



ZEDER

INVESTMENTS LIMITED

INTERIM RESULTS AUGUST 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 R3.61bn on 31 August 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

Category 2 disposal of investment in Agrivision Africa

Zeder announced on 29 August 2022 that the company, through its wholly-owned subsidiary, Zeder Financial Services, entered into an agreement with Zeder Africa and ForAfrica, in terms of which Zeder Financial Services will dispose of all of its shares in Zeder Africa, comprising 100% of Zeder Africa's shares in issue, to ForAfrica for a disposal consideration of R160m ("Disposal").

Zeder Africa holds 56.0% of the issued shares (*net of treasury shares*) in Agrivision Africa.

The disposal consideration has been paid into an escrow account in cash and will be held in escrow until the closing date of the Disposal. Certain conditions precedent must be fulfilled or waived (to the extent legally permissible) by 30 November 2022, which date may be extended by agreement between the parties. The effective date of the Disposal is anticipated as being on or about 15 December 2022.

Agrivision Africa has been a challenging investment for Zeder due to a number of reasons including, the volatility of the agricultural landscape in Zambia and certain operational and macro challenges specific to Zambia over the past number of years. Zeder's focus over the past 24 months was on improving operational efficiencies and reducing debt at Agrivision Africa, and these actions have now enabled a clean exit from the investment.

The Disposal is consistent with Zeder's strategic review and pursuant to the evaluation of approaches received by Zeder on various portfolio assets.

Unbundling of Kaap Agri shareholding

Effective 4 April 2022, Zeder unbundled 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.

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.

Category 1 disposal of investment in The Logistics Group

Effective 31 March 2022, Zeder, through its wholly-owned subsidiary, Zeder Financial Services, disposed of all of its shares in the issued share capital of The Logistics Group ("TLG"), comprising 98.22% of TLG's shares in issue for a disposal consideration of up to R1.57bn.

The initial disposal consideration of R1.35bn was received on 31 March 2022, and a further provision was made for two additional earn-out payments totalling R218m, payable in cash. Subsequent to the interim reporting period, an amount of R178m was received in respect of one of the earn-out payments. The remaining earn-out payment is generally linked to an extension and or renewal of an agreement and not associated to any profit guarantee. The timing of the remaining extension 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.

Zeder special dividends

Zeder declared a gross special dividend of 92.5 cents per share (R1.42bn) to Zeder shareholders, which was paid on 9 May 2022. In addition, a further gross special dividend of 10.0 cents per share (R154m) was declared as part of the interim results.

CONDENSED UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2022 CONTINUED

STRATEGIC FOCUS

Zeder's objective remains to maximise long-term wealth for its shareholders.

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

The Kaap Agri unbundling, TLG disposal and other 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. Since then Zeder returned value of R4.56 per share to Zeder shareholders, by way of special dividends of R3.53 per share and an additional R1.03 per share in terms of the recent Kaap Agri unbundling, as set out below, whilst still retaining a Zeder share at the current market price of R1.89 per share and with a *SOTP value* per share of R2.69, as at 3 October 2022:

	28 Feb 2019	Unbundling/ Special dividend
Zeder share price	4.23	
Value per share to Zeder shareholders		4.56
Zeder special dividend – Feb 2020		2.30
Zeder special dividend – Feb 2022		0.20
Value of Unbundling of Kaap Agri		1.03
Zeder special dividend – Feb 2022		0.93
Zeder special dividend – Aug 2022		0.10
Value to Zeder shareholders (Rm)		7 413

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, decreased during the period to R2.69 as at 31 August 2022. The decrease was mainly as a result of the unbundling of the Kaap Agri investment and the payment of the 92.5 cents per share special dividend (R1.42bn) on 9 May 2022 out of cash reserves.

