

A large, leafy green tree stands in a field under a blue sky. The tree is the central focus, with its branches spreading out. The background shows a clear blue sky and a distant horizon line. A large, semi-transparent green circle is overlaid on the image, partially covering the tree and the field.

INTEGRATED REPORT
2023



Salient features

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

+42,7%
REVENUE
growth in market share

+7,2%
RHEPS
above inflation growth

14,3%
ROIC
YOY improvement and
consistently beating WACC

+33,5%
EBITDA
strong cash generation

R809,9 m
CASH FLOW OPERATING ACTIVITIES
despite inflationary impact on working capital

61,0
CASH CONTRIBUTION TO TURNOVER
increased fuel and retail contributions

R173,1 m
CAPEX SPEND
focused approach

+68,9%
FUEL LITRE GROWTH GROUP
Strong agri and non-agri market share gains

+97,1%
FUEL LITRE GROWTH TFC
outperforming sector

16,7%
ROE
exceeding
15% target

10,3%
RONA
efficient use
of assets

2,2%
ROS
high fuel contribution
and fuel price impact

180,00
(cents per share)
TOTAL DPS
consistent shareholder returns

+93,4%
TRANSACTIONS
increased retail contribution

7 423
NUMBER OF PERMANENT EMPLOYEES
enriching lives

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About this report

This integrated report (“report” or “IR”) covers the integrated performance of the KAL Group (“KAL”, “the Group” or “the company”) for the year ended 30 September 2023 (“the year”).

SCOPE AND BOUNDARY

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

This report focuses on the main operational income channels contributing to our performance: Agrimark, The Fuel Company, Agrimark Grain, and Manufacturing. These are supported by the Group Supply Chain and corporate shared service environment. We have made the following changes to the business’s organisational structure since 2022:

- In line with our optimisation strategy, Agriplas (Pty) Ltd and Tego (Pty) Ltd were unbundled from Kaap Agri Bedryf Limited on 1 July 2023, to be 100% subsidiaries of KAL.

REPORTING FRAMEWORKS

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

TARGET AUDIENCE AND MATERIALITY

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

EXTERNAL AUDIT AND ASSURANCE

PwC performed an independent audit of the Group’s annual financial statements (“AFS”). The Legal Verification Team (Pty) Ltd independently verified our broad-based black economic empowerment (“B-BBEE”) scorecard information. The rest of this IR is not subject to an independent audit or review.

FORWARD-LOOKING STATEMENTS

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

STATEMENT OF THE BOARD OF DIRECTORS OF KAL

The Board of Directors (“Board”) acknowledges its responsibility to ensure the integrity of the IR. The Board believes that the report provides a fair and balanced account of the assessment regarding the Group’s performance on the material matters as having a bearing on the Group’s capacity to create value. The 2023 IR was prepared following recognised best practice and complies with King IV recommendations. Accordingly, the Board approved the IR for publication unanimously.



GM Steyn
Chairman



S Walsh
Chief Executive Officer

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“This initiative is more than just a partnership; it’s a call to action to evolve our mindset about food waste, to push boundaries and embrace change. We extend a heartfelt invitation to commercial players and new-generation farmers to join us in this vital mission.”

Barend Sulvester, Senior Manager: Sustainability

A purpose-driven collaboration

Agrimark has embarked on a transformative journey with Harvesting Hope, an initiative that leverages its role in the agricultural sector to combat the urgent challenges of food waste, hunger, and new-generation farmer development.

In South Africa, 12 million people grapple with food insecurity. At the same time, roughly 2 million tonnes of fresh produce go to waste annually. This is because commercial producers lack access to sustainable solutions for diverting

surpluses of perfectly edible produce arising from supply chain disruptions, natural disasters, cold-chain inefficiencies, specification issues and market access problems.

Harvesting Hope, in partnership with OneFarm Share, works to evolve standard industry practices by leveraging capabilities, products, services and networks to bridge the gaps in the agri value chain. Since its launch in February 2023, the partnership has rescued over 295 030 kgs of produce, allowing for 1,4 million meals to serve the hungry.

Value proposition

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

Business philosophy

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

The company is a diversified speciality retailer in Southern African markets and strives to realise an operating profit growth that significantly outperforms inflation. Our CUSTOMERS are the driving force behind our business. We aim to please our customers with an enhanced experience, from exceptional service and digitising purchases to improved product ranges and store formats.

Although we believe our strategic footprint, infrastructure, facilities, geographical spread and differentiated market approach are competitive advantages, we also believe that our Accelerating Performance culture sets us apart. We encourage our PEOPLE to Communicate, seek continuous Alignment and build authentic Relationships within an Empowering environment ("CARE"). Our Accelerating Performance culture and CARE values are fundamental in ensuring our employees are committed to our continued performance and growth philosophy.

Group strategy

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

The following strategic key focus areas are business imperatives:

1. Growth



A strong focus on upgrades and footprint expansions, strategic alliances, and mergers and acquisitions continues to fuel our growth ambitions and ensure that our distribution and supply chain capabilities are ramped up to support such growth.

2. Optimisation



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

3. Leveraging culture and diversity



Talent development and entrenching our Accelerating Performance culture remain a priority to support our unique value proposition. Transformation is not only a responsibility but a business imperative and catalyst for social and economic transformation.

4. Digitisation



Enhancing our customer experience and ease of doing business drives all e-commerce, account and payment solutions initiatives.

How we create value



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

NEW GENERATION FARMERS

R11,1 million
invested in the
KAL Academy
since 2009

499
new generation
farmers trained
since 2009

More than
7 453
farmworkers
trained since
2011

R1,8 million
invested through the
KAL Academy
in 2023

Read more about these initiatives in the social and ethics report on page 74.

YOUTH DEVELOPMENT

We provided
51 bursaries
to the value of
R2,4 million
to beneficiaries of whom
59%
were female students

OUR SUPPLIERS

R14,6 billion
total procurement spend
(less statutory allowances)



Suppliers with
B-BBEE certification

OUR CUSTOMERS

KAL Group's commitment to serving its customers drives its business, guiding decision-making and shaping strategy. It is centred around relationships built over time, shared and honoured values, and a commitment to partner and create value through good and challenging times.

KAL Group's brands have always been about community. A desire for community drives our consumers. During the year, our footprint increased to 268 operating points. Our footprint expansion in the retail fuel sector continued.

Group fuel litre growth
68,9%

(2022: 369,7 million litres; 2023: 624,5 million litres)



TFC
97,1%

(2022: 240,7 million litres, 2023: 474,5 million litres)

1

new retail fuel site opened in 2023

OUR EMPLOYEES

R1 143,8 million

total labour cost

7 423 employees

R26,6 m
(total skills levy paid)
(2022: R6,9 million)

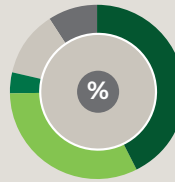
KAL Group established an ethics line in August 2018 for any person, irrespective of position or seniority (employee, client or supplier), who wants to report issues of concern that might be perceived as difficult to resolve through normal channels.

OUR COMMUNITIES

R5,6 million

spent on the following community initiatives:

OUR COMMUNITIES



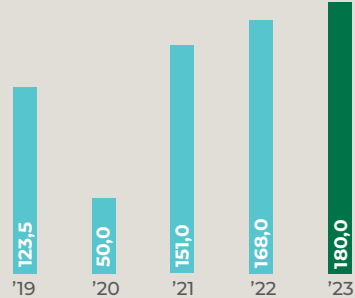
- Bursary programme for secondary and tertiary learners R2,4 million
- KAL Academy R1,8 million
- Community outreach projects R221 531
- Contributions to CSI projects R693 000
- OneFarm Share R500 000

INVESTORS AND SHAREHOLDERS

R120,9 m
declared to shareholders in 2023

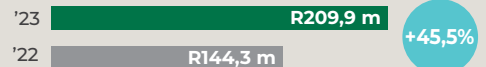
R131,4 m
equity held by broad-based black shareholders at year-end

DIVIDEND PER SHARE (CENTS)



GOVERNMENT AND REGULATORS

In 2023, KAL Group paid R209,9 million to the South African Revenue Service ("SARS") in direct taxes.



The total amount of PAYE paid for the KAL Group was R110,4 million.



Business profile

SERVICES

PURPOSE

OPERATIONS



Agrimark

- > Production inputs
- > Packing material
- > Hardware and building material
- > Fuel
- > Garden and pool
- > Clothing and outdoor life
- > Fast-moving consumer goods ("FMCGs") and liquor
- > Tractors and combine harvesters
- > Tillage
- > Parts
- > Workshops
- > Agrimark App

Provides a complete range of production inputs, mechanisation equipment and services, and other retail products to agricultural producers and the general public.

Secure, real-time mobile customer account management application enabling remote authorisation for purchases nationwide and improved financial administration for clients

- > Agrimark online

e-Catalogue of Agrimark's product offering with online purchases and nationwide delivery

- > Agrimark customer account portal

Self-service web-based portal enabling real-time account management and financial reporting

- > 82 Agrimark shops
- > 2 Agrimark Pet shops
- > 11 Agrimark Packaging shops
- > 9 Agrimark Liquor shops
- > Agrimark online store
- > 10 service stations
- > 1 Agrimark depot
- > 6 Forge shops
- > 5 Farmsave shops
- > 13 workshops
- > 16 parts outlets
- > 5 fuel depots
- > Digital platforms

- > Western Cape
- > Northern Cape
- > Eastern Cape
- > Limpopo
- > North West
- > Mpumalanga
- > KwaZulu-Natal
- > Namibia



The Fuel Company

- > Convenience stores
- > Quick service restaurants
- > Retail fuel

Provides a full retail fuel offering, including convenience stores and quick service restaurant outlets, to a diverse range of customers.

- > 85 service stations
- > 2 OK Value shops
- > 1 liquor outlet
- > 1 standalone quick service restaurant combo

- > Western Cape
- > Northern Cape
- > Eastern Cape
- > North West
- > Gauteng
- > Limpopo
- > Mpumalanga
- > Free State
- > KwaZulu-Natal



Agrimark Grain

- > Grain receiving and grading
- > Grain marketing
- > Grain storage
- > Seed processing
- > Seed potatoes
- > Grain services account portal

Provides a complete range of marketing and hedging options and handles grain products between producer and buyer.

- > 14 silo complexes (331 926 ton capacity)
- > 1 bunker complex (57 100 ton capacity)
- > 3 seed processing plants

- > Western Cape

SERVICES

PURPOSE

OPERATIONS



Manufacturing

- > Dripper pipe
- > Pumps
- > Irrigation equipment
- > Filters
- > Automation
- > Plastic bulk bins

Manufactures dripper pipe and other irrigation equipment and distributes franchise and other irrigation parts.

Manufactures food-grade plastic bulk bins for the agricultural market.

- > 1 manufacturing facility
- > 3 distribution points

- > 1 manufacturing facility

- > Western Cape
- > Gauteng
- > Mpumalanga

- > Western Cape







Corporate

- > Supply chain and procurement
- > Human Resources
- > Corporate Affairs
- > Financing
- > Finances
- > Internal audit
- > Risk management
- > Information management

Provides shared services for the Group's operational activities and tailor-made financing to clients.

- > 1 Corporate office – Paarl
- > Administrative head office – Malmesbury
- > 13 regional credit offices

- > Western Cape
- > Northern Cape
- > Eastern Cape
- > Mpumalanga
- > KwaZulu-Natal

	 Agrimark	 The Fuel Company	 Agrimark Grain	 Manufacturing
Financial	2023 R'000	2023 R'000	2023 R'000	2023 R'000
Revenue	8 183 134	12 892 808	1 123 014	198 102
Profit before tax	481 277	201 348	62 300	3 074
Gross assets	4 899 293	2 794 079	89 549	320 563
Net assets	2 317 720	578 022	62 758	63 101
Financial	2022 R'000	2022 R'000	2022 R'000	2022 R'000
Revenue	7 829 295	6 274 506	1 391 930	204 768
Profit before tax	481 343	100 462	70 939	7 443
Gross assets	4 901 360	2 910 698	94 630	338 407
Net assets	2 127 249	537 612	64 085	85 709



Agrimark



The Fuel Company

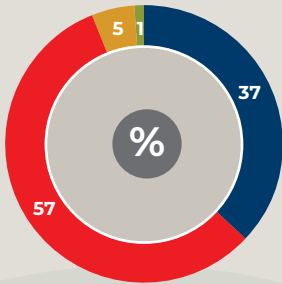


Agrimark Grain

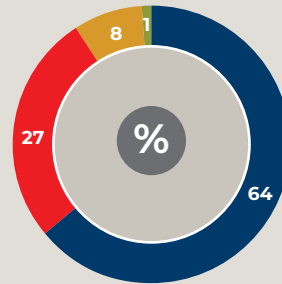


Manufacturing

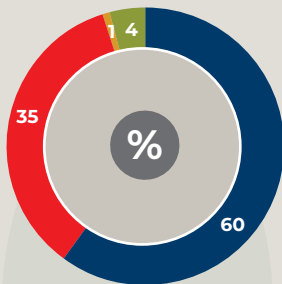
REVENUE



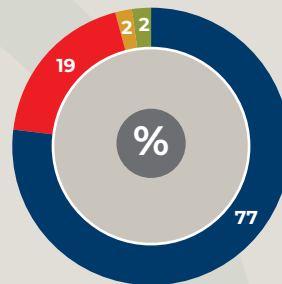
PROFIT BEFORE TAX



GROSS ASSETS



NET ASSETS





“We needed an affordable small-scale utility vehicle that our workers could use for various tasks on a new section of the farm, but it also had to be economical. This tractor met all our requirements.”

Paul Treuchert, Straatskerk Farming Enterprises

A compact tractor for the evolving needs of modern agriculture

This year, Agrimark expanded its mechanisation offering to include the award-winning VST compact tractor range. This expansion aligns with servicing the evolving needs of modern farming and our strategic objective of optimising product ranges to remain relevant and customer-centric.

Emerging techniques such as tunnel farming, high-density planting, and farming under netting structures require more versatile, nimble and compact equipment. Small-scale farmers also need equipment that is more cost-effective.

Recognising these needs, Agrimark introduced the VST range to complement its larger New Holland machinery offering.

Manufactured by India's leading farm equipment manufacturer, the VST offers power outputs from 14kW to 18kW, four-wheel drive, hydraulics and power steering, and can be used with a range of attachments. It caters to confined environments and combines robustness with simplicity, making it the ideal choice for those “big small” tasks on the farm. To ensure a seamless customer experience, Agrimark Mechanisation offers after-sales service, repairs, spares and parts through its fully equipped workshops.

Our brands

KAL Group is a diverse speciality retailer trading under multiple brands that reflect the nature of the business. Each brand is crafted to resonate with its specific area of expertise, ensuring that our customers can easily identify the unique value they seek. We operate as a family unit, ensuring that each brand is strong and plays its part, thereby enabling the whole to flourish. We bolster brand awareness and form deep connections with diverse customer segments by aligning our brands with our core offerings.

The core business segments are Agrimark, Agrimark Grain, and The Fuel Company. These segments generate approximately 99,12% of the Group's income.

BRAND STRENGTHS

We strive to make KAL Group a purpose-driven brand deserving of its reputation as a business where people still count. It is our brand promise to ensure that stakeholders are better off because of our existence. This is demonstrated through our core strengths:



A BOLD EVOLUTION

In February 2023, the Group's name changed from Kaap Agri Limited to KAL Group Limited, reflecting how the company has grown and evolved in recent years. The new name represents the company's growth ambitions and diversified business operations.

The name Kaap Agri has served the company well over the years and encapsulated the company's historical Cape and agri roots.

Over the past seven years, the company has crafted a deliberate diversification strategy, becoming a diversified Group with trading activities across South Africa and Namibia spanning various sectors. These include agricultural trade, general retail, manufacturing, and fuel and convenience retail.

The new name demonstrates these diversification efforts from a sectoral and regional perspective and represents where the company is heading while respecting its roots.

Pragmatically, the move also aligns the company's name to its share ticker on the JSE ("KAL"), enabling greater awareness amongst the investor community.

The company also adopted a new logo as part of this name change.

The new KAL Group logo retains the company's existing visual identity with its green colours and the distinctive tri-leaf icon. It remains the unifying emblem connecting the brand to its customers and stakeholders across various businesses, platforms and locations.

The current year marks an important point in the organisation's evolution. The contribution per segment to company revenue has changed drastically, with retail fuel and convenience reflecting significant growth over the past five years. Moreover, our customer segments have expanded to include farmers, families, friends and the fur-family.

We have earned a reputation for adding value for our stakeholders, leaving them better off. This move reflects our continued commitment to growth.

It is more than a name change. It is a milestone that builds flexibility for future growth and diversification. Through the corporate name change, we aim to emphasise our business's unique customer orientation and value proposition.

REFRESHING AGRIWATER

In our ongoing commitment to developing product offerings that align with our customers' evolving needs, Agrimark is updating our trusted brand of irrigation products, Agriwater.

As an input supplier, irrigation is one of our key product categories and a differentiator for Agrimark. Agriwater is a trusted brand among farmers, homeowners, and landscapers alike.

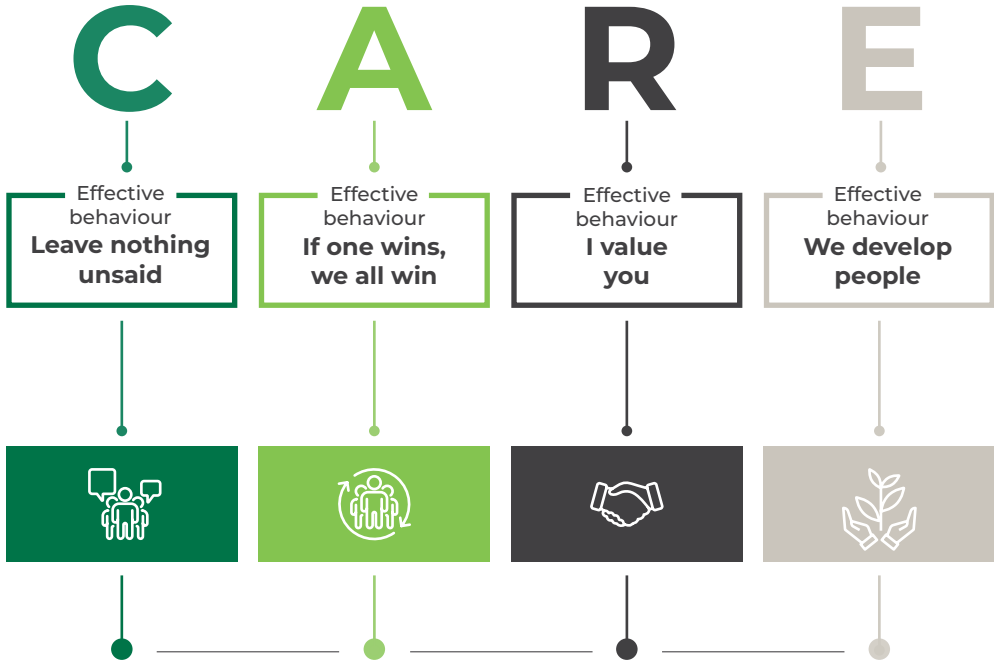
The brand refresh includes a new brand strategy and modern visual identity for Agriwater to create a standalone, sought-after irrigation brand offering efficiency, quality, value and complete solutions. From hosepipes to components for automated systems, Agriwater's purpose is to provide hardworking, durable, and dependable products that enable customers to manage water efficiently.

The visual identity includes a fresh, modernised brand that will strengthen the brand's presence in the market. It will consist of more illustrative and helpful brand packaging to guide purchasing decisions and a more holistic branding approach to in-store elements and marketing. The updated branding and new brand assets will position the brand as a trusted enabler, providing quality irrigation solutions so consumers can achieve their individual needs while being mindful of using our precious natural resource wisely.



OUR VALUES

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



COMMUNICATE

Focus:

Open, clear, honest

ALIGNMENT

Focus:

Shared services, shared results

RELATIONSHIP

Focus:

Authentic, recognition, time

EMPOWERING

Focus:

Development, better off, ownership, grow



We aim to expand our footprint by establishing new operating points and upgrading store formats. To grow our client base, we continuously optimise the product range we offer to our bedrock agricultural customers. We also expand our range to serve the building contractor and retail homemaker customer segments better.



Agrimark

Agrimark branches are one-stop, agri-lifestyle, retail stores providing expert advice, products and services to home, land, pet and animal owners. There are 82 stores in operation throughout South Africa and Namibia. These stores represent the Group's core business with general retail offerings, including retail shop areas and bulk store areas. Most of our Agrimark stores also have fuel stations. Selected stores are fitted with specialist Tyre and Fitment services. The retail product offerings in these branches target farmers, families, trade professionals, building contractors, and DIY and outdoor enthusiasts. There are also garden centres and expanded pet offerings, where appropriate, under the Agrimark Pet brand. Outlets are tailored for urban, peri-urban and rural demographics and are positioned to reflect and bring the charm and down-to-earth wholesomeness of rural living to our customers. On the farm, in the home and outdoors, Agrimark is for the enthusiasts and the experts, for the people who love rolling up their sleeves and getting their hands dirty. Whether you are a farmer, a farmer-in-training or a farmer-at-heart, from the country or the city, Agrimark is for you.



Agrimark Packaging

Agrimark Packaging services the fruit and vegetable farming sector with packaging materials. There are 11 standalone centres with 15 additional depot facilities managed in conjunction with Agrimark stores. These branches support the Group's drive into the water-intensive areas of the country, where fruit and vegetable production is the core farming operation. Agrimark Packaging branches are redistribution centres for products such as cartons, carton inner packaging, plastic bags, labels, pallet strapping and pallets – anything a producer needs to market products in South Africa or for export.





Agrimark Mechanisation (New Holland agency)

Agrimark Mechanisation is one of the largest agents for New Holland in Southern Africa. This service markets agricultural machinery and implements to the farming and related sectors. It also offers a parts branch network and workshops. There are 13 branches and three engineering workshops to assist producers with general repairs. These services mainly focus on the Western and Southern regions of the Western Cape.



Agrimark Liquor

Agrimark Liquor extends Agrimark's retail offering with standalone liquor stores. There are currently nine stores conveniently located on the Agrimark premises, mainly in peri-urban and rural areas.



Forge

Our Forge Agri and Forge Build branded stores consist of retail stores with agri-sheds and/or building yards. There are currently six Forge stores that primarily service dairy, beef, sheep farming, and the building trade in Southern and Northern KwaZulu-Natal ("KZN") and the Midlands.

FarmSave

FarmSave is our no-frills warehouse-format store, stocking a select range of farming essentials for small-scale and new-generation farmers. With its customers in mind, FarmSave focuses on delivering value for money. It serves as the vehicle for the Group's growth in low-income, non-commercial farming and small-scale farming markets in South Africa. The FarmSave brand consists of five stores.





AGRIMARK GRAIN

Agrimark Grain represents KAL Group's silo storage, grain handling and grain trading services. It consists of 14 silo complexes with approximately 330 000 tonnes silo capacity and an additional bunker complex with a 57 100 tonnes capacity. These services focus on the Swartland area of the Western Cape. Agrimark Grain also offers seed processing and related services to farmers in the Western Cape.



THE FUEL COMPANY



The Fuel Company

The Fuel Company ("TFC") and its subsidiary, PEG Retail Holdings, represent KAL Group's retail fuel and convenience interests. It also drives retail fuel expansions and growth in this sector. TFC is a leading multi-branded fuel and convenience retailer in South Africa, with 89 service stations in its network. Almost 50% of these service stations operate alongside national highways. The TFC Group has a unique multi-brand approach and operates service stations under all major oil company brands, including Engen, TotalEnergies, Shell, Astron Energy, BP and Sasol.

TFC is not limited to operating convenience stores and quick-service restaurants under its own brands. The Group's entrepreneurial multi-brand and multi-supplier approach enables it to serve its customers with relevant convenience offerings. Its network now also offers major and popular quick-service brands such as Mugg & Bean On The Move, Debonairs Pizza, Fishaways, Steers, Wimpy, KFC, Café Bonjour, WoolworthsFood, Vida e Caffé, Crispy Chicken, and FreshStop. It also includes tailor-made quick-service restaurants that offer quality meals under the Homestead True Food and MacMunch brands.



EXPRESSMARK

Expressmark

Expressmark represents TFC's convenience store offering at service stations owned and operated by TFC (i.e. TFC can choose the brand of fuel). It is a home-grown convenience store brand with 27 outlets, offering TFC an alternative to FreshStop, Engen's Quick Shop or TotalEnergies' La Boutique outlets.





Agriplas

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



TEGO Plastics

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



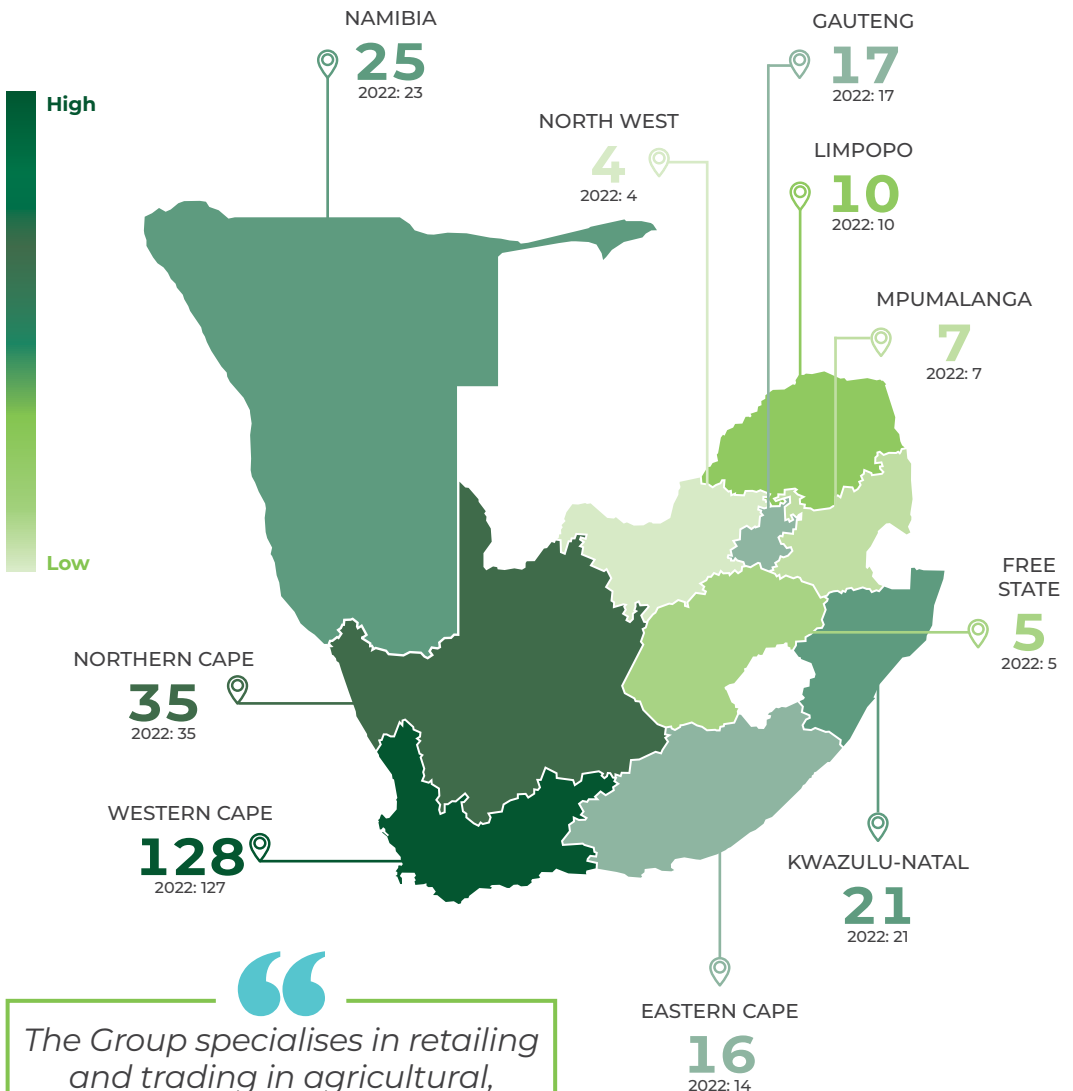
Geographic footprint

Over the past seven years, KAL Group Limited (“KAL” or “Group”) has diversified from a primarily agricultural-focused business to a diversified Group with trading activities in agricultural, general retail, retail fuel, fuel convenience and quick service restaurant markets (“QSR”). Our customer base has expanded from mainly farmers to include families, friends, and our fur family. The Group’s strategic footprint and facilities, including financial, grain handling and agency services, support a diverse client network through 268 business units spread across all nine

South African provinces and Namibia. The Group is based in the Western Cape, with the administrative head office and corporate functions in Malmesbury and Paarl.

OPERATING POINTS PER GEOGRAPHY

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



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



“Connecting with colleagues while making a difference and creating a positive impact felt phenomenal.”

Robert Muller, Senior Manager: IT Infrastructure and Mandela Day volunteer

Driving purpose together

KAL employees embrace our corporate purpose of leaving communities better off with enthusiasm and a deep sense of commitment. This year, their energy and mens-mense spirit brought our purpose to life in big and small ways as we expanded our CSI efforts to involve greater employee participation.

Employee volunteers contributed their time, resources and skills to diverse projects. In line with our CSI focus on education during the crucial years of early childhood development (ECD) and primary school, we invited employees

to help pack nutritious meals for Mandela Day in partnership with Rise for Hunger. The response was overwhelming.

The Agrimark Wellington training room was transformed into a high-energy production facility and networking platform as employees connected across branches and corporate business units, packing 21 600 meals enriched with rice, soy protein, dried vegetables and 23 essential vitamins and nutrients. These packs are provided to four ECD centres in the Cape Winelands region, ensuring they can serve nutritious meals every day for an entire year.



Business review

The Group achieved a compound annual growth rate of 13% in recurring headline earnings per share over the last 10 years.

Leadership report (Chairman and Chief Executive Officer)

KEY RESULTS

Growing earnings despite the Eskom challenges, and for the 12th year in a row.

+42,7%

REVENUE

Top-line growth, despite economic pressure on farmers and general consumers.

We have learnt that being resilient in challenging times was critical, yet again

+33,5%

EBITDA

Healthy growth in earnings as we sell more products to more customers in more areas despite R63 million direct load shedding costs

(2,1%)

REDUCED LIKE-FOR-LIKE OPERATIONAL EXPENSES

Very well-managed like-for-like operational expenditure given the cost impact of load shedding

The Group maintained healthy earnings growth in a year affected by load shedding and economic pressures due to high interest rates. These pressures reduced revenue by 3.3% in agri-input supplies to farmers. Retail categories achieved healthy growth despite the economic pressures experienced by the general consumer. The full-year addition of PEG acquired in July 2022 was also experienced in 2023. Although high fuel prices still weighed heavily on our retail fuel channel, fuel litres grew by 97,1% off the back of the PEG acquisition. Fuel litres in the Agrimark

channel also grew by 16,3% due to market share gains. This resulted in overall growth of 7,2% in recurring headline earnings per share for the Group and 65,2% above pre-COVID-19 levels.

STRATEGY

The Group accelerated the execution of strategic initiatives within four pillars: growth, optimisation, leveraging culture and diversity, and digitisation. The Group achieved a recurring headline earnings per share compound annual growth rate ("CAGR") of 13% over the last 10 years.

In collaboration with the executive team, strategic initiatives are updated annually with an FY25 goal in mind. Strategic initiatives remain focused on delivering our strategic intent, "growing profitability that significantly outperforms inflation", resulting in sustainable value creation. Some key successes for the year were:

- > Surviving the agri- and general-retail downturn with well-managed operational expenditure
- > Bedding down our PEG investment and capitalising on the retail convenience uptick
- > Growing fuel volume market share with both retail and agri customers
- > Improving our ability to service our customers with alternate energy solutions and products
- > Significantly increasing our ROIC and growing EVA
- > Improving our balance sheet strength through strong cash generation and reducing debt
- > Improving the quality of our employees' lives with above-inflation increases
- > Increasing our Trust beneficiation by 354% since 2021
- > Continuing our process of ERP modernisation
- > Continuing to pay a consistent dividend to shareholders

We believe the strategy of diversifying the company's market, geography, and customer exposure continues to pay dividends, with 73% of trading profits being generated from non-agri activities.

The Group is organised into four segments for operational and management purposes: Agrimark, The Fuel Company ("TFC"), Agrimark Grain and Manufacturing. The Group reports operating business segment information on this basis. PEG is included in the TFC segment.

The Agrimark segment contributes 36% of Group revenue, down from 50% in the prior year. TFC is up to 58% from 40% in the prior year after the full-year inclusion of PEG. This illustrates the high contribution of retail activities in the Group. While Agrimark remained resilient with 4,5% revenue growth and low operational expenditure growth of only 1,7%, operating profit was flat for the year due to high interest rate costs. TFC performed well with fuel volume growth of 97,1%, largely due to the PEG acquisition and when excluding PEG, TFC grew fuel litres by 4.7%. Retail convenience revenue growth was strong. Despite load shedding costs of R46 million impacting this division, TFC profitability grew 100%. Agrimark Grain operating profit reduced by 12% due to the 27% lower wheat harvest. Manufacturing segment performed below expectations, with farm expenditure curtailed, affecting Agriplas in Q2 and Q3. All segments are well-positioned for continued future growth.

The company continued to preserve liquidity and strengthen the balance sheet in these trying times. The total dividend per share represents a dividend cover of 3,3 times (2022: 3,3 times).

GOVERNANCE

At year-end, our broad-based black shareholders held equity in the company worth R127,9 million.

The Board holds the requisite skills to lead an increasingly diversified business. Its composition is reviewed every three years. The Board remains cognisant of the regulations governing the business, including King IV, the JSE Listings Requirements, the Companies Act and other applicable legislation.

COMMUNITY AND SOCIAL INITIATIVES

We are a place where people still count. We place as much value on our responsibility to the environment and society as we do on our shareholders and employees. Our investments in socio-economic development programmes enable broad-based economic transformation and poverty alleviation. Beneficiation in terms of our socio-economic development programmes increases annually in line with affordability. It focuses on fighting hunger and educating youth and adults through our bursary and KAL Academy programmes, empowering them to become economically active members of society. KAL Group has maintained its level 4 B-BBEE accreditation as planned in line with our strategic objective of leveraging culture and diversity.

Our biggest impact is the R4,2 million investment in education, empowering 87 learners at schools, universities, and the KAL Academy. We are proud of the effort and achievements of those KAL Academy learners who have completed their courses and recognise others who have grown their farming operations to commercially viable businesses. The hard work and dedication of the secondary and tertiary bursary learners inspire us as we recognise the extraordinary achievements of two bursary recipients. Gift Dlamini was selected as the Maties' first team rugby squad captain. Danelle Jacobs, head girl at Martin Oosthuizen School, was awarded the best teenage actress in South Africa for the ATKV teenage drama award and held the position of Deputy Junior Commissioner for the South African Police Service in the Northern Cape.

We are mindful of the fact that malnutrition of children at an early developmental stage is potentially irreversible and could negatively affect the learning ability of children for the rest of their lives. We have partnered with Rise Against Hunger to provide nutritious meals to identified Early Development Centres in Paarl and Wellington. We have committed to sustaining our contribution to this programme over multiple years. In addition, we are leveraging our

relationships with our customers to donate surplus and perfectly edible off-spec produce through our Harvesting Hope programme to address food insecurity. Thanks to our donation and supplying 200 TEGO fruit bins to our distribution partners, we have served 1,45 million meals through 626 beneficiary organisations. We are actively supporting the business growth of new generation farmers by providing them with a route to market through this programme. We have procured 70 tonnes of fresh produce from them during the year.

Our employees drive the growth and success of our business. Their well-being is therefore top of mind. We have intentionally improved our employee value proposition through the KAL Trust and have increased beneficitation by 354% since FY21. Effective 1 October 2023, we have established structures to enable even further increased beneficitation. We believe the impact on employees and their dependents through the KAL Trust is significant, with revolving interest-free home loans to the value of R4,66 million having been disbursed to 402 employees. Grants of R6,86 million have been invested in education, sports, culture, and community development since 2016.

We are mindful of the impact of our operations on the environment. Our focus on energy efficiency and renewable energy is bearing fruit. The energy efficiency programme is progressing well, with 49 additional Agrimark sites now being monitored, bringing the total number of monitored sites to 85. The solar installation at TFC's Elegant Kathu was completed, with five additional solar installations planned for TFC, two for PEG and five for the Agrimark network in FY24. In addition to ensuring continuity of operations, savings from solar installations commissioned at Agrimark Paarl, Worcester and the Agriplas manufacturing facility amounted to R1,33 million and equates to saving 4 638 trees. Our commitment to reducing our impact on the environment is evidenced by the increase of 18% recycled materials relative to last year in the TEGO fruit bin manufacturing process. We aim to increase this even further in the new year.

OUTLOOK

The Board believes the Group remains well-positioned to achieve the medium-term goal of R1 billion profit before taxation by FY25. With a continued focus on our strategic initiatives, the Group will deliver optimised product offerings while effectively managing service and stock levels, margins and prices with various digitisation innovations.

Agricultural conditions in the areas where we operate have improved since the prior year. The outlook remains positive. Although the agricultural sector remains high on the political agenda to stimulate economic growth, implementing the agricultural master plan is still hampered by a lack of execution. With us nearing the elections of 2024, the company's diversified exposure to retail markets bodes well for sustainable growth and cash generation. Although the economy is under pressure, the Group is on track to achieving growth in line with the medium-term targets and maintaining the CAGR we have achieved over the last 10 years.

We remain optimistic about the Group's ability to overcome challenges. We thank the Board, the executive team and the PEOPLE of the KAL Group for their above sector performances over the last few years.



GM Steyn
Chairman



S Walsh
Chief Executive Officer

Financial performance

Our financial strategy underpins the Group strategy.

Group Financial Director's report

STRATEGIC PRIORITIES

KAL Group strives to create sustainable and increased value for stakeholders through consistent earnings growth underpinned by effective allocation of capital to value-enhancing opportunities. We pursue this through our strategic medium-term plan, which focuses on growth, optimisation, leveraging culture and diversity, and digitisation. The plan targets recurring headline earnings per share ("RHEPS") growth that exceeds the weighted cost of capital allocated. To achieve this, we focus on the key financial value drivers – real revenue growth, gross profit growth, effective cost management, funding optimisation, balance sheet and cash flow enhancement, and improved return on invested capital ("ROIC").

