

KAP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1978/000181/06)

Share code: KAP

ISIN: ZAE000171963

LEI code: 3789001F51BC0045FD42

('KAP' or 'the Company' or 'the group')



UPDATED TRADING STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

On 15 May 2023, the Company published a trading statement in which it advised shareholders that a reasonable degree of certainty existed, that if trading conditions persisted, the Company's earnings from continuing operations would decrease by at least 30% compared to the prior financial year. The Company therefore advised that headline earnings per share ('HEPS') from continuing operations were expected to decrease by at least 22.3 cents to not more than 52.1 cents (FY22: 74.4 cents) and earnings per share ('EPS') from continuing operations were expected to decrease by at least 21.1 cents to not more than 49.2 cents (FY22: 70.3 cents).

The Company is in the process of finalising its results for the year ended 30 June 2023. While the Company was able to grow revenue, with a moderate decline in earnings before interest, tax, depreciation and amortisation ('EBITDA'), its HEPS and EPS were further impacted by a higher effective tax rate and higher interest rates. The Company therefore confirms that a reasonable degree of certainty now exists, that for the year ended 30 June 2023:

From continuing operations:

- HEPS will be between 39.2 cents and 46.6 cents, representing a decrease of between 47% and 37% compared to the HEPS of 74.4 cents reported for the year ended 30 June 2022; and
- EPS will be between 13.0 cents and 20.4 cents, representing a decrease of between 82% and 71% compared to the EPS of 70.3 cents reported for the year ended 30 June 2022.

From continuing and discontinued operations:

- HEPS will be between 39.2 cents and 46.6 cents, representing a decrease of between 48% and 38% compared to the HEPS of 75.1 cents reported for the year ended 30 June 2022; and
- EPS will be between 13.0 cents and 20.4 cents, representing a decrease of between 81% and 71% compared to the EPS of 70.2 cents reported for the year ended 30 June 2022.

Due to the muted outlook for South African economic growth, structural changes in the South African logistics industry, the loss of a major food retail contract and the resultant decline in Unitrans' performance, the trademarks and goodwill relating to Unitrans have been impaired in terms of International Financial Reporting Standards. These non-cash impairments contributed to the decrease in group earnings for the year ended 30 June 2023 and resulted in EPS for the year decreasing by a larger amount than HEPS.

The group succeeded in bringing the elevated working capital levels as at 31 December 2022 back in line with historical levels, which resulted in a reduction in debt levels from the same date. The group remained within its financial covenant ratios for the year ended 30 June 2023.

The Company's results for the year ended 30 June 2023 are expected to be announced on the Stock Exchange News Service of the JSE Limited on or about 30 August 2023.

Shareholders are advised that the Company's auditors have not yet finalised their audit, review and reporting requirements of the financial information on which this trading statement is based.

Stellenbosch
15 August 2023

Sponsor
PSG Capital



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