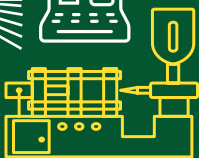


2021

KAAP AGRI

Notice of annual general meeting

for the year ended 30 September 2021



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Salient features

+23,4%
10 582 588

REVENUE (R'000)
(2020: 8 574 668)

+17,1%
454,92

HEADLINE EARNINGS
PER SHARE (CENTS)
(2020: 388,54)

+21,7%
477,55

RECURRING HEADLINE EARNINGS
PER SHARE (CENTS)
(2020: 392,52)

+122,0%
111,00

FINAL DIVIDEND
PER SHARE (CENTS)
(2020: 50,00)

+202,0%
151,00

TOTAL DIVIDEND
PER SHARE (CENTS)
(2020: 50,00)

Letter to shareholders

17 December 2021

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, 10 February 2022.

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, 20 January 2022. 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 2021 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, 10 February 2022, 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 ("Audit and Risk committee") for the year ended 30 September 2021.

This notice of AGM is accompanied by the summarised consolidated financial statements (Annexure A) of the company for its 2021 financial year, while the audited consolidated annual financial statements, including the unmodified audit opinion, are available on Kaap Agri's website at www.kaapagri.co.za 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, 20 January 2022, 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, from the Company Secretary at cosec@kalcorporateservices.co.za.

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

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

1. REAPPOINTMENT OF AUDITOR

Ordinary resolution number 1

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

The reason for ordinary resolution number 1 is that the company, being a public listed company, is required to have its financial statements audited annually and the 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 ("the Companies Act").

2. RETIREMENT AND RE-ELECTION OF DIRECTORS

2.1 Ordinary resolution number 2

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

Summary curriculum vitae of Mr GM (George) Steyn

Mr Steyn holds BA (Law) and LLB degrees. He has been the Chairman of Kaap Agri since February 2012. He has extensive experience in the retail sector, having joined the Pepkor Group in 1986 and has served as an executive director of Pep Retail Limited and Pepkor Retail Limited from 1991 to 2005 and as a managing director from 2005 to 2011.

He currently serves as non-executive director of various companies including RCL Foods Limited. He also farms in the Karoo and is actively involved in the broader community.

2.2 Ordinary resolution number 3

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

Summary curriculum vitae of Mr CA (Chris) Otto

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

2.3 Ordinary resolution number 4

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

Summary curriculum vitae of Mr I (Isaac) Chalumbira

Mr Chalumbira holds a BSc (Industrial Psychology) from the University of Cape Town as well as an MBA (Strategy) from the Milpark (Thames Valley) Business School. His corporate career includes the multinationals Procter & Gamble (P&G) and The Coca-Cola Company (TCCC) where he held various senior management positions over a period of 11 years.

In 2005 he started an entrepreneurial venture Lionshare Holdings (Pty) Ltd investing in several sectors mainly fuel energy, real estate, hospitality, consumer goods and logistics. He is an active member of the largest global CEO organisation, Young Presidents Organisation (YPO), and in various leadership roles. Isaac was recently awarded the 2020 EY World Entrepreneur Of The Year (Southern Africa).

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

3. REAPPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE

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

3.1 Ordinary resolution number 5

"Resolved that Mr CA Otto, being eligible, and subject to approval of ordinary resolution number 3, be and is hereby reappointed as a member of the Audit and Risk committee, as recommended by the board of directors of the company ("the Board"), until the next annual general meeting of the company."

A summary of Mr Otto's curriculum vitae has been included in paragraph 2.2 above.

3.2 Ordinary resolution number 6

"Resolved that Mrs D 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 Mrs D (Danell) du Toit

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

3.3 Ordinary resolution number 7

"Resolved that Mr BS du Toit, being eligible, 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."

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

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

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

Ordinary resolution number 8

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

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

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

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

Ordinary resolution number 9

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

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

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

6. GENERAL AUTHORITY TO ISSUE ORDINARY SHARES FOR CASH

Ordinary resolution number 10

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

- > the approval shall be valid until the date of the next annual general meeting of the company, provided it shall not extend beyond 15 (fifteen) months from the date of this resolution;
- > the general issues of shares for cash under this authority may not exceed, in the aggregate, 5% of the company's issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders, in respect of the Kaap Agri equity-settled management share incentive scheme in accordance with the JSE Listings Requirements and in terms of an acquisition issue or vendor consideration placement shall not diminish the number of ordinary shares that comprise the 5% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 5% of the issued ordinary shares of the company, excluding treasury shares, amounts to 3 514 050 ordinary shares;
- > in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30-business-day period;
- > any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements and not to related parties;
- > any such issue will only comprise securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- > in the event that the shares issued under this authority represent, on a cumulative basis, 5% or more of the number of shares in issue prior to that issue, an announcement containing the full details of such issue shall be published on the Stock Exchange News Service of the JSE."

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

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

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

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

7. APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION

Special resolution number 1

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

Directors' fees	Proposed annual remuneration	
Director – basic fee	196 700	
Board Chairman	+429 400	
Committee	Member	Chairman
Audit and Risk committee	+147 200	+293 800
Finance committee	+61 200	+147 200
Remuneration committee	+122 900	+245 200
Social and Ethics committee	+31 400	+92 600

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

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

Shareholders are requested to approve these fees with effect from 1 October 2021, 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.

8. SHARE REPURCHASES BY THE COMPANY AND ITS SUBSIDIARIES

Special resolution number 2

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

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

- > this general authority shall only be valid until the next annual general meeting of the company, provided that it shall not extend beyond 15 (fifteen) months from the date of this resolution;
- > an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue at the time of the granting of this authority, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- > the general authority is limited to a maximum of 20%, in the aggregate, in any one financial year of the company's issued share capital at the time the authority is granted;
- > a resolution has been passed by the Board approving the repurchase, that the company and its subsidiaries ("the Group") have satisfied the solvency and liquidity test as defined in the Companies Act, and that since the solvency and liquidity test has been performed there have been no material changes to the financial position of the Group;
- > the general repurchase is authorised by the company's MOI;
- > repurchases may not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the company's securities have not traded in such five-business-day period;
- > the company and its subsidiaries may at any point in time only appoint one agent to effect any repurchase(s) on the company's behalf; and
- > the company and its subsidiaries may not effect any repurchase during any prohibited period as defined in terms of the JSE Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the JSE Listings Requirements."

The reason for and effect, if passed, of special resolution number 2 is to grant the directors a general authority in terms of the company's MOI and the JSE Listings Requirements for the acquisition by the company or by a subsidiary of the company of shares issued by the company on the basis reflected in special resolution number 2. 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.

9. INTER-COMPANY FINANCIAL ASSISTANCE

9.1 Special resolution number 3: Inter-company financial assistance

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

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

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

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

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

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

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

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

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

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

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

In addition, the Board will only approve the provision of any financial assistance contemplated in special 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 company's MOI have been met.

