



REVIEWED PRELIMINARY FINANCIAL RESULTS FEBRUARY 2022

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for the year ended 28 February 2022

OVERVIEW

Zeder is an investor in the broad agribusiness and related industries, with a historical focus on the food and beverage sectors. Its underlying investment portfolio was valued at R6.43bn on 28 February 2022.

CORPORATE POSITIONING

Zeder assists with portfolio and investee strategies, while monitoring and overseeing optimal capital allocations to ensure sustainable investment returns, including capital appreciation. Its portfolio consists of strategic interests in leading companies that provide it with a diversified exposure across the agribusiness spectrum.

NOTEWORTHY TRANSACTIONS

Unbundling of Kaap Agri shareholding

On 28 February 2022, the Zeder board resolved to unbundle 31 286 956 Kaap Agri shares, comprising approximately 42.2% of the total issued share capital of Kaap Agri, to Zeder shareholders by way of a *pro rata* distribution *in specie*, in the ratio of 1 Kaap Agri share for every 49.22692 Zeder shares held. Subsequent to year-end, the Kaap Agri shareholding was unbundled, effective 4 April 2022, to Zeder shareholders.

The Zeder board believes that the aforementioned unbundling was in the best interests of Zeder's shareholders in order to maximise shareholder wealth. Zeder shareholders now have a direct interest in Kaap Agri rather than an indirect interest via Zeder, which will theoretically eliminate the previous discount applied to the Kaap Agri shares that were previously included in the *sum-of-the-parts* ("*SOTP*") value of Zeder.

Zeder has been a shareholder in Kaap Agri since 2006 and was instrumental in the listing of Kaap Agri on the JSE during 2017. The Zeder board has tremendous gratitude towards all the people at Kaap Agri for the success story it has been fortunate to be a part of. A special word of thanks goes to Sean Walsh (CEO), Graeme Sim (CFO) and the rest of the Kaap Agri board of directors. Kaap Agri has a strong management team and board of directors and remains well capitalised. Zeder is proud to have been associated with Kaap Agri.

Category 1 disposal of investment in The Logistics Group

Zeder announced on 12 November 2021 that the company, through its wholly-owned subsidiary, Zeder Financial Services, entered into an agreement with, *inter alia*, TLG Midco and TLG Acquisition Holdings, in terms of which Zeder Financial Services disposes all of its shares in the issued share capital of The Logistics Group ("TLG Group"), comprising 98.22% of TLG Group's shares in issue for a disposal consideration of up to R1.57bn.

A circular containing the full details of the disposal, incorporating a notice convening the required general meeting of Zeder's shareholders, was distributed to shareholders on 15 February 2022.

Subsequent to year-end, Zeder shareholders approved the TLG Group disposal at the aforementioned general meeting on 15 March 2022, with the remaining suspensive conditions being fulfilled thereafter and the TLG Group disposal being implemented on 31 March 2022.

The disposal consideration was based on a 100% equity valuation for the TLG Group of R1.6bn. The disposal consideration comprised an initial disposal consideration for Zeder of R1.35bn, which has been received, and additional earn-out payments totalling R218m, payable in cash. The earn-out payments are generally linked to certain extensions and or renewals of agreements. The timing and amounts of these extensions cannot be determined although it is estimated to be concluded in the financial year ending 28 February 2023, but there is no certainty regarding same.

The TLG Group was unbundled from Capespan during 2019. The renewed focus on the business has been a key driver of growth and as a result enabled the disposal at a 18.6% premium to the value at which the TLG Group shareholding was reflected in the 28 February 2021 reported Zeder *SOTP* value.

Zeder special dividends

Zeder declared a special gross dividend of 20 cents per share (R307m) to Zeder shareholders, which was paid on 10 May 2021. In addition, a further special gross dividend of 92.5 cents per share was declared as part of the year-end results.

STRATEGIC FOCUS

Zeder's objective remains to maximise long-term wealth for its shareholders through capital appreciation, investment income or both, and accordingly the key benchmark used by Zeder to measure performance is its *SOTP* value per share.

The Kaap Agri unbundling, TLG Group disposal and prior year corporate transactions had a positive impact on Zeder's wealth creation for shareholders.

Zeder's share price was trading at R4.23 per share as at 28 February 2019. Zeder would have returned value of R4.46 per share to Zeder shareholders, by way of special dividends of R3.43 per share and an additional R1.03 per share in terms of the recent Kaap Agri unbundling, after completion of the May 2022 special dividend payment, as set out below:

	28 Feb 2019 R	Unbundling/ special dividend R
Zeder share price	4.23	
Value per share to Zeder shareholders		4.46
Zeder special dividend – Feb 2020		2.30
Zeder special dividend – Feb 2021		0.20
Value of Unbundling of Kaap Agri		1.03
Zeder special dividend – Feb 2022		0.93
Value to Zeder shareholders (Rm)		7 259

The Zeder board remains engaged with third parties, in terms of approaches received, on various portfolio investments and is currently evaluating further wealth maximising options in a responsible way. Notwithstanding the above, Zeder remains focused on growing its remaining investee companies and will evaluate opportunities as and when deemed appropriate in the interest of all stakeholders.

BUSINESS ENVIRONMENT AND OUTLOOK

The macro environment in which Zeder and its portfolio companies operated, remained relatively constrained during the year even with an improved climatic cycle. This was largely due to supply chain constraints resulting in increased costs and margin pressure as a result of Covid. In addition, the Russia-Ukraine conflict will lead to an increase in certain agri-input and soft commodity prices.