Company	28 Feb 2022		31 Aug 2022		3 Oct 2022	
	Interest (%)	Rm	Interest (%)	Rm	Interest (%)	Rm
Zaad	96.9	2 037	97.4	2 384	97.4	2 384
The Logistics Group	98.2	1 571				
Capespan	94.6	1 053	93.0	1 046	93.0	1 046
Kaap Agri	42.3	1 603				
Agrivision Africa	56.0	146	56.0	160	56.0	160
Other		21		15		15
Total investments		6 431		3 605		3 605
Cash and cash equivalents		508		442		617
Other net assets and liabilities		229		95		(79)
SOTP value		7 168		4 142		4 143
Number of shares in issue (<i>net of treasury shares</i>) (million)		1 538		1 540		1 540
SOTP value per share (rand)		4.66		2.69		2.69

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 lagging impact of Covid and the Russia-Ukraine conflict on the global economy and financial markets remains evident.

While the SOTP calculation is indicative of the value of Zeder's underlying portfolio of net assets, 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

The interim reporting period traditionally represents the lesser half of the portfolio's annual earnings as this period reflects the annual input-cost cycle associated with many of our agriculture investments, as well as the softer half of the annual consumer sales and spending cycles associated with our other investments. This is especially relevant at Capespan, where year-on-year comparisons at the interim stage of reporting may, therefore, reflect seasonal variances.

Our remaining portfolio companies as a whole has proven resilient during the Covid recovery period. The lagging effect of Covid and the Ukraine/Russia conflict has led to a higher inflationary environment, putting margins under pressure. The mostly favourable agricultural conditions have however resulted in a better performance across a large part of the portfolio, with the majority having reported acceptable earnings under difficult trading conditions.

Zaad (97.4%)

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 to June, in order to better align the financial reporting requirements to fall outside the key summer crop cycle. The group delivered an improved performance and Zaad reported recurring headline earnings of R240m for its year ended 30 June 2022, an increase of 31.7% per share from the corresponding prior year.

This increase in earnings was off the back of promising performances from FarmAg (agro-chemicals), Agricol and May Seed (Turkey) and successful management interventions undertaken during this time. The African operations performed satisfactorily and operating conditions in many of the countries remain challenging. Bakker Brothers, based in the Netherlands, is still in a recovery phase post Covid. The business was negatively affected as a result of the limitations and restrictions on cross border trade into North Africa and the Middle East. EA Seeds is a new addition to the Zaad group and even though the business was negatively impacted due to adverse weather patterns, we are excited about the opportunities this investment poses for the Zaad group. Zaad management 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 period under review, Zeder accounted for a fair value gain of R17m in respect of its investment in Zaad.

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

Capespan (93.0%)

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 six month period ended 30 June 2022, Capespan reported a loss of R63m, from the prior comparative period loss of R56m. The loss at interim is as expected, as the interim reporting period primarily represents Capespan's annual input-cost cycle.

The fresh fruit industry remains under pressure, largely because of significant input- and supply chain cost pressures. The increased costs have a negative impact on price realisations from the international fresh produce markets. These are industry wide challenges and not unique to Capespan.

The Capespan pome farming division performed well with significantly improved volumes. The increased volumes have helped to compensate for lower price realisations. The citrus division was negatively affected by strikes in certain farming areas and unfortunately did not have increased volumes realised from the citrus farms. In addition, there has been further challenges in terms of the important European Union export markets during the year. The lower citrus volumes, combined with lower prices and high logistical costs will result in a challenging year for Capespan's citrus farming division.

Despite extremely challenging conditions, Capespan remains well positioned with a strong balance sheet, world class farming assets and an experienced management team. The challenging conditions in the industry world-wide will bring opportunities for Capespan to expand and enhance its footprint.

During the period under review, Zeder accounted for a fair value loss of R7m in respect of its investment in Capespan.

Further information can be viewed at www.capespan.com

PROSPECTS AND OUTLOOK

Zeder remains focused on growing its remaining investee companies. Our immediate focus will remain on ensuring that our existing companies position themselves competitively, maintain market shares and conserve balance sheets while continuously driving for operational and cash generation improvements.

This, combined with the healthy cash reserves on hand and focus on additional value unlock strategies, should allow us to deliver attractive returns.

