



Salungano
GROUP



UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

for the six months ended 30 September 2025

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Condensed consolidated statement of financial position

as at 30 September 2025

	Notes	Unreviewed for the 6 months ended 30 September 2025 R'000	Unreviewed for the 6 months ended 30 September 2024 R'000	Audited year ended 31 March 2025 R'000
Assets				
Non-current assets				
Property, plant and equipment	3	1 886 441	2 372 199	2 035 463
Right-of-use assets		10 990	3 776	2 551
Investment property		709	709	709
Intangible assets		1 658	2 028	1 796
Loan to investee		55 017	57 305	56 244
Restricted investments		201 091	149 563	166 952
Other receivables		94 505	81 392	87 344
Deferred tax asset		475 659	336 063	410 656
Restricted cash		11 019	9 207	10 663
		2 737 089	3 012 242	2 772 378
Current assets				
Inventories	4	67 113	135 894	76 963
Trade and other receivables		721 289	697 203	644 426
Current tax receivable		12 523	1 680	17 337
Cash and cash equivalents		135 579	36 346	62 014
		936 504	871 123	800 740
Total assets		3 673 593	3 883 365	3 573 118

Condensed consolidated statement of financial position continued

for the period ended 30 September 2025

	Notes	Unreviewed for the 6 months ended 30 September 2025 R'000	Unreviewed for the 6 months ended 30 September 2024 R'000	Audited year ended 31 March 2025 R'000
Equity and liabilities				
Equity attributable to equity holders of the parent				
Share capital		630 372	630 372	630 372
Retained earnings		(457 632)	(537 817)	(615 569)
		172 740	92 555	14 803
Liabilities				
Non-current liabilities				
Trade and other payables		242 246	–	252 790
Lease liabilities		8 187	2 539	1 774
Deferred tax liability		89 023	95 093	92 778
Loan from shareholder	7	9 831	8 639	9 225
Environmental rehabilitation provision	6	2 227 262	2 206 778	2 110 549
Loan from investee		206 622	206 622	206 622
		2 783 171	2 519 671	2 673 738
Current liabilities				
Trade and other payables		568 686	769 266	528 528
Interest-bearing borrowings	5	63 280	328 447	224 549
Lease liabilities		2 939	2 391	1 493
Current tax payable		7 915	43 235	–
Loan from shareholder	7	47 407	50 640	44 546
Bank overdraft		27 456	77 160	85 461
		717 682	1 271 139	884 577
Total liabilities		3 500 853	3 790 810	3 558 315
Total equity and liabilities		3 673 593	3 883 365	3 573 118

Condensed consolidated statement of profit or loss and other comprehensive income

for the period ended 30 September 2025

	Notes	Unreviewed for the 6 months ended 30 September 2025 R'000	Unreviewed for the 6 months ended 30 September 2024 R'000	Audited year ended 31 March 2025 R'000
Revenue	9	3 031 310	2 179 409	4 369 354
Cost of sales	10	(2 609 121)	(1 879 311)	(3 997 662)
Gross profit		422 189	300 098	371 692
Operating income		27 636	52 686	42 482
Movement in credit loss allowances		(13 793)	27 003	5 591
Impairment of property, plant and equipment		–	(326)	(326)
Operating expenses		(108 320)	(196 135)	(230 859)
Operating profit		327 713	183 326	188 581
Interest income		18 617	6 329	32 848
Finance costs	11	(132 959)	(128 641)	(266 645)
Profit/(loss) before taxation		213 371	61 013	(45 216)
Taxation		(55 432)	27 150	55 627
Profit for the period		157 939	88 164	10 411
Other comprehensive income		–	–	–
Total comprehensive income for the period		157 939	88 164	10 411
Earnings per share				
Basic earnings per share (cents)	12	38.48	21.48	2.54
Diluted earnings per share (cents)	12	38.48	21.48	2.54

Condensed consolidated statement of cash flows

for the period ended 30 September 2025

	Notes	Unreviewed for the 6 months ended 30 September 2025 R'000	Unreviewed for the 6 months ended 30 September 2024 R'000	Audited year ended 31 March 2025 R'000
Cash flows from operating activities				
Cash generated from operations	8	466 565	234 325	461 663
Interest income received		11 386	475	11 027
Finance costs paid		(12 780)	(26 545)	(47 586)
Tax paid		(111 462)	(79 414)	(186 737)
Net cash from operating activities		353 709	128 842	238 367
Cash flows from investing activities				
Purchase of property, plant and equipment	3	(33 855)	(39 946)	(59 035)
Proceeds on sale of property, plant and equipment		4	76 457	223
Loan repaid by investee		1 226	-	2 413
Loan advanced to investee		-	(41 348)	(51 584)
Purchase of rehabilitation investment		(26 936)	(17 345)	(28 460)
Repayment of loan to group companies		-	-	-
Net cash from investing activities		(59 561)	(22 181)	(136 443)
Cash flows from financing activities				
(Repayment)/proceeds of loan from shareholder		-	(20 000)	(29 000)
Repayment of long-term borrowings		(161 268)	(45 000)	(100 077)
Repayment of financial liabilities at amortised cost		-	(87 844)	-
Repayment of lease liabilities		(1 309)	(1 574)	(3 237)
Net cash from financing activities		(162 577)	(154 418)	(132 314)
Total cash and cash equivalents movement for the period		131 571	(47 757)	(30 390)
Cash and cash equivalents at the beginning of the period		(23 447)	6 943	6 943
Total cash and cash equivalents at the end of the period		108 123	(40 814)	(23 447)

