TWK Agriculture Holdings (Pty) Ltd

ADVANCE

UNAUDITED CONDENSED INTERIM RESULTS
FOR THE PERIOD ENDED
28 FEBRUARY 2023

/INTRODUCTION

THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS OF TWK AGRICULTURE HOLDINGS (PTY) LTD FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023 COMPRISE THE COMPANY, ALL ITS SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES (JOINTLY REFERRED TO AS THE GROUP).

The accounting policies applied in the preparation of these condensed consolidated interim results are in accordance with IFRS and are consistent with the accounting policies applied in the preparation of the Group's previous audited consolidated annual financial statements.

These interim results have not been audited or independently reviewed by the Group's external auditors. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 August 2022.

All the amounts relate to the Group's results unless otherwise specified. The Directors of the Group take full responsibility for the preparation of this report. The preparation of the Group's results was supervised by the Group Chief Financial Officer, JEW Fivaz, and approved by the Board of Directors on 18 April 2023. The results were made available publicly on 18 April 2023.

/FINANCIAL HIGHLIGHTS

Total assets
R6,57bn
(Feb 2022: R6,28bn)
▲4,61%

Revenue
R5,25bn
(Feb 2022: R4,88bn)
▲7,56%

NAV per share
R111,96
(Feb 2022: R103,93)
▲7,73%

Profit after tax
R200m
(Feb 2022: R249m)
▼19,68%

EBITDA
R369m
(Feb 2022: R427m)
▼13,58%

Cash from operating activities (before change in working capital)
R356m
(Feb 2022: R461m)
▼22,78%

Basic earnings per share (from continuing operations)
930,90c
(Feb 2022: 1 123,95c)
▼17,18%

/TWK AT A GLANCE

TWK INVESTMENTS LTD (TWK) IS LISTED WITH A PRIMARY LISTING ON THE CAPE TOWN STOCK EXCHANGE UNDER THE SHARE CODE 4ATWK AND A SECONDARY LISTING ON A2X.

The TWK story started in 1940 when the Transvaal Wattle Growers Co-operative Agricultural Company Ltd was registered. In 2014, the company was restructured into its current form with TWK Agriculture Holdings (Pty) Ltd as the ultimate holding company and TWK Investments as the investment entity.

TWK is a diversified group of companies operating in the following segments:

GRAIN

The Grain division provides commodity strategic support and services to farmers. We focus on hedging and selling maize and soya beans at the best possible market prices, while the division also enables farmers to safely store and dry their grains at our HACCP and SAFEX registered silos. Furthermore, we manufacture our own branded maize meal, animal feeds and supply it at retail, wholesale, and farm level.

- Grain storage
- Grain marketing (Safex trading)
- Grain industries

RETAIL AND MECHANISATION

Our network of retail stores offers customers a well-priced, comprehensive range of products dedicated to the agricultural sector.

32 retail branches are spread across the Mpumalanga and KwaZulu-Natal regions. Constantia fertiliser is part of our trade division and provides various fertiliser blends to our customers. These products are distributed throughout South Africa by our branch networks and our professional sales representatives.

Our mechanisation division primarily acts as a New Holland reseller in Mpumalanga and KwaZulu-Natal and offers various implements and mechanical solutions to the market.

- 32 trade branches
- Constantia blending plants and fertiliser depots
- Mechanisation (including New Holland agencies)
- Gromor organic fertilisers

TIMBER

TWK ensures that our timber and that of our suppliers are delivered to local and international markets at competitive prices. Exports to international markets are done from TWK's chipping mill in Richards Bay. We provide multiple processed and unprocessed timber products, while cultivating 37 400 hectares of forestry plantations in South Africa and eSwatini.

- Forestry plantations
- Timber marketing
- Woodchip export facility, Richards Bay
- Treated timber plant
- Lumber and mining timber sawmills
- Charcoal production
- Timber and vegetable seedling nurseries
- Untreated timber products
- BedRock Mining Timber
- Logistics
- Sunshine Seedling Services

FINANCIAL SERVICES

The Financial Services division provides unique financing and insurance solutions to the agricultural and related industries. Our products and services have expanded over the years to complement the growth and development of the company's diverse client base and have service points in Mpumalanga, KwaZulu-Natal, Western and Eastern Cape, Free State and Gauteng.

- Seasonal credit facilities
- Monthly accounts
- Forestry loans
- Asset finance
- Personal and commercial insurance brokerage
- Crop insurance brokerage
- Agriculture insurance
- Plantation insurance
- Liability insurance
- Transit cover
- Medical aid and gap cover
- Life insurance
- Wills and testaments
- Funeral administration
- Fiduciary services
- Other specialised insurance products

MOTORS

The TWK Motors division offers a wide range of vehicle related products and services. This diversified division consists of various business units with a number of represented brands. Vehicle dealerships and business units are based in Piet Retief, Ermelo and Standerton.

- 2 Toyota dealerships
- 2 Isuzu dealerships
- 2 Haval and GWM dealerships
- Hino dealership
- 3 Total fuel stations with fast food and convenience stores

/ BUSINESS AND FINANCIAL REVIEW

WHILE OUR RESULTS FOR THE FIRST SIX MONTHS ENDED 28 FEBRUARY 2023 ARE SOMEWHAT DISAPPOINTING IT UNDERLINES THE EFFECTIVENESS AND IMPORTANCE OF OUR DIVERSIFIED, BUT FOCUSED BUSINESS MODEL.

