COASTAL FARMERS' CO-OPERATIVE LIMITED

1946 – 2026 | 80th Anniversary

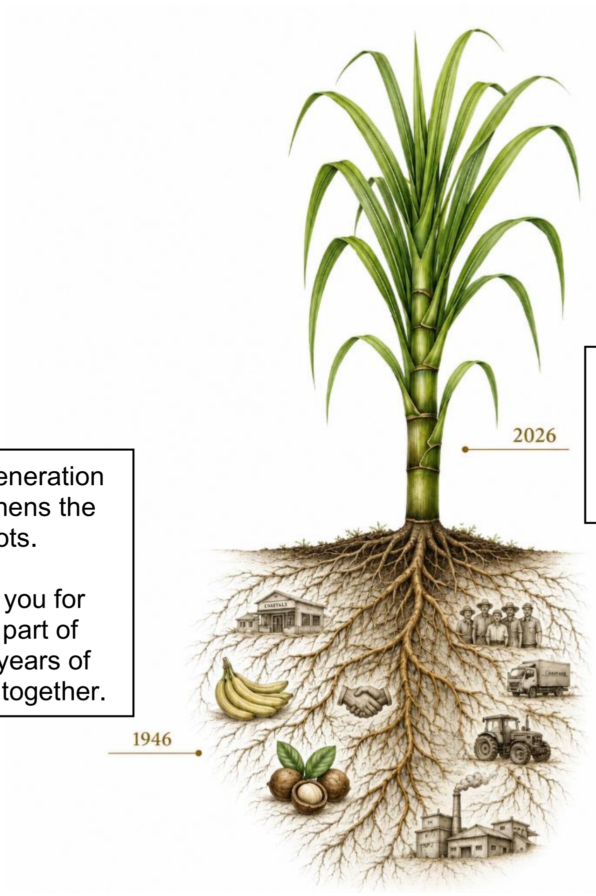
2026 Financial Year

The Year in Review

A plain-language look at how your co-operative performed this year:
where the money came from;
how it was used, and what it means for members.

Every generation strengthens the roots.

Thank you for being part of eighty years of growing together.



Each branch tells a story.

Every member adds a chapter.

Prepared for the members of Coastal Farmers' Co-operative Limited
21 August 2026

The Year in Review

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CHAIRMAN'S MESSAGE

A Message from Our Chairman

Dear Member,

The 2026 financial year marks Coastal Farmers' Co-operative's 80th year of serving farming communities across KwaZulu-Natal. I am extremely proud of the results we are presenting to you today: another strong set of numbers, and a balance sheet in the strongest financial position in the co-operative's history.

This report summarises, in plain language, how the co-operative performed this year: what was traded, what was earned, how cash moved through the business, and what that means for our members and customers who trade with us across our 17 branches. Please take the time to read it and understand the mechanics of your co-operative.

AGM Invite – Guest Speaker

We warmly invite you to our 80th Annual General Meeting, to be held at Mount Edgecombe Country Club on 10 September 2026 at 12 Noon, an opportunity to meet fellow members, your Board and Management.

As part of our 80th celebrations, we are delighted to welcome Stefan Terblanche as guest speaker following the conclusion of the AGM. A former Springbok rugby player and international sports icon celebrated for his agility, skill and leadership on the field, Stefan now channels that experience into motivational speaking and wellness advocacy, helping audiences unlock peak performance and resilience in every area of life.

Warm regards,

Mark Gallagher
Chairman
21 August 2026

SECTION 1

Year in Review - Key Highlights

A strong set of results recorded for the year despite challenges in the trading environment.

Highlights

- Total transaction value of R1.64 billion, up 8.1% on 2025 and 6.3% ahead of budget.
- Net asset value (members' equity) grew to R173.9 million, up 6.4% on the prior year.
- The co-operative owns 14 of its 17 branches, as well as the Head Office building, bond-free.
- The co-operative was cash-positive for most of the trading year, keeping use of the bank overdraft to a minimum.
- Profit after tax of R10.5 million; up 7.3% on 2025.
- This report is based on the co-operative's results (excluding the Flanders Drive subsidiary), consistent with how we present the co-operative's performance to members.

SECTION 2

Financial Highlights

The table below summarises the co-operative's key results for FY2026, compared with FY2025, as reported in the Annual Financial Statements.

