# 2020

KAAP AGRI

# Updated notice of annual general meeting (as amended to provide for a virtual-only meeting)

for the year ended 30 September 2020

# Contents

# Salient features

**+1,5%**
**8 574 668**
**REVENUE (R'000)**
(2019: 8 451 520)

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**-2,3%**
**388,54**
**HEADLINE EARNINGS PER SHARE (CENTS)**
(2019: 397,85)

**+4,6%**
**392,52**
**RECURRING HEADLINE EARNINGS PER SHARE (CENTS)**
(2019: 375,19)

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**-44,4%**
**50,00**
**FINAL DIVIDEND PER SHARE (CENTS)**
(2019: 90,00)

**-59,5%**
**50,00**
**TOTAL DIVIDEND PER SHARE (CENTS)**
(2019: 123,5)

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# Updated notice of annual general meeting (as amended to provide for a virtual-only meeting)

**KAAP AGRI LIMITED**
Incorporated in the Republic of South Africa
(Registration number: 2011/113185/06)
JSE Share code: KAL
ISIN: ZAE000244711
("**Kaap Agri**" or "**the company**")

*Note: Shareholders are referred to the company's SENS announcement dated 22 January 2021, as well as the SENS announcement and notice to shareholders, both dated 28 January 2021, advising that Kaap Agri's board of directors has decided that the annual general meeting of the company ("AGM") on 11 February 2021 will no longer be held in person but will instead be held electronically as a virtual-only meeting. Kaap Agri has, for the convenience of shareholders, made available on its website, at www.kaapagri.co.za, an updated version of the company's notice of AGM and accompanying form of proxy, setting out how shareholders and guests will be able to attend, participate and/or vote electronically at the AGM. No changes have been made to the date or time of the AGM, to its agenda or to the ordinary and special resolutions to be considered and voted on at the AGM, all of which remain unchanged. Likewise, the form of proxy annexed to the notice of AGM remains unchanged, save only for the reference therein to the physical meeting being replaced with a statement that the AGM will be held electronically and consequent amendments to the notes to the form of proxy. Both the form of proxy annexed to the original notice of AGM distributed on 14 December 2020 and the form of proxy annexed to the updated notice of AGM, available at the above website link, will be valid for the AGM. The record date and last date to trade in order to be eligible to vote at the AGM also remain unchanged.*

## To the shareholders of Kaap Agri

Notice is hereby given that the annual general meeting of shareholders of Kaap Agri will be conducted entirely by electronic means via a virtual platform on Thursday, 11 February 2021, at 12:30 p.m.

## PURPOSE

The purpose of the AGM is to transact the business as set out in the agenda below.

## AGENDA

### Presentation of the audited annual financial statements of the company, including the reports of the directors and the audit and risk committee of the company ("the Audit and Risk committee") for the year ended 30 September 2020.

This notice of AGM is accompanied by the summarised consolidated financial statements (Annexure A) of the company for its 2020 financial year, while the audited consolidated annual financial statements, including the unmodified audit opinion, are available on Kaap Agri's website at www.kaapagri.co.za and electronic copies may be requested and obtained via email, at no charge, from the Company Secretary at cosec@kalcorporateservices.co.za.

The company's integrated report has, since Friday, 22 January 2021, been available on Kaap Agri's website at www.kaapagri.co.za and may also be requested and obtained via email, at no charge, from the Company Secretary at cosec@kalcorporateservices.co.za.

**To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:**

***Note:*** *For any of the ordinary resolutions numbers 1 to 9 (inclusive) to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 10 to be adopted, at least 75% of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.*

## 1. REAPPOINTMENT OF AUDITOR

### Ordinary resolution number 1

"Resolved that PricewaterhouseCoopers Inc. be and is hereby reappointed as auditor of the company for the ensuing financial year or until the next annual general meeting of the company, whichever is the later, with the designated audit partner being A Hugo, on the recommendation of the Audit and Risk committee."

*The reason for ordinary resolution number 1 is that the company, being a public listed company, is required to have its financial statements audited annually and the auditors have to be appointed or reappointed, as the case may be, at each annual general meeting of the company as required by the Companies Act, No. 71 of 2008, as amended ("**the Companies Act**").*

## 2. RETIREMENT AND RE-ELECTION OF DIRECTORS

### 2.1 Ordinary resolution number 2

"Resolved that Mr BS du Toit, who retires by rotation in terms of the Memorandum of Incorporation ("**MOI**") of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr BS (Bernhardt) du Toit

*Mr du Toit holds a BAgric (Management) degree from Stellenbosch University. He farms in the Koue Bokkeveld region near Ceres and is an export farmer involved in the production of, inter alia, fruit and vegetables, wheat and potatoes, and exporting to Canada, various European countries, Russia and the Far East. He has served on the Audit and Risk committee for many years and also as a director on the boards of various other companies in the agricultural sector.*

### 2.2 Ordinary resolution number 3

"Resolved that Dr EA Messina, who retires by rotation in terms of the MOI of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Dr EA (Ernst) Messina

*Dr Messina holds a BA(Hons) degree. He also holds two Masters degrees, a PhD and a postgraduate diploma in higher education. Ernest also serves as the chairman of the Groot Constantia Trust and is a director of, inter alia, the Du Toit Group.*

### 2.3 Ordinary resolution number 4

"Resolved that Dr WC Michaels, who retires by rotation in terms of the MOI of the company and, being eligible, offers herself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Dr WC (Wynoma) Michaels

*Dr Michaels holds a BSc degree from the University of the Western Cape, and BSc (Hons), MSc and PhD degrees from Stellenbosch University. She started her career as a scientist at Denel Somchem, and later expanded her focus to the education sector. She gained experience of the business sector through her work as a business consultant in sectors such as agriculture, chemical, food and beverage, and education. Wynoma started her own management consultancy business, Wynoma Michaels Consult.*

***Note:*** *The reason for ordinary resolutions numbers 2, 3 and 4 (inclusive) is that the MOI of the company, the Listings Requirements of the JSE Limited ("**JSE Listings Requirements**") and, to the extent applicable, the Companies Act, require that a component of the non-executive directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors.*

## 3. REAPPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE

***Note:*** *For avoidance of doubt, all references to the Audit and Risk committee refers to the audit committee as contemplated in the Companies Act.*

### 3.1 Ordinary resolution number 5

"Resolved that Mr CA Otto, being eligible, be and is hereby reappointed as a member of the Audit and Risk committee, as recommended by the board of directors of the company ("**the Board**"), until the next annual general meeting of the company."

Summary curriculum vitae of Mr CA (Chris) Otto

*Mr Otto holds BCom and LLB degrees from Stellenbosch University. He is a founding member of PSG Group Limited, Capitec Bank Holdings Limited and Zeder Investments Limited. He served at PSG Group for 14 years and is now retired but remains on the board as a non-executive director to various other companies, including Distell Group Holdings Limited. He is currently Chairman of both the Audit and Risk committee and the remuneration committee of the company.*

### 3.2 Ordinary resolution number 6

"Resolved that Mrs D du Toit, be and is hereby reappointed as a member of the Audit and Risk committee, as recommended by the Board, until the next annual general meeting of the company."

Summary curriculum vitae of Mrs D (Danell) du Toit

*Mrs Du Toit holds a BCom (Hons) degree from Stellenbosch University. After 12 years working in corporates overseas, she returned to South Africa and is currently the managing director of the De Keur Group. She serves on a number of other boards in the agricultural sector and is also involved in several non-profit organisations.*

### 3.3 Ordinary resolution number 7

"Resolved that Mr BS du Toit, being eligible, and subject to approval of ordinary resolution number 2, be and is hereby reappointed as a member of the Audit and Risk committee, as recommended by the Board, until the next annual general meeting of the company."

A summary of Mr Du Toit's curriculum vitae has been included in paragraph 2.1 above.

***Note:*** *The reason for ordinary resolutions numbers 5 to 7 (inclusive) is that the company, being a public listed company, must appoint an audit committee, and the Companies Act requires that the members of such committee be appointed, or reappointed, as the case may be, at each annual general meeting of the company.*

## 4. NON-BINDING ADVISORY VOTE ON THE REMUNERATION POLICY OF THE COMPANY

### Ordinary resolution number 8

"Resolved that the company's remuneration policy, as set out in the remuneration report in Annexure C to this notice of AGM, be and is hereby endorsed by way of a non-binding advisory vote."

*The reason for ordinary resolution number 8 is that the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV")*[1] *recommends, and the JSE Listings Requirements require, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each annual general meeting of the company. This enables shareholders to express their views on the remuneration policy adopted. Ordinary resolution number 8 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the Board will take the outcome of the vote into consideration when considering amendments to the company's remuneration policy.*

[1] *Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.*

## 5. NON-BINDING ADVISORY VOTE ON THE IMPLEMENTATION REPORT ON THE REMUNERATION POLICY OF THE COMPANY

### Ordinary resolution number 9

"Resolved that the company's implementation report in respect of its remuneration policy, as set out in the remuneration report in Annexure C to this notice of AGM, be and is hereby endorsed by way of a non-binding vote."

*The reason for ordinary resolution number 9 is that King IV recommends, and the JSE Listings Requirements require, that the implementation report on the company's remuneration policy be tabled and the JSE Listings Requirements require, for a non-binding advisory vote by shareholders at each annual general meeting of the company. This enables shareholders to express their views on the implementation of the company's remuneration policy. Ordinary resolution number 9 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the Board will take the outcome of the vote into consideration when considering amendments to implementation of the company's remuneration policy.*

*Should 25% or more of the votes exercised in respect of ordinary resolution number 8 and/or ordinary resolution number 9 be against either resolution, the company will issue an invitation to those shareholders who voted against the applicable resolution to engage with the company.*

## 6. GENERAL AUTHORITY TO ISSUE ORDINARY SHARES FOR CASH

### Ordinary resolution number 10

"Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue any of the company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the company's MOI, the Companies Act and the JSE Listings Requirements, provided that:

> the approval shall be valid until the date of the next annual general meeting of the company, provided it shall not extend beyond 15 (fifteen) months from the date of this resolution;

> the general issues of shares for cash under this authority may not exceed, in the aggregate, 5% of the company's issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders, in respect of the Kaap Agri equity-settled management share incentive scheme in accordance with the JSE Listings Requirements and in terms of an acquisition issue or vendor consideration placement shall not diminish the number of ordinary shares that comprise the 5% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 5% of the issued ordinary shares of the company, excluding treasury shares, amounts to 3 514 050 ordinary shares;

> in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30-business-day period;

> any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements and not to related parties;

> any such issue will only comprise securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and

> in the event that the shares issued under this authority represent, on a cumulative basis, 5% or more of the number of shares in issue prior to that issue, an announcement containing the full details of such issue shall be published on the Stock Exchange News Service of the JSE."

*For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions (including via vendor consideration payments) and/or in respect of duly approved share incentive schemes), it is necessary for the Board to obtain the prior authority of the shareholders in accordance with the JSE Listings Requirements and the MOI of the company. Accordingly, the reason for ordinary resolution number 10 is to obtain a general authority from shareholders to issue shares for cash in compliance with the JSE Listings Requirements and the MOI of the company.*

*For this resolution to be adopted, at least 75% of the votes exercised on this resolution, whether in person or by proxy, must be exercised in favour thereof.*

### To consider and, if deemed fit, pass, with or without modification, the following special resolutions:

***Note:*** *For any of the following special resolutions to be adopted, at least 75% of the voting rights exercised on that special resolution, whether in person or by proxy, must be exercised in favour thereof.*

## 7. APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION

### Special resolution number 1

Resolved, in terms of section 66(9) of the Companies Act, that the company be and is hereby authorised to remunerate its non-executive directors for their services as directors, which includes serving on various sub-committees and to make payment of the amounts set out below (plus any value added tax, to the extent applicable) provided that the authority will be valid until the next annual general meeting of the company:

| Directors' fees | Proposed annual remuneration |
|---|---|
| Director – basic fee | **R187 400** |
| Board Chairman | **+R409 000** |

| Committee | Member | Chairman |
|---|---|---|
| Audit and Risk committee | **+R140 200** | +R279 800 |
| Finance committee | **+R58 300** | +R140 200 |
| Remuneration committee | **+R117 100** | +R233 600 |
| Social and Ethics committee | **+R29 900** | +R88 200 |

*The reason for special resolution number 1 is for the company to obtain shareholders' approval for the payment of remuneration to the company's non-executive directors in terms of the provisions of section 66 of the Companies Act.*

*The effect, if passed, of the special resolution is that the company will be able to remunerate its non-executive directors for their services as directors until the next annual general meeting of the company.*

*Shareholders are requested to approve these fees with effect from 1 March 2021, to align the remuneration with the company's financial year. For more particulars on the remuneration of non-executive directors, please see the remuneration report.*

## 8. SHARE REPURCHASES BY THE COMPANY AND ITS SUBSIDIARIES

### Special resolution number 2

"Resolved, as a special resolution, that the company and the subsidiaries of the company be and are hereby authorised, as a general approval, to repurchase (or purchase, as the case may be) any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the MOI and the JSE Listings Requirements, including, *inter alia*, that:

> the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;

> this general authority shall only be valid until the next annual general meeting of the company, provided that it shall not extend beyond 15 (fifteen) months from the date of this resolution;

> an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue at the time of the granting of this authority, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;

> the general authority is limited to a maximum of 20%, in the aggregate, in any one financial year of the company's issued share capital at the time the authority is granted;

> a resolution has been passed by the Board approving the repurchase, that the company and its subsidiaries ("the Group") have satisfied the solvency and liquidity test as defined in the Companies Act, and that since the solvency and liquidity test has been performed there have been no material changes to the financial position of the Group;

> the general repurchase is authorised by the company's MOI;

> repurchases may not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the company's securities have not traded in such five-business-day period;

> the company and its subsidiaries may at any point in time only appoint one agent to effect any repurchase(s) on the company's behalf; and

> the company and its subsidiaries may not effect any repurchase during any prohibited period as defined in terms of the JSE Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the JSE Listings Requirements."

