



ZEDER

INVESTMENTS LIMITED

INTERIM RESULTS AUGUST 2023

OVERVIEW

Zeder is an investor in the broad agribusiness and related industries. Its underlying investment portfolio was valued at R3.49bn on 31 August 2023.

CORPORATE POSITIONING

Zeder assists with portfolio and investee strategies, while monitoring and overseeing optimal capital allocations to ensure sustainable investment returns, including capital appreciation.

NOTEWORTHY TRANSACTIONS

Category 2 disposal of investment in Capespan (excluding the Pome Farming Unit)

Zeder announced on 18 September 2023 that Zeder, through its wholly-owned subsidiary, Zeder Financial Services, together with the minority shareholders of Capespan, ("the Sellers") entered into an agreement with 3 Sisters, in terms of which the Sellers will dispose of Capespan (excluding the Pome Farming Unit) for a total disposal consideration of R550m ("Disposal"). Zeder Financial Services holds 92.98% of the issued shares in Capespan and will receive a disposal consideration of R511m ("Disposal Consideration").

Following the implementation of the Disposal, Zeder, together with the minority shareholders, will continue to own the Pome Farming Unit, comprising of the pome fruit primary production operations and the Novo fruit packhouse.

The Disposal Consideration will be paid in cash on the closing date of the Disposal, subject to the fulfilment or waiver (to the extent legally permissible) of certain conditions precedent, whereafter it will be released to the Sellers. There is no downward or upward adjustment mechanism to the Disposal Consideration, as the agreement does not include any profit linked warranties.

The effective date of the Disposal is anticipated as being on or about 5 January 2024.

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

Zeder special dividends

Zeder declared an ad-hoc gross special dividend of 5.0 cents per share (R77m), which was paid on 28 August 2023 to Zeder shareholders. In addition, a further gross special dividend of 10.0 cents per share (R154m) was declared as part of these interim results.

STRATEGIC FOCUS

Zeder's objective remains to maximise long-term wealth for its shareholders. The Zeder board believes that the aforementioned Disposal reflects a respectable value realisation for Capespan (excluding the Pome Farming Unit), taking into consideration the *Sum-of-the-Parts* ("SOTP") valuation of Capespan (including the Pome Farming Unit) in Zeder's annual financial statements.

To enable Zeder shareholders to participate in the windfall proceeds, Zeder, with due consideration to the remaining investee's growth plans, intends to distribute the majority of the Disposal Consideration to shareholders once received, after payment of transaction costs and all related obligations, including but not limited to, providing bridging finance assistance to the remaining Pome Farming Unit.

The Zeder board remains engaged with third parties on the remaining portfolio investments and continues to assess further wealth maximising strategies in a responsible way. Notwithstanding the aforementioned engagements, we will remain focused on growing our remaining investee companies and will evaluate opportunities as and when deemed appropriate in the interest of all stakeholders.

SUM-OF-THE PARTS ("SOTP")

Zeder's *SOTP value* per share, calculated using the internal valuations for unlisted investments, increased marginally to R2.62 per share from the reported R2.60 per share as at 28 February 2023. The increase is mainly as a result of an increase in the valuation of unlisted investments, countered by the special dividend paid during the period.

Company	31 Aug 2022		28 Feb 2023		31 Aug 2023	
	Interest (%)	Rm	Interest (%)	Rm	Interest (%)	Rm
Zaad	97.4	2 384	97.2	2 384	97.2	2 428
Capespan	93.0	1 046	93.0	1 046		
Group (excluding Pome Farming Unit)					93.0	511
Pome Farming Unit					93.0	540
Agrivision Africa	56.0	160				
Other		15		15		14
Total investments		3 605		3 445		3 493
Cash and cash equivalents		442		598		438
Other net assets and liabilities		95		(34)		102
SOTP value		4 142		4 009		4 033
Number of shares in issue (<i>net of treasury shares</i>) (million)		1 540		1 540		1 540
SOTP value per share (rand)		2.69		2.60		2.62

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.