Performance management at Group level considers the diverse nature of our combined business segments and identifies key financial performance indicators that will enhance shareholder value. The top five financial indicators we use to measure performance are:

> RHEPS

RHEPS growth is a strong indicator of sustained wealth creation, as it eliminates the impact of infrequently occurring events. Successful execution of the four strategic focus areas should ultimately reflect in superior RHEPS growth, at a rate exceeding a combination of CPI and GDP growth. Growth in RHEPS is one of the performance conditions linked to Executive remuneration through the long-term share incentive plan.

> ROIC

We have entrenched the fundamentals of ROIC throughout the business, as we consider it an appropriate measure of efficiency in allocating capital to investments. This is particularly important given our footprint growth and diversification strategy. ROIC is compared to the weighted average cost of capital and applied to average capital invested to determine value creation. Achieving ROIC targets is the second

performance condition linked to Executive remuneration through the long-term share incentive plan.

> Return on equity ("ROE")

We believe ROE is a true bottom line profitability measurement relevant to shareholders, comparing the earnings available to shareholders to the capital provided by shareholders. The higher the ROE, the more efficient the Group is at generating income and growth from equity financing.

> Return on sales ("ROS")

We use ROS to measure our ability to translate revenue into earnings. This indicator considers our ability to procure optimally, to effectively operate our business on a low-cost model, and the funding impact of investment activities and balance sheet optimisation. ROS is less applicable in the fuel environment, where fuel price inflation results in higher turnover without an accompanying increase in profitability.

> Fuel volume growth

Given the volatility and regulated nature of fuel prices, the true measure of success in the retail fuel environment is fuel volume growth. By optimising existing operations, expanding our footprint through acquisitions, and adding convenience shopping and quick service restaurant ("QSR") offerings, we aim to grow fuel volumes significantly over the medium term.

INCOME STATEMENT

TFC acquired PEG with effect from 1 July 2022. This resulted in only three months of PEG performance being included in KAL Group's financial results for the prior comparable year ("prior year"), compared to 12 months for the full year ended 30 September 2023 ("the year").

The Group's strong performance continued during the year. Revenue increased by 42,7% to R22,40 billion, up from R15,70 billion in the prior year, with like-for-like ("LFL") comparable growth of 5,0%.

This was achieved on the back of 64,4 million transactions, a year-on-year (“YOY”) increase of 93,4% (1,3% increase excluding PEG).

Product inflation ended the year lower than in the prior year and is estimated at 8,0% for the year. Inflation by income channel is estimated at 9,8% (retail), 9,4% (agri) and 6,7% (fuel).

The Group’s proven successful diversification strategy again delivered a sustainable and improved financial performance. Our focus on business-to-business and business-to-consumer initiatives is further extending the Group’s market reach and bodes well for future value enhancement. Our approach of entering new markets without needing a physical store presence has been well received. Our digitisation strategy has delivered tangible stakeholder benefits through new business opportunities.

We continued to implement our return-focused strategy of selectively expanding the Group’s footprint while upgrading and improving existing offerings. We opened six new Agrimark sites during the year and went live with our Agrimark Online shopping platform. To optimise returns, we closed one New Holland agency workshop and identified a further four underperforming TFC sites for disinvestment.

Gearing levels and investment returns improved during the year. Repayment commenced on the acquisition gearing incurred for the PEG acquisition, and Group gearing levels reduced in line with expectation and previous market communications. The business continues to investigate further value-enhancing opportunities.

Gross profit increased by 45,7% and at a higher rate than revenue growth. This was largely due to the increased contribution of high-margin convenience retail revenue and improved general retail margins, partly offset by pressure on agri-input margins and a higher contribution of lower-margin fuel revenue. Our ability to increase our central distribution centre throughput, and implementation of several strategic supply chain imperatives, continued to strengthen retail trading margins. Despite this, both agri and retail margin pressure is expected to continue as consumer spending patterns adapt to a changed and constrained economic environment. Fuel prices stabilised from the highs of the prior year, ending 5,0% higher (petrol) and 3,6% lower (diesel) compared to last year.

Effective cost management, specifically the ongoing optimisation of salary-related expenditure and associated costs, remained a critical focus area.

Expenditure increased by 47,3% during the year while LFL expenditure reduced by 2,1%. This resulted from the non-LFL impact of costs related to the PEG acquisition, the disposal of TFC Properties (Pty) Ltd and the subsequent leaseback of the properties (March 2022) as well as new sites. LFL expenditure excluding the impact of load shedding reduced by 3,7%. Transactional banking costs on high inflation related fuel transactions remain problematic as these costs need to be absorbed by fuel retailers without any increase in margin. The Fuel Retailers Association continues to engage the Department of Mineral Resources in an attempt to correct this situation. Load shedding added further operational costs and capital expenditure on alternative energy supplies, and indirectly led to lost sales to farmers whose cash flow was under pressure.

The Agrimark operations in Namibia continued to improve their performance. This was achieved through an ongoing focus on market share and footprint growth, margin improvement through various procurement initiatives, and in-store upgrades and sales execution.

Interest received increased by 64,4% due to a combination of higher average debtor balances, increased interest rates on debtors’ accounts, and the inclusion of PEG’s strong cash generation. Interest paid, excluding interest on lease liabilities in terms of IFRS 16, increased by 113,4%. This was due to a combination of higher interest rates and higher average borrowings for the year, which included the annualised impact of funding for the PEG acquisition. Interest paid will continue to decrease as PEG acquisition-related debt is serviced in line with expectations.

EBITDA increased by 33,5% to R898,6 million (2022: R673,2 million) and profit before tax increased by 24,1% to R691,8 million (2022: R557,3 million).

The Group’s effective tax rate of 30,6% (2022: 25,9%) was higher mainly because of non-deductible interest and expenditure of a capital nature.

Headline earnings increased by 20,7% while recurring headline earnings (“RHE”) grew by 14,7%. Once-off items are excluded from headline earnings to calculate RHE. These items are predominantly costs associated with new business development (significant in the prior year due to the PEG acquisition) and the revaluation of put option liabilities (prior year only).

Headline earnings per share increased by 11,1% year-on-year to 618,31 cents while recurring headline earnings per share ("RHEPS") grew by 7,2% to 619,69 cents. Excluding direct costs incurred due to load shedding, RHEPS grew by 13,1% YOY. RHEPS growth is lower than RHE growth because RHEPS is calculated on RHE attributable to shareholders of the holding company only.

A gross final dividend of 130,00 cents per share for the year ended 30 September 2023 (2022: 122,00 cents per share) has been approved and declared by the Board from income reserves. The final dividend amount, net of South African dividends tax of 20%, is 104,00 cents (2022: 97,60 cents) per share for those shareholders not exempt from dividend tax or who are not entitled to a reduced rate in terms of the applicable double tax agreement. Including the interim dividend, the total dividend for the year ended 30 September 2023 of 180,00 cents per share (2022: 168,00 cents per share) increased by 7,1% from the prior year. The total dividend per share represents a dividend cover of 3,3 times. This is in line with the prior year (3,3 times) and higher than the targeted 3,0 times due to debt repayments, largely PEG-related, from attributable earnings.

STATEMENT OF FINANCIAL POSITION

Capital investment of R173,1 million was incurred, a reduction from the R262,1 million spent in the prior year. This included R24,3 million for various alternative energy production and storage initiatives, R24,9 million for replacement capital expenditure, and R123,9 million spent on numerous upgrade, expansion and SHEQ projects.

The Group continues to manage working capital effectively, with net working capital increasing by only R85,6 million. While credit sales increased, trade debtors' balances reduced YOY, with out of terms slightly above the five-year average. The increase in out of terms is specific to a small number of customers and although out of terms, these customers are not expected to default on obligations and suitable securities are in place. Debtors' turn of 4,1 times per year (2022: 4,1 times) has remained stable.

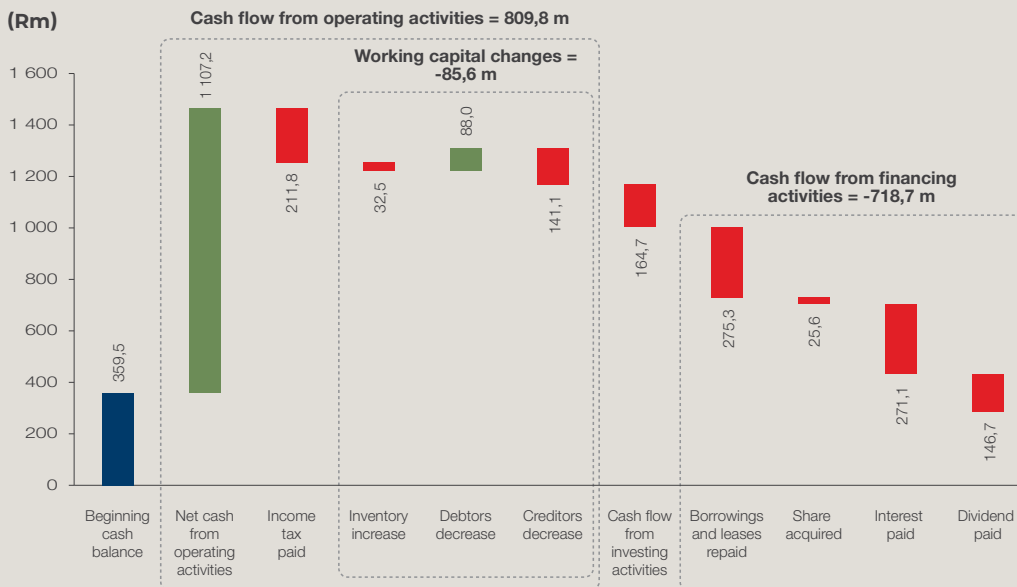
Our investment in centralised procurement and distribution as well as stock management yielded positive results. Inventory grew by only 0,9% compared to revenue growth of 42,7%. Creditors' days, excluding the increased impact of shorter-term fuel suppliers, are marginally down on the prior year.

Return on net assets remained at 10,3%. ROIC improved from 11,6% last year to 14,3% this year and remained above the weighted average cost of capital in the business. This is evidence of our focused commitment to grow shareholder value.

Increased profitability, a higher cash contribution to total turnover, and effective management of working capital and capital expenditure enabled us to deliver on our commitment to improve our gearing position. Net interest-bearing debt reduced by R133,7 million. The Group's debt-to-equity ratio increased to 61.9% (2022: 59,5%) due to this ratio applying average debt, effectively including only half the PEG acquisition debt in 2022. When excluding the impact of the PEG acquisition funding, the Group's debt-to-equity ratio decreased to 45,4% (2022: 48,8%), the lowest in over 10 years, with net debt to EBITDA at 2,0 times (2022: 2,0 times) and interest cover of 4,0 times (2022: 6,0 times). Gearing levels are expected to improve further in the coming year as repayment of the PEG acquisition debt continues. Funding headroom exists with sufficient facilities in place to meet the coming year's requirements. Return on equity increased to 16,7% (2022: 16,5%) including PEG.

The Group's cash flow improved during the year and cash generation remains strong. Capital expenditure was lower than the prior year. We will maintain our prudent approach to capital spend in the coming year, while increasing our focus on high-return strategic initiatives and low capital-intensive market and footprint growth opportunities. Effective cash management and balance sheet strength are key priorities, especially in the challenging times we are experiencing.

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



SHAREHOLDER VALUE CREATED

KAL Group endeavours to create sustainable shareholder value through share price appreciation and strong consistent dividend payment. Unlocking shareholder value and improving liquidity were key considerations when we listed on the JSE in 2017. During the six months ending 30 September 2022, Zeder Financial Services Limited and PSG Group Limited unbundled their shareholdings in KAL Group, resulting in a spike in liquidity with an adverse short-term share price impact. Shareholder numbers peaked at 24 686 after the unbundlings.

Given the large number of shareholders holding less than 100 shares, the Group embarked on an odd lot offer process, and in April 2023 the company repurchased a total of 247 843 ordinary shares, representing 0,3% of the total issued share capital of the company, from qualifying shareholders for a total consideration of R10,1 million. These corporate actions contributed to the share price closing at R34,50 on 30 September 2023, driven by high liquidity, with 19,8% of shares trading during the year. The number of shareholders subsided to 11 266 in September 2023. We continue to engage proactively and transparently with

our stakeholders to clarify our growth and diversification strategy and highlight our strong financial track record and value proposition.

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

Using the 90-day volume weighted average share price, KAL Group's TRI at 30 September 2023 was 6,2% per annum since September 2015, showing an encouraging bounce back from the negative return reported in 2020.

At year-end, the KAL Group share traded at a 90-day volume weighted average share price of R37,08 per share. The closing share price of R34,50 per share represents a price-earnings ("PE") ratio of 6,0 calculated on historic RHEPS. As of 23 November 2023, the date on which the 30 September 2023 financial results were announced, the KAL Group share traded at a PE ratio of 5,8 calculated on the latest RHEPS.

OUTLOOK

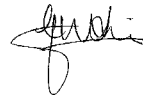
The overall agriculture outlook is positive due to favourable farming conditions. However, producer cash flow remains under pressure from high interest rates and reprioritisation of cash flow to alternate energy solutions. Good rainfall towards the end of the wheat season has raised expectations for the harvest, with all indications pointing to a favourable yield across the entire Swartland region. Although weather dependent, the outlook for fruit and vegetable yields in the upcoming season is encouraging.

The agri environment trends of high overhead costs, port logistics challenges, limited capacity expansion and load shedding are set to persist. However, there have been slight improvements in some of these areas. Pressure on fuel volume sales is expected to remain, largely due to high and volatile prices, partly offset by robust convenience and QSR spend. We will continue to focus on driving returns on capital already invested in the business, while pursuing further capital investment opportunities that promise to generate high returns.

The intended divestment from four underperforming TFC sites is in line with our focus on return on invested capital. The addition of PEG has accelerated growth in both retail and fuel revenue as well as the cash component of revenue. PEG fuel sales have been encouraging and its convenience and QSR performance has exceeded expectations. We have successfully integrated PEG within KAL Group and are paying down the acquisition debt as planned. PEG's performance bodes well for future dividends once this debt has been settled. Footprint enhancement opportunities are being pursued.

While the challenges have been many, the Group has been resolute in its strategic execution. Given the difficulties around ongoing unreliable energy supply, we have implemented numerous energy-efficiency and alternate energy projects to ensure we can keep servicing our customer's needs. We continue to invest in our employees. To ensure the strength of our future talent pipeline and succession planning, we have rolled out high potential talent programmes to accelerate the development of high-calibre employees. The support of all Group stakeholders has been unwavering, and we are committed to delivering sustainable and superior stakeholder returns in support of our strategic growth objectives. Our balance sheet has strengthened, our gearing position has improved, and cash generation increased during the year.

We will embrace the challenging environment in which we operate, and in doing so identify growth opportunities to ensure the long-term achievement of our strategic objectives. The Group has again demonstrated its ability to deliver superior performance and is well positioned to capitalise on any improvement in economic and trading conditions in the coming year.



GW Sim
Group Financial Director



“KAL Trust made my dreams come true. I always wished to give my children the best, and now I can give them each their own bedroom and personal space. Our company truly cares for us as employees, and I wish KAL Trust continues to be blessed so that many more employees get the help they need.”

Rebecca Dikgake, Deli Assistant: Expressmark

Evolving for our people

Since its inception in 2011, the KAL Trust has continually evolved its beneficiation model to enhance employees' lives.

Recent clarifications have enabled more employees to benefit from the available funding, which covers growth and empowerment opportunities for employees and their family members, including interest-free revolving home loans and funding for home improvements.

A safe home of one's own remains a dream for many South Africans. In 2023, 19 employees received KAL Trust financial support towards realising this dream.

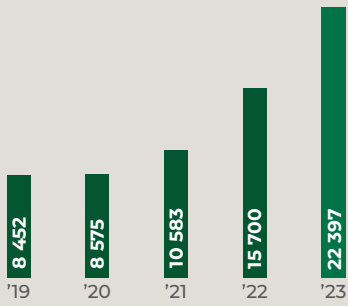
Rebecca Dikgake, a determined single mother and Deli Assistant at Expressmark Ventersdorp, was living in informal housing. She applied for government housing, but received only a plot with a small foundation and she struggled to complete the build with her savings. This year, thanks to a KAL Trust home loan, she was able to transform her plot into a beautiful three-bedroom home.

Five-year financial review

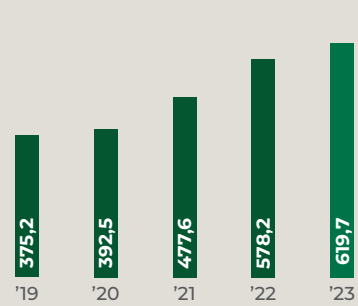
	GROUP				
	2023 R'000	2022 R'000	2021 R'000	2020 R'000	2019 R'000
Income statement					
Revenue	22 397 058	15 700 499	10 582 588	8 574 668	8 451 520
Direct business	3 391 206	3 264 041	2 574 685	2 256 274	2 347 209
Value of transactions	25 788 264	18 964 540	13 157 273	10 830 942	10 798 729
Profit before tax	691 822	557 290	460 199	381 514	379 841
Income tax	(211 819)	(144 331)	(127 923)	(102 336)	(98 562)
Profit after tax	480 002	412 959	332 276	279 178	281 279
Headline earnings adjustment	12 986	(4 419)	(1 470)	(2 069)	1 995
Headline earnings	492 989	408 540	330 806	277 109	283 274
Non-recurring items	970	21 981	16 402	3 344	(14 721)
Recurring headline earnings	493 959	430 521	347 208	280 453	268 553
Attributable to shareholders of the holding company	435 549	407 421	335 630	275 810	263 428
Non-controlling interest	58 409	23 100	11 578	4 643	5 125
EBITDA	898 592	673 226	552 792	463 696	424 322
Interim	35 060	32 523	28 112	-	23 338
Final	91 155	85 848	78 012	35 141	63 416
Dividend paid	126 215	118 371	106 124	35 141	86 754
Gross dividend	133 776	125 274	111 997	37 085	91 600
Dividend on treasury shares	(7 561)	(6 903)	(5 873)	(1 944)	(4 846)
Statement of financial position					
Non-current assets	3 670 253	3 683 198	2 442 661	2 345 689	1 785 701
Current assets	4 619 465	4 655 554	3 369 763	2 927 774	3 002 041
	8 289 718	8 338 752	5 812 424	5 273 463	4 787 742
Liabilities and loans	(5 203 491)	(5 516 275)	(3 414 258)	(3 146 760)	(2 861 494)
Total shareholders' equity	3 086 227	2 822 477	2 399 115	2 126 703	1 926 248
Net interest bearing debt	1 762 492	1 896 163	1 209 898	1 328 006	1 304 259
Statement of cash flows					
Cash flow from operating activities	809 850	213 072	425 734	494 477	353 979
Cash profit after tax from operations	895 440	633 006	533 838	514 892	451 747
Working capital changes	(85 590)	(419 934)	(108 104)	(20 415)	(97 768)
Cash flow from investment activities	(164 675)	(427 375)	(109 603)	(310 892)	(437 378)
Cash flow from financing activities	(718 732)	522 253	(299 414)	(195 137)	89 554
Net cash flows	(73 558)	307 950	16 717	(11 552)	6 155
Ratios					
Total shareholders' equity: Total assets employed	35,5%	36,9%	40,8%	40,3%	42,1%
Net interest bearing debt: Total assets employed	22,0%	21,9%	22,9%	26,2%	26,3%
Net interest bearing debt: Total shareholders' equity	61,9%	59,5%	56,1%	64,9%	62,5%
Recurring headline earnings: Shareholders' interest	16,7%	16,5%	15,3%	13,8%	14,6%
EBITDA: Net assets	25,2%	21,7%	21,0%	19,7%	20,1%
RONA	10,3%	10,3%	9,8%	8,4%	9,0%
Interest cover (times)	4,0	6,0	6,8	5,0	5,0
Per share					
Shares issued (number - '000)	70 119	70 367	70 281	70 281	70 237
Weighted average shares issued (number - '000)	70 285	70 460	70 281	70 266	70 211
Recurring headline earnings per share (cents)	619,69	578,23	477,55	392,52	375,19
Dividend per share (cents)	180,00	168,00	151,00	50,00	123,50
Net asset value per share (R)	41,78	38,24	32,57	28,86	26,00

Ratios calculated on average balances.

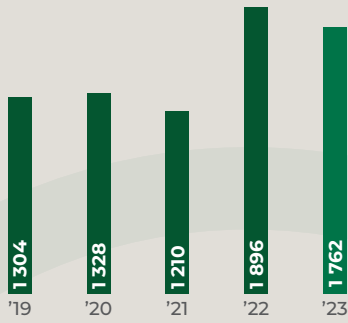
REVENUE (R'MILLION)



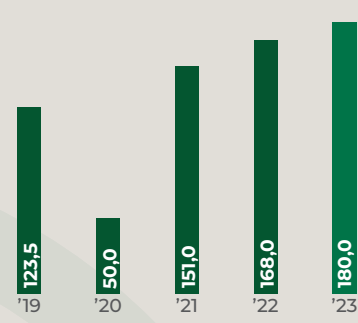
RECURRING HEADLINE EARNINGS PER SHARE (CENTS)



INTEREST-BEARING DEBT (R'MILLION)



DIVIDEND PER SHARE (CENTS)



Governance and sustainability

BOARD OF DIRECTORS

Chairman

GM Steyn^{2,4,6}

Non-Executive

I Chalumbira

BS du Toit^{1,4}

D du Toit^{1,2,4}

JH le Roux^{1,4,5}

B Mathews^{1,3,4}

EA Messina^{3,4,6}

CA Otto^{1,2,4,6}

Executive

S Walsh – Chief Executive Officer

GW Sim – Financial Director⁵

¹ *Audit and Risk committee*

² *Remuneration committee*

³ *Social and Ethics committee*

⁴ *Independent*

⁵ *Finance committee*

⁶ *Nomination committee*

EXECUTIVE MANAGEMENT

AC Abeln	Agri and Retail
LJ Abrams	TFC Group
X Bangazi	PEG
DW Beukes	Financing Services
S Fani	Tego Plastics
PL Coetzee	Agrimark Grain
DC Gempies	Human Resources
C Graham	Information Management
C Matthew	Agriplas
GW Sim ¹	Finance
HJ Smit	Supply Chain
T Sulaiman-Bray ²	Corporate Affairs
WA van Zyl	Enterprise Asset Management & SHEQ
GC Victor	Finance
S Walsh	Chief Executive Officer

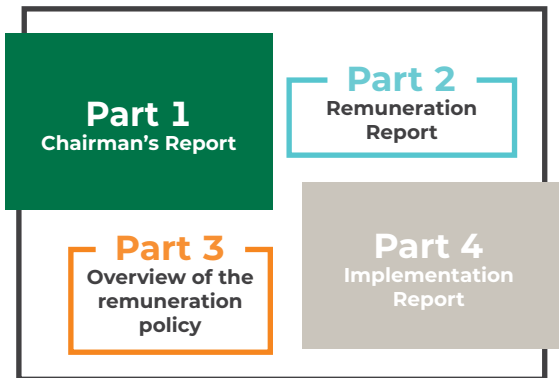
¹ Finance committee

² Social and Ethics committee

Remuneration report

The actions that emanate from the remuneration report will be incorporated into the Human Capital strategic priorities. The Human Capital strategy provides input and context for the remuneration report, focusing on all business units and functions.

We adopted the four-part remuneration report approach:



PART 1: CHAIRMAN'S REPORT

On behalf of the Board, I am pleased to present the remuneration report for the year ended 30 September 2023. Our remuneration philosophy complies with the principles and recommended practices of King IV and other legislative requirements.

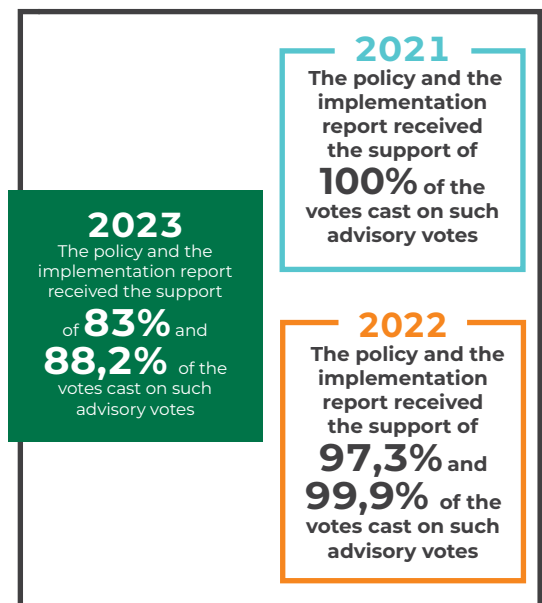
The remuneration report provides stakeholders with an overview of our Group's remuneration philosophy and key remuneration policies and sets out how these policies were implemented during the 2023 financial year ("FY23"). The report also focuses on the payments made to non-executive directors and Executive committee members during FY23.

This year as with the previous years we faced challenging operating environment characterised by high levels of inflation, higher interest rate, higher unemployment and unprecedented loadshedding. Whilst the challenges have been many, the Group has been resolute in its strategic execution and has again delivered a sustainable and improved financial performance.

I am pleased that the Group continues to remunerate our employees above the prescribed minimum legislative pay rate, despite the challenging operating environment. Furthermore, we have continued to implement some of the learnings from the covid pandemic and continue with the hybrid work practice for our administrative shared services staff where possible.

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

We engage our stakeholders by presenting the Remuneration policy and implementation report at the AGM for non-binding advisory votes. The results of the non-binding advisory votes at the AGM for the past three years are illustrated below:



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

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

PART 2: REMUNERATION COMMITTEE

Remuneration governance

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

Attendee	Role	Capacity	Meeting attendance
CA Otto	Chairman	Independent non-executive director	2
GM Steyn	Member	Independent non-executive director	2
D du Toit	Member	Independent non-executive director	2

The Remcom has two official remuneration committee meetings annually that are held in February and May. It is understood that a special meeting can be scheduled electronically at any time when required. Furthermore, any decision Remcom requires can be a round-robin decision by the committee members with proper written motivation.

The following Executive committee members are invitees to the Remcom.

- > S Walsh – Chief Executive Officer (“CEO”)
- > GW Sim – Director Finance
- > DC Gempies – Director Human Resources

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

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

Remcom functions and responsibilities

- > Determines the CEO’s remuneration
- > Determines Executive committee members’ remuneration as recommended by the CEO
- > Monitors the Group, executive, regional and senior managers within P3 to P5 remuneration, as recommended by the CEO
- > Recommend the non-executive directors’ fees to the Board for final Approval at the AGM.
- > 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
- > Approves the annual average increase for staff remuneration, as recommended by Exco
- > Reviewing and monitoring talent management at executive and senior management level

Activities of the Remcom

During the year, the Remcom activities included the following:

- > Approving annual increases for FY23
- > Approving budgeted annual increases mandate for FY24
- > Approving non-executive directors' fees for final approval at AGM
- > Approving the payment of STIs for FY23 based on the Group performance targets being achieved
- > Approving request for the application of Retention Bonus Framework
- > Approving the new allocation and vesting in terms of the LTIP scheme
- > Monitoring the performance bonus payment in line with the Recognition and Reward Schemes guidelines
- > Monitor the LTIP scheme application in respect of the minimum shareholding requirement
- > Continue to monitor the Group's Human Capital strategies, which include effectiveness of talent value management
- > Noted, the KAL Retirement Fund and Medical Aid update report
- > Noted, the Employment Equity Report FY22 and Plan for FY23 period
- > Noted, the annual Training Report FY23 and Workskills Plan for FY24
- > Noted, the Human Capital ("HC") Dashboard

PART 3: OVERVIEW OF THE REMUNERATION POLICY

Remuneration philosophy

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

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

determined by market factors and justified by, for example, a shortage of skills and performance-based increases.

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

- > Enables KAL Group'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

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

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

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

The Group continuously monitors and benchmarks the TGP for all management level positions below the Executive team.

The Remcom utilised the services of independent external specialist remuneration for benchmarking in respect of:

- > Conducting a market research benchmark for a comparative peer group of companies in respect of the Chief Executive Officer ("CEO") and Executive Director Finance benchmarking of the TGP, STI and LTIP scheme to determine whether or not the total reward is market-related
- > Conducting a market benchmark on the fees paid to non-executive directors to determine whether or not it is market-related
- > In addition to the above, the Group utilised external salary market research based on TGP and total reward for job specific benchmarks for other Executive committee members and other positions within the Group in determining whether the remuneration is market-related and fair. The total reward benchmark is conducted every second year and/or as requested by the Remcom

The TGP Pay Scale Framework, based on occupational level per job family cluster, refers to:

> Job Family Clusters

Finance	Corporate Affairs
Human Resources	Supply Chain
Retail	Petroleum
Manufacturing	

> Occupational Levels

Top Management Level P1+-P2
Senior Management Level P3-P5
Professionally Qualified Level P6 -P7
Skilled Level P8-P10
Semi-Skilled level P11-P14
Unskilled Level P15-P18

The Group applies performance-based pay principles for all management level positions, including the Executive team.

> Performance-based Remuneration

Performance-based remuneration motivates, rewards, and drives the right behaviour and performance according to set expectations for the employee, reflecting specific requirements for performance at the Group, business unit and individual level.

The performance-based pay principle, based on the individual employee's performance rating using a three-performance rating scale, is used to determine:

- > The annual increase % of employees
- > To qualify for the full or 60% of the payable STI
- > To qualify for the full or forfeiting performance bonus, as per the pre-determined guidelines

The digital performance management system is used to assess the performance levels for each employee within the Peromnes band P1 to P10 range. For P11 to 18, performance management is applied using the criteria set in G4G and job-specific goals.

> Annual Salary Review

The annual review is effective every year from 1 February for employees within P1 to P10 who are referred to as non-bargaining council employees. The exception to the increment date of 1 February depends on the applicable Bargaining Council ("BC") or Sectoral Determination ("SD") agreements as Gazetted by the Minister of Labour, for employees P11 to P18 who falls under the auspices of the respective BC/SD.

Remuneration is reviewed annually and is based on the following conditions:

- > Remuneration increases only occur if the Group is in a financial position to afford it
- > Individual remuneration increases occur strictly in accordance with individual work performance
- > Employees who have not worked a full year may receive a pro rata remuneration increase
- > No remuneration increase is guaranteed

The Remcom will approve the annual increase and ratify increases for bargaining councils and sectoral determinations.

Components of Remuneration and Pay Mix

The remuneration framework for employees is as follows:

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

Recognition and Reward Schemes

The revised recognition and reward schemes to recognise employee's performance and living our values are illustrated below:

Framework of recognition and reward schemes

Element	Participants	Performance period and measures	Operation and delivery
Go for Gold	Employees between P10 and P18 and employees within specialised supporting roles on P8 and P9 that are not responsible for a profit centre.	Based on monthly and/or quarterly performance by employees.	Paid monthly and quarterly to winning employees per category based on performance criteria set by the business.
Sales Commission	Marketers and Technical Sales Representatives.	Based on monthly or yearly pre-determined performance targets.	Paid monthly or yearly based on pre-determined performance criteria.
Performance Bonus	Shared service managers within P6 to P7, branch managers within P6 to P9, management accountants' operation controllers, and junior branch managers.	The performance targets are reviewed annually with quarterly and/or annual performance measures.	Paid quarterly and/or annually based on specific performance targets.
STI Bonus	CEOs, Executive committee members, Managing Director ("MDs") of subsidiaries, Group, executive, regional and senior managers within P1 to P5.	Performance is evaluated annually against growth in recurring headline earnings per share ("RHEPS").	Paid in December based on specific performance targets. All bonuses are self-funded based on financial targets.

Framework of recognition and reward schemes

LTIP share scheme	CEO, Financial Director, and other Executive committee members.	Performance is annually evaluated against the vesting conditions.	Vesting in tranches of 25% each on the later of: <ul style="list-style-type: none"> > the 2nd, 3rd, 4th, and 5th anniversary of the date of award; and > to the extent applicable the date on which the Remcom determines the performance condition(s) has been met; and > to the extent applicable, any other conditions imposed have been satisfied.
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> Go for Gold programme (“G4G”)

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

The participation on goal rate is above 70%. According to our META framework, this is regarded as acceleration. Since the inception of the G4G programme in financial year 2020, the participation rate has consistently increased from 77,6% to 83,7% during this year. The total reward distributed to the various G4G category winners is on average R1,3 million per annum.

	2023	2022
Participation rate	83,7%	82,6%

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

- > **Employee champion – META (employee):** This category recognises employees who excel in their jobs and go beyond the call of duty
- > **CARE ambassador (employee):** This category embodies the CARE values evident in employees’ who positively influence others
- > **Operations excellence (team):** This category recognises employees for adding value and affecting or contributing to the business’s overall bottom line
- > **Accelerating performance (team):** This category recognises employees for adding value to the business (most improved)

Individual categories winners for Employee Champion and CARE Ambassador are recognised monthly, quarterly and annually within the different business divisions.

Team categories winners for Team Excellence and Accelerating Performance are recognised quarterly and annually per division.

The overall Group winner per category is recognised annually.

> Sales Commissions

The Sales Commission incentivises marketers and technical sales representatives to drive market share growth in the various categories. The sales commission framework is reviewed annually and communicated to the qualifying employees. Eligibility for a sales commission is based on achieving pre-determined performance targets on a scaling principle.

Commission earners do not qualify for STIs, performance bonuses, or the recognition and praise programme, and it does not form part of the standardised conditions of service.

The Sales Commission Framework is not regarded as a condition of service.

> Performance Bonus

Performance bonuses motivate and recognise the business unit's performance against pre-determined targets. The respective business unit managers' and junior business unit managers' valuable contribution to the business unit achieving the performance targets is recognised. They will be rewarded appropriately in terms of the rules of the scheme.

Performance bonuses reward short-term performance (based on pre-determined targets per operating unit, region and/or division). The different divisions within the Group have very different key performance indicators and targets, and their specific environments are impacted to a larger or lesser extent by specific events.

An operating unit's performance bonus payout will be based on a fixed cash amount paid quarterly and/or annually (based on achieving pre-determined sales performance targets) and a percentage of monthly TGP paid annually (based on achieving pre-determined performance bonus targets ("PBTs")).

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

> Pay Mix

The total remuneration consists of three elements: Total Guaranteed Pay ("TGP"), Short-Term Incentive ("STI") and Long-Term Incentive Plan ("LTIP"), where applicable, for management level positions.

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

> Total Guaranteed Pay ("TGP")

The Group uses a guaranteed remuneration approach comprising a cash salary plus cash and non-cash benefits. The TGP is based on job-specific positions and is positioned at the 50th

percentile of the market, ranging between 75% and 125% of the market's 50th percentile. The TGP is fair, equitable and market-competitive for job-specific positions.

The range of TGP payable varies for job-specific positions within the different occupational levels, depending on whether it is key critical roles, pre-determined talent, and other factors.

The non-cash benefits include:

- > KAL Pension Fund or a fund from a bargaining council for which the Group does not have an exemption
- > Spouse cover
- > Funeral cover
- > Medical aid, where membership is compulsory for job grades P1-P9 in managerial positions
- > Health insurance
- > Gap cover
- > Cell phone allowance
- > Travel allowance within the structure of TGP is dependent on the requirement of the position and in line with SARS guidelines

> Short-term incentives ("STI")

STI earning potential is moderate to high compared to the market. The STI is designed to motivate senior employees to deliver Group performance improvements.

Participants of the STI are restricted to the Executive committee members of the company, the managing director of subsidiaries and the Group, and executive and regional managers between the Peromnes broadband (P1 to P5). The Group target is based on the average 12-month September consumer price index ("CPI") percentage plus a growth percentage target with an increment interval of 1,25%. An example of the growth target for YOY performance is illustrated below:

YOY Performance Growth Target – Calculation

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

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

> Long-Term Incentive Plan (“LTIP”)

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

The purpose of the LTIP is to:

- > Recognise the contributions made by the participants to the company’s growth by ensuring a close link between pay and performance
- > Attract and retain suitably skilled and competent talent in the Group
- > Align the interests of the participants and the interests of shareholders
- > Motivate participants to remain in the company’s employment and execute and enhance the Group’s future performance and growth strategies
- > Give participants a minimum shareholding exposure

The LTIP operates as follow:

- > Participation is limited to the executive directors and other Executive committee members, including a subsidiary’s managing director at the discretion of Remcom
- > Participants will be awarded NCOs, which are conditional rights to receive company shares on a future date after fulfilling the performance and other conditions, to the extent applicable

- > Vesting is not dependent on the share price growth
- > Each year, participants are awarded NCOs based on a multiple of the participant’s annual TGP.
- > The NCOs vest in tranches of 25% each on the latter of:
 - the 2nd, 3rd, 4th, and 5th anniversary of the date of award; and
 - to the extent applicable, the date on which the remuneration committee determines that performance condition(s) has been met; and
 - to the extent applicable, any other conditions imposed have been satisfied.

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

Vesting Condition(s)

The vesting of awards will be subject to the employment and performance conditions.

The pre-determined performance conditions are measured in respect of the final year of the performance period.

The employment condition refers to being employed for two years after the reward of the awards as part of the retention strategy.

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

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

	Performance conditions	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Award of NCOs on 24 May 2023		1st 25% Award Value	2nd 25% Award Value	3rd 25% Award Value	4th 25% Award Value
	Performance period	1 Oct 2023 to 30 Sept 2024	1 Oct 2024 to 30 Sept 2025	1 Oct 2025 to 30 Sept 2026	1 Oct 2026 to 30 Sept 2027
	Employment period	24 May 2023 to 24 May 2025	24 May 2023 to 24 May 2026	24 May 2023 to 24 May 2027	24 May 2023 to 24 May 2028

Minimum Shareholding Requirement ("MSR")

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

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

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

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

Malus and Clawback

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

- > Material misstatement of financial statements – a material misstatement of the financial results resulting in an adjustment in the audited consolidated accounts of the company
- > Actions, omissions and conduct of participants – actions, events, or conduct (including omissions) which, in the Board's reasonable opinion, amount to grounds for termination of employment for (gross) misconduct or negligence, dishonesty or fraud

- > Assessment of performance and calculation of incentive remuneration – instances where any performance metric or criteria for determining incentive remuneration or vesting thereof was based on error or inaccurate or misleading information
- > In instances where any information used in the decision to grant incentive remuneration or determine the quantum thereof was erroneous, inaccurate, or misleading or any information emerges that was not considered at the time any incentive remuneration was made which, in the discretion of the Board (acting reasonably), would have resulted in an inappropriate benefit or would have materially affected the decision to allocate, make or grant the incentive remuneration, whether at all or at the level at which such incentive remuneration was made.