SPECIAL DIVIDEND

Zeder's dividend policy remains to pay dividends conditional on the group having sufficient reserves to fund its operations and investees' growth plans (if required).

Accordingly, shareholders are advised that the Zeder board has approved and declared a non-recurring special gross dividend of 10.0 cents per share, from income reserves ("special dividend"), subject to the required South African Reserve Bank approval being obtained for the declaration of the special dividend ("condition"). The special dividend amount, net of South African dividend tax of 20%, is 8.0 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 salient dates of this special dividend distribution are as set out below, on the basis that the condition has been fulfilled by 25 October 2022:


Declaration date	Wednesday, 12 October 2022
Finalisation date anticipated to be on	Tuesday, 25 October 2022
Last day to trade <i>cum</i> dividend	Tuesday, 1 November 2022
Trading <i>ex-dividend</i> commences	Wednesday, 2 November 2022
Record date	Friday, 4 November 2022
Date of payment	Monday, 7 November 2022

To the extent that the condition is not fulfilled by 25 October 2022, a further announcement will be released by the company to inform shareholders thereof and to provide an updated timetable in respect of the special dividend.

Share certificates may not be dematerialised or rematerialised between Wednesday, 2 November 2022 and Friday, 4 November 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



Johann le Roux
Chief executive officer and financial director

Stellenbosch
12 October 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2022

	Unaudited		Audited
	31 Aug 22 Rm	31 Aug 21 Rm	28 Feb 22 Rm
Assets			
Investments (note 2)	3 445	6 122	3 257
Current income tax assets		3	5
Loans and advances (note 7)	2	323	329
Proceeds from disposal of investment subject to earn-out payments (note 2)	208		
Trade and other receivables	7	8	6
Cash, money market investments and other cash equivalents	442	476	508
Assets held for sale (note 2)	160		3 174
Total assets	4 264	6 932	7 279
Equity			
Total equity	4 142	6 844	7 168
Liabilities			
Deferred income tax liabilities		3	1
Employee benefits	3	2	2
Trade and other payables	108	83	108
Current income tax liability	11		
Total liabilities	122	88	111
Total equity and liabilities	4 264	6 932	7 279
Net asset value per share (cents)	269.0	445.0	466.1
Tangible asset value per share (cents)	269.0	445.0	466.1

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 AUGUST 2022

	Unaudited		Audited
	31 Aug 22 6 months Rm	31 Aug 21 ¹ 6 months Rm	28 Feb 22 12 months Rm
Net fair value gain/(loss) on investments (note 2)	9	4	(40)
Investment income (note 2)	22	69	86
Income			
Other operating income	2	2	4
Expenses			
Marketing, administration and other expenses	(20)	(24)	(40)
Profit before taxation	13	51	10
Taxation	(10)	(9)	(12)
Profit/(loss) for the period from continued operations	3	42	(2)
(Loss)/profit for the period from discontinued operations	(210)	441	803
(Loss)/profit for the period²	(207)	483	801
Attributable to:			
Continued operations	3	42	(2)
Discontinued operations	(210)	441	803
	(207)	483	801
Earnings per share (refer note 3)			
Attributable – basic (cents)	(13.5)	31.4	52.1
Attributable – diluted (cents)	(15.1)	25.5	45.3

¹ Represented for discontinued operations detailed in note 2.

² The group had no other comprehensive income during the periods under review.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 AUGUST 2022

	Unaudited		Audited
	31 Aug 22 6 months Rm	31 Aug 21 6 months Rm	28 Feb 22 12 months Rm
Equity at beginning of the period	7 168	6 662	6 662
(Loss)/profit for the period	(207)	483	801
Share-based payment costs – <i>employees</i>	5	6	12
Dividends paid	(1 421)	(307)	(307)
Unbundling of Kaap Agri	(1 403)		
Equity at end of the period	4 142	6 844	7 168

