ZEDER
INVESTMENTS LIMITED

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2023

REGISTRATION NUMBER: 2006/019240/06
JSE SHARE CODE: ZED
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These annual financial statements were compiled under the supervision the group chief executive officer and financial director, Mr JH le Roux, CA (SA), and have been audited by Zeder's external auditor, Deloitte & Touche.

REPORT OF THE AUDIT AND RISK COMMITTEE

The Zeder Investments Limited ("Zeder") Audit and Risk Committee ("the audit and risk committee") is an independent statutory committee appointed by the Zeder Board of directors ("board") in terms of section 94 of the Companies Act of South Africa, 71 of 2008 (as amended) ("the Companies Act"). The audit and risk committee also acts as the statutory audit committee of public company wholly-owned subsidiaries that are legally required to have such a committee.

The audit and risk committee consists of three independent non-executive directors, namely Mrs S Cassiem, Mr CA Otto and Mrs NS Mjoli-Mncube, who served as members for the audit and risk committee for two, nine and six and half years, respectively.

The audit and risk committee met twice during the past financial year on 12 April 2022 and 11 October 2022, as well as after financial year-end on 18 April 2023, with all members being present.

The audit and risk committee operate in accordance with a board-approved charter. The audit and risk committee conducted its affairs in compliance with and discharged its responsibilities in terms of its charter for the year ended 28 February 2023.

The audit and risk committee performed the following duties in respect of the year under review:

- Satisfied itself that the external auditor is independent of Zeder, as set out in section 94(8) of the Companies Act, and suitable for reappointment by considering, *inter alia*, paragraph 3.84(g)(iii) and the information stated in paragraph 22.15(h) of the JSE Limited Listings Requirements ("JSE Listings Requirements");
- Ensured that the appointment of the external auditor complied with the Companies Act and any other legislation relating to the appointment of an auditor;
- In consultation with management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2023 financial year;
- Approved the nature and extent of non-audit services that the external auditor may provide;
- Nominated for re-election at the annual general meeting, Deloitte & Touche as the external audit firm;
- Satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the independent external auditor, that the risk management processes and systems of internal financial controls, within the combined assurance model, are effective and forms a basis for the preparation of reliable financial statements;
- Satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the external auditor, that Zeder be regarded as a going concern;
- Reviewed the formal policy and calculation for the ordinary dividend and special dividend and recommended no ordinary dividend at year-end, for approval by the board;
- Reviewed the accounting policies and financial statements for the year ended 28 February 2023 and, based on the information provided to the audit and risk committee, considers that the company and group complies, in all material respects, with the requirements of International Financial Reporting Standards ("IFRS"); the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the manner required by the Companies Act and the JSE Listings Requirements;
- The audit and risk committee considered the methodologies, assumptions and judgements applied by management in determining the internal valuations for unlisted investments, as well as the conclusion of Zeder meeting the definition of an Investment Entity and is satisfied that the valuation approach taken and Investment Entity consideration was appropriate;
- Considered the JSE Limited's ("JSE") latest report on the proactive monitoring of financial statements for compliance with IFRS;
- Ensured that the appropriate financial reporting procedures exist and are operating as required by the JSE Listing Requirements paragraph 3.84(g)(ii);
- Satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements that the Zeder financial director, as well as the group finance function, has the appropriate expertise and experience; and
- Undertook the prescribed functions in terms of section 94(7) of the Companies Act, on behalf of the subsidiary companies of the group.

Deloitte & Touche, as well as the designated external audit partner, Mr JHW de Kock, has served as external auditor of Zeder for two years. The audit and risk committee remains satisfied with the quality of the external audit performed by Deloitte & Touche.

S Cassiem
Chairperson

24 May 2023
Stellenbosch

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the maintenance of adequate accounting records and to prepare annual financial statements that fairly represent the state of affairs and the results of the company and group. The external auditor is responsible for independently auditing and reporting on the fair presentation of these annual financial statements. Management fulfils this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal financial controls. Such controls provide assurance that the company and group's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable. The annual financial statements have been prepared in accordance with the requirements of IFRS; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the requirements of the Companies Act; and the JSE Listings Requirements, and incorporate full and reasonable disclosure. Appropriate and recognised accounting policies are consistently applied.

The audit and risk committee meets regularly with the external auditor, as well as senior management, to evaluate matters concerning accounting policies, internal control, auditing and financial reporting. The external auditor has unrestricted access to all records, assets and personnel as well as to the audit and risk committee.

The annual financial statements are prepared on the going-concern basis, since the directors have every reason to believe that the company and group have adequate resources to continue for the foreseeable future.

The annual financial statements set out on pages 5 to 55 were approved by the board of directors of Zeder and are signed on its behalf by:

Chris Otto

Chris Otto
Chairperson

JH le Roux
CEO and Financial director

24 May 2023
Stellenbosch

DIRECTOR'S RESPONSIBILITY STATEMENT

The director, whose name is stated below, hereby confirms that:

- the annual financial statements set out on pages 5 to 55, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- to the best of my knowledge and belief, no facts have been omitted or untrue statements made that would make the Summary Consolidated financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled my role and function as executive director with primary responsibility for implementation and execution of controls;
- where I am not satisfied, I have disclosed to the audit and risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy deficiencies; and
- I am not aware of any fraud involving directors.

JH le Roux
CEO and Financial director

24 May 2023
Stellenbosch

DECLARATION BY THE COMPANY SECRETARY

We declare that, to the best of our knowledge, the company has lodged with the Registrar all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Zeder Corporate Services Proprietary Limited
Per: L van der Merwe
Company secretary

24 May 2023
Stellenbosch

DIRECTORS' REPORT

OVERVIEW

Zeder is an investor in the broad agribusiness and related industries. Its underlying investment portfolio was valued at R3.45bn on 28 February 2023.

OPERATING RESULTS

The operating results and state of affairs of the group and company are set out in the attached income statements and statements of financial position, changes in equity and cash flows, as well as the segment report and the notes to the aforementioned.

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.

Noteworthy transactions

- Effective 31 January 2023, Zeder, through its wholly-owned subsidiary, ZFS, disposed of all of its shares in the issued share capital of Zeder Africa 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.
- Effective 4 April 2022, Zeder unbundled all of its shares in the issued share capital of KAL Group (previously known as Kaap Agri), comprising approximately 42.2% of the total issued share capital of KAL Group, to Zeder shareholders by way of a *pro rata* distribution *in specie*, in the ratio of 1 KAL Group share for every 49.22692 Zeder shares held.
- Effective 31 March 2022, Zeder, through its wholly-owned subsidiary, ZFS, disposed of all of its shares in the issued share capital of The Logistics Group to *inter alia*, TLG Midco Proprietary Limited and TLG Acquisition Holdings Proprietary Limited, 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. 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.
- Zeder declared and paid special gross dividends of R1.03 per share (R1.57bn) to Zeder shareholders during the financial year.

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 by R2.06 per share during the year to R2.60 per share as at 28 February 2023. The decrease was mainly due to Zeder's unbundling of its entire KAL Group shareholding amounting to R1.03 per Zeder share and the payment of special dividends of R1.03 per share in aggregate, to Zeder shareholders during the financial year ended 28 February 2023.

Earnings performance

- As at 28 February 2023, the net asset value per share (Zeder's trading statement measure) was R2.60, representing a decrease of 44.2% (or R2.06 per share) when compared to the R4.66 per share as at 28 February 2022, mainly as a result of the aforementioned corporate actions. These corporate actions resulted in an amount of R2.06 per share returned to Zeder shareholders and therefore directly result in a smaller Zeder business.
- Attributable earnings per share of 52.1 cents in the prior year decreased to a loss of 12.1 cents in the current year mainly as a result of the prior year fair value movements on the discontinued operations, The Logistics Group and KAL Group, which were sold and unbundled, respectively, during the current year.
- Headline earnings per share of 52.1 cents in the prior year decreased to a loss of 12.1 cents in the current year mainly as a result of the aforementioned.
- Profit before taxation from continued operations increased by 375% from R8m to R38m mainly as a result of a *non-recurring* reversal of impairment on loans that was previously impaired in full.

STATED CAPITAL

No ordinary shares were issued during the year under review (2022: nil). 3 100 000 ordinary no par value shares were purchased, cancelled and delisted, with JSE obtained approval, during the year under review (2022: nil) as settlement of a dissenting shareholder's appraisal rights.

Details regarding the authorised and issued share capital, as well as the treasury shares, are disclosed in note 7 to the annual financial statements.

DIVIDENDS

No ordinary dividends were declared during financial year ended 28 February 2023 (2022: Rnil). Zeder's dividend policy remains to pay dividends conditional on the group having sufficient funds to fund its operations and growth plans. The board has taken the decision not to declare a dividend at this time given the amount of unrestricted cash currently available.

A special dividend of 92.5 cents per share was declared in April 2022, at the time of release of the 2022 financial results, with a further special dividend of 10 cents per share thereafter also being declared, resulting in an aggregate of 102.5 cents per share being paid during the 2023 financial year, compared to the special dividend of 20 cents per share paid during the 2022 financial year.

DIRECTORS' REPORT

(CONTINUED)

EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to year-end, Zeder advanced a bridge loan in an amount of R100m to Zaad to enable Zaad to increase its interest in May Seeds. The loan carries interest at prime less 1% and is repayable by 30 June 2024.

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

SECRETARY

The secretary of the company is Zeder Corporate Services Proprietary Limited. The business and postal addresses are 2nd Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600 and PO Box 7403, Stellenbosch, 7599 respectively.

AUDITOR

At the date of this report, Deloitte & Touche held office in accordance with the Companies Act.

TRANSFER SECRETARY

The transfer secretary of the company is Computershare Investor Services Proprietary Limited and its business and postal addresses are Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 and Private Bag X9000, Saxonwold, 2132 respectively.

SPONSOR

The sponsor of the company is PSG Capital Proprietary Limited.

INDEPENDENT JOINT SPONSOR

The independent joint sponsor of the company is Tamela Holdings Proprietary Limited.

DIRECTORS

The directors of the company during the year and at the date of this report were:

Executive

JH le Roux (CEO and Financial director)	(Appointed 8 September 2016)
Non-executive	
WL Greeff	(Appointed 21 May 2009)
PJ Mouton	(Appointed 30 April 2012)
Independent non-executive	
CA Otto (Chairperson)	(Appointed 21 August 2006)
S Cassiem	(Appointed 12 February 2021)
NS Mjoli-Mncube	(Appointed 1 June 2016)

DIRECTORS' SHAREHOLDING

	Beneficial		Non-beneficial	Total shareholding 2023		Total shareholding 2022	
Audited	**Direct**	**Indirect**	**Indirect**	**Number**	**%**	**Number**	**%**
JH le Roux		**5 956 005**		**5 956 005**	**0.387**	1 045 838	0.068
WL Greeff		**80 000**		**80 000**	**0.005**	80 000	0.005
NS Mjoli-Mncube	**48 983**			**48 983**	**0.003**	48 983	0.003
CA Otto			**80 000**	**80 000**	**0.005**	80 000	0.005
	48 983	**6 036 005**	**80 000**	**6 164 988**	**0.400**	1 254 821	0.081

Part of the above shares, held by Mr JH le Roux, serve as security for loans granted to him with regards to the share options allocated to executive directors, in terms of a share incentive scheme or other loan funding, on or before 28 February 2018 (refer to note 2 to the annual financial statements).

There were no changes in the shareholding of directors between year-end and the date of this report.

Also refer to page 55 in the annual financial statements, detailing the shareholder analysis.