Termination of Employment

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

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

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

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

Components of remuneration for Executive committee members

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

Element	TGP	STI	LTIP
---------	-----	-----	------

> STI

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

The maximum amounts earned under STIs are as follows:

- > CEO – maximum cap is 120% of annual TGP
- > Finance Director – maximum cap is 100% of annual TGP
- > Other Executive committee members and subsidiary MDs – maximum cap is 100% of annual TGP

> LTIP

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

- > CEO at 1,6 times the annual TGP
- > Financial Director at 1,3 times the annual TGP
- > Other Executive committee members at 1,2 times the respective annual TGP of each director

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

The proposed remuneration* is as follows:

Directors' fees	2024	
Director – base fee	221 000	
Board Chairman	+528 500	
Committee	Member	Chairman
Audit and Risk committee	+165 500	+333 000
Finance committee	+69 000	+165 000
Remuneration committee	+137 500	+275 000
Social and Ethics committee	+35 500	+106 000

* The proposed remuneration is VAT-exclusive.

Shareholders are requested to approve these fees with effect from 01 October 2023 to align the remuneration with the company's financial year.

Executive director and key management contracts

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

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

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

Non-executive directors' remuneration

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

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

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

Proposed 2024 non-executive directors' remuneration

Remuneration for FY24 will be submitted for approval by shareholders at the upcoming AGM on Thursday, 8 February 2024. Refer to special resolution number 1 of the notice of AGM.

PART 4: IMPLEMENTATION REPORT

The implementation report is a backwards-looking section that discloses the remuneration and performance outcomes of the executive directors based on the FY23 remuneration policy. The Remcom is satisfied KAL Group complied with the policy during the year.

Total Remuneration

The following table sets out the remuneration paid to executive directors in 2023:

30 September 2023	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	5 903	72	450	142	2 100	8 667
GW Sim	3 797	55	289	92	886	5 119

^{*} These values are based on the cash value of the LTI awards vested during 2023.

The total combined shares issued to the CEO and Financial Director on 30 September 2023 was 328 250 shares. Refer to page 90 for more details.

The Annual TGP increase during 2023

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

The following table sets out TGP increases for executive directors:

Executive directors	2023 R'000	2022 R'000	Increase %
S Walsh	6 425	5 746	11,8
GW Sim	4 135	3 795	8,9

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

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

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

Peromnes broadband	Employee group	Percentage increase 2023
P1 to P2	Top management	5,75%
P3 to P4	Senior management	5,92%
P5 to P9	Middle and junior management	6,00%
P10 to P14	Admin and senior store staff	6,78%
P15 to P18	General workers	6,78%
Overall		6,25%

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 + 0,8%	38%

It must be noted, given that PEG was non-like-for-like in FY23, a once-off caveat was applied to the performance target which increased the performance target, resulting in a lower STI payable.

LTIPs awarded in 2023

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

The following section sets out the options granted to executive directors under the equity-settled management share incentive scheme during 2023:

Executive director	Date awarded	Number of options awarded	Fair value of options at grant*	Final vesting date
S Walsh	<i>Nil Cost Option 3 ("NCO3")</i>			
	24 May 2023	68 091	2 209 553	24 May 2025
	24 May 2023	68 092	2 091 105	24 May 2026
	24 May 2023	68 091	1 972 596	24 May 2027
GW Sim	<i>Nil Cost Option 3 ("NCO3")</i>			
	24 May 2023	35 605	1 155 382	24 May 2025
	24 May 2023	35 606	1 093 460	24 May 2026
	24 May 2023	35 605	1 031 477	24 May 2027
	24 May 2023	35 606	969 907	24 May 2028

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

Voting at 2023 AGM

At the AGM held on 9 February 2023, the KAL Group's shareholders endorsed the remuneration policy and implementation report through separate non-binding advisory votes of 83% and 88,2% in favour, respectively. As the requisite majorities passed the non-binding advisory votes, no further engagement with shareholders was required.

Voting at the upcoming AGM

KAL Group's policy and implementation report will again be presented to shareholders for separate non-binding advisory votes at the company's upcoming AGM on Thursday, 8 February 2024.

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

Termination/hiring

Mr HM Smit, who served on the KAL Board since 2011, although eligible, was not available for re-election, and therefore retired by rotation at the 2023 AGM.

Ms WC Michaels who served on the KAL board since 2018, resigned at the 2023 AGM.

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/retired from the Board	Directors' fees
GM Steyn	May 2013		839 000
CA Otto	November 2011		784 000
EA Messina	March 2017		732 225
WC Michaels	August 2017	February 2023	104 500
HM Smit	November 2011	February 2023	153 750
D du Toit	March 2017		495 400
JH le Roux	April 2014		365 400
BS du Toit	November 2011		365 400
I Chalumbira	September 2018		209 000
B Mathews	September 2022		398 900



CA Otto

Chairman: Remuneration committee



“With the help of KAL Group, I can continue to build my citrus business and create more job opportunities. It is now more possible to achieve my vision, because I aim to measure my future success by the positive impact my business has on the lives of the people in my community.”

Wayne Mansfield, KAL Academy graduate

Comprehensive new-generation farmer development

KAL is committed to the comprehensive development of new-generation farmers, and recognises that transformation requires a holistic approach. Through training, mentorship, networking opportunities and enterprise development support, the company walks a long road with the new-generation farmers it nurtures. Many start their journey with us as KAL Academy students.

Wayne Mansfield enrolled in the Mixed Farming and Livestock Farming programmes at KAL Academy in 2017-2018, earning a best student award. KAL has supported Wayne throughout his

farming career and is proud of his achievements as a young black farmer. He recently represented KAL Academy at the 4th Citrus Growers Association Summit.

Wayne is steadily building his citrus farm, Fruit Field Farming in Paarl, into a strong business. He already employs 3 permanent and 67 seasonal workers, and is busy extending his production capacity to plant a further 80 hectares of citrus. KAL onboarded the farm as a first-time supplier of produce, procuring fruit and vegetables for CSI projects. With KAL's enterprise development loan received in 2022, Fruit Field Farming could acquire a New Holland TT3.50 2WD Tractor which is boosting the farm's productivity and efficiency.

Human capital overview

OVERVIEW

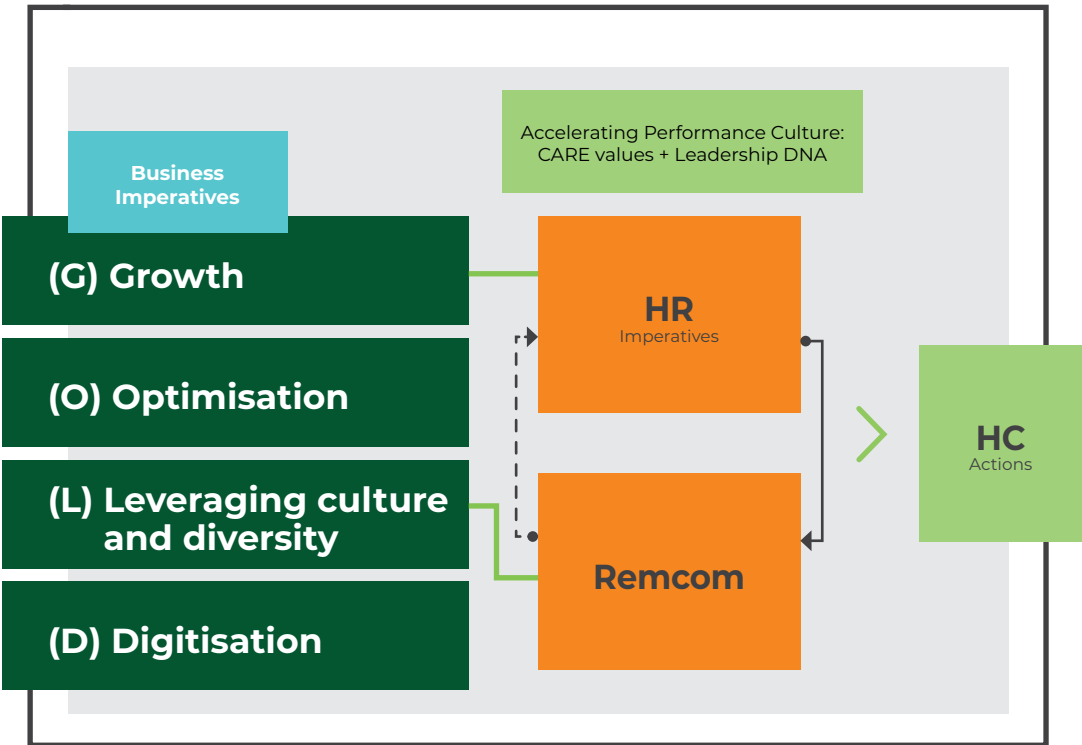
The Human Capital function continues to shape, evolve, and react to the ever-changing demands of the external and internal business environment. With this in mind, a three-year Business Informed Human Capital strategy has been formulated. The strategy will enable and support the **Accelerating Performance Culture** and drive business growth.

This section of the integrated report ensures a consolidated view of key Human Capital actions. It will include certain statutory information, for example, data on B-BBEE, directives that emanate from the Remuneration committee (also referred to as the "Remcom"), priority actions, and key metrics from the Human Capital strategy.

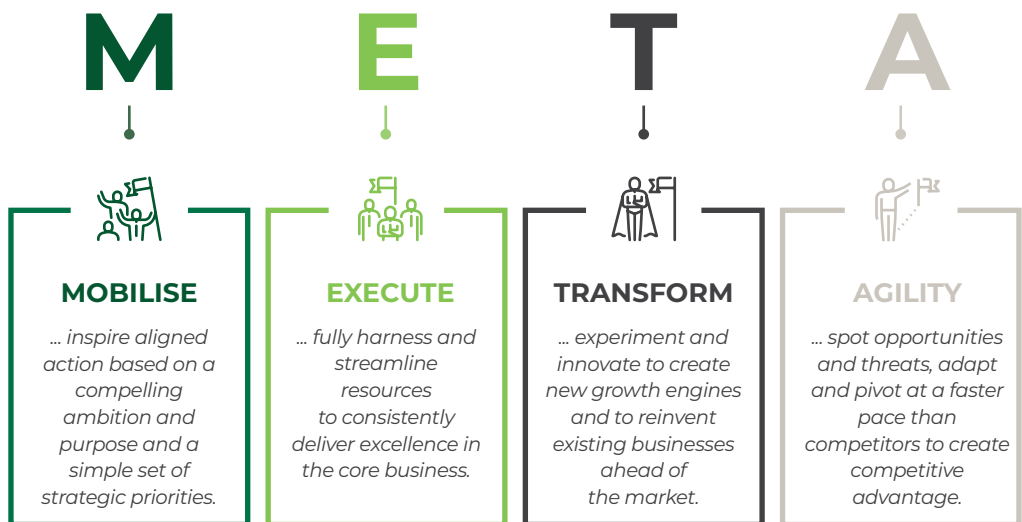
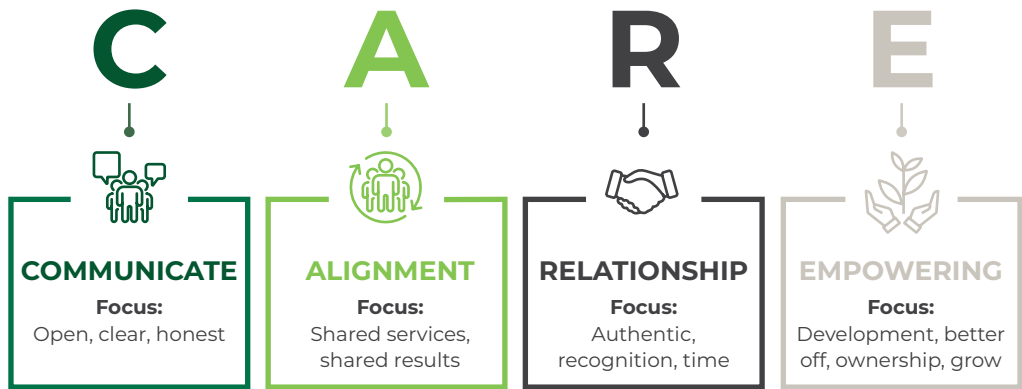
A. Business Informed Human Capital strategy

A Business Informed Human Capital strategy has been adopted as a philosophy and robust process that always ensures the Human Capital function reflects the specific business needs. It also ensures the Human Capital team leads the people agenda in a manner that meets the business priorities. The Human Capital team has been through extensive capability building, including training in being more commercially astute. This continuous capability building will ensure that the thinking and actions of the Human Capital function always reflect the business priorities and ensure employees' aspirations are met.

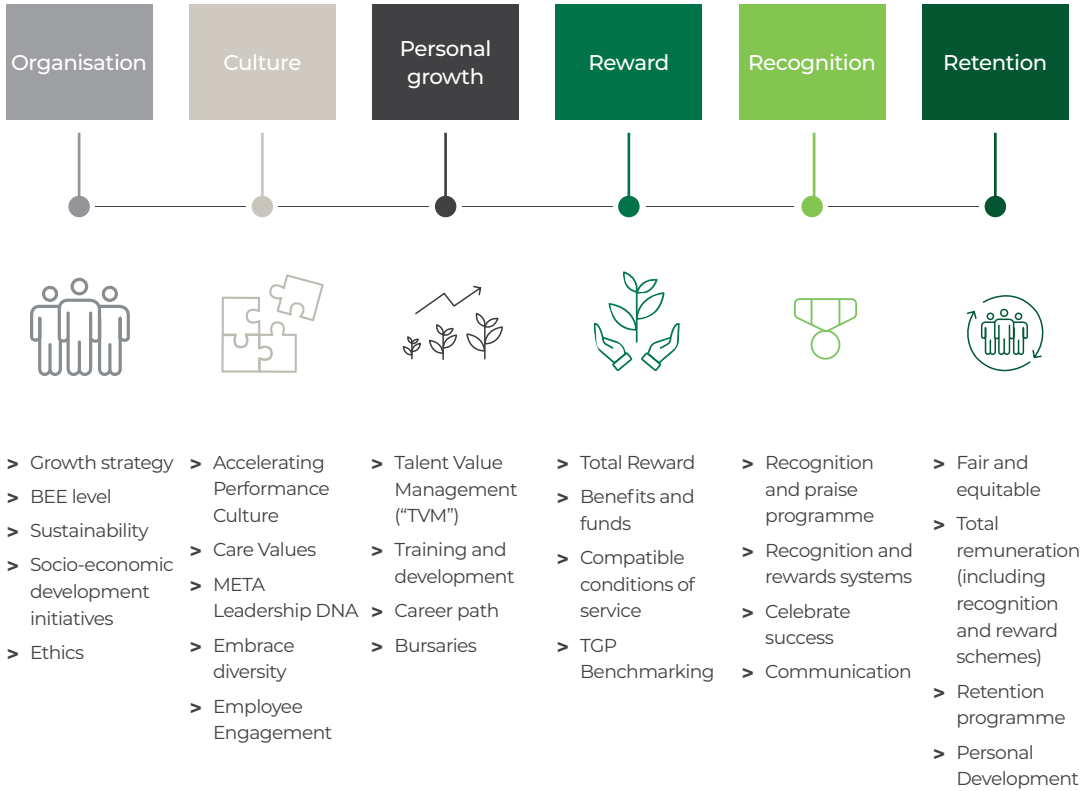
The diagram illustrates the approach adopted by the Human Capital function.



The GOLD business imperatives set the direction on what must be achieved to achieve the all-encompassing Accelerating Performance Culture. The Human Capital imperatives and actions are shared by the business and the specific directives from the Remuneration committee. The Accelerating Performance Culture is further shaped by a set of company values called CARE and the META Leadership philosophy.



We conduct an Employee Value Proposition (“EVP”) survey to measure the impact of important things that will attract, motivate, and retain our employees. This EVP measures our work within the Human Capital function and enables us to become an employer that attracts diverse talent who will deliver sustainable profit growth. The EVP balances financial and non-financial rewards to drive our performance culture. The EVP framework is described below:



We use the following three methods to measure the Accelerating Performance Culture. The score achieved has increased for these three elements on a YOY basis.

- (i) The Organisation Accelerating Questionnaire (“OAQ”) score has increased by 5 percentage points from 56% to 61%. This survey is conducted bi-annually with the management and specialised cohort.
- (ii) Engagement Survey (“CARE”) score has increased by 1 percentage point from 65% to 66%. This survey is conducted bi-annually with all employees.
- (iii) Go for Gold (“G4G”) recognition and praise programme for all employees up to management level, participation rate has increased from 82,6% to 83,7%.

Based on the META methodology, the Group is accelerating on the three elements.

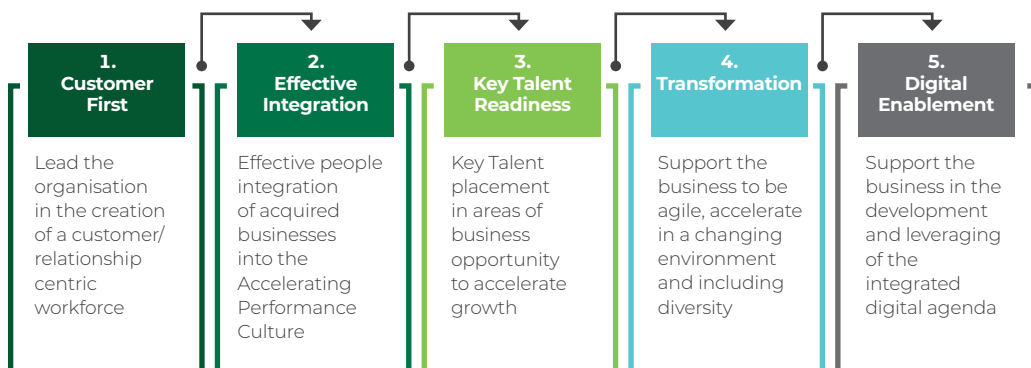
THE HUMAN CAPITAL IMPERATIVES

Five Human Capital imperatives were formulated and form the basis of the priority Human Capital actions and measurements.

The imperatives are not static and can be refined based on the organisation's circumstances.

Several statutory, people-related items will be included in this segment of the integrated report to ensure a consolidated view of the Human Capital priorities.

The five imperatives are illustrated below:



Imperative 1 – customer first

We rely on our customers for our long-term sustainability. We designed and started deploying specific programmes to ensure employees develop a customer-first attitude complemented with knowledge and skills to fulfil their needs.

We have revised our reward schemes and performance management systems to reflect the desired behaviours required to ensure customers enjoy their shopping experience. As part of employee skills development, we continue to design and deliver learning and development programmes that ensure all employees are always adequately equipped with the correct customer-first attitudes and skills.

We have embraced the META leadership methodology and have developed the following internal programmes.

META Leadership DNA programme for all management levels and forms part of the graduate programme. The programme focuses on leadership skills and behaviours that empower and encourage employees to be customer centric. To date we have 379 managers attending this programme.

META customer-centric programme for all employees, focus to enhance the skill of employee to render a better customer service. To date we have rolled out a third of the programme, with the remained of the programme scheduled for 2024.

Product-specific training and other operational training are done at branch level. The Group manages several skills development programmes, including different NQF-level learnerships and apprenticeships. The priority training interventions include bursaries with 64 beneficiaries and learnerships with 830 participants since we have changed our focus.

Imperative 2 – effective integration

The Human Capital function has been created and is poised to deliver against a pragmatic plan to ensure new employees from acquired businesses and new starters transition smoothly into the organisation to maintain optimal performance. This includes ensuring there is a standardised orientation, change management process, and content that highlights the company culture, its objectives, and important ways of working. It enables us to become an employer of choice for a diverse group of talent.

We provide employment to 7 423 full time equivalent employees, consisting of employees on a permanent basis as well as a number of non-permanent employees.

We have implemented a holistic engagement and in-person orientation project at branch level, focusing on KAL's EVP proposition

Imperative 3 – key talent readiness

Fostering and placing our absolute best talent in growth areas within the business has become an important part of how we will drive incremental growth. To support this ideology, we adopted a TVM process, which is business-informed and ensures our absolute best people occupy our most critical roles.

Various practices have been implemented, including assessing our talent, fostering and career management, and tracking progress against projects that key talent must deliver using our TVM digital system. The Talent Accelerating/Advancing cohort bench strength has seen a growth since using this talent value management philosophy by 20%. The growth can be attributed to focus leadership development intervention and the sourcing of high talent individuals. Furthermore, we have advanced the employees' career paths within the various occupational levels whereby our internal promotions represented 52% of total appointments made at management level.

We have shifted the focus of the training budget whereby the budget allocated for talent development of pre-identified talent employees has increased to 31%.

In management and specialist cohort this includes the implementation of a graduate development programme and a high potential junior branch manager programme ("HiPo"). These interventions will also contribute to addressing the under representation in terms of employment equity for pre-determined

occupational levels. We have successfully implemented the graduate development programme and are appointing 75% of the graduates to permanent positions.

Imperative 4 – transformation

As an organisation, we continue to be shaped by the external environment, including the legislative framework and broader social dynamics that affect our employees and our organisation and their safety and well-being. This also includes improving communication at all levels.

We have identified actions to address underrepresentation at the various occupational levels over the short to medium timeframe. This includes succession development plans, graduate programmes and the junior management HiPo programmes. Furthermore, we continue to spend a substantial percentage of our training budget on priority training intervention focused on talent management.

The designated group (ACI - African, Coloured, Indian) representation grew by 3,34% YOY in the specialist to top management cohort level, while the female representation grew by 18,7% for the same cohort.

The Department of Labour ("DoL") accepted the Group's one-year Employment Equity Plan ("EEP") for the period 2023, with yearly progress reports.

The Department of Labour accepted the Group's Workskills Plan ("WSP") for the period 2023.

Imperative 5 – digital enablement

The digital agenda continues to be a focus in our organisation as part of our acceleration performance journey, which will support our GOLD strategy. Human Capital function contribution towards digital enablement included the automation of Human Capital processes, implementation of a TVM, SHEQ i-manage systems, and progressively utilising various digital platforms for training and employee engagement. We continuously revised digital and automation enablers to be more efficient and drive our digital agenda.

The HR-integrated digitation landscape model, underpinned by the business' needs and changing ecosystem, will be implemented starting FY24.

B. Safety, health, environment and quality (“SHEQ”)

KAL Group is committed to complying with industry-specific standards for SHEQ. The Group’s integrated I-management system is currently being implemented. It will assist us in managing compliance, monitoring, planning and implementing industry best practice better.

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

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









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

Employee training is one of our key focus areas. It ensures employees understand hazards in the workplace and take leading roles in building a SHEQ culture.


Regular assurance is vital to such diverse operations as KAL Group. We, therefore, conduct diverse levels of SHEQ audits at each branch. Branch operating teams conduct checklists and self-assessment audits monthly. The Group SHEQ department conducts comprehensive legal compliance audits every six months. The average 3-year SHEQ training spend as a % of the overall training budget, is 18%.

C. Human Capital (“HC”) progress and achievements

We developed an HC Dashboard, which provides the business with insights into the people agenda. This will assist them in making better business-informed decisions and people plans.

Strategy	Strategic HC measurement	Status
G	<ul style="list-style-type: none"> > Total Labour Cost as % of GP > Total Labour Cost (TGP, overtime, casual cost, UIF) <ul style="list-style-type: none"> - Variable pay as % of total labour cost 	
	<ul style="list-style-type: none"> > SHEQ Compliance <ul style="list-style-type: none"> - Compliance audits - SHEQ major incident 	 
O	<ul style="list-style-type: none"> > Full-time Equivalent (FTE) Manning compliment) <ul style="list-style-type: none"> - Non-permanent employees (“NPEs”) as % of FTEs 	
L	<ul style="list-style-type: none"> > People Development <ul style="list-style-type: none"> - Training budget as a % of skills leviabile amount - Actual training spend as % of budget 	
	<ul style="list-style-type: none"> > Employment Equity (P1–11) <ul style="list-style-type: none"> - Actual ACI representation per occupational level vs EE Plan 	
	<ul style="list-style-type: none"> > Accelerating Performance Culture <ul style="list-style-type: none"> - CARE – employee engagement survey (all employees) - META Leadership – Organisation Accelerator Questionnaire survey - G4G – Participation rate 	
D	<ul style="list-style-type: none"> > Digital Project <ul style="list-style-type: none"> - Successful digitisation projects 	

 Good progress

 Target achieved

Corporate governance report

APPROACH TO ETHICAL AND EFFECTIVE GOVERNANCE

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

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

KING IV PRINCIPLES DISCLOSURE

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

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

GOVERNANCE STRUCTURE

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

An independent non-executive director chairs the Board. It has 10 members and is supported by five Board committees and the Executive committee. These committees have clear terms of reference to help execute their duties and determine the due governance required in each area of the business.

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

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

BOARD

Audit and Risk committee

Remuneration committee

Nomination committee

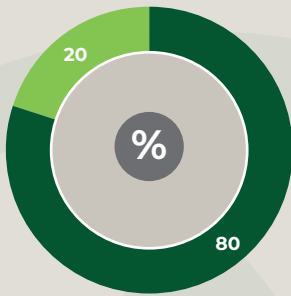
Social and Ethics committee

Finance committee

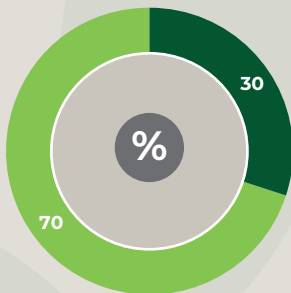
Executive committee

BOARD STRUCTURE

COMPOSITION AND EXPERTISE



■ Male
■ Female¹



■ Black¹
■ White

1
non-executive
director

2
executive
directors

7
independent
non-executive
directors

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

Board meeting attendance

Member	Meetings attended
I Chalumbira	4/4
BS du Toit ¹	4/4
D du Toit	4/4
JH le Roux	4/4
EA Messina	4/4
B Mathews	4/4
WC Michaels ²	2/4
CA Otto	4/4
CW Sim ³	4/4
HM Smit ⁴	1/4
GM Steyn	4/4
S Walsh ³	4/4

¹ Retires by rotation at the upcoming AGM and will not be making himself available for re-election as a director.

² Resigned from the Board with effect from 9 February 2023.

³ Executive.

⁴ Retired from the Board with effect from 9 February 2023.

Board profiles as at 30 September 2023

I Chalumbira (52) Non-executive director

Appointment date:	September 2018	
Qualifications:	BSc (Industrial Psychology) MBA (Strategy)	
Committee membership:	N/A	
Other board memberships:	AIH Properties (Pty) Ltd Amber Cascades Trading 202 CC Arlozone (Pty) Ltd Car Prop Holdings (Pty) Ltd Inenergi (Pty) Ltd Joburg City Tourism Association NPC Kebabware (Pty) Ltd Lionsecurity (Pty) Ltd Lionshare Auto Group (LAG) Limitada Lionshare Automotive (Pty) Ltd Lionshare Developments (Pty) Ltd Lionshare Energy (Pty) Ltd Lionshare Empowered Partners (Pty) Ltd Lionshare Financial Services (Pty) Ltd Lionshare GP (Pty) Ltd Lionshare Holdings (Pty) Ltd Lionshare Logistics (Pty) Ltd Lionshare Management Services (Pty) Ltd	Lionshare Private Equity (Pty) Ltd Matoppi Investments RF (Pty) Ltd Mbodla Investments (Pty) Ltd Mezibase (Pty) Ltd Musina Beightbridge Business Chamber NPC Lionshare Properties (Pty) Ltd Lionshare Property Management (Pty) Ltd Lionshare Trading (Pty) Ltd Musina Intermodal Terminal (Pty) Ltd Nabuphase (Pty) Ltd Proc Corp 27 CC Spiricorp (Pty) Ltd TFC Operations (Pty) Ltd TFC Properties (Pty) Ltd Thovela Welkom Hospitality (Pty) Ltd Trade Holdings (Pty) Ltd Tungsten Bay (Pty) Ltd Vaxisync Investments (Pty) Ltd

BS du Toit (66)		Independent non-executive director	
Appointment date:	November 2011		
Qualification:	BAgric (Management)		
Committee membership:	Audit and Risk		
Other board memberships:	Langrivier Beleggings (Pty) Ltd Langrivier Boerdery (Pty) Ltd	Wydekloof (Pty) Ltd 32 Degrees South Fruit (Pty) Ltd	
D du Toit (47)		Independent non-executive director	
Appointment date:	March 2017		
Qualification:	BCom (Hons)		
Committee membership:	Audit and Risk Remuneration		
Other board memberships:	De Keur Beherend (Pty) Ltd De Keur Agri (Pty) Ltd De Keur Landgoed (Pty) Ltd De Keur Marketing (Pty) Ltd De Keur Berries (Pty) Ltd	De Keur Verpakking (Pty) Ltd Tipmar (Pty) Ltd Witzenberg Pals (Partners in) Hortgro POME	
JH le Roux (48)		Independent non-executive director	
Appointment date:	April 2014		
Qualifications:	CA(SA), HDip (Tax)		
Committee membership:	Finance (chairman) Audit and Risk		
Other board memberships:	Bakenskraal Investments (Pty) Ltd Capespan Group (Pty) Ltd Zaad Holdings Ltd Zeder Corporate Services (Pty) Ltd	Zeder Financial Services (Pty) Ltd Zeder Investments Ltd Zeder Management Services (Pty) Ltd	
B Mathews (54)		Independent non-executive director	
Appointment date:	September 2022		
Qualifications:	CA(SA), HDip (Tax)		
Committee membership:	Audit and Risk Social and Ethics		
Other board memberships:	Ca Vie Investments (Pty) Ltd Casamiento (Pty) Ltd PSG Financial Services Ltd	PSG Invest (Pty) Ltd PSG Life Ltd WAT Trust	
EA Messina (65)		Independent non-executive director	
Appointment date:	March 2017		
Qualifications:	BA (Hons), MA (Southern African Studies), MA (History), DPhil (History)		
Committee membership:	Social and Ethics (chairman) Nomination		
Other board memberships:	Cape Town Radio (Pty) Ltd Du Toit Group (Pty) Ltd Groot Constantia Trust	TFC Operations (Pty) Ltd Zagrows Agri Investments (Pty) Ltd	

CA Otto (74) Independent non-executive director

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

GW Sim (53) Financial Director (executive)

Appointment date:	August 2015	
Qualifications:	CA(SA)	
Committee membership:	Finance	
Other board memberships:	Agriplas (Pty) Ltd Empowerment and Transformation Investments (Pty) Ltd KAL Corporate Services (Pty) Ltd Kaal Agri (Aussenkehr) (Pty) Ltd Kaal Agri Bedryf Ltd Kaal Agri (Namibia) (Pty) Ltd	Mirage Motors (Pty) Ltd Tego Plastics (Pty) Ltd TFC Operations (Pty) Ltd PEG Retail Holdings (Pty) Ltd PEG Management Services (Pty) Ltd PEG Highway Operations (Pty) Ltd

GM Steyn (64) Independent non-executive director (chairman)

Appointment date:	May 2012	
Qualifications:	BA (Law), LLB	
Committee memberships:	Remuneration Nomination (chairman)	
Other board memberships:	AgriStar Holdings (Pty) Ltd Du Toit Group (Pty) Ltd (chairman) Econo Foods Holdings (Pty) Ltd George & Miets Beleggings (Pty) Ltd GMS Beleggings (Pty) Ltd	Leopard Creek 21 (Beleggings) (Pty) Ltd Neusberg Boerdery (Pty) Ltd NS Beleggings (Pty) Ltd RCL Foods Limited Stellenkaroo (Pty) Ltd

S Walsh (57) CEO (executive)

Appointment date:	November 2011	
Qualification:	BEcon (Hons)	
Committee membership:	N/A	
Other board memberships:	Agriplas (Pty) Ltd KaaP Agri Bedryf Ltd KaaP Agri (Namibia) (Pty) Ltd Newco Water (Pty) Ltd Tego Plastics (Pty) Ltd	PEG Retail Holdings (Pty) Ltd PEG Management Services (Pty) Ltd PEG Highway Operations (Pty) Ltd TFC Operations (Pty) Ltd

KAL Corporate Services (Pty) Ltd Company Secretary

(Reg No. 2020/841850/07)

Appointment date:	November 2020
Directors:	T Sulaiman-Bray and GW Sim

APPROACH TO COMPLIANCE

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

No contraventions of agricultural law, penalties or fines were reported during the year. To the Group's knowledge, no material legal, arbitration or pending proceedings are in progress. For more information on our compliance approach (including the roles of the Compliance Officer, Audit and Risk committee and Internal Audit), refer to the risk report on page 68, and our full governance report at www.kalgroup.co.za.

To the best of their knowledge, the KAL directors have confirmed that KAL complied with the Companies Act's provisions and operated according to the Company's Memorandum of Incorporation ("MOI") during the year under review.

CONFLICTS OF INTEREST

All Board members must state any conflicts of interest, financial or otherwise, at the start of each Board meeting. This includes members with interests in periphery businesses interacting with the Group. Refer to pages 90 and 131.

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

The KAL dealings in securities policy has an annexure stating directors, prescribed officers, and the Company Secretary must obtain permission to deal in securities.

Details of any dealings must be disseminated on SENS. Certain employees, identified by the CEO, must also obtain permission to deal in securities. Employees are further directed by policies on private interests, extramural activities, and external remuneration to avoid conflicts of interest. The Group has a gift registry for registering tangible and intangible gifts.

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

COMMITTEES AND THEIR ROLES IN THE GOVERNANCE STRUCTURE

The Group's committees facilitate the discharging of certain Board responsibilities with oversight, guidance and governance application in specific mandated areas. Each committee chairman reports to the Board to ensure comprehensive insight and appropriate decision-making at Board level. See pages 57 to 60 for a profile of each Board member.

EXPANDING OPPORTUNITIES FOR EMPOWERMENT

Since its establishment in 2011, the Kaap Agri Bedryf Employee and Farm Worker BEE Trust ("Trust") have changed the lives of hundreds of disadvantaged employees with revolving home loans, financial assistance towards education for employee dependants, and worthy community initiatives.

Trust board meeting attendance

Member	Meetings attended
EA Messina (independent founder appointed trustee and chairman)	3/3
VWH Henn (independent employee representative trustee)	3/3
T Sulaiman-Bray (employer founder representative trustee)	3/3
H Smith (employee representative trustee)	3/3
R Matthews (independent financial representative trustee)	3/3

The trustees ensure the Trust is managed in a transparent, responsible and appropriate manner, aimed at meeting the objectives of the Group's long-term strategy.

More information about the opportunities for empowerment and the Trust is available in the social and ethics report on page 74.



“Our sustainability agenda is integral to our core business. As a leadership team, we constantly strive to identify viable opportunities for win-win solutions, paving the way for a better tomorrow for both business and the environment.”
Tasneem Sulaiman-Bray, Director: Corporate Affairs

A commitment to the environment that keeps on growing

In the ever-evolving landscape of sustainability, KAL's commitment to making a positive environmental impact continues to grow stronger. To create lasting change, its efforts are aligned with its core business imperatives, including financial sustainability and cost-efficiency.

This year, KAL launched a major recycling programme at its distribution centre, and since June has diverted 16 tons of metal, paper and plastic waste from landfills. Ongoing energy efficiency improvements involved replacing traditional lighting with energy-efficient LED

solutions, contributing to long-term cost savings for branches. Renewable energy solutions, particularly solar photovoltaic (PV) systems, are being implemented across the business with aggressive implementation targets set for the coming years. Two Agrimark branches and the Agriplas manufacturing facility are currently using solar PV energy, achieving a carbon footprint reduction equivalent to saving 4 638 trees in one year. A cost-saving of R2,6 million to date, while not the primary objective, makes a compelling business case for these installations. They also stabilise services during load shedding, ensuring a better customer experience in-store and a more reliable production environment.

Committee summary

Committee	Members ¹	Meetings attended
Audit and Risk committee ("the committee")	<ul style="list-style-type: none"> > Chairman: CA Otto² > BS du Toit³ 	2/2
Total meetings: 2	<ul style="list-style-type: none"> > D du Toit³ > B Mathews⁴ <p>Invitees</p> <ul style="list-style-type: none"> > GM Steyn – Independent non-executive director > JH le Roux⁵ – Independent non-executive director > S Walsh – Executive director (CEO) > GW Sim – Executive director (Financial Director) > GC Victor – Group Manager: Finance > P Steyl – Executive Manager: Internal Audit > A Hugo – External auditor, PwC 	2/2

Mandate

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

During the year, the committee actioned the following:

- > Reviewed the Group's accounting policies and is satisfied the policies are in line with generally accepted accounting principles.
- > Appointed the external auditor and monitored its effectiveness. This included ensuring the use of the external auditor for non-audit services was kept to a minimum.
- > Approved the appointment of a new auditor, Deloitte Touche Tohmatsu Limited ("Deloitte"), as independent external auditor of the Group, to occupy this position from 1 October 2023, subject to shareholder confirmation at the next AGM.
- > Reviewed and approved the integrated report and the annual financial statements included therein.
- > The committee considered the following as significant regarding the annual financial statements: credit risk (in particular debtors), management of stock and business combinations.
- > Focused on ethics and governance, controls, provisioning, impairment, tax compliance, correctness and accuracy. The Group addressed these considerations through proper provisioning in terms of existing policies.
- > Approved the Group's internal audit plan.
- > Considered presentations by internal audit on ethics, governance and controls, and management reports on operational and financial matters. The committee deems the Group's internal financial controls adequate.
- > Reviewed the Group's risk, controlled environment and governance assessments. This was done to ensure risks are properly addressed and the level of compliance, with proper governance, is aligned with expectations. The committee is satisfied with the outcome of these evaluations.
- > Reviewed the external auditor's reports and took appropriate actions.

¹ All committee members are independent non-executive directors.

² Re-appointed to the committee at the AGM held on 9 February 2023 and chairman from 4 May 2017.

