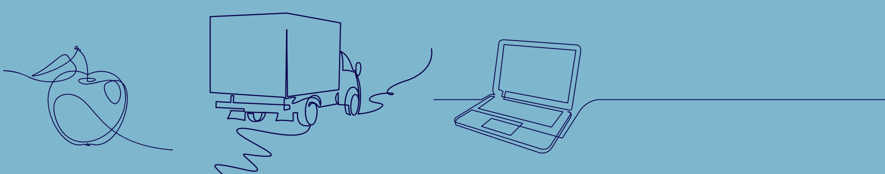
Bidcorp

Audited results
for the year ended
June 30 2022



Food | Service | Technology

Bidcorp

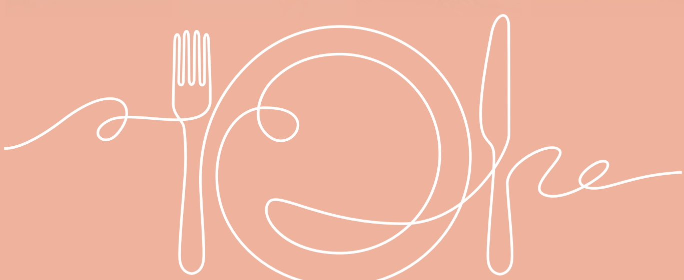
Bidcorp's entrepreneurial and decentralised business model, the depth and experience of our management teams, and the strength of the group's culture, positions the group for sustained growth in the future.

It's all about the food, service and technology

Who we are

Bidcorp:

- is a complete foodservice solution serving customers in 35 countries
- people are entrepreneurial and incentivised to be so
- runs as a decentralised group with best practices widely shared
- growth is organic, acquisitive-organic through bolt-ons, and acquisitive
- believes that balance sheet conservatism is a competitive financial advantage
- is at the forefront of foodservice digital commerce with its dynamically evolving proprietary technology
- embraces environment, social and governance criteria within its day-to-day operations and integrated reporting framework
- business model continues to be relevant, proven and scalable



Financial highlights

Revenue

R147,1bn

(F2021: R114,8bn)

↑ 28,2%

Constant currency ↑ 33,1%

Cash generated by operations (before working capital)

R9,9bn

(F2021: R7,0bn)

↑ 41,4%

HEPS

1 538,3 cents

(F2021: 868,4 cents)

↑ 77,1%

Constant currency ↑ 83,0%

Total distribution per share

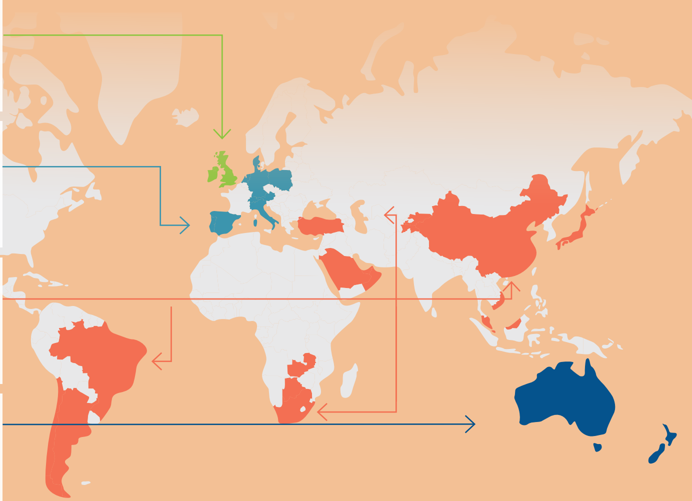
700,0 cents

(F2021: 400,0 cents)

↑ 300,0 cents ↑ 75%

Segmental results

Segment	Revenue	Revenue movement	Trading profit	Trading profit movement
United Kingdom	R37,8bn	↑ 55,1%[1]	R1,5bn	↑ 297,9%[1]
Europe	R50,1bn	↑ 49,0%[1]	R2,4bn	↑ 130,6%[1]
Emerging Markets	R25,9bn	↑ 24,6%[1]	R1,4bn	↑ 57,4%[1]
Australasia	R33,3bn	↑ 4,9%[1]	R2,3bn	↓ 2,7%[1]