The reason for and effect, if passed, of special resolution number 2 is to grant the directors a general authority in terms of the company's MOI and the JSE Listings Requirements for the acquisition by the company or by a subsidiary of the company of shares issued by the company on the basis reflected in special resolution number 2. The company has no immediate plans to use this authority and is simply obtaining same in the interest of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, a pro rata repurchase by the company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

## 9. INTER-COMPANY FINANCIAL ASSISTANCE

### 9.1 Special resolution number 3: Inter-company financial assistance

"Resolved in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the Board be and is hereby authorised to approve that the company provides any direct or indirect financial assistance (financial assistance will have the meaning attributed to it in section 45(1) of the Companies Act) that the Board may deem fit to any company or corporation that is related or inter-related to the company ("**related**" and "**inter-related**" will herein have the meanings attributed to such terms in section 2 of the Companies Act) on terms and conditions and for amounts that the Board may determine, provided that the aforementioned approval shall be valid until the next annual general meeting of the company."

The reason for and effect, if passed, of special resolution number 3 is to grant the Board the authority, until the next annual general meeting of the company, to provide direct or indirect financial assistance to any one or more related or inter-related companies or corporations of the company. This means that the company is, *inter alia*, authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

**Notice to shareholders of the company, in terms of section 45(5) of the Companies Act, of a resolution adopted by the Board that authorises the company to provide direct or indirect financial assistance.**

By the time this notice of AGM is delivered to shareholders, the Board will have adopted a resolution ("**section 45 Board resolution**") to authorise the company at any time and from time to time during the period starting on the date of adopting this special resolution number 3 up to and including the date of the next annual general meeting of the company, to provide any direct or indirect financial assistance as contemplated in section 45 of the Companies Act, to any one or more related or inter-related companies or corporations of the company.

The section 45 Board resolution will only take effect when and to the extent that special resolution number 3 has been adopted by shareholders, and the provision of any such direct or indirect financial assistance by the company, following such resolution, will always be subject to the Board being satisfied that: (i) immediately after providing such financial assistance the company would satisfy the solvency and liquidity test in terms of section 45(3)(b)(i) of the Companies Act; and (ii) the terms under which such financial assistance is provided will be fair and reasonable to the company as contemplated in section 45(3)(b)(ii) of the Companies Act.

Inasmuch as the section 45 Board resolution contemplates that in total such financial assistance will exceed one-tenth of 1% (one percent) of the company's net value as at the date of adopting the resolution, the Board hereby notifies the shareholders of the section 45 Board resolution. Such notice will also be given to any trade union representing the employees of the company.

## 9.2 Special resolution number 4: Financial assistance for the subscription and/or purchase of shares in the company or a related or inter-related company

"Resolved, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the Board be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ('**financial assistance**' will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the Board may deem fit to any company or corporation that is related or inter-related to the company ("**related**" and "**inter-related**" will herein have the meanings attributed to such terms in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the company or any company or corporation that is related or inter-related to the company, on the terms and conditions and for amounts that the Board may determine for the purpose of, or in connection with, the subscription for any option, or any shares or other securities, issued or to be issued by the company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the company or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

The reason for and effect, if passed, of special resolution number 4 is to grant the directors the authority, until the next annual general meeting of the company, to provide financial assistance to any company or corporation which is related or inter-related to the company and/or any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the company or any related or inter-related company or corporation. This means that the company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly given to a party subscribing for options, shares or securities in the company or its subsidiaries. A typical example of where the company may rely on this authority is where a wholly-owned subsidiary raises funds by way of issuing preference shares and the third-party funder requires the company to furnish security, by way of a guarantee or otherwise, for the obligations of its wholly-owned subsidiary to the third-party funder arising from the issue of the preference shares. The company has no immediate plan to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of and pursuant to sections 44 and 45 of the Companies Act, the directors of the company confirm that the Board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the company, that immediately after providing financial assistance as contemplated in special resolutions numbers 3 and 4 above:

- the assets of the company, fairly valued, will equal or exceed the liabilities of the company, fairly valued (taking into consideration the reasonably foreseeable contingent assets and liabilities of the company); and
- the company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months.

In addition, the Board will only approve the provision of any financial assistance contemplated in special resolutions numbers 3 and 4 above, where:

- the Board is satisfied that the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the company as contained in the company's MOI have been met.

## 10. REPORT OF THE SOCIAL AND ETHICS COMMITTEE

The report of the company's Social and Ethics committee is included in the integrated report and will serve as the Social and Ethics committee report to the company's shareholders at the AGM.

## 11. TO TRANSACT ANY OTHER BUSINESS AS MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING OR RAISED BY SHAREHOLDERS WITH OR WITHOUT ADVANCE NOTICE TO THE COMPANY

### INFORMATION RELATING TO THE SPECIAL RESOLUTIONS

1. The directors of the company or its subsidiaries will only utilise the general authority to repurchase shares of the company as set out in special resolution number 2 to the extent that the directors, after considering the maximum number of shares to be purchased, are of the opinion that the position of the Group would not be compromised as to the following:

   > the Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of the AGM and for the period of 12 months after the repurchase;

   > the consolidated assets of the Group will, at the time of the AGM and at the time of making such determination, be in excess of the consolidated liabilities of the Group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the Group;

   > the ordinary capital and reserves of the Group after the repurchase will remain adequate for the purpose of the business of the Group for the period of 12 months after the AGM and after the date of the share repurchase; and

   > the working capital available to the Group after the repurchase will be sufficient for the Group's requirements for a period of 12 months after the date of the notice of the AGM and for a period of 12 months after the date of the share repurchase.

2. General information in respect of major shareholders, material changes and the share capital of the company is contained in Annexure B to this notice of AGM.

3. The directors of the company collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this notice of AGM contains all information required by law and the JSE Listings Requirements.

## RECORD DATE

The record date in terms of section 59 of the Companies Act for shareholders to be registered in the securities register of the company to receive notice of the AGM is Friday, 4 December 2020.

The record date for shareholders to be recorded in the securities register of the company in order to be able to attend, participate and vote at the AGM is Friday, 5 February 2021, and the last day to trade in the company's shares in order to be recorded in the company's securities register in order to be able to attend, participate in and vote at the AGM is Tuesday, 2 February 2021.

## PROXIES, REPRESENTATIVES AND VOTING

1. Certificated and own-name dematerialised shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.
2. The instrument appointing a proxy and the authority (if any) under which it is signed must be completed and returned to the company's transfer secretaries, Computershare Investor Services (Pty) Ltd, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posted to the transfer secretaries at Private Bag X9000, Saxonwold, 2132, South Africa, or emailed to proxy@computershare.co.za, so as to be received by them preferably no later than 12:30 p.m. on Tuesday, 9 February 2021, provided that any form of proxy not delivered to the transfer secretaries by this time may be provided to the transfer secretaries, in the aforementioned manner, at any time before the appointed proxy exercises any shareholder rights at the AGM, subject to the transfer secretaries verifying the form of proxy and proof of identification before any shareholder rights are exercised.
3. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their Central Securities Depository Participant (**"CSDP"**) or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein. Such shareholders should contact their CSDP or broker regarding the cut-off time for their voting instructions.
4. Voting will be performed by way of a poll and, accordingly, each shareholder participating in person, by proxy or by authorised representative shall have one vote in respect of each share held.

## ELECTRONIC PARTICIPATION

The AGM will be conducted entirely by electronic communication (including voting) as contemplated by section 63(2)(a) of the Companies Act. The procedure for participation by electronic communication is set out hereunder.

**Certificated shareholders and dematerialised shareholders with "own name" registration**

Certificated shareholders and dematerialised shareholders with "own name" registration who wish to participate and vote at the AGM, should register at www.smartagm.co.za or contact the company's transfer secretaries, Computershare Investor Services Proprietary Limited ("**Computershare**") at proxy@computershare.co.za, preferably by no later than 12:30 p.m. on Tuesday, 9 February 2021, to obtain login credentials and details of how to participate and vote their shares. Such shareholders may still register online to participate in and/or vote electronically at the AGM after this date and time, provided, however, that for those shareholders to participate and/or vote electronically at the AGM, they must be verified and registered before the commencement of the AGM.

Proof of identification will be required before such shareholders are provided with usernames and passwords.

**Dematerialised shareholders other than those with "own name" registration**

Dematerialised shareholders other than those with "own name" registration who wish to participate and vote at the AGM, should request the necessary letter of representation from their broker/CSDP. Such shareholders should thereafter register at www.smartagm.co.za or submit a copy of the letter of representation to Computershare at proxy@computershare.co.za, preferably by no later than 12:30 p.m. on Tuesday, 9 February 2021, to obtain the necessary login credentials and details of how to participate and vote their shares. Such shareholders may still register online to participate in and/or vote electronically at the AGM after this date and time, provided, however, that for those shareholders to participate and/or vote electronically at the AGM, they must be verified and registered before the commencement of the AGM.

Proof of identification will be required before such shareholders are provided with usernames and passwords.

## Additional information

As part of the registration process you will be requested to upload proof of identification (i.e. identity document, driver's licence or passport) and authority to do so (where acting in a representative capacity) as well as to provide details, such as your name, surname, email address, contact number and number of Kaap Agri shares held.

Following successful registration, the transfer secretaries will provide you with a username and a password in order to connect electronically to the AGM.

Participation in the AGM is through the Lumi app or website by following the steps set out at www.smartagm.co.za. The Lumi app can be downloaded from the Apple App Store or Google Play Store.

Once either the Lumi app has been downloaded or www.web.lumiagm.com has been entered into the web browser, the user will be prompted to enter the meeting ID followed by a requirement to enter the user's:

(a) username; and

(b) password.

The meeting ID is: 183-717-393

To log in, users must have a username and password which can be requested from proxy@computershare.co.za as part of the registration process, or by registering on www.smartagm.co.za.

The electronic communication employed will enable all persons participating in the AGM to communicate concurrently with one another without an intermediary and to effectively participate in the AGM. Voting will be possible via electronic communication. Once the AGM has commenced, participants will be able to vote via the voting platform.

Although voting will be permitted via the electronic platform during the AGM, shareholders are encouraged to submit votes by proxy before the AGM. Shareholders who submit a form of proxy before the AGM but wish to observe proceedings may contact Computershare at proxy@computershare.co.za, in order to obtain access details.

Shareholders are further encouraged to submit any questions to the company secretary by email to cosec@kalcorporateservices.co.za, by no later than 12:30 p.m. on Tuesday, 9 February 2021. There will also be a question facility available on the virtual platform during the AGM.

Guests are welcome to attend the AGM as observers. Guests will only be able to listen to proceedings, but will not be able to participate, ask questions or vote during the proceedings. Access can be obtained by visiting www.smartagm.co.za and clicking on the Kaap Agri logo 30 minutes before commencement of the AGM.

Shareholders and guests will be liable for the costs they incur in attending the AGM. Shareholders and guests will also be solely responsible for ensuring that they have uninterrupted access to the AGM. Neither Kaap Agri, nor its service providers will be held accountable in the event of loss of network connectivity; network failure due to insufficient airtime/internet; connectivity/power outages or anything similar which would prevent shareholders from attending, participating and/or voting at the AGM or guests from attending the AGM.

By order of the Board

**KAL CORPORATE SERVICES (PTY) LTD**
Company Secretary

**Per T Rasiluma**

14 December 2020

# Annexure A

**Kaap Agri Limited**

**Summarised consolidated financial statements**
for the year ended 30 September 2020

## COMMENTARY

The Kaap Agri summary report provides an overview of the activities, results and financial position of the Group for the year ended 30 September 2020.

### Financial review

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 financial, grain handling and agency services. Kaap Agri has 217 operating points located in eight South African provinces as well as in Namibia.

