



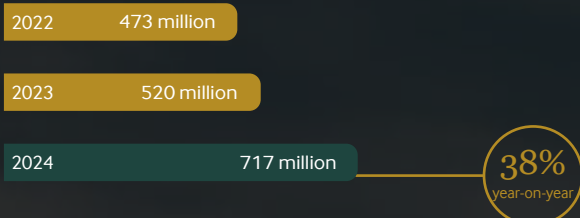
AAF

2024

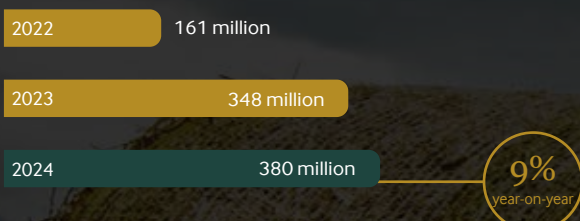
Acorn Agri & Food
Annual Report

Financial highlights

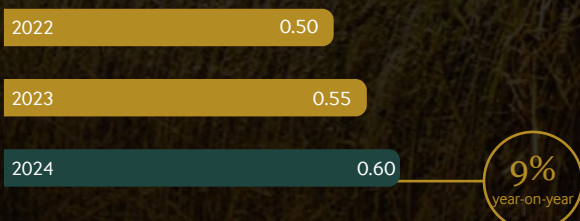
Aggregated earnings before interest, tax, depreciation and amortisation from Portfolio Companies (excluding capital items) (rand)



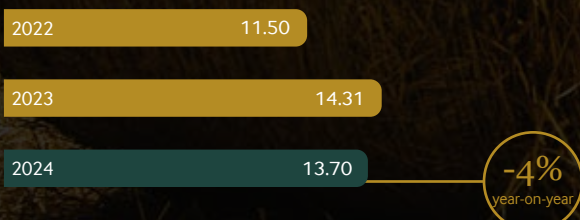
Consolidated statutory (AAF) profit after tax (rand)



Dividend per share (rand)



Share price (rand per share)



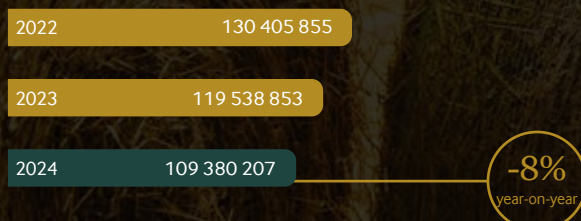
Net asset value per share (rand per share)



AAF's net assets attributable to shareholders (rand)



Shares in issue (net of treasury shares)



Performance

Acorn Agri & Food (AAF)

Capital performance

- Net asset value increased by 16% to R29.93 per share (2023: R25.77).
- R434 million of capital has been returned to shareholders in the last two financial years:
 - » R302 million has been utilised in the share repurchase programmes
 - » R132 million has been distributed in dividends
- Approximately 10 million company shares (8% of issued share capital) have been purchased or repurchased by AAF Invest and AAF for the period under review. This is consistent with our strategic repurchase programmes.
- Progress has been made towards our optimal capital deployment of our portfolio and within our investments:
 1. We have disposed of our raisin farm in Kanoneiland, Northern Cape, Oberholzer & Seuns (Pty) Ltd, during the current financial year. The proceeds of this transaction were equal to the net asset value of the farm.
 2. We have disposed of one of our grape farms in Kakamas, Northern Cape, Ouberg (Pty) Ltd, post-year-end. The proceeds of this transaction were approximately R3 million more than the net asset value of the farm.
 3. Restructured the debt in Kyron and released R50 million to shareholders (post year-end).
 4. Repayment of group loans of R83 million.
- We have acquired a 36% stake in RSA Group post-year-end, subject to fulfilment of conditions precedent, for a consideration of R214 million. The consideration payable is in the form of AAF shares, held by AAF Invest (Pty) Ltd, at R16 per share, and a deferred consideration portion. We believe this earnings enhancing asset will add value to our portfolio above its profit contribution on a light capital structure.
- Consolidated statutory profit after tax amounted to R380 million for the year ended 29 February 2024.

Portfolio Company performance

- 38% growth in earnings before interest, tax, depreciation and amortisation (EBITDA*) from Portfolio Companies to R717 million (2023: R520 million).
- Growth in profit after tax from Portfolio Companies to R242 million (2023: R14.1 million).
- Increase in earnings attributable to AAF shareholders from Portfolio Companies to R192 million (2023: R35 million loss).
- Majority of the Portfolio Companies reported cash positive results for the 2024 financial year.
- Dividend income and discretionary management fees from Portfolio Companies increased by 89% to R166 million for the 2024 financial year (2023: R88 million).

* All references to EBITDA in this report exclude capital items (and equates to operating profit before capital items, excluding depreciation and amortisation, as referenced in the annual financial statements).

Moov Fuel Group

- Moov Fuel Group achieved growth of 16% to EBITDA of R224 million, which positively impacted its valuation.
- Moov Fuel increased volumes by 7% while improving margins. Net profit per litre increased by 17%.
- Bachmus Oil & Fuel's volumes decreased by 33% due to normalisation of bunkering export sales. However, gross profit per litre improved by 38% due to diversification strategy adopted to expand its commercial business (50% increase).
- Bachmus Oil & Fuel continues to far exceed our expectations, with an IRR of 107% as at 29 February 2024.

Kyron Group

- Kyron achieved growth of 12% to EBITDA of R190 million, which positively impacted its valuation.
- Valuation increased by 28% due to financial outperformance.
- Successfully renegotiated the debt position within the company and further unlocked capital for shareholders whilst ensuring a sustainable debt position within the company.

Overberg Agri Group

- The Western Cape floods in September 2023 caused significant damage to infrastructure and agriculture. The harvest proved to be especially challenging. The weaker barley harvest combined with lower commodity prices impeded Overberg Agri's valuation.
- Large once-off write-offs due to malting barley and other once-off events resulted in a cumulative write-off of R40 million. We believe this is non-recurring in nature.
- Overberg Agri Group's performance on an EBITDA basis was respectable, with a reported EBITDA of R206 million (15% increase).

ACG Fruit Group

- Fortunately, ACG Fruit was not significantly impacted by adverse weather conditions in our operating areas during the 2023/2024 harvests of table grapes and citrus.
- ACG Fruit recorded an EBITDA of R50 million (208% increase). This reflects management's efforts to manage costs, obtain higher yields, use farmland optimally, and exploit all opportunities to maximise shareholder value.
- Our 2023 citrus harvest was characterised by the abnormally low weight of our fruit. However, the financial results have been positively impacted by eased costs relating to transportation, port delays and a more favourable price, in part due to the weakening of the rand. ACG Fruit produced and exported 874 000 cartons of citrus.
- The 2024 table grape harvest produced a record yield. However, severe port congestion significantly hampered exports in the critical window of mid-December to mid-January, especially at Cape Town harbour. A large portion of our table grape harvest arrived in Europe almost three weeks late, significantly impacting quality and claims from our customers. This was mitigated by a more favourable price and weakening of the rand related to our sound deliveries. ACG Fruit produced and exported 2.3 million cartons of table grapes.

Contents

Performance	1
About this report	3
Our investments	4
About AAF	6
Chairperson's statement	9
Fund Managers' report	11
Acorn Venture Partners	11
Performance evaluation	11
Portfolio summary	12
Responsibility	12
Outlook for financial year ending 2025	18
Portfolio performance	19
Overberg Agri Bedrywe	19
Kyron Group	20
Moov Fuel	21
ACG Fruit	22
Bachmus Oil & Fuel	23
P&B Lime Works	24
Overberg Wealth & Risk Management	25
Overberg Meat	26
Boltfast	27
Montagu Snacks	28
Financial summary	29
Extracts from the statement of financial position as at 29 February 2024	29
Extracts from the statement of profit or loss for the year ended 29 February 2024	30
Extracts from the statement of changes in equity for the year ended 29 February 2024	31
Extracts from the statement of cash flows for the year ended 29 February 2024	32
Overview of investments held through profit and loss with key assumptions and value drivers	33
Environmental, social and governance	34
Environmental	34
Social	34
Social and ethics report	35
Corporate governance report	35
Remuneration report	40
Shareholders' information	41

For more information, please see our website:

- Remuneration and implementation report
- Audited consolidated financial statements

About this report

Scope and boundary

This report covers the performance of Acorn Agri & Food (AAF) and its investments for the year ended 29 February 2024 (hereafter referred to as “the year”). It provides our key stakeholders with material information relating to our business, strategy, performance, governance and prospects. This report defines short-term as less than 12 months, medium-term as one to three years, and long-term as beyond three years. Extracts from the financial results are published in the annual report. The audited annual financial statements are available on the website at www.acornagri.co.za/financial-information.

Independent assurance

The annual financial statements were prepared following IFRS Accounting Standards (IFRS) and the Companies Act of South Africa (Companies Act). They were externally assured by the Company’s external auditor, PricewaterhouseCoopers Inc. (PwC), who expressed an unmodified opinion thereon. The financial information in the annual report is extracted from the audited annual financial statements.

Approval of the board

The annual report was reviewed by the Board and executive team. The Company’s Board acknowledges responsibility for the integrity of the annual report. The Audit and risk committee, responsible for oversight of the annual report, recommended the report to the Board for approval. In the Board’s opinion, the annual report is a fair, balanced and unprejudiced representation of the business’s integrated performance, strategy, governance processes, material matters and prospects over the short, medium and long term. Accordingly, the Board approved the 2024 annual report for publication on 16 May 2024.

Douw de Kock
Chairperson

Pierre Malan
Chief Executive Officer

Feedback

We value your feedback on improving our annual report.

Kindly direct any comments or suggestions to:
Email: investors@aaftservices.co.za | Tel: 021 852 2887

Our investments

We invest in companies that support food security

16%

Increase for Net Asset Value
per share

Overberg Agri (100%)

Fair Value of our investment: R866 million

Supplier of agricultural inputs and services, grain and business partner of choice.



R7.91

Kyron Group (100%)

Fair value of our investment: R846 million

Leading animal health business.



R7.74

Moov Fuel (69%)

Fair value of our investment: R512 million

Supplying and delivering the highest quality fuel, lubricant and liquefied petroleum gas (LPG) products.



R4.68

Bachmus Oil & Fuel (35%)

Fair value of our investment: R88 million

Specialises in supplying various lubricants, oils and hydraulics for multiple applications in the industrial, mining, marine, agriculture, automotive, manufacturing, energy and construction industries.



R0.80

ACG Fruit (100%)

Fair value of our investment: R448 million

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



R4.10

RSA Group (36%)

Fair value of our investment: No value, acquired post year end, subject to fulfilment of conditions precedent.

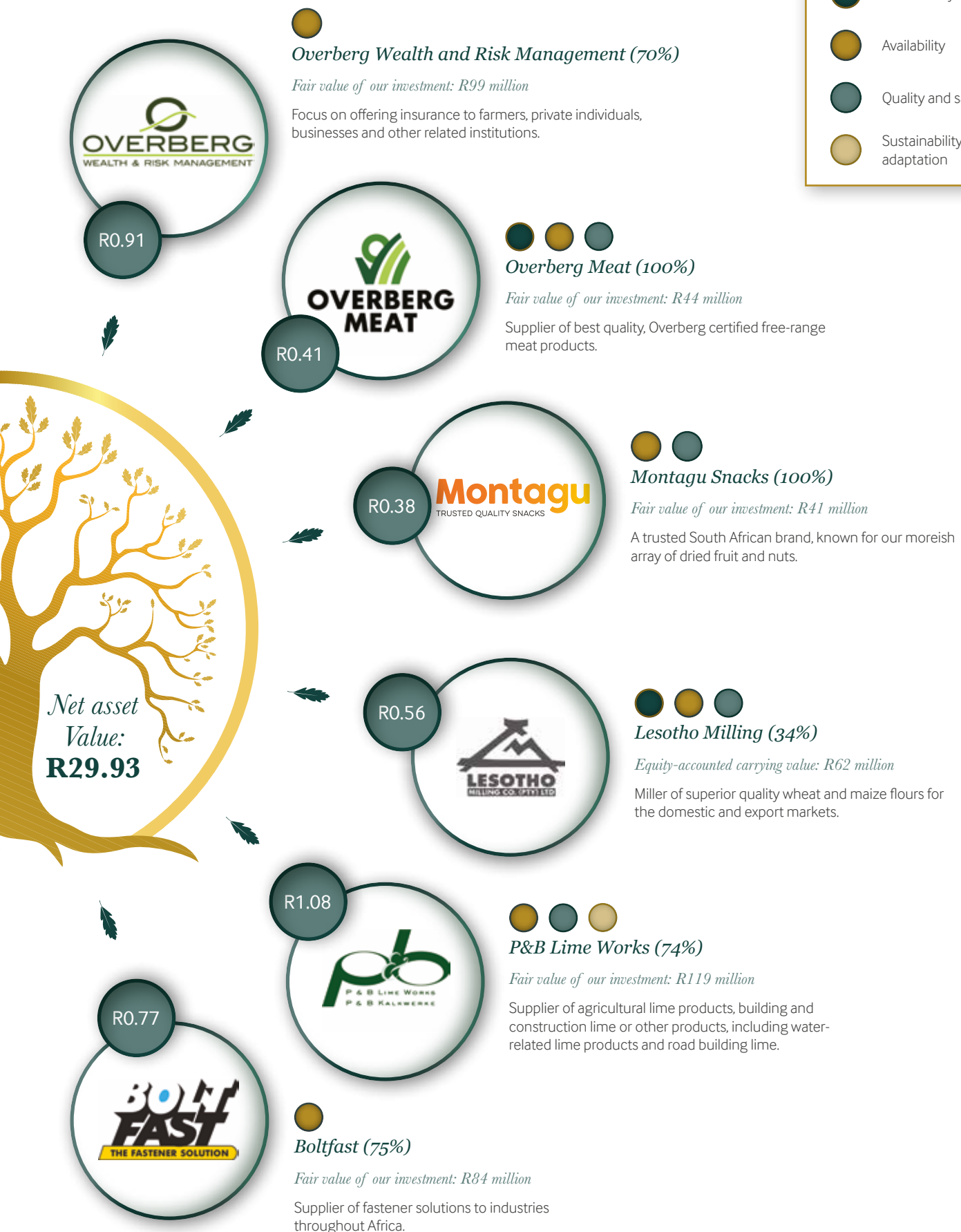
Specialises in the sales and marketing of fresh fruit and vegetables on behalf of farmers in all marketing channels: markets, export, retail and e-commerce.



Note: For more information regarding the valuations and valuation methodology, refer to section Overview of investments held through profit and loss on page 33.

