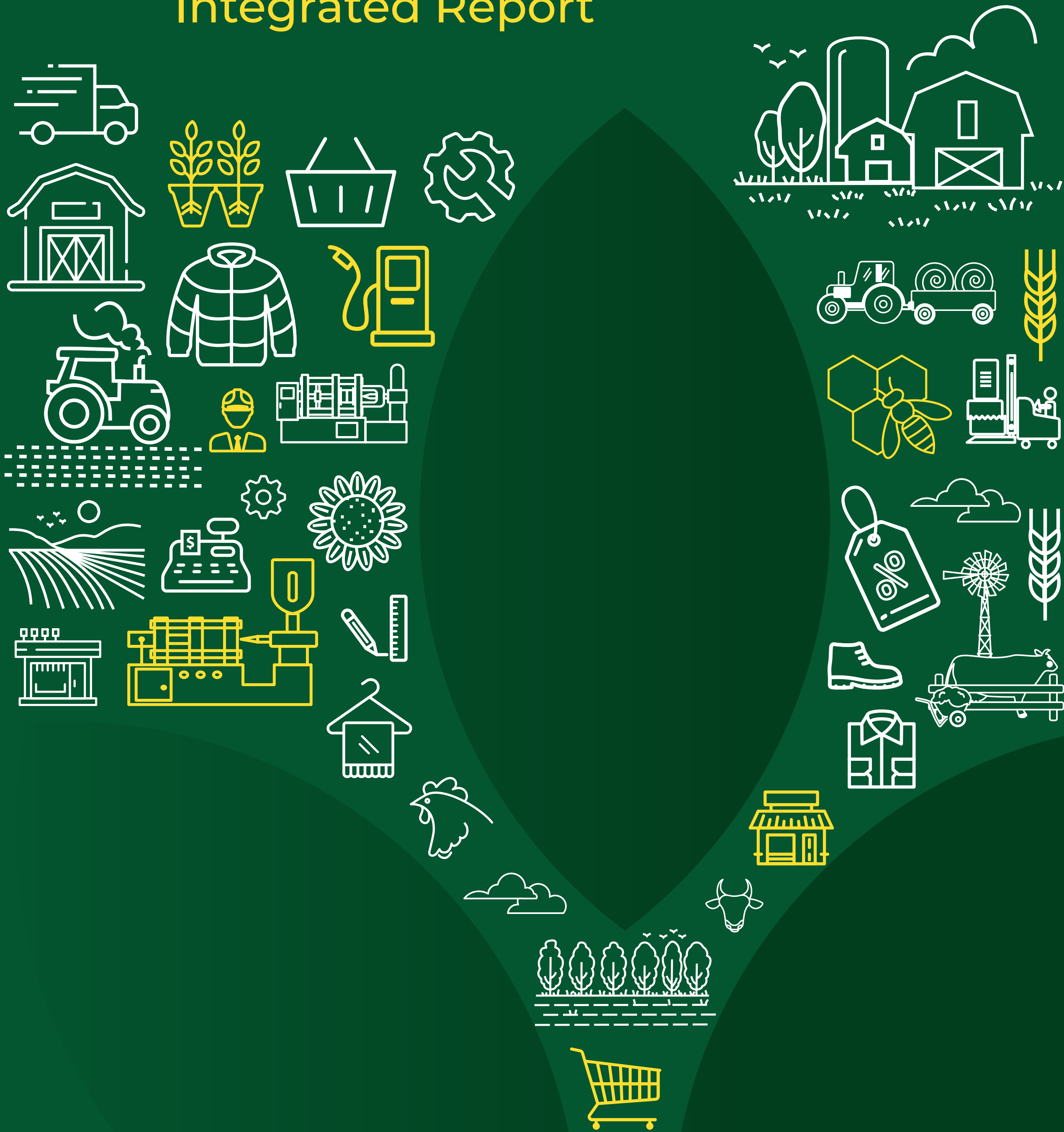
2021

KAAP AGRI

Integrated Report



Salient features

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

+23,4%
REVENUE
continued market share growth

+21,7%
RHEPS
positive returns

11,1%
ROIC
beating WACC

+19,21%
EBITDA
strong operational growth

R425,7m
CASH FLOW FROM OPERATING ACTIVITIES
strong cash generation

R124 m
CAPEX SPEND
investing for growth

+13% (Group)
+9,7% (TFC)
FUEL LITRE GROWTH
strong COVID recovery

15,3%
ROE

9,8%
RONA

3,1%
ROS

151,0
(cents per share)
TOTAL DPS
rewarding shareholders

+17%
TRANSACTIONS
21,7 million transactions

+18,8%
EXPENSE GROWTH

7,3%
COMPARABLE LIKE-FOR-LIKE EXPENSE GROWTH

3 736
NUMBER OF EMPLOYEES
well positioned for growth

Contents

About this report

This integrated report ("report" or "IR") covers the integrated performance of the Kaap Agri Group ("Kaap Agri", "the Group" or "the company") for the year ended 30 September 2021 ("the year").

SCOPE AND BOUNDARY

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

The report focuses on the main operational income channels contributing to our performance: Trade, Retail Fuel & Convenience, Grain Services and Manufacturing. These are supported by the Group supply chain and corporate shared service environment. The Group's organisational structure is unchanged since 2020, with the following exception.

As part of our footprint growth and expansion strategy, the Group, through its subsidiary Partridge Building Supplies (Pty) Ltd, acquired the business of Farmsave (Pty) Ltd ("Farmsave") effective 28 July 2021. Farmsave is a supplier of predominantly agri-input supplies into Central KwaZulu-Natal. The acquisition will further enhance our reach in this area and provide opportunities to scale up in the new-generation farmer channel.

REPORTING FRAMEWORKS

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

TARGET AUDIENCE AND MATERIALITY

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

EXTERNAL AUDIT AND ASSURANCE

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

FORWARD LOOKING STATEMENTS

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

STATEMENT OF THE BOARD OF DIRECTORS OF KAAP AGRI

The Board of Directors ("Board") acknowledges its responsibility to ensure the integrity of the IR. In the Board's opinion, this report provides a fair and balanced account of the Group's performance on material matters assessed as having a bearing on the Group's capacity to create value. The 2021 IR was prepared in line with recognised best practice and complies with King IV recommendations. Accordingly, the IR was unanimously approved for publication by the Board.

GM Steyn
Chairman

S Walsh
Chief Executive Officer

Value proposition

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

Business philosophy

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

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

Although we believe our strategic footprint, infrastructure, facilities, geographical spread and differentiated market approach are competitive advantages, we support a culture of "mens-mense" (we are a place where PEOPLE still count). This means we Communicate, seek continuous Alignment and build authentic Relationships within an Empowering environment (CARE). Our PEOPLE-driven culture of CARE is fundamental to securing employee commitment to our growth philosophy.

Group strategy

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

The following strategic key focus areas are business imperatives:

1. Growth

A strong focus on upgrades and footprint expansions, strategic alliances, and mergers and acquisitions continues to fuel our growth ambitions.

2. Optimisation

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

3. Leveraging culture and diversity

Talent development and entrenching the culture of care remains high on the agenda to support our unique value proposition. Transformation is not only a responsibility but a business imperative and catalyst for social and economic transformation.

4. Digital transformation

Enhancing our customer experience and ease of doing business is the business driver for all e-commerce, account and payment solutions initiatives.

"

We are so excited about the iPads, especially the Onebillion app. Our learners fell behind during lockdown. The app is based on the CAPS curriculum and fits in with our lesson plans. This is a wonderful tool to assist the teachers in the classroom."
– Mrs Davids, Grade 1 Teacher

#BreakingNewGround

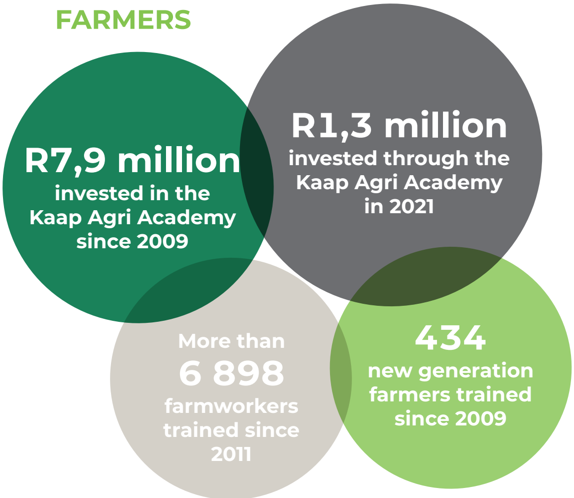
Opening doors to virtual learning

The pandemic has accelerated digital transformation in education with more schools relying on e-learning as an essential support to traditional classroom-based teaching. In a company-first initiative, Kaap Agri has invested in the iSchool Africa programme in order to help rural schools on their digital learning journey. With the focus on helping learners improve their numeracy and literacy skills, we created our first virtual classroom at Wemmershoek Primary School in Franschhoek, equipping the school with 20 iPads, headsets, a projector, pre-loaded award-winning numeracy apps as well as teacher training.

How we create value

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

NEW GENERATION FARMERS



Read more about these initiatives in the social and ethics report on page 63.

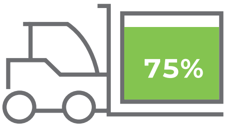
YOUTH DEVELOPMENT

We provided
52 bursaries
to the value of
R2,1 million
to beneficiaries of whom
63%
were female students

OUR SUPPLIERS

R9,4 billion

total procurement spend (less statutory allowances)



B-BBEE suppliers

OUR CUSTOMERS

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

Kaap Agri's brands have always been about community. Its consumers are driven by a desire for community. During the year, our footprint grew to 226 operating points.

Group fuel litre growth

13,0%

(2020: 269,6 million litres; 2021: 304,7 million litres)

TFC

9,7%

(2020: 159,4 million litres, 2021: 174,9 million litres)

Two

new retail fuel sites opened in 2021, including managed sites awaiting regulatory approval

175,3 million

litres fuel pumped at Retail Fuel & Convenience including managed sites awaiting regulatory approval

OUR EMPLOYEES

R669,3 million

total labour cost

236 additional employees employed for the year

3 736 employees

The total **skills levy payable** for the Kaap Agri Group (1% of leviable amount)

R5,8 m (total skills levy payable) (2020: R3,7 million)

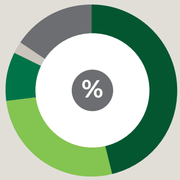
Kaap Agri established an ethics line in August 2018, to be used by any person irrespective of position or seniority (employee, client or supplier) to report issues of concern that might be perceived to be difficult to resolve through normal channels.

OUR COMMUNITIES

R4,6 million

spent on the following community initiatives:

OUR COMMUNITIES



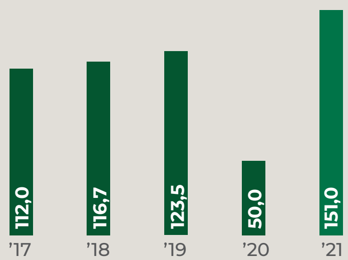
- Bursary programme for secondary and tertiary learners R2 144 571
- Kaap Agri Academy R1 258 006
- Virtual Classroom programme R428 930
- COVID-19 relief programme R64 253
- Community outreach projects R716 225

INVESTORS AND SHAREHOLDERS

R63,3 m declared to shareholders in 2021

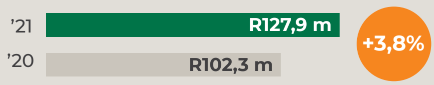
R772,8 m equity held by broad-based black shareholders at year-end

DIVIDEND PER SHARE (CENTS)

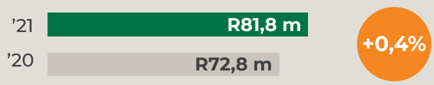


GOVERNMENT AND REGULATORS

In 2021, Kaap Agri paid R127,9 million to the South African Revenue Service ("SARS") in direct taxes.



The total amount of PAYE paid for the Kaap Agri Group was R81,8 million.

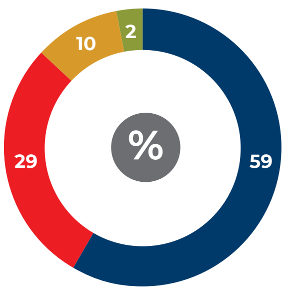


Business profile

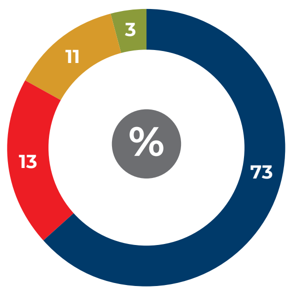
SERVICES	PURPOSE	OPERATIONS	
TRADE			
> Production inputs > Packing material > Hardware and building material > Fuel > Garden and pool > Clothing and outdoor life > Fast-moving consumer goods ("FMCGs") and liquor > Tractors and combine harvesters > Tillage > Parts > Workshops	Provides a complete range of production inputs, mechanisation equipment and services, and other retail products to agricultural producers and the general public.	> 75 Agrimark shops > 1 Agrimark Pet shop > 10 Agrimark Packaging shops > 8 Agrimark Liquor shops > 16 service stations > 3 Agrimark depots > 7 Forge shops > 5 Farmsave shops > 15 workshops > 16 parts outlets > 4 fuel depots	> Western Cape > Northern Cape > Eastern Cape > Limpopo > North West > Mpumalanga > KwaZulu-Natal > Namibia
RETAIL FUEL & CONVENIENCE			
> Convenience stores > Quick service restaurants > Retail fuel	Provides a full retail fuel offering, including convenience store and quick service restaurant outlets, to a diverse range of customers.	> 43 service stations > 2 OK Value shops > 1 liquor outlet > 1 standalone quick service restaurant combo	> Western Cape > Northern Cape > Eastern Cape > North West > Gauteng > Limpopo > Mpumalanga
GRAIN SERVICES			
> Grain receiving and grading > Grain marketing > Grain storage > Seed processing > Seed potatoes	Provides a complete range of marketing and hedging options, and handles grain products between producer and buyer.	> 14 silo complexes (320 000 ton capacity) > 1 bunker complex (46 000 ton capacity) > 3 seed processing plants	> Western Cape
MANUFACTURING			
> Dripper pipe > Pumps > Irrigation equipment > Filters > Automation > Plastic bulk bins	Manufactures dripper pipe and other irrigation equipment, and distributes franchise and other irrigation parts.	> 1 factory > 3 distribution points	> Western Cape > Gauteng > Mpumalanga
	Manufactures food-grade plastic bulk bins for the agricultural market.	> 1 factory	> Western Cape
CORPORATE			
> Financing > Finances > Human resources > Corporate affairs > Internal audit > Risk management > Information management	Provides support services for the Group's activities and tailor-made financing for clients.	> Administrative head office – Malmesbury > Corporate office – Paarl > 13 regional credit offices	> Western Cape > Northern Cape > Eastern Cape > Mpumalanga

Financial	TRADE 2021 R'000	TRADE 2020 R'000	RETAIL FUEL & CONVENIENCE 2021 R'000	RETAIL FUEL & CONVENIENCE 2020 R'000	GRAIN SERVICES 2021 R'000	GRAIN SERVICES 2020 R'000	MANUFACTURING 2021 R'000	MANUFACTURING 2020 R'000
Revenue	**6 271 932**	5 312 682	**3 029 734**	2 309 904	**1 049 238**	759 681	**231 684**	192 401
Profit before tax	**401 457**	295 719	**72 036**	43 376	**61 972**	55 096	**14 040**	16 308
Gross assets	**3 962 781**	3 493 170	**1 309 023**	1 257 613	**133 385**	102 123	**317 978**	340 401
Net assets	**1 800 117**	1 540 945	**507 450**	488 915	**93 842**	60 431	**105 332**	109 400

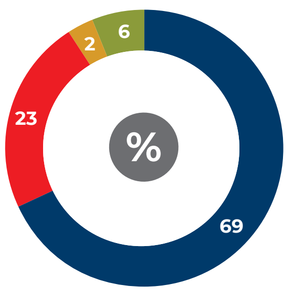
REVENUE



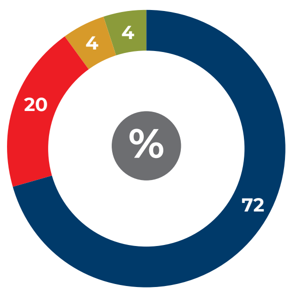
PROFIT BEFORE TAX



GROSS ASSETS



NET ASSETS



These percentages are calculated as a percentage of the total reportable segments, refer note 46.

Our brands

Kaap Agri is a diverse group which trades under multiple brands reflective of the nature of the business conducted. The core business segments are Trade, Grain Services, and Retail Fuel & Convenience, which generate approximately 98% of the Group's income.

BRAND STRENGTHS

We strive to make Kaap Agri a purpose-driven brand with a deserved reputation as a place where people still count. Our brand promise of ensuring that all stakeholders are better off because of our existence is demonstrated through our core strengths:

Financially resilient

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

Trusted and supportive partner

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

Culture of CARE

"Mens-mense" Unified culture and management team

Excellent customer experience

Outstanding customer service, well-priced wide ranges

One account

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

AGRIMARK BRAND ROLLOUT

This year, in the Trade business segment, we began driving the unified and refreshed Agrimark brand across our operations with the rollout of new store signage in key markets. The new brand structure, whereby Agrimark becomes the main customer-facing brand for the Trade segment, was launched to internal stakeholders and employees to develop buy-in and ownership around the brand refresh.

EXPRESSMARK BRAND POSITIONING

We continued to take steps to simplify our brand structure, clarifying the brand positioning and visual expression of Expressmark, our homegrown convenience store brand at service stations owned and operated by The Fuel Company ("TFC").

We refreshed the Expressmark logo and brand positioning to align with the Agrimark brand. This decision and approach was based on several factors. From a marketing and operational perspective, the Expressmark brand shares several commonalities with Agrimark. Visually, the brand logo follows the same design treatment as Agrimark's. Moreover, Expressmark and Agrimark customers overlap because the two businesses are often located on the same premises and offer complementary products and services. Similarly, the brands have shared the same marketing platforms over the years, strengthening the brand association and recognition as sister brands within the Kaap Agri stable.

The Expressmark positioning is aligned to the Agrimark positioning as a place where people still count, with added focus on our service to communities and providing community convenience.

"At Expressmark, you're more than a customer, you're our neighbour.

When you need a cup of sugar, some stationery for that last-minute project your child forgot to tell you about, help changing a tyre, or just a conversation over coffee, we'll be here to welcome you with a smile.

Here to make your journey more convenient.
Here to give you the fuel you need to keep moving forward.

Because we're the place where people still count.

The place that has community at its heart.
The place that honours and respects wholesome down-to-earth values.
The place that knows what you need and doesn't hesitate to lend a helping hand.
The place that drives *community convenience.*"

OUR VALUES

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

C

Effective behaviour
Leave nothing unsaid
"Ons laat niks ongesê"

A

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

R

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

E

Effective behaviour
We develop people
"Ons ontwikkel mense"

COMMUNICATE

Focus:
Open, clear, honest

ALIGNMENT

Focus:
Shared services, shared results

RELATIONSHIP

Focus:
Authentic, recognition, time

EMPOWERING

Focus:
Development, better off, ownership, grow

TRADE SEGMENTS

We aim to expand our network by establishing new operating points to grow our client base, optimising the product range we offer to our bedrock agricultural customers and expanding our range to cater for the building contractor and retail homemaker customer segments.

Agrimark

Agrimark stores are one-stop agri-lifestyle retail stores providing expert advice, products and services to home, land, pet and animal owners. There are 75 stores operating countrywide and in Namibia. These stores represent the Group's core business with general retail offerings including retail shop areas, bulk store areas and yards for bulk items. Fuel filling stations are also situated at most Agrimark stores with specialist Tyre and Fitment services attached to select Agrimark stores. The retail product offerings in these branches are targeted at farmers, families, trade professionals, building contractors, and DIY and outdoor enthusiasts, with a garden centre and expanded pet offerings where appropriate under the Agrimark Pet brand. Outlets are tailored for urban, peri-urban and rural demographics.

Agrimark Packaging

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

TRADE SEGMENTS

Agrimark Mechanisation (New Holland agency)

Agrimark Mechanisation is home to the New Holland agency and is one of the largest agents for New Holland in Southern Africa. This service markets mechanical equipment into the farming and related sectors, and offers a parts branch network and workshops. These services are mainly focused on the Western and Southern regions of the Western Cape.

Agrimark Liquor

Agrimark Liquor extends Agrimark's retail offering with standalone liquor stores. Conveniently located on the same premises as Agrimark, there are currently 8 stores located mainly in peri-urban and rural areas.

Forge

Stores operating under the Forge Agri and Forge Build brands consist of retail stores with agri-sheds and/or building yards. They operate from 7 stores and primarily service dairy, beef, sheep farming, and the building trade in Southern and Northern KwaZulu-Natal (KZN) as well as the Midlands.

Farmsave

Farmsave, acquired by Forge, is a leading agricultural input, services and building materials supplier. Its acquisition increases Kaap Agri's footprint in KZN and provides the group with a strong entry point into the new generation farmer sector in the region. The Farmsave brand consists of 5 stores.

GRAIN SERVICES

Agrimark Grain

Agrimark Grain represents Kaap Agri's silo storage, grain handling and grain trading services. It consists of 14 silo complexes with over 320 000 ton silo capacity and an additional bunker complex with a 46 000 ton capacity. These services are focused in the Swartland area of the Western Cape. Agrimark Grain also offers seed processing and related services to farmers in the Western Cape.

RETAIL FUEL & CONVENIENCE

The Fuel Company

The Fuel Company ("TFC") represents Kaap Agri's retail fuel interests and comprises two Group subsidiaries driving retail fuel expansions and growth.

The Fego "To Go" Caffé trademark is an exclusive coffee shop brand operated under licence from Famous Brands Limited. There are six Fego To Go sites, two sites with the innovative Fego Cart and 3 sit-down Fego restaurants.

There are 44 retail fuel and convenience service stations operating in TFC, including a non-fuel site offering a trio of quick service restaurants. TFC is not limited to operating under Expressmark and/or Fego Caffé. It has a unique multi-brand and multi-supplier approach which enables it to serve its customers with a broad spectrum of convenience store and quick service restaurant offerings such as Mugg & Bean, Debonairs Pizza, Fishaways, Steers, Wimpy and Bonjour. Also included is a tailor-made quick service restaurant, offering quality meals under the Homestead True Food brand.

Expressmark

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

MANUFACTURING

Agriplas

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

TEGO Plastics

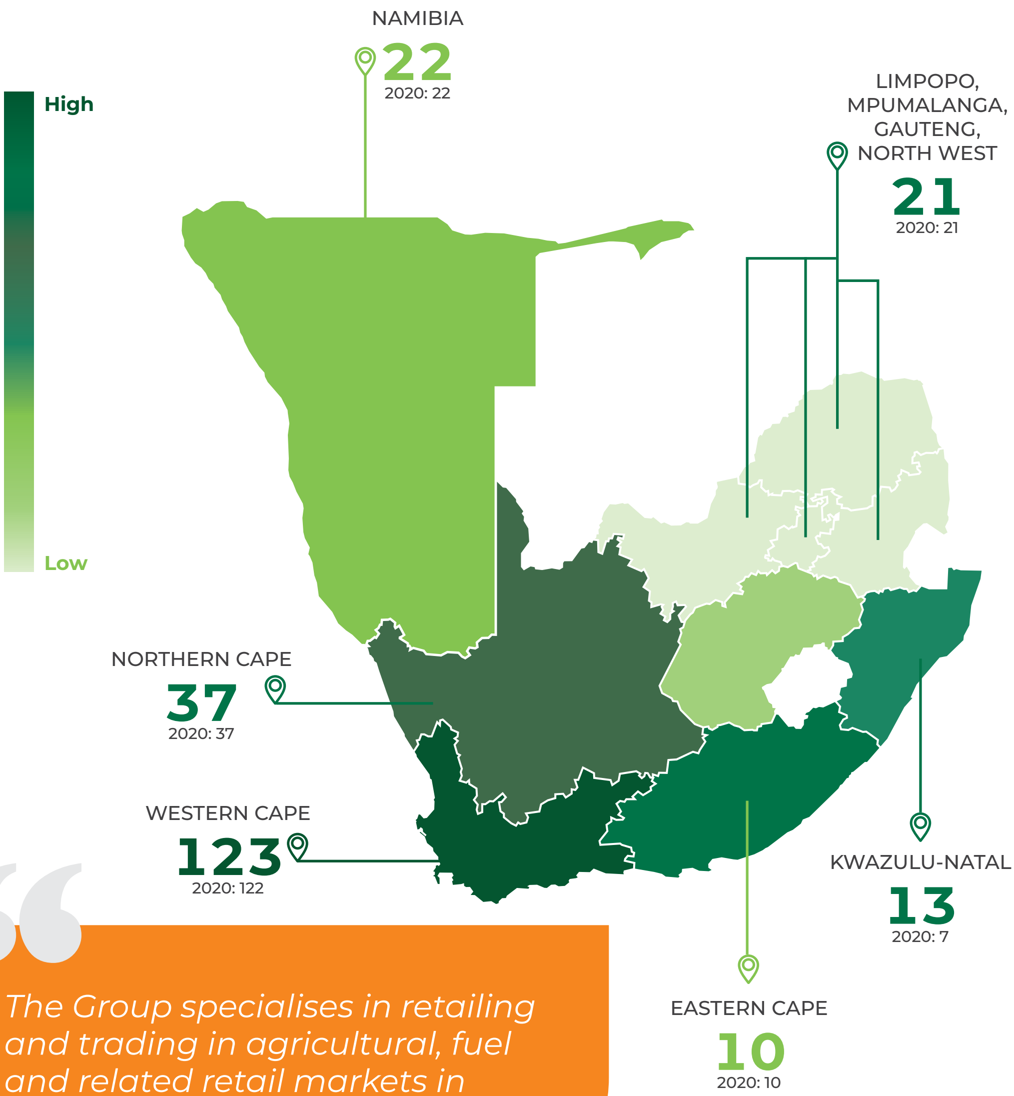
TEGO Plastics is a wholly-owned subsidiary which uses injection moulding processes and robotics to provide plastic storage applications to various industries in South Africa. Its flagship product, the TEGO Bulk Bin, is a food grade bulk bin used in the harvesting and post-harvesting processes of fresh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

Geographic footprint

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

OPERATING POINTS PER GEOGRAPHY

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



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

"When I first heard I was acknowledged as the first Employee Champion, I was very surprised. It was completely unexpected, but it felt good knowing my hard work and commitment was recognised."
– Carin Brink, Administrative Clerk, Moorreesburg

#BreakingNewGround

Celebrating our first Go for GOLD winners

Introducing Kaap Agri's first annual recognition award winners, provided a strong dose of motivation amidst the challenging pandemic and trading conditions. The Go for GOLD recognition and praise programme is a new platform to acknowledge star performers, motivate discretionary effort and deliver ongoing business results. Consisting of four categories, the programme celebrates individual and team contributions and gives credence to our value of "If One Wins, We all Win". The proud award winners are:

Nabu Basadien, Receptionist
CARE Ambassador

Carin Brink, Administrative Clerk
Employee Champion

Agrimark Kakamas
Team Excellence

Retail Procurement (FMCG Team)
Team Excellence

DC Inventory Team
Accelerating Performance Team

Business review

Kaap Agri continues to grow profitability in an environment impacted by external factors.

Leadership report (Chairman and Chief Executive Officer)

KEY RESULTS

Successfully navigating the long effect of COVID-19 and growing market share

+23,4%

REVENUE
Consistent top-line growth, impacted by "long" COVID-19, increasing fuel price inflation amid lingering economic pressures

+19,2%

EBITDA
in line with gross profit growth

+7,3%

LIKE-FOR-LIKE COMPARABLE OPERATIONAL EXPENSES
encouraging like-for-like operational expenditure management during the year

Kaap Agri again delivered healthy growth in profitability in a year affected by the lingering impact of COVID-19, load shedding and economic pressures. While the effect of the pandemic on agriculture was less significant than expected, consistent market share gains contributed to positive revenue growth of 13,6% in agri-input supplies to farmers. Although COVID-19's impact on general retail revenue was more pronounced, retail categories still grew by 18,0%. Retail fuel has still not recovered to pre-COVID-19 levels, as the impact of higher fuel prices leads to market resistance. Despite this, Trade, Retail Fuel & Convenience experienced an increase of 66,1% in profitability. Both the New Holland mechanisation agency and Agrimark Grain divisions also delivered sterling growth. This resulted in overall growth of 21,7% in recurring headline earnings per share.

STRATEGY

Strategy execution of growth, optimisation, leveraging culture and diversity, and digitisation normalised during the year. A recurring headline earnings per share compound annual growth rate ("CAGR") of 15,1% was achieved over the past 10 years.

Strategic outcomes are evaluated annually with the executive team. These outcomes remain focused on delivering our strategic intent, "growing profitability that significantly outperforms inflation", which will result in sustainable value creation. Some key successes for the year were:

> Maintaining a measured approach to footprint growth in the Trade and Retail Fuel & Convenience divisions

> Increased market share through channel deep dives

> Continued development and growth in niche service offerings in our virtual store concept

> Continuous improvement and optimisation of assortment, replenishment, stock management and distribution centre supply

> Operational expenditure management

> Reducing support service cost to serve

> Improvements in return on invested capital and economic value added

> Employee engagements to enhance performance acceleration

> Continued reward and recognition programmes

> Exciting digitisation efforts and commencement of our ERP modernisation project

We believe the strategy of diversifying the company's market, geography and customer exposure has paid off.

The executive team continues to invest in systems, skills and infrastructure. This positions the company well for future growth. Despite this continued investment, interest paid to banks reduced by 24,6%, a combination of lower interest rates and efforts by the executive team to reduce interest-bearing debt.

The Group is organised into four divisions for operational and management purposes: Trade, Retail Fuel & Convenience ("TFC"), Agrimark Grain and Manufacturing. Kaap Agri reports its operating segment information on this basis.