Measure	FY2026	Change
Total transaction value	**R1 639.1m**	+8.1%
Branch sales (own stock)	**R530.0m**	+11.1%
Gross profit	**R97.6m**	+14.5%
Operating profit	**R3.1m**	+78.9%
Profit before tax	**R14.3m**	+7.2%
Profit after tax	**R10.5m**	+7.3%

Balance Sheet Strength

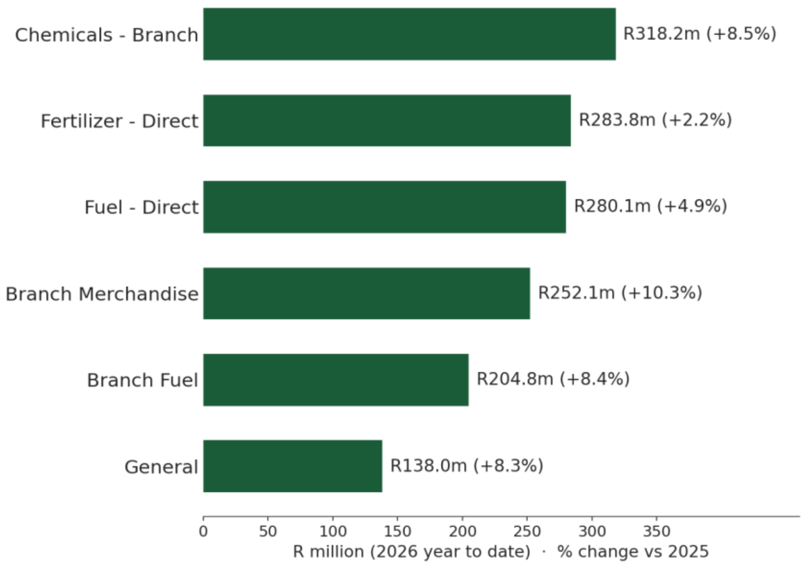
Members' equity is the co-operative's Net Asset Value: total assets less total liabilities, at book value. It represents the accumulated value built up by the co-operative on behalf of its members since 1946.

Measure	FY2026	Change
Members' equity (Net Asset Value)	**R173.9m**	+6.4%
Property, Plant and Equipment	**R58.2m**	+1.3%
of which: Freehold Land and Buildings	**R52.6m**	+4.5%

SECTION 3

Where Your Co-operative Traded

Transaction value is the best measure of overall trading activity. It captures the total value of goods moving through the co-operative, including both branch (own stock) sales and direct agency transactions on behalf of members.



What Drove the Movements

- Agro-chemicals performed strongly, with good volume growth across both branch and direct channels.
- Fertiliser pricing was affected by a surge following the Iran crisis. Branch fertiliser sales also benefited from a tender; no tenders were awarded in the prior year.
- Good support from members across both Branch Merchandise and General Divisions.
- Branch Fuel continues to add meaningfully to the bottom line, helped by the fuel price surge following the Iran crisis.

SECTION 4

How Cash Moved Through the Business

Profit and cash are not the same thing. A business can report a profit while still facing cash pressure, because profit includes non-cash items and does not reflect what was spent on working capital, equipment or loan repayments. The Statement of Cash Flows shows what actually happened to the cash during the year.

Cash generated from operating activities was very strong. Capital was invested in property, plant and equipment, including the Umzinto branch upgrade and a second air conditioning unit at Head Office.

Cash collections from debtors were good. We acknowledge our members in this respect; with majority of them paying their accounts on time and without fail.

The co-operative carries no external debt. It holds a bank overdraft facility with Standard Bank for working capital funding, which saw limited use this year.

SECTION 5

Value Returned to Members

A co-operative is only as strong as the members it serves, and the co-operative's purpose has always extended beyond the balance sheet. Coastals exists to make your farming enterprise more viable through fair access to inputs, reliable service, and a structure where members have a genuine say.

Beyond growth in the co-operative's own reserves, members benefit directly through settlement distributions. These amounts are paid to members on qualifying trade, including all branch merchandise, fertiliser and agro-chemical purchases.

Settlement distributions reduced to R21.3 million this year following changes to the fertiliser and agro-chemical pricing structure introduced on 1 April 2025. More of the member benefit is now provided through upfront pricing. The lower settlement distribution therefore reflects a change in how value is delivered to members, not a reduction in the overall benefit.