Food security legend

-  Affordability
-  Availability
-  Quality and safety
-  Sustainability and adaptation



Corporate items (Cash and cash equivalents, Accounts receivable and loan receivables, and Other) equate to R0.59 per share.

About AAF

AAF is an investment vehicle that invests in companies that support food security – “*Growing the Future*”. Our capital is deployed and used to support and secure available, affordable, quality and sustainable food on the continent.

AAF is managed by a Fund Manager, Acorn Venture Partners (Pty) Ltd (AVP). AVP qualifies as a black Fund Manager under BBBEE codes, and is appointed by AAF Invest (Pty) Ltd (AAF Invest). AAF Invest is the Company's wholly owned subsidiary and intermediate investment holding company, and operates as a private equity fund. AAF has a net asset value of R3.2 billion and fair value of R29.93 per share (2023: R25.77 per share).

With effect from 28 February 2023, AAF's status changed to that of an investment entity as defined in IFRS 10 *Consolidated Financial Statements* and detailed on page 14 in the accounting policies of our annual financial statements impacting the comparative information, particularly relating to the statement of profit and loss.

This change required the Company to cease consolidating its subsidiaries (other than those providing services related to its investment activities, i.e. AAF Services (Pty) Ltd) as of 28 February 2023. Instead, such subsidiary investments are carried at fair value, with subsequent changes in fair value being recognised in profit or loss.

Our purpose

Is to support a transformed business landscape that has a positive impact on ensuring long-term sustainable food security for Southern Africa.

Growing the future

Our Values



Trusted Relationships: We are committed to building strong relationships with all our stakeholders.



Supportive Nature: We strive to be the solid foundation upon which others can grow their potential.



Transparency: We believe that honesty and transparency is the best policy to create trust.



Fairness: We treat others justly and without discrimination.



Passion: We are passionate about our business, its purpose and its people.

Strategy

Our investment strategy is based on three strategic pillars in order to maximise shareholder value:

Partnership, Optimisation and Growth

At AAF, we aim to maximise shareholder value through our investment strategy, which is built on these three strategic pillars. Our approach is to invest in companies with strong management teams, potential for growth and sustainable competitive advantages. We work closely with the management teams to create long-term value by implementing strategic and operational improvements.

Food security

What is food security to us?

Food security is creating and supporting an environment where all people, at all times, have physical and economic access to sufficient, safe and nutritious food.

It is not just about food

Creating a sustainable food economy is not only about the food itself. It is a combination of factors, including how food is produced, packaged, distributed, and consumed. This includes caring for and upholding livestock and crops, and supporting the local and regional economies that offer jobs.

Based on the Global Food Security Index, South Africa ranked 59th out of the 113 countries included in the 2022 study, eight ranks lower than in 2021. The two main drivers for this decline are the insufficiency of food supply (Availability), and the nutritional standards of food (Quality and Safety). The opportunity is even greater in Sub-Saharan Africa, as the Global Food Security Index found it to be the least food secure region globally. Concerns surrounding the availability of affordable food are paramount for the region. A high percentage of the population is under the global poverty line, and food safety-net programmes are underprovided.

Food security in Southern Africa

Achieving food security is fraught with challenges. Adverse weather conditions, political instability, and economic factors like unemployment and rising food prices all impact food security status. Additionally, food insecurity is characterised by the presence of hunger, starvation, malnutrition, or even the fear of facing food shortages. These remain significant issues in many parts of the world, particularly in Southern African countries. The complexity of food insecurity demands urgent, practical solutions. Targeted policies and interventions are needed to ensure that individuals, households, communities and nations have reliable access to quality food.

In Southern Africa, all these factors are an unfortunate reality. Rapid population growth and increased urbanisation continue to create demand for the agricultural sector. The food consumption rates in the country are rising five to six times faster than the local production. Producers struggle with deteriorating infrastructure, unreliable energy supply and ever-increasing cost of doing business. At the same time, they need to service ballooning farming debt with high interest rates. This results in record food inflation as costs are passed on to the customer, impacting many South Africans' ability to afford sufficient food.

What is our role?

We see an opportunity to be part of the solution. We can improve food security in South Africa by investing in and growing companies that contribute to ensuring that all South Africans have access to safe and nutritional food. We aim to do this predominantly by supporting the primary producer. We must ensure that farmers have all the expertise (service or product) they need to farm efficiently in both yield and cost. Reducing the costs and increasing the supply for the end consumer. As “it's not land that produces food, it's expertise”. Through our new acquisition of a 36% interest in the RSA Group post-year-end, as discussed in the Fund Manager section on page 11, we will have an opportunity to have significant influence in a business that operates in distributing fresh produce from the producer to the consumer predominantly in the informal, but also in the formal sector.

We critically evaluated our investment portfolio using the Economist's Global Food Security Index scoring system. As seen in our Food Security Matrix below, we contribute to each of the pillars listed. Our two greatest contributions to food security are Availability and Quality and Safety.

Who do we invest in?

We invest in companies that support food security. Companies will be evaluated based on the matrix below and the financial criteria mentioned in the Fund Manager section on page 12.

Food security matrix and our investments

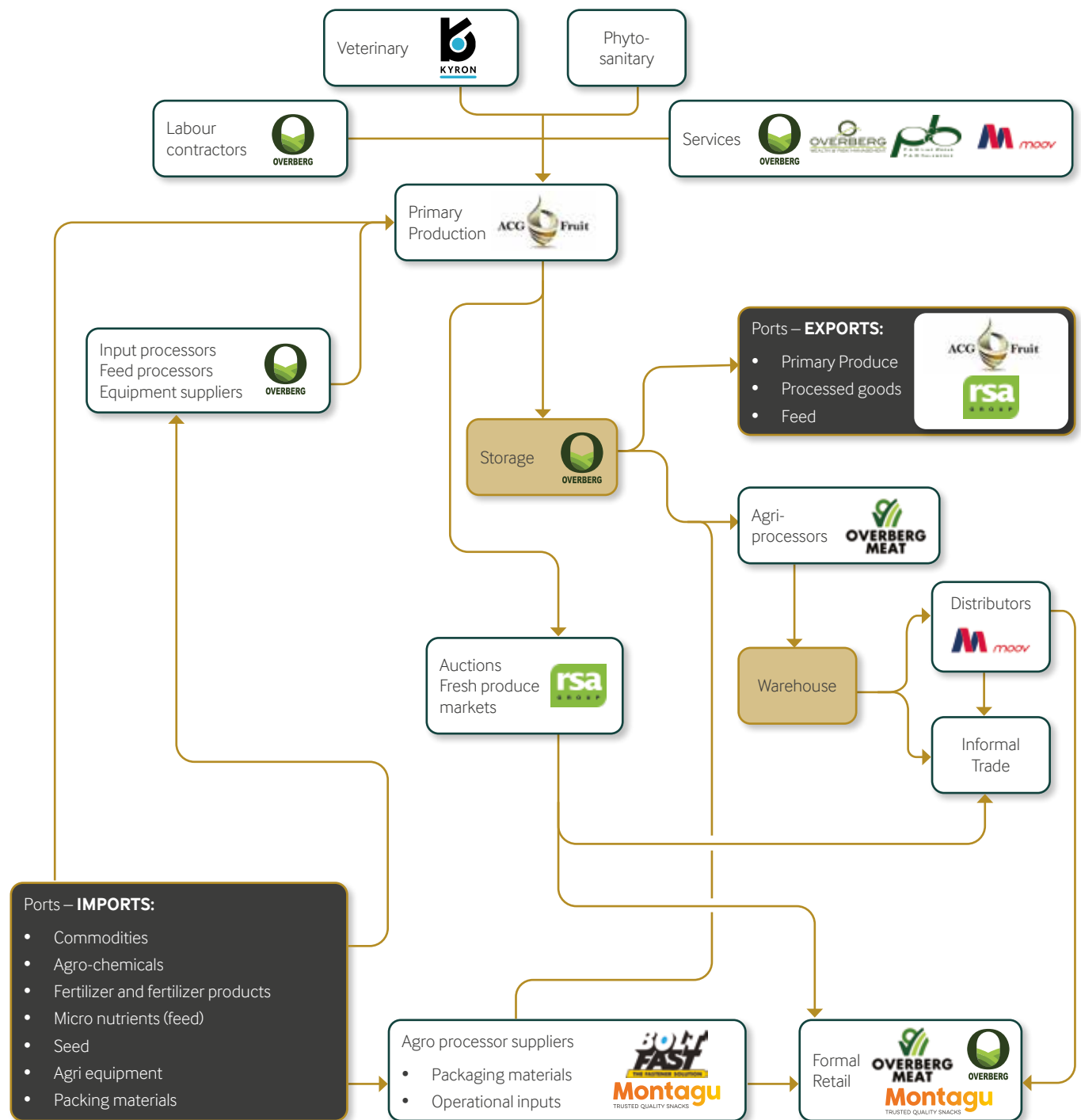
Most significant contributions to food security:

	Affordability	Availability	Quality and safety	Sustainability and adaptation
Overberg Agri		Overberg Agri provides access to crop storage facilities and other agricultural inputs and services.	Overberg Agri ensures that grain and grain products can be stored safely.	
Overberg Wealth & Risk Management (OWRM)		OWRM provides farmers access to various financial products.		
Moov Fuel & Bachmus		Moov Fuel's vehicle fleet and fuel supply contribute to supply chain infrastructure.		
Kyron Group		Kyron plays a critical role in ensuring animal health, resulting in less livestock loss to diseases.	Kyron provides medication for both the production and companion animal health markets, ensuring safer meat for customers.	Kyron plays a critical role in ensuring animal health, resulting in less livestock loss to diseases.
ACG Fruit	ACG Fruit sells its products locally and to export markets, allowing for competitive pricing.	ACG Fruit is directly involved in producing and packing table grapes and citrus.	ACG Fruit ensures it meets the required safety standards set by the Global GAP, SIZA and BRCGS guidelines by successfully passing the required audits.	
P&B Lime Works		P&B Decarb Lime removes CO ₂ from the air and allows fresh produce to be stored for longer.	Lime products are used in water purification processes, assisting in the supply of clean and safe water. P&B Lime Works is ISO 9001:2015 certified.	Calim is a product that helps control the spread of foot-and-mouth diseases, making it a valuable tool for disaster risk management
Boltfast		Boltfast produces products used in the agriculture industry, supplying bolts and fasteners used in agricultural equipment and infrastructure.		
Overberg Meat	As a meat supplier, Overberg Meat ensures that prices remain competitive in the meat industry.	Overberg Meat is a supplier of red meat products, ensuring the availability of a high-quality protein source.	Overberg Meat adheres to the Meat Safety Act and the FSA Audit Standards, including ISO 22000, BRC, IFS, SANS 10330 and SANS 10049. Moreover, employees are trained by the Red Meat Abattoir Association.	
Montagu Snacks		Montagu Snacks is a leading supplier of healthier snack products in South Africa.	Montagu Snacks' packaging facility is FSSC 22000 accredited and is audited annually by SGS, ensuring food safety standards and processes are met.	
Lesotho Milling	As a supplier of wheat and grains, Lesotho Milling ensures that prices remain competitive in the market.	Lesotho Milling produces and supplies wheat and maize flour to local and export markets.	Lesotho Milling has a food safety management system in its tenth year of ISO 22000:2005 certification. This ensures the produce meets all health standards, providing customers with safe and nutritional products.	
RSA Group*	RSA Group's main activity is acting as an agent for farmers, selling fresh produce on their behalf at fresh produce markets throughout South Africa. This allows for competitive pricing.	RSA Group's main activity is acting as an agent for farmers, selling fresh produce at fresh produce markets. This gives the public greater access to fresh produce, as buyers are a mix of private and commercial.		

* Post-year-end, AAF acquired a 36% interest in the RSA Group as further discussed in the Fund Managers' report on page 11.

About AAF (continued)

Critical infrastructure and network supporting food security:



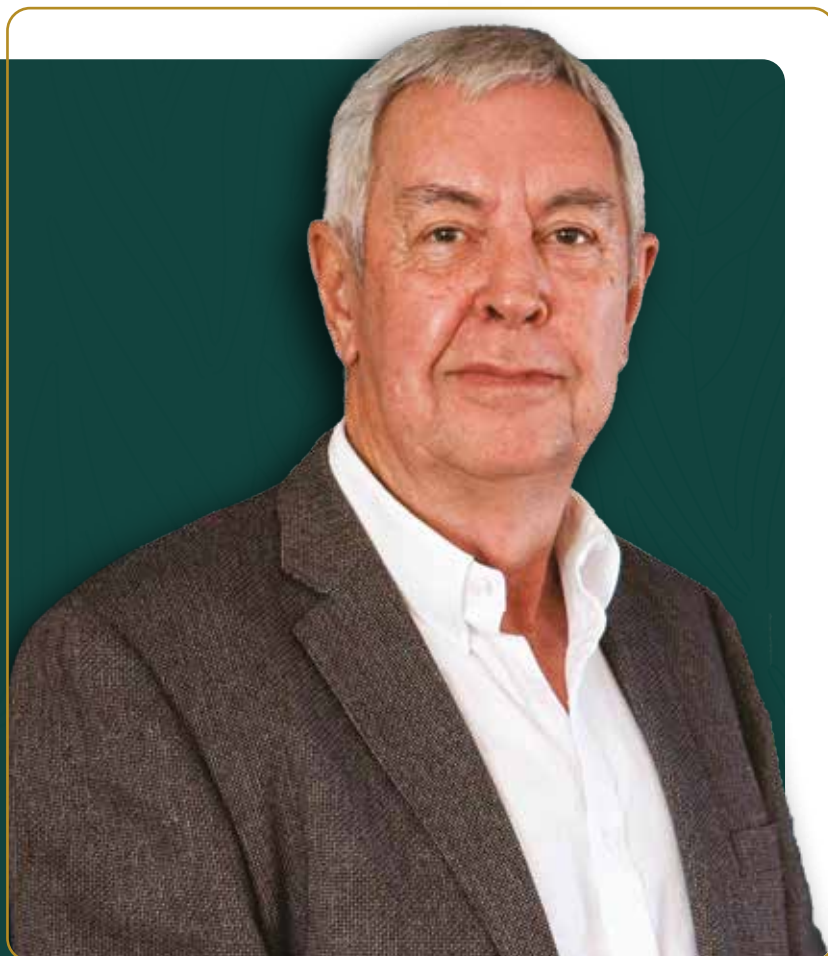
Essential support services



Chairperson's statement

“It's not land that produces food, it's expertise”

Douw de Kock



Year in review

Our 2024 results establish a strong foundation for the **next phase** of value creation, with our Portfolio Companies witnessing robust organic growth.