10. REPORT OF THE SOCIAL AND ETHICS COMMITTEE

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

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

INFORMATION RELATING TO THE SPECIAL RESOLUTIONS

1. The directors of the company or its subsidiaries will only utilise the general authority to repurchase shares of the company as set out in special resolution number 2 to the extent that the directors, after considering the maximum number of shares to be purchased, are of the opinion that the position of the Group would not be compromised as to the following:
 - > the Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of the AGM and for the period of 12 months after the repurchase;
 - > the consolidated assets of the Group (fairly valued) will, at the time of the AGM and at the time of making such determination, be in excess of the consolidated liabilities of the Group (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 Group after the repurchase will remain adequate for the purpose of the business of the Group for the period of 12 months after the AGM and after the date of the share repurchase; and
 - > the working capital available to the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the AGM and for a period of 12 months after the date of the share repurchase.
2. General information in respect of major shareholders, material changes and the share capital of the company is contained in Annexure B to this notice of AGM.
3. The directors of the company collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this notice of AGM contains all information required by law and the JSE Listings Requirements.

RECORD DATE

The record date in terms of section 59 of the Companies Act for shareholders to be registered in the securities register of the company in order to receive notice of the AGM is Friday, 10 December 2021.

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, 4 February 2022, 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, 1 February 2022.

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 secretaries, Computershare Investors Services (Pty) Ltd, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posted to the transfer secretaries at Private Bag, X9000, Saxonwold, 2132, South Africa, or emailed to proxy@computershare.co.za, so as to be received by them no later than 12:30 p.m. on Tuesday, 8 February 2022, 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 by way of telephone conference call ("teleconference facility").
2. Please note that the teleconference facility will only allow shareholders to listen in and raise questions during the allocated time. Shareholders will not be able to vote using the teleconference 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 teleconference facility must notify the company by emailing the company secretary at cosec@kalkorporateservices.co.za by no later than 17:00 p.m. on Monday, 7 February 2022. The company secretary 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 teleconference facility. Only a total of 20 telecommunication lines will be available for such participation, which will be allocated on a first come first served basis.
4. The cost of the participant's telephone call will be for his/her own expense and will be billed separately by his/her own telephone service provider.
5. The company cannot guarantee there will not be a break in communication which is beyond the control of the company.
6. The participant acknowledges that the telecommunication lines are provided by a third party and indemnifies the company and its directors, employees, company secretary, transfer secretaries, service providers and advisors against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines, 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 telecommunication lines or any defect in it or from total or partial failure of the telecommunication lines and connections linking the telecommunication lines 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

17 December 2021

Annexure A

Kaap Agri Limited

Summarised consolidated financial statements for the year ended 30 September 2021

COMMENTARY

The Kaap Agri summary report provides an overview of the activities, results and financial position of the Group for the year ended 30 September 2021.

Financial review

The Group specialises in trading in agricultural, fuel and related retail markets in Southern Africa. With its strategic footprint, infrastructure, facilities and client network, it follows a differentiated market approach. In support of the core retail business, the Group also offers financial, grain handling and agency services. Kaap Agri has 226 business units located in eight South African provinces as well as in Namibia.

Operating environment

The operating conditions under which the Group traded for the year continued to be impacted by COVID-19 ("Covid"); however, the impact of Covid on agri and general retail trade was limited due to the easing of the most stringent trading restrictions. A more significant impact was experienced within the Retail Fuel & Convenience segment, both in terms of fuel volumes as well as convenience retail and quick service restaurant ("QSR") performance.

Despite the effects of suppressed gross domestic product growth, a sluggish economy and constrained consumer behaviour, the year started positively. Retail trade growth was healthy and agri trade benefitted from positive weather conditions. This robust performance continued throughout the year. Although fruit and vegetable production has been largely positive, significant expansions and infrastructural spend slowed, partly due to Covid-related cash flow curtailment as well as ongoing concerns around land policies, with the main agri focus being on replacement infrastructure spend.

The fuel industry continued to experience ongoing fuel volume decreases driven by record-high prices, changes in consumer driving patterns, and lockdown-related reductions in travel and road transport, and despite restaurants re-opening, QSR trade remained suppressed.

The general business environment in which the Group operates continues to be constrained, and while Covid-related lockdown regulations have eased, it remains to be seen what the long-term effects of Covid will be on general consumer behaviour.

Financial results

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

Retail sales growth outperformed agri sales growth; however, when taking into consideration the higher inflation experienced in the retail income channel, agri sales outperformed retail sales in real terms. Product inflation is estimated at 4,0% for the year. Despite high year-on-year ("YOY") fuel price inflation at year-end, annual average fuel price inflation had a lower impact on the Group basket this year compared to

Commentary (continued)

previous years, and excluding the impact of fuel inflation in the revenue basket, inflation was 3,9%. Retail Fuel & Convenience sales were hardest hit by Covid restrictions but ended 23,3% up on 2019 levels.

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

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

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

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

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

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

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

Commentary (continued)

compared to the prior year. R418,8 million of the original R450 million term debt remains.

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

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

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

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

Operating results

The methodology applied to 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 will provide a more accurate representation of invested capital within the various segments.

Income growth from the Trade 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 18,1% YOY with operating profit before tax increasing by 35,8%. Key focus areas in this environment were margin enhancement and cost management.

Retail Fuel & Convenience income increased by 31,2% with operating profit before tax increasing by 66,1%. Revenue increases were driven by a combination of non-like-for-like sites, fuel price increases and improved contributions from convenience store and QSR offerings. Good expense management and fuel price increases contributed to higher profitability. The performance of this division has been encouraging but below expectation due to the longer than anticipated impact of Covid-related restrictions.

Grain Services, which includes grain handling and storage of grain and related products, seed processing and potato seed marketing, delivered pleasing results, growing revenue by 38,1% and operating profit before tax by 12,5%. The improved performance was due to the increased wheat harvest and higher grain trading income. Latest harvest estimates indicate the likelihood of an above average wheat harvest for the new financial year across the total Swartland region, which bodes well for performance going forward.

Manufacturing produces dripline, sprinkler irrigation products and plastic bulk bins for the agricultural market as well as offering agency services for imported irrigation products. Although impacted by the curtailment of infrastructure spent due to Covid uncertainty, irrigation-related revenue recovered well during the year. Bulk bin revenue from Tego has not yet reached its potential due to product-related challenges, which negatively impacted sales volumes. Plans are in place to improve the product offering during 2022. Manufacturing

Commentary (continued)

income grew by 20,4%. During the previous year interest paid on borrowings relating to manufacturing assets acquired in Tego was capitalised prior to commissioning. This contributed to the YOY interest expense being higher in 2021 resulting in operating profit before tax decreasing by 13,9% this year.

