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

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**SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 AND DIVIDEND DECLARATION**

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## 1. INTRODUCTION

Kaap Agri performed strongly during the year, increasing revenue by 23.4% to R10.6 billion, up from R8.6 billion in the previous financial year, with like-for-like comparable growth of 12.6%. The revenue growth was achieved off the back of a 17.0% increase in the number of transactions. It is important to note that this strong performance is compared to the 2020 financial year in which, despite a significant negative Covid impact, revenue still showed positive growth of 1.5% compared to 2019. Product inflation is estimated at 4.0% for the year. Despite high year-on-year fuel price inflation at year end, annual average fuel price inflation had a lower impact on the Group basket this year compared to previous years and excluding the impact of fuel inflation in the revenue basket, inflation was 3.9%.

Gross profit increased by 20.2% and at a rate lower than revenue growth due partly to a higher contribution of lower margin fuel revenue, as well as sales mix changes and margin pressures in certain retail and agri trade categories.

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

Grain Services delivered very pleasing results due to the increased wheat harvest and higher grain trading income. Latest harvest estimates indicate the likelihood of an above average wheat harvest for the new financial year across the total Swartland region which bodes well for performance going forward.

The Group's growth strategy of footprint expansion combined with the upgrade and improvement of existing offerings continued during the period, albeit at a reduced level. Whilst no new fuel sites were added, Group fuel volumes increased by 13.0% in the year with The Fuel Company ("TFC") growing annual fuel volumes by 9.7%. Collectively, 7 new retail and agri trade sites were added to the Group.

EBITDA grew by 19.2% and lower than earnings growth, due partly to lower gross profit margins. Previously, EBITDA was calculated including interest received but excluding interest paid. The calculation of EBITDA has been changed to exclude both interest received and interest paid as this is deemed to be a better reflection of the true operational performance of the Group and an improvement in disclosure. Comparable EBITDA performance has been updated with this improvement in methodology.

Headline earnings increased by 19.4% while recurring headline earnings ("RHE") grew by 23.8%. Once-off items, predominantly adjustments for the interest and re-measurement of liabilities relating to put options exercisable by non-controlling subsidiary shareholders, as well as costs associated with new business development, are excluded from headline earnings to calculate recurring headline earnings. The performance of Partridge Building Supplies (trading as Forge) during the year has been exceptional and above expectation, which has necessitated an upward revaluation of the put option for the remaining 40% shareholding. Whilst this negatively impacts headline earnings, it is added back to calculate recurring headline earnings and furthermore bodes well for future earnings enhancement.

Notwithstanding the challenges we have endured with Covid and the impact of immense economic hardships facing many consumers, business performance has been positive, and the Group has again delivered results ahead of expectation under the current circumstances and ahead of pre-Covid levels compared to our competitors. Our balance sheet has strengthened during the period and cash generation has improved.

Although the focus remains on driving returns on capital already invested in the business, selective high return generating capital investment opportunities will be pursued. The disposal of TFC Properties (Pty) Ltd will free up underperforming capital and enhance Group ROIC returns.

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

## 2. SALIENT FEATURES

Revenue increased by 23.4% to R10,6 billion, from R8,6 billion in the prior corresponding period.

EBITDA increased by 19.2% to R552,8 million.

Earnings per share increased by 16.7% to 456,88 cents per share, from 391,49 cents per share in the prior corresponding period.

Headline earnings per share increased by 17.1% to 454,92 cents per share, from 388,54 cents per share in the prior corresponding period.

Recurring headline earnings per share increased by 21.7% to 477,55 cents per share, from 392,52 cents per share in the prior corresponding period.

The final gross dividend increased by 122.0% to 111,00 cents per share, from 50,00 cents per share in the prior corresponding period. The total dividend per share for the year increased by 202.0% to 151,00 cents per share, from 50,00 cents per share in the prior corresponding period.

## 3. DIVIDEND DECLARATION

A gross final dividend of 111.00 cents per share (2020: 50.00 cents) has been approved and declared by the Board from income reserves, for the period ended 30 September 2021. The final dividend amount, net of South African dividends tax of 20%, is 88.80 cents per share for those shareholders not exempt from dividend tax or who are not entitled to a reduced rate in terms of the applicable double tax agreement. The total dividend per share represents a dividend cover of 3.0 times (2020: 7.4 times)

The salient dates for this dividend distribution are:

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

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

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

## 4. SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors of the Company. It contains only a summary of the information in the full announcement ("**Full Announcement**") and does not contain full or complete details. The Full Announcement can be found at:

https://senspdf.jse.co.za/documents/2021/JSE/ISSE/KALE/KALSept21.pdf

A copy of the Full Announcement is also available for viewing on the Company's website at https://www.kaapagri.co.za/financial_results/condensed-financial-statements-2021/

or may be requested in person, at the Company's registered office or the office of the sponsor, at no charge, during office hours.

Any investment decisions by investors and/or shareholders should be based on consideration of the Full Announcement, as a whole.

This short-form announcement has been extracted from the summarised consolidated annual financial results, which, in turn, have been extracted from the full set of consolidated annual financial statements ("**AFS**"). The AFS have been audited by the Company's auditors, PricewaterhouseCoopers Inc. who expressed an unmodified audit opinion thereon. The full auditor's report includes details of key audit matters. This auditor's report is available, along with the AFS, on the Company's website at www.kaapagri.co.za.

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25 November 2021

Sponsor

PSG Capital