# Consolidated Annual Financial Statements

for the year ended 31 March

# 2023

Premier


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# DIRECTORS' RESPONSIBILITIES AND APPROVAL

The board of directors ("directors") of Premier Group Limited ("Premier" or the "Company") and its subsidiaries (together the "Group") are required in terms of the South African Companies Act, No 71 of 2008, as amended ("Companies Act") to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations as issued by the IFRS Interpretations Committee ("IFRIC"), and comply with the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee ("APC"), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council ("FRSC"), the JSE Limited ("JSE") Listing Requirements and the requirements of the Companies Act. The external auditor is engaged to express an independent opinion on the consolidated annual financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal controls established by the Group including controls over the security of the website and where applicable, for establishing and controlling the process for electronically distributing consolidated annual financial statements and other financial information to shareholders and to the Companies and Intellectual Property Commission. The directors place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, internal audit and comments by the independent external auditor on the results of their audit for this financial year, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

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

The external auditor is responsible for independently auditing and reporting on the consolidated annual financial statements. The consolidated annual financial statements have been examined by the Group's external auditor and their report is presented on pages 10 to 14.

The consolidated annual financial statements set out on pages 15 to 66, which have been prepared on the going concern basis, were approved by the directors on 5 June 2023 and are signed on their behalf by:

**Approval of financial statements**

**CJ Roodt**
*Non-executive Chairman*

**JJ Gertenbach**
*Chief Executive Officer*

# STATEMENT ON INTERNAL FINANCIAL CONTROLS

In terms of the JSE listing requirements, each of the directors, whose names are stated below, hereby confirm that:

a) the annual financial statements set out on pages 15 to 66, fairly present in all material respects the financial position, financial performance and cash flows of Premier Group Limited and its subsidiaries (together the "Group") in terms of IFRS;

b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

c) internal financial controls have been put in place to ensure that material information relating to Premier and its consolidated subsidiaries have been provided to effectively prepare the consolidated annual financial statements of the Group;

d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

e) where we are not satisfied, we have disclosed to the audit and risk committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and

f) we are not aware of any fraud involving directors.

**JJ Gertenbach**
Chief Executive Officer
5 June 2023

**F Grobbelaar**
*Chief Financial Officer*

# CERTIFICATE BY THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, I certify that, to the best of my knowledge, the Company has filed the required returns and notices with the Companies and Intellectual Property Commission and that all such returns and notices appear to be true, correct and up to date.

M Stoltz
Company Secretary

5 June 2023

# AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee ("Committee") is pleased to present its report for the financial year ended 31 March 2023. The Committee acts for the Company, as well as its South African and offshore subsidiaries ("Group").

The Committee's main objective is to assist the Board in fulfilling its oversight responsibilities, in particular with regard to the evaluation of the adequacy and efficiency of accounting policies, internal controls, combined assurance arrangements and financial and corporate reporting processes. The Committee further oversees the effectiveness of the Group's internal and external auditors, as well as risk management which includes information technology governance and commodity procurement.

This report aims to provide details on how the Committee satisfied its various statutory obligations, as well as addressed the key and significant audit matters that arose during the period, to assist in ensuring the integrity of the Group's financial reporting.

The Committee's terms of reference were reviewed, updated and approved by the Board in June 2022, in anticipation of the Company's listing on the JSE. The terms of reference were updated to ensure that the Committee performed its duties in terms of the King IV Report on Corporate Governance for South Africa ("King IV™"), the Companies Act and the JSE Listing Requirements.

## COMPOSITION AND MEETING PROCEDURES

Following the Company's conversion to a public company in June 2022, the Committee, at all times, comprised a minimum of three non-executive directors, all of whom satisfied the requirements of section 94(4) of the Companies Act. The Board believes that the Committee was and continues to be adequately skilled and that all members possess the appropriate financial and related qualifications, skills, financial expertise and experience required to discharge their responsibilities.

The composition of the Committee and the attendance of meetings by its members during the 2023 financial year are set out below:

| Member | Appointed | Attendance | Regular Invitees |
|---|---|---|---|
| **Harish Ramsumer (Chair)**<br>**BCom; Post Grad Dip Acc; CA (SA)** | 1 June 2022 | 100%<br>6/6 meetings | Chief Executive Officer<br>Chief Financial Officer<br>Group Finance Executive<br>Risk Executive<br>IT Executive<br>Internal Auditors<br>External Auditors<br>Legal Executive and Company Secretary |
| Rolf Mark Hartmann*<br>BCom Accounting Honours; CA(SA) | 19 February 2008 | 100%<br>6/6 meetings | |
| **Faith Nondumiso Khanyile**<br>**BA Economics Honours; MBA; HDip Tax** | 6 March 2023 | 100%<br>1/1 meetings | |
| Jonathan Edward Roland Matthews**<br>B.Bus Sci Honours; CFA; CA(SA) | 11 March 2020 | 100%<br>6/6 meetings | |

* *Rolf Mark Hartmann was the chair of the Committee prior to Harish Ramsumer's appointment.*

** *In line with the Board's succession plan, Mr Matthews will resign from the Committee at the end of July 2023.*

*Independent non-executive director*

The Committee met on four occasions, which meetings were scheduled in line with the Group's financial reporting cycle and held two *ad hoc* meetings in order to prepare for the Company's listing. The Committee also met separately with the internal and external auditors.

The Committee chair has regular contact with the management team to discuss relevant matters directly. The internal and external auditors have direct access to the Committee to discuss any matter that they regard as relevant to the fulfilment of the Committee's responsibilities.

## KEY FOCUS AREAS IN 2023

The Committee focussed its attention on the following areas during the year:

- The Company's listing on the JSE and the resultant additional reporting, audit and compliance requirements, including the financial information contained in the Pre-Listing Statement and the working capital adequacy assessment required in terms of schedule 12.2 of the JSE Listing Requirements
- The IFRS 2 considerations arising from the incorporation of the Premier BEE Trust
- The role of the internal operational audit team and the outsourced internal audit service provider
- The combined assurance framework, approach and the effectiveness thereof
- Cybersecurity risks

## DISCHARGE OF DUTIES IN 2023

During the financial year, in the execution of its statutory duties and in accordance with its terms of reference, the Committee effectively discharged the following responsibilities:

### Finance function

Reviewed the expertise, resources and experience of the finance function:

In accordance with the JSE Listing Requirements, the Committee considered and satisfied itself that Fritz Grobbelaar CA(SA), being the Group's chief financial officer, had the appropriate expertise and experience to meet the responsibilities of his appointed position. The Committee similarly satisfied itself regarding the quality and effectiveness of the finance function and the adequacy of the resources employed therein.

Evaluated financial reporting and accounting practices:

The Committee reviewed the integrity of the interim results and annual financial statements for the year ended 31 March 2023, including the public announcements of the Group's financial results, and made recommendations to the Board for their approval. In the course of its review, the Committee:

- Took steps to ensure that the financial statements were prepared in accordance with IFRS and in compliance with the provisions of the Companies Act and the JSE Listing Requirements
- In accordance with paragraph 3.84(g)(ii) of the JSE Listing Requirements, satisfied itself that appropriate financial reporting procedures are in place and are operating effectively
- Considered the key audit matters reported in the external audit opinion and satisfied itself with management's treatment thereof
- Considered the appropriateness of significant accounting policies, key estimates, assumptions and disclosures made
- Reviewed the going concern assumption, considering management budgets and capital and liquidity profiles and recommended to the Board that it was appropriate in the preparation of the financial statements
- Reviewed the solvency and liquidity tests and recommended the November 2022 distribution proposal for approval by the Board
- Considered and noted the proactive monitoring reports issued by the JSE and the steps taken by management to apply the recommendations made by the JSE therein
- Evaluated the approach and processes that enabled the CEO and CFO to sign the responsibility statement on the annual financial statements and internal financial controls as required by paragraph 3.84(k) of the JSE Listing Requirements

### External audit-related matters

The Committee, amongst other matters:

- Assessed the suitability of PricewaterhouseCoopers Inc. ("PwC") for appointment as the Company's independent, external auditors for the 2023 financial year, with Mr T Howatt as the designated individual auditor in accordance with paragraphs 3.84(g)(iii) and 22.15(h) of the JSE Listing Requirements
- Reviewed and approved the external audit plan and related scope of work
- Reviewed and approved, in consultation with management, external audit fees amounting to R11.7 million
- Reviewed and approved non-audit service fees amounting to R1.7 million and confirmed that same were in line with the approved non-audit services policy. Included in the non-audit service fees were fees amounting to R1.6 million for services rendered in relation to the listing
- Considered the report by PwC on the findings arising from the audit
- Received confirmation from PwC that it was independent of the Company and that its independence was not impaired during the period

- Having considered all relevant matters, concluded that it was satisfied that auditor independence, objectivity and effectiveness were maintained during the financial year and confirmed that the criteria for independence, as set out in the rules of the Independent Regulatory Board for Auditors (IRBA) and other relevant international bodies, had been followed
- Confirmed that no reportable irregularities were identified and reported by PwC in terms of the Auditing Profession Act, 26 of 2005
- Considered the tenure of the external auditor and noted the requirements relating to mandatory audit firm rotation as set by the IRBA

Mr Howatt completed his five-year tenure upon issue of the 2023 annual financial statements and will be replaced by Mr E Gerryts. Accordingly, the Committee:

- Performed its responsibilities in assessing the suitability of the external auditors and designated individual auditor as required by paragraph 3.84(g)(iii) of the JSE Listing Requirements by considering the relevant information pursuant to paragraph 22.15(h) of the JSE Listing Requirements including, amongst others, all decision letters and explanations issued by IRBA and any summaries relating to monitoring procedures and/or deficiencies issued by the auditors
- Satisfied itself that Mr E Gerryts, as the new designated individual auditor, is appropriate and that PwC appears on the JSE List of Accredited Auditors in compliance with paragraph 22 of the JSE Listing Requirements
- Nominated and will recommend to shareholders that PwC and Mr E Gerryts be appointed as the independent external auditor and designated auditor, respectively, of the Company for the financial year ended 31 March 2024, in compliance with the Companies Act, the JSE Listing Requirements and other applicable legal and regulatory requirements

## Internal audit matters

Ernst & Young perform outsourced internal audit services to the Group. They work collaboratively with the internal operational audit team.

The Committee reviewed and approved the internal audit charter and internal audit plan for the financial year ended 31 March 2023, ensuring that material risk areas were included, and that coverage of significant business processes was acceptable. It oversaw and monitored that the internal audit function:

- Objectively assured the effectiveness of risk management and internal control frameworks
- Analysed and assessed business processes and associated controls
- Reported significant audit findings and recommendations to management and the Committee

The Committee satisfied itself that the internal audit function was independent and had the necessary resources, standing and authority to discharge its duties. Mr A Tilakdari, representing Ernest & Young attended all Committee meetings.

The internal audit function provided a written assessment regarding the Group's system of internal controls and confirmed that, based on the results of the work undertaken, these were deemed adequate and effective.

## Internal financial controls

The Committee reviewed reports of the internal auditors and external auditors in respect of audits conducted on the internal control environment, took note of any matters arising from these audits and considered the appropriateness of the responses received from management. Where findings were noted, the Committee was satisfied that management's proposed remedial actions will improve the control environment.

Furthermore, the Committee:

- Reviewed quarterly funding reports prepared by management and monitored compliance with financial covenants
- Oversaw compliance with the internal controls relating to the Group's grain procurement policy
- Fulfilled an oversight function with regard to tax governance. In this regard, the Committee received regular feedback on tax compliance and is satisfied that no material non-compliance has occurred
- Considered whistleblowing complaints
- Considered and, where appropriate, made recommendations on internal financial controls

The Committee was not required to deal with any complaints relating to accounting practices or internal audit, nor to the content or audit of the financial statements, nor internal financial controls or related matters.

Having considered the above, the Committee is satisfied that the Group's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements.

## Governance functional areas

### Risk Management and Information Technology:

The Committee received regular reports provided as part of the Group's risk management framework and effectively monitored the Group's strategic risks on behalf of the Board. The Committee also reviewed the mitigation strategies developed by management in relation to the strategic risks. It similarly reviewed and confirmed the adequacy of the Group's insurance cover and monitors the impact of litigation that could have a material impact on the Group.

The Committee monitored the Group's IT systems and service providers and oversaw interventions to manage cybersecurity, information management and data security.

### Combined Assurance:

The Committee approved the Group's combined assurance model and is satisfied that these arrangements are effective in providing a robust control environment which enables the provision of reliable information for decision-making purposes and supports the integrity of the Company's external reports.

### Integrated Report:

During June and July 2023, the Committee will evaluate the integrated report for the 2023 financial year and assess its consistency with operational, financial and other information available to the Committee. Similarly, the Committee will ensure that the report is prepared in accordance with appropriate reporting standards and conforms to the requirements of King IV™ and the JSE Listing Requirements.

In conjunction with the Social and Ethics Committee, the Committee will review the integrity of the sustainability disclosures included in the integrated report and confirm that they are reliable and do not conflict with financial information.

Based on the processes and assurances obtained, the Committee will recommend the 2023 integrated report to the Board for approval.

The performance of the Committee is reviewed annually by the Board. Following its latest review, the Board concluded that the Committee continued to operate effectively.

The Committee is satisfied that, in respect of the period under review, it has conducted its affairs and discharged its duties and responsibilities in accordance with its terms of reference.

## COMMITTEE FOCUS IN FINANCIAL YEAR 2024

While the Committee will continue to operate within its terms of reference and ensure that meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the Committee's attention during 2024:

- The embedment of combined assurance within the Group
- Cybersecurity risks
- The impact of electricity loadshedding on business continuity

On behalf of the Audit and Risk Committee

**H Ramsumer**
*Committee Chair*

# DIRECTORS' REPORT

The directors have pleasure in submitting their report on the consolidated annual financial statements of Premier Group Limited and its subsidiaries (together the "Group") for the year ended 31 March 2023.

## 1. NATURE OF BUSINESS

Premier is incorporated and domiciled in the Republic of South Africa. The Company converted from a private company with registration number 2007/016008/07 to a public company with effect from 6 June 2022 with registration number 2007/016008/06. The Company successfully listed on the JSE on 24 March 2023.

The Group is a leading consumer packed goods ("CPG") company in Southern Africa that has expanded its portfolio from a traditional milling and baking ("Millbake") business to include a groceries business ("Groceries and International"). The Group's Millbake business comprises operations and distribution facilities throughout South Africa, Lesotho and eSwatini, operating bakeries, maize and wheat mills supported by an extensive distribution capability. The Group's Groceries and International business comprises a portfolio of sugar confectionery products, home and personal care products, and a diversified product portfolio in Mozambique through the Companhia Industrial da Matola business.

## 2. FINANCIAL RESULTS

The Group's revenue increased by 23.4% from R14 538 million in the prior year to R17 938 million, while the Group's earnings before interest, tax, depreciation, amortisation and impairment losses ("Adjusted EBITDA") increased by 16.2% from R1 490 million to R1 731 million for the year ended 31 March 2023.

The Group recorded a net profit after tax for the year ended 31 March 2023 of R794.8 million (2022: R277.7 million). Normalised headline earnings per share increased by 22.9% from 449 cents in the prior year to 552 cents.

Full details of the financial results of the Group are set out in these consolidated annual financial statements and accompanying notes for the year ended 31 March 2023.

## 3. SHARE CAPITAL

During the current year the Company's authorised and issued ordinary shares were subdivided in a ratio of 1:200 resulting in 200 000 000 authorised ordinary shares and 128 905 800 issued ordinary shares. Furthermore, 50 000 "A1" ordinary shares were created, of which 23 060 were issued during the current year.

The "A" ordinary share terms were amended during the current year to confer upon "A" ordinary shareholders, the right to receive a distribution each time the board authorises a distribution to the Company's ordinary shareholders. The "A1" ordinary shareholders have a similar right to receive a distribution.

The Company's issued ordinary shares were listed on the JSE on 24 March 2023. Refer to note 18 for detail of the movement in authorised and issued share capital.

## 4. DIVIDENDS

The Company's ordinary shares started trading on the JSE six days prior to the financial year-end date. Consequently, no dividends were declared by the board of directors.

## 5. DIRECTORATE

Mr H Ramsumer and Ms FN Khanyile have been appointed as Independent Non-executive directors with effect from 9 May 2022 and 1 November 2022 respectively.

Mr PRN Hayward-Butt resigned as a director of the Company with effect from 11 November 2022 and was elected as an alternate director to Mr RM Hartmann with effect from the same date.

Details of directors' emoluments, incentive schemes and interest in the Company are set out in note 37.

## 6. DIRECTORS' INTERESTS IN CONTRACTS

No material contracts involving directors' interests were entered into in the current year. The directors had no interest in any third party or company responsible for managing any of the business activities of the Group.

## 7. EVENTS AFTER THE REPORTING PERIOD

There were no material subsequent events which occurred after year-end and up to the date of this report that may have affected the reported results at the financial reporting date.

## 8. AUDITOR

PricewaterhouseCoopers Inc. ("PwC") was the external auditor of the Group for the financial year ended 31 March 2023. At the Annual General Meeting, shareholders will be requested to re-appoint PwC as auditor of Premier Group Limited and to note that Mr Eben Gerryts will be the lead audit partner for the year ending 31 March 2024, following the Audit and Risk Committee's decision to nominate the firm PwC as its independent auditor for the financial year commencing 1 April 2023.

## 9. GOING CONCERN

The Group reported a net profit for the year ended 31 March 2023 of R794.8 million (2022: R277.7 million). As at 31 March 2023 the Group's total assets exceeded its total liabilities by R3 210 million.

The consolidated annual financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. This is supported by total current assets exceeding total current liabilities by R1 198 million at 31 March 2023. Furthermore, based on various assessments performed by management, the directors are satisfied that the total assets, fairly valued, exceed the value of total liabilities at 31 March 2023.

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future. Based on cash flow forecasts the Group will be able to realise its assets and settle its liabilities as they fall due in the ordinary course of business.

The directors are not aware of any new material changes that may adversely impact the Group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Premier Group Limited

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Premier Group Limited (the "Company") and its subsidiaries (together the "Group") as at 31 March 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### What we have audited

Premier Group Limited's consolidated statements set out on pages 15 to 66 comprise:

- the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2023;
- the consolidated statement of financial position as at 31 March 2023;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

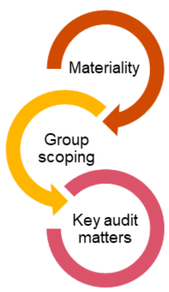
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors ("IRBA Code") and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

## OUR AUDIT APPROACH

### Overview




**Overall group materiality**

- Overall group materiality: R50.7 million, which represents 4.8% of consolidated profit before tax.

Group audit scope

- The consolidated financial statements comprise 11 operating components and
  - we performed full scope audits on 5 components due to their financial significance and in order to obtain sufficient appropriate audit evidence on which to base the group audit opinion
  - group-wide analytical review procedures were performed over the remaining components.

**Key audit matters**

- Impairment assessment of goodwill and indefinite life intangible assets

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

## Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

| | |
|---|---|
| **Overall group materiality** | R 50.7 million |
| **How we determined it** | 4.8% of consolidated profit before tax. |
| **Rationale for the materiality benchmark applied** | We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 4.8% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector. |

## How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates in numerous countries with 11 operating companies. The operating companies are split into two different operating segments, namely Millbake and Groceries and International – refer to the segment information (note 9 to the Group financial statements).

