UNAUDITED RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

BEING THE CHANGE

SALIENT FEATURES

Revenue
R15.4 billion
(1H24: R15.0 billion)
▲**2%**

EBITDA
R1.9 billion
(1H24: R2.0 billion)
▼**4%**

Operating profit before capital items
R1.2 billion
(1H24: R1.3 billion)
▼**8%**

HEPS
17.2 cents
(1H24: 21.8 cents)
▼**21%**

Net working capital
R4.2 billion
(1H24: R3.9 billion)
▲**8%**

Cash generated from operations
R649 million
(1H24: R790 million)
▼**18%**

Expansion capital expenditure
R314 million
(1H24: R1 090 million)
▼**71%**

Net interest-bearing debt stable at
R9.3 billion

Major capital projects
successfully ramped up

OVERVIEW

South Africa has experienced a generally positive sentiment during the period following the formation of the government of national unity ('GNU'), implementation of the two-pot retirement system, suspension of loadshedding, and the easing of inflation and interest rates, all of which are encouraging changes. However, the positive sentiment has not yet filtered through to the group's trading performance, and the operating environment remained challenging.

The group recently invested in several multiyear major capital projects, amounting to c. R2.5 billion, which were completed during the second half of FY24. The largest investment was PG Bison's new medium-density fibreboard ('MDF') line in Mkhondo. These projects were successfully ramped up during the period and provide a good foundation for future value creation for the group, which we expect to be realised over the medium to longer term.

Group revenue increased by 2% to R15.4 billion, supported by increased production capacity and market share gains at PG Bison, Safripol and Sleep Group (previously Restonic). EBITDA decreased by 4% to R1.9 billion, operating profit before capital items was 8% lower at R1.2 billion while HEPS reduced by 21% to 17.2 cents. These declines are mostly attributable to the following material items which offset the improved performances from Safripol, Unitrans and Sleep Group:

- increased operating costs related to the ramp-up of PG Bison's new MDF line;
- lower domestic new vehicle assembly volumes by most original equipment manufacturers ('OEMs'), which affected Feltex's performance; and
- increased finance costs, as borrowing costs related to the major capital projects are no longer capitalised.

Cash flow from operations decreased by 18% due to the lower EBITDA and an increase in working capital associated with the ramp-up of the major capital projects. Net interest-bearing debt of R9.3 billion was stable compared with the prior period, with the lower cash flow from operations offset by a planned reduction in expansion capital expenditure following the completion of the major capital projects.

We expect the effects of the above items to ease from the second half of FY25 into FY26 as utilisation of the new MDF line improves and vehicle assembly volumes recover. We remain focused on executing three key priorities, namely:

- realising the value of our recent investments;
- addressing areas of underperformance in the group, mostly relating to Unitrans, with good progress made in this regard; and
- reducing net debt.

OPERATIONAL REVIEW

PG BISON

Key financial metrics	1H25	1H24	% change
Revenue (Rm)	**3 040**	2 896	5
Operating profit (Rm)	**413**	575	(28)
Operating margin (%)	**13.6**	19.9	(6.3)
ROCE (%)^	**9.6**	13.4	(3.8)

^ Rolling 12 months

PG Bison successfully ramped up its R2 billion MDF line during the period, with production levels and yields achieved during the ramp-up as per the project feasibility. Utilisation of the line was below capacity due to the stop-start nature of the ramp-up and time required to displace imports and penetrate new markets. The division completed product trials at its Boksburg MDF line to target new MDF market segments.

Demand for the division's products was broadly stable in the domestic market and good in both neighbouring countries and deep-sea markets.

Revenue improved by 5%, owing to a 6% increase in panel sales volumes, with MDF sales volumes 68% higher. Average selling prices were slightly lower, mostly due to increased exports of primarily non-upgraded MDF to deep-sea markets. Domestic MDF sales volumes increased by 20%, with good progress made to displace imports. Exports increased by 28%, attributable to the increased MDF production, and made up 26% (1H24: 20%) of sales volumes. The division entered several new export markets during the period.

Operating profit contracted by 28%, primarily due to the operating costs of the new line being absorbed during the period, with utilisation, sales volumes and pricing not yet optimal because of the ramp-up. Upgraded products (value add) made up 64% (1H24: 66%) of panel sales volumes.

Although the new line can now be operated at full utilisation, we anticipate that it will take approximately four years to sell its capacity. This is due to the notable increase in capacity and is aligned with the project feasibility. MDF pricing, particularly in the deep-sea markets, is currently depressed and below the project feasibility. We anticipate that prices will improve over time as global demand recovers and our market position in targeted new markets becomes entrenched. We expect the operating margin to remain under pressure over the near to medium term until production efficiencies and volumes normalise and sales volumes to the domestic market and neighbouring countries increase relative to lower-margin deep-sea markets.

We remain positive about the outlook for the division given the growth opportunities presented by the new line.

SAFRIPOL

shaping your world, responsibly

Key financial metrics	1H25	1H24	% change
Revenue (Rm)	**5 213**	4 744	10
Operating profit (Rm)	**282**	178	58
Operating margin (%)	**5.4**	3.8	1.6
ROCE (%)^	**8.4**	9.9	(1.5)

^ Rolling 12 months

Safripol completed its R402 million HDPE conversion and extruder project in 2H24 to increase the production capacity of higher-specification, higher-margin polymers, and improve plant efficiencies. Following this project, HDPE production efficiency improved, exceeding project feasibility and historical levels.

Revenue increased by 10%, mainly due to a 9% increase in sales volumes, with average selling prices up 1% in rand terms. Domestic sales volumes increased by 5%, supported by higher production. Exports made up 13% of sales volumes (1H24: 9%), with the increase in exports attributable to higher HDPE production levels and subdued domestic HDPE demand.

