



AAF

2023

Acorn Agri & Food
Annual Financial Statements

General information

Company registration number	1998/001018/06
Country of incorporation and domicile	South Africa
Directors	<div> <div> DG de Kock YJ Visser P Malan AL Geertsema LE Coetzer CD Flemming RE Goff AC Neethling CA Smith AJ Uys DCH Uys MR van Breda AJ van der Merwe JHP van der Merwe J van Zyl </div> <div> ^ ^° x&! x% x# ^° ^ x& ^ x# ^ ^° ^ ^& ^* </div> <div> Chairperson Vice-chairperson Chief executive officer Chief financial officer </div> </div>
	^ = Non-executive directors x = Executive directors ° = Audit and risk committee & = Resigned 13 October 2022 * = Appointed 15 October 2022 % = Appointed 18 October 2022 # = Resigned 1 November 2022 ! = Appointed 1 November 2022
Company Secretary	A Steyn
Registered address	Unit C2, The Beachhead 10 Niblick Way Somerset West 7130
External Auditors	PricewaterhouseCoopers Inc.
Internal Auditors	Moore Risk Services (Pty) Ltd
Attorneys	Van der Spuy and Partners Werksmans Attorneys
Bankers and Financiers	Nedbank Ltd Standard Bank ABSA Bank Ltd First National Bank Rand Merchant Bank, a division of FirstRand Limited
Website	www.acornagri.co.za



These financial statements were prepared by L de Villiers and supervised by AL Geertsema CA(SA).

These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

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Directors' responsibilities and approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of AAF as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by AAF and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout AAF and all employees are required to maintain the highest ethical standards in ensuring AAF's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in AAF is on identifying, assessing, managing and monitoring all known forms of risk across AAF. While operating risk cannot be fully eliminated, AAF endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The AAF Audit and risk committee plays an integral role in risk management as well as overseeing AAF's annual reporting function.

The Code of Corporate Practices and Conduct has been integrated into AAF and its portfolio companies strategies and operations.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's and company's cash flow forecast for the year to 28 February 2024 and, in the light of this review and the current financial position, they are satisfied that the Group and company has or has access to adequate resources to continue in operational existence for the foreseeable future. Refer to note 19.

The external auditors are responsible for independently auditing and reporting on the Group's and company's annual financial statements. The annual financial statements have been examined by the Group's and company's external auditors and their report is presented on pages 4 and 5.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The annual financial statements set out on pages 8 to 82 which have been prepared on the going concern basis, were approved by the board of directors and signed on its behalf by:



DG de Kock
Chairperson

29 May 2023



P Malan
Chief Executive Officer



Certificate of company secretary

In terms of section 88(2)(e) of the Companies Act of South Africa, the company secretary hereby certifies that all returns of the company, 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.



A Steyn
Company Secretary
29 May 2023

Audit and risk committee report

This committee is responsible to fulfil certain duties in terms of the Companies Act of South Africa and function in accordance with the terms of an audit and risk committee charter. These duties include the nomination of the external auditor for appointment, the approval of the fees and terms of appointment of the external auditor, ensuring the appointment of the external auditor complies with the Companies Act of South Africa and other legislation, the approval of non-audit services that may be provided by the external auditor, the preparation of a statement to be included in the annual financial statements and to deal with any complaints or concerns relating to, amongst others, the accounting practices, financial statements, internal or external audit, financial controls, etc.

The committee reviewed and confirmed the independence of the external auditor, PricewaterhouseCoopers Inc., and recommended its reappointment as external auditor to the shareholders. The committee is satisfied that PricewaterhouseCoopers Inc. complies with the provisions of the Companies Act of South Africa and the code of Professional Conduct for Registered Auditors. After due consideration, the committee approved the fees and terms of appointment of the external auditor. The committee annually review a policy in terms of which the external auditor may perform certain non-audit services. This policy has been compiled to ensure the independence of the external auditor. No complaints or concerns have been received by the committee during the year under review on any of the matters within its area of responsibility.

The committee has evaluated the consolidated and separate annual financial statements for the year ended 28 February 2023 to ensure it complies in all material aspects with the Companies Act of South Africa and International Financial Reporting Standards and has recommended the approval thereof to the board of directors. The board of directors has approved the financial statements which will be presented to the shareholders at the annual general meeting.

The committee is also responsible to assist the board with its risk management responsibility and is responsible to ensure the risk management policies, procedures and standards are applied.

The audit committee of the Company further considered the recommendation and review of the portfolio companies' separate audit and risk committees of Overberg Agri Bedrywe (Pty) Ltd, Kyron Holdings (Pty) Ltd, ACG Fruit (Pty) Ltd and Moov Fuel (Pty) Ltd in evaluating the consolidated and separate annual financial statements of Acorn Agri & Food Ltd for the year ended 28 February 2023.



MR van Breda
Chairperson of the Audit and risk committee
29 May 2023

Independent auditor's report

to the shareholders of Acorn Agri and Food 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 Acorn Agri and Food Limited (the Company) and its subsidiaries (together the Group) as at 28 February 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

Acorn Agri and Food Limited's consolidated and separate financial statements set out on pages 8 to 82 comprise:

- the consolidated and separate statements of financial position as at 28 February 2023;
- the consolidated and separate statements of profit or loss for the year then ended;
- the consolidated and separate statements of other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate 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)*.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document titled "Acorn Agri and Food Annual Financial Statements 2023", which includes the Directors' Report, the Audit and risk committee report and the Certificate of the company secretary as required by the Companies Act of South Africa. 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 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:

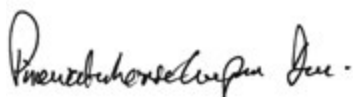
- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

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 auditors of Acorn Agri and Food Limited for 68 years.

The business of Acorn Agri and Food Limited was previously transacted through Overberg Agri Limited and Acorn Agri (Pty) Ltd. The business of Overberg Agri Limited was previously conducted through BNK Landbou Group Beperk and Caledon-Riviersonderend Koöperasie Beperk (previously operating as Caledon Boeren Ko-operatiewe Vereniging). Based on available statutory records, PricewaterhouseCoopers Inc. and its predecessor firms was the auditor of Caledon-Riviersonderend Koöperasie Beperk for 68 years.



PricewaterhouseCoopers Inc.

Director: H Zeelie

Registered Auditor

Stellenbosch, South Africa

29 May 2023

Directors' report

for the year ended 28 February 2023

The directors' annual report, which forms part of the annual financial statements of Acorn Agri & Food Ltd (AAF and "the company") for the year ended 28 February 2023, is presented below.

1. Review of activities

AAF is an investment vehicle that invests in companies that support food security – "Growing the Future". Our capital is deployed and used to the benefit of supporting and securing available-, affordable-, quality- and sustainable -food on the continent.

2. Change in Investment Entity Status

It is important to note that, with effect from 28 February 2023, AAF changed status to that of an investment entity as defined in IFRS 10 *Consolidated Financial Statements* and detailed on page 15 of the accounting policies to these annual financial statements. Such change required the company to cease consolidating its subsidiaries (other than those providing services related to the company's investment activities being AAF Services (Pty) Ltd) as of 28 February 2023 and instead carry such subsidiary investments at fair value, with subsequent changes in fair value being recognised in profit or loss.

3. Going concern

Based on the financial statements, the financial position of AAF, and budgets for the coming year and available financing facilities, the directors have no reason to believe that AAF will not be a going concern. The going concern principle is therefore accepted and applied in the preparation of the financial statements.

4. Directors

Refer to General Information.

Directors' interests

At year-end, the executive directors of AAF own a shareholding of 6.14%. The non-executive directors of AAF owns/controls a shareholding of 11.86%.

Directors' employment contracts and trade limitations

At year-end, the executive directors of AAF was appointed by the Company board and operate as part of the Company's investment management agreement with Acorn Venture Partners (Pty) Ltd.

Directors' remuneration

The directors' remuneration for the year under review has been set out in note 21.

5. Company secretary

The company secretary of the company is A Steyn:

Business address:
11 Donkin Street
Caledon
7230

6. Share capital

No shares were issued for the period under review.

The authorised share capital remained unchanged during the year. The authorised share capital consists of 10 000 000 000 ordinary shares of no par value. On the reporting date 135 744 609 (2022: 144 687 400) were in issue, and 119 538 853 (2022: 130 405 855) shares in issue (net of treasury shares).

In February 2023 AAF repurchased and AAF Invest (Pty) Ltd purchased a total of 8 578 638 shares at a total value of R122.6 million. In August 2022, AAF received 1 949 343 shares as part proceeds to the disposal of AgVentures (Pty) Ltd.

AAF further cancelled the long term share incentive scheme, Acorn Manco 2 (Pty) Ltd, that resulted in the reduction of the ordinary shares issued by the company with 4 467 860. These shares formed part of the treasury shares of the company and consequently had no impact on profit or loss, nor statement of financial position. No remuneration or benefits, past or present, were paid or accrued by management under this scheme.



7. Financial results, dividends and other financial matters

Dividend and capital distribution

AAF board resolved to declare an ordinary dividend of R0.55 per share based on the 28 February 2023 financial results to shareholders on register as at 30 June 2023, expected to be paid on or before 17 July 2023.

In the prior year, the AAF board resolved to declare an ordinary dividend of R0.50 per share based on the 28 February 2022 financial results to shareholders on register as at 29 June 2022, paid on 31 July 2022.

Share trading

AAF manages the over-the-counter trading internally. Trading is regularly reviewed by independent Internal Auditors for compliance with the Memorandum of Incorporation and internal policies. Further information with regard to the company's shares can be obtained on AAF's website.

The share trading procedures applied by AAF places the trading outside the ambit of the Financial Markets Act, 19 of 2012 (the Act) and requires bilateral negotiation between buyers and sellers. Unless the shares are ceded to Overberg Agri Bedrywe (Pty) Ltd, the buyer will pay the purchase price directly to the seller. The amended systems and procedures were implemented on the 17th of August 2015 to ensure AAF falls outside the requirements of the Act.

Financial results

AAF's net assets attributable to equity holders amounted to R3.08 billion (2022: R3.02 billion). The net asset value per share is **R25.77** per share (2022: **R23.12** per share).

During the financial year the following material transactions took place:

Change in investment entity status

- With effect from 28 February 2023, AAF changed status to that of an investment entity as defined in IFRS 10 *Consolidated Financial Statements*, this resulted in a fair value gain of R298 million included in capital items.

Disposals

- AAF disposed of its full investment in Grassroots Group Holdings (Pty) Ltd on 1 December 2022 for R184.5 million, comprising of a dividend of R24 million and R160.5 million proceeds on the sale of our 65% equity interest.
- AAF disposed of its full investment in AgVentures (Pty) Ltd on 1 August 2022 for R86.6 million, comprising of R50 million cash and 1 949 343 company shares amounting to R36.6 million.

Share repurchase programme

- AAF repurchased (or purchased via a wholly-owned subsidiary), a total number of 10 867 002 Company shares during the period under review (including the shares that formed part of the AgVentures transaction).

8. Events after the reporting period

The board is not aware of any significant events after the reporting date that will have a material effect on AAF's results or financial position as presented in these financial statements.

9. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90(6) of the Companies Act of South Africa.

Statements of financial position

at 28 February 2023

		GROUP		COMPANY	
	Note	28 February 2023 R'000	28 February 2022 R'000	28 February 2023 R'000	28 February 2022 R'000
Assets					
Non-current assets					
Property, plant and equipment	6.1	1 221	1 380 663	—	—
Investment property	6.2	—	281 171	—	—
Intangible assets	6.3	—	1 120 101	—	—
Biological assets	6.4	—	220 598	—	—
Deferred tax asset	6.5	14 447	177 000	—	—
Trade and other receivables	7.2.1	—	314 294	—	—
Loans to related parties	7.2.4	—	42 306	—	—
Other financial assets	7.1	—	68 432	—	—
Investments in subsidiaries	2	2 383 684	—	2 524 582	1 439 900
Investment in associates and joint ventures	13	—	70 645	—	—
Total non-current assets		2 399 353	3 675 209	2 524 582	1 439 900
Current assets					
Inventories	6.6	—	833 064	—	—
Biological assets: consumables	6.7	—	168 614	—	—
Trade and other receivables	7.2.1	2 544	1 622 200	—	—
Loans to customers	7.2.2	—	56 854	—	—
Cash and cash equivalents	7.2.3	5 108	390 099	—	—
Loans to related parties	7.2.4	—	63 925	—	—
Loans to group companies	12	713 581	—	745 195	882 824
Current tax receivable		—	19 247	—	—
Total current assets		721 232	3 154 003	745 195	882 824
Total assets		3 120 585	6 829 212	3 269 777	2 322 724
Equity and liabilities					
Equity					
Net issued stated capital	8.1 – 8.2	1 265 313	1 428 478	1 413 597	1 486 514
Other reserves		—	(101 895)	(26 432)	(40 240)
Retained earnings		1 814 742	1 688 069	1 880 275	872 969
Attributable to equity holders of the parent		3 080 055	3 014 652	3 267 440	2 319 243
Non-controlling interests	8.6	—	346 066	—	—
Total equity		3 080 055	3 360 718	3 267 440	2 319 243
Liabilities					
Non-current liabilities					
Borrowings	7.2.5	—	264 560	—	—
Lease liabilities	7.2.6	629	156 736	—	—
Post-retirement medical liability		—	14 227	—	—
Trade and other payables	7.2.7	—	6 181	—	—
Deferred tax	6.5	—	279 937	—	—
Provisions	6.8	—	1 963	—	—
Total non-current liabilities		629	723 604	—	—
Current liabilities					
Borrowings	7.2.5	—	1 406 698	—	—
Lease liabilities	7.2.6	735	51 573	—	—
Post-retirement medical liability		—	1 723	—	—
Current tax payable		—	3 839	—	—
Loans to group companies	12	19 877	—	—	—
Trade and other payables	7.2.7	19 289	1 133 896	2 337	3 481
Bank overdraft	7.2.3	—	147 161	—	—
Total current liabilities		39 901	2 744 890	2 337	3 481
Total liabilities		40 529	3 468 494	2 337	3 481
Total equity and liabilities		3 120 585	6 829 212	3 269 777	2 322 724



Statements of profit or loss

for the year ended 28 February 2023

	Note	GROUP		COMPANY	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
Revenue	3	19 334 118	11 219 334	6 686	13 548
Fair value adjustment – biological asset: consumable		2 713	10 458	–	–
Cost of Sales	4.4	(17 877 374)	(10 071 747)	–	–
Gross profit		1 459 457	1 158 045	6 686	13 548
Interest revenue	4.1	175 604	102 989	–	–
Other income	4.2	110 196	67 833	3 482	–
Sales and marketing costs	4.4	(24 804)	(13 925)	–	–
Administration costs	4.4	(237 750)	(216 921)	–	–
Operating expenses	4.4	(1 060 405)	(772 258)	–	–
Operating profit before capital items		422 298	325 763	10 168	13 548
Capital items	4.3	223 925	(21 609)	1 084 682	–
Operating profit		646 223	304 154	1 094 850	13 548
Finance income	4.5	24 274	22 557	–	–
Finance costs	4.6	(247 733)	(129 561)	–	–
Share of net profit from associate	13	2 014	2 534	–	–
Profit before taxation		424 778	199 684	1 094 850	13 548
Income tax expense	5	(77 061)	(38 441)	–	–
Profit for the year		347 717	161 243	1 094 850	13 548
Profit attributable to:					
Owners of the parent		296 737	124 004	1 094 850	13 548
Non-controlling interests	8.6	50 980	37 239	–	–
		347 717	161 243	1 094 850	13 548

Statements of other comprehensive income

for the year ended 28 February 2023

Note	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translation of foreign operations	153	(214)	—	—
Actuarial gains and losses on defined benefit plans	408	(1 365)	—	—
Income tax effect relating to these items	—	—	—	—
Items that will not be reclassified to profit or loss				
Net change in fair value of equity instruments at fair value through other comprehensive income	—	(137)	—	—
Income tax effect relating to these items	—	—	—	—
Other comprehensive income for the year, net of tax	561	(1 716)	—	—
Total comprehensive income for the year	348 278	159 527	1 094 850	13 548
<i>Total comprehensive income attributable to:</i>				
Owners of the parent	297 298	122 485	1 094 850	13 548
Non-controlling interests	50 980	37 042	—	—
	348 278	159 527	1 094 850	13 548



Statements of changes in equity

for the year ended 28 February 2023

	Stated capital R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Non- controlling interests R'000	Total equity R'000
Group						
Balance at 1 March 2021	1 720 671	(286 155)	(101 740)	1 600 484	276 871	3 210 132
Total comprehensive income						
Profit for the year	—	—	—	124 004	37 239	161 243
Other comprehensive income for the year	—	—	(154)	(1 365)	(197)	(1 716)
Total comprehensive income	—	—	(154)	122 639	37 042	159 527
Transactions with owners of the parent						
Contributions and distributions						
Share buy back	—	(6 037)	—	—	—	(6 037)
Transaction with non-controlling interest	—	—	—	4 449	(12 246)	(7 797)
Movement in retained earnings due to IFRS 16 adjustment for right-of-use assets	—	—	—	(258)	—	(258)
Non-controlling interest on acquisition of subsidiaries	—	—	—	—	53 877	53 877
Dividends paid (refer note 8.5)	—	—	—	(39 245)	(9 478)	(48 723)
Total contributions and distributions	—	(6 037)	—	(35 054)	32 153	(8 938)
Balance as at 28 February 2022	1 720 671	(292 192)	(101 894)	1 688 069	346 066	3 360 718
Total comprehensive income						
Profit for the year	—	—	—	296 737	50 980	347 717
Other comprehensive income for the year	—	—	561	—	—	561
Total comprehensive income	—	—	561	296 737	50 980	348 278
Transactions with owners of the parent						
Contributions and distributions						
Share buy back (company shares)	(72 917)	—	—	—	—	(72 917)
Share purchase programme (AAF Invest (Pty) Ltd)	—	(90 249)	—	—	—	(90 249)
Share cancellations: Acorn Manco 2 (Pty) Ltd	(114 377)	114 377	—	—	—	—
Translation of foreign operations	—	—	112	—	—	112
Sale of investment in subsidiaries (note 15)	—	—	(418)	—	(106 776)	(107 194)
Non-controlling interest on acquisition of subsidiary (note 16)	—	—	—	—	6 980	6 980
Other movements	—	—	—	(3 351)	—	(3 351)
Dividends paid (refer note 8.5)	—	—	—	(65 073)	(25 591)	(90 664)
Transfer of reserves	—	—	101 639	(101 639)	—	—
Total contributions and distributions	(187 294)	24 128	101 333	(170 063)	(125 387)	(357 283)
Total transactions with owners of the parent	(187 294)	24 128	101 894	126 674	(74 407)	(9 005)
Sub-Total	1 533 377	(268 064)	—	1 814 743	271 659	3 351 716
Change in investment entity status (note 23)	—	—	—	—	(271 659)	(271 659)
Balance at 28 February 2023	1 533 377	(268 064)	—	1 814 743	—	3 080 055

Notes

8.1

8.2

8.6

Statements of changes in equity (continued)

for the year ended 28 February 2023

	Stated capital R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Non- controlling interests R'000	Total equity R'000
Company						
Balance at 1 March 2021	1 720 670	(234 156)	(29 898)	902 827	–	2 359 443
Total comprehensive income						
Profit for the year	–	–	–	13 548	–	13 548
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income	–	–	–	13 548	–	13 548
Transactions with Company						
Contributions and distributions						
Granting of share options	–	–	(10 342)	–	–	(10 342)
Dividends paid (refer note 8.5)	–	–	–	(43 406)	–	(43 406)
Total contributions and distributions	–	–	(10 342)	(43 406)	–	(53 748)
Total changes	–	–	(10 342)	(29 858)	–	(40 200)
Balance as at 28 February 2022	1 720 670	(234 156)	(40 240)	872 969	–	2 319 243
Total comprehensive income						
Profit for the year	–	–	–	1 094 850	–	1 094 850
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income	–	–	–	1 094 850	–	1 094 850
Transactions with Company						
Contributions and distributions						
Share buy back (company shares)	(72 917)	–	–	–	–	(72 917)
Share cancellations: Manco 2 (Pty) Ltd	(114 377)	114 377	17 434	(17 434)	–	–
Granting of share options	–	–	(3 626)	–	–	(3 626)
Dividends paid (refer note 8.5)	–	–	–	(70 110)	–	(70 110)
Total contributions and distributions	(187 294)	114 377	13 808	(87 544)	–	(146 653)
Total changes	(187 294)	114 377	13 808	1 007 306	–	948 197
Balance at 28 February 2023	1 533 376	(119 779)	(26 432)	1 880 275	–	3 267 440
Notes	8.1	8.2			8.6	



