



BEING THE CHANGE

AUDITED RESULTS
FOR THE YEAR ENDED
30 JUNE 2023



INSPIRING PEOPLE.
ENABLING BUSINESS.
CREATING VALUE.

SALIENT FEATURES

Revenue

up 6% to R29.6 billion

(FY22: R28.0 billion)

Operating profit before capital items

down 19% to R2.4 billion

(FY22: R2.9 billion)

EPS

down 76% to 16.7 cents

(FY22: 70.3 cents)

R2.2 billion

working capital released from
31 December 2022

EBITDA

down 11% to R3.9 billion

(FY22: R4.3 billion)

HEPS

down 43% to 42.7 cents

(FY22: 74.4 cents)

Cash generated from operations

down 5% to R3.9 billion

(FY22: R4.1 billion)

No dividend declared

(FY22: 29 cents per share)

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

OVERVIEW

During the past year, 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. These factors affected the group's performance during the year in the following ways:

- lower domestic sales volumes, as the frequency of loadshedding beyond Stage 4 contributed to lower customer and consumer demand;
- increased export sales at lower margins required to normalise inventories;
- equipment damage due to unplanned infrastructure disruptions; and
- increased finance costs.

Following the record result achieved in the previous year, the group delivered a lower result for FY23, with improved performances from PG Bison, Restonic and Feltex being insufficient to offset lower performances from Satripol and Unitrans. Group revenue increased by 6% to R29.6 billion, with price increases adequately offsetting raw material cost escalations. EBITDA decreased by 11% to R3.9 billion, while operating profit before capital items decreased by 19% to R2.4 billion. HEPS declined by 43% to 42.7 cents, primarily due to the decline in operating profit before capital items and a 59% increase in net finance

costs relating mainly to higher interest rates. Earnings per share declined by 76% to 16.7 cents, largely due to a R570 million non-cash impairment of Unitrans' intangible assets, net of taxation.

Cash flow from operations decreased by 5% with a lower investment in working capital partly offsetting the reduced EBITDA. The elevated working capital compared to the prior year levels reported at 31 December 2022 were corrected, with R2.2 billion being released in the second half to 30 June 2023. Net interest-bearing debt increased by R568 million to R8.0 billion, largely due to lower earnings and capital expenditure to complete committed expansion projects. The group remained within its financial covenant ratios during the year.

While we expect the trading environment to remain challenging over the near term, we are confident that the diversity, scale and positioning of the group will continue to prove resilient. We have made significant progress during the year to rationalise and restructure underperforming activities and operations, which are not yet fully reflected in the results, with further benefit thereof expected in FY24. We anticipate that this, together with the completion of our major capital projects and our initiatives to outperform the sectors we operate in, will support improved returns and a reduction in debt from FY25.



Revenue up
10% to R5 349 million
(FY22: R4 876 million)

Operating profit up
12% to R933 million
(FY22: R831 million)

Key metrics for the division are reported as follows:

	FY23	FY22	% change
Sales volumes (m ³)*	769 918	721 104	7
Production volumes (m ³)**	815 452	767 381	6
Value-add sales volumes (m ³)	473 684	485 930	(3)
Value-add ratio	62	67	(5)

* Sales volumes include raw and upgraded (value-add) board.

** Production volumes include only raw board.

PG Bison delivered a good performance for the year, supported by market share gains following a 14% expansion in total annual raw board capacity to 830 000 m³, completed in March 2022. The division was also successful in implementing price increases during the year to offset the impact of higher raw material costs.

Domestic demand for the division's products was robust during the first half of the year. However, it softened in the third quarter as the increased frequency of higher stages of loadshedding negatively affected downstream customer operations. Demand improved towards the end of the fourth quarter, as loadshedding reverted to lower stages. Sales volumes increased by 7% for the year, as the division was able to supplement lower domestic sales with exports. Export sales increased from 11% to 18% of total sales volumes, supported by the global competitiveness of our products. Exports are an important element of PG Bison's strategy to operate its plants consistently at full capacity and to support expansion. While exports were at positive margins, these were lower than domestic sales as primarily raw (non-upgraded) board was exported, which resulted in the division's operating profit margin being slightly below our long-term guidance of 18% to 20%.

The division's raw board production plants operated near full capacity throughout the year, showing a 6% increase in production volumes. The value-add production and sales volumes were slightly lower than the prior year as a result of reduced upgrading plant availability in the first half of the year and softer domestic demand in the third quarter.

Operating profit includes a biological assets revaluation of R24 million, compared with a R77 million devaluation in the prior year. The devaluation in FY22 related to a plantation fire for which insurance income of R49 million was recognised in the same year.



Revenue up
1% to R1 632 million
(FY22: R1 612 million)

Operating profit up
17% to R81 million
(FY22: R69 million)

Restonic delivered an improved result, supported by the restructuring of its operations to focus on more profitable products and market segments, improved process efficiencies, and reduced operating costs. The division was also successful in implementing price increases to offset the impact of higher raw material costs.

Domestic demand was lower for the year, a combination of pressure on consumer disposable income due to higher inflation and interest rates, and lower retail store footfall due to loadshedding. Sales volumes for bedding units therefore dropped by 7%, returning to more normalised pre-pandemic (FY19) levels. Sales volumes of foam and textile products, key raw materials for the bedding and furniture manufacturing industry, declined by 9% and 5% respectively.

While this was an improved result compared to the previous year, the division's performance remains below our expectations, relative to history and our long-term operating profit margin guidance of 13% to 15%. Further benefits related to the restructuring initiatives are expected to be realised in FY24.



Revenue up
27% to R2 301 million
(FY22: R1 809 million)

Operating profit up
> 100% to R211 million
(FY22: R36 million)

Feltex's performance for the year was pleasing, supported by a recovery in industry automotive assembly volumes, price adjustments/recoveries related to raw material cost escalations and insurance income.

South African automotive assembly volumes increased by 32%, with domestic light commercial vehicle ('LCV') and sports utility vehicle ('SUV') sales increasing by 16% and 27% respectively. Prior year automotive assembly was constrained by global supply chain disruptions and semiconductor chip shortages, and the impact of significant flooding in KwaZulu-Natal in April 2022. The division's sales volumes improved largely in line with industry assembly volumes.

Operating profit includes R80 million in insurance income (R47 million relates to FY22; the remainder to FY23) relating to business interruption due to the prolonged effects of the KwaZulu-Natal floods.

Although total industry assembly volumes increased during the year, offtake of original equipment manufacturers ('OEMs') remained inconsistent during the year, thereby introducing operational complexity and contributing to an operating profit margin slightly below our long-term guidance of 10% to 12%. Offtake from OEMs has since stabilised and the Automotive Business Council ('NAAMSA') forecasts a further recovery in industry assembly volumes in FY24.



