

# 2022

## INTEGRATED REPORT



*Reimagine Agriculture*









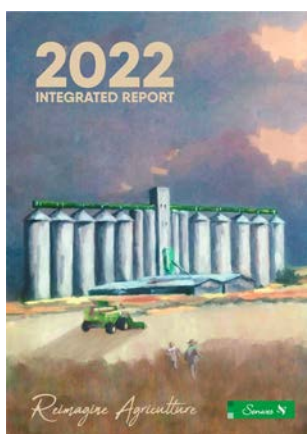
# THEME

## *Reimagine agriculture*

The 2022 Integrated Report (IR) showcases the strategic worth of Senwes' future-focused business approach, whilst at the same time reaffirming its commitment towards relevance, innovation and value creation. By doing so, the businesses enabled stakeholders to re-envision and ultimately re-engineer their business potential.

The past financial year will go down in history as one of the rarest, yet possibly most beneficial ones for South African farmers and by association, Senwes. The year combined a huge harvest with higher prices – particularly in the grains and oilseeds industries, boosting farmers' incomes. Ordinarily, a large harvest tends to lead to lower commodity prices, and farmers' profits being under pressure, but for the 2022 financial year commodity prices remained elevated, both locally and internationally.

The country experienced some challenging moments during the year, such as the July 2021 unrest in KwaZulu-Natal and Gauteng that impacted the main trade logistics corridors, increased theft of rail infrastructure, followed by a cyber attack on Transnet, which briefly affected the movement of goods out of South Africa. For the agricultural, food and beverages sectors, which are export-oriented, the unrest happened at particularly crucial times as it occurred at the height of citrus exports.



### ON THE COVER

Daniel Thladi's artwork serves as the background for Senwes' 2022 Integrated Report. Through the creative expression of art, the viewer is drawn into a process of critical thinking, allowing for new discoveries and imagination. This links up with the theme of this report, namely reimagine agriculture.

Apart from the highest rainfall recorded in 116 years (according to Grain SA) during December of 2021, the 2021 winter was also the coldest on record. A total of 19 minimum temperature records were set and snow swept through parts of the country.

The first rains of the 2021/2022 season arrived on time, with planting having kicked off roughly within the optimal planting window, from October, in the eastern regions of South Africa.

The continuation of heavy rains, however, proved to be a challenge for various regions. Flooding occurred in the Free State, Northwest, Limpopo and parts of the Eastern Cape and KwaZulu-Natal provinces. This caused crop damage and delayed planting in these regions. After the heaviest downpour in six decades, South Africa was forced to

suspend shipping at its main port in Durban due to extensive flood damage to harbour and road infrastructure. This placed the entire logistical value chain under severe pressure. This was a La Niña-induced event and came in a season that followed a year of above-average soil moisture.

In effect, this was an unusual period for South Africa since the country has not had three consecutive seasons of above-average rainfall in a long time.

The current 2021/22 rainy season followed the 2020/21 and 2019/20 seasons, which also realised above-normal rainfall, although it was fortunately still moderate in terms of intensity and supported agricultural activity.

“The past financial year will go down in history as one of the rarest, yet possibly most beneficial ones for South African farmers and by association, Senwes.”



# REPORTING

## Suite

Senwes' integrated report provides a succinct review of the group's strategies, risks, opportunities, corporate governance, operational activities and financial performance for the financial year ended 30 April 2022. This report, supported by the suite of online publications, provides a holistic overview of the group's activities and is available on Senwes' website at [www.senwes.co.za](http://www.senwes.co.za).

### RELATED MEDIA COVERAGE

For related media coverage, such as press releases or radio interviews with Senwes' Group Chief Executive Officer (CEO), visit [www.senwes.co.za](http://www.senwes.co.za).

### IR AND AFS ENQUIRIES OR FEEDBACK

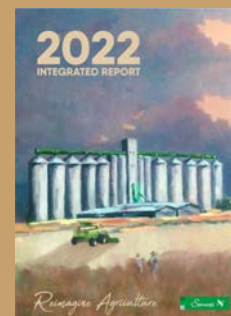
Corné Kruger  
(Group Chief Financial Officer)  
Telephone: 018 464 7476

### SR AND AGM ENQUIRIES OR FEEDBACK

Elmarie Joynt  
(Group Company Secretary and Chief Legal Counsel)  
Telephone: 018 464 7104

## REPORTING PRINCIPLES & GUIDELINES

- The International Integrated Reporting Framework.
- South African Companies Act 71 of 2008, as amended.
- The KING IV Report on Corporate Governance (King IV™) (applied as far as practically possible).
- International Financial Reporting Standards (IFRS).
- Department of Trade and Industry's Codes for Broad-Based Black Economic Empowerment.
- G4 Sustainability Guidelines.



IR

The **Integrated Report**, which features extracts from the annual financial statements, is the Senwes Group's flagship reporting publication published as required by:





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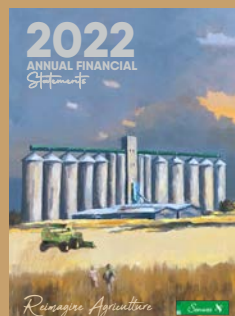
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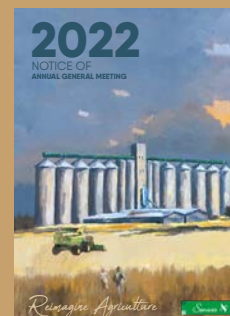
**AFS**

The group's **annual financial statements** provide an in-depth analysis of the group's financial results and performance.



**SR**

A web-based **Sustainability Report** provides a summarised overview of the group's sustainability activities, strategies and ongoing processes.



**AGM**

The notice of the **annual general meeting (AGM)** presenting the annual financial statements and tables the key resolutions for shareholders to consider, which is provided to each shareholder and is available online.











# OVERVIEW



# ABOUT OUR Integrated Report

**THE PRIMARY PURPOSE OF SENWES' INTEGRATED REPORT IS TO DEMONSTRATE TO THE PROVIDERS OF FINANCIAL CAPITAL AND POTENTIAL INVESTORS HOW SENWES CREATES SUSTAINABLE VALUE OVER THE SHORT, MEDIUM AND LONG TERM.**

In acknowledging the fact that sustained value creation does not happen in isolation, the group's approach to value creation is best illustrated through its integrative value-adding business model, strategies, risk assessments, opportunities, performance and governance practices. A balanced and accurate reflection of these material aspects forms the essence of Senwes' integrated report. The report also provides stakeholders with a balanced, accurate and transparent assessment of the ability of the group to deliver on its brand promise.

## OUR APPROACH TO REPORTING

This report is prepared in accordance with the International Framework of the International Integrated Reporting Council (IIRC) and provides our stakeholders with a concise and transparent assessment of our ability to use our expertise to create sustainable value.

## REPORTING PERIOD

The Senwes integrated report is compiled and published annually and this report focuses on the activities and operations of the group for the period ended 30 April 2022.

## SCOPE AND BOUNDARY

This report extends beyond financial reporting and includes non-financial information attributable to, or associated with, our key stakeholders, who have a significant impact on, or interest in the group's ability to create value.

## COMBINED ASSURANCE

The group's external auditor, Ernst & Young Inc. (EY), conducted an independent audit of the group's consolidated annual financial statements. Other sections of the report, consisting of non-financial information, have not been subjected to an independent audit or review and have been compiled, based on internal records and information in the public domain under supervision of CF Kruger, CA (SA), Group Chief Financial Officer (CFO).

## BOARD RESPONSIBILITY STATEMENT

The Senwes board of directors acknowledges its responsibility of ensuring the integrity of this integrated report which, in the board's opinion, addresses all the issues that are material to the group's ability to create value and fairly presents the integrated performance of the Senwes Group.

The board has applied its collective mind to the preparation and presentation of this report and believes that it has been prepared in accordance with the IIRC Framework and under the supervision of senior management. It furthermore underwent a rigorous process using both internal and external assurances. The report was approved by the board of directors of Senwes on 6 July 2022.



## DEFINING KEY CONCEPTS INTEGRATED THINKING

Integrated thinking is the process where relationships between the various operating units and aspects such as the environment, social matters and sound governance are actively considered in decision-making to add value over the short, medium and long term.

## VALUE

Value is the occurrence where the consequences of our successful resource application has a positive impact on a stakeholder.

## MATERIALITY

Materiality refers to the actions or issues of substantial importance that affect the group's strategy and therefore its ability to create value over the short, medium and long term and/or actions and decisions by the group that may affect its stakeholders, either positively or negatively.

**Danie Minnaar**  
Chairman

**Francois Strydom**  
Group Chief  
Executive Officer

**Steve Booysen**  
Vice Chairman

**Corné Kruger**  
Group Chief  
Financial Officer





Venete Klein

Nico Liebenberg

Kobus Marais

Pieter Stander

Hansie Viljoen

Dries Kruger

Gert Malherbe

Jaco Minnaar

Thabo van Zyl

Andrew Waller







## FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements with respect to Senwes' financial position, results, operations and businesses. These statements and forecasts involve risk and uncertainty, as they relate to events and depend on circumstances that may or may not occur in the future.

The group does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information, future events or otherwise. The forward-looking statements have not been audited, reviewed or reported on by EY.

## NAVIGATION

### SUSTAINABILITY REPORT

Environmental, social and governance considerations are becoming increasingly relevant across the spectrum to ensure our sustainability: from investor and shareholder relations, brand and reputation management, data protection, business and human rights, corporate governance and fiduciary duties of companies and their directors. The group is especially exposed to current environmental and social matters. These are explained more comprehensively in the separate web-based sustainability report.

## STAKEHOLDERS

Senwes focuses on serving the various needs of all stakeholder groups, while prioritising actions and leveraging resources in a manner that ensures a long-term positive impact on the organisation. The group's stakeholders are as follows:



**Shareholders and investors**



**Clients and customers**



**Employees**



**Business partners**



**Suppliers**



**Government regulators**



**Communities**

## STRATEGIC FOCUS AREAS

Senwes' strategic focus areas are defined as the deliberate goals established to achieve our purpose, mission and fulfil the group's responsibility and can be identified by the following icons:



**Diversification, horizontal integration and consolidation**



**Increased investment in efficiencies in the value chain**



**Internal integration of the customer**



**Reorganisation of business models**



**Unlocking value synergies**



**Externalisation**

## MATERIAL RISKS

Senwes deems its risk management practices to be practical and fully acknowledges the volatile agricultural industry and our need to be agile, smarter, more effective, proactive, forward-looking and, at the same time, appropriately responsive. The following icon is used to identify our risks throughout the report:



### Our risks are as follows:

1. Political and economic risk.
2. Credit, liquidity and market risk.
3. Commodity price risk.
4. Market size and market share risk.
5. Weather and climate risk.
6. Theft and fraud risk.
7. Urbanisation, scarcity and retention of skills risk.
8. Transition and customer risk.
9. Information technology – systems and cyber risk.
10. Unique competitor risk.
11. Environmental and health and safety risk.
12. Diversification and agricultural industry risk.
13. Regulation and compliance risk.

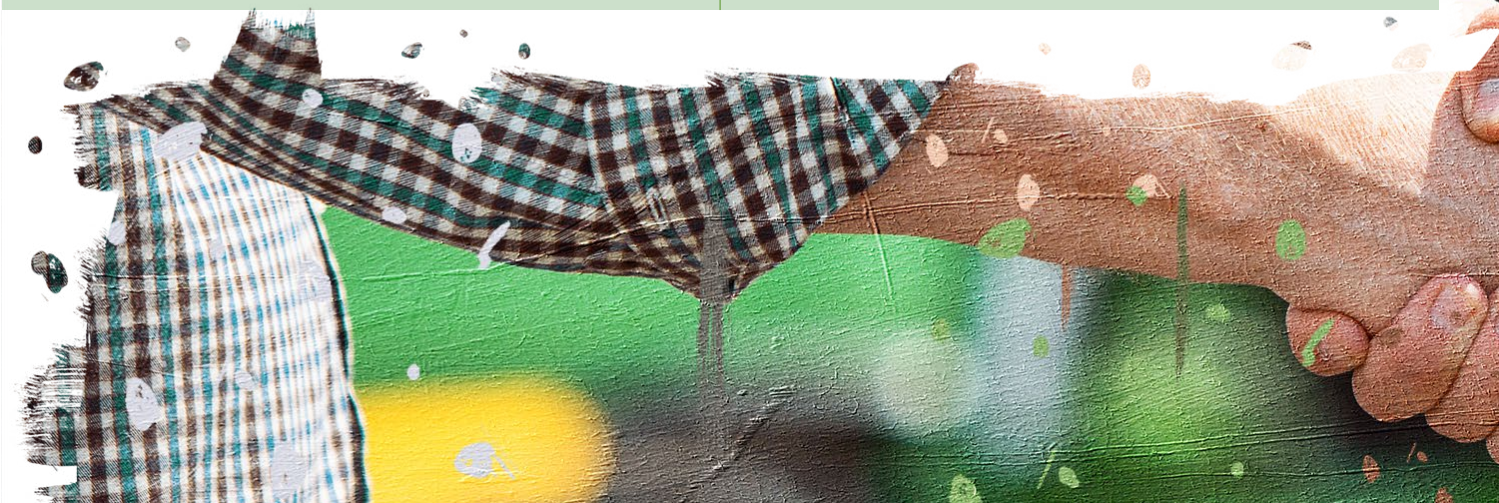


# 365-REVIEW

## QUARTER 1:

1 MAY 2021 – 31 JULY 2021

1. Senwes established a new company, SS Siloco, to acquire the divestiture assets as required by the Competition Tribunal as part of the Senwes/Suidwes merger conditions.
2. Roll-out of Protection of Personal Information Act, 2013 (POPIA) Compliance Programme.
3. Restructuring of Agrinet and Hinterland SA (Prodist) and merging them into one entity effective from 1 May 2021, Hinterland SA t/a Agrinet.
4. KLK upgraded the Upington Build-It store, launched KLK Credit in collaboration with Senwes' Agri Credit Solutions and opened the Kathu Pet World.
5. The Industrial Development Corporation (IDC) subscribed to 49% shareholding in Pelelani while Bastion Lime owns the remaining 51%. The focus of this entity will be to investigate industrial lime opportunities to optimise the utilisation of the lime resources.
6. JD Implemente (JDI) recovered lost market share, especially in its non-traditional area.
7. Senwes experienced capacity constraints at certain silos as the intake increased by more than expected.
8. Hinterland entered the Mpumalanga and Eastern Free State areas through integrated geographic expansion with Agri Credit Solutions. Synergies between Agri Credit Solutions and Hinterland led to the first Hinterland relationship managers being appointed in those regions. These relationship managers are shared by Hinterland and Agri Credit Solutions and facilitate credit applications as well as marketing of direct inputs to producers.
9. Hinterland finalised and implemented cost-saving initiatives to ensure profit improvement.
10. Falcon designed and released its locally built haymaker (F60-350V) to the market.
11. Falcon designed and released two slashers (GS 180 and GS 120) and one haymaker (GH 120), for and on behalf of Staalmeeester, who added these implements to its product offering.
12. Senwes acquired the remaining 50% shareholding of the insurance business, SENWK Group, including Certisure and Univision Broker Services (UBS), from NWK, effective from 1 May 2021, which allows for greater strategic integration within the Senwes Group.
13. In most regions grain on the fields dried off earlier than normal which resulted in early grain deliveries and early settlement of production credit accounts. Agri Credit Solutions' total book was therefore, on average, slightly lower than the corresponding period in the 2021 financial year.
14. Unprecedented high intake of soil samples at NviroTek Laboratories during May 2021 kicked off the soil preparation season which commenced earlier than usual. This, in conjunction with high incidences of Covid-19-related absenteeism, caused capacity constraints at the laboratories.
15. Agrinet's service outlet was revamped, improved and placed under new management.
16. Senwes Equipment entered into the second phase of the planter project. The project consists of the development of a new planter to replace the John Deere FX planter. During the first quarter, the amendments to the conventional planter were completed.
17. Senwes Equipment implemented the Construction and Forestry contract with John Deere, and negotiations with sub-dealers in the Northern Cape and Namibia took place.





**QUARTER 2:****1 AUGUST 2021 – 31 OCTOBER 2021**

1. The first intake of Senwes' Executive Leadership Programme, Game Changers, graduated. A group of 24 delegates completed the Senwes Advanced Management Programme.
2. Senwes held its first annual general meeting, by entirely using virtual communication facilities.
3. Senwes paid the final and special dividends as declared in the 30 April 2021 financial statements, whilst Agribel issued a scrip dividend alongside a cash dividend.
4. Senwes and Agribel delisted from the ZARX stock exchange and listed on an over-the-counter (OTC) platform on 15 October 2021.
5. Senwes concluded facilities with Nedbank Limited as a key strategic funding partner.
6. KLK's subsidiary, SA Dorper, introduced short time in the Skins division to counter the impact of over-supply of skins.
7. KLK upgraded the Kathu Built-It store.
8. KLK acquired the remaining 3,1% non-controlling interest (NCI) in Carnarvon Abattoir and now owns 100% of the issued shares.
9. Falcon/Staalmeester started the ISO 9001 accreditation process with the intention to be accredited by the end of 2022.
10. Steady recovery in food and beverage samples for micro-biological testing by NviroTek Wynland, after the Covid-19 pandemic in 2020 caused a slump in the hospitality industry.
11. Senwes developed a SHEQ-communication strategy, which involves training videos of high-risk activities and induction training videos. The training videos are distributed to all the applicable operational sites to enable managers to address critical safety and health areas.
12. Agrinet commenced negotiations with various large retail groups to list new product ranges and explore opportunities to introduce the entire Agrinet product range.
13. Senwes Equipment struggled with stock availability and delays as a result of certain foreign factories suspending production due to Covid-19 restrictions. Lead times increased by three to four months on John Deere whole goods orders, and four to seven months on parts and components. The risk of lost sales was mitigated by intensive planning and continuous communication with clients.

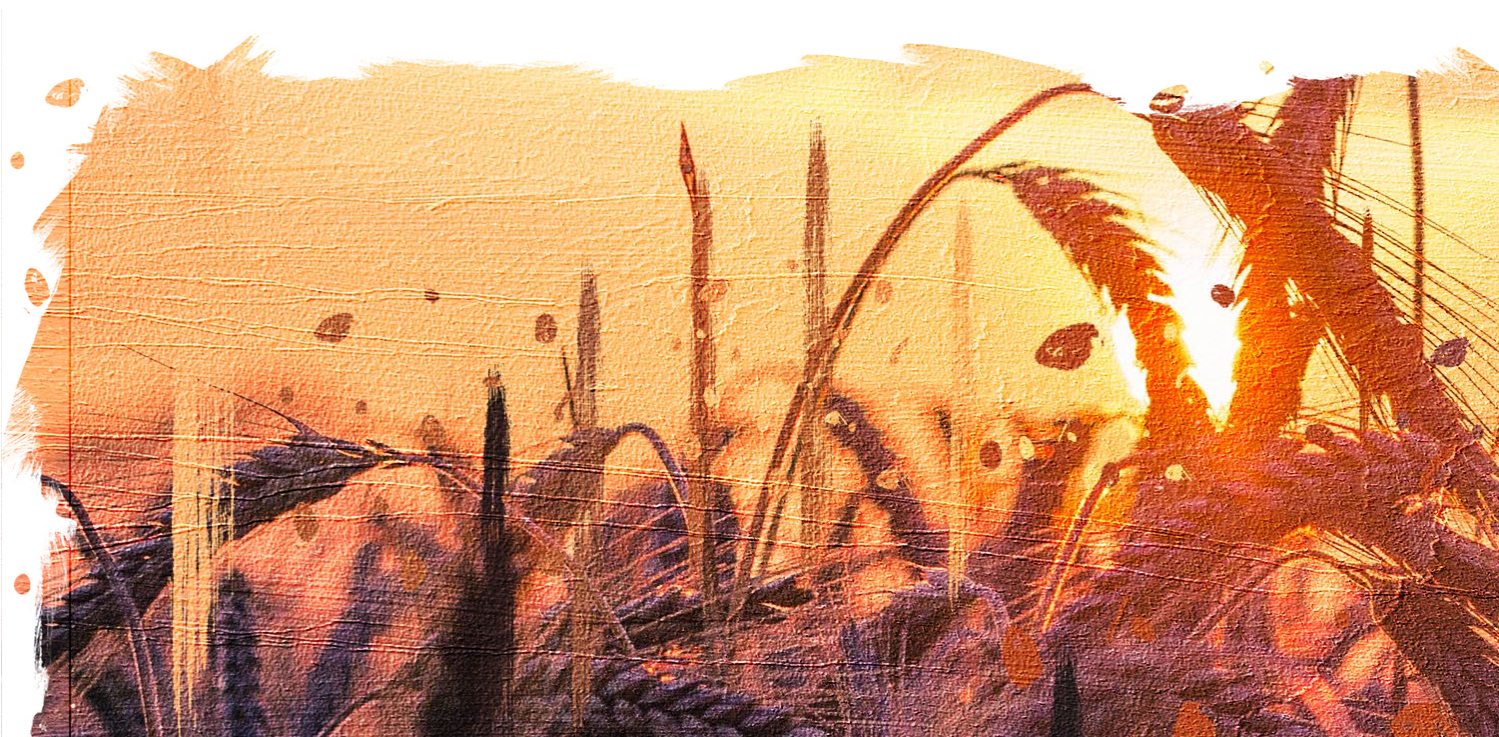




## QUARTER 3:

1 NOVEMBER 2021 – 31 JANUARY 2022

1. The Senwes Group acknowledged the long service periods of 41 employees during a long service awards function.
2. Senwes appointed 15 graduates to the 2022 graduate programme. The graduate programme is in its 12th year of existence and 102 graduates have been appointed thus far.
3. Senwes' Central Admin division implemented Optical Character Recognition (OCR) and Bot software to enhance the automatic capturing of vendor invoices.
4. Thobo Trust launched the mobile kitchen and cricket nets at Itokisetseng Combined School (near Losdoorns silo), with the support of Cricket SA and the Department of Education.
5. KLK's subsidiary, SA Dorper, introduced the salting of greenhides (raw) upon request.
6. KLK Makelaars entered into a co-operation agreement with Certisure.
7. Bastion upgraded the weighbridge station at the Buhrmansdrif mine.
8. JDI was recognised at the ABSA Rewards for achieving the highest quarter three turnover in the last 5 years.
9. The Market Intelligence unit held 27 information sessions for producers.
10. The Market Intelligence unit increased the average basis premium for grain per silo.
11. Hinterland experienced major challenges during this quarter due to several branches being impacted by a surge in Covid-19 infections.
12. Grainovation changed its business model whereby more focus was placed on internal transport requirements of Grainlink rather than a combination of internal and external transport.
13. Grainovation negotiated with preferred sub-contractors to secure the lowest possible transport tariffs and to introduce new structures into the market place.
14. Falcon/Staalmeester endured a two-week long labour strike while still delivering products to their clients.
15. Falcon/Staalmeester received notification from Amazone, extending some delivery lead times to over 150 days due to the raw material and electronic component shortage because of the Covid-19 pandemic.
16. Total hectares financed for summer production increased by 7,5% compared to the previous year.
17. The heavy rainfall caused severe initial damage to young crops and it was estimated that more than 200 000 hectares could be lost completely.
18. NviroTek Ifafi maintained its international ISO-17025 accreditation status and expanded the scope of accreditation of agri-chemical residues for the export market. A new Soil2Sap analytical protocol was established in association with a new customer.
19. Senwes Equipment implemented a rental and integrated harvest solution model.





**QUARTER 4:****1 FEBRUARY 2022 – 30 APRIL 2022**

1. Senwes announced a share repurchase programme offering to repurchase shares between R12 and R17 per share.
2. KLK's subsidiary, SA Dorper, commissioned a new power factor unit that will increase the efficiency of power usage at the plant as well as protection of the plant against power surges.
3. Bastion upgraded the Britten plant to replace the obsolete conventional screens with high-frequency screens, which will increase the production capacity of the plant by 25%.
4. Bastion sold and produced record volumes during the year due to favourable market conditions, capacity upgrades and focused marketing and production strategies. Sales increased by 33% and production by 28% compared to the previous year.
5. The JDI Addo branch moved to a new property in Kirkwood.
6. Senwes Grainlink silos, in collaboration with Business Engineering, finalised cost analyses to decrease costs and introduce new standard operating procedures.
7. After excessive rainfall, Senwes Grainlink experienced challenges with the condition of roads providing access to the silos. Senwes Grainlink acquired a grader to assist farmers with improving these roads.
8. The Market Intelligence unit developed a new average pricing model for marketing of producers' grain commodities with the aim to outperform the market mean.
9. The Market Intelligence unit provided inputs to assist the Johannesburg Stock Exchange (JSE) with reducing the current location differentials.
10. The Market Intelligence unit introduced a new pricing solution for their preferred logistics partners.
11. The Market Intelligence unit assisted producers with the marketing of lower grade wheat and the management thereof.
12. Hinterland rolled out a new fuel management system to all former Suidwes branches to fully automate sales.
13. Hinterland realised record production input sales during February 2022.
14. The first in-house manufactured prototype of Staalmester's hammer mill (2021) was completed at Falcon's facility in Howick.
15. Raddix/National Risk Specialists (NRS) consolidated with Certisure/UBS. This consolidation will realise significant synergies.
16. Drier conditions resulted in most of the water-damaged crops recovering, although not necessarily to full potential. With a high commodity price cycle, it is forecasted that the majority of clients will be able to repay their production and term loan debt. Debt in arrears are expected to be very low due to clients' cash flow positions strengthening.
17. Bulk input prices increased by 62% as a result of the Russia/Ukraine crisis' impact on the availability of certain input products.
18. The first intake of Senwes' Operational Leadership Programme, Game Players, graduated. A group of 29 delegates completed the programme.





# SENWES BRAND

*Reimagining agriculture in the 21st century*

**AT SENWES WE ARE CONTINUOUSLY REIMAGINING OUR FUTURE TO ENABLE US TO EXPERTLY ASSIST OUR CLIENTS IN REIMAGINING THEIRS.**

Over the course of 113 years we have not only succeeded in reimagining the future of our group, but also that of the broader South African agricultural sector in unprecedented ways. Along this journey Senwes has transcended its role as a mere catalyst of agricultural success to that of an enabler of sustainability and growth for the entire agricultural value chain.

Our company's history can be traced back to the fall of 1909, when 24 pioneering farmers came together to discuss the idea of a co-operative in the then Western Transvaal. Following the devastation left in the wake of the Anglo-Boer War, the need arose for sustainable grain handling and seed processing on a large scale. Looking back, the establishment of De Centraal Westelike Co-operatieve Landbouwen Vereniging on 15 May 1909 was the spark that ignited our company's business philosophy of providing solutions to enable our customers to effectively conduct their business.

## PURPOSE STATEMENT

To provide innovative and integrated solutions for our customers to enable them to do their business.

## MISSION STATEMENT

Senwes is one of the leading agricultural companies in South Africa. The group is solution-driven and focuses on providing integrated product and service solutions to agricultural producers, encompassing finance, insurance, wealth planning and advice, agricultural services, input supplies, agricultural machinery and equipment, grain storage and handling services integrated with logistics, as well as market access for producers' products. The group also provides solutions to grain off-takers and processors with regard to their procurement needs. The group plays a key role in the value chain in providing a seamless channel from farm to food processors.

## THE BRAND PROMISE

- To approach every interaction with a solution-driven mindset.
- To see the clients' businesses from their perspective.
- To provide an integrated solution.

## STATEMENT COMMITMENT

Senwes is committed to creating value for all its stakeholders by conducting sustainable business through ethical conduct, protecting the environment and contributing to the socio-economic development of its employees and the communities in which it conducts business.

## SENWES' RESPONSIBILITY

Senwes has the responsibility of making a meaningful contribution towards food security in South Africa through sustainable agriculture, by providing innovative and integrated solutions to food producers and the other role-players in the applicable stages of the food value chain.

## SENWES' DNA

### THE CORPORATE CULTURE

Senwes wants to be the preferred investment partner, employer, supplier and distribution channel as well as a good corporate citizen. Senwes also strives to break new ground throughout the food value chain, where a strategic thought process has been adopted for attaining knowledge and being experts in what we do.

### LIVING THE GROUP'S VALUES BY:

- Doing the right things for the right reasons, acting with integrity.
- Satisfying our stakeholders' needs and solving their problems, applying business orientation.
- Maximising people's true potential and being in pursuit of the group's purpose, demonstrating self-motivation.
- Finding creative and resourceful solutions to business challenges and customer needs, exhibiting innovation.



- Building a strong allegiance with the group, whilst acting in the best interest of the group and its stakeholders, showcasing loyalty.
- Accepting responsibility by providing complete, transparent, truthful, accurate and timely information to all stakeholders, illustrating accountability.

## SENWES' DIFFERENTIATORS

### STRONG ALLIANCES WITH STRATEGIC PARTNERS

By forming strong alliances with strategic business partners, Senwes expands its geographic presence, product ranges and service offerings and unlocks new income streams.

### EMPOWERED AND COMMITTED WORKFORCE

Senwes' employees are humble in success and remain determined in the face of adversity, constantly striving towards excellence, focused on the group's vision and committed to the group's corporate and ethical values.

### SUSTAINABLE VALUE FOR SHAREHOLDERS

Senwes creates value for shareholders by delivering a continuous return on equity, despite volatile economic and political conditions as well as a fast-changing business landscape that requires agility at all levels.

### INTEGRATED AND INNOVATIVE SOLUTIONS

Senwes is committed to the interests of clients and focuses on providing integrated and innovative, sustainable solutions, whilst strengthening long-term relationships.

### STRATEGIC AGILITY UNDER PRESSURE

Senwes' management has the ability to adapt rapidly to unforeseen circumstances, changing them into opportunities, whilst still implementing sufficient risk-mitigating actions.

### COMMITMENT TO OUR COMMUNITIES

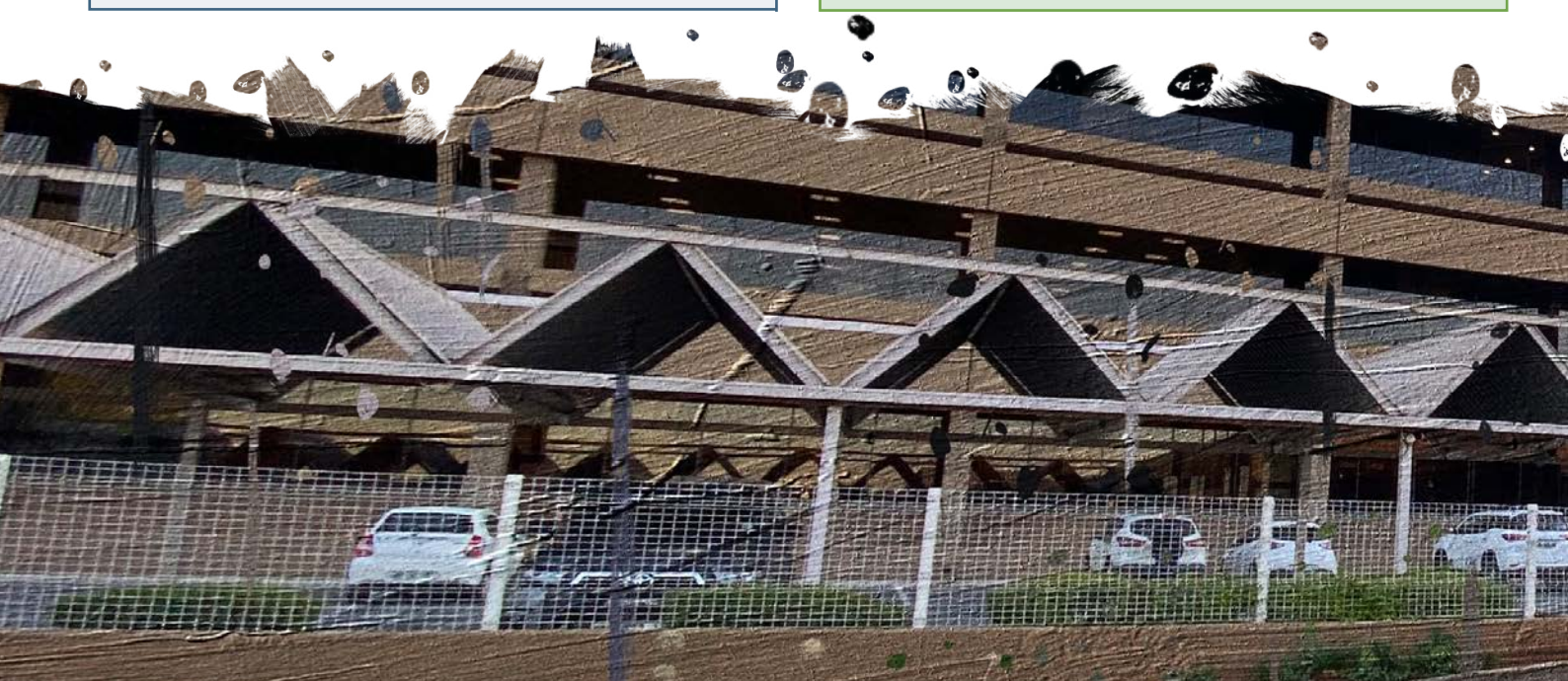
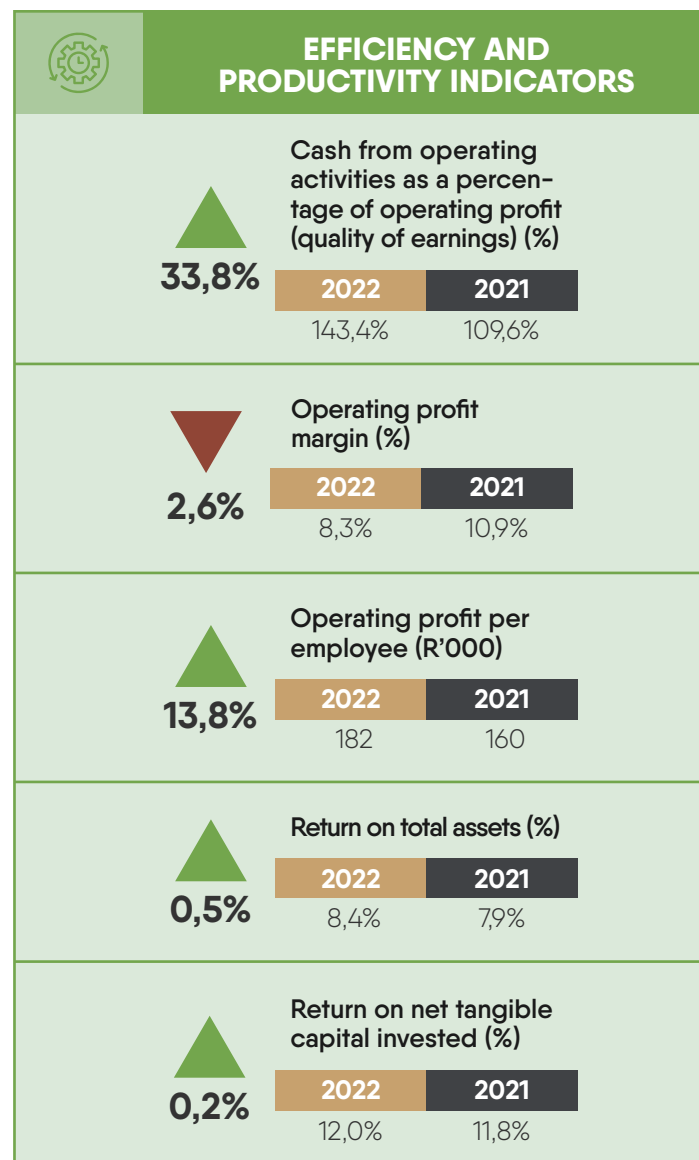
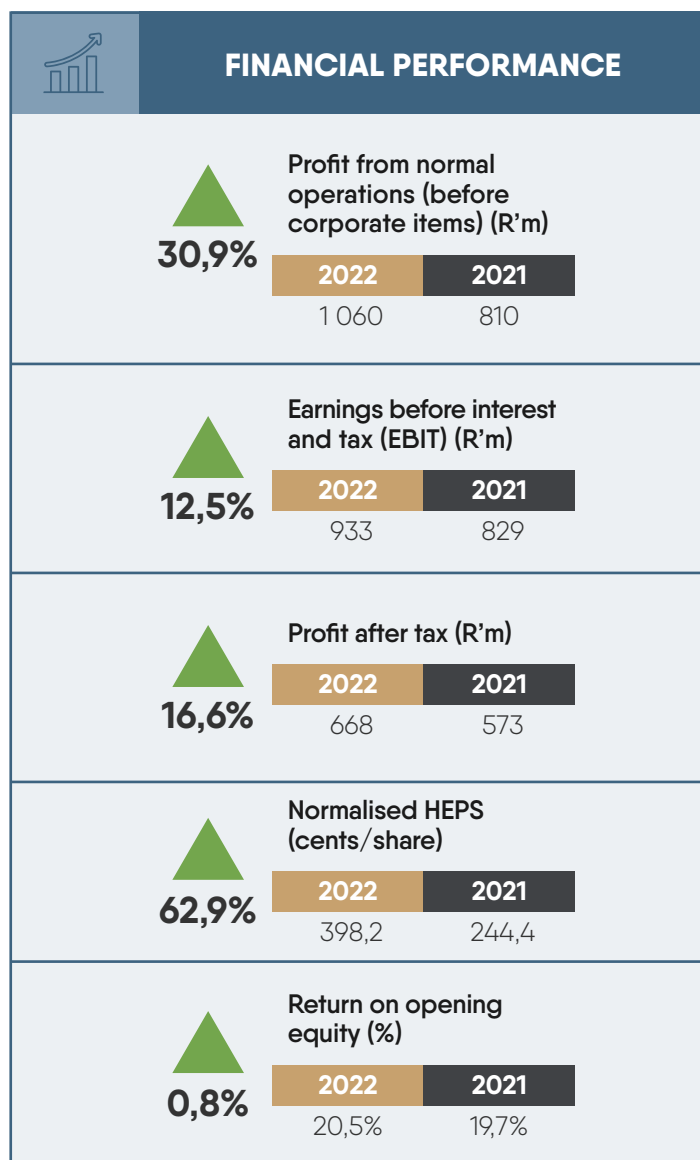
The group is committed to making a sustainable difference to the welfare of the communities in which it conducts business.





