

INTEGRATED REPORT
2025

kap
BEING THE CHANGE

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INTRODUCTION

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ABOUT THIS REPORT

Scope and boundary

Our 2025 integrated report ('IR') provides an overview of the group's ability to create and preserve value for our stakeholders by delivering on our strategy and purpose.

This report provides a holistic overview of our governance practices, strategy, financial and non-financial performance for the 2025 financial year, as well as our prospects. We include extracts from our consolidated annual financial statements ('AFS') in our discussion of financial performance.

We refer to time frames throughout this report. We consider a time frame of less than three years as short term, between three and five years as medium term, and more than five years as long term.

While our primary audience is providers of financial capital, this report also serves other key stakeholders by offering relevant, concise information for them to assess our ability to create long-term value.

We report on the financial year from 1 July 2024 to 30 June 2025 ('FY25'), which is compared throughout the IR to the previous financial year from 1 July 2023 to 30 June 2024 ('FY24').

Integrated reporting boundary

The scope and boundary of our IR covers outcomes arising from the following:

Our strategy
Value-creating business model
Operating environment
Stakeholder engagement
Risks and opportunities

Our key stakeholders include:

- Investors, shareholders and debt providers
- Employees and trade unions
- Suppliers and service providers
- Customers and consumers
- Communities and society
- Government, regulators and industry associations

Our key business inputs include:

- FC Financial capital
- TA Tangible assets
- IA Intangible assets
- IM Input materials
- EM Employees
- SR Other key stakeholder relationships

Financial reporting boundary

This aligns with our financial statements reporting boundary (including joint ventures and associates):

PG BISON, SAFRIPOL, UNITRANS, FELTEX, Sleep Group, optix

Our reporting scope and boundary are unchanged from our 2024 IR.

Principles and frameworks

Frameworks considered, aligned to or applied

Integrated report and Notice of annual general meeting ('AGM')

- The International Reporting <IR> Framework
- JSE Limited ('JSE') Listings Requirements
- JSE Sustainability and Climate Disclosure Guidance
- Companies Act, No. 71 of 2008 of South Africa as amended ('the Companies Act')
- Companies Regulations, 2011
- King IV Report on Corporate Governance™ for South Africa, 2016 ('King IV™')[1]
- Other good practice codes and standards as espoused by institutions such as the Corporate Secretaries International Association, the Chartered Governance Institute of Southern Africa and the Institute of Directors South Africa ('IoDSA')
- Memorandum of incorporation ('MOI')

Consolidated and company annual financial statements

- Companies Act
- IFRS® Accounting Standards and interpretations of those standards as issued by the International Accounting Standards Board ('IASB') ('IFRS Accounting Standards')
- SAICA Financial Reporting Guides as issued by the Accounting Practices Committee
- Financial pronouncements as issued by the Financial Reporting Standards Council
- JSE Listings Requirements
- King IV™

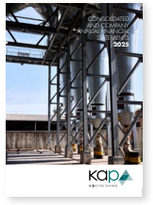
[1] Copyright and trade marks are owned by the Institute of Directors in South Africa ('IoDSA') NPC.

Reporting suite

Integrated report



Consolidated and company AFS



Notice of AGM



The reports are available on our website at www.kap.co.za.

ABOUT THIS REPORT (CONTINUED)

Materiality

We apply the principle of materiality in our reporting by focusing on matters that could affect the group's ability to create value for shareholders and other key stakeholders over the short, medium or long term. We also include matters which we believe are of importance to our key stakeholders. We identify material matters through a quantitative and qualitative materiality assessment. Material matters are considered and approved by the board.

Our material matters are grouped under five themes:

- M1 Adhering to responsible business practices
- M2 Generating economic value
- M3 Creating an engaged workforce
- M4 Delivering social value
- M5 Driving resource efficiency

We consider both financial and impact materiality. Financial materiality includes matters that could influence financial performance. Impact materiality reflects our broader effect on society and the environment, and is discussed in detail in the sustainability section.

Assurance

This report has been prepared by senior and executive management, under the supervision of the board, which retains ultimate responsibility. The information included in this report was compiled from KAP and divisional board reports and meetings, business plans and other internal and external documentation and information necessary to meet the requirements of the <IR> Framework.

This report has been subject to various internal and external assurance processes. Our auditor, KPMG Inc. ('KPMG'), has provided external assurance on our FY25 AFS and expressed an unqualified audit opinion. The auditor has also reviewed the accuracy of the financial information extracted from the FY25 AFS that appears in the integrated report. Our non-financial data has limited external assurance, with our Scope 1 and Scope 2 emissions assured by Catalyst Solutions and our broad-based black economic empowerment ('B-BBEE') data by AQRate.

Forward-looking statements

This report contains certain forward-looking statements about the group's financial condition, results, performance, operations and strategy.

Forward-looking statements involve inherent risk and uncertainty as they relate to future events and circumstances and are based on assumptions related to such future events and circumstances. As a result, the group's actual future financial condition, results and performance may differ materially from these forward-looking statements. Any forward-looking statement contained herein has not been reviewed or reported on by the external auditors. Furthermore, the group undertakes no obligation to update any forward-looking statements.

Board responsibility statement

The board takes full responsibility for the integrity of this integrated report. The board is of the view that this report addresses all material matters relevant to the group, and reflects the group's performance and strategy.

The board approved the FY25 AFS on 27 August 2025, on recommendation of the audit and risk committee, and the KAP integrated report on 28 October 2025, on recommendation of a special ad hoc committee of the board.

Signed on behalf of the board



Johan Holtzhauzen
Chairperson



Gary Chaplin
Chief executive officer



Frans Olivier
Chief financial officer

Feedback

We welcome any feedback on our integrated reporting suite. Please send any commentary to investors@kap.co.za.

MESSAGE FROM OUR CHAIRPERSON



Johan Holtzhausen

Independent non-executive chairperson

'At KAP, our purpose drives every decision we make. Our products and services touch the lives of millions, supplying essential and discretionary goods across Africa and beyond. Guided by this purpose, we are building KAP into a leading industrial group, focused on sustainable, value-accretive growth. We remain committed to creating lasting benefits for our stakeholders and the communities we serve.'

Introduction

It is an honour to deliver my first message as KAP's chairperson, particularly at such a pivotal juncture in the group's journey. Recent years have presented what can fairly be described as a perfect storm – marked by significant external pressures, material internal developments and, in hindsight, a few 'own goals'. As a result, our performance has not met expectations, despite the considerable effort and dedication of the KAP team.

The group has reflected on these challenges, engaged with a wide range of stakeholders and, where necessary, taken appropriate action to ensure that KAP is positioned for sustainable growth. I remain confident in the strength of the group's foundation and in its capacity to deliver long-term value to KAP stakeholders. However, this is not a one-day game!

Operating environment

The persistent weakness in the South African macroeconomic environment continued to weigh on consumer spending, while political and policy uncertainty, both domestically and globally, further eroded business confidence and investment. These dynamics, coupled with intensifying competition, had a profound impact on performance across various sectors, including those in which our divisions operate.

Despite these challenging conditions, we remained committed to investing for market leadership and long-term growth, in line with our strategic objectives. Last year, we completed approximately R2.6 billion in multiyear major projects, which were fully ramped up this year – a significant milestone for the group. PG Bison's new medium-density fibreboard ('MDF') line stands out as the largest of these initiatives. These recent and prior investments have equipped our manufacturing divisions with world-class assets with long useful lives, which positions them favourably compared to our competitors.

Financial performance

Our financial performance for the year largely reflects the ramp-up of major projects, compounded by subdued market conditions. These projects also resulted in higher debt levels, which placed pressure on our profitability metrics. Encouragingly, the group delivered a 2% increase in revenue and continued to demonstrate strong cash generation capabilities.

The financial performance is discussed in detail in the CFO's review on page 45.

Unlocking value for shareholders

Over the past three years, the period during which our latest major investment cycle was completed, KAP's financial performance fell short of expectations. While the subdued macroeconomic environment contributed to these results, there were three primary contributing factors:

- a downturn in the global polymers cycle, with FY22 representing a temporary upcycle in a prolonged downcycle;
- the impact of our major projects which, while strategically important, contributed to higher debt levels and temporarily affected financial performance; and
- continued underperformance in Unitrans, which required focused restructuring.

MESSAGE FROM OUR CHAIRPERSON (CONTINUED)

While external factors such as the global polymers cycle and macroeconomic conditions remain beyond our control, there are several areas within our influence where we are actively driving improvement. We are concentrating on three strategic objectives that we believe will enhance group performance over time and unlock value for shareholders:

- **Realising value from our major projects**: These initiatives, though temporarily impacting results and increasing debt, are being closely managed to ensure they deliver on the value envisaged in their feasibility studies.
- **Addressing underperformance**: We are working closely with management to turn around underperforming businesses. Notably, Unitrans has undergone significant restructuring over the past three years, establishing a strong foundation for improved performance. Capital allocation is also being monitored closely.
- **Reducing net debt**: Following the completion of our major projects, the board is prioritising debt reduction to strengthen the balance sheet, ahead of material acquisitions or expansions, dividends, and share buy-backs.

During the year, executive incentives were realigned with our strategic priorities to support effective execution and ensure management remains focused on creating long-term value. For information on such incentive realignment, see the Remuneration review on page 107.

Commitment to the highest levels of corporate governance

KAP's unwavering commitment to uphold the highest levels of corporate governance is demonstrated through its alignment with King IV™, where appropriate, which emphasises ethical leadership, transparency, accountability and effective governance. These foundational values are integral to the group's purpose and are applied consistently across our operations, ensuring robust oversight and fostering long-term sustainable development.

In FY25, the board conducted a self-assessment focusing on board performance and reporting, strategic development and execution, leadership and ethics, and board composition. We are comfortable that the board operates effectively, has sufficient diversity and exercises appropriate oversight.

Details of the group's approach to corporate governance are provided in the Corporate governance review on page 88.

Sustainability and socioeconomic impact

Sustainability is not treated as a standalone initiative within the group; it is embedded in the commercial decision-making of our divisions. This approach is essential to ensure that our businesses continue to deliver low-cost, fit-for-purpose products and services, in line with our purpose of creating lasting economic and social value.

We have identified six priority sustainability areas that we believe will generate the greatest impact for both the group and society. These are: energy management and greenhouse gas emissions, water management, waste management, attracting and retaining talent, health and safety, and community development.

Our commitment is twofold: to explore continuously new and innovative ways to advance progress in these areas, and to communicate openly and transparently with our stakeholders about both our achievements and the challenges we encounter along the way.

The broader societal impact of KAP's sustainability efforts is reflected in our ongoing investment in local manufacturing, which creates further benefits through a multiplier effect. In the past year, KAP's societal impact included:

- R282 million paid in corporate taxes to government;
- R5 461 million in employee remuneration and benefits, alongside R118 million invested in employee training and development;
- R66 million directed to enterprise and supplier development, with 75% of our local procurement spend channelled to suppliers with Level 4 B-BBEE ratings or better; and
- R32 million invested in socioeconomic development projects, with a focus on community development, education and nutrition.

Through these initiatives, we remain committed to building a more sustainable and inclusive future for our stakeholders and the communities in which we operate.

Our people and culture

At KAP, our people are our greatest strength. We seek out those with passion, energy, and the courage to do things better every day. This is a place where talent is empowered, ideas are valued, and ownership drives success. As our operations are people-intensive, we pay particular attention to attracting and retaining top talent, investing in skills development, and creating an environment where everyone can thrive. We believe that by equipping our people with the right tools, opportunities and support, we unlock their full potential – and, in turn, unlock sustainable growth for the group.

Leadership changes

My predecessor, Patrick Quarmby, retired as independent non-executive chairperson of the board on 29 November 2024. Patrick made an invaluable contribution during his tenure and we wish him well.

A special note of gratitude is extended to Gary Chaplin, who will step down as chief executive officer ('CEO') and executive director with effect from 31 October 2025. Over his 28-year tenure with the group – 10 of which he served as CEO – Gary has provided exceptional leadership, unwavering dedication and strategic vision. He successfully steered the group through several challenging events, including the collapse of the global polymer cycle, the Covid-19 pandemic and a major investment cycle. Together with the management team, he has laid a strong foundation for future growth and long-term value creation.

As we bid Gary farewell, we take this opportunity to welcome warmly Frans Olivier, our current chief financial officer ('CFO'), who will assume the role of CEO with effect from 1 November 2025. With his deep understanding of the group and proven leadership, I am confident that Frans is well placed to continue executing the group's strategy and driving its next phase of growth.

MESSAGE FROM OUR CHAIRPERSON (CONTINUED)

Appreciation

I wish to express my sincere appreciation to our board of directors for their wise counsel, and to our CEO, CFO, executive management and employees for their dedication and execution. I would also like to thank our partners, clients, customers and shareholders for their continued trust and unwavering support.

Focused on the future

In closing, I am reminded of the words of former US President John F Kennedy*: 'Change is the law of life. And those who look only to the past or present are certain to miss the future.'* These words resonate strongly with KAP's current journey. With trusted brands, world-class assets and the unwavering commitment of our people, we are entering a new chapter of opportunity. I am confident that our turnaround initiatives and growth projects will not only drive sustainable value, but also restore and strengthen stakeholder confidence in our future.



Johan Holtzhauzen
Independent non-executive chairperson

FY25 SALIENT FEATURES

We have made meaningful progress during the year to support KAP's long-term sustainability and performance. Our major projects were successfully ramped up, we concluded the first phase of a deep restructuring of Unitrans, started our de-gearing cycle, and gained good momentum with several other initiatives, including revenue growth, procurement and digitisation. These areas of progress are not yet reflected in our FY25 results, primarily because of the near-term financial impact of the ramp-up of our major projects.

Financial

Revenue
R29.6 billion
▲ 2%

EBITDA
R3.4 billion
▼ 7%

Operating profit
R1.9 billion
▼ 14%

HEPS
24.1 cents
▼ 47%

EPS
0.4 cents
▼ 99%

Free cash flow[1]
R482 million
(prior year outflow)

Net interest-bearing debt
R8.1 billion
▼ 3%

Major projects
successfully ramped up during the year

Environmental

Scope 1 and 2 GHG emissions
800 735 tCO_2e
▲ 4%

Renewable electricity mix[2]
7%
▲ 100 bps

Water consumption
1 340 ML
▲ 14%

Water reused
224 ML
▲ 9%

Waste generated
34 900 tonnes
▼ 4%

Waste recycling rate
56%
▼ 800 bps

Waste/recycled material used in products[3]
21 364 tonnes
▼ 16%

Waste disposed
15 289 tonnes
▲ 16%

Social

Black employees in management[4]
65% of total
▲ 400 bps

Female employees in management[4]
30% of total
unchanged

Number of employees
16 994
▼ 3%

Employee remuneration and benefits
R5.5 billion
▲ 3%

Training and development
R118 million
▼ 3%

Voluntary turnover rate
3%
▼ 300 bps

SED
R32 million
unchanged

ESD
R66 million
▼ 12%

DIFR
1.1
unchanged

On-site fatalities
3
▲ 50%

[1] Before dividends paid
[2] Percentage of total electricity consumption
[3] Including post-consumer recycled ('PCR') material, excluding biomass
[4] Reference to permanent South African employees, junior managers and above



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OVERVIEW OF KAP

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KAP AT A GLANCE

Our vision

Our vision is to be recognised as the most inspiring listed company in Africa.

Our purpose

Our purpose is to inspire people by building exceptional businesses that create lasting economic and social value.

Our values

- lead responsibly
- value the environment
- respect our people
- respect society
- embrace diversity
- innovate relentlessly

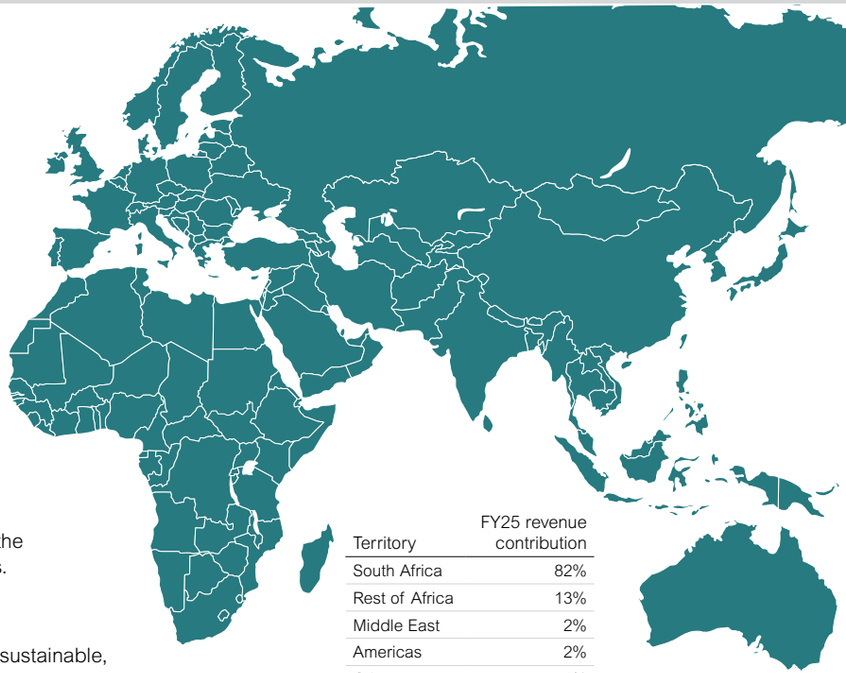


Who we are

KAP is a leading industrial group, owning a diversified portfolio of businesses ('our divisions') that operate in the following sectors: wood-based decorative panels, polymers, end-to-end supply chain and operational services, automotive components, sleep products and road safety.

Our divisions operate in the business-to-business space, with customers ranging from medium-sized regional operators to large multinational organisations. Their products and services contribute to the manufacture or distribution of discretionary and non-discretionary products, which are used by consumers and integrated into their daily lives.

Our divisions are based largely in South Africa, and most of our group revenue is generated there, with the remainder generated in the other markets we serve, either through an in-country presence or via exports.



Territory	FY25 revenue contribution
South Africa	82%
Rest of Africa	13%
Middle East	2%
Americas	2%
Other	1%

What we do and our approach

We invest in and build market-leading businesses, with the objective of executing our strategy to deliver sustainable, value-accretive growth for our key stakeholders. We take an active leadership approach to guide and support our divisions to optimise their value through a combination of specialised and/or centralised functions, performance management and knowledge-sharing across the group.

Portfolio composition	We offer investors a vehicle to invest in a portfolio of quality, unlisted businesses, with well-known and respected brands.
Market leadership	Most of our divisions are leaders in their respective sectors, with high barriers to entry and competitive cost structures enabling them to compete on both a local and global scale.
Local manufacturer advantage	Our manufacturing businesses work with customers to deliver products that meet their needs, contribute to government localisation targets, and promote sustainability efforts, positioning them ahead of importers.
Asset lifecycle	Our manufacturing businesses own assets with long useful lives and are equipped with the latest technology, enhancing their competitiveness and entrenching their market position.
Diversification	The diversified nature of revenue and cash flow generation in our portfolio supports risk mitigation and sustainable earnings growth over time.

Sustainability

Sustainability principles are aligned with our purpose and values and, subject to our capital allocation priorities, with the commercial strategies of our divisions. We prioritise six sustainability areas, which correspond with the below United Nations Sustainable Development Goals ('SDGs'). These represent areas that we consider important to both the group and our key stakeholders. These are: energy management and greenhouse gas ('GHG') emissions, water management, waste management, attracting and retaining talent, health and safety and community development.

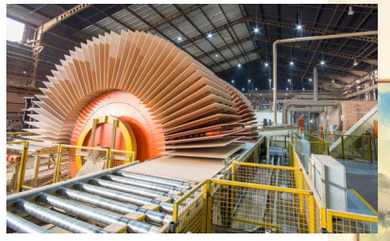


OUR DIVISIONS AND THEIR CONTRIBUTION

PG BISON produces wood-based decorative panels, which are used for interior applications, with the objective of inspiring and enabling beautiful living spaces.









PG BISON

Contribution to group metrics

Revenue
21%
(FY24: 19%)

Operating profit
36%
(FY24: 43%)

Net operating assets
39%
(FY24: 36%)

Business inputs

- Raw materials, sourced locally and imported, comprising mainly timber, urea, methanol and decorative paper
- Energy (renewable and non-renewable)
- Three panel manufacturing complexes in South Africa, with four plants
- Plantations in northeastern and southern Cape
- Employees and other key stakeholders

Business outputs

- Particleboard, raw and upgraded, used in the downstream manufacture of furniture, storage applications and kitchens
- MDF, raw and upgraded, used in the downstream manufacture of higher-application furniture, kitchens, wall panels, display cabinets, doors and storage applications

Key customers

- Resellers (main sales channel)
- Kitchen and furniture manufacturers
- Trade retail chains
- Upgraders and shopfitters

Drivers of customer demand

- Consumer lifestyle aspirations
- Residential and commercial construction and renovation activity
- Consumer disposable income

Areas of differentiation

- Largest decorative wood-based panel business in Africa
- New-generation assets, utilising the latest technology, with long remaining useful lives
- Competitive cost positioning relative to local competitors and global peers
- Integrated value chain, supporting sustainability and cost competitiveness
- Innovative, high-quality value-added products that reflect global consumer and design trends
- Unique approach to customer enablement and consumer demand creation, supporting growth
- B-BBEE Level 3 rating

Note: Upgraded particleboard and MDF are also referred to as value-added products.

OUR DIVISIONS AND THEIR CONTRIBUTION (CONTINUED)

SAFRIPOL produces polymers that are used in a broad range of applications in sectors such as packaging, infrastructure, agriculture and homeware.









SAFRIPOL
shaping your world, responsibly

Contribution to group metrics

Revenue
32%
(FY24: 31%)

Operating profit
26%
(FY24: 16%)

Net operating assets
21%
(FY24: 23%)

Business inputs

- Raw materials, sourced locally and imported, comprising mainly purified terephthalic acid, mono-ethylene glycol, ethylene and propylene
- Energy (renewable and non-renewable)
- Two manufacturing complexes with three plants
- Employees and other key stakeholders

Business outputs

- PET: Polyethylene terephthalate (virgin and recycled) used for water and carbonated soft drink bottles and food containers
- HDPE: High-density polyethylene has a broad range of applications in packaging, pipes and containers
- PP: Polypropylene has a broad range of applications in packaging and consumer goods, including textiles and homeware

Key customers

- Injection and blow moulding converters
- Bottlers and brand owners
- Distributors

Drivers of customer demand

- Growth in infrastructure and industrial sectors
- General consumption (consumer goods)

Areas of differentiation

- Only producer of polyethylene terephthalate ('PET') and high-density polyethylene ('HDPE') in South Africa
- One of two producers of polypropylene ('PP') in South Africa
- Domestic manufacturing facilities mitigate risk from global supply chain disruptions
- Globally competitive cost positioning
- Competitive raw material supply contracts provide similar benefits to being an integrated manufacturer
- Technical support to customers ensures efficiencies during customers' conversion processes
- B-BBEE Level 3 rating

OUR DIVISIONS AND THEIR CONTRIBUTION (CONTINUED)

UNITRANS is an end-to-end supply chain and operational services business providing customised solutions to clients in a diverse range of sectors.









UNITRANS

Contribution to group metrics

Revenue
31%
(FY24: 33%)

Operating profit
23%
(FY24: 23%)

Net operating assets
26%
(FY24: 26%)

Business inputs

- 3 815 vehicles, which includes specialised equipment sourced from key original equipment manufacturers ('OEMs')
- Fuel and tyres
- People and other stakeholders
- Operating systems

Business outputs

Services and solutions provided to the following sectors:

- Agriculture
- Food
- Mining
- Petrochemical
- Passenger transport

Key customers

- Agricultural estates
- Food and beverage-producing companies
- Industrial companies
- Mining companies
- Commuters
- Local governments
- Oil, gas and chemicals companies

Drivers of customer demand

- General consumption (consumer goods and food)
- Commodity prices
- Economic activity

Areas of differentiation

- Established track record of superior safety standards, drivers and specialised assets
- Sector-specific technical and operational expertise and skill sets
- Scale and capacity enable quick and effective execution of large contracts
- B-BBEE Level 2 rating in South Africa (excluding passenger transport, which is at Level 4)

OUR DIVISIONS AND THEIR CONTRIBUTION (CONTINUED)

FELTEX manufactures automotive components designed and applied to enhance the comfort and style of new vehicles.









FELTEX

Contribution to group metrics

Revenue
8%
(FY24: 9%)

Operating profit
9%
(FY24: 12%)

Net operating assets
7%
(FY24: 7%)

Business inputs	Business outputs
• Raw materials, sourced locally and imported, comprising mainly toluene diisocyanate ('TDI'), methylene diphenyl diisocyanate, polyol, stainless steel, PP, nylon, cotton, PET and recycled PET • Energy (non-renewable) • 19 manufacturing plants across South Africa • Employees and other key stakeholders	• Trim, e.g. carpets, underlay, textile wheel arch liners, inner dash and engine room insulators • Foam, e.g. seats, armrests and headrests • Loose-lay mats and tufted carpets • Nudge bars, sports bars, side steps and truck bars, tonneau and roller covers • Heat shields and underbody parts • Recycled fabrics
Key customers	**Drivers of customer demand**
• OEMs and Tier 1 suppliers • Vehicle retailers • Fitment centres	• South African vehicle assembly volumes, which are influenced by local and global vehicle demand • Local light commercial vehicle ('LCV'), sport utility vehicle ('SUV') and extra-heavy commercial vehicle sales (demand for aftermarket accessories)

Areas of differentiation

- Market-leading position in select product categories
- Light, bulky product range suited to local manufacturing
- Long-standing OEM and Tier 1 relationships
- Established technology partnerships provide access to the latest technology and global support
- Plants in close proximity to OEMs support higher service levels and minimise logistics costs
- Customer diversification and location of manufacturing plants across South Africa mitigate concentration risk
- B-BBEE Level 3 rating

OUR DIVISIONS AND THEIR CONTRIBUTION (CONTINUED)

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.









Sleep Group

Contribution to group metrics

Revenue
6%
(FY24: 6%)

Operating profit
8%
(FY24: 6%)

Net operating assets
6%
(FY24: 6%)

Business inputs

- Raw materials, sourced locally and imported, comprise mainly steel, timber, PP, polyester, yarn, recycled fabric, low-density polyethylene, TDI and polyol
- Seven manufacturing sites across South Africa and Namibia

Business outputs

- Mattresses
- Expanded polyethylene and spunbond
- Flexible polyurethane foam
- Knitted and woven mattress fabrics

Key customers

- Furniture and mattress retailers
- Furniture and mattress manufacturers

Drivers of customer demand

- Population growth and demographic profile
- Growing middle class with evolving aspirations
- Consumer disposable income

Areas of differentiation

- Significant scale with new technology and automated processes supports efficiencies and cost competitiveness
- National manufacturing and distribution footprint for cost-effective delivery
- Well-established, respected and aspirational brands
- Integrated value chain supports sustainability and cost competitiveness
- B-BBEE Level 4 rating

OUR DIVISIONS AND THEIR CONTRIBUTION (CONTINUED)

OPTIX utilises leading global video telematics and predictive analytics to prevent road accidents and improve road safety.





optix SAFELY HOME

Contribution to group metrics

Revenue
2%
(FY24: 2%)

Operating profit
(2%)
(FY24: 0%)

Net operating assets
2%
(FY24: 3%)

Business inputs	Business outputs
• Hardware sourced from leading global technology principals • Artificial intelligence ('AI') and machine learning ('ML') data analytics services • In-house technology platforms • Data storage and analytics • Employees and other key stakeholders	• A range of hardware, including DriveCam, Surfsight, DriveAlert and MobilEye, which is fully integrated into a single digital platform • A range of seamlessly structured solutions to improve management of driver behaviour and fleet efficiency, thereby promoting general road safety
Key customers	**Drivers of customer demand**
• Fleet owners of vehicles and mobile equipment in various industries, including logistics, mining, waste management, telecommunications, fast-moving consumer goods and retail	• Escalating requirements of fleet owners to contribute to improved risk management and safety • Competitive environment encouraging efficiency improvements and better risk management • Low market penetration of advanced video telematics solutions • Demand for technology to communicate with a driver on a real-time basis to proactively reduce risk

Areas of differentiation

- The rights to distribute the Lytx DriveCam, a market-leading in-vehicle, video-based risk management system, in all countries outside of the United States
- Ability to identify and score more than 65 risky driver behaviours through AI and human review
- Unique driver training platform and recruitment tool
- B-BBEE Level 4 rating



OUR STRATEGY

Our strategy is to **deliver sustainable, value-accretive growth** for our stakeholders by building a portfolio of market-leading businesses. We concentrate on sectors where we can **leverage our competitive strengths**, which are mostly in manufacturing and logistics services, while remaining focused on Africa.

What we do

We invest in and develop market-leading businesses, with the objective of executing our strategy to deliver sustainable, value-accretive growth for our key stakeholders.

Our approach

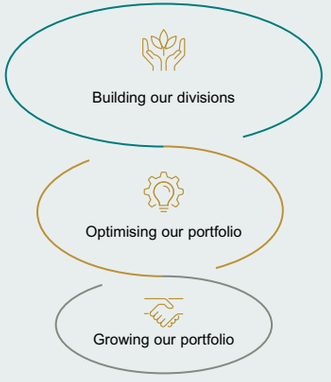
We take an active leadership approach to guide and support our divisions, to optimise their value through a combination of specialised and/or centralised functions, performance management and knowledge-sharing across the group.

We make long-term investments, particularly in manufacturing businesses, which are often of a scale that exceeds market demand at the time of investment. While the returns on these investments will therefore only be realised over time, they will be sustained for extended periods.



Our strategic journey

Our business activities concentrate on three main areas to deliver on our strategy, as described in our Business model on page 20.



Because of the nature of our business activities, the group goes through cycles as we execute on our strategy.

Our current focus is on building our divisions. We have invested significantly over the past few years to support their future growth and market leadership positions, aligned with our investment criteria, both from a capital allocation and strategy development perspective.

We have considered optimising our portfolio through material divestments of underperforming businesses. However, after thorough analysis and evaluation, we see more value in improving the performance of these businesses, although we would still consider the divestment of less material underperforming operations or activities.

Given the conclusion of our recent investment cycle, growing our portfolio through investment in new sectors is not a focus area over the near to medium term, as we are committed to realising the full value of our latest investments.

Our key strategic objectives

We completed several major multiyear projects in FY24, amounting to c. R2.6 billion, which were fully ramped up in FY25. These include PG Bison's new MDF line, which increased the division's production capacity by 33%; Safripol's HDPE conversion and extruder project, which increased operational efficiency and the production of higher-specification polymers; and Feltex and Sleep Group's fibre-tearing lines, which support lower raw material consumption and increased production of products from waste textiles. We are currently focused on the following material items, which we believe will support improved group performance and returns over the medium term:

- **Realising the value of our major projects:** We are committed to realising the full value of our major projects, as per our feasibility expectations (internal rates of returns ('IRRs') greater than 15%). These are long-term investments, and the associated assets have useful lives of more than 20 years.
- **Addressing underperformance:** Some businesses in the group are performing below our expectations, with Unitrans being the largest. We have made significant management changes in these businesses and have either restructured or are in the process of restructuring them to support improved future performance.
- **Reducing net debt:** Our major projects contributed to increased net debt levels in the group. With these projects completed, we expect their additional cash flow contribution and an improvement in the performance of underperforming businesses, especially Unitrans, to support a reduction in net debt.

In conjunction with the above, we remain focused on enhancing the performance of all our divisions. We are therefore implementing several other strategic initiatives in the group which we believe will deliver value over the medium term, including revenue growth, optimised procurement, digitisation of group systems and processes, operational efficiencies and asset optimisation.

OUR STRATEGY (CONTINUED)

Elements that support our strategy execution

The execution of our strategy is enabled by: 1) Our business principles; 2) Our investment criteria; and 3) Our capital allocation framework.

1 Our business principles

Although our divisions operate in different industries, they share a common set of principles. We believe these principles enable them to offer customers fit-for-purpose products and services that are differentiated from competitors and enhance their competitiveness, to support market share gains and protect revenue and margins.

Value-add/differentiation

We strive to develop products and services with high value-add to meet and exceed consumers' and customers' needs and expectations.

Operational excellence

We invest in processes, technology, channels to market, backward integration, sustainable business practices and innovation to build brand equity and deliver products and/or services at the lowest cost.

Best employees

We seek to employ the right people, in the right roles, across the group to instil a culture of excellence and ensure successful strategy execution.

Strategic stakeholder relationships

We nurture strategic stakeholder relationships through regular engagements and collaboration on relevant matters.

2 Our investment criteria

Our investment criteria guide our capital allocation decisions in relation to our divisions and potential new businesses. While we are sector agnostic in terms of new businesses, we prefer to focus on areas where we can leverage our competitive strengths, predominantly in manufacturing, logistics and related areas.

Economically attractive, aligned with our values and purpose

Investments should have the potential to generate growth, attractive financial returns and free cash flow.

Investments should align with our values and contribute to fulfilling our purpose.

Market leadership and growth

We prefer to own businesses that are, or have the potential to be, market leaders.

Investments in our divisions should enhance their market position and increase their competitiveness to support growth.

Diversification

Investments should support a level of diversification in our portfolio to mitigate risk and secure growth through economic cycles.

Value enhancement

We endeavour to enhance the value of our divisions by supporting their growth through strategy development and specialised corporate services.

3 Our capital allocation framework

Our capital allocation priorities support our strategic objectives, value creation and the long-term sustainability of our group. With the completion of our latest investment cycle, we are prioritising a reduction in net debt ahead of capacity expansions, acquisitions, share buy-backs or dividends.

Debt

Debt should be at a level that provides balance sheet flexibility and resilience. We target a net debt to EBITDA ratio of less than 2 times.[1]

Replacement (maintenance) capital expenditure

The maintenance of our asset base ensures the sustainability of our divisions.

Efficiency and resilience capital expenditure

Efficiency improvements and increased resilience enhance the competitive positioning of our divisions and ensure continuity of supply to customers.

Capacity expansions, acquisitions, share buy-backs and dividends

We consider expansion and acquisition opportunities (subject to our investment criteria) relative to share buy-backs and dividends.

[1] Our debt covenant requires a net debt to EBITDA ratio of less than 3 times.

VALUE-CREATING BUSINESS MODEL

We rely on a range of **resources and relationships** which, through our **business activities**, are transformed into **outputs** that have certain **outcomes for our stakeholders.** Given the diversified nature of our group, each division operates its own business model. However, we view our business inputs, outputs and outcomes at a consolidated level.[1]

Business inputs

	Key resources and relationships	Availability and quality
FC	We have a healthy balance sheet, good cash generation and access to diverse and flexible sources of capital and funding. Our equity capital amounts to **R12 704 million** (FY24: R12 775 million) and our debt capital[2] to **R9 872 million** (FY24: R9 420 million).	We have sufficient access to capital and raised R2 550 million in new funding at favourable rates during the year.
TA	Across the group, our divisions own and operate **33 manufacturing facilities, 3 815 vehicles,** which include specialised equipment sourced from key OEMs, **44 725 hectares** of forestry land, and provide road safety solutions in **61 countries**.	Our divisions have state-of-the-art and/or purpose-appropriate manufacturing equipment and logistics vehicles. Replacement of older vehicles is consistently required as a function of the logistics sector. Infrastructure disruptions present a risk to the uninterrupted operation of our divisions; however, our resilience strategy prioritises business continuity.
IA	Our divisions have recognised and respected brands, research and development capabilities, and favourable supplier and customer relationships.	Our divisions continuously innovate and invest in technology, processes, channels to market, backward integration and sustainable business practices to lower costs and provide differentiated products and services that meet and/or exceed customer needs and expectations.
IM	As a group, we collectively use timber (**more than 1 400 kilotonnes**), chemicals (**more than 600 kilotonnes**), electricity (**432 601 MWh**), diesel (**101 megalitres**), water (**1 340 megalitres**) and waste/recycled material (**21 364 tonnes**) and **672 338 tonnes** of biomass to produce and deliver products and/or provide services to customers.	Our divisions have adequate access to raw materials. Supply chain disruption and reliance on key suppliers are ongoing risks. However, in most areas, we mitigate these risks through our resilience strategy. Natural resources are finite, and we are working towards reducing our environmental impact.
EM	As a group, we collectively employ **13 453 permanent** and **3 541 seasonal, fixed-term** and **temporary** employees.	Competition for critical and scarce skills is increasing. Our human capital strategy focuses on employee training and development, as well as attracting and retaining employees.
SR	As a group, we have constructive relationships with our key stakeholders, who play a role in our success and sustainability.	We engage regularly with our key stakeholders to manage risks, inform strategy, and strengthen trust.

[1] Details on our divisions' individual inputs, business activities and outputs are provided in Our divisions and their contribution on page 12.

[2] Excludes lease liabilities.

Business activities

We spend most of our time building our existing divisions, followed by enhancing our portfolio for optimal performance, returns and value creation and, lastly, growing our portfolio through investments in new industries.



Our investing activities (organic or acquisitive) are primarily supported by the cash flow generated in the group, and capital raised in the debt or equity markets, if necessary.

Business outputs

A diversified portfolio of market-leading businesses:

PG BISON · SAFRIPOL · UNITRANS · FELTEX · Sleep Group · optix

Read more: Divisional review, page 53

Inevitable byproducts of our inputs and business activities are waste and GHG emissions:[3]

Waste disposal **15 289 tonnes** GHG emissions **800 735 tCO_2e**

Read more: Sustainability review, page 62

Business outcomes

On the following pages, we discuss our business outcomes in the context of the value created, preserved or eroded for our key stakeholders. Our strategic actions that will maintain or improve these outcomes are covered under the stakeholder engagement section.

Our key stakeholders:

Read more: Stakeholder engagement, page 36

[3] Scope 1 and 2 GHG emissions, Scope 3 not measured at this stage.

VALUE-CREATING BUSINESS MODEL (CONTINUED): BUSINESS OUTCOMES

Investors, shareholders and debt providers

Our measure of success

- Real earnings growth
- Attractive financial returns
- A healthy balance sheet
- Strong cash flow conversion

Stakeholder outcome in FY25

Our results for the year were lower than the prior year, with the financial and operational effects related to the commissioning and ramp-up of our major projects, mostly PG Bison's new MDF line, the main contributors, further exacerbated by the subdued macroeconomic environment, and poor performances by Unitrans and Optix. Additionally, we impaired goodwill, intangible assets, and property, plant and equipment totalling R579 million (net of taxation). The largest impairments were associated with Safripol's PET operations, attributable to depressed global PET margins, and Optix, due to the division's performance being below expectations.

Financial metrics

- Revenue: R29.6 billion (FY24: R29.1 billion)
- Operating profit: R1.9 billion (FY24: R2.3 billion)
- Operating margin: 6.5% (FY24: 7.7%)
- HEPS: 24.1 cents (FY24: 45.3 cents)
- EPS: 0.4 cents (FY24: 43.8 cents)
- Operating cash flow conversion: 88% (FY24: 95%)
- Free cash flow (before dividends paid): R482 million (FY24: outflow of R79 million)
- ROCE: 8.4% (FY24: 9.9%)
- Net debt to EBITDA: 2.4 times (FY24: 2.3 times)

Strategy execution

- All our major projects were successfully ramped up during the year.
- We made good progress with the deep restructuring of Unitrans.
- We also advanced strategic initiatives, including the realignment of the divisional and corporate services executive committees ('Excos') revenue growth, procurement and digitisation.

Distributions to shareholders and debt providers

- Dividends paid: R116 million (FY24: R79 million)[1]
- Finance costs paid: R1 061 million (FY24: R1 092 million)

Key external ratings

- Credit rating (long-term national scale): A+(za), stable outlook
- FTSE4Good: 3.2/5 (FY24: 3.0/5)

Read more: CEO's review, page 26, Stakeholder engagement, page 36, CFO's review, page 45

[1] Dividends paid to minorities.

Employees and trade unions

Our measure of success

- A safe working environment with zero fatalities
- Adequate training and development opportunities
- The right people in the right roles
- Recognising and rewarding performance
- A diverse, inclusive and engaged workforce

Stakeholder outcome in FY25

We further advanced our human capital strategy, which we believe will support the long-term sustainability of the group. This was, unfortunately, overshadowed by two employee fatalities in Unitrans as well as retrenchments within the group. The fatalities represent an unnecessary loss of life. A safe working environment, work practices and employee conduct are key focus areas for the board and management throughout the group. The retrenchments were necessitated by either lower sales volumes or operational underperformance.

Health and safety

- Employee fatalities: 2 (FY24: 1)
- Disabling injury frequency rate ('DIFR'): 1.1 (unchanged)

Training and development

- Total expenditure: R118 million (FY24: R122 million)
- Training initiatives: 7 615 (FY24: 7 211)[2]

Reward and recognition

- Annual employee remuneration and benefits: R5 461 million (FY24: R5 299 million)

Stakeholder engagement, page 36

Diversity and inclusion

- Black employees and managers: 90% and 65%[3]
- Female employees and managers: 21% and 30%[4]

Relationship with organised labour

- Trade union membership: 60% (FY24: 70%)
- Successful conclusion of wage negotiations

Employee turnover

- Voluntary turnover rate: 3% (FY24: 6%)
- Retrenchments: 503 (FY24: 385)
- New appointments: 1 351 (FY24: 1 870)

[2] Reference to apprenticeships, learnerships and internships.

[3] Reference to permanent South African employees.

[4] Reference to permanent South African employees, junior managers and above.

VALUE-CREATING BUSINESS MODEL (CONTINUED): BUSINESS OUTCOMES

Suppliers and service providers

Our measure of success

- A safe working environment with zero fatalities
- Supply chain and raw material security
- Contributing to the growth of our suppliers

Stakeholder outcome in FY25

We continued to support enterprise and supplier development ('ESD') during the year. There was regrettably a contractor fatality at PG Bison's forestry operations during the year. This fatality represents an unnecessary loss of life. A safe working environment, work practices and contractor conduct are key focus areas for the board and management throughout the group.

Health and safety

- Contractor fatalities: 1 (FY24: 1)

Procurement spend

- Preferential procurement (qualifying spend) on suppliers of B-BBEE Level 4 and higher: 78% (FY24: 75%)[1]

Enterprise and supplier development

- Contribution to enterprise development: R27 million (FY24: R26 million)
- Contribution to supplier development: R39 million (FY24: R49 million)

Read more: Stakeholder engagement, page 36

[1] Only South Africa, excluding imports.

Customers and consumers

Our measure of success

- Innovative, high-quality, fit-for-purpose products and services that meet customers' needs and exceed their expectations
- Superior customer service and experience
- Growing our market share profitably

Stakeholder outcome in FY25

Most of our businesses have sustained or gained local market share, as measured by their performance relative to the sectors in which they operate.

Investment to ensure continuity of supply and new, differentiated products

- Expansion capital expenditure: R500 million (FY24: R1 759 million)[2]
- Replacement capital expenditure: R921 million (FY24: R423 million)[3]

Customer support and experience

- Our divisions received several awards within the group for safety, performance and competitiveness.[4]
- Our divisions have launched several new products and/or technologies, including PG Bison's Gallery 5 range, Sleep Group's premium mattress offering (Genessi) and Feltex's use of polyurethane honeycomb technology for boot mats and parcel shelves.

Read more: Stakeholder engagement, page 36

[2] Net of government grants received.

[3] Net of proceeds from disposal of property, plant and equipment, insurance proceeds and government grants received.

[4] Refer to the divisional review for awards per division.

VALUE-CREATING BUSINESS MODEL (CONTINUED): BUSINESS OUTCOMES

Communities and society

Our measure of success

- Providing socioeconomic development ('SED') that has a positive, lasting impact on the communities in which we operate
- Supporting municipal infrastructure maintenance and service delivery that has a positive effect
- Continuously reducing the impact of our operations on the environment ensures our environmental compliance and improvement

Stakeholder outcome in FY25

Our community engagement structures worked well during the year and there were no community-related disruptions.

Direct and indirect support to communities and society

- Contribution to SED: R32 million (FY24: R32 million)
- We provided support to municipalities in select areas where our businesses operate.
- Employee remuneration that contributed to the support of communities: R5 461 million (FY24: R5 299 million)
- Preferential procurement from suppliers of B-BBEE Level 4 and higher: 78% (FY24: 75%)[1]

Diverting waste from landfill

- The group used 20 124 tonnes of waste (internally recycled or purchased from third parties), 1 240 tonnes of PCR material and 556 699 tonnes of biomass in products.
- Through Safripol's school-based separation at source programme, learners collected 436 tonnes of post-consumer waste for recycling.

Read more: Stakeholder engagement, page 36, Sustainability review, page 62

[1] Only South Africa, excluding imports.

Government, regulators and industry associations

Our measure of success

- Engaging in constructive relationships to support positive and lasting economic and social change
- Remaining compliant with all applicable regulatory requirements

Stakeholder outcome in FY25

We adhered to regulatory requirements and maintained strong compliance with governance policies and procedures. There were no incidents of material non-compliance during the year.

Payments to government

- Corporate taxes paid to government: R282 million (FY24: R307 million)

Industry associations

- Our divisions are members of relevant industry associations, with several corporate services and divisional executives serving on the boards of some of them to provide thought leadership and participate in initiatives that can stimulate growth in the sectors in which our businesses operate.

Tax incentives utilised

- Various incentives totalling R120 million (tax impact: R34 million), of which the largest is related to PG Bison's new MDF line

Localisation

- PG Bison invested in local manufacturing capacity – its new MDF line was commissioned in June 2024 and fully ramped up in FY25. This investment supports government's industrialisation strategy and localisation policy objectives and creates jobs across both the forestry and furniture industry value chains.

Read more: Stakeholder engagement, page 36, Sustainability review, page 62

KEY TRADE-OFFS BETWEEN RESOURCES AND RELATIONSHIPS

As we pursue our strategy to deliver long-term value-accretive growth for our stakeholders, there may, at times, be **trade-offs between our resources and relationships.** During the year, we ramped up several major capital projects, largely completed a major restructuring, initiated several smaller restructurings and invested further to build resilience in the group. These actions will support future growth and the group's long-term sustainability.

Major capital projects

Long-term value creation versus near-term financial performance

We completed the following major projects in 2H24, which were fully ramped up in FY25:

- PG Bison's new MDF line in Mkhondo to produce MDF, which was in short supply in South Africa prior to the completion of the line (c. R2.1 billion);
- Safripol's HDPE conversion and extruder project to improve efficiencies and produce higher-specification polymers (R402 million); and
- Feltex and Sleep Group's fibre-tearing lines to produce products from waste textiles for internal use and external sales (R159 million).

