UNAUDITED RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

kap

BEING THE CHANGE

AGENDA

OPERATIONAL REVIEW	Frans Olivier
FINANCIAL REVIEW	Dries Ferreira
GROUP OUTLOOK	Frans Olivier
Q&A	Frans Olivier / Dries Ferreira

OPERATIONAL REVIEW

Frans Olivier
Chief executive officer

KEY TAKEAWAYS FROM THE 1H26 RESULTS

Operating environment

- Trading conditions remained challenging, influenced by domestic and global factors, subdued consumer demand

Highlights

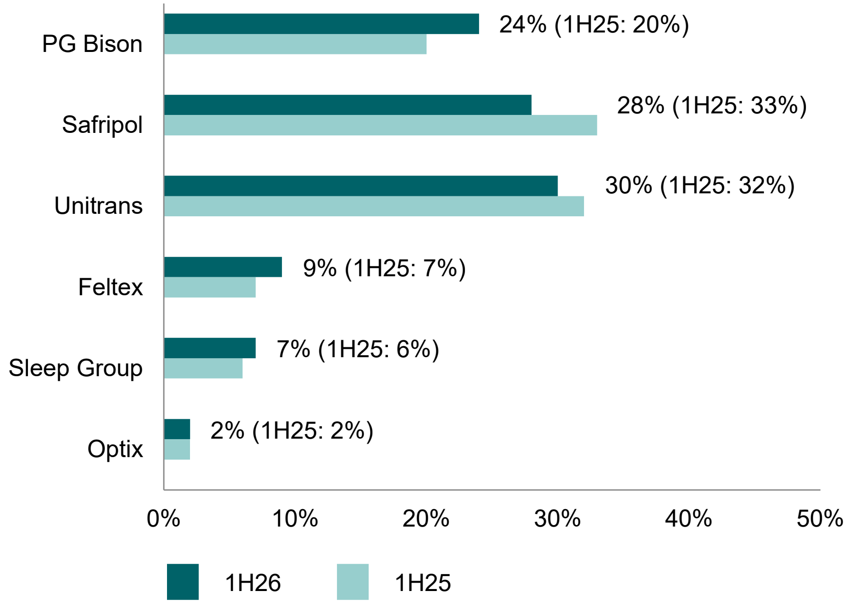
- Good improvement in results, largely due to:
  - Improved performance by PG Bison, with increased panel production and sales volumes, supported by the full utilisation of the new MDF line; 1H25 impacted by increased operational costs during ramp-up phase
  - Feltex benefited from increased domestic vehicle assembly volumes; 1H25 impacted by a model changeover
  - Lower net finance costs due to R752 million reduction in net debt and lower interest rates
- Improvement in results underpinned by operational focus and disciplined execution in the group
- Progress with addressing underperforming operations
- Traction with the execution of our strategic objectives

Lowlights

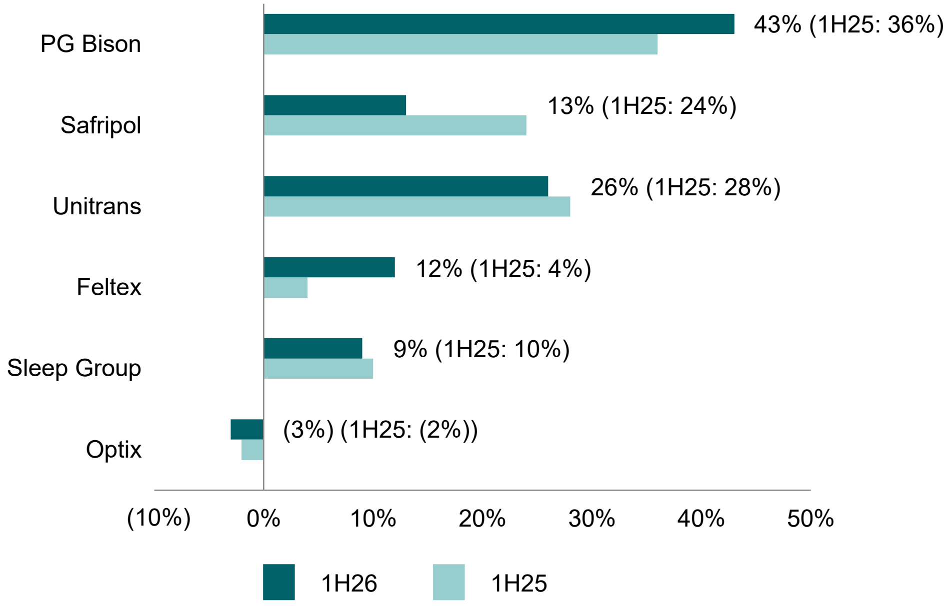
- Safripol results materially lower; continued cyclical low in the polymers sector
- Optix performance below expectations

DIVISIONAL CONTRIBUTION

Revenue*



Operating profit



* Divisional contribution to group results, before intersegmental eliminations

PG BISON

Sales momentum accelerating following the ramp-up of the new MDF line

- Panel sales volumes increased by 20%, resulting in higher revenue:
  - Plants and upgrading presses operated at capacity
  - Sales volumes to primary and deep-sea export markets grew by 14% and 43%, respectively
  - Deep-sea exports 16% (1H25: 12%) of sales volumes, mostly raw board
  - Value-add sales volumes increased by 10%
- Increased sales volumes supported by demand-creation and customer-enablement activities, as well as development of new export markets
- Operating profit up 32% due to increased sales volumes and operational efficiencies
- 1H25 performance affected by the ramp-up process of the new MDF line
- Market share growth and improved margins a priority for the division:
  - Additional upgrading press planned for 2H27
  - Sales mix to migrate towards mostly primary markets over time

Revenue
R3 591 million
▲ 18%

Operating profit
R545 million
▲ 32%

Operating margin
15.2%
from 13.6%

SAFRIPOL

Cyclical low in polymers sector continues to weigh on performance

- Subdued demand and pricing attributable to low economic growth and global overcapacity in the sector
- Sales volumes 7% lower, resulting in revenue declining by 18%, mostly due to:
  - 15% reduction in PET sales volumes; demand also affected by increased low-value imports, mainly from China, five-week commercial shutdown
  - Domestic and export sales volumes lower by 5% and 10%, respectively
  - Exports 13% of sales volumes (1H25: 13%)
- Operating profit reduced by 40% owing to the lower sales volumes, prices and raw material margins
- PP margins notably weaker, margins for all three polymers low compared with history
- Industry expectations are for the global polymers sector to remain in a cyclical low until the early 2030s
  - Continue to focus on operational efficiencies, raw material procurement, cost savings, and higher-margin polymers
  - Another commercial shutdown for PET plant in 2H26 due to elevated inventory