### Operating environment

The operating conditions under which the Group traded for the year consisted of two distinctly different periods due to Covid-19 ("Covid"), which had a minimal influence on the first half of the financial year, but impacted Group results in the second half of the financial year.

The first six months of the financial year experienced a slow start to agri and retail trade due to a combination of sluggish retail spend and a constrained consumer environment, underpinned by suppressed GDP growth as well as adverse weather conditions and increased competitor activity. Encouragingly, both agri and retail performance improved during the second quarter. As indicated at the prior year-end, crucial late season rainfall needed by the wheat farmers did not materialise, resulting in harvest reductions. Conditions for fruit and vegetable production were largely positive, but significant farm expansions and infrastructural spend diminished, partly drought-related and partly related to ongoing concerns around land policies. The fuel industry experienced ongoing fuel volume decreases. However, convenience and quick service restaurant ("QSR") performance improved.

The second six months of the financial year included the impact of Covid, which was felt across all the Group's business units. Except for specifically QSRs and liquor sales, most of the remainder of the business was categorised as a supplier of essential goods and services and remained open for trade, albeit under certain limitations during the different levels of lockdown. Despite being open for trade, roughly 56% of retail stock items were classified as non-essential and were therefore prohibited for sale during level 5 lockdown. The move to level 4 lockdown allowed the Group to gradually start trading in more retail product categories. Fuel sales were significantly impacted by the lockdown-related reduction in travel and road transport, and despite restaurants re-opening under level 3 lockdown, QSR trade remained suppressed. Convenience store sales were impacted by reduced footfall, as well as the inability to sell tobacco and related products. While agri-input trade was the least impacted by Covid of all income channels, farm infrastructure projects were either halted or delayed during levels 5 and 4 lockdown, resulting in a slowdown in products required from our Manufacturing division. The immediate focus of the Group was to save livelihoods, protect the company, avoid the Covid iceberg and stabilise the company during the Covid period. This was achieved.

The business environment in which we operate continues to be constrained and it remains to be seen what the long-term effects of Covid will be on general consumer behaviour.

# Commentary (continued)

## Financial results

Despite Covid, Kaap Agri increased revenue by 1,5% to R8,6 billion, up from R8,5 billion in the previous financial year, with like-for-like comparable growth declining by 0,6%. Covid is conservatively estimated to have had a 6,6% negative impact on revenue growth. The 1,5% growth in revenue was achieved despite a 2,9% decrease in the number of transactions. Excluding a 5,9% reduction in the number of transactions in the Retail Fuel & Convenience environment, the remaining business grew transactions by 2,3%.

Agri sales growth outperformed retail sales growth, largely due to Covid-related trading restrictions which impacted retail sales to a larger degree than agri sales. Retail Fuel & Convenience sales were hardest hit by Covid restrictions. Product deflation is estimated at 3,9% but excluding the large deflationary impact of fuel in the revenue basket, product inflation was 1,1%. Despite Covid, the Group has shown a high degree of resilience under exceptionally challenging trading conditions. The ongoing diversification strategy is expected to generate improved results in the year ahead, as income streams which were constrained during Covid continue to recover.

The Group's growth strategy of footprint expansion combined with the upgrade and improvement of existing offerings continued during the period, albeit at a reduced level. Four new and managed retail fuel sites were added with total Group fuel volumes increasing by 2,0% in the year. The Fuel Company ("TFC") grew annual fuel volumes by 3,7% at owned and managed sites awaiting regulatory approval. A number of small Agrimark upgrades and expansions were completed, and an additional 6 600 tons are currently being added to our grain storage capacity. During the first half of the year, a decision was taken to slow down further TFC footprint expansion across the business and to focus on delivering returns on previously invested capital. The onset of Covid has reinforced this decision. However, the business will continue investigating value-enhancing opportunities albeit with a more conservative approach.

Gross profit increased by 4,7% and at a rate higher than revenue growth due to the impact of a changed sales mix and an improvement in agri trading margins. Retail margins will continue to be under pressure as consumer spending patterns adapt to a changed and constrained economic environment. Fuel prices were relatively stable for the first six months of the year. However, prices reduced on average by 27,8% between March and May due to Covid. Although fuel prices have subsequently increased, pricing has not yet recovered to pre-Covid levels. Fuel prices ended the year 5,3% lower (petrol) and 8,6% lower (diesel) compared to last year.

A number of concerted cost reduction initiatives were implemented during the year, with a large focus on the optimisation of salary-related expenditure and associated costs. This, combined with specific Covid-related cost interventions, resulted in a growth in expenditure of only 2,0%. Given the conversion of managed fuel sites to owned sites and the acquisition of new sites, with the accompanying inclusion of new site costs, this increase in expenditure is particularly pleasing and indicative of our ability to flex costs when necessary. Effective cost management remains paramount, especially given the revenue challenges and margin constraints being experienced in the current environment.

The operational performance of Kaap Agri (Namibia) improved during the year largely due to the continued focus on margin improvement through procurement initiatives as well as in-store upgrades and sales execution.

Partridge Building Supplies (Pty) Ltd, which trades as Underberg Forge in the Southern KwaZulu-Natal Midlands, recovered strongly from a disappointing performance last year and remains strategic in terms of footprint expansion and agri diversification. Further footprint expansion and revenue enhancing opportunities are being explored.

Interest received reduced by 1,5%, reflecting a combination of reduced interest rates on debtors accounts and low growth on the debtors book. Debtors interest rates are linked to bank borrowing rates and, as such any reduction in the prime lending rate is passed onto the customer. Interest paid to banks reduced by

# Commentary (continued)

4,4%, due to a combination of lower interest rates and increased interest paid on higher average borrowings offset by lower interest paid on grain financing. As at 30 September 2020, net interest-bearing debt had increased by R23,7 million compared to the prior year. R450 million of interest-bearing debt has been converted to five-year term debt, with the intention to align the repayment of this debt with the earnings profile of the underlying acquired businesses.

EBITDA grew by 6,8% due largely to the impact of the adoption of IFRS 16. Excluding the impact of IFRS 16, EBITDA grew by 1,0%.

The Group's effective tax rate of 26,9% (2019: 26,0%) is higher than last year due mainly to the effect of the non-taxable revaluation of put options in the prior year.

Headline earnings decreased by 2,2% while recurring headline earnings ("RHE") grew by 4,4%. Once-off items, predominantly adjustments for the interest and remeasurement of liabilities relating to put options exercisable by non-controlling subsidiary shareholders, as well as costs associated with new business development, are excluded from headline earnings to calculate RHE. Excluding the adoption of IFRS 16, as well as the negative impact of Covid, both of which are non-comparable with the prior year, RHE would have grown by 15,4% year-on-year ("YoY").

Headline earnings per share of 388,54 cents decreased by 2,3% while recurring headline earnings per share ("RHEPS") of 392,52 cents grew by 4,6% from the prior year, resulting in a five-year compound annual growth rate in RHEPS of 8,6% until 30 September 2020.

Return on revenue has increased to 3,3% from 3,2% last year, due to a combination of product mix contribution, low expense growth and lower fuel prices.

## Operating results

Income growth from the Trade division, which includes the Agrimark retail branches, Forge Agri, Forge Build, Agrimark Packaging distribution centres, Agrimark Mechanisation services and spare parts, as well as fuel depots, increased by 6,9% YoY with operating profit before tax increasing by 15,9%. Forge showed a strong recovery and improved retail margins were achieved in the other trading environments.

Retail Fuel & Convenience income declined by 6,0% and operating profit before tax decreased by 12,8%. Revenue decreases were driven by fuel price reductions, as well as the slowdown in both business and recreational travel during the Covid period, and despite good work done on expense management, certain costs remain relatively fixed despite fuel volume decreases. YoY fuel price decreases also contributed to lower profitability. This division has shown strong recovery as lockdown levels have eased.

Grain Services, which includes grain handling and storage of grain and related products, seed processing and potato seed marketing, delivered pleasing results despite a wheat harvest which was more than 30% down YoY. Although revenue decreased by 9,7% off the back of lower grain handling volumes, operating profit before tax grew by 11,9%. This performance was supported by the timing of non-recurring surplus wheat sales and alternative product handling. Latest harvest estimates indicate the likelihood of an above average wheat harvest for the new financial year across the total Swartland region which bodes well for performance going forward.

Manufacturing produces dripline, sprinkler irrigation products and plastic bulk bins for the agricultural market, as well as offering agency services for imported irrigation products. Irrigation-related revenue recovered well during the second half of the year. Bulk bin revenue is expected to increase in the new year as the product development and enhancement phase has now been completed. Revenue grew by 4,4%, however, profit before tax declined by 44,9% due to start-up costs in Tego, as well as margin pressure in Agriplas.

# Commentary (continued)

Costs classified under the Corporate division, which includes the cost of support services, as well as other costs not allocated to specific segments, increased from 1,2% of revenue to 1,3%.

Treasury income reduced by 20,4%, a combination of lower interest rates, increased interest paid on higher average borrowings and lower internal interest received on working capital.

## Financial position

Capital spend of R313,0 million was incurred during the year, with R117,5 million allocated to expansion, R21,4 million on replacement assets and R174,1 million incurred in the acquisition of TFC businesses. Spend by division remains heavily weighted to our strategic growth areas with the Retail Fuel & Convenience segment receiving the majority of capital allocation. Additionally, product development and enhancement costs were capitalised in the manufacturing environment and further modules of supply chain optimisation software were implemented. The investment in bulk bin manufacturing capacity made during this financial year will only generate returns from the coming financial year.

Working capital has been exceptionally well controlled, increasing by only R20,4 million YoY. Debtors have, however, grown above the increase in credit sales and out of terms debtors have increased by 14,4%. Debtors turn on average 4,2 times per year (2019: 4,3 times). Excluding wheat debt out of terms, being carry over from the previous season's poor harvest, out of terms debtors have increased by only 4,4% (R6,5 million). Wheat overdues will be settled from the current good harvest and no current year carry over is expected. Securities are held where appropriate and we believe we are suitably provided for when considering the health of the debtors book.

Stock levels have been proactively managed throughout the Covid period and inventory days have remained constant YoY aided by the continued increased participation of our centralised distribution centre. Creditors days have increased slightly. Return on net assets has decreased to 8,4% from 9,0% last year, the result of subdued current year earnings growth and annualised investment in the business. Despite the YOY reduction in return on invested capital ("ROIC") being exacerbated by Covid, ROIC remained above the weighted average cost of capital in the business.

Net interest-bearing debt increased by 1,8% to R1,3 billion. The Group's debt-to-equity ratio, calculated on average balances, increased to 64,9% (2019: 62,5%) with net debt to EBITDA reducing to 2,3 times (2019: 2,4 times) and interest cover of 5,0 times (2019: 5,0 times). Gearing remains at acceptable levels with sufficient headroom available to meet the coming year's requirements. Return on equity decreased to 13,8% (2019: 14,6%).

During the year, the Group continued to generate strong cash flows from operations. Investment has been made back into the business to support growth, in terms of increased capital expenditure and acquisitions, albeit at a lower rate than the prior year. This trend will continue into the new year.

## Dividend

At half year, the Board of Directors ("Board") took the decision to forego the payment of an interim dividend due to the uncertainty surrounding Covid and the view that cash preservation and liquidity were paramount. This has proven to be the correct decision and together with a number of cost saving and cash flow initiatives, has contributed significantly to the Group's ongoing balance sheet strength. Salary sacrifices were made across the Group, including executive and non-executive directors, and the personal sacrifice of all our staff members has contributed significantly to the Group's robustness in dealing with the challenges of Covid. The full year results have highlighted exceptional working capital management, strong cash generation and resilient earnings growth.

# Commentary (continued)

Footfall has returned and revenue has partially recovered, although not to pre-Covid levels. We remain confident regarding the performance of the business going forward. While recognising salary sacrifices made and considering the performance of the business excluding these sacrifices, the Board has approved and declared a gross final dividend of 50,00 cents per share (2019: 90,00 cents per share) from income reserves, for the period ended 30 September 2020. The final dividend amount, net of South African dividends tax of 20% is 40,00 cents per share for those shareholders who are not exempt from dividend tax or are not entitled to a reduced rate in terms of the applicable double-tax agreement. Given that no interim dividend was declared, the total dividend for the year of 50,00 cents per share (2019: 123,50 cents) represents a dividend cover of 7,4 times (2019: 2,9 times).

The salient dates for this dividend distribution are:

| | |
|---|---|
| Declaration date | Thursday, 26 November 2020 |
| Last day to trade cum dividend | Tuesday, 9 February 2021 |
| Trading ex dividend commences | Wednesday, 10 February 2021 |
| Record date to qualify for dividend | Friday, 12 February 2021 |
| Date of payment | Monday, 15 February 2021 |

The number of ordinary shares in issue at declaration date is 74 170 277 and the income tax number of Kaap Agri is 9312717177.

Share certificates may not be dematerialised or rematerialised between Wednesday, 10 February 2021 and Friday, 12 February 2021, both days inclusive.