Over the past eight years, we have pursued a clear and consistent long-term plan focused on building a stronger and more competitive business which is sustainable and delivers consistent turnover and earnings growth. For the first six months of 2023 we achieved total turnover growth but not earnings growth. Earnings growth were achieved in the Timber, Financial services and Grain segments, but was negatively affected by the Retail and mechanisation segment.

The diversity of its income streams provided resilience amidst the economic uncertainty, disruptions in trade networks and infrastructure challenges. The significant contributor to the results came from an increased demand and sales to key timber markets especially an increase of 19,92% in woodchip export sales and supported by the sale of the Roofspace business which formed part of the Renewable Energy segment.

Our ability to move quickly, disciplined approached, customer focus, diversified business model and product mix enabled us to deliver positive results amid challenges in the fertiliser business. Preservation of a robust balance sheet, working capital management, strong cash generation, customer focus, delivery to market demands and disciplined cost control were the key features of the Group during these six months which converted into an increase in cash from operating activities which enhanced our balance sheet.

Total woodchip exports during the period was 384 978 tonnes compared to 282 796 tonnes in the prior period. The prospects for woodchip export look promising for the remainder of the year. The Production Credit Book grew strongly by 13,3% and peaked at R916,7 million during the period under review mainly due to higher input costs for farmers as well as increased market penetration. This resulted in an increase in earnings in the Financial services segment.

Revenue increased by 7,56% from R4,88 billion to R5,25 billion. The market challenges in the fertiliser business resulted in a decrease of 13,58% in EBITDA to R368,9 million (Feb 2022: R427,3 million). Profit after tax decreased to R200,3 million which is 19,68% lower than the R248,6 million of the corresponding period. Basic earnings per share decreased to 889,69 cents per share, which is 20,84% lower than the corresponding period.

The Group's financial position is solid with total assets having increased by 4,61% from R6,28 billion to R6,57 billion. Net cash is lower due to an increase in Trade and other receivables (especially production accounts). The net asset value per share increased by 7,73% to R111,96 per share as at 28 February 2023 compared to R103,93 as at 28 February 2022.

Total assets increased due to capital expenditure and increase in trade and other receivables. The debtors' book was higher in February 2023 than in August 2022 which is in line with the cyclical nature of the agricultural industry as well as the gaining of market share. Assets are evaluated on a continuous basis where applicable, and the necessary impairments have been accounted for.

OPERATIONAL REVIEW /TIMBER

THE TIMBER DIVISION REPORTED AN INCREASE OF 28,66% IN REVENUE TO R1,48 BILLION FROM THE R1,15 BILLION FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023.

This was mainly due to the growth in wood chip exports and local timber sales. TWK's world-class woodchip production and export facility in Richards Bay has the capability of producing and exporting about 900 000 tonnes of woodchips per annum. During the period under review, 384 978 tonnes were exported from TWK's facility compared to 282 796 tonnes in the prior period, representing a 36,13% increase in export sales. The improvement was mainly the result of the continued strong demand from pulp manufacturers in China, Japan and from new European customers, given the prolonged Russia/Ukraine crisis.

Total sales volumes increased by 19,92% to 771 536 tonnes (February 2022: 643 369 tonnes) given the strong wood chip demand, both internationally and nationally. TWK Timber continues to expand its international offset market. Although lumber and treated pole sales were good, pricing pressure was experienced on the back of challenging market conditions. Sales to the mining sector were down on the prior period as a result of closure of certain shafts at two of Bedrock's mining customers, as well as the negative impact of load shedding at the relevant operations. BedRock, a wholly owned subsidiary of TWK Agri (Pty) Ltd, supplies mining timber support products to the gold and platinum mining industries.

As indicated at year end, international pulp prices continued to trade at record high prices and this trend should continue as the demand for pulp and pulp-related products, including packaging, remains robust. The worldwide shortage of ships and containers as global logistics remain in flux, supports the global pulp price.

TWK's Sunshine Seedling Services ("SSS") shareholding, as at 28 February 2023, was 71%, with the remaining 29% of the shares to be purchased by TWK over the next two and a half years. SSS performed below expectations for the period under review. TWK, through SSS, acquired Top Crop Nursery effective 1 February 2023 which complements the SSS business, delivers solid margins and provides management expertise.

The modernisation of Peak Plantations, completed during the previous financial year, has contributed to the robust performance of this business. Despite heavy rains in January and February 2023 as a result of the two cyclones, sales, especially in the high value products, are doing exceptionally well. The upgrade of the Rocklands Sawmill, which forms part of Peak Plantations, with a new "wet off saw" mill was commissioned in October 2022. This further enhanced and increased revenue streams for the business unit in eSwatini.

Load shedding has also negatively impacted TWK Timber's operations and we are in the process of either installing generators, battery power or solar at all our operations. The one mill already has solar and large capital projects are being planned for the next six months to make these operations less dependent on the national grid.

Despite increased operating costs due to load shedding, EBITDA increased by 21,62% from R162,68 million (February 2022) to R197,86 million. The EBITDA margin however decreased from 14,14% (February 2022) to 13,36% as a result of margin pressure in the SSS business for the period under review.

