

## Condensed consolidated interim financial statements

for the six months ended 31 March 2020

### Results

The Group's diversification and resilience continue to generate strong revenue growth under tough trading conditions. Agri and retail trade experienced a slow start to the financial year 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 have largely been positive but significant expansions and infrastructural spend have diminished, partly drought related and partly related to ongoing concerns around land policies. The fuel industry has experienced ongoing fuel volume decreases; however, convenience and quick service restaurant performance has been reassuring. The Group continues to explore earnings enhancing agri and retail expansion opportunities.

During the period, Kaap Agri increased revenue by 11,6%, with like-for-like comparable sales growth of 4,8%. The growth in revenue was driven by a 5,0% increase in the number of transactions. Product inflation, excluding the impact of fuel inflation, is estimated at 1,5%.

Recurring headline earnings ("RHE") per share increased by 7,5% to 247,65 cents. 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.

The Group's financial position is sound. Gearing has increased in line with expectation to support growth and expansion and remains at acceptable levels with sufficient headroom to fund identified growth opportunities. Cash generation remains strong with EBITDA, excluding the impact of adopting IFRS 16, growing by 9,5%.

### Dividend

The impact of COVID-19 is being felt across all the markets in which the Group operates. As such, a number of interventions have been implemented to mitigate the impact of COVID-19 on the business. Although the majority of Kaap Agri operations have been designated as essential goods and service providers, revenue will be impacted by the reduction in footfall in specifically our Trade retail and TFC stores. In response to this, management have implemented a host of cost saving and cash flow initiatives as well as capital expenditure

curtailment. Given the uncertainty of the duration and impact of the current circumstances, the Board is of the view that cash preservation and liquidity remains paramount and as such has decided to forgo the declaration of an interim dividend.

### Prospects

It is clear that we are moving into a challenging period of further reduced consumer confidence and uncertainty. As a supplier of essential goods and services, we will continue to review the way we interact with our customers to ensure we provide a relevant and sustainable offering in a responsible manner. We are committed to the wellbeing of all our stakeholders and remain relatively positive about the medium-term prospects for agriculture in Southern Africa.

We anticipate that retail trade will remain under pressure in the short term; however, good agri trade performance is expected to continue. A number of new TFC licence applications are expected to be finalised before year-end. Tego spent a large part of the year to date developing and enhancing its product offering and will ramp up production over the next few months.

The heavy weighting of Wesgraan performance to the first half of the year as well as the impact of COVID-19 will result in the second half of the year reflecting a weaker trading environment than the first six months. We remain committed to achieving our strategic medium-term growth targets.

### Interim financial results

This short-form announcement contains only a summary, and does not contain full or complete details, of the announcement made on SENS on Thursday, 7 May 2020, and is the responsibility of the directors. The full announcement is available for viewing on Kaap Agri's website ([www.kaapagri.co.za](http://www.kaapagri.co.za)) or alternatively refer to the link in the short-form announcement released on SENS on 7 May 2020. The full announcement can also be requested and obtained in person, at no charge, at the registered office of the company or the company's sponsor during office hours. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement.

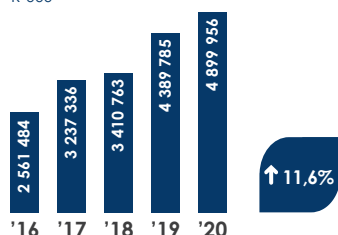
The condensed consolidated interim financial statements have not been audited or reviewed by the Company's auditors.

By order of the Board  
8 May 2020

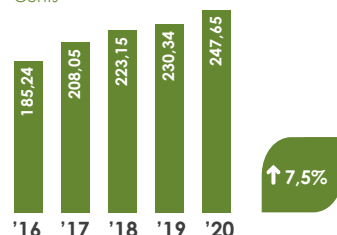
|   | Unaudited<br>31 March<br>2020<br>R'000 | Unaudited<br>31 March<br>2019<br>R'000 | %<br>Change | Audited<br>30 September<br>2019<br>R'000 |
|---|--|--|-------------|--|
| <b>Income statement</b>                           |  |  |             |  |
| Value of business transacted                      | 6 021 850                              | 5 502 114                              | 9,4         | 10 798 729                               |
| (including total turnover of direct transactions) |  |  |             |  |
| Revenue   | 4 899 956                              | 4 389 785                              | 11,6        | 8 451 520                                |
| Profit before tax                                 | 241 046                                | 223 150                                | 8,0         | 379 841                                  |
| Earnings  | 173 159                                | 161 192                                | 7,4         | 281 279                                  |
| Earnings per share (cents)                        | 242,21                                 | 224,23                                 | 8,0         | 394,98                                   |
| Headline earnings                                 | 172 893                                | 161 148                                | 7,3         | 283 274                                  |
| Headline earnings per share (cents)               | 241,83                                 | 224,17                                 | 7,9         | 397,85                                   |
| Recurring headline earnings                       | 177 443                                | 165 483                                | 7,2         | 268 553                                  |
| Recurring headline earnings per share (cents)     | 247,65                                 | 230,34                                 | 7,5         | 375,19                                   |
| Dividend per share (cents)                        | –                                      | 33,50                                  |             | 123,50                                   |
| <b>Statement of financial position</b>            |  |  |             |  |
| Non-current assets                                | 2 085 495                              | 1 523 532                              |             | 1 785 701                                |
| Current assets                                    | 2 886 123                              | 2 671 944                              |             | 3 002 041                                |
| Gross assets                                      | 4 971 618                              | 4 195 476                              |             | 4 787 742                                |
| Capital and reserves                              | 2 019 522                              | 1 902 570                              |             | 1 926 248                                |
| Non-current liabilities                           | 445 136                                | 102 680                                |             | 206 296                                  |
| Current liabilities                               | 2 506 960                              | 2 190 226                              |             | 2 655 198                                |
| Total equity and liabilities                      | 4 971 618                              | 4 195 476                              |             | 4 787 742                                |
| Net asset value per share (rand)                  | 28,73                                  | 27,09                                  |             | 27,42                                    |
| Shares issued (number – '000)                     | 70 281                                 | 70 237                                 |             | 70 237                                   |

### Salient features

Revenue  
R'000



Recurring headline earnings per share  
Cents



Kaap Agri Limited ("Kaap Agri" or "Group"):  
Registration number 2011/113185/06

Share code: KAL

ISIN code: ZAE000244711

Business address and registered office:  
1 Westhoven Street | Paarl | 7646

Transfer secretaries:  
Computershare Investor Services (Pty) Ltd

Sponsor:  
PSG Capital (Pty) Ltd

[www.kaapagri.co.za](http://www.kaapagri.co.za)