We identified one significant component. We also performed full scope audits at four other components and group-wide analytical review procedures were performed over the remaining components, to obtain an appropriate level of audit coverage. We concluded that all other entities within the Group are financially inconsequential, individually and in aggregate. We performed analytical procedures at a Group level to confirm this assessment.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group engagement team, or a component auditor from another PwC network firm operating under our instruction. Where the work was performed by a component auditor, we determined the level of involvement we needed to have in the audit work at the component to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

## KEY AUDIT MATTERS

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

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Impairment assessment of goodwill and indefinite life intangible assets*<br>Refer to note 14: Goodwill and intangible assets<br>International Accounting Standard 36 Impairment of Assets requires goodwill and indefinite life intangible assets to be tested annually for impairment, or more frequently if impairment indicators are identified. At 31 March 2023, the Group's total goodwill and indefinite life intangible assets balance amounted to R1.7 billion.<br>Management applied the fair value less costs of disposal ("FVLCD") method to determine the recoverable amount of each CGU to which goodwill and indefinite life intangible assets has been allocated.<br>In determining the FVLCD of the respective CGUs, management prepares post-tax cashflow projections based on financial budgets approved by management. This method further involves management having to apply judgement in determining the following key assumptions:<br>• Future revenue growth rates,<br>• Operating cost increases,<br>• Terminal growth rates, and<br>• Post-tax discount rates<br>We considered the impairment assessment of goodwill and indefinite life intangible assets to be a matter of most significance to the current year audit due to the following:<br>• The judgement applied by management in determining the key assumptions used in their FVLCD calculation; and<br>• The magnitude of the carrying value of goodwill and indefinite life intangible assets recognised in relation to the consolidated financial statements. | Our audit addressed the key audit matter as follows:<br>• Through discussions with management, we obtained an understanding of the processes and procedures applied by management in making their impairment assessment of goodwill and indefinite life intangible assets, which included:<br>– an understanding of the process followed in determining cash-flow projections; and<br>– the determination of the key assumptions applied in their FVLCD calculation<br>• We compared the process followed by management in determining these cash flow forecasts to the Group's past practice and we noted no inconsistencies.<br>• We challenged and tested the reasonability of the key assumptions used by management in their calculations, which included future revenue growth rates, operating cost increases, terminal growth rate and the post-tax discount rate. This was done by comparing these key assumptions to industry benchmarks and post-tax discount rates determined by auditors' experts. Based on our work performed, we accepted management's key assumptions.<br>• We agreed the cash flows projections used in management's FVLCD calculation to management approved financial budgets, with no material exceptions noted.<br>• We considered the reasonableness of management's budgeting process by comparing the 2023 actual results to the prior year cash flow projections for 2023 performed in prior periods. Where variances were noted, we followed up with management and evaluated the reasonability of the variances. We did not note any aspect in this regard which required further consideration.<br>• Making use of our internal valuation experts, we assessed the appropriateness and reasonability of the post-tax discount rate of the respective CGUs used in the FVLCD calculation by independently calculating the discount rate, taking into account independently obtained data from credible sources. We found that the discount rates used by management fell within an acceptable range.<br>• We compared the terminal growth rates used by management to the long term inflation rate within the respective CGU territories. We found the terminal growth rates to be within an acceptable range.<br>• We tested the mathematical accuracy of management's valuation model and compared the valuation methodology applied by management in the prior years for consistency. No material difference or inconsistencies were noted. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| | • We performed independent sensitivity calculations on the impairment assessments in order to determine the degree by which the key assumptions needed to change in order to trigger any impairments.<br>• We discussed these with management and considered the likelihood of such changes occurring. Whilst some of our independently determined key assumptions were different from those applied by management, this had no impact on the conclusion reached by the impairment assessment. |

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the documents titled "Premier Group Limited Consolidated Annual Financial Statements for the year ended 31 March 2023" and "Premier Group Limited Annual Financial Statements for the year ended 31 March 2023" which includes the Directors' Report, Audit and Risk Committee Report and the Certificate by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Premier Group Limited Integrated Report for the year ended 31 March 2023", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Premier Group Limited for five years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: Thomas Howatt
Registered Auditor
5 June 2023

4 Lisbon Lane, Waterfall City, Jukskei View, 2090, Private Bag X36, Sunninghill, 2157, Johannesburg, South Africa

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

| | Note | 2023 R'000 | 2022 R'000 |
|---|---|---|---|
| Revenue from contracts with customers | 2 | 17 938 460 | 14 537 811 |
| Cost of sales | | (12 521 106) | (9 748 182) |
| **Gross profit** | | 5 417 354 | 4 789 629 |
| Other operating income | 3 | 39 110 | 16 839 |
| Credit loss allowances (raised)/reversed | 4 | (5 259) | 14 208 |
| Impairment losses | 4 | - | (130 069) |
| Sales and marketing expenses | | (1 678 648) | (1 529 890) |
| Distribution expenses | | (918 530) | (806 229) |
| Administration expenses | | (1 562 422) | (1 477 140) |
| **Operating profit** | | 1 291 605 | 877 348 |
| Finance income | 5 | 56 259 | 4 712 |
| Finance costs* | 6 | (345 671) | (472 782) |
| Foreign exchange gains* | 7 | 56 116 | 4 854 |
| **Profit before tax** | | 1 058 309 | 414 132 |
| Income tax expense | 10 | (263 505) | (136 414) |
| **Profit for the year** | | 794 804 | 277 718 |
| **Other comprehensive income:** | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Remeasurement gain on defined benefit obligations | | 2 320 | 4 917 |
| Deferred tax on remeasurements | 10 | (468) | (1 039) |
| **Total items that will not be reclassified to profit or loss** | | 1 852 | 3 878 |
| Items that may be reclassified to profit or loss: | | | |
| Foreign currency translation reserve | | 84 511 | 6 592 |
| **Other comprehensive income for the year net of tax** | | 86 363 | 10 470 |
| **Total comprehensive income for the year** | | 881 167 | 288 188 |
| **Profit attributable to:** | | | |
| Owners of the Company | | 794 390 | 277 412 |
| Non-controlling interest | | 414 | 306 |
| | | 794 804 | 277 718 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | 880 753 | 287 882 |
| Non-controlling interest | | 414 | 306 |
| | | 881 167 | 288 188 |
| **Earnings per ordinary share attributable to the owners of the Company** | | | |
| Basic earnings per share (cents) | 8 | 630.41 | 330.53 |
| Basic earnings per share – diluted (cents) | 8 | 593.29 | 328.69 |

* *The foreign exchange gains comparative amount is presented separately and no longer shown as part of finance costs.*

# STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

| | Note | 2023 R'000 | 2022 R'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 12 | **3 840 239** | 3 658 354 |
| Right-of-use assets | 13 | **251 435** | 217 777 |
| Goodwill | 14 | **233 147** | 208 064 |
| Intangible assets | 14 | **1 471 218** | 1 464 984 |
| Loans receivable | 15 | **24 577** | 36 747 |
| Deferred income tax | 11 | **32 812** | 29 705 |
| | | **5 853 428** | 5 615 631 |
| **Current Assets** | | | |
| Inventories | 16 | **2 402 173** | 1 627 939 |
| Trade and other receivables | 17 | **1 794 914** | 1 375 237 |
| Loans receivable | 15 | **6 454** | 7 423 |
| Current income tax receivable | | **13 539** | 44 850 |
| Restricted cash | 31 | **2 274** | 30 000 |
| Cash and cash equivalents | 32 | **595 402** | 291 295 |
| | | **4 814 756** | 3 376 744 |
| **Total Assets** | | **10 668 184** | 8 992 375 |
| **EQUITY** | | | |
| Share capital | 18 | **2 464 267** | 126 879 |
| Reserves | | **(72 421)** | (156 932) |
| Retained income | | **810 986** | 20 668 |
| Equity attributable to the equity holders of the Company | | **3 202 832** | (9 385) |
| Non-controlling interest | | **7 538** | 3 963 |
| **Total Equity** | | **3 210 370** | (5 422) |
| **LIABILITIES** | | | |
| **Non-Current Liabilities** | | | |
| Redeemable preference shares | 19 | **-** | 1 789 751 |
| Loan from shareholder | 20 | **-** | 1 492 403 |
| Borrowings | 21 | **2 926 602** | 2 123 008 |
| Lease liabilities | 22 | **249 372** | 203 501 |
| Deferred income tax | 11 | **618 990** | 595 744 |
| Employee benefit obligations | 23 | **46 574** | 39 771 |
| Tax liabilities | 28 | **-** | 43 513 |
| | | **3 841 538** | 6 287 691 |
| **Current Liabilities** | | | |
| Trade and other payables | 24 | **1 830 621** | 1 275 738 |
| Trade financing facility | 25 | **760 222** | 463 610 |
| Refund liabilities | 26 | **423 123** | 342 522 |
| Employee benefit obligations | 23 | **288 862** | 277 438 |
| Borrowings | 21 | **22 370** | 179 239 |
| Lease liabilities | 22 | **52 687** | 54 936 |
| Tax liabilities | 28 | **37 176** | 2 334 |
| Bank overdraft | 32 | **201 215** | 114 289 |
| | | **3 616 276** | 2 710 106 |
| **Total Liabilities** | | **7 457 814** | 8 997 797 |
| **Total Equity and Liabilities** | | **10 668 184** | 8 992 375 |

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

| | Share capital R'000 | Foreign currency translation reserve R'000 | Treasury shares reserve R'000 | Retained income/ (Accumulated loss) R'000 | Total attributable to equity holders of the group R'000 | Non-controlling interest R'000 | Total equity R'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 31 March 2021** | 117 632 | (163 524) | (9 060) | (251 562) | (306 514) | 3 657 | (302 857) |
| **Total comprehensive income for the year** | - | 6 592 | - | 281 290 | 287 882 | 306 | 288 188 |
| Profit for the year | - | - | - | 277 412 | 277 412 | 306 | 277 718 |
| Other comprehensive income | - | 6 592 | - | 3 878 | 10 470 | - | 10 470 |
| Issue of shares | 9 247 | - | - | - | 9 247 | - | 9 247 |
| Cancellation of treasury shares | * | - | 9 060 | (9 060) | - | - | - |
| **Balance at 31 March 2022** | **126 879** | **(156 932)** | **-** | **20 668** | **(9 385)** | **3 963** | **(5 422)** |
| **Total comprehensive income for the year** | **-** | **84 511** | **-** | **796 242** | **880 753** | **414** | **881 167** |
| Profit for the year | **-** | **-** | **-** | **794 390** | **794 390** | **414** | **794 804** |
| Other comprehensive income | **-** | **84 511** | **-** | **1 852** | **86 363** | **-** | **86 363** |
| Issue of shares | **3 284 626** | **-** | **-** | **-** | **3 284 626** | **-** | **3 284 626** |
| Dividend distribution** | **-** | **-** | **-** | **(2 763)** | **(2 763)** | **-** | **(2 763)** |
| Return of capital*** | **(947 238)** | **-** | **-** | **-** | **(947 238)** | **-** | **(947 238)** |
| Changes in ownership interest-control not lost | **-** | **-** | **-** | **(3 161)** | **(3 161)** | **3 161** | **-** |
| **Balance at 31 March 2023** | **2 464 267** | **(72 421)** | **-** | **810 986** | **3 202 832** | **7 538** | **3 210 370** |
| Note | 18 | | | | | | |

* *The Company repurchased 1 860 ordinary shares which one of its subsidiaries held in the Company. Share Capital reduced by R18.60 which is not shown due to rounding.*

** *Prior to the Company listing on the JSE the Company declared a dividend of R2.8 million, of which R1.6 million was paid in cash and the remaining portion set-off against the loans receivable from employees.*

*** *Prior to the Company listing on the JSE the board resolved to return capital of R947.2 million to shareholders, of which R932.1 million was paid in cash and the remaining portion of R15.1 million was set-off against the loans receivable from employees.*

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

| | Note | 2023 R'000 | 2022 R'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 29 | **1 545 092** | 1 415 013 |
| Finance income received | | **9 534** | 2 250 |
| Finance costs paid | | **(345 681)** | (378 694) |
| Tax paid | 30 | **(171 784)** | (236 717) |
| Dividends paid | | **(1 590)** | - |
| **Net cash inflow from operating activities** | | **1 035 571** | 801 852 |
| **Cash flows from investing activities** | | | |
| Replacement of property, plant and equipment | 12 | **(324 795)** | (147 590) |
| Expansion of property, plant and equipment | 12 | **(147 889)** | (333 387) |
| Proceeds from disposal of property, plant and equipment | 12 | **10 483** | 5 133 |
| Purchase of intangible assets | 14 | **(44 709)** | (38 161) |
| Payment for acquisition of business, net of cash acquired | 34 | **(23 499)** | (427 560) |
| Decrease/(increase) in restricted cash | 31 | **27 726** | (30 000) |
| **Net cash outflow from investing activities** | | **(502 683)** | (971 565) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | 18 | **2 484** | 2 447 |
| Repayment of share capital | | **(932 060)** | - |
| Proceeds from borrowings | 33 | **1 040 000** | 460 000 |
| Repayments of borrowings | 33 | **(393 275)** | (272 669) |
| Repayment of shareholders loan | 33 | **-** | (19 597) |
| Payment of principal portion of lease liabilities | 33 | **(52 484)** | (54 183) |
| Net proceeds from bank overdraft | 32 | **201 215** | - |
| **Net cash (outflow)/inflow from financing activities** | | **(134 120)** | 115 998 |
| **Net movement in cash and cash equivalents** | | **398 768** | (53 715) |
| Cash and cash equivalents at the beginning of the year | 32 | **177 006** | 231 874 |
| Effect of exchange rate changes on cash and cash equivalents | | **19 628** | (1 153) |
| **Cash and cash equivalents at the end of the year** | 32 | **595 402** | 177 006 |

# ACCOUNTING POLICIES

## CORPORATE INFORMATION

Premier is a company domiciled in South Africa. The consolidated annual financial statements of the Group for the year ended 31 March 2023 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is involved in the manufacture, distribution and sale of bread, flour, maize meal, animal feeds and sugar confectionery products, nutritional beverages, feminine hygiene and other personal care products.

The consolidated annual financial statements for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the directors on 5 June 2023.

## 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out within the notes to the consolidated annual financial statements. These policies have been consistently applied to all years presented, unless otherwise stated.

### 1.1 BASIS OF PREPARATION

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations as issued by the IFRS Interpretations Committee ("IFRIC"), and comply with the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee ("APC"), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council ("FRSC"), the JSE Listing Requirements and the requirements of the Companies Act.

The consolidated annual financial statements have been prepared on the going concern basis as described in note 41 and the historic cost convention, except for items measured at fair value as indicated in the accounting policies described in the notes to the consolidated annual financial statements. These accounting policies are consistent with previous periods. The financial statements are rounded to the nearest thousand, unless otherwise stated. The consolidated annual financial statements have been prepared under the supervision of the Chief Financial Officer, F Grobbelaar CA(SA).

The preparation of consolidated annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Areas involving a high degree of judgement or complexity or areas where assumptions and estimates are significant to the Group's consolidated annual financial statements are disclosed in the relevant notes.

### 1.2 BASIS OF CONSOLIDATION

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group ("acquisition date").

The financial statements of the subsidiaries are prepared for the same reporting period applying the Group's accounting policies. Where a subsidiary has a different reporting period or adopted different accounting policies with that of the Group, the financial statements of the subsidiary are adjusted in accordance with the Group's reporting period and accounting policies.

All intercompany transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interest in the net assets of consolidated subsidiaries is identified and recognised separately from the Group's interest therein, and is recognised within equity. On an acquisition basis, non-controlling interest in the acquiree may initially be measured either at fair value, or at the non-controlling shareholder's proportion of the net identifiable assets acquired and liabilities assumed. Transactions with non-controlling shareholders that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

### 1.3 TRANSLATION OF FOREIGN CURRENCIES

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated annual financial statements are presented in South African Rands (rounded to thousands), which is the Group's presentation currency and the Company's functional and presentation currency.

The financial results and position of foreign subsidiaries are translated to the presentation currency as follows:

- Assets and liabilities presented are translated at the closing rate at the reporting date.
- Income, expenses and cash flows are translated at average exchange rates during the reporting period.
- All resulting foreign exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR"), except to the extent the difference is allocated to non-controlling interest.

## 2. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives revenue from the sale of goods at a point in time which have been disaggregated as follows:

| | Sale of food products R'000 | Sale of personal care products R'000 | Sale of animal feeds R'000 | Total R'000 |
|---|---|---|---|---|
| **2023** | | | | |
| Sale of goods from operations in South Africa | **14 841 754** | **418 505** | **70 193** | **15 330 452** |
| Sale of goods from operations outside of South Africa | **2 081 955** | **288 535** | **237 518** | **2 608 008** |
| | **16 923 709** | **707 040** | **307 711** | **17 938 460** |

The increase in sale of food products when compared to the prior year is mainly driven by market share gains together with commodity price increases and input cost inflation, which have resulted in increased sales prices to customers.

| | Sale of food products R'000 | Sale of personal care products R'000 | Sale of animal feeds R'000 | Total R'000 |
|---|---|---|---|---|
| **2022** | | | | |
| Sale of goods from operations in South Africa | 11 705 526 | 399 474 | 53 692 | 12 158 692 |
| Sale of goods from operations outside of South Africa | 1 849 057 | 252 542 | 277 520 | 2 379 119 |
| | 13 554 583 | 652 016 | 331 212 | 14 537 811 |

| **Top 5 customers** | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Customer A | **2 126 664** | 1 577 176 |
| Customer B | **1 084 302** | 854 726 |
| Customer C | **699 026** | 567 366 |
| Customer D | **631 094** | 485 106 |
| Customer E | **591 769** | 462 159 |
| | **5 132 855** | 3 946 533 |

**Accounting policy**

Revenue is generated from the sale of bread, flour, maize meal, animal feeds and sugar confectionery products, nutritional beverages, feminine hygiene and other personal care products arising in the ordinary course of the Group's activities. Revenue is recognised when control of the products is transferred, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is therefore recognised at a point in time.

Revenue is measured at an amount that the Group expects to be entitled to in exchange for those goods to the extent that it is highly probable that there will be no significant reversal. Revenue is recognised net of value added tax, returns, rebates, discounts and other allowances and after eliminating sales within the Group. The Group bases its estimates of rebates and settlement discounts on historical trends and the trading terms contained in signed agreements with customers, along with the value of sales which took place during the month. The transaction price might include an element of consideration that is variable depending on the outcome of future events in the form of settlement discounts and growth rebates. Settlement discounts are considered to be variable consideration as a result of the uncertainty as to whether the customer will pay the invoice within the discount period as specified in the trading terms. Growth rebates are considered to be variable consideration as a result of the uncertainty as to whether the customer will achieve the growth targets as specified in the trade agreement with the customer. The expected settlement value is based on the contractual terms with the customer. Any rebates and allowances not claimed in a three year period are written back to revenue. A refund liability for rebates, discounts and other allowances is recognised for the expected amounts payable to customers in relation to sales made until the end of the reporting period.

No element of financing is deemed present as the Group does not expect to have any contracts where the period between the transferring of control of the goods and payment by the customer exceeds one year and accordingly the practical expedient in IFRS 15 has been applied. Payment terms between 0 to 60 days are applicable to the Group.

## 3. OTHER OPERATING INCOME

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Rental income | **2 876** | 1 719 |
| Scrap sales | **1 569** | 1 118 |
| Other income | **18 165** | 14 002 |
| Insurance claim received | **16 500** | - |
| | **39 110** | 16 839 |

## 4. OPERATING PROFIT

In arriving at operating profit, the following have been taken into account:

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| External auditor remuneration | **13 483** | 11 420 |
| Audit fees | **11 738** | 9 653 |
| Other services fees | **1 745** | 1 767 |
| Internal auditors' remuneration | **3 621** | 3 917 |
| Amortisation on intangible assets | **38 475** | 35 290 |
| Depreciation on property, plant and equipment^ | **338 782** | 380 910 |
| Depreciation on right-of-use assets | **62 300** | 66 627 |
| Impairment losses (Refer to note 14) | **-** | 130 069 |
| Property, plant and equipment | **-** | 9 127 |
| Goodwill | **-** | 18 950 |
| Trademarks | **-** | 101 992 |
| Loss on disposal of property, plant and equipment | **4 744** | 4 391 |
| Credit loss allowances raised/(reversed) | **5 259** | (14 208) |
| Cost of inventory recognised in cost of sales | **11 553 807** | 8 843 526 |
| Staff costs* | **2 169 168** | 1 978 354 |
| Salaries and wages | **2 002 124** | 1 842 192 |
| Retirement funds and medical aid contributions | **136 377** | 125 403 |
| Share appreciation rights scheme (Refer to note 23) | **30 667** | 10 759 |
| Lease charges~ | **17 131** | 11 264 |
| Short-term | **4 627** | 2 728 |
| Low-value assets | **12 504** | 8 536 |

^ *Depreciation included in the cost of sales amounted to R256 million (2022: R289 million).*
* *Staff costs included in cost of sales amounted to R699 million (2022: R615 million).*
~ *Lease charges of R12 million are included in cost of sales.*

**Accounting policy**

*Employee-related expenditure*
Remuneration of employees is charged to profit or loss and recognised as an expense in the period in which the employees render the related service. Further information on benefits provided to employees is set out below.