Condensed consolidated statement of changes in equity

for the period ended 30 September 2025

	Share capital R'000	Share-based payment reserve R'000	Other non- distributable reserve R'000	Total reserves R'000	Retained earnings R'000	Total equity R'000
Audited balance as at 31 March 2024	630 372	-	-	-	(625 983)	4 389
Profit for the period	-	-	-	-	88 163	88 163
Unreviewed balance as at 30 September 2024	630 372	-	-	-	(537 820)	92 552
Loss for the period	-	-	-	-	(77 752)	(77 752)
Audited balance as at 31 March 2025	630 372	-	-	-	(615 572)	14 800
Profit for the period	-	-	-	-	157 939	157 939
Unreviewed balance as at 30 September 2025	630 372	-	-	-	(457 633)	172 739

Notes to the condensed consolidated interim financial statements

for the period ended 30 September 2025

1. Presentation of the condensed consolidated interim financial statements

1.1 Reporting entity

Salungano Group Limited is a company domiciled in South Africa. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 30 September 2025 comprise the company and its subsidiaries (together referred to as "the group"). The group is primarily involved in the mining, processing and trading of coal.

1.2 Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with the Johannesburg Stock Exchange ("JSE") Listings Requirements, the requirements of IAS 34: *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and Interpretations issued by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act of South Africa, 71 of 2008 ("Companies Act").

The principal accounting policies adopted, and the methods of computation used in the preparation of these interim financial statements, are set out below and are consistent in all material respects with those applied during the previous financial year. These interim financial statements should be read in conjunction with the group consolidated and separate annual financial statements as at and for the year ended 31 March 2025, which have been prepared in accordance with IFRS Accounting Standards®.

The condensed consolidated interim financial statements were prepared by Ms Khodani Luvhengo under the supervision of the chief financial officer, Mr Jannie Muller CA(SA).

1.3 Accounting policies

The condensed consolidated interim financial statements have been prepared under the historical cost convention. The principal accounting policies used by the group are in terms of IFRS Accounting Standards and consistent with those applied in the previous period. There were no new standards that were effective from 1 April 2025 that significantly affected the group.

2. Change in accounting policies

2.1 Standards and interpretations not yet effective

New accounting standards, amendments to accounting standards and interpretations issued, that are relevant to the group but not yet effective on 30 September 2025, have not been early adopted. The group continuously evaluates the impact of these standards and amendments.

IFRS 18: *Presentation and Disclosure in Financial Statements*

IFRS 18 aims to improve how information is communicated in financial statements by requiring an entity to classify income and expenses into categories based on their nature, disclosing management performance measures and introducing principles on aggregation and disaggregation including disclosure requirements for specified expenses by nature.

The amendment is expected to have a material impact.

Effective date periods beginning on or after 1 January 2027

Classification and measurement requirements for financial instruments (amendments to IFRS 7 and IFRS 9)

The amendments aim to enhance the clarity and consistency of accounting practices related to financial instruments with key changes including the recognition and derecognition of financial assets and liabilities, as well as the assessment of contractual cash flow characteristics.

The amendment is expected to have a material impact.

Effective date periods beginning on or after 1 January 2026.

2. Change in accounting policies continued

2.1 Standards issued but not yet effective continued

IFRS 19: Subsidiaries without Public Accountability: Disclosures

IFRS 19 aims to simplify financial reporting by reducing the disclosure burden to eligible subsidiaries while ensuring that financial statements remain useful to users. A subsidiary must meet this specific criteria:

- It must not have public accountability.
- It must have a parent company that prepares consolidated financial statements available for public use which are compliant to IFRS.

The amendment is not expected to have a material impact.

Effective date: 1 January 2027.

Contracts Referencing Nature-dependent Electricity (amendments to IFRS 7 and IFRS 9)

The amendments clarify the application of the 'own-use' requirements in IFRS 9 for certain power purchase agreements (PPAs) and similar contracts where the volume of electricity delivered depends on natural factors (e.g., wind or solar generation). The amendments also permit such contracts, in specified circumstances, to qualify as hedging instruments. In addition, IFRS 7 has been amended to introduce additional disclosure requirements to enhance transparency regarding these arrangements and their effect on the entity's financial position and performance.

The amendment did not have a material impact on the group's interim financial statements for the period ended 30 September 2025.

Effective date: 1 January 2026.

2.2 Standards and interpretations effective from 1 April 2025

Lack of Exchangeability (amendments to IAS 21)

Under IAS 21: *The Effects of Changes in Foreign Exchange Rates* (IAS 21), a spot exchange rate is used when translating a foreign currency transaction. In some rare circumstances, it is possible that one currency cannot be exchanged into another. Consequently, market participants are unable to buy and sell currency to meet their needs at the official exchange rate and turn instead to unofficial, parallel markets. The IASB amended IAS 21 to clarify when a currency is exchangeable to another currency and how a spot rate can be estimated when a currency lacks exchangeability.

The amendment did not have a material impact on the group's interim financial statements for the period ended 30 September 2025.

Effective date: 1 January 2025.

IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2: Climate-related Disclosures

The International Sustainability Standards Board's first two standards are designed to be applied together, supporting entities to identify and report information that investors need for informed decision-making. The general standard provides a framework for entities to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, metrics and targets. Adopting the standards is dependent on local jurisdictions which will result in a different date of first application for different countries across the world. Voluntary adoption is permitted.