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 AUGUST 2022

	Unaudited		Audited
	31 Aug 22 6 months Rm	31 Aug 21 ¹ 6 months Rm	28 Feb 22 12 months Rm
Cash utilised by operations (note 4)	(15)	(7)	(14)
Investment income			
Continued operations	18	55	66
Discontinued operations		47	82
Taxation paid	(13)	(8)	(15)
Cash flow from operating activities	(10)	87	119
Proceeds from disposal of investments (note 2)	5		
Proceeds from disposal of assets held for sale (note 2)	1 359		
Loans and advances granted		(180)	(180)
Repayment of loans and advances	1		
Cash flow from investing activities	1 365	(180)	(180)
Dividends paid to shareholders	(1 421)	(307)	(307)
Cash flow from financing activities	(1 421)	(307)	(307)
Net decrease in cash and cash equivalents	(66)	(400)	(368)
Cash and cash equivalents at beginning of the period	508	876	876
Cash and cash equivalents at end of the period	442	476	508

¹ Represented for discontinued operations detailed in note 2.

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

These condensed consolidated interim financial statements are prepared in accordance with the requirements of the Companies Act of South Africa and the JSE Listings Requirements for interim reports. The JSE Listings Requirements require interim 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 and Financial Reporting 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 accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of IFRS and consistent with those previously applied in the prior year's consolidated annual financial statements for the year ended 28 February 2022. The group adopted other various revisions to IFRS which are effective for its financial year ending 28 February 2023 however, these revisions have not resulted in material changes to the group's reported financial interim results or disclosures.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty are similar to those detailed in the consolidated annual financial statements for the year ended 28 February 2022 and related mainly to determining the fair value of investments as detailed in Annexure A.

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

Preparation

The condensed consolidated interim financial statements were compiled under the supervision of the group financial director, Mr JH le Roux, CA (SA), and were not reviewed or audited by the group's external auditor, Deloitte & Touche. Any reference to future financial performance included herein, has not been reviewed or reported on by the company's external auditor.

2. INVESTMENTS, ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Zeder concluded that it continues to meet the definition of an Investment Entity, as its focus on wealth 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 maximising wealth through capital appreciation, investment income or both.

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.

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

	Unaudited		Audited
	31 Aug 22 Rm	31 Aug 21 Rm	28 Feb 22 Rm
Continued operations			
Zaad	2 384	2 010	2 037
The Logistics Group		1 430	
Capespan	1 046	1 117	1 053
Kaap Agri		1 391	
Agrivision Africa		146	146
Other	15	28	21
Total investments	3 445	6 122	3 257
Discontinued operations			
The Logistics Group			1 571
Kaap Agri			1 603
Agrivision Africa	160		
Total assets held for sale	160	–	3 174
	3 605	6 122	6 431

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

	Aug 22 (Unaudited)				Investment (dividend) income Rm
	Fair value 28 Feb 22 Rm	Fair value gain/(loss) Rm	Additions/ (disposals/ unbundling) Rm	Fair value 31 Aug 22 Rm	
Continued operations					
Zaad	2 037	17	330	2 384	
Capespan	1 053	(7)		1 046	
Other	21	(1)	(5)	15	1
Sub-total	3 111	9	325	3 445	1
Discontinued operations					
The Logistics Group	1 571		(1 571)		
Kaap Agri	1 603	(193)	(1 410)		
Agrivision Africa ¹	146	14		160	
Sub-total	3 320	(179)	(2 981)	160	–
	6 431	(170)	(2 656)	3 605	1
Interest income on cash and cash equivalents and loans and advances					21
Total investment income					22

	31 Aug 21 (Unaudited)		28 Feb 22 (Audited)	
	Fair value gain/(loss) Rm	Investment (dividend) income Rm	Fair value gain/(loss) ² Rm	Investment (dividend) income ² Rm
Continued operations				
Zaad			27	
Capespan		44	(64)	44
Other	4		(3)	2
Sub-total	4	44	(40)	46
Discontinued operations				
The Logistics Group	105	35	246	35
Kaap Agri	289	12	501	47
Sub-total	394	47	747	82
	398	91	707	128
Interest income on cash and cash equivalents and loans and advances		25		40
Total investment income		116		168

¹ Agrivision Africa classified as a discontinued operation and an asset held for sale during the current period under review. Previous periods under review represented as discontinued operations.