³ Re-appointed to the committee at the AGM held on 9 February 2023.

⁴ Appointed to the committee at the AGM held on 9 February 2023.

⁵ Appointed to the committee with effect from 22 November 2023.

Committee Mandate

Audit and Risk committee (continued)

- > The Group confirmed its going concern status, compliance with applicable legislation and requirements of regulatory authorities.
- > In terms of risk management (through consultation with the external auditor), the committee ensured management's processes and procedures were adequate to identify, assess, manage and monitor Group-wide risks.
- > The audit partner currently used by PwC is regularly rotated, and the committee is satisfied with the arrangements for the external audit and the effectiveness of JA Hugo, the designated auditor. The committee deemed the quality of the audit performed this year satisfactory. The independent auditor's report indicates that the Group's financial statements fairly reflect the company's financial state according to IFRS and Companies Act requirements. In compliance with legislative and JSE requirements, the Group rotates to a new audit partner every five years.
- > The committee recommended the external auditor's appointment and determined its compensation. The external auditor, Deloitte, with J de Kock as the designated audit partner, will provide audit services to the Group effective 1 October 2023, subject to shareholder confirmation at the next AGM. The committee is satisfied that the external auditor is independent of KAL, as set out in section 94(8) of the Companies Act, and suitable for appointment by requesting and considering, among other things, the information stated in paragraph 22.15(h) of the JSE Listings Requirements when appointing Deloitte and that the committee has ensured the appointment of Deloitte is presented and included as a resolution at the upcoming AGM pursuant to section 61(8) of the Companies Act.
- > The committee appraised and satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements that the Financial Director and Group finance function have the appropriate expertise and experience. The Financial Director drives the overall effectiveness of the Group's finance function.
- > The committee is satisfied that appropriate financial reporting procedures are implemented and operating as contemplated under paragraph 3.84(g)(ii) of the JSE Listings Requirements.
- > The Group's combined assurance model ensures actions are aligned with good governance management, and the committee deems it effective.

Committee	Members ¹	Meetings attended
Remuneration committee ("the committee")	<ul style="list-style-type: none"> > Chairman: CA Otto > GM Steyn > D du Toit 	2/2 2/2 2/2
Total meetings: 2	<p>Invitees</p> <ul style="list-style-type: none"> > S Walsh – Executive director (CEO) > GW Sim – Executive director (Financial Director) > DC Gempies – Director: HR (subsidiary – Kaap Agri Bedryf Ltd) 	

Mandate

The committee reviews and approves executive directors' and senior management's remuneration.

The committee is also responsible for succession planning.

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

More information about the committee and the Group's remuneration practices is available in the remuneration report on page 34.

¹ Committee members are independent non-executive directors.

Committee	Members ¹	Meetings attended
Nomination committee ("the committee")	<ul style="list-style-type: none"> > Chairman: GM Steyn > CA Otto > EA Messina 	1/1 1/1 1/1
Total meetings: 1	<p>Invitee</p> <ul style="list-style-type: none"> > S Walsh – Executive director (CEO) 	

Mandate

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

When identifying suitable candidates for appointment to the Board, the committee considers candidates on merit against objective diversity criteria. The Board regards diversity as extremely important and adopted a broader diversity policy, specifically focusing on promoting diversity attributes of gender, race, culture, age, field of knowledge, skills, and experience. The Board will continue to work towards a more representative Board and committee composition.

No Board appointments were made during the year under review. The Board will consider and apply the broader diversity policy in the nomination and appointment of directors in future as contemplated in paragraph 3.84(i) of the JSE Listings Requirements.

¹ Committee members are independent non-executive directors.

Committee	Members ¹	Meetings attended
Social and Ethics committee ("the committee")	<ul style="list-style-type: none"> > Chairman: EA Messina > T Sulaiman-Bray > HM Smit² 	2/2 2/2 1/2
Total meetings: 2	<ul style="list-style-type: none"> > B Mathews <p>Invitees</p> <ul style="list-style-type: none"> > S Walsh – Executive director (CEO) > P Steyl – Executive Manager: Internal Audit > DC Gempies – Director: HR (subsidiary – Kaap Agri Bedryf Ltd) 	2/2

Mandate

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

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

Read more about social and community investments in the Social and Ethics report on page 74.

The committee's work plan focus areas include:

- > B-BBEE and employment equity
- > Socio-economic Development Programmes
- > Protection of the company's brands and relations with stakeholders
- > Labour and employment matters regarding acceptable working conditions and the company's contribution towards the educational development of its employees
- > SHEQ, including monitoring existing policies within its mandate, the 10 principles set out in the United Nations ("UN") Global Compact, corruption and ethics

The following matters received particular attention:

- > Discussed and evaluated the company's whistleblowing process
- > Feedback on our sustainability focus areas, environmental initiatives and sponsorships
- > Plan to maintain a level 4 B-BBEE status and considered the Group's B-BBEE score
- > Attended to BEE recognition levels and appointments regarding employment equity
- > Noted socio-economic development programmes
- > Received working conditions applying to KAL employees and regarding applicable laws and regulations
- > Reviewed legislation, regulations, compliance with policies and training relevant to SHEQ
- > Transformation and ethics remain core focus areas

¹ Majority of the committee members are independent non-executive directors.

² Resigned from the committee with effect from 9 February 2023.

Committee	Members ¹	Meetings attended	Mandate
Finance committee ("the committee")	<ul style="list-style-type: none"> > Chairman: JH le Roux > GW Sim > HM Smit³ > NS Loubser² > HS Louw² > WG Treurnicht² 	<p>2/2</p> <p>2/2</p> <p>2/2</p>	<p>The committee ensures the Group's financing activities are efficiently managed.</p> <p>The committee is responsible for approving and refining the credit policy and exercising final authority over certain high-value applications where the amount exceeds the officials' authority.</p> <p>The committee also establishes a decision-making framework for the financing services department. In terms of the credit policy, the financing services department has the authority to obtain underlying securities from individuals who apply for credit. Accordingly, the committee's task is to conduct credit screenings, evaluate credit risks and register underlying securities aligned with its approved credit policy.</p>
Total meetings: 2	<p>Invitees</p> <ul style="list-style-type: none"> > DW Beukes – Group Manager: Financing Services > S Walsh – Executive director (CEO) > Other members of the financing services department as and when required 		

¹ One committee member is an independent non-executive director.

² NS Loubser, HS Louw and WG Treurnicht are not Board members but are co-opted members of the committee.

³ HM Smit attended one meeting in his capacity as Board member and one as a co-opted member of the committee.

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

Board efficiency

Ethical and effective leadership rests on the appropriate recruitment, evaluation, training and rotation of Board members and informs our approach to recruitment, evaluation, training and rotation.

Recruitment	The Nomination committee provides clear direction on recruitment and criteria for selecting appropriate candidates in line with the company's MOI provisions. Directors are nominated by the Board and elected at the AGM for three years. One-third of the directors must retire by rotation at each AGM (or other general meetings held annually).
Rotation	The Nomination committee is responsible for reviewing the Board's composition regarding diversity attributes such as race, gender, culture, age, field of knowledge, skills and experience.
Induction	An induction policy detailing the principles applicable to the formal induction of new directors is in place.

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

Company Secretary

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

In November 2020, the Group appointed KAL Corporate Services (Pty) Ltd to hold the office of Company Secretary. The Board ensured the company adhered to the provisions of section 87(1)(a) and 87(1)(b) of the Companies Act.

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

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

Executive committee

KAL's Executive committee meets bi-monthly. The committee is responsible for assisting the CEO in implementing the Group's strategy. The CEO is further responsible for operational planning, controls and implementation. The Board appoints the CEO on the recommendation of the Nomination committee.

Risk report

The Board of directors is accountable for governance and risk management and is supported by the Audit and Risk committee. The Board considers business risks when setting strategies, approving budgets and monitoring progress against budgets. The Audit and Risk committee monitors and reports on the effectiveness of risk identification, assessment and management processes. The committee meets a minimum of twice a year.

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

The Group's diversification across income streams, geographic regions and product ranges

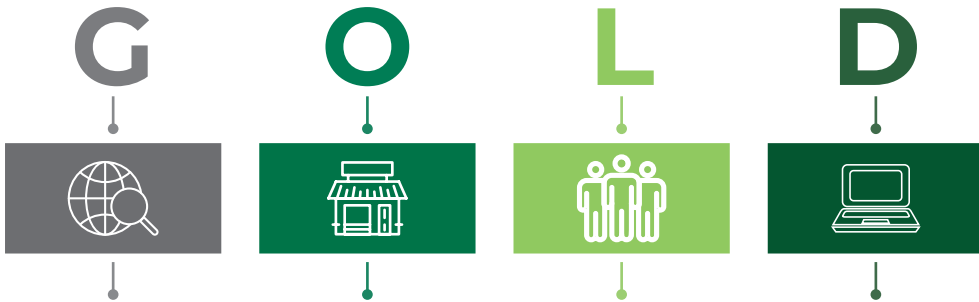
enables the Group to partially mitigate the impact of various challenges. These include climatic changes and weak economic conditions to mention a few. This diversification, combined with the Group's achieved scale, shields the Group from negative impacts while contributing to its ongoing and sustainable value creation.

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

The executive team and senior management identified, assessed, and prioritised the top business risks. The inherent risks (before mitigating actions/controls) were rated based on the likelihood that it may materialise and its possible impact on the Group. The residual risks were also rated on the same basis after the strength of controls implemented to address the risks were considered.

Risks are ranked according to a combination of impact and probability. Risks that may significantly impact KAL's ability to achieve its strategic objectives over time are described in more detail below.

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



GROWTH

A strong focus on upgrades and footprint expansions, strategic alliances, and mergers and acquisitions continues to fuel our growth ambitions and ensure that our distribution and supply chain capabilities are ramped up to support such growth.

OPTIMISATION

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

LEVERAGING CULTURE AND DIVERSITY

Talent development and entrenching our Accelerating Performance culture remain a priority to support our unique value proposition. Transformation is not only a responsibility but a business imperative and catalyst for social and economic transformation.



DIGITISATION






Enhancing our customer experience and ease of doing business drives all e-commerce, account and payment solutions initiatives.




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

The risk movement from the prior year is reflected as:

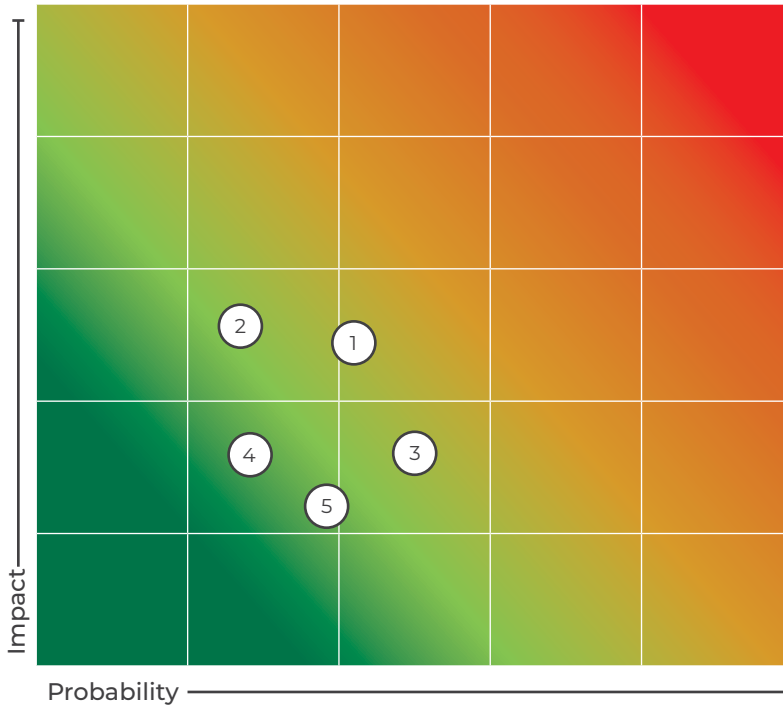
↑ Increased risk ↔ No change ● New risk ↓ Decreased risk

Number	Risk	Description	Mitigating actions	Strategic focus area
1 ↑	Adverse political conditions and regulatory pressure	<ul style="list-style-type: none"> > Political uncertainty and the influence on the macro-economy > Onerous B-BBEE accreditation requirements could have a negative impact, especially within the fuel environment > Land expropriation without compensation could have a significant and devastating impact on our agricultural customer base > Possible regulatory changes in the fuel industry that may have a significant impact on our fuel operating model > Sporadic strikes and social unrest 	<ul style="list-style-type: none"> > Proactive engagement with stakeholders to understand any newly proposed amendments > Continuous monitoring and implementation of specific plans to ensure the relevant empowerment status. The Group is a verified level 4 B-BBEE contributor > TFC has been empowered as one of the leading black-owned fuel retailers in the country with direct black ownership exceeding 50% > Monitoring of compliance with laws and regulations > Product, supplier, and customer diversification > Member of the Agricultural Business Chamber (“Agbiz”) > KAL Group membership of SAPRA (South African Petroleum Retailers Association) and continuous engagements with statutory bodies related to fuel 	 

Number	Risk	Description	Mitigating actions	Strategic focus area
<p>2 ↓</p>	<p>Information Technology ("IT") and cyber-related risk</p>	<ul style="list-style-type: none"> > As a retailer and trader, we are heavily dependent on our computer systems to facilitate trade and maintain security of personal information > Disruption of our IT environment would have a major influence on our ability to service our customers > Protection of Personal Information Act, 4 of 2013 has strict regulations regarding the protection of personal information that require a sophisticated and secure IT environment > The enterprise resource planning ("ERP") system in its current format may not support all business requirements as our business expansion progresses and complexity increases 	<ul style="list-style-type: none"> > Detailed IT governance framework > Access to systems, infrastructure and the network is restricted and protected > Disaster recovery programmes > Key systems are monitored for uptime, performance and capacity > Third-party data centre used, compliant with industry good practices > Offline servers at retail sites to enhance service > Redundant network communication channels exist for certain branches > Automated data backups > ERP modernisation project not only to enhance current functionality but also to develop new functionality > Cybersecurity is critical and actions are in place to continuously strengthen the Group's security environment. This includes a dedicated IT security team working in conjunction with market-leading specialist external security providers, vulnerability monitoring and security reviews, ongoing software upgrades and patching, and Group-wide cyber risk awareness education > Specialised IT system version upgrades are done continuously to ensure OEM support and backup > Specialised training given to key internal resources to render first line support on specialised systems 	  
<p>3 ○</p>	<p>Deterioration of public infrastructure and services (electricity, roads, water supply, harbours, etc.)</p>	<ul style="list-style-type: none"> > Increased costs to keep sites open and to deliver services to our customers > Increased financial and production pressure on our customers 	<ul style="list-style-type: none"> > Investing in alternative energy solutions including solar and batteries at certain sites > Backup generators to minimise any service disruptions for customers > Ensure that business practices are agile enough to adapt to public infrastructure and service delivery challenges > Member of the Agricultural Business Chamber ("Agbiz") 	 

Number	Risk	Description	Mitigating actions	Strategic focus area
4 ↑	Bad debts	<ul style="list-style-type: none"> > Material default of one or more significant debtors due to natural causes, drought, crop failure, fraud, or sequestration 	<ul style="list-style-type: none"> > Appropriate credit policies and risk evaluation processes > Regular review of debtors by the Finance committee, consisting of key management and independent members with expert knowledge of financial and agricultural conditions within our geographical operating areas > Wide product range and geographical spread of debtors > Experienced and knowledgeable centralised credit vetting staff with decentralised credit relationship managers > Appropriate securities > Credit default insurance on selected debtors > Customised digital processes and computer platforms to facilitate effective credit vetting and management 	
5 ○	Talent recruitment and retention	<ul style="list-style-type: none"> > Attraction of competent talent may be impacted by the location of specific business operations > Scarcity of specialised skills in fields like information management and supply chain > Competition for limited talent pool with other larger retailers > Statutory EE requirements – EE talent shortage in specific job families in the market 	<ul style="list-style-type: none"> > People-centric CARE culture > Competitive employee value proposition > Talent value management digitised tool to effectively manage key talent and succession planning > Remuneration policy based on performance pay, which will drive individual and Group performance > Retention mechanisms for key talent > Graduate programme to develop an EE talent pipeline 	 

Residual risk



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

Average risk ratings were generally marginally lower than the previous year. Adverse political conditions and regulatory pressure became our highest-ranking risk due to increased uncertainty in the political arena with upcoming elections in 2024 and changes in the regulatory environment.

Information Technology is still seen as a major risk with ever-increasing cyber-attacks worldwide and our dependency on advanced computer systems to assist us in addressing our customers' ever-changing requirements.

Our third risk is the deterioration of public infrastructure and services that places the Group and its customers under increased financial pressure and uncertainty.

The risk of bad debts rises to the number four position despite a marginally lower risk rating.

Our fifth risk relates to the increased challenge of recruiting and retaining talent in a very competitive job market with a scarcity of specific skills.

The risk of an extended impact of a major health pandemic and financial sustainability moved out of the top five risks.

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

No instances of significant non-compliance to legislation were recorded during the year.

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

CA Otto

Chairman: Audit and Risk committee

Report of the Social and Ethics committee

COMPOSITION AND ATTENDANCE OF MEETINGS

The composition of the committee and attendance of meetings are set out on page 66.

KEY FUNCTIONS AND RESPONSIBILITIES

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

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

The committee considered the Group's performance as responsible corporate and social role player regarding the Group's operations, specific legislation, legal requirements and best practice, as determined by its mandate, and refer the shareholders to the Social and Ethics report on page 74.

OPINION

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

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



EA Messina

Chairman: Social and Ethics committee

Social and ethics report

INTRODUCTION

We exist because our stakeholders should benefit from our existence. This premise drives our commercial operations and our approach to environmental, social and governance (“ESG”) activities.

Within our business, ESG is a priority. We are attuned to the economic, social and environmental needs of the communities where we operate. Focused on the issues most material to our business and stakeholders, we seek to deliver on ESG goals within our greatest sphere of influence.

By investing our time, money and resources, we seek to show up as a trusted community partner to demonstrate our collective impact in tackling developmental and sustainability issues in the locations where we operate. We place equal value on our responsibility to the environment, society, shareholders and employees.

During the year, we invested R5 597 609 in programmes and projects at both corporate and branch level.

For KAL Group, education is the most powerful weapon for societal upliftment. Education, hunger relief and empowering new-generation farmers are key pillars of our corporate social investment (“CSI”) strategy. This is evidenced by three of our major community interventions:

- > Providing funding for South African youth with academic potential through the KAL Group Bursary programme
- > Alleviating hunger and reducing food waste through our Harvesting Hope programme in partnership with OneFarm Share
- > Empowering new-generation farmers and farmworkers through the KAL Academy and Harvesting Hope programme

We support various community outreach programmes in our operating areas. We encourage our employees to participate in community initiatives, and they do so enthusiastically. We also endeavour to fulfil needs-based requests as they arise.

SOCIAL IMPACT: EDUCATION

KAL Academy

The KAL Academy (“the Academy”) has championed the empowerment of new-generation farmers and farmworkers since its inception in 2009. We are a key input supplier to the agricultural sector. Through our trusted and longstanding presence in this sector, we aim to empower a new generation of farmers through education. We have aligned the Academy’s strategic approach with our core business.

As one of only a handful of organisations providing a learning pathway for new-generation farmers, the Academy focuses on offering high-quality, free academic training to students at National Qualifications Framework (“NQF”) levels, notably NQF2, and NQF3 and NQF4 level qualifications.

Programmes run annually over several months, with an average of 28 students attending per year. Each year’s class intake is advertised publicly through a recruitment campaign on digital platforms. The programmes aim to fully equip existing and prospective new-generation farmers with experiential learning, technical farming information, and management skills to become commercial farmers. The Academy continues a blended learning approach, including theoretical online learning and practical training.

The Academy also trains farmworkers in a range of regulatory short courses such as welding, chemical handling, first aid, maintenance of tractors and implements, pruning, forklift training, and productivity management.

There are 23 and 13 learners enrolled in the NQF2 and NQF3 courses, respectively. For the Class of 2022, 18 graduated in December 2022. Our investment in the Academy for 2023 amounted to R1 799 942. Our investment since inception amounts to R11 139 059. The Academy has empowered 499 new-generation farmers since its inception.

KAL Group bursary programme

We believe education breaks the cycle of poverty for learners and their families. Through our bursary programme, we show we care by helping dynamic and bright young leaders pursue their academic dreams.

In 2023, we financially supported 51 learners and students. Over the past five years, 247 learners and students received bursaries through the programme, representing an investment of R9 635 947.

In total, 46 secondary school learners benefited from this programme. The young bursary holders are demonstrating great leadership potential. We celebrated the selection of two bursary recipients as head girls at Martin Oosthuizen High School in Kakamas and La Rochelle High School in Paarl. Danelle Jacobs, from Martin Oosthuizen High School has also shown great promise in dramatic arts. She was selected as a finalist to participate in the ATKV dramatic arts teenager competition held at Gold Reef City and the ATKV reality show aired on DSTV.

We also financially supported five promising tertiary students furthering their studies. One student is completing her MSc Agric degree at the University of Stellenbosch. Two students are attending the University of Stellenbosch High Performance Sports Unit to continue their sporting pursuits and obtain their BSc Agric and BCom Financial Accounting degrees, respectively. We are proud of the achievement of Gift Dlamini, who is participating as part of the High Performance Sports Unit and has been selected as captain for the Maties First Team rugby squad. Two students are pursuing a law degree at the University of the Western Cape and the University of Stellenbosch, respectively.

The gender split for bursaries is 61% female and 39% male. Awards are based on financial need and academic performance with a bias to support learners and students from the rural communities where we operate. Bursaries are comprehensive in scope, covering full tuition fees, accommodation, transport, textbooks, additional study aides, viz computer and data as and when required.

The 2023 investment in educational bursaries for secondary and tertiary education amounted to R2 382 521.

Nelson Mandela Children's Fund

In 2019, KAL Group committed to donating R100 000 for three consecutive years to the Nelson Mandela Children's Fund ("Fund"). The Fund focuses on childhood development, youth leadership and education. These areas align with KAL Group's CSI ideals. KAL Group has entered into another three-year term with the Fund to donate R100 000 for the next three consecutive years, which commenced in 2022. The Fund recognised KAL's contribution and awarded us Globetrotter status.

Through its Child Safety and Protection programme, the Fund partnered with the Goedgedacht Trust to reduce young people's vulnerability to violence by empowering them with education. KAL Group's funding enabled the two organisations to implement afterschool programmes at the Trust's Path onto Prosperity ("POP") centres.

POP centres

KAL Group's funding supported two POP centres in Riebeeck Kasteel and Riebeeck West, who opened their doors on 1 February 2020. They follow a weekly programme of homework support, reading activities, mathematics lessons, life skills development, sport and music training.

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

The funding provided to the two centres was used for:

- > Computer and internet service for 578 learners
- > Stationery for 578 learners
- > Holiday education programmes to 976 learners
- > School uniforms and tuition fees support for 196 learners

School support project – Robotics and Coding

The digitisation of education also includes equipping learners with the skills for the fourth industrial revolution era, whereby technologies such as robotics, artificial intelligence, autonomous vehicles, and smart automation devices will merge with everyday human life. To remain competitive as a country, KAL Group recognises the importance of giving future generations access to technology education to thrive in the digital age.

KAL Group invested in a robotics programme at Gericke Primary School in Ceres in 2022. The school uses Resolute Robotics to supply the materials and curriculum for its robotics programme. This includes comprehensive teacher training and continuous school and technical support. Fifty students were enrolled in the programme last year.

In September 2023, Gericke hosted a Robotica STEM Day with Resolute Education. Forty-eight eager learners from primary schools in the Witzenberg community, such as Gericke, Mooi-Uitsig, Bella Vista, FD Conradie, Morrisdale,

Koue Bokkeveld and St Marks attended. It was an immersive day of coding and robotics exploration. Resolute Education provided an exciting platform for students to delve into technology, fostering their creativity and problem-solving skills. Through hands-on activities and workshops, participants gained valuable insights into robotics and coding, igniting a passion for STEM (Science, Technology, Engineering, and Mathematics). This STEM Day was a remarkable educational experience and will continue to expand in the Witzenberg community. The total value of support for the STEM Day was R28 211.

An additional investment of R50 000 was made towards the robotics programme in 2023. The funds will allow for an upgrade to a more advanced offering, including three new training levels in the programme, five new robots for each new training level, and a 3D printer.

SOCIAL IMPACT – COMMUNITY

OneFarm Share partnership: Harvesting Hope

KAL Group has joined forces with OneFarm Share in a purpose-driven collaboration – and we have named this partnership Harvesting Hope.

OneFarm Share, powered by Standard Bank, and the agri-fintech trading platform HelloChoice, has created an integrated digital impact platform that provides an easy, secure, and transparent way to channel essential food directly to those who need it.

Using the HelloChoice app, charitable organisations log requests for the produce they need to prepare meals for the people in their care. HelloChoice ensures the charities' requests are fulfilled weekly by procuring fruit and vegetables from new-generation farmers and co-ordinating food donations from commercial producers. The distribution partners, Food Forward SA, SA Harvest and Gift of the Givers, pack and transport the produce to the charities.

Commercial farmers are often challenged with what to do with perfectly edible produce they cannot sell because of supply chain disruptions, surplus production or out-of-spec produce. Unfortunately, it happens too often that unsold produce, which can still be consumed gets composted or sent to landfill. This carries a significant economic, environmental and societal impact. Through this programme, we secure donations of perfectly edible fresh produce destined for compost or landfill from commercial producers.

Access to market for new-generation farmers is a barrier to entry, and the Harvesting Hope programme facilitates an alternative route-to-market for new-generation farmers who do not have the relationships and resources to secure a market for their produce and are at the mercy of informal traders who buy produce at low prices. Fresh produce is procured from new-generation farmers trading on the HelloChoice app, to meet the weekly food requests from the registered charities. In this way, new-generation farmers receive an enterprise development benefit with a regular market for their produce, logistics support, market-related pricing, and same-day payment.

Harvesting Hope has several implementation pillars, each crucial to the success of our collective mission to reduce food waste, alleviate hunger and develop new-generation farmers:

Discount Input Supplies: Agrimark offers generous discounts on farming inputs to new-generation farmers registered on the Harvesting Hope programme. These discounts are comparative to those extended to commercial farmers, helping a new generation of producers access the resources they need to flourish.

Input Packaging and TEGO Bins: Agrimark Packaging provides packaging materials and TEGO bins, ensuring rescued produce is stored and transported safely and efficiently. We have already supplied 200 TEGO bins, saving a significant amount of tomatoes, oranges, carrots, sweet potatoes, butternut and lemons. In addition, through Harvesting Hope, we are finding responsible and sustainable channels to clear out-of-range and excess packaging material stock. To date, 295 tonnes of fresh produce has been rescued, and 1,4 million meals have been served to 297 509 people.

Donations Drop-Off Drives: We have been engaging with commercial producers to donate surplus produce, and Agrimark stores have become drop-off points and depots for local farmers who pledge to donate produce to the Harvesting Hope initiative. Donations of 3 100 kgs of carrots and 8 500 kgs of sweet potatoes from two Agrimark customers at our Agrimark Ceres donation drop-off drive in September 2023 were distributed to 245 beneficiary organisations. The fresh produce did not meet the standard specifications and would have otherwise ended up in landfills or added to compost heaps, but it was perfectly edible and nutritious.

Partner and Producer Awareness: Through our communication channels, we highlight our efforts and raise awareness of the Harvesting Hope initiative, the importance of a more sustainable food-supply value chain and the opportunities for both commercial and new-generation farmers.

KAL Academy Training: Qualifying new generation farmers participating in Harvesting Hope can register for training through the KAL Academy at no cost, with six farmers having enrolled in the 2023 programmes.

CSI Donation: KAL Group has invested R500 000 to OneFarm Share to procure produce from new-generation farmers, providing them with market access and reliable off-take and donating the purchased produce to beneficiary organisations.

The KAL Group and OneFarm Share partnership has already achieved significant successes since February 2023:

- > 295 030 kg of fruit and vegetables have been rescued using our TEGO bins
- > Charities receiving rescued produce have made over 1,4 million meals to combat hunger
- > 69 000 kg of fresh produce worth over R310 000 has been procured from four new generation farmers, two of whom are female with produce having been distributed to beneficiary organisations

We are combining our unique capabilities, products, resources, facilities and customer network to help fight hunger by facilitating food rescue programmes and produce donations. We support the new-generation farmers to scale up their business and become sustainable.

RISE AGAINST HUNGER

KAL Group partnered with Rise Against Hunger, an NPO with a mission to alleviate hunger at early childhood development centres in South Africa to improve access to quality education and nutritious meals for children between the ages of 0-6. KAL Group hosted a meal packing event at the Wellington Agrimark on 21 July 2023, inviting employees from Paarl, Simondium, Franschoek and Wellington to volunteer as part of the Group's participation in the Nelson Mandela International Day commemoration.

Ninety volunteers assisted in packing meals for the day. The teams packed over 21 000 meals, which will be distributed to four creches in the Paarl and Wellington areas, feeding over 90 previously disadvantaged children for a whole school year.

KAL Group's meal packing event has indirectly impacted 47 children attending two creches in Paarl. They will now also receive meals every month for a year due to the location of our donation.

Nearly three million children go hungry each day in South Africa. Having a productive day at school is one of the key focus areas of KAL Group's impact journey. It has been a great honour and privilege for employees to participate and serve our communities whilst re-enforcing our shared values and purpose.

The value of the donation was R62 273.

Porterville community project

The Porterville Community Association has supported people in dire need for 20 years. KAL Group is a founding member of the association, and we play a major role in ensuring its sustainability. The association's wheat cultivation project has made a difference in the local community since its inception in 2003. The local municipality supports this initiative by availing 25 hectares of land to plant wheat.

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

The 2023 beneficiaries were Porterville High School, Porterville Primary School, ACVV Huis Nerina (a local retirement home) and Badisa (a social services organisation). The total profits generated and distributed from this grain project in 2023 amounted to approximately R300 000.

Since the project's inception, each beneficiary has received R533 592, bringing the total amount paid to beneficiaries to R2,1 million.

Conservation Agriculture

To educate producers about regenerative agricultural practices, KAL Group once again partnered with Landbouweekblad and Conservation Agriculture Western Cape to sponsor the Jack Human Conservation Agriculture Week. Over 260 agronomists, researchers, producers and students attended the sessions held at Elsenburg and Langgewens research farms. They explored topics such as earthworms as bio-indicators of soil health, the impact of climate change on wheat production, and conservation agri practices on differentiated farming operations. The total value of the contribution over the past two years was R45 000.

Community initiatives

In addition to KAL Group's formal corporate CSI programmes, the Agrimark retail branches regularly reach out to their respective communities, supporting local farmer associations and the grassroots needs of schools and local community associations.

Projects were completed in Piketberg, Durbanville, Wellington, Citrusdal, Vredendal, Graafwater, Koue Bokkeveld, Ceres, De Doorns, Springbok, Worcester, Bitterfontein, Stellenbosch, Mamre, Darling, Somerset West, Robertson, Franschoek, Paarl, Philippi, Porterville, Riebeeck West, Malmesbury, Moorreesburg, Klipheuwel, Caledon, Bredasdorp, Montagu, Barrydale, Pofadder, Augrabies, Kakamas, Keimoes, Kanoneiland, Kuruman, Upington, Brandvlei, Garies, Kamieskroon, Kliprand, Loeriesfontein, and Groblershoop.

The total spend for 2023 on community projects at branch level amounted to R221 531.

B-BBEE TRANSFORMATION REPORT

Leveraging transformation remains a key strategic imperative and differentiator for the Group. It forms part of the company's GOLD Strategy.

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

KAL Group's B-BBEE goals

KAL Group's objective is to obtain a level 4 B-BBEE status with procurement recognition of 100%.

An overview of the Group's progress is outlined below.

Ownership

KAL Group achieved 24,51% for black ownership and 9,35% for black women ownership.

The KAL Trust

5% of KAL Group's shares were issued to the KAL Trust ("Trust"). The income beneficiaries are the dependants of previously disadvantaged KAL Group employees, farmworkers, their families and local communities. Five trustees are appointed to manage the Trust, three of whom are independent. Currently, 50% of the Trust income received is used to repay Trust debt. A further 15% is retained in an income-bearing investment account for future investment opportunities. The balance is distributed to beneficiaries. KAL Group Limited has approved

the reduction of the debt repayment amount to 10% of the Trust's distributable income effective from 1 October 2023, enabling a much greater percentage, 90% (less funds set aside for future administration and investment opportunities) being available for distribution.

The range of Trust benefits includes the education (in a broad sense) of the dependants of KAL Group employees. This includes early childhood development, primary, secondary and tertiary education, special needs support for learners with disabilities, educational tools (books, stationery, computers/laptops), student allowances (transport, uniforms, meals etc.). The benefits also include community development through community outreach programmes supporting the needs of children, the elderly and disadvantaged communities where KAL Group operates, sport and cultural pursuits, and adult education. The Trust also offers interest-free home loans, assisting employees with ancillary items such as rental deposits, security features to primary residences, and improvements to primary residences.

During the year, the Trust distributed R3 555 553 to various underprivileged beneficiaries. This amount included interest-free loans to employees for home and security-related improvements and bursaries for employee dependants.

The Trust also invested in the Farm Worker of the Year initiative in three regions in the Western Cape, and 39 Agri workers benefited from the investment. The total value of the investment was R45 000.

Qualifying employees of the designated groups may benefit from an interest-free revolving home loan fund to assist with rental deposits, improvements to and security at primary residences over a repayment period of 24 months. During 2023, 19 employees benefited from this fund. R731 101 was awarded to applicants. Of these employees, 68% were women, many being single parents and sole breadwinners.

The Trust supported 150 qualifying employees' dependants with funding amounting to R2 779 452 for education, sport and culture, and housing grants, of which 34% were male and 66% were female beneficiaries.

Upon motivation from indigent employees unable to secure a home loan, the Trust provided housing grants on an exceptional basis. These grants enabled employees to create a safe and more stable home environment for their families.

Financial support to beneficiaries is biased towards employees at lower salary levels, with 146 employee dependants benefitting from educational support, and four from housing grants. The table below provides additional detail:

Peromnes levels	Education	Housing Grants
	Financial support to employee dependants for school and tertiary education	Funding for transfer fees, home improvements
P1-2	0	0
P3-4	0	0
P5-7	80 131	0
P8-9	247 774	11 200
P10-11	160 766	0
P12-14	1 148 511	43 224
P15-18	1 069 092	18 754
Total Spent per category – FY23	2 706 274	73 178
Number of Beneficiaries	146	4
Total Spent – FY23	2 779 452	
Total Beneficiaries	150	

Management control

The Board is structured to ensure directors' collective skills and experience are suitable for carrying out their responsibilities and achieving the company's objectives. At Board level, three of the 10 members are black, one of whom is a black female.

Skills development

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

We conduct several learnerships on an ongoing basis under AgriSETA. In 2023, 141 learnerships were completed. We enrolled two of the 10 unemployed learners of 2022 in a progressive learning programme in 2023. We also focused on skills development for persons with disabilities and supported 12 learnerships.

Preferential procurement

KAL Group has grown into a diversified agri and fuel retail services group which supplies products and services to our bedrock agricultural customers, the homeowner, pet lover, building contractor, and DIY enthusiast. In 2023, the Group increased its products purchased from B-BBEE-accredited suppliers to more than 85%.

Supplier development

Our supply chain is the backbone of our operations. The Group applies due diligence processes to ensure supplier development investments are value-adding, aligned to our business needs, and meaningful to our partners.

Our online supplier portal and database, developed as a supplier development initiative, has become embedded in the business. The portal has successfully been integrated into our day-to-day procurement activities. The portal allows buyers to access vetted suppliers to fulfil their supply chain management requirements while suppliers gain access to markets.

Supplier development also entails monetary and non-monetary contributions to the development and sustainability of black-owned enterprises' financial and operational independence. As part of the supplier development programme, a black-owned exempted micro-enterprise (a logistics business) was supported with interest-free loans to the value of R8 016 787 to acquire a fleet of delivery vehicles to support our business's fuel and retail areas. As a result of the support, the business has maintained 10 employees over the three years of the programme.

In addition, as part of empowering KAL Academy graduates, a grant to the value of R35 000 was made to a 100% black-owned and

black women owned enterprise. The enterprise has been registered as a first-time supplier to the KAL Group and fresh produce will be purchased for donation to identified beneficiary organisations.

Enterprise development

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

The Fruit Workers' Development Trust ("FWD Trust"), along with Empowerment and Transformation Investments (Pty) Ltd, are KAL Group's enterprise development beneficiaries. In support of the FWDT Trust's work, the initial repayment date for the loan afforded by KAL Group to the FWD Trust was extended for an additional five years until April 2024. The value of the loan is R2 million.

KAL Group supported a citrus farmer in Paarl, which enabled the company to expand its business. The citrus producer has been onboarded and contracted as a first-time supplier in KAL Group's supply chain, providing fresh vegetables and fruit to the community in Paarl and Pniel. The citrus farming project's owner is a KAL Group Academy graduate. The value of the interest-free loan is R200 000 and was used to purchase a tractor to help mechanise the farming activities. This will increase farm efficiency, especially with the spray programme and harvesting processes.

A KAL academy graduate farming in vegetables and livestock, has also been a recipient of a grant to the value of R50 000,00 as part of the enterprise development programme. The enterprise is 100% black women owned and the grant has assisted the new generation farmer to procure much needed irrigation equipment.

Socio-economic development

KAL Group's main focus areas for socio-economic development programmes are education, hunger alleviation and community development.

We encourage employees to participate in local community initiatives. This upholds the reason for KAL Group's existence: that all our stakeholders should be better off because of our existence.

KAL Group's initiatives are focused on making a difference in the communities where our stores are located. During 2023, we embarked on numerous programmes at corporate and branch levels. This year, we invested donations, sponsorships and contributions of R5 597 609 in education and educational support programmes, hunger alleviation and various community upliftment programmes in our operational areas.

STAKEHOLDER RELATIONS

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

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

KAL Group's relationship with its stakeholders is entrenched and underpinned by its code of ethics. KAL Group strives to have a positive economic impact on its stakeholders. This is achieved through education, employment, wealth creation, competitive remuneration and socio-economic development.