Revenue up
2% to R10 310 million
(FY22: R10 120 million)

Operating profit down
45% to R764 million
(FY22: R1 400 million)

Key metrics for the division are reported as follows:

	PET		HDPE		PP		TOTAL	
	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
Revenue (Rm)	4 615	4 267	3 200	3 263	2 418	2 590	10 233	10 120
Sales volumes (tonnes)	193 027	203 993	143 370	142 472	122 046	117 603	458 443	464 068
Production volumes (tonnes)	203 082	195 860	139 014	146 457	117 933	118 363	460 029	460 680
Average USD/R exchange rate	17.76	15.21	17.76	15.21	17.76	15.21	17.76	15.21

PET – Polyethylene terephthalate | HDPE – High-density polyethylene | PP – Polypropylene

Revenue, sales volumes and production volumes exclude compounded polymers.

The actual raw material margin trend for Safripol is analysed as follows:

	Full year and half-year comparison			Trend analysis	
	FY23 vs FY22	2H23 vs 2H22	1H23 vs 1H22	2H23 vs 1H23	1H23 vs 2H22
PET	(14%)	(43%)	32%	(26%)	(22%)
HDPE	4%	(17%)	34%	(20%)	3%
PP	(45%)	(61%)	(28%)	(40%)	(35%)

Notes:

1. The actual raw material margin trend analysis includes Safripol's actual selling prices and actual raw material costs in rand.
2. The actual raw material margin trend analysis has been adjusted to account for the R91 million ethylene price adjustment in 2H21.

Following a record performance in the prior year, we expected a contraction in Safripol's operating profit for the year as global polymer margins retracted from temporary highs in the prior year. The result was, however, below our expectations, largely due to softer domestic demand, PP margins being weaker than anticipated and the effects of a major equipment failure at the Durban PET plant.

Domestic sales volumes declined by 11% as a result of lower consumer demand and reduced offtake from certain customers due mainly to their inability to operate efficiently at higher loadshedding stages. Exports were targeted to supplement domestic sales and increased to 19% of total sales volumes compared with 9% in the prior year.

Polymer pricing in US dollar terms declined during the year due to an easing of global supply chains, increased global polymer capacity and slower global growth. Safripol's average sales basket price (average PET, HDPE and PP domestic and export sales) declined by 12% in US dollar terms. However,

it was marginally up in rand terms due to the 17% weakening of the rand relative to the US dollar.

Safripol's operating profit margin of 7.4% was within our through-the-cycle guidance of 7% to 9%; however, lower than the extraordinary prior year margin of 13.8%. The operating profit margin was largely impacted by:

- increased export sales executed on a spot basis at negative margin, required to normalise inventories;
- materially lower rand-based PP index margins due to normalisation in US/Western Europe PP margins; and
- increased operating costs, demurrage costs and the margin impact resulting from the PET plant breakdown.

The increased exports were targeted to turn excess inventory reported at 31 December 2022, which largely resulted from weak domestic demand, into cash. Ongoing exports are generally executed on a contractual basis at favourable margins.

The division's polymer plants operated at 89% capacity utilisation throughout the year. Utilisation in the first half of the year was negatively affected by a major equipment failure at the PET plant in October 2022 and a 38-day shutdown for repairs. The failure was the result of frequent unscheduled stoppages from unplanned external events, including inconsistent electricity supply and quality. A claim relating to the failure is being quantified for insurance purposes. The Durban site has largely been de-risked with the installation of multiple standby generators. During the second half of the year, production levels were reduced to accommodate softer local demand and manage inventory levels.

Operating profit includes insurance income of R216 million related to PET plant stoppages due to various external factors in FY22, including electricity disruptions and the KwaZulu-Natal floods in April 2022. The prior year operating profit also included a R91 million positive ethylene price adjustment related to FY21.



Revenue up
3% to R10 052 million
 (FY22: R9 757 million)

Operating profit down
33% to R385 million
 (FY22: R578 million)

A process to consolidate the three Unitrans divisions – Unitrans South Africa, Unitrans Africa and Unitrans Passenger – into a single organisation, with a single strategy and management structure, commenced during the year. The consolidation is designed to increase focus, scale and expertise in the following core sectors: food, agriculture, petrochemical, mining and passenger transport.

The outcome of this process is expected to improve the quality of revenue, together with cost savings and asset and infrastructure rationalisation opportunities, which will ultimately improve margins and returns.

Unitrans delivered a disappointing performance for the year, primarily due to poor performances by the Agriculture and Food operations, with operating profit margin well below our long-term guidance of 8% to 10%. The Agriculture operations were negatively impacted by above-average rainfall in the first quarter and by flooding in the third quarter, for which an insurance claim has been registered. These factors resulted in an extension of the harvesting season, with associated increased maintenance and operating costs and reduced estate services, which offset a 13% increase in sugar cane volumes. The Food operations were negatively affected by the early termination of a major food retail contract. An early termination penalty of R125 million was received with R107 million recognised in FY22 and R18 million in FY23. The assets related to this contract were largely redeployed internally to reduce capital expenditure or disposed of during 2H23.

The Mining operations performed well, supported by increased volumes. Passenger Transport also delivered a good performance due to increased activity, rationalisation and cost optimisation and renegotiation of certain loss-making contracts. Petrochemicals delivered a satisfactory performance due to an increase in petroleum, chemical and explosives volumes in South Africa.

The Unitrans consolidation process has resulted in the closure of underperforming operations and the sale of the related assets, which incurred operating losses of R107 million for the year. In addition, non-recurring restructure costs of R27 million were incurred for the year. This rationalisation and restructuring process has continued into FY24, with the focus shifting towards achieving material cost savings related to the lower revenue base, with the objective of creating a smaller, better-quality logistics business. The rationalisation and restructuring process, together with the muted outlook for South African economic growth, structural changes in the South African logistics industry and the loss of the major food retail contract, resulted in the value of Unitrans' intangible assets being impaired by R713 million.



Revenue
R523 million
(FY22*: R242 million)

Operating loss of
R7 million
(FY22*: profit of R22 million)

* Optix (previously DriveRisk) was acquired on 1 December 2021.

Optix's performance was disappointing, primarily due to a rapid weakening in the US dollar/rand exchange rate and unavailability of sufficient stock to fulfil orders. This mainly affected the South African operations and has since been resolved. The Australasian operations performed well, supported by growth in the mining sector. Interest in the Optix product offering and the sales pipeline remains strong, providing compelling prospects for this business.

RENEWABLE ENERGY UPDATE

The group continued with business resilience efforts during the year, which include a comprehensive energy strategy. Good progress was made on the following projects during the year:

- a 10 MWp photovoltaic (PV) plant was completed and commissioned at Sefripol Sasolburg;
- the construction of a 5 MWp PV plant at PG Bison Boksburg commenced; and
- the phased construction of a 11 MWp PV plant at PG Bison Mkhondo commenced.

Further potential renewable energy investments are being assessed across the group.

OUTLOOK

We expect the challenging macroeconomic environment experienced during the year to continue into FY24. In this environment, our divisions will continue to focus on the following activities, which we anticipate will support group performance and returns:

- growing domestic market share and targeting select export markets at favourable margins;
- increasing selling prices to recover raw material and other cost escalations;
- reducing costs and improving operational efficiencies;
- curtailing non-essential capital expenditure and optimising working capital;
- discontinuing underperforming activities and disposing of low-return assets; and
- finalisation of outstanding insurance claims.