The Corporate division, which includes the cost of support services as well as other costs not allocated to specific segments, increased from 0,3% of revenue to 0,8%, largely the impact of performance-related Group incentives.

Financial position

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

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

Our investment in centralised procurement and distribution as well as stock management continues to generate positive returns with inventory growing by only 10,6% compared to revenue growth of 23,4%. Creditors days decreased slightly. Return on net assets increased to 9,8% from 8,4% last year. YOY return on invested capital ("ROIC") improved

from 10,6% last year to 11,1% this year and remained above the weighted average cost of capital in the business.

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

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

Dividend

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

Commentary (continued)

The salient dates for this dividend distribution are:

Declaration date	Thursday, 25 November 2021
Last day to trade cum dividend	Tuesday, 8 February 2022
Trading ex dividend commences	Wednesday, 9 February 2022
Record date to qualify for dividend	Friday, 11 February 2022
Date of payment	Monday, 14 February 2022

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

Share certificates may not be dematerialised or rematerialised between Wednesday, 9 February 2022 and Friday, 11 February 2022, both days inclusive.

Outlook

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

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

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

Commentary (continued)

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

Events after the reporting date

On 4 October 2021, an announcement was made regarding the disposal of TFC Properties (Pty) Ltd (“TFC Properties”) subject to the fulfilment or waiver of certain conditions precedent, notably approval in terms of the Competition Act, 89 of 1998. The historical rationale for acquiring retail fuel and convenience properties was aligned with the strategic drive of footprint growth in this new market. Given that TFC has successfully entered the retail fuel and convenience markets, and upon reviewing the returns generated on capital invested, it was decided to dispose of TFC Properties, and in doing so enter into long-term leases to ensure tenure on its fuel retail sites. The disposal of TFC Properties has no impact on the ongoing trading of TFC Operations (Pty) Ltd.


Proceeds from the disposal of TFC Properties will in the interim be used to reduce borrowings and to fund higher return-generating acquisition opportunities. The purchase consideration payable to Kaap Agri, taking into account its equity value and shareholder loan balance, approximates to R445,6 million.

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

Appreciation

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

On behalf of the Board



GM Steyn

Chairman
23 November 2021



S Walsh

Chief Executive Officer

Statement of financial position

at 30 September

	Note	2021 R'000	2020 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	1 545 524	1 525 678
Right-of-use assets	6	253 804	236 302
Intangible assets	7	517 764	471 012
Investment in joint venture	8	33 923	6 542
Financial assets at fair value through other comprehensive income		5 580	5 580
Trade and other receivables	9	52 153	43 039
Loans		26 732	54 764
Deferred taxation		7 181	2 772
		2 442 661	2 345 689
Current assets			
Inventory		1 221 339	1 104 191
Trade and other receivables	9	2 053 669	1 782 355
Derivative financial instruments		35 983	1 385
Short-term portion of loans		7 238	5 026
Cash and cash equivalents		51 534	34 817
		3 369 763	2 927 774
Total assets		5 812 424	5 273 463
EQUITY AND LIABILITIES			
Capital and reserves			
Equity attributable to shareholders of the holding company		2 288 444	2 028 158
Non-controlling interest		109 722	98 545
		2 398 166	2 126 703
Non-current liabilities			
Deferred taxation		108 683	100 271
Financial liability at fair value through profit or loss	11	76 100	76 600
Financial liability at amortised cost	11	-	14 213
Lease liabilities	6	232 208	220 642
Instalment sale agreements		62 914	79 975
Employee benefit obligations		14 875	15 380
Borrowings		325 000	418 750
		819 780	925 831
Current liabilities			
Trade and other payables	10	1 656 660	1 330 472
Financial liability at amortised cost	11	23 651	-
Short-term portion of instalment sale agreements		29 166	32 371
Short-term portion of Employee benefit obligations		2 169	2 223
Short-term portion of lease liabilities	6	23 827	14 499
Short-term borrowings		842 097	830 039
Income tax		16 909	11 325
		2 594 478	2 220 929
Total liabilities		3 414 258	3 146 760
Total equity and liabilities		5 812 424	5 273 463
Total shareholders' equity to Total assets employed* (%)		40,8%	40,3%
Net interest bearing debt to Total assets employed* (%)		22,9%	26,2%
Net asset value per share (rand)		R32,56	R28,86
Shares issued (number - '000)		70 282	70 282
Total number of ordinary shares in issue**		74 170	74 170
Treasury shares		(3 888)	(3 888)

* Ratios calculated on average balances.

** There was no change in the issued share capital between 30 September 2021 and the dividend declaration date, being 74 170 277 shares.

Income statement

for the year ended 30 September

	2021 R'000	2020 R'000
Revenue	10 582 588	8 574 668
Cost of sales	(9 006 338)	(7 263 775)
Gross profit	1 576 250	1 310 893
Operating expenses	(1 118 450)	(926 305)
Operating profit before interest received	457 800	384 588
Interest received	99 066	123 848
Operating profit	556 866	508 436
Finance costs	(99 048)	(124 563)
Share in profit/(loss) of joint venture	2 381	(2 359)
Profit before tax	460 199	381 514
Income tax	(127 923)	(102 336)
Profit for the period	332 276	279 178
Attributable to equity holders of the holding company	321 099	275 081
Non-controlling interest	11 177	4 097
Earnings per share – basic (cents)	456,88	391,49
Earnings per share – diluted (cents)	451,79	391,49
Dividend per share (cents)	151,00	50,00

Headline earnings reconciliation

for the year ended 30 September

	2021 R'000	2020 R'000
Profit for the period	332 276	279 178
Attributable to equity holders of the holding company	321 099	275 081
Non-controlling interest	11 177	4 097
Net profit on disposal of assets	(1 470)	(2 069)
Gross	(2 042)	(2 874)
Tax effect	572	805
Headline earnings	330 806	277 109
Attributable to equity holders of the holding company	319 722	273 012
Non-controlling interest	11 084	4 097
Headline earnings per share – basic (cents)	454,92	388,54
Headline earnings per share – diluted (cents)	449,86	388,54
Weighted average number of shares (number – '000)	70 281	70 266
Weighted average number of diluted shares (number – '000)	71 072	70 266

Statement of comprehensive income

for the year ended 30 September

	2021 R'000	2020 R'000
Profit for the period	332 276	279 178
Other comprehensive income:		
Cash flow hedges	204	(1 340)
Gross	283	(1 861)
Tax	(79)	521
Total comprehensive income for the period	332 480	277 838
Attributable to equity holders of the holding company	321 303	273 741
Non-controlling interest	11 177	4 097

Statement of changes in equity

for the year ended 30 September

	2021 R'000	2020 R'000
Stated capital	446 571	446 571
Gross shares issued	480 347	480 347
Treasury shares	(33 776)	(33 776)
Other reserves	12 552	10 112
Opening balance	10 112	9 797
Share-based payments	2 236	1 655
Other comprehensive income	204	(1 340)
Retained profit	1 829 321	1 571 475
Opening balance	1 571 475	1 371 364
Initial recognition of IFRS 16	-	(11 721)
Profit for the period	321 099	275 081
Dividends paid	(63 253)	(63 249)
Equity attributable to shareholders of the holding company	2 288 444	2 028 158
Non-controlling interest	109 722	98 545
Opening balance	98 545	100 186
Initial recognition of IFRS 16	-	(638)
Profit for the period	11 177	4 097
Dividends paid	-	(5 100)
Capital and reserves	2 398 166	2 126 703

Statement of cash flows

for the year ended 30 September

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

Notes to the summarised 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 2021 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa, Act 71 of 2008, as amended, applicable to summary financial statements. The Listings Requirements require preliminary reports statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, to contain the information required by IAS 34 "Interim Financial Reporting".