Statements of cash flows

for the year ended 28 February 2023

	Note	GROUP		COMPANY	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
Cash flows from operating activities					
Cash generated from operations	9.1	465 114	530 804	9 023	13 548
Finance income received	4.5	5 327	22 557	–	–
Dividends received		–	–	(3 626)	(10 342)
Finance costs paid	9.2	(247 733)	(129 561)	–	–
Tax paid	9.3	(97 181)	(31 365)	–	–
Net cash inflow from operating activities		125 527	392 435	5 397	3 206
Cash flows from investing activities					
Acquisition of property, plant and equipment	6.1	(147 269)	(161 101)	–	–
Proceeds on disposal of property, plant and equipment		9 244	59 248	–	–
Acquisition of investment properties	6.2	(2 835)	(911)	–	–
Proceeds on disposal of investment property		–	1 038	–	–
Acquisition of intangible assets	6.3	(14 075)	(1 362)	–	–
Proceeds on disposal of intangible assets		1 376	–	–	–
Payment on acquisition of subsidiary net of cash paid		(6 693)	(741 896)	–	–
Loans to group companies repaid	12	–	–	103 851	40 200
Loans advanced to group companies	12	–	–	(4 460)	–
Loans to related parties repaid		230 481	729	–	–
Loans advanced to related parties repaid		(262 725)	(30 607)	–	–
Loans advanced to customers		(6 808)	(7 099)	–	–
Loans to customers repaid		4 343	26 798	–	–
Acquisition of financial assets		(35 886)	(40 000)	–	–
Acquisition of investment in associates		–	(3 322)	–	–
Proceeds from sale of investments	7.1	40 585	3 842	–	–
Purchase of biological assets		(9 685)	(1 933)	–	–
Sale of biological assets		5 987	71 442	–	–
Sale of investment in subsidiary		148 999	–	–	–
Deemed disposal of subsidiaries with change in status to investment entity		(111 802)	–	–	–
Net cash (outflow)/inflow from investing activities		(156 763)	(825 134)	99 391	40 200
Cash flows from financing activities					
Repurchase of shares		(126 517)	(6 037)	(36 269)	–
Proceeds from borrowings	7.2.5	1 392 461	3 028 207	–	–
Repayment of borrowings	7.2.5	(1 345 825)	(3 041 098)	–	–
Proceeds from borrowings incurred in respect of business combinations		–	350 000	–	–
Principle elements of lease payments	7.2.6	(36 049)	(40 452)	–	–
Dividends paid	8.5	(90 664)	(48 723)	(68 518)	(43 406)
Net cash (outflow)/inflow from financing activities		(206 594)	241 896	(104 787)	(43 406)
Net decrease in cash, cash equivalents and bank overdrafts		(237 830)	(190 803)	–	–
Cash, cash equivalents and bank overdrafts at the beginning of the year	7.2.3	242 938	433 741	–	–
Cash, cash equivalents and bank overdrafts at the end of the year	7.2.3	5 108	242 938	–	–

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Notes to the annual financial statements

for the year ended 28 February 2023

Accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are included in the specific notes to which they relate and are indicated with a golden background.

Significant accounting judgements and estimates

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 these annual financial statements, are included in the specific notes to which they relate and are indicated with a gold border.

1. Significant accounting policies

1.1 Statement of compliance

The consolidated and separate annual financial statements are prepared on a going concern basis in compliance with the Companies Act of South Africa, the South African Institute of Chartered Accountants (SAICA) financial reporting guides as issued by the Accounting Practices Committee, International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC).

1.2 Basis of preparation

The accounting policies applied in the preparation of the standalone and consolidated financial statements of AAF are in terms of IFRS; however, the accounting policies applied are materially different from those previously applied as detailed below.

Refer to note 24 for details of new and amended standards issued but not yet effective in the current year.

The annual financial statements are expressed in South African rand (ZAR or R), rounded to the nearest thousand, unless otherwise stated.

1.3 Application of the Investment Entity Exemption in terms of IFRS 10 *Consolidated Financial Statements*

1.3.1 *Change in investment entity status*

Critical Accounting Judgement – AAF's classification as an investment entity

Management concluded that, with effect from 28 February 2023, the company met the criteria to be classified as an investment entity.

Managements conclusion is based on the implementation of critical aspects supporting the investment entity criteria, including changes to governance structures within the group and its portfolio companies, conclusion of the new fund management agreement with Acorn Venture Partners (Pty) Ltd, conclusion of separate restructuring of financing for portfolio companies and other aspects concluded in managements implementation plan by 28 February 2023.

During the 2023 financial year significant changes pertaining to strategy and structure were implemented within the company and AAF Group that have necessitated the company to reassess its investment entity status in terms of IFRS 10.

An investment entity is typically an entity that i) obtains funds from one or more investors for the purpose of providing such investor(s) with investment management services, ii) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and iii) measures and evaluates the performance of substantially all of its investments on a fair value basis.

IFRS 10 lists typical characteristics of an investment entity as i) it has more than one investment, ii) it has more than one investor, iii) it has investors that are not related parties of the entity, and iv) it has ownership interests in the form of equity or similar interests. The company strongly exhibits all of these characteristics.

The performance of the company's investment portfolio is constantly measured by the board with reference to the fair value of such investment (i.e. sum-of-the-parts (SOTP) value) rather than the consolidated profitability of the Group (i.e. recurring earnings) with effect from 28 February 2023 in AAF's strive to meet its objective of value creation through capital appreciation, investment income, or both. Fair value (i.e. SOTP value) is ultimately dependent on a range of factors such as the investee's market rating, industry, growth prospects, operational performance, profitability and marketability.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

1.3.2 Accounting treatment under IFRS 10 Investment Entity

IFRS 10 contains special accounting requirements for an investment entity. Where an entity meets the definition of an Investment Entity, it does not consolidate its subsidiaries, but rather measure subsidiaries at fair value through profit or loss (FVTPL). However, an investment entity is still required to consolidate subsidiaries that provide services related to the investment entity's investment activities. As at 28 February 2023, AAF had a subsidiary, AAF Services (Pty) Ltd, providing these investment management services, and thus presents consolidated financial statements in addition to separate financial statements.

IFRS 10 requires a parent that becomes an investment entity to account for the change in its status prospectively from the date at which the change in status occurred. Having considered various factors, including the timelines and decision-making processes leading up to aforementioned strategy and structure changes, the company's application of the investment entity exemption became effective on 28 February 2023. Accordingly, on such date the Group's existing subsidiaries (other than aforementioned wholly-owned head office subsidiaries providing investment activities to the company, i.e. AAF Services (Pty) Ltd) were deemed to be disposed of and re-acquired at fair value, with the resultant R298 million gain being recognised as a non-headline item in the statement of profit or loss. Such investments will be subsequently measured at FVTPL.

1.4 Foreign currency

(a) Functional and presentation currency

Items included in the financial statements of each 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 South African rand (ZAR or R), which is the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions and balances are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured, respectively. Foreign exchange gains and losses are recognised in the statement of profit or loss within "other net gains and losses".

1.5 Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the individual asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal and its value-in-use.

1.6 Common control transactions

A business combination of entities or businesses under common control is a business combination where all the entities or businesses being combined, is ultimately controlled by the same party or parties before and after the business combination, and where the control is not of a temporary nature.

Business combinations under common control is accounted for using the "acquisition accounting" principle. Under this principle, all assets and liabilities acquired are initially recognised at its fair value. The difference between the fair value of the net assets and consideration will be recognised as goodwill or as a gain on bargain purchase.

1.7 Transactions with minority shareholders – "economic entity approach"

The Group applies a policy of treating transactions with minority shareholders as transactions with equity owners of the Group. For purchases from minorities, the difference between 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 minority shareholders are also recorded in equity.

1.8 Financial Guarantees

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued.

The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under IFRS 9 *Financial Instruments* and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 *Revenue from Contracts with Customers*.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.



1.9 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

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 balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

1.10 Significant accounting judgements and estimates

The preparation of the Group's annual financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are highlighted below with more detail provided in the specific notes to which they relate:

(a) Estimates

- AAF's determination of fair value pertaining to its unlisted investments – note 2
- Life-span and residual value of fixed assets and intangible assets – note 6.1 and 6.3
- Decommissioning and restoration provision – note 6.1
- Deferred tax assets – note 6.5
- Provision for stock obsolescence – note 6.6
- Trade and other receivables: Expected credit losses – note 7.2.1

(b) Judgements

- AAF's classification as an investment entity – note 1.3
- Recognition of deferred tax on subsidiary investments at fair value through profit and loss – note 6.5
- Impairment of goodwill – note 6.3
- Interests in consolidated controlled entities – note 12
- Classification of associate: Berekisanang Empowerment Farm (Pty) Ltd – note 13
- Accounting for different reporting periods within the Group – note 12

How numbers are calculated

2. Investments at fair value through profit and loss and segment report

Subsidiaries other than those rendering services related to AAF's investment activities are measured at FVTPL.

Financial assets at FVTPL are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise. Interest and dividend income arising on financial assets at FVTPL is recognised in the income statement as part of investment income.

Where available, AAF measures the fair value of an instrument using the quoted price in an active market for that instrument. The fair values of quoted investments are based on current prices at the close of business on the reporting date. If the market for a financial asset is not active, or if it is unquoted, AAF establishes fair value by using valuation techniques as detailed below. The Group's main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

2. Investments at fair value through profit and loss and segment report (continued)

Critical Accounting Estimate – AAF's determination of fair value pertaining to its unlisted investments

Where AAF has used a discounted cash flow model in estimating fair value of a unlisted investment, critical assumptions are used in discounted cash flow methodology that determine value. Financial budgets approved by management are used to calculate the cash flow projections for a five-year period.

Assumption	Approach used to determine values
Sales volume	An annual average growth rate extended over the five-year forecast period is used; this is based on past performance and management's expectations of market development.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	These costs are forecasted by management adjusted for inflationary increases, non-cash flow items and once-off isolated expenses. These costs will generally reflect the fixed costs which are not expected to vary significantly with sales volumes or prices.
Annual capital expenditure	Expected capital expenditure approved by the board of directors for planned refurbishment. This is determined based on historical experience and expectations set by management.
Medium term growth	This is the weighted average growth rate used to extrapolate the cash flows over the explicit 5 year budgeted period.

Most subjective measures

Long term growth rate:	This is the terminal growth rate applied to extrapolate growth rates in perpetuity in the terminal year.
Post-tax discount rate	This is a discount rate determined by the Group that best reflects the specific risks relating to the cash-generating units against the target capital structure, derived by direct comparison to peers of the company or division.

Acorn Agri & Food Ltd holds investments in two subsidiaries (namely AAF Invest (Pty) Ltd and AAF Services (Pty) Ltd).

AAF Invest (Pty) Ltd is an investment entity itself and is not consolidated, details of its investment, other assets and liabilities are disclosed below.

AAF Services (Pty) Ltd is the investment support function to the company and pertaining to its portfolio of investments and are consolidated.

	Carrying value 28 February 2023 R'000	Gain/(loss) upon deemed disposal and reacquisition of subsidiaries at fair value on 28 February 2023 R'000	Fair value 28 February 2023 R'000
Investments at fair value through profit and loss: Direct shareholding			
Investment in AAF Invest (Pty) Ltd	1 439 900	1 084 682	2 524 582
Investment in AAF Services (Pty) Ltd	–	–	–
	1 439 900	1 084 682	2 524 582



2. Investments at fair value through profit and loss and segment report (continued)

Detail of the investments held by AAF Invest (Pty) Ltd at fair value through profit and loss:

			Fair value 28 February 2023 R'000
Indirect investments:			
Kyron Holdings (Pty) Ltd and its subsidiaries	2.1	100%	660 076
Overberg Agri Bedrywe (Pty) Ltd and its subsidiaries	2.2	100%	995 575
Moov Fuel (Pty) Ltd and its subsidiaries	2.3	69%	497 338
ACG Fruit (Pty) Ltd and its subsidiaries	2.4	100%	208 590
Boltfast (Pty) Ltd	2.5	75%	5 162
Bontebok Limeworks (Pty) Ltd	2.6	74%	110 867
Montagu Dried Fruit and Nuts (Pty) Ltd and its subsidiaries	2.7	100%	42 188
Overberg Meat (Pty) Ltd	2.8	100%	55 722
Other assets/liabilities:			
Loan to Acorn Agri & Food Ltd			(713 581)
Investment in Acorn Agri & Food Ltd shares		6.8%	130 318
Investment in associate investment: Lesotho Milling Company		34%	61 473
Net loans receivable: shareholding funding			402 955
Other loans (including loan to AAF Services (Pty) Ltd)			30 250
Cash & cash equivalents			21 248
Other			16 402
Fair value at company level			2 524 582
Reconciliation to carrying value at Group level			
Investment held by AAF Invest (Pty) Ltd in Acorn Agri & Food Ltd shares shown as treasury shares			(130 318)
Investment held by Overberg Agri Bedrywe (Pty) Ltd in Acorn Agri & Food Ltd shares shown as treasury shares			(10 580)
			2 383 684

2.1 Kyron Holdings (Pty) Ltd and its subsidiaries

Kyron Holdings (Pty) Ltd is a leading animal health business and operates within Southern Africa.

AAF Invest (Pty) Ltd holds 100% of Kyron Holdings (Pty) Ltd ordinary shares of which the rights and rewards of the shares have been transferred. 49% of the shareholding is held through the Kyron Empowerment Fund LP (managed by Kyron Fund GP (Pty) Ltd as the General Partner), and the remaining shares held directly by AAF Invest (Pty) Ltd. 14% shares held by management are subject to outstanding finance provided by the company & employment lock-in periods and consequently all rights and rewards relating to the ordinary shares have not transferred to management and is accounted for as a management incentive scheme in terms of IAS19 Employee Benefits impacting profit/loss.

Kyron Holdings (Pty) Ltd holds 100% of Kyron Group (Pty) Ltd (operating as Kyron Vet and Kyron Labs divisions), 100% of Kyron Animal Health (Pty) Ltd and 55% of Anipharm (Pty) Ltd.

Valuation methodology:	Discounted cash flows over a 5 year period Post-tax discount rate: 15.7%
Implied multiple:	Implied historical EV/EBITDA multiple of 6.0x
Category:	Unlisted
IFRS13 fair value:	Level 3

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

2. Investments at fair value through profit and loss and segment report (continued)

2.1 Kyron Holdings (Pty) Ltd and its subsidiaries (continued)

	Fair value 28 February 2023 R'000
Equity value: Kyron Holdings (Pty) Ltd and its subsidiaries	660 076
Shareholder funding (included in net loans receivable from investments)	14 690
	674 766

2.2 Overberg Agri Bedrywe (Pty) Ltd and its subsidiaries

Overberg Agri Group is a supplier of agricultural inputs and services, grain and business partner of choice, and operates in South Africa, predominantly the Western Cape.

AAF Invest (Pty) Ltd holds 100% of the ordinary share capital of Overberg Agri Bedrywe (Pty) Ltd and its subsidiaries. Overberg Agri Bedrywe (Pty) Ltd holds 70% of Overberg Wealth and Risk Management (Pty) Ltd which is valued separately to that of Overberg Agri Bedrywe (Pty) Ltd.

	Overberg Agri Bedrywe (Pty) Ltd	Overberg Wealth & Risk Management (Pty) Ltd
Valuation methodology:	Discounted cash flows over a 5 year period Post-tax discount rate: 19.7%	Discounted cash flows over a 5 year period Post-tax discount rate: 18.9%
Implied multiple:	Implied historical EV/EBITDA multiple of 5.6x	Implied historical EV/EBITDA multiple of 6.6x
Category:	Unlisted	Unlisted
IFRS13 fair value:	Level 3	Level 3

	Fair value 28 February 2023 R'000
Equity value: Overberg Agri Bedrywe (Pty) Ltd and its subsidiaries	995 575
Shareholder funding (included in net loans receivable from investments)	48 311
	1 043 886

2.3 Moov Fuel (Pty) Ltd and its subsidiaries

Moov Fuel Group supplies and delivers the highest quality fuel, lubricant and liquefied petroleum gas (LPG) products and operates in Southern Africa.

AAF Invest (Pty) Ltd holds an effective 69% of the ordinary share capital of Moov Fuel (Pty) Ltd indirectly. Our effective interest is held through AAF Invest (Pty) Ltds' subsidiary Moov Holdings (Pty) Ltd (holding a controlling stake of 51% in Moov Fuel (Pty) Ltd) and remaining interests through the Kyron Empowerment Fund LP and Acorn Equity Empowerment Fund LPs' investment in Weijo Investments (Pty) Ltd (holding a 49% stake in Moov Fuel (Pty) Ltd). Moov Fuel (Pty) Ltd holds a 51% interest in Bachmus Oil and Fuel Supplies (Pty) Ltd (a company incorporated in Namibia) and is valued separately.

	Moov Fuel (Pty) Ltd	Bachmus Oil and Fuel Supplies (Pty) Ltd (Namibia)
Valuation methodology:	Discounted cash flows over a 5 year period Post-tax discount rate: 17%	Discounted cash flows over a 5 year period Post-tax discount rate: 21.9%
Implied multiple:	Implied historical EV/EBITDA multiple of 6.9x	Implied historical EV/EBITDA multiple of 3.9x
Category:	Unlisted	Unlisted
IFRS13 fair value:	Level 3	Level 3



2. Investments at fair value through profit and loss and segment report (continued)

2.3 Moov Fuel (Pty) Ltd and its subsidiaries (continued)

	Fair value 28 February 2023 R'000
Equity value: Moov Fuel (Pty) Ltd and its subsidiaries	497 338
Shareholder funding (included in net loans receivable from investments)	—
	497 338

2.4 ACG Fruit (Pty) Ltd and its subsidiaries

Primary producer of table grapes and citrus in Limpopo, Northern Cape and Western Cape for export markets

AAF Invest (Pty) Ltd holds 100% of the ordinary share capital of ACG Fruit (Pty) Ltd directly.

Valuation methodology:	Asset based valuation method Underlying properties subject to external annual valuation process
Category:	Unlisted
IFRS13 fair value:	Level 3

	Fair value 28 February 2023 R'000
Equity value: ACG Fruit (Pty) Ltd and its subsidiaries	208 590
Shareholder funding (included in net loans receivable from investments)	232 246
	440 836

2.5 Boltfast (Pty) Ltd

Supplier of fastener solutions to industries throughout Africa.

AAF Invest (Pty) Ltd holds 75% of the ordinary share capital of Boltfast (Pty) Ltd directly and indirectly, 26% through Umti Umkhulu Industrial Fund En Commandite Partnership LP (managed by Engeli Enterprise Development (Pty) Ltd as general partner) and the remainder directly by AAF Invest (Pty) Ltd. The other 25% of the interest is held by Woza Phambili Enterprises (Pty) Ltd, a subsidiary of Overberg Agri Development Trust.

Valuation methodology:	Asset based valuation method Underlying properties subject to external annual valuation process
Category:	Unlisted
IFRS13 fair value:	Level 3

	Fair value 28 February 2023 R'000
Equity value: Boltfast (Pty) Ltd	5 162
Shareholder funding (included in net loans receivable from investments)	81 014
	86 175

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

2. Investments at fair value through profit and loss and segment report (continued)

2.6 Bontebok Limeworks (Pty) Ltd

Supplier of agricultural lime products, building and construction lime or other products, including water-related lime products and road building lime.

AAF Invest (Pty) Ltd holds 74% of the ordinary share capital of Bontebok Limeworks (Pty) Ltd directly.

Valuation methodology:	Discounted cash flows over a 5 year period Post-tax discount rate: 19.6%
Implied multiple:	Implied historical EV/EBITDA multiple of 11.1x (forward multiple of 6.6x)
Category:	Unlisted
IFRS13 fair value:	Level 3

	Fair value 28 February 2023 R'000
Equity value: Bontebok Limeworks (Pty) Ltd	110 867
Shareholder funding (included in net loans receivable from investments)	18 802
	129 669

2.7 Montagu Dried Fruit & Nuts (Pty) Ltd and its subsidiaries

A trusted South African brand, known for our moreish array of dried fruit and nuts.

AAF Invest (Pty) Ltd holds 100% of the ordinary share capital of Montagu Dried Fruit & Nuts (Pty) Ltd directly.

