2022

KAAP AGRI

Integrated Report

Salient features

Management committed to doing business in more places, with more clients and more products, making more margin.

+48,4%
REVENUE
growth in market share

+21,1%
RHEPS
exceeding CAGR target

11,6%
ROIC
YOY improvement and beating WACC

+21,8%
EBITDA
strong cash generation

R213,1 m
CASH FLOW OPERATING ACTIVITIES
despite inflationary impact on working capital

47,8%
CASH CONTRIBUTION TO TURNOVER
increased fuel and retail contributions

R262,1 m
CAPEX SPEND
focused approach

+21,1%
FUEL LITRE GROWTH GROUP
outperforming industry trends

+37,6%
FUEL LITRE GROWTH TFC
includes only 3 months of PEG

16,5%
ROE
exceeding minimum 15% target

10,3%
RONA
efficient use of assets

2,7%
ROS
high fuel contribution and fuel price impact

168
(cents per share)
TOTAL DPS
consistent shareholder returns

+54,3%
TRANSACTIONS
increased retail contribution

32,4%
EXPENSE GROWTH
impacted by non LFL and new business

12,2%
LIKE-FOR-LIKE EXPENSE GROWTH
effective cost management

6 752
NUMBER OF PERMANENT EMPLOYEES
enriching lives

Contents

About this report

This integrated report ("report" or "IR") covers the integrated performance of the Kaap Agri Group ("Kaap Agri", "the Group" or "the company") for the year ended 30 September 2022 ("the year").

SCOPE AND BOUNDARY

We aim to provide current and prospective investors and other stakeholders with a comprehensive view of our performance during the year. This will enable them to make an informed assessment of the Group's ability to create and grow sustainable value. The report provides material information regarding our strategy, business model, financial and operational performance, significant risks and opportunities, stakeholder interests, and governance. Additional reports are available on our website at www.kaapagri.co.za.

In this report, we focus on the main operational income channels contributing to our performance: Agrimark, Retail Fuel & Convenience, Agrimark Grain, and Manufacturing. These are supported by the Group Supply Chain and corporate shared service environment. The business's organisational structure has changed since 2021 as follows:

> In line with our optimisation strategy, we disposed of TFC Properties (Pty) Ltd effective 1 March 2022. TFC Operations (Pty) Ltd ("TFC") entered into long-term property leases with the purchaser. The disposal was mainly for the purpose of releasing underperforming capital and redeploying this capital into high ROIC-generating opportunities.

> In line with our growth strategy, the remaining 40% shareholding in Partridge Building Supplies (Pty) Ltd ("Forge") was acquired. 25% of the shareholding was obtained through a cash purchase and 15% by means of a share issue. Subsequent to this acquisition, the business of Forge was moved into Kaap Agri Bedryf (Limited) as a separate operating division in KwaZulu-Natal.

> In line with our growth strategy, the Group, via its subsidiary TFC Operations (Pty) Ltd acquired 100% of the shareholding in PEG Retail Holdings (Pty) Ltd ("PEG") effective 1 July 2022. PEG is a leading independent fuel retailer in South Africa and consists of several operational entities, with 41 service stations throughout South Africa (mostly national highway service stations). These service stations are operated under the following brands, namely Engen, Sasol, Total, BP and Shell ("Oil Companies"). PEG does not hold any immovable properties. The properties where the service stations are operated are all leased from the Oil Companies on renewable terms. Each service station is operated by an independent partner, who is, in most cases, a minority shareholder in that specific service station ("Minority Partners"). These Minority Partners are responsible for the day-to-day management of the individual service stations. Minority Partners will effectively own approximately 13,4% of the shares in the operating entities.

REPORTING FRAMEWORKS

Kaap Agri applied the principles of the International Financial Reporting Standards ("IFRS"), the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV")*, the JSE Limited Listings Requirements ("JSE Listings Requirements") and the Companies Act, 71 of 2008, as amended ("the Companies Act"). The report considers the requirements of the International Integrated Reporting Council's ("IIRC") Integrated Reporting <IR> Framework.

TARGET AUDIENCE AND MATERIALITY

This report was primarily prepared for current and prospective shareholders and is relevant for any other stakeholder with an interest in our performance and prospects. It focuses on matters we deem material in our ability to create value and deliver against our strategic objectives.

EXTERNAL AUDIT AND ASSURANCE

PwC performed an independent audit of the Group's annual financial statements ("AFS"). The Legal Verification Team (Pty) Ltd independently verified our broad-based black economic empowerment ("B-BBEE") scorecard information. The rest of this IR is not subject to an independent audit or review.

FORWARD LOOKING STATEMENTS

This report contains certain forward looking statements about Kaap Agri's financial position, performance and operations. These statements and forecasts involve risk and uncertainty as they may relate to events and depend on circumstances occurring in the future and, as such, are not guarantees or predictions of future performance. There are various factors that could cause actual results to materially differ from those expressed or implied by these forward looking statements. Readers are advised not to place undue reliance on such statements.

STATEMENT OF THE BOARD OF DIRECTORS OF KAAP AGRI

The Board of Directors ("Board") acknowledges its responsibility to ensure the integrity of the IR. The Board is of the opinion that the report provides a fair and balanced account of the assessment regarding the Group's performance on the material matters as having a bearing on the Group's capacity to create value. The 2022 IR was prepared in line with recognised best practice and complies with King IV recommendations. Accordingly, the Board approved the IR for publication unanimously.

GM Steyn
Chairman

S Walsh
Chief Executive Officer

Value proposition

We are a people company dedicated to delivering a unique offering to our customers.

Business philosophy

Kaap Agri believes in a GROWTH philosophy. We strive to create and add value so all our stakeholders are better off because the company exists, better off than they would be if the company did not exist.

The company is a retailer and trader in Southern African markets and strives to realise an operating profit growth that significantly outperforms inflation. Our CUSTOMERS are the driving force behind our business. We aim to please our customers with an overall improved experience ranging from service excellence and digitising purchases to improved product ranges and store formats.

Although we believe our strategic footprint, infrastructure, facilities, geographical spread and differentiated market approach are competitive advantages, we also believe that our Accelerating Performance culture is what sets us apart. We encourage our PEOPLE to Communicate, seek continuous Alignment and build authentic Relationships within an Empowering environment (CARE). Our Accelerating Performance culture and CARE values are fundamental in ensuring our employees are committed to our continued performance and growth philosophy.

Group strategy

With our roots entrenched in a strong agricultural foundation, the Group has successfully diversified to include manufacturing and retail offerings in the fuel and convenience sectors. We also strengthened our customer value proposition through diverse store formats reflecting a differentiated shopping experience that captures the charm of a rural way of life with shared lifestyles, attitudes and interests for city dwellers and farmers alike.

The following strategic key focus areas are business imperatives:

1. Growth

A strong focus on upgrades and footprint expansions, strategic alliances, and mergers and acquisitions continues to fuel our growth ambitions and ensure that our distribution and supply chain capabilities are ramped up to support such growth.

2. Optimisation

The implementation of systems to support supply chain optimisation and the optimisation of retail store formats and ranges will ensure relevance with diverse customers and enhance the in-store customer experience.

3. Leveraging culture and diversity

Talent development and entrenching our Accelerating Performance culture remain a priority to support our unique value proposition. Transformation is not only a responsibility but a business imperative and catalyst for social and economic transformation.

4. Digital transformation

Enhancing our customer experience and ease of doing business drives all e-commerce, account and payment solutions initiatives.

How we create value

Plant and Harvest.
Dream and Do.
Care and Grow.

NEW GENERATION FARMERS

R9,3 million
invested in the Kaap Agri Academy since 2009

R1,4 million
invested through the Kaap Agri Academy in 2022

More than
7 211
farmworkers trained since 2011

463
new generation farmers trained since 2009

Read more about these initiatives in the social and ethics report on page 72.

YOUTH DEVELOPMENT

We provided
52 bursaries
to the value of
R2,4 million
to beneficiaries of whom
61%
were female students

OUR SUPPLIERS

R14,1 billion
total procurement spend (less statutory allowances)

Suppliers with B-BBEE certification

OUR CUSTOMERS

Kaap Agri's commitment to serving its customers is the driving force of its business, guiding decision-making and shaping strategy. It is centred around relationships built over time, shared and honoured values, and a commitment to partner and create value through good and challenging times.

Kaap Agri's brands have always been about community. A desire for community drives our consumers. During the year, our footprint grew to 272 operating points. Our footprint expansion in the retail fuel sector continued.

Group fuel litre growth

21,1%

(2021: 305,4 million litres; 2022: 369,7 million litres)

TFC

37,6%

(2021: 174,9 million litres, 2022: 240,7 million litres)

1

new retail fuel site opened in 2022

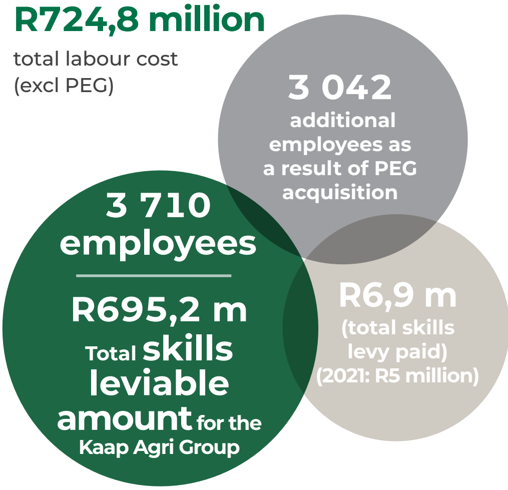
41

Retail fuel sites acquired with the acquisition of PEG Retail Holdings

OUR EMPLOYEES

R724,8 million

total labour cost (excl PEG)



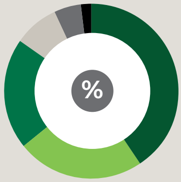
Kaap Agri established an ethics line in August 2018 for any person, irrespective of position or seniority (employee, client or supplier), who wants to report issues of concern that might be perceived as difficult to resolve through normal channels.

OUR COMMUNITIES

R5,9 million

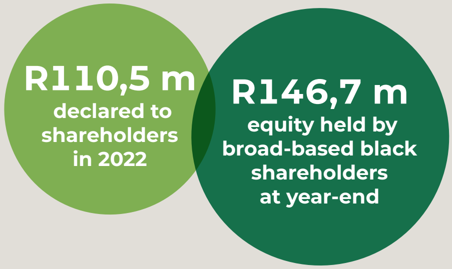
spent on the following community initiatives:

OUR COMMUNITIES

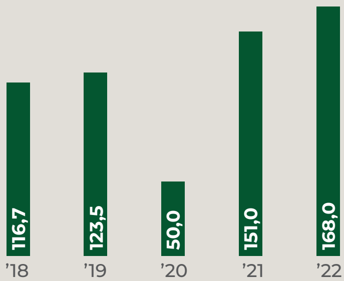


- Bursary programme for secondary and tertiary learners R2,4 million
- Kaap Agri Academy R1,4 million
- Community outreach projects R1,2 million
- Contributions to CSI projects R0,5 million
- COVID-19 relief programme R0,3 million
- Robotics and Coding R0,1 million

INVESTORS AND SHAREHOLDERS

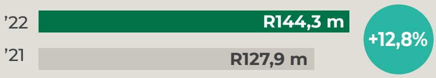


DIVIDEND PER SHARE (CENTS)

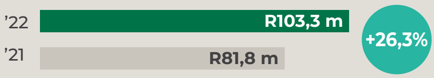


GOVERNMENT AND REGULATORS

In 2022, Kaap Agri paid R144,3 million to the South African Revenue Service ("SARS") in direct taxes.

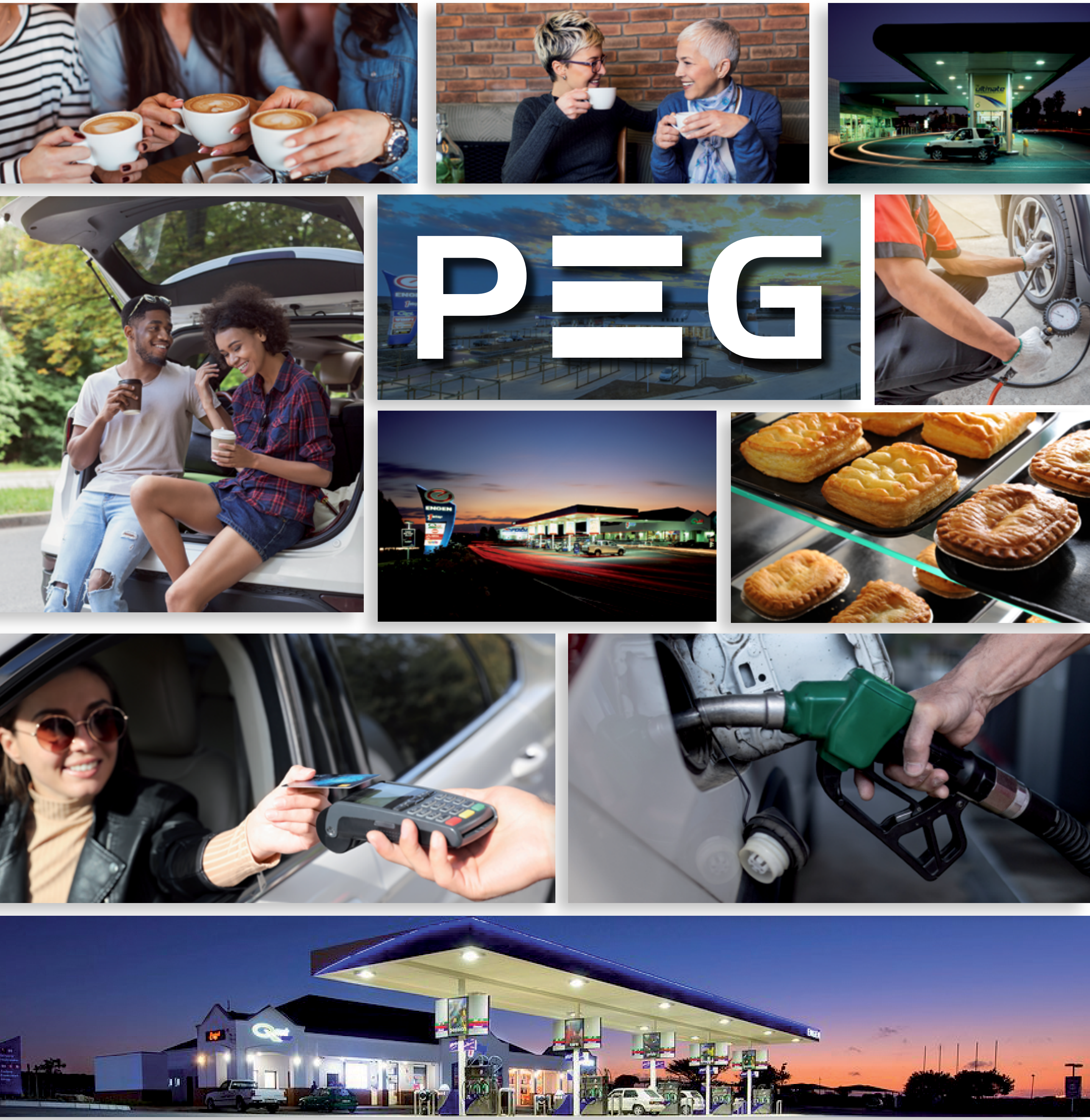


The total amount of PAYE paid for the Kaap Agri Group was R103,3 million.



FUELLING GROWTH: PEG'S IMPACT IN NUMBERS

Effective 1 July 2022, Kaap Agri, through its subsidiary, TFC, acquired 100% of the business operations of the PEG Retail Holdings (Pty) Ltd group ("PEG"), a major independent fuel retailer in South Africa operating service stations, including fuel forecourts, quick service restaurants and convenience shops mostly alongside national highways. This acquisition enables TFC to expand its footprint, diversify its business, and to utilise the cash resources generated by the PEG Group appropriately. Through the acquisition, TFC is now a leading multi-branded fuel and convenience retailer in South Africa. Three months of the PEG earnings and performance are included in the Kaap Agri financial results for the year ended 30 September 2022. The infographic contextualises the impact of the PEG acquisition.



PEG fuel litre contribution to TFC

69,8 million litres

Petrol **31,7 million**

Diesel **38,1 million**

Jul - Sept 2022

Quick service at PEG sites

bakery sales in the year

3,3 million pies

700 000 cups of coffee

Biltong bar sales

18 000 kg of biltong

R960 million dispensed via ATMs

Convenience

24

Sites offer **24 hours/365 days** of service and daily essentials

Acquisition

R1,1 billion transaction

Human Capital

3 042 PEG employees

Empowerment

55,6% black ownership in TFC

Service stations

85 service stations in TFC Group network

41 service stations operated by PEG

Prime locations

Nearly **50%** of TFC Group sites on **national highways**

Business profile

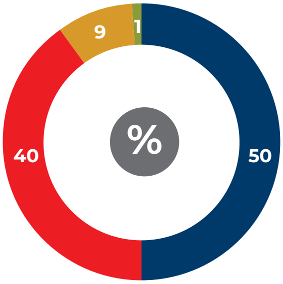
SERVICES	PURPOSE	OPERATIONS	
Agrimark			
> Production inputs > Packing material > Hardware and building material > Fuel > Garden and pool > Clothing and outdoor life > Fast-moving consumer goods ("FMCGs") and liquor > Tractors and combine harvesters > Tillage > Parts > Workshops	Provides a complete range of production inputs, mechanisation equipment and services, and other retail products to agricultural producers and the general public.	> 77 Agrimark shops > 1 Agrimark Pet shop > 10 Agrimark Packaging shops > 8 Agrimark Liquor shops > Agrimark online store > 17 service stations > 6 Agrimark depots > 6 Forge shops > 5 Farmsave shops > 14 workshops > 16 parts outlets > 4 fuel depots	> Western Cape > Northern Cape > Eastern Cape > Limpopo > North West > Mpumalanga > KwaZulu-Natal > Namibia
> Agrimark App	Secure, real-time mobile customer account management application enabling remote authorisation for purchases nationwide and improved financial administration for clients	> Digital platforms	
> Agrimark online	e-Catalogue of Agrimark's product offering with online purchases and nationwide delivery		
> Agrimark customer account portal	Self-service web-based portal enabling real-time account management and financial reporting		
Retail fuel & convenience			
> Convenience stores > Quick service restaurants > Retail fuel	Provides a full retail fuel offering, including convenience stores and quick service restaurant outlets, to a diverse range of customers.	> 85 service stations > 2 OK Value shops > 1 liquor outlet > 1 standalone quick service restaurant combo	> Western Cape > Northern Cape > Eastern Cape > North West > Gauteng > Limpopo > Mpumalanga > Free State > KwaZulu-Natal
Agrimark Grain			
> Grain receiving and grading > Grain marketing > Grain storage > Seed processing > Seed potatoes > Grain services account portal	Provides a complete range of marketing and hedging options and handles grain products between producer and buyer.	> 14 silo complexes (326 926 ton capacity) > 1 bunker complex (57 100 ton capacity) > 3 seed processing plants	> Western Cape

SERVICES	PURPOSE	OPERATIONS	
Manufacturing			
> Dripper pipe > Pumps > Irrigation equipment > Filters > Automation > Plastic bulk bins	Manufactures dripper pipe and other irrigation equipment and distributes franchise and other irrigation parts.	> 1 manufacturing facility > 3 distribution points	> Western Cape > Gauteng > Mpumalanga
	Manufactures food-grade plastic bulk bins for the agricultural market.	> 1 manufacturing facility	> Western Cape
Corporate			
> Supply chain and procurement > Human Resources > Corporate Affairs > Financing > Finances > Internal audit > Risk management > Information management	Provides shared services for the Group's operational activities and tailor-made financing to clients.	> 1 Corporate office – Paarl > Administrative head office – Malmesbury > 13 regional credit offices	> Western Cape > Northern Cape > Eastern Cape > Mpumalanga > KwaZulu-Natal

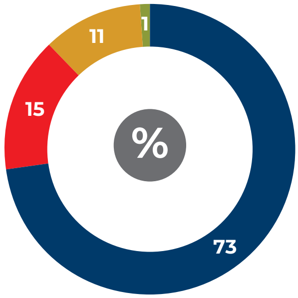
	Agrimark	Retail fuel & convenience	Agrimark grain	Manufacturing
Financial	**2022 R'000**	**2022 R'000**	**2022 R'000**	**2022 R'000**
Revenue	**7 829 295**	**6 274 506**	**1 391 930**	**204 768**
Profit before tax	**481 343**	**100 462**	**70 939**	**7 443**
Gross assets	**4 901 360**	**2 910 698**	**94 630**	**338 407**
Net assets	**2 127 249**	**537 612**	**64 085**	**85 709**

Financial	2021 R'000	2021 R'000	2021 R'000	2021 R'000
Revenue	6 271 932	3 029 734	1 049 238	231 684
Profit before tax	401 457	72 036	61 972	14 040
Gross assets	3 962 781	1 309 023	133 385	317 978
Net assets	1 800 117	507 450	93 842	105 332

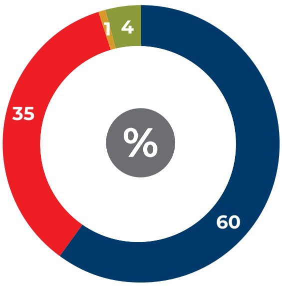
REVENUE



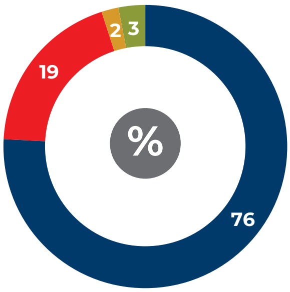
PROFIT BEFORE TAX



GROSS ASSETS



NET ASSETS



These percentages are calculated as a percentage of the total segments. Refer to note 47.

Kaap Agri is really the best company that I have ever worked for. I never came across a business that would help an employee build a house or help pay for improvements to their home. I am eternally grateful that my family is now secure from the rain and other weather conditions. I was always worried about them when I am not at home. Now I can be at peace and know that they are safe."
– William Mfikoe, Retail Clerk, Expressmark Brits

Helping our employees and families to grow brick by brick

To ensure that employees' lives are positively impacted, the Kaap Agri Trust recently introduced new clarifications to ensure more employees across the Group can access and benefit from available funding. The Trust has since assisted many more employees with interest-free revolving home loans and funding for home improvements. As for many South Africans, housing is a major concern for our employees, with over 40 receiving financial support in 2022.

William Mfikoe lives with his wife and son in an RDP home in Brits. He and his family were in dire need as winter approached and applied to the Trust for funding to make necessary structural repairs to their home.

Our brands

Kaap Agri is a diverse group trading under multiple brands that reflects the nature of the business it conducts. The core business segments are Agrimark, Agrimark Grain, and Retail Fuel & Convenience. These segments generate approximately 98,7% of the Group's income.

BRAND STRENGTHS

We strive to make Kaap Agri a purpose-driven brand deserving of its reputation as a business where people still count. It is our brand promise to ensure that all stakeholders are better off because of our existence. This is demonstrated through our core strengths:

Financially resilient

Strong and profitable, evolved and diversified with good long-term growth horizons

Trusted and supportive partner

100-year legacy with deep inter-generational roots and long-standing personal relationships

Accelerating Performance Culture

"Mens-mense" Unified culture based on strong corporate CARE values

Excellent customer experience

Outstanding customer service, well-priced wide ranges

One account

A supportive credit provider with a beneficial financial service offering allowing customers to consolidate transactions across brands into one place

BRAND ROLLOUT

We continued to create awareness around our refreshed branding and accelerated the rollout of the new brand touchpoints.

From a corporate perspective, Kaap Agri redeveloped and released a new corporate website with extended functionality, better navigation and new content areas.

In the Trade business segment, we continued to rebrand our Agrimark branches with new store signage. We launched our new brand campaign "With you from the start" across radio, digital, and outdoor channels. This campaign positions Agrimark as the trusted and reliable destination for the expert and the enthusiast.

Agrimark developed its first e-commerce website. Our investment and expansion into the world of e-commerce is an extremely important milestone for the business. This digital sales channel will expand our retail footprint and provide a platform where we can reach even more farmers, families and friends – and their fur families. Our new online store places Agrimark front and centre as our customer-facing retail brand. It will offer us the opportunity to grow our brand awareness while reaching new markets, especially clients in urban centres.

Since the Expressmark brand received a fresh new look, we have started implementing the new store signage in key markets.

REBRANDING FARMSAVE

We continued to move forward with simplifying our brand structure and clarifying the brand positioning and visual expression of our newly acquired FarmSave brand. We want to build FarmSave into a value-for-money brand that targets low-income customers.

FarmSave is our no-frills store brand offering a limited range of farming essentials at rock-bottom prices. Margins are kept low and cost savings are shared with the customer. Our warehouse-format stores accommodate small-scale farmers who have lower purchasing power. FarmSave keeps its customers in mind by focusing on delivering value for money. It will serve as the vehicle for the Group's growth in low-income, non-commercial farming and small-scale farming markets in South Africa.

FarmSave

The new logo features a field and horizon with a sun. The field represents growth in the retail market, where we operate, while the horizon and sunrise represent illumination and new beginnings.

The top part of the logo also resembles a target, while the shape of the logo can be likened to the location symbol on a digital map. This imagery lends itself to the idea that this location/destination is where you will save on the products you need, while also resembling reaching your final goal. The orange and green colours are associated with warmth, happiness, balance, new beginnings and growth.

OUR VALUES

Our core values form the foundation of our accelerating performance culture. These values are entrenched in how we do business and are integral to the essence of all of our brands.

C

Effective behaviour
Leave nothing unsaid
"Ons laat niks ongesê"

A

Effective behaviour
If one wins, we all win
"As een wen, wen ons almal"

R

Effective behaviour
I value you
"Jy is vir my waardevol"

E

Effective behaviour
We develop people
"Ons ontwikkel mense"

COMMUNICATE

Focus:
Open, clear, honest

ALIGNMENT

Focus:
Shared services, shared results

RELATIONSHIP

Focus:
Authentic, recognition, time

EMPOWERING

Focus:
Development, better off, ownership, grow

AGRIMARK

We aim to expand our network by establishing new operating points. This will grow our client base, optimise the product range we offer to our bedrock agricultural customers, and expand our range to accommodate the building contractor and retail homemaker customer segments.

Agrimark

Agrimark stores are one-stop, agri-lifestyle, retail stores providing expert advice, products and services to home, land, pet and animal owners. There are 77 stores in operation throughout South Africa and Namibia. These stores represent the Group's core business with general retail offerings including retail shop areas, bulk store areas and yards for bulk items. Most of our Agrimark stores also have fuel stations, while selected stores are also fitted with specialist Tyre and Fitment services. The retail product offerings in these branches target farmers, families, trade professionals, building contractors, and DIY and outdoor enthusiasts. There are also garden centres and expanded pet offerings, where appropriate, under the Agrimark Pet brand. Outlets are tailored for urban, peri-urban and rural demographics.

Agrimark Packaging

Agrimark Packaging services the fruit and vegetable farming sector with packaging materials. There are 10 standalone centres with 24 additional depot facilities managed in conjunction with Agrimark stores. These branches support the Group's drive into the water-intensive areas of the country, where fruit and vegetable production is the core farming operation. Agrimark Packaging branches are redistribution centres for products such as cartons, carton inner packaging, plastic bags, labels, pallet strapping and pallets – anything a producer needs to market products in South Africa or for export.

AGRIMARK

Agrimark Mechanisation (New Holland agency)

Agrimark Mechanisation is home to the New Holland agency and is one of the largest agents for New Holland in Southern Africa. This service markets mechanical equipment to the farming and related sectors and offers a parts branch network and workshops. There are 13 branches and three engineering workshops to assist producers with general repairs. These services are mainly focused on the Western and Southern regions of the Western Cape.

Agrimark Liquor

Agrimark Liquor extends Agrimark's retail offering with standalone liquor stores. There are currently eight stores conveniently located on the Agrimark premises mainly in peri-urban and rural areas.

Forge

Our Forge Agri and Forge Build branded stores consist of retail stores with agri-sheds and/or building yards. There are currently six stores that primarily service dairy, beef, sheep farming, and the building trade in Southern and Northern KwaZulu-Natal (KZN) and the Midlands.

FarmSave

FarmSave is a leading agricultural input, services, and building materials supplier. Its acquisition increases Kaap Agri's footprint in KZN and provides the Group with a strong entry point into the new-generation farmer sector in the region. The FarmSave brand consists of five stores.

AGRIMARK GRAIN

Agrimark Grain

Agrimark Grain represents Kaap Agri's silo storage, grain handling and grain trading services. It consists of 14 silo complexes with over 320 000 tons silo capacity and an additional bunker complex with a 57 100 tons capacity. These services focus on the Swartland area of the Western Cape. Agrimark Grain also offers seed processing and related services to farmers in the Western Cape.

RETAIL FUEL & CONVENIENCE

The Fuel Company

The Fuel Company ("TFC") and its subsidiary, PEG Retail Holdings, represent Kaap Agri's retail fuel and convenience interests. It also drives retail fuel expansions and growth in this sector. TFC is a leading multi-branded fuel and convenience retailer in South Africa, with 85 service stations in its network. Almost 50% of these service stations operate alongside national highways. The TFC group has a unique multi-brand approach and operates service stations under all major oil company brands, including Engen, TotalEnergies, Shell, Caltex, BP and Sasol.

The Fego "To Go" Caffé trademark is an exclusive coffee shop brand operated under licence from Famous Brands Limited. There are six Fego To Go sites, two sites with the innovative Fego Cart, and three sit-down Fego restaurants.

TFC is not limited to operating convenience stores and quick service restaurants under Expressmark and/or Fego Caffé. Its entrepreneurial multi-brand and multi-supplier approach enable it to serve its customers with relevant convenience offerings. Its network now also offers major and popular quick service brands such as Mugg & Bean, Debonairs Pizza, Fishaways, Steers, Wimpy, Café Bonjour, WoolworthsFood, Vida e Caffé, Crispy Chicken, Primi Piatti, and FreshStop. It also includes a tailor-made quick-service restaurant that offers quality meals under the Homestead True Food brand.

Expressmark

Expressmark represents TFC's convenience store offering at service stations owned and operated by TFC (i.e. TFC can choose the brand of fuel). It is a home-grown convenience store brand that currently has 27 outlets, offering TFC an alternative to outlets such as Caltex FreshStop, Engen Quick Shop or Total La Boutique.

MANUFACTURING

Agriplas

Agriplas is the Group's irrigation subsidiary that manufactures dripline (under licence) and sprinkler (own patents) irrigation products. It also comprises agency services for imported irrigation products in water-intensive agricultural areas of Southern Africa.

TEGO Plastics

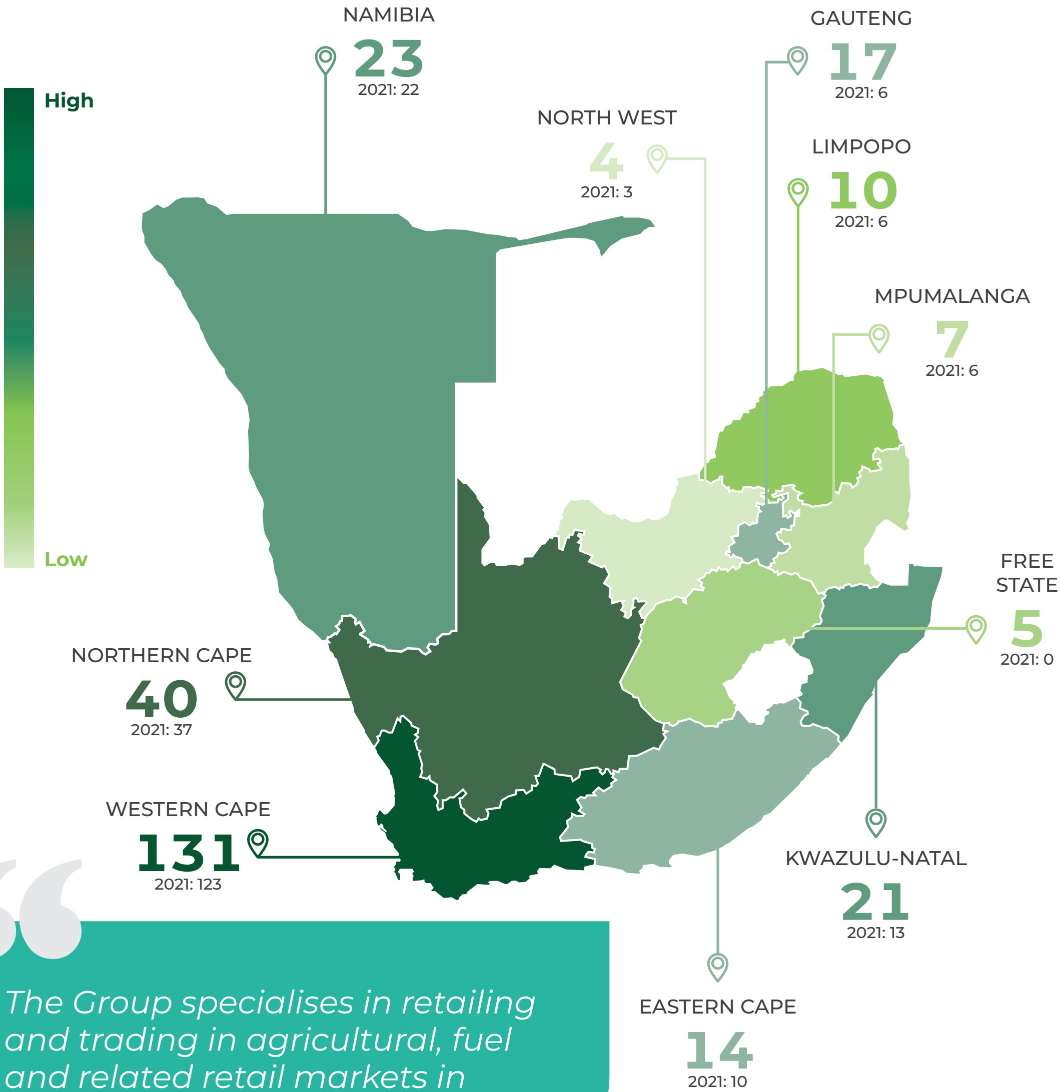
TEGO Plastics is a wholly owned subsidiary that uses injection moulding processes and robotics to provide plastic storage applications to various industries in South Africa. Its flagship product range, TEGO Bulk Bins, is food-grade bulk bins used in the harvesting and post-harvesting processes of fresh fruit and vegetables.

Geographic footprint

The company is based in the Western Cape with the administrative head office and corporate functions in Malmesbury and Paarl. The Group specialises in retailing and trading in agricultural, fuel and related retail markets in Southern Africa. With its strategic footprint, infrastructure, facilities and client network, the Group follows a differentiated market approach, bolstering the core retail business with financial, grain handling and agency services.

OPERATING POINTS PER GEOGRAPHY

The colour indicator below is a representation of the number of operating points per geographic area. Dark green indicates the highest concentration of operating points. Light green indicates a low concentration of operating points.



The Group specialises in retailing and trading in agricultural, fuel and related retail markets in Southern Africa.

> *"I've worked hard, and it has been a true honour to be head girl of my school. Without this bursary, I would not have been able to continue my school career. I am grateful for the opportunities that were awarded to me. I feel ready to tackle my future and reach for my dreams."*
> *– Lelethu Sodlulashe, Kaap Agri Bursary Recipient*

Unlocking growth opportunities for tomorrow's leaders

Our goal is to ensure that our presence improves stakeholders' lives. We support the rural communities we operate in through education initiatives, creating opportunities for growth and empowerment for young people and their families. We understand the importance of education and its power to change lives and unlock potential. Our Kaap Agri Bursary Programme supported 52 learners through high school and university in 2022.

Lelethu Sodlulashe has been an outstanding bursary recipient since 2018. As a Grade 8 learner at Swartland High School, she showed great resilience by staying behind in Malmesbury, while her mother pursued employment in another province. Lelethu manages an excellent balance between her academic work and extra-mural activities, being a top student in her class and excelling in netball, athletics, choir and public speaking. As a top performer, she was selected as the head girl of Swartland High for 2022 and embraced the opportunity to lead this year.

Business review

The Group achieved a compound annual profitability growth rate of 15,4% over the last 10 years.

Leadership report (Chairman and Chief Executive Officer)

KEY RESULTS

Successfully growing market share in a high inflationary cycle

48,4%

REVENUE

Healthy top-line growth, despite very high farm input cost inflation amid lingering economic pressure on general consumers and compared to pre-COVID-19, a CAGR of 22,9%

21,1%

PBT (recurring)

in line with gross profit growth and 56,6% above pre-COVID-19 levels

12,2%

LIKE-FOR-LIKE COMPARABLE OPERATIONAL EXPENSES

well-managed like-for-like operational expenditure given the cost impact of load shedding, high fuel prices and bank-related transactional costs

The Group maintained healthy profitability growth in a year affected by inflation, load shedding and economic pressures. Despite experiencing high inflation, consistent market share gains contributed to real revenue growth of 13,2% in agri-input supplies to farmers. Retail categories also achieved real growth of 1,5% despite the economic pressures experienced by the general consumer. High fuel prices still weigh heavily on our retail fuel channel, with fuel litres 2,3% below the prior year, albeit better than overall sector trends. Notwithstanding the abovementioned pressures, the Agrimark, Mechanisation and Grain channels achieved healthy profitability growth, while Manufacturing profitability remained under pressure. The Group concluded the disposal of TFC Properties and the acquisition of the PEG Group. This resulted in overall growth of 21,1% in recurring headline earnings per share for the Group and 54,1% above pre-COVID-19 levels.

STRATEGY

During the year, the execution of growth, optimisation, leveraging culture and diversity, and strategic digitisation initiatives accelerated. The Group achieved a recurring headline earnings compound annual growth rate ("CAGR") of 15,4% over the last 10 years.

In collaboration with the executive team, strategic outcomes are updated annually with an F25 goal in mind. Strategic initiatives remain focused on delivering our strategic intent, "growing profitability that significantly outperforms inflation", which will result in sustainable value creation. Some key successes for the year were:

> Acquiring the PEG Group, an earnings-enhancing, and cash-generative transaction
> Disposing of TFC Properties for R455,9 million to enhance return on invested capital
> Increased market share in farm, fuel and retail channels (B2B)
> Launching the Agrimark Online offering (B2C)
> Continued growth in DC appropriate retail product range supply
> Reducing salaries and wages cost as a % of GP
> Continuing process of ERP modernisation

We believe the strategy of diversifying the company's market, geography and customer exposure continues to pay dividends.

The executive team continues to invest in resources to enable growth. Despite this continued investment, net interest received increased with R20,1 million, a combination of higher debtor balances, increased interest rates on debtors' accounts, and the inclusion of PEG.

The Group is organised into four segments for operational and management purposes: Agrimark, Retail Fuel & Convenience ("TFC"), Agrimark Grain, and Manufacturing. The operating segment information is reported on this basis, and PEG is included in the TFC segment.

The Agrimark segment contributes 49,9% of revenue and TFC a further 40,0%. This illustrates the high contribution of retail activities in the Group. While Agrimark remained resilient, retail fuel volumes were dampened due to high fuel prices. The Manufacturing segment showed lower-than-expected profitability during the financial year. Agrimark operating profit grew by 19,9% off market share growth and operational cost controls. Retail-related category sales, although not as buoyant as agri-related category sales, still grew by 22,9% including PEG, and 9,8% excluding PEG. Retail Fuel & Convenience grew profitability by 39,5% despite the lingering effect of the pandemic, with fuel litre growth of 37,6% including PEG. Agrimark's Grain operating profit grew by 14,5% due to the larger wheat harvest. On a statutory basis, the combined segment operating profit return on net assets employed by the segments was 23,5% in F22 and 21,9% in F21. This is on the back of combined statutory segment operating profit growth of 20,1%. All segments are well-positioned for continued future growth. However, the Agrimark Grain segment relies on wheat harvests and climatic conditions. Trading profit contribution from retail categories remained higher than agri-input supply categories despite the economic pressure experienced in retail trading. This confirms our strategy of diversifying the company's activities to reduce our exposure to a single income channel.

The company continued to preserve liquidity and strengthen the balance sheet in these trying times, completing the sale of 21 TFC properties as part of the disposal of TFC Properties (Pty) Ltd. The total dividend per share represents a dividend cover of 3,3 times (2021: 3,0 times).

GOVERNANCE

At year-end, our broad-based black shareholders held equity in the company worth R146,7 million. The Board holds the requisite skills to lead an increasingly diversified business, and its composition is reviewed every three years. The Board remains cognisant of the regulations governing the business, including King IV, the JSE Listings Requirements, the Companies Act and other applicable legislation.

COMMUNITY AND SOCIAL INITIATIVES

Being a place where people still count, we place as much value on our responsibility to the environment and society as we do on our shareholders and employees. Our investments in socio-economic development programmes focus on supporting peri-urban and rural communities. It is also an enabler for broad-based economic transformation and poverty alleviation. Our programmes support identified UN sustainability goals with the primary focus on educating children at primary, secondary and tertiary levels. It also supports adult education programmes encompassing, inter alia, training and development of farmers and farmworkers and community outreach programmes supporting the needs of children, the elderly, and the vulnerable in disadvantaged communities where we operate. Beneficiation increases annually in line with affordability.

This year, we continued to support the Kaap Agri school bursary programme, invested in a robotics and coding programme at a school in Ceres, and continued our mentorship and support of the digitisation of education through the virtual classroom programme. It is said that *teachers don't impact for a year but for a lifetime.* Against this backdrop, we were humbled to contribute to empowering teachers from 10 rural schools with skills to improve literacy levels. Our support of digital transformation initiatives in education is making a difference. The virtual classroom programme that supports youth to develop literacy and numeracy skills using technology-based applications improved numeracy baseline test scores by 15% over the past year. We are very encouraged by the impact on teachers (through teacher training) and learners alike and plan to invest in a second virtual classroom in the new year.

New-generation farmer development courses through the Kaap Agri Academy remained a core focus for the past year, empowering more than 460 new-generation farmers since its inception. We supported efforts to protect food security by assisting in curbing the locust outbreak through a disaster relief intervention in the Northern, Eastern and Western Cape. The sponsorship of an agriculture conservation conference educated delegates about regenerative trails and cover-crop grazing. We remain in contact with past graduates and continue to provide mentorship and assistance where possible. We are proud that, through their empowerment at the Kaap Agri Academy, graduates can contribute to food security in underprivileged communities, leaving them better off. GrowBox, a wholesale nursery run by a Kaap Agri Academy graduate, is one such programme that provides fresh fruit and vegetables to the Hanover Park community. With our support, this graduate is paying it forward by hosting educational sessions with local residents interested in urban and micro-farming.

Our commitment to empowerment through education is evidenced by our investment of R8 million over the past five years. The lives of approximately 190 learners and their families have been changed for the better. This year, we provided financial support to 52 learners, 46 being secondary school learners. The young bursary holders are demonstrating great leadership potential. We celebrated the selection of one learner as Head Girl of Swartland High School and another as the Deputy Head Boy of Porterville High. The talent and hard work of the tertiary bursary holder attending the University of Stellenbosch High Performance Centre was also recognised when he was selected for the Maties Young Guns (u20) rugby squad. We supported him as a bursary student during his secondary schooling career and are humbled to continue supporting him on his journey to reach his full potential. The after-school homework Path to Prosperity centres have also significantly impacted 193 learners who achieved improved numeracy and literacy results.