## Outlook

Agricultural conditions in the Western Cape have largely improved YoY. However, certain areas remain under pressure, particularly the Northern regions of the country. Good rainfall throughout the wheat season has resulted in an increase in the anticipated wheat harvest when compared to that of last year, with all indications pointing to an above average yield across the whole Swartland region. Farm dam levels have largely recovered in the areas we do business, while conditions in KwaZulu-Natal are also encouraging. The agricultural environment is, however, cautious given erratic climatic conditions, as well as policy uncertainty around land rights.

Covid has severely impacted consumer spend patterns and we anticipate that general retail performance will be subdued in the short term. A number of supply chain interventions have been implemented which will improve procurement and logistics efficiencies going forward and contribute to enhanced retail margins. It is expected that pressure will remain on fuel volume sales with a longer recovery period anticipated in business and leisure travel. However, in addition to the annualisation of existing sites, we will continue to capitalise on convenience store and QSR revenue and margin opportunities at current sites. Kaap Agri will be focusing on driving returns on capital already invested in the Retail Fuel & Convenience Segment, but remains open to executing value-enhancing transactions.

Despite the challenges of a constrained consumer environment and the additional impact of Covid, business performance has been encouraging and the Group has delivered results ahead of expectation under the current circumstances. Our balance sheet has remained strong throughout and we have implemented initiatives that have not only saved costs and conserved cash resources but have also saved livelihoods. Despite the many obstacles, we have embraced the opportunities that Covid has

# Commentary (continued)

presented to better serve our customers and to enhance our various digital engagement platforms to improve customer safety and convenience. Our diversification strategy has reduced our overall Group risk position and we believe we are well positioned to capitalise on any improvement in trading conditions. We remain committed to all our stakeholders and to our strategy of growth, underpinned by an improvement in value creation.

## Events after the reporting date

There have been no events that may have a material effect on the Group that occurred after the end of the reporting period and up to the date of approval of the summary consolidated financial results by the Board.

## Appreciation

The Board records its appreciation for the continued support and loyalty of the Group's employees, shareholders, customers and suppliers.

On behalf of the Board

**GM Steyn**
Chairman

**S Walsh**
Chief Executive Officer

25 November 2020

# Statement of financial position

at 30 September

| | Note | 2020 R'000 | 2019 R'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | **1 525 678** | 1 375 392 |
| Right-of-use assets | 6 | **236 302** | – |
| Intangible assets | 7 | **471 012** | 298 169 |
| Investment in joint venture | 8 | **6 542** | 8 901 |
| Financial assets at fair value through other comprehensive income | | **5 580** | 5 580 |
| Trade and other receivables | 9 | **43 039** | 38 700 |
| Loans | | **54 764** | 58 959 |
| Deferred taxation | | **2 772** | – |
| | | **2 345 689** | 1 785 701 |
| **Current assets** | | | |
| Inventory | | **1 104 191** | 1 083 930 |
| Trade and other receivables | 9 | **1 782 355** | 1 869 860 |
| Derivative financial instruments | | **1 385** | 1 882 |
| Short-term portion of loans | | **5 026** | – |
| Cash and cash equivalents | | **34 817** | 46 369 |
| | | **2 927 774** | 3 002 041 |
| **Total assets** | | **5 273 463** | 4 787 742 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Equity attributable to shareholders of holding company | | **2 028 158** | 1 826 062 |
| Non-controlling interest | | **98 545** | 100 186 |
| **Total equity** | | **2 126 703** | 1 926 248 |
| **Non-current liabilities** | | | |
| Deferred taxation | | **100 271** | 72 778 |
| Financial liability at fair value through profit or loss | 11 | **76 600** | 79 100 |
| Financial liability at amortised cost | 11 | **14 213** | 14 800 |
| Lease liabilities | 6 | **220 642** | – |
| Instalment sale agreements | | **79 975** | 23 694 |
| Employee benefit obligations | | **15 380** | 15 924 |
| Borrowings | | **418 750** | – |
| | | **925 831** | 206 296 |
| **Current liabilities** | | | |
| Trade and other payables | 10 | **1 330 472** | 1 319 209 |
| Short-term portion of instalment sale agreements | | **32 371** | 16 120 |
| Short-term portion of Employee benefit obligations | | **2 223** | 2 028 |
| Short-term portion of lease liabilities | 6 | **14 499** | – |
| Short-term borrowings | | **830 039** | 1 309 447 |
| Income tax | | **11 325** | 8 394 |
| | | **2 220 929** | 2 655 198 |
| **Total liabilities** | | **3 146 760** | 2 861 494 |
| **Total equity and liabilities** | | **5 273 463** | 4 787 742 |
| Total shareholders' equity to Total assets employed* (%) | | **40,3%** | 42,1% |
| Net interest bearing debt to Total assets employed* (%) | | **26,2%** | 26,3% |
| Net asset value per share (rand) | | **R28,86** | R26,00 |
| Shares issued (number – '000) | | **70 282** | 70 237 |
| Total number of ordinary shares in issue** | | **74 170** | 74 170 |
| Treasury shares | | **(3 888)** | (3 933) |

* *Ratios calculated on average balances.*

** *There was no change in the issued share capital between 30 September 2020 and the dividend declaration date, being 74 170 277 shares.*

# Income statement

for the year ended 30 September

| | 2020 R'000 | Restated 2019 R'000 |
|---|---|---|
| Revenue | **8 574 668** | 8 451 520 |
| Cost of sales | **(7 263 775)** | (7 199 183) |
| Gross profit | **1 310 893** | 1 252 337 |
| Operating expenses | **(926 305)** | (884 849) |
| Operating profit before interest received | **384 588** | 367 488 |
| Interest received | **123 848** | 125 694 |
| Operating profit | **508 436** | 493 182 |
| Finance costs | **(124 563)** | (111 014) |
| Share in loss of joint venture | **(2 359)** | (2 327) |
| Profit before tax | **381 514** | 379 841 |
| Income tax | **(102 336)** | (98 562) |
| Profit for the period | **279 178** | 281 279 |
| Attributable to equity holders of the holding company | **275 081** | 277 320 |
| Non-controlling interest | **4 097** | 3 959 |
| Earnings per share – basic (cents) | **391,49** | 394,98 |
| Earnings per share – diluted (cents) | **391,49** | 393,48 |
| Dividend per share (cents) | **50,00** | 123,50 |

# Headline earnings reconciliation

for the year ended 30 September

| | 2020 R'000 | 2019 R'000 |
|---|---|---|
| Profit for the period | **279 178** | 281 279 |
| Attributable to equity holders of the holding company | **275 081** | 277 320 |
| Non-controlling interest | **4 097** | 3 959 |
| Net profit on disposal of assets | **(2 069)** | (255) |
| Gross | **(2 874)** | (354) |
| Tax effect | **805** | 99 |
| Goodwill written off | **–** | 2 250 |
| Headline earnings | **277 109** | 283 274 |
| Attributable to equity holders of the holding company | **273 012** | 279 332 |
| Non-controlling interest | **4 097** | 3 942 |
| Headline earnings per share – basic (cents) | **388,54** | 397,85 |
| Headline earnings per share – diluted (cents) | **388,54** | 396,33 |
| Weighted average number of shares (number – '000) | **70 266** | 70 211 |
| Weighted average number of diluted shares (number – '000) | **70 266** | 70 479 |

# Statement of comprehensive income

for the year ended 30 September

| | 2020 R'000 | 2019 R'000 |
|---|---|---|
| Profit for the period | **279 178** | 281 279 |
| Other comprehensive income: | | |
| Cash flow hedges | **(1 340)** | 1 462 |
| Gross | **(1 861)** | 2 031 |
| Tax | **521** | (569) |
| Total comprehensive income for the period | **277 838** | 282 741 |
| Attributable to equity holders of the holding company | **273 741** | 278 782 |
| Non-controlling interest | **4 097** | 3 959 |

# Statement of changes in equity

for the year ended 30 September

| | 2020<br>R'000 | 2019<br>R'000 |
|---|---|---|
| **Stated capital** | **446 571** | 444 901 |
| Gross shares issued | **480 347** | 480 347 |
| Treasury shares | **(33 776)** | (35 446) |
| **Other reserves** | **10 112** | 9 797 |
| Opening balance | **9 797** | 9 172 |
| Share-based payments | **1 655** | (837) |
| Other comprehensive income | **(1 340)** | 1 462 |
| **Retained profit** | **1 571 475** | 1 371 364 |
| Opening balance | **1 371 364** | 1 285 415 |
| Partial disposal of subsidiaries | **–** | 5 471 |
| Redemption liability – part of business combination | **–** | (113 823) |
| Initial recognition of IFRS 16 | **(11 721)** | – |
| Profit for the period | **275 081** | 277 320 |
| Dividends paid | **(63 249)** | (83 019) |
| **Equity attributable to shareholders of the holding company** | **2 028 158** | 1 826 062 |
| **Non-controlling interest** | **98 545** | 100 186 |
| Opening balance | **100 186** | 2 710 |
| Non-controlling interest on asset-for-share transaction | **–** | 78 578 |
| Non-controlling interest on acquisition of subsidiary | **–** | 17 198 |
| Initial recognition of IFRS 16 | **(638)** | – |
| Profit for the period | **4 097** | 3 959 |
| Dividends paid | **(5 100)** | (2 259) |
| **Capital and reserves** | **2 126 703** | 1 926 248 |

# Statement of cash flows

for the year ended 30 September

| | 2020 R'000 | 2019 R'000 |
|---|---|---|
| Cash flow from operating activities | **494 477** | 353 979 |
| Net cash profit from operating activities | **483 458** | 417 257 |
| Interest received | **126 956** | 118 991 |
| Working capital changes | **(20 415)** | (97 768) |
| Income tax paid | **(95 522)** | (84 501) |
| Cash flow from investment activities | **(310 892)** | (437 378) |
| Purchase of property, plant and equipment | **(138 845)** | (241 473) |
| Proceeds on disposal of property, plant and equipment | **7 996** | 1 666 |
| Deposits made during the year | **(4 500)** | (106 419) |
| Acquisition of financial asset at fair value through other comprehensive income | **–** | (5 580) |
| Gross increase in loans | **(5 931)** | (34 821) |
| Acquisition of operations | **(169 612)** | (50 751) |
| Cash flow from financing activities | **(195 137)** | 89 554 |
| Increase/(decrease) in short-term borrowings | **(425 445)** | 293 938 |
| Increase in long-term borrowings | **450 000** | – |
| Repayment of instalment sale agreements | **(22 063)** | (14 277) |
| Lease payments | **(11 149)** | – |
| Interest paid | **(123 231)** | (107 088) |
| Dividends paid | **(63 249)** | (83 019) |
| Net (decrease)/increase in cash and cash equivalents | **(11 552)** | 6 155 |
| Cash and cash equivalents at the beginning of the year | **46 369** | 40 214 |
| Cash and cash equivalents at the end of the year | **34 817** | 46 369 |

# Notes to the summarised consolidated financial statements

for the year ended 30 September

## 1 BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The summarised Group financial statements for the year ended 30 September 2020 have been prepared in accordance with the requirements of the JSE Limited ("JSE") for summary financial statements, and the requirements of the Companies Act of South Africa, Act 71 of 2008, as amended, applicable to summary financial statements. The Listings Requirements of the JSE require summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, to contain the information required by IAS 34 "Interim Financial Reporting".

The summarised Group financial statements are extracted from the audited information, but this summary report has not been audited. The Group annual financial statements for the year were audited by PricewaterhouseCoopers Inc., and their unmodified audit report on the consolidated annual financial statements, are available for inspection at the company's registered office and on the website, www.kaapagri.co.za. The Group's auditors have not reviewed nor reported on any comments relating to prospects.

The directors take full responsibility for the preparation of the summarised Group financial statements and that the financial information has been correctly extracted from the underlying financial records.

The summarised Group financial statements for the year ended 30 September 2020 were prepared by GC Victor CA(SA), the Group's financial manager, under supervision of GW Sim CA (SA), the Group's financial director.

## 2 ACCOUNTING POLICIES

The accounting policies applied in the preparation of the Group financial statements from which the summarised Group financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous Group annual financial statements.

## 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these summarised Group financial statements, the significant judgements made by management in applying the Group's accounting policies of estimation uncertainty were the same as those that applied to the Group annual financial statements for the year ended 30 September 2020. 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 on the following page.

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

## 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### 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.

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.

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 note 11.

### Judgements

Management agreements

Retail Fuel & Convenience site acquisitions are at various stages of conclusion. On these sites the Group enters into management agreements while waiting for regulatory approval for the retail site licences. The group manages these sites under management agreements, but does not have the right to control the relevant activities. Therefore these sites are not consolidated in the Group.

Purchase price allocations

Judgement is used in determining the fair value of the identifiable assets within a purchase price allocation. Properties are valued by using experts through doing the net income capitalised approach and fair values are assigned to plant and equipment acquired through the business combination by applying a fair value to the items identified. Refer to note 17 for the synergies listed that results in the recognition of goodwill in the business combination transactions as well as the considerations applied to other intangible assets.

