

INTEGRATED REPORT
2026

INSPIRING PEOPLE.
ENABLING BUSINESS.
CREATING VALUE.

kap
BEING THE CHANGE

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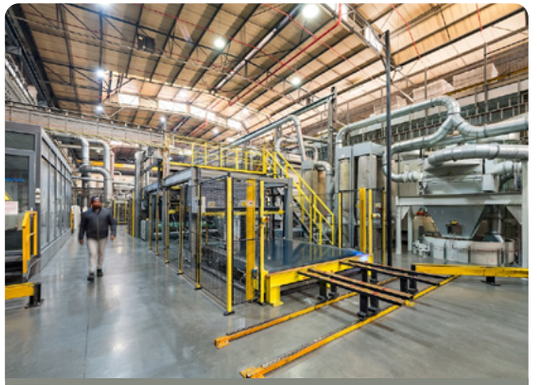

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INTRODUCTION

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ABOUT THIS REPORT

Scope and boundary

Our 2026 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 2026 financial year, as well as our prospects. We include extracts from our consolidated annual financial statements ('AFS'), available on our website, 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 2025 to 30 June 2026 ('FY26'), which is compared throughout the IR to the previous financial year from 1 July 2024 to 30 June 2025 ('FY25').

Integrated reporting boundary

The scope and boundary of our IR covers the stakeholder value we created, preserved or eroded during the year, arising from the following:

- Our strategy
- Value-creating business model
- Operating environment
- Stakeholder engagement
- Risks and related 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 resources and relationships 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 2025 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 Code')[1]
- Memorandum of incorporation ('MOI')

Consolidated and company AFS

- Companies Act
- IFRS® Accounting Standards and interpretations of those standards as issued by the International Accounting Standards Board ('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 Code

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

Reporting suite

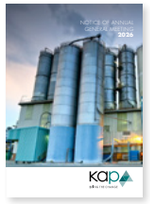
Integrated report



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 providers of financial capital and other key stakeholders over the short, medium or long term. Where appropriate, we include matters which we believe are important to our key stakeholders or reflect our broader impact on society and the environment. We identify material matters through a quantitative and qualitative materiality assessment. Material matters are considered and approved by the board of directors ('board').

Our material matters are grouped under five interlinked themes, which are addressed throughout this report:

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

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., has provided external assurance on our FY26 AFS and expressed an unqualified audit opinion. The auditor has also reviewed the accuracy of the financial information extracted from the FY26 AFS that appears in the IR. Our non-financial data has undergone third-party verification by Catalyst Solutions, with our Scope 1 and Scope 2 greenhouse gas ('GHG') emissions, water and waste data verified at a reasonable level of assurance. Our broad-based black economic empowerment ('B-BBEE') data has been assured 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 IR. 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 FY26 AFS on 31 August 2026, on recommendation of the audit and risk committee, and the KAP IR on 28 October 2026, on recommendation of a special ad hoc committee of the board.

Signed on behalf of the board

Johan Holtzhausen	Frans Olivier	Dries Ferreira
Chairperson	*Chief executive officer*	*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

FY26 showed that KAP has the assets, leadership and discipline to create sustainable value. Our focus now is on converting this momentum into stronger returns, lower debt and lasting stakeholder confidence.

Introduction

Vincent van Gogh once wrote that *'great things are not done by impulse, but by a series of small things brought together'*. For me, that captures KAP's FY26. There was no single breakthrough; instead, many disciplined decisions across the group came together to deliver a marked improvement in performance. Headline earnings per share ('HEPS') rose by 88% to 45.2 cents and free cash flow almost tripled to R1.3 billion, in what was also an important period of transition for the group. The journey to sustainable, value-accretive growth is not complete, but FY26 demonstrated that disciplined execution, sharper focus and clear accountability are delivering results, with more to come.

With the major investment cycle complete, the board's focus has shifted to supporting management in realising value from the group's asset base, improving the quality of earnings, reducing leverage and addressing businesses that are not yet meeting expectations. Frans Olivier's appointment as chief executive officer ('CEO') provided continuity and alignment with the strategic objectives endorsed by the board over the past 24 months, while Dries Ferreira's appointment as chief financial officer ('CFO') added further depth at an important stage of delivery. I have been particularly encouraged by the constructive partnership developing between Frans, Dries and the board, and by the clarity with which management is approaching the group's strategic objectives.

Operating environment

FY26 again tested the group's resilience, and KAP responded well. Demand across several markets remained subdued, with disposable income constrained across most consumer groups, while global industry dynamics, pricing pressure, rising trade barriers, geopolitical developments and macroeconomic pressures created a more complex environment for capital allocation and risk oversight. These conditions reinforced the importance of focusing on what the group can control: disciplined cost management, operational efficiency, contract rationalisation, asset optimisation, cash generation and prudent capital allocation. Management made tangible progress in each of these areas, and the results show it: on stable revenue of R29.6 billion, operating profit before depreciation, amortisation and capital items ('EBITDA') increased by 13% to R3.9 billion.

Closer to home, there were encouraging developments in South Africa's economy, including the significant reduction in load-shedding and early progress on logistics reform. While infrastructure constraints persist, I am optimistic that these improvements will, over time, benefit our businesses, which depend on reliable energy supply and an efficient freight and logistics system.

Read more: Operating environment, page 24

Financial performance and strategy

The FY26 results provide clear evidence that KAP is converting recent investments and sharper execution into improved outcomes, with operating profit up 28% to R2.5 billion. For the board, the most important indicators were not only the stronger headline earnings, but also improved returns and lower debt: return on capital employed ('ROCE') improved by 280 basis points ('bps') to 11.2%, and net interest-bearing debt reduced by 14% to R7.0 billion.

An important question for the board was whether this improvement is sustainable. In our assessment, it is underpinned by stronger asset utilisation, disciplined capital expenditure, strict working capital management and a steadfast focus on returns, which indicate that the group is building the operating rhythm required to support sustainable value creation.

The board carefully considered the non-cash flow impairments recognised during the year, which are the main reason earnings per share declined to a loss of 4.8 cents despite the strong growth in headline earnings. These impairments reflect a realistic assessment of certain businesses and market conditions and underline our commitment to continued rigour in portfolio review, capital allocation and performance management. The board expects management to maintain this discipline and to act decisively where returns remain below acceptable levels.

Detailed commentary on the group's financial performance is provided in the CFO's review, while the CEO's review sets out management's operational and strategic execution in more detail.

MESSAGE FROM OUR CHAIRPERSON (CONTINUED)

The board remains confident that the group's strategic objectives are the right ones. The board will continue to oversee delivery against these objectives, monitor progress against the measurable medium-term targets set out in our strategy, and ensure that capital is directed to opportunities capable of delivering the required returns.

Read more: CEO's review, page 22, Our strategy, page 39, CFO's review, page 43

Board focus and governance

The board's FY26 agenda reflected its responsibility to provide effective oversight of strategy, risk, capital allocation, leadership succession and ethical governance during an important period of executive transition.

The release of the King Code provides timely reinforcement of certain principles that already underpin the board's approach. Looking ahead, its emphasis on stewardship, ethical leadership, fair and transparent decision-making and sustainable value creation will assist the board's governance enhancements and oversight focus.

During the year, the board maintained active oversight of the group's strategy execution, engaging closely with Frans and Dries and providing guidance where needed on matters central to long-term value, including strategic progress, division-specific priorities, portfolio composition and capital allocation. I found our engagement with divisional chief executives at the KAP site visits particularly valuable, providing first-hand insight into divisional priorities, accountability and execution capacity. Engagements like these are an important mechanism for strengthening governance, deepening relationships and ensuring that the board maintains a grounded understanding of the group's diverse operations.

The pricing and volume disputes under Safripol's ethylene supply agreement with Sasol remained a key focus of board oversight during the year. The pricing dispute was determined in Safripol's favour, although Sasol has applied to the High Court to have the award reviewed and set aside, while the volume dispute has progressed to arbitration. The board continues to monitor developments closely to ensure that the group's interests are protected. Further detail is provided in the CFO's review.

The board approved the FY27 workstreams aligned to the five-year strategic plan, which focus on value realisation, free cash flow generation, debt reduction and improved economic value add, ensuring that management's priorities remain clear, measurable and linked to sustainable returns.

Read more: CFO's review, page 43, Corporate governance report, page 78

Sustainability, people and culture

Sustainability remains embedded in how the group operates and allocates capital. As a board, we view responsible resource management, safe and inclusive workplaces, skills development and community impact as integral to long-term competitiveness.

We remain committed to protecting the environment while growing our operations, through proactive risk management, responsible investment and long-term planning. This includes continued investment in renewable energy and progress in circularity initiatives across the group. The board continues to oversee how the group balances growth with its focus on reducing emissions, improving energy efficiency and environmental stewardship.

During FY26, the group continued to support communities in which it operates through targeted development initiatives focused on education, nutrition, youth development and other local needs. I am proud that the R31 million invested in socioeconomic development ('SED') included support for 10 CREATE schools, which continued to improve their average National Senior Certificate pass rates, as well as broader educational and nutritional programmes that reached thousands of learners.

The progress achieved in FY26 is a credit to our people across KAP, who adapted to demanding conditions while maintaining their focus on customers, safety, cost discipline and delivery. The board remains committed to supporting an environment in which employees can develop their skills, build meaningful careers and contribute to the group's success.

Read more: Sustainability report, page 60

Leadership

As noted in last year's message, Frans Olivier succeeded Gary Chaplin as CEO on 1 November 2025. We again thank Gary for his leadership and many years of dedicated service to KAP. We are satisfied with Frans' contribution to date.

We were delighted to welcome Dries Ferreira as CFO with effect from 1 February 2026, completing an important executive succession process following Frans' appointment as CEO. Dries brings listed-company CFO experience and a strong commercial background in financial strategy, capital allocation and international trade.

MESSAGE FROM OUR CHAIRPERSON (CONTINUED)

Appreciation

I extend my sincere thanks to my fellow board members for their counsel, diligence and commitment during the year. I also thank Frans, Dries, the divisional management teams and all employees for their focus and contribution. Their hard work is evident in the progress made during FY26, and the board remains fully supportive of management as they continue to convert this momentum into sustainable value creation.

To our shareholders, funders, customers, suppliers, partners and the communities in which we operate, thank you for your continued support and trust. I value our ongoing engagement and look forward to continuing the dialogue in the year ahead.

Focused on the future

KAP enters FY27 with renewed momentum and a clearer path to improved returns. The environment will remain difficult, but I believe the group offers a compelling investment case, although realising its full value will take time. This view is supported by a diversified portfolio of businesses with trusted brands and strong market positions, a completed investment cycle that is beginning to deliver returns, a strengthening balance sheet and an experienced, committed leadership team. There is, of course, a lot more to do, particularly in businesses not yet achieving acceptable returns. By continuing to prioritise disciplined execution, prudent capital allocation and robust governance, we should realise the full benefit of the decisions already taken. I am encouraged by the progress made in FY26 and confident in the group's ability to deliver its medium-term objectives. As this year has shown, it is many small, disciplined steps that build lasting value, and I look forward to sharing further progress with you next year.

Johan Holtzhausen

Independent non-executive chairperson

FY26 SALIENT FEATURES

Overview

The group made meaningful progress against its key strategic objectives aimed at enhancing returns, supporting medium-term growth and strengthening balance sheet flexibility. These objectives include realising value from the major capital projects, improving underperforming businesses and reducing net debt.

Progress achieved during the year was reflected in stronger returns, improved cash generation and lower net debt. These outcomes resulted from consistent, disciplined decision-making across the group, with a continued focus on optimising asset utilisation, exiting or restructuring lower-return activities, improving working capital efficiency and allocating capital prudently.

Financial

Revenue **R29.6 billion** stable	EBITDA **R3.9 billion** ▲ 13%
Operating profit **R2.5 billion** ▲ 28%	HEPS **45.2 cents** ▲ 88%
EPS **4.8 cents** loss	Free cash flow[1] **R1.3 billion** ▲ 178%
Net interest-bearing debt **R7.0 billion** ▼ 14%	ROCE **11.2%** ▲ 280 bps

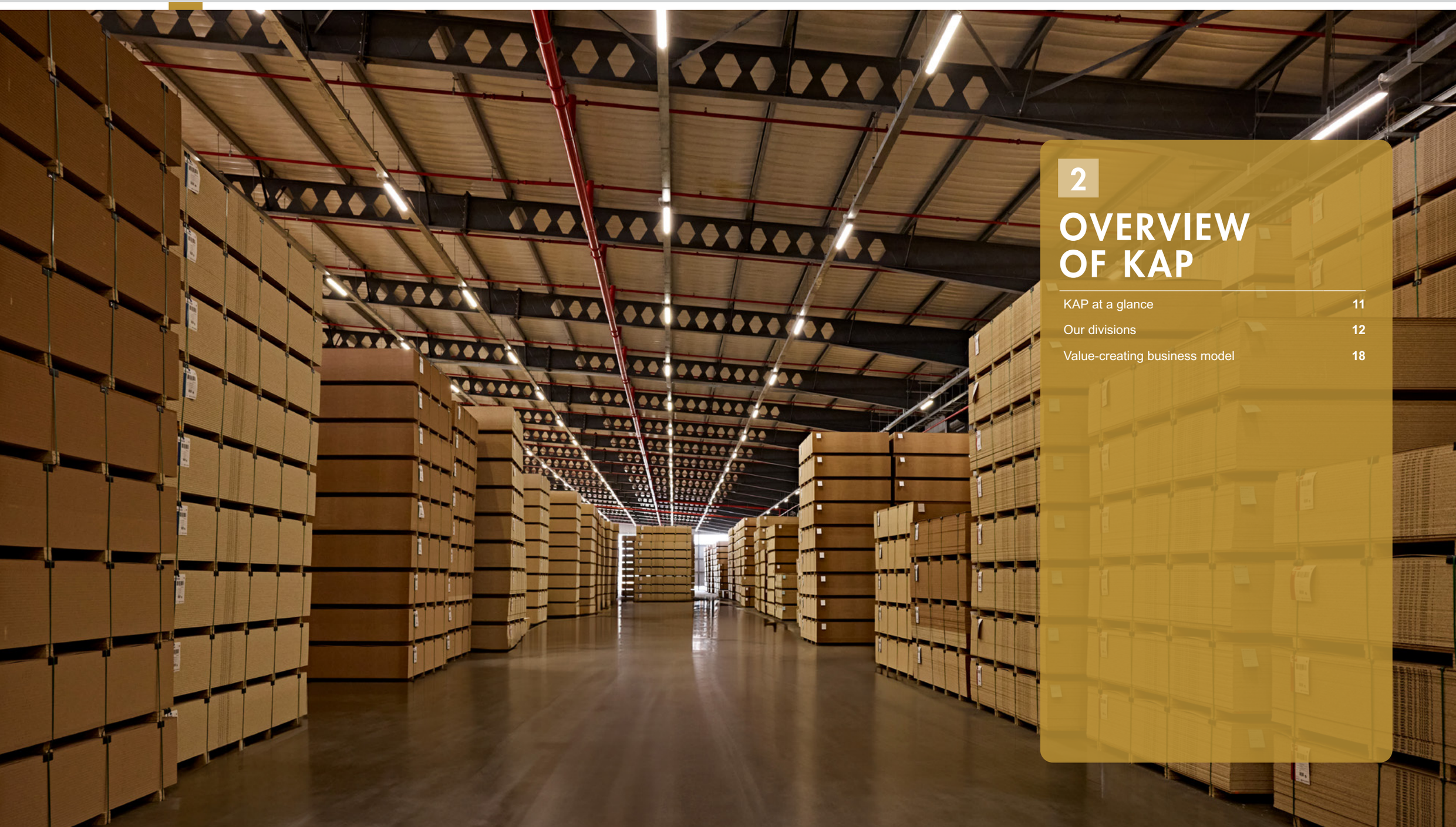
Environmental[2]

Scope 1 and 2 GHG emissions **790 149 tCO_2e** ▼ 1%	Renewable electricity mix[3] **7%** unchanged
Water consumption **1 433 ML** ▲ 7%	Water reused **277 ML** ▲ 24%
Waste generated **33 083 tonnes** ▼ 5%	Waste recycling rate **54%** ▼ 200 bps
Waste/recycled material used in products[4] **21 088 tonnes** ▼ 1%	Waste disposed **15 110 tonnes** ▼ 1%

Social

Number of employees **16 182** ▼ 5%	Voluntary turnover rate **3%** stable
Black employees in management[5] **66% of total** ▲ 100 bps	Female employees in management[5] **31% of total** ▲ 100 bps
Training and development **R146 million** ▲ 24%	ESD and SED **R99 million** ▲ 1%
DIFR **0.6** ▼ 45%	On-site fatalities **0** ▼ 3

1 Before dividends paid
2 Environmental metrics affected by increased production at PG Bison during the year
3 Percentage of total electricity consumption
4 Including post-consumer recycled ('PCR') material, excluding biomass
5 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

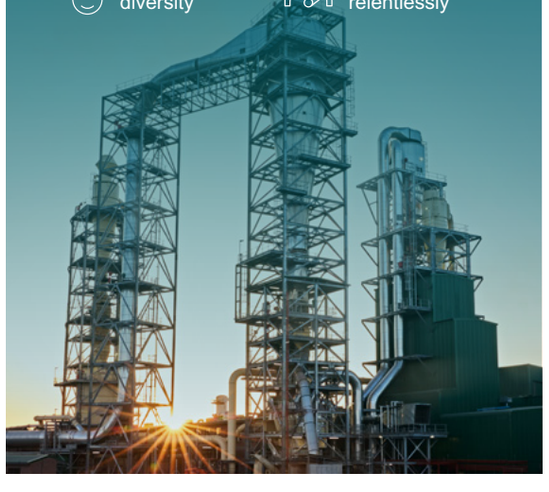
Our vision is to be recognised as the most inspiring listed company in Africa.

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

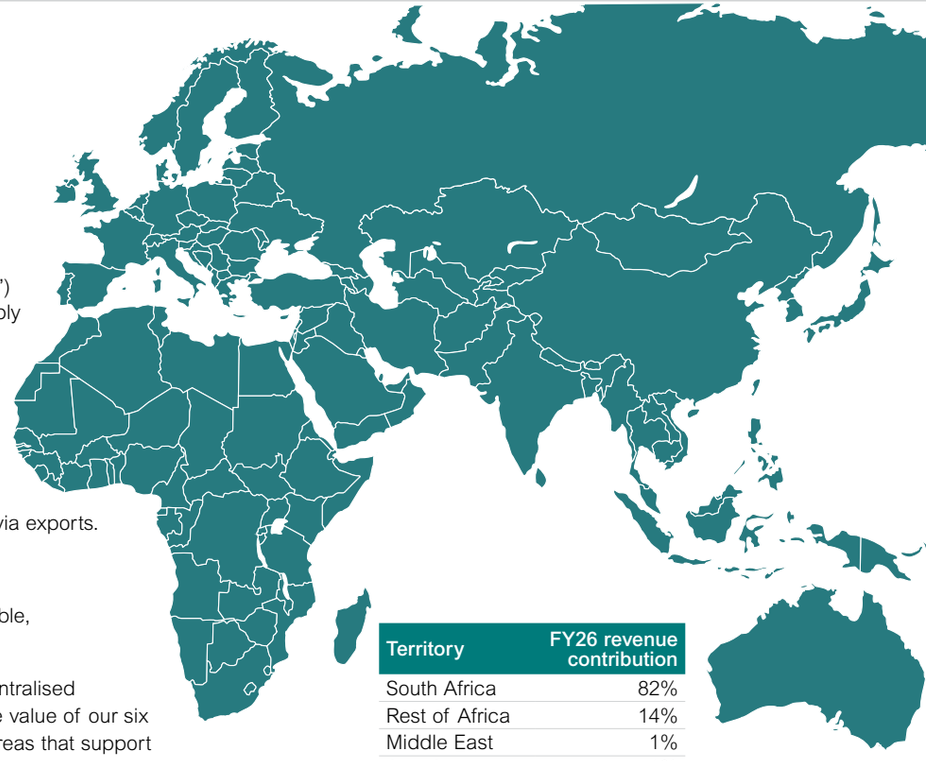


Who we are

KAP is a leading industrial group, owning a diversified portfolio of six 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 both discretionary and non-discretionary products, which are used by consumers and form part of everyday life.

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



Territory	FY26 revenue contribution
South Africa	82%
Rest of Africa	14%
Middle East	1%
Americas	1%
Other	2%

How we create value

We invest in and build market-leading businesses to execute our strategy of delivering sustainable, value-accretive growth for our key stakeholders.

Through disciplined capital allocation and reallocation, strategic support, specialised and/or centralised functions, performance management and knowledge-sharing across the group, we enhance the value of our six divisions and thereby the group. Sustainability is embedded in this approach, with a focus on areas that support the long-term competitiveness, resilience and value-creation potential of our divisions, while addressing matters that are important to our key stakeholders.

Our competitive strengths

Market leadership	Most of our divisions hold leading sector positions, supported by high barriers to entry and competitive cost structures that enable them to compete effectively in both local and global markets.
Asset base and industry expertise	Our divisions have a significant local asset base, deep sector expertise and specialised capabilities, which enable them to deliver customised solutions to customers, support operational excellence and thereby enhance their competitive positions.
Growth opportunities	These leadership positions provide opportunities for growth through disciplined capital allocation, application of our common set of business principles, and evolving customer and consumer demand.
Diversification	The diversified nature of revenue and cash flow generation across our portfolio supports risk mitigation and sustainable earnings growth over time.
Cash-generating capability	Our divisions have established business models that support sustainable cash generation over the investment cycle.
Value-enhancing ownership	Our active ownership approach enables continuous improvement and supports sustainable value creation across our divisions.

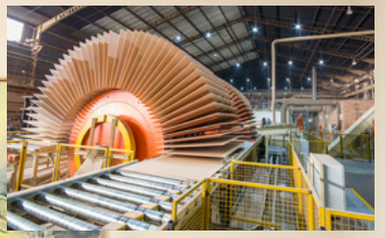
OUR DIVISIONS

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

The division owns three manufacturing complexes, comprising four plants, in South Africa. Its products are supplied to both primary and deep-sea export markets.







PG BISON

Contribution to group metrics

Revenue
24%
(FY25: 21%)

Operating profit
37%
(FY25: 36%)

Net operating assets
41%
(FY25: 38%)

Products

- Particleboard and medium-density fibreboard ('MDF') used in the downstream manufacture of furniture, storage applications and kitchens

Customers

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

Demand drivers

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

Areas of differentiation

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

OUR DIVISIONS (CONTINUED)

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

The division owns two manufacturing complexes, comprising three plants, in South Africa. Its products are supplied to both primary and deep-sea export markets.







SAFRIPOL
shaping your world, responsibly

Contribution to group metrics

Revenue
30%
(FY25: 32%)

Operating profit
26%
(FY25: 26%)

Net operating assets
17%
(FY25: 21%)

Products

- PET: Polyethylene terephthalate (virgin and recycled) is 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

Customers

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

Demand drivers

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

Areas of differentiation

- Only producer of PET and HDPE in South Africa
- One of two producers of 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

OUR DIVISIONS (CONTINUED)

Unitrans is a leading end-to-end supply chain and operational services business providing customised solutions to customers in a diverse range of sectors across primary markets.

It has a fleet of 3 475 vehicles, including specialised equipment.







UNITRANS

Contribution to group metrics

Revenue
29%
(FY25: 31%)

Operating profit
25%
(FY25: 23%)

Net operating assets
28%
(FY25: 26%)

Solutions

Unitrans' capabilities span across industries and include logistics, supply chain management, passenger transport, managed services and agriculture and mining solutions.

The division's deep logistics expertise, specialised equipment, operational capability and ability to manage complex customer supply chains, allows its customers to focus on growing their core operations, by managing key activities safely, reliably and efficiently.

Customers

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

Demand drivers

- 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

OUR DIVISIONS (CONTINUED)

Feltex manufactures automotive components designed and applied to enhance the comfort and style of new vehicles. Its components are installed as part of vehicle assembly or supplied as post-assembly accessories.

The division operates out of 18 manufacturing plants across South Africa, with products predominantly sold there.







FELTEX

Contribution to group metrics

Revenue
9%
(FY25: 8%)

Operating profit
11%
(FY25: 9%)

Net operating assets
7%
(FY25: 7%)

Products

- Soft trim, e.g. carpets, underlay, textile wheel arch liners, inner dash and engine room insulators, loose-lay mats and tufted carpets
- Moulded polyurethane foam, e.g. seats, armrests, headrests and side bolsters
- Vehicle accessories, e.g. nudge bars, sports bars, side steps and truck bars, tonneau and roller covers
- Aluminium heat shields and long fibre technology underbody parts
- Ether and ester foams and lamination for automotive and industrial applications
- Recycled fibre for automotive and industrial applications

Customers

- Original equipment manufacturers ('OEMs') and Tier 1 suppliers
- Vehicle retailers
- Fitment centres

Demand drivers

- 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

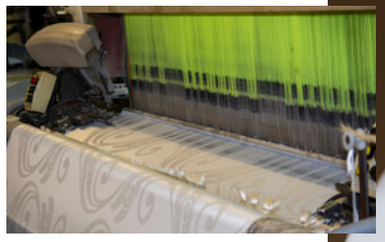
- Market-leading position in select product categories
- Light, bulky product range suited to local manufacturing
- Long-standing OEM and Tier 1 relationships
- Established technology partnerships provide access to the latest technology and global support
- Plants close to OEMs enhance customer responsiveness and service levels, and optimise the supply chain
- Customer diversification and location of manufacturing plants across South Africa mitigate concentration risk

OUR DIVISIONS (CONTINUED)

Sleep Group is an integrated manufacturer of sleep products under various brands, including Restonic and Genessi, as well as house brands for South African furniture and bedding retailers.

The division owns eight manufacturing sites across South Africa, Namibia and Botswana, with products sold in primary markets.







Sleep Group

Contribution to group metrics

Revenue
6%
(FY25: 6%)

Operating profit
5%
(FY25: 8%)

Net operating assets
5%
(FY25: 6%)

Products

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

Customers

- Furniture and mattress retailers
- Furniture and mattress manufacturers

Demand drivers

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

Areas of differentiation

- Scale with new technology and automated processes supports efficiencies and cost competitiveness
- National and regional manufacturing and distribution footprint for cost-effective delivery
- Well-established, respected and aspirational brands
- Integrated value chain supports sustainability and cost competitiveness

OUR DIVISIONS (CONTINUED)

Optix utilises leading global video telematics, specialised fatigue-detection technology, predictive analytics and behaviour-driven coaching to help fleet owners proactively reduce risk and improve driver and road safety globally.

The division has operations in South Africa, the United Kingdom and Australia.







optix
SAFELY HOME

Contribution to group metrics

Revenue
2%
(FY25: 2%)

Operating loss
(4%)
(FY25: (2%))

Net operating assets
2%
(FY25: 2%)

Products

- A range of hardware, including DriveCam, Surfsight 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

Customers

- Fleet owners of vehicles and mobile equipment in various industries, including logistics, mining, waste management, telecommunications, fast-moving consumer goods and retail

Demand drivers

- 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 and services that facilitate rapid response and intervention before an incident occurs, thereby reducing risk proactively

Areas of differentiation

- The rights to distribute the Lytx DriveCam, a market-leading in-vehicle, video-based risk management system, in all countries outside the United States
- Ability to identify and score more than 65 risky driver behaviours through artificial intelligence ('AI'), verified through human review, enabling targeted coaching and early intervention
- Unique driver coaching platform

VALUE-CREATING BUSINESS MODEL

Our ability to execute our strategy depends on the effective deployment of our key resources and relationships through our value-creation activities. These activities generate business outputs and deliver value for our key stakeholders over time. While each division has its own value-creation model, reflecting its specific market dynamics and operating context, we assess inputs, outputs and outcomes at a consolidated level to demonstrate how KAP creates value across the portfolio.

Business inputs

	Key resources and relationships	Availability and quality
FC	Our ability to allocate capital effectively is supported by funding from capital providers and cash flow generated by our divisions. Our net operating assets amount to R21 230 million (FY25: R22 849 million), our equity capital to R12 524 million (FY25: R12 704 million) and our debt capital[1] to R8 321 million (FY25: R9 872 million).	We have a healthy balance sheet, good cash generation and sufficient access to capital, with net cash of R1 672 million and committed, available facilities of R2 500 million. This financial capacity supports continued investment in our divisions, subject to our capital allocation priorities.
TA	Our portfolio is underpinned by a significant base of assets, including 31 manufacturing facilities[2], 3 475 vehicles, and 44 787 hectares of forestry land. These assets enable our divisions to deliver products and services efficiently, support customer relationships and compete effectively.	Our divisions operate state-of-the-art and/or fit-for-purpose assets, supported by ongoing investment and maintenance. Resilience initiatives help mitigate risks associated with infrastructure disruptions.
IA	Our industry knowledge, operational expertise, recognised and respected brands, systems and management capabilities support continuous improvement and enable our divisions to adapt, innovate and compete in challenging and/or changing market conditions.	Our divisions continue to innovate and invest in technology, processes, channels to market, backward integration and sustainable business practices to reduce costs and deliver differentiated products and services that meet, and where possible exceed, customer needs and expectations.
IM	Our divisions depend on raw materials, energy, water and other natural resources to manufacture products and deliver services. Responsible resource management and improving efficiencies support resilience while reducing environmental impacts.	Our divisions maintain adequate access to raw materials, supported by supplier relationships and resilience initiatives. However, resource scarcity and environmental constraints may affect future availability and require continued focus on resource efficiency.
EM	Our 12 448 permanent and 3 734 seasonal, fixed-term and temporary employees provide the skills, experience and leadership required to deliver on our strategic objectives and enable sustainable value creation.	Competition for critical and scarce skills is ongoing. We continue to focus on attracting, developing and retaining the skills required to support the group's long-term sustainability.
SR	Our constructive long-term relationships with our key stakeholders enable us to respond to their legitimate needs and concerns and contribute to the group's success and long-term sustainability.	We maintain constructive relationships with our key stakeholders which support strategy execution, risk management and long-term value creation.

[1] Excludes lease liabilities [2] Reference to owned facilities

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

Business activities

Our primary focus is on building and strengthening our divisions to enhance their value. Over the past two years, we have also placed significant emphasis on optimising our portfolio to improve group performance and returns. Our near- to medium-term priority is to advance the first two business activities below:

Building our divisions

We partner with our divisions to formulate strategies that establish, strengthen or sustain market leadership, supported by disciplined capital allocation to organic or acquisitive growth opportunities.

We appoint the best management teams with the capabilities required to execute these strategies effectively.

We provide specialised corporate services to support disciplined and effective strategy execution across our divisions.

Optimising our portfolio

We monitor divisional performance and regularly assess strategic alignment against our investment criteria.

Where underperformance persists despite appropriate corrective action, or where a division no longer aligns with the group's strategy, we may consider divestment.

Growing our portfolio

We pursue organic or acquisitive investment in new sectors and industries, guided by our investment criteria and capital allocation priorities.

Our investing activities 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 whose products and services contribute to the manufacture or distribution of discretionary and non-discretionary products, which are used by consumers and form part of everyday life:

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

Each of our divisions has a distinct operating model and competitive position, and contributes to our strategy, performance and long-term value creation, as outlined in the Our divisions section. Their operational and financial performance is detailed in the Divisional review section.

Read more: Our divisions, page 12, Divisional review, page 52

Business outcomes

Our business model is designed to create sustainable value over time by strengthening and growing our portfolio of businesses, thereby delivering positive outcomes for our key stakeholders. These outcomes are summarised on the following pages, with further detail and data provided in our CEO's review, CFO's review and Sustainability report.