Our strategic focus during the Covid pandemic was deliberately cautious and conservative. The effect thereof was that we dedicated most of our efforts to existing investments, strengthening their operating models and balance sheets where possible, while driving for additional and diversified growth from within our existing investment platforms.

We anticipate that the constrained trading conditions will continue in the short to medium term with significant inflation pressure on the agribusiness input costs side, especially fertilizer and fuel. Having said that, the decent summer rainfall, high soft commodity prices and sufficient water resources in the Western Cape are promising for agricultural activities. The focus on our existing portfolio and resultant opportunities will continue.

The financial results reported and business environment reviewed, reflect the year ended 28 February 2022, as well as subsequent events that transpired prior to the publication of these results. It is, however, important to note that, at the time of producing this report, some uncertainty around the global Covid pandemic and the impact of the Russia-Ukraine conflict remains. Zeder, however, remains well positioned, with a stable balance sheet and cash resources.

SUM-OF-THE-PARTS ("SOTP")

Zeder's *SOTP value* per share, calculated using the quoted market prices for all JSE-listed investments and internal valuations for unlisted investments, increased by 7.6% during the year to R4.66 as at 28 February 2022. The increase was mainly due to the increased valuations of the TLG Group and Kaap Agri, countered by the payment of the 20 cents per share special dividend on 10 May 2021 out of cash reserves.

At the close of business on Monday, 4 April 2022, Zeder's *SOTP value* per share was R3.62, which includes the cash proceeds of R1.35bn received on 31 March 2022 as a result of the disposal of TLG Group, as well as the provision for the proceeds of the earn-out payments of R218m. The *SOTP value* now also excludes the investment in Kaap Agri, subsequent to the unbundling implementation on 4 April 2022.

Company	28 Feb 2021		28 Feb 2022		4 Apr 2022	
	Interest (%)	Rm	Interest (%)	Rm	Interest (%)	Rm
Zaad	97.0	2 010	96.9	2 037	96.9	2 037
The Logistics Group	98.5	1 325	98.2	1 571		
Capespan	96.0	1 117	94.6	1 053	94.6	1 053
Kaap Agri	42.3	1 102	42.3	1 603		
Agrivision Africa	56.0	146	56.0	146	56.0	146
Other		24		21		29
Total investments		5 724		6 431		3 265
Cash and cash equivalents		876		508		1 860
Other net assets		62		229		449
SOTP value		6 662		7 168		5 574
Number of shares in issue (<i>net of treasury shares</i>) (million)		1 538		1 538		1 538
SOTP value per share (rand)		4.33		4.66		3.62

Note: Zeder's live SOTP is available at www.zeder.co.za.

The SOTP valuations of Zeder's unlisted investments have been based on the respective investee companies' latest financial results. The wide-spread impact of Covid and the Russia-Ukraine conflict on the global economy and financial markets remain evident.

While the SOTP calculation is indicative of the value of Zeder's underlying portfolio of net assets, however, it does not take into account factors such as tax on potential disposal of underlying assets (apart from where specific corporate actions have been communicated to the market), head office costs and other factors. It should be noted that these valuations are not necessarily an indication of the values at which Zeder would consider selling any of its investments.

PERFORMANCE OF PORTFOLIO COMPANIES

Our remaining portfolio companies were negatively impacted during the Covid recovery period although agricultural conditions coupled with pro-active portfolio management interventions, resulted in satisfactory performances from most of the portfolio companies' during the year.

These difficult trading conditions have resulted in mostly flat valuations across the remaining portfolio.

Zaad (96.9%)

Zaad is a strategic holding company that invests and operates in the specialised agri-inputs industry with a focus on emerging markets, especially Africa, the Middle East and Eastern Europe. Through acquisitions and organic growth, it has aggregated and developed attractive businesses and currently owns, develops, imports and distributes a broad range of agricultural seeds and chemicals.

Zaad recently changed its year-end from January to June, in order to better align the financial reporting requirements to fall outside the key summer crop cycle. As a result, for its six-months period ended 31 December 2021, Zaad reported *recurring* headline earnings of R139m, an increase of 23% per share from the corresponding prior period.

This was off the back of good performances from Agricol, FarmAg (agro-chemicals), May Seed (Turkey) and the African maize operations. Bakker Brothers, based in the Netherlands, is still in a recovery phase post Covid. The business was negatively affected by Covid, as a result of the limitations on cross-border trade into North Africa and the Middle East.

REVIEWED PRELIMINARY FINANCIAL RESULTS (continued)

for the year ended 28 February 2022

During the year, Zaad concluded the acquisition of a 40% equity stake in the EAS group of companies in Kenya. EAS was established in 1972 and has steadily grown to become the leading independent seed company within the Eastern and Central African regions. Zaad has identified Eastern and Central Africa as important growth areas for seeds and agrochemicals and this investment will provide Zaad with access to these markets.

The specialised agri-inputs market, and particularly the proprietary hybrid seed segment, remains attractive and Zaad is well positioned to benefit from it.

During the year under review, Zeder accounted for a fair value gain of R27m in respect of its investment in Zaad.

Further information can be viewed at www.zaad.co.za

Capespan (94.6%)

Capespan is a vertically integrated fruit producer with global marketing and sales capabilities that can service and supply growers and customers in key international markets.

For its financial year ended 31 December 2021, Capespan reported *recurring* headline earnings of R54m, a decrease of 29% from the prior year.

The stream-lined global marketing business experienced difficulties on the supply chain side of the business, especially with increased shipping rates and the unreliable availability of containers hampering operations. The inefficiencies at most of the South African ports remain the biggest concern in terms of the quality of fruit and resultant "time on the water" for a perishable product destined for the export market. In addition, the KZN unrests contributed to further supply chain constraints, especially on citrus exports via the Durban port.

