CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 March

2024

Salient features

12 057 367

REVENUE (R'000)
(2023: 12 086 848)

+7,3%
408,74

HEADLINE EARNINGS PER SHARE (CENTS)
(2023: 381,09)

+7,1%
408,74

RECURRING HEADLINE EARNINGS PER SHARE (CENTS)
(2023: 381,64)

+8,0%
54,0

INTERIM DIVIDEND PER SHARE (CENTS)
(2023: 50,0)

Contents

Commentary

OPERATING ENVIRONMENT

The first six months of the 2024 financial year ("H1") continued to be dominated by poor economic conditions and subdued growth. Stubborn inflation and continued high interest rates negatively impacted already struggling consumers. On a positive note, the negative effect of load shedding on business and consumers reduced in H1 compared to the same period last year ("LY").

Revenue pressure was evident across the general retail and agricultural channels during H1. However, the second quarter ("Q2") of the financial year improved significantly across all business units compared to the first quarter ("Q1"). Encouragingly, although the building material sector remained subdued, our various building material categories largely outperformed the sector. Revenue growth in The Fuel Company ("TFC") channel was bolstered by fuel price increases. Manufacturing revenue growth increased as farm infrastructural spend improved.

Overall inflation has come down, with deflation evident in the agriculture and fuel categories. Retail inflation has reduced at a slower rate and remains high. While transaction numbers decreased marginally, basket size improved by 1,5% compared to LY.

The 2023 wheat harvest yield, which impacts the 2024 financial year, was lower than expected and, although better than the prior year, volumes and quality were more average and farm prices were lower. While overall agricultural input costs have reduced off the back of lower fertiliser costs, logistical challenges, specifically port operations, remain a major concern.

General retail performance continues to be sluggish and is expected to remain so while high inflation and interest rates persist. Convenience retail growth has slowed as load shedding reduced, however this channel remains more resilient than general retail. Given that certain convenience channels are under pressure while others are performing well, it is clear that convenience customers are looking for value for money offerings.

The Group's strategic footprint and facilities, which include financial, grain handling and agency services, support a diverse client network through 267 business units spread across all nine South African provinces and Namibia.

FINANCIAL RESULTS

KAL's statutory revenue of R12,06 billion was in line with the previous comparable financial period, with like-for-like comparable revenue reducing marginally by 0,3%. Our product inflation is estimated at 0,1% for the year. When excluding the deflationary impact of fuel in the revenue basket, inflation was 2,0%. Although the impact of load shedding was lower year on year, its indirect negative impact on revenue growth remained evident in curtailed farm expenditure, especially in the Western Cape.

Group fuel volumes decreased by 2,0%, performing significantly better than the industry-wide fuel volume reductions experienced. TFC fuel volumes ended 1,6% lower than LY. While non-highway site volumes have improved, highway site volumes have varied, coming under pressure on specific routes like the N3 while exceeding expectations on other routes like the N1. Market share gains were made in the TFC and Agrimark fuel channels due to our product availability and reliability of supply. Fuel prices remain volatile. Although fuel prices decreased during November to January, February and March saw increases, with national fuel prices ending 6,5% (petrol) and 4,1% (diesel) higher compared to a year ago.

Our distribution centre throughput growth has continued in support of our retail growth strategy and the implementation of several strategic supply chain imperatives has assisted in growing retail margins during a time of sector-wide margin pressure. However, retail margins are expected to remain under pressure on the back of weak consumer health. Gross profit has grown by 8,7% and accelerated in Q2 compared to Q1. Gross profit growth was aided by increased distribution centre throughput, fuel price gains realised, a larger contribution of convenience retail as well as higher rebates received.

Effective cost management remains a key focus area, and more so given the revenue and trading margin pressures being experienced. The business continues to demonstrate its ability to flex costs during difficult times, with like-for-like expenses growing by only 6,4%. Support services cost grew at a slower rate than inflation, and distribution centre cost to serve as a percentage of gross profit reduced.

Interest received decreased by 9,1% compared to LY, on the back of lower average debtors' balances due to slower credit sales. Interest paid to banks decreased by 20,8% due to the year-on-year ("YOY") reduction in interest-bearing debt resulting from scheduled term debt repayments being met. Net bank interest earned increased by R15,1 million for the period.

EBITDA increased by 9,2% to R569,1 million, up from R521,3 million in the prior corresponding period. Profit before tax ("PBT") increased by 9,7% to R458,5 million, from R417,8 million in the prior corresponding period. PBT growth increased in Q2, ending H1 higher than the Q1 PBT growth of 7,3%.

