

# Unaudited summary consolidated interim results

for the six months ended  
31 August 2022

# 2023

**Net asset value per share** ▲ **R23.08**

**Revenue** ▲ **90%**  
R9.1 billion

**Net profit after tax** ▲ **28%**  
R78 million

**Headline earnings** ▲ **24%**  
R57 million

**Adjusted headline earnings remained consistent at R62 million**

## Introduction

In my Chairperson's letter addressed to shareholders on 30 September 2022, I have referred to the rapid convergence of events in the last six months that has resulted in accelerated change around the world. During this period, our businesses have been affected by adverse business conditions, particularly relating to the high commodity price cycle, higher inflation and input costs, rising interest rates, impact of load shedding and weaker consumer purchase power – mainly driven by the market response post-Covid 19 and the impact of the war in Ukraine.

We see opportunities and challenges in the flurry of these structural, civil and economic challenges. The importance of our strategy to invest in diversified businesses remains key to withstanding these headwinds. Collectively, we have capitalised on these opportunities, especially within our Agricultural businesses, which are proving to be resilient in these challenging circumstances, as well as above expected and satisfactory performance from our acquisitions made towards the end of our previous financial year.

Two matters impact the comparability of our results. As communicated with our annual 2021/22 results, ACG Fruit and Boltfast have been restated to continuing operations, and an impairment loss on a loan made to Bereikisanang Empowerment Farm (Pty) Ltd has been included in headline earnings in the comparable interim results for the six months ended 31 August 2021.

## Growing the Future

Since our communication to shareholders pertaining to the strategy and leadership changes, we have been hard at work implementing initiatives that would unlock value for our shareholders. We are unwavering in our commitment to invest and grow our investments that support food security and as part of our purpose to support a transformed business landscape that has a positive impact on ensuring long-term sustainable food security for Southern Africa. The support and success of the producer stand firm and centre in our strategy.

## Performance

We believe that performance should be measured on the return an investor receives over time, focusing on *per share* wealth creation. An increase in our share price over time will ultimately depend on sustained growth in the profitability of the underlying businesses. As a company that operates in the cyclical nature of the agricultural sector, diversification through multiple investments remains key to our strategy.

The company is pleased to share that our revenue has grown by 90% to R9.1 bn. The significant growth is due to the current high commodity cycle, but we have also gained market share, especially within our Energy segment. We are further pleased to report an increase of 28% in our net profit after tax to R78 m for the six months ended 31 August 2022, and grown headline earnings by 24% to R57 m (adjusted headline earnings remained consistent at R62 m).

|                                  | GROWTH IN THE COMPARABLE PERIOD |                           |
|----------------------------------|---------------------------------|---------------------------|
|                                  | REVENUE                         | NET PROFIT/LOSS AFTER TAX |
| Agricultural Inputs and Services | + 56% to R2.6bn                 | + 52% to R86m             |
| Energy & Logistics               | + 138% to R5.7bn                | + 52 % to R51m            |
| Production                       | - 6% to R149m                   | - 86% to R1.2m            |
| Agri Production                  | - 2% to R267m                   | - 90% to R43m loss        |
| Food Processing                  | + 12% to R282m                  | + 94% to R100k loss       |

## Agricultural inputs and services

Our investments in the agriculture and services sector are benefitting from good agronomic retail conditions. Overberg Agri's clients are still benefitting from favourable commodity prices and above-average harvests for the last two years. Their financial positions improved significantly to that of the prior years, boosting cash flow, and Overberg Agri has seen increased sales and service activity. Overberg Wealth and Risk Management has managed to grow its business above expectations and the prior year in a very competitive environment.

Kyron Group is also performing above expectations in this favourable business environment with good organic growth and positive growth prospects pertaining to bolt-on opportunities that would optimise and grow this business.

In line with our new strategy and vision, we also finalised the sale of our investment in AgVentures effective 1 August 2022. In exchange for our shares in AgVentures and the loan funding provided, the company repurchased 1.9 million shares and received cash equal to our total loan funding.

## Production

On the back of a record year for P&B Limeworks, macro-economic challenges pertaining to high priced commodities, quality of the commodities (specifically coal) available and rising input costs in a competitive market resulted in the business performing below our expectations for the period. We have adapted to the market circumstances, and our short to medium-term outlook is more favourable than the volatile period since March. P&B Limeworks is invested in diversified products such as chicken grit and agricultural lime, which still perform above expectations.