*Short-term employee benefits*
Short-term employee benefits include salaries and wages, medical aid contributions, paid leave, sick leave and incentive bonuses. These benefits are expected to be settled within 12 months after the reporting date.

*Long-term employee benefits*
Long-term employee benefits, including long service awards and deferred incentive bonuses that are expected to be wholly settled more than 12 months after the end of the reporting period in which the services have been rendered.

## 4. OPERATING PROFIT (continued)

*Retirement benefits*
The Group (except for the UK operations) provides retirement benefits to its full-time employees by means of monthly contributions to defined contribution retirement funds. The assets of these funds are held in separate trustee administered funds. The Group has no legal or constructive obligation to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee services in current and prior periods. The Group's contributions to the retirement funds are recognised as an expense in the period in which the employees render the related service. The UK operation has a funded defined benefit plan in place. The assets of this pension plan are managed by third party investment managers and are held in separate trustee administered funds.

## 5. FINANCE INCOME

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Loans receivable | 3 212 | 2 462 |
| Banks | 8 831 | 2 061 |
| Other receivables | 703 | 189 |
| Preference dividends | 43 513 | - |
| | 56 259 | 4 712 |

The conversion of the redeemable preference shares during the year did not result in the accrued withholding tax becoming due and payable. Consequently, the accrued withholding tax on the preference dividends was reversed to profit during the current year.

**Accounting policy**
Finance income is recognised in profit or loss by applying the effective interest rate to financial assets.

## 6. FINANCE COSTS

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Loan from shareholder | 14 275 | 153 459 |
| Borrowings | 201 787 | 145 687 |
| Other payables | 1 665 | 3 022 |
| Lease liabilities | 25 730 | 24 921 |
| Bank overdraft | 43 239 | 22 497 |
| Preference dividends | 9 888 | 94 089 |
| Trade financing facility | 49 087 | 29 107 |
| | 345 671 | 472 782 |

The loan from the shareholder was ceded for equity on 4 May 2022 which resulted in the significant decrease in the finance cost on the shareholder loan. Refer to note 20. Furthermore the redeemable preference shares were converted to equity on 4 May 2022, which resulted in the decrease in preference dividends. Refer to note 19.

**Accounting policy**
Finance costs are recognised in profit or loss by applying the effective interest rate to financial liabilities.

## 7. FOREIGN EXCHANGE GAINS

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Foreign exchange gains on cash and loans of a funding nature | **56 116** | 4 854 |

The foreign exchange gains on cash and loans of a funding nature are mainly attributable to the Group's exposure to foreign currency risk linked to the ZAR to MZN exchange rate. The table below references the exchange rates for each reporting period.

| | 2023 MZN | 2022 MZN |
|---|---|---|
| ZAR to MZN exchange rate – Closing rate | **3.57** | 4.25 |

**Accounting policy**

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of the monetary assets and liabilities denominated in foreign currencies at closing rates are recognised in profit or loss.

Foreign exchange gains and losses that relate to cash and loans of a funding nature are presented in foreign exchange gains and losses. All other foreign exchange gains and losses are presented on a net basis in administration costs.

## 8. EARNINGS PER SHARE

During the current year the ordinary shares were subdivided in a ratio of 1:200. In accordance with IAS 33 paragraph 64 the earnings per share calculations for the prior year are adjusted retrospectively to reflect the share split.

The "A" ordinary share terms were amended during the current year to confer upon "A" ordinary shareholders the right to receive a distribution each time the board authorises a distribution to the Company's ordinary shareholders. The distribution is determined in relation to the equivalent number of ordinary shares which equals the value of the "A" ordinary shares. The equivalent number of ordinary shares which equals the value of the "A" ordinary shares, is included in the calculation of earnings per share ("EPS"), headline earnings per share ("HEPS"), normalised headline earnings per share and dilutive earnings per share. The "A1" ordinary shareholders have a similar right and therefore the equivalent number of ordinary shares which equals the value of the "A1" ordinary shares, is included in the calculation of EPS, HEPS, normalised headline earnings per share and dilutive earnings per share.

| | 2023 | 2022 |
|---|---|---|
| Number of ordinary shares in issue | **128 905 800** | 83 934 600 |
| Weighted average number of equivalent ordinary shares from "A" and "A1" ordinary shares | **1 176 937** | - |
| Weighted average number of ordinary shares in issue (net of treasury shares)^ | **126 012 283** | 83 930 800 |
| Diluted weighted average number of ordinary shares in issue | **128 227 731** | 84 400 800 |
| Basic earnings per share (cents) | **630.41** | 330.53 |
| Basic earnings per share – diluted (cents) | **593.29** | 328.69 |
| Headline earnings per share (cents) | **633.64** | 453.32 |
| Headline earnings per share – diluted (cents) | **596.47** | 452.81 |
| Normalised headline earnings per share (cents) | **551.67** | 449.46 |
| Normalised headline earnings per share – diluted (cents) | **549.85** | 448.96 |

^ *The weighted average number of ordinary shares in issue (net of treasury shares) includes the weighted average number of equivalent ordinary shares which equals the "A" and "A1" ordinary share values.*

The reconciliation of the weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share is as follows:

| | 2023 | 2022 |
|---|---|---|
| Weighted average number of ordinary shares in issue (net of treasury shares) | **126 012 283** | 83 930 800 |
| *Adjusted for:* | | |
| Right to convert redeemable preference shares (Refer to note 19) | **2 215 448** | 470 000 |
| **Weighted average number of shares for calculation of diluted earnings per share** | **128 227 731** | 84 400 800 |

## 8. EARNINGS PER SHARE (continued)

Reconciliation between net profit attributable to the owners of the Company and headline earnings:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Gross R'000 | Net R'000 | Gross R'000 | Net R'000 |
| Profit attributable to the owners of the Company | | 794 390 | | 277 412 |
| *Adjusted for:* | | | | |
| Loss on disposal of property, plant and equipment | 4 744 | 4 080 | 4 391 | 4 313 |
| Impairment losses | | | | |
| Property, plant and equipment | - | - | 9 127 | 6 362 |
| Goodwill | - | - | 18 950 | 18 950 |
| Trademarks | - | - | 101 992 | 73 438 |
| **Headline earnings** | | 798 470 | | 380 475 |

Reconciliation between headline earnings and normalised headline earnings:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Gross R'000 | Net R'000 | Gross R'000 | Net R'000 |
| Headline earnings | | 798 470 | | 380 475 |
| *Adjusted for:* | | | | |
| Foreign exchange gains on cash and loans of a funding nature | (56 116) | (59 782) | (4 854) | (3 242) |
| Finance costs – Preference dividends* | (43 513) | (43 513) | - | - |
| **Normalised headline earnings** | | 695 175 | | 377 233 |
| *Adjusted for:* | | | | |
| Dilutive earnings effect – Preference dividends | 9 888 | 9 888 | 1 695 | 1 695 |
| **Diluted normalised headline earnings** | | 705 063 | | 378 928 |

* *The adjustment represents the accrued withholding tax on preference dividends that was reversed to profit during the current year as it did not become due and payable when the redeemable preference shares were converted to ordinary shares.*

### Accounting policy

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding those ordinary shares held by group entities as treasury shares.

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to owners of the Company, after excluding those items as required by Circular 01/2021 *Headline Earnings* issued by SAICA as amended from time to time and as required by the JSE Limited.

Weighted average number of ordinary shares in issue is calculated as the number of ordinary shares in issue at the beginning of the period, increased by ordinary shares issued during the period weighted on a time basis for the periods during which they have participated in the profit of the Group.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to owners of the Company, adjusted for the after-tax dilutive effect of the R33.6 million preference dividends. The Company has dilutive potential ordinary shares which comprise the right the Company obtained during the prior year to convert the redeemable preference shares to ordinary shares of the Company.

The Chief Operating Decision Maker ("CODM") and the board review the normalised headline earnings per share and dilutive normalised headline earnings per share of the Group on a regular basis as part of assessing the overall performance of the Group. The calculation of normalised headline earnings per share excludes from headline earnings the impact of the foreign exchange gains on cash and loans of a funding nature, the once-off impact of the accrued withholding tax on the preference dividends that was reversed to profit and the related non-controlling interest and tax effect, divided by the weighted average number of ordinary shares in issue (net of treasury shares). The equivalent number of ordinary shares which equals the value of the "A" and "A1" ordinary shares, is included in the calculation of normalised headline earnings per share.

## 9. OPERATING SEGMENTS

The table below shows the relationship between the revenue per product type disclosed in note 2 and the revenue per segment.

| Revenue by segment per product type | Sale of food products R'000 | Sale of personal care products R'000 | Sale of animal feeds R'000 | Total R'000 |
|---|---|---|---|---|
| **2023** | | | | |
| Millbake | **14 883 893** | **-** | **-** | **14 883 893** |
| Groceries and International | **2 039 816** | **707 040** | **307 711** | **3 054 567** |
| | **16 923 709** | **707 040** | **307 711** | **17 938 460** |
| **2022** | | | | |
| Millbake | 11 869 815 | - | - | 11 869 815 |
| Groceries and International | 1 684 768 | 652 016 | 331 212 | 2 667 996 |
| | 13 554 583 | 652 016 | 331 212 | 14 537 811 |

| | Capital expenditure | | Depreciation and amortisation | | Adjusted EBITDA | |
|---|---|---|---|---|---|---|
| | **2023 R'000** | 2022 R'000 | **2023 R'000** | 2022 R'000 | **2023 R'000** | 2022 R'000 |
| Millbake | **390 443** | 419 593 | **288 620** | 307 976 | **1 630 071** | 1 387 866 |
| Groceries and International | **73 397** | 54 036 | **91 826** | 113 668 | **206 337** | 199 697 |
| Corporate office | **8 844** | 7 348 | **59 111** | 61 183 | **(105 246)** | (97 319) |
| | **472 684** | 480 977 | **439 557** | 482 827 | **1 731 162** | 1 490 244 |

| Reconciliation from Adjusted EBITDA to operating profit | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Adjusted EBITDA | **1 731 162** | 1 490 244 |
| Depreciation and amortisation | **(439 557)** | (482 827) |
| Impairment losses | **-** | (130 069) |
| **Operating profit** | **1 291 605** | 877 348 |
| **Non-current assets by geography** | | |
| South Africa | **4 778 628** | 4 641 464 |
| Outside South Africa | **1 017 411** | 907 715 |
| | **5 796 039** | 5 549 179 |
| Loans receivable | **24 577** | 36 747 |
| Deferred tax | **32 812** | 29 705 |
| **Non-current assets per Statement of Financial Position** | **5 853 428** | 5 615 631 |

The CODM and the board review the normalised headline earnings per share and dilutive normalised headline earnings per share of the Group on a regular basis as part of assessing the overall performance of the Group. Refer to note 8 for more details regarding these performance measurements.

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM is responsible for allocating resources, assessing the performance of operating segments and making strategic decisions. The Chief Executive Officer ("CEO") is the Chief Operating Decision Maker and assesses the performance of operating segments based on earnings before interest, tax, depreciation, amortisation and impairment losses ("Adjusted EBITDA").

## 9. OPERATING SEGMENTS (continued)

The Group's operating segments are differentiated as follows:

- Millbake: This segment comprises the milling and bakery operations in South Africa, eSwatini and Lesotho. The milling and bakery operations share similar economic characteristics as the flour from the milling operations is the main raw material used in the baking of bread.
- Groceries and International: This segment comprises of home and personal care products, sugar based confectionery products and nutritional beverages. Also included in this segment is the Group's subsidiary in the United Kingdom involved in the sales and distribution of home and personal care products and the Group's subsidiary in Mozambique which produces diversified products including wheat flour, maize meal, pasta, biscuits and animal feeds.

The corporate office presented comprises the cost incurred by the Group's corporate office.

The Group accounts for intersegment sales as if the sales were entered into under the same terms and conditions as would have been entered into in a market-related transaction.

## 10. INCOME TAX EXPENSE

The total income tax expense for the year comprises:

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| **Current tax** | | |
| South Africa | | |
| Current period | 230 047 | 157 948 |
| Prior period | (37 333) | (1 162) |
| Foreign | | |
| Current period | 41 888 | 35 854 |
| Prior period | - | (13) |
| Withholding tax | 3 452 | 13 127 |
| | 238 054 | 205 754 |
| **Deferred tax** | | |
| Current year originating and reversing temporary differences | 4 587 | (59 506) |
| Changes in tax rates | - | (334)* |
| Adjustments to deferred tax in respect of prior years | 20 864 | (9 500) |
| | 25 451 | (69 340) |
| **Total tax expense** | 263 505 | 136 414 |

* *The South African corporate tax rate for years of assessment ending on or after 31 March 2023 has decreased from 28% to 27%, whereas the United Kingdom's main rate of corporate tax has increased from 19% to 25% with effect from 1 April 2023. Consequently, on consolidation level the net effect on deferred tax as a result of the changes in rates is not significant.*

## 10. INCOME TAX EXPENSE (continued)

**Reconciliation of the tax rate**

The income tax expense charged to profit or loss differs from the income tax expense that would apply if all of the Group's profits from different tax jurisdictions had been taxed at the South African corporate tax rate. For South African entities that are in a tax paying position, tax has been provided at 27% (2022: 28%). The Group uses the South African tax rate in respect of its tax rate reconciliation as Premier Group Limited is domiciled in South Africa and the most significant operations are in South Africa.

| | **2023 %** | 2022 % |
|---|---|---|
| South African tax rate | **27.0** | 28.0 |
| *Adjusted for:* | | |
| Exempt income – learnership allowances | **(0.4)** | (1.4) |
| Impairment of goodwill | **-** | 1.3 |
| Depreciation on non-allowance assets | **0.7** | 2.3 |
| Expenditure not in production of income | **1.2** | 1.5 |
| Preference dividends – non-deductible | **0.3** | 6.4 |
| Preference dividends – non-taxable | **(1.1)** | - |
| Non-deductible interest | **0.2** | 0.1 |
| Withholding taxes | **0.3** | 3.2 |
| Prior year over provision | **(1.5)** | (2.6) |
| Temporary differences not previously recognised | **(1.2)** | (4.4) |
| Effect of change in tax rates | **-** | (0.1) |
| Effect of different tax rates in foreign countries* | | |
| Mozambique | **0.1** | 0.2 |
| United Kingdom | **(0.4)** | (0.8) |
| eSwatini | **0.1** | (0.1) |
| Lesotho | **(0.4)** | (0.7) |
| **Effective tax rate** | **24.9** | 32.9 |

* *The comparative disclosure for the effect of different tax rates in foreign countries has been disaggregated to separately show the effect per country.*

The tax effects relating to items of other comprehensive income are as follows:

| | **2023 R'000** | 2022 R'000 |
|---|---|---|
| Remeasurement gain on defined benefit obligations | **468** | 1 039 |

**Accounting policy**

The tax expense for the period comprises current tax, deferred tax and withholding tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the Company and the Company's subsidiaries operate and generate taxable income.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and deferred income tax liabilities are only offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Dividend withholding tax is withheld on behalf of the tax authority on dividend distributions where applicable. A withholding tax expense is recognised by the Group entity that receives dividends from its foreign subsidiary. The withholding tax expense represents the amount of tax withheld on dividends paid by foreign subsidiaries. The amount of tax withheld is paid to the tax authority by the foreign subsidiary that paid the dividend to its holding company.

## 11. DEFERRED INCOME TAX

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| **Reconciliation of deferred income tax liability** | | |
| Balance at the beginning of the year | 595 744 | 638 738 |
| Movement through profit or loss | 23 153 | (67 846) |
| Movement through other comprehensive income | 93 | 401 |
| Acquired through business combination | - | 24 197 |
| Change in corporate tax rate | - | 254 |
| **Balance at the end of the year** | 618 990 | 595 744 |
| **Deferred income tax liability comprises:** | | |
| Property, plant and equipment | 410 955 | 385 197 |
| Trademarks | 381 922 | 381 922 |
| Right-of-use assets and related lease liabilities | (13 987) | (11 346) |
| Provisions | (155 903) | (155 826) |
| Payments received in advance | (3 997) | (2 846) |
| Deferred interest | - | (1 357) |
| | 618 990 | 595 744 |
| **Reconciliation of deferred income tax asset** | | |
| Balance at the beginning of the year | 29 705 | 27 860 |
| Movement through profit or loss | (2 298) | 1 160 |
| Movement through other comprehensive income | (375) | (638) |
| Change in corporate tax rate | - | 589 |
| Exchange rate translation | 5 780 | 734 |
| **Balance at the end of the year** | 32 812 | 29 705 |
| **Deferred income tax asset comprises:** | | |
| Property, plant and equipment | 32 197 | 32 891 |
| Unrealised exchange differences | (4 680) | (5 165) |
| Provisions | 5 295 | 1 979 |
| | 32 812 | 29 705 |

**Accounting policy**

Deferred tax is calculated using the liability method on all temporary differences between the accounting carrying amount and the tax carrying amount of assets and liabilities using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the asset is realised or the liability is settled. Deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill or if it arises from the initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

## 12. PROPERTY, PLANT AND EQUIPMENT

| | Land R'000 | Buildings R'000 | Plant and machinery R'000 | Furniture and equipment R'000 | Vehicles R'000 | Capital-in-progress R'000 | Total R'000 |
|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | |
| *Balance at 1 April 2022* | | | | | | | |
| Cost | 195 156 | 1 548 909 | 3 946 015 | 183 261 | 597 219 | 278 044 | 6 748 604 |
| Accumulated depreciation and impairment | - | (567 581) | (1 984 702) | (127 952) | (410 015) | - | (3 090 250) |
| **Opening carrying amount** | 195 156 | 981 328 | 1 961 313 | 55 309 | 187 204 | 278 044 | 3 658 354 |
| Additions | 4 084 | - | - | 29 517 | 134 029 | 305 054 | 472 684 |
| Transfers | - | 47 145 | 250 902 | - | - | (298 047) | - |
| Acquired through business combination | - | - | 2 800 | 106 | 748 | - | 3 654 |
| Disposals | (350) | (1 078) | (11 690) | (355) | (1 349) | - | (14 822) |
| Exchange translation differences | - | 16 931 | 27 352 | 753 | 912 | 13 203 | 59 151 |
| Depreciation | - | (55 320) | (211 405) | (21 808) | (50 249) | - | (338 782) |
| **Closing carrying amount** | 198 890 | 989 006 | 2 019 272 | 63 522 | 271 295 | 298 254 | 3 840 239 |
| *Balance at 31 March 2023* | | | | | | | |
| Cost | 198 890 | 1 628 702 | 4 219 270 | 203 827 | 704 899 | 298 254 | 7 253 842 |
| Accumulated depreciation and impairment | - | (639 696) | (2 199 998) | (140 305) | (433 604) | - | (3 413 603) |
| **Closing carrying amount** | 198 890 | 989 006 | 2 019 272 | 63 522 | 271 295 | 298 254 | 3 840 239 |
| **2022** | | | | | | | |
| *Balance at 1 April 2021* | | | | | | | |
| Cost | 179 383 | 1 392 152 | 3 354 399 | 181 563 | 535 078 | 466 087 | 6 108 662 |
| Accumulated depreciation and impairment | - | (514 279) | (1 761 204) | (114 868) | (373 367) | - | (2 763 718) |
| **Opening carrying amount** | 179 383 | 877 873 | 1 593 195 | 66 695 | 161 711 | 466 087 | 3 344 944 |
| Additions* | 6 603 | - | - | 15 218 | 89 359 | 369 797 | 480 977 |
| Transfers* | - | 116 162 | 450 478 | - | - | (566 640) | - |
| Acquired through business combination | 9 170 | 38 603 | 165 795 | - | - | 8 800 | 222 368 |
| Disposals | - | (208) | (2 929) | (496) | (3 015) | - | (6 648) |
| Exchange translation differences | - | 2 126 | 4 473 | 40 | 111 | - | 6 750 |
| Depreciation | - | (53 228) | (240 572) | (26 148) | (60 962) | - | (380 910) |
| Impairment loss | - | - | (9 127) | - | - | - | (9 127) |
| **Closing carrying amount** | 195 156 | 981 328 | 1 961 313 | 55 309 | 187 204 | 278 044 | 3 658 354 |
| *Balance at 31 March 2022* | | | | | | | |
| Cost | 195 156 | 1 548 909 | 3 946 015 | 183 261 | 597 219 | 278 044 | 6 748 604 |
| Accumulated depreciation and impairment | - | (567 581) | (1 984 702) | (127 952) | (410 015) | - | (3 090 250) |
| **Closing carrying amount** | 195 156 | 981 328 | 1 961 313 | 55 309 | 187 204 | 278 044 | 3 658 354 |

* *The additions and transfers in the note have been re-presented to reflect the nature of the transactions between transfers and additions.*

## 12. PROPERTY, PLANT AND EQUIPMENT (continued)

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Property, plant and equipment | **104 966** | 56 349 |

A register of freehold land and buildings is available for inspection at the registered office of the Company. Refer to note 21 for assets encumbered as security.