The effective date for mandatory application in South Africa has not been announced, therefore the Group will not apply IFRS S1 and IFRS S2.

Notes to the condensed consolidated interim financial statements continued
for the period ended 30 September 2025

3. Property, plant and equipment

	Unreviewed 30 September 2025		
	Cost R'000	Accumulated depreciation and impairment R'000	Carrying amount R'000
Land	115 113	–	115 113
Buildings	7 652	(5 423)	2 229
Furniture and fixtures	2 152	(1 741)	411
Motor vehicles	25 844	(19 149)	6 695
Information technology ("IT") equipment	4 065	(3 544)	521
Mining properties, plant and machinery	1 543 283	218 189	1 761 472
	1 698 109	188 333	1 886 441

	Unreviewed 30 September 2024		
	Cost R'000	Accumulated depreciation and impairment R'000	Carrying amount R'000
Land	115 113	–	115 113
Buildings	7 652	(5 321)	2 330
Furniture and fixtures	2 108	(1 621)	487
Motor vehicles	20 119	(17 974)	2 145
IT equipment	3 624	(3 178)	446
Mining properties, plant and machinery	3 447 208	(1 195 531)	2 251 677
	3 595 824	(1 223 625)	2 372 199

	Audited 31 March 2025		
	Cost R'000	Accumulated depreciation and impairment R'000	Carrying amount R'000
Land	115 113	–	115 113
Buildings	7 652	(5 395)	2 257
Furniture and fixtures	2 152	(1 681)	471
Motor vehicles	21 539	(18 255)	3 285
IT equipment	3 731	(3 364)	367
Mining properties, plant and machinery	3 219 778	(1 305 807)	1 913 971
Assets under construction	–	–	–
	3 369 965	(1 334 501)	2 035 463

Notes to the condensed consolidated interim financial statements continued
for the period ended 30 September 2025

3. Property, plant and equipment continued
Reconciliation of property, plant and equipment

	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Impair- ment R'000	Depre- ciation R'000	Deconso- lidation at carrying amount R'000	Total R'000
Unreviewed 30 September 2025								
Land	115 114	-	-	-	-	-	-	115 114
Buildings	2 258	-	-	-	-	(28)	-	2 230
Furniture and fixtures	470	-	-	-	-	(60)	-	410
Motor vehicles	3 284	4 305	-	-	-	(894)	-	6 694
IT equipment	366	357	(3)	-	-	(200)	-	520
Mining properties, plant and machinery	1 913 971	29 193	-	-	-	(181 691)	-	1 761 473
	2 035 464	33 855	(3)	-	-	(182 873)	-	1 886 441
Unreviewed 30 September 2024								
Land	115 114	-	-	-	-	-	-	115 114
Buildings	2 366	-	-	-	-	(34)	-	2 332
Furniture and fixtures	446	100	-	-	-	(60)	-	486
Motor vehicles	2 675	-	-	-	-	(531)	-	2 144
IT equipment	606	58	(9)	-	-	(209)	-	446
Mining properties, plant and machinery	2 459 935	39 788	(161 779)	-	(326)	(85 941)	-	2 251 677
	2 581 142	39 946	(161 788)	-	(326)	(86 775)	-	2 372 199
Audited 31 March 2025								
Land	115 114	-	-	-	-	-	-	115 114
Buildings	2 366	-	-	-	-	(108)	-	2 258
Furniture and fixtures	446	144	-	-	-	(120)	-	470
Motor vehicles	2 675	1 962	(180)	-	-	(1 173)	-	3 284
IT equipment	606	184	(9)	-	-	(414)	-	366
Mining properties, plant and machinery	2 459 936	94 334	(405 439)	-	(326)	(234 534)	-	1 913 971
Assets under construction	-	-	-	-	-	-	-	-
	2 581 143	96 624	(405 629)	-	(326)	(236 349)	-	2 035 464

Notes to the condensed consolidated interim financial statements continued
for the period ended 30 September 2025

4. Inventories

	Unreviewed for the 6 months ended 30 September 2025 R'000	Unreviewed for the 6 months ended 30 September 2024 R'000	Audited year ended 31 March 2025 R'000
Raw materials, components	249 601	61 151	255 689
Finished goods	53 768	76 900	58 223
Production supplies	1 158	952	466
	304 527	139 003	314 377
Inventories (provided for)*	(237 414)	(3 109)	(237 414)
	67 113	135 894	76 963

* Inventory provisions during the current period relate to provisions for obsolete and slow-moving stock of R237 million (HY25: R3.1 million)

5. Interest-bearing borrowings excluding leases

	Unreviewed for the 6 months ended 30 September 2025 R'000	Unreviewed for the 6 months ended 30 September 2024 R'000	Audited year ended 31 March 2025 R'000
Held at amortised cost			
Secured			
Revolving credit facility	63 280	328 447	224 549
	63 280	328 447	224 549
Split between non-current and current portions			
Current liabilities	63 280	328 447	224 549
	63 280	328 447	224 549
Reconciliation of interest-bearing borrowings			
At the beginning of the year	224 549	373 448	373 447
Finance costs	10 507	23 595	42 027
Payments			
Capital	(161 268)	(45 000)	(100 077)
Non-cash payment – excess proceeds of yellow equipment	–	–	(48 822)
Interest	(10 507)	(23 595)	(42 027)
	63 280	328 448	224 549

5. Interest-bearing borrowings excluding leases continued

Borrowings – composition and analysis

The group has used the refinanced debt packages to determine its weighted average cost of capital (“WACC”) by combining the forward-looking JIBAR plus 3.5% at a gearing ratio of 50% with the cost of equity calculated using the risk-free rate adjusted for market-related risk premiums and specific asset-related and company-related risk premiums.