Half-year headline earnings ("HE") grew by 8,2% while recurring headline earnings ("RHE") grew by 8,1%. Once-off costs associated with the odd lot offer in the prior year are excluded from HE to calculate RHE. Headline earnings per share increased by 7,3% to 408,74 cents, while recurring headline earnings per share grew by 7,1% to 408,74 cents.

In support of our strategic growth objectives, and based on value-enhancing return on invested capital ("ROIC") principles, we continue to explore various agricultural and retail expansion opportunities.

OPERATING RESULTS

Revenue from the Agrimark business segment, which includes the Agrimark retail branches, Agrimark fuel filling stations, Agrimark Packaging distribution centres, New Holland agency services as well as fuel redistribution units, reduced by 2,1% YOY. Focused margin and expense management resulted in operating profit before tax reducing by only 0,4%. On a comparable basis, excluding the reversal of once-off fuel price provisions in the prior year, PBT grew by 5,8%. The key focus areas in this environment are profitable market share gains, margin enhancement, cost management and stock and footprint optimisation.

TFC increased revenue by 1,0%, with operating profit before tax increasing by 21,1%. Despite lower fuel volumes, revenue increases were due to higher average fuel prices and robust contributions from convenience store and quick service restaurant ("QSR") offerings. Profitability increases were driven by fuel price increase gains and larger convenience and QSR contributions at higher margins. In the context of weak fuel sector indicators and the economic challenges facing consumers, the performance of this business segment has been encouraging. Although down on LY, costs incurred (R15,1 million) to trade during periods of power interruption remain significant in this area given the nature of the business.

Agrimark Grain includes grain handling and storage of grain and related products, seed processing and potato seed marketing. Wheat volumes received, and not revenue, is the more appropriate indicator of performance in this business segment. Wheat intake increased by 21,2% compared to the prior season, resulting in higher handling and storage income received. Seed revenue was negatively impacted by delayed rainfall resulting in delayed orders; this is expected to partially correct during the second half of the financial year. As always highlighted, the majority of grain services income is realised during the grain intake period, and in the form of storage income during the few months thereafter. However, storage facility costs are incurred throughout the year. As such, the expectation is that operating profit before tax within grain services for the first six months will be higher than the second six months of the financial year.

Manufacturing produces dripline, sprinkler irrigation products and plastic bulk bins for the agricultural market, and offers agency services for imported irrigation products. Irrigation-related revenue improved due to increased infrastructural spend as mentioned above, contributing to this business segment's revenue growth of 22,3%. Although the performance of Tego Plastics (Pty) Ltd was below expectation, a breakeven segmental operating profit before tax was achieved, being an improvement of R7,1 million.

The Corporate division costs, which include the cost of support services, and other costs not allocated to specific segments, were well managed and remained at 0,2% of revenue.

FINANCIAL POSITION

Capital allocation and cash management are priority key performance indicators. Capital spend was suitably contained to R70,7 million, which included R39,8 million spent on various expansion-related projects, R22,1 million for replacement capital expenditure and R8,8 million allocated to alternative energy installations. R9,8 million of capital was released through disposals.

Working capital has been effectively managed. Trade debtors reduced by 3,9% YOY on the back of lower credit sales, with debtors not within terms as a percentage of total trade debtors in line with the previous year-end position. Given the tough trading conditions experienced, we have proactively increased our expected credit allowance provision in relation to the debtors book. Securities are held where appropriate and we believe we are suitably provided for when considering the health of the overall debtors' book.

Inventory reduced by 0,7% compared to a revenue reduction of 0,2%. The impact of centralised procurement and distribution and the higher contributions of quicker-moving convenience retail and fuel stock have supported the inventory reduction.

Creditors' days have remained similar YOY.

GROUP DEBT

The Group's commitment to reducing gearing levels continues. Compared to LY, net interest-bearing debt reduced by R571,5 million, with R244,6 million in term debt being settled during the 12 months. Due to the Easter weekend falling over the March month-end, one of our large fuel suppliers drew their payment later than normal. This had a positive impact of R211,2 million on net interest-bearing debt at half-year. Robust trading performance and prudent capital expenditure management positively impacted borrowing levels.

The Group's debt-to-equity ratio decreased to 56,5% (LY: 73,8%), with interim net debt to EBITDA improving to 3,3 times (LY: 4,7 times) and interest cover to 5,1 times (LY: 4,0 times). Gearing levels are in line with expectation given term debt repayment profiles. The Group has sufficient facilities in place to meet its ongoing requirements.

Group cash generation remains strong.

DIVIDEND

A gross interim dividend of 54,00 cents per share (2023: 50,00 cents per share) has been approved and declared by the Board of directors of the Group from income reserves for the six months ended 31 March 2024. The interim dividend amount, net of South African dividends tax of 20%, is 43,20 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.