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 and to the extent applicable), 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 our agriculture investments. This is especially relevant at Capespan, where year-on-year comparisons at the interim stage of reporting may reflect seasonal variances.

Zaad (97.2%)

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, it has aggregated and developed attractive businesses and currently owns, develops, imports and distributes a broad range of agricultural seeds and chemicals.

Zaad reported a decrease in *recurring* earnings to R219m for its financial year ended 30 June 2023, compared to the reported R240m during the prior year. This was off the back of promising performances from Agricol, FarmAg (agro-chemicals) and May Seed (Turkey), as well as an improved performance from East African Seeds, countered by the performance from the African operations and Bakker Brothers.

Agricol had another good financial year with South African farmers benefitting from low international supply and sunflower seed shortages that are also supporting local canola and soybean oilseed crop prices. In addition, there are strong indications that South Africa will experience a dry El Niño weather cycle that could potentially favour sunflower sales.

FarmAg achieved satisfactory results despite challenges in changing weather patterns. Supply from China and India have normalised and the focus remains on expanding their footprint in the local South African market with new registrations.

The Turkish economy is experiencing high inflation and economic uncertainty after the recent elections. Early signs are that a more prudent fiscal policy is being adopted, which could lead to a more stable operating environment. May Seed, however, continues to perform well, under difficult trading conditions.

East African Seeds is a relatively new addition to the Zaad group and even though the business was negatively impacted due to adverse weather patterns in key parts of the past financial year, we remain 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 provides Zaad with access to these markets.

The African operations performed satisfactorily, whilst operating conditions in many of the countries remain challenging, with increased interest rates, leading to lower earnings. Bakker Brothers remains in a transitional phase towards a fully-fledged IP research and development company, which results in establishing new sales channels for new products over time.

During the reporting period, Zeder advanced a bridge loan in an amount of R100m to Zaad to enable an increase in its interest in May Seed.

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 R44m 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 2023, Capespan reported a *recurring* loss of R33m, from the prior comparative period *recurring* loss of R63m, an improvement of 48% in *recurring* headline earnings per share. The loss at interim is, however, as expected, as the interim reporting period primarily represents Capespan's annual input cost cycle.

As mentioned, following the implementation of the Disposal, Zeder, together with the minority shareholders, will continue to own the Pome Farming Unit, with all its assets located in the Western Cape. The Western Cape winter period experienced excellent rainfall (all farm dams at capacity) and cold units, which bodes well for the upcoming pome season. The recent Western Cape storms fortunately also resulted in limited damage to farming infrastructure and minimal damage to biological assets.

Capespan remains well positioned with world class farming assets and an experienced management team.

During the period under review, Zeder accounted for a fair value gain of R5m in respect of its investment in Capespan.

Further information can be viewed at www.capespan.com

BUSINESS ENVIRONMENT AND OUTLOOK

The macro environment in which Zeder and its portfolio companies operate, remained relatively constrained during the period, even with an improved climatic cycle. There was, however, a slight improvement in the Agribusiness Confidence Index. This improvement implies that agribusinesses are cautiously adapting to the challenging operating business conditions in the country.

We anticipate a continuation of the uncertainty and volatility in markets in the short- and medium-term, driven by concerns about inflation, higher interest rates, deteriorating infrastructure, failing municipalities and the risks to energy availability. Despite these challenges, Zeder remains well positioned with a stable balance sheet and cash resources.