The Trade segment contributes 59,3% of revenue and TFC contributes a further 28,6%. This illustrates the high contribution of retail activities in the Group. While Agrimark remained resilient, Retail Fuel & Convenience has yet to achieve pre-COVID-19 levels. Although the Manufacturing segment showed lower than expected profit growth during the financial year, Agrimark Grain delivered higher than expected profitability off the back of the large wheat harvest. Trade operating profit grew by 35,8% off the back of healthy revenue growth and sterling operational cost controls. This was mainly due to vibrant agri-input supply spend on farms and improvements in the fruit sector market share. Retail-related category sales, although not as buoyant as agri-related category sales, still grew by 18,0%. Retail Fuel & Convenience grew profitability by 66,1% despite the lingering effect of the pandemic, with fuel litre growth of 9,7%.

Agrimark Grain operating profit grew by 12,5%, a result of the larger wheat harvest. On a statutory basis, the combined segment operating profit return on net assets employed by the segments was 19,2% in 2021 and 17,9% in 2020. This is on the back of combined statutory segment operating profit growth of 20,6%. The Trade, Retail Fuel & Convenience and Manufacturing segments are well positioned for continued future growth, and the Agrimark Grain segment remains reliant on wheat harvests and climatic conditions. Trading profit contribution from retail categories remained higher than agri-input supply categories despite the COVID-19 impact on retail trading conditions. This speaks to our strategy of diversifying the company's activities to reduce our exposure to a single income channel.

The company continued to preserve liquidity and strengthen the balance sheet in these trying times, completing the sale of 21 TFC properties as part of the disposal of TFC Properties (Pty) Ltd. Dividends were normalised in the year after the COVID-19-related reduction in the prior year.

GOVERNANCE

At year-end, our broad-based black shareholders held equity in the company worth R772,8 million.

The Board holds the requisite skills to lead an increasingly diversified business, with Board composition being reviewed on the basis of a three-year revolving plan. The Board remains cognisant of the regulatory environment governing the business, including King IV, the JSE Listings Requirements, the Companies Act and other applicable legislation.

COMMUNITY AND SOCIAL INITIATIVES

Being a place where people still count, we place as much value on our responsibility to the environment and society as we do on our shareholders and employees. Our investments in socio-economic development programmes mostly support peri-urban and rural communities and are an enabler for broad-based economic transformation and poverty alleviation. Our programmes focus on the education of children at primary, secondary and tertiary level; adult education programmes encompassing, inter alia, training and development of farmers and farmworkers; and community outreach programmes supporting the needs of children, the elderly and the vulnerable in disadvantaged communities in which we operate.

This year, we continued to plough significant resources in support of the Kaap Agri school bursary programme, a new virtual classroom programme and the farmer development courses hosted at the Kaap Agri Academy. We also took pride in joining forces with our fellow South Africans to contribute to COVID-19 relief efforts.

More than 430 new generation farmers have passed through the Kaap Agri Academy doors and have gone on to implement what they learnt in the classroom. We remain in contact with past graduates and continue to provide mentorship and assistance where possible. We are proud that, through their empowerment at the Kaap Agri Academy, graduates are able to contribute to food security in underprivileged communities, leaving them better off. GrowBox, a wholesale nursery run by a Kaap Agri Academy graduate, is one such programme which provides fresh fruit and vegetables to the Hanover Park community.

The pandemic accelerated a different approach to traditional teaching methods, and we introduced further digital transformation initiatives for the new generation farmer training. In addition, we also introduced e-learning to a Quintile 1 school serving the children of farmworkers and the community of Groendal in Franschhoek. This virtual classroom programme supporting youth to develop literacy and numeracy skills through the provision of iPads and CAPS-aligned curriculum applications is a first for us and has proven to be successful thus far.

We maintain our focus on supporting our bursary students and we are pleased to report that 46 secondary school learners have benefited this year, with learners supported at tertiary level having increased to six students. We are proud of the achievements of Lelethu Sodlulashe, our grade 11 bursary student who was appointed as head girl at Swartland High for the next academic year, and we celebrate the achievements of two tertiary learners who qualified for participation in the Stellenbosch University High Performance Centre programme. In support of developing future leaders in the agricultural sector, we have committed to support a cohort of final-year students to participate in a leadership development course developed by the University of Stellenbosch.

The implementation of community outreach projects in rural areas in which we operate remains a pivotal focus of our socio-economic development strategy. The Porterville Community Association's wheat cultivation project has raised in excess of R1,6 million to date, and the provision of uniforms, stationery and school bags remains a highlight for learners at rural farm schools, much like the learners at Scheeperskraal school, a school primarily for children of farmworkers in the Eden Municipality, which benefited from this year's project.

We showed top level support in managing COVID-19 through regular employee communications addressing vaccine hesitancy, and providing relevant and factual information on health and safety protocols and vaccination sites. We also facilitated vaccinations through the provision of additional special paid leave arrangements for employees who wished to get vaccinated and supported various campaigns initiated by Business for South Africa.

Stemming from our engagements with stakeholders, we understand that logistical challenges for vaccinations in rural areas have resulted in a slower uptake of vaccinations. We have therefore partnered with the Witzenberg Municipality, the Western Cape Department of Health and farmers in the Ceres area to provide a mobile vaccination unit for the Witzenberg area. The mobile unit aims to vaccinate 70% of the Witzenberg population and has proven to be successful, with 24 365 people reached to date at 110 farms and 43 packhouses.

OUTLOOK

The Board believes the Group remains well positioned for further growth. In line with our strategic focus areas, efforts will continue to optimise offerings at existing branches and be more selective with the expansion of the TFC footprint.

Agriculture conditions in the areas in which we operate were largely positive and the outlook remains positive. The agricultural sector is high on the political agenda to stimulate economic growth in the country, which should lead to infrastructure investments. We still believe that expropriation without compensation will be focused on constructively addressing social inequalities and supporting commercial production to maintain our food security status. The company's diversified exposure to other retail markets bodes well for sustainable growth. Although COVID-19 has had a lasting impact on the economy, the company is on track to achieve growth above inflation in the medium term.

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

GM Steyn
Chairman

S Walsh
Chief Executive Officer

Financial performance

Our financial strategy underpins the Group strategy.

Group Financial Director's report

STRATEGIC PRIORITIES

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

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

> **RHEPS**
We consider RHEPS growth to be a strong indicator of sustained wealth creation, as it eliminates the impact of infrequently recurring events. Successful execution of the four strategic focus areas should ultimately be reflected in superior RHEPS growth.

> **ROIC**
We have prioritised ROIC, as we consider this to be an appropriate measure of our efficiency of allocating capital to investments. This is particularly important given our footprint growth and diversification strategy. ROIC is compared to the weighted average cost of capital and applied to capital invested to determine value creation.

> **Return on equity ("ROE")**
We believe ROE is a true bottom line profitability measurement relevant to shareholders, comparing the earnings available to shareholders to the capital provided by shareholders.

> **Return on sales ("ROS")**
We measure our ability to translate revenue into earnings by ROS. This indicator considers our ability to procure optimally, to effectively operate our business on a low-cost model and the funding impact of investment activities and balance sheet optimisation.

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

INCOME STATEMENT

Kaap Agri performed strongly during the year, increasing revenue by 23,4% to R10,6 billion, up from R8,6 billion in the previous financial year, with like-for-like comparable growth of 12,6%. The revenue growth was achieved off the back of a 17,0% increase in the number of transactions. It is important to note that this strong performance is compared to the 2020 financial year in which, despite a significant negative COVID-19 impact, revenue still showed positive growth of 1,5% compared to 2019.

Retail sales growth outperformed agri sales growth; however, when considering the higher inflation experienced in the retail income channel, agri sales outperformed retail sales in real terms. Product inflation is estimated at 4,0% for the year. Despite high year-on-year ("YOY") fuel price inflation at year-end, annual average fuel price inflation had a lower impact on the Group basket this year compared to previous years, and excluding the impact of fuel inflation in the revenue basket, inflation was 3,9%. Retail Fuel & Convenience sales were hardest hit by COVID-19 restrictions but ended 23,3% up on 2019 levels.

Despite COVID-19, the Group showed a high degree of resilience under exceptionally challenging trading conditions. The riots and looting that swept across parts of the country in July had little direct impact on the Group, as our store presence is limited in the affected areas. The supply chain impact on our suppliers was minimal and has largely normalised. The Group's diversification is expected to generate improved results in the year ahead, as income streams which were constrained during COVID-19 recover further.

The Group's growth strategy of footprint expansion combined with the upgrade and improvement of existing offerings continued during the year, albeit at a reduced level. While no new fuel sites were added, Group fuel volumes increased by 13,0% in the year with The Fuel Company ("TFC") growing annual fuel volumes by 9,7%. Collectively, seven new retail and agri trade sites were added to the Group. A new standalone Agrimark Pet store was opened in Green Point, Cape Town to test the viability of this model. The Group, through its subsidiary Partridge Building Supplies (Pty) Ltd ("Forge"), acquired the business of Farmsave (Pty) Ltd ("Farmsave") effective 28 July 2021. Farmsave is a supplier of predominantly agri-input supplies into Central KwaZulu-Natal, and will further enhance our reach in this area and provide opportunities to scale up in the new generation farmer channel. The Farmsave acquisition added five new stores. Forge added one store in Bulwer, KwaZulu-Natal. A number of smaller Agrimark upgrades and expansions were completed, and an additional 10 500 tons are being added to our grain storage capacity. The earlier decision to slow down further footprint expansion across the business and to focus on delivering returns on previously invested capital yielded positive results, with gearing levels and investment returns improving during the year. The business will continue to investigate value-enhancing opportunities.

Gross profit increased by 20,2% and at a rate lower than revenue growth due partly to a higher contribution of lower-margin fuel revenue as well as sales mix changes and margin pressures in certain retail and agri trade categories. It is expected that retail margins will remain under pressure as consumer spending patterns adapt to a changed and constrained economic environment. Fuel prices increased steadily throughout the year, ending 20,8% higher (petrol) and 16,4% higher (diesel) compared to last year.

Effective cost management remained a key focus area during the year, specifically the optimisation of salary-related expenditure and associated costs. During the previous financial year, the Group implemented several COVID-19-related cost interventions that did not repeat in the current year. The non-like-for-like impact of costs related to the conversion of two managed fuel sites to owned sites, the addition of seven new retail and agri trade sites and the impact of costs normalising after the prior year's savings, resulted in expenditure increasing by 18,8% in the current year while like-for-like expenditure only grew by 10,9% (7,3% when excluding the impact of Group performance incentives).

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

Partridge Building Supplies (Pty) Ltd, which trades as Forge in the Southern KwaZulu-Natal Midlands, delivered exceptional results and has proven to be a solid acquisition. Further footprint expansion and revenue-enhancing opportunities are being explored.

Interest received reduced by 20,0% due to a combination of lower interest rates on debtors accounts and reduced average out of term debtor balances. Interest paid to banks reduced by 24,6%, a combination of lower interest rates and lower average borrowings for the year. Strong trading performance and reduced capital expenditure had a positive impact on borrowings. As at 30 September 2021, net interest-bearing debt decreased by R118,1 million compared to the prior year. R418,8 million of the original R450 million term debt remains.

Earnings before interest, taxation, depreciation and amortisation ("EBITDA") grew by 19,2% and lower than earnings growth, due partly to lower gross profit margins. Previously, EBITDA was calculated including interest received but excluding interest paid. The calculation of EBITDA was changed to exclude both interest received and interest paid, as this is deemed to be a better reflection of the true operational performance of the Group and an improvement in disclosure. Comparable EBITDA performance was updated with this improvement in methodology.

The Group's effective tax rate of 27,8% (2020: 26,9%) is higher than last year due mainly to the effect of the non-taxable revaluation of put options.

Headline earnings increased by 19,4% while recurring headline earnings ("RHE") grew by 23,8%. Once-off items, predominantly adjustments for the interest and remeasurement of liabilities relating to put options exercisable by non-controlling subsidiary shareholders, and costs associated with new business development, are excluded from headline earnings to calculate RHE. The performance of Forge during the year was exceptional and above expectation, which necessitated an upward revaluation of the put option for the remaining 40% shareholding. While this negatively impacts headline earnings, it is added back to calculate RHE and furthermore bodes well for future earnings enhancement.

Headline earnings per share of 454,92 cents increased by 17,1% while RHEPS of 477,55 cents grew by 21,7% on last year. RHEPS grew by 27,3% compared to 2019, a non-COVID-19 reporting period.

Return on revenue remained constant at 3,3% YOY.

A gross final dividend of 111,00 cents per share (2020: 50,00 cents) has been approved and declared by the Board from income reserves, for the period ended 30 September 2021. The final dividend amount, net of South African dividends tax of 20%, is 88,80 cents per share for those shareholders not exempt from dividend tax or who are not entitled to a reduced rate in terms of the applicable double tax agreement. Including the interim dividend, the total dividend for the year ended 30 September 2021 of 151,00 cents per share (2020: 50,00 cents) increased by 202,0% over the prior year. The total dividend per share represents a dividend cover of 3,0 times (2020: 7,4 times).

STATEMENT OF FINANCIAL POSITION

Capital investment of R124,0 million was incurred of which R59,3 million related to the acquisition of Total Atlas Road and Caltex PE, both of which relate to acquisitions entered into during the prior year, and Farmsave. A further R32,3 million was spent on replacement capital expenditure with the balance relating to a multitude of smaller upgrades and expansion as well as further modules of supply chain optimisation software.

Working capital was well controlled, increasing by only R108,1 million YOY. Debtors grew at a rate lower than the increase in credit sales and out of terms increased by only 3,3%, highlighting the quality of the debtors book. Debtors turn on average 4,1 times per year (2020: 4,2 times). Securities are held where appropriate and we believe we are suitably provided for when considering the health of the debtors book.

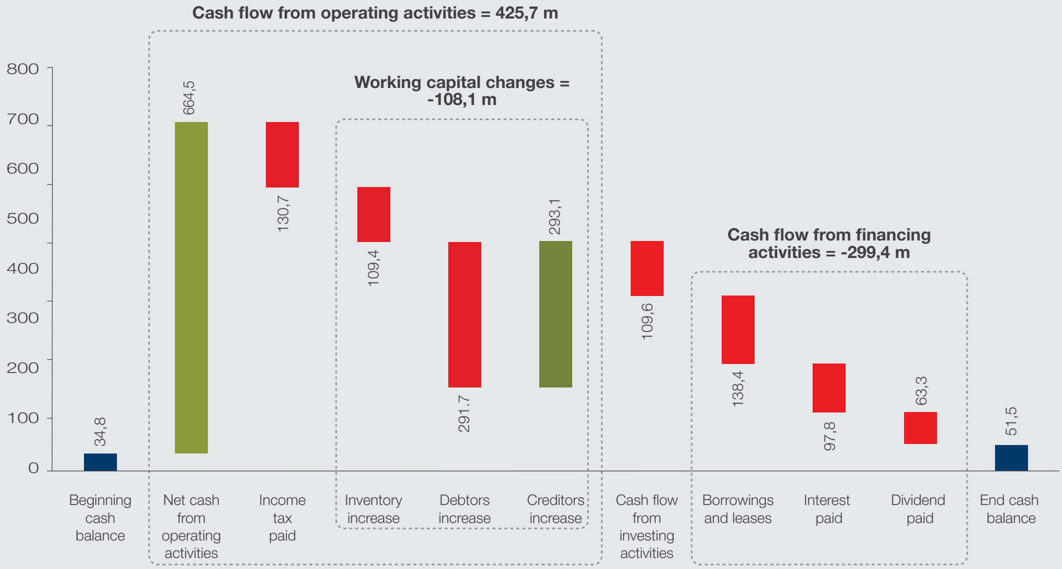
Our investment in centralised procurement and distribution, and stock management, continues to generate positive returns, with inventory growing by only 10,6% compared to revenue growth of 23,4%. Creditors days decreased slightly. Return on net assets increased to 9,8% from 8,4% last year. YOY ROIC improved from 10,6% last year to 11,1% this year and remained above the weighted average cost of capital in the business.

Net interest-bearing debt decreased by 8,9% to R1,2 billion. The Group's debt-to-equity ratio, calculated on average balances, decreased to 56,1% (2020: 64,9%) with net debt to EBITDA reducing to 2,2 times (2020: 2,9 times) and interest cover of 6,8 times (2020: 5,0 times). Gearing reduced in line with expectation due to a prudent approach to capital expenditure, strict working capital management and a strong trading performance. Sufficient funding headroom is available to meet the coming year's requirements. ROE increased to 15,3% (2020: 13,8%).

On 4 October 2021, an announcement was made regarding the disposal of TFC Properties (Pty) Ltd ("TFC Properties") subject to the fulfilment or waiver of certain conditions precedent, notably approval in terms of the Competitions Act, 89 of 1998. The historical rationale for acquiring retail fuel and convenience properties was aligned with the strategic drive of footprint growth in this new market. Given that TFC has successfully entered the retail fuel and convenience markets, and upon reviewing the returns generated on capital invested, it was decided to dispose of TFC Properties, and in doing so enter into long-term leases to ensure tenure on its fuel retail sites. The disposal of TFC Properties has no impact on the ongoing trading of TFC Operations (Pty) Ltd. Proceeds from the disposal of TFC Properties will in the interim be used to reduce borrowings and to fund higher return-generating acquisition opportunities. The purchase consideration payable to Kaap Agri, taking into account its equity value and shareholder loan balance, approximates to R445,6 million.

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

2021 CASH FLOW WATERFALL (RM)



Group cash generation remains strong with a focus on driving returns on capital previously invested in the business. While the level of investment in terms of footprint growth was lower this year, the coming year will see an increase in capital expenditure, both related to capacity enhancements and footprint expansion.

SHAREHOLDER VALUE CREATED

Kaap Agri aims to create sustainable shareholder value. Two of the main reasons for listing on the JSE in 2017 included unlocking shareholder value and improving liquidity. While the volume of shares traded since listing has increased significantly, the overall lack of liquidity and price volatility off low volumes remain a challenge. The past year has seen strong growth in the Kaap Agri share, with the market capitalisation of Kaap Agri increasing by 102,2% since September 2020 and 32,6% compared to September 2019.

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

Using the 90-day volume weighted average share price, Kaap Agri's TRI at 30 September 2021 was 8,6% per annum since September 2015 and has shown a strong bounce back from the negative return reported last year.

At year-end, the Kaap Agri share traded at a 90-day volume weighted average share price of R40,03 per share. The closing share price of R41,45 per share represents a price earnings ratio of 8,7 calculated on RHEPS.

OUTLOOK

Agricultural conditions in the areas in which we operate have largely been positive; however, certain areas remain under pressure, particularly the Eastern Cape and northern regions of the country. Good rainfall throughout the wheat season resulted in high expectations for the coming wheat harvest, with all indications pointing to an above-average yield across the total Swartland region. Although always weather dependent, the outlook for fruit and vegetable production in the upcoming agricultural season looks encouraging. The agricultural sector remains cautious regarding policy uncertainty around land rights.

COVID-19 has had an indelible impact on the lives of all people, and consumer behaviour and patterns have been permanently affected. While agri trade has been the least impacted by COVID-19 due to the essential nature of food production, it has been encouraging to see areas within our retail trade returning to pre-COVID-19 levels. Concerning trends in the agri environment are rising input costs, curtailed capacity expansion and ongoing logistics challenges, specifically export related. It is also expected that pressure will remain on fuel volume sales with a longer recovery period anticipated in business and leisure travel and associated convenience and quick service restaurant spend. Although the focus remains on driving returns on capital already invested in the business, selective high-return-generating capital investment opportunities will be pursued.

The disposal of TFC Properties will free up underperforming capital and enhance Group ROIC returns.

Notwithstanding the COVID-19 challenges we have endured and the impact of immense economic hardship facing many consumers, business performance was positive, and the Group has again delivered results ahead of expectation under the current circumstances and ahead of pre-COVID-19 levels compared to our competitors. Our balance sheet strengthened during the year and cash generation improved. We continue to monitor the pandemic closely and have embedded all necessary protocols in our daily operations. In doing so, we have embraced the opportunities COVID-19 has presented to better serve our customers and to enhance our various digital engagement platforms to improve customer safety and convenience.

We are committed to our growth and diversification strategy and will continue the drive to reduce our overall group risk position and enhance value creation. We believe the Group is well positioned and equipped to capitalise on any improvement in trading conditions, and look forward to the challenges of the new year.

GW Sim
Group Financial Director

Our new private label brands present further opportunities for us to rev up the driver of innovation as we focus on exploring different product supply solutions to create new sales opportunities and transform Agrimark's retail offering."
– Johann Stapelberg, Executive Manager: Procurement

#BreakingNewGround

Introducing new private labels

In support of Agrimark's expanding retail appeal, Kaap Agri launched two new private labels. Waypoint, a brand of outdoor leisure products and camping essentials as well as a private label pet care brand, ZiggiPet – a first for Agrimark.

With the brand promise, "Let us get you out there", Waypoint offers practical, easy to use equipment, such as camping chairs, coolers and lighting that helps you enjoy the outdoors with the minimum of fuss.

The initial ZiggiPet product on shelf is food for adult dogs. Prepared from high-quality ingredients, it's a no nonsense, uncomplicated dog food, providing healthy balanced nutrition at a competitive price.

The private labels offer several benefits to Kaap Agri, including brand and distribution exclusivity, control over pricing strategy and expanding market share in key categories. The items sold under the private labels are manufactured by a third-party manufacturer.

Five-year financial review

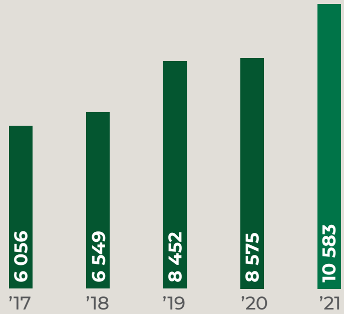
	GROUP 2021 R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000
Income statement					
Revenue	**10 582 588**	8 574 668	8 451 520	6 548 793	6 055 721
Direct business	**2 574 685**	2 256 274	2 347 209	2 237 658	2 146 981
Value of transactions	**13 157 273**	10 830 942	10 798 729	8 786 451	8 202 702
Profit before tax	**460 199**	381 514	379 841	344 904	332 622
Income tax	**(127 923)**	(102 336)	(98 562)	(95 947)	(91 497)
Profit after tax	**332 276**	279 178	281 279	248 957	241 125
Headline earnings adjustment	**(1 470)**	(2 069)	1 995	(578)	2 074
Headline earnings	**330 806**	277 109	283 274	248 379	243 199
Non-recurring items	**16 402**	3 344	(14 721)	3 604	4 470
Recurring headline earnings	**347 208**	280 453	268 553	251 983	247 669
Attributable to shareholders of the holding company	**335 630**	275 810	263 428	249 273	247 669
Non-controlling interest	**11 578**	4 643	5 125	2 710	–
EBITDA*	**552 792**	463 696	424 322	361 976	334 016
Interim	**28 112**	–	23 338	22 548	20 716
Final	**78 012**	35 141	63 416	59 681	58 201
Dividend paid	**106 124**	35 141	86 754	82 229	78 917
Gross dividend	**111 997**	37 085	91 600	86 557	83 071
Dividend on treasury shares	**(5 873)**	(1 944)	(4 846)	(4 328)	(4 154)
Statement of financial position					
Non-current assets	**2 442 661**	2 345 689	1 785 701	1 304 896	1 076 812
Current assets	**3 369 763**	2 927 774	3 002 041	2 622 335	2 333 025
	5 812 424	5 273 463	4 787 742	3 927 231	3 409 837
Liabilities and loans	**(3 414 258)**	(3 146 760)	(2 861 494)	(2 184 485)	(1 827 856)
Total shareholders' equity	**2 399 115**	2 126 703	1 926 248	1 742 746	1 581 981
Net interest bearing debt	**1 209 898**	1 328 006	1 304 259	987 538	755 300
Statement of cash flows					
Cash flow from operating activities	**432 319**	494 477	353 979	237 025	489 704
Cash profit after tax from operations	**533 838**	514 892	451 747	364 175	386 542
Working capital changes	**(108 104)**	(20 415)	(97 768)	(127 150)	103 162
Cash flow from investment activities	**(115 561)**	(310 892)	(437 378)	(283 503)	(272 985)
Cash flow from financing activities	**(300 041)**	(195 137)	89 554	51 604	(198 614)
Net cash flows	**16 717**	(11 552)	6 155	5 126	18 105
Ratios					
Total shareholders' equity: Total assets employed	**40,8%**	40,3%	42,1%	45,3%	46,4%
Net interest bearing debt: Total assets employed	**22,9%**	26,2%	26,3%	23,8%	24,1%
Net interest bearing debt: Total shareholders' equity	**56,1%**	64,9%	62,5%	52,4%	52,0%
Recurring headline earnings: Shareholders' interest	**15,3%**	13,8%	14,6%	15,2%	16,6%
EBITDA*: Net assets	**21,0%**	19,7%	20,1%	19,1%	19,7%
RONA	**9,8%**	8,4%	9,0%	9,6%	10,5%
Interest cover (times)	**6,8**	5,0	5,0	5,5	6,9
Per share					
Shares issued (number – '000)	**70 281**	70 281	70 237	70 162	70 462
Weighted average shares issued (number – '000)	**70 281**	70 266	70 211	70 396	70 462
Recurring headline earnings per share (cents)	**477,55**	392,52	375,19	354,10	351,49
Dividend per share (cents)	**151,00**	50,00	123,50	116,70	112,00
Net asset value per share	**R32,57**	R28,86	R26,00	R24,80	R22,45

Ratios calculated on average balances.

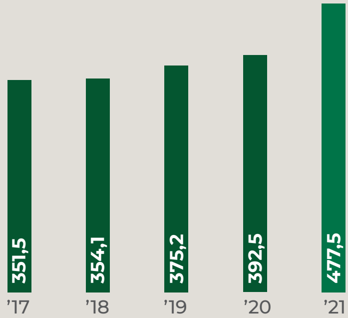
Non-recurring items consists of non-recurring expenses associated with acquisitions of new businesses as well as the revaluation of put options.

* *Previously EBITDA was calculated including interest received but excluding interest paid. As EBITDA is intended to be a reflection of true operational performance and in the interests of improved disclosure, the calculation of EBITDA has been changed to exclude both interest received and interest paid. This updated methodology has been consistently applied across all periods above.*

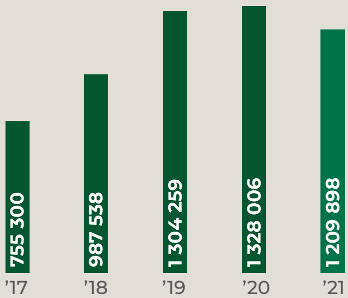
REVENUE (R'000)



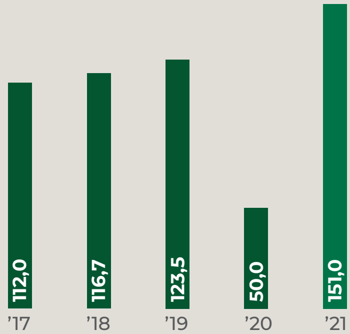
RECURRING HEADLINE EARNINGS PER SHARE (CENTS)



INTEREST-BEARING DEBT (R'000)



DIVIDEND PER SHARE (CENTS)



Governance and sustainability

BOARD OF DIRECTORS

Chairman

GM Steyn[2,4,6]

Non-Executive

I Chalumbira

BS du Toit[1,4]

D du Toit[1,2,4]

JH le Roux[5]

EA Messina[3,4,6]

WC Michaels[4]

CA Otto[1,2,4,6]

HM Smit[3,4,5]

Executive

S Walsh – Chief Executive Officer

GW Sim – Financial Director[5]

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

EXECUTIVE MANAGEMENT

JL Abrams	The Fuel Company
DW Beukes	Financing Services
J de Lange	Grain Services
DC Gempies	Human Resources
C Graham	Information Management
AJ Griesel	Operations
C Matthew	Agriplas
GW Sim	Finance
HJ Smit	Procurement and Logistics
T Sulaiman-Bray[1]	Corporate Affairs
WA van Zyl	Properties
GC Victor	Finance
S Walsh	Chief Executive Officer

[1] *Social and Ethics committee*

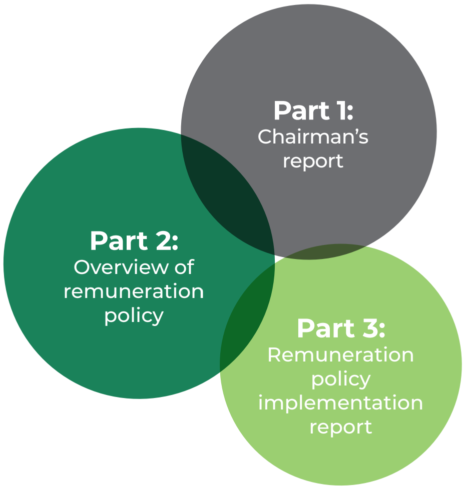
Remuneration report

PART 1: BACKGROUND STATEMENT

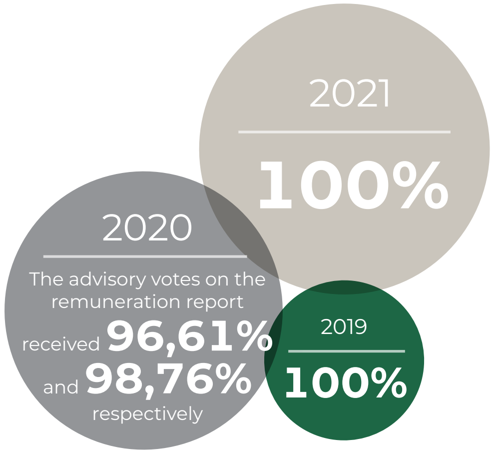
On behalf of the Board, I am pleased to present the remuneration report for the year ended 30 September 2021. Our remuneration philosophy complies with the recommendations of King IV and other legislative requirements.

The remuneration report provides stakeholders with an overview of our Group's remuneration philosophy and key remuneration policies, and sets out how these policies were implemented during the 2021 financial year ("FY21"). The report also focuses on the payments made to non-executive and executive directors during FY21.