Implementing community outreach projects in rural areas where we operate remains a key focus of our socio-economic development strategy. The Porterville Community Association's wheat cultivation project has raised over R1,8 million. The provision of uniforms, stationery and school bags remains a highlight for learners at rural farm schools, much like those at Porterville primary and high school who benefited from this year's project.

At the beginning of the year, the COVID-19 pandemic dominated the health, social and economic arena. Kaap Agri intensified its support for vaccination drives. The company continued to address vaccine hesitancy through regular internal communication campaigns and a competition to encourage employees to vaccinate. We also supported health departments and community organisations in increasing vaccine confidence and uptake.

In support of stakeholder interventions in the Witzenberg area, we partnered with the Witzenberg Municipality, the Western Cape Department of Health and farmers in the Ceres area to provide a mobile vaccination unit for the Witzenberg area. This intervention reached 256 farms and packhouses, with 33 969 vaccinations having been administered.

While accelerating our growth is fundamental to creating shareholder value, we are mindful of our operations' impact on the environment. We focused on energy efficiency and renewable energy sources to augment supply from the national grid and completed our solar energy trials at two of our biggest branches. We plan to expand this programme over time by installing solar photovoltaic panels at selected branches across the network. We have already commenced with an installation at one of our major manufacturing facilities.

OUTLOOK

The Board believes the Group remains well-positioned for further growth. In line with our strategic initiatives, the Group will continue to optimise offerings at existing branches and be more selective with the expansion of bricks and mortar, especially with our B2B and B2C focus. The PEG transaction will also annualise during F23.

Agriculture conditions in the areas where we operate are stable, and the outlook remains positive. The agricultural sector remains high on the political agenda to stimulate economic growth in the country, which should lead to infrastructure investments, albeit more dampened than in prior years due to current high farm input supply prices. We still believe that expropriation without compensation will be focused on constructively addressing social inequalities and supporting commercial production to maintain our food security status. The company's diversified exposure to other retail markets bodes well for sustainable growth and cash generation. Although the economy is under pressure, the Group is on track to achieve growth in line with the medium-term targets and maintain our CAGR achieved over the last 10 years.

We are optimistic about the Group's future. We thank the Board, the executive team and the PEOPLE of the Kaap Agri Group for their performance acceleration.

GM Steyn
Chairman

S Walsh
Chief Executive Officer

Financial performance

Our financial strategy underpins the Group strategy.

Financial Director's report

STRATEGIC PRIORITIES

Kaap Agri strives to create sustainable and increased value for all stakeholders through consistent growth in earnings, underpinned by effective allocation of capital to value-enhancing opportunities. We pursue this objective through our strategic medium-term plan, which focuses on growth, optimisation, leveraging culture and diversity and digital transformation. The plan aims to deliver targeted recurring headline earnings per share ("RHEPS") growth at a level of return that exceeds the weighted cost of capital allocated. To achieve this, we continue to focus on the key financial value drivers of real revenue growth, gross profit growth, effective cost management, funding optimisation, balance sheet and cash flow enhancement, and improved return on invested capital ("ROIC").

Performance management at a Group level considers the diverse nature of our combined business segments and aims to identify key financial performance indicators contributing to increased shareholder value. The top five financial indicators used by the business to measure performance are:

> **RHEPS**
> We consider RHEPS growth a strong indicator of sustained wealth creation, as it eliminates the impact of infrequently occurring events. Successful execution of the four strategic focus areas should ultimately be reflected in superior RHEPS growth at a rate exceeding a combination of GDP growth and CPI. Growth in RHEPS is one of the performance conditions linked to Executive remuneration through the long-term share incentive plan.

> **ROIC**
> We have entrenched the fundamentals of ROIC throughout the business. We consider this an appropriate measure of our efficiency in allocating capital to investments. This is particularly important given our footprint growth and diversification strategy. ROIC is compared to the weighted average cost of capital and applied to the average capital invested in determining value creation. Achievement of ROIC targets is the second performance condition linked to Executive remuneration through the long-term share incentive plan.

> **Return on equity ("ROE")**
> We believe ROE is a true bottom line profitability measurement relevant to shareholders, comparing the earnings available to shareholders to the capital provided by shareholders. The higher the ROE, the more efficiently the Group generates income and growth from its equity financing.

> **Return on sales ("ROS")**
> We measure our ability to translate revenue into earnings by ROS. This indicator considers our ability to procure optimally, to effectively operate our business on a low-cost model and the funding impact of investment activities and balance sheet optimisation. This measure is less applicable in the fuel environment where fuel price inflation results in higher turnover without an accompanying increase in profitability.

> **Fuel volume growth**
> Due to the volatility and regulated nature of fuel prices, we believe fuel volume growth is the true measure of success in the retail fuel environment. By optimising existing operations, expanding our footprint through acquisitions, and adding complementary convenience shopping and quick-service restaurant offerings, we aim to significantly grow fuel volumes over the medium term.

INCOME STATEMENT

As referred to in the announcement published on the JSE Limited's Stock Exchange News Service on 1 August 2022, the acquisition by TFC, a subsidiary of Kaap Agri, of 100% of the issued ordinary shares in and loan claims against PEG became unconditional with an effective date of 1 July 2022. As such, only three months of PEG performance is included in Kaap Agri's financial results for the year ended 30 September 2022. The PEG operations performed according to expectations during these three months.

The Group continued its strong performance during the year, increasing revenue by 48,4% to R15,70 billion, up from R10,58 billion in the previous financial year, with comparable like-for-like growth of 24,0%. The Group achieved this revenue growth on the back of a 54,3% increase in the number of transactions (7,9% increase excluding PEG). Compared to pre-COVID-19, revenue has grown at a compound annual growth rate ("CAGR") of 22,9%.

Retail sales growth was encouraging and reflected real growth when excluding the impact of inflation. Although agri input inflation has been high, we achieved strong real growth indicative of enhanced market share. Product inflation is estimated at 24,2% for the year, and fuel price inflation had a year-on-year impact on total inflation. However, when excluding the impact of fuel inflation in the revenue basket, inflation was 9,3%.

The Group's ongoing diversification is expected to reduce the negative impact of future unforeseen events and to contribute to sustainable and improved results going forward. Various business-to-business and business-to-consumer initiatives are expected to further enhance the Group's market reach. In line with our digital transformation strategic objective, Agrimark Online was launched at the end of September 2022 and includes an e-catalogue of over 40 000 products across 25 categories with a selected range of 7 500 products available for online purchase and delivery, with the rest being available in-store.

The Group's growth strategy to expand its footprint, combined with the upgrade and improvement of existing offerings, continued during the period. While only one new site was added to TFC, the acquisition of 41 PEG business units contributed to Group fuel volumes increasing by 21,1% in the year. Collectively, Six new retail and agri trade sites were added to the Group, and two smaller unviable trade offerings were closed. The remaining 40% shareholding in Partridge Building Supplies (Pty) Ltd ("Forge") was acquired during the period. Several smaller Agrimark upgrades and expansions were completed, and an additional 18 026 tonnes were added to our grain storage capacity. The disposal of TFC Properties (Pty) Ltd ("TFC Properties"), and subsequent lease back of 21 properties, was completed during the year, releasing R455,9 million of underperforming capital for further investment, thus enhancing Group ROIC returns. Gearing levels and investment returns improved during the period. Although additional gearing was incurred for the acquisition of PEG, Group gearing levels remain well within internal thresholds. The business continues to investigate further value-enhancing opportunities.

Gross profit increased by 27,1% but at a rate lower than revenue growth, largely due to the higher contribution of lower margin fuel revenue. Our ability to increase our central distribution centre throughput and the implementation of several strategic supply chain imperatives translated into enhanced retail trading margins. Despite the increase in retail and agri trade margins during the year, retail margins are expected to remain under pressure as consumer spending patterns adapt to a changed and constrained economic environment. Fuel prices increased steadily throughout the year and, despite a slight reprieve in August and September, ended 27,5% higher (petrol) and 55,6% higher (diesel) compared to last year.

Effective cost management remained a key focus area during the period, specifically the optimisation of salary-related expenditure and associated costs. Expenditure increased by 32,4% in the current year, while like-for-like expenditure grew by 12,2%. This was due to the non-like-for-like impact of costs related to converting two managed fuel sites to owned sites; adding seven new TFC and Agrimark sites; disposing of TFC Properties and the subsequent leaseback of the properties; and the PEG acquisition. Transactional banking costs on high inflation-related fuel transactions remain problematic as these costs need to be absorbed by fuel retailers without any increase in margin. Furthermore, loadshedding has added unnecessary operational costs regarding backup energy supplies.

The improvement in the performance of Agrimark operations in Namibia accelerated during the year largely due to the ongoing focus on market share growth, margin improvement through various procurement initiatives and in-store upgrades and sales execution.

Interest received increased by 48,9% due to a combination of higher debtor balances, increased interest rates on debtor's accounts and the inclusion of PEG's strong cash generation. Interest paid to banks increased by 36,6%, a combination of higher interest rates and higher average borrowings for the period. This included the funding of the PEG acquisition, resulting in an increase in net interest received of R20,1 million.

EBITDA increased by 21,8% to R673,2 million, from R552,8 million in the prior corresponding period, and lower than gross profit growth due to the increased expenditure detailed above.

The Group's effective tax rate of 25,9% (2021: 27,8%) is lower than last year, mainly due to the effect of non-taxable capital gains on the disposal of TFC Properties and other non-deductible expenditures of a capital nature.

Headline earnings increased by 23,5% while recurring headline earnings ("RHE") grew by 24,1%. Once-off items, predominantly costs associated with new business development, are excluded from headline earnings to calculate RHE.

Headline earnings per share of 556,30 cents increased by 22,3% while RHEPS of 578,23 cents grew by 21,1% on last year. RHEPS has grown at a CAGR of 15,5% compared to pre-COVID-19 2019.

The Board approved and declared a gross final dividend of 122,00 cents per share (2021: 111,00 cents) from income reserves for the period ended 30 September 2022. The final dividend amount, net of South African dividends tax of 20%, is 97,60 cents (2021: 88,80 cents) per share for those shareholders not exempt from dividend tax or who are not entitled to a reduced rate in terms of the applicable double tax agreement. Including the interim dividend, the total dividend for the year ended 30 September 2022 of 168,00 cents per share (2021: 151,00 cents) increased by 11,3% over the prior year. The total dividend per share represents a dividend cover of 3,3 times (2021: 3,0 times), slightly higher than the prior year due to debt repayments, largely PEG-related, from attributable earnings.

STATEMENT OF FINANCIAL POSITION

Capital investment of R262,1 million was incurred, including R44,5 million for the acquisition of Engen False Bay, R22,2 million relating to replacement capital expenditure, and R195,4 million spent on various expansion activities. A further net R654,4 million was spent on the acquisition of PEG and the buyout of minorities in Forge. The disposal of TFC Properties generated R455,9 million.

Although working capital increased significantly due to abnormally high inflation and real growth, the business effectively managed the impact. Trade debtors have grown at a rate marginally above the increase in credit sales, but out of terms have decreased by 0,6% of trade debtors, which further showcases the quality and resilience of the debtors book. Debtors turn of 4,1 times per year (2021: 4,1 times) remained stable. Securities are held where appropriate and we believe we are suitably provided for when considering the health of the debtors book.

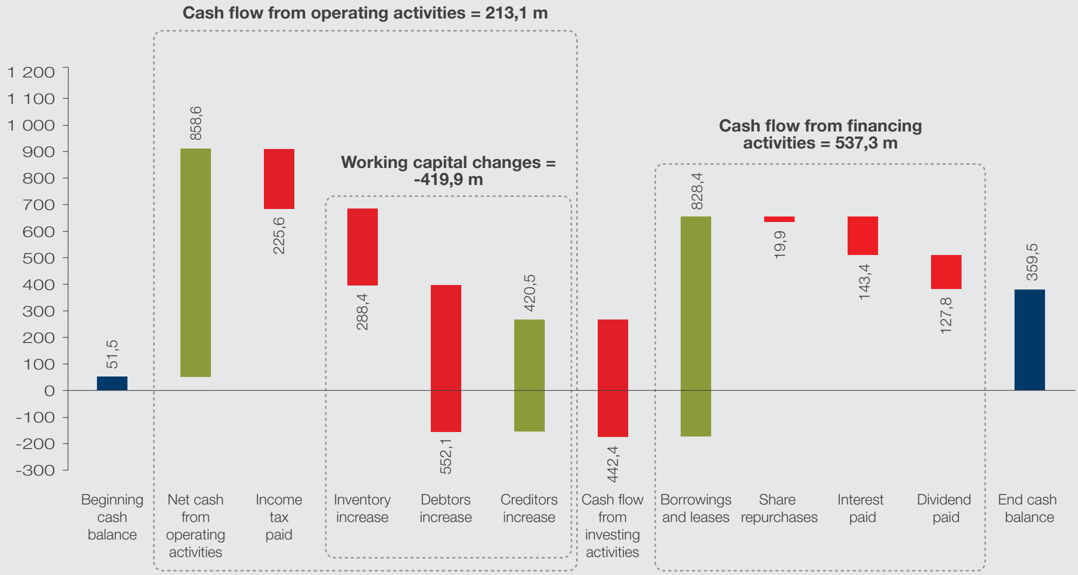
Our investment in centralised procurement and distribution and stock management continues to generate positive results, with inventory growing by only 33,2% compared to revenue growth of 48,4%. Creditors' days, excluding the increased impact of shorter-term fuel suppliers, are in line with last year. Return on net assets increased to 10,3% from 9,8% last year. Year-on-year ROIC improved from 11,1% last year to 11,6% this year and remained above the weighted average cost of capital in the business, despite the inclusion of the full investment in PEG but only three months' worth of returns.

While strong trading performance and the effective management of capital expenditure positively impacted borrowings, high inflation increased working capital requirements and the PEG transaction resulted in a higher net debt position. As at 30 September 2022, net interest-bearing debt increased by R686,3 million (R75,1 million decrease excluding PEG funding). When excluding the impact of the funding required for the PEG acquisition, the Group's debt-to-equity ratio, calculated on average balances, decreased to 47,0% (2021: 56,1%) with net debt to EBITDA decreasing to 1,8 times (2021: 2,2 times) and interest cover of 6,3 times (2021: 6,8 times). Including the impact of the PEG funding, the Group's debt-to-equity ratio increased by only 3,4% to 59,5% when compared to last year. Gearing levels align with expectations given the PEG acquisition funding requirement, which is fully ringfenced within TFC. Inflationary pressures, specifically on working capital, have put pressure on funding headroom. However, facilities are in place to meet the coming year's requirements. ROE increased to 16,5% (2021: 15,3%), including PEG.

Group cash generation remains strong and will increase going forward due to the cash-generative nature of PEG. The focus on driving returns on capital previously invested in the business continues. While the level of investment in footprint growth was high this year, mainly due to the PEG transaction, the coming year will see a more normalised pattern of capital expenditure.

The following graph illustrates the Group's cash flow waterfall over the year, with emphasis on the main areas of cash generation and utilisation:

F22 CASH FLOW WATERFALL (RM)



SHAREHOLDER VALUE CREATED

Kaap Agri aims to create sustainable shareholder value through share price appreciation and strong dividend payment. Unlocking shareholder value and improving liquidity were key considerations when we listed on the JSE in 2017. During the six months ending 30 September 2022, both Zeder Financial Services Limited and the PSG Group Limited unbundled their respective shareholdings in Kaap Agri, resulting in a large spike in liquidity with an adverse short-term share price impact. These unbundlings significantly reduced the share price from a high of R55,00 in January 2022 to R38,50 at 30 September 2022, driven by increased liquidity with 27,4% of shares trading during the year.

We measure sustainable performance in terms of investor return over time, focusing on per share wealth creation. When evaluating Kaap Agri's performance over the long term, we use the total return index ("TRI") as a measurement tool. The TRI is the CAGR of an investment and is calculated by considering share price appreciation, dividends and other distributions. This is a sound measure of wealth creation and a reliable means of benchmarking different companies.

Using the 90-day volume weighted average share price, Kaap Agri's TRI at 30 September 2022 was 7,0% per annum since September 2015 and has shown a strong bounce back from the negative return reported in 2020. The KAL share outperformed the JSE ALSI by 32,6% since 30 September 2015.

At year-end, the Kaap Agri share traded at a 90-day volume weighted average share price of R38,12 per share. The closing share price of R38,50 per share represents a price earnings ("PE") ratio of 8,1 calculated on historic RHEPS. As of 24 November 2022, the date on which the 30 September 2022 financial results were announced, the Kaap Agri share traded at a PE ratio of 7,6 calculated on the latest RHEPS.

Subsequent to the unbundlings mentioned above, the Kaap Agri shareholders' register grew from 5 232 shareholders at 30 September 2021 to 24 686 shareholders at 30 September 2022. The business will seek shareholder approval to implement an odd lot offer process to address this increase.

OUTLOOK

The overall agriculture outlook is stable; however, producer cashflow pressure continues due to high input costs and logistical and export payment challenges. Below-average rainfall towards the end of the wheat season resulted in expectations of a more normalised wheat harvest than the prior year, with all indications pointing to an average yield across the total Swartland region. Although always weather dependent, the outlook for fruit and vegetable production in the upcoming agricultural season looks encouraging, with good yields expected but at a higher cost to the farmer.

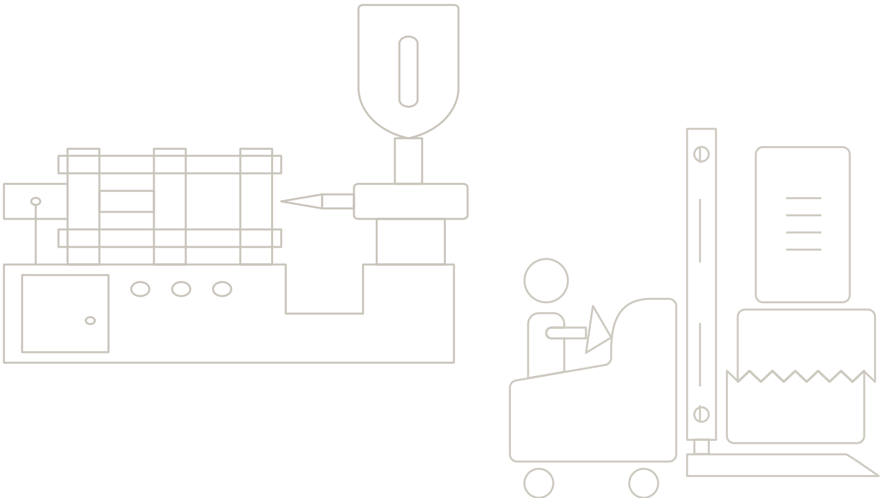
Concerning trends in the agri environment include rising input costs, curtailed capacity expansion and ongoing logistics challenges, specifically export related. It is also expected that pressure will remain on fuel volume sales, partly offset by constantly improving convenience and QSR spend. Although the focus continues on driving returns on capital already invested in the business, selective high-return-generating capital investment opportunities will be pursued.

The addition of PEG will accelerate the growth in both retail and fuel revenue in the coming year and will increase the cash component of revenue significantly, boding well for future dividends once the acquisition-related debt has been settled.

Throughout the many challenges endured during the year, the business has been unrelenting in its commitment to exceeding customers' expectations. With continued stakeholder support, we have, once again, delivered results ahead of expectations and in support of our strategic growth objectives. Our balance sheet has strengthened during the period, and cash generation has improved.

We are committed to harnessing the opportunities that the challenging economic environment may present. Together with our growth and diversification strategy, we will continue the momentum to enhance sustainable value creation. We believe the Group is well-positioned and equipped to capitalise on any improvement in economic and trading conditions and are cautiously optimistic for the coming year.

GW Sim
Financial Director



> "Kaap Agri has taken a strategic approach to leverage culture and diversity by developing empowerment interventions that support both business growth as well as meaningful transformation within the company's sphere of influence."
> – Tasneem Sulaiman-Bray, Director: Corporate Affairs

Clearing pathways for growth

At Kaap Agri, "Alignment" is one of our corporate values, a behavioural attitude that we describe as "if one wins, we all win". Our supplier and enterprise development programmes include monetary and non-monetary contributions to the development and sustainability of the financial and operational independence of black-owned enterprises. Supply chain and logistics form the backbone of our retail and trade operations and by aligning our development programmes with core operations, we establish win-win sustainable solutions.

Kaap Agri partnered with Ceazer's Logistics, an enterprise development beneficiary, to develop the business as a logistics supplier for delivering goods and fuel to our network of branches.

This partnership resulted in the growth of Ceazer's fleet from one vehicle to nine delivery vehicles, including six fuel tankers. The growth of the business also led to the creation of nine new employment opportunities for drivers in Clanwilliam, Moorreesburg and Paarl.

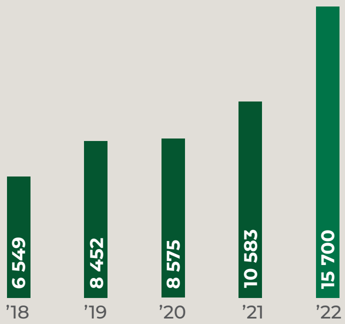
Five-year financial review

	GROUP				
	2022 R'000	2021 R'000	2020 R'000	2019 R'000	2018 R'000
Income statement					
Revenue	**15 700 499**	10 582 588	8 574 668	8 451 520	6 548 793
Direct business	**3 264 041**	2 574 685	2 256 274	2 347 209	2 237 658
Value of transactions	**18 964 540**	13 157 273	10 830 942	10 798 729	8 786 451
Profit before tax	**557 290**	460 199	381 514	379 841	344 904
Income tax	**(144 331)**	(127 923)	(102 336)	(98 562)	(95 947)
Profit after tax	**412 959**	332 276	279 178	281 279	248 957
Headline earnings adjustment	**(4 419)**	(1 470)	(2 069)	1 995	(578)
Headline earnings	**408 540**	330 806	277 109	283 274	248 379
Non-recurring items	**21 981**	16 402	3 344	(14 721)	3 604
Recurring headline earnings	**430 521**	347 208	280 453	268 553	251 983
Attributable to shareholders of the holding company	**407 421**	335 630	275 810	263 428	249 273
Non-controlling interest	**23 100**	11 578	4 643	5 125	2 710
EBITDA	**673 226**	552 792	463 696	424 322	361 976
Interim	**32 523**	28 112	–	23 338	22 548
Final	**85 848**	78 012	35 141	63 416	59 681
Dividend paid	**118 371**	106 124	35 141	86 754	82 229
Gross dividend	**125 274**	111 997	37 085	91 600	86 557
Dividend on treasury shares	**(6 903)**	(5 873)	(1 944)	(4 846)	(4 328)
Statement of financial position					
Non-current assets	**3 683 198**	2 442 661	2 345 689	1 785 701	1 304 896
Current assets	**4 655 554**	3 369 763	2 927 774	3 002 041	2 622 335
	8 338 752	5 812 424	5 273 463	4 787 742	3 927 231
Liabilities and loans	**(5 516 275)**	(3 414 258)	(3 146 760)	(2 861 494)	(2 184 485)
Total shareholders' equity	**2 822 477**	2 399 115	2 126 703	1 926 248	1 742 746
Net interest bearing debt	**1 896 163**	1 209 898	1 328 006	1 304 259	987 538
Statement of cash flows					
Cash flow from operating activities	**213 072**	432 319	494 477	353 979	237 025
Cash profit after tax from operations	**633 006**	533 838	514 892	451 747	364 175
Working capital changes	**(419 934)**	(108 104)	(20 415)	(97 768)	(127 150)
Cash flow from investment activities	**(427 375)**	115 561	(310 892)	(437 378)	(283 503)
Cash flow from financing activities	**522 253**	(300 041)	(195 137)	89 554	51 604
Net cash flows	**307 950**	16 717	(11 552)	6 155	5 126
Ratios					
Total shareholders' equity: Total assets employed	**36,9%**	40,8%	40,3%	42,1%	45,3%
Net interest bearing debt: Total assets employed	**21,9%**	22,9%	26,2%	26,3%	23,8%
Net interest bearing debt: Total shareholders' equity	**59,5%**	56,1%	64,9%	62,5%	52,4%
Recurring headline earnings: Shareholders' interest	**16,5%**	15,3%	13,8%	14,6%	15,2%
EBITDA: Net assets	**21,7%**	21,0%	19,7%	20,1%	19,1%
RONA	**10,3%**	9,8%	8,4%	9,0%	9,6%
Interest cover (times)	**6,0**	6,8	5,0	5,0	5,5
Per share					
Shares issued (number – '000)	**70 367**	70 281	70 281	70 237	70 162
Weighted average shares issued (number – '000)	**70 460**	70 281	70 266	70 211	70 396
Recurring headline earnings per share (cents)	**578,23**	477,55	392,52	375,19	354,10
Dividend per share (cents)	**168,00**	151,00	50,00	123,50	116,70
Net asset value per share	**R 38,24**	R 32,57	R 28,86	R 26,00	R 24,80

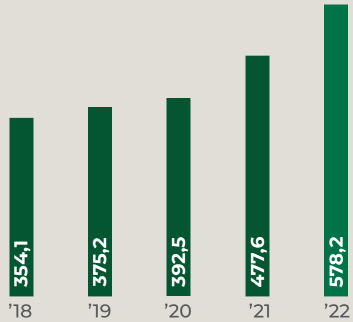
Ratios calculated on average balances.

Non-deductible expenses of a capital nature include legal and consultation fees relating to acquisitions of new businesses and the sale of a subsidiary.

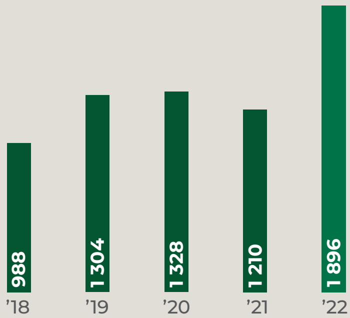
REVENUE (R'MILLION)



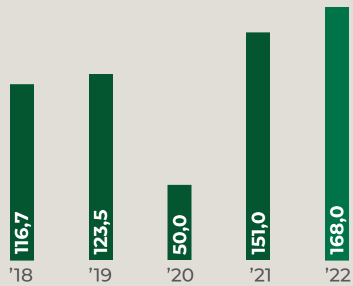
RECURRING HEADLINE EARNINGS PER SHARE (CENTS)



INTEREST-BEARING DEBT (R'MILLION)



DIVIDEND PER SHARE (CENTS)



Governance and sustainability

BOARD OF DIRECTORS

Chairman

GM Steyn[2,4,6]

Non-Executive

I Chalumbira

BS du Toit[1,4]

D du Toit[1,2,4]

JH le Roux[4,5]

B Mathews[1,3,4]

EA Messina[3,4,6]

WC Michaels[4]

CA Otto[1,2,4,6]

HM Smit[3,4,5]

Executive

S Walsh – Chief Executive Officer

GW Sim – Financial Director[5]

1 *Audit and Risk committee*
2 *Remuneration committee*
3 *Social and Ethics committee*
4 *Independent*
5 *Finance committee*
6 *Nomination committee*

EXECUTIVE MANAGEMENT

AC Abeln	Operations
LJ Abrams	The Fuel Company
X Bangazi	PEG
DW Beukes	Financing Services
S Fani	Tego Plastics
J de Lange	Agrimark Grain
DC Gempies	Human Resources
C Graham	Information Management
C Matthew	Agriplas
GW Sim[1]	Finance
HJ Smit	Procurement and Logistics
T Sulaiman-Bray[2]	Corporate Affairs
WA van Zyl	Properties
GC Victor	Finance
S Walsh	Chief Executive Officer

[1] *Finance committee*
[2] *Social and Ethics committee*

Remuneration report

The actions that emanate from the remuneration report will be incorporated into the Human Capital strategic priorities. In turn, the Human Capital strategy provides input and context for the remuneration report, focuses on all business units and functions. At this stage, the PEG business which we acquired, Human Capital function is run independently of the current business.

PART 1: CHAIRMAN'S REPORT

On behalf of the Board, I am pleased to present the remuneration report for the year ended 30 September 2022. Our remuneration philosophy complies with the principles and recommended practices of King IV and other legislative requirements.

The remuneration report provides stakeholders with an overview of our Group's remuneration philosophy and key remuneration policies and sets out how these policies were implemented during the 2022 fiscal year ("**FY22**"). The report also focuses on the payments made to non-executive directors and Executive committee members during FY22.

We noted the comments made at Kaap Agri's 2021 AGM regarding the minimum shareholding requirement for the Group's Executive Team and are pleased to confirm that after extensive market research, this matter has been addressed by the approval and subsequent implementation of the Long-Term Incentive Plan ("LTIP").

The COVID-19 pandemic continued to be prevalent during the first quarter of FY22. We continued raising awareness regarding the virus and good hygiene practices and continued using digital platforms for communication, meetings, and training post the first quarter. Furthermore, where possible, we have implemented a hybrid work practice for our administrative shared services staff.

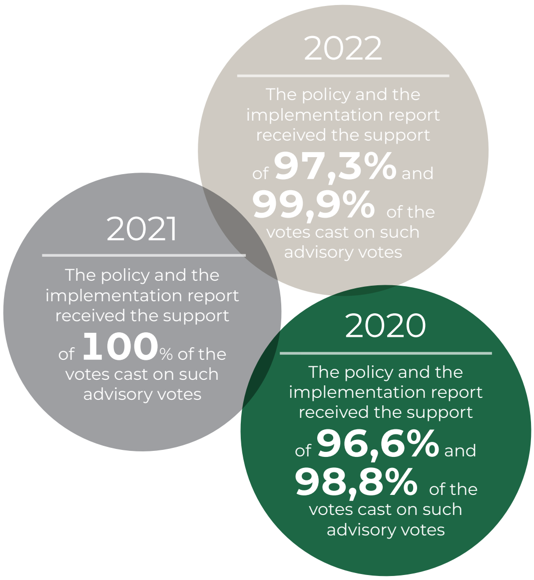
The Remuneration committee ("Remcom") remains confident that the policy is business-informed, aligns with the Group's strategic objectives and supports the Group's long-term business strategy.

We continuously monitor any legislation change that might impact our human capital, policy, and practices. The Remcom will continue to review the policy to ensure it remains relevant, fair, and equitable.

I want to thank the shareholders for their vote of confidence in our remuneration report, strategy, and policy. I also want to thank my fellow committee members for their contributions.

We adopted the four-part remuneration report approach:

The remuneration policy ("**policy**") and implementation report will be presented to shareholders at the upcoming AGM for non-binding advisory votes. This aligns with the JSE Listings Requirements. The following are the results of the non-binding advisory votes at the AGM for the past three years:



PART 2: REMUNERATION COMMITTEE

Remuneration governance

The Remcom is a Board committee with the primary responsibility of overseeing the remuneration and incentives of Executive committee members and key management. The Board annually appoints committee members and an independent non-executive director as Chairman. Members consist of at least three non-executive directors, the majority of whom are independent. The composition of the Remcom is illustrated below.

Attendee	Role	Capacity	Meeting attendance
CA Otto	Chairman	Independent non-executive director	4
GM Steyn	Member	Independent non-executive director	3
D du Toit	Member	Independent non-executive director	3

The Remcom members normally meet three times a year. However, this year there was a special meeting where Mr Steyn and Ms Du Toit were absent to discuss the LTIP scheme. Both Mr Steyn and Ms Du Toit stated that they are supportive of a recommendation for a resolution to the Board for the approval of the Nil Cost Option ("NCO") Long-Term Incentive Plan ("LTIP"), Malus and Clawback, Minimum Shareholding Requirement ("MSR") and the guideline on the conversion from the current to the NCO LTIP, as presented.

The following Executive committee members are invitees to the Remcom.

- S Walsh – CEO
- GW Sim – Finance Director
- DC Gempies – Director Human Resources and SHEQ

The level of accountability for governing the policy and implementation thereof is illustrated below:

Governance framework	
Board	The Board is ultimately responsible for ensuring compliance with remuneration principles and limiting risk.
Remcom	In line with its role and responsibilities, the Remcom monitors performance and determines appropriate remuneration policies and guidelines for different groups (subject to Board approval).
Executive team	The executive team is responsible for compliance within areas of responsibility and evaluating recommendations to change policies and practices.
Director: HR (subsidiary – Kaap Agri Bedryf Limited)	The Director: HR manages the day-to-day application of the policy. He also recommends changes to policies and practices to the Executive committee.

Remcom functions and responsibilities

- Determines the CEO's remuneration.
- Determines Executive committee members' remuneration as recommended by the CEO.
- Monitors the Group, executive, regional and senior managers within P3 to P5 remuneration, as recommended by the CEO.
- Determines non-executive directors' fees.
- Ensures the remuneration philosophy and principles are aligned with the Group's business strategy.
- Ensures performance-based incentive schemes and performance criteria are developed and implemented.
- Determines the annual average increase for staff remuneration.

Activities of the Remcom

During the year, the Remcom activities included the following:

- Approving annual increases for FY22.
- Approving annual increases mandate for FY23.
- Approving non-executive directors' fees for final approval at AGM.
- Approving the payment of short-term incentives ("**STI's**") for FY22 based on the Group performance targets being achieved.
- Monitoring the performance bonus payment in line with the Recognition and Reward Schemes guidelines.
- Approving revised Retention Bonus Framework.
- Approving the LTIP scheme, which included the migration and conversion of rights previously granted under the Kaap Agri Equity Settled Management Share Incentive Scheme.
- Reviewing the market trend regarding retirement age, which informed a decision for the retirement age to remain unchanged at 62 years.
- Approving a reduction in the default minimum contribution to the KAL Retirement Fund of 12,5%.
- Approving the COVID-19 approach, which focuses on education and continuous communication to employees.

PART 3: OVERVIEW OF THE REMUNERATION POLICY

Remuneration philosophy

Our reward philosophy entrenches an accelerated performance culture where excellence is rewarded, and mediocrity is unacceptable. This is shown at every level of the Group through our performance management approach, recognition and reward systems, and total guaranteed pay ("**TGP**") management.

We ensure remuneration is appropriately set against multiple factors. These include the complexity of functions, the scope of accountability, market practice and competitiveness, the alignment of risks and rewards, and the long-term objectives of the Group and its shareholders. We are committed to the principle of equitable remuneration. However, we acknowledge some jobs with similar grades will earn different TGPs determined by market factors and justified by, for example, a shortage of skills and performance-based increases.

Our remuneration framework, underpinned by our philosophy, meets the following requirements:

- Enables Kaap Agri's long-term sustainable success by linking rewards to achieving Group strategy and creating shareholder value.
- Attracts and retains the required skills base.
- Links remuneration to performance measures.
- Achieves a balance between individual, team, and business performance.
- Offers employees a competitive and market-aligned remuneration package with fixed salaries representing a significant remuneration component.

Group-wide remuneration approach and the wage gap

Kaap Agri is committed to ensuring fair, equitable and reasonable remuneration to the Group and its employees. We strive to be consistent, offering remuneration packages that will enable us to attract and retain the best-fit talent in our market.

To ensure a fair and responsible remuneration strategy, the Remcom will focus on:

- Ensuring the policy is competitive, best suited to Kaap Agri's business model, guided by best practice and compliant with regulatory requirements.
- Ensuring good governance principles are applied to remuneration, and there are no income disparities based on gender, race, or any other unacceptable grounds of discrimination.
- Annually ensuring remuneration meets the prescribed minimum pay rate for employees, including non-permanent employees within various bargaining councils and/or sectoral determinations. Overall, our conditions of service, including remuneration, are better than the respective bargaining council and/or applicable sectoral determination.
- Ensuring there is no unfair discrimination, the fairness of total reward practices is continually monitored, and appropriate corrective action is taken, where necessary.
- Ensuring remuneration practices respect the equal work for equal pay principle.

> Benchmarking

The Group utilised external salary market research based on TGP and total reward for job-specific benchmark, in determining whether the remuneration is market related and fair.

Remcom appointed PwC, an external consultant, to conduct a market research benchmark for a comparator peer group of companies in respect of the Chief Executive Officer ("CEO") and Executive Director Finance, benchmarking of the TGP, STI and LTIP scheme to determine whether the total reward is market-related. PwC were also requested to conduct a market benchmark on the fees paid to Non-Executive Directors to determine whether it is market-related.

The remeasure job-specific benchmark is used to compare the TGPs, STI and LTIP for the other Executive committee members and other positions within the Group.

Components of Remuneration and Pay Mix

The remuneration framework for employees is as follows:

Total Guaranteed pay		Variable pay	
Basic pay	Benefits	Incentives	Allowances
Cash salary	Vehicle benefit, medical aid, cellphone allowance, annual bonus, and retirement scheme	Recognition and praise, performance bonus, marketer's commission, STI and LTIP schemes based on individual and company performance.	Monthly allowances are not limited to those prescribed by the bargaining council and sectoral determination agreements.

> Total Guaranteed Pay

The Group uses a guaranteed remuneration approach which consists of a cash salary plus cash and non-cash benefits. The TGP is based on job-specific positions and is positioned at the 50th percentile of the market, ranging between 75% and 125% of the market's 50th percentile.

The performance-based principle is used to determine the annual increase % of employees, which is based on a three-performance rating scale. The digital performance management system is used to assess the performance levels for each employee within the Peromnes band P1 to P10 range.

> Pay Mix

The total reward consists of three elements, TGP, STI and LTIP, where applicable, for management-level positions.

The approach adopted is for the TGP to be at a moderate on-target level, STI on a moderate to aggressive on-target level, while the LTIP should be on an aggressive on-target level.

Recognition and Reward Schemes

The revised recognition and reward schemes to recognise employee's performance and living our values are illustrated below:

Framework of recognition and reward schemes

Element	Participants	Performance period and measures	Operation and delivery
Go for Gold	Skilled (P10 to P18), semi-skilled and unskilled, and employees within specialised supporting roles (P8 and P9) that are not responsible for a profit centre.	Based on monthly and/or quarterly performance by employees.	Paid monthly and quarterly to winning employees per category based on performance criteria set by the business.
Sales Commission	Marketers and Technical Sales Representatives.	Based on monthly or yearly pre-determined performance targets.	Paid monthly or yearly based on pre-determined performance criteria.
Performance Bonus	Shared service managers within P6 to P7, Branch managers within P6 to P9, management accountants' operation controllers, and junior branch managers.	The performance targets reviewed annually with quarterly and/or annual performance measures.	Paid quarterly and/or annually based on specific performance targets.
STI	CEOs, Executive committee members, Managing Director ("MDs") of subsidiaries, Group, executive, regional and senior managers within P1 to P5.	Performance is evaluated annually against growth in recurring headline earnings per share ("RHEPS").	Paid in December based on specific performance targets. All bonuses are self-funded based on financial targets.
LTIP	CEO, Financial Director and other Executive committee members.	Performance is annually evaluated against the vesting conditions.	Vesting in tranches of 25% each on the later of: > the 2nd, 3rd, 4th and 5th anniversary of the date of award; and > to the extent applicable the date on which the Remcom determines that the performance condition(s) has been met; and > to the extent applicable, any other conditions imposed have been satisfied.

> Go for Gold programme ("G4G")

The G4G recognition and praise programme is a platform to acknowledge star performers, motivate discretionary effort and deliver ongoing business results. It is about bringing out the best in each employee and making them feel appreciated for a job well done. It celebrates the successes in our workplace and motivates employees to continue to go the extra mile.

The participation goal rate is above 70%, which according to our META framework is regarded as acceleration. During the year, we achieved the goal rate again.

	2022	2021
Participation rate	**82,6%**	77,3%
Budgeted benefits distributed to employee beneficiaries	**83,1%**	85,1%

Employees are nominated by management according to four categories. The successes are celebrated with each individual and team winner, including G4G prizes.

- **Employee champion – META (employee):** This category recognises employees who excel in their jobs and go beyond the call of duty.
- **CARE ambassador (employee):** This category embodies the CARE values evident in employees' who positively influence others.
- **Operations excellence (team):** This category recognises employees for adding value and affecting or contributing to the business's overall bottom line.
- **Accelerating performance (team):** This category recognises employees for adding value in the business (most improved).

> Sales Commissions

Commission is an incentive for achieving pre-determined performance targets. Commission earners within divisions may earn a commission based on the applicable commission structure.

Commission earners do not qualify for STIs, performance bonuses or the recognition and praise programme.

> Performance Bonus

Performance bonuses motivate business unit managers to achieve performance targets whilst contributing to overall Group targets.

Performance bonuses reward short-term performance (based on pre-determined targets per operating unit and/or division). An operating unit's performance bonus pay-out will be based on a fixed cash amount paid quarterly and/or annually (based on achieving pre-determined sales performance targets) and a percentage of monthly TGP paid annually (based on achieving pre-determined performance bonus targets ("**PBTs**")).

Shared service managers qualify for a performance bonus if the Group achieves pre-determined PBT growth.

> Short-term incentives ("STI")

The STI is designed to motivate senior employees to deliver Group performance improvements.

Participants of the STI are restricted to the Executive committee members of the company, managing director of subsidiaries and the Group, and executive and regional managers between the Peromnes broadband (P1 to P5).

The Group target is based on the average 12-month September consumer price index ("CPI") percentage plus a growth percentage target with an increment interval of 1,25%. An example of the growth target for year-on-year performance is illustrated below:

YOY Performance Growth Target – Calculation

CPI (example)	5,00%	(Estimated average 12-month annual inflation in September)						CAP
CPI + % growth	0,00%	5,00%	6,25%	7,50%	8,75%	10,00%	11,25%	12,50%
Target	5,00%	10,00%	11,25%	12,50%	13,75%	15,00%	16,25%	17,50%

The maximum STI is capped at CPI + 12,5% for the financial year.

STI's are paid in cash after concluding the audited annual financial statements. The Remcom has the final discretion. STI's are self-funding.

> Long-Term Incentive Plan ("LTIP")

Kaap Agri has adopted a modified share incentive scheme, the LTIP, which is a non-dilutionary equity-settled long-term incentive plan. The LTIP was adopted to better align participants' interests with shareholders and retain key management. This was based on the market benchmark research done by the external service provider, PwC.

The LTIP is a Nil Cost Option ("**NCO**") scheme which mitigates the risk participants previously had with share price changes due to market volatility.

The rights previously granted under the Kaap Agri Equity Settled Management Share Incentive Scheme have been migrated and converted to NCOs governed by the amended rules of the abovementioned non-dilutionary LTIP. However, the vesting dates and performance hurdles applicable to such grants will remain in place for these converted NCOs.

The purpose of the LTIP is to:

- Recognise the contributions made by the participants to the company's growth by ensuring a close link between pay and performance.
- Attract and retain suitably skilled and competent talent in the Group.
- Align the interests of the participants and the interests of shareholders.
- Motivate participants to remain in the company's employment and execute and enhance the Group's future performance and growth strategies.
- Give participants a minimum shareholding exposure.

The LTIP operates as follow:

- Participation is limited to the executive directors and other Executive committee members, including a subsidiary's managing director at the discretion of Remcom.
- Participants will be awarded NCOs, which are conditional rights to receive company shares on a future date after fulfilling the performance and other conditions, to the extent applicable.
- Vesting is not dependent on the share price growth.
- Each year the participants are awarded NCOs based on a multiple of the participant's annual TGP.
- The NCOs vest in tranches of 25% each on the latter of:
  - the 2nd, 3rd, 4th and 5th anniversary of the date of award; and
  - to the extent applicable, the date on which the remuneration committee determines that performance condition(s) has been met; and
  - to the extent applicable, any other conditions imposed have been satisfied.

  On the vesting date, shares will be awarded to a participant.

Vesting Condition(s)

- The Vesting of Awards will be subject to the Employment and Performance Condition(s).
- The pre-determined Performance Condition(s) are measured in respect of the final year of the Performance Period.
- The employment condition refers to being employed for two years after the reward of the awards as part of the retention strategy.

