The transaction price is based on the consideration the group expects to receive under the contract. Revenue is recognised over time, using the output method, based on the achievement of contractual milestones, which reflect the transfer of significant functionality and services to the customer and faithfully depicts the transfer of control and value throughout the contract term. Revenue for the different components of goods and services are recognised in line with the contract values, net of sales taxes, rebates, discounts and other variable consideration.

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.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 30 June 2026

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, 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 2026

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

The preparation of 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 2026 and 30 June 2025 to be immaterial and, accordingly, no financial balances have been adjusted. The impact of hyperinflation will 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 historic 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 26.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

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 2025.

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

- Amendment to IAS 21 – Lack of exchangeability

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 2026 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:

- 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
- Amendment to IAS 21 – Translation to a Hyperinflationary Presentation Currency
- Amendment to IAS 28 – Amendments to the fair value option for investments in associates and joint ventures

IFRS 18 – Presentation and disclosure in financial statements

IFRS 18 replaces IAS 1 and sets out requirements for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 standardises how performance is presented, aimed at improving comparability and transparency across entities, while retaining the underlying recognition and measurement requirements. Consequential amendments have been made to other IFRS accounting standards including IAS 7 – *Statement of Cash Flows*, IAS 33 – *Earnings per Share* and IAS 34 – *Interim Financial Reporting*.

An entity shall classify income and expenses included in the statement of profit or loss in either the operating; investing; financing; income taxes; or discontinued operations category.

The group statement of profit or loss will be amended to allocate income and expenses into the five new categories. The full impact on the statement of profit or loss is still being assessed. The statement of cash flows will also be restated to accommodate the consequential amendments to IAS 7.

	Goods Rm	Services Rm	Total Rm
3. Revenue			
2026			
PG Bison	8 115	–	8 115
Safripol	9 225	–	9 225
Unitrans	79	8 592	8 671
Feltex	2 761	–	2 761
Sleep Group	2 072	–	2 072
Optix	84	461	545
Gross revenue	22 336	9 053	31 389
Variable consideration	(1 175)	(1)	(1 176)
Intergroup eliminations	(70)	(537)	(607)
Revenue from contracts with customers	21 091	8 515	29 606
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	323	603
Gross revenue	21 719	9 547	31 266
Variable consideration	(1 049)	(1)	(1 050)
Intergroup eliminations	(54)	(547)	(601)
Revenue from contracts with customers ¹	20 616	8 999	29 615

¹ Revenue from contracts with customers have been represented to include revenue of R69 million that was previously recognised as rental income. This voluntary representation corrects an immaterial error within this note and has no impact on the primary financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

3. Revenue (continued)

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

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

	Notes	2026 Rm	2025 Rm
3.1. Geographic distribution			
South Africa		24 243	24 289
Rest of Africa		4 099	3 724
Middle East		421	515
Americas		288	484
Europe		287	395
Australasia		254	195
Asia		14	13
		29 606	29 615
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		1 739	1 906
Within two to five years		2 124	1 538
		3 863	3 444
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.			
4. Other income			
Government grants		22	21
Rental of properties		17	16
Scrap sales		15	16
Tooling income		3	15
Bad debts recovered		3	3
Rebates		3	3
Insurance income		–	15
Other		12	19
		75	108
5. Other net gains			
Net reversal of impairment/(impairment) of financial assets	38.2.2	6	(33)
Reversal of impairment of loans receivable		1	1
Reversal of impairment/(impairment) of trade and other receivables		5	(34)
Fair value gain on consumable biological assets	17	173	261
Fair value gain on timber plantations		155	250
Fair value gain on livestock		18	11
Net foreign exchange losses		(26)	(9)
Net (losses)/gains on foreign currency derivative financial instruments		(18)	1
Net (losses)/gains on conversion of monetary assets and liabilities – realised		(7)	4
Net losses on conversion of monetary assets and liabilities – unrealised		(1)	(14)
Net fair value gain/(loss) on equity derivative		21	(30)
		174	189

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	Notes	2026 Rm	2025 Rm
6. Capital items			
(Expense)/income items of a capital nature are:			
Impairment of:		(1 487)	(757)
Goodwill	12	(389)	(145)
Intangible assets	13	(1 095)	(272)
Property, plant and equipment	14	(3)	(340)
Loss on disposal of:		(83)	(36)
Property, plant and equipment		(40)	(32)
Subsidiaries	36	(43)	(4)
Insurance income		2	29
Other		–	(1)
		(1 568)	(765)
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			
Depreciation		1 377	1 453
Property, plant and equipment	14	1 268	1 351
Right-of-use assets	16	109	102
Amortisation	13	32	32
		1 409	1 485
<i>Recognised in:</i>			
Cost of revenue		1 286	1 361
Selling and distribution expenses		22	19
Administrative and other expenses		101	105
		1 409	1 485
7.2 Auditor's remuneration			
Financial statement audit		45	47
Non-audit services		1	1
		46	48
7.3 Personnel expenses			
Salaries and wages		5 061	5 037
Retirement benefit contributions		363	387
Defined contribution plans		351	372
State-managed plans		12	15
Share-based payments – equity-settled	26.1	19	32
Share-based payments – cash-settled	26.2	26	5
		5 469	5 461
<i>Recognised in:</i>			
Cost of revenue		3 717	3 883
Selling and distribution expenses		233	228
Administrative and other expenses		1 519	1 350
		5 469	5 461
7.4 Lease expenses			
Short-term leases		103	115
Low-value assets		10	6
		113	121

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	Notes	2026 Rm	2025 Rm
8. Finance costs			
Bank overdraft and short-term facilities		65	76
Lease liabilities	29	33	32
Receiver of revenue		8	–
Revolving credit loan		160	279
Senior unsecured listed notes		421	450
Term loans		82	68
Vehicle and asset finance		124	128
Other		9	20
Less: Borrowing cost capitalised	14	(1)	–
		901	1 053
9. Finance income			
Bank balances and short-term deposits		52	67
Related-party	37	–	2
Other		–	8
		52	77
10. Taxation			
10.1 Taxation expense			
South African normal taxation		314	186
Current year		316	188
Prior year		(2)	(2)
Foreign taxation		47	32
Current year		30	46
Prior year		17	(14)
Withholding taxation		22	23
		383	241
Deferred taxation			
Current year		(247)	(91)
Prior year		(27)	(1)
Change in taxation rate		8	(1)
	20	(266)	(93)
		117	148

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	2026 %	2025 %
10. Taxation (continued)		
10.2 Reconciliation of rate of taxation		
South African normal tax rate	27.0	27.0
Foreign rate differential	(2.9)	(0.1)
Reduction in rate of taxation	(129.5)	(39.5)
Government grants ¹	(64.1)	(9.8)
Utilisation of taxation losses not previously recognised	(12.4)	(7.1)
Share of profits of equity-accounted investments	(12.2)	(4.4)
Prior year adjustments ²	(10.9)	(7.1)
Learnership allowances	(8.3)	(4.3)
Reversal of previously unrecognised temporary differences	(7.9)	–
Utilisation of foreign tax credits	(4.5)	(3.4)
Tax-exempt income	(4.1)	(3.0)
Effect of exchange rate translations	(1.5)	(0.1)
Change in taxation rate	–	(0.3)
Other	(3.6)	–
Increase in rate of taxation	221.2	75.8
Impairments ³	112.5	20.8
Taxation losses not recognised ⁴	45.3	31.5
Disallowed expenditure ⁵	22.5	8.6
Withholding taxes	21.7	9.6
Disposal of subsidiaries	11.5	3.2
Change in taxation rate ⁶	7.7	–
Unrecognised temporary differences	–	1.4
Other	–	0.7
Effective rate of taxation	115.8	63.2

¹ Included in the 2026 government grants is a current year section 12I tax allowance incentive of R56 million as well as an additional incentive of R192 million claimed on the PG Bison line in Mkhondo, which relates to the 2024 and 2025 years of assessment. The prior year included an amount of R51 million in relation to section 12I tax allowance incentive which relates to the PG Bison line in Mkhondo completed and brought into use during June 2024.

² Prior year adjustments for 2026 comprise various individually immaterial amounts.

³ Impairments relate to goodwill of R389 million (2025: R145 million goodwill and R35 million intangible assets) which is not deductible for tax purposes.

⁴ Included in the taxation losses not recognised are taxation losses incurred by Optix Africa Proprietary Limited and Optix Australasia Proprietary Limited in the current year, 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 country-specific non-deductible expenses in African entities, penalties and interest and non-deductible donations, amongst others.

⁶ Following the enactment of the Income Tax Act of 2026, which became effective on 1 July 2026, the Botswana statutory corporate income tax rate increased from 22% to 24.5%. Deferred tax balances have been remeasured using the newly enacted tax rate of 24.5%.

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

Companies in the KAP group are subject to the Pillar Two rules as a result of the Pillar Two related legislation introduced and effective in Australia, Kenya, South Africa, Singapore and the United Kingdom from the 2025 reporting period. Mauritius introduced legislation effective 1 July 2025. The Government of Botswana formally announced its intention to implement the global minimum tax framework during the 2026/2027 National Budget Speech delivered on 9 February 2026. Madagascar, Malawi, Mozambique, Namibia, Tanzania and Zambia have not yet enacted or proposed an effective date for Pillar Two legislation. The group has applied the Organisation for Economic Co-operation and Development's three Transitional Safe Harbour ('TSH') tests to all the jurisdictions in which the group operates, and at least one of the TSH tests has been met in all territories except Mauritius, Eswatini (which has been exited during the year) and Zambia. Based on the GloBE calculations performed for these three jurisdictions, the group does not anticipate being subject to top-up tax exposure.

The group determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The group applies a temporary mandatory relief from deferred tax accounting for the impact of the top-up tax and accounts for it as a current tax when it is incurred, as provided in the amendments to IAS 12 issued in May 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	2026 Rm	2025 Rm
10. Taxation (continued)		
10.3 Taxation losses		
Taxation losses available for offset against future taxable income:		
South African taxation losses	4 558	3 558
Foreign taxation losses	173	268
	4 731	3 826
Taxation losses recognised	3 319	3 174
Taxation losses unrecognised ⁷	1 412	652
Available for offset against future taxable income	476	422
Available for offset against future taxable capital gains	936	230
	4 731	3 826

⁷ 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 considered 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:

- Unitrans Namibia Proprietary Limited with estimated losses of R51 million as at 30 June 2026, of which R46 million expires in 2029 and R5 million in 2031.
- Unitrans Namibia Holdings Proprietary Limited with estimated losses of R13 million as at 30 June 2026, of which R11 million expires in 2030 and R2 million in 2031.
- Unitrans Zambia Limited with estimated losses of R34 million as at 30 June 2026, of which R3 million expires in 2027 and the remaining R31 million by 2030. Unitrans Zambia Limited had losses of R6 million that expired in the current year.
- Unitrans Botswana Proprietary Limited with estimated losses of R27 million as at 30 June 2026, which expire in 2031.