We adopted the three-part remuneration report approach:



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



Context

We experienced a continuation of the COVID-19 pandemic impacting the operating conditions under which the Group trades. Notwithstanding the continuous impact of the COVID-19 pandemic, the Group has shown a high degree of resilience under exceptionally challenging trading conditions. We had no salary sacrifices during the current year compared to the prior year where it was relevant. The remuneration framework remained unchanged. This year the annual salary increase was implemented effective from 1 February, which is the new increase date. We are committed to our accelerating performance culture and through committed leadership and their teams, we will continue to drive our business growth strategy.

Activities of the Remuneration Committee ("Remcom")

During the year, the activities of the Remcom included the following:

> Approving annual increases for FY21

> Approving annual increases mandate for FY22

> Approving performance appraisal framework

> Approving the Paterson Grading results of Exco position, effective May 2021

> Approving directors' fees, for final approval at AGM

> Approving the payment of short-term incentives ("STIs") for FY21 based on the Group performance targets being achieved

- Approving certain elements of the Conditions of Service
- Noting the employment equity plan ("EEP") (2019 to 2021) with the EE report for 2021
- Noting Talent Value Management ("TVM") process
- Noting the payment of performance bonusses in line with the guidelines of the Recognition and Reward Schemes

The Remcom remains confident that the policy is business informed, aligned with the Group's strategic objectives and supportive of the Group's long-term business strategy. We are continuously monitoring any changes in legislation that might impact our human capital, policy and practices. The Remcom will continue to review the policy to ensure it remains relevant, fair and equitable.

PART 2: OVERVIEW OF THE 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 Group through our performance management approach, recognition and reward systems, and total guaranteed pay ("TGP") management.

We ensure remuneration is appropriately set against multiple factors. These include the complexity of functions, the scope of accountability, market practice and competitiveness, the alignment of risks and rewards, and the long-term objectives of the Group and its shareholders. We are committed to the principle of equitable remuneration; however, we acknowledge some jobs with similar grades will earn different 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

Group-wide remuneration approach and the wage gap

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

- Remuneration arrangements for all employees, particularly the level of annual increases
- Salary benchmark recommendations for Paterson grades E to F band (Exco level)
- Salary benchmark recommendations for Peromnes grades P3 to P10*
- Salary comparative report to ensure compliance with bargaining councils and sectoral determination minimum pay rates for Peromnes grades P11 to P18

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 Group, P3 being the highest position and P18 the lowest.*

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, marketers commission, and STI and long-term incentive ("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 is 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	Culture	Personal growth	Reward	Recognition	Retention
> Growth strategy > BEE level > Sustainability > Socio-economic development initiatives > Ethics	> "Mens-mense" culture (CARE) > Accelerating performance (META) > Embrace diversity > Engagement	> TGP > Benefits and funds > Compatible conditions of service > Benchmarking	> TVM > Training and development > Career path > Bursaries	> Recognition and praise programme > Recognition and rewards systems > Celebrate success > Communication	> Fair and equitable TGP > Total remuneration (including recognition and reward schemes) > Retention programme

Group

The Group aims to create and add value so that all our stakeholders are better off because we exist. We implemented EE and work skills actions 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:

2019	2020	2021
19,7	19,4	19,7

The Department of Labour accepted the Group's three-year (3) EEP for the period 2019 to 2021, with yearly progress reports. The year-on-year growth in African, coloured and Indian ("ACI") and female employee representation within management level is illustrated below:

4,5%
growth in ACI representation within the management and specialised level.

3,4%
growth in the ACI representation of the overall workforce, with 80,1% overall ACI representation.

1,8%
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 and underpinned by the META methodology of acceleration. The programmes are being rolled out to all management levels.

During the year, we conducted two surveys with the management and specialised manning levels throughout the Group:

Organisational Acceleration Questionnaire ("OAQ") – META survey
7,8%
year-on-year growth in OAQ
96%
participation rate

Employee engagement survey – CARE survey
65%
overall engagement levels
4,2%
year-on-year growth in participation rate, with 75% participation

83,3%
recommended the Group as a great place to work

89,5%
are seeing themselves working for the Group a year from now

The EVP's cornerstone is our people-driven company culture that lies at the very heart of Kaap Agri. We continuously strive to make Kaap Agri a place where people still count and where diversity and empowerment are embraced. The Group's accelerating performance culture is built on CARE and underpinned by META, described below.

C A R E

COMMUNICATE

Focus:
Open, clear, honest

ALIGNMENT

Focus:
Shared services, shared results

RELATIONSHIP

Focus:
Authentic, recognition, time

EMPOWERING

Focus:
Development, better off, ownership, grow

M E T A

MOBILISE

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

EXECUTE

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

TRANSFORM

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

AGILITY

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

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.

60% employee beneficiaries of these interventions

64% 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

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

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

77,3%
participation rate

85,1%
of the budgeted benefits were distributed to employee beneficiaries

Employees are nominated by management according to the following categories. The successes were celebrated with each individual and team winners, which included a Go for Gold prize.

Employee champion – META (employee)
This category recognises employees who excel in their jobs and go beyond the call of duty.

CARE ambassador (employee)
This category embodies the CARE values evident in employees' 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 and 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 led to a decline in the management-level turnover rate. The OAQ survey conducted with management and specialised level employees resulted in evidence supporting the EVP. A focused reward and recognition survey based on the OAQ results was conducted for the same cohort, which led to improvement of this element of the EVP.

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

89,5%
see themselves continuing to work for the company

Recognition and reward schemes

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 operation controllers and junior branch managers	The performance period is annually reviewed with quarterly and/or annual 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 per share ("RHEPS")	Paid in December based on specific performance targets 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 Vesting occurs in equal tranches in the second, third, fourth and fifth years

Performance bonus

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

Performance bonuses 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 annually (based on achieving predetermined sales performance targets) and a percentage of monthly TGP paid annually (based on achieving predetermined performance bonus targets ("PBTs")).

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

Commission earners

Commission earners (e.g., marketers) within 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 are 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 September consumer price index ("CPI") percentage plus a growth percentage target with an increment interval of 1,25%. An example of the growth target for year-on-year performance is illustrated below:

Year-on-year performance growth target calculation

CPI (example)	5,00%	Average 12-month annual inflation in September						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.

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
- Give participants an opportunity to acquire shares in the Group through granting options to future shares, subject to certain performance criteria

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 *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 RHEPS 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 50% 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 (6) times annual TGP for the CEO
- Four (4) times annual TGP for the Financial Director
- Three (3) times annual TGP for directors
- 0,75 times annual TGP for Group managers

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.

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

The performance measure for both the STI and LTI as approved by Remcom during 2020 refers:

- The STI will remain a cash-settled scheme with a growth target of RHE per share (calculated based on RHE attributable to holding company shareholders).
- The LTI will remain as an equity-settled incentive scheme; and rights vesting will include a return on invested capital ("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	% of rights vested
Vesting hurdles			
ROIC achieved <75% of weighted average cost of capital ("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

Executive director and key management contracts

Executive directors and other 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 re-imbursed 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 2022 non-executive directors' fees

Fees for the 2022 year will be submitted for approval by shareholders at the Group's AGM to be held on 10 February 2022, in compliance with the Companies Act. Refer to special resolution number 1 on page 7 in the notice of AGM.

The proposed fees* are as follows:

Directors' fees	**2022**
Director – base fee	**196 700**
Board Chairman	**+429 400**

Committee	**Member**	**Chairman**
Audit and Risk committee	**+147 200**	**+293 800**
Finance committee	**+61 200**	**+147 200**
Remuneration committee	**+122 900**	**+245 200**
Social and Ethics committee	**+31 400**	**+92 600**

* *The proposed fees are VAT exclusive.*

Remuneration governance

The Remcom is a Board committee primarily responsible for overseeing the remuneration and incentives of executive directors and key management. The Board annually appoints committee members and the chairman, who is an independent non-executive director. Members consist of at least three non-executive directors, the majority of whom are independent.

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

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	**2021 R'000**	2020 R'000	Change %
S Walsh	**5 232**	4 901	6.8
GW Sim	**3 494**	3 213	8.7

The salary increase dates for executive directors were moved from 1 July 2020 to 1 February 2021 due to COVID-19-related remuneration interventions. These dates align with the increase dates of the wider business. The above takes into account COVID related salary sacrifices in 2020.

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 pandemic's impact on the annual salary increase percentage implemented during the year is illustrated below:

Peromnes broadband	Employee group	Percentage increase 2021
P1 to P4	Senior and top management	**4,51**
P5 to P9	Middle and junior management	**4,32**
P10 to P14	Admin and senior store staff	**4,39**
P15 to P18	General workers	**5,46**
Overall		**4,77**

STI performance outcomes

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

Performance condition	Weighting	Threshold performance level	Stretch performance level	Actual performance level	Achievement (% maximum)
Growth in RHEPS	**100%**	**CPI**	**CPI +12,5%**	**CPI +17,7%**	**100%**

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 2021:

30 September 2021 **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	**4 809**	**72**	**351**	**6 375**	**–**	**11 607**
GW Sim	**3 081**	**82**	**331**	**3 476**	**–**	**6 970**

≠ *These values are based on the cash value of the LTI awards vested during 2021.*

Voting at 2021 AGM

At the AGM held on 11 February 2021, the Kaap Agri shareholders endorsed both the policy and implementation report of the company by way of separate non-binding advisory votes of 100% 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, 10 February 2022.

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.

For comparison, the following table sets out the remuneration paid to executive directors in 2020:

Executive directors 30 September 2020	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.*

LTIs awarded in 2021

The following section sets out the options granted to executive directors under the equity-settled management share incentive scheme during 2021:

Executive director	Date awarded	Number of options awarded	Face value of options at grant*	Fair value of options at grant**	Final vesting date
S Walsh	12 January 2021	37 647	923 481	175 054	1 October 2022
	12 January 2021	37 647	923 481	209 435	1 October 2023
	12 January 2021	37 647	923 481	234 558	1 October 2024
	12 January 2021	37 647	923 481	253 780	1 October 2025
GW Sim	12 January 2021	19 253	472 270	89 523	1 October 2022
	12 January 2021	19 253	472 270	107 106	1 October 2023
	12 January 2021	19 253	472 270	119 969	1 October 2024
	12 January 2021	19 253	472 270	129 784	1 October 2025

* *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.

Termination/hiring

There were no changes at the non-executive director level.

Non-executive directors

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

Name of NED	Appointed to the Board	Resigned from the Board	Directors' fees
GM Steyn	May 2012	–	713 500
CA Otto	November 2011	–	700 800
EA Messina	March 2017	–	275 600
WC Michaels	August 2017	–	187 400
HM Smit	November 2011	–	275 600
D du Toit	March 2017	–	444 700
JH le Roux	April 2014	–	327 600
BS du Toit	November 2011	–	327 600
I Chalumbira	September 2018	–	187 400

CA Otto
Chairman: Remuneration Committee

Corporate governance report

APPROACH TO ETHICAL AND EFFECTIVE GOVERNANCE

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

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

KING IV PRINCIPLES DISCLOSURE

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

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

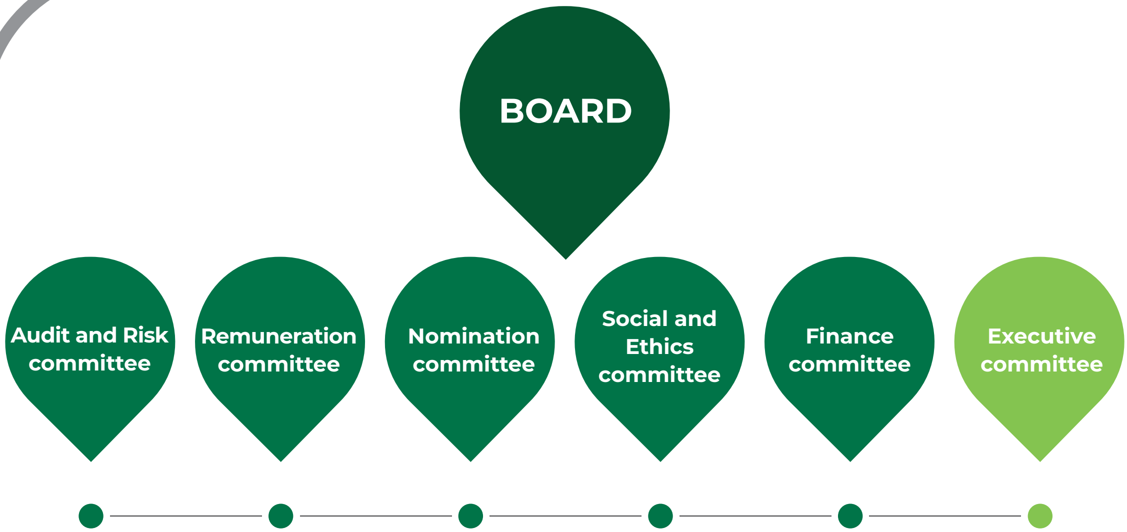
GOVERNANCE STRUCTURE

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

The Board is chaired by an independent non-executive director. It has 11 members and is supported by five Board committees and the Executive committee. These committees have clear terms of reference to help execute their duties and the due governance required in each area of the business.

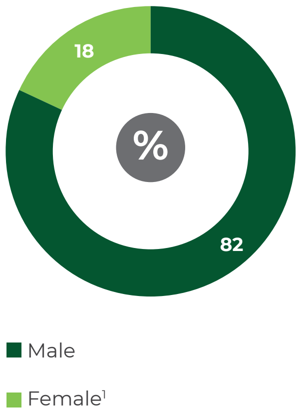
The roles of the Chairman and CEO are clear and separate. The CEO is tasked with the day-to-day operations of the business in line with the Group's decision-making framework. The CEO is supported by the Executive committee, two members of which are Board members. The Board is satisfied the decision-making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

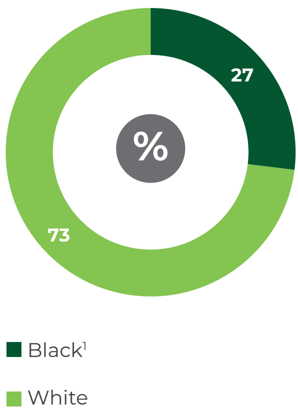
The Board is satisfied that the current composition enables ethical and effective leadership. It will strive to further improve diversity.



BOARD STRUCTURE

COMPOSITION AND EXPERTISE





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

Board meeting attendance

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

1 *Executive.*

Board profiles as at 30 September 2021

I Chalumbira (50) Non-executive director

Appointment date:	September 2018	
Qualifications:	BSc (Industrial Psychology) MBA (Strategy)	
Committee membership:	N/A	
Other board memberships:	AIH Properties (Pty) Ltd Amber Cascades Trading 202 (Pty) Ltd Arlozone (Pty) Ltd Border Auto Centre (Pty) Ltd C-Max Investments 71 (Pty) Ltd Kebraware (Pty) Ltd Lionsecurity (Pty) Ltd Lionshare Developments (Pty) Ltd Lionshare Financial Services (Pty) Ltd Lionshare Holdings (Pty) Ltd Lionshare Logistics (Pty) Ltd Lionshare Management Services (Pty) Ltd Lionshare New Properties 2 (Pty) Ltd Lionshare Properties (Pty) Ltd Lionshare Property Management (Pty) Ltd Lionshare Trading (Pty) Ltd	Lionshare Venture Holdings (Pty) Ltd Matoppi Investments (Pty) Ltd Musina Intermodal Terminal (Pty) Ltd Nabuphase (Pty) Ltd Proc Corp 27 (Pty) Ltd Thovela Welkom Hospitality (Pty) Ltd Tungsten Bay (Pty) Ltd TFC Operations (Pty) Ltd TFC Properties (Pty) Ltd

BS du Toit (64)	Independent non-executive director	
Appointment date:	November 2011	
Qualification:	BAgric (Management)	
Committee membership:	Audit and Risk	
Other board memberships:	Freshgold SA Exports (Pty) Ltd Langrivier Beleggings (Pty) Ltd Langrivier Boerdery (Pty) Ltd	Wydekloof (Pty) Ltd 32 Degrees South Fruit (Pty) Ltd

D du Toit (45)	Independent non-executive director	
Appointment date:	March 2017	
Qualification:	BCom (Hons)	
Committee membership:	Audit and Risk Remuneration	
Other board memberships:	De Keur Agri (Pty) Ltd De Keur Beherend (Pty) Ltd De Keur Berries (Pty) Ltd De Keur Landgoed (Pty) Ltd De Keur Marketing (Pty) Ltd	De Keur Verpakking (Pty) Ltd Tipmar (Pty) Ltd Witzenberg Pals (Partners in Agri Land Solutions) PBO

JH le Roux (46)	Non-executive director	
Appointment date:	April 2014	
Qualifications:	BAcc (CTA), CA(SA), HDip (Tax)	
Committee membership:	Finance (chairman)	
Other board memberships:	Bakenskraal Investments (Pty) Ltd Capespan Group Limited Cerula 23 (Pty) Ltd Clean Air Nurseries Agri Global (Pty) Ltd The Logistics Group (Pty) Ltd Zaad Holdings Limited	Zeder Africa (Pty) Ltd Zeder Corporate Services (Pty) Ltd Zeder Financial Services (Pty) Ltd Zeder Investments Limited Zeder Management Services (Pty) Ltd

EA Messina (63)	Independent non-executive director	
Appointment date:	March 2017	
Qualifications:	BA (Hons), MA (Southern African Studies), MA (History), DPhil (History)	
Committee membership:	Social and Ethics (chairman) Nomination	
Other board memberships:	Bridge House School NPC Cape Town Radio (Pty) Ltd Du Toit Group (Pty) Ltd Groot Constantia Trust	TFC Operations (Pty) Ltd TFC Properties (Pty) Ltd

WC Michaels (48) — Independent non-executive director

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

CA Otto (72) — Independent non-executive director

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

GW Sim (51) — Group Financial Director (executive)

Appointment date:	August 2015
Qualifications:	BCom (Acc) (Hons), CA(SA)
Committee membership:	Finance
Other board memberships:	Agriplas (Pty) Ltd Empowerment and Transformation Investments (Pty) Ltd KAL Corporate Services (Pty) Ltd Kaap Agri (Aussenkehr) (Pty) Ltd Kaap Agri Bedryf Limited Kaap Agri (Namibia) (Pty) Ltd Mirage Motors (Pty) Ltd Tego Plastics (Pty) Ltd TFC Operations (Pty) Ltd TFC Properties (Pty) Ltd

HM Smit (58) — Independent non-executive director

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

GM Steyn (62)	Independent non-executive director (chairman)	
Appointment date:	May 2012	
Qualifications:	BA (Law), LLB	
Committee memberships:	Remuneration Nomination (chairman)	
Other board memberships:	Agristar Holdings (Pty) Ltd Du Toit Group (Pty) Ltd (chairman) George & Miets Beleggings (Pty) Ltd GMS Beleggings (Pty) Ltd Leopard Creek 21 (Beleggings) (Pty) Ltd Neusberg Boerdery (Pty) Ltd	NS Beleggings (Pty) Ltd RCL Foods Limited Stellenkaroo (Pty) Ltd

S Walsh (55)	CEO (executive)	
Appointment date:	November 2011	
Qualification:	BEcon (Hons)	
Committee membership:	N/A	
Other board memberships:	Agriplas (Pty) Ltd Kaap Agri Bedryf Limited Kaap Agri (Namibia) (Pty) Ltd	Tego Plastics (Pty) Ltd

RH Köstens (64)[1]	Company Secretary
Appointment date:	November 2011 (retired November 2020)
Qualifications:	BA (Law), LLB, LLM, postgraduate diploma in Taxation, MBA

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

1 *RH Köstens retired as Company Secretary at the end of November 2020, and a juristic person, KAL Corporate Services (Pty) Ltd, was appointed to hold the office of Company Secretary.*

APPROACH TO COMPLIANCE

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

There were no contraventions of agricultural law, penalties or fines reported during the year. To the Group's knowledge, there are no material legal, arbitration or pending proceedings in progress. For more information on our compliance approach (including the roles of the Compliance Officer, Audit and Risk committee and internal audit), refer to the risk report on page 57, and our full online governance report at www.kaapagri.co.za.

The Kaap Agri directors have confirmed that, to the best of their knowledge, Kaap Agri (i) complied with the provisions of the Companies Act, and (ii) operated in accordance with its Memorandum of Incorporation ("MOI") during the year.

CONFLICTS OF INTEREST

All Board members are required to state any possible conflicts of interest, financial or otherwise, at the start of each Board meeting. This includes members with interests in periphery businesses interacting with the Group. Refer to pages 76 and 112.

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

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

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

COMMITTEES AND THEIR ROLES IN THE GOVERNANCE STRUCTURE

The Group's committees facilitate the discharging of certain Board responsibilities with oversight, guidance and governance application in specific mandated areas. Each committee chairman reports to the Board to ensure comprehensive insight and appropriate decision-making at Board level. See pages 46 to 49 for a profile on each Board member.

> "As a single parent and sole breadwinner, I had sleepless nights, worrying about how I was going to pay for my daughter's university fees. Allison even considered quitting her studies at one point, because I didn't have enough money to pay for necessities like transport and food. Seeing my daughter graduate was one of my proudest moments as a mother! We are so grateful to Kaap Agri for making our dreams come true."
> – Mercia Wagenstroom, Cleaner, Kaap Agri Porterville

#BreakingNewGround

Expanding opportunities for empowerment

This year, the Kaap Agri Bedryf Employee and Farm Worker BEE Trust introduced new clarifications to ensure that more employees across the Group can benefit from the available funding. To announce the clarifications, we launched an engaging internal communications programme to create awareness of the Trust and the new beneficiation criteria.

Since its establishment in 2011, the Trust has changed the lives of hundreds of needy employees with revolving home loans, financial assistance towards education for employee dependents as well as worthy community initiatives.

Committee summary

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

Mandate

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

During the year, the committee actioned the following:

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

1 *All committee members are independent non-executive directors.*
2 *Re-appointed to the committee at the AGM held on 11 February 2021, and chairman from 4 May 2017.*
3 *Re-appointed to the committee at the AGM held on 11 February 2021.*

Committee	Mandate
Audit and Risk committee (continued)	> The Group confirmed its going concern status, compliance with applicable legislation and requirements of regulatory authorities. > In terms of risk management (through consultation with the external auditor), the committee ensured management's processes and procedures are adequate to identify, assess, manage and monitor Group-wide risks. > The committee recommended the external auditor's re-appointment and determined its compensation. The external auditor, PwC, has provided audit services to the Group for 84 years. The committee is satisfied that the external auditor is independent of Kaap Agri, as set out in section 94(8) of the Companies Act, and suitable for re-appointment by requesting and considering, among other things, the information stated in paragraph 22.15(h) of the JSE Listings Requirements. > The audit partner used by PwC is regularly rotated and the committee is satisfied with the arrangements for the external audit and the effectiveness of JA Hugo, the designated auditor. The committee deemed the quality of the audit performed this year satisfactory and the independent auditor's report indicates the Group's financial statements fairly reflect the company's financial state according to IFRS and Companies Act requirements. In compliance with legislative and JSE requirements, the Group rotates to a new audit partner every five years. > The committee appraised and satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements that the Financial Director and Group finance function have the appropriate expertise and experience. The Financial Director drives the overall effectiveness of the Group's finance function. > The committee is satisfied in accordance with paragraph 3.84 (g)(ii) of the JSE Listings Requirements that appropriate financial reporting procedures are implemented and operating. > The Group's combined assurance model provides assurance that actions are aligned with good governance management, and the committee deems it effective.

Committee	Members[1]	Meetings attended
Remuneration committee ("the committee") Total meetings: 2	> Chairman: CA Otto	2/2
	> GM Steyn	2/2
	> D du Toit	2/2
	Invitees	
	> S Walsh – Executive director (CEO)	
	> GW Sim – Executive director (Group Financial Director)	
	> DC Gempies – Director: HR (subsidiary – Kaap Agri Bedryf Limited)	

Mandate

The committee reviews and approves executive directors' and senior management's remuneration. The committee is also responsible for succession planning.

The committee assisted the Board in reviewing non-executive directors' remuneration recommendations in line with local and international best practice. This was done to ensure such remuneration is fair and reasonable to the directors and the Group.

More information about the committee and remuneration is available in the remuneration report from page 30.

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

Committee	Members[1]	Meetings attended
Nomination committee ("the committee") Total meetings: 1	> Chairman: GM Steyn	1/1
	> CA Otto	1/1
	> EA Messina	1/1
	Invitee	
	> S Walsh – executive director (CEO)	

Mandate

The committee assists the Board in ensuring it has the appropriate composition in terms of structure, size, diversity, skills and independence for it to effectively execute its duties.

When identifying suitable candidates for appointment to the Board, the committee considers candidates on merit against objective diversity criteria. The Board regards diversity as extremely important and has adopted a broader diversity policy specifically focussing on the promotion of diversity attributes of gender, race, culture, age, field of knowledge, skills and experience. The Board will continue to work towards a more representative Board and committee composition. No new appointments were made during the year.

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

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

Mandate

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

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

Read more about social and community investments in the Social and Ethics committee report on page 63.

The committee's work plan focus areas included:

- B-BBEE and employment equity
- Consumer relations including the company's advertising policy, protection of its brands and relations with stakeholders
- Labour and employment matters regarding decent work and working conditions, and the company's contribution towards the educational development of its employees
- SHEQ, including monitoring existing policies within its mandate, the 10 principles set out in the United Nations ("UN") Global Compact, corruption and ethics

The following matters received particular attention:

- The company's whistleblowing process was discussed and evaluated
- Feedback on our sustainability focus areas and sponsorships
- Plan to maintain our level 3 B-BBEE status
- The new proposed AgriBEE codes and the Group's B-BBEE score were considered
- BEE recognition levels and appointments regarding employment equity received attention
- Socio-economic development programmes were noted.
- Working conditions applying to Kaap Agri employees and regarding applicable laws and regulations were received
- The committee reviewed legislation, regulations, compliance with policies and training relevant to SHEQ
- Transformation and ethics will remain core focus areas.

[1] *Most of the committee members are independent non-executive directors.*

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

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

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

Board efficiency

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

Recruitment	The Nomination committee provides clear policies on recruitment and criteria for selecting appropriate candidates in line with the provisions of the MOI of the company. Directors are nominated by the Board and elected at the AGM for three years. One-third of the directors must retire by rotation at each AGM (or other general meeting held on an annual basis).
Rotation	The Nomination committee is responsible for reviewing the Board's composition in terms of race and gender diversity, tenure, expertise, skills and independence.
Induction	An induction policy detailing the principles applicable to the formal induction of new directors is in place.

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

Company Secretary

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

RH Köstens retired as Company Secretary at the end of November 2020, and a juristic person, KAL Corporate Services (Pty) Ltd, was appointed to hold the office of Company Secretary. The Board ensured the provisions of section 87(1)(a) and 87(1)(b) of the Companies Act were adhered to.

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

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

Executive committee

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

Risk report

The Board is accountable for governance and risk management and is supported by the Audit and Risk committee.

The Board considers business risks when setting strategies, approving budgets and monitoring progress against budgets. The Audit and Risk committee meets twice a year. The committee monitors and reports on the effectiveness of the risk identification, assessment and management process.

The Group considers governance of top business risks a high priority. It focuses on risks with a high impact on the business and/or high probability of occurrence, taking into consideration the Group's risk appetite. Our risk appetite refers to the nature and extent of risks we are willing to incur to achieve our strategic objectives. Among others, the risk appetite considers revenue growth, earnings sustainability, environmental impact, employee well-being, health and safety, and value creation for all stakeholders. The Group regularly reviews risk appetite and tolerance by considering the potential impact of key risks and the mitigating actions and controls.

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

The executive team, including senior management, identified, assessed and prioritised top business risks. This was done according to the risk ratings that considered the inherent (with no controls) and residual (with mitigating actions) nature of the risks.