The co-operative offered credit to qualifying members and extended credit where required. Our offering on credit is far less onerous than many of our competitors and other businesses.

Many of these benefits extend beyond the financial statements. Section 7, '*Our Strategy and Business Model*', explains how competitive pricing, local branches, trusted relationships, buying power and service excellence create long-term value for members.

SECTION 6

Managing Risk - Debtors

Trade receivables are amounts owed to the co-operative by members and non-members, mainly for fertiliser, chemicals, fuel and feed bought on credit terms. A provision for impairment is money set aside against debts that may not be collected in full. It is a prudent, forward-looking estimate, not confirmation that a debt has actually been lost.

This year's bad debt charge was higher than usual, driven by two specific matters. The Tongaat Hulett debt, which was still on the debtors’ book but fully provided for, was written off during the year. This did not result in any gain, loss or cash flow effect, as it was written off against the existing provision.

Whilst that transaction reduced the provision, there was also an additional provision raised against a large debtor.

Post-year end, a settlement was reached with that debtor on acceptable terms. This is reflected under Note 27 of the Annual Financial Statements. The corresponding reduction in the debtor provision may result in a windfall reflected in the FY2027 results. These matters are set out in the notes to the Annual Financial Statements.

Even with this year's step-up, the co-operative's bad debt experience remains modest relative to the size of its trading book. Our write-offs have historically been very low, which is testament to our credit policy and collections discipline. The Board and management continue to monitor member and non-member debt closely.

SECTION 7

How Your Co-operative is Run

Governance You Can Trust

Your co-operative is governed by a Board of Directors, elected by you, the member, to represent your interests. The Board meets regularly to review the co-operative's finances and operations, with a significant portion of its time devoted to input pricing and how we can continue to deliver better value to members. Pricing, partnerships and supplier relationships are subject to robust debate, with the Board's consistent objective being the best possible combination of price and quality for members.

Not all agenda items are strategic in scale. Practical member concerns, such as queues at the fuel bowsers, are raised and discussed alongside more complex matters, including succession planning, capital investments and regulatory changes.

The Audit/ Finance Committee meets at least twice a year, with additional meetings held with the co-operative's auditors and independent specialists as required. The Committee is chaired by the Deputy Chairman to ensure greater independence, and is largely responsible for oversight of financial reporting, internal controls and risk management.

Legislative compliance remains a priority, and the co-operative continued to strengthen its compliance framework this year. The co-operative is a Level 8 B-BBEE contributor. Its ownership structure under the Co-operatives Act makes further progress difficult. In addition, significant spending in training is required to reach the next level.

Sound governance is not the most visible part of what the co-operative does, but it underpins everything else. It is worth members knowing that this is emphasised consistently, year after year.

Our Strategy and Business Model

The co-operative model was chosen by our forefathers for good reason: it is built on trust, responsibility and integrity, and it has stood the test of time. Unlike a company, where profits accrue to shareholders, a co-operative exists solely for the benefit of its members, so we have no incentive to chase aggressive profit targets or short-term returns.

Your co-operative is well capitalised, conservatively managed, and positioned to keep adding value to your business well into the future. The strength of this model shows most clearly in difficult times: this year, the strong balance sheet meant there was no need for additional bank facilities, asset sales or drastic cost-cutting.

Buying Power That Works for You

The co-operative's critical mass gives it real bulk-buying power, and the resulting savings are passed on to members rather than retained. We are consistent in how we price and do not rely on loss leaders or once-off specials, so members can rely on competitive pricing every day.

Creating Competition on Your Behalf

By setting benchmark pricing for the key inputs farmers need, we give members a yardstick to measure other suppliers against, which helps eliminate opportunistic overpricing in the areas where we trade. Where we partner with some suppliers and not others, it is to keep that competitive tension working in members' favour. Adding suppliers for its own sake does not bring prices down; suppliers competing for members' business does.

Local Reach, Local Relationships

Our branch network across KwaZulu-Natal is a source of real pride at a time when big business keeps consolidating. For inputs not held at branches, we source and supply them cost-effectively and on time. Being local also means we understand our members' needs directly. Feedback reaches us through your Branch Manager, Senior Managers, Local Directors, or simply by emailing service@coastals.co.za.

We hold to old-fashioned customer service standards that are non-negotiable, and we give back to the communities where we trade through sponsorships, local schools and other community support.