	2026 Cents	2025 Cents
11. (Loss)/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 (loss)/earnings per share	(4.8)	0.4
Diluted (loss)/earnings per share	(4.7)	0.4
Headline earnings per share	45.2	24.1
Diluted headline earnings per share	44.6	23.8
Net asset value per share	486	498

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 is based on Circular 1/2023 issued by the South African Institute of Chartered Accountants ('SAICA'). It is 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 2026

		2026 Million	2025 Million
11. Earnings (continued)			
11.1 Weighted average number of ordinary shares			
Issued ordinary shares at beginning of the year		2 501	2 494
Effect of shares issued		4	4
Weighted average number of ordinary shares		2 505	2 498
Potential dilutive effect of share rights granted		33	33
Diluted weighted average number of ordinary shares		2 538	2 531
	Notes	2026 Rm	2025 Rm
11.2 Headline and diluted headline earnings attributable to owners of the parent			
Basic and diluted (loss)/earnings attributable to owners of the parent		(119)	10
<i>Adjusted for:</i>			
Capital items	6	1 568	765
Taxation effects of capital items		(304)	(154)
Non-controlling interests' portion of capital items, net of taxation		(12)	(23)
Capital items of associate and joint venture companies, net of taxation		–	5
		1 133	603
11.3 Net asset value			
Attributable to owners of the parent		12 189	12 443
12. Goodwill			
Carrying amount at beginning of the year		510	659
Arising on business combinations	35	15	–
Impairments		(389)	(145)
Exchange differences on translation of foreign operations		(1)	(4)
Carrying amount at end of the year		135	510

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 calculation using the discounted cash flow method.

Key assumptions

Approach used to determine values

Cash flow projections	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.
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 2025.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

12. Goodwill (continued)

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

Cash-generating unit	Pre-tax discount rate		Terminal growth rate ¹		Carrying amount	
	2026 %	2025 %	2026 %	2025 %	2026 Rm	2025 Rm
Value in use						
Feltex	24.1	22.4	3.0	4.5	12	12
PG Bison	19.2	18.1	3.0	4.5	123	123
Sleep Group	22.4	20.3	3.3	4.5	–	375
Carrying amount at end of the year					135	510

¹ The 2026 long-term growth rate was moderated in line with wider market expectations.

An impairment charge is required for goodwill when the carrying amount exceeds the recoverable amount. An impairment of R389 million was recognised in the current year. The Sleep Group goodwill of R389 million relating primarily to the Restonic acquisition was impaired, attributable to the continued deterioration in the domestic bedding market conditions, characterised by subdued consumer demand and increased competitive pressures. In the prior year, the Optix Africa and Optix Australasia goodwill of R145 million was impaired.

As at 30 June 2026, management has performed a sensitivity analysis on the remaining goodwill, and concluded that a reasonable possible change of 50 basis points in key assumptions would not cause the carrying amount of any of the CGUs to exceed the recoverable amount.

Notes	Patents and trademarks Rm	Supplier relationships Rm	Software Rm	Customer contracts and relationships Rm	Capital work-in-progress Rm	Total Rm
13. Intangible assets						
Balance at 1 July 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
Additions	–	–	4	–	–	4
Impairment	(265)	(830)	–	–	–	(1 095)
Amortisation	–	–	(25)	(7)	–	(32)
Reclassified from property, plant and equipment	14	–	2	–	2	4
Reclassified between categories	–	–	4	–	(4)	–
Exchange differences on translation of foreign operations	–	(4)	–	–	–	(4)
Balance at 30 June 2026	265	–	39	64	–	368
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
Cost	1 756	2 484	156	83	–	4 479
Accumulated amortisation and impairment	(1 491)	(2 484)	(117)	(19)	–	(4 111)
Carrying amount at 30 June 2026	265	–	39	64	–	368

Safripol's supplier relationship relates to the evergreen contract which is in place with its major supplier for the supply of raw materials used in its manufacturing processes. Optix Australasia's supplier relationship relates to their exclusive supplier contract. Refer to the intangible asset impairment testing for further details on the impairments recognised.

Customer relationships relate to Feltex's contracts which are in place with its major customer for the supply of soft trim components.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

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, 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.

Key assumptions

Approach used to determine values

Cash flow projections	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.
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. ¹ In determining sustainable 'through-the-cycle' ² margins, to be used in the terminal value cash flow, the previous seven- to 10-year historic average US dollar margins were considered.
Royalty rates	Royalty rates used are determined with reference to industry benchmarks.

¹ The forecast rates are based on an average of the foreign currency rates forecast by the major banks that the group transacts with regularly.

² 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 2025.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

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.

Cash-generating unit	Category	Pre-tax discount rate		Terminal growth rate ³		Carrying amount	
		2026 %	2025 %	2026 %	2025 %	2026 Rm	2025 Rm
Value in use							
PG Bison	Patents and trademarks	19.2	18.1	3.0	4.5	207	207
Safripol	Patents and trademarks	20.9	20.0	3.0	3.0	–	265
Safripol	Supplier relationships	20.9	20.0	3.0	3.0	–	708
Unitrans	Patents and trademarks	21.0	19.2	3.0	4.5	49	49
Sleep Group	Patents and trademarks	20.9	20.0	3.0	4.5	9	9
Fair value less estimated costs to sell							
Optix Australasia	Supplier relationships	36.2	29.2	2.0	4.2	–	126
Carrying amount at end of the year						265	1 364

³ The 2026 long-term growth rate was moderated in line with wider market expectations.

The royalty rates used in the determination of the recoverable amount for the current year ranged between 0.5% to 3.8% (2025: between 0.5% to 3.7%).

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 R1 095 million was recognised in the current year (2025: R272 million). The impairment charge recognised in the current year can be attributed to the following:

- An impairment of R973 million was recognised for Safripol. The remaining intangible assets related to the Sasolburg acquisition were impaired, comprising R708 million supplier relationship and R265 million trademark. The recoverable value of these operations was primarily impacted by a stronger forecast rand relative to US dollar and limited recovery in forecast polymer prices and margins as the current global cyclical low is expected to persist, with improvement only expected beyond 2030.
- An impairment of R122 million was recognised relating to Optix Australasia's supplier relationship which was recognised on the acquisition of Optix. This is due to the division's continued underperformance, primarily owing to sub-optimal sales pipeline conversion, which led to revised expectations of future performance.

The R272 million impairment recognised in the prior year can be attributed to the impairment of the Feltex patents and trademarks related to the Maxe business unit (R57 million), as well as impairment of Optix Africa's supplier relationship (R215 million).

Safripol and Sasol South Africa Limited ('Sasol') are involved in pricing and volume disputes under the ethylene supply agreement, the outcomes of which remain uncertain. The resolution processes are expected to take time given the complexity of the matters. The ethylene pricing dispute was determined in Safripol's favour, with the arbitrator upholding Safripol's interpretation of the pricing principles in the supply agreement. Sasol has since applied to the High Court for the arbitrator's award to be reviewed and set aside. The separate dispute relating to Sasol's volume commitment has progressed to independent arbitration. The impairment assessments performed as at 30 June 2026 were based on the existing terms of the ethylene supply agreement and therefore do not reflect any potential impact arising from these disputes.

As at 30 June 2026, management has performed a sensitivity analysis on the remaining indefinite useful life intangible assets, and concluded that a reasonable possible change of 50 basis points in key assumptions would not cause the carrying amount of any of the CGUs to exceed the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	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 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	36	–	–	–	–	(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
Additions		86	439	54	6	865	265	5	42	1 762
Government grants		–	(6)	–	–	–	(11)	–	–	(17)
Depreciation		(48)	(623)	(31)	(16)	(507)	–	(4)	(39)	(1 268)
Disposals		(33)	(45)	(10)	–	(150)	–	–	(1)	(239)
Impairment		–	(1)	–	–	–	(2)	–	–	(3)
Acquisition of business	35	–	5	–	–	–	–	–	–	5
Disposal of subsidiaries	36	(2)	(5)	–	–	(187)	–	–	(1)	(195)
Borrowing cost capitalised		–	–	–	–	–	1	–	–	1
Transfer to assets held for sale	24	(174)	(125)	–	–	(7)	–	–	(1)	(307)
Reclassified between categories		62	199	–	–	83	(350)	–	6	–
Reclassified to intangible assets	13	–	–	–	–	–	(4)	–	–	(4)
Reclassified to inventories		–	(4)	–	–	–	–	–	–	(4)
Exchange differences on translation of foreign operations		(2)	(25)	–	–	(77)	7	–	–	(97)
Balance at 30 June 2026		3 126	7 095	126	283	4 202	322	13	100	15 267
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
Cost		3 664	13 177	216	322	7 638	322	46	323	25 708
Accumulated depreciation and impairment		(538)	(6 082)	(90)	(39)	(3 436)	–	(33)	(223)	(10 441)
Carrying amount at 30 June 2026		3 126	7 095	126	283	4 202	322	13	100	15 267

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	Notes	2026 Rm	2025 Rm
14. Property, plant and equipment (continued)			
Encumbered assets			
Carrying amount	28.3	1 852	1 611
Borrowing cost			
Borrowing cost capitalised	8	1	–
Capitalisation rates used		8.24% to 8.26%	–

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 R3 million (2025: R340 million) was recognised in the current year and is included with capital items (note 6).

The prior year impairment related to the Safripol division, where the polyethylene terephthalate ('PET') plant was impaired by R293 million to a carrying amount of R605 million. 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 carrying amount of the PET plant of R578 million (2025: R605 million) was tested for impairment in the year. The recoverable amount is determined based on a value in use calculation using the discounted cash flow method.

Key assumptions	Approach used to determine values
Cash flow projections	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.
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. ¹ In determining sustainable 'through-the-cycle' ² margins, to be used in the terminal value cash flow, the previous seven- to 10-year historic average US dollar margins were considered.

¹ The forecast rates are based on an average of the foreign currency rates forecast by the major banks that the group transacts with regularly.

² 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.

Key assumptions used in the value in use calculation include the pre-tax discount rate of 20.9% (2025: 20.0%), terminal growth rate of 3.0% (2025: 3.0%) and polymer margins.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

14. Property, plant and equipment (continued)

Sensitivity analysis

The recoverable amount of the Sefripol 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 or reversal of 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	2026 Rm	2025 Rm
50 basis point – increase			
Discount rate		(31)	(35)
Terminal growth rate		49	20
Polymer margins		29	30
50 basis point - decrease			
Discount rate		16	37
Terminal growth rate		(50)	(18)
Polymer margins		(28)	(30)

15. Investment property

Carrying amount at beginning of the year		20	–
Reclassified from property, plant and equipment	14	–	20
Carrying amount at end of the year		20	20

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

As at 30 June 2026, investment property was valued by management at R44 million (2025: 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% (2025: 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 (2025: R4 million) was recognised in profit or loss for the year ended 30 June 2026.

	Land and buildings Rm	Plant and machinery Rm	Motor vehicles Rm	Total Rm
16. Right-of-use assets				
Balance at 1 July 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
Additions	60	6	–	66
Remeasurement	4	8	–	12
Depreciation	(75)	(34)	–	(109)
Reclassified between categories	(3)	3	–	–
Exchange differences on translation of foreign operations	(2)	–	–	(2)
Balance at 30 June 2026	140	145	–	285
Cost	412	270	1	683
Accumulated depreciation and impairment	(256)	(108)	(1)	(365)
Carrying amount at 30 June 2025	156	162	–	318
Cost	443	280	1	724
Accumulated depreciation and impairment	(303)	(135)	(1)	(439)
Carrying amount at 30 June 2026	140	145	–	285

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 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 2026

	Note	2026 Rm	2025 Rm
17. Consumable biological assets			
Timber plantations			
Carrying amount at beginning of the year		1 564	1 534
Decrease due to harvesting		(250)	(220)
Fair value gain		155	250
Transfer to assets held for sale	24	(460)	–
Carrying amount at end of the year		1 009	1 564
Livestock			
Carrying amount at beginning of the year		46	52
Decrease due to disposals		(8)	(17)
Fair value gain		18	11
Carrying amount at end of the year		56	46
		1 065	1 610

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 2026, consumable biological assets, including assets held for sale, were valued by management at R1 525 million (2025: R1 610 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. The disclosures below include assets held for sale.