These negatively impacted our financial capital in FY25 due to:

- increased operating costs related to the start-up and ramp-up of mostly the new MDF line;
- higher finance costs, as no borrowing costs were capitalised during FY25, whereas R173 million was capitalised in the prior year, of which R136 million was attributable to the new MDF line; and
- lower tax incentives on the new MDF line resulting in a R199 million increase in the taxation expense.

However, we expect benefits to materialise over the medium term:

- increased MDF production will support a reduction in imports of MDF and finished furniture products, aligned with the South African government's localisation objectives, and support future growth, margins and return on capital employed ('ROCE');
- increased production of higher-specification polymers and products incorporating recycled material will support growth, margins and ROCE, and is aligned with our sustainability objectives; and
- One hundred and fifty permanent employment opportunities were created following the completion of the new MDF line.

Restructuring

Long-term business sustainability versus near-term effects of restructuring

Unitrans' performance has been below expectations for several years. A deep restructuring of the division began in FY23 which included consolidating three businesses – Unitrans South Africa, Unitrans Africa and Unitrans Passenger – into one. The restructuring also entailed exiting low-margin, low-return activities, the disposal of underutilised assets, significant cost reductions, a refined business development approach, an organisational and information technology ('IT') systems redesign and more stringent capital allocation.

The restructuring negatively affected our financial capital and tangible assets due to one-off restructuring costs and, in the case of Unitrans, the disposal of assets. It also negatively affected our employee relationships as, unfortunately, there were retrenchments. The restructuring was necessary to ensure the sustainability of Unitrans and will result in an increase in our financial capital over time.

Read more: Divisional review, page 53

Capital allocation

Balance sheet resilience versus shareholder returns via dividends or share buybacks

While we are within our financial covenants, we are prioritising a reduction in net debt following the completion of our major projects. This prioritisation negatively affects our stakeholder relationships – most notably with shareholders who may expect returns in the form of dividends or share buybacks. However, lower net debt levels will improve balance sheet flexibility, reduce our risk profile in the context of an uncertain local and global macroeconomic environment, and enhance earnings, thereby benefiting shareholders over the medium to longer term.

Environmental

Creating stakeholder value while safeguarding natural resources

Our divisions use renewable and non-renewable resources to produce and deliver products and services to their customers. Non-renewable natural resources decrease through this process. We are committed to reducing our impact on the environment as part our sustainability objectives. Additionally, a lower environmental footprint is linked to our business principles and ensures the long-term sustainability of the group. Examples of additional initiatives to reduce our environmental impact during the year include:

- identified potential areas for energy-efficiency improvement which will be rolled out over the next five years;
- ramped up Safripol's HDPE conversion and extruder project, which resulted in improved energy efficiencies and a c. 5% decrease in the division's FY24 Scope 1 and 2 GHG emissions;
- ramped up two fibre-tearing lines, which have the capacity to remove more than 6 000 tonnes of waste textiles from the environment; and
- implemented initiatives to improve fuel efficiency in Unitrans, including a new system, which supported a 4% improvement in the division's fuel efficiency for FY25.

Read more: Sustainability review, page 62



3

STRATEGIC CONTEXT

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CHIEF EXECUTIVE OFFICER'S REVIEW



Gary Chaplin
Chief executive officer

Key messages

- We successfully completed our major projects in FY24, which we ramped up to full capacity in FY25, with production efficiencies either in line or better than feasibility parameters.
- We made good progress with the deep restructuring of Unitrans, with the objective of bringing its performance in line with our expectations.
- We have completed a process of streamlining and strengthening the executive management layer within the group.
- KAP is well positioned for future growth following the conclusion of our major projects and the realisation of benefits from the restructuring of Unitrans, both being driven by a stronger and more streamlined executive team.
- We are targeting a reduction in net debt of R500 million in FY26, with further reductions in FY27.

Introduction

The past year has undoubtedly been a demanding one. The group experienced difficult trading conditions due to the prolonged weakness in the macroeconomic environment, with the fourth quarter of the year proving particularly difficult. Reflective of the broader macroeconomic constraints, our divisions generally experienced subdued demand, consumer price sensitivity and intense competition.

Our results for the year do not yet reflect the ambitions we have set for ourselves. However, we have made significant strides in areas that are important for KAP's long-term sustainability and success. In summary, the most material areas of progress are as follows:

- We have successfully ramped up several major projects which, due to the nature and scale of these projects, had a significant negative impact on our results for the year, particularly PG Bison's new MDF line.
- We concluded the first phase of a deep restructuring of Unitrans, which largely entailed consolidating Unitrans' three businesses (Unitrans South Africa, Unitrans Africa and Unitrans Passenger) into one business and exiting low-margin, low-return activities. The second phase of restructuring, which is much smaller, started in 2H25 and focused on the division's petrochemical operations.
- We gained good momentum with several other initiatives, including revenue growth, procurement and digitisation.
- We concluded a realignment of our divisional and corporate services Excos to ensure we have the right teams in place to deliver on our strategic initiatives.

While the impact of these actions does not reflect positively in the current year's financial performance, they are essential for the group's resilience and competitiveness in years to come.

I am optimistic about the group's prospects, despite the continued macroeconomic challenges and uncertainty. There are a number of factors within our control, and I believe that the combination of the conclusion of our major projects, the realisation of their value and the improvement in especially Unitrans' performance will support future growth, increase free cash flows and result in a reduction in net debt. The appointment of a new CEO will also bring fresh energy and urgency to the delivery of our strategy.

Reflecting on our FY25 results

We completed a major investment cycle in FY24, our c. R2.6 billion major projects, of which PG Bison's new Mkhondo MDF line was the largest. These projects were ramped up to full capacity during the current year and are expected to have useful lives of more than 20 years.

Group revenue increased by 2% to R29.6 billion, supported by increased production capacity. EBITDA decreased by 7% to R3.4 billion and operating profit before capital items decreased by 14% to R1.9 billion. These declines were mostly attributable to increased operating costs, amounting to R368 million, related to the ramp-up of the new MDF line, with utilisation, sales volume and mix not yet optimal due to the stop-start nature of the ramp-up process. A poor performance from Unitrans and Optix further detracted from operating profit. Improved performances from Safripol and Sleep Group were insufficient to offset the other declines. Earnings per share ('EPS') and headline earnings per share ('HEPS') were impacted by higher finance costs and lower tax incentives related to the major projects, and the lower operating profit noted above. EPS were furthermore significantly impacted by impairments of goodwill, intangible assets and property, plant and equipment related to certain underlying investments. However, the group generated R482 million of free cash flow before dividends paid, and the company remained within its debt covenants despite the subdued operating environment and ramping up the major projects.

Our financial results are described in the CFO's review.

Read more: CFO's review, page 45

CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Investing for market leadership and growth

We execute on our strategy by investing in industries, largely in manufacturing and logistics services, that we believe have growth potential, including those of our existing businesses. We design and implement strategies to secure market leadership positions in those industries on a globally competitive basis, and thereby extract value for our stakeholders.

At times, it is necessary for us to make large-scale capital investments to secure market leadership and growth, with the monetary value of the investments only fully realised over the medium to long term, mainly due to the scale of these investments. In evaluating the attractiveness of any large-scale new investment, we therefore take a longer-term view, with IRRs typically measured over 10 to 20 years, although most of our assets have much longer useful lives.

With the conclusion of our most recent investment cycle, we are well positioned for future growth by realising the value of these projects as well as other historical investments. Our recent investments have, however, also resulted in a planned increase in net interest-bearing debt, ending at R8.1 billion for FY25. Our divisions are very cash generative from an operational perspective, with an average annual cash flow conversion ratio of c. 95% over the past decade and free cash flow before dividends paid of R482 million in the past year. With our investment cycle now concluded, this cash generation, together with the additional cash flow from the major projects, will be directed towards reducing our net debt levels.

We will continue to invest in the maintenance and replacement of our assets, and to build resilience in the group, including renewable energy capacity to support the sustainability of our divisions, aligned with our capital allocation framework. This includes investing in Unitrans, where we expect maintenance and replacement capital expenditure to exceed depreciation over the near term. We curtailed Unitrans' capital expenditure during the restructuring of the division, focusing on the redeployment of assets to ensure optimal asset utilisation. There is therefore a catch-up of capital expenditure over the medium term. We do not have any further major expansion capital projects planned in the near term.

Performance against our strategic objectives

We communicated three material strategic objectives for FY25 and over the medium term. Our performance against these is summarised below.

Key: ✓ Met or exceeded target ○ On track ✕ Not delivered

Material strategic objectives	Key targets	Progress in FY25
Realise value from major projects		
• We have invested for future growth and market leadership. • Our most recent investments amounted to c. R2.6 billion (FY21 to FY25), with PG Bison's new MDF line the largest investment.	• Sell the full capacity of the plant within four years. • Deliver IRR of > 15% on major projects.	✓ PG Bison MDF line fully ramped up, with production efficiencies on track to achieve feasibility parameters. ○ Significant progress made with the replacement of MDF imports locally. Progress made with the development of regional and export markets. ✓ Safripol HDPE conversion and extruder project fully ramped up during the year. Production efficiencies exceeded feasibility parameters. ✓ Feltex and Sleep Group fibre-tearing lines fully ramped up during the year. ✓ Major model changeover at Feltex successfully commissioned and ramped up to capacity.
Address areas of underperformance		
• The largest business performing below our expectations is Unitrans, which made up 31% of group revenue in FY25. • Unitrans' underperformance has been related to underutilisation of assets and/or underperforming contracts and/or misaligned cost structures.	• Disposal of assets that are underutilised and/or that are unable to meet the required returns. • Exit of underperforming contracts. • R700 million operating profit for Unitrans over the medium term.	✓ We have concluded the first phase of the restructure of Unitrans by consolidating three divisions into a single business with a streamlined management team and cost structure. ✓ Unitrans has disposed most underutilised assets and has exited most underperforming contracts. ○ While Unitrans experienced a weak 2H25 performance, significant progress has been made in repositioning the division for improved performance and future growth. The medium-term operating profit target remains intact.
Reduce net debt		
• Our net debt levels increased over time, mostly due to the investment in our major capital projects. While we are confident about the prospects of our investments, the increased debt has reduced our balance sheet flexibility.	• Net debt reduction of R1 billion for FY25 with further reductions thereafter. • Net debt to EBITDA of less than 2 times.	✕ Our net debt reduced by R220 million, largely due to lower-than-expected EBITDA. Our net debt to EBITDA of 2.4 times was consequently also above target. ○ Net debt reduction remains a key priority with reductions planned for FY26 and FY27.

Read more: Message from our chairperson, page 6, CEO's review, page 26, CFO's review, page 45

We also advanced other strategic initiatives during the year. These include the realignment of the divisional and corporate services' Excos to improve operational performance and strategy execution, revenue growth, optimised procurement to deliver cost savings, and digitisation to improve efficiencies and decision-making.

CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Safety

Safety is of paramount importance for the group. We are committed to zero loss of life and ensuring that our employees and contractors on site are safe and supported. Each safety incident recorded during the year is a reminder that we must do more to foster a safe working environment, as well as reinforce responsibility among employees and contractors for their own and their colleagues' safety. I am deeply saddened that two of our employees, and one contractor, lost their lives in separate incidents during the year. This is unacceptable to the board and management, and strong action is being taken to prevent further such occurrences. I extend my heartfelt condolences to their families, friends and colleagues.

Outlook

While the macroeconomic and sociopolitical environment is likely to remain challenging in the short term, the management team and the board are positive about the outlook for the group, due to several factors within our control. As described earlier, the following material items provide compelling prospects for the group over the near to medium term and our focus over this period therefore remains on organic growth and balance sheet strength:

- **Value realisation from our investments:** We have invested significantly for future growth, and we are committed to realising this value. PG Bison's new Mkhondo MDF line, the largest of our recently completed projects, brings a significant expansion of the division's total production capacity, offering meaningful growth opportunities over the medium term.
- **Addressing underperformance:** Certain businesses and operations in the group are not performing to expectations. The most material of these is Unitrans, which is the second-largest division in the group by revenue. We have made significant management changes in all underperforming businesses and operations and have either restructured or are in the process of restructuring them. Significant progress has been made to reposition Unitrans for improved performance and future growth. We continue to target an operating profit of R700 million for Unitrans over the medium term.
- **Increasing free cash flow and reducing net debt:** Our major projects contributed to increased net debt levels for the group. Following their completion, we plan to reduce our net debt. We are targeting a reduction of R500 million in FY26, with further reductions thereafter. This will be enabled by the cash flow contribution from our major projects, and an expected improvement in underperforming businesses, especially Unitrans. The reduction in net debt will reduce risk, increase balance sheet flexibility and enhance earnings.

In addition, we continue to focus on enhancing group performance by pursuing structured initiatives including revenue growth, procurement, digitisation, operational efficiencies and asset optimisation. While we are cautious about the outlook for Safripol, we continue to implement initiatives to navigate the polymers downcycle.

Read more: Risks and opportunities, page 40, Divisional review, page 53

Appreciation

I am grateful to the management and employees of KAP. I am proud of the way they have responded to the extremely challenging trading conditions we faced this year, while at the same time ramping up major projects to full capacity. Their resilience, adaptability and dedication to KAP and our customers enable us to deliver on important strategic initiatives, despite the challenges.

I would like to express my appreciation to our shareholders, funders and other stakeholders for their continued patience, trust and support.

Lastly, I would like to extend my sincere appreciation to our board for their guidance and support in steering the group through the recent investment cycle.

Closing reflection

This is my last review as CEO of KAP, with my resignation taking effect on 31 October 2025. Leading KAP has been an immense privilege, and I am deeply thankful for the trust placed in me by our board, employees and shareholders. I leave with immense pride in what we have achieved together, gratitude for the exceptional colleagues and board members that I have had the privilege of working with, and a lasting sense of connection to KAP.

I am certain that Frans Olivier, as the newly appointed CEO, will bring fresh energy and focus to the role and will drive our strategic initiatives to conclusion. I remain confident that these initiatives will materially enhance shareholder value in the near to medium term. I wish Frans, his executive team and the board every success in their endeavours at KAP and assure them of my continued support.



Gary Chaplin

Chief executive officer

OPERATING ENVIRONMENT

Our operating environment is shaped by **four macroeconomic and sociopolitical themes** and **five industry themes** that inform our risks and opportunities. We have considered the social, economic and commercial factors influencing our ability to create value over the short, medium and long term. We also highlight **two regulatory developments** that may affect our divisions over the medium to longer term.

1 Challenging South African operating environment

Material themes	Resources and relationships affected
M2	FC TA EM SR

Risks and opportunities

Subdued macroeconomic environment | Commercial risk following completion of major capital projects | Infrastructure disruptions and security of utility supplies | Elevated debt levels

In FY25, 82% of group revenue was generated in South Africa. The group's performance is therefore closely tied to the country's economic growth and operating environment.

The following five economic indicators illustrate the historical and expected national growth from 2022 to 2026:

Selected economic indicators for South Africa

	2026[1]	2025[1]	2024	2023	2022
GDP (% change)	**1.6**	0.9	0.5	0.8	1.9
Unemployment rate (%)	**33.5**	33.3	32.6	32.4	33.5
Inflation (%)	**3.9**	3.5	4.4	5.9	6.9
Prime interest rate (%)	**10.5**	10.5	11.3	11.8	10.5
Average ZAR/USD exchange rate	**16.93**	17.99	18.33	18.45	16.35

[1] Forecasts
Note: Reference to calendar years
Source: Absa South Africa Q3 25 Quarterly Perspectives

South Africa's real economic growth has remained subdued over the past year, largely due to:

- Ongoing disruptions related to electricity and water supply, and inefficiencies in rail and port logistics.
- Persistently high real interest rates, impacting consumer financial health.
- Low business and consumer confidence, affecting investment and spending.

Economists anticipate an improvement in South Africa's gross domestic product ('GDP') growth from the 2024 calendar year, supported by lower interest rates, easing inflation and increased private sector investment. However, there are downside risks to the economic outlook. Globally, trade wars and geopolitical tensions, and domestically, instability in the government of national unity ('GNU') and policy uncertainty, create uncertainty which may weigh on economic activity.

Implications for KAP

Our divisions faced an ongoing subdued customer and consumer demand environment during FY25. While sentiment initially improved after the formation of the GNU, it later weakened due to delays in passing the national budget, ongoing instability in the GNU, the return of loadshedding and persistently high real interest rates.

While economic growth is forecast to improve, it is still at very subdued levels. Domestic customer and consumer demand could therefore remain under pressure in FY26. In addition, infrastructure disruptions increase operational complexity and costs for our divisions.

Macroeconomic and sociopolitical themes

1 Challenging South African operating environment
2 Subdued global growth
3 Social discontent
4 External shocks and commodity price volatility

Our strategic response

To support the continuity of our operations and growth in a challenging operating environment, we are focusing on the following:

Market share gains

Our estimated local market shares range from approximately 20% to 90%, suggesting potential for further gains. Market share growth is important to support revenue in a subdued economic environment.

Enabled by investment in product development, marketing, demand creation and sales capacity, our divisions target low-cost positions with high-quality, value-added products and services to differentiate and take share from local competitors and importers. Engaging in research and development activities supports product development, identifies new applications, and improves their sustainability footprint.

Export market penetration

Due to the nature of their products, PG Bison, Safripol and Sleep Group can access export markets, particularly in neighbouring African countries. Following the commissioning of PG Bison's new MDF line, local MDF supply exceeds demand. As a result, exports are a key sales channel for PG Bison over the near to medium term.

Cost savings

One of our key business philosophies is that the lowest cost producer most often wins. Our divisions have cost-saving targets, aimed at sustaining or increasing margins. We are also implementing a group-wide procurement strategy. Given the group's total procurement spend of R20 billion, we see meaningful savings opportunities.

Business resilience

As part of our business resilience strategy, we engage with government directly and via industry associations, to influence policies that support sectoral growth. We also implement operational initiatives aimed at ensuring the continuity of our operations, despite potential infrastructure and other disruptions in the operating environment.

OPERATING ENVIRONMENT (CONTINUED)

2 Subdued global growth

Material themes	Resources and relationships affected
M2	FC IM SR

Risks and opportunities

Subdued macroeconomic environment

While our primary markets are in southern Africa, PG Bison and Safripol export to regional and deep-sea markets to supplement local sales. During the year, these two divisions' exports accounted for c. 9% of group revenue. In addition, Feltex's revenue (8% of group revenue) is linked to vehicle exports, which depend largely on consumer demand in Europe and other markets. Our divisions also face competition from imports, both directly (from similar products) and indirectly (via finished products).

The following key global economic indicators highlight the historical and forecast economic growth for both advanced and developing economies from 2022 to 2026:

Growth indicators for selected economies

	2026[1]	2025[1]	2024	2023	2022
GDP – world (% change)	**3.1**	3.2	3.3	3.5	3.8
GDP – advanced economies (% change)	**1.6**	1.6	1.8	1.7	3.0
GDP – emerging markets[2] (% change)	**4.0**	4.2	4.3	4.7	4.3
GDP – sub-Saharan Africa (% change)	**4.4**	4.1	4.1	3.7	4.4
Global trade volumes in goods[3] (% change)	**2.3**	3.6	3.5	0.8	5.1

[1] Forecasts
[2] Includes developing economies
[3] Average of annual percent change for world exports and imports
Note: Reference to calendar years
Source: International Monetary Fund ('IMF') World Economic Outlook, October 2025

The IMF expects global economic growth to slow in 2025 compared to 2024, with a modest improvement in 2026. The deceleration reflects both the direct impact of the US trade war and indirect consequences, such as heightened uncertainty and declining sentiment. The IMF believes that the long-term outlook for global economic growth is subdued, citing ageing populations and a lack of structural reforms in areas such as labour markets, education, regulation competition, and financial sector policies.

Implications for KAP[4]

In a low-growth global environment – with shifting tariff structures that may reshape global trade flows – imports into South Africa could increase as producers in other territories seek new markets for their products. At the same time, lower global growth may continue to create a challenging export environment for PG Bison, Safripol and, indirectly, Feltex.

[4] Excludes the impact on South African economic growth, which is factored into the South African economic growth forecasts shown on page 29.

Our strategic response

To remain competitive in export markets and protect and grow market share from imports, we are focusing on:

Global competitiveness

Our divisions target low-cost positions with high-quality, value-added products to be able to defend local market share and penetrate export markets.

Market targeting

Given our currently limited export market penetration, we are actively developing select export markets where we can compete profitably on both price and quality.

Diversification

We aim to diversify our customer base, with no customer making up more than 5% of group revenue.

Matching capacity with demand

In instances where we are unable to export profitably, we would rather curtail production.

3 Social discontent

Material themes	Resources and relationships affected
M4	FC TA IA EM SR

Risks and opportunities

Sasol and general supply chain disruption | Political risk (emerging risk)

South Africa has been beset with government instability and policy uncertainty for several years. Resulting failures in infrastructure and service delivery, along with rising crime, unemployment and inequality are contributing to growing discontent, especially in underserved communities. This increases the risk of social discontent, which could have a broader operational impact.

Impact on KAP

Social discontent negatively impacts consumer spending by raising the living costs of affected communities. Five of our biggest sites are in four municipalities facing deteriorating infrastructure and poor service delivery. Social discontent, therefore, has the potential to affect the sustainability of our operations, those of our customers, and the safety of our employees and their families.

Our strategic response

Stakeholder engagement

As part of our business resilience strategy, we actively engage with communities and partner with local government to assist in SED and invest in critical infrastructure in the areas in which we operate. We believe this helps lower the risk of social unrest, while fostering constructive relationships with key stakeholders.

Improved security

Ensuring strong security levels across the group is also part of our business resilience strategy.

OPERATING ENVIRONMENT (CONTINUED)

4 External shocks and commodity price volatility

Material themes	Resources and relationships affected
M2	FC TA IM EM SR

Risks and opportunities

Sasol and general supply chain disruption

Over the past five years, the global economy has faced multiple shocks, including the Covid-19 pandemic and the Russia-Ukraine War (together causing a disruption of global trade, commodity price volatility and escalations), the Israel-Hamas and Israel-Iran Wars, an energy crisis in Europe, the US tariff war and vulnerabilities in the financial sector. According to the World Bank, global macroeconomic shocks, now occurring more frequently, have become a key driver of commodity price volatility. This affects our reliance on commodity inputs to produce products and deliver services to our customers.

Impact on KAP[1]

Global supply chain disruptions can lead to increased commodity prices and price volatility. While we aim to avoid or mitigate against this, in instances where we are unable to, we pass input cost increases on to our customers over time. There is, however, often a lag, which can create margin pressure in rising commodity price environments.

There was no material direct impact on KAP due to external shocks in FY25. However, as we source raw materials from local and global suppliers and use them as inputs to produce the group's products, there is the risk that potential shocks could negatively affect our supply continuity and operational efficiency.

Our strategic response

Supply chain security

As part of our business resilience strategy, we are increasing our supply chain security by diversifying our raw material suppliers, and optimising procurement-to-sales cycles to reduce margin pressure associated with potential commodity price volatility.

[1] Excludes Safripol, which is discussed under the industry theme: Polymer market cyclicality.

Industry themes

1. South Africa Sector Masterplans
2. Industry fragmentation
3. Structural changes in the automotive sector
4. Illicit and under declared imports
5. Polymer market cyclicality

1 South Africa Sector Masterplans

Material themes	Resources and relationships affected
M2	FC TA EM SR

Risks and opportunities

Subdued macroeconomic environment

Government and industry associations have formulated sector Masterplans which are designed to stimulate industry and employment growth and develop local value chains.

Impact on KAP

Masterplans are in place for some of the sectors in which our divisions participate. While the Masterplans are longer term in nature, they should support growth in these sectors if successfully executed. A summary of applicable plans follows:

Forestry Sector Masterplan

This Masterplan includes focus on attracting investment for new afforestation and bringing unproductive plantation land back into use. PG Bison uses timber to manufacture its products. The increased investment in afforestation, therefore, supports its access to timber.

Masterplan for the South African Furniture Industry ('SAFI')

The completion of PG Bison's new MDF line during 2H24 has enhanced the division's capacity to supply local furniture manufacturers. This aligns with the Masterplan goals: to support increased local manufacturing of finished furniture, reduce imports, grow exports, and use selective trade remedies to protect the local manufacturing industry, as well as implement customs surveillance measures to prevent the under declaration of imports.

South African Automotive Industry Masterplan 2035

This Masterplan aims to grow local vehicle production to 1% of global output, increase local content in locally assembled vehicles, implement a transition to the localisation of new energy vehicles ('NEVs') and components, retain and grow global export market share post-2025, and develop regional markets. Our automotive components division, Feltex, is a key supplier of vehicle components to local OEMs.

The National Transport Masterplan 2050 and the Freight Logistics Roadmap

This Masterplan is a framework for the implementation of a comprehensive, multi-modal and integrated road transport strategy. Its primary objectives include providing an improved and appropriately funded public transport system, improved mobility options for commuters and the implementation of technology to improve road safety standards, compliance and infrastructure. In addition, the cabinet approved the Freight Logistics Roadmap in December 2023, which will introduce reforms in the multi-modal freight logistics system in South Africa and improve sub-Saharan Africa regional freight corridors. The Freight Logistics Roadmap will enable Unitrans to provide better end-to-end multi-modal solutions for customers and mitigate the risk of cross-border congestion along major regional corridors.

Our strategic response

Stakeholder engagement

Through our participation in relevant industry associations, we engage in the development and implementation of these sector Masterplans. Our involvement is aligned with government's broader industrialisation and trade policy objectives.

OPERATING ENVIRONMENT (CONTINUED)

2 Industry fragmentation

Material themes	Resources and relationships affected
M2	FC TA EM SR

Risks and opportunities

Subdued macroeconomic environment | Commercial risk following completion of major projects

Several industries relevant to our divisions are becoming increasingly fragmented. This is driven by a shift in spending from formal to informal markets, and a rise in smaller, independent companies competing with larger, brand-affiliated companies. Contributing factors include increased access to capital, technology, B-BBEE, and growth in informal markets.

Impact on KAP

The impact of increased fragmentation varies across our divisions. It is largely positive for PG Bison but may present challenges for Sleep Group and Unitrans.

Our strategic response

- **PG Bison:** Increased fragmentation in the furniture manufacturing industry is positive for the division. PG Bison already has a presence in informal markets and continues to focus on value-added products, activating consumer demand and enabling customer activities which allow it to extract growth from both formal and informal markets.
- **Sleep Group:** Although the division does not currently have a direct presence in the informal markets, it is investing heavily in brand activation, promotional and demand-creation activities and actively exploring new channel strategies to ensure that it remains relevant in an increasingly fragmented market.
- **Unitrans:** Increased fragmentation in certain market segments has changed the competitive dynamics for larger-scale logistics companies. The division mostly concluded a major restructuring in FY24 to clarify its focus and position it for improved performance. Unitrans is now focused on dedicated fleet, on-site, end-to-end solutions to large strategically aligned companies.

3 Structural changes in the automotive sector

Material themes	Resources and relationships affected
M2 M3 M4	FC TA EM SR

Risks and opportunities

Subdued macroeconomic environment

Several factors could have an immediate or longer-term effect on the automotive sector, as summarised below:

- **Availability of low-cost vehicles:** The growing presence of low-cost vehicles from India and China is reshaping the dynamics of the global automotive sector by increasing affordability and broadening access to mobility. This, however, places strain on local manufacturers that have higher production costs. In South Africa, almost 50% of passenger and LCVs sold are imported from these two countries.
- **US trade tariffs:** The broad-based tariffs the US has imposed on vehicle and component imports not only raise costs, but also have the potential to alter global supply chains and vehicle trade flows and hinder future investments in the sector.
- **NEV transition:** South Africa's National Treasury has introduced tax incentives to attract investment and increase the production of NEVs and hydrogen-powered vehicles in South Africa. Effective 1 March 2026, tax deductions will be allowed on qualifying NEV and hydrogen vehicle production investments, capped at USD26.9 million for the 2026/27 tax year. The incentive aims to attract, in particular, investment from Chinese manufacturers. European environmental legislation related to vehicle emissions, which was initially onerous, has been relaxed over the past two years.

Impact on KAP

Feltex supplies components to local OEMs for vehicles sold locally and exported to key markets. The division accounted for 8% of KAP's revenue in FY25. Due to the increased requirements for noise cancellation, NEVs could result in increased demand for Feltex's products.

Our strategic response

We are engaging with government either directly or through membership of industry bodies to contribute to and engage on policies to stimulate growth in the sector, including on NEVs. We are also expanding our presence in other African markets through our involvement in the African Association of Automotive Manufacturers ('AAAM').

Feltex is a member of the AAAM with Maxe being the business with the most opportunity to benefit. The division is also positioning itself to benefit from the introduction of new vehicle manufacturers in South Africa.

OPERATING ENVIRONMENT (CONTINUED)

4 Illicit and under declared imports

Material themes	Resources and relationships affected
M2	FC EM SR

Risks and opportunities

Subdued macroeconomic environment

According to SAFI, South Africa is experiencing an influx of underdeclared furniture imports and wood-based panel products. These imports are declared under the incorrect Harmonised System codes, which undervalues the products and results in lower or no import duties. As a result, manufacturers compete against products priced below fair market value, putting pressure on job creation and industry profitability and stability. Under declaration is experienced across numerous industries. One of the goals of the Masterplan for the South African Furniture Industry is to use selective trade remedies to protect the local manufacturing industry and implement customs surveillance measures to prevent the under declaration of imports.

Impact on KAP

An influx of underdeclared imports directly affects PG Bison, which produces wood-based panel products and supplies the local furniture manufacturing industry. Should the under declaration of imports be resolved, it could result in increased domestic furniture manufacturing and sales for PG Bison.

Our strategic response

We are working with government, both directly and through industry bodies such as SAFI, to identify instances of under declaration. We have also formed an industry coalition, in partnership with Cosatu, consisting of several manufacturing sectors (i.e. furniture, textile, iron and steel, and tyre and rubber) to engage the Minister of Finance and the South African Revenue Service ('SARS') Commissioner to address trade imbalances that harm the competitiveness of the South African manufacturers and reduce customs revenue.

5 Polymer market cyclicality

Material themes	Resources and relationships affected
M2 M3	FC IM SR

Risks and opportunities

Exchange rate and polymer raw margin exposure

Safripol contributed 32% to group revenue in FY25. Its monomer and polymer pricing is based on global indices, which are influenced by global supply and demand, as well as the rand/US dollar exchange rate, which may be volatile and unrelated to domestic market conditions.

Currently, the global polymers industry is in a cyclical low due to increased capacity and subdued growth, which is expected to last until approximately the early 2030s.

Impact on KAP

Indexed margins are currently low relative to historical averages, with PET margins very weak.

Our strategic response

Working capital management

We aim to maintain the procurement-to-sales cycle for PET in a way that minimises timing mismatches between raw material cost and polymer prices, reducing margin volatility.

Raw material supply

Safripol has contracts with a key supplier that provide similar benefits to being an integrated manufacturer, which is essential to its competitiveness and sustainability. These raw materials are piped into the HDPE and PP plants in Sasolburg.

Value-add sales mix

Safripol is transitioning its sales mix to more durable, higher-specification, higher-margin polymers to beat indexed commodity polymer prices and margins, where possible.

Production curtailment

We will reduce production when we are unable to export profitably.



OPERATING ENVIRONMENT (CONTINUED)

Regulatory developments

1 Employment equity
2 Climate change and carbon tax

1 Employment equity

South Africa's Employment Equity Amendment Act, No. 4 of 2022 ('Amendment Act'), which empowers the Minister of Employment and Labour to set binding employment equity sector targets, was proclaimed into law on 1 January 2025. In accordance with the provisions of the Amendment Act, the Minister published Employment Equity Regulations on 15 April 2025, which include five-year binding sectoral employment equity targets.

What this means for KAP

As a large employer, KAP is required to implement the legislated five-year sectoral targets and submit annual employment equity reports to the Department of Employment and Labour to report on the progress made towards the implementation of the sectoral targets. Failure to comply with the Employment Equity Regulations, including sectoral targets, may result in fines, reputational damage, legal exposure, or reduced eligibility for government contracts and incentives.

Our strategic response

To ensure compliance with the requirements of the amended Employment Equity Act, we are currently implementing the following measures and processes:

- The group's recruitment and promotion policies and processes have been modified to ensure compliance with the amended Employment Equity Act. In addition, draft minimum compliance standards have been developed to ensure that all divisions have controls in place to monitor and track compliance with the provisions of the amended Employment Equity Act.
- Compliance will be monitored as part of the assurance activities of the employment compliance forum.
- KAP has established a process to monitor compliance with the divisional targets on a quarterly basis to ensure that the group complies with the sectoral targets.
- Strategic talent mapping and proactive recruitment will be implemented to ensure that the group attracts and recruits employees in line with the Employment Equity Regulations and sectoral targets.

2 Climate change and carbon tax

The President officially signed the Climate Change Act, No. 22 of 2024 ('Climate Change Act') into law on 23 July 2024. Certain sections of the Act came into effect on 17 March 2025.

The Climate Change Act introduces a range of GHG mitigation measures planned for implementation. It also serves as the basis on which future climate-related regulations will be released. The Climate Change Act includes a national GHG emissions trajectory, emission targets for those GHG-emitting sectors/sub-sectors identified by the Minister of Forestry, Fisheries and the Environment, and the allocation of carbon budgets to entities within these sectors/sub-sectors. Such entities must submit a carbon mitigation plan to the Minister. A series of policies and measures will be used to achieve sectoral targets. Sectoral emission targets and carbon budgets are yet to be published.

The Carbon Tax Act, No. 15 of 2019 provides for a carbon tax on CO_2e emissions. The National Treasury's annual 2025/26 budget has introduced several updates related to carbon tax, including an increase in the carbon tax rate from R190 to R236 per tonne of CO_2e from 1 January 2025 and a proposal to maintain the current basic tax-free allowance until 2030.

What this means for KAP

The divisions that are liable to pay carbon tax in the group are PG Bison, Safripol and Feltex. PG Bison currently makes use of the sequestration allowance in the Carbon Tax Act, given that it owns forestry plantations and operations which effectively reduce its carbon tax liability to zero. Carbon tax paid by the group for the current year amounted to c. R1 million. We estimate that this could increase to c. R10 million in 2035 and c. R12 million in 2050, based on our assumptions of how the carbon tax rate and allowances may evolve, including the continuation of sequestration allowances and excluding potential penalties that may arise from potentially exceeding carbon tax budgets.

Our strategic response

KAP is compliant with current legislation. It is anticipated that, following the signing of the Climate Change Act, regulations will now be released governing who is subject to mandatory carbon budgets, how the budgets are set and what penalties are incurred for exceeding the budgets. During the 2024 national budget review, National Treasury made mention of a R640 penalty for every tonne CO_2e emitted above an allocated budget. Companies that are allocated a carbon budget will have to prepare and submit a GHG mitigation plan for approval.

We will align with the legislation once formalised. We are also rolling out renewable energy projects across the group. Our current renewable energy capacity is 19 MWp and we are evaluating further renewable energy investments, depending on our capital allocation priorities.

BUSINESS RESILIENCE STRATEGY

Our **business resilience strategy** was developed in response to the increasingly volatile global and local operating environment. It **comprises seven elements** and is aimed at avoiding infrastructure and other disruptions in the operating environment to ensure continued supply to our customers and avert potential damages and costs associated with such disruptions. Going forward, these measures will be incorporated increasingly into our 'business as usual' activities, while we simultaneously search for potential new initiatives.

Government partnership and industry leadership

We engage with government, both directly and through participation in various industry associations, to contribute to and engage on policies that may stimulate growth in industries relevant to us, such as the sector Masterplans. In the period under review, we increased our efforts to engage with the new structures within the government of national unity.

Read more:
Stakeholder engagement, page 36
Risks and opportunities, page 40
Sustainability review, page 62

Business retention and expansion ('BRE') programme

The location of some of our operations in areas with poor municipal infrastructure affects our ability to operate efficiently and attract new talent. It also affects the quality of life of the communities and our employees who reside there. Through the BRE programme, we partner with municipalities and key community stakeholders to improve SED-related issues.

Read more:
Stakeholder engagement, page 36
Risks and opportunities, page 40
Sustainability review, page 62

Community engagement

Our community engagement framework enables our businesses to strengthen their local engagement, proactively manage community relations, and address issues raised by community members. Strong relationships with our communities support the sustainability of our operations and mitigate potential community unrest close to our operations.

Read more:
Stakeholder engagement, page 36
Risks and opportunities, page 40
Sustainability review, page 62

Security

We actively maintain the level and quality of security protection at our operations and engage with our suppliers to prepare for periods of heightened concern. In addition, we participate in security partnerships with community structures and local government to improve security in communities in which our businesses operate.

Read more:
Risks and opportunities, page 40

Energy strategy

Our energy strategy is to mitigate supply risks and future cost escalations, become energy independent (where possible) to ensure sustainability, and evaluate opportunities to create value from our energy generation. Our renewable energy capacity is 19 MWp and we are evaluating further renewable energy investments across the group.

Read more:
Risks and opportunities, page 40
Sustainability review, page 62

Water strategy

Our water strategy is to mitigate supply risks, reduce consumption, become water independent (where possible) to support sustainability, and ensure responsible use and compliance with legislation. Significant projects to reduce waste and leakage, and to improve the accuracy of our consumption measurement, were completed during the year.

Read more:
Risks and opportunities, page 40
Sustainability review, page 62

Supply chain security

Our divisions are ensuring the sustainability of raw material supply by assessing the sustainability of current suppliers, investigating a broader supplier base to reduce concentration risk, and maintaining strategic inventory. They continuously update contingency plans to minimise potential inbound and outbound supply chain disruptions.

Read more:
Risks and opportunities, page 40



STAKEHOLDER ENGAGEMENT

Sustainable value creation is influenced by the successful engagement with our key stakeholders. Our aim is **ongoing improvement of our relationships** with them by engaging on a proactive and consistent basis to identify key areas of interest and concern. The sustainability, social and ethics committee, which supports our board in fulfilling its governance role, oversees stakeholder engagement across the group.

Based on their influence on us and our impact on them, the following stakeholder groups have been identified as key to the group:

- Investors, shareholders and debt providers
- Customers and consumers
- Employees and trade unions
- Communities and society
- Suppliers and service providers
- Government, regulators and industry associations

Our stakeholders' legitimate needs and expectations are one of the inputs that inform our strategic decision-making.

Self-assessment rating scale: our level of engagement

H HIGH

We inform stakeholders about relevant matters pertaining to the group and, through regular two-way engagement, consult with them on key areas of interest to the group. We undertake to address their concerns and/or meet their legitimate needs and collaborate with them to develop mutually beneficial solutions.

M MEDIUM

We inform stakeholders about relevant matters pertaining to the group and, through regular two-way engagement, consult with them on key areas of interest to the group. We undertake to address their concerns and/or meet their legitimate needs.

L LOW

We inform stakeholders about relevant matters pertaining to the group, primarily through general communications, but have minimal two-way engagement with them.

Investors, shareholders and debt providers

Level of engagement **H**

Why we engage

We engage to understand their expectations and concerns, communicate strategy and progress, ensure our communications and reporting are transparent and clear, and enhance trust in KAP. We believe this improves our access to capital.

How we engage

- Results presentations
- AGM
- Integrated report
- Broker and industry conferences
- JSE Stock Exchange News Service ('SENS') announcements
- KAP website
- One-on-one meetings with management
- Perception surveys[1]
- Site visits[1]

Areas of interest or concern

- Group strategy
- Group financial performance
- Elevated absolute net debt levels
- Capital allocation priorities
- Sustainability (GHG emissions)

Relevant or material risks

- Subdued macroeconomic environment
- Infrastructure disruptions and security of utility supplies
- Sasol and general supply chain disruption
- Elevated debt levels and cost of debt
- Commercial risk following the completion of major projects

Relevant business principles

- Value-add/differentiation
- Operational excellence
- Best employees
- Strategic stakeholder relationships

Our strategic response

» We continue to drive three major items to improve the group's performance: i) realising value from our major capital projects; ii) improving areas of underperformance; and iii) reducing net debt.

» Our divisions have commercial strategies, supported by increased sales capacity, demand creation and customer enablement activities.

» We have improved the alignment between executive capacity and capability, as well as incentives, with a strategy to support improved performance.

» Our capital allocation framework prioritises net debt reduction.

» We have set a target to reduce Scope 1 and 2 GHG emissions.

[1] Not conducted every year.

Read more: Business outcomes, page 21, CEO's review, page 26, Risks and opportunities, page 40

STAKEHOLDER ENGAGEMENT (CONTINUED)

Employees and trade unions

Level of engagement H

Why we engage

Our employees are integral to the implementation of our strategy. We engage with them to identify areas of concern, to build trust, to create a sense of belonging and shared purpose, and to build our desired organisational culture.

How we engage

- Employee climate surveys[1]
- Employment equity forums
- Meetings between employees and line managers
- Trade union interaction on-site and through industry bargaining councils
- CEO webcasts and engagement forums
- Performance reviews and exit interviews
- Independently managed 24/7 confidential ethics line and alternative disclosures mechanism

Areas of interest or concern

- Health and safety
- Talent attraction and retention
- Diversity and employment equity
- Succession planning and leadership development
- Organisational design to support strategy execution
- Incentivisation aligned to strategy execution

Relevant or material risks

- Loss of technical skills and executive talent
- Workplace instability and operational interruptions
- Leadership gaps and business disruption
- Decreased productivity and reduced employee morale

Relevant business principles

- Operational excellence
- Best employees
- Employee engagement

Our strategic response

» We have strengthened health and safety capacity across the group, conducting regular health and safety audits to proactively identify and mitigate potential hazards.

» We have created an internal recruitment function to enable us to recruit talent proactively and compete for scarce and critical skills in the labour market.

» We have implemented an employment equity and diversity framework to ensure compliance with employment equity regulations and to promote diversity in the workplace.

» We have completed leadership and talent assessments for divisional and corporate services Excos to support leadership development and succession planning.

Suppliers and service providers

Level of engagement M

Why we engage

Our suppliers contribute to the sustainability of our businesses. We engage with our suppliers to build trust and provide opportunities to develop innovative ideas that benefit both us and society.

How we engage

- Collaboration on product innovation and development
- Meetings with procurement teams
- Contract negotiations
- Service delivery feedback

Areas of interest or concern

- Health and safety
- Quality and sustainability of raw material supply
- Cost savings
- Supplier development

Relevant or material risks

- Infrastructure disruptions and security of utility supplies
- Sasol and general supply chain disruption

Relevant business principles

- Operational excellence
- Strategic stakeholder relationships

Our strategic response

» Following the contractor fatality, the safe work procedures at PG Bison were reviewed and all drivers and crane operators were retrained.

» Our business resilience strategy is aimed at avoiding or mitigating infrastructure and other disruptions in the operating environment to ensure continued supply to our customers, to avert potential damages and costs associated with such disruptions, and to support growth in the sectors in which our divisions operate.

» We hold strategic raw material inventory to mitigate potential shortages that may arise due to supply chain disruptions.

» We are broadening our supplier base to lessen our dependence on key contracts.

» We have initiated a procurement project to improve procurement practices and enable cost savings across the group to transform to strategic procurement.

» We have various supplier development initiatives in place, including unsecured loans and operational support.

[1] Not conducted every year.

STAKEHOLDER ENGAGEMENT (CONTINUED)

Customers and consumers

Level of engagement H

Why we engage

We believe that our success is dependent on the success and growth of our customers. As a key supplier to many industries, we believe we have a responsibility to innovate continuously and remain competitive to support the sustainable growth of our customers and their industries.

How we engage

- Customer and consumer training
- Digital communications and marketing campaigns
- Meetings between management and sales teams and direct or indirect customers
- Workshops, site visits and events

Areas of interest or concern

- Sustainability and growth of our customers' industries and operations
- Differentiation and quality of our products and services
- Product development
- Competitive pricing

Relevant or material risks

- Subdued macroeconomic environment
- Infrastructure disruptions and security of utility supplies
- Sasol and general supply chain disruption
- Underdeclared imports

Relevant business principles

- Value-add/differentiation
- Operational excellence
- Best employees
- Strategic stakeholder relationships

Our strategic response

» Each division has a clear commercial strategy, underpinned by our business principles, to deliver value-accretive growth, supported by increased sales capacity.

» We remain focused on business resilience to ensure continued supply to our customers, despite potential disruptions in the operating environment.

» We engage with government, both directly and through participation in various industry associations, to contribute to and engage on policies that may stimulate growth in key sectors relevant to us.

» We invest in processes, technology, channels to market, backward integration, sustainable business practices and innovation to build brand equity and deliver products and/or services at the lowest cost.

» We develop customer-specific solutions to support our customers' growth.

Communities and society

Level of engagement H

Why we engage

We acknowledge that, in order to ensure our sustainability, we have a responsibility to engage positively with the communities and environment in which we operate. We are committed to having a positive impact on society with regular, proactive engagements to help us achieve this goal.

How we engage

- Community forums
- Local municipal economic development forums
- Meetings between operations management and community members

Areas of interest or concern

- Sustainability and well-being of communities
- Service delivery and infrastructure disruptions
- Talent attraction and retention
- Good corporate citizenship and licence to operate

Relevant or material risks

- Infrastructure disruptions and security of utility supplies

Relevant business principles

- Strategic stakeholder relationships

Our strategic response

» We work with recognised non-governmental and non-profit organisations to implement SED plans to support education and nutrition initiatives.

» We engage with local community structures and provide support to fenceline communities.

» Through our SED initiatives, we provide in-class learner development, access to quality nutrition and enterprise and supplier development of small businesses.

» Our workforce plan provides graduate and learnership training programmes and experiential learning opportunities for young people.

» We partner with local municipalities and provide resources for firefighting and the maintenance and restoration of electricity and water services.

» We promote the responsible use of plastics, participate in waste clean-up initiatives and work to minimise our environmental footprint.

» We support local business initiatives to create public-private partnerships with local municipalities for investment in water and electricity infrastructure.

STAKEHOLDER ENGAGEMENT (CONTINUED)

Government, regulators and industry associations

Level of engagement H

Why we engage

It is important for us to work with government and regulators, both directly and through industry associations, to participate in conversations that shape regional, national and continental trade and industry policy outcomes to support our strategy.