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

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

Stakeholder groups that impact KAL Group's ability to create value are listed in the table below. The table also outlines stakeholders' interests regarding KAL Group's business activities.

Relationships

Means of engagement

Interests

Government and regulators

- | | | |
|--|--|---|
| <ul style="list-style-type: none">> Provide access to markets through operating and other licences – the basis of creating value> Regulatory measures are imposed and have potential cost implications> Provide business opportunities through tenders, networking and stakeholder engagement | <ul style="list-style-type: none">> Consultation and participation in public forums> Active engagement and submissions on draft regulations, white papers and bills> Engagement with industry consultative bodies> Publication of policy engagement and discussion papers | <ul style="list-style-type: none">> Supporting valuable opportunities for job creation and socio-economic development, including transformation> Protecting consumer interests in cost-effectiveness, quality, the privacy of information and world-class service> Regulatory compliance on issues such as price and SHEQ> Diligent contribution to the tax fiscus |
|--|--|---|

Customers

- | | | |
|---|---|---|
| <ul style="list-style-type: none">> Purchase our products and services – the basis for growth in revenue | <ul style="list-style-type: none">> Online – corporate and retail websites> Social media – Facebook and Instagram> Retail outlets> Print media and advertising on various platforms> Customer relationship management programmes> Events and activations | <ul style="list-style-type: none">> Improved value proposition in customer offerings> Living the Accelerating Performance culture through customer engagement> Streamlining business processes for greater customer efficiency |
|---|---|---|

Investors and shareholders

- | | | |
|--|--|--|
| <ul style="list-style-type: none">> Provide the capital necessary for sustainability and growth | <ul style="list-style-type: none">> Annual and interim results publications> Investor relations information on Kaap Agri website> Stock Exchange News Service (“SENS”) announcements> Investor roadshows – twice a year> Annual general meeting (“AGM”) | <ul style="list-style-type: none">> Strategy to ensure sustained financial performance and growth> Responsible investment to ensure growth, manage risks and explore opportunities in various markets> Transparent remuneration policy> Responsible allocation of capital for investment and future growth> Sound corporate governance practices> Responsible dividend policy |
|--|--|--|

Relationships

Means of engagement

Interests

Employees

- | | | |
|--|--|---|
| <ul style="list-style-type: none">> Their talent, commitment, loyalty and Accelerating Performance culture make realising the reason for our existence possible – we exist because our stakeholders should benefit from our existence so we can become a leading role player in the retail sector | <ul style="list-style-type: none">> Intranet (Hub)> Internal publications and electronic communication> Staff communication boards> Engagement surveys> Roadshows | <ul style="list-style-type: none">> Clear career paths and opportunities for career development> Fair and equitable remuneration and recognition of talent> Recognition and rewards programme> KALTrust beneficitation |
|--|--|---|

Suppliers

- | | | |
|--|---|--|
| <ul style="list-style-type: none">> Impact our ability to provide quality products at market-related prices | <ul style="list-style-type: none">> Technology solutions for vendor management> Regular visits to suppliers> Audits> Supplier information days and networking opportunities> Supplier awards | <ul style="list-style-type: none">> Timely payment and fair repayment terms> B-BBEE compliance in line with the latest codes and measurements> Improving SHEQ |
|--|---|--|

Media

- | | | |
|--|---|--|
| <ul style="list-style-type: none">> Voluntary: crucial role in keeping stakeholders informed of our business, including our products and services | <ul style="list-style-type: none">> Face-to-face, telephonic and electronic engagement> Interviews with Chief Executive Officer ("CEO") and key executives> Media releases and product-related publicity | <ul style="list-style-type: none">> Transparency> Keeping stakeholders informed of key developments and offerings |
|--|---|--|

Communities

<ul style="list-style-type: none"> > Ensure the long-term viability of our business and that others are better off because of our existence, by nurturing and strengthening our socio-economic operating context 	<ul style="list-style-type: none"> > Socio-economic development programmes > Bursary programme > KAL Trust > KAL Academy > Harvesting Hope Programme 	<ul style="list-style-type: none"> > Branch participation in socio-economic development programmes > Youth development and upliftment > Access to education and training through our bursary programme > Investment in infrastructure and community upliftment > Supporting growth in the sector through farmer development and training > Supporting new-generation farmers with access to education and training > Alleviate hunger and reduce food waste through our food rescue programme > Supporting education centres through feeding programmes
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SUSTAINABILITY REPORT

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

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




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

KAL Group is also committed to the UN Sustainability Goals. We have adopted the following eight goals as part of our business journey.

Our contribution to the UN Sustainability Development Goals

Aligning our sustainability and corporate social investment activities to the 17 UN Sustainability Development Goals (“UN SDGs”) has informed our thinking to ensure we consider the broader impact of our operations and add value to the people and places we impact. This alignment and incorporation of UN SDGs in our work is a continuous process in our growth journey, and we have identified eight goals against which we monitor progress.



	Zero Hunger	Quality Education and provide lifelong learning opportunities for all	Affordable and Clean Energy	Decent work and economic growth
	<ul style="list-style-type: none"> > Support feeding schemes at early childhood development centres, schools and community centres > After school support programme through the Nelson Mandela Children's Fund > Harvesting Hope programme alleviating hunger through food rescue > GrowBox urban farming support initiative 	<ul style="list-style-type: none"> > Training and development of employees as per skills development plan > Financial assistance towards education for employee dependants via the KAL Trust > KAL Bursary programme for promising young leaders across urban and rural communities > KAL Academy programmes for new-generation farmers and farmworkers > Support of e-learning and the digitisation of education in rural and peri-urban schools through our Virtual Classroom and Robotics initiatives > GrowBox urban farming support initiative > Support of schools in rural communities through the training of teachers. (Rally to Read, Kinderland Academy) > Support of Mamre Farmer Information Day 	<ul style="list-style-type: none"> > Solar and energy efficiency initiatives 	<ul style="list-style-type: none"> > 85,5% procured from B-BBEE accredited suppliers > Long-term partnerships empowering supplier and enterprise development beneficiaries > KAL Group Academy programmes for new-generation farmers > Fair pay labour practices with remuneration above minimum industry benchmarks > Interest-free revolving home loans to employees to build sustainable livelihoods through the KAL Trust > Development of new-generation farmers through input discount programmes
	<ul style="list-style-type: none"> > Supporting grassroots community initiatives to grow vegetable gardens (Growbox initiative) > Supporting food rescue programme by providing Agrimark bins and packaging for produce 	<ul style="list-style-type: none"> > Support of schools in rural communities through facilities upgrade projects > Supporting communities in rural areas through information days 	<ul style="list-style-type: none"> > Energy efficiency through progressive light bulb replacement programme at stores 	<ul style="list-style-type: none"> > Supported entrepreneur's development programme (Ceres Business Initiative) > Support new-generation farmers through OneFarm Share partnership

 Support
  Major focus



Reduced Inequalities

- > Financial assistance towards education for employee dependants via the KAL Trust
- > Support of e-learning and the digitisation of education in rural and peri-urban schools
- > Fair pay labour practices with remuneration above minimum industry benchmarks
- > Interest-free revolving home loans to employees to build sustainable livelihoods through the KAL Trust
- > Established employment equity plans to reduce gender, race and disability inequalities



Responsible consumption and production

- > Using recycled material in manufacturing processes of bulk bins and encouraging customers to recycle through introduction of recycling programmes at TEGO
- > Solar panel installation at manufacturing facilities and retail stores



Peace, justice and strong institutions

- > KAL Trust reserves built up for investment opportunity and financial sustainability
- > Provide access to justice for all and build effective, accountable and inclusive institutions at all levels. See King IV and Governance Report



Partnerships for the goals

- > Partnership with HelloChoice OneFarm Share to alleviate hunger, reduce food waste, and develop new-generation farmers
- > Partnership with Gift of the Givers to upgrade facilities and support subsistence farmers
- > Partnership with Nelson Mandela Children's Fund to support education in rural and peri-urban communities

- > Supported feeding schemes at early childhood development centres, schools and community centres
- > Support of schools in rural communities through school uniform, stationery and facilities upgrade projects
- > KAL Academy programmes for new-generation farmers and farmworkers

- > Plastic to paper/reusable materials initiatives at retail stores
- > The Signing Hub digital approval platform
- > Supporting conservation days that focus on sustainable agriculture (Landbouweekblad Conservation Agriculture Conference)

- > Employee engagement supporting activism against women and children at a Safehouse in Malmesbury

- > Support food rescue programme through OneFarm Share partnership
- > Support the upgrade of ablution facilities in a previously disadvantaged school
- > Support of education projects and learners in rural communities



Plastic to paper initiatives

KAL Group also decided to phase out single-use plastic carrier bags and has started to roll out environmentally friendly paper and tote bags in 2022. The bags have been developed in response to our commitment to responsible consumption and production as well as the increasing customer expectations for easy, recyclable and reusable alternatives. This forms part of our contribution to reducing our environmental impact. As a retailer, we are taking ownership of reducing plastic pollution. We sold an average of 1 061 paper bags and 870 tote bags per month in 2023.

Energy conservation initiatives

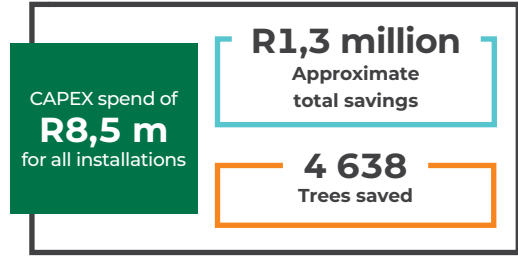
KAL Group expanded its use of renewable energy to achieve greater energy efficiency, enhance the customer experience, manage rampant electricity costs and erratic supply, and foster a greener mindset across its operations. As part of its energy efficiency strategy, the company has run a successful solar energy trial by using solar panels on the roofs of its two largest Agrimark branches in Paarl and Worcester at R1,6 million per installation. Over the past year, KAL Group invested R5,3 million CAPEX on a renewable energy solution at the Agriplas manufacturing facility.

KAL Group selected solar photovoltaic (PV) panels for small-scale embedded power generation, which presented opportunities to use renewable energy sources. The solar power project also allows branches to remain open during load shedding.

These installations resulted in savings of R291 857 from 1 October 2022 to 30 September 2023 at Agrimark Worcester, R268 843 at Agrimark Paarl and R774 278 at Agriplas. By the end of September, the total CO₂ offset for all three installations were 773 tonnes collectively, which equates to saving 4 638 trees.

A desktop data analysis was conducted across all sites to understand the impact of the Group's energy consumption and cost better. An additional 49 sites have been added to the energy efficiency monitoring, bringing the total monitored sites to 85.

As a result of the desktop analysis, we have explored the feasibility of further roll-outs across the branch network. We plan to add five installations to our energy efficiency programme in FY24. Due to the planned expanded renewable energy programme, we expect less load shedding impact on the business, reduced electricity usage and CO₂ emissions.



Recycling initiatives

As a world-class manufacturing business, TEGO Plastics operates a fully equipped in-house recycling plant that recycles internal products and bins returned as part of the company's bin and feet exchange programme. Products which would have gone to a landfill are properly recycled and reprocessed through the recycling plant. The recycled material is used to produce TEGO bulk bins and feet.

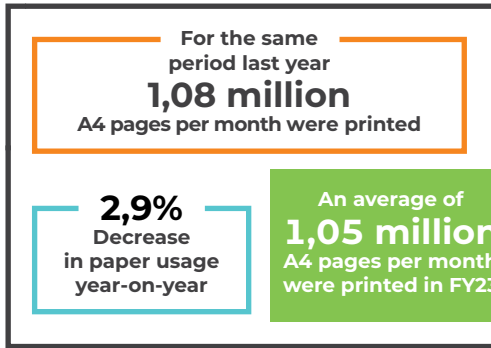
This year TEGO used over 415 tonnes of recycled material to manufacture injection moulded products compared to 350 tonnes in 2022.

Since June 2023, the Paarl Distribution Centre has partnered with a waste management solutions company to minimise waste going to landfill. Since inception, 21 tonnes of cardboard, metal, paper, wood and plastic have been diverted from landfill.

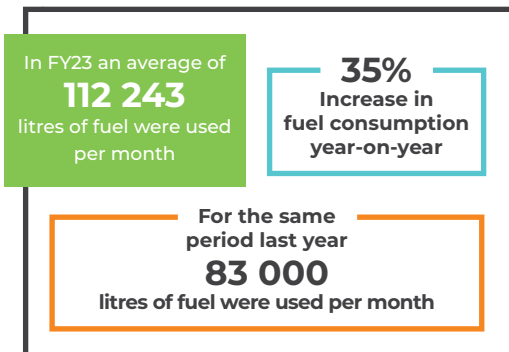
Water, electricity, paper usage and fuel consumption

In addition to energy conservation initiatives, we also focus on reducing paper usage, fuel consumption and water and electricity consumption.

Tracking of A4 paper usage continues, with an average of 1,05 million A4 pages per month having been printed in FY23. For the same period last year, an average of 1,08 million A4 pages per month were printed, resulting in a decrease of 2,9% in paper usage YOY.

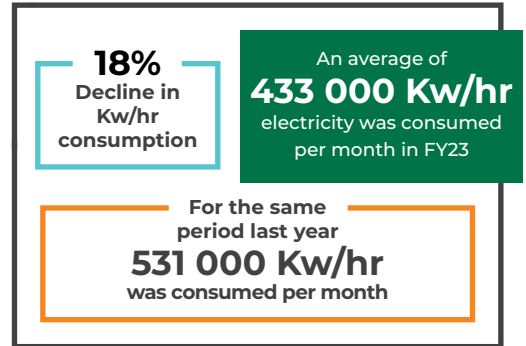


Baseline tracking for fuel usage has been tracked regarding fuel consumed at Agrimark branches, agri trade sites and TFC retail sites for refuelling delivery trucks, forklifts and generators. In FY23, an average of 112 243 litres of fuel were used per month. For the same period last year, an average of 83 000 litres of fuel were used per month. There was an increase of 35% in fuel consumption YOY. This increase may be attributed to increased fuel for generator use due to load shedding and business growth.



Baseline tracking for water costs has been monitored, and an average cost of approximately R300 344 per month was spent on water consumption in FY23. For the same period last year, an average expense of approximately R208 000 was spent on water consumption. There has been an increase of 44% in the costs for water usage YOY, largely attributable to increased water tariffs and associated water levies. Actual water consumption cannot be tracked without installing smart water metres at each operating point. Where possible, water-saving

interventions have been installed at some of our select branches, including the use of borehole water and water purification and treatment plant installed at Garden Route Expressmark service station site. We also installed rainwater tanks for rainwater run-off from the roofs of the bigger Agrimark outlets.



Over the past year, an average of 433 000 Kw/hr was consumed at 39 sites compared to 531 000 Kw/hr last year. The remaining 49 sites have been commissioned over various periods from July to Sep 2023 and will be included in the calculation in the following year. There was a decline of 18% in Kw/hr consumption.

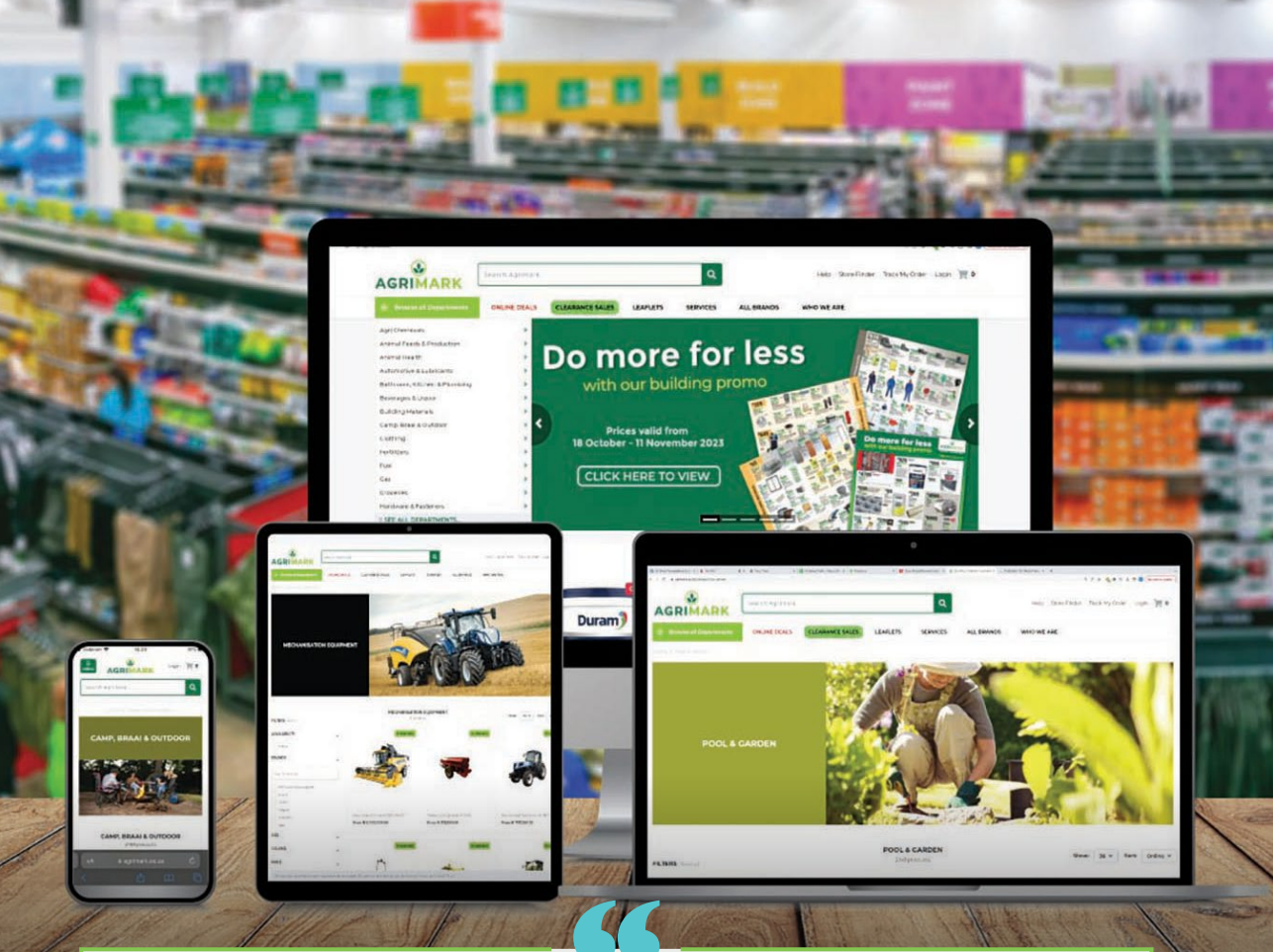
The decline in electricity usage can be attributed to installing solar panels at Paarl and Worcester Agrimark and Agriplas and the success of the energy efficiency programme.

Safety, health, environment, and quality (“SHEQ”)

KAL Group is committed to Health and Safety by ensuring compliance with legislative developments and industry-specific standards through constant review and update of policies and procedures.

The purpose of SHEQ within the organisation is to ensure employees and other stakeholders are protected from risk, hazards, and incidents by complying with legislative requirements.

Please refer to the Human Capital Report on page 48 for more details.



“I received the [irrigation] part and would like to thank and congratulate you on your excellent service!”
Agrimark Online customer, Kareedouw, Eastern Cape

Evolution in the digital space

Our digital journey has brought us closer to our customers. From delivering potjie stands to Hartbeespoort Dam in North West province to making 12 delivery trips to Mbombela in Mpumalanga, Agrimark Online is growing into a trusted online destination for farmers, families and friends nationwide.

Since its launch in September 2022, the store's e-catalogue has grown exponentially to more than 51 600 products. Customers have completed over 93 000 in-store availability searches and over 1 million product item views, highlighting the catalogue's value in creating awareness of the Agrimark offering.

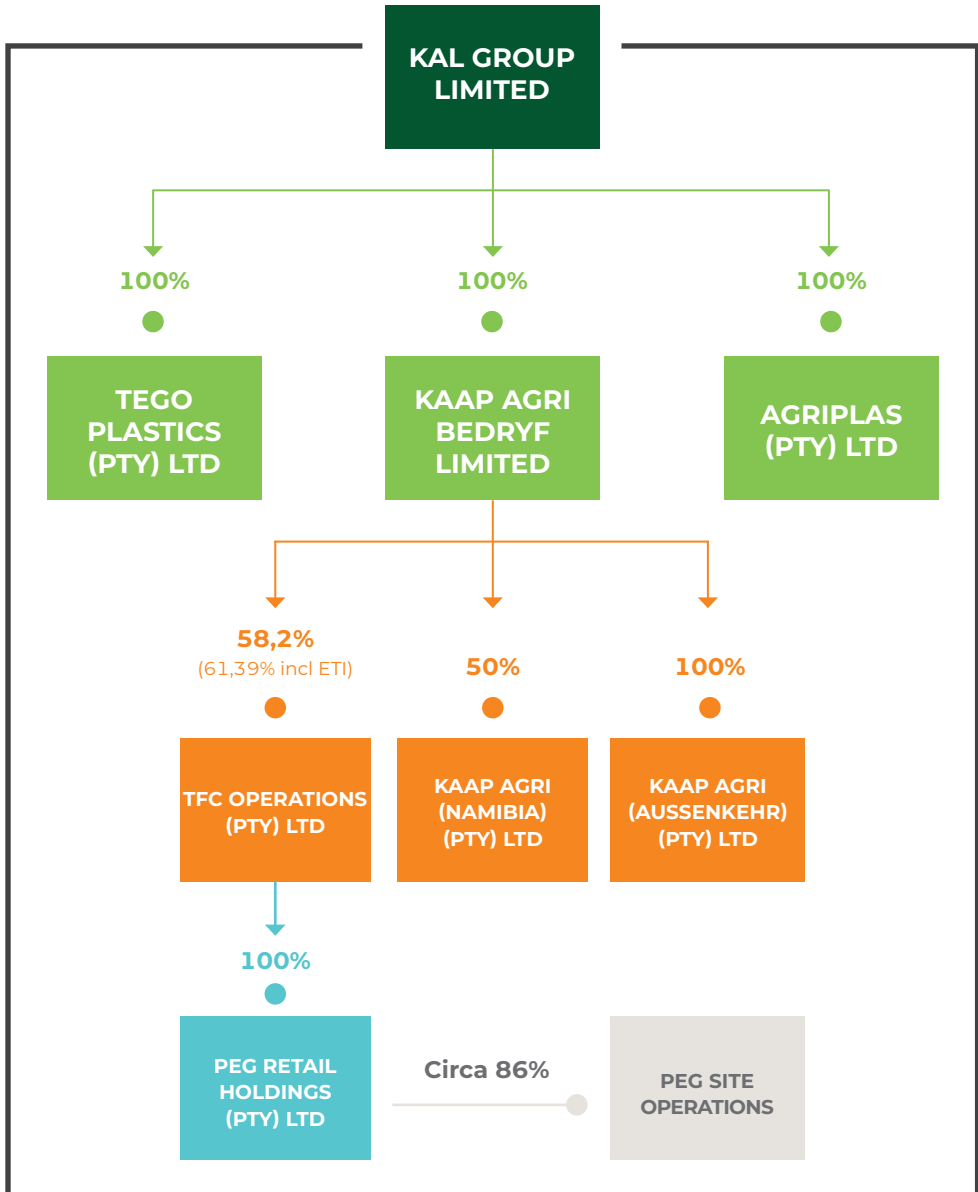
Our focus this year was on listing our agricultural products. There are now over 5 000 active listed products in the Mechanisation category, 1 636 active listed products in Animal Health and 2 000 in Packaging Material.

Taking a customer-centric approach, recent new features include real-time account customer discount visibility, empowering account holders to make informed decisions whilst browsing.

Sales span the nation, with 36% from the Western Cape and 28% from Gauteng, despite no physical store presence in this region. The most popular categories include Camping, Braai & Outdoor, Clothing, and Pool & Garden. Nationwide delivery reaches even remote areas, and positive customer feedback reflects the platform's reliability.

Additional material information

Group structure



Shareholder information

SHAREHOLDERS' PROFILE

Spread	Number of shareholders	Number of shares	Percentage held
1 to 1 000 shares	7 693	1 961 701	2,6%
1 001 to 10 000 shares	2 901	9 396 826	12,6%
10 001 to 100 000 shares	577	15 617 150	21,0%
100 001 to 1 000 000 shares	85	25 006 125	33,7%
More than 1 000 000 shares	10	22 338 035	30,1%
Total	11 266	74 319 837	100,0%
Type of shareholder			
Public	11 256	68 807 616	92,6%
Non-public	10	5 512 221	7,4%
Directors and associates of the company	7	1 210 224	1,6%
Empowerment and Transformation Investments (Pty) Ltd	1	3 708 514	5,0%
Kaap Agri Bedryf Limited	1	491 865	0,7%
The Fruit Workers Development Trust	1	101 618	0,1%
	11 266	74 319 837	100,0%
Major beneficial shareholders			
The following shareholders have a holding equal to or greater than 5% of the issued shares of the company.			
JF Mouton Familietrust and its subsidiaries (including the effective interest held through a joint venture)		5 230 490	7,0%
PSG Balanced Fund		4 106 492	5,5%
Empowerment and Transformation Investments (Pty) Ltd		3 708 514	5,0%
		13 045 496	17,5%

	Number	
	2023	2022
Shareholding of directors (direct and indirect)		
BS Du Toit	29 729	29 729
JH le Roux	24 284	24 284
EA Messina	30 000	19 500
WC Michaels	-	5 497
CA Otto	756 056	560 704
GW Sim	82 745	65 100
HM Smit	-	3 461
GM Steyn	41 905	41 905
S Walsh	245 505	209 436
Total	1 210 224	959 616
Percentage of issued shares	1,6%	1,3%

There has been no change in the directors' interest from the financial year-end of the company on 30 September 2023 up until the approval of the financial statements.



“This will benefit the whole industry, including producers contemplating using netting to improve their production – regardless of the type of crops cultivated.”

Wouter Visser, Technical Director, Fore Engineering Solutions

Empowering our customers

The increased use of netting systems has evolved as a significant advancement in farming practices in recent years. However, a glaring gap existed – the absence of standard construction practices, which left KAL’s customers vulnerable to substantial risks.

In an era where customer service and consumer protection are paramount, KAL undertook to place the empowerment of its clients at the centre of its service offering. Leveraging its role as an agricultural input supplier, KAL brought together key industry stakeholders and technical experts to research and develop comprehensive guidelines for the installation of netting structures.

The “Best Practice Guideline for the Construction of Netting Structures” was endorsed and published by the SA Institute of Agricultural Engineers this year. Producers, contractors and value chain stakeholders now have benchmarks, norms and standards, and materials specifications to ensure that the netting systems they install are of the best quality. These guidelines establish a strong foundation for the industry, and equip our customers with the knowledge and tools they need to mitigate risks and maximise the benefits of netting systems.

About our case studies

More than 100 years ago, a group of farmers in the Swartland leveraged their buying power to purchase guano to use and sell as fertiliser. The same collaborative spirit, innovative outlook, and focus on value-adding that gave birth to KAL Group continues to drive our evolution. As a well-diversified business, we embrace change – recognising the need to optimise, adapt and improve in an ever-changing market environment to unlock further growth. In this report, we showcase stories that demonstrate how we evolve for our people, to navigate challenges, empower our customers, to protect the environment, to always do better. By nurturing agility, we ensure that we remain rooted in our purpose of leaving stakeholders better off.



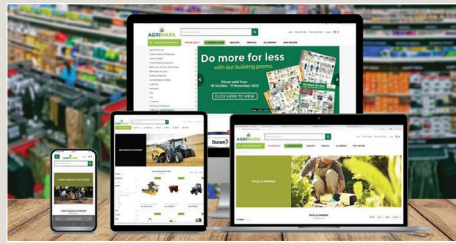
4 A purpose-driven collaboration



47 Comprehensive new-generation farmer development



11 A compact tractor for the evolving needs of modern agriculture



88 Evolution in the digital space



20 Driving purpose together



91 Empowering our customers



29 Evolving for our people

Annual financial statements

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Declaration of directors' responsibility and approval

The directors are responsible for the fair presentation of the annual company financial statements and annual Group financial statements of KAL Group Limited. In conducting this responsibility they rely on the information, assessments and estimates of management. The fair presentation and integrity of the company and Group financial statements are also evaluated on the basis of accounting systems and internal financial control measures which are monitored on an ongoing basis during the financial period. The directors' responsibilities also include implementing adequate controls and security to maintain the integrity of the Company's website.

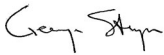
The company and Group annual Financial Statements are prepared on the historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the requirements of the Companies Act (No. 71 of 2008), as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

Based on the Group and company financial statements, the present position of the company and the Group, budgets for the coming year and available financing facilities, the directors are satisfied the company and Group have adequate resources to continue trading as a going concern for the foreseeable future. The going concern principle is therefore accepted and applied in the preparation of the Group and company financial statements.

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

The unqualified report of the auditors appears on page 100 to 105.

The company and Group annual financial statements on pages 106 to 176 were compiled by GC Victor CA(SA) under supervision of GW Sim CA(SA) and approved by the Board of directors on 22 November 2023 and signed on their behalf by:



GM Steyn
Chairman



S Walsh
Chief Executive Officer

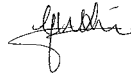
Responsibility statement of the Chief Executive Officer and Financial Director

Each of the directors, whose names are stated below, hereby confirm that –

- (a) the annual financial statements set out on pages 106 to 176, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- (e) where we are not satisfied, we have disclosed to the Audit and Risk committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have remediated the deficiencies; and
- (f) we are not aware of any fraud involving directors.



S Walsh
Chief Executive Officer



GW Sim
Financial director

Declaration by the Company Secretary

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



KAL Corporate Services (Pty) Ltd
Company Secretary

22 November 2023

Report of the Audit and Risk committee

to the shareholders of KAL Group Limited

KEY FUNCTIONS AND RESPONSIBILITIES

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

- > the effectiveness of internal control systems, risk management and the management of information;
- > the internal auditor's audit plan, reports and recommendations;
- > the independence, conditions of appointment, audit plan and remuneration of the external auditors;
- > the effectiveness and reports of the external auditors;
- > the Group's conformance to corporate management rules, risk management and statutory requirements;
- > the appropriateness of accounting policies and any matters related to financial reporting;
- > the appropriate financial reporting procedures. To ensure they exist and are working, which should include consideration of all entities included in the consolidated group IFRS financial statements, to ensure that it has access to all the financial information of the issuer to allow the issuer to effectively prepare and report on the financial statements of the issuer in terms of the JSE Listings Requirements paragraph 3.84(g)(ii);
- > the separate and consolidated annual financial statements, before these annual financial statements are approved by the board for release;
- > ensuring that the external auditor is independent of KAL Group Limited, as set out in section 94(8) of the Companies Act, by considering, *inter alia*, the information stated in paragraph 22.15(h) of the JSE Listings Requirements;
- > ensuring that the Group Chief Financial Officer, as well as the group finance function, has the appropriate expertise and experience in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements;
- > internal financial controls and reports on the Group's systems of internal financial controls. The committee received assurance on compliance with, and the effectiveness of internal control systems through regular management reviews, engagements, internal audit, as well as from the external auditors who test aspects of these control systems as part of their statutory audit of the annual financial statements; and
- > any other prescribed functions the committee is required to perform.

INTERNAL AUDIT

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

EXTERNAL AUDIT

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

The committee has considered the relevant audit quality indicators. The committee was satisfied with the quality of the audit concluded and has nominated, for re-appointment at the annual general meeting, PwC as the external auditor of KAL Group Limited for the financial year ending 30 September 2023 and Mr JA Hugo as the designated individual registered auditor who will undertake the audit of KAL Group Limited on behalf of PwC.

PwC, being the audit firm, as well as Mr JA Hugo, being KAL Group's individual auditor for the 2023 financial year, have been accredited on the JSE list of auditors in terms of the criteria in the JSE Listings Requirements. As required by section 3.84(g)(iii) of the JSE Listings Requirements, the committee has satisfied itself that PwC and Mr JA Hugo are suitable for reappointment as audit firm and appointment as individual auditor, by considering, *inter alia*, the information stated in paragraph 22.15(h) of the JSE Listings Requirements.

Following a comprehensive tender process during the 2023 financial year, the Audit and Risk committee recommended to appoint Deloitte & Touche ("DT") as the new external auditor of KAL Group Limited, with effect from the financial year ending 30 September 2024. The committee nominated, for approval at the AGM on 8 February 2024, DT as external auditor and Mr JHW de Kock as audit partner for the 2024 financial year. The committee is satisfied that Mr JHW de Kock is not on the JSE's list of disqualified individuals.

ANNUAL FINANCIAL STATEMENTS

The committee has evaluated the annual financial statements of the company and Group for the year ended 30 September 2023, with specific consideration of the following significant financial reporting matters during the year:

- > the provision for expected credit losses recognised on trade receivables;
- > the provision for damaged, old and slow moving stock;
- > renewal of lease periods;
- > goodwill impairment testing.

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

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

OPINION

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

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



CA Otto

Chairman: Audit and Risk committee

22 November 2023

Directors' report

for the year ended 30 September

NATURE OF ACTIVITIES

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

FINANCIAL RESULTS

The profit after tax of the Group amounted to R480,0 million (2022: R413,0 million) while the gross assets increased to R8,290 billion (2022: R8,339 billion). The results of the Group are presented in detail in the financial statements.

SHARE CAPITAL

The authorised share capital consists of 1 000 000 000 ordinary shares with no par value of which 74 319 837 (2022: 74 567 680) shares are currently issued, of which 3 708 514 shares are issued to Empowerment and Transformation Investments (Pty) Ltd and 491 865 issued to Kaap Agri Bedryf Limited. These shares are accounted for as treasury shares.

During the year the company repurchased a total of 247 843 KAL ordinary shares from qualifying shareholders (Odd-lot offer).

DIVIDENDS

A gross final dividend of R96,6 million (2022: R91,0 million) has been approved and declared by the board from income reserves, which represents 130,00 cents (2022: 122,00 cents) per share. The dividend is payable on 19 February 2024 to shareholders registered on 16 February 2024 (the record date) as shareholders of the company. The last date of trade cum dividend will be 13 February 2024.

The total dividend for the year amounts to R133,8 million (2022: R125,3 million), representing 180,0 cents (2022: 168,0 cents) per share.

SUBSIDIARIES AND JOINT VENTURE

The interests in subsidiaries and joint venture are presented in note 46 of the financial statements.

DIRECTORS

Full details of the directors appear on page 55 to 60.

DIRECTORS' INTERESTS

The directors' interest in shares of the company appear on page 90.

EVENTS AFTER REPORTING DATE

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

Independent auditor's report

to the shareholders of KAL Group Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of KAL Group Limited (the Company) and its subsidiaries (together the Group) as at 30 September 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

KAL Group Limited's consolidated and separate financial statements set out on pages 106 to 176 comprise:

- > the consolidated and Company statements of financial position as at 30 September 2023;
- > the consolidated income statement for the year then ended;
- > the consolidated and Company statements of comprehensive income for the year then ended;
- > the consolidated and Company statements of changes in equity for the year then ended;
- > the consolidated and Company statements of cash flows for the year then ended; and
- > the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Our audit approach

Overview



Overall group materiality

- > Overall group materiality: R179 million, which represents 0,8% of consolidated revenue.

Group audit scope

- > Full scope audits were performed for three components;
- > Audit of balances of Tego Plastics (Pty) Ltd non-current asset and
- > Analytical procedures were performed over the remaining non-significant components

Key audit matters

- > Goodwill and indefinite useful life intangible assets impairment assessment

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

Overall group materiality	<i>R179 million</i>
How we determined it	<i>0,8% of total consolidated revenue</i>
Rationale for the materiality benchmark applied	<p><i>We selected total consolidated revenue as the benchmark because, in our view, it most appropriately reflects the size of the group. It is a benchmark against which the performance of the group can be consistently measured and thus would be most relevant to users of the consolidated financial statements, given the relatively low profit margins over the last five years, whilst the other key elements of the consolidated financial statements have remained constant.</i></p> <p><i>We chose 0,8% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that would typically apply when using consolidated revenue to compute materiality.</i></p>

How we tailored our group audit scope

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

Our scoping included three components, which were either financially significant components, based on contribution to consolidated revenue, or components of which an identified financial statement line item or items were considered to be significant. Full scope audits were performed on these components. There was an audit of balances of the Tego Plastics (Pty) Ltd non-current assets. The remainder of the components were considered to be non-significant, individually and in aggregate. We performed analytical procedures on these remaining non-significant components.

Group instructions were communicated to the component auditors. The instructions covered those areas that we required the component auditors to focus on, as well as information that we required them to report to us. We examined the reporting received from the component auditors and assessed the impact thereof on the consolidated financial statements. We examined the working papers of component auditors of significant components relating to areas of significant risks in the consolidated financial statements.

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
<p>Goodwill and indefinite useful life intangible asset impairment assessment</p> <p><i>(Refer to note 5 (Intangible assets) and note 4 of the accounting policies to the consolidated financial statements)</i></p> <p>The Group's net assets include goodwill amounting to R1,344 million at 30 September 2023 (2022: R1,400 million) and indefinite useful life intangible assets, classified as Fuel retail licences of R194 million for both years.</p> <p>As required by IAS 36: Impairment of assets, management performs an annual impairment test to assess the recoverability of the carrying value of goodwill and indefinite useful life assets. The assessment in the current year was performed using value-in-use calculations for the relevant fuel clusters and for the Partridge Building Supplies cash generating unit ("CGU").</p>	<p>We held discussions with management to obtain an understanding of the methodology applied in performing its impairment test for each of the relevant CGUs and we found the approach adopted by management in the valuation models to be consistent with market practice and the applicable requirements of IAS 36: Impairment of assets. We tested management's calculation for each model by performing the following:</p> <ul style="list-style-type: none">➤ Tested the mathematical accuracy of management's impairment calculations and noted no exceptions.➤ Using our valuation expertise, we challenged management's key assumptions by comparing terminal growth rates and pre-tax discount rates to industry benchmarks and economic forecasts. Management's assumptions fell outside our independent range, however we noted no material impairment when using our independent inputs.