The outlook for the next six months for this division remains positive and it is expected that there will be an improvement on 2022's full year results. Overall strong local and global demand for wood chips is expected to continue into the near future at good pricing levels.

OPERATIONAL REVIEW

/ RETAIL AND MECHANISATION

AT THE END OF FEBRUARY 2023, TWK'S RETAIL OUTLETS TOTALLED 32 (FEBRUARY 2022: 30), WITH FIVE FERTILISER DEPOTS SITUATED IN KWAZULU-NATAL, MPUMALANGA, NORTH WEST, EASTERN CAPE AND ESWATINI. TWK ALSO OWNS FIVE FERTILISER BLENDING FACILITIES LOCATED IN MPUMALANGA, KWAZULU-NATAL, AND THE WESTERN CAPE. IN ADDITION, THE GROUP OWNS ONE ORGANIC FERTILISER PRODUCTION FACILITY IN KWAZULU-NATAL.

Revenue marginally decreased by 0,32% from R2,59 billion (February 2022) to R2,59 billion. This segment's results came under severe pressure mainly as a result of the performance of Constantia Fertilisers. EBITDA decreased by 72,63% to R47,44 million from R173,35 million (February 2022), with the EBITDA margin decreasing to 1,83% from 6,67% (February 2022).

The main reasons for the decrease in profit are the significant declines in fertiliser product prices and sales volumes (against very favourable market conditions in the comparative period), the negative impact of load shedding on our retail outlets, the high interest rate as well as production price inflation. TWK has either generators, back-up batteries or solar panels at all their retail outlets, but it comes at an additional cost. We have been able to maintain our market share, however it has resulted in placing margin pressure on the business.

Since the beginning of October 2022, the fertiliser market has experienced, on average, a significant decrease of 45,8% in raw material fertiliser prices for the three main ingredients namely nitrogen, phosphates and potassium. The main reason for these declines is attributed to a worldwide oversupply of fertilisers which resulted from extra production capacity created by India, the possibility of China re-entering the export fertiliser market and a sharp decline in world gas prices which led to much higher production of fertilisers globally. As a result of the declining fertiliser prices, farmers have held back in buying fertiliser stock.

Fertiliser sales declined by 22,24 % from 121 671 tonnes (February 2022) to 94 604 tonnes (February 2023). Margins came under severe pressure and certain fertiliser products were sold well below cost price to ensure that stock levels were reduced.

Mechanisation sales, through the New Holland agencies, decreased by 6,94% to 134 units (February 2022: 144 units) mainly as a result of sugar cane farmers in the KwaZulu-Natal region experiencing decreased volumes and prices and not spending funds on capital equipment.

Rudamans Pty (Ltd), acquired effective 1 November 2022, was integrated into the business during the period under review.

Retail and mechanisation trading conditions are expected to remain under pressure for the next six months as increased cost and price inflation will continue to place pressure on margins. The availability of imported high kilowatt equipment from New Holland will also remain constrained as a result of global logistics challenges. As previously mentioned, sugar cane farmers in KwaZulu-Natal are currently struggling with adverse market conditions which impacts all retail and mechanisation sales into this agricultural sector. All indications are that fertiliser raw material prices can further decline as high stock levels are held by fertiliser producers in the Arab Gulf and Baltic States. As a result, local farmers are reluctant to purchase fertilisers for future use in anticipation of further price declines. We will continue to keep stock levels as low as possible until there are clear indications on world pricing prior to the summer planting season starting in September. Given the normal weather conditions, it is however anticipated that local fertiliser price levels will slowly recover to 2021 levels once the South African planting season commences.

OPERATIONAL REVIEW

/FINANCIAL SERVICES

REVENUE INCREASED BY 27,29% FROM R99,77 MILLION IN FEBRUARY 2022 TO R127,00 MILLION, WITH EBITDA INCREASING BY 35,77% TO R60,72 MILLION FROM R44,72 MILLION (FEBRUARY 2022). THE INCREASE IN EBITDA IS MAINLY ATTRIBUTABLE TO THE STRONG PERFORMANCE DELIVERED BY THE INSURANCE DIVISION.

The Insurance Division reported a 9,97% growth in short-term insurance premium income for the six months ended February 2023 compared to February 2022, which resulted in growth in commission income of 6,19% for the same period. The short-term section of the Insurance Division focused on extending and increasing its mandates, thus increasing profitability, resulting in a 9,86% increase in binder fee income and a better customer experience when submitting claims.

The total crop insurance premium increased by 22,05% for the period February 2023 compared to February 2022, which translated to a 17,26% increase in commission received. The total hectares insured increased by 1,48%, even though the total tree area decreased by 1,81%. As a result of the prevailing macroeconomic conditions, a decision was reached to reduce the clients insured based on stricter financial criteria, resulting in total clients insured decreasing from 753 (February 2022) to 629 (February 2023).

The Medical Insurance Portfolio continued to show remarkable growth. Commission revenue on the Medical Insurance Portfolio grew by 20,99% as a result of an increase of 14,94% in members from 5 140 members as at 31 August 2022 to 5 908 members as at 28 February 2023.

The well-established Life Insurance business managed to grow its commission income by 26,56% for the six months ended February 2023.