How we engage

- Direct meetings with various government departments and regulatory bodies, including the National Treasury, the Department of Trade, Industry and Competition ('DTIC'), the Department of Forestry, Fisheries and the Environment ('DFFE'), the Department of Cooperative Governance and Traditional Affairs and South African Local Government Association, the International Trade Commission of South Africa ('ITAC') as well as local municipalities in areas where our businesses operate
- Participation at government-organised summits and events
- Membership of relevant industry associations and associations, with several KAP and divisional executives serving on the boards of some of these to provide thought leadership
- Industry events

Areas of interest or concern

- Local economic growth and the competitiveness of the manufacturing sector
- Infrastructure disruptions
- International trade and export promotion
- Prevention of underdeclared imports

Relevant or material risks

- Subdued macroeconomic environment
- Infrastructure disruptions and security of utility supplies
- Domestic industry protection and imbalanced trade

Relevant business principles

- Strategic stakeholder relationships

Our strategic response

» Through our business resilience strategy, we engage directly with government institutions and provide industry leadership.

» We partner with Eskom and municipalities for the construction, maintenance and expansion of electricity infrastructure.

» We engage with government agencies and local industry to provide support for the provision of maintenance and expansion of water infrastructure.

» We engage with the DTIC and cross-border economic development agencies for the promotion of exports into sub-Saharan African markets.

» We engage with ITAC and industry associations to support the implementation of tariff measures to protect the domestic industry from uncompetitive international trade practices.

» We partner with SARS customs, the DTIC and industry associations to implement measures to identify, prevent and investigate the under declaration of imported goods.



RISKS AND OPPORTUNITIES

Risks are those events that may affect our ability to deliver on our strategy. Some of these risks also present us with opportunities to grow our market share, strengthen stakeholder relationships and pursue new avenues of growth.

Risk management approach

Our objectives with regard to risk management are to:

- identify and manage all material risks that may prevent us from achieving our strategic objectives through prevention, mitigation and other forms of effective risk treatment;
- detect and rectify any weaknesses in our control environment designed to manage risk; and
- create a culture of risk-intelligent decision-making.

Ultimately, the board is accountable for risk management, sets the risk management policy and determines risk tolerance[1] and appetite[2] levels. The audit and risk committee oversees the ongoing governance of risk management, which includes processes to ensure the effectiveness of risk management within the group.

We set the policy and methodology for risk management in the group centrally, with our divisions responsible for their implementation. We monitor their compliance with risk tolerance and appetite and the effectiveness of their implementation of the risk management framework through our governance structures and the use of our combined assurance model.

[1] Risk tolerance: The boundaries of risk-taking beyond which the group is not prepared to venture to deliver on its strategy.

[2] Risk appetite: The amount and type of risks the group is willing to pursue or accept given the current context of the organisation.

Risk transfer and insurance

We maintain an insurance programme, including a degree of self-insurance, which provides financial protection against unwanted and unforeseen events that could result in material financial loss. The insurance programme includes an operational risk mitigation programme, designed to avoid and minimise losses.

Risk management priorities

In addition to the ongoing work of identifying and analysing current, new and emerging risks to the group, the items below represent the updated group risk management priorities:

Focus areas	Comment
FY25 priorities update	
Identify further resilience measures needed and continue work on current initiatives	Business resilience in the face of an uncertain and demanding operating environment is a strategic workstream for the group. We have made significant progress in increasing resilience related to electricity supply, supply chain security, business continuity and crisis management. We continue work on these resilience measures, as well as others relating to water supply and infrastructure disruptions.
Improve mapping, analysis, control design and mitigation measures for specific risk areas	Our divisions have expanded the scope of risk management activities, which has resulted in an overall increase in the group's risk management maturity. Additionally, work continued to improve the maturity of the group's combined assurance efforts. The group's combined assurance framework was successfully operationalised during the year.
Maintain focus on improving operational risk management and control environment	An update of the group's operational risk standards was completed during the period, with implementation of the updated standards currently underway.
Formally assess risk management maturity and address any framework and methodology improvement areas	Internal audit follows a risk-based approach, which aligns with the group's approach to risk. In addition, an internal audit review of the group's risk management maturity is scheduled for FY26.
FY26 priorities[3]	
Continuous improvement of group risk management maturity	We will continue to embed risk management measures within the group. Additionally, we will continue to improve implementation of the risk management framework, including emerging risks, strategic risks, cyber risks and data analytics to improve the quality of decision-making.
Further improve the use of combined assurance to enhance the quality of the group's risk management efforts	Ongoing improvement in the combined assurance model provides managers with visibility on potential gaps in their control environment and can further improve the effectiveness of the group's holistic risk management efforts.
Improve the maturity of the group's business continuity, crisis management and IT disaster recovery programmes	Following an update of the group's frameworks in this regard, we will test that these programmes will operate as intended if they need to be activated.

[3] The list above highlights a number of focus areas. However, work to increase the group's overall risk management maturity is done continually across all aspects of the risk management framework.

RISKS AND OPPORTUNITIES (CONTINUED)

During the year, the external environment evolved rapidly. Politically, both global events (the US elections and subsequent shifts in global trade and geopolitics) and local developments (the formation and instability of the GNU) resulted in increased policy uncertainty and complexity in the operating environment.

Internally, the completion of the group's major capital projects and progress with the Unitrans restructuring have led to the re-evaluation of the group's risk profile.

We note the trend in these risks, which indicates whether the likelihood or severity of the risk is increasing, decreasing, or unchanged compared with the prior year, in the following pages. A combination of group resilience measures and early warning via environmental scanning affords the opportunity to react to potential risks as they develop.

Risk impact scale

Our risk impact scale indicates the potential impact of the risk issues on our ability to deliver on our strategic objectives, if the risks as described materialise.

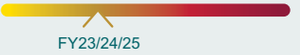


Minor Moderate Major Severe

Group risks and opportunities

Subdued macroeconomic environment M2

Risk impact and trend



FY23/24/25

Context

Our businesses earn 82% (FY24: 84%) of their revenue from South Africa, which has a challenging economic growth outlook, as discussed under Operating environment on page 29. Market demand for our divisions' products and services may therefore be adversely affected, should the economic environment deteriorate.

Opportunities to create value

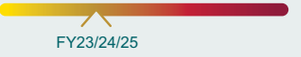
Pursuing favourable cost positionings and differentiated products and services can support local market share gains and growth in a subdued market. Additionally, increased sales capacity can further support market share growth. Pursuing exports could expand our international footprint and offset local market weakness.

Response and risk mitigation areas

- Our divisions target a low-cost position through investment in processes, technology and business innovation.
- Our divisions' sales mix includes value-added products and services to enhance margins and differentiate them from competitors.
- Our divisions are strengthening their sales capabilities, strategies and pipelines to sustain and grow market share.
- PG Bison and Safripol export products (although at lower margins) to select markets to supplement local demand. However, should they not be able to export profitably, production will be lowered, with commercial shutdowns if necessary.
- We are implementing strategic procurement to drive benefits throughout the group to sustain and/or improve margins.
- We are constraining capital expenditure and optimising working capital to support debt reduction.
- We have a government relations and policy advocacy strategy, and engage with government both directly and through participation in various industry associations, to contribute to and engage on policies that may stimulate growth in key local sectors.

Infrastructure disruptions and security of utility supplies M2 M3 M4 M5

Risk impact and trend



FY23/24/25

Context

Deteriorating national and municipal infrastructure related to electricity, water, roads, ports and telecommunications poses a risk to our supply chain, the uninterrupted operation of our businesses, our ability to attract talent to outlying areas where we have significant operations and, in some instances, the quality of life of our employees.

In the past, the most material of the above issues was electricity supply. Over the past two years, electricity supply has materially improved. However, the security of natural gas and water supply has come to the fore. Natural gas supply is at risk following the announcement by Sasol South Africa Limited ('Sasol') that its supply of gas from Mozambique will end in 2028. The group has experienced minor water disruptions to some of its operations and we expect the risk of water supply security to escalate over time. Poor quality road infrastructure remains a risk to both Unitrans' operations and the safety of all group employees.

Opportunities to create value

We can strengthen community, government and employee relations, support our neighbouring communities and contribute to a future talent pool through our actions in our communities. As a reliable local supplier, we can entrench our position with our customers and support market share gains. Energy self-generation provides us with an opportunity for reduced costs and capital allocation at attractive returns.

Response and risk mitigation areas

- We have completed 19 MWp of renewable energy projects, and are evaluating further renewable energy projects in the group.
- We have implemented a water resilience strategy, aimed at reducing consumption where possible and ensuring long-term sustainability of process water supply.
- We have concluded an investigation into alternatives in each production facility, in anticipation of possible disruption in gas supply and/or substantial increases in gas pricing in the short to medium term. We monitor the potential supply risk through our membership in the Industrial Gas Users Association of Southern Africa.
- We work with several government departments, associations and local municipalities in areas where our businesses operate to support the provision of basic municipal services, maintenance of existing infrastructure, and investment in new bulk infrastructure.

RISKS AND OPPORTUNITIES (CONTINUED)

Sasol and general supply chain disruption M2

Risk impact and trend



Context

We have a material concentration risk arising from our dependence on and potential disruptions to key supplies of raw materials. Local and international geopolitical, environmental, social and economic events also have the potential to exacerbate the risk to supply chains of not only our divisions' manufacturing processes, but also those of key divisional customers.

Additionally, the group has a specific exposure to Sasol as a key supplier. During the year, this risk has increased in severity due to: i) the various changes in strategy communicated by Sasol; ii) the rapidly evolving landscape for gas supply; and iii) a dispute between Safripol and Sasol regarding the price and volume commitment of ethylene.

Opportunities to create value

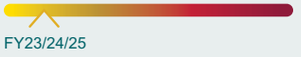
Being a reliable local supplier against the backdrop of a volatile supply chain entrenches our position with our customers and supports market share gains. Reviewing and widening our supplier base, where possible, also provides opportunities for cost savings.

Response and risk mitigation areas

- We hold strategic raw material inventory to mitigate potential shortages that may arise due to supply chain disruptions to ensure our plants operate without interruptions.
- We are implementing business development initiatives to broaden our supplier base and lessen dependence on key contracts, while pursuing contract negotiations to ensure the security of key raw materials.
- Safripol procures ethylene and propylene from Sasol in terms of evergreen supply agreements. In terms of its ethylene supply contract, Sasol and Safripol are engaged in two separate dispute resolution processes regarding the price and volume obligation of the contracts.
- On 30 June 2025, Safripol lodged a complaint against Sasol at the Competition Commission and requested the Commission to expeditiously investigate 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.

Elevated debt levels and cost of debt M2

Risk impact and trend



Context

While South Africa's prime interest rate decreased by 100 basis points over the past year, it remains at historically elevated levels. The group has successfully commissioned its c. R2.6 billion major projects in FY24 and ramped them up to full utilisation in FY25. While positive from a strategy execution perspective, these projects contributed to elevated debt levels, whereas the operational and financial effects related to them negatively affected earnings during the year. Despite this, the group's net interest-bearing debt decreased by R220 million to R8 106 million.

Opportunities to create value

Lowering our debt levels will reduce our balance sheet risk in an uncertain and volatile environment, lower our net finance costs and positively impact earnings, and create balance sheet flexibility to capitalise on value-accretive potential investment opportunities.

Response and risk mitigation areas

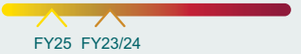
- We have concluded a R1.55 billion bond auction at favourable interest rates, which was and will be used to settle 2H25 and 1H26 maturities.
- We are focused on delivering value from our major capital projects through increased revenue and improved efficiencies to contribute positively to cash flows and debt reduction.
- We are driving procurement benefits across the group through a structured procurement transformation project.
- During the year, we curtailed non-essential capital expenditure and optimised the utilisation of existing assets.
- We are optimising working capital monthly by managing inventory, debtors' and suppliers' terms.

Operational risks and opportunities

Operational risks are identified, analysed and managed by management using the enterprise risk management framework. The following risks, emanating from our divisional risk registers, are material at group level:

Commercial risk following completion of major projects M2

Risk impact and trend



Context

We completed several major capital projects during the previous financial year, of which PG Bison's new MDF line in Mkhondo was the largest. Considering the uncertain local and global economic environment, there is a risk that the additional capacity introduced into the market cannot be sold at our expected volumes or pricing.

Opportunities to create value

The successful execution of the commercial and marketing plans for the additional capacity will increase and entrench market share under challenging economic conditions and open new export markets that were previously unexploited.

Response and risk mitigation areas

PG Bison has developed a commercial strategy that includes:

- demand creation and customer enablement activities in all primary markets to displace MDF imports, including product development to replace other materials with MDF;
- the development of select secondary markets to supplement near-term local sales; and
- increased sales, marketing and demand creation capability.

RISKS AND OPPORTUNITIES (CONTINUED)

Significant plantation fires M2 M3 M4

Risk impact and trend



Context

PG Bison sources timber from its own and third-party plantations. There is a risk of damage to its plantations from fires caused by either extreme weather conditions or arson. The division had major fires at its southern Cape plantations in 2017 and 2018, which damaged 5 301 hectares or c. 12% of the group plantations, and in 2023 at its northeastern Cape plantations, which damaged 2 492 hectares or c. 6% of the group plantations. In 2024, fires damaged 901 hectares or c. 3%.

While we consider the controls implemented by the division to be best practice for the forestry industry, a major area-wide fire could overwhelm its own and local authority response capabilities and severely disrupt the division's supply chain.

Opportunities to create value

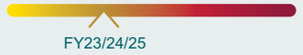
The successful management of the plantations contributes to job creation in rural areas, secures raw material supply for PG Bison and, over the longer term, contributes to the group's sustainability efforts.

Response and risk mitigation areas

- The division invests in fire awareness and education programmes to avoid any potential fire risk.
- The division invests in community relations and education initiatives related to forest fires.
- The division invests in fire detection and firefighting capabilities and implements and operates standard forestry fire prevention practices.
- The standing timber is insured.
- As there is a risk of reduced availability of raw materials in the short term due to a significant fire, the division continues to look for opportunities to increase its resource base.
- The division is normally able to consume a substantial portion of the burnt timber as a raw material in its normal process.

Exchange rate and polymer raw material margin exposure M2

Risk impact and trend



Context

Safripol's raw material and polymer prices are influenced by global supply and demand dynamics, which often differ, and contribute to the cyclicality of polymer raw material margins. PET margins, in particular, are currently very weak due to a prolonged and deepening polymer cyclical low, which could result in further impairments of the PET business. Furthermore, prices are based on US dollars, which expose the division's margins to exchange rate risk. Safripol makes up 32% of group revenue.

Opportunities to create value

Shifting production and sales to higher-specification polymer grades offers better margins relative to more commoditised polymer grades.

Response and risk mitigation areas

- Safripol does not hedge this exposure. Rather, risk is managed by optimising key raw material procurement, minimising the procurement-to-sales cycle, and increasing value-add by selling more non-commodity polymer grades and polymer grades used in durable applications.
- Safripol's current ethylene and propylene supply contracts moderate an element of the cyclicality in polymer margins.
- A technical and commercial study was launched to review the PET business model and to find opportunities to improve profitability.

Emerging risks

The following are seen as emerging risks within our operating environment. While these risks do not yet have a material impact on the group, there is a possibility that they may in future.

Climate change

Our operations and employees are at risk of being directly impacted by climate change-induced events such as extreme weather, wildfires, water constraints and increased temperatures. These may also affect our customers and suppliers. In addition, we are at risk of being impacted indirectly by climate change through potential increases in carbon taxes and the possible legislation of net-zero targets.

Political risk

The various battles within the GNU over policies have a potential impact on the group. These risks are being managed through our government partnership and industry leadership initiatives. The full impact of global geopolitical events on South African society is being actively monitored in order to design early responses where appropriate. In addition, close attention is being paid to all developments regarding national, provincial and local coalition government politics, in order to monitor potential triggers for political violence (which may then escalate out of control, as was the case in July 2021). Preparations in terms of security preparedness will be made well in advance of the 2026 local government elections.

Organised and other forms of crime

South Africa is affected by pockets of seemingly uncontrolled organised crime in certain economic sectors. In addition, the group is increasingly impacted by high-frequency, low-impact issues, such as fraud, theft, illegal imports, non-compliance by competitors, security, vandalism and corrupt officials. These developments, as well as government efforts to address the problem, are closely monitored for potential spillover into other sectors of the economy, such as transport.

Emerging technologies

Several rapidly emerging technologies, including but not limited to various forms of AI, could fundamentally alter the social, economic, operational and competitive environments in which the group operates. For example, the group is already monitoring an increase in the frequency and sophistication of attempted cybercrimes. The emergence of AI technologies also presents opportunities for the group, for which a strategic workstream has been created.



4

PERFORMANCE REVIEW

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CHIEF FINANCIAL OFFICER'S REVIEW



Frans Olivier
Chief financial officer

Key messages

- Successful ramp-up of the group's major projects
- Net debt reduced by R220 million following the completion of major projects
- Raised R1 550 million through a public bond auction with three- and five-year maturities, at more favourable interest rates
- Management focus on increasing free cash flow and reducing net debt

Introduction

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

During 2H24, the group completed several major multiyear projects, amounting to c. R2.6 billion, of which PG Bison's new MDF line was the largest. These projects were ramped up to full capacity during the current year and are expected to have useful lives exceeding 20 years.

Group revenue increased by 2% to R29.6 billion, supported by increased production capacity. EBITDA decreased by 7% to R3.4 billion and operating profit before capital items decreased by 14% to R1.9 billion. These declines, which offset improved performances by Safripol and Sleep Group, are mostly attributable to the following factors, listed in descending order of impact:

- increased operating costs, amounting to R368 million, related to the commissioning and ramp-up of the new MDF line, with utilisation, sales volumes and mix not yet optimal due to the ramp-up process;
- lower domestic new vehicle assembly volumes and increased costs associated with a key model changeover, which affected Feltex's performance; and
- a weaker performance by Unitrans, mostly owing to lower volumes and vehicle utilisation, as well as adverse trading conditions during the last quarter of the year.

HEPS decreased by 47% to 24.1 cents, mostly due to the lower operating profit and the following issues:

- higher finance costs, as no borrowing costs were capitalised during the current financial year, while R173 million was capitalised in the prior year, of which R136 million was attributable to the new MDF line; and
- lower tax incentives on the new MDF line resulting in a R199 million increase in the taxation expense.

Due to these factors as well as impairments of goodwill, intangible assets, and property, plant and equipment totalling R579 million (net of taxation), EPS decreased by 99% to 0.4 cents. The largest impairments were associated with Safripol, at R293 million, attributable to depressed global PET margins, and Optix, at R359 million, due to the division's performance being below expectations.

Cash generated from operations decreased by 13% to R3.0 billion due to the lower EBITDA and an increase in working capital. The group generated free cash flow (before dividends paid) of R482 million (FY24: outflow of R79 million), with the lower cash flow from operations offset by a R960 million reduction in investing activities following the completion of the major projects. Net interest-bearing debt declined by R220 million. The net debt to EBITDA ratio increased from 2.3 times to 2.4 times, which was below our covenant of 3.0 times at 30 June 2025.

We remain confident that the delivery on the following material objectives will support group performance over the medium term, as discussed in the outlook:

- **Realising the value of our major projects:** The operational and financial effects related to the commissioning and ramp-up of our projects will ease over time as markets are developed.
- **Addressing underperformance:** We have made significant management changes in all underperforming businesses and have either restructured or are in the process of restructuring them, with Unitrans being the largest of these businesses.
- **Reducing net debt:** With our major projects complete, we expect the additional cash flow contribution from these projects and improved performance from underperforming businesses to support a reduction in net debt.

In addition, we remain focused on enhancing group performance by pursuing market share gains, lowering costs, improving operational efficiencies and optimising assets in each of our divisions.

Key metrics	FY25	FY24	% change
Revenue (Rm)	**29 615**	29 062	2
EBITDA (Rm)	**3 422**	3 694	(7)
Operating profit before capital items (Rm)	**1 937**	2 250	(14)
Headline earnings (Rm)	**603**	1 125	(46)
HEPS (cents)	**24.1**	45.3	(47)
Basic EPS (cents)	**0.4**	43.8	(99)
Cash generated from operations (Rm)	**3 022**	3 491	(13)
Free cash flow before dividends (Rm)	**482**	(79)	710

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

Financial performance

Revenue increased by 2% to R29 615 million (FY24: R29 062 million). Four of our six divisions increased revenue, as illustrated below:

Revenue	FY25 Rm	FY24 Rm	% change
PG Bison	**6 327**	5 758	10
Safripol	**9 692**	9 312	4
Unitrans	**9 332**	9 689	(4)
Feltex	**2 429**	2 654	(8)
Sleep Group	**1 834**	1 720	7
Optix	**602**	595	1
	30 216	29 728	2
Intersegmental eliminations	**(601)**	(666)	
	29 615	29 062	2

EBITDA decreased by 7% to R3 422 million (FY24: R3 694 million). Operating profit before capital items decreased by 14% to R1 937 million (FY24: R2 250 million) and the operating margin decreased to 6.5% (FY24: 7.7%). The declines in operating profit and margin were attributable to lower performances from PG Bison, Unitrans, Feltex and Optix, which were partly offset by improved results from Safripol and Sleep Group.

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

Divisional operating profit and margin percentages are reflected as follows:

Operating profit and margin %	FY25 Rm	FY25 margin %	FY24 Rm	FY24 margin %	Operating profit change %	Margin change %
PG Bison	**717**	**11.3**	1 001	17.4	(28)	(6.1)
Safripol	**503**	**5.2**	352	3.8	43	1.4
Unitrans	**436**	**4.7**	508	5.2	(14)	(0.5)
Feltex	**166**	**6.8**	264	9.9	(37)	(3.1)
Sleep Group	**159**	**8.7**	125	7.3	27	1.4
Optix	**(44)**	**(7.3)**	–	–	–	(7.3)
	1 937	**6.5**	2 250	7.7	(14)	(1.2)

Capital items of R765 million (FY24: R46 million) are made up as follows:

Capital items	FY25 Gross Rm	FY25 Net[1] Rm	FY24 Gross Rm	FY24 Net[1] Rm
Impairments	**757**	**579**	16	13
Goodwill	**145**	**145**	–	–
Intangible assets	**272**	**187**	–	–
Property, plant and equipment	**340**	**247**	16	13
Loss on disposal of property, plant and equipment	**32**	**19**	42	30
Insurance income	**(29)**	**(21)**	(12)	(8)
Other capital items	**5**	**11**	–	
	765	**588**	46	35

[1] Net is the value after the impact of taxation and non-controlling interests' portion of capital items, net of taxation.

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

In accordance with 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:

- In Safripol, the PET plant was impaired by R293 million, primarily due to the impact of continued cyclical weakness in selling prices and indexed raw material margins, driven by a global oversupply of PET, particularly from China. Industry expectations are for the global cyclical low in prices and margins to continue until the early 2030s. This impairment follows a partial impairment of R472 million in June 2020, following capital expenditure overruns on expansion of the plant's capacity.
- In Feltex, the intangible asset related to Maxe's trademark was impaired by R57 million. This was primarily attributable to a shift in consumer preferences towards more affordable imported vehicles and a decline in demand for vehicle accessories, which had an impact on forecast sales and future cash flows.
- In Optix, goodwill of R145 million and intangible assets of R215 million were impaired. This was due to the division's performance falling below expectations, primarily due to a more extended sales cycle and inability to expand its subscriber base, resulting in revised expectations of operating profitability going forward.

Net finance costs increased by 18% to R976 million (FY24: R825 million). No borrowing costs were capitalised during the current financial year, with R173 million capitalised in the prior year.

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

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

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

HEPS decreased by 47% to 24.1 cents (FY24: 45.3 cents) as a result of the above-mentioned factors and increased taxation expense due to lower tax incentives related to PG Bison's MDF line. EPS was further affected by material impairments of assets and decreased by 99% to 0.4 cents (FY24: 43.8 cents).

Statement of financial position

The group's balance sheet remains resilient. We are targeting a reduction in net interest-bearing debt in the next financial year and into FY27, supported by the contribution from the major projects completed during 2H24.

The group's earnings are underpinned by a diverse asset base of land holdings, forestry assets, infrastructure, plant machinery and vehicles. This solid asset base of new technology assets will support future competitiveness and growth.

Asset base	FY25 Rm	% of total	FY24 Rm	% of total
Plant and machinery (including rental assets)	**7 399**	**38**	7 905	39
Long-haul vehicles and buses	**4 182**	**21**	4 243	21
Land and buildings (including investment property)	**3 257**	**17**	3 193	16
Intangible assets	**1 491**	**8**	1 790	9
Biological assets	**1 610**	**8**	1 586	8
Goodwill	**510**	**3**	659	3
Capital work in progress	**416**	**2**	343	1
Right-of-use assets	**318**	**1**	300	1
Other assets	**399**	**2**	359	2
	19 582	**100**	20 378	100

Intangible assets include predominantly supplier and customer relationships, patents and trademarks. These intangible assets secure access to strategic raw material inputs, create barriers to entry and secure market leadership.

Disclosures of operating assets, operating liabilities and net operating assets per division allow stakeholders to understand divisional performances and returns, such as ROCE. Net operating assets and ROCE by division are illustrated below:

Net operating assets/(liabilities) and ROCE (%)	FY25 Rm	FY25 ROCE %	FY24 Rm	FY24 ROCE %	ROCE change %
PG Bison	**8 901**	**8.2**	8 505	12.8	(4.6)
Safripol	**4 877**	**9.9**	5 237	6.8	3.1
Unitrans	**5 927**	**7.3**	6 041	8.2	(0.9)
Feltex	**1 505**	**10.8**	1 558	17.6	(6.8)
Sleep Group	**1 422**	**11.0**	1 464	8.4	2.6
Optix	**416**	**(7.4)**	773	–	(7.4)
Corporate, consolidation and eliminations	**(199)**		(317)		
	22 849	**8.4**	23 261	9.9	(1.5)

ROCE is a key management focus area. It decreased from 9.9% to 8.4% and remains lower than our targeted rate of more than 16%. The commissioning and ramp-up of major capital projects impacted ROCE negatively as these projects will take time to deliver the expected returns. Return on equity ('ROE') decreased to 4.8% from 9.4%.

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

Replacement capital expenditure is managed over time in relation to the annual depreciation charge. Depreciation and amortisation (excluding right-of-use asset depreciation) for the year amounted to R1 383 million (FY24: R1 309 million), while replacement capital expenditure net of proceeds from disposal, insurance proceeds and government grants received amounted to R921 million (FY24: R423 million). The prior year includes proceeds from the disposal of Unitrans' underutilised vehicles and trailers, amounting to R319 million.

Following the completion of the major projects, we intentionally reduced expansion capital expenditure to R500 million (FY24: R1 759 million), net of government grants received.

The split of capital expenditure per division is illustrated below:

Total capital expenditure[1]	FY25 Rm	% of total	FY24 Rm
PG Bison	**245**	17	1 437
Safripol	**173**	12	279
Unitrans[2]	**813**	57	253
Feltex	**112**	8	110
Sleep Group	**23**	2	17
Optix	**54**	4	86
Corporate, consolidation and eliminations	**1**	–	–
	1 421	100	2 182

[1] Net of proceeds from disposal of property, plant and equipment, insurance proceeds and government grants received.

[2] Unitrans proceeds from disposal of assets totalled R137 million (FY24: R319 million) mainly due to the disposal of underutilised vehicles and trailers.

Net working capital levels increased by R384 million compared with the prior year. Inventory increased by R16 million and accounts payable decreased by R545 million, offset by a R177 million decrease in accounts receivable.

The group's focus remains on optimising net working capital by aligning production and inventory levels with domestic demand and exports, where commercially viable.

The net asset value per share decreased to 498 cents (FY24: 500 cents).

Statement of cash flows

Cash generated from operations of R3 022 million (FY24: R3 491 million) is R469 million less than the prior year, comprising R261 million less cash generated from trading and R208 million more cash invested in net working capital.

The cash conversion ratio of EBITDA to cash flow from operations ended at 88%, marginally below our internal target of greater than 90%.

Free cash flow (before dividends paid) of R482 million is R561 million better than the prior year, mainly due to R960 million less spent on investing activities offset by R469 million less cash generated from operations. Both net finance costs paid and taxation paid decreased compared with the prior year.

Capital structure

We are committed to maintaining a sound capital structure by maintaining appropriate gearing and ensuring access to sufficient funding to sustain our operations and facilitate growth. Our debt funding is diversified in nature, at competitive rates, and from a variety of funding sources. Our central treasury function supports operations and monitors gearing on a group-wide basis, ensuring that our treasury and funding requirements operate within our internal targeted debt serviceability ratios.

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

Debt serviceability ratios for the year of net debt to EBITDA at 2.4 times and EBITDA to interest cover at 3.5 times remained within our financial covenants of less than 3.0 times and greater than 3.25 times, respectively. Both ratios are below our internal limits of net debt to EBITDA of 2.5 times and EBITDA to interest cover of 4.5 times. As noted above, with the major capital projects now complete, we plan to further reduce debt from FY26 into FY27.

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

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

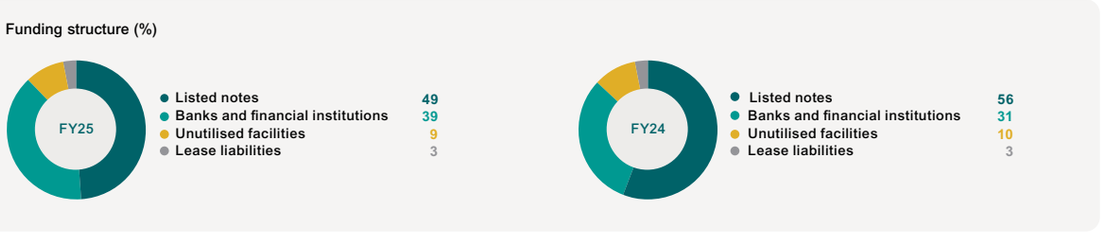
CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

The debt structure, movement in net interest-bearing debt and financial covenant ratios are reflected as follows:

Debt structure and capacity ratios	FY25 Rm	FY24 Rm
Loans and borrowings non-current	**7 309**	6 710
Loans and borrowings current	**2 563**	2 710
Lease liabilities non-current	**281**	273
Lease liabilities current	**94**	82
Non-interest-bearing loans and borrowings	**(51)**	(51)
Cash and cash equivalents	**(2 090)**	(1 398)
Net interest-bearing debt	**8 106**	8 326
Movement in net interest-bearing debt		
Balance at beginning of the year excluding lease liabilities	**7 971**	7 578
Net interest-bearing loans and borrowings received	**459**	364
Decrease in accrued interest on loans and borrowings	**(7)**	(17)
Net increase in cash and cash equivalents	**(705)**	(16)
Net acquisition of subsidiaries	**–**	(9)
Effects of exchange rate translations on cash and cash equivalents	**13**	71
Net interest-bearing debt excluding lease liabilities	**7 731**	7 971
Lease liabilities	**375**	355
Net interest-bearing debt	**8 106**	8 326
EBITDA[1]	**3 422**	3 694
Net finance costs including capitalised borrowings costs	**976**	998
EBITDA: interest cover (times) > 3.25[2, 3]	**3.5**	3.7
Net debt: EBITDA (times) < 3.0[2]	**2.4**	2.3
Gearing %	**65**	67

[1] Operating profit before depreciation, amortisation and capital items.
[2] Financial covenant triggers.
[3] EBITDA: interest cover covenant requirement increases:
FY24: 3.0
FY25: 3.25
FY26: 3.5

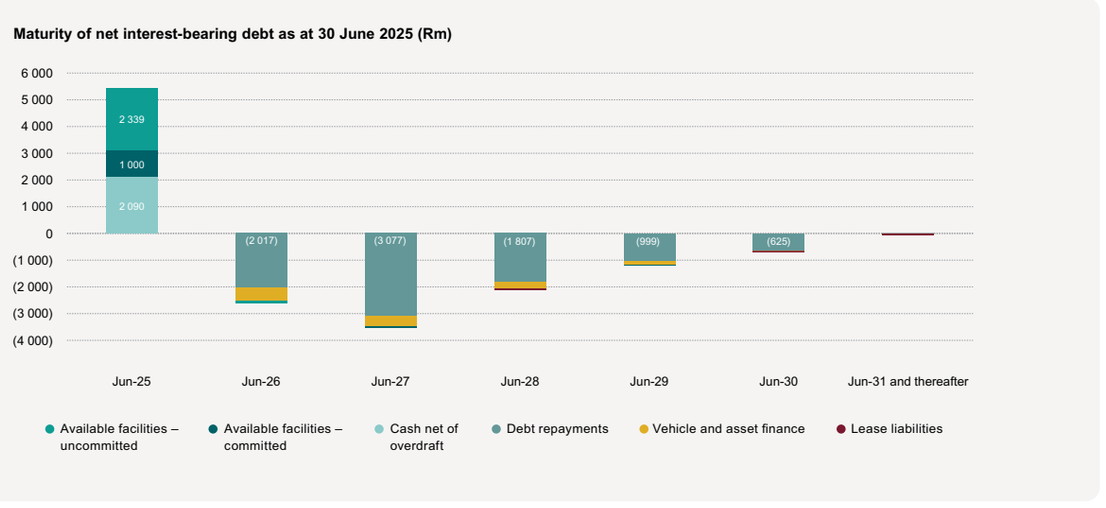
We finance our operations through cash generated from operations and a mix of short-, medium- and long-term bank credit facilities, bank loans, and domestic medium-term notes. This provides us with a balanced range of funding sources as reflected below:



All our debt funding is at variable rates and any anticipated future reduction in interest rates will immediately benefit the group.

Management will continue to refinance certain of the group's debt from time to time through a combination of bank term debt and corporate bonds in line with our planned debt reduction.

The debt maturity profile, as reflected below, is healthy and within the capacity of the group to settle or refinance maturities:



CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

Dividend

Considering KAP's debt levels within the context of the subdued and uncertain macroeconomic environment, the board believes it is prudent to focus on debt reduction. A dividend was therefore not declared for FY25.

Corporate activity

The group continued with strategic corporate activities to enhance the group's quality of earnings and our sustainability into the future. In line with this objective, Unitrans continues to rationalise its asset and contract portfolio, with a strategic focus on enhancing returns. As part of this process, Unitrans disposed of its commuter contract in the North West Province ('Mvelatrans') for R110 million, with an additional R33 million in properties awaiting transfer. The rationalisation process is ongoing, and further opportunities are being pursued.

Sasol raw material dispute

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

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

Governance

Our decentralised business model allows our divisions to operate autonomously and to cultivate an entrepreneurial culture within a governance framework established at centre by the company. It is through this framework that compliance with policies, procedures and internal controls is monitored. The primary control environment of the company is key to the success of our decentralised model, in terms of both governance and providing effective support to enable divisional management to grow their businesses.

We acknowledge the importance of technology and the benefits that are unlocked through visibility of accurate information, as well as the improved control environment that is related to robust systems. Our divisions all operate on separate operating systems appropriate to their businesses.

We operate a centralised treasury function, which raises funding according to the group's requirements. The divisional funding structures and 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 that it provides daily visibility of all bank accounts in the group.

The group places increased focus on procurement to ensure we remain globally competitive. We developed a group procurement strategy and operating model, which include improved uniformly configured procurement data and appropriate procurement competence and capacity to execute the strategy.

Outlook

We expect the South African macroeconomic environment to remain subdued and uncertain over the near term. While this may weigh on demand for the group's products and services in the coming year, there are several factors within our control to mitigate the impact. Specifically, we are confident that the delivery on the following three key objectives will support group performance over the medium term:

- **Realising the full value from our major projects:** We invested c. R2.6 billion in major multiyear projects to support future growth, the largest being PG Bison's R2.1 billion MDF line. The commissioning and ramp-up of these projects had significant negative operational and financial effects on our results during the year. With regard to PG Bison's MDF line, we expect these effects to ease over time, supporting improved profitability as utilisation of the MDF line increases, new MDF markets are developed and global MDF pricing recovers. An additional upgrading press, planned for 2H27, will increase value-add production and sales and further support margins.

  PG Bison's commercial strategy is supported by increased sales capacity, demand creation and customer enablement activities and is targeted at increasing market share and margins.

- **Addressing underperformance in the group:** Some businesses in the group are not performing to our expectations, including Unitrans, Maxe (Feltex's aftermarket business) and Optix, with Unitrans being the largest of these businesses. We have made significant management changes in all underperforming businesses and have either restructured or are in the process of restructuring them. Significant progress has been made to reposition Unitrans for improved performance and future growth. We continue to target an operating profit of R700 million for this division over the medium term.

- **Reducing debt:** Our major projects contributed to increased net debt levels in the group in recent years. With these projects completed, we expect capital expenditure to be in line with depreciation over the near to medium term. With additional cash flow contribution from our major projects and an expected improvement in underperforming businesses, especially Unitrans, we expect a reduction in net debt. The reduction in net debt, combined with expected lower interest rates, will reduce risk, increase balance sheet flexibility and enhance earnings.

We have improved the alignment between strategy, executive capacity and capability, and incentives to support the delivery of the above objectives.

The current financial year reflected the first year of operation of the group's major projects, which are expected to have useful lives of more than 20 years. The operational and financial effects related to the start-up and ramp-up of these projects, specifically the MDF line, experienced during the year are not unusual for projects of this nature and scale and will therefore ease over time. These projects offer good growth opportunities for the group over the medium term.



Frans Olivier

Chief financial officer

HISTORICAL FINANCIAL REVIEW

Ten-year review

	Financial definition	10-year CAGR%[a]	FY25 Rm	FY24 Rm	FY23 Rm[b]	FY22 Rm	FY21 Rm	FY20 Rm	FY19 Rm	FY18 Rm	FY17 Rm	FY16 Rm	FY15 Rm
Extracts from income statement – continuing operations													
Revenue		7	**29 615**	29 062	29 628	27 979	23 956	21 591	25 602	22 813	19 783	16 047	15 664
EBITDA	1	3	**3 422**	3 694	4 020	4 340	3 419	2 703	3 713	3 944	3 361	2 797	2 450
Operating profit	2	2	**1 937**	2 250	2 523	2 936	2 102	1 419	2 527	2 901	2 499	1 997	1 666
B-BBEE cost			**–**	–	–	13	3	3	196	–	–	–	–
Net finance costs			**976**	825	794	499	466	654	707	697	515	312	289
Taxation expense/(benefit)			**148**	213	352	578	506	(395)	533	520	510	487	361
Headline earnings		(5)	**603**	1 125	1 170	1 851	1 099	460	1 237	1 646	1 431	1 172	969
Extracts from statement of financial position													
Goodwill and intangible assets			**2 001**	2 449	2 390	3 046	2 669	2 687	5 242	5 392	5 333	2 078	1 598
Property, plant and equipment and investment property			**15 653**	16 043	15 094	14 130	12 957	12 630	12 536	12 513	11 832	8 128	7 129
Right-of-use assets[c]			**318**	300	390	426	358	438	–	–	–	–	–
Consumable biological assets			**1 610**	1 586	1 536	1 491	1 565	1 754	1 900	1 919	1 978	1 890	1 824
Net working capital[d]	3		**3 267**	2 883	2 644	2 462	1 925	1 911	1 132	1 330	623	(27)	352
Net operating assets	4	8	**22 849**	23 261	22 054	21 555	19 474	19 420	20 810	21 154	19 766	12 069	10 903
Gross interest-bearing debt			**10 196**	9 724	9 480	9 189	7 281	8 042	6 273	7 878	7 786	4 671	3 459
Interest-bearing loans and borrowings			**9 821**	9 369	9 031	8 711	6 884	7 576	6 273	7 878	7 786	4 671	3 459
Lease liabilities[c]			**375**	355	449	478	397	466	–	–	–	–	–
Cash and cash equivalents			**(2 090)**	(1 398)	(1 453)	(1 730)	(751)	(1 001)	(1 785)	(2 151)	(2 009)	(2 602)	(1 370)
Net interest-bearing debt			**8 106**	8 326	8 027	7 459	6 530	7 041	4 488	5 727	5 777	2 069	2 089
Equity attributable to owners of the parent		5	**12 443**	12 475	11 542	11 531	10 250	9 566	12 825	12 155	11 035	8 667	7 761
Extracts from statement of cash flows													
Cash generated from operations			**3 022**	3 491	3 889	4 081	3 485	2 076	4 033	3 308	2 958	3 285	2 275
Cash flows from investing activities[e]			**(1 297)**	(2 257)	(2 298)	(2 736)	(1 807)	(1 939)	(1 142)	(1 723)	(6 083)	(2 285)	(871)
Expansion capital expenditure			**(500)**	(1 759)	(1 326)	(1 127)	(899)	(671)	(420)	(811)	(1 050)	(735)	(509)
Replacement capital expenditure			**(921)**	(423)	(871)	(1 067)	(918)	(1 241)	(811)	(837)	(1 190)	(965)	(683)
(Acquisition)/disposal of investments			**110**	(77)	(37)	(392)	–	(13)	101	(29)	(3 781)	(573)	328
Other investing activities			**14**	2	(64)	(150)	10	(14)	(12)	(46)	(62)	(12)	(7)
Free cash flow before dividends	5		**482**	(79)	308	22	810	(791)	1 983	594	(4 006)	417	913

[a] Compound annual growth rate.
[b] Restatement of 2023 with regard to error in Safripol.
[c] IFRS 16 was adopted on 1 July 2019 on a forward-looking basis.
[d] 2022 net working capital has been represented to include non-current derivative financial instruments to reflect more accurately the nature thereof.
[e] Cash flow from investing activities has been restated from 2014 to 2016 to include capitalised interest in net finance costs. It was previously included in additions to property, plant and equipment.

HISTORICAL FINANCIAL REVIEW (CONTINUED)

	Financial definition	10-year CAGR%[a]	**FY25 Rm**	FY24 Rm	FY23 Rm[b]	FY22 Rm	FY21 Rm	FY20 Rm	FY19 Rm	FY18 Rm	FY17 Rm	FY16 Rm	FY15 Rm
Key information													
Headline earnings per share (cents)		(5)	**24.1**	45.3	47.3	75.1	37.9	13.7	42.9	59.8	54.2	47.8	40.2
Headline earnings per share (cents) – continuing operations		(5)	**24.1**	45.3	47.3	74.4	43.0	17.5	45.9	61.6	55.6	48.2	40.6
Dividends per share (cents)			**–**	–	–	29	15	–	23	23	21	18	15
Net asset value per share (cents)		5	**498**	500	466	466	405	372	474	454	415	355	320
Weighted average number of shares (million)		0	**2 498**	2 486	2 475	2 487	2 555	2 630	2 696	2 671	2 574	2 433	2 384
Shares in issue (million)		0	**2 501**	2 494	2 477	2 472	2 531	2 571	2 704	2 678	2 662	2 441	2 423
Ratios													
Operating margin (%)[f]	6		**6.5**	7.7	8.5	10.5	8.8	6.6	10.6	12.7	12.6	12.4	10.6
EBITDA margin (%)[f]	7		**11.6**	12.7	13.6	15.6	14.3	12.5	15.3	17.3	17.0	17.4	15.6
Effective tax rate (%)	8		**63.2**	15.0	37.0	24.6	29.8	(17.0)	31.2	24.1	26.0	28.8	26.9
Cash conversion ratio[f]	9		**88**	95	97	94	106	77	105	85	89	118	93
Gearing (%)	10		**65**	67	70	65	64	74	35	47	52	24	27
Gearing – gross debt (%)	11		**82**	78	82	80	71	84	49	65	71	54	45
EBITDA: interest cover (times)			**3.5**	3.7	4.7	8.2	7.3	4.1	5.3	5.7	6.5	9.0	8.5
Net debt: EBITDA (times)			**2.4**	2.3	2.0	1.7	1.9	2.6	1.2	1.5	1.7	0.7	0.9
Gross debt: EBITDA (times)			**3.0**	2.6	2.4	2.1	2.1	3.0	1.7	2.0	2.3	1.7	1.4
Return on capital employed (ROCE) (%)[f]	12		**8.4**	9.9	11.6	14.4	10.8	7.1	13.0	14.2	15.7	17.4	16.0
Return on equity (ROE) (%)[f]	13		**4.8**	9.4	10.1	17.2	9.8	3.3	10.8	13.8	14.2	14.2	13.3
Weighted average cost of capital (WACC) (%)	14		**11.7**	14.3	13.3	12.7	13.0	12.1	10.0	11.3	11.2	11.6	9.5
Dividend cover (times)	15		**–**	–	–	2.6	2.5	–	1.9	2.6	2.6	2.7	2.7

[a] Compound annual growth rate.

[b] Restatement of 2023 with regard to error in Safripol.

[f] Excluding B-BBEE cost.

Definitions

[1] EBITDA – operating profit before depreciation, amortisation and capital items.

[2] Operating profit before capital items.

[3] Net working capital – consists of inventories, trade and other receivables, trade and other payables, employee benefits, provisions and net derivative financial instruments excluding assets and liabilities held for sale.

[4] Net operating assets – consists of goodwill, intangible assets, property plant and equipment, investment properties, right-of-use assets, consumable biological assets and net working capital.

[5] Free cash flow before dividends – cash generated from operations plus dividends received less net finance costs, taxation paid and cash flow from investing activities.

[6] Operating margin % – operating profit (before B-BBEE cost) from continuing operations divided by revenue from continuing operations.

[7] EBITDA margin % – EBITDA (before B-BBEE cost) from continuing operations divided by revenue from continuing operations.

[8] Effective tax rate % – taxation expense/(benefit) from continuing operations divided by profit before tax from continuing operations.

[9] Cash conversion ratio % – cash generated from operations divided by EBITDA (before B-BBEE cost) from continuing and discontinued operations.

[10] Gearing % – net interest-bearing debt divided by equity attributable to owners of the parent.

[11] Gearing – gross debt % – gross interest-bearing debt divided by equity attributable to owners of the parent.

[12] ROCE % – operating profit (before B-BBEE cost) from continuing operations divided by average net operating assets.

[13] ROE % – headline earnings (before B-BBEE cost) from continuing and discontinued operations divided by average equity.

[14] WACC % – weighted average cost of capital based on target gearing ratio.

[15] Dividend cover – headline earnings per share divided by dividends per share.

DIVISIONAL REVIEW

PG BISON

Operating environment

The global wood-based panels market has experienced generally subdued demand and increased cost pressures during the year, especially for timber and energy. Producers have periodically taken commercial shutdowns to balance supply with demand.