The salient dates for this dividend distribution are:

Declaration date	**Thursday, 9 May 2024**
Last date to trade cum dividend	**Tuesday, 4 June 2024**
Trading ex-dividend commences	**Wednesday, 5 June 2024**
Record date to qualify for dividend	**Friday, 7 June 2024**
Date of payment	**Monday, 10 June 2024**

Share certificates may not be dematerialised or rematerialised between Wednesday, 5 June 2024 and Friday, 7 June 2024, both days inclusive.

The number of ordinary shares in issue at declaration date is 74 319 837 and the income tax number of KAL is 9312717177.

OUTLOOK

There is no indication of an improvement in economic conditions in the short term and low GDP forecasts remain concerning. The result of the May elections has the potential to impact the SA economy substantially, either positively or negatively, depending on the outcome.

The ongoing impact of the Russia-Ukraine conflict, and more recently the flare-up of hostilities in the Middle East, may potentially impact farming input costs going forward. Global consumer demand and consumer buying power have improved slightly, but are expected to remain subdued, which may impact fruit exporters negatively.

Most agri sectors in which we participate have experienced a better year and the production outlook remains positive. Fortunately, due to low exposure to summer crop regions, we are not subject to the El Niño risks associated with the dry weather conditions in these areas. Dam water levels throughout the regions in which we operate are on average higher than LY and we continue to monitor weather patterns closely. The third quarter ("Q3") of the prior year was particularly challenging for the Agrimark business segment, and we remain positive that this year's Q3 will recover.

Moderate growth and margin pressure in general retail are expected, with volatile fuel prices and other inflationary pressures hampering recovery. The building material sector is expected to continue to struggle. It is anticipated that pressure on fuel volume sales will remain, but that stable convenience and QSR spend will continue.

The first six months earnings will continue to contribute more to full-year earnings than the second six months. KAL remains resilient and management is focused on controllable factors in pursuit of our medium-term strategic objectives. Balance sheet strength will ensure sustainability, with effective capital allocation supporting our focus on ROIC and our debt repayment continuing.

Management is cautiously positive regarding the performance of the business during the coming six-month period.

EVENTS AFTER THE REPORTING DATE

No events that may have a material effect on the Group have occurred after the end of the reporting period and up to the date of approval of the interim financial results by the Board.

On behalf of the Board

GM Steyn
Chairman
8 May 2024

S Walsh
Chief Executive Officer

Consolidated statement of financial position

	Notes	Unaudited 31 March 2024 R'000	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000
ASSETS				
Non-current assets				
Property, plant and equipment	5	**1 434 269**	1 351 742	1 412 006
Right-of-use-assets	6	**660 068**	626 406	552 220
Intangible assets	7	**1 559 433**	1 616 496	1 560 646
Investment in joint venture	8	**57 691**	49 157	50 648
Financial assets at fair value through other comprehensive income		**5 580**	5 580	5 580
Trade and other receivables	9	**25 608**	45 964	35 865
Loans		**18 773**	16 848	20 249
Deferred taxation		**36 619**	15 496	33 039
		3 798 041	3 727 689	3 670 253
Current assets				
Inventory		**1 491 164**	1 502 374	1 641 992
Trade and other receivables	9	**2 390 888**	2 491 307	2 580 828
Short-term portion of loans		**2 682**	4 915	1 513
Cash and cash equivalents		**578 881**	285 840	285 926
		4 463 615	4 284 436	4 510 259
Assets classified as held for sale	10	**109 508**	–	109 206
		4 573 123	4 284 436	4 619 465
Total assets		**8 371 164**	8 012 125	8 289 718
EQUITY AND LIABILITIES				
Capital and reserves				
Equity attributable to shareholders of the holding company		**3 131 482**	2 879 600	2 929 822
Non-controlling interest		**183 936**	155 118	156 405
Total equity		**3 315 418**	3 034 718	3 086 227
Non-current liabilities				
Deferred taxation		**87 449**	58 686	76 573
Financial liability at fair value through profit or loss	11	**52 221**	86 318	137 674
Lease liabilities	6	**705 564**	639 934	583 103
Instalment sale agreements		**17 129**	35 040	28 821
Employee benefit obligations		**13 497**	14 335	14 033
Borrowings		**431 375**	690 500	–
		1 307 235	1 524 813	840 204
Current liabilities				
Trade and other payables	12	**1 672 403**	1 460 228	2 315 131
Derivative financial instruments		**–**	12 364	–
Short-term portion of instalment sale agreements		**32 277**	28 331	31 036
Short-term portion of employee benefit obligations		**2 431**	2 072	2 153
Short-term portion of lease liabilities	6	**56 619**	53 786	54 451
Short-term borrowings		**1 913 501**	1 868 376	1 892 806
Income tax		**16 635**	27 437	11 292
		3 693 866	3 452 594	4 306 869
Liabilities directly associated with assets classified as held for sale	10	**54 645**	–	56 418
		3 748 511	3 452 594	4 363 287
Total liabilities		**5 055 746**	4 977 407	5 203 491
Total equity and liabilities		**8 371 164**	8 012 125	8 289 718
Total shareholders' equity to Total assets employed* (%)		**38,4**	35,8	35,5
Net interest-bearing debt to Total assets employed* (%)		**21,7**	26,4	22,0
Net asset value per share (rand)		**44,66**	40,89	41,78
Shares issued (number – '000)		**70 119**	70 425	70 119
Total number of ordinary shares in issue**		**74 319**	74 567	74 319
Treasury shares		**(4 200)**	(4 142)	(4 200)