	2026 Hectares	2025 Hectares
17.1 Quantities of timber plantations		
Pine	31 969	31 663
Eucalyptus	10 446	10 522
Temporary unplanted areas	2 372	2 540
	44 787	44 725
	2026 m ³	2025 m ³
17.2 Reconciliation of standing volume		
Opening balance	5 593 978	5 593 068
Increase due to growth	524 271	514 878
Decrease due to harvesting	(625 625)	(513 968)
	5 492 624	5 593 978
	2026 %	2025 %
17.3 Key assumptions		
Discount rate		
Risk-free rate ¹	8.44	9.96
Pre-tax discount rate	16.01	17.52

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	2026 R/m ³	2025 R/m ³
17. Consumable biological assets (continued)		
17.3 Key assumptions (continued)		
Market prices		
The price per cubic metre per log class is based on current market prices per log class.		
Log prices		
Pine	224 to 1 310	315 to 1 041
Eucalyptus	401	510
Harvesting costs		
Pine	175 to 290	165 to 297
Eucalyptus	240	226

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:

	2026 Rm	2025 Rm
Current log price – 100 basis point increase	10	27
Forecast log price inflation rate – 25 basis point increase	13	10
Forecast cost inflation rate – 25 basis point increase	(2)	(2)
Pre-tax discount rate – 25 basis point increase	(8)	(6)
Volume – 100 basis point increase	1	12

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

17.5 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 changes, 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.

17.6 Encumbered consumable biological assets

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

17.7 Commitments

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	Place of business	Nature of business	2026 % shareholding	2025 % shareholding
18. Investments in associate and joint venture companies				
18.1 Shareholding in associate and joint venture companies				
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 ¹	South Africa	Dormant	–	49.0
Autoneum Feltex Proprietary Limited	South Africa	Manufacturing of automotive components	49.0	49.0

¹ Auria Feltex Proprietary Limited was liquidated on 28 August 2025.

	Carrying amount		Profit or (loss)	
	2026 Rm	2025 Rm	2026 Rm	2025 Rm
18.2 Summarised aggregate information in respect of associate and joint venture companies				
Associate companies				
Auria South Africa Proprietary Limited ¹	148	134	27	25
PG Bison (Kenya) Limited	70	72	8	7
iDream Limited	8	12	(3)	(7)
	226	218	32	25
Joint venture companies				
Autoneum Feltex Proprietary Limited	32	26	13	13
	258	244	45	38

¹ Included in the carrying amount for the prior year is a loan receivable of R13 million which has been repaid during the current year.

	Note	2026 Rm	2025 Rm
19. Investments and loans receivable			
Unlisted investments		1	1
Loans receivable (carried at amortised cost)		36	39
Less: Loss allowance	38.2.2	(19)	(20)
Total investments and loans receivable		18	20
Less: Loans receivable included in current assets		(11)	(11)
Non-current investments and loans receivable		7	9

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 38.1.

Credit risk related to loans receivable and the management thereof is disclosed in note 38.2.2.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	Notes	2026 Rm	2025 Rm
20. Deferred taxation (liabilities)/assets			
20.1 Deferred taxation movement			
Balance at beginning of the year		(2 329)	(2 430)
Deferred taxation of subsidiaries disposed	36	3	12
Amounts charged directly to equity			
Share-based payments		6	(5)
Current year charge per the income statement	10	266	93
Exchange differences on translation of foreign operations		10	1
Transfer to liabilities held for sale	24	54	–
		(1 990)	(2 329)
<i>Comprising:</i>			
Deferred taxation assets		62	59
Deferred taxation liabilities		(2 052)	(2 388)
		(1 990)	(2 329)
20.2 Analysis of deferred taxation balances			
Deferred taxation assets			
Property, plant and equipment		(23)	(24)
Right-of-use assets		(9)	(11)
Prepayments and provisions or allowances		26	25
Share-based payments		8	3
Taxation losses		33	44
Other temporary differences		27	22
		62	59
Deferred taxation liabilities			
Intangible assets		(73)	(375)
Property, plant and equipment		(2 611)	(2 555)
Right-of-use assets		(67)	(74)
Consumable biological assets		(283)	(430)
Share-based payments		12	14
Lease liabilities		81	88
Prepayments and provisions or allowances		130	116
Taxation losses		736	815
Other temporary differences		23	13
		(2 052)	(2 388)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	2026		2025	
	Assets Rm	Liabilities Rm	Assets Rm	Liabilities Rm
21. Derivative financial instruments				
Non-current				
Equity derivative	43	–	39	–
Current				
Equity derivative	27	–	–	–
Foreign currency derivatives	5	(17)	14	(22)
	32	(17)	14	(22)
	75	(17)	53	(22)

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 26.2). 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 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 38.2.1 for more detail.

	Notes	2026 Rm	2025 Rm
22. Inventories			
Finished goods		1 545	1 572
Raw materials		1 550	1 110
Work in process		222	191
Consumables		969	950
		4 286	3 823
Less: Assets held for sale	24	(91)	–
		4 195	3 823

The cost of inventories recognised as an expense during the year was R17 284 million (2025: R17 428 million).

23. Trade and other receivables

Trade receivables		4 318	4 235
Deposits paid		58	41
Government grants receivable		12	10
Related-party receivables	37	46	20
Other amounts due		97	104
Less: Loss allowance	38.2.2	(88)	(112)
Trade and other receivables (financial assets)		4 443	4 298
Prepayments		404	378
Value added taxation receivable		220	158
		5 067	4 834
Less: Assets held for sale	24	(54)	–
		5 013	4 834

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.

Trade receivables of R17 million (2025: Rnil) were written off during the current year which are still subject to legal enforcement processes.

The group's exposure to foreign currency risk related to trade and other receivables is disclosed in note 38.2.1.

Credit risk related to trade and other receivables and the related management thereof is disclosed in note 38.2.2.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

24. Assets and liabilities held for sale

PG Bison is in the process of concluding a merger transaction to combine its forestry, sawmilling and pole operations in the southern Cape with MTO Forestry's forestry and sawmilling operations in southern and Eastern Cape. The proposed merger is expected to establish a significant, black-controlled forestry and sawmilling business. The transaction remains subject to the fulfilment of certain conditions precedent. Management is actively working to satisfy the remaining outstanding conditions, and the transaction is expected to be concluded within 12 months from the date of classification.

The assets of R925 million and liabilities of R115 million are classified as held for sale in the statement of financial position.

	2026 Rm
The carrying amount of total assets and liabilities held for sale	
Assets	
Inventories	91
Trade and other receivables	54
Included in net working capital	145
Property, plant and equipment	307
Consumable biological assets	460
Included in operating assets	912
Cash and cash equivalents	13
	925
Liabilities	
Employee benefits	(6)
Provisions	(1)
Trade and other payables	(54)
Included in net working capital and operating liabilities	(61)
Deferred taxation liabilities	(54)
	(115)
	810

	2026 Number of shares	2025 Number of shares	2026 Rm	2025 Rm
25. 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	2 501 188 041	2 493 716 807	7 896	7 896
Ordinary shares issued during the year ¹	6 483 876	7 471 234	–	–
Ordinary shares in issue at end of the year	2 507 671 917	2 501 188 041	7 896	7 896

¹ Shares issued relate to the shares that vested for the KAP Performance Share Rights Scheme.

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 2026

26. Share-based payments

26.1 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.

	2026 Number of shares	2025 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	(175 020 827)	(183 943 562)
Shares available for allocation	191 253 706	182 330 971
¹ The cumulative share rights granted are net of grants which lapsed or were forfeited.		
	2026 Rights	2025 Rights
Reconciliation of rights granted		
Balance at beginning of the year	86 362 409	96 986 028
Forfeited or lapsed during the year	(41 115 441)	(57 234 314)
Exercised during the year	(11 788 926)	(13 584 123)
Granted during the year	37 497 756	60 194 818
Balance at end of the year	70 955 798	86 362 409
	2026 Rm	2025 Rm
Charged to profit or loss	19	32

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 takes into account the expected achievement of vesting criteria and assumes all employees remains 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.

Annual award

The share rights granted 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.

The table below includes all the assumptions used to calculate the fair value of the annual share rights granted.

	December 2025 Grant	December 2024 Grant	December 2023 Grant	December 2022 Grant	December 2021 Grant
Fair value at measurement date	R1.65	R2.83	R2.27	R3.56	R3.46
Share price at grant date	R1.65	R3.30	R2.64	R4.30	R4.23
Exercise price	R0.00	R0.00	R0.00	R0.00	R0.00
Risk-free interest rate	6.41%	7.22%	7.65%	8.09%	5.98%
Expected dividend yield	0.00%	5.14%	5.03%	6.28%	6.65%
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

Once-off executive share option award

The share rights granted are subject to the following scheme rules:

- The once-off rights are granted to qualifying executive directors.
- Vesting of rights occurs on the fifth 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 fifth anniversary of the relevant annual grant, all rights attaching to the particular grant will lapse.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

26. Share-based payments (continued)

26.1 KAP Performance Share Rights Scheme (continued)

The table below includes all the assumptions used to calculate the fair value of the once-off share rights granted.

	December 2025 Grant
Fair value at measurement date	R1.65
Share price at grant date	R1.65
Exercise price	R0.00
Risk-free interest rate	6.65%
Expected dividend yield	0.00%
Expected forfeiture rate	0.00%
Life of share right	5 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. 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.

26.2 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 are 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.

	2026 Rights	2025 Rights
Reconciliation of rights granted		
Balance at beginning of the year	29 356 987	31 422 495
Granted	487 491	–
Forfeited during the year	(3 327 750)	(2 065 508)
Balance at end of the year	26 516 728	29 356 987

	Note	2026 Rm	2025 Rm
Reconciliation of the cash-settled share-based payment liability			
Balance at beginning of the year		30	25
Charged to profit or loss		26	5
Balance at end of the year	30	56	30

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 30.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

26. Share-based payments (continued)

26.2 KAP Executive Retention Scheme (continued)

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
2026			
Share price at 30 June 2026	R2.70	R2.70	R2.70
Risk-free interest rate	7.02%	7.26%	7.24%
Expected dividend yield	0.00%	0.00%	0.00%
Expected forfeiture rate	0.00%	0.00%	0.00%
Rights value at 30 June 2026	R2.70	R2.70	R2.70
2025			
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.