Our key stakeholders:

Read more: Stakeholder engagement, page 29, Performance review, page 42

VALUE-CREATING BUSINESS MODEL (CONTINUED): BUSINESS OUTCOMES

Key: + Value created O Value preserved – Value eroded

Investors, shareholders and debt providers

How we define success

- Attractive ROCE
- Resilient earnings growth
- Strong cash flow generation
- Disciplined capital allocation
- A healthy and flexible balance sheet

Value created, preserved or eroded in FY26

+ Good progress with the execution of our three key strategic objectives aimed at improving returns, delivering medium-term growth and strengthening balance sheet flexibility, as discussed in the Our strategy section
+ An 88% growth in HEPS, a 280 bps increase in ROCE to 11.2% and a R1.1 billion reduction in net debt reflect this progress, supported by disciplined execution across the group
O Maintained a strong balance sheet, with net debt to EBITDA of 1.8 times
– Impairments of R1.2 billion, net of tax, mainly driven by Safripol, due to a stronger forecast rand and limited recovery in forecast polymer prices and margins, and Sleep Group, due to subdued domestic bedding market conditions
– ROCE below our FY30 target of 15%, as the group's strategy execution is a three- to five-year process

Trade-offs

We prioritised net debt reduction and balance sheet strengthening over shareholder distributions, aligned with our capital allocation framework, to enhance financial flexibility and support sustainable long-term stakeholder value creation. Additionally, we invested R346 million in Unitrans' phased catch-up fleet replacement programme, following the restructuring-related curtailment of capital expenditure, rather than further reducing net debt to ensure Unitrans' fleet is adequately maintained.

Employees and trade unions

How we define success

- A skilled, engaged and high-performing workforce that is aligned with our values and strategic objectives
- A culture of safety, accountability and continuous improvement
- Strong leadership capability supported by a sustainable talent pipeline

Value created, preserved or eroded in FY26

+ Provided direct employment opportunities and supported growth across downstream industries, with employee remuneration and benefits stable at R5 469 million
+ Invested in skills and leadership development
O Preserved employee well-being and strengthened health and safety, with significant improvement in the disabling injury frequency rate ('DIFR') and zero on-site employee fatalities as divisions focused on embedding a people-centred safety culture and further strengthening preventative initiatives and controls
O Retained critical skills to support the delivery of the group's strategy

Trade-offs

Due to contract disposals and losses, operational closures and the need to realise cost efficiencies, retrenchments were unfortunately required during the year. We carefully balanced the need to improve cost competitiveness, operational efficiency and long-term sustainability through workforce restructuring against the potential impact on employee well-being and skills retention.

Suppliers and service providers

How we define success

- A safe working environment for our contractors
- Resilient supply chains and reliable access to critical raw materials
- Trusted supplier relationships that support shared growth

Value created, preserved or eroded in FY26

+ Contributed to growth across downstream industries
O Sustained support for enterprise and supplier development ('ESD') initiatives
O Zero on-site contractor fatalities
O Sustained preferential procurement from suppliers of B-BBEE Level 4 and higher
O Continued to support local procurement, where possible

Trade-offs

We seek to maintain fair and sustainable supplier relationships while managing procurement costs and securing reliable supply to support long-term value creation. We also invest in supplier development, where appropriate, recognising that short-term investment can strengthen long-term resilience and shared value.

Customers and consumers

How we define success

- Strong customer relationships and shared growth
- Preserving and gaining market share profitably
- Building and strengthening preferred supplier positions across the sectors in which we operate

Value created, preserved or eroded in FY26

+ Successfully developed new markets and launched several new products
O Maintained security of customer supply, despite global supply chain disruptions
O Consistently delivered high-quality products and services
O Market share sustained and/or gained in primary markets and at key customers

Trade-offs

We invested in marketing and demand creation, products, people and processes to enhance service delivery and customer relationships, often incurring short-term costs to strengthen long-term value creation.

Read more: CEO's review, page 22, CFO's review, page 43, Divisional review, page 52, Sustainability report, page 60

VALUE-CREATING BUSINESS MODEL (CONTINUED): BUSINESS OUTCOMES

Communities and society[1]

How we define success

Community development initiatives that have a positive and lasting impact on the communities in which we operate

Trusted and constructive community relationships

Improved environmental resilience

Value created, preserved or eroded in FY26

+ Achieved improvements across several environmental indicators
- Maintained no material incidents of environmental non-compliance
- Sustained support for SED and ESD initiatives that delivered positive impact for communities
- Community engagement structures continued to function well

Trade-offs

While we remain committed to reducing our environmental impact, further photovoltaic ('PV') investments and/or other environmental initiatives are treated as capital allocation decisions, competing against other capital allocation opportunities. This trade-off, together with technological constraints, limits the pace at which the group can reduce its environmental footprint.

Government, regulators and industry associations

How we define success

Regulatory compliance

Constructive engagement to inform and contribute to government policies supporting sustainable industry growth, for the benefit of all key stakeholders

Value created, preserved or eroded in FY26

- Preserved compliance with regulations, governance policies and procedures
- Retained membership in key industry associations
- Continued constructive engagement with government on the increase in low-priced, underdeclared and illicit imports which negatively affect the local manufacturing industry

Trade-offs

Meeting regulatory requirements may increase costs, but it is important to strengthen governance and the long-term sustainability of the group. We are committed to being responsible in our business activities.

[1] Includes environment

Read more: Sustainability report, page 60





3

STRATEGIC CONTEXT

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CHIEF EXECUTIVE OFFICER'S REVIEW



Frans Olivier
Chief executive officer

Key messages

- Sustained delivery over the next three to five years is required to execute the group strategy and deliver the targeted improvement in returns.
- The strong momentum established across the group in FY26 is reflected in improved headline earnings, returns, cash generation and net debt reduction.
- Our focus remains on the actions within our control, supported by clearer priorities, accountability and expectations for delivery across the group.

Overview

FY26 was my first year as CEO of KAP, following several years within the group as CFO. This continuity provided a strong platform from which to lead with clarity, pace and a detailed understanding of the businesses and markets in which we operate. My focus during the year was to strengthen execution discipline, sharpen priorities and create a greater sense of urgency around the actions required to improve performance, returns and cash generation.

This focus was particularly important in a demanding external environment. Consumer affordability remained under pressure, several of the sectors in which the group operates were affected by excess global capacity and pricing pressure, while geopolitical uncertainty continued to complicate supply chains and operating decisions. Against this backdrop, we continued to direct the group towards three clear strategic objectives: realising the value of our major capital projects, improving businesses that are not meeting our expectations and reducing net debt. Our teams remained close to customers, improved utilisation of recently commissioned capacity, tightly managed costs and working capital, and applied capital with greater selectivity. While temporary Middle East-related supply disruptions supported Safripol's fourth-quarter performance and the group's results, the broader improvement in FY26 reflected stronger operational execution across the group.

Although the operating environment remains challenging and uncertain, I believe the discipline applied to the actions within our control, together with the momentum established during FY26, provides a stronger base from which to execute our strategy and deliver the targeted improvement in returns. This is a process that will require sustained focus over the next three to five years.

Reflecting on our FY26 results

The group delivered revenue of R29.6 billion, in line with FY25, and a meaningful improvement in profitability. EBITDA increased by 13% to R3.9 billion, operating profit before capital items increased by 28% to R2.5 billion and HEPS increased by 88% to 45.2 cents. ROCE improved by 280 bps to 11.2%, reflecting more effective utilisation of the group's asset base and stronger contributions from several divisions.

The results included non-cash impairments of goodwill and intangible assets totalling R1.2 billion, net of tax, mainly relating to Safripol and Sleep Group. These impairments resulted in a basic loss per share of 4.8 cents and reflect the revised outlook for those businesses. They do not, however, detract from the improvement in the group's underlying operating performance, returns and cash generation achieved during the year.

Cash generation was a key feature of the year's results. Cash generated from operations increased by 30% to R3.9 billion and free cash flow before dividends increased by 178% to R1.3 billion. This enabled us to reduce net interest-bearing debt by R1.1 billion to R7.0 billion, ahead of our R700 million annual incentive bonus ('AIB') target. The fourth-quarter support to Safripol's performance contributed to stronger cash generation and accelerated net debt reduction. The resulting net debt to EBITDA ratio of 1.8 times reflects a stronger balance sheet and provides greater flexibility as we balance further debt reduction with the maintenance of the asset base and selective investment for future growth.

Read more: CFO's review, page 43

Divisional performance

Divisional performance reflected the different market dynamics across our portfolio.

PG Bison benefited from full utilisation of its new MDF line, resulting in improved profitability, with the prior-year base affected by the ramp-up of this line. Safripol operated in a difficult polymers sector for most of the year, although a stronger fourth quarter, supported by temporary Middle East-related supply disruptions, helped offset earlier pressure. Unitrans benefited from restructuring, contract rationalisation, disposals and improved execution, while Feltex improved as domestic vehicle assembly volumes recovered, costs were well controlled and prior-year model changeover costs were not incurred.

Optix's performance remained below target; while subscription growth was pleasing, revenue growth remains constrained by slower-than-expected pipeline conversion. Sleep Group's result was also below expectations, largely due to weak consumer demand and increased competitive pressure. Management action in these businesses is focused on strengthening execution, improving competitiveness and supporting sustainable medium-term returns.

Read more: Divisional review, page 52

CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Performance against strategy

Our key strategic objectives are directed at improving returns and cash generation, while preserving the balance sheet flexibility required to invest selectively in sustainable future growth. During FY26, we translated these objectives into clearer divisional priorities, measurable outcomes and stronger accountability for delivery. We also strengthened executive capacity where required and aligned incentives more closely with the outcomes needed to improve returns.

The first objective is to realise value from the group's major capital projects, representing an investment of approximately R2.6 billion, which were fully ramped up in FY25. PG Bison's new MDF line, the largest of these projects, is now fully utilised and provides a platform for higher primary market volumes and increased value-add growth. The second objective is to address businesses not performing to our expectations through sharper execution, appropriate restructuring, contract rationalisation, asset optimisation and clearer commercial focus. Unitrans is the largest of these businesses and demonstrated the benefits of this approach during the year. The third objective is to reduce net debt, increasing the group's capacity to withstand uncertainty and pursue value-accretive opportunities.

The progress against these objectives during the year is reflected in stronger returns, improved cash generation and lower net debt. These outcomes resulted from consistent decisions across the group to improve utilisation, exit or restructure lower-return activities, manage working capital tightly and prioritise capital expenditure carefully. This approach provides continuity between the progress achieved in FY26 and the execution required over the medium term.

While I am pleased with the progress made during the year, significant work remains to deliver the outcomes we are targeting. We aim to improve divisional and group ROCE to at least 15% by FY30 (FY26: 11.2%) while maintaining net debt to EBITDA to below 2 times (FY26: 1.8 times). This will require sustained delivery over the next three to five years, with the most material contributions expected from PG Bison and Unitrans. At PG Bison, the scale of the new MDF line means it will take time to convert more volume into primary markets and higher-margin value-add products. At Unitrans, fleet modernisation following restructuring-related underinvestment and contract rationalisation mean returns will remain below target over the near term as this process gains momentum.

Across the other divisions, revenue growth will be important to support cost savings and efficiency initiatives. While a subdued macroeconomic environment makes short-term progress more difficult, our teams are focused, their priorities are clear and the execution capability is in place to deliver on our strategy.

Read more: Our strategy, page 39

Outlook

We enter FY27 with good momentum, although the operating environment remains uncertain. Consumer demand is expected to remain constrained by rising fuel costs and elevated rates, geopolitical developments may continue to contribute to inflationary pressure, and polymer prices and margins are expected to moderate as supply-side pressures ease and demand normalises. Together with a stronger forecast rand relative to the US dollar, this could weigh on Safripol's and the group's performance, reinforcing the importance of maintaining discipline, focus and responsiveness.

Our task is to build on the progress achieved in FY26 with the same discipline, focus and urgency. Over the next three to five years, we will continue to realise further value from our major capital projects, address underperformance decisively and reduce net debt, while pursuing practical actions that improve returns. These actions include group-led initiatives in revenue growth, strategic procurement, data and AI enablement, operational efficiency, contract rationalisation and asset optimisation. We will also remain alert to selective opportunities, including further value-add capacity at PG Bison in FY27 and new contracts at Unitrans, where these can create long-term value for our key stakeholders.

Our success will depend on our ability to execute with discipline and consistency. I am committed to building an engaged high-performance culture across the group, characterised by clear accountability, well-defined priorities and high standards of execution. At the same time, we will continue to embed our business principles of value add/differentiation, operational excellence, attracting, developing and retaining the best employees and strengthening strategic stakeholder relationships in the way we operate and make decisions across the group.

Appreciation

I thank our employees and management teams for their contribution during a demanding year. The improvement in performance was made possible by their discipline, resilience and commitment to customers, operational execution and the group's strategic objectives.

I am grateful to Johan Holtzhausen, our chairperson, and to the board for their guidance, constructive challenge and support during my first year as CEO I also extend my appreciation to our shareholders, funders, customers, suppliers and other stakeholders for their continued confidence in KAP. We enter FY27 with good momentum, a stronger balance sheet and a more focused operating rhythm. We are committed to sustaining this progress and continuing to translate disciplined execution into improved returns and sustainable value creation.

Frans Olivier

Chief executive officer

OPERATING ENVIRONMENT

The operating environment provides the external context in which we operate. It encompasses the macroeconomic and sociopolitical, industry and regulatory trends that influence the development and execution of our strategy, performance and ability to create sustainable value over the short, medium and long term.

Macroeconomic and sociopolitical trends

1. Macroeconomic headwinds and subdued domestic growth
2. Decelerating global growth
3. Geopolitical shocks and commodity price volatility
4. Social discontent

Key: R Related risks SP Strategic priorities BP Business principles

1 Macroeconomic headwinds and subdued domestic growth

Related risks, strategic priorities and/or business principles

- R Subdued macroeconomic environment
- SP Realising value from our major capital projects, Addressing underperformance, Reducing net debt
- BP Operational excellence

Context

In the 2025 calendar year, South Africa's economy experienced a modest cyclical recovery, supported primarily by stronger household consumption and increased activity in the finance and trade sectors, which offset contractions in other areas of the economy, including manufacturing. Household consumption on average benefited from lower interest rates, easing inflation and real wage growth. However, this rebound was subdued, constrained by persistent structural factors, notably disruptions related to electricity and water supply, and inefficiencies in rail and port logistics. Business and consumer confidence indicators also persisted below long-term averages, with households experiencing cost-of-living pressures and businesses remaining cautious amid policy uncertainty and slow implementation of reforms.

Growth is expected to slow in the 2026 calendar year, primarily due to the supply chain disruptions arising from the conflict in the Middle East and closure of the Strait of Hormuz, which have contributed to increased fuel costs, added to inflationary pressures, and raised the likelihood of further interest rate hikes. A moderate recovery is expected in the 2027 calendar year, as these effects subside.

Implications for KAP

During FY26, our divisions continued to operate in an environment characterised by subdued customer and consumer demand, which challenged revenue growth. The moderate economic recovery currently forecast for the 2027 calendar year is not expected to alter these conditions materially, with consumer demand expected to be constrained by rising fuel costs and elevated interest rates. In addition, ongoing infrastructure disruptions and inefficiencies continue to increase operational complexity and costs across the group. These could affect the uninterrupted operation of our divisions, our ability to attract talent to outlying areas where we have significant operations and, in some instances, the quality of life of our employees.

Our strategic response

To support the continuity of our operations and growth in a challenging local operating environment, we remain focused on maintaining and growing market share and margins through value-added products and services, improving cost competitiveness, selectively expanding exports and strengthening operational resilience. We also engage and/or partner with government, industry, municipalities, non-governmental organisations ('NGOs') and non-profit organisations ('NPOs') to improve services, infrastructure and community development. Further detail is provided in the Risks and related opportunities section.

Read more: Risks and related opportunities, page 33



OPERATING ENVIRONMENT (CONTINUED)

2 Decelerating global growth

Related risks, strategic priorities and/or business principles

- R Subdued macroeconomic environment, Shifting global trade flows (emerging risk)
- SP Realising value from our major capital projects
- BP Operational excellence

Context

While our primary markets are in southern Africa, PG Bison and Safripol export to deep-sea markets to supplement regional demand where necessary. Feltex's revenue is partly linked to vehicle exports, which is influenced by consumer demand in international markets.

Global economic growth remained resilient in the 2025 calendar year, supported by continued expansion in emerging markets and relatively stable consumer demand in several major economies. However, growth is expected to moderate in the 2026 calendar year as the effects of the Middle East conflict, ongoing geopolitical uncertainty and restrictive monetary policy weigh on investment, trade flows and consumer confidence. These pressures are expected to ease gradually, supporting a recovery in the 2027 calendar year, as inflation moderates, interest rates normalise and global demand conditions improve.

Implications for KAP

In a lower-growth global environment, compounded by supply chain disruptions and evolving tariff structures, South Africa is experiencing increased import competition as producers seek alternative markets. At the same time, subdued global demand and lower prices are constraining profitable export opportunities.

Our strategic response

In addition to the actions outlined in response to South Africa's subdued macroeconomic environment, we continue to strengthen our commercial approach by:

- diversifying our customer base to reduce concentration risk, with no single customer contributing more than 5% of group revenue;
- applying disciplined export market selection to ensure we compete profitably on both price and quality; and
- protecting margins by curtailing production where necessary, rather than pursuing unprofitable export sales.

3 Geopolitical shocks and commodity price volatility

Related risks, strategic priorities and/or business principles

- R General supply chain and logistics disruption
- BP Operational excellence

Context

In recent years, the global economy has been affected by a series of shocks, including the Covid-19 pandemic, the Russia-Ukraine War, China's restrictions on critical mineral exports, ongoing trade tensions and, more recently, the conflict in the Middle East. These events highlighted the interconnected nature and vulnerability of global supply chains, particularly where production, logistics or key raw materials are concentrated in specific regions. The resulting disruptions have affected multiple sectors by constraining the availability of commodities, increasing transport and energy costs, and contributing to price volatility. This has reinforced the need for businesses to manage supply-chain resilience, input cost exposure, pricing discipline and increase strategic raw material inventory to mitigate the impact of these shocks on operational and financial performance.

Impact on KAP

Our divisions import raw materials for manufacturing, exposing the group to global supply chain disruptions, commodity price increases and price volatility. Where possible, we seek to mitigate these impacts. However, in instances where we are unable to, input cost increases are passed on to customers over time, often with a lag that can create margin pressure in rising commodity price environments. Global supply chain disruptions could, however, result in temporary increases in prices and margins, specifically for polymers[1].

Our strategic response

To maintain operational continuity and ensure uninterrupted supply to customers, we continue to strengthen supply chain resilience by managing raw material suppliers, improving procurement-to-sales cycles, and maintaining higher strategic inventory levels. Further detail is provided in the Risks and related opportunities section.

[1] Excludes normal polymer sector cyclicality, which is discussed under the industry theme: Polymer market cyclicality

Read more: Risks and related opportunities, page 33

4 Social discontent

Related risks, strategic priorities and/or business principles

- R Subdued macroeconomic environment, Political risk (emerging risk)
- SP Organised and other forms of crime (emerging risk)
- BP Strategic stakeholder relationships

Context

South Africa has faced prolonged government instability and policy uncertainty, constraining economic growth and contributing to infrastructure and service delivery challenges. Rising crime, unemployment, cost of living pressures and income inequality have further increased public discontent, particularly in underserved communities. This has become manifest in social unrest, including anti-illegal immigration violence, industrial action and service delivery protests.

Impact on KAP

Social unrest can weaken consumer spending by increasing the cost of living in affected communities. It can also heighten operational continuity risks and affect the safety and well-being of our employees and their families. To date, however, the group has not experienced any significant impact.

Our strategic response

To mitigate these risks, maintain operational continuity and strengthen stakeholder relationships, we remain focused on engaging proactively with communities and collaborating with local government to support SED and critical infrastructure in the areas in which we operate, while maintaining appropriate security measures.

Read more: Stakeholder engagement, page 29

OPERATING ENVIRONMENT (CONTINUED)

Industry themes

1. South Africa Sector Masterplans
2. Industry fragmentation
3. Structural changes in the automotive sector
4. Low-priced, illicit and underdeclared imports
5. Polymer market cyclicality

Key: R Related risks BP Business principles

1 South Africa Sector Masterplans

Related risks and/or business principles

R Subdued macroeconomic environment

BP Strategic stakeholder relationships

Context

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 relevant to our divisions are intended to support long-term sector growth and, provided they are implemented effectively, are positive for the group. These include the following:

- The Forestry Sector Masterplan may improve PG Bison's access to timber through increased investment in afforestation and the rehabilitation of unproductive plantation land.
- The Masterplan for the South African Furniture Industry ('SAFI') supports local furniture manufacturing, reduced imports, export growth and stronger customs and trade protection measures, which could benefit local manufacturers and downstream demand.
- The South African Automotive Industry Masterplan 2035 aims to increase local vehicle production, local content and new energy vehicle ('NEV') localisation, while supporting export and regional market growth. This is relevant to Feltex as a key supplier to local OEMs.
- The National Transport Masterplan 2050 and the Freight Logistics Roadmap aim to improve public transport, road safety, freight logistics and regional corridors. These reforms could support Unitrans in providing more efficient end-to-end, multi-modal solutions and reducing cross-border congestion risks.

Our strategic response

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

Read more: Stakeholder engagement, page 29

2 Industry fragmentation

Related risks and/or business principles

BP Value-add, Operational excellence, Best employees, Strategic stakeholder relationships

Context

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, which has an established presences in informal markets, but may present challenges for Sleep Group.

Our strategic response

To enable our divisions to extract growth from both formal and informal markets, we are actively pursuing:

- new product development, including value-added products;
- consumer demand creation and customer-enablement activities; and
- new channel-to-market strategies.

Read more: Divisional review, page 52

OPERATING ENVIRONMENT (CONTINUED)

3 Structural changes in the automotive sector

Related risks and/or business principles

BP Value-add, Operational excellence, Best employees, Strategic stakeholder relationships

Context

Several developments could affect the automotive sector in the short to longer term:

- **The growing availability of lower-cost vehicles** from India and China is increasing affordability and reshaping global automotive markets, while placing pressure on higher-cost local manufacturers.
- **Broad-based US tariffs** on vehicle and component imports may raise costs, disrupt global supply chains and trade flows and discourage future investment in the local manufacturing sector.
- **South Africa has introduced tax incentives** to attract investment in NEVs and hydrogen-powered vehicles, particularly from Chinese manufacturers. European emissions regulations have also eased over the past two years, reducing near-term compliance pressure.

Impact on KAP

Feltex supplies vehicle components to OEMs with assembly plants in South Africa for vehicles sold locally and exported to key markets. The transition to NEVs may increase demand for Feltex's products, particularly due to increased requirements for noise cancellation.

Our strategic response

To support the long-term sustainability of the division, we are:

- engaging actively with government either directly or through industry bodies to contribute to and support policies to strengthen the sector, including NEV development;
- expanding our presence in other African markets through our involvement in the African Association of Automotive Manufacturers, with aftermarket components positioned to benefit; and
- positioning ourselves to benefit from opportunities arising from new vehicle manufacturers entering South Africa as well as NEVs.

4 Low-priced, illicit and underdeclared imports

Related risks and/or business principles

R Subdued macroeconomic environment

BP Strategic stakeholder relationships

Context

According to the SAFI, South Africa continues to experience an influx of underdeclared furniture imports and wood-based panel products (mainly MDF). During the year, Safripol experienced an increase in PET imports at prices significantly below market value.

Impact on KAP

Low-priced, illicit and underdeclared imports undermine the competitive environment for PG Bison and Safripol.

Our strategic response

To support the sustainability and competitiveness of the relevant manufacturing sectors, we are engaging directly and actively with government, through industry bodies and partnerships, on trade imbalances that harm local manufactures and reduce customs revenue.

Read more: Divisional review, page 52

5 Polymer market cyclicality

Related risks and/or business principles

R Exchange rate and polymer raw margin exposure

BP Value-add, Operational excellence, Strategic stakeholder relationships

Context

The global polymers industry remains in a prolonged cyclical downturn, driven by increased capacity, particularly in China and the Middle East, and subdued demand growth across major markets, primarily due to slower global growth. While higher-cost polymer production capacity is being closed in certain regions, a recovery is only expected in the early 2030s once excess capacity is absorbed and global operating rates stabilise.

Impact on KAP

Indexed polymer margins remained low relative to historical averages for most of the year, with PET margins very weak. In the fourth quarter, import competition reduced and polymer and raw material prices increased due to the Middle East-related disruptions. The lag between polymer price and raw material price increases supported margin expansion. Prices have since eased as supply constraints unwind and supply chains normalise; however, the timing and extent of margin normalisation remain uncertain.

Our strategic response

We continue to focus on factors within our control, including optimising the procurement-to-sales cycle, increasing value-add sales and matching production levels with demand. Further detail is provided in the Risks and related opportunities section.

Read more: Risks and related opportunities, page 33, Divisional review, page 52

OPERATING ENVIRONMENT (CONTINUED)

Regulatory developments

1 Employment equity
2 Climate change and carbon tax

Key: R Related risks BP Business principles

1 Employment equity

Related risks and/or business principles

BP Best employees, Strategic stakeholder relationships

Context

South Africa's Employment Equity Amendment Act, No. 4 of 2022 ('the Amendment Act'), effective from 1 January 2025, empowers the Minister of Employment and Labour to set binding employment equity ('EE') sector targets. Regulations published on 15 April 2025 introduced five-year binding sector targets.

Impact on KAP

As a large employer, KAP is required to implement the legislated five-year sectoral targets and submit annual EE reports to the Department of Employment and Labour. Non-compliance may result in fines, reputational damage, legal exposure or reduced eligibility for government contracts and incentives.

Our strategic response

To support compliance and attract the best talent required to deliver on our strategy, we are:

- aligning recruitment and promotion policies with the Amendment Act;
- monitoring compliance through the employment compliance forum;
- tracking divisional targets on a quarterly basis;
- strengthening strategic talent mapping and proactive recruitment to support progress towards the sectoral targets; and
- ensuring that each division achieves its five-year EE targets and implements plans aligned with the applicable sectoral targets.

Read more: Sustainability report, page 60

2 Climate change and carbon tax

Related risks and/or business principles

R Climate change (emerging risk)
BP Strategic stakeholder relationships

Context

The Climate Change Act, No. 22 of 2024 introduces a range of planned GHG mitigation measures and provides a framework for future climate-related regulations, including sectoral emissions targets.

In September 2025, the Department of Forestry, Fisheries and the Environment ('DFFE') published the draft Carbon Budget and Mitigation Plan Regulations for public comment. The draft regulations propose that entities emitting more than 30 000 tCO_2e annually receive carbon budgets and implement mitigation plans. Exceeding a carbon budget could result in a higher carbon tax rate.

Impact on KAP

PG Bison, Safripol, Feltex and Sleep Group are currently liable for carbon tax. PG Bison makes use of sequestration allowances due to its forestry plantations and operations, reducing its carbon tax liability to zero. The group paid c. R2 million in carbon tax in FY26. This is expected to increase to c. R4 million by 2030, based on current assumptions regarding carbon tax rates, allowances and policy evolution, including the continuation of sequestration allowances and excluding penalties that may arise from potentially exceeding carbon tax budgets.

Our strategic response

To support compliance and reduce our carbon emissions, PG Bison will engage with the DFFE, once regulations are finalised, to secure a carbon budget allocation and develop a mitigation plan, as it exceeds the threshold. It will then comply with the annual carbon budget and mitigation plan reporting requirements. Additionally, we are implementing initiatives to reduce our GHG emissions.

Read more: Sustainability report, page 60

STAKEHOLDER ENGAGEMENT

Stakeholders are integral to our ability to create value. We engage with them regularly to understand their expectations, respond to key areas of interest and concern and support informed decision-making across the group.

Our key stakeholders include those who can influence the group's performance and strategy execution, directly or indirectly, and/or those on whom the group has an impact. The following stakeholders are key to the group:

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

The sustainability, social and ethics committee, which supports our board in fulfilling its governance role, oversees stakeholder engagement across the group. The value created for these stakeholders is described in the Value-creating business model: Business outcomes section.

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.

Read more: Value-creating business model: Business outcomes, page 19, Corporate governance report, page 78

Investors, shareholders and debt providers

Level of engagement H

Why this relationship matters

This stakeholder group provides access to capital which, together with cash flow generated from our operations, enables the execution of our strategy. Constructive engagement also enables us to better understand their expectations regarding performance, capital allocation, governance, sustainability and risk management. These insights inform our strategic planning and support our continued access to capital.

Areas of interest or concerns raised in FY26

- Group financial performance below expectations in FY25
- Underperforming divisions, notably Unitrans and Optix
- Elevated absolute net debt levels in a volatile and uncertain operating environment
- Capital allocation priorities: capital expenditure versus shareholder distributions
- Group strategy, in particular the composition of the portfolio

Our strategic response

- Our key strategic objectives are focused on improving ROCE to 15% by FY30, supporting sustainable medium-term growth and strengthening balance sheet flexibility. These objectives align with key stakeholder interests and include: 1) realising value from our major capital projects; 2) improving underperforming businesses; and 3) reducing net debt.
- Additionally, our divisions continue to drive efficiencies and cost savings to protect and/or enhance margins.
- We have strengthened executive capacity where required, with incentives aligned to strategic outcomes.
- Strategy execution supported improved profitability, cash generation and ROCE during the year, with full delivery expected over three to five years.
- Our portfolio decisions remain focused on unlocking stakeholder value through the execution of existing strategies; however, selective disposals may be considered where appropriate.

Read more: CEO's review, page 22, Our strategy, page 39

STAKEHOLDER ENGAGEMENT (CONTINUED)

Employees and trade unions

Level of engagement H

Why this relationship matters

Our employees play a critical role in the successful execution of our strategy, applying their skills, expertise and commitment to support revenue growth and operational excellence. Regular engagement enables us to understand their needs, expectations and concerns, which inform our human capital strategy and support the effective management of employee-related risks. This, in turn, strengthens our ability to create sustainable value over time.

Areas of interest or concerns raised in FY26

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

Our strategic response

- Our divisions have implemented various initiatives to strengthen the health and safety culture, with an overall improvement in the DIFR reported during the year.
- Our internal recruitment function enables us to recruit talent proactively and compete for scarce and critical skills in the labour market.
- Our EE and diversity framework aims to ensure compliance with Employment Equity Regulations, promote diversity in the workplace and attract the talent to support strategy implementation.
- We continue to implement processes to strengthen leadership development, following the completion of leadership and talent assessments for divisional and corporate services executive committees ('Excos') in FY25.
- Divisional AIB and long-term incentive ('LTI') measurement criteria are designed and implemented annually to drive strategy execution.

Suppliers and service providers

Level of engagement M

Why this relationship matters

Our suppliers provide the essential input materials and services that enable us to operate efficiently, deliver quality products and services to our customers, and create sustainable value for our stakeholders. Regular engagement enables us to identify shared priorities that inform sourcing decisions, support governance oversight and guide the management of operational and sustainability risks across the supply chain.

Areas of interest or concerns raised in FY26

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

Our strategic response

- We remain focused on business resilience to avoid or mitigate 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.
- Where possible, we are broadening our supplier base to lessen our dependence on key contracts, suppliers or territories from which we source raw materials, while pursuing contract negotiations, and in some cases exploring legal avenues, to ensure the security of key raw materials.
- Our group procurement project continued during the year to improve procurement practices, enable cost savings, enhance decision-making and strengthen supplier relationships and supply chain resilience.
- We have various supplier development initiatives in place, including unsecured loans and operational support.

STAKEHOLDER ENGAGEMENT (CONTINUED)

Customers and consumers

Level of engagement H

Why this relationship matters

Customers and consumers are central to our ability to create value. Their demand, support and feedback drive revenue growth, inform innovation and support the continuous improvement of our products and services. As a key supplier to many industries, we recognise our responsibility to remain competitive and participate in relevant industry discussions to support the sustainable growth of our customers and the sectors in which they operate.

Areas of interest or concerns raised in FY26

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

Our strategic response

- Our divisions have sound commercial strategies, underpinned by our business principles, to support value-accretive growth.
- 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 continue to 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. At the same time, we remain focused on developing customer-specific solutions to support our customers' growth.