DIRECTORS' REPORT

(CONTINUED)

DIRECTORS' EMOLUMENTS

Directors' remuneration:

The table below provides information on the total remuneration of Zeder's executive director:

Audited	Short-term remuneration Base salary				Long-term remuneration	
	Approved R'000	Deferred for 12 months[1] R'000	Prior year deferred paid R'000	Paid during the year[2] R'000	Non-cash gains from exercise of share options[3] R'000	Total remuneration R'000
28 February 2023						
JH le Roux	**5 705**	**(1 712)**	**1 715**	**5 708**	**15 396**	**21 104**
28 February 2022						
JH le Roux	5 435	(1 631)	1 622	5 426	51	5 477

[1] *30% of the executive director's annual base salary was deferred for a period of 12 months, and is payable in monthly contributions in the ensuing year. The deferred payments carries interest at the SARS official rate to compensate for loss in time value of money and is subject to malus/clawback provisions which could lead to the repayment by the executive director of the deferred component of the salary amount received during the preceding 12 months. Included in the total cost-to-company, are minor deductions made to group life cover, membership to a retirement fund and membership to a medical aid scheme (where applicable).*

[2] *To help drive a long-term focus and decision-making with the ultimate objective to maximise shareholder wealth, thereby better aligning the interests of management with those of shareholders and other stakeholders, the executive does not qualify for short-term discretionary bonuses.*

[3] *Share options exercised during the year were exercised within the extended and approved exercise windows. As a result of the strategic review and resultant prohibited period for trading in Zeder shares, participants were not allowed to exercise share options during the 2021 and 2022 financial years. As a result of the cautionary withdrawal during the 2023 financial year, participants exercised shares options relating to the past 3 financial years. As a result, the non-cash gains from exercise of share options (pre-tax) and number of Zeder shares received via net settlement during the year comprise of the following:*

Grant date	*Vesting date*	*Exercise date*	*R'000*	*Number of shares*
28/02/2016, 28/02/2017, 28/02/2018 and 28/02/2019	*28/02/2021*	*30/08/2022*	***2 252***	***688 198***
28/02/2017, 28/02/2018, 28/02/2019 and 29/02/2020	*28/02/2022*	*30/08/2022*	***3 666***	***1 120 183***
18/01/2021	*18/01/2023*	*22/02/2023*	***5 250***	***1 750 000***
28/02/2018, 28/02/2019 and 29/02/2020	*28/02/2023*	*28/02/2023*	***4 228***	***1 351 786***
Non-cash gains from exercise of share options			***15 396***	***4 910 167***

The table below provides information on the total remuneration of Zeder's non-executive directors:

Audited	Total remuneration 2023 R'000	Total remuneration 2022 R'000
S Cassiem	**517**	476
WL Greeff[4]		
NS Mjoli-Mncube	**547**	491
PJ Mouton[4]		
CA Otto	**825**	785
	1 889	1 752

[4] *These directors do not receive any emoluments for services rendered to the company and only receive emoluments from PSG Corporate Services for services rendered to PSG Group and its investee companies (including the Zeder group). The Zeder group pays a strategic fee to PSGCS for services rendered to the company, refer to note 15 to the consolidated annual financial statements.*

Members of the Zeder Executive Committee ("exco") are regarded as being the prescribed officers of the company. The exco comprises Messrs JH le Roux (Chairperson), WL Greeff and PJ Mouton. The Zeder group do not pay additional remuneration to the exco members and Mr JH le Roux's remuneration is included above and the other members fee is included in the strategic fee paid to PSGCS, as mentioned above.

DIRECTORS' REPORT

(CONTINUED)

DIRECTORS' EMOLUMENTS continued

Equity-based remuneration:

The table below provides information on Zeder's executive director's unvested share options:

Audited	Number of share options as at 28 Feb 2022	Number of share options during the year: Exercised[3]	Number of share options during the year: Forfeited – lapsed[5]	Market price per share on vesting date R	Original strike price per share R	Adjusted strike price per share[6] R	Date granted	Number of share options as at 28 Feb 2023	Market value to participant as at 28 Feb 2023 R	Unrealised gains to participant as at 28 Feb 2023 R
JH le Roux	93 279	(93 279)		1.80	4.97	0.17	29/02/2016	–		
	893 519	(446 760)	(446 759)	1.80	7.29	1.66 - 1.88	28/02/2017	–		
	1 739 646	(869 823)	(869 823)	1.72 - 1.80	6.41	0.42 - 1.23	28/02/2018	–		
	3 503 451	(2 627 589)		1.72 - 1.80	4.36	(0.41) - (1.42)	28/02/2019	**875 862**	**1 506 483**	**2 750 207**
	2 192 937	(1 096 468)		1.72 - 1.80	4.52	(0.49) - (1.75)	29/02/2020	**1 096 469**	**1 885 926**	**3 558 041**
	15 000 000	(3 750 000)		1.65	2.66	(0.51) - 0.25	18/01/2021	**11 250 000**	**19 350 000**	**22 275 000**
Total	23 422 832	(8 883 919)	(1 316 582)					**13 222 331**	**22 742 409**	**28 583 248**

[5] *Shares options forfeited during the year were with regards to: i) 28 February 2017 share options that became exercisable on 28 February 2021 that were out-of-the-money share options during the extended exercisable window and as a result the participants opted not to exercise these share options; and ii) 50% of the 28 February 2018 share options that became exercisable on 28 February 2021, 28 February 2022 and 28 February 2023 where the Zeder's total shareholder return, as measured over the period between the award date and such vesting date applicable to the particular tranche, were not met.*

[6] *The approved Zeder Group Share Incentive Trust ("Zeder SIT") deed ("Trust Deed"), entitles the board (acting through the Zeder Remuneration Committee) ("remuneration committee") to instruct the SIT's trustees to effect such adjustments to the Strike Prices (as defined in the Trust Deed) of awarded but unexercised share options as the remuneration committee "shall consider fair and reasonable in the circumstances…" and to take account of special dividends and various other corporate actions listed in that clause. On 9 May 2022 and 14 November 2022 Zeder distributed gross special dividends of 92.5 cents and 10 cents per share, respectively, to the Zeder ordinary shareholders as a special dividend from income reserves and on 4 April 2022, Zeder distributed its entire shareholding in KAL Group to the Zeder ordinary shareholders as a pro rata distribution in specie. In accordance with the JSE Listings Requirements and the Trust Deed, the SIT's trustees adjusted the Strike Prices of the awarded but unexercised share options. The external auditors, Deloitte & Touche, reviewed, and the JSE approved, the adjusted strike prices.*

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Zeder Investments Limited
Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Zeder Investments Limited (the Group and Company) set out on pages 6 to 8 and 16 to 54 which comprise the consolidated and separate statements of financial position as at 28 February 2023, and the consolidated and separate income statements, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Zeder Investments Limited and its subsidiaries as at 28 February 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Valuation of unlisted investments in portfolio companies	
The key audit matter relates to the consolidated and separate financial statements. Refer to the following notes to the consolidated and separate annual financial statements: • Notes 3.2 and 20.2 of the Accounting Policies; and • Note 1 to the consolidated financial statements. The Group holds unlisted investments, which are measured at fair value through profit or loss in accordance with IFRS 9: Financial Instruments. This is as a result of the Group being classified as an investment entity, in accordance with IFRS 10: Consolidated Financial Statements. The fair value of these unlisted investments at 28 February 2023 is R3.4 billion. The Group applies various methodologies to determine the fair value of the investments in accordance with IFRS 13: Fair Value Measurement. These are: • Earnings multiples which are applied to related recurring earnings. The multiple may include enterprise value (“EV”)/earnings before interest, tax, depreciation and amortisation (“EBITDA”) or price/earnings multiples; or • Market-related net asset value supported by third party valuations; or • Recent transaction prices for the disposal of investments that has been concluded.	In evaluating the valuation of unlisted investments in portfolio companies, we assessed the reasonability of judgements, estimates and inputs used in the respective valuations. Our audit procedures included, amongst others, the following: • Tested the design, implementation and operating effectiveness of the key controls operating in the valuation process. This included assessing the approval by the Board of Directors and Audit and Risk Committee who consider the final valuations of unlisted investments and related inputs used in such valuations; • Engaged our valuation specialists who tested the principles, methodology and integrity of the models used for alignment with appropriate industry practise; • Assessed, tested and challenged management’s estimates and assumptions and considered relevant contradictory evidence in determining multiples used; • Agreed the EBITDA included in the calculations to audited financial information where possible, or to more recent management accounts which were discussed with the unlisted investment’s management where appropriate, and where appropriate certain specified audit procedures performed at our request by the auditors of the unlisted investments; • Performed an independent analysis of inputs used in the EV/EBITDA or price-earnings multiple determined for each unlisted investment. This included considering appropriate peer companies and recent comparable

Key Audit Matter	How the matter was addressed in the audit
The key assumption applied in the determination of the enterprise value is the earnings multiple. This is derived from comparable listed companies, companies in the same industry and geography and, where possible, those with a similar business model and profile. These multiples are adjusted, to the extent deemed appropriate, for factors such as liquidity risk, marketability risk, growth potential, relative performance and minority discounts/controlling premiums. The resultant earnings multiples are applied to recurring EBITDA or earnings of each investment to determine the EV. Where management valued unlisted investments with reference to its net asset value, such net asset value was largely supported by independent third-party property valuations. We considered the fair value of the underlying unlisted investments in portfolio companies to be a matter of most significance to the current year audit due to: • The magnitude of the unlisted investments in portfolio companies in relation to the consolidated and separate financial statements; and • The degree of judgement and estimation applied in determining the fair value of the underlying unlisted investments in portfolio companies.	transactions relevant to the specific investments based on our own research. We benchmarked the comparative peer EBITDA margins derived against independent third-party sources, and considered the reasonableness of sustainable earnings. This was a focus area given that the models are highly sensitive to the inputs and are judgemental in nature; • We independently considered any further adjustments made to multiples (such as discounts for minority/controlling stake and marketability); • Tested the mathematical accuracy and logic of the calculations; • Assessed the competency, independence, objectivity and capability of the independent third-party valuators who determine the market-related net asset value for certain investments; • Independently recalculated the fair value of the material properties; • Performed a sensitivity analysis considering the impact of changes to key inputs; and • Considered the appropriateness of the disclosures made. Based on the procedures above we found the fair values of unlisted investments determined by management to be reasonable and the underlying assumptions, estimations and uncertainties to be appropriately disclosed.

Key Audit Matter	How the matter was addressed in the audit
Reassessment for the classification of an investment entity in terms of IFRS 10	
As disclosed in the following notes and annexures to the consolidated and separate financial statements: • Notes 3 and 20.1 of the Accounting Policies, and • Note 1 to the consolidated financial statements. With effect from 1 March 2020, the Company qualified as an Investment Entity in accordance with IFRS 10: Consolidated Financial Statements. From this date onwards the Company ceased to consolidate its subsidiaries (other than those subsidiaries that are not, themselves investment entities that provide investment related services to the Company's investment activities) and to instead measure its investments at fair value through profit or loss, with any resultant gain or loss recognised in fair value gains/losses on investments at fair value through profit or loss. An investment entity is typically an entity that: • Obtains funds from one or more investors for the purpose of providing such investor(s) with investment management services; • Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; • Measures and evaluates the performance of substantially all of its investments on a fair value basis; • Considered additional guidance including whether the entity has more than one investment, has more than one investor who are not related and has ownership interests in the form of equity or similar interests. IFRS 10 requires a parent to perform a reassessment of its investment entity status if facts and circumstances indicate that there are changes to one or more of the three elements that make up the definition of an investment entity, as described, or the typical	We assessed whether the Company meets the criteria of an investment entity, in terms of IFRS 10. Our procedures included the following: • Tested the Company's controls relating to the investment entity status, including assessing the design and implementation of key controls that monitored this key judgement; • Considered management's assessment of the criteria and their conclusion as to investment entity status; and • Performed an independent assessment on whether the Company meets the investment entity criteria. Criteria we specifically reviewed included: • Inspected evidence supporting that the Group undertakes investment related activities and identifies itself as an investment entity; • Inspected evidence that the Group monitors performance of the underlying investments on a fair value basis; and • Inspected evidence that the Board continuously considers possible exit strategies, continuously monitors the fair value of investments and their performance on a fair value basis and ensuring the tabling and discussion of the fair value of investments at each Board meeting. Considered additional guidance performing the following procedures,: • Verified that the Company holds more than one investment, being listed and unlisted entities; • Inspected the Company's share register to identify the number of shareholders and whether they are related; and Confirmed the nature of the Company's investments in its investee companies. Considered the appropriateness of the disclosures made.

Key Audit Matter	How the matter was addressed in the audit
characteristics of an investment entity, as described above. The reassessment and classification to that of an investment entity classification in terms of IFRS 10 is considered a key audit matter for our year end audit due to the complexity involved in the determination of the status and classification as an investment entity; and the potential significance of the impact changes to this classification would have on the consolidated and separate financial statements of the Company.	Based on the procedures listed above we found it reasonable for the Company to be classified as an investment entity in terms of IFRS 10 and deemed the relevant disclosure to be appropriate.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Zeder Investments Limited Annual Financial Statements for the year ended 28 February 2023", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate and the Supplementary Information as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and / or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s and the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte has been the auditor of Zeder Investments Limited for two years.