In the prior period, HDPE and PP production were affected by electricity disruptions at Sasolburg with PP production further impacted by a transformer failure. The prior period also included a five-week commercial shutdown of the PET plant in Durban.

Operating profit grew by 58%, mostly supported by higher production and sales volumes and improved efficiencies following the completion of the aforementioned project. Raw material margins remained at low levels compared to historical averages, with PET margins particularly weak.

The global polymers industry continues to endure a cyclical downturn due to increased capacity globally and weaker international demand. While plant closures and commercial shutdowns globally have intensified during the period, the industry is expected to remain in a cyclical low until at least FY27. As a result, polymer pricing and margins may remain under pressure over this period.

OPERATIONAL REVIEW (CONTINUED)

Safripol's key sales and production metrics are reported as follows:

	PET		HDPE		PP		Total	
Sales and production metrics	1H25	1H24	1H25	1H24	1H25	1H24	1H25	1H24
Revenue (Rm)	**2 176**	2 153	**1 672**	1 528	**1 344**	1 039	**5 192**	4 720
Sales volumes (tonnes)	**99 650**	99 632	**78 626**	67 894	**60 327**	50 464	**238 603**	217 990
Production volumes (tonnes)	**107 610**	86 481	**85 041**	71 271	**63 829**	51 090	**256 480**	208 842
Average USD/R exchange rate	**17.93**	18.68	**17.93**	18.68	**17.93**	18.68	**17.93**	18.68

PET – Polyethylene terephthalate | HDPE – High-density polyethylene | PP – Polypropylene
Revenue, sales volumes and production volumes exclude compounded polymers.

UNITRANS

Key financial metrics	1H25	1H24	% change
Revenue (Rm)	**4 957**	5 072	(2)
Operating profit (Rm)	**323**	264	22
Operating margin (%)	**6.5**	5.2	1.3
ROCE (%)^	**9.1**	4.5	4.6

^ Rolling 12 months

Unitrans completed a major organisational redesign during November 2024, which concluded the deep restructuring process that commenced in FY23.

Revenue for the period was 2% lower, largely due to the cessation of low-margin, low-return activities, which offset improved volumes in some operations. The operating environment remained generally subdued although certain sectors started to show signs of recovery.

The division's operating profit increased by 22% as operating margin and return on capital employed ('ROCE') continued to improve. The agriculture operations delivered an improved performance due to increased volumes, more desirable contractual terms in a key territory, and foreign currency devaluations experienced in the prior period not being repeated. The food operations benefited from higher volumes and the discontinuation of loss-making contracts which contributed to a better profitability. The mining operations had a relatively stable performance, whereas a decline in volumes weighed on the profitability of the petrochemical operations. The passenger operations continued to deliver good results supported by the personnel and managed services businesses.

The division is targeting a c. R300 million improvement in operating profit, relative to FY23, over the medium term. We believe that the organisational redesign will enhance the improvements and cost savings already delivered to realise this target.

The division is further pursuing growth opportunities, at the required margins and returns, by focusing on organic growth with existing clients and end-to-end customer solutions with new and existing clients.

FELTEX

Key financial metrics	1H25	1H24	% change
Revenue (Rm)	**1 157**	1 370	(16)
Operating profit (Rm)	**42**	136	(69)
Operating margin (%)	**3.6**	9.9	(6.3)
ROCE (%)^	**11.8**	18.1	(6.3)

^ Rolling 12 months

Domestic new vehicle assembly volumes declined by 19%, with six of the seven OEMs reporting lower volumes. Two of the OEMs experienced temporary production constraints; one due to a key model changeover and the other due to technical-related matters. Light commercial vehicle ('LCV') sales and sports utility vehicle ('SUV') sales were down by 15% and up by 3%, respectively.

Revenue decreased by 16% due to the lower new vehicle assembly volumes, which affected sales volumes in the division's OEM business, while the drop in LCV and modest SUV sales affected sales volumes in the division's aftermarket business.

Operating profit declined by 69% because of the reduction in revenue and costs incurred in the model changeover. The prior year included insurance income of R19 million related to business interruption following the prolonged effects of the KwaZulu-Natal floods in 2022.

We expect that vehicle assembly volumes and thus the division's performance will improve from the second half of FY25 as the aforementioned production constraints ease.

OPERATIONAL REVIEW (CONTINUED)

Sleep Group

Key financial metrics	1H25	1H24	% change
Revenue (Rm)	**1 011**	975	4
Operating profit (Rm)	**111**	99	12
Operating margin (%)	**11.0**	10.2	0.8
ROCE (%)^	**8.7**	8.2	0.5

^ Rolling 12 months

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

During the year, the group changed the name of the division from Restonic to Sleep Group to better position the division as a fully integrated bedding products manufacturer. Sleep Group offers consumers a range of branded mattresses, from an entry-level sleep surface to a premium product. Restonic will remain a core brand of Sleep Group.

Revenue increased by 4%, largely due to a 6% increase in sales volumes of bedding units, which was supported by market share gains following new product introductions and focused sales and marketing efforts. Sales volumes of foam declined by 15%, mainly because of the exit of a low-margin product line and subdued demand in the furniture market, while textile sales volumes declined by 9%, impacted by subdued demand in the bedding market.

Operating profit improved by 12% due to the higher sales volumes, enhanced efficiencies, good cost management and improved procurement.

