Strategic and operating context

"While we still have two years to go and some improvement to be made in terms of reaching our 2024 strategy goals, we can truly be grateful for the significant strides made and positive momentum gained over the past two years"

André Uys

Chief executive officer's report

Reflecting on our expectations for 2022

During our results presentation for the year ended 28 February 2021, I communicated the following to our shareholders:

- We have positive expectations for the financial results of the Group.
- We will focus on growing existing businesses, with emphasis on doing profitable business.
- The implementation of the proposed B-BBEE transaction resulting in higher earnings yield per share.
- The deployment of capital in profitable and cash generative businesses.

Upon reflection of the 2022 financial year, it becomes clear that our Group reported great victories despite being faced with tough battles.

✓ In terms of profitability, we are pleased to report a positive growth trajectory over the last two years, with most of our group companies exceeding expectations.

✓ In terms of growth, profitability and capital deployment, we successfully concluded three acquisitions which will support profitability. We are pleased that the earnings contributions from these businesses exceeded our expectations and their growth prospects look promising.

✗ Unfortunately, we could not implement the proposed B-BBEE deal.

While we still have two years to go and some improvement to be made in terms of reaching our 2024 strategic goals, we can truly be grateful for the significant strides and positive momentum gained over the past two years.

Progressing our strategic priorities

Enhance shareholder value

The increased profitability of the Group has not yet resulted in a higher share price. We do expect that the 17% increase in operating profit before capital items, and the higher dividend, will support a higher share price and lower discount to NAV. In light of the B-BBEE deal not materialising, management's focus will be on:

- Implementing a new/revised management structure. This will not only address our cost structure, but will also align our actions and message to the market;
- The performance and profitability of our operations;
- Fully integrating Kyron Group and Bachmus Oil & Fuel Supplies and exploring synergies between these companies and the rest of our group companies;
- A re-evaluation of our investment journey; and
- Executing our updated marketing and communication strategy to get our value proposition into the market.

Effective capital allocation

In line with our strategy, the acquisitions of Kyron Group, Bachmus Oil & Fuel Supplies and Matrix Software led to progress in 1) the diversification of our capital base as we expand operations, and 2) reduced concentration risk by expanding our geographic territory and customer base. These acquisitions resulted in a redefinition of our operating segments, which can be found on page 8.

Achieve operational excellence

We have seen the fruits of optimising cost structures and improving margins. In addition and in line with our diversification strategy, most of our group companies exceeded our expectations in terms of profitability. This reduced the impact of the results of ACG Fruit, whose results were again negatively impacted by adverse weather in the form of rain during the table grape harvesting season. However, we are pleased to report that yields for both the citrus and table grape harvests were in line with our budgets and industry norms. This proves that we have made huge strides in terms of production practices and management. Find more information on the challenges of the year as well as our responses in our operating context on page 28.

Good corporate citizenship

Our commitment to ethical and effective leadership has not wavered as we continued investment into our employees and other stakeholders. We report on progress towards all our strategic priorities in our Group strategy section on page 37 as well as detailed reporting on our corporate and social responsibility initiatives in our stakeholders section on page 18. More information on our approach to governance can be found in our corporate governance report on page 57.

Operational summary and strategic highlights

Our Group has reported favourable results during this year. The largest contributors were Overberg Agri, Moov Fuel as well as Kyron Group and Bachmus Oil & Fuel Supplies, who both performed better than expected for the period during which they were part of the Group. As mentioned, ACG Fruit suffered negative outcomes from adverse weather effects while Boltfast's industry trading conditions remained subdued. Our group companies under the new Food Processing segment all operated under strained trading conditions. For more detail, refer to our operating context on page 28.

Chief executive officer's report *(continued)*

Agri Inputs & Services

Performance summary	Outlook
Kyron Group, our largest acquisition to date, now falls within this segment and its earnings contributions have far exceeded our expectations. As a consolidated provider of animal health and veterinary products with a cross-border presence and well-established distribution channels across Southern Africa, this company perfectly complements our vision and mission of expanding our involvement in the Southern African agricultural and food value chain. From a strategic perspective and following on the good performance of Overberg Agri, it is important to ensure that we capitalise on the momentum created by the two consecutive above-average harvests. In the end, our success in this segment is a direct result of our ability to service and retain our clients in terms of availability, quality and price.	The Russia-Ukraine conflict could potentially cause worldwide disruptions in supply and logistics, especially for countries reliant on food and input imports from the conflicted nations. Global food security could also become a concern. While farmers could benefit from resultant increased commodity prices which should offset higher input costs, consumers would find this unfavourable. We are closely monitoring developments in this conflict. We have applied a healthy dose of realism to Kyron Group's forecasts for the coming year, but the team is energised and has shown renewed dedication to growing the business. We remain excited about the prospects for this business and its industry. We envisage capitalising on its untapped manufacturing ability and its potential to secure long-term growth synergies within its industry that will result in greater margin expansion.

Production

Performance summary	Outlook
P&B Lime Works increased sales in the hydrated and feed lime market due to the completion of poultry grit expansion, an expansion of the marketing team, bird flu outbreak and an increase in exports to Ghana and Madagascar. A new business model in Boltfast, following a restructuring of the business, proved to be the right decision and the business turned to profitability.	We are investigating exciting bolt-on acquisitions for P&B Lime Works that would enable the business to further entrench its distribution and sales network nationally.

Food Processing

Performance summary	Outlook
After a rebuilding and repositioning phase over the past two years, we have finally started to see growth initiatives come through for The Health Food Group. The reopening of borders allowed us to revisit our international growth strategy and opened up new markets internationally. The strategic decision to relocate Montagu Snacks' factory operations to Cape Town was made in the reporting year and the execution thereof is currently underway.	While we expect the consumer spending environment to remain subdued in the short term, we also expect that Montagu Snacks' relocation will result in material cost and efficiency savings in the short to medium term. We are excited about several local and international contracts for Grassroots Group coming to fruition, together with new business opportunities in the pipeline.

Energy & Logistics

Performance summary		Outlook
Bachmus Oil & Fuel Supplies gives our Group access to a distribution network in Namibia. This provides excellent expansion and growth opportunities in Botswana, Zambia, Zimbabwe, and Mozambique. It also provides Moov Fuel with a foothold in a major import hub for upstream access to petroleum and related products.	➔	The Russia-Ukraine conflict, the decision by most oil majors to stop refining in South Africa, and the amount of diesel consumed by Eskom to keep the grid stable, could create short-term shortages of fuel in the country. Our ability to store sufficient volumes of fuel and lubricants will be critical to secure supply to our clients.

Agri Production

Performance summary		Outlook
ACG Fruit remains a challenge. Although we have managed to return a significant amount of the capital invested in it over the past two years to Acorn Agri & Food, the business has again experienced challenging circumstances surrounding its performance. This detracts from the Group's results.	➔	Currently, our outlook for the coming citrus season looks promising in terms of yield, but the Russia-Ukraine conflict will influence exports and the price for product. Although it is too early to make a prediction on the table grape harvest and prices, the same market realities will apply for table grapes. We are fortunate in these times to have a reputable exporter with well-established programmes in the international market.

Expectations going forward and appreciation

Despite the strides made in terms of operational performance, in the end we get measured by our share price. Our focus will remain on raising the share price and lowering the discount to NAV. Our increased adjusted HEPS of 115 cents (2021: 102 cents) should support a higher share price, even at a conservative price earnings ratio.

As part of our increased effort on marketing and communication, we will ensure that the market truly understands our value proposition which should attract potential investors. In addition, unproductive capital will be reallocated for growth or distribution.

I am extremely proud of our Acorn Agri & Food team along with all our employees on another year successfully navigating the pandemic and adapting to the many other headwinds that we faced. It truly is a team effort to remain sustainable and steadfast in the face of adversity.