[1] *Movements expressed in terms of constant currency.*

Summary consolidated statement of profit or loss

for the year ended June 30

R'000	2022 Audited	2021 Audited	% change
Revenue	**147 138 311**	114 803 442	28,2
Cost of revenue	**(111 495 826)**	(87 296 234)	(27,7)
Gross profit	**35 642 485**	27 507 208	29,6
Operating expenses	**(28 051 710)**	(22 719 556)	(23,5)
Trading profit	**7 590 775**	4 787 652	58,5
Share-based payment expense	**(161 258)**	(107 452)	
Acquisition costs	**(16 320)**	(6 151)	
Capital items	**(333 150)**	242 750	
Operating profit	**7 080 047**	4 916 799	44,0
Net finance charges	**(689 754)**	(693 400)	
Finance income	**58 244**	51 383	
Finance charges	**(747 998)**	(744 783)	
Share of profit of associates and jointly controlled entities	**39 718**	29 904	
Monetary gain arising from hyperinflation in Turkey	**69 215**	–	
Profit before taxation	**6 499 226**	4 253 303	52,8
Taxation	**(1 584 987)**	(1 134 694)	(39,7)
Profit for the year	**4 914 239**	3 118 609	57,6
Attributable to:			
Shareholders of the company	**4 824 720**	3 088 860	
Non-controlling interest	**89 519**	29 749	
	4 914 239	3 118 609	57,6
Shares in issue			
Total ('000)	**335 404**	335 404	
Weighted ('000)	**334 062**	334 058	
Diluted weighted ('000)	**334 970**	334 564	
Basic earnings per share (cents)	**1 444,3**	924,6	56,2
Diluted basic earnings per share (cents)	**1 440,3**	923,2	56,0
Headline earnings per share (cents)	**1 538,3**	868,4	77,1
Diluted headline earnings per share (cents)	**1 534,1**	867,1	76,9
Distributions per share (cents)	**700,0**	400,0	75,0

Summary consolidated statement of other comprehensive income

for the year ended June 30

R'000	2022 Audited	2021 Audited
Profit for the year	**4 914 239**	3 118 609
Other comprehensive income	**903 551**	(2 298 355)
Items that may be reclassified subsequently to profit or loss	**910 468**	(2 333 289)
Foreign currency translation reserve		
Movement in foreign currency translation reserve including hyperinflation effects	**909 270**	(2 334 345)
Movement in fair value of cash flow hedges	**1 198**	1 056
Fair value gain	**1 577**	1 393
Deferred taxation charge	**(379)**	(337)
Items that will not be reclassified subsequently to profit or loss		
Defined benefit obligations	**(6 917)**	34 934
Remeasurement of defined benefit obligations	**(6 555)**	36 067
Deferred taxation charge	**(362)**	(1 133)
Total comprehensive income for the year	**5 817 790**	820 254
Attributable to		
Shareholders of the company	**5 782 651**	827 877
Non-controlling interest	**35 139**	(7 623)
	5 817 790	820 254

Headline earnings

for the year ended June 30

The following adjustments to profit attributable to shareholders were taken into account in the calculation of headline earnings:

R'000	2022 Audited	2021 Audited
Profit attributable to shareholders of the company	**4 824 720**	3 088 860
Impairments	**141 475**	473 005
Property, plant and equipment	**99 094**	360 938
Intangible assets	**37 448**	226 592
Goodwill	**25 601**	–
Taxation relief	**(20 668)**	(114 525)
Capital profit on disposal of property, plant and equipment	**(56 218)**	(631 681)
Property, plant and equipment	**(56 513)**	(794 835)
Taxation charge	**295**	163 154
Insurance proceeds in relation to an impairment of property, plant and equipment	**(3 378)**	(26 170)
Insurance proceeds	**(4 692)**	(32 309)
Taxation charge	**1 314**	6 139
Gain from bargain purchase	**–**	(3 136)
Loss on disposal of interests in Cárnicas Sáenz S.L. (Cárnicas (Spain)) and Hamburg (Germany)	**232 212**	–
Headline earnings	**5 138 811**	2 900 878