The division remains focused on improving margins through growth in key bedding categories and turning around the performance of its foam operations. These operations were restructured in FY24 and comprised 12% of the division's revenue during the period. The recent investments in several projects, including the expansions of the Johannesburg and Durban facilities, a foam line upgrade and a new fibre tearing line, will underpin volume growth and margin improvement.

optix SAFELY HOME

Key financial metrics	1H25	1H24	% change
Revenue (Rm)	**294**	285	3
Operating profit (Rm)	**(18)**	–	–
Operating margin (%)	**(6.1)**	–	(6.1)
ROCE (%)^	**(2.3)**	(2.4)	0.1

^ Rolling 12 months

Revenue increased by 3%, supported by a 6% growth in the subscriber base. Optix has invested meaningfully in product and infrastructure development, which is now mostly finalised. It is concentrating on leveraging this investment through increased sales, mainly in international markets. The division's performance is tracking below the board's expectations and is therefore a key focus area.

GROUP OUTLOOK

While the macroeconomic environment is likely to remain uncertain, we are cautiously optimistic about the medium to long-term outlook for South Africa under the GNU and we are positive about the prospects for the group.

The group's results for the period were affected by two material items, namely the near-term operational and financial effects of the ramp-up of PG Bison's MDF line and lower South African vehicle assembly volumes. We consider these items to be temporary in nature and expect their effects to ease from the second half of FY25 into FY26.

We remain focused on the following key priorities, which we believe will underpin the group's performance over the near to medium term:

- **Value realisation from our investments:** We have invested significantly for future growth and we are committed to realising the value thereof. PG Bison's new MDF line is the largest of our most recently completed major capital projects and, with a c. 33% increase in the division's production capacity, offers compelling growth opportunities for the group.
- **Addressing underperformance:** We made good progress with addressing areas of underperformance in the group, which related mainly to Unitrans. With the conclusion of the restructuring and organisational redesign in November 2024, we are targeting a c. R300 million improvement in operating profit for the division, relative to FY23, over the medium term.
- **Reducing net debt:** We are targeting a R1 billion reduction in net debt in FY25, with further reductions thereafter, enabled by:
  - lower capital expenditure in our manufacturing divisions (relative to FY24), as our major capital projects were completed;
  - cash flow contribution from these projects; and
  - an expected improvement in Unitrans' performance.

  The reduction in net debt, combined with expected lower interest rates, will reduce risk, increase balance sheet flexibility and enhance earnings.

FINANCIAL REVIEW

Income statement

Revenue increased by 2% to R15 355 million (1H24: R15 028 million).

Operating profit before depreciation, amortisation and capital items ('EBITDA') decreased by 4% to R1 897 million (1H24: R1 982 million).

Operating profit before capital items decreased by 8% to R1 153 million (1H24: R1 252 million) and the operating margin decreased to 7.5% (1H24: 8.3%).

The declines in operating profit and margin were attributable to lower performances from PG Bison and Feltex, which were partly offset by improved results from Safripol, Unitrans and Sleep Group.

PG Bison's performance was affected by the ramp-up of its new MDF line. While the ramp-up resulted in increased sales volumes and revenue, it was insufficient to offset the operating costs related to the line, consisting mainly of R135 million production overheads and R40 million depreciation. The utilisation of the line was below capacity due to the stop-start nature of the ramp-up.

Divisional operating profit and margin percentages are reflected as follows:

Operating profit and margin %	Six months ended 31 Dec 2024 Unaudited Rm	31 Dec 2024 margin %	Six months ended 31 Dec 2023 Unaudited Rm	31 Dec 2023 margin %	Operating profit change %	Margin change %
PG Bison	**413**	**13.6**	575	19.9	(28)	(6.3)
Safripol	**282**	**5.4**	178	3.8	58	1.6
Unitrans	**323**	**6.5**	264	5.2	22	1.3
Feltex	**42**	**3.6**	136	9.9	(69)	(6.3)
Sleep Group	**111**	**11.0**	99	10.2	12	0.8
Optix	**(18)**	**(6.1)**	–	–	–	(6.1)
	1 153	**7.5**	1 252	8.3	(8)	(0.8)

Net finance costs increased by 20% to R517 million (1H24: R430 million) as borrowing costs related to the major capital projects are no longer capitalised. In the prior period, borrowing costs related to the major capital projects of R82 million (FY24: R173 million) were capitalised.

Headline earnings per share ('HEPS') decreased by 21% to 17.2 cents (1H24: 21.8 cents) and basic earnings per share ('EPS') decreased by 24% to 16.2 cents (1H24: 21.2 cents). Earnings were negatively impacted by the ramp-up of PG Bison's MDF line, which resulted in increased operating and finance costs, and lower domestic new vehicle assembly volumes, which affected Feltex's performance. We anticipated both these items and expect their impact to start easing from 2H25 as utilisation of the MDF line and vehicle assembly volumes improve.

Taxation

The effective tax rate of 26.0% (1H24: 29.1%) is lower compared with the prior period due to an additional section 12I tax allowance incentive of R28 million relating to PG Bison's new MDF line and lower withholding taxes paid.

Statement of financial position

The group's balance sheet remains resilient and we expect it to strengthen following the recent completion of the major capital projects, supported by a planned reduction in capital expenditure. We are targeting a reduction in net interest-bearing debt from 2H25.

The net asset value per share increased by 8% to 518 cents (1H24: 478 cents).

Net working capital

Net working capital levels were higher by R298 million compared with the prior period. Inventory increased by R407 million, offset by a R32 million decrease in accounts receivable and a R77 million increase in accounts payable.

Inventory increased mainly due to increased capacity following the completion of our major capital projects which resulted in a permanent investment in inventory as well as additional engineering spares. Greater focus is being placed on optimising net working capital by aligning production and inventory levels with domestic demand and exports, where commercially viable.

Cash flow

Cash generated from operations of R649 million (1H24: R790 million) is R141 million less than the prior period, comprising R84 million less cash generated from trading and R57 million more cash invested in net working capital.