During 2022 and 2023, we took decisive action on our strategic direction. Focus remained on the composition of our capital base and performance within our Portfolio Companies, to benefit from a more favourable business environment. As we saw an easing of major input costs with inflationary pressure starting to stabilise, and supply chain pressures being alleviated globally our results reflect the positive momentum. On the other hand, high interest rates still prevail, and the cost of capital has increased, impacting growth. During our comparable reporting period, the JSE All Share Index contracted by 6% and the JSE South African Consumer Non-Cyclicals Price Return Index increased by 4.2%. The growth of our investments was 16% for the same period – an outperformance of more than 12 percentage points.

Dividend and discretionary management fees from Portfolio Companies increased by 89% to R166 million (2023: R88 million) for the current financial year.

As an investment holding company, balancing short-term opportunities with long-term fundamentals is critical. Our shorter-term priority continues to be ensuring our capital is optimally deployed. We do this by critically evaluating our portfolio companies' balance sheets and realising

our non-strategic assets, demonstrating this through several capital unlocking initiatives that resulted in repayment of shareholder loans and higher dividend yields, but also the disposal of two farms from the ACG Fruit Group.

We continued our strategic trajectory based on our core investment strategy of focussing on resilient companies with above-average market potential and leading brands, assets with strong market presence, pricing power and solid cash generation in supporting food security on this continent. We have diversified our investment portfolio with the acquisition of a 36% interest in RSA Group post-year-end, subject to fulfilment of conditions precedent. RSA Group is the leading broker in the fresh fruit produce market segment. This acquisition also provides a platform for our current portfolio companies to access the informal sector.

Looking ahead, we will enhance our focus on value creation within our portfolio. The majority of AAF's Portfolio Companies have shown their resilience with strong performance. They operate in industries with attractive fundamentals, with significant growth to come. We look forward to continued progress in delivering value to our shareholders and supporting our investments' sustainable growth, ensuring all stakeholders reap the benefits. We are enthusiastic about our portfolio's opportunities and passionate about the difference we can make in supporting food security in South Africa.

Chairperson's statement (continued)

Liquidity position

Our liquidity position at the end of the year was solid, at R53 million in cash and cash equivalents and access to a further R100 million of undrawn credit facilities. We remain debt-free at the investment holding company level and have an unencumbered balance sheet.

Our liquidity is primarily utilised in our share repurchase and dividend programmes. R434 million of capital has been returned to shareholders during the last two financial years. R302 million was utilised in the share repurchase/purchase programme with a further R132 million distributed as dividends. We will endeavour to continue with our share repurchase programme in the short to medium term, while ensuring capital is distributed in the form of growing dividends.

Capital sources, other than dividend income from our portfolio, are being explored. We will be able to fund exciting and significant growth opportunities within the Portfolio Companies as we embark on this next phase.

Company-by-company results

Operational performance of the most significant Portfolio Companies is highlighted below:

- Kyron Group has delivered another strong operational performance, with EBITDA growth of 12% to R190 million for the year. This was driven largely by the Animal health division, capitalising on market opportunities and securing significant distribution agreements. AniPharm, a bolt-on acquisition for Kyron, recently completed construction of a new manufacturing facility that will service the export market.
- Overberg Agri Group has had a challenging year on a net profit level. This was due to significant once-off write-offs pertaining to barley rejections. The 2023/24 harvest proved to be especially challenging. The September 2023 floods in the Western Cape significantly damaged infrastructure and agriculture in general, and delayed harvests. Load shedding remains a challenge, with costly alternative energy sources being required.
- Moov Fuel had an exceptional year, with volume gains and improved margins. Net profit per litre increased by 17%. This was largely due to the new Trading division spearheading a new procurement strategy. Another contributor was the significant change in the RAS model allocation, announced in December 2023, which impacted the entire fuel logistics and infrastructure business. Moov Fuel Group reported EBITDA of R224 million for the financial year (increase of 16%).
- ACG Fruit has seen the benefits of management's continuous efforts to manage costs, obtain desired yields, use farmland optimally, and exploit all opportunities available. Consequently, it reports an EBITDA of R50 million (208% increase).

AAF's change to investment entity status

This year was the first of AAF's transition to an investment entity. With AAF's change in accounting policy to apply the investment entity consolidation exemption, our portfolio consolidated earnings will no longer be reported in the statutory income statement of AAF.

Aggregated net profit of the portfolio attributable to AAF has increased to R192 million. The Board believes that net profit after tax of the underlying investments is still an indicator of performance, due to external factors affecting valuations. These include the high interest rate cycle and increased equity market premium due to the recent greylisting of South Africa.

The reported earnings is positively impacted by fair value gains from our portfolio as well as the R166 million discretionary management fees and dividends received from portfolio companies.

Empowerment

Through AAF Invest's Fund Management Agreement with AVP, a majority black-owned Fund Manager, we have successfully empowered AAF Invest as a "black fund". Thereby we have enabled our Portfolio Companies to enhance their respective B-BBEE scorecards with AAF Invest's black ownership credentials. This is in line with our strategy to support a transformed business landscape.

Share performance

The discount between the share price to AAF's intrinsic value remains a challenge for the management team, with liquidity of AAF's shares being the biggest hurdle. As the Board, we believe that as performance improves, the share price will follow.

AAF's reported net asset value (NAV) on 29 February 2024 amounts to R29.93 per share, representing a 118% premium to the share price. The Portfolio performance section of this annual report provides an overview of our investment portfolio. This includes detailed company information and summarised results. Information on their respective fair values is available in the annual financial statements on the Company's website.

Throughout the year, the share price moved between R10.40 (low) and R14.00 (high). Trading of AAF's shares remained thin at 0.55% of shares in issue, excluding shares repurchased and off-the-market transactions.

We remain committed to unlocking shareholder value via the redeployment of capital, as explained in the Fund Manager's report on page 13.

Environmental, social and governance (ESG) considerations

We are committed to effecting change for the better and providing positive influence where we do business. Sustainability, social responsibility, integrity and ethics are integral to our everyday activities. Our investments have similar long-standing commitments to these values. The Environmental, Social and Governance considerations section of this annual report sets out further information and initiatives on these aspects, found on page 34.

Annual general meeting (AGM)

The AGM of shareholders will be held at Arabella, Kleinmond on 12 June 2024 (the AGM). The Notice of the AGM is available on our website and has also been distributed separately to all shareholders.

Appreciation

I sincerely thank our Portfolio Companies and management teams for their hard work and esteemed leadership through another difficult year. We appreciate our Board members, whose insight and efforts have been instrumental in the Company's success over the past year and whose guidance we will rely on again in the coming year.

On behalf of the Board, I would like to express our appreciation to our stakeholders, including employees, shareholders, partners, valued customers, and suppliers. The success of AAF remains a team effort. Our constant endeavour at AAF is to create value for you and serve you to the best of our abilities.

Douw de Kock
Chairperson

Fund Manager's report

1. Acorn Venture Partners (“AVP”)

High performing team is critical to success	<p>The 2024 financial year was the first year of the new Fund Manager Agreement, appointed by AAF Invest, with AVP as the investment adviser of the Company and its Portfolio Companies, governed by the investment management agreement and a corporate governance policy.</p> <p>AVP's active participation includes representation on the Board of directors, continuous analysis and monitoring of performance, corporate restructuring, optimisation initiatives, acquisitions, disposals, third-party financing, and assistance with legal and financial matters, among others.</p> <p>AVP has significant institutional investment experience and deep sector knowledge. AAF operates in a fast-paced and dynamic environment. Therefore, we require a team that has entrepreneurial spirit and is focused on the collective success of AAF. AVP is exclusively contracted to the Company and its Portfolio Companies.</p>
Enhancing our empowerment credentials	<p>AVP is a majority black-owned Fund Manager. African Rainbow Capital (ARC) indirectly owns 51% and the executive directors and investment management team own 49%.</p>
Working together with “skin in the game”	<p>As of the reporting date, shareholders or affiliates to the shareholders of AVP collectively own 18.26% of AAF's ordinary shares. Their financial and non-financial interests are aligned with that of AAF. This enables AVP to deliver on their value-enhancing strategy and deliver sustainable results over the long term.</p>
Our leadership team	<p>AVP is overseen by its leadership team: Chairperson, Robert Goff; CEO, Pierre Malan; and two executive directors, Andries Geertsema and Charmaine Padayachy.</p> <p>The leadership team is supported by a team of nine investment and industry professionals situated in Somerset West and appointed by AAF Services (Pty) Ltd.</p>

2. Performance evaluation

The Fund Manager and the Company agree on priorities of financial and non-financial measures on an ongoing basis. These are reviewed at least once a year but with quarterly interactions and formal feedback.

As part of the key financial performance criteria, one of AAF's targets was to achieve aggregated underlying portfolio investment earnings (excluding ACG Fruit) of R2 per share in 2024. We are extremely pleased to report that this was achieved (net of treasury shares) at R2.00 per share on a recurring basis. Our statutory results reported earnings per share of R3.48 on AAF level. Further to this, AAF aims to outperform key financial indices around equity growth on a per share basis. AAF achieved a 16% growth in net asset value per share for the year.

For the same period, the JSE All Share Index declined by 6.44%, the JSE Top 40 Index declined by 7.45%, the MSCI Emerging Markets Index increased by 10.85% and the JSE South Africa Consumer Non-Cyclical Price Return Index increased by 4.29%. AAF has outperformed all these comparable indexes.

The past year saw many opportunities for potential transactions. However, we have found that corporate action is taking longer than expected in the current economic climate. At AAF we remain agile and committed to our strategy. In doing so, we ensure that we can unlock capital and optimise the redeployment thereof.

We remain committed to realising our non-core assets in the short term.

Returns delivered during AVP's tenure

Since 31 August 2022, AAF has bought back 19 million shares at an average share price of R13.73 per share, returning R262 million in capital to shareholders with an additional R66 million in dividends paid (Further R65 million to be paid on 1 July 2024). AVP has managed to provide an internal rate of return (“IRR”) of 25.9% based on share price growth and capital returned to shareholders via dividends or indirectly through share buyback programmes, and a 20.6% IRR on a net asset value per share basis over its period as Fund Manager.

As a result of the share buyback programme that ran throughout the year, AAF was able to repurchase 10 million shares. Resulting in an uptick of R2.54 (8.5%) net asset value per share for remaining shareholders.

Events after the reporting period

AAF Invest acquired a 36% stake in Interaction Marketing Services Holdings (Pty) Ltd (trading as RSA Group) effective on 1 May 2024, subject to fulfilment of conditions precedent, for a purchase consideration of R214 million. Settled with the issue of 10 480 000 AAF shares, held by AAF Invest (Pty) Ltd, at R16 per share and a deferred consideration portion, to be settled with cash or AAF shares, that remains outstanding until November 2026 based on the outcome of certain contractual terms agreed.

AAF Invest further purchased 1 268 429 AAF shares for a consideration of R14 598 190 after year-end.

Fund Manager's report (continued)

3. Portfolio summary

	Weighting %	2024 R'm	2023 R'm	Movement %
Investments				
– Overberg Agri Group	29.5	965	1 044	-8%
– Kyron Group	25.8	846	675	+25%
– Moov Fuel Group	18.3	600	497	+21%
– Other investments	24.4	798	824	-3%
Cash and cash equivalents	1.6	53	26	+104%
Accounts receivable and loan receivables	0.7	22	24	-13%
Other	(0.3)	(11)	(10)	+4%
NAV to ordinary shareholders	100	3 273	3 080	
Number of issued shares (excl. treasury)		109 380 207	119 538 853	
NAV per share		29.93	25.77	

4. Responsibility

The Fund Manager is primarily responsible for implementing the strategic direction as adopted by the Board, and managing its associated risks:



4.1. Implementation of strategic direction

As of 28 February 2023, AAF ceased operating as a conglomerate. Instead, it started its pursuit of opportunities as an investment entity with the purpose of investing in companies that support food security in Southern Africa.

Food security depends not only on the quality of the food, but also on how it is produced, packaged, distributed, and consumed. Considering the lingering threat to global food security, we deem it paramount to do our part to support food security. As discussed on page 6, the Economist's Global Food Security Index provides the four basic pillars of food security. Our investments were evaluated based on the criteria of Affordability, Availability, Quality/Safety, and Sustainability/Adaptation. We continually assess our investments against these benchmarks in supporting food security.

The responsibility of the Fund Manager is to evaluate our investments on an ongoing basis, thereby ensuring Portfolio Companies operate at an optimal working capital level, as well as to reassess the capital structure of investments to ensure we can respond and capitalise on opportunities in line with their and our long-term strategic intent.

4.2 Growth through consolidations/acquisitions

Our investment criteria are:

- Profitable small to mid-sized companies. We do not invest in early-stage or start-up companies.
- Companies with proven products or services that support food security.
- Companies with strong, incentivised, high-quality management teams with proven track records.

- The Company must have audited financial statements showing strong cash flow, recurring revenue and consistent growth.
- Companies operating in a growing, profitable market with innovative and scalable business models.
- Minimum target return on investment of 16%.

We believe the agriculture and supporting industry in South Africa is ripe for consolidation. As such, we will focus on bolt-on acquisitions or mergers with our current investments. We want to unlock collaborative benefits and ensure economies of scale are applied amid high costs of doing business.

We remain steadfast in our goal to catalyse transformation in the sectors where we invest. We will do this by making products, services, resources and skills more accessible to a larger part of our population. We partner with the management of our investment companies to maximise their value.

Investments may be kept for annuity income or realised via a listing on a stock exchange, unbundling, trade sale to an industry player, or a sell-down/MBO.

Post-year-end we concluded the purchase of a 36% share in the RSA Group. RSA Group is a South Africa-based company, founded in 1984, that specialises in selling and marketing fresh fruit and vegetables on behalf of farmers in all marketing channels: markets, export, retail and e-commerce. RSA Group has become a leader in its field by offering the sales edge in its marketing strategy that adds value to the producer, and by incorporating a unique system, including a payment solution.