The promising agricultural conditions contributed to excellent volumes from the fruit farms, but this was unfortunately negatively influenced by the aforementioned supply chain problems and therefore lower prices realized in the export markets.

During the year under review, Zeder accounted for a fair value loss of R64m in respect of its investment in Capespan.

Further information can be viewed at www.capespan.com

Agrivision Africa (56.0%)

Agrivision owns and operates two large-scale commercial farming operations and a milling business in Zambia. It has developed extensive irrigated productive farmland since 2011. After rapid expansion, the focus during recent years has been on achieving strong operational efficiencies, while navigating an extremely volatile and challenging phase in the macro and business cycle of Zambia. Initiatives are underway to address underperforming assets and divisions.

For its financial year ended 31 December 2021, Agrivision Africa reported *recurring* headline earnings of \$7.2m, an increase of 226% per share from the prior year.

The farming operations performed above expectations during the year, mainly as a result of access to sufficient water resources at our Mkushi farming area, improved crop yields and acceptable soft commodity prices.

During the year under review, no adjustment was made to the Zeder *SOTP* valuation of Agrivision Africa.

SPECIAL DIVIDEND

Zeder's dividend policy remains to pay dividends conditional on the group having sufficient funds to fund its operations, investments, and growth plans. While the Zeder board continues to maintain a conservative dividend policy during the Covid recovery period, it has decided to declare a special dividend mainly from the proceeds received from the TLG Group disposal.

Accordingly, shareholders are advised that the Zeder's board has approved and declared a special gross dividend of 92.5 cents per share, from income reserves ("special dividend"). The special dividend amount, net of South African dividend tax of 20%, is 74 cents per share for those shareholders who are not exempt from dividend tax or who are not subject to a reduced rate in terms of any applicable agreement for the avoidance of double taxation between South Africa and such shareholders' country of residence.

There are 1 543 260 354 no par value Zeder ordinary shares in issue on this declaration date. The company's income tax number is 9406891151.

The required South African Reserve Bank approval has been obtained for the declaration of the special dividend.

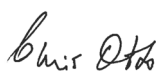
The salient dates of this special dividend distribution are:

Last day to trade cum dividend	Tuesday, 3 May 2022
Trading ex-dividend commences	Wednesday, 4 May 2022
Record date	Friday, 6 May 2022
Date of payment	Monday, 9 May 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 4 May 2022 and Friday, 6 May 2022, both days inclusive.

Any shareholder who is in doubt as to its tax status or position or any other matter, including, *inter alia*, any applicable exchange control requirement or the rate of dividend tax that may be applicable, should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

Signed on behalf of the board



Chris Otto
Chairman

Stellenbosch
12 April 2022



Johann le Roux
CEO and Financial director

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 28 February 2022

	Reviewed Feb 22 Rm	Audited Feb 21 Rm
Assets		
Investments (note 2)	3 257	5 724
Current income tax assets	5	2
Loans and advances	329	129
Trade and other receivables	6	15
Cash, money market investments and other cash equivalents	508	876
Assets held for sale (note 2)	3 174	
Total assets	7 279	6 746
Equity		
Total equity	7 168	6 662
Liabilities		
Deferred income tax liabilities	1	1
Employee benefits	2	4
Trade and other payables	108	79
Total liabilities	111	84
Total equity and liabilities	7 279	6 746
Net asset value per share (cents)	466.1	433.2
Tangible asset value per share (cents)	466.1	433.2

CONDENSED CONSOLIDATED INCOME STATEMENT

for the year ended 28 February 2022

	Reviewed Feb 22 Rm	Reviewed Feb 21 ¹ Rm
Net fair value (loss)/gain on investments (note 2)	(40)	119
Investment income (note 2)	86	66
Income		
Gain on deemed disposal and reacquisition of investments (note 2)		660
Other operating income	4	5
Expenses		
Marketing, administration and other expenses	(40)	(27)
Profit before finance costs and taxation	10	823
Finance costs		(49)
Profit before taxation	10	774
Taxation	(12)	(19)
(Loss)/profit for the year from continued operations	(2)	755
Profit for the year from discontinued operations	803	1 720
Profit for the year	801	2 475
Attributable to:		
Continued operations	(2)	755
Discontinued operations	803	1 720
	801	2 475
Earnings per share (refer note 3)		
Attributable – basic (cents)	52.1	152.8
Attributable – diluted (cents)	45.3	146.8

¹ Represented for discontinued operations detailed in note 2.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2022

	Reviewed Feb 22 Rm	Reviewed Feb 21 ¹ Rm
Profit for the year	801	2 475
Other comprehensive income for the year, net of taxation	–	536
<i>Items classified to profit or loss</i>		
Reclassification of foreign currency translation reserve		536
Total comprehensive income for the year	801	3 011
Attributable to:		
Continued operations	(2)	1 283
Discontinued operations	803	1 728
	801	3 011

¹ Represented for discontinued operations detailed in note 2.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2022

	Reviewed Feb 22 Rm	Audited Feb 21 Rm
Ordinary shareholders' equity at beginning of the year	6 662	7 974
Total comprehensive income for the year	801	3 011
Net movement in treasury shares		35
Transactions with non-controlling interests		(15)
Share buy-back		(426)
Other movements	12	2
Dividends paid	(307)	(3 919)
Ordinary shareholders' equity at end of the year	7 168	6 662
Non-controlling interests at beginning of the year		344
Deemed disposal and reacquisition of investments		(344)
Non-controlling interests at end of the year	–	–
Total equity	7 168	6 662