Revenue
R4 277 million
▼ 18%

Operating profit
R169 million
▼ 40%

Operating margin
4.0%
from 5.4%

UNITRANS

Meaningful progress with turnaround

- Revenue 8% lower mainly due to the passenger operations:
  - Loss of material contract and subsequent closure of Mozambique operations
  - Disposal of commuter contract in FY25
- Operating profit increased by 3%:
  - Stronger performances from agriculture, food, and petrochemical operations; higher volumes and/or cost control/savings and/or operational improvements
  - Good momentum with the turnaround of petrochemical operations, included disposal of its Eswatini operations
  - Mining operations result weaker, linked to an underperforming contract
- Focused on improved performance, with R700 million medium-term operating profit target unchanged:
  - Exit of low-return activities and contracts ongoing
  - Fleet modernisation, where required
  - Operational excellence and cost savings
  - Organic growth at required returns

Revenue
R4 558 million
▼ 8%

Operating profit
R332 million
▲ 3%

Operating margin
7.3%
from 6.5%

FELTEX

Strong recovery in performance as 1H25 constraints eased

- Revenue higher due to increased sales volumes in both OEM and aftermarket operations:
  - Domestic new vehicle assembly volumes up by 12%; 1H25 included temporary production constraints at two major OEMs, one due to a model changeover
  - LCV and SUV sales 18% and 25% higher, respectively
- Operating profit meaningfully higher due to increased sales volumes, non-recurrence of costs related to the model changeover in 1H25 and good cost control
- Some headwinds in the industry but encouragingly investment continues; two new models planned in 2026/27. Management focus areas:
  - Pursuing localisation opportunities as well as cost savings
  - Engagement with government in relation to policies to stimulate growth and sustainability

Revenue
R1 421 million
▲ 23%

Operating profit
R146 million
▲ > 100%

Operating margin
10.3%
from 3.6%

SLEEP GROUP

Positive momentum continues, with initiatives to support growth in a subdued market

- Absence of two-pot retirement withdrawals and growth in online gambling affected consumer demand
- Revenue 5% higher largely due to:
  - Inclusion of Botswana operations
  - Improved sales mix
  - Bedding unit sales stable; market share maintained or gained with key customers
- Operating profit up by 4% due to:
  - Improved performance from raw material operations (turnaround in foam)
  - Bedding operations profitability lower due to increased marketing and distribution costs
- Successful launch of entry-level and premium products; division now offers comprehensive bedding range to support growth
- Acquisition of Botswana bedding manufacturer to support growth in Botswana and Zambian regions

Revenue
R1 061 million
▲ 5%

Operating profit
R115 million
▲ 4%

Operating margin
10.8%
from 11.0%

OPTIX

Slow sales pipeline conversion continued to weigh on performance

- Revenue declined by 11%:
  - Hardware sales declined by 27%
  - Subscriptions grew by 25%, supporting annuity revenue
- Operating loss increased due to higher costs associated with largely the investment in executive capacity, sales pipeline conversion not yet sufficient
- Result remains below expectations:
  - Intensifying sales efforts
  - Expanding international sales pipeline
  - Restructuring to right-size following investments in technology
  - Focused on improving performance

Revenue
R261 million
▼ 11%

Operating loss
R43 million
▼ (> 100%)

Operating margin
(16.5%)
from (6.1%)