In addition, we are committed to successfully executing the following material items:

- **Completion of major capital projects:** The group will complete a number of capital projects in FY24, with the largest being PG Bison's MDF expansion in Mkhondo, which is progressing according to schedule, at a total capital expenditure of R1.9 billion (R661 million spend to date, with R1.2 billion due in FY24 and R57 million due in FY25), with commissioning planned for July 2024. The capacity

expansion is aimed at displacing imports, growing local market share and leveraging existing export markets. The plant will result in a 33% increase in PG Bison's production capacity, on a basis that it is globally competitive.

- **The consolidation of Unitrans:** Following the consolidation of the three divisions into a single business, the rationalisation and restructuring of the division will be driven in 1H24 and will further address underperforming operations and disposal of related assets, and a reduction in operating costs targeted at more than R100 million. A restructuring specialist has been appointed to assist management in this process. Our objective is to reposition Unitrans as a smaller, better-quality business with materially improved returns.
- **Reduction of net debt:** Management is focused on reducing net debt in the current operating environment. We expect the afore-mentioned activities to support stable net debt levels during FY24 and expect the group to de-gear from FY25 as the capital expenditure profile tapers off alongside the expected positive contribution from the PG Bison Mkhondo MDF plant.

We believe that the steps we are taking to optimise our portfolio, together with the completion of our major capital projects and our initiatives to outperform the sectors we operate in, will support improved returns and a reduction in debt from FY25.

FINANCIAL REVIEW

INCOME STATEMENT

Revenue from continuing operations increased by 6% to R29 628 million (FY22: R27 979 million).

Operating profit before depreciation, amortisation and capital items ('EBITDA') from continuing operations decreased by 11% to R3 864 million (FY22: R4 340 million).

Operating profit before capital items from continuing operations decreased by 19% to R2 367 million (FY22: R2 936 million) and operating margin decreased to 8.0% (FY22: 10.5%).

The operating profit and margin performance were mainly due to Safripol returning to a guided through-the-cycle margin range and Unitrans performing lower than the prior year. This is reflected as follows:

	Year ended 30 Jun 2023 Audited Rm	30 Jun 2023 margin %	Year ended 30 Jun 2022 Audited Rm	30 Jun 2022 margin %	Operating profit change %	Margin change %
Operating profit and margin %						
Diversified industrial	1 225	13.3	936	11.3	31	2.0
PG Bison	933	17.4	831	17.0	12	0.4
Restonic	81	5.0	69	4.3	17	0.7
Feltex	211	9.2	36	2.0	> 100	7.2
Diversified chemical	764	7.4	1 400	13.8	(45)	(6.4)
Safripol	764	7.4	1 400	13.8	(45)	(6.4)
Diversified logistics	385	3.8	578	5.9	(33)	(2.1)
Unitrans South Africa	146	2.7	382	6.6	(62)	(3.9)
Unitrans Africa	29	1.2	48	2.2	(40)	(1.0)
Unitrans Passenger	210	9.2	148	7.8	42	1.4
Road safety	(7)	(1.3)	22	9.1	(> 100)	(10.4)
Optix*	(7)	(1.3)	22	9.1	(> 100)	(10.4)
	2 367	8.0	2 936	10.5	(19)	(2.5)

* During the year, the group changed the name of the DriveRisk division to Optix. However, this did not result in the restatement of the amounts presented.

The operating profit includes R343 million insurance income, of which R178 million related to the business interruption caused by the KwaZulu-Natal floods in April 2022 and R148 million related to plant stoppages at Safripol Durban in January and February 2022. Safripol, Feltex and Unitrans South Africa recognised insurance income in relation to these events amounting to R216 million, R80 million and R30 million respectively in the year. The claims relating to the major equipment failure at the Safripol Durban plant during the year and the flooding in Mozambique are being quantified for insurance purposes and are expected to be finalised in FY24.

Safripol's operating profit for the prior year included R91 million related to retrospective ethylene price adjustments applicable to FY21.

The Unitrans South Africa revenue and operating profit include R18 million in relation to a R125 million termination penalty on a major food retail contract. The remaining R107 million of the penalty was recognised in 2H22.

Headline earnings per share from continuing operations decreased by 43% to 42.7 cents (FY22: 74.4 cents) and basic earnings per share from continuing operations decreased by 76% to 16.7 cents (FY22: 70.3 cents).

CAPITAL ITEMS

Capital items from continuing operations of R816 million (FY22: R109 million) are made up as follows:

Capital items	Year ended 30 Jun 2023		Year ended 30 Jun 2022	
	Gross Rm	Net ⁽¹⁾ Rm	Gross Rm	Net ⁽¹⁾ Rm
Impairments	813	641	111	103
Goodwill	51	51	80	80
Intangible assets	665	521	–	–
Property, plant and equipment	97	69	31	23
Loss on disposal of property, plant and equipment	48	35	36	27
Insurance income	(45)	(34)	(36)	(26)
Other capital items	–	–	(2)	(2)
	816	642	109	102

⁽¹⁾ Net is the value after the impact of taxation and non-controlling interests' portion of capital items.

The group performs annual impairment assessments on all assets in line with the requirements of IFRS. Impairments mainly comprise a R713 million impairment of trademarks and goodwill relating to the Unitrans division. This is the result of the muted outlook for South Africa's economic growth, structural changes in the South African logistics industry, the loss of a major food contract and the resultant decline in Unitrans' performance. In addition, in terms of the above-mentioned rationalisation process taking place in Unitrans, involving the closure of underperforming operations and contracts and the disposal of related assets, Unitrans impaired affected logistics assets by R74 million.

The prior year impairment comprises mainly an R80 million impairment of goodwill relating to the Maxe business unit, which forms part of the Feltex division.

TAXATION

The effective tax rate from continuing operations of 38.9% (FY22: 24.6%) was elevated due to the impairments of R704 million (trademarks of R653 million and goodwill of R51 million) which are not tax deductible. The tax rate was also impacted by the reduction in the South African corporate taxation rate from 28% to 27% in the current year.

STATEMENT OF FINANCIAL POSITION

The group's balance sheet remains strong despite net interest-bearing debt increasing by R568 million compared to the prior year, due to lower earnings and continued capital expenditure to complete committed projects. The group remained within its financial covenant ratios during the year.

The net asset value per share decreased by 1% to 461 cents (FY22: 466 cents), mainly due to the above-mentioned impairments.

NET WORKING CAPITAL

Net working capital levels increased by R26 million compared to the prior year. Inventory and accounts receivable increased by R63 million and R83 million respectively, offset by an increase in accounts payable of R120 million. Net working capital was increased by higher raw material and operating costs, and higher selling prices of finished goods and services. These inflationary impacts on net working capital were, however, effectively mitigated by higher inventory turn and reduced debtor days.

Significant focus was placed on working capital management in the second half of FY23 to remedy the impact of weak market demand and resultant lower sales volumes in 1H23. This resulted in a decrease of R2 193 million in net working capital from 31 December 2022 to 30 June 2023. In the current environment, increased focus has been placed on optimising net working capital. This involves aligning production and inventory levels with demand and accessing alternative markets in a more structured manner.