Valuation methodology:	Asset based valuation method
Category:	Unlisted
IFRS13 fair value:	Level 3

	Fair value 28 February 2023 R'000
Equity value: Montagu Dried Fruit & Nuts (Pty) Ltd and its subsidiaries	42 188
Shareholder funding (included in net loans receivable from investments)	5 037
	47 225

2.8 Overberg Meat (Pty) Ltd

Supplier of best quality, Overberg certified free-range meat products. Operates within South Africa and exports to the Middle-East.

AAF Invest (Pty) Ltd holds 100% of the ordinary share capital of Overberg Meat (Pty) Ltd directly.

Valuation methodology:	Discounted cash flows over a 5 year period Post-tax discount rate: 18.3%
Implied multiple:	Implied forward EV/EBITDA multiple of 6x
Category:	Unlisted
IFRS13 fair value:	Level 3



2. Investments at fair value through profit and loss and segment report (continued)

2.8 Overberg Meat (Pty) Ltd (continued)

	Fair value 28 February 2023 R'000
Equity value: Overberg Meat (Pty) Ltd	55 722
Shareholder funding (included in net loans receivable from investments)	2 854
	58 576

2.9 Segment report

The segments of AAF have been identified per material investment in our portfolio. Individual business performance are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors, and for which discrete financial information is available to make strategic decisions. Operating segments which display similar economic characteristics are aggregated for reporting purposes.

The chief operating decision-maker monitors the operating results of the business segments separately for the purposes of making decisions about resources to be allocated and of assessing performance. They primarily assess the performance of the operating segments based upon a measure of revenue, earnings before depreciation, interest and tax (EBITDA) and net profit after tax.

Inter-segment pricing is determined on an arm's-length basis in a manner similar to transactions with third parties.

The following measures are reported pertaining to the results of our portfolio companies on a stand alone basis (own balances), and totals would not agree to the consolidated statement of profit or loss:

	Revenue (own balances) 2023 R'000	Operating profit before capital items ** (own balances) 2023 R'000	Net profit after tax (own balances) 2023 R'000
Kyron Holdings (Pty) Ltd and its subsidiaries	647 136	168 889	77 230
Overberg Agri Bedrywe (Pty) Ltd	4 766 413	162 896	65 420
Overberg Wealth and Risk Management (Pty) Ltd (OWRM)	56 646	18 901	10 125
Moov Fuel (Pty) Ltd and its subsidiaries (excluding Bachmus)	8 720 929	141 586	64 115
Bachmus Oil and Fuel Supplies (Pty) Ltd (Namibian Dollar)	3 636 770	51 508	36 674
ACG Fruit (Pty) Ltd and its subsidiaries	486 356	(46 088)*	(222 363)
Boltfast (Pty) Ltd	111 164	(3 118)	(7 225)
Bontebok Limeworks (Pty) Ltd	189 131	25 798	2 761
Montagu Dried Fruit and Nuts (Pty) Ltd and its subsidiaries	164 874	(701)	(15 968)
Overberg Meat (Pty) Ltd	269 180	708	(895)
Total	19 048 600	520 379	9 874

* This amount excludes impairments of loans and other receivables (amounting to R70 million) and impairment on biological assets (amounting to R11 million).

** From continuing operations excluding depreciation and amortisation.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

3. Revenue

Revenue from contracts with customers

Revenue is recognised when the Group satisfies performance obligations and transfers control of goods and 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, allocated to each specific performance obligation. Revenue is measured at the fair value of the consideration received or receivable.

The main categories of revenue and the basis of recognition are as follows:

Sale of Goods – wholesale

The Group manufactures and sells a range of products, including (i) lime products, (ii) petroleum and petroleum products, (iii) the buying and slaughtering of cattle and sheep; the selling of a range of meat, by-products and livestock, (iv) industrial fasteners, (v) fresh fruit and (vi) health and other snacks, dried fruit and nuts. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from the sale of goods is recognised when the Group has supplied products to the customer, the customer has accepted the goods and recoverability of the debtor concerned is relatively certain.

Sale of Goods – retail

The Group operates a chain of retail stores selling agricultural supplies, dried fruit, nuts, industrial fasteners, grocery and convenience items. Revenue from the sale of goods is recognised when a Group entity sells a product to the customer. Sales are recognised when control of the products has transferred, being when the products are collected by the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Payment of the transaction price is due immediately when the customer purchases the goods.

Services rendered

Timing of recognition: Revenue from services consist of various services for which a fee is charged. This includes transport, slaughtering fees, commission and administration fees. Revenue from services is recognised in the accounting period which the services are rendered. For fixed price contracts, revenue is recognised based on the actual services provided to the end of the reporting period as a portion of the services to be provided.

Measurement of revenue: Estimates of revenue, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Rental income

Income from leases in respect of property is recognised in profit or loss on a straight-line basis over the lease term.

Financing income

The Group does not expect to have any contracts where the period between the transfer of the service to the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Mineral Royalty tax

The Mineral and Petroleum Resource Royalty Act 2008 (Royalty Act) imposes a royalty tax on refined and unrefined minerals. The Mineral Royalty tax is deducted from revenue.

The Company

Finance income comprises dividend revenue. Dividend revenue is recognised when received or receivable.



3. Revenue (continued)

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Revenue from contracts with customers:				
Gross revenue from contracts with customers	19 869 440	11 808 800	—	—
Net revenue from contracts with customers*:				
Sale of goods: Retail sales	4 940 630	3 312 263	—	—
Sale of goods: Wholesale sales	13 113 472	6 562 384	—	—
Sale of goods: Grain trading	923 556	981 267	—	—
Rendering of services: Administration fees received	13 359	13 015	—	—
Rendering of services: Retail services	8 003	62	—	—
Rendering of services: Wholesale services	56	43	—	—
Rendering of services: Commission	49 585	42 973	—	—
Rendering of services: Grain	219 918	222 218	—	—
Rendering of services: Transport	42 414	41 196	—	—
Rendering of services: Other	10 614	31 770	—	—
Revenue from contracts with customers	19 321 607	11 207 191	—	—
Timing of revenue recognition				
At a point of time	18 977 658	10 855 914	—	—
Over time	343 949	351 277	—	—
	19 321 607	11 207 191	—	—
Revenue other than from contracts with customers:				
Rental income	12 511	12 143	—	—
Dividends received	—	—	6 686	13 548
Revenue other than from contracts with customers	12 511	12 143	6 686	13 548
Total	19 334 118	11 219 334	6 686	13 548

* Gross revenue of goods and services include 100% of the income received in respect of sales where the Group also acts as an agent. Net revenue only includes the commission earned on the transactions where the Group acts as an agent, representing the revenue attributable to the Group.

4. Other income and expense items

4.1 Interest revenue

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Interest on trade and other receivables	103 256	68 016	—	—
Interest on instalment sale agreements	50 866	27 024	—	—
Other interest received	21 482	7 949	—	—
	175 604	102 989	—	—

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

4. Other income and expense items (continued)

4.2 Other income

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Administration fees received	10 704	7 123	—	—
Bad debts recovered	526	5 420	—	—
Commission received	520	8 062	—	—
Foreign exchange gains	1 210	7 803	—	—
Franchise fees	1 251	1 637	—	—
Insurance claims received	9 787	4 209	—	—
Packaging income	37 860	5 628	—	—
Rebates	3 686	2 396	—	—
Recoupment of utilities	8 257	4 951	—	—
Rental income				
– Investment properties	2 260	4 600	—	—
– Other properties	7 494	3 354	—	—
SARS Employee tax incentive	3 569	5 087	—	—
Transport expenses recovered	5 387	5 330	—	—
Other	17 685	2 233	3 482	—
	110 196	67 833	3 482	—

Capital items

Capital items disclosed in the Statement of profit or loss are disclosed separately as they are not deemed to form part of the Group's trade operations. Included in capital items are profits and losses realised on non-current assets, and impairment losses and reversals on non-current assets.

4.3 Capital items

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
(Loss)/Profit on disposal of property, plant and equipment	(1 692)	2 040	—	—
Net profit/(loss) on sale of investments	754	(916)	—	—
Net profit on sale of subsidiary (note 15)	28 856	825	—	—
Change in investment entity status (note 23)	298 317	—	1 084 682	—
Fair value adjustments (note 7)	2 387	(4 221)	—	—
Other fair value adjustments	(79)	—	—	—
Fair value adjustment on biological assets	447	23	—	—
Gain on lease modification	717	1 408	—	—
Impairment on loans and other receivables (note 7.2.4)	(69 871)	(23 765)	—	—
Impairment on biological assets	(10 903)	(3 212)	—	—
Long-term incentive scheme	(17 684)	—	—	—
Purchase price adjustment	667	13 500	—	—
Professional fees	(3 139)	(7 761)	—	—
Relocation costs	(5 338)	—	—	—
Other	486	470	—	—
	223 925	(21 609)	1 084 682	—



4. *Other income and expense items (continued)*

4.4 Expenses by nature

Leases

Payments associated with short-term leases, low-value assets and variable payments 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 comprise IT equipment and small items of office furniture. Variable payments are determinable on revenue recognised in profit or loss.

Employee benefits

Retirement obligations

The Group participates in defined contribution retirement funds, in terms of which the Group pays contributions to the fund and related policies to a private and state-operated administrator on a contractual and compulsory basis. The Group has no legal or derivative obligation to pay any further contributions if the funds does not have sufficient assets to pay benefits to its members.

Post-employment medical obligations

The Group provides post-employment medical benefits in terms of a fixed contribution plan to a specific group of participating former employees by means of a contribution to their monthly costs. The post-employment medical benefit obligation and the cost of the benefit are determined annually by an independent actuary. Any surpluses or deficits between the actuarially determined obligation and the amounts provided during the year, are recognised in the liability and the Statement of profit or loss in the relevant year. The assumptions used include long-term estimates in the consumer price index and applicable discount rates. Actuaries use the projected credit unit method to determine the liability.

Performance incentive scheme

A performance incentive scheme was approved by the board of directors. The aim of the performance incentive scheme is to encourage employees to achieve specified agreed upon objectives and to acknowledge excellent performance. A liability for the performance incentive scheme is recognised under trade and other payables if an enforceable legal or contractual right exists to settle the liability. It is expected that the liability will be settled within twelve months. Financial goals must first be achieved before the liability is recognised.

Profit bonus

The board of directors of one of the subsidiaries in the Group may, if that board is of the opinion that there is sufficient headline earnings of a operating entity, approve a profit bonus for distribution to clients in some of the subsidiaries who, through their purchases, enabled the subsidiaries in the Group to achieve sufficient headline earnings. The profit bonus policy is determined and approved by the board of directors of one of the subsidiaries in the Group. The profit bonus is recognised as an expense in the Statement of profit or loss as operating expenses.

Quality upgrading

The board of directors of one of the subsidiaries in the Group may, if that board is of the opinion that there is sufficient headline earnings of a operating entity, approve a payment based on the actual additional income earned from outloading a better quality of grain than the actual quality at intake, which enabled the Group to achieve sufficient headline earnings. The quality upgrading policy is determined and approved by the board of directors of one of the subsidiaries in the Group. The quality upgrading is recognised as an expense in the Statement of profit or loss within operating expenses.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

4. Other income and expense items (continued)

4.4 Expenses by nature (continued)

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Expenses by nature				
Changes in inventory of finished goods and work in progress	53 882	168 025	—	—
Purchase of goods	17 228 348	9 409 015	—	—
Employment remuneration and benefit expense				
Salaries and wages	657 713	548 996	—	—
Performance incentive scheme and share based payments	29 633	37 931	—	—
Retirement benefit cost	34 772	32 057	—	—
Other costs	21 403	15 930	—	—
Depreciation, amortisation & impairments				
Depreciation pertaining to property, plant and equipment	129 802	115 180	—	—
Depreciation on biological assets	12 725	9 174	—	—
Amortisation relating to intangible assets	43 801	26 667	—	—
Impairments relating to property, plant & equipment	—	(732)	—	—
External and internal auditors' remuneration				
Statutory external audit fee				
— Current year provision	10 515	7 392	—	—
— Prior year under-/ (over-) provision	1 334	218	—	—
— Consulting, tax advisory and other fees paid	1 390	1 908	—	—
Internal audit fee	1 791	1 186	—	—
Advertising and marketing	25 382	12 114	—	—
Agent fees	14 503	3 473	—	—
Bad debts written off	3 264	60 470	—	—
Provision for impairment of trade receivables	5 185	(44 599)	—	—
Bank charges	15 149	13 650	—	—
Commission paid	30 616	16 644	—	—
Computer expenses	16 091	14 419	—	—
Delivery expenses	22 063	5 984	—	—
Entertainment	3 068	1 777	—	—
Foreign exchange losses	4 846	(662)	—	—
Fuel expenses	127 784	81 458	—	—
Freight on purchases	5 630	2 632	—	—
Guarantee premium	9 400	5 034	—	—
Handling fees	8 677	1 544	—	—
Insurance	30 666	21 287	—	—
Licence fees	12 891	11 258	—	—
Maintenance	87 462	93 769	—	—
Management fee to Acorn Private Equity (Pty) Ltd	29 895	14 997	—	—
Motor vehicle expenses	14 490	8 653	—	—
Packaging	143 191	72 689	—	—
Printing and stationary	4 581	3 473	—	—
Professional, legal and consulting fees	37 445	23 868	—	—
Protective clothing	2 303	3 009	—	—
Rates and taxes	6 254	6 480	—	—
Rental paid (short term & variable)	27 300	29 119	—	—
Royalties paid	3 714	2 982	—	—
Safety expenses	2 797	3 131	—	—
Security	8 176	8 370	—	—
Subscriptions	5 422	2 331	—	—
Telephone expenses	5 241	5 301	—	—
Transportation expenses	75 369	68 470	—	—
Travel and accommodation	6 635	3 460	—	—
Water and electricity	53 213	60 764	—	—
Other costs	124 521	84 555	—	—
Total	19 200 333	11 074 851	—	—
Presented as:				
— Cost of Sales	17 877 374	10 071 747	—	—
— Sales and marketing costs	24 804	13 925	—	—
— Administration costs	237 750	216 921	—	—
— Operating expenses	1 060 405	772 258	—	—
Total	19 200 333	11 074 851	—	—



4. Other income and expense items (continued)

4.5 Finance income

Finance income is recognised in profit or loss using the effective interest method.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Bank	24 274	22 557	—	—
Total finance income	24 274	22 557	—	—

4.6 Finance costs

Finance costs are calculated using the effective interest rate method and included in profit or loss.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Bank	184 081	91 041	—	—
– Less interest capitalised on seed	(1 226)	(2 385)	—	—
Shareholders loans	34 406	17 344	—	—
Lease liabilities	19 536	13 521	—	—
Instalment sale agreements	1 610	3 418	—	—
Other interest paid	9 326	6 622	—	—
	247 733	129 561	—	—

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

5. Income tax expense

The income tax expense for the period comprises current and deferred income tax. Income tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity, in which case it will also be recognised directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group operates and generates taxable income.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Major components of the tax expense				
Current				
Local income tax				
Current year	84 876	39 065	—	—
Prior year	73	12 998	—	—
Withholding tax	27	—	—	—
	84 976	52 063	—	—
Deferred				
Deferred income tax				
Current year	(8 813)	(13 622)	—	—
Prior year	898	—	—	—
	(7 915)	(13 622)	—	—
	77 061	38 441	—	—
Tax rate reconciliation				
Standard tax rate (%)	28.0	28.0	28.0	28.0
Permanent differences (%)	(9.9)	(8.8)	(28.0)	(28.0)
Non-deductible expenses (%)*	0.4	5.2	—	—
Exempt income (%)	(0.7)	(7.5)	(28.0)	(28.0)
Prior year adjustments for income tax (%)	0.3	4.6	—	—
Capital gains taxation (%)	—	0.1	—	—
Allowances claimed during the year (%)	—	(4.3)	—	—
Net impairments of assets (not tax-deductible) (%)	6.1	4.1	—	—
Net deferred tax asset not previously recognised (%)	—	(11.2)	—	—
Accounting profit on sale of subsidiaries (non-taxable) (%)	(2.0)	—	—	—
Tax rate adjustment (%)	(0.2)	—	—	—
Net derecognition of deferred tax assets (%)	3.8	—	—	—
Deferred tax not provided for (%)	1.9	—	—	—
Change in investment entity status (%)	(19.7)	—	—	—
Other (%)	0.2	0.3	—	—
Effective rate (%)	18.1	19.3	—	—

* Includes legal fees, fines and penalties which are not in the production of income and thus non-deductible.

For details on deferred tax, refer to note 6.5.



6. *Non-financial assets and liabilities*

6.1 Property, plant and equipment

Land and buildings consist mainly of grain silos, retail outlets, warehouses, factories, an abattoir, an open cast mine and offices. All property, plant and equipment are shown at cost (including borrowing costs) less accumulated depreciation and impairment, except for land, which is shown at cost less impairment. The cost price includes costs directly attributable to the acquisition of the assets. Additional costs are either included in the carrying amount of the existing asset or recognised as an individual asset, as the case may be, only if it is probable that future economic benefits relating to the item will flow to the Group and the cost price of the item can be reliably measured. All repair and maintenance costs are recognised in the Statement of profit or loss in the financial period in which they were incurred.

The construction or commissioning of a mining asset results in an obligation for an entity to dismantle or remove the asset, restore the site on which the asset was constructed and restore the mining site mined. Property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item, restoring the site on which it is located and the mining site mined, the obligation for which the Group incurs when the item is acquired. Decommissioning and restoration cost are accounted as separate items under Property Plant and Equipment.

Changes in the decommissioning, restoration or similar liability, other than the unwinding of the discount, is to be added to or deducted from the cost of the asset to which it relates; the adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. The result thereof is that all leases assets have been recognised on the balance sheet as Right of Use assets which had been previously been classified in profit or loss under the principles of IAS 17: Leases.

Depreciation is calculated according to the straight-line basis to decrease the cost price of each asset to the residual value of the asset over the expected useful life of the asset, as follows:

Land	Indefinite life
Buildings	20 to 50 years
Silos	50 years
Steel silos	25 years
Silo machinery and equipment	15 years
Machinery and equipment	4 to 30 years
Office furniture and equipment	1 to 15 years
Computers	3 to 5 years
Motor vehicles	3 to 15 years
Implements	15 years
Decommissioning assets – Land (P&B Lime Works (Pty) Ltd)	288 years
Decommissioning assets – Buildings	30 years

The residual values and useful lives of assets are reviewed and adjusted, if necessary, on each reporting date. The carrying amount of an asset is immediately written down to the realisable amount thereof if the carrying amount of the asset exceeds it.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The useful life of the mining assets equals the estimated useful life of the mine. Depreciation of the capitalised costs of mining assets start at the time when the mining activities commence on the acquired mining assets.

Right-of-use assets

Right-of-use assets are presented within property, plant and equipment on the Statement of Financial Position.

On initial recognition the right-of-use asset is measured equal to:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately. The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

6. Non-financial assets and liabilities (continued)

6.1 Property, plant and equipment (continued)

Life-span and residual value of fixed assets and intangible assets

Management review the life-span and residual value of fixed assets and appropriate intangible assets on an annual basis, and adjustments are made as appropriate. Management uses their experience, judgement and assumptions in the process of determining life-span and residual value.

Decommissioning and restoration provision

The construction or commissioning of an asset results in an obligation for the Group to dismantle or remove the asset and restore the site on which the asset was constructed.

The determination of long-term provisions, in particular environmental provisions, remains a key area where management's judgement is required. Estimating the future cost of these obligations is complex and requires management to make estimates and judgements because most of the obligations will only be fulfilled in the future and contracts and laws are often not clear regarding what is required. The resulting provisions could also be influenced by changing technologies and political, environmental, safety, business and statutory considerations.

It is envisaged that, based on the current information available, any additional liability in excess of the amounts provided will not have a material adverse effect on the Group's financial position, liquidity or cash flow.