27. 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	
	2026 %	2025 %	2026 Rm	2025 Rm	2026 Rm	2025 Rm
Bapotrans Proprietary Limited	50.0	50.0	7	4	30	23
DesleeMattex Proprietary Limited	40.0	40.0	18	14	67	58
Feltex Fehrer Proprietary Limited	49.0	49.0	42	30	151	135
Iqhaue Proprietary Limited	49.9	49.9	16	16	20	24
MB Transport and Logistics Proprietary Limited	48.0	48.0	3	3	6	5
Mega Express Proprietary Limited	35.0	35.0	27	19	34	23
Optix Holdings Proprietary Limited	13.6	13.6	(20)	(38)	(48)	(28)
Phenduka Transit Systems Proprietary Limited	49.9	49.9	8	7	10	6
SingRisk Services Private Limited	13.6	13.6	(16)	(1)	11	30
Southern Star Logistics Proprietary Limited ¹	–	50.0	5	(7)	–	(61)
UniMat Logistics SA	40.0	40.0	13	15	35	28
Unitrans Namibia Proprietary Limited	25.0	25.0	(1)	–	9	10
Individually immaterial subsidiaries with non-controlling interest ²	24.5 to 49.0	24.5 to 49.0	1	14	10	8
			103	76	335	261

¹ Disposed effective 1 December 2025 as part of the Eswatini petrochemical operations disposal. Refer to note 36.

² The prior 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 2026

		2026 Rm	2025 Rm				
28.	Loans and borrowings						
28.1	Analysis of closing balance						
	Secured financing	1 492	1 296				
	Vehicle and asset finance	1 492	1 296				
	Unsecured financing covered by intergroup cross-guarantees	6 792	8 483				
	Term loans	1 008	1 001				
	Senior unsecured listed notes	5 288	5 468				
	Revolving credit loan	496	2 014				
	Unsecured financing	37	93				
	Loans with non-controlling interests	36	92				
	Other loans	1	1				
Total loans and borrowings		8 321	9 872				
<i>Less: Loans and borrowings included in current liabilities</i>		<i>(2 408)</i>	<i>(2 563)</i>				
Non-current loans and borrowings		5 913	7 309				
28.2	Analysis of repayment						
	2026						
	Revolving credit loan ^{1&2}	–	–	500			
	Senior unsecured listed notes ^{1&3}	1 881	1 785	1 000	625	–	5 291
	Term loans	8	1 000	–	–	–	1 008
	Vehicle and asset finance	507	372	292	215	106	1 492
	Non-controlling interests and other loans	15	22	–	–	–	37
	Transaction costs capitalised	(3)	(3)	(1)	–	–	(7)
		2 408	3 176	1 791	840	106	8 321
	2025						
	Revolving credit loan ^{1&4}	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
	Non-controlling interests 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

¹ Excludes transaction costs capitalised which are disclosed as a separate line.

² The revolving credit loan's Facility A and B have maturity dates of 7 December 2028. Facility A's maturity date was extended to align with Facility B's maturity date during the year.

³ Includes an early redemption during the year of R250 million.

⁴ R1 billion was drawn down under Facility A which had a maturity date of 7 December 2026 and R1 billion was drawn down under Facility B which has a maturity date of 7 December 2028.

All loans and borrowings are carried at amortised cost. The fair values of loans and borrowings are disclosed in note 38.1.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	Current year interest rate	2026 Rm	2025 Rm
28. Loans and borrowings (continued)			
28.3 Loans and borrowings details			
Secured⁵			
Variable interest rates			
Vehicle and asset finance ⁶	5.98% to 10.25%	1 481	1 287
Unsecured financing covered by intergroup cross-guarantees			
Variable interest rates			
Term loan ⁷	7.95% to 8.20%	–	1 000
Term loan ⁸	8.19% to 8.27%	1 000	–
Senior unsecured listed notes ⁹	8.05% to 8.90%	5 240	5 430
Revolving credit loan ¹⁰	8.20% to 8.64%	500	2 000
Unsecured			
Variable interest rates			
Loans with non-controlling interests	10.25% to 14.75%	13	33
Interest free			
Loans with non-controlling interests	–	14	50
Other loans	–	1	1
Finance cost accrued			
Vehicle and asset finance		11	9
Term loans		8	1
Senior unsecured listed notes		51	42
Revolving credit loan		–	19
Loans with non-controlling interests		9	9
Transaction costs capitalised		(7)	(9)
Total loans and borrowings		8 321	9 872

⁵ The carrying amount of assets encumbered in favour of the secured loans amounts to R1 852 million (2025: R1 611 million).

⁶ The vehicle and asset finance bears interest linked to SA prime or at a fixed rate, and repayable in monthly instalments up to 60 months.

⁷ The term loan bears interest linked to three-month JIBAR and was extended to, and repaid in May 2026.

⁸ The term loan bears interest linked to ZARONIA and is repayable in March 2028.

⁹ The senior unsecured listed notes bear interest linked to three-month JIBAR and the maturity dates are publicly available.

¹⁰ The revolving credit loan's Facility A and B bear interest linked to three-month JIBAR and have maturity dates of 7 December 2028. Facility A's maturity date was extended to align with Facility B's maturity date during the year. (2025: R1 billion was drawn down under Facility A which had a maturity date of 7 December 2026 and R1 billion was drawn down under Facility B which has a maturity date of 7 December 2028.)

The group complied with all the financial covenants during the 2026 and 2025 financial years. The capital risk management and financial covenant triggers are disclosed in note 38.3.

Global Credit Rating Co. Proprietary Limited reviewed the company's credit rating in November 2025 and confirmed its long-term national scale issuer rating of the company as A+(za) and its short-term national scale issuer rating as A1(za), but revised the outlook from stable to negative 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:

- Feltex Proprietary Limited (previously 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:

- Feltex 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 2026

28. Loans and borrowings (continued)

28.3 Loans and borrowings details (continued)

Transition from JIBAR to ZARONIA

The South African Reserve Bank ('SARB') has confirmed the cessation of the Johannesburg Interbank Average Rate ('JIBAR') on 31 December 2026, and the market-wide transition to the South African Overnight Index Average ('ZARONIA').

The group has exposure to financial instruments that reference JIBAR and is therefore subject to the interest rate benchmark reform. The group is currently engaging with counterparties on the transition of the affected financial instruments. No significant impact to the group's financial position or cash flows is expected as a result of the reform.

	Notes	2026 Rm	2025 Rm
28.4 Reconciliation of movements in loans and borrowings			
Balance at beginning of year		9 872	9 420
Changes from financing cash flows			
Loans and borrowings received ¹¹		2 753	4 080
Loans and borrowings repaid ¹¹		(4 249)	(3 621)
		(1 496)	459
Other changes			
Disposal of subsidiaries	36	(56)	–
Borrowing cost capitalised		1	–
Finance costs expense	8	901	1 053
Finance costs paid		(901)	(1 061)
Other		–	1
		(55)	(7)
Total loans and borrowings		8 321	9 872
¹¹ 2025: R1 billion 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 borrowings received and repaid.			
28.5. Available borrowing facilities			
Committed			
Revolving credit loan		2 500	1 000
Uncommitted			
Call loan and overdraft facilities		2 033	2 339
		4 533	3 339

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.

	2026 Rm	2025 Rm
29. Lease liabilities		
Balance at beginning of the year	375	355
Additions	66	47
Remeasurements	12	73
Capital repayments	(108)	(100)
Finance costs	33	32
Payments	(141)	(132)
Exchange differences on translation of foreign operations	(3)	–
Total lease liabilities	342	375
Less: Lease liabilities included in current liabilities	(104)	(94)
Non-current lease liabilities	238	281
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 5.7% and 10.2% (2025: between 5.7% and 11.0%).		
Analysis of contractual maturity¹		
Next year	129	122
Year two	101	113
Years three to five	147	166
After five years	28	53
	405	454

¹ Table includes both interest and capital repayments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	Notes	2026 Rm	2025 Rm
30. Employee benefits			
Performance-based bonus		268	165
Long-term incentive cash award scheme		20	–
Cash-settled share-based payment	26.2	56	30
Wage or 13th cheque bonus		57	59
Leave pay		168	161
Post-retirement medical benefits		2	2
Other		21	9
Total employee benefits		592	426
Less: Liabilities held for sale	24	(6)	–
Less: Employee benefits included in current liabilities		(510)	(380)
Non-current employee benefits		76	46

Performance-based bonus

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

Long-term incentive cash award scheme

The amounts awarded will vest at the end of the measurement period, conditional upon the achievement of specified performance conditions over that period. Amounts that are not expected to be settled within 12 months are discounted to account for the effect of time value of money.

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	Accident and insurance fund provisions Rm	Other ¹ Rm	Total Rm
31. Provisions				
Balance at 1 July 2024	24	16		40
Additional provision raised	109	11		120
Amounts unused reversed	(64)	(8)		(72)
Amounts utilised	(52)	(3)		(55)
Disposal of subsidiaries	36	(1)	(2)	(3)
Balance at 30 June 2025		16	14	30
Additional provision raised		84	–	84
Amounts unused reversed		(72)	(12)	(84)
Amounts utilised		(11)	–	(11)
Disposal of subsidiaries	36	(1)	–	(1)
Transfer to liabilities held for sale	24	–	(1)	(1)
Balance at 30 June 2026		16	1	17
		2026 Rm	2025 Rm	
Total provisions		17	30	
Less: Provisions included in current liabilities		(17)	(28)	
Non-current provisions		–	2	

¹ Other provisions include legal, labour-related matters, warranties and performance guarantees, amongst others.

Accident and insurance fund provisions

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	Note	2026 Rm	2025 Rm
32. Trade and other payables			
Trade payables		4 786	4 316
Accruals		165	181
Rebates payable		269	234
Other payables and amounts due		66	52
Trade and other payables (financial liabilities)		5 286	4 783
Employee-related accruals		92	71
Value added taxation payable		100	111
		5 478	4 965
Less: Liabilities held for sale	24	(54)	–
		5 424	4 965

The fair value of trade and other payables is disclosed in note 38.1.

	2026 Rm	2025 Rm
33. Commitments and contingencies		
33.1 Capital expenditure		
Contracts for capital expenditure authorised	174	144

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

33.2 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. The directors, however, are confident that no material liability will arise as a result of these guarantees and suretyships.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	Notes	2026 Rm	2025 Rm
34. Cash flow information			
34.1 Cash generated from operations			
Operating profit		905	1 172
Adjusted for:			
Capital items	6	1 568	765
Depreciation and amortisation	7.1	1 409	1 485
Net fair value adjustments of consumable biological assets		85	(24)
Fair value gains	5	(173)	(261)
Decrease due to harvesting	17	250	220
Decrease due to disposals of livestock	17	8	17
Share-based payment – equity-settled	26.1	19	32
Reversal of impairment of loans receivable	5	(1)	(1)
Other non-cash adjustments		16	4
Cash generated before working capital changes		4 001	3 433
Working capital changes			
Increase in inventories		(473)	(36)
(Increase)/decrease in trade and other receivables		(322)	92
(Increase)/decrease in derivative financial assets		(23)	15
Decrease in provisions		(11)	(6)
Increase/(decrease) in employee benefits		173	(16)
Increase/(decrease) in trade and other payables		593	(446)
Decrease in derivative financial liabilities		(5)	(14)
Changes in working capital		(68)	(411)
Cash generated from operations		3 933	3 022
34.2 Taxation paid			
Net taxation receivable at beginning of year		(84)	(44)
Taxation receivable		(100)	(93)
Taxation payable		16	49
Current year charge through the income statement	10	383	241
Interest receivable (accrued)/received		(1)	1
Interest payable paid		–	(1)
Exchange differences on translation of foreign operations		4	1
Net taxation receivable at end of the year		53	84
Taxation receivable		60	100
Taxation payable		(7)	(16)
Taxation paid		355	282
34.3 Cash and cash equivalents			
Short-term bank deposits		6	6
Cash-on-hand		1 775	2 084
Cash and cash equivalents		1 781	2 090
Assets held for sale	24	13	–
		1 794	2 090
Bank overdrafts		(122)	–
Cash and cash equivalents		1 672	2 090
Geographic distribution			
Rest of Africa		927	581
South Africa		725	1 495
Australasia		14	7
America		3	–
Europe		3	–
Asia		–	7
		1 672	2 090
Restricted cash		742	499

The restricted cash disclosed include local currency cash balances of R109 million (2025: R78 million) in Malawi and R615 million (2025: R396 million) in Mozambique. This classification arises from repatriation restrictions due to 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

35. Acquisition of business

Effective 1 August 2025, Sleep Group Proprietary Limited acquired a bedding manufacturer in Botswana ('Bots Bedding') for R30 million. The acquisition will support the division's growth in the Botswana and Zambia regions.

