

forward disONE

2023
INTEGRATED REPORT



for the **LOVE** of the **LAND** | www.vkb.co.za

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VKB BELEGGINGS (PTY) LTD

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2011/007000/07

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REITZ
9810

POSTAL ADDRESS
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REITZ
9810

CONTACT NUMBER
Tel.: 087 358 8111

WEBSITE
www.vkb.co.za

BANKERS
Standard Bank
Absa Bank

AUDITORS
Enslins Bethlehem
Incorporated
PO Box 357
BETHLEHEM
9700

GEOGRAPHICAL FOOTPRINT

Commercial branches	51
Trade depots	9
Distribution centres	3
Mechanisation branches	13
Grain facilities	25
Filling stations	7
Fuel retail outlets	37
Tyre outlets	2
Transmission	2
Packaging plants	2
Seed processing plant	1
Cold storage	1
Auction centre	1
Fertiliser mixing plant	1
Precision agronomic services	1
Insurance	13
Maize mills	3
Maize meal depots	12
Wheat mill	1
Bakery	1
Bakery depots	2
Broiler abattoir	1
Animal feed factories	2
Soya bean crushing plant	1
VKB Foods	6





CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2019 12 months R'm	2020 12 months R'm	2021 12 months R'm	2022 12 months R'm	2023 12 months R'm
Sales	10 736	11 660	12 474	16 393	21 179
Operating profit	604	624	516	709	918
Results of associates	8	11	24	43	33
Finance cost	(231)	(284)	(213)	(196)	(332)
Investment income	24	6	8	6	11
Profit before incentive discount	406	356	334	562	630
Incentive discount	(250)	(210)	(248)	(330)	(371)
Profit before tax	156	146	86	232	259
Tax	(86)	(46)	(21)	29	(60)
Profit after tax	69	100	65	261	199
Incentive discount	250	210	248	330	371
Dividends declared Class 2 preference shares	30	20	25	30	-
Dividend rate Class 2 preference shares	2,12%	1,27%	1,50%	1,65%	0,00%
Dividend rate Class 4 preference shares		4,00%	4,00%	4,00%	4,00%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

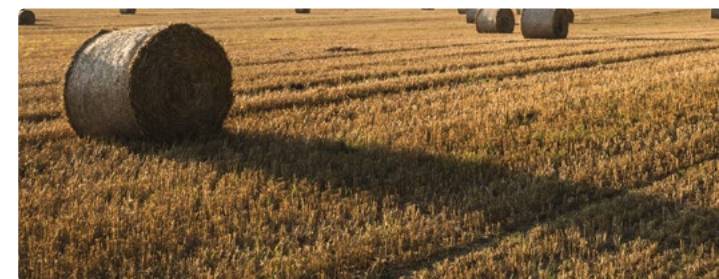
Non-current assets	2 143	2 662	2 907	3 020	3 100
Current assets	4 770	5 436	5 822	7 080	8 036
Total assets	6 913	8 098	8 729	10 100	11 136
Share capital	1 911	2 019	2 139	2 354	2 579
Reserves	437	464	470	704	827
Minority interest	69	82	85	121	149
Total equity	2 417	2 566	2 694	3 179	3 555
Non-current liabilities	614	612	530	809	775
Current liabilities	3 883	4 920	5 506	6 112	6 806
Total equity and liabilities	6 913	8 098	8 729	10 100	11 136

PROFITABILITY AND PRODUCTIVITY

Return on total assets	9%	8%	6%	8%	9%
Return on shareholders' equity	17%	14%	12%	18%	18%
Asset turnover ratio (number of times)	1,67	1,55	1,44	1,89	2,08
Operating profit as % of income	6%	5%	4%	4%	4%

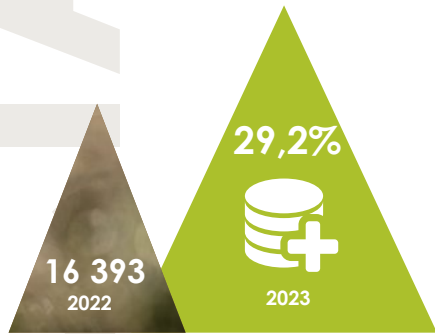
SOLVENCY AND LIQUIDITY

Own capital ratio	35%	32%	31%	31%	32%
Total assets to total liabilities	1,54	1,46	1,45	1,46	1,47
Percentage interest-bearing capital	48%	50%	51%	48%	47%
Interest cover (number of times)	2,76	2,25	2,57	3,87	2,90
Operating capital ratio	1,23	1,10	1,06	1,16	1,18
Acid test ratio	0,93	0,85	0,79	0,88	0,94

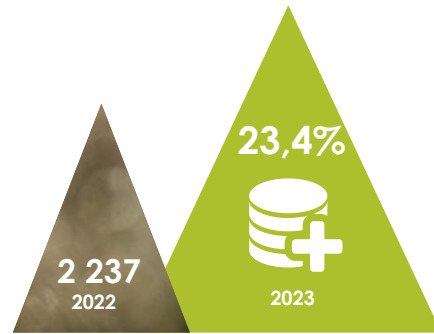


Note: Ratios were adjusted to 12 months, where applicable.

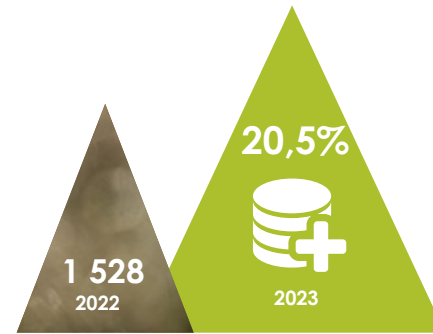
FINANCIAL HIGHLIGHTS



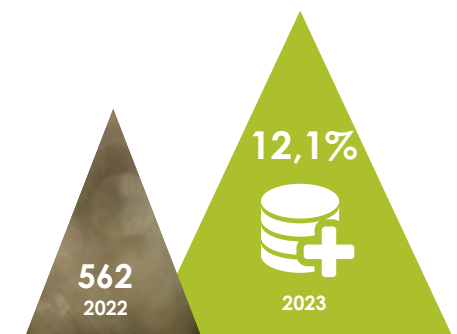
21 179
TURNOVER
(R'MILLION)



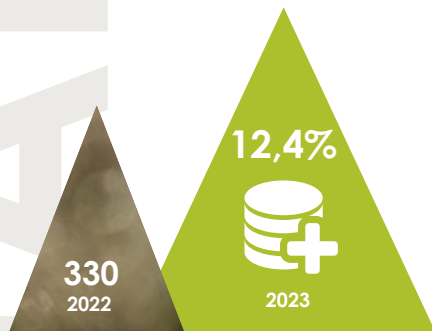
2 760
GROSS INCOME
(R'MILLION)



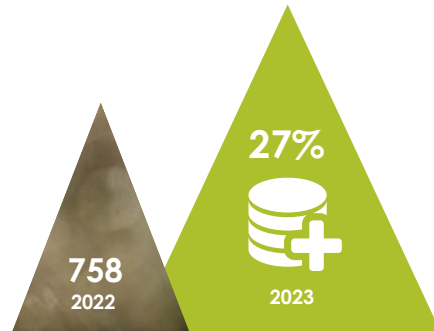
1 842
OPERATIONAL EXPENSES
(R'MILLION)



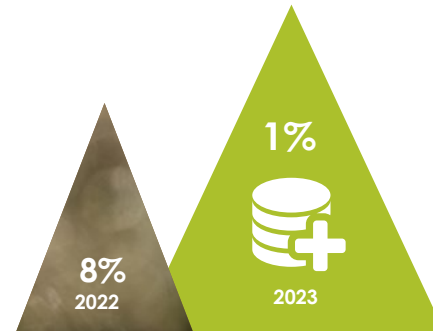
630
PROFIT BEFORE
INCENTIVE DISCOUNT
(R'MILLION)



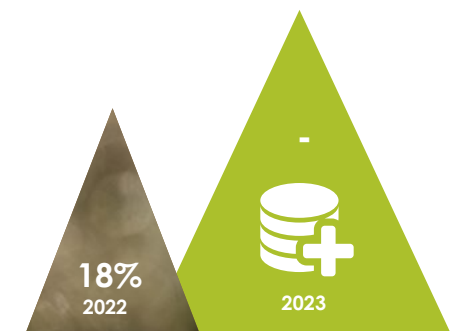
371
INCENTIVE DISCOUNT
(R'MILLION)



963
PROFIT BEFORE INTEREST,
TAXATION AND INCENTIVE
DISCOUNT (EBIT)
(R'MILLION)



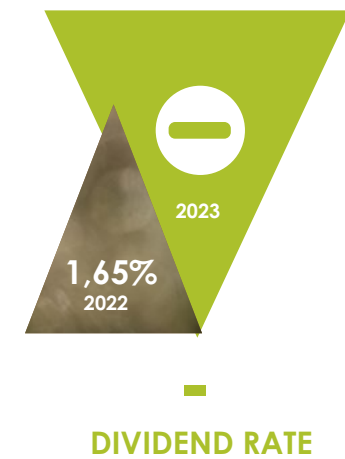
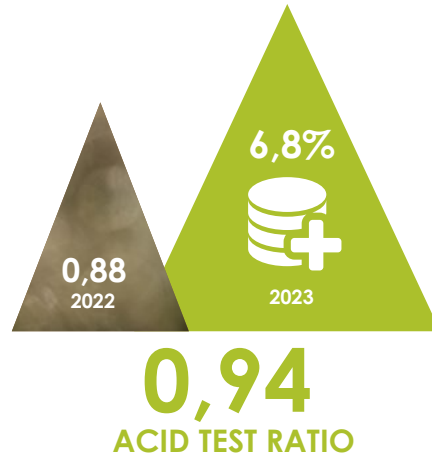
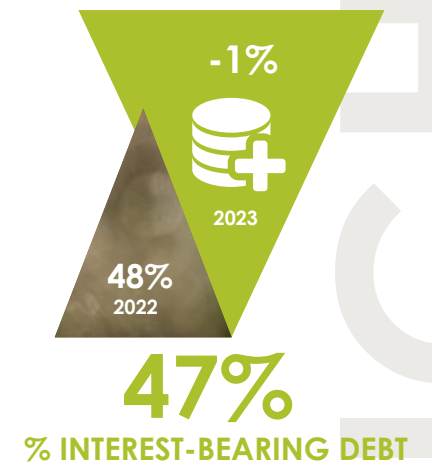
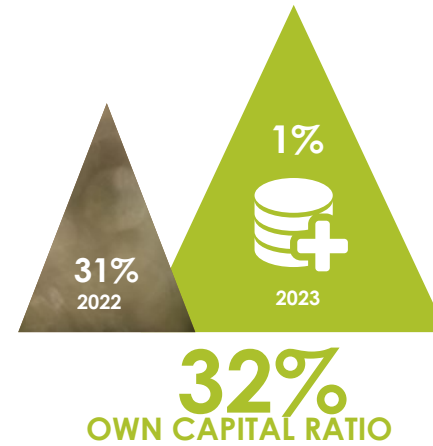
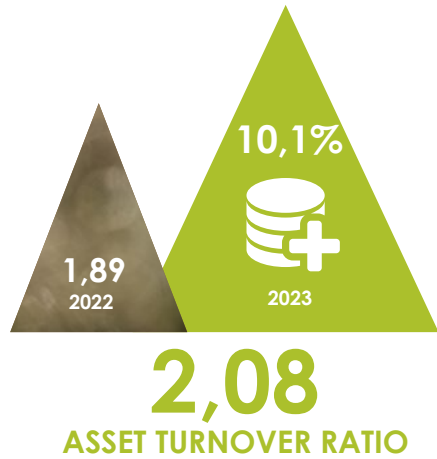
9%
RETURN ON TOTAL ASSETS



18%
RETURN ON SHAREHOLDERS' EQUITY

FINANCIAL HIGHLIGHTS

Continued





MESSAGE TO OUR SHAREHOLDERS

It is once again a great privilege to share some thoughts with you after the end of the financial year.