Performance condition	RHEPS growth	ROIC
Weighting	60%	40%
Minimum hurdle before any vesting	CPI + GDP	Average WACC
Performance required for full vesting	Proportionate linear vesting up to full vesting at 5% above minimum hurdle	Proportionate linear vesting up to full vesting at 2% above minimum hurdle
Performance required for outperformance vesting (125% of full vesting)	Proportionate linear vesting up to outperformance vesting at 2% above the full vesting hurdle rate	Proportionate linear vesting up to outperformance vesting at 1% above the full vesting hurdle rate
Calculation	RHEPS per integrated report	ROIC = PBIT less tax/average invested capital

The application of the performance condition is illustrated in the diagram below based on NCOs awarded according to Kaap Agri's LTIP.

	Performance conditions	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Award of NCOs on 29 September 2022		1st 25% Award Value	2nd 25% Award Value	3rd 25% Award Value	4th 25% Award Value
	Performance period	1 Oct 2022 to 30 Sept 2023	1 Oct 2023 to 30 Sept 2024	1 Oct 2024 to 30 Sept 2025	1 Oct 2025 to 30 Sept 2026
	Employment period	29 Sept 2022 to 29 Sept 2024	29 Sept 2022 to 29 Sept 2025	29 Sept 2022 to 29 Sept 2026	29 Sept 2022 to 29 Sept 2027

Minimum Shareholding Requirement ("MSR")

Kaap Agri wishes to encourage identified employees to hold shares in the company and to reinforce the alignment with shareholder interests. It also aligns with ethical and responsible leadership and effective governance practices, which require employees to act in the best interests of their employers and will be regarded as a tangible demonstration of the employees' commitment to Kaap Agri and to be aligned with shareholders' interests.

Accordingly, and in line with international and South African best market practice, the Remuneration committee approved the adoption of an MSR policy which will be managed and implemented by the Remuneration committee.

The following Target Minimum Shareholding must be built up and satisfied by the employee before the target date through the acquisition of shares:

> CEO: 225% of TGP.

> Financial Director: 175% of TGP.

> All other Executive committee members: 125% of TGP.

Malus and Clawback

The Group adopted a Malus and Clawback policy in line with international best practice corporate governance. These mechanisms intend to allow the Group to control for unanticipated outcomes or misjudgements that we may have made in determining the making of any award or the vesting of any award. "Trigger Event" includes, but is not limited to:

> *Material misstatement of financial statements* – a material misstatement of the financial results resulting in an adjustment in the audited consolidated accounts of the company.

> *Actions, omissions and conduct of participants* – actions, events, or conduct (including omissions) which, in the Board's reasonable opinion, amount to grounds for termination of employment for (gross) misconduct or negligence, dishonesty or fraud.

> *Assessment of performance and calculation of incentive remuneration* – instances where the assessment of any performance metric or criteria in respect of the determination of incentive remuneration or the vesting thereof was based on error or inaccurate or misleading information.

> In instances where any information used in the decision to grant incentive remuneration or determine the quantum thereof was erroneous, inaccurate or misleading or any information emerges that were not considered at the time any incentive remuneration was made which, in the discretion of the Board (acting reasonably), would have resulted in an inappropriate benefit or would have materially affected the decision to allocate, make or grant the incentive remuneration, whether at all or at the level at which such incentive remuneration was made.

Termination of Employment

The termination of employment is categorised into two distinct groupings, namely, Fault termination and No-fault termination.

> Fault termination refers to resignations and dismissals. In the event hereof, all unvested NCO awards will lapse immediately on the date of termination of employment.

> No-fault termination refers to retirement, redundancy, disability, death, or a participant's employment with an employer company transfers to any third party according to section 197 of the Labour Relations Act, 1995. In the event hereof, a pro-rata portion of NCO awards will vest and be automatically exercised on the termination date of employment or as soon as reasonably possible. The portion of NCO awards that does not vest will lapse.

> Mutual Separation or Early Retirement termination of employment will, by default, be classified as a "Fault termination." However, the Remcom may, at their discretion determine that the termination should be treated as if it was a "No-fault termination."

Components of remuneration for Executive committee members

The table below sets out an overview of remuneration components applicable to Executive committee members:

Element	TGP	STI	LTIP

STI

STIs are payable when the Group achieves pre-determined RHEPS growth targets. These are based on average 12-month September CPI figures and incremental percentage growth.

The maximum amounts earned under STIs are as follows:

> CEO – maximum cap is 120% of annual TGP.

> Finance Director – maximum cap is 100% of annual TGP.

> Other Executive committee members and subsidiary MDs' – maximum cap is 100% of annual TGP.

LTIP

Participants are awarded several options in the scheme annually. The options awarded are based on the following factors:

> CEO at 1,6 times of the annual TGP.

> Financial Director at 1,3 times of the annual TGP.

> Other Executive committee members at 1,2 times of the respective annual TGP of each director.

The options vest in equal tranches on the first day of the second, third, fourth and fifth fiscal year following the grant date.

Executive director and key management contracts

Executive directors, other Executive committee members, and key management do not have fixed-term or bespoke key management contracts. They are employed in terms of the Group's standard contract of employment. The notice period for termination of service is three calendar months.

No additional payments are made to key management on termination of employment (apart from those required in terms of labour legislation). They do not receive sign-on bonuses.

On cessation of employment, STIs are forfeited. Unvested LTIPs are treated under the LTIP policy above.

Non-executive directors' remuneration

Non-executive directors' remuneration consists of a fixed annual fee for services as a director and a fixed fee for duties on committees. Non-executive directors are reimbursed for travelling and other costs relating to their duties. The Group also carries these costs directly.

Non-executive directors do not qualify for any STIs or LTIPs.

The Group reviews market best practice and leadership publications by reputable remuneration consulting firms to assess the reasonability and level of non-executive directors' fees. Comparison analyses are done regarding similar companies and committees with similar responsibilities.

Proposed 2023 non-executive directors' remuneration

Remuneration for FY23 will be submitted for approval by shareholders at the upcoming AGM to be held on Thursday, 9 February 2023. Refer to special resolution number 1 on page 8 of the notice of AGM.

The proposed remuneration* is as follows:

Directors' fees	**2023**
Director – base fee	**209 000**
Board Chairman	**+ 500 000**

Committee	**Member**	**Chairman**
Audit and Risk committee	**+156 400**	**+315 000**
Finance committee	**+65 000**	**+156 400**
Remuneration committee	**+130 000**	**+260 000**
Social and Ethics committee	**+33 500**	**+100 000**

* *The proposed remuneration is VAT-exclusive.*

Shareholders are requested to approve these fees with effect from 1 October 2022, to align the remuneration with the company's financial year.

PART 4: IMPLEMENTATION REPORT

The implementation report is a backward-looking section that discloses the remuneration and performance outcomes of the executive directors based on the FY22 remuneration policy. The Remcom is satisfied Kaap Agri complied with the policy during the year.

Total Remuneration

The following table sets out the remuneration paid to executive directors in 2022:

30 September 2022 **Executive directors**	**Basic salary R'000**	**Travel allowances R'000**	**Retirement fund contributions R'000**	**Bonuses and incentives R'000**	**LTI≠ R'000**	**Total R'000**
S Walsh	**5 272**	**72**	**402**	**6 735**	**4 431**	**16 912**
GW Sim	**3 366**	**58**	**371**	**3 784**	**1 880**	**9 460**

≠ *These values are based on the cash value of the LTI awards vested during 2022.*

The total combined shares issued to the CEO and Financial Director at 30 September 2022 was 274 536 shares. *Refer to page 88 for more details.*

The Annual TGP increase during 2022

The annual salary increase mandate is based on several factors, including, but not limited to, the company's profit, average CPI and market salary increase indicators.

The following table sets out TGP increases for executive directors:

Executive directors	**2022 R'000**	2021 R'000	Increase %
S Walsh	**5 746**	5 232	9,8
GW Sim	**3 795**	3 494	8,6

Based on the total reward benchmark done by PwC, the above executive directors' TGP received an interim adjustment.

The annual percentage increase is determined by bargaining councils and/or sectoral determination for employees within Peromnes broadbands P10 to P18. The approach adopted is for the TGP to be at a moderate on-target level, STI should be moderate to aggressive on-target, while the LTIP should be aggressive relating to on-market.

In addition, the respective bargaining councils and/or sectoral determination annual increase agreements must be adhered to for employees within broadbands P10 to P18. Performance-based pay is central to our remuneration practices. There is a clear differentiation between performers and non-performers.

Peromnes broadband	Employee group	Percentage increase 2022
P1 to P2	Top management	**5,5%**
P3 to P4	Senior management	**5,6%**
P5 to P9	Middle and junior management	**5,5%**
P10 to P14	Admin and senior store staff	**5,3%**
P15 to P18	General workers	**6,0%**
Overall		**5,6%**

STI performance outcomes

The STI is calculated based on a fixed percentage of a participant's TGP. This includes achieving specific performance conditions as defined below:

Performance condition	Weighting	Threshold performance level	Stretch performance level	Actual performance level	Achievement (% maximum)
Growth in RHEPS	**100%**	**CPI**	**CPI +12,5%**	**CPI +14,7%**	**100%**

LTIs and LTIPs awarded in 2022

The Group operates LTI schemes based on equity-settled management share incentive schemes.

The following section sets out the options granted to executive directors under the equity-settled management share incentive scheme during 2022:

Executive director	Date awarded	Number of options awarded	Face value of options at grant*	Fair value of options at grant**	Final vesting date
S Walsh	*Old LTI scheme*				
	20 January 2022	58 756	2 611 117	647 160	1 October 2023
	20 January 2022	58 756	2 611 117	793 996	1 October 2024
	20 January 2022	58 756	2 611 117	901 391	1 October 2025
	20 January 2022	58 756	2 611 117	982 537	1 October 2026
	Modified LTIP scheme – Nil Cost Option ("NCO")				
	29 September 2022	133 115	–	4 403 444	29 September 2024
	29 September 2022	133 115	–	4 129 258	29 September 2025
	29 September 2022	133 115	–	3 847 024	29 September 2026
	29 September 2022	133 115	–	3 559 522	29 September 2027
GW Sim	*Old LTI scheme*				
	20 January 2022	28 440	1 263 885	313 251	1 October 2023
	20 January 2022	28 440	1 263 885	384 326	1 October 2024
	20 January 2022	28 440	1 263 885	436 309	1 October 2025
	20 January 2022	28 440	1 263 885	475 587	1 October 2026
	Modified LTIP scheme – Nil Cost Option ("NCO")				
	29 September 2022	63 460	–	2 099 257	29 September 2024
	29 September 2022	63 460	–	1 968 560	29 September 2025
	29 September 2022	63 460	–	1 833 994	29 September 2026
	29 September 2022	63 460	–	1 696 947	29 September 2027

* *Number of options multiplied by the share price on the date of grant.*
** *Number of options multiplied by the fair value on the date of grant.*

There are no prospective financial performance conditions attached to the options for vesting. However, the options only have value if the vesting price exceeds the grant price.

Voting at 2022 AGM

At the AGM held on 10 February 2022, the Kaap Agri shareholders endorsed the remuneration policy and implementation report by way of separate non-binding advisory votes of 97,30% and 99,99% in favour, respectively. As the requisite majorities passed the non-binding advisory votes, no further engagement with shareholders was required.

Voting at the upcoming AGM

Kaap Agri's policy and implementation report will again be presented to shareholders for separate non-binding advisory votes thereon at the company's upcoming AGM on Thursday, 9 February 2023.

Should 25% or more of the votes exercised in respect of either resolution be against such resolution, the company will invite those shareholders who voted against the applicable resolution to engage with the company.

Termination/hiring

On 22 September 2022, Ms Bridgitte Mathews was appointed as an independent non-executive director of the Kaap Agri Board, and a member of both the audit and risk and the social and ethics committees of the company.

Non-executive directors

The table below sets out fees paid to each non-executive director during the year. Non-executive directors receive no other remuneration or benefits aside from directors' fees. The table also indicates directors who resigned or were appointed during the year.

Name of NED	Appointed to the Board	Resigned from the Board	Directors' fees
GM Steyn	**May 2012**	–	**731 250**
CA Otto	**November 2011**	–	**718 250**
EA Messina	**March 2017**	–	**675 788**
WC Michaels	**August 2017**	–	**192 050**
HM Smit	**November 2011**	–	**282 450**
D du Toit	**March 2017**	–	**455 750**
JH le Roux	**April 2014**	–	**335 750**
BS du Toit	**November 2011**	–	**555 750**
I Chalumbira	**September 2018**	–	**192 050**
B Mathews	**September 2022**	–	–

CA Otto
Chairman: Remuneration committee

Human capital overview

OVERVIEW

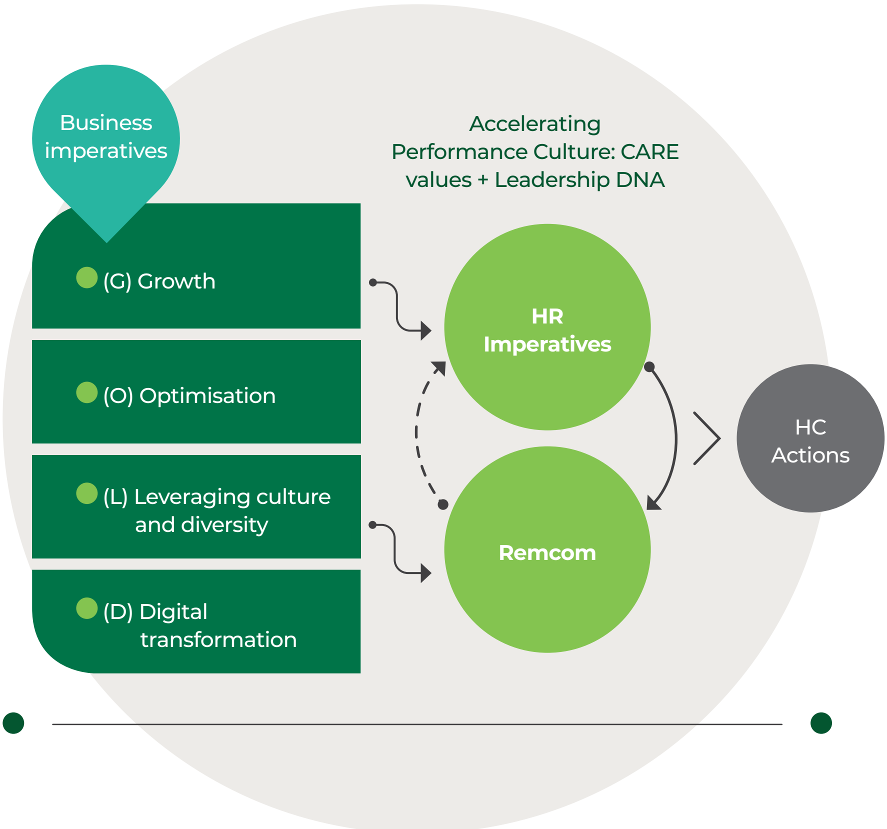
The Human Capital and SHEQ function continues to shape, evolve, and react to the ever-changing demands of the external and internal business environment. With this in mind, a three-year Business Informed Human Capital Strategy has been formulated. The strategy will enable and support the ***Accelerating Performance Culture*** and drive business growth.

This section of the integrated report ensures a consolidated view of key Human Capital actions. It will include certain statutory information, for example, data on B-BBEE, directives that emanate from the Remuneration committee (also referred to as the "Remcom"), priority actions, and key metrics from the Human Capital strategy.

A. Business informed human capital strategy

The concept of a Business Informed Human Capital strategy has been adopted as a philosophy and robust process which always ensures the Human Capital function reflects the specific business needs. It also ensures the Human Capital team leads the people agenda in a manner that meets the business priorities. The Human Capital team has been through extensive capability building, including training in being more commercially astute. This continuous capability building will ensure that the thinking and actions of the Human Capital function always reflect the business priorities and ensure employees' aspirations are met.

The diagram illustrates the approach adopted by the Human Capital function.



The GOLD business imperatives set the direction on what must be achieved to achieve the all-encompassing Accelerating Performance Culture. The Human Capital imperatives and actions are shared by the business and the specific directives from the Remuneration committee. The Accelerating Performance Culture is further shaped by a set of company values called CARE and the META Leadership philosophy.

C

COMMUNICATE

Focus:
Open, clear, honest

A

ALIGNMENT

Focus:
Shared services, shared results

R

RELATIONSHIP

Focus:
Authentic, recognition, time

E

EMPOWERING

Focus:
Development, better off, ownership, grow

M

MOBILISE

... inspire aligned action based on a compelling ambition and purpose and a simple set of strategic priorities

E

EXECUTE

... fully harness and streamline resources to consistently deliver excellence in the core business

T

TRANSFORM

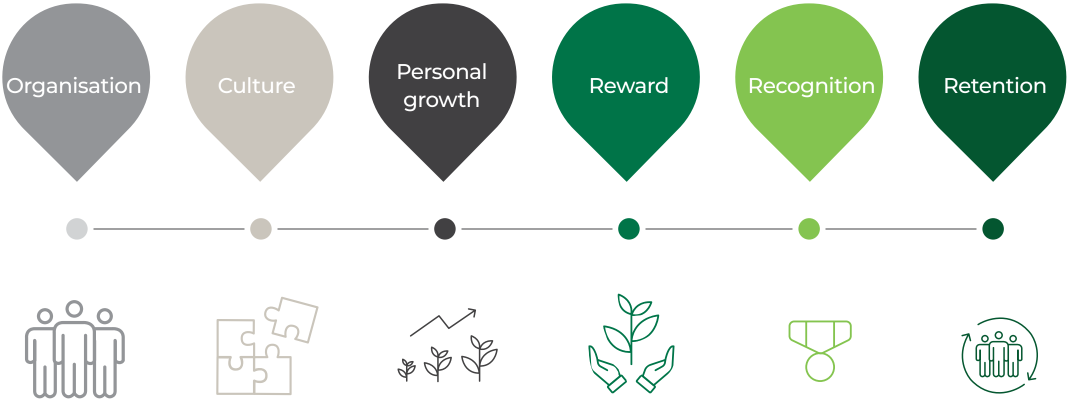
... experiment and innovate to create new growth engines and to reinvent existing businesses ahead of the market.

A

AGILITY

... spot opportunities and threats, adapt and pivot at a faster pace than competitors to create competitive advantage.

Each year, we conduct an Employee Value Proposition ("EVP") survey to measure the impact of important things that will attract, motivate, and retain our employees. This EVP measures how we are doing within the Human Capital Function and enables us to become an employer that attracts diverse talent that will deliver sustainable profit growth. The EVP balances financial and non-financial rewards to drive our performance culture. The EVP framework is described below:



- Growth strategy
- BEE level
- Sustainability
- Socio-economic development initiatives
- Ethics

- Accelerating performance Culture
- Care Values
- META Leadership DNA
- Embrace diversity
- Engagement

- Talent Value Management ("TVM")
- Training and development
- Career path
- Bursaries

- TGP
- Benefits and funds
- Compatible conditions of service
- Benchmarking

- Recognition and praise programme
- Recognition and rewards systems
- Celebrate success
- Communication

- Fair and equitable TGP
- Total remuneration (including recognition and reward schemes)
- Retention programme

We use the following three methods to measure the accelerating performance culture. The score achieved has increased for these three elements on a YOY basis.

(i) The Organisation Accelerating Questionnaire ("**OAQ**") conducted with management and specialised level with score of 61% achieved.

(ii) Engagement Survey ("**CARE**") where all employees participate with a score of 65% achieved.

(iii) Go for Gold ("**G4G**") recognition and praise programme for all employees up to management level, with a participation rate of 82,6%.

Based on the META methodology the Group is accelerating on the three elements.

THE HUMAN CAPITAL IMPERATIVES

Five Human Capital imperatives were formulated and form the basis of the priority Human Capital actions and measurements.

The imperatives are not static and can be refined based on the organisation's circumstances. For example, COVID-19 was an unplanned event that resulted in many issues that needed to be addressed.

Finally, several statutory, people-related items will be included in this segment of the integrated report to ensure a consolidated view of the Human Capital priorities.

The five imperatives are illustrated below:

1. **Customer First** – Lead the organisation in the creation of a customer/relationship centric workforce
2. **Effective Integration** – Effective people integration of acquired businesses into the Accelerating Performance Culture
3. **Key Talent Readiness** – Key Talent placement in areas of business opportunity to accelerate growth
4. **Transformation** – Support the business to be agile accelerate in changing environment, including diversity
5. **Digital Enablement** – Support the business in the development and leveraging of the integrated digital agenda

Imperative 1 – customer first

We rely on our customers for our long-term sustainability. We designed and started deploying specific programmes to ensure employees develop a customer-first attitude complemented with knowledge and skills to fulfil their needs.

We have revised our reward schemes and performance management systems to reflect the desired behaviours required to ensure customers enjoy their shopping experience. As part of employee skills development, we continue to design and deliver learning and development programmes that ensure all employees are always adequately equipped with the correct customer-first attitudes and skills.

This includes the META Leadership DNA programme being rolled out to all management levels and key leadership skills and behaviours that empower and encourage employees to be customer-centric. Product-specific training and other operational training are done at branch level. We have developed META customer service training for all other employees, which will be implemented in FY23. The Group manages several skills development programmes which includes different NQF level learnerships as well as apprenticeships. Since 2019 the focused training interventions implemented are META Leadership programme with 357 participants, bursaries with 39 beneficiaries and learnerships with 619 participants.

Imperative 2 – effective integration

The Human Capital function has been created and is poised to deliver against a pragmatic plan to ensure that new employees from acquired businesses and new starters transition smoothly into the organisation to maintain optimal performance. This includes ensuring there is a standardised orientation, change management process, and content that highlights the company culture, its objectives, and important ways of working. It enables us to become an employer of choice for a diverse group of talent.

We provide employment to 4 000 employees and with the start of the new financial year the Group will employ more than 7 000 employees as a result of the PEG business acquisition.

As such, we have implemented a holistic engagement and in-person orientation project at branch level, focusing on Kaap Agri's EVP proposition. To date, we have reached 90% of our branches. We also integrated 309 employees into the business.

Imperative 3 – key talent readiness

Fostering and placing our absolute best talent in growth areas within the business has become an important part of how we will drive incremental growth. To support this ideology, we adopted a TVM process, which is business informed and ensures that our absolute best people occupy our most critical roles.

Various practices have been implemented, including assessing our talent, fostering and career management, and tracking progress against projects that key talent must deliver using our TVM digital system. The Talent Accelerating/Advancing cohort which represents the pre-determined critical roles within the Group as seen a YOY growth of 13,6%.

We have implemented a graduate development programme, to establish a future talent pipeline for managers and specialists within defined business areas.

Imperative 4 – transformation

As an organisation, we continue to be shaped by the external environment, including the legislative framework and broader social dynamics that affect our employees and our organisation and their safety and well-being. This also includes improving communication at all levels.

The average percentage of the skills leviable amount spent on people development and priority training intervention is approximately 1%. The designated group (ACI – African, Coloured, Indian) representation grew by 9,1% y-o-y in the specialist to top management cohort level, whilst the female representation grew by 8% for the same cohort.

The Department of Labour ("**DoL**") accepted the Group's one-year EEP for the period 2022, with yearly progress reports.

The Department of Labour accepted the Group's one-year EEP for the period 2022, with yearly progress reports.

Imperative 5 – digital enablement

The digital agenda continues to be a focus in our organisation as part of our acceleration performance journey, which will support our GOLD strategy. Human Capital function contribution towards digital enablement included the automation of human capital processes, implementation of a TVM, SHEQ i-manage systems, and progressively utilising various digital platforms for training and employee engagement.

Where required, we revisited job specifications, departmental structures, and sourcing requirements to support the business in driving our digital agenda.

B. Safety, health, environment and quality ("SHEQ")

Kaap Agri is committed to complying with industry-specific standards for SHEQ. The Group's integrated I-management system is currently being implemented. It will assist us in managing compliance, monitoring, planning and implementing industry best practice better.

At each operating unit, we identified safety hazards, environmental impacts and aspects, occupational health, and product quality hazards and risks. We devised and implemented control measures to eliminate or mitigate risks. Reporting near misses and minor incidents, combined with toolbox talks and learnings from previous incidents, assist in proactively mitigating and reducing repeat incidents.

We conduct occupational hygiene surveys and medicals for pre-identified jobs to ensure employees are not exposed to harmful levels of hazardous substances, noise, or other health stressors. Where employees might be exposed to, for example, grain dust at our silos, we implemented measures to reduce dust, including installing a dust removal system and dust bags.

We also provide personal protective equipment and training. In addition, annual medical tests are conducted to monitor employees' health (applicable to silos, the Malmesbury engineering workshop, and Manufacturing).

Employee training is one of our key focus areas. It ensures employees understand hazards in the workplace and take leading roles in building a SHEQ culture.

Regular assurance is vital to such diverse operations as Kaap Agri. We, therefore, conduct diverse levels of SHEQ audits at each branch. Branch operating teams conduct checklists and self-assessment audits monthly. The Group SHEQ department conducts comprehensive legal compliance audits every six months. There is a consistent increase in the YOY SHEQ training spend as % of the overall training budget with 19% spend for FY22.

C. Human capital progress and achievements

We developed an HC Dashboard, which provides the business with insights into the people agenda, which will assist them in making better business-informed decisions and people plans.

Strategy	Strategic HC measurement	Status
G	> **Total Labour Cost as % of GP** > **Total Labour Cost** *(TGP, overtime, casual cost, UIF)* – Variable pay as % of total labour cost	
	> **SHEQ Compliance** – Compliance audits – SHEQ major incident	
O	> **Full-time Equivalent** *(FTE) Manning compliment)* – Non permanent employees ("NPEs") as % of FTEs	
L	> **People Development** – Training budget as a % of skills leviable amount – Actual training spend as % of budget	
	> **Employment Equity** *(P1–11)* – Actual ACI representation per occupational level vs EE Plan	
	> **Accelerating Performance Culture** – CARE – employee engagement survey (all employees) – META Leadership – Organisation Accelerator Questionnaire survey – G4G – Participation rate	
D	> **Digital Project** – Successful digitisation projects	

 Good progress  Target achieved

Corporate governance report

APPROACH TO ETHICAL AND EFFECTIVE GOVERNANCE

Kaap Agri is committed to responsible and effective corporate governance. A range of mechanisms, policies, procedures, committee structures and core values enable this. The most material of these is described in this summary governance report.

Our full governance report is available on our website at www.kaapagri.co.za. Information supplementary to this summary report is referenced.

KING IV PRINCIPLES DISCLOSURE

The Group explains its application of appropriate King IV principles and is transparent in areas of non-compliance. High-level disclosure against King IV principles is included in a disclosure map available on Kaap Agri's website at www.kaapagri.co.za, along with a King IV compliance report. The full online governance report details how the Kaap Agri Board creates an ethical culture, tracks good performance, ensures effective control and promotes legitimacy.

The Group developed a separate remuneration policy and implementation report. These will be subject to non-binding advisory votes by shareholders at the upcoming AGM. If 25% or more of shareholders' votes are against either or both the remuneration policy and implementation report, Kaap Agri will engage with dissenting shareholders. The precise method of shareholder engagement and timing will be communicated to shareholders on the JSE Stock Exchange News Service ("**SENS**").

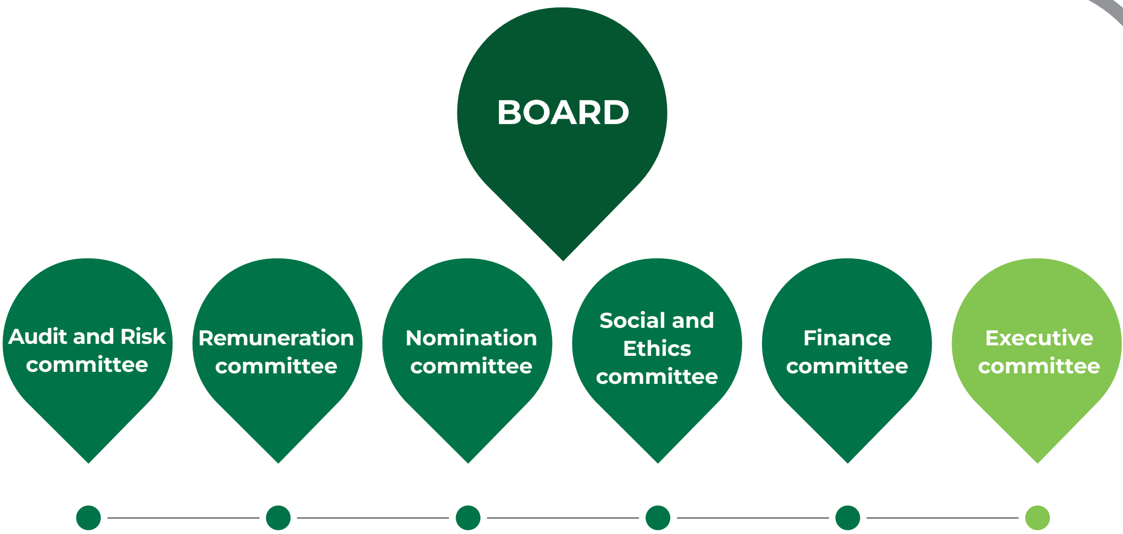
GOVERNANCE STRUCTURE

The Board determines the strategies and strategic objectives of the Group. It monitors the implementation of approved strategies, decisions, values and policies. The Board is satisfied it fulfilled the responsibilities required by its mandate during the year.

An independent non-executive director chairs the Board. It has 12 members and is supported by five Board committees and the Executive committee. These committees have clear terms of reference to help execute their duties and determine the due governance required in each area of the business.

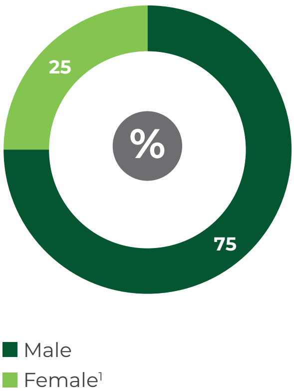
The roles of the Chairman and CEO are clear and separate. The CEO is tasked with the business's day-to-day operations in line with the Group's decision-making framework. The Executive committee supports the CEO. Two members of the Executive committee are part of the Board. The Board is satisfied the decision-making framework provides a clear basis for exercising duties. This framework contributes to clarity and accountability. Additionally, the Board charter ensures an appropriate balance of power in the deliberations of the Board, and no single director has unlimited or unfettered decision-making powers.

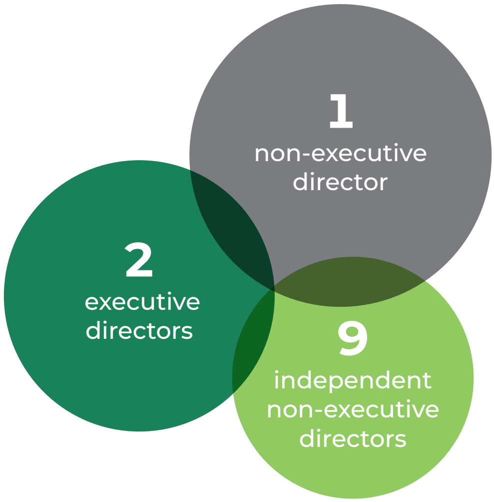
The Board is satisfied that the current composition enables ethical and effective leadership and continues to strive to improve diversity further.

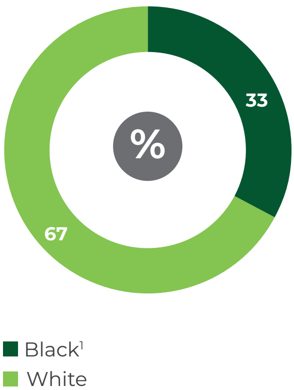


BOARD STRUCTURE

COMPOSITION AND EXPERTISE







[1] *The Board continuously strives to improve Board composition to reflect the demographics of South Africa, focusing on black and female representation.*

Board meeting attendance

Member	Meetings attended
I Chalumbira	**3/4**
BS du Toit	**4/4**
D du Toit	**4/4**
JH le Roux	**3/4**
EA Messina	**4/4**
B Mathews[1]	**0/4**
WC Michaels	**4/4**
CA Otto	**4/4**
GW Sim[2]	**4/4**
HM Smit	**4/4**
GM Steyn	**4/4**
S Walsh[2]	**4/4**

1 *Appointed on 22 September 2022.*
2 *Executive.*

Board profiles as at 30 September 2022

I Chalumbira (51) Non-executive director

Appointment date:	September 2018
Qualifications:	BSc (Industrial Psychology) MBA (Strategy)
Committee membership:	N/A
Other board memberships:	AIH Properties (Pty) Ltd Amber Cascades Trading 202 (Pty) Ltd Arlozone (Pty) Ltd Car Prop Holdings (Pty) Ltd Grovest (Pty) Ltd Grovest Venture Capital Company Ltd Growtenty (Pty) Ltd Inenergi (Pty) Ltd Joburg City Tourism Association NPC Kebraware (Pty) Ltd Lionsecurity (Pty) Ltd Lionshare Auto Group (LAG) Limitada Lionshare Automotive (Pty) Ltd Lionshare Developments (Pty) Ltd Lionshare Energy (Pty) Ltd Lionshare Empowered Partners (Pty) Ltd Lionshare Financial Services (Pty) Ltd Lionshare GP (Pty) Ltd Lionshare Holdings (Pty) Ltd Lionshare Logistics (Pty) Ltd Lionshare Management Services (Pty) Ltd Lionshare Private Equity (Pty) Ltd Matoppi Investments RF (Pty) Ltd Mbodla Investments (Pty) Ltd Mezibase (Pty) Ltd Musina Beightbridge Business Chamber NPC Lionshare Properties (Pty) Ltd Lionshare Property Management (Pty) Ltd Lionshare Trading (Pty) Ltd Musina Intermodal Terminal (Pty) Ltd Nabuphase (Pty) Ltd Proc Corp 27 CC Spiricorp (Pty) Ltd TFC Operations (Pty) Ltd TFC Properties (Pty) Ltd Thovela Welkom Hospitality (Pty) Ltd Trade Holdings (Pty) Ltd Tungsten Bay (Pty) Ltd Vaxisync Investments (Pty) Ltd YPO Johannesburg NPO YPO Johannesburg Golden Chapter NPO

BS du Toit (65)	Independent non-executive director	
Appointment date:	November 2011	
Qualification:	BAgric (Management)	
Committee membership:	Audit and Risk	
Other board memberships:	Langrivier Beleggings (Pty) Ltd Langrivier Boerdery (Pty) Ltd	Wydekloof (Pty) Ltd 32 Degrees South Fruit (Pty) Ltd

D du Toit (46)	Independent non-executive director	
Appointment date:	March 2017	
Qualification:	BCom (Hons)	
Committee membership:	Audit and Risk Remuneration	
Other board memberships:	De Keur Beherend (Pty) Ltd De Keur Agri (Pty) Ltd De Keur Landgoed (Pty) Ltd De Keur Marketing (Pty) Ltd De Keur Berries (Pty) Ltd	De Keur Verpakking (Pty) Ltd Tipmar (Pty) Ltd Witzenberg Pals (Partners in Agri Land Solutions) PBO Hortgro POME

JH le Roux (47)	Independent non-executive director	
Appointment date:	April 2014	
Qualifications:	CA(SA), HDip (Tax)	
Committee membership:	Finance (chairman)	
Other board memberships:	Bakenskraal Investments (Pty) Ltd Capespan Group (Pty) Ltd Zaad Holdings Ltd Zeder Africa (Pty) Ltd	Zeder Corporate Services (Pty) Ltd Zeder Financial Services (Pty) Ltd Zeder Investments Ltd Zeder Management Services (Pty) Ltd

B Mathews (53)	Independent non-executive director	
Appointment date:	September 2022	
Qualifications:	CA(SA), HDip (Tax)	
Committee membership:	Audit and Risk Social and Ethics	
Other board memberships:	Ca Vie Investments (Pty) Ltd Casamiento (Pty) Ltd	Metair Investments Ltd WAT Trust

EA Messina (64)	Independent non-executive director	
Appointment date:	March 2017	
Qualifications:	BA (Hons), MA (Southern African Studies), MA (History), DPhil (History)	
Committee membership:	Social and Ethics (chairman) Nomination	
Other board memberships:	Cape Town Radio (Pty) Ltd Du Toit Group (Pty) Ltd Groot Constantia Trust * *Resigned July 2022.*	TFC Operations (Pty) Ltd TFC Properties (Pty) Ltd* Zagrows Agri Investments (Pty) Ltd

WC Michaels (49) — Independent non-executive director

Appointment date:	August 2017
Qualifications:	BSc (Hons), MSc, PhD (Polymer Chemistry)
Committee membership:	N/A
Other board memberships:	MThreeC (Pty) Ltd

CA Otto (73) — Independent non-executive director

Appointment date:	November 2011	
Qualifications:	BCom, LLB	
Committee membership:	Audit and Risk (chairman) Remuneration (chairman) Nomination	
Other board memberships:	Capitec Bank Ltd Capitec Bank Holdings Ltd Distell Group Holdings Ltd Kalander Kapitaal (Pty) Ltd	PSG Group Ltd Zeder Financial Services Ltd Zeder Investments Ltd

GW Sim (52) — Financial Director (executive)

Appointment date:	August 2015	
Qualifications:	CA(SA)	
Committee membership:	Finance	
Other board memberships:	Agriplas (Pty) Ltd Empowerment and Transformation Investments (Pty) Ltd KAL Corporate Services (Pty) Ltd Kaap Agri (Aussenkehr) (Pty) Ltd Kaap Agri Bedryf Ltd Kaap Agri (Namibia) (Pty) Ltd * *Resigned July 2022.*	Mirage Motors (Pty) Ltd Tego Plastics (Pty) Ltd TFC Operations (Pty) Ltd TFC Properties (Pty) Ltd* PEG Retail Holdings (Pty) Ltd PEG Management Services (Pty) Ltd PEG Highway Operations (Pty) Ltd

HM Smit (59) — Independent non-executive director

Appointment date:	November 2011
Qualifications:	BEcon, MA (Town and Regional Planning)
Committee membership:	Finance Social and Ethics
Other board memberships:	B&B Farms (Pty) Ltd FG Farms (Pty) Ltd HM Smit Boerdery (Pty) Ltd

GM Steyn (63)	Independent non-executive director (chairman)	
Appointment date:	May 2012	
Qualifications:	BA (Law), LLB	
Committee memberships:	Remuneration Nomination (chairman)	
Other board memberships:	Agristar Holdings (Pty) Ltd Du Toit Group (Pty) Ltd (chairman) Econo Foods Holdings (Pty) Ltd George & Miets Beleggings (Pty) Ltd GMS Beleggings (Pty) Ltd	Leopard Creek 21 (Beleggings) (Pty) Ltd Neusberg Boerdery (Pty) Ltd NS Beleggings (Pty) Ltd RCL Foods Limited Stellenkaroo (Pty) Ltd

S Walsh (56)	CEO (executive)	
Appointment date:	November 2011	
Qualification:	BEcon (Hons)	
Committee membership:	N/A	
Other board memberships:	Agriplas (Pty) Ltd Kaap Agri Bedryf Ltd Kaap Agri (Namibia) (Pty) Ltd Newco Water (Pty) Ltd	Tego Plastics (Pty) Ltd PEG Retail Holdings (Pty) Ltd PEG Management Services (Pty) Ltd PEG Highway Operations (Pty) Ltd TFC Operations (Pty) Ltd

KAL Corporate Services (Pty) Ltd (Reg No. 2020/841850/07)	Company Secretary
Appointment date:	November 2020
Directors:	T Sulaiman-Bray and GW Sim

APPROACH TO COMPLIANCE

The Group recognises its responsibility to comply with all applicable laws and adheres to industry charters, codes and standards.

There were no contraventions of agricultural law, penalties or fines reported during the year. To the Group's knowledge, no material legal, arbitration or pending proceedings are in progress. For more information on our compliance approach (including the roles of the Compliance Officer, Audit and Risk committee and internal audit), refer to the risk report on page 66, and our full online governance report at www.kaapagri.co.za.

To the best of their knowledge, the Kaap Agri directors have confirmed that Kaap Agri complied with the provisions of the Companies Act and operated in accordance with the Company's Memorandum of Incorporation ("MOI") during the year under review.

CONFLICTS OF INTEREST

All Board members are required to state any possible conflicts of interest, financial or otherwise, at the start of each Board meeting. This includes members with interests in periphery businesses interacting with the Group. Refer to pages 88 and 130.

All Board members are prohibited from gaining any undue benefit from their position as outlined in the Board mandate subscribed to by each member.

The Kaap Agri dealings in securities policy has an annexure stating directors, prescribed officers, and the Company Secretary must obtain permission to deal in securities. Details of any dealings must be disseminated on SENS. Certain employees, identified by the CEO, must also obtain permission to deal in securities. Employees are further directed by policies on private interests, extramural activities, and external remuneration to avoid conflicts of interest. The Group has a gift registry for registering tangible and intangible gifts.

More information is available in our full governance report at www.kaapagri.co.za.

COMMITTEES AND THEIR ROLES IN THE GOVERNANCE STRUCTURE

The Group's committees facilitate the discharging of certain Board responsibilities with oversight, guidance and governance application in specific mandated areas. Each committee chairman reports to the Board to ensure comprehensive insight and appropriate decision-making at Board level. See pages 55 to 58 for a profile of each Board member.

EXPANDING OPPORTUNITIES FOR EMPOWERMENT

Since its establishment in 2011, the Kaap Agri Bedryf Employee and Farm Worker BEE Trust have changed the lives of hundreds of disadvantaged employees with revolving home loans, financial assistance towards education for employee dependants, and worthy community initiatives.

> *Things I am doing differently now is that I am planning before I start planting. When I start planting, I already have the end-user earmarked or the market secured. I'm more focused on the importance of soil analysis before starting the planting process."*
> *– Lindy Kraak de Vos, Kaap Agri Graduate, Class of 2021*

Empowering a new generation

The Kaap Agri Academy empowers new-generation farmers with a focus on contributing to the transformation of South African agriculture. The Academy's Farmer Development Programme offers an introduction to commercial farming. It is one of only a handful of organisations that provide a learning pathway for new-generation farmers.

Thirty-two farmers received national certificates in mixed farming, animal production and plant production at the Kaap Agri Academy in Porterville this year. The graduates showed great commitment and persevered despite the challenging circumstances brought on by the pandemic.

Lindy Kraak de Vos is a vegetable farmer in Mamre and was the top achiever in the plant production programme. Her farm, Driftshoogte, specialises in spinach, carrot and beetroot. As for many of our Academy graduates, Lindy believes the programme has given her the knowledge and skills to confidently enter the market and make a meaningful impact on her community.

Committee summary

Committee	Members[1]	Meetings attended
Audit and Risk committee ("the committee") Total meetings: 2	> Chairman: CA Otto[2]	2/2
	> BS du Toit[3]	2/2
	> D du Toit[3]	2/2
	> B Mathews[4]	0/2
	Invitees	
	> GM Steyn – Independent non-executive director	
	> JH le Roux – Independent non-executive director	
	> S Walsh – Executive director (CEO)	
	> GW Sim – Executive director (Financial Director)	
	> GC Victor – Group Manager: Finance	
	> P Steyl – Executive Manager: Internal Audit	
	> A Hugo – External auditor, PwC	

Mandate

The committee assists the Board by providing an objective and independent view of the Group's finance, accounting and control mechanisms.