Communities and society

Level of engagement H

Why this relationship matters

Regular engagement with and feedback from communities inform our response to issues that may influence our operating environment, long-term success and ability to create shared value. These engagements also strengthen our social licence to operate and build trusted, constructive relationships.

Areas of interest or concerns raised in FY26

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

Our strategic response

- We work with recognised NGOs and NPOs to implement SED plans to support education, nutrition, youth development and relevant local community needs. Additionally, we provide 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.

STAKEHOLDER ENGAGEMENT (CONTINUED)

Government, regulators and industry associations

Level of engagement **H**

Why this relationship matters

It is important for us to engage and collaborate with government and regulators, both directly and through industry associations, to understand their perspectives and contribute meaningfully to discussions that shape regional, national and continental trade and industry policy outcomes. These engagements support informed decision-making and strengthen our operating context.

Areas of interest or concerns raised in FY26

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

Our strategic response

- We adhere to regulatory requirements.
- We partner with Eskom and municipalities for the construction, maintenance and expansion of electricity infrastructure.
- We engage with and/or partner with various government departments, government agencies, cross-border economic development agencies and industry bodies on the following:
  - » the provision of maintenance and expansion of water infrastructure;
  - » the promotion of exports into sub-Saharan African markets;
  - » the implementation of tariff measures to protect the domestic industry from uncompetitive international trade practices;
  - » the implementation of measures to identify, prevent and investigate the under declaration of imported goods; and
  - » the provision of industry leadership.



RISKS AND RELATED OPPORTUNITIES

Risks comprise events or circumstances that may affect our ability to deliver on our strategy. Certain risks also present us with opportunities to grow our market share, strengthen stakeholder relationships and pursue new avenues for sustainable growth.

Risk management approach

Our risk management objectives are to:

- identify and manage material risks that could prevent us from achieving our strategic objectives through appropriate prevention, mitigation and other risk treatment measures;
- identify and address weaknesses in the control environment established to manage risk;
- strengthen the group's resilience to adverse events or changing circumstances; and
- promote a culture of informed, risk-conscious decision-making.

The board has ultimate accountability for risk management, including approving the risk management policy and determining the group's risk tolerance[1] and risk appetite[2] levels. The audit and risk committee oversees the ongoing governance of risk management, including processes designed to ensure that risk management remains effective within the group.

We set the risk management policy and methodology centrally, with implementation thereof the responsibility of our divisions. We monitor compliance with the group's risk tolerance[1] and appetite[2], as well as the effectiveness of the implementation of the risk management framework, through the group's governance structures and combined assurance model.

The group resilience measures, supported by early warning processes such as environmental scanning, enable us to respond proactively to potential risks as they emerge. In line with the King Code, opportunities for value creation are also considered, whether as part of the group's normal strategic planning processes, or as opportunities arising from the risks under consideration.

[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 maturity

Risk maturity reflects the extent to which our risk management practices are formalised, integrated and optimised. During the year, internal audit conducted a formal review of the group's enterprise risk maturity. While there were no material findings, opportunities for the enhancement of processes related to annual planning and reporting thereof to the various governance structures were identified, which are being implemented across the group.

FY26 risk outcomes

The group's risk profile is informed by an assessment of its operating environment, stakeholder engagement and a bottom-up consolidation of risk information generated by the divisions through their internal enterprise risk management processes. This assessment is conducted in accordance with the group's enterprise risk management framework and identifies risks that may affect the group, as well as risks specific to individual divisions. Supported by the group's resilience measures, this enables an appropriate response to emerging and evolving risks. The group risk profile is reviewed and updated on an ongoing basis as circumstances change.

Sustainability-related risks are integrated into the group's broader risk management approach and risk categories, reflecting their interconnected nature. These risks are not yet considered financially material on an individual basis at group level.

During the year, external developments increased uncertainty and complexity across the group's operating environment, as discussed in detail in the Operating environment section. The group's risk management approach remained effective during the year, with all identified risks assessed as acceptable and within the group's risk appetite and materiality thresholds.

Read more: Operating environment, page 24

Our top eight risks

The group's top eight risks represent the material risks currently facing the group, arising from the operating environment and stakeholder dynamics, particularly supplier-related considerations. Risks are deemed financially material where they have the potential to impact group revenue by more than 2% and/or group operating profit by more than 5%. This financial materiality threshold is also applied in assessing whether a risk falls outside the group's risk appetite. The group's top eight risks fall within this materiality range, while risks with a lower potential impact on revenue or operating profit are monitored on an ongoing basis.

The group's risk profile has remained broadly unchanged from FY25. However, in light of recent geopolitical developments and the ongoing disputes between Sasol and Safripol, we have elevated critical supplier security to a standalone risk, rather than incorporating it within the broader category of supply chain disruptions.

Group-level risks

The following risks are material at group level, and affect most of our divisions:

1. Subdued macroeconomic environment
2. Infrastructure failures and disruption of utility supplies
3. Critical supplier security
4. General supply chain and logistics disruption
5. Elevated balance sheet debt and cost of debt

Divisional-level risks

The following risks, emanating from our divisional risk registers, are material at group level:

6. Commercial risk following completion of the major capital projects
7. Significant plantation fires
8. Exchange rate and polymer raw material margin exposure

RISKS AND RELATED OPPORTUNITIES (CONTINUED)

Risk impact scale

The risk impact scale assesses the potential effect of identified risks on the group's ability to deliver its strategic objectives, should those risks materialise.

Impact is assessed on a residual risk basis, taking into account the controls and mitigating actions in place for each risk. For consistency, the scale is applied using financial thresholds based on group revenue and/or group operating profit:

Minor: potential impact of less than 2% of group revenue and/or less than 5% of group operating profit.

Moderate: potential impact of 3% of group revenue and/or 10% of group operating profit.

Major: potential impact of 4% of group revenue and/or 15% of group operating profit.

Severe: potential impact of 5% of group revenue and/or 20% of group operating profit.

Key

Minor Moderate Major Severe

Increased Decreased Stable

The following pages present the trend for each risk, indicating whether its likelihood or severity has increased, decreased or remained unchanged compared with the prior year.

Group-level risks and related opportunities

1 Subdued macroeconomic environment

Context

During FY26, 82% of our revenue was generated in South Africa, meaning that demand for our products and services and therefore performance is closely linked to local economic conditions.

Opportunities to create value

Continuously pursuing favourable cost positionings and differentiated products and services allow us to maintain and/or increase local market share. Additionally, increased sales capacity can further support market share gains. Pursuing exports into primary markets could expand our footprint and offset local market weakness.

Our strategic response and risk mitigation areas

- Our divisions target low-cost positions through ongoing investment in processes, technology and business innovation.
- We focus on value-added products and services to differentiate from competitors, support growth and improve margins.
- We have strengthened sales capabilities, strategies and pipelines and invest in new products and marketing to sustain and grow market share.
- We are implementing strategic procurement to drive benefits throughout the group to support margin protection and improvement.
- Several divisions are targeting export growth, particularly across African markets, to supplement local demand. Where exports are not profitable, production will be reduced and commercial shutdowns considered.
- We engage actively 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.
- We remain disciplined in capital allocation and focused on optimising working capital to improve ROCE and reduce net debt.

2 Infrastructure failures and disruption of utility supplies

Context

In previous years, electricity supply was the most material infrastructure-related issue for the group. While this has improved, and the group has developed a level of resilience/self-supply, the reliability, maintenance and quality of supply from municipal electrical infrastructure remain areas of concern.

The security of natural gas and water supply have emerged as increasing risks for the group. Sasol has announced that its supply of gas from Mozambique will end between 2028 and 2030. In addition, the group has experienced minor water disruptions at certain operations, which we expect could escalate over time.

Opportunities to create value

We can strengthen community, government and employee relations, support our neighbouring communities and support 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.

Our strategic response and risk mitigation areas

- Our renewable energy capacity is 19 MWp, and we continue to evaluate additional renewable energy projects, subject to our capital allocation priorities, to support operational continuity and cost efficiencies, while reducing our emissions.
- We have implemented a water strategy aimed at reducing consumption where feasible, improving efficiencies and safeguarding the long-term sustainability of our process water supply to support operational continuity.
- In anticipation of potential gas supply disruptions or price increases in the short to medium term, we have investigated alternatives to our current gas sources. We actively monitor developments through our membership of the Industrial Gas Users Association of South Africa ('IGUA-SA').
- We engage actively with the relevant government departments, industry associations and local municipalities in areas where our businesses operate to support the delivery of basic municipal services, maintenance of existing infrastructure, and investment in new bulk infrastructure.

RISKS AND RELATED OPPORTUNITIES (CONTINUED)

3 Critical supplier security

Context

The group has material concentration risk emanating from dependence on and potential disruptions to key suppliers of raw materials. Specifically, the group has exposure to Sasol as a key supplier of various chemical raw materials. For example, Safripol procures ethylene and propylene from Sasol based on evergreen supply contracts, with no feasible alternative supply for ethylene available.

Opportunities to create value

Building resilience into our key supplier relationships and establishing alternatives where possible enhances our competitive position and supports market share gains. Reviewing and widening our supplier base, where possible, also provides opportunities for cost savings.

Our strategic response and risk mitigation areas

- Where feasible, we are implementing business development initiatives to broaden our supplier base and reduce reliance on key contracts, while pursuing contract negotiations aimed at securing access to key raw materials.
- Safripol's ethylene supply agreement with Sasol is subject to pricing and volume disputes, the outcomes of which remain uncertain. Although the pricing dispute was determined in Safripol's favour, Sasol has applied to the High Court to have the award reviewed and set aside. The volume dispute has progressed to independent arbitration.
- Safripol has lodged a complaint against Sasol with the Competition Commission, requesting an expedited investigation into whether Sasol's conduct, as the monopoly ethylene supplier in South Africa, is in contravention of the Competition Act.

4 General supply chain and logistics disruption

Context

We are dependent on local and global supply chains for the supply and transport of key raw materials to our operations and, conversely, for the transport of our products to customers. South African road conditions, port infrastructure and other infrastructure issues pose a threat to inbound and outbound supply chains. Recent international geopolitical events have increased supply risk and prices of imported raw materials.

Opportunities to create value

Being a reliable local supplier against the backdrop of a volatile supply chain entrenches our position with our customers.

Our strategic response and risk mitigation areas

- We actively manage our supply chain security through structured oversight of suppliers, transporters, agents, freight forwarders and other logistics partners.
- To support operational continuity, we maintain strategic raw material inventory to mitigate potential shortages arising from supply chain disruptions. We have increased our inventory since the start of the Middle East conflict.
- The group also holds adequate insurance cover (marine, goods in transit, stock throughput) to mitigate losses occurring in the supply chain, further strengthening resilience.

5 Elevated balance sheet debt and cost of debt

Context

While the net decrease in South Africa's price interest rate was 25 bps over the past year, it remains at historically elevated levels, with global inflationary pressures raising the risk of increases. Our major capital projects, completed in FY24 and fully ramped up in FY25, contributed to elevated debt levels. The group's net interest-bearing debt is R6 976 million, which is R1 130 million lower than the prior year.

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.

Our strategic response and risk mitigation areas

- We remain focused on delivering value from our major capital projects by driving increased revenue and improved efficiencies, thereby contributing positively to cash flows and net debt reduction.
- Following the completion of these projects, we have adopted a prudent approach to capital allocation, and are prioritising a reduction in net debt; however, we will continue to invest in the maintenance of our asset base, to improve efficiencies across the group and to pursue value-accretive growth opportunities, in line with our capital allocation framework.
- We are optimising working capital monthly through disciplined management of inventory, debtors' and suppliers' terms.

RISKS AND RELATED OPPORTUNITIES (CONTINUED)

Divisional-level risks and related opportunities

6 Commercial risk following completion of the major capital projects

Context

Considering the uncertain local and global economic environment, there is a risk that the additional capacity from these projects cannot be sold at our expected volumes or pricing and will therefore fall short of our return requirements.

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.

Our strategic response and risk mitigation areas

- We continue to drive primary market demand creation and customer-enablement activities aimed at displacing MDF imports, including targeted product development to support the substitution of alternative materials with MDF.
- Additionally, we are developing selected deep-sea export markets to supplement near-term primary market sales, while managing exposure to volatility arising from current geopolitical events.
- We are strengthening sales, marketing and demand creation capability to support sustainable growth and improve market penetration.

7 Significant plantation fires

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. While we consider the controls implemented as best practice for the forestry industry, a major area-wide fire has the potential to overwhelm our own and local authority response capabilities and severely interrupt 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.

Our strategic response and risk mitigation areas

- The division invests in fire detection and firefighting capabilities and applies standard forestry fire prevention practices to safeguard its operations. All standing timber is insured.
- Given the risk of reduced raw material availability in the event of a significant fire, the division continues to identify opportunities to expand its resource base to support long-term security of supply.
- The division also invests in community relations and educational initiatives focused on forest-fire awareness and prevention.
- In most cases, the division is able to utilise a substantial portion of the burnt timber as raw material in its normal process, thereby reducing waste and supporting operational continuity.

8 Exchange rate and polymer raw material margin exposure

Context

Safripol contributed 30% of group revenue during the year. Its raw material margins are influenced by global supply and demand dynamics as well as the rand/US dollar exchange rate, which contributes to cyclicality in margins.

Opportunities to create value

Focusing on higher-specification polymer grades reduces our exposure to grades used to produce single-use plastics and offers better margins relative to more commoditised polymer grades.

Our strategic response and risk mitigation areas

Safripol does not hedge this raw material or exchange rate exposure. The risk is managed as follows:

- The division optimises raw material procurement and the procurement-to-sales cycle to minimise timing mismatches between raw material cost and polymer prices, particularly for PET, to reduce margin volatility.
- It further optimises value-added production, where possible, through higher sales of non-commodity polymer grades and polymer grades used in durable applications.
- The maintenance of the evergreen ethylene and propylene raw material contracts with Sasol remains a focus. These contracts moderate a degree of cyclicality in polymer margins, subject to the outcome of the disputes with Sasol related to the ethylene supply agreement.
- Following the technical and commercial study undertaken in FY26 to review the PET business model, measures are being implemented to improve its performance. These include an anti-dumping application filed with the International Trade Commission of South Africa ('ITAC') and the consideration of commercial shutdowns where necessary.

RISKS AND RELATED OPPORTUNITIES (CONTINUED)

Emerging risks

The following are considered emerging risks within our operating environment. While they do not currently have a material impact on the group, they may become more significant over time.

Climate change

Our operations and employees may be directly affected by climate change-induced events such as extreme weather, wildfires, water constraints and rising temperatures. These events may also affect our customers and suppliers. In addition, the group may be indirectly affected by climate change through potential increases in carbon taxes and the possible introduction of legislated net-zero targets.

Political risk

Political disagreements within the government of national unity ('GNU') may have implications for the group. These risks are being managed through our government partnership and industry leadership initiatives. We continue to monitor the impact of global geopolitical developments on South African society to enable early responses where appropriate. We also monitor national, provincial and local coalition government developments to identify potential triggers for political violence, which may escalate, as experienced in July 2021. Persistently high levels of unemployment and income inequality in South Africa remain significant emerging risks, as they contribute to the potential for social unrest.

Organised and other forms of crime

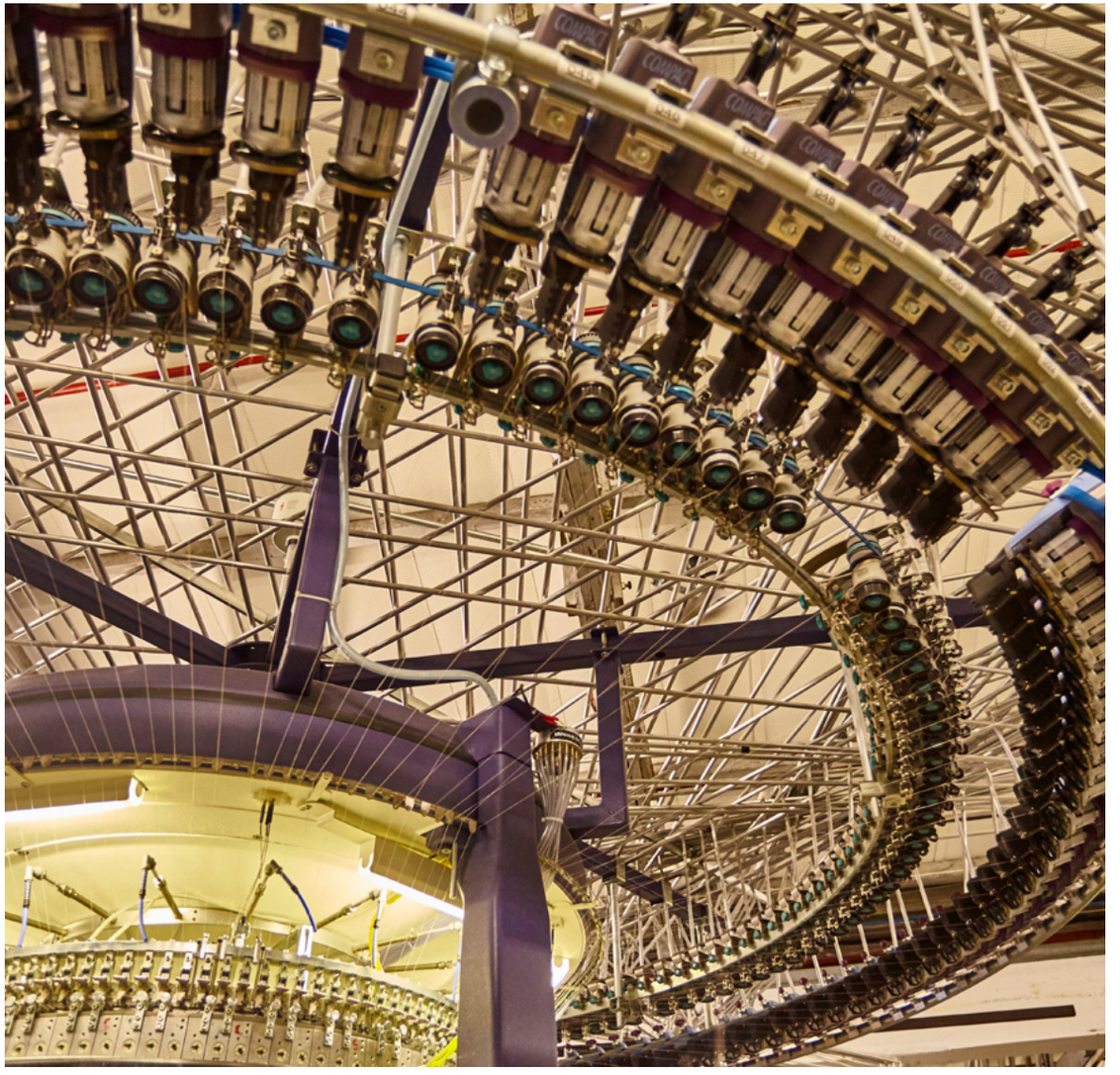
South Africa continues to experience pockets of seemingly uncontrolled organised crime in certain economic sectors. In addition, the group is increasingly affected by high-frequency, lower-impact issues, such as fraud, theft, illegal imports, competitor non-compliance, security, vandalism and corruption involving officials. These developments, together with government efforts to address them, are closely monitored for potential spillover into other sectors of the economy, such as transport.

Emerging technologies

Rapidly emerging technologies, including various forms of AI, could 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. AI technologies also present opportunities for the group, and a strategic workstream has been created to assess and pursue these opportunities.

Shifting global trade flows

The ongoing United States stance on trade tariffs, together with the disruptions arising from the conflict in the Middle East, has contributed to a marked increase in both legal as well as low-priced, illicit imports into South Africa. In certain instances, these goods create new and unfavourable competitive dynamics for our divisions. The group is using all available channels to counter these effects, including filing anti-dumping applications with ITAC and engaging with government at ministerial level.



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 maintained our engagement with the structures within the GNU. We also increased our level of senior government engagement on top-of-mind issues like anti-dumping measures.

Read more:
Stakeholder engagement, page 29
Risks and related opportunities, page 33
Sustainability report, page 60

Business retention and expansion 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 Business Retention and Expansion programme, we partner with municipalities and key community stakeholders to improve SED-related issues.

Read more:
Stakeholder engagement, page 29
Risks and related opportunities, page 33
Sustainability report, page 60

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 29
Risks and related opportunities, page 33,
Sustainability report, page 60

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 related opportunities, page 33

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. In anticipation of a significant reduction in gas availability in South Africa from around 2030, we evaluated alternative fuels and are replacing natural gas with liquid petroleum gas ('LPG') at two sites.

Read more:
Risks and related opportunities, page 33
Sustainability report, page 60

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. A project to improve the accuracy of our consumption measurement was completed last year. Projects to reduce waste and leakage, and to secure sustainable sources of alternative supply where possible, are ongoing.

Read more:
Risks and related opportunities, page 33
Sustainability report, page 60

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. We are making good progress with our strategic procurement project, which also has supplier security as one of its aims.

Read more:
Risks and related opportunities, page 33

OUR STRATEGY

Our strategy is to deliver sustainable, value-accretive growth for our key stakeholders by building a portfolio of market-leading businesses. We focus on sectors where we can leverage our competitive strengths, primarily in manufacturing, supply chain and operational services, while maintaining a clear focus on primary markets.

Executing our strategy

We create value through three interconnected activities, as outlined in the Value-creating business model section: building our divisions, optimising our portfolio and growing our portfolio. While these activities remain central to our strategy, the emphasis placed on each evolves as the group progresses through different phases of its capital allocation and investment cycle, enabling us to direct capital and resources to the areas expected to create the greatest long-term value.

Following the completion of a significant investment cycle, our current emphasis is on maximising the value and performance of our portfolio, including underperforming businesses. We will continue to allocate capital in line with our investment criteria and stated capital allocation priorities, while evaluating opportunities to grow our portfolio organically or through strategic bolt-on acquisitions.

The outcomes we seek through the execution of our strategy, from the perspective of our key stakeholders, is summarised in the Value-creating business model section.

Read more: Value-creating business model, page 18

Key: ✓ Achieved o On track × Not achieved

Our key strategic objectives

Our key strategic objectives focus on the areas that have the potential to make the greatest contribution to value creation, with the aim of improving returns, delivering medium-term growth and strengthening balance sheet flexibility. In addition to these objectives, several group-led initiatives are expected to further support medium-term value creation through revenue growth, strategic procurement, data and AI enablement, operational efficiencies and asset optimisation.

1 Realising the value of our major capital projects

Context

During FY24, we completed several major multiyear projects, representing a total investment of R2.6 billion, to support our divisions' competitiveness, reinforce their market positions and support future growth and long-term resilience. These projects were fully ramped up in FY25. The key projects concluded and their objectives include:

- MDF line (the largest of the projects) – to strengthen PG Bison's competitive positioning through scale benefits, with the expanded capacity to enable further growth in primary markets and selected deep-sea export markets, primarily through import substitution and broader market growth.
- HDPE conversion and extruder – to improve operational efficiencies at Safripol and increase the production of value-added products.
- Fibre-tearing lines – to reduce raw material consumption and associated costs at Sleep Group, while increasing Feltex's production of products manufactured from waste textiles to meet growing customer demand.

Short- to medium-term targets

- Production, sales and margin profiles in line with feasibility parameters
- ROCE of 15% by FY30

Overall progress – on track

✓ Feasibility parameters of the HDPE upgrade and fibre-tearing lines have been achieved.
o MDF line production, sales volumes and raw material usages were achieved in line with feasibility. However, the margin is currently short of feasibility, primarily due to lower international prices and a higher proportion of deep-sea export sales relative to feasibility expectations.
o Overall, good progress has been made, although the process is not yet complete.

Trade-offs, outlook and actions

These projects had a materially adverse impact on our FY25 results, primarily due to higher operating costs associated with the new MDF line, as well as increased finance costs. This impact reduced in FY26 as the projects became fully operational. As the projects' IRRs are assessed over a 20-year investment horizon, we expect further benefits to materialise over the medium to longer term, particularly for the MDF line, including:

- redirecting MDF sales from lower-margin deep-sea export markets to higher-margin markets, with 18% of total sales volumes to deep-sea markets in FY26;
- increasing higher-margin, value-added sales through a 40% increase in upgrading capacity, with a new melamine faced board press installed in June 2026 and another expected to be installed in February 2027; and
- lower net debt and hence finance costs, as the cash flow contribution from these projects accumulates.

Read more: Risks and related opportunities, page 33

OUR STRATEGY (CONTINUED)

2 Improving underperforming businesses

Context

Certain businesses in the group are performing below our expectations, with Unitrans being the most material. Smaller businesses include Optix and PG Bison's southern Cape forestry, sawmilling and pole operations. In FY26, Sleep Group also underperformed.

Medium-term targets

- Exit of contracts or activities that do not meet required ROCE
- Incentivisation aligned with divisional strategies
- ROCE of 15% by FY30

Overall progress – on track

- ✓ Divisional incentives are aligned with operating profit, cash flow conversion, operational initiatives and ROCE.
- o Over the past two years, management changes and targeted restructuring were implemented to improve performance. At Unitrans, actions included major restructuring in FY25, further restructuring of its petrochemical operations in FY26, and ongoing functional restructuring. The asset base was rationalised through exits from low-return activities and contracts, including the disposals of its North West commuter operations in FY25 and Eswatini petrochemical operations in FY26, and the closure of its Mozambican passenger operations in FY26 following a contract loss.
- o Unitrans' operating profit rose 41% to R616 million, while ROCE increased from 7.3% to 10.3%.
- o PG Bison is finalising a merger of its southern Cape operations with MTO Forestry's southern and Eastern Cape forestry and sawmilling operations. The transaction is expected to be value-accretive to the group.
- × Sleep Group's overall performance deteriorated during the year, primarily due to subdued bedding market conditions and increased competition.
- × Optix's performance remains below expectations, primarily due to increased investment and slow sales pipeline conversion.

Trade-offs, outlook and actions

We balanced the need to improve the performance and sustainability of these businesses against the impact on employee well-being and skills retention. The above-mentioned contract losses, closures and the need to realise cost efficiencies, unfortunately required retrenchments during the year.

We expect the following actions to support future performance:

- continuing to improve efficiencies, reduce costs, exit low-return activities and modernise the Unitrans fleet;
- targeting a medium-term operating profit of R700 million at Unitrans;
- driving Sleep Group growth through an expanded bedding range and increased sales outside South Africa; and
- realising the full benefits of restructuring at Optix and Sleep Group concluded in FY26.

Read more: Risks and related opportunities, page 33

3 Reducing net debt

Context

Our major projects contributed to higher net debt levels across the group. Although this was planned, the increase raised our risk profile in an uncertain operating environment and reduced our flexibility to pursue opportunistic investments.

Short- to medium-term targets

- Net debt reduction targets of R700 million in FY26 and R500 million in FY27, per the FY26 and FY27 AIB targets
- Net debt to EBITDA < 2 times

Overall progress – on track

- ✓ During the year, expansion capital expenditure was limited and replacement capital expenditure restricted, without affecting asset base integrity.
- ✓ Working capital was managed well, supported by monthly cash flow discipline.
- ✓ Net debt reduced by R1.1 billion, mostly due to higher EBITDA, lower net working capital absorption and lower net finance costs. Net debt to EBITDA of 1.8 times.

Trade-offs, outlook and actions

Although we remain within our financial covenants, we are prioritising the reduction of net debt following the completion of our major capital projects, in line with our capital allocation framework. This focus may affect some shareholders, who may anticipate returns through dividends or share buy-backs. However, we believe that lower debt levels will enhance financial flexibility, reduce the group's risk profile in an uncertain local and global macroeconomic environment, and support improved earnings over time, thereby benefiting shareholders over the medium to longer term.

During the year, we invested R346 million to renew a portion of Unitrans' fleet, outside the normal fleet replacement cycle. This phased catch-up fleet replacement programme, following the restructuring-related curtailment of capital expenditure, is progressing as planned for completion by FY29. Although this catch-up investment may affect the pace at which net debt is reduced, it is expected to improve operational reliability, support service continuity, reduce maintenance costs and improve fuel efficiency for Unitrans. It should also enhance customer retention and support longer-term value creation. Additionally, Unitrans is targeting growth in selected sectors, including mining and agriculture, supported by R500 million in budgeted FY27 capital expenditure, subject to new contracts being secured.

Net debt reduction remains a key objective and we target a reduction of R500 million in FY27 as we balance the objective to reduce debt with the need to maintain our asset base and pursue value-accretive growth opportunities.

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 and protect margins.

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.

Strategic stakeholder relationships

We nurture strategic stakeholder relationships through regular engagement 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, supply chain and operational services 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 our 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. Following the completion of our latest investment cycle, we are prioritising net debt reduction, followed by replacement and efficiency-focused capital expenditure, selective capacity expansion, and acquisitions, ahead of shareholder distributions.

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 capital expenditure

We invest in our asset base to ensure the long-term sustainability of our divisions and ensure continuity of supply to customers.

Efficiency capital expenditure, capacity expansions and acquisitions

We consider investment in efficiency initiatives, capacity expansions and acquisitions where we expect these to be value accretive.

Share buy-backs and dividends

Share buy-backs and dividends are considered after other capital allocation priorities have been met.

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



4

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CHIEF FINANCIAL OFFICER'S REVIEW



Dries Ferreira
Chief financial officer

Key messages

- Progress against key strategic objectives translated in a much-improved performance for the group
- Free cash flow before dividends of R1.3 billion illustrates the cash-generating capacity of the group
- Net debt reduced by R1.1 billion, well-ahead of our R700 million AIB target

Introduction

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

The group's key strategic objectives continued to guide execution during the year, aimed at improving returns, supporting sustainable medium-term growth and enhancing balance sheet flexibility. These objectives include:

- realising value from the major capital projects;
- improving underperforming operations; and
- reducing net debt.

These objectives aim to improve returns, supporting sustainable medium-term growth and enhancing balance sheet flexibility.

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

Revenue was stable for the year, with higher revenue from PG Bison and Feltex offset by lower revenue from Safripol and Unitrans. EBITDA increased by 13%, while operating profit before capital items increased by 28%, primarily due to:

- increased panel sales and production volumes, including full utilisation of PG Bison's new MDF line, which was ramped up during the previous year;
- temporary supply constraints in an oversupplied polymers market during the fourth quarter, resulting from the Middle East-related supply disruptions, which benefited Safripol;
- an improvement in underperforming businesses, mainly Unitrans; and
- a recovery in domestic vehicle assembly volumes, which supported an improved performance by Feltex.

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

Headline earnings further benefited from lower net finance costs and increased tax incentives related to PG Bison's new MDF line, which resulted in an 88% increase in HEPS to 45.2 cents (FY25: 24.1 cents). Due to significant impairments of goodwill and intangible assets totalling R1 183 million, net of taxation, earnings per share ('EPS') decreased to a loss of 4.8 cents (FY25: 0.4 cents). The largest impairments were associated with Safripol, attributable to a stronger forecast rand relative to the US dollar and limited recovery in forecast polymer prices and margins, and Sleep Group due to continued deterioration in domestic bedding market conditions.

Cash generated from operations increased by 30%, supported by the improved EBITDA and a lower net working capital investment. Net interest-bearing debt declined by R1 130 million compared with the prior year and the FY26 AIB target of R700 million, owing to the higher cash generated from operations and lower net finance costs, while investing activities increased moderately.

Our key financial metrics are outlined below, with further detail provided in the following pages.

Key metrics	FY26	FY25	% change
Revenue (Rm)	**29 606**	29 615	–
EBITDA (Rm)	**3 882**	3 422	13
Operating profit before capital items (Rm)	**2 473**	1 937	28
Headline earnings (Rm)	**1 133**	603	88
HEPS (cents)	**45.2**	24.1	88
Basic EPS (cents)	**(4.8)**	0.4	(> 100)
Cash generated from operations (Rm)	**3 933**	3 022	30
Free cash flow before dividends paid (Rm)	**1 341**	482	> 100

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

Financial performance

Revenue was in line with the prior year. PG Bison and Feltex reported higher revenue supported by higher panel sales volumes and improved vehicle assembly volumes, respectively. This growth was offset by lower revenue from Safripol, which was affected by a stronger rand relative to the USD, and Unitrans, due to a lower contribution from its passenger operations.