The environment in which we live and do business continues to change at a rapid pace. Globally, major changes are taking place due to increasing tension between the East and West. At the same time, the war between Russia and Ukraine had a considerable impact on commodity prices and key inputs, such as fertiliser, and this resulted in an exceptional increase in input costs. Shortages and talks of further shortages led to panic buying. The global disruption of logistics due to the effect of the COVID-19 pandemic further increased prices. This is, fortunately, starting to normalise.

The South African economy is under severe pressure due to rising inflation, high interest rates, load shedding, unemployment, high fuel prices, deteriorating infrastructure, social decay and rising crime. The result is that disposable income is under great pressure. It also discourages investment in the country and puts pressure on the exchange rate.

Locally, we experience fair to good grain harvests. However, certain agricultural operations such as citrus, grapes and livestock are under pressure for various reasons which, combined with the massive increase in input costs, have far-reaching consequences. Customers' risks increased significantly and cash flow is under pressure. During the past year, VKB had to play a key role in supply and price security, and to provide financing.

The impact of this on VKB was substantial and resulted in a significant increase in the debtors' book, although very few new customers were financed and stock levels were drastically reduced. Consequently, VKB also experiences cash flow pressure. This is, fortunately, bridged by good financial results and healthy relationships with our financiers and suppliers.

VKB achieved excellent results for the financial year, namely a record profit of R630 million before tax and incentive discount, for which we are very grateful. The own capital ratio shows an improvement and the cash flow managed to meet all the challenges. VKB Landbou (Pty) Ltd performed superbly. Good performance was also achieved by VKB Agri Processors (Pty) Ltd, although a few entities are still underperforming. Intensive attention is given to this.

The results enabled the company to award incentive discounts amounting to R371 million to its shareholders over the past year. This is a substantial amount, considering all the challenges. Our shareholders, therefore, effectively share in the financial value that has been created and, in addition to this, we also create value for them by providing excellent service. At VKB we do not measure our success only by profit and market share, but also by the positive impact we make in the different environments in which we conduct business.

VKB's staff is dedicated and knowledgeable, as was confirmed by recent customer service and staff surveys. From a survey conducted with 2 300 customers, the results indicated that our staff meet our customers' high expectations. Staff, however, regard it as an ongoing process to maintain and further improve the standard. Our goal remains to consistently provide excellent service and to be at the forefront of innovative solutions for our shareholders and customers.

In terms of prospects, the new financial year will pose similar challenges due to the abovementioned factors. Our shareholders can rest assured that the Board of Directors and Management continuously monitor and proactively manage risks. We are excited about the future and are confident that VKB is well positioned to take advantage of opportunities and overcome challenges. During a strategic planning session that took place in February 2023, VKB's purpose, values as well as short-, medium- and long-term strategies were reviewed and adjusted. We believe that it will provide the direction and focus for good results, growth and sustainability.

The deteriorating socioeconomic and political situation in South Africa is a risk that poses unique challenges to businesses, producers and citizens. The consequences are, amongst others, the deterioration of infrastructure, security risks, energy shortages and biosecurity risks that adversely affect businesses and increase costs. VKB continuously evaluates the challenges and risks and quantifies the potential impact thereof. We will act innovatively and proactively to manage it and, as a responsible corporate entity, make a positive contribution and difference for the benefit of all stakeholders.

The recently approved amalgamation with GWK Ltd marks the beginning of a new era for VKB. We realise that there will be challenges but we are more excited about the opportunities. Our goal is to build jointly and passionately the agribusiness of the future. The process will be managed with diligence to unlock the maximum sustainable value for all and to minimise risks. We welcome all GWK Ltd's stakeholders as part of VKB.

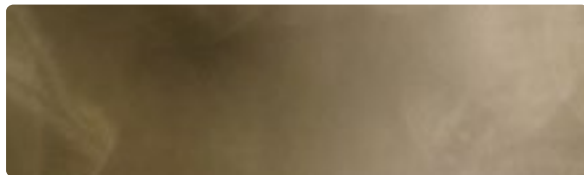
I would like to express my gratitude and appreciation toward:

- our Heavenly Father for all His grace and provision;
- our shareholders for your loyalty and support;
- Executive Management for their dedication and diligence;
- our producers, their families and their employees;
- VKB's staff for hard work and good service;
- the Board of Directors for excellent guidance and teamwork; and
- VKB's suppliers and other customers for their continued support.

We wish all stakeholders in the VKB family abundant blessings.



COENRAAD FICK
Chairperson: VKB Group



STRATEGIC AND OPERATIONAL OVERVIEW

INTRODUCTION

We are humble but proud of VKB's contribution and history spanning over more than a hundred years. It remains our mission to contribute toward the progress of our customers' businesses as well as the lives of the communities in which we conduct our business. To live the purpose, the Board of Directors and Management teams conducted a detailed analysis of the business during the year under review. I am proud to share with you the outcome, as well as the first year's results following the reviewed strategy.

OUR PURPOSE, VALUES AND LEGACY

The VKB Group's purpose is to drive sustainable progress in the lives of our customers, our shareholders, staff and the communities in which we conduct our business. To do this, we must support, but also inspire and lead. Our winning behaviours are to be humble, hardworking, great with people, being bold in terms of doing what is needed, and working as a team. Our legacy is "For the Love of the Land" – meaning the improvement of lives, of communities, and the natural environment in which we conduct our business.

STRATEGY

To live our purpose and legacy, the strategy was reviewed and structured into three phases that are likely to span over the next 10 years. The three phases are 1) Stabilise the Foundation, 2) Strengthen the Foundation and 3) Renewed Growth.

For the purposes of this report, I will focus on Phase 1 – Stabilise the Foundation, and what it will entail.

The VKB Group showed significant growth during the past decade and various opportunities were created in the process. This included the establishment of various food brands such as Grain Field Chickens and Magnifisan, as well as the amalgamation with the GWK Group.

However, during 2022 it was considered prudent to conduct a robust review of the Group's position to confirm the core business and to test whether the focus was indeed correct in terms of our core business units. A significant part of the process was also focused on people, namely our staff and customers, to gauge employee engagement and customer satisfaction.

Based on the outcome of the review, key elements were identified on which the VKB Group will focus for the duration of Phase 1. This includes the focus on improved optimisation and efficiencies, ensuring access to sufficient capital to meet the needs of the Group and its customers, and

profitable and sustainable growth in our core business units. The intended financial outcomes are a more robust balance sheet able to withstand significant and unexpected setbacks, together with improved cash flow. Stabilisation of our foundation is likely to take at least two to three years.

EXECUTION AND RESULTS

With the Purpose, Values, Legacy and Strategy in place, the team is now focused on the relentless execution thereof. Various projects were conducted to determine a baseline for the strategy's key metrics to drive change and execute on the mandates provided by the Board. The progress made since October 2022 is in line with the set timelines and the impact of some of the actions is already visible in the financial results achieved for 2022/23. Apart from the financial results, VKB's employee engagement and retention rates reflected a marked improvement, whilst market share in key focal areas is starting to show the intended direction as envisioned by the strategy. Furthermore, projects related to Corporate Services, such as the rejuvenation of information and technology systems and other internal functions, have gained momentum and are well on track.

The excellent results achieved by the VKB Group during the 2022/23 financial year included an improvement in the own capital ratio and the ability to maintain cash flow despite significant cost increases and shocks following commodity price increases, farming input cost increases, extreme weather conditions in key production areas, as well as the impact of load shedding. Regarding the latter, the direct costs amounted to R70 million, with the ripple effect estimated at a further R50 million to R100 million due to lost sales and other unintended consequences. The implied bottom line impact is therefore estimated to be closer to R200 million, making the operating profit of R630 million before tax quite remarkable.

Business units that performed extremely well and hence contributed to this result include Crown Bag (Pty) Ltd, Free State Oil (Pty) Ltd, Grain Field Chickens (Pty) Ltd, VKB Grain, VKB Landbou (Pty) Ltd (including mechanisation, retail and financing), VKB Brokers (Pty) Ltd, Bethal Koelkamers (Pty) Ltd and Farnpack (Pty) Ltd.

Business units showing either a fair result or marked improvement but with some work still to be done, include Multi Green (Pty) Ltd and Agrisol Schoeman Precision Services (Pty) Ltd.

Areas of concern in terms of performance include VKB Milling (Pty) Ltd, QPro Feeds (Pty) Ltd, VKB Fuels (Pty) Ltd and VKB Auction Centre (Pty) Ltd. These entities' teams are committed to achieve turnaround results in the 2023/24 financial year.

KEY FOCAL AREAS FOR 2023/24

With the reviewed strategy in place and a focus on relentless and meticulous execution, I wish to highlight key focal areas for the new financial year:

- Improvement of customer service levels and employee engagement levels.
- The integration of the GWK and VKB Groups.
- Continue finding solutions to ensure the security of energy for the VKB Group.
- Continuous improvement of the balance sheet and cash flow position of the Group.
- Continuous improvement in efficiencies and capital allocation.

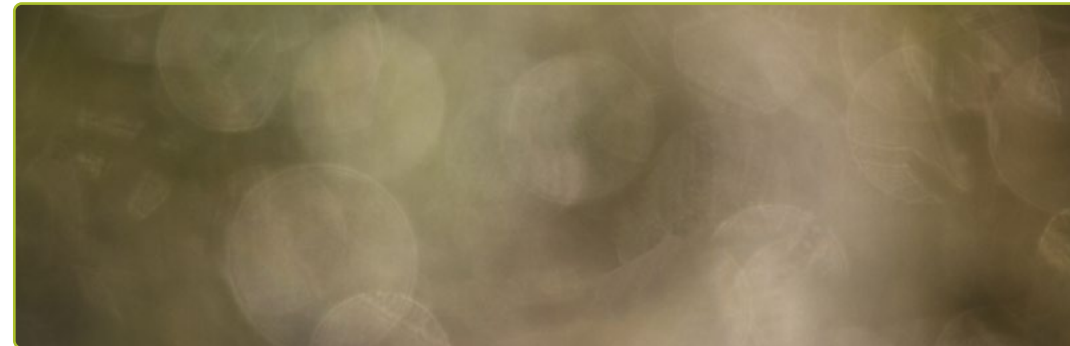
CONCLUSION AND ACKNOWLEDGEMENTS

The year 2022/23 was a year of change and rethinking for the VKB Group, as well as a year of new opportunities gaining momentum, mainly consisting of the GWK transaction. With the revision of the strategy and a clear mandate to execute on it, the success will be determined by the ability of the VKB team to remain focused and execute whilst managing the ever changing and extremely volatile domestic and international environment.

I wish to thank our customers for your continued business with VKB, our shareholders for your continued support, our staff for your “never-give-up” attitude and the willingness to walk the extra mile when needed, the VKB Board for its leadership, Management for taking on the challenges and motivate, support and lead as needed, our suppliers and other key stakeholders for your support for our business, and the communities in which we conduct our business – thank you for allowing us into your communities and trusting us to make a difference in your lives. Above all, all praise be to Him.



PG STRAUSS
Managing Director: VKB Group



FINANCIAL OVERVIEW FOR THE YEAR ENDING 31 MARCH 2023

We are proud to announce a new record profit of R630 million for the VKB Group ("VKB") for the 2022/23 financial year. The previous record result was a profit of R562 million in the 2021/22 financial year.

The VKB Landbou Group built on the good results of the previous couple of years, with almost all of the divisions and entities performing exceptionally well. Only VKB Auction Centre (Pty) Ltd and VKB Fuels (Pty) Ltd recorded losses for the year after impairments were provided for.