* *Ratios calculated on average balances.*
** *There was no change in the issued share capital between 31 March 2024 and the dividend declaration date, being 74 319 837 shares.*

Consolidated income statement

	Notes	**Unaudited 31 March 2024 R'000**	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000
Revenue	13	**12 057 367**	12 086 848	22 397 058
Cost of sales		**(10 406 846)**	(10 567 746)	(19 478 711)
Gross profit		**1 650 521**	1 519 102	2 918 347
Operating expenses		**(1 176 691)**	(1 080 730)	(2 198 576)
Operating profit before interest received		**473 830**	438 372	719 771
Interest received		**99 845**	122 872	200 345
Operating profit		**573 675**	561 244	920 116
Finance costs		**(133 958)**	(151 196)	(279 654)
Finance income		**11 786**	–	42 088
Share in profit of joint venture		**7 043**	7 780	9 271
Profit before tax		**458 546**	417 828	691 821
Income tax		**(133 489)**	(116 864)	(211 819)
Profit for the period		**325 057**	300 964	480 002
Attributable to shareholders of the holding company		**287 507**	269 506	426 945
Non-controlling interest		**37 550**	31 458	53 057
Earnings per share – basic (cents)		**409,06**	382,29	607,45
Earnings per share – diluted (cents)		**406,22**	375,96	603,23
Dividend per share (cents)		**54,00**	50,00	180,00

Headline earnings reconciliation

	Unaudited 31 March 2024 R'000	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000
Profit for the period	**325 057**	300 964	480 002
Profit attributable to shareholders of the holding company	**287 507**	269 506	426 945
Non-controlling interest	**37 550**	31 458	53 057
Net profit on disposal of assets	**(231)**	(846)	(2 280)
Gross	**(316)**	(1 159)	(3 067)
Tax effect	**85**	313	787
Goodwill impairment	**–**	–	15 266
Headline earnings	**324 826**	300 118	492 988
Attributable to shareholders of the holding company	**287 276**	268 660	434 579
Non-controlling interest	**37 550**	31 458	58 409
Headline earnings per share – basic (cents)	**408,74**	381,09	618,31
Headline earnings per share – diluted (cents)	**405,89**	374,78	614,02
Weighted average number of shares (number – '000)	**70 284**	70 498	70 285
Weighted average number of diluted shares (number – '000)	**70 776**	71 684	70 777

Consolidated statement of comprehensive income

	Unaudited 31 March 2024 R'000	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000
Profit for the period	**325 057**	300 964	480 002
Other comprehensive income:			
Cash flow hedges (can be classified to profit or loss)	**580**	–	(1 477)
Gross	**795**	–	(2 023)
Tax	**(215)**	–	546
Total comprehensive income for the period	**325 637**	300 964	478 525
Attributable to shareholders of the holding company	**288 087**	269 506	425 468
Non-controlling interest	**37 550**	31 458	53 057

Consolidated statement of changes in equity

	Unaudited 31 March 2024 R'000	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000
Stated capital	**438 585**	453 716	440 963
Gross shares issued	**483 797**	499 064	486 191
Treasury shares	**(45 212)**	(45 348)	(45 228)
Other reserves	**28 127**	15 139	21 279
Opening balance	**21 279**	15 129	15 129
Share-based payments	**6 268**	10	7 627
Other comprehensive income	**580**	–	(1 477)
Retained profit	**2 664 770**	2 410 745	2 467 580
Opening balance	**2 467 580**	2 224 588	2 224 588
Profit for the period	**287 507**	269 506	426 945
Share-based payments	**837**	2 499	–
Share Incentive Scheme – shares purchased	**–**	–	(59 888)
Change in ownership	**–**	–	(3 157)
Dividends paid	**(91 154)**	(85 848)	(120 908)
Equity attributable to shareholders of the holding company	**3 131 482**	2 879 600	2 929 822
Non-controlling interest	**183 936**	155 118	156 405
Opening balance	**156 405**	131 444	131 444
Profit for the period	**37 550**	31 458	53 057
Change in ownership	**–**	–	(2 303)
Dividends paid	**(10 019)**	(7 784)	(25 793)
Capital and reserves	**3 315 418**	3 034 718	3 086 227

