2022

KAAP AGRI

Notice of annual general meeting

for the year ended 30 September 2022

Contents

Salient features

+48,4%
15 700 499
REVENUE (R'000)
(2021: 10 582 588)

+22,3%
556,30
HEADLINE EARNINGS PER SHARE (CENTS)
(2021: 454,92)

+21,1%
578,23
RECURRING HEADLINE EARNINGS PER SHARE (CENTS)
(2021: 477,55)

+9,9%
122,00
FINAL DIVIDEND PER SHARE (CENTS)
(2021: 111,00)

+11,3%
168,00
TOTAL DIVIDEND PER SHARE (CENTS)
(2021: 151,00)

Letter to shareholders

15 December 2022

Dear Shareholder

NOTICE OF ANNUAL GENERAL MEETING AND FORM OF PROXY

We are pleased to enclose the notice of Kaap Agri Limited's ("**Kaap Agri**") annual general meeting to be held at the Conference Venue, Lemoenkloof Guesthouse, 3 Malan Street, Paarl at 12:30 p.m. on Thursday, 9 February 2023.

The enclosed notice of AGM is accompanied by various annexures, including:

- Summarised consolidated financial statements with explanatory notes and commentary
- A form of proxy (inserted)

In an effort to support environmental initiatives, Kaap Agri's integrated report will not be printed, but will be made available on Kaap Agri's website, www.kaapagri.co.za, on or before Thursday, 19 January 2023. Should you require a printed copy, please contact the Company Secretary at cosec@kalcorporateservices.co.za.

A copy of Kaap Agri's complete audited consolidated annual financial statements and the summarised consolidated financial statements for the financial year ended 30 September 2022 are available on Kaap Agri's website at www.kaapagri.co.za or may be requested and obtained in person, at no charge, at the registered office of the company during office hours.

Yours faithfully

KAL CORPORATE SERVICES (PTY) LTD
Company Secretary

Notice of annual general meeting

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

To the shareholders of Kaap Agri

Notice is hereby given that the annual general meeting of shareholders of Kaap Agri Limited will be held at the Conference Venue, Lemoenkloof Guest House, 3 Malan Street, Paarl, on Thursday, 9 February 2023, at 12:30 p.m. ("**the AGM**").

PURPOSE

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

AGENDA

Presentation of the audited annual financial statements of the company, including the reports of the directors and the Audit and Risk committee of the company for the year ended 30 September 2022.

This notice of AGM is accompanied by the summarised consolidated financial statements of the company for its 2022 financial year (Annexure A), while the audited consolidated annual financial statements, including the unmodified audit opinion, are available on Kaap Agri's website at www.kaapagri.co.za, or may be requested and obtained in person, at no charge, from the Company Secretary at cosec@kalcorporateservices.co.za.

The company's integrated report will, on or before Thursday, 19 January 2023, be made available on Kaap Agri's website at www.kaapagri.co.za and may thereafter be requested and obtained in person, at no charge, at the registered office of the company during office hours. An electronic copy of the company's integrated report may also be requested from the Company Secretary at cosec@kalcorporateservices.co.za.

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

Note: *For any of the ordinary resolutions numbers 1 to 10 and 12 (inclusive) to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 11 to be adopted, at least 75% of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.*

Important dates in respect of the proposed change of name of the company ("**Change of Name**")

Declaration date of the Change of Name	**Thursday, 15 December 2022**
Expected release on the Stock Exchange News Service ("**SENS**") of the finalisation announcement in respect of the Change of Name*	**Monday, 13 February 2023**
Expected last date to trade prior to the Change of Name (see note ** below)	**Tuesday, 21 February 2023**
Expected termination date for trading under the name of "Kaap Agri Limited" and commencement of trading under the new company name, being "KAL Group Limited"	**Wednesday, 22 February 2023**
Expected record date for the Change of Name	**Friday, 24 February 2023**
Expected date that the accounts of dematerialised shareholders with their Central Securities depository participants or brokers will be updated with the new name	**Monday, 27 February 2023**
Expected date that new share certificates will be issued to certificated shareholders, posted by registered post, at their risk	**Monday, 27 February 2023**

* *The Change of Name is subject to approval by shareholders in accordance with special resolution number 5 and approval by the Companies and Intellectual Property Commission*

** *Shareholders may not dematerialise or re-materialise their Kaap Agri shares after the last day to trade in the Company*

1. REAPPOINTMENT OF AUDITOR

Ordinary resolution number 1

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

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

2. CONFIRMATION OF APPOINTMENT OF DIRECTOR

Ordinary resolution number 2

"Resolved that the appointment of Ms B Mathews by the board of directors of Kaap Agri ("**Board**") as an independent non-executive director of the company with effect from 22 September 2022, be and is hereby confirmed."

Summary curriculum vitae of Ms B Mathews

Ms Mathews is a chartered accountant and holds a postgraduate certificate in advanced taxation from the University of South Africa. She currently serves on the board of trustees of the WAT Trust, and serves on several other boards including the board of directors of Metair Investments Ltd and Ca Vie Investments (Pty) Ltd.

*The reason for ordinary resolution number 2 is that the memorandum of incorporation of the company ("**MOI**") and the JSE Limited Listings Requirements ("**JSE Listings Requirements**") require that any director appointed by the Board of the company be confirmed by the shareholders at the next annual general meeting of the company.*

3. RETIREMENT AND RE-ELECTION OF DIRECTORS

3.1 Ordinary resolution number 3

"Resolved that Mr JH le Roux, who retires by rotation in terms of the MOI and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr JH (Johann) le Roux

Mr Le Roux is a Chartered Accountant and holds a postgraduate certificate in advanced taxation. He has held various positions at different financial institutions, locally and abroad. He serves on a number of boards as a non-executive director, including Capespan Group Ltd and Zaad Holdings Ltd. Mr Le Roux was appointed to the Board in May 2014 and serves as the chairman of the Finance committee.

3.2 Ordinary resolution number 4

"Resolved that Mrs D du Toit, who retires by rotation in terms of the MOI and, being eligible, offers herself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mrs D (Danell) du Toit

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

Note: *The reason for ordinary resolutions numbers 3 and 4 (inclusive) is that the MOI, the JSE Listings Requirements and, to the extent applicable, the Companies Act, require that a component of the non-executive directors rotate at every annual general meeting of the company and being eligible, may offer themselves for re-election as directors. Further to the above, it should be noted that Mr HM Smit, who served on the Board since 2011, retires by rotation in terms of the MOI, and, although eligible, is not available for re-election.*

4. REAPPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE

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

4.1 Ordinary resolution number 5

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

Summary curriculum vitae of Mr CA (Chris) Otto

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

4.2 Ordinary resolution number 6

"Resolved that Mrs D du Toit, being eligible, and subject to approval of ordinary resolution number 4, be and is hereby reappointed as a member of the Audit and Risk committee, as recommended by the Board, until the next annual general meeting of the company."

A summary of Mrs Du Toit's curriculum vitae has been included in paragraph 3.2 above.

4.3 Ordinary resolution number 7

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

Summary curriculum vitae of Mr BS (Bernhardt) du Toit

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

4.4 Ordinary resolution number 8

"Resolved that Ms B Mathews be and is hereby appointed as member of the Audit and Risk committee, as recommended by the Board, until the next annual general meeting of the company."

A summary of Ms B Mathews' curriculum vitae has been included in paragraph 2 above.

The reason for ordinary resolutions numbers 5 to 8 (inclusive) is that the company, being a public listed company, must appoint an audit committee, and the Companies Act requires that the members of such committee be appointed, or reappointed, as the case may be, at each annual general meeting of the company.