Refinanced revolving credit facility (“RCF”) and term loan

During FY20, the group concluded the refinancing of its existing credit facilities through a consortium of Nedbank and Standard Bank. The new credit-approved and comprehensive long-term refinance facilities were for a combined R1.1 billion with a provision that also allowed the group access to an additional R500 million accordion facility subject to credit approval, but within the legal agreements of the refinance facilities, thus significantly reducing the lead time to accessing this extra liquidity facility.

The facilities consisted of a term loan of R500 million and an RCF of R500 million carrying interest at JIBAR + 2.75% and JIBAR + 3.50%.

The term loan was for a duration of 48 months, repayable in equal quarterly instalments with the last instalment due on 30 June 2023.

The RCF had a term of 48 months and terminated on 21 June 2023. Although the facility expired on 21 June 2023, a standstill agreement was signed on the 27th of August 2025 to repay the RCF and the general banking facility by July 2026. Subsequently, an amended standstill agreement was signed and the RCF was repaid at the end of November 2025 and the GBF was repaid at the end of March 2026.

Exposure to interest rate risk

Interest rate sensitivity analysis

A sensitivity analysis has been prepared using a sensitivity rate, which is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Increase or decrease in rate of interest-bearing borrowings by 1%

	Increase R'000	Decrease R'000
Impact on profit or loss		
30 September 2025	(633)	633
30 September 2024	(3 284)	3 284
31 March 2025	(2 245)	2 245

6. Environmental rehabilitation provision

Environmental rehabilitation

	Opening balance R'000	Additions R'000	Rehabi- litation work performed during the year R'000	Time value of money and inflation component of rehabi- litation R'000	Total R'000
Six months ended 30 September 2025	2 110 549	–	–	116 713	2 227 262
Six months ended 30 September 2024	2 109 020	–	–	97 759	2 206 779
Year ended 31 March 2025	2 109 019	(206 071)	–	207 601	2 110 549

	Unreviewed for the 6 months ended 30 September 2025 R'000	Unreviewed for the 6 months ended 30 September 2024 R'000	Audited year ended 31 March 2025 R'000
Non-current liabilities	2 227 262	2 206 779	2 110 549
	2 227 262	2 206 779	2 110 549
The breakdown of the liability per site is as follows:			
Vanggatfontein	1 661 428	1 483 549	1 586 607
Moabsvelden	565 833	723 229	523 942
Total discounted obligation	2 227 262	2 206 778	2 110 549

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2025

7. Loan from shareholder

Accounting policies relating to financial liabilities at amortised cost

Classification

The loan from shareholder is classified as a financial liability subsequently measured at amortised cost.

Recognition and measurement

The loan from shareholder is recognised when the group becomes a party to the contractual provisions of the loan. The borrowings are measured at initial recognition at fair value plus transaction costs if any. The loan from shareholder is subsequently measured at amortised cost using the effective interest method.

Interest expense calculated on the effective interest method is included in profit or loss in finance costs paid. Borrowings expose the group to liquidity risk and interest rate risk.

Loan from shareholder – composition and analysis

	Unreviewed for the 6 months ended 30 September 2025 R'000	Unreviewed for the 6 months ended 30 September 2024 R'000	Audited year ended 31 March 2025 R'000
Held at amortised cost			
Unsecured			
RBFT Investments Proprietary Limited	57 238	59 279	53 771
	57 238	59 279	53 771
Split between non-current and current portions			
Non-current liabilities*	9 831	8 639	9 225
Current liabilities	47 407	50 640	44 546
Reconciliation of loan from shareholder			
At the beginning of the period	53 771	74 941	74 942
Cash advances received	–	–	–
Deconsolidation at carrying value	–	–	–
Payments	–	(20 000)	(29 000)
Finance costs	3 467	4 338	7 829
Closing balance	57 238	59 279	53 771

* The payment terms of the shareholder loan to Salungano Trading Pty Ltd were extended; the loan is now payable on 1 January 2027 and has been reclassified to non-current liability.

During March and April 2023, the group received a loan from RBFT Investments Proprietary Limited, which bears interest at prime plus 2%.

Notes to the condensed consolidated interim financial statements continued
for the period ended 30 September 2025

8. Cash generated from operations

	Unreviewed for the 6 months ended 30 September 2025 R'000	Unreviewed for the 6 months ended 30 September 2024 R'000	Audited year ended 31 March 2025 R'000
Profit/(loss) before taxation	213 371	61 013	(45 216)
Adjusted for:			
Depreciation on property, plant and equipment	182 873	86 775	236 349
Amortisation of intangible assets	729	959	1 189
Depreciation of right-of-use asset	138	1 342	2 568
Loss/(gain) on sale of assets	(1)	85 331	(34)
Impairment of property, plant and equipment	–	326	326
Loss on settlement of financial liability		–	32 951
Interest income	(18 617)	(6 329)	(32 848)
Finance costs	132 959	128 641	266 645
Fair value gains	(7 559)	(7 203)	(13 476)
Inventory write-down	–	3 109	49 470
Deferred gain	(10 544)	–	–
Expected credit loss	13 793	(27 003)	(5 591)
Changes in working capital:			
Inventories	9 850	(11 329)	1 240
Trade and other receivables	(90 587)	7 516	47 828
Trade and other payables	40 158	(88 821)	(79 738)
	466 566	234 326	461 663