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2022

	Reviewed Feb 22 Rm	Reviewed Feb 21 ¹ Rm
Cash (utilised by)/generated from operations (note 4)	(14)	24
Investment income		
Continued operations	66	59
Discontinued operations	82	16
Finance cost		(47)
Taxation paid	(15)	(16)
Cash flow from operating activities	119	36
Proceeds from disposal of investments		6 716
Additions to investments		(25)
Cash and cash equivalents on deemed disposal of investments		(328)
Loans and advances granted	(180)	(124)
Repayment of loans and advances		3
Cash flow from investing activities	(180)	6 242
Share buy-back		(426)
Treasury shares sold		32
Dividends paid to shareholders of the parent	(307)	(3 919)
Borrowings repaid		(1 500)
Cash flow from financing activities	(307)	(5 813)
Net (decrease)/increase in cash and cash equivalents	(368)	465
Cash and cash equivalents at beginning of the year	876	411
Cash and cash equivalents at end of the year	508	876

¹ Represented for discontinued operations detailed in note 2.

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

These condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa. The JSE Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The condensed consolidated financial statements do not include all of the information required for full consolidated annual financial statements.

The accounting policies applied in the preparation of these condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the consolidated annual financial statements for the year ended 28 February 2021, as amended for the adoption of the various revisions to IFRS which are effective for the year ended 28 February 2022.

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty related mainly to the fair value of unlisted investments as detailed in detailed in Annexure A.

Preparation

These condensed consolidated financial statements were compiled under the supervision of the group chief executive officer and financial director, Mr JH le Roux, CA (SA), and have been reviewed by Zeder's external auditor, Deloitte & Touche, with a copy of their unmodified review conclusion attached hereto.

Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditor.

2. INVESTMENTS, ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

It was previously concluded that, with effect from 1 March 2020, Zeder had qualified as an Investment Entity per the IFRS 10 criteria. As a result, on such date, the group's existing subsidiaries (other than direct or indirect wholly-owned head office subsidiaries providing investment activities to Zeder) were deemed to be disposed of and re-acquired at fair value, with the resultant gain or loss being recognised as a non-headline item in the income statement. As required by IFRS 9, in accordance with IFRS 10, Zeder measures and classifies the majority of its financial assets as at fair value through profit or loss, with any resultant gain or loss recognised in investment valuation gains/losses. Fair value is determined in accordance with IFRS 13.

Zeder concluded that it continues to meet the definition of an Investment Entity, as its focus on value creation for its shareholders has not changed, and the performance of its investments is measured with reference to the fair value of each investment in Zeder's drive to meet its objective of value creation through capital appreciation, investment income or both.

Statement of financial position items carried at fair value include investments in equity instruments. The group applies a number of methodologies to determine and assess the reasonableness of the investments fair value, which may include the following:

- Earnings multiple, including EV/EBITDA and price/earnings (P/E) multiples.
- Market-related net asset value supported by third party valuations.
- Recent transaction prices, including closing quoted listed share prices.

The primary valuation models utilised for valuing unlisted portfolio investments are the EV/EBITDA multiple model and the market-related net asset value of investments, or a combination of both. The applicable EV/EBITDA multiple used is determined by considering the multiples of comparable listed companies and adjusting the multiple for company specific factors. The market-related net asset value used is dependent on independent third party valuations, using comparable sales within the area, less a cost to sell.

Refer to Annexure A for additional details on valuation inputs, per IFRS 13.

Investments and Assets held for sale

	Reviewed Feb 22 Rm	Audited Feb 21 Rm
Continued operations		
Zaad	2 037	2 010
The Logistics Group		1 325
Capespan	1 053	1 117
Kaap Agri		1 102
Agrivision Africa	146	146
Other	21	24
Total investments	3 257	5 724
Discontinued operations		
The Logistics Group	1 571	
Kaap Agri	1 603	
Total assets held for sale	3 174	–

2. INVESTMENTS, ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS CONTINUED

	Reviewed Feb 22				Reviewed Feb 21		
	Fair value 28 Feb 2021 ¹ Rm	Fair value gain/(loss) Rm	Fair value 28 Feb 2022 Rm	Investment (dividend) income Rm	Gain/(loss) upon deemed disposal and reacquisition of investments on 1 Mar 2020 ² Rm	Fair value gain/(loss) Rm	Investment (dividend) income Rm
Continued operations							
Zaad	2 010	27	2 037		152	(24)	
Capespan	1 117	(64)	1 053	44	582	118	
Agrivision Africa	146		146		(74)	(96)	
Quantum Foods ³			–			120	
Other	24	(3)	21	2		1	1
Total investments	3 297	(40)	3 257	46	660	119	1
Discontinued operations							
Pioneer Foods ³			–		1 297	60	
The Logistics Group ¹	1 325	246	1 571	35	(305)	297	
Kaap Agri ¹	1 102	501	1 603	47		355	16
Total assets held for sale	2 427	747	3 174	82	992	712	16
	5 724	707	6 431	128	1 652	831	17
Interest income on cash and cash equivalents and loans and advances				40			65
Total investment income				168			82

¹ Represented for discontinued operations, TLG Group and Kaap Agri.

² Gain on deemed disposal and reacquisition of investments due to change in investment entity status. As a result, the foreign currency translation reserves accounted for by subsidiaries were recycled to the profit or loss and included in the gain on deemed disposal and reacquisition of investments as well.

³ Fair value gain represents fair value gain on disposal of asset held for sale and discontinued operation.