Consolidated statement of cash flows

	Unaudited 31 March 2024 R'000	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000
Cash flow from operating activities	**261 304**	(180 652)	809 850
Net cash profit from operating activities	**571 438**	480 457	864 613
Interest received	**110 233**	122 872	242 620
Working capital changes	**(299 225)**	(667 306)	(85 590)
Income tax paid	**(121 142)**	(116 675)	(211 793)
Cash flow from investment activities	**(60 511)**	(70 264)	(164 675)
Purchase of property, plant and equipment	**(70 675)**	(74 950)	(173 135)
Proceeds on disposal of property, plant and equipment	**9 781**	4 605	7 734
Repayment received on loans	**383**	81	726
Cash flow from financing activities	**92 162**	177 272	(718 733)
Increase in overdraft facility/short-term borrowings	**599 729**	608 481	3 615
Repayment of borrowings	**(147 313)**	(144 875)	(206 079)
Repayment of instalment sale agreements	**(15 149)**	(13 819)	(26 997)
Repayment of Low Risk Retention	**(57 789)**	–	–
Lease payments	**(25 515)**	(25 922)	(45 805)
Treasury shares sold/(acquired)	**16**	(2 409)	(2 410)
Odd lot offer – shares repurchased	**–**	–	(10 092)
Share incentive scheme – Future forwards	**(30 081)**	–	(13 139)
Interest paid	**(131 885)**	(151 196)	(271 125)
Dividends paid	**(99 851)**	(92 988)	(146 701)
Net increase/(decrease) in cash and cash equivalents	**292 955**	(73 644)	(73 558)
Cash and cash equivalents at the beginning of the period	**285 926**	359 484	359 484
Cash and cash equivalents at the end of the period	**578 881**	285 840	285 926

Notes to the condensed consolidated interim financial statements

1 BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements has been prepared and presented in accordance with and containing the information required by IAS 34 Interim Financial Reporting, the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee, the financial pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited ("the JSE") and the requirements of the South African Companies Act, 71 of 2008, as amended. The consolidated interim financial information has been prepared using accounting policies that comply with IFRS, which are consistent with those applied in the consolidated financial statements for the year ended 30 September 2023.

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

The condensed consolidated interim financial statements for the six months ended 31 March 2024 were prepared by GC Victor CA(SA), the Group's Financial Manager under the supervision of GW Sim CA(SA), the Group's Financial Director ("FD").

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

IFRS and amendments effective for the first time

Amendment to IFRS 4 – Extension of the Temporary Exemption from Applying IFRS 9 (effective for annual periods beginning on or after 1 January 2023)

Amendment to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies (effective for annual periods beginning on or after 1 January 2023)

Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

Amendment to IAS 12 – International Tax Reform – Pillar Two Model Rules (effective for annual periods beginning on or after 1 January 2023)

Amendment to IAS 8 – Definition of accounting estimates (effective for annual periods beginning on or after 1 January 2023)

IFRS interpretations and amendments issued but not yet effective

The following standards, amendments and interpretations are not yet effective and have not been early adopted by the Group:

Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024)

Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024)

Amendments to IAS 1 – Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024)

Amendments to IAS 1 – Classification of liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024)

1 BASIS OF PRESENTATION AND ACCOUNTING POLICIES (CONTINUED)

IFRS interpretations and amendments issued but not yet effective (continued)

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current – Deferral of Effective Date (effective for annual periods beginning on or after 1 January 2024)

IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information (effective for annual periods beginning on or after 1 January 2024)

IFRS S2 – Climate-related Disclosures (effective for annual periods beginning on or after 1 January 2024)

Amendments to IAS 21 – Lack of exchangeability (effective for annual periods beginning on or after 1 January 2025)

Management considered all new accounting standards, interpretations and amendments to IFRS that were issued prior to 31 March 2024 but not yet effective on that dates.

2 ACCOUNTING POLICIES

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

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these condensed consolidated interim financial statements, the significant estimates and judgements made by management in applying the Group's accounting policies of estimation uncertainty were the same as those that applied to the Group annual financial statements for the year ended 30 September 2023.