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 gross special 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 1 540 160 354 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 Tuesday, 24 October 2023:

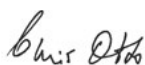
Declaration date	Tuesday, 17 October 2023
Finalisation date anticipated to be on	Tuesday, 24 October 2023
Last day to trade <i>cum</i> dividend	Tuesday, 31 October 2023
Trading <i>ex-dividend</i> commences	Wednesday, 1 November 2023
Record date	Friday, 3 November 2023
Date of payment	Monday, 6 November 2023

To the extent that the condition is not fulfilled by Tuesday, 24 October 2023, 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, 1 November 2023 and Friday, 3 November 2023, 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
16 October 2023



Johann le Roux
Chief executive officer and financial director

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2023

	Unaudited		Audited
	31 Aug 23 Rm	31 Aug 22 Rm	28 Feb 23 Rm
Assets			
Investments (note 2)	2 982	3 445	3 445
Current income tax assets	2		1
Loans and advances (note 8)	106	2	2
Proceeds from disposal of investment subject to earn-out payments (note 2)	30	208	30
Trade and other receivables	6	7	25
Cash, money market investments and other cash equivalents (note 3)	438	442	598
Assets held for sale (note 2)	511	160	
Total assets	4 075	4 264	4 101
Equity			
Total equity	4 033	4 142	4 009
Liabilities			
Employee benefits	3	3	3
Trade and other payables	39	108	89
Current income tax liability		11	
Total liabilities	42	122	92
Total equity and liabilities	4 075	4 264	4 101
Net asset value per share (cents)	261.9	269.0	260.3
Tangible asset value per share (cents)	261.9	269.0	260.3

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 AUGUST 2023

	Unaudited		Audited
	31 Aug 23 Rm	31 Aug 22 Rm	28 Feb 23 Rm
Net fair value gain on investments (note 2)	49	9	11
Investment income (note 2)	27	22	40
Income			
Other operating income		2	25
Expenses			
Marketing, administration and other expenses	(13)	(20)	(38)
Profit before taxation	63	13	38
Taxation	(7)	(10)	(15)
Profit for the period from continued operations	56	3	23
Loss for the period from discontinued operations		(210)	(210)
Profit/(loss) for the period¹	56	(207)	(187)
Attributable to:			
Continued operations	56	3	23
Discontinued operations		(210)	(210)
	56	(207)	(187)
Earnings/(loss) per share (refer note 4)			
Attributable – basic (cents)	3.6	(13.5)	(12.1)
Attributable – diluted (cents)	2.1	(15.1)	(13.4)

¹ 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 2023

	Unaudited		Audited
	31 Aug 23 Rm	31 Aug 22 Rm	28 Feb 23 Rm
Equity at beginning of the period	4 009	7 168	7 168
Profit/(loss) for the period	56	(207)	(187)
Share buy-back from dissenting shareholder			(1)
Net movement in treasury shares			36
Loss on treasury shares issued to SIT participants			(46)
Forfeited unclaimed dividends	42		7
Share-based payment costs – <i>employees</i>	3	5	10
Dividends paid	(77)	(1 421)	(1 575)
Unbundling of KAL Group		(1 403)	(1 403)
Equity at end of the period	4 033	4 142	4 009

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 AUGUST 2023

	Unaudited		Audited
	31 Aug 23 Rm	31 Aug 22 Rm	28 Feb 23 Rm
Cash generated from/(utilised by) operations (note 5)	2	(15)	(31)
Investment income			
Continued operations	22	18	36
Taxation paid	(8)	(13)	(30)
Cash flow from operating activities	16	(10)	(25)
Proceeds from disposal of investments	1	5	7
Proceeds from disposal of assets held for sale		1 359	1 520
Proceeds from disposal of investment subject to earn-out payments received			178
Loans and advances granted	(100)		
Repayment of loans and advances		1	1
Cash flow from investing activities	(99)	1 365	1 706
Share buy-back from dissenting shareholder			(15)
Treasury shares purchased			(1)
Dividends paid to shareholders	(77)	(1 421)	(1 575)
Cash flow from financing activities	(77)	(1 421)	(1 591)
Net (decrease)/increase in cash and cash equivalents	(160)	(66)	90
Cash and cash equivalents at beginning of the period	598	508	508
Cash and cash equivalents at end of the period (note 3)	438	442	598

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

These condensed consolidated interim financial statements are prepared on a going-concern basis and in accordance with the requirements of the JSE Listings Requirements Limited ("JSE Listings Requirements") for interim reports and the Companies Act of South Africa, No 71 of 2008 (as amended) ("the Companies Act"), applicable to summary financial statements. 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 2023. The group adopted other various revisions to IFRS which are effective for its financial year ending 28 February 2024, 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, related to the fair value of unlisted investments as detailed in Annexure A, are similar to those detailed in the consolidated annual financial statements for the year ended 28 February 2023.