"We have changed gears from reflection to action and are at a critical juncture where clarity of thought, decisive action and effective execution will be key"

Carl Neethling

Investment report

An opening word

Positive results, upward trends, many successes and yet, this piece has been the hardest to pen down to date. Despite the successes achieved since the merger between Acorn Agri and Overberg Agri in 2018, our Group's performance is yet to yield the desired outcome with our share price.

Better days are ahead of us and while hindsight is a perfect science, we do need to look forward. We have changed gears from reflection to action and are at a critical juncture where clarity of thought, decisive action and effective execution will be key. I am optimistic that with the right actions over the course of the next year, we will initiate a process that will unlock significant value and set our Group on a renewed growth path with clarity of strategy and a pathway to value for our shareholders.

The year that was

We have adapted to the changing times and are proud to again share a commendable set of results, under the meticulous guidance of Andries Geertsema. He has brought a valuable new perspective and injected renewed energy and focus into the Group.

From the investment team's perspective, 2022 brought much needed activity in the deal-making space with some promising prospects in the market.

- The Acorn Private Equity team again received the coveted Private Equity Deal of the Year award for the acquisition of Kyron Group (previously Ascendis Animal Health).
- We have successfully restructured ACG Fruit and this has resulted in an annual cost saving of more than R10 million.
- While we were not successful with the proposed B-BBEE transaction, we are pleased to report that all three acquisitions planned for the 2022 financial year have successfully closed, and we continue in our efforts to pursue an alternative course of action which we believe will unlock value for shareholders.
- We have made significant progress with initiatives in The Health Food Group at Montagu Snacks and Grassroots Group is starting to show promise with multiple new listings in some of the largest markets of health snacks globally.

Undoubtedly, a key highlight for both Acorn Agri & Food and Acorn Private Equity as fund manager was the acquisition of Kyron Group from Ascendis Health for R738 million. The transaction – our Group's largest acquisition to date – closed in November 2021 and was funded by a combination of cash from our balance sheet and a R350 million debt facility. Subsequent to the 2022 year end, we have facilitated the co-investment of Kyron Group management, who now own 14.2% of the business. Their alignment and commitment bodes well for the future.

Kyron Group presents attractive opportunities to capitalise on its untapped internal manufacturing capacity and synergies between its three business units that are expected to result in margin expansion and increased value for our Group. Animal health is of key importance to our agricultural sector and together with the significant growth seen within the pet care industry, Kyron Group offers exciting growth prospects and synergistic value for our Group. This is already starting to come through in the company's performance, which has materially exceeded our forecasts during negotiations.

Kyron Group acquisition

Key historic rolling 12 month results of Kyron Group:

Revenue:	EBITDA:	Net Profit:	Forecast IRR:
R571m	R158m	R79m	20% - 26%

A shift in thinking

Effective capital allocation involves knowing when to buy, what to buy and eventually, when to sell and realise a return. Peter Lynch's well-known adage is front of mind – **"Know what you own and know why you own it."** Our business has achieved some excellent milestones, but we are at a point where our investment strategy needs to be revisited with a view to harvesting the fruits of our labour and giving back to our loyal shareholders.

From an investment perspective, our objective is to create value and the Kyron Group acquisition is testimony to our focus of redeploying capital to cash generative, earnings enhancing assets with longer term growth prospects. It is no secret that our share price does not currently reflect the underlying value of our portfolio; unlocking value for our shareholders is the main priority for our team. We have investigated several initiatives over the past year in order to:

- narrow the discount to intrinsic value;
- return excess capital to our shareholders; and
- create increased liquidity for our shares.

Post-merger, our business has evolved to hold a diverse range of businesses that have created a degree of strategic incoherence which has made it challenging to promote the Group as an attractive investment proposition to the market. We have identified this, along with our cost structures as a key driver of the discount to NAV and limited share liquidity.

Ultimately, the core reason for being a public company is the ability to draw capital from the market and to facilitate the tradability of shares. It follows that if we do not address the strategic divergence within our portfolio with a view to ultimately listing the Group, we need to reconsider whether it is appropriate for our Group to remain a public company.

Although we hold various attractive group companies, we are now in a position where we need to shift our thinking towards the next phase of the Group's investment journey. We have spent significant time considering the next steps in the context of the crossroads at which we find ourselves. These include:

- Restructuring the current business and divesting of non-core assets in order to return capital to shareholders over the short-term, while pursuing a possible listing of the core assets in the Group.
- Investigating a potential strategic merger or amalgamation within the agriculture industry.

The core focus of these alternatives is to enhance our Group's investment proposition and to provide for greater alignment within the business and the needs of our shareholders. Over the next few months, we expect to continue our efforts in this regard and we are excited about the possibilities and options currently on the table.

Looking forward

If the first few months of 2022 are anything to go by, we expect the 2023 financial year to be a fertile year for Acorn Agri & Food and the investment team. We have had time to reflect and time to dream – this year, it is time to act. Receiving the Private Equity Deal of the Year award twice in the past three years, for both an acquisition and disposal transaction, is testimony to our committed, versatile team and our strength of selective and quality deal-making which has added significant value to our Group.

We pointed out last year that our investment track record reflects its best performance in the years following a market crisis and the reported year has proven to be no different. I must thank our shareholders and my team for their continued support – we are energised by the initiatives and opportunities that are currently on our table and wish to assure our shareholders that their interests are top of mind for Acorn Agri & Food. Please look out for increased communication in the current year from us as we are embarking on a dedicated initiative to expand on our communication with the market.

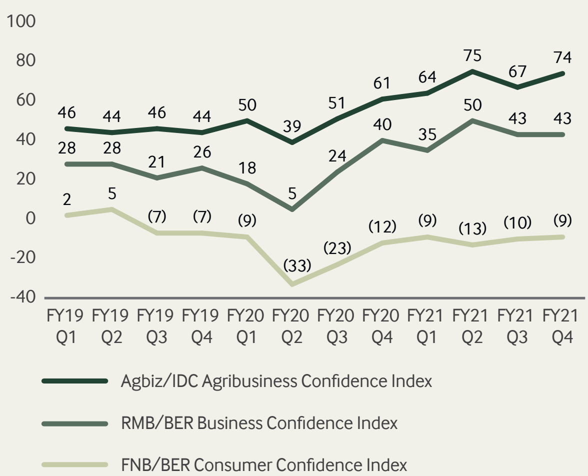
Operating context

With the mass roll-out of vaccines, the world saw a slow return to normality and continued easing of trade restrictions. South Africa's primary agriculture sector grew by 8.3% year-on-year from the 2020 calendar year. The 2021 calendar year will be remembered for its bumper harvests, inflated agricultural commodity prices and a continuous flow of agricultural exports despite the logistical challenges following the unrest and looting during July.

1. Recovery from the COVID-19 pandemic and increased sentiment

2021 saw the roll-out of COVID-19 vaccinations and easing of lockdown regulations worldwide, despite challenges from new virus variants. Contrary to the record-low confidence levels at the onset of the pandemic in 2020, 2021 showed business and agribusiness confidence far exceeding pre-pandemic levels. Although consumer confidence levels remain in negative territory, the figures have begun to recover. This indicates an increasing business appetite which may lead to various investment opportunities and business ventures.

Confidence levels



How this impacted us

The Production, Agri Inputs & Services, and Energy & Logistics segments experienced material growth during the year. This can largely be attributed to improved business confidence, particularly agribusiness confidence that has encouraged farmers to invest in agricultural inputs, such as equipment, production inputs and fuel. Overberg Agri, P&B Lime Works and Moov Fuel were positively impacted by improved business sentiment and increased economic activity in these sectors. However, the subdued consumer spending environment remains challenging. Our businesses within the Food Processing segment, specifically Grassroots Group and Overberg Meat, endured tough trading conditions.