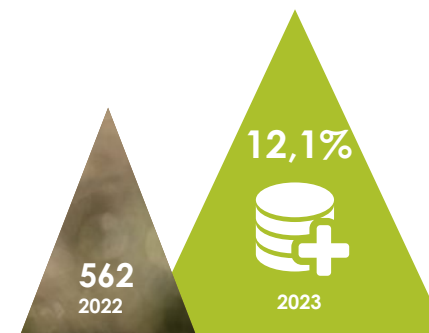
The VKB Agri Processors Group again had a moderate performance for the year under review. The soya bean crushing plant realised record results due to favourable crush margins. The profits from the chicken abattoir and maize mills were average due to margin pressure. Losses were again incurred by the wheat mill (including bakeries) and the animal feed factories, but turnaround plans have been activated for these entities. The cost and impact of load shedding on the industries are immense, including the very high diesel expense for generators and the inability to achieve maximum production volumes.

GROUP RESULTS

For the financial year ending 31 March 2023, VKB's consolidated net profit before tax and incentive discount amounted to R630 million, compared to the previous year's R562 million.

Table 1: Profit/(loss) before tax of VKB's subsidiaries and related companies for the past two years

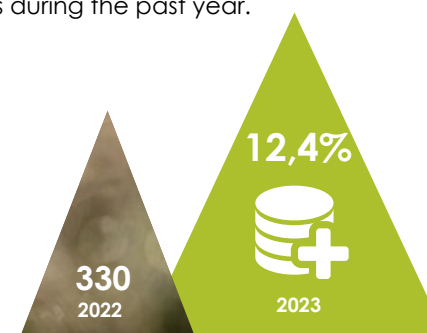
Entity	Shareholding (%)	Profit/(Loss) 2022 (R)	Profit/(Loss) 2023 (R)
VKB Beleggings (Pty) Ltd	100	63,1 million	50,1 million
VKB Landbou (Pty) Ltd	85	379,8 million	423,2 million
Multi Green (Pty) Ltd	53	13,8 million	19,9 million
VKB Brokers (Pty) Ltd	100	17,6 million	23,0 million
Farmpack (Pty) Ltd	51	8,0 million	20,0 million
Crown Bag (Pty) Ltd	100	(13,5 million)	9,6 million
VKB Fuels (Pty) Ltd	85	10,2 million	(1,0 million)
VKB Auction Centre (Pty) Ltd	100	4,9 million	(9,3 million)
Bethal Koelkamers (Pty) Ltd	100	1,1 million	1,1 million
VKB Graan (Pty) Ltd	100	0,8 million	0,2 million
AE Solutions (Pty) Ltd	33,7	27,9 million	25,5 million
Agrisol Schoeman Precision Services (Pty) Ltd	50	(1,3 million)	0,2 million
Grain Field Chickens (Pty) Ltd	100	76,4 million	35,6 million
VKB Milling (Pty) Ltd	100	7,6 million	(2,5 million)
Vhembe Milling (Pty) Ltd	95,1	(1,1 million)	7,7 million
Free State Oil (Pty) Ltd	100	16,0 million	91,5 million
QPro Feeds (Pty) Ltd	100	(10,2 million)	(41,3 million)



630
PROFIT BEFORE INCENTIVE DISCOUNT
(R'MILLION)

INCENTIVE DISCOUNT

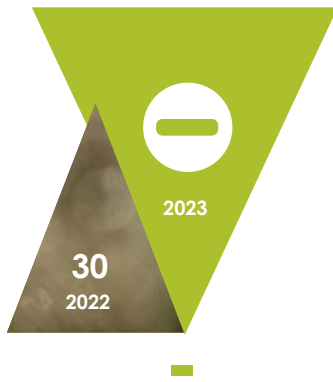
Given the excellent performance of VKB Landbou (Pty) Ltd and its subsidiaries, the Board of Directors approved the allocation of R371 million (R360 million from VKB Landbou [Pty] Ltd and R11 million from VKB Brokers [Pty] Ltd) as incentive discount to clients (mainly producers and shareholders of VKB Beleggings [Pty] Ltd ["VKB Beleggings"]). Incentive discounts are awarded from the profits generated by VKB Landbou (Pty) Ltd and VKB Brokers (Pty) Ltd, while dividends are declared from profits generated by the other entities within the VKB Group. The incentive discounts are based on clients' pro rata participation in the agricultural business activities with the relevant entities and divisions during the past year.



371
INCENTIVE DISCOUNT
(R'MILLION)

DIVIDENDS DECLARED

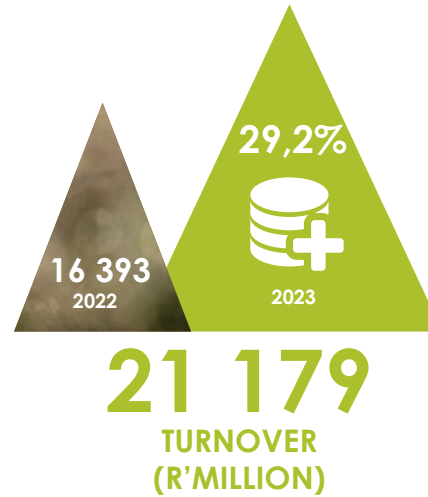
Dividends are declared from entities within the VKB Group to its shareholders, which include the holding companies of the two divisions, namely VKB Landbou (Pty) Ltd and VKB Agri Processors (Pty) Ltd. These two companies declare dividends to VKB Beleggings and VKB Beleggings in turn declares dividends to its shareholders, being the agricultural producers. The total dividends declared and paid by VKB Beleggings to its shareholders over the past ten years amount to R205 million. During the 2022/23 financial year, the Board of VKB Beleggings decided not to declare any dividends to its shareholders in an effort to improve the balance sheet ratios.



**DIVIDENDS DECLARED
(R'MILLION)**

OPERATIONAL RESULTS

VKB's turnover of R21,2 billion represents an increase of 29% compared to the previous year. The high commodity prices played a big part in this significant increase in turnover. The excellent results of the VKB Landbou Group are also evident from the increase in the turnovers of the subsidiaries and divisions. The turnover of the VKB Agri Processors Group also increased as a result of the higher cost of raw materials and some volume increases.



**21 179
TURNOVER
(R'MILLION)**

GROSS INCOME

The higher commodity prices resulted in an overall increase in gross income in the VKB Group. In general, the VKB Landbou Group's margins were under pressure for the year under review, while the margins for the first six months were better than the last six months in the VKB Agri Processors Group.



**2 760
GROSS INCOME
(R'MILLION)**

OPERATIONAL EXPENSES

Expenses are managed stringently. If the impact of inflation is ignored, the increase in expenses over the last couple of years was minimal. The high cost of diesel during load shedding had an extremely negative impact on operational expenses for the year under review.



**1 842
OPERATIONAL EXPENSES
(R'MILLION)**

FINANCIAL OVERVIEW FOR THE YEAR ENDING 31 MARCH 2023

Continued

INTEREST PAID

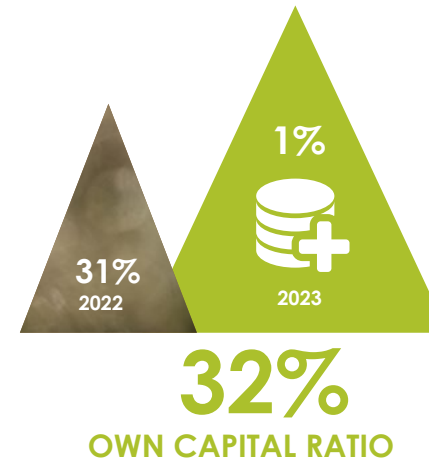
The effect of the increase in interest rates on the year under review is evident from the following chart. Together with the increase in interest rates, the sharp increase in agricultural input costs and the resulting increase in debtors also negatively impacted the interest paid. Operating capital is financed by creditors, overdraft facilities and own funds. On the other hand, investments in fixed assets are funded mainly with term loans.



CAPITAL RESOURCES

The following chart indicates the own-capital-to-total-capital ratio applied by the VKB Group. VKB's deliberate growth strategy over the past years required major capital investments, which temporarily distorted the capital ratio. In the year under review, the sharp increase in agricultural input costs and the resulting increase in the debtors' book resulted in only a marginal improvement in the ratio in contrast to what was expected. The short-term target for this ratio still remains at 35%.

Investment in capital projects and expansions is done selectively and within conservative balance sheet ratios. The capital ratios are currently at acceptable levels.



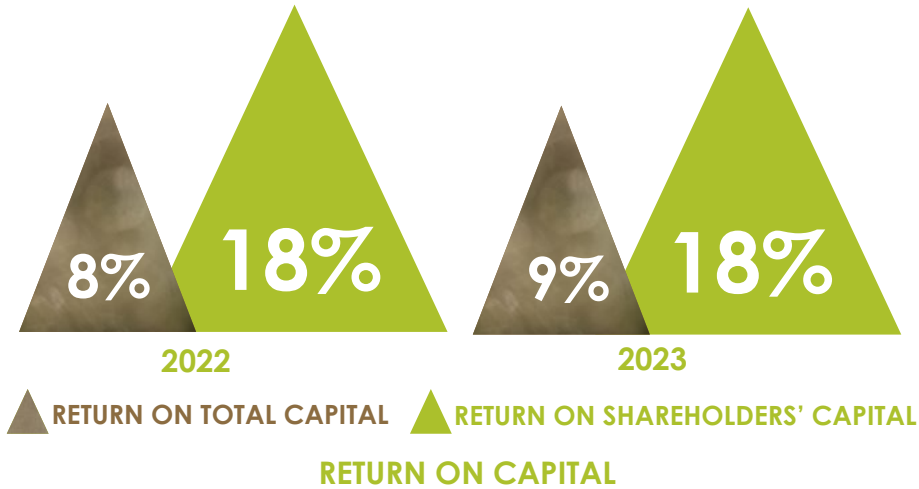
OPERATING CAPITAL AND LIQUIDITY RATIOS

Optimum levels of operating capital are being maintained and VKB's liquidity is at a healthy level. The agricultural debtors, which to a large extent consist of production financing for cultivation of the summer crop, reach its peak in February, having an adverse effect on the operating capital ratio and the own capital ratio, specifically at year end.



RETURN ON TOTAL AND SHAREHOLDERS' CAPITAL

The return on total and shareholders' capital recovered significantly over the last two years, mainly due to the increased profit realised. VKB is committed to its diversification strategy, although it remains challenging to maintain the profitability levels of all the entities within the Group. No major capital-intensive investments were made during the past year and only some minor projects undertaken. The effective date for the VKB and GWK Ltd merger is 31 May 2023 and the financial impact will be reported in the new financial year. The Group requires that the return on all capital investments should be higher than the average return on total capital.



SUSTAINABILITY

VKB strives to manage all its business activities as profitably and effectively as possible, even during challenging economic times. VKB's statement of financial position is structured conservatively. Because the debtors' book is partly financed with own capital, an increase in finance costs does not pose any risk for the business and may even contribute to better results. Investments in new operations are pursued only if the projected results meet certain predetermined norms and requirements, and if there is synergy with existing operations that will contribute to the competitive advantage of the new business. In view of the aforesaid, the enterprise is optimally positioned to perform sustainably in the long term.