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

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

G

GROWTH

Through upgrades and expansions, footprint expansions, strategic alliances, and mergers and acquisitions

O

OPTIMISATION

Of all business segments, supply chain and corporate support services, and customer relationship management

L

LEVERAGING CULTURE AND DIVERSITY

Leveraging people and B-BBEE

D

DIGITAL TRANSFORMATION

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

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

The risk movement from the prior year is reflected as:

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

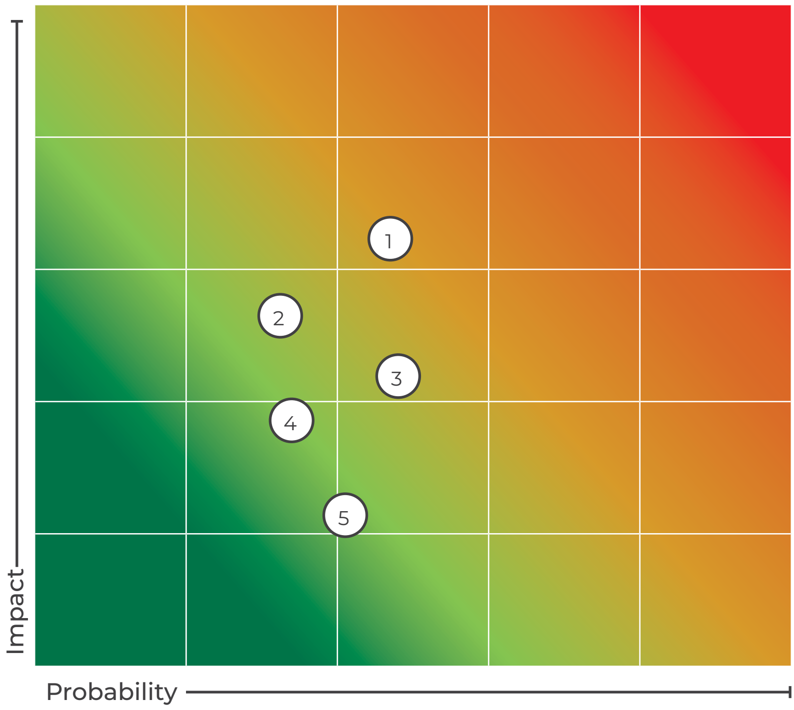
Number	Risk	Description	Mitigating actions	Strategic focus area
1 ↔	Adverse political conditions and regulatory pressure	> Political uncertainty and the influence on the macro-economy > Onerous B-BBEE accreditation requirements could have a negative impact, especially within the fuel environment > Land expropriation without compensation could have a significant and devastating impact on our agricultural customer base	> Proactive engagement with stakeholders to understand new proposed amendments > Continuous monitoring and implementation of dedicated plans to improve empowerment status – the Group is a verified level 3 contributor to B-BBEE > Monitoring of compliance with laws and regulations > Product and customer diversification > Member of the Agricultural Business Chamber ("Agbiz")	
2 ↔	Extended impact of a major health pandemic	> Extension and/ or resurgence of COVID-19 or a similar pandemic that could significantly impact financial performance, social stability and consumer behaviour	> COVID-19 Task Team in place, led by Group SHEQ Manager, to assist management with health and regulatory compliance, and business continuity > Workplace policy implemented, with improved standard operating procedures and COVID-19 protocols, including remote work practices where appropriate, to protect stakeholders and ensure business continuity > Accelerating the digital transformation process to enable remote work practices and enhance cashless, cardless and contactless customer engagements > Reviewing capital expenditure and having the ability to flex working capital and capital expenditure requirements if required	

Number	Risk	Description	Mitigating actions	Strategic focus area
3 ↑	Information technology ("IT")-related risk	> As a retailer and trader, we heavily depend on our computer systems to facilitate trade and maintain security of personal information > Disruption of our IT environment would have a major influence on our ability to service our customers > Protection of Personal Information Act, 4 of 2013 has strict regulations regarding the protection of personal information that require a sophisticated and secure IT environment > The enterprise risk management ("ERP") system in its current format may not support all business requirements as our business expansion progresses and complexity increases	> Detailed IT governance framework > Access to systems, infrastructure and network is restricted and protected > Disaster recovery programmes > Key systems are monitored for uptime, performance and capacity > Third-party data centre used, compliant with industry best practice > Offline servers at retail sites to enhance service > Redundant network communication channels exist for certain branches > Automated data backups > ERP modernisation project > Ongoing enhancement of security layers and protocols > Appointment of dedicated IT security specialist > Cyber risk awareness education	  

Number	Risk	Description	Mitigating actions	Strategic focus area
4 ↓	Financial sustainability	> Inability to meet strategic financial targets due to economic pressures, constrained consumer confidence and higher fuel prices > Climate conditions negatively impacting performance and financial position of agricultural customers	> Monitoring of key economic indicators in our operating markets > Expansion and upgrade of existing stores, and new acquisitions and mergers to increase market share. Detailed pre-acquisition feasibility modelling and post-acquisition performance reviews > Geographic, customer and product diversification > Investment into central procurement and logistics to support and optimise our retail and fuel offerings > Focus on operational efficiencies and cost management > Proactive cash flow and debt management > Reducing the cost to serve by continuously improving and optimising systems and business processes	
5	Attracting and retaining customers	> Increased competitor activity (presence and price) > Manufacturers bypassing retailers with a direct route to market > Vertical integration by our competitors, manufacturers, distributors and wholesalers to offer value-adding services directly to customers	> Structured and ongoing customer engagement and relationship management through a dedicated team > Expansion, upgrade and improvement of existing offerings and footprint, including investment into centralised procurement and logistics > Brand review, awareness and marketing > Individually tailored credit offerings aligned to customer requirements > Digital engagement platforms to enhance business-to-consumer and business-to-business exchanges, improving the ease of doing business > Ongoing supplier engagement to improve customer offerings > Increasing brand awareness and involvement in our operating communities through social investment programmes > Ongoing identification of product range enhancement opportunities	

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

Residual risk



Average risk ratings showed a minimal change and reflect the challenging economic and political environment we operate in as well as the impact of the pandemic, which had a negative effect on most business risks. Our largest risk remains unchanged and relates to the threat of adverse political conditions and regulatory pressure. This is expected given regulatory challenges experienced by TFC, the political changes and policy uncertainty within South Africa and the ongoing debate around land rights and usage.

The second biggest risk is linked to the uncertainty and possible prolonged economic impact resulting from the pandemic. This risk specifically refers to an extended major health pandemic period.

The third risk relates to the information technology environment, which includes cyber risk. It shows an increase in the rating in line with global trends.

We only include the top five risks in this report. Although its rating only decreased slightly, the risk of bad debts was replaced with the risk associated with the attraction and retention of customers. Increased competitor activity, consolidation in the primary agricultural sector and a subdued retail environment are the main contributing factors to an increase in this risk rating.

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

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

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

CA Otto
Chairman: Audit and Risk committee

Report of the Social and Ethics committee

COMPOSITION AND ATTENDANCE OF MEETINGS

The composition of the committee and attendance of meetings are set out on page 55.

KEY FUNCTIONS AND RESPONSIBILITIES

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

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

The committee considered the Group's performance a responsible corporate and social role player regarding the Group's operations, specific legislation, legal requirements and best practice, as determined by its mandate, and refers the shareholders to the Social and ethics report on page 63.

OPINION

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

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

EA Messina
Chairman: Social and Ethics committee

Social and ethics report

INTRODUCTION

We exist because our stakeholders should benefit from our existence. This is the premise of our approach to corporate social investment ("CSI").

We are attuned to the economic, social and environmental needs of the communities we operate in.

As "mens-mense", we place equal value on our responsibility to the environment, society, shareholders and employees.

At Kaap Agri, we firmly believe education is the most powerful weapon for societal upliftment. Education and community development are key pillars of our CSI strategy, evidenced by three of our major community interventions: the Kaap Agri Academy, the Virtual Classroom programme and the Kaap Agri bursary programme.

We support various community outreach programmes in our operating areas and encourage our employees to participate in community initiatives. We also endeavour to fulfil other ad hoc requests as they arise.

During the year, we embarked on numerous projects at branch level and invested approximately R4 645 985,72 in social upliftment programmes. Employees participated in causes they identified with.

Kaap Agri Academy

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

Programmes run annually over several months and are attended by a maximum of 28 students per class. They aim to fully equip existing and prospective farmers with practical and management skills to become commercial farmers. The Academy also trains farmworkers in a range of regulatory short courses such as welding, chemical handling, first aid, maintenance of tractors and implements, pruning, forklift training, identification of diseases and productivity management.

Due to the COVID-19 pandemic, the Academy adopted a blended learning approach during the year, which included theoretical online learning and practical training. The National Qualifications Framework ("NQF") level 2 Mixed Farming programme that commenced in March 2020, was completed in March 2021 via online training. The Academy also presented the NQF 4 Animal Production and NQF 4 Plant Production programmes.

Our investment in the Academy for 2021 amounted to R1 258 006 with 434 new generation farmers having been empowered since inception.

Virtual Classroom support programme

Kaap Agri supported the Virtual Classroom programme, which aims to bring the best technology and classroom practices to township, rural and inclusive schools. Through this programme, we assisted in uplifting and improving the lives and futures of South Africa's youth.

Wemmershoek Primary in Franschhoek was chosen for the programme because it is a Quintile 1 school with 189 grade 1 to grade 3 learners. The school's principal supported the programme and the upskilling of teachers in line with Continuing Professional Teacher Development accredited by the South African Council for Educators. The development of teachers and learners in the area of technology and e-learning is one of the school's short to medium-term goals, and a development goal for teachers at the Western Cape Education Department. All the students attending the school are children of farmworkers from farms in the area and from the disadvantaged community of Groendal.

The Virtual Classroom support programme increased the information, communication and technology skills of teachers and learners. It helped teachers follow a more learner-centred approach and encouraged learners to take control of the learning process. The programme aided the transformation of classrooms into productive learning environments and ignited a renewed love for teaching amid an all-time low teacher morale in South African schools. The change in teaching methodology in the classroom lead to greater student interaction and an improvement in students' concentration levels.

Our investment in the Virtual Classroom support programme for 2021 amounted to R428 930.

Kaap Agri bursary programme

We believe education breaks the cycle of poverty for learners and their families. Supporting our youth through funding bursaries was a key focus during 2021. In total, 46 secondary school learners benefited from this programme. We also extended financial support to six promising tertiary students who are furthering their studies. Two students are pursuing a degree in law, one at the University of the Western Cape and the other at the University of Stellenbosch. A third student is pursuing a degree in BCom Marketing at North-West University. Two more students are attending the University of Stellenbosch High Performance Sports Unit to continue their sporting pursuits and obtain a degree. The sixth tertiary learner is completing her MSc Agric degree at the University of Stellenbosch.

The gender split for existing bursaries is 63% female and 37% male. The transition towards the 63% was an organic process. Due to our commitment to existing beneficiaries, new learners will only be awarded bursaries once existing beneficiaries have matriculated or have left the school.

The 2021 investment in educational bursaries for secondary and tertiary education amounted to R2 144 571.

Nelson Mandela Children's Fund

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

The Fund, through its Child Safety and Protection programme, partnered with the Goedgedacht Trust and Women on Farms to reduce young people's vulnerability to violence by empowering them with education. With the support of funding from Kaap Agri, the two organisations implemented afterschool programmes at Path onto Prosperity ("POP") centres and Saturday mathematics and literacy classes at Soetendal Primary School.

POP centres

Kaap Agri's funding provided support to two POP centres in Riebeek Kasteel and Riebeek West. These centres commenced operation on 1 February 2020 and followed a weekly plan including homework support, reading activities, mathematics lessons, life skills development, sports and music training.

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

Homework support and mathematics classes were provided to 114 primary school learners and 102 high school learners. They were also provided with reading lessons to improve their reading skills. High school learners were supported to prepare for their exams and utilised the POP centres to study.

102 grade 12 learners were assisted with online bursary applications to enable them to further their studies after matriculating.

POP centre learners whose parents lost their income during the pandemic were supported through the following:

- School fees were paid for five learners
- 14 learners were provided with stationery

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

Saturday mathematics and literacy classes

Saturday mathematics and literacy classes commenced at Soetendal Primary School at the beginning of February 2020. A facilitator/teacher was appointed to teach a group of grade 6 and 7 learners. During these classes, learners are given mathematics and reading lessons, and are provided with a hearty meal after lessons. Twenty-four learners attended when the classes started in 2020. With the commencement of lockdown level 5, all classes ceased and only resumed after the relaxation of the lockdown alert levels. The programme was adapted in accordance with the amended school calendar and to comply with COVID-19 protocols.

When children could not attend school during lockdown, they missed large amounts of schoolwork, which became a major concern. In farming communities, learners could not obtain their lessons electronically, as most of them do not have the necessary resources and access to data. While Soetendal Primary made efforts to maintain learning by taking assignments to surrounding farms in Wellington, it was difficult for learners to learn remotely without the supervision of teachers.

Parents also raised concerns about the safety of their children travelling long distances on Saturdays to attend the mathematics classes and were more comfortable with their children attending lessons after school. The Saturday mathematics classes were then transitioned to an afterschool programme.

The afterschool programme aimed to provide extensive support to learners during the week to help them catch up with their schoolwork. The afterschool programme tutor worked closely with teachers and the school to ensure activities and assignments in the programme were relevant. The first class commenced at the end of September 2020, with an attendance of 40 learners who were retained throughout 2020 and 2021. Learners were placed in two groups and attended lessons in alternate weeks to ensure adherence to COVID-19 safety measures and regulations.

School support project

The Kaap Agri Corporate Office embarked on several community projects during the year.

There are many rural schools around Kaap Agri's branches attended by underprivileged children. Many of them walk up to 5 km from their farm residence to school and back. Some even walk barefoot or with broken shoes on busy arterial roads. These children's parents work on the farms in our operating areas and struggle financially. Some cannot afford a pair of school shoes, much less safe and reliable transport for their children.

Scheeperskraal Primary School in the Kammanasie district of the Eden District Municipality is one such rural school, offering grade 1 to 6 classes. There are 28 learners at the school of which 40% are girls. All the learners are children of farmworkers from farms in the area. Our donation to the school consisted of school uniforms for each learner and tracksuits for the school's teachers. The total spend on this project was R25 352.

Karookop Primary School in the Moutonshoek area near Piketberg is another rural school, offering grade R to 7 classes. There are 135 learners at the school of which 45% are girls. All the learners are children of farmworkers from farms in the area and many of them walk to school. Our donation to the school consisted of school shoes and socks, a windbreaker and stationery for each learner. The total spend on this project was R87 610.

COVID-19 initiatives

President Cyril Ramaphosa, on behalf of the National Coronavirus Command Council, instituted various nationwide lockdowns since March 2020. The way forward for many businesses was unknown. However, during these unprecedented and uncertain times, Kaap Agri believed many of the imposed lockdown provisions would continue in some manner. Kaap Agri fully supported the lockdown levels and all ancillary interventions put in place to flatten the curve and reduce the spread of the virus. The pandemic's significant impact on South African businesses and the economy in general is clear. The comprehensive regulations issued by government in terms of the Disaster Management Act, 57 of 2002 to combat the spread of the virus, resulted in many businesses, including ours, finding new ways of working to continue serving our customer base while mitigating the pandemic's impact. This approach enabled us to continue our contribution to identified socio-economic development programmes for the most vulnerable in our communities.

Our contributions included the following:

- Kaap Agri donated an oxygen concentrator to the Goue Aar old age home in Malmesbury. The pandemic created many challenges at the home and it was in desperate need of an oxygen concentrator for its residents. The facility does not have this type of equipment and the existence of one made a big difference. The lifespan of the oxygen concentrator is approximately five years. It takes in ambient air and purifies it before releasing the air to the user. With the oxygen shortages experienced due to the pandemic, Goue Aar is now in a better position to have oxygen constantly available at a reduced cost.

  The value of the contribution was R15 817.
- In June 2021, Kliprand, a small rural town of approximately 250 people in the Matzikama Municipality, was placed under quarantine after 10% of their population tested positive for COVID-19. The entire town was under lockdown as a desperate measure to prevent further spread; however, quarantine proved difficult as the town's residents live in small government-subsidised homes, while the nearest isolation facility is hundreds of kilometres away. Kaap Agri supported the community with hand sanitiser through its local branch.

- In August 2021, Kaap Agri committed to support the Mobile Ceres Vaccination Programme spearheaded by the Witzenberg Municipality and Western Cape Department of Health. Six individuals were seconded to the matron at the Witzenberg Municipality and were enabled to administer COVID-19 vaccines to farmworkers by getting them registered and providing the vaccine at various farms. These individuals consisted of two registered nurses and four administrative support staff. Kaap Agri provided two laptops and data cards to the nurses and is also paying the salaries of the six individuals. Visiting the farms in mobile vaccination units has proven to be successful, as many farmworkers do not have access to transport to vaccination points.

  Our participation in the project commenced in September 2021 with the initial contribution for set up amounting to R46 000,00. We plan to continue our investment in this project in the new year, with monthly contributions being in the region of R92 000,00 per month.

Porterville community project

The Porterville Community Association has supported people in dire need for 18 years. Kaap Agri is a founding member of the association and we play a major role in ensuring its sustainability. The association's wheat cultivation project has made a difference to the local community since its inception in 2003.

The local municipality supports this initiative by availing 22 hectares of land to plant wheat.

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

The 2021 beneficiaries were the Porterville primary and high schools, ACVV Huis Nerina (a local old age home) and Badisa (a social services organisation). The total profits generated and distributed from this grain project amounted to approximately R200 000.

For the past 18 years, funds amounting to R1,6 million were distributed.

Community projects

In addition to programmes run by the Corporate Office, the Agrimark retail branches regularly reached out to their respective communities and focused on grassroots needs. Projects were completed in Citrusdal, Vredendal, Graafwater, Ceres, Franschhoek, Paarl, Philippi, Porterville, Riebeeck-Wes, Malmesbury, Klipheuwel, Caledon Bredasdorp, Montagu, Barrydale, Augrabies, Kakamas, Keimoes, Kuruman, Upington, Brandvlei, Garies, Kliprand, Kenhardt and Groblershoop.

Some of these community projects are highlighted below:

Beneficiary	Region	Value	Initiative
Hope@Swartland	Swartland	R100 000	Kaap Agri supported 25 grade 12 learners to receive extra mathematics and science education, facilitated by the University of Stellenbosch.
Rally to Read	Cape Winelands	R100 000	Kaap Agri supported this programme aimed at empowering teachers to increase the literacy levels in 12 rural schools.
One Moment Foundation	Gauteng	R30 000	Kaap Agri supported the hunger reduction and nutrition improvement programme for homeless and vulnerable children.
Growbox Wholesale Nursery	Cape Town Metropole	R79 750	Kaap Agri donated 319 Home Vegetable Garden Kits. The surrounding needy community of Hannover Park and the Vannie Hanover Park organisation, a wellness and fitness club, benefited from this donation.
Sonop Creche	Eastern Cape	R52 524	TFC supported the creche by upgrading the building, safety gates, gas stove and cylinder, and jungle gym.
Brandvlei Farmers Union	Northern Cape	R42 800	Kaap Agri provided drought relief support of 820 bales of lucerne and gift vouchers for food and fuel.

The total spend for 2021 on community projects at branch level amounted to R260 423.

Kaap Agri Bedryf Employee and Farm Worker BEE Trust

During the year, the Kaap Agri Bedryf Employee and Farm Worker BEE Trust distributed R773 158,90 to various underprivileged beneficiaries. This amount included loans to employees for home and security-related improvements, and bursaries for employee dependents.

B-BBEE TRANSFORMATION REPORT

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

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

Kaap Agri's objective is to maintain a level 3 B-BBEE status with a procurement recognition of 110%.

Kaap Agri's B-BBEE goals

Kaap Agri maintained a level 3 contributor status in terms of the sector codes. An overview of the Group's progress is outlined below.

Ownership

Kaap Agri achieved 25,14% for black ownership and 10,59% for black women ownership.

The Kaap Agri Bedryf Employee and Farm Worker BEE Trust

5% of Kaap Agri's shares were issued to the Kaap Agri Bedryf Employee and Farm Worker BEE Trust ("Trust"). The income beneficiaries are Kaap Agri employees, farmworkers, their families and local communities. Five trustees are appointed to manage the Trust, three of whom are independent. Of the income received from dividends, 50% is used to repay Trust debt. The 50% balance of the dividend amount is distributed among beneficiaries.

The decision to increase the dividend amount for distribution was taken to increase beneficiation. The range of beneficiation was broadened to include the education (in a broad sense) of the dependents of Kaap Agri employees, which includes early childhood development; primary, secondary and tertiary education; educational tools and student allowances (books, stationary, computers, uniforms, etc.). The new range of benefits also includes the provision of infrastructure support to schools and transport to and from schools where the need is identified, as well as special needs support for learners with disabilities. Community development through community outreach programmes supporting the needs of children, the elderly and disadvantaged communities in which Kaap Agri operates, together with sport and cultural pursuits, and adult education, are also included in the range of benefits. The existing revolving home loan facility was amended to include ancillary items such as rental deposits, security features to primary residences and improvements to primary residences.

This widened range of benefits provided by the Trust offers a better employee value proposition for all Kaap Agri employees for the short, medium and long term.

The Trust makes funds available to qualifying employees of the designated group through a revolving home loan fund. During 2021, 55 employees benefited from this fund. Of these employees, 41% were women. The Trust also supported four children of qualifying employees, one male and three female learners, with funding for tertiary education.

Management control (including employment equity)

The Board is structured to ensure the collective skills and experience of directors is suitable to carry out their responsibilities and achieve the company's objectives. At Board level, three of the 11 members are black, one of whom is a black female member.

Employment equity is a significant focus area for transformation. We have implemented several employment equity plans, and submit annual progress reports to the Department of Employment and Labour.

Some of these plans include recruitment strategies which attract previously disadvantaged individuals. Career and skills development are aligned with the Group's employment equity plans.

Recruiting and developing previously disadvantaged individuals improved, with 32% and 65% for junior managers and black female junior managers respectively.

Skills development

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

We conduct several learnerships on an ongoing basis under the AgriSETA. In 2021, 120 learnerships were completed. Eight of the 18 unemployed learners of 2020 were absorbed into the business in 2021. We also focused on skills development for persons with disabilities and supported 12 learnerships.

Approximately 82% of the total training budget was spent on employees from the designated group for the year. In terms of payroll, training levies are paid to the South African Revenue Service.

Preferential procurement

Kaap Agri is a retail services group which supplies products and services not only to our bedrock agricultural customer, but also to the homeowner, pet lover, building contractor and DIY enthusiast. In 2021, the Group increased its products purchased from B-BBEE-accredited suppliers to more than 75%.

Supplier development

Our supply chain is the backbone of our operations. In 2019, we focused on ensuring the identified supplier development programme is value adding and aligned to our business needs. The initiative centres around developing a supplier portal and database to ensure the integrity of master data.

In 2020, we furthered the supplier development initiative. We utilised time and resources to upload and maintain accurate supplier information onto the portal for future implementation. This initiative revolves around creating a subscription-based e-commerce web portal where suppliers from all over South Africa can offer their services to existing and potential agri-sector clients within the critical framework of B-BBEE and statutory compliance. The portal gives buyers the opportunity to access vetted suppliers to fulfil their supply chain management requirements, while suppliers gain access to markets. The portal will develop a sector marketplace for the agri-sector (accommodating fuel and retail configuration) that enables buyers and suppliers to find each other, to drive growth opportunities.

Supplier development also entails monetary and non-monetary contributions to the development and sustainability of the financial and operational independence of black-owned enterprises. As part of the supplier development programme, a black-owned exempted micro-enterprise was supported with interest-free loans to the value of R3 685 622 for a fleet of vehicles that will support the fuel and retail area of our business.

Enterprise development

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

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

We also focused on developing small and micro-enterprises. Through the TFC subsidiary and Kaap Agri, we supported a wholesale nursery in Hanover Park, which enabled the company to expand its business. This wholesale nursery has been onboarded and contracted as a first-time supplier in Kaap Agri's supply chain, providing fresh vegetables and plants to the community in Hanover Park. The owner of the wholesale nursery is a graduate of the Academy.

Socio-economic development

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

Kaap Agri's employees are "mens-mense" who CARE and want to make a significant contribution in their communities. We encourage employees to participate in local community initiatives. This upholds the reason for Kaap Agri's existence: that all its stakeholders should be better off because of its existence.

Kaap Agri's CARE initiative makes a difference in local communities where our stores are located and is a top priority. During 2021, we embarked on numerous projects at corporate and branch level. We invested donations, sponsorships and contributions of R4,6 million in education, educational support programmes and various community upliftment programmes in our operating areas.

STAKEHOLDER RELATIONS

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

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

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

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

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

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

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

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

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

ENVIRONMENTAL IMPACT REPORT

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

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

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

The following sustainability initiatives were maintained during the year:

Plastic to paper initiatives

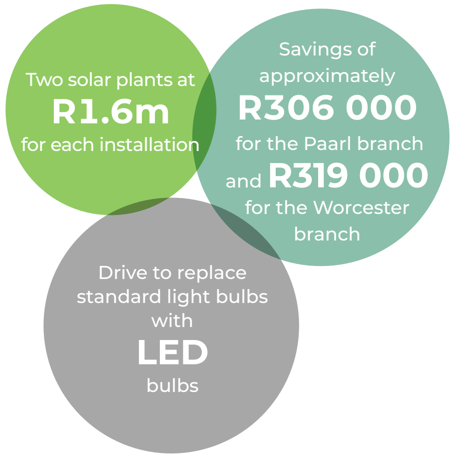
As a retailer, Kaap Agri is committed to contributing to the reduction of plastic and has made a decision to no longer stock plastic straws. Only paper straws are stocked, and Kaap Agri has committed to donate a portion of the proceeds received for every straw sold to an organisation called Sea the Bigger Picture, which runs ocean and beach clean-up initiatives.

Kaap Agri is also exploring the replacement of all its plastic shopping bags with paper and fabric tote bags, and we expect to roll out our environmentally friendly paper and tote bags in the new financial year.

Energy conservation initiatives

To further reduce electricity consumption and become less reliant on electricity produced from fossil fuels, Kaap Agri identified solar photovoltaic panels for the purposes of small-scale embedded power generation. This presents possible opportunities to utilise renewable energy sources. This energy conservation initiative included the establishment of two solar plants at Paarl and Worcester Agrimarks at a cost of R1.6m for each installation. These installations have resulted in savings of approximately R306 000 for the Paarl store and R319 000 for the Worcester branch. Due to the increasing costs of electricity, the feasibility of a further roll-out across the branch network is being explored.

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



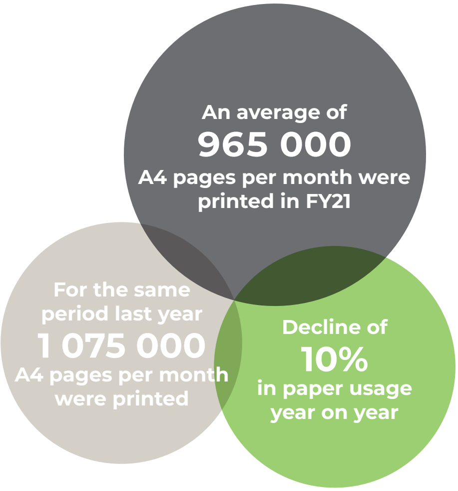
Water, electricity and paper usage, and fuel consumption

Our focus areas are paper usage, fuel consumption and water and electricity consumption. This forms part of Kaap Agri's contribution to reducing its environmental impact. Kaap Agri will consider sustainable measures to reduce usage and consumption. We have forecast a three to five-year horizon on the percentage of reduction we aspire to achieve. This is our vision going forward and forms part of energy conservation initiatives already embarked on.

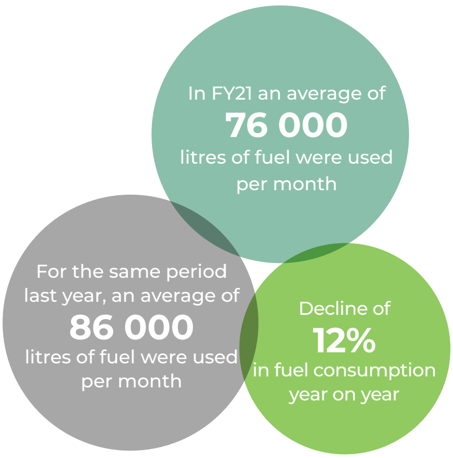
Kaap Agri is committed to developing its business to support the ambitions of the 10 UN Global Compact principles. We will endeavour to continue our work in implementing these principles.

As part of Kaap Agri's efforts to reduce its environmental impact, we commenced baseline tracking and continue to monitor key areas of paper usage, fuel consumption, water and electricity consumption.

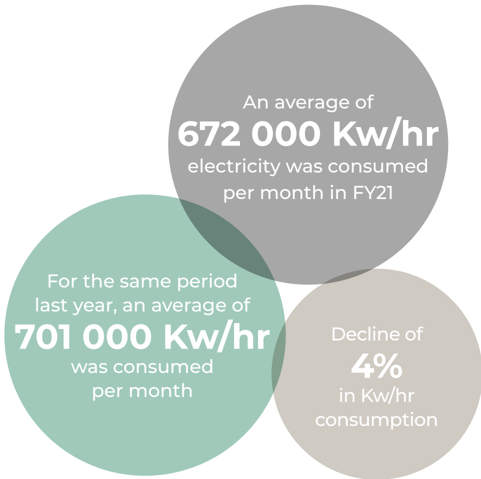
Baseline tracking for A4 paper usage has been tracked and an average of 965, 000 A4 pages per month were printed in FY21. For the same period last year, an average of 1,075 000 A4 pages per month were printed. There was a decline of 10% in paper usage year on year. This decline can be attributed to smart work interventions adopted by the business in relation to various COVID-19 lockdown levels and the Signing Hub which can be used to process the approval and signatures of all documentation.



Baseline tracking for fuel usage has been tracked in respect of fuel consumed at Agrimarks, Agri retail sites and TFC retail sites for the refuelling of delivery trucks, forklifts and generators. In FY21 an average of 76, 000 litres of fuel was used per month. For the same period last year, an average of 86, 000 litres of fuel were used per month. There was a decline of 12% in fuel consumption year on year. This decline can be attributed to the relaxing of COVID-19 lockdown levels, which meant that direct deliveries to customers were not as frequent compared to FY20 when there was a restriction on the movement of people.



Baseline tracking for water costs has been monitored and an average cost of approximately R208 000 per month was spent on water consumption in FY21. For the same period last year, an average expense of approximately R156 000 was spent for water consumption. There has been an increase of 33% in the costs for water usage year on year, which is largely attributable to increased water tariffs and associated water levies. Actual water consumption cannot be tracked without the installation of smart water metres at each of our operating points, and engagement with relevant business units to consider the installation and rollout of smart water meters at high water consumption outlets in the business will be facilitated. Where possible, water saving interventions have been installed at some of our select branches, including the water production plant installed at the recently opened Garden Route Expressmark service station site, and the installation of rainwater tanks for rain water run-off from the roofs of the bigger Agrimark outlets.



Baseline tracking for electricity usage has been tracked and an average of 672 000 Kw/hr was consumed at an average cost of R3 640 000 per month in FY21. For the same period last year, an average of 701 000 Kw/hr was consumed at an average cost of R2 870 000 per month. There was a decline of 4% in Kw/hr consumption, however there was an increase of 27% in electricity costs year on year. The increase in electricity tariffs is evident despite the decline in actual electricity usage. The decline in electricity usage can be attributed to the installation of solar panels at Paarl and Worcester Agrimark, the commissioning of which only took place in August 2020 due to COVID-19 lock down restrictions. The effects of the production of energy from these panels were realised during FY21. The installation of more such solar panels are being considered by the business, in particular at the Agriplas factory. There has also been a drive across various branches in the business to replace normal light bulbs with LED bulb, as well as the replacement of standard air-conditioning units with water cooling units.

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

Kaap Agri is committed to complying with industry-specific standards for SHEQ. The Group's integrated management system is in the final stages of development. It will assist us to better manage compliance and implement industry best practice.

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

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

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

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

Employee training is one of our key focus areas. It helps employees better understand hazards in the workplace and take leading roles in building a SHEQ culture which resonates with our "mens-mense" culture of CARE. The pandemic taught us that digitisation is not something of the far future, but is here. We are therefore making concerted efforts to ensure training is done digitally where possible. Our e-learning modules for managers and senior staff proved to be helpful in the implementation of standard operating procedures during the lockdown period.