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

Ordinary resolution number 9

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

*The reason for ordinary resolution number 9 is that the King IV Report on Corporate Governance™ for South Africa, 2016 ("**King IV**")[1] recommends, and the JSE Listings Requirements require, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each annual general meeting of the company. This enables shareholders to express their views on the remuneration policy adopted. Ordinary resolution number 9 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the Board will take the outcome of the vote into consideration when considering amendments to the company's remuneration policy.*

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

Ordinary resolution number 10

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

The reason for ordinary resolution number 10 is that King IV recommends, and the JSE Listings Requirements require, that the implementation report on the company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each annual general meeting of the company. This enables shareholders to express their views on the implementation of the company's remuneration policy. Ordinary resolution number 10 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the Board will take the outcome of the vote into consideration when considering amendments to implementation of the company's remuneration policy.

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

Should 25% or more of the votes exercised in respect of ordinary resolution number 9 and/or ordinary resolution number 10 be against either resolution, the company will issue an invitation to those shareholders who voted against the applicable resolution to engage with the company.

7. GENERAL AUTHORITY TO ISSUE ORDINARY SHARES FOR CASH

Ordinary resolution number 11

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

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

> the general issues of shares for cash under this authority may not exceed, in the aggregate, 5% of the company's issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders and in terms of an acquisition issue or vendor consideration placement shall not diminish the number of ordinary shares that comprise the 5% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 5% of the issued ordinary shares of the company, excluding treasury shares, amounts to 3 518 365 ordinary shares;

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

> any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements and not to related parties, save therefore that related parties may participate in a general issue for cash through a bookbuild process provided that (i) related parties may only participate with a maximum bid price at which they are prepared to take-up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price the relevant related party will be "out of the book" and not be allocated shares; and (ii) equity securities must be allocated equitably "in the book" through the bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild;

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

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

For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions (including via vendor consideration payments) and/or in respect of duly approved share incentive schemes), it is necessary for the Board to obtain the prior authority of the shareholders in accordance with the JSE Listings Requirements and the MOI. Accordingly, the reason for ordinary resolution number 11 is to obtain a general authority from shareholders to issue shares for cash in compliance with the JSE Listings Requirements and the MOI.

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

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

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

8. APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION

Special resolution number 1

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

Directors' fees	Proposed annual remuneration
Director – basic fee	**209 000**
Board Chairman	**+500 000**

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

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

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

Shareholders are requested to approve these fees with effect from 1 October 2022, in order to align the remuneration with the company's financial year. For more particulars on the remuneration of non-executive directors, please see the remuneration report.

9. SHARE REPURCHASES BY THE COMPANY AND ITS SUBSIDIARIES

Special resolution number 2

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

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

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

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

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

- a resolution has been passed by the Board approving the repurchase, that the company and its subsidiaries ("**Group**") have satisfied the solvency and liquidity test as defined in the Companies Act, and that since the solvency and liquidity test has been performed there have been no material changes to the financial position of the Group;
- the general repurchase is authorised by the MOI;
- repurchases may not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the company's securities have not traded in such five-business-day period;
- the company and its subsidiaries may at any point in time only appoint one agent to effect any repurchase(s) on the company's behalf; and
- the company and its subsidiaries may not effect any repurchase during any prohibited period as defined in terms of the JSE Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the JSE Listings Requirements."

The reason for and effect, if passed, of special resolution number 2 is to grant the directors a general authority in terms of the MOI and the JSE Listings Requirements for the acquisition by the company or by a subsidiary of the company of shares issued by the company on the basis reflected in special resolution number 2. This authority will provide the board with the necessary flexibility to repurchase shares in the market, should a favourable opportunity arise and it be in the best interest of the company to do so.

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

10. INTER-COMPANY FINANCIAL ASSISTANCE

10.1 Special resolution number 3: Inter-company financial assistance

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

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

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

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

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

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

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

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

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

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

> the assets of the company, fairly valued, will equal or exceed the liabilities of the company, fairly valued (taking into consideration the reasonably foreseeable contingent assets and liabilities of the company); and

> the company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months.

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

> the Board is satisfied that the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the company; and

> all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the company as contained in the MOI have been met.

11. COMPANY NAME CHANGE

11.1 Special resolution number 5: Change of name

The Board has resolved to change the name of the Company from "Kaap Agri Limited" to "KAL Group Limited", which name has been reserved by the Companies and Intellectual Property Commission.

The current name of the Company has served the Company well over a number of years, but it has certain potential limitations. The reference to the word "*Kaap*" creates a potential regional limitation to the Western Cape, while the word "*Agri*" creates a potential sectoral limitation to the agricultural sector.

The rationale for the change of name is that the Group has become a diversified group over time, with operational activities across South Africa and Namibia, being far beyond the Western Cape. The business operations of the Group span across various sectors, including, agricultural trade, general retail, manufacturing and fuel and convenience retail. It is with this in mind that the Board has resolved to change the name of the Company to a name that better demonstrates the Company's diversification efforts, both from a sectoral and regional perspective.

Zeder Investments Limited ("**Zeder**") previously held 42.2% of the issued shares of the Company (at 30 September 2021) and has been KAL's major shareholder for the past 5 years. Following the unbundling by Zeder of the shares it held in KAL, effected in April 2022, Zeder no longer holds any shares in KAL. The current major shareholders are set out in Annexure B on page 46 of the notice of AGM.

The trading segments of the Company have remained constant over a number of years, however, the naming of segments have changed (Trade became Agrimark, Grain Services became Agrimark Grain, TFC became Retail Fuel and Convenience, Irrigation Manufacturing became Manufacturing). The contribution per segment has changed drastically with Retail Fuel and Convenience reflecting significant growth over the past 5 years. For further details of the contributions made to the Group by the various operating segments, please refer to note 12 in Annexure A, on page 39 to 40 of the notice of AGM.

The name change thus positions the Company to continue to: (i) build in flexibility for future growth and diversification; (ii) simplify and maximise the clarity and appeal of the Group's offering to current and new stakeholders; (iii) maximise and leverage the brand equity already owned; and (iv) minimise unnecessary resource and brand marketing costs over a lengthy period of time. The name change will therefore align with the Company's growth strategy and current operating activities.

Practically, the name change will align the Company's name with its JSE share code, which should create more investor awareness in the market.

Consequently, it is proposed that shareholders adopt the following resolution as special resolution number 5:

"Resolved in terms of section 16 of the Companies Act and the MOI, that the name of the company be and is hereby changed from "Kaap Agri Limited" to "KAL Group Limited"".

The reason for special resolution number 5 is to change the name of the company and the effect of this resolution is to implement the change of name.

In terms of the Companies Act and the JSE Listings Requirements, the percentage of voting rights required for the adoption of this resolution is at least 75% of the voting rights exercised on this resolution.

11.2 Ordinary resolution number 12: Authority

"Resolved that any one of the directors or the Company Secretary of the company, be and is hereby authorised, on behalf of the company, to do or cause to be done all such things and to sign all such documents, file all such documents with any applicable regulatory body (including the JSE and the Companies and Intellectual Property Commission (CIPC)), and procure the doing of all such things necessary or desirable to give effect to special resolution number 5, and the Board be authorised to delegate its powers (to the extent required) to give effect to all of the above resolutions, and any acts duly done in this regard are hereby confirmed and ratified to the fullest extent permitted in law".

The reason for and effect, if passed, of this resolution is to authorise any director or the Company Secretary of the company to take all actions necessary or desirable and sign all documents required to give effect to special resolution number 5 adopted above.

The percentage of voting rights required for the adoption of this resolution is more than 50% of the voting rights exercised on this resolution.