Net working capital is inflated by R258 million in insurance claims receivable, of which R77 million was received after year-end. Management's focus is to receive the balance by 31 December 2023.

CASH FLOW

Cash generated from operations of R3 889 million (FY22: R4 081 million) is R192 million less than the prior year, comprising R667 million less cash generated from trading and R475 million less cash invested in working capital.

The cash conversion ratio of EBITDA to cash flow from operations ended at 101%, above our internal target of 90%.

Free cash flow (before dividends paid) of R308 million is R286 million above the prior year, mainly due to R192 million less cash generated from operations, and R279 million more net finance costs paid, offset by R438 million less spent on investing activities.

Dividends of R751 million (FY22: R394 million) were paid during the year.

CAPITAL EXPENDITURE

Depreciation and amortisation (excluding right-of-use asset depreciation) from continuing operations for the year amounted to R1 370 million (FY22: R1 298 million), while replacement capital expenditure amounted to R871 million (FY22: R1 067 million) net of proceeds from disposal, insurance proceeds and government grants received. Expansion capital expenditure of R1 326 million (FY22: R1 127 million), net of government grants received, was invested in the group's asset base to drive growth and efficiency benefits.

SHARE BUY-BACKS

No shares were repurchased or cancelled during the year. In the prior year, the company repurchased and cancelled 65 million ordinary shares. The total value of the share buy-back transactions amounted to R310 million.

CAPITAL STRUCTURE

Net interest-bearing debt of R8 027 million increased by R568 million compared to the prior year, resulting in the net interest-bearing debt to equity (gearing) ratio increasing to 70% from 65% in the prior year. Net interest-bearing debt decreased by R1 893 million since 31 December 2022, mainly due to the reduction of net working capital.

Debt serviceability ratios for the year of net debt/EBITDA at 2.1 times and EBITDA/interest cover at 4.5 times remained within our financial covenants of < 3.2 times and > 3.5 times, and within our internal target of < 2.5 times and > 4.5 times respectively.

During the year, bonds to the value of R1 504 million were settled and new funding of R1 800 million was raised through bond issuances with maturities of up to five years, at more favourable interest rates.

Global Credit Rating Co. Proprietary Limited reviewed KAP's credit rating in November 2022, and confirmed its rating as A+(za) with a stable outlook.

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

	30 Jun 2023 Audited Rm	30 Jun 2022 Audited Rm
Debt structure and capacity ratios		
Loans and borrowings non-current	6 849	6 681
Loans and borrowings current	2 247	2 049
Lease liabilities non-current	323	372
Lease liabilities current	126	106
Non-interest-bearing loans and borrowings	(65)	(57)
Bank overdrafts	–	38
Cash and cash equivalents	(1 453)	(1 730)
Net interest-bearing debt	8 027	7 459
<i>Movement in net interest-bearing debt</i>		
Balance at the beginning of the year excluding lease liabilities	6 981	6 133
Net interest-bearing loans and borrowings	309	1 743
Increase in accrued interest on loans and borrowings	43	17
Net decrease/(increase) in cash and cash equivalents	276	(965)
Net acquisition of subsidiaries	6	74
Effects of exchange rate translations on cash and cash equivalents	(37)	(21)
Net interest-bearing debt excluding lease liabilities	7 578	6 981
Lease liabilities	449	478
Net interest-bearing debt	8 027	7 459
EBITDA ⁽¹⁾⁽²⁾	3 864	4 340
Net finance costs including capitalised interest ⁽²⁾	851	529
EBITDA: interest cover (times) > 3.5 ⁽³⁾	4.5	8.2
Net debt: EBITDA (times) < 3.2 ⁽³⁾	2.1	1.7
Gearing %	70	65

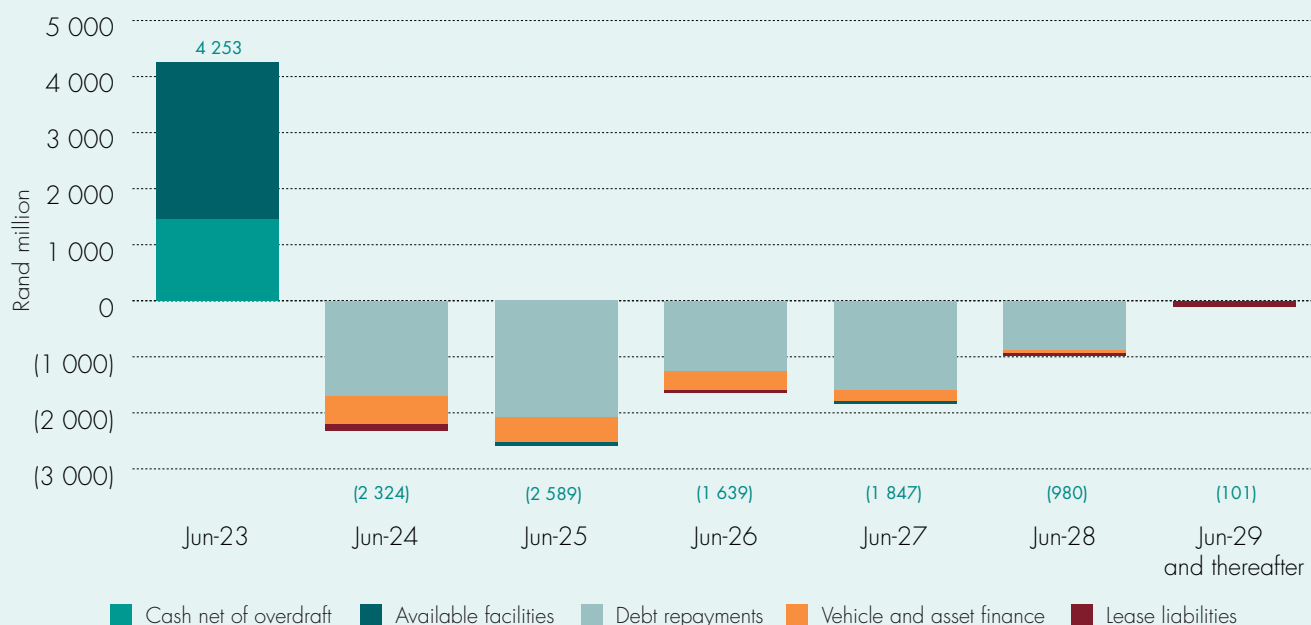
⁽¹⁾ Operating profit before depreciation, amortisation and capital items.

⁽²⁾ From continuing operations.

⁽³⁾ Financial covenant triggers.

The group has sufficient facilities to settle near-term debt maturities. Management will continue to refinance the group's debt from time to time through a combination of bank term debt and corporate bonds.

Maturity of net interest-bearing debt as at 30 June 2023



DIVIDEND

In view of the current economic environment, interest rates, net debt levels and committed capital projects, the board of directors has decided not to declare a dividend for the current reporting period. In the prior year, a dividend of 29 cents per share was declared and paid to shareholders on 26 September 2022.