DocuSigned by:

Deloitte & Touche

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Deloitte & Touche
Registered Auditor
Per: JHW de Kock
Partner
24 May 2023

The Ridge Building
6 Marina Road
Portswood District
V&A Waterfront
Cape Town
8000

STATEMENTS OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2023

		GROUP		COMPANY	
	Notes	2023 Rm	2022 Rm	2023 Rm	2022 Rm
ASSETS					
Investments	1	**3 445**	3 257	**4 140**	7 241
Current income tax assets		**1**	5		
Loans and advances	2	**2**	329		11
Proceeds from disposal of investment subject to earn-out payments	3	**30**			
Trade and other receivables	4	**25**	6	**1**	
Cash, money market investments and other cash equivalents	5	**598**	508		
Assets held for sale	6.1		3 174		
Total assets		**4 101**	7 279	**4 141**	7 252
EQUITY AND LIABILITIES					
Stated capital	7	**6 619**	6 634	**6 619**	6 634
Treasury shares			(36)		
Other reserves	8	**14**	10	**14**	10
Retained earnings		**(2 624)**	560	**(2 624)**	524
Total equity		**4 009**	7 168	**4 009**	7 168
Liabilities					
Deferred income tax liabilities	9		1		
Borrowings	10			**54**	6
Employee benefits	11	**3**	2		
Trade and other payables	12	**89**	108	**78**	78
Total liabilities		**92**	111	**132**	84
Total equity and liabilities		**4 101**	7 279	**4 141**	7 252
Net asset value per share (cents)		**260.3**	466.1		
Tangible asset value per share (cents)		**260.3**	466.1		

INCOME STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2023

		GROUP		COMPANY	
	Notes	2023 Rm	2022[1] Rm	2023 Rm	2022 Rm
Net fair value gain/(loss) on investments	1	**11**	(40)	**(3 210)**	120
Investment income					
Interest income					
Interest income earned using effective interest rate	13	**34**	36		
Interest income earned on fair value through profit or loss	13	**4**	4		
Dividend income	13	**2**	46	**3 065**	684
Income					
Reversal of impairment on loans and advances	2	**19**			
Other operating income	14	**6**	2		
Expenses					
Marketing, administration and other expenses	15	**(38)**	(40)	**(5)**	(2)
Profit/(loss) before taxation		**38**	8	**(150)**	802
Taxation	16	**(15)**	(12)	**(18)**	
Profit/(loss) for the year from continued operations		**23**	(4)	**(168)**	802
(Loss)/profit for the year from discontinued operations	6	**(210)**	805		
(Loss)/profit for the year[2]		**(187)**	801	**(168)**	802
Attributable to:					
Continued operations		**23**	(4)	**(168)**	802
Discontinued operations		**(210)**	805		
		(187)	801	**(168)**	802
(Loss)/earnings per share (refer note 20)					
Attributable – basic (cents)		**(12)**	52		
Attributable – diluted (cents)		**(13)**	45		

[1] *Represented for discontinued operations detailed in note 6.*
[2] *The group and company had no other comprehensive income during the years under review.*

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2023

GROUP	Stated capital Rm	Treasury shares Rm	Other reserves Rm	Retained earnings Rm	Total Rm
Balance at 1 March 2021	6 634	(36)	(2)	66	6 662
Profit for the year				801	801
Share-based payment costs – *employees*			12		12
Dividends paid *(net of treasury share dividends)*				(307)	(307)
Balance at 28 February 2022	**6 634**	**(36)**	**10**	**560**	**7 168**
Loss for the year				**(187)**	**(187)**
Share buy-back from a dissenting shareholder	**(15)**		**14**		**(1)**
Treasury shares purchased		**(1)**			**(1)**
Treasury shares issued to SIT participants		**37**			**37**
Loss on treasury shares issued to SIT participants				**(46)**	**(46)**
Forfeit unclaimed dividends (note 12)				**7**	**7**
Share-based payment costs – *employees*			**10**		**10**
Transfer between reserves			**(20)**	**20**	**–**
Dividends paid *(net of treasury share dividends)*				**(1 575)**	**(1 575)**
Unbundling of KAL Group *(net of treasury share dividends)*				**(1 403)**	**(1 403)**
Balance at 28 February 2023	**6 619**	**–**	**14**	**(2 624)**	**4 009**

COMPANY	Stated capital Rm	Other reserve Rm	Retained earnings Rm	Total Rm
Balance at 1 March 2021	6 634	(2)	30	6 662
Profit for the year			802	802
Share-based payment costs – *employees*		12		12
Dividend paid			(308)	(308)
Balance at 28 February 2022	**6 634**	**10**	**524**	**7 168**
Profit or the year			**(168)**	**(168)**
Share buy-back from a dissenting shareholder	**(15)**	**14**		**(1)**
Forfeit unclaimed dividends (note 12)			**7**	**7**
Share-based payment costs – *employees*		**(10)**		**(10)**
Dividend paid			**(1 579)**	**(1 579)**
Unbundling of KAL Group			**(1 408)**	**(1 408)**
Balance at 28 February 2023	**6 619**	**14**	**(2 624)**	**4 009**

Dividends per share (refer note 20)

- 2022: no ordinary dividend declared; 92.5 cents special dividend (declared on 12 April 2022 and paid on 9 May 2022)
- 2023: no ordinary dividend declared; 10 cents special dividend (declared on 12 October 2022 and paid on 14 November 2022)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2023

	Notes	GROUP 2023 Rm	GROUP 2022 Rm	COMPANY 2023 Rm	COMPANY 2022 Rm
Cash flow from operating activities		**(25)**	119	**1 530**	688
Cash (utilised by)/generated from operations	19.1	**(31)**	(14)		4
Interest received					
Continued operations		**34**	20		
Discontinued operations					
Dividends received				**1 548**	684
Continued operations		**2**	46		
Discontinued operations	6.3		82		
Taxation paid	19.2	**(30)**	(15)	**(18)**	
Cash flow from investment activities		**1 706**	(180)	**11**	(11)
Proceeds from disposal of investments		**7**			
Proceeds from disposal of assets held for sale		**1 520**			
Proceeds from disposal of investment subject to earn-out payments received		**178**			
Loans and advances granted			(180)		(11)
Repayment of loans and advances		**1**		**11**	
Cash flow from financing activities		**(1 591)**	(307)	**(1 541)**	(677)
Share buy-back from a dissenting shareholder		**(15)**			
Treasury shares purchased		**(1)**			
Dividends paid to shareholders of the parent		**(1 575)**	(307)	**(1 579)**	(308)
Borrowings repaid				**(1 572)**	(689)
Borrowings drawn				**1 610**	320
Net increase/(decrease) in cash and cash equivalents		**90**	(368)	**–**	–
Cash and cash equivalents at beginning of year		**508**	876		
Cash and cash equivalents at end of year	5	**598**	508	**–**	–

ACCOUNTING POLICIES

FOR THE YEAR ENDED 28 FEBRUARY 2023

The principal accounting policies applied in the preparation of these standalone and consolidated financial statements are set out below.

1. BASIS OF PREPARATION

The standalone and consolidated financial statements have been prepared in accordance with the JSE Listings Requirements and the requirements of the Companies Act. The JSE Listings Requirements require financial statements to be prepared in accordance with the recognition and measurement requirements of IFRS; the IFRIC interpretations; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council, and the manner required by the Companies Act.

The financial statements have been prepared on the going-concern basis and under the historical cost convention, as modified for the effects of the revaluation of financial assets and liabilities.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Changes in assumptions might have a significant impact on the financial statements in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the consolidated and standalone financial statements are fairly presented. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and standalone financial statements, and in particular, determining the fair value of investments, are disclosed in accounting policy note 20 below.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS

The accounting policies applied in the preparation of the standalone and consolidated financial statements are consistent in all material respects with those previously applied. However, the group adopted the various revisions to IFRS which were effective for its financial year ended 28 February 2023, but, these revisions have not resulted in material changes to the group's reported results or disclosures in these financial statements.

2.1 New standards, interpretations and amendments not currently relevant to the group's operations

The following new standards, interpretations and amendments became effective for application during the year and had no impact on the measurement of amounts or disclosures in the current or prior year:

- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* – Annual Improvements to IFRS Standards 2018–2020 (effective 1 January 2022)[2]
- Amendments to IFRS 3 *Business Combinations* – Reference to the Conceptual Framework (effective 1 January 2022)[2]
- Amendments to IFRS 9 *Financial Instruments* – Annual Improvements to IFRS Standards 2018–2020 (effective 1 January 2022)[2]
- Amendments to IAS 16 *Property, Plant and Equipment* – Property, Plant and Equipment: Proceeds before Intended Use (effective 1 January 2022)[2]
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – Onerous Contracts—Cost of Fulfilling a Contract (effective 1 January 2022)[2]
- Amendment to IAS 41 *Agriculture* – Annual Improvements to IFRS Standards 2018–2020 (effective 1 January 2022)[2]

2.2 New standards, interpretations and amendments that are not yet effective

The following new standards, interpretations and amendments have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2023 or later periods and have not been early adopted by the group:

- Amendments to IFRS 16 *Leases* – Lease Liability in a Sale and Leaseback (effective 1 January 2024)[2]
- IFRS 17 *Insurance contracts* (effective 1 January 2023)[2]
- Amendments to IAS 1 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-current (effective 1 January 2024)[1]
- Amendments to IAS 1 *Presentation of Financial Statements* – Disclosure of Accounting Policies (effective 1 January 2023)[1]
- Amendments to IAS 1 *Presentation of Financial Statements* – Non-current liabilities with Covenants (effective 1 January 2024)[1]
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of Accounting Estimates (effective 1 January 2023)[1]
- Amendments to IAS 12 *Income Taxes* – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)[2]

2.3 Effect of new standards, interpretations and amendments that are not yet effective

[1] *Management has assessed the impact of these amendments on the reported results of the group and company and foresee only minor disclosure changes.*

[2] *Management has assessed the impact of these amendments on the reported results of the group and company and foresee no impact on the measurement of amounts or disclosure.*

3. INVESTMENT ENTITY AND CONSOLIDATION

3.1 Basis of consolidation

In accordance with IFRS 10, Zeder concluded that it continues to meet the definition of an Investment Entity and therefore is required to recognise its investments at fair value through profit or loss. Therefore, it does not consolidate the subsidiaries ("investments") it controls. However, wholly-owned subsidiaries that provide investment related services, such as management or employment services, (i.e. those wholly-owned subsidiaries comprising Zeder's head office operations), as well as the share incentive trust, are not accounted for at fair value through profit or loss and continue to be consolidated.

3. INVESTMENT ENTITY AND CONSOLIDATION continued

3.2 Accounting for investment portfolio companies

The underlying investments will be measured at fair value through profit or loss in accordance with IFRS 9 and IFRS 13, irrespective of whether they are subsidiaries, as explained below.

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are usually fully consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases.

The group is required to determine the degree of control or influence the group exercises and the form of any control to ensure that the financial treatment is accurate.

Where the group does have control in accordance with IFRS 10, investments that are held by investment entities are to be recognised and measured as at fair value through profit or loss and accounted for in accordance with IFRS 9 and IFRS 13, with changes in fair value recognised in profit or loss in the period of the change.

3.3 Consolidation of wholly-owned subsidiaries comprising Zeder's head office operations, as well as the share incentive trust

Zeder head office operations provide investment-related services through the provision of investment management or advice. These entities, as well as the share incentive trust, are not part of the investment portfolio and continue to be consolidated.

On acquisition date, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values. Acquisition-related costs are expensed as incurred.

Any excess of acquisition cost over fair value of the identifiable net assets acquired is recognised as goodwill. Any shortfall in the acquisition cost below the fair value of the identifiable net assets acquired (i.e. discount) is credited to profit and loss in the period of acquisition. Minority shareholders are stated at their proportion of the fair value of the assets and liabilities recognised.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit and loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit and loss.

3.4 Investment in subsidiary (Company)

IAS 27.11A requires an Investment Entity to similarly account for its investment in subsidiaries at fair value in its separate financial statements, therefore the underlying investment in subsidiary will be measured at fair value through profit or loss in accordance with IFRS 9 and IFRS 13 in the separate financial statements.

4. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (refer to segment report in note 23). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

5. FINANCIAL INSTRUMENTS

Financial instruments recognised on the statement of financial position include financial assets, consisting of investments (held at fair value through profit or loss), loans and advances, proceeds from disposal of investment subject to earn-out payment, trade and other receivables, cash, money market investments and other cash equivalents, as well as financial liabilities, consisting of borrowings and trade and other payables.

6. OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

7. FINANCIAL ASSETS

The group classifies its financial assets in the following measurement categories: those to be measured at fair value through profit or loss and those to be measured at amortised cost. Management determines the classification of its financial assets at initial recognition. The classification of financial assets are on the basis of the business model for managing the financial assets with the objective to hold financial assets in order to collect contractual cash flow or hold to collect contractual cash flow and selling financial assets.

For assets measured at fair value, gains and losses will be recorded in profit and loss.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 28 FEBRUARY 2023 (CONTINUED)

7. FINANCIAL ASSETS continued

7.1 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group unconditionally commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired and the group has transferred substantially all the risks and rewards of ownership.

7.2 Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit and loss.

(a) *At fair value through profit or loss*

- *Investments at fair value through profit or loss*

  The group classifies its financial assets as fair value through profit or loss if the financial assets are either held for trading or designated as at fair value through profit or loss.

  The group subsequently measures all investments as at fair value. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains/(losses) in the income statement as applicable. Dividends from such investments continue to be recognised in profit and loss as investment income when the group's right to receive payment is established.

- *Money market investments at fair value through profit or loss*

  The group classifies its investments in money market funds as at fair value through profit or loss, due to the underlying investments held by the money market funds that are periodically sold and thus the net asset value of the money market fund includes gains/losses from the sale of the underlying investments.

  The group subsequently measures all investments in money market funds at fair value. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains/(losses) in the income statement as applicable. Interest earned from such investments continue to be recognised as part of investment income in profit and loss.

(b) *At amortised cost*

- *Trade receivables*

  Trade receivables, measured in accordance with IFRS 9, are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The group and company applies the IFRS 9 simplified approach to measuring expected credit losses that uses a lifetime expected loss allowance for trade receivables.

- *Other financial assets at amortised cost*

  The group classifies its financial assets as at amortised cost only if both of the following criteria is met: the asset is held within a business model whose objective is to collect the contractual cash flows; and the contractual terms give rise to cash flows that are solely payments of principal and interest.

  Other financial assets at amortised cost include loans and advances, proceeds from disposal of investment subject to earn-out payment and cash and other cash equivalents.

  Other financial assets are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, then they are recognised at fair value. All other financial assets, those classified as at amortised cost, are carried at amortised cost using the effective-interest method.

  For cash and other cash equivalents, interest is based on prevailing market rates of the respective bank accounts in which the cash and other cash equivalents are domiciled.

7.3 Valuation techniques used to determine fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For detail on the critical judgement applied on fair values, refer to accounting policy note 20.2, and for more detail with regards to the valuation techniques used to fair value of investments, refer to note 1.

7. FINANCIAL ASSETS continued

7.4 Impairment

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due criterion. The expected credit loss rates for trade receivables are mainly determined using a provision matrix. The provision matrix used is based on each individual company within the group's historical default rates observed over the expected life of the receivables, an equivalent credit rating and adjusted as appropriate for current observable data and forward-looking estimates relating to the individual company within the group.

For all other financial assets at amortised cost, the group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by: (a) a review of overdue amounts; (b) comparing the risk of default at the reporting date and at the date of initial recognition; and (c) an assessment of relevant historical and forward-looking quantitative and qualitative information. If the credit risk on the financial asset has not increased significantly since initial recognition, the group measures the loss allowance for that financial asset at an amount equal to 12-months expected credit loss, which comprises the expected lifetime loss from the instrument if a default was to occur within 12 months of the reporting date.

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. The group considers an event of default has materialised, and the financial asset is credit impaired, when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the group without taking into account any collateral held by the group or if the financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Impairment losses on financial assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

8. CASH, MONEY MARKET INVESTMENTS AND OTHER CASH EQUIVALENTS

Cash and cash equivalents consist of cash held at call with banks and other short-term highly liquid investments with maturities of three months or less. Investments in money market funds are classified as cash equivalents, since these funds are held to meet short-term cash requirements, are highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included within borrowings in the statement of financial position.

Cash for which use by the group is subject to limited third party contractual restrictions, are included as part of cash and cash equivalents, unless the restrictions result in cash no longer meeting the definition of cash. Contractual restrictions affecting use of cash are disclosed in note 5. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

9. STATED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

9.1 Treasury shares

The cost of treasury shares acquired are debited to the treasury share reserve, and upon disposal of such shares, the reserve is credited with the weighted average calculated cost attributable to the shares disposed of.

Where any group company purchases the company's equity share capital (i.e. treasury shares), the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects. Any net income in relation to treasury shares (both fair value movements and dividends) is eliminated from group profits for the year. The number of shares in the earnings per share calculation is reduced for treasury shares held during the period on a weighted average basis.

9.2 Share trust

Certain of the group's remuneration schemes are operated through the Zeder Group Share Incentive Trust. The share trust is considered to be a special-purpose entity controlled by the group and is therefore consolidated.

10. FINANCIAL LIABILITIES

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities, classified as financial liabilities at amortised cost, include borrowings and trade and other payables.

Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the raising of the funds, for all financial liabilities carried at amortised cost. The best evidence of the fair value at initial recognition is the transaction price (i.e. the fair value of the consideration received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Financial liabilities, or a portion thereof, are derecognised when the obligation specified in the contract is discharged, cancelled or expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and settlement amounts paid are included in the income statement.

10.1 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings using the effective interest method.

10.2 Trade and other payables

Trade and other payables are recognised initially at fair value, net of transaction costs incurred. Trade and other payables are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period using the effective interest method.

11. TAXATION

11.1 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Furthermore, if the deferred income tax arises from temporary differences associated with investments in subsidiaries, branches, associates and interests in joint arrangements, and to the extent that the entity is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future, it is not accounted for. Deferred income tax is determined using tax rates (and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

11.2 Dividend withholding tax

Dividend withholding tax is not levied on the company but on the beneficial owner of the share and accordingly does not require recognition in profit and loss. However, the group's share incentive trust (not being exempt from dividend withholding tax) may incur a dividend withholding tax expense on treasury shares held.

12. EMPLOYEE BENEFITS

The group operates various post-employment schemes, including both defined benefit and defined contribution pension and medical plans.

12.1 Share-based compensation

Subsidiaries of the group operates equity-settled share-based payment schemes.

For the share-based payment schemes, the fair value of the employee services received in exchange for the grant of the scheme share options is recognised as an expense. The total amount to be expensed over the vesting periods, which are between four and five years, is determined by reference to the fair value of the scheme share options granted, excluding the impact of any non-market vesting conditions. For share options granted on or after 28 February 2018, the fair value included assumptions on market performance conditions. Non-market vesting conditions are included in assumptions concerning the number of scheme share options that are expected to become exercisable. Market performance conditions include assumptions with regards to the entity's total shareholder return. At each reporting date, the entity revises its estimates of the number of scheme share options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit and loss, and a corresponding adjustment to equity over the remaining vesting period.

If the group cancels or settles a grant of equity instruments during the vesting period, the group accounts for the cancellation or settlement of the grant and recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

The share-based payment expense is recognised in profit and loss and a share-based payment reserve is recognised in equity as part of other reserves and represents the fair value at grant date of the share options that will be delivered on vesting.

12.2 Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated annual leave as a result of services rendered by employees up to reporting date.

12.3 Other short-term employee benefits

The cost of all other short-term employee benefits is recognised as an expense during the period in which the employee renders the related service. Accruals for employee entitlements to wages, salaries and bonuses represent the amount which the group has a present obligation to pay as a result of employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

13. PROVISIONS AND CONTINGENT LIABILITIES

13.1 Provisions

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

13.2 Contingent assets and liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These contingent assets are not recognised in the statement of financial position but are disclosed in the notes to the financial statements if the inflow of financial benefits is probable.

A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. These contingent liabilities are not recognised in the statement of financial position but disclosed in the notes to the financial statements.

14. DIVIDEND DISTRIBUTIONS

Dividend distributions to the company's shareholders are recognised as a liability in the period in which the dividends are approved by the company's board of directors.

15. REVENUE RECOGNITION

15.1 Dividend income

Dividend income is recognised when the right to receive payment is established and is included as part of investment income in profit and loss.

15.2 Interest income

Interest income for financial assets that are not classified as at fair value through profit or loss is recognised using the effective interest method and is included as part of investment income in profit and loss. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding discount as interest income.

16. OTHER INCOME

16.1 Management fee income and directors' fees

Management fee income and directors' fees comprises the fair value of the consideration received or receivable for services rendered in the ordinary course of the group's activities. Management fee income and directors' fees are shown net of value-added tax. The fair value of the consideration is the amount that is allocated to that performance obligation. Management fee income and directors' fees are recognised when (or as) the entity satisfies a performance obligation by transferring a promised service to the investment portfolio entity. A service is delivered when (or as) the investment portfolio entity obtains the benefit of that service.

It is the group's policy to recognise management fee income and directors' fees when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the service has commercial substance, and collectability has been ascertained as probable.

17. ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset (or disposal group) is recognised at the date of derecognition.

Assets (including those that are part of a disposal group) classified as held for sale are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Assets (including those that are part of a disposal group) classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major investment, line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

18. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

18.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

18.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the dilutive fair value gains/losses from the investments due to the additional ordinary shares of those investments that would have been outstanding assuming the conversion of all dilutive potential ordinary shares of that investments by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

18.3 Headline and diluted headline earnings per share

Headline and diluted headline earnings per share are calculated on the same basis set out above and in accordance with The South African Institute of Chartered Accountants (SAICA) Circular 1/2021.

18.4 Net asset value per share ("NAVPS")

NAVPS is calculated by dividing the net asset value by the total number of ordinary shares in issue at the financial year-end, excluding treasury shares. Net asset value is the value of the total assets (non-current assets plus current assets) minus total liabilities (non-current liabilities plus current liabilities).

Zeder adopted NAVPS as the applicable criteria for trading statement purposes.

18.5 Tangible asset value per share

Tangible asset value per share is calculated by dividing the tangible asset value by the total number of ordinary shares in issue at the financial year-end, excluding treasury shares. Tangible asset value is the net asset value less the value of goodwill and other intangible assets.

19. ROUNDING OF AMOUNTS

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million currency units unless otherwise stated.

20. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities are addressed below.

20.1 Assessment as an Investment Entity

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 are 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.

20.2 Fair valuation of investments

The investment portfolio, a material asset of the group, is held at fair value through profit or loss.

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; and
- Recent transaction prices, including closing quoted listed share prices.

The primary valuation models utilised for valuing unlisted investments are the earnings multiple model, as well as the market-related net asset value of the investments, or a combination of both.

The earnings multiple is the main assumption applied to an earnings-based valuation. The multiple is derived from comparable listed companies. Companies in the same industry and geography and, where possible, with a similar business model and profile are selected and multiples are then adjusted for factors including, *inter alia*, liquidity risk, marketability risk, growth potential, relative performance and a minority/controlling discount/premium is applied. This continues to be an important exercise given the market volatility we have seen as a result of the Covid pandemic, as well as the Russian-Ukraine conflict, in the past two years. EV/EBITDA multiples are applied to the *recurring* earnings, before interest, tax, depreciation and amortisation ("EBITDA"), of an investment to determine the enterprise value ("EV"). Earnings are usually obtained from the management accounts of the investments and where necessary, are adjusted for non-recurring items such as restructuring expenses or significant corporate actions. In a small number of assets we used *recurring* headline earnings. Net debt and cash are deducted from/added to the EV to determine the fair value of the equity of the investments.

Independent third party valuations were obtained to determine the market-related net asset value for certain investments, and where there are extreme volatility in earnings and resultant market multiples of the investments and comparable companies. Certain agricultural companies trade at a discount to their underlying asset values and this can be attributed to the appetite for primary farming assets and the ability of the company to realise these assets at market-related net asset values. These discounts were referenced by considering the traded discounts of comparable companies, adjusting the discount for entity specific factors, which include, but not limited to, liquidity and marketability factors.

For additional details in respect of the investments, per IFRS 13, as well as post-tax profit sensitivity analysis, refer to note 1.