Inventory provisions

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.

Goodwill

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 is applicable.

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

## 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### Judgements (continued)

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 has been there for some time, 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 2020, future cash outflows for the next 12 months of R29,9 million are not included in the lease liability because it is not reasonably certain that it will be extended.

## 4 FAIR VALUE ESTIMATION

Financial instruments measured at fair value, are disclosed by level of the following fair value hierarchy:

- 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); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The only financial instruments that are carried at fair value are derivative financial instruments held for hedging. The fair value is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price (Level 2). The investment in Signafi Capital (Pty) Ltd is a level 3 financial instrument based on the observable market data as these are unlisted shares.

Level 2 hedging derivatives comprise forward purchase and sale contracts and options. The effects of discounting are generally insignificant for Level 2 derivatives.

The fair value of the following financial instruments approximate their carrying amount at the reporting date:

- Trade and other receivables
- Loans
- Trade and other payables
- Short-term borrowings
- Long-term borrowings
- Instalment sale agreements

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

| | | 2020 R'000 | 2019 R'000 |
|---|---|---|---|
| **5** | **PROPERTY, PLANT AND EQUIPMENT** | | |
| | Reconciliation of movements in carrying value: | | |
| | Carrying value beginning of period | **1 375 392** | 1 097 159 |
| | Additions | **148 227** | 259 638 |
| | Land and buildings | **34 503** | 63 270 |
| | Grain silos | **369** | 2 795 |
| | Machinery and equipment | **29 132** | 21 011 |
| | Vehicles | **10 228** | 15 376 |
| | Office furniture and equipment | **9 047** | 16 748 |
| | Leasehold properties | **408** | 10 264 |
| | Assets under construction | **64 540** | 130 174 |
| | Additions through business combinations | **97 911** | 79 361 |
| | Leasehold improvements reclassified to right-of-use assets | **(31 358)** | – |
| | Disposals | **(5 122)** | (1 312) |
| | Depreciation | **(59 372)** | (59 454) |
| | Carrying value end of period | **1 525 678** | 1 375 392 |
| | Land and buildings | **1 092 958** | 947 087 |
| | Grain silos | **24 737** | 27 022 |
| | Machinery and equipment | **211 564** | 102 228 |
| | Vehicles | **44 328** | 46 172 |
| | Office furniture and equipment | **103 315** | 103 283 |
| | Leasehold properties | **–** | 30 950 |
| | Assets under construction | **48 776** | 118 650 |
| | Vehicles include the following amounts where the group has instalment sale agreements: | | |
| | Cost | **66 250** | 64 092 |
| | Accumulated depreciation | **(30 173)** | (25 114) |
| | Carrying value | **36 077** | 38 978 |
| | Equipment include the following amounts where the group has instalment sale agreements: | | |
| | Cost | **107 548** | – |
| | Accumulated depreciation | **(1 552)** | – |
| | Carrying value | **105 996** | – |
| **6** | **RIGHT-OF-USE ASSETS AND LEASE LIABILITY** | | |
| | Right-of-use assets | | |
| | Buildings | **235 095** | – |
| | Vehicles | **1 207** | – |
| | | **236 302** | – |

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

| | | 2020 R'000 | 2019 R'000 |
|---|---|---|---|
| 6 | **RIGHT-OF-USE ASSETS AND LEASE LIABILITY (CONTINUED)** | | |
| | Reconciliation of movements in carrying value: | | |
| | Initial recognition of IFRS 16 | **166 395** | – |
| | Additions | **60 051** | – |
| | Leasehold improvements reclassified to right-of-use assets | **31 357** | – |
| | Modification of lease contracts | **3 487** | – |
| | Cancellations of lease contracts | **(848)** | – |
| | Depreciation charge of right-of-use assets | **(24 140)** | – |
| | Buildings | **(23 522)** | – |
| | Vehicles | **(618)** | – |
| | Carrying value at end of year | **236 302** | – |
| | Lease liabilities | | |
| | Current | **14 499** | – |
| | Non-current | **220 642** | – |
| | | **235 141** | – |
| | Interest expense (included in finance costs) | **20 868** | – |
| | Expense relating to short-term leases and low value assets (included in administrative expenses) | **12 169** | – |
| | Cashflow expense for leases and low value and short term leases | **(23 318)** | – |

### 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.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

| | | 2020 R'000 | 2019 R'000 |
|---|---|---|---|
| **7** | **INTANGIBLE ASSETS** | | |
| | Reconciliation of movements in carrying value: | | |
| | Carrying value beginning of period | **298 169** | 168 165 |
| | Additions through business combinations | **174 196** | 133 892 |
| | Goodwill written off | **–** | (2 250) |
| | Amortisation | **(1 353)** | (1 638) |
| | Carrying value end of period | **471 012** | 298 169 |
| | Goodwill | **455 532** | 281 337 |
| | Tradename | **12 480** | 12 740 |
| | Customer relations | **3 000** | 4 092 |

To assess for impairment of goodwill, a value in use calculation was done per Cash Generating Unit ("CGU"). Using the budget as base data, income was increased with between 6% and 9.5% (2019: 6%) and expenses were increased between 5% and 9% (2019: 5%) for five years and a pre-tax discount rate of 9% to 11% (2019: 12% - 15%) was used. The pre-tax discount rate is lower as a result of a lower cost of capital. The growth rate is higher compared to the previous year based on strategic plans in place to focus on the growth of the sites in the clusters as well as having a lower base as starting point with the 2020 results of the clusters. The expenses were grown with a higher rate than in the prior year as a result of agreed regulatory costs increases, high increases in municipal tariffs, as well as consistent maintenance spend to maintain high standards of all facilities. No indicators were noted that the calculation is sensitive to a reasonable change in assumptions which would indicate impairment. The most significant clusters to which goodwill has been allocated include the Eastern Cape cluster (carrying value of goodwill: R42,4 million) (2019: R42,4 million) and the Northern Province's cluster (carrying value of goodwill: R254,9 million) (2019: R199,5 million) and Northern Cape cluster (carrying value of goodwill: R133,7 million) (2019: R15,0 million) calculated with a terminal growth rate of 6% (2019: 6%). The remaining clusters were also assessed for goodwill impairment and sufficient headroom noted. If the pre-tax discount rate is increased with 6% (2019: 10%), a portion of goodwill will be impaired. Even if the terminal growth rate is zero, no impairment is identified. The TFC acquisition strategy is cluster based, focusing on increasing scale in identified geographic locations, thus the goodwill is monitored for impairment based on these clusters. The fuel clusters are included in the Retail Fuel & Convenience segment.

The goodwill raised through the business combination with Partridge Building Supplies was tested for impairment using a value in use calculation. Using the budget as base data, income was increased between 9% – 12% (2019: 7% – 9%) and expenses were increased at 6% (2019: 6%) for five years and a discount rate of 10% (2019: 23%) and terminal growth rates of 6% (2019: 6%) were used. The pre-tax discount rate is lower as a result of a lower cost of capital. The growth rate is higher compared to the previous year based on strategic plans in place to focus on the growth of the business as well as having a lower base as starting point with the 2020 results. No impairment was noted. There is sufficient headroom and an impairment only becomes applicable when the discount rate is increased to 33%.

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

| | | 2020 R'000 | 2019 R'000 |
|---|---|---|---|
| **8** | **INVESTMENT IN JOINT VENTURE** | | |
| | *Kaap Agri (Namibia) (Pty) Ltd* | | |
| | *Beginning of year* | **8 901** | 11 941 |
| | Share in total comprehensive income | **(2 359)** | (2 327) |
| | Effect of adopting IFRS 9 – Financial Instruments | **–** | (713) |
| | | **6 542** | 8 901 |
| **9** | **TRADE AND OTHER RECEIVABLES** | | |
| | Trade debtors | **1 769 806** | 1 756 212 |
| | Provision for impairment | **(50 631)** | (44 225) |
| | | **1 719 175** | 1 711 987 |
| | VAT | **34 780** | 38 759 |
| | Deposits | **4 500** | 106 419 |
| | Other debtors | **66 939** | 51 395 |
| | | **1 825 394** | 1 908 560 |
| | Trade and other receivables – current | **1 782 355** | 1 869 860 |
| | Trade and other receivables – non-current | **43 039** | 38 700 |
| | | **1 825 394** | 1 908 560 |
| **10** | **TRADE AND OTHER PAYABLES** | | |
| | Trade creditors | **1 218 752** | 1 235 009 |
| | Employee accruals | **46 740** | 37 523 |
| | Other creditors | **64 980** | 46 677 |
| | | **1 330 472** | 1 319 209 |

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

| | | 2020 R'000 | 2019 R'000 |
|---|---|---|---|
| **11** | **FINANCIAL LIABILITIES** | | |
| | *Financial liability at amortised cost* | | |
| | *Written Put Option* | | |
| | *Partridge Building Supplies (Pty) Ltd* | **(14 213)** | (14 800) |
| | Opening balance | **(14 800)** | – |
| | Initial recognition at 1 October 2018 | **–** | (43 623) |
| | Interest | **(1 332)** | (3 926) |
| | Remeasurement through profit and loss | **1 919** | 32 749 |
| | *Financial liability at fair value through profit and loss* | | |
| | *Written Put Option* | | |
| | *C-Max Investments (Pty) Ltd* | **(76 600)** | (79 100) |
| | Opening balance | **(79 100)** | – |
| | Initial recognition at 1 October 2018 | **–** | (70 200) |
| | Remeasurement through profit and loss | **2 500** | (8 900) |
| | | **(90 813)** | (93 900) |

Through the acquisition of the 60% shareholding in Partridge Building Supplies (Pty) Ltd in the prior year, the Group entered into a once-off written put agreement over the remaining 40% interest in the aforementioned company. The option is exercisable after the finalisation of the Financial Statements for the year ending 30 September 2021, and the consideration on exercise will be 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 at that time. The exercise price is formula based. In the current year valuation, a growth ratio of between 60% and 65% (2019: 60% – 65%) was used and an EBITDA multiple of 6.5 times (2019: 6.5 times) was used.

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 is 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 is 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. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

Given that the fair value of the liability varies with non-financial variables that are specific to the parties in the contract, management has classified this put option as a financial liability at amortised cost.

A 10% increase in the growth ratio will change the liability and profit before tax by R3,9 million (2019: R4,2 million).

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

## 11 FINANCIAL LIABILITIES (CONTINUED)

As part of the asset-for-share transaction in the prior year, the Group entered into a once-off written put agreement, which became effective during the prior year, 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. 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 forecasted profit after tax). In the current year valuation, a multiple of between 4 and 6 times (2019: 4 and 6 times) was used and a discount rate of 8% – 9% (2019: 10%). The market value of the shares in TFC Properties (Pty) Ltd is determined using a market-related capitalisation rate based on the underlying properties held. In the current year valuation, a capitalisation rate of 10% (2019: 10%) was used and a discount rate of 8% – 9% (2019: 10%).

The amount that may become payable under the option on exercise date is initially recognised at the present value of the value as determined in line with the principles outlined above. The corresponding charge is accounted for directly as a reduction in the parent's equity since the risks and rewards of the shares have not been transferred to the parent until the option is exercised. The liability is subsequently adjusted for changes in the estimated market value and increased/decreased up to the amount that is payable at the date at which the option is exercised. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

The financial liability has been 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 will be accounted for in the income statement. A 1% change in the discount rate will change the liability and profit before tax by R2,6 million (2019: R3 million). A 0.5 change in the multiple will change the liability and profit before tax by R12 million (2019: R13.7 million).

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

## 12 INFORMATION ABOUT OPERATING SEGMENTS

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee considers the business from a divisional perspective. The performance of the following divisions are separately considered: Trade, Retail Fuel & Convenience, Grain Services as well as Manufacturing. The performance of the operating segments are assessed based on a measure of revenue and net profit before taxation.

Trade 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, including convenience store and quick service restaurant outlets.

Grain Services includes the sale of grain products and provides a complete range of services including storage and handling of grain products.

Manufacturing, manufactures dripper pipe, other irrigation equipment, food grade plastic bulk bins for the agricultural market and distributes franchise and other irrigation parts.