APPRECIATION

Our stakeholders play a crucial role in the company achieving its strategy, for which we are grateful. We extend our sincere thanks to our employees for their perseverance under challenging operating conditions and for remaining committed to the execution of our strategy. We are very appreciative of our customers and suppliers for their valued loyalty and support during the past year.

On behalf of the board

Patrick Quarmby
Independent non-executive chairperson

Gary Chaplin
Chief executive officer

Frans Olivier
Chief financial officer

29 August 2023

SUMMARISED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 30 Jun 2023 Audited Rm	Year ended 30 Jun 2022 Audited Rm	% change
Revenue	1	29 628	27 979	6
Cost of revenue		(24 702)	(22 465)	
Gross profit		4 926	5 514	(11)
Operating profit before depreciation, amortisation and capital items		3 864	4 340	(11)
Depreciation and amortisation		(1 497)	(1 404)	
Operating profit before capital items		2 367	2 936	(19)
Capital items	2	(816)	(109)	
Operating profit		1 551	2 827	(45)
Finance costs		(833)	(527)	
Finance income		39	28	
Share of profit of associate and joint venture companies		39	19	
Profit before taxation		796	2 347	(66)
Taxation		(310)	(578)	
Profit for the year from continuing operations		486	1 769	(73)
Loss for the year from discontinued operations	3	–	(3)	
Profit for the year		486	1 766	(72)
Profit attributable to:				
Owners of the parent		414	1 746	(76)
Non-controlling interests		72	20	
Profit for the year		486	1 766	(72)
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain on defined benefit plans		–	2	
Gross obligation revaluation		–	(10)	
		–	(8)	
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		230	144	
Total other comprehensive income for the year, net of taxation		230	136	
Total comprehensive income for the year, net of taxation		716	1 902	(62)
Total comprehensive income attributable to:				
Owners of the parent		639	1 878	
Non-controlling interests		77	24	
Profit for the year		72	20	
Foreign currency translation reserve transferred to non-controlling interests		5	4	
Total comprehensive income for the year		716	1 902	(62)
Earnings per share attributable to owners of the parent		Cents	Cents	% change
Basic earnings		16.7	70.2	(76)
Diluted earnings		16.4	68.5	(76)
Basic earnings from continuing operations		16.7	70.3	(76)
Diluted earnings from continuing operations		16.4	68.6	(76)

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 Jun 2023 Audited Rm	30 Jun 2022 Audited Rm
Assets		
Non-current assets		
Goodwill	662	683
Intangible assets	1 728	2 363
Property, plant and equipment	15 094	14 130
Right-of-use assets	390	426
Consumable biological assets	1 536	1 491
Investments in associate and joint venture companies	237	183
Investments and loans receivable	16	25
Deferred taxation assets	89	48
Derivative financial instruments	57	55
	19 809	19 404
Current assets		
Inventories	3 474	3 411
Trade and other receivables	4 814	4 794
Derivative financial instruments	111	50
Loans receivable	13	6
Taxation receivable	50	63
Cash and cash equivalents	1 453	1 730
	9 915	10 054
Assets held for sale	53	47
	9 968	10 101
Total assets	29 777	29 505
Equity and liabilities		
Capital and reserves		
Total equity attributable to owners of the parent	11 428	11 531
Non-controlling interests	277	219
Total equity	11 705	11 750
Non-current liabilities		
Loans and borrowings	6 849	6 681
Lease liabilities	323	372
Employee benefits	20	15
Provisions	2	–
Deferred taxation liabilities	2 533	2 641
Derivative financial instruments	8	60
	9 735	9 769
Current liabilities		
Loans and borrowings	2 247	2 049
Lease liabilities	126	106
Employee benefits	430	473
Provisions	41	89
Trade and other payables	5 387	5 197
Derivative financial instruments	80	14
Taxation payable	26	20
Bank overdrafts	–	38
	8 337	7 986
Total equity and liabilities	29 777	29 505

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Year ended 30 Jun 2023 Audited Rm	Year ended 30 Jun 2022 Audited Rm
Balance at beginning of the year	11 750	10 449
Changes in stated share capital		
Ordinary shares repurchased and cancelled	–	(310)
Changes in reserves		
Total comprehensive income for the year attributable to owners of the parent	639	1 878
Ordinary dividends paid	(717)	(378)
Share-based payments	(15)	101
Transfer to non-controlling interests	–	(6)
Other movements	(10)	(4)
Changes in non-controlling interests		
Total comprehensive income for the year attributable to non-controlling interests	77	24
Ordinary dividends paid	(34)	(16)
Shares issued to non-controlling interests	15	–
Shares purchased from non-controlling interests	–	(16)
Transfer from other reserves	–	6
Arising on the acquisition of subsidiaries	–	22
Balance at end of the year	11 705	11 750
Comprising:		
Stated share capital	7 896	7 896
Distributable reserves	6 542	6 859
Share-based payment reserve	604	619
Reverse acquisition reserve	(3 952)	(3 952)
Other reserves	338	109
Non-controlling interests	277	219
	11 705	11 750

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 30 Jun 2023 Audited Rm	Year ended 30 Jun 2022 Audited Rm
Operating profit from continuing operations	1 551	2 827
Operating loss from discontinued operations	–	(10)
<i>Adjusted for:</i>		
Capital items (from continuing and discontinued operations)	816	129
Depreciation and amortisation	1 497	1 404
Net fair value adjustments of consumable biological assets ⁽¹⁾	(24)	77
Other non-cash adjustments	37	117
Cash generated before working capital changes	3 877	4 544
Increase in inventories	(44)	(776)
Increase in trade and other receivables	(3)	(522)
Increase in trade and other payables	59	835
Changes in working capital	12	(463)
Cash generated from operations	3 889	4 081
Dividends received	10	9
Finance income received	39	27
Finance costs paid	(847)	(556)
Dividends paid	(751)	(394)
Taxation paid	(467)	(803)
Other	(18)	–
Net cash inflow from operating activities	1 855	2 364
Additions to property, plant and equipment ⁽²⁾	(2 197)	(2 194)
Additions to intangible assets ⁽³⁾	(19)	(15)
Additions to consumable biological assets	(21)	(3)
Acquisition of subsidiaries and businesses, net of cash acquired	(37)	(392)
Other investing activities	(24)	(132)
Net cash outflow from investing activities	(2 298)	(2 736)
Net cash outflow from operating and investing activities	(443)	(372)
Ordinary shares repurchased	–	(310)
Transactions with non-controlling interests	(22)	(20)
Loans and borrowings received	2 612	3 792
Loans and borrowings repaid	(2 303)	(2 032)
Lease liabilities capital repayments	(120)	(93)
Net cash inflow from financing activities	167	1 337
Net (decrease)/increase in cash and cash equivalents	(276)	965
Net cash and cash equivalents at beginning of year	1 692	706
Effects of exchange rate translations on net cash and cash equivalents	37	21
Net cash and cash equivalents at end of the year	1 453	1 692

⁽¹⁾Includes fair value gain and decrease due to harvesting and sale of livestock.

⁽²⁾Net of proceeds on disposal of property, plant and equipment, insurance proceeds and government grants received.