20.3 Deferred tax

As a result of being an Investment Entity, Zeder applied judgement, as any potential capital gains tax on the disposal of subsidiary investments at fair value through profit or loss is ultimately dependent on the method of realisation and to what extent such capital gains may be offset against available capital losses, with management expecting any capital gains tax payable upon realisation of the investment portfolio to be limited at present. Furthermore, Zeder controls the timing of the reversal of the temporary differences pertaining to its subsidiary investments at fair value through profit or loss and at the reporting date there was no firm commitment whereby the temporary timing differences would reverse within the next 12 months.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2023

1. INVESTMENTS

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.

GROUP	2023 Rm	2022 Rm
Zaad	**2 384**	2 037
Capespan	**1 046**	1 053
Agrivision Africa		146
Other	**15**	21
Total investments	**3 445**	3 257

Reconciliation of investments and assets held for sale

GROUP	Fair value 1 Mar 22 Rm	Reclassified[1] Rm	Fair value gain/(loss) Rm	Additions/ (disposals/ unbundling) Rm	Fair value 28 Feb 23 Rm	Investment (dividend) income Rm
28 February 2023						
Continued Operations						
Zaad	2 037		17	330	2 384	
Capespan	1 053		(7)		1 046	
Agrivision Africa[1]	146	(146)			–	
Other	21		1	(7)	15	2
Total investments	3 257	(146)	11	323	3 445	2
Discontinued operations						
The Logistics Group[2]	1 571			(1 571)	–	
KAL Group[2]	1 603		(193)	(1 410)	–	
Agrivision Africa[1,2]		146	14	(160)	–	
Total assets held for sale	3 174	146	(179)	(3 141)	–	–
	6 431	–	(168)	(2 818)	3 445	2

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2023 (CONTINUED)

1. INVESTMENTS continued

GROUP	Fair value 1 Mar 21 Rm	Reclassified[3] Rm	Fair value gain/(loss) Rm	Fair value 28 Feb 22 Rm	Investment (dividend) income Rm
28 February 2022					
Continued operations					
Zaad	2 010		27	2 037	
The Logistics Group[3]	1 325	(1 325)		–	
Capespan	1 117		(64)	1 053	44
KAL Group[3]	1 102	(1 102)		–	
Agrivision Africa	146			146	
Other	24		(3)	21	2
Total investments	5 724	(2 427)	(40)	3 257	46
Discontinued operations					
The Logistics Group[3]		1 325	246	1 571	35
KAL Group[3]		1 102	501	1 603	47
Total assets held for sale	–	2 427	747	3 174	82
	5 724	–	707	6 431	128

[1] *Agrivision Africa classified as a discontinued operation and asset held for sale during the year under review. R146m was reclassified as asset held for sale and Agrivision Africa was disposed of during the year for a disposal consideration of R160m. The fair value movement of R14m (2022: Rnil) was represented as discontinued operations.*

[2] *Fair value gain/(loss) represents fair value gain/(loss) on disposal of asset held for sale and discontinued operations (refer note 5.2).*

[3] *The Logistics Group and KAL Group was classified as discontinued operations and asset held for sale during the previous year. Previous year represented as discontinued operations.*

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.

1. INVESTMENTS continued

	GROUP												
	28 Feb 2023						SOTP value					Fair value	
Investment	Voting rights[4] %	No. of shares held m	Country of incorporation[5]	Nature of business	Listed/ unlisted	Classification at 28 Feb 2023	28 Feb 2022 Rm	Move-ment Rm	28 Feb 2023 Rm	Portion %	Valuation method	Cat-egori-sation	R/share
Continued operations													
Zaad	**97.2**	**39.4**	South Africa[6]	Specialist agricultural seed and agrochemical company	Unlisted	Subsidiary	**2 037**	**347**	**2 384**	**69**	EV/EBITDA multiple (note A)	Level 3	60.50
Capespan	**93.0**	**356.9**	South Africa[7]	Fruit marketing and farming	Unlisted	Subsidiary	**1 053**	**(7)**	**1 046**	**30**	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 D	Level 3	
Discontinued operations													
The Logistics Group			South Africa[8]	Integrated logistics provider	Unlisted		**1 571**	**(1 571)**	**–**		Recent transaction price (note B)	Level 3	
KAL Group			South Africa[8]	Retail and agricultural trade services group	Listed		**1 603**	**(1 603)**	**–**		Closing JSE-listed share price (note C)	Level 1	
Agrivision Africa			Mauritius[9]	Farming and milling operation	Unlisted		**146**	**(146)**	**–**		Recent transaction price (note B)	Level 3	
Total investments and assets held for sale							**6 431**		**3 445**	**100**			
Cash and cash equivalents							**508**		**598**				
Other net assets and liabilities							**229**		**(34)**				
Total *SOTP value*							**7 168**		**4 009**				
***SOTP value* per share (rand)**							**4.66**		**2.60**				
Sub-total								**(2 986)**					
Adjust for disposals/unbundling/(additions) included in movement								**2 818**					
Fair value gains/(losses) from investments and assets held for sale								**(168)**					

4 *Voting rights equal economic interests.*
5 *Principle place of business is the country of incorporation, unless otherwise stated.*
6 *Operating via subsidiaries in Southern Africa, Europe and the Middle East.*
7 *Operating via various subsidiaries throughout the world.*
8 *Operating via subsidiaries in Southern Africa. The Logistics Group and KAL Group classified as discontinued operations.*
9 *Operating via subsidiaries in Zambia. Agrivision Africa classified as a discontinued operation.*

1. INVESTMENTS continued

Other additional information:

GROUP	Recurring headline earnings[10] Rm	EBIT Rm	Recurring EBITDA[12] Rm	Net asset value Rm	Market-related net asset value[11] Rm
28 February 2023					
Zaad[13]	225	429	516		
Capespan[14]	89	103	168	1 559	1 673

[10] *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.*

[11] *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 exclude the fair value of other operations, in the case of Capespan, that is valued on a P/E multiple basis.*

[12] *For Zaad, the recurring EBITDA include the proportionate EBITDA of the associates.*

[13] *Represents the last twelve months ended 31 December 2022. Different year-ends do not have a material impact on the valuation of the investment.*

[14] *Represents the year ended 31 December 2022. Different year-ends do not have a material impact on the valuation of the investment.*

Valuation inputs: additional details in respect of the investments, per IFRS 13:

Note A – unlisted investments – continued operations:

For an overall description with regards to the valuation methods and judgements applied refer to accounting policy note 20.2.

Level 3 unobservable inputs GROUP	Recurring EBITDA[12] Rm	Average EV/EBITDA multiple[15] times	Net debt and cash[16] Rm	Recurring headline earnings[10] Rm	P/E multiple[15] times	Comparable market prices[17] per hectare	Market related net asset value[11] Rm	Net company specific discounts[18] %	Implied P/E multiple times
28 February 2023									
Zaad[19]	516		909	225					8 - 12
Seed	208	7 - 8	640	81				0 - 45	10 - 12
Chemical	160	6 - 7	269	84				20	8 - 10
Associates									
Seed	117	7 - 9		47				0 - 25	
Chemical	31	5 - 6		13				35	
Capespan[20]									
Mainly South African farming assets						R0.2m - R1.1m	1 673	31	
Other operations				6	5				

[15] *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.*

[16] *For Zaad, the net debt and cash do not include the proportionate net debt and cash of the associates.*

[17] *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 valuation were performed during the previous year and a desktop valuation for the current year, as there were no significant changes to the farm land valued.*

[18] *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.*

[19] *Represents the last twelve months ended 31 December 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. For non-profitable associates and divisions, where the earnings don't currently support a market-related EV/EBITDA multiple, a discounted net asset value approach is followed.*

[20] *Represents the year ended 31 December 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 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, who 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.*

1. INVESTMENTS continued

Valuation inputs: additional details in respect of the investments, per IFRS 13: continued

Note B – unlisted assets held for sale – 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. Subsequently, 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 2024, but there is no certainty regarding same.

Effective 31 January 2023, the Zeder disposed of all of its shares in the issued share capital of Zeder Africa for a disposal consideration of R160m. Zeder Africa holds 56.0% of the issued shares (*net of treasury shares*) in Agrivision Africa. As a result, Agrivision Africa was classified as a discontinued operation.

Note C – listed assets held for sale – discontinued operations:

As at 28 February 2022, Zeder's investment in KAL Group was valued using its closing JSE-listed share price.

Note D – other unlisted investments:

Certain equity securities included in other as at the most recent reporting date consisted of the unquoted equity securities. The unquoted equity securities include advances which are linked to equity securities that trade infrequently in over-the-counter markets. In terms of these agreements, the group is entitled to the majority of the increase in the market value of the underlying over-the-counter traded equity securities and the dividends received on these securities. The advances are carried at the fair value of the underlying over-the-counter traded equity securities. The balance previously included a 32.4% interest in CAN-Agri, an associate, valued at the loans converted to equity during the previous year. The investment in CAN-Agri was impaired in full during the previous year and disposed for R1 000, with a R19m recovery of the previously impaired loan, during the current year. As at 28 February 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.

Post-tax profit sensitivity analysis:

GROUP	2023 Increase Rm	2023 Decrease Rm	2022 Increase Rm	2022 Decrease Rm
EV/EBITDA (1x)	**330**	**(330)**	379	(379)
Multiple discounts (5%)	**(30)**	**30**	(15)	15
Comparable market prices per hectare (10%)	**59**	**(59)**	78	(78)
Net asset value discounts (5%)	**(36)**	**36**	(60)	60

The change in valuation disclosed in the above tables shows the relative increase or decrease in the input variables deemed to be subject to the most judgement and estimate, and respective impact on the fair value presented in the consolidated annual 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2023 (CONTINUED)

1. INVESTMENTS continued

COMPANY	2023 Rm	2022 Rm
Investment in unlisted subsidiary		
Fair value as at 1 March	**7 241**	7 121
Net fair value (loss)/gain on investment	**(3 101)**	120
Fair value as at 28 February[21]	**4 140**	7 241
Investment in listed subsidiary		
Fair value as at 1 March		
Dividend *in specie* received – KAL Group unbundling	**1 517**	
Net fair value loss on investment	**(109)**	
KAL Group unbundling to Zeder shareholders	**(1 408)**	
Fair value as at 28 February[21]	**–**	–
Total	**4 140**	7 241

[21] *IAS 27.11A requires an Investment Entity to account for its investment in subsidiaries at fair value in its separate financial statements, therefore the underlying investment in subsidiary will be measured at fair value through profit or loss in accordance with IFRS 9 and IFRS 13 in the separate financial statements.*

The company holds 100% (2022: 100%) of the issued share capital of ZFS. ZFS is an unlisted wholly-owned subsidiary who deliver investment services to the Zeder group and holds the group's investments in the underlying investment portfolio entities.

Effective 25 March 2022, ZFS unbundled all of its shares in the issued share capital of KAL Group shares to the company by way of a distribution *in specie*. Effective 4 April 2022, the company then unbundled the investment in KAL Group to Zeder shareholders by way of a *pro rata* distribution *in specie*, in the ratio of 1 KAL Group share for every 49.22692 Zeder shares held.

The company fair valued its interest in its sole unlisted wholly-owned subsidiary, ZFS, with reference to the SOTP value detailed in note 1 and as reconciled there with below:

COMPANY	2023 Rm	2022 Rm
SOTP value per note 1	**4 009**	7 168
Loans and advances reflected in the company's separate annual financial statements but eliminated as intergroup for purposes of the SOTP value per note 1		(11)
Trade and other receivables at a the company level included in the SOTP value per note 1 and therefore excluded from the fair value of the investment in ZFS	**(1)**	
Borrowings reflected in the company's separate annual financial statements but eliminated as intergroup for purposes of the SOTP value per note 1	**54**	6
Trade and other payables at a company level included in the SOTP value per note 1 and therefore excluded from the fair value of the investment in ZFS	**78**	78
Fair value of investment in ZFS	**4 140**	7 241

	GROUP		COMPANY	
	2023 Rm	2022 Rm	2022 Rm	2022 Rm
2. LOANS AND ADVANCES				
Secured loans	**2**	3		
Unsecured loans		326		11
	2	329	**–**	11
Current		326		11
Non-current	**2**	3		
	2	329	**–**	11

As at 28 February 2023, the loans and advances for the group have the following terms:

Counterparty	secured/unsecured	Interest rate %	Repayment terms	2023 Rm	2022 Rm
Participants of the share incentive scheme	Secured: shares with market value of R8m (2022: R4m)	SARS fringe benefit rate	Repayable in full within 7 years of such capital amount being advanced to the participant	**2**	3
Zaad	Unsecured	Prime			326
CAN-Agri	Unsecured	Prime plus 1%			51
Provision for impairment (CAN-Agri)					(51)
				2	329

Historically, Zeder made loan funding available to the participants of the share incentive scheme to assist them to exercise their share options from a cash flow perspective, accumulate shares in Zeder and remain invested alongside fellow shareholders. This funding was available to cover 90% of the strike value plus the associated section 8C tax obligation. However, the Remuneration Committee has decided that, from 1 March 2018, Zeder will no longer provide such loan funding to participants for exercising their share options. R2m (2022: R3m) relate to Mr JH le Roux (an executive director) during the year.