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 Zeder's external auditor, Deloitte & Touche. Any reference to future financial performance included in this condensed consolidated interim financial statements, has not been reviewed or reported on by Zeder'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, where applicable.
- 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 23 Rm	31 Aug 22 Rm	28 Feb 23 Rm
Continued operations			
Zaad	2 428	2 384	2 384
Capespan (including Pome Farming Unit) ¹		1 046	1 046
Pome Farming Unit ¹	540		
Other	14	15	15
Total investments	2 982	3 445	3 445
Continued operations			
Capespan (excluding Pome Farming Unit) ¹	511		
Discontinued operations			
Agrivision Africa		160	
Total assets held for sale	511	160	–
	3 493	3 605	3 445

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

	31 Aug 23 (Unaudited)					Investment (dividend) income Rm
	Fair value 28 Feb 23 Rm	Disposals Rm	Reclassified Rm	Fair value gain/(loss) Rm	Fair value 31 Aug 23 Rm	
Continued operations						
Zaad	2 384			44	2 428	
Capespan (including Pome Farming Unit) ¹	1 046		(1 046)		–	
Pome Farming Unit ¹			535	5	540	
Other	15	(1)			14	1
Total investments	3 445	(1)	(511)	49	2 982	1
Continued operations						
Capespan (excluding Pome Farming Unit) ¹			511		511	
Total assets held for sale	–		511	–	511	–
	3 445	(1)	–	49	3 493	1
Interest income on cash and cash equivalents and loans and advances						26
Total investment income						27

	31 Aug 22 (Unaudited)		28 Feb 23 (Audited)	
	Fair value gain/(loss) ² Rm	Investment (dividend) income Rm	Fair value gain/(loss) ² Rm	Investment (dividend) income Rm
Continued operations				
Zaad	17		17	
Capespan (including Pome Farming Unit)	(7)		(7)	
Other	(1)	1	1	2
Total investments	9	1	11	2
Discontinued operations				
KAL Group	(193)		(193)	
Agrivision Africa	14		14	
Total assets held for sale	(179)	–	(179)	–
	(170)	1	(168)	2
Interest income on cash and cash equivalents and loans and advances		21		38
Total investment income		22		40

¹ Zeder, through its wholly-owned subsidiary, Zeder Financial Services, together with the minority shareholders of Capespan, ("the Sellers") entered into an agreement with 3 Sisters, in terms of which the Sellers will dispose of Capespan, excluding the Pome Farming Unit, for a total disposal consideration of R550m ("Disposal"), subject to certain conditions precedent. Zeder Financial Services holds 92.98% of the issued shares in Capespan and will receive a disposal consideration of R511m. Following the implementation of the Disposal, Zeder, together with the minority shareholders, will continue to own the Pome Farming Unit. Capespan (excluding the Pome Farming Unit) of R511m was therefore reclassified as an asset held for sale.

² Fair value gain/(loss) represents fair value gain/(loss) on disposal of asset held for sale and discontinued operations.

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

Discontinued operations

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 to, *inter alia*, TLG Midco and TLG Acquisition Holdings, comprising 98.22% of The Logistics Group's shares in issue for a disposal consideration of up to R1.57bn. The initial disposal consideration of R1.35bn was received in cash on 31 March 2022 and a further provision was made for two additional earn-out payments totalling R218m, payable in cash. Subsequently, an amount of R178m was received in respect of one of the earn-out payments. The remaining earn-out payment of ~R30m is generally linked to an extension and or renewal of an agreement and not associated to any profit guarantee. While the timing of the remaining extension is uncertain, it is estimated to be concluded in the financial year ending 28 February 2024, but there is no certainty regarding same.