The revenue split per division is summarised below:

Revenue	FY26 Rm	FY25 Rm	% change
PG Bison	**7 278**	6 327	15
Safripol	**9 131**	9 692	(6)
Unitrans	**8 671**	9 332	(7)
Feltex	**2 758**	2 429	14
Sleep Group	**1 831**	1 834	–
Optix	**544**	602	(10)
	30 213	30 216	–
Intersegmental eliminations	**(607)**	(601)	
	29 606	29 615	–

The operating margin increased to 8.4% (FY25: 6.5%). The increases in the operating profit and margin were mainly attributable to meaningful improvements in the performance of PG Bison, Safripol, Unitrans and Feltex, which were partly offset by lower results from Sleep Group and a loss by Optix.

PG Bison benefited from increased sales and production volumes, while Safripol's performance was supported by a temporarily constrained polymers market during the fourth quarter due to Middle East-related supply disruptions. Unitrans delivered an improved result, underpinned by a turnaround in its petrochemical operations and a meaningfully stronger agriculture operations' performance. Feltex benefited from higher domestic vehicle assembly volumes. In contrast, Sleep Group's performance was affected by mostly weak market conditions, while Optix's sales pipeline conversion remained below expectations.

Divisional operating profit/(loss) and margin percentages are reflected as follows:

Operating profit/(loss) and margin %	FY26 Rm	FY26 margin %	FY25 Rm	FY25 margin %	Operating profit/(loss) change %	Margin change %
PG Bison	**935**	**12.8**	717	11.3	30	1.5
Safripol	**631**	**6.9**	503	5.2	25	1.7
Unitrans	**616**	**7.1**	436	4.7	41	2.4
Feltex	**270**	**9.8**	166	6.8	63	3.0
Sleep Group	**117**	**6.4**	159	8.7	(26)	(2.3)
Optix	**(96)**	**(17.6)**	(44)	(7.3)	(> 100)	(10.3)
	2 473	**8.4**	1 937	6.5	28	1.9

PG Bison's operating profit includes a non-cash fair value decrease in consumable biological assets of R85 million compared with an increase of R24 million in the prior year, primarily due to lower pulpwood prices.

Capital items of R1 568 million (FY25: R765 million) are made up as follows:

Capital items	FY26 Gross Rm	FY26 Net[1] Rm	FY25 Gross Rm	FY25 Net[1] Rm
Impairments	**1 487**	**1 183**	757	579
Goodwill	**389**	**389**	145	145
Intangible assets	**1 095**	**784**	272	187
Property, plant and equipment	**3**	**10**	340	247
Loss on disposal of property, plant and equipment	**40**	**29**	32	19
Loss on disposal of subsidiaries	**43**	**42**	4	10
Insurance income	**(2)**	**(2)**	(29)	(21)
Other	**–**	**–**	1	6
	1 568	**1 252**	765	593

[1] Net is the value after the impact of taxation, non-controlling interests' and associate and joint venture companies' 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:

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

Loss on disposal of subsidiaries of R43 million largely relates to the disposal of Unitrans' petrochemical operations in Eswatini.

Net finance costs decreased by 13% to R849 million (FY25: R976 million) due to lower interest rates and reduced net interest-bearing debt.

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

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

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

Statement of financial position

The group's balance sheet remains resilient. Net interest-bearing debt of R6 976 million decreased by R1 130 million compared with FY25. The reduction was ahead of our R700 million AIB target, primarily due to better-than-expected results, particularly from Safripol, tighter working capital management and delayed capital expenditure.

The net interest-bearing debt-to-equity (gearing) ratio declined to 57% (FY25: 65%).

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

The group's asset base is reflected below:

Asset base	FY26 Rm	% of total	FY25 Rm	% of total
Plant and machinery (including rental assets)	**7 221**	**40**	7 399	38
Long-haul vehicles and buses	**4 202**	**23**	4 182	21
Land and buildings (including investment property)	**3 146**	**18**	3 257	17
Biological assets	**1 065**	**6**	1 610	8
Assets held for sale	**767**	**4**	–	–
Other assets	**396**	**2**	399	2
Intangible assets	**368**	**2**	1 491	8
Capital work in progress	**322**	**2**	416	2
Right-of-use assets	**285**	**2**	318	1
Goodwill	**135**	**1**	510	3
	17 907	**100**	19 582	100

Intangible assets include predominantly patents and trademarks, customer relationships and software. These intangible assets secure access to strategic raw material inputs, create barriers to entry and secure market leadership. During the year significant impairment of intangible assets associated with Safripol and goodwill related to Sleep Group was accounted for. Refer to the capital items included in this report for more detail.

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

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 as follows:

Net operating assets/(liabilities) and ROCE (%)	FY26 Rm	FY26 ROCE %	FY25 Rm	FY25 ROCE %	ROCE change %
PG Bison	**8 794**	**10.6**	8 901	8.2	2.4
Safripol	**3 689**	**14.7**	4 877	9.9	4.8
Unitrans	**6 023**	**10.3**	5 927	7.3	3.0
Feltex	**1 487**	**18.0**	1 505	10.8	7.2
Sleep Group	**1 114**	**9.2**	1 422	11.0	(1.8)
Optix	**345**	**(25.2)**	416	(7.4)	(17.8)
Corporate, consolidation and eliminations	**(222)**	**–**	(199)	–	–
	21 230	**11.2**	22 849	8.4	2.8

ROCE is a key management focus area. It increased from 8.4% to 11.2% and remains lower than our targeted rate of more than 15%. The ramp-up of major capital projects impacted ROCE negatively as these projects will take time to deliver the expected returns. Return on equity ('ROE') increased to 9.2% from 4.8%.

Depreciation and amortisation (excluding right-of-use asset depreciation) amounted to R1 300 million (FY25: R1 383 million), while replacement capital expenditure net of proceeds from disposal, insurance proceeds and government grants received amounted to R1 034 million (FY25: R921 million). Replacement capital expenditure includes R346 million related to Unitrans' catch-up fleet replacement programme.

Following the completion of the major capital projects, management intentionally adopted a disciplined and prudent approach to capital allocation, particularly in respect of expansionary investments, with capital only directed to assets and contracts that can deliver value-accretive growth. Expansion capital expenditure amounted to R510 million (FY25: R500 million), net of government grants received.

The split of capital expenditure per division is presented below:

Total capital expenditure[1]	FY26 Rm	% of total	FY25 Rm
PG Bison	**266**	**17**	245
Safripol	**89**	**6**	173
Unitrans[2]	**979**	**63**	813
Feltex	**106**	**7**	112
Sleep Group	**43**	**3**	23
Optix	**61**	**4**	54
Corporate, consolidation and eliminations	**–**	**–**	1
	1 544	**100**	1 421

[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 R196 million (FY25: R137 million), mainly due to the disposal of underutilised vehicles and trailers.

Net working capital levels (including held for sale) increased by R56 million compared with the prior year. Inventory increased by R463 million and accounts receivable by R255 million, offset by an increase in accounts payable of R662 million.

The increase in inventory related primarily to PG Bison and Safripol. PG Bison's inventory increased in anticipation of deep-sea export orders and planned maintenance shutdowns in 1H27. Safripol's inventory increased due to significant raw material price increases following the Middle East-related supply chain disruptions. However, this was partly offset by a reduction in PET inventory following the second commercial shutdown in 2H26. Accounts receivable mainly increased in Safripol due to significant polymer price increases in the fourth quarter, but days sales outstanding and overdue accounts reduced compared to the prior year. Accounts payable mainly increased in PG Bison and Safripol for the same reason.

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

The net asset value per share decreased to 486 cents (FY25: 498 cents), owing to the material impairments of goodwill and intangible assets.

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

Statement of cash flows

Cash generated from operations of R3 933 million is R911 million more than the prior year, mainly due to a R568 million improvement in cash generated from trading following improved results, and R343 million less cash outflow from net working capital.

The cash conversion ratio of EBITDA to cash generated from operations of 101% exceeded our internal target of greater than 90%.

Net cash outflow from investing activities increased by R100 million, including the cash inflow on mainly the disposal of Unitrans' petrochemical operations in Eswatini for R170 million, net of cash.

Free cash flow, before dividends, of R1 341 million is R859 million better than the prior year due to reasons outlined above, further supported by a R133 million decrease in net finance costs paid, mostly due to lower interest rates and reduced net interest-bearing debt.

Capital structure

We are committed to maintaining a sound capital structure through 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 R6 976 million decreased by R1 130 million compared with FY25. The reduction was ahead of the R500 million target and resulted from strong cash flow generation across the group, supported by improved results from PG Bison, Safripol, Unitrans and Feltex, good working capital management and disciplined capital allocation.

Debt serviceability ratios of net debt to EBITDA at 1.8 times and EBITDA to interest cover at 4.6 times remained well within financial covenants of less than 3.0 times and greater than 3.5 times, respectively. As the group plans to further reduce net interest-bearing debt by R500 million in FY27, the ratios are expected to continue to improve.

During the year, bonds to the value of R1 190 million were settled. Further R1 billion funds were raised through the groups' bond programme during 2H26. The R2 billion three-year tranche of the revolving credit facility, due to mature on 7 December 2026, was amended and extended which moved the repayment date by two years to 7 December 2028 and the R1 billion term loan was refinanced extending its repayment date to 27 March 2028. The proactive extensions were implemented to manage liquidity and refinancing risk.

Bonds to the value of R1 830 million will mature during FY27, with almost all the refinancing risk already mitigated through appropriate headroom in existing committed facilities. The group continuously explores opportunities to reduce its cost of funding.

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

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

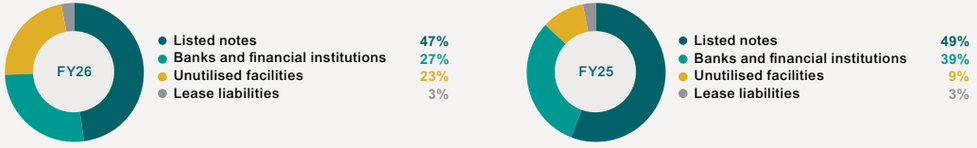
Debt structure and capacity ratios	FY26 Rm	FY25 Rm
Loans and borrowings non-current	**5 913**	7 309
Loans and borrowings current	**2 408**	2 563
Lease liabilities non-current	**238**	281
Lease liabilities current	**104**	94
Non-interest-bearing loans and borrowings	**(15)**	(51)
Bank overdrafts	**122**	–
Cash and cash equivalents	**(1 794)**	(2 090)
Net interest-bearing debt	**6 976**	8 106
Movement in net interest-bearing debt		
Balance at the beginning of the year excluding lease liabilities	**7 731**	7 971
Net interest-bearing loans and borrowings (paid)/received	**(1 496)**	459
Increase/(decrease) in accrued interest on loans and borrowings	**1**	(7)
Net decrease/(increase) in cash and cash equivalents	**360**	(705)
Net disposal of subsidiaries	**(20)**	–
Effects of exchange rate translations on cash and cash equivalents	**58**	13
Net interest-bearing debt excluding lease liabilities	**6 634**	7 731
Lease liabilities	**342**	375
Net interest-bearing debt	**6 976**	8 106
EBITDA[1]	**3 882**	3 422
Net finance costs including capitalised borrowings costs	**850**	976
EBITDA: interest cover (times) > 3.5[2, 3]	**4.6**	3.5
Net debt: EBITDA (times) < 3.0[2]	**1.8**	2.4
Gearing %	**57**	65

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

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

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:

Funding structure (%)

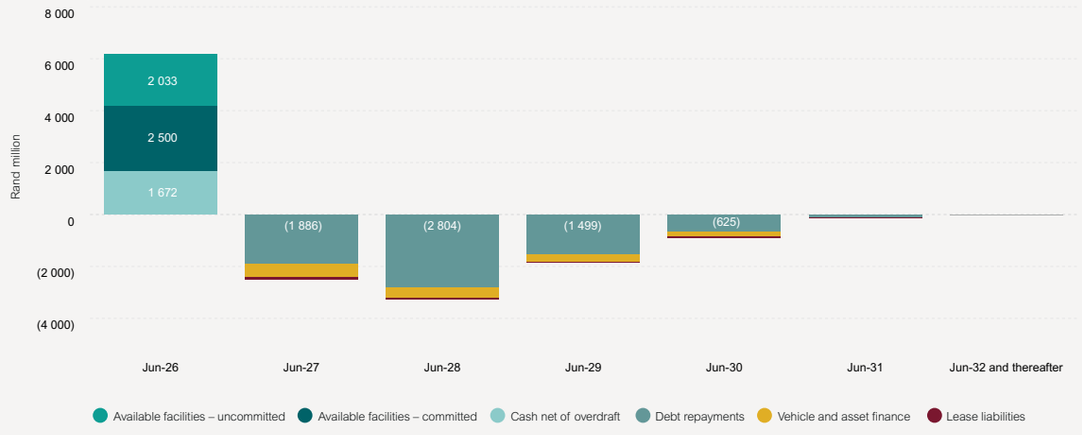


All our debt funding is at variable rates and any anticipated future reduction in interest rates will immediately benefit the group.

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 presented below, is healthy and within the capacity of the group to settle or refinance maturities:

Maturity of net interest-bearing debt as at 30 June 2026



Dividend

In considering KAP's net debt levels within the context of the subdued and uncertain macroeconomic environment, the board believes it prudent to focus on further debt reduction. A dividend was therefore not declared for FY26.

Corporate activity

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

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

Sleep Group acquired a bedding manufacturer in Botswana for R30 million, effective 1 August 2025, to serve the Botswana and Zambian regions. Goodwill of R15 million was recognised.

Sasol raw material dispute

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

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

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.

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

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 our key strategic objectives will support group performance over the medium term. Our strategic objectives are discussed in detail in the CEO's review and Our strategy section.

Read more: CEO's review, page 22, Our strategy, page 39

Dries Ferreira
Chief financial officer

HISTORICAL FINANCIAL REVIEW

Ten-year review

	Financial definition	10-year CAGR%[a]	FY26 Rm	FY25 Rm	FY24 Rm	FY23 Rm[b]	FY22 Rm	FY21 Rm	FY20 Rm	FY19 Rm	FY18 Rm	FY17 Rm	FY16 Rm
Extracts from income statement – continuing operations													
Revenue		6	**29 606**	29 615	29 062	29 628	27 979	23 956	21 591	25 602	22 813	19 783	16 047
EBITDA	1	3	**3 882**	3 422	3 694	4 020	4 340	3 419	2 703	3 713	3 944	3 361	2 797
Operating profit	2	2	**2 473**	1 937	2 250	2 523	2 936	2 102	1 419	2 527	2 901	2 499	1 997
B-BBEE cost			**–**	–	–	–	13	3	3	196	–	–	–
Net finance costs			**849**	976	825	794	499	466	654	707	697	515	312
Taxation expense/(benefit)			**117**	148	213	352	578	506	(395)	533	520	510	487
Headline earnings		–	**1 133**	603	1 125	1 170	1 851	1 099	460	1 237	1 646	1 431	1 172
Extracts from statement of financial position													
Goodwill and intangible assets			**503**	2 001	2 449	2 390	3 046	2 669	2 687	5 242	5 392	5 333	2 078
Property, plant and equipment and investment property			**15 287**	15 653	16 043	15 094	14 130	12 957	12 630	12 536	12 513	11 832	8 128
Right-of-use assets[c]			**285**	318	300	390	426	358	438	–	–	–	–
Consumable biological assets			**1 065**	1 610	1 586	1 536	1 491	1 565	1 754	1 900	1 919	1 978	1 890
Net working capital[d,e]	3		**3 323**	3 267	2 883	2 644	2 462	1 925	1 911	1 132	1 330	623	(27)
Net operating assets[f]	4	6	**21 230**	22 849	23 261	22 054	21 555	19 474	19 420	20 810	21 154	19 766	12 069
Gross interest-bearing debt			**8 648**	10 196	9 724	9 480	9 189	7 281	8 042	6 273	7 878	7 786	4 671
Interest-bearing loans and borrowings			**8 306**	9 821	9 369	9 031	8 711	6 884	7 576	6 273	7 878	7 786	4 671
Lease liabilities[c]			**342**	375	355	449	478	397	466	–	–	–	–
Cash and cash equivalents			**(1 672)**	(2 090)	(1 398)	(1 453)	(1 730)	(751)	(1 001)	(1 785)	(2 151)	(2 009)	(2 602)
Net interest-bearing debt			**6 976**	8 106	8 326	8 027	7 459	6 530	7 041	4 488	5 727	5 777	2 069
Equity attributable to owners of the parent		3	**12 189**	12 443	12 475	11 542	11 531	10 250	9 566	12 825	12 155	11 035	8 667
Extracts from statement of cash flows													
Cash generated from operations			**3 933**	3 022	3 491	3 889	4 081	3 485	2 076	4 033	3 308	2 958	3 285
Cash flows from investing activities[g]			**(1 397)**	(1 297)	(2 257)	(2 298)	(2 736)	(1 807)	(1 939)	(1 142)	(1 723)	(6 083)	(2 285)
Expansion capital expenditure			**(510)**	(500)	(1 759)	(1 326)	(1 127)	(899)	(671)	(420)	(811)	(1 050)	(735)
Replacement capital expenditure			**(1 034)**	(921)	(423)	(871)	(1 067)	(918)	(1 241)	(811)	(837)	(1 190)	(965)
(Acquisition)/disposal of investments			**135**	110	(77)	(37)	(392)	–	(13)	101	(29)	(3 781)	(573)
Other investing activities			**12**	14	2	(64)	(150)	10	(14)	(12)	(46)	(62)	(12)
Free cash flow before dividends	5		**1 341**	482	(79)	308	22	810	(791)	1 983	594	(4 006)	417

[a] Compound annual growth rate
[b] Restatement of FY23 with regard to error in Safripol
[c] IFRS 16 was adopted on 1 July 2019 on a forward-looking basis.
[d] FY22 net working capital has been represented to include non-current derivative financial instruments to reflect more accurately the nature thereof.
[e] FY17 to FY19 net working capital has been represented to include net working capital held for sale.
[e] FY17 to FY19 net operating assets have been represented to include net working capital held for sale.
[g] Cash flow from investing activities has been restated for FY16 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]	**FY26 Rm**	FY25 Rm	FY24 Rm	FY23 Rm[b]	FY22 Rm	FY21 Rm	FY20 Rm	FY19 Rm	FY18 Rm	FY17 Rm	FY16 Rm
Key information													
Headline earnings per share (cents)		(1)	**45.2**	24.1	45.3	47.3	75.1	37.9	13.7	42.9	59.8	54.2	47.8
Headline earnings per share (cents) – continuing operations		(1)	**45.2**	24.1	45.3	47.3	74.4	43.0	17.5	45.9	61.6	55.6	48.2
Dividends per share (cents)			**–**	–	–	–	29	15	–	23	23	21	18
Net asset value per share (cents)		3	**486**	498	500	466	466	405	372	474	454	415	355
Weighted average number of shares (million)		–	**2 505**	2 498	2 486	2 475	2 487	2 555	2 630	2 696	2 671	2 574	2 433
Shares in issue (million)		–	**2 508**	2 501	2 494	2 477	2 472	2 531	2 571	2 704	2 678	2 662	2 441
Ratios													
Operating margin (%)[h]	6		**8.4**	6.5	7.7	8.5	10.5	8.8	6.6	10.6	12.7	12.6	12.4
EBITDA margin (%)[h]	7		**13.1**	11.6	12.7	13.6	15.6	14.3	12.5	15.3	17.3	17.0	17.4
Effective tax rate (%)	8		**115.8**	63.2	15.0	37.0	24.6	29.8	(17.0)	31.2	24.1	26.0	28.8
Cash conversion ratio[h]	9		**101**	88	95	97	94	106	77	105	85	89	118
Gearing (%)	10		**57**	65	67	70	65	64	74	35	47	52	24
Gearing – gross debt (%)	11		**71**	82	78	82	80	71	84	49	65	71	54
EBITDA: interest cover (times)			**4.6**	3.5	3.7	4.7	8.2	7.3	4.1	5.3	5.7	6.5	9.0
Net debt: EBITDA (times)			**1.8**	2.4	2.3	2.0	1.7	1.9	2.6	1.2	1.5	1.7	0.7
Gross debt: EBITDA (times)			**2.2**	3.0	2.6	2.4	2.1	2.1	3.0	1.7	2.0	2.3	1.7
Return on capital employed (ROCE) (%)[h]	12		**11.2**	8.4	9.9	11.6	14.4	10.8	7.1	13.0	14.2	15.7	17.4
Return on equity (ROE) (%)[h]	13		**9.2**	4.8	9.4	10.1	17.2	9.8	3.3	10.8	13.8	14.2	14.2
Weighted average cost of capital (WACC) (%)	14		**10.1**	11.7	14.3	13.3	12.7	13.0	12.1	10.0	11.3	11.2	11.6
Dividend cover (times)	15		**–**	–	–	–	2.6	2.5	–	1.9	2.6	2.6	2.7

[a] Compound annual growth rate
[b] Restatement of FY23 with regard to error in Safripol
[h] 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

Global wood-based panel markets remained under pressure during the year, mainly due to subdued demand and excess capacity, particularly in the European particleboard and Chinese MDF markets. Surplus capacity continued to be redirected into other markets, including South Africa, most notably in MDF. In response, producers in certain regions, mostly Europe, implemented periodic commercial shutdowns to better align supply with prevailing demand.

In South Africa, elevated real interest rates and weak consumer and business confidence continued to constrain building activity. The value of building plans passed and completed has remained subdued in recent years, while retail sales of hardware, paint and glass – a proxy for home improvement and renovation activity – also remained muted.

Selected indicators	FY26	FY25	FY24	FY23	FY22
South Africa building plans					
Building plans passed (Rm)	**71 313**	72 557	70 636	89 145	93 215
Building plans passed (% change)	**(2)**	3	(21)	(4)	1
Building plans completed (Rm)[1,2]	**37 096**	38 348	40 206	46 857	56 560
Building plans completed (% change)	**(3)**	(5)	(14)	(17)	10
South Africa retail sales					
Hardware, paint and glass (Rm)[1]	**82 930**	88 409	89 490	93 445	98 658
Hardware, paint and glass (% change)	**(6)**	(1)	(4)	(5)	(6)

[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	FY26	FY25	% change
Revenue (Rm)	**7 278**	6 327	15
EBITDA (Rm)	**1 239**	1 018	22
EBITDA margin (%)	**17.0**	16.1	0.9
Operating profit (Rm)	**935**	717	30
Operating profit margin (%)	**12.8**	11.3	1.5
Net working capital (Rm)	**1 416**	1 399	1
Capital expenditure (Rm)[1]	**266**	245	8.6
Free cash flow before dividends (Rm)	**706**	(42)	> 100
Net operating assets (Rm)	**8 794**	8 901	(1)
ROCE (%)	**10.6**	8.2	2.4

[1] Includes replacement and expansion capital expenditure

Despite the subdued market backdrop, PG Bison achieved sustained demand for its products, particularly an upgraded value-add board. Demand was supported by import replacement and growth in markets outside South Africa. The division's upgraded board offering remains a key differentiator against competitors, including imports.

Sales volumes increased by 13%, supported by 9% growth in primary markets and a 39% increase in deep-sea export markets. Value-add sales volumes increased by 7% and represented 60% of total sales volumes (FY25: 63%). The stronger volume performance was enabled by expanded sales capacity, the development of new deep-sea export markets, particularly for MDF, and continued demand-creation and customer-enablement initiatives, which supported market share gains. Higher raw and value-add board production further supported the result, with ongoing process optimisation unlocking additional value-add capacity.

DIVISIONAL REVIEW: PG BISON (CONTINUED)

Deep-sea exports, predominantly raw MDF, accounted for 18% of sales volumes (FY25: 14%) and supported higher plant utilisation and operational efficiencies. During the year, the division made progress in reallocating volumes from marginal deep-sea export markets to more strategic, sustainable and higher-margin markets.

Revenue increased by 15% and operating profit by 30%, primarily driven by higher sales and production volumes across both particleboard and MDF operations. The comparative period was affected by the ramp-up of the new MDF line, during which utilisation had not yet normalised while the cost base had increased.

Free cash flow before dividends increased by more than 100%, reflecting improved profitability and disciplined working capital management. ROCE improved to 10.6%, supported by higher earnings generated from a stable operating asset base.

Outlook

We expect near-term market conditions to remain challenging as increased fuel costs and elevated interest rates constrain consumer demand and global overcapacity persists. The division remains focused on the following priorities to strengthen market share, enhance margins and reinforce differentiation against imports:

- Increase value-add sales, supported by additional upgrading capacity. A smaller upgrading press was installed at the Ugie site in June 2026, and a larger press is planned for the Mkhondo site in 2H27. Together, these investments will collectively increase capacity by 40%, at a total investment cost of R284 million, enabling the division to sell up to 70% of its capacity as upgraded product. In parallel, the division will focus on successfully executing the FY27 Gallery 6 launch and rolling out the value-added range across all markets.
- Reallocate volumes from marginal deep-sea exports to more strategic, sustainable and higher-margin markets, with good progress being made in North Africa.
- Maintain focus on customer service, operational efficiencies, product quality and optimised procurement.

PG Bison will also continue to engage with ITAC and the South African Revenue Service in relation to imports. During the year, the division lodged an anti-dumping application with ITAC relating to MDF imports from China, which it believes are being dumped into the Southern African Customs Union. The application is intended to support fair competition and the long-term sustainability of South Africa's forestry and board-manufacturing value chains.

The division aims to utilise its capacity fully, thereby improving overhead recovery. Margins are expected to improve over time as markets are further developed and the contribution from value-add sales increases. In the near term, margins are expected to remain below historical levels as a result.



DIVISIONAL REVIEW: SAFRIPOL (CONTINUED)

SAFRIPOL
shaping your world, responsibly

Operating environment

The trading environment remained challenging for much of the year, characterised by excess global polymer capacity, subdued global demand and resultant weak pricing. Domestically, demand for PET, HDPE and PP remained constrained by prevailing economic conditions. PET was further affected by increased import competition at prices materially below prevailing market levels.

During the fourth quarter, Middle East-related supply disruptions temporarily reduced import competition and tightened global supply. This supported higher raw material costs, firmer polymer prices and improved raw material margins across the global polymers industry.

Selected indicators	FY26	FY25	FY24	FY23	FY22
South Africa production					
Plastic product production (index)	**110**	106	103	102	96
Plastic product production (% change)	**4**	2	2	6	–
South Africa plastic consumption					
Plastic product sales (R million)	**104 273**	101 364	97 350	97 615	88 915
Plastic product sales (% change)	**3**	4	–	10	–

Source: Statistics South Africa

Results discussion

Financial metrics	FY26	FY25	% change
Revenue (Rm)	**9 131**	9 692	(6)
EBITDA (Rm)	**822**	706	16
EBITDA margin (%)	**9.0**	7.3	1.7
Operating profit (Rm)	**631**	503	25
Operating profit margin (%)	**6.9**	5.2	1.7
Net working capital (Rm)	**962**	1 068	(10)
Capital expenditure (Rm)[1]	**89**	173	(49)
Free cash flow before dividends (Rm)	**494**	208	> 100
Net operating assets (Rm)	**3 689**	4 877	(24)
ROCE (%)	**14.7**	9.9	4.8

[1] Includes replacement and expansion capital expenditure

Production volumes decreased by 10%, primarily due to two commercial shutdowns at the Durban PET plant in the first and third quarters. These shutdowns were implemented to reduce elevated inventory levels and align production with subdued demand. Domestic sales volumes recovered during the fourth quarter, supported by lower import competition, and increased by 4% for the year. Export volumes, which supplement domestic sales, declined by 15% and represented 13% of total sales volumes (FY25: 15%), resulting in overall sales volumes remaining broadly in line with the prior year.

Revenue decreased by 6%, mainly due to a stronger rand against the US dollar, which reduced rand-denominated selling prices. Operating profit increased by 25%, despite weaker trading conditions during the first nine months, supported by a stronger fourth-quarter performance and higher raw material margins, in line with broader industry trends.

Net working capital decreased modestly. Higher inventory and receivables in the fourth quarter, driven by increased raw material costs and selling prices respectively, were offset by higher payables linked to increased raw material prices and the normalisation of comparative payables ahead of the July 2025 PET commercial shutdown. Free cash flow before dividends improved year-on-year, largely reflecting the increase in profitability. ROCE improved to 14.7% (FY25: 9.9%), supported by higher profitability and a lower capital base following the impairment of intangible assets.

DIVISIONAL REVIEW: SAFRIPOL (CONTINUED)

During the year, the remaining intangible assets associated with the Sasolburg acquisition were impaired, comprising a R708 million supplier relationship asset and a R265 million trademark asset. The recoverable amount of these operations was adversely affected by a stronger rand relative to the US dollar and a limited recovery in forecast polymer prices and margins. The impairment assessments performed at 30 June 2026 were based on the existing terms of the ethylene supply agreement and therefore do not reflect any potential impact arising from the ongoing disputes with Sasol.

Raw material supply dispute

Safripol and Sasol remain engaged in pricing and volume disputes under the ethylene supply agreement, the outcomes of which remain uncertain. Given the complexity of the matters, the resolution processes are expected to take time. The ethylene pricing dispute was determined in Safripol's favour, with the arbitrator upholding Safripol's interpretation of the pricing principles in the supply agreement. Sasol has applied to the High Court for the arbitrator's award to be reviewed and set aside. The separate dispute relating to Sasol's volume commitment has progressed to independent arbitration.

Separately, on 30 June 2025, Safripol lodged a complaint against Sasol with the Competition Commission and requested that the Commission investigate, on an expedited basis, whether Sasol's conduct as the monopoly ethylene supplier in South Africa contravenes the Competition Act.

Outlook

As a local manufacturer, Safripol benefited temporarily from improved volumes and margins during the Middle East-related supply disruptions, in line with broader industry gains. Prices have since eased as supply constraints unwind and supply chains normalise; however, the timing and extent of margin normalisation remain uncertain.

The global polymers industry remains oversupplied, and industry expectations are that this oversupply will persist into the early 2030s. Management remains focused on controllable initiatives, including improving operational efficiency, optimising the procurement-to-sales cycle, realising procurement benefits and cost savings, and increasing production of higher-margin polymers, where possible.

The division also continues to engage with government to support the long-term sustainability of the South African polymers sector. Following the successful conclusion of the PET anti-dumping sunset reviews on imports from China to 2031, Safripol submitted an anti-dumping application to ITAC in respect of PET imports from additional suppliers that it believes are unfairly traded and dumped in South Africa.



DIVISIONAL REVIEW: UNITRANS (CONTINUED)

Operating environment

The regional economic environment remained subdued, limiting the division's ability to pursue revenue growth at returns that meet and exceed internal thresholds. Domestically, the road logistics sector delivered marginal growth during the year, led by growth in the agriculture and forestry primary products and mining and quarrying primary products sectors. Currency volatility and restrictions on cash extraction in certain African territories continued to present challenges. Additionally, within the agriculture sector, an extended off-crop season and adverse weather conditions added to operational complexity for businesses.