During the year, the committee actioned the following:

- Reviewed the Group's accounting policies and is satisfied the policies are in line with generally accepted accounting principles.
- Appointed the external auditor and monitored its effectiveness monitored. This included ensuring the use of the external auditor for non-audit services was kept to a minimum.
- Reviewed and approved the integrated report and the annual financial statements included therein.
- The committee considered the following as significant regarding the annual financial statements: credit risk (in particular debtors), management of stock and business combinations.
- Focused on ethics and governance, controls, provisioning, impairment, tax compliance, correctness and accuracy. The Group addressed these considerations through proper provisioning in terms of existing policies.
- Approved the Group's internal audit plan.
- Considered presentations by internal audit on ethics, governance and controls, and management reports on operational and financial matters. The committee deems the Group's internal financial controls adequate.
- Reviewed the Group's risk, controlled environment and governance assessments. This was done to ensure risks are properly addressed and the level of compliance, with proper governance, is aligned with expectations. The committee is satisfied with the outcome of these evaluations.
- Reviewed the external auditor's reports and took appropriate actions.

[1] *All committee members are independent non-executive directors.*
[2] *Re-appointed to the committee at the AGM held on 10 February 2022 and chairman from 4 May 2017.*
[3] *Re-appointed to the committee at the AGM held on 10 February 2022.*
[4] *Appointed to the committee on 22 September 2022.*

Committee	Mandate
Audit and Risk committee (continued)	> The Group confirmed its going concern status, compliance with applicable legislation and requirements of regulatory authorities. > In terms of risk management (through consultation with the external auditor), the committee ensured management's processes and procedures were adequate to identify, assess, manage and monitor Group-wide risks. > The committee recommended the external auditor's re-appointment and determined its compensation. The external auditor, PwC, has provided audit services to the Group for 86 years. The committee is satisfied the external auditor is independent of Kaap Agri, as set out in section 94(8) of the Companies Act, and suitable for re-appointment by requesting and considering, among other things, the information stated in paragraph 22.15(h) of the JSE Listings Requirements. > The audit partner used by PwC is regularly rotated, and the committee is satisfied with the arrangements for the external audit and the effectiveness of JA Hugo, the designated auditor. The committee deemed the quality of the audit performed this year satisfactory. The independent auditor's report indicates that the Group's financial statements fairly reflect the company's financial state according to IFRS and Companies Act requirements. In compliance with legislative and JSE requirements, the Group rotates to a new audit partner every five years. > The committee appraised and satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements that the Financial Director and Group finance function have the appropriate expertise and experience. The Financial Director drives the overall effectiveness of the Group's finance function. > The committee is satisfied that appropriate financial reporting procedures are implemented and operating as contemplated under paragraph 3.84(g)(ii) of the JSE Listings Requirements. > The Group's combined assurance model ensures actions are aligned with good governance management, and the committee deems it effective.

Committee	Members[1]	Meetings attended
Remuneration committee ("the committee") Total meetings: 4	> Chairman: CA Otto > GM Steyn > D du Toit ***Invitees*** > S Walsh – Executive director (CEO) > GW Sim – Executive director (Financial Director) > DC Gempies – Director: HR (subsidiary – Kaap Agri Bedryf Ltd)	4/4 3/4 3/4
Mandate		
The committee reviews and approves executive directors' and senior management's remuneration. The committee is also responsible for succession planning. The committee assisted the Board in reviewing non-executive directors' remuneration recommendations in line with local and international best practice. This was done to ensure such remuneration is fair and reasonable to the directors and the Group. More information about the committee and the Group's remuneration practices is available in the remuneration report on page 34.		

[1] *Committee members are independent non-executive directors.*

Committee	Members[1]	Meetings attended
Nomination committee ("the committee") Total meetings: 1	> Chairman: GM Steyn > CA Otto > EA Messina ***Invitee*** > S Walsh – Executive director (CEO)	1/1 1/1 1/1
Mandate		
The committee assists the Board in ensuring it has the appropriate composition in terms of structure, size, diversity, skills and independence to effectively execute its duties. When identifying suitable candidates for appointment to the Board, the committee considers candidates on merit against objective diversity criteria. The Board regards diversity as extremely important and adopted a broader diversity policy, specifically focusing on promoting diversity attributes of gender, race, culture, age, field of knowledge, skills, and experience. The Board will continue to work towards a more representative Board and committee composition. One new appointment was made during the year. Ms B Mathews was appointed to the Board as an independent non-executive director and a member of the Audit and Risk committee and the Social and Ethics committee, subject to shareholder approval at the AGM to be held on 9 February 2023.		

[1] *Committee members are independent non-executive directors.*

Committee	Members[1]	Meetings attended
Social and Ethics committee ("the committee") Total meetings: 2	> Chairman: EA Messina	2/2
	> T Sulaiman-Bray	2/2
	> HM Smit	2/2
	> B Mathews[2]	0/2
	Invitees	
	> S Walsh – Executive director (CEO)	
	> P Steyl – Executive Manager: Internal Audit	
	> DC Gempies – Director: HR (subsidiary – Kaap Agri Bedryf Ltd)	

Mandate

The committee monitors the Group's activities regarding its social and economic standing and development, good corporate citizenship, SHEQ, consumer relationships, labour and employment, and compliance with applicable laws set out in the Companies Act and other regulations.

The committee reported on matters within its mandate and brought matters of relevance to the Board's attention.

Read more about social and community investments in the Social and Ethics committee report on page 72.

The committee's work plan focus areas include:

- B-BBEE and employment equity
- Socio-economic Development Programmes
- Protection of the company's brands and relations with stakeholders
- Labour and employment matters regarding acceptable working conditions and the company's contribution towards the educational development of its employees
- SHEQ, including monitoring existing policies within its mandate, the 10 principles set out in the United Nations ("**UN**") Global Compact, corruption and ethics

The following matters received particular attention:

- Discussed and evaluated the company's whistleblowing process
- Attended to the fraud prevention policy
- Feedback on our sustainability focus areas, environmental initiatives and sponsorships
- Plan to maintain a level 4 B-BBEE status and considered the Group's B-BBEE score
- Attended to BEE recognition levels and appointments regarding employment equity
- Noted socio-economic development programmes
- Received working conditions applying to Kaap Agri employees and regarding applicable laws and regulations
- Reviewed legislation, regulations, compliance with policies and training relevant to SHEQ
- Transformation and ethics remain core focus areas

1 *Majority of the committee members are independent non-executive directors.*
2 *Appointed to the committee by the Board on 22 September 2022, subject to approval at the AGM to be held on 9 February 2023.*

Committee	Members[1]	Meetings attended	Mandate
Finance committee ("the committee") Total meetings: 2	> Chairman: JH le Roux > GW Sim > HM Smit > NS Loubser[2] > HS Louw[2] > WG Treurnicht[2] ***Invitees*** > DW Beukes – Group Manager: Financing Services > S Walsh – Executive director (CEO) > Other members of the financing services department as and when required	2/2 2/2 2/2	The committee ensures the Group's financing activities are efficiently managed. The committee is responsible for approving and refining the credit policy and exercising final authority over certain high-value applications where the amount exceeds the officials' authority. The committee also establishes a decision-making framework for the financing services department. In terms of the credit policy, the financing services department has the authority to obtain underlying securities from individuals who apply for credit. Accordingly, it is the committee's task to conduct credit screenings, evaluate credit risks and register underlying securities aligned with its approved credit policy.

[1] *Two committee members are independent non-executive directors.*
[2] *NS Loubser, HS Louw and WG Treurnicht are not Board members but are co-opted members of the committee.*

The Group's committees are satisfied they have fulfilled their responsibilities according to their respective mandates.

Board efficiency

Ethical and effective leadership rests on the appropriate recruitment, evaluation, training and rotation of Board members. The most significant challenge for the business is formalising and documenting practices effective in governing Kaap Agri. This includes our approach to recruitment, evaluation, training and rotation.

Recruitment	The Nomination committee provides clear policies on recruitment and criteria for selecting appropriate candidates in line with the company's MOI provisions. Directors are nominated by the Board and elected at the AGM for three years. One-third of the directors must retire by rotation at each AGM (or other general meetings held annually).
Rotation	The Nomination committee is responsible for reviewing the Board's composition regarding diversity attributes such as race, gender, culture, age, field of knowledge, skills and experience.
Induction	An induction policy detailing the principles applicable to the formal induction of new directors is in place.

More information about our approach to training and evaluation is available in our full governance report at www.kaapagri.co.za.

Company Secretary

The Company Secretary co-ordinates the functioning of the Board and its committees. This includes advising the Board on matters of legal and regulatory compliance. The Group is satisfied these arrangements are effective, and the Company Secretary has unencumbered access to the Board. Kaap Agri believes an appropriate arm's length relationship exists between the Company Secretary and the Board.

In November 2020, the Group appointed KAL Corporate Services (Pty) Ltd to hold the office of Company Secretary. The Board ensured the company adhered to the provisions of section 87(1)(a) and 87(1)(b) of the Companies Act.

The Board's mandate allows professional corporate governance training to be accessed independently or through the Company Secretary.

The Board considered and satisfied itself on the competence, qualifications, and experience of the Company Secretary.

Executive committee

Kaap Agri's Executive committee meets bi-monthly. The committee is responsible for assisting the CEO in implementing the Group's strategy. The CEO is further responsible for operational planning, control and implementation. The Board appoints the CEO on the recommendation of the Nomination committee.

Risk report

The Board of Directors is accountable for governance and risk management and is supported by the Audit and Risk committee. The Board considers business risks when drafting strategies, approving budgets, and monitoring progress against budgets. The audit and risk committee monitors and reports on the effectiveness of the risk identification, assessment and management process. The committee meets twice a year.

The Group considers governance of top business risks as a high priority. Its focus is on risks with a high impact on the business and/or a high probability of occurrence, taking the Group's risk appetite into consideration. Our risk appetite refers to the nature and extent of the risks we are willing to incur to achieve our strategic objectives. The risk appetite considers, among others, revenue growth, earnings sustainability, environmental impact, employee well-being, health and safety, and value-creation for all stakeholders. The Group reviews the risk appetite and tolerance regularly by considering the potential impact of key risks and the mitigating actions and controls. Strong governance and risk management enable early detection of potential risk events, allowing for suitable and proactive responsiveness.

The Group's diversification across income streams, geographic regions, and product ranges enables it to mitigate the impact of various challenges partially, such as climatic impacts and weak economic conditions. This diversification, combined with the Group's achieved scale, protects the Group from negative impacts while contributing to its ongoing and sustainable value creation.

The implementation of risk management lies with management and staff. The business has a Group-wide risk assessment process escalating material risks to a Group risk register. The Group risk register includes a detailed list of risks that could impact the business.

The executive team and senior management identified, assessed, and prioritised the top business risks. The risks were rated based on their likelihood and impact (inherent risk) and the strength of the controls implemented to address them to arrive at a residual risk rating.

Risks are ranked according to a combination of impact and probability. Risks that may potentially have the most significant impact on Kaap Agri's ability to achieve its strategic objectives over time are described in more detail below.

The Group's strategic focus areas, aimed at improving value creation, are:

G

GROWTH

Through upgrades and expansions, footprint expansions, strategic alliances, mergers and acquisitions and B2B and B2C initiatives

O

OPTIMISATION

Of all business segments, supply chain, corporate support services, and customer relationship management, focusing on ROIC and EVA enhancement

L

LEVERAGING CULTURE AND DIVERSITY

Through performance acceleration, talent value management and the leverage of people and BBBEE

D

DIGITAL TRANSFORMATION

Through e-commerce, online account and payment solutions using new concepts and technologies and ERP modernisation

These strategic focus areas are impacted by the top risks as indicated below.

The risk movement from the prior year is reflected as:

↑ Increased risk ↔ No change ● New risk ↓ Decreased risk

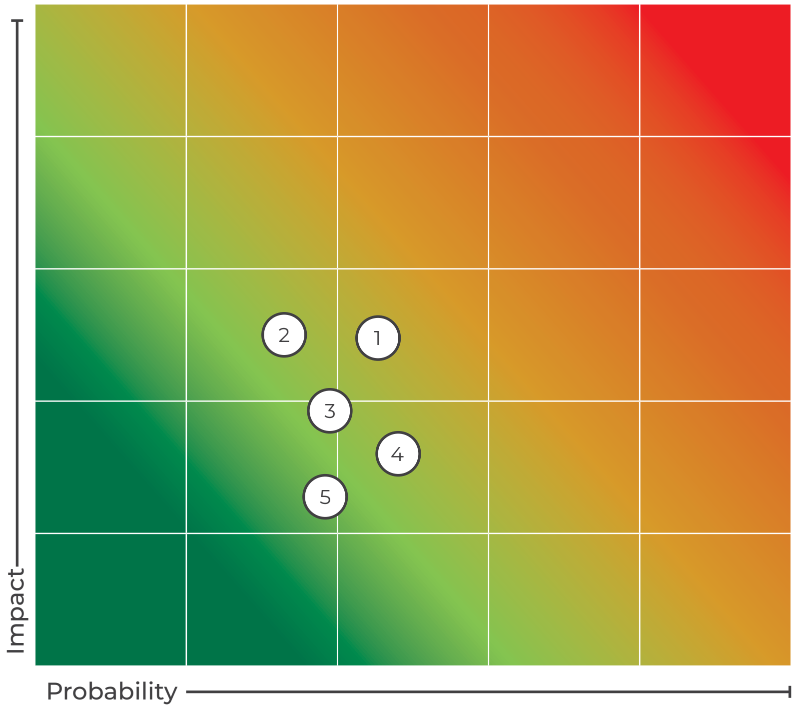
Number	Risk	Description	Mitigating actions	Strategic focus area
1 ↑	Information Technology ("**IT**") and cyber-related risk	> As a retailer and trader, we heavily depend on our computer systems to facilitate trade and secure personal information > Disruption of our IT environment would have a major influence on our ability to service our customers > The Protection of Personal Information Act, 4 of 2013 has strict regulations regarding the protection of personal information that require a sophisticated and secure IT environment > The enterprise resource planning ("**ERP**") system in its current format may not support all business requirements as our business expansion progress and complexity increases	> Detailed IT governance framework > Access to systems, infrastructure and the network is restricted and protected > Disaster recovery programmes > Key systems are monitored for uptime, performance and capacity > Third-party data centre used, compliant with industry best practice > Offline servers at retail sites to enhance service > Redundant network communication channels exist for certain branches > Automated data backups > ERP modernisation project > Cybersecurity is critical and actions are in place to continuously strengthen the Group's security environment. This includes a dedicated IT security team working in conjunction with market-leading specialist external security providers, vulnerability monitoring and security reviews, ongoing software upgrades and patching, and Group-wide cyber risk awareness education	
2 ↓	Adverse political conditions and regulatory pressure	> Political uncertainty and the influence on the macro-economy > Onerous B-BBEE accreditation requirements could have a negative impact, especially within the fuel environment > Land expropriation without compensation could have a significant and devastating impact on our agricultural customer base	> Proactive engagement with stakeholders to understand the new proposed amendments > Continuous monitoring and implementation of dedicated plans to ensure the relevant empowerment status. The Group is a verified level 4 B-BBEE contributor > TFC has been empowered as one of the leading black-owned fuel retailers in the country with direct black ownership exceeding 50% > Monitoring of compliance with laws and regulations > Product, supplier, and customer diversification > Member of the Agricultural Business Chamber ("**Agbiz**")	

Number	Risk	Description	Mitigating actions	Strategic focus area
3 ↑	Financial Sustainability	> Inability to meet strategic financial targets due to economic pressures, constrained consumer confidence and higher fuel prices > Climate conditions negatively impacting the performance and financial position of agricultural customers	> Monitoring of key economic indicators in our operating markets > Expansion and upgrade of existing stores, and new acquisitions and mergers to increase market share. Detailed pre-acquisition feasibility modelling and post-acquisition performance reviews > Manage short- and long-term incentives linked to sustainable value creation for stakeholders > Geographic, customer and product diversification > Investment into central procurement and logistics to support and optimise our retail offerings > Focus on operational efficiencies and cost management > Proactive cash flow and debt management with appropriate funding optimisation > Reducing the cost to serve by continuously improving and optimising systems and business processes > Member of the Agbiz	
4 ↓	Extended impact of a major health pandemic	> Extension and/or resurgence of COVID-19 or a similar pandemic that could have a significant impact on financial performance, social stability, and consumer behaviour	> The COVID-19 task team, led by the Group SHEQ Manager, to assist management with health and regulatory compliance and business continuity > Workplace policies have been implemented, with improved standard operating procedures and health protocols, including remote work practices where appropriate, to protect stakeholders and ensure business continuity > Accelerating the digital transformation process, to support remote work practices and enhance cashless, card-less and contactless customer engagements > Reviewing capital expenditure and having the ability to flex working capital and capital expenditure requirements	

Number	Risk	Description	Mitigating actions	Strategic focus area
5	Bad debts	> Material default of one or more significant debtors due to natural causes, drought, crop failure, fraud or sequestration	> Appropriate credit policies and risk evaluation processes > Regular review of debtors by the Finance committee, consisting of key management and independent members with expert knowledge of financial and agricultural conditions within our geographical operating areas > Wide product range and geographical spread of debtors > Experienced and knowledgeable centralised credit vetting staff with decentralised credit relationship managers > Appropriate securities > Credit default insurance on selected debtors > Customised digital processes and computer platforms to facilitate effective credit vetting and management	

After considering the impact of mitigating measures, we believe that none of the top risks fall within a high-risk category. This is reflected in the graphic below.

Residual risk



Average risk ratings were generally marginally lower than the prior year. Information Technology became our highest-ranking risk due to the steep increase in cyber-attacks worldwide and the ever-increasing dependency on advanced computer systems to assist us in addressing our customers' ever-changing requirements.

The second risk relates to the threat of adverse political conditions and regulatory pressure. This is expected given regulatory challenges, the political landscape and policy uncertainty within South Africa, and the impact of possible changes in legislation regarding land rights.

The third risk relates to Financial Sustainability and addresses the challenging economic environment we operate in with low consumer confidence, high unemployment, abnormally high inflation, and fears of a worldwide recession.

We only included the top 5 risks in this report. The risk of bad debts slightly increased to reappear within the top 5 risks despite a rather low residual risk rating. The risk associated with the attraction and retention of customers is no longer a top 5 risk.

The Company Secretary and legal counsel are responsible for guiding the Board in discharging its regulatory responsibilities. The Audit and Risk committee monitors the process to ensure legal compliance.

Kaap Agri had no instances of significant non-compliance to legislation during the year.

The Board, by way of the Audit and Risk committee, considered the effectiveness of the risk assessment and management process, policies and procedures. The Board is satisfied with the effectiveness thereof.

CA Otto
Chairman: Audit and Risk committee

Report of the Social and Ethics committee

COMPOSITION AND ATTENDANCE OF MEETINGS

The composition of the committee and attendance of meetings are set out on page 64.

KEY FUNCTIONS AND RESPONSIBILITIES

The committee's role, function and responsibilities are prescribed by the Companies Act 71 of 2008 and further detailed in a formal charter regularly reviewed by the Board. The committee has free access to the Chairman of the Board and is empowered to consult independent expertise at company cost. In the execution of its duties according to its mandate the committee is responsible for monitoring:

- Social and economic development;
- Good corporate citizenship;
- The environment, health and public safety;
- Consumer relations; and
- Labour and employment.

The committee considered the Group's performance as responsible corporate and social role player regarding the Group's operations, specific legislation, legal requirements and best practice, as determined by its mandate, and refer the shareholders to the Social and Ethics report on page 72.

OPINION

The committee is of the opinion that the Group's compliance with social and ethical requirements conform to all legislation, as well as to society's expectations of a good corporate citizen.

The committee has fulfilled its mandate as prescribed by the Companies Regulations, 2011, and there were no instances of material non-compliance to disclose.

EA Messina
Chairman: Social and Ethics committee

Social and ethics report

INTRODUCTION

We exist because our stakeholders should benefit from our existence. This premise not only drives our commercial operations but also our approach to environmental, social and governance ("ESG") activities.

Within our business, ESG is a priority and we are attuned to the economic, social and environmental needs of the communities in which we operate. Focused on the issues most material to our business and stakeholders, we seek to deliver on ESG goals within our greatest sphere of influence.

By investing our time, money and resources, we seek to show up as a trusted community partner to demonstrate our collective impact in tackling developmental and sustainability issues in the locations where we operate. We, therefore, place equal value on our responsibility to the environment, society, shareholders and employees.

During the year, we invested R5 888 128 in programmes and projects at both corporate and branch level.

At Kaap Agri, we firmly believe education is the most powerful weapon for societal upliftment. Education and community development are key pillars of our corporate social investment ("CSI") strategy, evidenced by three of our major community interventions:

- Empowering new generation farmers and farmworkers through the Kaap Agri Academy.
- Enabling the digitisation of education in rural schools through our Virtual Classroom programme.
- Providing funding for young South Africans with academic potential through the Kaap Agri Bursary programme.

We support various community outreach programmes in our operating areas and encourage our employees to participate in community initiatives, and they do so enthusiastically. Apart from implementing formal programmes, we also endeavour to fulfil needs-based requests as they arise.

SOCIAL IMPACT: EDUCATION

Kaap Agri Academy

The Kaap Agri Academy ("the Academy") champions the empowerment of new-generation farmers and farmworkers since its inception in 2009. We are a key player in the agricultural sector, and our main focus for community upliftment is education. Therefore, the Academy's strategic approach is aligned with our core business.

As one of only a handful of organisations that provide a learning pathway for new generation farmers, the Academy focuses on offering high-quality, free academic training to students at National Qualifications Framework ("NQF") level, notably NQF2, NQF3 and NQF4 level qualifications.

Programmes run annually over several months and are attended by an average of 28 students per class. Each year's class intake is advertised publicly through a recruitment campaign on digital platforms. The programmes aim to fully equip existing and prospective farmers with practical and management skills to become commercial farmers. With the onset of the COVID-19 pandemic, the Academy adopted a blended learning approach, which included theoretical online learning and practical training.

Unfortunately, there were insufficient qualifying applications to present NQF3 and NQF4 courses this year. The intensification of the pandemic during the latter part of 2021 impacted the Academy's intake campaigns, with the result that only the NQF2 Mixed Farming programme was presented in 2022.

The Academy also trains farmworkers in a range of regulatory short courses such as welding, chemical handling, first aid, maintenance of tractors and implements, pruning, forklift training, and productivity management.

Currently, there are 27 learners enrolled in the NQF2 course, with the Class of 2021 all graduating successfully earlier this year. Our investment in the Academy for 2022 amounted to R1 395 337, and our investment since inception amounts to R9 339 117. The Academy has empowered 463 new-generation farmers since its inception.

Virtual Classroom programme

Kaap Agri introduced the Virtual Classroom programme in 2021 to bring the best technology and digital educational tools to classroom practices in semi-urban and rural schools to foster greater inclusivity in education.

Aligned with our digital transformation strategic objective and supporting the ongoing digitisation of education, the Virtual Classroom programme focuses on uplifting under-funded schools and ensuring more equitable access to quality education for South Africa's youth.

The pandemic has accelerated digital transformation in education, with more schools relying on e-learning as an essential support to traditional classroom-based teaching. In a company-first initiative, Kaap Agri has invested in the iSchool Africa programme to help rural schools on their digital learning journey. The Virtual Classroom programme is increasing teachers' and learners' information, communication and technology skills. It helps teachers follow a more learner-centred approach and encourages learners to take control of the learning process. The programme aids the transformation of classrooms into productive learning environments and ignites a renewed love for teaching. The change in teaching methodology in the classroom leads to greater student interaction and improved students' concentration levels.

With the focus on helping learners improve their numeracy and literacy skills, we created our first virtual classroom at Wemmershoek Primary School in Franschhoek, equipping the school with 20 iPads, headsets, a projector, and pre-loaded award-winning numeracy apps. The school is classified as a Quintile 1 school (a group of schools in each province catering for the poorest 20% of learners as per the Department of Education's definitions). All the students attending the school are children of farmworkers from farms in the area and the disadvantaged community of Groendal in the Western Cape.

With 191 Grade 1 to 3 learners, the development of teachers and learners in technology and e-learning is one of the school's short- to medium-term goals. The South African Council for Educators recognises the programme's teacher training component as part of Continuing Professional Teacher Development with eight teachers having been trained.

Monitoring and evaluation principles are built into the programme, with shifts in the learners' numeracy and literacy skills being key performance measures. At the start of the programme, learners completed international-level baseline tests. This year, there was a 15% improvement in the baseline tests for numeracy at Wemmershoek Primary.

> Grade 2 showed a 20% improvement. Most of the class has now achieved 80% or more compared to 50% or less in the baseline test.

> Grade 3 showed a 12% improvement. Most of the class has now achieved 80% or more, with no learners scoring less than 50%.

Moreover, the school's teachers use the iPads daily for numeracy and literacy lessons. The educators can use the iPad as part of a structured lesson and integrate sessions according to the CAPS curriculum. Two digital education champions were identified and actively assisted and trained teachers. This is very important to ensure the programme's sustainability.

Our investment in the Virtual Classroom programme amounted to R428 930, with a second virtual classroom programme planned for 2023.

Kaap Agri bursary programme

We believe education breaks the cycle of poverty for learners and their families. Through our bursary programme, we show that we care by helping dynamic and bright young leaders pursue their academic dreams. In 2022, we provided financial support to 52 learners and students. Over the past five years, 190 learners and students received bursaries through the programme, representing an investment of R8 371 816 in educational bursaries.

In total, 46 secondary school learners benefited from this programme. The young bursary holders are demonstrating great leadership potential. We celebrated the selection of one learner as Head Girl of Swartland High School and another as the Deputy Head Boy of Porterville High.

We also extended financial support to six promising tertiary students furthering their studies. Two students are pursuing a degree in law at the University of the Western Cape and the other at the University of Stellenbosch. A third student is pursuing a degree in BCom Marketing at North-West University. Two more students are attending the University of Stellenbosch High Performance Sports Unit to continue their sporting pursuits and obtain a degree. One was selected for the Maties Young Guns (u20) rugby squad. The sixth tertiary learner is completing her MSc Agric degree at the University of Stellenbosch.

The gender split for existing bursaries is 61% female and 39% male. Awards are based on financial need and academic performance with a bias to support learners and students from the rural communities in which we operate. Bursaries are comprehensive in scope, covering full tuition fees, study tools and materials, and accommodation and transport, where required. Due to our commitment to existing beneficiaries, new bursaries will only be awarded once existing beneficiaries have matriculated and/or graduated.

The 2022 investment in educational bursaries for secondary and tertiary education amounted to R2 355 508.

Nelson Mandela Children's Fund

In 2019, Kaap Agri committed to donating R100 000 for three consecutive years to the Nelson Mandela Children's Fund ("Fund"). The Fund focuses on childhood development, youth leadership and education. These areas are aligned with Kaap Agri's CSI ideals, and Kaap Agri has entered into another three-year term with the Fund to donate R100 000 for the next three consecutive years, commencing in 2022. The Fund recognised Kaap Agri's contribution and awarded us Globetrotter status.

The Fund, through its Child Safety and Protection programme, partnered with the Goedgedacht Trust to reduce young people's vulnerability to violence by empowering them with education. Kaap Agri's funding enabled the two organisations to implement afterschool programmes at the Trust's Path onto Prosperity ("POP") centres.

POP centres

Kaap Agri's funding supported two POP centres in Riebeek Kasteel and Riebeeck West. These centres commenced operation on 1 February 2020 and follow a weekly programme of homework support, reading activities, mathematics lessons, life skills development, sports and music training.

As part of the weekly plan, learners receive a nutritious meal three times a week when attending classes at the POP centre.

The centres provided homework support and mathematics classes to 168 primary and 25 high school learners. The learners also received reading lessons to improve their literacy skills. The centres also provided a space for high school learners to study and prepare for their exams.

> 70% of the learners achieved an improvement in their literacy scores.

> 24% of the high school learners achieved improved mathematics scores.

During the lockdown periods, the POP centres continued to accommodate learners after school, and when school was closed, on alternate days.

The centres also supported families in need by providing:

> School uniforms: 68 learners

> School shoes: 75 learners

> Stationery: 50 learners

School support project – Robotics and Coding

The digitisation of education also includes equipping learners with the skills for the fourth industrial revolution era, whereby technologies such as robotics, artificial intelligence, autonomous vehicles, and smart automation devices will merge with everyday human life. To remain competitive as a country, Kaap Agri recognises the importance of giving future generations access to technology education so they can thrive in the digital age.

Kaap Agri invested in a robotics programme at Louw Gericke Primary School in Ceres. The school uses Resolute Robotics to supply the materials and curriculum for its robotics programme, including comprehensive teacher training and continuous school and technical support. Fifty students were enrolled in the programme this year. The total value of the support was R97 765, which included funding for start-up kits, including coding devices, tablets and programmable robot balls.

SOCIAL IMPACT – COMMUNITY

COVID-19 initiatives

At the start of the year, the COVID-19 pandemic still dominated the health, social and economic arena, and Kaap Agri intensified its support for vaccination drives. Internally, the company hosted a competition to encourage employees to get vaccinated. We also supported health departments and community organisations in increasing vaccine confidence and uptake.

Kaap Agri continued its support of the Mobile Ceres Vaccination Unit spearheaded by the Witzenberg Municipality and Western Cape Department of Health. Six individuals were seconded to the matron at Ceres Hospital. They were able to administer COVID-19 vaccines to farmworkers by registering them and providing the vaccine at various farms and packhouses in the region. These individuals consisted of two registered nurses and four administrative support staff. Kaap Agri provided two laptops and data cards to the nurses and paid the six individuals' salaries. Travelling distance, limited access to vaccine sites, lack of public transportation, and work and family care duties make it hard for some people, especially agri-workers, to get vaccinated.

The intervention continued until February 2022, and during that time, we reached 256 farms and packhouses, with a total of 33 969 vaccinations administered.

The total value of the contribution was R330 882.

Porterville community project

The Porterville Community Association has supported people in dire need for 19 years. Kaap Agri is a founding member of the association, and we play a major role in ensuring its sustainability. The association's wheat cultivation project has made a difference in the local community since its inception in 2003. The local municipality supports this initiative by availing 22 hectares of land to plant wheat.

Kaap Agri's representatives serve on the association's committee. To ensure the project runs smoothly, they provide support for detailed co-ordination and administrative duties. Several local suppliers are also involved in the project. The suppliers contribute seeds, chemicals, fertiliser, services and implements, among other things.

The 2022 beneficiaries were the Porterville primary and high schools, ACVV Huis Nerina (a local retirement home) and Badisa (a social services organisation). The total profits generated and distributed from this grain project amounted to approximately R200 000.

For the past 19 years, we distributed funds amounting to R1,8 million.

Conservation Agriculture

Kaap Agri supported the Jack Human Conservation Agriculture Conference produced by Landbouweekblad in August 2022. Delegates – farmers, students and researchers – attended a lecture day at Nooitgedacht Wine Estate near Stellenbosch and a practical day at Tygerhoek Research Farm near Riversonderend.

International and South African experts and farmers shared their research, practical advice, stories and observations on topics such as soil microbial community characteristics and the planting of cover crops. On Tygerhoek the delegates could inspect various trials and see cutting-edge research in practice, such as regenerative trials and cover crops for grazing.

The total value of the contribution was R20 000.

Community initiatives

Apart from implementing formal programmes, we also endeavour to fulfil needs-based requests as they arise. Some of these community projects are highlighted below:

Beneficiary	Region	Value	Initiative
Agri SA Disaster Relief	Northern, Eastern and Western Cape	R100 000	Following a severe locust outbreak, Kaap Agri donated funds for aerial support required to prevent further damage to and destruction of various crops and vegetation, thus helping to protect food security in our country.
Durbanville Children's Home	Cape Town Metropole	R54 948	Supporting one of South Africa's oldest children's homes through donation of ready-made meals, bedding and toiletries in recognition of Youth Day.
Hope@Swartland	Swartland	R50 000	Kaap Agri supported 25 Grade 12 learners to receive additional mathematics and science education, facilitated by the University of Stellenbosch.
Rally to Read – teacher training programme	Overberg	R50 000	Kaap Agri supported an intervention to empower teachers to increase literacy levels in 10 rural schools.
Growbox Wholesale Nursery	Cape Town Metropole	R7 900	Hosting World Food Day and World Soil Day sessions, educating 30 local residents of Hanover Park who are interested in urban and micro-farming.
Kinderland Academy – ECD practitioners training programme	Swartland	R19 000	Kaap Agri supported Kinderland Academy to train 50 ECD practitioners to improve the quality of maths teaching and learning of 700 children in the Swartland region.

Local community projects

In addition to Kaap Agri's formal corporate CSI programmes, the Agrimark retail branches regularly reach out to their respective communities supporting local farmer associations and grassroots needs of schools and local community associations.

Projects were completed in Durbanville, Wellington, Citrusdal, Vredendal, Graafwater, Koue Bokkeveld, Ceres, De Doorns, Worcester, Robertson, Franschhoek, Paarl, Philippi, Porterville, Riebeeck West, Malmesbury, Moorreesburg, Klipheuwel, Caledon, Bredasdorp, Montagu, Barrydale, Pofadder, Augrabies, Kakamas, Keimoes, Kanoneiland, Kuruman, Upington, Brandvlei, Garies, Kamieskroon, Kliprand, Loeriesfontein, and Groblershoop.

While branch outreach projects may not represent significant financial spend, our stores are at the heart of our communities and can galvanise support for impactful projects. Notably, Agrimark Upington established a strong relationship with a Northern Cape radio station and participated in their Donation Drop-off project in July 2022, whereby the store secured support from customers to donate blankets, clothes and perishables for the Association for Persons with Disabilities.

The Remuneration Department also supported the 16 Days of Activism against Women and Children campaign by distributing gift packs that contained essentials such as a winter blanket, toothbrush and toothpaste, face cloth and a chocolate slab to the 18 vulnerable children at Elkana House in Malmesbury.

Another example is in the Witzenberg district, where the divisions in Ceres supported the Ceres Business Initiative with the Entrepreneurship programme that will create more decent work and economic growth for the town and the region.

The total spend for 2022 on community projects at branch level amounted to R257 500.

Kaap Agri Bedryf Employee and Farm Worker BEE Trust

During the year, the Kaap Agri Bedryf Employee and Farm Worker BEE Trust distributed R4 175 552 to various underprivileged beneficiaries. This amount included interest-free loans to employees for home and security-related improvements and bursaries for employee dependants.

B-BBEE TRANSFORMATION REPORT

Leveraging transformation remains a key strategic imperative and differentiator for the Group.

Kaap Agri measures its B-BBEE status against the AgriBEE sector codes determined by the Department of Trade, Industry and Competition.

Kaap Agri's B-BBEE goals

Kaap Agri's objective is to obtain a level 4 B-BBEE status with procurement recognition of 100%.

An overview of the Group's progress is outlined below.

Ownership

Kaap Agri achieved 24,48% for black ownership and 9,32% for black women ownership.

The Kaap Agri Bedryf Employee and Farm Worker BEE Trust

5% of Kaap Agri's shares were issued to the Kaap Agri Bedryf Employee and Farm Worker BEE Trust ("Trust"). The income beneficiaries are Kaap Agri employees, farmworkers, their families and local communities. Five trustees are appointed to manage the Trust, three of whom are independent. Fifty percent of the Trust income received is used to repay Trust debt. The Trustees resolved to retain 15% of the remaining distributable income in an interest-bearing investment account for future investments, with the remainder distributed to beneficiaries.

In 2021, The Trust decided to increase the dividend amount for distribution to increase beneficiation. The range of beneficiation was also broadened to include the education (in a broad sense) of the dependants of Kaap Agri employees. This includes early childhood development, primary, secondary and tertiary education, educational tools, and student allowances (books, stationery, computers, uniforms, etc.). The expanded range of benefits also includes providing infrastructure support to schools, transport to and from schools where the need is identified, and special needs support for learners with disabilities.

The benefits also include community development through community outreach programmes supporting the needs of children, the elderly and disadvantaged communities in which Kaap Agri operates, sport and cultural pursuits, and adult education. The Trust amended the existing interest-free home loan facility to include ancillary items such as rental deposits, security features to primary residences, and improvements to primary residences.

The Trust also provided funding to qualifying employees of the designated group through an interest-free revolving home loan fund, with the repayment period extended to a maximum of 24 months. During 2022, 48 employees benefited from this fund, and R1 185 782 was awarded to applicants. Of these employees, 42% were women, many of whom were single parents and sole breadwinners.

The Trust supported 172 qualifying employees with funding as per the below table for education, sport and culture, and housing grants, of which 45% were male, and 55% were female beneficiaries.

Upon motivation from indigent employees unable to secure a home loan, the Trust provided housing grants on an exceptional basis. These grants enabled employees to create a safe and more stable home environment for their families.

Financial support to beneficiaries is biased towards employees at lower salary levels with 163 employee dependants benefitting from educational support, four from sport and culture and five from housing grants. The table below provides additional detail:

Peromnes levels	**Education**		**Sport and Culture**		**Housing Grants**	
Salary levels	**Financial support to employee dependants for school and tertiary education**		**Financial support to employee dependants for sports and culture pursuits**		**Funding for transfer fees, home improvements**	
P1–2	**0**	**0%**	**0**	**0%**	**0**	**0%**
P3–4	**0**	**0%**	**0**	**0%**	**0**	**0%**
P5–7	**45 292**	**2%**	**0**	**0%**	**0**	**0%**
P8–9	**418 060**	**17%**	**0**	**0%**	**0**	**0%**
P10–11	**228 460**	**12%**	**32 575**	**75%**	**0**	**0%**
P12–14	**997 892**	**42%**	**7 901**	**25%**	**26 239**	**20%**
P15–18	**563 267**	**27%**	**0**	**0%**	**54 822**	**80%**
	2 252 971		**40 476**		**81 061**	
Number of Beneficiaries	**163**		**4**		**5**	
Total Spent – FY22	**2 374 508**					
Total Beneficiaries	**172**					

Management control

The Board is structured to ensure directors' collective skills and experience are suitable to carry out their responsibilities and achieve the company's objectives. At Board level, four of the 12 members are black, two of whom are black females.

Skills development

The Group actively participates in the Agricultural Sector Education and Training Authority ("AgriSETA"). Accreditation with AgriSETA is a priority for service providers providing skills development training across the Group. We also comply with the Skills Development Act, 97 of 1998.

We conduct several learnerships on an ongoing basis under AgriSETA. In 2022, 151 learnerships were completed. We enrolled four of the 16 unemployed learners of 2021 in a progressive learning programme in 2022. We also focused on skills development for persons with disabilities and supported 13 learnerships.

Preferential procurement

Kaap Agri has grown into a diversified agri and fuel retail services group which supplies products and services not only to our bedrock agricultural customer, but also to the homeowner, pet lover, building contractor and DIY enthusiast. In 2022, the Group increased its products purchased from B-BBEE-accredited suppliers to more than 76%.

Supplier development

Our supply chain is the backbone of our operations. The Group applies due diligence processes to ensure that supplier development investments are value-adding, aligned to our business needs, and meaningful to our partners.

Our online supplier portal and database, developed as a supplier development initiative, has become embedded in the business. The use of the portal has successfully been integrated into our day-to-day procurement activities.

The portal allows buyers to access vetted suppliers to fulfil their supply chain management requirements while suppliers gain access to markets. This year we continued to expand our online supplier portal and database by onboarding new suppliers from the Forge business following the acquisition of Partridge Building Supplies.

Supplier development also entails monetary and non-monetary contributions to the development and sustainability of black-owned enterprises' financial and operational independence. As part of the supplier development programme, a black-owned exempted micro-enterprise (a logistics business) was supported with interest-free loans to the value of R7 843 475 for a fleet of delivery vehicles to support the fuel and retail areas of our business. As a result of the support, the business has grown to 10 employees, providing employment opportunities for nine staff members over the two years of the programme.

Enterprise development

Enterprise development entails monetary and non-monetary contributions to the development and sustainability of black-owned enterprises' financial and operational independence.

The Fruit Workers' Development Trust ("Trust"), along with Empowerment and Transformation Investments (Pty) Ltd, are Kaap Agri's enterprise development beneficiaries. In support of the Trust's work, the initial repayment date for the loan afforded by Kaap Agri to the Trust was extended for an additional five years. The value of the loan is R2 million.

We also focused on developing small and micro-enterprises. Through our TFC subsidiary, we supported a logistics business to purchase a delivery vehicle through an interest-free loan of R182 000.

TFC and Kaap Agri supported a citrus farmer in Paarl, which enabled the company to expand its business. The citrus producer has been onboarded and contracted as a first-time supplier in Kaap Agri's supply chain, providing fresh vegetables and fruits to the community in Paarl and Pniel. The citrus farming project's owner is a Kaap Agri Academy graduate. The value of the interest-free loan is R200 000, which was used to purchase a tractor to help mechanise his farming activities. The tractor will ensure greater farm efficiency, especially with the spray programme and harvesting processes.

Socio-economic development

Kaap Agri's main focus areas for socio-economic development programmes are education and community development.

We encourage employees to participate in local community initiatives. This upholds the reason for Kaap Agri's existence: that all our stakeholders should be better off because of our existence.

Kaap Agri's initiatives make a difference in the communities where our stores are located. It is our top priority. During 2022, we embarked on numerous programmes at corporate and branch levels. This year, we invested donations, sponsorships and contributions of R5 888 128 in education, educational support programmes and various community upliftment programmes in our operational areas, an increase of approximately an additional R1 million relative to last year.

STAKEHOLDER RELATIONS

Our core CARE values (Communicate, Alignment, Relationships and Empowering) direct our engagement with stakeholders.

We believe our reputation rests on our responsiveness and contribution to our neighbouring communities and society at large. This allows us to deliver value to our stakeholders.

Kaap Agri's relationship with its stakeholders is entrenched and underpinned by its code of ethics.

Kaap Agri strives to have a positive economic impact on its stakeholders. This is achieved through creating wealth, employment, competitive remuneration and socio-economic development.

Stakeholder engagement is entrenched in the business through, among other things, regular direct engagements with customers, hosting and attending industry events and seminars, media relations and investor relations. We ensure communication with stakeholders is unambiguous, balanced, trustworthy and transparent.

Key stakeholders are government departments, regulatory authorities, customers, employees, investors/shareholders, suppliers, communities and the media.

Stakeholder groups that impact Kaap Agri's ability to create value are listed in the table below. The table also outlines stakeholders' interests regarding Kaap Agri's business activities.