Group	2023			2022		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Land and buildings	—	—	—	541 018	(66 977)	474 041
Machinery, motor vehicles and equipment	169	(72)	97	1 091 019	(334 070)	756 949
Right-of-use assets	3 211	(2 087)	1 124	226 510	(119 096)	107 414
Capital work in progress	—	—	—	41 215	—	41 215
Decommissioning assets	—	—	—	1 381	(337)	1 044
Total	3 380	(2 159)	1 221	1 901 143	(520 480)	1 380 663

Analysis of movements in carrying value:

Group – 2023	Opening carrying value R'000	(Impair- ment loss)/ reversal of impair- ment loss R'000	Disposal of subsi- diaries R'000	Additions R'000	Additions through Business Combina- tions R'000	Transfers R'000	Disposals R'000	Deprecia- tion R'000	Change in invest- ment entity status R'000	Closing carrying value R'000
Land and buildings	474 041	—	(15 398)	24 699	1 042	977	(9)	(14 395)	(470 957)	—
Machinery, motor vehicles and equipment	756 949	—	(76 450)	107 290	655	29 350	(7 524)	(80 465)	(729 708)	97
Right-of-use assets	107 414	—	—	89 198	—	—	(3 403)	(34 923)	(157 162)	1 124
Capital work in progress	41 215	—	—	32 173	—	(28 331)	—	—	(45 057)	—
Decommissioning assets	1 044	—	—	—	—	—	—	(19)	(1 025)	—
Total	1 380 663	—	(91 848)	253 360	1 697	1 996	(10 936)	(129 802)	(1 403 910)	1 221



6. Non-financial assets and liabilities (continued)

6.1 Property, plant and equipment (continued)

Analysis of movements in carrying value: (continued)

Group – 2022	Opening carrying value R'000	(Impairment loss)/ reversal of impairment loss R'000	Disposal of subsidiaries R'000	Additions R'000	Additions through Business Combinations R'000	Transfers R'000	Disposals R'000	Depreciation R'000	Modification R'000	Closing carrying value R'000
Land and buildings	434 853	–	–	37 485	3 867	9 850	(273)	(11 741)	–	474 041
Machinery, motor vehicles and equipment	697 759	732	–	100 196	10 913	25 605	(3 359)	(74 897)	–	756 949
Right-of-use assets	116 110	–	–	569	17 540	1 765	–	(28 522)	(48)	107 414
Capital work in progress	23 738	–	–	57 932	–	(36 854)	(3 601)	–	–	41 215
Decommissioning assets	1 064	–	–	–	–	–	–	(20)	–	1 044
Total	1 273 524	732	–	196 182	32 320	366	(7 233)	(115 180)	(48)	1 380 663

Certain property, plant and equipment has been encumbered as security for interest-bearing borrowings (refer note 7.2.5).

	GROUP	
	2023 R'000	2022 R'000
Carrying value of assets pledged as security:		
Machinery, motor vehicles and equipment: Borrowings and instalment sales	–	193 484
Land and buildings: FirstRand Bank Ltd	–	346 443
Total	–	539 927
Depreciation expense:		
– Cost of Sales	19 302	14 541
– Administration costs	1 293	1 178
– Operating expenses	109 207	99 461
Total	129 802	115 180
Leases:		
Right-of-use assets (carrying amounts)		
Land and buildings	1 124	106 428
Machinery, motor vehicles and equipment	–	986
Total	1 124	107 414
Depreciation charge of Right-of-use assets		
Land and buildings	34 477	28 098
Machinery, motor vehicles and equipment	446	424
Total	34 923	28 522

For additional disclosures on the lease expense, interest expense and lease liability refer to notes 4.4, 4.6 and 7.2.6 respectively.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

6. Non-financial assets and liabilities (continued)

6.2 Investment Properties

Investment property consists of land and buildings, owned by the Group, with the objective of collecting rentals or increasing capital value, rather than producing and supplying goods or for administrative purposes. Investment property is shown at cost less accumulated depreciation and impairment, except for land, which is shown at cost less impairment.

Depreciation is calculated according to the straight-line basis to reduce the cost price of each asset to the residual value of the asset over the expected useful life of the asset, as follows:

Land	Indefinite life
Buildings	50 years

The residual values and useful lives of assets are reviewed and adjusted, if necessary, on each reporting date. The carrying amount of an asset is immediately written down to the realisable amount thereof if the carrying amount of the asset exceeds it.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of investment property is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Group	2023			2022		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Investment property	–	–	–	289 690	(8 519)	281 171
Total	–	–	–	289 690	(8 519)	281 171

Analysis of movements in carrying value:

Group – 2023	Opening carrying value R'000	Additions R'000	Transfers R'000	Depreciation R'000	Sub Total R'000	Change in investment entity status R'000	Closing carrying value R'000
Investment property	281 171	2 835	184	(1 157)	283 034	(283 034)	–
Total	281 171	2 835	184	(1 157)	283 034	(283 034)	–

Group – 2022	Opening carrying value R'000	Disposals R'000	Additions R'000	Transfers R'000	Depreciation R'000	Closing carrying value R'000
Investment property	276 140	(1 038)	911	1 922	3 236	281 171
Total	276 140	(1 038)	911	1 922	3 236	281 171

Management determined the fair value of investment property to be R330 million on 28 February 2022. In determining the fair value of investment property, Management takes into account the latest selling values, municipal valuations, age of the property and general market conditions.

2022: Investment property to a maximum value of R101.4 million were encumbered to First National Bank as disclosed in note 7.2.5.

Depreciation expense has been charged in "operating expenses".

For additional disclosures relating to rental income earned refer to note 4.2.



6. *Non-financial assets and liabilities (continued)*

6.3 Intangible assets

Goodwill

Goodwill is carried at cost less any accumulated impairment.

At the acquisition dates, goodwill is allocated to each of the cash-generating units expected to benefit from a business combination. An impairment is determined by assessing the recoverable amount of the cash-generating unit to which goodwill relates. The recoverable amount is either determined as the value-in-use of each cash-generating unit or fair value less cost to sell. Value-in-use is calculated by estimating the expected future cash flows in each unit and choosing a suitable discount rate in order to calculate the present value of those cash flows.

Where the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, an impairment loss is recognised in profit or loss beginning with the write-off of the goodwill allocated to such cash-generating unit. Where the goodwill is insufficient to cover the amount of the impairment adjustment, the remaining assets in the cash-generating unit are impaired on a pro rata basis.

Irrespective of whether there is any indication of impairment, the Group also tests goodwill acquired in a business combination for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed annually at the end of the reporting period.

Other intangible assets

Other intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Computer software bought is capitalised as computer software if it does not form an integral part of the hardware. It is capitalised on the basis of the costs incurred to acquire and commission the specific software. These costs are amortised according to the straight-line basis over the expected useful life.

Costs associated with the development or maintenance of computer software programs are recognised as an expense as incurred. Costs directly attributable to the production of identifiable and unique software products under the control of the Group that are expected to generate economic benefits exceeding costs for a period of more than one year are recognised as an intangible asset. Direct costs include software development employee costs as well as an appropriate portion of relevant overhead costs.

Other intangible assets are recognised as an asset and amortised on a straight-line basis over the expected useful life thereof, as follows:

Software	5 to 15 years
Trademarks	5 to 20 years/Indefinite
Client relationships	5 to 20 years
Mineral reserves	300 years
Supplier relationships	15 to 20 years
Brand names	15 to 20 years
Product development	5 to 10 years
Registration and dossiers	2 to 10 years

The residual values and useful lives of assets are reviewed and adjusted, if necessary, on each reporting date. The carrying amount of an asset is immediately written down to the realisable amount thereof if the carrying amount of the asset exceeds it.

The amortisation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. Impairment is written off to the Statement of profit or loss and included under capital items.

The gain or loss arising from the derecognition of an item of other intangible assets is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of computer software is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Impairment of goodwill

Goodwill was allocated to cash-generating units. The carrying value of goodwill is assessed for impairment using a discounted cash flow methodology based on forecasts including assumptions on operating profit, depreciation, working capital movements and capital expenditure.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

6. Non-financial assets and liabilities (continued)

6.3 Intangible assets (continued)

	GROUP			GROUP		
	Cost 2023 R'000	Accumulated amortisation/ impairment 2023 R'000	Carrying value 2023 R'000	Cost 2022 R'000	Accumulated amortisation/ impairment 2022 R'000	Carrying value 2022 R'000
Goodwill	–	–	–	474 221	–	474 221
Client relationships	–	–	–	286 371	(65 057)	221 314
Software	–	–	–	91 154	(18 566)	72 588
Mineral rights	–	–	–	24 945	(1 413)	23 532
Trademarks	–	–	–	25 849	(7 437)	18 412
Brand names	–	–	–	27 041	(352)	26 689
Supplier relationships	–	–	–	286 684	(3 707)	282 977
Product development	–	–	–	148	–	148
Registration and dossiers	–	–	–	220	–	220
Total	–	–	–	1 216 633	(96 532)	1 120 101

Analysis of movements in carrying value:

	GROUP									
	Opening carrying value	Additions	Additions through business combina-	Amorti-	Disposal of	Disposals	Transfers	Other	Change in invest-ment entity status	Closing carrying value
	R'000	R'000	tions	sation	subsi-					
			R'000	R'000	diary					
				R'000	R'000	R'000	R'000	R'000	R'000	R'000
2023										
Goodwill	474 221	—	2 161	—	(33 673)	—	—	—	(442 709)	—
Client relationships	221 314	—	—	(21 368)	(15 575)	—	—	—	(184 371)	—
Software	72 588	7 302	—	(5 915)	(26 712)	(1 376)	2 065	—	(47 953)	—
Mineral rights	23 532	—	—	(83)	—	—	—	—	(23 449)	—
Trademarks	18 412	25	—	(1 698)	(8 615)	—	—	(215)	(7 910)	—
Brand names	26 689	—	—	(1 406)	—	—	—	—	(25 283)	—
Supplier relationships	282 977	—	7 969	(13 331)	—	—	—	—	(277 614)	—
Product development	148	4	—	—	(152)	—	—	—	—	—
Registration and dossiers	220	6 744	—	—	—	—	—	—	(6 964)	—
Total	1 120 101	14 075	10 130	(43 801)	(84 727)	(1 376)	2 065	(215)	(1 016 253)	—



6. Non-financial assets and liabilities (continued)

6.3 Intangible assets (continued)

Analysis of movements in carrying value: (continued)

	Opening carrying value R'000	Additions R'000	Additions through business combinations R'000	Amortisation R'000	Exchange differences R'000	Other R'000	Closing carrying value R'000
2022							
Goodwill	120 376	—	351 015	—	—	2 830	474 221
Client relationships	108 398	—	127 735	(14 819)	—	—	221 314
Software	47 952	1 050	30 240	(6 654)	—	—	72 588
Mineral rights	23 615	—	—	(83)	—	—	23 532
Trademarks	5 819	—	13 855	(1 052)	(210)	—	18 412
Brand names	—	—	27 041	(352)	—	—	26 689
Supplier relationships	—	—	286 684	(3 707)	—	—	282 977
Product development	56	92	—	—	—	—	148
Registration and dossiers	—	220	—	—	—	—	220
Total	306 216	1 362	836 570	(26 667)	(210)	2 830	1 120 101

The carrying amount of goodwill, client relationships, trademarks, mineral reserves, trademarks, brand names and supplier relationships have been allocated as follows, prior to change in investment entity status:

	GROUP					
	Goodwill R'000	Client relationships R'000	Mineral rights R'000	Trademarks R'000	Brand names R'000	Supplier relationships R'000
Group – 2023						
Overberg Agri Bedrywe (Pty) Ltd	39 833	948	—	—	—	—
Moov Fuel (Pty) Ltd	79 846	6 912	—	—	—	—
Bontebok Limeworks (Pty) Ltd	—	—	23 449	—	—	—
Boltfast (Pty) Ltd	—	1 584	—	1 255	—	—
Overberg Wealth and Risk Management (Pty) Ltd	3 527	4 922	—	—	—	—
Grassroots Group Holdings (Pty) Ltd	—	—	—	—	—	—
Kyron Group*	311 965	76 452	—	—	25 283	269 712
AniPharm (Pty) Ltd (note 15)	2 161	—	—	—	—	7 902
Bachmus Oil and Fuel Supplies (Pty) Ltd	5 281	20 078	—	6 632	—	—
Matrix Software (Pty) Ltd	—	—	—	—	—	—
ACG Fruit (Pty) Ltd	—	73 475	—	—	—	—
Other	96	—	—	23	—	—
	442 709	184 371	23 449	7 910	25 283	277 614
Classification of intangible assets: 2023	Indefinite	Finite	Finite	Finite	Finite	Finite

* All patents, trademarks and other rights pertaining to Kyron Group have been ceded to Rand Merchant Bank, a division of FirstRand Bank Limited for the bridge finance (refer to note 7.2.5).

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

6. Non-financial assets and liabilities (continued)

6.3 Intangible assets (continued)

	GROUP					
	Goodwill R'000	Client relationships R'000	Mineral rights R'000	Trademarks R'000	Brand names R'000	Supplier relationships R'000
Group – 2022						
Overberg Agri Bedrywe (Pty) Ltd	39 833	948	–	–	–	–
Moov Fuel (Pty) Ltd	79 846	8 617	–	–	–	–
Bontebok Limeworks (Pty) Ltd	–	–	23 532	–	–	–
Boltfast (Pty) Ltd	–	1 923	–	2 068	–	–
Overberg Wealth and Risk Management (Pty) Ltd	3 527	5 275	–	–	–	–
Grassroots Group Holdings (Pty) Ltd	–	–	–	3 090	–	–
Kyron Group*	311 965	85 189	–	–	26 689	282 977
Bachmus Oil and Fuel Supplies (Pty) Ltd	5 281	22 351	–	7 383	–	–
Matrix Software (Pty) Ltd	33 597	16 310	–	5 871	–	–
ACG Fruit (Pty) Ltd	–	80 701	–	–	–	–
Other	172	–	–	–	–	–
	474 221	221 314	23 532	18 412	26 689	282 977
Classification of intangible assets: 2022	Indefinite	Finite	Finite	Finite	Finite	Finite

* All patents, trademarks and other rights pertaining to Kyron Group have been ceded to Rand Merchant Bank, a division of FirstRand Bank Limited for the bridge finance (refer to note 7.2.5).

Assumptions used in discounted cash flow methodology

Financial budgets approved by management are used to calculate the cash flow projections for a five-year period.

Assumption	Approach used to determine values
Revenue growth	An annual average growth rate extended over the five-year forecast period is used; this is based on past performance and management's expectations of market development.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	These costs are forecasted by management adjusted for inflationary increases, non-cash flow items and once-off isolated expenses. These costs will generally reflect the fixed costs which are not expected to vary significantly with sales volumes or prices.
Annual capital expenditure	Expected capital expenditure approved by the board of directors for planned refurbishment. This is determined based on historical experience and expectations set by management.
Medium term growth	This is the weighted average growth rate used to extrapolate the cash flows over the budgeted period.
Long term growth rate	Long term South African inflationary outlook as published by the South African Reserve Bank
Pre- or Post-tax discount rate	This is a discount rate determined by the Group that best reflects the specific risks relating to the cash-generating units against the target capital structure, derived by direct comparison to peers of the company or division.



6. *Non-financial assets and liabilities (continued)*

6.3 Intangible assets (continued)

Key assumptions used for value-in-use calculations. All intangible assets are allocated to the cash-generating unit generating cashflows for impairment testing:

2022

Overberg Agri Bedrywe (Pty) Ltd	
– Discount rate (Post-tax)	15.6%
– Long term growth rate	4.7%
Moov Fuel (Pty) Ltd	
– Discount rate (Post-tax)	15.6%
– Long term growth rate	4.7%
Bontebok Limeworks (Pty) Ltd	
– Discount rate (Post-tax)	19.3%
– Revenue growth rate	11.2%
– Long term growth rate	4.7%
Kyron Group	
– Discount rate (Post-tax)	14.3%
– Revenue growth rate	5.7%
– Long term growth rate	4.7%
Bachmus Oil and Fuel Supplies (Pty) Ltd	
– Discount rate (Post-tax)	16.8%
– Revenue growth rate	2.0%
– Long term growth rate	4.7%
Matrix Software (Pty) Ltd	
– Discount rate (Post-tax)	19.8%
– Revenue growth rate	13.0%
– Long term growth rate	4.7%
ACG Fruit (Pty) Ltd	
– Discount rate (Post-tax)	14.5%
– Revenue growth rate	11.8%
– EBITDA margin	24.8%
– Long term growth rate	4.7%

6.4 Biological assets

An entity shall recognise a biological asset or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

The bearer plant is initially measured at cost and is subsequently stated at cost net of accumulated depreciation and any accumulated impairment losses.

Depreciation on orchards and vineyards are calculated on the straight-line method over the estimated useful life as follows:

- grape vineyards ranging between 25 and 40 years; and
- citrus orchards at 30 years.

Depreciation is calculated from the point that the orchards and vineyards are in uniform and started to produce fruit. The period orchards and vineyards start bearing fruit range between four and seven years, depending on the type of fruit. Production costs are capitalised until just before the orchards and vineyards are in uniform. Orchards consist of citrus trees and vineyards consist of table and raisin grape vines. The residual value, useful life and depreciation method of the assets are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. The depreciation charge for each year is recognised in profit or loss. The gain or loss arising from derecognition is included in profit or loss when the asset is derecognised. The gain or loss arising from derecognition of the asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset item.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

6. Non-financial assets and liabilities (continued)

6.4 Biological assets (continued)

	2023			2022		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Group						
Citrus	–	–	–	116 306	(17 637)	98 669
Grapes	–	–	–	143 207	(25 617)	117 590
Livestock and other	–	–	–	4 339	–	4 339
Total	–	–	–	263 852	(43 254)	220 598

Analysis of movements in carrying value:

	Opening carrying value R'000	Additions R'000	Disposals and Scrappings R'000	Impairment losses R'000	Disposal of Subsidiaries R'000	Depreciation R'000	Change in investment entity status R'000	Closing carrying value R'000
Group – 2023								
Citrus	98 669	335	–	–	–	(4 807)	(94 197)	–
Grapes	117 590	4 415	(2 406)	(10 903)	–	(7 918)	(100 778)	–
Livestock and other	4 339	4 935	(3 581)	–	(1 205)	–	(4 488)	–
Total	220 598	9 685	(5 987)	(10 903)	(1 205)	(12 725)	(199 463)	–

	Opening carrying value R'000	Additions R'000	Disposals R'000	Reversal of impairments/ (impairments) R'000	Depreciation R'000	Closing carrying value R'000
Group – 2022						
Citrus		102 962	264	(664)	–	98 669
Grapes		120 254	5 830	–	(3 212)	117 590
Livestock and other		4 217	4 339	(4 217)	–	4 339
Total		227 433	10 433	(16 580)	(3 212)	220 598

Other information: Bearer plants: Citrus and Grapes

The Group and company has bearer biological assets which consist of vineyards and citrus orchards.

Pertaining to 2022: The vineyards consist of 537.05 ha of which 71.01 ha are non-bearing, 466.04 ha are bearing and 454.24 ha are fully bearing. During the 2022 financial year 32.44 ha new vineyards were established and 24.01 ha were removed.

Pertaining to 2022: The orchards consist of 240.39 ha of which 10 ha are non-bearing, 230.39 ha are bearing and 230.39 ha are fully bearing. During the 2022 financial year 0 ha new orchards were established and 24.43 ha were removed and 0 ha were sold.

6.5 Deferred tax

Deferred income tax is recognised, using the liability method, for calculated income tax losses and temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, the 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 nor loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the statement of financial position 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 are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. Management applies judgment to determine whether sufficient future taxable profit will be available after considering, amongst others, factors such as profit histories, forecasted cash flows and budgets.



6. Non-financial assets and liabilities (continued)

6.5 Deferred tax (continued)

Deferred tax assets

Deferred tax assets are only recognised on tax losses which are expected to be offset against future taxable income in the foreseeable future.

Critical Accounting Judgement – Recognition of deferred tax on subsidiary investments at FVTPL

Any potential capital gains tax on the disposal of subsidiary investments at FVTPL is ultimately dependent on the method of realisation (e.g. unbundling, outright sale) and to what extent such capital gains may be offset against available capital losses, with management expecting any capital gains tax payable upon realisation of the investment portfolio to be limited at present. Furthermore, AAF controls the timing of the reversal of the temporary differences pertaining to its subsidiary investments at FVTPL and it is not foreseen that the timing differences will reverse within the next 12 months.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Accelerated wear and tear allowances for tax purposes	85	(162 549)	–	–
Intangible assets	–	(154 918)	–	–
Biological assets	–	(80 147)	–	–
Tax losses available for set-off against future taxable income	10 198	240 061	–	–
Provisions	4 164	59 224	–	–
Deferred revenue	–	1 349	–	–
Operating lease liabilities	–	8	–	–
Prepayments	–	(385)	–	–
Investment property – fair value adjustment	–	(5 580)	–	–
	14 447	(102 937)	–	–

Analysis of movement in deferred tax balance:

Group	February 2022			Business acqui- sitions (Note 16)	Disposal of subsi- diaries (Note 15)	Recog- nised in profit or loss (Note 5)	February 2023				
	Assets	Liabilities	Total				Assets	Liabilities	Total	Change in invest- ment entity status	Closing balance
Accelerated wear and tear allowances for tax purposes	(14 854)	(147 695)	(162 549)	–	13 598	(29 022)	(28 588)	(149 385)	(177 973)	178 058	85
Intangible assets	(1 146)	(153 772)	(154 918)	(2 249)	13 410	16 358	(766)	(126 633)	(127 399)	127 399	–
Biological assets	(79 148)	(999)	(80 147)	–	337	78 441	–	(1 369)	(1 369)	1 369	–
Tax losses available for set-off against future taxable income	227 810	12 251	240 061	–	(215)	(69 004)	164 396	6 446	170 842	(160 644)	10 198
Provisions	41 713	17 511	59 224	–	(24 818)	(891)	16 633	16 882	33 515	(29 351)	4 164
Deferred revenue	1 073	276	1 349	–	–	12 564	14 353	(440)	13 913	(13 913)	–
Operating lease liabilities	–	8	8	–	–	2	–	10	10	(10)	–
Prepayments	–	(385)	(385)	–	–	(552)	–	(937)	(937)	937	–
Investment property – fair value adjustment	1 552	(7 132)	(5 580)	–	(869)	(102)	581	(7 132)	(6 551)	6 551	–
Inventory	–	–	–	–	–	123	123	–	123	(123)	–
Total	177 000	(279 937)	(102 937)	(2 249)	1 443	7 917	166 732	(262 558)	(95 826)	110 273	14 447

Deferred taxation is calculated on all temporary differences according to the liability method and at a normal taxation rate of 27.00% (2022: 28.00%) for temporary differences and capital gains tax rate of 21.60% (2022: 22.40%).

