Annual Financial Results

for the year ended 31 March

2023

Premier

FINANCIAL HIGHLIGHTS

Revenue **R17.9 billion** ↑ 23.4%	EBITDA **R1.7 billion** ↑ 16.2%[(1)]	Operating profit **R1.3 billion** ↑ 28.2%[(1)]
Net profit **R795 million** ↑ 186.2%	Normalised HEPS[(2)] **552 cps** ↑ 22.7%	Group leverage ratio **1.7x** (2022: 1.6x)
Cash generated by operations **R1.5 billion** ↑ 9.2%	Pre-IPO cash returned to shareholders **R958 million** (2022: R173 million)	Voluntary debt repayment **R294 million**
ROIC[(3)] **19.1%** (2022: 14.8%)	ROE[(4)] **31.5%** (2022: 11.7%)	Capital raised by Brait through IPO **R3.6bn**

(1) *Prior year EBITDA and operating profit adjusted by adding back a R130 million impairment loss.*

(2) *Normalised headline earnings per share adjusted for foreign exchange gains on cash and loans of a funding nature of R60 million (2022: R3 million) and the reversal of accrued withholding tax on preference dividends of R43 million to profit on the conversion of the redeemable preference shares to ordinary shares.*

(3) *Refers to return on invested capital which was adjusted for the revaluation of intangibles in the current year and capital projects not yet commissioned in the prior year.*

(4) *Refers to return on equity adjusted for revaluation of intangibles.*

COMMENTARY

OVERVIEW

Premier Group Limited and its subsidiaries (together "Premier" or the "Group") delivered a robust performance for the year ended 31 March 2023, under dynamic market and trading conditions. Exceptionally high commodity prices, unprecedented levels of loadshedding and social instability defined the operating landscape. The consumer continued to endure rising food inflation and high levels of unemployment impacting disposable income. In response, our focus remained on the continuous training and upskilling of our people, internal cost saving initiatives and the delivery of material operational efficiencies across both manufacturing and the Group's logistics and merchandising channels. The focus on training and upskilling our people has been a major advantage in assisting us to navigate the challenging environment.

The new mega-bakery in Pretoria was fully commissioned within budget during the year and is operating at maximum production levels, delivering cost savings and improved bread quality. The Group successfully concluded the acquisition of a bakery in the Western Cape of South Africa, further expanding its footprint in the region. Additional synergies from the Mister Sweet acquisition, concluded in 2022, were extracted through the integration into Premier's confectionery operations and changes to Premier's sales and merchandising structures were bedded down.

On 24 March 2023, Premier Group Limited concluded an Initial Public Offering and returned to the JSE after an absence of 18 years, raising R3.6 billion in secondary capital for Brait PLC. The transition into the listed environment is expected to support Premier's efforts to drive its organic and acquisitive growth strategy and strengthen its market position across all business areas.

Over the past few years, we have made good progress in establishing and executing on our ESG strategy. Our long-standing commitment to our purpose, that our products and people make a difference in the everyday lives of our consumers, has enabled us to make a positive impact in the lives of our people and the communities we operate in. Through several corporate social investment initiatives during the year, Premier has been able to provide over 50 million nutritional meals, menstrual hygiene products and educational assistance to communities in need across the country. From an environmental perspective, prioritising cleaner energy initiatives and the elimination of waste in the manufacture and distribution of our products is an essential sustainability focus for the business.

FINANCIAL REVIEW

The Group's revenue increased by 23.4% year-on-year to R17.9 billion, driven by increases in revenue in both the Millbake and the Groceries and International categories of 25.4% and 14.5% respectively. The global inflationary impact on input raw materials necessitated the proactive management of product price increases. This had a muted effect on volumes but assisted in offsetting rising input costs. The impact of loadshedding on the business is not considered to have had a material effect, with additional costs incurred across the business of approximately R32 million.

Earnings before interest, tax, depreciation, amortisation and impairment losses ("Adjusted EBITDA") increased by 16.2% to R1.7 billion, driven by the growth in Millbake EBITDA of 17.4% and in Groceries and International adjusted EBITDA of 3.3%. EBITDA in the prior year was adjusted by adding back an impairment loss of R130 million. The Group's adjusted EBITDA margin of 9.6% contracted by 60 basis points compared with the prior year level of 10.2%.

Operating profit, adjusted in the prior year for the impairment loss of R130 million, increased by 28.2% to R1.3 billion.