During the year, the group converted the outstanding loan to Zaad of R330m, as at 30 April 2022, into equity via a rights issue (refer note 1). During the previous year, the group advanced an amount of R180m through a loan facility.

During the year, the group sold and assigned its loan granted to CAN-Agri for R19m, representing a reversal of prior year impairment, due to the loan that was in default and fully impaired at 28 February 2022.

Loans and advances, being measured at amortised cost, are almost entirely fully performing, except for the loans to CAN-Agri in the previous year that was sold and assigned during the current year for R19m. The loan to Zaad was capitalised on 30 April 2022 and the loan to participants of the share incentive scheme are secured by shares with a market value of R8m (2022: R4m).

COMPANY

During the year, ZFS declared special dividends to the company, and settled the loan. As at 28 February 2022, the loan was unsecured, interest-free and had no fixed repayment terms.

GROUP	2023 Rm	2022 Rm
3. PROCEEDS FROM DISPOSAL OF INVESTMENT SUBJECT TO EARN-OUT PAYMENTS		
Proceeds from disposal of The Logistics Group subject to earn-out payments	**30**	

Effective 31 March 2022, Zeder 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 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.

	GROUP		COMPANY	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm
4. TRADE AND OTHER RECEIVABLES				
Value added tax[1]	**4**	4		
Prepayments and sundry receivables[2]	**21**	2	**1**	
	25	6	**1**	–

[1] *Total non-financial assets of R4m (2022: R4m) for the group and Rnil (2022: RnIl) for the company is included in above.*

[2] *The sundry receivables comprise mainly from the proceeds of the sale and assignment of CAN-Agri loan amounting to R19m (note 2) and disposal of interest in CAN-Agri amounting to R1 000 (note 1) all of which was received in March 2023.*

GROUP	2023 Rm	2022 Rm
5. CASH, MONEY MARKET INVESTMENTS AND OTHER CASH EQUIVALENTS		
Bank balances	**598**	442
Money market fund		66
	598	508
Current	**445**	508
Non-current	**153**	
	598	508

The money market fund earned interest at money market rates during the year under review. Money market funds are invested in highly liquid instruments with a weighted average maturity of less than 90 days.

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 28 February 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. 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.

	GROUP	2023 Rm	2022 Rm
6.	**ASSETS HELD FOR SALE AND DISCONTINUED OPERATION**		
6.1	**Assets held for sale**		
	The Logistics Group[1]		1 571
	KAL Group[2]		1 603
	Agrivision Africa[3]		
		–	3 174

[1] *Effective 31 March 2022, the group 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 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.*

[2] *Effective 4 April 2022, Zeder unbundled all of its shares in the issued share capital of KAL Group (previously known as Kaap Agri), comprising approximately 42.2% of the total issued share capital of KAL Group, to Zeder shareholders by way of a pro rata distribution in specie, in the ratio of 1 KAL Group share for every 49.22692 Zeder shares held.*

[3] *Effective 31 January 2023, the group 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. As a result, Agrivision Africa was classified as an asset held for sale and a discontinued operation during the year. The previous year was represented as discontinued operations, where applicable.*

		2023 Rm	2022 Rm
6.2	**Discontinued operations – Income statement**		
	Net fair value (loss)/gains on investments (note 1)	**(179)**	747
	Investment income (dividend income) (note 1)		82
	Other income[4]	**2**	2
	Impairment loss from proceeds from disposal of investment subject to earn-out payments[5]	**(10)**	
	Transaction costs	**(5)**	(26)
	Taxation[6]	**(18)**	
	(Loss)/profit for the year from discontinued operations	**(210)**	805

[4] *Previous year represented for discontinued operation Agrivision Africa.*

[5] *During the year, Zeder impaired the earn-out payment resulting from the disposal of The Logistics Group with R10m (refer note 3).*

[6] *As a result of the unbundling of the KAL Group shares, Zeder has 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.*

		2023 Rm	2022 Rm
6.3	**Discontinued operations – Statement of cash flow**		
	Dividends received		82
		–	82

	GROUP		COMPANY	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm
7. STATED CAPITAL				
7.1 Ordinary shares				
Authorised				
3 000 000 000 (2022: 3 000 000 000) ordinary shares with no par value.				
Issued				
Balance at beginnings and end of year	**6 619**	6 634	**6 619**	6 634
Number of shares in issue ('000)				
In issue (gross of treasury shares)	**1 540 160**	1 543 260	**1 540 160**	1 543 260
Held by share incentive trust	**(24)**	(5 001)		
In issue (net of treasury shares)	**1 540 136**	1 538 259	**1 540 160**	1 543 260

No ordinary shares were issued during the year under review (2022: nil). 3 100 000 ordinary no par value shares were purchased, cancelled and delisted, with JSE obtained approval, during the year under review (2022: nil) as settlement of a dissenting shareholder's appraisal rights (refer note 8).

The directors are authorised to buy back shares subject to certain limitations and the JSE Listings Requirements. No ordinary shares were purchased during the year under review (2022: nil).

Unissued shares, limited to 5% of the company's number of shares in issue as at the previous annual general meeting held during July 2022, have been placed under the control of the directors until the next annual general meeting. The directors are authorised to buy back shares subject to certain limitations and the JSE Listings Requirements.

During the year under review, the SIT purchased 400 000 ordinary no par value shares, held as treasury shares, at an average of R1.68 per share, and released 5 377 006 ordinary shares, previously held as treasury shares, to the participants, in respect of the exercising of share options (refer note 7.3).

7.2 Cumulative, non-redeemable, non-participating preference shares

Authorised

250 000 000 (2022: 250 000 000) shares with no par value

7.3 Share incentive schemes

During the year, the company operated an equity-settled share incentive scheme by means of the Zeder Group Share Incentive Trust ("SIT"). In terms of the scheme, share options are granted to executive directors and other employees ("participants").

In terms of the aforementioned schemes, share options in respect of ordinary shares are allocated to participants on grant date at market prices. The settlement of the purchase consideration payable by the participants in terms of the shares options granted occurs upon exercise.

The total equity-settled share-based payment amounted to a credit of R10m (2022: R12m). This charge, net of the related tax effect, was recognised in profit and loss and credited to other reserves (refer notes 8 and 15).

The SIT currently holds 24 463 (2022: 5 001 469) ordinary shares, with 14 023 746 (2022: 25 489 086) share options having been allocated that are unvested and/or unexercised with a total negative strike consideration of R6m (2022: total positive strike consideration of R55m).

In terms of shareholder approval previously obtained, the maximum number of ordinary shares which may be utilised in terms of the scheme is 173 051 465 shares, while the maximum number of shares that may be offered to any single participant is 34 610 293 shares. To date, 8 267 847 (2022: 2 890 841) shares have been exercised by way of the scheme and accordingly a further 164 783 618 (2022: 170 160 624) shares may be exercised in future by way of the scheme. To date, a maximum of 5 645 627 (2022: 2 155 381) shares have been exercised by any single participant and accordingly a maximum 28 964 666 (2022: 32 454 912) shares may be exercised in future by any single participant of the scheme.

Reconciliation of outstanding share options:	2023 Number	2022 Number
Number of share options allocated at beginning of the year	**25 489 086**	25 489 086
Number of share options exercised during the year	**(9 720 143)**	
Number of share options forfeited during the year	**(1 745 197)**	
Number of share options allocated at end of the year	**14 023 746**	25 489 086

7. STATED CAPITAL continued

7.3 Share incentive schemes continued

Outstanding share options per tranche allocated:	Number of shares	Strike price R	Adjusted price R[1]	Volatility %[2]	Dividend yield %	Risk-free rate %	Fair value R[3]
28 February 2019	**1 001 082**	4.36	(0.41) - (1.42)	30.20	2.55	7.28	1.80
29 February 2020	**1 201 245**	4.52	(0.49) - (1.75)	33.00		6.34	1.88
18 January 2021	**11 250 000**	2.66	(0.51) - 0.25	93.97		4.25	1.69
28 February 2021	**571 419**	2.71	(0.51) - 0.26	93.90		5.11	1.74
	14 023 746						

[1] *The approved Trust Deed, entitles the board (acting through the remuneration committee) to instruct the SIT's trustees to effect such adjustments to the Strike Prices (as defined in the Trust Deed) of awarded but unexercised share options as the remuneration committee "shall consider fair and reasonable in the circumstances…" and to take account of special dividends and various other corporate actions listed in that clause. On 9 May 2022 and 14 November 2022 Zeder distributed gross special dividends of 92.5 cents and 10 cents per share, respectively, to the Zeder ordinary shareholders as a special dividend from income reserves and on 4 April 2022, Zeder distributed its entire shareholding of KAL Group to the Zeder ordinary shareholders as a pro rata distribution in specie. In accordance with the JSE Listings Requirements and the Trust Deed, the SIT's trustees adjusted the Strike Prices of the awarded but unexercised share options. The external auditors, Deloitte & Touche, reviewed, and the JSE approved, the adjusted strike prices.*

[2] *The expected price volatility is based on the one year historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.*

[3] *Due to a change in vesting conditions with regards to share options issued on or after 28 February 2018, the value of those options was calculated using a Binominal Model and a Black-Scholes model was used for share options issued before 28 February 2018.*

For options granted on or after 28 February 2018, 50% of the amount of options that will vest, depends on Zeder's total shareholder return ("TSR"), that includes share price growth and dividend returns. Once vested, the options remain exercisable for a period of 180 days.

Vesting of shares occurs as follows:	%
2 years after grant date	25
3 years after grant date	25
4 years after grant date	25
5 years after grant date	25
	100

Analysis of outstanding scheme shares by financial year of maturity:	2023 Weighted average strike price (R)	2023 Number	2022 Weighted average strike price (R)	2022 Number
28 February 2023			2.21	11 213 103
29 February 2024	**(0.40)**	**5 542 178**	1.95	5 662 761
28 February 2025	**(0.46)**	**4 541 095**	2.12	4 661 679
28 February 2026	**(0.51)**	**3 940 473**	2.34	3 951 543
		14 023 746		25 489 086

8. OTHER RESERVES

GROUP	Share-based payment Rm	Other[1] Rm	Total Rm
Balance at 1 March 2021	12	(14)	(2)
Share-based payment costs – employees	12		12
Balance at 28 February 2022	**24**	**(14)**	**10**
Share buy-back from a dissenting shareholder		**14**	**14**
Share-based payment costs – *employees*	**10**		**10**
Transfer between reserves	**(20)**		**(20)**
Balance at 28 February 2023	**14**	**–**	**14**

[1] As at 28 February 2022, other reserves comprise mainly of a provision for share buy-back from a dissenting shareholder, in terms of section 166 of the Companies Act, subsequent to the Pioneer Foods disposal. During the year, the 3 100 000 ordinary shares were purchased, cancelled and delisted, with JSE obtained approval, as settlement of a dissenting shareholder's appraisal rights.

COMPANY

As at 28 February 2022, the company's other reserves comprise mainly of a provision for share buy-back from a dissenting shareholder, in terms of section 166 of the Companies Act, subsequent to the Pioneer Foods disposal. During the year, the 3 100 000 ordinary shares were purchased, cancelled and delisted, with JSE obtained approval, as settlement of a dissenting shareholder's appraisal rights.

GROUP	2023 Rm	2022 Rm
9. DEFERRED INCOME TAX		
Deferred income tax assets		70
Deferred income tax liabilities		(71)
Net deferred income tax liability	–	(1)
Deferred income tax assets		
To be recovered within 12 months		50
To be recovered after 12 months		20
	–	70
Deferred income tax liabilities		
To be recovered within 12 months		(50)
To be recovered after 12 months		(21)
	–	(71)

The movements in the net deferred tax liability were as follows:

GROUP	Tax losses Rm	Unrealised profits Rm	Total Rm
Balance at 1 March 2021 and 28 February 2022	70	(71)	(1)
Credited/(charged) to profit and loss	(70)	71	1
Balance at 28 February 2023	–	–	–

The deferred income tax assets and liabilities were calculated on temporary differences (except for subsidiary investments as detailed in accounting policy note 20.3), under the liability method using a South African normal tax rate of 27% (2022: 28%) and a South African capital gains tax inclusion rate of 80% (2022: 80%).

