

AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2023

KAP REMAINS RESILIENT IN A CHALLENGING OPERATING ENVIRONMENT

Revenue
up 6% to R29.6 billion
(FY22: R28.0 billion)

Cash generated from operations
down 5% to R3.9 billion
(FY22: R4.1 billion)

No dividend declared
(FY22: 29 cents per share)

EBITDA
down 11% to R3.9 billion
(FY22: R4.3 billion)

Headline earnings per share
down 43% to 42.7 cents
(FY22: 74.4 cents)

Operating profit before capital items
down 19% to R2.4 billion
(FY22: R2.9 billion)

Earnings per share
down 76% to 16.7 cents
(FY22: 70.3 cents)

Revenue, EBITDA, operating profit before capital items, headline earnings per share and earnings per share from continuing operations.

OPERATIONAL OVERVIEW

During the year under review, the South African operating environment was characterised by rising interest rates and inflation, subdued consumer confidence and continued infrastructure disruptions, including increased levels of electricity loadshedding. Following the record result achieved in the previous year, the group delivered a lower result for the year under review in the context of this challenging environment.

Group revenue increased by 6% to R29.6 billion whereas earnings before interest, taxation, depreciation and amortisation (EBITDA) declined by 11% to R3.9 billion. Headline earnings per share declined by 43% to 42.7 cents, primarily due to lower operating profit and higher net finance costs. Earnings per share declined by 76% to 16.7 cents, largely due to a non-cash impairment of intangible assets.

Cash generated from operations decreased by 5% to R3.9 billion. Net interest-bearing debt increased by R568 million to R8.0 billion, with R2.2 billion invested in the replacement and expansion of operational assets. This includes a major expansion at PG Bison's Mkhondo plant, expected to be commissioned in July 2024. The group remained within its financial covenants during the year.

Significant progress was made during the year to rationalise and restructure underperforming operations and activities, which are not yet fully reflected in the results, with further benefit thereof expected in the following financial year. We anticipate that this, together with the completion of our major capital projects and our initiatives to outperform the sectors in which we operate, will support a reduction in debt and improved returns.

FINANCIAL OVERVIEW

	Year ended 30 Jun 2023 Audited	Year ended 30 Jun 2022 Audited	% change
From continuing operations:			
Revenue (Rm)	29 628	27 979	6
Operating profit before capital items (Rm)	2 367	2 936	(19)
Headline earnings (cents per share)	42.7	74.4	(43)
Basic earnings (cents per share)	16.7	70.3	(76)
From continuing and discontinued operations:			
Revenue (Rm)	29 628	27 979	6
Operating profit before capital items (Rm)	2 367	2 946	(20)
Headline earnings (cents per share)	42.7	75.1	(43)
Basic earnings (cents per share)	16.7	70.2	(76)
Net asset value (cents per share)	461	466	(1)
Dividend (cents per share)	–	29	(100)

The board of directors has not declared an annual dividend.

ABOUT THIS SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors. It should be noted that this short-form announcement is only a summary of the information in the full announcement and therefore does not contain full or complete details. It contains extracted financial information from the audited summary consolidated financial statements for the year ended 30 June 2023. This short-form announcement has not been audited or reviewed.

Any investment decisions by investors and/or shareholders should be based on the information in the full announcement.

The annual financial statements have been audited by the company's auditors, KPMG Inc., who expressed an unmodified audit opinion thereon. The full auditor's report includes details of key audit matters. This auditor's report, along with the annual financial

statements for the year ended 30 June 2023, is available on the company's website on www.kap.co.za.

The full announcement has been published on the company's website on www.kap.co.za and is available through the link in the short-form announcement released on SENS, or alternatively can be inspected at the registered office of the company and the offices of the equity sponsor, free of charge to investors and/or shareholders, during office hours (09:00 – 17:00) from Monday to Friday. A copy of the full announcement may be requested by emailing investors@kap.co.za or by telephoning Johann Pieterse on 010 005 3000.

By order of the board
KAP Secretarial Services Proprietary Limited
29 August 2023

KAP owns a diversified portfolio consisting of six businesses operating under well-known brands and offering market-leading products and services in strategically selected markets.



PG Bison produces wood-based decorative panels, which are used for interior applications to inspire and enable beautiful living spaces.



Restonic is an integrated manufacturer of sleep products under the Restonic, iDream and Green Coil brands, as well as retail house brands for major South African furniture and bedding retailers.



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



Safripol produces polymers that are used in a broad range of applications in sectors such as packaging, infrastructure, agriculture and homeware. Safripol is leading the 'Let's plastic responsibly' campaign, which aims to prevent plastics entering the environment.



Unitrans is a supply chain and operational services business providing customised solutions to clients in a diverse range of sectors, including food, agriculture, petrochemical, mining, and passenger transport.



Optix* utilises leading global video telematics and predictive analytics to prevent road accidents and improve road safety in over 40 countries. Its unique user interfaces provide real-time event-based interventions, business intelligence tools and driver support to improve fleet efficiency and reduce risk.

* Previously DriveRisk

CORPORATE INFORMATION

KAP Limited ('KAP' or 'the company') **Independent non-executive directors:** PK Quarmbay (Chairperson), KJ Grové (Lead), TC Esau-Isaacs, Z Fuphe, JA Holtzhausen, KT Hopkins, V McMenamain, SH Müller **Executive directors:** GN Chaplin (Chief executive officer), FH Olivier (Chief financial officer), SP Lunga **Registration number:** 1978/000181/06 **Share code:** KAP **ISIN:** ZAE000171963 **LEI code:** 3789001F51BC0045FD42 **Registered address:** 3rd Floor, Building 2, The Views, Founders Hill Office Park, 18 Centenary Street, Modderfontein, Johannesburg 1645 **Postal address:** PO Box 2766, Edenvale 1610 **Telephone:** 010 005 3000 **Facsimile:** 010 005 3050 **E-mail:** investors@kap.co.za **Transfer secretary:** Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 **Company secretary:** KAP Secretarial Services Proprietary Limited **External auditor:** KPMG Inc. **Equity sponsor:** PSG Capital Proprietary Limited **Debt sponsor:** Nedbank Limited **Announcement date:** 30 August 2023

The full announcement is available on
www.kap.co.za