4 FAIR VALUE ESTIMATION

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

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

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

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

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

- Trade and other receivables
- Loans
- Trade and other payables
- Short-term borrowings
- Long-term borrowings
- Instalment sale agreements
- Low risk retention payment contingent consideration liability

	Unaudited 31 March 2024 R'000	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000
5 PROPERTY, PLANT AND EQUIPMENT			
Reconciliation of movements in carrying value:			
Carrying value beginning of period	**1 412 006**	1 317 415	1 317 415
Additions	**75 373**	77 722	186 557
Land and buildings	**12 108**	26 267	44 511
Grain silos	**3 954**	1 890	15 193
Machinery and equipment	**33 419**	17 224	62 283
Vehicles	**5 139**	3 829	18 723
Office furniture and equipment	**16 235**	10 309	36 417
Assets under construction	**4 518**	18 203	9 430
Assets held for sale	**–**	–	(5 456)
Disposals	**(9 465)**	(3 438)	(4 667)
Depreciation	**(43 645)**	(39 957)	(81 843)
Carrying value end of period	**1 434 269**	1 351 742	1 412 006
Land and buildings	**910 200**	851 526	868 950
Grain silos	**40 175**	26 436	38 079
Machinery and equipment	**269 046**	244 921	263 818
Vehicles	**54 960**	44 050	54 771
Office furniture and equipment	**150 026**	119 341	130 021
Assets under construction	**9 862**	65 468	56 367
Vehicles include the following amounts where the Group has instalment sale agreements:			
Cost	**49 915**	40 995	45 948
Accumulated depreciation	**(17 760)**	(13 958)	(14 843)
Carrying value	**32 155**	27 037	31 105
Equipment include the following amounts where the Group has instalment sale agreements:			
Cost	**107 548**	107 548	107 548
Accumulated depreciation	**(20 373)**	(14 995)	(17 684)
Carrying value	**87 175**	92 553	89 864

	Unaudited 31 March 2024 R'000	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000

6 RIGHT-OF-USE ASSETS AND LEASE LIABILITY

	Unaudited 31 March 2024 R'000	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000
Right-of-use assets			
Buildings	**657 038**	622 067	548 553
Vehicles	**3 030**	4 339	3 667
	660 068	626 406	552 220
Reconciliation of movements in carrying value:			
Carrying value beginning of period	**552 220**	617 701	617 701
Additions	**142 252**	5 780	7 948
Assets held for sale	**–**	–	(56 453)
Modification of lease contracts	**8 845**	37 278	53 692
Depreciation charge of right-of-use assets	**(43 249)**	(34 353)	(70 668)
Buildings	**(42 613)**	(33 630)	(69 273)
Vehicles	**(636)**	(723)	(1 395)
Carrying value end of period	**660 068**	626 406	552 220
Lease liabilities			
Current	**56 619**	53 786	54 451
Non-current	**705 564**	639 934	583 103
	762 183	693 720	637 554
Interest expense (included in finance costs)	**33 443**	24 354	50 347
Expense relating to short-term leases and low value assets (included in other operating expenses)	**11 844**	9 212	21 256
Buildings – variable lease payments (included in other operating expenses)	**65 099**	–	146 701
Cashflow expense for leases and low value and short-term leases	**135 901**	(35 134)	264 108

The Group leases various retail stores, storage sites and forklifts. Rental contracts are typically made for fixed periods of 3 to 12 years but may have extension options. 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.

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.

	Unaudited 31 March 2024 R'000	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000
7 INTANGIBLE ASSETS			
Goodwill	**1 344 746**	1 399 631	1 344 746
Fuel retail licences	**193 738**	193 738	193 738
Tradename	**13 818**	14 210	14 015
Cost	**15 596**	15 596	15 596
Accumulated amortisation	**(1 778)**	(1 386)	(1 581)
Customer relations	**1 436**	2 551	1 744
Cost	**8 077**	8 077	8 077
Accumulated amortisation	**(6 641)**	(5 526)	(6 333)
Computer software	**5 695**	6 366	6 403
Cost	**8 560**	8 711	8 560
Accumulated amortisation	**(2 865)**	(2 345)	(2 157)
	1 559 433	1 616 496	1 560 646
Reconciliation of movements in carrying value :			
Goodwill	**1 344 746**	1 399 631	1 344 746
Carrying value beginning of period	**1 344 746**	1 399 631	1 399 631
Additions through business combinations	**–**	–	(4 775)
Impairment	**–**	–	(15 266)
Assets classified as held for sale	**–**	–	(34 844)
Fuel retail licences	**193 738**	193 738	193 738
Carrying value beginning of period	**193 738**	193 738	193 738
Tradename	**13 818**	14 210	14 015
Carrying value beginning of period	**14 015**	14 405	14 405
Amortisation recognised in profit or loss	**(197)**	(195)	(390)
Customer relations	**1 436**	2 551	1 744
Carrying value beginning of period	**1 744**	3 359	3 359
Amortisation recognised in profit or loss	**(308)**	(808)	(1 615)
Computer software	**5 695**	6 366	6 403
Carrying value beginning of period	**6 403**	7 074	7 074
Additions	**–**	–	1 303
Amortisation recognised in profit or loss	**(708)**	(708)	(1 974)
Carrying value end of period	**1 559 433**	1 616 496	1 560 646