The deferred income tax asset and liabilities were utilised during the year as a result of The Logistics Group and Agrivision Africa disposals and the KAL Group unbundling during the year.

The deferred tax assets include a total amount of R114m (2022: R70m) which relates to the carried forward capital tax losses of the underlying subsidiaries within the group, calculated using the effective tax rate of 21.6% (2022: 22.4%).

COMPANY	2023 Rm	2022 Rm
10. BORROWINGS		
Unsecured loans	**54**	6
Current	**54**	6

The loans from ZFS (2022: SIT) are unsecured, interest-free and have no fixed repayment terms.

GROUP	2023 Rm	2022 Rm
11. EMPLOYEE BENEFITS		
Short-term employee benefits - deferred salary and leave pay accruals	**3**	2

	GROUP		COMPANY	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm
12. TRADE AND OTHER PAYABLES				
Sundry payables[1]	**11**	45		15
Unclaimed dividends payable[2]	**78**	63	**78**	63
	89	108	**78**	78

[1] *Total non-financial liabilities of Rnil (2022: Rnil) for the group and the company is included in above.*

[2] *During the year, the board resolved to forfeit the unclaimed dividends older than three years and therefore releasing R7m.*

	GROUP		COMPANY	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm
13. INVESTMENT INCOME				
Interest income earned using effective interest rate	**34**	36	**–**	–
Loans and advances	**4**	20		
Cash and cash equivalents	**30**	16		
Interest income earned on fair value through profit or loss	**4**	4	**–**	–
Cash and cash equivalents – money market fund	**4**	4		
Dividend income	**2**	46	**3 065**	684
Investments (note 1)	**2**	46	**1 548**	684
Unbundling of KAL Group from investment (note 1)			**1 517**	
	40	86	**3 065**	684

GROUP	2023 Rm	2022[1] Rm
14. OTHER OPERATING INCOME		
Management and other fee income		1
Directors fees	**2**	1
Other income	**4**	
	6	2

[1] *Represented for discontinued operations detailed in note 6.*

	GROUP		COMPANY	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm
15. MARKETING, ADMINISTRATION AND OTHER EXPENSES				
Auditors' remuneration	**1**	1	**–**	–
– Audit services – current year	**1**	1		
Employee costs	**21**	28	**–**	–
– Salaries, wages and allowances[1]	**11**	16		
– Equity-settled share-based payment costs	**10**	12		
Marketing and administration costs	**8**	9	**1**	2
Professional fees[2,3]	**8**	2	**4**	
	38	40	**5**	2

[1] *Salaries, wages and allowances include directors' emoluments. For further information, refer to the directors' report.*

[2] *Professional fees, for the group, include R8m (2022: R2m) non-recurring cost incurred during the year in light of recent change in strategic review.*

[3] *Professional fees, for the company, include R4m (2022: Rnil) non-recurring cost incurred during the year in light of recent change in strategic review.*

	GROUP		COMPANY	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm
16. TAXATION				
Current taxation	**16**	12	**18**	
Deferred taxation	**(1)**			
	15	**12**	**18**	**–**

Reconciliation of effective tax rate:	%	%	%	%
South African standard tax rate	**28.0**	28.0	**28.0**	28.0
Adjusted for:				
– Non-taxable income	**1.5**	(28.9)	**572.1**	(28.1)
– Non-deductible charges	**(42.7)**	2.4	**(600.1)**	0.1
– Capital gains tax on distribution of KAL Group shares to a disqualified shareholder	**(11.7)**		**(12.0)**	
Effective tax rate for continued and discontinued operations	**(24.9)**	1.5	**(12.0)**	–

Non-taxable income relates mainly to dividend income and fair value gains, while non-deductible charges relate mainly to share-based payment, transaction costs and fair value losses.

17. RELATED-PARTY TRANSACTIONS AND BALANCES

The following related parties were identified with which the company and/or group transacted during the year, and/or balances were outstanding at year-end:

Party	Relationship
PSG Group Limited ("PSG Group")	Ultimate holding company
PSG Financial Services Limited ("PSL")	Previously held wholly-owned subsidiary of PSG Group
Zeder Financial Services Limited ("ZFS")	Wholly-owned subsidiary
Zeder Corporate Services Proprietary Limited	Wholly-owned subsidiary of ZFS
Zeder Africa Proprietary Limited ("Zeder Africa")	Previously held wholly-owned subsidiary of ZFS
Zaad Holdings Limited ("Zaad")	Subsidiary of ZFS
Capespan Group Limited ("Capespan")	Subsidiary of ZFS
The Logistics Group Proprietary Limited ("The Logistics Group")	Previously held subsidiary of ZFS
Agrivision Africa	Previously held subsidiary of Zeder Africa
KAL Group Limited ("KAL Group") (previously Kaap Agri Limited)	Previously held subsidiary of ZFS
Clean Air Nurseries Agri Global Proprietary Limited ("CAN-Agri")	Previously held associate of ZFS
PSG Corporate Services Proprietary Limited ("PSGCS")	Indirect subsidiary of PSG Group
JH le Roux	Executive director of the company

Related-party transactions, which are in the ordinary course of business, include dividends received from investments (refer notes 1 and 13) and discontinued operations (refer notes 1 and 6.2), various administration expenses and professional fees (refer notes 6.2 and 15), interest income (refer note 13).

During the prior year, the group advanced R180m to Zaad through a loan facility and as at 28 February 2022, the amount of R326m was outstanding. The loan carried interest at prime and included in the group's investment income (refer note 13) is R4m (2022: R20m) interest income from Zaad. During the year, the group converted the outstanding loan of R330m, as at 30 April 2022, to Zaad into equity via a rights issue (refer notes 1 and 2).

Refer to note 1 for dividends received from investments and those classified as discontinued operation and assets held for sale.

Included in the group's transaction cost for discontinued operations (refer note 6.2) is professional fees of R3m (2022: R24m) paid to PSG Capital (a division of PSGCS) for corporate finance relating to transactions during the year. Included in the group's professional fees for continued operations (refer note 15) is fees of R3m (2022: Rnil) paid to PSG Capital for transaction cost incurred during the year in light of recent change in strategic review. Also included in the group's marketing and administration costs for continued operations (refer note 15) is R4m (2022: R6m) paid to PSGCS for strategic, IT, admin services and rent.

Included in the group's dividends paid is R767m paid to PSG Group (2022: R150m paid to PSL) (the major shareholder in the company).

Details of the audited directors' emoluments and shareholdings and the prescribed officers' remuneration are included in the directors' report.

As at 28 February 2023, R2m (2022: R3m) relates to loans, including accrued interest, granted to Mr JH le Roux, with regards to shares obtained through the vesting of Zeder ordinary shares previously allocated to Mr JH le Roux, with the security value, based on the closing price as at 28 February 2023, of R8m (2022: R4m). The loan carries interest at the SARS' official interest rate (2022: SARS' official interest rate) and are repayable seven years from the respective date of advance. At the reporting date, 4 142 124 (2022: 1 040 338) Zeder ordinary shares served as security for Mr JH le Roux's loan (refer note 2).

For the company, related-party transactions, which are in the ordinary course of business, include dividends received from ZFS (refer note 13) and related-party balances of loans and advances and borrowings are set out in notes 2 and 10. ZFS has subordinated the loan agreement and pledged its financial support to the company for 12 months from the reporting date.

18. COMMITMENTS, SURETYSHIPS AND CONTINGENT LIABILITIES

Other contingent liabilities

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.

	GROUP 2023 Rm	GROUP 2022[1] Rm	COMPANY 2023 Rm	COMPANY 2022 Rm
19. NOTES TO THE STATEMENTS OF CASH FLOWS				
19.1 Cash (utilised by)/generated from operations				
Profit/(loss) before taxation			**(150)**	802
Continued operations	**38**	8		
Discontinued operations	**(192)**	805		
Interest income	**(38)**	(40)		
Dividend income			**(3 065)**	(684)
Continued operations	**(2)**	(46)		
Discontinued operations		(82)		
Net fair value (gain)/loss on investments (note 1)			**3 210**	(120)
Continued operations	**(11)**	40		
Discontinued operations	**179**	(747)		
Impairments				
Discontinued operations	**10**			
Reversal of impairments	**(19)**			
Equity-settled share-based payment costs	**10**	12		
Sub-total	**(25)**	(50)	**(5)**	(2)
Changes in working capital	**(6)**	36	**5**	6
Decrease/(increase) in trade and other receivables		9	**(1)**	
Increase/(decrease) in employee benefits	**1**	(2)		
(Decrease)/increase in trade and other payables	**(7)**	29	**6**	6
	(31)	(14)	**–**	4
19.2 Taxation paid				
Charged to profit and loss	**(34)**	(12)	**(18)**	
Movement in net taxation liability	**4**	(3)		
	(30)	(15)	**(18)**	–

[1] *Represented for discontinued operations detailed in note 6.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2023 (CONTINUED)

GROUP	2023 Rm	2022[1] Rm
20. EARNINGS AND DIVIDEND PER SHARE		
Headline earnings reconciliation		
The calculation of earnings per share is based on the following:		
Attributable (loss)/earnings	**(187)**	801
Non-headline items		
Headline (loss)/earnings	**(187)**	801
There are no non-headline items for the year under review (2022: Rnil).		
The calculation of the weighted number of shares in issue is as follows:		
Weighted number of shares at beginning of year ('000)	**1 538 259**	1 538 259
Weighted number of shares – shares purchased and cancelled during the year ('000)	**(645)**	
Weighted number of shares – net movement in treasury shares ('000)	**1 051**	
Weighted number of shares at end of year ('000)	**1 538 665**	1 538 259
Number of bonus element shares to be issued in terms of share incentive scheme ('000)	**17 113**	8 066
Diluted weighted number of shares at end of year ('000)	**1 555 778**	1 546 325
Basic earnings per share		
Attributable (loss)/earnings	**(187)**	801
Continued operations	**23**	(4)
Discontinued operations	**(210)**	805
Headline (loss)/earnings	**(187)**	801
Continued operations	**23**	(4)
Discontinued operations	**(210)**	805
Weighted number of shares at end of year ('000)	**1 538 665**	1 538 259
Attributable/basic earnings per share (cents)	**(12.1)**	52.1
Continued operations	**1.5**	(0.3)
Discontinued operations	**(13.6)**	52.3
Headline earnings per share (cents)	**(12.1)**	52.1
Continued operations	**1.5**	(0.3)
Discontinued operations	**(13.6)**	52.3

20. EARNINGS AND DIVIDEND PER SHARE continued

GROUP	2023 Rm	2022[1] Rm
Diluted earnings per share		
Diluted earnings and diluted headline earnings per share are calculated by using earnings and headline earnings and adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares on a group level (arising from the share-based payment arrangements set out in note 6). A calculation is performed to determine the number of shares that could have been acquired at fair value (determined using the annual volume weighted average JSE-listed share price of the company's shares) based on the monetary value of the shares/share options granted to participants.		
Diluted attributable (loss)/earnings	**(209)**	700
Continued operations	**1**	(46)
Discontinued operations	**(210)**	746
Diluted headline (loss)/earnings	**(209)**	700
Continued operations	**1**	(46)
Discontinued operations	**(210)**	746
Diluted weighted number of shares at end of year ('000)	**1 555 778**	1 546 325
Diluted attributable earnings per share (cents)	**(13.4)**	45.3
Continued operations	**0.1**	(2.9)
Discontinued operations	**(13.5)**	48.2
Diluted headline earnings per share (cents)	**(13.4)**	45.3
Continued operations	**0.1**	(2.9)
Discontinued operations	**(13.5)**	48.2
Dividends per share (cents)[2]		
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**	
Special dividend per share – declared 13 April 2021, paid 10 May 2021		20.0

[1] *Represented for discontinued operations detailed in note 6.*

[2] *Dividends are not accounted for until they have been approved by the company's board of directors.*

21. FINANCIAL RISK MANAGEMENT

21.1 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 group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by each major portfolio investment within the group under policies approved by the respective boards of directors. Each major portfolio investments' board of directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity that is applicable to that major portfolio investments.