### Accounting policy

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, except for land which is stated at cost less any accumulated impairment losses. Cost includes expenditure which is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation commences when the asset is available for use as intended by management. Depreciation is calculated on the straight-line method at rates considered appropriate to reduce book values over the useful lives of the assets, as follows:

- Buildings 5 – 50 years
- Plant and machinery 2 – 45 years
- Furniture and equipment 2 – 25 years
- Vehicles 4 – 15 years

The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at least at each financial year-end.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on the derecognition of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### Significant estimates and judgements

When an asset is first acquired and capitalised for use, management assign estimated useful lives by taking into account the class of asset, its expected usage, and industry norms. Each year, the assets' useful lives and residual values are reviewed at least once, and adjusted if appropriate. This review is achieved through a process of consultation with the technical teams making use of the assets to determine whether any of the original useful lives need to be updated due to the condition of the assets warranting use of the asset beyond the initial estimated life. During the current year, the assessment resulted in a change in useful lives mainly relating to plant and machinery. Based on the assessment performed by management the average useful lives on plant and machinery changed from 18 years to 21 years. This equated to a decline in depreciation of R41 million recognised against plant and machinery in the current year.

## 13. RIGHT-OF-USE ASSETS

| | Land and buildings R'000 | Vehicles R'000 | Total R'000 |
|---|---|---|---|
| **2023** | | | |
| *Balance at 1 April 2022* | | | |
| Cost | 321 312 | 23 736 | 345 048 |
| Accumulated depreciation | (116 209) | (11 062) | (127 271) |
| **Opening carrying amount** | 205 103 | 12 674 | 217 777 |
| Additions | 49 978 | 7 800 | 57 778 |
| Lease remeasurement | 38 442 | - | 38 442 |
| Disposals | (2 366) | (624) | (2 990) |
| Exchange translation differences | (14) | 2 742 | 2 728 |
| Depreciation | (56 960) | (5 340) | (62 300) |
| **Closing carrying amount** | 234 183 | 17 252 | 251 435 |
| *Balance at 31 March 2023* | | | |
| Cost | 386 772 | 32 826 | 419 598 |
| Accumulated depreciation | (152 589) | (15 574) | (168 163) |
| **Closing carrying amount** | 234 183 | 17 252 | 251 435 |

Additions to right-of-use assets are attributable to the lease of approximately 9,000m$^2$ additional warehouse space on the same premises of the Group's central distribution depot in Gauteng.

The lease remeasurement of R38.4 million relates to the Corporate office lease terms that were renegotiated during the current year. The lease term was extended to expire in July 2029 together with a decrease in lease consideration payable. The lease liability was remeasured and the corresponding adjustment was recognised against right-of-use assets.

| | Land and buildings R'000 | Vehicles R'000 | Total R'000 |
|---|---|---|---|
| **2022** | | | |
| *Balance at 1 April 2021* | | | |
| Cost | 246 216 | 20 801 | 267 017 |
| Accumulated depreciation | (69 162) | (10 992) | (80 154) |
| **Opening carrying amount** | 177 054 | 9 809 | 186 863 |
| Additions | 78 552 | 7 731 | 86 283 |
| Acquired through business combination | 11 878 | - | 11 878 |
| Disposals | - | (860) | (860) |
| Exchange translation differences | (131) | 371 | 240 |
| Depreciation | (62 250) | (4 377) | (66 627) |
| **Closing carrying amount** | 205 103 | 12 674 | 217 777 |
| *Balance at 31 March 2022* | | | |
| Cost | 321 312 | 23 736 | 345 048 |
| Accumulated depreciation | (116 209) | (11 062) | (127 271) |
| **Closing carrying amount** | 205 103 | 12 674 | 217 777 |

Right-of-use assets are effectively ceded as security for the concomitant lease liabilities as the rights to the leased assets revert to the lessor in the event of default.

## 13. RIGHT-OF-USE ASSETS (continued)

**Accounting policy**

Right-of-use assets mainly relate to distribution depots, office buildings and leased vehicles. Rental contracts are typically made for fixed periods of 3 to 12 years. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. A right-of-use asset and a corresponding lease liability are recognised at the date at which the leased asset is available for use by the Group.

Right-of-use assets are measured at cost, comprising of the following:

- The amount of the initial measurement of the lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs.

Right-of-use assets are subsequently stated at cost less accumulated depreciation and impairment losses. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis and recognised in profit or loss.

Lease liabilities are remeasured and right-of-use assets adjusted accordingly using the updated discount rate in order to appropriately account for all lease remeasurements.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise certain IT-equipment and small items of office equipment.

Extension and termination options are included in a number of the property leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

**Significant estimates and judgements**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods where an option exists to extend or terminate the lease. In making this judgement, the Group evaluates whether it is reasonably certain to exercise the option to renew or terminate the lease term. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The Group considers all relevant factors that create an economic incentive for it to exercise the renewal and the circumstances and facts for each lease, including past experiences. This includes an assessment of the length of time remaining before the option is exercisable, current trading conditions and planned future growth of the business. The Group continuously reassesses the lease term. At the reporting date, no extension options were taken into account in determining the lease term.

## 14. GOODWILL AND INTANGIBLE ASSETS

| | Goodwill R'000 | Trademarks R'000 | Software R'000 | Total R'000 |
|---|---|---|---|---|
| **2023** | | | | |
| *Balance at 1 April 2022* | | | | |
| Cost | 1 113 691 | 1 995 270 | 37 773 | 3 146 734 |
| Accumulated amortisation and impairment | (905 627) | (558 452) | (9 607) | (1 473 686) |
| **Opening carrying amount** | 208 064 | 1 436 818 | 28 166 | 1 673 048 |
| Additions | - | - | 44 709 | 44 709 |
| Acquired through business combination | 25 083 | - | - | 25 083 |
| Amortisation | - | - | (38 475) | (38 475) |
| **Closing carrying amount** | 233 147 | 1 436 818 | 34 400 | 1 704 365 |
| *Balance at 31 March 2023* | | | | |
| Cost | 1 138 774 | 1 995 270 | 47 446 | 3 181 490 |
| Accumulated amortisation and impairment | (905 627) | (558 452) | (13 046) | (1 477 125) |
| **Closing carrying amount** | 233 147 | 1 436 818 | 34 400 | 1 704 365 |
| **2022** | | | | |
| *Balance at 1 April 2021* | | | | |
| Cost | 1 113 691 | 1 908 853 | 42 822 | 3 065 366 |
| Accumulated amortisation and impairment | (886 677) | (456 460) | (15 512) | (1 358 649) |
| **Opening carrying amount** | 227 014 | 1 452 393 | 27 310 | 1 706 717 |
| Additions | - | - | 38 161 | 38 161 |
| Acquired through business combination | - | 86 417 | - | 86 417 |
| Disposals | - | - | (2 015) | (2 015) |
| Impairment loss | (18 950) | (101 992) | - | (120 942) |
| Amortisation | - | - | (35 290) | (35 290) |
| **Closing carrying amount** | 208 064 | 1 436 818 | 28 166 | 1 673 048 |
| *Balance at 31 March 2022* | | | | |
| Cost | 1 113 691 | 1 995 270 | 37 773 | 3 146 734 |
| Accumulated amortisation and impairment | (905 627) | (558 452) | (9 607) | (1 473 686) |
| **Closing carrying amount** | 208 064 | 1 436 818 | 28 166 | 1 673 048 |

## 14. GOODWILL AND INTANGIBLE ASSETS (continued)

Goodwill and indefinite life trademarks are allocated to the Group's cash-generating units ("CGUs") as follows:

| | Goodwill R'000 | Trademarks R'000 | Total R'000 |
|---|---|---|---|
| **2023** | | | |
| South Africa | | | |
| Millbake | **177 242** | **826 226** | **1 003 468** |
| Groceries - Personal care products | **-** | **243 436** | **243 436** |
| United Kingdom | | | |
| Groceries - Personal care products | **-** | **314 173** | **314 173** |
| eSwatini | | | |
| Millbake | **55 905** | **52 983** | **108 888** |
| | **233 147** | **1 436 818** | **1 669 965** |
| **2022** | | | |
| South Africa | | | |
| Millbake | 152 159 | 826 226 | 978 385 |
| Groceries - Personal care products | - | 243 436 | 243 436 |
| United Kingdom | | | |
| Groceries - Personal care products | - | 314 173 | 314 173 |
| eSwatini | | | |
| Millbake | 55 905 | 52 983 | 108 888 |
| | 208 064 | 1 436 818 | 1 644 882 |

The CGUs are tested annually for impairment, or when an impairment indicator exists. The following key assumptions were used in the impairment tests:

| | Revenue growth rate % | Operating cost increases % | Terminal growth rate % | Discount rate % | Forecast period Years |
|---|---|---|---|---|---|
| **2023** | | | | | |
| South Africa | | | | | |
| Millbake | **7.3** | **7.6** | **4.8** | **14.1** | **5** |
| Groceries - Personal care products | **4.3** | **1.7** | **4.8** | **14.1** | **5** |
| United Kingdom | | | | | |
| Groceries - Personal care products | **4.1** | **2.1** | **2.0** | **10.9** | **5** |
| eSwatini | | | | | |
| Millbake | **8.8** | **7.2** | **4.5** | **17.9** | **5** |
| **2022** | | | | | |
| South Africa | | | | | |
| Millbake | 7.7 | 7.9 | 4.8 | 11.8 | 5 |
| Groceries - Personal care products | 10.0 | 9.9 | 4.8 | 11.8 | 5 |
| Groceries - Sugar confectionery | 12.9 | 12.0 | 4.8 | 11.8 | 5 |
| United Kingdom | | | | | |
| Groceries - Personal care products | 5.9 | 4.3 | 2.0 | 8.7 | 5 |
| eSwatini | | | | | |
| Millbake | 6.5 | 7.7 | 4.5 | 16.3 | 5 |
| Groceries - Beverages | 12.2 | 9.2 | 4.5 | 16.3 | 5 |

## 14. GOODWILL AND INTANGIBLE ASSETS (continued)

The increase in discount rates when compared to prior year is as a result of increases in the long term risk-free rates and betas.

Sensitivity tests were performed on a 10% change in the revenue growth rate, percentage operating cost increase, terminal growth rates and discount rates used in the underlying impairment tests in the current and preceding financial years. For those CGUs not impaired, the outcomes of these sensitivity tests supported that no additional impairments were necessary.

Based on the calculations performed for the annual impairment tests, no impairment losses were recognised on CGU's for the 2023 financial year.

The impairment losses on the CGU's recognised for the 2022 financial year are attributable as follows:

| | Property plant and equipment R'000 | Goodwill R'000 | Trademarks R'000 | Total R'000 |
|---|---|---|---|---|
| **2022** | | | | |
| South Africa | | | | |
| Groceries – Personal care products | - | - | 14 874 | 14 874 |
| Groceries – Sugar confectionery | - | - | 86 417 | 86 417 |
| eSwatini | | | | |
| Groceries – Beverages | 3 452 | 18 950 | 701 | 23 103 |
| Mozambique | | | | |
| Groceries | 5 675 | - | - | 5 675 |
| **Total impairment losses** | 9 127 | 18 950 | 101 992 | 130 069 |

### Accounting policy

Goodwill arises on the acquisition of a business and is recognised at the acquisition date when the consideration transferred and the recognised amount of non-controlling interests exceeds the fair value of the net identifiable assets of the entity acquired. Goodwill is measured at cost less accumulated impairment.

Goodwill and indefinite life trademarks are allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The groups of CGUs are not larger than operating segments.

The trademarks are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate cash inflows for the respective CGUs based on the essential products that these trademarks represent.

Goodwill and trademarks are tested annually for impairment, or when an impairment indicator exists by comparing the carrying amount of each CGU to its recoverable amount. The recoverable amount of the relevant CGUs is the higher of value-in-use or fair value less cost to sell of the CGU and is within level 3 of the fair value hierarchy. Level 3 of the fair value hierarchy measurement is indicative that inputs were used that are not based on observable market data.

Goodwill and trademarks are carried at cost less accumulated impairment.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (average three years). Software licenses have a finite life and are measured at cost less accumulated amortisation and accumulated impairment losses.

### Significant estimates and judgements

In the current year the recoverable amounts were based on the fair value less cost to sell. These calculations require the entity to estimate cash flow projections based on revenue growth rates, operating cost increases and terminal growth rates as disclosed in this note. The growth rates (including terminal growth rates) are based on industry trends and historical performance including the long-term inflation forecasts for each territory. A risk-adjusted post-tax discount rate is used for each CGU to discount the future cash flow projections.

## 15. LOANS RECEIVABLE

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Loans to employees | **18 904** | 37 113 |
| Loan to executive director | **5 673** | 7 057 |
| Loan to a former employee* | **6 454** | - |
| | **31 031** | 44 170 |

* *The loan to a former employee relates to an employee who retired during the current year. The related prior year balance of R7.4 million was therefore presented under loans to employees.*

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Non-current assets | **24 577** | 36 747 |
| Current assets | **6 454** | 7 423 |
| | **31 031** | 44 170 |

The loans relate to financial assistance provided to acquire shares in the Company. The loans bear interest at South African prime ("prime") interest rate less 1%. The loans are full recourse and secured by the shares issued. The fair value of the shares exceed the carrying amounts of the loans. The borrower is liable to settle the loan in full should they leave the Group's employment. The terms of the loans are market related. The loans receivable within 12 months after the reporting date have been classified as current assets.

**Accounting policy**

The loans are recognised at fair value and subsequently measured at amortised cost which represents the initial loan amount, minus the principal repayments, plus cumulative interest using the effective interest method. The loans have been assessed for expected credit losses and did not result in any material expected credit losses.

## 16. INVENTORIES

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Raw materials | **1 834 663** | 1 118 840 |
| Work-in-progress | **59 311** | 40 497 |
| Finished goods | **432 222** | 402 685 |
| Consumable stores | **87 875** | 75 078 |
| | **2 414 071** | 1 637 100 |
| Provision for obsolete stock | **(11 898)** | (9 161) |
| | **2 402 173** | 1 627 939 |

In the weeks preceding year-end the Group procured grain, which together with higher commodity prices has resulted in an increase in raw materials when compared to the prior year.

**Accounting policy**

Raw materials, work-in-progress, finished goods and consumable stores are stated at the lower of cost or net realisable value. Cost includes all costs incurred in bringing the inventories to their current location and condition and is determined as follows:

- Raw materials and consumable stores: Cost of purchase on a weighted average cost basis.
- Finished goods and work-in-progress: Cost of materials and production overheads directly attributable to the cost of manufacturing such inventories based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated cost to make the sale.

## 17. TRADE AND OTHER RECEIVABLES

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| **Financial instruments:** | | |
| Trade receivables | **1 605 858** | 1 231 753 |
| Less: Credit loss allowances | **(30 852)** | (28 437) |
| Net trade receivables | **1 575 006** | 1 203 316 |
| Deposits | **26 753** | 25 308 |
| Other receivables | **13 973** | 9 482 |
| **Non-financial instruments:** | | |
| VAT | **127 643** | 120 762 |
| Prepayments* | **51 539** | 16 369 |
| | **1 794 914** | 1 375 237 |

* *In the weeks preceding year-end, a prepayment was made to a supplier for the procurement of grain.*

The fair value of trade and other receivables approximates their carrying value due to the short-term nature of the balances.

The other receivables and deposits consist of items which are not considered individually material. These items have been assessed for expected credit losses using the general approach as per IFRS 9 and did not result in expected credit losses.

Trade receivables consist of a large number of customers spread across geographical areas. Trade receivables are grouped in classes based on shared credit risk characteristics. The classes of trade receivables identified are as follows:

- South Africa – Retail
- South Africa – Wholesale
- eSwatini and Lesotho
- Mozambique
- United Kingdom

The customer base for the trade receivables is large and widespread, with a result that there is no specific significant concentration of credit risk to any single counterparty or any group of counterparties with similar characteristics.

Trade receivables do not contain a significant financing component. The Group applies the IFRS 9 simplified approach to measure the loss allowance at an amount equal to the lifetime expected credit loss making use of a provision matrix.

To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and aging buckets. The expected credit losses are calculated using adjusted historical loss rates. The historical loss rates are calculated for each age bucket and are based on the payment profiles of historical sales for customers and associated write-offs over the past two years. The historical loss rates are then adjusted to reflect current and forward looking information on macro-economic factors affecting the ability of customers to settle the outstanding balances. The Group identified the economic outlook of the country in which the customer resides, the significant volatility of the local currency, the increase of interest rates and inflationary pressure on customers to be the most relevant factors which increase the risk of defaults on customer accounts. The historical loss rates have been adjusted to reflect the expected changes in these factors.

The Group has credit insurance in place for wholesale and retail trade receivables in South Africa which would pay 90% (2022: 85%) of the outstanding balance, subject to the balance not exceeding the customers insured value. Certain individual customers are covered by insurance for eSwatini and United Kingdom related trade receivables. The Group has an established credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment, delivery terms and conditions are offered. Creditworthiness, credit limits and insured value of customers are reviewed annually.