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

6. Non-financial assets and liabilities (continued)

6.6 Inventory

Inventories are measured at lower of cost and net realisable value.

The cost of the inventories is assigned using the average cost price method.

The cost price of finished products and work in process comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Borrowing costs are capitalised against inventory under the provisions of IAS 23. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling costs.

Provision for stock obsolescence

The provision for slow-moving and obsolete stock is continuously calculated by Management on the various segments of stock in the Group according to an ageing method, and adjusted accordingly. Implements are considered individually by Management for provision of obsolete stock.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
The amounts attributable to the different categories are as follows:				
Grain and other products	—	83 552	—	—
Work-in-progress	—	17 943	—	—
Raw materials, components	—	53 908	—	—
Finished goods	—	665 205	—	—
Consumable inventories	—	33 188	—	—
	—	853 796	—	—
Allowance for inventory obsolescence:				
Finished goods	—	(20 732)	—	—
	—	833 064	—	—

Inventory write-off to net realisable value amounted to R4 million (2022: R4.7 million) and was included in "cost of sales" in the statement of profit or loss.

Borrowing costs to the value of R1.2 million (2022: R1.2 million) have been capitalised and included in the seed value at an interest rate of prime less 1.80% (2022: prime less 1.80%). Refer to note 4.6.

Pertaining to 2022: Inventory amounting to R155.5 million has been ceded to Rand Merchant Bank, a division of FirstRand Bank Limited for the bridge finance. Refer to note 7.2.5.

6.7 Biological assets: consumables

Agricultural produce is initially recognised at fair value less costs to sell at the point of harvest. Agricultural produce is subsequently measured at cost or net realisable value, whichever is the lowest.

Fair values are based on future estimations of income, expenses, and profit margins obtained in the ACG Fruit Group of companies. The actual results could differ from accounting estimates and management considers it has used its best estimates to arrive at the fair value. Where market determined prices or values for fruit on trees are not available and alternative estimates of fair value are determined to be clearly unreliable, the consumable biological assets are measured at cost. The cost of consumable biological assets is determined as the direct crop input costs incurred since the end of the previous year's harvest to date of the annual financial statements.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Citrus	—	23 756	—	—
Grape	—	144 858	—	—
	—	168 614	—	—



6. Non-financial assets and liabilities (continued)

6.7 Biological assets: consumables (continued)

Consumable biological assets are classified as a level 3 fair value estimation. Information on the valuation techniques follow below.

The fair value of consumable biological assets is based on estimated future cash flows related to the produce growing on bearer assets at year-end. Estimated future cash flows include assumptions relating to expected yields, fruit prices and costs to be incurred in growing the fruit to maturity. The fair value estimates differentiate between citrus export, citrus local, citrus juice, grape export, grape local and raisins. The fair value estimates are sensitive to unobservable inputs. The fair value of the consumable biological assets will change based on changes to these unobservable inputs.

6.8 Provisions

Provisions are recognised when:

- (i) The Group has a current legal or constructive liability due to events in the past;
- (ii) It is more probable than not that an outflow of economic benefits will be required to settle the liability; and
- (iii) The amount has been reliably estimated.

Provisions are measured against the current value of the expenditure expected to be required to settle the liability, measured according to a pre-tax rate reflecting current market conditions of the time value of money and the specific risk of the liability. In the case of dates of maturity exceeding twelve months after the reporting date they are classified as non-current liabilities. The increase in the provision due to the lapse of time is recognised as an interest expense.

Rehabilitation costs

Provision has been made for rehabilitation costs and expected accrued liabilities, based on the Group's estimate of environmental and legal requirements, to show the net current value of the current expected cost of repairing the disturbance to the environment as at reporting date.

Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising pollution control, rehabilitation and mine closure, are based on the Group's environmental policy taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the construction of an asset, they are capitalised as part of the cost of those assets. The effect of subsequent changes to assumptions in estimating an obligation for which the provision was recognised as part of the cost of the asset is adjusted against the asset.

Decommissioning costs of plant and equipment

The estimated present value of future decommissioning costs, taking into account current environmental and regulatory requirements, is capitalised as part of property, plant and equipment, to the extent that they relate to the construction of the asset, and the related provisions are raised. These estimates are reviewed at least annually. The effect of subsequent changes to assumptions in estimating an obligation for which the provision was recognised as part of the cost of the asset is adjusted against the asset. Any subsequent changes to an obligation which did not relate to the initial construction of a related asset are charged to the Statement of profit or loss.

The unwinding of the discount

The unwinding of the discount is not a borrowing cost for the purposes of IAS 23 Borrowing Costs, and may thus not be capitalised under the allowed alternative treatment of capitalisation, as the decommissioning liability does not fall within this description since it does not reflect funds (i.e. cash) borrowed. Hence, the unwinding of the discount is expenditure and is charged to the Statement of profit or loss. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision. Such changes could similarly impact the useful lives of assets depreciated on a straight-line-basis, where those lives are limited to the life of mine.

	GROUP	
	Environmental rehabilitation R'000	Total provisions R'000
Balance at 1 March 2021	1 857	1 857
Additions	106	106
Balance at 1 March 2022	1 963	1 963
Additions	138	138
Sub-Total	2 101	2 101
Change in investment entity status (note 23)	(2 101)	(2 101)
Balance at 28 February 2023	–	–

Rehabilitation of mining land

Nedbank provided a guarantee on behalf of Bontebok Limeworks (Pty) Ltd to the Department of Minerals and Energy for the estimated future rehabilitation cost. It is possible that the estimate of the rehabilitation liability could change as a result of changes in regulations or cost estimations. The carrying amount of the rehabilitation obligations for the Group at 28 February 2022 was R2 million.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

7. Financial assets and liabilities

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Financial assets				
Financial assets at fair value through profit or loss (refer to note 7.1)	2 383 684	68 432	2 524 582	—
Financial assets at amortised cost (refer to note 7.2)	721 232	2 444 948	—	—
	3 104 916	2 513 380	2 524 582	—
Reconciliation of financial assets through other comprehensive income and profit or loss				
Opening balance	68 432	35 248	—	—
Investments acquired	35 886	40 000	—	—
Investments derecognised/sold	(40 585)	(3 108)	—	—
Fair value adjustments (note 4.3)	2 387	(3 708)	—	—
Sale of subsidiaries (note 15)	(22 709)	—	—	—
Change in investment entity status (note 23)	(43 411)	—	—	—
Change in investment entity status: Recognition of investment in subsidiaries (note 23)	2 383 684	—	2 524 582	—
	2 383 684	68 432	2 524 582	—

The Group classifies its financial assets in categories dependent on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

7.1 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise of:

- Investments in subsidiaries (note 2);
- Equity investments held for trading; and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Investments in equity instruments measured at fair value through profit or loss are recognised when the company becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition at fair value. Transactions costs are recognised through profit or loss. Investments in equity instruments are subsequently measured at fair value through profit or loss.

Changes in the fair value of financial assets at FVPL are recognised in profit or loss and presented net within "other net gains and losses".

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Non-current assets				
Fruitspec Ltd (12.67% interest) (2022: 12.67%)				
— Cost	—	31 287	—	—
— Cumulative fair value adjustments	—	(6 268)	—	—
ABAX Investments (Pty) Ltd	—	40 585	—	—
Investments in allied and secondary processing companies	—	2 828	—	—
Change in investment entity status: Recognition of investment in subsidiaries (note 23)	2 383 684	—	2 524 582	—
Total financial assets at fair value through profit or loss	2 383 684	68 432	2 524 582	—

Refer to note 22 for details of fair value estimation.



7. *Financial assets and liabilities (continued)*

7.2 Financial assets and liabilities at amortised cost

Financial assets at amortised cost comprise assets held for collection of contractual cash flow comprising solely payments of principal and interest.

Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus direct transaction costs, if any.

Interest on these financial assets is calculated using the effective interest method and recognised in the statement of profit or loss as part of "finance income".

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

- (i) For trade receivables only, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.
- (ii) For instalment sale receivables, the Group applies the general model due to the significant finance component.
- (iii) For loans to customers, as these are classified as loan receivables, the Group applies the general model for expected credit losses.

7.2.1 *Trade and other receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. They are subsequently measured at amortised costs using the effective interest method, because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in "other operating expenses" in profit or loss as a movement in credit loss allowance.

The normal credit terms of trade receivables are as follows:

Production accounts:	< 365 days
Renegotiated production accounts:	> 365 days
Other receivables:	Between 30 and 60 days
Instalment sale agreements:	Between 3 and 6 years

The Group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Trade and other receivables: Expected credit losses

Impairment of trade and other receivables requires the consideration of historical default rates and forward looking information on macro-economic factors, including gross domestic product (GDP), interest rates and inflation. The Group applies the following models in relation to the impairment pertaining to trade and other receivables:

- For trade receivables only, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.
- For instalment sale receivables, the Group applies the general model due to the significant finance component.
- For loans to customers, as these are classified as loan receivables, the Group applies the general model for expected credit losses.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

7. Financial assets and liabilities (continued)

7.2 Financial assets and liabilities at amortised cost (continued)

7.2.1 Trade and other receivables (continued)

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Trade receivables at amortised cost (refer to 7.2.1.1 below)	2 544	1 411 485	—	—
Instalment sale agreements at amortised cost (refer to 7.2.1.2 below)	—	447 731	—	—
Less: Allowances for credit losses	—	(20 789)	—	—
Trade receivables – net	2 544	1 838 427	—	—
Loans to related parties	—	3 009	—	—
Other receivables	—	50 328	—	—
Trade and other receivables – financial assets (refer note 10)	2 544	1 891 764	—	—
Prepayments and value-added taxation	—	44 730	—	—
Total trade and other receivables	2 544	1 936 494	—	—
Classification of trade and other receivables				
Non-current portion of instalment sale agreements	—	(292 556)	—	—
Non-current portion of prepayments	—	(13 655)	—	—
Non-current portion of deposits	—	(8 083)	—	—
Current asset	2 544	1 622 200	—	—

Classification of trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Classification of instalment sale agreements

Instalment sale agreements are classified as other receivables carried at amortised cost, with the objective of collecting contractual cash flows.

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the Group strive to deal with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, are continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined taking into account the securities below:

Securities on trade and other receivables	GROUP	
	2023 R'000	2022 R'000
The Group holds the following types of securities, other than the underlying assets* that serve as security, that are taken into account in determining any provision for impairment of trade receivables:		
Mortgages over property	—	733 541
Notarial bonds	—	15 168
Cession of shares	—	528 933
	—	1 277 642

* Underlying assets serve as security for instalment sale agreements.



7. Financial assets and liabilities (continued)

7.2 Financial assets and liabilities at amortised cost (continued)

7.2.1 Trade and other receivables (continued)

R402 million (for the 28 February 2022 financial year) of these securities are considered in determining the loss allowance.

Trade receivables amounting to R77.2 million has been ceded to Rand Merchant Bank, a division of FirstRand Bank Limited for the bridge finance with an outstanding amount of R355.7 million as at 28 February 2022. Refer to note 7.2.5.

7.2.1.1 Trade receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The loss allowance provision as at 28 February 2023 is determined as follows; the expected credit losses below also incorporate forward looking information.

	28 February 2023		28 February 2022	
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Not past due: 0% (2022: 0.62%)	2 532	—	857 825	(5 277)
More than 30 days due: 0% (2022: 0.53%)	—	—	270 977	(1 427)
More than 60 days due: 0% (2022: 1.42%)	8	—	95 472	(1 357)
More than 120 days due: 0% (2022: 6.8%)	3	—	187 211	(12 728)
Total:	2 543	—	1 411 485	(20 789)

	GROUP	
	2023 R'000	2022 R'000
The following table shows the movement in the loss allowance (lifetime ECL) for trade receivables:		
Opening balance	20 789	65 388
Amounts recovered	—	—
Amounts written off against provision	(3 083)	(57 088)
Business acquisition	—	821
Provision raised on new trade receivables	5 185	11 987
Provisions reversed on settled trade receivables	59	(319)
Change in investment entity status	(22 950)	—
Closing balance	—	20 789

7.2.1.2 Instalment sale agreements

Over the term of the instalment sale agreement, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the company considers historical loss rates for each category of customers, and adjusts for forward looking macro-economic data.

The Group provides for credit losses against instalment sale agreement as follows:

Group internal rating	Criteria	Basis of recognition	Basis of calculation of interest revenue
Performing	Not past due	12 month	Gross carrying value
Underperforming	Default + 30 days	Lifetime expected	Gross carrying value
Non-performing	Default + 60 days	Lifetime expected	Net of credit allowance

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

7. Financial assets and liabilities (continued)

7.2 Financial assets and liabilities at amortised cost (continued)

7.2.1 Trade and other receivables (continued)

7.2.1.2 Instalment sale agreements (continued)

The gross carrying value of the instalment sale receivables, and thus the maximum exposure to loss, is as follows:

Group internal rating	GROUP	
	2023 R'000	2022 R'000
Performing	—	447 731
Underperforming	—	—
Non-performing	—	—
	—	447 731

All instalment sale agreements are receivable within six years of the reporting date. The effective interest rate of the instalment sale agreements is linked to the prime interest rate, based on the debtors' risk profile. The dates of maturity of instalment sale agreements are as follows:

	GROUP		
	Capital R'000	Finance costs R'000	Instalments R'000
At 28 February 2023			
Within one year	—	—	—
Between 1 and 2 years	—	—	—
Between 2 and 3 years	—	—	—
Between 3 and 4 years	—	—	—
Between 4 and 5 years	—	—	—
	—	—	—
At 28 February 2022			
Within one year	155 175	27 189	182 364
Between 1 and 2 years	128 377	23 010	151 387
Between 2 and 3 years	84 922	12 734	97 656
Between 3 and 4 years	54 008	6 093	60 101
Between 4 and 5 years	25 249	2 103	27 352
	447 731	71 129	518 860

2022: At floating interest rates averaging 9.01%.

7.2.2 Loans to Customers

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Loans to customers	—	56 854	—	—
Less: Loss allowance	—	—	—	—
	—	56 854	—	—

These loans are secured, bear interest at Prime-linked interest rates and have fixed repayment terms.

Over the term of the loans to customers, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the company considers historical loss rates for each category of customers, and adjusts for forward looking macro-economic data.



7. Financial assets and liabilities (continued)

7.2 Financial assets and liabilities at amortised cost (continued)

7.2.2 Loans to Customers (continued)

The Group provides for credit losses against loans to customers as follows:

Group internal rating	Criteria	Basis of recognition	Basis of calculation of interest revenue
Performing	Not past due	12 month	Gross carrying value
Underperforming	Default + 30 days	Lifetime expected	Gross carrying value
Non-performing	Default + 60 days	Lifetime expected	Net of credit allowance

The gross carrying value of the loans to customers, and thus the maximum exposure to loss, is as follows:

Group internal rating	GROUP	
	2023 R'000	2022 R'000
Performing	—	56 854
Underperforming	—	—
Non-performing	—	—
	—	56 854

7.2.3 Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk in change in value; these are classified as financial assets measured at amortised cost.

For purposes of the cash flow statements, cash and cash equivalents comprise cash and cash equivalents defined above, net of outstanding bank overdrafts.

Bank overdrafts are classified as financial liabilities at amortised cost.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Cash and cash equivalents consist of:				
Bank balances and cash on hand	5 108	333 961	—	—
Short-term bank deposits	—	56 138	—	—
Bank overdraft	—	(147 161)	—	—
	5 108	242 938	—	—
Current assets	5 108	390 099	—	—
Current liabilities	—	(147 161)	—	—
	5 108	242 938	—	—

Restricted cash

2022: Short-term bank deposits amounting to R17.2 million are held in terms of SAFEX trade agreements and is not accessible other than for this purpose.

Cash and cash equivalents pledged as security

2022: Bank balances amounting to R60 million pertaining to Kyron Group has been ceded to Rand Merchant Bank, a division of FirstRand Bank Limited as security for the bridge finance as at 28 February 2022. Refer to note 7.2.5.

2022: Bank balances amounting to R84 million pertaining to AAF Invest (Pty) Ltd has been ceded to Rand Merchant Bank, a division of FirstRand Bank Limited as security for the general banking facility. This facility has not been drawn upon as at 28 February 2022.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

7. Financial assets and liabilities (continued)

7.2 Financial assets and liabilities at amortised cost (continued)

7.2.3 Cash and cash equivalents (continued)

Bank overdrafts & facilities available

2022: The Group has overdraft facilities with several financial institutions. The facilities bear interest as determined from time to time by these financial institutions (7.25% – 7.75%).

Bank overdraft facility: ACG Fruit (Pty) Ltd: First National Bank – R165 million

The following repayment terms and securities are provided to the bank for the obligations of ACG Fruit (Pty) Ltd towards First National Bank Ltd:

- Interest is charged at prime minus 0.5%;
- Repayment on demand and subject to annual review;
- Suretyship provided by AAF Invest (Pty) Ltd limited to R49 million and limited cross suretyship limited to R225 million each entity plus any further amounts for interest, costs, fees, and/or such other monies or amounts as may be provided for in the suretyship given by the following parties: Copperzone Packers (Pty) Ltd; Rodash 114 (Pty) Ltd; Ouberg Boerdery (Pty) Ltd; Superlane 124 (Pty) Ltd; ACG Fruit (Pty) Ltd; Copperzone 108 (Pty) Ltd; Galactic deals 160 (Pty) Ltd and Riverfresh (Pty) Ltd;
- Cessions pertaining to 1) Short-term insurance together with the mortgaged properties below of Ouberg Boerdery (Pty) Ltd; Galactic Deals 160 (Pty) Ltd and Copperzone 108 (Pty) Ltd; Debtors provided in ACG Fruit (Pty) Ltd; lease agreement between Riverfresh (Pty) Ltd and Blue Tulip Farming (Pty) Ltd and credit balances held by ACG Fruit (Pty) Ltd for an unlimited amount; and
- A general bond covering R65m over the land held by Galactic Deals 160 (Pty) Ltd.

Bank overdraft facility: Oberholzer en Seuns Boerdery (Pty) Ltd: First National Bank – R6 million facility

The following repayment terms and securities are provided to the bank for the obligations of Oberholzer en Seuns Boerdery (Pty) Ltd towards First National Bank Ltd:

- Interest in charged at prime;
- Repayment on demand and subject to annual review;
- Suretyship provided by Atalia Boerdery (Pty) Ltd and Andre Oberholzer limited to R15.9 million (plus further costs, interest and fees) and R15.9 million (plus further costs, interest and fees) respectively; and
- General covering bond over all immovable property.

Bank overdraft facility: AAF Invest (Pty) Ltd: Rand Merchant Bank – R100 million facility

AAF Invest (Pty) Ltd has approved facilities available amounting to R100 million (of which R50 million is uncommitted and R50 million committed). This facility has not been drawn upon as at 28 February 2022.

The general banking facility has the following terms:

- Security provided in terms of a revisionary pledge of shares in Kyron Holdings (Pty) Ltd and its equity interests;
- Cession and pledge on cash or receivable balances of AAF Invest (Pty) Ltd; and
- Acorn Agri & Food Ltd remains publicly traded and Acorn Agri & Food Ltd remains the sole shareholder of AAF Invest (Pty) Ltd.