Despite the lingering pandemic, all our businesses were operational during the reported year, although costs to maintain a safe working environment remained elevated. Several group companies still experienced decreased revenue due to lockdown regulations, lower demand and reduced consumer spend.

Strategic objectives

Material matters

- Economic and trading environment
- Technological change, disruption and IT-related risk
- Health and safety
- Post-2020 Workplace Culture

Our response

The unique economic environment has given rise to numerous investment opportunities. Our Group capitalised on these circumstances by making several strategic acquisitions, namely Kyron Group, Matrix Software and Bachmus Oil & Fuel Supplies. These acquisitions allowed us to expand our geographic reach and diversify our capital base. Some of the regions we now have access to with good growth opportunities include Namibia, Botswana, Zambia, Zimbabwe and Mozambique. Furthermore, the reopening of global borders has allowed us to revisit our international growth strategy for The Health Food Group.

Our group companies continued their focus on cost-cutting initiatives and a critical review of capital expenditure. Safety protocols were kept in place throughout the Group to prevent the risk of infection.

Enhance shareholder value | Achieve operational excellence | Effective capital allocation | Good corporate citizenship

2. Global agricultural commodity price rallies, bumper crops and growth in the agricultural sector

The South African agricultural sector saw material growth during 2020 and 2021 due to above-average harvests and favourable commodity prices. Large harvests often result in lower commodity prices, thereby offsetting the benefits of more sales. However, in 2020 and 2021 South African farmers enjoyed local bumper harvests as well as international demand and supply dynamics that inflated global prices of agricultural commodities. The livestock sector also fared relatively well during 2021, with high meat and wool prices. However, the higher meat prices of beef and lamb impacted consumer behaviour. Cheaper protein alternatives like chicken and pork enjoyed a bigger portion of the consumer spend.

How this impacted us

The above-average harvests in 2020 and 2021 boosted cash flow and improved the financial position of Overberg Agri. The Grain Handling and Grain Trading divisions of Overberg Agri directly profited from the large grain harvest, while the Mechanisation division reported higher equipment sales and mechanical work. Moreover, farmers have repaid their loans, which boosted retail sales and cash flow. Lesotho Milling also benefitted from the global shortage of grain supply that drove up food prices. P&B Lime Works performed well due to the increased demand for feed lime and agricultural lime following the growth in the agriculture sector. Kyron Group saw performance above expectations on the back of the expanding agriculture sector. We will continue to reap many benefits of this harvest well into the new financial year.

Weather conditions in 2021 were favourable for many farmers in South Africa. However, ACG Fruit has suffered from significant rainfall in the Northern Cape and extremely cold conditions in the Kakamas area. Furthermore, a material decrease in the citrus price along with a strong rand adversely impacted its citrus exports and earnings. P&B Lime Works also experienced wet conditions in the Western Cape that prohibited the crushing and screening of material, and therefore reported challenges in producing enough chicken grit to meet demand.

Strategic objectives

Material matters

- Climate Change
- Commodity Prices

Our response

Our Group manages the risk of adverse weather conditions by diversifying its operations geographically and across the value chain. Our vertically integrated business model results in many benefits, mentioned under our investment case on page 7. We largely limit our exposure to primary agriculture, as this sector is most affected by weather phenomena.

Rainfall and weather conditions are chiefly impacted by climate change. Unfortunately, even extensive efforts to curb greenhouse gas emissions will only slow climate change, not avoid it. We focus on the role of technology and climate information to help mitigate and adapt to climate risks. From creating more sustainable technologies to building resilience to climate change to more effective use of water, the applications of technology and climate information are crucial for sustainable agriculture.

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Operating context *(continued)*

3. Social, economic and political uncertainty

South Africa's GDP growth has been poor under the pressures of lockdown restrictions, a cyberattack on Transnet, a spate of civil disorder in July, record levels of load shedding, and several other headwinds. South Africa also faces various structural challenges, with an unemployment rate of 34.9% in the third quarter of 2021. In addition, as at December 2021, year-on-year CPI inflation reached 5.9%, mainly due to soaring fuel prices, while PPI inflation reached 10.8%. This placed pressure on profit margins as input prices for producers grew faster than selling prices.

How this impacted us

Load shedding impacted all our group companies, causing additional operating and capital expenditures to buy generators or gain access to alternative power supplies. The lack of power supply especially impacted Overberg Agri during the harvest period, as the intake of grain was affected. Thankfully, civil unrest in July had no material direct impact on our Group.

Overberg Meat has been unable to pass along increased input costs to the final consumer due to a very competitive and low-margin environment. Although Overberg Meat's revenue line has remained relatively stable, material price pressure has impacted gross profit margins and has resulted in performance below expectations.

Uncertainty in the market often translates to long-term subdued consumer demand, especially relating to discretionary goods. This has longstanding implications for most group companies, particularly Montagu Snacks, Grassroots Group and Overberg Meat that sell luxury goods.

Strategic objectives

Material matters

- Economic and trading environment
- Political uncertainty and regulatory pressure
- Brand strength
- Post-2020 Workplace Culture

Our response

Montagu Snacks, Overberg Meat and Grassroots Group target the upper-medium to upper income class. This class is least affected by economic turmoil and thus acts as a hedge for some of the reduced demand for discretionary goods. In addition, Grassroots Group exports products to countries internationally, thereby gaining exposure to countries with better social, economic, and political conditions and reducing risk via diversification.

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4. Regulatory barriers

According to the World Bank's last Ease of Doing Business report, South Africa's ranking fell from 41 in 2014 to 84 in 2020. This deteriorating score indicates that the regulatory environment is becoming less conducive to starting and operating a local business. In the agriculture sector, South Africans are becoming more aware of the reluctance of agricultural regulators to approve new chemicals and medicines. There is a material backlog of applications for these critical inputs through the office of the registrar of the Fertilizers, Farm Feeds, Seeds and Remedies Act 36 of 1947. This severely hampers the adoption of new technology within the South African agricultural industry.

This year South Africa saw a critical development in the regulatory environment as minimum wages for farm workers increased with 16.1% to R21.69 per hour with effect from 1 March 2021. Moreover, regulations related to climate change, and specifically carbon emissions, have recently intensified in South Africa. The Carbon Tax Act of 2019 has completed its third year of effect. The tax rate is set to increase by inflation plus 200 basis points until 2022, and by inflation thereafter.

How this impacted us

Kyron Group operates within the highly regulated pharmaceutical sector and faces the risk of delayed approvals for new products. However, this also presents an opportunity. The strict regulatory environment increases the barriers to entry and protects the market position of Kyron Group – a company that already has over 186 registered pharmaceutical trademarks.

The increase in labour costs is expected to reduce cash flows and cause margin pressure for businesses operating in the agricultural industry. The actual effects will only become apparent over time and will be offset by higher commodity prices and large harvests in the short term. Regarding carbon tax legislation, P&B Lime Works has emissions generation facilities that exceed the carbon tax threshold and is thus exposed to this tax.

Strategic objectives

Material matters

- Political uncertainty and regulatory pressure
- Health and safety
- Brand strength

Our response

Our Group consistently monitors development in the regulatory environment and adapts, hedges, and avoids risk where possible. Via Agbiz, we also play an important role in identifying and rectifying these regulatory barriers. Our group companies strive to minimise costs and maximise efficiencies to limit the effects of wage increases. Cost saving initiatives are in place at ACG Fruit, including right sizing of the head office, and at Montagu Snacks with their factory relocation to Cape Town.