TWK Financial Services, in collaboration with FutureGen, acquired Executive Underwriting Managers (Pty) Ltd ("EUM") effective 1 June 2022. TWK Agri has a 60% shareholding in EUM. EUM is managing the administration of funeral policies for approximately 383 Financial Service Providers across the country. This business has 101 044 active policies as at 28 February 2023 insuring 613 147 lives (31 August 2022: 101 165 active policies and 607 476 lives) on its database.

On 28 February 2023, the **Credit Division** reported nett interest growth of 2,39%. The Production Credit Book grew strongly by 13,3% and peaked at R916,7 million during the period under review (peak 2021/22 financial year: R808,6 million). Production accounts placed on bridging facilities due to late payments amounted to 0,89% (R8,2 million) of the total Production Credit Book of which approximately R800 000 has already been collected with payment arrangements being in place for the outstanding balances. No production accounts have been handed over due to non-performance for the period under review.

Despite the significant increase in the Production Credit Book, bridging facilities declined by 60,9% (R8,2 million) compared to the previous period (R20,9 million) due to favourable conditions experienced by our farmers which improved their financial performance. Furthermore, emphasis was placed on the quality of the Production Credit Book, supported by sound securities.

OPERATIONAL REVIEW

/ GRAIN

THE GRAIN SEGMENT'S REVENUE FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023 INCREASED BY 57,85% FROM R425,53 MILLION (FEBRUARY 2022) TO R671,71 MILLION MAINLY DUE TO THE ROBUST PERFORMANCE BY THE GRAIN MARKETING BUSINESS AS WELL AS THE DRASTIC INCREASE IN MAIZE PRODUCT AND ANIMAL FEED PRICES DUE TO THE HIGH AVERAGE MAIZE PRICE.

However, the impact of the high average grain prices and the inability to recover some of these costs, specifically the animal feed business, and other variable cost hikes such as fuel and energy, resulted in EBITDA decreasing by 48,16% from R21,77 million (February 2022) to R11,29 million, with the EBITDA margin down to 1,68% (February 2022: 5,12%).

The Grain Storage business stored 10% less grain than in the prior period ended February 2022. This was as a result of grain being dispatched earlier than the prior period due to lower crops for the 2021/2022 harvest season.

The Grain Marketing business reported a solid set of results primarily as a result of marketing in a wider offset area and appointing a new grain trader that both contributed to this business increasing its grain volumes marketed.

The South African Grain Mill business supplies white maize meal to food retailers. Results continue to be negatively impacted by the high grain input prices and consumer spend being negatively impacted by growing inflationary pressures and increased interest rates.

Arrow Feeds, based in eSwatini, reported an increase of 23,81% in revenue, a direct result of higher animal feed selling prices offset by a decrease of 2,49% in volumes sold.

During this reporting period, KwaZulu-Natal and Mpumalanga have been severely impacted by two major cyclones during January and February 2023, one being Cyclone Freddy, the longest-lasting storm on record. As a result, the road transport sector remains under pressure as the road infrastructure is deteriorating and it is also starting to impact the 2022/2023 growing season in these two regions.

The ongoing Russian/Ukraine crisis and the draught in South America last year have resulted in a global shortage of grains, keeping grain prices, on average, high over the short- to medium-term.

We also expect diesel spent to increase substantially as a result of higher stages of load shedding, negatively impacting the Grain Storage and Grain Mill businesses. The Grain Marketing business is expected to do well for the remainder of the financial year with the Grain Mill business and Arrow Feeds benefitting from the declining grain prices which will improve margins. Consumer spending pressure will continue as price inflation rise and macroeconomic conditions deteriorate. As white maize remains a staple food product, the Grain segment should, on-balance, benefit from lower grain prices.

OPERATIONAL REVIEW
/MOTORS

THE MOTORS SEGMENT REPORTED A DECREASE IN REVENUE OF 36,10% TO R371,42 MILLION (FEBRUARY 2022: R581,27 MILLION).