Relationships	Means of engagement	Interests
Government and regulators		
> Provide access to markets through operating and other licences – the basis of creating value > Regulatory measures are imposed and have potential cost implications > Provide business opportunities through tenders, networking and stakeholder engagement	> Consultation and participation in public forums > Active engagement and submissions on draft regulations, white papers and bills > Engagement with industry consultative bodies > Publication of policy engagement and discussion papers	> Supporting valuable opportunities for job creation and socio-economic development, including transformation > Protecting consumer interests in cost-effectiveness, quality, the privacy of information and world-class service > Regulatory compliance on issues such as price and SHEQ > Diligent contribution to the tax fiscus
Customers		
> Purchase our products and services – the basis for growth in revenue	> Online – corporate and retail websites > Social media – Facebook and Instagram > Retail outlets > Print media and advertising on various platforms > Customer relationship management programmes > Events and activations	> Improved value proposition in customer offerings > Living the Accelerating Performance culture through customer engagement > Streamlining business processes for greater customer efficiency
Investors and shareholders		
> Provide the capital necessary for sustainability and growth	> Annual and interim results publications > Investor relations information on Kaap Agri website > Stock Exchange News Service ("SENS") announcements > Investor roadshows – twice a year > Annual general meeting ("AGM")	> Strategy to ensure sustained financial performance and growth > Responsible investment to ensure growth, manage risks and explore opportunities in various markets > Transparent remuneration policy > Responsible allocation of capital for investment and future growth > Sound corporate governance practices > Responsible dividend policy

Relationships	Means of engagement	Interests
Employees		
> Their skills, involvement, loyalty and Accelerating Performance culture make realising the reason for our existence possible – we exist because our stakeholders should benefit from our existence so we can become a leading role player in the retail sector	> Internal website > Internal publications and electronic communication > Staff communication boards > Recognition and Rewards programme	> Accelerating Performance Culture > Clear career paths and opportunities for career development > Mobilising, executing and transforming with agility > Competitive remuneration and recognition of talent > Profit-sharing scheme > Kaap Agri Trust beneficiation
Suppliers		
> Impact our ability to provide quality products at market-related prices	> Technology solutions for vendor management > Regular visits to suppliers > Audits > Supplier information days and networking opportunities > Supplier awards	> Timely payment and fair repayment terms > B-BBEE compliance in line with the latest codes and measurements > Improving SHEQ
Media		
> Voluntary: crucial role in keeping stakeholders informed of our business, including our products and services	> Face-to-face, telephonic and electronic engagement > Interviews with Chief Executive Officer ("CEO") and key executives > Media releases and product-related publicity	> Transparency > Keeping stakeholders informed of key developments and offerings
Communities		
> Ensure the long-term viability of our business and that others are better off because of our existence, by nurturing and strengthening our socio-economic operating context	> Socio-economic development programmes > Bursary programme > Kaap Agri Trust > Virtual classroom programme > Kaap Agri Academy	> Branch participation in socio-economic development programmes > Youth development and upliftment > Access to education and training through our Bursary programme > Investment in infrastructure and community upliftment > Supporting growth in the sector through farmer development and training > Supporting new-generation farmers with access to education and training

SUSTAINABILITY REPORT

We strongly believe corporate sustainability starts with our value system and a principles-based approach to doing business. We incorporate the 10 principles of the United Nations ("UN") Global Compact and a culture of integrity into our strategies, policies and procedures. This upholds our basic responsibilities to people and the planet and sets the stage for long-term success.

Kaap Agri firmly embraces, supports and enacts the UN Global Compact's core human rights, labour, environment and anti-corruption principles. Kaap Agri is also committed to an ethical code of conduct. We have a health, safety and environmental policy, and other related codes and guidelines. These may be amended from time to time, as required by applicable law.

Co-operation and dialogue with stakeholders are essential for Kaap Agri. We seek to be good neighbours and valuable community members wherever we operate. Our various business units are cornerstone employers and are important to the local community. They contribute to the fiscus through tax income, jobs, infrastructure and community development. Kaap Agri values open dialogue with neighbours, local governments and other partners, including research institutions, customers and suppliers. This is because we consider ourselves a long-term partner.

Kaap Agri is also committed to developing its business to support the ambitions of the 17 UN Sustainability Goals.

Our contribution to the UN Sustainability Goals

Aligning our sustainability and corporate social investment activities to the 17 UN Sustainability Goals ("UN SDGs") has informed our thinking to ensure we consider the broader impact of our operations and add value to the people and places we impact. This alignment and incorporation of UN SDGs in our work is a continuous process in our growth journey, and we have identified seven goals against which we monitor progress.

	2 ZERO HUNGER **Zero Hunger**	4 QUALITY EDUCATION **Quality Education and provide lifelong learning opportunities for all**	7 AFFORDABLE AND CLEAN ENERGY **Affordable and Clean Energy**
Major focus	Support feeding schemes at schools and community centres After school support programme through the Nelson Mandela Children's Fund GrowBox urban farming support initiative	> Training and development of employees as per skills development plan > Financial assistance towards education for employee dependants via the Kaap Agri Trust > Kaap Agri Bursary programme for promising young leaders across urban and rural communities > Kaap Agri Academy programmes for new-generation farmers and farmworkers > Support of e-learning and the digitisation of education in rural and peri-urban schools through our Virtual Classroom and Robotics initiatives > GrowBox urban farming support initiative > Support of schools in rural communities through the training of teachers. (Rally to Read, Kinderland Academy)	Solar and energy efficiency initiatives
Support	Supporting grassroots community initiatives to grow vegetable gardens (Growbox initiative)	Support of schools in rural communities through facilities upgrade projects	Energy efficiency through progressive light bulb replacement programme at stores

Support   Major focus

8 DECENT WORK AND ECONOMIC GROWTH **Decent work and economic growth**	10 REDUCED INEQUALITIES **Reduced Inequalities**	12 RESPONSIBLE CONSUMPTION AND PRODUCTION **Responsible consumption and production**	16 PEACE, JUSTICE AND STRONG INSTITUTIONS **Peace, justice and strong institutions**
> 76,6% procured from B-BBEE accredited suppliers > Long-term partnerships empowering supplier and enterprise development beneficiaries > Kaap Agri Academy programmes for new-generation farmers > Fair pay labour practices with remuneration above minimum industry benchmarks > Interest-free revolving home loans to employees to build sustainable livelihoods through the Kaap Agri Trust	> Financial assistance towards education for employee dependants via the Kaap Agri Trust > support of e-learning and the digitisation of education of rural and peri-urban schools; > Fair pay labour practices with remuneration above minimum industry benchmarks > Interest-free revolving home loans to employees to build sustainable livelihoods through the Kaap Agri Trust > Established employment equity plans to reduce gender, race and disability inequalities	> Using recycled material in manufacturing processes of bulk bins and encouraging customers to recycle through introduction of recycling programme at TEGO > Solar panel installation at manufacturing facilities	> KA Trust reserves built up for investment opportunity and financial sustainability > The Signing Hub implementation > Provide access to justice for all and build effective, accountable and inclusive institutions at all levels. See Governance Report
> Supported entrepreneur's development programme (Ceres Business Initiative)	> Supported feeding schemes at schools and community centres > Support of schools in rural communities through school uniform, stationery and facilities upgrade projects > Kaap Agri Academy programmes for new-generation farmers and farmworkers	> Plastic to paper/ reusable materials initiatives at retail stores > The Signing Hub digital approval platform > Supporting conservation days that focus on sustainable agriculture (Landbouweekblad Conservation Agriculture Conference)	> Supported national 16 Days of Activism Against Women and Children programme

Support   Major focus

Plastic to paper initiatives

As a retailer, Kaap Agri is committed to contributing to reducing plastic in its retail point-of-sale environments and decided to no longer stock plastic straws but only paper straws. Kaap Agri committed to donating a portion of the proceeds received for every straw sold to the organisation Sea the Bigger Picture, which runs ocean and beach clean-up initiatives. The value of the donation was R4 542.

Kaap Agri also decided to phase out single-use plastic carrier bags and has started to roll out environmentally friendly paper and tote bags this year. The bags have been developed in response to the increasing customer demand for easy recyclable and reusable alternatives. This forms part of our contribution to reducing our environmental impact. As a retailer, we are taking ownership of reducing plastic pollution. We sold an average of 2 392 paper bags and 1 548 tote bags per month.

Energy conservation initiatives

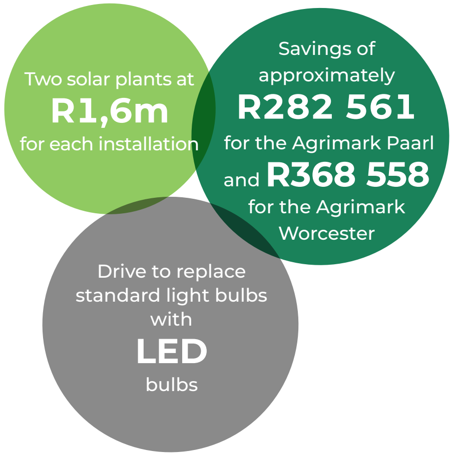
Kaap Agri expanded its use of renewable energy to achieve greater energy efficiency, enhance the customer experience, manage rampant electricity costs and erratic supply, and foster a greener mindset across its operations. As part of its energy efficiency strategy, the company has run a successful solar energy trial by using solar panels on the roofs of its two largest Agrimark branches in Paarl and Worcester at R1,6 million per installation.

Kaap Agri selected solar photovoltaic (PV) panels for small-scale embedded power generation, which presented opportunities to use renewable energy sources. The solar power project also allows branches to remain open during load shedding.

These installations resulted in savings of R368 558 from 1 October 2021 to 30 September 2022 at Agrimark Worcester and R282 561 at Agrimark Paarl. By the end of September, the CO_2 offset for both branches added up to 386 tonnes collectively, which equates to saving 2 316 trees.

Due to the increasing cost of electricity and continued load shedding, we are exploring the feasibility of a further roll-out across the branch network. We are also considering a major installation at the Agriplas manufacturing facility.

There has also been a drive across the Kaap Agri business to replace standard light bulbs with LED bulbs and replace standard air-conditioning units with water-cooling units, the initial reports of which indicate a reduction in our energy utilisation.



Recycling initiatives

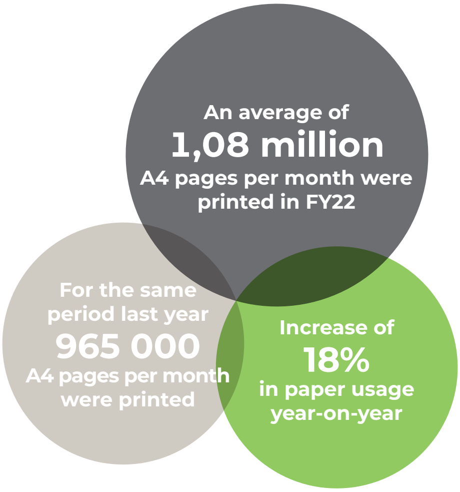
As a world-class manufacturing business, TEGO Plastics operates a fully equipped in-house recycling plant that recycles internal products and bins returned as part of the company's bin and feet exchange programme. Products which would have gone to a landfill are properly recycled and reprocessed through the recycling plant. The recycled material is used to produce recycled TEGO bulk bins and feet.

This year TEGO used over 350 tonnes of recycled material to manufacture injection moulded products. A combined 215 tonnes of recycling material went through the recycling plant in 2021 and 2022.

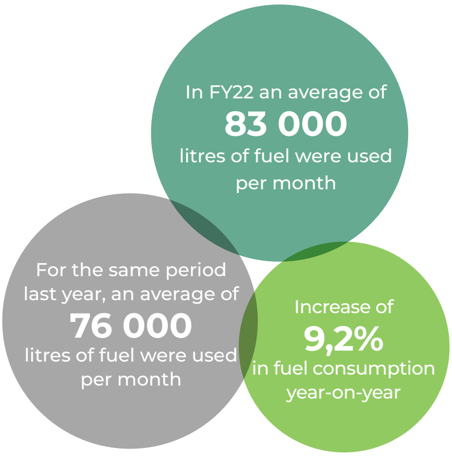
Water, electricity, paper usage and fuel consumption

In addition to energy conservation initiatives embarked on, we also focus on reducing paper usage, fuel consumption and water and electricity consumption.

Baseline tracking for A4 paper usage has been established and an average of 1,08 million A4 pages per month were printed in FY22. For the same period last year, an average of 965 000 A4 pages per month were printed. There was an increase of 18% in paper usage year-on-year. This increase can be attributed to employees returning to the office after the relaxation of COVID-19 lockdown protocols, business growth, and an increased employee base. Kaap Agri implemented a digital signature and workflow solution for document approvals to reduce the amount of printed paperwork. The Signing Hub is an auditable digital signature and approval platform and has been successfully rolled out across the business to process the approval and signatures of all documentation.

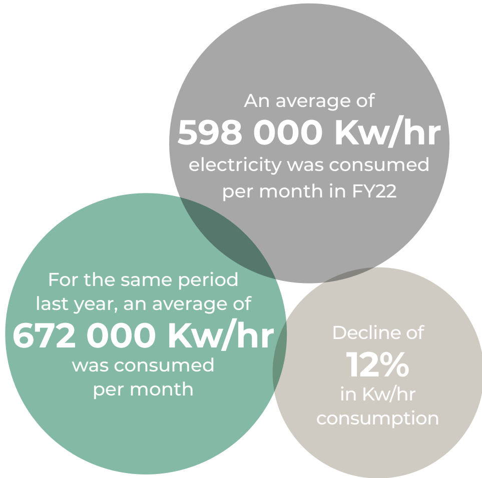


Baseline tracking for fuel usage has been tracked in respect of fuel consumed at Agri-mark branches, agri trade sites and TFC retail sites for refuelling delivery trucks, forklifts and generators. In FY22 an average of 83 000 litres of fuel were used per month. For the same period last year, an average of 76 000 litres of fuel were used per month. There was an increase of 9,21% in fuel consumption year-on-year. This increase can be attributed to more fuel usage due to load shedding. In addition, the relaxation of COVID-19 lockdown levels resulted in direct deliveries to customers returning to a more normal schedule compared to FY21 when there were restrictions on the movement of people.



Baseline tracking for water costs has been monitored and an average cost of approximately R270 000 per month was spent on water consumption in FY22. For the same period last year, an average expense of approximately R208 000 was spent on water consumption.

There has been an increase of 29% in the costs for water usage year-on-year, largely attributable to increased water tariffs and associated water levies. Actual water consumption cannot be tracked without installing smart water meters at each operating point. We will facilitate the engagement with relevant business units to consider the installation and roll-out of smart water meters at high-water consumption outlets in the business. Where possible, water-saving interventions have been installed at some of our select branches, including the water production plant installed at Garden Route Expressmark service station site, and the installation of rainwater tanks for rainwater run-off from the roofs of the bigger Agrimark outlets.



Baseline tracking for electricity usage has been tracked and an average of 598 000 Kw/hr was consumed at an average cost of R3 392 000 per month in FY22. For the same period last year, an average of 672 000 Kw/hr was consumed at an average cost of R3 640 000 per month. There was a decline of 12% in Kw/hr consumption and a decrease of 7% in electricity costs year-on-year.

The decline in electricity usage and costs can be attributed to installing solar panels at Paarl and Worcester Agrimark.

Safety, health, environment, and quality ("SHEQ")

Kaap Agri is committed to complying with industry-specific standards for SHEQ.

We constantly review our policies and procedures to align with legislative developments, industry standards and to ensure effectiveness of controls.

Please refer to the Human Capital Report on page 46 for more details.

What motivates me every day is the fact that I can come to work and provide for my family. Also, driving these distances on gravel roads gives me a sense of purpose and peace because I need to provide my colleagues with what they need. Therefore, my challenge is to work hard every day to serve my team and our customers."
– Phasa Machethe, Driver, Agrimark Packaging Louis Trichardt

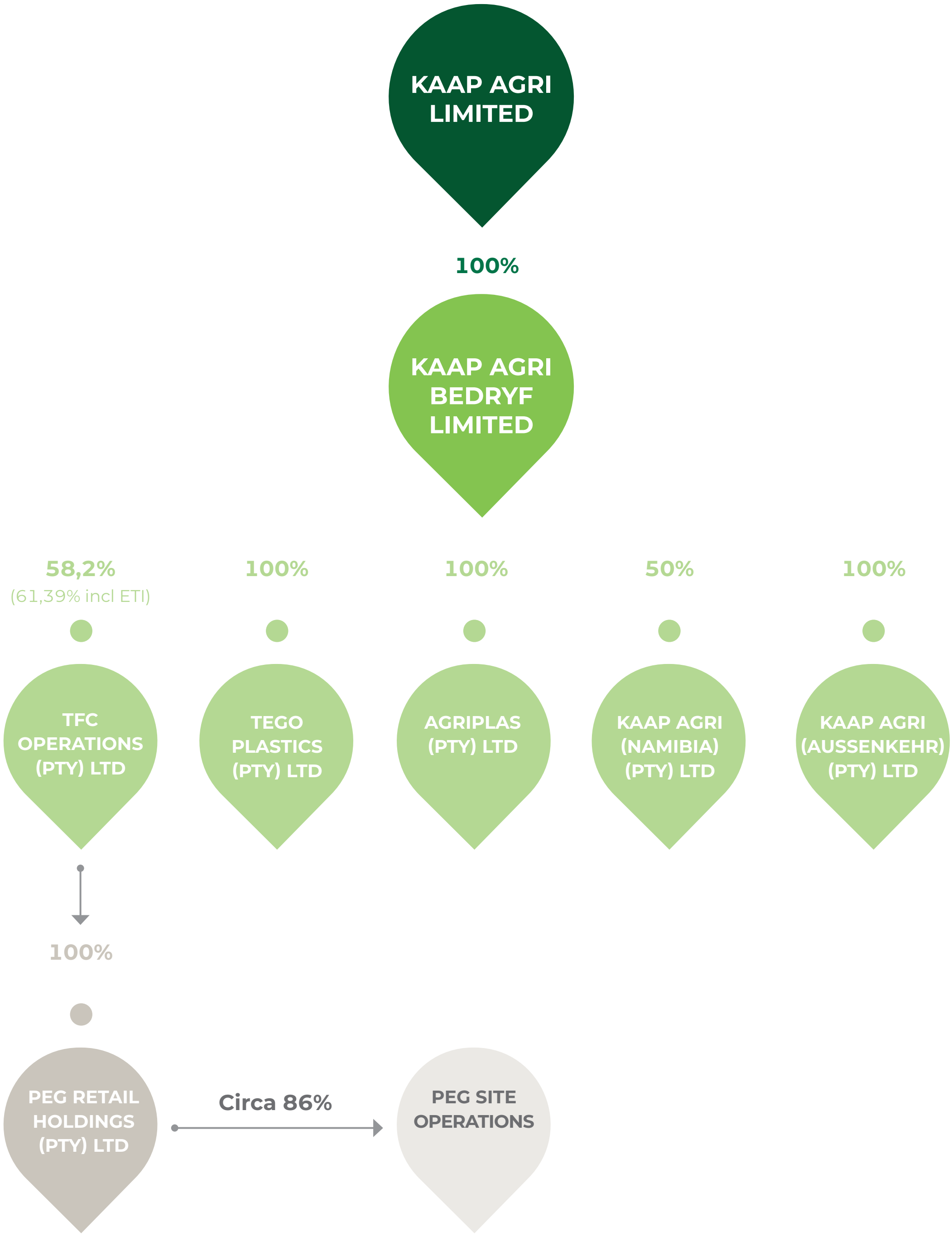
Recognising those who contribute to our growth

Kaap Agri consistently strives to equip our employees with opportunities that will reap extraordinary value. Through our Go for Gold recognition programme introduced in 2020, we celebrate employees for their significant impact on our growth journey.

Phasa Machethe is an employee who is a true inspiration. He was awarded the honour of being Kaap Agri's CARE Ambassador of 2021 because of his unique approach to his deliveries and service to our customers based along the Limpopo River and Soutpansberg in the Makhado area. It is a very special person who can handle the heat, inhospitable terrain, wild animals, and treacherous roads of the northern part of Limpopo and remain positive, friendly and energetic! He goes above and beyond his delivery duties, playing a major role in the success of the Agrimark Packaging branch in Louis Trichardt.

Additional material information

Group structure



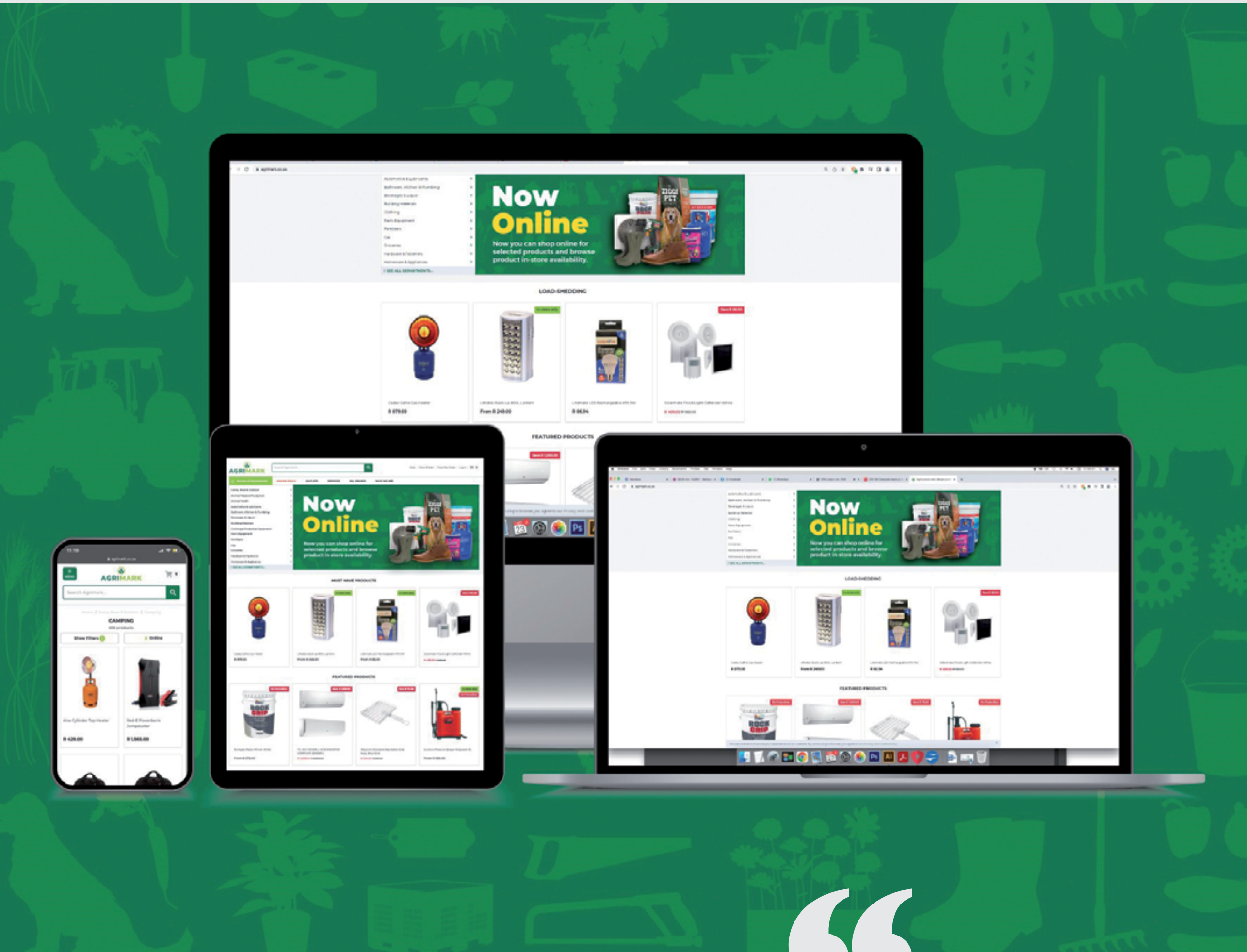
Shareholder information

SHAREHOLDERS' PROFILE

Spread	Number of shareholders	Number of shares	Percentage held
1 to 1 000 shares	**20 953**	**2 462 828**	**3,3%**
1 001 to 10 000 shares	**3 007**	**9 670 194**	**13,0%**
10 001 to 100 000 shares	**633**	**17 214 381**	**23,1%**
100 001 to 1 000 000 shares	**83**	**21 944 942**	**29,4%**
More than 1 000 000 shares	**10**	**23 275 335**	**31,2%**
Total	**24 686**	**74 567 680**	**100,0%**
Type of shareholder			
Public	**24 674**	**69 306 072**	**92,9%**
Non Public	**12**	**5 261 608**	**7,1%**
Directors and associates of the company	**9**	**959 616**	**1,3%**
Empowerment and Transformation Investments (Pty) Ltd	**1**	**3 708 514**	**5,0%**
Kaap Agri Bedryf Limited	**1**	**491 860**	**0,7%**
The Fruit Workers Development Trust	**1**	**101 618**	**0,1%**
	24 686	**74 567 680**	**100,0%**
Major beneficial shareholders			
The following shareholders have a holding equal to or greater than 5% of the issued shares of the company.			
JF Mouton Familietrust and its subsidiaries (including the effective interest held through a joint venture)		**5 230 490**	**7,0%**
PSG Balanced Fund		**4 006 455**	**5,4%**
Empowerment and Transformation Investments (Pty) Ltd		**3 708 514**	**5,0%**
		12 945 459	**17,4**

	Number	
	2022	2021
Shareholding of directors (direct and indirect)		
BS Du Toit	**29 729**	29 729
JH le Roux	**24 284**	–
EA Messina	**19 500**	14 500
WC Michaels	**5 497**	5 250
CA Otto	**560 704**	329 300
GW Sim	**65 100**	33 342
HM Smit	**3 461**	3 461
GM Steyn	**41 905**	–
S Walsh	**209 436**	129 800
Total	**959 616**	545 382
Percentage of issued shares	**1,3%**	0,7%

There has been no change in the directors' interest from the financial year-end of the Company on 30 September 2022 up until the approval of the financial statements.



> *We want farmers, families and friends anywhere in the country to feel like they have an Agrimark on wheels." – Sean Walsh, CEO*

Growing Online

Digital transformation in retail is becoming mainstream in South Africa and Kaap Agri understands that customer experiences are being shaped more and more by technology and digital services. The pandemic accelerated the growth of e-commerce, with more customers going online for their shopping needs.

This year, Kaap Agri launched its first online store. Housed under the Agrimark brand, the Group's e-commerce store aligns with its strategic digital transformation objective. Customers across South Africa can now browse and buy products from Agrimark from the comfort of their homes at www.agrimark.co.za for delivery nationwide.

Agrimark Online offers an e-catalogue with over 40 000 products across 20 categories, ranging from camping equipment to tools, fertiliser to pet products, paint to building materials, and all of the unique agri-lifestyle items the Group has to offer.

A selected range of 7 500 products is available for purchase online.

This launch is in line with our retail footprint growth plans to do more business with more customers and will significantly increase the reach of Agrimark as an agri-lifestyle retail brand.

About our case studies

Kaap Agri is a growth-focused business that understands the fundamental principle that growth creates value. We want to do more business in more places with more products to serve more customers. We know that people are at the heart of it all, and understand that the value that growth creates should extend to the people who walk through our doors as employees, suppliers, customers, shareholders and supporters. In this report, we share a few stories of our expanding customer base, service offering, and transformational growth in the people, businesses and stakeholders we impacted this year.

Annual financial statements

Contents

Declaration of directors' responsibility and approval

The directors are responsible for the fair presentation of the annual company financial statements and annual Group financial statements of Kaap Agri Limited. In conducting this responsibility they rely on the information, assessments and estimates of management. The fair presentation and integrity of the company and Group financial statements are also evaluated on the basis of accounting systems and internal financial control measures which are monitored on an ongoing basis during the financial period.

The company and Group annual Financial Statements are prepared on the historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the requirements of the Companies Act (No. 71 of 2008), as amended, the SAICA Financial Reporting Guide issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. These financial statements incorporate accounting policies that have been consistently applied to all periods presented and are consistent with those applied in the previous financial year.

Based on the Group and company financial statements, the present position of the company and the Group, budgets for the coming year and available financing facilities, the directors have no reason to believe that the company and Group will not be a going concern. The going concern principle is therefore accepted and applied in the preparation of the Group and company financial statements.

The independent auditing firm PricewaterhouseCoopers Inc. audited the Group and company financial statements to comply with the relevant requirements of the Companies Act. The auditors had unrestricted access to all financial records and related information, minutes of shareholders, directors and Board committee meetings. The directors are of the opinion that all submissions and management declarations presented to the auditors were correct, valid and relevant.

The unqualified report of the auditors appears on page 98 to 105.

The company and Group annual financial statements on pages 106 to 176 were compiled by GC Victor CA(SA) under supervision of GW Sim CA(SA) and approved by the Board of directors on 22 November 2022 and signed on their behalf by:

GM Steyn
Chairman

S Walsh
Chief Executive Officer

Responsibility statement of the Chief Executive Officer and Financial Director

Each of the directors, whose names are stated below, hereby confirm that –

(a) the annual financial statements set out on pages 106 to 176, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the Audit and Risk committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have remediated the deficiencies; and

(f) we are not aware of any fraud involving directors.

S Walsh
Chief Executive Officer

GW Sim
Financial Director

Declaration by the Company Secretary

In terms of section 88(2)(e) of the Companies Act, 71 of 2008, the Company Secretary hereby certifies that all returns of the company and its subsidiaries, as prescribed by the said Act, have been submitted to the Companies and Intellectual Property Commission (CIPC) and that the said returns are true, correct and up to date.

KAL Corporate Services (Pty) Ltd
Company Secretary

22 November 2022

Report of the Audit and Risk committee

to the shareholders of Kaap Agri Limited

KEY FUNCTIONS AND RESPONSIBILITIES

The responsibilities of the Audit and Risk committee are set out in a formal charter which is revised annually by the Board. The committee has free access to the Chairman of the Board of directors and is empowered to consult independent experts unlimited at company cost. In the execution of its duties according to its mandate and requirements of the Companies Act, the committee is responsible for the discussion and assessment of:

- the effectiveness of internal control systems and risk management as well as of management information;
- the internal auditor's audit plan, reports and recommendations;
- the independence, conditions of appointment, audit plan and remuneration of the external auditors;
- the effectiveness and reports of the external auditors;
- the Group's conformance to corporate management rules, risk management and statutory requirements;
- the appropriateness of accounting policies and any matters related to financial reporting;
- the appropriate financial reporting procedures. To ensure they exist and are working, which should include consideration of all entities included in the consolidated group IFRS financial statements, to ensure that it has access to all the financial information of the issuer to allow the issuer to effectively prepare and report on the financial statements of the issuer in terms of the JSE Listings Requirements paragraph 3.84(g)(ii);
- the separate and consolidated annual financial statements, before these annual financial statements are approved by the board for release;
- ensuring that the external auditor is independent of Kaap Agri Limited, as set out in section 94(8) of the Companies Act, and suitable for reappointment by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listings Requirements;
- ensuring that the Group Chief Financial Officer, as well as the group finance function, has the appropriate expertise and experience in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements;
- internal financial controls and reports on the Group's systems of internal financial controls. The committee received assurance on compliance with, and the effectiveness of internal control systems through regular management reviews, engagements, internal audit, as well as from the external auditors who test aspects of these control systems as part of their statutory audit of the annual financial statements; and
- any other prescribed functions the committee is required to perform.

INTERNAL AUDIT

The internal audit function fulfils an important role to give assurance to the Audit and Risk committee that sufficient control measures are in place and are functioning correctly so that the committee can form an opinion on key functions and key responsibilities. Therefore, the internal auditors have direct access to the chairman of the Audit and Risk committee, and the Audit and Risk committee is also responsible to ensure that the internal audit function is independent and that it has the necessary resources, status and authority to perform its duties. The internal and external auditors attend Audit and Risk committee meetings. The committee also regularly meets together and separately with the internal and external auditors to create the opportunity to exchange confidential information. The Audit and Risk committee also oversees the co-operation between internal and external auditors and serves as a link between the Board and these functions.

EXTERNAL AUDIT

The board sets a policy that governs the level and nature of non-audit services, which requires pre-approval by the Audit and Risk committee for all non-audit services. In determining the independence of the external auditors, the committee considers the level and types of non-audit services provided as well as other enquiries and representations. The prospect of mandatory audit firm rotation was also considered by the committee during the current financial year. As required by the Companies Act, the committee has satisfied itself that Kaap Agri Limited's external auditor, PricewaterhouseCoopers Inc., was independent of the company, as set out in sections 90(2)(c) and 94(8) of the Companies Act and is thereby able to conduct its audit functions without any undue influence from the company.

The committee has considered the relevant audit quality indicators. The committee was satisfied with the quality of the audit concluded and has nominated, for re-appointment at the annual general meeting, PricewaterhouseCoopers Inc. as the external auditor of Kaap Agri Limited for the financial year ending 30 September 2022 and Mr A Hugo as the designated individual registered auditor who will undertake the audit of Kaap Agri Limited on behalf of PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc., being the audit firm, as well as Mr A Hugo, being Kaap Agri's individual auditor for the 2022 financial year, have been accredited on the JSE list of auditors in terms of the criteria in the JSE Listings Requirements. As required by section 3.84(g)(iii) of the JSE Listings Requirements, the committee has satisfied itself that PricewaterhouseCoopers Inc. and Mr A Hugo are suitable for reappointment as audit firm and appointment as individual auditor for the 2023 financial year, respectively, by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listings Requirements.

ANNUAL FINANCIAL STATEMENTS

The committee has evaluated the annual financial statements of the company and Group for the year ended 30 September 2022, with specific consideration of the following significant financial reporting matters during the year:

- the provision for doubtful debts recognised on trade receivables;
- the business combinations in the current year;
- the provision for damaged, old and slow moving stock;
- renewal of lease periods;
- goodwill impairment testing.

The committee reviewed the estimates used and judgements made by management and determines whether they are reasonable in terms of the current macroeconomic climate and in line with assumptions utilised by comparable third parties.

Based on the information provided to the committee, the committee considers that the Group complies, in all material respects, with the requirements of the Companies Act, as amended, and IFRS.

OPINION

Given the functions and responsibilities of the committee, as well as the procedures referred to above, the Audit and Risk committee is of the opinion that:

- the Group's internal control measures and risk management are sufficient;
- the experience and expertise of the Financial Director and the finance function was appropriate;
- appropriate financial reporting procedures are in place and are operating;
- the audit was performed with the necessary independence and competence;
- the company and Group annual financial statements were prepared on the historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the requirements of the Companies Act (No. 71 of 2008), as amended, the SAICA Financial Reporting Guide issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council; and
- there are no other matters which are to be revealed to shareholders which have not been covered in the annual financial statements.
- nothing has come to the attention of the committee indicating that the internal financial controls were not operating effectively during the year under review.

CA Otto
Chairman: Audit and Risk committee

22 November 2022

Directors' report

for the year ended 30 September

NATURE OF ACTIVITIES

The Group specialises in trading in agricultural-, fuel- and related retail markets in Southern Africa. With its strategic footprint, infrastructure, facilities and client network, it follows a differentiated market approach. In support of the core retail business, the Group also offers grain handling and agency services.

FINANCIAL RESULTS

The profit after tax of the Group amounted to R413,0 million (2021: R332,3 million) while the gross assets increased to R8,339 billion (2021: R5,812 billion). The results of the Group are presented in detail in the financial statements.

SHARE CAPITAL

The authorised share capital consists of 1 000 000 000 ordinary shares with no par value of which 74 567 680 shares are currently issued, of which 3 708 514 shares are issued to Empowerment and Transformation Investments (Pty) Ltd and 491 860 issued to Kaap Agri Bedryf Limited. These shares are accounted for as treasury shares.

DIVIDENDS

A gross final dividend of R91,0 million (2021: R82,3 million) has been approved and declared by the board from income reserves, which represents 122,0 cents (2021: 111,0 cents) per share. The dividend is payable on 20 February 2023 to shareholders registered on 17 February 2023 (the record date) as shareholders of the company. The last date of trade cum dividend will be 14 February 2023.

The total dividend for the year amounts to R125,3 million (2021: R111,9 million), representing 168,0 cents (2021: 151,0 cents) per share.

SUBSIDIARIES AND JOINT VENTURE

The interests in subsidiaries and joint venture are presented in note 46 of the financial statements.

DIRECTORS

Full details of the directors appear on page 55 to 58.

DIRECTORS' INTERESTS

The directors' interest in shares of the company appear on page 88.

EVENTS AFTER REPORTING DATE

The directors are not aware of any further matters or circumstances that occurred between the end of the financial year and the date on which the financial statements were approved that have not been dealt with in the Group and company financial statements and which may have a significant influence on the activities of the Group and company or results of those activities.

Independent auditor's report

To the shareholders of Kaap Agri Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Kaap Agri Limited (the Company) and its subsidiaries (together the Group) as at 30 September 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Kaap Agri's consolidated and separate financial statements set out on pages 107 to 176 comprise:

- the consolidated and company statements of financial position as at 30 September 2022;
- the consolidated and company income statements for the year then ended;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

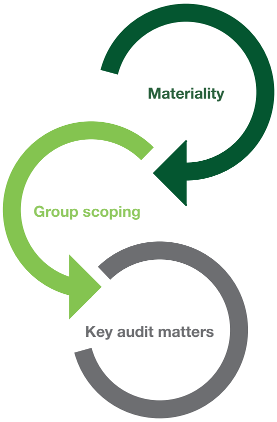
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R125 million, which represents 0,8% of consolidated revenue.

Group audit scope

- Full scope audits were performed for four components; and
- Analytical procedures were performed over the remaining non-significant components.

Key audit matters

- Acquisition of PEG Retail Holdings (Pty) Ltd; and
- Goodwill and indefinite useful life intangible assets impairment assessment

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*R125 million*
How we determined it	*0,8% of total consolidated revenue*
Rationale for the materiality benchmark applied	*We selected total consolidated revenue as the benchmark because, in our view, it most appropriately reflects the size of the group. It is a benchmark against which the performance of the group can be consistently measured and thus would be most relevant to users of the consolidated financial statements, given the relatively low profit margins over the last five years, whilst the other key elements of the consolidated financial statements have remained constant.* *We chose 0,8% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that would typically apply when using consolidated revenue to compute materiality.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our scoping included four components, which were either financially significant components, based on contribution to consolidated revenue, or components of which an identified financial statement line item or items were considered to be significant. Full scope audits were performed on these components. The remainder of the components were considered to be non-significant, individually and in aggregate. We performed analytical procedures on these remaining non-significant components.

Group instructions were communicated to the component auditors. The instructions covered those areas that we required the component auditors to focus on, as well as information that we required them to report to us. We examined the reporting received from the component auditors and assessed the impact thereof on the consolidated financial statements. We examined the working papers of component auditors of significant components relating to areas of significant risks in the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report in respect of the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Acquisition of PEG Retail Holdings (Pty) Ltd ***(Refer to notes 45 (Business combinations) and note 4 of the accounting policies to the consolidated financial statements)*** On 1 July 2022, the Group acquired a 100% shareholding in PEG Retail Holdings (Pty) Ltd ("PEG") for a total consideration of R1 102 million. In accordance with IFRS 3 Business Combinations, the Group has consolidated PEG from the acquisition date. The acquisition resulted in the recognition at fair value of total net assets amounting to R172 million. Intangible assets of R201 million and goodwill of R955 million were recognised. Total assets assumed at fair value consisted mainly of cash and cash equivalents and inventory. Management performed the purchase price allocation as required by IFRS 3, Business Combinations. Management identified two separate intangible assets, namely the fuel retail licences and internally generated computer software. Management has assigned an indefinite useful life to the fuel retail licence intangible asset and a five year amortisation period for the software.	Regarding the contractual terms of the transaction, the following procedures were performed: > We obtained the contractual agreements and read the significant contract terms relevant to the accounting and disclosures in the financial statements; > Based on our understanding of the transaction, we agreed the purchase price to the contract. No material differences were noted; and > Through inspection of the agreements and consideration of all the suspensive conditions precedent, we concur with the transaction date of 1 July 2022, as determined by management. Regarding the valuation of assets acquired and liabilities assumed, the following procedures were performed: > We obtained the analysis prepared by management that identifies and values the assets and liabilities acquired; > Based on our knowledge of the business and the industry we assessed the completeness of the intangible assets identified. We satisfied that all significant intangible assets have been identified;

Key audit matter	How our audit addressed the key audit matter
Acquisition of PEG Retail Holdings (Pty) Ltd (continued) The purchase consideration was settled through cash, an issue of shares in TFC Operations (Pty) Ltd and a contingent consideration that is payable upon the successful renewal of certain existing agreements with the Oil Companies. We considered the accounting for the acquisition of fuel sites to be a matter of most significance to our current year audit due to the following: > The magnitude of the transaction and judgement involved in the identification and determination of the tangible and intangible assets acquired; > The determination of the fair value of the intangible assets required specialist skills and knowledge; and > Management assigned indefinite useful lives to certain intangible assets acquired.	> We deployed our valuation experts to assess the methodology adopted and the underlying assumptions applied by management which included the following: – the discount rates; and – the underlying cash flows used. We found the methodology adopted and the assumptions applied by management to be reasonable. We also tested the mathematical accuracy of the valuation models for the intangible assets acquired. No material differences were noted. We noted no matters in relation to the independence and competence of the expert used by management. We instructed our component team to perform procedures on the opening balance sheet of PEG at the acquisition date focusing on cut-off. No material differences were noted. We further inspected the working papers of the component audit team, held meetings to discuss the outcome of their procedures and reviewed all deliverables submitted by the component audit team. We found the procedures performed by the component team to be in line with the set objectives. Regarding the indefinite useful lives assigned by management to the retail fuel licence intangible asset. We inspected the regulations that govern retail fuel licences and confirmed that the retail licence remains valid for as long as the licence holder operates as a going concern. We reviewed the disclosures regarding the transaction in the consolidated financial statements and no material differences were noted.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Goodwill and indefinite useful life intangible asset impairment assessment

(Refer to note 5 (Intangible assets) and note 4 of the accounting policies to the consolidated financial statements)

The Group’s net assets include goodwill amounting to R1 400 million and indefinite useful life intangible assets of R194 million as at 30 September 2022.

As required by IAS 36: Impairment of assets, management performs an annual impairment test to assess the recoverability of the carrying value of goodwill and indefinite useful life assets. The assessment in the current year was performed using value-in-use calculations for the relevant fuel clusters and for the Partridge Building Supplies cash generating unit (CGU).

Management performed a sensitivity analysis on the goodwill balance by varying the key assumptions used (i.e., pre-tax discount rates and growth rates) to assess the impact on the valuation and the available headroom. We considered the impairment assessment of goodwill to be a matter of most significance to our audit due to the following:

- The estimates and assumptions applied by management in their impairment assessment; and
- The magnitude of the goodwill balance.

</td><td>

We held discussions with management to obtain an understanding of the methodology applied in performing its impairment test for each of the relevant CGUs and we found the approach adopted by management in the valuation models to be consistent with market practice and the applicable requirements of IAS 36: Impairment of assets. We tested management’s calculation for each model by performing the following:

- Tested the mathematical accuracy of management’s impairment calculations and noted no exceptions.
- Using our valuation expertise, we challenged management’s key assumptions by comparing terminal growth rates and pre-tax discount rates to industry benchmarks and economic forecasts. Management’s assumptions fell outside our independent range, however we noted no material impairment when using our independent inputs.
- We agreed cash flows to the business plans approved by the respective boards. No inconsistencies were noted.
- In assessing management’s forecasts for reasonableness, we considered the historical accuracy of forecasts by comparing the actual results for the current year to the original forecasts. Where variances were noted, we followed up with management and assessed the reasonability of the variances. We noted no aspects in this regard requiring further consideration.

We performed independent sensitivity calculations on the impairment assessments in order to ascertain the impact of changes to the key assumptions on the available headroom. The results of our sensitivity analyses were consistent with management’s conclusions.