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2025

9. Revenue

	Unreviewed for the 6 months ended 30 September 2025 R'000	Unreviewed for the 6 months ended 30 September 2024 R'000	Audited year ended 31 March 2025 R'000
Revenue from contracts with customers			
Sale of goods	2 308 442	1 638 110	3 298 276
Rendering of services	722 868	541 299	1 071 078
	3 031 310	2 179 409	4 369 354
Disaggregation of revenue from contracts with customers			
Revenue from contracts with customers is disaggregated as follows:			
Sale of goods			
Local sales	71 097	84 011	152 369
Eskom sales	2 237 345	1 554 099	3 145 907
	2 308 442	1 638 110	3 298 276
Rendering of services			
Administration and management fees received (recognised over time)	2 953	4 654	9 308
Transport services (recognised on coal delivery)	715 526	532 483	1 055 039
Rental income recognised over time	4 390	4 161	6 731
	722 868	541 299	1 071 078
Total revenue from contracts with customers	3 031 310	2 179 409	4 369 354

Notes to the condensed consolidated interim financial statements continued
for the period ended 30 September 2025

10. Cost of sales

	Unreviewed for the 6 months ended 30 September 2025 R'000	Unreviewed for the 6 months ended 30 September 2024 R'000	Audited year ended 31 March 2025 R'000
Sale of goods	2 427 372	1 792 630	3 713 542
Inventory write-off	–	–	49 470
Depreciation and amortisation	181 749	86 682	234 650
	2 609 121	1 879 311	3 997 662
Sale of goods			
Direct purchases	777 682	708 002	1 263 827
Royalty expenses	43 575	5 891	17 330
Mining contractor cost	761 904	397 878	1 007 456
Consumables and maintenance cost	11 553	24 199	12 851
Staff cost	99	12 868	27 839
Fuel	124 875	126 479	328 308
Mining overhead and other costs	5 320	4 667	40 109
Transport costs	702 364	512 646	1 015 822
	2 427 372	1 792 630	3 713 542
Coal processing – depreciation			
Property, plant and equipment	181 020	85 339	234 650
Right-of-use assets	729	1 343	–
	181 749	86 682	234 650
Inventory write-off	–	–	49 470
Total cost of sales	2 609 121	1 879 311	3 997 662

11. Finance costs

	Unreviewed for the 6 months ended 30 September 2025 R'000	Unreviewed for the 6 months ended 30 September 2024 R'000	Audited year ended 31 March 2025 R'000
Interest-bearing borrowings	10 507	23 595	42 027
Lease liabilities	466	94	518
Financial liabilities at amortised cost	–	–	3 629
Bank overdraft	1 396	2 587	4 348
Unwinding of discount on provisions and other liabilities	116 713	97 759	207 601
Other interest paid	411	269	693
Shareholder loan	3 467	4 338	7 829
	132 959	128 641	266 645

12. Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing profit attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

	Unreviewed for the 6 months ended 30 September 2025 R'000	Unreviewed for the 6 months ended 30 September 2024 R'000	Audited year ended 31 March 2025 R'000
Basic earnings per share (cents)			
Net profit attributable to owners of equity	157 939	88 163	10 411
Weighted average number of ordinary shares in issue ('000)	410 408	410 408	410 408
Basic earnings per share (cents)	38.48	21.48	2.54

Diluted earnings per share

The determination of diluted earnings per share is based on the net profit/(loss) for the period, attributable to owners of the company. The weighted average number of shares in issue is adjusted to assume conversion of all potential dilutive shares as a result of share options granted under the share option schemes in issue. A calculation is performed to determine the number of shares that could have been acquired at fair value, determined as the average annual market share price of the company's shares, based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as detailed previously is compared with the number of shares that would have been issued assuming the exercise of the share options.

Reconciliation of weighted average number of ordinary shares used for earnings per share to weighted average number of ordinary shares used for diluted earnings per share

	Unreviewed for the 6 months ended 30 September 2025 R'000	Unreviewed for the 6 months ended 30 September 2024 R'000	Audited year ended 31 March 2025 R'000
Weighted average number of ordinary shares used for basic earnings per share ('000)	410 408	410 408	410 408

There is currently no potential dilution of earnings, as all share options granted under the Wescoal Share Incentive Trust had expired by 30 September 2023. For the year ended 31 March 2025, there were no share options, and the impact of the share options was anti-dilutive, so they were excluded from the calculation of diluted earnings per share and diluted headline earnings per share.

Headline earnings and diluted headline earnings per share

Headline earnings and diluted headline earnings are determined by adjusting basic earnings and diluted earnings by excluding separately identifiable remeasurement items in terms of the JSE headline earnings circular, HEPS Circular 1/2023.

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2025

12. Earnings per share continued

Headline earnings and diluted headline earnings per share continued

Headline earnings and diluted headline earnings are presented after tax.

	Unreviewed for the 6 months ended 30 September 2025	Unreviewed for the 6 months ended 30 September 2024	Audited year ended 31 March 2025
Headline earnings per share (cents)	38.48	21.56	2.54
Diluted headline earnings per share (cents)	38.48	21.48	2.54

Reconciliation between basic/diluted earnings and headline/diluted headline earnings

	Unreviewed for the 6 months ended 30 September 2025 R'000	Unreviewed for the 6 months ended 30 September 2024 R'000	Audited year ended 31 March 2025 R'000
Net profit attributable to owners of equity	157 939	88 163	10 411
Adjusted for:			
Net profit on disposal of property, plant and equipment (net of taxes)	–	–	24
Impairment of property, plant and equipment	–	326	326
Gain on loss of control	–	–	–
Goodwill impairment	–	–	–
Receivable impairment (net of taxes)	–	–	–
Headline earnings and diluted headline earnings	157 939	88 489	10 761

13. Financial instruments and risk management

Financial risk management

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The following table analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The maturity profile of contractual cash flows of non-derivative financial liabilities and financial assets held to mitigate the risk is presented in the following table. The cash flows are undiscounted contractual amounts.