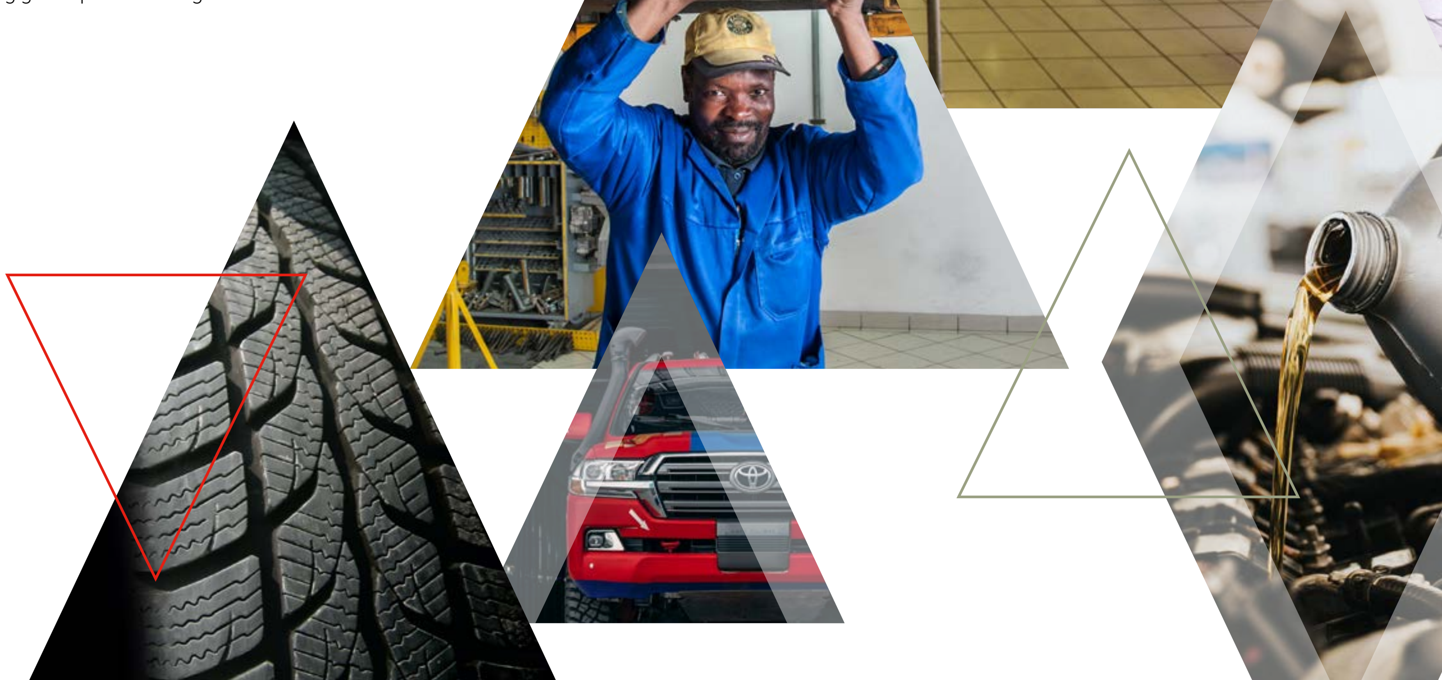
This is a direct result of severe vehicle stock shortages in the major vehicle brands mainly as a result of the KwaZulu-Natal Toyota manufacturing plant being closed due to flood damage as well as the ongoing worldwide semi-conductor crisis. The financial health of the consumer has also deteriorated as South Africa grapples with record high load shedding, high interest rates and escalating price inflation.

During the period under review, dealerships reported a decrease in the overall number of vehicles sold compared to the prior period, as a result of the ongoing shortage of new vehicles as well as used vehicles. The TWK Dealerships performed below the average NAAMSA statistics as reported for the six months ended February 2023, delivering declines in new vehicle and used vehicles sales of 10,9% and 15,8%, respectively.

As at the end of February 2023, the majority of filling stations have been sold with the Piet Retief Total filling station being classified as "assets-held-for-sale". Subsequent to period end, the sale agreement of this filling station has also been concluded.

As a result of the overall challenging market conditions experienced by this segment, EBITDA decreased by 77,42% from R22,38 million (February 2022) to R5,05 million, with the EBITDA margin weakening from 3,85% (February 2022) to 1,36%.

Trading conditions are expected to remain challenging given high fuel prices, higher interest rates and vehicle stock shortages. Once the backlog of motor vehicles have been resolved, we expect trading conditions to improve. Demand for all auto parts and services are likely to remain under pressure over the short- to medium-term as consumers delay the servicing of their vehicles in lieu of basic needs and given the ongoing global parts shortages.



/PROSPECTS

WITH A PRIMARY FOCUS TO GAIN MARKET SHARE AND INCREASE PROFITABILITY WE WILL CONTINUE TO FOCUS ON LIQUIDITY AND CASH FLOW AND FOCUS ON COST SAVING MEASURES ACROSS OUR OPERATIONS AS WELL AS KEEP ON APPLYING MEASURES TO OPTIMISE WORKING CAPITAL. WE WILL ACHIEVE THIS WITHOUT LOSING FOCUS TO GROW THE BUSINESS VERTICALLY AND HORIZONTALLY IN A SUSTAINABLE MANNER.

The Group has sufficient headroom to enable it to conform to covenants on its existing borrowings, and sufficient working capital and undrawn financing facilities to service its operating activities and ongoing investments. The syndication loan structure with Standard Bank, ABSA and FNB supports the growth prospects. The various assets held for sale are already in advanced stages of finalisation and will also contribute to reduced interest costs and improved liquidity.

The overall strong demand for wood chips to some of the largest pulp and paper producers in Japan, China and the new European markets are expected to result in record export volumes from the TWK export facility in Richards Bay. The increase in demand coupled with the weakening in the rand and the increase in woodchip prices will benefit TWK during the second half of the financial year.

The Retail trading conditions are expected to remain under pressure as a direct result of high prices of products with resulted pressure on margins. It is anticipated that local fertiliser price levels will slowly recover to the 2022 levels once the South African planting season commences given the normal weather conditions, however expected that margins on fertiliser sales will remain under pressure. The sales in the mechanisation division are expected to remain strong especially in the Mpumalanga areas as orders for equipment is high.

The sale of the loss-making fuel sites and the sale of Roofspace which form part of the Renewable Energy segment will reduce borrowings and interest costs.

The Grain Marketing business is expected to do well for the remainder of the financial year with the Grain Mill business and Arrow Feeds benefitting from the declining grain prices which will improve margins. Consumer spending pressure will continue as price inflation rise and macroeconomic conditions deteriorate.

