KAL GROUP LIMITED
(Previously Kaap Agri Limited)
(Incorporated in the Republic of South Africa)
(Registration number: 2011/113185/06)
Share code: KAL
ISIN: ZAE000244711
("**KAL**" or "**the Company**" or "**the Group**"**)**

VOLUNTARY BUSINESS UPDATE AT AGM

Immediately following the annual general meeting ("**AGM**") of the Company, that will be held at 12:30 p.m. today, 8 February 2024 at the Grande Roche Hotel, 1 Plantasie Street, Paarl, a voluntary business update will be provided to shareholders by the CEO, Sean Walsh. A presentation relating to the voluntary business update is available on the Company's website at https://www.kalgroup.co.za/s3/AGM2024-Presentation.pdf

The business update and presentation are focused on the Group's performance during the first three months of the 2024 financial year ("**Q1**"). While the Company does not report on a quarterly basis, it wishes to provide shareholders with an update on its Q1 performance.

The salient points of the presentation are outlined below:

1. Group statutory revenue for Q1 increased by 3.4% to R6.52 billion compared to the first three months of the prior year ("**LY**"). Gross profit grew by 7.0% and ahead of revenue growth as margins widened.

2. Profit before tax increased by 7.3%, with like-for-like ("**LFL**") operating expenditure growth lower than gross profit growth. Operating expenditure included reduced loadshedding costs due to various alternative energy initiatives and lower loadshedding stages.

3. Recurring headline earnings for Q1 ("**RHE**") grew by 6.9% from R169.9m to R181.5m. RHE per share for Q1 grew by 5.7% from 214.88 cents to 227.11 cents. KAL has historically considered RHE to be the most appropriate benchmark by which to measure its performance, with RHE being adjusted from headline earnings to exclude non-recurring expenses, predominantly costs associated with corporate transactions (legal and external consultation costs), in line with the approach applied in the Company's annual financial statements for the financial year ended 30 September 2023.

4. Total Group fuel litres were down 0.8%, with The Fuel Company ("**TFC Group**") litres down 1.3%, whilst non-TFC Group litres increased by 0.6%. Fuel litre performance was encouraging when considering the fuel volume decreases experienced in the wider fuel industry.

5. The Company's overall gearing position improved during Q1, with net interest-bearing debt reducing by R286.7m when compared to LY. The business continued to generate strong cashflow and comparable debt ratios improved during the period.

6. Net capital expenditure for Q1 amounted to R43.2m, down from R52.0m LY.

7. The Company's working capital was well managed during Q1. Stock and debtors' growth was at a rate slower than revenue growth. Return on invested capital increased during Q1 compared to LY.

8. The upward trend of gross profit growth continued, with January YTD gross profit growth ending higher than Q1 at 8.4%.

9. The overall agricultural outlook continues to improve with the fruit and wine sectors showing better yields, good quality and lower costs. Port logistical challenges however remain. The most recent wheat harvest delivered an average to good yield and quality, but at lower prices. Agricultural performance remains weather dependant and the impact of El Nino is being closely monitored, specifically in the Northern Cape livestock and North West grain areas.

10. General retail performance, albeit showing signs of recovery, remained sluggish. Positively, we saw above sector growth in various building material categories and pet, pool and garden performed strongly. Outdoor categories, driven by lower generator sales compared to LY, underperformed. Convenience retail performance was very much route dependant, with quick service restaurants outperforming convenience stores as commuter footfall slowed.

11. Fuel volume sales to farmers grew compared to LY. Within the retail fuel environment, diesel volumes increased year-on-year, however petrol volumes continued to decrease.

12. Inflation is expected to soften and interest rate reductions are anticipated later in the year. We will continue to reduce debt in line with commitments and the previously communicated site disinvestments within the TFC Group are on track. The Company will remain focussed on capitalising on new routes to market and profitable revenue streams, supported by our ongoing technological innovation and stakeholder collaboration.

13. Various general operational statistics and comments on Environmental, Social and Governance are included in the presentation.

Shareholders are referred to the above presentation, available on KAL's website, for further details regarding the Group's Q1 performance.

The information above and in the presentation has not been audited or reviewed or otherwise reported on by the Company´s external auditors.

Paarl
8 February 2024

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