Domestically, elevated interest rates and low consumer and business confidence continue to affect activity levels in the building sector, with the value for building plans passed and completed remaining below historical levels in real terms. Retail sales of hardware, paint and glass, indicative of home improvement and renovation activity, also remain below historical levels in real terms.

Selected indicators	FY25	FY24	FY23	FY22	FY21
South Africa building plans					
Building plans passed (Rm)	**72 474**	70 636	89 145	93 215	92 085
Building plans passed (% change)	**3**	(21)	(4)	1	8
Building plans completed (Rm)[1,2]	**38 348**	40 206	46 857	56 560	51 582
Building plans completed (% change)	**(5)**	(14)	(17)	10	(16)
South Africa retail sales					
Hardware, paint and glass (Rm)[1]	**88 409**	89 490	93 445	98 658	105 310
Hardware, paint and glass (% change)	**(1)**	(4)	(5)	(6)	18

[1] In constant 2019 prices.
[2] Includes additions and alterations.
Note: Statistics for formal markets shown; informal market statistics not reported.
Source: Statistics South Africa

Results discussion

Financial metrics	FY25	FY24	% change
Revenue (Rm)	**6 327**	5 758	10
EBITDA (Rm)	**1 018**	1 220	(17)
EBITDA margin (%)	**16.1**	21.2	(5.1)
Operating profit (Rm)	**717**	1 001	(28)
Operating profit margin (%)	**11.3**	17.4	(6.1)
Net working capital (Rm)	**1 399**	944	48
Capital expenditure (Rm)[3]	**245**	1 437	(83)
Cash flow (Rm)[4]	**463**	1 145	(60)
Net operating assets (Rm)	**8 901**	8 505	5
ROCE (%)	**8.2**	12.8	(4.6)

[3] Includes replacement and expansion capital expenditure.
[4] Cash flow from operations less replacement capital expenditure.

The division successfully ramped up its new R2.1 billion MDF line in Mkhondo in 1H25, resulting in a 33% or 274 000 m^3 increase in total capacity. While only 60% of the line capacity was utilised during 1H25 due to the stop-start nature of the ramp-up, it improved during the remainder of the year, with the fourth quarter at full utilisation. This is ahead of the four-year feasibility timeline to reach full utilisation.

Total sales volumes increased by 13%, due to an 85% increase in MDF domestic and export sales volumes, primarily attributable to the higher MDF production. Particleboard sales volumes were stable. Domestic sales volumes increased marginally, despite the subdued market conditions, while export sales volumes increased by 52%. Exports made up 28% (FY24: 21%) of total sales volumes, with several new export markets entered during the year. Sales volumes of upgraded ('value-add') board increased by 7% and made up 63% (FY24: 67%) of total sales volumes. The decline in the value-add ratio is attributable to the increased MDF capacity, which comprises only raw board.

DIVISIONAL REVIEW: PG BISON (CONTINUED)

Demand for the division's products in both primary (South Africa and neighbouring African countries) and deep-sea markets was generally good for most of the year. However, the division experienced a more pronounced seasonal softening in domestic demand during the fourth quarter. There was also an increase in under declared imports of MDF and furniture into South Africa during the year.

Revenue increased by 10%, largely due to the higher sales volumes. Operating profit declined by 28% as the operating costs of the new MDF line, amounting to R368 million, were absorbed during the year, with utilisation not yet optimal due to the ramp-up. Additionally, average MDF prices were lower compared with the prior year as the division experienced increased pricing pressure on certain products in both primary and deep-sea export markets. The lower operating profit largely relates to the new MDF line, while operating profit from the particleboard operations was stable.

Net working capital increased by 48% due to the increased capacity. Cash flow declined by 60% owing to the lower profitability. ROCE was lower at 8% due to the increased asset base following the completion of the new MDF line, together with average utilisation during the year not yet optimal due to the ramp-up process, with resultant lower revenue and higher costs associated with the new line.

Outlook

We anticipate that market conditions may remain challenging over the near term, considering the subdued domestic and global macroeconomic outlook. The division is focused on the following initiatives to grow market share in its primary markets:

- The division expanded its capacity in both primary and deep-sea markets. It also increased demand creation activities in its primary markets.
- The division invested in customer-facing technology, including the PG Bison Connect customer platform, to enhance its customer value proposition and further differentiate it from domestic competitors and importers.
- The division's Gallery 5 launch was successful and is expected to further support value-add sales volumes in FY26.
- The division will install an eighth melamine faced board ('MFB') line in the second half of FY27, to increase value-add capacity at a cost of R240 million. Margins and growth rates are better for upgraded board compared with non-upgraded board.
- The division is engaging with ITAC and SARS on underdeclared imports.
- The division is focused on optimising its cost base, which includes extracting cost savings through improved procurement practices.

The division aims to utilise its capacity fully, which increases overhead recovery. We expect margins to improve over time as markets are developed and global MDF pricing recovers, aided by increasing value-add sales. In the near term, margins should improve from FY26, but are expected to remain below historical levels.



DIVISIONAL REVIEW: SAFRIPOL (CONTINUED)

SAFRIPOL™
shaping your world, responsibly

Operating environment

The global polymers industry is in a cyclical low, due to an increase in global capacity coinciding with subdued demand, which resulted in an oversupply of polymers globally and constrained regional polymer raw material margins over the past year. Global supply/demand dynamics are of relevance to Safripol as both its raw material and polymer prices are influenced by global indices. The division also competes against imports for HDPE and PET.

Selected indicators	FY25	FY24	FY23	FY22	FY21
South Africa: plastic production					
Index of plastic products produced[1] (% change)	**2**	2	6	–	2
Macroeconomic indicators					
USD/ZAR	**18.16**	18.70	17.76	15.21	15.39

[1] Volumes produced, 2020 = 100.
Source: Statistics South Africa, Datastream

Results discussion

Financial metrics	FY25	FY24	% change
Revenue (Rm)	**9 692**	9 312	4
EBITDA (Rm)	**706**	527	34
EBITDA margin (%)	**7.3**	5.7	1.6
Operating profit (Rm)	**503**	352	43
Operating margin (%)	**5.2**	3.8	1.4
Net working capital (Rm)	**1 068**	1 103	(3)
Capital expenditure (Rm)[2]	**173**	279	(38)
Cash flow (Rm)[3]	**614**	331	85
Net operating assets (Rm)	**4 877**	5 237	(7)
ROCE (%)	**9.9**	6.8	3.1

[2] Includes replacement and expansion capital expenditure.
[3] Cash flow from operations less replacement capital expenditure.

The division successfully completed and commissioned its R402 million HDPE conversion and extruder project in 2H24 to increase the production capacity of higher-specification, higher-margin polymers, and improve plant efficiencies. This project has been ramped up to full utilisation. HDPE production efficiency has improved subsequently, exceeding project feasibility.

Total sales volumes increased by 8%, due to a 19% increase in production volumes. Production volumes in the prior year were affected by production constraints at the Sasolburg plants, including a transformer failure and electricity supply disruptions. The division also had a five-week commercial shutdown at the Durban plant in the prior year. Total domestic sales volumes increased marginally, with demand conditions being generally subdued. Exports were pursued to supplement domestic sales and made up 15% of total sales volumes (FY24: 10%).

Revenue increased by 4% and operating profit by 43%, largely due to higher production and sales volumes. Indexed polymer raw material margins remained low compared with historical averages due to global industry overcapacity, with PET margins especially weak.

Net working capital decreased modestly, with the prior year elevated due to insurance receivables of R189 million. Cash flow was higher than last year, largely due to the increase in profitability and lower capital expenditure following the completion of the HDPE conversion and extruder project. ROCE increased from 6.8% to 9.9% because of the higher profitability and impairment of property, plant and equipment.

During the year, the PET plant was impaired by R293 million, primarily due to the impact of continued cyclical weakness in selling prices and indexed raw material margins, driven by a global oversupply of PET, particularly from China. Industry expectations are for the global cyclical low in prices and margins to continue until the early 2030s. This impairment follows a partial impairment of R472 million in June 2020, following capital expenditure overruns on expansion of the plant's capacity. A technical and commercial study was launched to review the PET business model and to find opportunities to improve profitability.

DIVISIONAL REVIEW: SAFRIPOL (CONTINUED)

Raw material supply dispute

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

On 30 June 2025, Safripol lodged a complaint against Sasol at the Competition Commission and requested the Commission to expeditiously investigate 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.

Key FY25 awards

- Winner of the 2024 Chemical and Allied Industries' Association Responsible Care® Initiative of the Year Award for its 'Let's plastic responsibly' initiative in the corporate social responsibility category.

Outlook

The outlook for the global polymers market remains challenging. While there is optimism that consumer demand may improve as inflation slows and interest rates are cut, global oversupply is expected to persist until the early 2030s, which will weigh on raw material margins, although PET raw material margins are expected to improve from 2027/2028. Rationalisation of production capacities is taking place, particularly at older and higher-cost plants in Europe and Asia. However, new polymer capacity is still being added, mainly in the Middle East, China and India. The US' tariff war has added a further dynamic to this situation, which will take some time to settle and reveal its impact.

Our approach to the downcycle is to manage the factors that are within our control. This includes minimising the procurement-to-sales cycle, tightly managing working capital, driving cost savings and increasing production of higher-specification polymers that earn better margins than commodity grades.



DIVISIONAL REVIEW: UNITRANS (CONTINUED)

Operating environment

The subdued South African macroeconomic environment negatively affected activity in several sectors, including manufacturing, agriculture and mining. This resulted in lower transport volumes for road logistics on an aggregated basis, for the second year in a row. This also contributed to an oversupply of second-hand vehicles in the market, which increased vehicle availability and consequently heightened competition from lower-cost competitors.

Selected indicators	FY25	FY24	FY23	FY22	FY21
South Africa land transport					
Road freight payload (thousand tonnes)	**767 811**	834 145	887 058	751 522	679 297
Road freight payload (% change)	**(8)**	(6)	18	11	2

Source: Statistics South Africa

Results discussion

Financial metrics	FY25	FY24	% change
Revenue (Rm)	**9 332**	9 689	(4)
EBITDA (Rm)	**1 162**	1 344	(14)
EBITDA margin (%)	**12.4**	13.9	1.5
Operating profit (Rm)	**436**	508	(14)
Operating margin (%)	**4.7**	5.2	(0.5)
Net working capital (Rm)	**564**	709	(20)
Capital expenditure[1]	**813**	253	> 100
Cash flow (Rm)[2]	**609**	1 009	(40)
Net operating assets (Rm)	**5 927**	6 041	(2)
ROCE (%)	**7.3**	8.2	(0.9)

[1] Includes expansion and replacement capital expenditure.

[2] Cash flow from operations less replacement capital expenditure.

The division continued with a deep restructuring, which included the consolidation of three businesses – Unitrans South Africa, Unitrans Africa and Unitrans Passenger – into a single, streamlined business, the cessation of low-margin, low-return activities, improved asset utilisation and reduced costs. While good progress was made with the restructuring, the cost savings realised to date were offset during the year by persistently weak market conditions, reduced volumes and lower vehicle utilisation.

Revenue was 4% lower, largely due to the restructuring and subdued demand across many sectors, particularly in the fourth quarter. Operating profit contracted by 14%. The agriculture operations were affected by a delayed start to the harvesting season, which resulted in lower volumes. The mining operations had a lower result due to reduced volumes and lower vehicle utilisation related to a key contract. The petrochemical operations were impacted by lower volumes, rate reductions to retain work in a competitive environment, lower vehicle utilisation and increased maintenance costs. The food operations benefited from higher volumes on select contracts and the discontinuation of loss-making contracts contributed to a better performance. The passenger operations delivered a steady performance supported by its personnel and managed services operations.

Although the first phase of Unitrans' restructuring is complete, further areas of improvement remain. These relate to pursuing revenue growth, optimising contract performance, improving asset utilisation and increasing cost savings. As part of this process, the division disposed of its commuter contract in the North West Province for R110 million, with an additional R33 million in properties awaiting transfer. Additionally, a restructuring of the petrochemical operations, which made up 31% of the division's revenue, was initiated during 2H25, as performance remains below expectations.

Net working capital decreased by 20%, largely due to reduced volumes and improved debtor collections. Cash flow declined by 40% because of the lower EBITDA, increased replacement capital expenditure and normalisation of asset disposals. ROCE declined to 7.3% due to the lower profitability.

Key FY25 awards

- Rio Tinto Best Contractor Partner Award
- Several NOSA Excellence Awards for Unitrans' Xinavane and Kilombero depots
- Masterdrive Fleet Safety Awards for Best Organisation and Best Fleet Manager
- Several awards to Unitrans drivers, including Hollard Highway Heroes, Total Energies and Astron Supplier Awards

Outlook

The restructuring process has established a solid foundation for improved performance and future growth for Unitrans. The division is targeting an operating profit of R700 million over the medium term, which will mostly be achieved through a restructuring of the petrochemical operations. The division is also pursuing further cost savings through procurement, maintenance and operational excellence, while focusing on securing revenue growth at the required returns.

DIVISIONAL REVIEW: FELTEX (CONTINUED)

Operating environment

The South African automotive sector is facing several headwinds, including subdued domestic and global economic growth, the direct and indirect impact of the United States' trade war, and increased penetration of affordable imported vehicles.

South Africa exports c. 78% of its automotive production volumes, with only c. 7% exported to North America. While the direct impact of the United States' trade war on South Africa's automotive sector is therefore not that significant, the Automotive Business Council ('NAAMSA') cautions that the trade war creates an uncertain trading environment and could result in a realignment of global trade and increased competition from imports. Competitively priced imported vehicles, principally from China and India, hold a market share of c. 78% of local passenger and SUV sales. Locally produced LCVs hold the dominant market share at c. 77% (2024 calendar year).

Operational metrics[1]	FY25	FY24	% change
OEM vehicle build	**557 516**	642 092	(13)
LCV sales	**131 992**	144 549	(9)
SUV sales	**154 542**	142 166	9
Passenger sales	**235 052**	193 121	22

[1] Industry statistics; indicative of changes in Feltex's production and sales volumes.

Source: NAAMSA

Results discussion

Financial metrics	FY25	FY24	% change
Revenue (Rm)	**2 429**	2 654	(8)
EBITDA (Rm)	**296**	374	(21)
EBITDA margin (%)	**12.2**	14.1	(1.9)
Operating profit (Rm)	**166**	264	(37)
Operating margin (%)	**6.8**	9.9	(3.1)
Net working capital (Rm)	**199**	200	–
Capital expenditure (Rm)[2]	**112**	110	2
Cash flow (Rm)[3]	**214**	265	(19)
Net operating assets (Rm)	**1 505**	1 558	(3)
ROCE (%)	**10.8**	17.6	(6.8)

[2] Includes replacement and expansion capital expenditure.

[3] Cash flow from operations less replacement capital expenditure.

South African vehicle assembly volumes declined by 13% over the year, with two OEMs encountering temporary production constraints. One OEM had a key model changeover while the other encountered technical-related issues in the first half of the financial year. The key model changeover was successful and assembly volumes for this OEM normalised in the second half of the financial year. The technical-related matters at the other OEM have, however, taken longer to resolve, although there was an improvement in 2H25. LCV sales declined by 9% for the year, while SUV sales were up 9%.

Revenue declined by 8%, mostly due to lower sales volumes in both the division's OEM operations (which produce components for vehicle interiors, fitted during vehicle assembly) and aftermarket operations (which produce components for the aftermarket, fitted after assembly, typically at the dealer). The OEM operations were affected by the model changeover and generally lower vehicle assembly volumes, while the aftermarket operations were affected by lower LCV sales.

DIVISIONAL REVIEW: FELTEX (CONTINUED)

Operating profit declined by 37%, mostly attributable to the lower revenue and costs associated with the model changeover.

Net working capital was well-managed, despite increased inventory related to the model changeover. Both cash flow and ROCE declined due to the lower profitability.

During the year, the intangible asset in relation to Maxe's trademark was impaired by R57 million. Maxe is Feltex' aftermarket business. This was primarily attributable to a shift in consumer preferences towards more affordable imported vehicles and a decline in demand for vehicle accessories, which had an impact on forecast sales and future cash flows.

Key FY25 awards

- Maxe: Supplier Achievement Award from Toyota SA

Outlook

The policy framework for the South African automotive sector under the South African Automotive Industry Masterplan ('SAAM') remains supportive. The programme is designed to enable component manufacturers to grow their value-add capabilities to support job creation throughout the value chain. With its Level 3 B-BBEE rating, proven quality and delivery capability, Feltex is well positioned to capitalise on the localisation opportunities presented by this programme. In the context of the aforementioned headwinds, the division is focusing on the following:

- driving cost reductions and aligning the cost base with volumes, should global disruptions result from the trade war;
- pursuing localisation opportunities, e.g. product extension to help local OEMs grow local content;
- developing opportunities in the rest of Africa;
- targeting new OEMs interested in setting up manufacturing facilities in Africa; and
- actively engaging with government either directly or through membership of industry bodies to contribute to and engage on policies to stimulate growth in the sector.

NAAMSA forecasts a recovery in vehicle assembly volumes in the 2025 and 2026 calendar years, supported by easing interest rates domestically and in key export markets, which is positive for the division, although the industry body cautions that the United States' trade war creates an uncertain trading environment. Feltex has a diverse spread across the OEMs with no OEM making up more than a third of the division's revenue. Although only approximately 7% of South Africa's automotive assembly volumes were exported to North America in 2024, there is uncertainty around the possible redirection of global trade flows and the potential implications thereof for South Africa.



DIVISIONAL REVIEW: SLEEP GROUP (CONTINUED)

Sleep Group

Operating environment

The household furniture, appliances and equipment market, which includes bedding, was generally subdued during the year, with consumers being price-sensitive and sales supported by promotional activity and value-for-money offerings. While there has been an uptrend in consumer confidence since FY24, it contracted materially in the third quarter of the current financial year. Although consumer confidence improved in the fourth quarter, it remains in negative territory.

Selected indicators	FY25	FY24	FY23	FY22	FY21
South Africa retail sales					
Household furniture, appliances and equipment (Rm)[1]	**50 106**	43 988	43 608	43 746	43 843
Household furniture, appliances and equipment (% change)	**14**	1	0	0	20

[1] In constant 2019 prices.
Source: Statistics South Africa

Results discussion

Financial metrics	FY25	FY24	% change
Revenue (Rm)	**1 834**	1 720	7
EBITDA (Rm)	**215**	180	19
EBITDA margin (%)	**11.7**	10.5	1.2
Operating profit (Rm)	**159**	125	27
Operating margin (%)	**8.7**	7.3	1.4
Net working capital (Rm)	**108**	136	(21)
Capital expenditure (Rm)[2]	**23**	17	35
Cash flow (Rm)[3]	**230**	208	11
Net operating assets (Rm)	**1 422**	1 464	(3)
ROCE (%)	**11.0**	8.4	2.6

[2] Includes replacement and expansion capital expenditure.
[3] Cash flow from operations less replacement capital expenditure.

The division underwent a major restructuring in FY23 to focus on more profitable products and markets, improve process efficiencies and reduce operating costs. The division continues to benefit from this shift in focus, despite challenging market conditions with consumers remaining price-sensitive across all product categories.

Revenue increased by 7%, largely due to higher bedding sales volumes. Operating profit improved by 27% due to the higher sales volumes, improved efficiencies and good cost management. The division's polyurethane foam business, which makes up c. 12% of its third-party revenue, remained a drag on performance. While this business was restructured during FY24, this has not yet translated into improved performance due to insufficient sales volumes and an unfavourable product mix. A new management team was appointed during the fourth quarter with further focus on sales and product mix optimisation.

Net working capital reduced by 21% due to improved management. Cash flow and ROCE improved due to increased profitability and lower working capital.

Outlook

While we anticipate that consumer sentiment may improve in FY26 due to an expected easing of interest rates, we are preparing for a continuation of the challenging trading conditions experienced this year as consumer household finances appear strained. The division will therefore continue to focus on the following:

- range extension, with the product offering expanding from the middle-market segment to premium and entry level;
- optimising sales capacity;
- expanding the channel to market by entering African territories;
- turnaround of the polyurethane foam operations; and
- cost savings, including on raw material procurement.

The division has recently invested in several expansion and process optimisation projects, including the expansion of the Johannesburg and Durban facilities, a foam line upgrade and a new fibre-tearing line in Johannesburg, which will underpin volume growth. All these projects have been commissioned and are operating as planned.

DIVISIONAL REVIEW: OPTIX (CONTINUED)

Operating environment

The adoption of AI and ML technology is increasing globally due to the associated benefits. AI and ML detect risky driving behaviours in real time, thereby reducing the number of collisions and insurance costs. Additionally, it supports route optimisation, which can reduce fuel consumption and delivery times.

The use of AI-driven algorithms to detect the level of driver fatigue is gaining significant traction globally. Fatigue is extremely difficult to detect and requires immediate intervention to prevent dire consequences. Optix is a leader in this space globally, with technology that has prevented more than 100 000 fatigue-related incidents in the prior year.

Due to the benefits of the technology, the market is moving towards providing real-time feedback to drivers, using historical data and predictive analytics to keep them safe and train them to correct bad habits and areas that need improvement.

Results discussion

Financial metrics	FY25	FY24	% change
Revenue (Rm)	**602**	595	1
EBITDA (Rm)	**20**	42	(52)
EBITDA margin (%)	**3.3**	7.1	(3.8)
Operating profit (Rm)	**(44)**	–	n/a
Operating margin (%)	**(7.3)**	–	(7.3)
Net working capital (Rm)	**147**	127	16
Capital expenditure (Rm)[1]	**54**	86	(37)
Cash flow (Rm)[2]	**4**	13	(69)
Net operating assets (Rm)	**416**	773	(46)
ROCE (%)	**(7.4)**	–	(7.4)

[1] Includes replacement and expansion capital expenditure.

[2] Cash flow from operations less replacement capital expenditure.

Revenue increased by 1%. While significant hardware sales were concluded during the year, these related to replacement units, which were required to ensure compatibility with cellular network upgrades. The focus on the replacement of units resulted in the subscriber base growing by only 3%. The increase in revenue was insufficient to cover higher product and infrastructure development costs, which were incurred to support future growth. The division consequently reported a loss.

The division is focusing on leveraging its investments through increased sales, mainly in international markets. It has reconstituted its executive team and expanded its sales and operational capacity to increase sales pipeline conversion and thus performance.

Working capital increased, largely related to higher inventory levels in anticipation of expected sales. Cash flow declined by 69% because of the lower profitability.

Goodwill of R145 million and intangible assets of R215 million were impaired during the year due to the division's performance falling below expectations, primarily due to a more extended sales cycle and the inability to expand its subscriber base. This has resulted in revised operating profitability expectations going forward.

Outlook

The division is focused on leveraging its investments through increased sales, mainly in international markets. It has reconstituted its executive team and expanded its sales and operational capacity to increase sales pipeline conversion and thus performance.

The division entered three strategic partnerships with leading international operators, which provide growth opportunities in existing and new territories. The division presently has devices in 61 countries and provides support from South Africa, Australasia and the United Kingdom.



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SUSTAINABILITY REVIEW

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OUR APPROACH TO SUSTAINABILITY

Sustainable business practices support the execution of our strategy and the fulfilment of our purpose to create long-term economic and social value.

Sustainability governance

Our board is ultimately responsible for sustainability governance in the group and delegates the oversight and monitoring of sustainability matters to specific board committees, namely the sustainability, social and ethics committee, the human capital and remuneration committee and the audit and risk committee. The following group committees and teams have accountability for various areas of sustainability: the KAP Exco, the divisional Excos and the relevant divisional operational management teams. Where necessary, experts are consulted on specific areas of sustainability, for example, on climate change.

KAP corporate services executives regularly update the board on sustainability matters and external stakeholder views, bearing in mind the diverse nature of sustainability within the group.

The relevant focus areas, policies and frameworks pertaining to sustainability matters are set at a KAP level, with guidance and approval thereof by our board, and are adopted by our divisions.

Read more: Corporate governance review, page 88

Sustainability and strategy

Sustainability principles are integrated with the commercial strategies of our divisions through our business principles of value-add/differentiation, operational excellence, best people and strategic stakeholder relationships. The application of our business principles enables our divisions to deliver fit-for-purpose products and services that are differentiated from competitors and enhance their competitiveness, to support the execution of our strategy. A practical example of this integration is operational excellence; to achieve low-cost positions, our divisions need to be as efficient as possible in their use of raw materials, and thus natural resources, to minimise waste. Sustainability has a strong commercial foundation in the group, with a lower environmental impact and/or positive societal impact a natural benefit of this process.

There are, however, consistent trade-offs in our decision-making. For example, during the year we unfortunately had to retrench employees, mostly due to lower sales volumes, to ensure the long-term sustainability of our businesses. While we have the potential to significantly increase renewable energy capacity in the group, our focus on net debt reduction to de-risk our balance sheet affects the pace at which we can roll out this capacity.

Materiality

Our integrated and sustainability reporting are guided by materiality. Material matters refer to those matters that could affect the group's ability to create value for our key stakeholders over the short, medium or long term. We also consider matters which we believe are of importance to our key stakeholders, as assessed through a quantitative and qualitative group materiality assessment. Sustainability matters are considered in our group materiality assessment, rather than being considered separately. Material matters are evaluated and approved by our board.

Our threshold for financial reporting materiality is for an impact of greater than R35 million on operating profit or net operating assets. As our materiality threshold for financial reporting is lower than for our enterprise risk framework, and we consider matters of importance to our key stakeholders, our material matters include more matters than our group risks.

Sustainability priority areas

In certain material matters there is an overlap in terms of importance between the group and our key stakeholders ('priority areas'). By increasing our focus on these areas, we believe we have the greatest potential to drive positive change through our business activities. Our priority areas are shown in our sustainability framework overleaf.



OUR APPROACH TO SUSTAINABILITY (CONTINUED)

Our sustainability framework

Our sustainability framework summarises our material themes and priority areas, and aligns with the objectives of the UN SDGs.

Our purpose and strategy

Our purpose is to create lasting economic and social value by building market-leading businesses. Our strategy is to deliver sustainable, value-accretive growth for our stakeholders by building a portfolio of market-leading businesses.

Material themes

Material matters refer to those matters that could affect the group's ability to create value for our key stakeholders over the short, medium or long term, and/or matters which we believe are of importance to our key stakeholders. Our material matters are grouped under five themes:

Generating economic value | Adhering to responsible business practices | Creating an engaged workforce | Delivering social value | Driving resource efficiency

Our priority areas and objectives

The areas below represent areas where there is overlap between matters that are important to the group and our key stakeholders, which fall under our material themes noted above. Due to the diverse nature of our businesses, these issues will vary in importance and relevance for each division.

Energy management and GHG emissions

- Accurate measurement
- Sustainability and consistency of energy supply
- Energy reduction and optimisation
- Reduce Scope 1 and 2 emissions by 10% by FY30, relative to FY23 adjusted baseline

Water management

- Responsible use
- Accurate measurement
- Mitigate supply risks
- Maintain and improve water intensity

Waste management

- Accurate measurement
- Generate less waste
- Recycle to improve cost and efficiencies
- Reduce waste disposal

Attracting and retaining talent

- Attract and retain the right people, in the right roles, to deliver on the group strategy
- Retain critical leadership and technical skills
- Build an internal recruitment function to attract critical and scarce skills

Health and safety

- A safe working environment for employees and contractors
- Zero fatalities

Community development

- Provide SED that has a positive and lasting impact on the communities in which we operate
- Support municipal infrastructure maintenance and service delivery

Relevant SDGs

As a signatory to the United Nations Global Compact ('UNGC'), we support the creation of an inclusive, prosperous and sustainable society for all. Although our group activities are aligned with most of the SDGs, nine resonate with our priority areas:



Sustainability reporting frameworks

We are on a journey to improve the quality of our sustainability data, our sustainability performance, and how we report on sustainability to our stakeholders, taking into consideration voluntary and mandatory sustainability reporting frameworks.

We apply our material themes, as outlined in our sustainability framework, to the following voluntary frameworks to guide our sustainability reporting: JSE Sustainability Disclosure Guidance and the IFRS Sustainability Disclosure Standards, IFRS S1 and S2. At this stage, the group is not subject to mandatory sustainability reporting frameworks. Considering the complexity of sustainability reporting and the vast data requirements, we do not fully align with the above voluntary frameworks. However, we endeavour to improve this alignment over time where it is practical for the group.

In the following pages, we discuss our sustainability priority areas, in the context of our material themes: creating an engaged workforce, delivering social value, driving resource efficiency, and adhering to responsible business practices. We discuss our remaining material theme, creating economic value, elsewhere in our integrated report and in our 2025 AFS, available on our website at www.kap.co.za.

CREATING AN ENGAGED WORKFORCE

We believe that a motivated and engaged workforce creates a sustainable competitive advantage for the group and impacts society positively. We are committed to attracting, developing and retaining the right people, providing a safe working environment, and creating a sense of belonging.

Priority areas

Our key sustainability priority areas related to our workforce are 1) attracting and retaining talent; and 2) health and safety.

Priority and relevant SDGs	Key objectives	FY25 data and progress
Attracting and retaining talent	• Attract and retain the right people, in the right roles, to deliver on the group strategy • Retain critical leadership and technical skills • Build an internal recruitment function to attract critical and scarce skills	• Average voluntary turnover rate: 3% (FY24: 6%) • Training and development expenditure: R118 million (FY24: R122 million) • Training initiatives: 7 615 (FY24: 7 211) • Strategic changes were implemented across our executive leadership to better align with our growth objectives and strengthen organisational positioning
Health and safety	• A safe working environment for employees and contractors • Zero fatalities	• DFIR: 1.1 (unchanged) • Employee and contractor fatalities: 3 (FY24: 2)

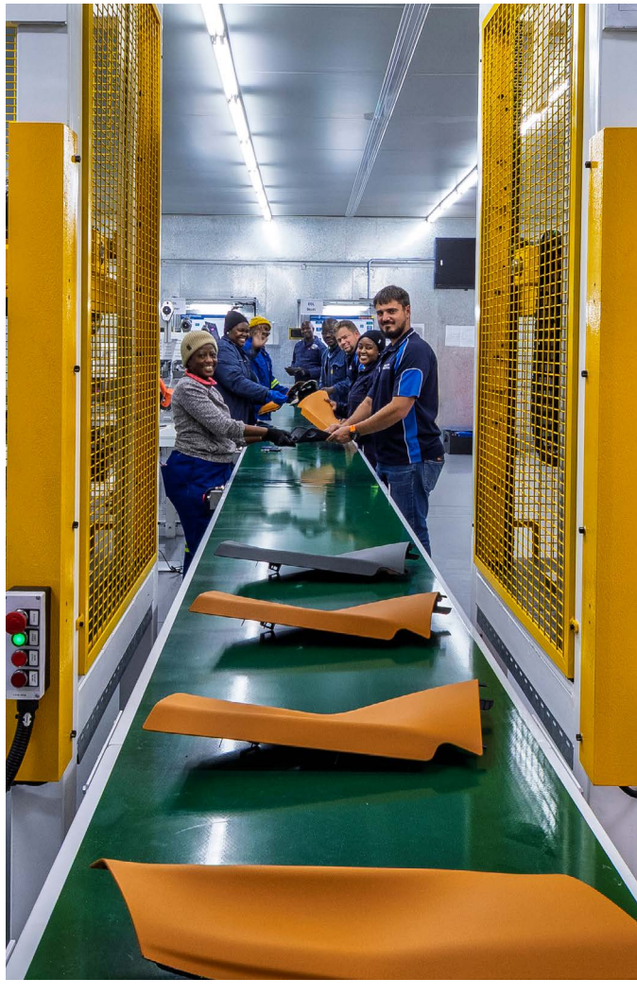
Composition of our workforce

We employ 13 453 permanent and 3 541 seasonal, fixed-term and temporary employees. Our seasonal employees reside in Unitrans' agriculture operations and vary depending on the timing of the harvesting season in different territories.

Our workforce decreased by 3% during the year, largely due to Unitrans exiting underperforming operations and activities, as well as restructuring in Unitrans, Feltex and Optix, mostly due to lower sales volumes. Currently, 79% of our total workforce is based in South Africa, with most of our permanent employees based in the country.

Workforce per division	Permanent	Seasonal	Other[1]	Total	% change from FY24
PG Bison	1 972	–	178	**2 150**	6
Safripol	396	–	51	**447**	(1)
Unitrans	7 442	1 698	743	**9 883**	(7)
Feltex	1 580	–	780	**2 360**	(1)
Sleep Group	1 690	–	83	**1 773**	(1)
Optix	331	–	4	**335**	(10)
Corporate services	42	–	4	**46**	–
Total	13 453	1 698	1 843	**16 994**	(3)

[1] Includes fixed-term and temporary employees.



CREATING AN ENGAGED WORKFORCE (CONTINUED)

Our people risks and opportunities

Our operations are people-intensive, and some of our operations require highly technical skills. Over the past few years, we have lost key leadership and middle management technical experts to competitors and emigration. Our average voluntary turnover rate (permanent employees) for the year was 3% (FY24: 6%), with higher turnover rates in junior management and above.

The loss of critical leadership and technical skills represents a strategic risk to the group. We occupy market leadership positions in the sectors in which we operate, which limits the talent pipeline from which we can source suitable talent to support the execution of our strategy. The execution of our strategy is dependent on having the right people in the right roles. Misalignment in terms of role fit in key leadership and critical technical roles could negatively affect group performance.

Our strategic response to people risks and opportunities

Our human capital strategy, which has been in execution since FY22, drives our approach to our employees. The objective of our human capital strategy is to inspire a high-performance culture where every employee is fully engaged, motivated and equipped to contribute their best effort to help the group achieve its strategic objectives. Given our current context, we are prioritising the following areas:

- optimal organisational design and leadership capacity;
- leadership development and succession;
- attracting and retaining talent;
- diversity and employment equity;
- incentivisation aligned with strategy; and
- human capital systems and digitisation.

Talent attraction

Internal recruitment function

To ensure that the group has the capability to compete for skills in the current competitive job market, close succession gaps and achieve diversity and employment equity goals, we have created an internal group recruitment function. In addition to fulfilling normal operational recruitment requirements, an internal recruitment function will enable the divisions to undertake proactive recruitment assignments and build a database of skilled candidates to meet their future talent requirements and employment equity targets.

Talent retention

Optimal organisational design and leadership capacity

The review and implementation of the organisational design for all divisions was completed during FY23 and the appointment of executives to populate executive structures was mostly concluded in FY24 and FY25. As part of this process, several changes were made to the composition of corporate services and divisional Excos to align executive capacity with strategy implementation.

We believe that these changes have created a solid executive leadership layer that will reposition the group strategically for strategy execution and growth. To reduce the risk of turnover and misaligned job expectations, a formal integration framework will be developed and implemented in FY26 to facilitate executive team integration and ensure that new executives become fully functioning members of the organisation.

Incentivisation aligned with strategy

In June 2024, the board approved the group's five-year strategic plan, which is the mechanism used by the group to quantify the financial impact of the strategic focus areas. In terms of the board-approved remuneration policy, the variable pay measurement criteria incorporate financial and operational targets aligned with the group's five-year strategic plan to incentivise management for the implementation of strategic and operational initiatives that support group performance.

Executive key performance indicators ('KPIs'), aligned to the group's five-year strategic plan, form part of the vesting criteria for the executive long-term incentive ('LTI') scheme. Individual KPIs have also been included as one of the measurement criteria for the FY25 Annual Incentive Bonus scheme for the KAP corporate services executives, excluding the KAP executive directors. In addition to these schemes, each division has incentive schemes applicable to middle and junior management, which are aimed at achieving project, production, sales and similar operational targets. Executive KPIs are determined based on the KAP and divisional strategies. The individual KPIs for all LTI participants have been finalised and will be monitored as part of normal performance management processes.

Leadership development and succession

We do not have significant executive succession risk considering the current age profile of our executives and our mandatory retirement age. In the event of unplanned succession, we have sufficient internal executive and functional capability to ensure business continuity while suitable external candidates are recruited. Through our internal recruitment function, we are adopting proactive recruitment strategies to close potential succession gaps in critical and scarce roles. Our divisions are also implementing initiatives to develop leadership competencies with the objective of growing future leaders, which will improve our internal leadership talent pipeline and improve leadership capacity across all management levels.

Onboarding

We have invested in comprehensive employee onboarding processes to integrate new employees into the group. We believe this will contribute to increased employee engagement and retention levels. Through the onboarding processes, new employees are familiarised with the company policies, values and culture. The processes also enable managers to clarify the roles of new employees and key results areas to improve performance and reduce the risk of misaligned job expectations.

Training and development

Our training and development activities are aimed at supporting the group strategy through various leadership and technical development initiatives. These include:

- Learnerships and graduate placement programmes which deliver a pipeline of junior technical skills, typically absorbed into our divisions on completion.
- Technical and work-integrated learning programmes provide the requisite skills to improve operational efficiencies.
- Bursaries are awarded to employees to assist in furthering their academic progression in job-aligned areas.
- In addition to technical skills programmes, we support leadership development training focused on supervisory, middle and senior management levels to build leadership capacity and a pipeline to address succession gaps.

CREATING AN ENGAGED WORKFORCE (CONTINUED)

Our expenditure on training and development was R118 million (FY24: R122 million), with the lower expenditure due to lower headcount. We offered internships, learnerships and apprenticeships worth R63 million to both employees and unemployed learners as part of our human capital development programme, with our total training initiatives amounting to 7 615 (FY24: 7 211). We offer both on-site and off-site training by accredited providers.

Our training and development include health and safety training, which amounted to R6 million during the year, spent on 3 397 employees.

Training and development expenditure	FY25 Rm	FY24 Rm	FY23 Rm
Bursaries and institution-based training	**7**	7	6
Internships, learnerships and apprenticeships	**63**	66	75
Work-integrated learning	**7**	6	5
Informal training	**13**	9	9
Other in-house related training costs	**28**	34	36
Total	**118**	122	131

Diversity and inclusion

Embracing diversity is one of our values, an integral part of building a high-performance culture as guided by legislative frameworks, including the Employment Equity Act and the Broad-Based Black Economic Empowerment Act. Our divisions have made good progress in identifying and eliminating barriers to employment equity. As a group, we have a Level 4 B-BBEE rating, with divisions being rated individually between Levels 2 and 4. Our B-BBEE verification process is conducted independently by AQRate, an accredited B-BBEE verification agency.

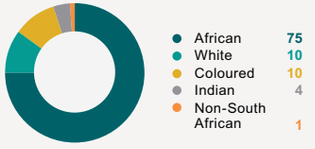
The Employment Equity Amendment Act of 2022, which empowers the Minister of Employment and Labour to set binding employment equity ('EE') sector targets, was proclaimed into law on 1 January 2025. In accordance with the provisions of the Amendment Act, the Minister published EE regulations on 15 April 2025, which include five-year binding sectoral employment equity targets.

This means that, for the 2025 reporting period (15 September 2025 to 15 January 2026) and thereafter, all divisions based in South Africa with more than 50 employees will be required to update their EE plans and set employment targets in accordance with the sectoral targets published by the Minister. We are in the process of implementing measures and processes to ensure continued compliance with the requirements of the amended EE legislation.

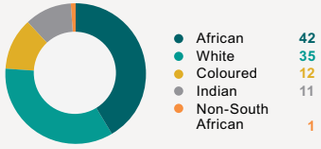
Race diversity

Our permanent workforce comprises 90% black employees (FY24: 89%), and 65% (FY24: 60%) of management (junior management and higher) comprises permanent black employees. On a senior management level, black employees comprise 15% (FY24: 15%) of total positions. As we are witnessing higher turnover rates of our junior and middle-management black employees, we are focused on increasing black representation across all managerial levels in line with the five-year binding sectoral EE targets published in terms of the amended EE legislation.

Composition of our workforce by race[1] (%)



Composition of managerial positions by race[2] (%)

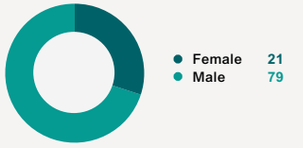


[1] Reference to permanent South African employees.
[2] Reference to permanent South African employees, junior managers and above.
Note: Percentages have been rounded and totals may therefore not add up to 100.

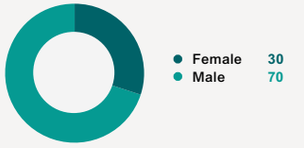
Gender diversity

Management has set internal targets to improve gender diversity in leadership positions, and to improve female representation across all operations. At board level, 33% of our directors are female, with 25% of the board comprising black females. Females comprise 21% (FY24: 20%) of our permanent workforce and hold 30% (FY24: 30%) of managerial positions (junior management and higher). On a senior management level, females hold 19% (FY24: 19%) of total positions. In addition, divisions will set internal gender targets in line with the five-year binding sectoral EE targets published in terms of the amended EE legislation.

Composition of our workforce by gender[1] (%)



Composition of managerial positions by gender[2] (%)



[1] Reference to permanent South African employees.
[2] Reference to permanent South African employees, junior managers and above.

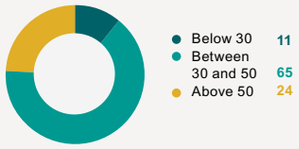
We continue to work on improving race and gender diversity in the group. We identify positions where we generally have high turnover over time and proactively identify high-potential, suitable candidates within the group and in the job market. This enables us to build a large pool of candidates proactively and track their career progress over time to give us the ability to employ them when an opportunity arises. This will be accelerated by our internal recruitment function.

CREATING AN ENGAGED WORKFORCE (CONTINUED)

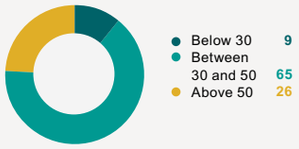
Age diversity

Age diversity provides an opportunity for employees of different ages to collaborate, share knowledge, offer different perspectives and transfer skills. Most of our workforce is between the ages of 30 and 50.

Composition of our workforce by age[1] (%)



Composition of managerial positions by age[2] (%)



[1] Reference to permanent South African employees.
[2] Reference to permanent South African employees, junior managers and above.

We are also committed to providing an accommodating work environment for people with disabilities. Of our employees, 42 permanent employees (FY24: 40) and 277 learnerships are people with disabilities.

Health and safety

Safety

We are committed to providing a safe working environment for all our employees and contractors and we target zero fatalities. At an operational level, we have comprehensive safety management systems, processes and procedures in place aligned with the Occupational Health and Safety Act ('OHSA'), which covers employees, contractors and members of the public that enter our facilities or sites. Several facilities are ISO 45001:2018 accredited. Each division identifies, measures and reports on health and safety matters. Compliance is reported at the divisional audit and risk committee meetings and monitored at the KAP compliance committee meetings.

We continuously train employees and contractors in health and safety procedures applicable to their work environment. All employees and contractors undergo general health and safety training during induction and annual refresher training, in addition to the continuous training required by OHSA. Due to the diversity of our operations, the latter is performed in line with the type of operations and operational exposure, as required by OHSA.

Our divisions are regularly assessed by internal health and safety representatives. Where required, assessments by accredited, external, independent assurance providers ensure compliance with relevant health and safety statutory and legal requirements. The frequency of assessments depends on the statutory health and safety requirements specific to their facilities and operations.

Our occupational health and safety procedures include a risk management plan that is supported by a legal, risk and incident register, which allows for the identification of hazards, as well as regular risk assessments, internal audits, safety training, management reviews and third-party audits. These are undertaken on both existing business and new projects. In-depth investigations of all incidents are conducted, and mitigation procedures are reviewed regularly.

Because the equipment and certain raw materials used at some of our manufacturing facilities can potentially be dangerous to our employees, they are trained to strictly adhere to all required health and safety regulations. Specific training, such as working at heights or in confined spaces, lockout and safe work procedures, is given to specific employees and contractors who work in these environments, in accordance with a training plan which is tracked and monitored.

In our logistics operations, road accidents present the most material risk to the safety of our employees. To reduce road accidents, we invest in safe vehicles and equip them with suitable technology, conduct driver training and roll out broad-based road transport safety campaigns for our truck drivers. Optix focuses on improving safety on our roads by deploying video telematics and predictive analytics.

Our safety performance is summarised below:

Reportable occupational injuries and diseases	FY25	FY24	FY23	FY22
Employees				
Lost-time injuries ('LTI')	**254**	234	236	273
Occupational diseases	**1**	2	–	9
COID (no lost time)	**66**	114	93	87
Total COID	**321**	350	329	369
Contractors				
LTI	**20**	16	15	17
Total	**341**	366	344	386
DIFR	**1.1**	1.1	1.0	1.2

The highest DIFRs are in Unitrans, Feltex and Sleep Group. During the year, Unitrans reaffirmed the critical need for stringent safety measures and proactive compliance to mitigate risks and enhance workplace safety across the division. The division appointed a health and safety executive effective 1 July 2025 to take ownership thereof, strengthening leadership in safety, health, environment, risk and quality management, enhancing regulatory compliance and reinforcing governance. Feltex embarked on cross-functional disabling injury review sessions with responsible general managers to facilitate oversight, learnings and corrective actions from the incidents to be shared across its businesses. Sleep Group established a safety culture improvement initiative for FY26 to reaffirm the safety culture within the business, define operational responsibility, accountability and training and awareness initiatives.

There were unfortunately two on-site employee fatalities in Unitrans (FY24: 1) and one on-site contractor fatality in PG Bison (FY24: 1). These fatalities are unacceptable losses of life. Following a thorough investigation to identify root causes, Unitrans implemented enhanced safety protocols, including stricter adherence to safe working procedures, additional employee training, and the introduction of a near-miss incident reporting system. Unitrans executives continue to have fatality review sessions to maintain oversight and share learnings from incidents. Fatality incident analysis, root cause analysis, corrective action and mitigating controls are broadly communicated throughout the division to prevent recurrence. Regular safety audits and risk assessments are conducted to proactively identify and mitigate hazards. In PG Bison, contractor and company drivers and crane operators were retrained per the guidelines for Forest Engineering Practices in South Africa. PG Bison is also focusing on basic safety principles and the legal compliance of experienced employees and permanent contractors, re-examining the integrity of core processes and systems, including the quality of training and reinforcing safe behaviour campaigns to maintain compliance in their operations.

Our employees can report work-related hazards and/or what they perceive to be hazardous situations directly to management and, if dissatisfied with the action taken, through our ethics line and alternative disclosure mechanisms.