Net finance costs decreased by 38.2%, mainly attributable to the shareholder loan that was ceded for equity and the conversion of the redeemable preference shares to equity during the current year. The decrease was partly offset by the higher interest rates in the current year compared to the prior year and finance costs on the additional borrowings of R1.04 billion. In addition, there was an increase in the foreign exchange gains on cash and intergroup loans of a funding nature which are mainly attributable to the Group's exposure to foreign currency risk linked to the ZAR to MZN exchange rate.

The effective tax rate for the year decreased from 32.9% to 24.9%. The decrease is mainly attributable to the decline in the non-deductible preference dividends as a result of the conversion of the redeemable preference shares to equity.

Net profit increased by 186.2% to R795 million for the year.

Earnings per share ("EPS") increased by 90.7% to 630 cents, headline earnings per share ("HEPS") increased by 39.8% to 634 cents. Normalised headline earnings per share increased by 22.7% to 552 cents for the year. Normalised HEPS were adjusted for foreign exchange gains on cash and loans of a funding nature of R60 million (2022: R3 million) and by the reversal of accrued withholding tax on preference dividends of R43 million to profit on the conversion of the redeemable preference shares to ordinary shares, both of which were once off in nature. The improvement in EPS, HEPS and normalised HEPS is a result of the growth in the Group's operating profit and the after tax effect of the net finance costs being reduced as a result of the shareholder funding exchanged for equity during the year. It is the board's opinion that normalised headline earnings per share provides shareholders with the most consistent perspective on Premier's performance.

Cash generated from operations increased by 9.2% to R1.5 billion for the year, underpinned by the growth in the Group's EBITDA and supported by well managed working capital.

The net cash outflow from financing activities of R134 million for the current year compared to a net cash inflow of R116 million in the prior year. Some of the Group's borrowing facilities were refinanced during the current year resulting in additional cash inflow of R1.04 billion, of which R934 million was distributed to shareholders. A voluntary capital repayment on borrowings of R294 million were made during the year. This capital repayment remains available to be withdrawn for future funding needs.

Other material cash flows during the year were net interest paid of R336 million and tax paid of R172 million.

Capital expenditure ("Capex") including maintenance and expansionary capex, was 1.7% lower than the prior year at R473 million. Capital expenditure to revenue was 2.6% (2022: 3.3%). In keeping with Premier's strategy of achieving growth and being the lowest cost producer, investment in best-in-class facilities is an ongoing priority. Significant projects undertaken during the year, included upgrades to two of Premier's bakeries, improvements to two mills and investment in the sugar confectionery sites to improve efficiencies. In order to continue to drive growth and support maintenance across the business, future capex is anticipated to be broadly in line with historical levels. The capex programme is expected to average R600 million per year for FY2024 and FY2025 and R500 million thereafter.

The Group's net debt (including lease liabilities, but excluding the trade financing facility) at 31 March 2023, was R2.9 billion with a group leverage ratio of 1.7x (2022: 1.6x). The Group's gearing remains in line with historical levels and management is comfortable that there is sufficient flexibility to provide for expansion.

During the current year, the Brait shareholder loan of R1.5 billion was ceded for equity and the redeemable preference shares of R1.8 billion were converted to equity. As a result, 224 686 additional ordinary shares of the Company, being the number of shares prior to the subdivision of the ordinary shares in a ratio of 1:200, were issued to Brait as settlement of the shareholder funding.

DIVIDENDS

The Company started trading on the Johannesburg Stock Exchange six days prior to the financial year-end. Consequently, no dividends were declared by the board of directors for the year ended 31 March 2023. The Company's current intention is to declare a maiden dividend following the release of its FY2024 results.

SEGMENTAL REVIEW

Millbake

The Millbake division delivered a robust performance for the year ended 31 March 2023 with revenue increasing by 25.4% to R14.9 billion and EBITDA, excluding corporate costs, increasing by 17.5% to R1.6 billion. The EBITDA margin of 11.0% contracted 70 bps on the prior year. The increase in Millbake's revenue is attributable to price growth of 24% and volume growth of 1%.

Despite evident macroeconomic headwinds, Premier has shown consistent delivery of growth and is well positioned to drive further growth through a relentless focus on efficiencies and being the lowest cost producer. The commissioning of the new state-of-the-art mega-bakery in Pretoria was the first major step to upgrade the inland capability to the same quality and consistency as the coastal bakeries. Several of the Millbake facilities have been upgraded to establish best-in-class operations to ensure efficient and reliable delivery of top-quality product. In addition, route-to-market optimisation and fleet efficiency initiatives have been implemented. 9 000m^2 of leased warehousing space was added to the Group's central distribution centre in Gauteng, during the last quarter of FY2023, catering for anticipated future growth.

