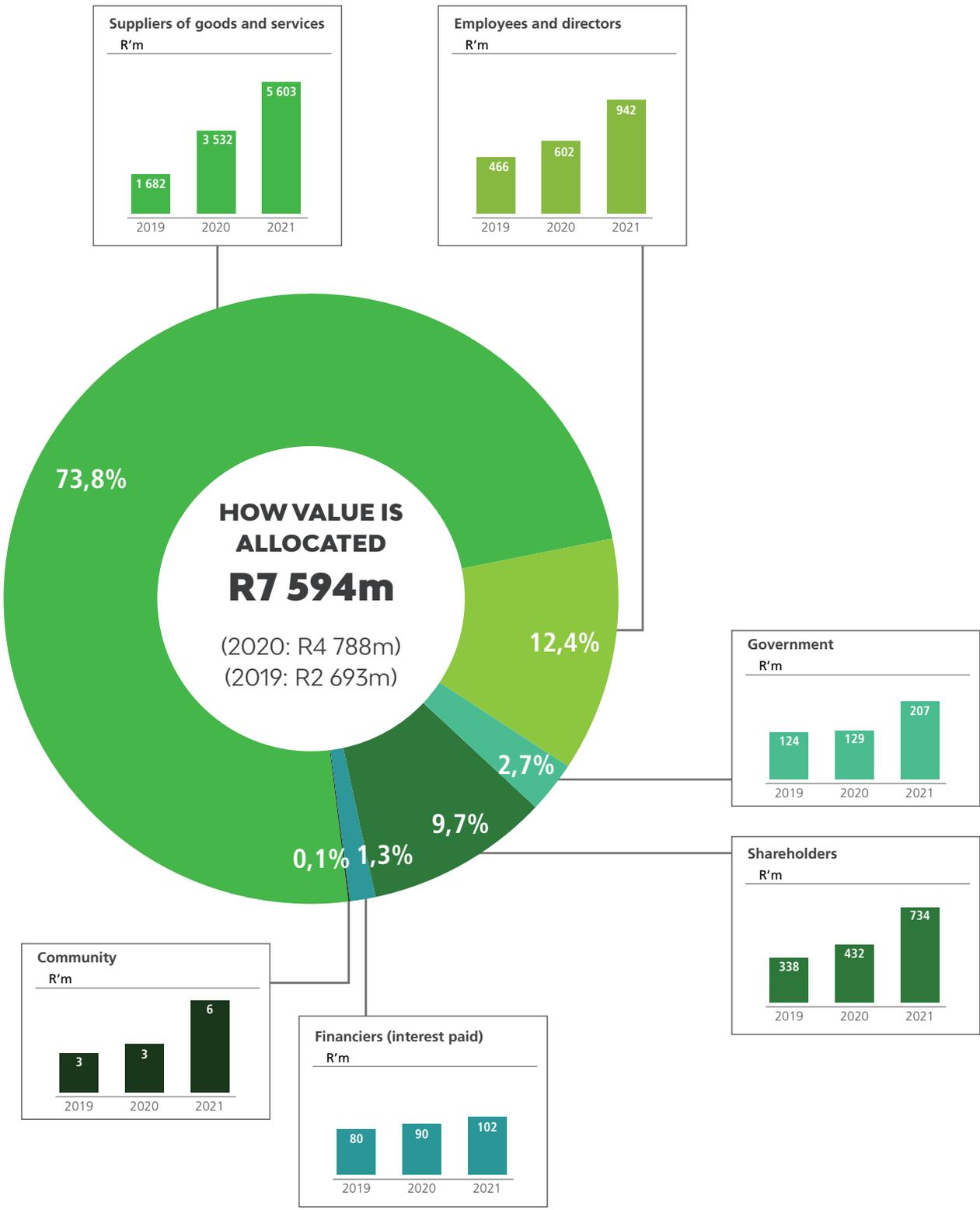


VALUE FOR STAKEHOLDERS





STRATEGIC AND OPERATING CONTEXT

Reimagining the strategic platform



FRANCOIS STRYDOM
Senwes Group CEO

REFLECTIONS BY THE GROUP CHIEF EXECUTIVE

When a group reaches its 112-year milestone, many members of staff, clients, boards, shareholders and other stakeholders are to be acknowledged and honoured. We do so and thank each one involved in this wondrous journey. The year 2020/2021 will be remembered for various reasons, but mostly for businesses standing up to be counted amidst the frenzy of Covid-19, state capture, corruption, populist views and organisational change.

While the Senwes Group is familiar with change, we have never before faced the need for transformation at such a rapid rate as we did at the onset of the Covid-19 pandemic. First we had to ensure that we offer impactful support to all our employees in the Senwes family and, at the same time, ensure the success of our numerous business units by remaining viable, competitive and future-fit. In true Senwes spirit we were able to employ the necessary strategic measures and rapidly realign our activities to assist our clients, employees and our communities to lessen the harsh impact of the pandemic on their everyday lives.

In this regard, our employees across the different business units have shown tremendous dedication, commitment and courage through turbulent times and I thank them for their unwavering support.

As the Senwes Group, we also wish to extend

our heartfelt condolences to those who have lost loved ones, and our thoughts are with everyone who has suffered personal or financial hardship during the Covid-19 pandemic.

The food and fibre value chains as sectors were extremely blessed to be classified as essential services at the onset of the Covid-19 pandemic and this, together with good environmental conditions and higher trending commodity prices, had a very positive effect on role-players. The agri-sector was one of a few sectors of the economy to contribute to economic growth in the last eighteen months.

The Senwes Group continues its chosen strategic purpose of adding value and solutions to its client base and keeps on analysing the sector for meaningful acquisitions to add to its platform. Consistency and clarity of our strategy are of the utmost importance to all stakeholders.

A well-developed agri-business platform complies with the purpose of the company and, consequently, provides access to clients (market share and share of wallet), integrates the group and most importantly, provides better access to markets for clients as well as input partners.

The Suidwes acquisition was approved by the Competition Commission on certain conditions and the effective date for onboarding was October 2020. Acquisitions of this scale are complex and will take time to be fully executed. Day-to-day operational, staff and client challenges were also experienced. The financial synergies are substantial and comply with the complexities of such a large acquisition, both within value chains in South Africa as well as in the world. Naturally it poses a concentration risk, but financial and efficiency gains counter those risks. From a financial perspective, the Suidwes acquisition drained cash and increased costs, while the