It is expected that the Financial services segment will perform better during the second half of the financial year mainly because of higher utilisation of the credit facilities by farmers and resulted increase in net interest earned. The credit book is healthy with no additional production accounts handed over due to non-performance for the period under review due to favourable conditions experienced by our farmers.

The outlook for the next six months for the Group remains positive. Overall strong local and global demand for wood chips is expected to continue into the near future at good pricing levels.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE SIX-MONTH PERIOD ENDING 28 FEBRUARY 2023

Figures in Rand	For the 6 months ending 28 Feb 2023	For the 6 months ending 28 Feb 2022	For the year ending 31 Aug 2022 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	**1 249 136 107**	1 155 362 104	1 200 014 533
Right of use assets	**91 074 426**	141 845 367	69 734 306
Investment property	**8 082 817**	–	–
Biological assets	**1 155 360 299**	1 114 955 497	1 133 353 031
Intangible assets	**187 555 286**	201 416 946	199 081 390
Investments in associates	**13 191 553**	11 209 192	10 896 546
Loans to group companies	**8 048 754**	13 662 576	11 259 666
Loans receivable	**63 300 900**	106 585 843	79 027 829
Investments at fair value	**25 488 920**	39 825 332	25 300 768
Finance lease receivables	**6 499 966**	13 432 524	11 007 356
Deferred tax	**28 244 783**	35 988 104	25 903 551
	2 835 983 811	2 834 283 485	2 765 578 976
Current assets			
Biological assets	**373 150 204**	256 010 502	319 224 705
Inventories	**1 182 271 717**	1 054 305 333	1 256 486 645
Loans receivable	**152 275 023**	42 372 096	34 296 655
Trade and other receivables	**1 840 110 331**	1 735 442 078	1 314 983 894
Derivative financial instruments	**2 849 595**	62 283 350	9 202 622
Finance lease receivables	**10 555 312**	7 631 551	8 458 672
Current tax receivable	**24 383 749**	26 414 850	33 419 617
Cash and cash equivalents	**97 138 938**	107 229 346	218 557 167
	3 682 734 869	3 291 689 106	3 194 629 977
Non-current assets held for sale and assets of disposal groups	**53 213 280**	156 427 396	260 173 568
Total assets	**6 571 931 960**	6 282 399 987	6 220 382 521
Equity and liabilities			
Equity attributable to equity holders of parent			
Share capital	**38 195 678**	28 257 332	38 541 823
Reserves	**432 471 987**	490 494 760	465 082 067
Retained income	**1 017 620 216**	866 095 094	925 842 507
	1 488 287 881	1 384 847 186	1 429 466 397
Non-controlling interest	**691 322 948**	584 251 280	619 429 824
Total equity	**2 179 610 829**	1 969 098 466	2 048 896 221
Liabilities			
Non-current liabilities			
Other loans payable	**–**	17 256	1 041 661
Borrowings	**837 837 131**	1 050 827 300	809 827 554
Lease liabilities	**78 009 064**	122 863 770	50 210 388
Retirement benefit obligation	**4 585 000**	5 096 000	4 585 000
Deferred tax	**269 949 737**	249 344 911	257 043 068
	1 190 380 932	1 428 149 237	1 122 707 671
Current liabilities			
Trade and other payables	**1 120 594 848**	1 076 918 573	1 042 097 488
Other loans payable	**5 642 787**	7 100 696	1 009 644
Borrowings	**1 592 881 355**	1 401 386 510	1 764 308 117
Derivative financial instruments	**7 798 363**	574 153	16 224 000
Lease liabilities	**19 868 856**	28 169 722	24 212 163
Contract Liabilities	**99 487 951**	58 929 342	1 353 726
Current tax payable	**4 273 444**	19 004 363	1 749 773
Provisions	**8 434 466**	8 597 760	8 456 961
Dividend payable	**20 915 603**	8 377 278	13 915 743
Bank overdraft	**305 355 952**	276 093 887	106 192
	3 185 253 625	2 885 152 284	2 873 433 807
Liabilities of disposal groups	**16 686 574**	–	175 344 822
Total liabilities	**4 392 321 131**	4 313 301 521	4 171 486 300
Total equity and liabilities	**6 571 931 960**	6 282 399 987	6 220 382 521