Bank overdraft facility: Montagu Dried Fruit & Nuts (Pty) Ltd: Nedbank Limited – R35 million facility

The general banking facility has the following terms:

- General cession of trade receivables pertaining to Montagu Dried Fruit & Nuts (Pty) Ltd
- First notarial bond over moveable assets worth R15 million; and
- A security cession of insurance policy.

Refer to note 10 for details on the credit quality of cash and cash equivalents.



7. Financial assets and liabilities (continued)

7.2 Financial assets and liabilities at amortised cost (continued)

7.2.4 Loans to related parties

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Berekisanang Empowerment Farm (Pty) Ltd	—	141 216	—	—
Green Living Ventures (Pty) Ltd	—	3 472	—	—
Enterprise Development OA Energy Loan	—	732	—	—
Durbieland (Pty) Ltd	—	825	—	—
Oberholzer Family Enterprizes (Pty) Ltd	—	5 130	—	—
Other	—	1 385	—	—
	—	152 760	—	—
Less: Accumulated provision for impairment of loans to related parties	—	(4 470)	—	—
Less: Accumulated provision for Berekisanang Empowerment Farm (Pty) Ltd	—	(42 059)	—	—
	—	106 231	—	—
Classification of loans to related parties				
Non-current asset	—	(42 306)	—	—
Current asset	—	63 925	—	—
Reconciliation of related party loan receivables:				
Opening balance	106 231	100 118	—	—
Capital draw downs	239 851	23 461	—	—
Repayments	(230 481)	(729)	—	—
Interest charges	18 947	7 145	—	—
Impairment (note 4.3)	(69 871)	(29 681)	—	—
Impairment reversal (note 4.3)	—	5 917	—	—
Additions through business combinations (note 16)	1 419	—	—	—
Change in investment entity status (note 23)	(66 096)	—	—	—
	—	106 231	—	—

Berekisanang Empowerment Farm (Pty) Ltd

2022: Loan 1: R70.7 million: The ACG Fruit (Pty) Ltd loan to Berekisanang Empowerment Farm (Pty) Ltd bears interest at the prime bank overdraft plus 3%. The loan is repayable on demand.

2022: Loan 2: R70.5 million: A portion of the Galactic Deals 160 (Pty) Ltd loan to Berekisanang Empowerment Farm (Pty) Ltd, amounting to R35.5 million bears interest at the prime bank overdraft rate per annum. The Galactic Deals 160 (Pty) Ltd loan to Berekisanang Empowerment Farm (Pty) Ltd has been ceded in favour of the Industrial Development Corporation of South Africa Limited (IDC) for the loan advanced to Berekisanang Empowerment Farm (Pty) Ltd. Joint 39.1% guarantee was provided with ACG Fruit Group for the IDC loan to Berekisanang Empowerment Farm (Pty) Ltd.

Green Living Ventures (Pty) Ltd

The loan is unsecured, bears no interest and is repayable on demand. This loan was impaired in the previous financial year.

Durbieland (Pty) Ltd

The loan is unsecured and interest free. The loan is repayable on 30 November 2024.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

7. Financial assets and liabilities (continued)

7.2 Financial assets and liabilities at amortised cost (continued)

7.2.5 Borrowings

Borrowings are classified as financial liabilities subsequently measured at amortised cost. The liabilities are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Non-current liabilities				
Medium-term loans (refer to 7.2.5.1 below)	–	264 560	–	–
Bank borrowings (refer to 7.2.5.2 below)	–	–	–	–
Other debt instruments (refer to 7.2.5.3 below)	–	–	–	–
	–	264 560	–	–
Current liabilities				
Medium-term loans (refer to 7.2.5.1 below)	–	68 496	–	–
Bank borrowings (refer to 7.2.5.2 below)	–	949 962	–	–
Other debt instruments (refer to 7.2.5.3 below)	–	388 240	–	–
	–	1 406 698	–	–
Total borrowings	–	1 671 258	–	–
7.2.5.1 Medium-term loans				
First National Bank – term and mortgage bonds	–	268 113		
Nedbank – term and mortgage bonds	–	61 934		
Other	–	3 009		
	–	333 056		
Less: Current portion of medium term borrowings	–	(68 496)		
	–	264 560		

Nedbank: Bontebok Limeworks (Pty) Ltd

The Nedbank term loan is repayable in monthly instalments over a period of five to 11 years. The term loan has been secured by plant and equipment with a book value of R139 million (note 6.1). There is a first mortgage of R80 million held over land with a book value of R16 million and a first special notarial bond of R100 million held over plant and equipment with a book value of R62 million registered in favour of Nedbank Ltd. These serve as security for the facility.

The securities in favour of Nedbank impose certain covenants on one of the subsidiaries in the Group, Bontebok Limeworks (Pty) Ltd, stating that the subsidiary will ensure that the following financial ratios are met:

- the all-in gearing on a company basis will not be more than 1.20:1, and
- the annual Cash to Debt Service cover will be a minimum of 1.3 or more.

First National Bank: Moov Fuel (Pty) Ltd

2022: The First National Bank term loans bear interest at prime-linked rates and is repayable in monthly instalments over a period of 10 years. The term loans are secured by general suretyship of R123 000 000 given by Acorn Agri & Food Ltd, general suretyship of R14 500 000 given by DJ Erasmus Vervoer (Pty) Ltd, an unlimited general cession over receivables of R386 million (note 7.2.1), a cession of two Momentum life insurance policies of Rnil, a cession over the loan accounts of Remus Trust, DJ Erasmus Trust and the Platinum Trust (note 7.2.4), a cession and pledge of credit balances by Moov Fuel (Pty) Ltd totalling R12.5 million, a deed of negative pledge in respect of Moov Fuel (Pty) Ltd and DJ Erasmus Vervoer (Pty) Ltd's fuel distribution licences, a general notarial bond over moveable assets of R52.5 million, covering bonds to the value of R101 million over selected land and buildings (note 6.2), and a guarantee to the value of R10.5 million provided in favour of Astron South Africa (Pty) Ltd with an expiry date of 31 December 2025.



7. Financial assets and liabilities (continued)

7.2 Financial assets and liabilities at amortised cost (continued)

7.2.5 Borrowings (continued)

7.2.5.2 Bank borrowings

	GROUP	
	2023 R'000	2022 R'000
Nedbank – Production borrowings	–	594 251
RMB – Bridge loan	–	355 711
	–	949 962
Less: Current portion of bank borrowings	–	(949 962)
Non-current portion of bank borrowings	–	–

Nedbank: Overberg Agri Bedrywe (Pty) Ltd

2022: The Group has Nedbank borrowings with a revolving credit facility of R2 250 million using a Special Purpose Vehicle through which debtors are securitised. The facility bears interest at a sub-prime-linked interest rate. The loan is secured by a negative pledge over unencumbered stock of R395 million in conjunction with an undertaking from the borrower not to encumber unencumbered assets prior to written consent from Nedbank.

The facility is provided by Nedbank Ltd, Bank of China and ABSA. Any draw downs from the facility are repayable as and when the monies are received by Overberg Agri Finance (RF) Ltd in the normal course of business. The remaining balance (if any) will be repaid on or before 29 February 2024. The loan facility bears interest as determined from time to time at prime linked interest rates. The loan facility was effective on 1 March 2016.

Rand Merchant Bank: Kyron Holdings (Pty) Ltd

The terms of the bridge loan is as follows:

- The bridge loan has been repaid on 30 April 2022.
- Kyron Holdings (Pty) Ltd have implemented a debt restructure on 30 April 2022 by incurring term debt to the value of R320 million in Kyron Group (Pty) Ltd, a wholly owned subsidiary of Kyron Holdings (Pty) Ltd, and utilising the proceeds to partly settle the intercompany loan between Kyron Holdings (Pty) Ltd and Kyron Group (Pty) Ltd to facilitate settlement the bridge loan.
- The remaining settlement has been funded from own cash resources.

The following have been pledged as security in respect of the bridge loan:

- All rights and claims to Kyron Holdings (Pty) Ltd and its subsidiaries bank accounts;
- All Kyron Holdings (Pty) Ltd shares, securities and other ownership interests it holds;
- All Kyron Holdings (Pty) Ltd and its subsidiaries present and future claims against any member of the Kyron Holdings (Pty) Ltd group;
- All Kyron Holdings (Pty) Ltd and its subsidiaries trade receivables; and
- All insurance claims taken out by or for the benefit of Kyron Holdings (Pty) Ltd or a subsidiary.

7.2.5.3 Other debt instruments

	GROUP	
	2023 R'000	2022 R'000
Shareholder loans	–	384 222
Loan from Goede Hoop Sitrus (Pty) Ltd	–	4 018
	–	388 240

The shareholders loans represent deposits made by shareholders of Acorn Agri & Food Ltd and are unsecured. The number of shareholders with deposits amounted to 189 in 2022. The loans bear interest as determined from time to time at prime-linked interest rates. The loans are payable on demand.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

7. Financial assets and liabilities (continued)

7.2 Financial assets and liabilities at amortised cost (continued)

7.2.5 Borrowings (continued)

7.2.5.3 Other debt instruments (continued)

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Analysis as per statement of cash flows:				
Total opening balance – Borrowings	1 671 258	1 231 998	–	–
Borrowings raised	1 613 560	3 480 358	–	–
Repayments	(1 345 825)	(3 041 098)	–	–
Additions through business combination	412	–	–	–
Change in investment entity status (note 23)	(1 939 405)	–	–	–
Total closing balance – Borrowings	–	1 671 258	–	–

Cash flow movement on the Nedbank production borrowings are shown as part of working capital movement (note 9.1).

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the reporting dates are as follows:

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Within 1 year	–	1 409 617	–	–
Within 1 to 5 years	–	244 799	–	–
5 years and longer	–	16 841	–	–
At floating rates	–	1 671 257	–	–
The Group's total borrowing facilities available amount to:				
Floating rate:				
– Facility available	–	3 135 297	–	–

The fair value of borrowings equals their carrying amount. The carrying amounts of the Group's borrowings are all denominated in South African rand.



7. *Financial assets and liabilities (continued)*

7.2 Financial assets and liabilities at amortised cost (continued)

7.2.6 *Lease liabilities*

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determines whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease required a significant judgement, the relevant disclosures are provided in the critical accounting assumptions and judgements section of these accounting policies.

Group as the lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense (note 4.4) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Details of leasing arrangements where the Group is a lessee are presented in note 7.2.6 (Group as lessee).

Lease liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments less any lease incentives receivable;
- exclude variable lease payments;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 4.6).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally 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 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;
- there has been a change in the assessment of whether the Group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- 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);
- 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); and
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

7. Financial assets and liabilities (continued)

7.2 Financial assets and liabilities at amortised cost (continued)

7.2.6 Lease liabilities (continued)

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Non-current liabilities				
Lease liabilities	629	156 736	—	—
Current liabilities				
Lease liabilities	735	51 573	—	—
Total lease liabilities	1 364	208 309	—	—
Minimum payments due on lease liabilities are as follows:				
Within one year	812	64 904	—	—
In second to fifth year inclusive	646	166 455	—	—
More than five years	—	82 617	—	—
	1 458	313 976	—	—
Future finance charges	(94)	(105 667)	—	—
Present value of minimum payments	1 364	208 309	—	—
Analysis of present value of minimum payments due:				
Non-current liability	629	156 736	—	—
Current liability	735	51 573	—	—
	1 364	208 309	—	—
Details pertaining to leasing arrangements, where the Group is lessee are presented below:				
Right of Use asset				
The carrying amounts of right-of-use assets are as follows:				
Plant and Machinery	—	931	—	—
Land and Buildings	1 124	106 428	—	—
Motor vehicles and Equipment	—	54	—	—
	1 124	107 413	—	—
Other disclosures				
Interest expense	19 536	13 521	—	—
Expenses on short term leases included in operating expenses	4 604	629	—	—
Leases of low value assets included in operating expenses	4 223	89	—	—
Total cash outflow from leases	(55 584)	(53 973)	—	—
Capital reconciliation of instalment purchase agreements was as follows:				
Opening balance	208 309	193 609	—	—
New lease liabilities raised	106 091	35 081	—	—
Additions through business combination	—	20 071	—	—
Finance cost	19 536	13 521	—	—
Lease payments	(55 584)	(53 973)	—	—
Change in investment entity status (note 23)	(276 987)	—	—	—
Closing balance	1 364	208 309	—	—



7. *Financial assets and liabilities (continued)*

7.2 Financial assets and liabilities at amortised cost (continued)

7.2.7 *Trade and other payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Trade payables	45	926 388	—	—
Accrued expenses				
— audit fees	960	7 228	—	—
— leave	323	20 798	—	—
— performance incentive schemes	516	26 969	—	—
— other	16 006	78 434	2 337	3 481
Deferred revenue	—	64 624	—	—
Loans to related parties	—	6 734	—	—
Other payables	—	2 557	—	—
Trade and other payables – financial liabilities (refer note 10)	17 850	1 133 732	2 337	3 481
Taxes and other statutory liabilities	1 439	—	—	—
Employee related accruals	—	6 345	—	—
Total trade and other payables	19 289	1 140 077	2 337	3 481
Classification of trade and other payables				
Non-current portion of deferred revenue	—	(5 245)	—	—
Non-current portion of loans from related parties	—	(936)	—	—
Current liability	19 289	1 133 896	2 337	3 481

Deferred revenue relates to storage levies raised in the prior financial year which will only accrue in the next financial year as the grain costs are incurred.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

8. Equity – including earnings per share

8.1 Stated capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown as a decrease, after the deduction of income tax, of the returns in equity. Incremental costs directly attributable to the issue of new shares, or for the acquisition of a business, are recognised as a decrease of equity.

Ordinary shares are classified as equity.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Authorised 10 000 000 000 (2022: 10 000 000 000) ordinary shares with no par value	–	–	–	–
Issued 135 744 609 (2022: 144 687 400) ordinary shares with no par value	1 533 377	1 720 671	1 533 377	1 720 671
Analysis of movement in value of ordinary shares:				
Opening balance	1 720 671	1 720 671	1 720 671	1 720 671
Shares exchanged for AgVentures shares (note 15)	(36 648)	–	(36 648)	–
Share repurchase programme	(36 269)	–	(36 269)	–
Cancellation of Acorn Manco 2 (Pty) Ltd share scheme	(114 377)	–	(114 377)	–
Closing balance	1 533 377	1 720 671	1 533 377	1 720 671

	GROUP		COMPANY	
	2023	2022	2023	2022
Analysis of movement in number of ordinary shares:				
Opening balance	144 687 400	144 687 400	144 687 400	144 687 400
Issued during the year	–	–	–	–
Purchased during the year	(4 474 931)	–	(4 474 931)	–
Cancellation of Acorn Manco 2 (Pty) Ltd share scheme	(4 467 860)	–	(4 467 860)	–
Closing balance	135 744 609	144 687 400	135 744 609	144 687 400
Less: Treasury shares (note 8.2)	(16 205 756)	(14 281 545)	(6 221 688)	(10 689 548)
Closing balance	119 538 853	130 405 855	129 522 921	133 997 852

All shares issued by the company were fully paid, other than shares held in Acorn Manco (Pty) Ltd that has been included as treasury shares.



8.2 Treasury shares

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Value of treasury shares				
Shares held by subsidiaries of the company classified as treasury shares				
Shares held by AAF Invest (Pty) Ltd, subsidiary of the Group	(138 370)	(52 000)	—	—
Shares held by Overberg Agri Bedrywe (Pty) Ltd, subsidiary of the Group	(9 916)	(6 037)	—	—
Shares held in terms of a management incentive scheme classified as treasury shares				
Shares held by Acorn Manco 1 (Pty) Ltd and Acorn Manco 2 (Pty) Ltd	(119 779)	(234 156)	(119 779)	(234 156)
	(268 064)	(292 193)	(119 779)	(234 156)

	GROUP		COMPANY	
	2023	2022	2023	2022
Analysis of movement in number of treasury shares:				
Opening balance	14 281 545	13 872 368	10 689 548	10 689 548
Issued during the year	—	—	—	—
Purchased during the year	6 392 071	409 177	—	—
Cancellation of Acorn Manco 2 (Pty) Ltd share scheme	(4 467 860)	—	(4 467 860)	—
Closing number of treasury shares	16 205 756	14 281 545	6 221 688	10 689 548

	GROUP		COMPANY	
	2023	2022	2023	2022
Shares held by subsidiaries of the company classified as treasury shares	9 984 068	3 591 997	—	—
Shares held in terms of a management incentive scheme classified as treasury shares	6 221 688	10 689 548	6 221 688	10 689 548
Totals	16 205 756	14 281 545	6 221 688	10 689 548

The Acorn Manco 2 (Pty) Ltd long-term incentive bonus scheme was dissolved during the year, and the issue of the company shares and the Acorn Manco 2 (Pty) Ltd preference shares were voided. No compensation was paid to the shareholders of Acorn Manco 2 (Pty) Ltd to dissolve the scheme, nor any amount since initiation of the scheme.

As part of the amalgamation between Overberg Agri Ltd and Acorn Agri (Pty) Ltd on 2 May 2018 two structured entities (Acorn Manco 1 & 2), owned by the new executive management of Acorn Agri & Food Ltd (AAF Group), purchased shares (approximating 7.5% of issued share capital at date of amalgamation). Acorn Manco 1 & 2 funded this purchase by issuing preference shares that were subscribed to by the AAF Group at the same price as the share issue of R25.60 per share. The funding, in the form of preference shares, provides for a cumulative preference share dividend at a coupon rate of 6% per annum and redeemed at the nominal value over a set period of 10 years.

For IFRS disclosure purposes, AAF Group has in substance given the shareholders of Acorn Manco 1 & 2 an option to acquire shares in the AAF Group as part of a long term incentive strategy. Due to the limitation of the recovery of the preference share funding provided by the AAF Group that the shareholders of Acorn Manco 1 & 2 are exposed to, the risks and rewards of the AAF shares do not, according to IFRS disclosure requirements, transfer to the shareholders of Acorn Manco 1 & 2. The AAF shares held by Manco 1&2 is therefore shown as treasury shares and the preference share funding are shown against the treasury shares in the AAF Group financial statements resulting in no financial implication for the AAF Group for disclosure purposes.

Additionally, AAF Invest (Pty) Ltd and Overberg Agri Bedrywe (Pty) Ltd, both 100% subsidiaries of the company holds shares in AAF Group that gives rise to additional treasury shares in the consolidated financial statements. During the current and previous year the board approved a share repurchase scheme whereby company shares to the value of R159 million (2022: R6 million) was repurchased from shareholders, or exchanged as part of the AgVentures (Pty) Ltd disposal.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

8. Equity – including earnings per share (continued)

8.3 Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Group by the weighted average number of ordinary shares outstanding during the financial year.

	GROUP	
	2023 000	2022 000
Number of weighted shares in issue		
Total shares in issue – weighted	139 148	144 687
Treasury shares – weighted	(10 068)	(14 106)
Net weighted shares in issue	129 080	130 581
Weighted average number of net shares in issue	129 080	130 581
Adjusted for effect of future share-based compensation payments*	–	–
Diluted weighted average number of shares	129 080	130 581

* Acorn Manco (Pty) Ltd and Acorn Manco 2 (Pty) Ltd (pertaining to 2022) dilutive impact has not been disclosed due to the fact that this company is currently in a net liability position and would thus not result in a dilutive event as at the reporting dates.