FINANCIAL REVIEW

Dries Ferreira
Chief financial officer

SALIENT FEATURES OF THE 1H26 RESULTS

Revenue
R14.9 billion
▼ 3%

EBITDA
R2.0 billion
▲ 5%

Operating profit before capital items
R1.3 billion
▲ 10%

Operating margin
8.5%
▲ 100 bps

Headline earnings per share
22.7 cents
▲ 32%

Earnings per share
20.8 cents
▲ 28%

Net working capital
R4.4 billion
▲ 6%

Cash flow from operations
R899 million
▲ 39%

Free cash outflow before dividends paid of **R219 million**

Expansion capital expenditure
R202 million
▼ 36%

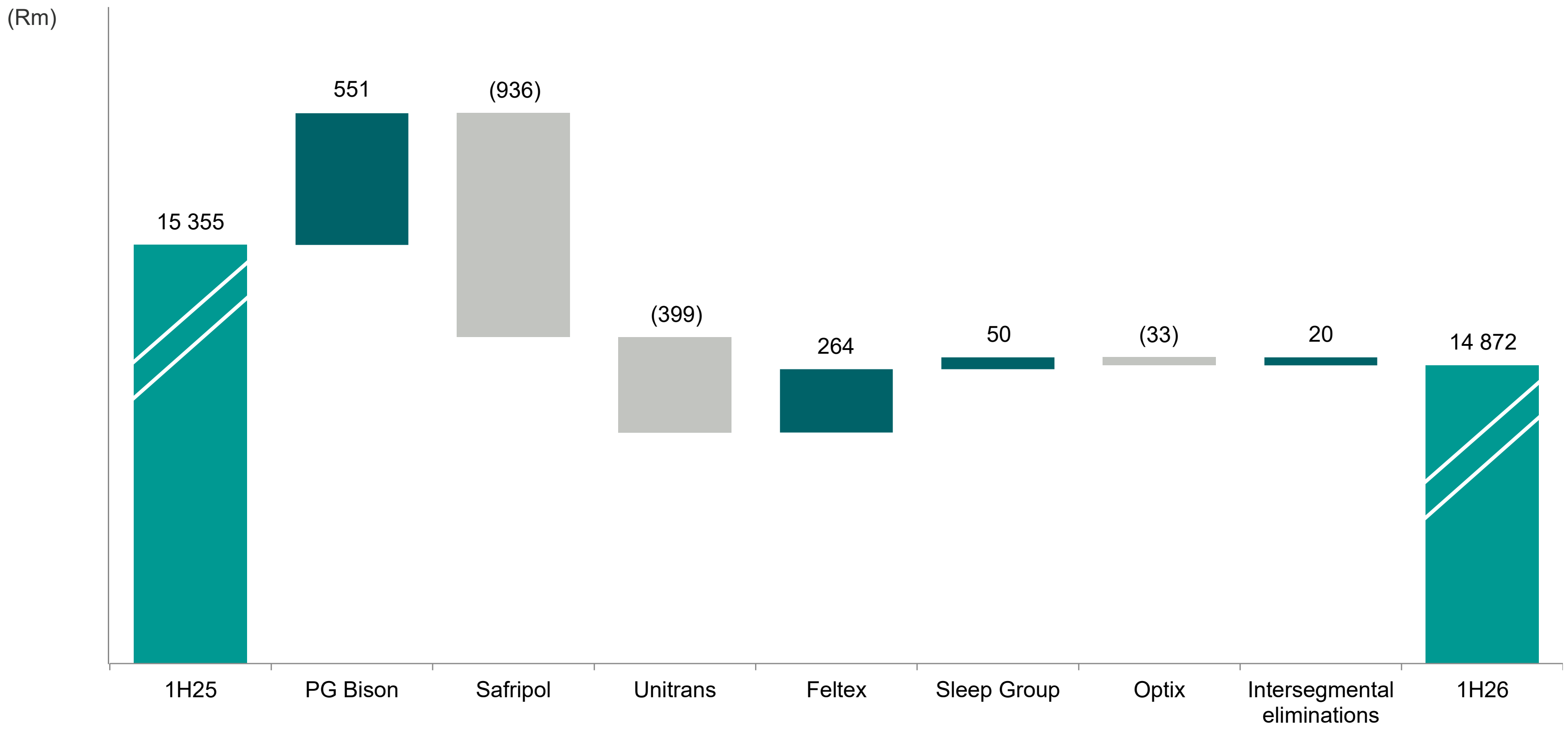
Net interest-bearing debt
R8.5 billion
▼ 8%

ROCE*
8.5%
▼ 40 bps

* Rolling 12 months

GROUP REVENUE

Decreased by 3% compared with prior period



Revenue growth supported by:

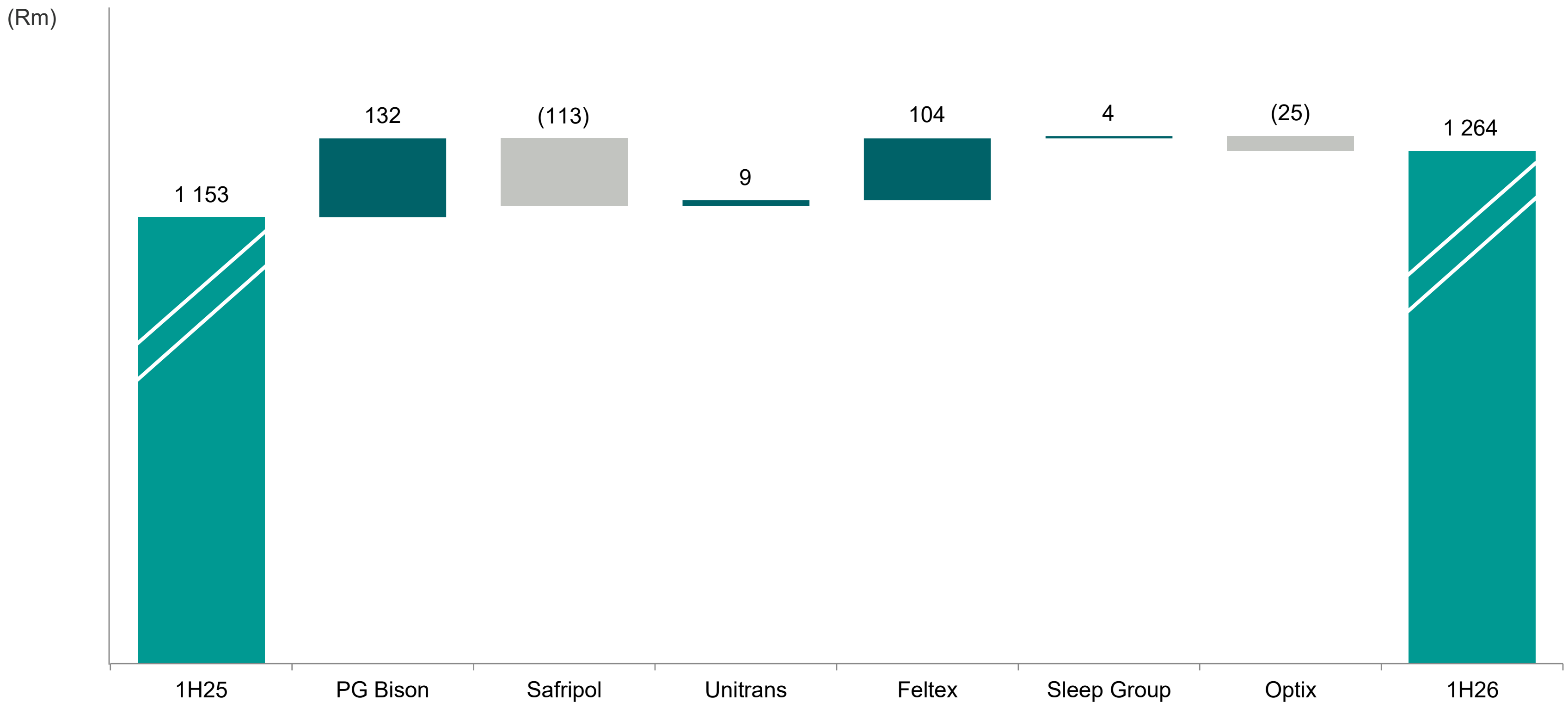
- Increased production and sales volumes at PG Bison
- Improved domestic new vehicle assembly volumes benefiting Feltex

Revenue declined mainly from:

- Safripol impacted by lower sales prices and volumes
- Unitrans' passenger operations affected by the loss of a material contract (1H26) and the disposal of commuter contract (FY25)