The summary 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 preliminary report 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 2021 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 2021. 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.

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimates

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

Management agreements

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

Purchase price allocations

Judgement is used in determining the fair value of the identifiable assets within a purchase price allocation. Properties are valued by using experts through doing the net income capitalised approach and fair values are assigned to plant and equipment acquired through the business combination by applying a fair value to the items identified. Refer to note 15 for the synergies listed that result in the recognition of goodwill in the business combination transactions as well as the considerations applied to other intangible assets.

Inventory provisions

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

Goodwill

The Group makes certain judgements relating to the impairment testing of goodwill, based on projections and assumed growth rates in income, expenses and terminal growth rates while using a pre-tax discount rate determined by management. These judgements are used to determine if an impairment of goodwill is applicable.

Extension periods with regards to lease contracts

The Group makes certain judgements relating to the extension periods of leases during the IFRS 16 right-of-use asset and lease liabilities calculations. If it is more likely than not that the lease will be extended based on all the available factors, the extension option is taken into account in determining the lease. Most of the rent paid is for Agrimark stores and based on the history of the relationship with lessors and the Group's strategies with the stores, the contracts will be extended. Most of the store leases are renewed based on the fact that the stores are at strategic locations and most have been there for some time, 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.

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED) Judgements (continued)

IFRS 5 assessment

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

4 FAIR VALUE ESTIMATION

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

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

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

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

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

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

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

	2021 R'000	2020 R'000
5 PROPERTY, PLANT AND EQUIPMENT		
Reconciliation of movements in carrying value:		
Carrying value beginning of period	1 525 678	1 375 392
Additions	75 585	148 227
Land and buildings	7 297	34 503
Grain silos	2 196	369
Machinery and equipment	27 857	29 132
Vehicles	9 418	10 228
Office furniture and equipment	17 280	9 047
Leasehold properties	–	408
Assets under construction	11 537	64 540
Additions through business combinations	17 229	97 911
Leasehold improvements reclassified to right-of-use assets	–	(31 358)
Disposals	(11 581)	(5 122)
Depreciation	(61 387)	(59 372)
Carrying value end of period	1 545 524	1 525 678
Land and buildings	1 143 791	1 092 958
Grain silos	24 193	24 737
Machinery and equipment	213 364	211 564
Vehicles	41 941	44 328
Office furniture and equipment	109 951	103 315
Assets under construction	12 284	48 776
Vehicles include the following amounts where the Group has instalment sale agreements:		
Cost	56 059	66 250
Accumulated depreciation	(23 505)	(30 173)
Carrying value	32 554	36 077
Equipment include the following amounts where the Group has instalment sale agreements:		
Cost	107 781	107 548
Accumulated depreciation	(7 041)	(1 552)
Carrying value	100 740	105 996
6 RIGHT-OF-USE ASSETS AND LEASE LIABILITY		
Right-of-use assets		
Buildings	251 898	235 095
Vehicles	1 906	1 207
	253 804	236 302

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

	2021 R'000	2020 R'000
6 RIGHT-OF-USE ASSETS AND LEASE LIABILITY (CONTINUED)		
Reconciliation of movements in carrying value:		
Carrying value at beginning of year	236 302	–
Initial recognition of IFRS 16	–	166 395
Additions	39 221	60 051
Leasehold improvements reclassified to right-of-use assets	–	31 357
Modification of lease contracts	10 871	3 487
Cancellations of lease contracts	–	(848)
Depreciation charge of Right-of-use assets	(32 590)	(24 140)
Buildings	(31 389)	(23 522)
Vehicles	(1 201)	(618)
Carrying value at end of year	253 804	236 302
Lease liabilities		
Current	23 827	14 499
Non-current	232 208	220 642
	256 035	235 141
Interest expense (included in finance costs)	20 573	20 868
Expense relating to short-term leases and low value assets (included in administrative expenses)	10 439	12 169
Cash flow expense for leases and low value and short term leases	(36 051)	(23 318)

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

The Group leases various retail stores, storage sites and forklifts. Rental contracts are typically made for fixed periods of 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.

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

	2021 R'000	2020 R'000
7 INTANGIBLE ASSETS		
Reconciliation of movements in carrying value:		
Carrying value beginning of period	471 012	298 169
Additions through business combinations	48 135	174 195
Amortisation	(1 383)	(1 352)
	517 764	471 012
Reconciliation of movements in carrying value:		
Goodwill	497 995	455 532
Carrying value at beginning of year	455 532	281 337
Additions through business combinations	42 463	174 195
Tradename	14 795	12 480
Carrying value at beginning of year	12 480	12 740
Additions through business combinations	2 595	–
Amortisation recognised in profit or loss	(280)	(260)
Customer relationships	4 974	3 000
Carrying value at beginning of year	3 000	4 092
Additions through business combinations	3 077	–
Amortisation recognised in profit or loss	(1 103)	(1 092)
	517 764	471 012

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

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

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

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

7 INTANGIBLE ASSETS (CONTINUED)

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

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

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

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

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

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

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

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

7 INTANGIBLE ASSETS (CONTINUED)

	2021 R'000	2020 R'000
Carrying value		
Goodwill – business combination relating to PBS	22 033	22 033
Goodwill – business combination relating to Farmsave	1 827	–

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

	2021 %	2020 %
Goodwill – business combination relating to PBS		
Pre-tax discount rate	15,7	10,0
Revenue growth rate	10,0	9,0 – 12,0
Expenses growth rate	8,0	6,0
Terminal growth rate	6,0	6,0
Goodwill – business combination relating to Farmsave		
Pre-tax discount rate	15,7	–
Revenue growth rate	7,5 – 14,0	–
Expenses growth rate	5,0 – 7,0	–
Terminal growth rate	6,0	–

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

Management has performed sensitivity analyses on the goodwill relating to the business combination with PBS. Sensitivity analyses were performed on key assumptions in the impairment model, considering possible changes in these key assumptions (including pre-tax discount rate, growth in gross profit, expenses and terminal value).