# GROUP AT A GLANCE

*Salient features*







## INVESTORS' VALUE

▲  
**19,8%**

Total shareholders' return (capital growth and dividends) (%)

**2022**

**2021**

32,5%

12,7%

▲  
**2,6%**

Dividend yield (on opening market price) (%)

**2022**

**2021**

10,8%

8,2%

▼  
**25,5%**

Price-earnings ratio (on normalised HEPS) (times)

**2022**

**2021**

3,5

4,7

▲  
**4,5%**

Price-book ratio (%)

**2022**

**2021**

71,9%

67,4%



## RISK PROFILE

▲  
**2,0%**

Own capital ratio (%)

**2022**

**2021**

33,7%

31,7%

▲  
**7,5%**

Gearing ratio (%)

**2022**

**2021**

146,7%

139,2%

▲  
**12,4%**

Interest cover (times)

**2022**

**2021**

10,9

9,7

▼  
**9,9%**

Unutilised short-term funding facility (R'bn)

**2022**

**2021**

1,18

1,31











# THE BUSINESS



LOOK BEYOND THE CURRENT CONTEXT  
TO **REIMAGINE THE FUTURE** YOU WANT  
TO CREATE

## CHAIRMAN'S *Report*

SENWES CHAIRMAN  
**DANIE MINNAAR**

**When I wrote to you last year, the Covid-19 pandemic had just experienced its peak, adversely affecting our business, our stakeholders and the world at large. We were still grappling with its unknown implications, while ensuring that we responded swiftly to protect not only lives, but also value.**

A year later, Covid-19 is part and parcel of the operating landscape, and we have evolved our thinking to ensure business continuity and to respond proactively and positively. In an extremely challenging environment, we continued to make the tough decisions necessary to protect and enhance our business resilience and sustainability; looking beyond our current context to reimagine the future we want to create.

Having said this, it is a great privilege for me to write this year's Chairman's Report knowing that Senwes has surpassed its previous record earnings to reflect its all-time best financial results since the creation of the co-operative, the group's predecessor, in 1909. Looking back, this year also marks the 25th anniversary of the conversion of Senwes from an agricultural co-operative to a fully-fledged agri-business.

Especially during the last ten years, Senwes' strategy navigated and enabled the company to establish itself as a well-diversified group and competitive entity within the South African agricultural environment.

Notwithstanding the resilience of our business and the willingness of government and stakeholders to drive sustainable economic recovery, South Africa is yet to recover from the socio-economic repercussions of the Covid-19 pandemic. We have to accept that the road to recovery will endure for a long time and will be challenging. With this reality in mind, we 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 ongoing Covid-19 pandemic.

Another major threat to the global economy and food security is the Russia/Ukraine conflict. Within weeks of the start of the conflict, global wheat, sunflower and crude oil prices soared to unprecedented levels. These higher prices severely impacted the cost of major agricultural inputs such as fertiliser, of which South Africa is a net importer.

We find ourselves living in a time of rising inflation and interest rates as well as increasing logistical and shipping costs. All of these factors contribute towards making food more expensive and scarce, while at the same time increasing the cost of finance. The latter will force Senwes to re-evaluate its funding model in terms of the appropriate allocation of capital with optimal balance sheet management.





*We continue to make the tough decisions necessary to protect and enhance the resilience and sustainability of our business.*



Locally, the current increase in soybean production bears good news for South Africa and I expect that producers will invest even more in soybean production the coming season, especially due to lower input costs and higher soil moisture levels than required for the production of maize. Similarly, the expectation is that South Africa will produce more wheat, making the country less dependent on wheat imports. All in all, the country is now self-sufficient in terms of maize, soybeans and sunflower.

The past financial year saw the completion of the integration between Senwes and Suidwes Holdings (Suidwes) and the results thereof can be seen both in Senwes' financial and operational performance. In this regard I wish to extend a word of sincere appreciation to Francois Strydom and his management team for exemplary strategic guidance throughout the process. During the course of the next few years, the group will reap the benefits of the lower cost structure and the larger geographical footprint brought about by the acquisition of Suidwes.

At the time of expansion, Senwes' own capital ratio was above 35%. The board's target remains between 35% and 45%. Senwes maintains a good dividend yield, with a 34 cents per share (final dividend) and 56 cents per share (special dividend) being recommended.

Agribel Holdings owns 73,5% of the shares in Senwes. This impacts the free float of the Senwes share trading and liquidity levels remain low. R52 million worth of shares were repurchased during the year under review which provided value unlocking opportunities to shareholders. The net asset value (NAV) increased to R19,48 per share and shares are currently trading on the OTC platform at a significant discount to NAV. Agribel, being the control structure, has disadvantages,

but it protected the company in times of instability and volatility. Agribel plays a strategic role in enabling consolidation in the agricultural commercial sector and accordingly this compensates for the low liquidity and difference between the net asset value and the market price of the Senwes share.

Senwes' balance sheet is deeply invested in the rural areas and therefore it is important for the group to contribute towards the sustainability and future expansion of rural South Africa. In light of South Africa's massive infrastructure decline, Senwes is taking up the baton and is investing in interventions to help address the challenges posed by deteriorating road infrastructure. The acquisition of two John Deere graders, through a collaborative effort between Senwes Equipment and Senwes Grainlink, enabled the group to proactively improve roads connecting producers and the marketplace.

Other initiatives aimed at addressing the country's challenges include supporting organised agricultural bodies such as the agricultural business chamber, Agbiz. Agbiz, with Francois Strydom as chairperson, advocates for and facilitates a favourable agribusiness environment for its members to perform competitively and sustainably. By influencing the policy and legislative environment insofar as it affects agricultural activities, Agbiz drives the resolution and addressing of issues such as Covid-19, the socio-political unrest in KwaZulu-Natal and Gauteng and the most recent excessive rainfall in the south eastern parts of the country, through interaction with government institutions. This interaction contributed, amongst others, to the changes in the government policy that allows for power generating units larger than 100MW to be set up.

In his State of the Nation address,

president Cyril Ramaphosa confirmed that the agricultural sector relies heavily on efficient, well-run ports, railways and border crossings to export its agricultural products and in this regard much has to be done to rectify the situation of overall deterioration. A step in the right direction is private sector partnerships and negotiations, that allow for border posts to be open for longer and to speed up the turnaround times of heavy vehicles at these posts, especially with regards to the Maputo Corridor.

As we bid farewell to our retiring directors, Simon Mohapi and Frans Marx, at the annual general meeting in August 2021, I want to extend my sincerest gratitude to them for their years of service and commitment to always act in the best interest of the group.

With this said, I wish to thank my fellow board members for their guidance and the unrestrained contributions of their time and advice. To the executive management teams across the group, thank you for your efforts and continued focus during the past year. Your contributions are noted. I also applaud each one of our employees who continued to champion service excellence during the past financial year. We look ahead with a sense of optimism and hope.

I wish to end my report by thanking our Heavenly Father, who holds His hand over Senwes and its stakeholders every day. May we live each day according to His will.

**J.M. Minnaar**  
Chairman  
6 July 2022  
Klerksdorp



# VALUE-CREATING BUSINESS MODEL

## EXTERNAL ENVIRONMENT

### INPUTS

#### RESOURCES



##### FINANCIAL

The pool of available funds Senwes uses to achieve its strategy.



##### PHYSICAL

The property, plant and equipment Senwes uses to deliver its services and products.



##### INTELLECTUAL

The group's investment in the right skills and systems.



##### HUMAN

Employees are Senwes' key stakeholders.

### MATERIAL RISKS

1. Political and economic risk.
2. Credit, liquidity and market risk.
3. Commodity price risk.
4. Market size and market share risk.
5. Weather and climate risk.
6. Theft and fraud risk.
7. Urbanisation, scarcity and retention of skills risk.
8. Transition and customer risk.
9. Information technology – systems and cyber risk.
10. Unique competitor risk.
11. Environmental and health and safety risk.
12. Diversification and agricultural industry risk.
13. Regulation and compliance risk.

For more detail on top-of-mind risks refer to p. 87.

### STRATEGIC FOCUS AREAS

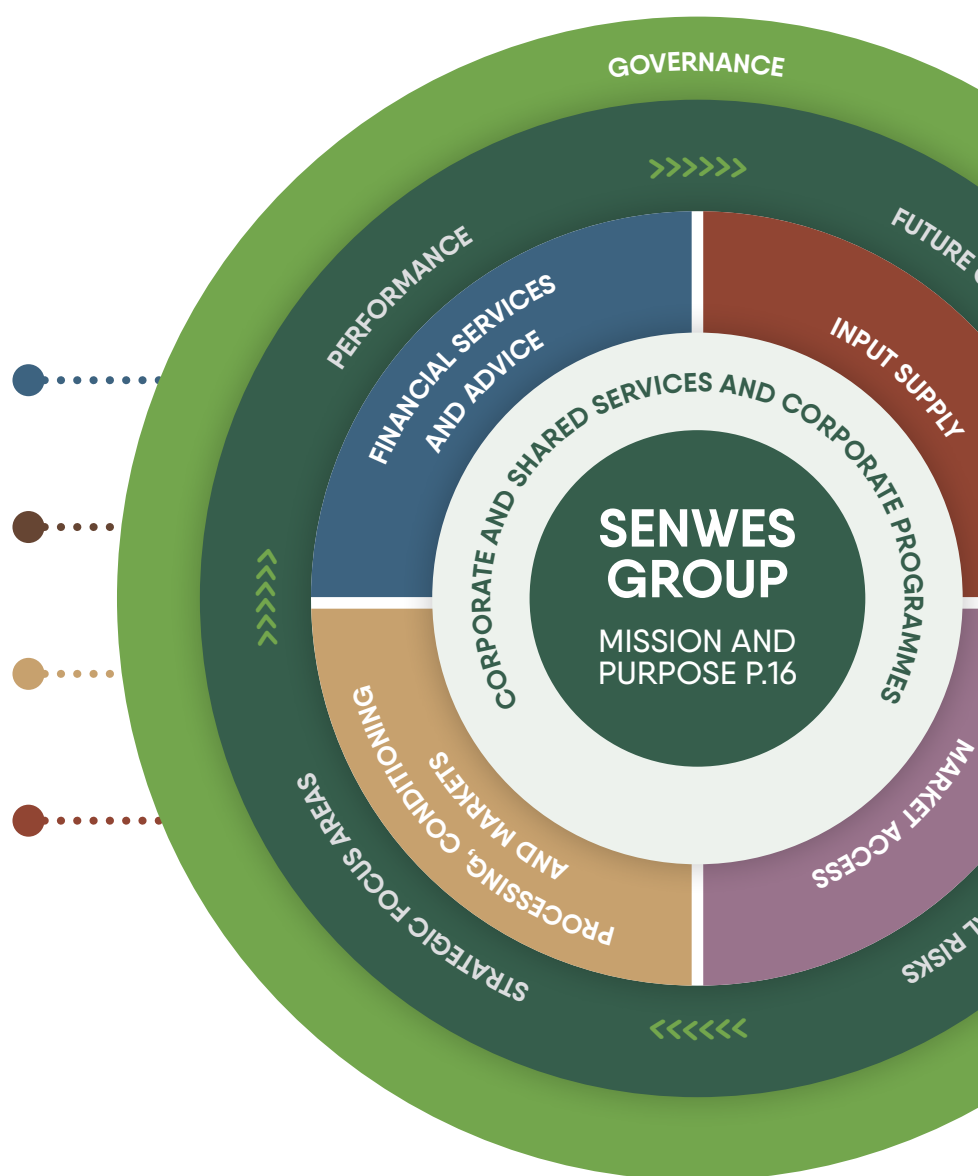
1. Diversification, horizontal integration and consolidation.
2. Increased investment in efficiencies in the value chain.
3. Internal integration of the customer.
4. Reorganisation of business models.
5. Unlocking value synergies.
6. Externalisation.

For more detail on group strategy refer to p. 48.

### FUTURE OUTLOOK

#### Economic

We find ourselves living in a time of rising inflation and interest rates as well as increasing logistical and shipping costs. All of these factors contribute to making food more expensive and scarce while at the same time increasing the cost of finance. The latter will force Senwes to re-evaluate its funding model in terms of the appropriate allocation of capital with optimal balance sheet management.





## PERFORMANCE

Profit after tax (R'm)

2022

668 ▲ 16,6%

2021

573

Return on opening equity (%)

2022

20,5% ▲ 0,8%

2021

19,7%

Total shareholders' return (%)

2022

32,5% ▲ 19,8%

2021

12,7%

## OUTCOMES

### KEY HIGHLIGHTS



Normalised headline earnings (R'm)

2022

689 ▲ 64,0%

2021

420



New investment in property, plant and equipment (R'm)

2022

283 ▲ 50,5%

2021

188



Head office electricity consumption for the year (MWh)

2022

1 383 ▼ 4,8%

2021

1 452



Electricity consumption of Senwes Grainlink silos for the year (GWh)

2022

28,9 ▼ 4,3%

2021

30,2



Head office water consumption for the year (kl)

2022

5 334 ▲ 2,3%

2021

5 212



Total training costs (R'm)

2022

11,2 ▲ 9,8%

2021

10,2



Average cost per employee (R'000)

2022

246,7 ▲ 33,5%

2021

184,8



Loyalty scheme (AgriRewards) allocation (R'm)

2022

163 ▲ 17,3%

2021

139

## STAKEHOLDERS

### SHAREHOLDERS AND INVESTORS

The group paid dividends to the amount of:

R178m.....▲

### CLIENTS AND CUSTOMERS

The group increased its financing book by:

2,4%.....▲

### EMPLOYEES

The group paid salaries to the amount of:

R1 230m.....▲

### COMMUNITY

Community spending decreased since the previous year:

R3m.....▼

### BUSINESS PARTNERS

At year-end investments in subsidiaries and JVs amounted to:

R795m.....▲

### SUPPLIERS

The group's payments to the suppliers of goods and services amounted to:

R8 537m.....▲

### GOVERNMENT AND REGULATORS

The group's payments to government amounted to:

R248m.....▲

### Strategy

The group's desire to serve our clients and to grow its portfolio are interlinked. As such our dream is to further de-risk business units by means of product composition, control of cost, stock management, market share, allocation of capital, and client base segregation.

### Business

The expansion to lower risk jurisdictions to diversify income streams, with the addition of European investments, will be implemented in the first two quarters of the 2023 financial year. Various efficiency programmes will be completed within the next 12 months and the reorganisation of the group will see the next phases of consolidation within the group to more sustainable units, further streamlining of costs and increased focus on decision-making with various levels within the group being on the agenda of the Senwes Executive Committee (Exco).

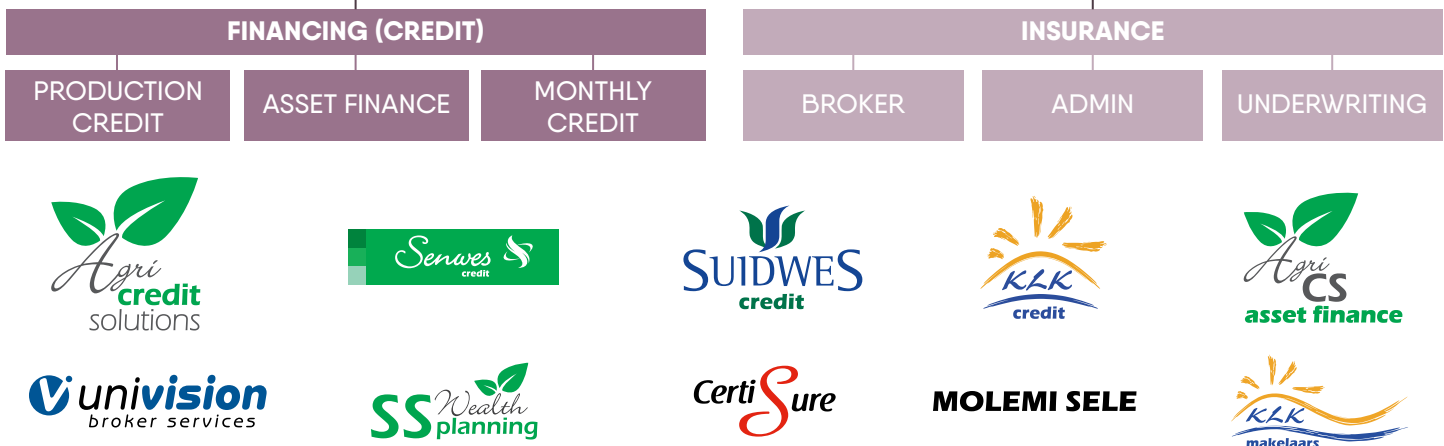


# BUSINESS OVERVIEW

## INTRODUCING THE SENWES GROUP

The Senwes Group's operations can broadly be divided into five pillars, namely: financial services and advice; input supply; market access; processing, conditioning and markets; and corporate support and shared services.

## FINANCIAL SERVICES AND ADVICE



### FINANCING

#### **AGRI CREDIT SOLUTIONS** [Subsidiary of Senwes]

Agri Credit Solutions is a registered credit provider which offers financial products to producers through the Senwes Credit, Suidwes Credit and KLLK Credit brands. Agri Credit Solutions serves as the financing link and key enabler between agricultural producers and Senwes' other operations including joint ventures and subsidiaries.

#### **AGRI CS ASSET FINANCE** [Division of Agri Credit Solutions with WesBank as partner]

The Agri CS Asset Finance brand offers comprehensive financial services, focused on financing movable assets.

### CREDIT LIFE INSURANCE

#### **MOLEMI SELE MANAGEMENT** [Joint venture with AFGRI and NWK]

Molemi Sele Management is the owner of a cell captive for credit life insurance within Guardrisk Life. Molemi Sele Management focuses on underwriting risks within the credit life insurance domain.

### INSURANCE, WEALTH AND FINANCIAL PLANNING SERVICES AND ADVICE

#### **CERTISURE GROUP** [Subsidiary of Senwes]

The Certisure Group (Certisure, Raddix, NRS and UBS) is an insurance group that specialises in financial planning, asset, crop, credit life, corporate and life insurance, as well as funeral cover and medical aid schemes. Certisure and the different companies within this group render broker and administrative services as well as financial planning solutions, which cater for and address the risk requirements of clients.

#### **KLLK MAKELAARS** [Division of KLLK Landbou]

During the year under review, KLLK Makelaars concluded a strategic partnership with Certisure which enables them to continue to operate as juristic representative of Certisure. The partnership enables them to continue operating under their existing brand.

#### **SS-WEALTH PLANNING** [Partnership between Senwes and S-BRO Financial Services]

SS-Wealth Planning is an authorised financial services provider which facilitates wealth creation by means of wealth planning, advice and estate planning to ensure long-term financial peace of mind for clients.



## FINANCIAL &amp; BUSINESS ADVICE

WEALTH

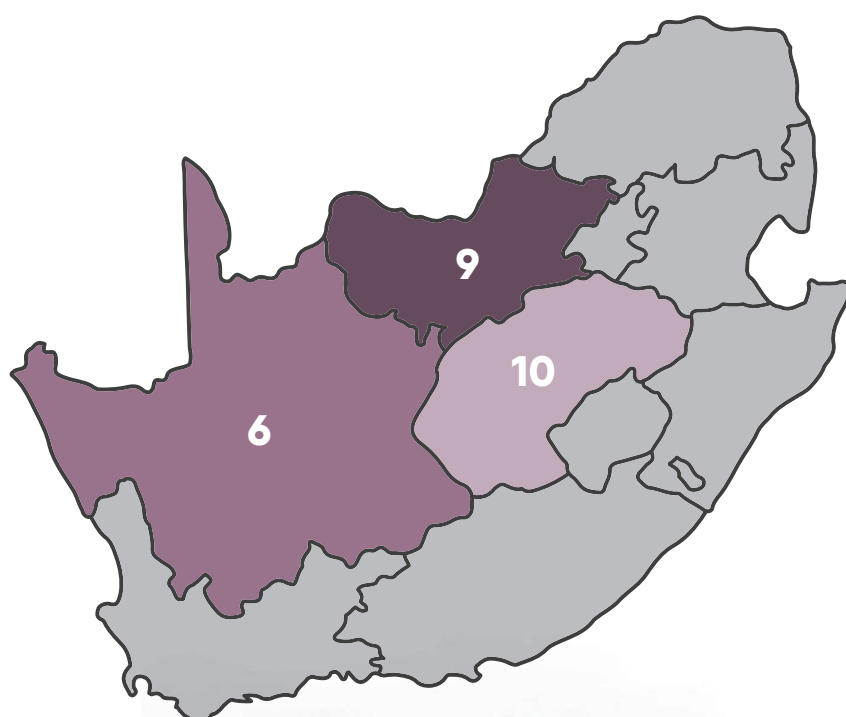
INVESTMENT

FINANCIAL

## DEALMAKING

CLIENT INTEGRATION AND DEAL STRUCTURING

## NUMBER OF BUSINESS UNITS PER PROVINCE

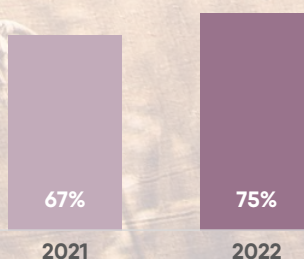


## FOOTPRINT PER PROVINCE

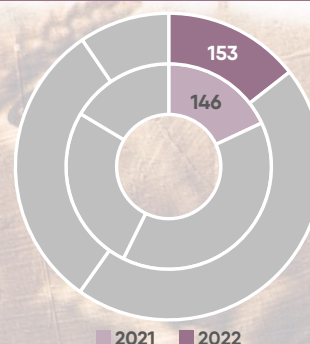
<b>Northwest</b>	<b>9</b>
Agri Credit Solutions	1
Certisure	6
SS-Wealth Planning	1
Molemi Sele Management	1
<b>Free State</b>	<b>10</b>
Agri Credit Solutions	1
Certisure	9
<b>Northern Cape</b>	<b>6</b>
Agri Credit Solutions	2
Certisure	1
KLK Credit	1
KLK Makelaars	2

## MAIN BUSINESS DRIVER

Expense : income ratio



## PROFIT BEFORE TAX (R'm)





## INPUT SUPPLY



### WHOLESALE DISTRIBUTION



#### AGRINET

[Subsidiary of Senwes]

Agri-net is a wholesaler and distributor of a wide selection of industrial products, general merchandise and irrigation ranges to retail and trade markets in South Africa and neighbouring countries.

### INPUT SUPPLY; BULK PRODUCTS; RETAIL AND FUEL



#### HINTERLAND HOLDINGS GROUP

[Subsidiary of Senwes]

Hinterland, which encapsulates both the Senwes Village and Suidwes retail branches, specialises in supplying input products for a variety of farming practices through its retail and fuel outlets. The group also offers a wide range of hardware and convenience products to the general public.



#### KLK RETAIL AND FUEL

[Subsidiary of Senwes]

The KLK Landbou Group, through its retail branches and Build-It stores, aims to distribute and sell agricultural input supplies as well as various convenience products to the general public.

### HOME AND GARDEN PEST CONTROL AND PLANT NUTRITION



#### PROTEK

[Subsidiary of Senwes with the Botha family as shareholder]

Protek offers solutions in home and garden pest control and plant nutrition. Its products are distributed to all leading hardware stores, nurseries, chain stores, agricultural companies and independent retailers across South Africa.

### AGRICULTURAL SERVICES



#### SENWES AGRICULTURAL SERVICES

[Division of Agri Credit Solutions]

Senwes Agricultural Services specialises in agricultural economic services, performance and technical efficiency analyses and benchmarking.



### EQUIPMENT MANUFACTURING AND DISTRIBUTION, AND VEHICLE DEALERSHIPS



#### SENWES EQUIPMENT

[Subsidiary of Senwes]

Senwes Equipment, is an agricultural equipment and service business, which offers agri-mechanisation, construction and mining products and implements, maintenance and precision farming solutions to producers and customers alike. Senwes Equipment is a John Deere agent. During the year under review, Senwes Equipment was also appointed as an agent for the John Deere Construction and Forestry range.



#### JD IMPLEMENTE (JDI)

[Subsidiary of Senwes with the Tomlinson family as shareholder]

JDI broadens Senwes Equipment's geographical footprint by providing agri-equipment and maintenance solutions in the Western and Eastern Cape.



#### STAALMEESTER

[Subsidiary of Senwes with the Coetzee family as shareholder]

Staalmeester expands Senwes Equipment's product offering by manufacturing and importing agricultural equipment for small and medium-sized producers.



#### FALCON

[Subsidiary of Senwes]

Falcon further increases the competitive edge of Senwes Equipment in the agri-sector by manufacturing and distributing tractor-drawn implements and parts to the South African and sub-Saharan agricultural and turf markets.



#### KLK VEHICLE TRADE AND DEALERSHIPS

[Subsidiaries of KLK Landbou]

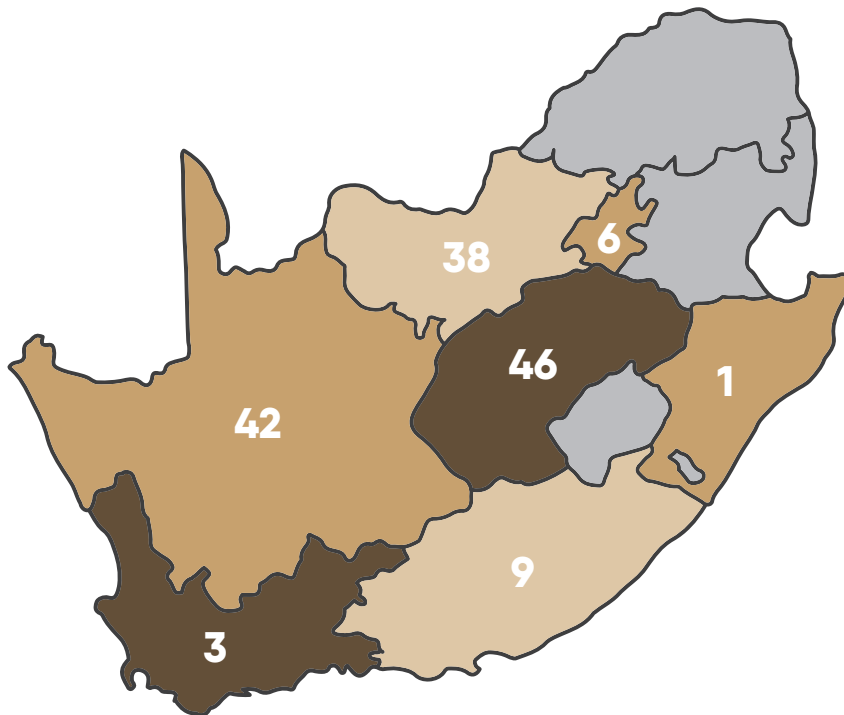
The KLK vehicle trade and dealerships encompass Nissan, Datsun, Isuzu and Renault dealerships, as well as used vehicle trader, KLK Auto.



## BRANDS &amp; SERVICES

PEST CONTROL  
AND PLANT  
NUTRITIONAGRI TECHNICAL  
ADVICEEQUIPMENT MANUFACTURING AND DISTRIBUTION, AND EQUIPMENT AND  
VEHICLE DEALERSHIPSLARGE  
EQUIPMENT  
DEALERCONSTRUCTION  
AND FORESTRYMANUFACTURING  
AND DEALERSHIPS  
OF MEDIUM AND  
SMALL EQUIPMENTVEHICLE  
DEALERSHIP

## NUMBER OF BUSINESS UNITS PER PROVINCE



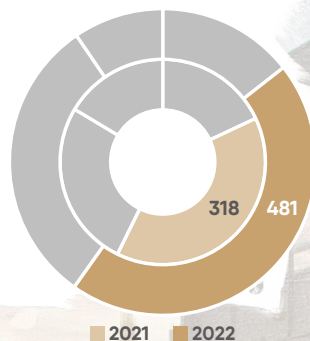
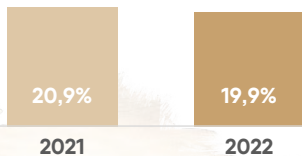
## FOOTPRINT PER PROVINCE

<b>Northwest</b>	<b>38</b>
Senwes Equipment	17
Hinterland Holdings	20
Staalmeester	1
<b>Free State</b>	<b>46</b>
Senwes Equipment	23
Hinterland Holdings	22
Prodlist	1
<b>Gauteng</b>	<b>6</b>
Senwes Equipment	2
Hinterland Holdings	2
Agrinet	1
Protek	1
<b>KwaZulu-Natal</b>	<b>1</b>
Falcon	1
<b>Eastern Cape</b>	<b>9</b>
Senwes Equipment	6
JDI	3
<b>Western Cape</b>	<b>3</b>
JDI	2
Agrinet	1
<b>Northern Cape</b>	<b>42</b>
Senwes Equipment	2
Hinterland Holdings	2
KLK	38

## MAIN BUSINESS DRIVER

## PROFIT BEFORE TAX (R'm)

Gross Profit %





## MARKET ACCESS

### SILO SERVICES

SILO OPERATIONS

SILO CERTIFICATES

### OPTIMISATION

LOGISTICS  
EXECUTIONHIGH PROBABILITY  
TRADING &SOFT  
COMMODITY  
PROCUREMENT
**SENWES SECURITIES**

### MARKET ACCESS



#### SENWES GRAINLINK

[Division of Senwes]

The grain divisions of both Senwes and Suidwes specialise in the handling and storage of grain and oilseeds and are positioned between the producer and the off-taker.

### LOGISTICAL OPTIMISATION



#### GRAINOVATION

[Subsidiary of Senwes]

Grainovation is an asset-light logistics broker, focused on optimising logistics across the Senwes Group.

### SILO CERTIFICATES



#### ELECTRONIC SILO CERTIFICATES (ESC)

[Joint venture with AFGRl]

ESC provides a safe and effective way of managing electronic silo certificates via the internet or smartphones.

### INTELLIGENCE CENTRE



#### GRAIN MARKET INTELLIGENCE

[Division of Senwes]

Grain Market Intelligence focuses on high probability trading, grain procurement, stock decision-making, stock offers via Basislink, delivery and solution design.