² The Logistics Group and Kaap Agri classified as a discontinued operation and an asset held for sale during the 28 February 2022 period under review. 31 August 2022 period under review now represented as discontinued operations.

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

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 Logistics Group, comprising 98.22% of The Logistics Group's shares in issue for a disposal consideration of up to R1.57bn. As a result, The Logistics Group was classified as an asset held for sale and a discontinued operation during the 28 February 2022 period under review. The Logistics Group disposal was implemented on 31 March 2022.

The total disposal consideration of R1.57bn, comprise of an initial disposal consideration of R1.35bn, which was received in cash on 31 March 2022, and a further provision for two additional earn-out payments totalling R218m, payable in cash. Subsequent to the interim reporting period, an amount of R178m was received in respect of one of the earn-out payments. The remaining earn-out payment is generally linked to an extension and or renewal of an agreement and not associated to any profit guarantee. The timing of the remaining extension 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.

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 during the 28 February 2022 period under review. Subsequent to the 28 February 2022 year end, the aforementioned condition precedent was met and the Kaap Agri shareholding was unbundled, effective on 4 April 2022.

As a result of the unbundling of the Kaap Agri shares, Zeder received 101 600 Kaap Agri shares, through its treasury shares, and disposed of these Kaap Agri shares for a total consideration of approximately R5m.

Disposal of investment in Agrivision Africa

Zeder announced on 29 August 2022 that the company, through its wholly-owned subsidiary, Zeder Financial Services, entered into an agreement with Zeder Africa and ForAfric, in terms of which Zeder Financial Services will dispose of all of its shares in Zeder Africa, comprising 100% of Zeder Africa's shares in issue, to ForAfric for a disposal consideration of R160m, subject to certain conditions precedent ("Disposal"). Zeder Africa holds 56.0% of the issued shares (*net of treasury shares*) in Agrivision Africa. The effective date of the Disposal is anticipated as being on or about 15 December 2022.

Discontinued operations – Income statement

	Unaudited		Audited
	31 Aug 22 Rm	31 Aug 21 Rm	28 Feb 22 Rm
Net fair value (losses)/gains on investments	(179)	394	747
Investment income		47	82
Impairment loss from proceeds from disposal of investment subject to earn-out payments ³	(10)		
Transaction costs	(3)		(26)
Taxation ⁴	(18)		
Profit for the year from discontinued operations	(210)	441	803

³ During the reporting period, Zeder impaired the earn-out payments resulting from the disposal of The Logistics Group with R10m (refer note 8).

⁴ As a result of the unbundling of the Kaap Agri shares, Zeder has an obligation to pay capital gains tax on the distribution of the Kaap Agri shares to a disqualified shareholder in terms of section 46 of the Income Tax Act.

Financial risk factors

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

The condensed consolidated interim 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 2022. 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. These instruments are included in level 1 and comprise mainly JSE-listed investments classified as fair value through profit or loss.

3. HEADLINE EARNINGS AND DIVIDEND PER SHARE

	Unaudited		Audited
	31 Aug 22 Rm	31 Aug 21 ¹ Rm	28 Feb 22 Rm
Attributable earnings	(207)	483	801
Non-headline items			
Headline earnings	(207)	483	801
Continued operations	3	42	(2)
Discontinued operations	(210)	441	803
There are no non-headline items during the period under review (31 Aug 21 and 28 Feb 22: Rnil).			
Dilutive earnings			
Attributable earnings	(235)	395	700
Headline earnings	(235)	395	700
Earnings per share (cents)			
Headline (basic)	(13.5)	31.4	52.1
Continued operations	0.2	2.7	(0.1)
Discontinued operations	(13.7)	28.7	52.2
Headline (diluted)	(15.1)	25.5	45.3
Continued operations	(1.6)		(2.8)
Discontinued operations	(13.5)	25.5	48.1
Attributable (basic)	(13.5)	31.4	52.1
Continued operations	0.2	2.7	(0.1)
Discontinued operations	(13.7)	28.7	52.2
Attributable (diluted)	(15.1)	25.5	45.3
Continued operations	(1.6)		(2.8)
Discontinued operations	(13.5)	25.5	48.1
Dividend per share (cents)			
Special dividend per share - declared on 12 April 2022, paid on 9 May 2022	92.5		
Special dividend per share - declared on 13 April 2021, paid on 10 May 2021		20.0	20.0
Number of shares (million)			
In issue	1 543	1 543	1 543
In issue (<i>net of treasury shares</i>)	1 540	1 538	1 538
Weighted average	1 538	1 538	1 538
Dilutive weighted average	1 560	1 546	1 546