Boltfast, operating in the manufacturing and construction industry, remains heavily affected by the load-shedding crisis, other than the subdued business environment and import logistical challenges that included long lead times and significant cost inflation. Our short-term outlook is optimistic regarding the logistical challenges experienced, but our outlook on the business environment, unfortunately, remains negative.

## Energy & Logistics

Moov Fuel has been our one company most affected by the current high commodity price cycle and the resultant impact on working capital. We are very fortunate that by adapting to these challenges with sufficient access to finance, the company produced double digit volume growth for the six months ended 31 August 2022.

Our newly acquired investment in Bachmus Fuel and Oil, operating in Namibia, is performing exceptionally well and capitalised on opportunities within the energy sector during the last six months. We are excited about the prospects of this business.

## Agri Production

This sector is still experiencing a challenging business environment, significantly impacted by a lower than expected realisation of table grape and citrus prices in our European and UK markets. Logistical challenges in terms of price and availability, high input costs, a strong rand in the reporting period and the current interest rate cycle also negatively impacted the business. Farm optimisation efforts within this business have proven to make a difference, especially since the 2022 citrus season just finalised, with record volumes produced and packed. On the back of the low price realisation and other cost pressures, this investment has again negatively impacted the group's profitability for the six months ended 31 August 2022.

## Food Processing

After the travel and other related challenges brought on by Covid-19, Grassroots has been successful in product listings internationally and locally with significant growth potential. Grassroots doubled its revenue and improved its net operating result by 192% compared to the comparable period.

Montagu has also finalised its relocation efforts to their new location in Cape Town which is closer to our distribution network and clients whilst unlocking efficiencies in this purpose built facility. The facility also allows the company to accommodate its growth ambitions for the business. Our short- to medium-term outlook remains constrained due to the subdued business environment and consumer discretionary spending being under pressure.

# Financial Results

Our key highlight for the period under review is our continued improvement in our quality of earnings. We managed to grow our operating profit before capital items by 83% to R244 m for the period under review. Our net profit before taxation grew by 108% to R129m whilst maintaining our gross profit margin (normalised by excluding the Energy & Logistics segment and grain trading). Our expectation is an increase towards our financial year end.

Acorn Agri & Food reports record growth in revenue of 90% to R9.1 bn (2021: R4.8 bn). Gross profit increased by 39% to R722 m (2021: R520 m).

Total headline earnings for the Group increased by 24% to R57 m (2021: R46 m). Adjusted headline earnings remained consistent at R62 m.

## Financial position

The group's financial position remains strong and has access to net cash of R357 m with no debt on the investment holding company level. Our businesses are appropriately geared.

## Cash flow

Cash flow management and access to short-term finance remain a top priority in our current business environment and volatile prices pertaining to input costs. Net cash of R166 m was generated from operating activities (2021: R294 m).

The Group increased cash and cash equivalents during the first six months by R114 m. The net increase relates to generating R166 m cash from operating activities (2021: R294 m), a net cash outflow of R80 m (2021: R22 m) pertaining to investing activities and a R29 m inflow (2021: R96 m outflow) pertaining to financing activities, including dividends to shareholders amounting to R75 m.

## Dividend

As is customary for our Group, no dividend was declared for the interim period.

## Outlook

Our focus remains on executing our long-term strategy, building resilience, and positioning our investment companies for sustainable, long-term growth. Higher costs due to inflationary pressure will bring a renewed focus on efficiencies and savings to compensate for this.

A direct result of our new strategy will be a re-evaluation of our portfolio composition for investments that do not fit our strategy of supporting food security.

Our short to medium-term outlook on the subdued consumer environment and low market prices for our agri-production business remains a reality.

We anticipate continued good conditions for the coming production season following the previous above-average harvest. This should result in sustained favourable knock-on effects supporting our financial performance for the remainder of the 2023 financial year.

## Appreciation

We extend our utmost gratitude to our employees, shareholders, partners, loyal customers and suppliers who remain integral to our sustainability and success.