Wheat flour milling capacity remains a focal point in terms of capital expenditure in Millbake. Additional wheat milling capacity in the eSwatini wheat mill is planned for completion by mid-2023 calendar year. Steady performance in the maize category has been underpinned by consistent demand in the staple food category in Southern Africa.

Groceries and International

The Groceries and International division delivered an encouraging performance for the year ended 31 March 2023. The division's revenue increased by 14.5% to R3.1 billion, while adjusted EBITDA increased by 3.3% to R206 million. The adjusted EBITDA margin, however, contracted by 70 basis points on the prior year to 6.8%.

Good performance in the Sugar Confectionery category supported the growth in the Groceries and International division, with growing sales volumes underpinning increases in both revenue and EBITDA. The focus in Sugar Confectionery is on site manufacturing optimisation and functionality to improve operational performance subsequent to the Mister Sweet acquisition in 2022. The Mister Sweet acquisition expanded Premier's offering significantly in the growing private label category.

The Home and Personal Care category in the United Kingdom delivered pleasing results and strategies to leverage the Lil-lets brand within the broader feminine hygiene category, expanding channels and markets, have been implemented. Premier continues to build a centre of excellence at the Durban facility to unlock future supply chain opportunities.

CIM, the Group's business division in Mozambique, had a tough year with the Mozambican economy continuing to experience several economic challenges. Both revenue and EBITDA were down for the year as consumers remain severely constrained. Management is focusing on product and process innovation, operational efficiencies and sensible capital investment to unlock continuous improvement opportunities, automation and category growth.

CHANGES TO DIRECTORATE

During the year, the Board appointed Harish Ramsumer as Independent Non-executive Director of the Company with effect from 9 May 2022. Mr Ramsumer is a chartered accountant and an experienced business leader. He was a partner at PricewaterhouseCoopers Inc. (PwC) for 18 years and a member of their Africa Assurance Strategic and Executive Committees. In addition, Mr Ramsumer previously served as a member of PwC's Southern Africa Governing Board. He worked as the signing partner and relationship partner on various large corporate and JSE listed entities. He was appointed as the Chairperson of the Audit and Risk Committee with effect from 1 June 2022.

The board also appointed Faith Khanyile as Independent Non-executive Director of the Company with effect from 1 November 2022. Ms Khanyile has been serving on the boards of both listed and private companies across various sectors over the past 20 years. She is currently a Non-executive Director of the following listed entities: Discovery Limited, Bidvest Limited and the JSE Limited. Ms Khanyile holds a Bachelor of Arts in Economics and a Master of Business Administration in Finance as well as a Higher Diploma in Tax. She is currently a member of the Audit and Risk Committee.

Peter Hayward-Butt resigned as a Director of the Company with effect from 11 November 2022, but was elected as an alternate Director to Rolf Hartmann with effect from the same date.

OUTLOOK

Premier is proud of the strong performance achieved for the year and will endeavour to continue delivering investment returns to its shareholders and making a difference in the everyday lives of its consumers. Improving distribution, product availability and forward share management will remain a strategic priority to increase market penetration, as well as a focus on innovation and product renovation to strengthen product margins and brand equity. We intend to leverage our infrastructure and capabilities through continued investment in our people, as well as ongoing business integration and optimisation in pursuit of being the lowest cost producer.

Despite a softening in raw material input cost inflation in recent months, cost inflation across production, sales and distribution is anticipated to prevail, given the rise in interest rates and the local inflationary impact of the weakened exchange rate. Loadshedding continues to impose multiple operational challenges, including capacity availability in the milling category, but despite indications that loadshedding will persist for the remainder of the year, future performance of the Group is not expected to be materially impacted. Premier will continue to take the necessary steps to protect its margins across the various categories.

The Aeroton bakery upgrade is due to commence during the second half of the 2023 calendar year in line with our strategy of investing in our assets, our people, our brands and our production capability to achieve lowest cost, maintain high quality standards and facilitate growth.

In line with our philosophy of doing the right thing, we will maintain support of our people and communities in need through donations of product and financial assistance, continue to identify ways of reducing our carbon footprint and of eliminating waste in the manufacture and distribution of our products.