	Notes	Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000	Contractual cash flows R'000	Carrying amount R'000
As at 30 September 2025						
Trade and other payables		568 686	–	242 246	810 932	810 932
Interest-bearing borrowings	5	63 280	–	–	63 280	63 280
Loan from shareholder	7	47 407	9 831	–	57 238	57 238
Bank overdraft		27 456	–	–	27 456	27 456
		706 828	252 077	242 246	958 905	958 905
As at 30 September 2024						
Trade and other payables		769 266	–	–	769 266	769 266
Interest-bearing borrowings	5	328 447	–	–	328 447	328 447
Loan from shareholders	7	50 640	8 639	–	59 279	59 279
Bank overdraft		77 160	–	–	77 160	77 160
		1 225 513	8 639	–	1 234 152	1 234 152
As at 31 March 2025						
Current liabilities						
Lease liabilities		–	1 870	–	1 870	1 774
Trade and other payables		–	172 711	88 576	261 287	252 790
Loan from shareholder		–	–	9 225	–	9 225
Current liabilities						
Trade and other payables		499 292	–	–	499 292	499 292
Interest-bearing borrowings	5	224 549	–	–	224 549	224 549
Loan from shareholder	7	44 546	–	–	44 546	44 546
Financial liabilities at amortised cost		–	–	–	–	–
Lease liabilities		1 748	–	–	1 748	1 493
Bank overdraft		85 461	–	–	85 461	85 461
		855 596	174 581	97 802	1 118 753	1 119 130

14. Fair value information

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

- Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

A register containing the information required by regulation 25(3) of the Companies Regulations 2011 is available for inspection at the registered office of the company.

	Unreviewed for the 6 months ended 30 September 2025 R'000	Unreviewed for the 6 months ended 30 September 2024 R'000	Audited year ended 31 March 2025 R'000
Level 1			
Recurring fair value measurements			
Assets			
Financial assets mandatorily at fair value through profit or loss			
Restricted investments in rehabilitation portfolio	201 091	149 563	166 952
Total	201 091	149 563	166 952

The restricted investment portfolio is managed primarily by Centriq and is mainly invested in actively trading unit trust shares.

Level 1 fair values for restricted investments held in the environmental rehabilitation funds are based on policy statements provided by the financial institutions at which the funds are invested at measurement date. These financial institutions invest in instruments which are listed.

15. Commitments

Capital commitments for the period ended 30 September 2025 comprised R33 million, which mainly relates to capital expenditure authorised by directors but not yet contracted for.

Capital commitments for the period ended 30 September 2024 comprised R201 million, which mainly relates to capital expenditure authorised by directors but not yet contracted for.

Capital commitments for the period ended 31 March 2025 comprised R35 million, which mainly relates to capital expenditure authorised by directors but not yet contracted for.

16. Contingent liabilities and assets

16.1 South African Revenue Service ("SARS")

In July 2020, SARS initiated a diesel audit process on Keaton Mining Proprietary Limited ("Keaton Mining") for the period May 2018 to May 2020, with an extended scope from June 2020 to December 2020. The diesel audit was concluded in September 2021, and SARS disallowed the diesel refunds claimed for the entire period under audit based on the reasons mentioned in a letter of demand received from SARS dated 17 September 2021.

The letter of demand resulted in a tax liability of R87 million, of which the capital amount is R77 million and the interest is R9 million. SARS has since recovered this amount through the set-off against VAT refunds due to Keaton Mining. Keaton Mining disputed the audit outcome based on factual reasons that SARS did not take into consideration in arriving at their conclusion. Keaton Mining is of the view that SARS' basis of seeking to claw back diesel refunds previously paid to Keaton Mining during the audit period is misdirected.

Keaton Mining performed an analysis of the merits of SARS' claim and is of the view that such a claim will be limited to R17 million. SARS considered the Keaton Mining dispute filed and paid the diesel refunds to the amount of R33 million in December 2022. Keaton Mining was of the view that SARS had not considered all the facts when deciding to issue a partial refund, and applied through the Alternative Dispute Resolution mechanism on the basis that 70% of the remaining disallowed diesel refund of R44 million could still be refunded. Keaton Mining continues to pursue the matter and has lodged a section 96 notice to SARS. The letter acknowledging the receipt and notification of allocation of the matter was sent by SARS on 24 June 2024. The matter remains unresolved at the reporting date. As the liability has already been settled through set-off against VAT refunds, no further outflow of economic resources is expected. However, uncertainty exists regarding the recovery of amounts previously set off by SARS. Management has estimated the potential recovery to be approximately R27 million.

17. Events after the reporting period

Lending arrangements

The company has been in breach of its loan facilities since 21 June 2023, when it was unable to secure a refinancing agreement with its lenders. On 26 August 2025, the company concluded a standstill agreement with its lenders in terms of which the lenders have agreed to stand still on their legal rights, provided the company complies with the repayment and other terms of the agreement.