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</table>

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Kaap Agri Limited and its Subsidiaries Annual Financial Statements – 30 September 2022”, which includes the Directors’ Report, Report of the Audit and Risk Committee and the Declaration by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor’s report, and the other sections of the document titled “2022 - Integrated report”, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor’s report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Kaap Agri Limited for 86 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: JA Hugo
Registered Auditor

Cape Town, South Africa
22 November 2022

Consolidated statement of financial position

at 30 September

	Notes	GROUP 2022 R'000	2021 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	**1 317 415**	1 545 524
Right-of-use assets	4	**617 701**	253 804
Intangible assets	5	**1 618 207**	517 764
Investment in joint venture	6	**41 377**	33 923
Financial assets at fair value through other comprehensive income	7	**5 580**	5 580
Trade and other receivables	11	**52 433**	52 153
Loans	8	**17 573**	26 732
Deferred taxation	9	**12 912**	7 181
		3 683 198	2 442 661
Current assets			
Inventory	10	**1 627 370**	1 221 339
Trade and other receivables	11	**2 661 293**	2 053 669
Derivative financial instruments	12	**2 492**	35 983
Short-term portion of loans	8	**4 915**	7 238
Cash and cash equivalents	15	**359 484**	51 534
		4 655 554	3 369 763
Total assets		**8 338 752**	5 812 424
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	16	**451 316**	446 571
Other reserves	17	**15 129**	12 552
Retained profit		**2 224 588**	1 829 321
Equity attributable to shareholders of the holding company		**2 691 033**	2 288 444
Non-controlling interest		**131 444**	109 722
Total equity		**2 822 477**	2 398 166
Non-current liabilities			
Deferred taxation	9	**56 330**	108 683
Financial liability at fair value through profit or loss	13	**82 396**	76 100
Lease liabilities	4	**628 772**	232 208
Instalment sale agreements	19	**45 402**	62 914
Employee benefit obligations	20	**14 526**	14 875
Borrowings	22	**837 813**	325 000
		1 665 239	819 780
Current liabilities			
Trade and other payables	21	**2 504 155**	1 656 660
Financial liability at amortised cost	14	**–**	23 651
Short-term portion of instalment sale agreements	19	**28 030**	29 166
Short-term portion of Employee benefit obligations	20	**2 032**	2 169
Short-term portion of lease liabilities	4	**50 019**	23 827
Short-term borrowings	22	**1 257 457**	842 096
Income tax		**9 343**	16 909
		3 851 036	2 594 478
Total liabilities		**5 516 275**	3 414 258
Total equity and liabilities		**8 338 752**	5 812 424

Consolidated income statement

for the year ended 30 September

	Notes	GROUP 2022 R'000	GROUP 2021 R'000
Revenue	27	**15 700 499**	10 582 588
Cost of sales		**(13 697 089)**	(9 006 338)
Gross profit		**2 003 410**	1 576 250
Other operating income	28	**234 159**	145 211
Movement on expected credit loss allowance	11	**10 247**	(3 829)
Selling and distribution costs	29	**(138 929)**	(114 427)
Administrative expenses	29	**(929 444)**	(741 546)
Other operating expenses	29	**(484 220)**	(304 793)
Operating profit		**695 223**	556 866
Finance costs	32	**(145 387)**	(99 048)
Share in profit/(loss) of joint venture	6	**7 454**	2 381
Profit before tax		**557 290**	460 199
Income tax	33	**(144 331)**	(127 923)
		412 959	332 276
Profit attributable to shareholders of the holding company		**396 368**	321 099
Non-controlling interest		**16 591**	11 177
Earnings per share – basic (cents)	34	**562,54**	456,88
Earnings per share – diluted (cents)	34	**553,23**	451,79

Consolidated statement of comprehensive income

for the year ended 30 September

	GROUP 2022 R'000	GROUP 2021 R'000
Profit for the year	**412 959**	332 276
Other comprehensive income/(loss):		
Cash flow hedges (can be classified to profit and loss)	**844**	204
Gross	**1 155**	283
Tax	**(311)**	(79)
	413 803	332 480
Total comprehensive income attributable to shareholders of the holding company	**397 212**	321 303
Non-controlling interest	**16 591**	11 177

Consolidated statement of changes in equity

for the year ended 30 September

		GROUP						
	Notes	Stated capital R'000	Share-based payment reserve R'000	Hedge reserve R'000	Retained profit R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
Balance 1 October 2020		446 571	10 277	(165)	1 571 475	2 028 158	98 545	2 126 703
Gross shares issued		480 347						
Treasury shares		(33 776)						
Total comprehensive income		–	–	204	321 099	321 303	11 177	332 480
Share-based payments		–	2 236	–	–	2 236	–	2 236
Dividends paid		–	–	–	(63 253)	(63 253)	–	(63 253)
Balance 30 September 2021		**446 571**	**12 513**	**39**	**1 829 321**	**2 288 444**	**109 722**	**2 398 166**
Gross shares issued		**480 347**						
Treasury shares		**(33 776)**						
Total comprehensive income		**–**	**–**	**844**	**396 368**	**397 212**	**16 591**	**413 803**
Shares issued		**19 500**	**–**	**–**	**–**	**19 500**	**–**	**19 500**
Share-based payments		**(14 755)**	**1 733**	**–**	**–**	**(13 022)**	**–**	**(13 022)**
Sale of share in subsidiary		**–**	**–**	**–**	**–**	**–**	**(34 467)**	**(34 467)**
Acquisition of minority shares in subsidiary	14	**–**	**–**	**–**	**22 462**	**22 462**	**(22 462)**	**–**
Addition through business acquisition	45	**–**	**–**	**–**	**–**	**–**	**96 462**	**96 462**
Change in ownership		**–**	**–**	**–**	**17 116**	**17 116**	**(17 116)**	**–**
Put Options relinquished	13	**–**	**–**	**–**	**80 400**	**80 400**	**–**	**80 400**
Put Options lapsed	14	**–**	**–**	**–**	**(10 544)**	**(10 544)**	**–**	**(10 544)**
Dividends paid		**–**	**–**	**–**	**(110 535)**	**(110 535)**	**(17 286)**	**(127 821)**
Balance 30 September 2022		**451 316**	**14 246**	**883**	**2 224 588**	**2 691 033**	**131 444**	**2 822 477**
Gross shares issued		**496 664**						
Treasury shares		**(45 348)**						
For more information, refer to note		16	17	17				

Consolidated statement of cash flows

for the year ended 30 September

	Notes	GROUP 2022 R'000	GROUP 2021 R'000
Cash flow from operating activities		**213 072**	425 734
Net cash profit from operating activities	36	**709 832**	563 226
Interest received		**148 731**	101 304
Working capital changes	37	**(419 934)**	(108 104)
Income tax paid	38	**(225 557)**	(130 692)
Cash flow from investment activities		**(427 375)**	(109 603)
Purchase of property, plant and equipment		**(217 571)**	(64 764)
Proceeds on disposal of property, plant and equipment		**6 641**	13 623
Proceeds on disposal of subsidiary	4	**455 949**	–
Gross decrease in loans	8	**11 482**	820
Acquisition of operations	39	**(44 526)**	(59 282)
Acquisition of share in subsidiary	40	**(639 350)**	–
Cash flow from financing activities		**522 253**	(299 414)
Increase/(decrease) in short-term borrowings	41	**262 924**	(50 443)
Gross increase in long-term borrowings	44	**725 000**	–
Repayment of long-term borrowings	44	**(97 750)**	(31 250)
Repayment of instalment sale agreements	42	**(29 367)**	(31 087)
Acquisition of shares from non-controlling shareholders	14	**(15 068)**	–
Lease payments	43	**(32 401)**	(25 612)
Interest paid		**(143 395)**	(97 769)
Treasury shares acquired		**(19 869)**	–
Dividends paid		**(127 821)**	(63 253)
Net increase in cash and cash equivalents		**307 950**	16 717
Cash and cash equivalents at the beginning of the year		**51 534**	34 817
Cash and cash equivalents at the end of the year		**359 484**	51 534
Comprising of:			
– Bank and cash on hand	15	**359 484**	51 534

Notes to the consolidated annual financial statements

for the year ended 30 September

1 ACCOUNTING POLICIES

The principal accounting policies incorporated in the preparation of these financial statements are set out on pages 162 to 176. These policies are in terms of International Financial Reporting Standards (IFRS) and have been consistently applied to all the years presented, unless stated otherwise.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom precisely equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates

Properties

Properties are depreciated over their useful lives, taking into account their residual values at the end of their useful lives. The residual values and useful lives are estimated and assessed based on industry knowledge and past experience with similar assets, taking into account the location and current condition of the properties. Properties are continuously maintained and kept up to standard. Refer to note 6 of the Group's accounting policy.

Loss allowance on trade receivables

In estimating the loss allowance on trade receivables, management makes certain estimates and judgements relating to the estimated recovery rate of debtors. This includes an assessment of current and expected future payment profiles and customer specific risk factors such as economic circumstances, geographical location and the value of security held. Refer to note 11 and 24 for more information.

Financial liabilities related to put options

The measurement of these financial instruments is based on various valuation calculations requiring estimated inputs and assumptions as disclosed in notes 13 and 14.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Judgements

Inventory provisions for slow-moving and obsolete stock

The Group makes certain judgements relating to the provision of inventory, based on the frequency of movement in different inventory types. This determines the rates applied per age bucket in calculating the inventory provision to be recognised.

Purchase price allocations

Judgement is used in identifying intangible assets within a purchase price allocation and determining the fair value of the identified assets. Please refer to note 45 for the considerations listed that results in the recognition of goodwill in the business combination transactions as well as the considerations applied to other intangible assets.

Goodwill and indefinite useful life assets

The Group makes certain judgements relating to the impairment testing of goodwill, based on projections and assumed growth rates in income, expenses and terminal growth rates while using a pre-tax discount rate determined by management. These judgements are used to determine if an impairment of goodwill or indefinite useful life assets are applicable. Given that the retail licences remain valid for as long as the licence holder operates as a going concern, the estimated useful life of the individual retail licences is considered to be indefinite. Refer to note 5.

Extension periods with regards to lease contracts

The Group makes certain judgements relating to the extension periods of leases during the IFRS 16 right-of-use asset and lease liabilities calculations. If it is more likely than not that the lease will be extended based on all the available factors, the extension option is taken into account in determining the lease. Most of the rent paid is for Agrimark stores and based on the history of the relationship with lessors and the group's strategies with the stores, the contracts will be extended. Most of the store leases are renewed based on the fact that the stores are at strategic locations and most have been there for some time and it will disrupt business if moved to different locations. Where the lease is not beneficial to the group, the extension option will not be applied. The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. As at 30 September 2022, future cash outflows of R690,3 million (2021: R89,5 million) is not included in the lease liability because it is not reasonably certain that it will be extended.

3 PROPERTY, PLANT AND EQUIPMENT

	GROUP 2022 R'000	GROUP 2021 R'000
Cost		
Land and buildings	**852 124**	1 168 122
Grain silos	**72 217**	67 072
Machinery and equipment	**443 539**	346 568
Vehicles	**106 564**	105 960
Office furniture and equipment	**368 406**	242 784
Assets under construction	**48 468**	12 284
	1 891 318	1 942 790
Accumulated depreciation		
Land and buildings	**(23 863)**	(24 331)
Grain silos	**(46 040)**	(42 879)
Machinery and equipment	**(202 723)**	(133 204)
Vehicles	**(61 414)**	(64 019)
Office furniture and equipment	**(239 863)**	(132 833)
	(573 903)	(397 266)
Total carrying value	**1 317 415**	1 545 524
Depreciation has been allocated in the income statement as follows:		
Cost of sales	**(11 637)**	(11 327)
Other operating expenses	**(55 247)**	(50 059)
	(66 884)	(61 386)
Refer to note 50 for the reconciliation of movements in carrying value.		
Vehicles include the following amounts where the Group has instalment sale agreements:		
Cost	**45 468**	56 059
Accumulated depreciation	**(16 022)**	(23 505)
Total carrying value	**29 446**	32 554
Machinery and equipment include the following amounts where the Group has instalment sale agreements:		
Cost	**107 548**	107 781
Accumulated depreciation	**(12 306)**	(7 041)
Total carrying value	**95 242**	100 740

Properties to the value of R550,7 million serve as security for the first-ranking covering mortgage bonds. Refer to note 22.

4 RIGHT-OF-USE ASSETS AND LEASE LIABILITY

	GROUP 2022 R'000	GROUP 2021 R'000
Right-of-use assets		
Buildings	**612 806**	251 898
Cost price	**807 557**	340 810
Accumulated depreciation	**(194 751)**	(88 912)
Vehicles	**4 895**	1 906
Cost price	**7 584**	5 686
Accumulated depreciation	**(2 689)**	(3 780)
	617 701	253 804

4 RIGHT-OF-USE ASSETS AND LEASE LIABILITY (CONTINUED)

	GROUP 2022 R'000	GROUP 2021 R'000
Reconciliation of movements in carrying value:		
Carrying value at beginning of year	**253 804**	236 302
Additions	**441 230**	39 221
Modification of lease contracts	**(22 315)**	10 871
Depreciation charge of right-of-use assets	**(55 018)**	(32 590)
Buildings	**(53 480)**	(31 389)
Vehicles	**(1 538)**	(1 201)
Carrying value at end of year	**617 701**	253 804
Lease liabilities		
Current	**50 019**	23 827
Non-current	**628 772**	232 208
	678 791	256 035
Interest expense (included in finance costs)	**37 917**	20 573
Expense relating to short-term leases and low value assets (included in administrative expenses)	**17 060**	10 439
Cashflow expense for leases and low value and short-term leases	**(49 461)**	(36 051)

The Group's leasing activities and how these are accounted for

The Group leases various retail stores, storage sites and forklifts. Rental contracts are typically made for fixed periods of 3 to 8 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Sale and leaseback transaction

During the year the subsidiary TFC Properties (Pty) Ltd was sold to an external party. The historical rationale for acquiring retail fuel and convenience properties was aligned with the strategic drive of footprint growth in this new market. Given that TFC has now successfully entered the retail fuel and convenience markets, and upon reviewing the returns generated on capital invested, it has been decided to dispose of TFC Properties, and in doing so enter into long-term leases to ensure tenure on its fuel retail sites. Proceeds from the disposal of TFC properties was used as funding for higher return generating acquisition opportunities, namely the acquisition of the PEG Retail Group.

All of the properties sold are being leased back by the group thus concluding a Sale and Leaseback transaction. The new lease agreements will endure for 12 years from the Effective Date. The rental will escalate at the higher of 1) escalation attributable to the CAPEX portion of the RAS Schedule or 2) the consumer price index, from time to time.

The impact of the Group's sale and leaseback transaction is disclosed below:

	GROUP 2022 R'000	GROUP 2021 R'000
Cash proceeds received	**455 949**	–
Carrying amount of subsidiary at disposal date	**(386 278)**	–
Right-of-use asset recognised	**345 688**	–
Lease liability recognised	**(412 447)**	–
Profit on sale and leaseback transaction	**2 912**	–

	GROUP	
	2022 R'000	2021 R'000

5 INTANGIBLE ASSETS

	2022 R'000	2021 R'000
Goodwill	**1 399 631**	497 995
Fuel retail licences	**193 738**	–
Tradename	**14 405**	14 795
Cost	**15 596**	15 597
Accumulated amortisation	**(1 191)**	(802)
Customer relationships	**3 359**	4 974
Cost	**8 077**	8 077
Accumulated amortisation	**(4 718)**	(3 103)
Computer software	**7 074**	–
Cost	**8 711**	–
Accumulated amortisation	**(1 637)**	–
	1 618 207	517 764
Reconciliation of movements in carrying value:		
Goodwill	**1 399 631**	497 995
Carrying value at beginning of year	**497 995**	455 532
Additions through business combinations	**992 949**	42 463
Disposal of subsidiary	**(91 313)**	–
Fuel retail licences	**193 738**	–
Additions through business combinations		
Tradename	**14 405**	14 795
Carrying value at beginning of year	**14 795**	12 480
Additions through business combinations	**–**	2 595
Amortisation recognised in profit or loss	**(390)**	(280)
Customer relationships	**3 359**	4 974
Carrying value at beginning of year	**4 974**	3 000
Additions through business combinations	**–**	3 077
Amortisation recognised in profit or loss	**(1 615)**	(1 103)
Computer software	**7 074**	–
Additions through business combinations	**7 623**	–
Amortisation recognised in profit or loss	**(549)**	–
	1 618 207	517 764

In order to assess the goodwill and retail fuel licences that originated from business acquisitions in the Agrimark and Retail Fuel & Convenience segments, a value in use calculation was done per Cash Generating Unit ("CGU"). More information with regards to each segment is disclosed below:

The Retail Fuel & Convenience acquisition strategy is cluster based, focusing on increasing scale in identified geographic locations and grouped as such based on geographic location, the nature and how the clusters are managed and monitored. The goodwill is monitored for impairment based on these clusters. The fuel clusters are included in the Retail Fuel & Convenience segment. The most significant clusters to which goodwill has been allocated include the clusters listed below:

	GROUP	
	2022 R'000	2021 R'000
Carrying value:		
Eastern Cape cluster	**56 475**	65 880
Northern Cape cluster	**111 016**	133 719
Northern Province cluster	**213 528**	272 093
Western Province cluster	**38 145**	–
Highway cluster	**954 804**	–

5 INTANGIBLE ASSETS (CONTINUED)

The following table sets out the key assumptions applied in determining the recoverable amount of each CGU used per cluster:

	GROUP	
	2022	2021
	%	%
Pre-tax discount rate	**11,4 – 12,5**	10,0 – 11,0
Revenue growth rate	**9,0 – 15,0**	9,0 – 9,5
Expenses growth rate	**7,5 – 8,5**	7,5 – 8,0
Terminal growth rate	**6,0**	6,0

The approved budget for the next financial year was used as base data after which the relevant inputs were extrapolated for the next 4 years with the long-term growth rate being applied in the terminal year. The growth rate in revenue is more or less the same as the prior year based on sustainable strategic plans in place to focus on the growth of the sites in the clusters. The expenses were grown with more or less the same range as the prior year. The pre-tax discount rate is higher as a result of a higher cost of capital based on a higher cost of interest bearing debt.

Management has performed sensitivity analyses on the key assumptions in the impairment model using possible changes in these key assumptions including pre-tax discount rates, gross profit percentage, expenses growth rate and terminal growth rate used. Listed below is the increase/decrease in assumptions applied per year in the forecast, required to deplete the headroom after which a portion of goodwill will start to be impaired:

	PRE-TAX DISCOUNT RATE		GROSS PROFIT PERCENTAGE		EXPENSES GROWTH RATE	
	2022	2021	**2022**	2021	**2022**	2021
Eastern Cape cluster	**+6,8%**	+4,9%	**-6,5%**	-7,8%	**+5,9%**	+7,8%
Northern Cape cluster	**+12,9%**	+12,5%	**-11,7%**	-12,9%	**+12,1%**	+15,5%
Northern Province cluster	**+5,0%**	+10,7%	**-5,6%**	-10,0%	**+5,6%**	+11,6%
Western Province cluster	**+16,5%**	–	**-6,5%**	–	**+7,3%**	–
Highway sites cluster	**+18,3%**	–	**-2,2%**	–	**+7,2%**	–

Even if the terminal growth rate is zero, no impairment is identified.

There is sufficient headroom and no risk of impairment noted.

The Agrimark acquisition strategy focuses on increasing scale in identified geographic locations and diversifying the business. The Forge and Farmsave branded branches is included in the Agrimark segment for the group. The goodwill raised through the business combination with Partridge Building Supplies (Pty) Ltd ("PBS") in previous years was tested for impairment using a value in use calculation.

5 INTANGIBLE ASSETS (CONTINUED)

	GROUP	
	2022 R'000	2021 R'000
Carrying value:		
Goodwill – business combination relating to PBS	**22 033**	22 033
Goodwill – business combination relating to Farmsave	**1 186**	1 827

The following table sets out the key assumptions applied in determining the recoverable amount of the goodwill raised:

Goodwill – business combination relating to PBS and Farmsave	**%**	%
Pre-tax discount rate	**11,4**	15,7
Revenue growth rate	**10,0 – 12,0**	10,0
Expenses growth rate	**8,5 – 9,0**	8,0
Terminal growth rate	**6,0**	6,0

The approved budget for the next financial year was used as base data after which the relevant inputs were extrapolated for the next 4 years with the long-term growth rate being applied in the terminal year. The pre-tax discount rate is in line with the rest of the group's pre-tax discount rate. Growth in revenue is more or less in line with prior years. Expenses increased in line with inflation. No impairment was noted.

Management has performed sensitivity analyses on the key assumptions in the impairment model using possible changes in these key assumptions including pre-tax discount rates, gross profit percentage, expenses growth rate and terminal growth rate used. Listed below is the increase/decrease in assumptions applied per year in the forecast, required to deplete the headroom after which a portion of goodwill will start to be impaired:

	PRE-TAX DISCOUNT RATE		GROSS PROFIT PERCENTAGE		EXPENSES GROWTH RATE	
	2022	2021	**2022**	2021	**2022**	2021
Business combination relating to PBS	**+7,2%**	+23,9%	**-0,4%**	-0,8%	**+6,2%**	+10,1%

Even if the terminal growth rate is zero, no impairment is identified. Thus, there is sufficient headroom and no risk of impairment.

The remaining CGU in the Agrimark segment was also assessed for goodwill impairment and sufficient headroom noted. Carrying amount of R2,4 million (2021: R2,4 million).

	GROUP	
	2022 R'000	2021 R'000

6 INVESTMENT IN JOINT VENTURE

Beginning of the year	**33 923**	6 542
Loan capitalised – shares issued (refer to note 8)	**–**	25 000
Share in total comprehensive income	**7 454**	2 381
End of the year	**41 377**	33 923
The nature of the business is supplying of farming requisites, general retail and fuel. The Company is incorporated in Namibia.		
Kaap Agri (Namibia) (Pty) Ltd		
Number of issued shares: 502 (2021: 502)		
Shareholding: 50% (2021: 50%)		
251 (2021: 251) Shares at cost	**40 156**	40 156
Share in post-acquisition accumulated profit/(loss)	**1 221**	(6 233)
	41 377	33 923
Summarised Statement of financial position as prepared under IFRS		
Non-current assets	**75 750**	85 672
Current assets	**215 335**	150 585
Cash and cash equivalents	**8 493**	1 612
Other current assets	**206 842**	148 973
Total assets	**291 085**	236 257
Non-current liabilities		
Loans and lease liabilities	**18 172**	30 278
Current liabilities	**188 111**	136 086
Short-term borrowings	**14 323**	19 679
Other current liabilities	**173 788**	116 407
Total liabilities	**206 283**	166 364
Net assets	**84 802**	69 893
Group's share in percentage	**50%**	50%
Group's share in Net assets of joint venture at fair value	**42 401**	34 947
Summarised Income statement		
Revenue	**885 697**	687 649
Depreciation	**12 845**	11 642
Interest income	**7 446**	5 877
Interest expense	**5 398**	7 427
Profit before taxation	**21 205**	7 003
Income tax	**(6 297)**	(2 241)
Profit attributable to ordinary shareholders	**14 908**	4 762
Joint Guarantee for bank overdraft facility of investment in joint venture		
Kaap Agri (Namibia) (Pty) Ltd	**45 500**	45 500
The Group provides a limited guarantee (limited to R45,0 million) for the bank overdraft facility of Kaap Agri (Namibia) (Pty) Ltd at Bank Windhoek.		
Guarantee for suppliers of subsidiaries		
Vivo Energy Namibia Limited	**10 000**	7 372
The Group provides a limited guarantee (limited to R10 million) for the supply of fuel to Kaap Agri (Namibia) (Pty) Ltd.		

	GROUP	
	2022 R'000	2021 R'000

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Signafi Capital (Pty) Ltd – unlisted	**5 580**	5 580

Information about the Group's exposure to price risk is provided in note 24. For information about the methods and assumptions used in determining the fair value also refer to note 24.

The shares are encumbered as security as set out in note 22.

8 LOANS

Kaap Agri (Namibia) (Pty) Ltd	**3 127**	6 732
Opening balance	**6 732**	34 764
Loan capitalised to Investment in Joint Venture	**–**	(25 000)
Decrease in loan	**(3 605)**	(3 032)
Lionshare Holdings (Pty) Ltd	**19 361**	27 238
Opening balance	**27 238**	25 026
(Decrease)/Increase in loan	**(7 877)**	2 212
	22 488	33 970
Short-term portion carried over to current assets	**(4 915)**	(7 238)
	17 573	26 732

The carrying value of the loans approximates its fair value at the reporting date.

Kaap Agri (Namibia) (Pty) Ltd

The loan is unsecured and bears interest at the Namibian prime rate. There are no specific repayment terms. Repayment is determined by the shareholders as and when funds are available. Repayment of the loan will take place before any dividends are declared.

During the previous year a portion of the loan to Kaap Agri (Namibia) (Pty) Ltd was capitalised as part of the investment in Joint Venture. Refer to note 6.

The expected credit loss allowance was assessed based on the exposure, probability of default and loss given default. The general model is followed in terms of IFRS 9. Strategies are in place to improve profitability and will lead to improved cashflows. As such, no expected credit loss provision has been created as this loan is considered fully recoverable in the future. A 12-month expected credit loss was considered, and no material loss allowance was identified. Refer to accounting policy note 8.

Lionshare Holdings (Pty) Ltd

The loan bears interest at prime plus 1,5%. The loan is repayable in yearly instalments after payment of a dividend by TFC Operations (Pty) Ltd, with final repayment on 28 February 2029.

The loan is secured by:

> A first-ranking mortgage bond over the immovable property of C-Max Investments 71 (Pty) Ltd, held under Deed of Transfer T19459/2012.

> A second-ranking mortgage bond over the immovable property of C-Max Investments 71 (Pty) Ltd, held under Deed of Transfer T51438/2014.

> A suretyship agreement, binding itself, by C-Max Investments 71 (Pty) Ltd.

> A suretyship agreement, binding itself, by Mezibase (Pty) Ltd.

The expected credit loss allowance was assessed based on the exposure and probability of default and loss given default, but based on the security value the expected credit loss allowance was considered immaterial. Refer to accounting policy note 8.

	GROUP	
	2022 R'000	2021 R'000

9 DEFERRED TAXATION

	2022 R'000	2021 R'000
Movement of deferred taxation		
Balance beginning of year	**(101 502)**	(97 499)
Balance through business combinations	**(49 719)**	(8 848)
Disposal of subsidiary	**82 707**	–
Income statement credit	**18 730**	8 353
Credit/(debit) against reserves	**6 366**	(3 508)
Balance end of year	**(43 418)**	(101 502)
Due to the following temporary differences:		
Property, plant and equipment	**(72 687)**	(162 246)
Intangible assets	**(54 426)**	353
Currency translation differences	**(327)**	(15)
Tax loss	**28 914**	20 846
IFRS 16 right-of-use asset and liability	**12 757**	9 125
Provisions and accrued expenses	**42 351**	30 435
	(43 418)	(101 502)

Sufficient taxable earnings are expected to be earned in the future to utilise the deferred tax asset.

	2022 R'000	2021 R'000
Movements for the year		
Opening balance	**(101 502)**	(97 499)
Property, plant and equipment	**89 559**	(20 425)
Intangible assets	**(54 779)**	–
Currency translation differences	**(312)**	(79)
Tax loss	**8 068**	7 419
IFRS 16 right-of-use asset and liability	**3 632**	1 500
Provisions and accrued expenses	**11 916**	7 582
	(43 418)	(101 502)

The tax loss for the year is R107,1 million and has no expiry date. For the purposes of the statement of financial position deferred taxation is presented as follows:

	2022 R'000	2021 R'000
Non-current assets	**12 912**	7 181
Non-current liabilities	**(56 330)**	(108 683)
	(43 418)	(101 502)

10 INVENTORY

	2022 R'000	2021 R'000
Merchandise	**1 594 472**	1 201 741
Raw materials	**30 251**	17 880
Consumable goods	**2 647**	1 718
	1 627 370	1 221 339
Inventory carried at lower of cost or net realisable value	**54 581**	48 269
Provision for slow-moving and obsolete stock included in inventory	**37 568**	37 559
Inventory written off during the year	**10 410**	7 739

The inventory is encumbered as security as set out in note 22.

	GROUP	
	2022 R'000	2021 R'000

11 TRADE AND OTHER RECEIVABLES

	2022 R'000	2021 R'000
Trade receivables	**2 583 856**	2 056 188
Expected credit loss allowance	**(44 213)**	(54 460)
	2 539 643	2 001 728
VAT	**94 053**	43 788
Other debtors	**80 030**	60 306
	2 713 726	2 105 822
Trade and other receivables – current	**2 661 293**	2 053 669
Trade and other receivables – non-current	**52 433**	52 153
	2 713 726	2 105 822

Included in the non-current portion of trade and other receivables are long-term facilities granted to producers to assist in capital expansion related to the establishment and/or expansion of production. The nature of these accounts are the same as normal trade debtors. These facilities vary in duration between 2 and 5 years, are suitably secured and bear interest in line with the policies regarding interest for all trade receivables and are considered to be market related.

Trade and other receivables are categorised as debt instruments at amortised cost.

The Group applies the simplified approach for providing for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected loss provision for all trade receivables. The general model was used to identify any expected credit losses for deposits and other receivables and no material loss allowance identified. This was based on the fact that no history of defaults on the other debtors and none expected in future as these balances carry very low credit risk. The majority relates to SAFEX deposits in the Agrimark Grain segment.

A loss allowance is recognised for all receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. Refer to note 24 for the detail regarding the process for identifying the specific and contingency loss allowance. In addition to the loss allowance, receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Receivables which have been written off are not subject to enforcement activities.

The carrying value of trade and other receivables approximates its fair value at the reporting date.

The trade debtors are encumbered as security as set out in note 22.

	GROUP	
	2022 R'000	2021 R'000
Movement in the expected credit loss allowance		
Opening balance	**(54 460)**	(50 631)
Movement in the expected credit loss allowance	**10 247**	(3 829)
Bad debts written off	**25 343**	4 329
Additional provision raised	**(15 096)**	(8 158)
Balance at the end of the year	**(44 213)**	(54 460)

	GROUP	
	2022 R'000	2021 R'000

12 DERIVATIVE FINANCIAL INSTRUMENTS

	2022 R'000	2021 R'000
Firm commitment – Grain purchases		
Assets/(Liabilities)		
– Forward purchase contracts	**2 497**	35 831
– Options	**(5)**	152
	2 492	35 983

The forward purchase contracts ('Physically settled derivatives') and options represent contracts with producers for the acquisition of physical commodities in the future, which will be delivered within the next twelve months after year-end.

The Group manages its price risk by entering into back-to-back transactions whereby firm commitments on physical positions are hedged with derivative instruments thereby ensuring limited price risk as all contracts with buyers and sellers are fully hedged on SAFEX.

There is a formal grain trading policy in place which is adhered to at all times. A functional grain marketing committee meets on a monthly basis to monitor the Group's hedging position.

As at 30 September 2022 47 400 tons (2021: 103 550 tons) wheat were hedged. The risk of the producer not delivering the contracted tonnages is very low as the Group takes into account the current harvest estimates and historic harvest volumes per producer and only contracts for a portion of the historic and harvest estimates, thus taking a very conservative approach. Good long standing relationships exist with all producers and the Group has expert skills and knowledge in this particular field. If the producer under delivers, the Group can buy and sell the tonnages directly on SAFEX.

As the Group applies hedge accounting as per IFRS 9, there is no effect on the income statement as all grain trading transactions are fully hedged. The hedges are 100% effective with no ineffective portion identified.

These hedges are classified as fair value hedges.

	GROUP	
	2022 R'000	2021 R'000

13 FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 R'000	2021 R'000
Written Put Option		
C-Max Investments (Pty) Ltd		
Opening balance	**(76 100)**	(76 600)
Remeasurement through profit or loss	**(4 300)**	500
Put relinquished through equity	**80 400**	–
	–	(76 100)

During the current year the financial liability was relinquished. A new Memorandum of Incorporation was created for TFC Operations and in terms of the agreement C-Max Investments (Pty) Ltd no longer has the contractual right to put the shares to Kaap Agri, thus the financial liability relinquished through equity.

13 FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

As part of the asset-for-share transaction in prior years, the Group entered into a once-off written put agreement, whereby C-Max Investments (Pty) Ltd may put their 23,5% shareholding in both TFC Operations (Pty) Ltd and TFC Properties (Pty) Ltd ("the TFC Companies") to Kaap Agri Bedryf Limited. This option shall not apply in the event that any of the TFC Companies are listed on the JSE. The put option is not exercisable prior to the end of the financial year ending 30 September 2021 and it lapses after the notice period has passed, which is 30 days after sign-off of the 30 September 2023 financial statements. The value of the put option is based on the lower of the market value of TFC Operations (Pty) Ltd (which has been calculated with reference to the enterprise value to EBITDA ("EV/EBITDA") multiple of comparable listed companies, adjusted for Company specific risk) and a value determined based on a recurring headline earnings multiple of the Kaap Agri Group (which has been performed by applying the current price to recurring headline earnings ("Price/RHEPS") multiple of Kaap Agri, to the forecast profit after tax). The financial liability was designated at fair value through profit or loss because the put option obligation varies with changes in TFC's share price. Any changes in the future fair value of the liability was accounted for in the income statement.

	GROUP	
	2022 R'000	2021 R'000
Low risk retention payment – contingent consideration		
Purchase	**(80 778)**	–
Interest	**(1 618)**	–
	(82 396)	–
The low risk retention payment resulted with the purchase of the subsidiary PEG Retail Holdings (Pty) Ltd. A contingent consideration amount has been allocated in respect of each site where a required 5 year renewal of the lease agreement should be obtained. Within five business days of receipt by TFC of the signed renewal agreement, TFC will make the relevant payments. The low risk retention payment will be increased by a factor equal to prime less 1% calculated from effective date to the date of actual payment. Management is of the opinion that based on history and the current relationships with the Oil companies, the probability of the lease agreements to be renewed and the low risk retention payment to be made in full is highly probable. This liability is expected to be settled before 31 December 2025		
	(82 396)	(76 100)

	GROUP	
	2022 R'000	2021 R'000

14 FINANCIAL LIABILITY AT AMORTISED COST

	2022 R'000	2021 R'000
Written Put Option		
Partridge Building Supplies (Pty) Ltd		
Opening balance	**(23 651)**	(14 213)
Put exercised during the year	**15 068**	–
Interest (refer to note 32)	**(114)**	(1 279)
Remeasurement through profit or loss	**–**	(8 159)
Put unexercised, thus lapsed through equity	**8 697**	–
Minority Put Option		
Partridge Building Supplies (Pty) Ltd		
Put option raised through equity	**(19 240)**	–
Interest (refer to note 32)	**(260)**	–
Put exercised during the year	**19 500**	–
	–	(23 651)
As a result of the acquisition of the minority shares in the subsidiary the non-controlling interest was derecognised	**22 462**	–

Through the acquisition of the 60% shareholding in Partridge Building Supplies (Pty) Ltd in prior years, the Group entered into a once-off written put agreement over the remaining 40% interest in the aforementioned Company. The option was exercisable after the finalisation of the financial statements for the year ending 30 September 2021 and the consideration on exercise was determined based on the growth ratio (determined as the actual/forecasted EBITDA divided by the targeted EBITDA over the period determined), net debt value and EBITDA figures of Partridge Building Supplies (Pty) Ltd. During this financial period 25% of the remaining 40% shareholding was purchased as part of the Written Put Option, and the rest of the Written Put Option was not exercised. This portion of the written put option lapsed and the liability was derecognised with a corresponding adjustment to equity.

A new Minority Put Option was raised in January 2022 as a financial liability at amortised cost. The amount that may become payable under the option on exercise date is initially recognised at the present value of the redemption amount. The corresponding charge was accounted for directly as a reduction in the parent's equity since the risks and rewards have not been transferred to the parent until the option is exercised. The liability was subsequently adjusted for changes in the estimated performance and increased/decreased up to the redemption amount that is payable at the date at which the option is exercised. As at the end of the period this option was exercised and shares were issued as payment method to clear out the liability as at 31 March 2022.

	GROUP	
	2022 R'000	2021 R'000

15 CASH AND CASH EQUIVALENTS

	2022 R'000	2021 R'000
Cash on hand	**4 549**	2 255
Bank balances	**354 935**	49 279
	359 484	51 534

The cash balances are encumbered as security as set out in note 22.

The credit quality of cash at bank, excluding cash on hand that is neither past due nor impaired can be assessed by reference to external credit ratings:

> ABSA Bank Limited – counterparty risk rated Ba2 by Moody's

> First National Bank Limited – counterparty risk rated Ba2 by Moody's

> Standard Bank of South Africa Limited – counterparty risk rated Ba2 by Moody's

> Nedbank Limited - counterparty risk rated Ba2 by Moody's

	GROUP 2022 R'000	GROUP 2021 R'000

16 STATED CAPITAL

Authorised:
1 000 000 000 (2021: 1 000 000 000) ordinary shares with no par value
Issued:
74 567 680 (2021: 74 170 277) ordinary shares with no par value

	2022 R'000	2021 R'000
Ordinary shares	**496 664**	480 347
Treasury shares	**(45 348)**	(33 776)
	451 316	446 571

	Number	Number
Total number of ordinary shares – issued	**74 568**	74 170
Treasury shares – issued	**(4 200)**	(3 888)
	70 368	70 282

17 OTHER RESERVES

	2022 R'000	2021 R'000
Hedge reserve Derivative financial instruments that are designated and qualify as cash flow hedges are shown in the statement of financial position at fair value. This includes foreign exchange contracts pertaining to imports of inventory. The effective portion of changes in the fair value are recognised in other comprehensive income in the hedge reserve.	**883**	39
Share-based payment reserve The equity impact in relation to the management share incentive scheme is shown in the share-based payment reserve.	**14 246**	12 513
	15 129	12 552

18 EQUITY SETTLED MANAGEMENT SHARE INCENTIVE SCHEME

	2022		2021	
	Average exercise price per share option	**Number of options**	Average exercise price per share option	Number of options
Granted during the year – based on old LTI scheme	**44,44**	**585 884**	24,53	461 157
Granted during the year – based on modified LTI scheme	**–**	**1 324 779**	–	–

The expense recognised in profit or loss is R8 066 453 (2021: R5 665 134).

18 EQUITY SETTLED MANAGEMENT SHARE INCENTIVE SCHEME (CONTINUED)

Share options outstanding at the end of the year have the following vesting dates and exercise prices:

Grant date	Vesting date	Exercise price	Fair value at grant date	Share options 2022	Share options 2021
Old LTI scheme					
1 October 2016	1 October 2021	23,88	10,75	**228 477**	310 651
20 March 2018	1 October 2021	48,27	14,43	**25 050**	30 095
20 March 2018	1 October 2022	48,27	16,18	**25 050**	30 095
15 January 2019	1 October 2021	36,72	12,58	**46 839**	66 547
15 January 2019	1 October 2022	36,72	14,14	**46 839**	66 547
15 January 2019	1 October 2023	36,72	15,29	**46 839**	66 547
15 January 2020	1 October 2021	27,31	4,35	**390 201**	446 973
15 January 2020	1 October 2022	27,31	5,28	**390 201**	446 973
15 January 2020	1 October 2023	27,31	5,96	**390 201**	446 973
15 January 2020	1 October 2024	27,31	6,48	**390 201**	446 973
12 January 2021	1 October 2022	24,53	4,65	**85 440**	115 289
12 January 2021	1 October 2023	24,53	5,56	**85 440**	115 289
12 January 2021	1 October 2024	24,53	6,23	**85 440**	115 289
12 January 2021	1 October 2025	24,53	6,74	**85 440**	115 289
20 January 2022	1 October 2023	44,44	11,01	**131 051**	–
20 January 2022	1 October 2024	44,44	13,51	**131 051**	–
20 January 2022	1 October 2025	44,44	15,34	**131 051**	–
20 January 2022	1 October 2026	44,44	16,72	**131 051**	–
Modified LTI scheme – Nil Cost Option (“NCO”)					
29 September 2022	29 September 2024	–	33,03	**331 195**	–
29 September 2022	29 September 2025	–	30,90	**331 195**	–
29 September 2022	29 September 2026	–	28,71	**331 195**	–
29 September 2022	29 September 2027	–	26,47	**331 195**	–
				4 170 642	2 819 531

Fair value of options granted

Old LTI scheme

The fair value of the grant is determined using the Black-Scholes-Merton model using six different inputs that would have an effect on the fair value of the grant. The inputs are the exercise price of the option, the share price at grant date, the expected life of the option, the expected volatility, the expected dividend yield and the risk-free interest rate.

18 EQUITY SETTLED MANAGEMENT SHARE INCENTIVE SCHEME (CONTINUED)

Fair value of options granted (continued)

Modified LTIP scheme – Nil Cost Option ("NCO")

This award is conditional upon specific non-market conditions and the completion of an employment period. We refer to the fair value of this award, prior to taking into account the probability of achieving the non-market performance conditions, as the "unconditional fair value". The shares are obtained for no consideration upon the achievement of the performance and employment condition (i.e. no strike price) and award holders will not be entitled to dividends on the ordinary shares underlying their share options prior to the vesting date. The "unconditional fair value" is thus equal to the share price at the grant date, less the present value of estimated dividends paid prior to the time of vesting. Some of the participants sharing in the old scheme did not transfer to the modified scheme and their determined portions will be paid out in cash. During the current year the portion of the grants issued that was converted from equity-settled to cash-settled is 61 680 grants.

	GROUP	
	2022	2021
Model inputs:		
Old LTI scheme		
Exercise price (Rand)	**44,44**	24,53
Share price at grant date (Rand)	**44,44**	24,53
Expected life of option (years)	**2 to 5**	2 to 5
Expected volatility (%)	**27,6 – 55,9**	27,6 – 55,9
Expected dividend yield (%)	**4,0 – 5,0**	5,0 – 6,0
Risk-free interest rate (%)	**8,1 – 8,8**	4,4 – 6,0
Modified LTIP scheme – Nil Cost Option ("NCO")		
Share price at grant date (Rand)	**36,73**	–
Expected life of option (years)	**2 to 5**	–
Expected dividend yield (%)	**5,2 – 6,4**	–
Risk-free interest rate (%)	**8,1 – 8,9**	–

During the year Kaap Agri has adopted a modified share incentive scheme, namely the modified LTIP (NCO), which is non-dilutionary equity-settled long-term incentive plan. The LTIP is an NCO scheme, which mitigates the risk participants previously had with share price changes due to market volatility. The rights previously granted under the Kaap Agri Equity Settled Management Share Incentive Scheme have been migrated and converted to NCOs governed by the amended rules of the abovementioned non-dilutionary LTIP, although the vesting dates and performance hurdles applicable to such grants will remain in place for these converted NCOs.

Participation is limited to the executive directors and other executive committee members, which may also include the Managing Director of a subsidiary. Participants will be awarded NCOs, which are conditional rights to receive Company shares on a future date after the fulfilment of the performance and other conditions, to the extent applicable. The vesting is not dependent on the share price growth. Each year the participants are awarded NCOs, based on a multiple of the participant's annual TGP. The NCOs vest in tranches of 25% each on the later of the 2nd, 3rd, 4th and 5th anniversary of the date of award; and to the extent applicable, the date on which the remuneration committee determines that the performance condition(s) has been met; and to the extent applicable, any other conditions imposed have been satisfied. On the vesting date, shares will be awarded to a participant.

Based on the old scheme during the current year, 585 885 new grants were issued. During the year, the fourth tranche of the 1 October 2016 grants vested (287 431 share options), the third tranche of the 20 March 2018 grants vested (26 916 share options) and the second tranche of the 15 January 2019 grants vested (59 511 share options) and the first tranche of the 15 January 2020 grants vested (407 461 share options). The 20 March 2018 had no value as the vesting price was lower than the grant price, so there was no value in that specific grant. A migration value was determined based on the old LTI scheme and brought over to the new modified LTI scheme – NCO.