Key audit matter	How our audit addressed the key audit matter
<p>Goodwill and indefinite useful life intangible asset impairment assessment (continued)</p> <p>Management performed a sensitivity analysis on the goodwill and indefinite useful life intangible asset balance by varying the key assumptions used (i.e., pre-tax discount rates and growth rates) to assess the impact on the valuation and the available headroom. We considered the impairment assessment of goodwill to be a matter of most significance to our audit due to the following:</p> <ul style="list-style-type: none"> > The estimates and assumptions applied by management in their impairment assessment; and > The magnitude of the goodwill balance 	<ul style="list-style-type: none"> > We agreed cash flows to the business plans approved by the respective boards. No inconsistencies were noted. > In assessing management's forecasts for reasonableness, we considered the historical accuracy of forecasts by comparing the actual results for the current year to the original forecasts. Where variances were noted, we followed up with management and assessed the reasonability of the variances. We noted no aspects in this regard requiring further consideration. > We performed independent sensitivity calculations on the impairment assessments in order to ascertain the impact of changes to the key assumptions on the available headroom. The results of our sensitivity analyses were consistent with management's conclusions. > We evaluated the appropriateness of the disclosures in the consolidated financial statements against the requirements of IFRS, specifically relating to the sensitivity of the key assumptions on the recoverable amount.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "KAL Group Annual Consolidated Financial Statements 2023", which includes the Directors' Report, the Report of the Audit and Risk committee and the Declaration by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "2023 Integrated Report", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

- > Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- > Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- > Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- > Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

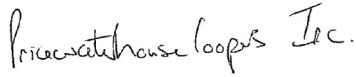
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of KAL Group Limited for 87 years.



PricewaterhouseCoopers Inc.

*Director: JA Hugo
Registered Auditor*

Stellenbosch, South Africa
22 November 2023

Consolidated statement of financial position

at 30 September

	Notes	GROUP	
		2023 R'000	Restated 2022 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	1 412 006	1 317 415
Right-of-use assets	4	552 220	617 701
Intangible assets	5	1 560 646	1 618 207
Investment in joint venture	7	50 648	41 377
Loans	8	20 249	17 573
Financial assets at fair value through other comprehensive income	9	5 580	5 580
Deferred tax	10	33 039	12 912
Trade and other receivables	12	35 865	52 433
		3 670 253	3 683 198
Current assets			
Inventory	11	1 641 992	1 627 370
Trade and other receivables	12	2 580 828	2 661 293
Derivative financial instruments	13	–	2 492
Short-term portion of loans	8	1 513	4 915
Cash and cash equivalents	16	285 926	359 484
		4 510 259	4 655 554
Assets classified as held for sale	6	109 206	–
		4 619 465	4 655 554
Total assets		8 289 718	8 338 752
EQUITY AND LIABILITIES			
Capital and reserves			
Stated Capital	17	440 963	451 316
Other reserves	18	21 279	15 129
Retained profit		2 467 580	2 224 588
Equity attributable to shareholders of the holding company		2 929 822	2 691 033
Non-controlling interest		156 405	131 444
Total equity		3 086 227	2 822 477
Non-current liabilities			
Instalment sale agreements	20	28 821	45 402
Lease liabilities	4	583 103	628 772
Employee benefit obligations	21	14 033	14 526
Financial liability at fair value through profit or loss	14	137 674	82 396
Deferred taxation	10	76 573	56 330
Borrowings*	23	–	212 500
		840 204	1 039 926
Current liabilities			
Trade and other payables	22	2 315 131	2 504 155
Short-term portion of Instalment sale agreements	20	31 036	28 030
Short-term portion of lease liabilities	4	54 451	50 019
Short-term portion of Employee benefit obligations	21	2 153	2 032
Short-term borrowings*	23	1 892 806	1 882 770
Income tax		11 292	9 343
		4 306 869	4 476 349
Liabilities directly associated with assets classified as held for sale	6	56 418	–
		4 363 287	4 476 349
Total liabilities		5 203 491	5 516 275
Total equity and liabilities		8 289 718	8 338 752

* The prior year amounts were restated. Refer to Note 50 for further details.

Consolidated income statement

for the year ended 30 September

	Notes	GROUP	
		2023 R'000	2022 R'000
Revenue	28	22 397 058	15 700 499
Cost of sales		(19 478 711)	(13 697 089)
Gross profit		2 918 347	2 003 410
Other operating income	29	273 452	234 159
Movement on expected credit loss allowance	12	(9 048)	10 247
Selling and distribution costs	30	(184 766)	(138 929)
Administrative expenses	30	(1 268 001)	(929 444)
Other operating expenses	30	(809 868)	(484 220)
Operating profit		920 116	695 223
Share in profit of joint venture	7	9 271	7 454
Finance income		42,088	-
Finance costs	33	(279 654)	(145 387)
Profit before tax		691 821	557 290
Income tax	34	(211 819)	(144 331)
		480 002	412 959
Profit attributable to shareholders of the holding company		426 945	396 368
Non-controlling interest		53 057	16 591
Earnings per share – basic (cents)	35	607,45	562,54
Earnings per share – diluted (cents)	35	603,23	553,23

Consolidated statement of comprehensive income

for the year ended 30 September

	GROUP	
	2023 R'000	2022 R'000
Profit for the year	480 002	412 959
Other comprehensive income:		
Cash flow hedges (can be classified to profit or loss)	(1 477)	844
Gross	(2 023)	1 155
Tax	546	(311)
	478 525	413 803
Total comprehensive income attributable to shareholders of the holding company	425 468	397 212
Non-controlling interest	53 057	16 591

Consolidated statement of changes in equity

for the year ended 30 September

	GROUP						
	Stated capital	Share-based payment reserve	Hedge reserve	Retained profit	Total	Non-controlling interest	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance							
1 October 2021	446 571	12 513	39	1 829 321	2 288 444	109 722	2 398 166
Gross shares issued	480 347						
Treasury shares	(33 776)						
Total comprehensive income	-	-	844	396 368	397 212	16 591	413 803
Shares issued	19 500	-	-	-	19 500	-	19 500
Share-based payments	(14 755)	1 733	-	-	(13 022)	-	(13 022)
Sale of share in subsidiary	-	-	-	-	-	(34 467)	(34 467)
Acquisition of minority shares in subsidiary	-	-	-	22 462	22 462	(22 462)	-
Addition through business acquisition	-	-	-	-	-	96 462	96 462
Change in ownership	-	-	-	17 116	17 116	(17 116)	-
Put Options relinquished	-	-	-	80 400	80 400	-	80 400
Put Options lapsed	-	-	-	(10 544)	(10 544)	-	(10 544)
Dividends paid	-	-	-	(110 535)	(110 535)	(17 286)	(127 821)
Balance							
30 September 2022	451 316	14 246	883	2 224 588	2 691 033	131 444	2 822 477
Gross shares issued	496 664						
Treasury shares	(45 348)						
Total comprehensive income	-	-	(1 477)	426 945	425 468	53 057	478 525
Share-based payments	(261)	7 627	-	-	7 366	-	7 366
Odd lot offer – shares repurchased	(10 092)	-	-	-	(10 092)	-	(10 092)
Share Incentive scheme – shares purchased (note 14)	-	-	-	(59 888)	(59 888)	-	(59 888)
Change in ownership	-	-	-	(3 157)	(3 157)	(2 303)	(5 460)
Dividends paid	-	-	-	(120 908)	(120 908)	(25 793)	(146 701)
Balance							
30 September 2023	440 963	21 873	(594)	2 467 580	2 929 822	156 405	3 086 227
Gross shares issued	486 191						
Treasury shares	(45 228)						
Refer to notes	17	18	18				

Consolidated statement of cash flows

for the year ended 30 September

		GROUP	
		2023	2022
		R'000	R'000
	Notes		
Cash flow from operating activities			
		809 850	213 072
Net cash profit from operating activities	37	864 613	709 832
Interest received		242 620	148 731
Working capital changes	38	(85 590)	(419 934)
Income tax paid	39	(211 793)	(225 557)
Cash flow from investment activities			
		(164 675)	(427 375)
Purchase of property, plant and equipment		(173 135)	(217 571)
Proceeds on disposal of property, plant and equipment		7 734	6 641
Acquisition of operations	40	-	(44 526)
Acquisition of shares in subsidiary	41	-	(639 350)
Proceeds on disposal of subsidiary	4	-	455 949
Repayment received on loans	8	726	11 482
Cash flow from financing activities			
		(718 733)	522 253
Increase in overdraft facility/short-term borrowings	42	3 615	262 924
Gross increase in borrowings	45	-	725 000
Repayment of borrowings	45	(206 079)	(97 750)
Lease payments	44	(45 805)	(32 401)
Repayment of Instalment sale agreements	43	(26 997)	(29 367)
Acquisition of shares from non-controlling shareholders	15	-	(15 068)
Treasury shares acquired		(2 410)	(19 869)
Odd lot offer – shares repurchased		(10 092)	-
Share incentive scheme – Future forwards		(13 139)	-
Interest paid	33	(271 125)	(143 395)
Dividends paid		(146 701)	(127 821)
Net increase/(decrease) in cash and cash equivalents for the year		(73 558)	307 950
Cash and cash equivalents at the beginning of the year		359 484	51 534
Cash and cash equivalents at the end of the year		285 926	359 484
Comprising of:			
– Bank and cash on hand	16	285 926	359 484

Notes to the consolidated annual financial statements

for the year ended 30 September

1 ACCOUNTING POLICIES

The principal accounting policies incorporated in the preparation of these financial statements are set out on pages 68 to 84. These policies are in terms of International Financial Reporting Standards (IFRS) and have been consistently applied to all the years presented, unless stated otherwise.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimates

Properties

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

Loss allowance on trade receivables

In estimating the loss allowance on trade receivables, management makes certain estimates and judgements relating to the estimated recovery rate of debtors. This includes an assessment of current and expected future payment profiles and customer specific risk factors such as economic circumstances, geographical location and the value of security held. Refer to note 12 and 25 for more information.

Financial liabilities related to put options

The measurement of these financial instruments is based on various valuation calculations requiring estimated inputs and assumptions as disclosed in notes 14 and 15.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Judgements

Inventory provisions for slow-moving and obsolete stock

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

Goodwill and indefinite useful life assets

The Group makes certain judgements relating to the impairment testing of goodwill and indefinite useful life assets, based on projections and assumed growth rates in income, expenses and terminal growth rates while using a pre-tax discount rate determined by management. These judgements are used to determine if an impairment of goodwill or indefinite useful life assets are applicable. Given that the retail licences remain valid for as long as the licence holder operates as a going concern, the estimated useful life of the individual retail licences is considered to be indefinite. Refer to note 5.

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 and it will disrupt business if moved to different locations. Where the lease is not beneficial to the group, the extension option will not be applied. The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. As at 30 September 2023, future cash outflows of R737,8 million (2022: R690,3 million) is not included in the lease liability because it is not reasonably certain that it will be extended.

Margin on direct transactions

The Group makes certain judgements relating to direct sales, where goods purchased by clients are directly delivered to the client by the suppliers of the Group. Only the margin earned on direct sales is recognised as revenue. The Group assessed the treatment of these sales and concluded that the Group is acting as an agent, rather than a principal. Refer to note 28 in the accounting policy for further details.

3 PROPERTY, PLANT AND EQUIPMENT

	GROUP	
	2023 R'000	2022 R'000
Cost		
Land and buildings	894 519	852 124
Grain silos	87 410	72 217
Machinery and equipment	497 531	443 539
Vehicles	123 485	106 564
Office furniture and equipment	396 719	368 406
Assets under construction	56 367	48 468
	2 056 031	1 891 318
Accumulated depreciation		
Land and buildings	(25 569)	(23 863)
Grain silos	(49 331)	(46 040)
Machinery and equipment	(233 713)	(202 723)
Vehicles	(68 714)	(61 414)
Office furniture and equipment	(266 698)	(239 863)
	(644 025)	(573 903)
Total carrying value	1 412 006	1 317 415
Depreciation has been allocated in the income statement as follows:		
Cost of sales	(11 826)	(11 636)
Other operating expenses	(70 017)	(55 247)
	(81 843)	(66 883)
Refer to note 51 for the reconciliation of movements in carrying value.		
Vehicles include the following amounts where the Group has instalment sale agreements:		
Cost	45 948	45 468
Accumulated depreciation	(14 843)	(16 022)
Total carrying value	31 105	29 446
Machinery and equipment include the following amounts where the Group has instalment sale agreements:		
Cost	107 548	107 548
Accumulated depreciation	(17 684)	(12 306)
Total carrying value	89 864	95 242

Properties to the value of R551,9 million serve as security for the first ranking covering mortgage bonds. Refer to note 23.

4 RIGHT-OF-USE ASSETS AND LEASE LIABILITY

	GROUP	
	2023 R'000	2022 R'000
Right-of-use assets		
Buildings	548 553	612 806
Cost price	856 495	807 557
Accumulated depreciation	(307 942)	(194 751)
Vehicles	3 667	4 895
Cost price	6 701	7 584
Accumulated depreciation	(3 034)	(2 689)
	552 220	617 701

	GROUP	
	2023 R'000	2022 R'000
4 RIGHT-OF-USE ASSETS AND LEASE LIABILITY (CONTINUED)		
Reconciliation of movements in carrying value:		
Carrying value at beginning of year	617 701	253 804
Additions	7 948	441 230
Assets held for sale	(56 453)	–
Modification of lease contracts	53 692	(22 315)
Depreciation charge of Right-of-use assets	(70 668)	(55 018)
Buildings	(69 273)	(53 480)
Vehicles	(1 395)	(1 538)
Carrying value at end of year	552 220	617 701
Lease liabilities		
Current	54 451	50 019
Non-current	583 103	628 772
	637 554	678 791
Interest expense (included in finance costs)	50 347	37 917
Expense relating to short-term leases and low value assets (included in other operating expenses)	21 256	17 060
Buildings – variable lease payments (included in other operating expenses)	146 701	–
Cashflow expense for leases and low value and short-term leases	264 108	49 461

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

The Group leases various retail stores, storage sites and vehicles. Rental contracts are typically entered into for fixed periods of 3 to 12 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.

During the year there has been modifications at Kaap Agri Bedryf Ltd that amounted to R32,6 million as a result of increase in scope and change in assessment of lease term. Modifications at TFC Operations (Pty) Ltd ("TFC") amounted to R25,9 million as a result of the change in index effective 1 March 2023.

Variable lease payments in respect of the premises in use by each fuel site is based on either the number of litres fuel dispensed or as a percentage of turnover. These agreements contain a wide range of different terms and conditions. Due to the variable nature of these lease payments, the expense is classified as an operating expense.

Sale and leaseback transaction

During the prior year the subsidiary TFC Properties (Pty) Ltd ("TFC Properties") was sold to an external party. The historical rationale for acquiring retail fuel and convenience properties was aligned with the strategic drive of footprint growth in this new market. Given that TFC had now 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 long-term leases to ensure tenure on its fuel retail sites. Proceeds from the disposal of TFC Properties was used as funding for higher return generating acquisition opportunities, namely the acquisition of the PEG Retail Group.

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

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

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

	GROUP	
	2023 R'000	2022 R'000
Cash proceeds received	-	455 949
Carrying amount of subsidiary at disposal date	-	(386 278)
Right-of-use asset recognised	-	345 688
Lease liability recognised	-	(412 447)
Profit on sale and leaseback transaction	-	2 912

5 INTANGIBLE ASSETS

Goodwill	1 344 746	1 399 631
Fuel retail licences	193 738	193 738
Tradename	14 015	14 405
Cost	15 596	15 596
Accumulated amortisation	(1 581)	(1 191)
Customer relations	1 744	3 359
Cost	8 077	8 077
Accumulated amortisation	(6 333)	(4 718)
Computer software	6 403	7 074
Cost	8 560	8 711
Accumulated amortisation	(2 157)	(1 637)
	1 560 646	1 618 207
Reconciliation of movements in carrying value:		
Goodwill	1 344 746	1 399 631
Carrying value at beginning of year	1 399 631	497 995
Additions through business combinations	(4 775)	992 949
Impairment*	(15 266)	-
Assets classified as held for sale	(34 844)	-
Disposals of subsidiary	-	(91 313)
Fuel retail licence	193 738	193 738
Carrying value at beginning of year	193 738	-
Additions through business combinations	-	193 738
Computer software	6 403	7 074
Carrying value at beginning of year	7 074	-
Additions through business combinations	-	7 623
Additions	1 303	-
Amortisation recognised in profit or loss	(1 974)	(549)
Tradename	14 015	14 405
Carrying value at beginning of year	14 405	14 795
Amortisation recognised in profit and loss	(390)	(390)
Customer relations	1 744	3 359
Carrying value at beginning of year	3 359	4 974
Amortisation recognised in profit and loss	(1 615)	(1 615)
	1 560 646	1 618 207

* This impairment relates to the TFC sites that have been classified as assets held for sale. Refer to note 6 for further detail.

In order to assess the goodwill and retail fuel licences that originated from business acquisitions in the Agrimark and The Fuel Company segments, a value in use calculation was done per Cash Generating Unit ("CGU"). More information with regards to each segment is disclosed below.

5 INTANGIBLE ASSETS (CONTINUED)

The Fuel Company acquisition strategy is cluster based, focusing on increasing scale in identified geographic locations and grouped as such based on geographic location, the nature and how the clusters are managed and monitored. The goodwill and retail fuel licences are monitored for impairment based on these clusters. The fuel clusters are included in The Fuel Company segment.

The retail fuel licences is included in the Highway cluster which amounts to R193,7 million (2022: R193,7 million).

The most significant clusters to which goodwill has been allocated include the clusters listed below:

	GROUP	
	2023 R'000	2022 R'000
Carrying value:		
Eastern Cape cluster	45 469	56 475
Northern Cape cluster	127 108	111 016
Northern Province cluster	158 333	213 528
Western Province cluster	38 145	38 145
Highway cluster	950 029	954 804

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

	GROUP	
	2023 %	2022 %
Pre-tax discount rate	13,0 – 14,0	11,4 – 12,5
Gross profit growth rate	9,0 – 12,0	9,5 – 13,5
Expenses growth rate	5,0 – 8,0	7,5 – 8,5
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 gross profit 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 changed considering current inflation, offset by plans to curb spend on sites within clusters given strategic plans in place. Projected future cash flows are discounted at a pre-tax discount rate that reflects both current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. The rate is independent of the way in which the asset is financed.

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, gross profit percentage, expenses growth rate and terminal growth rate used. Listed below is the increase/decrease in assumptions applied per year in the forecast, 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	
	2023	2022	2023	2022	2023	2022
Eastern Cape cluster	+6,4%	+6,8%	-5,0%	-6,5%	+5,0%	+5,9%
Northern Cape cluster	+10,0%	+12,9%	-9,3%	-11,7%	+9,5%	+12,1%
Northern Province cluster	+4,8%	+5,0%	-5,1%	-5,6%	+5,3%	+5,6%
Western Province cluster	+22,2%	+16,5%	-7,8%	-6,5%	+8,8%	+7,3%
Highway sites cluster	+21,9%	+18,3%	-2,3%	-2,2%	+7,8%	+7,2%

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

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

5 INTANGIBLE ASSETS (CONTINUED)

Carrying value:

Goodwill – business combination relating to PBS	22 033	22 033
Goodwill – business combination relating to Farmsave	1 186	1 186

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

Goodwill – business combination relating to PBS and Farmsave

	%	%
Pre-tax discount rate	13,0 – 14,0	11,4
Revenue growth rate	10,0 – 12,0	10,0 – 12,0
Expenses growth rate	7,0	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 pre-tax discount rate is in line with the rest of the group's pre-tax discount rate. Growth in revenue is in line with prior years. Expenses growth based on inflation and budgeted growth in expenses. No impairment was noted.

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, revenue percentage, expenses growth rate and terminal growth rate used. Listed below is the increase/decrease in assumptions applied per year in the forecast, required to deplete the headroom after which a portion of goodwill will start to be impaired:

	PRE-TAX DISCOUNT RATE		REVENUE PERCENTAGE		EXPENSES GROWTH RATE	
	2023	2022	2023	2022	2023	2022
Business combination relating to PBS	+2,5%	+7,2%	-5,5%	-8,2%	+4,6%	+6,2%

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 Agrimark segment was also assessed for goodwill impairment and sufficient headroom noted. Carrying amount of R2,4 million (2022: R2,4 million).

6 ASSETS HELD FOR SALE

Assets and liabilities of disposal groups as held for sale

	GROUP	
	2023 R'000	2022 R'000
Intangible assets	34 844	–
Property, plant and equipment	5 456	–
Right-of-use assets	56 453	–
Lease liabilities	(56 418)	–
Inventory	11 628	–
Deferred tax	825	–
	52 788	–
Assets classified as held for sale	109 206	–
Liabilities directly associated with assets classified as held for sale	(56 418)	–
	52 788	–

During the year four TFC Operations sites (Caltex Nova, Caltex Gabros, Caltex Autostar and Total Summit) were earmarked for disposal within the next 12 months and are actively being marketed. The reason for the disposal is due to the fact that the sites are not fulfilling our expectations of returns based on the invested capital. This resulted in an impairment of goodwill – refer to note 5 and 30.

	GROUP	
	2023 R'000	2022 R'000
7 INVESTMENT IN JOINT VENTURE		
Beginning of the year	41 377	33 923
Share in total comprehensive income	9 271	7 454
End of the year	50 648	41 377
The nature of the business is supplying of farming requisites, general retail and fuel. The Company is incorporated in Namibia.		
Kaap Agri (Namibia) (Pty) Ltd		
Number of issued shares: 502 (2022: 502)		
Shareholding: 50% (2022: 50%)		
251 (2022: 251) Shares at cost	40 156	40 156
Share in post-acquisition accumulated profit	10 492	1 221
	50 648	41 377
Summarised Statement of financial position as prepared under IFRS		
Non-current assets	80 165	75 750
Current assets	227 821	215 335
Cash and cash equivalents	3 326	8 493
Other current assets	224 495	206 842
Total assets	307 986	291 085
Non-current liabilities		
Loans and lease liabilities	14 670	18 172
Current liabilities	189 973	188 111
Short-term borrowings	15 430	14 323
Other current liabilities	174 543	173 788
Total liabilities	204 643	206 283
Net assets	103 343	84 802
Group's share in percentage	50,00%	50,00%
Group's share in Net assets of joint venture at fair value	51 672	42 401
Summarised Income statement		
Revenue	1 141 452	885 697
Depreciation	14 358	12 845
Interest income	12 511	7 446
Interest expense	6 385	5 398
Profit before taxation	27 263	21 205
Income tax	(8 721)	(6 297)
Profit attributable to ordinary shareholders	18 542	14 908
Joint Guarantee for bank overdraft facility of investment in joint venture		
Kaap Agri (Namibia) (Pty) Ltd	70 000	45 500
The Group provides a limited guarantee (limited to R70,0 million (2022: R45,5 million)) for the bank overdraft facility of Kaap Agri (Namibia) (Pty) Ltd at Bank Windhoek.		
Guarantee for suppliers of subsidiaries		
Vivo Energy Namibia Limited	20 000	10 000
The Group provides a limited guarantee (limited to R20 million (2022: R10 million)) for the supply of fuel to Kaap Agri (Namibia) (Pty) Ltd.		

8 LOANS

	GROUP	
	2023 R'000	2022 R'000
Kaap Agri (Namibia) (Pty) Ltd	547	3 127
Opening balance	3 127	6 732
Decrease in loan	(2 580)	(3 605)
Lionshare Holdings (Pty) Ltd	21 215	19 361
Opening balance	19 361	27 238
Increase/(Decrease) in loan	1 854	(7 877)
	21 762	22 488
Short-term portion carried over to current assets	(1 513)	(4 915)
	20 249	17 573

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

Kaap Agri (Namibia) (Pty) Ltd

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

The expected credit loss allowance was assessed based on the exposure, probability of default and loss given default. The general model is followed in terms of IFRS 9. Strategies are in place to improve profitability and will lead to improved cashflows. As such, no expected credit loss provision has been created as this loan is considered fully recoverable in the future. A 12-month expected credit loss was considered, and no material loss allowance was identified. Refer to accounting policy note 10.

Lionshare Holdings (Pty) Ltd

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

The loan is secured by:

- > A first-ranking mortgage bond over the immovable property of C-Max Investments 71 (Pty) Ltd, held under Deed of Transfer T19459/2012.
- > A second-ranking mortgage bond over the immovable property of C-Max Investments 71 (Pty) Ltd, held under Deed of Transfer T51438/2014.
- > A suretyship agreement, binding itself, by C-Max Investments 71 (Pty) Ltd.
- > A suretyship agreement, binding itself, by Mezibase (Pty) Ltd.

The expected credit loss allowance was assessed based on the exposure and probability of default and loss given default but based on the security value the expected credit loss allowance was considered immaterial. Refer to note 10.

	GROUP	
	2023 R'000	2022 R'000
9 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
Signafi Capital (Pty) Ltd – unlisted	5 580	5 580

Information about the Group's exposure to price risk is provided in note 25. For information about the methods and assumptions used in determining the fair value also refer to note 25.

The shares are encumbered as security as set out in note 23.

	GROUP	
	2023 R'000	Restated 2022 R'000
10 DEFERRED TAXATION		
Movement of deferred tax		
Balance beginning of year	(43 418)	(101 502)
Balance through business combination	–	(49 719)
Disposal of subsidiary	–	82 707
Assets held for sale	(825)	–
Income statement credit	1 923	18 730
Credit/(debit) against reserves	(1 214)	6 366
Balance end of year	(43 534)	(43 418)
Due to the following temporary differences:		
Property, plant and equipment	(86 597)	(72 687)
Intangible assets	(53 066)	(54 426)
Currency translation differences	220	(327)
Tax loss	42 217	28 914
Provisions and accrued expenses	36 968	42 351
IFRS 16 Right-of-use asset and liability	16 724	12 757
Right-of-use asset*	(155 594)	(170 516)
Lease liability*	172 318	183 273
	(43 534)	(43 418)
Sufficient taxable earnings are expected to be earned in the future to utilise the deferred tax asset.		
Movements for the year		
Opening balance	(43 418)	(101 502)
Property, plant and equipment	(13 910)	89 559
Intangible assets	1 360	(54 779)
Currency translation differences	546	(312)
Tax loss	13 303	8 068
Provisions and accrued expenses	(5 382)	11 916
IFRS 16 right-of-use asset and liability	3 967	3 632
Right-of-use asset*	14 923	(110 512)
Lease liability*	(10 956)	114 144
	(43 534)	(43 418)
* Disaggregated in the prior year in order to correctly satisfy the disclosure requirements under IAS 12.		
The tax loss for the year in R107,1 million and has no expiry date. For purposes of the statement of financial position deferred taxation is presented as follows:		
Non-current assets	33 039	12 912
Non-current liabilities	(76 573)	(56 330)
	(43 534)	(43 418)

	GROUP	
	2023 R'000	2022 R'000
11 INVENTORY		
Merchandise	1 618 318	1 594 472
Raw materials	21 442	30 251
Consumable goods	2 232	2 647
	1 641 992	1 627 370
Inventory carried at the lower of cost or net realisable value	78 483	54 581
Provision for slow-moving and obsolete stock included in inventory	43 773	37 568
Inventory written off during the year	14 873	10 410

The inventory is encumbered as security as set out in note 23.

12 TRADE AND OTHER RECEIVABLES

Trade Receivables	2 563 130	2 583 856
Expected credit loss allowance	(53 261)	(44 213)
	2 509 869	2 539 643
VAT	41 212	94 053
Other debtors	65 612	80 030
	2 616 693	2 713 726
Trade and other receivables – current	2 580 828	2 661 293
Trade and other receivables – non-current	35 865	52 433
	2 616 693	2 713 726

Included in the non-current portion of trade and other receivables are long-term facilities granted to producers to assist in capital expansion related to the establishment and/or expansion of production. The nature of these accounts are the same as normal trade debtors. These facilities vary in duration between 2 and 5 years, are suitably secured and bear interest in line with the policies regarding interest for all trade receivables and are considered to be market related.

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

The Group applies the simplified approach for providing for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected loss provision for all trade receivables.

A loss allowance is recognised for all receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. Refer to note 25 for the detail regarding the process for identifying the specific and contingency loss allowance. In addition to the loss allowance, receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Receivables which have been written off are not subject to enforcement activities. The general model was used to identify any expected credit losses for deposits and other receivables and no material loss allowance identified.

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

The trade debtors are encumbered as security as set out in note 23.

		GROUP	
		2023	2022
		R'000	R'000
12	TRADE AND OTHER RECEIVABLES (CONTINUED)		
	Movement in the expected credit loss allowance		
	Opening balance	(44 213)	(54 460)
	Movement in the expected credit loss allowance	(9 048)	10 247
	Bad debts written off	3 541	25 343
	Additional provision raised	(12 589)	(15 096)
	Balance at the end of the year	(53 261)	(44 213)
13	DERIVATIVE FINANCIAL INSTRUMENTS		
	Firm commitment – Grain purchases		
	Assets/(Liabilities)		
	Forward purchase contracts	–	2 497
	Options	–	(5)
		–	2 492

The forward purchase contracts ('Physically settled derivatives') and options represent contracts with producers for the acquisition of physical commodities in the future, which will be delivered within the next twelve months after year-end. These contracts are regarded as financial instruments under IFRS 9 and recorded at fair value through profit and loss.

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

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

As at 30 September 2023 nil tons (2022: 47 400 tons) wheat were hedged. The risk of the producer not delivering the contracted tonnages is very low as the Group takes into account the current harvest estimates and historic harvest volumes per producer and only contracts for a portion of the historic and harvest estimates, thus taking a very conservative approach. Good long-standing relationships exist with all producers and the Group has expert skills and knowledge in this particular field. If the producer under delivers, the Group can buy and sell the tonnages directly on SAFEX. The group has entered into a purchase and sale agreement which determines that the tons procured daily are immediately sold to an independent third party. There is an economic hedge in place and the transactions results in offsetting positions in profit and loss.

		GROUP	
		2023 R'000	2022 R'000
14	FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS		
	Written Put Option		
	<i>C-Max Investments (Pty) Ltd</i>		
	<i>Opening balance</i>	–	(76 100)
	<i>Remeasurement through profit and loss</i>	–	(4 300)
	<i>Put relinquished through equity</i>	–	80 400
		–	–
	During the previous year the financial liability was relinquished. A new Memorandum of Incorporation was created for TFC Operations and in terms of the agreement C-Max Investments (Pty) Ltd no longer has the contractual right to put the shares to KAL Group, thus the financial liability relinquished through equity.		
	Low risk retention payment – contingent consideration		
	Balance beginning of the year	82 396	–
	Purchase	–	80 778
	Interest	8 529	1 618
		90 925	82 396
	The low risk retention payment resulted with the purchase of the subsidiary PEG Retail Holdings (Pty) Ltd. A contingent consideration amount has been allocated in respect of certain sites where a required 5 year renewal of the lease agreement should be obtained. Within five business days of receipt by TFC of the signed renewal agreement, TFC will make the relevant payments. The low risk retention payment will be increased by a factor equal to prime less 1% calculated from effective date to the date of actual payment. Management is of the opinion that based on history and the current relationships with the Oil companies, the probability of the lease agreements to be renewed and the low risk retention payment to be made in full is highly probable. This liability is expected to be settled before 31 December 2025. On 3 November 2023 a partial payment of R57,8 million was made.		
	Share Incentive Scheme – Future Forwards		
	Purchase	59 888	–
	Repayment	(13 139)	–
		46 749	–
	During the year the Group entered into an arrangement with a counter party to acquire KAL shares in the market and deliver these shares directly to the participants of the share incentive scheme ("SIS") on vesting. This financial liability at fair value through profit and loss relates to all the future forwards required for the SIS.		
		137 674	82 396

	GROUP	
	2023 R'000	2022 R'000
15 FINANCIAL LIABILITY AT AMORTISED COST		
Written Put Option		
Partridge Building Supplies (Pty) Ltd		
Opening balance	-	(23 651)
Put exercised during the year	-	15 068
Interest (refer to note 33)	-	(114)
Put unexercised, thus lapsed through equity	-	8 697
Minority Put Option		
Partridge Building Supplies (Pty) Ltd		
Put option raised through equity	-	(19 240)
Interest (refer to note 33)	-	(260)
Put exercised during the year	-	19 500
	-	-
As a result of the acquisition of the minority shares in the subsidiary the non-controlling interest was derecognised	-	22 462

Through the acquisition of the 60% shareholding in Partridge Building Supplies (Pty) Ltd in prior years, the Group entered into a once-off written put agreement over the remaining 40% interest in the aforementioned Company. The option was exercisable after the finalisation of the financial statements for the year ending 30 September 2021. During the prior financial period 25% of the remaining 40% shareholding was purchased as part of the Written Put Option, and the rest of the Written Put Option was not exercised. This portion of the written put option lapsed and the liability was derecognised with a corresponding adjustment to equity.

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

	GROUP	
	2023 R'000	2022 R'000
16 CASH AND CASH EQUIVALENTS		
Cash on hand	4 831	4 549
Bank balances	281 095	354 935
	285 926	359 484

The cash balances are encumbered as security as set out in note 23.

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

- > ABSA Bank Limited – counterparty risk rated Ba1 by Moody's
- > First National Bank Limited – counterparty risk rated Ba1 by Moody's
- > Standard Bank of South Africa Limited – counterparty risk rated Ba1 by Moody's
- > Nedbank Limited - counterparty risk rated Ba1 by Moody's

	GROUP	
	2023 R'000	2022 R'000
17 STATED CAPITAL		
Authorised: 1 000 000 000 (2022: 1 000 000 000) ordinary shares with no par value		
Issued: 74 319 837 (2022: 74 567 680) ordinary shares with no par value		
Ordinary shares	486 191	496 664
Treasury shares	(45 228)	(45 348)
	440 963	451 316
	Number	Number
Total number of ordinary shares – issued	74 320	74 568
Treasury shares – issued	(4 200)	(4 200)
	70 120	70 368

During the year, the company repurchased a total of 247 843 KAL ordinary shares from qualifying shareholders (Odd-lot offer) at an average price of R40,72. The KAL ordinary shares repurchased in terms of the Offer were delisted and accordingly the total issued ordinary share capital of the Company was reduced from 74 567 680 to 74 319 837 KAL ordinary shares.

18 OTHER RESERVES

Hedge reserve Derivative financial instruments that are designated and qualify as cash flow hedges are shown in the statement of financial position at fair value. This includes foreign exchange contracts pertaining to imports of inventory. The effective portion of changes in the fair value are recognised in other comprehensive income in the hedge reserve.	(594)	883
Share-based payment reserve The equity impact in relation to the management share incentive scheme is shown in the share-based payment reserve.	21 873	14 246
	21 279	15 129

19 EQUITY SETTLED MANAGEMENT SHARE INCENTIVE SCHEME

	2023		2022	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
Granted during the year – based on old LTI scheme	–	–	44,44	585 884
Granted during the year – based on modified LTIP scheme (NCOs)	–	986 238	–	1 324 779

The expense recognised in profit or loss is R13 500 285 (2022: R8 066 453).

19 EQUITY SETTLED MANAGEMENT SHARE INCENTIVE SCHEME (CONTINUED)

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

Grant date	Vesting date	Exercise price	Fair value at grant date	Share options 2023	Share options 2022
Old LTI scheme					
20 March 2018	1 October 2022	48,27	16,18	25 050	25 050
15 January 2019	1 October 2022	36,72	14,14	46 839	46 839
15 January 2019	1 October 2023	36,72	15,29	46 839	46 839
15 January 2020	1 October 2022	27,31	5,28	390 201	46 839
15 January 2020	1 October 2023	27,31	5,96	390 201	390 201
15 January 2020	1 October 2024	27,31	6,48	390 201	390 201
12 January 2021	1 October 2022	24,53	4,65	85 440	390 201
12 January 2021	1 October 2023	24,53	5,56	85 440	85 440
12 January 2021	1 October 2024	24,53	6,23	85 440	85 440
12 January 2021	1 October 2025	24,53	6,74	85 440	85 440
20 January 2022	1 October 2023	44,44	11,01	131 051	85 440
20 January 2022	1 October 2024	44,44	13,51	131 051	131 051
20 January 2022	1 October 2025	44,44	15,34	131 051	131 051
20 January 2022	1 October 2026	44,44	16,72	131 051	131 051
Modified LTI scheme – Nil Cost Option ("NCO")					
29 September 2022	29 September 2024	–	33,08	331 195	331 195
29 September 2022	29 September 2025	–	31,02	331 195	331 195
29 September 2022	29 September 2026	–	28,90	331 195	331 195
29 September 2022	29 September 2027	–	26,74	331 195	331 195
2 December 2022	2 December 2024	–	40,52	23 225	
2 December 2022	2 December 2025	–	38,34	23 226	
2 December 2022	2 December 2026	–	36,08	23 226	
2 December 2022	2 December 2027	–	33,76	23 226	
24 May 2023	24 May 2025	–	32,45	223 333	
24 May 2023	24 May 2026	–	30,71	223 334	
24 May 2023	24 May 2027	–	28,97	223 334	
24 May 2023	24 May 2028	–	27,24	223 334	
				4 466 313	3 480 075

Fair value of options granted

Old LTI scheme

The fair value of the grant is determined using the Black-Scholes-Merton model using six different inputs that would have an effect on the fair value of the grant. The inputs are the exercise price of the option, the share price at grant date, the expected life of the option, the expected volatility, the expected dividend yield and the risk-free interest rate.

19 EQUITY SETTLED MANAGEMENT SHARE INCENTIVE SCHEME (CONTINUED)

Fair value of options granted (continued)

Modified LTIP scheme – Nil Cost Option (“NCO”)

The awards granted during the year are conditional upon specific non-market conditions and the completion of a service period. We refer to the fair value of these awards, prior to taking into account the probability of achieving the non-market performance conditions, as the “unconditional fair value”. The shares are obtained for no consideration upon the achievement of the service condition (i.e. no strike price) and award holders will not be entitled to dividends on the ordinary shares underlying their share options prior to the exercise date.

The “unconditional fair value” is thus equal to the share price at the grant date, less the present value of estimated dividends paid prior to the time of exercise. Inputs taken into account are share price, life of the option, dividend yield rate and the risk-free interest rate.