Selected indicators	FY26	FY25	FY24	FY23	FY22
South Africa land transport					
Road freight payload (thousand tonnes)[1]	**979 116**	972 385	1 025 757	1 090 825	924 150
Road freight payload (% change)	**1**	(5)	(6)	18	11

[1] Includes all road freight payload
Source: Statistics South Africa

Results discussion

Financial metrics	FY26	FY25	% change
Revenue (Rm)	**8 671**	9 332	(7)
EBITDA (Rm)	**1 274**	1 162	10
EBITDA margin (%)	**14.7**	12.4	2.3
Operating profit (Rm)	**616**	436	41
Operating profit margin (%)	**7.1**	4.7	2.4
Net working capital (Rm)	**606**	564	7
Capital expenditure (Rm)[1]	**979**	813	20
Free cash flow before dividends (Rm)	**110**	227	(52)
Net operating assets (Rm)	**6 023**	5 927	2
ROCE (%)	**10.3**	7.3	3.0

[1] Includes expansion and replacement capital expenditure

Revenue declined by 7%, mainly due to a lower contribution from the passenger operations following the loss of a material contract, the subsequent closure of the Mozambique operations and the disposal of a commuter contract in the prior year. The division also exited selected smaller, lower-return activities and contracts as part of its continued focus on improving revenue quality. Operating profit increased by 41%, supported by stronger contributions from the agriculture, petrochemical and food operations, which more than offset the reduced contribution from passenger operations.

The agriculture operations delivered a materially stronger result, underpinned by higher volumes, improved operating efficiencies and cost savings, despite challenging weather conditions. The food operations also improved in spite of lower revenue, benefiting from increased volumes on selected contracts, disciplined cost management and the prior-year exit from a loss-making contract. The petrochemical operations, which contributed approximately 33% of revenue, delivered a strong turnaround following the 2H25 restructuring and the disposal of the Eswatini operations, supported by cost savings and improved fleet utilisation. The mining operations performed marginally ahead of the prior year.

Net working capital increased by 7% on lower trade payables. Free cash flow before dividends declined by 52%, with higher EBITDA more than offset by increased replacement capital expenditure, including investment associated with the catch-up capital expenditure programme. ROCE improved to 10.3%, supported by the stronger operating profit performance.

Outlook

Unitrans remains focused on improving returns through the exit of low-return activities and contracts, disciplined pursuit of value-accretive growth, selective fleet modernisation and prudent capital allocation. It is targeting growth for all operations except petrochemical, where the focus is on continued right sizing of the business towards a mid-life fleet and driving further cost savings. The division has budgeted R500 million in growth capital expenditure for FY27, in anticipation of securing new contracts.

The phased catch-up fleet replacement programme, following the restructuring-related curtailment of capital expenditure, particularly in the petrochemical operations, remains on track for completion by FY29. Expenditure on this programme amounted to R346 million during the year, with a further estimated R400 million, R350 million and R100 million expected over FY27, FY28 and FY29, respectively. The medium-term operating profit target of R700 million remains unchanged.

DIVISIONAL REVIEW: FELTEX (CONTINUED)

Operating environment

South African vehicle assembly volumes increased by 6% in FY26, with the comparative period impacted by temporary operational constraints at two original equipment manufacturer ('OEM') plants. Domestic passenger, LCV and SUV sales increased by 15%, 14% and 17%, respectively, supported by lower interest rates for much of the year and the continued availability of competitively priced imported models which are not accessorised.

Competitively priced imported vehicles, primarily from China and India, account for approximately 83% of local passenger and SUV sales, while locally produced LCVs retain a dominant market share of approximately 71% (2025 calendar year).

Selected indicators[1]	FY26	FY25	% change
OEM vehicle build	**593 535**	557 516	6
LCV sales	**150 624**	131 992	14
SUV sales	**180 405**	154 542	17
Passenger sales	**266 140**	231 708	15

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

Results discussion

Financial metrics	FY26	FY25	% change
Revenue (Rm)	**2 758**	2 429	14
EBITDA (Rm)	**412**	296	39
EBITDA margin (%)	**14.9**	12.2	2.7
Operating profit (Rm)	**270**	166	63
Operating profit margin (%)	**9.8**	6.8	3.0
Net working capital (Rm)	**211**	199	6
Capital expenditure (Rm)[1]	**106**	112	(5)
Free cash flow before dividends (Rm)	**179**	76	> 100
Net operating assets (Rm)	**1 487**	1 505	(1)
ROCE (%)	**18.0**	10.8	7.2

[1] Includes replacement and expansion capital expenditure

Revenue increased by 14%, driven by higher sales and production volumes across the division's OEM and aftermarket operations. Operating profit improved by 63%, supported by higher volumes, the non-recurrence of model changeover costs incurred in 1H25 and disciplined cost management.

Net working capital was well managed despite holding higher inventory to avoid potential shortages resulting from global supply chain disruptions related to the Middle East conflict. Free cash flow increased by more than 100% to R179 million due to the higher profitability. ROCE improved to 18.0%, supported by stronger profitability and a broadly stable operating asset base.

Outlook

The South African vehicle assembly sector remains exposed to competitively priced imports and shifting global trade flows resulting from United States tariff measures. Exports of a key LCV model have also been affected by legislative changes in a major export market. These factors may moderate vehicle assembly volume growth, despite the launch of a new LCV model in 2H26 and a replacement SUV model planned for 2H27.

In this context, the division remains focused on strengthening its competitive position through cost savings, production efficiencies and localisation opportunities, including product extensions that enable OEMs to increase local content. It is also pursuing selected growth opportunities in the rest of Africa, primarily in the aftermarket, and with new OEMs considering manufacturing investments in South Africa. Engagement with government, both directly and through industry bodies, will continue to support policies aimed at stimulating sustainable sector growth.

DIVISIONAL REVIEW: SLEEP GROUP (CONTINUED)

Sleep Group

Operating environment

The operating environment for the bedding sector was challenging during the year, with consumer demand constrained by pressure on household disposable income and a stronger prior-year base, which benefited from an uplift in spending following the two-pot retirement withdrawals. Consumer purchasing behaviour remained promotion-led, with a continued shift towards more affordable price points. This is reflected in the contraction in the household furniture, appliances and equipment market, which includes bedding.

Selected indicators	FY26	FY25	FY24	FY23	FY22
South Africa retail sales					
Household furniture, appliances and equipment (Rm)[1]	**50 650**	50 106	43 988	43 608	43 746
Household furniture, appliances and equipment (% change)	**1**	14	1	–	–
Household furniture, appliances and equipment (Rm)[2]	**47 702**	49 350	44 748	44 511	43 543
Household furniture, appliances and equipment (% change)	**(3)**	10	1	2	1

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

Results discussion

Financial metrics	FY26	FY25	% change
Revenue (Rm)	**1 831**	1 834	–
EBITDA (Rm)	**178**	215	(17)
EBITDA margin (%)	**9.7**	11.7	2.0
Operating profit (Rm)	**117**	159	(26)
Operating profit margin (%)	**6.4**	8.7	(2.3)
Net working capital (Rm)	**166**	108	54
Capital expenditure (Rm)[1]	**43**	23	87
Free cash flow before dividends (Rm)	**(13)**	146	(> 100)
Net operating assets (Rm)	**1 114**	1 422	(22)
ROCE (%)	**9.2**	11.0	(1.8)

[1] Includes replacement and expansion capital expenditure

Revenue was broadly in line with the prior year, with the modest decline in the bedding operations' revenue offset by the marginal increase in the raw material operations' revenue. Bedding unit sales declined modestly in line with the subdued trading environment. The domestic decline in sales was partly offset by higher sales in the Namibian operations. The raw material operations delivered an improved performance, supported by a recovery in foam, which was driven by cost containment and overhead reductions. However, this was insufficient to compensate for lower bedding unit sales and increased marketing and distribution costs. As a result, operating profit declined by 26%.

Net working capital increased by 54% due to elevated inventory levels as the division secured additional raw materials to avoid potential shortages resulting from global supply chain disruptions related to the Middle East conflict. Free cash flow before dividends and ROCE declined due to the lower profitability and higher working capital.

Outlook

Consumer confidence remains low, and subdued economic growth forecasts are not expected to support a meaningful, broad-based recovery in consumer spending. Against this backdrop, the division expects trading conditions to remain challenging and will focus on initiatives aimed at supporting market share gains in a subdued and competitive environment.

These priorities include extending the product range beyond the middle-market segment into premium and entry-level offerings, following the launch of both the premium Genessi range and entry-level products during the year. The division is also expanding its routes to market through entry into selected African territories, supported by the acquisition of a bedding manufacturer in Botswana during the year to enhance growth prospects in the Botswana and Zambian markets.

The division will further focus on continuous improvement and differentiation to drive growth in volumes, revenue and market share across the bedding and raw materials sectors. At the same time, it will pursue improved efficiencies, cost savings and procurement initiatives to strengthen competitiveness and address underperforming areas.

DIVISIONAL REVIEW: OPTIX (CONTINUED)

Operating environment

The global video telematics market continues to benefit from demand for technologies that improve fleet efficiency, productivity and safety. Telematics help fleet owners optimise routes, reduce mileage and fuel consumption, improve vehicle utilisation and enhance delivery predictability. Video, AI and machine learning ('ML') are strengthening these capabilities by converting vehicle and driver data into actionable insights that support more efficient driving, predictive maintenance and operational decision-making. Video and AI/ML technologies also enhance safety by identifying risky driving behaviours, driver distraction and, increasingly, fatigue, enabling real-time alerts and targeted driver coaching interventions.

The competitive environment is therefore shifting towards integrated platforms that demonstrate measurable improvements in operational efficiency and risk reduction, with greater emphasis on software, analytics and recurring services as hardware becomes increasingly commoditised.

Optix is a global leader in fatigue management, with technology that prevented more than 100 000 fatigue-related incidents in the prior year.

Results discussion

Financial metrics	FY26	FY25	% change
Revenue (Rm)	**544**	602	(10)
EBITDA (Rm)	**(48)**	20	(> 100)
EBITDA margin (%)	**(8.8)**	3.3	(12.1)
Operating profit (Rm)	**(96)**	(44)	(> 100)
Operating profit margin (%)	**(17.6)**	(7.3)	(10.3)
Net working capital (Rm)	**194**	147	32
Capital expenditure (Rm)[1]	**61**	54	13
Free cash flow before dividends (Rm)	**(208)**	(89)	(> 100)
Net operating assets (Rm)	**345**	416	(17)
ROCE (%)	**(25.2)**	(7.4)	(17.8)

[1] Includes replacement and expansion capital expenditure

The division achieved a 74% increase in subscriptions, reflecting continued progress in growing recurring revenue. However, this growth was more than offset by a 37% decline in hardware sales in a highly price-competitive market, resulting in a 10% decrease in revenue.

Revenue growth continues to be constrained by the pace of sales pipeline conversion, which has shown improvement during the year, but remains below targeted levels. The operating loss widened to R96 million, primarily due to increased investment in product development and executive, sales and operational capacity to support pipeline development and accelerate conversion.

Working capital increased, mainly due to higher inventory levels held in anticipation of expected sales. Free cash flow before dividends declined by more than 100%, reflecting the impact of lower profitability.

The remaining R122 million intangible asset relating to the division's Australian operations, recognised on the acquisition of Optix, was impaired. This is due to the division's continued underperformance, owing primarily to sub-optimal sales pipeline conversion, which led to revised expectations of future performance.

Outlook

The division is focused on increasing its sales pipeline conversion and developing differentiated products, particularly in the fleet efficiency and driver safety space. Additionally, it entered further strategic partnerships with leading international operators, which provide growth opportunities in existing and new territories and reduces supplier concentration risk. Its current agreement with Lytx has to be renewed in December 2026, which is seen as a low risk at this stage. The division presently has devices in 73 countries and provides support from South Africa, Australasia and the United Kingdom.

A restructuring was undertaken during the year, following technology investments, to better align roles and resources with operational requirements.



5

SUSTAINABILITY REPORT

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EMBEDDING SUSTAINABILITY IN VALUE CREATION

Sustainability considerations form part of how we manage value creation: balancing commercial priorities with the resources, relationships and trade-offs that influence resilient and sustainable performance over time.

Our approach to sustainability

Sustainability supports KAP's purpose of creating lasting economic and social value, and our strategy of delivering sustainable, value-accretive growth for our key stakeholders. It is considered where material and commercially relevant and is incorporated into divisional strategies through our core business principles: value-add/differentiation, operational excellence, best employees and strategic stakeholder relationships. These principles guide the delivery of fit-for-purpose products and services, strengthen competitive positioning and support disciplined execution of the group's strategy.

Our approach recognises that long-term performance depends on the effective management of the resources, relationships and operating context on which our businesses rely. Commerciality remains an underpinning principle: sustainability considerations are integrated into how our businesses operate, compete, allocate capital and respond to changing market conditions where they are material, practical and aligned with value creation.

Business decisions often require trade-offs between commercial, social and environmental considerations. We assess these trade-offs alongside operational, strategic and financial priorities to protect enterprise value and support appropriate social and environmental outcomes. Responsible business conduct is a baseline expectation and guides the way in which KAP engages with customers, employees, communities, suppliers and other stakeholders.

Governance and accountability

Sustainability-related risks and opportunities are overseen through KAP's established governance framework. The board and relevant board committees provide oversight of material sustainability-related matters, while management is responsible for assessing and managing these matters within the group's businesses and risk management processes.

Further detail on the responsibilities of the board and committees, the frequency and nature of sustainability-related reporting, relevant skills and competencies, and management's role in assessing and managing sustainability-related risks and opportunities is provided in the Corporate governance report on page 78.

Materiality, value creation and sustainability

Material matters are those matters that could affect the group's ability to create value for key stakeholders over the short, medium or long term. These are identified through a quantitative and qualitative group materiality assessment that considers both the potential effect on KAP and the matters we believe are important to our key stakeholders. Sustainability matters are assessed as part of this broader process, ensuring they are considered in the context of strategy, performance and value creation.

This approach recognises that sustainability matters may be material for different reasons. Some may have a direct or potential financial effect through revenues, costs, cash flows, access to finance or the cost of capital, recognising that certain financial impacts are difficult to quantify, for example, those related to climate change. Others may be material because of the group's impact on employees, communities or the environment, even where the financial effect is not yet evident or not deemed material.

Conducted annually, our materiality assessment considers stakeholder perspectives, the nature of our impacts, the operating environment, and related risks and opportunities. Our material matters identified through this process are grouped under themes, which are reviewed and approved by the board. KAP's material themes are interlinked and include:

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

For integrated reporting purposes, our materiality threshold has an impact of more than R32 million on operating profit or net operating assets. This threshold is lower than the threshold applied in our enterprise risk framework and is supplemented by consideration of matters important to key stakeholders. As a result, certain of the matters discussed in the Sustainability report may not be reflected in the enterprise risk framework, but remain relevant to the group's broader assessment of value creation, stakeholder expectations and responsible business practices.

Sustainability priority areas

Within our material themes, we have identified six sustainability priority areas, where matters important to the group align with those we believe are important to key stakeholders. These priority areas reflect where management is increasing focus, where the group has practical opportunities to improve performance, and where actions can support strategy execution, resilience and long-term value creation. Our priority areas, which are underpinned by responsible business practices, are summarised below:

- Attracting and retaining talent
- Health and safety
- Community development
- Energy management and GHG emissions
- Water management
- Waste management

Importantly, we report on our priority matters in the IR and include topics that support these matters.

For ease of reference, our priority matters are grouped and discussed under the relevant material themes in the following sections: Creating an empowered and engaged workforce, Delivering social value and Driving resource efficiency. The Responsible business practices section provides a summary of the key principles guiding our conduct with stakeholders.

We report on the group's priority areas across all divisions, except for environmental priority areas, where Optix is excluded as its contribution is not material to the group.

CREATING AN EMPOWERED AND ENGAGED WORKFORCE

We believe that a motivated and engaged workforce contributes to a sustainable competitive advantage for the group and impacts society positively. We are committed to attracting, retaining and developing the best people, cultivating a people-centred safety culture and promoting an inclusive workplace that strengthens a sense of belonging.

Key messages

- During the year, we increased our focus on leadership capacity, clearer expectations and stronger accountability which supported improved people, safety and financial performance outcomes.
- We continued to invest in capability, with training and development expenditure increasing to R146 million (FY25: R118 million).
- Safety performance improved meaningfully as we focused on embedding a people-centred safety culture in the group, with DIFR reducing from 1.1 to 0.6 and no on-site fatalities recorded.
- Our workforce decreased by 5%, largely due to disposals, contract losses and operational closures at Unitrans, while our voluntary turnover rate remained at 3%.
- We made progress in selected diversity indicators, including higher black representation at senior management level and an increase in female representation in management, while broader transformation remains a continued focus.

Attracting and retaining talent

Why this is a sustainability priority

Our operations are people-intensive, and several businesses require specialised technical, operational and leadership capability. The availability and retention of these skills directly influence strategy execution, operational reliability and customer delivery. Competition for experienced leaders and scarce technical skills, together with emigration and limited external talent pipelines in some sectors increase the importance of retaining critical skills and developing internal capability.

Our objectives and targets

- Attracting and retaining the best people in the right roles to deliver the group strategy
- Retaining critical leadership and technical skills
- Strengthening succession and internal talent pipelines

Our strategic response

During the year, we increased our focus on leadership capacity, clearer expectations and accountability for people, safety and financial performance outcomes. Additionally, we continued to align organisational structures, key performance indicators ('KPIs') and incentives with the group's strategic objectives. These actions support strategy execution and strengthen our ability to attract, develop and retain critical skills, reflected in a much-improved financial performance for the year and improved people and safety outcomes.

We continued to improve the visibility of talent and capability across the group so that our divisions can identify, develop and deploy people more effectively and support succession in critical roles. Additionally, we continued to invest in learning and development, internships, learnerships, apprenticeships and related programmes to build capability and support scarce and critical skills pipelines in the group.

We are working towards creating an engaged, inclusive and measurable high-performance culture, a multiyear focus. We aim to create an environment in which employees have clarity on expectations, access to development opportunities, and the ability to contribute to operational excellence and sustainable performance.

We are further strengthening human capital governance, technology and analytics to support our efforts by improving workforce visibility and decision-making.



CREATING AN EMPOWERED AND ENGAGED WORKFORCE (CONTINUED)

Performance

Workforce profile and retention

We employed 12 448 permanent and 3 734 seasonal, fixed-term and temporary employees during the year. Seasonal employees are primarily employed in Unitrans' agriculture operations and length of employment varies depending on the timing of harvesting seasons in different territories.

Our workforce decreased by 5% during the year, largely due to disposals, contract losses and operational closures at Unitrans. South Africa remains the group's primary employment base, with 79% of the total workforce located in the country. Our voluntary turnover rate remained at 3%, with critical skills retained during the year.

Workforce per division	Permanent	Seasonal	Other[1]	Total	% change from FY25
PG Bison	**2 076**	–	284	2 360	10
Safripol	**402**	–	47	449	0
Unitrans	**6 428**	1 674	618	8 720	(12)
Feltex	**1 517**	–	819	2 336	(1)
Sleep Group	**1 640**	–	282	1 922	8
Optix	**347**	–	7	354	6
Corporate services	**38**	–	3	41	(11)
Total	**12 448**	1 674	2 060	16 182	(5)

[1] Includes fixed-term and temporary employees

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.

During the year, training and development expenditure amounted to R146 million (FY25: R118 million). We offered internships, learnerships and apprenticeships worth R71 million to both employees and unemployed learners as part of our human capital development programme, with our total training initiatives amounting to 5 708 (FY25: 7 615). We offer both on-site and off-site training by accredited providers.

Health and safety training formed part of our broader training and development activity, with R4 million invested during the year. This training reached 2 587 employees.

Training and development expenditure	FY26	FY25	FY24
Bursaries and institution-based training	**6**	7	7
Internships, learnerships and apprenticeships	**71**	63	66
Work-integrated learning	**9**	7	6
Informal training	**10**	13	9
Other in-house-related training costs	**50**	28	34
Total	**146**	118	122

Diversity and inclusion

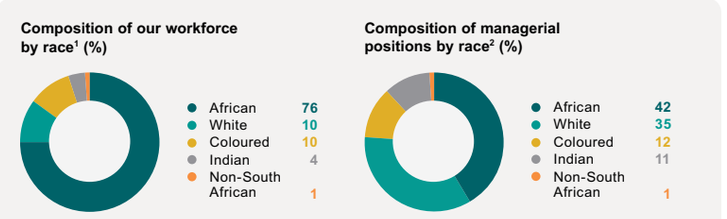
A diverse and inclusive workforce supports our ability to attract and retain talent and contributes to an environment where employees can participate and develop fairly. We therefore continue to focus on transformation, EE, diversity and inclusion as part of our broader people practices.

Our divisions continue to make progress in identifying and eliminating barriers to EE. As a group, we have a Level 4 B-BBEE rating, with divisions being rated individually between Levels 2 and 4.

The recently published EE Regulations prescribe binding sectoral EE targets and require all divisions based in South Africa with more than 50 employees to update their EE plans and set targets in accordance with the sectoral targets. Our divisions have updated their plans accordingly. We have implemented an EE management system to strengthen EE governance, compliance monitoring and reporting.

Race diversity

Our permanent workforce comprises 90% black employees, unchanged from the prior year, and 66% (FY25: 65%) of management (junior management and higher) comprises permanent black employees. On a senior management level, black employees comprise 20% (FY25: 15%) of total positions. We remain 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.



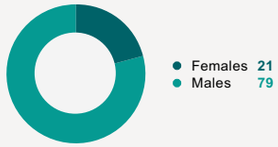
[1] Reference to permanent South African employees
[2] Reference to permanent South African employees, junior managers and above
Note: Percentages have been rounded and totals may therefore not add up to 100.

CREATING AN EMPOWERED AND ENGAGED WORKFORCE (CONTINUED)

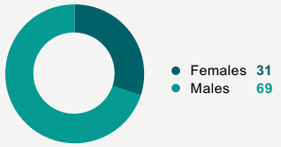
Gender diversity

Management has set internal targets to improve gender diversity in leadership positions, and to improve female representation across all operations. At board level, 30% of our directors are female, with 20% of the board comprising black females. Females comprise 21% (FY25: 21%) of our permanent workforce and hold 31% (FY25: 30%) of managerial positions (junior management and higher). On a senior management level, females hold 18% (FY25: 19%) of total positions.

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



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



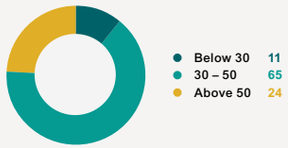
[1] Reference to permanent South African employees.
[2] Reference to permanent South African employees, junior managers and above.

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 proactively a large pool of candidates and to track their career progress over time to give us the ability to employ them when an opportunity arises.

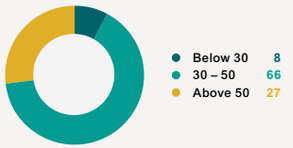
Age diversity

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.
Note: Percentages have been rounded and totals may therefore not add up to 100.

We are also committed to providing an accommodating work environment for people with disabilities. Of our employees, 47 permanent employees (FY25: 42) and 239 (FY25: 277) learnerships are people with disabilities.

Health and safety

Why this is a sustainability priority

Protecting the health and safety of our employees and contractors is central to how we operate. Many of our activities involve potential occupational and operational risks, and we have a responsibility to manage these risks with care. Our aim is that our employees and contractors can do their work safely and return home unharmed each day. Sound health and safety practices also support reliable operations and business continuity.

Our objectives and targets

- Providing a safe working environment for employees and contractors
- Reinforcing a zero-harm mindset, with a DIFR target of less than 1
- Maintaining zero on-site-fatalities target

Our strategic response

We focus on creating a people-centred safety culture through clear leadership, effective controls, practical training and consistent daily operating discipline. Leaders at all levels are accountable for maintaining safe workplaces, embedding safety considerations into decision-making and fostering a culture in which employees and contractors are encouraged to identify and address risks. Accountability is reinforced through our performance management processes, with health and safety outcomes forming part of management KPIs.

To manage health and safety risks effectively and support the health and safety of our employees, we apply safety management systems, processes and procedures aligned with the Occupational Health and Safety Act. These cover employees, contractors and members of the public who enter our facilities or sites. Several facilities are ISO 45001:2018 accredited.

Health and safety performance is monitored through established governance structures. Legislative compliance is overseen through the audit and risk and compliance committees, while incidents, DIFR performance and the safety of the working environment are reported to the board.

We invest in ongoing training to ensure employees and contractors have the skills and knowledge required to work safely and identify potential hazards. All employees and contractors receive health and safety training on induction, annual refresher training and role-specific training tailored to their working environment and operational risks.

Our occupational health and safety framework includes risk assessments, incident reporting and investigations, internal and external audits, management reviews and continuous improvement initiatives. These processes apply to both existing operations and new projects and help ensure that lessons learned are translated into practical measures that strengthen workplace safety and reduce recurrence.

Some of our manufacturing operations use equipment and raw materials that may create safety risks if not managed properly. Employees and contractors working in these environments receive role-specific training, including for activities such as working at heights, confined spaces, lockout procedures and safe work practices.

In our supply chain and operational services' operations, road safety remains a material risk. We address this through investment in safe vehicles, suitable technology, driver training and broad-based road transport safety campaigns for our truck drivers. Optix supports road safety through video telematics, fatigue solutions and predictive analytics.

CREATING AN EMPOWERED AND ENGAGED WORKFORCE (CONTINUED)

Performance

The group reported a meaningful improvement in DIFR during the year as divisions focused on embedding a people-centred safety culture and further strengthening preventative initiatives and controls. No on-site fatalities were reported during the year (FY25: 3).

Reportable occupational injuries and diseases	FY26	FY25	FY24
Employees			
Lost-time injuries ('LTI')	**138**	254	234
Occupational diseases	**5**	1	2
COID (no lost time)	**90**	66	114
Total COID	**233**	321	350
Contractors			
LTI	**14**	20	16
Total	**247**	341	366
DIFR	**0.6**	1.1	1.1

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. The clinics 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 supply chain and operational services' 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.

Employee relations, well-being and human rights

Alongside our sustainability priorities, we continue to focus on constructive employee relations, fair employment practices, employee well-being and respect for human rights. These practices support the broader objective of creating an environment in which people can thrive and contribute to the execution of our strategy.

Constructive engagement with employees is important to the sustainability of our business. We comply with applicable labour and employment legislation in all countries in which our businesses operate. We endeavour to maintain sound relationships with our key stakeholders, including industry organisations and trade unions, and seek to create an environment that supports mutually beneficial outcomes and collective agreements. We also participate in relevant industry collective bargaining structures, including bargaining councils and employer organisations. Trade union representation remains an important platform for engagement, with 59% of our South African workforce belonging to collective bargaining units in FY26.

Union representation increased in PG Bison due to the appointment of new employees who joined a union whereas it declined in Unitrans due to disposals, contract losses and operational closures.

Union representation in the group (%)	FY26	FY25	FY24
PG Bison	**76**	60	63
Safripol	**40**	41	41
Unitrans	**38**	60	73
Feltex	**61**	61	61
Sleep Group	**80**	79	89
Optix	**–**	–	–
Average	**59**	60	70

Note: Optix has no union representation.

Human rights considerations relating to employees are addressed through the group's policies and practices, with further information provided in the Responsible business practices section on page 76.

Outlook

In FY27, we will continue to strengthen leadership capability, succession planning and internal talent pipelines, with a focus on scarce and critical skills. We will further embed performance management, accountability and workforce analytics to improve visibility of capability, retention risks and development needs across the group.

We will also maintain our focus on safety, well-being, diversity and constructive employee relations. Priorities include reinforcing a zero-harm mindset through a people-centred safety culture, supporting compliance with amended EE requirements, improving employee engagement and ensuring that our people practices remain aligned with responsible business practices and sustainable value creation.

DELIVERING SOCIAL VALUE

We support resilient communities and more stable operating environments by investing in practical community development initiatives, advancing local economic participation and partnering to address infrastructure, service delivery and socioeconomic challenges in the communities in which our divisions operate.

Key messages

- Partnerships contributed to responses to infrastructure, service delivery and local socioeconomic challenges that can affect employees, communities and business continuity.
- SED investment of R31 million (FY25: R32 million) supported education, nutrition, youth development, recycling and community resilience initiatives in communities linked to our operations.
- Education and youth development programmes reached learners, teachers and young people through initiatives such as CREATE, Safe-Hub and related skills-development pathways.
- Programme outcomes included an 88.4% average National Senior Certificate pass rate at participating Ugie schools, 2 678 children reached through nutrition programmes, nearly 90 000 learners reached through recycling education and 264 tonnes of waste diverted from landfill.
- ESD investment increased to R68 million (FY25: R66 million) and 74% of qualifying South African procurement spend was directed to suppliers rated B-BBEE Level 4 or better.

Community development

Our communities include fenceline communities – those directly adjacent to our sites – and the broader areas from which we draw employees, suppliers and other stakeholders.

Why this is a sustainability priority

Six of our largest sites are located in five municipalities where deteriorating infrastructure and unreliable service delivery affect both community well-being and business continuity. These include the Mkhondo and Elundini local municipalities and the Ekurhuleni municipality, where three PG Bison sites are located; the Metsimaholo local municipality, where Safripol's HDPE and PP sites are located; and the eThekwini metropolitan municipality's Jacobs district, where Safripol's PET and Feltex's sites are located.

Infrastructure constraints, service delivery failures, crime, unemployment and inequality affect communities and employees who live there. Community development can help mitigate some of these risks by supporting local resilience, inclusive economic participation and more stable operating environments, although these challenges require broader collaboration across business, government and civil society.

We therefore treat community development as both a business resilience and social investment priority.

Our objectives and targets

- Providing SED and ESD that have a positive and lasting impact on the communities in which we operate
- Supporting municipal infrastructure maintenance and service delivery

Our strategic response

Our response starts with responsible operations, including managing environmental and social impacts, complying with legislation and engaging stakeholders constructively. We then use our resources, supply chains and partnerships to address relevant community needs within our operating footprint. Our activities focus on three areas:

- investing in SED programmes focused on education, nutrition, youth development and relevant local community needs;
- contributing to economic participation through ESD, preferential procurement and support for small and black-owned businesses, including initiatives linked to B-BBEE requirements; and
- partnering with municipalities, businesses, community structures, NGOs and NPOs to support infrastructure, service delivery and community development priorities.

ESD and B-BBEE are mechanisms through which we support community development, broaden economic participation and strengthen local economic resilience.

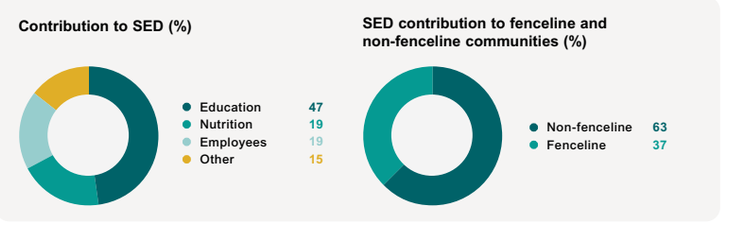
Our performance

Our FY26 performance reflects sustained investment in SED and ESD, programme reach across education, nutrition, youth development and recycling initiatives, and partnerships focused on infrastructure and service delivery challenges.

Investing in SED programmes

We work with NGOs and NPOs that have local expertise to improve the reach and effectiveness of our community development activities. Our investment focuses mainly on childhood nutrition, education, youth development and other local priorities that support employability and community resilience.

Our SED contribution was R31 million in FY26 (FY25: R32 million). This investment supported education, nutrition, youth development, recycling and community resilience initiatives in communities linked to our operations.



PG Bison is the largest contributor to group SED, reflecting the scale and location of its operations, followed by Safripol and Unitrans. The SED examples provided on the following page highlight the most material education, nutrition, youth development and recycling initiatives supported by these divisions. Other divisions also contribute to SED in line with the scale of their operations and local community needs.

DELIVERING SOCIAL VALUE (CONTINUED)

The Ugie and Mkhondo CREATE education programmes: The Ugie CREATE programme, launched in 2009, supports school infrastructure, learning materials, and teacher development for primary and high school learners in the rural communities of Ugie and Maclear (Nqanqarhu) in the Eastern Cape, where PG Bison operates. It also supports learners through career guidance, skills development and youth employment initiatives.

The programme is delivered in partnership with Infundo, an independent Level 2 B-BBEE social enterprise consultancy specialising in educational development, and supports 10 schools in the district, serving more than 8 000 learners.