MARKUS MITTERMAIER
Executive Director: Finance VKB Group



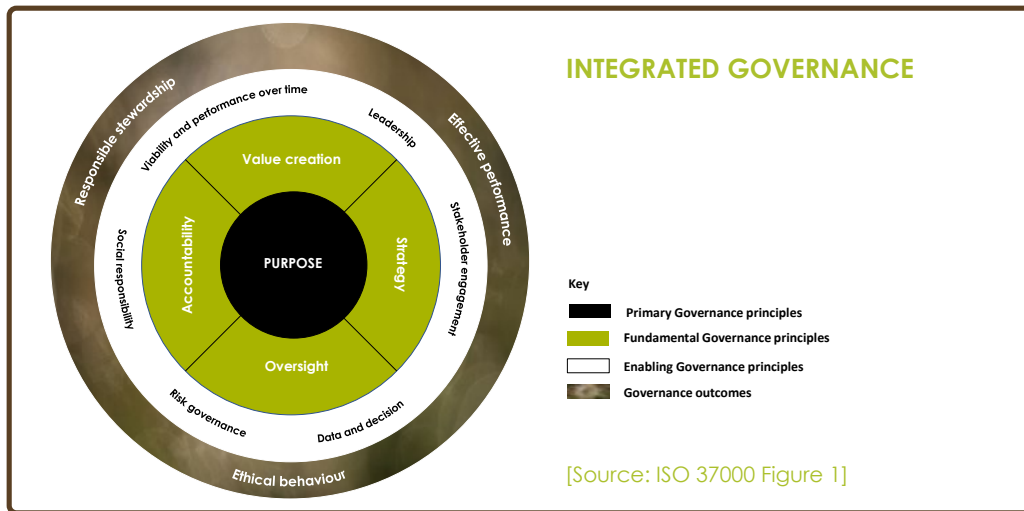
FINANCIAL

CORPORATE GOVERNANCE REPORT

COMMITMENT AND APPROACH

The VKB Group ("VKB") is committed to responsible corporate citizenship and effective corporate governance. VKB's operations are conducted in accordance with a Code of Ethics underpinning the Group's ethics, culture and values.

The Boards of Directors of the various entities within VKB are the focal point of VKB's corporate governance and are responsible to all stakeholders for the effective and ethical operation and performance of the enterprise. A corporate culture of compliance with legislation, policies and procedures is fostered within VKB. VKB has a Whistle-blowing Policy to identify malpractices, combat corruption and theft, and to protect persons reporting irregularities.



VKB supports the management outcomes and practices of the King Code IV®, namely Ethical Culture, Performance and Value Creation, Adequate and Effective Governance, Trust, Good Reputation, and Legitimacy. VKB is committed to holistic and integrated thinking, management and reporting, whilst constantly focusing on stakeholders, transparency and disclosure. VKB supports the principles of integrated governance as outlined in the ISO 37000 Governance of Organisations Guideline. For this reason, corporate governance is regarded as the responsibility of all stakeholders. The activities and operations of VKB are corporately integrated to ensure effective and transparent execution thereof. All the structures within VKB, both at operational and Board level, ensure that adequate meetings are held to properly give effect to their duties and

responsibilities. The Board and Executive Management ensure that all the VKB corporate structures and components function properly and in sync.

Corporate Governance is facilitated by the Secretariat, who performs, inter alia, the following functions:

- Corporate maintenance of VKB's Organogram;
- Compilation and successful execution of the Corporate Calendar – corporate facilitation of the business processes (agendas, minutes, resolutions and the execution thereof);
- Management and implementation of VKB's Corporate Governance Framework, including the management of all the entities' corporate affairs, such as statutory records and security registers;
- Ensure that all entities in VKB comply with corporate legislation;
- Providing joint and individual guidance to the directors regarding their duties, responsibilities and powers, raising awareness of pending legislation and corporate events relevant to the Group;
- Drafting and vetting corporate documentation; and
- Reporting to the Board on any unethical behaviour, conflict of interest or failure to comply with the provisions of the Memorandum of Incorporation ("MOI") of the company, the Board Charter or the Companies Act, Act No. 71 of 2008 ("the Act").

BOARD OF DIRECTORS

The Board, as governing body, exercises control over the business via appropriate governance structures through constant monitoring and internal control. Organisational structures are reviewed on an ongoing basis to ensure that they support the above principles, ensure optimal performance and align the business with the best industry standards.

The Board executes its duties and responsibilities in accordance with the legal and regulatory framework, the company's MOI, VKB's Board Charter and adequate and relevant policies and procedures. Committees assist the Board in this regard. Within the organisational hierarchy, a Delegation of Authority Framework is approved by the Board to delegate duties and responsibilities to different levels of Management. The Group's subsidiaries agreed to adopt and apply the Delegation of Authority Framework and policies approved by VKB Beleggings (Pty) Ltd ("VKB Beleggings") as holding company of the Group.

Directors of the company, when acting in that capacity, exercise their powers and perform their duties in good faith and for due purpose, in the best interests of the company and with the degree of care, skill and diligence reasonably expected of them. Directorships

and interests declared by directors are recorded in a register maintained for this purpose. The declaration of interests is a standing item on the agenda of every Board meeting.

EVALUATION AND TRAINING OF DIRECTORS

The Board evaluates its own performance as well as the performance of committees, management structures and individual directors on an ongoing basis, and if shortcomings are identified, it is addressed appropriately and immediately. Newly appointed directors undergo a comprehensive induction process to acquaint them with the business's structure, strategy, policies and procedures, as well as directors' duties and responsibilities.

The Nominations Committee is responsible for succession planning of directors and makes recommendations to the Board regarding the representation of non-executive directors on committees and the Boards of subsidiaries. The Nominations Committee also ensures that the performance of the Board, its committees and directors is evaluated frequently. Based on the outcome of these evaluations, the Nominations Committee makes recommendations to the Board.

COMPOSITION OF THE BOARD OF DIRECTORS

During the year under review, the Board of VKB Beleggings consisted of 11 non-executive directors, two executive directors and two independent specialist consultants. The 11 non-executive directors are nominated and elected by shareholders of the relevant wards (Free State – eight and Limpopo – three) ("ward directors"). In accordance with the company's MOI, a third of the ward directors rotate every year. The Nominations Committee assists with the identification of suitable candidates for election as ward directors to ensure that the Board consists of directors with the necessary skills and expertise.

Due to expiry of the terms of office of non-executive ward directors, vacancies arose in four of the wards during the year under review. Nominations were called for and Messrs DP Viljoen, ID Bosman and J van der Goot were nominated unopposed by their respective wards (Wards 2, 4 and 15) and declared elected by the Board for a term of office of three years. During a ward election held on 15 August 2022, Mr DJ Kriek was elected as non-executive director for Ward 6 and appointed by the Board on 17 August 2022 for a term of office of three years. Mr GJ Nel and Dr JL Purchase were co-opted by the Board for a term of one year as independent specialist consultants. Mr JFJ van Rensburg, Managing Director: VKB Group, served as executive director on the Board and retired on 30 September 2022. Dr PG Strauss was appointed on 1 October 2022 as the new Managing Director: VKB Group. Mr MJ Mittermaier, Executive Director: Finance VKB Group, served as executive director on the Board.

The Directors' Report contains further information on the composition of the Board.

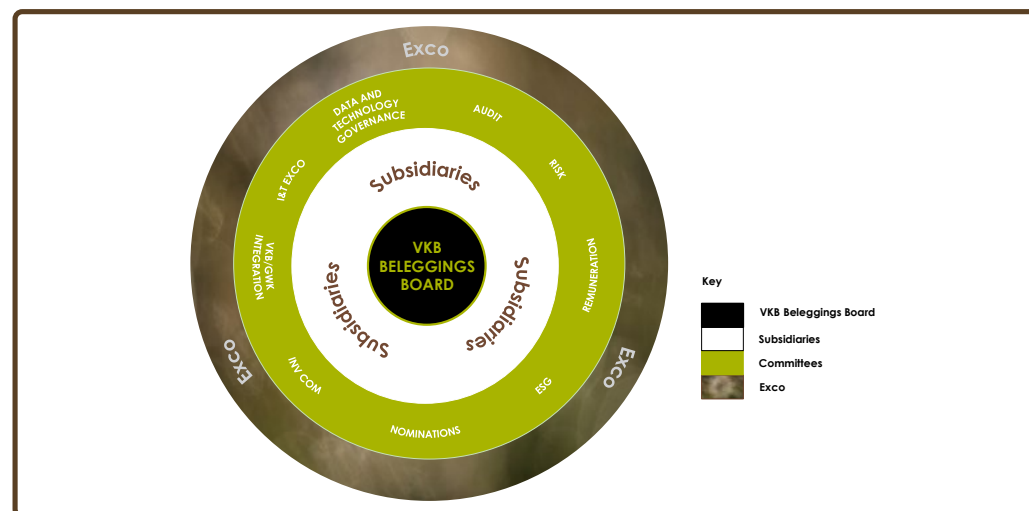
The balance within the Board is sound and the role of the Chairperson is separate from that of the Managing Director. The Chairperson is responsible for leadership within the Board and facilitates constructive liaison between the Board, Management and stakeholders. The Managing Director of the VKB Group is primarily responsible for leading Management in the execution of the strategic plan and daily business operations.

The Board ensures that VKB acts as, and is seen as, a responsible corporate citizen protecting and extending the sustainability of VKB, the community and natural environment, and is conducting its operations in a legal and ethical manner.

BOARD COMMITTEES

The following committees assist the Board in the execution of its duties:

- Audit Committee
- Risk Committee
- Remuneration Committee
- Environmental Social and Governance ("ESG") Committee
- Nominations Committee
- Investment Advisory Committee
- VKB/GWK Integration Committee
- Information & Technology Executive Committee
- Data and Technology Governance Committee



The committees function in accordance with approved Terms of Reference, which include their mandate, duties and responsibilities. The Committees' Terms of Reference were reviewed by the Board during the past year. Unless authorised thereto by legislation or the Board, the committees do not have executive powers and only make recommendations to the respective Boards.

The performance and efficiency of the committees are constantly monitored by the Board. The members of the various committees are elected by the Board on the recommendation of the Nominations Committee. The Board ensures that the committee members have the joint ability and expertise to properly perform their duties and responsibilities. The committees are chaired by independent, non-executive directors. The various chairpersons present the deliberations and recommendations of the committees to the Board for approval and implementation.

CORPORATE GOVERNANCE REPORT

Continued

Executive and Senior Management members attend committee meetings to report on their respective areas of responsibility.

GROUP STRUCTURE AND BUSINESS MODEL

VKB Beleggings has approximately 5 000 shareholders who are all bona fide farmers in the Free State, Limpopo, KwaZulu-Natal, Mpumalanga and Gauteng.

VKB's operations are conducted in two separate divisions. The traditional agricultural business is grouped together in a holding company called VKB Landbou (Pty) Ltd ("VKB Landbou"), and the industries in a holding company called VKB Agri Processors (Pty) Ltd. Both holding companies have various subsidiaries.

VKB Beleggings follows a unique dividend and incentive discount model. Incentive discounts are awarded from the profits generated by VKB Landbou and VKB Brokers (Pty) Ltd, while dividends may be declared from profits generated by the other entities within the VKB Group. The incentive discounts are based on clients' pro rata participation in the agricultural business activities with the relevant entities during the past year. This discount is paid through a cash component and by the issuance of Class 2 shares in VKB Beleggings. In addition to that, VKB Beleggings may declare dividends from the profits generated by the industries (VKB Agri Processors Group), as well as the other agricultural entities. The total dividends declared and paid by VKB Beleggings to its shareholders over the past ten years amount to R205 million.

OTHER FOCAL AREAS OF CORPORATE GOVERNANCE

Risk management and sustainability

In determining the strategy of the business, the Board balances the interests of the different stakeholders whilst optimising value creation and ensuring sustainability of the business. When considering risk, opportunities, investment and value creation, the Board takes into consideration the six capitals: financial, manufacturing, human, social and relationship, intellectual and natural.