We expect the cash conversion ratio of EBITDA to cash flow from operations to normalise towards year-end to achieve our internal target of greater than 90%.

Free cash outflow (before dividends paid) of R795 million is R226 million better than the prior period, mainly due to R365 million less spent on investing activities offset by R141 million less cash generated from operations. Both net finance costs paid and taxation paid increased marginally compared with the prior period.

FINANCIAL REVIEW (CONTINUED)

Capital expenditure

Depreciation and amortisation (excluding right-of-use asset depreciation) for the period amounted to R689 million (1H24: R666 million), while replacement capital expenditure net of proceeds from disposal, insurance proceeds and government grants received amounted to R440 million (1H24: R26 million). The prior period includes proceeds from the disposal of underutilised vehicles and trailers in Unitrans, amounting to R249 million.

Following the completion of the major capital projects, we intentionally reduced expansion capital expenditure to R314 million (1H24: R1 090 million), net of government grants received. As these projects are now commissioned, we expect them to contribute towards higher future earnings and lower net debt levels.

Refinancing activities

During the period, bonds to the value of R1 450 million were settled by utilising R1 billion of the revolving credit facility. New funding of R1 billion was raised through a term loan with a maturity of 18 months, at more favourable interest rates.

Capital structure

Net interest-bearing debt of R9 267 million increased by only R55 million compared with the prior period, despite a decrease in earnings and higher net working capital resulting from the increased MDF capacity and revenue. The net interest-bearing debt to equity (gearing) ratio declined to 72% from 77% in the prior period.

Debt serviceability ratios for the period of net debt to EBITDA at 2.6 times and EBITDA to interest cover at 3.6 times remained within our financial covenants of less than 3.0 times and greater than 3.25 times respectively. Neither of the ratios meets our internal limits of net debt to EBITDA of less than 2.5 times and EBITDA to interest cover of more than 4.5 times. As noted earlier, with the major capital projects now complete, we plan to reduce debt from 2H25 into FY26.

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

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

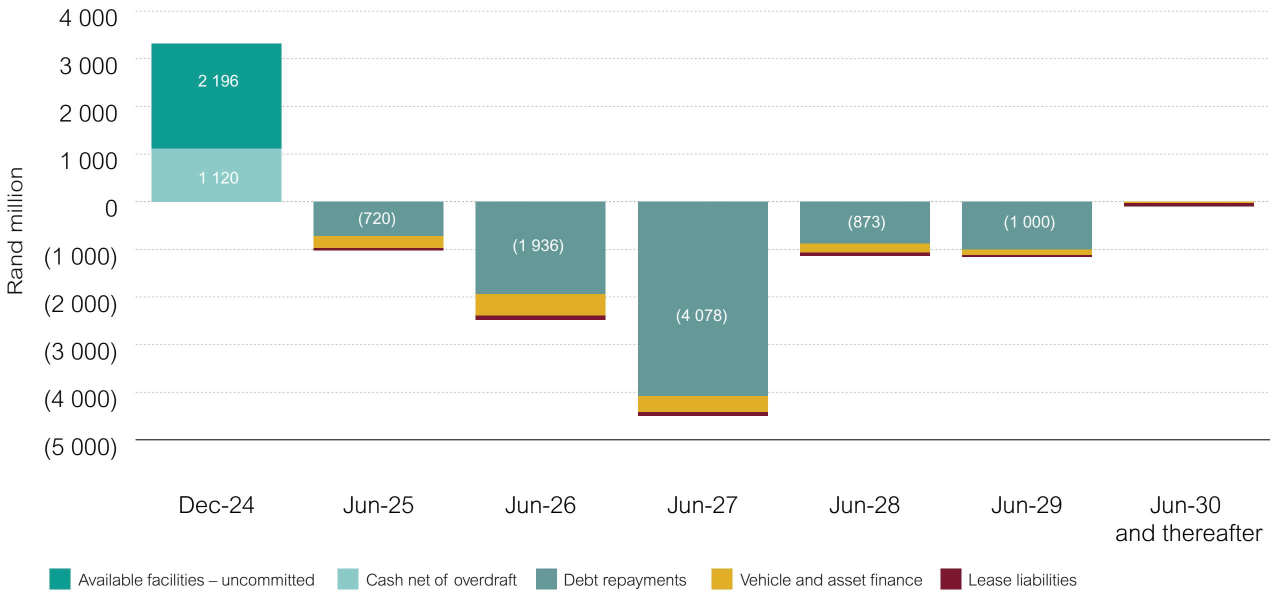
Debt structure and capacity ratios	31 Dec 2024 Unaudited Rm	31 Dec 2023 Unaudited Rm	30 Jun 2024 Audited Rm
Loans and borrowings non-current	**7 855**	6 373	6 710
Loans and borrowings current	**2 195**	3 162	2 710
Lease liabilities non-current	**301**	308	273
Lease liabilities current	**87**	115	82
Non-interest-bearing loans and borrowings	**(51)**	(65)	(51)
Bank overdrafts	**98**	437	–
Cash and cash equivalents	**(1 218)**	(1 118)	(1 398)
Net interest-bearing debt	**9 267**	9 212	8 326
Movement in net interest-bearing debt			
Balance at the beginning of the period excluding lease liabilities	**7 971**	7 578	7 578
Net interest-bearing loans and borrowings received	**634**	443	364
Decrease in accrued interest on loans and borrowings	**(4)**	(4)	(17)
Net decrease/(increase) in cash and cash equivalents	**296**	707	(16)
Net acquisition of subsidiaries	**–**	–	(9)
Effects of exchange rate translations on cash and cash equivalents	**(18)**	65	71
Net interest-bearing debt excluding lease liabilities	**8 879**	8 789	7 971
Lease liabilities	**388**	423	355
Net interest-bearing debt	**9 267**	9 212	8 326
EBITDA[1]	**1 897**	1 982	3 694
Net finance costs including capitalised borrowings costs	**517**	512	998
EBITDA: interest cover (times) > 3.25[2, 3, 4]	**3.6**	3.8	3.7
Net debt: EBITDA (times) < 3.0[2, 3]	**2.6**	2.5	2.3
Gearing %	**72**	77	67