GROUP OPERATING PROFIT

Increased by 10% compared with prior period



Operating profit increase mainly due to:

- Increased production and sales volumes for PG Bison
- Higher domestic new vehicle assembly volumes in Feltex

Unitrans and Sleep Group delivered improved performances

Lower results from:

- Safripol as a result of the cyclical low in the global polymers sector (overcapacity), impacting selling prices and margin
- Optix due to increased costs and slow sales pipeline conversion

FINANCIAL ANALYSIS
Income statement

	1H26 Rm	1H25 Rm	Variance %
Revenue	14 872	15 355	(3)
EBITDA	1 986	1 897	5
Depreciation and amortisation	(722)	(744)	(3)
Operating profit	1 264	1 153	10
Capital items	(50)	(33)	
Net finance costs	(433)	(517)	(16)
Associate and joint venture companies	25	24	
Taxation	(226)	(163)	
Minorities	(59)	(59)	
Profit attributable to owners of the parent	521	405	29
Add back: capital items net of taxation	47	23	
Headline earnings	568	428	33
Weighted average number of ordinary shares (m)	2 502	2 495	
Headline earnings per share (cents)	22.7	17.2	32

Operating profit improved by 10%, mostly due to PG Bison and Feltex

Decrease in net finance costs owing to the reduction in net interest-bearing debt and lower interest rates

Effective tax rate 28% (1H25: 26%)

FINANCIAL ANALYSIS

Balance sheet

	31 Dec 25 Rm	31 Dec 24 Rm	30 Jun 25 Rm
Property, plant and equipment and investment property	**15 082**	16 128	15 653
Right-of-use assets	**340**	332	318
Intangible assets	**1 476**	1 776	1 491
Goodwill	**525**	656	510
Biological assets	**1 239**	1 604	1 610
Net working capital	**4 410**	4 159	3 267
Assets held for sale	**653**	–	–
Other assets	**438**	477	423
Assets	**24 163**	25 132	23 272
Total equity	**13 151**	13 213	12 704
Net interest-bearing liabilities	**8 515**	9 267	8 106
Liabilities held for sale	**28**	–	–
Other liabilities	**2 469**	2 652	2 462
Equity and liabilities	**24 163**	25 132	23 272
Net asset value per share (cents)	**513**	518	498

Net working capital increased by R251 million compared to 1H25

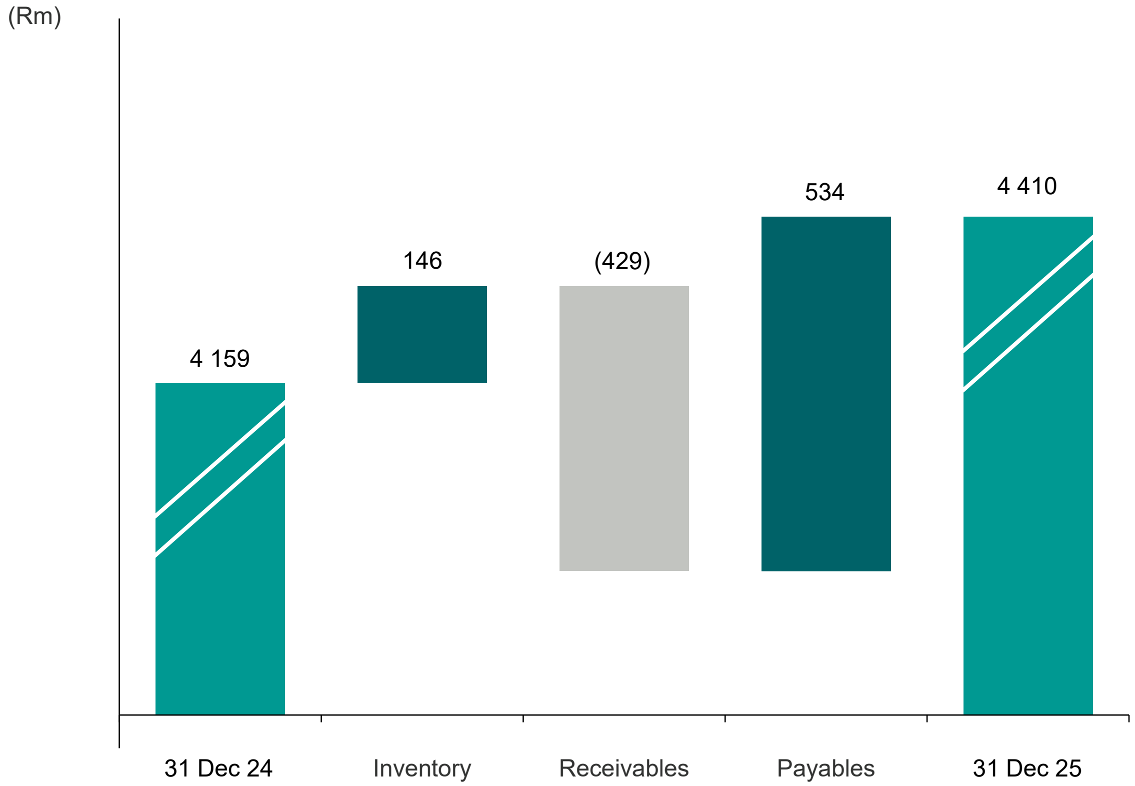
PG Bison southern Cape operations classified as held-for-sale (assets R653 million, of which R342 million relates to biological asset)

Net interest-bearing debt declined by R752 million compared with 1H25, but is R409 million higher than FY25 due to seasonality in working capital

Targeting a reduction in net debt of R500 million in FY26, with a further reduction planned for FY27

FINANCIAL ANALYSIS

Net working capital



Increase of R251 million (6%) from 31 December 2024

Net **inventory** increased by R146 million:

- PG Bison increase as expected compared with 1H25 as new MDF plant was still in ramp-up process
- Offset by Safripol due to lower HDPE and PP finished goods, elevated PET finished goods offset by lower PTA inventory

Net **receivables** decreased by R429 million:

- In line with decreased revenue, mainly in Safripol and Unitrans
- Offset by increase in PG Bison due to increased revenue

R534 million decrease in **payables**:

- Lower Q2 PTA imports for PET production, in preparation for commercial shutdown in February 2026