8.3.1 Earnings per share

	GROUP	
	2023	2022
<i>Continuing operations:</i>		
Profit attributable to ordinary shareholders (rand)	296 737	124 004
Earnings per ordinary share (cents)	229.9	95.0

8.4 Net asset value (NAV) per share

	GROUP	
	2023 000	2022 000
Number of shares in issue		
Total shares in issue	135 745	144 687
Treasury shares	(16 206)	(14 282)
Net shares in issue – at year-end	119 539	130 405
Shareholders' funds attributable to owners of the parent (rand)	3 080 055	3 014 652
Total NAV per share (cents)	2 577	2 312



8. Equity – including earnings per share (continued)

8.5 Dividends paid

Dividends declared to the Group's shareholders are recognised in the Group's financial statements in the period in which dividends are approved by the Group's directors.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Balance at the beginning of the year	–	–	–	–
Distribution to shareholders	(65 073)	(48 723)	(70 110)	(43 406)
Balance at the end of the year	–	–	–	–
	(65 073)	(48 723)	(70 110)	(43 406)
The company has declared the following cash distributions to shareholders:				
Ordinary dividend (cents)			50.0	30.0
Special dividend (cents)			–	–
Distributions paid (cents)			50.0	30.0

8.6 Non-controlling interests

	Moov Fuel (Pty) Ltd and its subsidiaries		Grassroots Group Holdings (Pty) Ltd		Bontebok Limeworks (Pty) Ltd		Matrix Software (Pty) Ltd		Other non-controlling interests		Total non-controlling interest	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Carrying amount of non-controlling interest	–	141 595	–	80 710	–	44 588	–	33 937	–	45 239	–	346 066
Total non-controlling interest	–	141 595	–	80 710	–	44 588	–	33 937	–	45 239	–	346 069
Effective non-controlling interest percentage	30.88%	30.88%	n/a	34.98%	26.00%	26.00%	n/a	40.00%				
Summarised financial information:												
Non-current assets	–	654 877	–	146 245	–	229 772	–	84 578				
Current assets	–	688 717	–	107 828	–	53 959	–	16 076				
Non-current liabilities	–	(335 712)	–	(5 406)	–	(90 686)	–	(10 283)				
Current liabilities	–	(530 415)	–	(17 920)	–	(40 729)	–	(5 529)				
Net assets/(liabilities)	–	477 467	–	230 747	–	152 316	–	84 842				
Revenue	12 357 699	5 879 661	140 471	104 155	189 131	189 594	7 699	31 770				
Profit/(loss) after taxation included in results	98 896	67 123	9 489	(9 376)	2 761	23 655	2 046	6 741				
Other comprehensive income	–	(395)	–	(214)	–	–	–	–				
Total comprehensive income/(loss)	98 896	66 728	9 489	(9 590)	2 761	23 655	2 046	6 741				
Profit/(loss) after taxation, allocated to non-controlling interest	41 829	20 349	3 485	(3 299)	718	6 150	1 602	2 696	3 346	11 342	50 980	37 239
Other comprehensive income, allocated to non-controlling interest	–	(122)	–	(75)	–	–	–	–	–	–	–	(197)
	41 829	20 227	3 485	(3 374)	718	6 150	1 602	2 696	3 346	11 342	50 980	37 042
Dividends paid to non-controlling interest	(7 154)	(2 659)	(12 957)	–	(1 230)	(720)	–	(2 800)	(4 250)	(3 300)	(25 591)	(9 479)

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

9. Notes to the cash flow statements

9.1 Cash generated from operations

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Profit before tax	424 778	199 684	1 094 850	13 548
Change in investment entity status	(298 317)	—	(1 084 682)	—
Adjustments for:				
Depreciation and amortisation	187 485	147 785	—	—
Loss (profit) on sale of assets	1 692	(2 040)	—	—
Fair value adjustments	(2 387)	3 129	—	—
Profit on sale of investment in subsidiary	(28 856)	—	—	—
Income from equity accounted investments	(2 014)	(2 534)	—	—
Finance income received	(24 274)	(22 557)	—	—
Finance costs	247 733	129 561	—	—
Reversal of impairment on biological assets	10 903	3 212	—	—
Reversal of impairment on loans	69 871	23 765	—	—
Change in fair value of biological assets	133 081	(12 134)	—	—
Provision for post-employment medical benefits	(885)	105	—	—
Accrual for performance incentive	(9 484)	22 083	—	—
Accrual for profit bonus	3 879	4 061	—	—
Movements in long-term incentive scheme	25 172	—	—	—
Provision for impairment of receivables	5 185	(44 599)	—	—
Bad debts written off	3 264	60 470	—	—
Provision for rehabilitation of mining land	138	106	—	—
Foreign exchange losses/(gains)	3 636	(7 803)	—	—
Provision for stock write-offs	86	9 839	—	—
Other non-cash flow items	(3 705)	3 616	—	—
Changes in working capital:				
Increase in inventories	(96 686)	(179 146)	—	—
Increase in trade and other receivables	(853 675)	(214 974)	—	—
Increase in trade and other payables	447 395	307 023	(1 145)	—
Production borrowings	221 099	102 152	—	—
	465 114	530 804	9 023	13 548
Tax paid				
Opening balance as per statement of financial position	15 408	52 924	—	—
Current tax for the year recognised in statement of profit or loss (refer note 5)	(84 976)	(52 063)	—	—
Acquired through business combinations (note 16)	(126)	(16 818)	—	—
Disposal of subsidiaries (note 15)	(74)	—	—	—
	(69 768)	(15 957)	—	—
Change in investment entity status (note 23)	(27 413)	—	—	—
Closing balance in statement of financial position	—	(15 408)	—	—
	(97 181)	(31 365)	—	—



Risk

10. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including cash flow 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.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors up until 28 February 2023. Group treasury identifies and evaluates financial risks, when beneficial, with prior approval from the board. The board provides guidance on overall risk management, as well as on written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. The Audit and risk committee oversees how management monitors compliance with these risks and control policies.

From 28 February 2023 moving forward, the above mentioned risk management practices will be the responsibility of the board of directors of the portfolio company.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Financial instruments by category				
Assets as per statement of financial position				
Financial assets at fair value through profit or loss (FVPL) (refer note 7.1)	2 383 684	68 432	2 524 582	—
Financial assets at amortised cost				
Trade and other receivables (refer note 7.2.1)	2 544	1 891 764	—	—
Cash and cash equivalents (refer note 7.2.3)	5 108	390 099	—	—
Loans to related parties (refer note 7.2.4)	—	106 231	—	—
Loans to subsidiaries (refer note 12)	713 581	—	745 195	882 824
Loans to customers (refer note 7.2.2)	—	56 854	—	—
Total financial assets	3 104 917	2 513 380	3 269 777	882 824
Liabilities as per statement of financial position				
Financial liabilities at amortised cost				
Medium-term loans (refer to 7.2.5.1)	—	333 056	—	—
Bank borrowings (refer to 7.2.5.2)	—	949 962	—	—
Other debt instruments (refer to 7.2.5.3)	—	388 240	—	—
Lease liability (refer to 7.2.6)	1 364	208 309	—	—
Loans from subsidiaries (refer note 12)	19 877	—	—	—
Trade and other payables (refer note 7.2.7)	17 850	1 133 732	2 337	3 481
Bank overdraft (refer note 7.2.3)	—	147 161	—	—
Total financial liabilities	39 091	3 160 460	2 337	3 481

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of market prices. Market risk comprises equity price risk, interest rate risk, currency risk and commodity price risk. Financial instruments affected by market risk include other financial assets, trade and other receivables, cash and cash equivalents and borrowings.

Hedging is conducted in very limited circumstances.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

10. Financial Risk Management (continued)

(a) Market risk (continued)

(i) Equity price risk

The Group is exposed to equity price risk in respect of the investments held in shares. Refer to note 7.1 and 7.2.

Sensitivity analysis

A variation of 20% change in the carrying amount of the following investments would result in the following effect on total comprehensive income:

	Statement of financial position	Statement of comprehensive income	
	R'000	Movement in basis points	Effect on total comprehensive income after tax R'000
2023 Group			
Financial assets at fair value through profit or loss (FVPL) (refer note 2 and 7.1)	2 383 684	+20%	343 251
		-20%	(343 251)
2022 Group			
Financial assets at fair value through profit or loss (FVPL) (refer to note 7.1)			
for 2022 disclosure	68 432	+20%	9 854
		-20%	(9 854)

(ii) Interest rate risk

The Group's interest rate risk arises from other loans receivable, cash and cash equivalents, borrowings and other financial liabilities as set out in notes 7.2.1, 7.2.3, 7.2.4 and 7.2.5. Cash and cash equivalents invested and borrowings obtained at variable interest rates expose the Group to cash flow interest rate risk.

The Group's policy is to invest cash and cash equivalents and to obtain borrowings at variable interest rates and not to make use of any interest rate derivatives, which expose the Group to cash flow interest rate risk in South Africa.

Sensitivity analysis

Interest rate risks are presented by way of sensitivity analysis in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and expense, other income components and, if appropriate, shareholders' equity.

The Group measures sensitivity to interest rates as the effect of a change in the Reserve Bank repo rate on the profit after tax based on the Group's exposure at reporting date. The Group regards a 100 basis points change in the Reserve Bank repo rate as being reasonably possible at the end of the reporting periods.



10. Financial Risk Management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis (continued)

	Statement of financial position	Statement of comprehensive income	
	R'000	Movement in basis points	Effect on profit after tax R'000
2023			
Group			
Cash and cash equivalents	5 108	+100	37
		-100	(37)
Total		+100	37
		-100	(37)
2022			
Group			
Loans to related parties	152 760	+100	1 100
		-100	(1 100)
Cash and cash equivalents	390 099	+100	2 809
		-100	(2 809)
Borrowings	(1 671 258)	+100	(12 033)
		-100	12 033
Bank overdraft	(147 161)	+100	(1 060)
		-100	1 060
Total		+100	(9 184)
		-100	9 184

(iii) Foreign exchange risk

The Group imports products from abroad and is exposed to a foreign exchange rate risk arising from various currency exposures, mainly the US dollar, British pound and euro. Foreign exchange rate risk arises when imports of products realise at another exchange rate as the one at which the order took place for products which have already been contracted at an agreed price.

The functional currency is ZAR and Management has prepared a policy stipulating how the foreign exchange risk will be managed. To manage the foreign exchange rate risk, the Group makes use of exchange rate hedging instruments which commence when predetermined exchange rate levels are reached. The exchange rate hedging instruments are concluded with a financial institution.

On 28 February 2022, if the exchange rate changed by R1, the effect on the profit after taxation would be R0.2 million. All exposure to foreign currency are hedged by forward exchange contracts (FECs). Refer to note 4.2 and 4.4 for foreign exchange gains and losses.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

10. Financial Risk Management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risks from its operating activities. Credit risk arises principally from accounts receivable and, to a lesser extent, from other third-party contractual financial obligations such as other financial assets and short-term bank deposits in note 7.

The Group did not consider there to be any significant credit risk exposure which has not been adequately provided for.

The maximum exposure to credit risk is presented in the table below:

	2023			2022		
	Gross Carrying amount	Credit loss allowance	Amortised cost/fair value	Gross Carrying amount	Credit loss allowance	Amortised cost/fair value
Total financial assets at amortised cost	721 232	–	721 232	2 408 883	(20 789)	2 388 094
Trade and other receivables	2 544	–	2 544	1 912 553	(20 789)	1 891 764
Cash and cash equivalents	5 108	–	5 108	390 099	–	390 099
Loans to group companies	713 581	–	713 581	–	–	–
Loans to related parties	–	–	–	106 231	–	106 231

The Group's concentration of credit risk is limited to South Africa.

(i) Trade receivables

For exposure to credit risk identified by the company, refer to note 7.2.3 for further details disclosed.

(ii) Cash and cash equivalents

The Group limits its counterparty exposure arising from bank accounts/call deposits by only dealing with well-established financial institutions of high credit standing. Credit exposure is controlled by counterparty limits that are reviewed and approved by the board annually.

The Group invests surplus cash with approved Ba1 national short-term rated (according to Moody's short-term rating) financial institutions:

Financial Institution:	Credit rating		Amount	
	2023	2022	2023	2022
ABSA Group Limited	Ba1	Ba1	–	5 833
Standard Bank	Ba1	Ba1	–	45 616
First National Bank	Ba1	Ba1	–	(68 480)
Nedbank	Ba1	Ba1	5 108	214 736
Foreign bank balances			–	8 347
Cash and other	None	None	–	36 886
			5 108	242 938

(iii) Financial guarantees

Credit risk arises in relation to financial guarantees given to certain parties.

Refer to note 18 for details of guarantees provided.

(iv) Other financial assets

Refer to note 7.2.1 for details.



10. Financial Risk Management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities, when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its cash flow requirements through monthly cash forecasts which includes the servicing of financial obligations, but excludes the potential impact of extreme circumstances that cannot reasonably be predicted. To assist, strict credit control and debt monitoring processes are applied.

Surplus cash over and above the balance required for working capital management, is transferred to the Group treasury. Group treasury invests surplus cash in interest-bearing current accounts and call deposits to provide sufficient headroom as determined by the abovementioned forecasts.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The following table details the Group's undiscounted contractual maturities for its financial liabilities:

Group	Carrying values R'000	Total cash flows R'000	Less than 1 year R'000	Between 1 and 5 years R'000	More than 5 years R'000
At 28 February 2023					
Borrowings	—	—	—	—	—
Lease liabilities	1 364	1 458	812	646	—
Trade and other payables	19 289	19 289	19 289	—	—
Loans from group companies	19 877	19 877	19 877	—	—
Bank overdraft	—	—	—	—	—
	40 529	40 623	39 977	646	—
At 28 February 2022					
Borrowings	1 671 258	1 683 861	1 413 154	254 851	15 856
Lease liabilities	208 309	313 976	64 904	166 455	82 617
Trade and other payables	1 140 077	1 140 077	1 140 077	—	—
Bank overdraft	147 161	147 161	147 161	—	—
	3 166 805	3 285 075	2 765 296	421 306	98 473

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

11. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The directors meet regularly to review the capital structure. As part of this review the directors consider the availability of funding within the Group to fund the Group's capital requirements. The directors also consider the cost of capital and the risks associated with each class of capital. From 28 February 2023, this takes place at a portfolio company level.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, buy back its own shares or reduce debt.

The Group is required, by means of covenants provided to financiers, to maintain certain solvency and profitability ratios which are monitored monthly via management accounts and cash flow forecasts. The Group monitors capital on the basis of the net debt:equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings and loans from Group companies less cash and cash equivalents as shown in the statement of financial position.

The net debt:equity ratios at 28 February 2022 were as follows:

	GROUP
	2022 R'000
Total borrowings and loans from subsidiaries	1 671 258
Less: production borrowings	(594 251)
Overdraft less cash and cash equivalents/(surplus cash)	(242 938)
Net debt	834 069
Total equity	3 360 718
Total capital	4 194 787
Net debt:equity ratio (%)	24.8



Group structure

12. Investment in subsidiaries

Accounting policy applicable up to 28 February 2023:

Basis of consolidation

(a) Basis of consolidation

Group financial statements

Subsidiaries are all entities (including structured entities) over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the Statement of profit or loss, and its share of post-acquisition movements in other comprehensive income of the investee is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

In some cases, the Group has a joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations with that type of joint arrangement. A joint arrangement is either a joint operation or a joint venture. A joint operation is an arrangement whereby the parties have joint control where decisions about the relevant activities requires unanimous consent of the parties sharing control and have rights to the assets, and obligations for the liabilities relating to the arrangement. A joint venture is whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Management applies significant judgement in determining this classification. A joint operation accounts for the assets, liabilities, revenues and expenses relating to its involvement in a joint operation. A joint venture recognises its interest in a joint venture as an investment and account for that investment using the equity method in accordance with IAS 28, Investments in Associates and Joint Ventures.

Intergroup transactions, balances and unrealised surpluses on transactions between Group companies are eliminated. The accounting policies of the subsidiaries are in line with the company. Similar transactions within the Group are accounted for in the same manner.

The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements shall have the same reporting date. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so. If it is impracticable to do so, the parent shall consolidate the financial information of the subsidiary using the most recent financial statements of the subsidiary adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements. In any case, the difference between the date of the subsidiary's financial statements and that of the consolidated financial statements shall be no more than three months, and the length of the reporting periods and any difference between the dates of the financial statements shall be the same from period to period.

Company financial statements

Investments in subsidiaries are initially recognised at cost.

Investments in subsidiaries are subsequently measured at cost less any accumulated impairment.

(b) 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. The difference between the share acquired of the carrying value of net assets of the subsidiary and the purchase consideration is recorded in retained earnings within equity.

Gains or losses on disposals of ownership interests to non-controlling interests are also recorded in retained earnings within equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity 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.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

12. Investment in subsidiaries (continued)

Interests in consolidated controlled entities

The Group has effective control of the Overberg Agri Development Trust, Woza Phambili Enterprises (Pty) Ltd, W Create (Pty) Ltd, Acorn Manco (Pty) Ltd, Acorn Manco 2 (Pty) Ltd, Umti Umkhulu Industrial Fund En Commandite Partnership, Acorn Equity Empowerment Fund En Commandite Partnership and Overberg Agri Finance (RF) (Pty) Ltd. The assets, liabilities and results of these entities are consolidated with those of the Group up until the change in investment entity status.

Accounting for different reporting periods within the Group

The financial year-end of ACG Fruit (Pty) Ltd was 30 November 2021. The financial year-end have been changed to coincide with that of Acorn Agri & Food Ltd to February, and consequently have been included in the Groups results for 15 months for the period ended 28 February 2023.

Company

Name of entity	% holding 2023	% holding 2022	Carrying amount 2023 R'000	Carrying amount 2022 R'000
<i>Investments held directly by the company</i>				
AAF Invest (Pty) Ltd	100%	100%	2 524 582	1 439 900
AAF Services (Pty) Ltd	100%	—	—	—
<i>Movement for the year</i>				
Opening balance			1 439 900	1 439 900
Change in investment entity status (Note 2)			1 084 682	—
Closing balance			2 524 582	1 439 900
Analysis of non-current assets and current assets:				
Non-current assets				
Investments in subsidiaries			2 524 582	1 439 900
Current assets				
Loans to subsidiaries			745 195	882 824
— AAF Invest (Pty) Ltd			713 581	851 210
— AAF Services (Pty) Ltd			31 614	31 614
			3 269 776	2 322 724

These loans are unsecured, interest-free and have no terms of repayment. The carrying value represents the fair value of the loans.

Group

Name of entity	Carrying amount 2023 R'000	Carrying amount 2022 R'000
Current assets		
Loans to subsidiaries		
— AAF Invest (Pty) Ltd	713 581	—
Current liability		
Loans from group companies		
— AAF Invest (Pty) Ltd	19 877	—

These loans are unsecured, interest-free and have no terms of repayment. The carrying value represents the fair value of the loans.



13. Investment in associates and joint ventures

Group financial statements

The Group's associate and joint venture is accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss.

When the Group's share of losses in the joint venture equals or exceeds its interests in joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Company financial statements

Investments in associates and joint ventures are initially recognised at cost.

Investments in associates and joint ventures are subsequently measured at cost less any accumulated impairment.

Classification of associate: Berekisanang Empowerment Farm (Pty) Ltd

Management applied significant judgement in classifying Berekisanang Empowerment Farm (Pty) Ltd as a joint venture in accordance with IFRS 11. ACG Fruit (Pty) Ltd has a 39.1% (2022: 39.1%) interest in the entity, but the shareholding is not indicative of the voting rights within the entity. The minority shareholder, and also the financier to a large extent, has certain critical rights per shareholder agreement that indicates this entity to be accounted for as a joint venture.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Lesotho Milling Company (Pty) Ltd (33.99%)	—	62 772	—	—
Overberg Dreams (Pty) Ltd (50%)	—	204	—	—
Skudu (Pty) Ltd (30%)	—	4 776	—	—
Overberg Speciality Foods (Pty) Ltd (50%)*	—	2 893	—	—
Berekisanang Empowerment Farm (Pty) Ltd (39%)	—	—	—	—
Total	—	70 645	—	—

* Acquired during the prior year through the Groups' subsidiary company, Overberg Meat (Pty) Ltd

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

13. Investment in associates and joint ventures (continued)

	GROUP	
	2023 R'000	2022 R'000
Reconciliation of investments in associates and joint ventures:		
Opening balance	70 645	81 883
Acquisition of investment in associate – Skudu (Pty) Ltd	–	–
Acquisition of investment in associate – Overberg Speciality Foods (Pty) Ltd	–	3 322
Dividends received from associates – Skudu (Pty) Ltd	(202)	–
Dividends received from associates – Lesotho Milling Company (Pty) Ltd	(3 399)	(17 094)
Share of losses in associate – Skudu (Pty) Ltd	–	(984)
Share of profit in associate – Overberg Dreams (Pty) Ltd	21	141
Share of profit in associate – Lesotho Milling Company (Pty) Ltd	2 100	3 806
Share of losses in associate – Overberg Speciality Foods (Pty) Ltd	(107)	(429)
Other movements	179	–
Disposal of subsidiaries (note 15)	(4 574)	–
Change in investment entity status (note 23)	(64 663)	–
Closing balance	–	70 645

The Group's share of the results of its associate, which is unlisted, and the Group's share of its aggregated assets and liabilities, are as follows:

	Berekisanang Empowerment Farm (Pty) Ltd (39%)	Lesotho Milling Company (Pty) Ltd (33.99%)	Overberg Dreams (Pty) Ltd (50%)	Skudu (Pty) Ltd (30%)	Overberg Speciality Foods (Pty) Ltd (50%)
28 February 2022					
Financial year-end	30 November	30 September	28 February	28 February	28 February
Assets	468 300	160 496	1 034	10 477	7 220
Liabilities	(507 726)	(32 653)	(920)	(1 103)	(1 065)
Revenues	118 836	251 117	3 447	364	9 468
Profit/(Loss)	(29 796)	19 878	283	(3 279)	(838)

Guarantees

The Group guarantees some of the external borrowings relating to Berekisanang Empowerment Farm (Pty) Ltd. Refer to note 18.