12. REPORT OF THE SOCIAL AND ETHICS COMMITTEE

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

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

Information relating to the special resolutions

1. The directors of the company or its subsidiaries will only utilise the general authority to repurchase shares of the company as set out in special resolution number 2 to the extent that the directors, after considering the maximum number of shares to be purchased, are of the opinion that the position of the Group would not be compromised as to the following:
   - the company and the Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of the AGM and for the period of 12 months after the repurchase;
   - the consolidated assets of the company and the Group (fairly valued) will, at the time of the AGM and at the time of making such determination, and for a period of 12 months thereafter, be in excess of the consolidated liabilities of the company and the Group (fairly valued). The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the Group;

- the ordinary share capital and reserves of the company and the Group will remain adequate for ordinary business purposes for a period of 12 months after the AGM and after the date of the share repurchase; and
- the working capital available to the company and the Group will be adequate for ordinary business purposes for a period of 12 months after the AGM and for a period of 12 months after the date of the share repurchase.

2. General information in respect of major shareholders, material changes after financial year-end and the share capital of the company is contained in Annexure B to this notice of AGM.
3. The directors of the company collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this notice of AGM contains all information required by law and the JSE Listings Requirements.

RECORD DATE

The record date in terms of section 59 of the Companies Act for shareholders to be registered in the securities register of the company in order to receive notice of the AGM is Friday, 9 December 2022.

The record date for shareholders to be recorded in the securities register of the company in order to be able to attend, participate and vote at the AGM is Friday, 3 February 2023, and the last day to trade in the company's shares in order to be recorded in the company's securities register in order to be able to attend, participate in and vote at the AGM is Tuesday, 31 January 2023.

ATTENDANCE AND VOTING BY SHAREHOLDERS AND PROXIES

1. Certificated and own-name dematerialised shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.
2. The instrument appointing a proxy and the authority (if any) under which it is signed must be completed and returned to the company's transfer secretary, Computershare Investors Services (Pty) Ltd, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posted to the transfer secretary at Private Bag, X9000, Saxonwold, 2132, South Africa, or emailed to proxy@computershare.co.za, so as to be received by them no later than 12:30 p.m. on Tuesday, 7 February 2023, provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the Chairman of the AGM at any time before the appointed proxy exercise any shareholder rights at the AGM.
3. Dematerialised shareholders, other than own name registered dematerialised shareholders, who wish to attend the AGM in person, will need to request their central securities depository participant ("**CSDP**") or broker to provide them with the necessary authority (i.e. letter of representation) in terms of the custody agreement entered into between such shareholders and the CSDP or broker.

4. Dematerialised shareholders, other than own name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein. Such shareholders should contact their CSDP or broker with regard to the cut-off time for their voting instructions.

5. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

ELECTRONIC PARTICIPATION

1. Shareholders or their proxies may participate in the AGM electronically (“**electronic facility**”).

2. Please note that the electronic facility will only allow shareholders to listen in and raise questions during the allocated time. Shareholders will not be able to vote using the electronic facility. Should such shareholders wish to vote, they must either:

   > complete the form of proxy and return it to the transfer secretary in accordance with the relevant provisions of the above paragraph (Attendance and voting by shareholders and proxies); or

   > contact their CSDP or broker in accordance with the relevant provisions of the above paragraph (Attendance and voting by shareholders and proxies).

3. Shareholders or their proxies who wish to participate in the AGM via the electronic facility must notify Computershare by emailing them at proxy@computershare.co.za by no later than 17:00 on Tuesday, 7 February 2023. Computershare will first validate such request and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act and thereafter, if validated, provide further details on using the electronic facility.

4. The cost of the participant’s connection to the electronic facility will be for his/her own expense and will be billed separately by his/her own service provider.

5. The company cannot guarantee that there will not be a break in communication which is beyond the control of the company.

6. The participant acknowledges that the electronic facility is provided by Computershare and indemnifies the company and its directors, employees, company secretary, transfer secretary, service providers and advisors against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic facility, whether or not the problem is caused by any act or omission on the part of the participants or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the company, whether for consequential damages or otherwise, arising from the use of the electronic facility or any defect in it or from total or partial failure of the electronic facility and connections linking the electronic facility to the AGM.

PROOF OF IDENTIFICATION REQUIRED

In terms of the Companies Act, any person who intends to attend a shareholders’ meeting and participate in it is required to present reasonably satisfactory identification at the meeting. Persons attending the meeting have to furnish proof of identification to the reasonable satisfaction of the Chairman of the meeting and should therefore present an identity document, passport or driver’s licence at the meeting.

By order of the Board

KAL CORPORATE SERVICES (PTY) LTD
Company Secretary

15 December 2022

Annexure A

Kaap Agri Limited

Summarised consolidated financial statements
for the year ended 30 September 2022

COMMENTARY

The Kaap Agri Limited ("**Kaap Agri**" or the "**Group**") summary report provides an overview of the activities, results and financial position of the Group for the year ended 30 September 2022.

Financial review

Over the past seven years, Kaap Agri has diversified from a largely agricultural focused business to a diversified group with trading activities in agricultural, general retail, retail fuel, fuel convenience and quick service restaurant markets ("**QSR**"). Our customer base has expanded from mainly farmers to now also include families, friends, and our fur family. The Group's strategic footprint and facilities, which also include financial, grain handling and agency services, support a diverse client network through 272 business units spread across all nine South African provinces as well as Namibia. This footprint now includes PEG Retail Holdings (Pty) Ltd ("**PEG**"), acquired in July 2022.

In line with the ongoing diversification of the Group, both from a sectoral and regional perspective, the board of directors of Kaap Agri ("**Board**") intends changing the name of the company from "Kaap Agri Limited" to "KAL Group Limited". This will be voted on by shareholders at the AGM in February 2023.

Operating environment

The Group has delivered a solid trading performance, despite an environment dominated by above-average inflation across most product categories and fuel prices which have remained high throughout the period. The impact of the Russia/Ukraine conflict has negatively impacted farming input costs, specifically fertiliser and fuel, with prices likely to stay at higher levels for some time. Global consumer demand has been impacted by reduced consumer buying power, impacting fruit exporters negatively. The effects of COVID-19 have largely annualised in our results together with changed consumer behaviour and, as such, we do not anticipate any significant further recovery from this. The logistical challenges at ports were exacerbated by the floods in KwaZulu-Natal and, more recently, by strike action and have further increased costs for the agri value chain. South African retail sales remain constrained and high fuel prices are dampening fuel consumption.

Notwithstanding the immense challenges highlighted above, the Group's agri-trading has shown real growth of 14,7% compared to the same period last year. This real growth was largely on the back of, by value, market share gains in fertiliser, packing materials and animal feeds and was further supported by strong mechanisation (tractors and combine harvesters), horticulture and animal health category performance. Excluding the acquisition of PEG, retail-trading continued to grow market share with real growth in turnover of 1,5% year-on-year ("**YOY**"). Both retail- and agri-trading margins have improved compared to the same period last year. The Group managed to outperform a struggling building materials sector with growth in revenue and trading margin across all building material categories.

Although the retail fuel industry has experienced severe fuel volume decreases stemming from changed consumer behaviour due to high fuel prices, TFC Operations (Pty) Ltd ("**TFC**"), excluding PEG, has performed well with litres decreasing by only 2,3% and showing continuous improvement. Convenience and QSR offerings have recovered strongly. Agrimark fuel volumes dropped marginally by 1,1% aided by market share gains, comparing very favourably to industry trends. The addition of PEG will have a significant positive impact on fuel volume growth in this income channel.

Manufacturing turnover was negatively impacted by the abovementioned rising agri-input costs, as well as impaired farm income due to fruit export logistical challenges, resulting in curtailed farm infrastructural spend. The manufacturing outlook, however, remains positive going forward, given the relatively healthy state of dam levels in most areas of the country and the potential in product manufacturing innovations in process.

Agrimark Grain's performance is ahead of last year due largely to the increased wheat volumes. Mechanisation agencies have continued their strong performance from the prior year.