To reduce the impact of the carbon tax on P&B Lime Works, a solar plant was built on site to reduce electricity consumption from local authorities.

Outlook for 2022 and Beyond

Finance minister Enoch Godongwana expects South Africa's GDP to grow by approximately 2.1% in 2022. The slow but steady recovery from the pandemic is encouraging, but the full impact is yet to be discovered, especially long-term economic changes and new consumer behaviours. Even though there are lingering challenges that await us, we have a positive expectation for 2022:

- Consumer confidence should follow in the recovery of business and agribusiness confidence
- We should continue to reap many benefits from the large 2020 and 2021 harvests
- Integration and realisation of growth prospects pertaining to our new acquisitions
- The current market environment should bring opportunities for new investments as well as strategic disposals
- Farmers should continue to benefit from elevated global agricultural commodity prices, especially following the Russia-Ukraine conflict

The Russia-Ukraine conflict creates short-term benefits for farmers via the price channel. However, increased prices are problematic for consumers and elevated conflict could cause major supply disruptions for countries reliant on food imports from the conflicted nations. Global food security could become a concern. Therefore, the developments in this conflict must be monitored closely.

Our management team has critically reviewed the material matters relevant to the Group's ability to create or preserve value or that could lead to value erosion. We have reported these matters, along with risks, opportunities, and responses, in our Material matters section on page 32. Our CEO Report on page 22 contains further insight into management's outlook while our CFO Report on page 47 contains a detailed view of the Group's financial performance.

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Material matters

Material matters are identified as those issues that have the potential to significantly impact our Group's performance, sustainability and ability to create value.

Determining Materiality

The process to define Acorn Agri & Food's material matters was designed around a set of questions:

This year's materiality review process has resulted in some changes to our material matters. While the Executive committee agreed that many of the matters reported in our previous report remain relevant, they also agreed that the circumstances we find ourselves in today require two additional matters, namely Brand Strength and Post-2020 Workplace Culture. In addition, three matters from last year – Political Uncertainty, Service Delivery and Regulatory Environment – were viewed this year as part of one umbrella, Political Uncertainty and Regulatory Pressure.

Climate change

The agricultural and food sectors are exceptionally vulnerable to the impacts of climate change. Negative impacts are already being felt in the form of rising temperatures, shifting agroecosystem boundaries, weather variability, invasive crops and pests, and more frequent extreme weather events. Regulations relating to climate change, and specifically carbon emissions, have intensified in South Africa.

Risks

Harsh weather may limit primary producers' ability to generate income. This could adversely impact demand for our products and services. Climate change could reduce the availability or increase the price of commodities we require for food production, resulting in depressed margins, food price inflation or insufficient food production. Increasing regulations around emissions could increase expenditure for companies and put pressure on margins and profitability.

Opportunities

All players in our sectors can leverage innovation and technological advancement to offset certain climate-related pressures. We may be able to provide producers with technology, products and services that mitigate some of the effects of climate change. We could procure from multiple suppliers to ensure a geographically diverse supply base which would mitigate some of the risk of regional disasters such as floods or droughts. When it comes to climate regulations, our Group can implement measures to mitigate some of its adverse environmental outputs.

Our response

Our vertical integration combined with our focus on diversifying the Group's geographical footprint, customer base and commodity exposure, assists in mitigating the effects of climate change. We provide technologies and offerings internally and through our investments via AgVentures that will help mitigate these effects on our operations and for our customers (more detail in our stakeholders section on page 18). We implemented a solar power project at our P&B Lime Works' mine to reduce emissions.

Economic and trading environment

South Africa has experienced declining economic conditions over the past decade, exacerbated by COVID-19. The pandemic and recurring lockdowns severely worsened existing structural challenges such as unemployment, low economic growth and high debt levels. Increased global economic integration also heightens systemic risk in the event of any global disaster such as a financial crisis or war.

Risks

South Africa's deteriorating economic conditions adversely impact business and consumer confidence and disposable income. This affects local supply and demand dynamics that drive business growth. Moreover, criminal activity tends to rise during times of unemployment, and prolonged adverse conditions could give way to civil unrest.

Global disasters such as the financial crisis of 2008 and the Russia-Ukraine conflict of 2022 could cause a variety of negative knock-on effects, such as economic contraction, supply chain disruptions and food insecurity to name a few.

Opportunities

Adverse economic conditions present an opportunity for us to contribute to economic growth and employment through sustainable business practices. To see growth and improve our competitive position, we must continue to deliver on our financial improvement targets, successfully deploying technologies and other innovations to enhance productivity and profitability and minimise the number of unplanned operational hindrances that affect production and trade.

Our response

Our strategic drive to diversify our capital base and geographic reach decreases exposure to business cycles and increases sustainability. We are leveraging more opportunities for intra-Group collaboration and cross-selling and reducing costs through shared services across group companies.

By maintaining and increasing export volumes we can negate unfavourable local economic conditions and take advantage of exchange rate opportunities. Doing business in developed markets exposes us to higher income customers who are more resilient to economic pressures. We ensure that group companies do business with financially sound customers to reduce counterparty risks. Unfortunately, many risks arising from global disasters can only be accepted.

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Material matters *(continued)*

Political uncertainty and regulatory pressure

Political uncertainty influences confidence levels and investment in the South African economy. Infrastructure has continued to deteriorate with electricity and water supplies becoming increasingly unstable. In addition, our country's position in the Ease of Doing Business Rankings fell from 41 in 2014 to 84 in 2020 indicating an arduous regulatory environment.

Risks

Political uncertainty could weaken the exchange rate and decrease investment in the country and industry. The threat of international wars spilling over into South Africa is becoming more imminent. The outcome of the expropriation policy debate could impact the sustainability of our customers while inadequate service delivery, especially in rural areas, affects our ability to operate efficiently. This adds to costs as we have to employ alternative risk-mitigating solutions.

A cumbersome regulatory environment adversely affects the ease, speed and cost of doing business. Slow government turnaround times cause delays in implementation while increasing requirements for B-BBEE regulations make it challenging to achieve or maintain a desired rating which could lead to loss of suppliers and/or customers.

Opportunities

We can participate in developing and presenting potential solutions to land ownership inequity in a way that will spur growth in our sectors. However, many risks of political uncertainty cannot be mitigated and must be accepted. Unreliable service delivery presents an opportunity for us to introduce practices that ensure we remain efficient and sustainable.

We can encourage and cultivate a transparent culture and ethical business practices to adhere to regulations.

Our response

We participate in efforts to lobby government departments via Agbiz and maintain involvement with local government to contribute to proposed land reform policies and to mitigate and improve poor service delivery.

We adhere to all statutory and regulatory requirements as a good corporate citizen and have regular interactions with industry bodies to influence processes and outcomes that improve the ease of doing business. We diversify into new markets and lower risk jurisdictions through international expansion. We continue to implement our whistleblower hotline.

Commodity prices

Commodity prices are inherently volatile and substantially impact our businesses and clients, particularly our ability to remain competitive and the risk of credit to our clients.

Risks

Unfavourable or volatile commodity prices for wheat and barley, table grapes and citrus, and meat and wool could adversely affect our customers' income. This could negatively influence their demand for our products and services or affect our ability to procure raw materials cost-effectively. A global disaster such as the Russia-Ukraine conflict can have major implications on these prices.

Opportunities

We can mitigate the effects of commodity price fluctuation by diversifying our exposure to a broader basket of commodities. The opportunity exists to buy during lower commodity price cycles which impacts cost of sales.

Our response

We are diversifying our geographical footprint, customer base and commodity exposure to mitigate some the effects of adverse commodity prices. We also ensure that group companies do business with financially sound customers to reduce counterparty risks. We focus on identifying and participating in new technologies that mitigate the effect of fluctuating commodity prices.