## INTELLIGENCE CENTRE

SOFT COMMODITY  
MANAGEMENTSOFT COMMODITY  
MARKETS

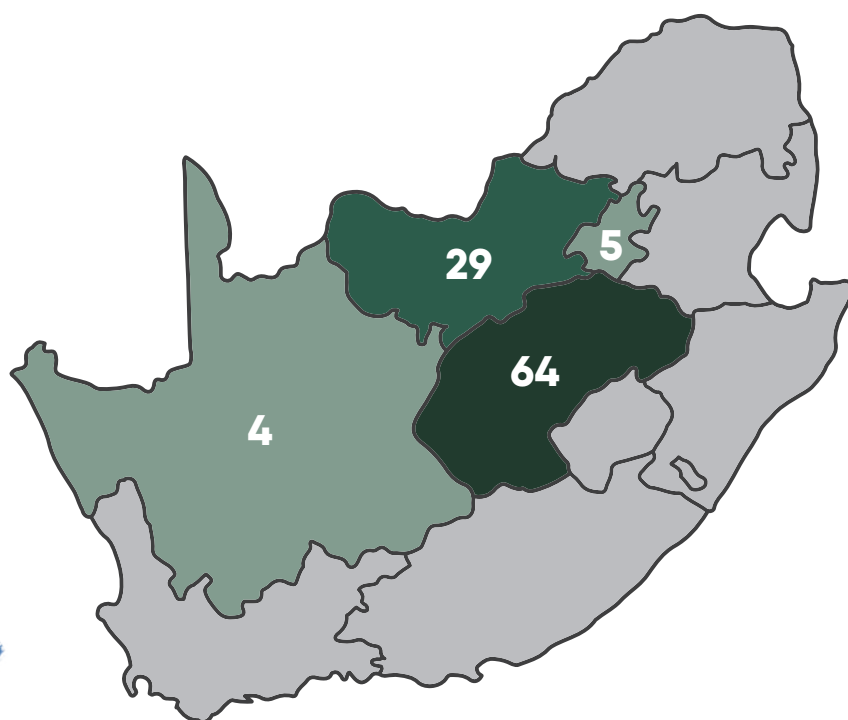
SOLUTION DESIGN

## PROPERTIES

ASSETS

SPV:  
BONDS

## NUMBER OF BUSINESS UNITS PER PROVINCE

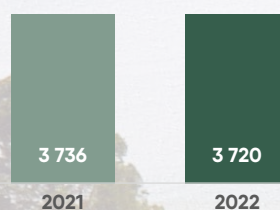


## FOOTPRINT PER PROVINCE

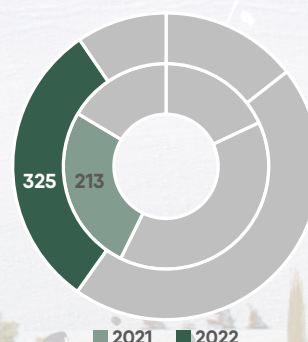
Northwest		29
Senwes Grainlink		8
Suidwes Silos		13
Grain Procurement Offices		6
Grainovation		1
Market Intelligence Unit		1
Free State		64
Senwes Grainlink		46
Suidwes Silos		6
Grain Procurement Offices		12
Gauteng		5
Senwes Grainlink		4
ESC		1
Northern Cape		4
Senwes Grainlink		3
Grain Procurement Offices		1

## MAIN BUSINESS DRIVER

Throughput tonnes ('000)



## PROFIT BEFORE TAX (R'm)





## PROCESSING, CONDITIONING AND MARKETS

## SEED

## ABATTOIR &amp; FEEDLOT

## RAISINS

## SKINS &amp; HIDES

## MILLS

AGRICULTURAL  
LIMELABORATORY  
SERVICES

### AGRICULTURAL LIME

#### BASTION LIME



[Joint venture with NWK]

The Bastion Group specialises in the production and marketing of high quality lime and gypsum products for agricultural and industrial purposes.

### RAISINS

#### CARPE DIEM RAISINS



[Subsidiary of KLK Landbou]

Carpe Diem Raisins is an established brand name in the international raisin market. Carpe Diem Raisins buys, processes and packages raisins that are organically produced along the Orange River and markets it largely to the international market.

### FEEDLOT, ABATTOIRS AND AUCTIONEERING



#### KLK FEEDLOT, ABATTOIRS AND AUCTIONEERING

[Division and subsidiaries of KLK Landbou]

The KLK sheep feedlot prepares animals for the market. KLK's abattoirs and auctioneering sites handle the slaughtering and selling of lamb and beef carcasses in the Northern Cape.

### SEED



#### SENWES SEED (DISCONTINUED OPERATION)

[Division of Senwes]

Senwes Seed established itself over decades as an excellent seed processor with a sound reputation amongst producers in the market. During the period of the review the decision was made to sell the seed operation.

### MILLS



#### AFRICUM MILLS

[Subsidiary of Senwes]

Africum Mills is located in Wolmaransstad in the Northwest province and is linked to the group's Wolmaransstad silo. The mill can produce various maize products. Africum Mills has been mothballed and is not currently operational. It is also held for sale.



#### BOTSELO MILLS

[Senwes as a minority shareholder]

Botselo Mills is a family operated maize milling operation located in Delareyville in the Northwest province. Botselo Mills produces a comprehensive range of quality white and yellow maize products. The mill also has its own beer plant, which produces its own specialised beer powder.

### SKINS AND HIDES



#### SA DORPER

[Subsidiary of KLK Landbou]

SA Dorper handles the processing and exporting of Dorper skins and cattle hides.

### LABORATORY SERVICES



#### NVIROTEK

[Subsidiary of Senwes with the founders as shareholders]

NviroTek Laboratory Group is one of the largest independent agricultural laboratories in Southern Africa. The group performs a multitude of laboratory tests to assist with decision-making across various sectors from its laboratories in Hartbeespoort and Wellington.

## CORPORATE SUPPORT AND SHARED SERVICES

### FINANCE

GROUP  
FINANCE  
& TAX

CORPORATE  
FINANCE

BUSINESS  
ENGINEERING

TREASURY

CENTRAL  
ADMINISTRATION

PAYROLL

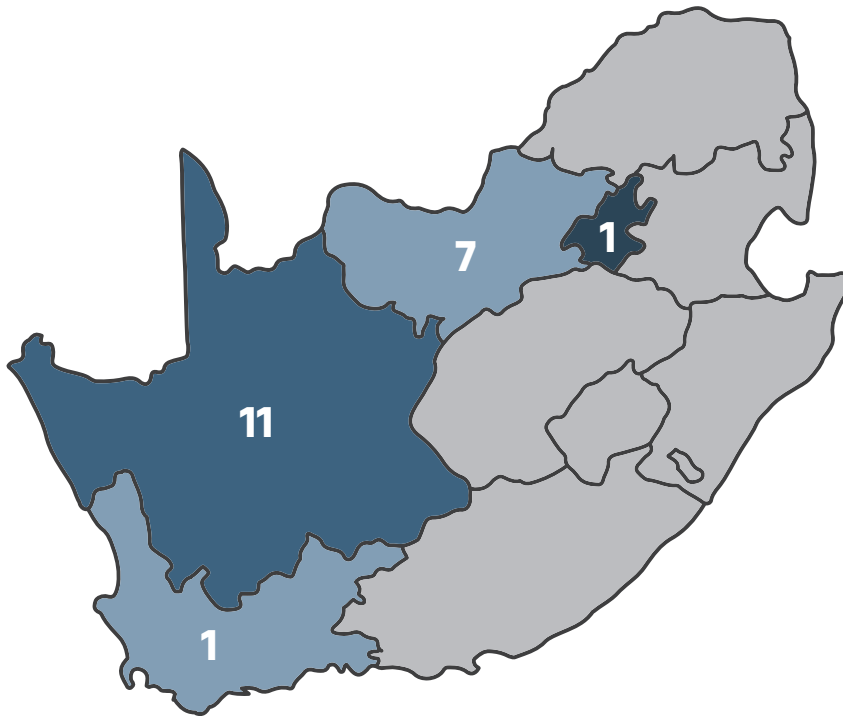
### CENTRAL SPECIALIST SERVICES

IT

PROJECTS &  
ENGINEERING



## NUMBER OF BUSINESS UNITS PER PROVINCE

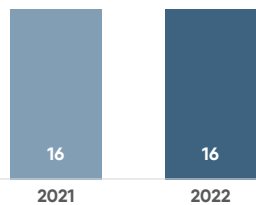


## FOOTPRINT PER PROVINCE

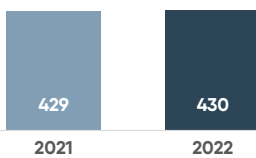
Northwest		7
Senwes Seed		1
Bastion		3
NvirtoTek		1
Mills (Africum and Botselo)		2
Gauteng		1
KLK		1
Western Cape		1
NviroTek		1
Northern Cape		11
KLK		11

## PROFIT BEFORE TAX (R'm)

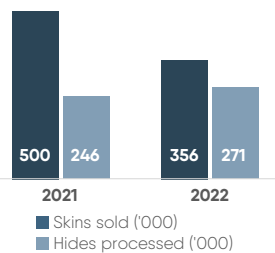
Raisins sold ('000 tonnes)



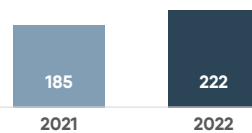
Total number of samples tested ('000)



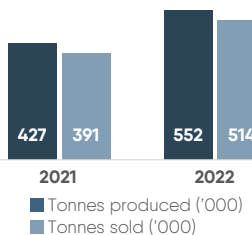
Skins sold and hides processed



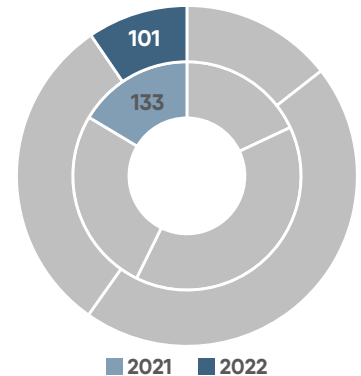
Slaughtered sheep count ('000)



Lime production and sales



## PROFIT BEFORE TAX (R'm)



## CORPORATE COMPLIANCE

## HR &amp; MARKETING COMMUNICATIONS

## CORPORATE PROGRAMMES

SECRETARIAT,  
LEGAL AND CSIINTERNAL  
AUDITRISK  
MANAGEMENT  
& STRATEGY

SHEQ

SECURITY  
UNIT

HR

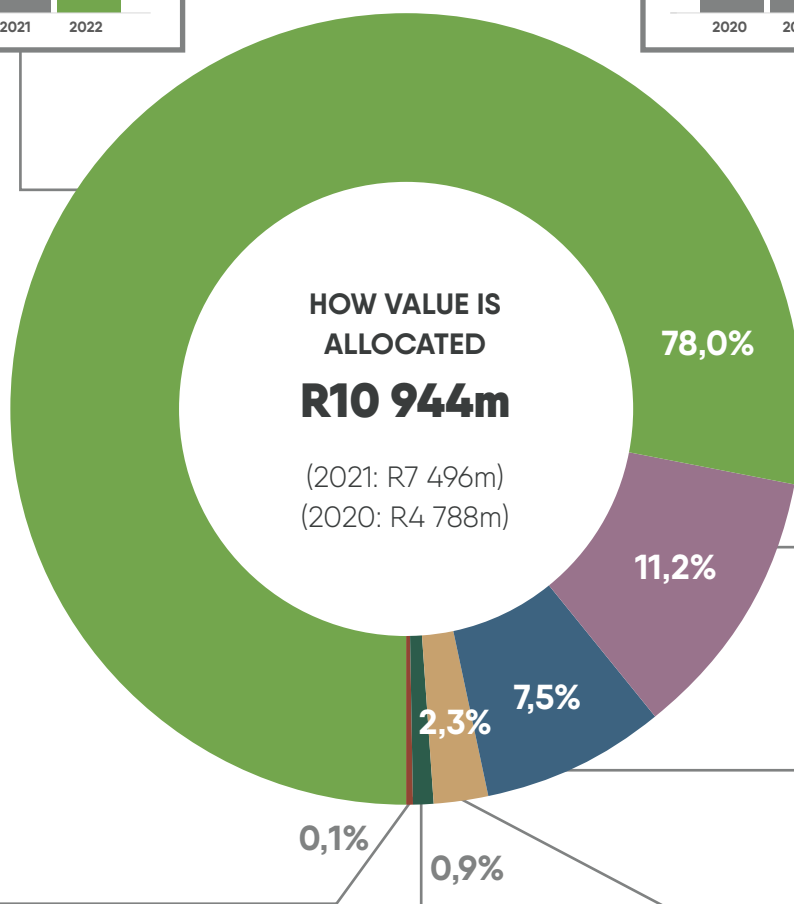
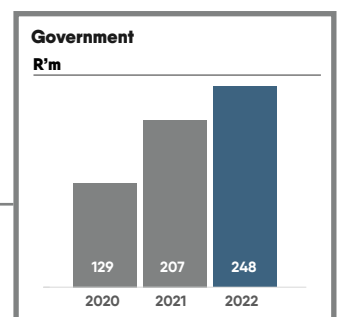
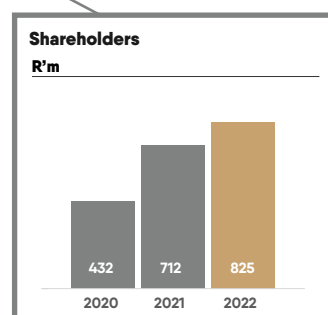
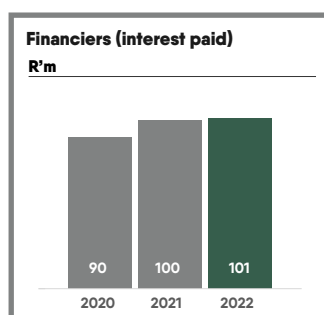
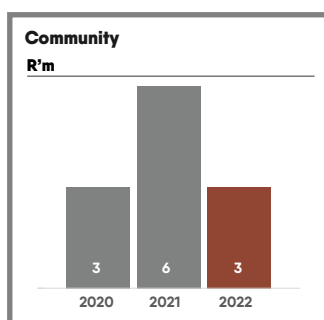
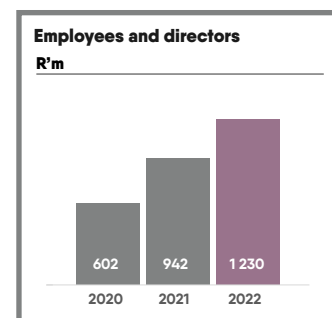
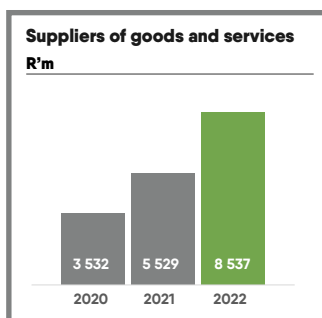
MARKETING  
COMMUNICATIONS

AGRIREWARDS



# VALUE FOR Stakeholders

## HOW VALUE IS ALLOCATED
















# STRATEGIC & **OPERATING** **CONTEXT**





IF WE GRASP THE OPPORTUNITIES AT HAND AND **RADICALLY TRANSFORM** OUR COUNTRY, THERE IS NO BETTER PLACE TO BE

## REFLECTION *To Rethink*

BY THE GROUP CHIEF  
EXECUTIVE OFFICER

**FRANCOIS STRYDOM**

The volatility following the Covid-19 pandemic has changed the way all businesses consider their existence and business models. The 2022 Russian invasion of Ukraine and its worldwide effect on commodity price movement has taught us that we have to be nimble and more innovative to adapt to a fast and ever-changing world of business. The invasion was only regional, but the effect was global and the Senwes Group and its whole client base was impacted. Bothaville and Moscow are closer to each other than we ever thought!





## 1. OUR STORY AND OUR PURPOSE

Although the Senwes Group's Overall strategy (purpose) remains unchanged, it is suitably agile to respond to, and where applicable accommodate any changes. We are driven by our clients' needs to provide solutions through product and service. If they thrive, then we will, as a result thereof, also thrive!

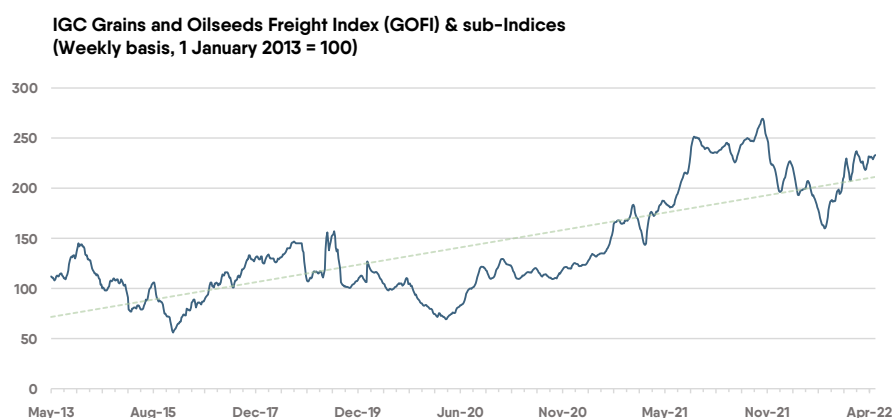
### Some of the practical outcomes of our operational environment in 2021/22 were:

- Disruption of supply chains (slower and more volatile).
- Physical supply was more important than price in some cases.
- Logistical cost more than doubled (graph 2).
- The whole energy complex repriced to a much higher level.
- South Africa imported more than 80% of its fertiliser and 90% of its agrochemicals.
- Fuel will now also be imported as finished product to a large extent, with the resultant instability of physical supply (graph 3). During the 2008 commodity run, Brent crude oil reached \$140 per barrel level (graph 4).
- The pricing of grain commodities was also affected positively and maize, sunflower, soybeans and wheat reached very high levels (graph 5.1 to 5.3 and graph 6). The gross value of these four commodities, at a national level, was more than R90bn this production year.
- New season input costs for producers will be more than 30% higher than the previous year.
- In the future, producers will not only consider their production cost, but also their crop planning due to fertiliser availability and pricing. The global fertiliser application is 120kg/ha (graph 7), while that of South Africa is at least double – this is clearly not sustainable.
- Higher inflation rates and more specifically higher food price inflation (graphs 8 and 9.1 to 9.3) have and will

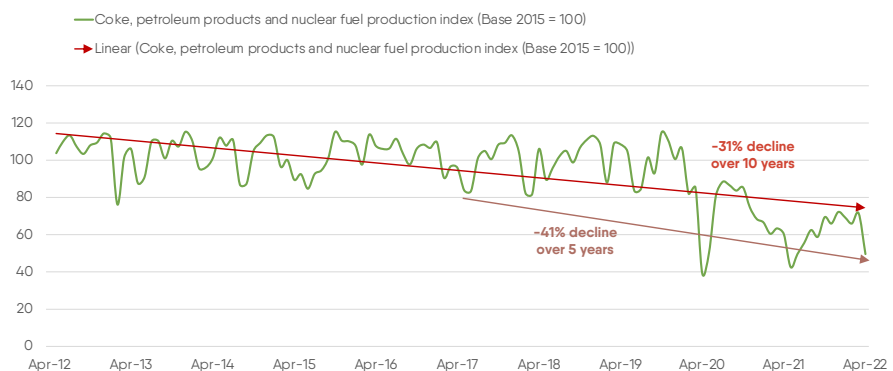
Graph 1: Exchange rate (rand vs dollar)



Graph 2: Logistical cost



Graph 3: Local petroleum production



Graph 4: Brent crude oil price





be the norm in 2022. This will most likely lead to higher interest rates and therefore “cost of money”.

- The Agbiz/IDC Agribusiness Confidence Index for quarter 1 of 2022 moderated by 12 points to 62 after reaching its second highest level on record in quarter 4 of 2021 (**graph 10**). This means that agri-businesses remain optimistic about their operating conditions, but slightly less so than towards the end of 2021. The most important factors for this moderation can be found in the following:
  - » Excessive rainfall during December 2021;
  - » Higher input costs for a large part of the client base;
  - » Logistical challenges due to the deterioration of road, rail, pipeline and harbour infrastructure;
  - » Corruption, mismanagement and no accountability at government level; and
  - » Geopolitical tensions and its direct effect on agriculture and agri-business.

## 2. OUR CUSTOMERS

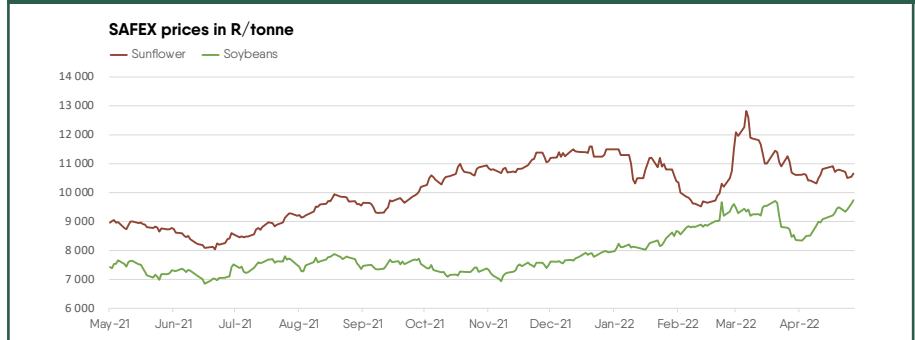
While this is a complex and differentiated subject – when it comes to the food and fibre value chains globally – there are four major trends that dominate, namely:

- 2.1. Rising awareness of consumers about how their food is being produced and the impact their choices have on current and future generations (clarity, purity and traceability).
- 2.2. Meat is subjected to high levels of criticism because of its environmental footprint (disruptive climate change, decarbonising business models and eco-friendly consumption).
- 2.3. Eating patterns with a stronger plant-based focus (meat industry's strategies to be more focused on sustainability).
- 2.4. Grain production with a much higher focus on the environment (soil health, water systems focus and residue consciousness).

**Graph 5.1: 1-year maize prices for South Africa**



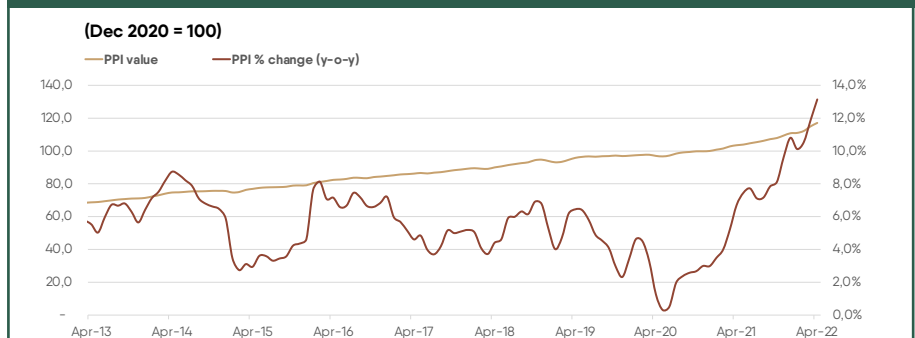
**Graph 5.2: 1-year oilseed prices for South Africa**



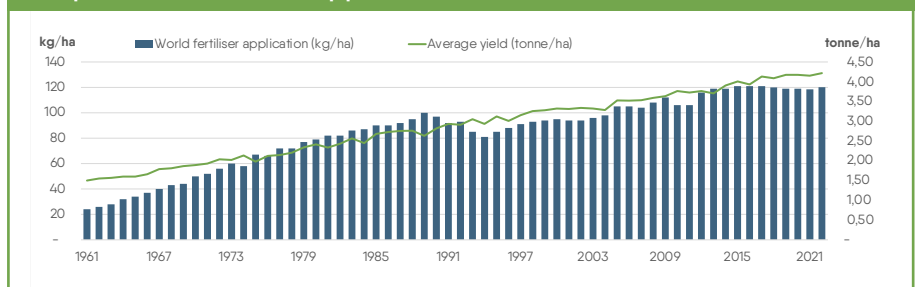
**Graph 5.3: 1-year wheat prices for South Africa**



**Graph 6: SA producer price index (PPI)**

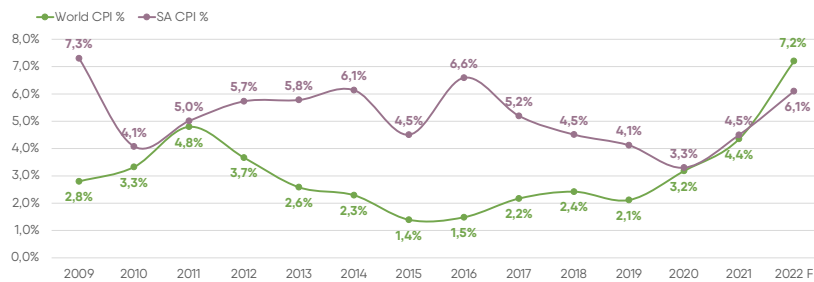


**Graph 7: World fertiliser application**

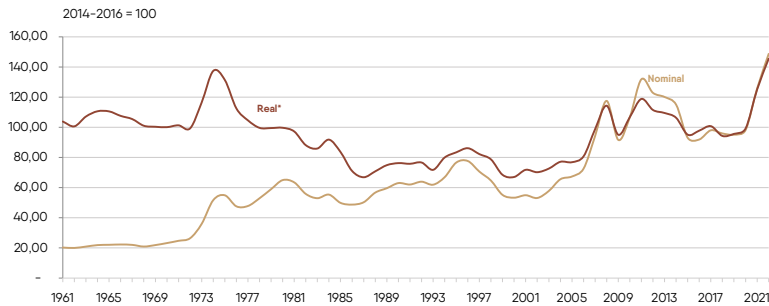




Graph 8: World vs SA Inflation



Graph 9.1: FAO Food Price Index in Nominal and Real Terms



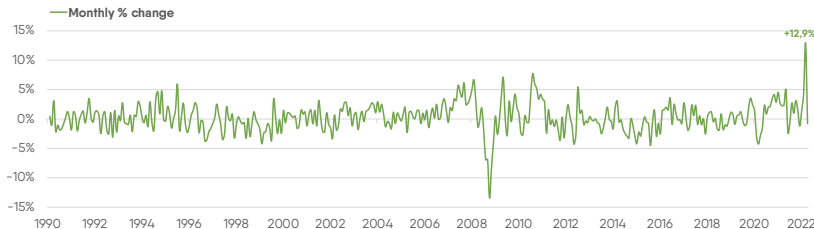
Graph 9.2: FAO Nominal Food Price Index

Basket of meat, dairy, cereals, oils and sugar prices  
Food Price Index

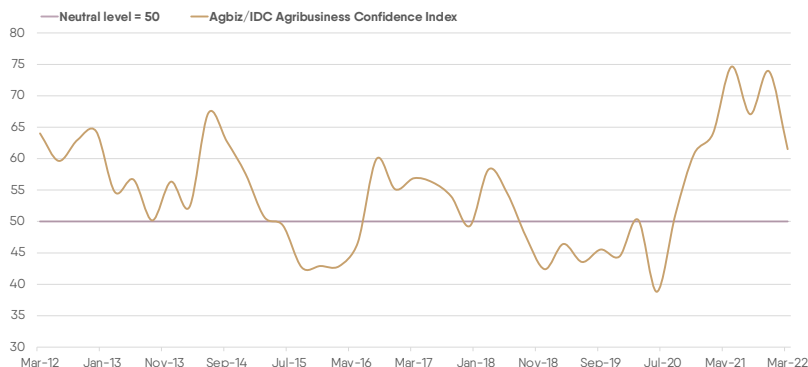


Graph 9.3: FAO Nominal Food Price Index (monthly change)

Basket of meat, dairy, cereals, oils and sugar prices  
Monthly % change



Graph 10: Agbiz/IDC Agribusiness Confidence Index



### 3. OUR SECTOR

Multinational competitors in the input channel and financial services channel, are nothing new to South African agri-businesses.

Local competitors have, for the last 15 years, not been geographically focused and have become nationally deployed to a larger extent. The Senwes Group operates in 292 locations across seven of the country's provinces.

The net effect of this is less concentration in all sectors of our group and higher competitiveness and a wider choice for the client base.

Our core strategy is to be better – if the result of that brings volume and scale, it means that client needs are being served.

### 4. BENCHMARKING OUR DIVIDEND PERFORMANCE

In a highly competitive and volatile commodity-based business, risk forms the basis of the strategic view of our business models. It therefore has both offensive and defensive components. Each of our businesses in the portfolio has different maturity profiles, competitors, product and service offerings, etc. and consequently, their own unique risk matrix.

Notwithstanding this challenging operating environment, the group managed to maintain healthy dividend yields, which consistently outperformed industry averages since 2012, as shown in graph 11 on the next page.



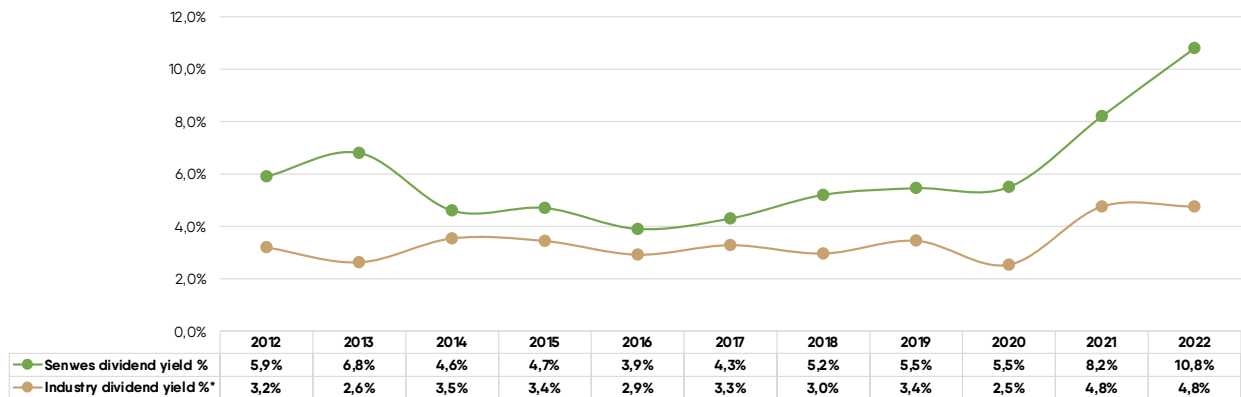
Graph 11: Senwes vs the Industry in terms of Dividend Yield

**2012:** Senwes – 5,9%

Industry – 3,2%

**2022:** Senwes – 10,8%

Industry – 4,8%



\* Note that industry figures for 2022 are estimated, since not all industry players have released 2022 financial results yet.

## 5. SENWES' DIFFERENTIATORS

The group provides innovative and integrated solutions to its customers to enable them to maintain and grow their businesses.

- Strategy is understanding your purpose in such a way as to say no to temptations and yes to opportunities.
- We believe in an inch-wide-mile-deep strategy and not the other way around.
- We do not compete with our clients' business models.
- We believe that integration and efficiencies outweigh size.
- We do not react to other roleplayers' strategies; we analyse, research and think about our industry and form our own opinions.
- While we fundamentally believe in partnerships, our experience showed us that cultural and philosophical alignment is usually underestimated.

### Our strategy is driven by:

- Diversification, integration and consolidation – not along the value chain, but by products and services, geography, commodities and client base.
- Integration of the customer – better relationships, retention of new customers and increased share of customer spending across the group.

- Reorganisation of business models and harvesting synergies.
- Increased investment in our core competencies and efficiencies in the value chain – how to further harvest opportunities.
- Externalisation to de-risk our strategy, enhance our strengths, build our relationships with current partners and diversify our shareholders' income streams.

### We differentiate ourselves in the following ways:

- Platform of choice for the industry.
- Analytical, research and business orientation.
- Critical mass and the ability and capacity of our corporate divisions to support business units.
- Culture of ownership, dedication and integration of our business units.
- Our funding structure aims to allocate capital better, increase our capacity and appetite and be price competitive.
- Digitising of our platform and increasing our client connectivity, create a better link to our suppliers and assist us to redesign our business models.







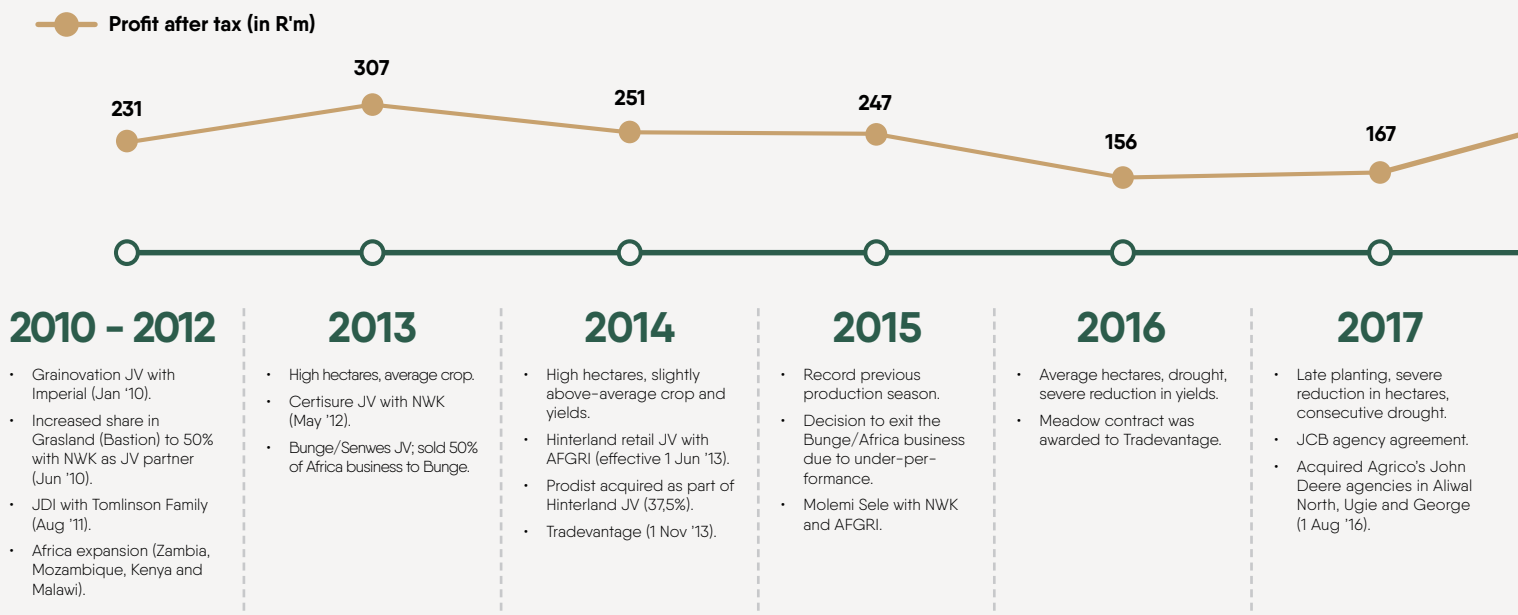


## 6. OUR BUSINESS ENVIRONMENT

- Lower volatility in the group results over the last 5 financial years.
- We established the group at a new and higher returns level (>R 500m profit after tax).
- We increased our business units from 184 in 2012 to 292 in 2022.
- Each business unit could diversify and grow its portfolio while de-risking its exposure.
- Brand exposure increased substantially.
- Client base exposure is now more diversified in nature, commodity and geography.
- The group's AgriRewards (loyalty scheme) allocations are growing and include more of our group entities – further development of the scheme will continue.
- Digital transformation includes the OneAgri customer platform and the Basislink commodity platform.
- Agri Credit Solutions has driven geographic expansion through the integration with Hinterland, Equipment as well as the Suidwes and KLK acquisitions.
- In the last four years the group's current facility limits were increased from R3,5bn to R6,5bn.
- Cell captive creation of certain asset classes.
- Selling of Senwes Seed in Orkney as a non-core asset (new financial year event).
- Increased KLK's share in Carpe Diem to 80%.
- Agri Credit Solutions expanded into the traditional Suidwes and KLK areas.
- Concluded our first European-based operation through the acquisition of three (3) German John Deere agencies (new financial year event).
- Digital transformation to increase internal efficiencies and offer customers a better solution.
- Our capital allocation project redirects our balance sheet allocation and refocuses us on products and services.
- Group restructuring – reorganise, simplify and extract value from the current portfolio.
- Harvest synergies and improve market share and share of wallet from recent acquisitions through integration and reorganisation.

