

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 "Group")



CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2022

1. INTRODUCTION

The first six months of the 2022 financial year generated strong revenue growth across the agri and fuel channels whilst pressure remained on retail category growth. TFC retail fuel sites experienced a slow and continued post-Covid recovery in retail fuel volumes, with fuel site convenience and quick service restaurant performance also improving. Kaap Agri grew revenue by 26.7% to R7.2 billion, up from R5.7 billion in the previous comparable financial period, with like-for-like comparable revenue growth of 22.9%. Group revenue growth was underpinned by increased inflation in most categories with exceptionally high year-on-year inflation in fuel, fertilizer and chemical commodities. The growth in revenue was also driven by a 7.7% increase in the number of transactions. Product inflation, excluding the impact of fuel price inflation, is estimated at 9.2%.

The impact of the 2021/22 wheat season has been positive and agricultural conditions for the upcoming wheat season look encouraging, although always weather dependant. Fruit and vegetable production has largely been positive, however, significant expansions and infrastructural spend in these sectors have been dampened by weather events and increased input costs due to inflationary pressures.

Fresh fruit exports may be under pressure this year due to additional supply chain related costs and lower market prices. Logistical challenges persist, however, ongoing collaboration between Transnet, logistics operators and farming businesses is expected to assist in improving port efficiency. Industry-wide fuel volume pressures have increased due to consumer resistance as a result of the higher fuel prices.

Group fuel volumes decreased by 1.3%. Although fuel volumes at TFC sites reduced by 4.7%, a slow and continued post-Covid recovery in retail fuel volumes is being experienced, with fuel site convenience and quick service restaurant performance also improving. Market share gains have been made in non-TFC fuel volumes due to our ability to deliver and our product availability.

The overall agriculture outlook is stable to positive, however, wine grape producer cashflow pressure is expected to continue. Although weather patterns have been volatile, the damage to inland crops will have minimal influence on the performance of the Group. The agricultural sector may endure more challenging conditions this year and going into 2023 with the outlook not only dependent on general weather conditions but also rapidly rising input costs, particularly fertilizer. The recent excessive rainfall and flooding experienced in large areas of KwaZulu-Natal ("KZN") had a minimal impact on our KZN operations. The full impact of the Russia/Ukraine conflict is yet to realize with sanctions potentially limiting South Africa's exports into these markets. Another key concern is that Russia is the world's leading exporter of fertilizer materials.

Moderate growth in general retail is expected, with fuel prices and other inflationary pressures dampening this sector. Quick service restaurant performance continues to recover slowly.

Once the PEG transaction becomes unconditional and is implemented, it is expected to contribute three months' performance during the current financial year.

Although the impact of Covid has reduced, we remain cautious regarding the potential impact of further Covid infection cycles.

In line with previous years, the first six months' earnings will contribute more to full year earnings than the second six months. Management is positive regarding the performance of the business during the coming six-month period. The overall Group performance is expected to be in line with management's upper range of medium-term targets.

2. SALIENT FEATURES

Revenue increased by 26.7% to R7.2 billion, up from R5.7 billion in the prior corresponding period.

EBITDA increased by 13.0% to R398.3m from R352.4m in the prior corresponding period. Prior to 30 September 2021, EBITDA was calculated by 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.

Earnings per share increased by 22.0% to 366.56 cents per share, from 300.39 cents per share in the prior corresponding period.

Headline earnings per share increased by 13.9% to 341.61 cents per share, from 299.96 cents per share in the prior corresponding period.

Recurring headline earnings per share increased by 15.0% to 351.11 cents per share, from 305.34 cents per share in the prior corresponding period.

An interim dividend of 46.00 cents per share has been declared for the six months ended 31 March 2022 (2021: 40.00 cents per share).

3. DIVIDEND DECLARATION

A gross interim dividend of 46.00 cents per share (2021: 40.00 cents per share) has been approved and declared by the Board from income reserves for the six months ended 31 March 2022. The interim dividend amount, net of South African dividends tax of 20% is 36.80 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 salient dates for this dividend distribution are:

Declaration date	Tuesday, 10 May 2022
Last day to trade cum dividend	Tuesday, 7 June 2022
Trading ex-dividend commences	Wednesday, 8 June 2022
Record date to qualify for dividend	Friday, 10 June 2022
Date of payment	Monday, 13 June 2022

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

Share certificates may not be dematerialised or rematerialised between Wednesday, 8 June 2022 and Friday, 10 June 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/2022/JSE/ISSE/KALE/KALMar22.pdf>

A copy of the Full Announcement is also available for viewing on the Company's website at <https://www.kaapagri.co.za/s3/attachments/cl2ablhry00l8kngw87xe0dtj-interim-results-31-march-2022.pdf> 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.

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

Paarl

10 May 2022

Sponsor

PSG Capital