CREATING AN ENGAGED WORKFORCE (CONTINUED)

Health

We have invested in on-site occupational and primary healthcare clinics for our employees at most of our manufacturing sites. In cases where these are not available, we ensure that our employees and contractors have access to healthcare facilities nearby. The clinics offer first aid and play a crucial role in dealing with injuries on duty. They are run by qualified nursing staff, who are assisted by medical doctors. The services they offer include workplace health risk assessments, chronic disease screening and management (including for tuberculosis and HIV), industrial hygiene and medical surveillance. They also offer primary healthcare medication and family planning. Where there is no on-site clinic, an occupational health practitioner is contracted to perform medical surveillance.

In our logistics environment, mobile clinics are available on the main routes we use. These clinics test for chronic conditions and dispense chronic and primary healthcare medication.

HIV/Aids is addressed in all divisional policies, and each division has a comprehensive, holistic programme in place to promote awareness, prevention and voluntary testing, as well as to provide support. Policies cover issues such as confidentiality and protection against discrimination. We are committed to implementing programmes that are relevant and valuable to our employees in each division. Where applicable, local communities are involved in initiatives such as World Aids Day and HIV/Aids education.

Our divisions have wellness programmes and employee assistance programmes to assist employees with their overall wellness, both from a professional and a personal perspective.

Labour relations

We nurture the belief that constructive engagement with our employees is critical to the sustainability of our business. We comply with the provisions of applicable labour and employment legislation in all the countries in which our businesses operate. We have sound relationships with our key stakeholders, including industry organisations and trade unions, and we create an environment conducive to achieving mutually beneficial outcomes and collective agreements with these unions. We also play a meaningful role in industry collective bargaining structures, including the bargaining council structures and employer organisations in the industries in which our divisions operate. Trade union representation in our operations remains stable and continues to form a solid base for employee engagement with approximately 60% (FY24: 70%) of our South African workforce belonging to collective bargaining units in FY25.

Our divisional union representation is summarised below:

Union representation in the group	FY25 %	FY24 %
PG Bison	**60**	63
Safripol	**41**	41
Unitrans	**60**	73
Feltex	**61**	61
Sleep Group	**79**	89
Optix	**–**	–
Average	**60**	70

The decline in union membership is mostly due to the deregistration of a union, loss of a contract in Unitrans, and employee turnover.

Fair labour practices and remuneration

Our approach to our labour practices and remuneration is outlined in our human rights policy. We comply with the provisions of the Labour Relations Act, Basic Conditions of Employment Act and other labour laws, which promote collective bargaining, prohibit forced labour, regulate hours of work, meal intervals, rest periods and overtime work. We do not employ children under the age of 18. Our divisions monitor and report on overtime work to ensure that we have a healthy workforce and create a safe working environment for our employees. We have established an employment compliance committee as part of our combined assurance framework to develop and implement the controls, systems and processes necessary to ensure labour and employment legislative compliance. Our employees have the option to participate voluntarily in both medical and health schemes, while membership of a retirement scheme is compulsory for all our permanent employees.

We meet or exceed all minimum wage requirements as legislated in South Africa and all the countries in which our businesses operate and are committed to fair and responsible pay practices.



DELIVERING SOCIAL VALUE

We aim to support the development of thriving and resilient communities in the areas in which our divisions operate, through focused SED delivered through strategic programmes and partnerships with key stakeholders. By doing so, we also increase the long-term sustainability of our divisions.

Priority areas and relevant SDGs	Key objectives	FY25 data and progress
Community development 2 ZERO HUNGER 4 QUALITY EDUCATION 11 SUSTAINABLE CITIES AND COMMUNITIES	• Providing SED that has a positive and lasting impact on the communities in which we operate • Supporting municipal infrastructure maintenance and service delivery	• Contribution to SED: R32 million (FY24: R32 million) • Contribution to ESD: R66 million (FY24: R75 million) • Preferential procurement (qualifying spend[1]) on suppliers of B-BBEE Level 4 and higher: 78% (FY24: 75%) • We have been supporting the Mkhondo municipality and Mkhondo business chamber with the establishment of a public private partnership ('PPP') to manage the maintenance, repair and replacement of the municipality's electricity distribution infrastructure. The resolution to establish the PPP was passed during the year.

[1] Only South Africa, excluding imports

Our communities

Our communities include those that are situated directly next to our operations ('fenceline communities') as well as those in the areas in which our businesses operate.

Community risks and opportunities

Six of our biggest sites are situated in five municipalities with deteriorating infrastructure and poor service delivery, which impact the sustainability of our businesses and the quality of life of the communities. These include the Mkhondo and Elundini local municipalities and the Ekurhuleni municipality, where three PG Bison sites are located; the Metsimaholo local municipality, where the Safripol HDPE and PP sites are located; and the eThekwini metro municipality's Jacobs district, where Safripol's PET and Feltex's sites are located.

Infrastructure and service delivery failures affect the quality of life of the communities and our employees who reside there. These failures, together with rising crime, unemployment and inequality, are contributing to rising discontent in underserved communities, which may result in social unrest that could affect our ability to operate efficiently.

By engaging with communities, understanding their needs and concerns and contributing to community development, we can strengthen our relationships with them, revive rural communities and support a future talent pool.

Our strategic response to community risks and opportunities

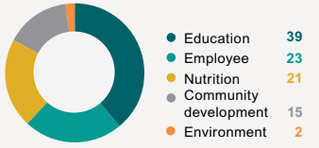
Our first imperative is to ensure that our divisions operate in a responsible manner to minimise any potential negative effects on communities. This includes ensuring that we operate in an environmentally and socially responsible manner and adhere to all legislative requirements. Our second imperative is to partner with local communities to create positive social change and to assist them in addressing their legitimate concerns with municipal structures. We do so through direct engagement with communities through community engagement forums, SED and municipal and business partnerships in the areas in which our business operate.

Socioeconomic development

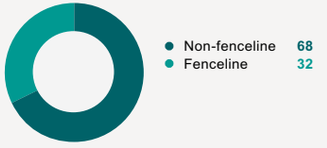
We work with several organisations to enhance our community development activities. Our focus is on childhood nutrition, education and other areas of community development, including ESD, with the objective of reducing poverty and unemployment. Importantly, some of our manufacturing businesses operate in communities that are affected by unemployment, poverty, poor service delivery and related socioeconomic issues. As many of our employees live in these communities, we are deeply committed to ensuring that they are stable and sustainable.

Our SED spend was R32 million in FY25, of which 32% (FY24: 26%) was directed to fenceline communities. We have initiated a process to consolidate our SED activities to focus our impact and deliver on our key objectives.

Contribution to SED (%)



SED contribution to fenceline and non-fenceline communities (%)



DELIVERING SOCIAL VALUE (CONTINUED)

SED case studies

Examples of our divisions' community development initiatives can be found on their websites. We therefore highlight only select initiatives below in the areas of education, nutrition and community development:

KAP sani2c, a partnership between KAP and sani2c, is a three-day mountain bike event that attracts more than 2 000 riders per event and provides permanent and temporary employment for the local community. Sixteen local schools are recipients of the funds raised through entries to the race and sponsorships. The sani2c Community Development Trust, in partnership with the Southern Lodestar Foundation's Breakfast Programme, feeds almost 2 000 school children daily along the sani2c route.

The Ugie CREATE education programme, launched in 2009, focuses on school infrastructure, learning materials and teacher support for both primary and high school learners in the rural areas of Ugie and Maclear in the Eastern Cape where PG Bison operates. The programme is a collaboration between PG Bison and Infundo, an independent Level 2 B-BBEE social enterprise consultancy specialising in educational development throughout the country. The initiative works with seven schools in the district whose pass rates have improved significantly since the inception of the programme. In the 2024 National Senior Certificate examination, they had an average pass rate of 85.2%, up from 83.9% in 2023. The initiative also focuses on integrating crèches into the programme to ensure that the educational interventions across the child's whole education journey, from preschool to high school, are aligned. Following the success of the Ugie CREATE initiative, the Mkhondo CREATE initiative was launched in 2021, also in partnership with Infundo. The Mkhondo CREATE initiative shares the developmental principles of Ugie, and is modelled on the programmes already creating impact, taking the Mkhondo-specific context into account. Parallels and learning between the two initiatives create more impact for PG Bison in both regions.

Safe-Hub provides children in the Knysna area with nutrition and access to education from pre-primary to tertiary level. Safe-Hub has a dedicated youth development programme which focuses on engaging youth in sport, education and training pathways to work and leadership. The Safe-Hub facility in Knysna employs 20 people from the local community every year, including 13 young people, who are placed in NQF Level 4 learnerships and exit the programme into local employment.









DELIVERING SOCIAL VALUE (CONTINUED)









Judea Hope's programmes focus on vulnerable children in rural areas, under-resourced regions, and informal settlements across the country. They currently run PG Bison's feeding scheme at eight crèches in Ugie and provide early childhood development ('ECD') training for crèches teachers. As part of our enterprise development initiatives, they train community members in vegetable production in our vegetable tunnels, which supply the crèches with fresh produce. This initiative was launched in Mkhondo following a detailed needs analysis and collaboration with Infundo.

Unitrans has a partnership with FoodForward SA, who collect and repackage surplus food from manufacturers, wholesalers and retailers for distribution to ECD centres, women's empowerment groups and day-care centres. FoodForward SA distributed over 83 million meals and reached approximately 935 000 people daily through 2 500 beneficiary organisations in the 2024/2025 financial year. Unitrans maintains the FoodForward SA vehicles on an ongoing basis.

In partnership with INANI Startwell Foundation, Safripol is supplying protein-rich cereal daily to feed children in ECD centres. The programme aims to address childhood stunting, one of the major causes of which is nutritional deficiencies. The focus areas of the programme are the Durban South Basin and Zamdela in Sasolburg. The programme benefited 2 678 children in FY25 (FY24: 2 700).

Safripol's school-based separation at source programme was implemented in 109 schools in Umlazi, Engonyameni, eFolweni, Jacobs, Merebank, Sasolburg and Vanderbijlpark. During the year, 94 135 learners were involved in the initiative, collecting a total of 436 tonnes of post-consumer waste, which was diverted from landfills for recycling. Twenty-four unemployed youth from local communities were given job placements at Isphepho, with six securing permanent employment. Two community-based buy-back centres i.e. Isphepho and Indaloyami were supported by this project.

The YES programme is a joint initiative between the private sector and government to assist South Africa's youth to gain work experience through employment placement. In FY25, Safripol placed 256 YES youth in small businesses that are aligned with the circular economy.

DELIVERING SOCIAL VALUE (CONTINUED)

Municipal and business partnerships

We enter municipal and business partnerships to mitigate the risk of municipal service failures and to support municipal infrastructure maintenance and delivery in the areas in which our businesses operate. Some examples of existing partnerships are summarised below:

- In 2011, PG Bison partnered with the Elundini local and Joe Gqabi district municipalities under the Business-Adopt-A-Municipality ('BAAM') programme and implemented various SED initiatives, which included disaster management and revitalisation of the small towns of Maclear and Ugie. This partnership has directly benefited the communities, and indirectly PG Bison's Ugie operations.
- Considering the success of the BAAM programme, we are involved in various Small-Town Regeneration ('STR') programmes with municipalities in the areas in which we operate and have also adopted the broader BRE framework. The STR and BRE programmes are aimed at supporting municipalities in the provision of basic municipal services, maintenance of existing infrastructure, and investment in new bulk infrastructure to enable municipalities to retain and attract businesses, create jobs, and invest in community development.
- We are also initiating and driving the establishment of urban improvement precincts ('UIPs') in Boksburg and Jacobs to enable businesses in these areas to collectively fund additional municipal services beyond what the municipality provides. The establishment of UIPs is governed by the provisions of the Municipal Services Act, No. 32 of 2000 and refers to a designated geographic area where at least 50% plus one property owners agree to pay an additional rate up to a maximum of 25% of their property rates. This is then also levied on the remaining property owners to fund enhanced municipal services.

Preferential procurement and ESD

As a large manufacturing company in South Africa, we strive to have a meaningful impact on the sustainable growth of small businesses, on community development and job creation through our ESD programmes.

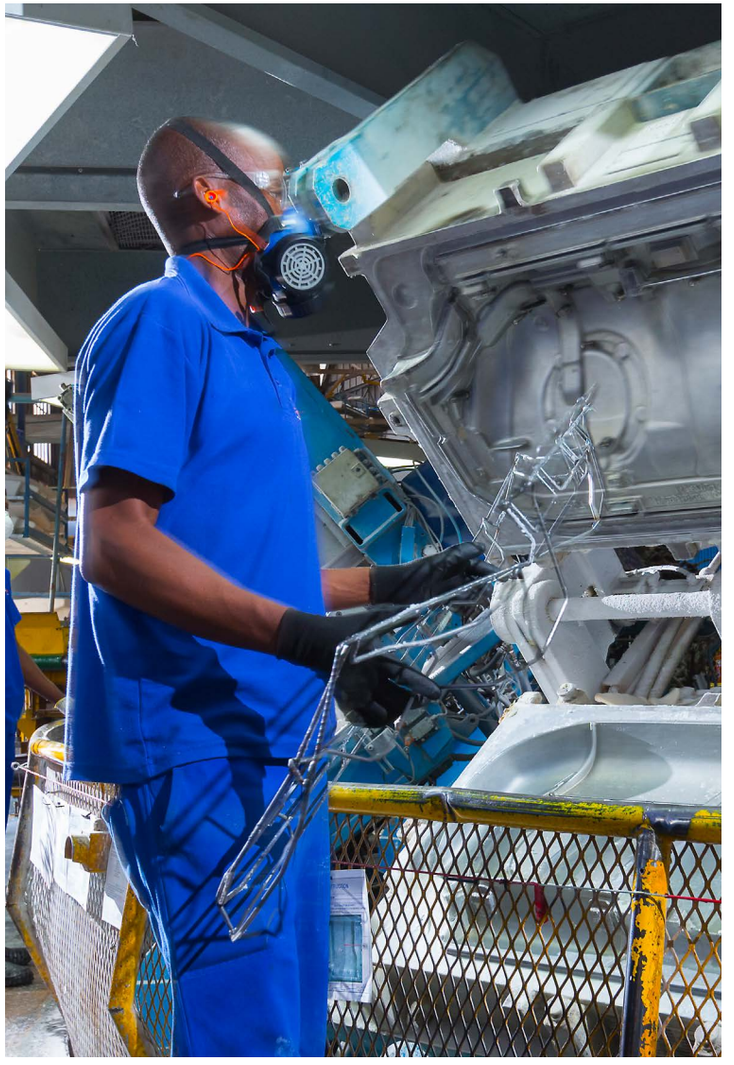
Over the past year, we have invested R66 million (FY24: R75 million) in ESD programmes to support small and black-owned businesses. We provided support through areas such as early payment terms, interest-free financing, machinery and tools and training. We are also committed to supporting suppliers with the necessary B-BBEE credentials through preferential procurement. Over the past year, 78% of our domestic procurement was directed to suppliers with Level 4 ratings and better.

B-BBEE

We are compliant with the Broad-Based Black Economic Empowerment Act, No. 53 of 2003 ('B-BBEE Act') and the Codes of Good Practice issued under the B-BBEE Act. In addition, the B-BBEE compliance status of some of our divisions is determined with reference to the B-BBEE sector codes applicable in their respective sectors. Our B-BBEE scorecard, which is verified by AQRate, is shown below. Our B-BBEE certificate is available on our website.

Group B-BBEE rating	FY25	FY24	FY23	Weighting
Equity ownership (%)	**20.82**	20.00	19.06	25
Management control (%)	**8.59**	7.30	6.90	19
Skills development (%)	**14.32**	13.51	13.76	20
Preferential procurement (%)	**23.85**	23.98	23.32	27
Supplier development (%)	**10.00**	10.00	10.00	10
Enterprise development (%)	**5.00**	5.00	5.00	5
Socioeconomic development (%)	**5.00**	5.00	5.00	5
Total	**87.58**	84.79	83.04	
Level	**4**	4	4	

PG Bison, Safripol and Feltex have Level 3 B-BBEE ratings. Unitrans' passenger operations have a Level 4 B-BBEE rating and the rest of its South African operations have a Level 2 rating. Sleep Group has a Level 4 B-BBEE rating.



DRIVING RESOURCE EFFICIENCY

We adopt strategies, practices and technologies to enable us to use natural resources in a more responsible and sustainable manner and to reduce our impact on the environment. This supports both the long-term sustainability of our operations and our ability to deliver products and services at a lower cost.

Priority areas

Our environmental priority areas are related to: 1) energy management and GHG emissions; 2) water management; and 3) waste management. We also report on biodiversity given its importance to the sustainability of PG Bison's operations. During the year, our environmental metrics mostly increased due to the ramp-up of PG Bison's new MDF line.

Priority areas and relevant SDGs	Key objectives	FY25 data and progress
Energy management and GHG emissions 	• Accurate measurement • Sustainability and consistency of energy supply • Energy reduction and optimisation • Reduce Scope 1 and 2 GHG emissions by 10% by FY30, relative to FY23 baseline of 874 252 tCO_2e[1]	• PV capacity (self-generation): 19 MWp (unchanged) • Scope 1 and 2 GHG emissions: 800 735 tCO_2e (FY24: 773 016 tCO_2e) • Scope 1 and 2 GHG emissions were 8% lower than baseline, largely due to PV capacity installed in FY23 and FY24, improved efficiencies, and lower volumes in Unitrans. While this reduction is close to our target, Unitrans' FY25 volumes were below our expectations, and we anticipate higher volumes in FY26. • Digital online metering ('MOLs') for electricity generation and consumption and natural gas were installed at most major sites, with further roll-out planned for FY26.
Water management 	• Accurate measurement • Mitigate supply risks • Maintain and improve water intensity, where necessary	• Water consumption: 1 340 ML (FY24: 1 172 ML) • Water reused: 224 ML (FY24: 205 ML) • MOLs for water withdrawals were completed at most major sites, with further roll-out planned for FY26. • Several sites make use of water tanks for storage, with additional temporary and permanent water storage solutions being developed.
Waste management 	• Accurate measurement • Reduce waste generated • Recycle to improve cost and efficiency • Reduce waste disposal	• Waste generated: 34 900 tonnes (FY24: 36 331 tonnes) • Percentage of waste recycled: 56% (FY24: 64%) • Waste/recycled material used in products[2]: 21 364 tonnes (FY24: 25 362 tonnes) • Waste disposal: 15 289 tonnes (FY24: 13 161 tonnes)

[1] The FY23 baseline was adjusted to include expected emissions from PG Bison's new MDF line at full production.

[2] Excluding biomass, including PCR material and waste purchased externally.

DRIVING RESOURCE EFFICIENCY (CONTINUED)

Energy management

Energy risks and opportunities

Electricity supply interruptions and/or non-supply pose a risk to the uninterrupted operation of our businesses. It also has the potential to affect our ability to attract talent to outlying areas where we have significant operations, and the quality of life of our employees. Additionally, Sasol notified the industry that the supply of natural gas will cease around 2028 as its gas reserves in Mozambique will run out, although it announced that it plans to supply methane-rich gas as an alternative to industry until mid-2030. The main users of natural gas in the group are Safripol (Durban site) and PG Bison (Boksburg site). Both sites' energy plants can be converted to use alternative fuel sources. However, it will require investment and will be more expensive to operate than natural gas.

By addressing energy supply interruptions and non-supply, we can ensure the continued operation of our businesses and entrench our position with customers. Energy self-generation, using renewable sources, also provides us with an attractive capital allocation opportunity and contributes to climate change mitigation.



Our strategic response to energy risks and opportunities

Our energy strategy is to mitigate supply risks and future cost escalations, become energy independent (where possible) to ensure sustainability, and evaluate opportunities to create value from our energy generation. This will support lower energy costs and GHG emissions over time. The group is focusing on the following initiatives:

- **Improved energy measurement systems:** We installed MOLs for electricity generation (grid, PV and generators) and natural gas at most major sites, with further roll-out planned for FY26.
- **Energy-efficiency programmes:** We have appointed an independent specialist to conduct energy-efficiency studies on our major sites to identify opportunities to reduce consumption. This includes using technology to improve the quality of electricity supplied to our sites, as well as upgrading systems and equipment. Potential areas for energy-efficiency improvement were identified during the year and will be rolled out over the next five years.
- **Renewable energy:** We have increased our renewable energy capacity in the group, which includes:
  - » 10 MWp PV capacity at Safripol Sasolburg, completed in FY23; and
  - » 9 MWp PV capacity at PG Bison (Boksburg and Mkhondo sites), completed in FY24.

  The capital expenditure related to the above projects was R9 million during the year, with a total investment of R299 million.
- **Sustainable energy supply:** We have designed microgrids for our major sites to facilitate a blended supply of energy from available sources for sustainable and economic energy supply.
- **Curtailment agreements:** Our large manufacturing sites procure electricity with curtailment arrangements from Eskom or municipalities. This provides us with the flexibility to reduce consumption without supply being cut off during times of load shedding.
- **Improved fuel efficiency:** Unitrans contributes 96% of the group's diesel consumption and is pursuing improved fuel efficiency by:
  - » using routing algorithms and real-time data analysis to ensure optimal delivery routes and thus less kilometres travelled;
  - » employing driver training programmes to enhance driver skills in fuel-efficient driving practices;
  - » using data visibility systems to monitor fleet fuel consumption; and
  - » deploying new technology engines with better fuel consumption/efficiency.
- **Natural gas alternatives:** We evaluated the use of either liquid petroleum gas or heavy fuel oils as an alternative to those operations that use natural gas. While possible, it will require investment and will be more expensive to operate than natural gas. We also joined the Industrial Gas Users Association of South Africa ('IGUA-SA'), which is a formal entity gathering all natural gas users in South Africa to mitigate the risk. IGUA-SA is in the process of formalising its gas organisation ('GasHub') in South Africa, with the objective to aggregate natural gas consumption and distribute via Matola (in Maputo, Mozambique) from international natural gas suppliers into the current infrastructure to users in South Africa. The industry believes that the long-term solution is to import liquefied natural gas. However, there is a risk that this will be more expensive than the current natural gas supply from Sasol.

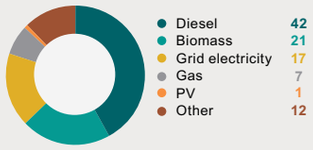
DRIVING RESOURCE EFFICIENCY (CONTINUED)

Energy mix and consumption

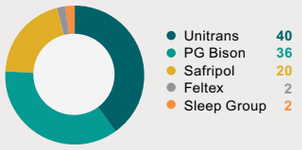
Energy mix

The group uses various energy sources for heat, steam or in processes. Twenty-two per cent of its energy consumption is renewable (biomass and PV), with Unitrans the biggest energy user in the group due to its use of diesel in vehicles.

Group energy consumption by source (%)



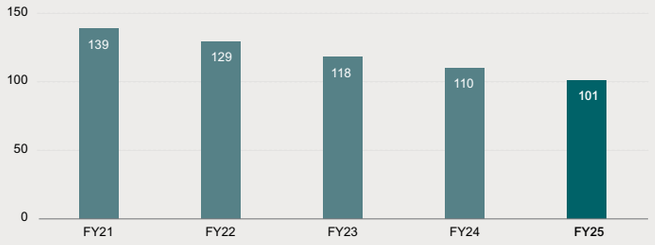
Divisional contribution to energy consumption (%)



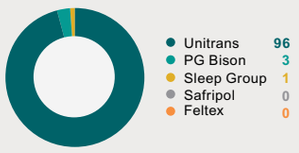
Diesel consumption

Diesel consumption was 101 ML, a 9% reduction from the prior year, mainly due to lower volumes and kilometres travelled by Unitrans, and a 4% improvement in the division's fuel efficiency. The lower diesel consumption since FY21 is largely attributable to a continued decline in volumes at Unitrans and a reduction in its fleet size. The restructuring of the division resulted in the closure of low-margin, low-return activities and improved asset utilisation, thus lowering diesel consumption.

Group diesel consumption (ML)



Divisional contribution to diesel consumption (%)



Biomass consumption

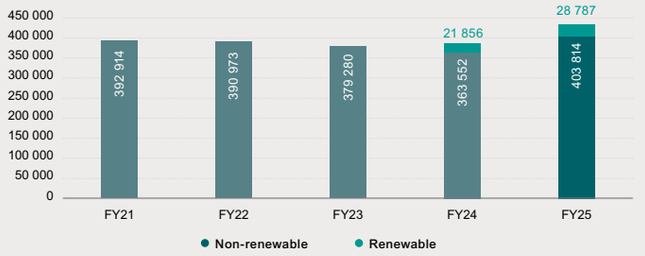
PG Bison uses biomass to generate energy (heat and steam) for its processes. It typically uses offcuts or shavings from the timber it processes. PG Bison's biomass used for energy was 115 639 tonnes, a 31% increase from FY24 due to the increased MDF production.

Note: Optix's environmental data is not measured as it is not material on a group level.

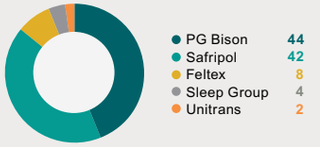
Electricity consumption

Our electricity consumption for the year was 432 601 MWh, a 12% increase compared with last year. Approximately 7% (FY24: 6%) of our electricity was supplied by our PV plants. The increase in electricity consumption was mostly due to the ramp-up of PG Bison's new MDF line. PG Bison and Safripol account for most of the electricity consumption in the group.

Group electricity consumption (MWh)



Divisional contribution to electricity consumption (%)

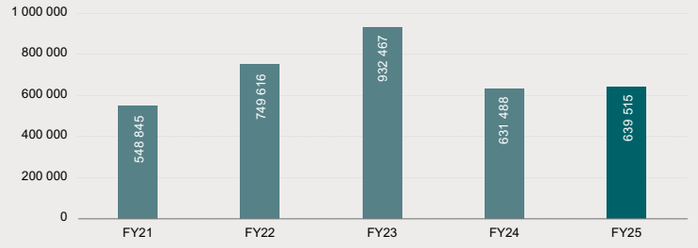


Note: Electricity consumption for FY24 was restated to include Imvusa and Connacher, which are businesses within Feltex.

Gas consumption

Our gas consumption amounted to 639 515 GJ (FY24: 631 488 GJ), of which natural gas made up 17%, with the remainder comprising methane-rich gas. Safripol's PET plant in Durban is the largest consumer of gas in the group and uses the gas to generate heat for its processes.

Group gas consumption (GJ)



Divisional contribution to gas consumption (%)



DRIVING RESOURCE EFFICIENCY (CONTINUED)

Climate change and GHG emissions

Climate change

We recognise the impact of climate change on the planet and support the global climate change goals outlined in the United Nations Framework Convention on Climate Change and the Paris Agreement, which aim to stabilise GHG concentration at a level that would significantly reduce the risks and impact of climate change.

Climate change risks and opportunities

Based on a high-level assessment by a climate change consulting group during FY24, we have deduced the potential impact of climate change on our operations. The framework used for the assessment is one developed by the Task Force on Climate-related Financial Disclosures, which has now been embedded into IFRS S2, which defines two main categories of exposure:

- **Transition:** risks and opportunities associated with the low-carbon economy transition; and
- **Physical:** risks and opportunities associated with changing physical climate.

All transition risks and opportunities were assessed against the most ambitious transition scenario developed by the International Energy Agency, called Net Zero Emissions by 2050. The results showed that the highest transition risks for the group were in the areas of policy and legal, specifically in the areas of enhanced reporting obligations and increased pricing of GHG emissions.

From a carbon tax perspective, this risk is currently not material for the group. In FY25, the group's carbon tax amounted to c. R1 million. We estimate that this could increase to c. R10 million in 2035 and c. R12 million in 2050, based on our assumptions of how the carbon tax rate and allowances may evolve. This includes the continuation of sequestration allowances and excludes potential penalties that may arise from possibly exceeding carbon tax budgets.

For the initial physical risk assessment, 10 key group production sites were selected. The basis for selection was the materiality to group revenue and/or the location of the site in an area known to be affected by climate change dynamics. The risk was measured against the worst of the five scenarios used by the Intergovernmental Panel on Climate Change ('IPCC'), called Shared Socioeconomic Pathway 5-8.5, for future annual carbon emissions. The following physical risks were considered: fire, water stress and drought, rainfall-induced landslides, extreme rainfall and flooding, river flooding, and extreme cold and heat. The assessment indicated that the overall physical risk at key sites was low to moderate.

From an opportunity perspective, self-generated/internally generated renewable energy provides us with an attractive capital allocation opportunity and mitigates potential interruptions in energy supply, which would enhance our position as a reliable local supplier.

Our strategic response to climate change risks and opportunities

Our response to the two main categories of exposure is as follows:

- **Transition:** We are in the process of enhancing our sustainability data collection and reporting. Additionally, we are increasing renewables in our energy mix, which will also lower our GHG emissions and carbon tax. Our current renewable energy capacity is 19 MWp, and we have the potential to generate another 43 MWp through projects we are currently reviewing, subject to our capital allocation priorities. Our divisions are also implementing initiatives to improve energy efficiencies. We have set a target to reduce our Scope 1 and Scope 2 GHG emissions by 10% by FY30, relative to FY23, using (own) renewable energy, energy-efficiency projects and improved asset utilisation.
- **Physical:** Our most material near-term physical risks are an increase in wildfires, which could negatively affect PG Bison's forestry operations. As a risk mitigation measure, we invest in fire detection and firefighting capabilities and implement standard forestry fire-prevention practices. We also conduct annual fuel load risk assessments and constantly engage with landowners, stakeholders and communities to manage this risk on a collaborative basis.



DRIVING RESOURCE EFFICIENCY (CONTINUED)

GHG emissions

Our carbon footprint is determined in line with the GHG Protocol Corporate Accounting and Reporting Standard. We continue to follow the operational control approach when consolidating our carbon footprint. We use emission factors from the 2006 IPCC Guidelines. We have aligned with the latest Global Warming Potentials available, as per the IPCC 6th Assessment Report.

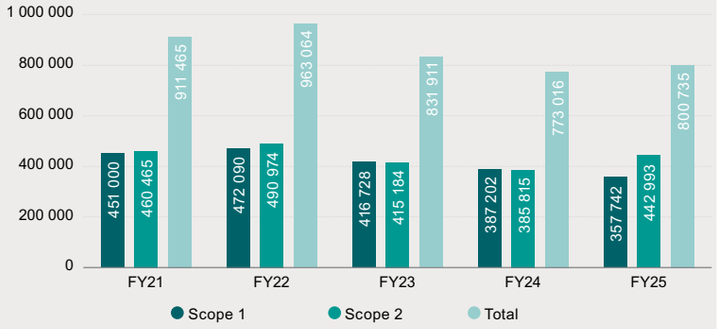
We have made the following changes to our assumptions used to calculate GHG emissions:

- We use the DFFE's emission factor for purchased electricity, which was published in 2023. In prior years, we used the emission factor published by Eskom. Although the DFFE's most recent emission factor is not aligned with FY25, this emission factor more accurately reflects the increasing renewable energy generation by Independent Power Producers ('IPPs') within the electricity grid. IPPs are not considered in Eskom's emission factor. We have also adjusted our FY23 and FY24 emission factors for purchased electricity to align with the DFFE factors to ensure more meaningful comparisons, which resulted in a restatement of Scope 2 emissions for these years. The DFFE did not publish emission factors before 2022 hence we did not restate prior year emissions.
- We have adjusted the CH_4 and N_2O emission factors for mobile diesel to align with the on-road vehicle emission factors from the IPCC 2006 Guidelines, which resulted in a restatement of Scope 1 emissions for prior years.

Our Scope 1 and 2 GHG emissions for the year were 800 735 tCO_2e, a 4% increase from the prior year. The increased emissions are largely a result of higher production at PG Bison and Safripol, which were partly offset by lower kilometres travelled by Unitrans and increased use of self-generated renewable energy in the group. Increased incremental use of renewable energy resulted in a 1% reduction in emissions from the prior year.

Scope 1 emissions make up 45% of our carbon footprint, with Unitrans the main contributor, due to the diesel used in its transport fleet. Scope 2 emissions make up 55% of our carbon footprint, with PG Bison and Safripol the biggest contributors due to the electricity consumption at their plants.

Group GHG emissions (tCO_2e)



Divisional contribution to Scope 1 emissions (%)



Divisional contribution to Scope 2 emissions (%)



Note: Electricity consumption for FY24 was restated to include Imvusa and Connacher, which are businesses within Feltex. This resulted in a slight increase in Scope 2 emissions for FY24. Optix's environmental data is not measured as it is not material on a group level.

Our Scope 1 and 2 GHG emissions for the year are 8% lower than our FY23 baseline, mostly due to the following:

- the 19 MWp PV capacity installed in FY23 and FY24, which offset 26 081 tCO_2e during the year;
- the completion of the HDPE conversion and extruder project in FY24, which resulted in enhanced energy efficiencies for the plant; and
- lower diesel consumption in Unitrans due to lower volumes and thus kilometres travelled, a reduction in its fleet size following the restructuring, and improved fuel efficiencies.

Case study: Shift to electric forklifts

The process of switching to electric-powered equipment is gaining momentum across the group, with notable progress during the year at both Safripol and Feltex. A significant portion of their forklift fleets have been converted to run on electricity, with electric forklifts comprising 67% of Safripol's fleet and 71% of Feltex's fleet.



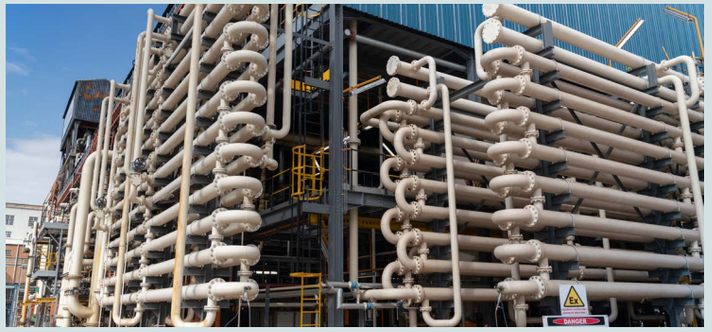
The move from traditional, fuel-powered forklifts to electric forklifts offers the following benefits:

- They are more cost-effective, operate more quietly and require less maintenance.
- They produce no direct emissions at the point of use, reduced our dependence on non-renewable energy sources and contribute to a cleaner and safer workplace.

The adoption of electric forklifts is an important step in improving efficiencies and costs and supports the reduction of our carbon footprint over the longer term.

DRIVING RESOURCE EFFICIENCY (CONTINUED)

Case study: Safripol's HDPE plant upgrade



As part of the HDPE conversion and extruder project, which was completed in FY24 and fully ramped up in FY25, Safripol's HDPE plant was upgraded with the Hostalen bimodal technology to simplify its production and improve energy efficiencies. The upgrade also allowed for the optimised production of higher-specification HDPE grades.

The upgrade resulted not only in cost savings, but also a reduction of Safripol's Scope 1 and Scope 2 emissions, with c. 12 901 tCO_2e mitigated over the period from 1 April 2024 to 31 March 2025 (c. 5% of Safripol's FY24 emissions).

Carbon absorption

PG Bison's plantations continue to play a significant role as carbon sinks, and its wood products store carbon long term. The amount of carbon absorbed by the plantations and stored in PG Bison's wood products is quantified and submitted to the DFFE for validation. This amount of carbon assists in reducing PG Bison's carbon tax liability annually. The DFFE has approved the 238 344 tCO_2e of carbon absorbed for the 2024 calendar year compared with 205 772 tCO_2e in the 2023 calendar year. In addition to this, the carbon permanently stored in our wood-based decorative panels produced at our operations as well as harvested products in the 2024 calendar year was 526 396 tCO_2e compared with 526 396 in the 2023 calendar year. PG Bison's carbon emissions during the year were therefore mostly offset by the carbon absorbed through its own operations.

PG Bison applies sustainable forestry management practices, in line with global certification standards as set out by the Forest Stewardship Council ('FSC'), with only a portion of trees harvested each year in line with the sustainable yield of the plantation. The harvested areas are replanted with young trees every year.



DRIVING RESOURCE EFFICIENCY (CONTINUED)

Water management

We withdraw most of our water from municipal supply with some water supply from third parties and groundwater/ boreholes. In our manufacturing operations, we use water predominantly for our manufacturing processes and cooling, while our logistics operations use water mainly for the washing of vehicles in dedicated wash bays.

Our water risks and opportunities

Potential water interruptions or restrictions may therefore impact our ability to operate continuously. We believe that the near-term risk related to water supply is failing infrastructure rather than availability. During the year, PG Bison's Boksburg operations were affected by water disruptions due to municipal supply issues, although this was not material on a group level.

There are also several communities around our major operations. Service delivery failures, including water, may affect our employees who live in these communities. Service delivery failures may also result in community unrest, which may impact our operations. We believe that, by proactively mitigating the risks associated with potential water disruptions, we can entrench our position as a reliable local supplier.

Our strategic response to water risks and opportunities

Our water strategy is to mitigate supply risks, reduce consumption, become water independent (where possible) to support sustainability, and ensure responsible use and compliance with legislation.

Our initial focus has been to update our baseline of all water usage in the group and ensure the accurate measurement of water by installing MOLs across the group. This process has been completed for all major sites, with further roll-out planned for FY26. Additionally, we are working towards mitigating water supply risks to ensure continued operation of our businesses. Water storage solutions form a key part of this. The group's current water storage capacity (water tanks), excluding storage for fire prevention, is c. 6 ML. We are in the process of further developing temporary and permanent water solutions for the group, which include additional water tanks.

Our divisions' initiatives to reduce water consumption include:

- using MOLs, not only to ensure data accuracy, but also proactively identify potential water leaks;
- ensuring our water infrastructure is adequately maintained to avoid water leaks;
- increasing the reuse of water to reduce the amount of effluent and water consumption; and
- increasing the harvesting of rainwater in the group.

Our water management practices

We use a combination of water meters, utility bills and, in some instances, estimations to determine water withdrawals and discharges. We are in the process of moving all water measurements to MOLs.

Our plantations are not irrigated and their water consumption is thus of ground and rainwater. In the case of plantation fires, water is withdrawn from major water bodies, e.g. dams, which we do not measure. PG Bison invests in several initiatives to mitigate the risk of plantation fires.

We adhere to regulatory requirements in terms of water use licences for all our operations, including our plantations.

Where possible, water used in our manufacturing processes is treated on-site and reused. Water used for cooling runs in a circular system to ensure efficient utilisation. In our logistics operations, water used in the wash bays is treated on site. Effluent is treated to adhere to minimum requirements and sent to third-party wastewater treatment sites or, in some instances, discharged in stormwater drains, where minimum legal requirements are met. The water quality of effluent is tested regularly to ensure compliance with legal requirements.

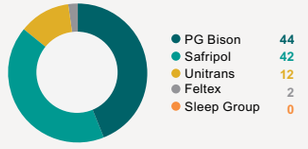
Water used for general consumption is discharged as a municipal wastewater stream. Because our manufacturing operations are carried out within factories or in covered areas, the impact on groundwater is limited.

Water consumption

Our water consumption increased by 14% during the year, mostly due to the increased production at PG Bison. PG Bison and Safripol account for the largest proportion of water consumption in the group, at 44% and 42% respectively. Approximately 14% of the water withdrawn is reused in our processes.

Water consumption (ML)	FY25	FY24
Water withdrawals	**1 635**	1 408
Water discharges	**295**	236
Total water consumption[1]	**1 340**	1 172
Total water re-used	**224**	205
Water re-used as percentage of water withdrawals	**14%**	15%

Water consumption per division (%)



Note: Optix's environmental data is not measured as it is not material on a group level.

[1] Water consumption refers to water not available for use by third parties or the public. However, the group stores water on site in water tanks.

Note: We have refined our water estimations in the group with improved water balances for certain major sites. We have therefore restated FY24 data. As we transition to full coverage of online water meters, our data quality is improving meaningfully.

DRIVING RESOURCE EFFICIENCY (CONTINUED)

Waste management

Our operations generate waste, mostly through their production processes, of which a significant portion is recycled internally or externally. The bulk of the waste generated in the group is not hazardous in nature.

Our waste risks and opportunities

We are not yet in a position where all our waste is recycled. Although not financially material on a group level, a portion ends up in landfill. There is a risk that, with the reduction of landfill space, we may need to transport waste, at a cost, to landfill sites situated further from our operations, with landfill fees also increasing. Regulations may also reduce the amount of waste companies send to landfills. We actively pursue the recycling or reprocessing of internally generated waste, saving costs and reducing our environmental footprint, as well as recycling or reprocessing externally generated waste into usable products. This not only reduces raw material costs in some instances, but also delivers on customers' growing demand for products made responsibly and using recycled materials.

Our strategic response to waste risks and opportunities

We are still in the process of developing a waste strategy, which includes establishing a baseline for all our waste streams. In the near term, we are focused on reducing, reusing and recycling waste to reduce the amount of waste sent to landfill.

The following initiatives illustrate our commitment to reduce, reuse and recycle waste:

- PG Bison purchases biomass and uses it together with its internally generated biomass to generate energy (heat and steam) and produce products.
- Feltex and Sleep Group purchase textile waste from the clothing and textile industries and process the waste into reusable fibres used in the sleep products and automotive sectors. In FY24, the divisions commissioned two fibre-tearing lines, which were fully ramped up in FY25. This waste would otherwise end up in landfill. These divisions also recycle waste internally for use in their products.
- Safripol uses PCR PET to produce recycled PET. Safripol's ASPIRE® 15 and ASPIRE® 25 range contain 15% and 25% PCR respectively and enables upcycling for bottle-to-bottle applications, thereby maximising the value of PCR PET.

Our waste management practices

Our divisions have waste reporting standard operating procedures at site with data obtained either directly on site or from accredited waste disposal service providers.

Given the diversity of our operations and the different types of waste generated and reused in the group, waste management is site-specific. Our sites have policies in place that detail how waste should be managed on site. Some of our sites have general waste licences, issued by local authorities, for on-site sorting, grinding and shredding. Some of our sites also have hazardous waste licences for the storage of hazardous waste. Some of our sites have active waste recycling programmes, where waste is sorted and removed for recycling.

Hazardous and non-hazardous waste is removed by accredited waste disposal service providers and disposed of at accredited facilities, with safe disposal certificates issued.



DRIVING RESOURCE EFFICIENCY (CONTINUED)

Waste recycling and disposal

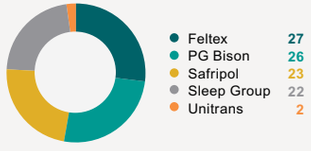
A significant proportion of the non-hazardous waste generated is reused internally, with the remainder sent to third-party recyclers or disposed of at accredited landfills or other facilities. During the year, we generated 34 900 tonnes of waste, of which 19 611 tonnes (56%) was reused/recycled. Sleep Group has the highest reuse/recycling rate in the group at 86%. The remaining 15 289 tonnes was sent to accredited landfills or other facilities. Safripol also purchased 1 240 tonnes (FY24: 2 010 tonnes) of PCR PET used to produce recycled PET.

The amount of waste reused/recycled internally reduced by 28% and that by third parties by 7%, mostly due to lower production at Feltex and the reclassification of PET chips and polyolefin solids as product instead of waste in Safripol.

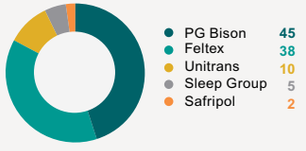
Waste management (tonnes)	FY25	FY24
Hazardous	**3 453**	2 977
Non-hazardous	**31 445**	33 350
Healthcare	**3**	4
Total waste generated	**34 900**	36 331
Waste reused/recycled internally	**6 703**	9 267
Waste reused/recycled by third parties	**12 908**	13 908
Total waste reused/recycled	**19 611**	23 175
Percentage of generated waste reused/recycled	**56%**	64%
Total waste disposal	**15 289**	13 161
Total waste purchased (excluding biomass)	**13 421**	14 086
Net waste movement[1]	**1 868**	(925)

[1] Waste disposal minus purchased waste.
Note: Waste recycled/reused figures exclude biomass.
FY24 data restated due to an incorrect classification of wastewater and an input error at one of the sites.

Waste reused/recycled per division (%)



Waste disposal per division (%)



Note: Optix's environmental data is not measured as it is not material on a group level.

Biomass consumption

PG Bison generates biomass during the production of wood-based panels. It uses this biomass, as well as biomass purchased from third parties, as inputs to its production. Biomass is essentially a waste product that has commercial value. The division's biomass used for products was 556 699 tonnes, a 32% increase from FY24 due to the increased MDF production.



DRIVING RESOURCE EFFICIENCY (CONTINUED)

Biodiversity

PG Bison operates commercial forestry plantations in the northeastern and southern Cape areas of South Africa. The forestry businesses consist of North East Cape Forests ('NECF'), which operates in the Ugie area of the northeastern Cape, and South Cape Forests ('SCF'), which operates in the George area of the southern Cape. In total, these businesses operate across an area of 96 157 hectares, of which 44 725 hectares comprises commercially afforested plantations. The remainder consists of indigenous vegetation such as grassland, fynbos, wetlands, riparian zones and a limited number of indigenous forests. NECF also operates a commercial herd of cattle as part of a multiple land use approach.

The management of both NECF and SCF is certified by the FSC. The FSC is an international, non-profit organisation that supports environmentally appropriate, socially beneficial and economically viable management of the world's forests.

Commercial forestry has a potentially negative environmental impact on water, soil and biodiversity. PG Bison recognises the potential impact, and the division's forestry operational procedures aim to minimise it through detailed operational planning processes that determine the mitigating measures which minimise negative environmental and social impacts.

The management of natural areas is facilitated by a dedicated Conservation Management Plan ('CMP') for each plantation. Central to the CMP is the mapping and categorisation of all non-commercial areas on the plantations, using the forestry industry's Environmental Conservation Database Standards and Methodology. Periodic field visits are used to verify the mapping and classification, as well as the levels of alien weed invasion of conservation areas.

The general objectives of all CMPs are to provide:

- Land cover classification of all areas not planted to commercial plantation compartments.
- Identification of management units.
- Identification of areas with high biodiversity and cultural importance requiring specific management programmes.
- Scheduling of conservation operations for all conservation areas, including weeding, burning and special protection of areas of importance.
- Long-term protection of biodiversity values and attributes throughout the forestry/conservation landscape.

For NECF, a total of 34 Priority Conservation Areas ('PCAs') have been identified, totalling more than 18 000 hectares. These include nesting sites of endangered bird species, habitats of rare bird species, significant wetland systems and rare plant communities. For SCF, a total of eight PCAs have been identified, totalling 6 100 hectares. These include indigenous forests, wetland, fynbos and a peat bog.