	GROUP	
	2022 R'000	2021 R'000

19 INSTALMENT SALE AGREEMENTS

	2022 R'000	2021 R'000
Instalment sale agreements liabilities	**73 432**	92 080
Short-term portion of Instalment sale agreements liabilities	**(28 030)**	(29 166)
	45 402	62 914
Commitments in relation to Instalment sale agreements payable are as follows:		
Within one year	**33 408**	34 089
Later than one year but not later than five years	**48 871**	67 796
Minimum instalment payments	**82 279**	101 885
Future finance charges	**(8 847)**	(9 805)
Recognised as liability	**73 432**	92 080
The present value of Instalment sale agreements liabilities is as follows:		
Within one year	**28 030**	29 166
Later than one year but not later than five years	**45 402**	62 914
Minimum instalment payments	**73 432**	92 080

Instalment sale agreements liabilities include vehicles and forklifts where ownership will transfer to the group once contract expires.

The nature of instalment sale agreements is that the ownership of assets is already transferred to the Group.

20 EMPLOYEE BENEFIT OBLIGATIONS

	2022 R'000	2021 R'000
Post-retirement medical benefits		
Balance beginning of year	**17 044**	17 603
Interest costs recognised in the income statement	**1 475**	1 588
Actuarial gain recognised in the income statement	**168**	–
Employer contributions	**(2 129)**	(2 147)
	16 558	17 044
Short-term portion carried over to current liabilities	**(2 032)**	(2 169)
	14 526	14 875

Amounts recognised in the income statement are shown under other operating expenses.

Existing provisions are based on the following important assumptions:

	2022	2021
Post-retirement medical benefits		
Cost of medical inflation (%)	**9,00**	7,00
Discount rate (%)	**11,25**	9,25
Average retirement age (years)	**65**	65
Expected membership continuance at retirement (%)	**100**	100
Post-retirement mortality	**2 years +1%**	2 years +1%
Weighted average duration of obligation (years)	**6,83**	7,54
Total expected contributions for the coming year (R'000)	**2 032**	2 169

20 EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

Sensitivity analysis:

The method of calculation remains unchanged.

Effect of a 1% movement in the assumed cost of medical inflation and discount rate:

	GROUP	
	+1% **R'000**	**-1%** **R'000**
Cost of medical inflation		
Aggregate of current service cost and interest cost – increase/(decrease)	**128**	**(109)**
Liability – increase/(decrease)	**1 080**	**(979)**
Discount rate		
Liability – (decrease)/increase	**(916)**	**1 025**

	2022 R'000	2021 R'000	2020 R'000	2019 R'000	2018 R'000
Trend information:					
Present value of liabilities	**16 558**	17 044	17 603	17 952	18 281
Present value of plan assets	**–**	–	–	–	–
Present value of obligations above plan assets	**16 558**	17 044	17 603	17 952	18 281
Experience adjustments					
Present value of liabilities	**(49)**	–	(947)	–	(174)
Present value of plan assets	**–**	–	–	–	–
Actuarial loss before changes in assumptions	**(49)**	–	(947)	–	(174)

	GROUP	
	2022 R'000	2021 R'000
21 TRADE AND OTHER PAYABLES		
Trade creditors	**2 220 823**	1 501 529
Employee accruals	**136 427**	75 467
Other creditors	**146 905**	79 664
	2 504 155	1 656 660

The carrying value of trade and other payables approximates its fair value at the reporting date.

	GROUP 2022 R'000	2021 R'000
22 BORROWINGS		
Long-term bank borrowings	**837 813**	325 000
Borrowings	**1 084 000**	418 750
Short-term portion of long-term bank borrowings	**(246 187)**	(93 750)
The carrying value of long-term loans approximates its fair value at the reporting date.		
An additional loan of R725 million was obtained to partly finance the business combination – refer to note 45.		
The current bank facilities bear interest at fixed rates between 6,37% to 6,43%. The borrowings are repayable based on a schedule as set out in the agreement between the Company and the bank and will be fully repaid by 31 March 2025.		
Short-term bank borrowings	**1 257 457**	842 096
Overdraft facility	**1 011 270**	748 346
Short-term portion of long-term bank borrowings	**246 187**	93 750

The carrying value of short-term loans approximates its fair value at the reporting date.

The bank facilities are renewed annually and the current facilities bear interest from prime less 1,25% to prime less 2,00%.

Securities held:
The bank facilities of R2 372,0 million are secured by:

- A pledge and cession of all shares, securities and other ownership interests in any affiliate, associate company or another person in which it is invested
- First-ranking covering mortgage bonds over certain immovable property of which that Kaap Agri is the registered owner
- A cession of all its rights and claims in respect of bank accounts maintained in South Africa
- A general notarial bond over the stock and moveable assets of Kaap Agri Bedryf Limited to the value of R100 million for the facility of Kaap Agri Bedryf Limited
- A cession of trade debtors and stock of Kaap Agri Bedryf Limited for the facility of Kaap Agri Bedryf Limited (limited to R1 410 million)
- A cession of trade debtors of Agriplas (Pty) Ltd as well as a limited guarantee by Kaap Agri Bedryf Limited (limited to R27,3 million) for the facilities of Agriplas (Pty) Ltd
- First-ranking covering mortgage bonds over certain immovable property of Kaap Agri Bedryf Limited
- A cession of all its insurance taken out and any proceeds receivable
- A cession of bank accounts opened with any bank and all the proceeds standing to the credit of such accounts – PEG Retail Holdings (Pty) Ltd.
- A limited guarantee of R30 million by PEG Retail Holdings (Pty) Ltd
- A cession of all rights, title and interest in the management contracts held of PEG Management Services (Pty) Ltd.

23 RELATED PARTY TRANSACTIONS

	GROUP 2022 R'000	GROUP 2021 R'000
Transactions with related parties and outstanding balances:		
Income		
Sales of goods – Capespan SA (Pty) Ltd	**6 100**	159
Sales of goods – African Seed Group (Pty) Ltd	**423**	–
Sales of goods – Agricol (Pty) Ltd	**828**	–
Sales of goods – Curro Holdings Ltd	**102**	–
Sales of goods – Novo Fruit Packers Pty Ltd	**11 814**	–
Sales of goods – Valam Boerdery (Pty) Ltd	**29 021**	–
Interest received – Lionshare Holdings (Pty) Ltd	**2 225**	2 212
Expenses		
Purchases of goods – Capespan SA (Pty) Ltd	**318**	1 336
Purchases of goods – M Pupkewitz & Sons (Pty) Ltd	**1 710**	1 792
Purchases of goods – African Seed Group (Pty) Ltd	**31**	–
Purchases of goods – Energy Partners Holdings (Pty) Ltd	**166**	–
Purchases of goods – Farm-Ag International (Pty) Ltd	**255**	–
Purchases of goods – Grayston Elliot (Pty) Ltd	**40**	–
Purchases of goods – Limagrain Zaad South Africa (Pty) Ltd	**5 820**	–
Purchases of goods – Nuvance (Pty) Ltd	**1 316**	–
Purchases of goods – ZAR Seed Production (Pty) Ltd	**607**	–
Purchases of goods – Zeder Investments Ltd	**337**	–
Professional services – PSG Corporate Services	**32 181**	–
Balances		
Trade debtors – Capespan SA (Pty) Ltd	**24**	39
Loan – Lionshare Holdings (Pty) Ltd	**19 361**	27 238
Transactions with directors and outstanding balances		
Sales	**92 265**	67 834
Purchases	**3 540**	–
Trade receivables	**15 864**	12 666
Transactions with joint venture and outstanding balances		
Income		
Sales of goods – Kaap Agri (Namibia) (Pty) Ltd	**7 901**	2 500
Interest received – Kaap Agri (Namibia) (Pty) Ltd	**328**	742
Expenses		
Purchases of goods – Kaap Agri (Namibia) (Pty) Ltd	**369**	118
Balances		
Trade debtors – Kaap Agri (Namibia) (Pty) Ltd	**138**	299
Trade creditors – Kaap Agri (Namibia) (Pty) Ltd	**6**	3
Loan – Kaap Agri (Namibia) (Pty) Ltd	**3 127**	6 732

Also refer to note 6 and 8.

23 RELATED PARTY TRANSACTIONS (CONTINUED)

The relationships between the various companies in the Group are disclosed in note 46.

Kaap Agri Limited is the ultimate holding company of the group.

M Pupkewitz & Sons (Pty) Ltd holds the other 50% shareholding in the Joint Venture. Refer to note 6.

Lionshare Holdings (Pty) Ltd is a related Company to one of the non-executive directors.

C-Max Investments 71 (Pty) Ltd is a related Company as the Company is a shareholder in subsidiary companies of the Group and the director of C-Max serves on the Kaap Agri Limited Board.

All other related parties not specifically mentioned and listed above, are subsidiaries or fellow subsidiaries of PSG Group Holdings which was a shareholder during the year.

Refer to executive directors' remuneration as disclosed in note 30 for key management compensation.

The companies in the Group sell products in the normal course of business to directors and all other related companies on terms and conditions applicable to all clients.

24 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks like market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The accounting policy for financial instruments are applied to the following line items according to the statement of financial position: trade and other receivables, financial assets at fair value through other comprehensive income, financial liabilities at amortised cost, derivative financial instruments, cash and cash equivalents, loans, trade and other payables, borrowings, finance lease liabilities and financial liabilities at fair value through profit or loss.

The carrying value according to the statement of financial position differs from the values disclosed in this note because of items included in the carrying value according to the statement of financial position which do not meet the definition of a financial instrument or which are excluded from the scope of IFRS 7: Financial Instruments: Disclosures. These items include statutory receivable (VAT) amounts of R94,1 million (2021: R43,8 million), statutory liabilities of R15,4 million (2021: R11,2 million) and liabilities in respect of employee benefits of R109,4 million (2021: R61,7 million).

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Foreign exchange risk primarily arises from inventory and asset purchases in other countries. Forward exchange contracts are used to manage the foreign exchange risk.

Kaap Agri (Aussenkehr) (Pty) Ltd is currently the only foreign subsidiary within the Group. The functional currency of Kaap Agri (Aussenkehr) (Pty) Ltd is the Namibian Dollar. The exchange rate between the Namibian Dollar and South African Rand is fixed at 1 Namibian Dollar for 1 South African Rand. Consequently no foreign exchange rate differences arise due to the translation of this foreign subsidiary.

All imports in foreign currency are hedged with the corresponding foreign exchange contract asset and liability, and reserves are addressed. No effect on profit or loss, thus foreign currency risk is managed through hedge accounting.

Cash flow interest rate risk

The Group finances its operations through a combination of shareholders' funds and bank borrowings. The Group's interest rate exposure and the effective interest rates can be summarised as follows:

	INTEREST-BEARING			
	Rate 2022 %	**Amount 2022 R'000**	Rate 2021 %	Amount 2021 R'000
Assets				
Trade receivables	**9,50 – 14,50**	**2 619 673**	7,00 – 12,00	2 062 034
Loan: Kaap Agri (Namibia) (Pty) Ltd	**9,25**	**3 127**	7,50	6 732
Loan: Lionshare Holdings (Pty) Ltd	**11,25**	**19 361**	8,50	27 238
Cash and cash equivalents	**5,14 – 5,33**	**354 935**	–	–
Liabilities				
Short-term borrowings	**7,75 – 9,75**	**1 011 270**	5,00 – 5,75	748 346
Low risk retention payment	**8,75**	**82 396**	–	–
Instalment sale agreements	**8,45 – 10,77**	**73 432**	6,00 – 8,02	92 080
Borrowings	**6,37 – 11,98**	**1 084 000**	6,37 – 6,43	418 750

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

	NON-INTEREST-BEARING	
	Amount 2022 R'000	Amount 2021 R'000
Assets		
Other receivables	**80 030**	60 306
Cash and cash equivalents	**4 549**	51 534
Liabilities		
Trade and other payables	**2 391 893**	1 583 822

	GROUP	
	2022 R'000	2021 R'000
To illustrate the Group's exposure to interest rate changes, the influence of interest rate changes on the carrying values of interest-bearing financial assets and financial liabilities and resulting profit before taxation, are illustrated as follows:		
Interest-bearing assets	**2 997 096**	2 147 538
Interest-bearing liabilities	**(2 251 098)**	(1 259 176)
Net interest-bearing assets	**745 998**	888 362
Increase/(decrease) in profit after tax and equity		
Half a percentage point increase in interest rates	**2 686**	3 198
Half a percentage point decrease in interest rates	**(2 686)**	(3 198)

Price risk

The Group is involved in the trading of grain commodities in order to optimise the utilisation of its silo infrastructure. It is the Group's intent to hedge any price risk arising from fluctuations in commodity prices during the trading of grain commodities. The Group uses commodity contracts, option contracts or other derivative financial instruments to hedge the commodity price risk. Commodities are hedged within the limits approved by the Board of directors. The hedging policy is sufficiently flexible to allow management to rapidly adjust hedges following possible changes in the commodity market.

Equity price risk

The equity price risk exposure arises from the investment made in Signafi Capital (Pty) Ltd shares. Equity price risk is the risk that the fair values of equities decrease or increase as a result of changes in the levels of equity indices and the value of individual stocks. Please refer to note 7 for the investment. A 10% difference in the share price could affect other comprehensive income with R558 000.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Potential concentrations of credit risk consist mainly within cash and cash equivalents, deposits, all other receivables, loans receivables and trade debtors.

In terms of IFRS 9: Financial Instruments, all financial assets at amortised cost need to be assessed for expected credit losses. Refer to the accounting policy note 10 for more information.

The Group limits its counterparty exposures arising from cash current accounts by only dealing with well-established financial institutions of high-quality credit standing. Refer to note 15.

Expected credit loss allowances on cash and cash equivalents, deposits and all other receivables were assessed based on the general model and no expected credit loss allowance was created as this was immaterial. Refer to note 11.

Trade receivables

Trade debtors consist of a large number of clients, the majority of whom are long standing reputable clients with strong trading history with the business. Clients are well diversified across geographical regions as well as product types, thus lowering the concentration risk. The cash flows are also spread throughout the year as the clients are well diversified and the different product types results in different seasons with the cash flows, not happening all at one point in time, thus lowering the concentration risk. Credit is granted to customers in the form of facilities to purchase from Kaap Agri outlets and not in the form of loan funding. The terms of credit is monthly to seasonal accounts plus limited establishment credit (longer term).

Credit terms, interest rates and other applicable terms are determined based on the calculated risk profile of the credit taker(s). A strict credit policy is followed which includes the ongoing revision of credit limits, security assessments and credit evaluations of the financial position of clients. The credit policy is approved by the finance committee, which meets three times per year to review the credit positions. The largest credit default risks are associated with natural causes or sequestration and are mitigated through these actions. The Group is of the opinion that these measures reduce residual credit risk to acceptable levels. Considering that the vast majority of the trade debtors are associated with the agricultural sector, the recoverability of these financial assets can be negatively influenced by natural disasters, consecutive poor production seasons and lower than expected commodity prices. These factors have been taken into consideration on an individual and collective basis when determining the recoverability of debtors. Steps for collection are immediately implemented if a debtor does not conform to his limit or repayment terms.

The Group has a specific expected credit loss allowance and a contingency expected credit loss allowance. Refer to note 10 in the accounting policy for more information.

	GROUP	
	2022 R'000	2021 R'000
The total expected credit loss allowance is made up of		
– specific expected credit loss allowance	**(34 673)**	(47 707)
– contingency expected credit loss allowance	**(9 540)**	(6 753)
Balance at the end of the year calculated under IFRS 9	**(44 213)**	(54 460)

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables (continued)

The credit risks related to trade debtors are further limited by taking up a wide range of securities as shown below. The nature of the security held is a determining factor in the size of the facility granted, as well as to the value attributed to such security in the credit risk assessment. The value of the securities are determined based on the type of security. The securities that are readily convertible into cash, are for example bank guarantees, deed of pledge, cessions and bonds.

The spread across the different forms of security:

	Surety	Guarantee/ Indemnity	Bond	Cession	Deed of pledge	General
Security type – 2022	**53%**	**7%**	**13%**	**21%**	**1%**	**5%**
Security type – 2021	53%	7%	12%	22%	1%	5%

General securities include bank guarantees and credit guarantees.

The default rate of bad debt written off was 0,98% in 2022, 0,21% in 2021, 0,16% in 2020 and 0,29% in 2019.

Trade debtors are presented net of the loss allowance recognised. Interest on trade debtors is calculated on a base rate plus a factor for the risk associated with each client. Overdue debtors incur a penalty interest charge.

Trade debtors are divided into the following categories: Debtors within terms and not credit impaired, Debtors outside terms but not credit impaired and Debtors which are credit impaired. The identification of the respective risk categories is based on the agricultural commodity sectors in which the respective debtors operate. Debtors within a specific agricultural commodity sector are considered to have similar risk characteristics.

	Grain R'000	Fruit R'000	Other Agri R'000	Non-Agri R'000	Total R'000
30 September 2022					
Debtors within terms					
Balance	**650 280**	**873 881**	**451 071**	**295 202**	**2 270 434**
Debtors for which collateral are held	**(556 016)**	**(601 860)**	**(311 832)**	**(49 618)**	**(1 519 326)**
Exposure to credit risk	**94 264**	**272 021**	**139 239**	**245 584**	**751 108**
Debtors outside terms but not credit impaired					
Balance	**9 277**	**174 212**	**63 315**	**7 390**	**254 194**
Debtors for which collateral are held	**(8 622)**	**(144 146)**	**(39 647)**	**(2 944)**	**(195 359)**
Exposure to credit risk	**655**	**30 066**	**23 668**	**4 446**	**58 835**
Debtors which are credit impaired					
Balance	**13 670**	**21 105**	**11 941**	**12 512**	**59 228**
Debtors for which collateral are held	**(5 487)**	**(5 869)**	**(2 815)**	**(848)**	**(15 019)**
Exposure to credit risk	**8 183**	**15 236**	**9 126**	**11 664**	**44 209**

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables (continued)

The contingency loss allowance per category (included in the total expected credit loss allowance as disclosed below) is as follows:

	Grain R'000	Fruit R'000	Other Agri R'000	Non-Agri R'000	Total R'000
Balance of debtors not specifically provided for	**659 557**	**1 048 093**	**514 386**	**302 592**	**2 524 628**
Expected credit loss risk factor	**0,15%**	**0,53%**	**0,36%**	**0,38%**	**0,38%**
Total contingency loss allowance as at 30 September	**972**	**5 528**	**1 877**	**1 163**	**9 540**
Total specific loss allowance as at 30 September	**7 952**	**9 349**	**9 160**	**8 212**	**34 673**
Total expected credit loss allowance	**(8 924)**	**(14 877)**	**(11 037)**	**(9 375)**	**(44 213)**
Balance beginning of year	**(12 020)**	**(9 439)**	**(29 055)**	**(3 946)**	**(54 460)**
Provision written back/(created)	**3 096**	**(5 438)**	**18 018**	**(5 429)**	**10 247**
Total balance	**673 227**	**1 069 198**	**526 327**	**315 104**	**2 583 856**
Total collateral held	**(570 125)**	**(751 875)**	**(354 294)**	**(53 410)**	**(1 729 704)**
Total loss allowance	**(8 924)**	**(14 877)**	**(11 037)**	**(9 375)**	**(44 213)**

	Grain R'000	Fruit R'000	Other Agri R'000	Non-Agri R'000	Total R'000
30 September 2021					
Debtors within terms					
Balance	477 595	674 490	365 167	220 455	1 737 707
Debtors for which collateral are held	(398 522)	(432 233)	(277 731)	(28 703)	(1 137 189)
Exposure to credit risk	79 073	242 257	87 436	191 752	600 518
Based on the payment history of debtors within terms at year-end, management is of the opinion that the credit quality of this category of debtors is good.					
Debtors outside terms but not credit impaired					
Balance	28 571	122 798	83 254	11 207	245 830
Debtors for which collateral are held	(28 121)	(100 200)	(67 026)	(2 586)	(197 933)
Exposure to credit risk	450	22 598	16 228	8 621	47 897
Debtors which are credit impaired					
Balance	20 457	11 221	26 819	14 154	72 651
Debtors for which collateral are held	(10 854)	(1 193)	(7 162)	(698)	(19 907)
Exposure to credit risk	9 603	10 028	19 657	13 456	52 744

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables (continued)

The contingency loss allowance per category (included in the total expected credit loss allowance as disclosed below) is as follows:

	Grain R'000	Fruit R'000	Other Agri R'000	Non-Agri R'000	Total R'000
Balance of debtors not specifically provided for	506 166	797 288	448 421	231 662	1 983 537
Expected credit loss risk factor	0,20%	0,39%	0,49%	0,20%	0,34%
Total contingency loss allowance as at 30 September	999	3 093	2 196	465	6 753
Total specific loss allowance as at 30 September	11 021	6 346	26 859	3 481	47 707
Total expected credit loss allowance	(12 020)	(9 439)	(29 055)	(3 946)	(54 460)
Balance beginning of year	(11 040)	(8 990)	(22 800)	(7 800)	(50 630)
Provision written back/ (created)	(980)	(449)	(6 255)	3 854	(3 830)
Total balance	526 623	808 509	475 240	245 816	2 056 188
Total collateral held	(437 497)	(533 626)	(351 919)	(31 987)	(1 355 029)
Total loss allowance	(12 020)	(9 439)	(29 055)	(3 946)	(54 460)

Liquidity risk

In order to mitigate any liquidity risk that the Group may face, the Group's policy has been to maintain substantial unutilised banking facilities and reserve borrowing capacity. The Group tends to have significant fluctuations in short-term borrowings due to seasonal factors. Consequently the Group policy requires that sufficient borrowing facilities are available to provide sufficient liquidity during projected peak borrowing periods.

The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The South African Revenue Bank ("SARB") has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. This reform is at various stages globally, a suitable alternative for South Africa is only expected to be announced in a few years' time. Accordingly, there is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the group.

	GROUP	
	2022 R'000	2021 R'000
The Group's unutilised borrowing facilities are as follows:		
Total borrowing facilities	**2 474 933**	1 815 830
Interest-bearing debt	**(2 251 098)**	(1 259 177)
	223 835	556 653

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The contractual maturity periods of the Group's liabilities on reporting date are as follows:

	Carrying amount R'000	Contractual cash flows R'000	0 to 12 months R'000	13 to 60 months R'000	More than 60 months R'000
30 September 2022					
Non-derivative financial liabilities					
Trade and other payables	**2 391 893**	**2 391 893**	**2 391 893**	**–**	**–**
Financial liability at fair value through profit or loss	**82 396**	**109 431**	**–**	**–**	**109 431**
Lease liabilities	**678 791**	**988 381**	**97 592**	**372 435**	**518 354**
Short-term borrowings	**1 011 270**	**1 084 671**	**1 084 671**	**–**	**–**
Borrowings	**1 084 000**	**1 102 379**	**246 187**	**856 192**	**–**
Instalment sale agreements	**73 432**	**82 279**	**33 408**	**48 871**	**–**
	5 321 782	**5 759 034**	**3 853 751**	**1 277 498**	**627 785**
Derivative financial liabilities/(assets)					
Derivative financial instruments					
Outflow	**2 492**	**331 210**	**331 210**	**–**	**–**
Inflow	**(2 492)**	**(331 210)**	**(331 210)**	**–**	**–**
Forward exchange contracts					
Outflow	**1 155**	**79 800**	**79 800**	**–**	**–**
Inflow	**(1 155)**	**(79 800)**	**(79 800)**	**–**	**–**
	–	**–**	**–**	**–**	**–**
30 September 2021					
Trade and other payables	1 583 822	1 583 822	1 583 822	–	–
Financial liability at fair value through profit or loss	76 100	99 200	–	99 200	–
Financial liability at amortised cost	23 651	15 200	–	15 200	–
Lease liabilities	256 035	388 982	43 843	155 929	189 210
Short-term borrowings	748 346	772 577	772 577	–	–
Borrowings	418 750	443 329	118 329	325 000	–
Instalment sale agreements	92 080	101 885	34 089	67 796	–
	3 198 784	3 404 995	2 552 660	663 125	189 210
Derivative financial liabilities/(assets)					
Derivative financial instruments					
Outflow	35 983	578 927	578 927	–	–
Inflow	(35 983)	(578 927)	(578 927)	–	–
Forward exchange contracts					
Outflow	283	22 682	22 682	–	–
Inflow	(283)	(22 682)	(22 682)	–	–
	–	–	–	–	–

Fair value estimation

Investments and derivative financial instruments

Level 1

> Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2

> Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3

> Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value estimation (continued)

Investments and derivative financial instruments (continued)

Please refer to the equity risk disclosure for more information regarding the investment in Signafi Capital (Pty) Ltd at fair value. The investment in Signafi Capital (Pty) Ltd is a level 3 financial instrument as the shares are not listed and unobservable. The financial liability at fair value through profit or loss comprising the redemption obligation for a written put option is recorded at fair value.

	GROUP	
	2022 R'000	2021 R'000
Level 2 – Financial instruments for hedging:		
Financial instruments at fair value through profit or loss	**2 492**	35 983

Trade debtors and trade creditors

The nominal value of trade receivables, less expected credit losses, and trade payables are assumed to approximate their fair values.

Financial liabilities

The nominal value of financial liabilities for disclosure purposes are assumed to approximate their fair values.

Capital maintenance:

The Group considers total equity, which includes share capital, reserves and treasury shares, as capital. The ratio between capital and debt is the capital ratio. Debt includes short-term borrowings. The Group's objective with the management of the capital ratio is to ensure that the Group continues to trade as a going concern and to create wealth for its shareholders and other stakeholders. The influence on the capital ratio is considered with decisions on the declaration of dividends, repurchase of shares, issue of shares, purchase and disposal of assets and investments and the acquiring or repayment of debt. The movement in capital is presented in the Statement of changes in equity.

	GROUP	
	2022	2021
Ratios		
Total shareholders' equity: Total assets employed	**36,89%**	40,82%
Net interest bearing debt: Total assets employed	**21,95%**	22,89%
EBITDA: Net assets	**21,71%**	20,96%

Net interest bearing debt includes bank borrowings and cash balances.

EBITDA is the headline earnings before interest, tax, depreciation and amortisation.

Net assets are total assets less total liabilities.

	GROUP	
	2022	2021
Financial covenants		
Asset cover ratio (required to be above 1,25 times)	**1,5**	2,3
Interest cover ratio (required to be above 3,0 times)	**6,0**	6,8

	GROUP	
	2022 R'000	2021 R'000

25 LOW VALUE AND SHORT-TERM LEASE COMMITMENTS

	2022 R'000	2021 R'000
Lease payments		
Payable within one year	**9 610**	4 527
Payable between one and five years	**5 108**	4 523
	14 718	9 050

Within various lease contracts, the Group has the option to renew.

26 CAPITAL COMMITMENTS

	2022 R'000	2021 R'000
Contracted	**73 366**	33 888

These commitments have been approved by the Board of directors. The commitments will be financed by own and borrowed funds. The Group remains focused on disciplined cash management, specifically in the areas of working capital, capital expenditure and cost control.

27 REVENUE FROM CONTRACTS WITH CUSTOMERS

	2022 R'000	2021 R'000
Sale of goods	**15 417 266**	10 334 976
– Agrimark	**7 647 107**	6 118 269
– Retail Fuel & Convenience	**6 274 507**	3 029 734
– Agrimark Grain	**1 290 884**	955 289
– Manufacturing	**204 768**	231 684
Sale of services	**133 400**	126 982
– Agrimark	**35 646**	35 940
– Agrimark Grain	**97 754**	91 042
Margin on direct transactions	**149 833**	120 630
– Agrimark	**146 541**	117 723
– Agrimark Grain	**3 292**	2 907
	15 700 499	10 582 588

Refer to the accounting policy and note 47 for details regarding the different revenue streams.

28 OTHER OPERATING INCOME

	2022 R'000	2021 R'000
Interest received	**147 496**	99 066
– Trade debtors that are not impaired	**122 955**	89 316
– Trade debtors that are impaired	**1 245**	2 334
– Banks	**8 715**	–
– Other	**14 581**	7 416
Profit on sale of property, plant and equipment	**1 810**	2 042
Profit with sale and leaseback transaction	**2 912**	–
Revaluation of financial liability at fair value through profit or loss	**–**	500
Foreign exchange differences	**–**	151
Transport income	**9 375**	6 153
Rent received	**11 348**	10 386
Bad debts recovered	**81**	8
Manufacturing income	**3 268**	2 938
AgriSETA and ETI income	**4 547**	2 440
Training income	**307**	604
Weighbridge income	**823**	717
Commission received	**10 469**	8 845
Management fees	**227**	830
Business interruption insurance claim	**24 263**	–
Profit with termination of IFRS 16 contracts	**2 666**	–
Other income	**14 567**	10 531
	234 159	145 211

	GROUP 2022 R'000	GROUP 2021 R'000
29 EXPENSES BY NATURE		
Cost of products sold	**13 578 198**	8 894 737
Foreign exchange differences	**(282)**	–
Depreciation	**121 902**	93 976
Amortisation of intangible assets	**2 554**	1 384
Directors' emoluments	**23 980**	22 397
Staff costs	**879 848**	713 597
– Salaries, wages and bonuses	**803 438**	645 088
– Equity settled management share incentive scheme	**8 036**	5 665
– Employer's contribution to pension fund (defined contribution plan)	**51 544**	45 342
– Employer's contribution to medical benefits	**2 129**	2 147
– Decrease in provision for post-retirement medical benefits	**(481)**	(559)
– Increase/(decrease) in provision for leave	**3 357**	5 922
– Training expenses	**11 825**	9 992
Skills development levy	**8 115**	5 829
Auditor's remuneration	**7 279**	6 317
– For audit	**7 189**	6 175
– Other services	**90**	133
– Under provision previous year	**–**	9
Rent paid	**17 060**	10 439
– Buildings	**7 493**	3 172
– Vehicles	**1 426**	1 569
– Machinery and equipment	**8 141**	5 698
Other occupancy costs	**164 466**	119 352
Revaluation of financial liability at amortised cost	**4 300**	8 159
Information technology expenses	**64 458**	53 317
Marketing costs	**137 646**	69 171
Transport/distribution	**80 125**	78 339
COVID-19 related expenses	**791**	4 158
Other administrative expenses	**87 772**	55 261
Corporate transactions related costs	**17 307**	7 892
Other expenses	**54 163**	22 779
	15 249 682	10 167 104

	Number	Number
Number of employees in service at year-end	**6 752**	3 736

30 REMUNERATION PAID TO DIRECTORS

	Salary R'000	Bonuses R'000	Share Incentive Scheme vested R'000	Pension contri-butions R'000	Directors' fees R'000	Expense allowance R'000	Total R'000
2022							
Executive directors							
GW Sim	**3 424**	**3 784**	**1 880**	**372**	**–**	**11**	**9 471**
S Walsh	**5 344**	**6 735**	**4 431**	**402**	**–**	**50**	**16 962**
	8 768	**10 519**	**6 311**	**774**	**–**	**61**	**26 433**
Non-executive directors							
I Chalumbira					**192**	**3**	**195**
BS du Toit					**336**	**4**	**340**
D du Toit					**456**	**3**	**459**
JH le Roux*					**336**	**1**	**337**
EA Messina					**676**	**1**	**677**
WC Michaels					**192**	**1**	**193**
CA Otto					**718**	**4**	**722**
HM Smit					**282**	**6**	**288**
GM Steyn					**731**	**1**	**732**
					3 919	**24**	**3 943**
Total							**30 376**
2021							
Executive directors							
GW Sim	3 163	3 476	–	331	–	–	6 970
S Walsh	4 881	6 375	–	351	–	–	11 607
	8 044	9 851	–	682	–	–	18 577
Non-executive directors							
I Chalumbira					187	–	187
BS du Toit					328	–	328
D du Toit					445	–	445
JH le Roux*					328	–	328
EA Messina					654	–	654
WC Michaels					187	–	187
CA Otto					701	–	701
HM Smit					276	–	276
GM Steyn					714	–	714
					3 820	–	3 820
Total							22 397

The terms of service of the executive directors are coupled to their terms of service as employees, while the non-executive directors rotate on a three-year basis. No director or employee has a fixed-term contract with the Group. The remuneration of the non-executive directors consists of a fixed annual remuneration for services as a director, an additional fixed remuneration for duties on committees and reimbursement for travelling and other costs. The remuneration of executive directors consists of remuneration as employees and they receive no additional remuneration as directors.

There are no further prescribed officers in the view of the Board.

* *Payable to Zeder Corporate Services (Pty) Ltd*

31 DIRECTORS' EQUITY SETTLED SHARE INCENTIVE SCHEME OPTIONS

	Grant date	Vesting date	Exercise price	Fair value at grant date	**Share options 2022**	Share options 2021
S Walsh	*Old LTI scheme*					
	1 October 2016	1 October 2021	23,88	10,75	**113 187**	113 187
	20 March 2018	1 October 2021	48,27	14,43	**3 360**	3 360
	20 March 2018	1 October 2022	48,27	16,18	**3 360**	3 360
	15 January 2019	1 October 2021	36,72	12,58	**22 593**	22 593
	15 January 2019	1 October 2022	36,72	14,14	**22 593**	22 593
	15 January 2019	1 October 2023	36,72	15,29	**22 593**	22 593
	15 January 2020	1 October 2021	27,31	4,35	**194 232**	194 232
	15 January 2020	1 October 2022	27,31	5,28	**194 232**	194 232
	15 January 2020	1 October 2023	27,31	5,96	**194 232**	194 232
	15 January 2020	1 October 2024	27,31	6,48	**194 232**	194 232
	12 January 2021	1 October 2022	24,53	4,65	**37 647**	37 647
	12 January 2021	1 October 2023	24,53	5,56	**37 647**	37 647
	12 January 2021	1 October 2024	24,53	6,23	**37 647**	37 647
	12 January 2021	1 October 2025	24,53	6,74	**37 647**	37 647
	20 January 2022	1 October 2023	44,44	11,01	**58 756**	–
	20 January 2022	1 October 2024	44,44	13,51	**58 756**	–
	20 January 2022	1 October 2025	44,44	15,34	**58 756**	–
	20 January 2022	1 October 2026	44,44	16,72	**58 756**	–
	Modified LTIP scheme – Nil Cost Option ("NCO")					
	29 September 2022	29 September 2024	–	33,08	**133 115**	–
	29 September 2022	29 September 2025	–	31,02	**133 115**	–
	29 September 2022	29 September 2026	–	28,90	**133 115**	–
	29 September 2022	29 September 2027	–	26,74	**133 115**	–
GW Sim	*Old LTI scheme*					
	1 October 2016	1 October 2021	23,88	10,75	**51 775**	51 775
	20 March 2018	1 October 2021	48,27	14,43	**5 465**	5 465
	20 March 2018	1 October 2022	48,27	16,18	**5 465**	5 465
	15 January 2019	1 October 2021	36,72	12,58	**10 602**	10 602
	15 January 2019	1 October 2022	36,72	14,14	**10 602**	10 602
	15 January 2019	1 October 2023	36,72	15,29	**10 602**	10 602
	15 January 2020	1 October 2021	27,31	4,35	**77 378**	77 378
	15 January 2020	1 October 2022	27,31	5,28	**77 378**	77 378
	15 January 2020	1 October 2023	27,31	5,96	**77 378**	77 378
	15 January 2020	1 October 2024	27,31	6,48	**77 378**	77 378
	12 January 2021	1 October 2022	24,53	4,65	**19 253**	19 253
	12 January 2021	1 October 2023	24,53	5,56	**19 253**	19 253
	12 January 2021	1 October 2024	24,53	6,23	**19 253**	19 253
	12 January 2021	1 October 2025	24,53	6,74	**19 253**	19 253
	20 January 2022	1 October 2023	44,44	11,01	**28 440**	–
	20 January 2022	1 October 2024	44,44	13,51	**28 440**	–
	20 January 2022	1 October 2025	44,44	15,34	**28 440**	–
	20 January 2022	1 October 2026	44,44	16,72	**28 440**	–
	Modified LTIP scheme – Nil Cost Option ("NCO")					
	29 September 2022	29 September 2024	–	33,08	**63 460**	–
	29 September 2022	29 September 2025	–	31,02	**63 460**	–
	29 September 2022	29 September 2026	–	28,90	**63 460**	–
	29 September 2022	29 September 2027	–	26,74	**63 460**	–

For more information on the equity settled share incentive scheme refer to note 18.

	GROUP	
	2022 R'000	2021 R'000

32 FINANCE COSTS

Banks and other	**105 478**	77 196
Lease liabilities	**37 917**	20 573
Redemption liabilities (refer to note 14)	**1 992**	1 279
	145 387	99 048

33 INCOME TAX

Tax expenditure		
Current taxation – current year	**163 061**	136 276
Deferred taxation – current year	**(18 730)**	(8 353)
Taxation for the year	**144 331**	127 923

	%	%
The tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory rate, as follows:		
Statutory tax rate	**28,00**	28,00
Adjusted for:		
Non-deductible expenses of a capital nature	**1,40**	0,07
Non-taxable Employment Tax Incentive income	**(0,07)**	(0,08)
Non-taxable revaluation of Put Option	**0,24**	0,55
Capital gain on sale of subsidiary	**(2,71)**	–
Learnership allowances	**(0,33)**	(0,59)
Share in (profit) of joint venture	**(0,35)**	(0,14)
Rate adjustment in deferred tax	**(0,28)**	–
Effective rate	**25,90**	27,81

Non-deductible expenses of a capital nature include legal and consultation fees relating to acquisitions of new businesses and the sale of a subsidiary.

34 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

Reconciliation between earnings and headline earnings:

	GROUP	
	2022 R'000	2021 R'000
Net profit	**412 959**	332 276
Attributable to shareholders of the holding Company	**396 368**	321 099
Non-controlling interest	**16 591**	11 177
Net profit on disposal of assets	**(4 419)**	(1 470)
Gross	**(4 722)**	(2 042)
Tax effect	**303**	572
Headline earnings	**408 540**	330 806
Attributable to shareholders of the holding Company	**391 972**	319 722
Non-controlling interest	**16 568**	11 084
Non-recurring items	**21 981**	16 402
Non-recurring expenses	**17 307**	7 464
Revaluation of Put Options	**4 674**	8 938
Recurring headline earnings	**430 521**	347 208
Attributable to shareholders of the holding Company	**407 421**	335 630
Non-controlling interest	**23 100**	11 578

	Number	
Weighted average number of ordinary shares ('000)	**70 460**	70 281
Weighted average number of diluted ordinary shares ('000)	**71 646**	71 072

	Cents	
Earnings per share	**562,54**	456,88
Diluted earnings per share	**553,23**	451,79
Headline earnings per share	**556,30**	454,92
Diluted headline earnings per share	**547,10**	449,86
Recurring headline earnings per share	**578,23**	477,55

Headline earnings are calculated based on Circular 1/2021 issued by the South African Institute of Chartered Accountants.

Non-recurring expenses consists predominantly of costs associated with corporate transactions (legal and external consultation costs).

	GROUP 2022 R'000	GROUP 2021 R'000

35 DIVIDEND PER SHARE

	2022 R'000	2021 R'000
Interim		
46,00 cents per share (2021: 40,00 cents per share)	**32 523**	28 112
Final		
122,00 cents per share (2021: 111,00 cents per share)	**85 848**	78 012
	118 371	106 124

Dividends payable are not accounted for until they have been declared by the Board of directors. The Statement of Changes in Equity does not reflect the final dividend payable in respect of the current year. The final dividend for the year ended 30 September 2022 will be accounted for as an appropriation of retained profit in the year ended 30 September 2023.

36 NET CASH PROFIT FROM OPERATING ACTIVITIES

	2022 R'000	2021 R'000
Operating profit per income statement	**695 223**	556 866
Adjusted for:		
– Interest received	**(147 496)**	(99 066)
– Depreciation	**121 902**	93 976
– Amortisation of intangible assets	**2 554**	1 384
– Profit on disposal of property, plant and equipment	**(1 810)**	(2 042)
– Profit on disposal of subsidiary	**(2 912)**	–
– Revaluation of put options	**4 300**	7 659
– Modifications IFRS 16	**(2 666)**	(3 586)
– Increase in share based payment reserve	**170**	5 665
– Decrease in provisions	**40 567**	2 370
	709 832	563 226

37 WORKING CAPITAL CHANGES

	2022 R'000	2021 R'000
Increase in inventory	**(288 358)**	(109 422)
Increase in Trade and other receivables	**(552 109)**	(291 736)
Increase in Trade and other payables	**420 533**	293 054
	(419 934)	(108 104)

38 INCOME TAX PAID

	2022 R'000	2021 R'000
Balance owing at the beginning of the year	**16 909**	11 325
Income tax expense in income statement	**163 061**	136 276
Acquisition of subsidiary	**54 930**	–
Balance owing at the end of the year	**(9 343)**	(16 909)
	225 557	130 692

	GROUP	
	2022 R'000	2021 R'000

39 ACQUISITION OF BUSINESSES

	2022 R'000	2021 R'000
Non-current assets	**39 600**	96 965
Current assets	**4 926**	11 006
Non-current liabilities	**–**	(8 848)
Purchase consideration	**44 526**	99 123
– paid in cash (current period)	**44 526**	59 282
– paid in cash (previous period)	**–**	36 841
– deferred payment	**–**	3 000

Refer note 45 for more information.

40 ACQUISITION OF SHARE IN SUBSIDIARY

	2022 R'000	2021 R'000
Non-current assets	**1 232 182**	–
Current assets	**469 325**	–
Inventory	**112 756**	–
Debtors	**46 783**	–
Cash and cash equivalents	**309 786**	–
Non-current liabilities	**(109 884)**	–
Current liabilities	**(465 250)**	–
Non-controlling interest	**(24 345)**	–
Purchase consideration	**1 102 028**	–
– paid in cash	**964 204**	–
– paid in shares issued	**72 114**	–
– deferred payment	**80 778**	–
Net outflow of cash in investment activities	**639 350**	–
Purchase consideration paid in cash	**949 136**	–
Less: Cash acquired	**(309 786)**	–

Refer note 45 for more information.

41 INCREASE/(DECREASE) IN SHORT-TERM BORROWINGS

	2022 R'000	2021 R'000
Opening balance	**748 346**	798 789
Business combination short-term loans (non-cash) opening balance	**(309 786)**	–
Cash flow movements		
Drawdowns	**23 260 930**	14 722 894
Repayments	**(22 740 593)**	(14 810 973)
Interest	**52 373**	37 636
Closing balance	**1 011 270**	748 346

42 REPAYMENT OF INSTALMENT SALE AGREEMENTS

	2022 R'000	2021 R'000
Opening balance	**92 080**	112 346
New instalment sale agreements	**10 719**	10 821
Capital repayment	**(29 367)**	(31 087)
Instalments	**(35 282)**	(37 011)
Interest	**5 915**	5 924
Closing balance	**73 432**	92 080

	GROUP	
	2022 R'000	2021 R'000
43 LEASE PAYMENTS		
Opening balance	**256 035**	235 141
New leases	**441 230**	39 221
Modifications and cancellations	**13 927**	7 285
Capital Repayment	**(32 401)**	(25 612)
Lease expense	**(70 318)**	(46 185)
Interest	**37 917**	20 573
Closing balance	**678 791**	256 035
44 BORROWINGS		
Opening balance	**418 750**	450 000
Purchase of subsidiary	**38 000**	–
Increase in borrowings	**725 000**	–
Repayment	**(97 750)**	(31 250)
Closing balance	**1 084 000**	418 750

45 BUSINESS COMBINATIONS

Purchase of fuel operations site as a business

In line with the Group's growth strategy to acquire businesses in the fuel sector, a retail fuel operations site was acquired. The retail licence was obtained and thus the operations were acquired and treated as a business combination under IFRS 3. Goodwill on acquisition was paid on this business which represents synergies within the Group and have future earnings potential.