Cobus Visser  
Chairperson

André Uys  
Chief executive officer

## Unaudited summarised consolidated statement of financial position

|                                                             | Unaudited six months  | Audited year ended                 |                         |
|-------------------------------------------------------------|-----------------------|------------------------------------|-------------------------|
|                                                             | 31 August 2022<br>R'm | 31 August 2021<br>Restated*<br>R'm | 28 February 2022<br>R'm |
| <b>ASSETS</b>                                               |                       |                                    |                         |
| Non-current assets                                          | 3 617                 | 2 786                              | 3 675                   |
| Current assets                                              |                       |                                    |                         |
| Biological assets: consumables                              | 128                   | 117                                | 169                     |
| Inventory                                                   | 809                   | 550                                | 833                     |
| Trade and other receivables                                 | 3 251                 | 2 110                              | 1 622                   |
| Cash and cash equivalents                                   | 547                   | 726                                | 390                     |
| Other current assets                                        | 175                   | 180                                | 140                     |
| <b>Total assets</b>                                         | <b>8 527</b>          | <b>6 469</b>                       | <b>6 829</b>            |
| <b>EQUITY AND LIABILITIES</b>                               |                       |                                    |                         |
| Equity                                                      | 3 285                 | 3 251                              | 3 361                   |
| Non-current liabilities                                     | 1 231                 | 619                                | 724                     |
| Current liabilities                                         |                       |                                    |                         |
| Borrowings and lease liabilities                            | 2 467                 | 1 859                              | 1 458                   |
| Other current liabilities                                   | 1 544                 | 740                                | 1 286                   |
| <b>Total equity and liabilities</b>                         | <b>8 527</b>          | <b>6 469</b>                       | <b>6 829</b>            |
| Number of issued shares ('000)                              | 142 738               | 144 687                            | 144 687                 |
| Treasury shares held by subsidiaries ('000)                 | 14 560                | 14 226                             | 14 282                  |
| Net asset value per share, excluding treasury shares (rand) | 23.08                 | 22.75                              | 23.12                   |

## Unaudited summarised consolidated statement of profit or loss

|                                                      | Unaudited six months  | Audited year ended                 |                         |
|------------------------------------------------------|-----------------------|------------------------------------|-------------------------|
|                                                      | 31 August 2022<br>R'm | 31 August 2021<br>Restated*<br>R'm | 28 February 2022<br>R'm |
| Revenue                                              | 9 106                 | 4 803                              | 11 219                  |
| Fair value adjustment - biological asset: consumable | (39)                  | (40)                               | 10                      |
| Cost of sales                                        | (8 345)               | (4 244)                            | (10 072)                |
| Gross profit                                         | 722                   | 520                                | 1 158                   |
| Operating profit before capital items                | 244                   | 133                                | 326                     |
| Net finance costs                                    | (101)                 | (50)                               | (107)                   |
| Profit from equity accounted investments             | 2                     | 2                                  | 3                       |
| Profit before taxation                               | 129                   | 62                                 | 200                     |
| Taxation                                             | (51)                  | (1)                                | (38)                    |
| Profit for the year                                  | 78                    | 61                                 | 161                     |
| Headline earnings                                    | 57                    | 46                                 | 126                     |
| Adjusted headline earnings**                         | 62                    | 62                                 | 150                     |

\*\* Adjusted for impairment on loans to Berekesanang Empowerment Farm (Pty) Ltd

## Unaudited summarised consolidated statement of cash flows

|                                                                    | Unaudited six months  | Audited year ended    |                         |
|--------------------------------------------------------------------|-----------------------|-----------------------|-------------------------|
|                                                                    | 31 August 2022<br>R'm | 31 August 2021<br>R'm | 28 February 2022<br>R'm |
| Cash flows from operating activities                               | 166                   | 294                   | 392                     |
| Working capital changes                                            | (75)                  | 147                   | 15                      |
| Other                                                              | 241                   | 147                   | 377                     |
| Cash flows utilised in investment activities                       | (80)                  | (22)                  | (825)                   |
| Acquisition of property, plant and equipment                       | (106)                 | (98)                  | (161)                   |
| Other                                                              | 26                    | 75                    | (664)                   |
| Cash flows from / (utilised in) financing activities               | 29                    | (96)                  | 242                     |
| Dividends paid                                                     | (75)                  | (45)                  | (49)                    |
| Other                                                              | 104                   | (51)                  | 291                     |
| Net cash increase / (decrease) for the year                        | 114                   | 176                   | (191)                   |
| Net cash, cash equivalents and overdrafts at beginning of the year | 243                   | 434                   | 434                     |
| Net cash, cash equivalents and overdrafts at the end of the year   | 357                   | 610                   | 243                     |

\* Prior year comparatives have been restated for the effect of the reclassification of ACG Fruit and Boltfast from discontinuing operations to continuing operations. The prior period headline earnings have also been restated to include an impairment loss on loans to Berekesanang Empowerment Farm (Pty) Ltd.