Information affecting sustainability, including internal, external and global risks and trends, is continuously evaluated to ensure that the information and forecasting enable the Group to achieve its goals and objectives, that the information is reliable and that there are no discrepancies in the disclosed financial information. The performance of the business is constantly monitored against set goals and objectives and compared to previous years' performance, budgets and industry norms.

Risk management and business continuity management are focal areas for Management. Risk management is a standing item on the agenda of Management and Board meetings. The Board, with the assistance of the Audit Committee, ensures that sustainable and effective control measures are established and implemented to ensure effective control within VKB.

VKB proactively manages its risks in accordance with a comprehensive Risk Management Policy. A scheduled programme of risk assessment is followed annually, during which risks are quantified, prioritised and included in a Risk Management Plan. The Board annually approves the Risk Management Plan. The development, implementation and assessment of the Risk Management Plan has been delegated to Management. The Audit Committee evaluates the plan on an ongoing basis, monitors its execution and provides feedback to the Board.

The Internal Audit Department plays an important role in the company's internal control and risk management process as part of the Combined Assurance process.

Compliance with legislation

The Board is responsible to ensure compliance with all applicable legislation and regulatory requirements and adopted a Compliance Policy for this purpose. Legal Services continuously addresses the critical regulatory risk areas as part of VKB's risk management process. Continuous awareness, training and liaison within VKB take place and assurance in this regard is accordingly provided to the Audit Committee and ESG Committee, as well as the respective Boards.

Information and technology governance

As an integral part of the Risk Management Framework, the Board ensures oversight of information and technology ("I&T") governance, which is executed by a team of knowledgeable I&T staff and specialists. To comply with the requirements of legislation and sound corporate governance, the I&T Executive Management Committee has the mandate to execute the Board's strategy, approved policies and procedures relating to I&T governance, and to report to the Board, enabling it to perform its oversight function on the adequacy and effectiveness of I&T governance within the organisation, as well as information security management.

I&T management is also a standing item on the agenda of the Audit Committee and the review of I&T-related controls is included in the Internal Audit Plan, which is presented to the Audit Committee and ESG Committee. Extensive I&T disaster recovery systems and processes have been established within the business.

Solvency and liquidity

The Board, with the assistance of the Audit Committee, monitors the solvency and liquidity of VKB Beleggings and the individual entities on an ongoing basis, considering available information and all reasonably foreseeable financial and other factors that may affect the company and the Group.

Relationship with stakeholders

The Board adopted a Stakeholder Engagement Policy to ensure an inclusive approach that promotes transparent, comprehensive and targeted interaction with its stakeholders. The execution of the policy is monitored by the ESG Committee and the respective Boards on an ongoing basis.

Various channels regulate the communication, relationships and liaison of VKB with its shareholders, employees, clients, suppliers, the community and the government. VKB's website, www.vkb.co.za, and bimonthly magazine, *Die Pad Saam*, as well as the Integrated Report, social media, information meetings and the Mobiz SMS service, are used as communication media.

VKB's Board also hosts an annual Stakeholder Review Day during which an overview of VKB's performance and business operations is presented to stakeholders.

The value created by VKB is of utmost importance to the Board. The Audit Committee reviews the Statement of Value Added on an annual basis, which includes an analysis of the creation and distribution of wealth, as well as VKB's economic value added. The Statement is also submitted to the ESG Committee for noting.

STATUS OF CORPORATE GOVERNANCE

All the tasks and responsibilities included in this report were duly executed during the year under review. The Board's corporate calendar was successfully executed, with 337 meetings conducted, minuted and resolutions executed. The corporate affairs of the 30 entities in the Group were found to be in order, as confirmed by the external auditors.

DECLARATION BY THE BOARD

The Board confirms and acknowledges its responsibility to ensure the integrity of the Integrated Report. The Board accordingly considered the 2023 Integrated Report and is of the opinion that it addresses all the material aspects and is a fair account of the integrated performance and sustainability of the business.

The Integrated Report was prepared in accordance with the accepted principles of good corporate governance. The Board authorises the issuance of the 2023 Integrated Report.



RINA ERASMUS
Group Company Secretary: VKB Group



ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE REPORT

This report incorporates the statutory responsibilities of environmental, social and governance committees, as prescribed by Section 72 and Regulation 43 of the Companies Act, Act No. 71 of 2008. This committee acted as the Environmental, Social and Governance ("ESG") Committee for entities within the VKB Group ("VKB").

COMPOSITION

During the year under review, the Committee consisted of five suitably skilled and experienced non-executive directors and one independent specialist consultant, appointed by the Board of Directors ("the Board") of VKB Beleggings (Pty) Ltd ("VKB Beleggings"), namely Messrs DJ Kriek, DP Viljoen, J van der Goot, ID Bosman, JJB Greyling and Dr JL Purchase. In addition to the members, the Chairperson of the Board, the Managing Director: VKB Group and other members of Executive Management are also invited to attend meetings of the Committee. The Chairperson of the Committee attends the Annual General Meeting of Shareholders where he reports on the Committee's activities.

After every meeting, the Chairperson of the Committee presents the deliberations and recommendations of the Committee to the Boards of Directors of the respective entities.

MANDATE AND RESPONSIBILITIES

In the execution of its statutory responsibilities, the Committee monitors the relevant activities of the entities within the VKB Group. The Committee wishes to report on VKB's performance for the year under review as follows:

1. Social and economic development, including our commitment toward and progress with employment equity, economic transformation and developing agriculture.
2. Corporate citizenship and public relations, including rural security, marketing, sponsorships, donations and welfare contributions.
3. Corporate governance, including the company's integrated approach toward governance, ethics, procurement, compliance and risk management, global and local sustainability trends and implications thereof.
4. The natural environment and the impact of our operations, products and/or services on the environment.
5. Labour and employment, including our Remuneration Report, investment in skills development and training of our employees, and occupational health and safety.

Social and economic development

VKB makes a significant contribution, through various social and economic development activities and programmes, to improve the quality of life of the communities in which it conducts its business, and to the local and national economy.

Employment Equity

The VKB Group promotes an organisational culture that recognises the diversity of the society within which it conducts its business. VKB strives to afford all employees with opportunities to achieve their optimum potential.

Most of the VKB Group's entities are classified as designated entities in terms of the Employment Equity Act, Act No. 55 of 1998, and have Employment Equity Plans in place. Annual reporting is done and monitored by the ESG Committee. It is thereafter submitted to the entities' respective Boards of Directors for approval and to the Department of Employment and Labour. VKB has made excellent progress in this regard during the year under review.

Economic transformation

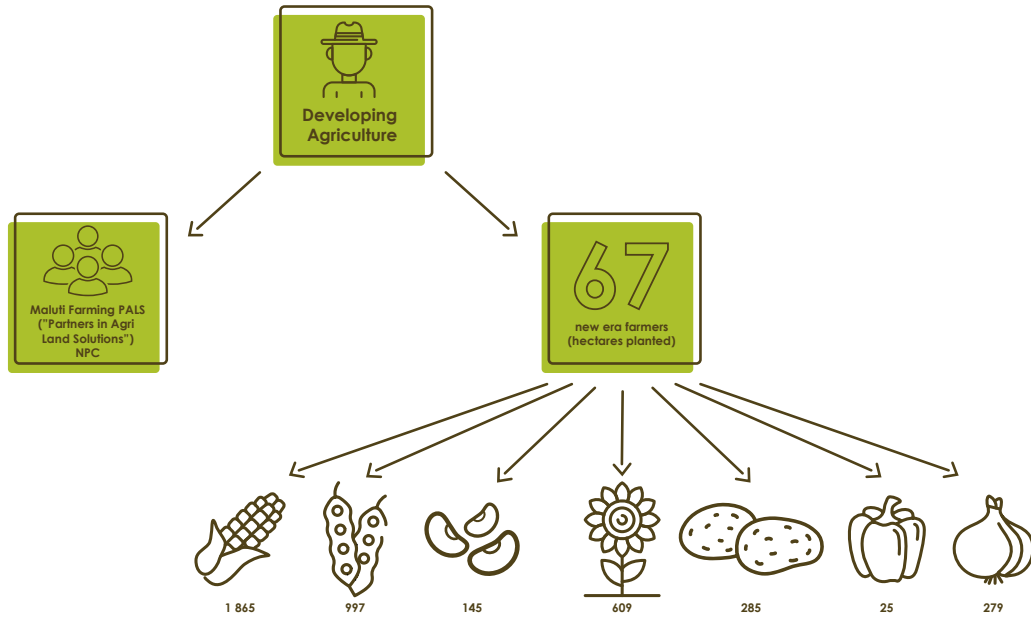


Transformation is an integral part of VKB's business strategy. VKB's transformation strategy is based on the principles of equity, transparency and sustainability. VKB supports the spirit and substance of Broad-based Black Economic Empowerment, which is evident from the numerous projects and initiatives undertaken internally and externally. During the year under review, VKB invested R11,241 million in Enterprise Development (development of farmers, poultry development programme) and R9,358 million in Supplier Development (development of entrepreneurs/entities who are also supplying to VKB).

It is also part of VKB's philosophy to invest in and empower our employees to share in the value they help to create. The Group has three workers' trusts as co-shareholders in some of the operating entities. A total of 1 540 employees who are beneficiaries of the trusts received distributions in the 2022/23 financial year.



Developing Agriculture



VKB is committed to sustainable agriculture. Our strategic approach is to develop the PALS initiative, while still pursuing our existing model. Maluti Farming PALS is a non-profit company focusing primarily on the promotion of co-operation and partnerships between commercial and new era farmers. It is a national initiative with divisions in various provinces, supported by government and external funders.

Developing Agriculture forms the cornerstone of VKB's enterprise development initiatives. During the year under review, VKB supported numerous new era farmers in its service areas, engaging in a diverse range of crop and livestock farming activities. VKB provides these farming units with advice, financing and mentorship on an ongoing basis, with the intention of these businesses to evolve toward sustainable commercial farm units. During the past few years, a large number of new era farmers have been developed successfully into commercial farmers as a direct result of VKB's programmes.