Regular assurance is vital to such diverse operations as Kaap Agri's, thus different levels of SHEQ audits are conducted at each branch. Branch operating teams conduct checklists and self-assessment audits monthly. The Group SHEQ department conducts comprehensive legal compliance audits every six months, while Group internal audit conducts high-level assurance audits.

SHEQ due diligence audits were conducted for all newly acquired operating units.

"Being a part of this initiative has given me a further opportunity to make a meaningful difference in my community. Thanks to Kaap Agri's contribution, we are able to reach more people and impact the lives of many in this region. We could not have done it without their support and inputs." – Tania Naude, Nurse

#BreakingNewGround

Providing access to vaccinations

We believe it's vital that the corporate sector plays its part in extending South Africa's COVID-19 vaccine programme so that every eligible person can get vaccinated.

We've partnered with the Western Cape Government and Witzenberg Municipality to launch a mobile clinic so that vaccines can be administered on farms, at facilities such as packhouses, and under-served rural communities in the Witzenberg region.

Travelling distance, limited access to vaccine sites, lack of public transportation, as well as work and family care duties make it hard for some people, especially agri-workers, to get vaccinated.

Kaap Agri initiated its investment in this programme in September 2021 and invested R46 000,00 during this time. We plan to continue supporting this initiative in the forthcoming financial year. At the date of publication, the team had already administered 24 365 vaccinations.

Additional material information

Group structure

Shareholder information

SHAREHOLDERS' PROFILE

Spread	Number of shareholders	Number of shares	Percentage held
1 to 1 000 shares	3 362	690 796	0,9%
1 001 to 10 000 shares	1 503	5 217 142	7,0%
10 001 to 100 000 shares	336	8 957 270	12,1%
100 001 to 1 000 000 shares	27	6 578 823	8,9%
More than 1 000 000 shares	4	52 726 246	71,1%
Total	5 232	74 170 277	100,0%
Type of shareholder			
Public	5 221	23 694 751	32,0%
Non Public	11	50 475 526	68,0%
Directors and associates of the company	7	544 382	0,7%
Zeder Financial Services Limited	1	31 286 956	42,2%
Dipeo Capital (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%
	5 232	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 Limited		31 286 956	42,2%
Dipeo Capital (Pty) Ltd		14 834 056	20,0%
Empowerment and Transformation Investments (Pty) Ltd		3 708 514	5,0%
		49 829 526	67,2%

	Number	
	2021	2020
Shareholding of directors (direct and indirect)		
BS du Toit	29 729	29 729
EA Messina	14 500	14 500
WC Michaels	5 250	5 250
CA Otto	329 300	269 176
GW Sim	32 342	32 342
HM Smit	3 461	3 461
S Walsh	129 800	128 800
Total	544 382	483 258
Percentage of issued shares	0,7%	0,7%

There has been no change in the directors' interest from the financial year-end of the Company on 30 September 2021 up until the approval of the financial statements.

Annual financial statements

Contents

Declaration of directors' responsibility and approval

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

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

Despite COVID, the Group has shown a high degree of resilience under exceptionally challenging trading conditions. COVID has had an indelible impact on the lives of all people and consumer behaviour and patterns have been permanently affected. While agri trade has been the least impacted by COVID due to the essential nature of food production, it has been encouraging to see areas within our retail trade returning to pre-COVID levels. It is however expected that pressure will remain on fuel volume sales with a longer recovery period anticipated in business and leisure travel and associated convenience and quick service restaurant (QSR) spend. The Board of directors will continue to monitor the impact of the COVID-19 pandemic on the company's operations and its financial position. The business has been able to partially mitigate lost income via a range of cost and working capital initiatives, thus ensuring a lower overall financial impact. Liquidity has remained within the various banking covenants and no relaxation of covenants or additional facilities have been required. The balance sheet has remained strong throughout the year. Kaap Agri remains focused on disciplined cash management, specifically in the areas of working capital, capital expenditure and cost control. The Group's diversification is expected to generate improved results in the year ahead, as income streams which were constrained during COVID recover further. Management is comfortable to conclude that the business will continue as a going concern and is very satisfied with the results the company has delivered during a challenging period.

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

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

The unqualified report of the auditors appears on pages 85 to 90.

The company and Group annual financial statements on pages 91 to 153 were compiled by GC Victor CA (SA) under supervision of GW Sim CA (SA) and approved by the Board of directors on 23 November 2021 and signed on their behalf by:

GM Steyn
Chairman

S Walsh
Chief Executive Officer

Responsibility statement of the Chief Executive Officer and Financial Director

The directors, whose names are stated below, hereby confirm that:

> The annual financial statements set out on pages 91 to 153 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS

> No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading

> Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer

> The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit and Risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action

S Walsh
Chief Executive Officer

GW Sim
Financial Director

Declaration by the Company Secretary

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

KAL Corporate Services (Pty) Ltd
Company Secretary

23 November 2021

Report of the Audit and Risk committee

to the shareholders of Kaap Agri Limited

COMPOSITION AND ATTENDANCE OF MEETINGS

The composition of the Audit and Risk committee and attendance of meetings are set out on page 52 in the integrated report.

KEY FUNCTIONS AND RESPONSIBILITIES

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

> the effectiveness of internal control systems and risk management as well as of management information;

> the internal auditor's audit plan, reports and recommendations;

> the independence, conditions of appointment, audit plan and remuneration of the external auditors;

> the effectiveness and reports of the external auditors;

> the Group's conformance to corporate management rules, risk management and statutory requirements;

> the appropriateness of accounting policies and any matters related to financial reporting;

> the separate and consolidated annual financial statements, before these annual financial statements are approved by the Board for release;

> ensuring that the external auditor is independent of Kaap Agri Limited, as set out in section 94(8) of the Companies Act, and suitable for re-appointment by considering, *inter alia*, the information stated in paragraph 22.15(h) of the JSE Ltd Listings Requirements;

> ensuring that the Group Chief Financial Officer, as well as the Group finance function, have the appropriate expertise and experience in terms of paragraph 3.84(g)(i) of the JSE Ltd Listings Requirements;

> internal financial controls and reports on the Group's systems of internal financial controls. The committee received assurance on compliance with, and the effectiveness of internal control systems through regular management reviews, engagements, internal audit, as well as from the external auditors who test aspects of these control systems as part of their statutory audit of the annual financial statements.

> any other prescribed functions the committee is required to perform.

INTERNAL AUDIT

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

EXTERNAL AUDIT

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

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

PricewaterhouseCoopers Inc., being the audit firm, as well as Mr A Hugo, being Kaap Agri's individual auditor for the 2021 financial year, have been accredited on the JSE list of auditors in terms of the criteria in the JSE Listings Requirements. As required by paragraph 3.84(g)(iii) of the JSE Listings Requirements, the committee has satisfied itself that PricewaterhouseCoopers Inc. and Mr A Hugo are suitable for re-appointment as audit firm and appointment as individual auditor for the 2022 financial year, respectively, by considering, *inter alia*, the information stated in paragraph 22.15(h) of the JSE Listings Requirements.

ANNUAL REPORT

The committee has evaluated the annual report of the company and Group for the year ended 30 September 2021, with specific consideration of the following significant financial reporting matters during the year:

- The provision for doubtful debts recognised on trade receivables
- The business combinations in the current year
- The provision for damaged, old and slow moving stock
- Renewal of lease periods
- Consideration of control in management agreements
- Goodwill impairment testing

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

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

OPINION

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

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

CA Otto
Chairman: Audit and Risk committee

23 November 2021

Directors' report

for the year ended 30 September

NATURE OF ACTIVITIES

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

FINANCIAL RESULTS

The profit after tax of the Group amounted to R332,3 million (2020: R279,2 million) while the gross assets increased to R5,812 billion (2020: R5,273 billion). The results of the Group are presented in detail in the financial statements.

The operating conditions under which the Group traded for the year continued to be impacted by COVID-19 ("COVID"), however, the impact of COVID on agri and general retail trade was limited due to the easing of the most stringent trading restrictions. A more significant impact was experienced within the retail fuel and convenience segment, both in terms of fuel volumes as well as convenience retail and Quick Service Restaurant (QSR) performance. Retail trade growth was healthy and agri trade benefitted from positive weather conditions. Although fruit and vegetable production has been largely positive, significant expansions and infrastructural spend slowed, partly due to COVID-related cash flow curtailment as well as ongoing concerns around land policies, with the main agri focus being on replacement infrastructure spend. The general business environment in which the Group operates continues to be constrained and whilst COVID-related lockdown regulations have eased, it remains to be seen what the long-term effects of COVID will be on general consumer behaviour.

Despite COVID, the Group has shown a high degree of resilience under exceptionally challenging trading conditions. The Group's diversification is expected to generate improved results in the year ahead, as income streams which were constrained during COVID recover further. COVID has had an indelible impact on the lives of all people and consumer behaviour and patterns have been permanently affected. Whilst agri trade has been the least impacted by COVID due to the essential nature of food production, it has been encouraging to see areas within our retail trade returning to pre-COVID levels. It is however expected that pressure will remain on fuel volume sales with a longer recovery period anticipated in business and leisure travel and associated convenience and QSR spend.

During the current year, COVID had no direct impact on the impairment test on property, plant and equipment, right-of-use assets, provision for slow-moving and obsolete stock, and the expected credit loss allowance on debtors. The impact of COVID was also considered during the impairment test performed on goodwill, and no impairments were identified.

The Board of directors will continue to monitor the impact of the Covid-19 pandemic on the Group's operations and its financial position. The Group's view is that it has not had a significant impact on the operations of the business. The business has been able to partially mitigate lost income via a range of cost and working capital initiatives, thus ensuring a lower overall financial impact. Liquidity has remained within the various banking covenants and no relaxation of covenants or additional facilities have been required. The balance sheet has remained strong throughout the year. Kaap Agri remains focused on disciplined cash management, specifically in the areas of working capital, capital expenditure and cost control. Management is comfortable to conclude that the business will continue as a going concern and is very satisfied with the results the company has delivered during a challenging period.

SHARE CAPITAL

The authorised share capital consists of 1,000,000,000 ordinary shares with no par value of which 74,170,277 shares are currently issued, of which 3,708,514 shares are issued to Empowerment and Transformation Investments (Pty) Ltd and 180,768 issued to Kaap Agri Bedryf Limited. These shares are accounted for as treasury shares.

DIVIDENDS

A gross final dividend of R82,3 million (2020: R37,1 million) has been approved and declared by the Board from income reserves, which represents 111,0 cents (2020: 50,0 cents) per share. The dividend is payable on 14 February 2022 to shareholders registered on 11 February 2022 (the record date) as shareholders of the company. The last date of trade cum dividend will be 8 February 2022.

The total dividend for the year amounts to R111,9 million (2020: R37,1 million), representing 151,0 cents (2020: 50,0 cents) per share.

SUBSIDIARIES AND JOINT VENTURE

The interests in subsidiaries and joint venture are presented in note 45 of the financial statements.

DIRECTORS

Full details of the directors appear in the integrated report.

DIRECTORS' INTERESTS

The directors' interest in shares of the company appear in the integrated report.

EVENTS AFTER REPORTING DATE

The historical rationale for acquiring retail fuel and convenience properties was aligned with the strategic drive of footprint growth in this new market. Given that TFC has now successfully entered the retail fuel and convenience markets, and upon reviewing the returns generated on capital invested, it has been decided to dispose of TFC Properties (Pty) Ltd, and in doing so enter into long term leases to ensure tenure on its fuel retail sites. This transaction is still subject to conditions precedent with the most important one still in process, namely that the transactions have (to the extent necessary) to be unconditionally approved in terms of the Competition Act, 1998, or conditionally approved on terms and conditions acceptable to the parties to the Agreement. As this is going to be a sale-and-leaseback transaction, it doesn't comply with IFRS 5 and no asset held for sale or discontinued operations is required to be disclosed.

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

Independent auditor's report

To the shareholders of Kaap Agri Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Kaap Agri Limited ("the company") and its subsidiaries (together "the Group") as at 30 September 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Kaap Agri Limited's consolidated and separate financial statements set out on pages 91 to 153 comprise:

- The consolidated and company statements of financial position as at 30 September 2021
- The consolidated income statement for the year then ended
- The consolidated and company statements of comprehensive income for the year then ended
- The consolidated and company statements of changes in equity for the year then ended
- The consolidated and company statements of cash flows for the year then ended
- The notes to the financial statements, which include a summary of significant accounting policies

Basis for opinion

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

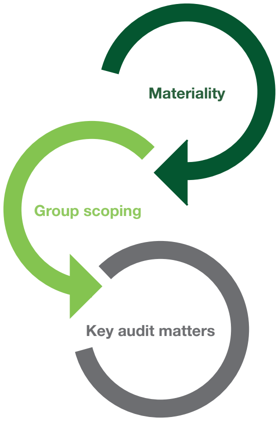
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Our audit approach

Overview



Overall group materiality

- R84,6 million, which represents 0,8% of total consolidated revenue

Group audit scope

- Full scope audits were performed for all four individually significant components
- Analytical procedures were performed over the remaining non-significant components

Key audit matters

- Goodwill impairment assessment

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

Materiality

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

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

Overall group materiality	*R84,6 million*
How we determined it	*0,8% of total consolidated revenue*
Rationale for the materiality benchmark applied	*We selected total consolidated revenue as the benchmark because, in our view, it most appropriately reflects the size of the Group. It is a benchmark against which the performance of the Group can be consistently measured and thus would be most relevant to users of the consolidated financial statements, given the relatively low profit margins over the last five years, while the other key elements of the consolidated financial statements have remained constant.* *We chose 0,8% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that would typically apply when using consolidated revenue to compute materiality.*

How we tailored our group audit scope

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

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

All work was performed by the centralised engagement team (group engagement team) and our audit did not require the involvement of component auditors.

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment ***(Refer to note 5 (Intangible assets) and note 4 of the accounting policies to the consolidated financial statements)*** The Group's net assets include goodwill amounting to R498 million as at 30 September 2021. As required by IAS 36 – Impairment of Assets, management performs an annual impairment test to assess the recoverability of the carrying value of goodwill. The assessment for the current year was performed using value-in-use calculations for the relevant fuel clusters and for the Partridge Building Supplies cash-generating unit, which together with the fuel clusters represent the majority of the goodwill balance for the Group. Management performed and disclosed a sensitivity analysis on the goodwill balance by varying the key assumptions used (i.e., pre-tax discount rates and growth rates) to assess the impact on the valuation and the available headroom.	We held discussions with management to obtain an understanding of the methodology applied in performing its impairment test for each of the relevant clusters and we found the approach adopted by management in the valuation models to be consistent with market practice and the applicable requirements of IAS 36 – Impairment of Assets. We tested management's calculation for each instance of the model by performing the following: > Tested the mathematical accuracy and valuation principles applied in management's impairment calculations and noted no exceptions. > Using our valuation expertise, we challenged management's key assumptions by comparing terminal growth rates and pre-tax discount rates to industry benchmarks and economic forecasts. Management's assumptions fell outside our independent range; however, we noted no material impairment when using our independent inputs. > We agreed cash flows to the business plans approved by the respective boards. No inconsistencies were noted. > In assessing management's forecasts for reasonableness, we considered the historical accuracy of forecasts by comparing the actual results for the current year to the original forecasts. Where variances were noted, we followed up with management and assessed the reasonability of the variances. We noted no aspects in this regard requiring further consideration.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment (continued) We considered the impairment assessment of goodwill to be a matter of most significance to our audit due to the following: > The estimates and assumptions applied by management in its impairment assessment > The magnitude of the goodwill balance	We performed independent sensitivity calculations on the impairment assessments in order to ascertain the impact of changes to the key assumptions on the available headroom. The results of our sensitivity analyses were consistent with management's conclusions. We assessed the disclosure of management's impairment testing against the requirements of IAS 36 and noted no material deficiencies.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Kaap Agri Limited and its Subsidiaries Annual Financial Statements – 30 September 2021", which includes the directors' report, report of the Audit and Risk committee and the declaration by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "2021 – Integrated Report", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

> Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

> Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the company's internal control.

> Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

> Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or company to cease to continue as a going concern.

> Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

> Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Kaap Agri Limited for 85 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: JA Hugo
Registered Auditor

Stellenbosch, South Africa
23 November 2021

Consolidated statement of financial position

at 30 September

	Notes	GROUP 2021 R'000	GROUP 2020 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	**1 545 524**	1 525 678
Right-of-use assets	4	**253 804**	236 302
Intangible assets	5	**517 764**	471 012
Investment in joint venture	6	**33 923**	6 542
Financial assets at fair value through other comprehensive income	7	**5 580**	5 580
Trade and other receivables	11	**52 153**	43 039
Loans	8	**26 732**	54 764
Deferred taxation	9	**7 181**	2 772
		2 442 661	2 345 689
Current assets			
Inventory	10	**1 221 339**	1 104 191
Trade and other receivables	11	**2 053 669**	1 782 355
Derivative financial instruments	12	**35 983**	1 385
Short-term portion of loans	8	**7 238**	5 026
Cash and cash equivalents	15	**51 534**	34 817
		3 369 763	2 927 774
Total assets		**5 812 424**	5 273 463
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	16	**446 571**	446 571
Other reserves	17	**12 552**	10 112
Retained profit		**1 829 321**	1 571 475
Equity attributable to shareholders of the holding company		**2 288 444**	2 028 158
Non-controlling interest		**109 722**	98 545
Total equity		**2 398 166**	2 126 703
Non-current liabilities			
Deferred taxation	9	**108 683**	100 271
Financial liability at fair value through profit or loss	13	**76 100**	76 600
Financial liability at amortised cost	14	**–**	14 213
Lease liabilities	4	**232 208**	220 642
Instalment sale agreements	19	**62 914**	79 975
Employee benefit obligations	20	**14 875**	15 380
Borrowings	22	**325 000**	418 750
		819 780	925 831
Current liabilities			
Trade and other payables	21	**1 656 660**	1 330 472
Financial liability at amortised cost	14	**23 651**	–
Short-term portion of instalment sale agreements	19	**29 166**	32 371
Short-term portion of Employee benefit obligations	20	**2 169**	2 223
Short-term portion of lease liabilities	4	**23 827**	14 499
Short-term borrowings	22	**842 096**	830 039
Income tax		**16 909**	11 325
		2 594 478	2 220 929
Total liabilities		**3 414 258**	3 146 760
Total equity and liabilities		**5 812 424**	5 273 463

Consolidated income statement

for the year ended 30 September

	Notes	GROUP 2021 R'000	GROUP 2020 R'000
Revenue	27	**10 582 588**	8 574 668
Cost of sales		**(9 006 338)**	(7 263 775)
Gross profit		**1 576 250**	1 310 893
Other operating income	28	**145 211**	177 918
Movement on expected credit loss allowance	11	**(3 829)**	(6 406)
Selling and distribution costs	29	**(114 427)**	(93 005)
Administrative expenses	29	**(741 546)**	(644 703)
Other operating expenses	29	**(304 793)**	(236 261)
Operating profit		**556 866**	508 436
Finance costs	32	**(99 048)**	(124 563)
Share in profit/(loss) of joint venture	6	**2 381**	(2 359)
Profit before tax		**460 199**	381 514
Income tax	33	**(127 923)**	(102 336)
		332 276	279 178
Profit attributable to shareholders of the holding company		**321 099**	275 081
Non-controlling interest		**11 177**	4 097
Earnings per share – basic (cents)	34	**456,88**	391,49
Earnings per share – diluted (cents)	34	**451,79**	391,49

Consolidated statement of comprehensive income

for the year ended 30 September

	GROUP 2021 R'000	GROUP 2020 R'000
Profit for the year	**332 276**	279 178
Other comprehensive income/(loss):		
Cash flow hedges (can be classified to profit or loss)	**204**	(1 340)
Gross	**283**	(1 861)
Tax	**(79)**	521
	332 480	277 838
Total comprehensive income attributable to shareholders of the holding company	**321 303**	273 741
Non-controlling interest	**11 177**	4 097

Consolidated statement of changes in equity

for the year ended 30 September

	Notes	Stated capital R'000	Share-based payment reserve R'000	Hedge reserve R'000	Retained profit R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
		GROUP						
Balance 1 October 2019		444 901	8 622	1 175	1 371 364	1 826 062	100 186	1 926 248
Gross shares issued		480 347						
Treasury shares		(35 446)						
Initial recognition of IFRS 16		–	–	–	(11 721)	(11 721)	(638)	(12 359)
Total comprehensive income		–	–	(1 340)	275 081	273 741	4 097	277 838
Share-based payments		1 670	1 655	–	–	3 325	–	3 325
Dividends paid		–	–	–	(63 249)	(63 249)	(5 100)	(68 349)
Balance 30 September 2020		**446 571**	**10 277**	**(165)**	**1 571 475**	**2 028 158**	**98 545**	**2 126 703**
Gross shares issued		**480 347**						
Treasury shares		**(33 776)**						
Total comprehensive income		**–**	**–**	**204**	**321 099**	**321 303**	**11 177**	**332 480**
Share-based payments		**–**	**2 236**	**–**	**–**	**2 236**	**–**	**2 236**
Dividends paid		**–**	**–**	**–**	**(63 253)**	**(63 253)**	**–**	**(63 253)**
Balance 30 September 2021		**446 571**	**12 513**	**39**	**1 829 321**	**2 288 444**	**109 722**	**2 398 166**
Gross shares issued		**480 347**						
Treasury shares		**(33 776)**						

Consolidated statement of cash flows

for the year ended 30 September

	Notes	GROUP 2021 R'000	GROUP 2020 R'000
Cash flow from operating activities		**425 734**	494 477
Net cash profit from operating activities	36	**563 226**	483 458
Interest received		**101 304**	126 956
Working capital changes	37	**(108 104)**	(20 415)
Income tax paid	38	**(130 692)**	(95 522)
Cash flow from investment activities		**(109 603)**	(310 892)
Purchase of property, plant and equipment		**(64 764)**	(138 845)
Proceeds on disposal of property, plant and equipment		**13 623**	7 996
Deposits made during the year	11	**–**	(4 500)
Gross decrease/(increase) in loans	8	**820**	(5 931)
Acquisition of operations	44	**(59 282)**	(169 612)
Cash flow from financing activities		**(299 414)**	(195 137)
Decrease in short-term borrowings	40	**(50 443)**	(425 445)
Increase/(decrease) in long-term borrowings	43	**(31 250)**	450 000
Repayment of instalment sale agreements	41	**(31 087)**	(22 063)
Lease payments	42	**(25 612)**	(11 149)
Interest paid		**(97 769)**	(123 231)
Dividends paid		**(63 253)**	(63 249)
Net increase/(decrease) in cash and cash equivalents		**16 717**	(11 552)
Cash and cash equivalents at the beginning of the year		**34 817**	46 369
Cash and cash equivalents at the end of the year		**51 534**	34 817
Comprising of:			
– Bank and cash on hand	15	**51 534**	34 817

Notes to the consolidated annual financial statements

for the year ended 30 September

1 ACCOUNTING POLICIES

The principal accounting policies incorporated in the preparation of these financial statements are set out on pages 139 to 153. These policies are in terms of International Financial Reporting Standards (IFRS) and have been consistently applied to all the years presented, unless stated otherwise.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimates

Properties

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

Loss allowance on trade receivables

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

Financial liabilities related to put options

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

Judgements

Inventory provisions for slow-moving and obsolete stock

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

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 into the Group.

Judgements (continued)

Purchase price allocations

Judgement is used in identifying intangible assets within a purchase price allocation and determining the fair value of the identified assets. Properties are valued by using experts through doing the net income capitalised approach, which is dependent on volumes and capitalisation rates. Please refer to note 44 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.

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. Refer to note 5.

Extension periods with regard to lease contracts

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

IFRS 5 assessment

The Group has taken the decision to dispose of TFC Properties (Pty) Ltd. Subsequent to the disposal of the entity the Group, through TFC Operations (Pty) Ltd, will leaseback the properties within TFC Properties. As at 30 September 2021 not all conditions precedent have been met. The most significant being Competition Commission approval. TFC Properties will be sold in its entirety and the Group will no longer have any form of control over the entity. As such, the Group will deconsolidate TFC Properties on the effective date of the sale. Due to the continued use of the properties, post the sales transaction through the sale and leaseback arrangement to be entered into and the judgement exercised in concluding that the transfer of the asset does not qualify as a sale, TFC Properties was concluded to not be an asset held for sale as at 30 September 2021.

	GROUP	
	2021 R'000	2020 R'000

3 PROPERTY, PLANT AND EQUIPMENT

	2021 R'000	2020 R'000
Cost		
Land and buildings	**1 168 122**	1 114 954
Grain silos	**67 072**	65 032
Machinery and equipment	**346 568**	320 028
Vehicles	**105 960**	103 277
Office furniture and equipment	**242 784**	218 785
Assets under construction	**12 284**	48 776
	1 942 790	1 870 852
Accumulated depreciation		
Land and buildings	**(24 331)**	(21 996)
Grain silos	**(42 879)**	(40 295)
Machinery and equipment	**(133 204)**	(108 464)
Vehicles	**(64 019)**	(58 949)
Office furniture and equipment	**(132 833)**	(115 470)
	(397 266)	(345 174)
Total carrying value	**1 545 524**	1 525 678
Depreciation has been allocated in the income statement as follows:		
Cost of sales	**(11 327)**	(8 735)
Other operating expenses	**(50 059)**	(50 640)
	(61 386)	(59 375)
Refer to note 49 for the reconciliation of movements in carrying value.		
Vehicles include the following amounts where the Group has instalment sale agreements:		
Cost	**56 059**	66 250
Accumulated depreciation	**(23 505)**	(30 173)
Total carrying value	**32 554**	36 077
Machinery and equipment include the following amounts where the Group has instalment sale agreements:		
Cost	**107 781**	107 548
Accumulated depreciation	**(7 041)**	(1 552)
Total carrying value	**100 740**	105 996

Properties to the value of R549,1 million serve as security for the first-ranking covering mortgage bonds. Refer to note 22.

	GROUP	
	2021 R'000	2020 R'000

4 RIGHT-OF-USE ASSETS AND LEASE LIABILITY

	2021 R'000	2020 R'000
Right-of-use assets		
Buildings	**251 898**	235 095
Vehicles	**1 906**	1 207
	253 804	236 302
Reconciliation of movements in carrying value:		
Carrying value at beginning of year	**236 302**	–
Initial recognition of IFRS 16	**–**	166 395
Additions	**39 221**	60 051
Leasehold improvements reclassified to right-of-use assets	**–**	31 357
Modification of lease contracts	**10 871**	3 487
Cancellations of lease contracts	**–**	(848)
Depreciation charge of right-of-use assets	**(32 590)**	(24 140)
Buildings	**(31 389)**	(23 522)
Vehicles	**(1 201)**	(618)
Carrying value at end of year	**253 804**	236 302
Lease liabilities		
Current	**23 827**	14 499
Non-current	**232 208**	220 642
	256 035	235 141
Interest expense (included in finance costs)	**20 573**	20 868
Expense relating to short-term leases and low value assets (included in administrative expenses)	**10 439**	12 169
Cash flow expense for leases and low value and short-term leases	**(36 051)**	(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 three to eight 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.

	GROUP	
	2021 R'000	2020 R'000

5 INTANGIBLE ASSETS

	2021 R'000	2020 R'000
Goodwill	**497 995**	455 532
Tradename	**14 795**	12 480
Cost	**15 597**	13 000
Accumulated amortisation	**(802)**	(520)
Customer relationships	**4 974**	3 000
Cost	**8 077**	5 556
Accumulated amortisation	**(3 103)**	(2 556)
	517 764	471 012
Reconciliation of movements in carrying value:		
Goodwill	**497 995**	455 532
Carrying value at beginning of year	**455 532**	281 337
Additions through business combinations	**42 463**	174 195
Tradename	**14 795**	12 480
Carrying value at beginning of year	**12 480**	12 740
Additions through business combinations	**2 595**	–
Amortisation recognised in profit or loss	**(280)**	(260)
Customer relationships	**4 974**	3 000
Carrying value at beginning of year	**3 000**	4 092
Additions through business combinations	**3 077**	–
Amortisation recognised in profit or loss	**(1 103)**	(1 092)
	517 764	471 012

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

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

	2021 R'000	2020 R'000
Carrying value		
Eastern Cape cluster	**65 880**	42 423
Northern Cape cluster	**133 719**	133 719
Northern Province cluster	**272 093**	254 913

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

	2021 %	2020 %
Pre-tax discount rate	**10,0 – 11,0**	9,0 – 11,0
Revenue growth rate	**9,0 – 9,5**	9,0 – 9,5
Expenses growth rate	**7,5 – 8,0**	8,5 – 9,0
Terminal growth rate	**6,0**	6,0

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

5 INTANGIBLE ASSETS (CONTINUED)

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

	PRE-TAX DISCOUNT RATE		GROSS PROFIT PERCENTAGE		EXPENSES GROWTH RATE	
	2021	2020	**2021**	2020	**2021**	2020
Eastern Cape cluster	**+4,9%**	+5,2%	**-7,8%**	-6,0%	**+7,8%**	+6,2%
Northern Cape cluster	**+12,5%**	+12,1%	**-12,9%**	-12,2%	**+15,5%**	+14,3%
Northern Province cluster	**+10,7%**	+9,3%	**-10,0%**	-8,6%	**+11,6%**	+10,3%

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

There is sufficient headroom and no risk of impairment noted.

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

	2021 R'000	2020 R'000
Carrying value		
Goodwill – business combination relating to PBS	**22 033**	22 033
Goodwill – business combination relating to Farmsave	**1 827**	–
The following table sets out the key assumptions applied in determining the recoverable amount of the goodwill raised:		
Goodwill – business combination relating to PBS	**%**	%
Pre-tax discount rate	**15,7**	10,0
Revenue growth rate	**10,0**	9,0 – 12,0
Expenses growth rate	**8,0**	6,0
Terminal growth rate	**6,0**	6,0
Goodwill – business combination relating to Farmsave		
Pre-tax discount rate	**15,7**	–
Revenue growth rate	**7,5 – 14,0**	–
Expenses growth rate	**5,0 – 7,0**	–
Terminal growth rate	**6,0**	–

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

In relation to PBS, management performed sensitivity analyses on goodwill in relation to the key assumptions in the impairment model, considering possible changes in these key assumptions (including pre-tax discount rate, growth in gross profit, expenses and terminal value).