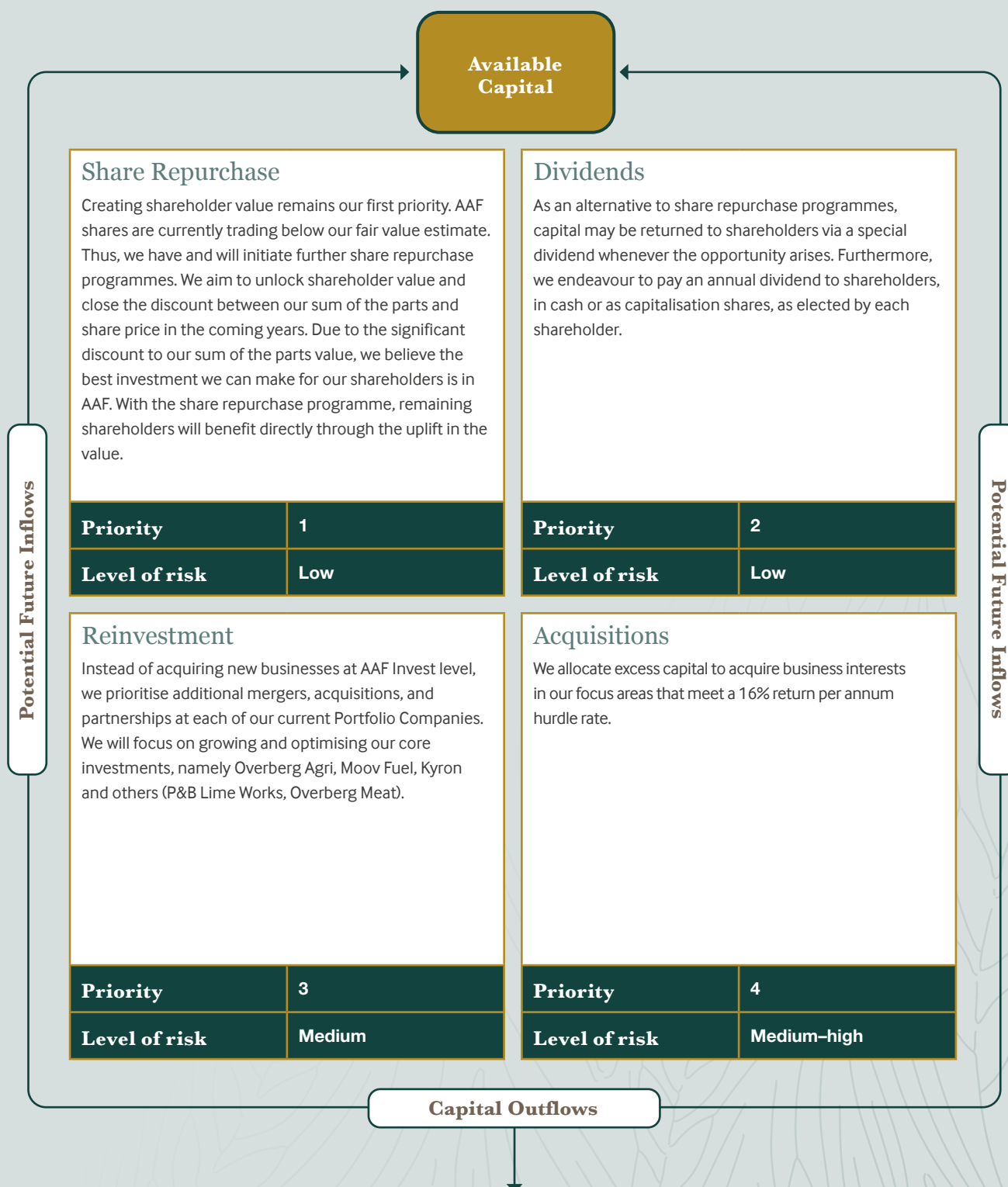
We believe the fresh produce market is an opportunity to have significant influence in a business operating in a market segment that supports food security. RSA gives us access to an informal market where we have no prior exposure, and leverage opportunities within the wider portfolio based on RSA Groups' footprint in these areas.



4.3 Capital redeployment

We implemented a financial strategy to redeploy capital to optimise our investment portfolio. Our financial strategy is built on the premise of unlocking capital, from the sale of non-strategic and/or underperforming assets.

The capital that has been unlocked via asset sales will be redeployed following our capital allocation framework, as explained below.



In terms of our fund management agreement, we are committed and obligated to distribute the majority of proceeds to shareholders, via either share repurchase programmes or special dividends.

Fund Manager's report (continued)



4.4. Portfolio management

Fund Managers are pivotal in navigating an investment portfolio through risks and challenges. The primary objective of the Fund Manager is to position the portfolio strategically, balancing the portfolio to combat the evolving risk landscape, and optimising investment returns relative to the risks involved.

4.4.1 Portfolio risks and challenges

Logistical challenges, Cape Town harbour and Transnet

Cape Town harbour posed a significant challenge for some of our Portfolio Companies. Transnet failed to resolve the inefficiencies seen at Cape Town harbour. This in turn negatively impacts our businesses that rely on imports and exports to conduct business. Operational delays and administrative breakdowns restricted the volumes of imports and exports the harbour could process. Reports from Transnet SOC Ltd (Transnet) provide that, in addition to adverse weather conditions, the recent congestion was attributed to underinvestment in equipment and maintenance.

How this impacted us

The delays in the Cape Town port between Christmas and mid-January caused the fruit harvested during this period to take more than twice the expected travel time to reach international markets. This had an inevitable impact on the prices obtained, due to effects on quality and market timing. Port delays also impacted the time it took for Montagu and Kyron to get their raw materials.

Our response

For Montagu and Kyron, the stock level management was critical to ensure that stock stuck at port did not affect customer demands. Some of Kyron's competitors faced the same issue. This allowed Kyron to increase its market share and, with the right customer relations, aim to retain these customers and increased volumes.

Interest rates, inflation and greylisting

The current high interest rate environment impacts the ability of businesses to raise and finance external capital. In addition, there is pressure on the profitability of businesses, as high finance costs eat away at profits. Inflation levels are experiencing a drawback from the highs experienced in 2023, alluding to a potential interest rate cutting cycle.

The Financial Action Task Force (FATF) greylisted South Africa in February 2023. Greylisting signifies that a country is subject to heightened scrutiny by the FATF, due to identified shortcomings in its policies against money laundering and the financing of terrorism, and its proliferation financing frameworks. South Africa has undertaken to lift the greylisting by early 2025.

How this impacted us

Fortunately, most of AAF's Portfolio Companies are not heavily leveraged and as such, the impact is not severe. However, companies such as P&B Lime Works, ACG Fruit and Montagu, which are higher leveraged, have felt the negative effects of the higher interest rates.

The increasing interest rate also hinders business growth. It impacts consumers' spending, especially on luxury goods like dried fruit, nuts and red meat.

The greylisting has impacted our valuations due to the need for higher discount rates. The cost of equity has increased due to abnormally high risk-free rates achieved in 10-year government bonds, alongside increased equity market risk premium due to South Africa being greylisted. As can be seen in our higher discount rates the impact in our valuation of our portfolio companies is significant.

Our response

We are constantly reassessing our Portfolio Companies' capital structures. Thereby we ensure that the companies are operating at the most efficient and optimal levels based on their needs. We investigate both internal and external financing options when a need for capital is identified.

Load shedding and increased cost of doing business

South Africa's business environment has continued to be affected by load shedding, as well as the escalated fuel prices resulting from the Israel-Hamas conflict, compounded by the effects still felt due to the ongoing Russia-Ukraine conflict. These factors have substantially increased operational expenses for businesses. It hampers productivity and costly alternative energy sources are needed to prevent disruption of operations. The predominant practice has been for businesses to absorb these heightened costs. This contributes to their financial burden, with load shedding identified as a primary obstacle to growth.

How this impacted us

P&B Lime Works and ACG Fruit incurred substantially higher direct and indirect expenditures to maintain operations. Due to a highly competitive environment, P&B Lime Works has been unable to pass these increased input costs to the end consumer.

At Overberg Agri, the cost of using generators to supplement power during load shedding is approximately seven times higher than that of grid power. Nevertheless, without generators, the company is exposed to stock loss, administration and communication systems loss, slower turnaround times during intake and outloading, and increased overtime.

Load shedding has a material impact on Montagu's retail stores. If the mall does not have a generator, retail hours will be lost. Several of Montagu's large suppliers do not have generators, resulting in delays in raw material deliveries.

Our response

As discussed in section 4.4.2. Portfolio positioning and risks, Moov Group and Bachmus Oil & Fuel have played a critical role in our portfolio. They provide a hedge (at an AAF level) against fuel price hikes resulting from the ongoing conflict, with Moov capitalising on the increased demand for diesel in South Africa.

4.4.2. Portfolio positioning and risks

Our portfolio is strategically positioned to deliver resilient performance in the face of persistent energy challenges, rising inflation, socio-political uncertainties, and an overall volatile macro-economic environment. Our portfolio is diversified to mitigate unrelated risks and poised to capitalise on emerging opportunities within the present landscape. Additionally, we maintain a vigilant monitoring approach to optimise seasonal and geographic exposures. Thereby, we can ensure a proactive response to market dynamics.

Portfolio diversification

Core market forces that we monitor are interest rates, rainfall and weather conditions, commodity prices, currency fluctuations, load shedding, and fuel prices. Our portfolio's exposure to these market forces is illustrated in the matrix below:

								
		Weight	Commodity prices	Interest rates	Rand	Rainfall	Load shedding	Fuel price
Overberg Agri	30.0%							
OWRM	3.4%							
Moov Fuel	17.8%							
Bachmus	3.1%							
Kyron Group	29.3%							
ACG Fruit	7.5%							
P&B Lime Works	3.4%							
Boltfast	0.5%							
Overberg Meat	1.5%							
Montagu	1.4%							
Lesotho Milling	2.1%							
Exposure								
Favourable Neutral Unfavourable								

The AAF portfolio primarily depends on rainfall, with a positive correlation between rainfall and the performance of our three biggest investments. Kyron Group benefits from increased pharmaceutical sales following parasite outbreaks during wetter seasons, while Moov Fuel and Overberg Agri indirectly benefit from increased agricultural production.

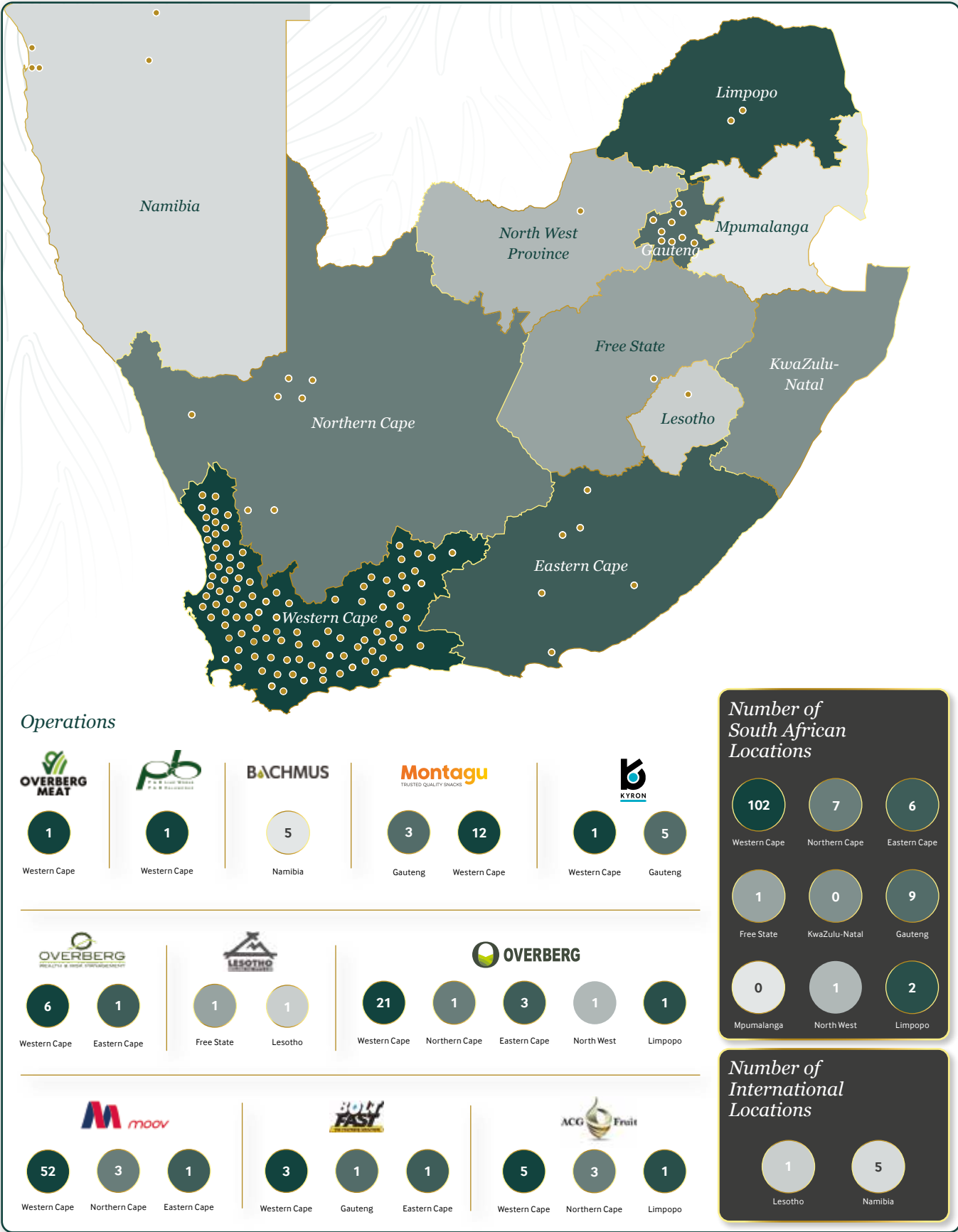
Moov Group and Bachmus Oil & Fuel have played a critical role in our portfolio. They provide a hedge against one of the biggest market forces: changes in the fuel price. This has been particularly valuable during the fuel price hikes spurred by the geopolitical tensions between Russia and Ukraine and the Israel-Hamas conflict. Furthermore, Moov Fuel has cushioned our portfolio against the blow of load shedding, by capitalising on the increased demand for diesel used for generators, which has become the norm. Our positioning has enabled rare stability in the face of volatile swings in the global fuel price and the national energy crisis.

We diversify our portfolio as far as possible to make provision for risks unrelated to our primary business, such as currency fluctuations and commodity prices. Even though our portfolio remains exposed to interest rates, we deem this an inevitable cost as our optimal capital structure requires a degree of leverage.

Fund Manager’s report (continued)

Geographical exposure

AAF operates nationally with a strong presence in the Western Cape. The Western Cape benefits from rich natural resources. It has a Mediterranean climate characterised by mild, wet winters and warm, dry summers, making it suitable for various agricultural activities.



Many of our investments carry distinct competitive advantages derived from their geographical positioning:

- P&B Lime Works has a critical competitive advantage given its access to one of the only white lime sources in South Africa in the Western Cape.
- Montagu's factory is located in Cape Town, making the harbour more accessible and eliminating high transportation costs.
- Bachmus Oil & Fuel is situated close to the Walvis Bay harbour in Namibia, providing access to the lucrative marine market.
- ACG Fruit benefits from geographical diversification. Their farms are spread across three provinces: the Western Cape, Northern Cape and Limpopo, thereby reducing the impact of potential natural disasters.