The trade receivable balances are segregated by class for balances covered by credit insurance and those balances which management has specifically provided for based on high risk of default. The segregation is depicted in the table below:

## 17. TRADE AND OTHER RECEIVABLES (continued)

| 2023 - Segregation of trade receivables | Gross trade receivables R'000 | Insured balances R'000 | Balances specifically provided R'000 | Balances subject to provision matrix R'000 |
|---|---|---|---|---|
| South Africa - Retail | 923 203 | (271 074) | - | 652 129 |
| South Africa - Wholesale | 407 497 | (78 927) | (233) | 328 337 |
| eSwatini and Lesotho | 70 353 | (28 439) | (2 341) | 39 573 |
| Mozambique | 147 400 | - | (11 490) | 135 910 |
| United Kingdom | 57 405 | (8 695) | (5 285) | 43 425 |
| | 1 605 858 | (387 135) | (19 349) | 1 199 374 |

| 2023 - Balances subject to provision matrix | Current R'000 | 30 days R'000 | 60 days R'000 | 90 days R'000 | 120 plus days R'000 | Total R'000 |
|---|---|---|---|---|---|---|
| South Africa - Retail | 445 438 | 181 124 | 14 392 | 9 660 | 1 515 | 652 129 |
| South Africa - Wholesale | 261 119 | 58 759 | 7 970 | 354 | 135 | 328 337 |
| eSwatini and Lesotho | 23 147 | 13 458 | 1 392 | 1 273 | 303 | 39 573 |
| Mozambique | 103 796 | 18 197 | 4 591 | 2 613 | 6 713 | 135 910 |
| United Kingdom | 32 502 | 10 076 | 582 | 77 | 188 | 43 425 |
| | 866 002 | 281 614 | 28 927 | 13 977 | 8 854 | 1 199 374 |

| 2023 - Loss rate | Current % | 30 days % | 60 days % | 90 days % | 120 plus days % |
|---|---|---|---|---|---|
| South Africa - Retail | 0.2 | 0.5 | 2.7 | 12.1 | 15.3 |
| South Africa - Wholesale | 0.7 | 2.0 | 8.7 | 18.4 | 21.2 |
| eSwatini and Lesotho | 0.4 | 1.2 | 5.7 | 13.9 | 17.9 |
| Mozambique | 0.3 | 1.0 | 7.2 | 24.0 | 25.9 |
| United Kingdom | 0.3 | 0.7 | 4.6 | 5.6 | 8.6 |

| 2023 - Expected credit loss | Current R'000 | 30 days R'000 | 60 days R'000 | 90 days R'000 | 120 plus days R'000 | Total R'000 |
|---|---|---|---|---|---|---|
| South Africa - Retail | 963 | 905 | 389 | 1 169 | 232 | 3 658 |
| South Africa - Wholesale | 1 940 | 1 164 | 692 | 65 | 28 | 3 889 |
| eSwatini and Lesotho | 103 | 167 | 79 | 176 | 54 | 579 |
| Mozambique | 276 | 174 | 329 | 628 | 1 736 | 3 143 |
| United Kingdom | 111 | 76 | 27 | 4 | 16 | 234 |
| | 3 393 | 2 486 | 1 516 | 2 042 | 2 066 | 11 503 |

| 2023 - Net trade receivables by class | Gross carrying amount R'000 | Total credit loss allowance R'000 | Net trade receivables R'000 |
|---|---|---|---|
| South Africa - Retail | 923 203 | (3 658) | 919 545 |
| South Africa - Wholesale | 407 497 | (4 121) | 403 376 |
| eSwatini and Lesotho | 70 353 | (2 921) | 67 432 |
| Mozambique | 147 400 | (14 632) | 132 768 |
| United Kingdom | 57 405 | (5 520) | 51 885 |
| | 1 605 858 | (30 852) | 1 575 006 |

## 17. TRADE AND OTHER RECEIVABLES (continued)

| 2022 – Segregation of trade receivables | Gross trade receivables R'000 | Insured balances R'000 | Balances specifically provided R'000 | Balances subject to provision matrix R'000 |
|---|---|---|---|---|
| South Africa – Retail* | 684 307 | (272 225) | - | 412 082 |
| South Africa – Wholesale* | 328 754 | (77 775) | (3 617) | 247 362 |
| eSwatini and Lesotho | 58 708 | (17 550) | (3 384) | 37 774 |
| Mozambique | 112 104 | - | (12 211) | 99 893 |
| United Kingdom | 47 880 | (3 477) | (5 681) | 38 722 |
| | 1 231 753 | (371 027) | (24 893) | 835 833 |

| 2022 – Balances subject to provision matrix | Current R'000 | 30 days R'000 | 60 days R'000 | 90 days R'000 | 120 plus days R'000 | Total R'000 |
|---|---|---|---|---|---|---|
| South Africa – Retail | 308 701 | 90 929 | 9 798 | 863 | 1 791 | 412 082 |
| South Africa – Wholesale | 216 496 | 25 598 | 5 232 | 36 | - | 247 362 |
| eSwatini and Lesotho | 23 105 | 12 935 | 1 470 | 264 | - | 37 774 |
| Mozambique | 76 749 | 17 527 | 1 836 | 471 | 3 310 | 99 893 |
| United Kingdom | 28 559 | 7 830 | 1 237 | 399 | 697 | 38 722 |
| | 653 610 | 154 819 | 19 573 | 2 033 | 5 798 | 835 833 |

| 2022 – Loss rate | Current % | 30 days % | 60 days % | 90 days % | 120 plus days % |
|---|---|---|---|---|---|
| South Africa – Retail | 0.2 | 0.4 | 2.5 | 11.9 | 14.9 |
| South Africa – Wholesale | 0.7 | 1.5 | 7.9 | 17.9 | 20.4 |
| eSwatini and Lesotho | 0.1 | 0.2 | 1.2 | 6.3 | 7.5 |
| Mozambique | 0.3 | 1.0 | 6.1 | 23.9 | 25.6 |
| United Kingdom | 0.1 | 0.2 | 1.2 | 2.7 | 3.2 |

| 2022 – Expected credit loss | Current R'000 | 30 days R'000 | 60 days R'000 | 90 days R'000 | 120 plus days R'000 | Total R'000 |
|---|---|---|---|---|---|---|
| South Africa – Retail | 145 | 96 | 64 | 26 | 214 | 545 |
| South Africa – Wholesale | 939 | 228 | 181 | 6 | - | 1 354 |
| eSwatini and Lesotho | 41 | 28 | 17 | 7 | - | 93 |
| Mozambique | 226 | 178 | 111 | 112 | 848 | 1 475 |
| United Kingdom | 15 | 14 | 15 | 11 | 22 | 77 |
| | 1 366 | 544 | 388 | 162 | 1 084 | 3 544 |

| 2022 – Net trade receivables by class | Gross carrying amount R'000 | Total credit loss allowance R'000 | Net trade receivables R'000 |
|---|---|---|---|
| South Africa – Retail | 684 307 | (545) | 683 762 |
| South Africa – Wholesale | 328 754 | (4 971) | 323 783 |
| eSwatini and Lesotho | 58 708 | (3 477) | 55 231 |
| Mozambique | 112 104 | (13 686) | 98 418 |
| United Kingdom | 47 880 | (5 758) | 42 122 |
| | 1 231 753 | (28 437) | 1 203 316 |

** The note has been re-presented to limit the insured balances for the South African classes for trade receivables to the maximum liability of R350 million per the insurance Policy. It was previously presented as R596.5 million and R170.4 million for the South Africa - Retail and South Africa - Wholesale classes respectively. This resulted in the balances subject to the provision matrix increasing, however the impact on the expected credit loss is immaterial.*

## 17. TRADE AND OTHER RECEIVABLES (continued)

| Loss allowance reconciliation | Balance at the beginning of the year R'000 | Movement in loss allowance recognised in profit or loss R'000 | Amounts written off as uncollectable R'000 | Balance at the end of the year R'000 |
|---|---|---|---|---|
| **2023** | | | | |
| South Africa - Retail | **545** | **3 113** | **-** | **3 658** |
| South Africa - Wholesale | **4 971** | **1 733** | **(2 583)** | **4 121** |
| eSwatini and Lesotho | **3 477** | **(529)** | **(27)** | **2 921** |
| Mozambique | **13 686** | **1 180** | **(234)** | **14 632** |
| United Kingdom | **5 758** | **(238)** | **-** | **5 520** |
| | **28 437** | **5 259** | **(2 844)** | **30 852** |
| **2022** | | | | |
| South Africa - Retail | 178 | 367 | - | 545 |
| South Africa - Wholesale | 135 896 | (16 380) | (114 545) | 4 971 |
| eSwatini and Lesotho | 2 443 | 1 083 | (49) | 3 477 |
| Mozambique | 13 456 | 859 | (629) | 13 686 |
| United Kingdom | 6 065 | (247) | (60) | 5 758 |
| | 158 038 | (14 318) | (115 283) | 28 437 |

| Top 5 trade receivable balances | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Customer A | **360 170** | 210 982 |
| Customer B | **177 394** | 144 250 |
| Customer C | **154 332** | 112 316 |
| Customer D | **84 643** | 54 693 |
| Customer E | **57 702** | 34 875 |
| | **834 241** | 557 116 |

**Accounting policy**

Trade and other receivables, excluding VAT and prepayments, are classified as financial assets subsequently measured at amortised cost. Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are initially recognised at transaction price and subsequently measured at amortised cost less the expected credit loss allowance. Adjustments in the expected credit loss allowance are recognised in profit or loss and separately presented as credit loss allowances reversed/(raised) on the Statement of Profit or Loss and Other Comprehensive Income. Trade and other receivables are written off where there is no reasonable expectation of recovering amounts due and are recognised against the loss allowance.

## 18. SHARE CAPITAL

During the current year the Company's authorised and issued ordinary shares were subdivided in a ratio of 1:200 resulting in 200 000 000 authorised ordinary shares and 128 905 800 issued ordinary shares. Furthermore, 50 000 "A1" ordinary shares were created, of which 23 060 were issued during the current year. During the current year, the Memorandum of Incorporation was amended to place the unissued authorised shares of the Company under the control of the Directors.

The "A" ordinary share terms were amended during the current year to confer upon "A" ordinary shareholders the right to receive a distribution each time the board authorises a distribution to the Company's ordinary shareholders. The distribution is determined in relation to the equivalent number of ordinary shares which equals the value of the "A" ordinary shares. The "A1" ordinary shareholders have a similar right to receive a distribution determined in relation to the equivalent number of ordinary shares which equals the value of the "A1" ordinary shares. Refer to note 37 for further details regarding the "A" and "A1" ordinary shares.

| Authorised share capital | 2023 | 2022 |
|---|---|---|
| Ordinary shares | 200 000 000 | 1 000 000 |
| "A" ordinary shares | 25 000 | 25 000 |
| "A1" ordinary shares | 50 000 | - |

### Issued and fully paid

| Reconciliation of issued share capital | Number of ordinary shares | Number of "A" ordinary shares | Number of "A1" ordinary shares | Share capital R'000 |
|---|---|---|---|---|
| **2023** | | | | |
| At the beginning of the year | 419 673 | 15 457 | - | 126 879 |
| Issue of ordinary shares – Shareholder loan* | 102 165 | - | - | 1 492 392 |
| Issue of ordinary shares – Preference shares** | 122 521 | - | - | 1 789 751 |
| Issue of ordinary shares | 170 | - | - | 2 483 |
| Issue of "A1" ordinary shares | - | - | 23 060 | *** |
| | 644 529 | 15 457 | 23 060 | 3 411 505 |
| Effect of share split | 128 261 271 | - | - | - |
| Return of capital | - | - | - | (947 238) |
| **At the end of the year** | 128 905 800 | 15 457 | 23 060 | 2 464 267 |

* *Brait's shareholder loan in Premier FMCG Proprietary Limited was ceded to the Company for the issue by the Company of ordinary shares to Brait. Refer to note 20.*
** *The redeemable preference shares converted to ordinary shares during the current year. Refer to note 19.*
*** *A1 ordinary shares were issued for a total consideration of R230.60 during the current year.*

| | Number of ordinary shares | Number of "A" ordinary shares | Number of "A1" ordinary shares | Share capital R'000 |
|---|---|---|---|---|
| **2022** | | | | |
| At the beginning of the year | 421 487 | 13 525 | - | 117 632 |
| Issue of ordinary shares | 46 | - | - | 495 |
| Cancellation of treasury shares | (1 860) | - | - | ^ |
| Issue of "A" ordinary shares | - | 1 932 | - | 8 752 |
| **At the end of the year** | 419 673 | 15 457 | - | 126 879 |

^ *The Company repurchased 1 860 ordinary shares which one of its subsidiaries held in the Company. Share Capital is reduced with R18.60 which is not shown due to rounding.*

**Accounting policy**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. The subscriptions in the "A" ordinary and "A1" ordinary shares have the same characteristics as a call option, with the subscription price representing a premium paid for the option and recognised in share capital as legally the "A" and "A1" ordinary shares represents issued share capital. Refer to note 37 for further details on the accounting treatment of the options.

## 19. REDEEMABLE PREFERENCE SHARES

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| 963 no-par value, cumulative, redeemable preference shares | - | 963 000 |
| Accrued preference dividends | - | 826 751 |
| | - | 1 789 751 |

During the prior year, on 25 March 2022, the preference share terms were amended to include a right to convert the preference shares into ordinary shares of the Company at the Company's discretion. The shareholders were entitled to dividends at the rate of prime less 2% per annum, net of withholding taxes. On 4 May 2022, the redeemable preference shares were converted into 122 521 ordinary shares of the Company, being the number of shares prior to the subdivision of the ordinary shares in a ratio of 1:200. The number of ordinary shares issued, fairly valued equaled the carrying value of the redeemable preference shares of R1 790 million on conversion date.

**Accounting policy**

The preference shares were classified as a liability at amortised cost as they were mandatorily redeemable and could have been converted into a variable number of ordinary shares of the Company.

## 20. LOAN FROM SHAREHOLDER

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Brait Mauritius Limited | - | 1 492 403 |

On 4 May 2022, Brait Mauritius Limited ceded its rights to the shareholder loan claim in exchange for the issue by the Company of additional 102 165 ordinary shares, being the number of shares prior to the subdivision of the ordinary shares in a ratio of 1:200, to Brait Mauritius Limited. The number of ordinary shares issued, fairly valued, equals the carrying value of the loan of R1 492 million on the effective date of the transaction. Prior to the cession, the loan bore interest at prime plus 2%.

**Accounting policy**

The loan from shareholder constituted a financial liability and was initially recognised at fair value, net of transaction costs incurred and was subsequently stated at amortised cost. The loan was classified as a non-current liability in the prior year as the Group had an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The loan from shareholder was derecognised when the obligation was discharged.

## 21. BORROWINGS

| Secured bank loans | Currency | Interest rate | Maturity date | 2023 R'000 | 2022 R'000 |
|---|---|---|---|---|---|
| **Term loan facilities** | | | | | |
| FirstRand Bank Limited – Facility A | ZAR | JIBAR plus 2.35% to 2.85% | 9 December 2024 | **-** | 440 000 |
| Standard Bank of South Africa Limited | ZAR | Prime less 0.7% | 30 November 2025 | **183 008** | 202 247 |
| FirstRand Bank Limited – Term facility | ZAR | JIBAR plus 1.35% | 2 November 2025 | **1 900 000** | - |
| **Revolving loan facilities** | | | | | |
| FirstRand Bank Limited – Facility B | ZAR | JIBAR plus 1.4% to 1.9% | 9 December 2024 | **-** | 1 200 000 |
| FirstRand Bank Limited – Facility C | ZAR | JIBAR plus 2.5% to 3% | 9 December 2024 | **-** | 300 000 |
| Standard Bank of eSwatini Limited | SZL | Prime plus 0.45% | 31 July 2026 | **80 000** | 80 000 |
| First National Bank of eSwatini Limited | SZL | Prime plus 0.45% | 31 July 2026 | **80 000** | 80 000 |
| FirstRand Bank Limited – RCF | ZAR | JIBAR plus 1.45% | 2 November 2026 | **705 964** | - |
| | | | | **2 948 972** | 2 302 247 |
| Non-current | | | | **2 926 602** | 2 123 008 |
| Current | | | | **22 370** | 179 239 |
| | | | | **2 948 972** | 2 302 247 |

During the current year facilities A, B and C of FirstRand Bank Limited were refinanced and consolidated into a Term Facility and a Revolving Credit Facility ("RCF") at reduced interest rates of JIBAR plus 1.35% and JIBAR plus 1.45% respectively. Consequently, R1 860 million was retained and an additional R1 040 million cash inflow was received, of which R934 million was distributed to shareholders during the current year. The change in loan terms is deemed to be an extinguishment of the previous loans.

IFRS 9 requires an entity to consider both quantitative and qualitative factors in determining whether the existing liability should be de-recognised and a new financial liability recognised. As the terms of the facilities changed significantly from a qualitative perspective it is deemed reasonable to de-recognise the old liability. The following factors were considered in reaching this conclusion:

- The purpose of the agreement was to restructure the debt of the Group;
- The new facility includes additional financing;
- The structure of the facility fundamentally changed which also now includes an additional financier;
- The interest rate margin significantly changed; and
- Maturity dates significantly changed.

### Security

FirstRand Bank Limited: Cession over trade receivables, cash and cash equivalents and insurances of the South African operations. Cession and pledge over all shares, claims, insurances, intellectual property, bank accounts and investments of certain group entities. Registered hypothec of certain trademarks and intellectual property rights with a carrying value of R1 070 million (2022: R965 million). Movable assets with a carrying value of R1 774 million (2022: R1 820 million) are encumbered as security. Mortgage bonds are registered over certain immovable properties.

Standard Bank of South Africa Limited: Mortgage bonds are registered over certain immovable properties.

Standard Bank of eSwatini Limited and First National Bank of eSwatini Limited: Cession over trade receivables, inventory, cash and cash equivalents and insurances of the eSwatini operations. Certain movable assets with a carrying value of R78 million (2022: R73 million) are encumbered as security. Mortgage bonds are registered over certain immovable properties.

### Interest rate benchmarking reform

The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The South African Revenue Bank ("SARB") has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. The SARB has indicated their initial preference for the adoption of the South African Rand Overnight Index Average (ZARONIA) as the preferred unsecured candidate to replace JIBAR in cash and derivative instruments. ZARONIA has been published for the purposes of observing the rate and how it behaves, but has not been formally adopted by the SARB as the successor rate to JIBAR. Accordingly, there is still uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the Group.

## 21. BORROWINGS (continued)

### Financial covenants

The Group is required to maintain compliance with the following financial covenant ratios:

| | Covenants | Actual |
|---|---|---|
| **FirstRand Bank Limited** | | |
| Interest cover ratio* | >3.00x | **6.51** |
| Leverage ratio** | <3.00x | **1.46** |
| **Standard Bank of South Africa Limited** | | |
| Interest cover ratio* | >2.20x | **4.15** |
| Loan to value*** | <55% | **43%** |
| **Standard Bank of eSwatini Limited and First National Bank of eSwatini Limited** | | |
| Interest cover ratio* | >2.50x | **8.16** |
| Leverage ratio** | <2.25x | **0.99** |

* *Interest cover ratio being EBITDA divided by finance costs calculated in terms of the borrowings in the underlying legal entity.*

** *Leverage ratio being Net debt divided by EBITDA calculated in terms of the borrowings in the underlying legal entity.*

*** *Loan to value being borrowings divided by the fair value of properties in terms of the borrowings in the underlying legal entity.*

The Group has complied with all externally imposed financial covenants during the current financial year.

### Guarantees

Guarantees issued by the bank at year-end amounted to R10 million (2022: R98 million) mainly for guarantees provided to municipalities and lessors. The decline in the guarantees mainly relate to the guarantee on the trade financing facility that was cancelled during the current year. Refer to note 25.

### Accounting policy

Borrowings constitute a financial liability and are initially recognised at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. The borrowings are classified as a current liability unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The borrowings are derecognised when the obligation is discharged, cancelled or has expired. The difference between the carrying amount and the consideration paid and payable at maturity date is charged to profit or loss as finance costs based on the effective interest rate method.

## 22. LEASE LIABILITIES

The maturity analysis of the lease liabilities are as follows:

| Minimum contractual lease payments | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Within one year | **79 150** | 75 897 |
| One to two years | **54 235** | 71 987 |
| Three to five years | **154 943** | 87 504 |
| More than five years | **115 048** | 102 419 |
| Undiscounted cashflows | **403 376** | 337 807 |
| Less: finance charges | **(101 317)** | (79 370) |
| **Present value of lease liabilities** | **302 059** | 258 437 |
| Non-current | **249 372** | 203 501 |
| Current | **52 687** | 54 936 |
| | **302 059** | 258 437 |
| **Cash outflow for leases** | | |
| Payment of principal portion of lease liabilities | **52 484** | 54 183 |
| Payment of short-term and low-value asset leases | **17 131** | 11 264 |
| Payment of interest on lease liabilities | **25 730** | 24 921 |
| | **95 345** | 90 368 |

The Corporate office's lease terms were renegotiated during the current year. Refer to note 13 for further details. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

**Accounting policy**

Lease liabilities mainly relate to distribution depots, office buildings and leased vehicles. Rental contracts are typically made for fixed periods of 2 to 12 years. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. A right-of-use asset and a corresponding liability are recognised at the date at which the leased asset is available for use by the Group.

Lease liabilities are measured at the present value of the future lease payments, discounted using the incremental borrowing rate, as in most instances the interest rate implicit in the lease cannot be readily determined. The discount rates applied to the leases for operations in South Africa and Mozambique are 8% (2022: 8%) and 30% (2022: 30%) respectively.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments less any lease incentives receivable.
- Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between the lease liability and finance costs. The finance costs are expensed to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise certain IT-equipment and small items of office equipment.