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Technological change, disruption and IT-related risk

The growing digitalisation of society and the workplace increases our reliance on technology. This, and growing global interconnectivity, exposes us to the risk of cyberattacks and debilitating IT-related malfunctions. In the World Economic Forum's Global Risks Report 2022, cybersecurity failure was number seven on the list of risks that worsened the most since the onset of the pandemic.

Risks

This trend poses significant risk in the form of business model disruption, which could render current business models unviable.

We depend on computer systems in our day-to-day retail and trading activity and to securely maintain data and personal information. Disruption of these systems would impair our ability to service customers. It could also compromise the confidentiality, integrity and availability of information and technology resources. This would not only disrupt operations, but could negatively impact our reputation and brands.

Opportunities

We can lead and capitalise on the technological change and disruption in our sectors by optimising current products, services and systems. We must continually evaluate current business models and look for opportunities to reorganise or implement new business models. We can assess our current IT policies and processes against the Cybercrimes and Cyber Security Bill.

Our response

We have established AgVentures, a group company with a dedicated focus on evaluating and investing in innovative and disruptive technology solutions for our sectors.

We have designated IT teams that implement and monitor controls. We also established a centralised IT steering committee tasked with monitoring changes in strategy, the business environment or new technology as well as formulating our response to realise benefits, optimise resources and monitor risks.

Brand strength

A company's brand is one of its most valuable assets. The benefits of building and maintaining a strong brand include increased customer recognition and loyalty, enhanced credibility and improved ease of purchase. These are important attributes that can help win and retain market share.

Risks

Although our legacy surpasses 100 years in business, the Acorn Agri & Food brand name is new due to the merger and subsequent rebranding in 2018. Consequently, it will require some time for the market to become familiar with our new brand identity and for us to raise brand awareness, and gain buy-in and trust.

Opportunities

The rebranding of Acorn Agri & Food provides us with several opportunities to potentially connect with new audiences, create new brand associations, differentiate from competitors, and reflect our new business offerings.

Our response

For us to strengthen our brand identity and become a partner of choice, all brand touch points need to continue promoting the fact that we possess the necessary expertise and investment substance to enable partner businesses to flourish. We have reinforced our marketing and communications plan to create awareness around our brand name, which includes gaining awareness in recognised and relevant media publications, digital marketing and increasing direct communication with our shareholders.

Enhance shareholder value | Achieve operational excellence | Effective capital allocation | Good corporate citizenship

Material matters *(continued)*

Health and safety

With the onset of the COVID-19 pandemic, our stakeholders' occupational health and safety became paramount. Government and businesses quickly implemented response measures to ensure the safety of those exposed. According to the World Health Organisation, governments worldwide are also intensifying their efforts to improve food safety amid globalisation, especially where food crosses national boundaries in international trade.

Risks

The socio-economic costs of illnesses resulting from a pandemic or foodborne illness include loss of productivity, income, jobs and trade. In extreme cases, such as COVID-19 and the listeriosis outbreak in 2018, it can also result in loss of life. Unsafe products and slack safety protocols within organisations can lead to product recall, litigation and brand reputation damage, exacerbating the above costs.

Opportunities

When proper occupational health and safety protocols are established, daily operations can continue with minimal disruption and the risk of infection among exposed stakeholders is dramatically reduced.

Similarly, when food safety protocols are established, mistakes are reduced, the risk of foodborne illness is eliminated, profitability grows, employee morale rises, and the company's reputation remains secure. It is thus imperative for our group companies to monitor their production chains and assure consumers that they adhere to the highest food safety standards.

Our response

Each group company continues to adhere to strict safety protocols. Where possible, employees work from home and all meetings include a virtual attendance option to reduce travel and protect high-risk employees.

Our various food companies are committed to ensuring food safety and have many accreditations according to their relevant practices and standards. For more information on these accreditations, see page 20 within our stakeholders section.

Post-2020 workplace culture

To deliver on our strategic business objectives, we rely on a high-performing, motivated workforce that acts ethically and responsibly, consistent with our Group's values. Resourcing this workforce includes attracting, retaining and developing the best talent and using technology as an enabler. However, driving a high-performance culture requires a workforce that is both physically and mentally healthy.

Risks

Sanlam research provides evidence relating to the mental health crisis that South Africa has faced over the past two years. Lockdowns and loss have magnified the psychological effects of anxiety and depression, with medical aid providers seeing an increase in claims in this regard.

Work-related stress is a major cause of occupational ill health. This poses high risks relating to increased absenteeism, high staff turnover and poor performance, as well as a possible increase in accidents due to human error as a result of low concentration and poor decision-making. Work-related stress can also manifest in employees in numerous physical ills, seriously affecting their ability to contribute meaningfully in both their personal and professional lives.

Opportunities

When mental health is valued in the workplace, there exists an opportunity to reduce absenteeism and staff turnover, and increase staff morale, productivity and profits.

Our response

While the world is still learning about the adverse effects of poor mental health in the workplace, much improvement is needed in providing recognition and support for mental illnesses. We are using our employee communication channels to try and reduce the stigma surrounding these issues and increase awareness of free resources in South Africa – including the South Africa Depression and Anxiety Helpline.

Enhance shareholder value | Achieve operational excellence | Effective capital allocation | Good corporate citizenship

Group strategy

Our strategy empowers the execution of our vision and mission. Last year, our Group refreshed our strategy disclosure to give stakeholders an enhanced understanding of our performance. This disclosure will evolve as our tracking history lengthens.

The strategy map presented below sets out who we are, why we exist and how we plan to achieve our four long-term strategic objectives.

Vision	To create a legacy of long-term sustainable value for all stakeholders in the agriculture and food value chain.			
Mission	To be a profitable and sustainable vertically integrated agriculture and food group.			
Strategic priorities	Enhance shareholder value	Effective capital allocation	Achieve operational excellence	Good corporate citizenship
Strategic objectives	Create long-term sustainable growth in shareholder value	Growth through earnings-enhancing and cash generative opportunities in the agriculture and food value chains (local and international)	Sustainable growth, profitability, and cash flow with effective use of technology, risk management and governance	Creating value for all stakeholders (shareholders, customers, employees, communities, suppliers and partners, government)

Business objectives and strategy map				Measures
Value	NAV	Share price	Dividend	NAV per share SOTP per share Share price Dividend
Financial (Group)	Increase return on assets	Increase cash flow	Increase profitability	Return on equity EBITDA performance Cash flow from operating activities Headline earnings
Operational (group companies)	Increase return on assets	Increase cash flow	Increase profitability	EBITDA performance* Net profit % of revenue* Headline earnings
Investment	Minimum IRR	Increase earnings for the Group	Increase cash flow	Diversification of capital base Concentration risk Earnings/cash enhancing
Organisational capacity	Training and development	Career pathing	Enhance technology	Succession plan Training Index** Technology Index**

** Due to the number of group companies, we cannot discuss these items in this report.*
*** These items will be reported in future as our measurement ability and tracking history grows.*

Group strategy *(continued)*

Long-term strategic priorities

Despite the significant impact of COVID-19, our Group has outperformed expectations for two consecutive years. Our performance is in line with our trajectory to reach our 2024 growth targets and we continue to see the results of a honed focus on improving profitability. Stakeholders should bear in mind that we operate with a sustainable long-term view which drives our strategic choices. The below table gives stakeholders more information on our performance against our strategy.

Enhance shareholder value

Description of objective: Create long-term sustainable growth in shareholder value.

Why this objective is important: A business that does not generate consistent profits will destroy more value than it creates and cease to exist. Our focus on allocating capital to our businesses and deploying capital for new profitable businesses ensures we generate a return and grow shareholder value.