## 7. OUR CONTEXT

The timeline below illustrates the outcomes of our strategy, through indicating the group's results vs diversification and expansion events since 2010.





## 8. OUR RESULTS

### 8.1. Income Statement

	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	% change ('21 vs '22)
Revenue	R'm	2 168	4 131	2 326	2 253	2 497	2 792	2 687	4 803	7 463	10 881	45,8%
Operating profit	R'm	504	442	463	297	278	528	472	551	815	908	11,4%
Profit after tax	R'm	307	251	247	156	167	311	283	337	573	668	16,6%
Normalised headline earnings	R'm	275	171	296	134	183	327	295	245	420	689	64,0%

### 8.2. Balance Sheet

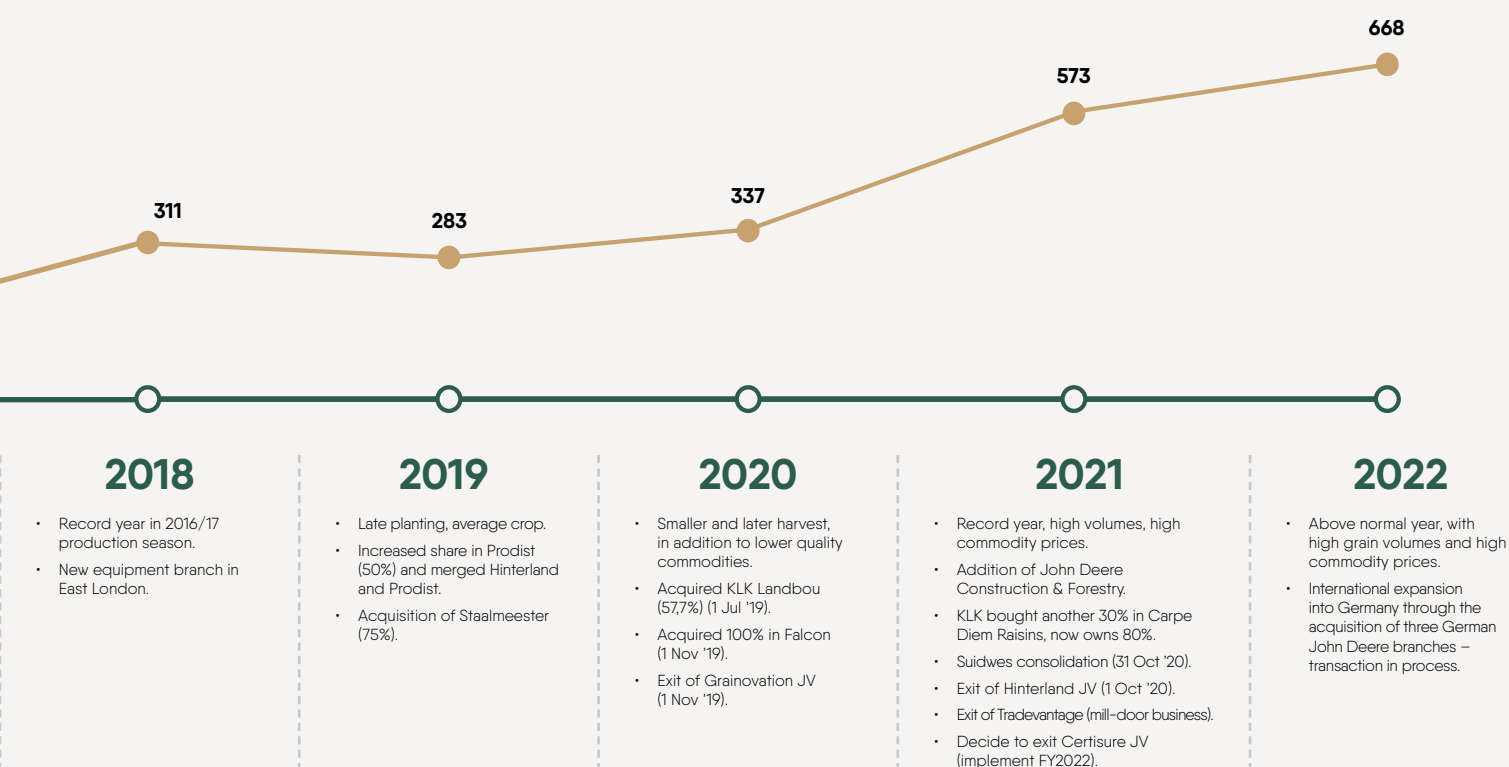
	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	% change ('21 vs '22)
Total assets	R'm	4 021	4 128	4 747	4 660	5 261	6 130	6 060	8 341	10 450	11 111	6,3%
Total equity	R'm	1 593	1 635	1 798	1 882	1 989	2 179	2 363	2 903	3 313	3 740	12,9%
Interest-bearing debt	R'm	1 782	1 961	2 161	2 200	2 617	3 031	2 883	4 347	4 630	5 572	20,3%

### 8.3. Cash flow

	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	% change ('21 vs '22)
Cash from operating activities	R'm	435	315	502	408	321	681	575	545	893	1 302	45,8%
Net cash movement	R'm	34	(19)	(17)	22	(21)	(17)	34	34	(520)	453	187,1%

### 8.4. Ratios

	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	% change ('21 vs '22)
Return on opening equity	%	22,3%	15,7%	15,0%	8,6%	8,9%	15,7%	13,0%	13,0%	19,7%	20,5%	0,8%
Own capital ratio	%	39,6%	39,6%	37,9%	40,4%	37,8%	35,5%	39,0%	34,8%	31,7%	33,7%	2,0%
Dividend yield	%	6,8%	4,6%	4,7%	3,9%	4,3%	5,2%	5,5%	5,5%	8,2%	10,8%	2,6%
Total shareholders' return	%	22,3%	8,0%	11,6%	(4,8%)	3,3%	11,0%	5,5%	5,5%	12,7%	32,5%	19,8%





## 9. OUR DREAM

- The group's desire to serve our clients and to grow the group's portfolio are interlinked.
- Our dream is to further de-risk each business unit by means of product composition, control of cost, stock management, market share, allocation of capital and client base segregation.
- The important drivers of our dream, are:
  - » Grain storage volumes.
  - » John Deere footprint and support.
  - » Bulk commodity house of brands.
  - » Credit allocations toward financing our turnover.
  - » Integration of our business units.
  - » Build on the success of the Basislink platform and OneAgri platform to a fully developed digital platform.
  - » Consolidation and on-boarding of our German John Deere agencies and to further expand the footprint in Eastern Germany.
  - » Consider future mergers and acquisitions in the above region.
  - » Enhance and optimise the current business portfolio.
  - » Build an even broader leadership structure, more diverse in culture, age, gender and profile which accepts ownership and long-term tenure to secure succession and growth.

- » Build and enhance the group's equity reserves, capacity and means to sustain and support its growth plan and trajectory.
- » Consider and consolidate the group's shareholding structure to unlock further growth opportunities, future consolidation and diversify its dividend stream.

### This dream should enable and facilitate the following:

- Our customer base will always be at the centre of our existence.
- Staff must be able to build careers and attain a decent standard of living.
- Development of the communities we operate in through job creation, investments and social enhancement.
- Business partners, input providers and our support structures should be able to grow and establish their businesses through their relationship with the group.
- Our governance structures must guide and underpin our dream.
- As a consequence of all the above, shareholders should receive a fair and equitable return – not only in financial terms!

## 10. OUTLOOK AND CLOSING REMARKS

The year ahead looks favourable with good soil moisture levels, good commodity prices and the basis of

two years of very favourable financial results for our customers. The warning signs of rising inflation, interest rates and input costs can and should not be ignored – tougher times lie ahead and debt levels should now be addressed very seriously.

The South African infrastructure, high levels of criminality, state capture and endemic non-accountability of leaders, low employment levels and the collapsing of state-owned enterprises (SOEs) are in no way sustainable. Capital has choice and the youth are mobile. If we grasp the opportunity and radically transform our country, there is no better place to be!

I would like to thank each Board member, Exco member and employee for his/her dedication and personal ownership.

May the grace of God remain with us all.

Thank you.



**Francois Strydom**  
Senwes Group CEO  
6 July 2022  
Klerksdorp







# GROUP Strategy

## STRATEGIC PHILOSOPHY

Senwes believes in an inch-wide-smile-deep approach to strategy, rather than the other way around. The group does not believe in extensive diversification down the value chain, but rather to diversify through commodity, geography, client base and brands. For Senwes, strategy is more about what to say "NO" to, than what to say "YES" to. You are strategically lost if you do not know the difference between "temptation" and "opportunity".

## STRATEGIC GOAL, FOCUS AND OBJECTIVE

It is Senwes' strategic goal to be an integrated agri-business and a significant role-player in the food value chain. The group's strategy is therefore focused on growth and diversification through consolidation and integration within the agricultural and food value chain. The group's strategy aims to create sustainable value for all stakeholders and for Senwes to become a preferred investment partner, employer, supplier and distribution channel, as well as a good corporate citizen.

## STRATEGIC EVOLUTION

Senwes' strategic evolution not only highlights how the different aspects of the business can be seen at the current point in time, but also indicates how each of these aspects are anticipated to transform in future.

### WHERE ARE WE?

Integrated financial product offering within the agri-market and a local agri-focused insurance solution.

Agricultural retail business and input supplier.

Equipment solutions for our customer base.

Integrated storage solutions deployed to producers/customers.

Integrated grain market intelligence business supporting the core business by high probability trading, client support, selling grain on an ex-silo basis and decision-making regarding stock.

### WHERE ARE WE GOING?

Fully integrated financial services group with an expanded product range that reaches a national footprint and provides tailored client and business-to-business solutions, driven by an integrated approach.

Integrated input solutions and rural services linked to agri-advice.

Equipment solutions, showcasing more diversified products, supplied to a national and international market.

Storage solutions integrated with logistics and finance to deliver an end-to-end service.

Integrated grain market intelligence business providing risk and financial management support to clients.

## STRATEGIC FOCUS AREAS

Senwes' strategy is based on six strategic focus areas (strategic pillars), namely:



Diversification, horizontal integration and consolidation



Increased investment in efficiencies in the value chain



Internal integration of the customer



Reorganisation of business models

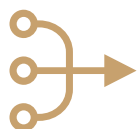


Unlocking value synergies



Externalisation





## DIVERSIFICATION, HORIZONTAL INTEGRATION AND CONSOLIDATION

Diversification of the business to mitigate concentration risk, coupled with effective horizontal integration and consolidation of the agri-business sector to facilitate national expansion.

### OBJECTIVES

Diversification, expansion and/or consolidation by means of product and services offering, operational activities, commodities, client base, infrastructure, market segment, geography and/or mergers and acquisitions.

### TOP-OF-MIND RISKS

- Political and economic risk.
- Credit, liquidity and market risk.
- Market size and market share risk.
- Weather and climate risk.
- Urbanisation, scarcity and retention of skills risk.
- Transition and customer risk.
- Unique competitor risk.
- Diversification and agricultural industry risk.

For more detail on top-of-mind risks, see p. 87.

### LOOKING AHEAD

- Further upscaling, through consolidation and new market expansion, will bring about critical mass and value synergies, which will position the business for growth and long-term sustainability.
- Expansion of Senwes' integrated platform to reach a broader geographic area.
- Expansion and/or optimisation of current product and service offering.
- Continued market share drive.
- De-risking into other commodities.
- Continued capital investment in the optimisation and/or upgrading of current infrastructure.

### REFLECTING ON THE PROGRESS TO DATE

- ESC, a joint venture with AFGRI, ensured an efficient and secure electronic silo certificate management system.
- Certisure/UBS was originally established as an insurance brokerage and administration joint venture with NWK. NWK exited the joint venture business, effective from 1 May 2021, allowing for greater strategic integration within the Senwes Group. The consolidation of Raddix and NRS, which were acquired as part of the Senwes/Suidwes Holdings merger, and Certisure/UBS was finalised during the year, and will realise significant synergies.
- JDI (a subsidiary with the Tomlison family as shareholder) expanded the group's John Deere agency into the Eastern and Western Cape.
- Hinterland was established nine years ago as a joint venture with AFGRI, resulting in the establishment of an agricultural retail leader. Effective from 1 October 2020, the joint venture business was terminated and unbundled, with the assets and businesses initially contributed by AFGRI, being returned to it. Senwes remained the sole owner of the Hinterland Holdings Group.
- Bastion Lime (a joint venture with NWK as partner) aims for the expansion of capacity in the lime industry.
- Established Molemi Sele Management (a joint venture with AFGRI and NWK), which is the owner of a cell captive within Guardrisk Life. The arrangement enables Guardrisk, a registered and licensed cell captive insurer, to provide long-term insurance and to offer third party insurance policies to clients of Molemi Sele Management's shareholders.
- The group expanded its equipment business in the Eastern and Western Cape with the acquisition of Agrico's John Deere agencies in Aliwal North, Ugie and George as well as the establishment of an equipment branch in East London.
- During the 2021 financial year, Senwes Equipment and JDI added the John Deere Construction and Forestry equipment range to their product offering in the traditional Senwes area and in the Western, Northern and Eastern Cape as well as Namibia, effectively expanding their reach.

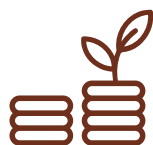


## REFLECTING ON THE PROGRESS TO DATE (CONTINUE)

- Senwes expanded its agricultural equipment product range with the acquisition of a 75% shareholding in Staalmeester Agricultural Equipment (effective from 1 October 2018) as well as the acquisition of a 100% interest in Falcon Agricultural Equipment (effective from 1 November 2019).
- Senwes acquired 57,7% of the issued shares in KLK Landbou, effective from 1 July 2019, which increased to 57,8% during the current year.
- In July 2020, the Competition Tribunal approved KLK's acquisition of an additional 30% in Carpe Diem Raisins, bringing KLK's effective shareholding to 80%.
- Effective from 31 October 2020, the Competition Tribunal approved the merger between Agribel Holdings, Senwes and Suidwes Holdings. The merger increased the group's geographic reach and diversified and expanded the group as follows:
  - » The expansion of financial services, through the addition of Suidwes' credit and Raddix's insurance clients.
  - » Protek (home and garden pest control and plant nutrition), NviroTek Laboratories and Agrinet (wholesale supplier and distributor).
- » The expansion of the group's grain infrastructure and operations with the addition of Suidwes' silo network to Senwes Grainlink's silo operations.
- The Senwes Group strives to only hold investments that align with its strategic philosophy and is therefore exiting the processing operations of Suidwes. The group sold the pet food operations to an external party, while the interest in Botselo Mills has also been earmarked for sale.
- During the 2022 financial year Senwes established a new company, SS Siloco, to acquire the assets for the divestiture (Jan Kempdorp, Stryd-poort and Wolmaransstad silos as well as Africum Mills) as required by the Competition Tribunal as part of the Senwes/Suidwes merger. The business is to be sold to B-BBEE-controlled entity/entities.
- The KLK service offering was expanded and KLK Makelaars joined Certisure Financial Services Group. Moreover, KLK Credit was launched in collaboration with Agri Credit Solutions.
- KLK acquired the remaining 3,1% NCI in Carnarvon Abattoir and now owns 100% of the shareholding.
- Hinterland entered the Mpumalanga and Eastern Free State area through integrated geographic expansion with Agri Credit Solutions.
- Senwes decided to sell its seed business in Orkney, during the period under review. The sale will be concluded in the new financial year.
- Effective from 1 July 2021, Agrinet was appointed as the exclusive hardware and agricultural distribution partner of Henkel SA.
- Agrinet commenced negotiations with various large retail groups to list Henkel products and create opportunities to introduce the entire Agrinet product range.
- Falcon and Staalmeester are in the process of merging the two companies' operations. The two brands are to remain separate.
- Falcon designed and launched various new products into their own, and Staalmeester's product ranges.







### INCREASED INVESTMENT IN EFFICIENCIES WITHIN THE VALUE CHAIN

Vertical integration of the business by means of a specialised focus on the parts of the value chain where Senwes operates, to identify further areas of opportunity.

#### OBJECTIVES

Maintain a specialised focus on the parts of the value chain where Senwes operates to identify and implement projects that will enhance efficiencies and ensure improved service delivery.

#### TOP-OF-MIND RISKS

- Political and economic risk.
- Market size and market share risk.
- Weather and climate risk.
- Urbanisation, scarcity and retention of skills risk.
- Transition and customer risk.
- Unique competitor risk.
- Diversification and agricultural industry risk.

For more detail on top-of-mind risks, see p. 87.

#### LOOKING AHEAD

- Some areas of the grain value chain have been yielding good long-term returns and Senwes will continue its attempts to increase involvement and/or expansion into these areas.
- Continued capital investment focused on the upgrading and/or optimisation of the silo network, infrastructure and processes.
- Focus on more extensive internal participation in and optimisation of our own logistics network.
- The mechanisation and retail network will also be subject to upgrades, as time progresses.

#### REFLECTING ON THE PROGRESS TO DATE

- Grainovation was originally established as a joint venture with Imperial Logistics for the creation of a specialised and focused logistics company. Effective as from 1 November 2019, Senwes increased its shareholding in Grainovation to 100%, to seamlessly integrate the business with the group's grain marketing solution.
- Senwes Grainlink has successfully rolled out large capital investment programmes to upgrade and/or optimise the silo network, technology, infrastructure and processes. Most notably, these investments have enabled faster grain intake, at higher moisture content.
- The Senwes Group gained access to the wholesale and distribution market through the distribution centre activities of Prodist. Initially Prodist was acquired through Hinterland with AFGRI and LRB (Mica, DIY and House of Paint & Decor). Hinterland held 75% of Prodist and LRB 25%. Hinterland bought LRB's 25% shareholding as part of a restructuring programme in August 2018. Also, effective from 1 December 2018, Hinterland Retail merged with Prodist. During the 2021 reporting period, the wholesale operations and distribution network of Agrinet were added to the Senwes Group as part of the Suidwes merger. Prodist's operations have been integrated with Agrinet since 1 May 2021.
- During the past two years, Bastion implemented various upgrades and capacity expansion projects at its operations in Buhrmansdrif, Marico and Britten.
- The IDC subscribed to a 49% shareholding in Pelelani while Bastion Lime owns the remaining 51%. The focus of this entity will be to investigate industrial lime opportunities to optimise the utilisation of lime resources.
- KKK upgraded the Upington and Kathu Build-It stores and also launched the Kathu Pet World.





### INTERNAL INTEGRATION OF THE CUSTOMER

Leveraging customer intelligence across the Senwes Group to ensure integrated, value-adding solutions for customers to ensure that a greater share of the customer's wallet is spent across the group, whilst retaining existing customers and expanding the customer base through the addition of new clients.

#### OBJECTIVES

- Improved customer relationships and consequent retention of customers.
- Obtain new customers.
- Obtain an increased share of the customer's wallet spent across the Senwes Group by offering a fully integrated business solution rather than a once-off product and/or service.

#### TOP-OF-MIND RISKS

- Market size and market share risk.
- Transition and customer risk.
- Unique competitor risk.
- Diversification and agricultural industry risk.

For more detail on top-of-mind risks, see p. 87.

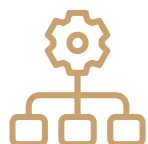
#### LOOKING AHEAD

- Given continuous technological advancements and the rate at which the needs of clients are evolving, there will be a constant drive to increase the share of clients' wallets spent across the Senwes Group through innovative, integrated, top-of-the-range, solution-driven products and services, backed up by advice.
- Continued analysis of the group's client intelligence and client base to identify further opportunities.

#### REFLECTING ON THE PROGRESS TO DATE

- The loyalty scheme (AgriRewards) was implemented during the 2017 reporting period.
- A platform for integration, OneAgri, was developed.
- Customer integration forms an integral part of the way the different segments of the group deliver products and/or services to clients. It also has a significant impact on the group's ability to retain and grow its customer base. Even though Agri Credit Solutions fulfil the central role as starting point and main driver of integration across the group, integration has also been driven extensively by the business units, so much so that it is now a part of the DNA of their businesses.
- During the 2019 financial year, the group launched wealth services to enrich producer clientele services. This service offering was further strengthened and enhanced during the 2021 reporting period by the establishment of SS-Wealth Planning. SS-Wealth Planning represents a dynamic partnership between Senwes and S-BRO Financial Services in which each party is an equal shareholder. SS-Wealth Planning facilitates wealth creation by means of a wide range of wealth planning and related services to ensure long-term financial peace of mind for clients.
- The consolidation and integration of Suidwes into the Senwes Group during the 2021 financial year have not only given the group access to additional products and services with which to optimise integrated solutions offered to clients, but also put the group in reach of an expanded customer base.
- The digital transformation division was launched during August 2021. This business unit will be responsible for defining what digital transformation is within the group and to lead initiatives required to digitally transform the business. The initiatives are aimed at digitising the demand required during the production life-cycle, customer relationship management and products and services available. The end game is to shorten the time taken to effectively match available supply to demand.





### REORGANISATION OF BUSINESS MODELS

Optimisation and improvement with respect to the group's current products and services, operational efficiencies, corporate and other support services, as well as operational restructuring.

#### OBJECTIVES

Reorganisation and/or restructuring of the group in such a manner that it is optimally positioned for growth and expansion.

#### TOP-OF-MIND RISKS

- Political and economic risk.
- Credit, liquidity and market risk.
- Commodity price risk.
- Theft and fraud risk.
- Urbanisation, scarcity and retention of skills risk.
- Transition and customer risk.
- Information technology – systems and cyber risk.
- Unique competitor risk.
- Environmental and health and safety risk.
- Diversification and agricultural industry risk.
- Regulation and compliance risk.

For more detail on top-of-mind risks, see p. 87.

#### LOOKING AHEAD

- Creating value lies in constantly attempting to improve the basics. Therefore, the group will continue to subject its business units and processes to analyses and investigations to establish whether any enhancements, redesigns, restructuring and/or the establishment of new business units/processes are necessary.
- Improved and/or revamped product and/or service solutions.

#### REFLECTING ON THE PROGRESS TO DATE

- Established Hinterland Fuels to take the retail fuel strategy forward.
- Senwes launched its hedge fund (known as Nautilus Hedge Fund) into the market in co-operation with Absa Bank during September 2016.
- Established a Business Engineering division, which will primarily be focused on the optimisation of business processes and structures within the group as well as the management of selected corporate projects.

- During the 2021 financial year, the market access channel underwent significant restructuring, part of which saw the group exiting the mill-door trading business (previously known as Tradevantage). A new division, namely Grain Market Intelligence & Solution Design, was established to provide producers with various grain procurement solutions and offer registered buyers the opportunity to purchase grain through the Basislink platform. In addition, operations of the Grain Market Intelligence & Solution

Design division also include the group's high probability trading function.

- Senwes Credit transferred its operations to a separate legal entity as part of the group's restructuring by merging Senwes Credit with Suidwes Landbou. Suidwes Landbou's name changed to Agri Credit Solutions, effective 1 December 2020.
- Hinterland implemented a turnaround strategy during the 2021 reporting period and a new management team has been appointed.



## REFLECTING ON THE PROGRESS TO DATE (CONTINUE)

- Senwes Equipment commenced the roll-out of a rental and integrated harvest solution model.
- During the 2021 reporting period Grainovation decided to sell its fleet and change the business model to a brokerage model. In the current reporting period Grainovation further optimised its business model through placing more focus on the inter-group transport requirements of Grainlink rather than a combination of inter-group and external transport. Grainovation's reporting function has been moved to be part of the Grain Market Intelligence & Solution Design division effective from October 2021.
- The group's significant expansion during the past few years triggered an extensive review of its operational structure and operating segments. The implementation of the envisioned changes in this regard will continue well into the new financial year.
- Numerous corporate support and shared services divisions have been redesigned/restructured and optimised to ensure that they are geared for future challenges.
- During the current financial year, management reorganised the business to be more specialised. The group's operations were reorganised into four main segments with different specialised clusters within each. More information about each segment and cluster can be found in the business overview on page 26 and the report by the CFO on page 80. The segments and clusters are summarised as follows:
  - » Financial Services, including the credit and insurance clusters.
  - » Input Supply including the mechanisation, retail and wholesale clusters.
- » Market Access including the grain cluster.
- » Processing, Conditioning and Markets, including a manufacturing, meat as well as milling and pet food cluster.
- The group launched a capital allocation project which aims to optimise the group's balance sheet allocation toward increased capacity and optimal returns on capital allocated across the group.
- The group changed its inter group funding structure, and now provides inter-company loans from Senwes to the group's companies through a separate entity.
- The group's Information technology (IT) operations were moved into separate companies during the financial year.

**UNLOCKING VALUE SYNERGIES**

Unlocking value synergies focuses primarily on reaping the benefits of shared corporate functions and operational efficiencies across the group.

**OBJECTIVES**

- Identify the untapped benefits of shared corporate functions and operational efficiencies, by means of co-ordination between business units, joint ventures, corporate support divisions and shared services across the group.
- Unlock the benefits of shared corporate functions and operational efficiencies to the benefit of the Senwes Group.

**TOP-OF-MIND RISKS**

- Urbanisation, scarcity and retention of skills risk.
- Transition and customer risk.
- Information technology – systems and cyber risk.
- Unique competitor risk.
- Diversification and agricultural industry risk.

For more detail on top-of-mind risks, see p. 87.

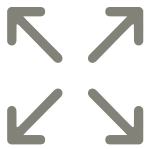
**LOOKING AHEAD**

There is significant benefit in unlocking value synergies and therefore it makes sense to maintain the constant drive to achieve this. The focus is to ensure that the synergies of shared corporate functions and operational efficiencies are tapped into and utilised fully across the Senwes Group.



## REFLECTING ON THE PROGRESS TO DATE

- All business units, subsidiaries, joint ventures and corporate support divisions in the group have been tasked with driving improved integration amongst themselves to identify synergies and operational efficiencies that have not been utilised yet, and to unlock the benefits thereof across the group.
- The consolidation and integration of Suidwes into the Senwes Group during the 2021 financial year, resulted in significant value synergies being unlocked. These synergies included notable operational and corporate cost savings and the elimination of duplicated costs.
- Collaboration between Senwes and KLK with respect to expanding KLK's financial services offering. KLK Brokers joined the Certisure Financial Services Group, while KLK Credit was launched with Agri Credit Solutions.
- Synergies between Agri Credit Solutions and Hinterland Retail led to the first Hinterland relationship managers being appointed. These relationship managers are shared by Hinterland and Agri Credit Solutions and facilitate credit applications and market direct inputs to producers.
- Merging Falcon and Staalmeester will result in unlocking cost savings and other synergies.



### EXTERNALISATION

Focus on the investigation of beneficial opportunities globally (outside the borders of South Africa) and expansion into these new, lower risk jurisdictions.

### OBJECTIVES

- Diversify shareholders' income streams.
- De-risking to lower risk jurisdictions.
- Given the uncertain economic and political conditions in South Africa, the focus is currently on international investment/acquisition transactions.

### LOOKING AHEAD

It remains part of Senwes' strategy to simultaneously externalise and diversify through expansion into new, lower risk markets (outside of South Africa). Possible targets are actively monitored to identify the most beneficial opportunities and the optimal time to pursue them.

### TOP-OF-MIND RISKS

- Political and economic risk.
- Credit, liquidity and market risk.
- Market size and market share risk.
- Weather and climate risk.
- Urbanisation, scarcity and retention of skills risk.
- Transition and customer risk.
- Unique competitor risk.
- Diversification and agricultural industry risk.

For more detail on top-of-mind risks, see p. 87.

### REFLECTING ON THE PROGRESS TO DATE

- The group is in the process of expanding its John Deere agency into Germany. The transaction pertains to the acquisition of three German John Deere dealers. The transaction is currently being implemented and will become effective during the next financial year.
- Additional opportunities have been investigated and further expansion in the European market is foreseen.









The background of the page is an abstract, textured composition. It features warm, golden-yellow and orange tones with visible brushstrokes and splatters. A dark, almost black silhouette of a person is positioned in the center, facing away from the viewer and slightly to the right. The person appears to be wearing a cap and has their arms slightly outstretched. The overall effect is artistic and modern.

# CORPORATE GOVERNANCE



# CORPORATE GOVERNANCE

## Report

### THE GOVERNANCE PHILOSOPHY

The Senwes Group (the group) and the board of directors (the board) of Senwes and its related parties conduct business according to the highest standards of corporate governance and in the interest of all its stakeholders.

To ensure and maintain stakeholder trust, Senwes' sound governance frameworks and practices cannot be anything but truly entrenched throughout the group. The group strives to ensure an ethical culture and sound risk management structures and controls whilst operating in an environment which is not necessarily displaying the same commitment (also refer to the sustainability report).

### KING IV PRINCIPLES

The board's governance oversight is guided by its commitment to its responsibilities and governance objectives. The objectives provide a mechanism to measure and evaluate performance in applying the King IV principles to Corporate Governance principles and outcomes. These are:

#### PRINCIPLE 1 TO 3

##### LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

The board sets the tone and leads the group ethically, effectively and responsibly. This means that, in decision-making, individual board members act with independence of mind, competence, diligence and conservatism.

The board, as the highest decision-making body, forms the intellectual thoughts of the group and each director has a fiduciary responsibility and trusteeship in respect thereof. Directors must therefore commit themselves to this responsibility and ensure that it is executed in a conscientious manner.

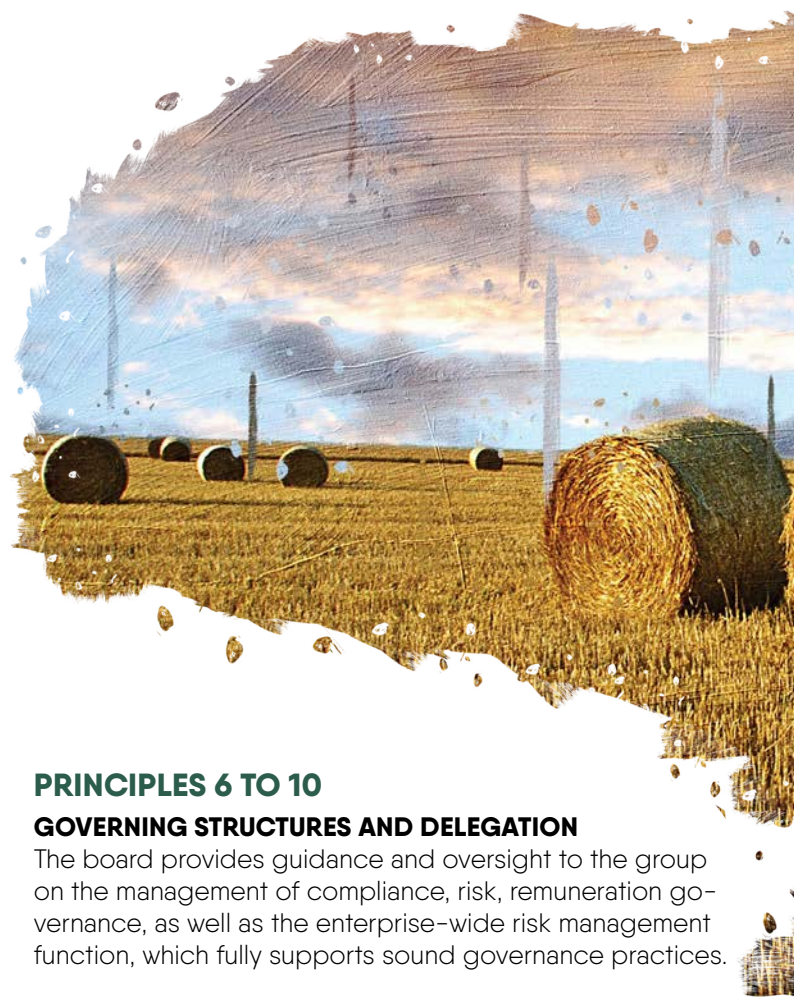
The group is a key role player in rural areas and communities in providing employment, training and financial contributions to municipalities. Often Senwes is the largest business in an area and its sustainability is depended upon by communities. The group's contribution to the fiscus is also substantial.

The group supports high levels of ethical conduct and sustainability at all levels. A web-based sustainability report is available separately on Senwes' website and explains these aspects more comprehensively.

#### PRINCIPLE 4 AND 5

##### STRATEGY, PERFORMANCE AND REPORTING

The board takes accountability for the performance of the group. In doing so, the board supports the group in setting and achieving its strategic objectives. Information related to required disclosures is contained in, among other reports, this integrated report and the supplementary reports, available at [www.senwes.co.za](http://www.senwes.co.za).