The RCF was settled on 28 November 2025, and the general banking facilities were settled at the end of March 2026.

Keaton Mining CSA

On 20 October 2025, Keaton Mining entered into a coal supply agreement ("CSA") with Eskom Holdings SOC Limited for the supply of coal from its Vanggatfontein Colliery.

18. Going concern

Current year profitability

For the interim period ended 30 September 2025, the group generated a net profit of R158 million compared to a net profit of R88 million in the comparative period. The EBITDA for the period is R511 million (HY25: R272 million).

Operating profit is R328 million compared to R183 million in the comparative period. Profit from operations is mainly due to the following:

- Resumption of Keaton Mining's Vanggatfontein operation as a result of sanctioning of section 155;
- Placing Keaton Mining under care and maintenance until the sanctioning of section 155;
- Improved production performance at Neosho Trading;
- Improved stock management resulting into nil stock write-off during the period; and
- Increase of bought-in sales.

Liquidity

As at 30 September 2025, the group had a cash and cash equivalents balance of R136 million (HY25: R36 million) and an overdraft of R27 million (HY25: R77 million), and the available facilities on the general banking facilities (GBF) amounted to R43 million (HY25: R13 million). As reflected in the statement of cash flows, there were repayments of R162 million (capital) and R10.5 million (interest) towards the RCF loan, which have been made from internally generated funds during the period. GBF limit was reduced to R70 million from R90 million during the reporting period.

Cash generated from operations of R466 million (HY25: R234 million) includes R41 million cash utilised in working capital movement.

The current assets exceed current liabilities by R219 million and the current ratio is 1.3 (HY25: 0.7 current liabilities exceed current assets). Current liabilities include a repayment of interest-bearing borrowings of R63 million due to the borrowings being due and payable by March 2026.

As at 30 September 2025, the group was no longer in breach of its lending facilities because a standstill agreement was entered into with the lenders on 26 August 2025.

Solvency

As at 30 September 2025, the group's total assets exceeded its total liabilities by R173 million (HY25: R93 million), which reflects a significant improvement compared to FY25: R15 million in the group's solvency position.

Based on the above, the condensed consolidated financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2025

19. Segment report

For management purposes, the group is organised into business units based on its products and activities and has four reportable operating segments:

- The Mining segment is involved in the exploration, beneficiation and mining of bituminous coal;
- The Trading segment buys and sells coal to inland customers;
- The property rental segment rents property to other segments within the group; and
- The investment holding segment is the holding company of the group and also acts as a central treasury function.

	Mining R'000	Trading R'000	Property rental and other R'000	Invest- ment holding R'000	Inter- segment eliminations R'000	Consoli- dated R'000
30 September 2025						
Local	62 092	49 140	-	-	(40 135)	71 097
Eskom sales	2 597 725	-	-	-	(360 380)	2 237 345
Management fees	-	-	-	59 058	(56 105)	2 953
Rental income	-	-	4 448	-	(59)	4 390
Transport	817 992	3 490	-	-	(105 956)	715 526
External customers	3 477 809	52 630	4 448	59 058	(562 635)	3 031 310
Inter-segment	-	-	-	-	-	-
Total revenue	3 477 809	52 630	4 448	59 058	(562 635)	3 031 310
Cost of sales	(3 054 760)	(46 903)	(6)	(16)	492 565	(2 609 121)
Gross profit/(loss)	423 049	5 727	4 442	59 042	70 071	422 189
Other income/(expenses)	27 601	10	25	1	-	27 636
Operating expenses	(128 289)	(17 696)	(5 399)	(85 131)	114 401	(122 113)
Operating profit/(loss)	322 361	(11 959)	(932)	26 088	44 330	327 713
Interest received	10 610	38	-	7 969	-	18 617
Interest paid	(116 793)	(1 083)	-	(15 083)	-	(132 959)
Profit/(loss) before income tax	216 178	(13 003)	(931)	33 202	44 330	213 371
Depreciation and amortisation	(168 330)	(626)	(6)	(872)	(13 907)	(183 741)
Gain/(loss) on sale of assets	-	-	-	1	-	1
Total assets	3 336 940	106 909	54 846	50 836	124 060	3 673 593
Total liabilities	(4 211 597)	(63 403)	(135 472)	(444 879)	1 354 499	(3 500 853)

Notes to the condensed consolidated interim financial statements continued
for the period ended 30 September 2025

19. Segment report continued

	Mining R'000	Trading R'000	Property rental and other R'000	Investment holding R'000	Inter- segment eliminations R'000	Consoli- dated R'000
30 September 2024						
Local	25 588	58 279	932	–	(782)	84 017
Eskom sales	1 573 798	–	–	–	(19 705)	1 554 093
Management fees	–	–	–	86 812	(82 158)	4 654
Rental income	–	–	4 220	–	(59)	4 161
Transport	549 547	5 517	–	–	(22 581)	532 483
External customers	2 148 934	63 796	5 152	86 812	(125 285)	2 179 409
Inter-segment	–	–	–	–	–	–
Total revenue	2 148 934	63 796	5 152	86 812	(125 285)	2 179 409
Cost of sales	(1 857 475)	(54 180)	(243)	(16)	32 604	(1 879 311)
Gross profit/(loss)	291 459	9 616	4 909	86 795	(92 683)	300 098
Other income/(expenses)	52 653	7	20	5	–	52 686
Gain on loss of control	–	–	–	–	–	–
Operating expenses	(269 461)	(20 629)	(4 087)	(200 154)	325 200	(169 132)
Operating profit/(loss)	74 652	(11 005)	842	(113 355)	232 517	183 652
Interest received	116	6	0	6 206	–	6 330
Interest paid	(97 816)	(706)	–	(30 118)	–	(128 641)
Profit/(loss) before income tax	(23 049)	(11 704)	842	(137 266)	232 517	61 340
Depreciation and amortisation	(76 525)	(1 892)	(6)	(970)	(9 683)	(89 075)
Impairment	–	–	(326)	–	–	(326)
Gain/(loss) on sale of assets	(85 336)	–	–	5	–	(85 331)
Total assets	3 220 965	110 012	121 929	275 023	155 433	3 883 365
Total liabilities	(4 026 542)	(55 165)	(41 130)	(798 700)	1 130 729	(3 790 810)