Focusing our actions on the growth of each "Value" business objective (as indicated in the strategy map) will ensure we enhance shareholder value.

Intrinsic net asset value (SOTP)

This valuation is believed to be a truer reflection of the Group's value than our share price. The composition of our updated SOTP value is as follows:

Rm	FY 2022	FY 2021*
Agri Inputs & Services	**1 522**	946
Energy & Logistics	**482**	382
Production	**158**	112
Food Processing	**348**	363
Agri Production	**533**	563
Corporate	**342**	703
Total	**3 385**	3 069
Issued shares, net of treasury shares (number)	**130 405 855**	130 815 032
SOTP value per share (rand)	**25.96**	23.46
Over the counter share price (rand)	**11.50**	12.00
Percentage discount to SOTP value per share	**(56%)**	(49%)

* *The SOTP value for the 2021 financial year has been re-presented to reflect our redefined operating segments.*

Actions to achieve growth (short to medium term):

- Deploy cash and utilise our strong balance sheet to acquire cash generative businesses that complement our existing portfolio in line with our investment philosophy
- Better utilisation of current capital allocated for operational use to improve profitability of our group companies via increasing earnings-enhancing revenue activity and optimal cash conversion

Our progress

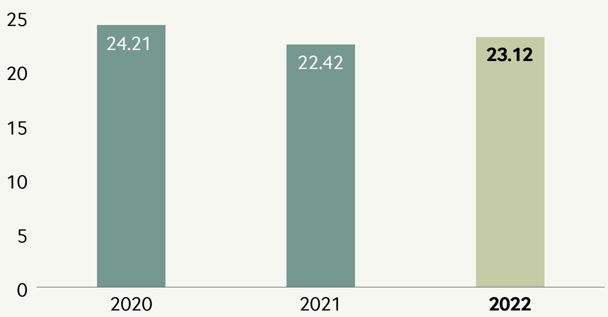
- We concluded three acquisitions in this year. These acquisitions have performed better than expected during their contributing months and have contributed positively to the Group's earnings, revenue and profitability.

Enhance shareholder value *(continued)*

Net asset value

Our NAV as measured by accounting standards is an important measurement tool as it is commonly used to estimate the market value of a business as at a specific date.

Net asset value per share (rand)



Actions to achieve growth (short to medium term):

- Optimise each group company's capital structure
- Focus on cash conversion and working capital management
- Participate in meaningful earnings-enhancing joint venture relationships that require minimal capital through shared strategic resources

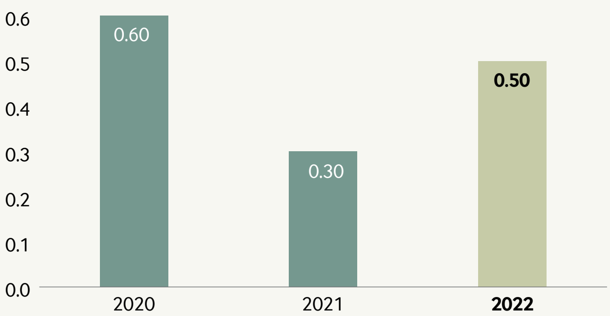
Our progress

- Three acquisitions concluded which have diversified the capital base and increased our NAV
- Increased profitability in certain group companies has also contributed to an increase in NAV

Dividend

Paying dividends sends a clear, powerful message about a company's future prospects and performance. Its willingness and ability to pay steady dividends over time provide a solid demonstration of financial strength.

Dividend per share (rand)



Actions to achieve growth (short to medium term):

- Optimise cash conversion in our businesses to increase free cash flow and enable a return on capital in the form of a cash dividend

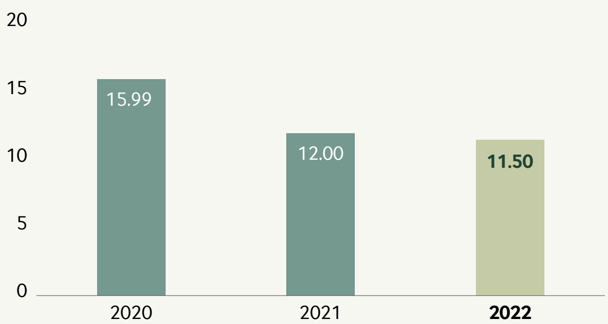
Our progress

- Due to performance being above expectations this year, the Group was able to increase its dividend declaration by 67%

Share price

While we cannot control the market, we can control our businesses. We believe that our growing, cash generative and profitable businesses, supported by a growing dividend yield, would support a sustainable increasing share price and ultimately, shareholder value.

Share price at year end (rand)



Actions to achieve growth (short to medium term):

- Focus on the profitability and growth of our businesses that would translate to a higher HEPS and Dividend that would support the share price

Our progress

- Investigating an alternative strategy to improve liquidity
- Achieved growth in several other business objectives which underpin the share price in the medium to long term

Group strategy *(continued)*

Effective capital allocation

Description of objective: Expand earnings-enhancing and cash generative opportunities in the local and international agriculture and food value chains to ensure organic and acquisitive growth in our portfolio.

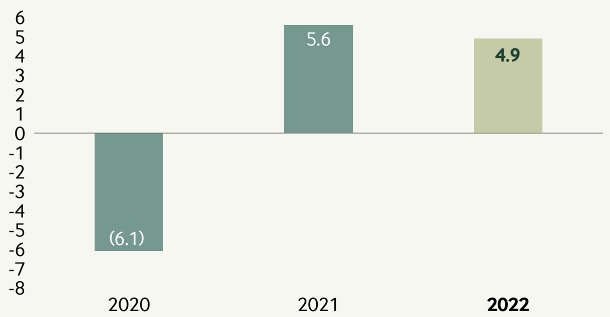
Why this objective is important: To fulfil our vision of sustainable value we must demonstrate an ability to allocate capital to projects or companies that will result in growth.

Focusing our actions on the growth of the relevant "Financial" and "Investment" business objectives (as indicated in the strategy map) will ensure we are allocating capital efficiently.

Increase return on equity

An increasing return on equity means that our assets are being used efficiently.

Return on average equity – Group total (%)



Actions to achieve growth (short to medium term):

- Optimise the capital structure per business to ensure effective capital deployment
- Achieve operational excellence
- Free up capital locked in our businesses classified as non-strategic capital

Our Progress

- We were not able to implement the proposed B-BBEE transaction
- Progress made in optimisation of underlying businesses as evidenced by declining cost of doing business

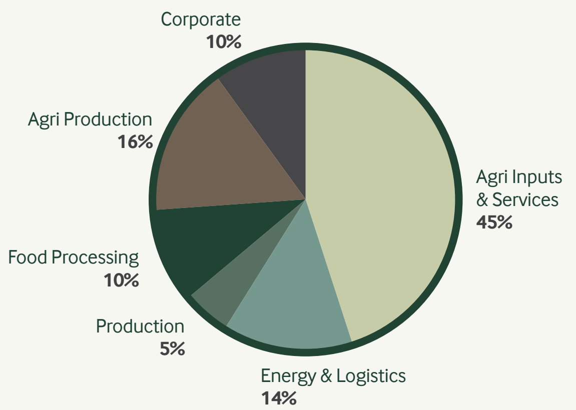
Increase cash flow for the Group

This measure is tracked under our Achieve Operational Excellence strategic priority and is reported in that section.

Diversification of capital base

Diversifying our capital base in terms of geographic operations, customer base and industry increases sustainability and stability of earnings.