FINANCIAL ANALYSIS

Cash flow

	1H26 Rm	1H25 Rm
EBITDA	**1 986**	1 897
Net revaluation of biological assets	**29**	(18)
Other non-cash adjustments	**38**	42
Cash generated from trading	**2 053**	1 921
Working capital changes	**(1 154)**	(1 272)
Inventory	**(373)**	(228)
Receivables	**(27)**	(189)
Payables	**(754)**	(855)
Cash generated from operations	**899**	649
Dividends received	**7**	15
Net finance costs paid	**(441)**	(521)
Taxation paid	**(166)**	(191)
Cash flow from operating activities	**299**	(48)
Cash conversion ratio*	**45%**	34%

* Conversion of EBITDA to cash generated from operations

Cash generated from operations up R250 million (39%) due to:

- R89 million (5%) increase in EBITDA
- R118 million less cash absorbed in working capital

Net finance costs paid decreased by R80 million (15%)

Cash conversion to normalise towards year end to achieve our internal target of greater than 90%

FINANCIAL ANALYSIS

Cash flow (continued)

	1H26 Rm	1H25 Rm
Cash flow from operating activities	**299**	(48)
Investing activities	**(518)**	(747)
Expansion capex*	**(202)**	(314)
Replacement capex^	**(469)**	(440)
Net disposal/(acquisition) of subsidiaries	**141**	–
Other investing activities	**12**	7
Free cash flow before dividends paid	**(219)**	(795)
Dividends paid to minorities	**(76)**	(61)
Financing activities	**(833)**	560
Movement in cash and cash equivalents	**(1 128)**	(296)

* Net of government grants received
^ Net of proceeds from disposal, insurance proceeds and government grants received

Prudent capital allocation resulted in reduced expansion capital expenditure (down by R112 million)

Net cash inflow of R171 million on the disposal of Unitrans' petrochemical operations in Eswatini (1 December 2025), of which R46 million is due in March 2026

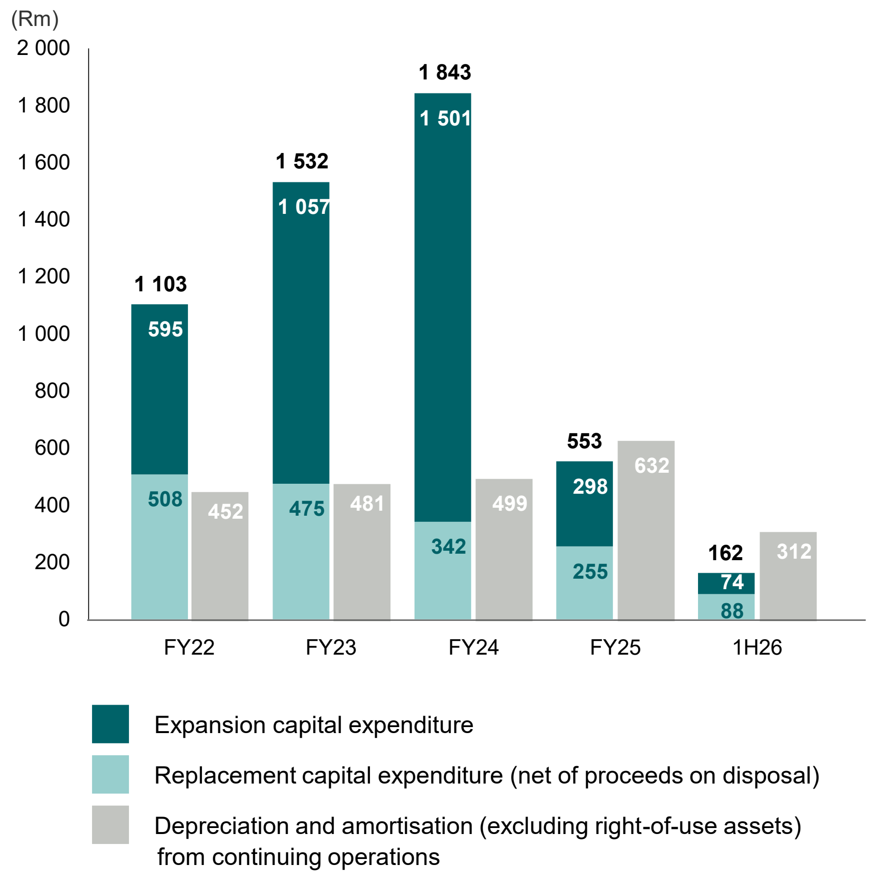
Sleep Group acquired a bedding manufacturer in Botswana, for R30 million (1 August 2025)

Free cash outflow before dividends paid improved by R576 million

FINANCIAL ANALYSIS

Investment to drive growth and efficiency benefits

Manufacturing capital expenditure



Material and strategic items*

PG Bison
MDF line
of R2 051 million
Pre-FY25: R1 923 million
FY25: R96 million
1H26: R22 million
2H26: R10 million^
Completed in June 2024