Discontinued operations
Disposal of investment in The Logistics Group

Zeder announced on 12 November 2021 that the company, through its wholly-owned subsidiary, Zeder Financial Services, entered into an agreement with, *inter alia*, TLG Midco and TLG Acquisition Holdings, in terms of which Zeder Financial Services will sell all of its shares in the issued share capital of the TLG Group, comprising 98.22% of TLG Group's shares in issue for a disposal consideration of up to R1.57bn. As a result, the TLG Group was classified as an asset held for sale and a discontinued operation. Subsequent to year-end, Zeder shareholders approved the TLG Group disposal at a general meeting held on 15 March 2022, with the remaining suspensive conditions being fulfilled thereafter and the TLG Group disposal being implemented on 31 March 2022.

Unbundling of Kaap Agri shareholding

On 28 February 2022, the Zeder board resolved to unbundle 31 286 956 Kaap Agri shares, comprising approximately 42.2% of the total issued share capital of Kaap Agri, to Zeder shareholders by way of a *pro rata* distribution *in specie*, in the ratio of 1 Kaap Agri share for every 49.22692 Zeder shares held, subject to the condition precedent that the Financial Surveillance Department of the South African Reserve Bank approves the unbundling. As a result, Kaap Agri was classified as an asset held for sale and a discontinued operation. Subsequent to year-end the aforementioned condition precedent was met and the Kaap Agri shareholding was unbundled, effective on 4 April 2022.

Discontinued operations – Income statement

	Reviewed Feb 22 Rm	Reviewed Feb 21 Rm
Net fair value gains on investments	747	712
Gain on deemed disposal and reacquisition of investments		992
Investment income	82	16
Transaction cost	(26)	
Profit for the year from discontinued operations	803	1 720

2. INVESTMENTS, ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS CONTINUED

Financial risk factors

The group's activities as an Investment Entity expose it mainly to market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk applicable, to trade and receivables.

The condensed consolidated financial statements do not include all financial risk management information and disclosures set out in the consolidated annual financial statements, and therefore they should be read in conjunction with the consolidated annual financial statements for the year ended 28 February 2021. Risk management continues to be carried out throughout the group under policies approved by the respective boards of directors.

Price risk

The information below analyses financial assets and financial liabilities, which are carried at fair value, by level of hierarchy as required by IFRS 13. The different levels in the hierarchy are defined below:

Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

Level 2

Financial instruments that trade in markets that are not considered to be active, but are valued (using valuation techniques) based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include over-the-counter traded financial instruments. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. If all significant inputs in determining an instrument's fair value are observable, the instrument is included in level 2.

Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Investments classified within level 3 have significant unobservable inputs, as they trade infrequently.

There have been no significant transfers between level 1, 2 or 3 during the period under review and the valuation techniques and inputs used to determine fair values of other financial assets and liabilities are similar to those disclosed in the consolidated annual financial statements for the period ended 28 February 2021.

The fair value of financial assets and liabilities carried at amortised cost approximates their fair value, while those measured at fair value in the statement of financial position can be summarised as follows:

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
28 Feb 2022 (reviewed)				
Assets				
Investments			3 257	3 257
Cash and cash equivalents – money market fund	66			66
Assets held for sale – Investments	1 603		1 571	3 174
	1 669		4 828	6 497
Opening balance			4 622	
Fair value gains			206	
28 Feb 2021 (audited)				
Assets				
Investments	1 102		4 622	5 724
Cash and cash equivalents – money market fund	271			271
	1 373	–	4 622	5 995
Opening balance			29	
Deemed disposal and reacquisition of investments			4 293	
Additions			4	
Fair value gains			296	

There are no financial liabilities measured at fair value (2021: Rnil).

3. HEADLINE EARNINGS AND DIVIDEND PER SHARE

	Reviewed Feb 22 Rm	Reviewed Feb 21 Rm
Attributable earnings	801	2 475
Non-headline items	–	(1 832)
<i>Gross amounts</i>		
Gain on deemed disposal and reacquisition of investments (note 2)		
Continued operations		(660)
Discontinued operations		(992)
Fair value gain on disposal of assets held for sale (note 2)		
Continued operations		(120)
Discontinued operations		(60)
Headline earnings	801	643
Continued operations	(2)	(25)
Discontinued operations	803	668
During the previous year, the change in Investment Entity status resulted in the non-headline item of R1.65bn, relating to the fair value adjustment to the investment, with effect from 1 March 2020. Refer to investments note 2, for a reconciliation.		
Dilutive earnings		
Headline	700	550
Attributable	700	2 382
Earnings per share (cents)		
Headline (basic)	52.1	39.7
Continued operations	(0.1)	(1.6)
Discontinued operations	52.2	41.3
Headline (diluted)	45.3	33.8
Continued operations	(2.8)	(5.1)
Discontinued operations	48.1	38.9
Attributable (basic)	52.1	152.8
Continued operations	(0.1)	46.6
Discontinued operations	52.2	106.2
Attributable (diluted)	45.3	146.8
Continued operations	(2.8)	43.0
Discontinued operations	48.1	103.8
Dividends per share (cents)		
Special dividend per share – declared 13 April 2021, paid on 10 May 2021 (2021: declared on 1 April 2020, paid on 28 April 2020)	20.0	230.0
Number of shares (million)		
In issue	1 543	1 543
In issue (<i>net of treasury shares</i>)	1 538	1 538
Weighted average	1 538	1 619
Diluted weighted average	1 546	1 623

4. CASH (UTILISED BY) GENERATED FROM OPERATIONS

	Reviewed Feb 22 Rm	Reviewed Feb 21 ¹ Rm
Profit before taxation		
Continued operations	10	774
Discontinued operations	803	1 720
Investment income (note 2)		
Continued operations	(86)	(66)
Discontinued operations	(82)	(16)
Finance costs		49
Gain on deemed disposal and reacquisition of subsidiaries (note 2)		
Continued operations		(660)
Discontinued operations		(992)
Net fair value loss/(gain) on investments (note 2)		
Continued operations	40	(119)
Discontinued operations	(747)	(712)
Reversal of impairment		(3)
Other non-cash items	12	(1)
	(50)	(26)
Changes in working capital and other financial instruments	36	50
Cash (utilised)/generated from operations	(14)	24

¹ Represented for discontinued operations detailed in note 2.