The programme has contributed to sustained improvement in education outcomes by creating a community for growth which has included investing across the education system, introducing Mathematics and Physical Science tutoring, teacher development, learner programmes, school leadership and digital connectivity. Participating schools received an average National Senior Certificate pass rate of 88.4% in 2025 compared with 85.2% in 2024 and 61.5% in 2020. It supports the retention of young people in the education system through to matric and provides unemployed youth with work-based learning opportunities within the CREATE programme.

Building on the success of Ugie CREATE, the Mkhondo CREATE initiative was launched in 2021, also in partnership with Infundo. It applies the same developmental principles, while responding to the specific needs of the Mkhondo community, enabling learning between the two initiatives and increasing the scale and effectiveness of PG Bison's educational impact. In FY26, the programme engaged 1 854 learners and 131 teachers, to strengthen learner well-being, future readiness and school retention while enhancing schools' capacity to respond to academic and psychosocial challenges and expanding pathways to post-school opportunities.

Safe-Hub provides children in the Knysna area with nutrition and access to education from pre-primary to tertiary level. Its youth development programme creates pathways through sport, education, training and leadership development. The facility employs 20 people from the local community every year, including 13 young people placed in NQF Level 4 learnerships, supporting skills development and local employment outcomes.

In partnership with the Startwell Foundation, Safripol supplies protein-rich cereal daily to early childhood development ('ECD') centres in their fenceline communities in the Durban South Basin, Zamdela in Sasolburg, and across South Africa in areas where childhood stunting is prevalent. The programme addresses nutrition deficiencies that contribute to childhood stunting and supports healthier learning foundations for young children.

In FY26, the programme benefited 2 678 children (FY25: 2 678), maintaining a broad reach in communities where early nutritional support can have a long-term impact on learning, health and development outcomes.

Schools recycling programme: Safripol supported Isphepho's Schools Recycling Programme and Plant the Seeds' Zero Waste Toolkit, helping to embed recycling practices in community schools and build greater awareness of responsible waste management. During FY26, nearly 90 000 learners across 122 schools participated, with 264 tonnes of recyclable material recovered and diverted from landfill. The programme also supported youth employability: 26 young people were supported through the Youth Employment Service and Afrika Tikkun IDC Social Employment Fund programmes, providing workplace experience and skills development opportunities. Two community-based buy-back centres, Isphepho and Indaloyami, were supported through the programme.

Supporting economic participation

Our contribution to social value extends beyond direct community investment. We also use our supply chains and commercial relationships to support inclusive economic participation, supplier capability and local economic resilience, in line with the objectives of B-BBEE.

We contributed R68 million (FY25: R66 million) to ESD programmes, supporting small and black-owned businesses through early payment terms, interest-free financing, machinery and tools, training and other targeted support. Preferential procurement declined, with 74% of qualifying South African procurement spend directed to suppliers rated B-BBEE Level 4 or better (FY25: 78%).

These activities strengthen local supplier ecosystems, support participation in our value chains and contribute to employment and economic activity in communities linked to our operations.





DELIVERING SOCIAL VALUE (CONTINUED)

The impact of partnerships

Many of the challenges facing our communities are systemic and require collaboration between business, government and civil society. We therefore use partnerships to address practical service delivery, infrastructure and community development priorities in the areas where we have an operating presence.

These partnerships help reduce operational risk, support municipal infrastructure maintenance and service delivery, and improve the liveability of the communities in which our employees and other stakeholders live. Examples include:

- In 2011, PG Bison partnered with the Elundini and Joe Gqabi District Municipalities under the Business-Adopt-A-Municipality programme and implemented various SED initiatives, which included disaster management and revitalisation of the small towns of Nqanqarhu 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 Business Retention and Expansion ('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 collectively to 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.

These initiatives use our operating presence, relationships and capabilities to address local priorities and support a more resilient operating environment.

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 certificate is available on our website.

Group B-BBEE rating	FY26	FY25	FY24	Weighting
Equity ownership (%)	**20.63**	20.82	20.00	25
Management control (%)	**6.87**	8.59	7.30	19
Skills development (%)	**15.86**	14.32	13.51	20
Preferential procurement (%)	**22.28**	23.85	23.98	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	**85.64**	87.58	84.79	
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.

Outlook

We are establishing the KAP Foundation as a dedicated non-profit platform to enhance the group's social development programmes. The foundation will focus on ECD and nutrition, education and skills development, community health and well-being, youth development, ESD, and critical local infrastructure. It will work with our divisions and selected NPOs to improve the reach of community investment.

The KAP Foundation will initially be funded from unclaimed funds remaining after the unwinding of the Sikhulasonke employee share schemes.

DRIVING RESOURCE EFFICIENCY

Our environmental approach supports operational resilience through deliberate strategies, responsible practices and appropriate technologies that improve resource efficiency, strengthen cost competitiveness and enable the group to manage natural resources more responsibly while reducing its environmental impact.

Energy management and GHG emissions

Why this is a priority

The group uses a range of energy sources across its logistics and manufacturing operations, with annual energy costs of approximately R3 billion.

Electricity supply interruptions present a risk to operational continuity, remain vulnerable to infrastructure failures and disruptions, as well as cable theft, which present a risk to operational continuity. Furthermore, energy costs escalations could affect competitiveness. Over the past five years, Eskom electricity tariffs have increased by more than 60% on a cumulative basis.

Additionally, Sasol has informed industry that the supply of natural gas is expected to cease around 2028 as its gas reserves in Mozambique are depleted, although it has announced plans to supply methane-rich gas as an alternative to industry until mid-2030. The group's main user of natural gas is Safripol's Durban site.

Emissions associated with our energy use contribute to climate change, which is discussed separately in the Climate change section.

Key messages

- Environmental performance improved broadly during the year, with further gains in resource efficiency and resilience targeted.
- Energy use fell by 8% to 7 906 TJ (FY25: 8 581 TJ) driven by lower diesel use following disposals, contract losses and operational closures in Unitrans.
- Scope 1 and 2 GHG emissions decreased by 1% to 790 149 tCO_2e (FY25: 800 735 tCO_2e), nearing the FY30 target. Carbon sequestered by PG Bison's plantations and wood-based panels is reported separately from group emissions.
- The group's 19 MWp PV capacity met 7% of electricity demand and has delivered cost savings of R174 million since FY23.
- Water use rose by 7% to 1 433 ML (FY25: 1 340 ML), mainly due to higher PG Bison production, while reuse increased by 24% to 277 ML (FY25: 224 ML).
- Waste generated decreased by 5% to 33 083 tonnes, with 54% reused or recycled.

Our objectives and targets

- Sustainability and consistency of energy supply
- Energy optimisation and reduction, where possible
- Increase self-generation to mitigate cost escalation
- Increase procurement from cost-competitive independent power producers ('IPPs')
- FY30 Scope 1 and 2 GHG emissions target: 10% below FY23[1] baseline

[1] FY23 baseline of 874 252 tCO_2e adjusted to include expected emissions from PG Bison's new MDF line at full production

Our strategic response

Our energy strategy focuses on how 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 reduced emissions over time. The group is focusing on the following initiatives:

- **Improved energy measurement systems:** We have installed digital online meters for electricity, PV and natural gas across all major sites to ensure accurate measurement.
- **Energy efficiency:** We have completed an energy-efficiency programme and energy-efficient operating practices are now embedded across the group.
- **Sustainable energy supply:** We have designed microgrids for all our major sites to enable blended, reliable and cost-effective energy supply. A pilot microgrid project is being implemented at Safripol Durban to validate this approach and support broader deployment across the group.
- **Renewable energy:** The current installed base for PV in the group is 19 MWp. Safripol will install another 5 MWp at its Sasolburg site in FY27 and we are evaluating further PV projects across the group, subject to our capital allocation priorities.
- **Natural gas:** We investigated the use of alternative fuel sources in the group, following which we are progressing to replace natural gas with LPG at two sites. Additionally, KAP is a member of IGUA-SA, which is leading a formal process to secure natural gas supply ahead of potential gas shortages and safeguard long-term energy security for industry.

Read more: Risks and related opportunities 33

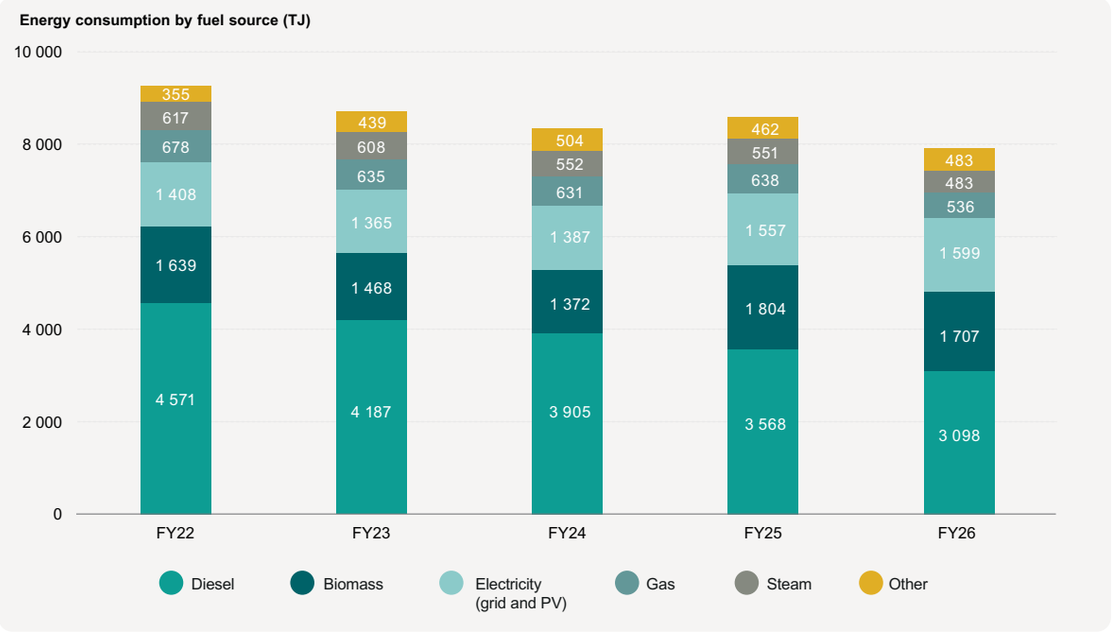
DRIVING RESOURCE EFFICIENCY (CONTINUED)

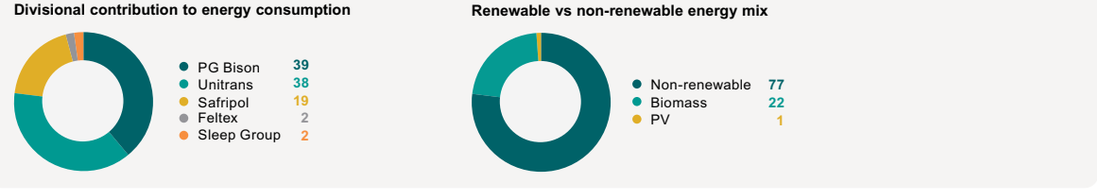
Performance

Energy mix and consumption

The group's energy consumption amounted to 7 906 TJ during the year, an 8% decline from the prior year, mainly due to lower diesel consumption in Unitrans.

Approximately 23% (FY25: 22%) of the group's energy consumption was from renewable sources, comprising biomass and PV.





We provide more detail on the five largest energy contributors in the group below:

Diesel: Diesel consumption amounted to 87 ML, a 13% reduction from the prior year, mainly due to an 18% decrease in kilometres travelled by Unitrans. The decrease was mainly driven by the disposal of a commuter contract in FY25, the loss of a contract and subsequent closure of passenger operations in Mozambique, and the disposal of petrochemical operations in Eswatini. The transition to electric forklifts at Feltex and Safripol, and two commercial shutdowns at Safripol's PET plant in Durban, also supported the reduction. Unitrans accounts for 96% of group diesel consumption.

Electricity: Electricity consumption amounted to 444 275 MWh, a 3% increase from the prior year, mainly due to higher production from PG Bison's new MDF line. Approximately 7% (FY25: 7%) of electricity was supplied by PV plants. PG Bison and Safripol remain the group's largest electricity consumers. Energy-efficiency programmes and embedded operating practices helped partly offset the increase associated with the increased production. The group's 19 MWp PV capacity has reduced energy costs by R174 million since FY23.

Biomass: PG Bison uses biomass to generate heat and steam for operations. Externally purchased biomass used for energy amounted to 109 393 tonnes, a 5% decrease from FY25, due to increased use of generated biomass. Improving measurement of generated biomass remains a reporting priority.

Gas: Gas consumption amounted to 536 TJ (FY25: 638 TJ), of which natural gas comprised 21%, with methane-rich gas making up the balance. Safripol's PET plant in Durban is the group's largest consumer of gas and uses gas to generate heat for its processes. The 16% decline in consumption was primarily due to the two commercial shutdowns at the PET plant during the year.

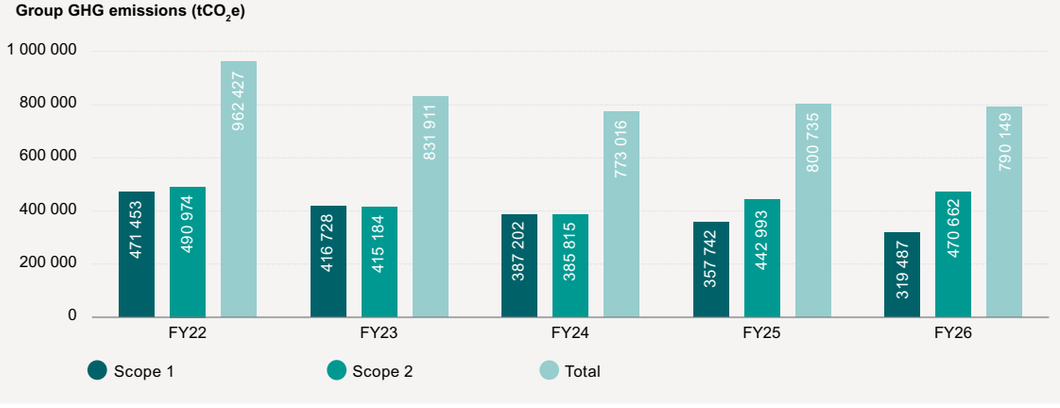
Steam: Steam consumption decreased by 12%, reflecting efficiency benefits from the HDPE extruder and upgrade project completed in FY24 and in operation in FY25.

DRIVING RESOURCE EFFICIENCY (CONTINUED)

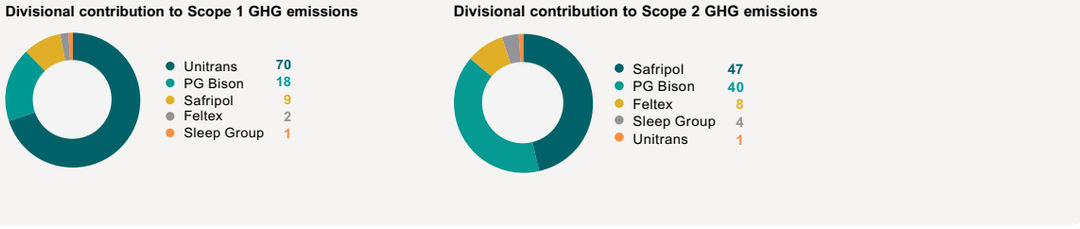
GHG emissions

Our carbon footprint is prepared in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, using the operational control approach. We use emission factors from the 2006 IPCC Guidelines and align with the latest Global Warming Potentials in the Intergovernmental Panel on Climate Change ('IPCC') 6th Assessment Report. During the year, we updated the steam emission factor based on information received from Sasol and the grid electricity emission factor based on the latest update from the DFFE.

Using the updated factors, Scope 1 and 2 GHG emissions amounted to 790 149 tCO_2e, a 1% decrease from the prior year. The reduction was mainly attributable to lower kilometres travelled by Unitrans.



Scope 1 emissions accounted for 40% of our carbon footprint, with Unitrans the main contributor due to diesel consumption in its transport fleet. Scope 2 emissions accounted for 60% of our carbon footprint, with Safripol and PG Bison the largest contributors due to electricity consumption at their plants.



The following factors influenced the group's Scope 1 and 2 GHG emissions for the year relative to our FY23 baseline:

- The 19 MWp PV capacity installed in FY23 and FY24 offset 26 656 tCO_2e during the year.
- The HDPE conversion and extruder project completed in FY24 improved energy efficiencies and lower emissions for the plant.
- Unitrans' fleet size reduced by 21% and reflects the division's strategic focus on contract rationalisation, with lower-return contracts exited in favour of higher-return opportunities and improved utilisation of its asset base.
- An updated grid emission factor resulted in a 3% increase in our FY26 emissions compared with the baseline.

During the year, the group purchased renewable energy credits to offset 4 273 tCO_2e relating to a customer contract; however, we do not yet consider this in the calculation of our carbon footprint.

Our operations also contribute to carbon absorption and avoided emissions through PG Bison's plantations, carbon stored in wood products, externally purchased waste that is recycled, and internally recycled products. These elements are not used to offset the group's reported carbon footprint, although PG Bison's verified sequestration is considered in its carbon tax calculations.

DRIVING RESOURCE EFFICIENCY (CONTINUED)

Case studies

Carbon absorption through forestry operations

PG Bison's plantations play a role as carbon sinks, while its products store carbon over the long term. The carbon absorbed by the plantations and stored in PG Bison's wood products is quantified and submitted to the DFFE annually for validation. This carbon absorption contributes to reducing PG Bison's annual carbon tax liability.

For the 2025 calendar year, the DFFE approved 153 002 tCO_2e (2024: 238 344 tCO_2e) of carbon absorbed by PG Bison's plantations. Additionally, it approved 299 021 tCO_2e (2024: 288 052 tCO_2e) for carbon stored in its wood products. These amounts are relevant to PG Bison's carbon tax position and should not be interpreted as offsetting the group's reported carbon footprint.

Carbon absorption through recycling

Connacher, a textile recycling business within Feltex, diverts textile waste from landfill, avoiding methane emissions that would otherwise arise as the waste decomposes. It also displaces virgin flexible polyurethane foam, a fossil-fuel-derived material associated with emissions during manufacture.

Although we do not verify the emissions avoided through Connacher's activities annually, we recently verified that, over the period 1 July 2022 to 30 June 2025, Connacher offset emissions amounting to 63 234 tCO_2e, after accounting for project-related electricity and diesel use.

The group also recycles waste internally for use in its own products. However, the emissions saved by avoiding virgin material are not determined annually.

Climate change

We recognise that climate change may affect the group's operating environment and that our operations contribute to GHG emissions. We therefore consider climate-related risks, opportunities and reporting expectations as part of our broader risk management, capital allocation and operational planning processes.

Climate change risks

Based on a high-level assessment performed by a climate change consulting group during FY24, we assessed the potential impact of climate change on our operations. The assessment applied the framework developed by the Task Force on Climate-related Financial Disclosures, which is now embedded in IFRS S2 and defines two main categories of exposure:

- Transition: risks and opportunities associated with the transition to a low-carbon economy; and
- Physical: risks and opportunities associated with changes in the physical climate.

All transition risks and opportunities were assessed against the International Energy Agency's most ambitious transition scenario, Net Zero Emissions by 2050. The assessment indicated that the group's highest transition risks are policy and legal risks, primarily relating to enhanced reporting obligations and increased pricing of GHG emissions.

From a carbon tax perspective, this risk is currently not material for the group. In FY26, the group's carbon tax amounted to c. R2 million. Based on our assumptions regarding the potential evolution of carbon tax rates and allowances, we estimate that this could increase to c. R4 million by 2030. This includes the continuation of sequestration allowances and excludes potential penalties that may arise from exceeding carbon tax budgets.

For the initial physical risk assessment, 10 key group production sites were selected based on their materiality to group revenue and/or their location in areas known to be affected by climate change dynamics. The risk was measured against the most severe of the five scenarios used by the IPCC, namely Shared Socioeconomic Pathway 5-8.5, for future annual carbon emissions. The physical risks considered included 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.

Our strategic response

Our response to the two main categories of exposure is set out below:

- Transition: The group's approach to transition risk is largely a consequence of the initiatives undertaken for operational and commercial reasons rather than as a direct response to climate change. Investments in renewable energy, energy efficiency, improved asset utilisation and enhanced data quality improve energy resilience and operational efficiency while reducing GHG emissions and exposure to carbon tax and other related transition risks.
- Physical: Our most material near-term physical risk is 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 apply standard forestry fire-prevention practices. We also conduct annual fuel-load risk assessments and engage continuously with landowners, stakeholders and communities to manage this risk collaboratively.

DRIVING RESOURCE EFFICIENCY (CONTINUED)

Water management

Why this is a priority

The group withdraws most of its water from municipal supply, supplemented by supply from third parties and groundwater or boreholes. In our manufacturing operations, water is used predominantly in production processes and for cooling, while our logistics operations use water mainly for washing vehicles in dedicated wash bays. Water represents a material cost to the group, at approximately R500 million per annum.

Potential water interruptions or restrictions may affect our ability to operate continuously. We believe the near-term water supply risk relates primarily to failing infrastructure rather than water availability. Most divisions have experienced water disruptions, although these have not been material at group level.

Several communities are located around our major operations. Service delivery failures, including water supply interruptions, may affect employees who live in these communities and could lead to community unrest, which may disrupt our operations. Proactively mitigating water-related supply risks strengthens our position as a reliable local supplier and supports more stable operating environments.

Our objectives and targets

- Procure alternative supply sources
- Mitigate water infrastructure supply risks
- Maintain and improve water intensity where appropriate

Our strategic response

Our water strategy focuses on mitigating supply risks, reducing consumption, improving water independence where feasible, and ensuring responsible water use and compliance with legislative requirements.

Our initial focus has been to update the group's water-use baseline and ensure accurate measurement through the installation of digital online meters across the group. This process has been completed.

This includes water storage as well as procuring water from alternative sources, including process water for use in our industrial processes. Water storage is a key component of this response. The group's current water storage capacity, excluding storage for fire prevention, is approximately 9 ML.

Our divisions are implementing the following initiatives to reduce water consumption:

- using digital online meters not only to improve data accuracy, but also to identify proactively potential water leaks;
- maintaining water infrastructure appropriately to prevent water leaks;
- increasing water reuse to reduce effluent volumes and overall water consumption; and
- procuring alternative supply sources.

Performance

Our water management practices

We use a combination of water meters, utility bills and, in certain instances, estimates to determine water withdrawals and discharges. We are in the process of transitioning all water measurements to digital online metering.

Our plantations are not irrigated and rely on groundwater and rainwater. In the event of plantation fires, water is withdrawn from major water bodies, such as dams, which we do not measure. PG Bison invests in several initiatives to mitigate the risk of plantation fires.

We comply with regulatory requirements relating to water-use licences across all our operations, including our plantations.

Where possible, water used in our manufacturing processes is treated on-site and reused. Water used for cooling is circulated through closed-loop systems to support efficient use. In our logistics operations, water used in wash bays is treated on-site. Effluent is treated to meet minimum requirements and is sent to third-party wastewater treatment sites or, where minimum legal requirements are met, discharged into stormwater drains. Effluent water quality is tested regularly to ensure compliance with legal requirements.

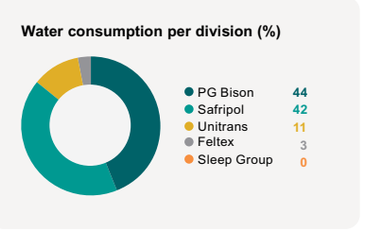
Water used for general consumption is discharged into the municipal wastewater stream. As our manufacturing operations are conducted within factories or covered areas, the impact on groundwater is limited.

Water consumption

Water consumption increased by 7% during the year to 1 433 ML, mainly due to higher production at PG Bison. PG Bison and Safripol accounted for the largest proportion of the group's water consumption, at 44% and 42%, respectively.

Although water consumption increased with production, water withdrawals increased by only 1% to 1 654 ML, supported by higher levels of water reuse within the group. Water reused increased to 277 ML and represented 17% of water withdrawals, reflecting continued operational focus on reuse and efficiency.

Water consumption (ML)	FY26	FY25	FY24
Water withdrawals	**1 654**	1 635	1 408
Water discharges	**221**	295	236
Total water consumption[1]	**1 433**	1 340	1 172
Total water reused	**277**	224	205
Water reused as a percentage of water withdrawals	**17%**	14%	15%



[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.

DRIVING RESOURCE EFFICIENCY (CONTINUED)

Waste management

Why this is a priority

Our operations generate waste primarily through production processes, of which 54% is recycled internally or externally. Most of the waste generated across the group is non-hazardous in nature.

Not all waste generated by the group is currently recycled and, while landfill costs are not financially material at group level, a portion of waste is disposed of at landfill. As landfill capacity reduces, waste may need to be transported further from our operations, increasing transport and disposal costs. Landfill fees may also increase, and evolving regulations could further restrict the volume of waste that companies are permitted to send to landfill.

We pursue the recycling and reprocessing of internally generated waste where this is operationally practical and commercially viable, with the aim of reducing costs and limiting waste sent to landfill. We also recycle and reprocess certain externally generated waste into usable products. These initiatives may reduce raw material costs in certain instances and support customer requirements for products that incorporate recycled materials.

Our objectives and targets

- Reduce waste generated
- Increase recycling for lower costs and efficiencies, where possible
- Set a waste reduction target for FY30

Our strategic response

During the year, we completed a group-wide waste mapping exercise, establishing a baseline for all waste streams to enable us to set a waste reduction target in FY27. We aim to reduce waste sent to landfill. Achieving this will depend on increased recycling, reuse and reprocessing of waste streams, improved source separation, engagement with third-party recyclers and targeted process improvements that require limited capital investment.

The group's existing initiatives include:

- PG Bison uses biomass to produce energy, primarily heat and steam, reducing reliance on conventional fuels and supporting circular use of timber residues.
- Feltex and Sleep Group purchase textile waste from the clothing and textile industries and process it into reusable fibres for use in the sleep products and automotive sectors. These divisions also recycle internally generated waste for use in their products.
- Safripol uses PCR PET to produce recycled PET. Safripol's ASPIRE® 15 and ASPIRE® 25 ranges contain 15% and 25% PCR, respectively, and enable upcycling for bottle-to-bottle applications, thereby maximising the value of PCR PET.

Performance

Our waste management practices

Our divisions have waste-reporting standard operating procedures in place at site level, with data obtained either directly from sites or from accredited waste disposal service providers.

Given the diversity of our operations and the different types of waste generated and reused across the group, waste management is site-specific. Our sites have policies in place that set out how waste should be managed. Certain sites hold general waste licences, issued by local authorities, for on-site sorting, grinding and shredding, while others hold hazardous waste licences for the storage of hazardous waste. Some sites also have active waste recycling programmes, through which 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 as appropriate.

Waste recycling and disposal

A significant proportion of the non-hazardous waste generated is reused internally, with the balance sent to third-party recyclers or disposed of at accredited landfills or other facilities. During the year, we generated 33 083 tonnes of waste, representing a 5% decrease from the prior year. Waste reused or recycled amounted to 17 877 tonnes, representing 54% of generated waste. Safripol and Sleep Group had the highest reuse/recycling rates[2] in the group at 94% and 89%, respectively, demonstrating the value of operationally embedded circular economy practices.

[2] Reference to reuse/recycling internally and by third parties

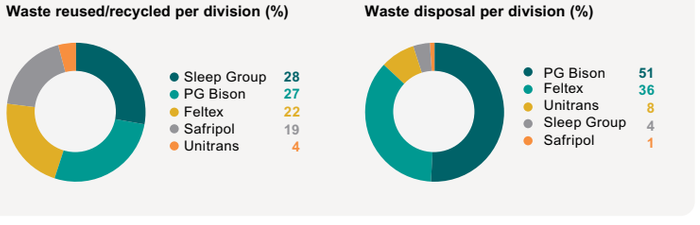
The remaining 15 110 tonnes was sent to accredited landfills or other facilities, a 1% reduction from the prior year. Safripol also purchased 2 545 tonnes (FY25: 1 240 tonnes) of PCR PET for use in the production of recycled PET.

Waste reused or recycled internally decreased by 16%, while waste reused or recycled by third parties decreased by 5%, mainly due to the reclassification at Safripol of PET chips and polyolefin solids as product rather than waste.

Waste management (tonnes)	FY26	FY25	FY24
Hazardous	**3 948**	3 453	2 977
Non-hazardous	**29 133**	31 445	33 350
Healthcare	**2**	3	4
Total waste generated	**33 083**	34 900	36 331
Waste reused/recycled internally	**5 630**	6 703	9 267
Waste reused/recycled by third parties	**12 247**	12 908	13 908
Total waste reused/recycled	**17 877**	19 611	23 175
Percentage of generated waste reused/recycled	**54%**	56%	64%
Total waste disposal	**15 110**	15 289	13 161
Waste not yet disposed[3]	**96**	–	–
Total waste purchased (excluding biomass)	**12 913**	13 421	14 086
Net waste movement[4]	**2 197**	1 868	(925)

[3] Waste still on site across the group, prior to disposal
[4] Waste disposal minus purchased waste

Note: Waste recycled/reused figures exclude biomass.



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 44 787 hectares comprise 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 Forest Stewardship Council ('FSC'). The FSC is an international, non-profit organisation that supports environmentally appropriate, socially beneficial and economically viable management of the world's forests.

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.

There were no matters of material non-compliance during the year; however, the group had the following incidents:

- Unitrans was issued with a fine in Matola, Mozambique, for allegedly discharging polluted water into a river; the fine was rescinded after investigation.
- Unitrans had five spill incidents under section 30 of the National Environmental Management Act.

Number of environmental incidents	FY26	FY25	FY24	FY23	FY22
Type of incident					
Unauthorised waste disposal	**–**	1	–	–	1
Air emissions (including dust and gases)	**–**	–	–	1	1
Spills	**5**	1	2	2	–
Legal and regulatory compliance	**1**	1	1	–	1
Total	**6**	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.

Outlook

In FY27, we will continue to prioritise environmental actions that support resilience, reduce resource intensity where feasible and contribute to long-term value creation.

Planned actions include commissioning 5 MWp of PV capacity at Safripol, progressing microgrid and alternative fuel solutions at major sites where commercially viable, continuing energy-efficiency initiatives, increasing the procurement of electricity from IPPs and maintaining progress towards our FY30 Scope 1 and 2 GHG emissions target.

We will also strengthen water resilience in the group through continued storage, reuse and sourcing of water from alternative sources, including process water, to mitigate the risk of supply disruptions and potable water quality monitoring. Additionally, we are focused on implementing commercially viable initiatives to reduce waste disposal.

RESPONSIBLE BUSINESS PRACTICES

We are committed to conducting business fairly, ethically and transparently and to complying with applicable laws and regulations. Responsible business practices underpin how we engage with our employees, customers, suppliers, communities and other stakeholders and support the long-term sustainability of the group.

Corporate governance

Our group is overseen by strong governance structures, from the KAP board to our divisional boards and management structures, as outlined in our Corporate governance report on page 78, 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.

Read more: Corporate governance report, page 78

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.

Ethics and integrity

Our code of ethics

Our code of ethics sets the standards for ethical conduct across the group and addresses areas including conflicts of interest, anti-bribery and corruption, political contributions, accurate financial record-keeping, human rights, labour practices, health and safety, environmental stewardship and the protection of confidential information. The code is supported by specific policies and procedures and forms part of employee induction.

Employees, suppliers and communities can report suspected illegal or unethical behaviour, including mismanagement, discrimination, harassment, vandalism, bribery, corruption, violence, theft and human rights abuses, through KAP's independently managed ethics line. The ethics line is 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 reports are investigated and, where allegations are substantiated, appropriate remedial action is taken. Ethics line activities are reported to the sustainability, social and ethics committee, the 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.

During FY26, 80 ethics line cases were reported, compared with 84 in the prior year. Investigations have been concluded for 64% of the cases, of which 25% were found to be valid. Investigation into the remaining cases is ongoing. Although our code of ethics stipulates what is deemed ethical behaviour in the group, ethics training provides employees with practical guidance on ethical conduct.