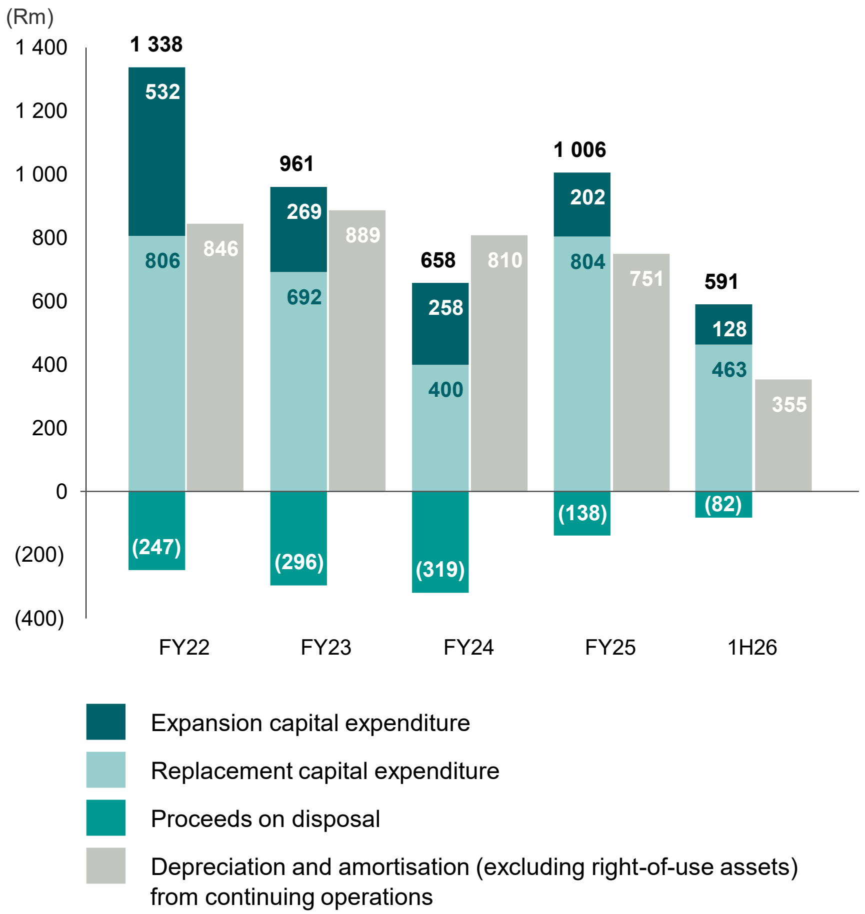
PG Bison
MFB press
of R240 million
1H26: R6 million
2H26: R26 million^
FY27: R208 million^
Planned completion in 2H27 (Mkhondo)

* Excluding capitalised borrowing costs, including government grants received
^ Estimated

FINANCIAL ANALYSIS

Investment to drive growth and efficiency benefits (continued)

Non-manufacturing capital expenditure*



Items to highlight

Unitrans

Proceeds of	Replacement of	Expansion of	Total
R81 million	**R463 million**	**R98 million**	**R480 million**
(1H25: R58 million)	(1H25: R414 million)	(1H25: R92 million)	(1H25: R448 million)

- Redeployment of assets and disposal of underutilised assets to improve capital efficiency completed
- Continued focus on disposal or closure of underperforming operations

Optix

Expansion of rental assets
R30 million
(1H25: R36 million)

* Includes Unitrans and Optix

TREASURY ACTIVITY

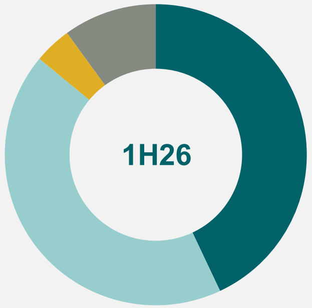
Debt serviceability ratios

	Bank covenant FY26	31 Dec 25	30 Jun 25	31 Dec 24
Gross interest-bearing debt (Rm)		**10 169**	10 196	10 485
Net interest-bearing debt (Rm)		**8 515**	8 106	9 267
Equity excluding non-controlling interest (Rm)		**12 857**	12 443	12 952
Gearing (net debt: equity)		**66%**	65%	72%
Net debt: EBITDA (times)	< 3.0	**2.4**	2.4	2.6
EBITDA: interest cover (times)	> 3.5	**3.9**	3.5	3.6

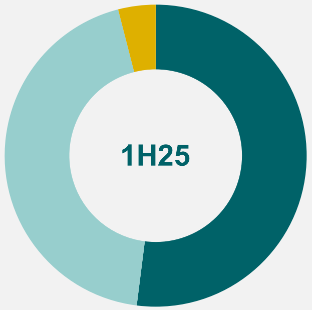
Net debt: EBITDA internal limit
< 2.5 times

EBITDA: interest cover internal limit
> 4.5 times

Funding structure



Banks and financial institutions – 43%
Listed notes – 43%
Lease liabilities – 4%
Unutilised facilities – 10%



Banks and financial institutions – 52%
Listed notes – 44%
Lease liabilities – 4%
Unutilised facilities – 0%

TREASURY ACTIVITY

Significant debt funding activities for the period

R3 billion revolving credit facility ('RCF')

- R2 billion in three-year (due 7 December 2026) and R1 billion in five-year (due 7 December 2028) tenures concluded in FY24
- The maturity date of this R2 billion three-year tranche was extended by two years to 7 December 2028 during the reporting period
- Covenant ratchet on interest cover
  ›› FY24: > 3.0 times ›› FY25: > 3.25 times ›› FY26: > 3.5 times
- Net debt to EBITDA cover < 3.0 times