Unbundling of KAL Group (previously Kaap Agri) shareholding

Effective 4 April 2022, Zeder unbundled all of its shares in the issued share capital of KAL Group, comprising approximately 42.2% of the total issued share capital of KAL Group, to Zeder shareholders by way of *pro rata* distribution *in specie*, in the ratio of 1 KAL Group share for every 49.22692 Zeder shares held.

Disposal of investment in Agrivision Africa

Effective 31 January 2023, Zeder, through its wholly-owned subsidiary, Zeder Financial Services, disposed of all of its shares in the issued share capital of Zeder Africa, comprising 100% of Zeder Africa's shares in issue, to ForAfric for a disposal consideration of R160m. Zeder Africa holds 56.0% of the issued shares (net of treasury shares) in Agrivision Africa, an investment holding company incorporated in Mauritius with agricultural investments in Zambia.

Discontinued operations – Income statement

	Unaudited		Audited
	31 Aug 23 Rm	31 Aug 22 Rm	28 Feb 23 Rm
Net fair value loss on investments		(179)	(179)
Other operating income			2
Impairment loss from proceeds from disposal of investment subject to earn-out payments ³		(10)	(10)
Transaction cost		(3)	(5)
Taxation ⁴		(18)	(18)
Loss for the period from discontinued operations	–	(210)	(210)

³ During the corresponding period under review, Zeder impaired the earn-out payment resulting from the disposal of The Logistics Group with R10m.

⁴ As a result of the unbundling of the KAL Group shares in the corresponding period under review, Zeder had an obligation to pay capital gains tax on the distribution of the KAL Group 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, cash flow and fair value interest rate risk), credit risk and liquidity risk applicable to trade receivables and trade 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 2023. 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.

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

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. Since level 2 investments normally 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.

For unlisted investments, refer to note 2 for valuation techniques used in determining the fair value of said financial assets.

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 year ended 28 February 2023.

For additional information in terms of IFRS 13, refer to Annexure A.

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:

Unaudited	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
31 Aug 23				
Assets				
Investments			2 982	2 982
Assets held for sale – Investments			511	511
	–	–	3 493	3 493
Opening balance			3 445	
Disposals of investments			(1)	
Fair value gains			49	
Unaudited				
31 Aug 22				
Assets				
Investments			3 445	3 445
Cash and cash equivalents – money market investments	84			84
Assets held for sale – Investments			160	160
	84	–	3 605	3 689
Opening balance			4 828	
Additions to investments			330	
Disposals of investments and assets held for sale			(1 576)	
Fair value gains			23	
Audited				
28 Feb 23				
Assets				
Investments			3 445	3 445
	–	–	3 445	3 445
Opening balance			4 828	
Additions to investments			330	
Disposals of investments and assets held for sale			(1 738)	
Fair value gains			25	

There are no financial liabilities measured fair value during the period under review (31 Aug 22 and 28 Feb 23: Rnil).

3. CASH, MONEY MARKET INVESTMENTS AND OTHER CASH EQUIVALENTS

On closing of the disposal of the investment in The Logistics Group on 31 March 2022, the parties agreed to a restricted cash reserves mechanism, for the settlement of any potential warranty claims which may arise subsequent to the sale of said investment for a period of 24 months from closing. At 31 August 2023, an amount of R306m, or 20% of the proceeds and earn-out received, is included in the Cash, money market investments and other cash equivalents balance for this purpose. Subject to any warranty claims, 50% or R153m, of this balance will be released from the restrictive cash reserves on 30 September 2023, with the remaining balance of R153m released on 31 March 2024. The restricted cash is held with other cash balances and is under the control of the group. Zeder has at time of announcing its interim results, not received any warranty claim relating to the disposal of the investment in The Logistics Group.