### PRINCIPLES 6 TO 10

#### GOVERNING STRUCTURES AND DELEGATION

The board provides guidance and oversight to the group on the management of compliance, risk, remuneration governance, as well as the enterprise-wide risk management function, which fully supports sound governance practices.

There is a clear division between the rights, responsibilities and competencies of the non-executive and executive authority in order to ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.

The delegation of authority to management was reviewed during the financial year. The reservation of authority policy contains the key material matters that are reserved for consideration by the board only.

### PRINCIPLES 11 TO 15

#### GOVERNANCE OF FUNCTIONAL AREAS

The focused governance of functional areas such as risk, compliance, IT and technology, remuneration and assurance is delegated to the different board committees. The chairmen of these committees report formally and comprehensively to the board on these matters. Specific focus has been placed on the development of a digitisation strategy.

### PRINCIPLES 16 AND 17

#### STAKEHOLDER RELATIONSHIPS

The board ensures a stakeholder-inclusive approach and has approved a comprehensive stakeholder engagement policy. The group's strategy aims to create sustainable value for all stakeholders and for Senwes to become a preferred investment partner, employer, supplier and distribution channel, as well as a good corporate citizen.





### APPLY AND EXPLAIN

The principles of King IV have been adopted as far as practically possible but given the current shareholder structure, the group does not apply certain principles of King IV:

#### PRINCIPLE 7:

The board does not comprise a majority of independent directors.

#### PRINCIPLE 8:

The non-executive chair of the board is not an independent director, but is supported by a duly elected and experienced independent non-executive vice-chair, who was also elected as the lead independent director.

The chair of the board is also the chair of the Nomination Committee (Nomco) and the chair of the Remuneration Committee (Remco) is not independent but is a non-executive director.

### SHAREHOLDER STRUCTURE

The majority shareholder, Agribel Holdings Ltd (Agribel) has long-term strategic plans for the group as the holding company and control structure of Senwes. Since the board is being elected from the commercial producer client base, the Agribel directors have majority representation on the Senwes board since this is a statutory arrangement in the Memorandum of Incorporation (MOI) of Agribel.

Agribel fully supports the strategy of Senwes and in certain instances actively assists with the facilitation of the strategy of growth, diversification and consolidation.

As indicated above, the shareholder structure dictates the composition of the board and is as follows:

Shareholders	Number of shares	%
Agribel Holdings Ltd	132,878,154	73,50%
Senwes Share Incentive Scheme Trust	6,588,146	3,64%
Senwes Capital (Pty) Ltd	3,951,221	2,19%
Producers	21,131,206	11,69%
Public	16,240,581	8,98%
	<b>180,789,308</b>	<b>100,00%</b>

The Senwes Group comprises the divisions, companies and relationships, including subsidiaries, joint ventures and associates as reflected on p. 26–33 of this report.



## THE BOARD

### MANDATE OF THE BOARD:

**The board acts as a unitary governance structure and collectively ensures in terms of King IV that it:**

- Guides strategic direction: Considers and reviews the 10-year rolling strategy of the group presented by management and the budgets necessary for the implementation of the approved strategy;
- Approves policy and planning;
- Provides oversight and monitoring;
- Ensures accountability; and
- Approves and implements formal reservation (board) and delegation of authority (CEO and below) policies.

**In doing so, the board has committed to fulfilling the following responsibilities:**

- Delegates management of the group to a competent executive management team;
- Ensures that a robust strategy process is defined, resourced and executed by management;
- Ensures compliance with appropriate legislation (including regulations), governance codes and appropriate best practices;
- Governs disclosures so that stakeholders can effectively assess the performance of the group;
- Protects the interests of the group's stakeholders and ensure fair, responsible and transparent people practices;
- Oversees the risk management function and ensure that it informs management's development and implementation of the strategy;
- Ensures that the board remains independent in executing its duties; and
- Adopts a fair and responsible remuneration policy.

### THE COMPOSITION OF THE BOARD

**The board comprises 14 members as indicated below:**

Shareholder:	Board members
Agribel Holdings Ltd	7
Together with:	
Independent non-executive directors	5
Executive directors	2

With five independent non-executive directors on the board and an experienced executive team, no single individual can exercise undue influence on the decision-making processes of the board.

Directors are nominated and elected by shareholders and provision has been made for rotation in the form of a staggered rotation programme, in terms of which no board member's term of office may exceed three years. Directors are appointed, subject to re-election, by the shareholders in accordance with the Companies Act and the MOI.

If a director has served for a period of more than nine years, best practice requires the board to consider whether that director continues to be independent in executing his fiduciary duties. The board, upon recommendation by the Nomco, has adopted the policy of annually reviewing directors' independence if their tenure has reached nine years or more.

Based on the results of the evaluation, the board will consider whether there is any evidence of any circumstance and/or relationship that would impair their judgement, to the extent that their independence is compromised. The process to evaluate the independence of one director appointed to the board in 2009, was undertaken in July 2021, prior to the AGM. This director, Dr Booysen, was re-elected and accordingly the independence evaluation will reoccur.

The composition and the performance of the board, individual directors and committees are carefully scrutinised by the Nomco. Shareholders are provided with information about directors to enable them to make informed decisions regarding the election of such directors. The reappointment of non-executive directors is not an automatic process and through Nomco, the board conducts a screening process to ensure that proposed board candidates are "fit and proper" to serve as board members. The succession plans for the chairman and vice-chairman have also been approved by this committee.

The board continuously evaluates itself with the assistance of Nomco. During the year under review, Nomco once again conducted a performance evaluation of the board and its practices. The board critically evaluated itself in terms of size, composition and skills set as well as the workload of the board committees. Overall, no serious concerns were raised except that the board was of the opinion that it was slightly too big in terms of numbers. The board accepted the retirement of a director at the AGM.

The board committees contribute significantly to the effectiveness of the board by ensuring that detailed oversight and reporting take place.

### THE BOARD CHARTER

The board charter regulates the parameters within which the board operates and ensures the application of the principles of good corporate governance in all its dealings. Furthermore, the board charter sets out the roles and responsibilities of the board and individual directors, including the composition and relevant procedures of the board. The board charter is reviewed annually and is aligned with the provisions of all relevant statutory and regulatory requirements, including, amongst others, the Companies Act No 71 of 2008, as amended (the Companies Act), King IV and the company's MOI.



## BOARD MEETINGS AND ATTENDANCE OF BOARD MEETINGS

The board meets quarterly and during the year under review, meetings were well attended, as can be seen from the following table:

Director	Board <sup>1</sup>	Audit Committee	Risk Committee	Remco	Nomco	Investment Committee	Social and Ethics Committee
<b>Number of meetings</b>	5	3	2	2	2	3	2
<b>Non-executive:</b>							
<b>JDM Minnaar (Chair)<sup>2</sup></b>	5/5	3/3	2/2	2/2	2/2	3/3	2/2
<b>SF Booysen</b>	5/5	3/3	-	2/2	2/2	3/3	-
<b>VJ Klein</b>	5/5	-	2/2	-	-	-	2/2
<b>AJ Kruger<sup>3</sup></b>	5/5	3/3	-	-	1/2	3/3	-
<b>NDP Liebenberg<sup>4</sup></b>	5/5	-	1/2	2/2	1/2	2/3	-
<b>GL Malherbe<sup>5</sup></b>	4/5	-	2/2	-	-	-	0/2
<b>JS Marais</b>	5/5	-	-	-	-	-	2/2
<b>F Marx (retired 26 August 2021)</b>	1/5	-	-	-	-	-	1/2
<b>JJ Minnaar<sup>6</sup></b>	5/5	2/3	2/2	2/2	-	-	-
<b>SM Mohapi (retired 26 August 2021)</b>	1/5	1/3	-	-	-	-	1/2
<b>JPN Stander</b>	5/5	3/3	-	-	-	-	-
<b>WH van Zyl</b>	5/5	-	2/2	2/2	-	-	-
<b>AG Waller<sup>6</sup></b>	4/5	2/3	-	-	-	3/3	-
<b>JJ Viljoen<sup>5</sup></b>	5/5	-	2/2	-	-	-	1/2
<b>Executive<sup>7</sup>:</b>							
<b>F Strydom</b>	5/5	3/3	2/2	2/2	2/2	3/3	2/2
<b>CF Kruger</b>	5/5	3/3	2/2	2/2	-	3/3	-

<sup>1</sup> Including strategic sessions.

<sup>2</sup> Ex officio member to all committee meetings.

<sup>3</sup> Nomco member until 26 August 2021.

<sup>4</sup> Member of the Risk Committee until 26 August 2021 and Investment Committee from 26 August 2021.

<sup>5</sup> Member of the Social and Ethics Committee from 26 August 2021.

<sup>6</sup> Member of the Audit Committee from 26 August 2021.

<sup>7</sup> Except for the Risk Committee – non-members of the other board committees, but attend upon invitation.

## THE ROLE AND FUNCTION OF THE CHAIR

The chair is a non-executive director who is appointed by the board on an annual basis. The positions of the chair and the chief executive officer are separate with segregated duties.

The chair must maintain regular dialogue with the chief executive officer regarding all operational matters and must, without hesitation, consult the remainder of the board regarding any matters which may be a source of concern. He also acts as a facilitator at all meetings of the board of

directors (or members meetings) in order to ensure that no member, executive or non-executive, dominates discussions, that appropriate discussion takes place and that relevant opinions are forthcoming.

The chair is the link between the board of directors and chief executive officer. The chief executive officer shall inform the chair of all substantial matters between board meetings.



## THE ROLE AND FUNCTION OF THE CHIEF EXECUTIVE OFFICER

### CHIEF EXECUTIVE OFFICER AND EXECUTIVE COMMITTEE

The company's daily corporate and management functions are dealt with by the chief executive officer and he is supported by a management team comprising the following:

#### SENWES GROUP 2022





## THE GROUP EXECUTIVE

Although the board maintains its independence, it is important for it to have a deep understanding of the business by investigating, monitoring and engaging with management on multiple levels. In addition to the two executive board members, executives serve on various subsidiary and board committees. Particulars of the leadership team are shown on p. 62 and 65.

The monthly abridged management report provides the board with comprehensive feedback on the performance of the business across various disciplines, including operational reviews, financial results, strategic progress, risk management and stakeholder performance.

Besides the executive committee, various other management committees have been constituted throughout the group and material matters are afforded focused attention. These are the Compliance and Ethics Committee, Asset and Liability Committee (ALCO), Financial Steering Committee (Finsteer) and Employment Equity Committees.

## DECLARATION OF AND DEALING WITH PERSONAL INTERESTS

The personal interests of directors are monitored comprehensively and reported continuously in terms of the embedded governance practices.

The shareholding of the board is indicated on the next page.

Directors have unrestricted access to the company secretary, who provides guidance and advice in relevant circumstances and may also seek independent advice in terms of the protocol for the procurement of independent external advice regarding the business of the group, at the cost of the group.

Share trading by directors and management takes place in terms of a formal Code of Conduct for Personal Trading of Shares and Positions in the group. Directors' dealings are disclosed on the Senwes website within 48 hours of a trade occurring.

## SHARE TRADING AND SHAREHOLDING

In August 2021, the Financial Services Board temporarily suspended trading on ZARX due to non-compliance by ZARX with certain provisions of the Financial Markets Act relating to the regulatory capital to be maintained by ZARX. The suspension could not be resolved and given potential prejudice to shareholders, the board resolved to delist and migrate the trading of Senwes shares to an OTC platform. An OTC-market is a decentralised platform where market participants trade through bilateral negotiations, in shares that are not listed on an exchange.

The OTC is being conducted under strict supervision and the practices that applied in the listed environment are still being followed. During the year under review, share trading was conducted during the open periods listed below, while trading in closed periods was prohibited.

Date 2021/2022	Status of trading	Reason
30 April 2021	Closed	Preparation of the annual financial statements.
1 July 2021	Open	Publication of annual financial statements and dividend announcements.
31 October 2021	Closed	Preparation of the interim financial statements.
3 December 2021	Open	Announcement of the interim financial results.
30 April 2022	Closed	Preparation of the annual financial statements.





**THE PERSONAL INTERESTS OF THE CURRENT BOARD MEMBERS IN THE GROUP ARE DISCLOSED IN THE TABLE BELOW:**

NAME	SENWES SHARES	DIRECT %	AGRIBEL SHARES	*INDIRECT %
<b>NON-EXECUTIVE:</b>				
AJ Kruger & related parties	142 386	0,08%	1 090 739	0,85%
NDP Liebenberg & related parties	–	0,00%	1 098 607	0,86%
JDM Minnaar & related parties	20 129	0,01%	15 781 353	12,31%
JJ Minnaar & related parties	15 198	0,01%	4 798 612	3,74%
WH van Zyl & related parties	37 928	0,02%	5 675 751	4,43%
JJ Viljoen & related parties	–	0,00%	453 187	0,35%
GL Malherbe & related parties	11 302	0,01%	77 352	0,06%
SF Booysen	–	0,00%	1 130 331	0,88%
JS Marais	22 500	0,01%	–	0,00%
<b>EXECUTIVE:</b>				
F Strydom	1 855 358	1,03%	3 299 484	2,57%
CF Kruger & related parties	292 668	0,16%	3 029 939	2,36%
<b>Subtotal of directors</b>	<b>2 397 469</b>	<b>1,33%</b>	<b>36 435 355</b>	<b>28,41%</b>
<b>Other shareholders</b>	<b>178 391 839</b>	<b>98,67%</b>	<b>91 808 625</b>	<b>71,59%</b>
<b>TOTAL</b>	<b>180 789 308</b>	<b>100,00%</b>	<b>128 243 980</b>	<b>100,00%</b>

\*Indirect interest is based on the percentage of the shareholding of the entity in Senwes, multiplied by the percentage interest held by the individual.





## GROUP EXECUTIVE COMMITTEE

The group's daily corporate and management functions are dealt with by the chief executive officer, supported by a management team, comprising the heads of all business and corporate units.

1 Senwes	12 Agri Credit Solutions	23 Africum Commodities
2 Senwes Capital	13 Electronic Silo Certs	24 Protek
3 AgriRewards	14 JD Implemente	25 Grainovation
4 Hinterland Holdings	15 Senwes Securities	26 Staalmeester
5 Agrinet	16 Molemi Sele Management	27 SWITO
6 Hinterland Fuels	17 Hinterland Securities	28 SWITO2
7 KLK Landbou	18 Suidwes Securities	29 Falcon
8 Certisure Group	19 SS Siloco	30 NviroTek
9 SS Wealth Planning	20 Thobo Trust	31 Botselo Mills
10 Bastion Group	21 The Senwes Share Incentive Scheme Trust	
11 Senwes Equipment Group	22 Africum	

Standing Members	Position as at 30 April 2022	Joint Venture/Subsidiary Director
<b>F Strydom</b>	Group Chief Executive Officer	1 2 3 5 7 8 10 11 19 22 24 29
<b>CF Kruger</b>	Group Chief Financial Officer	1 2 3 5 7 10 11 15 17 18 19 22 25 26 29 31
<b>LA Grobler</b>	Managing Executive: Market Intelligence and Wealth Management	9 13 16 21 23 25
<b>EM Joynt</b>	Company Secretary and Chief Legal Counsel	6 20 24 26 31
<b>JM Harmzen</b>	Group Executive: Business Engineering and Treasury	27 28
<b>D Bester</b>	Group Executive: Group Finance Reporting and Corporate Finance	23 24 30
<b>DJ Opperman</b>	Group Executive: Internal Audit, Assurance and SHEQ	-
<b>MS Burger</b>	Group Executive: Information Technology	27 28
Operational and business leaders	Position as at 30 April 2022	Joint Venture/Subsidiary Director
<b>PJ Malan</b>	Managing Executive: Grainlink Industry	13
<b>Y Brits</b>	Managing Director: Agrinet Group	5
<b>D Pienaar</b>	Managing Director: NviroTek Laboratories	30
<b>E Schoeman</b>	Managing Director: Bastion Lime	10 30
<b>F Pieterse</b>	Managing Director: Senwes Equipment	11 14 26 29
<b>F de Kock</b>	Managing Director: Agri Credit Solutions	8 12 16
<b>HD van Schalkwyk</b>	Managing Director: Hinterland	4 6
<b>J Pretorius</b>	Managing Director: Staalmeester and Falcon	26 29
<b>P Botha</b>	Managing Director: Protek	24
<b>E Tomlinson</b>	Managing Director: JD Implemente	14
<b>A White</b>	Group Executive: Digital Transformation	5
<b>H Barnard</b>	Group Executive: Human Resources	-
<b>T Mocke</b>	Group Executive: Engineering and Property Assets	-
<b>Z Nel</b>	Group Executive: Central Administration	8
<b>S Schlebusch</b>	Manager: Corporate Marketing	-
<b>LC Koch</b>	Group Executive: Risk and Insurance	8



## BOARD COMMITTEES

### FUNCTIONS AND MANDATES

The board established a number of committees to facilitate effective decision-making and to assist the board in the execution of its duties and powers, whilst still reserving the material decisions for itself in terms of the "Reservation of Authority".

The powers and execution of the responsibilities of each committee are arranged by means of formal, written mandates, which are reviewed and approved by the board on an annual basis.

Board committees serve a useful purpose by focusing on clearly defined issues in greater depth than the main board. The group makes use of these board committee structures to ensure that the onerous work of the board is attended to properly.

These committees meet regularly in terms of the board's annual work plan and annually review their mandates, after which such mandates are presented to the board for approval.

After each meeting the chairmen of the board committees report on the activities of the committees to the main board, as the board is required to ensure that the committees act within their mandates and have done the work they are required to do.

The main board will rely on these committees to provide certain safeguards as per the mandates of the committees, such as recognition of risks, fair remuneration of management, strong internal controls, sound investment decisions and good communication with stakeholders.

The board therefore expects each governance committee to inform it of any risks or other issues of strategic importance, which it has discovered during the execution of its mandate.

The board also expects to be given the assurance that, apart from the risks or issues specifically reported on, the committee has carried out all the functions required of it in a satisfactory manner and that no additional issues have come to its attention, which the board needs to consider.

Overall the board has expressed satisfaction with the active role played by each board committee in ensuring that the onerous responsibilities of the board are properly executed and addressed.

### THE AUDIT COMMITTEE

The board is satisfied that it has an independent Audit Committee.

This committee comprises a majority of independent, non-executive directors and is chaired by Steve Booysen. The chief executive officer, chief financial officer and major financial and corporate disciplines throughout the group also attend committee meetings.

The Audit Committee met three times during the year under review. In terms of the provisions of the Companies Act and its mandate, the committee attends to the following:

- Annual internal and external audit planning and budgets;
- Internal and external audit reporting;
- Integrated reporting;
- Integrity of controls and financial disclosure;
- Appointment of external auditors and verification of independence;
- Approval and recommendation of the annual financial reports, distribution to shareholders, liquidity and solvency tests and compliance assurance in terms of the Companies Act, IFRS and accounting policies;
- Governance frameworks;
- Tax strategy and risk; and
- Combined assurance in terms of risk, audit and compliance.

It ensures appropriate reporting of the going concern recommendations and supports the board actively in ensuring that appropriate corporate governance and information technology frameworks are in place and are being maintained as such.

The Audit Committee annually considers the major tax strategies and risks in terms of legislation, structuring of proposed transactions and prevailing tax issues affecting the group via the Tax Risk Committee.

### THE INVESTMENT COMMITTEE

The Investment Committee comprises non-executive directors only. The executive directors attend the meetings as well. This committee met three times during the year under the guidance of its chair, Steve Booysen. This committee is responsible for various matters and its mandate has been expanded to include the management of liabilities as well. The committee attends to:

- Investment philosophy and investment management;
- Growth transactions and joint venture partnerships;
- Investment performance;
- Funding requirements and equity structuring;
- Liability management; and
- Review of post-implementation audit reports relating to investments made.

### THE NOMINATION COMMITTEE (NOMCO)

This committee met twice during the year and is chaired by Danie Minnaar, chair of the board. It comprises non-executive directors only and meetings are attended by the chief executive officer and the company secretary. Nomco is the caretaker of governance and compliance with King IV and the board charter and is mandated to:

- Consider the composition of the board of directors, taking the business and size of the group and the commercial and sector imperatives in which the group operates, into account;



- Determine and recommend targets for race and gender representation;
- Determine the independence requirements and the appointment of a lead independent director;
- Identify the required fields of knowledge, skills, experience, culture, age, gender and race in order to service such requirements;
- Ensure a transparent and formal nomination, election and ultimately an appointment process;
- Invite nominations for candidates for appointment, subject to the provisions of the Companies Act and the Codes on Corporate Governance;
- Recruit and appoint candidates that meet the “fit and proper” criteria as directors; and
- Evaluate the performance, efficiency, balance and diversity of the board of directors.

### THE REMUNERATION COMMITTEE (REMCO)

This committee met twice during the year under the chairmanship of Nico Liebenberg and comprises non-executive directors only. The corporate divisions, mainly corporate services and human resources, attend meetings on invitation. Remco attends to the following:

- Recommendations regarding non-executive and executive directors' remuneration to the board and shareholders;
- Reviews and ensures the application of the remuneration philosophy;
- Ensures sound incentive scheme management and reasonable and appropriate salaries/wages;
- Ensures appropriate succession planning for the executive directors and management; and
- Employment equity.

The remuneration philosophy and policy are dealt with in detail in the remuneration report. The report explains the practical application and implementation of remuneration governance in support of the recommendations for the remuneration of directors for the new year, as contained in the notice of the annual general meeting and the special resolution in this regard.

### SENWES SHARE INCENTIVE SCHEME TRUST (LTI)

The participants of the LTI-share incentive scheme are executive and senior managers who are able to influence the performance of the group and are able to align the interests of the group with those of the shareholders. Vesting of shares is based on predetermined performance targets. If these targets are not achieved, the allocated shares are forfeited. The annual grants in terms of the share scheme vest every three years.

The scheme is overseen by the board, with the detail being attended to by the Remco. The group company secretary as the duly appointed compliance officer ensures compliance with section 97 of the Companies Act.

### THE RISK COMMITTEE

This committee comprises non-executive and executive directors and is chaired by Jaco Minnaar. Risk Management and all other divisions are exposed to the committee by means of a structured work plan. The committee met twice during the year. This committee plays a strategic role in guiding the board in its strategic plans. It analyses strategic and operational risks at all levels. During the year under review the committee reviewed its risk management plan and risk appetite once again and presented these for approval to the board.

Risk management is applied throughout the Senwes Group. It is understood that risk management will assist with ensuring the long-term sustainability of Senwes. The current risk culture within the group contributes to the creation of shareholder value on a sustainable basis that is consistent with shareholders' expectations. The reporting structure is as follows:

- Chief risk manager and risk officers;
- Exco;
- Compliance Committee; and
- Risk Committee.

The risk management functions report continuously on material risks and opportunities of the group, as well as those of each operational business unit or joint venture.

### THE SOCIAL AND ETHICS COMMITTEE

The committee is responsible for the oversight of some of the other board committees as provided for in the Companies Act. Kobus Marais is the chair and the committee met twice during the year. It comprises non-executive directors only. The committee is responsible for, inter alia:

- Labour matters;
- Transformation and B-BBEE-matters;
- Consumer protection and sound business practices;
- Code of Ethics and Code of Conduct;
- Sustainable culture and values;
- Stakeholder engagement; and
- Sustainability and concomitant integrated sustainability reporting.

The Social and Ethics Committee carried out its statutory obligations in terms of its mandate and the committee confirms that the group conducts its affairs diligently and responsibly as required in terms of good corporate citizenship. The committee reviewed and was satisfied with the sustainability report as presented to the shareholders.



## COMPANY SECRETARY

The board collectively and the individual board members are guided by the company secretary in the execution of their continued responsibilities and duties. Newly appointed directors undergo an appropriate induction process, presented by the company secretary, which contains various elements. As required in terms of the Companies Act, the company secretary supervises compliance with legislation throughout the group. The appropriate structures in this regard have been established, as explained under the heading "compliance with legislation".

## ACCESS TO INFORMATION

The group complies with the Access to Information Act, 2000 and a manual in this regard is available on the group's website. Shareholders also have access to the shares register, minutes of shareholders' meetings and information regarding a number of the group's matters. Any enquiries may be addressed to the company secretary as the deputy information officer.

## STATEMENT OF COMPLIANCE

The company has applied the principles of King IV in all instances, except in relation to the board composition reported above.

## COMPLIANCE WITH LEGISLATION

The board accepts responsibility for compliance with all applicable legislation and regulatory requirements. This is reported via the internal Compliance and Ethics Committee, chaired by the company secretary, and then to the Risk Committee and in certain instances to the Audit Committee as well. No major incidents of non-compliance with legislation have been reported during the year under review.

## GOING CONCERN

After recommendation by the Audit Committee, the board records the facts and assumptions used to determine whether the business will continue as a going concern for the new financial year and approves the going concern principle.

## SHAREHOLDER INFORMATION

### Senwes' five largest shareholders as at 30 April 2022:

Name of shareholder	Number of shares	% of issued shares
Agribel Holdings Ltd	132 878 154	73,50%
Senwes Share Incentive Scheme Trust	6 588 146	3,64%
Senwes Capital (Pty) Ltd	3 951 221	2,19%
F Strydom	1 855 358	1,03%
Vanki (Pty) Ltd	1 000 000	0,55%

### SHAREHOLDER INFORMATION IN TERMS OF PORTFOLIO SIZE:

Size of Holding	Number of Holders	%	Total number of Securities	%
1 – 1 000	789	31,12%	274 289	0,15%
1 001 – 5 000	681	26,85%	1 755 123	0,97%
5 001 – 30 000	803	31,66%	10 749 496	5,95%
30 001 – 100 000	208	8,20%	10 511 603	5,81%
100 001 – and more	55	2,17%	157 498 797	87,12%
	<b>2 536</b>	<b>100,00%</b>	<b>180 789 308</b>	<b>100,00%</b>

## SHAREHOLDER DIARY

Shareholder diary	2022
Financial year-end	30 April
Announcement of results in media	6 July
Annual general meeting notices available	15 July
Annual general meeting	24 August at 9:00







# SENWES BOARD of Directors

To ensure that we deliver on our purpose of future-focused and sustainable value creation, our approach to corporate governance promotes strategic decision-making that balances short, medium and long-term outcomes to reconcile the interests of the group, our stakeholders and society.

Through its collective experience and skills, the Senwes board continuously drives the outcomes that support the group's vision of reimagining agri-business to strengthen the group's contribution towards the agri-cultural and food value chain and by doing so, positively impacts the lives of all South Africans.



**JDM (DANIE) MINNAAR** <sup>(57)</sup>  
Chairman

Director since September 1999

B. Com (Economics)

- Nomination Committee
- Investment Committee
- Ex officio member of all the board committees



**SF (STEVE) BOOYSEN** <sup>(60)</sup>  
Vice-Chairman

Independent director since October 2009

B. Compt (Hons), D Com, CA (SA)

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Investment Committee



**F (FRANCOIS) STRYDOM** <sup>(62)</sup>  
Group Chief Executive Officer

Director since June 2002

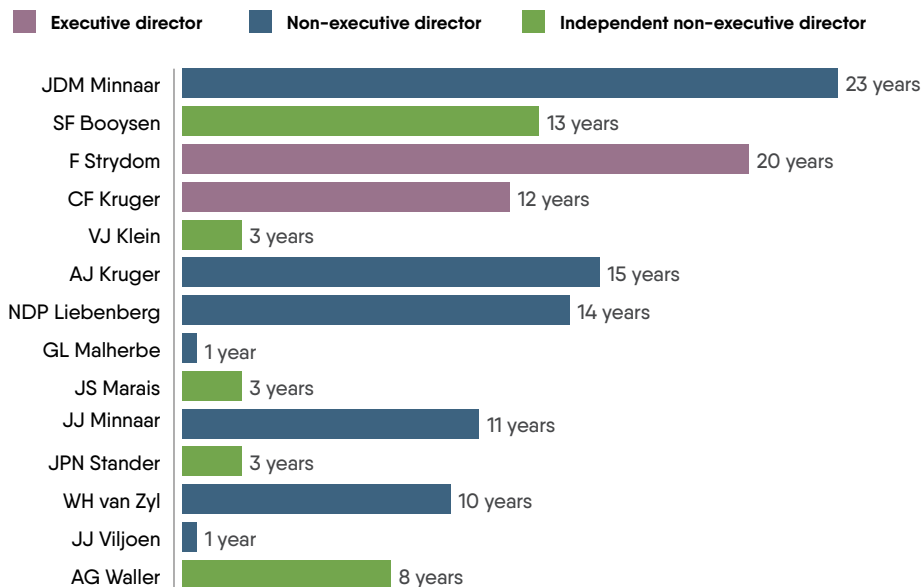
B. Sc Agric (Hons) (Animal Science)

- Risk Committee

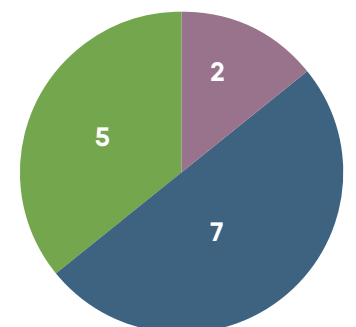
## DIRECTORS' AGE DISTRIBUTION



## DIRECTORS' TIME ON BOARD



## BOARD MEMBERSHIP



- Executive directors
- Non-executive directors
- Independent non-executive directors





**CF (CORNÉ) KRUGER** <sup>(49)</sup>  
Group Chief Financial Officer

Director since August 2010

B. Com (Hons), CA (SA)

- Risk Committee



**AJ (DRIES) KRUGER** <sup>(71)</sup>  
Non-Executive Director

Director since October 2007

B. Compt (Hons), CA (SA)

- Audit Committee
- Investment Committee



**VJ (VENETE) KLEIN** <sup>(64)</sup>  
Independent Non-Executive Director

Director since August 2019

Executive Development Programmes at Harvard, Insead and MIT

- Social and Ethics Committee
- Risk Committee



**NDP (NICO) LIEBENBERG** <sup>(64)</sup>  
Non-Executive Director

Director since August 2008

B. Com (Hons), M. Sustainable Agriculture

- Remuneration Committee
- Nomination Committee
- Investment Committee



**GL (GERT) MALHERBE** <sup>(64)</sup>  
Non-Executive Director

Director since October 2020

B. Agric

- Social and Ethics Committee
- Risk Committee



**JS (KOBUS) MARAIS** <sup>(67)</sup>  
Independent Non-Executive Director

Director since August 2019

B. Agricultural Management

- Social and Ethics Committee



**JJ (JACO) MINNAAR** <sup>(46)</sup>  
Non-Executive Director

Director since August 2011

B. Eng (Agriculture)

- Audit Committee
- Remuneration Committee
- Risk Committee



**JPN (PIETER) STANDER** <sup>(61)</sup>  
Independent Non-Executive Director

Director since August 2019

B. Agric Admin (Hons) (Agricultural Economics)

- Audit Committee



**WH (THABO) VAN ZYL** <sup>(48)</sup>  
Non-Executive Director

Director since August 2012

B. Sc.Agric (Agricultural Economics)

- Remuneration Committee
- Risk Committee



**JJ (HANSIE) VILJOEN** <sup>(59)</sup>  
Non-Executive Director

Director since October 2020

B. Agric

- Social and Ethics Committee
- Risk Committee



**AG (ANDREW) WALLER** <sup>(59)</sup>  
Independent Non-Executive Director

Director since December 2014

B. Com (Hons), CA (SA)

- Audit Committee
- Investment Committee



**ELMARIE JOYNT** <sup>(52)</sup>  
Group Company Secretary and Chief Legal Counsel

Appointed in February 2002

B. Com (Law), LLB, FCIS, FCIBM, LLM, Attorney and Notary of the High Court



# REMUNERATION

## Report

The board, through the Remco is committed to ensuring that the remuneration of employees is fair and responsible in the context of the approved remuneration philosophy. Remco attends to all remuneration matters for the group as provided for in its written mandate approved by the board of directors.

Remco is mandated by the board to independently approve and oversee the implementation of a remuneration philosophy that supports the group's long-term strategy. In all its activities, Remco also endeavours to ensure that remuneration reporting is comprehensive and transparent.

A salary increase of 5,6% on the total salary bill was approved during June 2021. This increase was subsequent to the group not paying annual increases in 2020 as a result of the uncertainty created by the Covid-19-pandemic. Thereafter a 2,5% once-off Covid bonus was paid in the second half of 2020 as a gratuity for employees working throughout this difficult and challenging period in providing essential services.

The timing of increases has also changed to August each year, instead of May as in previous years.

Remco adheres to the minimum wage determined by the Grain Bargaining Council, Motor Industry Bargaining Council (MIBCO) and the Metal and Engineering Industries Council (MEIBC).

During the year under review the group established employee forum structures which will be utilised in salary negotiations with employees.

### KEY MESSAGES:

The group remuneration philosophy, short-term incentive scheme and long-term incentive scheme are reviewed annually to ensure that the objectives of the group's remuneration mix are successfully achieved:

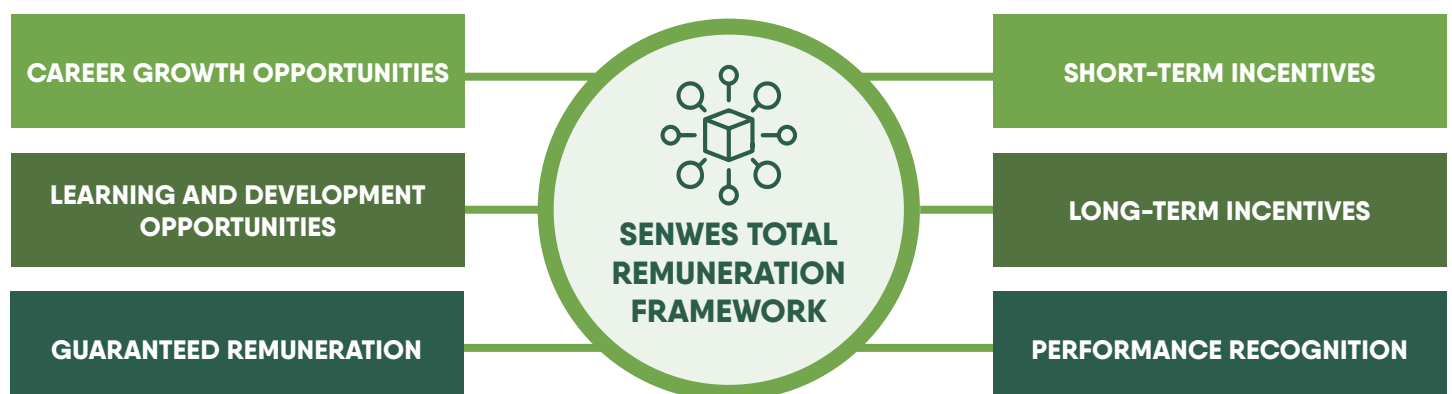
- To attract, retain, motivate and reward talented and high performing employees.
- To achieve the company strategic objectives.