[1] Operating profit before depreciation, amortisation and capital items.
[2] Rolling 12 months.
[3] Financial covenant triggers.
[4] EBITDA: interest cover covenant requirement increases:
2024: 3.0
2025: 3.25
2026: 3.5

FINANCIAL REVIEW (CONTINUED)

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

Maturity of net interest-bearing debt as at 31 December 2024



DIVIDEND

The board has historically not declared an interim dividend. In consideration of the still uncertain macroeconomic outlook and the company's objective of reducing net debt levels, the board believes it is prudent to maintain this approach.

APPRECIATION

We recognise that we could not have negotiated the challenges in our business landscape over the past few years, while implementing a number of major capital projects, without the support of all our key stakeholders. We offer our sincere appreciation to all of them.

On behalf of the board

Johan Holtzhauzen
Independent non-executive chairperson

Gary Chaplin
Chief executive officer

Frans Olivier
Chief financial officer

26 February 2025

CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 31 Dec 2024 Unaudited Rm	Six months ended 31 Dec 2023 Unaudited Rm	% change	Year ended 30 Jun 2024 Audited Rm
Revenue	1	**15 355**	15 028	2	29 062
Cost of revenue		**(12 601)**	(12 260)		(23 921)
Gross profit		**2 754**	2 768	(1)	5 141
Operating profit before depreciation, amortisation and capital items		**1 897**	1 982	(4)	3 694
Amortisation and depreciation		**(744)**	(730)		(1 444)
Operating profit before capital items		**1 153**	1 252	(8)	2 250
Capital items	2	**(33)**	(22)		(46)
Operating profit		**1 120**	1 230	(9)	2 204
Finance costs		**(553)**	(470)		(901)
Finance income		**36**	40		76
Share of profit of associate and joint venture companies		**24**	21		38
Profit before taxation		**627**	821	(24)	1 417
Taxation		**(163)**	(239)		(213)
Profit for the period		**464**	582	(20)	1 204
Profit attributable to:					
Owners of the parent		**405**	525	(23)	1 090
Non-controlling interests		**59**	57		114
Profit for the period		**464**	582	(20)	1 204
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		**50**	(165)		(191)
Total other comprehensive income/(loss) for the period, net of taxation		**50**	(165)		(191)
Total comprehensive income for the period, net of taxation		**514**	417	23	1 013
Total comprehensive income attributable to:					
Owners of the parent		**457**	362		901
Non-controlling interests		**57**	55		112
Profit for the period		**59**	57		114
Foreign currency translation reserve transferred to non-controlling interests		**(2)**	(2)		(2)
Total comprehensive income for the period		**514**	417	23	1 013

Earnings per share attributable to owners of the parent	3	Cents	Cents	% change	Cents
Basic earnings		**16.2**	21.2	(24)	43.8
Diluted earnings		**15.9**	21.0	(24)	43.2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 Dec 2024 Unaudited Rm	31 Dec 2023 Unaudited Rm	30 Jun 2024 Audited Rm
Assets			
Non-current assets			
Goodwill	**656**	661	659
Intangible assets	**1 776**	1 722	1 790
Property, plant and equipment	**16 128**	15 556	16 043
Right-of-use assets	**332**	363	300
Consumable biological assets	**1 604**	1 565	1 586
Investments in associate and joint venture companies	**251**	247	250
Investments and loans receivable	**4**	9	4
Deferred taxation assets	**83**	87	81
Derivative financial instruments	**75**	52	58
	20 909	20 262	20 771
Current assets			
Inventories	**4 039**	3 632	3 807
Trade and other receivables	**5 132**	5 191	4 996
Derivative financial instruments	**58**	54	10
Loans receivable	**17**	19	23
Taxation receivable	**122**	55	93
Cash and cash equivalents	**1 218**	1 118	1 398
	10 586	10 069	10 327
Total assets	**31 495**	30 331	31 098
Equity and liabilities			
Capital and reserves			
Total equity attributable to owners of the parent	**12 952**	11 918	12 475
Non-controlling interests	**261**	278	300
Total equity	**13 213**	12 196	12 775
Non-current liabilities			
Loans and borrowings	**7 855**	6 373	6 710
Lease liabilities	**301**	308	273
Employee benefits	**55**	26	39
Provisions	**2**	2	2
Deferred taxation liabilities	**2 546**	2 607	2 511
	10 759	9 316	9 535
Current liabilities			
Loans and borrowings	**2 195**	3 162	2 710
Lease liabilities	**87**	115	82
Employee benefits	**254**	238	415
Provisions	**40**	43	38
Trade and other payables	**4 784**	4 700	5 458
Derivative financial instruments	**10**	59	36
Taxation payable	**19**	44	49
Bank overdrafts	**98**	437	–
Other financial liabilities	**36**	21	–
	7 523	8 819	8 788
Total equity and liabilities	**31 495**	30 331	31 098