Our code of ethics prohibits direct or indirect political contributions to political organisations. No such contributions were made during the year.

Human rights

We are committed to respecting internationally recognised human rights and have a human rights policy informed by the South African Constitution, 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 Co-operation and Development Guidelines for Multinational Enterprises and the UN Global Compact.

The policy addresses key human rights considerations across our operations, including non-discrimination, safe working conditions, fair remuneration, freedom of association, prevention of child and forced labour, privacy and community engagement. Human rights requirements are also incorporated into our supplier code of conduct. We expect our suppliers to adhere to human rights principles, although we do not yet do audits to assess our suppliers' adherence to our supplier code of conduct.

Read more: Human rights policy

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.

RESPONSIBLE BUSINESS PRACTICES (CONTINUED)

Compliance

We maintain processes to monitor compliance with material legislation relevant to the group's operations. Potential areas of non-compliance are reported through the relevant divisional and group governance structures and corrective actions are implemented and monitored.

The group was compliant with applicable material legislative requirements during FY26.

Tax practices

Our tax strategy and approach

Our approach to tax is to pay the correct amount of tax in the correct jurisdiction, in compliance with applicable tax laws and aligned with our broader governance and risk management framework. Tax considerations are included in significant business and investment decisions, including the use of available incentives and exemptions where appropriate. We maintain professional, transparent and constructive relationships with tax authorities, seeking to resolve queries and disputes appropriately and in a timely manner. Where relevant, we engage on tax-related legislative and regulatory developments directly or through representative professional bodies.

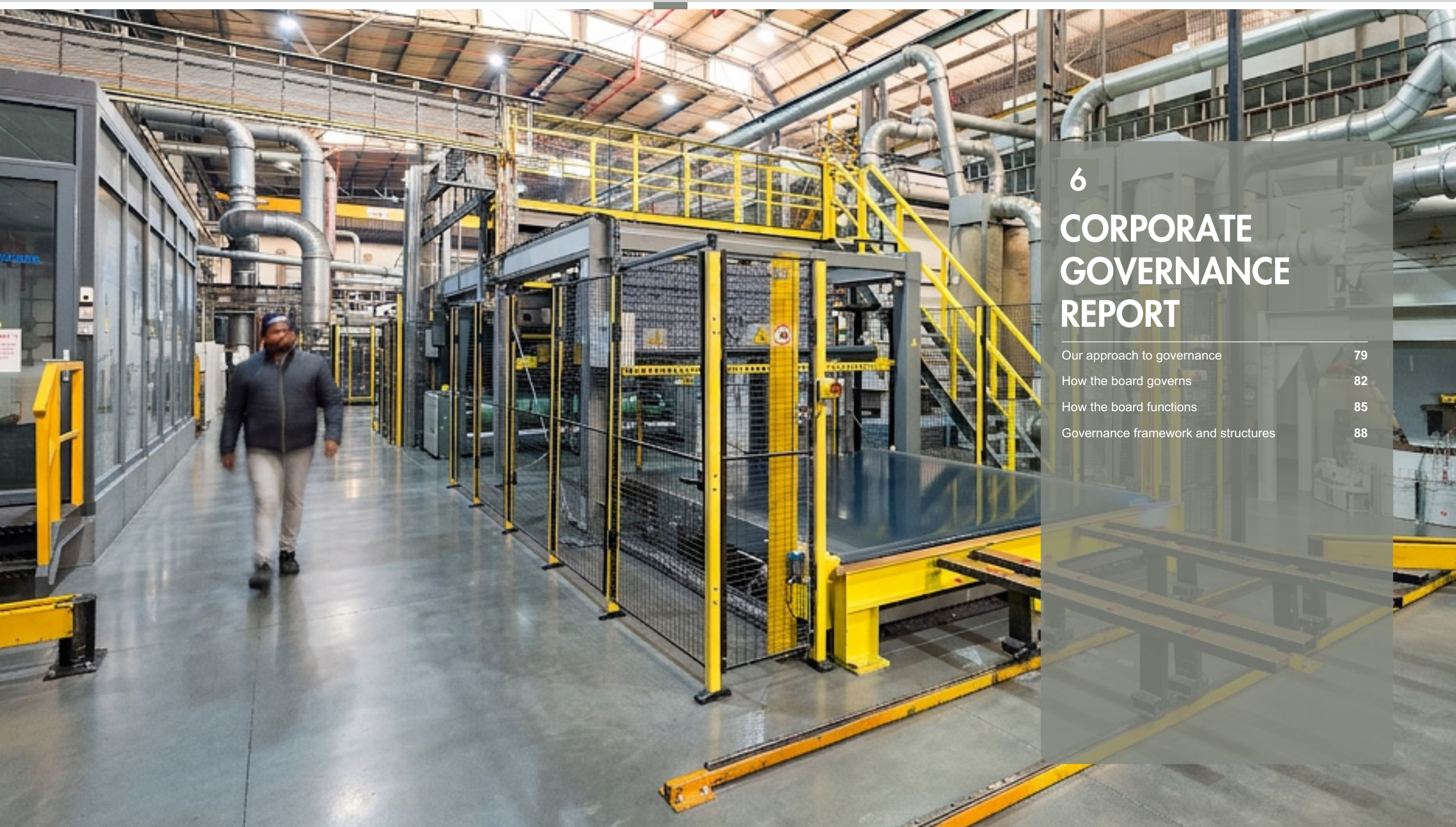
The board has ultimate oversight of the group's tax affairs, with operational responsibility delegated to the CFO, supported by the tax executive and centralised group tax function. Tax risk is managed through the group's combined assurance and risk management frameworks.

Extent of exposure to countries and jurisdictions recognised for their lack of tax transparency and tax haven status

The group operates in sub-Saharan Africa, Australasia and the United Kingdom. Our operating companies are not present in jurisdictions recognised for lack of tax transparency or tax haven status. The group owns investment holding companies in Mauritius and Singapore to support expansion into Africa and other territories.

Government incentives and tax disclosures

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 most material of these is a R248 million benefit relating to section 12I allowances for PG Bison's MDF line. Note 10 in our FY26 AFS includes further detail on the various incentives as well as the group's effective tax rate reconciliation.



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CORPORATE GOVERNANCE REPORT

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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 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.

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 thus provides accurate, timely and transparent disclosures to shareholders, reinforcing commitment to transparency and accountability.

Through ethical and effective leadership, the board embeds integrity, accountability, fairness and transparency in the group's governance culture. As custodian of corporate governance, it oversees strategy, performance, reputation and sustainable operations, including strategic progress, key workstreams, budgets and succession, to align management with the group's purpose and long-term value creation.

The board creates and protects value through an appropriate mix of skills, experience, diversity and independence. It delegates to suitably constituted committees while retaining accountability, and oversees risk, controls, assurance, reporting, technology, compliance and stakeholder engagement. This strengthens decisions, transparency and stakeholder confidence, enabling the group to manage material risks and deliver sustainable outcomes.

Read more: Governance framework

How the group applies the King Code

While the group continues to apply King IV™, implementation of the King V™ corporate governance principles and recommended practices ('the King Code') has commenced, in line with the adoption timeline provided for in King V™. The King Code is applied on a substance-over-form basis, with appropriate scaling and proportionality where applicable. The full King Code disclosure framework and gap analysis will be implemented in FY27.

King Code 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 Code 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

The board sets the ethical tone for the group by embracing the six ethical leadership values espoused by the King Code, namely integrity, competence, responsibility, accountability, fairness and transparency. These values are well entrenched in the governance culture of the company and, together with our unique 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 propagates 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 line 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 line has proved its value in identifying fraud and incidents of unethical behaviour and highlighting 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 period, no material incidents of non-compliance with the code of ethics, fines or prosecutions for non-compliance with laws or regulations were recorded.

The board is satisfied that the group's ethics management framework is effective in fostering and maintaining an ethical organisational culture. The board is also satisfied that robust measures are in place for the prevention and detection of fraud, corruption and money laundering, and that significant incidents have been managed appropriately to address their impact and reduce the likelihood of future occurrences. Furthermore, the board is satisfied that the organisation's purpose, values, activities, outputs, impacts and outcomes are consistent with and support responsible corporate citizenship.

Read more: Code of ethics

Read more: Risks and related opportunities, page 33, Sustainability report, page 60

Key responsibilities

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 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

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 one special meeting required. Below is a summary of the attendance of the board members at the scheduled and special meetings held, including the changes which took place during the year under review:

Members[1]	Designation	Scheduled meeting attendance	Special meeting attendance	Appointment date to board	Resignation/ retirement date from board	Compliance
JA Holtzhausen	Independent non-executive director/chairperson	5/5	1/1	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 this. During the year under review, none of the directors independently sought advice paid for by the company.
GN Chaplin	Executive director/chief executive officer	1/1	1/1	18 November 2014	31 October 2025	
JAI Ferreira[2]	Executive director/chief financial officer	3/3	0/0	1 February 2026	–	
Z Fuphe	Independent non-executive director	5/5	1/1	1 March 2020	–	
KT Hopkins	Independent non-executive director	5/5	1/1	6 December 2019	–	
TC Isaacs	Independent non-executive director	1/1	0/0	30 June 2021	17 October 2025	
SP Lunga	Executive director/corporate affairs executive	3/3	1/1	18 November 2021	30 April 2026	
SN Maseko	Independent non-executive director	5/5	1/1	15 March 2024	–	
V McMenamin	Independent non-executive director	5/5	1/1	12 December 2019	–	
AFB Mthembu	Independent non-executive director	5/5	1/1	15 January 2024	–	
SH Müller	Independent non-executive director	5/5	1/1	25 June 2012	–	
FH Olivier	Executive director/chief executive officer	5/5	1/1	15 April 2016	–	
S Totaram	Independent non-executive director	2/2	1/1	5 May 2025	–	

[1] Apologies were received in the instance where a member did not attend.
[2] JAI Ferreira was appointed as the CFO with effect from 1 February 2026.

The board is satisfied that it has covered all dimensions of its governance role and fulfilled its responsibilities in accordance with its charter for the reporting period. The board has not appointed a lead independent non-executive director.

Focus areas for FY26

These focus areas demonstrate how the board creates, preserves and protects value over the short, medium and long term. Through oversight of strategic execution, capital allocation, operational performance, cash generation, debt reduction, material risks and leadership succession, the board supports sustainable earnings growth, strengthens financial resilience and aligns management's decisions with the group's purpose, strategy and stakeholder interests.

- Monitoring the progress against the following key strategic objectives to improve returns, deliver earning growth and strengthen balance sheet flexibility:
  - » **Realising the value of our major capital projects:** Our major capital projects, amounting to c. R2.6 billion, were completed in FY24, and ramped up in FY25. PG Bison's new MDF line is the largest of these.
  - » **Improving underperforming businesses:** The most material areas of underperformance relate to Unitrans.
  - » **Reducing net debt:** Achieve a targeted net debt reduction of R700 million in FY26, with a further reduction planned for FY27.
- Reviewing the execution of the company's strategy, including its portfolio of business, revenue growth, cost control and margin enhancement.
- Reviewing progress made against the FY26 key workstreams and approving the FY27 key workstreams which support the five-year strategic plan.
- Engaging with the divisional CEOs at the board conference to assess the FY27 divisional workstreams in line with the strategic priorities of each division.
- Interrogating and approving the company's annual budget.
- Monitoring and guiding management in managing the group's key risk relating to Safripol's disputes with Sasol's on pricing and volumes under the ethylene supply agreement.
- Recruiting a suitable candidate to fill the CFO role following the appointment of the CEO, Frans Olivier, who was the CFO at the time.

HOW THE BOARD GOVERNS (CONTINUED)

Future focus areas

These priorities are intended to sustain value creation by converting key workstreams into improved returns and cash generation, strengthening the balance sheet and pursuing disciplined, value-accretive growth.

- Extracting value from key workstreams
- Generating free cash flow and reducing net debt
- Improving returns and increasing economic value
- Identifying opportunities for value-accretive growth

Compliance with financial reporting requirements

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. Financial reporting procedures and disciplines have therefore 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 2026 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 board approval. 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

The group's risk management is subject to a comprehensive governance process, which complies with the recommendations of the King Code. 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 responsibilities, 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 related opportunities, page 33

Information technology ('IT')

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, assessing the value that investment in IT provides the group, and receiving assurance (via the audit and risk committee) that appropriate measures are in place to monitor and manage information risk and cyber resilience across 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

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 committee, as detailed in the framework, oversees the combined assurance activities. In line with the King Code 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 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.

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 centralised appointment of assurance providers. Areas where the group maintains central oversight functions include risk management, compliance, tax, legal, treasury, secretarial, human capital 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.

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

The group's stakeholder-inclusive governance approach uses regular engagement to inform decision-making and align strategy with stakeholder interests. During the year, the board focused on strengthening accountability through leadership capacity, development and incentives aligned with improved returns, balance sheet resilience and operational efficiency, while overseeing regulatory compliance, risk management and constructive engagement with government and industry bodies to support sustainable long-term value creation.

Read more: Stakeholder engagement, page 29

HOW THE BOARD FUNCTIONS

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.

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. The director will then leave the meeting immediately after having made the disclosure and given any pertinent input as permitted by 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 executive directors 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 interests register

Independence assessments of non-executive directors

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 ('SRS'), and they do not receive any incentives based on the group's financial performance. Despite the independent classification assigned to the non-executive directors, the King Code 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. The King Code 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

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. 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 non-executive directors to hold shares to align their interests with those of shareholders, excessive shareholding by non-executive directors 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 2026 AGM ('2026 AGM').

At the 2026 AGM, approval will be sought from shareholders to confirm/ratify the appointment of JAI Ferreira, who was appointed as CFO and executive director by the board on 1 February 2026. As the longest-serving directors in office since re-election or appointment, the nomination committee recommended JA Holtzhausen, Z Fuphe and V McMenamin for rotation. They are eligible and have made themselves available for re-election by shareholders. The three individuals proposed by the nomination committee for re-election at the 2026 AGM have the support of the board.

Read more: Consolidated and company annual financial statements, Notice of annual general meeting

Board effectiveness and training

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. As the board remains committed to the ongoing development of its members to ensure that they collectively possess the knowledge, skills and experience required to discharge their duties effectively, directors are encouraged to participate in continuous professional development programmes, including training on governance, regulatory developments, industry trends, sustainability matters and emerging risks. Regular development initiatives support the board in maintaining its effectiveness and staying abreast of evolving business, legislative and governance requirements.

No performance evaluation of the board or its committees was undertaken during the year. As per the recommendations of the King Code, the board will consider the appropriate method and process for evaluating the board and its committees in the next year.

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 (56)[1]
Bluris, LLB, HDip Tax
Independent non-executive chairperson

Appointed: 2023 **Tenure:** 3 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



FH (Frans) Olivier (47)[1]
CA(SA)
Chief executive officer

Appointed: 2016 (as CFO), 2025 (as CEO) **Tenure:** 10 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

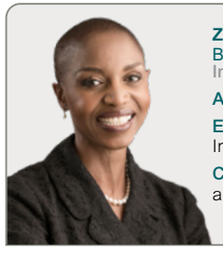


JAI (Dries) Ferreira (48)[1]
CA(SA), PLD Cert (Harvard)
Chief financial officer

Appointed: 2026 **Tenure:** 0.5 year

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

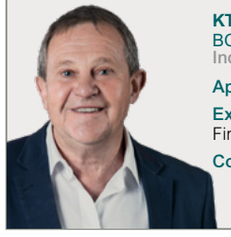


Z (Zellah) Fuphe (58)[1]
BSocSci, CD(SA), GIBS GEDP
Independent non-executive director

Appointed: 2020 **Tenure:** 6 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

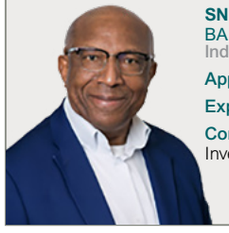


KT (Ken) Hopkins (71)[1]
BCom (Hons), CA(SA)
Independent non-executive director

Appointed: 2019 **Tenure:** 7 years

Expertise brought to the board: Risk management, Finance and audit

Committee memberships: Audit and risk



SN (Sipho) Maseko (58)[1]
BA, LLB
Independent non-executive director

Appointed: 2024 **Tenure:** 2 years

Expertise brought to the board: Strategy, Sales

Committee memberships: Sustainability, social and ethics, Investment



V (Viv) McMenamin (63)[1]
MSc (Econ)
Independent non-executive director

Appointed: 2019 **Tenure:** 7 years

Expertise brought to the board: Industrial manufacturing, Risk management, Strategy, Listed corporate and governance

Committee memberships: None



AFB (Andrew) Mthembu (70)[1]
BSc (Chem, Biol), BSc (Civ Eng), MSc (Const Mgmt), Advanced Management Programme)
Independent non-executive director

Appointed: 2024 **Tenure:** 2 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

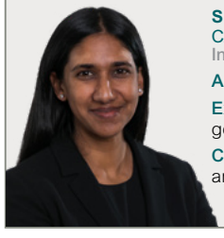


SH (Steve) Müller (65)[1]
BAcc (Hons), CA(SA), Sanlam EDP
Independent non-executive director

Appointed: 2012 **Tenure:** 14 years

Expertise brought to the board: Finance and audit, Risk management, Remuneration and performance management

Committee memberships: Human capital and remuneration, Sustainability, social and ethics, Investment



S (Samara) Totaram (48)[1]
CA(SA), CFA
Independent non-executive director

Appointed: 2025 **Tenure:** 1 year

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 28 October 2026

HOW THE BOARD FUNCTIONS (CONTINUED)

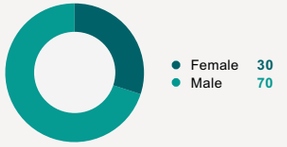
Regulatory requirements of the board include the following:

Regulatory requirement	Compliance by the company	Comment
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 10 directors.
The company's MOI states that the board must comprise at least four directors, with the appointment of at least two executive directors.	✓	The board comprises 10 directors of whom two are executive directors.
The King Code and 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 therefore not necessary to appoint a LINED.
The JSE Listings Requirements determine 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 King Code recommends that the board's composition should reflect an appropriate balance of power, knowledge, skills, experience, diversity and independence. The board should comprise a majority of non-executive directors ('NEDs'), the majority of whom should be independent. As a minimum, each board should have a CEO and at least one other executive, which 'other executive' may be the CFO.	✓	The directors have diversity of race, gender, age, skills and experience across a wide range of industries. The board comprises a majority of NEDs (80%) who are independent. The company has both a full-time CEO and CFO who are directors of the board. The company has two 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.

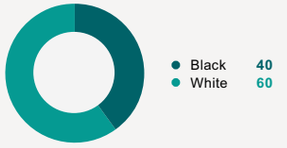
Board diversity

Gender (%)



The target of 30% female representation has been achieved.

Demographics (%)



The target of black South Africans collectively representing no less than 30% has been achieved.

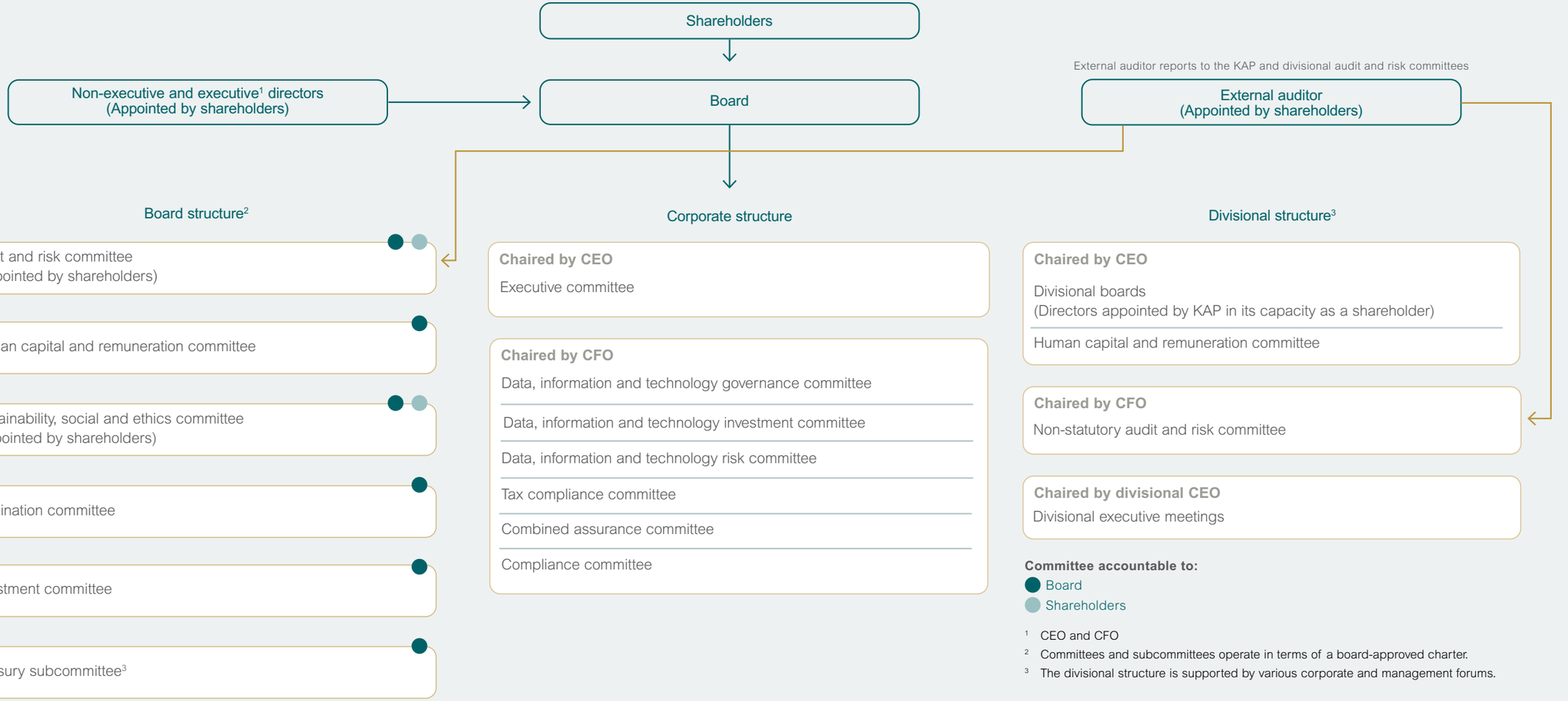
During the reporting period, the board diversity policy was reviewed and updated to ensure that it remains relevant from a market expectation as well as a pragmatic perspective.

The board is satisfied that its delegation of authority to committees and individuals within its governance structures promotes the objective and effective discharge of its governance responsibilities. The board further considers the composition of its committees to be appropriate, with members collectively possessing the necessary skills, qualifications, knowledge and experience to fulfil their mandates effectively, including committee members who are not members of the board and who contribute valuable expertise and independent perspectives.

Read more: Board diversity policy

GOVERNANCE FRAMEWORK AND STRUCTURES

Governance framework



[1] CEO and CFO

[2] Committees and subcommittees operate in terms of a board-approved charter.

[3] The divisional structure is supported by various corporate and management forums.

GOVERNANCE FRAMEWORK AND STRUCTURES (CONTINUED)

The six 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:

Members	Audit and risk	Human capital and remuneration	Sustainability, social and ethics	Nomination	Investment	Number of committee memberships
JA Holtzhausen		M		C	C	3
JAI Ferreira	I		I		M	1
Z Fuphe	M		C	M		3
KT Hopkins	M					1
SN Maseko			M		M	2
V McMenamin						–
AFB Mthembu		M			M	2
SH Müller		M	M		M	3
FH Olivier	I		M		M	2
S Totaram	C	C		M		3

I Invitee M Member C Chairperson

Read more: Board charter, Governance framework



GOVERNANCE FRAMEWORK AND STRUCTURES (CONTINUED)

Board committees

Audit and risk committee

Members	Designation	Scheduled meeting attendance	Special meeting attendance	Appointment date to committee	Resignation/ retirement date from committee	Re-election	Compliance
S Totaram[1]	Independent non-executive director/chairperson	4/4	1/1	5 May 2025	–	Recommended for re-election at 2026 AGM	The board is satisfied that 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 an audit committee of a public, listed company.
Z Fuphe	Independent non-executive director	4/4	1/1	1 March 2020	–	Recommended for re-election at 2026 AGM	
KT Hopkins	Independent non-executive director	4/4	1/1	6 December 2019	–	Recommended for re-election at 2026 AGM	
TC Isaacs	Independent non-executive director	2/2	1/1	30 June 2021	17 October 2025	–	
SH Müller	Independent non-executive director	4/4	1/1	25 June 2012	15 November 2025	–	

[1] S Totaram was appointed as the chairperson of this committee with effect from 15 November 2025.

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. The board resolved that the current members should continue to serve as the members of this committee.

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 CFO 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 disclosed in the report of the audit and risk committee contained in the AFS.

The committee is satisfied that it has fulfilled its responsibilities and mandate as stipulated in the charter.

Focus areas for FY26

- Focused specifically on the validity, accuracy and completeness of the impairment assessments conducted in respect of goodwill, indefinite useful life intangible assets and property, plant and equipment.
- Provided regular oversight of the IT systems and processes.
- Focused on the group's position on data governance and information security, which will be an ongoing focus item.

Key audit matter

In addition to the focus areas for FY26, 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.

Performance evaluation of the committee

The committee did not undergo a performance assessment during the year. The board will consider the appropriate method and process for evaluating the committee in FY27.

Performance evaluation of the CFO and the finance function

As required by the JSE Listings Requirements and the JSE Debt & Specialist Securities Listings Requirements, and the recommended practices of the King Code, 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

Members	Designation	Scheduled meeting attendance	Appointment date to committee	Resignation/retirement date from committee	Compliance
S Totaram	Independent non-executive director/ chairperson	0/0	17 October 2025	–	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 human capital and remuneration committee of a listed company.
JA Holtzhausen	Independent non-executive director	2/2	17 March 2023	–	
AFB Mthembu	Independent non-executive director	2/2	15 January 2024	–	
SH Müller[1]	Independent non-executive director	2/2	14 August 2018	–	

[1] SH Müller stepped down as the chairperson of this committee effective 1 July 2026 and remains a member.

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.

The committee is satisfied that it has fulfilled its responsibilities and mandate as stipulated in the charter.

Focus areas for FY26

- 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.
- Evaluated the human capital management practices to ensure fairness, responsibility, transparency, alignment with the King Code, 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 EE and the sectoral targets in terms of the EE Regulations, 2025.

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

The committee did not undergo a performance assessment during the year. The board will consider the appropriate method and process for evaluating the committee in FY27.

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 2026 AGM	The board is satisfied that the committee has discharged all its responsibilities as contained in its charter, the Companies Act, the JSE Listings Requirements, the King Code and all other applicable statutory obligations.
GN Chaplin	Executive director	1/1	18 November 2014	31 October 2025	–	
TC Isaacs	Independent non-executive director	2/2	30 June 2021	17 October 2025	–	
SN Maseko	Independent non-executive director	2/2	15 March 2024	–	Recommended for election at 2026 AGM	
SH Müller	Independent non-executive director	2/2	15 May 2017	–	Recommended for election at 2026 AGM	
FH Olivier	Executive director	1/1	31 October 2025	–	Recommended for election at 2026 AGM	

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.

The committee is satisfied that it has fulfilled its responsibilities and mandate as stipulated in the charter. The board resolved that the members should continue to serve as the members of this committee.

Focus areas for FY26

- Continued to integrate ESG aspects and sustainability principles into the KAP strategy.
- Reviewed several policies, covering areas of the environment, human rights, ethics, diversity, fraud and insider-trading.
- Strengthened key components of KAP's ethics framework and governance approach.
- Oversaw and monitored investigations arising from ethics line reports, including matters that have resulted in criminal prosecution.

Performance evaluation of the committee

The committee did not undergo a performance assessment during the year. The board will consider the appropriate method and process for evaluating the committee in FY27.

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.
Z Fuphe	Independent non-executive director	2/2	1 March 2020	–	
S Totaram	Independent non-executive director	2/2	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.

The committee is satisfied that it has fulfilled its responsibilities and mandate as stipulated in the charter. The board resolved that the current members should continue to serve as the members of this committee.

Focus areas for FY26

- Recruited a new CFO for the group.
- Reviewed and updated the board succession plan, and composition of the board and board committees.
- Reviewed the classification of directors and evaluated the independence of the long-serving non-executive directors.
- Recommended the directors to rotate at the 2026 AGM in accordance with the company's staggered rotation policy.

Future focus areas

- Succession planning for the board and chairpersons of the board committees.

Performance evaluation of the committee

The committee did not undergo a performance assessment during the year. The board will consider the appropriate method and process for evaluating the committee in FY27.

Read more: Governance framework

GOVERNANCE FRAMEWORK AND STRUCTURES (CONTINUED)

Investment committee (ad hoc committee)

Members	Designation	Scheduled meeting attendance	Appointment date to committee	Resignation/retirement date from committee
JA Holtzhausen[1]	Independent non-executive director/chairperson	2/2	17 March 2023	–
GN Chaplin	Executive director	1/1	14 August 2018	31 October 2025
JAI Ferreira	Executive director	1/1	11 February 2026	–
SN Maseko	Independent non-executive director	2/2	15 March 2024	–
AFB Mthembu	Independent non-executive director	2/2	15 January 2024	–
SH Müller[1]	Independent non-executive director	2/2	14 August 2018	–
FH Olivier	Executive director	2/2	14 August 2018	–

[1] JA Holtzhausen was appointed as the chairperson for this committee effective 1 July 2026, replacing SH Müller, who remains as a member.

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.

The committee is satisfied that it has fulfilled its responsibilities and mandate as stipulated in the charter. The board resolved that the current members should continue to serve as the members of this committee.

Focus areas for FY26

- Reviewed ongoing investment opportunities.
- Reviewed PG Bison Mkhondo's MDF line project.
- Reviewed Safripol's HDPE conversion and extruder project.
- Reviewed the merger of PG Bison southern Cape with MTO Forestry.

Read more: Governance framework

GOVERNANCE FRAMEWORK AND STRUCTURES (CONTINUED)

Executive committee and structures

Executive committee

Full executive CVs can be viewed on our website



FH (Frans) Olivier (47)
CA(SA)
Chief executive officer
Appointed: 2016 (as CFO), 2025 (as CEO)
Years of service: 10 years



JAI (Dries) Ferreira (48)
CA(SA), PLD Cert (Harvard)
Chief financial officer
Appointed: 2026
Years of service: 0.5 year



H (Neels) Kornelius (53)
BEng (Chem), MBL
Enterprise risk executive
Appointed: 2022
Years of service: 4 years



C (Corné) van der Schyff (49)
CA(SA)
Finance executive
Appointed: 2022
Years of service: 4 years



AL (Lizette) Bestbier (53)
MPhil (HR Development), BA Hons (Psych) and Postgrad Coaching
Human capital executive
Appointed: 2026
Years of service: 0.1 year



LML (Mike) Besteiro (57)
MSc (Ind Eng)
IT executive
Appointed: 2018
Years of service: 8 years



CH (Christina) Steyn (46)
BSc, BSc Hons (Physics), MSc (Physics), PhD (Physics), MBA, Cert.Dir
Investor relations and sustainability executive
Appointed: 2021
Years of service: 5 years



Y (Yokesh) Maharaj (54)
BBA, BTech, Advanced Business Programme, Executive Development Programme
Revenue growth executive
Appointed: 2025, resigned 31 August 2026
Years of service: 1.5 years



CC (Cicelia) Potgieter (56)
BCom Hons (Acc), MCom (Tax), CA(SA)
Tax executive
Appointed: 2022
Years of service: 4 years



RH (Reino) Louw (53)
BCom (Law), LLB, LLM
Treasury and legal executive
Appointed: 2018
Years of service: 8 years



G (Gerhard) Victor (60)
N6 Mechanical Engineering certificate
PG Bison chief executive officer
Appointed: 2014
Years of service: 12 years



N (Nico) van Niekerk (64)
BEng (Chem Eng), MBA
Safripol chief executive officer
Appointed: 2019
Years of service: 7 years



E (Edwin) Hewitt (60)
Master's Diploma in Technology: Metallurgical Engineering
Unitrans chief executive officer
Appointed: 2024
Years of service: 2 years



NJ (Nic) Zerbst (55)
NHD (Mechanical Engineering), MBA
Feltex chief executive officer
Appointed: 2025
Years of service: 1 year



M (Michael) Borcherds (54)
Sleep Group chief executive officer
Appointed: 2022
Years of service: 4 years



SM (Steve) Ford (57)
MSc (Eng)
Optix chief executive officer
Appointed: 2021
Years of service: 5 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 15 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.