- To deliver expected shareholder return and ensure sustainable performance and that shareholder value creation in the long term is achieved.

By applying a sound remuneration philosophy, Remco is committed to ensure that the remuneration of non-executive directors and executive management is fair and responsible in the context of overall remuneration.

The group's philosophy is to encourage sustainable long-term performance that is consistently aligned with the interest of shareholders.

Senwes adopted a holistic and total reward philosophical approach to remuneration, which takes into consideration financial and non-financial, direct and indirect, as well as intrinsic and extrinsic rewards, based on and in support of the employee value proposition.





The committee is mandated by the board to oversee all aspects of remuneration in accordance with the approved terms of reference. In establishing a remuneration philosophy and policy, the Senwes Group considers the following:

- Remuneration that is compliant with regulations and aligned with codes of best practice;
- Fair, reasonable and market-related remuneration;
- Policies and practices that strive for internal equity;
- Remuneration that is economically affordable and aligned with the group's code of ethics; and
- Aligns executive long-term wealth interests with the long-term interests of the shareholders.

## REMUNERATION PHILOSOPHY GUIDING PRINCIPLES

- The remuneration policy is governed through the governance structures to ensure alignment with the vision, commitment, values, strategic direction and objectives of the group;
- The remuneration policy and practices must be compliant with relevant regulations, economically sensible, ethically aligned and market related;
- The group uses a total reward approach, applying an appropriate reward mix for the various employees, based on and in support of the employee value proposition;
- The group's remuneration policy must be transparent and implemented fairly and consistently, based on the factors of role, qualifications, experience, scarcity of skills, individual contribution, level of performance and talent potential;
- Remuneration of employees will be based on relevant and appropriate

market benchmarks to strive for competitiveness of the total reward positioning, within the parameters of affordability; and

- Total remuneration must be aligned with individual, business unit and corporate performance.

### SCOPE

- The philosophy outlines the governance framework through which remuneration is determined and managed throughout the group and across all levels of the organisation;
- The philosophy is approved by the board and management has the responsibility to implement it; and
- The philosophy is aligned with the Senwes strategy and is part of Senwes' operating philosophy, policies and standards.

### STRATEGIC OBJECTIVES:

- To ensure that the business has the right mix of skills;
- To attract and retain the right talent;

- To develop a high-performance culture, which rewards individual, team and corporate performance;
- To motivate result-oriented behaviour and pursuit of excellence;
- To encourage long-term focus that ensures sustainability of performance, effective risk alignment and management;
- To encourage behaviour that is aligned with the culture and objectives of the group; and
- To align employees' interests with the interests of the shareholders.

## REMUNERATION GOVERNANCE

### Board of Directors

- The board has the final authority for the approval of the remuneration philosophy and policy;
- The board delegates responsibility for this policy to Remco; and
- The board provides oversight for the execution of the policy.

## REMCO

### COMPOSITION OF SENWES REMCO

NAME	DIRECTOR STATUS	QUALIFICATION	POSITION HELD
Nico Liebenberg	Non-executive director	B.Com (Hons), M. Sustainable Agriculture	Committee Chairman
Steve Booysen	Independent non-executive director	B.Compt (Hons), D.Com, CA (SA)	Member
Jaco Minnaar	Non-executive director	B.Eng (Agriculture)	Member
Thabo van Zyl	Non-executive director	B.Sc. Agric (Agricultural Economics)	Member
Francois Strydom	Group Chief Executive Officer	Permanent invitees with no voting power. They are excluded when matters relating to their own remuneration are discussed.	
Corné Kruger	Group Chief Financial Officer		

The meetings are also attended by the Group Executive: Human Resources, who is responsible for remuneration, as well as external advisors from time to time, as deemed necessary by Remco.

**Remco has the following responsibilities, which are aligned with the Remco Mandate:**

- Accountability for all remuneration matters in the group, including oversight of the implementation of the remuneration policy;
- Determination of the remuneration of executive and non-executive directors and recommendation of the non-executive directors' remuneration to the board and subsequently to the shareholders at the AGM for approval;
- Approval of the remuneration structure of the group;
- Ensuring that there is an appropriate, adequate and effective remuneration system in place;
- Ensuring that the remuneration strategy is economical and ethical and that the policy is applied consistently and fairly throughout the organisation;
- Benchmarking and evaluation of the income differential rate between the executives and the employees;
- Working in consultation with other board committees to ensure that relevant internal remuneration policy and practices are aligned with the group's objectives; and
- Reporting to shareholders on behalf of the board on remuneration matters.

**EXECUTIVE COMMITTEE**

- The Senwes Group's executives, under the supervision of the Senwes Group CEO, have the responsibility of proposing and implementing the remuneration policy and strategies, as envisaged by Remco, on behalf of the board.

**HUMAN RESOURCES**

**(Remuneration Management)**

- Developing policy proposals, providing guidelines, tools and support to management in the implementation of the remuneration policy;
- Undertaking of annual benchmarks to ensure market competitiveness; and
- Formulation of a wage negotiation strategy and engaging in negotiation processes which are aligned with the mandate approved by Remco.

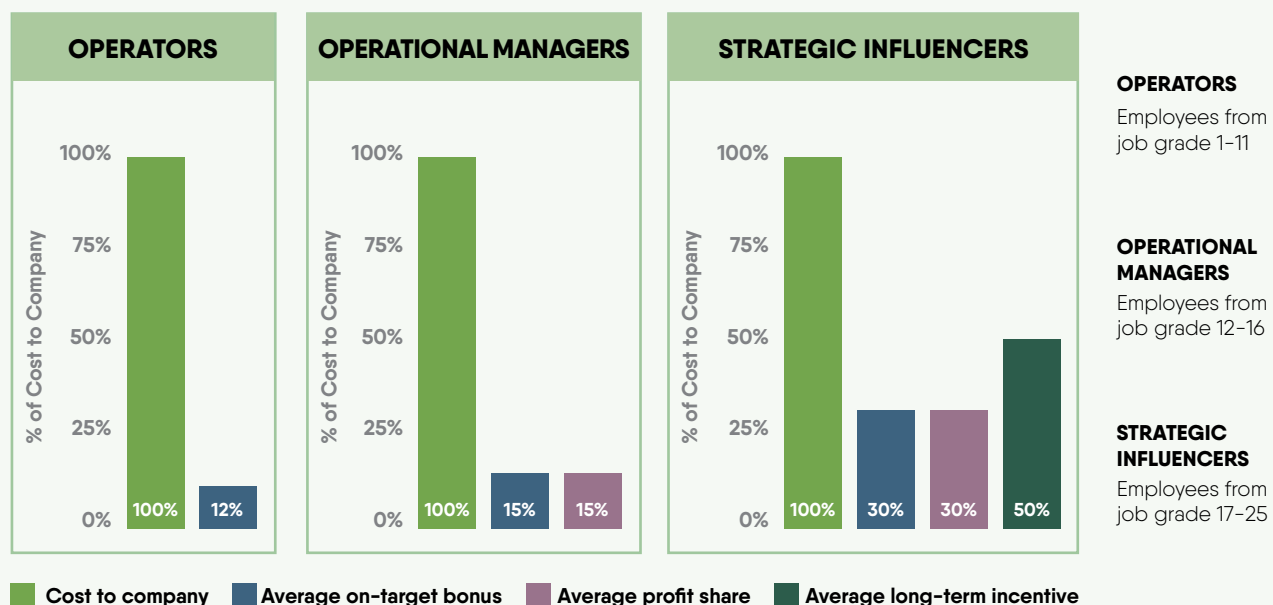
**REMUNERATION STRATEGY**

Senwes' remuneration strategy is based on a total reward approach, which includes financial and non-financial, direct and indirect, intrinsic and extrinsic rewards, based on and in support of the employee value proposition.

The remuneration structure comprises guaranteed pay (total cost to company), special purpose bonus (in exceptional circumstances, at the discretion of the executive and/or Remco), short-term incentives and long-term incentives.

An appropriate remuneration mix is maintained between fixed and variable performance-based remuneration, as well as between short-term and long-term performance-based remuneration. The diagram below illustrates the functioning of the remuneration structure:

**REMUNERATION PHILOSOPHY AND INCENTIVES**





## EMPLOYEE VALUE PROPOSITION

Senwes strives to be an employer of choice. In this regard, Senwes has developed an employee value proposition, which steers the group's employee engagement and talent strategy towards the realisation of that vision. The purpose of our employee value proposition is to enable the organisation to attract prospective talent, improve employee engagement and performance, inculcate behaviour consistent with our values, develop an enabling and supportive work environment and to retain talent.

- Creating great companies to work for;
- Providing challenging jobs and growth opportunities;
- Providing an enabling safe, healthy and supportive work environment; and
- Providing employee recognition and market competitive rewards.

## SHORT-TERM INCENTIVES

Short-term incentives (STI) are paid in cash and are based on the achievement of annual targets. The STI comprises an on-target bonus and profit share where targets have been exceeded. The criteria for qualifying for short-term incentives are based on group corporate financial performance, profit and return targets and individual financial, non-financial, strategic and operational performance objectives.

## LONG-TERM INCENTIVES

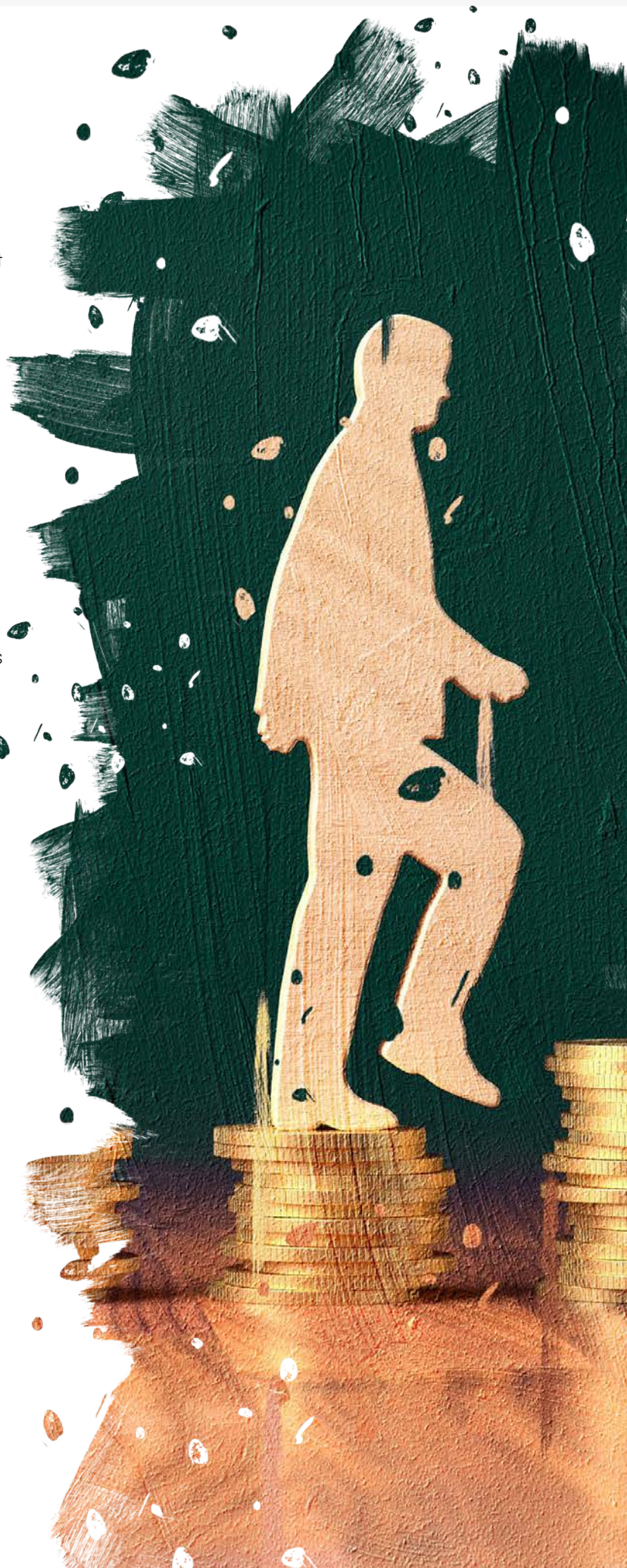
Executive directors and other executives, as well as selected senior managers, participate in an equity-based share incentive scheme, which is used for retention as well as long-term performance incentivisation. Subject to the approval of the board, Remco, at its discretion and based on the recommendation of the CEO, allocates shares to participants on an annual basis. The shares are forfeitable, subject to a vesting period of 3 years and performance conditions.

Performance criteria are based on return on equity and growth on headline earnings per share (HEPS).

The shares are allocated to the Senwes Share Incentive Scheme Trust, which is governed by a board of trustees comprising Remco members and participant nominees. The compliance officer of the trust is mandated to ensure adherence to the trust deed and the scheme as contemplated in the Companies Act, 2008.

The aggregated number of shares which may be granted in terms of the scheme, may not exceed 5% of the total issued ordinary shares of the company, from time to time, over the duration of the scheme.

The maximum number of shares awarded to any individual participant in respect of all unvested grants in terms of the scheme, shall not exceed 1% of the issued ordinary shares of the company, over the duration of the scheme,



which currently equates to 1,8 million shares. Executive directors already appointed will have fixed-term contracts with possible extension of contracts, but newly appointed executive directors will be appointed on a full-time basis, as determined by Remco and approved by the board in 2018. Fixed-term contracts must be reviewed six months before the termination date to decide on extension or termination.

### DISCRETION AND JUDGEMENT

The remuneration policy recognises that mechanistic and formulaic remuneration practices, whilst providing certainty and predictability, are not always appropriate in all circumstances. Remco and board discretion are important to ensure that remuneration practices and outcomes always remain appropriate, including circumstances that are not anticipated by the remuneration policy. This discretion must be exercised legally, fairly, ethically and justly.

### DIRECTORS' REMUNERATION

Remco reviews the remuneration of executive and non-executive directors annually, based on external surveys and benchmarks against a comparator group of companies and other relevant benchmarks. The committee also considers the skills levels, performance and retention of the directors. Remuneration is generally positioned at the median of the relevant benchmark.

### NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors' remuneration is reviewed on an annual basis and tabled at the annual general meeting for approval as a non-binding vote as required in terms of section 66(9) of the Companies Act, 2008.

Non-executive directors' fees are benchmarked against various surveys and compared to a comparator group of companies, approved by Remco, in order to ensure market competitiveness. The comparator group comprises companies with a similar profile to that of the Senwes Group from an investor's perspective.

Non-executive directors' fees comprise a fixed fee for board membership, as well as additional fees for board committee participation. The fee for the vice-chairman of the board is based on a percentage of the chairman's fee, which is set at 70%. The chairmen of board committees are paid a premium commensurate with their role and as compensation for the additional responsibilities as chairmen.

Non-executive directors do not participate in either the short-term or long-term incentive schemes. The out-of-pocket expenses of non-executive directors, including travelling and accommodation expenses, are reimbursed monthly after due submission of such claims.

At the annual general meeting in August 2021, shareholders approved an inflation-linked increase in directors' remuneration. The approval is valid for a period of 12 months.

### EXECUTIVE DIRECTORS' REMUNERATION

The primary objective is to ensure that executive directors receive remuneration which is appropriate to their scale and scope of responsibility and performance and which will attract,

motivate and retain individuals of exceptional calibre and behaviour, as well as incentivise them to work in the short-term and long-term interest of the group in line with shareholders' interests. The remuneration mix of the executive directors comprises guaranteed pay, short-term and long-term incentives. Total remuneration is weighted towards variable performance-based remuneration. Appropriate benchmarking is done against applicable and selected peer groups.

Since the executives are employees appointed by means of employee contracts, the board approved a 5% increase for them during the year under review.

### GUARANTEED REMUNERATION

Remco determines executive directors' and other executives' total remuneration and reviews it at least annually, using benchmarks based on external surveys and a comparator group of companies.

The benchmarks are verified with independent HR-specialist suppliers at the discretion of Remco. Guaranteed pay is positioned at the median of the relevant benchmark. Variations will occur around the median, which will be influenced by various factors, such as the strategic importance of the role, level of experience of the executive, performance record and other considerations that Remco may deem appropriate. A variance around the range of between the 40th and 60th percentile is reasonably competitive and acceptable.

### REMUNERATION OUTCOMES 2021 – 2022

#### 1. Service Contracts – Executive Directors

Current service contracts for executive directors:

POSITION	CONTRACT
Chief Executive Officer	A 3-year fixed contract expiring 31/07/2025
Chief Financial Officer	A 3-year fixed contract expiring 31/01/2023

#### 1.1. Remuneration outcome

– F Strydom (Chief Executive Officer)

	2022	2021
Guaranteed remuneration and retention	6 815 480	5 988 240
Total STI-payment	7 726 075	7 146 060
Total LTI-expense	4 384 549	3 109 089

#### 1.2. Remuneration outcome

– CF Kruger (Chief Financial Officer)

	2022	2021
Guaranteed remuneration and retention	3 830 595	3 629 815
Total STI-payment	4 632 847	4 241 072
Total LTI-expense	2 292 868	1 495 452



### 1.3. Remuneration: non-executive directors

2022			
Non-executive	Total directors' remuneration	Remuneration	Travelling and accommodation expenses
SF Booysen	983 557	978 082	5 475
VJ Klein	685 517	682 676	2 841
AJ Kruger	814 845	812 890	1 955
NDP Liebenberg	1 057 402	1 054 828	2 574
GL Malherbe	637 972	633 414	4 558
JS Marais	926 769	912 116	14 653
FE Marx	152 470	152 470	-
JDM Minnaar	1 737 300	1 717 270	20 030
JJ Minnaar	904 736	896 032	8 704
SM Mohapi	206 124	206 124	-
JPN Stander	816 694	800 196	16 498
TF van Rooyen	-	-	-
WH van Zyl	688 406	684 752	3 654
JJ Viljoen	626 715	626 715	-
AG Waller	464 344	458 358	5 986
<b>Total</b>	<b>10 702 851</b>	<b>10 615 923</b>	<b>86 928</b>

2021			
Non-executive	Total directors' remuneration	Remuneration	Travelling and accommodation expenses
SF Booysen	962 896	960 485	2 411
VJ Klein	587 325	584 772	2 553
AJ Kruger	962 306	958 532	3 774
NDP Liebenberg	981 559	979 279	2 280
GL Malherbe	297 191	287 636	9 555
JS Marais	785 772	782 733	3 039
FE Marx	184 281	182 964	1 317
JDM Minnaar	1 639 368	1 631 873	7 495
JJ Minnaar	711 104	709 483	1 621
SM Mohapi	498 322	496 661	1 661
JPN Stander	711 551	704 045	7 506
TF van Rooyen	269 224	267 684	1 540
WH van Zyl	702 606	697 298	5 308
JJ Viljoen	284 959	284 667	292
AG Waller	365 927	365 927	-
<b>Total</b>	<b>9 944 391</b>	<b>9 894 039</b>	<b>50 352</b>

### SUMMARY OF REMCO ACTIVITIES

- The subject of remuneration features high on the corporate governance agenda, amongst top issues such as strategy, risk and compliance management, financial performance, operational efficiencies and talent and leadership succession. Key matters relating to remuneration are reward and performance alignment, wage gaps and income differentials. Remco has these issues on its radar and evaluates them on an ongoing basis.
- Remco considered the following and approved, or accordingly recommended it to the board for approval:
  - The committee reviewed and approved the remuneration philosophy, policy, strategy and practices and is satisfied that the remuneration framework is appropriate for the achievement of organisational objectives of attracting and retaining the best talent and motivating performance and desired behaviour.
  - The committee reviewed the salaries of executive directors and all staff and recommended a 5,6% increase in respect of general salary and wage increases for approval by the board.
  - The committee considered the payment of short-term incentives based on the rules of the scheme, the achievement of set objectives and was satisfied that rules are being complied with and with the accuracy of the performance measures and incentive amounts to be paid.
  - The committee approved long-term incentive awards, as well as the payment of vesting incentives in line with the retention and performance conditions as set out in the rules of the LTI-scheme.

- The committee approved participants in the equity-based long-term incentive scheme as well as the number of shares allocated to each participant.
- The committee reviewed and approved the succession plans for senior management, including emergency cover, continuity plans and development plans for current as well as potential successors and took note of the overall organisational succession plans.
- The committee reviewed the group's performance with regards to employment equity in line with the approved talent diversification and employment equity strategy and plan, as well as compliance with the Employment Equity Act.
- The committee reviewed the contract of the chief executive officer. This contract was renewed by the board for a term of three years, as indicated above.

#### Matters which were considered during the year under review and changed with a view to the future:

- \* External review of the STI-scheme.
- \* External review of the LTI-scheme including allocation, goal setting and vesting conditions.

#### LOOKING FORWARD

The committee continues to believe that the remuneration policy supports the strategic imperatives of the group. The committee welcomes the transparency required in terms of the King IV report and the committee endeavours to meet the requirements via this remuneration report.







An abstract painting with thick, expressive brushstrokes. The composition is dominated by a large, dark brown area at the bottom, which transitions into a bright, glowing blue and white area in the upper center. A diagonal streak of yellow and orange runs from the top left towards the center. The overall effect is one of dynamic energy and depth.

# FINANCIAL REVIEW



SENWES CELEBRATES THE **HIGHEST RESULTS IN HISTORY** AND ALSO EXCEEDS AN OPERATIONAL PROFIT OF **R1 BILLION**.

**REPORT BY THE**  
Group Chief  
Financial Officer

GROUP CFO  
**CORNÉ KRUGER**

## RESULTS

An exceptionally good agricultural production and commodity price cycle, together with the unlocking of synergies from recent merger transactions and the reorganisation of the business model of the group, paid off during the financial year.

The full 12-month results of the Suidwes and Hinterland Groups were included in the Senwes Group results for the first time (2021: Suidwes and Hinterland Group results included for 6 months and 7 months respectively). These acquisitions brought the opportunity to add critical mass, lower unit costs as well as the implementation of various cost saving opportunities. These synergies were mostly unlocked during the 2022 financial year.

The financial results for the year will not only be remembered for the highest results in history thus far, but also for exceeding an operational profit of R1 billion, and setting a new growth platform.

## NORMALISED HEPS PER SHARE FROM ACQUISITIONS AND GROWTH FROM SENWES TRADITIONAL GROUP

	ACTUAL 2019	ACTUAL 2020	ACTUAL 2021	ACTUAL 2022
	R/SHARE	R/SHARE	R/SHARE	R/SHARE
<b>FROM RECENT ACQUISITIONS (A)</b>	<b>0,02</b>	<b>0,17</b>	<b>0,69</b>	<b>1,79</b>
Staalmeester (2019)	0,02	0,04	0,04	0,04
KLK Landbou (2020)		0,12	0,32	0,25
Falcon (2020)		0,01	0,13	0,20
Hinterland Group (2021)			0,09	0,50
Suidwes Group (2021)			0,11	0,75
Certisure Group (2022)				0,05
<b>FROM SENWES TRADITIONAL GROUP (B)</b>	<b>1,76</b>	<b>1,27</b>	<b>1,75</b>	<b>2,19</b>
<b>TOTAL NORMALISED HEPS PER SHARE (GROUP) (A+B)</b>	<b>1,78</b>	<b>1,44</b>	<b>2,44</b>	<b>3,98</b>

The above table indicates the contribution magnitude of recent acquisitions in relation to the traditional Senwes Group in terms of normalised HEPS growth. The normalised HEPS increased from R1,78 per share in 2019 to R3,98 per share in 2022 (123,6% growth). The acquisitions since 2019 contributed R1,79 per share (45,0%) and the traditional Senwes Group contributed R2,19 per share during the 2022 financial year.



## GROUP SEGMENTAL RESULTS

	2022 R'm	2021 R'm
<b>Market Access</b>	<b>325</b>	<b>213</b>
Grain cluster	325	213
<b>Input Supply</b>	<b>481</b>	<b>318</b>
Mechanisation cluster	233	178
Retail cluster	159	126
Wholesale cluster	89	14
<b>Financial Services</b>	<b>153</b>	<b>146</b>
Credit cluster	140	138
Insurance cluster	13	8
<b>Processing, conditioning and markets</b>	<b>101</b>	<b>133</b>
Manufacturing cluster	92	95
Meat cluster	8	13
Milling and Petfood cluster	1	25
<b>Profit from normal operational activities</b>	<b>1 060</b>	<b>810</b>
Corporate costs	(135)	(138)
Consolidation entries, abnormal and sundry items	(55)	77
<b>Profit after interest, before tax</b>	<b>870</b>	<b>749</b>
Tax	(202)	(176)
<b>Profit after tax, before non-controlling interest</b>	<b>668</b>	<b>573</b>
Non-controlling interest	(67)	(69)
<b>Profit after tax</b>	<b>601</b>	<b>504</b>

During the current financial year, management reorganised the business in order to become more specialised. The processing, conditioning and markets segment will be separately reported on from the current financial year. Consequently, the comparative figures were reclassified to accommodate the change.

### MARKET ACCESS

	2022 R'm	2021 R'm
<b>Grain cluster</b>		
Storage and handling services (Grainlink)	323	171
Broking services	-	(2)
Grain trading (Tradevantage)	-	37
Transport and logistics (Grainovation)	-	6
Electronic Silo Certificates (ESC)	2	1
<b>Profit after interest before tax</b>	<b>325</b>	<b>213</b>

Moderate grain commodity carry-over stock levels, a good production season as well as a lower dispatch programme resulted in higher grain inventory levels throughout the year, which in turn resulted in above-average income from grain

storage services. The changes made to the business model relating to the procurement and marketing of soft commodities, were well received by the market and unlocked larger volumes as well as improved margins in the process. The group was blessed with high quality product and due to the renewed focus on the logistics solution, the effective range of services was expanded to other markets. Customers liquidated their harvests at above-average margins.

### INPUT SUPPLY

	2022 R'm	2021 R'm
<b>Mechanisation cluster</b>		
Large and self-propelled machinery (Senwes Equipment)	150	118
Southern and Eastern Cape - partnership in large equipment (JDI)	28	16
<b>Total large equipment</b>	<b>178</b>	<b>134</b>
Medium-sized machinery (Falcon)	48	30
Small machinery (Staalmeester)	6	14
Automotive (KLK)	1	-
<b>Profit after interest, before tax</b>	<b>233</b>	<b>178</b>

Positive cashflows from the Senwes client base resulted in high equipment sales, stable margins and low levels of second-hand trade-ins. Large and medium-sized equipment experienced a super cycle of sales in the year. Small machinery sales decreased, compared to the previous year, due to delays in shipments from foreign suppliers and stronger competition experienced from new entrants to the market.

	2022 R'm	2021 R'm
<b>Retail cluster</b>		
Senwes area of responsibility: Hinterland Group (pre-October 2020: 50% share)	97	76
KLK area of responsibility (KLK Landbou)	62	50
<b>Profit after interest, before tax</b>	<b>159</b>	<b>126</b>

Hinterland Retail's results increased compared to the previous year. The increase is due to the 100% inclusion of Hinterland for 12 months (2021: 5 months 50% and 7 months 100%). The AFGRI branches exited the Hinterland Group on 1 October 2020 and the Suidwes retail branches were included from 1 November 2020.

After an early harvesting season, the agricultural business confidence indicator increased by 16% during the first half of the financial year. The intentions to produce more for the following season were evident in the acquisition of input products by the farmer producers. Fertiliser prices increased by 125% on average from January 2021 to May 2022 and together with the prices of fuel, seed and chemicals, input costs per hectare increased substantially.

The portfolio of the KLK Group was revisited in order to restructure non-performing and non-core business. The cost structures of the core business were also changed in order to adjust to lower turnover.



The sales volumes of petrol and diesel decreased compared to the previous year, with petrol prices rising in the current year. The margin per litre for both petrol and diesel increased due to high arbitrage gains, which is evident from the current year's performance.

Wholesale cluster	2022 R'm	2021 R'm
Wholesale distributor: Agrinet (Prodlist pre-October 2020: 50% share)	57	(4)
Pest control (Protek)	32	18
<b>Profit after interest, before tax</b>	<b>89</b>	<b>14</b>

Prodlist and Agrinet merged on 1 May 2021 and the consolidation was completely rolled out by reporting date, which resulted in critical mass and lower unit costs realised and contributed to the significantly higher results compared to the previous year. Various problems are still being experienced by the supply chain, particularly due to the congestion of orders from import countries and ports which are unable to move products at the required rate. Protek's full 12-month results were included for the current year (2021: 6 months).

It is expected that delays in the supply chains of input products and equipment could be experienced as a direct consequence of the Russian invasion of the Ukraine.

## FINANCIAL SERVICES

Credit cluster	2022 R'm	2021 R'm
Credit (Agri Credit Solutions)	140	138
<b>Profit after interest, before tax</b>	<b>140</b>	<b>138</b>

Producers sold their products at good margins and at a rapid rate. Faster credit settlements occurred and new season purchases were made with surplus cash generated from previous season income. A lower credit exposure normally results in lower margins but also lower risk. This also resulted in a lower than expected credit loss provision compared to the previous year. Senwes is satisfied with the current exposure and rate of repayment.

Insurance and advice cluster	2022 R'm	2021 R'm
Insurance brokers (Certisure Group, 2021: 50% share and Raddix Group)	11	7
Wealth Management (SS Wealth)	(1)	(1)
Insurance fund	1	(1)
Underwriting cell captive (Molemi Sele: 36% share)	4	3
Digital strategy	(2)	-
<b>Profit after interest, before tax</b>	<b>13</b>	<b>8</b>

The 50% interest of NWK in the insurance business, Certisure, was effectively acquired by Senwes on 1 May 2021 and the consolidation with Raddix (the Suidwes solution) resulted in synergies being unlocked during the current financial year. The business is performing better than the previous joint venture with a more balanced portfolio between the administration and the financial services.

## PROCESSING, CONDITIONING AND MARKETS

Manufacturing cluster	2022 R'm	2021 R'm
Lime production (Bastion Group: 50% share)	14	7
Seed processing (Senwes Seed)	3	-
Raisin conditioning (Carpe Diem Group)	54	86
Laboratory services (NviroTek)	21	2
<b>Profit after interest, before tax</b>	<b>92</b>	<b>95</b>

Record lime sales to producers, together with a larger market share, resulted in record results for Bastion. NviroTek's full 12-month results were included for the current year (2021: results for 6 months were included). Revenue of NviroTek increased by 12% compared to the previous year.

Carpe Diem Raisins, with a 12,8% strengthening of the R/\$ exchange rate, had a higher average purchase price and lower average sales price per tonne, which negatively affected the margin and the profit contribution.

Meat cluster	2022 R'm	2021 R'm
Meat, skins and hide processing (KLK Meat and SA Dorper: 50% share)	8	13
<b>Profit after interest, before tax</b>	<b>8</b>	<b>13</b>

SA Dorper did not perform as well as the previous year due to fewer skins sold, although at a higher average selling price and margin per skin. SA Dorper was also negatively impacted by limited exportation of hides to a company which provides hide products to large vehicle manufacturers, due to Covid-19 and a resultant decline in vehicle demand.

Milling and Petfood cluster	2022 R'm	2021 R'm
Food and beverage processing (Botselo Group: 34,9% share)	4	10
Food processing (Africum Mills)	(4)	(1)
Petfood (Africum Agripet and Supreme Pet)	1	16
<b>Profit after interest, before tax</b>	<b>1</b>	<b>25</b>



High commodity prices and abnormal transport costs can be attributed to the declining performance of this cluster, with management considering and evaluating these challenges.

The petfood business was disposed of in the prior year, with two years' income that will still be earned from the transaction in terms of a supply agreement.

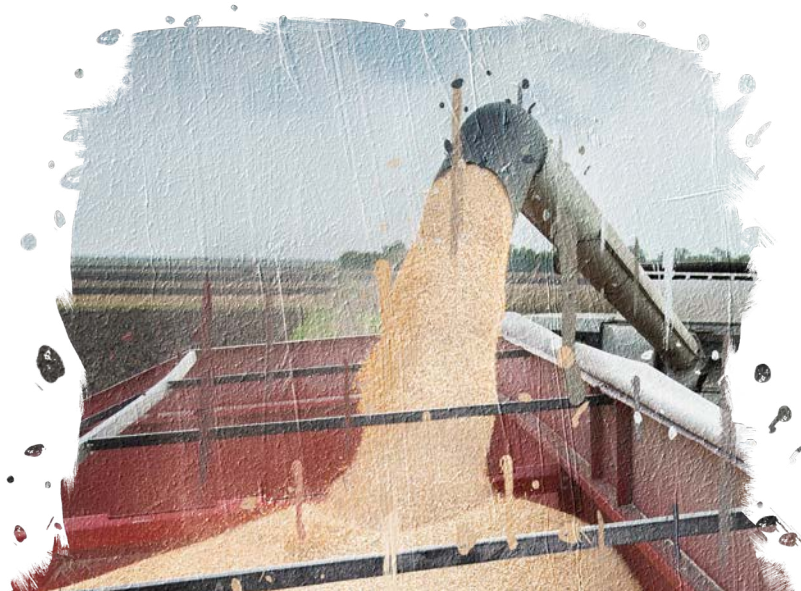
#### CONSOLIDATION ENTRIES, ABNORMAL AND SUNDRY ITEMS

Included in the previous year's results is a gain on bargain purchase of Suidwes Group and Hinterland Group, amounting to R102m, and a gain from disposal of joint venture of R28m. The gain on bargain purchase and gain from disposal of joint venture was replaced in the current year with operating results included in the above-mentioned segments.