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDING 28 FEBRUARY 2023

Figures in Rand	For the 6 months ending 28 Feb 2023	For the 6 months ending 28 Feb 2022	For the year ending 31 Aug 2022 (Audited)
Revenue from continuing operations	**5 252 117 570**	4 882 777 690	9 956 348 519
Gross profit	**856 676 580**	905 248 921	1 652 817 557
Profit from equity-accounted investments	**1 552 299**	3 178 164	2 865 517
Loyalty scheme payments	**(26 250 000)**	(15 539 868)	(15 123 477)
Other operating expenses	**(562 895 637)**	(536 485 552)	(1 120 476 287)
Profit before interest, tax, depreciation and amortisation (EBITDA)	**368 944 696**	427 337 477	660 852 078
Depreciation and amortisation	**(32 620 125)**	(43 174 844)	(62 640 608)
Profit before interest and tax (EBIT)	**336 324 571**	384 162 633	598 211 470
Finance cost	**(61 506 674)**	(42 751 164)	(97 391 778)
Profit before tax from continuing operations	**274 817 897**	341 411 469	500 819 692
Taxation	**(69 074 356)**	(92 849 604)	(135 443 371)
Profit after tax from continuing operations	**205 743 541**	248 561 865	365 376 321
Discontinued operations			
Loss from discontinued operations	**(2 691 363)**	–	6 938 908
Taxation related to discontinued operations	**(2 786 303)**	–	(6 676 852)
Nett loss from discontinued operations	**(5 477 666)**	–	262 056
Profit for the year	**200 265 875**	248 561 865	365 638 377
Other comprehensive income			
Gains on property revaluation	**–**	–	(4 510 987)
Remeasurement of defined benefit liability	**–**	–	252 152
Changes in fair value of equity investments at fair value though other comprehensive income	**4 040**	(336 000)	(14 765 782)
Taxation related to other comprehensive income	**(211 000)**	75 264	5 752 249
Total other comprehensive income/(loss) for the year	**(206 960)**	(260 736)	(13 272 368)
Total comprehensive income for the year	**200 058 915**	248 301 129	352 366 009
Profit attributable to:			
Owners of the parent			
From continuing operations	**123 750 061**	147 186 105	223 478 052
From discontinued operations	**(5 477 666)**	–	262 056
Non-controlling interest	**81 993 480**	101 375 760	141 898 269
Profit for the year	**200 265 875**	248 561 865	365 638 377
Total comprehensive income attributable to:			
Owners of the parent	**118 065 435**	147 003 191	213 692 231
Non-controlling interest	**81 993 480**	101 297 938	138 673 778
Total comprehensive income for the year	**200 058 915**	248 301 129	352 366 009
Basic earnings per share from continuing operations — cents	**930,90**	1 123.95	1 692,77
Basic earnings per share from discontinued operations — cents	**(41,21)**		1,98

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDING 28 FEBRUARY 2023

Figures in Rand	Share capital	Revaluation reserve	Reserve for investments at fair value through OCI	Restructuring reserve	Share-based payments reserve	Change of ownership reserve	Total reserves	Retained income	Total attributable to equity holders of the group/company	Non-controlling interest	Total equity
Balance on 1 September 2022 (audited)	38 541 824	374 048 401	24 084 598	73 433 888	5 555 904	(12 040 724)	465 082 067	925 842 507	1 429 466 398	619 429 824	2 048 896 222
Total comprehensive income for the six-month period	–	–	(206 960)	–	–	–	(206 960)	118 272 395	118 065 435	81 993 480	200 058 915
Issue of shares	(346 146)	–	–	–	–	–	–	–	(346 146)	(148 725)	(494 871)
Transfer between reserves	–	–	(3 399 378)	–	–	–	(3 399 378)	3 847 562	448 184	(448 184)	–
Interest in subsidiaries sold	–	–	–	–	–	–	–	–	–	(4 383 869)	(4 383 869)
Dividends	–	–	–	–	–	–	–	(30 342 248)	(30 342 248)	(26 201 319)	(56 543 567)
Changes in ownership interest	–	–	–	–	–	(29 003 742)	(29 003 742)	–	(29 003 742)	21 081 741	(7 922 001)
Total changes for the six-month period	(346 146)	–	(3 399 378)	–	–	(29 003 742)	(32 403 120)	(26 494 686)	(59 243 952)	(10 100 356)	(69 344 308)
Balance on 28 February 2023	**38 195 678**	**374 048 401**	**20 478 260**	**73 433 888**	**5 555 904**	**(41 044 466)**	**432 471 987**	**1 017 620 216**	**1 488 287 881**	**691 322 948**	**2 179 610 829**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDING 28 FEBRUARY 2023

Figures in Rand	For the 6 months ending 28 Feb 2023	For the 6 months ending 28 Feb 2022	For the year ending 31 Aug 2022 (Audited)
Cash from operating activities	**355 793 660**	460 804 980	670 535 074
Changes in working capital	**(264 917 263)**	(599 140 625)	(333 002 527)
Cash generated from operations	**90 876 397**	(138 335 645)	337 532 547
Interest income	**4 111 802**	2 203 068	3 430 985
Dividend income	**–**	1 403 959	1 414 299
Finance cost	**(119 718 743)**	(78 170 146)	(176 197 419)
Income tax paid	**(46 811 045)**	(63 861 160)	(117 047 664)
Net cash from operating activities	**(71 541 589)**	(276 759 924)	49 132 748
Cash flows from investing activities	**(165 153 819)**	(198 439 453)	(340 263 314)
Net cash flows before financing activities	**(236 695 408)**	(475 199 377)	(291 130 566)
Cash flows from financing activities	**(168 260 360)**	107 844 643	313 459 603
Dividends paid	**(21 712 221)**	(38 424 477)	(40 792 732)
Net (decrease)/increase in cash and cash equivalents	**(426 667 989)**	(405 779 211)	(18 463 695)
Cash and cash equivalents at the beginning of the year	**218 450 975**	236 914 670	236 914 670
Total cash and cash equivalents at the end of the year	**(208 217 014)**	(168 864 541)	218 450 975