¹ Represented for discontinued operations detailed in note 2.

4. CASH UTILISED BY OPERATIONS

	Unaudited		Audited
	31 Aug 22 Rm	31 Aug 21 ¹ Rm	28 Feb 22 Rm
(Loss)/profit before taxation			
Continued operations	13	51	10
Discontinued operations	(192)	441	803
Investment income (note 2)			
Continued operations	(22)	(69)	(86)
Discontinued operations		(47)	(82)
Net fair value (gain)/loss on investments (note 2)			
Continued operations	(9)	(4)	40
Discontinued operations	179	(394)	(747)
Impairment loss from proceeds from disposal of investment subject to earn-out payments (note 2)			
Discontinued operations	10		
Equity-settled share-based payment cost	5	6	12
	(16)	(16)	(50)
Changes in working capital	1	9	36
Cash utilised by operations	(15)	(7)	(14)

¹ Represented for discontinued operations detailed in note 2.

5. SEGMENTAL REPORTING

The group is organised into three reportable segments, representing the major investments of the group, namely Zaad, Capespan and Agrivision Africa (31 Aug 21 and 28 Feb 22: five reportable segments include The Logistics Group and Kaap Agri).

All segments operate predominantly in South Africa, although, the group has exposure to operations outside of South Africa through, *inter alia*, Zaad, Capespan and Agrivision Africa (31 Aug 21 and 28 Feb 22: include The Logistics Group).

SOTP value remains a key tool used to measure Zeder's performance pursuant to its objective of shareholder wealth 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	SOTP value Rm
31 Aug 22 (Unaudited)					
Continued operations					
Zaad	17		4	21	2 384
Capespan	(7)			(7)	1 046
Other	(1)	1		–	15
Discontinued operations					
The Logistics Group			(10)	(10)	
Kaap Agri	(193)			(193)	
Agrivision Africa	14			14	160
Unallocated (mainly head office)			(4)	(4)	
Cash and cash equivalents					442
Other net assets					95
Total				(179)	4 142
Non-headline items (note 3)					
Taxation				(28)	
Profit for the period				(207)	
Continued operations				3	
Discontinued operations				(210)	
SOTP value per share (rand)					2.69
31 Aug 21 (Unaudited)					
Continued operations					
Zaad			14	14	2 010
Capespan		44		44	1 117
Other	4			4	28
Discontinued operations					
The Logistics Group	105	35		140	1 430
Kaap Agri	289	12		301	1 391
Agrivision Africa				–	146
Unallocated (mainly head office)			(11)	(11)	
Cash and cash equivalents					476
Other net assets					246
Total				492	6 844
Non-headline items (note 3)					
Taxation				(9)	
Profit for the period				483	
Continued operations				42	
Discontinued operations				441	
SOTP value per share (rand)					4.45

5. SEGMENTAL REPORTING CONTINUED

	Fair value gains/ (losses) on investments Rm	Investment (dividend) income Rm	Other income and expenses Rm	Headline earnings Rm	SOTP value Rm
28 Feb 22 (Audited)					
Continued operations					
Zaad	27		20	47	2 037
Capespan	(64)	44		(20)	1 053
Other	(3)	2		(1)	21
Discontinued operations					
The Logistics Group	246	35	(26)	255	1 571
Kaap Agri	501	47		548	1 603
Agrivision Africa				–	146
Unallocated (mainly head office)			(16)	(16)	
Cash and cash equivalents					508
Other net assets					229
Total				813	7 168
Non-headline items (note 3)					
Taxation				(12)	
Profit for the year				801	
Continued operations				(2)	
Discontinued operations				803	
SOTP value per share (rand)					4.66

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 2022 remained in effect during the period 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 2022 took place during the period under review, although they will not impact the fair value basis on which these financial statements were compiled. Included in the group's dividends paid is an amount of R692m (31 Aug 21 and 28 Feb 22: R150m) paid to PSG Financial Services (the largest shareholder in the company).