#### NORMALISED HEADLINE EARNINGS AND GROWTH

	% Change	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm
<b>Net profit before tax before NCI</b>	<b>16%</b>	<b>870</b>	<b>749</b>	<b>446</b>	<b>398</b>	<b>432</b>
Taxation	15%	(202)	(176)	(109)	(115)	(121)
NCI	(3%)	(67)	(69)	(34)	(2)	(1)
<b>Profit after tax and NCI</b>	<b>19%</b>	<b>601</b>	<b>504</b>	<b>303</b>	<b>281</b>	<b>310</b>
<b>Adjusted by:</b>						
• Gain on bargain purchase of investment		-	(102)	(56)	-	-
• Loss/(gain) on the disposal of investment in joint venture		10	(28)	-	-	-
• Impairments/(reversal of impairments) of investments, loans and PPE		59	(9)	(12)	-	8
• Impairment of goodwill		8	29	12	-	-
• Legal and consultation fees		16	15	6	16	-
• Restructuring costs		-	11	-	-	13
• Other items and tax impact on above		(5)	-	(7)	(2)	(4)
<b>Net profit after tax from operational activities (normalised headline earnings)</b>	<b>64%</b>	<b>689</b>	<b>420</b>	<b>246</b>	<b>295</b>	<b>327</b>

Profit before tax increased by 16% from R749m to R870m, while earnings of R601m were 19% higher than the R504m of the 2021 financial year. With the abnormal and once-off items deducted, normalised headline earnings increased by 64%, from R420m to R689m. The average growth in normalised headline earnings since 2018 has been 27,1% per year. A return of 20,5% on opening equity (2021: 19,7%) was achieved by the group whilst a gearing ratio of 147% (2021: 139%) was maintained.



RECONCILIATION OF GROWTH	Total R'm	% Change
<b>Profit before tax and NCI 2021</b>	<b>749</b>	
Gain on bargain purchase of investment – 2021	(102)	(14%)
Gain on the disposal of investment in joint venture – 2021	(28)	(4%)
Increased mechanisation goods and parts sales	55	7%
Increase in operating results due to Suidwes and Hinterland acquisitions	185	25%
Increased commission and margin from new grain procurement model	21	3%
Other	(10)	(1%)
<b>Profit before tax and NCI 2022</b>	<b>870</b>	<b>16%</b>



## SIMPLIFIED STATEMENT OF FINANCIAL POSITION

	2022 R'm	2021 R'm	
<b>Assets</b>			
Property, plant and equipment	2 315	2 273	
Goodwill and intangible assets	161	133	
Investments in JVs and associates	110	149	①
Inventory	1 941	1 846	②
Derivative financial instruments	595	204	③
Debtors and receivable loans	5 704	5 601	
• Long-term	1 302	1 376	
• Short-term	4 402	4 225	④
Agency inventory	47	10	
Cash	87	18	
Other	151	216	
<b>Total assets</b>	<b>11 111</b>	<b>10 450</b>	

<b>Equity and liabilities</b>			
Own equity	3 316	2 937	
Non-controlling interest	424	376	
Long-term debt	1 535	195	⑤
Short-term debt	4 059	4 030	
Creditors	1 303	2 017	⑥
Bank overdraft	89	473	⑦
Other	385	422	
<b>Total equity and liabilities</b>	<b>11 111</b>	<b>10 450</b>	
NAV	R19,48/s	R17,07/s	
Gearing ratio	147%	139%	

## HOW WE FUND

Own equity increased by R379 million, while long-term loans increased by R1,3 billion. This can be explained as follows:

⑤ To ensure a more balanced funding solution where long-term assets are financed by long-term debt, Senwes decided to increase long-term debt in the form of adding two new medium-term loans to the value of R1,5 billion. The portion payable within 12 months is classified as short-term debt (R55 million).

⑥ Grainlink's creditors decreased compared to the prior year due to the high volume of early grain delivered (payable to farmers) on the prior year contracts which did not repeat in the current financial year. In addition, the current harvest season is behind schedule due to late and high rainfall. Pre-season seed purchases did not recur in April 2022 as in the prior year due to the uncertainty about the demand of seed type during the planting season.

⑦ The temporary overdraft facility of R350 million from Nedbank, was settled in full during the year with the proceeds of a new medium-term loan agreement entered into between Senwes and Nedbank as mentioned in note 5 above.

## CAPITAL ALLOCATION

Capital is mainly allocated to capital projects, credit extended to producers, machinery and retail stock, as well as working capital for expansion into new markets. Material movements can be explained as follows:

① Investments in JVs and associates decreased since 30 April 2021 due to the acquisition of the remaining 50% in the Certisure Group, which provides insurance broking and administrative services, and changed the equity accounted investment to a wholly owned subsidiary.

② Grain inventory is higher than the previous year due to more grain volumes carried on the balance sheet. Higher Safex prices and the mix of commodities also contributed to a higher inventory value. Whole goods inventory levels decreased due to high demand and a slower supply chain, which led to shortages on some product categories. A higher raisin intake of R76 million compared to the previous year balance should also be noted.

③ The net pre-season contracts on 30 April 2022 were priced lower than the closing Safex price, leading to a net asset recognised with exposure

for Senwes. The movement year on year is due to the volatility of Safex prices during the current season, with most contracts priced lower than the current market price as at 30 April 2022. The total exposure per tonne is R941 on 30 April 2022 compared to R260/tonne on 30 April 2021.

④ Producer debtors increased compared to the previous year as more customers utilised summer production credit and the impact of increased input costs. Term loans decreased due to the repricing of these loans and the phasing out of stand-alone term loans.

## FUTURE EXPECTATIONS

A late harvest and lower volumes with considerable grading issues are expected for the 2022 delivery season. This will most probably result in lower storage income as well as higher conditioning costs. Grain and oilseeds will most probably be taken up by the market at a faster rate and low carry-over grain inventory is predicted for the end of April 2023.

Considerable quality adjustments will probably be present in the market. Despite this, farming margins are expected to remain at record levels and another outstanding mechanisation and input cycle is expected.

Above-average carry-over soil moisture, higher winter crop plantings and a bigger movement towards soybean production are expected, which should result in a better balance of the commodity book than before. Even with excessive increases in production costs, the business confi-

dence index in agriculture is expected to remain high and hectares under cultivation should remain high for the coming season.

Capital allocation to certain business activities which are not achieving hurdle rate at present, has been revisited and adjustments will be made to the business models in due course.

The expansion to lower risk jurisdictions to diversify income streams, with the addition of European investments, will be implemented in the first two quarters of the 2023 financial year. Various efficiency programmes will be completed within the next 12 months. The reorganisation of the group will see the next phases of consolidation within the group to more sustainable units by further streamlining of costs and increased focus on decision-making, with various levels within the group being on the agenda of the Senwes Exco.

## CLOSING REMARKS

Senwes staff were remunerated well for good performance over the past number of years and the group was blessed in many respects, which is evident from the record profits, yields and growth.

It is now the opportunity to convert the above to value, thereby increasing the value of the share.

We are humbled by the past year's blessings and may God bless our group and its people during 2023 once again.



**Corné Kruger**

Senwes Group CFO  
6 July 2022  
Klerksdorp





# MANAGING RISK

## *in the agricultural sector*

### FOOD SECURITY IN A TIME OF A PANDEMIC, WAR AND NATURAL DISASTERS

The World Economic Forum (WEF) global risks perception survey of 2022 highlighted mostly negative scenarios for the world over the next three years. More than 84% of respondents were worried or concerned about the outlook for the world; lack of optimism could create a vicious cycle of disillusionment and social unrest.

The agricultural industry is not without risks or concerns either, with the Agbiz agri-business confidence index retreating from recent highs in the latest (quarter one) report. This is due to several factors, including the excessive rains which caused crop damage in some areas, higher input costs, logistics challenges and the geopolitical tensions that negatively affect the agricultural and agri-business sectors. The consequences are evident in the dramatic

surge in global and local commodity prices along with unsustainable increases in agriculture input costs.

Senwes chooses to actively manage its risks by following an Enterprise-wide Risk Management (ERM) framework, which provides a framework for our management to effectively deal with uncertainty and associated risks and opportunities, thereby enhancing our capacity to create value.

No entity operates in a risk-free environment and ERM does not create such an environment. ERM rather enables management to operate more effectively in environments filled with risk. It cannot and does not operate in isolation within Senwes, but rather as an enabler of the management process.

### OUR ERM FRAMEWORK IS BASED UPON FOUR CRITICAL RISK ACTIVITIES

#### 01 ENSURING RISK GOVERNANCE

ERM is inter-related with corporate governance by providing information to the board on the most significant risks and how they are being managed through the Risk Committee. It is therefore crucial that we utilise and optimise our risk resources which include our employees, risk management technology and liaison network.

#### 02 ENHANCING THE RISK CULTURE

Risk management is deeply rooted in the culture of Senwes and its strategic and tactical intent. The responsibility and accountability for risk management reside at all levels of the organisation, from its board down to each business manager and employee.

Being risk aware requires that management considers information about internal and external environments, deploys precious resources and recalibrates enterprise activities to changing circumstances.

#### 03 ENTERPRISE-WIDE RISK-BASED STRATEGY

Management considers the entity's risk appetite first in evaluating strategic alternatives, then in setting objectives which are aligned with the selected strategy. Thereafter, mechanisms are developed to manage the related risks.

Risk appetite therefore guides resource allocation and assists us in aligning the organisation, people and processes in designing the infrastructure required to effectively respond to and monitor risks.

#### 04 MANAGING THE RISK PROCESS

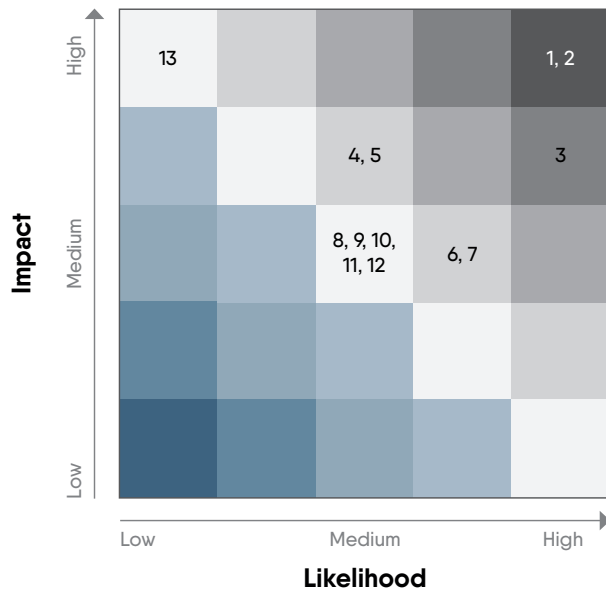
The group has a formal risk assessment process in place through which risks and mitigating management actions are identified, assessed, monitored and reported on.

Our core strategic focus area as part of the risk management process remains the ability to respond to risks by ensuring multiple response plans per risk category.

## SENWES' MATERIAL RISKS

Senwes deems its risk management practices to be practical and fully acknowledges the volatile agricultural industry and our need to be more agile, smarter, more effective, proactive, forward-looking and at the same time, appropriately responsive.

All risks are residually quantified and the heatmap provides an overview of the risk rating in terms of impact and probability, considering the existing mitigating control measures.



Evaluation Range	Matrix Evaluation
	Low
	Medium - High
	Critical

Rank	Risk name	Likelihood	Impact
1	Political and economic risk	5	5
2	Credit, liquidity and market risk	5	5
3	Commodity price risk	5	4
4	Market size and market share risk	3	4
5	Weather and climate risk	3	4
6	Theft and fraud risk	4	3
7	Urbanisation, scarcity and retention of skills risk	4	3
8	Transition and customer risk	3	3
9	Information technology – systems and cyber risk	3	3
10	Unique competitor risk	3	3
11	Environmental and health and safety risk	3	3
12	Diversification and agricultural industry risk	3	3
13	Regulation and compliance risk	1	5







# MATERIAL RISKS

and opportunities



## POLITICAL AND ECONOMIC RISK

Risk trend: 

### DESCRIPTION:

The group and the agricultural sector could be negatively impacted by political decisions, civil unrest, high unemployment rates, mismanagement of SOEs (electricity and water), volatile exchange rate movements and unsustainable growth. Various policy changes impacting the agricultural sector could severely impact the group's strategic intent.

The most significant political threat to the group and industry remains the policy of land expropriation without compensation. Furthermore, the impact of the Russia/Ukraine crisis and its effects on input prices including fuel, commodity prices, inefficient and delayed logistics within the value chain and food security remain the drivers of this risk.

### MITIGATION AND CONTROL:

Senwes utilises agricultural land owned by producers to secure credit extension to these clients. In the event of agricultural land being nationalised or expropriated without compensation, the value of agricultural land will diminish and nullify the value of the security that Senwes holds against outstanding funds. This risk can only be accepted and cannot be mitigated.

Senwes continues to actively play its part within the agricultural and food value chain and will continue to provide innovative and integrated solutions to our customers to enable them to do their business.

### OPPORTUNITIES:

- Externalisation and/or diversification into new markets and/or lower risk jurisdictions.
- Engagement at political/government level to aid in the formulation and roll-out of sustainable solutions for South Africa's political and economic challenges.
- Development of solutions which aim to reduce the impact of political and economic challenges for both the Senwes Group and its customers (e.g. cost or risk sharing between Senwes and its customers with regards to selected products and/or services).

### STRATEGIC FOCUS AREAS TRIGGERED:

- Diversification, horizontal integration and consolidation.
- Increased investment in efficiencies within the value chain.
- Reorganisation of business models.
- Externalisation.

For more information on the group strategy, see p. 48.



## CREDIT, LIQUIDITY AND MARKET RISK

Risk trend: 

### DESCRIPTION:

The profile of the credit book with regards to concentration and geographical risk remains a risk factor. The changes in the risk environment include, amongst others, the increased input cost and the effect it has on credit exposure. Weather risks also added to the risk exposure with regards to crop damage and above-average rainfall delaying the harvesting season.

The Senwes Group is also exposed to medium-term liquidity and volatile interest rate changes. Market risk includes the repricing of the South African economy.

The significant increase in commodity prices increased liquidity, cash flow and bank covenant risks in the short term due to the margin payments on hedged market positions.

### MITIGATION AND CONTROL:

The potential credit concentration risk mainly relates to debtors. Debtors consist of many clients, spread over different geographic areas. Credit is extended in accordance with the credit policy of the group. Prudent credit evaluation processes are strictly adhered to. The group is also naturally hedged against fluctuating interest rates to a large extent since interest-bearing debt is mainly utilised for interest-earning assets, both at floating interest rates.

Liquidity risk is actively managed with all financiers and the group remains within risk covenant levels. Liquidity and balance sheet management is seen as a strategic enabler for the group.

### OPPORTUNITIES:

- Diversification and/or expansion into new, lower risk and counter-cyclical markets or commodities.
- Formulation and roll-out of new and adapted solutions which aim to mitigate credit, liquidity and market risk.

### STRATEGIC FOCUS AREAS TRIGGERED:

- Diversification, horizontal integration and consolidation.
- Reorganisation of business models.
- Externalisation.

For more information on the group strategy, see p. 48.



## COMMODITY PRICE RISK

Risk trend: 

### DESCRIPTION:

Volatile commodity markets such as grains, oilseeds, fertiliser, steel and oil have an impact on the entire agricultural value chain.

### MITIGATION AND CONTROL:

The group uses derivative instruments to manage and hedge exposure to commodity price risk. In accordance with the group's risk management policy, only minimal unhedged market positions exist from time to time. The hedging instruments used, consist of soft commodity futures contracts as well as option contracts.

### OPPORTUNITIES:

- Continuous development and optimisation of the group's hedging instruments and price management strategies.
- Development and roll-out of tailor-made solutions which aim to manage/mitigate commodity price risk for producers and optimise their cash flow positions and profitability.

### STRATEGIC FOCUS AREAS TRIGGERED:

- Reorganisation of business models.

For more information on the group strategy, see p. 48.





## MARKET SIZE AND MARKET SHARE RISK

Risk trend: ↓

### DESCRIPTION:

Senwes Grainlink's continued investment in technology and infrastructure at its silos remains a focus area in order to increase market share by means of offering a more attractive value proposition to clients. Similar investments are made throughout the group in order to grow market share.

Increased commodity prices and input cost will change the market size dynamics in terms of commodity production. Market supply and demand dynamics would need to adjust accordingly in order to sustain the expected change in the mix of commodity production.

### OPPORTUNITIES:

- Consolidation and/or expansion to achieve critical mass and market share growth.
- Continuous research, innovation, evaluation and, where necessary, improvement of the group's core activities and solutions, to maintain a competitive advantage and grow market share.

### STRATEGIC FOCUS AREAS TRIGGERED:

- Diversification, horizontal integration and consolidation.
- Increased investment in efficiencies within the value chain.
- Internal integration of the customer.
- Externalisation.

For more information on the group strategy, see p. 48.



## WEATHER AND CLIMATE RISK

Risk trend: ↑

### DESCRIPTION:

The group is dependent on favourable weather conditions for sustainable agricultural production and producer profitability. The seasonality of weather and climate changes is not linked to a financial or calendar year and could therefore negatively impact the group over consecutive years.

### MITIGATION AND CONTROL:

Senwes is indirectly exposed to income volatility because of adverse weather and climate events. These events influence the volume of grain produced in the Senwes area of operation, subsequently reducing storage income and producer profitability. The income volatility of a catastrophic climate event is mitigated by using certain derivative instruments and models.

### OPPORTUNITIES:

- Externalisation and/or diversification into new, counter-cyclical markets and/or lower risk jurisdictions.
- Fully understand and model the impact of weather and climate risk from the producer's point of view and tailor the group's solution offering to mitigate the impact of these risks.

### STRATEGIC FOCUS AREAS TRIGGERED:

- Diversification, horizontal integration and consolidation.
- Increased investment in efficiencies within the value chain.
- Externalisation.

For more information on the group strategy, see p. 48.



## THEFT AND FRAUD RISK

Risk trend: 

### DESCRIPTION:

The economic climate gives rise to theft and fraudulent activities, especially involving high-value commodities such as grain and production inputs. The diversified nature of the group's activities also increases the possibilities of theft or fraud. This is further increased by the complexity of certain activities which require special control measures.

### MITIGATION AND CONTROL:

A focus on business processes, a culture programme, best practice appointments and the upgrading of physical control measures are some of the management actions implemented to mitigate the risk to an acceptable level. The code of conduct is embedded in the risk culture of the company, which contributes to the mitigation of this risk.

### OPPORTUNITIES:

- Develop and/or optimise the group's code of conduct and ethics processes, also by utilising the latest technology in this regard.
- Strengthen the group's anti-theft and fraud culture by means of continuously raising awareness and training personnel as well as optimising and adapting response processes and penalty proceedings in this regard.

### STRATEGIC FOCUS AREAS TRIGGERED:

- Reorganisation of business models.

For more information on the group strategy, see p. 48.



## URBANISATION, SCARCITY AND RETENTION OF SKILLS RISK

Risk trend: 

### DESCRIPTION:

The group is exposed to rural and/or agricultural areas, not only with regards to business operations, but also with regards to the scarcity of necessary skills in these areas.

The recruitment and retention of right-fit employees are challenges in the industry and for Senwes. The rural operating areas of Senwes add to the risk exposure in this regard.

### MITIGATION AND CONTROL:

Our integrated skills development framework guides proportionate, yet balanced, investment in various skills development categories across all levels of the organisation. The framework sets clear guidelines for employees to acquire the full spectrum of training, ranging from technical to job-specific skills, without neglecting the need for personal growth, people skills and leadership development.

### OPPORTUNITIES:

- Optimisation of skills development and retention programmes as well as succession planning strategies.
- Define, develop and sell a working environment which balances the key attractive factors of urbanisation with the benefits of living in rural areas.

### STRATEGIC FOCUS AREAS TRIGGERED:

- Diversification, horizontal integration and consolidation.
- Increased investment in efficiencies within the value chain.
- Reorganisation of business models.
- Unlocking value synergies.
- Externalisation.

For more information on the group strategy, see p. 48.





## TRANSITION AND CUSTOMER RISK

Risk trend: ↔

### DESCRIPTION:

The group is exposed to agri-technological quantum leaps, alternative storage and evolving customer needs/priorities, which could lead to a paradigm shift in agriculture. Clients are consolidating (increasing in size) and are increasingly fulfilling the role of agri-businesses themselves. Digitisation is also gaining momentum. The group's sustainability is at risk without transition and diversification.

### OPPORTUNITIES:

- Expand and optimise customer research and the customer intelligence database of the group to enable the proactive development of solutions, to prevent the group from being bypassed in the process where a customer needs to seek a solution to fit his/her needs elsewhere in the market.
- Development of solutions that will enable the group to farm alongside its producers.

### MITIGATION AND CONTROL:

Senwes still believes in strong client relationships and continuously attempts to improve these relationships. Customer needs and our ability to fulfil those needs remain high on the group's agenda.

Alternative storage structures are addressed by innovative market transactions and by investments in technology and infrastructure at the silos.

### STRATEGIC FOCUS AREAS TRIGGERED:

- Diversification, horizontal integration and consolidation.
- Increased investment in efficiencies within the value chain.
- Internal integration of the customer.
- Reorganisation of business models.
- Unlocking value synergies.
- Externalisation.

For more information on the group strategy, see p. 48.



## INFORMATION TECHNOLOGY – SYSTEMS AND CYBER RISK

Risk trend: ↔

### DESCRIPTION:

The company relies heavily on technology and innovative system developments. The main risks relate to security, archiving, capacity, data integrity, relevance, integration and adaptability.

### MITIGATION AND CONTROL:

An IT-Strategy and Management Committee is in place and formal change, project and integration management is applied. Furthermore, extensive business and IT-disaster recovery processes have been established. Continuous focus is placed on IT-governance and improving the maturity of systems.

### OPPORTUNITIES:

- Continuous internal system development to ensure that clients are serviced effectively and cost-efficiently. In addition, system development could be structured in a manner which ensures long-term sustainability, strengthens cyber security and data integrity, enables effective integration and ensures effortless adaptability aligned with the group's strategic evolution.

### STRATEGIC FOCUS AREAS TRIGGERED:

- Reorganisation of business models.
- Unlocking value synergies.

For more information on the group strategy, see p. 48.



## UNIQUE COMPETITOR RISK

Risk trend:

### DESCRIPTION:

The group operates in a competitive environment. Innovation and market penetration strategies throughout the agricultural value chain on the part of our competitors (local and international), could have an adverse effect on market share and the group's results.

### OPPORTUNITIES:

- Development and roll-out of tailor-made solutions which ensure a competitive advantage.
- Continuously evaluate partnerships (e.g., suppliers, joint venture partners, etc.) across the group and consider the impact on the group's competitive advantage if it decides to opt for a selection of key, preferred partners (a house of premium brands/partners).
- Optimise the balance between defensive and offensive strategies.
- Increased participation in the parts of the value chain where the group has never been involved and which could aid in mitigating unique competitor risk.

### MITIGATION AND CONTROL:

Senwes is exposed to competitors and innovative strategies, and capital investments have been made to retain and grow market share.

### STRATEGIC FOCUS AREAS TRIGGERED:

- Diversification, horizontal integration and consolidation.
- Increased investment in efficiencies within the value chain.
- Internal integration of the customer.
- Reorganisation of business models.
- Unlocking value synergies.
- Externalisation.

For more information on the group strategy, see p. 48.







## ENVIRONMENTAL AND HEALTH AND SAFETY RISK

Risk trend: ↓

### DESCRIPTION:

The risk trend declined mostly due to the impact of the global pandemic and subsequent termination of the national state of disaster. However, the global risks to the economy brought upon by the pandemic remain high on the risk register.

The group is also subject to compliance requirements regarding employee health and safety, environmental and quality assurance.

### MITIGATION AND CONTROL:

The Senwes Group implemented its own response plan relating to Covid-19, managed by a nominated committee, which includes the executive directors.

Operations, the safety of grain as a core product and the handling thereof are continuously assessed by Senwes through a hazard critical control point (HACCP) and quality management system. Senwes also incorporates a fully functional SHEQ-department to enable the policy environment, effective structures, education and training, empowering employees to make judgement calls and enforcing rules and regulations.

### OPPORTUNITIES:

- Develop and optimise the group's environmental, health and safety compliance and assurance processes and systems, also through the utilisation of the latest technology in this regard.
- Strengthen the group's environmental and health and safety compliance culture through continuously upskilling and training personnel as well as optimising and adapting development programmes in this regard.

### STRATEGIC FOCUS AREAS TRIGGERED:

- Reorganisation of business models.

For more information on the group strategy, see p. 48.





## DIVERSIFICATION AND AGRICULTURAL INDUSTRY RISK

Risk trend: ↔

### DESCRIPTION:

Senwes is exposed to limited growth opportunities, especially in the local agricultural sector. The group and industry could reach a level of maturity that would increase difficulties associated with volume and profit growth.

### MITIGATION AND CONTROL:

Senwes continues to work on a rolling 10-year strategy. The focus of our strategy is diversification, horizontal integration and local consolidation, increased investment in efficiencies in the value chain, business unit integration, joint venture repositioning and externalisation.

The reduction of risk in the current business models and geographical exposures therefore remain a high priority.

### OPPORTUNITIES:

- Upscaling through consolidation and/or expansion to ensure critical mass as well as value synergies which will position the group for growth and long-term survival.
- Diversification and/or externalisation into new markets or lower risk jurisdictions.
- Development and roll-out of solutions which will ensure growth in the client base and an increase in the share of wallet spent by clients across the Senwes Group.
- Optimise value chain participation through investments aimed at increasing efficiencies.

### STRATEGIC FOCUS AREAS TRIGGERED:

- Diversification, horizontal integration and consolidation.
- Increased investment in efficiencies within the value chain.
- Internal integration of the customer.
- Reorganisation of business models.
- Unlocking value synergies.
- Externalisation.

For more information on the group strategy, see p. 48.



## REGULATION AND COMPLIANCE RISK

Risk trend: ↔

### DESCRIPTION:

This risk describes the wide range of legislation that the group must comply with. The material acts are, inter alia, the Companies Act, relevant tax regulations, Competition Act, FICA, Financial Markets Act, FAIS, NCA, CPA, POPIA and OHSA.

### MITIGATION AND CONTROL:

The board accepts total responsibility for compliance with all applicable legislation and regulatory requirements. This is reported through the internal Compliance Committee and then to the Risk Committee as well as the Audit Committee. Focused attention is being afforded to compliance aspects throughout the company. The board officially adopted the Group Compliance Coverage plan that involves a group-wide approach to compliance. During the year the plan was reviewed and replaced with the Group Compliance Framework.

### OPPORTUNITIES:

- Continuously drive improvement and optimisation of the group's compliance coverage plan.
- Strive for a culture of compliance through cultivating an understanding of regulatory compliance requirements by means of continuously upskilling and training personnel in this regard.

### STRATEGIC FOCUS AREAS TRIGGERED:

Reorganisation of business models.

For more information on the group strategy, see p. 48.



# SENWES GROUP 5-YEAR REVIEW

	2022 R'm	*2021 R'm	2020 R'm	2019 R'm	2018 R'm
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>Assets</b>					
Non-current assets	4 019	4 146	3 352	2 218	1 976
Current assets	7 073	6 304	4 989	3 842	4 154
Non-current assets held for sale	19	–	–	–	–
<b>Total assets</b>	<b>11 111</b>	<b>10 450</b>	<b>8 341</b>	<b>6 060</b>	<b>6 130</b>
<b>Equity and liabilities</b>					
Capital and reserves	3 316	2 937	2 560	2 336	2 159
Non-controlling interest	424	376	343	27	20
Equity	3 740	3 313	2 903	2 363	2 179
Non-current liabilities	1 785	467	859	1 168	1 088
Current liabilities	5 586	6 670	4 579	2 529	2 863
<b>Total equity and liabilities</b>	<b>11 111</b>	<b>10 450</b>	<b>8 341</b>	<b>6 060</b>	<b>6 130</b>
Interest-bearing liabilities included in current and non-current liabilities	5 572	4 630	4 347	2 883	3 031
<b>INCOME STATEMENT PER SEGMENT</b>					
<b>Revenue</b>					
<b>Financial Services</b> (Agri Credit Solutions, Certisure Group, SS-Wealth Planning, KLK Credit, Raddix Group and Molemi Sele Management)	380	309	385	348	321
<b>Input Supply</b> (Senwes Equipment, JD Implemente, Staalmeeester, Senwes Equip Holdings, Hinterland Group, Falcon, KLK Landbou Group (Retail and Fuel), Agrinet and Protek)	8 095	5 534	2 633	1 485	1 425
<b>Market Access</b> (Senwes Grainlink, Grainovation and ESC)	1 162	440	735	717	916
<b>Processing, Conditioning and Markets</b> (Senwes Seed, Carpe Diem Raisins Group, KLK Feedlot, Abattoirs and Auctioneering, Africum Mills, Botselo Mills, SA Dorper, Bastion Lime Group and NviroTek Laboratories)	1 224	1 108	930	41	26
<b>Normal operating activities</b>	<b>10 861</b>	<b>7 391</b>	<b>4 683</b>	<b>2 591</b>	<b>2 688</b>
Corporate income	20	72	120	96	104
<b>Total income</b>	<b>10 881</b>	<b>7 463</b>	<b>4 803</b>	<b>2 687</b>	<b>2 792</b>
<b>Profit/(loss)</b>					
<b>Financial Services</b> (Agri Credit Solutions, Certisure Group, SS-Wealth Planning, KLK Credit, Raddix Group and Molemi Sele Management)	153	146	201	168	160
<b>Input Supply</b> (Senwes Equipment, JD Implemente, Staalmeeester, Senwes Equip Holdings, Hinterland Group, Falcon, KLK Landbou Group (Retail and Fuel), Agrinet and Protek)	481	318	43	31	(59)
<b>Market Access</b> (Senwes Grainlink, Grainovation and ESC)	325	213	176	283	404
<b>Processing, Conditioning and Markets</b> (Senwes Seed, Carpe Diem Raisins Group, KLK Feedlot, Abattoirs and Auctioneering, Africum Mills, Botselo Mills, SA Dorper, Bastion Lime Group and NviroTek Laboratories)	101	133	59	16	8
<b>Normal operating activities</b>	<b>1 060</b>	<b>810</b>	<b>479</b>	<b>498</b>	<b>513</b>
Corporate costs	(135)	(138)	(89)	(100)	(81)
Consolidation entries, abnormal and sundry items	(55)	77	56	–	–
<b>Profit before tax</b>	<b>870</b>	<b>749</b>	<b>446</b>	<b>398</b>	<b>432</b>
Taxation	(202)	(176)	(109)	(115)	(121)
<b>Profit for the year</b>	<b>668</b>	<b>573</b>	<b>337</b>	<b>283</b>	<b>311</b>
Non-controlling interest	(67)	(69)	(34)	(2)	(1)
<b>Profit after tax and non-controlling interest</b>	<b>601</b>	<b>504</b>	<b>303</b>	<b>281</b>	<b>310</b>
Net finance costs (finance costs less finance income) included in results	(63)	(80)	(86)	(80)	(91)
<b>CASH FLOW STATEMENT</b>					
<b>Cash from operating activities</b>	<b>1 302</b>	893	545	575	681
<b>Change in operating capital</b>	<b>(800)</b>	(567)	762	(193)	(128)
<b>Total finance income and finance costs, tax and dividends paid</b>	<b>(415)</b>	(338)	(313)	(243)	(267)
Finance income	38	20	4	–	–
Finance costs paid	(93)	(96)	(88)	(80)	(91)
Tax paid	(182)	(140)	(117)	(64)	(86)
Dividends paid	(178)	(122)	(112)	(99)	(90)
<b>Net cash flow from/(used in) operating activities</b>	<b>87</b>	(12)	994	139	286
Net cash (used in)/from investment activities	(219)	(330)	(927)	(104)	(256)
Net cash from/(used in) financing activities	585	(178)	(33)	(1)	(47)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>453</b>	<b>(520)</b>	<b>34</b>	<b>34</b>	<b>(17)</b>

\*Certain comparative figures have been restated, refer to the annual financial statements.