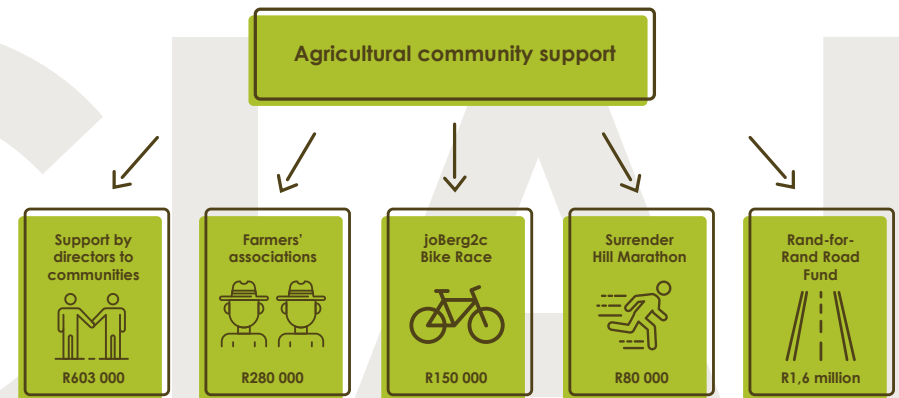
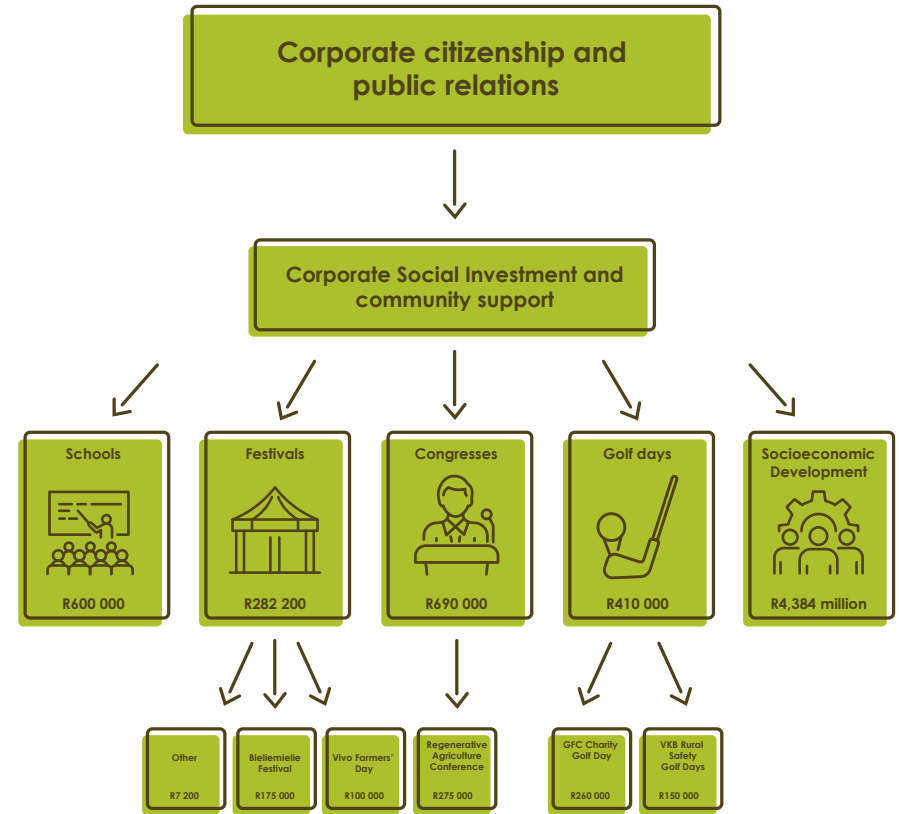
Corporate citizenship and public relations

Corporate Social Investment and community support

VKB has a Corporate Social Investment Policy providing for the support of initiatives with a positive impact in the communities in its service areas. These include sponsorships, donations and welfare contributions.

Sponsorships, donations and contributions are utilised to support institutions and organisations in which VKB and our customers have an interest, and to fulfil the VKB Group's corporate and social responsibilities by supporting the sustainability of the specific structure, organisation or initiative. It is also a way of reaching out to the community,

including schools, which play an important role in the communities in our service areas. VKB also assists municipalities in our service areas where possible. VKB invested R4,384 million in Socioeconomic Development (community development programmes, sports development) during the year under review.



Corporate Governance

The ESG Committee reviews the VKB Group's Corporate Governance Report semi-annually. VKB follows an integrated approach toward corporate governance as alluded to in the Corporate Governance Report.

The natural environment

According to VKB's Environmental Policy, the Group is committed to protect the environment and reduce the impact of the Group's activities on the environment. These include, amongst others, energy efficiency, waste management, recycling and the efficient use of resources. The business also complies with the Occupational Health and Safety Act, Act No. 85 of 1993, and is committed to provide its employees with a safe and healthy work environment. During the year under review, the Committee monitored the implementation of occupational health and safety, wellness, and resource and energy management programmes.

Energy management

The VKB Group is committed to optimise energy management within all its structures. Consumption is monitored continuously to determine the impact on the environment and to ensure the optimal utilisation of electricity, cost savings and alternative sources of energy. For this purpose, the Group employs a fulltime Energy Engineer.

During the year under review, the total power usage of the VKB Agri Processors Group decreased with 7,31%, while the calculated cost of electricity increased with 3,65% compared to the previous period (2021/22). The substantial increase in electricity charges from Eskom and the municipalities resulted in a noticeable increase in cost without an increase in consumption.

From the carbon emissions data collected for the SAGERS ("South African Greenhouse Gas Emissions Reporting System") submission, the total emissions for the VKB Group amounted to 39 077 tons of carbon dioxide, reflecting a significant increase of 15,58% compared to the previous year. This increase is mainly attributed to a staggering 397% increase in diesel consumption due to load shedding. The amount payable in respect of carbon tax for the year under review is approximately R1,463 million.

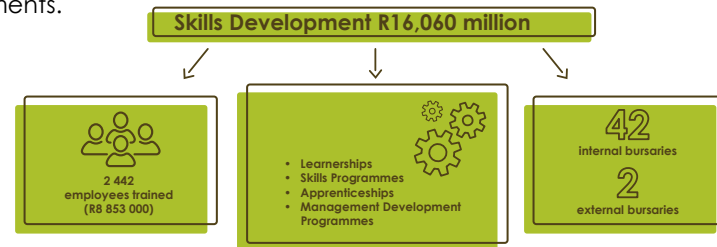
The VKB Group has already invested in generators and solar systems and is also investigating investment in renewable energy sources.

Workplace labour and employment

The VKB Group's employees are dedicated and passionate, and a culture of engagement and commitment is being built and nurtured. VKB consistently strives for fair working conditions.

Skills development and training

We invest in our employees. Our Workplace Skills Plan is aligned to the broader organisational goals in terms of training and human capital development. The VKB Group strives to be a learning organisation through structured programmes underpinned by the business's strategic imperatives, organisational core competencies and occupational requirements.



Remuneration Policy and Remuneration Implementation Report

The Human Resources/Remuneration Committee reviewed VKB's Remuneration Policy during the past year and made recommendations to the Board in this regard. The Board of Directors subsequently amended the Remuneration Policy. The policy and the Remuneration Implementation Report are available on the VKB website at <https://www.vkb.co.za/wsdoc/2023/RPARIR2023.pdf>

Risk management, global and local sustainability trends and implications thereof

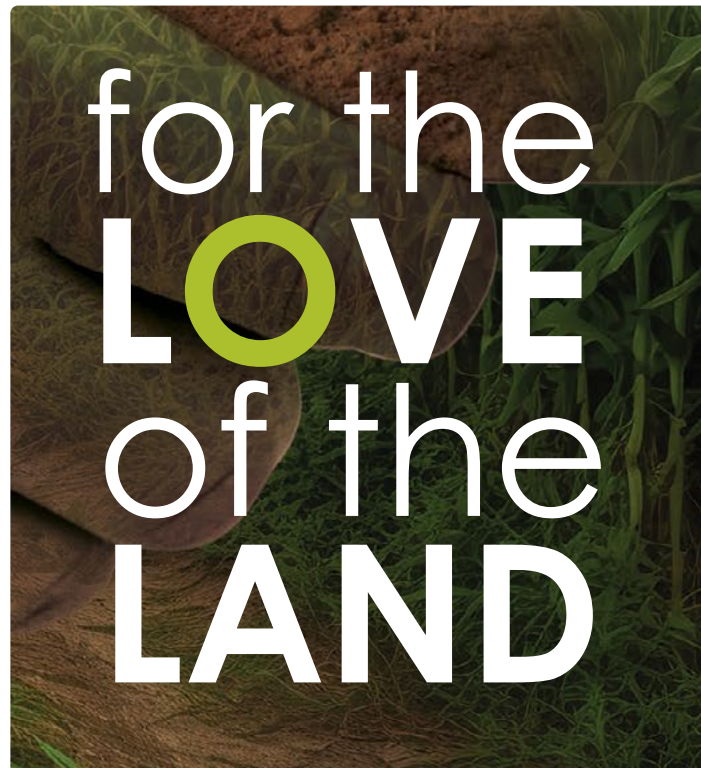
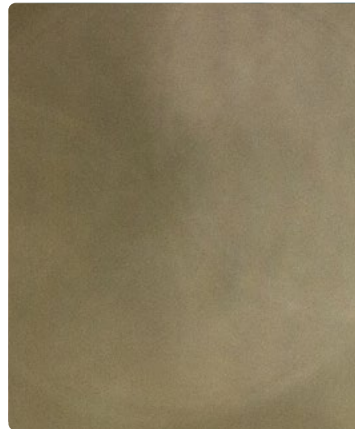
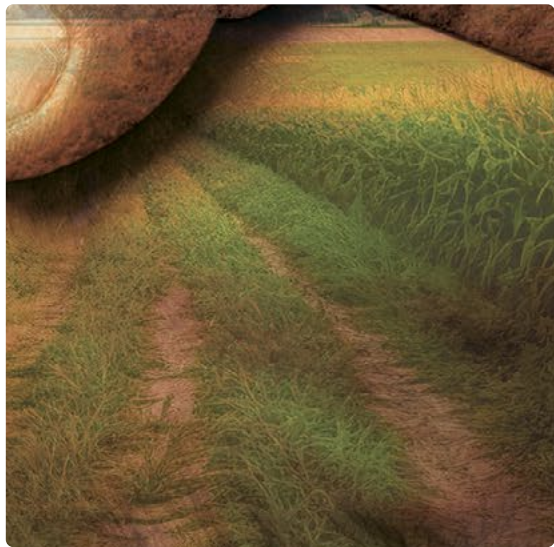
VKB's Internal Audit Department manages the Group's Risk Assessment and Combined Assurance processes in accordance with the Risk Management Policy adopted by the Board. The Board must ensure that Management is cognisant of risks within the business and that all reasonable steps are taken to develop, implement and integrate control measures into the day-to-day activities of the business. Sustainability is achieved by acting responsibly toward all stakeholders with a legitimate interest in the business. Subsequent to identifying risks, we ensure that adequate structures, policies, procedures, practices and control measures exist to effectively manage risks within the Group.

Risk and Combined Assurance registers are compiled and submitted to the Audit and Risk Committee and the respective entities' Boards of Directors. Management, the Committees and the Boards assess risk, global and sustainability trends and the implications thereof on the business on an ongoing basis.

REPORT

The Committee successfully executed its mandate and responsibilities during the year under review.


DAN KRIEK
Chairperson: ESG Committee



for the
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This report incorporates the statutory responsibilities of the audit committee, as stipulated in Section 94 of the Companies Act, Act No. 71 of 2008 ("the Act"). This committee acted as the Audit and Risk Committee ("the Committee") for entities within the VKB Group ("the Group") during the year under review.

COMPOSITION

The Committee consists of at least three non-executive directors appointed at the Annual General Meeting of Shareholders on recommendation of the Board of Directors ("the Board"). The Board may, from time to time, co-opt specialists to the Committee or appoint them as members of the Committee.

During the year under review, the Committee consisted of four non-executive directors and two co-opted specialist consultants (Messrs LJ Eksteen – Chairperson, ID Dreyer, JBS Fourie and PJ Cronjé; co-opted – GJ Nel and JFJ van Rensburg). The composition and mandate of the Committee comply with the requirements of the Act and the provisions of the King Code IV@. The Chairperson of the Board, Managing Director: VKB Group, Executive Director: Finance VKB Group, Executive Manager: Audit, representatives of the independent external auditors and the Internal Audit Department, as well as Senior Management, also attend the meetings of the Committee. The Committee met three times during the year under review, during which the Group's Budgets, Annual Financial Statements and Risk Management Plans were considered, in addition to other matters.

The internal and external auditors have unrestricted access to the Chairperson of the Committee and continuously report to the relevant structures within the Group. The Chairperson and the independent external auditors attend the Annual General Meeting of Shareholders to respond to enquiries relating to the business's financial affairs and Annual Financial Statements.

MANDATE AND RESPONSIBILITIES

The Committee has the following duties and responsibilities:

1. To ensure that the business's financial planning, management and reporting are correct and effective, and in accordance with appropriate accounting policies and international financial reporting standards.
2. To consider and review the financial statements, the accounting practices, policies and procedures, as well as the effectiveness of internal financial controls.
3. To make recommendations on the appointment of the independent external auditors, ensure that the appointment of the auditors complies with the provisions of the Act and other legislation, and determine their fees.
4. To consider the independence and effectiveness of the external auditors, consider any non-audit work by such auditors and determine whether the provision of such services may influence their independence, and pre-approve any proposed agreement with the auditors for the provision of non-audit services to the company.