Financial results

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

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

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

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

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

Gross profit increased by 27,1% but at a rate lower than revenue growth due largely to the higher contribution of lower margin fuel revenue. Our ability to increase our central distribution centre throughput as well as the implementation of several strategic supply chain imperatives has translated into enhanced retail trading margins. Despite the increase in both retail and agri-trade margins during the year, 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 and, despite a slight reprieve in August and September, ended 27,5% higher (petrol) and 55,6% higher (diesel) compared to last year.

Effective cost management remained a key focus area during the period, specifically the optimisation of salary-related expenditure and associated costs. 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 TFC and Agrimark sites, the disposal of TFC Properties and the subsequent leaseback of the properties as well as the PEG acquisition, resulted in expenditure increasing by 32,4% in the current year while like-for-like expenditure grew by 12,2%. Transactional banking costs on high inflation-related fuel transactions remain problematic as these costs need to be absorbed by fuel retailers without any increase in margin. Furthermore, loadshedding has added unnecessary operational costs in terms of backup energy supplies.

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

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

EBITDA grew by 21,8% and lower than gross profit growth, due to increased expenditure detailed above.

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

Headline earnings increased by 23,5% while recurring headline earnings ("**RHE**") grew by 24,0%. Once-off items, predominantly costs associated with new business development, are excluded from headline earnings to calculate RHE.

Earnings per share of 562,54 increased by 23,1%. Headline earnings per share of 556,30 cents increased by 22,3% while recurring headline earnings per share ("**RHEPS**") of 578,23 cents grew by 21,1% on last year. RHEPS has grown at a CAGR of 15,5% when compared to pre-COVID-19.

Operating results

Segmental reporting has been improved in that trade debtors and borrowings, as well as the associated interest received and interest paid, have been allocated to the segment to which they relate. This provides a more accurate representation of invested capital within the various segments.

Income growth from the Agrimark division, which includes the Agrimark retail branches, Forge branches, Agrimark Packaging distribution centres, Agrimark Mechanisation agency services and spare parts as well as fuel depots, increased by 24,8% YOY, with operating profit before tax increasing by 19,9%. Key focus areas in this environment were margin enhancement, cost management and stock and footprint optimisation.

Retail Fuel & Convenience, which now also includes PEG, increased income by 107,1% with operating profit before tax increasing by 39,5%. Revenue increases were driven by the addition of PEG, non like-for-like sites, fuel price increases and strong contributions from convenience store and QSR offerings. Despite the positive impact on ROIC, the sale and leaseback of TFC Properties sites resulted in additional rental expenditure compared to the prior year. Overall good expense management and fuel price increases contributed to higher profitability. The performance of this division has been encouraging given the economic challenges faced by consumers.

Agrimark Grain, which includes grain handling and storage of grain and related products, seed processing and potato seed marketing, delivered another robust year, growing revenue by 32,7% and operating profit before tax by 14,5%. The improved performance was due to the increased wheat harvest. Latest harvest estimates indicate the likelihood of an average wheat harvest for the new financial year across the total Swartland region.

Manufacturing produces dripline, sprinkler irrigation products and plastic bulk bins for the agricultural market as well as offering agency services for imported irrigation products. Irrigation-related revenue was negatively impacted by the curtailment of infrastructure spend with segment revenue decreasing by 11,6%. Tego's expected improvement in the year was delayed, however, Tego's new XVP bulk bin has come into production and expectations are positive for the coming year. Segment operating profit before tax reduced by 47,0%.

The Corporate division, which includes the cost of support services as well as other costs not allocated to specific segments, decreased from 0,8% of revenue to 0,7%, the result of leveraged centralised support services.

Financial position

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

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

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

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

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

Dividend

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

The salient dates for this dividend distribution are:

Declaration date	Thursday, 24 November 2022
Last day to trade cum dividend	Tuesday, 14 February 2023
Trading ex dividend commences	Wednesday, 15 February 2023
Record date to qualify for dividend	Friday, 17 February 2023
Date of payment	Monday, 20 February 2023

The number of ordinary shares in issue at declaration date is 74 567 680 and the income tax number of Kaap Agri is 9312717177.

Share certificates may not be dematerialised or rematerialised between Wednesday, 15 February 2023 and Friday, 17 February 2023, both days inclusive.

Outlook

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

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

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

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

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

Events after the reporting date

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

Appreciation

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

On behalf of the Board

GM Steyn

Chairman

22 November 2022

S Walsh

Chief Executive Officer

Consolidated statement of financial position

at 30 September

	Note	2022 R'000	2021 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**1 317 415**	1 545 524
Right-of-use assets	6	**617 701**	253 804
Intangible assets	7	**1 618 207**	517 764
Investment in joint venture	8	**41 377**	33 923
Financial assets at fair value through other comprehensive income		**5 580**	5 580
Trade and other receivables	9	**52 433**	52 153
Loans		**17 573**	26 732
Deferred taxation		**12 912**	7 181
		3 683 198	2 442 661
Current assets			
Inventory		**1 627 370**	1 221 339
Trade and other receivables	9	**2 661 293**	2 053 669
Derivative financial instruments		**2 492**	35 983
Short-term portion of loans		**4 915**	7 238
Cash and cash equivalents		**359 484**	51 534
		4 655 554	3 369 763
Total assets		**8 338 752**	5 812 424
EQUITY AND LIABILITIES			
Capital and reserves			
Equity attributable to shareholders of the holding company		**2 691 033**	2 288 444
Non-controlling interest		**131 444**	109 722
		2 822 477	2 398 166
Non-current liabilities			
Deferred taxation		**56 330**	108 683
Financial liability at fair value through profit or loss	11	**82 396**	76 100
Lease liabilities	6	**628 772**	232 208
Instalment sale agreements		**45 402**	62 914
Employee benefit obligations		**14 526**	14 875
Borrowings		**837 813**	325 000
		1 665 239	819 780
Current liabilities			
Trade and other payables	10	**2 504 155**	1 656 660
Financial liability at amortised cost	11	**–**	23 651
Short-term portion of instalment sale agreements		**28 030**	29 166
Short-term portion of Employee benefit obligations		**2 032**	2 169
Short-term portion of lease liabilities	6	**50 019**	23 827
Short-term borrowings		**1 257 457**	842 096
Income tax		**9 343**	16 909
		3 851 036	2 594 478
Total liabilities		**5 516 275**	3 414 258
Total equity and liabilities		**8 338 752**	5 812 424
Total shareholders' equity to Total assets employed* (%)		**36,9%**	40,8%
Net interest bearing debt to Total assets employed* (%)		**21,9%**	22,9%
Net asset value per share (rand)		**R38,24**	R32,56
Shares issued (number – '000)		**70 368**	70 282
Total number of ordinary shares in issue**		**74 568**	74 170
Treasury shares		**(4 200)**	(3 888)

* *Ratios calculated on average balances.*

** *There was no change in the issued share capital between 30 September 2022 and the dividend declaration date, being 74 567 680 shares.*

Consolidated income statement

for the year ended 30 September

	2022 R'000	2021 R'000
Revenue	**15 700 499**	10 582 588
Cost of sales	**(13 697 089)**	(9 006 338)
Gross profit	**2 003 410**	1 576 250
Operating expenses	**(1 455 683)**	(1 118 450)
Operating profit before interest received	**547 727**	457 800
Interest received	**147 496**	99 066
Operating profit	**695 223**	556 866
Finance costs	**(145 387)**	(99 048)
Share in profit of joint venture	**7 454**	2 381
Profit before tax	**557 290**	460 199
Income tax	**(144 331)**	(127 923)
Profit for the period	**412 959**	332 276
Attributable to equity holders of the holding company	**396 368**	321 099
Non-controlling interest	**16 591**	11 177
Earnings per share – basic (cents)	**562,54**	456,88
Earnings per share – diluted (cents)	**553,23**	451,79
Dividend per share (cents)	**168,00**	151,00