⁽³⁾Net of proceeds on disposal of intangible assets.

SEGMENTAL ANALYSIS

	Notes	Year ended 30 Jun 2023 Audited Rm	Year ended 30 Jun 2022 Audited Rm	% change
Continuing operations				
Revenue				
Diversified industrial		9 235	8 259	12
PG Bison		5 349	4 876	10
Restonic		1 632	1 612	1
Feltex		2 301	1 809	27
Interdivisional eliminations		(47)	(38)	
Diversified chemical		10 310	10 120	2
Safripol		10 310	10 120	2
Diversified logistics		10 052	9 757	3
Unitrans South Africa		5 383	5 754	(6)
Unitrans Africa		2 433	2 147	13
Unitrans Passenger		2 271	1 895	20
Interdivisional eliminations		(35)	(39)	
Road safety		523	242	> 100
Optix*		523	242	> 100
		30 120	28 378	6
Intersegmental eliminations		(492)	(399)	
	1	29 628	27 979	6
Operating profit before depreciation, amortisation and capital items				
Diversified industrial		1 585	1 243	28
PG Bison		1 139	1 007	13
Restonic		140	120	17
Feltex		306	116	> 100
Diversified chemical		943	1 590	(41)
Safripol		943	1 590	(41)
Diversified logistics		1 294	1 464	(12)
Unitrans South Africa		581	836	(31)
Unitrans Africa		364	341	7
Unitrans Passenger		349	287	22
Road safety		35	38	(8)
Optix*		35	38	(8)
Corporate, consolidation and eliminations		7	5	
		3 864	4 340	(11)
Operating profit before capital items⁽¹⁾				
Diversified industrial		1 225	936	31
PG Bison		933	831	12
Restonic		81	69	17
Feltex		211	36	> 100
Diversified chemical		764	1 400	(45)
Safripol		764	1 400	(45)
Diversified logistics		385	578	(33)
Unitrans South Africa		146	382	(62)
Unitrans Africa		29	48	(40)
Unitrans Passenger		210	148	42
Road safety		(7)	22	(> 100)
Optix*		(7)	22	(> 100)
		2 367	2 936	(19)

* During the year, the group changed the name of the DriveRisk division to Optix. However, this did not result in the restatement of the amounts presented.

⁽¹⁾Included in the current year is insurance income which can be attributed to PG Bison (R4 million), Restonic (R10 million), Feltex (R80 million), Safripol (R216 million) and Unitrans South Africa (R33 million), and comprises mainly R178 million related to the business interruption caused by the KwaZulu-Natal floods in April 2022 and R148 million related to plant stoppages at Safripol Durban in January and February 2022.

SEGMENTAL ANALYSIS continued

	Notes	30 Jun 2023 Audited Rm	30 Jun 2022 Audited Rm	% change
Operating assets				
Diversified industrial		12 007	10 805	11
PG Bison		8 261	7 381	12
Restonic		1 890	1 774	7
Feltex		1 860	1 656	12
Interdivisional eliminations		(4)	(6)	
Diversified chemical		7 285	7 054	3
Safripol		7 285	7 054	3
Diversified logistics		7 775	8 949	(13)
Unitrans South Africa		4 109	4 994	(18)
Unitrans Africa		2 581	2 772	(7)
Unitrans Passenger		1 118	1 191	(6)
Interdivisional eliminations		(33)	(8)	
Road safety		813	683	19
Optix*		813	683	19
Corporate, consolidation and eliminations		(14)	(88)	
	6	27 866	27 403	2
Operating liabilities				
Diversified industrial		1 910	1 697	13
PG Bison		1 124	1 045	8
Restonic		238	246	(3)
Feltex		552	412	34
Interdivisional eliminations		(4)	(6)	
Diversified chemical		2 337	2 263	3
Safripol		2 337	2 263	3
Diversified logistics		1 372	1 628	(16)
Unitrans South Africa		782	935	(16)
Unitrans Africa		292	388	(25)
Unitrans Passenger		331	313	6
Interdivisional eliminations		(33)	(8)	
Road safety		104	78	33
Optix*		104	78	33
Corporate, consolidation and eliminations		245	182	
	7	5 968	5 848	2
Net operating assets/(liabilities)⁽²⁾				
Diversified industrial		10 097	9 108	11
PG Bison		7 137	6 336	13
Restonic		1 652	1 528	8
Feltex		1 308	1 244	5
Diversified chemical		4 948	4 791	3
Safripol		4 948	4 791	3
Diversified logistics		6 403	7 321	(13)
Unitrans South Africa		3 327	4 059	(18)
Unitrans Africa		2 289	2 384	(4)
Unitrans Passenger		787	878	(10)
Road safety		709	605	17
Optix*		709	605	17
Corporate, consolidation and eliminations		(259)	(270)	
		21 898	21 555	2

* During the year, the group changed the name of the DriveRisk division to Optix. However, this did not result in the restatement of the amounts presented.

⁽²⁾ Net operating assets/(liabilities) comprise operating assets less operating liabilities.

SEGMENTAL ANALYSIS continued

	Notes	30 Jun 2023 Audited Rm	30 Jun 2022 Audited [#] Rm	% change
Net working capital				
Diversified industrial		1 311	1 266	4
PG Bison		970	906	7
Restonic		164	203	(19)
Feltex		183	157	17
Interdivisional eliminations		(6)	–	
Diversified chemical		920	964	(5)
Safripol		920	964	(5)
Diversified logistics		427	425	–
Unitrans South Africa		147	232	(37)
Unitrans Africa		291	99	> 100
Unitrans Passenger		(15)	95	(> 100)
Interdivisional eliminations		4	(1)	
Road safety		99	81	22
Optix [*]		99	81	22
Corporate, consolidation and eliminations		(269)	(274)	
	8	2 488	2 462	1

[#] Prior year segmental net working capital has been represented to include non-current derivative financial instruments to reflect more accurately the nature thereof.

	Year ended 30 Jun 2023 Audited Rm	Year ended 30 Jun 2022 Audited Rm
Replacement capital expenditure⁽³⁾		
Diversified industrial	204	361
PG Bison	98	237
Restonic	16	28
Feltex	90	96
Diversified chemical	271	147
Safripol	271	147
Diversified logistics	386	559
Unitrans South Africa	130	480
Unitrans Africa	173	77
Unitrans Passenger	83	2
Road safety	10	–
Optix [*]	10	–
	871	1 067
Expansion capital expenditure⁽⁴⁾		
Diversified industrial	996	485
PG Bison	733	360
Restonic	224	78
Feltex	39	47
Diversified chemical	61	110
Safripol	61	110
Diversified logistics	224	515
Unitrans South Africa	180	104
Unitrans Africa	40	375
Unitrans Passenger	4	36
Road safety	44	17
Optix [*]	44	17
Corporate, consolidation and eliminations	1	–
	1 326	1 127

^{*} During the year, the group changed the name of the DriveRisk division to Optix. However, this did not result in the restatement of the amounts presented.

⁽³⁾ Net of proceeds on disposal of property, plant and equipment, insurance proceeds and government grants received.