Numerous rare, threatened and endangered bird, plant, mammal and fish species have been recorded in PG Bison's plantations and, wherever necessary and feasible, forest management planning and practices consider and mitigate the potential negative impact of operations on such species and populations.

Environmental monitoring is conducted periodically to provide valuable management information on the effect of forest management on the natural environment. Monitoring includes aquatic biomonitoring, water quality monitoring, grassland monitoring, indigenous forest monitoring, observations of rare, threatened and endangered species, and monitoring of cultural heritage sites. Monitoring results and management recommendations from specialists indicate where management practices need to be reviewed and revised to achieve conservation objectives.





ADHERING TO RESPONSIBLE BUSINESS PRACTICES

We are committed to complying with all applicable laws and regulations and acting in a fair, honest and ethical manner in our business dealings, engagements with one another, and our external stakeholders. In doing so, we not only mitigate the risks of potential non-compliance with laws and regulations, but also ensure the long-term sustainability of the group.

Corporate governance

Our group is overseen by strong governance structures, from the KAP board of directors to our divisional boards and management structures, as outlined in our corporate governance review on page 88, and governance framework, available on our website at www.kap.co.za. It sets out our framework for ethical business practices, governance, risk management and internal control. Our policies and procedures are set at a KAP level, which includes approval by the board, and adoption at a divisional level to ensure that we have high standards in place for core issues, such as ethics, anti-bribery and corruption, human rights and responsible tax practices. More details can be found in our corporate governance review, governance framework and group policies, available on our website.

Read more: Corporate governance review, page 88

Compliance with laws and regulations

We have divisional compliance trackers to assess the status of legal compliance with applicable material legislation in relation to the operational activities at divisional sites. Any potential areas of non-compliance are reported at divisional audit and risk committee meetings and monitored at KAP compliance committee meetings.

We follow a robust process of reporting and mitigating environmental incidents, including any deviations from legal requirements. Our approach is based on an incident classification system, which includes assessing incidents based on their potential to create significant degradation or pollution of the environment. We collaborate with authorities on environmental inspections conducted at our sites. Our responses to findings include key remedial interventions aimed at sustaining compliance.

The group was compliant with all applicable material legislative requirements during the year.

Ethical conduct

Our code of ethics

Our business conduct is underpinned by our code of ethics, which is explained to permanent employees during their induction and must be signed as a condition of employment. Our code of ethics deals with the core ethical principles of the group, which include compliance with laws, conflicts of interest, gifts, anti-bribery, political contributions, accurate financial record-keeping, ethical dealings, human rights and labour practices, health and safety, confidential and proprietary information, environmental stewardship and insider trading. Our code of ethics is supported by separate policies, including our human rights policy, ethics line policy, supplier code of conduct and environmental policy. These policies are available on our website and contain further details on what we deem acceptable and ethical behaviour in both our own operations and our supply chain.

Human rights

Our group subscribes to the principles of human rights as expressed through the following human rights standards and instruments:

- The Bill of Rights in the Constitution of the Republic of South Africa (Chapter 2)
- The UN Guiding Principles on Business and Human Rights
- The International Bill of Human Rights
- The International Labor Organisation's Declaration on Fundamental Principles and Rights at Work
- The Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises
- The UNGC, of which we are a signatory

Our human rights policy encompasses the following human rights principles:

- Non-discrimination: to prevent any form of discrimination or harassment based on race, religion, gender, colour, creed, age, political opinion and affiliation, social status, sexual orientation or disability.
- Workplace health and safety: to ensure employees and contractors have a safe and healthy working environment.
- Fair wages and compensation and standard of living: to provide employees with fair and competitive remuneration and benefit packages, relevant to the industries and territories in which we operate. Our workforce is entitled to breaks during working hours, paid leave and working hours within the legal limit.
- No child labour or forced/bonded labour: to take all reasonable steps to verify the age of workers (including contractors) prior to employment. We have a zero tolerance for modern slavery, forced labour and human trafficking.
- Freedom of association and collective bargaining: to allow employees to join trade unions and negotiate terms and conditions of employment.
- Community engagement: to engage constructively and contribute positively to the communities in which our businesses operate. We respect the legitimate rights, interests and perspectives of indigenous peoples (generally accepted as those individuals who have historically occupied land) and consider their unique and special connections to land, water and other natural resources.

  Prior to any material investment decision, we identify the key community opportunities and risks and, where appropriate, in conjunction with the community, develop strategies that mitigate risk and create opportunities for both the group and the relevant community.
- Right to privacy: to respect the privacy of all individuals by complying with the applicable laws regarding the collection, processing, storage, use, retention, transfer, protection and deletion of personal data. We only process data lawfully and will only keep personal data for as long as is strictly necessary or legislatively required and for the purpose for which it was collected.

ADHERING TO RESPONSIBLE BUSINESS PRACTICES (CONTINUED)

We require our suppliers to adhere to human rights principles, as outlined in our supplier code of conduct and included in all new contracts. We do not yet do audits to assess our suppliers' adherence to our supplier code of conduct.

Read more: Human rights policy

Political contributions

Our code of ethics prohibits political contributions by the group to any political organisation. No direct or indirect contributions were made during the year.

Reporting and monitoring ethical or human rights concerns

We have an anonymous ethics line (web-based, e-mail and phone) through which employees, suppliers and the communities in which we operate can report illegal or unethical behaviour, including mismanagement, discrimination, harassment, vandalism, bribery, corruption, violence, theft and human rights abuses. The ethics line is independently managed and available 24 hours a day, seven days a week, available in all official South African languages during working hours (English outside of working hours). The ethics line is confidential and non-retaliatory and is available to both national and international callers. Ethics line activities are reported to our sustainability, social and ethics committee, audit and risk committee and the board. The ethics line contact details are available on the landing page of our website and posters are displayed throughout the group, illustrating behaviours that should be reported and encouraging employees to make use of our ethics line.

Every reported incident is logged and investigated by an internal ethics panel. Where incidents are found to be valid, appropriate actions are taken and referred to law enforcement agencies in accordance with the law. The outcomes of the investigations are communicated internally and reported to the sustainability, social and ethics committee, the audit and risk committee and the board.

During the period, 84 ethics line cases were reported, compared with 59 in the prior year. We attribute the increase in cases to increased awareness of the whistle-blowing mechanism and employees wanting to work in an ethical work environment. Investigations have been concluded for 80% of the cases, of which 19% were found to be valid. Investigations into the remaining cases are ongoing. Although our code of ethics stipulates what is deemed ethical behaviour in the group, we have rolled out an ethics training programme across the group to give our employees practical examples.

Environmental compliance and incidents

An environmental incident is an event that may cause harm or potential harm to an environmental receptor, such as air, water, land, wildlife or a local ecosystem; or where our operational practices do not comply with applicable environmental legislation, regulations, standards and applicable codes of practice.

We had three environmental incidents during the year:

- Following a fire on site at PG Bison Mkhondo on 27 July 2024, discarded material was deposited in waste pits. Before the pits could be drained and cleaned, a blockage in the plant caused a large volume of effluent to be directed to the treatment plant, which drained into the already full pits, and then into the attenuation pond. This resulted in the discharge of contaminated wastewater from the pond into the downstream wetland. The Inkomati-Usuthu Catchment Management Agency issued a verbal directive to the site. All effluent discharge was immediately stopped and contaminated water was drained and disposed of at the municipal treatment plant. Additional storage tanks were installed to store excess effluent while additional waste ponds are under construction and rehabilitation started with planting of indigenous seedlings in the wetland. Regular compliance inspections are conducted by an independent party.
- Following an accident, a Unitrans truck's fuel pipe was damaged, which resulted in a diesel spill of c. 500 litres into a nearby veld. Reporting in terms of section 30 of the National Environmental Management Act was done.
- A compliance notice in terms of section 31L of the National Environmental Management Act, was served on Vitafoam Durban (part of Sleep Group), relating to the tank farm used to store chemicals for the production of polyurethane foam. This was replaced by a variation to the notice in terms of which the site is not required to cease operations, but to comply with, amongst others, a submitted action plan, to finalise an environmental impact assessment, and to make a section 24G application under the National Environmental Management Act. This application has been submitted.

Number of environmental incidents	FY25	FY24	FY23	FY22
Type of incident				
Unauthorised waste disposal	**1**	–	–	1
Air emissions (including dust and gases)	**–**	–	1	1
Spills	**1**	2	2	–
Legal and regulatory compliance	**1**	1	–	1
Total	**3**	3	3	3

We prioritise the investigation of environmental incidents, followed by the implementation of corrective actions and the strengthening of the control environment. Where necessary, we use learnings to drive behavioural changes at an operational level. We treat incidents that are not resolved as ongoing matters, track the incidents in an environmental compliance register and address these at our divisional audit and risk committee meetings. These incidents are also reported at the KAP compliance committee meetings with a view to ensuring oversight of actions taken.

Responsible procurement

We recognise the importance of sourcing materials and services responsibly, in line with our commitments to ethical labour practices, human rights and environmental performance. Our sourcing practices are guided by our supplier code of conduct, which sets out our principles and expectations regarding how existing and new suppliers of goods and services are to conduct business with us. Our divisions include the supplier code of conduct in their suppliers' contracts and some also include it in tender documentation or as an onboarding requirement.

ADHERING TO RESPONSIBLE BUSINESS PRACTICES (CONTINUED)

Sound tax practices

Our tax strategy

Our tax strategy is to pay the correct amount of tax in the correct jurisdiction while remaining fully compliant with all applicable tax laws in each jurisdiction where the group operates. It is based on the following principles, which are set out in our group tax policy:

- Full compliance with all the tax laws applicable in the jurisdictions in which we operate.
- Ensure that tax is considered in all significant business and investment decisions, including consideration of available incentives and exemptions provided by governments.
- Foster constructive and transparent relationships with tax authorities.
- Avoid over- or under-payment of taxes by applying diligent professional care and judgement to ensure all decisions are well considered and documented.

Our tax strategy, as underpinned by our tax policy, is approved by our audit and risk committee.

Our approach to regulatory compliance

We seek to have and maintain professional, courteous, proactive, transparent and constructive relationships with tax authorities to minimise the extent of disputes, to achieve early agreement on disputed issues when they arise and achieve certainty, wherever possible.

We seek to provide quick, clear and reliable responses to queries raised by revenue authorities, creating an open communication channel and a cooperative atmosphere. Any errors in submissions made are addressed and fully disclosed to the revenue authorities as soon as reasonably possible after they are identified, once all facts have been established.

Where disputes cannot be resolved within the applicable dispute resolution framework, or justified from a commercial and economic perspective, we will pursue litigation.

Tax governance and control framework

Our board has ultimate responsibility for overseeing the group's tax affairs, with operational responsibility delegated to our CFO, assisted by the tax executive. We manage tax risk in line with our combined assurance framework, following a risk-based approach and considering materiality levels approved by the board.

The centralised group tax function, reporting to our CFO, is responsible for providing operational guidelines aimed at ensuring a robust control environment, implementing risk management initiatives and supporting local management, who are responsible for everyday tax affairs, in all tax matters.

A tax compliance committee actively oversees, monitors and reviews the group's compliance with the tax policy. The committee also assesses the potential effect that tax matters may have on the group's profitability, reputation and sustainability.

Based on the combined assurance framework, a tax assurance framework was developed. The purpose of tax risk management is to identify and manage tax risks associated with the industries and territories within which the group operates to provide the board and KAP audit and risk committee with assurance that global tax risks are appropriately identified and managed and that any potential adverse tax consequences are minimised.

We are constantly building a culture of tax awareness within the group resulting in tax risks being identified and mitigating controls being implemented at an early stage. This is achieved through regular meetings between the tax executive and divisional CFOs and finance teams, as well as through regular group-wide tax-specific communication.

Our approach to public policy advocacy on tax

We are actively involved in the legislative process by commenting on new legislation and guidance issued by tax authorities and by lobbying for legislative change where required, either directly or through representative industry bodies.

Tax disclosures

Our tax disclosures are aimed at providing our key stakeholders with sufficient information to understand our approach to tax and the factors impacting the tax paid by the group.

Please refer to the group effective tax rate reconciliation included as note 10 in our FY25 AFS.



ADHERING TO RESPONSIBLE BUSINESS PRACTICES (CONTINUED)

Extent of exposure to countries and jurisdictions recognised for their tax non-transparency and tax haven status

We have a presence in sub-Saharan Africa, Australasia and the United Kingdom. We are not present in countries and jurisdictions recognised for their tax non-transparency or tax haven status. Our operating companies are not present in Mauritius or Singapore. However, we own investment holding companies in these countries for expansion into Africa and other territories.

Government incentives

Through external service providers, the group avails itself of tax incentives provided by the South African government through special allowances in terms of the Income Tax Act, No. 58 of 1962 ('the Income Tax Act'). The group benefited from the following incentives/allowances provided for in the Income Tax Act during the year:

Incentive	Division	Comment	Allowance Rm	Value Rm
Industrial policy project grants in terms of section 12I	PG Bison	The Mkhondo MDF project was approved as an Industrial Policy Project with preferred status on 17 May 2024. The allowance is the inflationary adjustment as per section 12I(6)	51	14
Learnership allowances in terms of section 12H	Various	Registered learnership agreements	37	10
Research and development allowances in terms of section 11D	Safripol	Development of alternative synthesis routes	5	2
Section 12BA allowance on renewable energy assets	PG Bison, Safripol	Installation of PV plants at PG Bison's Boksburg and Mkhondo sites and Safripol's Sasolburg site	13	4
Section 12L	Safripol	Energy-efficiency savings allowance	10	3
ETI	Various	Employment tax incentive	4	1
Total			**120**	**34**

Environmental certifications and accreditations

PG Bison

- Our panel production lines are ISO 9001 certified.
- Our southern Cape and northeastern Cape plantations are accredited by the FSC (certificate numbers SGSCH-FM/COC-012032 and SGSCH-FM/COC-011207).

Safripol

- Our plants are ISO 9001, ISO 14001 and ISO 45001 certified.
- Our plants are Responsible Care® certified.

Unitrans

Unitrans has certifications and accreditations according to the standards for relevant industries/sectors in which it operates, including:

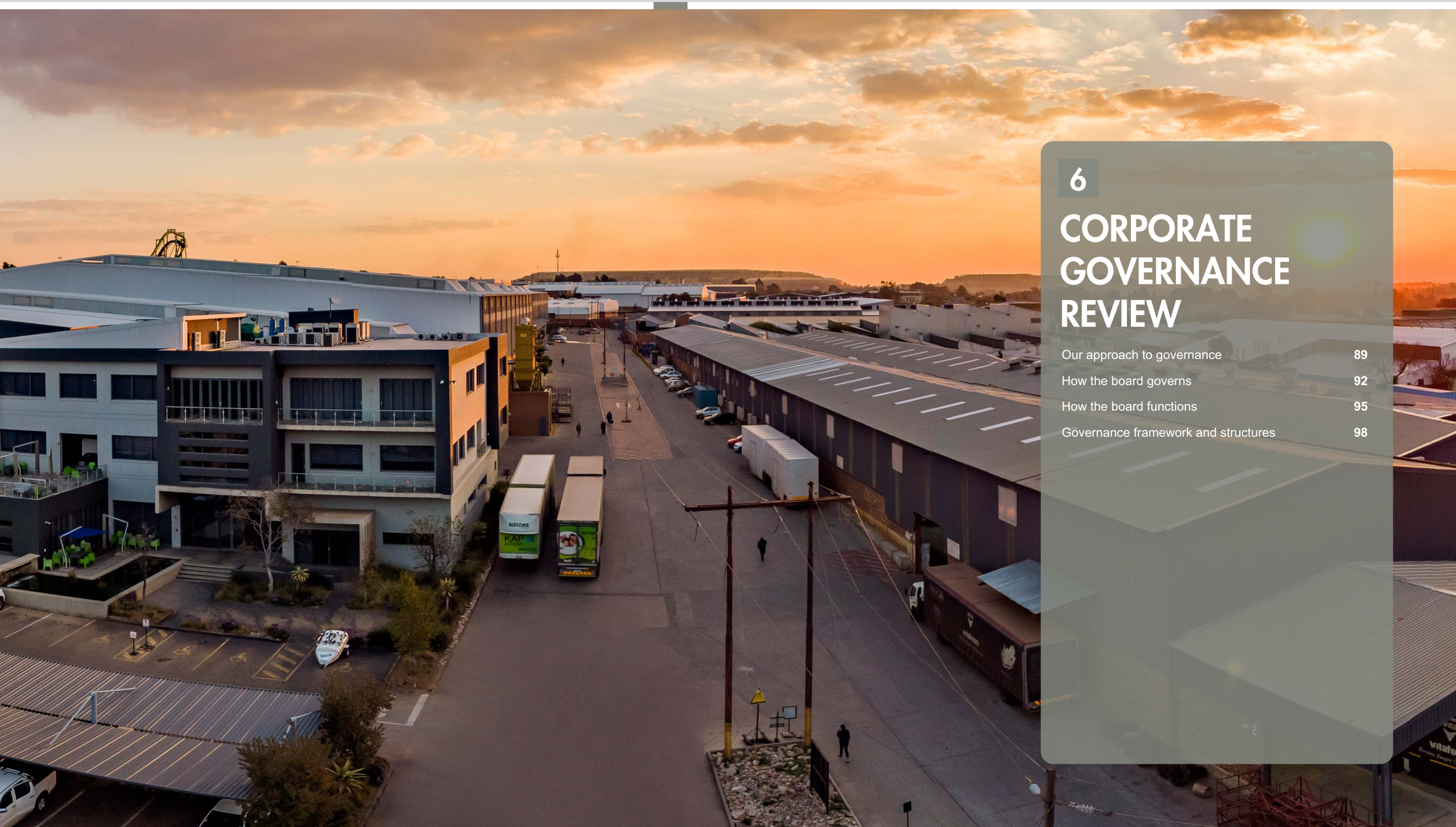
- ISO 9001, ISO 14001, ISO 45000, ISO 22000, ISO 9000 and NOSA.
- RTMS – Road Transport Management System for road-use self-regulation.
- AFMA – Animal Feed Manufacturers Association for agricultural transportation protocols.
- SQAS – CAIA accreditation for chemical transportation protocols.

Feltex

- Our plants have several ISO certifications and 15 of our plants also have IATF 16949 certification.

Sleep Group

- Our Restonic and Geness product ranges are endorsed by the Chiropractic Association of South Africa.
- DesleeMattex products are ISO 9001 certified.



6

CORPORATE GOVERNANCE REVIEW

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OUR APPROACH TO GOVERNANCE

We are committed to continuously integrating the **principles of good corporate governance** into our strategy, enterprise risk management and day-to-day decision-making. We recognise and believe that good corporate governance **supports the long-term sustainability** of our group. The directors of KAP have affirmed that, to the best of their knowledge, KAP has adhered to the provisions of the Companies Act and the JSE Listings Requirements and operated in accordance with the MOI during the year under review.

Approach to corporate governance

The board is committed to upholding the highest standards of corporate governance and will continue to oversee and enhance the effectiveness of the governance frameworks, ensuring the integrity of the group's financial reporting and risk management processes. The board is dedicated to providing accurate, timely and transparent disclosures to shareholders, reinforcing the group's commitment to transparency and accountability.

Corporate governance supports value creation through access to capital, ensuring long-term sustainability, improving decision-making and efficiency, mitigating risks and enhancing the reputation of the group. Therefore, corporate governance, enterprise risk management and sustainability form an integral part of the group's strategy and are all inseparable elements of the value-creation process. This report explains the role of the company and its subsidiaries, how it facilitates effective, transparent decision-making at all levels of the group and how the group understands, maintains and monitors the system of internal controls.

Read more: Governance framework

King IV™ application

The group applies the corporate governance principles and recommended practices as advocated by King IV™ on a holistic, substance-over-form basis, with appropriate scaling and proportionality in a top-down manner, where applicable. This approach serves the group better than a mechanistic tick-box approach.

King IV™ principle		Read more	Applied
1	The governing body should lead ethically and effectively	Ethical leadership Key responsibilities Governance structure	✓
2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	Ethical leadership Key responsibilities Governance structure	✓
3	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen	Key responsibilities Governance structure	✓
4	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process	Key responsibilities Governance structure	✓
5	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term projects	Key responsibilities Governance structure	✓
6	The governing body should serve as the focal point and custodian of corporate governance in the organisation	Governance framework How the board functions Key responsibilities Governance structure	✓
7	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively	Governance framework How the board functions Board composition and skills Independence assessments of non-executive directors Rotation, retirement and succession for directors	✓

OUR APPROACH TO GOVERNANCE (CONTINUED)

King IV™ principle		Read more	Applied
8	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with the balance of power and the effective discharge of its duties	Governance framework How the board functions Board committees	✓
9	The governing body should ensure that the evaluation of its own performance and that of its committees, its chairperson and its individual members, supports continued improvement in its performance and effectiveness	Governance framework How the board functions	✓
10	The governing body should ensure that the appointment of, and the delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities	Governance framework How the board functions	✓
11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives	Risk management Audit and risk committee	✓
12	The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives	Information technology	✓
13	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen	Ethical leadership Code of ethics	✓
14	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term	Governance framework Human capital and remuneration committee Notice of annual general meeting	✓
15	The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and the organisation's external reports	Combined assurance	✓
16	In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the organisation over time	Stakeholder focus during the year	✓



OUR APPROACH TO GOVERNANCE (CONTINUED)

Ethical leadership 1 2

The board of directors ('board') sets the ethical tone for the group by embracing the six ethical leadership values espoused by King IV™, namely integrity, competence, responsibility, accountability, fairness and transparency. These values are well entrenched in the governance culture of the company and, together with the ethical values, the board reinforces the ethical principles on which the company's reputation and success are founded.

The board exercises ongoing oversight over the management of ethics and promotes a culture of actively addressing wrongdoing, misconduct, unethical behaviour, fraud and corruption in the organisation. The responsibility for the implementation and execution of our code of ethics is delegated to management. The code of ethics commits the group and employees to the highest ethical standards of conduct and compliance with applicable laws and regulations. The code is available on our website.

A confidential ethics hotline for the anonymous reporting of suspected unethical business practices or acts of impropriety is in place for the group.

All reports received are evaluated and investigated on a confidential basis and material matters are reported to the board on a quarterly basis. The ethics hotline proved its value in identifying fraud and incidents of unethical behaviour and highlighted potential fraud throughout the group. To maintain a high level of awareness, employees are regularly reminded of this facility and urged to report all circumstances or situations in which they have reason to suspect unethical activity or other acts of impropriety. For the review period, no material incidents of non-compliance with the code of ethics, fines or prosecutions for non-compliance with laws or regulations were recorded.

Read more: Code of ethics

Read more: Risks and opportunities, page 40, Sustainability review, page 62

Key responsibilities 1 2 3 4 5 6

Governance	Compliance	Stakeholders	Performance and management	Responsible business	Strategy and culture of the group
Focal point and custodian of corporate governance of the group	Regulatory and statutory compliance of the group	Communicates and maintains relations with shareholders, the general public and other internal and external stakeholders in a transparent and timely manner	Business of the group conducted in accordance with the principles of fairness, accountability, transparency, responsibility, competence and integrity	Responsible corporate citizen	Sets and steers the strategic direction and culture of the group

HOW THE BOARD GOVERNS 6 7 8 9 10

The board serves as the focal point and custodian of corporate governance in the group. It is ultimately accountable for the performance and reputation of the group and for ensuring that it continues to operate responsibly, ethically and sustainably. The day-to-day management of the group is overseen by management.

The board meets at least five times per year with additional meetings held as and when required. During the year under review, the board held five scheduled meetings, including an annual budget presentation and a board conference which dealt with a strategic review of the group, with no additional meetings required. Below is a summary of the attendance of the board members at the scheduled meetings, including the changes which took place during the year under review:

Members[1]	Designation	Scheduled meeting attendance	Appointment date to board	Resignation/ retirement date from board	Compliance
JA Holtzhausen[2]	Independent non-executive director/chairperson	5/5	1 March 2023	–	All directors are afforded unrestricted access to management, including the company secretary. Independent advice is available at the company's expense to assist directors in carrying out their duties should they reasonably require same. During the year under review, none of the directors independently sought advice paid for by the company.
GN Chaplin[3]	Executive director/chief executive officer	5/5	18 November 2014	–	
Z Fuphe	Independent non-executive director	5/5	1 March 2020	–	
KT Hopkins	Independent non-executive director	5/5	6 December 2019	–	
SP Lunga	Executive director/corporate affairs executive	5/5	18 November 2021	–	
SN Maseko	Independent non-executive director	4/5	15 March 2024	–	
V McMenamin	Independent non-executive director	5/5	12 December 2019	–	
AFB Mthembu	Independent non-executive director	5/5	15 January 2024	–	
SH Müller	Independent non-executive director	5/5	25 June 2012	–	
FH Olivier	Executive director/chief financial officer	5/5	15 April 2016	–	
Changes during 2025					
PK Quarmby	Independent non-executive director/chairperson	2/2	25 June 2012	29 November 2024	
TC Isaacs	Independent non-executive director	4/5	30 June 2021	17 October 2025	
S Totaram	Independent non-executive director	2/2	5 May 2025	–	

[1] Apologies were received in the instance where a member did not attend.
[2] JA Holtzhausen was appointed as the board chairperson on 29 November 2024.
[3] GN Chaplin will be stepping down as the CEO and executive director with effect from 31 October 2025. FH Olivier, the current CFO, will become the group's CEO on 1 November 2025. The board will appoint a new CFO to replace FH Olivier.

Focus areas for FY25

- Monitoring the execution of the company's strategy, especially in regard to extracting value from its recent major investments, restructuring Unitrans, remedying underperforming operations and reducing debt.
- Monitoring the operational and financial performance of the company and its divisions.
- Reviewed progress made against the FY25 workstreams and approved the FY26 workstreams, which are based on a five-year strategic plan.
- Engaged with the divisional CEOs at the strategy conference to assess the divisional FY26 workstreams in line with the strategic priorities of each division.
- Interrogation and approval of the company's annual budget.
- Ensure the group remains within financial covenants during the year and contains net debt levels within the context of having completed several major capital projects in an uncertain macroeconomic environment and challenging trading conditions.
- Consider the group's response to Sasol's intended curtailment of gas supply, through its membership of the Industrial Gas Users Association of South Africa (IGUA-SA).
- Reinforce the critical importance of the safety culture in the group, which is driven by incorporating a punitive measure to be incorporated in the annual incentive bonus structures in those divisions that did not have this.
- Monitoring and guiding management on the new key risk to the group related to Sasol's ethylene supply to Safripol at its Sasolburg plant, centred on pricing and supply volume disputes.
- Consideration of the resignation of the company CEO, GN Chaplin, and the appointment of a new CEO, FH Olivier, effective 1 November 2025.

HOW THE BOARD GOVERNS (CONTINUED)

Future focus areas 8

- Value realisation from the group's completed major projects, aligned with the projects' feasibility studies
- Reduce net debt levels
- Remedy underperforming operations

Compliance with financial reporting requirements 5 13

The board is ultimately responsible for ensuring that the group maintains adequate records for timeous and reliable reporting on the financial position of the group and the results of business activities. To assist in effectively discharging this duty, the board relies on management, and therefore financial reporting procedures and disciplines have been implemented at all levels across the group. To facilitate the fulfilment of the directors' financial reporting obligations in terms of the JSE Listings Requirements, the key internal financial controls were subject to an assessment for effectiveness and alignment with the year-end closing and consolidation process, to ensure that the financial reporting is accurate and that the consolidated financial statements for the 2025 financial year were not materially misstated. The internal controls 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 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.

Financial risks such as liquidity (funding) risk, currency risk and interest rate risk, as well as certain risk mitigation controls, such as insurance, are largely controlled and/or arranged centrally. Comprehensive planning and budgeting processes are completed on an annual basis. Divisional annual budgets are reviewed and require approval by the board. Actual results achieved are compared monthly with budgets, to identify any deviations from approved plans and to allow timely corrective action to be taken. The group financial statements have been prepared on the going concern basis. Having made appropriate enquiries, the directors have every reason to believe that the group and company have adequate resources to continue in operation for the foreseeable future, based on the forecast and available cash resources. The external auditor concurred with the board's going concern view.

Risk management 11

The group's risk management is subject to a comprehensive governance process, which complies with the recommendations of King IV™. Although the board remains ultimately accountable for risk management and the group's compliance with all governance and legislative requirements, it relies on management sector expertise and assistance. The board sets the risk management policy and determines the risk tolerance and appetite levels. The board has tasked the audit and risk committee with monitoring the ongoing governance of the risk management process, which includes processes to ensure the effectiveness of risk management within the group. Management is responsible for the implementation of risk management, which includes the identification, analysis and mitigation of the risks within their areas of responsibility, the maintenance of current controls for risks, the implementation of additional mitigation measures and the effective use of risk management data as a decision-making tool.

An approved enterprise risk management policy exists, which sets out risk tolerance and appetite, while the enterprise risk management framework stipulates risk management methodologies and tools. Divisional compliance with tolerance and appetite guidance, as well as the effectiveness of risk management implementation, is monitored through our various governance structures, and the use of our combined assurance framework.

Read more: Risk and opportunities, page 40

Information technology 12

Although the board is ultimately responsible for overseeing the group's digital and IT strategy and ensuring that supporting governance structures and processes are robust, it relies on management sector expertise and assistance. This includes setting strategy and direction, challenging IT risk assessments (where possible and appropriate), and assessing the value that investment in IT provides the group.

A formal IT charter exists for the group, and is reviewed by the board on a periodic basis. The charter sets out the responsibilities and authority delegated by the board to the executive management of the company and its subsidiaries for the effective use and management of information assets (including data and systems), to support the achievement of the group's objectives. An IT-specific risk management framework has been implemented in the group, with the purpose of providing the board with reasonable assurance regarding the security, availability, integrity, confidentiality and privacy of the group's information assets. Further oversight is provided by internal audit to ensure adherence to the charter and frameworks.

The group is committed to managing information assets in a manner that complies with all relevant legislation, protects the rights of all stakeholders, enables sound decision-making and promotes transparency. Specific attention is given to maintaining a strong security posture by driving group-level initiatives focused on a cybersecurity culture and hygiene, continuous assurance of basic security controls (such as access control and vulnerability management), third-party risk management and cyber resilience.

Privacy compliance, in the form of policies, procedures, guidelines and training, is an ongoing process across the group to ensure continued legal compliance with data privacy legislation. No material data breaches occurred during the review period. Various minor incidents were noted by management and reported to the information regulator where required.

Combined assurance 15

Combined assurance refers to the integration, coordination and alignment of all risk management and assurance processes across the group to optimise and maximise the level of governance and control oversight of the risk landscape, providing stakeholders with an increased level of confidence and assurance.

A combined assurance forum, as detailed in the framework, oversees the combined assurance activities. In line with the King IV™ principles, the audit and risk committee is responsible for monitoring the appropriateness of the combined assurance model and ensuring that significant risks are adequately addressed. By continually optimising the combined assurance model, duplicated efforts are avoided and gaps in assurance for significant risks are identified. The model also allows for the rationalisation of assurance efforts among assurance providers, coupled with the effective management of assurance costs.

HOW THE BOARD GOVERNS (CONTINUED)

The combined assurance process embraces all assurance activities in a coordinated approach across four lines of defence:

1st line: Management oversight – people, systems and controls

The first line of defence is divisional management as the primary performance provider, responsible for implementing and maintaining controls to manage key risks. Controls are implemented by various methods, including people, procedures and systems. Divisional management also implements a primary level of oversight over the effective operation of controls in the form of various checklists and self-assessments.

2nd line: Corporate functions – oversight of risk management, compliance, governance and legal

The corporate functions maintain an oversight role over several key functional areas where centralised control can add value (to avoid replication across divisions), and in areas where the group can benefit from aggregation of best practice, such as bulk buying power. Examples of areas where the group maintains central oversight functions include risk management, compliance, tax, legal, treasury, secretarial and IT. Each of these functions is responsible for assurance programmes to standardise best practices and make the application of controls over key risks consistent across the group. Corporate functions also assist through the design of policies, frameworks, methodologies and assurance programmes that are used throughout the group to maintain a consistent standard of control over key risk areas.

3rd line: Internal audit | 4th line: External audit and other external assurance providers

The third and fourth lines of defence comprise independent third-party assurance providers (internal and external audits), whose reports are presented to the audit and risk committee of the company, as well as to the relevant divisional audit and risk committees. Further details on the combined assurance processes are available in the audit and risk committee report in the AFS.

The responsibility for ensuring the effectiveness of the internal control systems across the group rests with the board. However, the board has delegated implementation of the group's systems of risk management and internal control, including financial control, to executive management. Systems of internal controls, which are embedded in all key operations, provide reasonable, although not absolute, assurance that the group's objectives will be achieved, subject to defined risk tolerance levels.

During the financial year, in line with the amended framework, a full round of divisional combined assurance forums was held, along with the combined assurance committee meetings. The divisional forums reviewed the divisional self-assessment of their control environment (1st line), evaluated the effectiveness of controls, identified gaps in the current assurance workplans' control environment or opportunities for rationalisation of assurance activities, and documented and tracked corrective actions. These forums also kept track of all external (3rd and 4th lines) assurance providers utilised by each division. The focus of these meetings was therefore on the design of management (1st line) control assurance activities. The mapping results of the 1st line assurance mapping activities combined with updated 2nd line assurance mapping activities inform the update of the overall combined assurance map for the group.

The board is satisfied that its assurance activities result in an adequate, effective control environment and that the integrity of reports can be relied on for decision-making.

Read more: Governance framework, Consolidated and company annual financial statements

Stakeholder focus during the year 16

The board is committed to understanding and responding to the interests and expectations of all the group's stakeholders.

Sustainable value creation is influenced by successful engagement with the key stakeholders at both company and divisional levels. The company aims to improve relationships with stakeholders continuously by engaging with them on a proactive and consistent basis to identify key areas of interest and concern. The sustainability, social and ethics committee, which supports the board in fulfilling its governance role, oversees stakeholder engagement across the group. To maximise stakeholder value on a sustainable basis, the six ethical leadership values extend into every segment of the company's operations and business activities:

- lead responsibly
- value the environment
- respect our people
- respect society
- embrace diversity
- innovate relentlessly

Regular structured dialogue with internal and external stakeholders, who include shareholders and other institutional investors, not only informs them of the strategies and targets, but also provides the group with their input. This informs decision-making and facilitates sustainable, stable and mutually beneficial relationships. Communications with journalists and analysts are governed by the communication policy to ensure maintenance of the confidentiality of price-sensitive information in respect of the group. The CEO, CFO and the investor relations executive of the company regularly attend investor conferences and interact in a structured manner with investors, sell-side analysts and the media during half-year and full-year results presentations.

More information on stakeholder matters is contained in the various stakeholder reports on page 36.

HOW THE BOARD FUNCTIONS 6 7 8 9 10

The agenda for the board meeting is set in collaboration between the chairperson, the CEO, CFO (where applicable) and the company secretary. The agendas are aligned with the workplans of the board and its committees. The workplan provides assurance that all matters for the respective committees are addressed during a financial year.

At each board meeting, directors formally declare in writing their personal financial interests in contracts, shareholdings and appointments to other boards. Involvement in related-party transactions and other interests and relationships, such as with domestic or foreign politically exposed persons/ prominent influential persons are declared formally four times per year. The board abides strictly by the standards and procedures of directors' conduct and personal financial interests as set out, among others, in sections 75 and 76 of the Companies Act and principle 1 of King IV™.

Whenever any potential conflict arises or a director (or a person related to such director) has a personal financial interest in respect of a matter to be considered at a meeting, the interest is declared and recorded in the minutes, and the director will then leave the meeting immediately after having made the disclosure and given any pertinent input as permitted by section 75(5) of the Companies Act. Such a director may not participate in further consideration of the matter. The conflicts-of-interest methodology is applied equally rigorously when decision-making is affected by way of written resolutions. A personal financial interests register, updated on a quarterly basis before the scheduled board meetings, is available on the website.

Non-executive directors are required to dedicate sufficient time to board matters. However, we believe that external directorships which extend beyond the scope of our operations bring a broader, value-adding, independent perspective and dimension to board deliberations. Non-executive directors may serve on other boards provided that such other appointments do not create a direct and material conflict of interest or interfere with their duties as board members. Due to the potential risk of conflict and dilution of focus, the CEO, CFO and corporate affairs executive may not serve on external commercial boards without the explicit approval of the board.

The executive directors do not hold external commercial directorships that represent any material conflict with their duties as directors of the company.

Read more: Personal financial interest register

Independence assessments of non-executive directors 7

The non-executive directors do not have service contracts and are not members of the group's retirement fund schemes. They do not hold any share rights or options under the group's share rights scheme, and they do not receive any incentives based on the group's financial performance. Despite the independent classification assigned to the non-executive directors, King IV™ recommends that the independence of long-serving directors be reassessed annually once they have served on a company's board for more than nine years. King IV™ does not view an extended term in office as an automatic impairment of a director's independence. This view was adopted by the nomination committee.

Assessment of SH Müller, with a tenure exceeding nine years, was completed during the year under review. The nomination committee considered the results, and concluded that SH Müller remains independent.

Rotation, retirement and succession for directors 7

The MOI provides for the periodic staggered rotation of non-executive board members to ensure the introduction of members with new expertise and perspectives, while retaining valuable knowledge, skills and experience and maintaining continuity. The MOI provides that, at every AGM of the company, at least one-third of the non-executive directors shall retire from the board by rotation. If eligible, the retiring directors may offer themselves for re-election. As per King IV™, the executive directors do not retire in terms of the company's staggered rotation process. Their employment relationships are regulated by their respective contracts with the company. From a statutory perspective, however, the continuance of all directors' board membership is subject to shareholders' ongoing support. From a statutory and governance perspective, directors are not compelled to hold share investments in the company as a qualifying appointment prerequisite.

While it may be sensible for executive directors to hold shares to align their interests with those of shareholders, excessive shareholding by non-executive directors, in comparison to their personal wealth, may impair their independence and is therefore not encouraged. The directors' shareholding is disclosed in both the annual financial statements and the notice of the November 2025 AGM ('2025 AGM').

At the 2025 AGM, approval will be sought from shareholders to confirm/ratify the appointment of S Totaram, who was appointed as an independent non-executive director by the board on 5 May 2025. As the longest-serving directors in office since re-election or appointment, the nomination committee recommended SH Müller and KT Hopkins for rotation and re-election. They are eligible and have made themselves available for re-election by shareholders. The three individuals proposed by the nomination committee for election/re-election/ confirmation/ratification at the 2025 AGM have the support of the board.

Read more: Consolidated and company annual financial statements, Notice of annual general meeting

Board effectiveness and training 9

The directors' bespoke induction programme is driven by the unique needs and demands of each individual director. Following appointment, and the formal acceptance thereof, directors are given access to the electronic platform where key group-related documents such as charters, policies, reports, minutes of previous meetings and the MOI and other required documentation can be reviewed in a secure environment.

The company secretary provides directors with statutory, legal and other governance training as and when required. As the board consists of senior, seasoned directors, the training requirements centre around industry-specific training on an ad hoc basis. Directors are aware of and committed to their responsibility for self-development to retain the high levels of competency necessary to add value to board and committee deliberations.

During the year, the board conducted a comprehensive self-evaluation, focused on key areas including board performance and reporting, strategic development and execution, leadership and ethics, and overall board composition.

The most recent assessment confirmed that the board operated effectively, demonstrating the necessary care, skill and diligence in fulfilling its duties in the best interests of the company. Furthermore, the board affirmed its compliance with the JSE Listings Requirements for a listed entity for the period under review.

The board is satisfied that the assessment process enhances its performance and effectiveness. Considering the duties and responsibilities of the chairperson, the CEO and the company secretary, as detailed in the framework, the board is satisfied that the arrangements for its delegation within its own structure promote independent judgement and assist with a balance of power and the effective discharge of its duties.

Read more: Governance framework

HOW THE BOARD FUNCTIONS (CONTINUED)

Board composition and skills

The leaders of the company

Full director CVs can be viewed on our website.

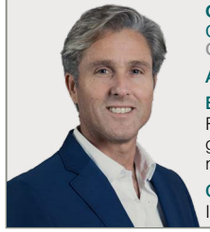


JA (Johan) Holtzhausen (55)[1]
Bluris, LLB, HDip Tax
Independent non-executive director/Chairperson

Appointed: 2023 **Tenure:** 2 years

Expertise brought to the board: Strategy, Risk management, Listed corporate and governance, Finance and audit, Remuneration and performance management

Committee memberships: Human capital and remuneration, Nomination, Investment



GN (Gary) Chaplin (55)[1,2]
CA(SA)
Chief executive officer

Appointed: 2014 **Tenure:** 11 years

Expertise brought to the board: Industrial manufacturing, Risk management, Strategy, Logistics, Listed corporate and governance, Finance and audit, Remuneration and performance management

Committee memberships: Sustainability, social and ethics, Investment

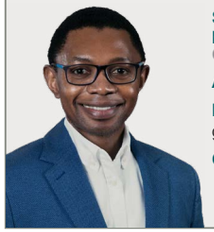


FH (Frans) Olivier (46)[1,2]
CA(SA)
Chief financial officer

Appointed: 2016 **Tenure:** 9 years

Expertise brought to the board: Industrial manufacturing, Risk management, Strategy, Logistics, Listed corporate and governance, Finance and audit, Remuneration and performance management

Committee memberships: Investment

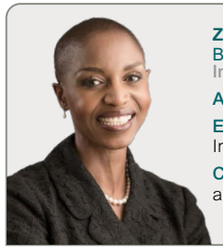


SP (Penwell) Lunga (50)[1]
BJuris, LLB, MBA, MSc (HR)
Corporate affairs executive

Appointed: 2021 **Tenure:** 4 years

Expertise brought to the board: Strategy, Listed corporate and governance, Remuneration and performance management

Committee memberships: None



Z (Zellah) Fuphe (57)[1]
BSocSci, CD(SA), GIBS GEDP
Independent non-executive director

Appointed: 2020 **Tenure:** 5 years

Expertise brought to the board: Risk management, Strategy, Information technology, Listed corporate and governance

Committee memberships: Audit and risk, Sustainability, social and ethics, Nomination



KT (Ken) Hopkins (70)[1]
BCom (Hons), CA(SA)
Independent non-executive director

Appointed: 2019 **Tenure:** 6 years

Expertise brought to the board: Risk management, Finance and audit

Committee memberships: Audit and risk



TC (Tamara) Isaacs (49)[1,3]
CA(SA)
Independent non-executive director

Appointed: 2021 **Tenure:** 4 years

Expertise brought to the board: Finance and audit, Remuneration and performance management

Committee memberships: Audit and risk, Sustainability, social and ethics



SN (Sipho) Maseko (57)[1]
BA, LLB
Independent non-executive director

Appointed: 2024 **Tenure:** 1 years

Expertise brought to the board: Strategy, Sales

Committee memberships: Sustainability, social and ethics, Investment



V (Viv) McMenamin (62)[1]
MSc (Econ)
Independent non-executive director

Appointed: 2019 **Tenure:** 6 years

Expertise brought to the board: Industrial manufacturing, Risk management, Strategy, Listed corporate and governance

Committee memberships: None



AFB (Andrew) Mthembu (69)[1]
BSc (Chem, Biol), BSc (Civ Eng), MSc (Const Mgmt), Advanced Management Programme
Independent non-executive director

Appointed: 2024 **Tenure:** 1 years

Expertise brought to the board: Strategy, Risk management, Finance and audit, Information technology, Remuneration and performance management

Committee memberships: Human capital and remuneration, Investment



SH (Steve) Müller (64)[1,4]
BAcc (Hons), CA(SA), Sanlam EDP, CD(SA)
Independent non-executive director

Appointed: 2012 **Tenure:** 13 years

Expertise brought to the board: Finance and audit, Risk management, Remuneration and performance management

Committee memberships: Audit and risk, Human capital and remuneration, Sustainability, social and ethics, Investment



S (Samara) Totaram (46)[1,5]
CA(SA), CFA
Independent non-executive director

Appointed: 2025 **Tenure:** 0.5 years

Expertise brought to the board: Listed corporate and governance, Finance and audit

Committee memberships: Audit and risk, Human capital and remuneration, Nomination

[1] Ages as at 31 October 2025.

[2] GN Chaplin will be stepping down as the CEO and executive director with effect from 31 October 2025. FH Olivier, the current CFO, will become the group's CEO on 1 November 2025. The board will appoint a new CFO to replace FH Olivier.

[3] TC Isaacs resigned from the board as an independent non-executive director with effect from 17 October 2025.

[4] SH Müller will step down from the audit and risk committee effective 15 November 2025.

[5] S Totaram was appointed as a member of the human capital and remuneration committee effective 17 October 2025.

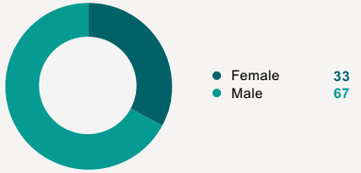
HOW THE BOARD FUNCTIONS (CONTINUED)

Regulatory requirement	Compliance by the company	Comment
Section 66(2)(b) of the Companies Act requires a public company to have at least three directors in addition to the minimum number of directors that the company must have to satisfy any requirement to appoint an audit committee and/or a social and ethics committee.	✓	The board comprises twelve directors.
Clause 23.1.1 of the company's MOI states that the board must comprise at least four directors, while clause 26.1 requires the appointment of at least two executive directors. The latter is also a recommendation of King IV™ (principle 7, practice 9).	✓	The board comprises twelve directors of whom three are executive directors.
King IV™ and paragraph 3.84(b) of the JSE Listings Requirements require every issuer to appoint a chief executive officer and a chairperson, which positions may not be held by the same person. Furthermore, the chairperson must be an independent non-executive director. A lead independent non-executive director ('LINED') should be appointed if the chairperson is not independent.	✓	The board is led by an independent non-executive chairperson. The positions of chairperson and CEO are held by different directors. It was not necessary to appoint a LINED.
Paragraph 3.84(f) of the JSE Listings Requirements determines that all issuers must have a full-time executive financial director (CFO), who may not hold any other position or have other commitments that would be considered as full- or part-time employment.	✓	The company has a full-time CFO who is a director of the board and who does not hold any other employment or position. The board has made significant progress in identifying potential candidates for the position of CFO, which will become vacant on 1 November 2025, being the date on which FH Olivier's (the current CFO) appointment as the company's CEO will be effective. The board expects the appointment of the new CFO to be finalised shortly. Any such appointment will be announced on SENS as soon as it is finalised.
In principle 7 (paragraphs 6 to 9), King IV™ recommends that the board's composition should reflect an appropriate balance of power, knowledge, skills, experience, diversity and independence.	✓	The directors have diversity of race, gender, age and skills and experience across a wide range of industries.
The board should comprise a majority of non-executive directors (NEDs), the majority of whom should be independent.		The board comprises a majority of NEDs (75%) who are independent.
As a minimum, each board should have a CEO and at least one other executive, which 'other executive' may be the CFO.		The company has both a full-time CEO and CFO who are directors of the board. The company has three executive directors.