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 31 Dec 2024 Unaudited Rm	Six months ended 31 Dec 2023 Unaudited Rm	Year ended 30 Jun 2024 Audited Rm
Balance at beginning of the period	**12 775**	11 819	11 819
Changes in reserves			
Total comprehensive income for the period attributable to owners of the parent	**457**	362	901
Share-based payments	**20**	14	25
Other movements	**–**	–	7
Changes in non-controlling interests			
Total comprehensive income for the period attributable to non-controlling interests	**57**	55	112
Ordinary dividends declared	**(96)**	(54)	(79)
Transactions with non-controlling interests	**–**	–	(10)
Balance at end of the period	**13 213**	12 196	12 775
Comprising:			
Stated share capital	**7 896**	7 896	7 896
Distributable reserves	**8 146**	7 180	7 741
Share-based payment reserve	**649**	618	629
Reverse acquisition reserve	**(3 952)**	(3 952)	(3 952)
Other reserves	**213**	176	161
Non-controlling interests	**261**	278	300
	13 213	12 196	12 775

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 Dec 2024 Unaudited Rm	Six months ended 31 Dec 2023 Unaudited Rm	Year ended 30 Jun 2024 Audited Rm
Operating profit	**1 120**	1 230	2 204
Adjusted for:			
Capital items	**33**	22	46
Amortisation and depreciation	**744**	730	1 444
Net fair value adjustments of consumable biological assets[(1)]	**(18)**	(28)	(49)
Other non-cash adjustments	**42**	51	49
Cash generated before working capital changes	**1 921**	2 005	3 694
Increase in inventories	**(228)**	(177)	(333)
Increase in trade and other receivables	**(189)**	(360)	(134)
(Decrease)/increase in trade and other payables	**(855)**	(678)	264
Changes in working capital	**(1 272)**	(1 215)	(203)
Cash generated from operations	**649**	790	3 491
Dividends received	**15**	–	10
Finance income received	**36**	40	76
Finance costs paid	**(557)**	(556)	(1 092)
Dividends paid	**(61)**	(32)	(79)
Taxation paid	**(191)**	(183)	(307)
Net cash (outflow)/inflow from operating activities	**(109)**	59	2 099
Additions to property, plant and equipment	**(820)**	(1 376)	(2 571)
Additions to intangible assets	**(8)**	(7)	(19)
Additions to consumable biological assets	**–**	(1)	(1)
Proceeds from disposal of property, plant and equipment	**60**	250	323
Acquisition of subsidiaries, net of cash acquired	**–**	–	(77)
Government grants received	**3**	–	54
Insurance proceeds	**3**	10	12
Other investing activities	**15**	12	22
Net cash outflow from investing activities	**(747)**	(1 112)	(2 257)
Net cash outflow from operating and investing activities	**(856)**	(1 053)	(158)
Transactions with non-controlling interests	**–**	–	(19)
Loans and borrowings received	**2 372**	2 034	3 547
Loans and borrowings repaid	**(1 738)**	(1 591)	(3 183)
Lease liabilities capital repayments	**(54)**	(64)	(138)
Other	**(20)**	(33)	(33)
Net cash inflow from financing activities	**560**	346	174
Net (decrease)/increase in cash and cash equivalents	**(296)**	(707)	16
Cash and cash equivalents at beginning of period	**1 398**	1 453	1 453
Effects of exchange rate translations on net cash and cash equivalents	**18**	(65)	(71)
Net cash and cash equivalents at end of the period	**1 120**	681	1 398

[(1)] *Includes fair value gains and decrease due to harvesting and sale of livestock.*

SEGMENTAL ANALYSIS

	Note	Six months ended 31 Dec 2024 Unaudited Rm	Six months ended 31 Dec 2023 Unaudited Rm	% change	Year ended 30 Jun 2024 Audited Rm
Revenue					
PG Bison		**3 040**	2 896	5	5 758
Safripol		**5 213**	4 744	10	9 312
Unitrans		**4 957**	5 072	(2)	9 689
Feltex		**1 157**	1 370	(16)	2 654
Sleep Group		**1 011**	975	4	1 720
Optix		**294**	285	3	595
		15 672	15 342	2	29 728
Intersegmental eliminations		**(317)**	(314)		(666)
	1	**15 355**	15 028	2	29 062
Operating profit before depreciation, amortisation and capital items					
PG Bison		**562**	685	(18)	1 220
Safripol		**382**	265	44	527
Unitrans		**694**	694	–	1 344
Feltex		**106**	191	(45)	374
Sleep Group		**139**	124	12	180
Optix		**13**	19	(32)	42
Corporate, consolidation and eliminations		**1**	4		7
		1 897	1 982	(4)	3 694
Amortisation and depreciation					
PG Bison		**(149)**	(110)	35	(219)
Safripol		**(100)**	(87)	15	(175)
Unitrans		**(371)**	(430)	(14)	(836)
Feltex		**(64)**	(55)	16	(110)
Sleep Group		**(28)**	(25)	12	(55)
Optix		**(31)**	(19)	63	(42)
Corporate, consolidation and eliminations		**(1)**	(4)		(7)
		(744)	(730)	2	(1 444)
Operating profit before capital items					
PG Bison		**413**	575	(28)	1 001
Safripol		**282**	178	58	352
Unitrans		**323**	264	22	508
Feltex		**42**	136	(69)	264
Sleep Group		**111**	99	12	125
Optix		**(18)**	–	–	–
		1 153	1 252	(8)	2 250

SEGMENTAL ANALYSIS (CONTINUED)