⁽⁴⁾ Net of government grants received.

SEGMENTAL ANALYSIS continued

	Year ended 30 Jun 2023 Audited Rm	Year ended 30 Jun 2022 Audited Rm
Total capital expenditure⁽⁵⁾		
Diversified industrial	1 200	846
PG Bison	831	597
Restonic	240	106
Feltex	129	143
Diversified chemical	332	257
Safripol	332	257
Diversified logistics	610	1 074
Unitrans South Africa	310	584
Unitrans Africa	213	452
Unitrans Passenger	87	38
Road safety	54	17
Optix*	54	17
Corporate, consolidation and eliminations	1	-
	2 197	2 194

* During the year, the group changed the name of the DriveRisk division to Optix. However, this did not result in the restatement of the amounts presented.

⁽⁵⁾ Net of proceeds on disposal of property, plant and equipment, insurance proceeds and government grants received.

SELECTED EXPLANATORY NOTES

	Goods Rm	Services Rm	Rentals Rm	Total Rm
Note 1: Revenue				
Year ended 30 June 2023				
Audited				
PG Bison	6 010	–	–	6 010
Restonic	1 806	–	–	1 806
Feltex	2 303	–	–	2 303
Safripol	10 431	–	–	10 431
Unitrans South Africa	66	5 317	–	5 383
Unitrans Africa	–	2 433	–	2 433
Unitrans Passenger	–	2 271	–	2 271
Optix*	132	322	–	454
Gross revenue	20 748	10 343	–	31 091
Variable consideration	(958)	–	–	(958)
Intergroup eliminations	(57)	(511)	–	(568)
Revenue from contracts with customers	19 733	9 832	–	29 565
Optix*	–	–	69	69
Intergroup eliminations	–	–	(6)	(6)
	19 733	9 832	63	29 628
Year ended 30 June 2022				
Audited				
PG Bison	5 472	–	–	5 472
Restonic	1 793	–	–	1 793
Feltex	1 810	–	–	1 810
Safripol	10 202	–	–	10 202
Unitrans South Africa	111	5 643	–	5 754
Unitrans Africa	–	2 147	–	2 147
Unitrans Passenger	–	1 895	–	1 895
Optix*	58	131	–	189
Gross revenue	19 446	9 816	–	29 262
Variable consideration	(860)	–	–	(860)
Intergroup eliminations	(52)	(419)	–	(471)
Revenue from contracts with customers	18 534	9 397	–	27 931
Optix*	–	–	53	53
Intergroup eliminations	–	–	(5)	(5)
	18 534	9 397	48	27 979

* During the year, the group changed the name of the DriveRisk division to Optix. However, this did not result in the restatement of the amounts presented.

	Year ended 30 Jun 2023 Audited Rm	Year ended 30 Jun 2022 Audited Rm
Geographical distribution		
South Africa	24 290	24 050
Rest of Africa	3 886	3 254
Americas	599	309
Middle East	370	129
Europe	254	161
Australasia	227	76
Asia	2	–
	29 628	27 979

SELECTED EXPLANATORY NOTES continued

	Year ended 30 Jun 2023 Audited Rm	Year ended 30 Jun 2022 Audited Rm
Note 2: Capital items		
<i>Continuing operations</i>		
Loss on disposal of property, plant and equipment	(48)	(36)
Impairments ⁽¹⁾	(813)	(111)
Insurance income	45	36
Gain on bargain purchase	–	2
	(816)	(109)
<i>Discontinued operations</i>		
Loss on disposal of property, plant and equipment	–	(20)
	(816)	(129)

⁽¹⁾Impairments of goodwill, intangible assets, property, plant and equipment and right-of-use assets.

Impairments mainly comprise a R713 million impairment of trademarks and goodwill relating to the Unitrans division. This is the result of the muted outlook for South African economic growth, structural changes in the South African logistics industry, the loss of a major food contract and the resultant decline in Unitrans' performance. In addition, the Unitrans division recognised an impairment of R74 million related to long-haul vehicles (including rail assets).

	Year ended 30 Jun 2023 Audited Rm	Year ended 30 Jun 2022 Audited Rm
	Notes	
Note 3: Loss for the year from discontinued operations		
Cost of revenue	–	10
Operating profit before capital items	–	10
Capital items	2	(20)
Operating loss	–	(10)
Finance costs	–	(1)
Loss before taxation	–	(11)
Taxation	–	8
Loss for the year	–	(3)

	Cents	Cents
Note 4: Earnings		
Basic earnings/(loss) per share	16.7	70.2
Continuing operations	16.7	70.3
Discontinued operations	–	(0.1)
Diluted earnings/(loss) per share	16.4	68.5
Continuing operations	16.4	68.6
Discontinued operations	–	(0.1)
Headline earnings per share	42.7	75.1
Continuing operations	42.7	74.4
Discontinued operations	–	0.7
Diluted headline earnings per share	41.9	73.3
Continuing operations	41.9	72.6
Discontinued operations	–	0.7
Net asset value per share	461	466

Headline earnings attributable to owners of the parent

<i>Continuing operations</i>		
Basic and diluted earnings attributable to owners of the parent	414	1 749
Adjusted for:		
Capital items	2	109
Taxation effects of capital items	(174)	(6)
Non-controlling interests' portion of capital items, net of taxation	–	(1)
	1 056	1 851
<i>Discontinued operations</i>		
Basic and diluted loss attributable to owners of the parent	–	(3)
Adjusted for:		
Capital items	2	20
Taxation effects of capital items	–	(3)
	–	14
	1 056	1 865

SELECTED EXPLANATORY NOTES continued

	Year ended 30 Jun 2023 Audited Million	Year ended 30 Jun 2022 Audited Million
Note 4: Earnings (continued)		
Weighted average number of ordinary shares		
Issued ordinary shares at beginning of the year	2 472	2 531
Effect of shares repurchased and cancelled	–	(48)
Effect of shares issued	3	4
Weighted average number of ordinary shares	2 475	2 487
Potential dilutive effect of share rights granted	44	62
Diluted weighted average number of ordinary shares	2 519	2 549
Number of ordinary shares in issue	2 477	2 472

	Fair value hierarchy	Fair value as at 30 Jun 2023 Audited Rm	Fair value as at 30 Jun 2022 Audited Rm
Note 5: Fair values of financial instruments			
Derivative financial assets	Level 2	168	105
Derivative financial liabilities	Level 2	(88)	(74)

There were no Level 1 or Level 3 financial assets or financial liabilities for 30 June 2023 and 30 June 2022.

In November 2022, the company entered into an equity derivative transaction for a total amount of R117 million to hedge the cash impact of a long-term incentive scheme. The vesting dates of the long-term incentive scheme coincide with the vesting dates of the hedge instruments on 2 November 2026, 1 November 2027 and 31 October 2028 respectively.

Level 2 financial instruments consist of derivative financial instruments that are valued using techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data. These inputs include foreign exchange rates and quoted share prices.

The carrying amount for all financial instruments approximates the fair value, with the exception of loans and borrowings where the fair value at 30 June 2023 is R9 165 million (30 June 2022: R8 769 million).