No impairment indicators identified by management, thus no impairment of goodwill during this period.

	Unaudited 31 March 2024 R'000	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000
8 INVESTMENT IN JOINT VENTURE			
Kaap Agri (Namibia) (Pty) Ltd			
Beginning of period	**50 648**	41 377	41 377
Share in total comprehensive income	**7 043**	7 780	9 271
	57 691	49 157	50 648
9 TRADE AND OTHER RECEIVABLES			
Trade receivables	**2 372 585**	2 468 682	2 563 130
Expected credit loss allowance	**(58 826)**	(47 544)	(53 261)
	2 313 759	2 421 138	2 509 869
VAT	**13 077**	24 861	41 212
Other debtors	**89 660**	91 272	65 612
	2 416 496	2 537 271	2 616 693
Trade and other receivables – current	**2 390 888**	2 491 307	2 580 828
Trade and other receivables – non-current	**25 608**	45 964	35 865
	2 416 496	2 537 271	2 616 693

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.

	Unaudited 31 March 2024 R'000	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000
10 ASSETS HELD FOR SALE			
Assets and liabilities of disposal groups as held for sale			
Intangible assets	**34 844**	–	34 844
Property, plant and equipment	**5 456**	–	5 456
Right-of-use assets	**56 453**	–	56 453
Lease liabilities	**(54 645)**	–	(56 418)
Inventory	**11 750**	–	11 628
Deferred tax	**1 005**	–	825
Assets held for sale	**54 863**	–	52 788
Assets classified as held for sale	**109 508**	–	109 206
Liabilities directly associated with assets classified as held for sale	**(54 645)**	–	(56 418)
Total	**54 863**	–	52 788

During the previous year four TFC Operations sites (Caltex Nova, Caltex Gabros, Caltex Autostar and Total Summit) were earmarked for disposal within 12 months. These are still treated as assets held for sale at the end of this period as it has not yet been sold. These sites are still being actively marketed.

	Unaudited 31 March 2024 R'000	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000
11 FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS			
Low risk retention payment – contingent consideration			
Balance beginning of the year	**90 925**	82 396	82 396
Repayment	**(57 790)**	–	–
Interest	**2 418**	3 922	8 529
	35 553	86 318	90 925

The low risk retention payment resulted with the purchase of the subsidiary PEG Retail Holdings (Pty) Ltd in the prior years. A contingent consideration amount has been allocated in respect of each site 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.

Share incentive Scheme – Future Forwards			
Balance beginning of the year	**46 749**	–	–
Purchase	**–**	–	59 888
Repayment	**(30 081)**	–	(13 139)
	16 668	–	46 749
	52 221	86 318	137 674

During the previous 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 or loss relates to all the future forwards required for the SIS.

	Unaudited 31 March 2024 R'000	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000
12 TRADE AND OTHER PAYABLES			
Trade creditors	**1 461 346**	1 250 464	2 075 530
Employee accruals	**76 703**	67 460	96 367
Other creditors	**134 354**	142 304	143 234
	1 672 403	1 460 228	2 315 131

	Unaudited 31 March 2024 R'000	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000
13 REVENUE FROM CONTRACTS WITH CUSTOMERS			
Sale of goods	**11 883 773**	11 930 258	22 126 379
– Agrimark	**4 219 118**	4 314 201	8 004 906
– The Fuel Company	**6 709 152**	6 641 345	12 892 808
– Agrimark Grain	**858 823**	895 641	1 030 563
– Manufacturing	**96 680**	79 071	198 102
Sale of services	**97 226**	80 584	116 161
– Agrimark	**14 645**	13 283	26 850
– Agrimark Grain	**82 581**	67 301	89 311
Margin on direct transactions	**76 368**	76 006	154 518
– Agrimark	**75 161**	74 587	151 378
– Agrimark Grain	**1 207**	1 419	3 140
	12 057 367	12 086 848	22 397 058

14 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.