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

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

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

	2021 R'000	2020 R'000
8 INVESTMENT IN JOINT VENTURE		
<i>Kaap Agri (Namibia) (Pty) Ltd</i>		
<i>Beginning of year</i>	6 542	8 901
Loan capitalised – shares issued	25 000	–
Share in total comprehensive income	2 381	(2 359)
	33 923	6 542
9 TRADE AND OTHER RECEIVABLES		
Trade debtors	2 056 188	1 769 806
Provision for impairment	(54 460)	(50 631)
	2 001 728	1 719 175
VAT	43 788	34 780
Deposits	–	4 500
Other debtors	60 306	66 939
	2 105 822	1 825 394
Trade and other receivables – current	2 053 669	1 782 355
Trade and other receivables – non-current	52 153	43 039
	2 105 822	1 825 394
10 TRADE AND OTHER PAYABLES		
Trade creditors	1 501 529	1 218 752
Employee accruals	75 467	46 740
Other creditors	79 664	64 980
	1 656 660	1 330 472

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

	2021 R'000	2020 R'000
11 DERIVATIVE FINANCIAL INSTRUMENTS		
Financial liability at amortised cost		
<i>Written Put Option</i>		
<i>Partridge Building Supplies (Pty) Ltd</i>	(23 651)	(14 213)
Opening balance	(14 213)	(14 800)
Interest	(1 279)	(1 332)
Remeasurement through profit and loss	(8 159)	1 919
Financial liability at fair value through profit or loss		
<i>Written Put Option</i>		
<i>C-Max Investments (Pty) Ltd</i>	(76 100)	(76 600)
Opening balance	(76 600)	(79 100)
Remeasurement through profit and loss	500	2 500
	(84 951)	(76 013)

Through the acquisition of the 60% shareholding in Partridge Building Supplies (Pty) Ltd in prior years, the Group entered into a once-off written put agreement over the remaining 40% interest in the aforementioned company. The option is exercisable after the finalisation of the financial statements for the year ending 30 September 2021 and the consideration on exercise date will be determined based on the growth ratio (determined as the actual/forecasted EBITDA divided by the targeted EBITDA over the period determined), net debt value and EBITDA figures of Partridge Building Supplies (Pty) Ltd at that time. The exercise price is formula based. In the current year valuation, a growth ratio of between 65% and 68% (2020: 60% – 65%) was used and an EBITDA multiple of 6,5 times (2020: 6,5 times).

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

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

A 10% increase in the growth ratio will change the liability and profit before tax by R4,9 million (2020: R3,9 million)

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

11 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

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

The financial liability has been designated at fair value through profit or loss because the put option obligation varies with changes in TFC's share price. Any changes in the future fair value of the liability will be accounted for in the income statement. A 1% change in the discount rate will change the liability and profit before tax by R1,5 million (2020: R2,6 million). A 0,5 change in the multiple will change the liability and profit before tax by R18,4 million (2020: R12 million).

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

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

12 INFORMATION ABOUT OPERATING SEGMENTS

Management has determined the operating segments based on the reports reviewed by the Executive Committee (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: Trade, Retail Fuel & Convenience, Grain Services as well as Manufacturing. The performance of the operating segments are assessed based on a measure of revenue and net profit before taxation.

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

Retail Fuel & Convenience provides a full retail fuel offering to a diverse range of customers and includes convenience store and quick service restaurant outlets.

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

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

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

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

In the prior year disclosure the results of Treasury and Share in loss/profit of joint venture was shown separately, which was moved in the current year disclosure to be part of the relevant segment it relates to, as well as the results of Corporate which could be allocated to identified segments. This is a more reasonable presentation of the segments reported on. Comparatives have been restated accordingly.

Included in the Trade segment's results is a share in profit of joint venture of R2,3 million. Refer note 8.

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

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

In the prior year disclosure the Trade debtors, Investment in joint venture, Short-term borrowings and Borrowings balances were shown separately, which was moved in the current year disclosure to be part of the relevant segment it relates to as well as Corporate assets and liabilities which could be allocated to identified segments. This is a more reasonable presentation of the segments reported on. Comparatives have been restated accordingly.

Included in the Trade segment's assets is an Investment in Joint Venture of R33,9 million. Refer note 8.

		2021 R'000	2020 R'000
13	CAPITAL COMMITMENTS		
	Contracted	33 888	9 821

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

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

14 RECURRING HEADLINE EARNINGS

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

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

	2021 R'000	2020 R'000
Headline earnings	330 806	277 109
Attributable to equity holders of the holding company	319 722	273 012
Non-controlling interest	11 084	4 097
Non-recurring items	16 402	3 344
Non-recurring expenses	7 464	6 432
Revaluation of Put Options	8 938	(3 088)
Recurring headline earnings	347 208	280 453
Attributable to equity holders of the holding company	335 630	275 810
Non-controlling interest	11 578	4 643
Recurring headline earnings per share (cents)	477,55	392,52

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

15 BUSINESS COMBINATIONS

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

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

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

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

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

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

15 BUSINESS COMBINATIONS (CONTINUED)

Based on the purchases in the fuel sector, a provisional purchase price allocation (“PPA”) as required by IFRS 3 – Business Combinations was performed and no intangible assets were identified, other than fuel site operating licences. The site licences are considered to be identifiable due to arising from contractual/legal rights, with an indefinite useful life. The site licences’ useful life is assessed to be indefinite as there is no foreseeable limit to the period over which the assets are expected to generate net cash flows for the Group. The site licences do not require any renewals or renewal payments and the Group expects to continue selling fuel products indefinitely from the businesses acquired. The licences are grouped with the land that it relates to as one asset as these assets have similar useful lives, being indefinite. The Group assessed all intangible assets that can typically be expected in a business combination of this nature, the most relevant of which are tradenames and customer relations. No tradename was recognised as there was no tradename acquired as part of these transactions. In addition, any payments made in relation to the brand are considered to be market related. No customer relations were recognised as the Group did not acquire any customer list, they are commercial sites offering products to clients that could be purchased anywhere.

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

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

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

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

15 BUSINESS COMBINATIONS (CONTINUED)

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

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

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September

15 BUSINESS COMBINATIONS (CONTINUED)

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

Buildings at the value of R3,7 million in the current year's PPA are valued at the replacement cost method and have a finite useful life. Depreciation is recognised over the useful live of the buildings.