	30 Jun 2023 Audited Rm	30 Jun 2022 Audited [#] Rm
Note 6: Operating assets		
Goodwill	662	683
Intangible assets	1 728	2 363
Property, plant and equipment	15 094	14 130
Right-of-use assets	390	426
Consumable biological assets	1 536	1 491
Inventories	3 474	3 411
Trade and other receivables	4 814	4 794
Derivative financial instruments	168	105
	27 866	27 403

Note 7: Operating liabilities

Employee benefits	450	488
Provisions	43	89
Trade and other payables	5 387	5 197
Derivative financial instruments	88	74
	5 968	5 848

Note 8: Net working capital

Inventories	3 474	3 411
Trade and other receivables	4 814	4 794
Employee benefits	(450)	(488)
Provisions	(43)	(89)
Trade and other payables	(5 387)	(5 197)
Net derivative financial instruments	80	31
	2 488	2 462

[#] Prior year net working capital has been represented to include non-current derivative financial instruments to reflect more accurately the nature thereof.

Note 9: Trading profit

The group considers trading profit to be a key benchmark to measure performance and to allow for meaningful year-on-year comparison, as it excludes the effect of the non-cash fair value adjustments of consumable biological assets.

The adjustments below regarding trading profit are not an International Financial Reporting Standards ('IFRS') measure and are shown for illustrative purposes only. It may not fairly present the issuer's financial position, changes in equity, results of operations or cash flows. It does not impact the financial position, changes in equity, results of operations or cash flows.

The financial information is the responsibility of the directors and has not been reviewed or reported on by the company's external auditors.

	Year ended 30 Jun 2023 Rm	Year ended 30 Jun 2022 Rm
Continuing operations		
Trading profit		
Operating profit before capital items	2 367	2 936
Net fair value adjustments of consumable biological assets	(24)	77
	2 343	3 013
Net fair value adjustments of consumable biological assets		
Net fair value adjustments of timber plantations	(21)	82
Fair value gain	(223)	(125)
Decrease due to harvesting	202	207
Net fair value adjustments of livestock	(3)	(5)
Fair value gain	(14)	(10)
Decrease due to disposals	11	5
	(24)	77
Note 10: Capital commitments		
Capital expenditure		
Contracts for capital expenditure authorised	1 001	822

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

STATEMENT OF COMPLIANCE

The summary consolidated financial statements have been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the financial pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited ('JSE') Listings Requirements, as a minimum the information as required by IAS 34 – *Interim Financial Reporting* and the requirements of the Companies Act, No. 71 of 2008 of South Africa. The summary consolidated financial statements have been prepared using accounting policies that comply with IFRS, which are consistent with those applied in the consolidated financial statements for the year ended 30 June 2022.

BASIS OF PREPARATION

The summary consolidated financial statements are prepared in millions of South African rand ('Rm') on the historical cost basis, except for certain assets and liabilities, which are carried at amortised cost, and derivative financial instruments and consumable biological assets, which are stated at their fair values. The preparation of the consolidated financial statements and summary consolidated financial statements for the year ended 30 June 2023 was supervised by Frans Olivier CA(SA), the group's chief financial officer.

ACCOUNTING POLICIES

The accounting policies and methods of computation of the group have been consistently applied to periods presented in the summary consolidated financial statements.

During the current year, the group has adopted all the new and revised standards issued by the International Accounting Standards Board that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2022. The adoption thereof did not have a material impact on the summary consolidated financial statements.

FINANCIAL STATEMENTS

The consolidated financial statements for the year, which have been audited by KPMG Inc., and their accompanying unmodified audit report, which includes their key audit matters, are available on the company's website at www.kap.co.za. Information included under the headings Outlook and Operational review and any reference to future financial information included in the summarised consolidated financial information has not been audited or reviewed. The auditor's report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of both the auditor's report and the accompanying financial information (www.kap.co.za). The results were approved by the board of directors on 29 August 2023.

The annual general meeting ('AGM') of KAP shareholders has been scheduled to take place on Tuesday, 21 November 2023 at 15:00 in Stellenbosch.

The notice for the AGM will be published on SENS and dispatched to shareholders in due course.

BUSINESS COMBINATIONS

Effective 1 July 2022, the group acquired 100% of the shares of Viewmetrics Proprietary Limited and Vantage Soft Proprietary Limited for R14 million and R14.5 million respectively. This resulted in intangible assets of R14 million, net of deferred taxation, being recognised and goodwill of R11 million being raised respectively.

On the same date, the group acquired 51% of the shares and loan claims of Xuba Compounders Proprietary Limited for a purchase price of R13 million.

In addition, the group also acquired 100% of the shares of AVT Cabling Solutions Proprietary Limited, effective 2 December 2022, for a purchase price of R13 million. This resulted in goodwill of R10 million being raised.

EVENTS AFTER REPORTING DATE

PG Bison's northeastern Cape forest experienced plantation fires, which commenced on 23 August 2023, caused by lightning and extreme weather. While it will take several weeks to properly assess the extent of damage, a high level analysis indicates that approximately 2 600 hectares, 6% of total plantations, were affected. The estimated value of these affected plantations will be quantified in due course. The timber plantations are insured for fire damage, which will compensate the group for any difference between the value affected and the value that can be salvaged and utilised in normal operations.

The directors are not aware of any other significant events after the reporting date that will have a material effect on the group's results or financial position as presented in these summarised consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of KAP Limited

Opinion

The summary consolidated financial statements of KAP Limited, which comprise the summarised consolidated statement of financial position as at 30 June 2023, the summarised consolidated income statement and statement of other comprehensive income, summarised consolidated statement of changes in equity and summarised consolidated cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of KAP Limited ('the group') for the year ended 30 June 2023.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of KAP Limited, on the basis described in the basis of preparation paragraph to the summary consolidated financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) applied in the preparation of the audited consolidated financial statements of the group. Reading the summary consolidated financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and our report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 29 August 2023. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements on the basis described in the basis of preparation paragraph to the summary consolidated financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.



KPMG Inc.
Registered auditor

Per IM Engels
Chartered accountant (SA)
Registered auditor
Director
29 August 2023

The Halyard
4 Christiaan Barnard Street
Foreshore
Cape Town
8001

CHANGES TO THE BOARD, BOARD COMMITTEES AND KEY PORTFOLIOS

At the conclusion of the company's AGM held on 21 November 2022, J de V du Toit retired and stepped down from his position as an independent non-executive director of the board.

JA Holtzhausen was appointed as an independent non-executive director of the board on 1 March 2023. He also serves as a member of the human capital and remuneration, the nomination and the investment committees. Following this appointment, the nomination committee has reviewed the composition of the board and its committees, and is satisfied that the board and its committees are well-balanced, and collectively comprise individuals with the necessary skills, expertise and diversity to fulfil their obligations effectively.



CORPORATE INFORMATION

KAP Limited ('KAP' or 'the company')

Independent non-executive directors: PK Quarmby (Chairperson), KJ Grové (Lead), TC Esau-Isaacs, Z Fuphe, JA Holtzhausen, KT Hopkins, V McMenamin, 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