Seasonal exposure

With mild seasonal variations that remain within our risk tolerance, the AAF portfolio has been designed to provide year-long well-diversified holdings. While our portfolio performs slower during the winter, it generally outperforms throughout the pre-planting, planting, pre-harvest and harvest seasons:

	%	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Portfolio	100	↑	↓	↑	↔	↔	↓	↔	↑	↑	↓	↓	↔
Overberg Agri	30.0	↓	↑	↑	↓	↔	↓	↔	↔	↑	↑	↓	↔
Overberg Wealth & Risk Management	3.4	↑	↑	↔	↓	↔	↔	↑	↓	↑	↔	↓	↓
Kyron Group	29.3	↑	↔	↓	↓	↔	↓	↔	↑	↑	↔	↓	↑
P&B Lime Works	3.4	↑	↑	↔	↔	↔	↑	↓	↓	↓	↔	↓	↑
Moov Fuel	17.8	↑	↓	↓	↓	↔	↔	↓	↑	↑	↔	↑	↔
Bachmus	3.1	↔	↓	↔	↓	↔	↓	↑	↑	↔	↓	↑	↑
Overberg Meat	1.5	↑	↓	↔	↔	↓	↔	↑	↔	↑	↑	↓	↓
Boltfast	0.5	↓	↔	↓	↑	↑	↓	↓	↑	↑	↔	↔	↔
Montagu Snacks	1.4	↓	↔	↔	↑	↓	↑	↔	↑	↓	↓	↔	↑
ACG Fruit	7.5	↔	↔	↔	↑	↔	↓	↓	↓	↓	↑	↑	↑
Lesotho Milling	2.1	↔	↔	↓	↓	↓	↓	↔	↔	↔	↔	↔	↔

↑	↔	↓
Increase	Neutral	Decrease

Overberg Agri benefits from higher demand for agri-inputs during the pre-planting season in April and May. P&B Lime Works profits from AgLime's peak season, and Overberg Meat benefits from the Easter break and December holidays. Moov typically also performs well over these months. Similarly, the portfolio performs well in October and November, during the harvest season.

Based on our review of the aforementioned risks, we feel that our portfolio is well positioned to ensure that we are adhering to our risk guidelines and appetite, as well as to identify our exposure and pinpoint areas that require attention in order to minimise these risks.

Fund Manager’s report (continued)



4.5 Liquidity

We ensure AAF has sufficient liquidity to act on investment opportunities, supply working capital needs, and meet current and future obligations.

- We monitor the excess cash generated by Portfolio Companies to distribute surplus cash to AAF and ultimately to the shareholders.
- We closely monitor cash flow forecasts to ensure cash and working capital is used effectively.
- We manage the capital structures of our Portfolio Companies, including debt restructuring, and provide finance as and when required.

AAF has the following liquidity and access to credit facilities:

	R'000
Credit facilities available	100
Cash and cash equivalents	54
Total	154



4.6 People: Succession and Retention

We ensure that AAF does not have to deal with significant loss of key individuals either at AAF or at our Portfolio Companies:

- We recommend and review succession planning at both executive and non-executive levels in all Portfolio Companies.
- We recommend and review long-term incentive structures via a financed equity position for key individuals in our Portfolio Companies. This ensures alignment with our objectives of creating the most value for all stakeholders.
- The AAF Nomination and remuneration committee reviews the Board’s appropriateness and remuneration.



4.7 Financial

Our involvement includes representation on our Portfolio Companies’ boards and Audit and risk committees, with internal audit functions fully encouraged. All our Portfolio Companies are given full autonomy to manage their external audit programmes. Through the use of a centrally governed financial management tool, AAF’s controls and processes ensure data integrity and early error detection.

5. Outlook for financial year ending 2025

As we navigate the economic landscape of South Africa, particularly within the agriculture industry, it’s important to acknowledge both the challenges and opportunities that lie ahead. The 2024 to 2026 economic growth outlook for the nation projects a notable improvement compared to preceding years. Average year-on-year Gross Domestic Product (GDP) growth is expected to reach 1.6%. This growth trajectory marks a significant uptick from the 0.6% growth for 2023.

Key drivers of the optimistic economic performance include the anticipation of an interest rate cutting cycle and a reduction in average inflation rates. Additionally, efforts to address the energy crises and logistical congestion at ports promise to bolster economic growth.

However, amid the positive outlook, several challenges persist. They pose potential impediments to our operations and investment strategies. One such challenge is the persistent issue of load shedding, which will likely persist in 2024, with insufficient capacity supplied to the grid. However, 2025 should see more capacity from private sector generation, with further build up over the following years.

Uncertainties loom over the political landscape in South Africa, with the potential formation of a coalition government post-national elections. These uncertainties contribute to a decrease in business confidence, adding a further layer to an already volatile economic environment.

In conclusion, while South Africa faces multifaceted challenges, particularly in the realm of service supply and high costs of doing business, the agriculture industry remains resilient and offers promising investment opportunities in solving the challenges faced by primary producers. Our focus remains on supporting the primary drivers of food security in our country, and in Africa at large.

Portfolio performance

Overberg Agri Bedrywe



Francois Joubert



Fair value of our investment
(Including shareholder funding):
R866 million (-10%)

Industry:
Agri inputs

Food security contributions:
Availability, Quality and Safety

Revenue:

R4 757 million
(+0%)

EBITDA:

R186 million
(+14%)

NPAT:

R40 million*
(-39%)

Shareholding:

100%

Overberg Agri is a leading supplier of goods and services to agricultural producers in the Western and Eastern Cape, mainly the Overberg and Swartland areas. Overberg Agri distributes agricultural and general supplies and provides grain services, including handling, storing, and marketing of mostly wheat and barley. The business offers financing, irrigation services and technical services to agricultural producers. In the Overberg and Swartland regions, it owns 16 grain silo/bunker storage facilities with a total capacity of 680 000 tonnes. Overberg Agri stores the largest amount of malting barley in South Africa.

Francois Joubert
Managing Director

Year in review

The Western Cape floods in September 2023 significantly damaged infrastructure and agriculture in general. The past year was exceptionally challenging for Overberg Agri due to significant non-recurring write-offs in relation to rejected barley. Commodity prices saw a significant decline in the past year while input costs remain high, blustered slightly by the recovery of yields, putting pressure on producers. This was compounded by the season's rainfall which was above the five-year average and had a material negative impact on the harvests. The Retail and Mechanisation divisions have performed well and continued to grow and gain market share.

Opportunities

To guarantee Overberg Agri can continue to serve all its clients effectively, both present and prospective, it is seeking to increase the capacity of its grain storage facility. The proposed expansion will further increase operational effectiveness.

Overberg Agri is implementing new technologies through an online sales and marketing platform to increase its market footprint, and to increase efficiencies and cost control.

Risks

Scientists forecast a strong El Niño event early in 2024, with the possibility of increasing from March to May. This could potentially impact planting. Encouragingly, there is a reported 55% chance for the event to return to neutral from May to July.

Drier weather conditions would affect the demand for grain services and other agricultural products.

* Excluding R45 million (net of tax) discretionary management fee.

* Includes capital items with a financial impact (R24.5 million) due to malting barley rejections in excess of risk premium and other non-recurring items (R15.9 million).

Portfolio performance (continued)

Kyron Group



Dr Jan Wentzel



Fair value of our investment
(Including shareholder funding):
R846 million (+25%)

Industry:
Animal health products

Food security contributions:
Sustainability and Adaptation

Revenue:

**R765 million
(+18%)**

NPAT:

**R86 million
(+11%)**

EBITDA:

**R190 million
(+12%)**

Shareholding:

100%*

Kyron has expertise in the disciplines of veterinary sciences and agriculture. The Kyron Group develops, imports, and manufactures medication for the production and companion animal health markets.

Dr Jan Wentzel
Managing Director

Year in review

Kyron Group experienced another year of strong performance. The Animal Health division performed particularly well, with Kyron Group realising a 12% growth in EBITDA. Strong working capital and inventory management saw Kyron benefitting and gaining market share during an out-of-stock situation experienced by many of its competitors. Kyron Group further managed to sign two significant international distributor agreements. AniPharm, a company in which Kyron holds a 55% equity investment, successfully commissioned a new local manufacturing facility that allows it to export product.

Kyron has experienced a 55% growth in EBITDA since acquisition in 2022.

Opportunities

The Group is also investigating new products, range extensions, bolt-on acquisition opportunities, strategic partnerships and new distribution opportunities to increase Kyron Group's market share.

Risks

Changes in the regulatory environment can significantly impact the business and its operating model. Non-compliance to the highly regulated environment can have an equally devastating impact. We invest significant resources and time into both these aspects to ensure we remain relevant and competitive in the market.

The loss of significant tenders can also substantially affect the profitability of the business.

Kyron also faces currency risk, with many raw materials being imported. To mitigate this risk, Kyron takes out forward cover.

Competitors who lost market share due to being out of stock, will react aggressively to regain their lost market share.

CSI

Kyron Animal Health made product donations to Langalibalele Livestock, where products were donated to community members who would otherwise not be able to treat their animals. Kyron Labs also made donations to SPCA to assist with treating the animals.

* 14% of the ordinary share capital held by management rights and rewards have not been transferred and accounted for as a management incentive scheme.

MOOV Fuel



Fabian Magerman



Fair value of our investment
(Including shareholder funding):
R512 million (+23%)

Industry:
Fuel and Energy

Food security contributions:
Availability

Revenue:

R8 829 million
(+1%)

EBITDA:

R179 million
(+26%)

NPAT:

R81 million
(+26%)*

Shareholding:
69%

Moov Fuel is a wholesale supplier and distributor of petroleum and lubricant products to retail and commercial clients, including agricultural producers. The company has an extensive footprint in the Western Cape, Northern Cape and Gauteng and expanded into Namibia via a strategic acquisition of Bachmus Fuel & Oil Supplies. Moov has its own in-house logistics department consisting of a fleet of distribution vehicles and strategically located depots. The company was appointed the Caltex Branded Marketer for the Western and Eastern Cape by Chevron South Africa (now Astron Energy) in July 2009.

Fabian Magerman
Managing Director

Year in review

The theme for the year was “*Year of the Customer*”, with Moov following a customer-centric approach, ensuring customer satisfaction. This customer-first approach, along with a new procurement strategy by the new Trading division, resulted in Moov growing volumes by 7% as well as optimising its procurement mix. This resulted in significant margin increases (18% increase in gross profit).

Opportunities

Opportunities to acquire storage assets are currently being investigated, to enable Moov to guarantee the security of its supply to customers. We continue to pursue potential small- to medium-sized acquisitions that increase volume and serve as a launchpad for our commodities.

Moov is investigating local clean energy supply expansion, having successfully partnered with two solar vendors.

Risks

The fuel environment in South Africa is changing as a result of clean energy policies. Over the past four years, local refining capacity has decreased by 49%, as global oil majors exit the local refining space due to their clean energy transition strategies and costly clean fuel refinery investments. The shortfall needs to be imported to meet required consumption needs. We anticipate the transition to be gradual. We do not view it as a significant immediate risk, but rather as an opportunity to look into clean energy supply in addition to our primary business. This will ensure business longevity.

Competition through new market entrants in the Western Cape has escalated.

CSI

Moov spent a total of R9,8 million on CSI during the year. This included donations to schools and an old age home, sponsoring student bursaries, and upskilling employees.

Portfolio performance (continued)

ACG Fruit



Jacques Pienaar



Fair value of our investment
(Including shareholder funding):
R448 million (+2%)

Industry:
Agri Production

Food security contributions:
**Affordability, Availability and
Quality and Safety**

Revenue:

**R374 million
(-27%*)**

EBITDA:

**R50 million
(+208%*)**

NPAT:

**-R12 million
(+95%*)**

Shareholding:

100%

ACG Fruit is a producer and packer of table grapes and citrus for the export markets and to a lesser extent, cash crops for the local market. It also has vineyards producing raisins. ACG Fruit operates across the Western Cape, Northern Cape, and Limpopo, spanning over 1 171 hectares, and includes four packhouses under management. ACG Fruit manages the production of close on 2.3 million cartons of table grapes and approximately 1 million cartons of citrus, predominantly for the United Kingdom and European markets and approximately 200Ha of cash crops for the local market.

Jacques Pienaar
Chief Executive Officer

Year in review

During the year, ACG Fruit experienced below-average citrus production, harvesting 874 136 cartons. Fortunately, this was partially offset by better citrus prices. The grape season yielded higher than average cartons, with Berekisanang achieving its highest ever harvest at around 930 000 cartons.

During the period under review ACG disposed of its raisin farms and renegotiated its marketing agreement for the 2024/2025 harvest. The delays in the Cape Town port between Christmas and mid-January caused the fruit harvested during this period to take more than double the usual travel time to reach international markets. This had an inevitable impact on quality and market timing.

Similar to citrus, we achieved prices that are marginally better than expected, but not significant due to the affected quality and timing of reaching market. The industry faced various challenges, including credit rating downgrades, exchange rate volatility, weather concerns, and rising input costs.

Whilst we remain positive, we are cognisant of factors like the El Niño phenomenon and electricity shortages deciding on capex spending to ensure we are able to provide for input costs rather than new equipment purchases.

* Comparative figures represent the financial results of 15 months, 1 December 2021 to 28 February 2023.

Bachmus Oil & Fuel



Corne Schalkwyk



Fair value of our investment
(Including shareholder funding):
R88 million (+6%)

Industry:
Energy and Fuel

Food security contributions:
Availability

Revenue: NAD2 380 million (-35%)	NPAT: NAD32 million (-13%)
EBITDA: NAD45 million (-13%)	Shareholding: AAF effective 35% via Moov Fuel

Bachmus Oil & Fuel is a licensed fuel wholesaler with 30 years of experience in bunkering and can supply, both in port and offshore. The company started as a supplier of bunkers in 1994 and grew into a company with five depots across Namibia. Bachmus delivers approximately 12 million litres of fuel and 225 000 litres of lubricants monthly, the bulk of which is to the marine market.

Corne Schalkwyk
Managing Director

Year in review

The past year saw export volumes, from bunkering, return to normal after an exceptional 2023 due to the limited supply as a result of the Russia-Ukraine war. Through a change in strategy Bachmus was able to increase commercial diesel volume growth by 50%. Combined with effective cost management, net profit after tax per litre volume increased by 30%.

Management remains excited about the future of Bachmus Oil & Fuel. We anticipate that this investment will continue to grow from strength to strength.