4. HEADLINE EARNINGS AND DIVIDEND PER SHARE

	Unaudited		Audited
	31 Aug 23 Rm	31 Aug 22 Rm	28 Feb 23 Rm
Attributable earnings/(loss)	56	(207)	(187)
Non-headline items			
Headline earnings/(loss)	56	(207)	(187)
Continued operations	56	3	23
Discontinued operations		(210)	(210)
There are no non-headline items during the period under review (31 Aug 22 and 28 Feb 23: Rnil).			
Dilutive earnings/(loss) (Rm)			
Headline	32	(235)	(209)
Attributable	32	(235)	(209)
Earnings/(loss) per share (cents)			
Headline (basic)	3.6	(13.5)	(12.1)
Continued operations	3.6	0.2	1.5
Discontinued operations		(13.7)	(13.6)
Headline (diluted)	2.1	(15.1)	(13.4)
Continued operations	2.1	(1.6)	0.1
Discontinued operations		(13.5)	(13.5)
Attributable (basic)	3.6	(13.5)	(12.1)
Continued operations	3.6	0.2	1.5
Discontinued operations		(13.7)	(13.6)
Attributable (diluted)	2.1	(15.1)	(13.4)
Continued operations	2.1	(1.6)	0.1
Discontinued operations		(13.5)	(13.5)
Dividend per share (cents)			
Special dividend per share – declared 25 July 2023, paid 28 August 2023	5.0		
Special dividend per share – declared 12 October 2022, paid 14 November 2022			10.0
Special dividend per share – declared 12 April 2022, paid 9 May 2022		92.5	92.5
Number of shares (million)			
In issue	1 540	1 543	1 540
In issue (net of treasury shares)	1 540	1 540	1 540
Weighted average	1 540	1 538	1 539
Dilutive weighted average	1 557	1 560	1 556

5. CASH GENERATED FROM/(UTILISED BY) OPERATIONS

	Unaudited		Audited
	31 Aug 23 Rm	31 Aug 22 Rm	28 Feb 23 Rm
Profit/(loss) before taxation			
Continued operations	63	13	38
Discontinued operations		(192)	(192)
Investment income (note 2)			
Continued operations	(27)	(22)	(40)
Net fair value (gain)/loss on investments (note 2)			
Continued operations	(49)	(9)	(11)
Discontinued operations		179	179
Impairment loss from proceeds from disposal of investment subject to earn-out payments (note 2)			
Discontinued operations		10	10
Reversal of impairment on loans and advances			(19)
Equity-settled share-based payment cost	3	5	10
	(10)	(16)	(25)
Changes in working capital	12	1	(6)
Cash generated from/(utilised by) operations	2	(15)	(31)

6. SEGMENTAL REPORTING

The group is organised into three reportable segments, representing the major investments of the group, namely Zaad, Pome Farming Unit and Capespan (excluding the Pome Farming Unit) (31 Aug 22: three reportable segments namely Zaad, Capespan (including the Pome Farming Unit) and Agrivision Africa; 28 Feb 23: two reportable segments namely Zaad and Capespan (including the Pome Farming Unit)).

All segments operate predominantly in South Africa, although, the group has exposure to operations outside of South Africa through, *inter alia*, Zaad and Capespan (31 Aug 22: include Agrivision Africa; 28 Feb 23: Zaad and Capespan).

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*, unlisted assets are valued internally using appropriate valuation methods.

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

Unaudited	Fair value gains/ (losses) on investments Rm	Investment (dividend) income Rm	Other income and expenses Rm	Headline earnings Rm	SOTP value Rm
31 Aug 23					
Continued operations					
Zaad	44		4	48	2 428
Capespan (excluding Pome Farming Unit)				–	511
Pome Farming Unit	5			5	540
Other		1		1	14
Unallocated (mainly head office)			9	9	
Cash and cash equivalents					438
Other net assets and liabilities					102
Total				63	4 033
Non-headline items (note 3)					
Taxation				(7)	
Profit for the period				56	
SOTP value per share (rand)					2.62