# FINANCIAL AND OPERATING RATIOS

	Defi- nition see p.98	5-year CAGR %	2022	*2021	2020	2019	2018
<b>FINANCIAL GROWTH (%)</b>							
Total assets		16,1	<b>6,3</b>	25,3	37,6	(1,1)	16,5
Total shareholders' interest		13,5	<b>12,9</b>	14,1	22,9	8,4	9,6
Interest-bearing liabilities		16,3	<b>20,3</b>	6,5	50,8	(4,9)	15,8
Revenue		34,2	<b>45,8</b>	55,4	78,7	(3,8)	11,8
Profit before tax		30,6	<b>16,2</b>	67,9	12,1	(7,9)	88,6
Normalised headline earnings per share		29,7	<b>62,9</b>	69,5	(18,8)	(9,2)	80,4
Net asset value per share		10,8	<b>14,1</b>	13,4	7,2	7,7	11,8
Closing market price per share		6,1	<b>21,7</b>	4,5	-	-	5,8
Total dividends for the year		22,5	<b>37,8</b>	50,0	-	11,1	20,0
<b>PERFORMANCE OF ORDINARY SHARES</b>							
<b>Cents per share</b>							
Earnings	1		<b>347,6</b>	294,4	178,3	169,1	185,3
Normalised headline earnings	2		<b>398,2</b>	244,4	144,2	177,5	195,5
Diluted normalised headline earnings	3		<b>384,8</b>	236,4	137,9	169,1	180,9
Net asset value	4		<b>1 947,7</b>	1 707,3	1 506,1	1 404,7	1 303,9
Closing market price			<b>1 400,0</b>	1 150,0	1 100,0	1 100,0	1 100,0
Total dividends for the year			<b>124,0</b>	90,0	60,0	60,0	54,0
Final dividend proposed			<b>34,0</b>	32,0	30,0	30,0	27,0
Interim dividend paid			<b>34,0</b>	32,0	30,0	30,0	27,0
Special dividend proposed			<b>56,0</b>	26,0	-	-	-
<b>Percentage</b>							
Price-book ratio	5		<b>72</b>	67	73	78	84
Dividend yield on opening market price	6.1		<b>10,8</b>	8,2	5,5	5,5	5,2
Dividend yield, excluding special dividends, on opening market price	6.2		<b>5,9</b>	5,8	5,5	5,5	5,2
Dividend yield on average market price	7		<b>9,7</b>	8,0	5,5	5,5	5,0
<b>Times</b>							
Price-earnings ratio	8		<b>3,5</b>	4,7	7,6	6,2	5,6
Cyclically adjusted price earnings ratio (CAPE ratio)	9		<b>6,7</b>	6,3	6,4	6,5	6,3
EV/EBITDA multiple	10		<b>7,3</b>	6,9	9,8	9,1	8,9
Dividend cover	11.1		<b>2,8</b>	3,3	3,0	2,8	3,4
Dividend cover, excluding special dividends	11.2		<b>5,1</b>	4,6	3,0	2,8	3,4
<b>R'million</b>							
Market capitalisation	12		<b>2 531</b>	2 079	1 989	1 989	1 989
<b>SHAREHOLDERS' RETURN</b>							
Return on opening equity (%)	13		<b>20,5</b>	19,7	13,0	13,0	15,7
Return on average equity (%)	14		<b>19,2</b>	18,3	12,4	12,5	15,0
Total shareholders' return on opening market price (%)	15		<b>32,5</b>	12,7	5,5	5,5	11,0
Total shareholders' return on average market price (%)	16		<b>29,3</b>	12,4	5,5	5,5	10,7
Alpha to residual risk ratio (cents alpha achieved per R1 residual risk)	17		<b>57,1</b>	39,0	1,3	2,2	16,1
Alpha (%)	18		<b>9,9</b>	7,7	0,3	0,4	3,1
<b>PRODUCTIVITY AND EFFICIENCY</b>							
Asset velocity (times)	19		<b>1,0</b>	0,8	0,7	0,4	0,5
Revenue/equity (times)	20		<b>2,9</b>	2,3	1,7	1,1	1,3
Number of employees			<b>4 986</b>	5 098	3 427	1 624	1 613
Operating profit per employee (R'000)	21		<b>182,1</b>	159,9	160,8	290,6	327,3
Return on total assets - EBIT (%)	22		<b>8,4</b>	7,9	6,4	7,9	8,5
Return on net tangible invested capital (%)	23		<b>12,0</b>	11,8	10,2	9,2	11,4
Operating profit as % of income	24		<b>8,3</b>	10,9	11,5	17,6	18,9
Effective tax rate (%)	25		<b>23</b>	24	25	29	28
<b>SOLVENCY AND LIQUIDITY</b>							
Equity as % of net assets	26		<b>40</b>	42	40	45	42
Equity as % of total assets (own capital ratio)	27		<b>34</b>	32	35	39	36
Gearing ratio (%)	28		<b>147</b>	139	144	121	139
Non-interest-bearing liabilities as % of equity	29		<b>48</b>	76	38	34	42
Finance cost (R'm)	30		<b>(101)</b>	(100)	(90)	(80)	(91)
Interest cover - EBITDA (times)	31		<b>10,9</b>	9,7	7,0	6,7	6,2
Current ratio	32		<b>1,3</b>	0,9	1,1	1,5	1,5
Quick asset ratio	33		<b>0,9</b>	0,7	0,9	1,2	1,1

\*Certain comparative figures have been restated, refer to the annual financial statements.



## DEFINITIONS TO THE FINANCIAL AND OPERATING RATIOS

### 1. EARNINGS PER SHARE

Earnings attributable to shareholders, divided by the weighted average number of shares in issue during the year.

### 2. NORMALISED HEADLINE EARNINGS PER SHARE

Normalised headline earnings, divided by the weighted average number of shares in issue during the year.

### 3. DILUTED NORMALISED HEADLINE EARNINGS PER SHARE

Normalised headline earnings, divided by the weighted average diluted number of shares in issue during the year.

### 4. NET ASSET VALUE PER SHARE

Capital and reserves, divided by the number of shares in issue at year-end.

### 5. PRICE-BOOK RATIO

Closing market price per share divided by the net asset value per share, at year-end.

### 6. DIVIDEND YIELD ON OPENING MARKET PRICE

#### 6.1. Dividend yield on opening market price

Total dividend per share divided by the opening market price per share.

#### 6.2. Dividend yield, excluding special dividends, on opening market price

Total dividend per share, less special dividend per share, divided by the opening market price per share.

### 7. DIVIDEND YIELD ON AVERAGE MARKET PRICE

Total dividend per share divided by the average of the opening and closing market price per share.

### 8. PRICE-EARNINGS RATIO

Closing market price per share divided by the normalised headline earnings per share.

### 9. CYCLICALLY ADJUSTED PRICE-EARNINGS RATIO (CAPE RATIO)

Closing market price per share divided by the 10-year average, inflation-adjusted headline earnings per share.

### 10. EV/EBITDA MULTIPLE

Enterprise value (EV) divided by the earnings, before interest, taxes, depreciation and amortisation (EBITDA). Where the EV is calculated as market capitalisation plus the value of interest-bearing debt, less cash.

### 11. DIVIDEND COVER

#### 11.1. Dividend cover

Earnings per share divided by the total dividend per share.

#### 11.2. Dividend cover, excluding special dividends

Earnings per share divided by the total dividend less special dividend per share.

### 12. MARKET CAPITALISATION

Closing market price per share multiplied by the number of shares in issue.

### 13. RETURN ON OPENING EQUITY

Profit after tax attributable to equity holders of the parent divided by the opening balance of own equity.

### 14. RETURN ON AVERAGE EQUITY

Profit after tax attributable to equity holders of the parent divided by the average of the opening and closing balance of own equity.

### 15. TOTAL SHAREHOLDERS' RETURN ON OPENING MARKET PRICE

Total dividend plus growth in the market price per share, divided by the opening market price per share.

### 16. TOTAL SHAREHOLDERS' RETURN ON AVERAGE MARKET PRICE

Total dividend plus growth in the market price per share, divided by the average of the opening and closing market price per share.

### 17. ALPHA TO RESIDUAL RISK RATIO

Alpha (in R'm) divided by the group's average residual risk (in R'm). Where alpha is defined as the value by which the actual return on equity outperforms the required return on equity. The ratio expresses alpha as a value in cents achieved per R1 residual risk taken.

### 18. ALPHA

Alpha is defined as the % by which the actual return on equity (definition 13) outperforms the required return on equity.

### 19. ASSET VELOCITY

Revenue divided by total average assets.

### 20. REVENUE/EQUITY

Revenue divided by total closing equity.

### 21. OPERATION PROFIT PER EMPLOYEE

Profit before tax, adjusted with finance costs, investment income and share of profit from associate and joint ventures (operating profit), divided by the total number of employees in the group at year-end.

### 22. RETURN ON TOTAL ASSETS

Earnings before interest and tax from continuing operations (EBIT), as % of total assets less assets held-for-sale.

### 23. RETURN ON NET TANGIBLE CAPITAL INVESTED

Earnings before interest and tax (EBIT) divided by the opening balance of net tangible capital invested. Where net tangible capital invested is calculated as total assets (or total equity and liabilities) reduced by intangible assets, non-interest-bearing current liabilities and cash.

### 24. OPERATING PROFIT AS % OF INCOME

Operating profit as percentage of revenue. Where operating profit is calculated as the earnings before interest and tax, excluding profit or loss from joint ventures and associate.

### 25. EFFECTIVE TAX RATE

Tax expenses as per the financial statements as a % of profit before tax.

### 26. EQUITY AS % OF NET ASSETS

Total equity expressed as a % of total assets, reduced by non-interest-bearing debt.

### 27. EQUITY AS % OF TOTAL ASSETS (OWN CAPITAL RATIO)

Total equity expressed as a % of total assets (or total equity and liabilities).

### 28. GEARING RATIO

Interest-bearing debt, reduced by cash, divided by total equity.

### 29. NON-INTEREST-BEARING LIABILITIES AS % OF EQUITY

Non-interest-bearing liabilities and provisions divided by total equity.

### 30. FINANCE COSTS

Refer to note 22.2 in the annual financial statements.

### 31. INTEREST COVER

Earnings before interest, tax, depreciation and amortisation (EBITDA), divided by finance costs.

### 32. CURRENT RATIO

Current assets divided by current liabilities.

### 33. QUICK ASSET RATIO

Current assets less inventory, divided by current liabilities.





# SUMMARISED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

**AS AT 30 APRIL 2022**

	GROUP		COMPANY	
	2022 R'm	*2021 R'm	2022 R'm	2021 R'm
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2 315	2 273	792	816
Investment properties	2	13	1	1
Right-of-use assets	29	51	1	2
Goodwill and intangible assets	161	133	5	5
Investment in subsidiaries	-	-	685	639
Investment in joint ventures and associates	110	149	31	34
Other financial assets	4	3	-	-
Long-term portion of other loans receivable	2	-	47	55
Loans and other receivables	1 300	1 376	1	1
Deferred tax assets	96	148	-	-
<b>Total non-current assets</b>	<b>4 019</b>	<b>4 146</b>	<b>1 563</b>	<b>1 553</b>
<b>Current assets</b>				
Inventories	1 941	1 846	208	153
Trade and other receivables	4 401	4 204	614	570
Other financial assets	-	1	-	-
Other loans receivable	1	21	5 151	5 400
Inventory held to satisfy firm sales	47	10	47	10
Derivative financial instruments	595	204	594	204
Income tax receivable	1	-	21	8
Cash and short-term deposits	87	18	-	-
<b>Total current assets</b>	<b>7 073</b>	<b>6 304</b>	<b>6 635</b>	<b>6 345</b>
Non-current assets held for sale	19	-	19	-
<b>TOTAL ASSETS</b>	<b>11 111</b>	<b>10 450</b>	<b>8 217</b>	<b>7 898</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Issued capital	1	1	1	1
Share premium	67	67	67	67
Treasury shares	(129)	(98)	-	-
Reserves	11	29	23	36
Retained earnings	3 366	2 938	2 298	2 316
<b>Own equity</b>	<b>3 316</b>	<b>2 937</b>	<b>2 389</b>	<b>2 420</b>
Non-controlling interest	424	376	-	-
<b>Total equity</b>	<b>3 740</b>	<b>3 313</b>	<b>2 389</b>	<b>2 420</b>
<b>Non-current liabilities</b>				
Interest-bearing loans	1 409	90	1 398	-
Other financial liabilities	104	66	91	62
Lease liabilities	22	39	-	2
Deferred government grants	10	12	-	-
Deferred tax liability	240	260	103	95
<b>Total non-current liabilities</b>	<b>1 785</b>	<b>467</b>	<b>1 592</b>	<b>159</b>
<b>Current liabilities</b>				
Trade and other payables	1 140	1 855	320	611
Contract liabilities	20	30	19	30
Short-term portion of interest-bearing loans	3 979	3 911	3 648	3 714
Other loans payable	69	101	26	266
Derivative financial instruments	59	58	59	58
Income tax payable	-	6	-	-
Short-term incentive bonuses	143	126	88	68
Bank overdraft	89	473	10	512
Short-term portion of lease liabilities	11	18	1	1
Short-term portion of deferred government grants	2	3	-	-
Provisions	74	89	65	59
<b>Total current liabilities</b>	<b>5 586</b>	<b>6 670</b>	<b>4 236</b>	<b>5 319</b>
<b>Total liabilities</b>	<b>7 371</b>	<b>7 137</b>	<b>5 828</b>	<b>5 478</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11 111</b>	<b>10 450</b>	<b>8 217</b>	<b>7 898</b>

\*Certain comparative figures have been restated, refer to the annual financial statements.

# SUMMARISED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 APRIL 2022

	GROUP		COMPANY	
	2022 R'm	*2021 R'm	2022 R'm	*2021 R'm
Services rendered	1 012	853	823	705
Income from sale of goods	9 557	6 283	356	197
<b>Revenue from contracts with customers</b>	<b>10 569</b>	<b>7 136</b>	<b>1 179</b>	<b>902</b>
Finance income relating to the lending business	312	327	227	302
<b>Revenue</b>	<b>10 881</b>	<b>7 463</b>	<b>1 406</b>	<b>1 204</b>
Cost of sales	(7 609)	(4 862)	(115)	(110)
Finance costs relating to the lending business	(133)	(112)	-	(112)
<b>Gross profit</b>	<b>3 139</b>	<b>2 489</b>	<b>1 291</b>	<b>982</b>
Other operating income	128	126	104	39
Gain on bargain purchase of acquisitions	-	102	-	-
(Loss)/gain on disposal of investment in joint venture	(10)	28	-	-
Distribution, sales and administrative expenses	(2 331)	(1 902)	(1 002)	(803)
Credit loss expense on financial assets	(18)	(28)	-	(18)
<b>Operating profit</b>	<b>908</b>	<b>815</b>	<b>393</b>	<b>200</b>
Finance income	38	20	16	14
Finance costs	(101)	(100)	(219)	(87)
Share of profit from joint ventures and associates	25	14	-	-
<b>Profit before tax from operations</b>	<b>870</b>	<b>749</b>	<b>190</b>	<b>127</b>
Tax	(202)	(176)	(37)	(27)
<b>Profit after tax</b>	<b>668</b>	<b>573</b>	<b>153</b>	<b>100</b>
<b>Profit after tax from:</b>				
Continuing operations	666	574	147	67
Discontinued operations	2	(1)	6	33
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax</b>	<b>(15)</b>	<b>2</b>	<b>(14)</b>	<b>-</b>
Fair value adjustments of other financial assets	(1)	2	-	-
Cash flow hedge movements	(14)	-	(14)	-
<b>Total comprehensive income for the year, net of tax</b>	<b>653</b>	<b>575</b>	<b>139</b>	<b>100</b>
<b>Profit after tax attributable to:</b>				
Equity holders of the parent	601	504	153	100
Non-controlling interest	67	69	-	-
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	586	506	139	100
Non-controlling interest	67	69	-	-

### EARNINGS PER SHARE

	2022 cents/share	*2021 cents/share
Earnings per share	347,6	294,4
Diluted earnings per share	335,9	284,7
Normalised headline earnings per share	398,2	244,4

### DIVIDENDS FOR THE YEAR

	2022 cents/share	2021 cents/share
Dividends per share paid during the year	92,0	62,0
Final dividend previous year	32,0	30,0
Special dividend previous year	26,0	-
Interim dividend	34,0	32,0
Final dividend per share proposed	34,0	32,0
Special dividend per share proposed	56,0	26,0

\*Certain comparative figures have been restated, refer to the annual financial statements.



# SUMMARISED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY

## FOR THE YEAR ENDED 30 APRIL 2022

	Issued share capital R'm	Share premium R'm	Treasury shares R'm	Share-based payment reserve R'm	Changes in ownership R'm	Other reserves R'm	*Retained earnings R'm	Non-controlling interest R'm	Total equity R'm
<b>GROUP</b>									
<b>Balance as at 30 April 2020</b>	1	67	(124)	47	(28)	4	2 593	343	2 903
Prior year adjustments	-	-	-	-	-	-	(3)	-	(3)
Total comprehensive income	-	-	-	-	-	2	504	69	575
Profit for the year	-	-	-	-	-	-	504	69	573
Other comprehensive income	-	-	-	-	-	2	-	-	2
Dividends	-	-	-	-	-	-	(110)	(12)	(122)
Acquisition of subsidiary	-	-	-	-	-	-	-	39	39
Change in ownership of subsidiary	-	-	-	-	(13)	-	-	(69)	(82)
Disposal of subsidiary	-	-	-	-	-	-	-	6	6
Recycling of fair value reserves	-	-	-	-	28	-	(28)	-	-
Equity-settled share-based payment scheme - vesting	-	-	18	(18)	-	-	(14)	-	(14)
Net treasury shares sold	-	-	8	-	-	-	(4)	-	4
Equity-settled share-based payment scheme - expense	-	-	-	7	-	-	-	-	7
<b>Balance as at 30 April 2021</b>	<b>1</b>	<b>67</b>	<b>(98)</b>	<b>36</b>	<b>(13)</b>	<b>6</b>	<b>2 938</b>	<b>376</b>	<b>3 313</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15)</b>	<b>601</b>	<b>67</b>	<b>653</b>
Profit for the year	-	-	-	-	-	-	601	67	668
Other comprehensive income	-	-	-	-	-	(15)	-	-	(15)
Dividends	-	-	-	-	-	-	(166)	(12)	(178)
Change in ownership of subsidiary	-	-	-	-	(4)	-	-	(7)	(11)
Equity-settled share-based payment scheme - vesting	-	-	21	(17)	-	-	(4)	-	-
Net treasury shares purchased	-	-	(52)	-	-	-	(3)	-	(55)
Equity-settled share-based payment scheme - expense	-	-	-	18	-	-	-	-	18
<b>Balance as at 30 April 2022</b>	<b>1</b>	<b>67</b>	<b>(129)</b>	<b>37</b>	<b>(17)</b>	<b>(9)</b>	<b>3 366</b>	<b>424</b>	<b>3 740</b>

\*Certain comparative figures have been restated, refer to the annual financial statements.

	Issued share capital R'm	Share premium R'm	Treasury shares R'm	Share-based payment reserve R'm	Changes in ownership R'm	Other reserves R'm	Retained earnings R'm	Non-controlling interest R'm	Total equity R'm
<b>COMPANY</b>									
<b>Balance as at 30 April 2020</b>	1	67	-	47	-	-	2 333	-	2 448
Prior year adjustments	-	-	-	-	-	-	(1)	-	(1)
Total comprehensive income	-	-	-	-	-	-	100	-	100
Profit for the year	-	-	-	-	-	-	100	-	100
Other comprehensive income	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(112)	-	(112)
Equity-settled share-based payment scheme - vesting	-	-	-	(17)	-	-	(4)	-	(21)
Equity-settled share-based payment scheme - expense	-	-	-	6	-	-	-	-	6
<b>Balance as at 30 April 2021</b>	<b>1</b>	<b>67</b>	<b>-</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>2 316</b>	<b>-</b>	<b>2 420</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14)</b>	<b>153</b>	<b>-</b>	<b>139</b>
Profit for the year	-	-	-	-	-	-	153	-	153
Other comprehensive income	-	-	-	-	-	(14)	-	-	(14)
Dividends	-	-	-	-	-	-	(167)	-	(167)
Equity-settled share-based payment scheme - vesting	-	-	-	(17)	-	-	(4)	-	(21)
Equity-settled share-based payment scheme - expense	-	-	-	18	-	-	-	-	18
<b>Balance as at 30 April 2022</b>	<b>1</b>	<b>67</b>	<b>-</b>	<b>37</b>	<b>-</b>	<b>(14)</b>	<b>2 298</b>	<b>-</b>	<b>2 389</b>

## SUMMARISED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2022

	GROUP		COMPANY	
	2022 R'm	*2021 R'm	2022 R'm	*2021 R'm
<b>Net cash flows from operating activities</b>	<b>87</b>	(12)	<b>(166)</b>	716
Cash from operating activities	<b>1 302</b>	893	<b>589</b>	363
Finance income received from the non-lending business	<b>38</b>	20	<b>16</b>	14
Finance costs paid on the non-lending business	<b>(93)</b>	(96)	<b>(212)</b>	(83)
Tax paid	<b>(182)</b>	(140)	<b>(40)</b>	(22)
Dividends paid	<b>(178)</b>	(122)	<b>(167)</b>	(112)
Changes in working capital	<b>(800)</b>	(567)	<b>(352)</b>	556
<b>Net cash flows used in investment activities</b>	<b>(219)</b>	(330)	<b>(109)</b>	(1 238)
Purchase of property, plant and equipment	<b>(283)</b>	(188)	<b>(117)</b>	(134)
Purchase of intangible assets	<b>(12)</b>	-	-	-
Proceeds from the disposal of property, plant and equipment	<b>38</b>	111	<b>7</b>	7
Acquisition of investment property	-	-	-	(1)
Acquisition of subsidiaries	<b>49</b>	(318)	<b>(58)</b>	(75)
Dividends received from investments in joint ventures	<b>2</b>	3	<b>39</b>	3
Dividends received from subsidiaries	-	-	<b>2</b>	-
Additional loans received from related parties	-	37	-	125
Repayment of loans from related parties	<b>(32)</b>	(98)	<b>(239)</b>	-
Additional loans advanced to related and third parties	-	(17)	-	(1 397)
Repayment of loans to related and third parties	<b>19</b>	140	<b>257</b>	234
<b>Net cash before financing activities</b>	<b>(132)</b>	(342)	<b>(275)</b>	(522)
<b>Net cash generated from/(used in) financing activities</b>	<b>585</b>	(178)	<b>777</b>	(49)
Treasury shares purchased	<b>(57)</b>	(60)	-	-
Repurchase of own shares	<b>(10)</b>	-	-	(49)
Repayment of interest-bearing loans	-	(20)	-	-
Proceeds from interest-bearing loans	<b>668</b>	-	<b>778</b>	-
Repayment of principal portion of lease liabilities	<b>(16)</b>	(21)	<b>(1)</b>	-
Additional share purchase in subsidiary	-	(84)	-	-
Deferred government grants received	-	7	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>453</b>	(520)	<b>502</b>	(571)
Cash and cash equivalents at the beginning of the year	<b>(455)</b>	65	<b>(512)</b>	59
<b>Cash and cash equivalents at the end of the year</b>	<b>(2)</b>	(455)	<b>(10)</b>	(512)

\*Certain comparative figures have been restated, refer to the annual financial statements.





## SEGMENTAL INFORMATION

**FOR MANAGEMENT AND CONTROL PURPOSES, THE GROUP IS DIVIDED INTO BUSINESS UNITS BASED ON THEIR PRODUCTS, SERVICES AND CLIENTS AND CONSISTS OF THE FOLLOWING REPORTABLE SEGMENTS:**

### FINANCIAL SERVICES AND ADVICE

(Agri Credit Solutions, Certisure Group, SS-Wealth Planning, KLK Credit, Raddix Group and Molemi Sele Management)

Credit extension to agricultural producers and grain buyers. Agri Credit Solutions also renders agricultural services to its growing client base. Certisure and Raddix Group includes commission received on short-term, crop and life insurance premiums and administration fees. SS-Wealth Planning facilitates wealth creation by means of a wide range of wealth planning and related services for clients. Molemi Sele holds investments in an agricultural company and a cell captive.

### INPUT SUPPLY

(Senwes Equipment, JD Implemente, Staalmeester, Senwes Equip Holdings, Hinterland Group, Falcon, KLK Landbou Group (Retail and Fuel), Agrinet and Protek)

Sales at retail outlets (including fuel stations), direct sales of farming input requirements, car dealership sales, the importation, manufacturing and sale of mechanisation goods and spare parts, as well as the servicing of such farming and other mechanisation equipment. Wholesale supply of agricultural, fuel and industrial retail products to agricultural retail outlets. Buying, repackaging, distribution and selling of pesticides and fertiliser for the household and retail market.

### MARKET ACCESS

(Senwes Grainlink, Grainovation and ESC)

Income received from the handling and storage of agricultural produce, the transportation of grain commodities as well as the processing of seed. Commission earned on marketing of grain and revenue from the sale of grain. Electronic issuing and trading of silo certificates.

### PROCESSING, CONDITIONING AND MARKETS

(Senwes Seed, Carpe Diem Raisins Group, KLK Feedlot, Abattoirs and Auctioneering, Africum Mills, Botselo Mills, SA Dorper, Bastion Lime Group and NviroTek Laboratories)

Processing of seed and buying, processing and packaging of raisins. The feedlots aid in getting animals market-ready while the abattoirs and auctioneering sites handle the slaughtering and selling of lamb and beef carcasses. The mills produce a wide range of maize products and a specialised beer powder. SA Dorper handles the processing and exporting of Dorper skins and cattle hides. The Bastion Group specialises in the production and marketing of high quality lime and gypsum products for agricultural and industrial purposes. NviroTek Laboratories is an independent and accredited testing laboratory group with an analytical focus on chemistry, microbiology, hygiene monitoring, chromatography and biological analysis.

### CORPORATE

(Senwes Share Incentive Scheme Trust, Thobo Trust, Senwes Capital and RealFin Collective Investment Scheme)

Head office services, information technology, human resources, planning and property development, central administration, fleet management, secretarial services, legal services, corporate marketing, risk management, internal audit, strategic development, group finance, market intelligence, corporate finance, business engineering and treasury and governance.

Income tax is managed on a group basis and is not allocated to operating segments. Services rendered between related parties as reflected in operating segments are on an arm's length basis in a manner similar to transactions with third parties. The Group Executive Committee monitors the operational results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segmental performance is evaluated, based on operating profit or loss, and is measured consistently against operating profit or loss in the consolidated financial statements.

During the current financial year, management assessed and adjusted the composition of the operating segments. The processing, conditioning and market segment will be reported separately from the current financial year. Consequently, the comparative figures were reclassified to accommodate the change.

## NET SEGMENTAL ASSETS

	GROUP					
	2022 R'm	*2021 R'm	2022 R'm	*2021 R'm	2022 R'm	*2021 R'm
	ASSETS		LIABILITIES		NET	
Financial Services	5 063	4 718	(2 911)	(2 692)	2 152	2 026
Input Supply	3 152	3 320	(2 294)	(2 718)	858	602
Market Access	2 030	1 481	(1 379)	(1 143)	651	338
Processing, Conditioning and Markets	502	530	(326)	(110)	176	420
Total operations	10 747	10 049	(6 910)	(6 663)	3 837	3 386
Corporate	268	253	(221)	(214)	47	39
Total segmental assets/(liabilities)	11 015	10 302	(7 131)	(6 877)	3 884	3 425
Deferred tax	96	148	(240)	(260)	(144)	(112)
<b>Total</b>	<b>11 111</b>	<b>10 450</b>	<b>(7 371)</b>	<b>(7 137)</b>	<b>3 740</b>	<b>3 313</b>

\*Certain comparative figures have been restated, refer to the annual financial statements.

## SEGMENTAL REVENUE AND RESULTS

The Senwes Group operates in South Africa only.

**Financial Services** (Agri Credit Solutions, Certisure Group, SS-Wealth Planning, KLK Credit, Raddix Group and Molemi Sele Management)

Income from financing clients, insurance brokerage and service level agreement income

AgriRewards

Profit from joint ventures

**Input Supply** (Senwes Equipment, JD Implemente, Staalmeester, Senwes Equip Holdings, Hinterland Group, Falcon, KLK Landbou Group (Retail and Fuel), Agrinet and Protek)

Income from sale of goods and services rendered

AgriRewards

Intragroup sales

Finance costs

Profit from joint venture and associates

**Market Access** (Senwes Grainlink, Grainovation and ESC)

Income from commodity trading, sale of goods and services rendered

AgriRewards

Intragroup sales

Finance costs

Profit/(loss) from joint ventures

**Processing, Conditioning and Markets** (Senwes Seed, Carpe Diem Raisins Group, KLK Feedlot, Abattoirs and Auctioneering, Africum Mills, Botselo Mills, SA Dorper, Bastion Lime Group and NviroTek Laboratories)

Income from sale of goods and services rendered

Finance costs

Profit from joint venture and associate

Normal operational activities

**Corporate**

Income from service level agreement and other corporate fees

Interest income from joint ventures

Finance costs

Corporate costs

Consolidation, abnormal and sundry items

**Total revenue**

**Profit before tax**

Tax

**Profit after tax (before non-controlling interest)**

Non-controlling interest

**Profit after tax (after non-controlling interest)**

GROUP			
2022 R'm	*2021 R'm	2022 R'm	*2021 R'm
SEGMENTAL REVENUE		SEGMENTAL PROFIT/(LOSS)	
380	309	153	146
382	311	151	141
(2)	(2)	(2)	(2)
-	-	4	7
8 095	5 534	481	318
8 107	5 549	525	342
(7)	(2)	(6)	(2)
(5)	(13)	-	-
-	-	(38)	(26)
-	-	-	4
1 162	440	325	213
1 185	765	399	304
(23)	(24)	(27)	(24)
-	(301)	-	-
-	-	(49)	(60)
-	-	2	(7)
1 224	1 108	101	133
1 224	1 108	89	123
-	-	(7)	-
-	-	19	10
10 861	7 391	1 060	810
20	72	(190)	(61)
20	47	6	13
-	25	-	25
-	-	(7)	(14)
-	-	(134)	(162)
-	-	(55)	77
10 881	7 463		
		870	749
		(202)	(176)
		668	573
		(67)	(69)
		601	504

\*Certain comparative figures have been restated, refer to the annual financial statements.

## SEGMENTAL DISCLOSABLE ITEMS

	GROUP					
	2022 R'm	*2021 R'm	2022 R'm	*2021 R'm	2022 R'm	*2021 R'm
	CAPITAL EXPENDITURE		DEPRECIATION ON PPE		NON-CASH TRANSACTIONS	
Financial Services	(8)	34	(3)	(2)	19	(1)
Input Supply	(126)	(17)	(40)	(18)	43	(7)
Market Access	(66)	(123)	(62)	(56)	44	73
Processing, Conditioning and Markets	(30)	(70)	(24)	(23)	1	(1)
Corporate	(53)	(12)	(13)	(23)	25	-
<b>Total</b>	<b>(283)</b>	<b>(188)</b>	<b>(142)</b>	<b>(122)</b>	<b>132</b>	<b>64</b>

\*Certain comparative figures have been restated, refer to the annual financial statements.



# GLOSSARY

## of terms

THE FOLLOWING ABBREVIATIONS AND DEFINITIONS HAVE BEEN USED THROUGHOUT THIS INTEGRATED REPORT.

## A

### AFS

Annual Financial Statements.

### AGBIZ

Agricultural Business Chamber of South Africa.

### AGM

Annual General Meeting.

### ALCO

Asset and Liability Committee.

## B

### BUSINESS ACTIVITIES

At the core of the business model is the conversion of inputs into outputs through business activities. These activities may include the planning, design and manufacturing of products or the deployment of specialised skills and knowledge in the provision of services.

### BUSINESS MODEL

An organisation's system of transforming inputs through its business activities into outputs and outcomes that aim to fulfil the organisation's strategic purposes and create value over the short, medium and long term.

## C

### CASH FLOW

The flow of money from operations: incoming funds are revenue (cash inflow) and outgoing funds are expenses (cash outflow).

### CEO

Chief Executive Officer.

### CFO

Chief Financial Officer.

### COMPANIES ACT

Act no 71 of 2008 (as amended).

### COMPLIANCE

Compliance is a key element of corporate governance. It refers to

compliance with legislation and directives as well as with voluntary policies within the company.

### COVID-19

Novel Coronavirus disease.

### CPA

Consumer Protection Act.

### CSI

Corporate Social Investment.

## E

### EBIT

Earnings before interest and tax.

### EBITDA

Earnings before interest, tax, depreciation and amortisation.

### ERM-FRAMEWORK

Enterprise-wide Risk Management Framework.

### ESC

Electronic Silo Certificates.

### EXCO

Executive Committee.

### EY

Ernst & Young Inc.

## F

### FAIS

Financial Advisory and Intermediary Services Act.

### FICA

Financial Intelligence Centre Act.

### FINSTEER

Financial Steering Committee.

### FORWARD-LOOKING

Emphasises the need to look forward, not just to the long term, but also the short and medium term.

## H

### HEPS

Headline Earnings Per Share.

## I

### IDC

Industrial Development Corporation.

### IFRS

International Financial Reporting Standards.

### INTEGRATED REPORT (IR)

Concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term.

### INTEGRATED THINKING

The active consideration of the relationships between an organisation's various operating and functional units and the capitals that are used or affected.

### IIRC

International Integrated Reporting Council.

### IT

Information Technology.

## J

### JDI

JD Implemente.

### JSE

Johannesburg Stock Exchange Limited.

### JV

A joint venture or JV is a business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task.

## K

### KING IV

The King IV Report on Corporate Governance 2018.

## L

### LONG TERM

A period beyond three years.

### LTD

Limited.

### LTI

Share incentive scheme trust.

## M

### MATERIALITY

Materiality refers to the actions or issues of substantial importance that affect the group's strategy and therefore its ability to create value over the short, medium and long term and/or actions and decisions by the group that may affect its stakeholders, either positively or negatively.

### MEDIUM TERM

A period of one to three years.

### MEIBC

Metal and Engineering Industries Bargaining Council.

### MIBCO

Motor Industry Bargaining Council.

### MOI

Memorandum of Incorporation.

## N

### NAV

Net Asset Value.

### NCA

National Credit Act.

### NCI

Non-controlling interest.

### NOMCO

Nomination Committee.

### NRS

National Risk Specialist.

## O

### OUTCOMES

The internal and external consequences (positive or negative) for the capitals as a result of an organisation's business activities and outputs.

### OUTPUTS

An organisation's products and services, and any byproducts and waste.

### OHSA

Occupational Health and Safety Act.

### OCR

Optical Character Recognition.

### OTC

Over-the-counter.

## P

### POPIA

Protection of Personal Information Act.

### (PTY) LTD.

Proprietary Limited.

## R

### REMCO

Remuneration Committee.

### RISK APPETITE

An expression of the maximum level of residual risk that the group is prepared to accept in order to deliver its business objectives.

## S

### SR

Sustainability Report.

### SHORT TERM

A period less than 12 months.

### SOEs

State-Owned Enterprise.

### SPV

Special Purpose Vehicle.

### STI

Short-Term Incentive Scheme.

### STAKEHOLDER

People or groups whose interests are linked in various ways with those of the organisation. Such people or groups can include shareholders, business partners, employees and the community.

### SHEQ

Safety, health, environmental sustainability and quality management.

### STRATEGY

The organisation's strategy identifies how it intends to mitigate or manage risks and maximise opportunities. It furthermore sets out strategic objectives and strategies to achieve them, which are implemented through resource allocation plans.

## T

### TRADITIONAL GROUP

Senwes operations before the acquisitions since 2019.

## U

### UBS

Univision Broker Services.

## V

### VALUE

Value is the occurrence where the consequences of our successful resource application have a positive impact on a stakeholder.

### VALUE CREATION

Value is created through an organisation's business model, which takes inputs from the capitals and transforms them through business activities and interactions to produce outputs and outcomes that, over the short, medium and long term, create or destroy value for the organisation, its stakeholders, society and the environment.

## W

### WEF

World Economic Forum.





# CORPORATE *Information*

## ENQUIRIES REGARDING THIS REPORT

Corné Kruger, Group Chief Financial Officer  
Telephone: 018 464 7476

## SENWES LTD

Registration number: 1997/005336/06

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## ETHICS HOTLINE

080 464 7800

## INVESTOR RELATIONS

Attention: The Company Secretary  
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## TRADING OF SHARES:

Over-the-counter trading desk:  
Attention: The Company Secretary

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## FINANCE PARTNERS

Absa Bank  
Nedbank  
Rand Merchant Bank  
First National Bank  
Standard Bank  
Investec Bank