During the period under review Zeder converted the outstanding loan of R330m, as at 30 April 2022 to Zaad into equity via a rights issue. During the corresponding periods under review, Zeder advanced R180m to Zaad and as at 31 August 2021 and 28 February 2022, amounts of R320m and R326m were outstanding. Included in the group's investment income for the corresponding periods under review, were amounts of R14m and R20m interest income from Zaad for the periods ended 31 August 2021 and 28 February 2022.

8. EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to the interim reporting period, an amount of R178m was received in respect of one of the earn-out payments resulting from the disposal of The Logistics Group (refer note 2).

Subsequent to the interim reporting period, Zeder declared a non-recurring gross special dividend of 10 cents per share (payable on 7 November 2022), subject to the required South African Reserve Bank approval being obtained for the declaration of the special dividend.

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

ANNEXURE A: SOTP VALUE

FOR THE SIX MONTHS ENDED 31 AUGUST 2022

Investment	31 Aug 22		Country of incorporation ²	Nature of business	Listed/unlisted	Classification at 31 Aug 22	Unaudited				IFRS 13 Fair value		
	Voting rights ¹ %	Number of shares held m					SOTP value		Valuation method		Categorisation	R/share	
							28 Feb 22 Rm	Movement Rm	31 Aug 22 Rm	Portion %			
Continued operations													
Zaad	97.4	39.4	South Africa ³	Specialist agricultural seed and agrochemical company	Unlisted	Subsidiary	2 037	347	2 384	66	EV/EBITDA multiple (note A)	Level 3	60.50
Capespan	93.0	356.9	South Africa ⁴	Fruit marketing and farming	Unlisted	Subsidiary	1 053	(7)	1 046	29	Market-related net asset value underpinned by farming operations including P/E multiple on other operations (note A)	Level 3	2.93
Other				Various	Unlisted	Various	21	(6)	15	1	Refer note E	Level 3	
Discontinued operations													
The Logistics Group ("TLG")			South Africa ⁵	Integrated logistics provider	Unlisted	Subsidiary	1 571	(1 571)			Recent transaction price (note C)	Level 3	
Kaap Agri			South Africa ⁵	Retail and agricultural trade services group	Listed	Subsidiary	1 603	(1 603)			Closing JSE-listed share price (note D)	Level 1	
Agrivision Africa	56.0	1.0	Mauritius ⁶	Farming and milling operation	Unlisted	Subsidiary	146	14	160	4	Recent transaction price (note B)	Level 3	154.01
Total investments and assets held for sale							6 431		3 605	100			
Cash and cash equivalents							508		442				
Other net assets							229		95				
Total SOTP value							7 168		4 142				
SOTP value per share (rand)							4.66		2.69				
Sub-total								(2 826)					
Adjust for additions/(disposals/unbundling) included in movement (note 2)								2 656					
Fair value gains/(losses) on investments (note 2)								(170)					

¹ Voting rights equal economic interests.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 various subsidiaries throughout the world.⁵ Operating via subsidiaries in Southern Africa.⁶ Operating via subsidiaries in Zambia.