APPRECIATION

On behalf of the Board, we would like to express our gratitude to all our shareholders, our people, our customers, suppliers and all other stakeholders for their valued support during these challenging times.

For and on behalf of the Board

CJ Roodt
Non-executive Chairman

JJ Gertenbach
Chief Executive Officer

SUMMARY CONSOLIDATED 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		**39 110**	16 839
Credit loss allowances (raised)/reversed		**(5 259)**	14 208
Impairment losses		**-**	(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	3	**56 259**	4 712
Finance costs*	4	**(345 671)**	(472 782)
Foreign exchange gains*	5	**56 116**	4 854
Profit before tax		**1 058 309**	414 132
Income tax expense		**(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		**(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)	7	**630.41**	330.53
Basic earnings per share – diluted (cents)	7	**593.29**	328.69

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

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note	2023 R'000	2022 R'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		**3 840 239**	3 658 354
Right-of-use assets		**251 435**	217 777
Goodwill		**233 147**	208 064
Intangible assets		**1 471 218**	1 464 984
Loans receivable		**24 577**	36 747
Deferred income tax		**32 812**	29 705
		5 853 428	5 615 631
Current Assets			
Inventories*		**2 402 173**	1 627 939
Trade and other receivables**		**1 794 914**	1 375 237
Loans receivable		**6 454**	7 423
Current income tax receivable		**13 539**	44 850
Restricted cash	11	**2 274**	30 000
Cash and cash equivalents		**595 402**	291 295
		4 814 756	3 376 744
Total Assets		**10 668 184**	8 992 375
EQUITY			
Share capital	6	**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	8	**-**	1 789 751
Loan from shareholder	9	**-**	1 492 403
Borrowings***		**2 926 602**	2 123 008
Lease liabilities		**249 372**	203 501
Deferred income tax		**618 990**	595 744
Employee benefit obligations		**46 574**	39 771
Tax liabilities		**-**	43 513
		3 841 538	6 287 691
Current Liabilities			
Trade and other payables*		**1 830 621**	1 275 738
Trade financing facility*		**760 222**	463 610
Refund liabilities**		**423 123**	342 522
Employee benefit obligations		**288 862**	277 438
Borrowings***		**22 370**	179 239
Lease liabilities		**52 687**	54 936
Tax liabilities		**37 176**	2 334
Bank overdraft		**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

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

** *The increase in trade and other receivables and refund liabilities is due to volume growth and the high inflationary costs that have been passed on to customers despite a challenging trading environment.*

*** *The Group refinanced some of its borrowing facilities and received additional funding of R1 040 million, of which R934 million was distributed to shareholders during the year. A voluntary capital repayment of R294 million was made during the current year, which is available to be withdrawn for future funding needs.*

SUMMARY CONSOLIDATED 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**
Return of capital**	**(947 238)**	**-**	**-**	**-**	**(947 238)**	**-**	**(947 238)**
Dividend distribution***	**-**	**-**	**-**	**(2 763)**	**(2 763)**	**-**	**(2 763)**
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	6						

* *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 Limited ("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.*

*** *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.*

SUMMARY CONSOLIDATED 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		**1 545 092**	1 415 013
Finance income received		**9 534**	2 250
Finance costs paid		**(345 681)**	(378 694)
Tax paid		**(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		**(324 795)**	(147 590)
Expansion of property, plant and equipment		**(147 889)**	(333 387)
Proceeds from disposal of property, plant and equipment		**10 483**	5 133
Purchase of intangible assets		**(44 709)**	(38 161)
Payment for acquisition of business, net of cash acquired	11	**(23 499)**	(427 560)
Decrease/(increase) in restricted cash		**27 726**	(30 000)
Net cash outflow from investing activities		**(502 683)**	(971 565)
Cash flows from financing activities			
Proceeds from issue of shares	6	**2 484**	2 447
Repayment of share capital		**(932 060)**	-
Proceeds from borrowings		**1 040 000**	460 000
Repayments of borrowings		**(393 275)**	(272 669)
Repayment of shareholder's loan		**-**	(19 597)
Payment of principal portion of lease liabilities		**(52 484)**	(54 183)
Net proceeds from bank overdraft	10	**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	10	**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	10	**595 402**	177 006

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The summary consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition concepts of International Financial Reporting Standards ("IFRS"), the 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, the requirements of the South African Companies Act, No. 71 of 2008, as amended ("Companies Act"), and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. They have been prepared under the supervision of the Chief Financial Officer, F Grobbelaar CA(SA).