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2025

19. Segment report continued

	Mining R'000	Trading R'000	Property rental and other R'000	Investment holding R'000	Inter- segment eliminations R'000	Consoli- dated R'000
31 March 2025						
Local	54 760	95 899	1 715	-	-	152 374
Eskom sales	3 404 674	-	-	-	(258 772)	3 145 902
Export sales	-	-	-	-	-	-
Rental income	1 354	-	8 167	-	(2 790)	6 731
Transport	1 142 900	8 800	-	-	(96 660)	1 055 039
Administration and management fees	-	-	-	158 151	(148 843)	9 308
External customers	4 603 688	104 699	9 882	158 151	(507 065)	4 369 354
Inter-segment	-	-	-	-	-	-
Total revenue	4 603 688	104 699	9 882	158 151	(507 065)	4 369 354
Depreciation and amortisation – cost of sales	(213 484)	(940)	(12)	(33)	(20 181)	(234 650)
Cost of sales	(4 026 694)	(91 513)	(237)	-	355 432	(3 763 013)
Gross profit/(loss)	363 510	12 246	9 632	158 118	(171 814)	371 692
Other income/(expenses)	42 416	17	44	6	-	42 482
Operating expenses	(360 849)	(28 512)	(10 012)	(353 516)	533 078	(219 810)
Operating profit/(loss)	45 076	(16 249)	(335)	(195 392)	361 264	194 363
Finance income	20 221	56	1	119 964	(107 393)	32 848
Finance cost	(318 888)	(1 338)	(6)	(53 806)	107 393	(266 645)
Depreciation and amortisation	(1 225)	(2 317)	-	(1 915)	-	(5 457)
Impairment	-	-	(326)	-	-	(326)
Gain on deconsolidation	-	-	-	-	-	-
Profit/(loss) before income tax	(254 816)	(19 848)	(666)	(131 149)	361 264	(45 216)
Total assets	3 026 898	103 189	122 091	21 351	299 589	3 573 118
Total liabilities	(4 056 216)	(49 751)	(188 242)	(382 261)	1 118 154	(3 558 316)
EBITDA	258 560	(15 343)	(323)	(195 359)	381 445	428 980

20. Reportable irregularities

The reportable irregularities listed below were included in the consolidated annual financial statements for the period ended 31 March 2025, published on 27 March 2026.

The subsequent state of these reportable irregularities is included in the status column.

ID	Irregularity	Detailed description	Action	Status
1	Late submission of annual results resulting in non-compliance with the JSE Listings Requirements and the Companies Act.	Salungano Group Limited did not issue annual financial statements for the year ended 31 March 2025 by the stipulated deadline of 30 June 2025, leading to non-compliance with paragraphs 3.17 and 3.15 of the JSE Listings Requirements. Furthermore, the company did not adhere to the provisions of section 30(1) of the Companies Act, failing to have the annual financial statements prepared within the required four-month period, as specified by both the Companies Act and the JSE Listings Requirements.	The annual financial statements for the year ended 31 March 2025 were published on 27 March 2026.	Completed
2	Late submission of interim results resulting in non-compliance with the JSE Listings Requirements.	Salungano Group Limited did not issue interim financial statements for the period ended 30 September 2025 by the stipulated deadline of 31 December 2025, leading to non-compliance with paragraphs 3.17 and 3.15 of the JSE Listings Requirements.	The interim financial statements for the period ended 30 September 2025 will be published by end of April 2026.	In progress

21. Resources and reserves statement

The most recent SAMREC-compliant resources and reserves statements of the group are available on the Salungano website at www.salunganogroup.com. The respective resources and reserves statements contain details of all the competent persons, their professional memberships, qualifications and experience. There have been no material changes to the resources and reserves since the year ended 31 March 2025.

Corporate information

Salungano Group Limited

Incorporated in the Republic of South Africa
(Registration number: 2005/006913/06)
Share code: SLG
ISIN: ZAE000306890
("Salungano" or "the company" or "the group")

Registered address

1st Floor, Building 10
142 Western Service Road
Woodmead 2191

Postal address

PO Box 1962, Edenvale 1610

Nature of business and principal activities

The mining, processing, sale and distribution of thermal coal

Directors

Dr HLM Mathe (*Chairman, independent non-executive*)
M Malunga (*Independent non-executive*)
SN Maninjwa (*Independent non-executive*)
TT Tshikovhi (*Independent non-executive*)
C Maswanganyi (*Non-executive*)
ET Mzimela (*Non-executive*)
MR Ramaite (*Chief executive officer*)
T Tshithavhane (*Executive*)

Company secretary

Yolande Lemmer
Telephone: +27 (0)11 049 8611
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Nedbank and Standard Bank of South Africa

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