Headline earnings reconciliation

for the year ended 30 September

	2022 R'000	2021 R'000
Profit for the period	**412 959**	332 276
Attributable to equity holders of the holding company	**396 368**	321 099
Non-controlling interest	**16 591**	11 177
Net profit on disposal of assets	**(4 419)**	(1 470)
Gross	**(4 722)**	(2 042)
Tax effect	**303**	572
Headline earnings	**408 540**	330 806
Attributable to equity holders of the holding company	**391 972**	319 722
Non-controlling interest	**16 568**	11 084
Headline earnings per share – basic (cents)	**556,30**	454,92
Headline earnings per share – diluted (cents)	**547,10**	449,86
Weighted average number of shares (number – '000)	**70 460**	70 281
Weighted average number of diluted shares (number – '000)	**71 646**	71 072

Consolidated statement of comprehensive income

for the year ended 30 September

	2022 R'000	2021 R'000
Profit for the period	**412 959**	332 276
Other comprehensive income:		
Cash flow hedges	**844**	204
Gross	**1 155**	283
Tax	**(311)**	(79)
Total comprehensive income for the period	**413 803**	332 480
Attributable to equity holders of the holding company	**397 212**	321 303
Non-controlling interest	**16 591**	11 177

Consolidated statement of changes in equity

for the year ended 30 September

	2022 R'000	2021 R'000
Stated capital	**451 316**	446 571
Gross shares issued	**496 664**	480 347
Treasury shares	**(45 348)**	(33 776)
Other reserves	**15 129**	12 552
Opening balance	**12 552**	10 112
Share-based payments	**1 733**	2 236
Other comprehensive income	**844**	204
Retained profit	**2 224 588**	1 829 321
Opening balance	**1 829 321**	1 571 475
Profit for the period	**396 368**	321 099
Acquisition of minority shares in subsidiary	**22 462**	–
Change in ownership	**17 116**	–
Put Options lapsed	**(10 544)**	–
Put Options relinquished	**80 400**	–
Dividends paid	**(110 535)**	(63 253)
Equity attributable to shareholders of the holding company	**2 691 033**	2 288 444
Non-controlling interest	**131 444**	109 722
Opening balance	**109 722**	98 545
Profit for the period	**16 591**	11 177
Sale of share in subsidiary	**(34 467)**	–
Acquisition of minority shares in subsidiary	**(22 462)**	–
Addition through business acquisition	**96 462**	–
Change in ownership	**(17 116)**	–
Dividends paid	**(17 286)**	–
Capital and reserves	**2 822 477**	2 398 166

Consolidated statement of cash flows

for the year ended 30 September

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

Notes to the summary consolidated financial statements

for the year ended 30 September

1 BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The summary consolidated financial statements for the year ended 30 September 2022 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa, Act 71 of 2008, as amended, applicable to summary financial statements. The JSE Listing Requirements require summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("**IFRS**"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, to contain the information required by IAS 34 "Interim Financial Reporting".

This summarised report is extracted from the audited information, but is not itself audited. The annual financial statements for the year were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the company's registered office and on the website, www.kaapagri.co.za. The Group's auditors have not reviewed nor reported on any comments relating to prospects.

The directors take full responsibility for the preparation of the summary consolidated financial statements and that the financial information has been correctly extracted from the underlying annual financial statements.

The summary consolidated financial statements for the year ended 30 September 2022 were prepared by GC Victor CA(SA), the Group's financial manager under supervision of GW Sim CA(SA) the Group's financial director.

2 ACCOUNTING POLICIES

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these summary consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies of estimation uncertainty were the same as those that applied to the Group annual financial statements for the year ended 30 September 2022. 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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimates

Properties

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

Loss allowance on trade receivables

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

Financial liabilities related to put options

The measurement of these financial instruments is based on various valuation calculations requiring estimated inputs and assumptions as disclosed in notes 11.

Judgements

Purchase price allocations

Judgement is used in determining the fair value of the identifiable assets within a purchase price allocation. Refer to note 15 for the considerations listed that results in the recognition of goodwill in the business combination transactions as well as the considerations applied to other intangible assets.

Inventory provisions

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

Goodwill and indefinite useful life assets

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Judgements (continued)

Extension periods with regards to lease contracts

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

4 FAIR VALUE ESTIMATION

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

> Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
> Level 2 – Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
> Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

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

	2022 R'000	2021 R'000
5 PROPERTY, PLANT AND EQUIPMENT		
Reconciliation of movements in carrying value:		
Carrying value beginning of period	**1 545 524**	1 525 678
Additions	**228 290**	75 585
Land and buildings	**93 487**	7 297
Grain silos	**602**	2 196
Machinery and equipment	**37 221**	27 857
Vehicles	**14 473**	9 418
Office furniture and equipment	**15 186**	17 280
Assets under construction	**67 321**	11 537
Additions through business combinations	**36 060**	17 229
Disposals	**(425 576)**	(11 581)
Depreciation	**(66 883)**	(61 387)
Carrying value end of period	**1 317 415**	1 545 524
Land and buildings	**828 261**	1 143 791
Grain silos	**26 177**	24 193
Machinery and equipment	**240 816**	213 364
Vehicles	**45 150**	41 941
Office furniture and equipment	**128 543**	109 951
Assets under construction	**48 468**	12 284
Vehicles include the following amounts where the Group has instalment sale agreements:		
Cost	**45 468**	56 059
Accumulated depreciation	**(16 022)**	(23 505)
Carrying value	**29 446**	32 554
Equipment include the following amounts where the Group has instalment sale agreements:		
Cost	**107 548**	107 781
Accumulated depreciation	**(12 306)**	(7 041)
Carrying value	**95 242**	100 740

	2022 R'000	2021 R'000
6 RIGHT-OF-USE ASSETS AND LEASE LIABILITY		
Right-of-use assets		
Buildings	**612 806**	251 898
Vehicles	**4 895**	1 906
	617 701	253 804
Reconciliation of movements in carrying value:		
Carrying value at beginning of year	**253 804**	236 302
Additions	**441 230**	39 221
Modification of lease contracts	**(22 315)**	10 871
Depreciation charge of Right-of-use assets	**(55 018)**	(32 590)
Buildings	**(53 480)**	(31 389)
Vehicles	**(1 538)**	(1 201)
Carrying value at end of year	**617 701**	253 804
Lease liabilities		
Current	**50 019**	23 827
Non-current	**628 772**	232 208
	678 791	256 035
Interest expense (included in finance costs)	**37 917**	20 573
Expense relating to short-term leases and low value assets (included in administrative expenses)	**17 060**	10 439
Cash flow expense for leases and low value and short-term leases	**(49 461)**	(36 051)

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

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

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

Sale and leaseback transaction

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

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

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

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

	2022 R'000	2021 R'000
7 INTANGIBLE ASSETS		
Reconciliation of movements in carrying value:		
Carrying value beginning of period	**517 764**	471 012
Additions through business combinations	**1 194 310**	48 135
Disposal of subsidiary	**(91 313)**	–
Amortisation	**(2 554)**	(1 383)
	1 618 207	517 764
Reconciliation of movements in carrying value:		
Goodwill	**1 399 631**	497 995
Carrying value at beginning of year	**497 995**	455 532
Additions through business combinations	**992 949**	42 463
Disposal of subsidiary	**(91 313)**	–
Fuel retail licences	**193 738**	–
Additions through business combinations	**193 738**	–
Tradename	**14 405**	14 795
Carrying value at beginning of year	**14 795**	12 480
Additions through business combinations	**–**	2 595
Amortisation recognised in profit or loss	**(390)**	(280)
Customer relationships	**3 359**	4 974
Carrying value at beginning of year	**4 974**	3 000
Additions through business combinations	**–**	3 077
Amortisation recognised in profit or loss	**(1 615)**	(1 103)
Computer software	**7 074**	–
Additions through business combinations	**7 623**	–
Amortisation recognised in profit or loss	**(549)**	–
	1 618 207	517 764