The Group's acquisition strategy specific in the Retail Fuel & Convenience sector is cluster based, focusing on increasing scale in identified geographic locations. This geographic scale allows for enhanced synergistic benefits. The synergies include, but are not limited to, the following:

> Alignment and improvement of supplier and service provider trading terms and service level agreements, both fuel and non-fuel related

> Ability to convert fuel brand offerings to preferred suppliers

> Enhanced logistics, both fuel and non-fuel related

> Ability to add or convert convenience store and quick service restaurant offerings

> Alignment of franchise trading terms

> Utilisation of Group shared services, including information management, finance, human resources, property management and internal audit

> Shared regional operational structures

> Improved skills transfer and succession planning

In the Retail Fuel & Convenience sector, improved synergies contribute to either a lower cost per litre to serve or a higher cents per litre income, thus enhancing returns on invested capital.

Based on the purchase of the fuel site a provisional purchase price allocation ("PPA") as required by IFRS 3: Business combinations was performed and no intangible assets were identified. The Group assessed all intangible assets that can typically be expected in a business combination of this nature, the most relevant of which are tradenames and customer relations. No tradename was recognised as there was no tradename acquired as part of these transactions. In addition, any payments made in relation to the brand are considered to be market related. No customer relations were recognised as the Group did not acquire any customer list, they are commercial sites offering products to clients that could be purchased anywhere.

45 BUSINESS COMBINATIONS (CONTINUED)

Purchase of fuel operations site as a business (continued)

The Group acquired the following assets through a business combination in the fuel sector:

> Engen False Bay – 8 March 2022

The assets and liabilities at the date of acquisition can be summarised as follows:

	Engen False Bay R'000
Carrying value	
Assets	
Plant and equipment	**1 455**
Inventory	**4 926**
	6 381
Fair value	
Assets	
Plant and equipment	**1 455**
Goodwill	**38 145**
Inventory	**4 926**
Purchase consideration	**44 526**
– paid in cash (current period)	**44 526**

For this site acquisition where no property forms part of the business combination the following applies:

> Engen False Bay – a lease contract was entered into after the business combination, thus no Right-of-use asset formed part of the PPA allocation. However a Right-of-use asset and Lease liability was subsequently recognised.

Acquisition related costs are disclosed in note 29.

The acquired businesses contributed as follows to the Group's results for the full financial year:

	Engen False Bay R'000
Revenue	
– since acquisition date	**146 648**
– as if from the beginning of the year	**251 726**
Profit/(loss) before tax	
– since acquisition date	**3 574**
– as if from the beginning of the year	**7 770**

45 BUSINESS COMBINATIONS (CONTINUED)

Purchase of a subsidiary through acquiring shares

Effective 1 July 2022, the Group also acquired 100% of the ordinary shares in PEG Retail Holdings (Pty) Ltd. The transaction has been concluded as part of TFC Operations' strategy to expand its portfolio of service stations operated within South Africa. Goodwill on acquisition was paid on this transaction as management are of the view that the PEG Group is a well-managed, established business, operating prime service stations in the country, has strong relationships with franchisors in the industry and is a highly cash generative business. This allows the Group to expand its footprint and services within the service station industry in South Africa.

Based on the purchase of the 100% shares in PEG Retail Holdings (Pty) Ltd a provisional PPA as required by IFRS 3: Business combinations was performed and some intangible assets were identified. The transaction has been concluded at the overall business level and the business will be managed as a single unit called the Highway cluster based on the nature of the operating fuel sites and how it is managed and monitored. Management will monitor the performance of the PEG Group as a whole, with no separate monitoring by operating entity or other disaggregation only on a voluntary basis. The Group assessed all intangible assets that can typically be expected in a business combination of this nature, the most relevant of which are tradenames and customer relations. The PEG brand is relatively unknown in South Africa among end-customers as it is secondary to the brands of the relevant oil companies and franchisors which are displayed at the various service stations operated by the PEG Group. The PEG brand is not displayed at the sites and thus based on the considerations, the PEG brand name is considered to have limited brand equity and is not considered to be the key driver of value for the PEG Group. The Group has therefore not identified the PEG brand as a material intangible asset that requires valuation and recognition. No customer relations were recognised as the Group did not acquire any customer list, they are all commercial sites offering products to clients that could be purchased anywhere.

There is value in the fact that the PEG Group holds the relevant retail licences for each of its operating sites. However, these licences are relatively inexpensive and a market participant with the necessary BEE credentials would be able to obtain these licences within the application process period. The Group also note that there are numerous retail licences available in the industry as opposed to other industries where there are a limited number of licences available. The retail licences are contractual in nature and meet the recognition criteria in terms of IFRS 3. We have therefore identified the retail licences as separately identifiable intangible assets requiring valuation. The replacement cost approach was considered to be an appropriate valuation method to value the retail licences. Given that the retail licences remain valid for as long as the licence holder operates as a going concern, the estimated useful life of the individual retail licences is considered to be indefinite.

The goodwill is attributable to the workforce, the high profitability of the acquired business and the geographic spread of the fuel sites across South Africa.

45 BUSINESS COMBINATIONS (CONTINUED)

PEG Retail Holdings (Pty) Limited – 1 July 2022

The assets and liabilities at the date of acquisition can be summarised as follows:

	PEG Retail Holdings R'000
Carrying value	
Assets	
Plant and equipment	**34 606**
Right-of-use asset	**41 411**
Computer software	**539**
Deferred tax	**4 648**
Inventory	**112 756**
Trade and other receivables	**46 783**
Cash and cash equivalents	**309 786**
Liabilities	
Borrowings	**(38 000)**
Trade and other payables	**(410 320)**
Tax payable	**(54 930)**
Lease liability	**(22 165)**
	25 114
Fair value	
Assets	
Plant and equipment	**34 606**
Right-of-use asset	**41 411**
Fuel retail licences	**193 738**
Computer software	**7 623**
Deferred tax	**(49 719)**
Inventory	**112 756**
Trade and other receivables	**46 783**
Cash and cash equivalents	**309 786**
Liabilities	
Borrowings	**(38 000)**
Trade and other payables	**(410 317)**
Tax payable	**(54 930)**
Lease liability	**(22 165)**
Net identifiable assets acquired	**171 572**
Less: Non-controlling interest	**(24 347)**
Add: Goodwill	**954 804**
Net assets acquired	**1 102 029**
Purchase consideration	**1 102 029**
– paid in cash (current period)	**949 136**
– shares issued in subsidiary (increase in non-controlling interest)	**72 115**
– contingent consideration	**80 778**

Acquisition related costs are disclosed in note 29.

45 BUSINESS COMBINATIONS (CONTINUED)

PEG Retail Holdings (Pty) Limited – 1 July 2022 (continued)

The acquired businesses contributed as follows to the Group's results for the full financial year:

	PEG Retail Holdings R'000
Revenue	
– since acquisition date	**2 105 480**
– as if from the beginning of the year	**7 524 051**
Profit/(loss) before tax	
– since acquisition date	**52 493**
– as if from the beginning of the year	**287 984**

46 INTEREST IN RELATED ENTITIES

	NUMBER OF ISSUED SHARES		SHAREHOLDING (%)	
	2022	2021	**2022**	2021
Name of subsidiary				
Directly held:				
Shares held by Kaap Agri Limited				
Kaap Agri Bedryf Limited	**74 170 277**	74 170 277	**100,00**	100,00
Shares held by Kaap Agri Bedryf Limited				
Kaap Agri (Aussenkehr) (Pty) Ltd	**100**	100	**100,00**	100,00
Agriplas (Pty) Ltd	**7 000**	7 000	**100,00**	100,00
TFC Properties (Pty) Ltd	**–**	51 736	**–**	70,50
TFC Operations (Pty) Ltd	**125 825 126**	66 824 749	**58,20**	70,50
Partridge Building Supplies (Pty) Ltd	**14 400**	14 400	**100,00**	60,00
Tego Plastics (Pty) Ltd	**1 000**	1 000	**100,00**	100,00
Shares held by TFC Operations (Pty) Ltd				
PEG Retail Holdings (Pty) Ltd	**6 667**	–	**100,00**	–
Indirectly held:				
Shares held by Empowerment and Transformation Investments (Pty) Ltd				
TFC Properties (Pty) Ltd	**–**	51 736	**–**	6,00
TFC Operations (Pty) Ltd	**125 825 126**	66 824 749	**3,19**	6,00
Name of joint venture				
Shares held by Kaap Agri Bedryf Limited				
Kaap Agri (Namibia) (Pty) Ltd	**502**	502	**50,00**	50,00

The shares indirectly held are held by an empowerment trust which, for accounting purposes, is considered to be controlled by the Group as the Group has the ability to direct the relevant activities of the trust and, as such, it is consolidated by the Group.

46 INTEREST IN RELATED ENTITIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests ("NCI")

	2022 R'000	2021 R'000
TFC Operations Group		
Ownership held by NCI (%)	**38,61**	23,50
Accumulated NCI interest in statement of financial position	**110 291**	47 351
Profit allocated to NCI	**9 543**	6 934
Summarised financial information in respect of the Group's subsidiaries that have material NCI is set out below. The summarised financial information below represents amounts before inter-group eliminations.		
Non-current assets	**2 155 857**	900 985
Current assets	**268 683**	121 602
Non-current liabilities	**(1 237 480)**	(504 566)
Current liabilities	**(807 418)**	(351 767)
Revenue	**6 285 198**	3 036 423
Profit/(loss) for the year	**41 178**	20 508
Net cash inflow from operating activities	**185 188**	137 928
Net cash outflow from investing activities	**(1 003 923)**	(36 564)
Net cash outflow from financing activities	**818 635**	(96 611)
Net increase/(decrease) in cash and cash equivalents	**(100)**	4 753
Dividends paid	**(1 602)**	–
Included in the TFC Operations Group figures above is the newly acquired subsidiary PEG Retail Holdings (Pty) Ltd		
PEG Retail Holdings Consolidated Group		
Ownership held by NCI (%)	**15,19**	–
Accumulated NCI interest in statement of financial position	**21 153**	–
Profit allocated to NCI	**5 675**	–
Summarised financial information in respect of the Group's subsidiaries that have material NCI is set out below. The summarised financial information below represents amounts before inter-group eliminations.		
Non-current assets	**260 887**	–
Current assets	**425 327**	–
Loans receivable	**3 388**	–
Inventories	**100 262**	–
Trade and other receivables	**10 179**	–
Cash and cash equivalents	**304 485**	–
Current Income tax receivable	**7 013**	–
Non-current liabilities	**317 129**	–
Current liabilities	**490 267**	–
Bank overdraft	**351**	–
Borrowings	**35 055**	–
Loans from group companies	**44 631**	–
Trade and other payables	**403 736**	–
Lease liabilities	**3 268**	–
Dividend payable	**2 937**	–
Current Income tax payable	**289**	–
Revenue	**2 105 480**	–
Profit for the period	**37 372**	–
Recurring headline earnings	**37 372**	
Net cash inflow from operating activities	**13 335**	–
Net cash outflow from investing activities	**(7 381)**	–
Net cash outflow from financing activities	**(11 607)**	–
Net increase in cash and cash equivalents	**(5 653)**	–
Dividends paid	**(8 869)**	–

47 INFORMATION ABOUT OPERATING SEGMENTS

Management has determined the operating segments based on the reports reviewed by the Executive Committee (whom are considered to be the Chief Operating Decision Maker (CODM)) that are used to make strategic decisions as well as the fact that they share similar economic characteristics. The Executive Committee considers the business from a divisional perspective. The performance of the following divisions are separately considered: Agrimark, Retail Fuel & Convenience, Agrimark Grain as well as Manufacturing. The performance of the operating segments are assessed based on a measure of revenue and net profit before taxation.

Agrimark provides a complete range of production inputs, mechanisation equipment and services, and other goods to agricultural producers as well as the general public.

Retail Fuel & Convenience provides a full retail fuel offering to a diverse range of customers and includes convenience store and quick service restaurant outlets of TFC Operations (Pty) Ltd ("TFC") and PEG Retail Holdings (Pty) Ltd ("PEG"). The nature of products, services, type of customers and regulatory environment of both TFC and PEG have similar economic characteristics and are thus aggregated into one reporting segment.

Agrimark Grain includes the sale of grain products and provides a complete range of services including storage and handling of grain products.

Manufacturing, manufactures and sells dripper pipe, other irrigation equipment, food grade plastic bulk bins for the agricultural market and distributes other irrigation parts.

Corporate includes all assets and liabilities not specifically used by the other identified segments to generate income or expenses.

	GROUP			
	SEGMENT REVENUE		SEGMENT RESULTS	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Segment revenue and results				
Agrimark	**7 829 295**	6 271 932	**481 343**	401 457
Retail Fuel & Convenience	**6 274 506**	3 029 734	**100 462**	72 036
Agrimark Grain	**1 391 930**	1 049 238	**70 939**	61 972
Manufacturing	**204 768**	231 684	**7 443**	14 040
Total for reportable segments	**15 700 499**	10 582 588	**660 187**	549 505
Corporate	**–**	–	**(102 897)**	(89 306)
Total external revenue	**15 700 499**	10 582 588		
Profit before tax			**557 290**	460 199
Income tax			**(144 331)**	(127 923)
Profit after tax			**412 959**	332 276

Included in the Agrimark segment's results is a share in profit of joint venture of R7,5 million (2021: profit of R2,3 million). Refer note 6.

	GROUP			
	SEGMENT ASSETS		SEGMENT LIABILITIES	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Segment assets and liabilities				
Agrimark	**4 901 360**	3 962 781	**2 774 111**	2 162 664
Retail Fuel & Convenience	**2 910 698**	1 309 023	**2 373 086**	801 573
Agrimark Grain	**94 630**	133 385	**30 545**	39 543
Manufacturing	**338 407**	317 978	**252 698**	212 646
Total for reportable segments	**8 245 095**	5 723 167	**5 430 440**	3 216 426
Corporate	**80 745**	82 076	**75 826**	171 545
Deferred taxation	**12 912**	7 181	**10 009**	26 287
	8 338 752	5 812 424	**5 516 275**	3 414 258

Included in the Agrimark segment's assets is an Investment in Joint Venture of R41,4 million (2021: R33,9 million). Refer note 6.

47 INFORMATION ABOUT OPERATING SEGMENTS (CONTINUED)

	GROUP			
	CAPITAL EXPENSES		DEPRECIATION	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Other segment information				
Agrimark	**166 969**	45 288	**51 657**	51 785
Retail Fuel & Convenience	**43 150**	8 945	**39 655**	13 754
Agrimark Grain	**15 700**	8 385	**6 840**	6 216
Manufacturing	**18 230**	9 353	**12 131**	11 696
Total for reportable segments	**244 049**	71 971	**110 283**	83 451
Corporate	**20 301**	20 843	**11 619**	10 525
	264 350	92 814	**121 902**	93 976

Geographical revenue for the Group is attributed to countries on the basis of the customers' location. No single customer contributes more than 10% of the Group's revenue.

Geographical revenue for the Group is as follows:

	GROUP	
	2022 R'000	2021 R'000
South Africa	**15 653 845**	10 533 176
Namibia	**46 654**	49 412
Total	**15 700 499**	10 582 588
Non-current assets (excluding deferred taxation) are located in the following countries:		
South Africa	**3 661 096**	2 425 923
Namibia	**9 190**	9 557
Total	**3 670 286**	2 435 480

48 GOING CONCERN

Based on the financial statements, the present financial position of the Group, budgets for the coming year and available financing facilities, the directors have no reason to believe that the Group will not be a going concern. The going concern principle is therefore accepted and applied in the preparation of the financial statements.

49 EVENTS AFTER REPORTING DATE

A gross final dividend of 122,00 cents per share (2021: 111,00 cents) has been approved and declared by the Board from income reserves, for the year ended 30 September 2022.

The directors are not aware of any further matters or circumstances that occurred since the end of the financial year up to the date of this report that have not been dealt with in the report or financial statements and which may have a significant influence on the activities of the group or the results of those activities.

50 RECONCILIATION OF MOVEMENTS IN CARRYING VALUE

	Total R'000	Land and buildings R'000	Grain silos R'000	Machinery and equip-ment R'000	Vehicles R'000	Office furniture and equip-ment R'000	Assets under construc-tion R'000
30 September 2022							
Carrying value 1 October 2021	**1 545 524**	**1 143 791**	**24 193**	**213 364**	**41 941**	**109 951**	**12 284**
Additions	**228 290**	**93 487**	**602**	**37 221**	**14 473**	**15 186**	**67 321**
Additions through business combinations	**36 060**	**–**	**–**	**16 454**	**151**	**19 123**	**332**
Transfers	**–**	**15 339**	**4 543**	**2 161**	**–**	**9 426**	**(31 469)**
Disposals	**(425 576)**	**(422 679)**	**–**	**(360)**	**(2 477)**	**(60)**	**–**
Depreciation	**(66 883)**	**(1 677)**	**(3 161)**	**(28 024)**	**(8 938)**	**(25 083)**	**–**
Carrying value 30 September 2022	**1 317 415**	**828 261**	**26 177**	**240 816**	**45 150**	**128 543**	**48 468**
30 September 2021							
Carrying value 1 October 2020	1 525 678	1 092 958	24 737	211 564	44 328	103 315	48 776
Additions	75 585	7 297	2 196	27 857	9 418	17 280	11 537
Additions through business combinations	17 229	14 700	–	601	1 158	770	–
Transfers	–	37 452	–	645	–	9 932	(48 029)
Disposals	(11 581)	(6 280)	–	(2 950)	(2 274)	(77)	–
Depreciation	(61 387)	(2 336)	(2 740)	(24 353)	(10 689)	(21 269)	–
Carrying value 30 September 2021	1 545 524	1 143 791	24 193	213 364	41 941	109 951	12 284

Kaap Agri Limited

Statement of financial position

at 30 September

	Notes	COMPANY 2022 R'000	2021 R'000
Assets			
Non-current assets			
Investment in subsidiary company	2	**642 604**	634 708
Current assets			
Loan to subsidiary company	4	**1 602**	–
Total assets		**644 206**	634 708
Equity and liabilities			
Capital and reserves			
Stated capital	3	**476 143**	456 643
Retained profit		**168 063**	178 057
Total equity		**644 206**	634 700
Current liabilities			
Loan from subsidiary company	4	**–**	8
Total equity and liabilities		**644 206**	634 708

Statement of comprehensive income

for the year ended 30 September

	Notes	COMPANY 2022 R'000	2021 R'000
Revenue	7	**115 338**	65 091
Other operating expenses		**(9)**	(8)
Impairment of investment in subsidiary		**(11 604)**	–
Profit before taxation		**103 725**	65 083
Income tax	8	**–**	–
Net profit for the year		**103 725**	65 083

Statement of changes in equity

for the year ended 30 September

	COMPANY	
	Stated capital R'000	Retained profit R'000
Balance 1 October 2020	456 643	178 058
Net profit for the year	–	65 083
Dividends declared	–	(65 084)
Balance 30 September 2021	**456 643**	**178 057**
Net profit for the year	**–**	**103 725**
Shares issued	**19 500**	**–**
Dividends declared	**–**	**(113 719)**
Balance 30 September 2022	**476 143**	**168 063**

The reason why the stated capital in Kaap Agri Limited differs from the Group's issued stated capital is as a result of shares repurchased by a subsidiary of Kaap Agri Limited.

Statement of cash flows

for the year ended 30 September

	COMPANY	
	2022 R'000	2021 R'000
Cash flow from operating activities		
Net cash profit from operating activities		
Operating profit per income statement	**115 329**	65 083
	115 329	65 083
Cash flow from financing activities		
(Increase)/decrease in loan in subsidiary company	**(1 610)**	1
Dividends paid	**(113 719)**	(65 084)
	(115 329)	(65 083)
Net increase in cash and cash equivalents	**–**	–

Notes to the financial statements

for the year ended 30 September

1 ACCOUNTING POLICIES

The principal accounting policies incorporated in the preparation of these financial statements, are set out on pages 162 to 177, these are consistent with that of the Group unless otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements of the company.

	COMPANY	
	2022 R'000	2021 R'000
2 INVESTMENT IN SUBSIDIARY COMPANY		
Unlisted: Kaap Agri Bedryf Limited Number of issued shares: 74,170,277 (2021: 74,170,277) Shareholding: 100% (2021: 100%) Shares at cost	**634 708**	634 708
Unlisted: Partridge Building Supplies (Pty) Ltd Number of issued shares: 2,160 (2021: 2,160) Shareholding: 15% (2021: 0%) Shares at cost less impairment	**7 896**	–
Investment obtained during the year	**19 500**	–
Impairment of investment in subsidiary	**(11 604)**	–
	642 604	634 708
3 STATED CAPITAL		
Authorised: 100,000,000 (2021: 100,000,000) ordinary shares with no par value **Issued:** 74,567,680 (2021: 74,170,277) ordinary shares with no par value	**476 143**	456 643
4 LOAN TO/(FROM) SUBSIDIARY COMPANY		
Kaap Agri Bedryf Limited	**1 602**	(8)

The carrying value of the loan approximates its fair value at the reporting date.

The loan is unsecured, interest-free and there are no specific repayment terms.

The gross movement in the loan is reflected in the cash flow statement. Although the company does not have its own bank account, Kaap Agri Bedryf Limited is considered to act as the agent of the company in administrating its cash flows.

5 RELATED PARTY TRANSACTIONS

Refer to notes 2, 4 and 7.

6 FINANCIAL RISK MANAGEMENT

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

The company's interest rate exposure and the effective interest rates can be summarised as follows:

	NON-INTEREST-BEARING			
	Rate 2022 %	**Amount 2022 R'000**	Rate 2021 %	Amount 2021 R'000
Assets				
Loan: Kaap Agri Bedryf Limited	**–**	**1 602**	–	–
Liability				
Loan: Kaap Agri Bedryf Limited	**–**	**–**	–	(8)

Fair value estimation:

Investments and derivative financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the company is the current bid price.

Trade debtors and trade creditors

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

Financial liabilities

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Capital maintenance

The company considers total equity, which includes share capital and reserves, as capital. The ratio between capital and debt is the capital ratio. The company's objective with the management of the capital ratio is to ensure that the company continues to trade as a going concern and to create wealth for its shareholders and other stakeholders. The influence on the capital ratio is considered with decisions on the declaration of dividends, repurchase of shares, issue of shares, purchase and disposal of assets and investments and the acquiring or repayment of debt. The movement in capital is presented in the statement of changes in equity.

	COMPANY	
	2022 R'000	2021 R'000
7 REVENUE		
Dividends received	**113 727**	65 091
Dividends forfeited	**1 611**	–
	115 338	65 091

Dividends are received from Kaap Agri Bedryf Limited, a subsidiary of the company.

The revenue reflected is not considered to be Revenue from Contracts with Customers in terms of IFRS 15 considering the nature of the revenue earned (dividends received).

	COMPANY	
	2022 R'000	2021 R'000

8 INCOME TAX

	2022 R'000	2021 R'000
Tax expenditure		
Current taxation – current year	**–**	–
The tax on the company's profit before tax differs from the theoretical amount that would arise using the statutory rate as follows:		
	%	%
Statutory tax rate	**28,00**	28,00
Adjusted for:		
Non-taxable dividend income	**(28,00)**	(28,00)
Effective rate	**–**	–

9 GOING CONCERN

Based on the financial statements, the present financial position of the company and budgets for the coming year, the directors have no reason to believe that the company will not be a going concern. The going concern principle is therefore accepted and applied in the preparation of the financial statements.

10 EVENTS AFTER REPORTING DATE

A gross final dividend of 122,00 cents per share (2021: 111,00 cents) has been approved and declared by the Board from income reserves, for the period ended 30 September 2022.

The directors are not aware of any matter or circumstance that occurred since the end of the financial year up to the date of this report that has not been dealt with in the report or financial statements and which may have a significant influence on the activities of the company or the results of those activities.

Accounting policies to the financial statements

for the year ended 30 September

1. BASIS OF PREPARATION

The annual financial statements are prepared on the historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the requirements of the Companies Act (No. 71 of 2008), as amended, the SAICA Financial Reporting Guide issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

These financial statements incorporate accounting policies that have been consistently applied to all periods presented and are consistent with those applied in the previous financial year. Various other changes in IFRS became effective for the financial year under review but did not impact the Group.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the notes of the accounting policies.

2. NEW, AMENDED AND IMPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS EFFECTIVE DURING THE CURRENT FINANCIAL YEAR

The following standards, amendments and interpretations have been adopted by the Group and became effective for the current reporting period beginning on 1 October 2021:

Amendments to Standards

IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment (effective 1 April 2021)

The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The March 2021 amendment will only be available if an entity chose to apply the May 2020 optional practical expedient.

Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures' and IFRS 16 'Leases' - interest rate benchmark (IBOR) reform (Phase 2) (effective 1 January 2021)

The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.

3. NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations are not yet effective and have not been early adopted by the Group (the effective dates stated below refer to financial reporting periods beginning on or after the stated dates):

Amendments to Standards

Annual improvements cycle 2018-2020 (effective 1 January 2022)

These amendments include minor changes to:

IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS.

IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.

IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.

IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.

Management considered all new accounting standards, interpretations and amendments to IFRS that were issued prior to 30 September 2022 but not yet effective on that date.

Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract (effective 1 January 2022)

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (effective 1 January 2022)

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

Amendment to IFRS 3, 'Business combinations' (effective 1 January 2022)

The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination.

In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework.

The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

3. NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE (CONTINUED)

Amendments to Standards (continued)

Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current (effective 1 January 2023)

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.

Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)

The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective 1 January 2023)

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

4. BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9: Financial Instruments in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

4. BASIS OF CONSOLIDATION (CONTINUED)

Subsidiaries (continued)

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the stand-alone financial statements of the holding company, the investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investments.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in equity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Treasury shares

The cost of treasury shares is presented as a deduction from equity. Shares under option already allocated to employees and unallocated shares are considered as treasury shares and are consolidated as such as part of the Group's results.

Joint ventures

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits and losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests, that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Any additional capitalisation or increase in the investment (not resulting in a change in the percentage equity held) are accounted for at cost. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Consolidation of Special Purpose Entities

The special purpose entities ("SPEs") established in terms of the B-BBEE equity transaction implemented in 2011 have been consolidated in the Group results. The substance of the relationship between the company and these entities has been assessed and the conclusion was made that they are controlled entities, mainly due to the fact that the Group retains residual or ownership risks relating to the SPEs.

5. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive committee. The Executive committee is responsible for allocating resources and assessing performance of the operating segments and is therefore considered to be the Chief Operating Decision Maker of the Group.

6. PROPERTY, PLANT AND EQUIPMENT

Land and buildings mainly comprise retail outlets, offices and silos. Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write off the cost to a value equal to the residual values over their estimated useful lives, as follows:

> Buildings	50 years
> Grain silos	10 – 50 years
> Machinery and equipment	4 – 10 years
> Injection moulding machines	5 – 20 years
> Vehicles	4 – 5 years
> Office furniture and equipment	2 – 10 years
> Leasehold improvements	Period of lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of fixed assets are determined by comparing proceeds with the carrying amounts and are included in the income statement as other operating income or other operating expenses.

7. INTANGIBLE ASSETS

Goodwill

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates/joint venture is included in investment in associated companies/joint ventures. Separately recognised goodwill is reviewed annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

7. INTANGIBLE ASSETS (CONTINUED)

Customer relations

Customer relations consist of non-contractual customer relationships. Customer relations acquired in a business combination are recognised at fair value at the acquisition date. The customer relations have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment. Amortisation is calculated on the straight-line method to allocate the cost of customer relations over the estimated useful life of five years.

Tradename

A tradename has been recognised by the Group as part of a business combination. Tradenames are capitalised at the fair value initially identified and amortised on a straight-line basis over their estimated useful lives of 10 to 50 years. Tradenames are carried at cost less accumulated amortisation and accumulated impairment. Expenditure to maintain tradenames is accounted for against income as incurred.

8. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

9. LEASES

The Group leases various retail stores, storage sites and vehicles. Rental contracts are typically made for fixed periods of 3 to 8 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments
- Lease payments to be made under reasonably certain extension options

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

9. LEASES (CONTINUED)

Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

> The amount of the initial measurement of lease liability
> Any lease payments made at or before the commencement date

Leasehold improvements are accounted for as part of right-of-use assets.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mostly comprise information technology equipment and other similar assets.

Right-of-use assets are depreciated over the lowest of the lease term (including the extension period if applicable) or the useful life.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the lessee as a starting point and adjusts the rate to reflect changes in financing conditions since the third-party financing was received. The Group also adjusts the rate relating to the specific lease based on the term and security and nature of the asset.

Extension and termination options are included in a number of leases across the Group. The majority of the extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, are considered.

A lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

> there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; and
> there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

Sale and leaseback transactions

A sale and leaseback transaction is where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. A sale occurs when control of the underlying asset passes to the buyer. This accounting policy thus applies in instances where the Group, as the seller-lessee, has transferred control of the asset to the buyer-lessor in terms of an IFRS 15 sale.

As the Group is the lessee in the subsequent arrangement, a lease liability is recognised, the associated property, plant and equipment asset is derecognised, and a right-of-use asset is recognised at the proportion of the previous carrying amount of the asset relating to the right-of-use retained. The gain (or loss) that the seller-lessee recognises is limited to the proportion of the total gain (or loss) that relates to the rights transferred to the buyer-lessor. Any difference between the sale consideration and the fair value of the asset is either a prepayment of lease payments (if the purchase price is below market terms) or additional financing (if the purchase price is above market terms). Any gain or loss that relates to the rights transferred to the buyer-lessor is recorded within items of a capital nature.

In other instances, where there is no transfer of control, the transaction amounts to a collateralised borrowing, which is covered by the existing accounting policies pertaining to financial liabilities.

10. OTHER FINANCIAL INSTRUMENTS

Initial recognition and measurement

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. Initial recognition is measured at fair value including directly attributable transaction costs for financial instruments not measured at fair value through profit and loss. Transaction costs of financial instruments carried at fair value through profit and loss are expensed in profit or loss.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation is discharged, cancelled, expires or when a substantial modification of the terms occurs.

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Classification and subsequent measurement

Financial assets

The Group classifies its financial assets in the following measurement categories:

- Financial assets measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (FVPL))
- Financial assets measured at amortised cost

The classification depends on the business model for managing the financial assets and the contractual term of the cash flows. Management determines the classification of its investment at initial recognition. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in relation to the instrument held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Equity instruments

The Group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at fair value through other comprehensive income (OCI) are recognised in OCI in the statement of comprehensive income. Where management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Upon derecognition of these equity investments, any balance within the FVOCI reserve is reclassified to retained earnings. Dividends from such investments are recognised in profit or loss as other gains and losses when the Group's right to receive payments is established. Currently the Group has elected to designate equity instruments at FVOCI.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows representing solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income under other operating income using the effective interest rate method. Trade receivables, cash and cash equivalents and loans receivable are classified as debt instruments measured at amortised cost.

10. OTHER FINANCIAL INSTRUMENTS (CONTINUED)

Debt instruments (continued)

Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss is recognised in profit or loss and presented in the income statement as part of other gains and losses in the period in which it arises. Interest income from these financial assets is included in finance income. Debt instruments are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets.

Impairment

The Group has the following financial assets that are subject to the expected credit loss impairment model in terms of IFRS 9:

- Trade and other receivables
- Loans receivable
- Cash and cash equivalents

The Group determines loss allowances by considering available forward-looking information which could adversely impact a debtor's ability to pay.

Financial assets subject to impairment are written off when there is no reasonable expectation of recovery, and the amount is recognised in profit or loss within 'operating expenses'.

Trade receivables

The Group elected to apply the simplified approach for measuring impairment provisions for trade receivables. In terms of this approach, the loss allowances are calculated with reference to lifetime expected credit losses. The Group determines expected credit loss allowances both on a specific (credit impaired) and a contingency (not credit impaired) basis.

Credit terms, interest rates and other applicable terms are determined based on the calculated risk profile of the credit taker(s). A strict credit policy is followed which includes the ongoing revision of credit limits, security assessments and credit evaluations of the financial position of clients. These factors have been taken into consideration on an individual and collective basis when determining the recoverability of debtors. The Group has a specific loss allowance and a contingency loss allowance. The group defines "outside terms" debtors as all debtors more than 90 days outside terms. The specific loss allowance is determined on all "outside terms" debtors as their risks are different than the rest of the debtors' book within terms and they are assessed individually. The assessment for the specific loss allowance considers security held, reputation and expected payments in the future to determine the value of the specific loss allowance. Regarding the contingency loss allowance, the group divides the rest of the debtors' book (after considering the specific loss allowance) into different categories with risk factors applied to each category. The categories are based on different type of produce commodities mostly in the agricultural sector (grain, fruit, other agri and non-agri). The percentage expected credit loss applied to each category depends on the forward-looking risk of default and expectations on macro-economic factors including market share, competitor strength, industry risk, profitability, price volatility risks and climate changes.

Cash and cash equivalents

Cash comprises cash on hand and cash at banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Interest on cash and cash equivalents is recognised in the statement of comprehensive income as interest received from bank account balances. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Other financial assets

Loss allowances relating to loans receivable, cash and cash equivalents, deposits and other receivables are determined in terms of the general expected credit loss model, considering a 12-month expected credit loss.

10. OTHER FINANCIAL INSTRUMENTS (CONTINUED)

Other financial assets (continued)

In terms of this model the Group considers whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date compared to the credit risk at initial recognition date. It considers available reasonable and supportive forwarding-looking information that could be indicative of a deterioration in the counterparty's ability to pay. The Group assesses factors such as credit ratings, actual/adverse conditions in the industry or changes in value of security held.

For these financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses. In calculating the expected credit loss rates, the Group considers the exposure at default, probability of default and loss given default. The impact of the adoption of IFRS 9 and at the end of the reporting period was not material for other financial assets.

Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, using the effective interest rate method. The effective interest rate amortisation is recognised in the statement of comprehensive income as finance costs.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Instalment sale agreements

Instalment sale agreements are recognised where the Group will become the legal owner of the assets after the purchase payment agreement is completed. The instalment sale agreements are recognised as a financial liability from the date of recognition and measured at amortised cost using the effective interest rate method. Instalment sale agreements are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value. Trade payables are subsequently stated at amortised cost using the effective interest rate method.

Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Contingent consideration

The Group shall classify an obligation to pay contingent consideration that meets the definition of a financial instrument as a financial liability.

Changes in the fair value of contingent consideration that the Group recognises after the acquisition date may be the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. Such changes are measurement period adjustments. However, changes resulting from events after the acquisition date, such as meeting an earnings target, reaching a specified share price or reaching a milestone, are not measurement period adjustments.

Changes in the fair value of contingent consideration, that are not measurement period adjustments, which falls within the scope of IFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with IFRS 9.

11. INVENTORY

Merchandise, raw materials and consumable goods are valued at the lower of cost, calculated on the average cost basis, or net realisable value, taking into account obsolescence and saleability. Implement stock (included in merchandise) is valued at the specific cost price or net realisable value, whichever is the lower. Finished goods (included in merchandise) are valued at the lower of cost, including cost of raw materials, direct costs and related production overheads, but excluding finance costs, determined on the average cost basis, or net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

12. STATED CAPITAL

Ordinary shares are classified as equity. Additional costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any company in the Group purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable additional costs (net of income taxes) is deducted from equity attributable to the Group's equity holders until the shares are cancelled, re-issued, or disposed of. Where such shares are subsequently sold or re-issued, any consideration received, net of any directly attributable additional transaction costs and the related income tax effects, is included in equity attributable to the Group's shareholders.

13. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources which entail economic benefits will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

14. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivatives are designated as hedging instruments, and if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedge) or hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest rate method is used, is amortised to profit or loss over the period to maturity.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

14. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (CONTINUED)

Cash flow hedge (continued)

Amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Certain derivatives do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

15. EMPLOYEE BENEFITS

Pension scheme arrangements

The Group operates a pension fund consisting of a defined contribution plan registered in terms of the Pension Funds Act, 1956, and the assets are administered separately by trustees. Funding is in terms of conditions of employment by means of contributions by the participating subsidiaries in the Group as well as employees. The Group has no further obligations to the fund once the contributions have been paid. Contributions are recognised in the income statement when they are due.

Post-retirement medical benefits

Certain in-service members and retired employees are members of the post-retirement medical subsidy scheme of the Group. The Group pays the monthly contributions in respect of the retired members over to the medical fund. The valuation method used to value the liability is the projected unit method. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out by independent qualified actuaries. Any actuarially determined profits or losses are recognised in the income statement.

In terms of the Group's present policy the benefits are only available to certain in-service members and retired staff and not to future employees.

Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognised under accounts payable when there is no realistic alternative but to settle the liability, and at least one of the following conditions is met:

- there is a formal plan; or
- past practice has created a valid expectation by employees that they will receive a bonus or profit share.

It is expected that the liability will be paid within 12 months.

Equity settled management share incentive scheme

The Group operates an equity settled management share incentive scheme ("the scheme"). In terms of IFRS 2, the fair value of the equity instrument is determined at grant date and the corresponding expense is recognised over the vesting period. The fair value of the grant is determined using the Black-Scholes-Merton model using six different inputs that would have an effect on the fair value of the grant. The inputs are the exercise price of the option, the current share price, the expected life of the option, the expected volatility, the expected dividend yield and the risk-free interest rate.

16. REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15) AND OTHER OPERATING INCOME

According to IFRS 15, revenue is recognised at a point in time or over time depending on the performance obligations linked to separate elements of the contract with the customer. Revenue is recognised when the Group satisfies performance obligations and transfers control of goods or services to its customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for these goods or services. The Group's revenue consists mostly of sales of products delivered to customers at the point of sale and does not have multiple element arrangements included in it. Therefore, the timing and measurement of the Group's revenue will not change as a result of the implementation of IFRS 15.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax and trade discounts and after elimination of sales within the Group. Revenue is recognised as follows:

Sales of goods

The Group specialises in trading in agricultural-, fuel- and related retail markets in Southern Africa. At the point-of-sale in the trade and manufacturing environment, the client takes ownership of the goods bought. Revenue is thus recognised at that point when control of the products has transferred, the customer has accepted inventory risk related to the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products and the Group has a present right to payment. In these segments, prices are determined centrally. Fuel sales follow the same principles as the client takes ownership once the product is sold and transferred to the customer. Fuel prices are regulated. Grain sales follow a similar process as over-the-counter sales as the product is delivered to the client and the revenue is recognised at that point in time when the customer takes ownership of the goods sold. Grain sales prices are based on fixed contract SAFEX prices. Invoicing occurs as soon as control of the goods has been transferred to the customer.

Revenue for the sale of merchandise from ordinary Group-operating activities, net of value added tax and trade discounts and after eliminating sales within the Group are recognised at a point in time, upon delivery of products and customer acceptance. Customers have a choice to pay cash (via cash, debit card or credit card) or on account. Related card transaction costs are recognised in the income statement as other expenses.

Payment terms for normal over the counter credit sales are mostly 30 days. Seasonal accounts are provided to agricultural debtors on longer terms, these terms do not exceed 12 months. Limited establishment accounts are also provided on longer terms (up to five years) with the purpose to assist the customer in establishing farming operations. Interest is charged on these accounts at market related rates and accounted for accordingly.

Sales of services

Sale of services include grain handling revenue which is revenue received for the storage and handling of the client's grains. The other services are provided within the mechanisation division where labour is invoiced as a service to repair and maintain client's machinery or vehicles. Revenue received for these services is recognised over time. Revenue is recognised at a fair value (determined based on a fixed price per tonnage/hour charged) of services rendered and are invoiced on a regular basis as the services are rendered.

Variable consideration

The Group assessed if the contracts entered into include variable consideration, but none were noted, other than trade discounts provided at the point-of-sale.

Margin on direct transactions

Direct sales relate to sales made, where goods purchased by clients are directly delivered to the client by the suppliers of the Group. Only the margin earned on direct sales is recognised as revenue. The margin is recognised on delivery of products by the supplier to the customer. The group assessed the treatment of these sales as agent or principal in terms of IFRS 15.

16. REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15) AND OTHER OPERATING INCOME (CONTINUED)

Margin on direct transactions (continued)

The supplier has the primary responsibility for providing the goods to the client.

Kaap Agri has no control before the product is delivered to the client and the Group does not recognise the inventory in their books.

The supplier takes the inventory risk up until inventory is delivered to the client.

The price is determined by the supplier. The Group acts as intermediary and earns commission on the transaction. All the indicators according to the standard indicate that the Group is acting as an agent, rather than a principal, thus the net amount is recognised as revenue. Thus, the treatment under IFRS 15 stays consistent to the prior year.

Other operating income is recognised as follows:

Interest income

Under IFRS 9, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). When a receivable is written off, the Group reduces the carrying amount to its recoverable amount. Interest is recognised using the original effective interest rate.

Dividend income

Dividend income is recognised when the right to receive payment is established and is treated as revenue for the company but is not considered to be revenue from contracts with customers (IFRS 15).

17. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- Expenditures for the asset have occurred.
- Borrowing costs have been incurred.
- Activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

18. FOREIGN CURRENCY TRANSACTIONS

Functional and presentation currency

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Rand, which is the holding company's functional and presentation currency.

18. FOREIGN CURRENCY TRANSACTIONS (CONTINUED)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

19. CURRENT AND DEFERRED INCOME TAX

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets relating to unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused losses can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates/joint venture, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group determines the deferred income tax asset and deferred income tax liability that arise on the initial recognition of a lease to be integrally linked and recognise the temporary difference on a net basis.

20. RECURRING HEADLINE EARNINGS

The Group monitors headline earnings as earning less non-recurring costs. Non-recurring costs are defined as once off costs or transactions as a result of *ad hoc* transactions or IFRS valuations that do not form part of ordinary business operations, and which causes fluctuations year-on-year.

21. DIVIDEND DISTRIBUTIONS

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved.

22. RELATED PARTIES

Individuals, as well as their close family members, or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions or if the parties are jointly controlled in a joint venture.

Corporate information

KAAP AGRI LIMITED

Incorporated in the Republic of South Africa
Registration number: 2011/113185/06
Income tax number: 9312717177
Share code: KAL
ISIN code: ZAE000244711

Directors

GM Steyn (Chairman)*#
S Walsh (Chief Executive Officer)
GW Sim (Financial Director)
I Chalumbira*
BS du Toit*#
D du Toit*#
JH le Roux*#
B Mathews*# (appointed 22 September 2022)
EA Messina*#
WC Michaels*#
CA Otto*#
HM Smit*#

* *Non-executive*
\# *Independent*

Company Secretary

KAL Corporate Services (Pty) Ltd

Registered address

1 Westhoven Street, Paarl, 7646
Suite 110, Private Bag X3041, Paarl, 7620
Telephone number: 021 860 3750
Fax number: 021 860 3314
Website: www.kaapagri.co.za

Auditors

PricewaterhouseCoopers Inc.

Transfer Secretaries

Computershare Investor Services (Pty) Ltd
Registration number: 2004/003647/07
Rosebank Towers, 15 Biermann, Avenue,
Rosebank, Johannesburg, 2196
Private Bag X9000, Saxonwold, 2132
Fax number: 086 636 7200

Sponsor

PSG Capital (Pty) Ltd
Registration number: 2006/015817/07
1st Floor, Ou Kollege Building, 35 Kerk Street,
Stellenbosch, 7600
PO Box 7403, Stellenbosch, 7599

and

Suite 1105, 11th Floor, Sandton Eye Building,
126 West Street, Sandton, 2196
PO Box 650957, Benmore, 2010

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