SOTP Value per segment (%)



Actions to achieve growth (short to medium term):

- Sweat our balance sheet (particularly to unlock cash) to generate a targeted ROE through a combination of acquisitions and unlocking unproductive capital to fund future growth

Our Progress

- Through the Kyron Group acquisition, we diversified our capital base to the animal health industry, encompassing commercial agricultural animal, companion animal and branded pet care product segments
- Through Moov Fuel's bolt-on acquisition of Bachmus Oil & Fuel Supplies, we expanded our energy and logistics industry reach to more SADEC countries

Effective capital allocation *(continued)*

Concentration risk

Broader geographic operations bring mitigation for various risks, such as those covered in our Material matters section.

Stakeholders are referred to our Geographic Footprint on page 9 for an overview of our territorial operations.

Actions to achieve growth (short to medium term):

- Broaden our operations through the avenues of mergers, acquisitions, or organic group company growth

Our progress

- Our acquisitions of Kyron Group, Bachmus Oil & Fuel Supplies and Matrix Software expanded our geographic reach
- Some of the regions we now have access to include Namibia, Botswana, Zambia, Zimbabwe and Mozambique

Achieve operational excellence

Description of objective: Operational excellence results in sustainable growth, enhanced profitability and healthy cash flow. It encompasses the effective use of evolving technology, good risk management and good governance of each group company.

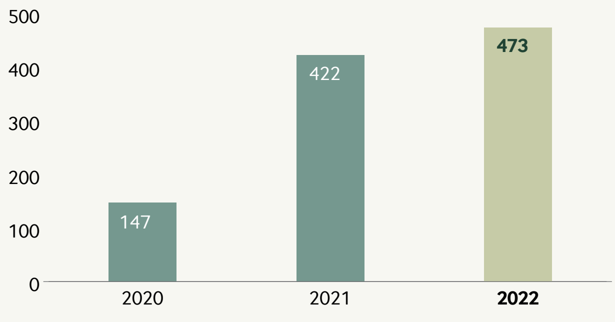
Why this objective is important: To fulfil our vision of long-term sustainable value for all stakeholders in the agriculture and food value chain, our group companies should operate sustainably and at a high level of efficiency and excellence.

Focusing our action on the growth of the relevant "Financial" and "Operational" business objectives (as indicated in the strategy map) will ensure we are improving operations.

EBITDA

Profitability is part of our mission. A business producing consistent profits is sustainable. EBITDA is used to analyse a company's operating profitability before non-operating expenses.

EBITDA before capital items



Actions to achieve growth (short to medium term):

- Focus on earnings-enhancing revenue activity, cost structures and capital requirements
- Actively pursue business opportunities that significantly increase our revenue generating activities by volume and margin and expand meaningful new customer offerings or other geographical expansion

Our Progress

- As a result of our focus on doing profitable business as well as through strategic acquisitions, our EBITDA before capital items has shown three years of consistent growth

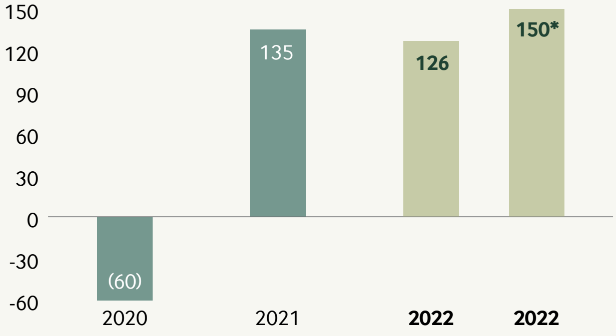
Group strategy *(continued)*

Achieve operational excellence *(continued)*

Increase earnings for our Group

Streamlined operations mean minimised costs, products and services that cater to consumer demands and maximisation earnings.

Headline earnings and adjusted headline earnings (Rm)



* Adjusted headline earnings per share

Actions to achieve growth (short to medium term):

- All group companies should be profitable and earnings enhancing
- Operate a lean structure within our businesses, with a focus on cost optimisation and effective business practices
- Participate in meaningful earnings-enhancing joint venture relationships that require minimal capital through shared strategic resources

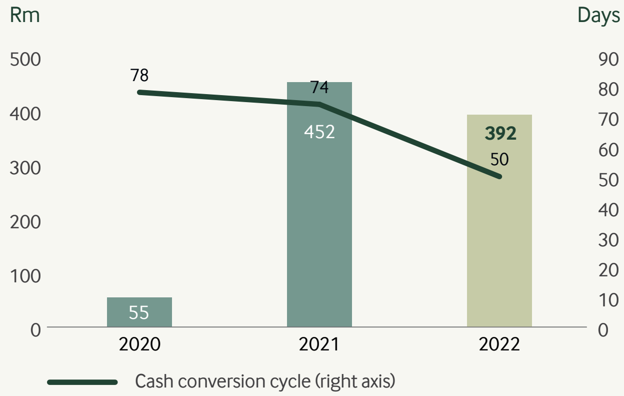
Our Progress

- Adjusted headline earnings from continuing operations increased drastically due to cost optimisation and a focus on doing profitable business
- Growth of total headline earnings for the Group was significantly muted due to the underperformance of our Agri Production segment

Increase cash flow

Profitability and healthy cash flow go hand in hand for any business. Good cash flow keeps the business sustainable and provides capital for allocation.

Cash flow generated from operating activities



Actions to achieve growth (short to medium term):

- Optimise working capital cycle
- Optimise the use of our balance sheet to leverage available and suitable debt to support cash generation

Our Progress

- Strong cash generation in our businesses during the year facilitated debt repayments of R53 million
- Our new acquisitions have demonstrated strong cash generating abilities

Good corporate citizenship

Description of objective: Create value for all stakeholders (shareholders, customers, employees, communities, suppliers and partners, and government).

Why this objective is important: To create long-term sustainable value, our Group strategy should focus on value creation for all stakeholders and not only shareholders.

Focusing our action on the growth of the relevant "Organisational Capacity" business objectives (as indicated in the strategy map) will ensure we are continually thinking about value creation for various stakeholders.

Succession planning

Any organisational entity needs to have effective succession planning in place to ensure the preservation of value for stakeholders should unforeseen circumstances befall its key individuals.

Actions to achieve growth (short to medium term):

- Ensuring sufficient supporting roles in executive committee with staggered ages

Our progress

- In the prior reporting year, the executive team added a new position of Chief Operations Officer. The executive team is thus five members strong with a fifth executive director. This provides risk mitigation should unforeseen circumstances arise for any of its members, as business knowledge and expertise is available from any of the executive team members
- The executive team members' ages are sufficiently staggered to provide mitigation for older members retiring
- Managerial appointments within each group company provides further risk mitigation as specialised knowledge and expertise for each company is available in addition to Group expertise through the executive team

This strategic priority is the most challenging to measure. We are committed to a continuing journey of tracking meaningful measures for this priority. Stakeholders are referred to our business model on page 10 and our stakeholders section on page 18 for detailed information relating to our Group's impact on its various stakeholders.

Group strategy *(continued)*

Our Approach

We deliver on our strategy and increase profitability and cash generation through a unique blend of operational and investment expertise.

To leverage these areas of expertise, our management team is split according to two strategic focus areas. While mutually supportive, each team is assigned key responsibilities to better execute our strategic priorities.