	2026 Rm
The fair value of assets assumed at date of acquisition	
Assets	
Property, plant and equipment	5
Inventories	10
Total assets acquired	15
Goodwill	15
Net cash outflow on acquisition of business	30

The goodwill arising on the acquisition is attributable to the strategic business advantages acquired, expected synergies, as well as knowledgeable employees and management strategies that did not meet the criteria for recognition as identifiable intangible assets on the date of acquisition.

For the eleven months ended 30 June 2026, Bots Bedding contributed revenue of R46 million and a net loss after tax of R12 million to the group's results, excluding the effect of the purchase price allocation.

36. Disposal of subsidiaries

Effective 1 December 2025, Unitrans disposed of its investment in Unitrans Swaziland Holdings Proprietary Limited and subsidiaries ('Unitrans Swaziland') which operated petrochemical operations in Eswatini for R209 million. A loss of R38 million arose on disposal due to the proceeds being lower than the equity value of R247 million on the effective date.

Effective 30 June 2025, Unitrans Passenger Proprietary Limited disposed of its shareholding in Mvelatrans Proprietary Limited ('Mvelatrans') for proceeds of R110 million. A purchase price adjustment of R5 million in 2026 reduced the final proceeds on disposal to R105 million.

	2026 Rm	2025 Rm
The carrying value of assets and liabilities disposed of at the date of disposal was:		
Assets		
Property, plant and equipment	195	112
Inventories	4	8
Trade and other receivables	51	62
Taxation receivable	1	–
Cash on hand	39	–
Liabilities		
Loans with non-controlling interests	(56)	–
Related-party loan	–	(36)
Deferred taxation liabilities	(3)	(12)
Provisions	(1)	(3)
Employee benefits	(5)	(11)
Trade and other payables	(34)	(42)
Non-controlling interests	56	–
Carrying value of assets and liabilities disposed	247	78
Proceeds allocated to related-party loan	–	36
Loss on disposal	(43)	(4)
Unitrans Swaziland	(38)	–
Mvelatrans ¹	(5)	(4)
Proceeds from disposal	204	110
Unitrans Swaziland	209	–
Mvelatrans ¹	(5)	110
Cash and cash equivalents on hand at disposal	(39)	–
Net cash inflow on disposal of subsidiaries	165	110

¹ A purchase price adjustment of R5 million in 2026 reduced the final proceeds on disposal to R105 million.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

37. 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

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.

	2026 Rm	2025 Rm
Related-party loans receivable		
Auria South Africa Proprietary Limited	–	13
Related-party receivables		
Autoneum Feltex Proprietary Limited	6	1
PG Bison (Kenya) Limited	40	19
	46	20
Dividends received from:		
Autoneum Feltex Proprietary Limited	7	22
PG Bison (Kenya) Limited	3	–
	10	22
Sales to:		
Autoneum Feltex Proprietary Limited	68	67
PG Bison (Kenya) Limited	85	50
	153	117
Cost recovery received from:		
Autoneum Feltex Proprietary Limited	4	4
Finance income received from:		
Auria South Africa Proprietary Limited	–	2

For details of material related parties where control exists, refer to note 39.

Directors of the company are considered to be key management personnel. For details in respect of key management compensation, refer to note 40.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

38. Financial instruments and risk management

38.1 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
2026				
Financial assets				
Investments and loans receivable	–	18	18	18
Trade and other receivables	–	4 443	4 443	4 443
Derivative financial instruments	75	–	75	75
Cash and cash equivalents	–	1 794	1 794	1 794
	75	6 255	6 330	6 330
Financial liabilities				
Loans and borrowings	–	(8 321)	(8 321)	(8 356)
Trade and other payables	–	(5 286)	(5 286)	(5 286)
Derivative financial instruments	(17)	–	(17)	(17)
Bank overdrafts	–	(122)	(122)	(122)
	(17)	(13 729)	(13 746)	(13 781)
Net financial instruments	58	(7 474)	(7 416)	(7 451)
Net (gains)/losses recognised in profit or loss	(3)	8	5	
Net interest expense	–	811	811	
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	

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 2026.

Derivative financial instruments

The fair values of forward exchange contracts 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 includes 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 2026.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

38. Financial instruments and risk management (continued)

38.1 Financial instruments (continued)

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 2026 or 30 June 2025.

38.2 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

38. Financial instruments and risk management (continued)

38.2 Financial risk management (continued)

38.2.1 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 26.2). 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 is 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				
2026				
Trade and other receivables	33	50	–	219
Cash and cash equivalents	15	–	–	53
Trade and other payables	–	(276)	(3)	(1 090)
Pre-derivative position	48	(226)	(3)	(818)
Derivative effect	(42)	242	3	902
Open position	6	16	–	84
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)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

38. Financial instruments and risk management (continued)

38.2 Financial risk management (continued)

38.2.1 Market risk (continued)

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

	Forecast rate ¹ 30 June 2027	Forecast rate ¹ 30 June 2026	Reporting date spot rate 30 June 2026	Reporting date spot rate 30 June 2025
Rand				
AU dollar	11.50	11.80	11.32	11.66
Euro	20.00	20.10	18.70	20.88
UK pound	22.90	23.90	21.70	24.38
US dollar	16.50	18.00	16.38	17.78

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 2025.

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

	2026 Rm	2025 Rm
Impact on profit/(loss) before taxation		
AU dollar strengthened by 1.6% (2025: strengthened by 1.2%) to the rand	–	–
Euro strengthened by 7.0% (2025: weakened by 3.7%) to the rand	1	(1)
UK pound strengthened by 5.5% (2025: weakened by 2.0%) to the rand	–	–
US dollar strengthened by 0.7% (2025: strengthened by 1.2%) to the rand	1	–

The group's open position exposure at 30 June 2026 considering the forecast change in foreign currency rates would have an immaterial impact on profit or loss.

If the foreign currencies were to strengthen or 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') 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. 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			
2026			
Euro	2	(7)	(5)
US dollar	3	(10)	(7)
	5	(17)	(12)
2025			
Euro	8	(1)	7
US dollar	6	(21)	(15)
	14	(22)	(8)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

38. Financial instruments and risk management (continued)

38.2 Financial risk management (continued)

38.2.1 Market risk (continued)

The group does not apply hedge accounting to FECs. 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 ZARONIA, 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 borrowings are disclosed in note 28.

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

	Variable ZARONIA, JIBAR and SA prime Rm	Variable other ² Rm	Fixed rate Rm	Non-interest- bearing Rm	Total Rm
2026					
Financial assets					
Investments and loans receivable	–	–	–	18	18
Trade and other receivables	–	–	–	4 443	4 443
Derivative financial instruments	–	–	–	75	75
Cash and cash equivalents	826	495	177	296	1 794
	826	495	177	4 832	6 330
Financial liabilities					
Loans and borrowings	(8 304)	–	(2)	(15)	(8 321)
Trade and other payables	–	–	–	(5 286)	(5 286)
Derivative financial instruments	–	–	–	(17)	(17)
Bank overdrafts	(122)	–	–	–	(122)
	(8 426)	–	(2)	(5 318)	(13 746)
	(7 600)	495	175	(486)	(7 416)
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 payables	–	–	–	(4 783)	(4 783)
Derivative financial instruments	–	–	–	(22)	(22)
	(9 805)	(24)	–	(4 848)	(14 677)
	(8 326)	391	87	(368)	(8 216)

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

38. Financial instruments and risk management (continued)

38.2 Financial risk management (continued)

38.2.1 Market risk (continued)

Sensitivity analysis

The group is sensitive to movements in the ZARONIA, 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.

	2026 Rm	2025 Rm
Impact on profit or (loss) before taxation		
ZARONIA, JIBAR and SA prime – 100 basis point increase	(76)	(83)

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

38.2.2 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 2026, 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

Short-term cash surpluses are invested primarily with South African financial institutions of strong credit standing, including their subsidiaries. Where operational requirements necessitate the use of financial institutions in jurisdictions outside South Africa, and internationally recognised credit ratings are unavailable, management performs a counterparty-specific assessment of the institution's credit risk. Cash balances held with such institutions are restricted to amounts required for operational purposes.

The group manages credit risk in accordance with approved group-wide credit risk policies, procedures and delegated authority limits. Divisional management is responsible for the implementation of and compliance with these policies and procedures, with oversight provided centrally and through internal audit. Credit risk exposures are monitored on an ongoing basis and are considered in the measurement of loss allowances.

For trade receivables, the group assesses the creditworthiness of prospective and existing customers by obtaining trade and credit references and evaluating relevant credit risk factors, including financial position, trading history, and repayment capacity. Based on this assessment, proposed credit limits are reviewed and approved in accordance with the delegated authority framework and established credit approval processes.

Group companies continuously monitor the financial condition and credit performance of their customers. This oversight is supported by divisional audit and risk subcommittees, as well as divisional credit steering forums established across all operating divisions. Credit quality, ageing, arrears and exposure reports are submitted monthly to group management for review. The relevant governance forums meet regularly to evaluate, address, and, where necessary, escalate credit risk matters arising at divisional 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 2026

38. Financial instruments and risk management (continued)

38.2 Financial risk management (continued)

38.2.2 Credit risk

Exposure to credit risk

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

	2026 Rm	2025 Rm
Maximum exposure to credit risk		
Investments and loans receivable	18	20
Trade and other receivables	4 443	4 298
Derivative financial instruments	75	53
Cash and cash equivalents	1 794	2 090
	6 330	6 461
Maximum exposure to credit risk by segment³		
PG Bison	2 069	1 849
Safripol	2 103	1 326
Unitrans	2 612	2 453
Feltex	634	578
Sleep Group	359	438
Optix	172	193
Corporate	(1 619)	(376)
	6 330	6 461
³ Includes account balances on accounts participating in cash management arrangements with the group's bankers.		
Maximum exposure to credit risk by geographical region		
South Africa	4 522	4 971
Rest of Africa	1 588	1 231
Americas	98	126
Australasia	67	36
Europe	44	51
Asia	10	7
Middle East	1	39
	6 330	6 461
Carrying amount of financial assets		
Gross carrying amount:	6 437	6 593
12-month ECL (Not credit impaired)	2 101	2 340
Lifetime ECL (Not credit impaired)	4 296	4 200
Lifetime ECL (Credit impaired)	40	53
Less: Loss allowance	(107)	(132)
12-month ECL (Not credit impaired)	(14)	(16)
Lifetime ECL (Not credit impaired)	(67)	(92)
Lifetime ECL (Credit impaired)	(26)	(24)
	6 330	6 461

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

38. Financial instruments and risk management (continued)

38.2 Financial risk management (continued)

38.2.2 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				
2026				
General	37.0	19	(7)	12
Large and corporate enterprises	1.0	2 933	(28)	2 905
Public sector entities	3.4	5	–	5
Local government and municipalities	1.4	60	(1)	59
National government	6.4	23	(2)	21
Banks and financial institutions	0.0	1 885	–	1 885
Small and medium enterprises	2.6	1 212	(31)	1 181
Micro enterprises	12.6	300	(38)	262
		6 437	(107)	6 330
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

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 2026

38. Financial instruments and risk management (continued)

38.2 Financial risk management (continued)

38.2.2 Credit risk (continued)

ECL of cash and cash equivalents are calculated using a 12-month ECL. All cash and cash equivalents were determined to have low risk of default and a strong capacity to meet contractual cash flows. There was no significant increase in credit risk of the group's cash and cash equivalents. ECL was therefore limited to 12-month expected losses and the identified impairment loss was considered immaterial.