The board is satisfied that the directors have an appropriate balance of knowledge, skills, expertise, diversity and independence to govern the group effectively, considering the nature, size and scale of operations as well as the laws governing the business.

Board diversity

Gender (%)



The target of 30% female representation has been achieved.

Demographics (%)



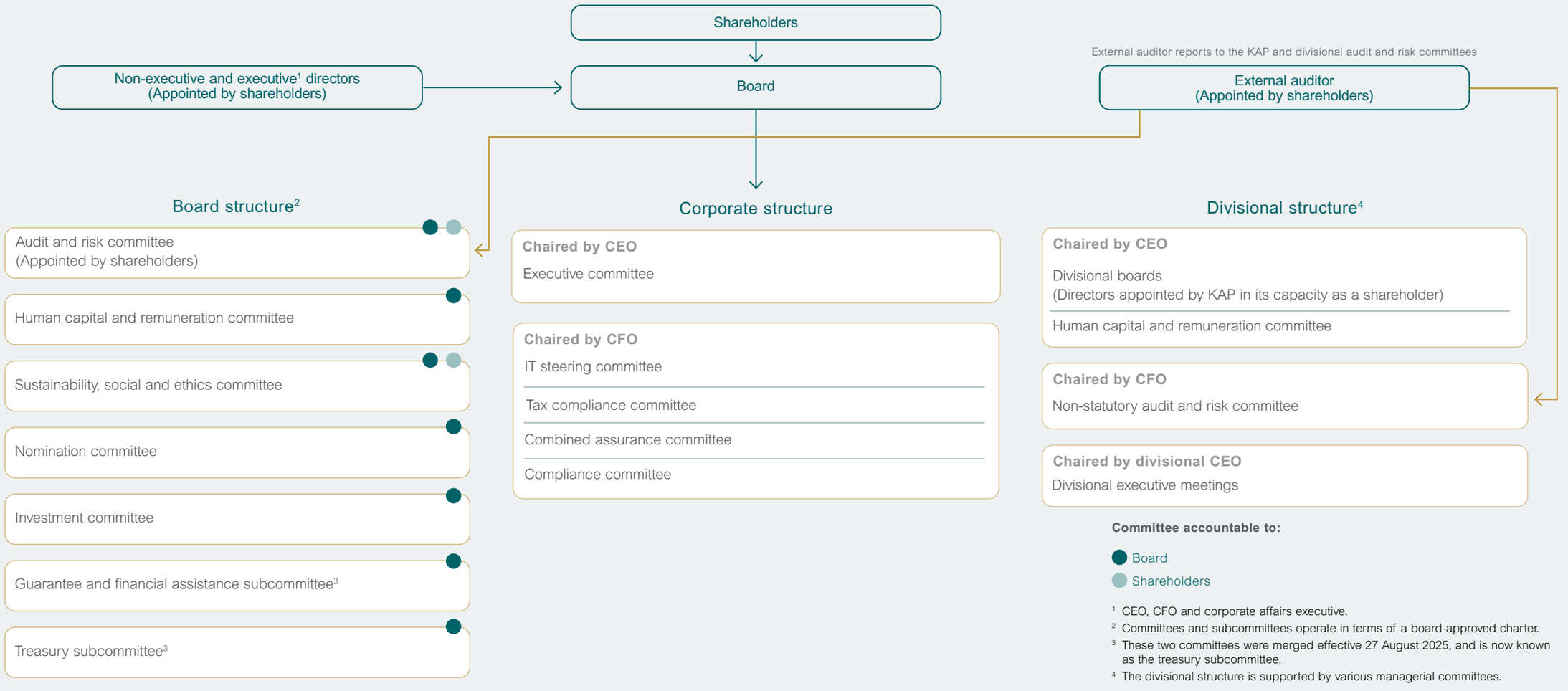
The target black South Africans collectively representing no less than 30% has been achieved.

During the reporting period, the board diversity policy was reviewed and updated to ensure that it remains relevant from a market expectation as well as a pragmatic perspective.

Read more: Board diversity policy

GOVERNANCE FRAMEWORK AND STRUCTURES

Governance framework



[1] CEO, CFO and corporate affairs executive.
[2] Committees and subcommittees operate in terms of a board-approved charter.
[3] These two committees were merged effective 27 August 2025, and is now known as the treasury subcommittee.
[4] The divisional structure is supported by various managerial committees.

GOVERNANCE FRAMEWORK AND STRUCTURES (CONTINUED)

The seven board committees assist in discharging the board's duties and responsibilities as detailed in the charter. The committees are also responsible for overseeing the defined governance domains of the framework. There are formal reporting structures from the committees to the board and the shareholders. The board reviews the mandate and charters of the committees on an annual basis to ensure effective oversight and control of the operations of the group.

The board committees are chaired by independent non-executive directors as detailed in the framework. In some instances, board committees have overlapping responsibilities, providing different perspectives on board material in line with their mandates. Overlapping memberships assist with effective communication between the committees and ensure that relevant matters are considered from all angles by the relevant committees and formally reported to the board.

A summarised view of the directors' committee memberships is included below, and it includes recent changes to the board and its committees that took effect between June 2025 (year-end) and the 2025 AGM, with notes for clarity.

Committee membership

Members	Audit and risk	Human capital and remuneration	Sustainability, social and ethics	Nomination	Investment
JA Holtzhausen		M		C	M
GN Chaplin[1]	I	I	M	I	M
Z Fuphe	M		C	M	
KT Hopkins	C				
TC Isaacs[2]	M		M		
SP Lunga			I		
S Maseko			M		M
V McMenamin					
A Mthembu		M			M
SH Müller[3]	M	C	M		C
FH Olivier	I		I		M
S Totaram[4]	M			M	

I Invitee M Member C Chairperson

[1] GN Chaplin will step down as the CEO of KAP effective 31 October 2025, and will be replaced by FH Olivier as the CEO and as a member of the sustainability, social and ethics committee.
[2] TC Isaacs resigned from the board and committees effective 17 October 2025.
[3] SH Müller will step down from the audit and risk committee effective 15 November 2025.
[4] S Totaram was appointed as a member of the human capital and remuneration committee effective 17 October 2025.

Read more: Board charter, Governance framework



GOVERNANCE FRAMEWORK AND STRUCTURES (CONTINUED)

Board committees 8

Audit and risk committee

Members	Designation	Scheduled meeting attendance	Re-election	Compliance
KT Hopkins[1]	Independent non-executive director/chairperson	4/4	Recommended for re-election at 2025 AGM	The nomination committee assessed and was satisfied that the members, as a collective, have the required knowledge, experience and all-round competence, as set out in section 94(5) of the Companies Act and regulation 42 of the Companies Regulations, 2011, to serve on an audit committee of a public, listed company.
Z Fuphe	Independent non-executive director	4/4	Recommended for re-election at 2025 AGM	
Changes during 2025				
TC Isaacs	Independent non-executive director	4/4	Resigned effective 17 October 2025 and will not make herself available for re-election	
SH Müller	Independent non-executive director	4/4	To step down from the committee on 15 November 2025 and will not make himself available for re-election	
S Totaram[1]	Independent non-executive director	1/1	Recommended for election at 2025 AGM	

[1] S Totaram will be appointed as chairperson of the audit and risk committee with effect from 15 November 2025, replacing KT Hopkins who will remain a member of the committee given his expertise and wealth of institutional knowledge.

The committee agenda allows for private meetings to be convened without management present. The committee is satisfied that it has fulfilled its responsibilities in accordance with its charter and all statutory requirements for the year under review.

Mandate

The committee's main role is to assist the board in the fulfilment of its oversight responsibilities, in particular the integrity of the group's financial statements and the effectiveness of the systems of internal financial control, financial reporting and risk management. The committee is responsible for assessing the effectiveness of the internal audit function, the finance and chief financial executive function, as well as the external audit function. The details of the committee's composition, chairperson, purpose, responsibilities, objectives and invitees are contained in the framework and its charter.

The committee's primary duties and objectives have been executed in terms of the committee's mandate and statutory obligations, which are fully expounded upon in the report of the audit and risk committee contained in the annual financial statements.

Focus areas for FY25 8

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

Key audit matter

In addition to the focus areas for 2025, the committee also considered key audit matters identified by the external auditors:

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

Details have been disclosed in the auditor's report in the AFS.

Future focus areas

- Monitor combined assurance.
- Monitor and provide oversight on the effectiveness of the internal controls and internal audit function.

Performance evaluation of the committee 5

In line with the principles of King IV™, the committee received feedback on the performance self-assessment carried out in the prior year and reflected on the committee's current operations. No matters of material concern were identified.

The committee was assessed to be effective in rendering its oversight service to the board in terms of its charter and statutory obligations.

Performance evaluation of the CFO and the finance function 5

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

Read more: Governance framework, Audit and risk committee charter, Consolidated and company annual financial statements

GOVERNANCE FRAMEWORK AND STRUCTURES (CONTINUED)

Human capital and remuneration committee 14

Members	Designation	Scheduled meeting attendance	Special meeting attendance	Appointment date to committee	Resignation/ retirement date from committee	Compliance
SH Müller	Independent non-executive director/ chairperson	2/2	1/1	14 August 2018	–	The committee is satisfied that it has fulfilled its responsibilities in accordance with its charter and statutory obligations imposed by applicable legislation and King IV™.
JA Holtzhausen	Independent non-executive director	2/2	1/1	17 March 2023	–	
AFB Mthembu	Independent non-executive director	2/2	1/1	15 January 2024	–	

The nomination committee assessed and was satisfied that the members of the human capital and remuneration committee, as a collective, have the required knowledge, experience and all-round competence to serve on a remuneration committee of a listed company. At its meeting on 27 August 2025, the board accordingly resolved that the current members should continue to serve as the members of this committee. For purposes of future succession plans, the board has appointed S Totaram as a member of the human capital and remuneration committee with effect from 17 October 2025.

Mandate

The main role of this committee is to determine the group's overall approach to remuneration and public disclosure. The committee regulates the remuneration and labour procedures of employees with a particular focus on the remuneration of senior and executive management. The details of the committee's composition, chairperson, purpose, responsibilities, objectives and invitees are contained in the framework.

Focus areas for FY25 8

- Reviewed the group's human capital strategy and the alignment thereof with the company strategy.
- Reviewed the remuneration policy and the non-executive directors' fees.
- Reviewed the executive structure and succession planning for executive management.
- Ensure that the capacity, competence and balance of divisional Excos is in place to determine and execute their respective strategies.
- Evaluated the human capital management practices in place across the group to ensure fairness, responsibility, transparency, alignment with King IV™, and compliance with the specific requirements of relevant labour legislation.
- Reviewed the risk associated with the loss of key personnel and the implementation of associated talent retention measures.
- Reviewed the group's approach to diversity and inclusion, with specific reference to employment equity and the sectoral targets in terms of the Employment Equity Regulations, 2025.
- Confirmed the vesting criteria for shares issued under the group's share rights scheme.
- Determined the measurement criteria for short and long-term incentives.

Future focus areas

- Retain scarce skills and recruit key leadership to execute both the group and divisional strategies.
- Incorporate transformation imperatives in leadership development.
- Communicate effectively the remuneration policy and the implementation report.
- Review the remuneration structure for senior executives and the effectiveness of performance measures used for incentives.
- Promote diversity, inclusion and depth of succession talent.

Performance evaluation 5

In line with the principles of King IV™, the committee reviewed the outcomes of the previous year's performance self-assessment and concluded that the identified shortcomings have been addressed appropriately.

Read more: Governance framework



GOVERNANCE FRAMEWORK AND STRUCTURES (CONTINUED)

Sustainability, social and ethics committee

Members	Designation	Scheduled meeting attendance	Appointment date to committee	Resignation/ retirement date from committee	Election	Compliance
Z Fuphe	Independent non-executive director/ chairperson	2/2	1 March 2020	–	Recommended for election at 2025 AGM	The committee is satisfied that it has discharged all its responsibilities as contained in its charter, the Companies Act, the JSE Listings Requirements, King IV™ and all other applicable statutory obligations.
SN Maseko	Independent non-executive director	2/2	15 March 2024		Recommended for election at 2025 AGM	
Changes during 2025						
GN Chaplin	Executive director	2/2	18 November 2014	–	Resigned effective 31 October 2025 and will not make himself available for election	
TC Isaacs	Independent non-executive director	2/2	30 June 2021	–	Resigned effective 17 October 2025 and will not make herself available for election	
FH Olivier	Executive director	0/0	1 November 2025	–	Recommended for election at the 2025 AGM	

The nomination committee assessed and was satisfied that the members, as a collective, have the required knowledge, experience and all-round competence to serve on a sustainability, social and ethics committee of a listed company. At its meeting on 27 August 2025, the board recommended that the current members be elected by the shareholders at the 2025 AGM as the members of this committee. Further to GN Chaplin's retirement from the board and the sustainability, social and ethics committee as announced on SENS on 29 May 2025, the board has appointed FH Olivier as a member of sustainability, social and ethics committee with effect from 31 October 2025, being the date of GN Chaplin's retirement from the committee.

Mandate

The committee's main role is to assist the board in fulfilling its oversight responsibilities, particularly of sustainability matters, including socioeconomic development, ethics, environmental, social and governance ('ESG'), good corporate citizenship, health and public safety and specific labour and employment matters. The details of the committee's composition, chairperson, purpose, responsibilities, objectives and invitees are contained in the framework.

Focus areas for FY25 8

Reviewed the company's strategic approach to sustainability, including data collection and the setting of targets.

- Evaluated ESG risks and their potential impact.
- Considered fraud and ethics disclosures, and a reputational issue the group is facing.
- Reviewed the stakeholder engagement framework, with emphasis on community relations, government relations and industry leadership.

Future focus areas

- Determine the company's responsibility in terms of reporting on sustainability against the available resources and market expectations.
- Achieve a balance between compliance with governance requirements and operational performance.

Performance evaluation of the committee 5

In line with the principles of King IV™, the committee reviewed the outcomes of the previous year's performance self-assessment and concluded that the identified shortcomings have been addressed appropriately.

Read more: Governance framework



GOVERNANCE FRAMEWORK AND STRUCTURES (CONTINUED)

Nomination committee

Members	Designation	Scheduled meeting attendance	Appointment date to committee	Resignation/retirement date from committee	Compliance
JA Holtzhausen	Independent non-executive director/chairperson	2/2	17 March 2023	–	The board is satisfied that the committee is appropriately diverse and has the required knowledge, experience and skills to discharge its responsibilities effectively. The members, as a collective, have the required knowledge, experience and all-round competence to serve on a nomination committee of a listed company. At its meeting on 27 August 2025, the board accordingly resolved that the current members should continue to serve as the members of this committee.
Z Fuphe	Independent non-executive director	2/2	1 March 2020	–	
Changes during 2025					
PK Quarmby	Independent non-executive director/chairperson	1/1	14 August 2018	29 November 2024	
S Totaram	Independent non-executive director	1/1	5 May 2025		

Mandate

The committee's main role is to review the board's, and its committees', composition and succession planning to ensure that the board, and its committees, are well rounded with the required skills, knowledge and experience to execute its respective responsibilities. The details of the committee's composition, chairperson, purpose, responsibilities, objectives and invitees are contained in the framework.

Focus areas for FY25 8

- Sourced a new NED to become a member of the audit and risk committee.
- Reviewed and updated the board succession plan.
- Reviewed the composition of the board and board committees.
- Reviewed the classification of directors and evaluated the independence of the long-serving non-executive director.
- Recommended the directors to rotate at the 2025 AGM in accordance with the company's staggered rotation policy.
- Reviewed the directors' training and induction programme.
- Consideration of the resignation of GN Chaplin as CEO and nomination of FH Olivier as his replacement.

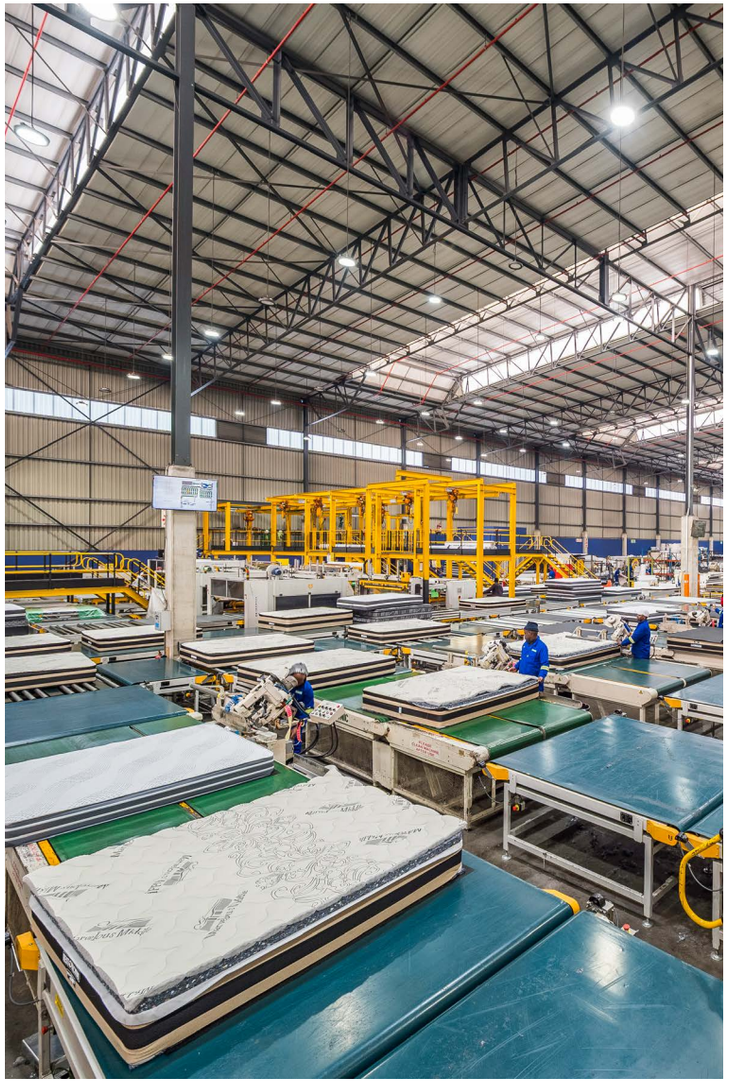
Future focus areas

- Succession planning for the board and chairpersons of the board committees.
- Nomination of a new CFO to replace FH Olivier.

Performance evaluation of the committee 5

In accordance with the recommendations of King IV™, the committee reflected on the outcomes of its prior-year performance self-assessment, and concluded that it has made progress on the key remarks made during the evaluation, which identified the challenge to maintain the optimal level of diversity, balanced against the appropriate experience and the succession planning for the divisional executive roles.

Read more: Governance framework



GOVERNANCE FRAMEWORK AND STRUCTURES (CONTINUED)

Investment committee (ad hoc committee)

Members	Designation	Appointment date to committee	Resignation/retirement date from committee	Compliance
SH Müller	Independent non-executive director/chairperson	14 August 2018	–	The committee meets on an ad hoc basis, as and when required. Strategic opportunities under consideration, which are considered price-sensitive in nature, are not disclosed in reporting. As and when these initiatives come to fruition, appropriate disclosure will be made via SENS on the JSE.
JA Holtzhausen	Independent non-executive director	17 March 2023	–	
SN Maseko	Independent non-executive director	15 March 2024		
AFB Mthembu	Independent non-executive director	15 January 2024		
FH Olivier	Executive director	14 August 2018	–	
Changes during 2025				
GN Chaplin	Executive director	14 August 2018	31 October 2025	The committee has not completed a formal assessment. However, it is satisfied that it has fulfilled its responsibilities in accordance with its charter.
PK Quarmby	Independent non-executive director	14 August 2018	29 November 2024	

At its meeting on 27 August 2025, the board accordingly resolved that the current members should continue to serve as the members of this committee.

Mandate

The main role of this committee is to provide recommendations to the board in respect of corporate actions and capital allocations in line with the strategy. The committee also reviews the investment(s) made within a specific period to determine/assess the investment(s) in line with the forecast based on data and due diligence. The details of the committee's composition, chairperson, purpose, responsibilities, objectives and invitees are contained in the framework.

This committee held no meetings during FY25.

Read more: Governance framework



GOVERNANCE FRAMEWORK AND STRUCTURES (CONTINUED)

Executive committee and structures

Executive committee

Full executive CVs can be viewed on our website.



GN (Gary) Chaplin (55)[1]
CA(SA)
Chief executive officer
Appointed: 2014 (as KAP chief executive officer)
Appointed: 2012 (as PG Bison chief executive officer)
Years of service: 13 years



FH (Frans) Olivier (46)
CA(SA)
Chief financial officer
Appointed: 2016
Years of service: 9 years



SP (Penwell) Lunga (50)
BJuris, LLB, MBA, MSc (HR)
Corporate affairs executive
Appointed: 2021
Years of service: 4 years



H (Neels) Kornelius (52)
BEng (Chem), MBL
Enterprise risk executive
Appointed: 2022
Years of service: 3 years



C (Corné) van der Schyff (48)
CA(SA)
Finance executive
Appointed: 2022
Years of service: 3 years



LML (Mike) Besteiro (56)
MSc (Ind Eng)
IT executive
Appointed: 2018
Years of service: 7 years



CH (Christina) Steyn (45)
BSc, BSc Hons (Physics), MSc (Physics), PhD (Physics), MBA, Cert.Dir
Investor relations and sustainability executive
Appointed: 2021
Years of service: 4 years



Y (Yokesh) Maharaj (53)
BBA, BTech, Advanced Business Programme, Executive Development Programme
Revenue growth executive
Appointed: 2025
Years of service: 0.5 years



CC (Cicelia) Potgieter (55)
BCom Hons (Acc), MCom (Tax), CA(SA)
Tax executive
Appointed: 2022
Years of service: 3 years



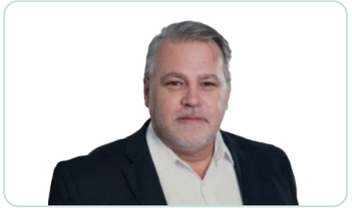
RH (Reino) Louw (52)
BCom (Law), LLB, LLM
Treasury and legal executive
Appointed: 2018
Years of service: 7 years



G (Gerhard) Victor (59)
N6 Mechanical Engineering certificate
PG Bison chief executive officer
Appointed: 2014
Years of service: 11 years



N (Nico) van Niekerk (63)
BEng (Chem Eng), MBA
Safripol chief executive officer
Appointed: 2019
Years of service: 6 years



E (Edwin) Hewitt (59)
Master's Diploma in Technology: Metallurgical Engineering
Unitrans chief executive officer
Appointed: 2024
Years of service: 1 year



UMG (Ugo) Frigerio (65)[2]
BA Hons, MPhil
Feltex chief executive officer
Appointed: 2014
Years of service: 11 years



M (Michael) Borcherds (53)
Sleep Group chief executive officer
Appointed: 2022
Years of service: 3 years



SM (Steve) Ford (56)
MSc (Eng)
Optix chief executive officer
Appointed: 2021
Years of service: 4 years

The Exco is a committee of the CEO. Its primary responsibility is to assist and advise the CEO on implementing the strategies and policies approved by the board, managing the business and affairs of the group, prioritising the allocation of capital, technical and human resources, and ensuring best management practices. The Exco is not a decision-making body but rather carries an oversight and governance responsibility. The Exco comprises the 16 members listed above. The Exco usually meets on a quarterly basis with additional ad hoc meetings as and when required.

Monthly management accounts are reported to the Exco. Review of the financial performance of the group is a standing item on the agenda of the Exco, the audit and risk committee and the board. Financial performance reports and operational overview reports are submitted to the audit and risk committee and the board at least four times a year.

[1] GN Chaplin will be stepping down as the CEO and executive director with effect from 31 October 2025. FH Olivier, the current CFO, will become the group's CEO on 1 November 2025. The board will appoint a new CFO to replace FH Olivier.

[2] UMG Frigerio has retired effective 30 June 2025. NJ Zerbst has been appointed as the CEO of Feltex.

GOVERNANCE FRAMEWORK AND STRUCTURES (CONTINUED)

Divisional structures

The divisional board meetings are centred around strategy implementation, while divisional strategies are aligned with the group strategy.

Divisional human capital and remuneration committees exist and are chaired by the CEO. The divisional human capital and remuneration committees meet on an annual basis to discuss and address divisional succession planning, training of employees, employment equity throughout the group and position value propositions. The agendas of the divisional human capital and remuneration committees are aligned with the workplan and charter of the group's human capital and remuneration committee. The minutes for these meetings are included in the group's human capital and remuneration committee meeting packs (as supplementary documentation) to ensure open and transparent communication and to assist with the fulfilment of the obligations of the human capital and remuneration committee.

Financial performance reviews, internal audit reports, risk and assurance reports, compliance reports, tax, and IT reports are reviewed and interrogated by the divisional audit and risk committees on a biannual basis. The minutes for these meetings are included in the audit and risk committee meeting packs (as supplementary documentation) to ensure open and transparent communication and to assist with the fulfilment of the obligations of the audit and risk committee.

Divisional Excos exist within each of the divisions, where divisional strategy and operational matters are monitored by the division's top management team.

Approval frameworks exist and are maintained throughout the group, for both the corporate functions and the divisions. The corporate approvals framework is regularly reviewed by the board and the divisional frameworks are aligned with it. Any material issues of non-compliance are escalated to the audit and risk committee, the sustainability, social and ethics committee and/or the board.

The board is satisfied that the divisional governance structure and approvals frameworks contribute positively to enhance clarity between the different roles and obligations, and lead to the effective exercise of authority throughout the group.

Corporate committees

The corporate committees, established by the CFO, are voluntary. The purpose of each of these committees is set out in their respective charters.
A summarised version of these committees is contained in the framework.
These committees have evolved to assist both the CEO and the CFO in discharging their respective responsibilities by implementing the frameworks and overseeing assurance and compliance throughout the group.

Company secretary

The company secretary is appointed by the board. The company secretary is an entity, KAP Secretarial Services Proprietary Limited ('KSS') as detailed in the framework. The company secretary renders its services under the guidance of a charter which regulates its working relationship with the board. During the review period, the board reviewed and updated the charter.

All directors have access to the advice and services of the company secretary. In serving the board, the company secretary draws on the collective skill sets of the four KSS directors mentioned below, the dedicated support of secretarial services, as well as relevant expertise from other corporate functions:

- C van der Schyff
- RH Louw
- C Beetge
- L Kok

These directors collectively have experience and expertise in the fields of, among others, general management, mergers and acquisitions, secretarial services, treasury, funding, finance, legal, compliance and corporate governance.

The company secretary is mainly responsible for the duties as set out in section 88 of the Companies Act, as well as for ensuring compliance with the JSE Listings Requirements. The company secretary acts as a central source of information and advice to the board and the company on matters of ethics and good governance. It also ensures that the proceedings and affairs of the board, board committees, Exco, corporate committees, the company and the group are administered properly in line with applicable laws. The secretarial department is the custodian of the statutory records of the group in South Africa. It also acts as the central point of contact between the group and the various company secretaries (or agents) in other territories, who are responsible for complying with the relevant foreign corporate legislation and regulations.

The performance of the company secretary is assessed annually. As part of the review process, assurance is sought on the relationship between the secretarial department and the board.

The board is satisfied with the support services rendered, as well as the competence, qualifications and experience of the KSS directors. During the most recent appraisal of the performance of the company secretary, the board expressed satisfaction that the secretarial services had been rendered on an arm's-length basis and on market-related terms. The company secretary performed its role adequately in an independent manner, including its responsibility as gatekeeper of good corporate governance in the group.

Read more: Governance framework



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REMUNERATION REVIEW

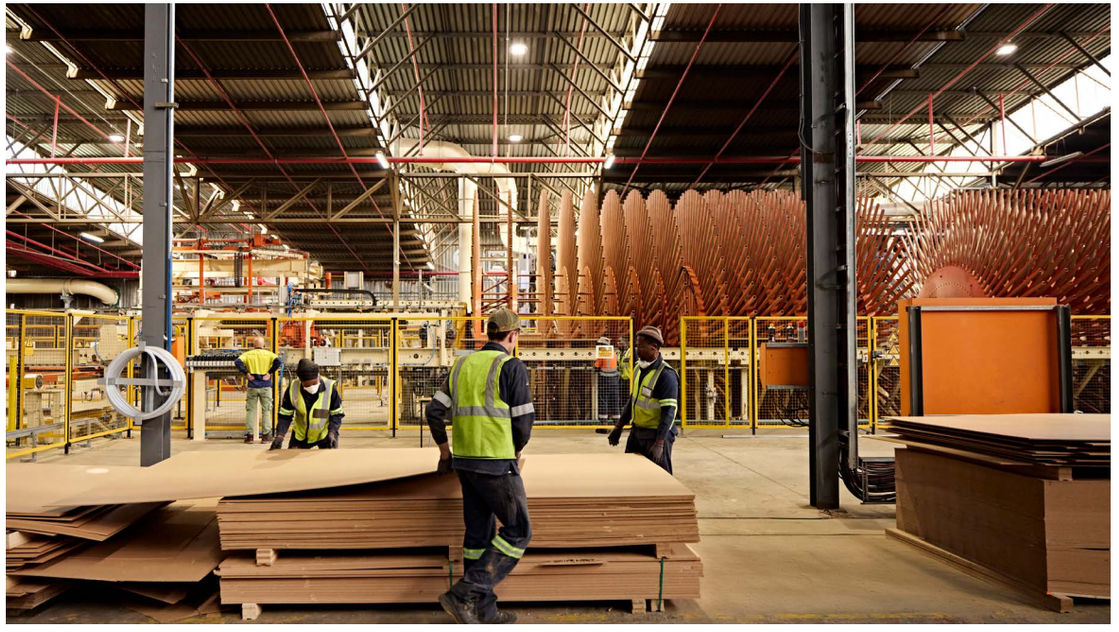
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BACKGROUND STATEMENT

Introduction

Our remuneration review sets out the remuneration policy for the group and the implementation and remuneration disclosures ('remuneration implementation report') for the remuneration of executive and non-executive directors ('NEDs') for FY25 and is presented in three parts:

1. The background statement, which provides context for our remuneration policy and performance.
2. An overview of the forward-looking remuneration policy applicable to FY26.
3. The remuneration implementation report, which sets out in detail how the existing remuneration policy was implemented during FY25, including disclosure on remuneration earned by executive directors and other Exco members and paid to NEDs.



Remuneration governance

Our board is responsible for the group's remuneration policy and is assisted by our human capital and remuneration committee ('the committee') which operates according to its board-approved charter. The board therefore oversees the implementation and execution of its approved remuneration policy through the committee, which comprises three independent NEDs, one of whom is appointed as chairperson.

In terms of the recommendations of King IV™, board committees should have cross membership to ensure a balanced distribution of power and enhance effective collaboration. In line with these recommendations, SH Müller, chairperson of the committee, is also a member of the sustainability, social and ethics committee, the audit and risk committee and the investment committee. JA Holtzhausen, who was appointed as the chairperson of the board on 29 November 2024, is a member of this committee, the investment committee and the nomination committee. AFB Mthembu, who was appointed to the committee on 15 January 2024, is also a member of the investment committee. The committee is compliant with applicable statutory and best practice membership criteria.

The KAP CEO and corporate affairs director attend the committee meetings by invitation and recuse themselves from discussions or decisions which relate to them.

The committee has two formal scheduled meetings per year and meets more often on an ad hoc basis as required to fulfil its mandate. The chairperson provides feedback to the board after each committee meeting regarding key decisions and relevant discussions and attends the AGM to address questions by shareholders on the committee's areas of responsibility.

Due to the group's decentralised management structures, the committee has established divisional human capital and remuneration subcommittees ('the divisional subcommittees'). The divisional subcommittees are supported by experienced human capital practitioners at group and divisional levels. They hold the responsibility for the implementation and management of human capital and remuneration strategies, policies and practices, at a divisional level, in line with those set by the committee. The divisional subcommittees comprise the KAP CEO, CFO and corporate affairs director, as well as the divisional CEOs and human capital executives. The KAP CEO chairs the divisional subcommittees.

BACKGROUND STATEMENT (CONTINUED)

Remuneration philosophy

Our human capital strategy is to attract, motivate and retain the best people in our industries to perform and excel within our entrepreneurial and performance-driven culture to ensure the effective implementation of our business strategy and the long-term sustainability of our group.
Our remuneration philosophy is a key element of this strategy and therefore aims to provide remuneration that is competitive in the industries and markets in which we operate and compete, fair and equitable, and rewards performance.

Our remuneration objectives are achieved by:

- positioning guaranteed executive salary packages in line with industry benchmarks; and
- designing short- and long-term incentives to ensure, as practically as possible, the delivery of the group's strategic objectives and to reward performance.

While our remuneration philosophy serves as an essential tool in enabling our employees to deliver on our strategic objectives, we acknowledge that it should support sustainable value creation for our key stakeholders, and align executive remuneration and shareholder interests. We believe that our remuneration decisions are fair and remain appropriately aligned with shareholder and stakeholder interests over the long term.

Key committee activities

The committee met formally during the year on 20 August 2024, 12 September 2024 and 10 October 2024, with all members present. The key activities of the committee included:

- Reviewing the group's human capital strategy and its alignment with the company's business strategy.
- Evaluating the human capital management practices in place across the group to ensure fairness, responsibility, transparency, alignment with King IV™, and compliance with the specific requirements of the relevant labour legislation.
- Reviewing the group's approach to diversity and inclusion, with specific reference to planned employment equity legislative changes.
- Reviewing succession plans of executives and the senior management level in the group.
- Ensuring that the capacity, competence and balance of divisional Excos are in place to determine and execute their respective strategies.
- Approving the remuneration of executives, including guaranteed salary increases, annual incentive bonus ('AIB') payments and long-term incentive ('LTI') scheme vesting outcomes.
- Reviewing the remuneration policy and making changes following the negative non-binding advisory shareholder votes relating to our implementation report resolution at the November 2023 AGM.
- Conducting an independent benchmarking study of NEDs' fees and making recommendations for adjustments to the forward-looking fees of the NEDs to the board for approval and voting by shareholders at the November 2024 AGM ('2024 AGM').

In addition, as recommended by King IV™, the committee also reflected on its prior year self-assessment outcomes to determine whether the identified shortcomings have been addressed appropriately. The committee is satisfied that it has fulfilled its responsibilities during the year.

Access to information and advisors

Members of the committee may access any information to inform their independent judgement on remuneration and related matters. During the year, the committee accessed reports from Remchannel Proprietary Limited ('Remchannel') to ensure that the group's remuneration levels are competitive and appropriate within our specific markets and geographical areas of operation.

In addition, the committee engaged PricewaterhouseCoopers Incorporated ('PwC') to evaluate whether the variable pay measurement criteria included in the proposed FY25 remuneration policy is appropriate and credible relative to other JSE-listed companies and to conduct an independent benchmarking study to assess whether the NED fee structure and levels were still appropriate prior to the presentation of the 2025 NED fee proposal to the board for onward presentation to shareholders for approval.

The committee is satisfied that Remchannel and PwC are independent and objective.

The environment in which we remunerate

The committee considered the following factors in its deliberations during the year:

- The prolonged weakness in the South African macroeconomic environment, including cost-of-living pressures and subdued consumer demand, disruptions related to electricity and water supply, and inefficiencies in rail and port logistics.
- The escalating risk of loss of key personnel to competitors, other industries and emigration, bearing in mind that we compete globally for scarce skills.
- The group's major projects, which were commissioned in FY24 and fully ramped up in FY25, the financial impact thereof on the group's results, and the need to recruit and retain critical skills related thereto.
- The need to reward our employees appropriately for their contribution to the group's performance, taking into consideration the complex, uncertain and competitive operating environment, to ensure a balanced outcome for our key stakeholders over the long term.
- The shareholder support received on our remuneration policy (90.04%) and implementation report (93.40%) at the 2024 AGM.

Business performance and remuneration outcomes for FY25

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

Group revenue increased by 2% to R29.6 billion, supported by increased production capacity. EBITDA decreased by 7% to R3.4 billion and operating profit before capital items decreased by 14% to R1.9 billion.

BACKGROUND STATEMENT (CONTINUED)

These declines, which offset improved performances by Safripol and Sleep Group, are mostly attributable to the following factors, listed in descending order of impact:

- increased operating costs, amounting to R368 million, related to the commissioning and ramp-up of the new MDF line, with utilisation, sales volumes and mix not yet optimal due to the ramp-up process;
- lower domestic new vehicle assembly volumes and increased costs associated with a key model changeover, which affected Feltex's performance; and
- a weaker performance by Unitrans, mostly owing to lower volumes and vehicle utilisation as well as adverse trading conditions during the last quarter of the financial year.

HEPS decreased by 47% to 24.1 cents, mostly due to the lower operating profit and the following factors:

- higher finance costs, as no borrowing costs were capitalised during the current financial year whereas R173 million was capitalised in the prior year, of which R136 million was attributable to the new MDF line; and
- lower tax incentives on the new MDF line resulting in a R199 million increase in the taxation expense.

Due to these factors, as well as impairments of goodwill, intangible assets, and property, plant and equipment totalling R579 million (net of taxation), EPS decreased by 99% to 0.4 cents. The largest impairments were associated with Safripol (R293 million), attributable to depressed global PET margins, and Optix (R360 million), due to the division's performance being below expectations.

Cash generated from operations decreased by 13% to R3.0 billion due to the lower EBITDA and an increase in working capital, with the cash flow conversion at 88%. The group generated free cash flow (before dividends paid) of R482 million (FY24: outflow of R79 million), with the lower cash flow from operations offset by a R960 million reduction in investing activities following the completion of the major projects. Net interest-bearing debt declined by R220 million.

Based on the above performance, none of the AIB targets for FY25, which included HEPS, cash flow conversion and net debt reduction, were met and therefore no AIBs were earned by the executive directors.

Non-binding advisory vote and shareholder engagement

As per the recommendations of King IV™, in addition to the statutory requirement to obtain shareholder approval for the payment of fees to the NEDs, the remuneration policy and remuneration implementation report are tabled each year for separate non-binding advisory votes by shareholders at the AGM. If shareholders vote against either the remuneration policy or the remuneration implementation report by 25% or more of the total voting rights exercised at the AGM, we issue an invitation to dissenting shareholders to engage with us to address legitimate and reasonable concerns.

The following reflects the non-binding advisory shareholder votes at the 2024 AGM:

	Votes in favour %	Votes against %
Remuneration policy	90.04	9.96
Implementation report	93.40	6.60

As the non-binding advisory votes were passed by the requisite majorities, no engagement with shareholders was required. It must be noted, however, that the committee chairperson and the CEO engaged extensively with shareholders prior to our 2024 AGM regarding changes made to our remuneration policy and implementation report. We thank our shareholders for their constructive feedback and contributions.

Planned focus areas for FY26

We expect the South African macroeconomic environment to remain subdued and uncertain over the near term. While this may weigh on demand for the group's products and services in the coming year, there are several factors within our control to mitigate the impact. Specifically, we are confident that the delivery on the following three key objectives will support group performance over the medium term:

- realising the value of our major projects;
- addressing areas of underperformance in the group, mostly related to Unitrans; and
- reducing net debt.

Additionally, all our divisions will focus on growing market share, improving margins and returns, and optimising assets.

The above strategic objectives are aligned with the targets set in the remuneration policy.

Based on the above strategic objectives, the committee intends to focus on the following areas in FY26:

- Implementing a human capital strategy, informed by our values, to ensure that we are an employer of choice with a culture, policies and procedures that set high expectations for performance, while simultaneously providing a stimulating and inclusive environment for our people.
- Ensuring that the group has the necessary sales competence and capacity to execute the strategy.
- Ensuring that the operational initiatives and performance scorecards, which form part of the AIB scheme measurement criteria, support the achievement of the group's five-year strategic plan.
- Reviewing the grading and benchmarking of executive directors' remuneration.
- Reviewing and adjusting executives' key performance indicators in line with the group's strategic objectives.
- Implementing policies and practices that promote diversity, inclusion and depth of succession talent.
- Remaining up to date with key issues that influence remuneration in the current dynamic operating environment.

Conclusion

The committee is satisfied that it has fulfilled the requirements of its charter and that the objectives of the remuneration policy have been met, without material deviation.

REMUNERATION POLICY FOR FY26

Remuneration governance

The board carries ultimate responsibility for the remuneration policy. The committee functions as a subcommittee of the board in terms of a board-approved mandate to evaluate and monitor the company's remuneration philosophy and practices and to ensure consistency with governance principles and company strategy. The committee implements a board-approved remuneration policy to assist with delivery on the company's strategy. The remuneration policy is reviewed annually and is aligned with the recommendations of King IV™, based on the following principles:

- Remuneration practices throughout the company are aligned with the company strategy.
- Remuneration is set at levels that are competitive and appropriate within the specific markets, geographical areas and industries in which the group operates.
- Incentive-based remuneration, which is applicable to management involved in determining and implementing the strategy of KAP and/or our divisions, is determined with reference to financial targets, strategic initiatives and individual KPIs.
- Executive remuneration is fair, responsible and transparent within the context of the overall remuneration of the company.

Linking remuneration to the group strategy

The elements of our remuneration are designed to reward performance that supports the achievement of the group's five-year strategic plan. The group has recently completed several major projects and is engaged in the turnaround of Unitrans. While the group has eight key workstreams and divisional strategies to support its group strategy, the targeted outcome thereof will be the following material items:

- realising the value of our major projects;
- addressing areas of underperformance in the group, mostly related to Unitrans; and
- reducing net debt.

Additionally, our divisions will target revenue growth, improving margins and returns, and optimising assets through the execution of the FY26 workstreams, which are: KAP value realisation, operational strategy, human capital strategy, debt reduction strategy, revenue growth strategy, procurement strategy, technology and AI strategy, and IT/digital strategy.

These material items and key workstreams form the foundation of executive KPIs and have been incorporated in the AIB and LTI schemes to drive ownership and execution of the group's five-year plan by executive directors and management.

Alignment between human capital strategy, remuneration philosophy and policy

Our human capital strategy aims to attract, motivate and retain the best people in our various sectors to perform well and excel within our entrepreneurial, performance-driven culture. This is to ensure the effective strategy implementation and the long-term sustainability of the group. The success of the group is dependent on our people's ability to deliver quality products and services and to maintain high standards of customer service in very competitive sectors.

Our remuneration philosophy is to provide remuneration that is competitive, fair and equitable, rewards performance, and attracts, retains and motivates our executives, managers and employees across all levels of the group.

Our remuneration policy aims to facilitate the implementation of our human capital strategy and remuneration philosophy.

Benchmarking of remuneration

Benchmarking of the remuneration of executive directors and management is undertaken every two years, using the services of independent experts, to ensure that remuneration is market-related and awarded equitably through our remuneration systems and practices. The committee aims to ensure an appropriate balance between the guaranteed and performance-related elements of remuneration, as well as between short-term performance and long-term sustainable stakeholder value creation. The committee considers each element of remuneration relative to the market and, in determining its quantum, considers the performance of the company and/or division, the management team and the individual concerned.

Elements of remuneration

Our remuneration policy covers three elements of remuneration: guaranteed salary, variable performance-related incentives and retention.

Guaranteed salary ('salary')

Guaranteed salary incorporates all guaranteed cash benefits on a total cost-to-company ('CTC') basis and is intended to provide employees with a competitive level of remuneration. Company performance, individual performance, the economic environment and changes in responsibilities are taken into consideration when determining annual CTC salaries.

The guaranteed salary is determined, effective 1 July each year, based on parameters approved by the board. Pay levels are based on individual and market factors, as follows:

- Job profiles are compiled for each approved position in the group and graded using the Paterson grading system.
- A competency profile is also determined for each approved position. Performance reviews of employees against these profiles may lead to an employee receiving merit increments from time to time, which may result in an individual earning remuneration above the market median, but within market norms. The remuneration levels of key management categories are benchmarked every two years, using the market median of independent salary surveys as reference.
- The qualifications, skills and experience of the individuals concerned are considered relative to the relevant job, competency profiles and performance requirements.

Inflationary remuneration adjustments are considered annually, with the relevant CPI indices and market benchmarks.

The remuneration of employees, other than those represented by unions and other bargaining structures, is contracted on a CTC basis, which includes basic cash remuneration, allowances and contributions by the company to retirement savings, risk insurance and medical schemes. In terms of this arrangement, a minimum level of healthcare cover is a condition of employment at certain levels. The company does not provide employees with post-retirement healthcare benefits. Employees throughout the group contribute to various independently administered defined-contribution retirement schemes.

REMUNERATION POLICY FOR FY26 (CONTINUED)

We encourage union membership and collective bargaining among our employees to provide for responsible and structured engagement. Wages and substantive conditions of employment for employees represented by trade unions or similar bargaining structures and similarly graded positions are negotiated from time to time with the applicable bargaining structures, preferably via collective bargaining processes. Changes to remuneration and benefits are negotiated in one-, two- or three-year arrangements. Multiyear arrangements are favoured as they promote stability and consistency in industrial relations. Access by these employees to suitable medical, retirement and associated insured benefits is also facilitated by the company, where appropriate.

Variable performance-related incentives ('incentives')

The principle underlying this policy is to ensure that executives and senior managers are rewarded for performance that advances the company's strategy. Variable pay is designed to incentivise and reward both individual and team effort and serves as a tool to attract, motivate and retain employees of the calibre required to achieve the company strategy. This policy is also intended to ensure that executives and senior management are duly motivated to achieve organisational goals and strategic objectives to ensure the long-term sustainability of the company in a balanced and socially and environmentally responsible manner, to the benefit of stakeholders.

Incentives are reported in the annual remuneration implementation report in the period in which they are earned, together with the relevant performance targets and achievement against those targets. The committee retains discretion in terms of the awarding of incentives, which is only exercised in exceptional circumstances. When exercised, it is reported accordingly in the annual remuneration implementation report.