Operational

Key focus
Optimise and grow our businesses

Key responsibilities
- Unlock synergies with cross-selling and shared services across the Group and growth opportunities requiring reinvestment of Group capital.
- Optimise allocation of capital within group companies to enhance profitability and cash generation

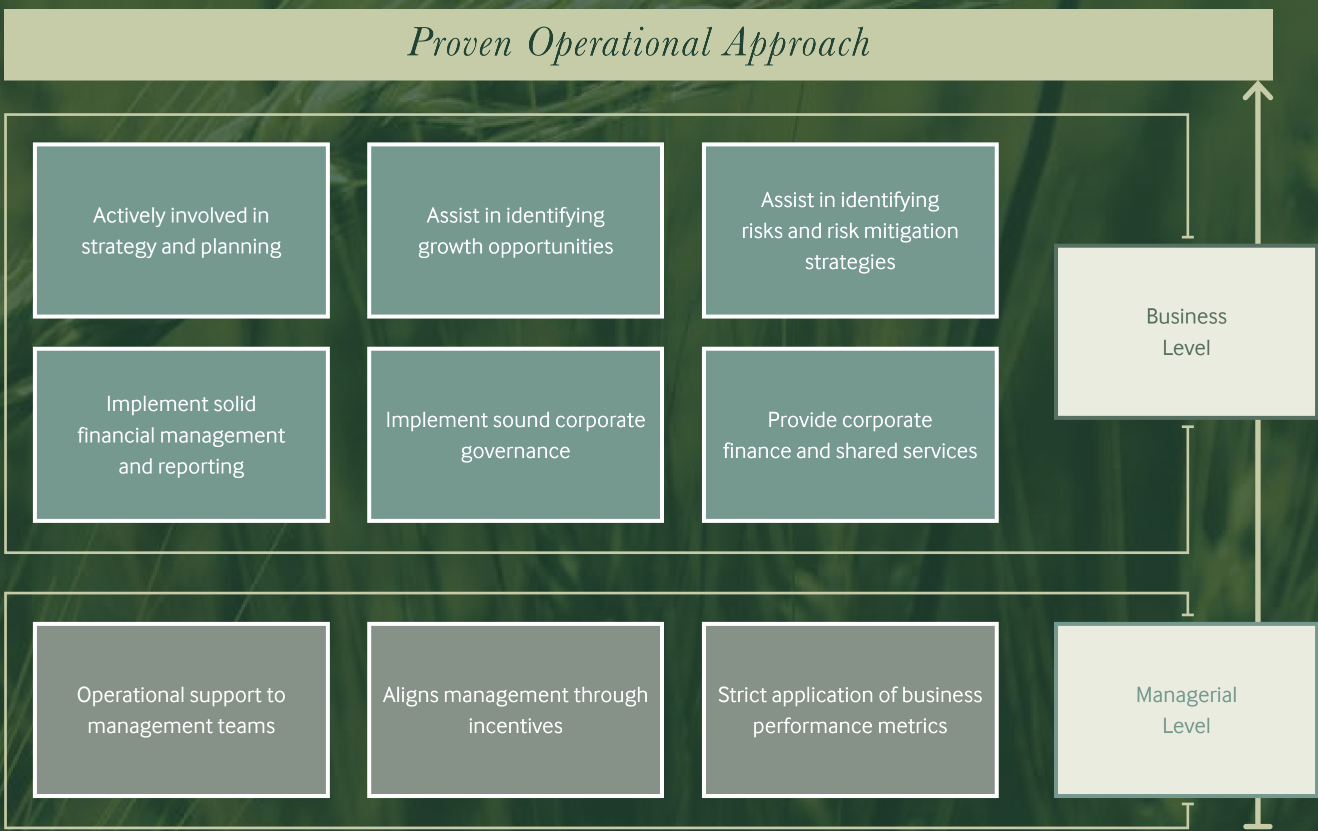
Investment

Key focus
Deploy capital to support long-term strategic objectives

Key responsibilities
- Identify opportunities for effective deployment of capital into growth assets which are earnings and cash flow enhancing.
- Regular evaluation of current group companies and timeous intervention in case of non-performing companies.

Operational Approach

Acorn Agri & Food follows a strict operational approach to manage group companies. The diagram illustrates the operational initiatives that Acorn Agri & Food implements within each group company.



Capital Allocation Approach

Acorn Agri & Food adheres to a strong capital allocation framework and discipline to drive shareholder returns. We leverage our relationships to source transactions and mitigate the inherent risk through a rigid analysis and due diligence, combined with a sophisticated deal-making process and a focus on businesses we understand.

Available Capital

Potential Future Inflows

Priority	1

Reinvestment

In terms of capital allocation, our first priority is the reinvesting of capital by operating companies. This enables them to expand their operations subject to achieving a 15% internal rate of return target. We regard this reinvestment to achieve organic growth as the most predictable and lowest risk option.

Level of risk	Low

Priority	2

Dividends

We endeavour to pay an annual dividend to shareholders, in cash or Acorn Agri & Food shares as elected by each shareholder. Our target dividend cover is three to five times.

Level of risk	Low

Priority	3

Acquisitions

We allocate excess capital to acquire business interests in our segments in the agriculture and food value chain. We prefer a majority interest; however, a minority interest will be considered in certain cases. Our hurdle rate of return is 15% per annum.

Level of risk	Medium–High

Priority	4

Share Repurchase

The management team of Acorn Agri & Food remains solely focused on executing the business strategy and operational performance. Management's philosophy is that, over the long term, the operational performance of the business will drive the share price, whereas capital market forces play a larger role over the short to medium term. Without a listing in the short term, consideration will be given to create more liquidity through share repurchases.

The repurchase of Acorn Agri & Food shares will be contemplated if excess cash is available, if there are limited reinvestment opportunities, and if the shares are trading below our estimate of fair value.

Level of risk	Medium

Potential Future Inflows

Capital Outflows

Group strategy *(continued)*

Investment Philosophy

Acorn Agri & Food's investment philosophy is to:

- acquire solid, cash generative agriculture and food businesses, within our value chain segments, with a strong management team and at a price that supports our return targets;
- pursue strategic mergers and acquisitions to drive scale, enhance route to market or facilitate cross-selling within each segment; and
- continue diversifying across geographies, commodities, markets and currencies.

Investment Approach

Acorn Agri & Food's investment approach is to:

- leverage our established relationships to source quality transactions;
- perform a rigid analysis of the opportunity;
- perform a thorough due diligence to identify opportunities and risks;
- apply sophisticated deal structuring and terms to mitigate risks; and
- utilise our industry knowledge and expertise to drive value creation post-transaction.

Investment Criteria

Acorn Agri & Food endeavours to invest in businesses with the following characteristics:

- Understandable business
- Robust business model
- Sustainable competitive advantage
- Profitable and cash generative
- Solid growth prospects
- Not highly leveraged
- Experienced, ambitious and trustworthy management team

Exclusion List

The board of Acorn Agri & Food adopted a comprehensive investment exclusion list which includes the following criteria:

- We do not engage in speculative investment in activities such as commodities, commodity contracts or forward currency contracts that are outside the ordinary course of business.
- We do not invest in any portfolio company where we are aware, or become aware, of it being involved in:
  a. criminal activities;
  b. human rights violations;
  c. unsound labour practices;
  d. unsound corporate governance practices; or
  e. unsound environmental practices.
- We do not invest in any portfolio company conducting certain activities as outlined in the investment exclusion list.

Divestment Criteria

Acorn Agri & Food has a long-term view with regard to its operating companies and investments. However, the board of Acorn Agri & Food approved guidelines for the divestment of group companies or investments.

Guidelines for the divestment of group companies are, inter alia:

- The group company falls outside Acorn Agri & Food's strategic focus;
- The group company engages in activities listed on the Acorn Agri & Food investment exclusion list;
- The group company is not profitable and unlikely to achieve profitability within a reasonable time period, despite various interventions by Acorn Agri & Food;
- The investment in the group company bears substantial risk based on pre-existing or new circumstances;
- Acorn Agri & Food believes that the management or co-shareholders of a group company is unethical and/or criminal in its business dealings and that Acorn Agri & Food could suffer reputational damage through its investment in the group company; and
- Acorn Agri & Food endeavours to redeploy the capital invested in a group company into investments with more attractive attributes and/or growth prospects.