	Notes	31 Dec 2024 Unaudited Rm	31 Dec 2023 Unaudited Rm	% change	30 Jun 2024 Audited Rm
Operating assets					
PG Bison		**10 114**	9 413	7	9 922
Safripol		**7 661**	7 398	4	7 410
Unitrans		**7 491**	7 423	1	7 379
Feltex		**1 909**	1 838	4	2 036
Sleep Group		**1 751**	1 850	(5)	1 736
Optix		**890**	871	2	857
Corporate, consolidation and eliminations		**(16)**	3		(91)
	5	**29 800**	28 796	3	29 249
Operating liabilities					
PG Bison		**1 008**	1 105	(9)	1 417
Safripol		**2 242**	1 959	14	2 173
Unitrans		**1 200**	1 263	(5)	1 338
Feltex		**436**	438	–	478
Sleep Group		**252**	210	20	272
Optix		**98**	101	(3)	84
Corporate, consolidation and eliminations		**(91)**	(8)		226
	6	**5 145**	5 068	2	5 988
Net operating assets/(liabilities)[1]					
PG Bison		**9 106**	8 308	10	8 505
Safripol		**5 419**	5 439	–	5 237
Unitrans		**6 291**	6 160	2	6 041
Feltex		**1 473**	1 400	5	1 558
Sleep Group		**1 499**	1 640	(9)	1 464
Optix		**792**	770	3	773
Corporate, consolidation and eliminations		**75**	11		(317)
		24 655	23 728	4	23 261
Net working capital					
PG Bison		**1 500**	1 208	24	944
Safripol		**1 340**	1 370	(2)	1 103
Unitrans		**809**	752	8	709
Feltex		**128**	147	(13)	200
Sleep Group		**179**	258	(31)	136
Optix		**143**	141	1	127
Corporate, consolidation and eliminations		**60**	(15)		(336)
	7	**4 159**	3 861	8	2 883

[1] Net operating assets/(liabilities) comprise operating assets less operating liabilities.

SEGMENTAL ANALYSIS (CONTINUED)

	Note	Six months ended 31 Dec 2024 Unaudited Rm	Six months ended 31 Dec 2023 Unaudited Rm	Year ended 30 Jun 2024 Audited Rm
Replacement capital expenditure[2]				
PG Bison		**19**	20	63
Safripol		**36**	81	179
Unitrans[3]		**356**	(129)	81
Feltex		**28**	56	105
Sleep Group		**2**	(2)	(5)
Optix		**(1)**	–	–
		440	26	423
Expansion capital expenditure[4]				
PG Bison		**153**	940	1 374
Safripol		**11**	33	100
Unitrans		**92**	50	172
Feltex		**18**	11	5
Sleep Group		**4**	18	22
Optix		**36**	38	86
		314	1 090	1 759
Total capital expenditure[2]				
PG Bison		**172**	960	1 437
Safripol		**47**	114	279
Unitrans[3]		**448**	(79)	253
Feltex		**46**	67	110
Sleep Group		**6**	16	17
Optix		**35**	38	86
	8	**754**	1 116	2 182

(2) Net of proceeds from disposal of property, plant and equipment, insurance proceeds and government grants received.
(3) Unitrans proceeds from disposal of assets totalled R58 million (31 December 2023: R249 million and 30 June 2024: R319 million) mainly due to the disposal of underutilised vehicles and trailers.
(4) Net of government grants received.

SELECTED EXPLANATORY NOTES

	Goods Rm	Services Rm	Rentals Rm	Total Rm
Note 1: Revenue				
Six months ended 31 December 2024				
Unaudited				
PG Bison	**3 402**	**–**	**–**	**3 402**
Safripol	**5 252**	**–**	**–**	**5 252**
Unitrans	**59**	**4 899**	**–**	**4 958**
Feltex	**1 158**	**–**	**–**	**1 158**
Sleep Group	**1 145**	**–**	**–**	**1 145**
Optix	**65**	**191**	**–**	**256**
Gross revenue	**11 081**	**5 090**	**–**	**16 171**
Variable consideration	**(537)**	**(1)**	**–**	**(538)**
Intergroup eliminations	**(45)**	**(267)**	**–**	**(312)**
Revenue from contracts with customers	**10 499**	**4 822**	**–**	**15 321**
Optix	**–**	**–**	**39**	**39**
Intergroup eliminations	**–**	**–**	**(5)**	**(5)**
	10 499	**4 822**	**34**	**15 355**
Six months ended 31 December 2023				
Unaudited				
PG Bison	3 246	–	–	3 246
Safripol	4 815	–	–	4 815
Unitrans	35	5 037	–	5 072
Feltex	1 371	–	–	1 371
Sleep Group	1 099	–	–	1 099
Optix	200	57	–	257
Gross revenue	10 766	5 094	–	15 860
Variable consideration	(546)	–	–	(546)
Intergroup eliminations	(61)	(249)	–	(310)
Revenue from contracts with customers	10 159	4 845	–	15 004
Optix	–	–	28	28
Intergroup eliminations	–	–	(4)	(4)
	10 159	4 845	24	15 028
Year ended 30 June 2024				
Audited				
PG Bison	6 445	–	–	6 445
Safripol	9 400	–	–	9 400
Unitrans	147	9 543	–	9 690
Feltex	2 657	–	–	2 657
Sleep Group	1 926	–	–	1 926
Optix	131	396	–	527
Gross revenue	20 706	9 939	–	30 645
Variable consideration	(984)	(1)	–	(985)
Intergroup eliminations	(139)	(519)	–	(658)
Revenue from contracts with customers	19 583	9 419	–	29 002
Optix	–	–	68	68
Intergroup eliminations	–	–	(8)	(8)
	19 583	9 419	60	29 062

	Six months ended 31 Dec 2024 Unaudited Rm	Six months ended 31 Dec 2023 Unaudited Rm	Year ended 30 Jun 2024 Audited Rm
Geographical distribution			
South Africa	**12 762**	12 490	24 432
Rest of Africa	**2 060**	2 075	3 722
Europe	**201**	44	156
Middle East	**173**	13	91
Americas	**140**	258	322
Australasia	**18**	146	338
Asia	**1**	2	1
	15 355	15 028	29 062

SELECTED EXPLANATORY NOTES (CONTINUED)