7 INTANGIBLE ASSETS (CONTINUED)

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

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

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

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

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

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

7 INTANGIBLE ASSETS (CONTINUED)

Management has performed a sensitivity analysis 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	
	2022	2021	**2022**	2021	**2022**	2021
Eastern Cape cluster	**+6,8%**	+4,9%	**-6,5%**	-7,8%	**+5,9%**	+7,8%
Northern Cape cluster	**+12,9%**	+12,5%	**-11,7%**	-12,9%	**+12,1%**	+15,5%
Northern Province cluster	**+5,0%**	+10,7%	**-5,6%**	-10,0%	**+5,6%**	+11,6%
Western Province cluster	**+16,5%**	–	**-6,5%**	–	**+7,3%**	–
Highway cluster	**+18,3%**	–	**-2,2%**	–	**+7,2%**	–

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

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

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

7 INTANGIBLE ASSETS (CONTINUED)

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

	2022 %	2021 %
Goodwill – business combination relating to PBS and Farmsave		
Pre-tax discount rate	**11,4**	15,7
Revenue growth rate	**10,0 – 12,0**	10,0
Expenses growth rate	**8,5 – 9,0**	8,0
Terminal growth rate	**6,0**	6,0

The approved budget for the next financial year was used as base data after which the relevant inputs were extrapolated for the next four 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 interest bearing debt. 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 a sensitivity analysis 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 with 7,2% (2021: 23,9%). If the expenses increase with 6,2% per year (2021: 10,1% per year), a portion of goodwill will be impaired. If the gross profit decreases with 0,4% per year (2021: 0,8%), 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 (2021: R2,4 million).

		2022 R'000	2021 R'000
8	**INVESTMENT IN JOINT VENTURE**		
	Kaap Agri (Namibia) (Pty) Ltd		
	Beginning of year	**33 923**	6 542
	Loan capitalised – shares issued	**–**	25 000
	Share in total comprehensive income	**7 454**	2 381
		41 377	33 923
9	**TRADE AND OTHER RECEIVABLES**		
	Trade debtors	**2 583 856**	2 056 188
	Provision for impairment	**(44 213)**	(54 460)
		2 539 643	2 001 728
	VAT	**94 053**	43 788
	Other debtors	**80 030**	60 306
		2 713 726	2 105 822
	Trade and other receivables – current	**2 661 293**	2 053 669
	Trade and other receivables – non-current	**52 433**	52 153
		2 713 726	2 105 822
10	**TRADE AND OTHER PAYABLES**		
	Trade creditors	**2 220 823**	1 501 529
	Employee accruals	**136 427**	75 467
	Other creditors	**146 905**	79 664
		2 504 155	1 656 660

	2022 R'000	2021 R'000
11 DERIVATIVE FINANCIAL INSTRUMENTS		
Financial liability at amortised cost		
Written Put Option		
Partridge Building Supplies (Pty) Ltd	**–**	(23 651)
Opening balance	**(23 651)**	(14 213)
Put exercised during the year	**15 068**	–
Interest	**(114)**	(1 279)
Remeasurement through profit or loss	**–**	(8 159)
Put unexercised, thus lapsed through equity	**8 697**	–
Minority Put Option		
Partridge Building Supplies (Pty) Ltd		
Put option raised through equity	**(19 240)**	–
Interest	**(260)**	–
Put exercised during the year	**19 500**	–
As a result of the acquisition of the minority shares in the subsidiary the non-controlling interest was derecognised	**22 462**	–
Financial liability at fair value through profit or loss		
Written Put Option		
C-Max Investments (Pty) Ltd	**–**	(76 100)
Opening balance	**(76 100)**	(76 600)
Remeasurement through profit and loss	**(4 300)**	500
Put relinquished through equity	**80 400**	–

Financial liability at amortised cost

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

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

11 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Financial liability at fair value through profit or loss

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

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

	2022 R'000	2021 R'000
Financial liability at fair value through profit or loss		
Low risk retention payment – contingent consideration		
Purchase	**(80 778)**	–
Interest	**(1 618)**	–
	(82 396)	–

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

12 INFORMATION ABOUT OPERATING SEGMENTS

Management has determined the operating segments based on the reports reviewed by the Executive Committee (whom are considered to be the Chief Operating Decision Maker (CODM)) that are used to make strategic decisions as well as the fact that they share similar economic characteristics. The Executive Committee considers the business from a divisional perspective. The performance of the following divisions are separately considered: Agrimark, Retail Fuel & Convenience, Agrimark Grain as well as Manufacturing. The performance of the operating segments are assessed based on a measure of revenue and net profit before taxation.

Agrimark provides a complete range of production inputs, mechanisation equipment and services, and other goods to agricultural producers as well as the general public.

Retail Fuel & Convenience provides a full retail fuel offering to a diverse range of customers and includes convenience store and quick service restaurant outlets of TFC and PEG. The nature of products, services, type of customers and regulatory environment of both TFC and PEG have similar economic characteristics and thus aggregated into one reporting segment.

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

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

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

	SEGMENT REVENUE		SEGMENT RESULTS	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Segment revenue and results				
Agrimark	**7 829 295**	6 271 932	**481 343**	401 457
Retail Fuel & Convenience	**6 274 506**	3 029 734	**100 462**	72 036
Agrimark Grain	**1 391 930**	1 049 238	**70 939**	61 972
Manufacturing	**204 768**	231 684	**7 443**	14 040
Total for reportable segments	**15 700 499**	10 582 588	**660 187**	549 505
Corporate	**–**	–	**(102 897)**	(89 306)
Total external revenue	**15 700 499**	10 582 588		
Profit before tax			**557 290**	460 199
Income tax			**(144 331)**	(127 923)
Profit after tax			**412 959**	332 276

Included in the Agrimark segment's results is a share in profit of joint venture of R7,5 million. Refer note 8.

	SEGMENT ASSETS		SEGMENT LIABILITIES	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
12 INFORMATION ABOUT OPERATING SEGMENTS (CONTINUED)				
Segment assets and liabilities				
Agrimark	**4 901 360**	3 962 781	**2 774 111**	2 162 664
Retail Fuel & Convenience	**2 910 698**	1 309 023	**2 373 086**	801 573
Agrimark Grain	**94 630**	133 385	**30 545**	39 543
Manufacturing	**338 407**	317 978	**252 698**	212 646
Total for reportable segments	**8 245 095**	5 723 167	**5 430 440**	3 216 426
Corporate	**80 745**	82 076	**75 826**	171 545
Deferred taxation	**12 912**	7 181	**10 009**	26 287
	8 338 752	5 812 424	**5 516 275**	3 414 258

Included in the Agrimark segment's assets is an Investment in Joint Venture of R 41,4 million. Refer note 8.

13 CAPITAL COMMITMENTS

	2022 R'000	2021 R'000
Contracted	**73 366**	33 888

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

14 RECURRING HEADLINE EARNINGS

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

These adjustments relate to non-recurring expenses, which consists predominantly of costs associated with corporate transactions (legal and external consultation costs).