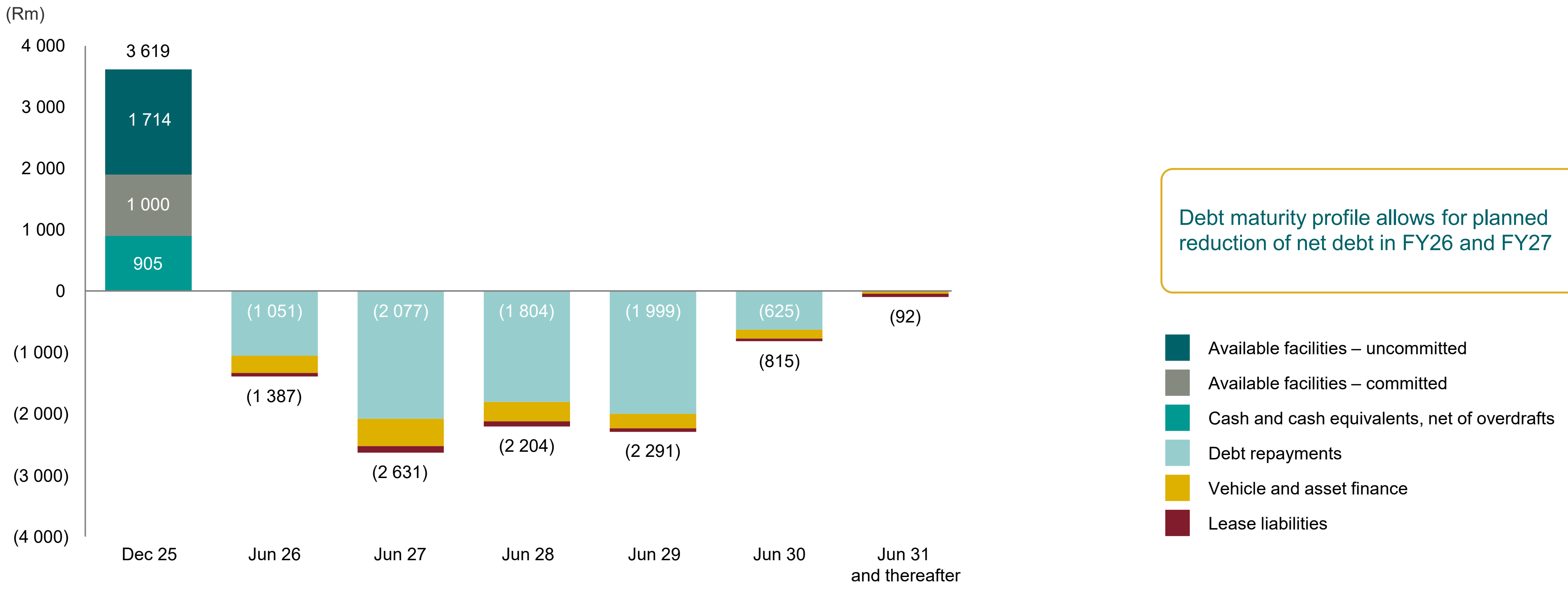
Corporate bonds settled at maturity

- KAP026 – Listed: R340 million
- KAP028 – Listed: R600 million

Global Credit Rating confirmed KAP's rating as A+(za) but revised the outlook from stable to negative (November 2025)

TREASURY ACTIVITY

Net interest-bearing debt maturity profile at 31 December 2025



Debt maturity profile allows for planned reduction of net debt in FY26 and FY27

GROUP OUTLOOK

Frans Olivier
Chief executive officer

GROUP OUTLOOK

- We remain focused on the following three objectives to support higher returns and earnings growth, with good progress made during 1H26:
  - Value-realisation from our recent investments (c. R2.7 billion major capital projects), MDF line the largest
  - Addressing areas of underperformance, Unitrans being the most material
  - Reducing net debt in FY26 and FY27
    - supported by cash flow contribution from major capital projects, expected improvement in Unitrans' performance and prudent capital allocation
- Alignment between strategy, executive capacity and capability, and incentives to support the delivery of the above objectives
- Revenue growth, cost savings and control, and margin enhancement pursued by all divisions
- 2H26 performance to soften relative to 1H26; expected normal seasonality, and timing of maintenance shutdowns in PG Bison
- Stronger rand relative to the US dollar presents near-term pressure for Safripol