Annual incentive bonus

The AIB is intended to incentivise short-term performance annually. The measurement criteria for the AIB are based on the board-approved annual performance metrics aligned to the group's five-year strategic plan.

In line with the FY25 shareholder-approved remuneration policy, the committee has set measurement criteria and targets for the FY26 AIB scheme, based on three considerations:

- **Financial:** The group's five-year strategic plan, which incorporates our divisional strategies and the impact of recent capital investments and restructuring activities, guided the financial targets set by the committee. The committee also considered the prior-year performance, market conditions and the group's long-term strategy.
- **Operational:** The implementation of operational initiatives that advance the group's five-year strategic plan and long-term sustainable performance.
- **Individual:** Individual KPIs to reward executives and senior management of corporate services, excluding executive directors, for the implementation of strategic and operational initiatives that support group performance.

a) Corporate services AIB measurement

The committee did not make changes to the corporate services AIB measurement criteria, which form part of the remuneration policy approved by shareholders at the 2024 AGM. The FY26 AIB measurement criteria for executive directors, executives and senior management of corporate services will therefore be based on HEPS, cash flow conversion, net debt reduction and/or achievement of individual KPIs as summarised below:

Measurement criteria	Targets	Executive director proportion	Executives/senior management proportion
HEPS[1]	≥ 95% of target (threshold)	20%	20%
	= 100% of target (on-target)	20%	20%
	≥ 105% of target (stretch)	20%	20%
Cash flow conversion	≥ 90%	20%	20%
Net debt reduction	R700 million	20%	5%
Individual KPIs	Specific to the individual/function	–	15%
Punitive measurement			
Non-achievement of B-BBEE score[2]	Target	(10%)	(10%)

[1] The FY26 HEPS target will be retrospectively disclosed in our FY26 remuneration implementation report.

[2] The non-achievement of the B-BBEE score relative to target is applied as a 10% penalty.

Note: The maximum participation levels for executive directors are at 150% of CTC and for corporate executives and senior management between 25% and 75% of CTC.

The following informed the targets for the corporate services FY26 AIB measurement:

- The FY26 HEPS target is derived from the group's five-year strategic plan, including value realisation from recent major projects, addressing areas of underperformance and reduction of net debt. The target, and performance against it, will be reported in our FY26 remuneration implementation report. The disclosure will be retrospective to avoid the publication of an earnings forecast, in contravention of the JSE Listings Requirements and/or applicable regulations.
- The net debt reduction target is intended to de-risk KAP's balance sheet.
- The cash flow conversion target, which was incorporated in previous shareholder-approved remuneration policies, remains a focus for management and has not been changed.
- Individual KPIs for executives and senior management, excluding executive directors, aim to reward them for the implementation of strategic and operational initiatives that support group performance.
- The punitive measure for not meeting the targeted B-BBEE score remains unchanged.

REMUNERATION POLICY FOR FY26 (CONTINUED)

b) Divisional AIB measurement

Our divisions each have a five-year strategic plan, which contributes to the group's five-year strategic plan. The divisional AIB scheme is based on the performance of each division, independent of the performance of the group, to ensure the achievement of divisional strategic and financial initiatives.

The committee did not make changes to the divisional AIB performance measurement criteria, which form part of the remuneration policy approved by shareholders at the 2024 AGM. The FY26 measurement criteria for divisional executives will therefore be based on operating profit, cash flow conversion, and the implementation of key operational initiatives, as summarised below:

Measurement criteria	Targets	Proportion
Operating profit	= 100% of target (on-target) ≥ 103% of target (stretch)	40% 10% (except for Optix)
Cash flow conversion	≥ 90% (Unitrans ≥ 95%)	20%
Operational initiatives[1]	Division specific	30% (except for Optix, which is at 40%)
Punitive measurement		
Non-achievement of B-BBEE score[2]	Target	(10%)
On-site fatality[3]	Target	(10%)

[1] Division-specific operational initiatives include targets in relation to revenue growth, sales volume, margin improvement, cost reduction, business turnaround and restructuring and asset utilisation.

[2] The non-achievement of the B-BBEE score relative to target is applied as a 10% penalty.

[3] The non-achievement of zero on-site fatalities is applied as a 10% penalty.

Note: The maximum participation levels for divisional CEOs are at 150% of CTC, CFO at 100% of CTC and other divisional executives between 50% and 100% of CTC.

The following informed the targets for the divisional FY26 AIB measurement:

- The FY26 operating profit targets are based on the divisions' five-year strategic plans, which incorporate value realisation from recent major capital investments, various growth initiatives, addressing areas of underperformance and reduction of debt.
- The cash flow conversion measurement criteria and target, as incorporated in previous remuneration policies, remain a focus for divisional management and have not been changed.
- Key operational initiatives, which are based on divisional strategies and have specific deliverables and targets, have been included as measurement criteria to drive divisional performance. Divisional strategic initiatives are specific to each division and are weighted according to the level of impact.
- In addition to the punitive criteria for not meeting the targeted B-BBEE score, a measure for the non-achievement of zero on-site facilities has been introduced for all divisions. This is intended to strengthen our safety culture and encourage divisional management to reinforce safety measures to prevent workplace injuries and fatalities.

At operational level, to the extent necessary, divisions have incentive schemes applicable to middle and junior management, which are aimed at achieving project, production, sales and similar operational targets.

Long-term incentive scheme

The objective of the LTI scheme is to promote the sustainable performance of the group through business and investment cycles, aligning the performance of key management with the strategy and stakeholder interests.

During previous shareholder engagements, shareholders raised concerns regarding the dilutionary effect of the current LTI scheme, which is driven primarily by the high number of participants eligible to receive share rights allocations and therefore entitled to share-settled compensation on vesting of the LTI scheme. To address these concerns, the committee has separated the LTI scheme into an equity-based LTI scheme and a cash-based LTI scheme (collectively referred to as 'LTI schemes') to reduce the number of share rights participants. Going forward, the qualification criteria for LTI schemes will be determined as follows:

- **Equity-based LTI scheme:** Executive directors and executives of corporate services will qualify for share rights allocation and receive share-settled compensation on vesting of the scheme.
- **Cash-based LTI scheme:** Senior management of corporate services and divisional management will qualify for cash allocations which will pay out on vesting of the scheme.

These changes will result in the reduction of the number of participants eligible to receive share rights allocations in December 2025 ('FY26 LTI awards') from 73 to 12. The measurement criteria for the LTI scheme, approved by the shareholders at the 2024 AGM, remain unchanged in respect of both the LTI schemes.

In terms of the rules of the equity-based LTI scheme, share rights are awarded to participants and vest in terms of committee-approved measurement criteria. Participation in the cash-based LTI scheme is determined by the committee on an annual basis in respect of the rules of the scheme and applies to individuals who are key to determine and implement the long-term vision and strategy of the group.

a) Corporate services LTI measurement

Our FY26 LTIs are awarded in line with the LTI scheme which formed part of the remuneration policy approved by the shareholders at the 2024 AGM, which remains fit for purpose. The committee has not made changes to the LTI measurement framework, which is based on the following:

- The HEPS targets in relation to FY26 LTI awards are based on the group's five-year strategic plan and incorporates the impact of recent major capital investments, restructuring activities and growth initiatives. This strategic five-year plan is updated each year and therefore each successive update will form the basis of that successive year's HEPS targets. The FY28 HEPS targets, as incorporated in the five-year strategic plan, will be used as the measurement target for the vesting of the FY26 LTI awards in December 2028.
- The HEPS targets are management targets used for remuneration purposes and do not represent an earnings or profit forecast.

REMUNERATION POLICY FOR FY26 (CONTINUED)

- In line with the outcomes of previous shareholder engagements, the committee has retained the ROCE target introduced in the FY25 LTI scheme to incentivise executive directors for implementing initiatives that will extract value from recent investments and improve capital allocation. The ROCE target is aligned with the group's strategic five-year plan and considers the impact of recent capital investments, restructuring activities and key workstreams.
- The committee has retained the net debt to EBITDA target introduced in the FY25 LTI scheme to incentivise executive directors for the implementation of strategic initiatives that will improve the capital structure of the company over the long term.

The FY26 LTI measurement criteria for executive directors, executives and senior management of corporate services will therefore be based on targets for HEPS, ROCE and net debt to EBITDA, and the delivery of individual KPIs, as summarised below:

Measurement criteria	Targets for FY28	Proportion Equity-based	Proportion Cash-based
HEPS	Threshold – 13% CAGR relative to adjusted FY24	8.33%	8.33%
	On-target – 15% CAGR relative to adjusted FY24	8.33%	8.33%
	Stretch – 17% CAGR relative to adjusted FY24	8.34%	8.34%
ROCE	≥ 12%	25%	25%
Net debt to EBITDA	≤ 1.5 times	25%	25%
Individual KPIs[1]	Specific to the individual/function	25%	25%

[1] Individual KPIs align with the group's strategic initiatives and are designed to reward sustained executive performance and the achievement of long-term goals.

Note: The maximum participation levels for the KAP CEO and CFO are at 167% of CTC, and corporate services executives and senior management between 33% and 75% of CTC. The corporate affairs director's maximum participation level has been increased from 133% to 150% of CTC for retention purposes and to increase shareholding opportunities in the company to align his interest with long-term shareholder interests. The performance metrics exclude the potential impacts of the Safripol and Sasol ethylene price and volume disputes and will be adjusted according to the resolution of these disputes.

It should be noted that:

- In relation to the FY26 LTIs, which will be measured to FY28 for vesting in December 2028, the HEPS target will be determined using adjusted FY24 HEPS of 36.7 cents for the base year.
- The ROCE target is below our long-term guidance of > 16% in FY28 due to the impact of the ramp-up of PG Bison's new MDF line and the time required to realise the value of this line.

b) Divisional LTI measurement

Our FY26 LTIs are awarded in line with the LTI scheme, which formed part of the remuneration policy approved by the shareholders at the 2024 AGM and remains fit for purpose. The measurement framework for the FY26 LTI scheme is based on the following core principles:

- The operating profit target is based on the divisional five-year strategic plans and incorporates the impact of recent major capital investments, restructuring activities and growth initiatives, and the specific dynamics of each division. The strategic five-year plan is updated annually and therefore each successive update will form the basis of that successive year's operating profit targets. The FY28 operating profit target, as incorporated in the five-year strategic plan, will be used as the measurement target for the vesting of the FY26 LTI awards in December 2028.
- In line with the outcomes of previous shareholder engagements, the committee has retained the ROCE target, introduced in the FY25 LTI scheme, to incentivise divisional management for implementing initiatives that will extract value from recent investments and improve capital allocation. The ROCE target is aligned with the group's strategic five-year plan and considers the impact of recent capital investments and restructuring activities.

The FY26 LTI measurement criteria for divisional executives will therefore be based on targets for operating profit and ROCE and the delivery of individual KPIs, as summarised alongside:

Measurement criteria	Targets for FY28	Proportion Cash-based
Operating profit	FY28 target at the time of the award	37.5%
ROCE	FY28 target at the time of the award	37.5%
Individual KPIs	Specific to the individual/function	25%

Note: The maximum participation levels for the divisional CEOs are 133% of CTC, divisional executives are between 50% and 67% of CTC, and senior management between 33% and 50% of CTC. The performance metrics exclude the potential impacts of the Safripol and Sasol ethylene price and volume disputes and will be adjusted according to the resolution of these disputes.

Executive operational management retention

KAP is dependent on the retention of key operational management for the execution of our strategy and the efficient running of our operations. In view of the escalating risk of loss of key skills in South Africa, we issued, on a one-off basis effective 1 November 2022, 34 million cash-settled share appreciation rights to certain members of operational executive management, who will be instrumental in delivering on our strategy. This is a pure retention scheme and these share appreciation rights will vest on 31 October 2026, 31 October 2027 and 31 October 2028, provided these individuals are in the employ of the company with a clean disciplinary record. Allocation percentages range from 75% to 200% of CTC for these individuals, depending on seniority and level of influence.

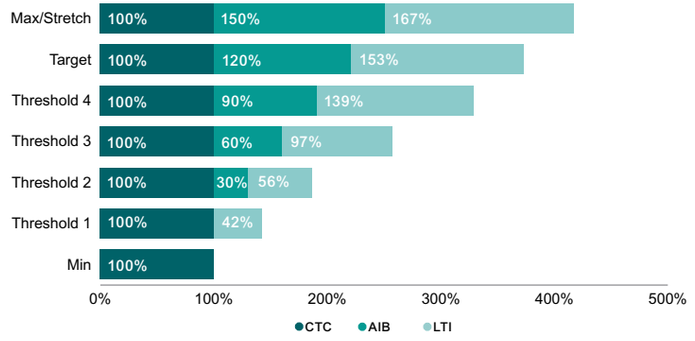
This is not a share scheme as defined in the JSE Listings Requirements or Companies Act and does not apply to the executive directors, i.e. CEO, CFO and corporate affairs director.

REMUNERATION POLICY FOR FY26 (CONTINUED)

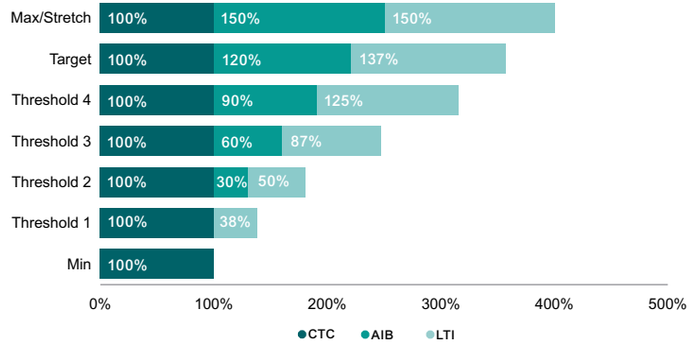
Single-figure remuneration relative to tiered threshold, target and stretch remuneration mix

The AIB and LTI schemes have various measurement criteria, the vesting of which may occur independently of one another. As a result, several possible vesting scenarios exist. The graphs and table below illustrate the total potential remuneration under different potential performance scenarios for executive directors, based on their participation levels in terms of the policy:

CEO and CFO



Corporate affairs director



Graph notes

Performance level	Description
Minimum	Guaranteed salary only
Threshold 1	KPI achievement for LTI
Threshold 2	KPI and threshold HEPS achievement for LTI Threshold HEPS achievement for AIB
Threshold 3	KPI, threshold HEPS and target net debt to EBITDA achievement for LTI Threshold HEPS and target cash flow conversion achievement for AIB
Threshold 4	KPI, threshold HEPS, target net debt to EBITDA and ROCE achievement for LTI Threshold HEPS, target cash flow conversion and net debt reduction achievement for AIB
On-target HEPS	KPI, target HEPS, net debt to EBITDA and ROCE achievement for LTI Target HEPS, cash flow conversion and net debt reduction achievement for AIB
Max/Stretch HEPS	KPI, stretch HEPS, target net debt to EBITDA and ROCE achievement for LTI Stretch HEPS, target cash flow conversion and net debt reduction achievement for AIB

Minimum shareholding requirements

To promote the long-term alignment of executives with the vision and strategy of the company and the interests of shareholders, executives who participate in the equity-based LTI scheme will be required to maintain a minimum shareholding of KAP shares as a condition of participation in the scheme. Participants will be required to retain any shares that vest in terms of the KPI measurement criteria of the scheme until such time as the following minimum shareholdings are met:

- KAP CEO: three times annual CTC;
- KAP CFO: twice annual CTC; and
- KAP corporate affairs director and other executives: annual CTC.

Statement of fair and responsible remuneration

The committee must satisfy itself that the remuneration of executive directors, executives and senior management takes appropriate account of the remuneration and employment conditions of other employees within the group. When salary increases are considered, the committee considers a report from management, which details pay practices across the group, including salary levels and trends, collective bargaining outcomes, and the approach management proposes to adopt for general employee increases. This information is considered in the committee's decisions regarding the remuneration of executive directors, executives and senior management to ensure that the remuneration of executive management is fair and responsible within the context of overall employee remuneration.

Malus and clawback

To the extent that the measurement criteria of either the AIB or LTI scheme are achieved because of intentional fraud, misstatement, misrepresentation or non-compliance with relevant legislation by any participant of these schemes, the effect of this fraud, misstatement, misrepresentation or non-compliance will be reversed in the consideration of whether the relevant qualifying criteria have been achieved. In addition, any participant directly involved in the fraud, misstatement, misrepresentation or non-compliance will not qualify for an incentive. The company will pursue legal action for the recovery of any incentives paid because of intentional fraud, misstatement, misrepresentation or non-compliance with relevant legislation by any participant in these schemes. In addition, the company will pursue disciplinary action.

REMUNERATION POLICY FOR FY26 (CONTINUED)

Service contracts

Executives' contracts are subject to terms and conditions of employment as governed by the South African Labour Relations Act, No. 66 of 1995, as amended. The contracts of the executive directors, executives and senior management do not contain termination packages or excessive notice periods. In view of the scarcity of executive skills in South Africa, and to make provision for an orderly handover to successors, the CEO's and CFO's notice periods are six calendar months, while the rest of the Exco's notice periods are three calendar months. Payments on termination of employment, sign-on, retention or restraint payments, commissions and allowances are limited to contractual, legal and/or negotiated obligations. Any deviations from this policy in relation to senior executives require appropriate motivation and the specific approval of the committee.

Non-executive directors' fee policy

The NEDs receive fees for services rendered to the company. NEDs' fees are reviewed annually, considering inflation and market benchmarks based on research into trends in NED remuneration among companies of a similar size and complexity. The fee proposals endorsed by the board are presented at the AGM for shareholder approval, by special resolution, prior to payment for the following year. Fees are not linked to the company's share price performance or our results. NEDs cannot participate in and therefore do not qualify for shares in terms of the LTI scheme and do not hold share rights under this scheme.

Regulatory compliance

In line with the recommendations of King IV™, in addition to the statutory requirement to obtain shareholder approval for the payment of fees to the NEDs, the remuneration policy and implementation report will be tabled each year for separate non-binding advisory votes by shareholders at the AGM. Should shareholders vote against either the remuneration policy or the remuneration implementation report by 25% or more of the total voting rights exercised at the AGM, the committee will issue an invitation to dissenting shareholders to engage with them in order to address legitimate and reasonable concerns.



IMPLEMENTATION AND REMUNERATION DISCLOSURE FOR FY25

Introduction

Our remuneration implementation report provides details on how we implemented our FY25 remuneration policy, relative to our FY25 performance. Our FY25 remuneration policy received more than 75% shareholder support at the 2024 AGM.

The committee applied our remuneration policy without deviation. This remuneration implementation report will be put to a non-binding advisory vote by shareholders at our 2025 AGM.

As per the disclosure approach incorporated in the implementation and disclosure report approved by shareholders at the 2024 AGM, the remuneration disclosures in this report reflect the following in relation to executive directors and executives:

- guaranteed salary; and
- incentives earned (AIBs and LTIs) based on the group's FY25 performance.

Since the AIBs and LTIs earned are only determined after finalisation of our AFS, these amounts are provided for in FY25, but will only be paid during FY26.

The context for our FY25 remuneration outcomes

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

The group recently invested in several major multiyear projects, amounting to c. R2.6 billion, which were completed during 2H24. These projects were successfully ramped up during the year and are expected to have useful lives of more than 20 years. EPS and HEPS were lower, due mostly to the increased operating and finance costs related to the major projects, with utilisation not yet optimal due to the ramp-up, reduced volumes in Unitrans, and lower tax incentives on the major projects. EPS was further affected by impairments of goodwill, intangible assets and property, plant and equipment attributable to prior investments made in Safripol, Feltex and Optix.

FY25 reflected the first year of operation of the group's major capital projects. The operational and financial effects related to the start-up and ramp-up of these projects are not unusual for projects of this nature and scale and will therefore ease over time. These projects offer good growth opportunities for the group over the medium term. In addition, management continues to focus on realising value from the major projects, addressing areas of underperformance and reducing net debt.

Salient features of the group's performance are discussed in the CFO's review on page 45, with further details provided in the FY25 AFS, available on our website.

Guaranteed salary

Guaranteed salary or CTC increases for FY25 were awarded across the group with reference to inflation, except where there were changes in responsibilities and roles that warranted higher or lower adjustments. We awarded a general inflation-linked increase of 6%, effective 1 July 2024, to employees who fall outside the collective bargaining unit. Increases for bargaining unit employees were implemented in line with the collective agreements of relevant bargaining unit structures.

The guaranteed salary of executive directors is reflected as follows:

	2025 R	2024 R	Increase %
GN Chaplin	**11 561 000**	10 907 000	6
FH Olivier	**7 303 000**	6 890 000	6
SP Lunga[1]	**5 241 000**	4 804 000	9
Total	**24 105 000**	22 601 000	

[1] SP Lunga's average increase for the year was 9%, which reflects the current year's adjustment and the timing effect of the prior year's increase, which was only effective 1 January 2024.

The combined guaranteed salary of other Exco members is reflected as follows:

	2025 R	2024 R	Increase %
Other Exco members	**52 029 000**	46 956 750	11

Note: The average increase for the year was 11%, which mostly reflects the current year's adjustment, the timing effect of the prior year's increase for divisional CEOs (which was only effective 1 January 2024), and changes in the Exco.

IMPLEMENTATION AND REMUNERATION DISCLOSURE FOR FY25 (CONTINUED)

Annual incentive bonus

Measurement criteria are designed to motivate executives and senior management to achieve the group's strategic and financial priorities. The FY25 remuneration policy, which includes the measurement criteria set for FY25, received more than 75% shareholder support at the 2024 AGM. The table below sets out the measurement criteria and targets applicable to the FY25 AIB scheme for executive directors and our performance against these:

Measurement criteria	Proportion	Targets	Achievements	Targets achieved	Proportion achieved
HEPS growth ≥ 95% of target (threshold)	20%	40.7 cents	24.1 cents	x	–
HEPS growth = 100% of target (on-target)	20%	42.8 cents	24.1 cents	x	–
HEPS growth ≥ 105% of target (stretch)	20%	44.9 cents	24.1 cents	x	–
Net debt reduction ≥ R1 billion	20%	R1 billion	R220 million	x	–
Cash flow conversion ≥ 90%	20%	90%	88%	x	–
B-BBEE score against budget	(10%)	Level 4	Level 4	✓	–
	100%				–

As reflected in the table above, none of the AIB targets for FY25, which included HEPS, cash flow conversion and net debt reduction targets, were met and therefore no AIB incentives were earned by the executive directors as further outlined below:

- The HEPS target of 42.8 cents was not achieved.
- Compared with FY24, HEPS decreased by 47% to 24.1 cents, mostly due to the lower operating profit, and the following factors:
  - » higher finance costs, no borrowing costs were capitalised during the current financial year whereas R173 million was capitalised in the prior year, of which R136 million was attributable to the new PG Bison MDF line; and
  - » lower tax incentives on PG Bison's new MDF line resulted in a R199 million increase in the taxation expense.
- Cash generated from operations decreased by 13% to R3.0 billion due to the lower EBITDA and an increase in working capital, with the cash flow conversion at 88%. The cash flow conversion target of 90% was therefore not achieved.
- The net debt reduction target of R1 billion was not achieved. The reduction in net interest-bearing debt of R220 million was below target due to lower-than-expected EBITDA.

The committee did not exercise its discretion to make adjustments to incentive awards to the executive directors as reflected in the table below:

	2025 R	2024 R
GN Chaplin	–	3 272 100
FH Olivier	–	2 067 000
SP Lunga	–	1 483 200
	–	6 822 300

The following table sets out the AIBs earned by other Exco members in relation to the performance of our divisions and certain corporate initiatives for FY25 relative to the measurement criteria and targets applicable:

	2025 R	2024 R
Other Exco members	**23 303 954**	34 065 200

Regarding AIBs earned by other Exco members, there were varying levels of achievement against the divisional and corporate services measurement criteria, ranging from 0% to 85% achievement of required targets.

IMPLEMENTATION AND REMUNERATION DISCLOSURE FOR FY25 (CONTINUED)

Long-term incentives

Vesting of LTIs

LTIs awarded to executives in December 2022 ('FY23 LTI awards') were awarded in accordance with the FY23 remuneration policy, which received more than 75% shareholder support at the November 2022 AGM. These awards will vest in December 2025, based on the measurement criteria and targets set out below, and relate to the cumulative three-year period from 1 July 2022 to 30 June 2025. Vesting is dependent on the achievement of the measurement criteria and continued employment of the participants until the vesting date or being deemed a good leaver.

The following table sets out the measurement criteria and targets applicable to the December 2025 vesting of the FY23 LTI awards and the group's performance against these:

Measurement criteria	Proportion	Targets	Achievements	Targets achieved	Proportion achieved
Core HEPS > GDP growth + CPI	37.5%	211.8 cents	111.3 cents	x	–
ROE > KAP WACC	37.5%	13.1%	7.8%	x	–
Individual KPIs	25%	Per individual	Per individual	✓	25%
	100%				25%

As reflected in the table above, only the individual KPIs were earned by the executive directors as further outlined below:

- HEPS growth is measured over the cumulative three-year period from 1 July 2022 to 30 June 2025. Performance over this period was mostly negatively affected by a downturn in the global polymers cycle; a weaker performance by Unitrans; and the near-term financial and operational impact of our major projects. The HEPS growth target was therefore not achieved.
- ROE is measured over the cumulative three-year period from 1 July 2022 to 30 June 2025. During this period, the group was engaged in several major, multiyear projects to entrench our market leadership position in select sectors and support future growth. As the group's earnings declined over the period, as discussed above, the ROE target was not achieved.
- The group has a rolling five-year strategic plan, which incorporates strategic initiatives at both corporate services and divisional level, with specific deliverables and targets. We have developed a framework, consisting of eight workstreams, to drive the implementation of the group's strategic initiatives by Exco members. These include: KAP value realisation, organisational design, operational strategy, revenue growth, human capital strategy, resilience strategy, procurement strategy and IT/digital strategy. Individual KPIs in relation to the LTIs are based on the implementation of these workstreams, and are designed to reward executive performance for the achievement of our long-term goals. Progress on the workstreams is monitored by our board, our Exco and the divisional boards.

IMPLEMENTATION AND REMUNERATION DISCLOSURE FOR FY25 (CONTINUED)

Individual executive director KPI assessment

The KPIs for our CEO, CFO and corporate affairs executive are described below:

CEO KPIs

- Implementing strategic initiatives to deliver on the group's five-year plan, which includes value extraction from our major projects;
- restructuring and turning around underperforming businesses;
- net debt reduction;
- revenue growth;
- interrogating and contributing to the development of divisional strategies; and
- populating divisional Excos with competent executives to build leadership capacity to deliver on the group and divisional strategies.

CFO KPIs

- Developing and implementing a resilience strategy (energy and water) to sustain continued operations and reduce risk and costs;
- executing the procurement strategy to realise cost savings and remain cost competitive;
- formulating and implementing the IT and digitisation strategy to ensure that the group has optimal systems architecture, designs and applications to create new value and support the execution of operational strategies; and
- ensuring that the group has an optimal capital structure and achieves compliance with bank covenants.

Corporate affairs executive KPIs

- Actively representing the group in engagements with national and local government structures through industry bodies to promote growth-oriented policies, support local economic development, infrastructure development, industry competitiveness, consistent supply of electricity and water in areas where KAP businesses are located;
- supporting the KAP CEO in populating divisional Excos with competent executives to deliver on the group and divisional strategies;
- ensuring that the talent management, performance management and incentive design of the group support the execution of operational strategies; and
- maintaining the group's B-BBEE rating and ensuring compliance with new EE legislation.

The committee reviewed the performance of the executive directors against the deliverables set out in the KPI assessment framework and approved the awards related to individual KPI performance metrics, with the exception of the KAP CEO, GN Chaplin, who resigned (effective 31 October 2025) and therefore no longer qualifies for the LTI.

LTI summary

The following table reflects the number of share rights allocated in terms of the LTI scheme, the number of rights forfeited due to non-qualification or non-achievement of measurement criteria targets, the number of rights exercisable, and the value thereof for FY25. The rules of the LTI scheme were applied without deviation.

Share rights exercisable	Number of rights allocated R	Number of rights forfeited R	Number of rights exercisable R	Value of rights exercisable R
2025[1]				
Executive directors				
GN Chaplin	**4 020 903**	**(4 020 903)**	**–**	**–**
FH Olivier	**2 540 022**	**(1 905 016)**	**635 006**	**1 301 762**
SP Lunga	**1 369 342**	**(1 027 006)**	**342 336**	**701 789**
	7 930 267	**(6 952 925)**	**977 342**	**2 003 551**
Other Exco members	**8 178 236**	**(4 759 632)**	**3 418 604**	**7 008 138**
2024[2]				
Executive directors				
GN Chaplin	3 914 419	(2 935 814)	978 605	3 229 397
FH Olivier	2 472 665	(1 854 498)	618 167	2 039 951
SP Lunga	1 211 845	(908 883)	302 962	999 775
	7 598 929	(5 699 195)	1 899 734	6 269 123
Other Exco members	5 895 183	(2 467 284)	3 427 899	11 312 067

[1] The share price at 30 June 2025 of R2.05 is used as an indication of the value on 1 December 2025.

[2] The market price of share rights exercised was R3.30 on 1 December 2024.

IMPLEMENTATION AND REMUNERATION DISCLOSURE FOR FY25 (CONTINUED)

The following table reflects the outstanding share rights of our executive directors at 30 June 2025, which have been allocated in terms of the rules of the LTI scheme:

Executive directors	Offer date	Vesting date	Number of rights awarded	Number of rights lapsed/ forfeited	Number of rights exercised	Number of rights as at 30 June 2025	Market value of rights at grant date R	Market value of rights on vesting R	Market value of rights at 30 June 2025 R
GN Chaplin[1]	Dec-21	Dec-24	3 914 419	(2 935 814)	(978 605)	–	16 557 992	3 229 397	–
	Dec-22	Dec-25	4 020 903	(4 020 903)	–	–	17 289 883	–	–
	Dec-23	Dec-26	7 087 428	(7 087 428)	–	–	18 710 810	–	–
	Dec-24	Dec-27	7 072 114	(7 072 114)	–	–	23 337 976	–	–
			22 094 864	(21 116 259)	(978 605)	–	75 896 661	3 229 397	–
FH Olivier	Dec-21	Dec-24	2 472 665	(1 854 498)	(618 167)	–	10 459 373	2 039 951	–
	Dec-22	Dec-25	2 540 022	(1 905 016)	–	**635 006**	10 922 095	–	**1 301 762**
	Dec-23	Dec-26	4 477 160	(3 357 870)	–	**1 119 290**	11 819 702	–	**2 294 545**
	Dec-24	Dec-27	4 467 403	–	–	**4 467 403**	14 742 430	–	**9 158 176**
			13 957 250	(7 117 384)	(618 167)	**6 221 699**	47 943 600	2 039 951	**12 754 483**
SP Lunga	Dec-21	Dec-24	1 211 845	(908 883)	(302 962)	–	5 126 104	999 775	–
	Dec-22	Dec-25	1 369 342	(1 027 006)	–	**342 336**	5 888 171	–	**701 789**
	Dec-23	Dec-26	2 413 665	(1 810 248)	–	**603 417**	6 372 076	–	**1 237 005**
	Dec-24	Dec-27	2 553 308	–	–	**2 553 308**	8 425 916	–	**5 234 281**
			7 548 160	(3 746 137)	(302 962)	**3 499 061**	25 812 267	999 775	**7 173 075**
			43 600 274	(31 979 780)	(1 899 734)	**9 720 760**	149 652 528	6 269 123	**19 927 558**

[1] GN Chaplin's share rights were forfeited following the announcement in May 2025 of his intention to step down from the chief executive officer position of KAP with effect from 31 October 2025.

IMPLEMENTATION AND REMUNERATION DISCLOSURE FOR FY25 (CONTINUED)

Disclosure of single-figure remuneration

Our executive directors' single-figure remuneration for FY25 and FY24, reflected below, includes their guaranteed salary as well as AIBs and LTIs earned based on FY25 and FY24 performance. The AIBs and LTIs are only payable in FY25 and FY26, respectively.

	2025 R	2025 %	2024 R	2024 %
GN Chaplin	**11 561 000**	**100**	17 408 497	100
Guaranteed salary	**11 561 000**	**100**	10 907 000	62
AIB	**–**	**–**	3 272 100	19
LTI	**–**	**–**	3 229 397	19
FH Olivier	**8 604 762**	**100**	10 996 951	100
Guaranteed salary	**7 303 000**	**85**	6 890 000	62
AIB	**–**	**–**	2 067 000	19
LTI	**1 301 762**	**15**	2 039 951	19
SP Lunga	**5 942 789**	**100**	7 286 975	100
Guaranteed salary	**5 241 000**	**88**	4 804 000	66
AIB	**–**	**–**	1 483 200	20
LTI	**701 789**	**12**	999 775	14

The remuneration actually paid to executives in FY25, which includes the FY25 guaranteed salary and AIBs and LTIs paid based on FY24 performance, is summarised in note 38 of our FY25 AFS.

Our executive directors' single-figure remuneration represents the following percentages of total possible remuneration:

CEO

FY25	Guaranteed salary	AIB	LTI	Total
Possible maximum remuneration	**100%**	**150%**	**167%**	**417%**
Earned	**100%**	**0%**	**0%**	**100%**

FY24	Guaranteed salary	AIB	LTI	Total
Possible maximum remuneration	100%	150%	167%	417%
Earned	100%	30%	42%	172%

CFO

FY25	Guaranteed salary	AIB	LTI	Total
Possible maximum remuneration	**100%**	**150%**	**167%**	**417%**
Earned	**100%**	**0%**	**42%**	**142%**

FY24	Guaranteed salary	AIB	LTI	Total
Possible maximum remuneration	100%	150%	167%	417%
Earned	100%	30%	42%	172%

Corporate affairs director

FY25	CTC	AIB	LTI	Total
Possible maximum remuneration	**100%**	**150%**	**133%**	**383%**
Earned	**100%**	**–**	**33%**	**133%**

FY24	CTC	AIB	SRS	Total
Possible maximum remuneration	100%	150%	133%	383%
Earned	100%	30%	33%	163%

IMPLEMENTATION AND REMUNERATION DISCLOSURE FOR FY25 (CONTINUED)

Non-executive directors' fees paid

The remuneration of the NEDs is not linked to the company's share price, its share performance or its results. NEDs do not receive incentive payments and are not participants in the LTI scheme and therefore do not hold share rights under this scheme.

NED fees are reviewed and adjusted annually, based on inflation, as well as market benchmarks following independent research, every second year, into trends in NED remuneration among companies of a similar size and complexity. In line with industry norms and the practice of most South African listed companies, the group makes use of a fixed-fee structure to compensate NEDs.

The group's FY25 proposed fees for the NEDs were approved at the 2024 AGM with the required majority of more than 75% of the eligible votes cast.

In terms of this fee structure, NEDs receive a fixed fee per board membership and relevant board committee membership. Besides the investment committee members, who continued to receive fees on a per meeting attendance basis due to the nature of the committee's unpredictable meeting requirements, no other meeting attendance fees were paid to the NEDs, irrespective of the number of additional ad hoc meetings such directors may have attended during the year.

The following fees were therefore paid to NEDs in line with the fee structure approved at our 2024 AGM:

Non-executive directors' fees (excluding VAT)	2025 R	2024 R
Z Fuphe	**1 300 551**	1 200 278
KJ Grové[1]	**–**	360 830
JA Holtzhausen	**1 430 908**	949 499
KT Hopkins	**1 318 118**	1 217 296
TC Isaacs	**1 085 750**	996 757
SN Maseko[2]	**745 396**	251 554
V McMenamin	**640 992**	520 365
AFB Mthembu[3]	**745 396**	369 751
SH Müller	**1 300 551**	1 246 678
PK Quarmby[4]	**613 077**	1 493 481
S Totaram[5]	**173 811**	–
	9 354 550	8 606 489

[1] Resigned effective 21 November 2023.
[2] Appointed effective 15 March 2024.
[3] Appointed effective 15 January 2024.
[4] Resigned effective 29 November 2024.
[5] Appointed effective 5 May 2025.

Forward-looking proposed NEDs' fees for FY26 will be presented for shareholder approval at our 2025 AGM.

Benchmarking of remuneration

In terms of the two-year cycle specified in our remuneration policy, the group was required to perform a grading and benchmarking review of the remuneration of the executive directors during FY25. The committee resolved to defer the grading and benchmarking review for executive directors to FY26 following the resignation of the KAP CEO on 28 May 2025 and the appointment of the current KAP CFO to the position of CEO effective 1 November 2025.

Malus and clawback

There was no requirement to invoke the malus and clawback requirements of the remuneration policy during the year.

Minimum shareholding requirements

All relevant employees complied with the minimum shareholding requirements of the remuneration policy.

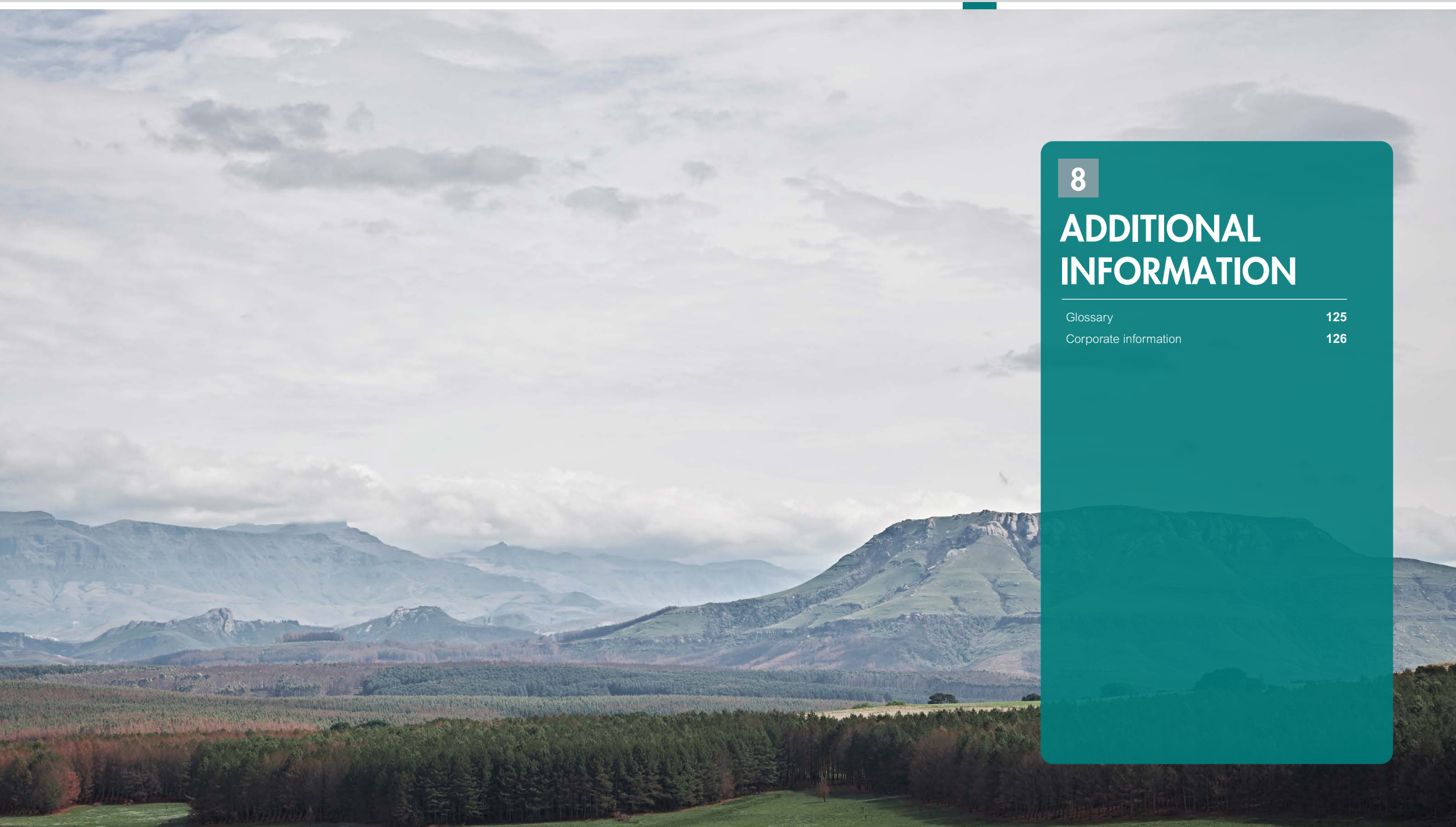
Service contracts

No service contracts were entered into during the year with specified termination packages or excessive notice periods.

Statement of fair and responsible remuneration

The committee is satisfied that the remuneration of executive directors and other senior executives takes appropriate account of remuneration and employment conditions of other employees in the group, and that the remuneration policy is fair and responsible in the context of overall employee remuneration.

The committee believes that the remuneration policy is fit for purpose and achieves the high-level objectives of attraction, retention and performance motivation of our executives, managers and employees across all levels of the group. The committee further believes that, in the context of a very challenging macroeconomic and sociopolitical environment and the successful conclusion of the group's recent major investment cycle, the remuneration matters have been managed appropriately and responsibly.



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ADDITIONAL INFORMATION

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GLOSSARY

AAAM	African Association of Automotive Manufacturers
AFS	consolidated annual financial statements
AGM	annual general meeting
AI	artificial intelligence
AIB	annual incentive bonus
the Amendment Act	Employment Equity Amendment Act, No. 4 of 2022
BAAM	Business-Adopt-A-Municipality
B-BBEE	broad-based black economic empowerment
B-BBEE Act	Broad-Based Black Economic Empowerment Act, No. 53 of 2003
board	board of directors
bps	basis points
BRE	business retention and expansion
CAGR	Compound annual growth rate
CEO	chief executive officer
CFO	chief financial officer
Climate Change Act	Climate Change Act, No. 22 of 2024
CMP	Conservation Management Plan
COID	Compensation for Occupational Injuries and Diseases
the committee	human capital and remuneration committee
Companies Act	Companies Act, No. 71 of 2008 of South Africa as amended
cps	cents per share
CTC	cost-to-company
DFFE	Department of Forestry, Fisheries and the Environment
DIFR	Disabling injury frequency rate
divisions	a diversified portfolio of businesses
DTIC	Department of Trade, Industry and Competition
EBITDA	operating profit before depreciation, amortisation and capital items
ECD	early childhood development
EE	employment equity
EPS	earnings per share
ESD	enterprise and supplier development
ESG	environmental, social and governance
Exco	executive committee
fenceline communities	communities situated directly next to our operations
FSC	Forest Stewardship Council
FY24	1 July 2023 to 30 June 2024
FY25	1 July 2024 to 30 June 2025
GDP	gross domestic product
GHG	greenhouse gas
GNU	government of national unity
HDPE	High-density polyethylene
HEPS	headline earnings per share
IASB	International Accounting Standards Board
IFRS® Accounting Standards	International Financial Reporting Standards
IGUA-SA	Industrial Gas Users Association of South Africa
IMF	International Monetary Fund
Imvusa	Imvusa Interior Trim Proprietary Limited
incentives	variable performance-related incentives
the Income Tax Act	Income Tax Act, No. 58 of 1962
IoDSA	Institute of Directors South Africa
IPPs	Independent Power Producers
IPCC	Intergovernmental Panel on Climate Change
IR	Integrated report
<IR> Framework	International Reporting Framework
IRR	internal rate of returns
IT	information technology
ITAC	International Trade Commission of South Africa
JSE	JSE Limited
KSS	KAP Secretarial Services Proprietary Limited
King IV™	King IV Report on Corporate Governance™ for South Africa, 2016
KPIs	key performance indicators
KPMG	KPMG Incorporated
LCV	light commercial vehicle
LINED	Lead independent non-executive director
LTI	long-term incentive lost-time injuries
MDF	medium-density fibreboard
MFB	melamine faced board
the Minister	Minister of Employment and Labour
the Minister	Minister of Forestry, Fisheries and the Environment
ML	machine learning
MOI	memorandum of incorporation
MOLs	Digital online metering for electricity generation and consumption and natural gas
NAAMSA	The Automotive Business Council
NECF	North East Cape Forests
NEDs	non-executive directors
NEVs	new energy vehicles
OEMs	original equipment manufacturers
OHSA	Occupational Health and Safety Act
PCA	Priority Conservation Areas
PCR	post-consumer recycled
PET	Polyethylene terephthalate
PP	polypropylene
PPP	public private partnership
priority areas	six sustainability matters
PV	photovoltaic
PwC	PricewaterhouseCoopers Incorporated
Remchannel	Remchannel Proprietary Limited
ROCE	return on capital employed
ROE	return on equity
SAAM	South African Automotive Industry Masterplan
SAFI	South African Furniture Initiative
salary	guaranteed salary
SARS	South African Revenue Service
Sasol	Sasol South Africa Limited
SCF	South Cape Forests
SED	socioeconomic development
SENS	JSE Stock Exchange News Service
SRS	share rights scheme
STR	Small-Town Regeneration
SUV	sport utility vehicle
TDI	toluene diisocyanate
UIP	urban improvement precinct
UNGC	United Nations Global Compact
UN SDGs	United Nations Sustainable Development Goals
WACC	weighted average cost of capital

CORPORATE INFORMATION

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

Telephone
+27 21 808 0900

Facsimile
+27 21 808 0901

E-mail
investors@kap.co.za

Website
www.kap.co.za

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

PO Box 2766
Edenvale 1610

Registration number
1978/000181/06

Share code
KAP

ISIN
ZAE000171963

LEI code
3789001F51BC0045FD42

Company secretary
KAP Secretarial Services Proprietary Limited

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

PO Box 2766
Edenvale 1610

External auditor
KPMG Inc.

Equity and debt sponsor
PSG Capital Proprietary Limited

Stellenbosch office

First Floor, Ou Kollege Building
35 Church Street
Stellenbosch 7600

PO Box 7403
Stellenbosch 7599

Telephone

+27 21 887 9602

Facsimile

+27 21 887 9624

Johannesburg office

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

PO Box 650957
Benmore 2010

Debt officer
RH Louw
Treasury and legal executive

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

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

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

Private Bag X9000
Saxonwold 2132

Telephone

+27 11 370 5000

Facsimile

+27 11 688 7710

Shareholders' diary

Annual general meeting 2025	Wednesday, 26 November 2025
Announcement of interim results	February 2026
Announcement of year-end results	August 2026
Annual general meeting 2026	November 2026

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