Corporate includes all assets and liabilities not specifically used by the other identified segments to generate income or expenses.

| | SEGMENT REVENUE | | SEGMENT RESULTS | |
|---|---|---|---|---|
| | **2020 R'000** | 2019 R'000 | **2020 R'000** | 2019 R'000 |
| **Segment revenue and results** | | | | |
| Trade | **5 312 682** | 4 969 211 | **287 475** | 248 098 |
| Retail Fuel & Convenience | **2 309 904** | 2 457 152 | **88 330** | 101 275 |
| Grain Services | **759 681** | 840 830 | **56 466** | 50 479 |
| Manufacturing | **192 401** | 184 327 | **14 402** | 26 118 |
| Total for reportable segments | **8 574 668** | 8 451 520 | **446 673** | 425 970 |
| Corporate | **–** | – | **(109 723)** | (102 736) |
| Treasury | **–** | – | **46 923** | 58 934 |
| Share in profit of joint venture | **–** | – | **(2 359)** | (2 327) |
| **Total external revenue** | **8 574 668** | 8 451 520 | | |
| Profit before tax | | | **381 514** | 379 841 |
| Income tax | | | **(102 336)** | (98 562) |
| Profit after tax | | | **279 178** | 281 279 |

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

| | SEGMENT ASSETS | | SEGMENT LIABILITIES | |
|---|---|---|---|---|
| | **2020 R'000** | 2019 R'000 | **2020 R'000** | 2019 R'000 |
| **12 INFORMATION ABOUT OPERATING SEGMENTS (CONTINUED)** | | | | |
| **Segment assets and liabilities** | | | | |
| Trade | **1 748 810** | 1 622 061 | **1 233 115** | 1 058 776 |
| Retail Fuel & Convenience | **1 214 656** | 900 710 | **194 875** | 152 759 |
| Grain Services | **96 842** | 105 100 | **41 692** | 47 660 |
| Manufacturing | **299 801** | 218 551 | **137 247** | 34 652 |
| Total for reportable segments | **3 360 109** | 2 846 422 | **1 606 929** | 1 293 847 |
| Corporate | **150 101** | 188 366 | **190 771** | 185 422 |
| Trade debtors | **1 719 175** | 1 711 987 | **–** | – |
| Investment in joint venture | **41 306** | 40 967 | **–** | – |
| Short-term borrowings | **–** | – | **830 039** | 1 309 447 |
| Borrowings | **–** | – | **418 750** | – |
| Deferred taxation | **2 772** | – | **100 271** | 72 778 |
| | **5 273 463** | 4 787 742 | **3 146 760** | 2 861 494 |

| | **2020 R'000** | 2019 R'000 |
|---|---|---|
| **13 CAPITAL COMMITMENTS** | | |
| **Contracted** | **9 821** | 89 382 |

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.

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

## 14 RECURRING HEADLINE EARNINGS

Kaap Agri considers recurring headline earnings to be a key benchmark to measure performance and to allow for meaningful year-on-year comparison.

These adjustments relate to non-recurring expenses, which consist predominantly of costs associated with acquisitions of new businesses, and the revaluation of put options.

| | **2020 R'000** | 2019 R'000 |
|---|---|---|
| Headline earnings | **277 109** | 283 274 |
| Attributable to equity holders of the holding company | **273 012** | 279 332 |
| Non-controlling interest | **4 097** | 3 942 |
| Non-recurring items | **3 344** | (14 721) |
| Non-recurring expenses | **6 432** | 5 202 |
| Revaluation of Put Options | **(3 088)** | (19 923) |
| Recurring headline earnings | **280 453** | 268 553 |
| Attributable to equity holders of the holding company | **275 810** | 263 428 |
| Non-controlling interest | **4 643** | 5 125 |
| Recurring headline earnings per share (cents) | **392,52** | 375,19 |

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

## 15 RESTATEMENT OF COMPARATIVE AMOUNTS

### Reclassification between operating expenses and cost of sales

Internal distribution costs incurred by the distribution centre, included under operating, administration, selling and distribution expenses instead of cost of sales in the prior year have been reclassified to cost of sales to better reflect the nature of these expenses. The classification error had no impact on the profit for the prior year or on the costing of inventory as these costs were correctly included in the build up of inventory.

The effect on the income statement for 2019 is set out below:

| | Original balance R'000 | Restatement R'000 | Restated balance R'000 |
|---|---|---|---|
| **Effect on Statement of comprehensive income** | | | |
| Cost of sales | (7 142 281) | (56 902) | (7 199 183) |
| Selling and distribution costs | (119 582) | 9 198 | (110 384) |
| Administrative expenses | (641 415) | 33 803 | (607 612) |
| Other operating expenses | (254 628) | 13 901 | (240 727) |
| **Profit before tax** | 379 841 | – | 379 841 |

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

## 16 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements.

The Group adopted IFRS 16 retrospectively from 1 October 2019, but has not restated comparatives for the 2019 reporting period as permitted under the specific transition provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 October 2019. The new accounting policies are disclosed in note 21 of the accounting policies.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 October 2019 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. 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 makes adjustments to the rate relating to the specific lease based on the term and security and nature of the asset. This was applied per asset to determine the value of the right-of-use asset and lease liability. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 October 2019 were as follows and applied to assets of similar nature:

Rates used based on type of asset 8,75% – 9,35%.

The lease liability is measured at the present value of the remaining lease payments over the period of the lease at the incremental borrowing rate measured at 1 October 2019. The right-of-use asset, for all leases, is measured using the IBR at the date of initial application, retrospectively as if IFRS 16 had always been applied with an adjustment to retained earnings.

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

## 16 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

### Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Accounting for operating leases with a remaining lease term of less than 12 months at 1 October 2019 as short-term leases;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

For comparative purposes, the 30 September 2020 results are also presented on a pre-IFRS 16 basis. Below is a detailed reconciliation of the opening balance to provide detail of the impact of IFRS 16 on the annual financial statements and a more meaningful comparison of the current year's financial performance to the prior year to illustrate the impact should IFRS 16 not have been applied (removal of IFRS 16 and the reinstatement of IAS 17). The adjustments below regarding IFRS 16 are shown for illustrative purposes only and, because of their nature, may not fairly present Kaap Agri's financial position, changes in equity, results of operations or cash flows.

The pro forma financial effects are presented in accordance with the JSE Listings Requirements, the Guide on Pro Forma Financial Information issued by SAICA and the measurement and recognition requirements of International Financial Reporting Standards. The accounting policies applied in quantifying pro forma adjustments are consistent with Kaap Agri's accounting policies at 30 September 2020. The pro forma financial information is the responsibility of the directors.

An assurance report (in terms of ISAE 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information) has been issued by the Group's auditors in respect of the pro forma financial information included in this announcement. The assurance report is available for inspection at the registered office of the Company.

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

## 16 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The table below illustrates the impact of reversing IFRS 16 from the reported results for the year ended 30 September 2020 and reinstating the impact of IAS 17:

| | Notes | **As reported for year ended 30 September 2020* R'000** | **Adjustment for IFRS 16 30 September 2020 R'000** | **Pro forma after IFRS 16 adjustment for year ended 30 September 2020 R'000** | As reported for year ended 30 September 2019* R'000 | % Change on prior year |
|---|---|---|---|---|---|---|
| **Group Financial Results summary** | | | | | | |
| EBITDA | 1 | **587 544** | **32 017** | **555 527** | 550 016 | 1,0% |
| Profit after tax | 2 | **279 178** | **(7 029)** | **286 207** | 281 279 | 1,8% |
| Attributable to shareholders of the holding company | | **275 081** | **(6 266)** | **281 347** | 277 320 | 1,5% |
| Non-controlling interest | | **4 097** | **(763)** | **4 860** | 3 959 | 22,8% |
| Headline earnings | 2 | **277 109** | **(7 029)** | **284 138** | 283 274 | 0,3% |
| Attributable to shareholders of the holding company | | **273 012** | **(6 266)** | **279 278** | 279 332 | 0,0% |
| Non-controlling interest | | **4 097** | **(763)** | **4 860** | 3 942 | 23,3% |
| Recurring headline earnings | 2 | **280 453** | **(7 029)** | **287 482** | 268 553 | 7,0% |
| Attributable to shareholders of the holding company | | **275 810** | **(6 266)** | **282 076** | 263 428 | 7,1% |
| Non-controlling interest | | **4 643** | **(763)** | **5 406** | 5 125 | 5,5% |
| Earnings per share (cents) | 3 | **391,49** | | **400,40** | 394,98 | 1,4% |
| Headline earnings per share (cents) | 3 | **388,54** | | **397,46** | 397,85 | (0,1%) |
| Recurring headline earnings per share (cents) | 3 | **392,52** | | **401,44** | 375,19 | 7,0% |

* *Extracted without modification from the Group's summarised financial statements for the year ended 30 September 2020.*

1. *EBITDA was adjusted with the actual lease payments (R32,0 million) to reinstate the lease payments in terms of IAS 17.*
2. *Profit after tax, Headline earnings and Recurring headline earnings were adjusted with the reinstatement of actual lease payments (R32,0 million) in terms of IAS 17 and the reversal of depreciation (R20,9 million) and interest expense (R20,8 million) and the relating tax effect (R2,7 million) in terms of IFRS 16.*
3. *Pro forma earnings per share, Headline earnings per share and recurring headline earnings per share are calculated on the same basis and using the same weighted average number of ordinary shares as per the summarised consolidated financial statements. Refer to the ratios on page 20 for earnings and headline earnings per share and note 14 for recurring headline earnings per share.*

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

## 16 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

| | 1 October 2019 R'000 |
|---|---|
| **Measurement of lease liabilities (as at 1 October 2019)** | |
| Operating lease commitments disclosed as at 30 September 2019 | 134 833 |
| – As per Kaap Agri Group financials – Operating lease commitments as at 30 September 2019 | 117 888 |
| – As per Partridge Building Supplies financials – Operating lease commitments as at 30 September 2019* | 16 945 |
| Discounted using the lessee's incremental borrowing rate of at the date of initial application | 72 129 |
| Adjustments as a result of different treatment of extension periods | 122 689 |
| (Less): short-term and low-value leases recognised on a straight-line basis as expense | (11 217) |
| Lease liability recognised as at 1 October 2019 | 183 601 |
| Non-current lease liability | 161 237 |
| Current lease liability | 22 364 |
| **Measurement of right-of-use assets (as at 1 October 2019)** | |
| Right-of-use assets were measured fully retrospectively as if IFRS 16 has always been applied | |
| The recognised right-of-use assets relate to the following type of assets: | |
| Buildings | 164 198 |
| Vehicles | 2 197 |
| | 166 395 |
| **Adjustments recognised in the statement of financial position on 1 October 2019:** | |
| Right-of-use assets | 166 395 |
| Deferred tax assets | 4 847 |
| Lease liabilities | (183 601) |
| Impact on retained earnings | (12 359) |

* *The operating lease commitments for Partridge Building Supplies was omitted in the prior year disclosure.*

The reconciliation was incorrectly disclosed in the unaudited condensed consolidated interim financial statements. The variance is due to a change in interpretation in applying the extension periods of lease payment values. The updated discounted cashflows indicated that no impairment of the right-of-use assets is required. The incorrect transition method was also mentioned in the interim financial statements, but correctly applied namely that right-of-use assets were measured fully retrospectively as if IFRS 16 has always been applied.

## 17 BUSINESS COMBINATIONS

In line with the Group's growth strategy to acquire businesses in the fuel sector, certain retail fuel operations and in some instances accompanying retail fuel properties were acquired. If no property was acquired, the retail license was obtained and thus the operations was acquired and still treated as business combination under IFRS 3. Goodwill on acquisition was paid on these businesses which represents synergies within the Group and have future earnings potential.

The Retail Fuel & Convenience acquisition strategy is cluster based, focusing on increasing scale in identified geographic locations. This geographic scale allows for enhanced synergistic benefits which 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 offering to preferred supply
- 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

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.

A purchase price allocation ("PPA") as required by IFRS 3 - Business combinations was performed and no intangible assets were identified, other than fuel site operating licenses. The site licenses are considered to be identifiable due to arising from contractual/legal rights, with an indefinite useful life. The site license useful life is assessed to be indefinite as there is no foreseeable limit to the period over which the assets are expected to generate net cash flows for the Group. The site licenses do not require any renewals or renewal payments and the Group expects to continue selling fuel products indefinitely from the businesses acquired. The licenses are grouped with the land that it relates to as one asset as these assets have similar useful lives, being indefinite. 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.