	2022 R'000	2021 R'000
Headline earnings	**408 540**	330 806
Attributable to equity holders of the holding company	**391 972**	319 722
Non-controlling interest	**16 568**	11 084
Non-recurring items	**21 981**	16 402
Non-recurring expenses	**17 307**	7 464
Revaluation of Put Options	**4 674**	8 938
Recurring headline earnings	**430 521**	347 208
Attributable to equity holders of the holding company	**407 421**	335 630
Non-controlling interest	**23 100**	11 578
Recurring headline earnings per share (cents)	**578,23**	477,55

15 BUSINESS COMBINATIONS

Purchase of fuel operations site as a business

In line with the Group's growth strategy to acquire businesses in the fuel sector, a retail fuel operations site was acquired. The retail licence was obtained and thus the operations were acquired and treated as a business combination under IFRS 3. Goodwill on acquisition was paid on this business which represents synergies within the Group and have future earnings potential.

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

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

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

Based on the purchase of the fuel site a provisional purchase price allocation ("PPA") as required by IFRS 3: Business combinations was performed and no intangible assets were identified. The Group assessed all intangible assets that can typically be expected in a business combination of this nature, the most relevant of which are tradenames and customer relations. No tradename was recognised as there was no tradename acquired as part of these transactions. In addition, any payments made in relation to the brand are considered to be market related. No customer relations were recognised as the Group did not acquire any customer list, they are commercial sites offering products to clients that could be purchased anywhere.

15 BUSINESS COMBINATIONS (CONTINUED)

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

	Engen False Bay R'000
Carrying value	
Assets	
Plant and equipment	**1 455**
Inventory	**4 926**
	6 381
Fair value	
Assets	
Plant and equipment	**1 455**
Goodwill	**38 145**
Inventory	**4 926**
Purchase consideration	**44 526**
– paid in cash (current period)	**44 526**

For the sites where no property forms part of the business combination the following applies:

– Engen False Bay - a lease contract was entered into after the business combination, thus no Right-of-use asset formed part of the PPA allocation. However a Right-of-use asset and Lease liability was subsequently recognised.

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

	Engen False Bay R'000
Revenue	
– since acquisition date	**146 648**
– as if from the beginning of the year	**251 726**
Profit before tax	
– since acquisition date	**3 574**
– as if from the beginning of the year	**7 770**

15 BUSINESS COMBINATIONS (CONTINUED)

Purchase of a subsidiary through acquiring shares

Effective 1 July 2022, the Group also acquired 100% of the ordinary shares in PEG Retail Holdings (Pty) Ltd. The transaction has been concluded as part of TFC Operations' strategy to expand its portfolio of service stations operated within South Africa. Goodwill on acquisition was paid on this transaction as management are of the view that the PEG Group is a well-managed, established business, operating prime service stations in the country, has strong relationships with franchisors in the industry and is a highly cash generative business. This allows the Group to expand its footprint and services within the service station industry in South Africa.

Based on the purchase of the 100% shares in PEG Retail Holdings (Pty) Ltd a provisional PPA as required by IFRS 3: Business combinations was performed and some intangible assets were identified. The transaction has been concluded at the overall business level and the business will be managed as a single unit called the Highway cluster based on the nature of the operating fuel sites and how it is managed and monitored. Management will monitor the performance of the PEG Group as a whole, with no separate monitoring by operating entity or other disaggregation only on a voluntary basis. The Group assessed all intangible assets that can typically be expected in a business combination of this nature, the most relevant of which are tradenames and customer relations. The PEG brand is relatively unknown in South Africa among end-customers as it is secondary to the brands of the relevant oil companies and franchisors which are displayed at the various service stations operated by the PEG Group. The PEG brand is not displayed at the sites and thus based on the considerations, the PEG brand name is considered to have limited brand equity and is not considered to be the key driver of value for the PEG Group. The Group has therefore not identified the PEG brand as a material intangible asset that requires valuation and recognition. No customer relations were recognised as the Group did not acquire any customer list, they are all commercial sites offering products to clients that could be purchased anywhere.

There is value in the fact that the PEG Group holds the relevant retail licences for each of its operating sites. However, these licences are relatively inexpensive and a market participant with the necessary BEE credentials would be able to obtain these licences within the application process period. The Group also notes that there are numerous retail licences available in the industry as opposed to other industries where there are a limited number of licences available. The retail licences are contractual in nature and meet the recognition criteria in terms of IFRS 3. We have therefore identified the retail licences as separately identifiable intangible assets requiring valuation. The replacement cost approach was considered to be an appropriate valuation method to value the retail licences. Given that the retail licences remain valid for as long as the licence holder operates as a going concern, the estimated useful live of the individual retail licences is considered to be indefinite.

The goodwill is attributable to the workforce, the high profitability of the acquired business and the geographic spread of the fuel sites across South Africa.

15 BUSINESS COMBINATIONS (CONTINUED)

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

	PEG Retail Holdings R'000
Carrying value	
Assets	
Plant and equipment	34 606
Right-of-use asset	41 411
Computer software	539
Deferred tax	4 648
Inventory	112 756
Trade and other receivables	46 783
Cash and cash equivalents	309 786
Liabilities	
Borrowings	(38 000)
Trade and other payables	(410 320)
Tax payable	(54 930)
Lease liability	(22 165)
	25 114
Fair value	
Assets	
Plant and equipment	34 606
Right-of-use asset	41 411
Fuel retail licences	193 738
Computer software	7 623
Deferred tax	(49 719)
Inventory	112 756
Trade and other receivables	46 783
Cash and cash equivalents	309 786
Liabilities	
Borrowings	(38 000)
Trade and other payables	(410 317)
Tax payable	(54 930)
Lease liability	(22 165)
Net identifiable assets acquired	171 572
Less: Non-controlling interest	(24 347)
Add: Goodwill	954 804
Net assets acquired	1 102 029
Purchase consideration	1 102 029
– paid in cash (current period)	949 136
– shares issued in subsidiary (increase in non-controlling interest)	72 115
– contingent consideration	80 778

15 BUSINESS COMBINATIONS (CONTINUED)

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

	PEG Retail Holdings R'000
Revenue	
– since acquisition date	**2 105 480**
– as if from the beginning of the year	**7 524 051**
Profit before tax	
– since acquisition date	**52 493**
– as if from the beginning of the year	**287 984**

16 EVENTS AFTER REPORTING DATE

A gross final dividend of 122,00 cents per share (2021: 111,00 cents) has been approved and declared by the Board from income reserves, for the year ended 30 September 2022.

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

Annexure B

GENERAL INFORMATION

Spread	Number of shareholders	Number of shares	Percentage held
1 SHAREHOLDERS' PROFILE			
1 to 1 000 shares	**20 953**	**2 462 828**	**3,3%**
1 001 to 10 000 shares	**3 007**	**9 670 194**	**13,0%**
10 001 to 100 000 shares	**633**	**17 214 381**	**23,1%**
100 001 to 1 000 000 shares	**83**	**21 944 942**	**29,4%**
More than 1 000 000 shares	**10**	**23 275 335**	**31,2%**
Total	**24 686**	**74 567 680**	**100,0%**
Type of shareholder			
Public	**24 674**	**69 306 072**	**92.9%**
Non Public	**12**	**5 261 608**	**7,1%**
Directors and associates of the company	**9**	**959 616**	**1,3%**
Empowerment and Transformation Investments (Pty) Ltd	**1**	**3 708 514**	**5,0%**
Kaap Agri Bedryf Limited	**1**	**491 860**	**0,7%**
The Fruit Workers Development Trust	**1**	**101 618**	**0,1%**
	24 686	**74 567 680**	**100,0%**
Major beneficial shareholders The following shareholders have a holding equal to or greater than 5% of the issued shares of the company.			
JF Mouton Familietrust and its subsidiaries (incl. the effective interest held through a joint venture)		**5 230 490**	**7,0%**
PSG Balanced Fund		**4 006 455**	**5,4%**
Empowerment and Transformation Investments (Pty) Ltd		**3 708 514**	**5,0%**
		12 945 459	**17,4%**

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

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

	Number	
	2022	2021
3 STATED CAPITAL OF THE COMPANY AT 30 SEPTEMBER 2022		
Authorised:		
Ordinary shares with no par value	**1 000 000 000**	1 000 000 000
Issued:		
Ordinary shares with no par value	**74 567 680**	74 170 277
Treasury shares	**(4 200 375)**	(3 889 282)
	70 367 305	70 280 995
Stated capital:		
Total value of ordinary shares	**496 664 465**	480 346 566
Treasury share value	**(45 348 228)**	(33 776 054)
Total stated capital	**451 316 237**	446 570 512

4 MATERIAL CHANGES

There has been no material changes in the financial or trading position of the company and its subsidiaries subsequent to the company's financial year-end, being 30 September 2022, and the date of this notice of AGM.