Portfolio performance (continued)

P&B Lime Works



Ochse Lombard



Fair value of our investment
(Including shareholder funding):
R119 million (-8%)

Industry:
Lime processing

Food security contributions:
**Availability, Quality and Safety,
Sustainability and Adaptation**

Revenue:

**R222 million
(+17%)**

EBITDA:

**R23 million
(-9%)**

NPAT:

**-R2 million
(-159%)**

Shareholding:

74%

P&B Lime Works has been in operation since 1924 and is a supplier of lime to the agricultural and industrial lime markets across Southern Africa. It is differentiated by the amorphous nature of the limestone and the purity of the industrial lime it produces. These attributes make P&B's product highly sought after in the agricultural, animal feeds and water purification industries. The company owns one of only two highly prized white lime sources in the country and has reserves to ensure supply for 200 years. It performs opencast mining and operates a production plant to produce high-value industrial lime products. Compared to its competitors, the mine is strategically located in proximity to the Cape Town harbour, allowing for competitive sea freight exports.

Ochse Lombard
Managing Director

Year in review

P&B Lime Works faced multiple challenges in the past year. Heavy rains and flooding affected production, and higher operating expenses due to high energy-related costs affected the profitability of the mine. P&B Lime Works was able to increase production efficiencies and product selling prices, while at the same time easing load shedding and market growth in both animal feed lime and industrial lime has allowed P&B Lime Works to recover in the last quarter of the year. The momentum gained in the last quarter is expected to be carried over into FY25.

Management is also investigating opportunities for income diversification through research and development of new products and markets, especially in the industrial lime and animal feeds sectors.

Overberg Wealth & Risk Management



Michael van Breda



Fair value of our investment
(Including shareholder funding):
R99 million (+23%)

Industry:
Financial services

Food security contributions:
Availability

Revenue:

R63 million
(+11%)

EBITDA:

R20 million
(+5%)

NPAT:

R11 million
(+12%)

Shareholding:

indirectly 70%
via Overberg Agri

Overberg Wealth & Risk Management (OWRM) is a registered insurance brokerage that provides short-term insurance, medical aid solutions, wealth management, corporate consulting and employee benefits. The business operates nationally through eight branches.

Michael van Breda
Managing Director

Year in review

In the past year, OWRM successfully upgraded the OWRM assist app, focusing on retaining clients amid market pressures. While operating in a challenging economic environment, OWRM increased revenue year-on-year despite large cancellations and low renewal growth. Short-term strategies are underway to minimise cancellations, particularly by migrating personal lines policies to OWRM Digital. Overberg Dreams, a bolt-on acquisition acquired last year has proven to be a highly profitable venture. During this reporting period OWRM's long serving Managing Director Abri Dickason retired and Michael van Breda took over. Abri was instrumental in the growth experienced by OWRM and we owe him a debt of gratitude.

Ongoing commitment to adapt to challenges underscores OWRM's resilience in a dynamic market.

Portfolio performance (continued)

Overberg Meat



Dian Giliomee



Fair value of our investment
(Including shareholder funding):
R44 million (-24%)

Industry:
Meat Processing

Food security contributions:
**Affordability, Availability,
Quality and Safety**

Revenue:

**R310 million
(+15%)**

EBITDA:

**R3 million
(+323%)**

NPAT:

**R0.5 million
(+159%)**

Shareholding:

100%

Overberg Meat provides slaughtering facilities for sheep and cattle and distributes carcasses to the retail and wholesale markets. The company finances and procures livestock from producers and feedlots. It operates a feedlot with a capacity of 2 500 small stock units. The Overberg Meat trademark is well known and is becoming increasingly popular due to the exceptional quality of the meat produced in the region. The company recently expanded its strategy to encompass processed meat products under the brand Overberg Speciality Meat.

Dian Giliomee
Managing Director

Year in review

The meat processing industry continues to face many challenges with reduced supply and decreased customer spending. This has resulted in an oversupply of available processing capacity in the Western Cape.

Overberg Meat saw great volume growth, with 25% more animals processed, due to Overberg Meat's export initiative which is showing promising results. Management is excited to investigate this opportunity to grow volumes. Management must be commended on their long-term expansionary strategy and performance during a difficult season for the industry.

Boltfast



Pieter Burger



Fair value of our investment
(Including shareholder funding):
R84 million (-2%)

Industry:
Industrial fasteners

Food security contributions:
Availability

Revenue:

R130 million
(+17%)

EBITDA:

R8 million
(+341%)

NPAT:

R1 million
(+110%)

Shareholding:

75%

Boltfast specialises in the importing, distribution and marketing of industrial fasteners. Boltfast is a 100% Black-owned Level 4 Contributor to BBBEE and ISO 9001:2015 certified by SABS. It distributes more than 15 000 different items nationally and its main markets include manufacturing, solar, construction, mining, and infrastructure. It has branches in Cape Town, Vredenburg, Pretoria and Gqeberha.

Pieter Burger
Chief Executive Officer

Year in review

Boltfast experienced a productive year, with major growth in the renewable energy industry as well as infrastructure development in general. Boltfast has seen real growth (tonnes) of approximately 20% during the year under review, while navigating stock delays due to port congestion. There was decreased customer spending within some of the key areas in the manufacturing and mining sectors, which experienced significant downturn due to obstacles such as logistical constraints, load shedding, and closures of building sites.

Boltfast managed these circumstances by strategically adjusting inventory ranges and concentrating on the main cost drivers within the supply chain. Boltfast responded to the changing market by strongly emphasising technological innovation, people development, and continual improvement. This resulted in Boltfast returning to profitability.

Portfolio performance (continued)

Montagu Snacks



Lourens van Rensburg



Fair value of our investment
(Including shareholder funding):
R41 million (-12%)

Industry:
Food processing and supplier

Food security contributions:
Availability, Quality and Safety

Revenue:

R172 million
(+4%)

EBITDA:

R15 million
(+2 227%)

NPAT:

-R2 million
(+88%)

Shareholding:

100%

Montagu Snacks is a leading supplier of healthier snack products in South Africa. The company operates a packaging and distribution facility and is a trusted supplier to major South African retailers, fuel station forecourts and Montagu Branded Stores, mainly via its Montagu Snacks brand and on a private label basis. The Montagu Snacks brand is one of the most trusted and recognised consumer brands in South Africa.

Lourens van Rensburg
Chief Executive Officer

Year in review

Montagu Snacks had a demanding yet versatile year. Households are spending less on non-essentials and luxury products, amid a time of high interest rates and food inflation. Management demonstrated the effectiveness of cost management, such as reducing transportation expenses and enhancing the product mix, with a reported EBITDA of R15 million compared to -R0.7 million in the prior year.

The industry in which the Montagu brand operates faced difficulties in several areas. However, by making tactical changes and concentrating on important growth areas, the business is now well positioned for the future.

Financial summary

Extracts from the statement of financial position as at 29 February 2024

	GROUP		COMPANY	
	29 February 2024 R'000	28 February 2023 R'000	29 February 2024 R'000	28 February 2023 R'000
Assets				
Non-current assets				
Investments in subsidiaries	2 728 859	2 383 684	2 818 347	2 524 582
Property, plant and equipment	594	1 221	–	–
Deferred tax asset	7 190	14 447	–	–
Loans to group companies	331 715	–	331 715	–
Total non-current assets	3 068 358	2 399 353	3 150 062	2 524 582
Current assets				
Trade and other receivables	2 811	2 544	–	–
Cash and cash equivalents	52 381	5 108	–	–
Loans to group companies	206 320	713 581	237 705	745 195
Total current assets	261 511	721 232	237 705	745 195
Total assets	3 329 869	3 120 585	3 387 767	3 269 777
Equity and liabilities				
Equity				
Net issued stated capital	1 145 904	1 265 313	1 240 693	1 413 597
Other reserves	–	–	(29 714)	(26 432)
Retained earnings	2 127 582	1 814 742	2 174 601	1 880 275
Total equity	3 273 486	3 080 055	3 385 579	3 267 440
Liabilities				
Non-current liabilities				
Lease liabilities	–	629	–	–
Total non-current liabilities	–	629	–	–
Current liabilities				
Lease liabilities	629	735	–	–
Loans from group companies	33 952	19 877	–	–
Current tax payable	886	–	–	–
Trade and other payables	20 916	19 289	2 187	2 337
Total current liabilities	56 383	39 901	2 187	2 337
Total liabilities	56 383	40 529	2 187	2 337
Total equity and liabilities	3 329 869	3 120 585	3 387 767	3 269 777

Financial summary (continued)

Extracts from the statement of profit or loss for the year ended 29 February 2024

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Fair value gains on investments at FVTPL	291 681	–	293 765	–
Dividend income	65 136	–	71 840	6 686
Investment income	356 817	–	365 605	6 686
Revenue	79 263	19 334 118	–	–
Fair value adjustment – biological asset: consumable	–	2 713	–	–
Cost of Sales	–	(17 877 374)	–	–
Gross profit	79 263	1 459 457	–	–
Interest revenue	–	175 604	–	–
Other income	712	110 196	–	3 482
Sales and marketing costs	(10)	(24 804)	–	–
Administration costs	(46 491)	(237 750)	–	–
Operating expenses	(229)	(1 060 405)	(229)	–
Operating profit before capital items	390 062	422 298	365 376	10 168
Capital items	(707)	223 925	–	1 084 682
Operating profit	389 355	646 223	365 376	1 094 850
Finance income	301	24 274	–	–
Finance costs	(78)	(247 733)	–	–
Share of net profit from associate	–	2 014	–	–
Profit before taxation	389 579	424 778	365 376	1 094 850
Income tax expense	(9 109)	(77 061)	–	–
Profit for the year	380 469	347 717	365 376	1 094 850
Profit attributable to:				
Owners of the parent	380 469	296 737	365 376	1 094 850
Non-controlling interests	–	50 980	–	–
	380 469	347 717	365 376	1 094 850
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translation of foreign operations	–	153	–	–
Actuarial gains and losses on defined benefit plans	–	408	–	–
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	–	–	–	–
Income tax effect relating to these items	–	–	–	–
Other comprehensive income for the year, net of tax	–	561	–	–
Total comprehensive income for the year	380 469	348 278	365 376	1 094 850
<i>Total comprehensive income attributable to:</i>				
Owners of the parent	380 469	297 298	365 376	1 094 850
Non-controlling interests	–	50 980	–	–
	380 469	348 278	365 376	1 094 850

Extracts from the statement of changes in equity for the year ended 29 February 2024

	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 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 subsidiary	—	—	(418)	—	(106 776)	(107 194)
Non-controlling interest on acquisition of subsidiaries	—	—	—	—	6 980	6 980
Other movements	—	—	—	(3 351)	—	(3 351)
Transfer of reserves	—	—	101 639	(101 639)	—	—
Dividends paid (refer note 8.5)	—	—	—	(65 073)	(25 591)	(90 664)
Total contributions and distributions	(187 294)	24 128	101 333	(170 063)	(125 387)	(357 283)
Sub-Total	1 533 377	(268 064)	—	1 814 743	271 659	3 351 713
Change in investment entity status	—	—	—	—	(271 659)	(271 659)
Balance as at 28 February 2023	1 533 377	(268 064)	—	1 814 743	—	3 080 055
Total comprehensive income						
Profit for the year	—	—	—	380 469	—	380 469
Other comprehensive income for the year	—	—	—	—	—	—
Total comprehensive income	—	—	—	380 469	—	380 469
Transactions with owners of the parent						
Contributions and distributions						
Share buy back (Company shares)	(112 906)	—	—	—	—	(112 906)
Share purchase programme (AAF Invest (Pty) Ltd)	—	(25 747)	—	—	—	(25 747)
Treasury share repurchase	(60 000)	74 857	—	—	—	14 857
Issue of shares in lieu of Overberg Agri loyalty scheme	—	2 889	—	—	—	2 889
Issue of shares to Acorn Agri (Pty) Ltd	—	1 497	—	—	—	1 497
Dividends paid (refer note 8.5)	—	—	—	(67 628)	—	(67 628)
Total contributions and distributions	(172 906)	53 496	—	(67 628)	—	(187 038)
Total transactions with owners of the parent	(172 906)	53 496	—	312 841	—	193 431
Balance at 29 February 2024	1 360 471	(214 568)	—	2 127 582	—	3 273 486

Financial summary (continued)

Extracts from the statement of cash flows for the year ended 29 February 2024

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Cash flows from operating activities				
Cash generated from operations	34 582	465 114	(378)	9 023
Finance income received	301	5 327	—	—
Dividends received	—	—	—	(3 626)
Finance costs paid	(78)	(247 733)	—	—
Tax paid	(966)	(97 181)	—	—
Net cash inflow/(outflow) from operating activities	33 839	125 527	(378)	5 397
Cash flows from investing activities				
Acquisition of property, plant and equipment	(56)	(147 269)	—	—
Proceeds on disposal of property, plant and equipment	—	9 244	—	—
Acquisition of investment properties	—	(2 835)	—	—
Proceeds on disposal of investment property	—	—	—	—
Acquisition of intangible assets	—	(14 075)	—	—
Proceeds from sale of intangible assets	—	1 376	—	—
Payment on acquisition of subsidiary net of cash paid	—	(6 693)	—	—
Loans to group companies repaid	238 218	—	238 447	103 851
Loans advanced to group companies	—	—	—	(4 460)
Loans to related parties repaid	—	230 481	—	—
Loans advanced to related parties repaid	—	(262 725)	—	—
Loans advanced to customers	—	(6 808)	—	—
Loans to customers repaid	—	4 343	—	—
Acquisition of financial assets	—	(35 886)	—	—
Proceeds from sale of investments	—	40 585	—	—
Purchase of biological assets	—	(9 685)	—	—
Sale of biological assets	—	5 987	—	—
Sale of investment in subsidiary	—	148 999	—	—
Change in investment entity status	—	(111 802)	—	—
Net cash inflow/(outflow) from investing activities	238 162	(156 763)	238 447	99 391
Cash flows from financing activities				
Repurchase of shares	(172 905)	(126 517)	(172 906)	(36 269)
Proceeds from borrowings	—	1 392 461	—	—
Repayment of borrowings	—	(1 345 825)	—	—
Proceeds from loans from group companies	71 200	—	—	—
Repayment of loans from group companies	(57 124)	—	—	—
Principle elements of lease payments	(735)	(36 049)	—	—
Dividends paid	(65 164)	(90 664)	(65 164)	(68 518)
Net cash outflow from financing activities	(224 728)	(206 594)	(238 069)	(104 787)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	47 273	(237 830)	—	—
Cash, cash equivalents and bank overdrafts at the beginning of the year	5 108	242 938	—	—
Cash, cash equivalents and bank overdrafts at the end of the year	52 381	5 108	—	—