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

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

16 EVENTS AFTER REPORTING DATE

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

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

The directors are not aware of any further matters or circumstances that occurred since the end of the financial year up to the date of this report that 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	3 362	690 796	0,9%
1 001 to 10 000 shares	1 503	5 217 142	7,0%
10 001 to 100 000 shares	336	8 957 270	12,1%
100 001 to 1 000 000 shares	27	6 578 823	8,9%
More than 1 000 000 shares	4	52 726 246	71,1%
Total	5 232	74 170 277	100,0%
Type of shareholder			
Public	5 221	23 694 751	32,0%
Non Public	11	50 475 526	68,0%
Directors and associates of the company	7	544 382	0,7%
Zeder Financial Services Limited	1	31 286 956	42,2%
Dipeo Capital (Pty) Ltd	1	14 834 056	20,0%
Empowerment and Transformation Investments (Pty) Ltd	1	3 708 514	5,0%
The Fruit Workers Development Trust	1	101 618	0,1%
	5 232	74 170 277	100,0%
Major beneficial shareholders			
The following shareholders have a holding equal to or greater than 5% of the issued shares of the company.			
Zeder Financial Services Limited		31 286 956	42,2%
Dipeo Capital (Pty) Ltd		14 834 056	20,0%
Empowerment and Transformation Investments (Pty) Ltd		3 708 514	5,0%
		49 829 526	67,2%
2 SHAREHOLDING OF DIRECTORS (DIRECT AND INDIRECT)			
	Number		
	2021	2020	
BS du Toit	29 729	29 729	
EA Messina	14 500	14 500	
WC Michaels	5 250	5 250	
CA Otto	329 300	269 176	
GW Sim	32 342	32 342	
HM Smit	3 461	3 461	
S Walsh	129 800	128 800	
Total	544 382	483 258	
Percentage of issued shares	0,7%	0,7%	

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

	Number	
	2021	2020
3 STATED CAPITAL OF THE COMPANY AT 30 SEPTEMBER 2021		
Authorised:		
Ordinary shares with no par value	1 000 000 000	1 000 000 000
Issued:		
Ordinary shares with no par value	74 170 277	74 170 277
Treasury shares	(3 889 282)	(3 889 282)
	70 280 995	70 280 995
Stated capital:		
Total value of ordinary shares	480 346 566	480 346 566
Treasury share value	(33 776 054)	(33 776 054)
Total stated capital	446 570 512	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, and the date of this notice of AGM.

Annexure C

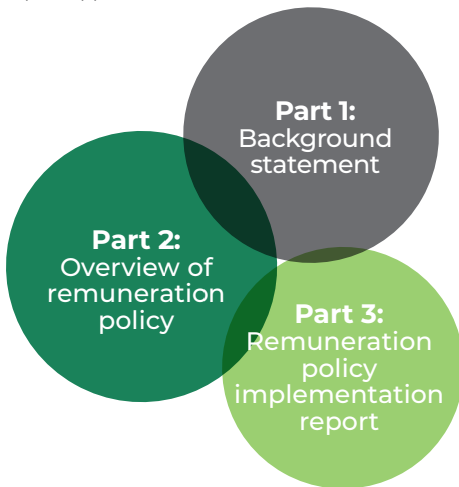
REMUNERATION REPORT

PART 1: BACKGROUND STATEMENT

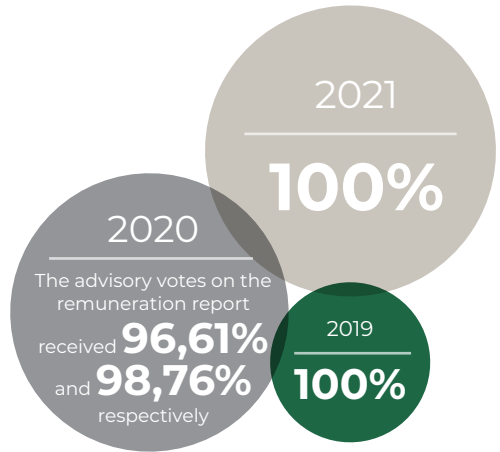
Our remuneration philosophy complies with the recommendations of King IV and other legislative requirements.

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

We adopted the three-part remuneration report approach:



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



Context

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

Activities of the Remuneration Committee ("Remcom")

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

- > Approving annual increases for FY21
- > Approving annual increases mandate for FY22
- > Approving performance appraisal framework
- > Approving the Paterson Grading results of Exco position, effective May 2021
- > Approving directors' fees, for final approval at AGM

- > Approving the payment of short-term incentives ("STIs") for FY21 based on the Group performance targets being achieved
- > Approving certain elements of the Conditions of Service
- > Noting the employment equity plan ("EEP") (2019 to 2021) with the EE report for 2021
- > Noting Talent Value Management ("TVM") process
- > Noting the payment of performance bonuses in line with the guidelines of the Recognition and Reward Schemes

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

PART 2: OVERVIEW OF THE POLICY

Remuneration philosophy

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

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

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

- > Enables Kaap Agri's long-term sustainable success by linking rewards to achieving Group strategy and creating shareholder value

- > Attracts and retains the required skills base
- > Links remuneration to performance measures
- > Achieves a balance between individual, team and business performance
- > Offers employees a competitive and market-aligned remuneration package with fixed salaries representing a significant remuneration component

Group-wide remuneration approach and the wage gap

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

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

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

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

* Peromnes grade refers to the rank order of positions within the Group, P3 being the highest position and P18 the lowest.

Annexure C (continued)

Components of remuneration for employees

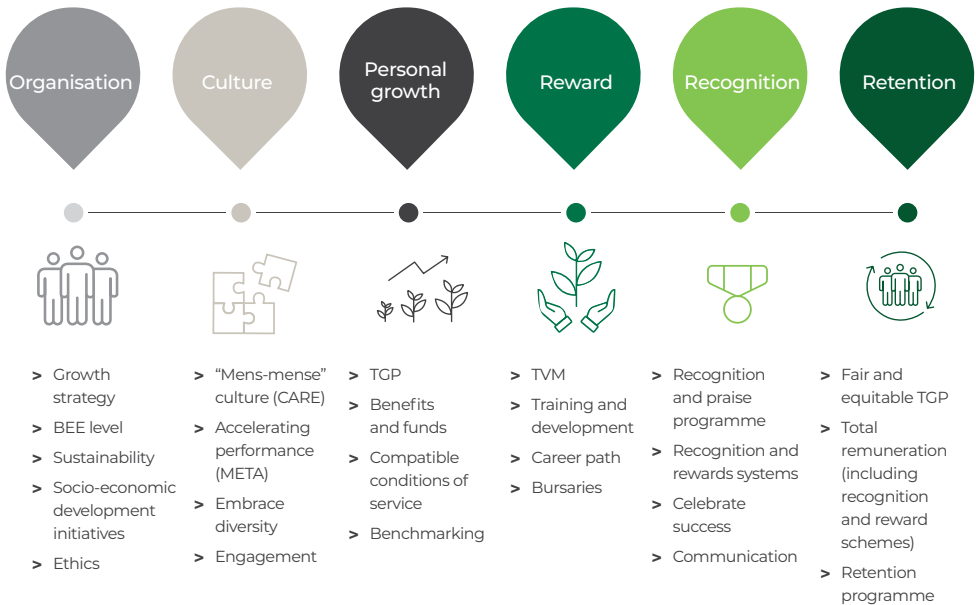
The remuneration framework for employees is as follows:

Remuneration framework			
Guaranteed pay		Variable pay	
Basic pay	Benefits	Incentives	Allowances
Cash salary	Vehicle benefit, medical aid, cellphone allowance, annual bonus and retirement scheme	Recognition and praise, performance bonus, marketers commission, and STI and long-term incentive ("LTI") schemes based on individual and company performance	Monthly allowances not limited to those prescribed by the bargaining council and sectoral determination agreements

Employee value proposition ("EVP")

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

The EVP framework is described below:



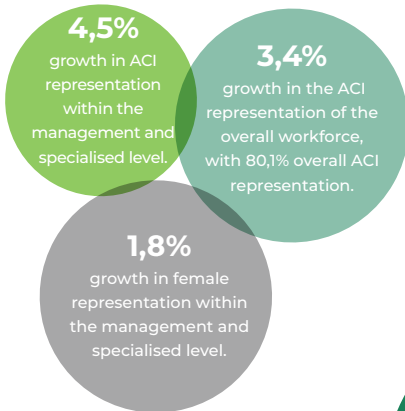
Annexure C (continued)

Group

The Group aims to create and add value so that all our stakeholders are better off because we exist. We implemented EE and work skills actions to contribute to sustainable transformation. The score for the management control and skills development elements of the BEE assessment for the past three (3) years is illustrated below:



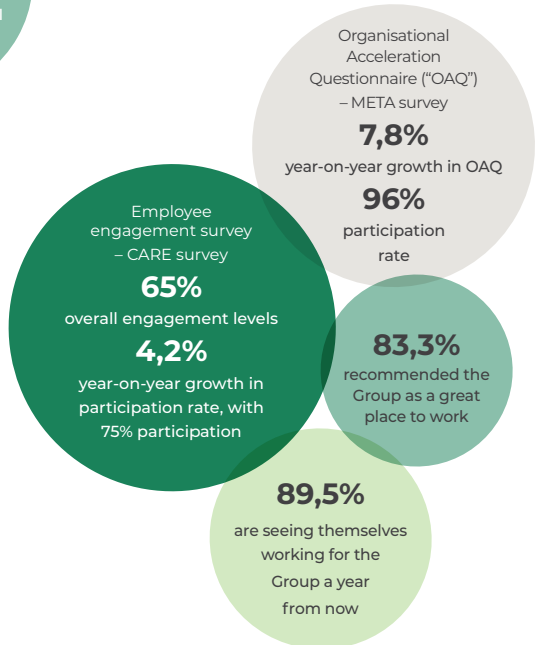
The Department of Labour accepted the Group's three-year (3) EEP for the period 2019 to 2021, with yearly progress reports. The year-on-year growth in African, coloured and Indian ("ACI") and female employee representation within management level is illustrated below:



Culture

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

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



Annexure C (continued)

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

C



COMMUNICATE

Focus:

Open, clear, honest

A



ALIGNMENT

Focus:

Shared services, shared results

R



RELATIONSHIP

Focus:

Authentic, recognition, time

E



EMPOWERING

Focus:

Development, better off, ownership, grow

M



MOBILISE

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

E



EXECUTE

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

T



TRANSFORM

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

A

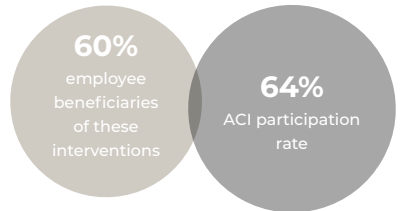


AGILITY

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

Personal growth

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



Annexure C (continued)

Reward

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

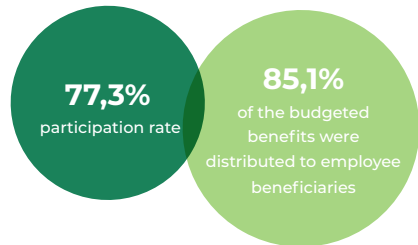
We continuously assess our current conditions of service against market trends.

Recognition

The Go for Gold recognition and praise programme is a platform to acknowledge star performers, motivate discretionary effort and deliver ongoing business results. It is

about bringing out the best in each employee and making them feel appreciated for a job well done. It celebrates the successes in our workplace and motivates employees to continue to go the extra mile.

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



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

Employee champion – META (employee)

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

CARE ambassador (employee)

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

Operations excellence (team)

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

Accelerating performance (team)

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

Retention

The EVP, with its continuous focus on the "mens-mense" culture, and the retention policy contributed to the retention of key talent and core critical skills. This led to a decline in the management-level turnover rate. The OAQ survey conducted with management and specialised level employees resulted in evidence supporting the EVP. A focused reward and recognition survey based on the OAQ results was conducted for the same cohort, which led to improvement of this element of the EVP.



Annexure C (continued)

Recognition and reward schemes

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

Framework of recognition and reward schemes			
Element	Participants	Performance period and measures	Operation and delivery
Recognition and praise	Skilled (P10 to P18), semi-skilled and unskilled, and employees within specialised supporting roles (P8 and P9) not responsible for a profit centre	Based on monthly and/or quarterly performance by employees	Paid monthly and quarterly to winning employees per category based on performance criteria set by the business
Performance bonus	Shared service managers within P6 to P7, branch managers within P6 to P9 and management accountants, operations controllers and junior branch managers	The performance period is annually reviewed with quarterly and/or annual targets	Paid quarterly and/or annually based on specific performance targets
STI	CEOs; directors; Managing Directors ("MDs") of subsidiaries; Group, executive, regional and senior managers within P1 to P5	Performance is annually evaluated against growth in recurring headline earnings per share ("RHEPS")	Paid in December based on specific performance targets All bonuses are self-funded based on financial targets
LTI	CEOs, directors, MDs of subsidiaries and Group managers within P1 to P3	Performance conditions are inherent in the award, as there must be an increase in the Group's share price before a participant receives any value	Annual award of rights entitling an individual to shares calculated regarding the increase in share price between the grant date and vesting date Vesting occurs in equal tranches in the second, third, fourth and fifth years

Performance bonus

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

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

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

Commission earners

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

Annexure C (continued)

STI scheme

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

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

Year-on-year performance growth target calculation

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

The maximum STI is capped at CPI + 12,5% for the financial year. The Remcom has discretion to award any further STI when appropriate.