An impairment only becomes applicable when the discount rate is increased to 40% (2020: 33%). If the expenses increase with 10,1% per year (2020: 9,2% per year), a portion of goodwill will be impaired. If the gross profit decreases with 3,6% (2020: 3,2%), a portion of goodwill will be impaired. Even if the terminal growth rate is zero, no impairment is identified. Thus, there is sufficient headroom and no risk of impairment.

The remaining CGU in the Trade segment was also assessed for goodwill impairment and sufficient headroom noted. Carrying amount of R2,4 million (2020: R2,4 million).

	GROUP	
	2021 R'000	2020 R'000

6 INVESTMENT IN JOINT VENTURE

	2021 R'000	2020 R'000
Beginning of the year	**6 542**	8 901
Loan capitalised – shares issued (refer to note 8)	**25 000**	–
Share in total comprehensive income/(loss)	**2 381**	(2 359)
End of the year	**33 923**	6 542
The nature of the business is supplying of farming requisites, general retail and fuel. The company is incorporated in Namibia.		
Kaap Agri (Namibia) (Pty) Ltd		
Number of issued shares: 502 (2020: 500)		
Shareholding: 50% (2020: 50%)		
251 (2020: 250) Shares at cost	**40 156**	15 156
Share in post-acquisition accumulated loss	**(6 233)**	(8 614)
	33 923	6 542
Summarised statement of financial position as prepared under IFRS		
Non-current assets	**85 672**	94 748
Current assets	**150 585**	146 546
Cash and cash equivalents	**1 612**	5 016
Other current assets	**148 973**	141 530
Total assets	**236 257**	241 294
Non-current liabilities		
Loans and lease liabilities	**30 278**	86 436
Current liabilities	**136 086**	139 098
Short-term borrowings	**19 679**	42 988
Other current liabilities	**116 407**	96 110
Total liabilities	**166 364**	225 534
Net assets	**69 893**	15 760
Group's share in percentage	**50%**	50%
Group's share in Net assets of joint venture at fair value	**34 947**	7 880
Summarised income statement		
Revenue	**687 649**	696 741
Depreciation	**11 642**	11 195
Interest income	**5 877**	6 746
Interest expense	**7 427**	14 271
Profit/(Loss) before taxation	**7 003**	(6 939)
Income tax	**(2 241)**	2 220
Profit/(Loss) attributable to ordinary shareholders	**4 762**	(4 719)
Joint guarantee for bank overdraft facility of investment in joint venture		
Kaap Agri (Namibia) (Pty) Ltd	**45 500**	42 200
The Group provides a limited guarantee (limited to R45,0 million; 2020: R42,2 million) for the bank overdraft facility of Kaap Agri (Namibia) (Pty) Ltd at Bank Windhoek.		
Guarantee for suppliers of subsidiaries		
Vivo Energy Namibia Limited	**7 372**	9 797
The Group provides a limited guarantee (limited to R10 million) for the supply of fuel to Kaap Agri (Namibia) (Pty) Ltd.		

	GROUP	
	2021 R'000	2020 R'000
7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
Signafi Capital (Pty) Ltd – unlisted	**5 580**	5 580

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

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

8 LOANS

	2021 R'000	2020 R'000
Kaap Agri (Namibia) (Pty) Ltd	**6 732**	34 764
Opening balance	**34 764**	32 066
Loan capitalised to investment in joint venture	**(25 000)**	–
Increase/(decrease) in loan	**(3 032)**	2 698
Lionshare Holdings (Pty) Ltd	**27 238**	25 026
Opening balance	**25 026**	26 893
Increase in loan	**2 212**	3 233
Repayment through dividend – non cash	**–**	(5 100)
	33 970	59 790
Short-term portion carried over to current assets	**(7 238)**	(5 026)
	26 732	54 764

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

Kaap Agri (Namibia) (Pty) Ltd

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

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

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

Lionshare Holdings (Pty) Ltd

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

The loan is secured by:

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

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

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

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

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

	GROUP	
	2021 R'000	2020 R'000

9 DEFERRED TAXATION

	2021 R'000	2020 R'000
Movement of deferred taxation		
Balance beginning of year	**(97 499)**	(72 778)
Balance through business combinations	**(8 848)**	(25 606)
Income statement credit/(debit)	**8 353**	(3 883)
Initial recognition of IFRS 16	**–**	4 847
Credit against reserves	**(3 508)**	(79)
Balance end of year	**(101 502)**	(97 499)
Due to the following temporary differences:		
Property, plant and equipment	**(162 246)**	(141 821)
Intangible assets	**353**	353
Currency translation differences	**(15)**	64
Tax loss	**20 846**	13 427
IFRS 16 right-of-use asset and liability	**9 125**	7 625
Provisions and accrued expenses	**30 435**	22 853
	(101 502)	(97 499)

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

	2021 R'000	2020 R'000
Movements for the year		
Opening balance	**(97 499)**	(72 778)
Property, plant and equipment	**(20 425)**	(50 064)
Intangible assets	**–**	5 066
Currency translation differences	**(79)**	521
Tax loss	**7 419**	13 374
IFRS 16 right-of-use asset and liability	**1 500**	7 625
Provisions and accrued expenses	**7 582**	(1 243)
	(101 502)	(97 499)

The tax loss for the year is R74,5 million and has no expiry date. For the purposes of the statement of financial position, deferred taxation is presented as follows:

	2021 R'000	2020 R'000
Non-current assets	**7 181**	2 772
Non-current liabilities	**(108 683)**	(100 271)
	(101 502)	(97 499)

10 INVENTORY

	2021 R'000	2020 R'000
Merchandise	**1 201 741**	1 071 680
Raw materials	**17 880**	30 760
Consumable goods	**1 718**	1 751
	1 221 339	1 104 191
Inventory carried at lower of cost or net realisable value	**48 269**	49 071
Provision for slow-moving and obsolete stock included in inventory	**37 559**	34 279
Inventory written off during the year	**7 739**	5 396

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

	GROUP	
	2021 R'000	2020 R'000
11 TRADE AND OTHER RECEIVABLES		
Trade receivables	**2 056 188**	1 769 806
Expected credit loss allowance	**(54 460)**	(50 631)
	2 001 728	1 719 175
VAT	**43 788**	34 780
Deposits relating to fuel acquisitions	**–**	4 500
Other debtors	**60 306**	66 939
	2 105 822	1 825 394
Trade and other receivables – current	**2 053 669**	1 782 355
Trade and other receivables – non-current	**52 153**	43 039
	2 105 822	1 825 394

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

Deposits are early payments made on Retail Fuel & Convenience site acquisitions awaiting regulatory approval.

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

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

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

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

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

	GROUP	
	2021 R'000	2020 R'000
Movement in the expected credit loss allowance		
Opening balance	**(50 631)**	(44 225)
Movement in the expected credit loss allowance	**(3 829)**	(6 406)
Bad debts written off	**4 329**	2 829
Additional provision raised	**(8 158)**	(9 235)
Balance at the end of the year	**(54 460)**	(50 631)

	GROUP 2021 R'000	2020 R'000
12 DERIVATIVE FINANCIAL INSTRUMENTS		
Firm commitment – Grain purchases		
Assets/(liabilities)		
– Forward purchase contracts	**35 831**	1 411
– Options	**152**	(26)
	35 983	1 385

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

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

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

As at 30 September 2021 103 550 tons (2020: 87 100 tons) wheat were hedged. The risk of the producer not delivering the contracted tonnages is very low as the Group takes into account the current harvest estimates and historic harvest volumes per producer and only contracts for a portion of the historic and harvest estimates, thus taking a very conservative approach. Good long standing relationships exist with all producers and the Group has expert skills and knowledge in this particular field. If the producer under delivers, the Group can buy and sell the tonnages directly on SAFEX.

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

These hedges are classified as fair value hedges.

	GROUP 2021 R'000	2020 R'000
13 FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS		
Written put option		
C-Max Investments (Pty) Ltd		
Opening balance	**(76 600)**	(79 100)
Remeasurement through profit or loss	**500**	2 500
	(76 100)	(76 600)

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 in prior years, whereby C-Max Investments (Pty) Ltd may put their 23,5% shareholding in both TFC Operations (Pty) Ltd and TFC Properties (Pty) Ltd ("the TFC Companies") to Kaap Agri Bedryf Limited. This option shall not apply in the event that any of the TFC Companies are listed on the JSE. The put option is not exercisable prior to the end of the financial year ending 30 September 2021 and it lapses after the notice period has passed, which is 30 days after sign-off of the 30 September 2023 financial statements. The value of the put option is based on the lower of the market value of TFC Operations (Pty) Ltd (which has been calculated with reference to the enterprise value to EBITDA ("EV/EBITDA") multiple of comparable listed companies, adjusted for company-specific risk) and a value determined based on a recurring headline earnings multiple of the Kaap Agri Group (which has been performed by applying the current price to recurring headline earnings ("Price/RHEPS") multiple of Kaap Agri to the forecast profit after tax).
In the current year valuation, a multiple of between 4 and 5 times (2020: 4 and 6 times) was used and a discount rate of 8% – 9% (2020: 8% – 9%).

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

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 R1,5 million (2020: R2,6 million). A 0,5 change in the multiple will change the liability and profit before tax by R18,4 million (2020: R12 million).

During the current year it has been decided to dispose of TFC Properties (Pty) Ltd. This transaction is still subject to conditions precedent with the most important one still in process, namely that the transactions (to the extent necessary) have to be unconditionally approved in terms of the Competition Act, 1998, or conditionally approved on terms and conditions acceptable to the parties to the agreement. Based on this information and knowledge, no value was put on the TFC Properties (Pty) Ltd portion of the put liability. In terms of the agreement, C-Max Investments (Pty) Ltd no longer has the contractual right to put the shares of TFC Properties (Pty) Ltd to Kaap Agri.

	GROUP	
	2021 R'000	2020 R'000
14 FINANCIAL LIABILITY AT AMORTISED COST		
Written put option		
Partridge Building Supplies (Pty) Ltd		
Opening balance	**(14 213)**	(14 800)
Interest (refer to note 32)	**(1 279)**	(1 332)
Remeasurement through profit or loss	**(8 159)**	1 919
	(23 651)	(14 213)

Through the acquisition of the 60% shareholding in Partridge Building Supplies (Pty) Ltd in prior years, the Group entered into a once-off written put agreement over the remaining 40% interest in the aforementioned company. The option 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 65% and 68% (2020: 60% – 65%) was used and an EBITDA multiple of 6,5 times (2020: 6,5 times).

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 value 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 R4,9 million (2020: R3,9 million).

At year-end, the value of the put option liability of Partridge Building Supplies (Pty) Ltd increased as the actual results up to the date that the option becomes exercisable was higher than initially anticipated. The goodwill raised through the business combination was also tested for impairment and no impairment noted, refer to note 5 for more information.

	GROUP	
	2021 R'000	2020 R'000

15 CASH AND CASH EQUIVALENTS

	2021 R'000	2020 R'000
Cash on hand	**2 255**	1 688
Bank balances	**49 279**	33 129
	51 534	34 817

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

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

- ABSA Bank Limited – counterparty risk rated Ba2 by Moody's
- First National Bank Limited – counterparty risk rated Ba2 by Moody's
- Standard Bank of South Africa Limited – counterparty risk rated Ba2 by Moody's
- Nedbank Limited – counterparty risk rated Ba2 by Moody's

	GROUP	
	2021 R'000	2020 R'000

16 STATED CAPITAL

Authorised:
1 000 000 000 (2020: 1 000 000 000) ordinary shares with no par value
Issued:
74 170 277 (2020: 74 170 277) ordinary shares with no par value

	2021 R'000	2020 R'000
Ordinary shares	**480 347**	480 347
Treasury shares	**(33 776)**	(33 776)
	446 571	446 571

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

17 OTHER RESERVES

	2021 R'000	2020 R'000
Hedge reserve Derivative financial instruments that are designated and qualify as cash flow hedges are shown in the statement of financial position at fair value. This includes foreign exchange contracts pertaining to imports of inventory. The effective portion of changes in the fair value are recognised in other comprehensive income in the hedge reserve.	**39**	(165)
Share-based payment reserve The equity impact in relation to the management share incentive scheme is shown in the share-based payment reserve.	**12 513**	10 277
	12 552	10 112

18 EQUITY SETTLED MANAGEMENT SHARE INCENTIVE SCHEME

	2021		2020	
	Average exercise price per share option	**Number of options**	Average exercise price per share option	Number of options
Granted during the year	**24,53**	**461 157**	27,31	1 787 893

The expense recognised in profit or loss is R5 665 134 (2020: R5 110 601).

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

Grant date	Vesting date	Exercise price	Fair value at grant date	Share options 2021	Share options 2020
1 October 2016	1 October 2020	23,88	10,21	**–**	310 651
1 October 2016	1 October 2021	23,88	10,75	**310 651**	310 651
20 March 2018	1 October 2020	48,27	12,29	**–**	30 095
20 March 2018	1 October 2021	48,27	14,43	**30 095**	30 095
20 March 2018	1 October 2022	48,27	16,18	**30 095**	30 095
15 January 2019	1 October 2020	36,72	10,37	**–**	66 547
15 January 2019	1 October 2021	36,72	12,58	**66 547**	66 547
15 January 2019	1 October 2022	36,72	14,14	**66 547**	66 547
15 January 2019	1 October 2023	36,72	15,29	**66 547**	66 547
15 January 2020	1 October 2021	27,31	4,35	**446 973**	446 973
15 January 2020	1 October 2022	27,31	5,28	**446 973**	446 973
15 January 2020	1 October 2023	27,31	5,96	**446 973**	446 973
15 January 2020	1 October 2024	27,31	6,48	**446 973**	446 973
12 January 2021	1 October 2022	24,53	4,65	**115 289**	–
12 January 2021	1 October 2023	24,53	5,56	**115 289**	–
12 January 2021	1 October 2024	24,53	6,23	**115 289**	–
12 January 2021	1 October 2025	24,53	6,74	**115 289**	–
				2 819 533	2 765 669

Fair value of options granted

The fair value of the grant is determined using the Black-Scholes-Merton model using six different inputs that would have an effect on the fair value of the grant. The inputs are the exercise price of the option, the share price at grant date, the expected life of the option, the expected volatility, the expected dividend yield and the risk-free interest rate. No share options were forfeited.

	GROUP	
	2021	2020
Model inputs:		
Exercise price (rand)	**24,53**	27,31
Share price at grant date (rand)	**24,53**	27,31
Expected life of option (years)	**2 to 5**	2 to 5
Expected volatility (%)	**27,6 – 55,9**	36,3 – 55,3
Expected dividend yield (%)	**5,00 – 6,00**	4,00 – 5,00
Risk-free interest rate (%)	**4,44 – 5,97**	3,55 – 4,95

18 EQUITY SETTLED MANAGEMENT SHARE INCENTIVE SCHEME (CONTINUED)

The purpose of the equity settled management share incentive scheme ("the scheme") is to provide employees with the opportunity to acquire shares in the company through the grant of rights, in order to promote and enable the retention and attraction of exceptional talent and to align the interests of the management of the company and Group companies more closely with the shareholders of the company. In terms of the scheme, grants are allocated to participants taking into account each participant's annual cost to company ("CTC"), a factor of CTC based on the nature and level of their position and the share price. The number of shares that a participant will become eligible for at vesting date will be calculated at the time of vesting based on the growth in the share price between the date of grant and the entitlement date, less employee tax. A participant's entitlement to settlement in the ordinary shares in the company in terms of the rights granted shall be in equal 25% annual tranches from the first day of the second financial year commencing after date of grant onwards.

During the current year, 461 157 new grants were issued. During the year, the third tranche of the 1 October 2016 grants vested (310 651 share options), the second tranche of the 20 March 2018 grants vested (30 095 share options) and the first tranche of the 15 January 2019 grants vested (66 547 share options), but no shares were issued as the vesting based on the growth in the share price between the date of grant and the entitlement date were lower than the exercise prices of the grants. The number of shares that may be utilised for the purposes of the scheme shall not exceed 3 700 000 shares with no single individual being entitled to more than 1 235 000 shares.

19 INSTALMENT SALE AGREEMENTS

	GROUP 2021 R'000	GROUP 2020 R'000
Instalment sale agreements liability	**92 080**	112 346
Short-term portion of instalment sale agreements liabilities	**(29 166)**	(32 371)
	62 914	79 975
Commitments in relation to instalment sale agreements payable are as follows:		
Within one year	**34 089**	38 124
Later than one year but not later than five years	**67 796**	87 992
Minimum instalment payments	**101 885**	126 116
Future finance charges	**(9 805)**	(13 770)
Recognised as liability	**92 080**	112 346
The present value of instalment sale agreements liabilities is as follows:		
Within one year	**29 166**	32 371
Later than one year but not later than five years	**62 914**	79 975
Minimum instalment payments	**92 080**	112 346

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

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

	GROUP 2021 R'000	2020 R'000

20 EMPLOYEE BENEFIT OBLIGATIONS

	2021 R'000	2020 R'000
Post-retirement medical benefits		
Balance beginning of year	**17 603**	17 952
Interest costs recognised in the income statement	**1 588**	1 966
Actuarial gain recognised in the income statement	**–**	(161)
Employer contributions	**(2 147)**	(2 154)
	17 044	17 603
Short-term portion carried over to current liabilities	**(2 169)**	(2 223)
	14 875	15 380

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

Existing provisions are based on the following important assumptions:

	2021	2020
Post-retirement medical benefits		
Cost of medical inflation (%)	**7,00**	7,00
Discount rate (%)	**9,25**	9,25
Average retirement age (years)	**65**	65
Expected membership continuance at retirement (%)	**100**	100
Post-retirement mortality	**2 years +1%**	2 years +1%
Weighted average duration of obligation (years)	**7,54**	7,54
Total expected contributions for the coming year (R'000)	**2 169**	2 084

Sensitivity analysis:
The method of calculation remains unchanged.
Effect of a 1% movement in the assumed cost of medical inflation and discount rate:

	+ 1% R'000	**- 1% R'000**
Cost of medical inflation		
Aggregate of current service cost and interest cost – increase/(decrease)	**98**	**(89)**
Liability – increase/(decrease)	**1 062**	**(960)**
Discount rate		
Liability – (decrease)/increase	**(1 038)**	**1 169**

	2021 R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000
Trend information:					
Present value of liabilities	**17 044**	17 603	17 952	18 281	19 474
Present value of obligations above plan assets	**17 044**	17 603	17 952	18 281	19 474
Experience adjustments					
Present value of liabilities	**–**	(947)	–	(174)	–
Actuarial loss before changes in assumptions	**–**	(947)	–	(174)	–

	GROUP	
	2021 R'000	2020 R'000

21 TRADE AND OTHER PAYABLES

	2021 R'000	2020 R'000
Trade creditors	**1 501 529**	1 218 752
Employee accruals	**75 467**	46 740
Other creditors	**79 664**	64 980
	1 656 660	1 330 472

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

22 BORROWINGS

	2021 R'000	2020 R'000
Long-term bank borrowings	**325 000**	418 750
Borrowings	**418 750**	450 000
Short-term portion of long-term bank borrowings	**(93 750)**	(31 250)

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

The current bank facilities bear interest at fixed rates between 6,37% to 6,43% (2020: JIBAR plus 2,00% to JIBAR plus 2,15%). The borrowings are repayable based on a schedule as set out in the agreement between the company and the bank and will be fully repaid by 31 March 2025.

	2021 R'000	2020 R'000
Short-term bank borrowings	**842 096**	830 039
Overdraft facility	**748 346**	798 789
Short-term portion of long-term bank borrowings	**93 750**	31 250

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

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

Securities held:
The bank facilities of R1 736,8 million are secured by:

- A pledge and cession of all shares, securities and other ownership interests in any affiliate, associate company or another person in which it is invested
- First-ranking covering mortgage bonds over certain immovable property of which that Kaap Agri is the registered owner
- A cession of all its rights and claims in respect of bank accounts maintained in South Africa
- A general notarial bond over the stock and moveable assets of Kaap Agri Bedryf Limited to the value of R100 million for the facility of Kaap Agri Bedryf Limited
- A cession of trade debtors and stock of Kaap Agri Bedryf Limited for the facility of Kaap Agri Bedryf Limited (limited to R1 410 million)
- A cession of trade debtors of Agriplas (Pty) Ltd as well as a limited guarantee by Kaap Agri Bedryf Limited (limited to R27,3 million) for the facilities of Agriplas (Pty) Ltd
- A general notarial bond over the moveable assets of Partridge Building Supplies (Pty) Ltd to the value of R50 million for the facility of Partridge Building Supplies (Pty) Ltd
- A limited guarantee by Kaap Agri Bedryf Limited (limited to R65,0 million) for the facilities of Partridge Building Supplies (Pty) Ltd
- First-ranking covering mortgage bonds over certain immovable property of Kaap Agri Bedryf Limited

	GROUP	
	2021 **R'000**	2020 R'000

23 RELATED PARTY TRANSACTIONS

	2021 R'000	2020 R'000
Transactions with related parties and outstanding balances:		
Income		
Sales of goods – Capespan SA (Pty) Ltd	**159**	373
Interest received – Lionshare Holdings (Pty) Ltd	**2 212**	2 526
Expenses		
Purchases of goods – Capespan SA (Pty) Ltd	**1 336**	1 249
Purchases of goods – M Pupkewitz & Sons (Pty) Ltd	**1 792**	1 723
Services – PSG Capital (Pty) Ltd	**–**	526
Balances		
Trade debtors – Capespan SA (Pty) Ltd	**39**	33
Loan – Lionshare Holdings (Pty) Ltd	**27 238**	25 026
Transactions with directors and outstanding balances		
Sales	**67 834**	69 918
Purchases	**–**	539
Trade receivables	**12 666**	9 708
Transactions with joint venture and outstanding balances		
Income		
Services – Kaap Agri (Namibia) (Pty) Ltd	**–**	5 798
Sales of goods – Kaap Agri (Namibia) (Pty) Ltd	**2 500**	1 660
Interest received – Kaap Agri (Namibia) (Pty) Ltd	**742**	2 998
Expenses		
Purchases of goods – Kaap Agri (Namibia) (Pty) Ltd	**118**	113
Balances		
Trade debtors – Kaap Agri (Namibia) (Pty) Ltd	**299**	234
Trade creditors – Kaap Agri (Namibia) (Pty) Ltd	**3**	18
Loan – Kaap Agri (Namibia) (Pty) Ltd	**6 732**	34 764

Also refer to notes 6 and 8.

The relationships between the various companies in the Group are disclosed in note 45.

Capespan SA (Pty) Ltd, Grayston Elliot (Pty) Ltd and PSG Capital (Pty) Ltd are all subsidiaries/ fellow subsidiaries of shareholders of the Group.

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

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

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

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

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

24 FINANCIAL RISK MANAGEMENT

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

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

The carrying value according to the statement of financial position differs from the values disclosed in this note because of items included in the carrying value according to the statement of financial position, which do not meet the definition of a financial instrument or which are excluded from the scope of IFRS 7 – Financial Instruments: Disclosures. These items include statutory receivable (VAT) amounts of R43,8 million (2020: R34,8 million), statutory liabilities of R11,2 million (2020: R11,4 million) and liabilities in respect of employee benefits of R61,7 million (2020: R23,1 million).

Market risk

Foreign currency risk

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

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

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

Cash flow interest rate risk

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

	INTEREST-BEARING			
	Rate 2021 %	**Amount 2021 R'000**	Rate 2020 %	Amount 2020 R'000
Assets:				
Trade receivables	**7,00 – 12,00**	**2 062 034**	7,00 – 12,00	1 786 145
Loan: Kaap Agri (Namibia) (Pty) Ltd	**7,50**	**6 732**	7,50	34 764
Loan: Lionshare Holdings (Pty) Ltd	**8,50**	**27 238**	8,50	25 026
Liabilities:				
Short-term borrowings	**5,00 – 5,75**	**748 346**	5,00 – 5,25	798 789
Instalment sale agreements	**6,00 – 8,02**	**92 080**	5,00 – 8,02	112 346
Borrowings	**6,37 – 6,43**	**418 750**	6,01 – 6,06	450 000

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Cash flow interest rate risk (continued)

	NON-INTEREST-BEARING	
	Amount 2021 R'000	Amount 2020 R'000
Assets:		
Other receivables	**60 306**	66 970
Cash and cash equivalents	**51 534**	34 817
Liabilities:		
Trade and other payables	**1 583 822**	1 295 942

	GROUP	
	2021 R'000	2020 R'000
To illustrate the Group's exposure to interest rate changes, the influence of interest rate changes on the carrying values of interest-bearing financial assets and financial liabilities and resulting profit before taxation, are illustrated as follows:		
Interest-bearing assets	**2 147 538**	1 880 752
Interest-bearing liabilities	**(1 259 176)**	(1 361 135)
Net interest-bearing assets	**888 362**	519 617
Increase/(decrease) in profit after tax and equity		
Half a percentage point increase in interest rates	**3 198**	1 871
Half a percentage point decrease in interest rates	**(3 198)**	(1 871)

Price risk

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

Equity price risk

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

Credit risk

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

In terms of IFRS 9 – Financial Instruments, all financial assets at amortised cost need to be assessed for expected credit losses. Refer to the accounting policy note 8 for more information.

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

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

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables

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

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

The Group has a specific expected credit loss allowance and a contingency expected credit loss allowance. Refer to note 8 in the accounting policy for more information.

	GROUP	
	2021 R'000	2020 R'000
The total expected credit loss allowance is made up of		
– specific expected credit loss allowance	**(47 707)**	(43 440)
– contingency expected credit loss allowance	**(6 753)**	(7 191)
Balance at the end of the year calculated under IFRS 9	**(54 460)**	(50 631)

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

The spread across the different forms of security:

	Surety	Guarantee/ Indemnity	Bond	Cession	Deed of pledge	General
Security type – 2021	**53%**	**7%**	**12%**	**22%**	**1%**	**5%**
Security type – 2020	53%	9%	13%	18%	2%	5%

General securities include bank guarantees and credit guarantees.

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

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

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables (continued)

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

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

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

	Grain R'000	Fruit R'000	Other Agri R'000	Non-Agri R'000	Total R'000
Balance of debtors not specifically provided for	506 166	797 288	448 421	231 662	1 983 537
Expected credit loss risk factor	0,20%	0,39%	0,49%	0,20%	0,34%
Total contingency loss allowance as at 30 September	999	3 093	2 196	465	6 753
Total specific loss allowance as at 30 September	11 021	6 346	26 859	3 483	47 709
Total expected credit loss allowance	(12 020)	(9 439)	(29 055)	(3 948)	(54 462)
Balance beginning of year	(11 040)	(8 990)	(22 800)	(7 802)	(50 632)
Provision written back/(created)	(980)	(449)	(6 255)	3 854	(3 830)
Total balance	526 623	808 509	475 240	245 816	2 056 188
Total collateral held	(437 497)	(533 626)	(351 919)	(31 987)	(1 355 029)
Total loss allowance	(12 020)	(9 439)	(29 055)	(3 948)	(54 462)

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

	Grain R'000	Fruit R'000	Other Agri R'000	Non-Agri R'000	Total R'000
30 September 2020					
Debtors within terms					
Balance	427 737	550 317	291 128	182 547	1 451 729
Debtors for which collateral are held	(341 780)	(353 150)	(181 685)	(20 531)	(897 146)
Exposure to credit risk	85 957	197 167	109 443	162 016	554 583
Debtors outside terms but not credit impaired					
Balance	68 135	84 539	92 970	3 592	249 236
Debtors for which collateral are held	(65 110)	(52 931)	(68 397)	(762)	(187 200)
Exposure to credit risk	3 025	31 608	24 573	2 830	62 036
Debtors which are credit impaired					
Balance	15 707	11 725	24 206	17 203	68 841
Debtors for which collateral are held	(2 725)	(565)	(2 894)	(853)	(7 037)
Exposure to credit risk	12 982	11 160	21 312	16 350	61 804

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

	Grain R'000	Fruit R'000	Other Agri R'000	Non-Agri R'000	Total R'000
Balance of debtors not specifically provided for	495 872	634 856	384 098	186 139	1 700 965
Expected credit loss risk factor	0,35%	0,38%	0,38%	0,85%	0,42%
Total contingency loss allowance as at 30 September	1 731	2 425	1 444	1 591	7 191
Total specific loss allowance as at 30 September	9 309	6 565	21 356	6 211	43 441
Total expected credit loss allowance	(11 040)	(8 990)	(22 800)	(7 802)	(50 632)
Balance beginning of year	(9 079)	(7 590)	(21 189)	(6 367)	(44 225)
Provision written back/ (created)	(1 961)	(1 400)	(1 611)	(1 435)	(6 407)
Total balance	511 579	646 581	408 304	203 342	1 769 806
Total collateral held	(409 615)	(406 646)	(252 976)	(22 146)	(1 091 383)
Total loss allowance	(11 040)	(8 990)	(22 800)	(7 802)	(50 632)

Liquidity risk

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

The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates with alternative risk-free rates to improve market efficiency and mitigate systemic risk across financial markets. The South African Revenue Bank has indicated its intention to move away from JIBAR and to create an alternative reference rate for South Africa. This reform is at various stages globally and a suitable alternative for South Africa is only expected to be announced in a few years' time. Accordingly, there is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the Group.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

	GROUP	
	2021 R'000	2020 R'000
The Group's unutilised borrowing facilities are as follows:		
Total borrowing facilities	**1 815 830**	1 864 922
Interest-bearing debt	**(1 259 177)**	(1 361 135)
	556 653	503 787

The contractual maturity periods of the Group's liabilities on reporting date are as follows:

	Carrying amount R'000	Contractual cash flows R'000	0 to 12 months R'000	13 to 60 months R'000	More than 60 months R'000
30 September 2021					
Non-derivative financial liabilities					
Trade and other payables	**1 583 822**	**1 583 822**	**1 583 822**	–	–
Financial liability at fair value through profit or loss	**76 100**	**99 200**	–	**99 200**	–
Financial liability at amortised cost	**23 651**	**15 200**	–	**15 200**	–
Lease liabilities	**256 035**	**388 982**	**43 843**	**155 929**	**189 210**
Short-term borrowings	**748 346**	**772 577**	**772 577**	–	–
Borrowings	**418 750**	**443 329**	**118 329**	**325 000**	–
Instalment sale agreements	**92 080**	**101 885**	**34 089**	**67 796**	–
	3 198 784	**3 404 995**	**2 552 660**	**663 125**	**189 210**
Derivative financial liabilities/(assets)					
Derivative financial instruments					
Outflow	**35 983**	**578 927**	**578 927**	–	–
Inflow	**(35 983)**	**(578 927)**	**(578 927)**	–	–
Forward exchange contracts					
Outflow	**283**	**22 682**	**22 682**	–	–
Inflow	**(283)**	**(22 682)**	**(22 682)**	–	–
	–	–	–	–	–
30 September 2020					
Trade and other payables	1 295 942	1 295 942	1 295 942	–	–
Financial liability at fair value through profit or loss	76 600	99 200	–	99 200	–
Financial liability at amortised cost	14 213	15 200	–	15 200	–
Lease liabilities*	235 141	357 239	34 715	132 996	189 528
Short-term borrowings*	798 789	859 934	859 934	–	–
Borrowings*	450 000	476 759	63 583	413 176	–
Instalment sale agreements	112 346	126 116	38 124	87 992	
	2 983 031	3 230 390	2 292 298	748 564	189 528
Derivative financial liabilities/(assets)					
Derivative financial instruments					
Outflow	1 385	428 415	428 415	–	–
Inflow	(1 385)	(428 415)	(428 415)	–	–
Forward exchange contracts					
Outflow	(1 861)	27 642	27 642	–	–
Inflow	1 861	(27 642)	(27 642)	–	–
	–	–	–	–	–

* *In the prior year lease liabilities were not disclosed as part of the contractual maturity analysis presented. This was corrected in the current financial year. In addition, the maturity analysis was further refined by including an additional maturity bucket in relation to contractual payments due more than 60 months past the reporting date. The comparatives were restated accordingly. It was also noted that the current portion of borrowings was incorrectly included as part of the short-term borrowings in the prior year (as opposed to being included as part of borrowings), resulting in the prior year being restated.*

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value estimation

Investments and derivative financial instruments

Level 1

> Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2

> Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3

> Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Please refer to the equity risk disclosure for more information regarding the investment in Signafi Capital (Pty) Ltd at fair value. The investment in Signafi Capital (Pty) Ltd is a level 3 financial instrument as the shares are not listed and unobservable. The financial liability at fair value through profit or loss comprising the redemption obligation for a written put option is recorded at fair value.