**Significant estimates and judgements**

Refer to note 13 for further details regarding the significant judgement and estimates affecting both lease liabilities and right-of-use assets.

## 23. EMPLOYEE BENEFIT OBLIGATIONS

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Leave obligations | 106 628 | 102 863 |
| Employee-related incentives | 120 040 | 113 989 |
| Employee payroll accruals | 46 204 | 60 586 |
| Share appreciation rights scheme (Refer to note 36) | 58 300 | 35 254 |
| Defined benefit obligations (Refer to note 27) | 4 264 | 4 517 |
| | 335 436 | 317 209 |
| Non-current | 46 574 | 39 771 |
| Current | 288 862 | 277 438 |
| | 335 436 | 317 209 |

**Accounting policy**

A liability is recognised when an employee is entitled to the benefits as a result of services rendered.

An employee related incentive liability is recognised when the Group has a contractual obligation or a constructive obligation to pay benefits in the future for services rendered during the year. Employees participate in an incentive plan whereby bonuses are paid in respect of achieving certain targets. The incentive bonuses are approved by the remuneration committee.

Employee payroll accruals relate to wages accrued and 13th cheque benefits which employees structure as part of their cost to company package.

## 24. TRADE AND OTHER PAYABLES

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| **Financial instruments** | | |
| Trade payables | 1 672 787 | 1 135 572 |
| Accruals | 87 921 | 75 156 |
| Securities | 27 866 | 19 043 |
| **Non-financial instruments** | | |
| Payroll statutory liabilities | 41 243 | 41 050 |
| VAT | 804 | 4 917 |
| | 1 830 621 | 1 275 738 |

**Accounting policy**

Trade payables are recognised when the Group becomes a party to the contractual provisions and are initially measured at fair value plus transaction costs, if any. Trade and other payables are subsequently measured at amortised cost. Trade payables are non-interest bearing and are normally settled within 30 – 45 day terms.

Securities represents hawker deposits held as collateral which may be applied against the hawker's trade receivable accounts in the event of default.

## 25. TRADE FINANCING FACILITY

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Trade financing facility | **760 222** | 463 610 |

In the weeks preceding year-end, the Group procured grain which together with higher commodity prices has resulted in an increase in the trade financing facility when compared to the prior year.

**Accounting policy**

The trade financing facility is used by the Group in the normal operating cycle to finance the procurement of grain. During the current period the agreement was renegotiated changing the financing of the grain invoices from 100% to 90%, in lieu of the R90m guarantee in favour of Nedbank and increasing the facility to R900 million. The trade financing facility is measured at amortised cost and bears interest at the South African prime interest rate less 2.20% for so long as the unutilised portion of the facility is greater than or equal to R100 million, while an interest rate of the South African prime interest rate less 1.45% applies for so long as the unutilised portion of the facility is less than R100 million. Repayments are triggered within 7 days of consumption of the grain in the milling process. The facility is secured by the purchased commodities stored in the Group's silos and third party storage facilities.

## 26. REFUND LIABILITIES

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Refund liabilities | **423 123** | 342 522 |

The increase in refund liabilities are mainly driven by commodity price increases and input cost inflation, which has resulted in increased sales prices to customers.

**Accounting policy**

Refund liabilities relate to rebates, discounts and other allowances payable to customers as per the terms in the trade agreements with the customers, in relation to sales made until the end of the reporting period.

## 27. DEFINED BENEFIT OBLIGATIONS

***Post-retirement medical obligation***

The Group provides post-retirement medical benefits to certain of its current employees and retirees based on the qualifying employee remaining in service up to retirement age in the form of a defined benefit medical plan, principally in South Africa. The post-retirement medical obligation is unfunded and will be financed out of reserves. The obligation represents the present value of the Group's share of the expected contributions to be paid in respect of members using the projected unit credit method. The obligation has been provided for based on an actuarial valuation prepared annually by an independent qualified actuary with the last valuation date being 31 March 2023.

| **Reconciliation of defined benefit obligation** | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Balance at the beginning of the year | **4 517** | 5 912 |
| *Items recognised in profit or loss* | | |
| Service cost | **33** | 42 |
| Interest expense | **447** | 553 |
| *Items recognised in other comprehensive income* | | |
| Remeasurements | **(346)** | (1 559) |
| Benefit payments | **(387)** | (431) |
| **Balance at the end of the year** | **4 264** | 4 517 |

The principal actuarial assumptions used in the actuarial valuation are as follows:

| **Key assumptions** | 2023 % | 2022 % |
|---|---|---|
| Discount rate | **11.7** | 10.4 |
| Healthcare cost inflation | **8.2** | 7.9 |

## 27. DEFINED BENEFIT OBLIGATIONS (continued)

The sensitivity of the post-retirement medical obligation to changes in the principal assumptions is as follows:

| | | Impact on obligation | |
|---|---|---|---|
| | Change in assumption % | Increase in assumption R'000 | Decrease in assumption R'000 |
| Discount rate | 1.0 | (316) | 367 |
| Healthcare cost inflation | 1.0 | 367 | (320) |

***Defined benefit pension arrangement***

The Group operates a defined benefit pension plan for its subsidiary in the United Kingdom. The plan is funded through payments to trustee-administered funds. The scheme provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on the members' length of service and their salary in the final years leading up to retirement.

The scheme is managed by an independent trustee appointed by the subsidiary. The trustee has responsibility for obtaining valuations of the scheme, administering benefit payments and investing the scheme's assets. The trustee delegates some of these functions to its professional advisers where appropriate.

A valuation of the scheme is carried out at least once every three years to determine whether the statutory funding objective is met. As part of the process, the subsidiary must agree with the trustee of the scheme on the contributions to be paid to address any shortfall against the statutory funding objective. The most recent comprehensive actuarial valuation of the scheme was carried out as at 11 April 2023.

The scheme has a surplus that is not recognised, on the basis that at reporting date there was no agreement between the Group and the trustee that future economic benefits are available to the Group in the form of a reduction in future contributions or a cash refund. The amounts recognised in the balance sheet and the movements in the net defined benefit obligation are as follows:

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Fair value of plan assets in respect of defined benefit obligations | 668 711 | 688 485 |
| Present value of defined benefit obligation | (522 004) | (618 293) |
| Funded status of defined benefit plan | 146 707 | 70 192 |
| Effective asset ceiling | (146 707) | (70 192) |
| **Net pension asset/(liability)** | - | - |

| **Reconciliation of fair value of plan assets** | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Balance at the beginning of the year | 688 485 | 739 508 |
| *Items recognised in profit or loss* | | |
| Service cost | (4 049) | (3 239) |
| Interest income | 20 465 | 12 994 |
| *Items recognised in other comprehensive income* | | |
| Remeasurements | (125 446) | 30 180 |
| Benefit payments | (21 726) | (38 526) |
| Exchange translation differences | 110 982 | (52 432) |
| **Balance at the end of the year** | 668 711 | 688 485 |

| **Major categories of plan assets** | 2023 % | 2022 % |
|---|---|---|
| Equities | 49.9 | 34.8 |
| Bonds | 48.9 | 37.8 |
| Cash | 1.2 | 27.4 |
| | 100.0 | 100.0 |

## 27. DEFINED BENEFIT OBLIGATIONS (continued)

| Reconciliation of defined benefit obligation | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Balance at the beginning of the year | (618 293) | (736 083) |
| *Items recognised in profit or loss* | | |
| Interest expense | (18 385) | (12 956) |
| *Items recognised in other comprehensive income* | | |
| Remeasurements | 192 615 | 40 031 |
| Benefit payments | 21 726 | 38 526 |
| Exchange translation differences | (99 667) | 52 189 |
| **Balance at the end of the year** | (522 004) | (618 293) |

The principal actuarial assumptions used in the actuarial valuation are as follows:

| Key assumption | 2023 % | 2022 % |
|---|---|---|
| Discount rate | 4.8 | 2.6 |
| Consumer price inflation | 2.6 | 3.1 |
| Pension salary increase (LPI 2.5%) | 1.8 | 2.0 |
| Mortality | 110% of the S3PA tables with CMI 2021 projections using a long-term improvement rate of 1.25% p.a. | 110% of the S3PA tables with CMI 2021 projections using a long-term improvement rate of 1.25% p.a. |

The sensitivity of the defined benefit obligation to changes in the principal assumptions is as follows:

| | | Impact on obligation | |
|---|---|---|---|
| | Change in assumption % | Increase in assumption R'000 | Decrease in assumption R'000 |
| Discount rate | 0.5 | (29 536) | 32 545 |
| Pension fund cost inflation | 0.5 | 25 399 | (21 704) |

Through its post-retirement medical obligation and defined benefit pension arrangement, the Group is exposed to a number of risks, the most significant of which are detailed below:

Investment risk: The scheme holds investments in equities, which have volatile market values and, while these assets are expected to provide real returns over the long-term, short term volatility can cause additional funding to be required if a deficit emerges.

Interest rate risk: The scheme's liabilities are discounted using market yields on high quality corporate bonds. As the scheme holds assets such as equities, the value of the assets and liabilities may not react to changes in interest rates in the same way.

Inflation risk: A significant proportion of the benefits under the scheme are linked to inflation. Although the scheme's assets are expected to provide some hedging against inflation over the long-term, movements over the short term could lead to a deficit emerging.

Mortality risk: In the event that members live longer than assumed, a deficit could emerge in the scheme.

## 27. DEFINED BENEFIT OBLIGATIONS (continued)

**Accounting policy**

Actuarial gains and losses arising from experience adjustments and changes to actuarial assumptions, the return on plan assets (excluding amounts included in net interest on the defined benefit liability/(asset)) and any changes in the effect of the asset ceiling (excluding amounts included in net interest on the defined benefit liability/(asset)) are remeasurements that are recognised in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises related restructuring costs or termination benefits.

Net interest is calculated by applying the discount rate to the net defined benefit liability/asset and recognised in profit or loss.

## 28. TAX LIABILITIES

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Withholding tax on preference dividends | - | 43 513 |
| Income tax payable | 37 176 | 2 334 |
| | 37 176 | 45 847 |
| Non-current liabilities | - | 43 513 |
| Current liabilities | 37 176 | 2 334 |
| | 37 176 | 45 847 |

The conversion of the redeemable preference shares during the current year did not result in the accrued withholding tax becoming due and payable. Consequently, the accrued withholding tax on the preference dividends was reversed to profit or loss. Refer to note 5.

**Accounting policy**

Income tax payable represents income tax payable to revenue authorities in South Africa and foreign jurisdictions in which the Group operates.

The Group applied the reduced dividend withholding tax rate of 5%, based on the double tax agreement between South Africa and Mauritius, on the accrued preference dividends of the redeemable preference shares payable to its foreign shareholder in Mauritius. The withholding tax on preference dividends was recognised in tax liabilities as and when the preference dividends accrued on the redeemable preference shares.

## 29. CASH GENERATED FROM OPERATIONS

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Profit before tax | **1 058 309** | 414 132 |
| *Adjusted for:* | | |
| Depreciation and amortisation | **439 557** | 482 827 |
| Finance income | **(56 259)** | (4 712) |
| Finance costs | **345 671** | 472 782 |
| Impairment of property, plant and equipment | **-** | 9 127 |
| Impairment of goodwill | **-** | 18 950 |
| Impairment of trademarks | **-** | 101 992 |
| Defined benefit obligations | **(9 253)** | 3 522 |
| Increase in share appreciation rights scheme payable | **30 667** | 10 759 |
| Credit loss allowances raised/(reversed) | **5 259** | (14 208) |
| Loss on disposal of property, plant and equipment | **4 744** | 4 391 |
| *Changes in working capital:* | | |
| Inventories | **(773 334)** | (258 512) |
| Trade and other receivables | **(424 035)** | (114 897) |
| Employee benefit obligations | **(867)** | 46 719 |
| Trade and other payables | **547 420** | 235 665 |
| Trade financing facility | **296 612** | (33 624) |
| Refund liabilities | **80 601** | 40 100 |
| **Cash generated from operations** | **1 545 092** | 1 415 013 |

**Accounting policy**

The Group has elected to disclose finance income received and finance costs paid as part of cash flow from operating activities.

## 30. TAX PAID

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Balance at the beginning of the year | **42 516** | 10 211 |
| Acquired through business combination | **424** | - |
| Current tax recognised in profit or loss | **(238 054)** | (205 754) |
| Net exchange differences | **(307)** | 1 342 |
| Balance at the end of the year | **23 637** | (42 516) |
| | **(171 784)** | (236 717) |

## 31. RESTRICTED CASH

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Deposit | **2 274** | 30 000 |

On 1 March 2022 the Group entered into a sale of shares agreement with Biz Afrika 710 (Pty) Ltd to acquire 100% of the issued share capital of Biz Afrika 710 (Pty) Ltd, a bakery in the Western Cape region of South Africa, subject to the fulfilment of certain suspensive conditions. In terms of the Deposit and Escrow Agreement the Group paid R30 million into an Escrow account in the prior year as a deposit. An amount of R28 million was released to the seller during the current year. At the reporting date, a balance of R2 million remains in escrow due to an unresolved matter between the parties. The balance bears interest at prime minus 4%.

**Accounting policy**

Restricted cash comprises of a short-term deposit that is not highly liquid and is accounted for at amortised cost. The deposit balance is subject to certain release conditions and is not available for general use by the Group. It is therefore shown separately under current assets as restricted cash on the Statement of Financial Position.

## 32. CASH AND CASH EQUIVALENTS

For purposes of the Statement of Financial Position, cash and cash equivalents and bank overdraft consist of:

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Cash on hand | 16 581 | 9 807 |
| Bank balances | 578 821 | 281 488 |
| **Cash and cash equivalents** | 595 402 | 291 295 |
| **Bank overdraft** | (201 215) | (114 289) |

For purposes of the Statement of Cash Flows, cash and cash equivalents consist of:

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Cash on hand | 16 581 | 9 807 |
| Bank balances | 578 821 | 281 488 |
| Cash and cash equivalents | 595 402 | 291 295 |
| Bank overdraft | - | (114 289) |
| **Net cash and cash equivalents** | 595 402 | 177 006 |

During the current year, the Group reassessed the classification of bank overdrafts as a component of cash and cash equivalents and identified that the bank overdraft did not fluctuate in the current year from being overdrawn to a positive balance it has therefore been concluded that the bank overdraft no longer forms an integral part of the Group's cash management, and instead represents a form of financing and the related cash flow movements are now presented as cash flows from financing activities.

**Accounting policy**

Cash and cash equivalents include cash on hand, cash at banks and highly liquid investments that are readily convertible to cash. Cash and cash equivalents are measured at cost with balances denominated in foreign currencies being translated at the relevant spot rate at the end of the reporting period. Bank overdrafts are separately shown under current liabilities on the Statement of Financial Position.

## 33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The movements in net debt for the year ended 31 March 2023 are as follows:

| | Loan from shareholder R'000 | Borrowings R'000 | Lease liabilities R'000 | Redeemable preference shares R'000 | Bank overdraft R'000 | Total R'000 |
|---|---|---|---|---|---|---|
| Balance at 1 April 2022 | 1 492 403 | 2 302 247 | 258 437 | 1 789 751 | - | 5 842 838 |
| Capital received | - | 1 040 000 | - | - | - | 1 040 000 |
| Capital repaid | - | (393 275) | (52 484) | - | - | (445 759) |
| Net proceeds | - | - | - | - | 201 215 | 201 215 |
| Recognised during the year | - | 1 860 000* | 57 778 | - | - | 1 917 778 |
| Lease remeasurements | - | - | 38 442 | - | - | 38 442 |
| Derecognised during the year | - | (1 860 000)* | (2 585) | - | - | (1 862 585) |
| Finance costs accrued | 14 275 | 201 787 | 25 730 | 9 888 | - | 251 680 |
| Finance costs paid | (14 286) | (201 787) | (25 730) | (9 888) | - | (251 691) |
| Conversion to equity | (1 492 392) | - | - | (1 789 751) | - | (3 282 143) |
| Exchange translation differences | - | - | 2 471 | - | - | 2 471 |
| **Balance at 31 March 2023** | - | 2 948 972 | 302 059 | - | 201 215 | 3 452 246 |

* *The recognition and derecognition of borrowings during the year relates to the refinancing of debt which resulted in an extinguishment of the old debt facility and recognition of the new debt facility, and represents a non-cash transaction.*

The movements in net debt for the year ended 31 March 2022 are as follows:

| | Loan from shareholder R'000 | Borrowings R'000 | Lease liabilities R'000 | Redeemable preference shares R'000 | Total R'000 |
|---|---|---|---|---|---|
| Balance at 1 April 2021 | 1 512 000 | 2 114 916 | 214 459 | 1 700 366 | 5 541 741 |
| Capital received | - | 460 000 | - | - | 460 000 |
| Capital repaid | (19 597) | (272 669) | (54 183) | - | (346 449) |
| New leases | - | - | 98 161 | - | 98 161 |
| Finance costs accrued | 153 459 | 145 687 | 24 921 | 89 385 | 413 452 |
| Finance costs repaid | (153 459) | (145 687) | (24 921) | - | (324 067) |
| **Balance at 31 March 2022** | 1 492 403 | 2 302 247 | 258 437 | 1 789 751 | 5 842 838 |

## 34. BUSINESS COMBINATIONS

On 1 May 2022 the Group acquired 100% of the issued share capital of Biz Afrika 710 (Pty) Ltd, a bakery in the Western Cape region of South Africa, for a purchase consideration of R30 million. A balance of R2 million remains in escrow due to an unresolved matter between the parties. The acquisition enhances the Group's participation in the bread category and will result in synergies and operational efficiencies which will increase profitability in the Western Cape region for the category.

The assets and liabilities recognised as a result of the acquisition are as follows:

| | R'000 |
|---|---|
| Property, plant and equipment | 3 654 |
| Inventories | 900 |
| Trade and other receivables | 901 |
| Current income tax receivable | 424 |
| Cash and cash equivalents | 4 536 |
| Trade and other payables | (7 463) |
| Total identifiable net assets | 2 952 |
| Goodwill | 25 083 |
| **Net assets acquired** | 28 035 |

The cash outflow for the business combination, net of cash acquired is depicted in the table below:

| | R'000 |
|---|---|
| Cash consideration paid | (28 035) |
| Cash and cash equivalents acquired | 4 536 |
| **Cash outflow for business combination** | (23 499) |

The business combination post acquisition results and contribution to key line items on the Statement of Profit or Loss for the current year were as follows:

| | R'000 |
|---|---|
| Revenue from contracts with customers | 71 843 |
| EBITDA | 6 210 |
| Operating profit | 5 019 |
| Profit attributable to owners of the Company | 5 014 |

### Prior year

On 1 June 2021 the Group acquired a sugar based confectionery business, under the name of Mister Sweet, as a going concern for a cash purchase consideration of R419.1 million. A bank overdraft balance of R8.5 million was acquired as part of the transaction, consequently resulting in a cash outflow for the business combination, net of cash acquired of R427.6 million.

### Accounting policy

The assets acquired and liabilities assumed of Biz Afrika 710 (Pty) Ltd and the sugar based confectionery business constitute a business in terms of IFRS 3. The Group accounted for the business combination by applying the acquisition method which requires the recognition and measurement of the at-acquistion date fair valued identifiable assets and liabilities assumed on the date the Group obtained control. Goodwill arises in the event of the purchase price exceeding the at-acquisition date fair valued identifiable assets acquired and liabilities assumed.

## 35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Financial risk management

***Overview***

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board has established an Audit and Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports quarterly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through training and standard operating procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee is assisted in its oversight role by outsourced internal auditors, working collaboratively with the internal operational audit team and other monitoring committees. These teams undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

***Credit risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk on loans receivable, trade receivables and cash and cash equivalents.

The Group's exposure to credit risk with regards to the South Africa retail and wholesale classes of trade receivables is limited by credit insurance with Lombard Insurance Company Limited, which covers the majority of the trade receivable balances in excess of R100 000. The exposure to credit risk with regards to the eSwatini and United Kingdom classes of trade receivables is limited by credit insurance with Lombard Insurance Company Limited, which covers certain individual trade receivable balances. Credit insurance is reviewed on an ongoing basis. The GCR rating agency affirmed the insurer's financial strength rating as A+ with a stable outlook. New customers for all classes are analysed individually for creditworthiness per the credit policy of each operating subsidiary before terms and conditions are offered. The review includes external ratings, where available, and in some cases bank references. Creditworthiness and credit limits of customers are reviewed on an annual basis. Customers that default on payments are monitored closely and put on hold if required.