Investing for the Long Term

Over the past decade the co-operative has funded a large-scale modernisation programme entirely from surpluses, without increasing margins to pay for it. Branch rebuilds and upgrades have touched almost every property we own, starting with Umhlali some 18 years ago, with recent projects including the Umzinto branch revamp. Owning rather than renting this property portfolio keeps our overhead structure low, and the benefit flows back to members. We have also invested in our information technology systems in the recent years. We also partner with organisations who invest in research and development.

Our People

In our 80th year, we acknowledge the contribution of every person who wears the Coastals uniform. Many of our people have been with the co-operative for decades; they understand the culture and service ethos: old-fashioned service and always member first. The culture here is one of doing more with less. Management and staff manage the co-operative's resources prudently and frugally. For example: majority of the training is done in-house and major projects such as upgrading branches are handled by our own teams. Every rand is accounted for.

SECTION 8

Looking Ahead

Coastals marks its 80th anniversary from its strongest financial position to date: a growing balance sheet, a bond-free branch network, sustained trading growth, and a prudent approach to risk. The co-operative remains committed to serving its members for many years to come.

In the current financial year, we will continue to invest in the co-operative, with improvements planned across the branch network including work on forecourts, roofs and computer systems.

We also bid farewell to Jono Chennells after 31 years on the Board, his influence spanning more than four decades. He has been a true servant of this co-operative, and his passion for it has never wavered. We are deeply grateful for his service.

As Coastals moves into its next chapter, the focus remains where it has always been: supporting members, strengthening branches, and adapting to a business environment that continues to change around us. Eighty years in, the co-operative has not stopped growing and seeking improvements.

SECTION 9

Acknowledgement

Eighty years do not happen by chance. They happen because of the people who show up, year after year, and make this co-operative what it is. As we mark this milestone, we want to pause and say thank you:

To our members, whose trust and participation have carried this co-operative for eighty years. To our Board, for their stewardship and oversight. And to our staff, across all 17 branches and Head Office, who turn that trust into service every day.

Here's to the next eighty years.

This report is a plain-language summary only. For the full audited results, members should refer to the FY2026 Annual Financial Statements, available on the co-operative's website.

Thank you for your continued support and trust in your co-operative.

www.coastals.co.za | 2 Flanders Drive, Mount Edgecombe, 4302

The Coastals Roots

Branches grow.

1946

In 1946:
24 farmers form
the co-operative.

Our strength has always lived in our roots.

Roots endure.

2026

80 years later:
17 branches serving 1,000+ members. It owns 14 of it's 17 branches and Head Office Building.

The annual procurement exceeds R 1.5 billion. Solid Balance Sheet.

"Built for members. Not markets. Eighty years of putting farmers first." Mark Gallagher Current Chairman	**THE ROOTS: WHAT FOUNDED US** • These roots built the trust, integrity and member-first values. • Those foundations still shape every purchase, every branch and every member relationship.	**THE COMPETITOR'S FOCUS** Other suppliers optimise for: • Shareholder returns • Maximum mark-ups • Quick-fix solutions • Centralisation • Farmers as ordinary customers .
PEOPLE **Who Founded Us** • Twenty-four farmers in Umhlali. • Created to procure inputs at fair prices. • Built on the belief that farmers are stronger together. • That conviction has continued for four generations.	**PLACE** **That Formed Us** • The KZN coastal belt. Cane fields, macadamia orchards and banana groves. • Droughts, floods and riots. • The land that shaped our understanding of resilience..	**PURPOSE** **That Drives Us** • Member benefit. • Not shareholder return. • Every rand of surplus reinvested into the co-operative. • It exists to serve members, not external investors.
1 NETWORK **The Reach** • 17 branches from Monzi to Port Edward. • Positioned in the heart of farming communities. • Local managers & accessible leadership. • Rural presence when others have consolidated.	**2 SCALE** **The Leverage** • R1.5 billion+ in annual procurement. • 8,000 product lines across all farming inputs. • Stock is better priced than our competitors • Critical mass purchasing power for members	**3 COMMUNITY** **The Commitment** • All farmers served. • Coastal Farmers' Foundation invests in local communities. • Value added services for members - not profit targets. • Generational value for members.

If this resonates, you already understand the co-operative difference.
No hidden costs. No hidden mark-ups.

COASTALS

1946 - 2026