	GROUP	
	2023	2022
Model inputs:		
<i>Old LTI scheme</i>		
Exercise price (Rand)	24,53	44,44
Share price at grant date (Rand)	24,53	44,44
Expected life of option (years)	2 – 5	2 – 5
Expected volatility (%)	27,6 – 55,9	27,6 – 55,9
Expected dividend yield (%)	4,0 – 5,0	4,0 – 5,0
Risk-free interest rate (%)	8,1 – 8,8	8,1 – 8,8
<i>Modified LTIP scheme – Nil Cost Option (“NCO”)</i>		
Share price at grant date (Rand)	36,73	36,73
Expected life of option (years)	2 – 5	2 – 5
Expected dividend yield (%)	5,2 – 6,4	5,2 – 6,4
Risk-free interest rate (%)	8,1 – 8,9	8,1 – 8,9

In the prior year KAL Group adopted a modified share incentive scheme, namely the modified LTIP (NCO), which is a non-dilutionary equity-settled long-term incentive plan.

The LTIP is an NCO scheme, which mitigates the risk participants previously had with share price changes due to market volatility. The rights previously granted under the KAL Group Equity Settled Management Share Incentive Scheme were migrated and converted to NCOs governed by the amended rules of the abovementioned non-dilutionary LTIP, although the vesting dates and performance hurdles applicable to such grants will remain in place for these converted NCOs.

Participation is limited to the executive directors and other executive committee members, which may also include the Managing Director of a subsidiary. Participants will be awarded NCOs, which are conditional rights to receive Company shares on a future date after the fulfilment of the performance and other conditions, to the extent applicable. The vesting is not dependent on the share price growth. Each year the participants are awarded NCOs, based on a multiple of the participant’s annual TGP. The NCOs vest in tranches of 25% each on the later of the 2nd, 3rd, 4th and 5th anniversary of the date of award; and to the extent applicable, the date on which the remuneration committee determines that the performance condition(s) has been met; and to the extent applicable, any other conditions imposed have been satisfied. On the vesting date, shares will be awarded to a participant.

	GROUP	
	2023 R'000	2022 R'000
20 INSTALMENT SALE AGREEMENTS		
Instalment sale agreements liabilities	59 857	73 432
Short-term portion Instalment sale agreements liabilities	(31 036)	(28 030)
	28 821	45 402
Commitments in relation to Instalment sale agreements payable as follows:		
Within one year	36 045	33 408
Later than one year but not later than five years	31 051	48 871
Minimum instalment payments	67 096	82 279
Future finance charges	(7 239)	(8 847)
Recognised as liability	59 857	73 432
The present value of Instalment sale agreements liabilities is as follows:		
Within one year	31 036	28 030
Later than one year but not later than five years	28 821	45 402
Minimum lease payments	59 857	73 432
Instalment sale agreement liabilities include vehicles and forklifts. The nature of instalment sale agreements is that the ownership of assets is already transferred to the Group.		
21 EMPLOYEE BENEFIT OBLIGATIONS		
Post-retirement medical benefits		
Balance beginning of year	16 558	17 044
Interest costs recognised in the income statement	1 747	1 475
Actuarial gain recognised in the income statement	-	168
Employer contributions	(2 119)	(2 129)
	16 186	16 558
Short-term portion carried over to current liabilities	(2 153)	(2 032)
	14 033	14 526
Amounts recognised in the income statement are shown under other operating expenses.		
Existing provisions are based on the following important assumptions:		
Post-retirement medical benefits		
Cost of medical inflation (%)	9,00	9,00
Discount rate (%)	11,25	11,25
Average retirement age (years)	65	65
Expected membership continuance at retirement (%)	100	100
Post-retirement mortality	2 Years +1%	2 years +1%
Weighted average duration of obligation (years)	6,83	6,83
Total expected contributions for the coming year (R'000)	2 153	2 032

21 EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

Sensitivity analysis:

The method of calculation remains unchanged.

Effect of a 1% movement in the assumed cost of medical inflation and discount rate:

	GROUP	
	+1% R'000	-1% R'000
Cost of medical inflation		
Aggregate of current service cost and interest cost – increase/(decrease)	128	(109)
Liability – increase/(decrease)	1 080	(979)
Discount rate		
Liability – increase/(decrease)	(916)	1 025

	2023 R'000	2022 R'000	2021 R'000	2020 R'000	2019 R'000
Trend information:					
Present value of liabilities	16 186	16 558	17 044	17 603	17 952
Present value of plan assets	–	–	–	–	–
Present value of obligations above plan assets	16 186	16 558	17 044	17 603	17 952
Experience adjustments:					
Present value of liabilities	–	(49)	–	(947)	–
Present value of plan assets	–	–	–	–	–
Actuarial profit/(loss) before changes in assumptions	–	(49)	–	(947)	–

	GROUP	
	2023 R'000	2022 R'000
22 TRADE AND OTHER PAYABLES		
Trade creditors	2 075 530	2 220 823
Employee accruals	96 367	136 427
Other creditors	143 234	146 905
	2 315 131	2 504 155

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

23 BORROWINGS

	GROUP	
	2023 R'000	Restated 2022 R'000
Long-term bank borrowings	-	212 500
Borrowings	877 921	1 084 000
Short-term portion of long-term bank borrowings	(877 921)	(871 500)
<p>The current long-term bank facilities bear interest at fixed rates between 6,37% to 6,43%, as well as JIBAR plus 2,20%. The borrowings are repayable based on a schedule as set out in the agreement between the Company and the bank and will be fully repaid by 30 June 2026.</p>		
Short-term bank borrowings	1 892 806	1 882 770
Overdraft facility	1 014 885	1 011 270
Short-term portion of long-term bank borrowings	877 921	871 500
<p>The current short-term bank facilities bear interest from prime less 1,75% to prime less 2,00% and are renewed annually.</p>		

The carrying value of borrowings approximate its fair value at the reporting date.

As there was a technical breach of covenants in the year, the long-term borrowings moved from long-term to short-term, as the Group did not have the unconditional right to defer payment past 12 months. The Group is in the process of negotiating a waiver from the Bank. The negotiation around the waiver of the covenants that have been breached is progressing positively given that the group is not significantly leveraged, is liquid and solvent.

The prior year figures were restated, refer to note 50 for further details.

In addition, the comparative notes did not include the disclosure of the covenants for the loan between TFC Operations (Pty) Ltd and ABSA, as well as the loan between Kaap Agri Bedryf (Pty) Ltd and ABSA. Refer below for the debt covenants:

	2023	2022
Kaap Agri Bedryf Limited covenants		
<i>Name of Covenant:</i>		
Asset Cover Ratio (required to be equal or higher than 1,25 (2022: 1,25))	4,82	4,46
Leverage Ratio (required to be equal or lower than 3,25 (2022: 3,50))	1,82	3,04
Interest Cover Ratio (required to be equal or higher than 3,50 (2022: 3,25))	5,18	5,64
Debt Service Cover Ratio (required to be equal or higher than 1,20 (2022: 1,20))	0,90	1,22
TFC Operations (Pty) Ltd covenants		
<i>Name of Covenant:</i>		
Leverage Ratio (required to be equal or lower 3,00 (2022: 3,75))	2,82	4,04
Interest Cover Ratio (required to be equal or higher than 3,50 (2022: 3,50))	3,67	15,76
Debt Service Cover Ratio (required to be equal or higher than 1,25 (2022: 1,25))	1,12	4,40

23 BORROWINGS (CONTINUED)

Asset cover ratio is the PLF facility covered by the value of debtors and stock.

Leverage Ratio is the consolidated total net borrowings divided by adjusted consolidated EBITDA.

Interest cover ratio is the adjusted consolidated EBITDA divided by consolidated finance costs.

Debt service cover ratio is the consolidated total free cashflow to the consolidated total debt service.

Securities held:

The bank facilities of R2 780,3 million are secured by:

- > A pledge and cession of all shares, securities and other ownership interests in any affiliate, associate company or another person in which it is invested.
- > First-ranking covering mortgage bonds over certain immovable property of which that KAL Group is the registered owner.
- > A cession of all its rights and claims in respect of bank accounts maintained in South Africa.
- > A general notarial bond over the stock and moveable assets of Kaap Agri Bedryf Limited to the value of R200 million for the facility of Kaap Agri Bedryf Limited.
- > A cession of trade debtors and stock of Kaap Agri Bedryf Limited for the facility of Kaap Agri Bedryf Limited (limited to R1 200 million).
- > A cession of trade debtors of Agriplas (Pty) Ltd as well as a limited guarantee by Kaap Agri Bedryf Limited (limited to R20,0 million) for the facilities of Agriplas (Pty) Ltd.
- > A limited guarantee by Kaap Agri Bedryf Limited (limited to R25,0 million) for the facilities of TFC Operation (Pty) Ltd.
- > First-ranking covering mortgage bonds over certain immovable property of Kaap Agri Bedryf Limited.
- > A cession of all its insurance taken out and any proceeds receivable.
- > A cession of bank accounts opened with any bank and all the proceeds standing to the credit of such accounts – PEG Retail Holdings (Pty) Ltd.
- > A limited guarantee of R30 million by PEG Retail Holdings (Pty) Ltd.
- > A cession of all rights, title and interest in the management contracts held of PEG Management Services (Pty) Ltd.

	GROUP	
	2023 R'000	2022 R'000
24 RELATED PARTY TRANSACTIONS		
The following transactions were carried out with related parties:		
Transactions with related parties and outstanding balances		
Income		
<i>Interest received</i>		
Lionshare Holdings (Pty) Ltd	2 498	2 225
<i>Sales of goods</i>		
Capespan SA (Pty) Ltd*	-	6 100
African Seed Group (Pty) Ltd*	-	423
Agricol (Pty) Ltd*	-	828
Curro Holdings Ltd*	-	102
Novo Fruit Packers Pty Ltd*	-	11 814
Valam Boerdery (Pty) Ltd*	-	29 021
Expenses		
<i>Purchases of goods</i>		
Capespan SA (Pty) Ltd*	-	318
African Seed Group (Pty) Ltd*	-	31
Energy Partners Holdings (Pty) Ltd*	-	166
Farm-Ag International (Pty) Ltd*	-	255
Grayston Elliot (Pty) Ltd*	-	40
Limagrain Zaad South Africa (Pty) Ltd*	-	5 820
Nuvance (Pty) Ltd*	-	1 316
ZAR Seed Production (Pty) Ltd*	-	607
Zeder Investments Ltd*	-	337
M Pupkewitz & Sons (Pty) Ltd	1 297	1 710
<i>Professional services</i>		
PSG Corporate Services*	-	32 181
Balances		
<i>Trade debtors</i>		
Capespan SA (Pty) Ltd*	-	24
<i>Loans receivable/(payable)</i>		
Lionshare Holdings (Pty) Ltd	21 215	19 361
Transactions with directors and outstanding balances:		
Sales	102 093	92 265
Purchases	454	3 540
Trade receivables	16 414	15 864
Transactions with joint venture and outstanding balances		
<i>Kaap Agri (Namibia) (Pty) Ltd</i>		
Sales of goods	4 775	7 901
Interest received	189	328
Purchases of goods	210	369
Trade receivables	555	138
Trade payables	25	6
Loan	547	3 127

* These companies are no longer related parties due to the unbundling of Zeder Investments Limited's and PSG Group's shares in KAL Group Limited on 4 April 2022 and 12 September 2022, respectively.

Refer to note 7 and 8 for disclosures relating to the investment in joint venture and loans granted to related parties.

24 RELATED PARTY TRANSACTIONS (CONTINUED)

The relationships between the various companies in the Group are disclosed in note 46.

KAL Group Limited is the ultimate holding company of the group.

M Pupkewitz & Sons (Pty) Ltd holds the other 50% shareholding in the Joint Venture. Refer to note 7.

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

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

Refer to executive directors' remuneration as disclosed in note 31 for key management compensation.

The number of shares directly and indirectly held by directors of the KAL Group was 1 210 224 at 30 September 2023 (value: R41,8 million).

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

25 FINANCIAL RISK MANAGEMENT

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

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

The carrying value according to the statement of financial position differs from the values disclosed in this note because of items included in the carrying value according to the statement of financial position which do not meet the definition of a financial instrument or which are excluded from the scope of IFRS 7: Financial Instruments: Disclosures. These items include statutory receivable (VAT) amounts of R41,2 million (2022: R94,1 million), statutory liabilities of R17,2 million (2022: R15,4 million) and liabilities in respect of employee benefits of R66,6 million (2022: R109,4 million).

25 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Foreign currency risk

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

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

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

Cash flow interest rate risk

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

	INTEREST-BEARING			
	Rate 2023 %	Amount 2023 R'000	Rate 2022 %	Amount 2022 R'000
Assets:				
Trade debtors	11,50 – 16,50	2 509 868	9,50 – 14,50	2 619 673
Loan Kaap Agri (Namibia) (Pty) Ltd	11,50	547	9,25	3 127
Loan Lionshare Holdings (Pty) Ltd	13,25	21 215	11,25	19 361
Cash and cash equivalents	7,90 – 9,40	242 918	5,14 – 5,33	354 935
Liabilities:				
Short-term borrowings	9,75 – 10,00	1 014 885	7,75 – 9,75	1 011 270
Low risk retention payment	10,75	90 925	8,75	82 396
Instalment sale agreements	10,75 – 12,77	59 857	8,45 – 10,77	73 432
Borrowings	6,37 – 10,70	877 921	6,37 – 11,98	1 084 000

25 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Cash flow interest rate risk (continued)

	NON-INTEREST-BEARING	
	Amount 2023 R'000	Amount 2022 R'000
Assets:		
Other receivables	65 612	80 030
Cash and cash equivalents	43 008	4 549
Liabilities:		
Trade- and other payables	2 231 079	2 391 893
	GROUP	
	2023 R'000	2022 R'000
To illustrate the company's exposure to interest rate changes, the influence of interest rate changes on the carrying values of interest-bearing financial assets and financial liabilities and resulting profit after taxation, are illustrated as follows:		
Interest-bearing assets	2 774 549	2 997 096
Interest-bearing liabilities	(2 043 587)	(2 251 098)
Net interest-bearing assets	730 962	745 998
Increase/(decrease) in profit after tax and equity		
Half a percentage point increase in interest rates	2 668	2 686
Half a percentage point decrease in interest rates	(2 668)	(2 686)

Price risk

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

Equity price risk

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

25 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

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

In terms of IFRS 9: Financial Instruments, all financial assets at amortised cost need to be assessed for expected credit losses. Refer to the accounting policy note 10 for more information.

The Group limits its counterparty exposures arising from cash current accounts by only dealing with well-established financial institutions of high-quality credit standing. Refer to note 16.

Expected credit loss allowances on cash and cash equivalents, deposits and all other receivables were assessed based on the general model and no expected credit loss allowance was created as this was immaterial. Refer to note 12 and 16.

Trade receivables

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

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

The Group has a specific expected credit loss allowance and a contingency expected credit loss allowance. Refer to note 10 in the accounting policy for more information.

	GROUP	
	2023 R'000	2022 R'000
The total expected credit loss allowance is made up of		
– specific expected credit loss allowance	(43 806)	(34 673)
– contingency expected credit loss allowance	(9 455)	(9 540)
Balance at the end of the year calculated under IFRS 9	(53 261)	(44 213)

25 FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables (continued)

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

The spread across the different forms of security:

	Surety	Guarantee/ Indemnity	Bond	Cession	Deed of pledge	General
Security type – 2023	56%	6%	13%	21%	1%	3%
Security type – 2022	53%	7%	13%	21%	1%	5%

General securities include bank guarantees and credit guarantees.

	Rate 2023	Rate 2022	Rate 2021	Rate 2020
Bad debts written off – default rate	0,14%	0,98%	0,21%	0,16%

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

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

	Grain R'000	Fruit R'000	Other Agri R'000	Non- Agri R'000	Total R'000
30 September 2023					
Debtors within terms					
Balance	644 395	760 249	417 350	302 882	2 124 876
Debtors for which collateral are held	(575 773)	(545 631)	(303 142)	(55 188)	(1 479 734)
Exposure to credit risk	68 622	214 618	114 208	247 694	645 142
Debtors outside terms but not credit impaired					
Balance	35 482	244 905	73 701	6 758	360 846
Debtors for which collateral are held	(35 361)	(211 336)	(50 810)	(2 416)	(299 923)
Exposure to credit risk	121	33 569	22 891	4 342	60 923
Debtors which are credit impaired					
Balance	19 370	27 073	18 917	12 048	77 408
Debtors for which collateral are held	(6 434)	(3 242)	(5 843)	(914)	(16 433)
Exposure to credit risk	12 936	23 831	13 074	11 134	60 975

25 FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables (continued)

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

	Grain R'000	Fruit R'000	Other Agri R'000	Non- Agri R'000	Total R'000
Balance of debtors not specifically provided for	679 877	1 005 154	491 051	309 640	2 485 722
Expected credit loss risk factor	0,15%	0,57%	0,48%	0,13%	0,38%
Total contingency loss allowance	986	5 680	2 374	415	9 455
Total specific loss allowance	10 236	16 341	9 046	8 183	43 806
Total expected credit loss allowance	(11 222)	(22 021)	(11 420)	(8 598)	(53 261)
Balance beginning of year	(8 924)	(14 877)	(11 037)	(9 375)	(44 213)
Provision written back/ (created)	(2 298)	(7 144)	(383)	777	(9 048)
Total balance	699 247	1 032 228	509 967	321 687	2 563 130
Total collateral held	(617 568)	(760 209)	(359 795)	(58 518)	(1 796 090)
Total loss allowance	(11 222)	(22 021)	(11 420)	(8 598)	(53 261)

	Grain R'000	Fruit R'000	Other Agri R'000	Non- Agri R'000	Total R'000
30 September 2022					
Debtors within terms					
Balance	650 280	873 881	451 071	295 202	2 270 434
Debtors for which collateral are held	(556 016)	(601 860)	(311 832)	(49 618)	(1 519 326)
Exposure to credit risk	94 264	272 021	139 239	245 584	751 108
Debtors outside terms but not credit impaired					
Balance	9 277	174 212	63 315	7 390	254 194
Debtors for which collateral are held	(8 622)	(144 146)	(39 647)	(2 944)	(195 359)
Exposure to credit risk	655	30 066	23 668	4 446	58 835
Debtors which are credit impaired					
Balance	13 670	21 105	11 941	12 512	59 228
Debtors for which collateral are held	(5 487)	(5 869)	(2 815)	(848)	(15 019)
Exposure to credit risk	8 183	15 236	9 126	11 664	44 209

25 FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables (continued)

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

	Grain R'000	Fruit R'000	Other Agri R'000	Non- Agri R'000	Total R'000
Balance of debtors not specifically provided for	659 557	1 048 093	514 386	302 592	2 524 628
Expected credit loss risk factor	0,15%	0,53%	0,36%	0,38%	0,38%
Total contingency loss allowance	972	5 528	1 877	1 163	9 540
Total specific loss allowance	7 952	9 349	9 160	8 212	34 673
Total expected credit loss allowance	(8 924)	(14 877)	(11 037)	(9 375)	(44 213)
Balance beginning of year	(12 020)	(9 439)	(29 055)	(3 946)	(54 460)
Provision written back/ (created)	3 096	(5 438)	18 018	(5 429)	10 247
Total balance	673 227	1 069 198	526 327	315 104	2 583 856
Total collateral held	(570 125)	(751 875)	(354 294)	(53 410)	(1 729 704)
Total loss allowance	(8 924)	(14 877)	(11 037)	(9 375)	(44 213)

Liquidity risk

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

The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates ("ARRs") to improve market efficiency and mitigate systemic risk across financial markets. The South African Revenue Bank ("SARB") has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. The SARB has indicated their initial preference for the adoption of the South African Rand Overnight Index Average ("ZARONIA") as the preferred unsecured candidate to replace JIBAR in cash and derivative instruments. ZARONIA has been published for the purposes of observing the rate and how it behaves, but has not been formally adopted by the SARB as the successor rate to JIBAR. Accordingly, there is still uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the Group.

	GROUP	
	2023 R'000	2022 R'000
The Group's unutilised borrowing facilities are as follows:		
Total borrowing facilities	2 842 778	2 474 933
Interest-bearing debt	(1 952 662)	(2 251 098)
	890 116	223 835

25 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

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

	Carrying amount R'000	Contractual cash flows R'000	0 to 12 months R'000	13 to 60 months R'000	More than 60 months R'000
30 September 2023					
Non-derivative financial liabilities					
Trade and other payables	2 231 079	2 231 079	2 231 079	-	-
Financial liability at fair value through profit or loss	90 925	122 162	-	-	122 162
Lease liabilities	637 554	964 233	103 840	378 642	481 751
Short-term borrowings	1 014 885	1 137 132	1 137 132	-	-
Instalment sales agreements	59 857	67 096	36 045	31 051	-
Financial guarantees	-	90 000	90 000	-	-
Borrowings	877 921	947 338	947 338	-	-
	4 912 221	5 559 040	4 545 434	409 693	603 913
Derivative financial liabilities/(assets)					
Derivative financial instruments					
Outflow	-	-	-	-	-
Inflow	-	-	-	-	-
Forward exchange contracts					
Outflow	(2 024)	(36 779)	(36 779)	-	-
Inflow	2 024	36 779	36 779	-	-
	-	-	-	-	-
30 September 2022					
Non-derivative financial liabilities					
Trade and other payables	2 391 893	2 391 893	2 391 893	-	-
Financial liability at fair value through profit or loss	82 396	109 431	-	-	109 431
Lease liabilities	678 791	988 381	97 592	372 435	518 354
Short-term borrowings	1 011 270	1 084 671	1 084 671	-	-
Instalment sale agreements	73 432	82 279	33 408	48 871	-
Borrowings*	1 084 000	1 102 379	871 500	230 879	-
	5 321 782	5 759 034	4 479 064	652 185	627 785
Derivative financial liabilities/(assets)					
Derivative financial instruments					
Outflow	2 492	331 210	331 210	-	-
Inflow	(2 492)	(331 210)	(331 210)	-	-
Forward exchange contracts					
Outflow	1 155	79 800	79 800	-	-
Inflow	(1 155)	(79 800)	(79 800)	-	-
	-	-	-	-	-

* This has been restated as a result of the R625 million which is payable on demand at 30 September 2022 given the debt covenant breach that occurred in the prior year. Refer to Note 50 for details.

The standard credit terms for trade creditors are 30 days with the exception that some are deferred to 60 days, thus most trade and other payables are paid within 30 to 60 days.

Management has assessed the maximum credit risk exposure relating to the guarantees. Refer to Note 7.

25 FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value estimation

Investments and derivative financial instruments

Level 1

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

Level 2

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

Level 3

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

Investments and derivative financial instruments (continued)

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

	GROUP	
	2023 R'000	2022 R'000
Level 2 – Financial instruments for hedging: Financial instruments at fair value through profit or loss	–	2 492
Level 3 – Loans	21 762	22 488

Trade debtors and trade creditors

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

Financial liabilities

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

Capital maintenance:

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

	GROUP	
	2023	2022
Ratios		
Total shareholders' equity: Total assets employed	35,53%	36,89%
Net interest bearing debt: Total assets employed	22,00%	21,95%
EBITDA: Net assets	25,16%	21,71%

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

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

Net assets are total assets less total liabilities.

		GROUP	
		2023	2022
		R'000	R'000
26	LOW VALUE AND SHORT-TERM LEASE COMMITMENTS		
	Lease payments		
	Payable within one year	11 073	9 610
	Payable between one and five years	7 387	5 108
		18 460	14 718
	Within various lease contracts, the Group has the option to renew.		
27	CAPITAL COMMITMENTS		
	Contracted	102 836	73 366
	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.		
28	REVENUE FROM CONTRACTS WITH CUSTOMERS		
	Sales of goods	22 126 379	15 417 266
	– Agrimark	8 004 906	7 647 108
	– The Fuel Company	12 892 808	6 274 506
	– Agrimark Grain	1 030 563	1 290 884
	– Manufacturing	198 102	204 768
	Sale of services	116 161	133 400
	– Agrimark	26 850	35 646
	– Agrimark Grain	89 311	97 754
	Margin on direct transactions	154 518	149 833
	– Agrimark	151 378	146 541
	– Agrimark Grain	3 140	3 292
		22 397 058	15 700 499
	Refer to note 16 in the accounting policy and note 47 for details regarding the different revenue streams.		
29	OTHER OPERATING INCOME		
	Interest received	200 345	147 496
	– Trade debtors that are not impaired	183 053	122 955
	– Trade debtors that are impaired	9 338	1 245
	– Banks	152	8 715
	– Other	7 802	14 581
	Profit on sale of property, plant and equipment	3 067	1 810
	Profit with sale and leaseback transaction	–	2 912
	Transport income	13 227	9 375
	Rent received	14 205	11 348
	Bad debts recovered	167	81
	Manufacturing income	2 295	3 268
	AgriSETA and ETI income	5 174	4 547
	Training income	428	307
	Weighbridge income	834	823
	Management fees	–	227
	Commission received	8 938	10 469
	Business interruption claim	715	24 263
	Profit with termination of IFRS 16 lease contracts	2 029	2 666
	Other income	22 028	14 567
		273 452	234 159

30 EXPENSES BY NATURE

	GROUP	
	2023 R'000	2022 R'000
Cost of products sold	19 351 049	13 578 198
Foreign exchange differences	160	(282)
Depreciation	152 583	121 902
Amortisation of intangible assets	3 979	2 554
Directors' emoluments	15 241	23 980
Staff costs	1 165 399	879 848
– Salaries, wages and bonuses	1 073 449	803 438
– Equity settled management share incentive scheme	13 500	8 036
– Employer's contribution to pension fund (defined contribution plan)	57 452	51 544
– Employer's contribution to medical benefits	2 119	2 129
– Decrease in provision for post-retirement medical benefits	(372)	(481)
– Increase in provision for leave	4 598	3 357
– Training expenses	14 653	11 825
Skills development levy	26 556	8 115
Auditor's remuneration	10 276	7 279
– For audit	10 255	7 189
– Other services	21	90
Rent paid	167 957	17 060
– Buildings (variable lease payments)	149 718	7 493
– Vehicles	3 957	1 426
– Machinery and equipment	14 282	8 141
Other occupancy expenses	278 448	164 466
– Repairs and maintenance	49 472	56 039
– Water, electricity and municipal services	183 218	80 865
– Insurance and security	45 758	27 562
Revaluation of Financial liability at amortised cost	–	4 300
Information technology expenses	81 657	64 458
Marketing related expenses	199 533	137 646
Transport/distribution	88 289	80 125
Other administrative expenses	140 870	87 772
Bad debts written off	3 541	25 343
COVID-19 related expenses	–	791
Corporate transactions related expenses	970	17 307
Goodwill impairment	15 266	–
Other expenses	39 572	28 820
	21 741 346	15 249 682
	Number	Number
Number of employees in service at year-end	7 423	7 365

31 REMUNERATION PAID TO DIRECTORS

	Salary R'000	Bonuses R'000	Share Incentive Scheme vested R'000	Pension contri- butions R'000	Directors' fees R'000	Expense allowance R'000	Total R'000
2023							
Executive directors							
GW Sim	3 845	92	886	289	-	7	5 119
S Walsh	5 975	142	2 100	450	-	-	8 667
	9 820	234	2 986	739	-	7	13 786
Non-executive directors							
I Chalumbira					209	6	215
BS du Toit					365	5	370
D du Toit					495	4	499
B Mathews					399	3	402
JH le Roux*					366	2	368
EA Messina					732	2	734
WC Michaels					105	-	105
CA Otto					784	4	788
HM Smit					154	2	156
GM Steyn					839	1	840
					4 448	29	4 477
Total							18 263
2022							
Executive directors							
GW Sim	3 424	3 784	1 880	372	-	11	9 471
S Walsh	5 344	6 735	4 431	402	-	50	16 962
	8 768	10 519	6 311	774	-	61	26 433
Non-executive directors							
I Chalumbira					192	3	195
BS du Toit					336	4	340
D du Toit					456	3	459
JH le Roux*					336	1	337
EA Messina					676	1	677
WC Michaels					192	1	193
CA Otto					718	4	722
HM Smit					282	6	288
GM Steyn					731	1	732
					3 919	24	3 943
Total							30 376

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

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

* Payable to Zeder Corporate Services (Pty) Ltd

32 DIRECTORS' EQUITY SETTLED SHARE INCENTIVE SCHEME OPTIONS

	Grant date	Vesting date	Exercise price	Fair value at grant date	Share options 2023	Share options 2022
S Walsh	<i>Old LTI scheme</i>					
	20 March 2018	1 October 2022	48,27	16,18	3 360	3 360
	15 January 2019	1 October 2022	36,72	14,14	22 593	22 593
	15 January 2019	1 October 2023	36,72	15,29	22 593	22 593
	15 January 2020	1 October 2022	27,31	5,28	194 232	194 232
	15 January 2020	1 October 2023	27,31	5,96	194 232	194 232
	15 January 2020	1 October 2024	27,31	6,48	194 232	194 232
	12 January 2021	1 October 2022	24,53	4,65	37 647	37 647
	12 January 2021	1 October 2023	24,53	5,56	37 647	37 647
	12 January 2021	1 October 2024	24,53	6,23	37 647	37 647
	12 January 2021	1 October 2025	24,53	6,74	37 647	37 647
	20 January 2022	1 October 2023	44,44	11,01	58 756	58 756
	20 January 2022	1 October 2024	44,44	13,51	58 756	58 756
	20 January 2022	1 October 2025	44,44	15,34	58 756	58 756
	20 January 2022	1 October 2026	44,44	16,72	58 756	58 756
	<i>Modified LTIP scheme – Nil Cost Option ("NCO")</i>					
	29 September 2022	29 September 2024	–	33,08	133 115	133 115
	29 September 2022	29 September 2025	–	31,02	133 115	133 115
	29 September 2022	29 September 2026	–	28,90	133 115	133 115
	29 September 2022	29 September 2027	–	26,74	133 115	133 115
	24 May 2023	24 May 2025	–	32,45	68 091	–
	24 May 2023	24 May 2026	–	30,71	68 092	–
	24 May 2023	24 May 2027	–	28,97	68 091	–
	24 May 2023	24 May 2028	–	27,24	68 092	–
GW Sim	<i>Old LTI scheme</i>					
	20 March 2018	1 October 2022	48,27	16,18	5 465	5 465
	15 January 2019	1 October 2022	36,72	14,14	10 602	10 602
	15 January 2019	1 October 2023	36,72	15,29	10 602	10 602
	15 January 2020	1 October 2022	27,31	5,28	77 378	77 378
	15 January 2020	1 October 2023	27,31	5,96	77 378	77 378
	15 January 2020	1 October 2024	27,31	6,48	77 378	77 378
	12 January 2021	1 October 2022	24,53	4,65	19 253	19 253
	12 January 2021	1 October 2023	24,53	5,56	19 253	19 253
	12 January 2021	1 October 2024	24,53	6,23	19 253	19 253
	12 January 2021	1 October 2025	24,53	6,74	19 253	19 253
	20 January 2022	1 October 2023	44,44	11,01	28 440	28 440
	20 January 2022	1 October 2024	44,44	13,51	28 440	28 440
	20 January 2022	1 October 2025	44,44	15,34	28 440	28 440
	20 January 2022	1 October 2026	44,44	16,72	28 440	28 440
	<i>Modified LTIP scheme – Nil Cost Option ("NCO")</i>					
	29 September 2022	29 September 2024	–	33,08	63 460	63 460
	29 September 2022	29 September 2025	–	31,02	63 460	63 460
	29 September 2022	29 September 2026	–	28,90	63 460	63 460
	29 September 2022	29 September 2027	–	26,74	63 460	63 460
	24 May 2023	24 May 2025	–	32,45	35 605	–
	24 May 2023	24 May 2026	–	30,71	35 606	–
	24 May 2023	24 May 2027	–	28,97	35 605	–
	24 May 2023	24 May 2028	–	27,24	35 606	–

For more information on the equity settled share incentive scheme refer to note 19.

	GROUP	
	2023 R'000	2022 R'000
33 FINANCE COSTS		
Banks and other	220 778	105 478
Lease liabilities	50 347	37 917
Redemption liabilities (refer to note 14 and 15) (non-cash)	8 529	1 992
	279 654	145 387
34 INCOME TAX		
Tax expenditure:		
Current taxation – current year	(213 849)	163 061
Current taxation – previous year over provided	107	–
Deferred taxation – current year	1 923	(18 730)
Taxation for the year	(211 819)	144 331
	%	%
The tax on the company's profit before tax differs from the theoretical amount that would arise using the statutory rate as follows:		
Statutory tax rate	27,00	28,00
Adjusted for:		
Non-deductible expenses of a capital nature	4,44	1,40
Non-taxable Employment Tax Incentive	(0,14)	(0,07)
Non-taxable revaluation of Put Option	–	0,24
Learnership allowances	(0,29)	(0,33)
Capital gain on sale of subsidiary	–	(2,71)
Share in profit of joint venture	(0,42)	(0,35)
Over provision previous year	(0,01)	–
Rate adjustment in deferred tax	–	(0,28)
Different tax rates used in companies	0,04	–
Effective rate	30,62	25,90

Non-deductible expenses of a capital nature include legal and consultation fees relating to new business development, impairment of goodwill and non-deductible interest.

35 EARNINGS PER SHARE

Basic

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

Reconciliation between earnings and headline earnings

	GROUP	
	2023 R'000	2022 R'000
Net profit	480 002	412 959
Attributable to shareholders of the holding Company	426 945	396 368
Non-controlling interest	53 057	16 591
Net profit on disposal of assets	(2 280)	(4 419)
Gross	(3 067)	(4 722)
Tax effect	787	303
Goodwill impairment	15 266	-
Headline earnings	492 988	408 540
Attributable to shareholders of the holding Company	434 579	391 972
Non-controlling interest	58 409	16 568
Non-recurring items	970	21 981
Non-recurring expenses	970	17 307
Revaluation of Put Options	-	4 674
Recurring headline earnings	493 958	430 521
Attributable to shareholders of the holding Company	435 549	407 421
Non-controlling interest	58 409	23 100

	GROUP	
	2023 R'000	2022 R'000
	Number	
Weighted average number of ordinary shares ('000)	70 285	70 460
Weighted average number of diluted ordinary shares ('000)	70 777	71 646
	Cents	
Earnings per share	607,45	562,54
Diluted earnings per share	603,23	553,23
Headline earnings per share	618,31	556,30
Diluted headline earnings per share	614,02	547,10
Recurring headline earnings per share	619,69	578,23

Headline earnings are calculated based on Circular 1/2023 issued by the South African Institute of Chartered Accountants.

Non-recurring expenses consists predominantly of costs associated with corporate transactions (legal and external consultation costs).