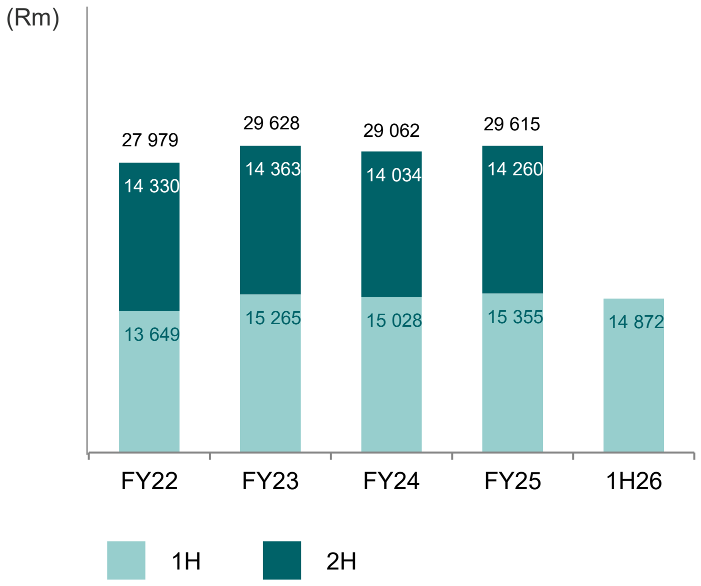
Q&A


APPENDIX

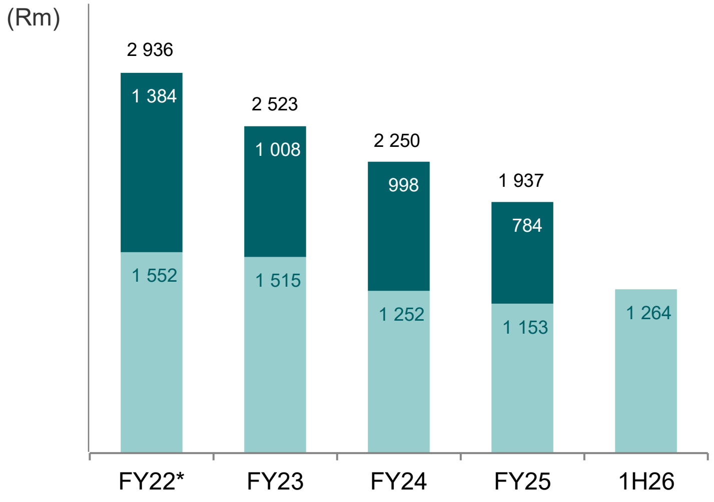
FINANCIAL ANALYSIS

Group revenue, operating profit and HEPS

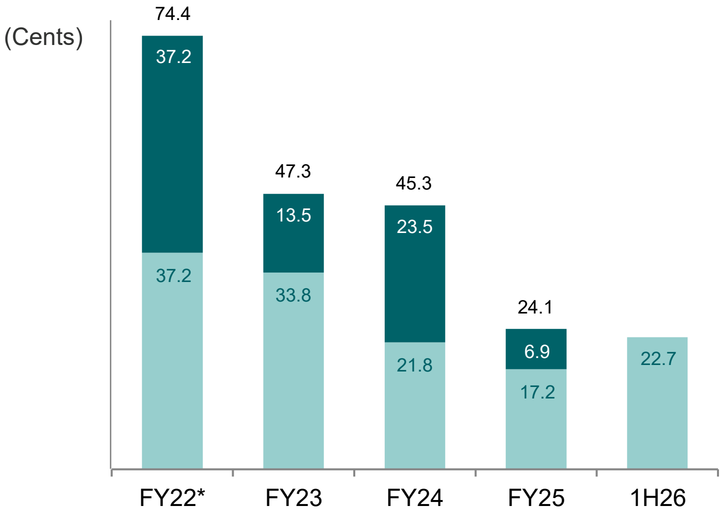
Revenue



Operating profit



Headline earnings per share

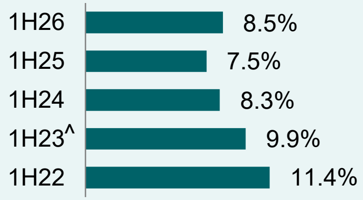


* From continuing operations

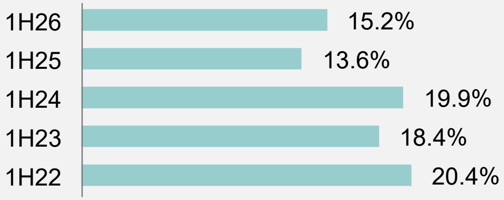
FINANCIAL ANALYSIS

Group margin analysis*

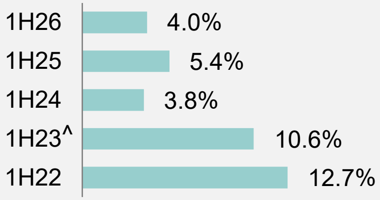
Group



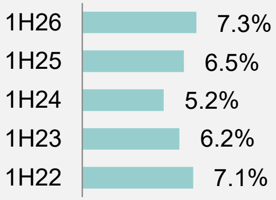
PG Bison



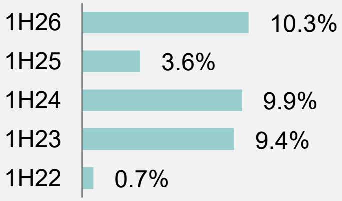
Safripol



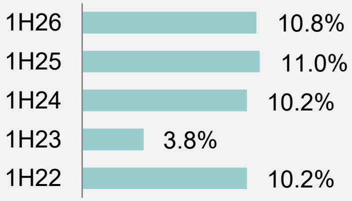
Unitrans



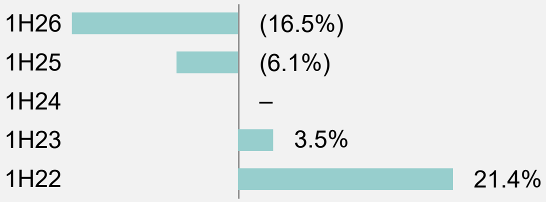
Feltex



Sleep Group



Optix

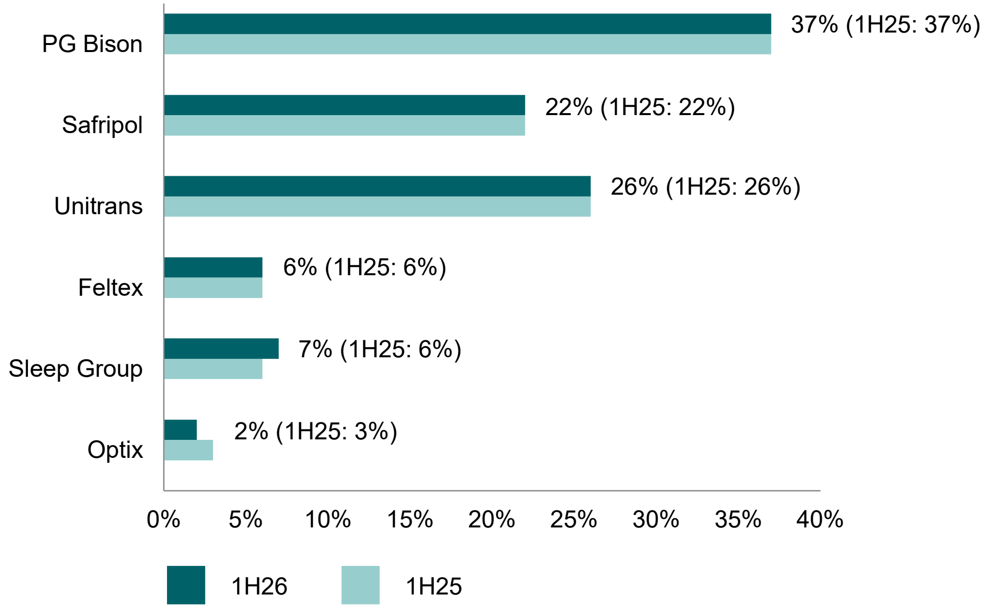


* From continuing operations
^ Restated

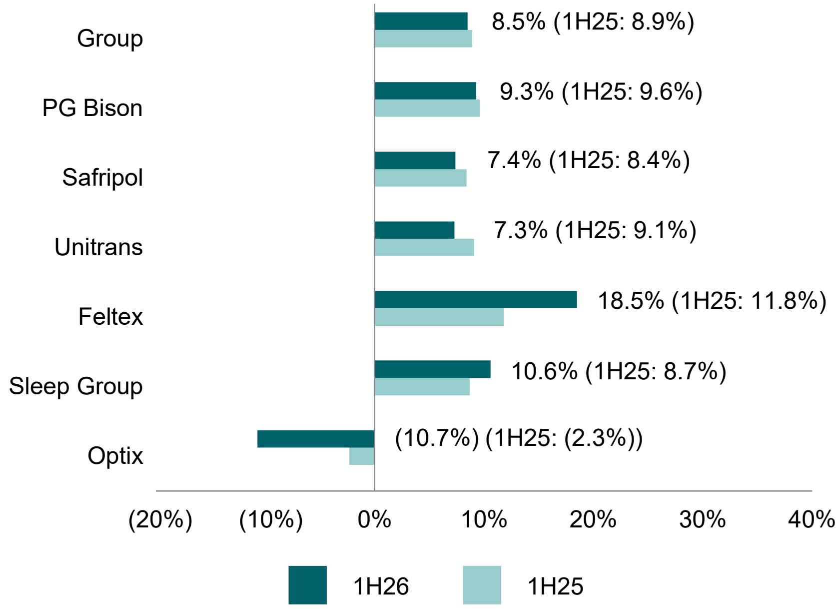
FINANCIAL ANALYSIS

ROCE performance per division

Net operating asset contribution



Return on capital employed*



* Rolling 12 months