SEGMENTAL INFORMATION

FOR THE SIX-MONTH PERIOD ENDING 28 FEBRUARY 2023

	Revenue			Profit and loss/separately disclosable items			
Figures in Rand	Total segment revenue	Inter-segment revenue	Revenue from external customers	Operating profit before interest, tax, depreciation and amortisation (EBITDA)	Depreciation and amortisation	Finance costs	Earnings before loyalty scheme payments and taxation
For the six months ending 28 Feb 2023							
Timber	**2 587 307 453**	**(1 106 606 194)**	**1 480 701 259**	**197 861 220**	**(11 230 917)**	**(25 385 521)**	**161 244 782**
Retail and Mechanisation	**3 923 371 050**	**(1 332 009 401)**	**2 591 361 649**	**47 442 340**	**(13 640 326)**	**(13 400 029)**	**20 401 985**
Financial Services	**127 895 459**	**(891 972)**	**127 003 487**	**60 720 529**	**(1 621 659)**	**(34 663 735)**	**24 435 135**
Grain	**891 998 019**	**(220 292 120)**	**671 705 899**	**11 286 439**	**(2 474 154)**	**(4 310 192)**	**4 502 093**
Motors	**373 590 038**	**(2 170 975)**	**371 419 063**	**5 051 713**	**(2 061 160)**	**(2 985 369)**	**5 184**
Corporate	**46 192 296**	**(36 266 083)**	**9 926 213**	**72 832 455**	**(1 591 909)**	**19 238 172**	**90 478 718**
Total	**7 950 354 315**	**(2 698 236 745)**	**5 252 117 570**	**395 194 696**	**(32 620 125)**	**(61 506 674)**	**301 067 897**
Reconciling items							
Discontinued operations*							**(5 477 666)**
Loyalty scheme payments				**(26 250 000)**			**(26 250 000)**
Taxation							**(69 074 356)**
Group total				**368 944 696**			**200 265 875**

* The value reported under Discontinued Operations have been isolated from the main segments before taking into account intercompany eliminations, as follows:

	2023
Motors	(6 757 212)
Retail and Mechanisation	(1 931 572)
Renewable energy	3 211 118

	Revenue			Profit and loss/separately disclosable items			
Figures in Rand	Total segment revenue	Inter-segment revenue	Revenue from external customers	Operating profit before interest, tax, depreciation and amortisation (EBITDA)	Depreciation and amortisation	Finance costs	Earnings before loyalty scheme payments and taxation
For the six months ending 28 Feb 2022							
Timber	2 056 845 430	(905 963 754)	1 150 881 676	162 683 298	(14 824 348)	(2 531 372)	145 327 578
Retail and Mechanisation	4 940 022 207	(2 340 220 144)	2 599 802 063	173 347 370	(14 298 275)	(8 881 337)	150 167 758
Financial Services	97 703 645	2 068 635	99 772 280	44 723 914	(1 173 118)	(22 078 530)	21 472 266
Grain	564 252 599	(138 726 347)	425 526 252	21 773 119	(2 794 399)	(2 858 327)	16 120 393
Motors	592 377 341	(11 109 383)	581 267 958	22 376 991	(6 740 271)	(12 022 831)	3 613 889
Corporate	43 483 565	(35 707 161)	7 776 404	12 509 860	(1 707 966)	8 736 529	19 538 423
Renewable energy	17 936 699	(185 642)	17 751 057	5 462 793	(1 636 467)	(3 115 296)	711 030
Total	8 312 621 486	(3 429 843 796)	4 882 777 690	442 877 345	(43 174 844)	(42 751 164)	356 951 337
Reconciling items							
Loyalty scheme payments				(15 539 868)			(15 539 868)
Taxation							(92 849 604)
Group total				427 337 477			248 561 865

SEGMENTAL ASSETS AND LIABILITIES

FOR THE SIX-MONTH PERIOD ENDING 28 FEBRUARY 2023

	As at 28 February 2023			As at 28 February 2022		
Figures in Rand	Total assets	Total liabilities	Net assets	Total assets	Total liabilities	Net assets
Continuing operations						
Timber	**2 608 708 564**	**(1 597 443 558)**	**1 011 265 006**	2 242 721 041	(1 399 309 057)	843 411 984
Retail and Mechanisation	**1 044 616 597**	**(861 979 460)**	**182 637 137**	953 466 861	(812 281 252)	141 185 609
Financial Services	**1 632 062 986**	**(1 610 184 974)**	**21 878 012**	1 619 499 027	(1 600 156 631)	19 342 396
Grain	**194 781 222**	**(150 344 522)**	**44 436 700**	228 230 389	(174 611 241)	53 619 148
Motors	**222 621 234**	**(172 368 617)**	**50 252 617**	259 742 889	(214 091 746)	45 651 143
Corporate	**869 141 357**	**–**	**869 141 357**	854 657 157	–	854 657 157
Renewable energy	**–**	**–**	**–**	124 082 623	(112 851 594)	11 231 029
Total	**6 571 931 960**	**(4 392 321 131)**	**2 179 610 829**	6 282 399 987	(4 313 301 521)	1 969 098 466

TWK Agri
Head Office
11 De Wet Street,
Piet Retief, 2380

Postal Address
PO Box 128,
Piet Retief, 2380

T: +27 (0)17 824 1000
F: +27 (0)17 824 1077
E: twk@twkagri.com

twkagri.com