

KAP INDUSTRIAL HOLDINGS LIMITED

Update on COVID-19

17 March 2020

The Coronavirus (COVID-19) has been widely publicised and the board of directors and management of KAP acknowledge the seriousness of the current situation. While the nature and extent of the impact of COVID-19 on South Africa, its people, its economy and the Company is currently unknown, it could potentially be significant.

As embodied in the KAP culture and the company's Code of Ethics, KAP endeavours to provide a safe working environment to its almost 20 000 employees. The situation is therefore being closely monitored on an ongoing basis and management are putting controls in place to prevent and minimise potential infections and transmissions of the virus within the workplace.

The Company has provided clear and defined communication to its employees in this regard and has formulated crisis management plans in the event of infections within the organisation. Each of KAP's divisions have developed COVID-19 prevention processes, procedures and controls which are applicable to the specific environment within which each division operates. Best practices have been shared across the various divisions. These processes, procedures and controls focus on prevention through the adoption of published hygiene practices, communication and education in order to reduce the spread of the infection and procedures to be followed in the event of infection.

Travel within South Africa and personal contact between staff have been minimized wherever possible and all overseas travel has been suspended. If required and where practical, staff will be enabled to work from home. Staff are being encouraged to share the facts and to prevent the spread of misinformation that may stigmatize people who contract COVID-19. Any suspected or confirmed infections will be treated very seriously. These are monitored and reported centrally within the group on a daily basis. As of 17 March 2020, there are no confirmed cases of COVID-19 in any of KAP's operations.

To date COVID-19 has not affected the group's sales and the group has not experienced any significant operational or supply chain disruptions. Management is monitoring the situation closely and appropriate contingency plans are being developed to address known potential risks.

The Company's cash generation and balance sheet remain strong and the Company remains within its agreed financial covenants. Should the impact of COVID-19 become material and quantifiable, the Company will provide guidance thereto through the Stock Exchange News Service (SENS) platform in terms of the JSE Listings Requirements.