Movement in the loss allowance

The movement in the loss allowance in respect of loans receivable and trade and other receivables 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 2024	(13)	(8)	–	(21)
Net reversal of impairment recognised in profit or loss	1	–	–	1
Amounts unused reversed	1	–	–	1
Balance at 30 June 2025	(12)	(8)	–	(20)
Net reversal of impairment recognised in profit or loss	1	–	–	1
Amounts unused reversed	1	–	–	1
Balance at 30 June 2026	(11)	(8)	–	(19)
Movement in the loss allowance for trade and other receivables				
Balance at 1 July 2024	(6)	(55)	(21)	(82)
Net (impairment)/reversal 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)
Net reversal of impairment/(impairment) recognised in profit or loss	1	6	(2)	5
Additional provision raised	(3)	(46)	(21)	(70)
Amounts unused reversed	4	52	19	75
Amounts utilised during the year	–	17	–	17
Exchange differences on translation of foreign operations	–	2	–	2
Balance at 30 June 2026	(3)	(59)	(26)	(88)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

38. Financial instruments and risk management (continued)

38.2 Financial risk management (continued)

38.2.3 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 28.

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 2026						
Loans and borrowings	(1 076)	(1 880)	(3 573)	(3 006)	(1)	(9 536)
Trade and other payables	(5 145)	(141)	–	–	–	(5 286)
Derivative financial instruments	(16)	(1)	–	–	–	(17)
Bank overdraft	(122)	–	–	–	–	(122)
	(6 359)	(2 022)	(3 573)	(3 006)	(1)	(14 961)
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)

38.3 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 loans and borrowings disclosed in note 28, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

38. Financial instruments and risk management (continued)

38.3 Capital risk management (continued)

The group monitors the following debt serviceability ratios:

	2026 Rm	2025 Rm
Loans and borrowings	8 321	9 872
Lease liabilities	342	375
Non-interest-bearing loans and borrowings	(15)	(51)
Bank overdraft	122	–
Cash and cash equivalents	(1 794)	(2 090)
Net interest-bearing debt	6 976	8 106
EBITDA ⁵	3 882	3 422
Net finance costs including borrowing cost capitalised	850	976
EBITDA: interest cover (times) > 3.50 ^{6&7}	4.6	3.5
Net debt: EBITDA (times) < 3.00 ⁶	1.8	2.4
Gearing %	57	65

⁵ Operating profit before depreciation, amortisation and capital items.

⁶ Financial covenant triggers.

⁷ EBITDA: interest cover covenant requirement increases:

2025: 3.25

2026: 3.50

The group complied with all the financial covenants during the 2026 and 2025 financial years.

39. Material subsidiaries

			Ownership	
	Principal activity	Place of incorporation	2026 %	2025 %
Feltex Proprietary Limited	Vehicle retail accessories and components used in new vehicle assembly	South Africa	100	100
PG Bison Proprietary Limited	Integrated forestry, timber and resin manufacturing	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	100	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's ('USCS') broad-based black economic empowerment transaction which has been in effect from 3 September 2018, terminated in the ordinary course after 7 years on 3 September 2025, resulting in USCS being a wholly owned subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	Basic R	Company contributions paid to pension scheme R	Guaranteed salary R	Other benefits R	Annual incentive bonuses ¹ R	Value of share rights exercised ² R	Total R
40. Directors' remuneration							
40.1 Remuneration							
Executive directors							
2026							
GN Chaplin ³	3 631 071	222 595	3 853 666	–	–	–	3 853 666
JAI Ferreira ⁴	2 464 016	244 317	2 708 333	–	–	–	2 708 333
FH Olivier	7 918 661	446 339	8 365 000	–	–	1 060 460	9 425 460
SP Lunga ⁵	4 132 545	409 955	4 542 500	413 006	–	571 701	5 527 207
	18 146 293	1 323 206	19 469 499	413 006	–	1 632 161	21 514 666
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

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 R1.67 on 1 December 2025 (R3.30 on 1 December 2024).

³ Resigned effective 31 October 2025.

⁴ Appointed effective 1 February 2026.

⁵ Resigned effective 30 April 2026.

	2026 R	2025 R
Non-executive directors		
Z Fuphe	1 532 950	1 495 633
JA Holtzhausen	2 028 830	1 473 073
KT Hopkins	1 305 817	1 515 835
TC Isaacs ⁶	431 326	1 248 613
SN Maseko	973 130	857 205
V McMenamin	657 000	640 992
AFB Mthembu	973 130	857 205
SH Müller	1 395 404	1 495 633
PK Quarmby ⁷	–	705 038
S Totaram ⁸	1 614 424	173 811
	10 912 011	10 463 038

⁶ Resigned effective 17 October 2025.

⁷ Resigned effective 29 November 2024.

⁸ 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	Offer date	Vesting date	Number of rights as at 30 June 2025	Number of rights awarded during the year	Number of rights exercised during the year	Number of rights lapsed during the year ⁹	Number of rights as at 30 June 2026
40. Directors' remuneration (continued)							
40.2 Share rights							
Executive directors							
JAI Ferreira ¹⁰	Dec-25	Dec-30	–	9 556 963	–	–	9 556 963
FH Olivier	Dec-22	Dec-25	635 006	–	(635 006)	–	–
	Dec-23	Dec-26	1 119 290	–	–	–	1 119 290
	Dec-24	Dec-27	4 467 403	–	–	(2 233 701)	2 233 702
	Dec-25	Dec-28	–	6 991 627	–	–	6 991 627
	Dec-25	Dec-30	–	12 974 684	–	–	12 974 684
			6 221 699	19 966 311	(635 006)	(2 233 701)	23 319 303
SP Lunga ¹¹	Dec-22	Dec-25	342 336	–	(342 336)	–	–
	Dec-23	Dec-26	603 417	–	–	(603 417)	–
	Dec-24	Dec-27	2 553 308	–	–	(2 553 308)	–
	Dec-25	Dec-28	–	3 912 201	–	(3 912 201)	–
			3 499 061	3 912 201	(342 336)	(7 068 926)	–
			9 720 760	33 435 475	(977 342)	(9 302 627)	32 876 266

⁹ Relates to the estimate of performance criteria not satisfied by the third anniversary of the relevant annual grant.

¹⁰ Appointed effective 1 February 2026.

¹¹ Resigned effective 30 April 2026.

41. 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 global uncertain operating environment, management will continue to 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 R1 billion through a listed note issuance in April 2026. In addition, the R2 billion tranche of KAP's revolving credit loan, originally scheduled to mature on 7 December 2026, was amended and extended by two years to 7 December 2028. The extension was implemented to enhance liquidity management and mitigate refinancing risk.

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.

42. 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 2026

	Notes	2026 Rm	2025 Rm
Revenue	4	823	897
Administrative and other expenses		(17)	(15)
Other income/(expense)	5	13	(1)
Other net losses	6	(154)	(614)
Operating profit before capital items		665	267
Capital items	7	(544)	(464)
Operating profit/(loss)		121	(197)
Finance costs	8	(790)	(894)
Finance income	9	1	29
Loss before taxation		(668)	(1 062)
Taxation	10	(4)	(4)
Loss for the year		(672)	(1 066)
Other comprehensive income for the year		–	–
Total comprehensive loss for the year		(672)	(1 066)

STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2026

	Notes	2026 Rm	2025 Rm
Assets			
Non-current assets			
Investments in subsidiary companies	11	6 304	6 855
Related-party loans receivable	19	9 806	10 052
		16 110	16 907
Current assets			
Trade and other receivables	12	1	–
Share scheme asset	14	81	62
Related-party loans receivable	19	–	99
Taxation receivable		–	13
Cash and cash equivalents	18.2	–	897
		82	1 071
Total assets		16 192	17 978
Equity and liabilities			
Capital and reserves			
Stated share capital	13	7 896	7 896
Reserves		(503)	159
		7 393	8 055
Non-current liabilities			
Loans and borrowings	15	4 906	6 485
Current liabilities			
Loans and borrowings	15	1 886	1 998
Trade and other payables	16	13	6
Bank overdrafts	18.2	1 994	1 434
		3 893	3 438
Total equity and liabilities		16 192	17 978

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2026

	Stated share capital Rm	Distributable reserves Rm	Share-based payment reserve Rm	Total Rm
Balance at 1 July 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
Total comprehensive loss for the year	–	(672)	–	(672)
Loss for the year	–	(672)	–	(672)
Other comprehensive income for the year	–	–	–	–
Share-based payments movement through reserve accounting	–	–	19	19
Other movements	–	–	(9)	(9)
Balance at 30 June 2026	7 896	(970)	467	7 393

STATEMENT OF CASH FLOWS

for the year ended 30 June 2026

	Notes	2026 Rm	2025 Rm
Cash flows from operating activities			
Cash generated from operations	18.1	823	922
Finance income received		1	20
Finance costs paid	15.4	(791)	(901)
Taxation refunded/(paid)		9	(17)
Net cash inflow from operating activities		42	24
Cash flows from investing activities			
Related-party loans advanced		(728)	(626)
Related-party loans repayment received		928	676
Net cash inflow from investing activities		200	50
Net cash inflow from operating and investing activities		242	74
Cash flows from financing activities			
Loans and borrowings received	15.4	2 000	3 550
Loans and borrowings repaid	15.4	(3 690)	(3 070)
Other movements		(9)	(20)
Net cash (outflow)/inflow from financing activities		(1 699)	460
Net (decrease)/increase in cash and cash equivalents		(1 457)	534
Cash and cash equivalents at beginning of the year		(537)	(1 071)
Cash and cash equivalents at end of the year	18.2	(1 994)	(537)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026

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 financial statements of the subsidiary, provided the share-based payment is classified as equity-settled in the consolidated 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 in profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

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 2025.

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

- Amendment to IAS 21 – Lack of exchangeability

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 2026 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
- Amendment to IAS 21 – Translation to a Hyperinflationary Presentation Currency
- Amendment to IAS 28 – Amendments to the fair value option for investments in associates and joint ventures

IFRS 18 – Presentation and disclosure in financial statements

IFRS 18 replaces IAS 1 and sets out requirements for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 standardises how performance is presented, aimed at improving comparability and transparency across entities, while retaining the underlying recognition and measurement requirements. Consequential amendments have been made to other IFRS accounting standards including IAS 7 – *Statement of Cash Flows*, IAS 33 – *Earnings per Share* and IAS 34 – *Interim Financial Reporting*.