		GROUP	
		2023	2022
		R'000	R'000
36	DIVIDEND PER SHARE		
	Interim		
	50,00 cents per share (2022: 46,00 cents per share)	35 060	32 523
	Final		
	130,00 cents per share (2022: 122,00 cents per share)	91 155	85 848
		126 215	118 371
	Dividends payable are not accounted for until they have been declared by the Board of directors. The Statement of Changes in Equity does not reflect the final dividend payable in respect of the current year. The final dividend for the year ended 30 September 2023 will be accounted for as an appropriation of retained profit in the year ended 30 September 2024.		
37	NET CASH PROFIT FROM OPERATING ACTIVITIES		
	Operating profit per income statement	962 204	695 223
	Adjusted for:		
	– Interest received	(242 433)	(147 496)
	– Depreciation	152 583	121 902
	– Amortisation of intangible assets	3 979	2 554
	– Profit on disposal of property, plant and equipment	(3 067)	(1 810)
	– Profit on disposal of subsidiary	–	(2 912)
	– Profit on modifications of IFRS 16	(2 029)	(2 666)
	– Revaluation of Put Option	–	4 300
	– Goodwill impairment	15 266	–
	– (Decrease)/Increase in share-based payment reserve	(243)	170
	– (Decrease)/Increase in provisions	(21 647)	40 567
		864 613	709 832
38	WORKING CAPITAL CHANGES		
	Increase in inventory	(32 454)	(288 358)
	Decrease/(Increase) in trade and other receivables	87 985	(552 109)
	(Decrease)/Increase in trade and other payables	(141 121)	420 533
		(85 590)	(419 934)
39	INCOME TAX PAID		
	Balance owing at the beginning of the year	(9 343)	(16 909)
	Income tax expense in income statement	(213 742)	(163 061)
	Acquisition of subsidiary	–	(54 930)
	Balance owing at the end of the year	11 292	9 343
		(211 793)	(225 557)

		GROUP	
		2023	2022
		R'000	R'000
40	ACQUISITION OF BUSINESSES		
	Non-current assets	–	39 600
	Current assets	–	4 926
	Purchase consideration – paid in cash	–	44 526
	The Group acquired the assets of Engen False Bay in the prior year through a business combination. This is in line with the Group's growth strategy to acquire businesses in the fuel sector.		
41	ACQUISITION OF SHARE IN SUBSIDIARY		
	Non-current assets	–	1 232 182
	Current assets	–	469 325
	Inventory	–	112 756
	Debtors	–	46 783
	Cash and cash equivalents	–	309 786
	Non-current liabilities	–	(109 884)
	Current liabilities	–	(465 250)
	Non-controlling interest	–	(24 345)
	Purchase consideration	–	1 102 028
	– paid in cash	–	949 136
	– paid in shares issued	–	72 114
	– deferred payment	–	80 778
	Net outflow of cash in investment activities	–	639 350
	Purchase consideration paid in cash	–	949 136
	Less: Cash acquired	–	(309 786)
	The Group acquired 100% of the ordinary shares in PEG Retail Holdings (Pty) Ltd in the prior year. The transaction has been concluded as part of TFC Operations' strategy to expand its portfolio of service stations operated within South Africa.		
42	INCREASE IN OVERDRAFT FACILITY/ SHORT-TERM BORROWINGS		
	Opening balance	1 011 270	748 346
	Business combination short term loans (non-cash) opening balance	–	(309 786)
	<i>Cash flow movements</i>		
	Drawdowns	20 621 524	23 260 930
	Repayments	(20 725 483)	(22 740 593)
	Interest	107 574	52 373
	Closing balance	1 014 885	1 011 270
43	REPAYMENT OF INSTALMENT SALE AGREEMENTS		
	Opening balance	73 432	92 080
	New instalment sale agreements	13 422	10 719
	Capital repayment	(26 997)	(29 367)
	Instalments	(33 792)	(35 282)
	Interest	6 795	5 915
	Closing balance	59 857	73 432

	GROUP	
	2023 R'000	2022 R'000
44 LEASE PAYMENTS		
Opening balance	678 791	256 035
New leases	5 643	441 230
Liabilities classified as held for sale	(56 418)	-
Modifications and cancellations	55 343	13 927
Capital repayment	(45 805)	(32 401)
Lease payments	(96 152)	(70 318)
Interest	50 347	37 917
Closing balance	637 554	678 791
45 (DECREASE)/INCREASE IN BORROWINGS		
Opening balance	1 084 000	418 750
Purchase of subsidiary	-	38 000
Gross increase	-	725 000
Repayment	(206 079)	(97 750)
Closing balance	877 921	1 084 000

46 INTEREST IN RELATED ENTITIES

Name of subsidiary	NUMBER OF ISSUED SHARES		SHAREHOLDING (%)	
	2023	2022	2023	2022
Directly held:				
<i>Shares held by KAL Group Limited</i>				
Kaap Agri Bedryf Limited	74 170 277	74 170 277	100,00	100,00
Agriplas (Pty) Ltd	7 000	7 000	100,00	-
Tego Plastics (Pty) Ltd	1 000	1 000	100,00	-
Partridge Building Supplies (Pty) Ltd	14 400	14 400	15,00	15,00
<i>Shares held by Kaap Agri Bedryf Limited</i>				
Kaap Agri (Aussenkehr) (Pty) Ltd	100	100	100,00	100,00
Agriplas (Pty) Ltd	7 000	7 000	-	100,00
TFC Operations (Pty) Ltd	125 825 126	125 825 126	58,20	58,20
Partridge Building Supplies (Pty) Ltd	14 400	14 400	85,00	85,00
Tego Plastics (Pty) Ltd	1 000	1 000	-	100,00
<i>Shares held by TFC Operations (Pty) Ltd</i>				
PEG Retail Holdings (Pty) Ltd	6 667	6 667	100,00	100,00
Indirectly held:				
<i>Shares held by Empowerment and Transformation Investments (Pty) Ltd</i>				
TFC Operations (Pty) Ltd	125 825 126	125 825 126	3,19	3,19
Name of joint venture				
<i>Shares held by Kaap Agri Bedryf Limited</i>				
Kaap Agri (Namibia) (Pty) Ltd	502	502	50,00	50,00

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

46 INTEREST IN RELATED ENTITIES (CONTINUED)

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

	2023 R'000	2022 R'000
TFC Operations Group		
Ownership held by NCI (%)	38,61%	38,61%
Accumulated NCI interest in statement of financial position	133 721	110 291
Profit allocated to NCI	27 258	9 543
Summarised financial information in respect of the Group's subsidiaries that have material NCI is set out below. The summarised financial information below represents amounts before inter-group eliminations.		
Non-current assets	2 193 294	2 155 857
Current assets	679 824	268 683
Non-current liabilities	(1 227 142)	(1 237 480)
Current liabilities	(1 228 567)	(807 418)
Revenue	12 906 283	6 285 198
Profit for the year	96 247	41 178
Net cash inflow from operating activities	379 297	185 188
Net cash outflow from investing activities	(32 901)	(1 003 923)
Net cash (outflow)/inflow from financing activities	(403 116)	818 635
Net decrease in cash and cash equivalents	(56 720)	(100)
Dividends paid	(16 125)	(1 602)
Included in the TFC Operations Group figures above is the subsidiary, PEG Retail Holdings (Pty) Ltd.		
PEG Retail Holdings Consolidated Group		
Ownership held by NCI (%)	15,78%	15,19%
Accumulated NCI interest in statement of financial position	22 684	21 153
Profit allocated to NCI	25 649	5 675
Summarised financial information in respect of the Group's subsidiaries that have material NCI is set out below. The summarised financial information below represents amounts before inter-group eliminations.		
Non-current assets	243 981	260 887
Current assets	393 033	425 327
Non-current liabilities	28 492	317 129
Current liabilities	761 200	490 267
Revenue	8 241 210	2 105 480
Profit for the year	162 491	37 372
Net cash inflow from operating activities	272 752	13 335
Net cash outflow from investing activities	(96 708)	(7 381)
Net cash outflow from financing activities	(236 171)	(11 607)
Net decrease in cash and cash equivalents	(60 127)	(5 653)
Dividends paid	(180 501)	(8 869)

47 INFORMATION ABOUT OPERATING SEGMENTS

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

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

The Fuel Company provides a full retail fuel offering to a diverse range of customers and includes convenience store and quick service restaurant outlets of TFC Operations (Pty) Ltd ("TFC") and PEG Retail Holdings (Pty) Ltd ("PEG"). The nature of products, services, type of customers and regulatory environment of both TFC and PEG have similar economic characteristics and are thus aggregated into one reporting segment.

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

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

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

	GROUP			
	SEGMENT REVENUE		SEGMENT RESULTS	
	2023	2022	2023	2022
	R'000	R'000	R'000	R'000
Segment revenue and results				
Agrimark	8 183 134	7 829 295	481 277	481 343
The Fuel Company	12 892 808	6 274 506	201 348	100 462
Agrimark Grain	1 123 014	1 391 930	62 300	70 939
Manufacturing	198 102	204 768	3 074	7 443
Total for reportable segments	22 397 058	15 700 499	747 999	660 187
Corporate	-	-	(56 178)	(102 897)
Total external revenue	22 397 058	15 700 499	-	
Profit before tax			691 821	557 290
Income tax			(211 819)	(144 331)
Profit after tax			480 002	412 959

Included in the Agrimark segment's results is the share in profit of joint venture of R9,3 million (2022: profit of R7,5 million). Refer note 7.

	GROUP			
	SEGMENT ASSETS		SEGMENT LIABILITIES	
	2023	2022	2023	2022
	R'000	R'000	R'000	R'000
Segment assets and liabilities				
Agrimark	4 899 293	4 901 360	2 581 573	2 774 111
The Fuel Company	2 794 079	2 910 698	2 216 057	2 373 086
Agrimark Grain	89 549	94 630	26 791	30 545
Manufacturing	320 563	338 407	257 462	252 698
Total for reportable segments	8 103 484	8 245 095	5 081 883	5 430 440
Corporate	153 195	80 745	98 924	75 826
Deferred taxation	33 039	12 912	22 684	10 009
	8 289 718	8 338 752	5 203 491	5 516 275

Included in the Agrimark segment's assets is the Investment in Joint Venture of R50,6 million (2022: R41,4 million). Refer note 7.

47 INFORMATION ABOUT OPERATING SEGMENTS (CONTINUED)

	GROUP			
	CAPITAL EXPENSES		DEPRECIATION	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Other segment information				
Agrimark	97 373	166 969	51 996	51 657
The Fuel Company	36 202	43 150	68 801	39 655
Agrimark Grain	15 130	15 700	6 886	6 840
Manufacturing	12 963	18 230	11 912	12 131
Total for reportable segments	161 668	244 049	139 595	110 283
Corporate	24 889	20 301	12 988	11 619
	186 557	264 350	152 583	121 902

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

Geographical revenue for the Group is as follows:

	GROUP	
	2023 R'000	2022 R'000
South Africa	22 299 034	15 653 845
Namibia	98 024	46 654
Total	22 397 058	15 700 499
Non-current assets (excluding deferred taxation) are located in the following countries:		
South Africa	3 622 568	3 661 096
Namibia	14 645	9 190
Total	3 637 213	3 670 286

48 GOING CONCERN

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

49 EVENTS AFTER REPORTING DATE

A gross final dividend of 130,00 cents (2022: 122,00 cents) per share has been approved and declared by the Board from income reserves, for the year ended 30 September 2023.

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

50 RESTATEMENT OF COMPARATIVE AMOUNTS

Reclassification between non-current liabilities and current liabilities

As there was a technical breach of the leverage ratio covenant (refer note 23) at TFC subsidiary level in the prior year, the classification of long-term borrowings has accordingly been corrected reclassifying long-term liabilities to short-term liabilities (see amounts below). The Company did obtain a waiver in January 2023 from ABSA (the lender), but given the technical breach that existed at year-end, the Company did not have the unconditional right to defer payment past 12 months. No third balance sheet for 30 September 2021 has been presented as the loan only came into effect during July 2022. Classification has thus been corrected and the long-term borrowings has moved from non-current liabilities to current liabilities on the statement of financial position.

The effect on the statement of financial position for 2022 is set out below:

	ORIGINAL BALANCE	RESTATEMENT	RESTATED BALANCE
	R'000	R'000	R'000
Effect on Statement of financial position:			
<i>Non-current liabilities</i>			
Borrowings	837 813	(625 313)	212 500
<i>Current liabilities</i>			
Short-term borrowings	1 257 457	625 313	1 882 770
	2 095 270	–	2 095 270

In addition, the portion that was restated and moved to short-term borrowings in the prior year, moved to the 0-12 months bucket in note 25 under the Liquidity risk disclosure.

The comparative notes also did not include the disclosure of the covenants for the loan between TFC Operations (Pty) Ltd and ABSA, as well as the loan between Kaap Agri Bedryf Ltd and ABSA. Refer to note 23 for more information.

51 RECONCILIATION OF MOVEMENTS IN CARRYING VALUE

	Total R'000	Land and buildings R'000	Grain silos R'000	Machi- nery and equip- ment R'000	Vehicles R'000	Office furniture and equip- ment R'000	Assets under construc- tion R'000
30 September 2023							
Carrying value at							
1 October 2022	1 317 415	828 261	26 177	240 816	45 150	128 543	48 468
Additions*	186 557	44 511	356	59 618	18 723	18 045	45 304
Assets held for sale	(5 456)	-	-	(4 139)	-	(1 317)	-
Transfers	-	-	14 837	2 665	-	18 372	(35 874)
Disposals	(4 667)	(2 116)	-	(152)	(237)	(631)	(1 531)
Depreciation	(81 843)	(1 706)	(3 291)	(34 990)	(8 865)	(32 991)	-
Carrying value 30 September 2023	1 412 006	868 950	38 079	263 818	54 771	130 021	56 367
30 September 2022							
Carrying value at							
1 October 2021	1 545 524	1 143 791	24 193	213 364	41 941	109 951	12 284
Additions	228 290	93 487	602	37 221	14 473	15 186	67 321
Additions through business combinations	36 060	-	-	16 454	151	19 123	332
Transfers	-	15 339	4 543	2 161	-	9 426	(31 469)
Disposals	(425 576)	(422 679)	-	(360)	(2 477)	(60)	-
Depreciation	(66 883)	(1 677)	(3 161)	(28 024)	(8 938)	(25 083)	-
Carrying value 30 September 2022	1 317 415	828 261	26 177	240 816	45 150	128 543	48 468

* Included in additions is an amount of R13,4 million relating to new instalment sale agreements. Refer to note 43.

KAL Group Limited

Statement of financial position

at 30 September

	Notes	COMPANY	
		2023 R'000	2022 R'000
ASSETS			
Non-current assets			
Investment in subsidiary companies	2	819 988	642 604
Current assets			
Loan to subsidiary company	4	667	1 602
Total assets		820 655	644 206
EQUITY			
Capital and reserves			
Stated Capital	3	466 051	476 143
Retained profit		354 604	168 063
Total equity		820 655	644 206

Statement of comprehensive income

for the year ended 30 September

	Notes	COMPANY	
		2023 R'000	2022 R'000
Revenue	7	318 626	115 338
Other operating expenses		-	(9)
Impairment of investment in subsidiary		(7 142)	(11 604)
Profit before taxation		311 484	103 725
Income tax	8	-	-
Net profit for the year		311 484	103 725

Statement of changes in equity

for the year ended 30 September

	COMPANY	
	Stated capital R'000	Retained profit R'000
Balance 1 October 2021	456 643	178 057
Net profit for the year	-	103 725
Shares issued	19 500	-
Dividends declared	-	(113 719)
Balance 30 September 2022	476 143	168 063
Net profit for the year	-	311 484
Odd lot offer – shares repurchased	(10 092)	-
Dividends declared	-	(124 943)
Balance 30 September 2023	466 051	354 604

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

Statement of cash flows

for the year ended 30 September

	Note	COMPANY	
		2023 R'000	2022 R'000
Cash flow from operating activities			
Dividends received	9	134 100	115 329
		134 100	115 329
Cash flow from financing activities			
(Increase)/decrease in loan in subsidiary company		935	(1 610)
Odd lot offer – shares repurchased		(10 092)	-
Dividends paid		(124 943)	(113 719)
		(134 100)	(115 329)
Net increase in cash and cash equivalents		-	-

Notes to the financial statements

for the year ended 30 September

1 ACCOUNTING POLICIES

The principal accounting policies incorporated in the preparation of these financial statements, are set out on pages 68 to 84, these are consistent with that of the Group unless otherwise indicated.

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

2 INVESTMENT IN SUBSIDIARY COMPANY

Unlisted:

Kaap Agri Bedryf Limited

Number of issued shares:
74 170 277 (2022: 74 170 277)
Shareholding: 100% (2022: 100%)
Shares at cost

Agriplas (Pty) Ltd*

Number of issued shares:
7 000 (2022: 7 000)
Shareholding: 100% (2022: 0%)
Shares at cost

Tego Plastics (Pty) Ltd*

Number of issued shares:
1 000 (2022: 1 000)
Shareholding: 100% (2022: 0%)
Shares at cost

KAL Corporate Services (Pty) Ltd

Number of issued shares:
100 (2022: 100)
Shareholding: 100% (2022: 100%)
Shares at cost

Partridge Building Supplies (Pty) Ltd

Number of issued shares:
2 160 (2022: 2 160)
Shareholding: 15% (2022: 15%)
Shares at cost less impairment

Opening balance
Investment obtained during the year
Impairment of investment

Even though the Company KAL Group Limited holds 15% directly in Partridge Building Supplies (Pty) Ltd, it also holds 85% indirectly through its subsidiary, Kaap Agri Bedryf Limited. Management assessed the fair value less cost of disposal of the company compared to the cost of the investment at 30 September 2023 which resulted in an impairment to its recoverable amount.

	COMPANY	
	2023 R'000	2022 R'000
	634 708	634 708
	43 486	-
	141 040	-
	-	-
	754	7 896
	7 896	-
	-	19 500
	(7 142)	(11 604)
	819 988	642 604

* On 1 July 2023 the initial shareholder, Kaap Agri Bedryf Limited, unbundled its shareholding in Agriplas (Pty) Ltd and Tego Plastics (Pty) Ltd to its holding company, KAL Group Limited.

		COMPANY	
		2023 R'000	2022 R'000
3	STATED CAPITAL		
	Authorised: 1 000 000 000 (2022: 1 000 000 000) ordinary shares with no par value		
	Issued: 74 319 837 (2022: 74 567 680) ordinary shares with no par value	466 051	476 143
4	LOAN TO SUBSIDIARY COMPANY		
	Kaap Agri Bedryf Limited	667	1 602

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

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

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

5 RELATED PARTY TRANSACTIONS

Refer to notes 2, 4 and 7.

6 FINANCIAL RISK MANAGEMENT

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

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

NON-INTEREST-BEARING				
	Rate 2023	Amount 2023	Rate 2022	Amount 2022
	%	R'000	%	R'000
Assets				
Loan: Kaap Agri Bedryf Limited	–	667	–	1 602

Fair value estimation:

Financial liabilities

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

Capital maintenance

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

	COMPANY	
	2023 R'000	2022 R'000
7 REVENUE		
Dividends received – cash	133 433	113 727
Dividends received – in specie	184 526	–
Dividends forfeited	667	1 611
	318 626	115 338

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

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

	COMPANY	
	2023 R'000	2022 R'000
8 INCOME TAX		
Tax expenditure		
Current taxation – current year	–	–
The tax on the company's profit before tax differs from the theoretical amount that would arise using the statutory rate as follows:		
	%	%
Statutory tax rate	27,00	28,00
Adjusted for:		
Non-taxable dividend income	(27,00)	(28,00)
Effective rate	–	–

	COMPANY	
	2023 R'000	2022 R'000
9 DIVIDENDS RECEIVED		
Operating profit per income statement	311 484	103 725
Adjusted for:		
– Dividends received in specie	(184 526)	–
– Goodwill written off	7 142	11 604
Dividends received	134 100	115 329

10 GOING CONCERN

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

11 EVENTS AFTER REPORTING DATE

A gross final dividend of 130,00 cents (2022: 122,00 cents) per share has been approved and declared by the Board from income reserves, for the period ended 30 September 2023.

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

Accounting policies to the financial statements

for the year ended 30 September

1 BASIS OF PREPARATION

The annual financial statements are prepared on the historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the requirements of the Companies Act (No. 71 of 2008), as amended, the SAICA Financial Reporting Guide issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

These financial statements incorporate accounting policies that have been consistently applied to all periods presented and are consistent with those applied in the previous financial year. Various other changes in IFRS became effective for the financial year under review but did not impact the Group.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the notes of the accounting policies.

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

The following standards, amendments and interpretations have been adopted by the Group and became effective for the current reporting period beginning on 1 October 2022:

Amendments to Standards

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective 1 January 2022)

Amendments to IFRS 3, 'business combinations' update a reference in IFRS 3 to the conceptual framework for financial reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss.

Amendments to IAS 37, 'provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

2 **NEW, AMENDED AND IMPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS EFFECTIVE DURING THE CURRENT FINANCIAL YEAR (CONTINUED)**

Amendments to Standards (continued)

IFRIC Agenda decision – Lessor forgiveness of lease payments (IFRS 9 and IFRS 16)

In October 2022, the IASB finalised the agenda decision approved by the IFRS Interpretation Committee (IFRS IC) on 'Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)'. The agenda decision addresses the accounting from the perspective of the lessor, and in particular:

- > how the expected credit loss ("ECL") model in IFRS 9 should be applied to the operating lease receivable when the lessor expects to forgive payments due from the lessee under the lease contract before the rent concession is granted.
- > whether to apply the derecognition requirements in IFRS 9 or the lease modification requirements in IFRS 16 when accounting for the rent concession.

The following new accounting standards, interpretations and amendments will not have an impact on the financial statements:

Amendment to IAS 12 – International tax reform – pillar two model rules

Amendments to these amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

3 **NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE**

The following standards, amendments and interpretations are not yet effective and have not been early adopted by the Group (the effective dates stated below refer to financial reporting periods beginning on or after the stated dates):

Amendments to Standards

Narrow scope amendments to IAS 1, Practise statement 2 and IAS 8 (effective 1 January 2023)

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction (effective 1 January 2023)

These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Amendment to IFRS 16 – Leases on sale and leaseback (effective 1 January 2024)

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendment to IAS 1 – Non-current liabilities with covenants (effective 1 January 2024)

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

3 NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE (CONTINUED)

Amendments to Standards (continued)

Amendment to IAS 7 and IFRS 7 Supplier finance (effective 1 January 2024)

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The following new accounting standards, interpretations and amendments will not have an impact on the financial statements:

IFRS 17, 'Insurance contracts' (effective 1 January 2023)

This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendments to IAS 21 – Lack of Exchangeability (effective 1 January 2025)

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Management considered all new accounting standards, interpretations and amendments to IFRS that were issued prior to 30 September 2023 but not yet effective on that date.

4 BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

4 BASIS OF CONSOLIDATION (CONTINUED)

Subsidiaries (continued)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9: Financial Instruments in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the stand-alone financial statements of the holding company, the investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investments.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in equity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Treasury shares

The cost of treasury shares is presented as a deduction from equity. Shares under option already allocated to employees and unallocated shares are considered as treasury shares and are consolidated as such as part of the Group's results.

4 BASIS OF CONSOLIDATION (CONTINUED)

Joint ventures

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits and losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests, that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Any additional capitalisation or increase in the investment (not resulting in a change in the percentage equity held) are accounted for at cost. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Consolidation of Special Purpose Entities

The special purpose entities ("SPEs") established in terms of the B-BBEE equity transaction implemented in 2011 have been consolidated in the Group results. The substance of the relationship between the company and these entities has been assessed and the conclusion was made that they are controlled entities, mainly due to the fact that the Group retains residual or ownership risks relating to the SPEs.

5 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive committee. The Executive committee is responsible for allocating resources and assessing performance of the operating segments and is therefore considered to be the Chief Operating Decision Maker of the Group.

6 PROPERTY, PLANT AND EQUIPMENT

Land and buildings mainly comprise retail outlets and offices. Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write off the cost to a value equal to the residual values over their estimated useful lives, as follows:

> Buildings	50 years
> Grain silos	10 – 50 years
> Machinery and equipment	4 – 10 years
> Injection moulding machines	5 – 20 years
> Vehicles	4 – 5 years
> Office furniture and equipment	2 – 10 years
> Leasehold improvements	Period of lease

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets under construction is defined as assets still in the construction phase and not yet available for use. These assets are carried at initial cost and are not depreciated. Depreciation on these assets commences when they become available for use and depreciation periods are based on management's assessment of their useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of fixed assets are determined by comparing proceeds with the carrying amounts and are included in the income statement as other operating income or other operating expenses.

7 INTANGIBLE ASSETS

Goodwill

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates/joint venture is included in investment in associated companies/joint ventures. Separately recognised goodwill is reviewed annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Customer relations

Customer relations consist of non-contractual customer relationships. Customer relations acquired in a business combination are recognised at fair value at the acquisition date.

The customer relations have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment. Amortisation is calculated on the straight-line method to allocate the cost of customer relations over the estimated useful life of five years.

Tradename

A tradename has been recognised by the Group as part of a business combination. Tradenames are capitalised at the fair value initially identified and amortised on a straight-line basis over their estimated useful lives of 10 to 50 years. Tradenames are carried at cost less accumulated amortisation and accumulated impairment. Expenditure to maintain tradenames is accounted for against income as incurred.

Fuel retail licences

The fuel retail licences are contractual in nature and has been recognised by the Group as part of a business combination. Given that the fuel retail licences remain valid for as long as the licence holder operates as a going concern, the estimated useful life of the individual fuel retail licences are considered to be indefinite. This intangible assets is reviewed annually for impairment and carried at cost less accumulated impairment losses in terms of IAS 36.

8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

9 LEASES

The Group leases various retail stores, storage sites and vehicles. Rental contracts are typically made for fixed periods of 3 to 12 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.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- > Fixed payments
- > Lease payments to be made under reasonably certain extension options

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- > The amount of the initial measurement of lease liability
- > Any lease payments made at or before the commencement date

Leasehold improvements are accounted for as part of right-of-use assets.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mostly comprise information technology equipment and other similar assets.

Right-of-use assets are depreciated over the lowest of the lease term (including the extension period if applicable) or the useful life.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the lessee as a starting point and adjusts the rate to reflect changes in financing conditions since the third-party financing was received. The Group also adjusts the rate relating to the specific lease based on the term and security and nature of the asset.

9 LEASES (CONTINUED)

The lease term is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised.

The majority of the extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, are considered.

The assessment of the lease term is revised if there is a change in the non-cancellable lease period.

A lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- > there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; and
- > there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

Sale and leaseback transactions

A sale and leaseback transaction is where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. A sale occurs when control of the underlying asset passes to the buyer. This accounting policy thus applies in instances where the Group, as the seller-lessee, has transferred control of the asset to the buyer-lessor in terms of an IFRS 15 sale.

Sale and leaseback transactions (continued)

As the Group is the lessee in the subsequent arrangement, a lease liability is recognised, the associated property, plant and equipment asset is derecognised, and a right-of-use asset is recognised at the proportion of the previous carrying amount of the asset relating to the right-of-use retained. The gain (or loss) that the seller-lessee recognises is limited to the proportion of the total gain (or loss) that relates to the rights transferred to the buyer-lessor. Any difference between the sale consideration and the fair value of the asset is either a prepayment of lease payments (if the purchase price is below market terms) or additional financing (if the purchase price is above market terms). Any gain or loss that relates to the rights transferred to the buyer-lessor is recorded within items of a capital nature.

In other instances, where there is no transfer of control, the transaction amounts to a collateralised borrowing, which is covered by the existing accounting policies pertaining to financial liabilities.

10 OTHER FINANCIAL INSTRUMENTS

Initial recognition and measurement

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. Initial recognition is measured at fair value including directly attributable transaction costs for financial instruments not measured at fair value through profit and loss. Transaction costs of financial instruments carried at fair value through profit and loss are expensed in profit or loss.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation is discharged, cancelled, expires or when a substantial modification of the terms occurs.

10 OTHER FINANCIAL INSTRUMENTS (CONTINUED)

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Classification and subsequent measurement

Financial assets

The Group classifies its financial assets in the following measurement categories:

- Financial assets measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (FVPL))
- Financial assets measured at amortised cost

The classification depends on the business model for managing the financial assets and the contractual term of the cash flows. Management determines the classification of its investment at initial recognition. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in relation to the instrument held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Equity instruments

The Group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at fair value through other comprehensive income (OCI) are recognised in OCI in the statement of comprehensive income. Where management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Upon derecognition of these equity investments, any balance within the FVOCI reserve is reclassified to retained earnings. Dividends from such investments are recognised in profit or loss as other gains and losses when the Group's right to receive payments is established. Currently the Group has elected to designate equity instruments at FVOCI.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows representing solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income under other operating income using the effective interest rate method. Trade receivables, cash and cash equivalents and loans receivable are classified as debt instruments measured at amortised cost.

Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss is recognised in profit or loss and presented in the income statement as part of other gains and losses in the period in which it arises. Interest income from these financial assets is included in finance income. Debt instruments are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets.

10 OTHER FINANCIAL INSTRUMENTS (CONTINUED)

Impairment

The Group has the following financial assets that are subject to the expected credit loss impairment model in terms of IFRS 9:

- > Trade and other receivables
- > Loans receivable
- > Cash and cash equivalents

The Group determines loss allowances by considering available forward-looking information which could adversely impact a debtor's ability to pay.

Financial assets subject to impairment are written off when there is no reasonable expectation of recovery, and the amount is recognised in profit or loss within "operating expenses".

Trade receivables

The Group elected to apply the simplified approach for measuring impairment provisions for trade receivables. In terms of this approach, the loss allowances are calculated with reference to lifetime expected credit losses. The Group determines expected credit loss allowances both on a specific (credit impaired) and a contingency (not credit impaired) basis.

Credit terms, interest rates and other applicable terms are determined based on the calculated risk profile of the credit taker(s). A strict credit policy is followed which includes the ongoing revision of credit limits, security assessments and credit evaluations of the financial position of clients. These factors have been taken into consideration on an individual and collective basis when determining the recoverability of debtors. The Group has a specific loss allowance and a contingency loss allowance. The group defines "outside terms" debtors as all debtors more than 90 days outside terms. The specific loss allowance is determined on all "outside terms" debtors as their risks are different than the rest of the debtors' book within terms and they are assessed individually. The assessment for the specific loss allowance considers security held, reputation and expected payments in the future to determine the value of the specific loss allowance. Regarding the contingency loss allowance, the group divides the rest of the debtors' book (after considering the specific loss allowance) into different categories with risk factors applied to each category. The categories are based on different type of produce commodities mostly in the agricultural sector (grain, fruit, other agri and non-agri). The percentage expected credit loss applied to each category depends on the forward-looking risk of default and expectations on macro-economic factors including market share, competitor strength, industry risk, profitability, price volatility risks and climate changes.

Cash and cash equivalents

Cash comprises cash on hand and cash at banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Interest on cash and cash equivalents is recognised in the statement of comprehensive income as interest received from bank account balances. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Other financial assets

Loss allowances relating to loans receivable, cash and cash equivalents, deposits and other receivables are determined in terms of the general expected credit loss model, considering a 12-month expected credit loss.

In terms of this model the Group considers whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date compared to the credit risk at initial recognition date. It considers available reasonable and supportive forwarding-looking information that could be indicative of a deterioration in the counterparty's ability to pay. The Group assesses factors such as credit ratings, actual/adverse conditions in the industry or changes in value of security held.

10 OTHER FINANCIAL INSTRUMENTS (CONTINUED)

Other financial assets (continued)

For these financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses. In calculating the expected credit loss rates, the Group considers the exposure at default, probability of default and loss given default. The impact of the adoption of IFRS 9 and at the end of the reporting period was not material for other financial assets.

Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, using the effective interest rate method. The effective interest rate amortisation is recognised in the statement of comprehensive income as finance costs. In relation to acquisition of KAL shares in the market, the financial liability is initially recognised at the present value of the redemption amount. Subsequent measurement at fair value is recognised through profit and loss.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Instalment sale agreements

Instalment sale agreements are recognised where the Group will become the legal owner of the assets after the purchase payment agreement is completed. The instalment sale agreements are recognised as a financial liability from the date of recognition and measured at amortised cost using the effective interest rate method. Instalment sale agreements are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Any subsequent remeasurements are recognised in the income statement as finance costs.

Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value. Trade payables are subsequently stated at amortised cost using the effective interest rate method.

Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Contingent consideration

The Group shall classify an obligation to pay contingent consideration that meets the definition of a financial instrument as a financial liability.

Changes in the fair value of contingent consideration that the Group recognises after the acquisition date may be the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. Such changes are measurement period adjustments. However, changes resulting from events after the acquisition date, such as meeting an earnings target, reaching a specified share price or reaching a milestone, are not measurement period adjustments.

Changes in the fair value of contingent consideration, that are not measurement period adjustments, which falls within the scope of IFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with IFRS 9.

11 INVENTORY

Merchandise, raw materials and consumable goods are valued at the lower of cost, calculated on the average cost basis, or net realisable value, taking into account obsolescence and saleability. Implement stock (included in merchandise) is valued at the specific cost price or net realisable value, whichever is the lower. Finished goods (included in merchandise) are valued at the lower of cost, including cost of raw materials, direct costs and related production overheads, but excluding finance costs, determined on the average cost basis, or net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

12 STATED CAPITAL

Ordinary shares are classified as equity. Additional costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any company in the Group purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable additional costs (net of income taxes) is deducted from equity attributable to the Group's equity holders until the shares are cancelled, re-issued, or disposed of. Where such shares are subsequently sold or re-issued, any consideration received, net of any directly attributable additional transaction costs and the related income tax effects, is included in equity attributable to the Group's shareholders.

13 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources which entail economic benefits will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

14 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivatives are designated as hedging instruments, and if so, the nature of the item being hedged. The Group designates hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

14 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (CONTINUED)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Certain derivatives do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

15 EMPLOYEE BENEFITS

Pension scheme arrangements

The Group operates a pension fund consisting of a defined contribution plan registered in terms of the Pension Funds Act, 1956, and the assets are administered separately by trustees. Funding is in terms of conditions of employment by means of contributions by the participating subsidiaries in the Group as well as employees. The Group has no further obligations to the fund once the contributions have been paid. Contributions are recognised in the income statement when they are due.

Post-retirement medical benefits

Certain in-service members and retired employees are members of the post-retirement medical subsidy scheme of the Group. The Group pays the monthly contributions in respect of the retired members over to the medical fund. The valuation method used to value the liability is the projected unit method. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out by independent qualified actuaries. Any actuarially determined profits or losses are recognised in the income statement.

In terms of the Group's present policy the benefits are only available to certain in-service members and retired staff and not to future employees.

Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognised under accounts payable when there is no realistic alternative but to settle the liability, and at least one of the following conditions is met:

- > there is a formal plan; or
- > past practice has created a valid expectation by employees that they will receive a bonus or profit share.

It is expected that the liability will be paid within 12 months.

15 EMPLOYEE BENEFITS (CONTINUED)

Equity settled management share incentive scheme

The Group operates an equity settled management share incentive scheme (“the scheme”). In terms of IFRS 2, the fair value of the equity instrument is determined at grant date and the corresponding expense is recognised over the vesting period. The fair value of the grant is determined using the Black-Scholes-Merton model using six different inputs that would have an effect on the fair value of the grant. The inputs are the exercise price of the option, the current share price, the expected life of the option, the expected volatility, the expected dividend yield and the risk-free interest rate.

16 REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15) AND OTHER OPERATING INCOME

According to IFRS 15, revenue is recognised at a point in time or over time depending on the performance obligations linked to separate elements of the contract with the customer. Revenue is recognised when the Group satisfies performance obligations and transfers control of goods or services to its customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for these goods or services. The Group’s revenue consists mostly of sales of products delivered to customers at the point of sale and does not have multiple element arrangements included in it. Therefore, the timing and measurement of the Group’s revenue will not change as a result of the implementation of IFRS 15.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group’s activities. Revenue is shown, net of value-added tax and trade discounts and after elimination of sales within the Group. Revenue is recognised as follows:

Sales of goods

The Group specialises in trading in agricultural-, fuel- and related retail markets in Southern Africa. At the point-of-sale in the trade and manufacturing environment, the client takes ownership of the goods bought. Revenue is thus recognised at that point when control of the products has transferred, the customer has accepted inventory risk related to the products and there is no unfulfilled obligation that could affect the customer’s acceptance of the products and the Group has a present right to payment. In these segments, prices are determined centrally. Fuel sales follow the same principles as the client takes ownership once the product is sold and transferred to the customer. Fuel prices are regulated. Grain sales follow a similar process as over-the-counter sales as the product is delivered to the client and the revenue is recognised at that point in time when the customer takes ownership of the goods sold. Grain sales prices are based on fixed contract SAFEX prices. Invoicing occurs as soon as control of the goods has been transferred to the customer.

Revenue for the sale of merchandise from ordinary Group-operating activities, net of value added tax and trade discounts and after eliminating sales within the Group are recognised at a point in time, upon delivery of products and customer acceptance. Customers have a choice to pay cash (via cash, debit card or credit card) or on account. Related card transaction costs are recognised in the income statement as other expenses.

Payment terms for normal over the counter credit sales are mostly 30 days. Seasonal accounts are provided to agricultural debtors on longer terms, these terms do not exceed 12 months. Limited establishment accounts are also provided on longer terms (up to five years) with the purpose to assist the customer in establishing farming operations. Interest is charged on these accounts at market related rates and accounted for accordingly.

Sales of services

Sale of services include grain handling revenue which is revenue received for the storage and handling of the client’s grains. The other services are provided within the mechanisation division where labour is invoiced as a service to repair and maintain client’s machinery or vehicles. Revenue received for these services is recognised over time. Revenue is recognised at a fair value (determined based on a fixed price per tonnage/hour charged) of services rendered and are invoiced on a regular basis as the services are rendered.

16 REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15) AND OTHER OPERATING INCOME (CONTINUED)

Variable consideration

The Group assessed if the contracts entered into include variable consideration, but none were noted, other than trade discounts provided at the point-of-sale.

Margin on direct transactions

Direct sales relate to sales made, where goods purchased by clients are directly delivered to the client by the suppliers of the Group. Only the margin earned on direct sales is recognised as revenue. The margin is recognised on delivery of products by the supplier to the customer. The group assessed the treatment of these sales as agent or principal in terms of IFRS 15.

The supplier has the primary responsibility for providing the goods to the client.

KAL Group has no control before the product is delivered to the client and the Group does not recognise the inventory in their books. There is no recourse by the customer to the group for defects, non-performance for example short delivery.

The supplier takes the inventory risk up until inventory is delivered to the client.

The price is determined by the supplier. The Group acts as intermediary and earns commission for the administration of the process. All the indicators according to the standard indicate that the Group is acting as an agent, rather than a principal, thus the net amount is recognised as revenue. Thus, the treatment under IFRS 15 stays consistent to the prior year.

Other operating income is recognised as follows:

Interest income

Under IFRS 9, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). When a receivable is written off, the Group reduces the carrying amount to its recoverable amount. Interest is recognised using the original effective interest rate.

Interest income is accounted for as other income as it is not part of the ordinary revenue activities of the Group and is an incidental benefit from the group's ordinary activities.

Dividend income

Dividend income is recognised when the right to receive payment is established and is treated as revenue for the company but is not considered to be revenue from contracts with customers (IFRS 15).

Dividend in specie income is recognised as the fair value of the underlying assets.

17 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

17 BORROWING COSTS (CONTINUED)

The capitalisation of borrowing costs commences when:

- > Expenditures for the asset have occurred.
- > Borrowing costs have been incurred.
- > Activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

18 FOREIGN CURRENCY TRANSACTIONS

Functional and presentation currency

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Rand, which is the holding company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

19 CURRENT AND DEFERRED INCOME TAX

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets relating to unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused losses can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates/joint venture, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group determines the deferred income tax asset and deferred income tax liability that arise on the initial recognition of a lease to be integrally linked and recognise the temporary difference on a net basis.

20 RECURRING HEADLINE EARNINGS

The Group monitors headline earnings as earning less non-recurring costs. Non-recurring costs are defined as once off costs or transactions as a result of *ad hoc* transactions or IFRS valuations that do not form part of ordinary business operations, and which causes fluctuations year-on-year.

21 DIVIDEND DISTRIBUTIONS

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved.

22 RELATED PARTIES

Individuals, as well as their close family members, or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions or if the parties are jointly controlled in a joint venture.

23 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets and/or disposal groups are classified as assets held for sale and are stated at the lower of the carrying amount and fair value less costs of disposal if their carrying amount will be recovered principally through a sale transaction rather than through continued use and this sale is considered highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position.

The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

Assets and liabilities of abandoned disposal groups are not classified as held for sale because the carrying amounts will not be recovered principally through a sale transaction.

Corporate information

KAL GROUP LIMITED (PREVIOUSLY KAAP AGRI LIMITED)

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

Directors

GM Steyn (Chairman)*#
S Walsh (Chief Executive Officer)
CW Sim (Financial Director)
I Chalumbira*
BS du Toit*#
D du Toit*#
JH le Roux*#
B Mathews*#
EA Messina*#
CA Otto*#

* Non-executive

Independent

Company Secretary

KAL Corporate Services (Pty) Ltd

Registered address

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Suite 110, Private Bag X3041, Paarl, 7620
Telephone number: 021 860 3750
Fax number: 021 860 3314
Website: www.kalgroup.co.za

Auditors

For the financial year ended 30 September 2023
– PricewaterhouseCoopers Inc.

On 4 May 2023, KAL Group published an announcement on SENS, advising shareholders that the Audit and Risk committee has recommended, and the Board has endorsed, the proposed appointment of Deloitte Touche Tohmatsu Limited as the external auditor of the KAL Group with effect from the financial year commencing 1 October 2023. Shareholders will be requested to approve the above appointment at the company's AGM.

Transfer Secretaries

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Fax number: 086 636 7200

Sponsor

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KAL GROUP


AGRIMARK

PEG


the
fuel
company

agriplas 

 **TEGO**
PLASTICS

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