Financial instruments are grouped into the classes set out below in order to facilitate effective financial risk management and disclosure in terms of IFRS 7. The sensitivity analysis presented below is based on reasonable possible changes in market variables for equity prices and interest rates for the group.

GROUP	At fair value through profit or loss Rm	At amortised cost Rm	Total Rm
28 February 2023			
Financial assets			
Investments	**3 445**		**3 445**
Loans and advances		**2**	**2**
Proceeds from disposal of investment subject to earn-out payments		**30**	**30**
Trade and other receivables		**21**	**21**
Cash, money market investments and other cash equivalents		**598**	**598**
	3 445	**651**	**4 096**
Financial liabilities			
Trade and other payables		**89**	**89**
	–	**89**	**89**
28 February 2022			
Financial assets			
Investments	3 257		3 257
Loans and advances		329	329
Trade and other receivables		2	2
Cash, money market investments and other cash equivalents	66	442	508
Assets held for sale	3 174		3 174
	6 497	773	7 270
Financial liabilities			
Trade and other payables		108	108
	–	108	108

21. FINANCIAL RISK MANAGEMENT continued

21.1 Financial risk factors continued

COMPANY	At fair value through profit or loss Rm	At amortised cost Rm	Total Rm
28 February 2023			
Financial assets			
Investments	**4 140**		**4 140**
Trade and other receivables		**1**	**1**
	4 140	**1**	**4 141**
Financial liabilities			
Borrowings		**54**	**54**
Trade and other payables		**78**	**78**
	–	**132**	**132**
28 February 2022			
Financial assets			
Investments	7 241		7 241
Loans and advances		11	11
	7 241	11	7 252
Financial liabilities			
Borrowings		6	6
Trade and other payables		78	78
	–	84	84

21.2 Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates and equity prices.

Price risk

Refer to note 1 with regards to the group's exposure to equity securities price risk because of investments held and classified on the statement of financial position as at fair value through profit or loss.

The group manages price risk by investing in a portfolio of investment entities and monitoring equity securities' prices on a regular basis.

21. FINANCIAL RISK MANAGEMENT continued

21.2 Market risk continued

Cash flow and fair value interest rate risk

The group's interest rate risk arises from interest-bearing investments, receivables and borrowings, which expose the group to cash flow interest rate risk if it is a variable rate instrument, or to fair value interest rate risk if it is a fixed rate instrument.

The table below distinguish between i) floating and ii) fixed and non-interest bearing financial assets and liabilities:

GROUP	2023 Rm	2022 Rm
Loans and advances	**2**	329
Floating rate	**2**	329
Proceeds from disposal of investment subject to earn-out payments	**30**	–
Fixed rate (including interest-free)	**30**	
Trade and other receivables	**21**	2
Fixed rate (including interest-free)	**21**	2
Cash, money market investments and other cash equivalents	**598**	508
Floating rate	**598**	508
Trade and other payables	**(89)**	(108)
Fixed rate (including interest-free)	**(89)**	(108)
Total	**562**	731
Floating rate	**600**	837
Fixed rate	**(38)**	(106)

The group manages its cash flow interest rate risk by monitoring interest rates on a regular basis.

COMPANY

The company had no exposure to interest rate risk.

The table below summarises the sensitivity of the group's post-tax net profit for the year to interest rate fluctuations. The analysis is based on the assumption that interest rates were 1% (2022: 1%) higher/lower for the full year, with all other variables (e.g. effective tax rate, interest carrying balances) held constant.

GROUP	2023 1% increase Rm	2023 1% decrease Rm	2022 1% increase Rm	2022 1% decrease Rm
Impact on post-tax profit	**4**	**(4)**	6	(6)

21. FINANCIAL RISK MANAGEMENT continued

21.3 Credit risk

Financial assets which potentially subject the group to credit risk, consist of loans and advances (refer note 2), proceeds from disposal of investment subject to earn-out payments (refer note 3), other receivables (refer note 4) and cash and cash equivalents (refer note 5). Cash transactions are limited to high-credit-quality financial institutions. In the case of loans and advances, management would take or insist on collateral or other form of securitisation as they deem fit.

The following tables provide information regarding the aggregated credit risk exposure for the financial assets:

GROUP	Loans and advances Rm	Proceeds from disposal of investment subject to earn-out payments Rm	Trade and other receivables Rm	Cash and cash equivalents Rm	Carrying value Rm
28 February 2023					
Ba2 Moody's				**598**	**598**
Not rated	**2**	**30**	**21**		**53**
	2	**30**	**21**	**598**	**651**

	Loans and advances Rm	Trade and other receivables Rm	Cash and cash equivalents Rm	Carrying value Rm
28 February 2022				
Baa2 Moody's			442	442
Not rated	329	2	66	397
	329	2	508	839

The table below reflects the group's maximum exposure to credit risk (being carrying value) by class of asset:

GROUP	Carrying value Rm	Maximum exposure Rm	Collateral fair value Rm	Description of collateral and other credit enhancements held
28 February 2023				
Loans and advances	**2**	**2**	**8**	**Mainly Zeder Investments ordinary shares**
Proceeds from disposal of investment subject to earn-out payments	**30**	**30**		
Trade and other receivables	**21**	**21**		
Cash and cash equivalents	**598**	**598**		
	651	**651**	**8**	
28 February 2022				
Loans and advances	329	329	4	Mainly Zeder Investments ordinary shares
Trade and other receivables	2	2		
Cash and cash equivalents	508	508		
	839	839	4	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2023 (CONTINUED)

21. FINANCIAL RISK MANAGEMENT continued

21.3 Credit risk continued

Loans and advances consist of secured and unsecured assets. There are no significant concentrations of credit risk. The group assesses all counterparties for creditworthiness before transacting, and monitors creditworthiness on a regular basis. There were no material impairments during the current or previous year in respect of loans and advances. Management demand collateral or other form of securitisation as they deem fit. Collateral includes mainly shares (refer note 2).

Cash and cash equivalents' counterparties are limited to high-credit quality financial institutions. The unrated cash and cash equivalents in the previous year relate to the group's investment in money market funds of which the underlying instruments are rated in terms of the Collective Investment Schemes Control Act. The mandate of the fund is to invest in cash deposits and highly liquid, fixed-interest securities with a weighted average maturity of less than 90 days. A spread of investments in top-quality financial instruments and institutions moderates the risk through diversification.

Cash and cash equivalents relate mainly to deposits held with the four traditional South African banks and/or their money market funds. Cash and cash equivalents are measured at amortised cost, except for the money market fund, carried at "fair value through profit and loss", fully performing and, considering forward-looking information, deemed fully recoverable. Accordingly, no expected credit losses have been provided for.

COMPANY

The company have no exposure to credit risk in the current year. As at 28 February 2022, loans and advances consist of unsecured loan to ZFS. During the year, ZFS declared a special dividend to Zeder, and settled the loan. There is no material impairment during the current year in respect of loans and advances.

21.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The group and standalone company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are available to meet future cash flow requirements and aims to maintain flexibility in funding by keeping committed credit lines available. Previously the group settled it's preference share debt and therefore have no borrowings.

All financial liability balances, for the group and standalone company respectively, are due within 12 months and therefore the impact of discounting is not significant. The standalone company's financial liabilities are all classified as "less than 1 year" based on the remaining period at the reporting date to the contractual maturity date. ZFS has pledged its financial support for the standalone company for 12 months from the audit reporting date (refer note 17).

21.5 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.

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 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 1 for valuation techniques used in determining the fair value of said financial assets.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2023 (CONTINUED)

21. FINANCIAL RISK MANAGEMENT continued

21.5 Price risk continued

There have been no significant transfers between level 1, 2 or 3 during the years under review.

For the group and standalone company respectively, 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:

GROUP	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
28 February 2023				
Assets				
Investments			**3 445**	**3 445**

GROUP	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
28 February 2022				
Assets				
Investments			3 257	3 257
Cash and cash equivalents – money market investments	66			66
Assets held for sale – investments	1 603		1 571	3 174
	1 669	–	4 828	6 497

The group had no financial liabilities measured at fair value for the year under review (2022: Rnil).

GROUP	Level 3 2023 Rm	Level 3 2022 Rm
Reconciliation of financial assets:		
Opening balance	**4 828**	4 622
Additions to investments	**330**	
Disposals to investments and assets held for sale	**(1 738)**	
Fair value gains	**25**	206
Closing balance	**3 445**	4 828

COMPANY	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
28 February 2023				
Assets				
Investments			**4 140**	**4 140**

COMPANY	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
28 February 2022				
Assets				
Investments			7 241	7 241

COMPANY	Level 3 2023 Rm	Level 3 2022 Rm
Reconciliation of financial assets:		
Opening balance	**7 241**	7 121
Fair value (loss)/gain	**(3 101)**	120
Closing balance	**4 140**	7 241

The company has no financial liabilities measured at fair value for the year under review (2022: Rnil).

21. FINANCIAL RISK MANAGEMENT continued

Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure effectively, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back shares, sell assets or increase/reduce debt.

Zeder's capital management is performed at a group level, giving consideration to, *inter alia*, the group's *SOTP value*. When funding is required management will consider the various forms of paper available for issue taking into account current market conditions, anticipated trends in market indicators and the financial position of the group at the time. Management will accordingly consider raising additional capital or utilising debt. The directors have authority to issue ordinary shares up to 5% of the number of shares in issue.

22. EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to year-end, the group advanced a bridge loan in an amount of R100m to Zaad to enable Zaad to increase its interest in May Seeds. The loan carries interest at the prime less 1% and is repayable by 30 June 2024.

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

23. SEGMENT REPORT

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

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

SOTP value remains a key tool used to measure Zeder's performance pursuant to its objective of shareholder 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 note 1:

GROUP	Fair value gains/ (losses) on investments Rm	Investment (dividend) income Rm	Other income and expenses Rm	Headline earnings Rm	SOTP value Rm
28 February 2023					
Continued operations					
Zaad	17		4	21	2 384
Capespan	(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					(34)
Total				(154)	4 009
Non-headline items (note 20)					
Taxation				(33)	
Loss for the year				(187)	
Profit for the year from continued operations				23	
Loss for the year from discontinued operations				(210)	
***SOTP value* per share (rand)**					2.60

23. SEGMENT REPORT continued

GROUP	Fair value gains/ (losses) on investments Rm	Investment (dividend) income Rm	Other income and expenses Rm	Headline earnings Rm	SOTP value Rm
28 February 2022					
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
KAL Group	501	47		548	1 603
Agrivision Africa			2	2	146
Unallocated (mainly head office)			(18)	(18)	
Cash and cash equivalents					508
Other net assets					229
Total				813	7 168
Non-headline items (note 20)					
Taxation				(12)	
Profit for the year				801	
Loss for the year from continued operations				(4)	
Profit for the year from discontinued operations				805	
***SOTP value* per share (rand)**					4.66

SHAREHOLDER ANALYSIS

FOR THE YEAR ENDED 28 FEBRUARY 2023

	Shareholders		Shares held	
GROUP (unaudited)	**Number**	**%**	**Number**	**%**
Range of shareholding				
1 – 20 000	10 537	82.6	30 974 921	2.0
20 001 – 50 000	923	7.2	29 625 664	1.9
50 001 – 100 000	557	4.4	38 401 237	2.5
100 001 – 500 000	568	4.5	116 741 181	7.6
500 001 – 1 000 000	82	0.6	55 331 679	3.6
Over 1 000 000	85	0.7	1 269 061 209	82.4
	12 752	100.0	1 540 135 891	100.0
Treasury shares				
– Employee share scheme	1		24 463	
	12 753		1 540 160 354	
Public and non-public shareholding				
Non-public				
– Directors[1]	4	0.1	6 164 988	0.4
– PSG Group	1		748 354 891	48.6
Public	12 747	99.9	785 616 012	51.0
	12 752	100.0	1 540 135 891	100.0
Major shareholders holding 5% or more of shares in issue *(net of treasury shares)* at 28 February 2023				
PSG Group (ultimate holding company)			748 354 891	48.6
Peresec Prime Brokers Proprietary Limited[2]			131 395 023	8.5
Coronation Asset Management Proprietary Limited[2]			98 523 600	6.4
			978 273 514	63.5

[1] Refer to the directors' report for further details on the directors' shareholdings.

[2] The shareholding includes shares held directly or indirectly by the entity and/or its clients.