Annexure C

REMUNERATION REPORT

Part 1: Chairman's report

Our remuneration philosophy complies with the principles and recommended practices of King IV and other legislative requirements.

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

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

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

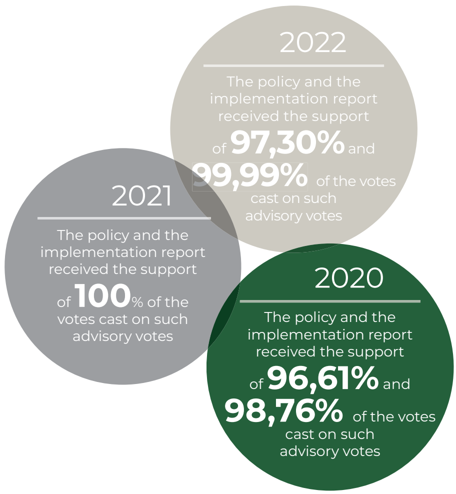
The Remcom remains confident that the policy is business-informed, aligns with the Group's strategic objectives and supports the Group's long-term business strategy.

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

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

We adopted the four-part remuneration report approach:

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



Part 2: Remuneration committee ("Remcom")

Remuneration governance

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

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

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

The following Executive committee members are invitees to the Remcom.

> S Walsh – CEO
> G Sim – Finance Director
> D Gempies – Director Human Resources and SHEQ

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

Governance framework

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

Remcom functions and responsibilities

> Determines the CEO's remuneration.
> Determines Executive committee members' remuneration as recommended by the CEO.
> Monitors the Group, executive, regional and senior managers within P1 to P5 remuneration, as recommended by the CEO.
> Determines non-executive directors' fees.
> Ensures the remuneration philosophy and principles are aligned with the Group's business strategy.
> Ensures performance-based incentive schemes and performance criteria are developed and implemented.
> Determines the annual average increase for staff remuneration.

Activities of the Remcom

During the year, the Remcom activities included the following:

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

Part 3: Overview of the remuneration policy

Remuneration philosophy

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

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

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

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

Group-wide remuneration approach and the wage gap

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

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

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

> *Benchmarking*

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

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

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

Components of Remuneration and Pay Mix

The remuneration framework for employees is as follows:

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

> *Total Guaranteed Pay*

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

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

> *Pay Mix*

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

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

Recognition and Reward Schemes

We implemented the revised recognition and reward schemes to recognise employee's performance and living our values, illustrated below:

Framework of recognition and reward schemes

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

> ***Go for Gold programme ("G4G")***

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

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

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

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

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

> **CARE ambassador (employee):** This category embodies the CARE values evident in employees' who positively influence others.

> **Operations excellence (team):** This category recognises employees for adding value and affecting or contributing to the business's overall bottom line.

> **Accelerating performance (team):** This category recognises employees for adding value in the business (most improved).

> *Sales Commissions*

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

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

> *Performance Bonus*

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

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

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

> *Short-term incentives ("STI")*

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

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

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

YOY Performance Growth Target – Calculation

CPI (example)	5,0%	(Estimated average 12-month annual inflation in September)						CAP
CPI + % growth	0,0%	5,0%	6,25%	7,5%	8,75%	10,00%	11,25%	12,5%
Target	5,0%	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 fiscal year.

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

> *Long-Term Incentive Plan ("LTIP")*

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

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

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

The purpose of the LTIP is to:

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

The LTIP operates as follow:

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

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

Vesting Condition(s)

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

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

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

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

Minimum Shareholding Requirement ("MSR")

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

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

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

- CEO: 225% of TGP.
- Financial Director: 175% of TGP.
- All other Executive committee members: 125% of TGP.

Malus and Clawback

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

- *Material misstatement of financial statements* – a material misstatement of the financial results resulting in an adjustment in the audited consolidated accounts of the company.
- *Actions, omissions and conduct of participants* – actions, events, or conduct (including omissions) which, in the Board's reasonable opinion, amount to grounds for termination of employment for (gross) misconduct or negligence, dishonesty or fraud.
- *Assessment of performance and calculation of incentive remuneration* – instances where the assessment of any performance metric or criteria in respect of the determination of incentive remuneration or the vesting thereof was based on error or inaccurate or misleading information.
- In instances where any information used in the decision to grant incentive remuneration or determine the quantum thereof was erroneous, inaccurate or misleading or any information emerges that were not considered at the time any incentive remuneration was made which, in the discretion of the Board (acting reasonably), would have resulted in an inappropriate benefit or would have materially affected the decision to allocate, make or grant the incentive remuneration, whether at all or at the level at which such incentive remuneration was made.

Termination of Employment

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

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

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

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

Components of remuneration for Executive committee members

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

Element	TGP	STI	LTIP

STI

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

The maximum amounts earned under STIs are as follows:

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

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

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

LTIP

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

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

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

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

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

Executive director and key management contracts

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

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

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

Non-executive directors' remuneration

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

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

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

Proposed 2023 non-executive directors' remuneration

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

The proposed remuneration* is as follows:

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

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

* *The proposed remuneration is VAT-exclusive.*

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

Part 4: Implementation report

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

Total Remuneration

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

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

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

The total combined shares issued to the CEO and Financial Director at 30 September 2022 was 274 536 shares.

The Annual TGP increase during 2022

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

The following table sets out TGP increases for executive directors:

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

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

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

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

Peromnes broadband	Employee group	Percentage increase 2022
P1 to P2	Top management	**5,5%**
P3 to P4	Senior management	**5,6%**
P5 to P9	Middle and junior management	**5,5%**
P10 to P14	Admin and senior store staff	**5,3%**
P15 to P18	General workers	**6,0%**
Overall		**5.6%**

STI performance outcomes

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

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

LTIs awarded in 2022

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

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

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

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

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

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

Voting at 2022 AGM

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

Voting at the upcoming AGM

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

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

Termination/hiring

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

Non-executive directors

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

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

Notes

Corporate information

KAAP AGRI LIMITED

Incorporated in the Republic of South Africa
Registration number: 2011/113185/06
Income tax number: 9312717177
JSE share code: KAL
ISIN code: ZAE000244711

Directors

GM Steyn (Chairman)*#
S Walsh (Chief Executive Officer)
GW Sim (Group Financial Director)
BS du Toit*#
D du Toit*#
JH le Roux*#
B Mathews*# (appointed 22 September 2022)
EA Messina*#
WC Michaels*#
CA Otto*#
HM Smit*#
I Chalumbira*

* *Non-executive*
\# *Independent*

Company Secretary

KAL Corporate Services (Pty) Ltd

Registered address

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Telephone number: 021 860 3750
Fax number: 021 860 3314
Website: www.kaapagri.co.za

Auditors

PricewaterhouseCoopers Inc.

Transfer Secretary

Computershare Investor Services (Pty) Ltd
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Rosebank Towers, 15 Biermann Avenue,
Rosebank, Johannesburg, 2196
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Fax number: 086 636 7200

Sponsor

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