5. SEGMENTAL REPORTING

The group is organised in five reportable segments, representing the major investments of the group, mainly Zaad, The Logistics Group, Capespan, Kaap Agri and Agrivision Africa.

All segments operate predominantly in South Africa. However, the group has exposure to operations outside of South Africa through, *inter alia*, Zaad, The Logistics Group, Capespan and Agrivision Africa.

SOTP value remains a key tool used to measure Zeder's performance pursuant to its objective of shareholder value creation through, *inter alia*, capital appreciation. In determining the *SOTP value*, JSE-listed investments are valued using quoted market prices, whereas unlisted assets are valued internally using appropriate valuation methods.

The segments' performance can be analysed as set out below and also in Annexure A:

	Fair value gains/(losses) on investments Rm	Investment (dividend) income Rm	Other income and expenses Rm	Headline earnings Rm	<i>SOTP value</i> Rm
28 Feb 2022 (reviewed)					
Continued operations					
Zaad	27		20	47	2 037
Capespan	(64)	44		(20)	1 053
Agrivision Africa				–	146
Other	(3)	2		(1)	21
Discontinued operations					
The Logistics Group	246	35	(26)	255	1 571
Kaap Agri	501	47		548	1 603
Unallocated (mainly head office)			(16)	(16)	
Cash and cash equivalents					508
Other net assets					229
Total				813	7 168
Taxation				(12)	
Profit for the year				801	
Continued operations				(2)	
Discontinued operations				803	
<i>SOTP value</i> per share (rand)					4.66

	Fair value gains/(losses) on investments Rm	Investment (dividend) income Rm	Other income and expenses Rm	Headline earnings Rm	<i>SOTP value</i> Rm
28 Feb 2021 (reviewed)					
Continued operations					
Zaad	(24)		6	(18)	2 010
Capespan	118			118	1 117
Agrivision Africa	(96)			(96)	146
Other	1	1		2	24
Discontinued operations					
The Logistics Group	297			297	1 325
Kaap Agri	355	16		371	1 102
Unallocated (mainly head office)			(12)	(12)	
Cash and cash equivalents					876
Other net assets					62
Total				662	6 662
Non-headline items (note 3)				1 832	
Taxation				(19)	
Profit for the year				2 475	
Continued operations				755	
Discontinued operations				1 720	
<i>SOTP value per share (rand)</i>					<u>4.33</u>

6. CAPITAL COMMITMENTS, CONTINGENCIES AND SURETYSHIPS

Capital commitments, contingencies and suretyships similar to those disclosed in the consolidated annual financial statements for the year ended 28 February 2021 remained in effect during the year under review.

7. RELATED-PARTY TRANSACTIONS

Related-party transactions similar to those disclosed in the consolidated annual financial statements for the year ended 28 February 2021 took place during the year under review, although they will not impact the fair value basis that these financials were compiled on. During the year, Zeder advanced an additional R180m to Zaad. As at 28 February 2022, the amount of R326m is outstanding. The loan carries interest at prime and is repayable by 30 June 2022. Included in the group's investment income is R20m interest income from Zaad.

8. EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to year-end, the condition precedent regarding the unbundling of the Kaap Agri shareholding, was met and the Kaap Agri shareholding was unbundled, effective on 4 April 2022. In addition, Zeder shareholders approved the disposal of the investment in the TLG Group at a general meeting held on 15 March 2022, with the remaining suspensive conditions being fulfilled thereafter and the TLG Group disposal being implemented on 31 March 2022.

Subsequent to year-end, Zeder declared a gross special dividend of 92.5 cents per share (payable on 9 May 2022). The Zeder board is considering converting the outstanding Zeder loan of R326m to Zaad into equity via a rights issue.

Apart from the above, the directors are unaware of any matter or event which is material to the financial affairs of the group that has occurred between the end of the reporting year and the date of approval of the condensed consolidated financial statements.

ANNEXURE A: SOTP VALUE

for the year ended 28 February 2022

Investment	Feb 22		Country of incorporation ²	Nature of business	Listed/unlisted	Classification at Feb 22	Reviewed				Valuation method	Fair value	
	Voting rights ¹ %	Number of shares held m					SOTP value			Categorisation		R/share	
							Feb 21 Rm	Movement Rm	Feb 22 Rm	Portion %			
Continued operations													
Zaad	96.9	33.0	South Africa ³	Specialist agricultural seed and agrochemical company	Unlisted	Subsidiary	2 010	27	2 037	32	EV/EBITDA multiple (note A)	Level 3	61.67
Capespan	94.6	356.9	South Africa ⁵	Fruit marketing and farming	Unlisted	Subsidiary	1 117	(64)	1 053	16	Market-related net asset value underpinned by farming operations including P/E multiple on other operations (note A)	Level 3	2.95
Agrivision Africa	56.0	1.0	Mauritius ⁶	Farming and milling operation	Unlisted	Subsidiary	146		146	2	Market-related net asset value underpinned by farming & milling operations (note A)	Level 3	140.54
Other				Various	Unlisted	Various	24	(3)	21	1	Refer note D	Level 3	
Discontinued operations													
The Logistics Group	98.2	362.4	South Africa ⁴	Integrated logistics provider	Unlisted	Subsidiary	1 325	246	1 571	24	Recent transaction price (note B)	Level 3	4.34
Kaap Agri	42.3	31.3	South Africa ⁴	Retail and agricultural trade services group	Listed	Subsidiary	1 102	501	1 603	25	Closing JSE-listed share price (note C)	Level 1	51.20
Total investments							5 724		6 431	100			
Cash and cash equivalents							876		508				
Other net assets							62		229				
Total SOTP value							6 662		7 168				
SOTP value per share (rand)							4.33		4.66				
Fair value gains/(losses) from investments (note 2)								707					

