

THEME

RESILIENCE DURING A TIME OF CRISIS

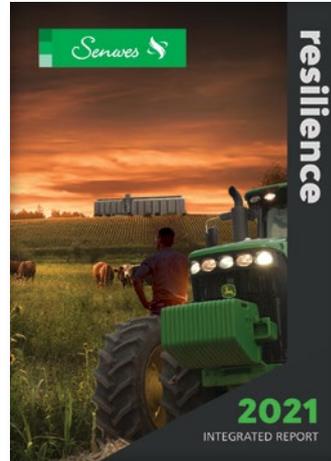
The 2021 integrated report showcases the strategic worth of Senwes' future-focused business approach, while at the same time highlighting the importance of adaptability and resilience during times of turmoil. Globally, the past financial year will be remembered in history as a season of great instability, digital transformation and the transition to a new norm. On the home-front the same can be said for South Africa, the agricultural sector and, by association, Senwes.

By reimagining our future as an agri-business during this time of unprecedented change, Senwes not only reaffirmed its commitment to relevance, innovation and value creation, but also enabled stakeholders to re-envision and ultimately re-engineer their business potential.

RESILIENCE IN THE FACE OF ADVERSITY

Since the start of the 2020/2021 financial year, the Covid-19 pandemic continued to cause widespread instability and angst, while the measures implemented to contain the spread of the virus wreaked havoc throughout the global economy.

On home soil, South Africa's weakened economy was further exacerbated by the pandemic. Reduced economic activity, challenges with regard to infrastructure maintenance, reliable electricity supply, capacity of critical public services and consecutive downgrades to the country's sovereign credit rating further impacted the lack-lustre economy. However, the government's decision to leave the agricultural sector and broader food supply chains fully operational from the onset of the lockdown provided conducive business conditions and saw the sector emerge as a beacon of hope for the South African economy. The sector reflected an impressive growth of 15%



ON THE COVER

Amidst a constantly changing external environment, a global pandemic, the prevalence of natural disasters and one of the largest agricultural mergers in recent history, the Senwes Group demonstrated great resilience. Its robust response to uncertainty was navigated by the group's long-term strategy and its adaptability to change.

in the second quarter of 2020 (April - June), which made it the only positive contributor to the GDP.

Cold and harsh conditions were recorded from May 2020 to August 2020 where 75 days saw temperatures below freezing point, the highest number of days in 14 years. Furthermore, frost was evident on 51 days, making it the coldest winter since 2001.

A bumper maize crop of 16,2 million tonnes, the second largest in history, with an average yield of 5,87 tonnes per hectare and strong overall sales of agricultural produce in the first four months of the Covid-19 pandemic, bore testament to the sector's resilient nature.

Devastating wildfires during October 2020 put immense pressure on agri-activities in the Free State and Northern Cape and saw in excess of 100 000 hectares of veld destroyed, while losses of livestock, game and infrastructure were also suffered. It was also during the month of October when Senwes concluded the biggest merger in the agri-sector to date with the acquisition of Suidwes Holdings.

Winter grains performed exceptionally well, and bumper crops were recorded, which

included the largest canola crop ever (167 000 tonnes) and the largest wheat harvest since 2008 (2,1 million tonnes).

Below-average rainfall delayed the start of the summer grain planting season. By the end of November, the central and western parts of the summer rainfall area received a cumulative rainfall of 109 mm, compared to the long-term average cumulative rainfall of 153 mm for the same area. However, an above-average rainfall trend continued into the new year, and a well-developed La Niña weather system, which gave way to heavy downpours in the central and eastern parts of the summer rainfall area, resulted in flood damage to crops and infrastructure. The La Niña system is set to continue weakening towards mid-winter before the next system develops.

Amidst all the challenges which the 2020/2021 financial year posed, whether it was the Covid-19 pandemic, economic instability, wildfires, floods, pests as a result of the heavy rains and many more, the sector remained focused on food security as the critical issue for the survival and well-being of all South Africans.

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