

KAL GROUP LIMITED
(Previously Kaap Agri Limited)
(Incorporated in the Republic of South Africa)
(Registration number: 2011/113185/06)
Share code: KAL
ISIN: ZAE000244711
(“KAL” or “the Company” or “Group”)



CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2023

1. INTRODUCTION

The first six months of the 2023 financial year (“H1”) were dominated by poor economic conditions and the ongoing and continuous high levels of loadshedding. The negative effects of loadshedding, both in terms of direct costs as well as indirect costs (lost turnover) are being closely monitored and action plans are in place to partially mitigate the financial impact. The long-term wellbeing and sustainability of the KAL business and our stakeholders remains our number one priority.

During H1, the Group, bolstered by the inclusion of the non-like-for-like contribution of PEG Retail Holdings (Pty) Ltd (“PEG”), generated strong revenue growth across the fuel and convenience channel whilst pressure remained on general retail and agricultural category growth. The addition of the 41 PEG business units contributed to Group fuel volumes increasing by 102.8%, with further market share gains in the original TFC business units as well as through Agrimark fuel channels. The building material sector has shown a severe downturn but despite being down year-on-year, our various building material categories have outperformed the sector. Whilst still high, fuel and fertiliser inflation pulled back, however packaging material and a number of other key categories experienced increased inflation. The growth in Group revenue was underpinned by a 183.6% increase in the number of transactions (4.0% increase excluding PEG).

Below average rainfall towards the end of the 2022 wheat season resulted in a more normalized wheat harvest compared to the prior year. Concerning trends in the agri environment including high input costs, curtailed capacity expansion and infrastructure spend and ongoing port logistics challenges, specifically export related, continued. The fruit and vegetable sectors have been severely dampened by loadshedding costs, weather events and increased input costs due to inflationary pressures. The retail sector has struggled off the back of higher interest rates reducing disposable income and industry wide fuel volume pressure has intensified.

The ongoing impact of the Russia / Ukraine conflict, which has negatively impacted farming input costs, specifically fertilizer and fuel, is expected to continue for the foreseeable future. Although the overall agriculture outlook in the areas in which we operate is stable, producer cashflow pressure is expected to continue. Weather patterns are being closely monitored as the likelihood of El Nino seems to be increasing.

Moderate growth and margin pressure in general retail is expected, with fuel prices and other inflationary pressures dampening this sector. The building material sector is expected to continue to struggle. It is expected that pressure will remain on fuel volume sales partly offset by constantly improving convenience and quick-service-restaurant spend. Manufacturing performance is expected to be subdued as a result of a slowdown in infrastructural expansions.

In line with previous years, the first six months' earnings are expected to contribute more to full year earnings than the second six months. Whilst there are many challenges, KAL has proven to be resilient throughout and continues to push hard to achieve its stated medium-term growth objectives. Management are cautiously optimistic regarding the performance of the business during the coming six-month period given the current economic and power supply challenges.

2. SALIENT FEATURES

Revenue increased by 68.4% to R12.09 billion, from R7.18 billion in the prior corresponding period.

EBITDA increased by 30.9% to R521.3 million, from R398.3 million in the prior corresponding period.

Earnings per share increased by 4.3% to 382.29 cents per share, from 366.56 cents per share in the prior corresponding period.

Headline earnings per share increased by 11.6% to 381.09 cents per share, from 341.61 cents per share in the prior corresponding period.

Recurring headline earnings per share increased by 8.7% to 381.64 cents per share, from 351.11 cents per share in the prior corresponding period.

An interim dividend of 50.00 cents per share has been declared for the six months ended 31 March 2023 (2022: 46.00 cents per share), resulting in an increase of 8.7% from the prior corresponding period.

3. DIVIDEND DECLARATION

A gross interim dividend of 50.00 cents per share (2022: 46.00 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 2023. The interim dividend amount, net of South African dividends tax of 20% is 40.00 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, 4 May 2023
Last day to trade cum dividend	Tuesday, 6 June 2023
Trading ex-dividend commences	Wednesday, 7 June 2023
Record date to qualify for dividend	Friday, 9 June 2023
Date of payment	Monday, 12 June 2023

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

Share certificates may not be dematerialised or rematerialised between Wednesday, 7 June 2023 and Friday, 9 June 2023, 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/2023/JSE/ISSE/KALE/KALMar23.pdf>

A copy of the Full Announcement is also available for viewing on the Company's website at

<https://www.kalgroup.co.za/s3/attachments/interim-results-31-march-2023.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

4 May 2023

Sponsor

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