6. SEGMENTAL REPORTING CONTINUED

Unaudited	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					
Continued operations					
Zaad	17		4	21	2 384
Capespan (including Pome Farming Unit)	(7)			(7)	1 046
Other	(1)	1		–	15
Discontinued operations					
The Logistics Group			(10)	(10)	
KAL Group	(193)			(193)	
Agrivision Africa	14		(1)	13	160
Unallocated (mainly head office)			(3)	(3)	
Cash and cash equivalents					442
Other net assets and liabilities					95
Total				(179)	4 142
Non-headline items (note 3)					
Taxation				(28)	
Loss for the period				(207)	
Profit for the period from continued operations				3	
Loss for the period from discontinued operations				(210)	
SOTP value per share (rand)					2.69

Audited	Fair value gains/ (losses) on investments Rm	Investment (dividend) income Rm	Other income and expenses Rm	Headline earnings Rm	SOTP value Rm
28 Feb 23					
Continued operations					
Zaad	17		4	21	2 384
Capespan (including Pome Farming Unit)	(7)			(7)	1 046
Other	1	2	19	22	15
Discontinued operations					
The Logistics Group			(12)	(12)	
KAL Group	(193)			(193)	
Agrivision Africa	14		(1)	13	
Unallocated (mainly head office)			2	2	
Cash and cash equivalents					598
Other net assets and liabilities					(34)
Total				(154)	4 009
Non-headline items (note 3)					
Taxation				(33)	
Loss for the period				(187)	
Profit for the period from continued operations				23	
Loss for the period from discontinued operations				(210)	
SOTP value per share (rand)					2.60

7. CAPITAL COMMITMENTS, CONTINGENCIES AND SURETYSHIPS

Zeder, as an Investment Entity, and its wholly-owned subsidiaries that provide investment-related services to the Zeder group, have no material capital commitments or contingencies as at the reporting date.

8. RELATED-PARTY TRANSACTIONS

Related-party transactions, which are in the ordinary course of business and similar to those disclosed in the consolidated annual financial statements for the year ended 28 February 2023, took place during the period under review, and 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 R37m (31 Aug 22: R692m and 28 Feb 23: R767m) paid to PSG Group (the largest shareholder in the company).

During the period under review, Zeder advanced R100m to Zaad to enable Zaad to increase its interest in May Seed and as at 31 August 2023 the amount of R104m was outstanding. The loan carries interest at prime less 1%, and is repayable by 30 June 2024. Included in the group's investment income for the period under review, was the amount of R4m (31 Aug 22 and 28 Feb 23: R4m) interest income from Zaad. During the corresponding periods under review Zeder converted the outstanding loan of R330m, as at 30 April 2022 to Zaad into equity via a rights issue.

9. EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to the interim reporting period, Zeder, through its wholly-owned subsidiary, Zeder Financial Services, together with the minority shareholders of Capespan, ("the Sellers") entered into an agreement with 3 Sisters, in terms of which the Sellers will dispose of Capespan, excluding the Pome Farming Unit, for a total disposal consideration of R550m ("Disposal"), subject to certain conditions precedent. Zeder Financial Services holds 92.98% of the issued shares in Capespan and will receive a disposal consideration of R511m. Following the implementation of the Disposal, Zeder, together with the minority shareholders, will continue to own the Pome Farming Unit, comprising of the pome fruit primary production operations and the Novo fruit packhouse.

Subsequent to the interim reporting period, Zeder declared a non-recurring gross special dividend of 10.0 cents per share (payable on 6 November 2023), 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 2023