An entity shall classify income and expenses included in the statement of profit or loss in either the operating; investing; financing; income taxes; or discontinued operations category.

The company statement of profit or loss will be amended to allocate income and expenses into the five new categories. The full impact on the statement of profit or loss is still being assessed. The statement of cash flows will also be restated to accommodate the consequential amendments to IAS 7.

	Notes	2026 Rm	2025 Rm
4. Revenue			
Related-party	19		
Dividend income		3	–
Interest income		820	897
		823	897
5. Other income/(expense)			
Share scheme recharge distribution		13	(1)
6. Other net losses			
Impairment of related-party loans receivable	20.2.2	(154)	(614)
7. Capital items			
Expense items of a capital nature are:			
Impairment of investments in subsidiary companies		(544)	(464)
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.			
8. Finance costs			
Bank overdraft and short-term facilities		123	92
Revolving credit loan		160	279
Senior unsecured listed notes		421	450
Term loans		82	68
Credit facilities arranging fees		4	5
		790	894
9. Finance income			
Bank balances and short-term deposits		1	29

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	2026 Rm	2025 Rm
10. Taxation		
10.1 Taxation expense		
South African normal taxation		
Current year	4	4
	%	%
10.2 Reconciliation of rate of taxation		
South African normal tax rate	(27.0)	(27.0)
Dividend income	(0.1)	–
Share scheme recharge distribution	(0.5)	–
Impairment of related-party loans receivable	6.2	15.6
Impairment of investment in subsidiary companies	22.0	11.8
Effective rate of taxation	0.6	0.4
	2026 Rm	2025 Rm
10.3. Taxation losses		
Unrecognised taxation losses available for offset against future taxable capital gains ¹		
South African taxation losses	14	14
¹ Taxation losses available for offset against future capital gains at 80%.		
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.		
10.4. Unrecognised temporary differences		
Investments in subsidiary companies	2 680	2 245
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 therefrom.		
11. Investments in subsidiary companies		
Shares at cost	9 294	9 301
Accumulated impairment	(2 990)	(2 446)
	6 304	6 855

	Holding		Shares at cost		Accumulated impairment		Carrying amount	
	2026 %	2025 %	2026 Rm	2025 Rm	2026 Rm	2025 Rm	2026 Rm	2025 Rm
Feltex 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	(1 170)	(722)	869	1 317
Sleep Group Proprietary Limited	100	100	900	900	(205)	–	695	900
Unitrans Holdings Proprietary Limited	100	100	5 040	5 040	(1 615)	(1 724)	3 425	3 316
Unitrans Passenger Proprietary Limited	100	100	106	106	–	–	106	106
Share-based payments			89	96	–	–	89	96
			9 294	9 301	(2 990)	(2 446)	6 304	6 855

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

11. Investments in subsidiary companies (continued)

During the year, an impairment of R448 million (2025: R70 million) was recognised on Safripol Proprietary Limited ('Safripol') based on the results of the value in use calculations performed on the underlying operating assets. This was primarily attributable to a stronger rand relative to the US dollar. 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. Following the impairment, the carrying amount approximates the recoverable amount.

The company recognised an impairment loss on Sleep Group Proprietary Limited ('Sleep Group') of R205 million, as a result of a decline in performance and forecast cash flows. The fair value less estimated costs to sell attributable to the shareholding in Sleep Group was calculated with reference to the expected future cash flows of Sleep Group and a forward EV/EBITDA multiple of 5.5. 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. Following the impairment, the carrying amount approximates the recoverable amount.

The company also recognised a reversal of impairment on Unitrans Holdings Proprietary Limited ('Unitrans Holdings') of R109 million (2025: R394 million impairment), as a result of improved 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 4.9 (2025: 5.3). 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. Following the reversal of impairment, the carrying amount approximates the recoverable amount.

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.

			2026 Rm	2025 Rm
12.	Trade and other receivables			
	Prepayments		1	–
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	2 501 188 041	2 493 716 807	7 896
	Ordinary shares issued during the year ¹	6 483 876	7 471 234	–
	Ordinary shares in issue at end of the year	2 507 671 917	2 501 188 041	7 896

¹ Shares issued relate to the shares that vested for the KAP Performance Share Rights Scheme.

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.

	2026 Number of shares	2025 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	(175 020 827)	(183 943 562)
Shares available for allocation	191 253 706	182 330 971

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

	2026 Rights	2025 Rights
Reconciliation of rights granted		
Balance at beginning of the year	86 362 409	96 986 028
Forfeited or lapsed during the year	(41 115 441)	(57 234 314)
Exercised during the year	(11 788 926)	(13 584 123)
Granted during the year	37 497 756	60 194 818
Balance at end of the year	70 955 798	86 362 409

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

14. Share-based payments (continued)

14.1 KAP Performance Share Rights Scheme (continued)

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 takes into account the expected achievement of vesting criteria and assumes 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.

Annual award

The share rights granted 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.

The table below includes all the assumptions used to calculate the fair value of the annual share rights granted.

	December 2025 Grant	December 2024 Grant	December 2023 Grant	December 2022 Grant	December 2021 Grant
Fair value at measurement date	R1.65	R2.83	R2.27	R3.56	R3.46
Share price at grant date	R1.65	R3.30	R2.64	R4.30	R4.23
Exercise price	R0.00	R0.00	R0.00	R0.00	R0.00
Risk-free interest rate	6.41%	7.22%	7.65%	8.09%	5.98%
Expected dividend yield	0.00%	5.14%	5.03%	6.28%	6.65%
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

Once-off executive share option award

The share rights granted are subject to the following scheme rules:

- The once-off rights are granted to qualifying executive directors.
- Vesting of rights occurs on the fifth 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 fifth anniversary of the relevant annual grant, all rights attaching to the particular grant will lapse.

The table below includes all the assumptions used to calculate the fair value of the once-off share rights granted.

	December 2025 Grant
Fair value at measurement date	R1.65
Share price at grant date	R1.65
Exercise price	R0.00
Risk-free interest rate	6.65%
Expected dividend yield	0.00%
Expected forfeiture rate	0.00%
Life of share right	5 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. 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 2026

14. Share-based payments (continued)

14.1 KAP Performance Share Rights Scheme (continued)

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 2025 grant	December 2024 grant	December 2024 grant	December 2023 grant	December 2023 grant	December 2022 grant
	2026	2026	2025	2026	2025	2025
Annual award						
Share price at 30 June	R2.70	R2.70	R2.05	R2.70	R2.05	R2.05
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	7.24%	7.26%	6.92%	7.07%	6.94%	7.13%
Expected dividend yield	0.00%	0.00%	6.06%	0.00%	2.89%	0.00%
Expected forfeiture rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fair value of grant	R2.70	R2.70	R1.77	R2.70	R1.97	R2.05

	December 2025 grant 2026
Once-off executive share option award	
Share price at 30 June	R2.70
Exercise price	R0.00
Term	53 months
Risk-free interest rate	7.29%
Expected dividend yield	0.00%
Expected forfeiture rate	0.00%
Fair value of grant	R2.70

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.

	2026 Rm	2025 Rm
Reconciliation of share scheme asset		
Balance at beginning of the year	62	92
Increase in fair value	39	15
Share scheme settlement received	(20)	(45)
Balance at end of the year	81	62

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	2026 Rm	2025 Rm
15. Loans and borrowings		
15.1 Analysis of closing balance		
Unsecured financing covered by intergroup cross-guarantees		
Term loans	1 008	1 001
Senior unsecured listed notes	5 288	5 468
Revolving credit loan	496	2 014
Total loans and borrowings	6 792	8 483
Less: Loans and borrowings included in current liabilities	(1 886)	(1 998)
Non-current loans and borrowings	4 906	6 485

	Next year Rm	Year two Rm	Year three Rm	Year four Rm	Year five Rm	Total Rm
15.2 Analysis of repayment						
2026						
Revolving credit loan ^{1&2}	–	–	500	–	–	500
Senior unsecured listed notes ^{1&3}	1 881	1 785	1 000	625	–	5 291
Term loans	8	1 000	–	–	–	1 008
Transaction costs capitalised	(3)	(3)	(1)	–	–	(7)
	1 886	2 782	1 499	625	–	6 792
2025						
Revolving credit loan ^{1&4}	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

¹ Excludes transaction costs capitalised, which is disclosed as a separate line.

² The revolving credit loan's Facility A and B have maturity dates of 7 December 2028. Facility A's maturity date was extended to align with Facility B's maturity date during the year.

³ Includes an early redemption during the year of R250 million.

⁴ R1 billion was drawn down under Facility A which had a maturity date of 7 December 2026 and R1 billion was drawn down under Facility B which has a maturity date of 7 December 2028.

All loans and borrowings are carried at amortised cost. The fair values of loans and borrowings are disclosed in note 20.1

	Current year interest rate	2026 Rm	2025 Rm
15.3 Loans and borrowings details			
Unsecured financing covered by intergroup cross-guarantees			
Variable interest rates			
Term loans ⁵	7.95% to 8.20%	–	1 000
Term loans ⁶	8.19% to 8.27%	1 000	–
Senior unsecured listed notes ⁷	8.05% to 8.90%	5 240	5 430
Revolving credit loan ⁸	8.20% to 8.64%	500	2 000
Finance cost accrued			
Term loans		8	1
Senior unsecured listed notes		51	42
Revolving credit loan		–	19
Transaction costs capitalised		(7)	(9)
Total loans and borrowings		6 792	8 483

⁵ The term loan bears interest linked to three-month JIBAR and was extended to, and repaid in May 2026.

⁶ The term loan bears interest linked to ZARONIA and is repayable in March 2028.

⁷ The senior unsecured listed notes bear interest linked to three-month JIBAR and the maturity dates are publicly available.

⁸ The revolving credit loan's Facility A and B bear interest linked to three-month JIBAR and have maturity dates of 7 December 2028. Facility A's maturity date was extended to align with Facility B's maturity date during the year. (2025: R1 billion was drawn down under Facility A which had a maturity date of 7 December 2026 and R1 billion was drawn down under Facility B which has a maturity date of 7 December 2028.)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

15. Loans and borrowings (continued)

15.3 Loans and borrowings details (continued)

Global Credit Rating Co. Proprietary Limited reviewed the company's credit rating in November 2025 and confirmed its long-term national scale issuer rating of the company as A+(za) and its short-term national scale issuer rating as A1(za), but revised the outlook from stable to negative 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:

- Feltex 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 note programme:

- Feltex 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 ('SARB') has confirmed the cessation of the Johannesburg Interbank Average Rate ('JIBAR') on 31 December 2026, and the market-wide transition to the South African Overnight Index Average ('ZARONIA'). The company has exposure to financial instruments that reference JIBAR and is therefore subject to the interest rate benchmark reform. The company is currently engaging with counterparties on the transition of the affected financial instruments. No significant impact to the company's financial position or cash flows is expected as a result of the reform.