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, EE 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 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 function and the board.

The board is satisfied with the support services provided, 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 REPORT

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BACKGROUND STATEMENT

Introduction

Our remuneration report sets out the remuneration policy for the group and the implementation and remuneration disclosures ('remuneration implementation report') for the remuneration of executive directors and fees paid to non-executive directors ('NEDs'). It 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 FY27.
3. The remuneration implementation report, which sets out in detail how the existing remuneration policy was implemented during FY26, including disclosure on remuneration earned by executive directors and other Exco members and fees 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 four independent NEDs, one of whom is appointed as chairperson.

In terms of the recommendations of the King Code, board committees should have cross membership to ensure a balanced distribution of power and enhance effective collaboration. In line with these recommendations, S Totaram, who was appointed as member of the committee on 17 October 2025 and subsequently as chairperson of the committee on 1 July 2026, is also the chairperson of the audit and risk committee. SH Müller, who was replaced as chairperson of the committee, remains as a member of the committee and is also a member of the sustainability, social and ethics 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, and chairs the investment committee as well as 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 human capital executive 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, if required, meets more often on an ad hoc basis 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 ('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 and human capital executive, as well as the divisional CEOs and human capital executives. The KAP CEO chairs the divisional subcommittees.

BACKGROUND STATEMENT (CONTINUED)

Remuneration philosophy

One of the objectives of our human capital strategy is to attract, motivate and retain the best people with the capabilities required to support the effective execution of our strategy and the long-term sustainability of the group. Our remuneration philosophy is a key element of our human capital strategy and 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;
- designing short- and long-term incentives aligned to the delivery of the group's strategic objectives; and
- rewarding performance.

We believe that our remuneration decisions are fair and remain appropriately aligned with shareholder and stakeholder interests over the long term as they support the group's ability to deliver on our strategy – to produce value-accretive growth for our key stakeholders.

Key committee activities

The committee met formally during the year on 11 September 2025 and 6 October 2025, 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 the King Code, and compliance with the specific requirements of the relevant labour legislation.
- Reviewing the group's approach to diversity and inclusion, and compliance with EE legislation.
- Reviewing succession plans of executives and the senior management level in the group.
- 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 implementation report.
- Making recommendations to the board for adjustments to the forward-looking fees of the NEDs for approval and voting by shareholders at the November 2026 AGM ('2026 AGM').

The committee did not undergo a performance assessment during the year. The board will consider the appropriate method and process for evaluating the committee in FY27.

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.

The committee is satisfied that Remchannel is 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 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 (85.49%) and implementation report (92.67%) at the 2025 AGM.

Business performance and remuneration outcomes for FY26

The group delivered a much-improved performance in a challenging trading environment, characterised by subdued consumer demand, global oversupply in certain product categories, sustained competitive pressure, rising trade barriers and heightened geopolitical uncertainty. Despite these challenges, good progress was made against the group's key strategic objectives of realising value from the major capital projects, improving underperforming businesses and reducing net debt.

The group's improved operational performance was reflected in higher profitability, stronger cash generation and a significant reduction in net debt. Further detail on the group's FY26 financial and operational performance, including the key drivers of the results, is provided in remuneration policy.

BACKGROUND STATEMENT (CONTINUED)

The committee considered the group's performance against the measures included in the FY26 renumeration policy in determining remuneration outcomes for executive directors. Based on the group's performance, the applicable targets for the AIB scheme, which included HEPS, cash flow conversion and net debt reduction, were met and therefore AIBs were earned by the executive directors. Further details on the group's financial performance, in the context of the remuneration outcomes, and performance against the AIB targets are set out in the remuneration implementation report.

Non-binding advisory vote and shareholder engagement

As per the recommendations of the King Code, 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 were tabled for separate non-binding advisory votes by shareholders at the 2025 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 2025 AGM:

	Votes in favour %	Votes against %
Remuneration policy	85.49	14.51
Implementation report	92.67	7.33

As the non-binding advisory votes were passed by the requisite majorities, no engagement with shareholders was required.

Planned focus areas for FY27

The committee will continue to focus on ensuring that the group has the leadership capability, human capital practices and remuneration arrangements required to execute our strategy and create sustainable stakeholder value.

In support of the group's strategic objectives, the committee's focus for FY27 includes:

- 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 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' KPIs 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.

Further detail on the group's strategic objectives and their translation into remuneration measures is provided in the FY27 remuneration policy.

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 deviation.



REMUNERATION POLICY FOR FY27

Remuneration governance

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 the King Code, 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. Our three key strategic objectives focus on the areas that have the potential to make the greatest contribution to value creation, with the aim of improving returns, delivering medium-term growth and strengthening balance sheet flexibility. These include:

- realising value from the major capital projects;
- improving underperforming businesses; and
- reducing net debt.

In addition to the above objectives, several group-led initiatives are expected to further support medium-term value creation through revenue growth, strategic procurement, data and AI enablement, operational efficiencies and asset optimisation.

We expected the group's key strategic objectives and other group-led initiatives to be achieved through the execution of the FY27 workstreams, which are: KAP value realisation, operational strategy, human capital strategy, procurement strategy, technology and AI strategy, and IT/digital strategy.

The 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

The remuneration policy supports the group's human capital strategy by aligning remuneration outcomes with the group's strategic objectives. It is designed to ensure that remuneration appropriately reflects the responsibilities of each role, individual and business performance and the ability of the group to create sustainable value for our key stakeholders. The policy is applied consistently across the group, while allowing for appropriate differentiation based on role, performance and relevant market conditions.

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 of key operational management.

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 Consumer Price Index ('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.

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.

REMUNERATION POLICY FOR FY27 (CONTINUED)

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 FY26 shareholder-approved remuneration policy, the committee has set measurement criteria and targets for the FY27 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 2025 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 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	R500 million	20%	10%
Individual KPIs	Specific to the individual/function	–	10%
Punitive measurement			
Non-achievement of B-BBEE score[2]	Target	(10%)	(10%)

[1] The FY27 HEPS target will be retrospectively disclosed in our FY27 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 FY27 AIB measurement:

- The FY27 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 FY27 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 further de-risk KAP's balance sheet.
- The cash flow conversion target, as incorporated in previous 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 FY27 (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 2025 AGM. The FY27 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	≥ 95% of target (threshold)	20%
	= 100% of target (on-target)	20%
	≥ 105% of target (stretch)	20%
Cash flow conversion	≥ 90% (Unitrans ≥ 95%)	20%
Operational initiatives[1]	Division specific	20%
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 FY27 AIB measurement:

- The FY27 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.
- The punitive criteria for not meeting the targeted B-BBEE score and zero on-site fatalities remain unchanged.

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.

The LTI scheme consists of an equity-based LTI scheme and a cash-based LTI scheme (collectively referred to as 'LTI schemes'). The qualification criteria for LTI schemes are 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.

The measurement criteria for the LTI schemes, approved by the shareholders at the 2025 AGM, remain unchanged.

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 FY27 LTIs are awarded in line with the LTI scheme which formed part of the remuneration policy approved by the shareholders at the 2025 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 FY27 LTI awards are based on the group's five-year strategic plan and incorporate 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 FY29 HEPS targets, as incorporated in the five-year strategic plan, will be used as the measurement target for the vesting of the FY27 LTI awards in December 2029.
- The HEPS targets are management targets used for remuneration purposes and do not represent an earnings or profit forecast.
- The ROCE target incentivises 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 net debt to EBITDA target incentivises executive directors for the implementation of strategic initiatives that will improve the capital structure of the company over the long term.

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

REMUNERATION POLICY FOR FY27 (CONTINUED)

The FY27 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 FY29	Proportion equity-based	Proportion cash-based
HEPS[1]	Threshold – 14% CAGR	8.33%	8.33%
	On-target – 16% CAGR	8.33%	8.33%
	Stretch – 18% CAGR	8.34%	8.34%
ROCE	≥ 13.5%	25%	25%
Net debt to EBITDA	≤ 1.7 times	25%	25%
Individual KPIs[2]	Specific to the individual/ function	25%	25%

[1] The compound annual growth rate ('CAGR') is calculated relative to the adjusted HEPS of 42.5 cents.
[2] 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 67% of CTC. The performance metrics exclude the potential impact 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 FY27 LTIs, which will be measured to FY29 for vesting in December 2029, the HEPS target will be determined using adjusted FY26 HEPS of 42.5 cents for the base year.
- The ROCE target is below our long-term guidance of > 15% in FY29 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, as well as the time it will take to implement required changes to Unitrans to improve performance.

b) Divisional LTI measurement

Our FY27 LTIs are awarded in line with the LTI scheme, which formed part of the remuneration policy approved by the shareholders at the 2025 AGM and remains fit for purpose. The measurement framework for the FY27 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 FY29 operating profit target, as incorporated in the five-year strategic plan, will be used as the measurement target for the vesting of the FY27 LTI awards in December 2029.
- The ROCE target incentivises 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. Aligned with our increased focus on improvement of returns, the proportion in relation to ROCE was increased.

The FY27 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 below:

Measurement criteria	Targets for FY29	Proportion cash-based
Operating profit	FY29 target at the time of the award	25%
ROCE	FY29 target at the time of the award	50%
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.

Once-off executive share option reward

A once-off share option award was made to the newly appointed CEO and CFO as a retention mechanism, to execute the board-approved strategy, and to incentivise them to deliver higher returns while reducing debt to appropriate levels, in line with shareholders' expectations.

The once-off share option award was granted in two parts with different measurement criteria based on targets for ROCE and net debt to EBITDA, and the delivery of individual KPIs, as summarised below:

Measurement criteria	Targets for FY30	Part A	Part B
ROCE	≥ 12%	–	16.66%
	≥ 13%	–	16.67%
	≥ 14%	–	16.67%
Net debt to EBITDA	≤ 2 times	–	50%
Individual KPIs	Specific to the individual	100%	–

It should be noted that:

- The ROCE target is below our long-term guidance of 15% in FY30 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, as well at the time it will take to implement required changes to Unitrans to improve performance.
- The once-off awards were granted in terms of the rules of the LTI scheme, with a five-year measurement period and specific measurement criteria separate from the annual LTI scheme awards. Further detail on the once-off award is provided in the implementation and remuneration disclosures.

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 once-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.

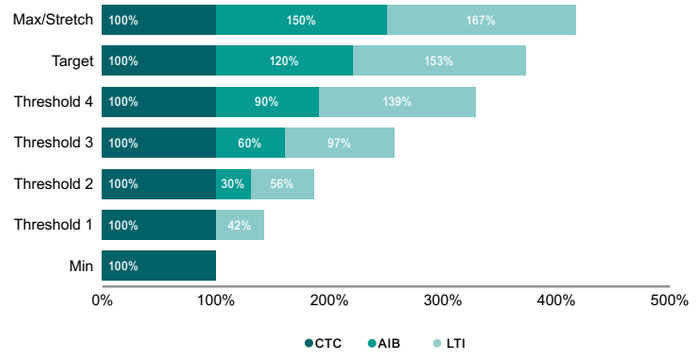
This is not a share scheme as defined in the JSE Listings Requirements or Companies Act and does not apply to the executive directors, i.e. the CEO and CFO.

REMUNERATION POLICY FOR FY27 (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[1]



[1] Excludes once-off executive share option reward

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
- 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 FY27 (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, CFO and 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 fees 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 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 accordance with the provisions of the recently implemented amendments to the Companies Act related to remuneration, the remuneration policy and the implementation report will be submitted for approval by shareholders by means of separate ordinary resolutions. This will be in addition to the approval by special resolution for the payment of fees to the NEDs.

IMPLEMENTATION AND REMUNERATION DISCLOSURE FOR FY26

Introduction

Our remuneration implementation report provides details on how we implemented our FY26 remuneration policy, relative to our FY26 performance. Our FY26 remuneration policy received more than 75% shareholder support at the 2025 AGM.

The committee applied our remuneration policy without deviation. This remuneration implementation report will be put to a vote by shareholders at the 2026 AGM.

As per the disclosure approach incorporated in the implementation and disclosure report approved by shareholders at the 2025 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 FY26 performance.

Since the AIBs and LTIs earned are only determined after finalisation of our AFS, these amounts are provided for in FY26, but will only be paid during FY27.

The context for our FY26 remuneration outcomes

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

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

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

Revenue was stable for the year, with higher revenue from PG Bison and Feltex offset by lower revenue from Safripol and Unitrans. EBITDA increased by 13% while operating profit before capital items increased by 28%. Headline earnings further benefited from lower net finance costs and increased tax incentives related to PG Bison's new MDF line, which resulted in an 88% increase in HEPS to 45.2 cents. Due to significant impairments of goodwill and intangible assets totalling R1.2 billion, net of taxation, EPS decreased to a loss of 4.8 cents. The largest impairments were associated with Safripol, attributable to a stronger forecast rand relative to the US dollar and limited recovery in forecast polymer prices and margins, and Sleep Group due to continued deterioration in domestic bedding market conditions.

Cash generated from operations increased by 30%, supported by the improved EBITDA and a lower net working capital investment. Net interest-bearing debt declined by R1.1 billion compared with the prior year and an AIB target of R700 million, owing to the higher cash generated from operations and lower net finance costs, while investing activities increased moderately.

Salient features of the group's performance are discussed in the CFO's review on page 43, with further details provided in the FY26 AFS, available on our website.

Guaranteed salary

Guaranteed salary or CTC increases for FY26 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 4%, effective 1 July 2025, 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:

	FY26 R	FY25 R	Increase %
GN Chaplin[1]	–	11 561 000	–
FH Olivier[2]	**8 750 000**	7 303 000	20
JAI Ferreira[3]	**6 500 000**	–	–
SP Lunga[4]	–	5 241 000	–
Total	**15 250 000**	24 105 000	

[1] GN Chaplin resigned in May 2025 with effect from 31 October 2025.
[2] FH Olivier, who was CFO until 31 October 2025, was appointed as CEO effective 1 November 2025. His salary increase includes a 4% increase on 1 July 2025, prior to his appointment as CEO, with the remaining increase attributable to his increased responsibility as CEO.
[3] JAI Ferreira was appointed as CFO effective 1 February 2026.
[4] SP Lunga resigned effective 30 April 2026.

The combined guaranteed salary of other Exco members is reflected as follows:

	FY26 R	FY25 R	Increase %
Other Exco members	**56 156 000**	52 029 000	8

Note: The average increase for the year was 8%, which reflects the current year's increase of 4% as well as the effect of an Exco member who was only part of the committee for six months in the previous year, but for 12 months in the current year.

IMPLEMENTATION AND REMUNERATION DISCLOSURE FOR FY26 (CONTINUED)

Annual incentive bonus

Measurement criteria are designed to motivate executives and senior management to achieve the group's strategic and financial priorities. The FY26 remuneration policy, which includes the measurement criteria set for FY26, received more than 75% shareholder support at the 2025 AGM. The table below sets out the measurement criteria and targets applicable to the FY26 AIB scheme for executive directors and our performance against these:

Measurement criteria	Proportion	Targets	Achievements	Targets achieved	Proportion achieved
HEPS ≥ 95% of target (threshold)	20%	39.2 cents	45.2 cents	✓	20%
HEPS = 100% of target (on-target)	20%	41.3 cents	45.2 cents	✓	20%
HEPS ≥ 105% of target (stretch)	20%	43.4 cents	45.2 cents	✓	20%
Net debt reduction ≥ R700 million	20%	R700 million	R1 130 million	✓	20%
Cash flow conversion ≥ 90%	20%	90%	101%	✓	20%
	100%				100%
Punitive measurement					
B-BBEE score against budget	(10%)	Level 4	Level 4	✓	–

As reflected in the table above, all of the AIB targets for FY26, which included HEPS, cash flow conversion and net debt reduction targets, were met and therefore AIB incentives were earned by the executive directors as further outlined below:

- The HEPS stretch-target of 43.4 cents was achieved.
- Cash generated from operations increased by 30% to R3.9 billion due to the higher EBITDA and less cash absorbed in working capital, with the cash flow conversion at 101%. The cash flow conversion target of 90% was therefore achieved.
- The net debt reduction target of R700 million was achieved. The reduction in net interest-bearing debt of R1 130 million was well above target due to higher-than-expected EBITDA and less-than-expected increase in net working capital levels.

	FY26 R	FY25 R
GN Chaplin[1]	–	–
FH Olivier[2]	**12 547 500**	–
JAI Ferreira[3]	**9 750 000**	–
SP Lunga[4]	–	–
	22 297 500	–

[1] GN Chaplin resigned in May 2025 with effect from 31 October 2025.
[2] FH Olivier, who was CFO until 31 October 2025, was appointed as CEO effective 1 November 2025.
[3] JAI Ferreira was appointed as CFO effective 1 February 2026.
[4] SP Lunga resigned effective 30 April 2026.

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 FY26 relative to the measurement criteria and targets applicable:

	FY26 R	FY25[1] R
Other Exco members	**46 729 150**	23 086 659

[1] The FY25 AIB of an Exco member was adjusted before the AIB was paid in FY26.

Regarding AIBs earned by other Exco members, there were varying levels of achievement against the divisional and corporate services measurement criteria, ranging from 30% to 100% achievement of required targets.

IMPLEMENTATION AND REMUNERATION DISCLOSURE FOR FY26 (CONTINUED)

Long-term incentives

Vesting of LTIs

LTIs awarded to executives in December 2023 ('FY24 LTI awards') were awarded in accordance with the FY24 remuneration policy, which received more than 75% shareholder support at the November 2023 AGM. These awards will vest in December 2026, based on the measurement criteria and targets set out below, and relate to the cumulative three-year period from 1 July 2023 to 30 June 2026. 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 2026 vesting of the FY24 LTI awards and the group's performance against these:

Measurement criteria	Proportion	Targets	Achievements	Targets achieved	Proportion achieved
Core HEPS growth > GDP growth + CPI	37.5%	165.6 cents	106.0 cents	x	–
ROE > KAP WACC	37.5%	12.0%	7.2%	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 2023 to 30 June 2026. 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 2023 to 30 June 2026. During this period, the group was engaged in several major, multiyear projects to entrench our market leadership position in selected 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 over the three-year measurement period. The FY24 workstreams include: KAP value realisation, organisational design, operational strategy, human capital strategy, resilience strategy, sustainability strategy, brand and communication 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 FY26 (CONTINUED)

Individual executive director KPI assessment

For most of the measurement period, our CEO was in the role of CFO and therefore the KPIs reflect the role and responsibilities of the CFO. The KPIs are described below:

CEO (previously 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.

Since our CEO assumed the CEO responsibilities on 1 November 2025, focus was placed on the KPIs set for the previous CEO as described below:

- 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.

The committee reviewed the performance of the CEO against the deliverables set out in the KPI assessment framework and approved the awards related to individual KPI performance metrics.

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 FY26. The rules of the LTI scheme were applied without deviation.

Share rights exercisable	Number of rights allocated	Number of rights forfeited	Number of rights exercisable	Value of rights exercisable R
FY26[1]				
Executive directors				
GN Chaplin[2]	**7 087 428**	**(7 087 428)**	**–**	**–**
FH Olivier	**4 477 160**	**(3 357 870)**	**1 119 290**	**3 022 083**
SP Lunga[3]	**2 413 665**	**(2 413 665)**	**–**	**–**
	13 978 253	**(12 858 963)**	**1 119 290**	**3 022 083**
Other Exco members	**12 919 988**	**(8 498 604)**	**4 421 384**	**11 937 737**
FY25[4]				
Executive directors				
GN Chaplin	4 020 903	(4 020 903)	–	–
FH Olivier	2 540 022	(1 905 016)	635 006	1 060 460
SP Lunga	1 369 342	(1 027 006)	342 336	571 701
	7 930 267	(6 952 925)	977 342	1 632 161
Other Exco members	8 178 236	(4 759 632)	3 418 604	5 709 069

[1] The share price at 30 June 2026 of R2.70 is used as indication of the value on 1 December 2026.
[2] GN Chaplin resigned in May 2025 with effect from 31 October 2025.
[3] SP Lunga resigned effective 30 April 2026.
[4] The market price of share rights exercised was R1.67 on 1 December 2025.

IMPLEMENTATION AND REMUNERATION DISCLOSURE FOR FY26 (CONTINUED)

The following table reflects the outstanding share rights of our executive directors at 30 June 2026, which have been allocated in terms of the rules of the LTI scheme:

Executive directors	Offer date	Vesting date	Number of rights awarded[1]	Number of rights lapsed/ forfeited	Number of rights exercised	Number of rights as at 30 June 2026	Market value of rights at grant date R	Market value of rights on vesting R	Market value of rights at 30 June 2026 R
FH Olivier	Dec–22	Dec–25	2 540 022	(1 905 016)	(635 006)	–	**10 922 095**	**1 060 460**	–
	Dec–23	Dec–26	4 477 160	(3 357 870)	–	**1 119 290**	**11 819 702**	–	**3 022 083**
	Dec–24	Dec–27	4 467 403	(2 233 701)	–	**2 233 702**	**14 742 430**	–	**6 030 995**
	Dec–25	Dec–28	6 991 627	–	–	**6 991 627**	**11 676 017**	–	**18 877 393**
	Dec–25	Dec–30	12 974 684	–	–	**12 974 684**	**21 667 722**		**35 031 647**
			31 450 896	(7 496 587)	(635 006)	**23 319 303**	**70 827 966**	**1 060 460**	**62 962 118**
JAI Ferreira[2]	Dec–25	Dec–30	9 556 963	–	–	**9 556 963**	**15 960 128**	–	**25 803 800**
			9 556 963	–	–	**9 556 963**	**15 960 128**	–	**25 803 800**
SP Lunga[3]	Dec–22	Dec–25	1 369 342	(1 027 006)	(342 336)	–	**5 888 171**	**571 701**	–
	Dec–23	Dec–26	2 413 665	(2 413 665)	–	–	**6 372 076**	–	–
	Dec–24	Dec–27	2 553 308	(2 553 308)	–	–	**8 425 916**	–	–
	Dec–25	Dec–28	3 912 201	(3 912 201)	–	–	**6 533 376**	–	–
			10 248 516	(9 906 180)	(342 336)	–	**27 219 539**	**571 701**	–
			51 256 375	(17 402 767)	(977 342)	**32 876 266**	**114 007 633**	**1 632 161**	**88 765 918**

[1] The once-off share option awards granted on 1 December 2025 comprised 12 974 684 options for FH Olivier (3 101 266 Part A and 9 873 418 Part B), and 9 556 963 options for JAI Ferreira (2 468 355 Part A and 7 088 608 Part B).
[2] JAI Ferreira was appointed as CFO effective 1 February 2026.
[3] SP Lunga resigned effective 30 April 2026.

IMPLEMENTATION AND REMUNERATION DISCLOSURE FOR FY26 (CONTINUED)

Disclosure of single-figure remuneration

Our executive directors' single-figure remuneration for FY26 and FY25, reflected below, includes their guaranteed salary as well as AIBs and LTIs earned based on FY25 and FY26 performance and are only payable in FY26 and FY27, respectively.

	FY26 R	%	FY25 R	%
GN Chaplin	**3 853 667**	**100**	11 561 000	100
Guaranteed salary[1]	**3 853 667**	**100**	11 561 000	100
AIB	**–**	**–**	–	–
LTI	**–**	**–**	–	–
FH Olivier	**23 934 583**	**100**	8 363 460	100
Guaranteed salary[2]	**8 365 000**	**35**	7 303 000	87
AIB	**12 547 500**	**52**	–	–
LTI	**3 022 083**	**13**	1 060 460	13
JAI Ferreira	**12 458 333**	**100**	–	–
Guaranteed salary[3]	**2 708 333**	**22**	–	–
AIB[4]	**9 750 000**	**78**	–	–
LTI	**–**	**–**	–	–
SP Lunga	**4 542 500**	**100**	5 812 701	100
Guaranteed salary[5]	**4 542 500**	**100**	5 241 000	90
AIB	**–**	**–**	–	–
LTI	**–**	**–**	571 701	10

[1] GN Chaplin resigned in May 2025 with effect from 31 October 2025.
[2] FH Olivier, who was CFO until 31 October 2025, was appointed as CEO effective 1 November 2025.
[3] JAI Ferreira was appointed as CFO effective 1 February 2026.
[4] JAI Ferreira will participate in full and not on a pro rata basis in respect of the FY26 AIB, as recorded in his offer of employment.
[5] SP Lunga resigned effective 30 April 2026.

The remuneration actually paid to executives in FY26, which includes the FY26 guaranteed salary and LTIs paid based on FY25 performance, is summarised in note 40 of our FY26 AFS.

Our executive directors' single-figure remuneration represents the following percentages of total possible remuneration:

CEO (previously CFO)

FY26	Guaranteed salary	AIB	SRS	Total
Possible maximum remuneration	**100%**	**150%**	**167%**	**417%**
Earned	**100%**	**150%**	**42%**	**292%**

FY25	Guaranteed salary	AIB	SRS	Total
Possible maximum remuneration	100%	150%	167%	417%
Earned	100%	0%	42%	142%

CFO

FY26	Guaranteed salary[1]	AIB	SRS	Total
Possible maximum remuneration	**100%**	**150%**	**167%**	**417%**
Earned	**42%**	**150%**	**0%**	**192%**

[1] JAI Ferreira was appointed as CFO effective 1 February 2026.

IMPLEMENTATION AND REMUNERATION DISCLOSURE FOR FY26 (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 fees 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 FY26 proposed fees for the NEDs were approved at the 2025 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 the 2025 AGM:

Non-executive directors' fees (excluding VAT)	FY26 R	FY25 R
Z Fuphe	**1 333 000**	1 300 551
JA Holtzhausen	**1 764 200**	1 430 908
KT Hopkins	**1 135 493**	1 318 118
TC Isaacs[1]	**375 066**	1 085 750
SN Maseko	**846 200**	745 396
V McMenamin	**657 000**	640 992
AFB Mthembu	**846 200**	745 396
SH Müller	**1 213 395**	1 300 551
PK Quarmby[2]	**–**	613 077
S Totaram[3]	**1 403 847**	173 811
	9 574 401	9 354 550

[1] Resigned effective 17 October 2025
[2] Resigned effective 29 November 2024
[3] Appointed effective 5 May 2025

Forward-looking proposed NEDs' fees for FY27 will be presented for shareholder approval at our 2026 AGM.

Benchmarking of remuneration

There was no requirement to perform a grading and benchmarking analysis on the remuneration of the executive directors in relation to FY26, following the resignation of the KAP CEO in May 2025 (effective 31 October 2025) and the appointment of the current KAP CFO to the position of CEO effective 1 November 2025. In terms of the two-year cycle specified in our remuneration policy, the group will perform a grading and benchmarking review of remuneration of the executive directors during FY27.

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.

Pay gap disclosure

In accordance with the provisions of the recently implemented amendments to the Companies Act, the required details of the total remuneration of our employees are disclosed in the adjacent table.

All full-time, permanent employees, totalling 12 391, were included in the review which provides an appropriate reflection of the implementation of our remuneration policy. Temporary employees, apprentices and learners were excluded from disclosures. Actual total remuneration paid during FY26 includes amounts paid to employees who joined or left during the year. The table also presents supplementary annualised total remuneration for employees who worked for only part of the year to support comparisons of remuneration levels and the pay gap. These supplementary figures are presented separately from actual total remuneration paid.

	Actual total remuneration paid FY26 R	Annualised total remuneration FY26[3] R
Total remuneration of highest-paid employee[1]	**12 395 750**	**12 395 750**
Total remuneration of lowest-paid employee[2]	**389**	**101 249**
Average total remuneration	**364 690**	**402 409**
Median total remuneration	**245 913**	**280 990**
Average total remuneration of highest-paid 5% of employees	**1 858 995**	**1 938 329**
Average total remuneration of lowest-paid 5% of employees	**33 756**	**201 399**
Remuneration gap: highest-paid 5% to lowest-paid 5%	**55**	**10**

[1] The highest-paid employee in the group for FY26 was a divisional CEO.
[2] The lowest-paid employee in the group for FY26 was employed for one day.
[3] Annualised total remuneration is supplementary information that adjusts remuneration paid during FY26 for employees employed for only part of the year to an annual equivalent.

The ratio between the highest 5% and lowest 5% of earners reflects the difference in the scope and responsibilities assigned to the roles. Between 17% and 76% of remuneration at the executive levels is variable pay (AIB and LTI) linked directly to performance, as compared to the lowest earners not eligible to participate in the AIB and LTI schemes.

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 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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GLOSSARY

AFS	consolidated annual financial statements
AGM/2026 AGM	annual general meeting
AI	artificial intelligence
AIB	annual incentive bonus
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
COID	Compensation for Occupational Injuries and Diseases
Companies Act	Companies Act, No. 71 of 2008 of South Africa as amended
CPI	Consumer Price Index
CTC	cost-to-company
DFFE	Department of Forestry, Fisheries and the Environment
DIFR	disabling injury frequency rate
divisional subcommittees	divisional human capital and remuneration subcommittees
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 directly adjacent to our operations
FSC	Forest Stewardship Council
FY25	1 July 2024 to 30 June 2025
FY26	1 July 2025 to 30 June 2026
GDP	gross domestic product
GHG	greenhouse gas
GNU	government of national unity
HDPE	high-density polyethylene
HEPS	Headline earnings per share
IFRS® Accounting Standards	International Financial Reporting Standards
IGUA-SA	Industrial Gas Users Association of South Africa
incentives	variable performance-related incentives
IoDSA	Institute of Directors South Africa
IPCC	Intergovernmental Panel on Climate Change
IPPs	independent power producers
IR	integrated report
<IR> Framework	International Reporting Framework
IT	information technology
ITAC	International Trade Commission of South Africa
JSE	JSE Limited
King IV™	King IV Report on Corporate Governance™ for South Africa, 2016
KPIs	key performance indicators
KSS	KAP Secretarial Services Proprietary Limited
LCV	light commercial vehicle
LINED	Lead independent non-executive director
LPG	liquid petroleum gas
LTI	long-term incentive/lost-time injuries
MDF	medium-density fibreboard
ML	machine learning
MOI	memorandum of incorporation
NAAMSA	The Automotive Business Council
NECF	North East Cape Forests
NEDs	non-executive directors
NEVs	new energy vehicles
NGO	non-governmental organisation
NPO	non-profit organisation
OEMs	original equipment manufacturers
our divisions	a diversified portfolio of businesses
PCR	post-consumer recycled
PET	polyethylene terephthalate
PP	polypropylene
priority areas	six sustainability matters
PV	photovoltaic
Remchannel	Remchannel Proprietary Limited
ROCE	return on capital employed
ROE	return on equity
SAFI	South African Furniture Initiative
salary	guaranteed salary
SCF	South Cape Forests
SED	socioeconomic development
SRS	share rights scheme
STR	Small-Town Regeneration
SUV	sport utility vehicle
the Amendment Act	Employment Equity Amendment Act, No. 4 of 2022
the King Code	Implementation of the King V™ corporate governance principles and recommended practices
UIP	urban improvement precinct
WACC	weighted average cost of capital

CORPORATE INFORMATION

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Shareholders' diary

Annual general meeting 2026	Monday, 30 November 2026
Announcement of interim results	February 2027
Announcement of year-end results	August 2027
Annual general meeting 2027	November 2027

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