5. To prepare a report, to be included in the Annual Financial Statements for that financial year:
 - i. describing how the Audit Committee carried out its mandate and responsibilities;
 - ii. stating whether the Audit Committee is satisfied that the auditors acted independently of the company; and
 - iii. commenting in any way the Committee considers appropriate on the financial statements, the accounting practices and the internal financial control of the company.
6. To receive and deal in an appropriate manner with any concerns or complaints, whether from within or outside the company, or on its own initiative, relating to:
 - i. the accounting practices and internal audit of the company;
 - ii. the content or auditing of the company's financial statements;
 - iii. the internal financial control of the company; or
 - iv. any other related matter.
7. To make submissions to the Board on any matter concerning the company's accounting policies, financial control, records and reporting, and to perform such other oversight functions as delegated or requested by the Board.
8. To accept the annual audit plan and audit budget.
9. To evaluate and assess the effectiveness of management information, the annual audit, internal audit programme and internal control systems, as well as oversight of the management of information and technology.
10. To ensure that the roles of internal and external audit have been appropriately defined and separated.
11. To ensure compliance with applicable legislation and monitoring of regulatory aspects.
12. To consider the Integrated Report.
13. To ensure proper disclosures, reporting and communication with stakeholders
14. To assist the Board to ensure that an effective strategy for risk management is in place to give effect to the business's strategic goals and to ensure that the disclosure of risks is complete, timely and relevant.
15. To continuously consider the solvency and liquidity of the company and the Group, considering all reasonably foreseeable financial circumstances.
16. To provide independent oversight of, amongst others:
 - i. the effectiveness of the organisation's assurance functions and services, with particular focus on combined assurance, including external assurance service providers, internal audit and the finance function; and
 - ii. the integrity of the Annual Financial Statements and, to the extent delegated by the Board, other external reports issued by the organisation.
17. To meet annually with the internal and external auditors respectively, without Management being present, to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum.

REPORT

The Committee performed all duties as set out above. The Committee is satisfied that the 2023 audit conducted by the external auditors was independent and agrees with the audit reports issued in respect of the Group.

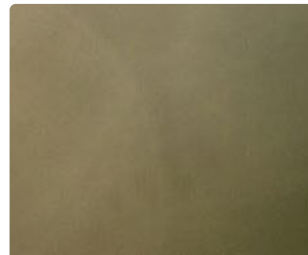
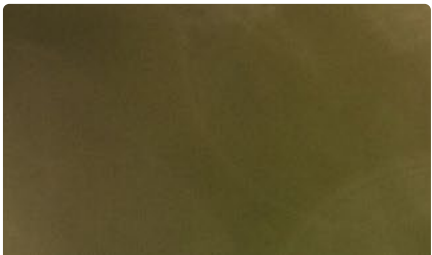
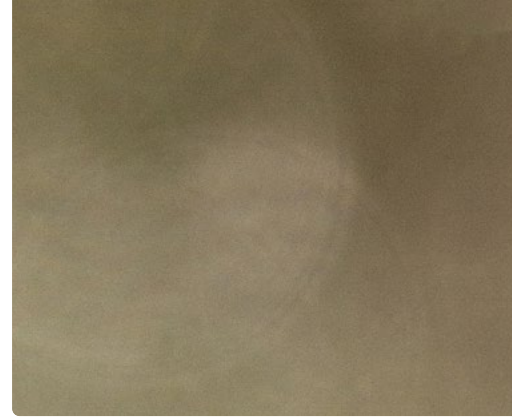
In addition, the Committee considered the Integrated Report and is satisfied that:

1. All the factors and risks, which may have an impact on the integrity of the Integrated Report, have been considered.
2. The Annual Financial Statements reflect the financial position of the business and the Group correctly.
3. The financial function as well as the internal financial and other controls is adequate and functions effectively.
4. The sustainability reporting included in the Integrated Report is reliable and not in conflict with financial information.
5. The reporting on risk management, as included in the Integrated Report, is timely, complete and relevant.
6. The level of assurance provided in the Integrated Report contributes to an adequate and efficient control environment.



LEON EKSTEEN

Chairperson: Audit and Risk Committee



DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act, Act No. 71 of 2008 ("the Act"), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the VKB Group ("the Group") as at the end of the financial year and the results of its operations and cash flow for the period then ended, according to International Financial Reporting Standards ("IFRS"). The external auditors were engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRS and are based on appropriate accounting policies applied consistently and supported by reasonable and prudent judgements and estimates.

The directors confirm that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors ("the Board") sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operational risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by Management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors reviewed the Group's cash flow forecast for the year until 31 March 2024 and, in view of this review and the current financial position, they are satisfied that the Group has or will have access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Group's financial statements. The financial statements were examined by the Group's external auditors and their report forms part of the comprehensive Annual Financial Statements.

The abridged financial statements set out on pages 27 to 29, which have been prepared on the going concern basis, were approved by the Board on 22 June 2023 and were signed on their behalf by:




CF FICK
Chairperson



JH DU PREEZ
Vice-chairperson

Declaration of responsibility by the Group Company Secretary:

In terms of Section 88(2)(e) of the Act, it is certified that the company submitted the prescribed returns and notices in terms of the Act, and that such returns and notices are considered to be just, correct and up to date.



SC ERASMUS
Group Company Secretary



The directors have pleasure in submitting their report on the abridged financial statements of the Group for the year ending 31 March 2023.

1. NATURE OF BUSINESS

VKB Beleggings (Pty) Ltd is a private company incorporated in South Africa, with interests in the agricultural industry. The company does not trade, and all its activities are undertaken through its subsidiaries, associates and joint business arrangements. The Group conducts its operations in South Africa.

There have been no material changes to the nature of the Group's business since the previous year.

2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The consolidated financial statements were prepared in accordance with IFRS and the requirements of the Companies Act, Act No. 71 of 2008 ("the Act"). The accounting policies have been applied consistently.

Full details of the financial position and results of operations of the Group are set out in these consolidated financial statements.

3. SHARE CAPITAL

Authorised	Number of shares	
	2023 '000	2022 '000
Ordinary shares	100 000	100 000
Class 2 preference shares	10 000 000	10 000 000
Class 3 preference shares	1 000 000	1 000 000
Class 4 preference shares	10 000 000	10 000 000

Issued	2023		2022	
	R'000	R'000	Number of shares 2023 '000	Number of shares 2022 '000
Ordinary shares	24 520	23 700	24 520	23 700
Class 2 preference shares	2 342 320	2 110 164	2 342 320	2 110 164
Class 3 preference shares	201 908	210 323	201 908	210 323
Class 4 preference shares	10 082	9 573	10 082	9 573
	2 578 830	2 353 760	2 578 830	2 353 760

4. DIVIDENDS

The Board approved the declaration and payment of a dividend of R0,403 million (2022: R30 million).

5. DIRECTORATE

Non-executive

CF Fick – Chairman
JH du Preez – Vice-chairman
DP Viljoen

ID Dreyer

ID Bosman

JJB Greyling

DJ Kriek
JBS Fourie
PJ Cronjé

J van der Goot
LJ Eksteen
GJ Nel
JL Purchase

Ward

Ward 1 – Reitz
Ward 15 – Limpopo
Ward 2 – Bethlehem, Daniëlsrus, Kestell and Qwaqwa
Ward 3 – Vrede, Memel, KwaZulu-Natal (North), Cornelia, Woudzicht and Ascent
Ward 4 – Petrus Steyn, Heilbron, Senekal and Lindley
Ward 5 – Warden, Verkykerskop, Harrismith and KwaZulu-Natal (South)
Ward 6 – Frankfort and Tweeling
Ward 7 – Jim Fouché, Oranjeville and Windfield
Ward 8 – Villiers, Grootvlei, Balfour, Standerton and Delmas
Ward 15 – Limpopo
Ward 15 – Limpopo
Independent specialist consultant
Independent specialist consultant

Executive

JF Janse van Rensburg – Managing Director: VKB Group, resigned on 30 September 2022
PG Strauss – Managing Director: VKB Group, appointed on 1 October 2022
MJ Mittermaier – Executive Director: Finance VKB Group

There have been no other changes in the composition of the Board for the year under review.

6. SPECIAL RESOLUTIONS

No special resolutions, the nature of which might be significant to the shareholders in their appreciation of the state of affairs of the Group, were made by the Group or any of its subsidiaries during the period covered by this report.

7. GOING CONCERN

The directors are satisfied that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated financial statements were prepared on a going concern basis. The Group is in a sound financial position and has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group. The directors are also not aware of any material non-compliance

with statutory or regulatory requirements or of any pending changes to legislation that may materially affect the Group.

The consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

8. LITIGATION STATEMENT

From time to time the Group becomes involved in claims and lawsuits incidental to the ordinary course of business. The Group is not currently involved in any such claims or lawsuits which, individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

9. AUDITORS

Enslins Bethlehem Incorporated ("Enslins") continued in office as auditors for the company and its subsidiaries for 2023.

At the Annual General Meeting of Shareholders, the shareholders will be requested to appoint PricewaterhouseCoopers Incorporated ("PwC") as the independent external auditors of the company and to confirm Mr A Dale CA(SA) as the designated audit partner for the 2024 financial year.

10. SECRETARY

The Group Company Secretary is Adv. SC Erasmus.

Postal address: PO Box 100
REITZ
9810

Business address: 31 President CR Swart Street
REITZ
9810

11. SOLVENCY AND LIQUIDITY

The directors performed the solvency and liquidity test as prescribed by the Act.

12. LOAD SHEDDING

The ongoing load shedding in South Africa rose to unprecedented levels during the latter part of 2022 and continued at these levels into 2023. Across the board the country's economy is experiencing pressure due to the increasing direct and indirect costs for businesses and households. The most prominent direct cost implication for the VKB Group was the exponential increase in the cost of fuel (diesel) for generators. The indirect cost implication cannot be determined accurately, but is without a doubt significant.

The Board is aware of the ongoing impact of the load shedding crisis. We are continually assessing and monitoring the development thereof to assess the impact on the company and its operations. The VKB Group has already invested in generators and solar systems and is also investigating investment in renewable energy sources.

At the time of finalisation of the report, the Board is not aware of any new material changes related to these events and conditions that cast significant doubt over the entity's ability to continue as a going concern.