Credit risk exposure arising on cash and cash equivalents is managed by the Group through dealing with well-established financial institutions of good standing for investment and cash management purposes. No loss allowance has been recognised in respect of the Group's cash and cash equivalents as all cash balances are held with reputable financial institutions and are short-term in nature with no history of default. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of counterparties. Macro-economic factors have also been considered, however the impact of changes in economic conditions is not expected to be material on the expected credit loss.

The table below shows the cash and cash equivalents allocated in terms of bank ratings. These ratings are based on Moody's bank ratings.

| Rating | **2023 R'000** | 2022 R'000 |
|---|---|---|
| A1 | **46 913** | 35 846 |
| Ba1 | **483 639** | 205 160 |
| Non-rated* | **48 269** | 40 482 |
| Cash on hand | **16 581** | 9 807 |
| | **595 402** | 291 295 |

* *Non-rated balances relate to bank balances in eSwatini, Lesotho and Mozambique where the banks are not individually rated.*

## 35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The credit risk on loans receivable is addressed by ensuring that the underlying security is adequate. The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period by comparing the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward looking information on macroeconomic factors, such as consumer price inflation and prime interest rate, affecting the ability of the counterparties to settle their debt. The fair value of the shares held as security exceeds the carrying amount of the loans. Based on the performance of the security and no history of default from the counterparties, it is assessed that a low probability of default exists and therefore the related loss allowance is deemed not significant.

***Liquidity risk***

The Group manages its liquidity risk by ensuring sufficient cash and availability of funding through an adequate amount of borrowing facilities to meet obligations when due. Management monitors rolling cash flow forecasts of the Group's liquidity reserves comprising debt, undrawn borrowing facilities and cash and cash equivalents. Cash flow forecasts are compiled in accordance with external regulatory requirements and maintaining debt finance covenants. As at year-end, the Group had access to undrawn facilities of R1 472 million (2022: R948 million).

The maturity profile of contractual cash flows of non-derivative financial liabilities are presented in the following table. The cash flows are undiscounted contractual amounts.

| | Less than 1 year R'000 | 1 to 2 years R'000 | 3 to 5 years R'000 | Over 5 years R'000 | Total R'000 | Carrying amount R'000 |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| Borrowings | **282 723** | **282 878** | **3 127 321*** | **-** | **3 692 922** | **2 948 972** |
| Lease liabilities | **79 150** | **54 235** | **154 943** | **115 048** | **403 376** | **302 059** |
| Trade and other payables | **1 788 574** | **-** | **-** | **-** | **1 788 574** | **1 788 574** |
| Trade financing facility | **771 455** | **-** | **-** | **-** | **771 455** | **760 222** |
| Bank overdraft | **201 215** | **-** | **-** | **-** | **201 215** | **201 215** |
| | **3 123 117** | **337 113** | **3 282 264** | **115 048** | **6 857 542** | **6 001 042** |

* *R2 218 million of the cash flows relate to 3 to 4 years, while R909 million relate to 4 to 5 years.*

Management is satisfied that the Group will be able to meet its obligations based on the Group's cashflow forecasts, positive net cash and undrawn facilities. This is supported by the cash of R1 036 million (2022: R802 million) that was generated from operating activities during the year.

| | Less than 1 year R'000 | 1 to 2 years R'000 | 3 to 5 years R'000 | Over 5 years R'000 | Total R'000 | Carrying amount R'000 |
|---|---|---|---|---|---|---|
| **2022** | | | | | | |
| Redeemable preference shares | 102 911 | 108 828 | 365 490 | 4 252 196 | 4 829 425 | 1 789 751 |
| Loans from shareholders | 145 508 | 157 347 | 555 192 | 2 181 651 | 3 039 698 | 1 492 403 |
| Borrowings | 300 339 | 291 767 | 2 019 300 | - | 2 611 406 | 2 302 247 |
| Lease liabilities | 75 897 | 71 987 | 87 504 | 102 419 | 337 807 | 258 437 |
| Trade and other payables | 1 229 771 | - | - | - | 1 229 771 | 1 229 771 |
| Trade financing facility | 466 541 | - | - | - | 466 541 | 463 610 |
| Bank overdraft | 114 289 | - | - | - | 114 289 | 114 289 |
| | 2 435 256 | 629 929 | 3 027 486 | 6 536 266 | 12 628 937 | 7 650 508 |

*The note has been re-presented to exclude refund liabilities as it is not included in the scope of IFRS 9. Refund liabilities are in the scope of IFRS 15.*

## 35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

***Foreign currency risk***

The Group is exposed to foreign currency risk as a result of transactions that are denominated in foreign currencies entered into in the normal course of business. Exchange rate exposures are managed by utilising foreign exchange contracts in terms of its risk management policy. The foreign currencies predominantly traded in by the Group are USD, EUR and CNY. As a result, the Group is subject to exposure from fluctuations in foreign currency exchange rates.

The exposure and concentration of foreign currency risk at the end of the year is included in the table below.

| | South African rand R'000 | US dollar R'000 | Euro R'000 | Chinese yuan renminbi R'000 |
|---|---|---|---|---|
| **2023** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables | **3 689** | **-** | **3 397** | **-** |
| Cash and cash equivalents | **4 933** | **10 769** | **4 275** | **1 467** |
| **Financial liabilities** | | | | |
| Trade payables | **-** | **(10 267)** | **(3 945)** | **-** |
| | **8 622** | **502** | **3 727** | **1 467** |
| **2022** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables | 9 421 | - | 5 473 | - |
| Cash and cash equivalents | 954 | 4 795 | 867 | 656 |
| **Financial liabilities** | | | | |
| Trade payables | (56 942) | (35 190) | (4 600) | - |
| | (46 567) | (30 395) | 1 740 | 656 |

The forward exchange contracts entered into by the Group at the end of the year are summarised as follows.

| | Average rate R | Foreign contract amount '000 | Contract value of FECs R'000 |
|---|---|---|---|
| **2023** | | | |
| USD FECs | **18.07** | **685** | **12 376** |
| EUR FECs | **19.64** | **775** | **15 218** |
| CNY FECs | **2.66** | **1 025** | **2 726** |
| **2022** | | | |
| USD FECs | 15.45 | 350 | 5 409 |
| EUR FECs | 17.51 | 320 | 5 602 |
| CNY FECs | 2.44 | 1 450 | 3 537 |

The Group has used a sensitivity analysis technique that measures the estimated change to profit or loss of an instantaneous 10% strengthening in the Rand against the foreign currencies. This analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

The analysis excludes foreign exchange translation differences resulting from the translation of group entities that have functional currencies different from the presentation currency, which are recognised in the foreign currency translation reserve.

The analysis has been performed on the basis of the change occurring at the reporting date and assumes that all other variables, in particular interest rates, remain constant.

## 35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

A positive number indicates an increase in profit before tax where the ZAR strengthens 10% against the relevant currency.

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| USD | **(50)** | 3 040 |
| EUR | **(373)** | (174) |
| CNY | **(147)** | (66) |
| MZN | **487** | (4 548) |
| GBP | **373** | (205) |

| Exchange rates | 2023 Closing rate R | 2023 Average rate R | 2022 Closing rate R | 2022 Average rate R |
|---|---|---|---|---|
| USD to ZAR | **17.87** | **16.99** | 14.52 | 14.86 |
| EUR to ZAR | **19.47** | **17.68** | 16.21 | 17.26 |
| CNY to ZAR | **2.60** | **2.48** | 2.29 | 2.32 |
| MZN to ZAR | **0.28** | **0.26** | 0.23 | 0.23 |
| GBP to ZAR | **22.12** | **20.45** | 19.05 | 20.29 |

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities that are sensitive to interest rate risk are loans receivables, trade and other receivables/payables, cash and cash equivalents, borrowings, trade financing facility and bank overdraft.

The interest rate risk mainly arises from the repricing of the Group's floating rate debt, incremental funding or new borrowings, the refinancing of existing borrowings and the magnitude of bank overdrafts and cash and cash equivalents.

The Group manages this risk by monitoring interest rates on a regular basis and engaging in discussions with financial institutions to obtain the optimum interest rates.

### Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

| | Note | 2023 R'000 | 2022 R'000 |
|---|---|---|---|
| **Assets** | | | |
| Loans receivable | 15 | **31 031** | 44 170 |
| Cash and cash equivalents | 32 | **595 402** | 291 295 |
| | | **626 433** | 335 465 |
| **Liabilities** | | | |
| Redeemable preference shares | 19 | **-** | 1 789 751 |
| Loan from shareholder | 20 | **-** | 1 492 403 |
| Borrowings | 21 | **2 948 972** | 2 302 247 |
| Trade financing facility | 25 | **760 222** | 463 610 |
| Bank overdraft | 32 | **201 215** | 114 289 |
| | | **3 910 409** | 6 162 300 |

The Group used a sensitivity analysis technique that measures the estimated change to profit or loss of an instantaneous increase or decrease of 1% (100 basis points) in market interest rates, from the rate applicable at 31 March, for each interest bearing financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation.

The Group is mainly exposed to fluctuations in the following market rates: JIBAR, money market rates and prime interest rates. Changes in market interest rates affect the finance income or costs of floating rate financial instruments.

A change in the above market interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown in the table to follow.

## 35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as was used for 2022. A positive number indicates an increase in profit before tax, whereas a negative number indicates a decrease in profit before tax.

| Impact on profit before tax | 2023 R'000 | 2022 R'000 |
|---|---|---|
| 1% increase in interest rates | (32 799) | (61 142) |
| 1% decrease in interest rates | 32 799 | 61 142 |

### *Price risk*

Forward supply contract price risk arises from the Group being subject to raw material price fluctuations caused by factors such as supply conditions, weather, economic conditions and other factors. The strategic raw materials acquired by the Group include wheat and maize. Contractual obligations with regards to these contracts occur when risk and rewards of ownership pass to the Group at which time liabilities are recognised.

The Group has developed a comprehensive risk management process to facilitate, control and to monitor these risks. The procurement of raw materials takes place in terms of specific mandates given by the executive management. Position statements are prepared on a daily basis and these are monitored by management and compared to the mandates. The board has approved and monitors the risk management process, counterparty limits, controlling and reporting structures.

Forward purchase commitments for wheat and maize are entered into by the Group with third-party service providers, with the price of the amount of wheat and maize committed only fixed at a later stage in South African Rand. The forward purchase commitments are not recognised as derivatives as Premier applies the "own-use" exemption and is therefore scoped out of IFRS 9 Financial Instruments.

These forward purchase commitments include exposure to commodity price risk from the date on which the amount of wheat and maize is fixed until the date of fixing the price, as well as exposure to foreign exchange risk for international purchases where the contracts are initially priced in US Dollars. These exposures are not separately accounted for as embedded derivatives as it has been assessed that the economic characteristics and risks are closely related to the economic characteristics and risks of the forward purchase commitments. In making this assessment, the following factors were considered:

- The commodity price adjustment feature is related to the cost of the goods being purchased.
- The contracts do not contain an option feature.
- The local supplier for the international purchases is in substance importing the commodity on the Group's behalf.
- The US Dollar is commonly used in international contracts to purchase non-financial items.

### *Capital risk management*

The Group's objective is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development needs of the business. The board monitors the Group's leverage ratio. In the prior year the board viewed the redeemable preference shares and the loan from shareholder as part of equity, consequently excluding it from net debt.

Management regularly monitors and reviews covenant ratios. In terms of the borrowings, the Group is required to comply with financial covenants. These financial covenants differ based on the contractual terms of each facility and incorporate both IFRS and non-IFRS financial measures. Refer to note 21 for the financial covenants for each facility. The Group has complied with all externally imposed loan covenants during the current financial year.

The Group's leverage ratio is calculated as follows:

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| Borrowings (excluding trade financing facility) | 2 948 972 | 2 302 247 |
| Lease liabilities | 302 059 | 258 437 |
| Net cash | (394 187) | (177 006) |
| **Total net debt** | 2 856 844 | 2 383 678 |
| Adjusted EBITDA | 1 731 162 | 1 490 244 |
| Leverage ratio | 1.7x | 1.6x |

## 35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

| Categories of financial instruments | 2023 Assets at amortised cost R'000 | 2023 Liabilities at amortised cost R'000 | 2022 Assets at amortised cost R'000 | 2022 Liabilities at amortised cost R'000 |
|---|---|---|---|---|
| Loans receivable | **31 031** | **-** | 44 170 | - |
| Trade and other receivables | **1 615 732** | **-** | 1 238 106 | - |
| Cash and cash equivalents | **595 402** | **-** | 291 295 | - |
| Restricted cash | **2 274** | **-** | 30 000 | - |
| Redeemable preference shares | **-** | **-** | - | 1 789 751 |
| Loan from shareholder | **-** | **-** | - | 1 492 403 |
| Borrowings | **-** | **2 948 972** | - | 2 302 247 |
| Trade and other payables | **-** | **1 788 574** | - | 1 229 771 |
| Trade financing facility | **-** | **760 222** | - | 463 610 |
| Bank overdraft | **-** | **201 215** | - | 114 289 |
| | **2 244 439** | **5 698 983** | 1 603 571 | 7 392 071 |

## 36. RELATED PARTIES

Prior to the Company listing on the JSE a distribution of R950 million was made to shareholders, of which R924 million was paid to Brait Mauritius Limited (controlling shareholder at the time). The remaining portion of R26 million was for the benefit of minority shareholders, of which R10 million was paid in cash and R16 million being a non-cash transaction. At year-end the following balances were owing (to)/by related parties:

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| **Balances owing (to)/by related parties** | | |
| Redeemable preference shares – Brait Mauritius Limited | **-** | (1 789 751) |
| Loan from shareholder – Brait Mauritius Limited | **-** | (1 492 403) |
| Loan to executive director – F Grobbelaar | **5 673** | 7 057 |
| **Finance income/(finance costs)** | | |
| Preference dividends – Brait Mauritius Limited | **(9 888)** | (94 089) |
| Loan from shareholder – Brait Mauritius Limited | **(14 275)** | (153 459) |
| Loan to executive director – F Grobbelaar | **540** | 257 |

### Share appreciation rights

The Group has a long-term incentive plan where certain employees are granted share appreciation rights ("SARs"). The SARs are settled in cash on the exercise date with reference to the increase in the Group's share price between the grant date and the date the employee exercises their right. The SARs are exercisable from the fourth until the eighth anniversary of the date of issue. 50% of the shares vest in the fourth year and a further 50% in the fifth year and can be exercised upon vesting in tranches of either 50% or 100%. All rights will automatically cease to be of any value and no payment will be due or payable in any way whatsoever if the holder of the appreciation right is not in the employ of the Group at the date of exercise.

| | 2023 Number of rights | 2023 Amount R'000 | 2022 Number of rights | 2022 Amount R'000 |
|---|---|---|---|---|
| At the beginning of the year | **9 493** | **35 254** | 7 006 | 27 218 |
| Granted during the year | **2 100** | **875** | 2 700 | 1 712 |
| Exercised during the year | **(713)** | **(7 622)** | (213) | (2 723) |
| Forfeited during the year | **(100)** | **(59)** | - | - |
| Remeasurement of SARs | **-** | **29 852** | - | 9 047 |
| **At the end of the year** | **10 780** | **58 300** | 9 493 | 35 254 |

## 36. RELATED PARTIES (continued)

| Rights granted during the year | Number of rights | Price per SAR R |
|---|---|---|
| **2023** | | |
| July 2022 | **2 100** | **14 608** |
| Price per right at 31 March 2023 | | **17 385** |
| **2022** | | |
| June 2021 | 150 | - |
| July 2021 | 2 200 | 10 684 |
| January 2022 | 350 | 12 216 |
| Price per right at 31 March 2022 | | 14 608 |

## 37. DIRECTORS' EMOLUMENTS

| Executive directors' emoluments | Basic salary R'000 | Other benefits* R'000 | Retirement fund contributions R'000 | Bonus R'000 | Total R'000 |
|---|---|---|---|---|---|
| **2023** | | | | | |
| JJ Gertenbach | **6 153** | **135** | **183** | **6 606** | **13 077** |
| F Grobbelaar | **4 389** | **264** | **132** | **2 059** | **6 844** |
| | **10 542** | **399** | **315** | **8 665** | **19 921** |
| **2022** | | | | | |
| JJ Gertenbach | 5 635 | 116 | 169 | 3 337 | 9 257 |
| F Grobbelaar** | 2 791 | 2 889 | 84 | 225 | 5 989 |
| | 8 426 | 3 005 | 253 | 3 562 | 15 246 |

* *Other benefits comprise travel allowance and medical benefits.*
** *F Grobbelaar was appointed as CFO on 2 August 2021. Included in other benefits is R2.7 million sign-on bonus as compensation for his bonus sacrifice from his previous employment.*

### Securities issued

The beneficial interests of the directors and their associates in the issued securities of the Group at the reporting date were as follows:

| Ordinary shares | 2023 | 2022 |
|---|---|---|
| JJ Gertenbach | **157 600** | 102 600 |
| F Grobbelaar | **18 490** | 9 200 |
| RM Hartmann* | **9 290** | - |
| PRN Hayward-Butt | **10 000** | - |
| | **195 380** | 111 800 |

* *Held through an associate - Thor Holdings Proprietary Limited*

Pursuant to the ordinary shares that were subdivided in a ratio of 1:200 during the current year, the comparative number of shares for the prior year have been re-presented accordingly.

Subsequent to year-end, up to and including 5 June 2023, there were no changes in the directors' and their associates' beneficial interest in Premier Group Limited.

## 37. DIRECTORS' EMOLUMENTS (continued)

### Share options

The "A" ordinary shares and "A1" ordinary shares have been issued to members of the Group's senior management team in order to retain and incentivise management, by allowing them to participate in the future growth of the Company.

Each "A" ordinary share and "A1" ordinary share shall automatically convert on the conversion date into such number of ordinary shares that equal the market value of the underlying shares less a notional vendor financing loan amount (the "conversion formula") per the share terms. The conversion date being the earlier of:

- 1 April 2027 or
- the date immediately preceding the date on which any person other than Brait Mauritius Limited or Titan Premier Investments Proprietary Limited (or their respective related persons) obtain the ability to exercise more than 35% of the voting rights in the Company or
- the disposal of the Group's business and assets to a bona fide third party in circumstances requiring shareholder approval in terms of section 122 of the Companies Act.

The notional vendor financing loan ("NVF Loan") in respect of an "A" ordinary share shall be an amount equal to 85% of the ordinary share market value on the date on which the "A" ordinary shares were issued plus notional interest thereon which shall accrue daily at prime minus 1% from the date of issue until the conversion date and shall be calculated, capitalised and compounded monthly in arrears. The "A1" ordinary share terms make reference to an "NVF A1 Loan", which is defined as an amount equal to the ordinary share market value on the date on which the "A1" ordinary shares were issued plus notional interest thereon which shall accrue daily at prime less 1% from the date of issue until the conversion date and shall be calculated, capitalised and compounded monthly in arrears.