LTI scheme

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

The scheme is designed to:

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

Components of remuneration for executive directors, directors and Group managers

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

Total remuneration for executive directors, directors and Group managers (P1 to P3)

Element	TGP	STI	LTI
	<i>Includes fixed salary and benefits (e.g. vehicle benefit, medical aid and retirement scheme)</i>		

Annexure C (continued)

STIs

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

The maximum amounts earned under STIs are as follows:

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

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

LTIs

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

- > Six (6) times annual TGP for the CEO
- > Four (4) times annual TGP for the Financial Director
- > Three (3) times annual TGP for directors

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

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

Cessation of employment and effect on unvested LTIs

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

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

Performance measurement

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

- > The STI will remain a cash-settled scheme with a growth target of RHE per share (calculated based on RHE attributable to holding company shareholders).
- > The LTI will remain as an equity-settled incentive scheme; and rights vesting will include a return on invested capital ("ROIC") hurdle whereby non-achievement of this hurdle will result in a partial sacrifice of the vesting. These hurdles and the impact on vesting are illustrated in the table below.

Annexure C (continued)

	% of rights granted	% of vested rights sacrificed	% of rights vested
Vesting hurdles			
ROIC achieved <75% of weighted average cost of capital ("WACC")	100	50	50
ROIC achieved >75% <90% of WACC	100	20	80
ROIC achieved >90% <100% of WACC	100	10	90
ROIC achieved >100% of WACC	100	0	100

Executive director and key management contracts

Executive directors and other key management do not have fixed-term or bespoke key management contracts. They are employed in terms of the Group's standard contract of employment. The notice period for termination of service is three (3) calendar months.

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

On cessation of employment, STIs are forfeited. Unvested LTIs are treated under the LTI policy above.

Non-executive directors' fees

Non-executive directors' fees consist of a fixed annual fee for services as a director and a fixed

The proposed fees* are as follows:

fee for duties on committees. Non-executive directors are re-imbursed for travelling and other costs relating to their duties. The Group also carries these costs directly.

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

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

Proposed 2022 non-executive directors' fees

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

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

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

* The proposed fees are VAT exclusive.

Annexure C (continued)

Remuneration governance

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

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

- > CA Otto (chairman)
- > GM Steyn
- > D du Toit

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

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

The Remcom has the following functions and responsibilities:

- > Determines the CEO's remuneration
- > Determines executive directors' remuneration as recommended by the CEO
- > Determines non-executive directors' remuneration
- > Considers senior managers' remuneration
- > Ensures the remuneration philosophy and principles are aligned with the Group's business strategy
- > Ensures performance-based incentive schemes and performance criteria are developed and implemented
- > Determines the annual average increase for staff remuneration

Annexure C (continued)

PART 3: IMPLEMENTATION REPORT

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

TGP

The following table sets out TGP increases for executive directors:

Executive directors	2021 R'000	2020 R'000	Change %
S Walsh	5 232	4 901	6,8
GW Sim	3 494	3 213	8,7

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

The annual salary increase mandate is based on various factors, ranging from but not limited to the company's profit, average CPI and market salary increase indicators. The annual percentage increase is determined by bargaining councils and/or sectoral determination for employees within Peromnes breadbands P10 to P18, where applicable. In addition, the respective bargaining councils and/or sectoral determination annual increase agreements must be adhered to for employees within breadbands P10 to P18. Performance-based pay is central to our remuneration practices. There is a clear differentiation between performers and non-performers.

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

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

STI performance outcomes

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

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

Annexure C (continued)

LTI performance outcomes

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

Single figure remuneration

The following table sets out the remuneration paid to executive directors in 2021:

30 September 2021	Basic salary R'000	Travel allowances R'000	Retirement fund contributions R'000	Bonuses and incentives R'000	LTI [‡] R'000	Total R'000
Executive directors						
S Walsh	4 809	72	351	6 375	–	11 607
GW Sim	3 081	82	331	3 476	–	6 970

[‡] These values are based on the cash value of the LTI awards vested during 2021.

Voting at 2021 AGM

At the AGM held on 11 February 2021, the Kaap Agri shareholders endorsed the policy and implementation report of the company by way of separate non-binding advisory votes of 100% in favour and 100% in favour, respectively. As the non-binding advisory votes were passed by the requisite majorities, no further engagement with shareholders was required.

Voting at the upcoming AGM

Kaap Agri's policy and implementation report will be presented to shareholders for separate non-binding advisory votes thereon at the company's upcoming AGM on Thursday, 10 February 2022.

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

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

Executive directors	Basic salary R'000	Travel allowances R'000	Retirement fund contributions R'000	Bonuses and incentives R'000	LTI [‡] R'000	Total R'000
30 September 2020						
S Walsh	4 548	72	281	–	960	5 903
GW Sim	2 879	96	238	–	439	3 668

[‡] These values are based on the cash value of the LTI awards vested during 2020.

Annexure C (continued)

LTIs awarded in 2021

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

Executive director	Date awarded	Number of options awarded	Face value of options at grant* R'000	Fair value of options at grant** R'000	Final vesting date
S Walsh	12 January 2021	37 647	923 481	175 054	1 October 2022
	12 January 2021	37 647	923 481	209 435	1 October 2023
	12 January 2021	37 647	923 481	234 558	1 October 2024
	12 January 2021	37 647	923 481	253 780	1 October 2025
GW Sim	12 January 2021	19 253	472 270	89 523	1 October 2022
	12 January 2021	19 253	472 270	107 106	1 October 2023
	12 January 2021	19 253	472 270	119 969	1 October 2024
	12 January 2021	19 253	472 270	129 784	1 October 2025

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

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

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

Termination/hiring

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

Non-executive directors

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

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

Corporate information

KAAP AGRI LIMITED (“KAAP AGRI”)

Incorporated in the Republic of South Africa

Registration number: 2011/113185/06

Income tax number: 9312717177

Share code: KAL

ISIN code: ZAE000244711

Directors

GM Steyn (Chairman)**

S Walsh (Chief Executive Officer)

GW Sim (Financial Director)

BS du Toit**

D du Toit**

JH le Roux*

EA Messina**

WC Michaels**

CA Otto**

HM Smit**

I Chalumbira*

* *Non-executive*

Independent

Company Secretary

KAL Corporate Services (Pty) Ltd

Registered address

1 Westhoven Street, Paarl, 7646

Suite 110, Private Bag X3041, Paarl, 7620

Telephone number: 021 860 3750

Fax number: 021 860 3314

Website: www.kaapagri.co.za

Auditors

PricewaterhouseCoopers Inc.

Transfer Secretaries

Computershare Investor Services (Pty) Ltd

Registration number: 2004/003647/07

Rosebank Towers, 15 Biermann Avenue,

Rosebank, Johannesburg, 2196

Private Bag X9000, Saxonwold, 2132

Fax number: 086 636 7200

Sponsor

PSG Capital (Pty) Ltd

Registration number: 2006/015817/07

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KAAP AGRI



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