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

## 17 BUSINESS COMBINATIONS (CONTINUED)

The Group acquired the following assets through business combinations in the fuel sector:

Kathu QSR's – October 2019

Kimberley Ranch Motors service station – January 2020

Ventersdorp service station – February 2020

Elegant Kathu service station – June 2020

Engen Akasia Kathu service station – June 2020

Caltex Autostar Motors service station – July 2020

Caltex Gabros Motors service station – July 2020

Caltex Nova Motors – September 2020

The assets and liabilities at the date of acquisition can be summarised as follows:

| | Total R'000 | Kathu QSR's R'000 | Kimberley Ranch Motors R'000 | Ventersdorp R'000 |
|---|---|---|---|---|
| **Carrying value** | | | | |
| Assets | | | | |
| Land and buildings | 82 600 | – | – | 14 000 |
| Plant and Equipment | 6 460 | 618 | 559 | 1 280 |
| Inventory | 11 252 | 274 | 2 011 | 1 557 |
| | 100 312 | 892 | 2 570 | 16 837 |
| **Fair value** | | | | |
| Assets | | | | |
| Land and buildings | 91 450 | – | – | 17 150 |
| Plant and Equipment | 6 460 | 618 | 559 | 1 280 |
| Goodwill | 174 196 | 9 382 | 37 441 | 17 872 |
| Inventory | 11 252 | 274 | 2 011 | 1 557 |
| Liabilities | | | | |
| Deferred taxation | (25 606) | – | – | (4 802) |
| Purchase consideration | 257 752 | 10 274 | 40 011 | 33 057 |
| – paid in cash (current period) | 169 612 | 1 274 | 2 011 | 14 157 |
| – paid in cash (previous period) | 88 140 | 9 000 | 38 000 | 18 900 |

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

| Elegant Kathu R'000 | Engen Akasia Kathu R'000 | Caltex Autostar R'000 | Caltex Gabros R'000 | Caltex Nova R'000 |
|---|---|---|---|---|
| 32 600 | 22 000 | 14 000 | – | – |
| 2 036 | 985 | 471 | 188 | 323 |
| 1 917 | 3 040 | 874 | 489 | 1 090 |
| 36 553 | 26 025 | 15 345 | 677 | 1 413 |
| 36 200 | 23 600 | 14 500 | – | – |
| 2 036 | 985 | 471 | 188 | 323 |
| 35 900 | 36 023 | 11 089 | 12 812 | 13 677 |
| 1 917 | 3 040 | 874 | 489 | 1 090 |
| (10 136) | (6 608) | (4 060) | – | – |
| 65 917 | 57 040 | 22 874 | 13 489 | 15 090 |
| 59 577 | 51 640 | 20 474 | 9 589 | 10 890 |
| 6 340 | 5 400 | 2 400 | 3 900 | 4 200 |

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

## 17 BUSINESS COMBINATIONS (CONTINUED)

The land, inclusive of the site license are valued using the Net Income Capitalised Approach.

Buildings at the value of R24,1 million in the current year's PPA are valued at the replacement cost method and have a finite useful life. Depreciation is recognised over the useful life of the buildings.

The acquired businesses contributed as follows to the Group's results for the full financial year:

| | Total R'000 | Kathu QSR's R'000 | Kimberley Ranch Motors R'000 | Venters dorp R'000 |
|---|---|---|---|---|
| **Revenue** | | | | |
| – since acquisition date | 250 073 | 13 302 | 68 300 | 39 353 |
| – as if from the beginning of the year | 662 502 | 13 302 | 100 348 | 66 907 |
| **Profit/(loss) before tax** | | | | |
| – since acquisition date | 7 580 | 839 | (913) | 877 |
| – as if from the beginning of the year | 29 039 | 839 | (178) | 1 871 |

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

| | Elegant Kathu R'000 | Engen Akasia Kathu R'000 | Caltex Autostar R'000 | Caltex Gabros R'000 | Caltex Nova R'000 |
|---|---|---|---|---|---|
| | 47 585 | 50 226 | 10 748 | 13 902 | 6 657 |
| | 143 799 | 151 847 | 45 522 | 56 575 | 84 202 |
| | 2 948 | 2 235 | 471 | 1 049 | 74 |
| | 13 922 | 7 773 | 2 559 | 2 823 | (570) |

# Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

## 18 EVENTS AFTER REPORTING DATE

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 group or the results of those activities.

# Annexure B

## GENERAL INFORMATION

| | Number of shareholders | Number of shares | Percentage held |
|---|---|---|---|
| **1. Shareholders' profile** | | | |
| Spread | | | |
| 1 to 1 000 shares | 1 816 | 679 080 | 0,9% |
| 1 001 to 10 000 shares | 1 514 | 5 247 814 | 7,1% |
| 10 001 to 100 000 shares | 356 | 9 509 723 | 12,8% |
| 100 001 to 1 000 000 shares | 25 | 6 007 414 | 8,1% |
| More than 1 000 000 shares | 4 | 52 726 246 | 71,1% |
| Total | 3 715 | 74 170 277 | 100,0% |
| Type of shareholder | | | |
| Public | 3 704 | 23 755 875 | 32,0% |
| Non Public | 11 | 50 414 402 | 68,0% |
| Directors and associates of the company | 7 | 483 258 | 0,7% |
| Zeder Financial Services (Pty) Ltd | 1 | 31 286 956 | 42,2% |
| Plurispace (Pty) Ltd | 1 | 14 834 056 | 20,0% |
| Empowerment and Transformation Investments (Pty) Ltd | 1 | 3 708 514 | 5,0% |
| The Fruit Workers Development Trust | 1 | 101 618 | 0,1% |
| | 3 715 | 74 170 277 | 100,0% |
| Major beneficial shareholders | | | |
| The following shareholders have a holding equal to or greater than 5% of the issued shares of the company. | | | |
| Zeder Financial Services (Pty) Ltd | | 31 286 956 | 42,2% |
| Plurispace (Pty) Ltd | | 14 834 056 | 20,0% |
| Empowerment and Transformation Investments (Pty) Ltd | | 3 708 514 | 5,0% |
| | | 49 829 526 | 67,2% |

# Annexure B (continued)

| | NUMBER | |
|---|---|---|
| | **2020** | 2019 |
| **2. Shareholding of directors (direct and indirect)** | | |
| BS Du Toit | **29 729** | 29 729 |
| EA Messina | **14 500** | – |
| WC Michaels | **5 250** | 2 750 |
| CA Otto | **269 176** | 163 546 |
| GW Sim | **32 342** | 24 020 |
| HM Smit | **3 461** | 3 461 |
| JH Van Niekerk* | **–** | 249 674 |
| S Walsh | **128 800** | 103 500 |
| Total | **483 258** | 576 680 |
| Percentage of issued shares | **0,7%** | 0,8% |

* *Retired as a member of the Board effective 13 February 2020.*

There has been no change in the directors' interest from the financial year-end of the Company on 30 September 2020 up until the approval of the financial statements.

| | **2020** | 2019 |
|---|---|---|
| **3. Stated capital of the company at 30 September 2020** | | |
| Authorised: | | |
| Ordinary shares with no par value | **1 000 000 000** | 1 000 000 000 |
| Issued: | | |
| Ordinary shares with no par value | **74 170 277** | 74 170 277 |
| Treasury shares | **(3 889 282)** | (3 933 514) |
| | **70 280 995** | 70 236 763 |
| Stated capital: | | |
| Total value of ordinary shares | **480 346 566** | 480 346 566 |
| Treasury share value | **(33 776 054)** | (35 446 011) |
| Total stated capital | **446 570 512** | 444 900 555 |

## 4. Material changes

There has been no material change in the financial or trading position of the company and its subsidiaries subsequent to the company's financial year-end, being 30 September 2020.

# Annexure C

## REMUNERATION REPORT

### Remuneration policy

Remuneration philosophy

Our reward philosophy entrenches a high-performance culture where excellence is rewarded, and mediocrity is unacceptable. This is shown at every level of the organisation through various recognition and reward systems, and total guaranteed pay ("TGP") management.

We ensure remuneration is appropriately set against a variety of 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 TGP 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

Organisation-wide remuneration approach and the wage gap

Kaap Agri is committed to ensuring remuneration is responsible, fair and reasonable to the Group and its employees. During the year, the Remcom received regular updates from the Director: Human Resources ("HR") on:

1. Remuneration arrangements for all employees, particularly the level of annual increases
2. Salary benchmark recommendations for Peromnes grades P1 to P10*

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
> 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

* *Peromnes grade refers to the rank order of positions within the organisation, P1 being the highest position and P18 the lowest.*

# Annexure C (continued)

Components of remuneration for employees

The remuneration framework for employees is as follows:

| **Remuneration framework** | | | |
|---|---|---|---|
| **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, and short-term incentive ("STI") and LTI schemes based on individual and company performance | Monthly allowances not limited to those prescribed by the bargaining council and sectoral determination agreements |

Employee value proposition ("EVP")

The EVP was designed to attract, engage, retain and motivate the Group's employees. It enables us to become an employer of choice for the diverse talent required to deliver sustainable profit growth. The EVP balances financial and non-financial rewards to drive our performance culture.

The EVP framework is described below:

**Organisation**
- Growth strategy
- BEE level
- Sustainability
- Socio-economic Development initiatives
- Ethics

**Culture**
- Mens-mense culture (CARE)
- Accelerating performance (META)
- Embrace diversity
- Engagement

**Personal growth**
- Talent management
- Training and development
- Career path
- Bursaries

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

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

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

# Annexure C (continued)

Organisation

Employment equity and work skills actions were implemented to contribute to sustainable transformation. The score for the management control and skills development elements of the BEE assessment for the past three (3) years is illustrated below

2018
16,2

2019
19,7

2020
19,7

The Group's employment equity three-year (3) plan for the period 2018 to 2020, with yearly progress reports, was accepted by the Department of Labour. The following progress in African, coloured, and Indian ("ACI") and female employee representation within management was made:

**34,9%** growth in ACI representation within the management and specialised level.

**7,8%** growth in the ACI representation of the overall workforce, with 79% overall ACI representation.

**16,8%** growth in female representation within the management and specialised level.

Culture

The Group developed a DNA leadership framework with supporting development and coaching programmes. The programmes embrace our accelerating performance philosophy, which is built on our CARE values (Communicate, Alignment, Relationship, Empowering) and underpinned by the META methodology (Mobilise, Execute, Transform, Agility) of acceleration. The programmes are being rolled out to all management levels.

The EVP's cornerstone is the "mens-mense" culture. During the year, two surveys were conducted throughout the Group:

Employee engagement survey focused on the "mens-mense" culture (CARE) **72%** participation rate

Organisational accelerator questionnaire ("OAQ") survey focused on accelerating performance (META) conducted with the management and specialised manning level **96%** participation rate

The year-on-year comparison of OAQ results show a significant overall improvement of **9,8%** despite the impact of Covid

# Annexure C (continued)

The Group accelerating performance culture is built on CARE and underpinned by META, and can be described as:

**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*

# Annexure C (continued)

### Personal growth

The Group's priority training focused on the internal META leadership development programme, bursaries and learnership development, with the biggest impact on skills development in terms of talent development and BEE score.

**298** employee beneficiaries of these interventions

**65,7%** ACI participation rate

### Reward

Our remuneration philosophy is based on a TGP approach, which includes basic pay and benefits that are more favourable than prescribed conditions as per the applicable sectoral determination and/or bargaining council agreements. The company utilises an average two-year rolling TGP market benchmark as a yardstick to evaluate the TGP paid to employees, to ensure equitable and fair remuneration practice.

We continuously assess our current conditions of service against market trends.

### Recognition

As the cornerstone of our CARE values, the recognition and praise programme act as a platform to acknowledge star performers, motivate discretionary effort and deliver ongoing business results. It motivates employees to achieve branch performance targets that contribute to overall Group performance targets.

The programme was well received by employees and management, and despite the impact of Covid, it received a respectable participation rate:

**78,4%** participation rate

**95%** of the budgeted benefits were distributed to employee beneficiaries

# Annexure C (continued)

**Employees are nominated by management according to the following categories:**

**Employee champion – META (employee)**

This category recognises employees who excel in their jobs and go beyond the call of duty to get the job done.

**CARE ambassador (employee)**

This category embodies the CARE values; evident in employees' interactions with others. It recognises employees who positively influence others and are examples of our culture.

**Operations excellence (team)**

This category recognises employees for adding value affecting or contributing to the business's overall bottom line. Note: The best shared service department will be nominated via a survey conducted by the business.

**Accelerating performance (team)**

This category recognises employees for adding value in the business (most improved).

Retention

The EVP, with its continuous focus on the "mens-mense" culture, and the retention policy contributed to the retention of key talent and core critical skills. This contributed to a decline in management level turnover rate.

The OAQ survey conducted with employees within the management and specialised level results in evidence that supports the EVP.

**83,3%** will recommend the company as a place to work

**89,5%** are seeing themselves continuing working for the company

# Annexure C (continued)

Recognition and reward schemes for the year

We implemented the revised recognition and reward schemes approved in 2019, illustrated below:

**Framework of recognition and reward schemes**

| Element | Participants | Performance period and measures | Operation and delivery |
|---|---|---|---|
| **Recognition and praise** | Skilled (P10 to P18), semi-skilled and unskilled, and employees within specialised supporting roles (P8 and P9) 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 |
| **Performance bonus** | Shared service managers within P6 to P7, branch managers within P6 to P9 and management accountants and/or operations controllers | The performance period is annually reviewed with quarterly targets | Paid quarterly and/or annually based on specific performance targets |
| **STI** | CEOs; directors; Managing Directors ("MDs") of subsidiaries; Group, executive, regional and senior managers within P1 to P5 | Performance is annually evaluated against growth in recurring headline earnings ("RHE") | Paid in December based on specific performance targets<br>All bonuses are self-funded based on financial targets |
| **LTI** | CEOs, directors, MDs of subsidiaries and Group managers within P1 to P3 | Performance conditions are inherent in the award, as there must be an increase in the Group's share price before a participant receives any value | Annual award of rights entitling an individual to shares calculated regarding the increase in share price between the grant date and vesting date<br>Vesting occurs in equal tranches in the second, third, fourth and fifth years |

# Annexure C (continued)

### Performance bonus

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

They reward performance on a short-term basis (based on predetermined targets per operating unit). An operating unit's performance bonus pay-out will be based on a fixed cash amount paid quarterly or bi-annually (based on achieving predetermined sales performance targets), and a percentage of monthly TGP paid bi-annually (based on achieving predetermined performance bonus targets ("PBTs")).