	GROUP	
	2021 R'000	2020 R'000
Level 2 – Financial instruments for hedging:		
Financial instruments at fair value through profit or loss	**35 983**	1 385

Trade debtors and trade creditors

The nominal value of trade receivables, less expected credit losses, and trade payables are assumed to approximate their fair values.

Financial liabilities

The nominal value of financial liabilities for disclosure purposes are assumed to approximate their fair values.

Capital maintenance

The Group considers total equity, which includes share capital, reserves and treasury shares, as capital. The ratio between capital and debt is the capital ratio. Debt includes short-term borrowings. The Group's objective with the management of the capital ratio is to ensure that the Group continues to trade as a going concern and to create wealth for its shareholders and other stakeholders. The influence on the capital ratio is considered with decisions on the declaration of dividends, repurchase of shares, issue of shares, purchase and disposal of assets and investments and the acquiring or repayment of debt. The movement in capital is presented in the statement of changes in equity.

	GROUP	
	2021	2020
Ratios		
Total shareholders' equity: Total assets employed	**40,82%**	40,28%
Net interest-bearing debt: Total assets employed	**22,89%**	26,16%
EBITDA*: Net assets	**20,96%**	19,72%

Net interest-bearing debt includes bank borrowings and cash balances.

EBITDA is the headline earnings before interest, tax, depreciation and amortisation.

Net assets are total assets less total liabilities.

* *Previously EBITDA was calculated including interest received but excluding interest paid. As EBITDA is intended to be a reflection of true operational performance and in the interests of improved disclosure, the calculation of EBITDA has been changed to exclude both interest received and interest paid. This updated methodology has been consistently applied across all periods above.*

	GROUP	
	2021	2020
Financial covenants		
Asset cover ratio (required to be above 1,25 times)	**2,3**	2,1
Interest cover ratio (required to be above 2,5 times)	**6,8**	5,0

	GROUP	
	2021 R'000	2020 R'000

25 LOW VALUE AND SHORT-TERM LEASE COMMITMENTS

	2021 R'000	2020 R'000
Lease payments		
Payable within one year	**4 527**	3 802
Payable between one and five years	**4 523**	3 508
Payable after five years	**–**	–
	9 050	7 310

Within various lease contracts, the Group has the option to renew.

26 CAPITAL COMMITMENTS

	2021 R'000	2020 R'000
Contracted	**33 888**	9 821

These commitments have been approved by the Board of directors. The commitments will be financed by own and borrowed funds. The Group remains focused on disciplined cash management, specifically in the areas of working capital, capital expenditure and cost control.

27 REVENUE FROM CONTRACTS WITH CUSTOMERS

	2021 R'000	2020 R'000
Sale of goods	**10 334 976**	8 362 714
– Trade	**6 118 269**	5 179 573
– Retail Fuel & Convenience	**3 029 734**	2 309 904
– Grain Services	**955 289**	680 836
– Manufacturing	**231 684**	192 401
Sale of services	**126 982**	109 593
– Trade	**35 940**	32 321
– Grain Services	**91 042**	77 272
Margin on direct transactions	**120 630**	102 361
– Trade	**117 723**	100 788
– Grain Services	**2 907**	1 573
	10 582 588	8 574 668

Refer to the accounting policy and note 46 for details regarding the different revenue streams.

28 OTHER OPERATING INCOME

	2021 R'000	2020 R'000
Interest received	**99 066**	123 848
– Trade debtors that are not impaired	**89 316**	109 221
– Trade debtors that are impaired	**2 334**	2 814
– Other	**7 416**	11 813
Profit on sale of property, plant and equipment	**2 042**	2 874
Revaluation of financial liability at fair value through profit or loss*	**500**	2 501
Revaluation of financial liability at amortised cost*	**–**	1 919
Foreign exchange differences	**151**	–
Transport income	**6 153**	6 162
Rent received	**10 386**	9 525
Bad debts recovered	**8**	16
Manufacturing income	**2 938**	3 111
Information technology income	**–**	5 798
AgriSETA and ETI income	**2 440**	3 750
Training income	**604**	324
Weighbridge income	**717**	836
Commission received	**8 845**	6 135
Management fees	**830**	4 496
Other income	**10 531**	6 623
	145 211	177 918

* *During the current year the revaluations on the financial liability at fair value through profit or loss and the financial liability at amortised cost were disclosed separately to enhance disclosure. The prior year disclosure has been adjusted accordingly.*

	GROUP	
	2021 R'000	2020 R'000

29 EXPENSES BY NATURE

	2021 R'000	2020 R'000
Cost of products sold	**8 894 737**	7 163 920
Foreign exchange differences	**–**	91
Depreciation	**93 976**	83 515
Amortisation of intangible assets	**1 384**	1 353
Directors' emoluments	**22 397**	11 729
Staff costs	**713 597**	612 437
– Salaries, wages and bonuses	**645 088**	562 808
– Equity settled management share incentive scheme	**5 665**	5 111
– Employer's contribution to pension fund (defined contribution plan)	**45 342**	42 432
– Employer's contribution to medical benefits	**2 147**	2 154
– Increase/(decrease) in provision for post-retirement medical benefits	**(559)**	(349)
– Increase/(decrease) in provision for leave*	**5 922**	(8 568)
– Training expenses	**9 992**	8 849
Skills development levy	**5 829**	3 665
Auditor's remuneration	**6 317**	6 642
– For audit	**6 175**	5 919
– Other services	**133**	119
– Under provision previous year	**9**	604
Rent paid	**10 439**	12 169
– Buildings	**3 172**	2 904
– Vehicles	**1 569**	2 257
– Machinery and equipment	**5 698**	7 008
Other occupancy costs	**119 352**	97 663
Revaluation of financial liability at amortised cost	**8 159**	–
Information technology expenses	**53 317**	51 185
Marketing costs	**69 171**	50 182
Transport/distribution	**78 339**	67 315
COVID-19 related expenses	**4 158**	3 465
Other administrative expenses	**55 261**	46 778
Acquisition-related costs	**7 892**	6 432
Bad debts written off	**4 329**	2 829
Other expenses*	**18 450**	16 374
	10 167 104	8 237 744

* *During the current year the increase/(decrease) in provision for leave is disclosed separately under staff costs to enhance disclosure. Last year it was disclosed under other expenses.*
The prior year disclosure has been adjusted accordingly to reflect the increase/(decrease) in provision for leave separately.

	Number	Number
Number of employees in service at year-end	**3 736**	3 500

30 REMUNERATION PAID TO DIRECTORS

	Salary R'000	Bonuses R'000	Share Incentive Scheme vested R'000	Pension contri-butions R'000	Directors' fees R'000	Expense allowance R'000	Total R'000
2021							
Executive directors							
GW Sim	**3 163**	**3 476**	**–**	**331**	**–**	**–**	**6 970**
S Walsh	**4 881**	**6 375**	**–**	**351**	**–**	**–**	**11 607**
	8 044	**9 851**	**–**	**682**	**–**	**–**	**18 577**
Non-executive directors							
I Chalumbira					**187**	**–**	**187**
BS du Toit					**328**	**–**	**328**
D du Toit					**445**	**–**	**445**
JH le Roux*					**328**	**–**	**328**
EA Messina					**654**	**–**	**654**
WC Michaels					**187**	**–**	**187**
CA Otto					**701**	**–**	**701**
HM Smit					**276**	**–**	**276**
GM Steyn					**714**	**–**	**714**
					3 820	**–**	**3 820**
Total							**22 397**
2020							
Executive directors							
GW Sim	2 976	–	439	238	–	15	3 668
S Walsh	4 620	–	960	281	–	42	5 903
	7 596	–	1 399	519	–	57	9 571
Non-executive directors							
I Chalumbira					172	6	178
BS du Toit					300	1	301
D du Toit					361	1	362
JH le Roux*					268	1	269
EA Messina					605	1	606
WC Michaels					184	1	185
CA Otto					642	1	643
HM Smit					253	3	256
GM Steyn					654	1	655
JH van Niekerk					175	1	176
					3 614	17	3 631
Total							13 202

The terms of service of the executive directors are coupled to their terms of service as employees, while the non-executive directors rotate on a three-year basis. No director or employee has a fixed-term contract with the Group. The remuneration of the non-executive directors consists of a fixed annual remuneration for services as a director, an additional fixed remuneration for duties on committees and reimbursement for travelling and other costs. The remuneration of executive directors consists of remuneration as employees and they receive no additional remuneration as directors.

There are no further prescribed officers in the view of the Board.

* *Payable to Zeder Corporate Services (Pty) Ltd.*

31 DIRECTORS' EQUITY SETTLED SHARE INCENTIVE SCHEME OPTIONS

	Grant date	Vesting date	Exercise price	Fair value at grant date	**Share options 2021**	Share options 2020
S Walsh	1 October 2016	1 October 2020	23,88	10,21	**–**	113 187
	1 October 2016	1 October 2021	23,88	10,75	**113 187**	113 187
	20 March 2018	1 October 2020	48,27	12,29	**–**	3 360
	20 March 2018	1 October 2021	48,27	14,43	**3 360**	3 360
	20 March 2018	1 October 2022	48,27	16,18	**3 360**	3 360
	15 January 2019	1 October 2020	36,72	10,37	**–**	22 593
	15 January 2019	1 October 2021	36,72	12,58	**22 593**	22 593
	15 January 2019	1 October 2022	36,72	14,14	**22 593**	22 593
	15 January 2019	1 October 2023	36,72	15,29	**22 593**	22 593
	15 January 2020	1 October 2021	27,31	4,35	**194 232**	194 232
	15 January 2020	1 October 2022	27,31	5,28	**194 232**	194 232
	15 January 2020	1 October 2023	27,31	5,96	**194 232**	194 232
	15 January 2020	1 October 2024	27,31	6,48	**194 232**	194 232
	12 January 2021	1 October 2022	24,53	4,65	**37 647**	–
	12 January 2021	1 October 2023	24,53	5,56	**37 647**	–
	12 January 2021	1 October 2024	24,53	6,23	**37 647**	–
	12 January 2021	1 October 2025	24,53	6,74	**37 647**	–
GW Sim	1 October 2016	1 October 2020	23,88	10,21	**–**	51 775
	1 October 2016	1 October 2021	23,88	10,75	**51 775**	51 775
	20 March 2018	1 October 2020	48,27	12,29	**–**	5 465
	20 March 2018	1 October 2021	48,27	14,43	**5 465**	5 465
	20 March 2018	1 October 2022	48,27	16,18	**5 465**	5 465
	15 January 2019	1 October 2020	36,72	10,37	**–**	10 602
	15 January 2019	1 October 2021	36,72	12,58	**10 602**	10 602
	15 January 2019	1 October 2022	36,72	14,14	**10 602**	10 602
	15 January 2019	1 October 2023	36,72	15,29	**10 602**	10 602
	15 January 2020	1 October 2021	27,31	4,35	**77 378**	77 378
	15 January 2020	1 October 2022	27,31	5,28	**77 378**	77 378
	15 January 2020	1 October 2023	27,31	5,96	**77 378**	77 378
	15 January 2020	1 October 2024	27,31	6,48	**77 378**	77 378
	12 January 2021	1 October 2022	24,53	4,65	**19 253**	–
	12 January 2021	1 October 2023	24,53	5,56	**19 253**	–
	12 January 2021	1 October 2024	24,53	6,23	**19 253**	–
	12 January 2021	1 October 2025	24,53	6,74	**19 253**	–

For more information on the equity settled share incentive scheme refer to note 18.

	GROUP	
	2021 R'000	2020 R'000
32 FINANCE COSTS		
Banks and other	**77 196**	102 363
Lease liabilities	**20 573**	20 868
Redemption liabilities (refer to note 14)	**1 279**	1 332
	99 048	124 563

	GROUP	
	2021 R'000	2020 R'000

33 INCOME TAX

	2021 R'000	2020 R'000
Tax expenditure		
Current taxation – current year	**136 276**	98 785
Current taxation – previous year overprovided	**–**	(332)
Deferred taxation – current year	**(8 353)**	3 883
Taxation for the year	**127 923**	102 336

	%	%
The tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory rate, as follows:		
Statutory tax rate	**28,00**	28,00
Adjusted for:		
Non-deductible expenses of a capital nature	**0,07**	0,19
Non-taxable employment tax incentive income	**(0,08)**	(0,32)
Non-taxable revaluation of put option	**0,55**	(0,23)
Learnership allowances	**(0,59)**	(0,94)
Share in (profit)/loss of joint venture	**(0,14)**	0,16
Effective rate	**27,81**	26,86

Non-deductible expenses of a capital nature include legal and consultation fees relating to acquisitions of new businesses and other restructuring costs.

	GROUP	
	2021 R'000	2020 R'000

34 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

Reconciliation between earnings and headline earnings:

	2021 R'000	2020 R'000
Net profit	**332 276**	279 178
Attributable to shareholders of the holding company	**321 099**	275 081
Non-controlling interest	**11 177**	4 097
Net profit on disposal of assets	**(1 470)**	(2 069)
Gross	**(2 042)**	(2 874)
Tax effect	**572**	805
Headline earnings	**330 806**	277 109
Attributable to shareholders of the holding company	**319 722**	273 012
Non-controlling interest	**11 084**	4 097
Non-recurring items	**16 402**	3 344
Non-recurring expenses	**7 464**	6 432
Revaluation of put options	**8 938**	(3 088)
Recurring headline earnings	**347 208**	280 453
Attributable to shareholders of the holding company	**335 630**	275 810
Non-controlling interest	**11 578**	4 643

	GROUP 2021 R'000	GROUP 2020 R'000
	Number	
34 EARNINGS PER SHARE (CONTINUED)		
Weighted average number of ordinary shares ('000)	**70 281**	70 266
Weighted average number of diluted ordinary shares ('000)	**71 072**	70 266

	Cents	
Earnings per share	**456,88**	391,49
Diluted earnings per share	**451,79**	391,49
Headline earnings per share	**454,92**	388,54
Diluted headline earnings per share	**449,86**	388,54
Recurring headline earnings per share	**477,55**	392,52

Headline earnings are calculated based on Circular 1/2021 issued by the South African Institute of Chartered Accountants.

Non-recurring expenses consists predominantly of costs associated with acquisitions of new businesses (legal and external consultation costs).

	GROUP 2021 R'000	GROUP 2020 R'000
35 DIVIDEND PER SHARE		
Interim		
40,00 cents per share (2020: 00,00 cents per share)	**28 112**	–
Final		
111,00 cents per share (2020: 50,00 cents per share)	**78 012**	35 141
	106 124	35 141

Dividends payable are not accounted for until they have been declared by the Board of directors. The statement of changes in equity does not reflect the final dividend payable in respect of the current year. The final dividend for the year ended 30 September 2021 will be accounted for as an appropriation of retained profit in the year ended 30 September 2022.

	GROUP 2021 R'000	GROUP 2020 R'000
36 NET CASH PROFIT FROM OPERATING ACTIVITIES		
Operating profit per income statement	**556 866**	508 436
Adjusted for:		
– Interest received	**(99 066)**	(123 848)
– Depreciation	**93 976**	83 515
– Amortisation of intangible assets	**1 384**	1 353
– Profit on disposal of property, plant and equipment	**(2 042)**	(2 874)
– Revaluation of put options	**7 659**	(4 420)
– Modifications IFRS 16	**(3 586)**	–
– Increase in share-based payment reserve	**5 665**	3 925
– Decrease in provisions	**2 370**	17 371
	563 226	483 458
37 WORKING CAPITAL CHANGES		
Increase in inventory	**(109 422)**	(12 485)
Increase in trade and other receivables	**(291 736)**	(9 016)
Increase in trade and other payables	**293 054**	1 086
	(108 104)	(20 415)

	GROUP	
	2021 R'000	2020 R'000

38 INCOME TAX PAID

Balance owing at the beginning of the year	**11 325**	8 394
Income tax expense in income statement	**136 276**	98 453
Balance owing at the end of the year	**(16 909)**	(11 325)
	130 692	95 522

39 ACQUISITION OF BUSINESSES

Non-current assets	**96 965**	272 106
Current assets	**11 006**	11 252
Non-current liabilities	**(8 848)**	(25 606)
Purchase consideration	**99 123**	257 752
– paid in cash (current period)	**59 282**	169 612
– paid in cash (previous period)	**36 841**	88 140
– deferred payment	**3 000**	–

Refer note 44 for more information.

40 INCREASE/(DECREASE) IN SHORT-TERM BORROWINGS

Opening balance	**798 789**	1 309 447
New instalment sale agreement – asset purchased prior year *	**–**	(85 213)
Cash flow movements		
Drawdowns	**14 722 894**	10 280 780
Repayments	**(14 810 973)**	(10 788 407)
Interest	**37 636**	82 182
Closing balance	**748 346**	798 789

* *Asset purchased in the prior year and formed part of assets under construction. Asset was financed after completion in the current financial year.*

41 REPAYMENT OF INSTALMENT SALE AGREEMENTS

Opening balance	**112 346**	39 814
New instalment sale agreements	**10 821**	94 595
Capital repayment	**(31 087)**	(22 063)
Instalments	**(37 011)**	(25 346)
Interest	**5 924**	3 283
Closing balance	**92 080**	112 346

42 LEASE PAYMENTS

Opening balance	**235 141**	–
Initial recognition of IFRS 16	**–**	183 601
New leases	**39 221**	60 051
Modifications and cancellations	**7 285**	2 638
Capital repayment	**(25 612)**	(11 149)
Lease expense	**(46 185)**	(32 017)
Interest	**20 573**	20 868
Closing balance	**256 035**	235 141

	GROUP	
	2021 R'000	2020 R'000

43 BORROWINGS

	2021 R'000	2020 R'000
Opening balance	**450 000**	–
New funding acquired	**–**	450 000
Repayment	**(31 250)**	–
Closing balance	**418 750**	450 000

44 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 licence was obtained and thus the operations were acquired and still treated as a 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 Group also acquired Farmsave, a business in the agricultural sector. The business services all core farmer requirements through five branches located in Bergville and Ladysmith. The business caters for retail and bulk trade to surrounding farmers across feed, seed, fertiliser, packaging, fencing and other farming inputs. Goodwill on acquisition was paid on this business which represents synergies within the company and has future earnings potential.

The Group's acquisition strategy specific in the Retail Fuel & Convenience sector is cluster based, focusing on increasing scale in identified geographic locations. This geographic scale allows for enhanced synergistic benefits. The same goes for the growth in the agricultural business relating to the Farmsave purchase. The synergies include, but are not limited to, the following:

> Alignment and improvement of supplier and service provider trading terms and service level agreements, both fuel and non-fuel related
> Ability to convert fuel brand offerings to preferred suppliers
> Enhanced logistics, both fuel and non-fuel related
> Ability to add or convert convenience store and quick service restaurant offerings
> Alignment of franchise trading terms
> Utilisation of Group shared services, including information management, finance, human resources, property management and internal audit
> Shared regional operational structures
> Improved skills transfer and succession planning

In the Retail Fuel & Convenience sector, improved synergies contribute to either a lower cost per litre to serve or a higher cents per litre income, thus enhancing returns on invested capital.

Based on the purchases in the fuel sector a provisional purchase price allocation (""PPA"") as required by IFRS 3 – Business Combinations was performed and no intangible assets were identified, other than fuel site operating licences. The site licences are considered to be identifiable due to arising from contractual/legal rights, with an indefinite useful life. The site licences' 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 licences do not require any renewals or renewal payments and the Group expects to continue selling fuel products indefinitely from the businesses acquired. The licences 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.

44 BUSINESS COMBINATIONS (CONTINUED)

Based on the purchase in the agricultural sector a provisional purchase price allocation as required by IFRS 3 – Business Combinations was performed and no material intangible assets were identified, other than a tradename and customer relations. The tradename was valued based on the relief from royalty method. This estimates the amount someone would be prepared to pay for the tradename if they wished to utilise the same asset. The multi-period excess earnings method ("MEEM") was used to determine the fair value of the customer relationships. The MEEM is a variation of the income method whereby the projected cash flows that a business expects to generate is allocated to the assets that contribute to generating this cash flow.

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

- Caltex PE Convenience – February 2021 (fuel sector)
- Total Atlas Road – March 2021 (fuel sector)
- Farmsave – August 2021 (agricultural sector)

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

	Total R'000	Farmsave R'000	Total Atlas Road R'000	Caltex PE Convenience R'000
Carrying value				
Assets				
Land and buildings	46 700	14 700	32 000	–
Plant and equipment	2 528	1 992	193	343
Inventory	11 006	8 853	616	1 537
	60 234	25 545	32 809	1 880
Fair value				
Assets				
Land and buildings	46 300	14 700	31 600	–
Plant and equipment	2 528	1 992	193	343
Tradename	2 595	2 595	–	–
Customer relations	3 077	3 077	–	–
Goodwill	42 465	1 828	17 180	23 457
Inventory	11 006	8 853	616	1 537
Liabilities				
Deferred taxation	(8 848)	–	(8 848)	–
Purchase consideration	99 123	33 045	40 741	25 337
– paid in cash (current period)	59 282	30 045	6 400	22 837
– paid in cash (previous period)	36 841	–	34 341	2 500
– deferred payment	3 000	3 000	–	–

The land, inclusive of the site licence, is valued using the Net Income Capitalised Approach.

Buildings at the value of R3,7 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 lives of the buildings.

Acquisition-related costs are disclosed in note 29.

44 BUSINESS COMBINATIONS (CONTINUED)

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

	Total R'000	Farmsave R'000	Total Atlas Road R'000	Caltex PE Convenience R'000
Revenue				
– since acquisition date	**178 555**	**21 942**	**62 381**	**94 232**
– as if from the beginning of the year	**380 683**	**138 926**	**105 412**	**136 345**
Profit/(loss) before tax				
– since acquisition date	**4 053**	**39**	**2 148**	**1 866**
– as if from the beginning of the year	**11 220**	**3 088**	**5 410**	**2 722**

45 INTEREST IN RELATED ENTITIES

	NUMBER OF ISSUED SHARES		SHAREHOLDING (%)	
	2021	2020	**2021**	2020
Name of subsidiary				
Directly held:				
Shares held by Kaap Agri Limited				
Kaap Agri Bedryf Limited	**74 170 277**	74 170 277	**100,00**	100,00
Shares held by Kaap Agri Bedryf Limited				
Kaap Agri (Aussenkehr) (Pty) Ltd	**100**	100	**100,00**	100,00
Agriplas (Pty) Ltd	**7 000**	7 000	**100,00**	100,00
TFC Properties (Pty) Ltd	**51 736**	51 736	**70,50**	70,50
TFC Operations (Pty) Ltd	**66 824 749**	66 824 749	**70,50**	70,50
Partridge Building Supplies (Pty) Ltd	**14 400**	14 400	**60,00**	60,00
Tego Plastics (Pty) Ltd	**1 000**	1 000	**100,00**	100,00
Indirectly held:				
Shares held by Empowerment and Transformation Investments (Pty) Ltd				
TFC Properties (Pty) Ltd	**51 736**	51 736	**6,00**	6,00
TFC Operations (Pty) Ltd	**66 824 749**	66 824 749	**6,00**	6,00
Name of joint venture				
Shares held by Kaap Agri Bedryf Limited				
Kaap Agri (Namibia) (Pty) Ltd	**502**	500	**50,00**	50,00

The shares indirectly held are held by an empowerment trust which, for accounting purposes, is considered to be controlled by the Group as the Group has the ability to direct the relevant activities of the trust and, as such, it is consolidated by the Group.

45 INTEREST IN RELATED ENTITIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests ("NCI"):

	2021 R'000	2020 R'000
TFC Operations (Pty) Ltd		
Ownership held by NCI (%)	**23,50%**	23,50%
Accumulated NCI interest in statement of financial position	**47 351**	40 416
Profit allocated to NCI	**6 934**	1 191
Summarised financial information in respect of the Group's subsidiaries that have material NCI is set out below. The summarised financial information below represents amounts before inter-group eliminations.		
Non-current assets	**900 985**	801 369
Current assets	**121 602**	109 268
Non-current liabilities	**(504 566)**	(400 677)
Current liabilities	**(351 767)**	(363 106)
Revenue	**3 036 423**	2 317 237
Profit/(loss) for the year	**20 508**	(2 827)
Net cash inflow from operating activities	**137 928**	96 754
Net cash outflow from investing activities	**(36 564)**	(102 177)
Net cash outflow from financing activities	**(96 611)**	(3 665)
Net increase/(decrease) in cash and cash equivalents	**4 753**	(9 088)
Dividends paid	**–**	(2 701)
TFC Properties (Pty) Ltd		
Ownership held by NCI (%)	**23,50%**	23,50%
Accumulated NCI interest in statement of financial position	**40 760**	39 349
Profit allocated to NCI	**1 411**	782
Summarised financial information in respect of the Group's subsidiaries that have material NCI is set out below. The summarised financial information below represents amounts before inter-group eliminations.		
Non-current assets	**513 000**	546 982
Current assets	**592**	1 189
Non-current liabilities	**(17 997)**	(71 390)
Current liabilities	**(311 751)**	(326 183)
Revenue	**37 428**	27 555
Profit/(loss) for the year	**35 317**	(716)
Net cash inflow from operating activities	**33 386**	23 062
Net cash outflow from investing activities	**(586)**	(152 110)
Net cash inflow/(outflow) from financing activities	**(32 800)**	129 048
Dividends paid	**–**	(2 399)
Partridge Building Supplies (Pty) Ltd		
Ownership held by NCI (%)	**40%**	40%
Accumulated NCI interest in statement of financial position	**21 612**	18 780
Profit allocated to NCI	**2 832**	1 487
Summarised financial information in respect of the Group's subsidiaries that have material NCI is set out below. The summarised financial information below represents amounts before inter-group eliminations.		
Non-current assets	**67 188**	37 702
Current assets	**161 915**	126 507
Non-current liabilities	**(29 057)**	(25 179)
Current liabilities	**(156 254)**	(103 226)
Revenue	**605 204**	493 819
Profit/(loss) for the year	**7 988**	5 651
Net cash inflow from operating activities	**17 872**	2 929
Net cash outflow from investing activities	**(21 683)**	(1 102)
Net cash outflow from financing activities	**(11 196)**	(11 100)
Net decrease in cash and cash equivalents	**(15 007)**	(9 273)

46 INFORMATION ABOUT OPERATING SEGMENTS

Management has determined the operating segments based on the reports reviewed by the Executive committee (which is considered to be the Chief Operating Decision Maker (CODM)) that are used to make strategic decisions as well as the fact that they share similar economic characteristics. The Executive committee considers the business from a divisional perspective. The performance of the following divisions are separately considered: 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 and includes 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 and sells dripper pipe, other irrigation equipment, food grade plastic bulk bins for the agricultural market and distributes other irrigation parts.

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

	GROUP			
	SEGMENT REVENUE		SEGMENT RESULTS	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Segment revenue and results				
Trade	**6 271 932**	5 312 682	**401 457**	295 719
Retail Fuel & Convenience	**3 029 734**	2 309 904	**72 036**	43 376
Grain Services	**1 049 238**	759 681	**61 972**	55 096
Manufacturing	**231 684**	192 401	**14 040**	16 308
Total for reportable segments	**10 582 588**	8 574 668	**549 505**	410 499
Corporate	**–**	–	**(89 306)**	(28 985)
Total external revenue	**10 582 588**	8 574 668		
Profit before tax			**460 199**	381 514
Income tax			**(127 923)**	(102 336)
Profit after tax			**332 276**	279 178

In the prior year, the results of Treasury, Corporate and the Share in loss/profit of joint venture were shown separately as part of the Group's segment disclosure. In the current year, these were moved to the relevant segments that it relates to. This is considered to be a more reasonable presentation of the segments reported on and is aligned to how segment information is presented to the CODM. Comparatives have been restated accordingly.