Overview of investments held through profit and loss with key assumptions and value drivers

	FY24 Value* (R'm)	FY23 Value* (R'm)	Valuation assumptions and drivers
Overberg Agri (100%)	866	963	<ul style="list-style-type: none"> Valuation methodology: 5-year Discounted Cash Flow Discount rate: 20.2% (FY23: 19.7%) EBITDA: R186 million (FY23: R163 million) Implied trailing EV/EBITDA multiple: 6.3x (FY23: 5.6x)
Kyron Group (100%)	846	675	<ul style="list-style-type: none"> Valuation methodology: 5-year Discounted Cash Flow Discount rate: 15.8% (FY23: 15.7%) EBITDA: R190 million (FY23: R169 million) Implied trailing EV/EBITDA multiple: 6.2x (FY23: 6.0x)
Moov Fuel Group (69%)	512	415	<ul style="list-style-type: none"> Valuation methodology: 5-year Discounted Cash Flow Discount rate: 17% (FY23: 17%) EBITDA: R179 million (FY23: R142 million) NPAT: R81 million (FY23: R64 million) Implied trailing EV/EBITDA multiple: 6.4x (FY23: 6.9x)
ACG Fruit (100%)	448	441	<ul style="list-style-type: none"> Valuation methodology: Asset based valuation Underlying properties subject to external annual valuation process
Bachmus Oil & Fuel (35%)	88	82	<ul style="list-style-type: none"> Valuation methodology: 5-year Discounted Cash Flow Discount rate: 19.7% (FY23: 21.9%) EBITDA: R45 million (FY23: R52 million) Implied trailing EV/EBITDA multiple: 5.5x (FY23: 3.9x)
P&B Lime Works (74%)	119	130	<ul style="list-style-type: none"> Valuation methodology: 5-year Discounted Cash Flow Discount rate: 18.6% (FY23: 19.6%) EBITDA: R23 million (FY23: R26 million) Implied trailing EV/EBITDA multiple: 10.9x (FY23: 11.1x)
OWRM (70%)	99	80	<ul style="list-style-type: none"> Valuation methodology: 5-year Discounted Cash Flow Discount rate: 19.4% (FY23: 18.9%) EBITDA: R20 million (FY23: R19 million) NPAT: R11 million (FY23: R10 million) Implied trailing EV/EBITDA multiple: 6.9x (FY23: 6.6x) A second valuation methodology was used to test against our valuation <ul style="list-style-type: none"> » Premium commission income multiple of X2: For 100%: R139 million
Lesotho Milling (34%)	62	61	<ul style="list-style-type: none"> Valuation methodology: Carrying value (IAS 28 – Investments in Associates)
Overberg Meat (100%)	44	59	<ul style="list-style-type: none"> Valuation methodology: 5-year Discounted Cash Flow Discount rate: 16.9% (FY23: 18.3%) EBITDA: R3 million (FY23: R0.7 million)
Montagu Snacks (100%)	41	47	<ul style="list-style-type: none"> Valuation methodology: Asset based valuation
Boltfast (75%)	84	86	<ul style="list-style-type: none"> Valuation methodology: Asset based valuation Underlying properties subject to external annual valuation process
Other assets	64	40	<ul style="list-style-type: none"> Net cash, loans at AAF level
Total	3 273	3 080	
Shares (net of treasury)	109 380 207	119 538 853	
NAV per share	R29.93	R25.77	

* Fair value of investment including shareholder funding

Note: It should be noted that these valuations are not an indication of the values at which AAF would consider selling any of its investments.

Environmental, social and governance

AAF is committed to considering ESG factors in our Portfolio Companies' strategy and decision-making. Our overall commitment to ESG considerations aligns with our long-term business strategy. This helps our Portfolio Companies stay relevant and create value for all stakeholders.

Environmental

We recognise the importance of sustainable business practices and have invested in initiatives that reduce our environmental impact, such as using renewable energy sources and implementing water conservation measures.

- As a reliable supplier of LPG, Moov Fuel empowers farmers across the Western Cape to stay competitive in a modern agricultural environment, while lowering carbon emissions and promoting sustainable development. LPG is clean, cost-effective and easily controllable. It can be used in various agricultural applications, including crop harvesting, crop drying, pest control, distillation and waste incineration.
- P&B Lime Works provides an effective solution to the problem of acidic soil. Its high-quality agricultural lime improves soil pH and calcium levels. This is crucial, as acidic soil can cause nutrient deficiencies in crops, leading to reduced yields and threatening food security.
- P&B Lime Works' industrial lime is used in pH correction of water resources for potable water. It is also used to correct acidic water before it is recycled back into our natural resources. It also aids in scrubbing Sulphur levels of power station emissions, contributing to the reduction of greenhouse gases (GHG).
- P&B Lime Works' animal feed lime is a crucial organic calcium booster. This advances animal health and boosts production levels for meat and egg production.
- Thanks to P&B Lime Works' solar plant, they rely less on purchased electricity and more on renewable clean energy, reducing GHG emissions.
- Boltfast has a recycling drive initiative, where all packaging materials are recycled. A waste segregation bin system is also in place, reducing their waste footprint.
- Montagu ensures that all its raw ingredients are procured from suppliers that are transparent, environmentally conscious, and ethically sourced.
- Montagu is committed to acting against climate change. They do this by reducing their carbon emissions and effectively managing their water and waste.
- Kyron Laboratories has initiated appropriate waste disposal through approved waste disposal partners. This ensures safe disposal of chemical waste.
- Bachmus Oil & Fuel implements waste reduction and recycling programmes. This ensures proper management of hazardous waste from oil and gas operations. They comply with local regulations so that diesel is supplied safely, without spills at sites.

Social

We prioritise the wellbeing of employees in our Portfolio Companies and the communities in which they operate. We do this by promoting fair labour practices and supporting local development programmes. They are involved in various socio-economic development programmes that benefit our communities, including study bursaries and upgrading of schools.

- Montagu Snacks significantly contributed to multiple organisations that assist with feeding vulnerable communities.
- P&B Lime Works runs a Social Labour Plan in its local community, where it has built a school and soup kitchen. It is currently assisting with a waste sorting project to improve waste management in the community.
- Moov Fuel made CSI contributions to the amount of R9.8 million, including donations to schools and an old age home. They also sponsored bursaries for students, and upskilled employees.
- Throughout our Portfolio Companies, investment in education and upskilling of employees is paramount. The companies also participate in learnership host programmes. Here, people from external organisations that require experience are trained and mentored.
- AAF is committed to positively impacting our communities and empowering our people. In line with this commitment, the Overberg Agri Development Trust (Development Trust) was established in 2014. Woza Phambili, a level 1 B-BBEE company, is the operational arm of the Development Trust. It receives and manages contributions from some of our group companies. The beneficiaries of the Development Trust gain economic exposure to investments made by the Trust, while designated local communities can benefit from its socio-economic projects. During the year, Woza Phambili received socio-economic development contributions from Boltfast. With these contributions, it made a meaningful contribution towards providing seven bursaries.

Social and Ethics Report

Dear Shareholder,

This report is prepared in accordance with section 72 and Regulation 43 of the Companies Act, 71 of 2008.

The committee is a committee of the Company Board. It was established in compliance with Regulation 43(1)(c) of the Companies Act and fulfils its oversight role and responsibility on behalf of the Company and the Portfolio Companies required to appoint such a committee pursuant to Regulation 43(1)(c).

The committee's responsibilities focus on socio-economic development, governance, ethics, workplace practices and policies, the impact on the natural and social environment, and the marketplace.

The members of the committee, appointed by the Company Board, comprise three Company directors and one independent member with extensive environmental, social and governance (ESG) experience. Several employees of the subsidiary and Portfolio Companies are invited to attend meetings as invitees. The chairperson of the committee gives feedback to the Company Board and the portfolio boards after every meeting on the matters dealt with at the meeting, and often makes recommendations for their consideration.

The committee usually holds a minimum of three meetings per year. Additional meetings are held upon request from a member or director.

The members of the committee are:

Mr MR van Breda*
Mr RE Goff (chairperson)
Mr A Bertrand
Mr P Malan
Mr DG de Kock*

* resigned on 21 September 2023

* appointed on 2 October 2023

During the year under review, the committee focused on reviewing the following:

- The reports received and investigated in terms of the protected disclosure policy.
- The results of an ethics survey conducted among the employees of the Portfolio Companies.
- The compliance policy, confirming the Company takes compliance with applicable laws, rules and regulations seriously. The policy also stipulates the principles and standards to support the Company's regulatory compliance risk objectives and to ensure the Company's activities are conducted under legal and internal policy requirements.
- The report related to compliance with several sections of the Competition Act.
- The various updated and new policies, including the whistleblower policy, the anti-corruption policy and an anti-harassment and discrimination policy.
- The updated privacy notices and Promotion of Access to Information manual.

The committee also ensured that the Portfolio Companies have fit-for-purpose ESG policies.

The Portfolio Companies did not receive any notices of regulatory fines, penalties, or incidents related to environmental non-compliance. No fatalities related to occupational health and safety occurred during the year.

The committee is satisfied that it has fulfilled its mandate as prescribed and that no material non-compliance was identified for the year under review.

RE Goff
Chairperson

Corporate Governance Report

Our approach to corporate governance

The Board of directors acknowledges that good corporate governance is an integral part of business success. It can only be achieved as a result of collective responsibility and shared accountability. The Company is committed to ethical and effective leadership. Thereby we can achieve the core governance outcomes of an ethical culture, good performance, effective control and legitimacy.

The greatest contribution we can make as a good corporate citizen that creates sustainable value is to conduct business that adheres to the law, produces safe, useful and cost-effective products and services, supports job creation and stability, and reflects international standards and values in areas such as the environment, ethics, labour and human rights.

Integrity, accountability, responsibility, and respect are the cornerstones of our values which make up our Code of Ethics.

The Company subscribes to high ethical standards of business practice. A set of values, various documented policies and Code of Ethics are approved by the Board. These require all employees and Board members to adhere to ethical business practices in their relationships with one another, suppliers, intermediaries, shareholders, and investors to display integrity, mutual respect and openness. We expect employees and Board members to challenge others who are not adhering to these values.

The Company Board is responsible for ensuring that the ethical norms and policies are appropriate and enforced. It discharges this responsibility through the Compliance, social and ethics committee. The Board acknowledges the importance of maintaining a compliance culture and the impact that the Board members, chairperson, and CEO have on culture.

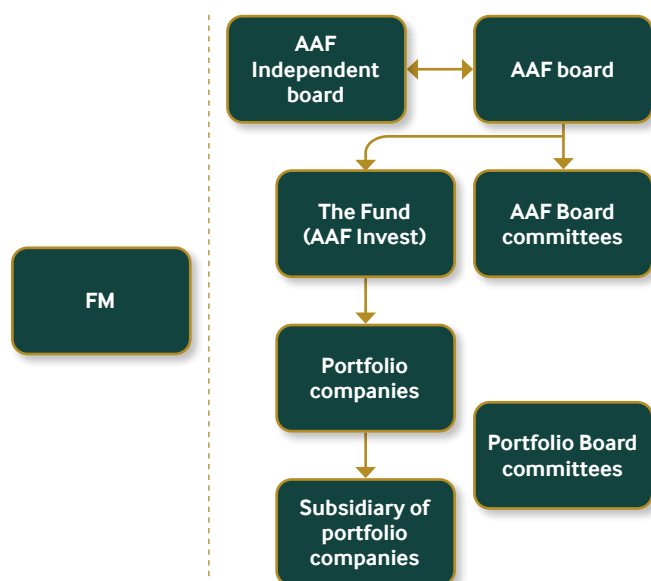
We are committed to transparency and integrity. We encourage stakeholders to voice concerns about unethical behaviour, criminal conduct, or malpractice in any of our Portfolio Companies. The whistleblower policy aims to create a culture of openness and accountability without fear of reprisals or occupational detriment. The policy provides a framework to investigate and address honest concerns, while protecting against victimisation, harassment, or disciplinary action. The Audit and risk committee and the Compliance, social and ethics committee receive feedback about the number of reports made regarding the protected disclosure policy, the allegations made, the investigation and a summary of the outcome.

Declaring personal financial interests, including potential conflicts of interest, is standard on all Board and Board committee agendas. Directors who have declared personal financial interest in a matter on the agenda recuse themselves from the meeting for the duration of the discussion.

Environmental, social and governance (continued)

Governance framework

During the year under review, the Company Board approved an updated governance policy.



Because of the close relationship between the Fund Manager and ARC, several matters are reserved for the independent Board of AAF.

The policy distinguishes between the matters reserved for the AAF Board, the Company's independent Board, and those delegated to the Fund Manager.

The Company Board has delegated certain functions to committees. In addition, the subsidiaries/Portfolio Companies have their own boards of directors, which meet as required. Subsidiary/Portfolio Company boards retain complete and adequate control of the companies. They are ultimately accountable and responsible for the entity's performance. This includes responsibility for reviewing and guiding corporate strategy by establishing key policies and objectives, understanding the key risks faced by the Company, determining the risk appetite, and the processes in operation to mitigate these. Subsidiary/Portfolio Company boards have their own charters.

The Fund Manager provides the Company Board with information, advice and recommendations on the Company's organisational structure, objectives, plans, risks, and policies to enable the Board to make informed decisions.

The purpose of each function:

AAF Board	The Board determines the Company's vision, strategic direction, and objectives.
AAF independent board	<p>The independent board must approve matters reserved for its final approval, which include:</p> <ul style="list-style-type: none"> the Company's strategy and business plans, director remuneration and appointment for recommendation to shareholders, and Fund Manager's fees.
The Fund/AAF Invest board	The board has appointed the Fund Manager to render the manager services to the fund and its portfolio. It retains ultimate responsibility for ensuring compliance with the fund's Memorandum of Incorporation (MOI) and the Fund Management Agreement.
Acorn Agri and Food Board committees	<p>The Audit and risk committee:</p> <ul style="list-style-type: none"> reviews and recommends the approval of the audited annual financial statements, recommends the appointment of an external auditor and oversees the external audit process, oversees the Company's risk register and monitors the response to unacceptably high risks, determines and monitors the focus areas of the Fund Manager, and oversees annual reports.
	<p>The Remuneration and nomination committee:</p> <ul style="list-style-type: none"> makes recommendations on matters related to the remuneration and fees payable to non-executive directors of the Company, makes recommendations on the nomination and appointment of non-executive directors and Board committee members, and review the results of self-evaluations performed by the Company Board members.
	<p>The Compliance, social and ethics committee monitors and reviews policies and practices on:</p> <ul style="list-style-type: none"> health and safety, social and economic development, environmental activities, efforts to combat fraud and corruption, consumer relations, labour and employment, and regulatory compliance.
Portfolio Company boards	Carry the full responsibility of a board of directors, including the approval of their business plans, budgets and annual financial statements within the limits of the governance policy.
Portfolio Company committees	<p>Category C* companies have appointed an audit and risk committee and a remuneration committee.</p> <p>The audit and risk committee's primary responsibility is to review budgets and annual financial statements, and to manage risk and internal control. The remuneration committee's primary responsibility is reviewing remuneration budgets, policies and practices.</p>

* Categories as per Governance categories below.