Shared service managers would qualify for a performance bonus if the Group achieved predetermined PBT growth.

### Commission earners

Commission earners (e.g. marketers) within various divisions may earn a commission based on the applicable commission structure. Commission is an incentive for reaching performance targets. Commission earners do not qualify for STIs, performance bonuses or the recognition and praise programme.

### STI scheme

The STI scheme is designed to motivate employees to deliver Group performance improvements. Employees have historically participated in this scheme. Potential earnings were determined by the Peromnes broadband and the operating unit. Going forward, this scheme will only be applicable to executive directors of the company, directors of subsidiaries, and Group, executive and regional managers (P1 to P5).

The Group target is based on the average 12-month June 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:

**Year-on-year performance growth target calculation**

| CPI (example) | 5,00% | Average 12-month annual inflation in June | | | | | | Cap for STI |
|---|---|---|---|---|---|---|---|---|
| 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. The Remcom has discretion to award any further STI when appropriate.

# Annexure C (continued)

LTI scheme

The LTI scheme is an equity-settled management share incentive scheme implemented from 1 October 2016. Executive directors of the company, directors of subsidiaries and Group managers participate in the LTI scheme. The Remcom annually reviews the TGP multiple factors used for the calculation of grants awarded, to ensure they remain appropriate.

The scheme is designed to:

- Align the interests of Group management with shareholders
- Promote and enable the retention and attraction of exceptional talent
- Motivate and recognise contributions at top management level
- Subject to certain performance criteria, give participants an opportunity to acquire shares in the Group through granting options to future shares

Components of remuneration for executive directors, directors and Group managers

The table below sets out an overview of remuneration components applicable to executive directors, directors and Group managers:

| **Total remuneration for executive directors, directors and Group managers (P1 to P3)** | | | |
|---|---|---|---|
| **Element** | TGP<br>*Includes fixed salary and benefits (e.g. vehicle benefit, medical aid, and retirement scheme)* | STI | LTI |

STIs

STIs are payable when the Group achieves predetermined RHE growth targets. These are based on average 12-month CPI figures plus an incremental percentage growth.

The maximum amounts earned under STIs are as follows:

- CEO maximum cap is 120% of annual TGP
- Director: finance maximum cap is 100% of annual TGP
- Other directors and subsidiary MDs maximum cap is 100% of annual TGP
- Group, executive and regional manager maximum cap ranges between 75% and 25% of annual TGP

STIs are paid in cash after concluding the audited annual financial statements.

LTIs

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

- Six times annual TGP for the CEO
- Four times annual TGP for the Financial Director
- Three times annual TGP for directors

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

On the vesting date, shares will be awarded to a participant. These are calculated referencing the growth value in the share price between the grant date and vesting date. Participants only benefit from the scheme if the share price has increased. Should the share price not increase, the vested options will be worth nil and will lapse.

# Annexure C (continued)

Cessation of employment and effect on unvested LTIs

In the case of cessation of employment, the treatment of unvested options depends on the reason for cessation as set out below:

| Reason for cessation | Treatment of unvested options |
|---|---|
| **Just cause dismissal or resignation** | **Unvested options will lapse** |
| Death, ill health, permanent disability, retirement, early retirement and retrenchment | Following cessation, participants are entitled to vest options due on the next vesting date. Any remaining options following this vesting event will lapse. |

Performance measurement

At the Remcom of 23 November 2020, changes to both the STI and LTI were discussed and approved. As such, with effect from 1 October 2020:

- The STI will remain a cash settled scheme, however, to better recognise how the business has evolved over the past years and to take into consideration the impact of the non-controlling interest in earnings, the growth target of RHE will be updated to reflect RHE per share (calculated based on RHE attributable to holding company shareholders)
- The LTI will remain as an equity settled incentive scheme, however, future rights vesting will include a ROIC hurdle whereby non-achievement of this hurdle will result in a partial sacrifice of the vesting. These hurdles and the impact on vesting are illustrated in the table below:

| | % of rights granted | % of vested rights sacrificed granted | % of rights vested |
|---|---|---|---|
| Current position – no hurdle | **100** | **0** | **100** |
| Proposed vesting hurdles | | | |
| ROIC achieved <75% of WACC | **100** | **50** | **50** |
| ROIC achieved >75% <90% of WACC | **100** | **20** | **80** |
| ROIC achieved >90% <100% of WACC | **100** | **10** | **90** |
| ROIC achieved >100% of WACC | **100** | **0** | **100** |

# Annexure C (continued)

### Executive director and key management contracts

Executive directors and other Group 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 (3) 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 LTIs are treated under the LTI policy above.

### Non-executive directors' fees

Non-executive directors' fees consist 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 LTIs.

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 2021 non-executive directors' fees

Fees for the 2021 year will be submitted for approval by shareholders at the Group's AGM to be held on 11 February 2021, in compliance with the Companies Act. Refer to special resolution number 1 on page 6 in the notice of AGM.

The proposed fees* are as follows:

| Directors' fees | 2021 |
|---|---|
| Director – base fee | **R187 400** |
| Board Chairman | **+R409 000** |

| Committee | Member | Chairman |
|---|---|---|
| Audit and Risk committee | **+R140 200** | **+R279 800** |
| Remuneration committee | **+R117 100** | **+R233 600** |
| Finance committee | **+R58 300** | **+R140 200** |
| Social and Ethics committee | **+R29 900** | **+R88 200** |

* *The proposed fees are VAT exclusive.*

# Annexure C (continued)

Remuneration governance

The Remcom is a Board committee primarily responsible for overseeing the remuneration and incentives of executive directors and key management (collectively "executives"). Committee members are annually appointed by the Board. Members consist of at least three non-executive directors, the majority of whom are independent. The chairman is annually appointed by the Board and is an independent non-executive director.

The Remcom has three members, all of whom are independent non-executive directors:

> CA Otto (chairman)

> GM Steyn

> D du Toit

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

| Governance framework | |
|---|---|
| **Board** | The Board has ultimate responsibility for ensuring compliance with remuneration principles and limiting risk. |
| **Remcom** | In line with its role and responsibilities, it monitors performance and determines appropriate remuneration policies and guidelines for different groups (subject to Board approval). |
| **Operational level functions** | |
| ***Executive team*** | The executive team is responsible for compliance with its areas of responsibility and for 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. |

The Remcom has the following functions and responsibilities:

> Determines the CEO's remuneration

> Determines executive directors' remuneration as recommended by the CEO

> Determines non-executive directors' remuneration

> Considers senior managers' remuneration

> 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

# Annexure C (continued)

## PART 3: IMPLEMENTATION REPORT

The Remcom is satisfied Kaap Agri complied with the policy during the year.

### TGP

The following table sets out TGP increases for executive directors:

| Executive directors | **2020 R'000** | 2019 R'000 | Change % |
|---|---|---|---|
| S Walsh | **4 901** | 4 890 | 0,2% |
| GW Sim | **3 213** | 3 200 | 0,4% |

The salary increase dates for executive directors have been moved from 1 July 2020 to 1 February 2021 due to Covid-related remuneration interventions. These dates align with the increase dates of the wider business.

The annual salary increase mandate is based on various factors, ranging from but not limited to the company's profit, average CPI and market salary increase indicators. The annual percentage increase is determined by bargaining councils and/or sectoral determination for employees within

Peromnes broadbands P10 to P18, where applicable. 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.

The Covid pandemic impact on the annual salary increase percentage implemented during the year is illustrated below:

| Peromnes broadband | Employee group | **Percentage increase 2020** |
|---|---|---|
| P1 to P4 | Senior and top management | **0%** |
| P5 to P9 | Middle and junior management | **0%** |
| P10 to P14 | Admin and senior store staff | **0%** |
| P15 to P18 | General workers | **7%** |
| **Overall** | | **0.009%** |

* *The only implemented increase relates to the Motor Industry Bargaining Council ("MIBCO") annual increase effective 1 September 2020. The annual increase percentage expressed above is only for The Fuel Company.*

# Annexure C (continued)

## 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 recurring profitability | **100%** | **CPI** | **CPI + 12,5%** | **CPI + 0,8%** | **+27,3%** |

Given that the achievement of a 4,4% growth in RHE was achieved with significant support of the Group-wide salary sacrifice, the decision was made to not pay any STI incentives.

## LTI performance outcomes

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

## Single figure remuneration

The following table sets out the remuneration paid to executive directors in 2020 year:

| 30 September 2020<br>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 | **4 548** | **72** | **281** | **–** | **960** | **5 903** |
| GW Sim | **2 879** | **96** | **238** | **–** | **439** | **3 668** |

≠ *These values are based on the cash value of the LTI awards vested during 2020.*

## Voting at 2020 AGM

At the AGM held on 13 February 2020, the Kaap Agri shareholders endorsed the policy and implementation report of the company by way of separate non-binding advisory votes of 96,61% and 98,76% in favour, respectively. As the non-binding advisory votes were passed by the requisite majorities, no further engagement with shareholders was required.

## Voting at the upcoming AGM

Kaap Agri's policy and implementation report will be presented to shareholders for separate non-binding advisory votes thereon at the company's upcoming AGM on Thursday, 11 February 2021.

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

# Annexure C (continued)

For comparison, the following table sets out the remuneration paid to executive directors in 2019:

| Executive directors<br>30 September 2019 | 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 | 4 468 | 80 | 342 | 211 | 2 088 | 7 190 |
| GW Sim | 2 791 | 96 | 313 | 138 | 955 | 4 293 |

≠ *These values are based on the cash value of the LTI awards vested during 2019.*

## LTIs awarded in 2020

The following section sets out the options granted to executive directors under the equity-settled management share incentive scheme during 2020:

| Executive director | Date awarded | Number of options awarded | Face value of options at grant* R'000 | Fair value of options at grant** R'000 | Final vesting date |
|---|---|---|---|---|---|
| S Walsh | **15/1/2020** | **194 232** | **5 304 462** | **844 266** | **1/10/2021** |
| | **15/1/2020** | **194 232** | **5 304 462** | **1 025 706** | **1/10/2022** |
| | **15/1/2020** | **194 232** | **5 304 462** | **1 157 510** | **1/10/2023** |
| | **15/1/2020** | **194 232** | **5 304 462** | **1 257 929** | **1/10/2024** |
| GW Sim | **15/1/2020** | **77 378** | **2 113 180** | **336 337** | **1/10/2021** |
| | **15/1/2020** | **77 378** | **2 113 180** | **408 618** | **1/10/2022** |
| | **15/1/2020** | **77 378** | **2 113 180** | **461 126** | **1/10/2023** |
| | **15/1/2020** | **77 378** | **2 113 180** | **501 131** | **1/10/2024** |

* *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.

# Annexure C (continued)

## Termination/hiring

There were some changes at the non-executive directors' level. The most noticeable was the retirement of JH van Niekerk as a non-executive director of the Board and a member of various committees, on which he served since November 2011. His retirement was effective 13 February 2020.

WC Michaels resigned as a member of the Social and Ethics committee effective 21 February 2020 due to other personal commitments. We decided not to replace her on this committee.

D du Toit was appointed as a member of the Remco effective 13 February 2020.

### 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 besides 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** | – | **R654 018** |
| CA Otto | **November 2011** | – | **R642 468** |
| JH van Niekerk | **November 2011** | **13 February 2020** | **R176 458** |
| EA Messina | **March 2017** | – | **R252 657** |
| WC Michaels | **August 2017** | – | **R183 662** |
| HM Smit | **November 2011** | – | **R256 657** |
| D du Toit | **March 2017** | – | **R361 162** |
| JH le Roux | **April 2014** | – | **R267 800** |
| BS du Toit | **November 2011** | – | **R300 300** |
| I Chalumbira | **September 2018** | – | **R171 807** |

# 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)
BS du Toit*#
D du Toit*#
JH le Roux*
EA Messina*#
WC Michaels*#
CA Otto*#
HM Smit*#
JH van Niekerk‡
I Chalumbira*

* *Non-executive*
# *Independent*
‡ *Retired as a member of the Board effective 13 February 2020*

## 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

## Company Secretary

KAL Corporate Services (Pty) Ltd.
Per T Rasiluma

## 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.

## 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

2nd Floor, Building 3, 11 Alice Lane, Sandhurst, Sandton, 2196
PO Box 650957, Benmore, 2010

GREYMATTERFINCH # 14541

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