Unrecognised share of losses of joint venture

The company has recognised its share of the profits and losses of Berekisanang Empowerment Farm (Pty) Ltd. The investment was impaired in the previous financial period as the associate is in a net liability financial position and the company has no obligation for any losses of the associate. The total unrecognised losses for the current period amount to R76 million (2022: R26 million). The accumulated unrecognised losses to date amount to R105 million (2022: R26 million).



14. Related parties

Subsidiaries, associates and related trusts

During the year under review, the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with related parties. For a list of the Group's subsidiaries, associates, joint ventures and related trusts, refer to notes 12 and 13, respectively.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Related party balances				
Loans (from)/to related parties				
AAF Invest (Pty) Ltd	713 581	—	713 581	851 210
AAF Services (Pty) Ltd	(19 877)	—	31 614	31 614
Brekisanang Empowerment Farm (Pty) Ltd	—	99 157	—	—
Minority shareholders of the company	—	7 074	—	—
Shareholders	—	(373 919)	—	—
Shareholders (also directors of the company)	—	(10 303)	—	—
	713 581	(277 991)	745 195	882 824
Investment in subsidiaries				
AAF Invest (Pty) Ltd	—	—	2 524 582	1 439 900
	—	—	2 524 582	1 439 900
Balances due from sales/purchases of goods and/or services				
Brekisanang Empowerment Farm (Pty) Ltd – payable	—	(2 345)	—	—
Brekisanang Empowerment Farm (Pty) Ltd – receivable	—	1 454	—	—
Directors – receivable	—	3 611	—	—
Related party transactions				
Sale of goods and services				
Packing material sold to Brekisanang Empowerment Farm (Pty) Ltd	40 065	8 340	—	—
Directors	31 600	12 772	—	—
Commission received				
Brekisanang Empowerment Farm (Pty) Ltd – payable	7 698	10 973	—	—
Key personnel remuneration				
Short term employee benefits	3 808	3 827	—	—
Dividends received from subsidiaries				
Intergroup dividends received on shareholding	—	—	6 686	13 548
Interest paid				
Shareholders	34 406	17 344	—	—
Interest received				
Brekisanang Empowerment Farm (Pty) Ltd	18 947	7 145	—	—
Administration fees received				
Brekisanang Empowerment Farm (Pty) Ltd	1 964	1 497	—	—

Directors

Remuneration

Details relating to executive and non-executive directors' remuneration are disclosed in note 21.

Associate

Details regarding the Group's associate are set out in note 13. Transactions with the associate is entered into at the prevailing market rates.

Treasury shares

Refer to Note 8.2.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

15. Disposal of subsidiaries

The Group disposed of the following businesses during the year:

- AAF Invest (Pty) Ltd disposed of its 65.02% interest in Grassroots Group Holdings (Pty) Ltd effective 1 January 2023 for a cash consideration of R160 million, after a pre-disposal dividend of R24 million were paid to AAF.
- AAF Invest (Pty) Ltd entered into a transaction whereby we disposed of our full interest in AgVentures (Pty) Ltd and received company shares as consideration. This transaction was effective 1 August 2022.

Financial information relating to the subsidiaries are shown below on date of disposal:

	Grassroots Group Holdings (Pty) Ltd 2023 R'000	AgVentures (Pty) Ltd 2023 R'000	Group 2023 R'000
<i>Assets and liabilities</i>			
Property, plant and equipment	90 994	854	91 848
Intangible assets	3 161	81 566	84 727
Biological assets	1 205	–	1 205
Deferred tax asset	16 475	1 112	17 587
Available for sale investments	–	22 709	22 709
Loans to related parties	22 133	3 248	25 381
Investments in associates	–	4 574	4 574
Inventory	44 334	1 294	45 628
Trade and other receivables	21 106	6 613	27 719
Cash and cash equivalents	45 628	15 950	61 578
Current income tax receivable	74	–	74
Deferred tax liability	(7 905)	(11 125)	(19 030)
Loans to group companies	–	(2 508)	(2 508)
Trade and other payables	(34 165)	(2 181)	(36 346)
Total assets and liabilities	203 039	122 106	325 145
Non-controlling interest	(71 237)	(35 539)	(106 776)
	131 802	86 567	218 369
Consideration received			
Cash	160 577	50 000	210 577
Company shares	–	36 648	36 648
	160 577	86 648	247 225
Profit/(Loss) on sale of investment	28 775	81	28 856



16. Business Combinations

The cost of acquisition is measured at the fair value of the acquired assets, equity instruments that are issued or liabilities which are acquired at the date of acquisition, plus cost that can be directly attributed to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities acquired in the business combination is initially valued at fair value on acquisition date, irrespective of the extent of minority interests.

The surplus that can result, if the cost of acquisition is more than the acquisition value of the net assets of the business acquired, is accounted for as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the acquired business, the difference is accounted for in the income statement.

Non-controlling interest is measured at the non-controlling interests proportionate share of the acquiree's identifiable net assets.

The Group acquired the following businesses during the year:

- Kyron Group (Pty) Ltd acquired 55% of the ordinary shares of AniPharm (Pty) Ltd for R6.5 million (after capitalising the business with R10 million) which resulted in the Group obtaining control over AniPharm (Pty) Ltd. AniPharm (Pty) Ltd is principally involved in veterinary reproduction pharmaceutical manufacturing. Goodwill of R2.1 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition.

Goodwill is not tax deductible.

Aggregate business combination:

	AniPharm (Pty) Ltd 2023 R'000	Group 2023 R'000
Assets & Liabilities acquired		
Property, plant and equipment (note 6.1)	1 697	1 697
Intangible assets (note 6.3)	7 969	7 969
Loans to related parties (note 7.2.4)	1 447	1 447
Inventory	1 526	1 526
Trade and other receivables	2 053	2 053
Cash and cash equivalents	9 806	9 806
Deferred tax liability	(2 249)	(2 249)
Loans from related parties (note 7.2.4)	(28)	(28)
Borrowings	(412)	(412)
Current tax payable	(126)	(126)
Trade and other payables	(365)	(365)
Sub-Total	21 319	21 319
Non-controlling interest	(6 980)	(6 980)
Goodwill (note 6.3)	2 161	2 161
	16 500	16 500
Consideration paid		
Cash	(16 500)	(16 500)
	(16 500)	(16 500)
Net cash outflow on acquisition		
Cash consideration paid	(16 500)	(16 500)
Cash acquired	9 806	9 806
	(6 695)	(6 695)

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

Unrecognised items

17. Commitments

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Authorised capital expenditure				
Contracted after year-end, but not provided for				
Property, plant and equipment	—	7 565	—	—
Not yet contracted for				
Property, plant and equipment	—	150 670	—	—
Total authorised capital expenditure	—	158 235	—	—

Authorised capital expenditure is to be funded from surplus cash and bank financing.

18. Contingencies

Guarantees

ACG Fruit (Pty) Ltd's joint venture, Berekisanang Empowerment Farm (Pty) Ltd, entered into financing agreements with the IDC. As part of the security provided in relation to the financing agreements, ACG Fruit (Pty) Ltd and its subsidiary Galactic Deals 160 (Pty) Ltd, guaranteed 39.1% of the majority debt owed by Berekisanang Empowerment Farm (Pty) Ltd. The Group has considered the loss given default and probability of default, in conjunction with the current provision against the loan receivable, and considered the fair value of the guarantee to be zero.

Acorn Agri & Food Ltd provided a surety to Moov Fuel (Pty) Ltd pertaining to a short term debtors facility amounting to R123 million.

19. Going concern

Based on the financial statements, the present 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.

20. Events after the reporting period

The board is not aware of any significant events after the reporting date that will have a material effect on the Group's results or financial position as presented in these financial statements.



Employee benefits and costs

21. Directors' and prescribed officers' emoluments

Directors' and prescribed officers' basic salary and allowances

	Guaranteed package R'000	Performance incentive R'000	Employment termination and contracting fees R'000	Other allowances R'000	Total R'000
Executive directors					
2023					
LE Coetzer	2 139	259	4 000	55	6 453
AL Geertsema	2 000	270	—	6	2 276
P Malan	1 716	156	—	—	1 872
AC Neethling	1 246	—	—	—	1 246
AJ Uys	2 907	733	6 000	107	9 747
	10 008	1 418	10 000	168	21 594
2022					
LE Coetzer	2 595	577	—	112	3 284
AL Geertsema	1 800	—	—	169	1 969
P Malan	1 764	147	—	—	1 911
AC Neethling	2 016	246	—	—	2 262
AJ Uys	3 526	1 019	—	126	4 671
	11 701	1 989	—	407	14 097

	Fees for services R'000	Total R'000
Non-executive directors		
2023		
DG de Kock	562	562
CD Flemming	314	314
RE Goff	323	323
CA Smith	314	314
DCH Uys	314	314
MR van Breda	408	408
JHP van der Merwe	131	131
AJ van der Merwe	224	224
J van Zyl	79	79
YJ Visser	527	527
	3 196	3 196
2022		
DG de Kock	496	496
CD Flemming	266	266
RE Goff	236	236
CA Smith	271	271
DCH Uys	272	272
MR van Breda	353	353
AJ van der Merwe	36	36
JHP van der Merwe	215	215
YJ Visser	491	491
	2 636	2 636

Directors' shareholding

Please refer to the Directors' Report for further disclosure regarding the directors respective shareholding in the company.

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

Other

22. Fair value estimation

Items measured at fair value on the statement of financial position are classified according to a fair value hierarchy. The fair value hierarchy is identified in levels as follows:

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 (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's assets and liabilities that are measured at fair value:

GROUP				
	Level 1	Level 2	Level 3	Total balance
At 28 February 2023				
Assets				
<i>At fair value through profit or loss</i>				
Investment in subsidiaries (refer to Note 2)	–	–	2 383 684	2 383 684
Total assets	–	–	2 383 684	2 383 684
At 28 February 2022				
Assets				
<i>At fair value through other comprehensive income</i>				
Equity securities	–	–	–	–
<i>At fair value through profit or loss</i>				
Fruitspec	–	–	25 019	25 019
ABAX Investments	40 585	–	–	40 585
Investments in allied and secondary processing companies	–	–	2 828	2 828
Biological assets	–	4 339	–	4 339
Biological consumables	–	–	168 614	168 614
Total assets	40 585	4 339	196 461	241 385

The Group's fair value pertaining to investment in subsidiaries requires management to make judgements, estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities included in the forecasts. Other estimates pertain to macro economic forecasts including long term growth rates, inflation rates and the weighted cost of capital. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the asset or liability affected in the future.

The following changes in fair value pertaining to key assumptions would result in a difference in fair value as at 28 February 2023:

Indirect investments: Valuations based on discounted cash flows

	Change in weighted average cost of capital	Impact on profit or loss	Change in long term growth rate	Impact on profit or loss
Kyron Holdings (Pty) Ltd and its subsidiaries	+1%	(96 223)	+0.5%	34 437
	-1%	117 953	-0.5%	(31 218)
Overberg Agri Bedrywe (Pty) Ltd and its subsidiaries	+1%	(64 322)	+0.5%	22 338
	-1%	74 350	-0.5%	(20 810)
Moov Fuel (Pty) Ltd and its subsidiaries	+1%	(62 107)	+0.5%	21 998
	-1%	74 183	-0.5%	(20 207)
Bontebok Limeworks (Pty) Ltd	+1%	(14 711)	+0.5%	4 562
	-1%	17 051	-0.5%	(4 250)
Overberg Meat (Pty) Ltd	+1%	(3 797)	+0.5%	1 125
	-1%	4 453	-0.5%	(1 040)
Total	+1%	(241 160)	+0.5%	84 459
Total	-1%	287 990	-0.5%	(77 525)



22. Fair value estimation (continued)

Indirect investments: Valuation based on asset valuation

	Change in value of underlying external property valuations	Impact on profit or loss
ACG Fruit (Pty) Ltd and its subsidiaries	+5% -5%	15 235 (15 235)
Boltfast (Pty) Ltd	+5% -5%	1 550 (1 550)
Total	+5%	16 785
Total	-5%	(16 785)

23. Change in investment entity status

Refer to Note 1.3.1 relating to the accounting policies for investment entities.

With effect from 28 February 2023, the Company was classified as a investment entity in accordance with IFRS 10.

IFRS 10 requires the transition to investment entity to be treated as a deemed disposal event. Accordingly, the investments in the subsidiaries as set out in Note 2 to the annual financial statements were deconsolidated and remeasured to fair value on transition date.

The gain on disposal and re-acquisition at fair value can be reconciled as follows:

	Carrying value Year ended 28 February 2023 R'000
Total assets	(7 287 886)
Total liabilities	4 234 487
Non-controlling interest	271 661
Sub-total	(2 781 738)
Fair value of investment in subsidiaries acquired	3 080 055
Gain on change in investment entity status (note 4.3)	298 317

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

23. Change in investment entity status (continued)

Consolidated statement of financial position

	Carrying value Year ended 28 February 2023 R'000	Change in investment entity status 28 February 2023 R'000	Year ended 28 February 2023 R'000
Assets			
Non-current assets			
Property, plant and equipment (note 6.1)	1 405 131	(1 403 910)	1 221
Investment property (note 6.2)	283 034	(283 034)	–
Intangible assets (note 6.3)	1 016 253	(1 016 253)	–
Biological assets (note 6.4)	199 463	(199 463)	–
Deferred tax asset	166 732	(152 285)	14 447
Trade and other receivables	397 811	(397 811)	–
Loans to related parties	14 824	(14 824)	–
Other financial assets	9 079	(9 079)	–
Investments in subsidiaries	–	2 383 684	2 383 684
Investment in associates and joint ventures	64 663	(64 663)	–
Total non-current assets	3 556 990	(1 157 638)	2 399 353
Current assets			
Inventories	885 562	(885 562)	–
Biological assets	35 533	(35 533)	–
Trade and other receivables	2 351 295	(2 348 751)	2 544
Loans to customers	59 319	(59 319)	–
Cash and cash equivalents	283 777	(278 669)	5 108
Other financial assets	40 683	(40 683)	–
Loans to related parties	44 922	(44 922)	–
Loans to group companies	–	713 581	713 581
Current tax receivable	29 807	(29 807)	–
Total current assets	3 730 898	(3 009 666)	721 232
Total assets	7 287 886	(4 167 301)	3 120 585



23. Change in investment entity status (continued)

Consolidated statement of financial position (continued)

	Carrying value Year ended 28 February 2023 R'000	Change in investment entity status 28 February 2023 R'000	Year ended 28 February 2023 R'000
Equity and liabilities			
Equity			
Net issued stated capital	1 265 313	—	1 265 313
Retained earnings	1 516 426	298 317	1 814 743
Attributable to equity holders of the parent	2 781 739	298 317	3 080 055
Non-controlling interests	271 659	(271 659)	—
Total equity	3 053 399	26 656	3 080 055
Liabilities			
Non-current liabilities			
Borrowings	520 210	(520 210)	—
Lease liabilities	229 500	(228 871)	629
Post-retirement medical liability	13 209	(13 209)	—
Trade and other payables	4 691	(4 691)	—
Deferred tax	262 558	(262 558)	—
Provisions	2 101	(2 101)	—
Total non-current liabilities	1 032 269	(1 031 640)	629
Current liabilities			
Borrowings	1 419 195	(1 419 195)	—
Lease liabilities	48 851	(48 116)	735
Post-retirement medical liability	1 856	(1 856)	—
Current tax payable	2 394	(2 394)	—
Loans to group companies	5 253	14 624	19 877
Trade and other payables	1 557 803	(1 538 514)	19 289
Bank overdraft	166 867	(166 867)	—
Total current liabilities	3 202 218	(3 162 317)	39 901
Total liabilities	4 234 487	(4 193 958)	40 529
Total equity and liabilities	7 287 886	(4 167 301)	3 120 585

Notes to the annual financial statements (continued)

for the year ended 28 February 2023

24. New and amended standards

New standards and interpretations

Standards, interpretations and amendments to published standards effective in 2023

- Amendments to IFRS 3 *Business combinations* (effective from 1 January 2022). The board has updated IFRS 3 *Business combinations* to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, or IFRIC 21, Levies, rather than the 2018 Conceptual Framework. The board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.
- Amendments to IAS 16, Property, Plant and Equipment, on Proceeds before Intended Use (effective from 1 January 2022). The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.
- Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets on Onerous Contracts – Cost of Fulfilling a Contract (effective from 1 January 2022). The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of “costs to fulfil a contract”. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.
- Annual improvements to IFRS's – 2018-20 cycle (effective on or after 1 January 2022). These amendments include minor changes to: 1) IFRS 1 *First Time Adoption of IFRS* has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. 2) IFRS 9 *Financial Instruments* has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of “the 10% test” for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. 3) IFRS 16 *Leases* amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. 4) IAS 41, Agriculture, has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.

The aggregate impact of the initial application of the new effective standards and interpretations on the Group's annual financial statements is immaterial.

Standards, interpretations and amendments to published standards not yet effective

The following standards, interpretations and amendments to published standards are compulsory for and applicable to the Group's future accounting periods beginning on or after 1 March 2023:

- Amendment to IAS 1, Presentation of Financial Statements on Classification of Liabilities as Current or Non-current (effective from 1 January 2022). The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.
- Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from 1 January 2023 and earlier application is permitted). The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- Narrow scope amendments to IAS 1, Presentation of Financial Statements, Practice statement 2 and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (effective from 1 January 2023 and earlier application is permitted). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

Management do not anticipate that any of these changes would have a material impact on the financial statements of the Group, however management will consider the full impact of these standards published but not yet effective up until the date of adoption.



Shareholders' information

Acorn Agri & Food's shares are traded over the counter as share transactions are negotiated directly and bilaterally between willing buyers and sellers of shares. Our share administration desk facilitates the identification of willing buyers and sellers and acts as an administrator. This includes providing parties with the required documentation and updating the securities register after the conclusion of transactions.

Shareholder Analysis

Share price performance

Opening price – 1 March 2022	R11.40
Closing price – 28 February 2023	R14.31*
High for the period	R15.00
Low for the period	R10.00
Total number of shares traded	10 061 757**
Total value of shares traded	R138 305 647**
Total number of shares traded (excluding share purchased and repurchased)	1 483 119**
Total value of shares traded (excluding share purchased and repurchased)	R15 675 444**
Total number of issued shares	135 744 609
Total number of issued shares – net of treasury shares	119 538 853
Total number of shares traded as % of total issued shares (liquidity)	7.41%
Total number of shares traded (excluding shares repurchased and off-the-market transactions) as % of total issued shares (liquidity)	1.09%

* Closing share price includes the purchase and repurchase programme implemented at the end of February 2023.

** Excludes trades made within nominee companies and off-the-market transactions.

In January and February 2023 AAF repurchased 2 525 588 shares at a total value of R36 269 136. AAF Invest purchased 6 053 050 shares at a total value of R86 369 566. In addition, Overberg Agri purchased 339 021 AAF shares in lieu of its customer loyalty programme during the year. These shares were purchased in the open market.

Shareholder distribution

Public shareholders	74.64%
Non-public shareholders	25.36%
Non-executive directors	11.86%
Executive directors	6.14%
Shares held by subsidiaries*	7.36%

* AAF Invest (Pty) Ltd and Overberg Agri Bedrywe (Pty) Ltd hold AAF shares.

Major beneficial shareholders

The following beneficial shareholders owned 5% or more of the issued ordinary shares of 28 February 2023:

Agulhas Nominees (Pty) Ltd	13.15%
UBI General Partner (in its capacity as the General Partner of the ARC Fund)	10.91%
Emfam Beleggings (Pty) Ltd	7.36%
Bremer Investments (Pty) Ltd	5.20%

Corporate information

Acorn Agri & Food Limited

Incorporated in the Republic of South Africa
Registration number: 1998/001018/06
Income tax number: 9038032026
Telephone number: +27 (0)21 852 2887
Website: www.acornagri.co.za

Registered Address

Unit C2 The Beachhead
10 Niblick Way
Somerset West 7130

Postal Address

PO Box 3360
Somerset West 7129

Company Secretary

Annmarie Steyn
Email: annmarie@acorn.co.za

Auditors

PricewaterhouseCoopers Inc.

Principal Bankers

Nedbank Ltd
Rand Merchant Bank, a division of FirstRand Limited





www.acornagri.co.za