The subscriptions in the "A" ordinary and "A1" ordinary shares have the same characteristics as a call option. Consequently, the methodology employed to determine the fair value of the subscriptions should reflect this. The fair value of the IFRS 2 share-based payment expense relating to these shares was determined in terms of the Black-Scholes option pricing model. No expense relating to the "A1" ordinary shares issued during the current year was recognised in profit or loss as it was negligible. The important aspects of the arrangements are detailed below:

| | Grant date | Number of shares | Subscription price R | NVF loan R | Grant date fair value of the share option R |
|---|---|---|---|---|---|
| JJ Gertenbach | | | | | |
| "A" ordinary shares | 30 September 2020 | 5 797 | 1 035 | 5 865 | 1 931 |
| "A1" ordinary shares | 21 June 2022 | 5 730 | 0.01 | 72.60 | 15.68 |
| F Grobbelaar | | | | | |
| "A" ordinary shares | 26 August 2021 | 1 932 | 4 530 | 6 227 | 4 404 |
| "A1" ordinary shares | 21 June 2022 | 2 000 | 0.01 | 72.60 | 15.68 |

The inputs into the Black-Scholes option pricing valuation model are as follows:

| | Grant date 21 June 2022 | Grant date 26 August 2021 | Grant date 30 September 2020 |
|---|---|---|---|
| Term of option | 4.8 years | 5.6 years | 6.5 years |
| Spot price | R72.60 | R10 757 | R6 900 |
| Strike price | R118.40 | R10 698 | R10 644 |
| Risk-free rate | 8.12% | 6.26% | 6.10% |
| Volatility* | 29.40% | 29.40% | 29.40% |
| Dividend yield | -% | -% | -% |
| Fair value of share option | R15.68 | R4 404 | R1 931 |

* *The volatility of 29.4% was based on an analysis of peers in the sector to which the Group operates.*

## 37. DIRECTORS' EMOLUMENTS (continued)

The table below shows the number of ordinary shares receivable by applying the conversion formula as at the period end:

| 2023 | Opening balance | Movement* | Closing balance |
|---|---|---|---|
| JJ Gertenbach | 617 541 | (151 903) | 465 638 |
| F Grobbelaar | 205 812 | (50 626) | 155 186 |
| Employees | 823 247 | (202 505) | 620 742 |
| | 1 646 600 | (405 034) | 1 241 566 |

* *Movements are due to changes in the inputs to the conversion ratio which is based on the fair value of the ordinary shares. Due to the NVF loan being equal to the share price of the "A1" shares on grant date, applying the conversion formula as at the period-end shows no ordinary shares receivable at period-end.*

| 2022 | Opening balance | Movement* | Closing balance |
|---|---|---|---|
| JJ Gertenbach | 488 362 | 129 179 | 617 541 |
| F Grobbelaar | - | 205 812 | 205 812 |
| Employees | 651 038 | 172 209 | 823 247 |
| | 1 139 400 | 507 200 | 1 646 600 |

* *Movements are due to changes in the inputs to the conversion ratio which is based on the fair value of the ordinary shares.*

### Accounting policy

Equity-settled share-based expense is measured at fair value of the options (excluding the effect of service or any non-market vesting conditions) at grant date, less the subscription price to the equity instruments. The share-based payment expense as determined at the grant date of the equity-settled share-based payment transaction is expensed in profit or loss with a corresponding increase in equity.

### Non-executive directors' emoluments

| | Board | | Audit and Risk | | Remuneration and Nomination | | Social and Ethics | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2023 | Retainer R'000 | Meeting R'000 | Retainer R'000 | Meeting R'000 | Retainer R'000 | Meeting R'000 | Retainer R'000 | Meeting R'000 | Sub-total R'000 | VAT R'000 | Total R'000 |
| CJ Roodt | 301 | 301 | - | - | 40 | 40 | - | - | 682 | 101 | 783 |
| RM Hartmann*^ | - | - | - | - | - | - | - | - | - | - | - |
| PRN Hayward-Butt*^ | - | - | - | - | - | - | - | - | - | - | - |
| FN Khanyile** | 63 | 38 | 15 | 15 | - | - | - | - | 131 | 19 | 150 |
| JER Matthews^ | - | - | - | - | - | - | - | - | - | - | - |
| H Ramsumer*** | 134 | 150 | 71 | 85 | - | - | - | - | 440 | - | 440 |
| W Sihlobo**** | 266 | 300 | - | - | - | - | 38 | 45 | 649 | - | 649 |
| I van Heerden^ | - | - | - | - | - | - | - | - | - | - | - |
| | 764 | 789 | 86 | 100 | 40 | 40 | 38 | 45 | 1 902 | 120 | 2 022 |

* *PRN Hayward-Butt resigned as a director of the Company with effect from 11 November 2022 and was elected as an alternate director to Mr RM Hartmann with effect from the same date.*
** *FN Khanyile's board retainer fee was pro-rated from her appointment date to the board of 1 November 2022.*
*** *H Ramsumer's board retainer fee was pro-rated from his appointment date to the board of 9 May 2022. His retainer fee for Audit and Risk Committee was pro-rated from his appointment date to the committee of 1 June 2022.*
**** *W Sihlobo's retainer fee for the Social and Ethics Committee was pro-rated from his appointment date to the committee of 1 June 2022. Included in W Sihlobo's board retainer and meeting fees are amounts of R116 209 and R150 000 respectively which relate to services rendered in the prior year that were paid in the current year.*
^ *Directors not compensated by the Company or any other company within the Group.*

## 37. DIRECTORS' EMOLUMENTS (continued)

| | Board | | Audit and Risk | | Remuneration and Nomination | | Social and Ethics | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2022** | Retainer R'000 | Meeting R'000 | Retainer R'000 | Meeting R'000 | Retainer R'000 | Meeting R'000 | Retainer R'000 | Meeting R'000 | Sub-total R'000 | VAT R'000 | Total R'000 |
| CJ Roodt | 300 | 300 | - | - | - | - | - | - | 600 | 91 | 691 |
| RM Hartmann^ | - | - | - | - | - | - | - | - | - | - | - |
| PRN Hayward-Butt^ | - | - | - | - | - | - | - | - | - | - | - |
| JER Matthews^ | - | - | - | - | - | - | - | - | - | - | - |
| H Ramsumer* | - | - | - | - | - | - | - | - | - | - | - |
| W Sihlobo** | - | - | - | - | - | - | - | - | - | - | - |
| I van Heerden***^ | - | - | - | - | - | - | - | - | - | - | - |
| | 300 | 300 | - | - | - | - | - | - | 600 | 91 | 691 |

* *H Ramsumer was appointed to the board on 9 May 2022.*
** *W Sihlobo was appointed to the board on 22 June 2021.*
*** *I van Heerden was appointed to the board on 22 June 2021.*
^ *Directors not compensated by the Company or any other company within the Group.*

## 38. FAIR VALUE INFORMATION

The variable interest rate on borrowings, redeemable preference shares and loan receivables are considered market-related. The carrying amount therefore approximates the fair value and consequently the fair value measurement is categorised within level 3 of the fair value hierarchy.

## 39. B-BBEE TRANSACTION

During May 2022, the Group implemented an ownership transaction wherein a B-BBEE shareholding was introduced at the Premier FMCG Proprietary Limited ("Premier FMCG") level via the introduction of Main Street 1881 Proprietary Limited, Main Street 1880 Proprietary Limited and the Premier BEE Trust. In terms of the transaction, the Premier BEE Trust acquired an effective 5.1% interest in the ordinary share capital of Premier FMCG. To facilitate the transaction, Premier Group Limited subscribed for preference shares in Premier FMCG equal to the fair value of Premier FMCG's ordinary shares prior to the transaction. It is intended that, in time, dividends be declared to the Premier BEE Trust to benefit the beneficiaries of the Trust.

The beneficiaries of the Premier BEE Trust are nominated black people who are managers of Premier FMCG or Main Street 1881 Proprietary Limited and its direct and indirect subsidiaries from time to time and/or their families or relatives, or black people who live in the communities in which the Group trades or operates.

Premier FMCG is entitled to appoint all the trustees of the Premier BEE Trust and therefore controls the trust. Consequently, the Premier BEE Trust is consolidated as part of the Group's results.

As the trust is consolidated as part of the Group results, an assessment had to be performed to determine the benefit that the beneficiaries of the Trust receive and whether this is within the scope of IFRS 2. On the basis that the beneficiaries do not receive any benefits in the form of equity instruments or cash, the amount of which is based on the value of equity instruments, this arrangement is not in the scope of IFRS 2.

Distributions made to beneficiaries are recognised in profit or loss.

## 40. EVENTS AFTER THE REPORTING PERIOD

There were no material subsequent events which occurred after year-end and up to the date of this report that may have affected the reported results at the financial reporting date.

## 41. GOING CONCERN

The Group reported a net profit for the year ended 31 March 2023 of R794.8 million (2022: R277.7 million). As at 31 March 2023, the Group's total assets exceeded its total liabilities by R3 210 million.

The consolidated annual financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. This is supported by total current assets exceeding total current liabilities by R1 198 million at 31 March 2023. Furthermore, based on various assessments performed by management, the directors are satisfied that the total assets, fairly valued, exceed the value of total liabilities at 31 March 2023.

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future. Based on cash flow forecasts the Group will be able to realise its assets and settle its liabilities as they fall due in the ordinary course of business.

The directors are not aware of any new material changes that may adversely impact the Group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

## 42. NEW STANDARDS AND INTERPRETATIONS

### 42.1 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for future years:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|---|---|---|
| Amendment to IAS 1, "Presentation of Financial Statements' on Classification of Liabilities as current or non-current | 1 January 2023 | Unlikely there will be a material impact |
| Amendment to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 | Unlikely there will be a material impact |
| Narrow scope amendments to IAS 1 "Presentation of Financial Statements', Practice statement 2 and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors' | 1 January 2023 | Unlikely there will be a material impact |

## 43. INTEREST IN SUBSIDIARY COMPANIES

All subsidiaries have the same financial year-end as the Company, with the exception of Biz Afrika 710 Proprietary Limited, which is a dormant company with a February financial year-end.

The following information relates to the Group's interest in its significant subsidiaries:

| Name of company | Place of incorporation | Nature of business | Effective percentage interest 2023 % | 2022 % |
|---|---|---|---|---|
| **Directly held** | | | | |
| Premier FMCG Proprietary Limited* | South Africa | Food processing*^ | **100.00** | - |
| Premier eSwatini Proprietary Limited | eSwatini | Food processing | **100.00** | 100.00 |
| Prem-Cap Investments Proprietary Limited | Mauritius | Investment holding company | **100.00** | 100.00 |
| Main Street 1880 Proprietary Limited | South Africa | Investment holding company | **49.00** | 100.00 |
| Main Street 1881 Proprietary Limited^ | South Africa | Investment holding company | **90.00** | - |
| Lesotho Bakery Proprietary Limited** | Lesotho | Baking | **100.00** | - |
| Lil-lets UK Limited*** | United Kingdom | Sales and distribution | **100.00** | - |
| Lil-lets Group Limited** | United Kingdom | Dormant | **100.00** | - |
| **Indirectly held** | | | | |
| Premier FMCG Proprietary Limited* | South Africa | Food processing | **100.00** | - |
| G & C Shelf 115 Proprietary Limited | South Africa | Property holding company | **100.00** | 100.00 |
| Lesotho Bakery Proprietary Limited | Lesotho | Baking | ** | 100.00 |
| Lil-lets UK Limited | United Kingdom | Sales and distribution | *** | 100.00 |
| Lil-lets Group Limited | United Kingdom | Dormant | ** | 100.00 |
| Lil-lets Loan Company Limited | United Kingdom | Dormant | **100.00** | 100.00 |
| Lil-lets Holding Limited | United Kingdom | Dormant | **100.00** | 100.00 |
| Companhia Industrial Da Matola S.A | Mozambique | Food processing | **98.79** | 98.22 |
| CIM Feeds Trading SA Proprietary Limited | South Africa | Dormant company | **100.00** | 100.00 |
| Mandla Mahewu Proprietary Limited | South Africa | Deregistered | **-** | 100.00 |
| eSwatini Mahewu Proprietary Limited***** | eSwatini | Dormant | **100.00** | 100.00 |
| Biz Afrika 710 Proprietary Limited | South Africa | Dormant company | **100.00** | - |
| Main Street 1880 Proprietary Limited^ | South Africa | Investment holding company | **51.00** | - |
| Main Street 1881 Proprietary Limited^^ | South Africa | Investment holding company | **10.00** | 100.00 |
| Premier BEE Trust**** | South Africa | B-BBEE trust | **100.00** | 100.00 |

* *The Group implemented an ownership transaction wherein a B-BBEE shareholding was introduced at the Premier FMCG level. Refer to note 39 for more detail.*

** *Premier FMCG unbundled its shares in Lesotho Bakery Proprietary Limited and Lil-lets Group Limited to the Company in terms of a section 46 "unbundling transaction" of the Income Tax Act during the current year.*

*** *Premier FMCG disposed of its shares in Lil-lets UK Limited to the Company during the current year.*

**** *Premier FMCG can appoint the trustees of the Premier BEE Trust and therefore the Company has an effective interest of 100% (2022: 100%) in the trust.*

***** *eSwatini Mahewu Proprietary Limited was deregistered subsequent to year-end.*

^ *The Company entered into a share subscription agreement with Main Street 1880 Proprietary Limited ("Main Street 1880") and the Premier BEE Trust, whereas the Company subscribed for 49% of ordinary shares in Main Street 1880 and the Premier BEE Trust subscribed for 51% of ordinary shares in Main Street 1880. Due to Premier FMCG controlling the Premier BEE Trust, the Company's indirect effective interest in Main Street 1880 is 51% at the reporting date.*

^^ *The Company entered into an asset for share agreement with Main Street 1881 Proprietary Limited ("Main Street 1881"), wherein the Company disposed of 100% of its ordinary shares in Premier FMCG to Main Street 1881 in exchange for 90% of the ordinary shares in Main Street 1881 in terms of section 42 of the ITA. Due to Premier FMCG controlling the Premier BEE Trust, it's indirect effective interest in Main Street 1881 is 10% at the reporting date.*

# SHAREHOLDER INFORMATION

## Ordinary shareholders

| Shareholder spread | Number of shareholder accounts | % of total shareholder accounts | Number of shares | % of issued shares |
|---|---|---|---|---|
| 1 - 1 000 | 412 | 63.00 | 63 738 | 0.05 |
| 1 001 - 10 000 | 89 | 13.61 | 383 190 | 0.30 |
| 10 001 - 100 000 | 95 | 14.53 | 3 291 472 | 2.55 |
| 100 001 - 1 000 000 | 49 | 7.49 | 14 474 556 | 11.23 |
| Over 1 000 000 | 9 | 1.38 | 110 692 844 | 85.87 |
| | 654 | 100.00 | 128 905 800 | 100.00 |

| Public/Non-public shareholders | Number of shareholder accounts | % of total shareholder accounts | Number of shares | % of issued Shares |
|---|---|---|---|---|
| Non-public shareholders | 7 | 1.07 | 99 111 796 | 76.89 |
| Titan Premier Investments (Pty) Ltd (>5% shareholder) | 2 | 0.31 | 60 183 593 | 46.69 |
| Brait Mauritius Ltd (>5% shareholder) | 1 | 0.15 | 38 732 823 | 30.05 |
| Directors and Associates | 4 | 0.61 | 195 380 | 0.15 |
| Public shareholders | 647 | 98.93 | 29 794 004 | 23.11 |
| | 654 | 100.00 | 128 905 800 | 100.00 |

| Beneficial shareholders holding 5% or more | Number of shares | % of issued Shares |
|---|---|---|
| Titan Premier Investments (Pty) Ltd | 60 183 593 | 46.69 |
| Brait Mauritius Ltd | 38 732 823 | 30.05 |
| Allan Gray | 9 637 715 | 7.48 |
| | 108 554 131 | 84.21 |

## "A" ordinary shareholders

| Shareholder spread | Number of shareholder accounts | % of total shareholder accounts | Number of shares | % of issued shares |
|---|---|---|---|---|
| 1 - 1 000 | 1 | 14.29 | 966 | 6.25 |
| 1 001 - 10 000 | 6 | 85.71 | 14 491 | 93.75 |
| | 7 | 100.00 | 15 457 | 100.00 |

| Public/Non-public shareholders | Number of shareholder accounts | % of total shareholder accounts | Number of shares | % of issued Shares |
|---|---|---|---|---|
| Non-public shareholders | 6 | 85.71 | 14 491 | 93.75 |
| Directors and Associates | 6 | 85.71 | 14 491 | 93.75 |
| Public shareholders | 1 | 14.29 | 966 | 6.25 |
| | 7 | 100.00 | 15 457 | 100.00 |

| Beneficial shareholders holding 5% or more | Number of shares | % of issued Shares |
|---|---|---|
| JJ Gertenbach | 5 797 | 37.50 |
| F Grobbelaar | 1 932 | 12.50 |
| GJ Campbell | 1 932 | 12.50 |
| JD Simpson | 1 932 | 12.50 |
| SM O'Sullivan | 1 449 | 9.37 |
| AS van der Schyf | 1 449 | 9.37 |
| TNI Trust | 966 | 6.25 |
| | 15 457 | 100.00 |

## "A1" ordinary shareholders

| Shareholder spread | Number of shareholder accounts | % of total shareholder accounts | Number of shares | % of issued shares |
|---|---|---|---|---|
| 1 - 1 000 | 1 | 10.00 | 780 | 3.38 |
| 1 001 - 10 000 | 9 | 90.00 | 22 280 | 96.62 |
| | 10 | 100.00 | 23 060 | 100.00 |

| Public/Non-public shareholders | Number of shareholder accounts | % of total shareholder accounts | Number of shares | % of issued Shares |
|---|---|---|---|---|
| Non-public shareholders | 9 | 90.00 | 21 590 | 93.63 |
| Directors and Associates | 9 | 90.00 | 21 590 | 93.63 |
| Public shareholders | 1 | 10.00 | 1 470 | 6.37 |
| | 10 | 100.00 | 23 060 | 100.00 |

| Beneficial shareholders holding 5% or more | Number of shares | % of issued Shares |
|---|---|---|
| JJ Gertenbach | 5 730 | 24.85 |
| GJ Campbell | 2 610 | 11.32 |
| JD Simpson | 2 610 | 11.32 |
| SM O'Sullivan | 2 120 | 9.19 |
| AS van der Schyf | 2 120 | 9.19 |
| F Grobbelaar | 2 000 | 8.67 |
| A Sodalay | 1 820 | 7.89 |
| JN Singonzo | 1 800 | 7.81 |
| TNI Trust | 1 470 | 6.37 |
| | 22 280 | 96.62 |

# GENERAL INFORMATION

| | |
|---|---|
| **Company Name** | Premier Group Limited (formerly Premier Group Proprietary Limited) |
| **Company registration number** | 2007/016008/06 |
| **Country of incorporation and domicile** | Republic of South Africa |
| **JSE share code** | PMR |
| **ISIN** | ZAE000320321 |
| **Registered office and business address** | Building 5<br>Maxwell Office Park<br>Magwa Crescent West<br>Waterfall, 2090<br>Private Bag X2127, Isando, 1600<br>Telephone +27 11 565 4300 |
| **Directors** | JJ Gertenbach *(Chief Executive Officer)*<br>F Grobbelaar *(Chief Financial Officer)*<br>CJ Roodt *(Independent Non-executive Chairperson)*<br>RM Hartmann* *(Non-executive)*<br>FN Khanyile *(Independent Non-executive)*<br>JER Matthews *(Non-executive)*<br>H Ramsumer *(Independent Non-executive)*<br>W Sihlobo *(Independent Non-executive)*<br>I van Heerden *(Non-executive)*<br>** PRN Hayward-Butt is an alternate director to RM Hartmann* |
| **Bankers** | FirstRand Bank Limited |
| **Company secretary** | Margaretha Stoltz<br>Email: companysecretary@premierfmcg.com |
| **Transfer secretaries** | Computershare Investor Services Proprietary Limited<br>Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196<br>Private Bag X9000, Saxonwold, 2132<br>Telephone +27 11 370 5000 |
| **Sponsor** | Rand Merchant Bank (a division of FirstRand Bank Limited)<br>1 Merchant Place, Cnr Fredman Drive and Rivonia Road, Sandton, 2196<br>PO Box 786273, Sandton, 2146<br>Telephone +27 11 282 8000 |
| **Independent auditor** | PricewaterhouseCoopers Inc.<br>4 Lisbon Lane, Waterfall City, Jukskei View, 2090<br>Private Bag X36, Sunninghill, 2157<br>Telephone +27 11 797 4000 |
| **Website** | www.premierfmcg.com |
| **Investor relations** | Should you wish to be placed on the mailing list to receive email updates, please send an email to investor@premierfmcg.com |
| **Tax reference number** | 9102629160 |
| **Date of release** | 6 June 2023 |