14 INFORMATION ABOUT OPERATING SEGMENTS (CONTINUED)

Segment revenue and results

	SEGMENT REVENUE			SEGMENT RESULTS		
	Unaudited 31 March 2024 R'000	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000	**Unaudited 31 March 2024 R'000**	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000
Agrimark	**4 308 924**	4 402 071	8 183 134	**294 605**	295 828	481 277
The Fuel Company	**6 709 152**	6 641 345	12 892 808	**130 941**	108 148	201 348
Agrimark Grain	**942 611**	964 361	1 123 014	**58 079**	49 359	62 300
Manufacturing	**96 680**	79 071	198 102	**24**	(7 119)	3 074
Total for reportable segments	**12 057 367**	12 086 848	22 397 058	**483 649**	446 216	747 999
Corporate	**–**	–	–	**(25 103)**	(28 388)	(56 178)
Total external revenue	**12 057 367**	12 086 848	22 397 058			
Profit before tax				**458 546**	417 828	691 821
Income tax				**(133 489)**	(116 864)	(211 819)
Profit after tax				**325 057**	300 964	480 002

Segment assets and liabilities

	SEGMENT ASSETS			SEGMENT LIABILITIES		
	Unaudited 31 March 2024 R'000	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000	**Unaudited 31 March 2024 R'000**	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000
Agrimark	**4 643 287**	4 580 642	4 899 293	**2 122 681**	2 331 144	2 581 573
The Fuel Company	**3 137 989**	2 873 896	2 794 079	**2 546 833**	2 284 523	2 216 057
Agrimark Grain	**127 535**	151 332	89 549	**32 900**	53 746	26 791
Manufacturing	**317 321**	314 914	320 563	**275 167**	254 578	257 462
Total for reportable segments	**8 226 132**	7 920 784	8 103 484	**4 977 581**	4 923 991	5 081 883
Corporate	**108 413**	75 845	153 195	**44 414**	40 954	98 924
Deferred taxation	**36 619**	15 496	33 039	**33 751**	12 462	22 684
	8 371 164	8 012 125	8 289 718	**5 055 746**	4 977 407	5 203 491

15 RECURRING HEADLINE EARNINGS

	Unaudited 31 March 2024 R'000	Unaudited 31 March 2023 R'000	Audited 30 September 2023 R'000
Headline earnings	**324 826**	300 118	492 988
Attributable to shareholders of the holding company	**287 276**	268 660	434 579
Non-controlling interest	**37 550**	31 458	58 409
Non-recurring items*	**–**	389	970
Non-recurring expenses	**–**	389	970
Recurring headline earnings	**324 826**	300 507	493 958
Attributable to shareholders of the holding company	**287 276**	269 049	435 549
Non-controlling interest	**37 550**	31 458	58 409
Recurring headline earnings per share (cents)	**408,74**	381,64	619,69

* *Non-recurring items consists predominantly of costs associated with corporate transactions (legal and external consultation costs).*

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

16 GOING CONCERN

Based on the interim 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 interim financial statements.

17 EVENTS AFTER REPORTING DATE

The directors are not aware of any matter or circumstance that occurred since the end of the period 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.

Corporate information

KAL Group 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)
GW Sim (Financial Director)
I Chalumbira*
BS du Toit*#@
D du Toit*#
JH le Roux*#
B Matthews*#
EA Messina*#
AJ Mouton*#^
CA Otto*#

@ *Retired 8 February 2024*
^ *Appointed with effect from 2 April 2024, subject to shareholder approval at the 2025 KAL Group AGM*
* *Non-executive*
\# *Independent*

Company Secretary

KAL Corporate Services (Pty) Ltd

Registered address

1 Westhoven Street, Paarl, 7646
Suite 110, Private Bag X3041, Paarl, 7620
Telephone number: 021 860 3750
Fax number: 021 860 3314
Website: www.kalgroup.co.za

Auditors

Deloitte Touche Tohmatsu Limited

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 approved the above appointment at the company's AGM on 8 February 2024.

Transfer Secretaries

Computershare Investor Services (Pty) Ltd
Registration number: 2004/003647/07
Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196
Private Bag X9000, Saxonwold, 2132
Fax number: 086 636 7200

Sponsor

PSG Capital (Pty) Ltd
Registration number: 2006/015817/07
1st Floor, Ou Kollege Building, 35 Kerk Street, Stellenbosch, 7600
PO Box 7403, Stellenbosch, 7599

and

Suite 1105, 11th Floor, Sandton Eye Building
126 West Street, Sandton, 2196
PO Box 650957, Benmore, 2010

Announcement date

9 May 2024

17797

KAL GROUP

AGRIMARK

PEG

the fuel company

agriplas

TEGO PLASTICS

www.kalgroup.co.za