Governance categories

To further enhance AAF's governance philosophy, a bottom-up Governance Framework is adopted. To achieve the principles of proportionality and decentralisation, the policy is structured according to the following categories:

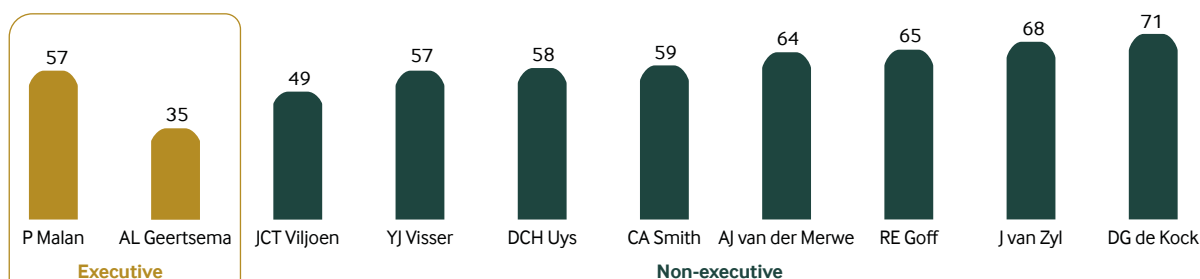
A	B	C	D	E
Ultimate holding company	Subsidiary companies	Companies: <ul style="list-style-type: none"> In which AAF's shareholding is between 50% and 100%, and With a turnover of R300 million and more per annum 	Companies: <ul style="list-style-type: none"> In which AAF's shareholding is between 50% and 100%, and With a turnover of less than R300 million per annum 	Companies: <ul style="list-style-type: none"> In which AAF's shareholding is less than 50%
AAF	AAF Invest AAF Services	Overberg Agri Group Moov Fuel Group Kyron Group ACG Fruit Group	Overberg Meat Montagu group P&B Lime Works Boltfast	Lesotho Milling Company RSA Group – acquired post year end

Board composition and roles

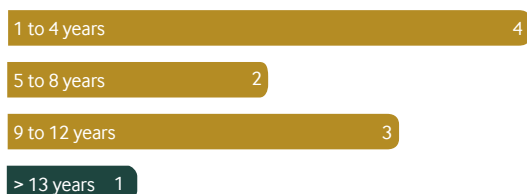
The Company Board operates according to a charter that determines its roles, functions, obligations, responsibilities, powers, and practices, including that of the CEO. The charter is reviewed and updated regularly and incorporates the Institute of Directors in South Africa's General Practice Guidance Note on aligning board charters with King IV™. During the year under review, the charter was updated to incorporate the Company's strategy, the Fund Management Agreement, and the corporate governance policy.

The roles of the chairperson and chief executive officer are separate. A clearly defined division between the chairperson and chief executive officer ensures a balance of power and authority.

Board member age profile



Company Board members' tenure



Appointment and rotation

The terms of office for non-executive directors are three years. Except for the African Rainbow Capital nominated director and Board-appointed directors, one-third of non-executive directors must retire by rotation at every annual general meeting.

Chairperson and vice-chairperson

Mr DG de Kock was appointed as chairperson on 7 December 2022 and Mr YJ Visser was appointed as vice-chairperson on 26 January 2023. Messrs de Kock and Visser will serve as chairperson and vice-chairperson until the annual general meeting in 2025.

Environmental, social and governance (continued)

Leadership

Non-executive Board members



DG de Kock (Douw)

Age: 71

Qualifications: BCom and Diploma in Financial Planning (CFP)

Tenure: 19 years

Background: Douw was an agriculturist from 1981 until the end of 2006 and is a financial planner with Boshoff Visser Financial Services.

Board meeting attendance: 6/6



YJ Visser (Cobus)

Age: 57

Qualifications: LLB

Tenure: 6 years

Background: Cobus is the managing director of Bremer Investments and owns various agriculture operations. He is a director of the former law firm Gildenhuys van der Merwe Inc.

Board meeting attendance: 6/6



CA Smith (Nelius)

Age: 59

Qualifications: BAcc (Hons) and CA(SA)

Tenure: 10 years

Background: Nelius has been practising as an auditor in Bredasdorp since 1995 and is involved in Boshoff Visser Financial Services.

Board meeting attendance: 5/6



DCH Uys (Dirkie)

Age: 58

Qualifications: BCom (Hons)

Tenure: 11 years

Background: Dirkie is an agriculturist and has been actively involved in primary agriculture since 1996.

Board meeting attendance: 6/6



J van Zyl (Johan)

Age: 68

Qualifications: PhD (Economics) and D.Sc. (Agric)

Tenure: 1 year

Background: Johan is the co-CEO of African Rainbow Capital and CEO of Ubuntu-Botho Investments. He served as the CEO of Sanlam for 12 years.

Board meeting attendance: 6/6



RE Goff (Robert)

Age: 65

Qualifications: BA (Law) and BProc

Tenure: 5 years

Background: Robert's career started at the SA Post Office as a labour relations adviser, from where he moved to Motorola International as the HR executive for Sub-Sahara Africa. He joined Sanlam as chief executive of human resources, responsible for the entire human resources function of Sanlam Personal Finance. He retired from Sanlam in 2018.

Board meeting attendance: 6/6



AJ Van der Merwe (Alwyn)

Age: 64

Qualifications: BCom, Honours in Economics and MBA

Tenure: 2 year

Background: Alwyn has 32 years of experience in the financial services industry, starting his investment management career in 1989. He was appointed in his current role as Director of Investments at Sanlam Private Wealth in May 2007. He has overseen the establishment of a fully-fledged asset management capability within Sanlam Private Wealth. Before joining Sanlam Private Wealth, he successfully managed institutional pension funds and several equity and balanced unit trusts.

Board meeting attendance: 4/6



JCT Viljoen (Jan)

Age: 49

Qualifications: Diploma in Agriculture

Tenure: 5 months*

Background: Jan is also the vice-chairperson of the Overberg Agri Bedrywe (Pty) Ltd Board and a member of the Overberg Meat (Pty) Ltd Board. Mr Viljoen is an agriculturist in terms of the Company's MOI in compliance with Article 32.2 of the MOI. He is a farmer and the sixth generation of the Viljoen family on Middelplaas, Greyton farm. He has been an active farmer since 1996. He farms with grain, fruit, and livestock.

Board meeting attendance: 2/2*

* Appointed on 2 October 2023

Executive Board members



P Malan (Pierre)

Chief Executive Officer

Age: 57

Qualifications: BCompt (Hons) and CA(SA)

Tenure: 10 years

Background: Pierre is a co-founder and chief executive officer of Acorn Venture Partners. He has extensive experience in corporate finance and private equity.

Board meeting attendance: 6/6



AL Geertsema (Andries)

Chief Financial Officer

Age: 35

Qualifications: BCompt (Hons) and CA(SA)

Tenure: 1 year ^

Background: Andries has over 14 years of experience at PwC in a listed and unlisted environment. He also has in-country experience in South Africa, BLNS, Zambia and the USA.

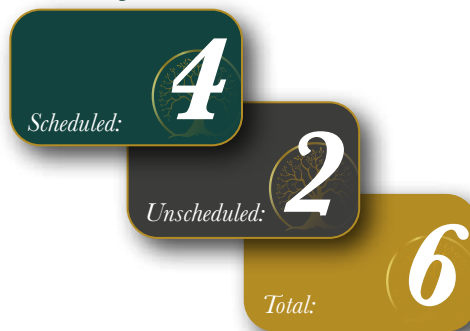
Board meeting attendance: 5/6

^ Appointed as Chief Financial Officer since 1 January 2022

Board activity for the year



Meetings



Usually, the Company Board formally meets four times a year in accordance with its annual work plan. When urgent matters require the Board's attention, unscheduled meetings are convened.

The independent board also held 2 unscheduled meetings.

Trading in the Company's shares

A share trading policy governs trading in our Company's shares. The policy makes provision for, among others, closed periods and the reporting of share trades by directors of the Company. Closed periods are affected when a director or employee has knowledge that is not available to shareholders and may influence its share price or value. Trading in the Group's shares is not allowed during closed periods. An internally operated share administration desk monitors closed periods. Direct and indirect trading in AAF's shares by directors is published on the website within 24 hours of such trades.

Remuneration report

The summarised remuneration report and the accompanying implementation report have been compiled following principle 14 of the King IV report. **The full remuneration report can be found in the Notice to the 2024 AGM.** The report provides an overview of the remuneration policy for employees, executive and non-executive directors, and prescribed officers. The implementation report details how we applied the remuneration policy and related incentive policies.

Pay and performance

Our overarching goals inform our remuneration decisions of improving returns to shareholders. Our policy is to attract and reward top performers and critical talent. We are best positioned to deliver our strategy and enhance shareholder value by retaining high-quality people. We applied sound remuneration principles to align the remuneration policies and philosophies.

Executive remuneration through Acorn Venture Partners

AVP has been contracted as the investment adviser/Fund Manager of the Company and its Portfolio Companies, effective 1 February 2023. This is regulated in the investment management agreement. AVP is a licensed financial service provider.

The key principles of the investment management agreement are:

- The amount paid for the services during the 2024 financial year was R8.1 million, net of fees paid by the Portfolio Companies of R1.3 million and auxiliary income generated for the Company of R1.2 million.
- AVP is also responsible for the remuneration of the executive directors, non-executive directors appointed by African Rainbow Capital and other investment committee and team members.
- AVP has been contracted on an exclusive basis for an initial period to 31 December 2024.
- AVP may qualify for a short-term incentive at the end of the contractual period, based on the performance of the Company's share price.

Remuneration implementation report

This implementation report discloses remuneration outcomes for executive and non-executive directors. It provides a single total figure of remuneration received for the year ending 29 February 2024. This aligns with the remuneration and Short- and Long-Term Performance Bonus policies. This figure is divided into a total guaranteed package, short-term incentives and long-term incentives. The full remuneration implementation report can be found in the Notice to the 2024 AGM.

All expenses incurred by executives and non-executives in executing their duties (such as travel and cell phone allowance) are compensated in addition to the remuneration in the tables below. Travel by private vehicle is reimbursed at a set rate per kilometre.

Remuneration paid to executive directors:

Shareholders should note that no fees were paid by the Company or any of its subsidiaries or Portfolio Companies towards Mr Malan and Mr Geertsema, as AVP is responsible for their fees.

Executive director shareholding as of 29 February 2024:

Shareholding	AL Geertsema (Indirectly)	P Malan (Indirectly)
Total	20 465	8 576 275
Relative shareholding	0.02%	7.02%

Fees paid to non-executive directors:

Director	Total fees paid (R)
DG de Kock (chairperson)	601 388
YJ Visser (vice-chairperson)	569 255
DCH Uys (non-executive)	359 052
CA Smith (non-executive)	353 165
J van Zyl (non-executive)	0
RE Goff (non-executive)	0
AJ van der Merwe (non-executive)	227 871
MR van Breda (non-executive)	318 683
JCT Viljoen (non-executive)	287 782
Total	2 717 196

- Mr de Kock was appointed as a member of the Compliance, social and ethics committee on 2 October 2023.
- Mr Uys was appointed as a member of the Audit and risk committee on 2 October 2023.
- Mr Smith was appointed as the chairperson of the Audit and risk committee on 2 October 2023.
- Mr van Breda resigned on 21 September 2023.
- Mr Viljoen was appointed on 2 October 2023 and also earns fees as a Board member of Overberg Agri Bedrywe (Pty) Ltd and Overberg Meat (Pty) Ltd in addition to the base fee.

Shareholders should note that no fees were paid by the Company or any of its subsidiaries or Portfolio Companies towards Dr van Zyl and Mr Goff, as AVP is responsible for their fees.

Shareholders' information

Introduction

AAF'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 2023	R10.80
Closing price – 29 February 2024	R13.70*
High for the period	R14.00
Low for the period	R10.40
Total number of shares traded	10 872 467**
Total value of shares traded	R142 818 197**
Total number of shares traded (excluding shares purchased and repurchased)	675 795**
Total value of shares traded (excluding shares purchased and repurchased)	R7 666 158 **
Total number of issued shares	122 191 596
Total number of issued shares – net of shares held by subsidiary companies	115 601 895
Total number of issued shares – net of treasury shares	109 380 207
Total number of shares traded as % of total issued shares (average liquidity)	8.90%
Total number of shares traded as % of total issued shares, excluding the shares purchased or repurchased pursuant to a share repurchase programme (liquidity)	0.55%

* Closing share price includes the shares purchased and repurchased pursuant to the share repurchase programme implemented at the end of February 2024.

** Excludes trades made within nominee companies, off-the-market transactions, the 5 000 000 shares repurchased from AAF Invest, and the transfer of the 100 000 post-consideration shares to Acorn Agri (Pty) Ltd.

For the financial year ended 29 February 2024, AAF repurchased and AAF Invest purchased a total of 10 476 672 (2023: 8 578 638) shares at a total value of R139 million (2023: R122.6 million). AAF repurchased 5 000 000 ordinary shares from AAF Invest during the financial year in accordance with ordinary resolution 8 passed at the 2023 AGM. In addition, Overberg Agri purchased 280 000 (2023: 339 021) AAF shares for its customer loyalty programme during the year.

Shareholder distribution

Public shareholders	68.66%
Non-public shareholders	31.34%
Non-executive directors	18.91%
Executive directors	7.04%
Shares held by subsidiaries*	5.39%

* AAF Invest 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 as of 29 February 2024:

UBI General Partner (in its capacity as the General Partner of the ARC Fund)	12.12%
Agulhas Nominees (Pty) Ltd	9.82%
Emfam Beleggings (Pty) Ltd	8.18%
Bremer Investments (Pty) Ltd	5.78%
Acorn Manco (Pty) Ltd	5.09%

Shareholders' information (continued)

Shareholders' Diary

Financial year-end	29 February 2024
Annual general meeting	12 June 2024
Reports and statements	
Annual report	June 2024
Interim results	October 2024
Dividend	
Declaration	16 May 2024
Record date for dividend payment	17 June 2024
Dividend payment	1 July 2024

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

P O 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