ANNEXURE A: SOTP VALUE

FOR THE SIX MONTHS ENDED 31 AUGUST 2022 CONTINUED

Valuation inputs: additional details in respect of the investment portfolio entities, per IFRS 13 Fair Value disclosure:

Note A – unlisted investments – continued operations:

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

Level 3 unobservable inputs and additional information	Recurring EBITDA Rm	Average 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 ¹¹ %	Implied P/E multiple times
31 Aug 22 (Unaudited)									
Zaad ¹²	510		(890)	240					10-11
Seed	235	7-8	(698)	114				0.0-70.0	
Chemical	150	5-6	(192)	74				20.0-35.0	
Associates	125	5-8		52				7.5-35.0	
Capespan ¹³									
Mainly South African farming assets						R0.2m-R1.1m	1 562	28.0	
Other operations				6	5				

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/controlling discount/premiums, where applicable.

⁸ Recurring headline earnings is calculated on a see-through basis. The investments' 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 and grapes farm land valuations, obtained from an independent third-party valuer, measured against 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 a P/E multiple basis.

¹¹ For Zaad, specific discounts applied to the comparable group EV/EBITDA multiple for each operating business unit, based on company specific factors that include a combination of liquidity, marketability, country, and minority/controlling discount/premiums, where applicable.

¹² Represents the year ended 30 June 2022. 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 an EV/EBITDA multiple, comparable to other similar companies, adjusted for company specific factors that include a combination of, inter alia, liquidity, marketability, and minority/controlling discount/premiums, where applicable. The Zaad group consists of two divisions which operate on a global scale namely a Seed and Chemical business.

¹³ Represents the six months ending 30 June 2022. 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. Included in the market-related net asset value in the 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 increase and a 1% decrease would result in a R16m decrease in estimated value.

Note B – unlisted assets held for sale – discontinued operations:

Zeder's investment in Agrivision Africa was valued at R160m, comprising the disposal consideration for Zeder Africa. Zeder Africa holds 56.0% of the issued shares (net of treasury shares) in Agrivision Africa.

Note C – unlisted investments – discontinued operations:

As at 28 February 2022, Zeder's investment in The Logistics Group was valued at R1.57bn. The total disposal consideration of R1.57bn, comprising of an initial disposal consideration of R1.35bn, which was received on 31 March 2022, and a further provision for two additional earn-out payments totalling R218m, payable in cash. Subsequent to the interim reporting period, an amount of R178m was received in respect of one of the earn-out payments. The remaining earn-out payment is generally linked to an extension and or renewal of an agreement and not associated to any profit guarantee. The timing of the remaining extension 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.

Note D – listed investments – discontinued operations:

As at 31 August 2021 and 28 February 2022, Zeder's investment in Kaap Agri was valued using its closing JSE-listed share price.

Note E – 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 periods as this is still a start-up enterprise. The investment in Clean Air Nurseries was impaired in full during the previous corresponding periods under review. As at 31 August 2022, based on the assumption that the over-the-counter prices of the traded equity securities were 20% higher/lower for the period under review, the fair value would have been R3m higher/lower than the current fair value.

ANNEXURE A: SOTP VALUE

FOR THE SIX MONTHS ENDED 31 AUGUST 2022 CONTINUED

Post-tax profit sensitivity analysis:

	Increase Rm	Decrease Rm
31 Aug 22 (Unaudited)		
EV/EBITDA (1x)	395	(379)
Multiple discounts (5%)	23	(22)
Comparable market prices per hectare (10%)	41	(42)
Net asset value discounts (5%)	(43)	42

The change in valuation outcome disclosed in the above table shows the effect of the increase or decrease in the input variables deemed to be subject to the most judgement and estimation, and respective impact on the fair value presented in the condensed consolidated interim 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 marketability 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.

ZEDER INVESTMENTS LIMITED

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

DIRECTORS

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

* *executive*

independent non-executive

COMPANY SECRETARY AND REGISTERED OFFICE

Zeder Corporate Services Proprietary Limited
2nd Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
PO Box 7403, Stellenbosch, 7599

TRANSFER SECRETARY

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Private Bag X9000, Saxonwold, 2132

SPONSOR

PSG Capital Proprietary Limited

INDEPENDENT JOINT SPONSOR

Tamela Holdings Proprietary Limited

AUDITOR

Deloitte & Touche

DATE OF ANNOUNCEMENT

12 October 2022