The accounting policies applied in the preparation of the consolidated annual financial statements from which the summary consolidated financial statements are derived, are in terms of IFRS and are consistent with those applied in the previous year.

These results are extracted from audited information and do not include all the notes of the type normally included in the consolidated annual financial statements. Accordingly, the summary consolidated annual financial statements are to be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2023.

The consolidated annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unqualified opinion thereon. The auditor's report does not necessarily report on all the information contained in this announcement. The shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information. The audited consolidated annual financial statements and the auditor's report thereon are available for inspection on the Company's website www.premierfmcg.com or at the Company's registered office.

The directors take full responsibility for the preparation of these results and confirm that the financial information has been correctly extracted from the underlying consolidated annual financial statements.

2. OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker ("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").

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 7 for more details regarding these performance measurements.

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.

2. OPERATING SEGMENTS (continued)

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

Geographical information

The Group's non-current assets and revenue by location of operations are detailed below. The CODM does not evaluate the Group's other assets or liabilities on a segmental basis for decision-making purposes.

	2023 R'000	2022 R'000
Revenue		
South Africa	**15 330 452**	12 158 692
Outside South Africa	**2 608 008**	2 379 119
	17 938 460	14 537 811
Non-current assets		
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

3. 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.

4. 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**	2 497
Preference dividends	**9 888**	94 089
Trade financing facility	**49 087**	29 107
	345 671	472 782

The loan from shareholder was ceded for equity on 4 May 2022 which resulted in the significant decrease in the finance costs on the shareholder loan. Refer to note 9. Furthermore the redeemable preference shares were converted to equity on 4 May 2022, which resulted in the decrease in preference dividends. Refer to note 8.

5. 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

6. 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.

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 9.*
** *The redeemable preference shares converted to ordinary shares during the current year. Refer to note 8.*
*** *"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.*

7. 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 headlines 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 8)	**2 215 448**	470 000
Weighted average number of shares for calculation of diluted earnings per share	**128 227 731**	84 400 800

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

7. EARNINGS PER SHARE (CONTINUED)

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.*

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.

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 CODM and the board reviews 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 or loss 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.

8. 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 equalled the carrying value of the redeemable preference shares of R1 790 million on conversion date.

9. 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%.

10. 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.

11. BUSINESS COMBINATIONS

On 1 May 2022, the Group acquired 100% of the issued share capital of Biz Afrika 710 Proprietary Limited, 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.

12. 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.

13. 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.

During the current year, the Brait shareholder loan of R1 492 million was ceded for equity and the redeemable preference shares of R1 790 million were converted to equity. As a result, 224 686 additional ordinary shares of the Company, being the number of shares prior to the subdivision of the ordinary shares in a ratio of 1:200, were issued to Brait as settlement of the shareholder funding.

14. FAIR VALUE INFORMATION

The variable interest rates 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.

15. 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.

16. COMMITMENTS

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

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 Maxwell Office Park Magwa Crescent West Waterfall, 2090 Private Bag X2127, Isando, 1600 Telephone +27 11 565 4300
Directors	JJ Gertenbach *(Chief Executive Officer)* F Grobbelaar *(Chief Financial Officer)* CJ Roodt *(Independent Non-executive Chairperson)* RM Hartmann* *(Non-executive)* FN Khanyile *(Independent Non-executive)* JER Matthews *(Non-executive)* H Ramsumer *(Independent Non-executive)* W Sihlobo *(Independent Non-executive)* I van Heerden *(Non-executive)* ** PRN Hayward-Butt is an alternate director to RM Hartmann*
Bankers	FirstRand Bank Limited
Company secretary	Margaretha Stoltz Email companysecretary@premierfmcg.com
Transfer secretaries	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 Private Bag X9000, Saxonwold, 2132 Telephone +27 11 370 5000
Sponsor	Rand Merchant Bank (a division of FirstRand Bank Limited) 1 Merchant Place, Cnr Fredman Drive and Rivonia Road, Sandton, 2196 PO Box 786273, Sandton, 2146 Telephone +27 11 282 8000
Independent auditor	PricewaterhouseCoopers Inc. 4 Lisbon Lane, Waterfall City, Jukskei View, 2090 Private Bag X36, Sunninghill, 2157 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
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