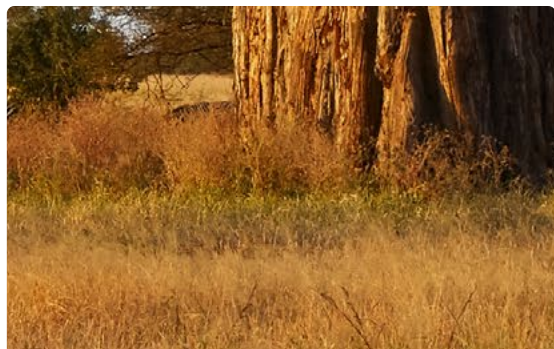
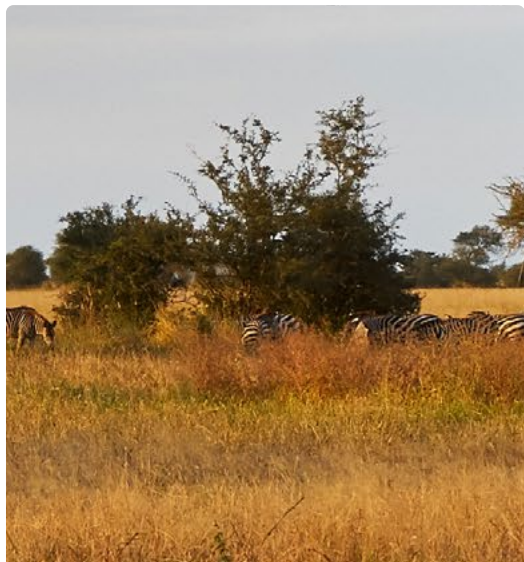
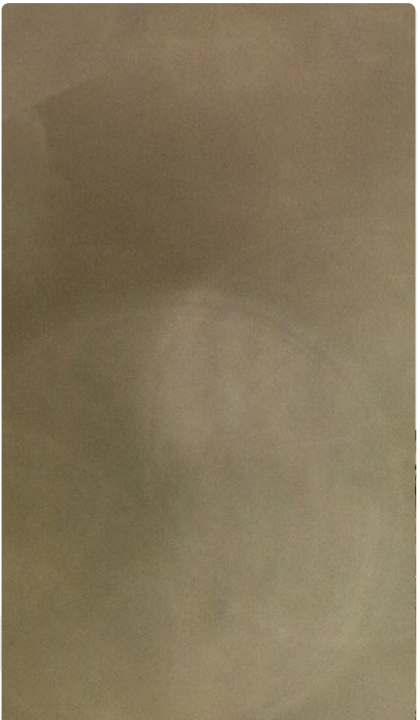
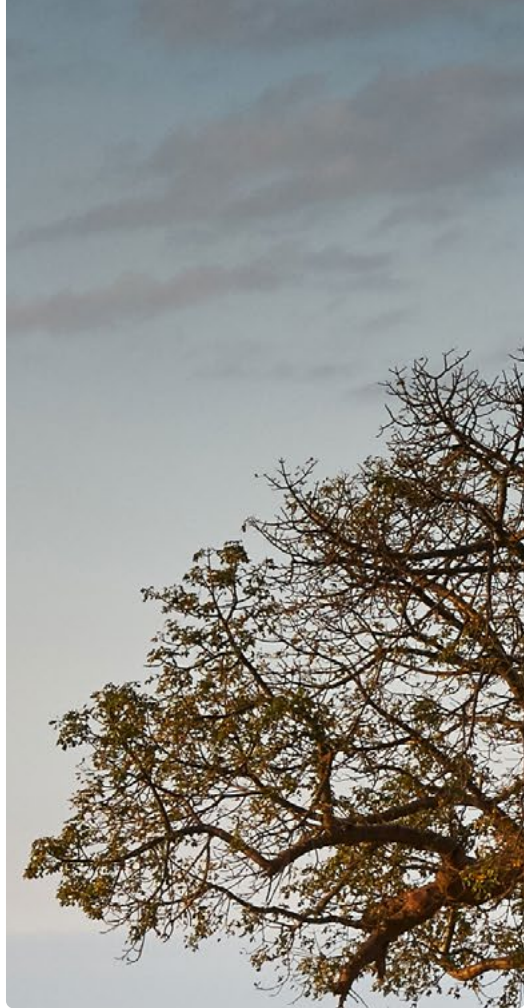
13. AMALGAMATION GWK LTD

The Boards of VKB Beleggings (Pty) Ltd and GWK Ltd, as well as GWK Ltd's shareholders, approved the proposed transaction, which was also approved by the Competition Commission and the Takeover Regulation Panel. The effective date of the transaction is 31 May 2023.

Both Boards are convinced that the successful implementation of the transaction will have a positive impact on both entities.

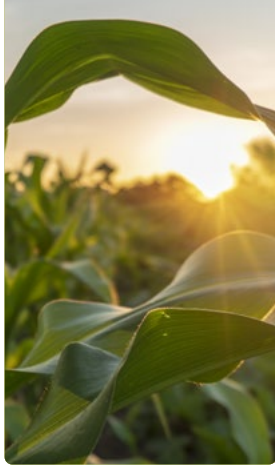
14. ABRIDGED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The abridged consolidated Annual Financial Statements were compiled by Mr GJ Nel AGA(SA). The comprehensive Annual Financial Statements are available on request at the offices of the Group Company Secretary. The information in this report was not subjected to an independent audit or overview.



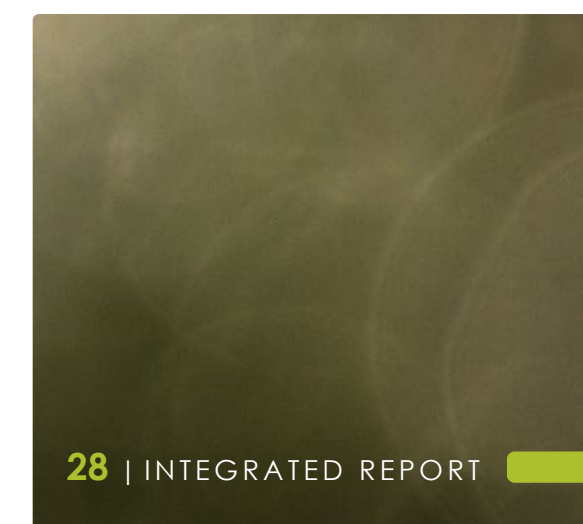
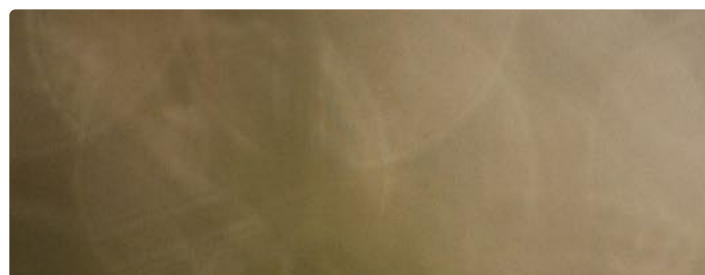
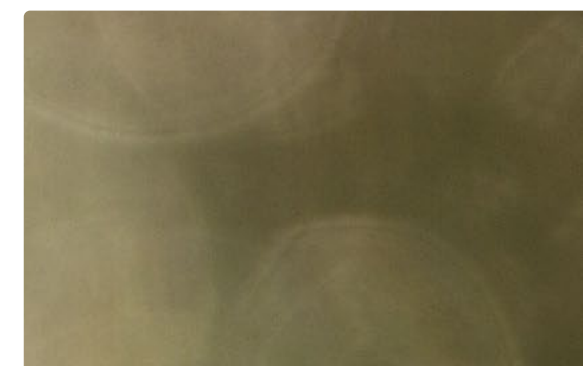
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023



	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
ASSETS				
Non-current assets				
Property, plant and equipment	1 955 300	1 870 702	6 404	6 603
Right-of-use assets	43 413	33 015	-	-
Investment property	-	45 434	481 718	441 383
Goodwill	124 877	134 413	-	-
Intangible assets	125 657	108 197	-	-
Investments in subsidiaries	-	-	2 084 441	1 858 326
Investments in joint ventures	-	1 908	-	-
Investments in associates	496 971	489 002	488 259	479 276
Loans to group companies	2 347	-	-	-
Loans to directors, managers and employees	4 322	6 182	-	-
Investments at fair value	19	22	-	-
Finance lease receivables	2 324	2 876	-	-
Fixed term receivables	35 107	63 057	-	-
Deferred tax	275 277	259 070	1 447	187
	3 065 614	3 013 878	3 062 269	2 785 775
Current assets				
Inventory	1 643 899	1 674 528	-	-
Loans to group companies	200	2 938	-	-
Loans to directors, managers and employees	85	1 910	-	-
Loans receivable	27 050	14 899	-	-
Trade and other receivables	5 998 361	4 941 485	23 758	11 784
Contract assets	-	997	-	-
Derivatives	27 041	139 771	-	-
Finance lease receivables	363	260	-	-
Fixed term receivables	59 754	49 176	-	-
Current tax receivable	5 190	6 150	-	630
Cash and cash equivalents	274 206	248 092	138	2 789
	8 036 149	7 080 206	23 896	15 203
Non-current assets held for sale and assets of disposal groups	34 207	6 056	-	-
Total assets	11 135 970	10 100 140	3 086 165	2 800 978
EQUITY AND LIABILITIES				
EQUITY				
Share capital	2 578 830	2 353 760	2 578 830	2 353 760
Reserves	(10 598)	26 906	10 162	9 117
Retained income	837 859	677 269	413 931	374 333
Equity attributable to equity holders of the parent company	3 406 091	3 057 935	3 002 923	2 737 210
Non-controlling interest	148 749	121 011	-	-
	3 554 840	3 178 946	3 002 923	2 737 210

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
LIABILITIES				
Non-current liabilities				
Loans from group companies	-	-	30 000	-
Borrowings	443 308	490 595	4 751	5 589
Financial liabilities at fair value	1 562	1 988	-	-
Finance lease liabilities	33 527	21 753	-	-
Retirement benefit obligation	65 240	69 882	-	-
Deferred tax	231 888	225 103	27 379	22 277
	775 525	809 321	62 130	27 866
Current liabilities				
Trade and other payables	1 640 111	1 417 314	18 627	35 024
Loans from group companies	-	-	1 606	-
Loans from shareholders	883 236	683 054	-	-
Borrowings	152 298	211 105	879	878
Financial liabilities at fair value	8 904	55 118	-	-
Derivatives	121 938	87 478	-	-
Finance lease liabilities	15 330	13 342	-	-
Income tax payable	5 284	1 077	-	-
Provisions	11 065	790	-	-
Bank overdraft	3 967 439	3 642 595	-	-
	6 805 605	6 111 873	21 112	35 902
Total liabilities	7 581 130	6 921 194	83 242	63 768
Total equity and liabilities	11 135 970	10 100 140	3 086 165	2 800 978



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Continuing operations				
Revenue	21 179 258	16 392 545	51 507	46 581
Cost of sales	(18 831 685)	(14 531 134)	-	-
Gross profit	2 347 573	1 861 411	-	-
Incentive discount	371 000	330 000	-	-
Gross profit before incentive discount	2 718 573	2 191 411	51 507	46 581
Other operating income	67 042	57 664	8 181	4 496
Other operating profit/(loss)	(25 325)	(12 534)	3 345	-
Other operating expenses	(1 841 795)	(1 527 576)	(44 877)	(33 869)
Operating profit	918 495	708 965	18 156	17 208
Investment income	11 494	6 491	8 579	9 459
Finance cost	(332 331)	(196 099)	(2 968)	(458)
Income from equity-accounted investments	32 730	42 860	26 433	36 853
Other non-operating profit/(loss)	(138)	1	(138)	1
Profit before incentive discount	630 250	562 217	-	-
Incentive discount	(371 000)	(330 000)	-	-
Profit before taxation	259 250	232 217	50 062	63 063
Taxation	(60 441)	28 755	(3 842)	(4 018)
Profit from continuing operations	198 809	260 972	46 220	59 045
Discontinued operations				
Profit/(loss) from discontinued operations	276	-	-	-
Profit for the year	199 085	260 972	46 220	59 045

HUNGRY

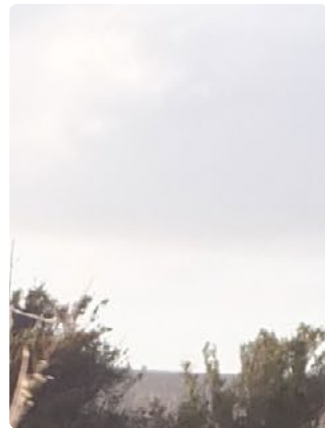


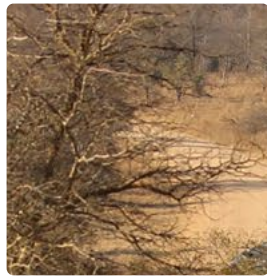
PLAY AS A TEAM

HUMBLE

BOLD

SMART







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