	2026 Rm	2025 Rm
15.4 Reconciliation of movements in loans borrowings		
Balance at beginning of year	8 483	8 010
Changes from financing cash flows		
Loans and borrowings received ⁹	2 000	3 550
Loans and borrowings repaid ⁹	(3 690)	(3 070)
	(1 690)	480
Other changes		
Finance costs expense	790	894
Finance costs paid	(791)	(901)
	(1)	(7)
Total loans and borrowings	6 792	8 483
⁹ 2025: R1 billion 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 borrowings received and repaid.		
15.5 Available borrowing facilities		
Committed		
Revolving credit loan	2 500	1 000
Uncommitted		
Call loan and overdraft facilities	2 023	2 329
	4 523	3 329

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

16. Trade and other payables

Other payables and amounts due (financial liabilities)	13	6
--	----	---

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

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. The directors, however, 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 and services in the ordinary course of business in an aggregate amount of c. R2 075 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 2026.

Cross-guarantee has been provided in favour of Absa Bank Limited, for general banking facilities, to the value of R1 346 million as at 30 June 2026.

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 2026.

Cross-guarantee has been provided in favour of Standard Bank of South Africa Limited, for general banking facilities, to the value of R1 616 million as at 30 June 2026.

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 2026.

Cross-suretyship has been provided in favour of FirstRand Bank Limited, for general banking facilities, to the value of R2 348 million as at 30 June 2026.

Cross-suretyship and cession of credit balances have been provided in favour of FirstRand Bank Limited for cash management facility as at 30 June 2026.

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 Rnil (2025: R883 million); and
- Optix International Proprietary Limited for R463 million (2025: R295 million).

Letters of support have been issued in favour of:

- Feltex Proprietary Limited for R952 million (2025: R1 077 million);
- KAP Corporate Services Proprietary Limited for R1 million (2025: R323 million);
- Optix International Proprietary Limited for R563 million (2025: R402 million);
- PG Bison Proprietary Limited for R1 102 million (2025: R1 813 million);
- Safripol Proprietary Limited for R1 198 million (2025: R1 557 million);
- Sleep Group Proprietary Limited for R507 million (2025: R485 million);
- Unitrans Holdings Proprietary Limited for R1 041 million (2025: R19 million); and
- Unitrans Passenger Proprietary Limited for R262 million (2025: R239 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

	2026 Rm	2025 Rm
18. Cash flow information		
18.1 Cash generated from operations		
Operating profit/(loss)	121	(197)
Adjusted for:		
Impairment of related-party loans receivable	154	614
Impairment of investments in subsidiary companies	544	464
Share scheme recharge distribution	(13)	1
Movement in related-party loans receivable accrued interest	(10)	–
Cash generated before working capital changes	796	882
Working capital changes		
Increase/(decrease) in trade and other payables	7	(5)
Settlement of share scheme asset	20	45
Changes in working capital	27	40
Cash generated from operations	823	922
18.2 Cash and cash equivalents		
Short-term bank deposits	–	897
Bank overdraft	(1 994)	(1 434)
Net cash and cash equivalents	(1 994)	(537)

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 amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

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

	Interest bearing Rm	Non- interest bearing Rm	Total Rm	Interest bearing Rm	Non- interest bearing Rm	Total Rm
Related-party loans receivable						
Feltex Proprietary Limited	1 205	–	1 205	1 215	–	1 215
KAP Corporate Services Proprietary Limited	–	–	–	–	1 211	1 211
Optix International Proprietary Limited	716	325	1 041	470	325	795
PG Bison Proprietary Limited	2 967	–	2 967	3 404	–	3 404
Safripol Proprietary Limited	3 000	–	3 000	3 000	–	3 000
Sleep Group Proprietary Limited	534	50	584	534	100	634
Sakhumzi Empowerment Proprietary Limited	–	–	–	–	1	1
Unitrans Holdings Proprietary Limited	700	343	1 043	–	20	20
Unitrans Passenger Proprietary Limited	430	–	430	450	–	450
Unitrans Supply Chain Solutions Proprietary Limited	–	–	–	600	–	600
	9 552	718	10 270	9 673	1 657	11 330
Less: Loss allowance	(139)	(325)	(464)	–	(1 179)	(1 179)
KAP Corporate Services Proprietary Limited	–	–	–	–	(883)	(883)
Optix International Proprietary Limited	(139)	(325)	(464)	–	(295)	(295)
Sakhumzi Empowerment Proprietary Limited	–	–	–	–	(1)	(1)
Total related-party loans receivable	9 413	393	9 806	9 673	478	10 151
Less: Related-party loans included in current assets	–	–	–	(99)	–	(99)
Non-current related-party loans receivable	9 413	393	9 806	9 574	478	10 052

Related-party loans receivable have no fixed repayment terms. The interest bearing loans bear interest at prime less 2% (2025: prime less 2%). Refer to note 20.2.1 for more details on the interest rate risk and profile.

During the year, the company received a repayment of R342 million from KAP Corporate Services Proprietary Limited on its total loan of R1 211 million. KAP Limited, acting in its capacity as a shareholder, has forgiven the remaining loan receivable of R869 million. In the prior year, an expected credit loss allowance of R883 million was recognised against the loan, of which R869 million was utilised on derecognition and the remaining R14 million reversed through profit and loss. Refer note 20.2.2.

The company recognised an impairment loss of R169 million for Optix International Proprietary Limited (2025: R295 million). 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

19. Related-party balances and transactions (continued)

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

	2026 Rm	2025 Rm
Interest income		
Feltex Proprietary Limited	102	113
Optix International Proprietary Limited	47	42
PG Bison Proprietary Limited	278	328
Safripol Proprietary Limited	251	277
Sleep Group Proprietary Limited	45	50
Unitrans Africa Proprietary Limited	–	1
Unitrans Passenger Proprietary Limited	38	42
Unitrans Holdings Proprietary Limited	47	–
Unitrans Supply Chain Solutions Proprietary Limited	12	44
	820	897
Dividend income		
PG Bison Proprietary Limited	3	–

Directors of the company are considered to be key management personnel. For details in respect of directors' remuneration, refer to note 40 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		Total fair values	
	2026 Rm	2025 Rm	2026 Rm	2025 Rm
Financial assets				
Related-party loans receivable	9 806	10 151	9 806	10 151
Cash and cash equivalents	–	897	–	897
	9 806	11 048	9 806	11 048
Financial liabilities				
Loans and borrowings	(6 792)	(8 483)	(6 827)	(8 540)
Trade and other payables	(13)	(6)	(13)	(6)
Bank overdrafts	(1 994)	(1 434)	(1 994)	(1 434)
	(8 799)	(9 923)	(8 834)	(9 980)
Net financial instruments	1 007	1 125	972	1 068
Net finance income				
Finance income	821	926		
Finance expense	(790)	(894)		
	31	32		

Fair values

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

Loans receivable

The fair value 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 2026.

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 2026.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

20. Financial instruments and risk management (continued)

20.1 Financial instruments (continued)

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 is disclosed above.

There were no Level 1 or Level 3 financial assets or financial liabilities as at 30 June 2026 or 30 June 2025.

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.

20.2.1 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 ZARONIA, 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 borrowings are disclosed in note 15.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

20. Financial instruments and risk management (continued)

20.2 Financial risk management (continued)

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

	Variable ZARONIA, JIBAR and SA prime Rm	Non-interest- bearing Rm	Total Rm
20.2.1 Market risk (continued)			
2026			
Related-party loans receivable	9 413	393	9 806
Loans and borrowings	(6 792)	–	(6 792)
Trade and other payables	–	(13)	(13)
Bank overdrafts	(1 994)	–	(1 994)
	627	380	1 007
2025			
Related-party loans receivable	9 673	478	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)
	653	472	1 125

Sensitivity analysis

The company is sensitive to movements in the ZARONIA, 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.

	2026 Rm	2025 Rm
Impact on profit or (loss) before taxation		
ZARONIA, JIBAR and SA prime – 100 basis point increase	6	7

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

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 2026, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

20. Financial instruments and risk management (continued)

20.2 Financial risk management (continued)

20.2.2 Credit risk (continued)

Exposure to credit risk

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

	2026 Rm	2025 Rm
Maximum exposure to credit risk		
Related-party loans receivable	9 806	10 151
Cash and cash equivalents	–	897
	9 806	11 048
Maximum exposure to credit risk by geographical region		
South Africa	9 806	11 048
Carrying amount of financial assets		
Gross carrying amount:		
12-month ECL (Not credit impaired)	10 270	12 227
Less: Loss allowance		
12-month ECL (Not credit impaired)	(464)	(1 179)
	9 806	11 048

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

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:

Segment	Average loss rate %	Gross carrying amount Rm	Loss allowance Rm	Net carrying amount Rm
2026				
Large and corporate enterprises ¹	4.5	10 270	(464)	9 806
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

¹ Mainly related-party loans receivable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2026

20. Financial instruments and risk management (continued)

20.2 Financial risk management (continued)

20.2.2 Credit risk (continued)

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 2024	(565)
Additional provision raised through profit or loss	(614)
Balance at 30 June 2025	(1 179)
Net impairment recognised in profit or loss	(154)
Additional provision raised	(168)
Amounts unused reversed ²	14
Amounts utilised during the year ²	869
Balance at 30 June 2026	(464)

² Refer to note 19 for the detail.

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 2026					
Loans and borrowings	892	1 443	3 131	2 328	7 794
Trade and other payables	13	–	–	–	13
Bank overdrafts	1 994	–	–	–	1 994
	2 899	1 443	3 131	2 328	9 801
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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2026

20. Financial instruments and risk management (continued)

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 loans and borrowings disclosed in note 15, 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.

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 2026, 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.

KAP raised R1 billion through a listed note issuance in April 2026. In addition, the R2 billion tranche of KAP's revolving credit loan, originally scheduled to mature on 7 December 2026, was amended and extended by two years to 7 December 2028. The extension was implemented to enhance liquidity management and mitigate refinancing risk.

The financial statements were accordingly prepared on the going concern basis since the directors have every reason to 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 2026

	2026			
	Number of shareholders	% of shareholders	Number of shares	% of shares
Shareholder spread				
1 – 1 000 shares	5 821	63.77	717 306	0.03
1 001 – 10 000 shares	1 499	16.42	6 517 453	0.26
10 001 – 100 000 shares	1 103	12.09	39 734 889	1.58
100 001 – 1 000 000 shares	469	5.14	161 958 991	6.46
1 000 001 – 10 000 000 shares	194	2.13	604 889 871	24.12
10 000 001 shares and over	41	0.45	1 693 853 407	67.55
	9 127	100.00	2 507 671 917	100.00
Resident/non-resident split				
Resident	8 962	98.19	2 282 795 863	91.03
Non-resident	165	1.81	224 876 054	8.97
	9 127	100.00	2 507 671 917	100.00
Public/non-public shareholding				
Public	9 115	99.87	2 497 974 234	99.61
Non-public	12	0.13	9 697 683	0.39
Directors and their associates	5	0.06	6 075 788	0.25
Extended family of directors	3	0.03	261 000	0.01
Directors of major subsidiaries and their associates	4	0.04	3 360 895	0.13
	9 127	100.00	2 507 671 917	100.00
Beneficial shareholdings greater than 5%				
Government Employees Pension Fund			530 325 949	21.15
Allan Gray			388 989 305	15.51
Sanlam			129 349 217	5.16
Alexforbes			128 012 195	5.10

CORPORATE INFORMATION

KAP LIMITED

Business address

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

Telephone

+27 21 808 0900

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

Company Alpha code:

KAP

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