¹ Voting rights equal economic interests, except for Kaap Agri where economic interest amounts to 44.5%.

² Principle place of business is the country of incorporation, unless otherwise stated.

³ Operating via subsidiaries in Southern Africa, Europe and the Middle East.

⁴ Operating via subsidiaries in Southern Africa. The Logistics Group and Kaap Agri classified as a discontinued operation and an asset held for sale.

⁵ Operating via various subsidiaries throughout the world.

⁶ Operating via subsidiaries in Zambia.

ANNEXURE A: SOTP VALUE (continued)
for the year ended 28 February 2022
Valuation inputs: additional details in respect of the investment portfolio entities, per IFRS 13 Fair Value disclosure:
Note A – unlisted investments:

For an overall description with regards to the valuation methods and judgements applied refer to note 2.

Level 3 unobservable inputs and additional information	EBITDA Rm	EV/EBITDA multiple ⁷ times	Net debt and cash Rm	Recurring headline earnings ⁸ Rm	P/E multiple ⁷ times	Comparable market prices ⁹ per hectare	Market-related net asset value ¹⁰ Rm	Net company specific discounts %	Implied P/E multiple times
28 Feb 22 (reviewed)									
Zaad ¹¹	379		(1 274)	177					11.0-12.0
Seed	240	10.0-11.0	(961)	123				2.5	
Chemical	139	6.0-7.0	(313)	54				2.5	
Capespan ¹²									
Mainly South African farming assets						R0.2m-R1.1m	1 504	30.0	
Other operations				8	5.0				
Agrivision Africa (USDm) ¹³						\$3 000-\$6 000	42	75.0	

⁷ EV/EBITDA and P/E ratio's comparable to other similar companies, adjusted for company specific factors that include a combination of liquidity, marketability, and minority/controller discount/premiums, where applicable.

⁸ Recurring headline earnings is calculated on a see-through basis. The investment's recurring headline earnings is the sum of its effective interest in the recurring headline earnings of each of its underlying operations and represent its sustainable earnings.

⁹ Comparable market prices per hectare include pome, citrus, grapes and maize farm land valuations, obtained from an independent third-party valuator, measured against the comparable sales.

¹⁰ Valuations based on market-related net asset values of underlying assets, determined by reference to the comparable market prices per hectare, adjusted for company specific factors, that include, inter alia, liquidity and marketability discounts as well as a net asset value discount attributed to the appetite for primary farming assets and the ability of the company to realise these assets at market-related net asset values. This excludes the fair value of other operations, in the case of Capespan, that is valued on an earnings multiple.

¹¹ Represents the 12 months ending 30 June 2021, after the recent change in year-end. The specific sector which Zaad operates in is generally characterised by valuations that translate into high earnings multiples, due to their unique product offerings developed through its own research and development divisions and their widespread presence in international markets. Zaad is earnings generative and thus valued on a EV/EBITDA multiple, comparable to other similar companies, adjusted for company specific factors that include a combination of, inter alia, liquidity, marketability, and minority/controller discount/premiums, where applicable. The Zaad group consists of two divisions which operate on a global scale namely a Seed and Chemical business. It should be noted that the EBITDA include the EBITDA of associates. In terms of the valuation of Zaad, the focus in the calculation of the valuation was on the historical audited financial year end 31 January 2021 and 12 months to 30 June 2021 audited results, but also taking into account the interim 31 December 2021 year to date reported results in comparison to the budget and prior year comparative interim 31 December 2020 results. In addition, the 30 June 2022 management forecasts were also considered, but not a driver of the valuation at Zeder's year end.

¹² Represents the year ended 31 December 2021. Capespan is an asset-heavy business with large Southern African fruit farming operations and an international fruit marketing capability. Capespan has an asset value under-pin, given the number of farms that it owns. Given the asset intense investment and inconsistent earnings, it remains appropriate to value Capespan on a market-related net asset value basis (fair value less cost to sell). These valuations are supported by third party valuations and/or comparable sales, adjusted for company specific factors, that include, inter alia, liquidity and marketability discounts as well as a net asset value discount, attributed to the appetite for primary farming assets and the ability of the company to realise these assets at market-related net asset values. Associates of Capespan, which are earnings generative, are valued on a P/E multiple, based on comparable sales of similar associates, adjusted for company specific factors, that include a combination of, inter alia, liquidity, marketability, and minority discount. Not included in above table, based on an independent third-party valuer, a valuation of a fruit packing facility with cold storage based on a discounted cash flow model, with the following inputs: Net profit of R18m, represented by affordable net annual rent; capitalisation rate of 11%; and with a property value of R160m. Sensitivity on the capitalisation rate: A 1% increase would result in a R13m decrease and a 1% decrease would result in a R16m increase in estimated value.