Investment	31 Aug 23		Unaudited				SOTP value			IFRS 13 Fair value		
	Voting rights ¹ %	Number of shares held m	Country of incorporation ²	Nature of business	Listed/unlisted	Classification at 31 Aug 23	28 Feb 23 Rm	Movement Rm	31 Aug 23 Rm	Valuation method	Categorisation	R/share
Continued operations												
Zaad	97.2	39.4	South Africa ³	Specialist agricultural seed and agrochemical company	Unlisted	Subsidiary	2 384	44	2 428	EV/EBITDA multiple (note A)	Level 3	61.62
Capespan	93.0	356.9	South Africa ⁴	Fruit marketing and farming	Unlisted	Subsidiary	1 046	(1 046)	–			
Group (excluding Pome Farming Unit)			South Africa ⁴	Fruit marketing and farming		Division of subsidiary		511	511	Transaction price (note A)	Level 3	1.43
Pome Farming Unit			South Africa ⁵	Farming	Unlisted	Division of subsidiary		540	540	Market-related net asset value underpinned by farming operations (note A)	Level 3	1.51
Other				Various	Unlisted	Various	15	(1)	14	Refer note B	Level 3	
Total investments and assets held for sale							3 445		3 493			
Cash and cash equivalents							598		438			
Other net assets and liabilities							(34)		102			
Total SOTP value							4 009		4 033			
SOTP value per share (rand)							2.60		2.62			
Sub-total								48				
Adjust for disposals/(additions) included in movement (note 2)								1				
Fair value gains/(loss) from investments and asset shares for sale (note 2)								49				

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 South Africa.

ANNEXURE A: SOTP VALUE

FOR THE SIX MONTHS ENDED 31 AUGUST 2023 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 Unaudited	Recurring EBITDA ⁵ Rm	Average EV/EBITDA multiple ⁶ times	Net debt and cash ⁷ Rm	Recurring headline earnings ⁸ Rm	P/E multiple ⁶ 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 23									
Zaad ¹²	560		997	219					8-13
Seed	184	8-9	741	50				0-45	10-13
Chemical	148	6-7	256	83				0-5	8-10
Associates									
Seed	221	7-9		80				0-25	
Chemical	7	5-6		6				30	
Capespan ¹³									
Mainly South African farming assets						R0.2m - R1.1m	1 662	32	
Other operations				6	5				

⁵ For Zaad, the recurring EBITDA include the proportionate EBITDA of the associates.

⁶ EV/EBITDA and P/E ratios comparable to other similar companies, adjusted for company-specific factors that include a combination of liquidity, marketability, and minority/controlling discount/premiums, where applicable.

⁷ For Zaad, the net debt and cash do not include the proportionate net debt and cash of the associates.

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 valuator, measured against the comparable sales. Full independent third-party valuations were performed as part of the FY2022 financial year and a desktop valuation for the FY2023 financial year.

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 to the primary farming assets. This excludes the fair value of other operations, in the case of Capespan, which 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 2023. Different year-ends do not have a material impact on the valuation of the investment. 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. For non-profitable associates and divisions, where the earnings do not currently support a market-related EV/EBITDA multiple, a discounted net asset value approach is followed.

¹³ Represents the six months ended 30 June 2023. Different year-ends do not have a material impact on the valuation of the investment. 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 independent third-party valuations or comparable sales, adjusted for company-specific factors, that include, inter alia, liquidity and marketability discounts as well as a net asset value discount as well as the net asset value discount to the primary farming assets. The associate of Capespan is 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 R17m, represented by affordable net annual rent; capitalisation rate of 11%; and with a property value of R158m. 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. Capespan (including the Pome Farming Unit) was valued as one group in line with the aforementioned valuation principles. Capespan (excluding the Pome Farming Unit) was reclassified as an asset held for sale at the transaction price, which is in-line with the Capespan (excluding the Pome Farming Unit) valuation reported by Zeder for the part of the business being disposed of in terms of the disposal transaction.

Note B – 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. As at 31 August 2023, 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 R2m higher/lower than the current fair value.

ANNEXURE A: SOTP VALUE

FOR THE SIX MONTHS ENDED 31 AUGUST 2023 CONTINUED

Post-tax profit sensitivity analysis:

Unaudited	Increase Rm	Decrease Rm
31 Aug 23		
EV/EBITDA (1x)	371	(371)
Multiple discounts (5%)	(22)	22
Comparable market prices per hectare (10%)	58	(58)
Net asset value discounts (5%)	(36)	36

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 summary 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 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

17 October 2023