Included in the Trade segment's results is a share in profit of joint venture of R2,3 million (2020: loss of R2,4 million). Refer note 6.

	SEGMENT ASSETS		SEGMENT LIABILITIES	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Segment assets and liabilities				
Trade	**3 962 781**	3 493 170	**2 162 664**	1 952 225
Retail Fuel & Convenience	**1 309 023**	1 257 613	**801 573**	768 698
Grain Services	**133 385**	102 123	**39 543**	41 692
Manufacturing	**317 978**	340 401	**212 646**	231 001
Total for reportable segments	**5 723 167**	5 193 307	**3 216 426**	2 993 616
Corporate	**82 076**	77 384	**171 545**	125 271
Deferred taxation	**7 181**	2 772	**26 287**	27 873
	5 812 424	5 273 463	**3 414 258**	3 146 760

46 INFORMATION ABOUT OPERATING SEGMENTS (CONTINUED)

In the prior year Trade debtors, Investment in joint venture, Short-term borrowings, Borrowings and Corporate assets and liabilities were presented separately as part of the Group's segment disclosure. In the current year, these were moved to the relevant segment that it relates to. This is considered to be a more reasonable presentation of the segments reported on and is aligned to the manner in which segment assets and liabilities are presented to the CODM. Comparatives have been restated accordingly.
Included in the Trade segment's assets is an investment in joint venture of R33,9 million (2020: R6,5 million). Refer note 6.

	CAPITAL EXPENSES		DEPRECIATION	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Other segment information				
Trade	**45 288**	21 329	**51 785**	48 726
Retail Fuel & Convenience	**8 945**	168 069	**13 754**	8 309
Grain Services	**8 385**	1 568	**6 216**	6 008
Manufacturing	**9 353**	36 265	**11 696**	7 995
Total for reportable segments	**71 971**	227 231	**83 451**	71 038
Corporate	**20 843**	18 907	**10 525**	12 477
	92 814	246 138	**93 976**	83 515

In the prior year depreciation attributable to Corporate was separately presented. In the current year, the portion of depreciation expense that could be allocated has been allocated to the relevant segment that it relates to. This is a more reasonable presentation of the segments reported on and is aligned to how segment information is presented to the CODM. Comparatives have been restated accordingly.

Geographical revenue for the Group is attributed to countries on the basis of the customers' location. No single customer contributes more than 10% of the Group's revenue.

Geographical revenue for the Group is as follows:

	2021 R'000	2020 R'000
South Africa	**10 533 176**	8 542 670
Namibia	**49 412**	31 998
Total	**10 582 588**	8 574 668
Non-current assets (excluding deferred taxation) are located in the following countries:		
South Africa	**2 425 923**	2 332 046
Namibia	**9 557**	10 871
Total	**2 435 480**	2 342 917

47 GOING CONCERN

The Board of directors will continue to monitor the impact of the COVID pandemic on the Group's operations and its financial position. The Group's view is that it has not had a significant impact on the operations of the business. The business has been able to partially mitigate lost income via a range of cost and working capital initiatives, thus ensuring a lower overall financial impact. Liquidity has remained within the various banking covenants and no relaxation of covenants or additional facilities have been required. The balance sheet has remained strong throughout the year. Kaap Agri remains focused on disciplined cash management, specifically in the areas of working capital, capital expenditure and cost control. Management is comfortable to conclude that the business will continue as a going concern.

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

48 EVENTS AFTER REPORTING DATE

The historical rationale for acquiring retail fuel and convenience properties was aligned with the strategic drive of footprint growth in this new market. Given that TFC has now successfully entered the retail fuel and convenience markets, and upon reviewing the returns generated on capital invested, it has been decided to dispose of TFC Properties (Pty) Ltd, and in doing so enter into long term leases to ensure tenure on its fuel retail sites. This transaction is still subject to conditions precedent of which the main outstanding condition is that the transaction have (to the extent necessary) be unconditionally approved in terms of the Competition Act, 1998, or be conditionally approved on terms and conditions acceptable to the parties to the Agreement. As this will be a sale-and-leaseback transaction, it does not comply with IFRS 5 and no asset held for sale or discontinued operations is required to be disclosed.

A gross final dividend of 111,00 cents per share (2020: 50,00 cents) has been approved and declared by the Board from income reserves for the year ended 30 September 2021.

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

49 RECONCILIATION OF MOVEMENTS IN CARRYING VALUE

	Total R'000	Land and buildings R'000	Grain silos R'000	Machinery and equip-ment R'000	Vehicles R'000	Office furniture and equip-ment R'000	Leasehold properties R'000	Assets under construc-tion R'000
30 September 2021								
Carrying value 1 October 2020	**1 525 678**	**1 092 958**	**24 737**	**211 564**	**44 328**	**103 315**	**–**	**48 776**
Additions	**75 585**	**7 297**	**2 196**	**27 857**	**9 418**	**17 280**	**–**	**11 537**
Additions through business combinations	**17 229**	**14 700**	**–**	**601**	**1 158**	**770**	**–**	**–**
Transfers	**–**	**37 452**	**–**	**645**	**–**	**9 932**	**–**	**(48 029)**
Disposals	**(11 581)**	**(6 280)**	**–**	**(2 950)**	**(2 274)**	**(77)**	**–**	**–**
Depreciation	**(61 387)**	**(2 336)**	**(2 740)**	**(24 353)**	**(10 689)**	**(21 269)**	**–**	**–**
Carrying value 30 September 2021	**1 545 524**	**1 143 791**	**24 193**	**213 364**	**41 941**	**109 951**	**–**	**12 284**
30 September 2020								
Carrying value 1 October 2019	1 375 392	947 087	27 022	102 228	46 172	103 283	30 950	118 650
Additions	148 227	34 503	369	29 132	10 228	9 047	408	64 540
Additions through business combinations	97 911	91 450	–	3 864	141	2 456	–	–
Transfers	–	25 864	–	96 537	–	12 013	–	(134 414)
Disposals	(5 122)	(3 742)	–	(400)	(255)	(725)	–	–
Depreciation	(59 372)	(2 204)	(2 654)	(19 797)	(11 958)	(22 759)	–	–
Reclassification to right-of-use asset	(31 358)	–	–	–	–	–	(31 358)	–
Carrying value 30 September 2020	1 525 678	1 092 958	24 737	211 564	44 328	103 315	–	48 776

Kaap Agri Limited

Statement of financial position

at 30 September

	Notes	COMPANY 2021 R'000	2020 R'000
Assets			
Non-current assets			
Investment in subsidiary company	2	**634 708**	634 708
Total assets		**634 708**	634 708
Equity and liabilities			
Capital and reserves			
Stated capital	3	**456 643**	456 643
Retained profit		**178 057**	178 058
Total equity		**634 700**	634 701
Current liabilities			
Loan from subsidiary company	4	**8**	7
Total equity and liabilities		**634 708**	634 708

Statement of comprehensive income

for the year ended 30 September

	Notes	COMPANY 2021 R'000	2020 R'000
Revenue	7	**65 091**	61 929
Other operating expenses		**(8)**	(7)
Profit before taxation		**65 083**	61 922
Income tax	8	**–**	–
Net profit for the year		**65 083**	61 922

Statement of changes in equity

for the year ended 30 September

	COMPANY	
	Stated capital R'000	**Retained profit R'000**
Balance 1 October 2019	456 643	179 885
Net profit for the year	–	61 922
Dividends declared	–	(63 749)
Balance 30 September 2020	**456 643**	**178 058**
Net profit for the year	**–**	**65 083**
Dividends declared	**–**	**(65 084)**
Balance 30 September 2021	**456 643**	**178 057**

The reason why the stated capital in Kaap Agri Limited differs from the Group's issued stated capital is as a result of shares repurchased by a subsidiary of Kaap Agri Limited.

Statement of cash flows

for the year ended 30 September

	COMPANY	
	2021 R'000	2020 R'000
Cash flow from operating activities		
Net cash profit from operating activities		
Operating profit per income statement	**65 083**	61 922
	65 083	61 922
Cash flow from financing activities		
Decrease in receivable loan to subsidiary company	**–**	1 820
Increase in payable loan to subsidiary company	**1**	7
Dividends paid	**(65 084)**	(63 749)
	(65 083)	(61 922)
Net increase in cash and cash equivalents	**–**	**–**

Notes to the financial statements

for the year ended 30 September

1 ACCOUNTING POLICIES

The principal accounting policies incorporated in the preparation of these financial statements, are set out on pages 139 to 153, these are consistent with that of the Group unless otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements of the company.

		COMPANY	
		2021 R'000	2020 R'000
2	**INVESTMENT IN SUBSIDIARY COMPANY**		
	Unlisted:		
	Kaap Agri Bedryf Limited		
	Number of issued shares		
	74,170,277 (2020: 74,170,277)		
	Shareholding: 100% (2020 : 100%)		
	Shares at cost	**634 708**	634 708
3	**STATED CAPITAL**		
	Authorised:		
	100,000,000 (2020: 100,000,000) ordinary shares with no par value		
	Issued:		
	74,170,277 (2020: 74,170,277) ordinary shares with no par value	**456 643**	456 643
4	**LOAN FROM SUBSIDIARY COMPANY**		
	Kaap Agri Bedryf Limited	**(8)**	(7)

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

The loan is unsecured, interest-free and there are no specific repayment terms.

The gross movement in the loan is reflected in the cash flow statement. Although the company does not have its own bank account, Kaap Agri Bedryf Limited is considered to act as the agent of the company in administrating its cash flows.

5 RELATED PARTY TRANSACTIONS

Refer to notes 2, 4 and 7.

6 FINANCIAL RISK MANAGEMENT

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

The company's interest rate exposure and the effective interest rates can be summarised as follows:

	NON-INTEREST-BEARING			
	Rate 2021 %	**Amount 2021 R'000**	Rate 2020 %	Amount 2020 R'000
Liability:				
Loan: Kaap Agri Bedryf Limited	**–**	**(8)**	–	(7)

Fair value estimation

Investments and derivative financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the company is the current bid price.

Trade debtors and trade creditors

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

Financial liabilities

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Capital maintenance

The company considers total equity, which includes share capital and reserves, as capital. The ratio between capital and debt is the capital ratio. The company's objective with the management of the capital ratio is to ensure that the company continues to trade as a going concern and to create wealth for its shareholders and other stakeholders. The influence on the capital ratio is considered with decisions on the declaration of dividends, repurchase of shares, issue of shares, purchase and disposal of assets and investments and the acquiring or repayment of debt. The movement in capital is presented in the statement of changes in equity.

	2021 R'000	2020 R'000
7 REVENUE		
Dividends received	**65 091**	61 929
	65 091	61 929

Dividends are received from Kaap Agri Bedryf Limited, a subsidiary of the company.

The revenue reflected is not considered to be revenue from contracts with customers in terms of IFRS 15 considering the nature of the revenue earned (dividends received).

	2021 R'000	2020 R'000

8 INCOME TAX

Tax expenditure:		
Current taxation – current year	**–**	–
The tax on the company's profit before tax differs from the theoretical amount that would arise using the statutory rate as follows:		
	%	%
Statutory tax rate	**28,00**	28,00
Adjusted for:		
Non-taxable dividend income	**(28,00)**	(28,00)
Effective rate	**–**	–

9 GOING CONCERN

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

10 EVENTS AFTER REPORTING DATE

A gross final dividend of 111,00 cents per share (2020: 50,00 cents) has been approved and declared by the Board from income reserves, for the period ended 30 September 2021.

The historical rationale for acquiring retail fuel and convenience properties was aligned with the strategic drive of footprint growth in this new market. Given that TFC has now successfully entered the retail fuel and convenience markets, and upon reviewing the returns generated on capital invested, it has been decided to dispose of TFC Properties (Pty) Ltd, and in doing so enter into long term leases to ensure tenure on its fuel retail sites. This transaction is still subject to conditions precedent with the most important one still in process, namely that the transactions have (to the extent necessary) to be unconditionally approved in terms of the Competition Act, 1998, or conditionally approved on terms and conditions acceptable to the parties to the Agreement. As this is going to be a sale-and-leaseback transaction, it doesn't comply with IFRS 5 and no asset held for sale or discontinued operations is required to be disclosed.

The directors are not aware of any matter or circumstance that occurred since the end of the financial year up to the date of this report that has not been dealt with in the report or financial statements and which may have a significant influence on the activities of the company or the results of those activities.

Accounting policies to the financial statements

for the year ended 30 September

1 BASIS OF PREPARATION

The annual financial statements are prepared on the historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the requirements of the Companies Act (No. 71 of 2008), as amended, the SAICA Financial Reporting Guide issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. These financial statements incorporate accounting policies that have been consistently applied to all periods presented and are consistent with those applied in the previous financial year. Various other changes in IFRS became effective for the financial year under review but did not impact the Group. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the notes of the accounting policies.

2 NEW, AMENDED AND IMPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS EFFECTIVE DURING THE CURRENT FINANCIAL YEAR

The following standards, amendments and interpretations have been adopted by the Group and became effective for the current reporting period beginning on 1 October 2020:

Amendments to Standards

Amendment to IFRS 3, 'Business combinations' – Definition of a business (effective 1 January 2020)

This amendment revises the definition of a business. According to feedback received by the International Accounting Standards Board (IASB), application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early-stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.

Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material (effective 1 January 2020)

These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; clarify the explanation of the definition of material; and incorporate some of the guidance in IAS 1 about immaterial information.

Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosures' – Interest rate benchmark reform (Phase 1) (effective 1 January 2020)

These amendments provide certain reliefs in connection with interest rate benchmark reform (IBOR). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

2 NEW, AMENDED AND IMPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS EFFECTIVE DURING THE CURRENT FINANCIAL YEAR (CONTINUED)

Amendments to Standards (continued)

IFRS 16, 'Leases' COVID-19-Related Rent Concessions amendment (effective 1 June 2020)

The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

None of the new standards, amendments, improvements and interpretations of existing standards mentioned above, that have been published, had any material effect on the financial statements of the Group.

3 NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations are not yet effective and have not been early adopted by the Group (the effective dates stated below refer to financial reporting periods beginning on or after the stated dates):

Amendments to Standards

Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement', IFRS 7, 'Financial Instruments: Disclosures', IFRS 4, 'Insurance Contracts' and IFRS 16, 'Leases' – interest rate benchmark (IBOR) reform (Phase 2) (effective 1 January 2021)

The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.

Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current (effective 1 January 2022)

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

Amendment to IFRS 3, 'Business Combinations' (effective 1 January 2022)

The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

Amendments to IAS 16, 'Property, Plant and Equipment' on Proceeds before Intended Use (effective 1 January 2022)

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

3 NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE (CONTINUED)

Amendments to Standards (continued)

Amendments to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts - Cost of Fulfilling a Contract (effective 1 January 2022)

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of "costs to fulfil a contract". Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

Annual improvements cycle 2018-2020 (effective 1 January 2022)

These amendments include minor changes to:

- IFRS 1, 'First-time Adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS.
- IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.
- IFRS 16, 'Leases' amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.
- IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.

Management considered all new accounting standards, interpretations and amendments to IFRS that were issued prior to 30 September 2021, but not yet effective on that date.

4 BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

4 BASIS OF CONSOLIDATION (CONTINUED)

Subsidiaries (continued)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9: Financial Instruments either in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the stand-alone financial statements of the holding company, the investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investments.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in equity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Treasury shares

The cost of treasury shares is presented as a deduction from equity. Shares under option already allocated to employees and unallocated shares are considered as treasury shares and are consolidated as such as part of the Group's results.

4 BASIS OF CONSOLIDATION (CONTINUED)

Joint ventures

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits and losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests, that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Any additional capitalisation or increase in the investment (not resulting in a change in the percentage equity held) are accounted for at cost. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Consolidation of special purpose entities

The special purpose entities ("SPEs") established in terms of the B-BBEE equity transaction implemented in 2011 have been consolidated into the Group results. The substance of the relationship between the company and these entities has been assessed and the conclusion was made that they are controlled entities, mainly due to the fact that the Group retains residual or ownership risks relating to the SPEs.

Goodwill

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates/joint ventures is included in investment in associated companies/joint ventures. Separately recognised goodwill is reviewed annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Customer relations

Customer relations consist of non-contractual customer relationships. Customer relations acquired in a business combination are recognised at fair value at the acquisition date. The customer relations have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment. Amortisation is calculated on the straight-line method to allocate the cost of customer relations over the estimated useful life of five years.

Tradename

A tradename has been recognised by the Group as part of a business combination. Tradenames are capitalised at the fair value initially identified and amortised on a straight-line basis over their estimated useful lives of 10 to 50 years. Tradenames are carried at cost less accumulated amortisation and accumulated impairment. Expenditure to maintain tradenames is accounted for against income as incurred.

5 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive committee. The Executive committee is responsible for allocating resources and assessing performance of the operating segments and is therefore considered to be the Chief Operating Decision Maker of the Group.

6 PROPERTY, PLANT AND EQUIPMENT

Land and buildings mainly comprise retail outlets, offices and silos. Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write off the cost to a value equal to the residual values over their estimated useful lives, as follows:

> Buildings	50 years
> Grain silos	10 – 50 years
> Machinery and equipment	4 – 10 years
> Injection moulding machines	5 – 20 years
> Vehicles	4 – 5 years
> Office furniture and equipment	2 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of fixed assets are determined by comparing proceeds with the carrying amounts and are included in the income statement as other operating income or other operating expenses.

7 INSTALMENT SALE AGREEMENTS

Instalment sale agreements are recognised where the Group will become the legal owner of the assets after the purchase payment agreement is completed. The instalment sale agreements are recognised as a financial liability from the date of recognition and measured at amortised cost using the effective interest rate method. Instalment sale agreements are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

9 FINANCIAL ASSETS

From 1 October 2018 (on adoption of IFRS 9), the Group classifies its financial assets in the following measurement categories: Financial assets measured subsequently at fair value (either through other comprehensive income (FVOCI), or through profit or loss (FVPL)) and Financial assets measured at amortised cost. The classification depends on the business model for managing the financial assets and the contractual term of the cash flows. Management determines the classification of its investment at initial recognition. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in relation to the instrument held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Equity instruments

The Group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at fair value through other comprehensive income (OCI) are recognised in OCI in the statement of comprehensive income. Where management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Upon derecognition of these equity investments, any balance within the FVOCI reserve is reclassified to retained earnings. Dividends from such investments are recognised in profit or loss as other gains and losses when the Group's right to receive payments is established. Currently, the Group has elected to designate equity instruments at FVOCI.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows representing solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income under other operating income using the effective interest rate method. Trade receivables, cash and cash equivalents and loans receivable are classified as debt instruments measured at amortised cost.

Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss is recognised in profit or loss and presented in the income statement as part of other gains and losses in the period in which it arises. Interest income from these financial assets is included in finance income. Debt instruments are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets.

9 FINANCIAL ASSETS (CONTINUED)

Impairment

The Group has the following financial assets that are subject to the expected credit loss impairment model in terms of IFRS 9:

- Trade and other receivables
- Loans receivable
- Cash and cash equivalents

The Group determines loss allowances by taking into account available forward-looking information which could adversely impact a debtor's ability to pay.

Financial assets subject to impairment are written off when there is no reasonable expectation of recovery and the amount is recognised in profit or loss within "operating expenses".

Trade receivables

The Group elected to apply the simplified approach for measuring impairment provisions for trade receivables. In terms of this approach, the loss allowances are calculated with reference to lifetime expected credit losses. The Group determines expected credit loss allowances both on a specific (credit impaired) and a contingency (not credit impaired) basis.

Credit terms, interest rates and other applicable terms are determined based on the calculated risk profile of the credit taker(s). A strict credit policy is followed which includes the ongoing revision of credit limits, security assessments and credit evaluations of the financial position of clients. These factors have been taken into consideration on an individual and collective basis when determining the recoverability of debtors. The Group has a specific loss allowance and a contingency loss allowance. The Group defines "outside terms" debtors as all debtors more than 90 days outside terms. The specific loss allowance is determined on all "outside terms" debtors as their risks are different than the rest of the debtors' book within terms and they are assessed individually. The assessment for the specific loss allowance considers security held, reputation and expected payments in the future to determine the value of the specific loss allowance. Regarding the contingency loss allowance, the Group divides the rest of the debtors' book (after considering the specific loss allowance) into different categories with risk factors applied to each category. The categories are based on different types of produce commodities, mostly in the agricultural sector (grain, fruit, other agri and non-agri). The percentage expected credit loss applied to each category depends on the forward-looking risk of default and expectations on macro-economic factors including market share, competitor strength, industry risk, profitability, price volatility risks and climate changes.

Other financial assets

Loss allowances relating to loans receivable, cash and cash equivalents, deposits and other receivables are determined in terms of the general expected credit loss model, taking into account a 12-month expected credit loss.

In terms of this model the Group considers whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date compared to the credit risk at initial recognition date. It considers available reasonable and supportive forwarding-looking information that could be indicative of a deterioration in the counterparty's ability to pay. The Group assesses factors such as credit ratings, actual/adverse conditions in the industry or changes in value of security held.

For these financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses. In calculating the expected credit loss rates, the Group considers the exposure at default, probability of default and loss given default. The impact of the adoption of IFRS 9 at the end of the reporting period was not material for other financial assets.

10 DEFERRED TAXATION

Deferred taxation is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets relating to unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused losses can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates/joint venture, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group determines the deferred tax asset and deferred tax liability that arise on the initial recognition of a lease to be integrally linked and recognise the temporary difference on a net basis.

11 INVENTORY

Merchandise, raw materials and consumable goods are valued at the lower of cost, calculated on the average cost basis, or net realisable value, taking into account obsolescence and saleability. Implement stock (included in merchandise) is valued at the specific cost price or net realisable value, whichever is the lower. Finished goods (included in merchandise) are valued at the lower of cost, including cost of raw materials, direct costs and related production overheads, but excluding finance costs, determined on the average cost basis, or net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

12 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivatives are designated as hedging instruments, and if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedge) or hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest rate method is used, is amortised to profit or loss over the period to maturity.

12 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (CONTINUED)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Certain derivatives do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

13 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash includes cash on hand and positive bank balances. Bank borrowings are shown within borrowings in current liabilities on the statement of financial position.

14 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

15 STATED CAPITAL

Ordinary shares are classified as equity. Additional costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any company in the Group purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable additional costs (net of income taxes) is deducted from equity attributable to the Group's equity holders until the shares are cancelled, re-issued, or disposed of. Where such shares are subsequently sold or re-issued, any consideration received, net of any directly attributable additional transaction costs and the related income tax effects, is included in equity attributable to the Group's shareholders.

16 EMPLOYEE BENEFITS

Pension scheme arrangements

The Group operates a pension fund consisting of a defined contribution plan registered in terms of the Pension Funds Act, 1956, and the assets are administered separately by trustees. Funding is in terms of conditions of employment by means of contributions by the participating subsidiaries in the Group as well as employees. The Group has no further obligations to the fund once the contributions have been paid. Contributions are recognised in the income statement when they are due.

16 EMPLOYEE BENEFITS (CONTINUED)

Post-retirement medical benefits

Certain in-service members and retired employees are members of the post-retirement medical subsidy scheme of the Group. The Group pays the monthly contributions in respect of the retired members over to the medical fund. The valuation method used to value the liability is the projected unit method. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out by independent qualified actuaries. Any actuarially determined profits or losses are recognised in the income statement.

In terms of the Group's present policy the benefits are only available to certain in-service members and retired staff and not to future employees.

Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognised under accounts payable when there is no realistic alternative but to settle the liability, and at least one of the following conditions is met:

- There is a formal plan
- Past practice has created a valid expectation by employees that they will receive a bonus or profit share

It is expected that the liability will be paid within 12 months.

Equity settled management share incentive scheme

The Group operates an equity settled management share incentive scheme ("the scheme"). In terms of IFRS 2, the fair value of the equity instrument is determined at grant date and the corresponding expense is recognised over the vesting period. The fair value of the grant is determined using the Black-Scholes-Merton model using six different inputs that would have an effect on the fair value of the grant. The inputs are the exercise price of the option, the current share price, the expected life of the option, the expected volatility, the expected dividend yield and the risk-free interest rate.

17 TRADE PAYABLES

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value. Trade payables are subsequently stated at amortised cost using the effective interest rate method.

Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

18 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

19 REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15) AND OTHER OPERATING INCOME

According to IFRS 15 applicable to the 2019 financial year, revenue is recognised at a point in time or over time depending on the performance obligations linked to separate elements of the contract with the customer. Revenue is recognised when the Group satisfies performance obligations and transfers control of goods or services to its customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for these goods or services. The Group's revenue consists mostly of sales of products delivered to customers at the point of sale and does not have multiple element arrangements included in it. Therefore, the timing and measurement of the Group's revenue will not change as a result of the implementation of IFRS 15.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax and trade discounts and after elimination of sales within the Group. Revenue is recognised as follows:

Sales of goods

The Group specialises in trading in agricultural-, fuel- and related retail markets in Southern Africa. At the point-of-sale in the trade and manufacturing environment, the client takes ownership of the goods bought. Revenue is thus recognised at that point when control of the products has transferred, the customer has accepted inventory risk related to the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products and the Group has a present right to payment. In these segments, prices are determined centrally. Fuel sales follow the same principles as the client takes ownership once the product is sold and transferred to the customer. Fuel prices are regulated. Grain sales follow a similar process as over-the-counter sales as the product is delivered to the client and the revenue is recognised at that point in time when the customer takes ownership of the goods sold. Grain sales prices are based on fixed contract SAFEX prices. Invoicing occurs as soon as control of the goods has been transferred to the customer.

Revenue for the sale of merchandise from ordinary Group-operating activities, net of value added tax and trade discounts and after eliminating sales within the Group, are recognised at a point in time, upon delivery of products and customer acceptance. Customers have a choice to pay cash (via cash, debit card or credit card) or on account. Related card transaction costs are recognised in the income statement as other expenses.

Payment terms for normal over-the-counter credit sales are mostly 30 days. Seasonal accounts are provided to agricultural debtors on longer terms, these terms do not exceed 12 months. Limited establishment accounts are also provided on longer terms (up to five years) with the purpose to assist the customer in establishing farming operations. Interest is charged on these accounts at market-related rates and accounted for accordingly.

The adoption of IFRS 15 did not impact the Group's recognition of revenue from sale of goods.

Sales of services

Sale of services include grain-handling revenue, which is revenue received for the storage and handling of the client's grains. The other services are provided within the mechanisation division where labour is invoiced as a service to repair and maintain client's machinery or vehicles. Revenue received for these services is recognised over time. Revenue is recognised at a fair value (determined based on a fixed price per tonnage/hour charged) of services rendered and are invoiced on a regular basis as the services are rendered.

The adoption of IFRS 15 did not impact the Group's recognition of revenue from sale of services.

19 REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15) AND OTHER OPERATING INCOME (CONTINUED)

Variable consideration

The Group assessed if the contracts entered into include variable consideration, but none were noted, other than trade discounts provided at the point-of-sale.

Margin on direct transactions

Direct sales relate to sales made, where goods purchased by clients are directly delivered to the client by the suppliers of the Group. Only the margin earned on direct sales is recognised as revenue. The margin is recognised on delivery of products by the supplier to the customer. The Group assessed the treatment of these sales as agent or principal in terms of IFRS 15.

The supplier has the primary responsibility for providing the goods to the client.

Kaap Agri has no control before the product is delivered to the client and the Group does not recognise the inventory in its books.

The supplier takes the inventory risk up until inventory is delivered to the client.

The price is determined by the supplier. The Group acts as intermediary and earns commission on the transaction.

All the indicators according to the standard indicate that the Group is acting as an agent, rather than a principal, thus the net amount is recognised as revenue. Thus, the treatment under IFRS 15 stays consistent to the prior year.

Other operating income is recognised as follows:

Interest income

Under IFRS 9, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). When a receivable is written off, the Group reduces the carrying amount to its recoverable amount. Interest is recognised using the original effective interest rate.

Dividend income

Dividend income is recognised when the right to receive payment is established and is treated as revenue for the company but is not considered to be revenue from contracts with customers (IFRS 15).

20 FOREIGN CURRENCY TRANSACTIONS

Functional and presentation currency

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Rand, which is the holding company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

21 LEASES

The Group leases various retail stores, storage sites and vehicles. Rental contracts are typically made for fixed periods of three to eight 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.

21 LEASES (CONTINUED)

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments
- Lease payments to be made under reasonably certain extension options

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date

Leasehold improvements are accounted for as part of right-of-use assets and are written off over the lease period.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mostly comprise information technology equipment and other similar assets.

Right-of-use assets are depreciated over the lowest of the lease term (including the extension period if applicable) or the useful life.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the lessee as a starting point and adjusts the rate to reflect changes in financing conditions since the third-party financing was received. The Group also adjusts the rate relating to the specific lease based on the term and security and nature of the asset.

Extension and termination options are included in a number of leases across the Group. The majority of the extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, are considered.

A lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; and
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

22 DIVIDEND DISTRIBUTIONS

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved.

23 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources which entail economic benefits will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

24 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

> Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
> Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

> Expenditures for the asset have occurred
> Borrowing costs have been incurred
> Activities that are necessary to prepare the asset for its intended use or sale are in progress

Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

25 CURRENT INCOME TAX

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

26 RECURRING HEADLINE EARNINGS

The Group monitors headline earnings as earning less non-recurring costs. Non-recurring costs are defined as once-off costs or transactions as a result of *ad hoc* transactions or IFRS valuations that do not form part of ordinary business operations and which causes fluctuations year on year.

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Corporate information

KAAP AGRI LIMITED ("KAAP AGRI")

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*#
I Chalumbira*

* *Non-executive*
# *Independent*

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