¹³ Represents the year ended 31 December 2021. Agrivision Africa is an asset-heavy farming and milling business in Zambia. Given the asset intense investment and lack of consistent earnings, it remains appropriate to value Agrivision Africa on a market related net asset value basis (fair value less cost to sell). These valuations are supported by appropriate third party valuations or by comparable sales, adjusted for company specific factors, that include liquidity and marketability discounts as well as a net asset value discount, attributed to the appetite for primary farming assets and the ability of the company to realise these assets at market-related net asset values. As a result of the constrained operating environment and very few comparable farm sales, a significant discount was applied to the market-related net asset value calculation to take into account the distressed asset nature, rather than going concern.

Note B – unlisted investments – discontinued operations:

Zeder's investments in The Logistics Group was valued at R1.57bn, based on a 100% equity valuation for TLG Group of R1.6bn. The total disposal consideration of R1.57bn, comprising of an initial disposal consideration of R1.35bn, which has been received subsequent to year-end, and earn-out payments totalling R218m, payable in cash. The earn-out payments are generally linked to certain extensions and or renewals of agreements and the timing of these extensions cannot be determined upfront even though they are not linked to any profit warranty. Extension/renewal of agreement relating to an earn-out payments, amounting to R218m, have been estimated to be concluded in the financial year ending 28 February 2023, but there is no certainty regarding same.

Note C – listed investments:

Kaap Agri is valued using the its closing JSE-listed share price.

Note D – other unlisted investments:

Certain equity securities included in other as at the most recent reporting date consisted of the unquoted equity securities. The unquoted equity securities include advances which are linked to equity securities that trade infrequently in over-the-counter markets. In terms of these agreements, the group is entitled to the majority of the increase in the market value of the underlying over-the-counter traded equity securities and the dividends received on these securities. The advances are carried at the fair value of the underlying over-the-counter traded equity securities. The rest include a 32.4% interest in Clean Air Nurseries, an associate, valued at the loans converted to equity during the previous year as this is still a start-up enterprise. The investment in Clean Air Nurseries was impaired in full during the year. As at 28 February 2022, based on the assumption that the over-the-counter prices of the traded equity securities were 20% higher/lower for the full year, the fair value would have been R3m higher/lower than the current fair value.

Post-tax profit sensitivity analysis:

	Increase Rm	Decrease Rm
28 Feb 2022 (reviewed)		
Closing JSE-listed share price (5%)	80	(80)
EV/EBITDA (1x)	379	(379)
Multiple discounts (5%)	15	(15)
Comparable market prices per hectare (10%)	78	(78)
Net asset value discounts (5%)	(60)	60

The change in valuation disclosed in the above tables shows the relative increase or decrease in the input variables deemed to be subject to the most judgement and estimate, and respective impact on the fair value presented in the condensed consolidated financial statements. An increase in the EBITDA multiple and control premium inputs, would lead to an increase in the estimated value. However an increase in the discount due to the lack of liquidity and market ability and minority discount inputs, would lead to a decrease in the estimated value. An increase in the comparable market prices per hectare, would lead to an increase in the estimated value. However an increase in the net asset value discount, would lead to a decrease in the estimated value.

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF *ZEDER INVESTMENTS LIMITED*

We have reviewed the condensed consolidated financial statements of Zeder Investments Limited, contained in the accompanying preliminary financial report, which comprise the condensed consolidated statement of financial position as at 28 February 2022, the condensed consolidated income statement and the condensed consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require condensed consolidated financial statements contained in a preliminary report to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and *Financial Pronouncements as issued by Financial Reporting Standards Council* and to also, as a minimum, contain the information required by International Accounting Standard (IAS) 34, *Interim Financial Reporting*.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.



National Executive: *LL Bam Chief Executive Officer *R Redfearn Chief Executive Officer - Elect *TMM Jordan Deputy Chief Executive Officer; Clients & Industries
*MJ Jarvis Chief Operating Officer; Acting Tax & Legal *AF Mackie Audit & Assurance *MR Verster Consulting *TA Odukoya Financial Advisory *N Sing Risk Advisory
*JK Mazzocco People & Purpose MG Dicks Risk Independence & Legal *A Muraya Responsible Business & Public Policy DP Ndlovu Chair of the Board

Regional Leader: MN Alberts

A full list of partners and directors is available on request

* Partner and Registered Auditor

B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.


The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly we do not express an audit opinion on these financial statements.

Other matters

The consolidated financial statements of Zeder Investments Limited for the year ended 28 February 2021, was audited by another auditor who expressed an unmodified opinion on those statements on 26 May 2021.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Zeder Investments Limited for the year ended 28 February 2022 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

DocuSigned by:

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Deloitte & Touche
Registered Auditor

Per: JHW de Kock

Partner

Date: 12 April 2022

ZEDER INVESTMENTS LIMITED

Incorporated in the Republic of South Africa
(Registration number: 2006/019240/06)
JSE Ltd ("JSE") share code: ZED
ISIN number: ZAE000088431
LEI: 37890022AF5FD117D649
("Zeder", "company" or "the group")

DIRECTORS

CA Otto[#] (Chairman), JH le Roux* (CEO & FD), S Cassiem[#], WL Greeff, NS Mjoli-Mncube[#], PJ Mouton
* *executive*

[#] *independent non-executive*

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SPONSOR

PSG Capital Proprietary Limited

INDEPENDENT JOINT SPONSOR

Tamela Holdings Proprietary Limited

AUDITOR

Deloitte & Touche

DATE OF ANNOUNCEMENT

13 April 2022