	Note	Six months ended 31 Dec 2024 Unaudited Rm	Six months ended 31 Dec 2023 Unaudited Rm	Year ended 30 Jun 2024 Audited Rm
Note 2: Capital items				
Loss on disposal of property, plant and equipment		**(25)**	(23)	(42)
Impairment of property, plant and equipment		**(11)**	(9)	(16)
Insurance income		**3**	10	12
		(33)	(22)	(46)
		Cents	Cents	Cents
Note 3: Earnings				
Basic earnings per share		**16.2**	21.2	43.8
Diluted earnings per share		**15.9**	21.0	43.2
Headline earnings per share		**17.2**	21.8	45.3
Diluted headline earnings per share		**16.8**	21.7	44.6
Net asset value per share		**518**	478	500
		Rm	Rm	Rm
Headline earnings attributable to owners of the parent				
Basic and diluted earnings attributable to owners of the parent		**405**	525	1 090
Adjusted for:				
Capital items	2	**33**	22	46
Taxation effects of capital items		**(9)**	(6)	(12)
Non-controlling interests' portion of capital items, net of taxation		**(1)**	–	1
		428	541	1 125
		Million	Million	Million
Weighted average number of ordinary shares				
Issued ordinary shares at beginning of the period		**2 494**	2 477	2 477
Effect of shares issued		**1**	2	9
Weighted average number of ordinary shares		**2 495**	2 479	2 486
Potential dilutive effect of share rights granted		**56**	17	35
Diluted weighted average number of ordinary shares		**2 551**	2 496	2 521
Number of ordinary shares in issue		**2 501**	2 494	2 494

	Fair value hierarchy	Fair value as at 31 Dec 2024 Unaudited Rm	Fair value as at 31 Dec 2023 Unaudited Rm	Fair value as at 30 Jun 2024 Audited Rm
Note 4: Fair values of financial instruments				
Derivative financial assets	Level 2	**133**	106	68
Derivative financial liabilities	Level 2	**(10)**	(59)	(36)

There were no Level 1 or Level 3 financial assets or financial liabilities for 31 December 2024, 31 December 2023 and 30 June 2024.

In November 2022, the group 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 hedging instrument's forward dates are 2 November 2026, 1 November 2027 and 31 October 2028, which closely coincide with the vesting dates of the long-term incentive scheme.

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 31 December 2024 is R10 104 million (31 December 2023: R9 521 million and 30 June 2024: R9 475 million).

SELECTED EXPLANATORY NOTES (CONTINUED)

	31 Dec 2024 Unaudited Rm	31 Dec 2023 Unaudited Rm	30 Jun 2024 Audited Rm
Note 5: Operating assets			
Goodwill	**656**	661	659
Intangible assets	**1 776**	1 722	1 790
Property, plant and equipment	**16 128**	15 556	16 043
Right-of-use assets	**332**	363	300
Consumable biological assets	**1 604**	1 565	1 586
Inventories	**4 039**	3 632	3 807
Trade and other receivables	**5 132**	5 191	4 996
Derivative financial instruments	**133**	106	68
	29 800	28 796	29 249
Note 6: Operating liabilities			
Employee benefits	**309**	264	454
Provisions	**42**	45	40
Trade and other payables	**4 784**	4 700	5 458
Derivative financial instruments	**10**	59	36
	5 145	5 068	5 988
Note 7: Net working capital			
Inventories	**4 039**	3 632	3 807
Trade and other receivables	**5 132**	5 191	4 996
Employee benefits	**(309)**	(264)	(454)
Provisions	**(42)**	(45)	(40)
Trade and other payables	**(4 784)**	(4 700)	(5 458)
Net derivative financial instruments	**123**	47	32
	4 159	3 861	2 883
Note 8: Capital expenditure			
Additions to property, plant and equipment	**820**	1 376	2 571
Proceeds from disposal of property, plant and equipment	**(60)**	(250)	(323)
Government grants received	**(3)**	–	(54)
Insurance proceeds	**(3)**	(10)	(12)
	754	1 116	2 182
Note 9: Capital commitments			
Capital expenditure	**263**	620	134

Capital commitments represent commitments for projected capital expenditure, which will be financed from cash flow from operating activities and existing borrowing facilities.

SELECTED EXPLANATORY NOTES (CONTINUED)

Statement of compliance

The condensed consolidated interim financial statements have been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of IFRS® Accounting Standards, 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 condensed consolidated interim financial statements have been prepared using accounting policies that comply with IFRS Accounting Standards, which are consistent with those applied in the consolidated financial statements for the year ended 30 June 2024.

Basis of preparation

The condensed consolidated interim 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 condensed consolidated interim financial statements for the six months ended 31 December 2024 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 condensed consolidated interim financial statements and are in accordance with IFRS Accounting Standards.

Financial statements

These results have not been reviewed or reported on by the group's auditors. The results were approved by the board of directors on 26 February 2025.

Events after reporting date

No significant events have occurred in the period between the end of the period under review and the date of this report.

Changes to the board, board committees and key portfolios

At conclusion of the company's annual general meeting, which was held on 29 November 2024, PK (Pat) Quarmby retired and stepped down from his position as chairperson on the KAP board of directors ('board') and the nomination committee and member on the investment committee. JA Holtzhausen was appointed as chairperson on the board and the nomination committee in Pat's stead on this date.

Corporate information

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

Independent non-executive directors: JA Holtzhausen (Chairperson), Z Fuphe, KT Hopkins, TC Isaacs, SN Maseko, V McMenamin, AFB Mthembu, SH Müller

Executive directors: GN Chaplin (Chief executive officer), FH Olivier (Chief financial officer), SP Lunga (Corporate affairs executive)

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 and debt sponsor: PSG Capital Proprietary Limited

Announcement date: 27 February 2025

WWW.KAP.CO.ZA