Summary consolidated statement of cash flows

for the year ended June 30

R'000	2022 Audited	2021 Audited
Cash flows from operating activities	**3 483 490**	5 823 001
Operating profit	**7 080 047**	4 916 799
Dividends received from jointly controlled entity	**20 051**	40 000
Acquisition costs	**16 320**	6 151
Depreciation and amortisation	**1 460 901**	1 422 824
Depreciation on right-of-use lease assets	**844 545**	826 954
Nowaco share incentive scheme	**(16 430)**	(16 699)
Non-cash items	**534 777**	(168 154)
Cash generated by operations before changes in working capital	**9 940 211**	7 027 875
Changes in working capital	**(1 983 500)**	632 312
Cash generated by operations	**7 956 711**	7 660 187
Finance income received	**53 479**	48 018
Finance charges paid	**(653 099)**	(654 585)
Taxation paid	**(1 525 772)**	(1 230 619)
Dividends paid	**(2 347 829)**	–
Cash effects of investment activities	**(3 429 210)**	(307 870)
Additions to property, plant and equipment	**(2 930 155)**	(1 831 140)
Additions to intangible assets	**(152 597)**	(138 286)
Proceeds on disposal of property, plant and equipment	**593 842**	1 895 733
Proceeds on disposal of intangible assets	**–**	819
Acquisition of businesses and subsidiaries	**(818 114)**	(86 669)
Proceeds on disposal of businesses	**3 440**	–
Investment in jointly controlled entity	**–**	(14 968)
Investment in and advances to associates	**(17 670)**	(4 314)
Investments acquired	**(66 142)**	(19 540)
Proceeds on disposal of investments	**30 835**	32 986
Payments made to puttable non-controlling interests	**(49 476)**	(82 606)
Payments made to vendors for acquisition[1]	**(23 173)**	(59 885)
Cash effects of financing activities	**(819 874)**	(3 761 408)
Borrowings raised	**7 943 760**	4 473 408
Borrowings repaid	**(7 736 449)**	(7 274 843)
Right-of-use lease liability payments (including lease incentives)	**(862 451)**	(820 362)
Payments to non-controlling interests	**(26 559)**	(25 535)
Treasury shares purchased	**(138 175)**	(114 076)
Movement in cash and cash equivalents	**(765 594)**	1 753 723
Cash and cash equivalents at the beginning of the year	**8 120 639**	7 024 426
Effects of exchange rate fluctuations on cash and cash equivalents	**255 095**	(657 510)
Hyperinflation effect on cash and cash equivalents	**(211 890)**	–
Cash and cash equivalents at end of the year	**7 398 250**	8 120 639

[1] *Payments made to vendors for acquisition were in line with their acquisition date fair values.*

Summary consolidated statement of financial position

as at June 30

R'000	2022 Audited	2021 Audited
ASSETS		
Non-current assets	**40 493 131**	37 513 404
Property, plant and equipment	**17 298 876**	15 505 841
Intangible assets	**694 435**	649 722
Right-of-use lease assets	**4 501 704**	3 924 117
Goodwill	**15 755 681**	15 292 841
Deferred taxation assets	**1 394 294**	1 381 263
Interest in associates	**178 703**	151 652
Investments and loans	**130 353**	92 928
Investment in jointly controlled entities	**516 916**	493 011
Defined benefit pension assets	**22 169**	22 029
Current assets	**39 074 357**	31 696 619
Inventories	**13 757 645**	10 145 738
Trade and other receivables	**17 918 462**	13 430 242
Cash and cash equivalents	**7 398 250**	8 120 639
Total assets	**79 567 488**	69 210 023
EQUITY AND LIABILITIES		
Capital and reserves	**31 103 472**	28 088 174
Attributable to shareholders of the company	**30 843 156**	27 855 302
Non-controlling interest	**260 316**	232 872
Non-current liabilities	**16 726 268**	11 512 934
Deferred taxation liabilities	**758 336**	751 678
Long-term borrowings	**5 978 502**	1 479 252
Long-term right-of-use lease liabilities	**5 129 946**	4 597 519
Post-retirement obligations	**32 543**	25 985
Long-term vendors for acquisition	**115 477**	23 779
Long-term puttable non-controlling interest liabilities	**4 006 503**	3 983 808
Long-term provisions	**704 961**	650 913
Current liabilities	**31 737 748**	29 608 915
Trade and other payables	**26 653 020**	20 729 001
Short-term provisions	**287 719**	303 978
Short-term vendors for acquisition	**49 128**	175 395
Short-term puttable non-controlling interest liabilities	**266 658**	74 753
Taxation	**396 843**	286 537
Short-term right-of-use lease liabilities	**947 331**	894 376
Short-term borrowings	**3 137 049**	7 144 875
Total equity and liabilities	**79 567 488**	69 210 023
Net tangible asset value per share (cents)	**4 291**	3 552
Net asset value per share (cents)	**9 196**	8 305

Summary consolidated statement of changes in equity

for the year ended June 30

R'000	2022 Audited	2021 Audited
Equity attributable to shareholders of the company	**30 843 156**	27 855 302
Stated capital	**5 428 016**	5 428 016
Treasury shares	**(284 653)**	(272 679)
Balance at beginning of the year	**(272 679)**	(247 824)
Shares disposed of in terms of share incentive plans	**126 201**	89 221
Shares purchased during the year	**(138 175)**	(114 076)
Foreign currency translation reserve	**7 793 336**	7 206 888
Balance at beginning of the year	**7 206 888**	9 485 974
Opening reserve adjustment for hyperinflation effects	**(320 329)**	–
Arising during the year including hyperinflation effects	**906 762**	(2 296 973)
Realisation of reserve on foreign subsidiaries	**15**	17 887
Hedging reserve	**1 198**	–
Balance at beginning of the year	**–**	(1 056)
Fair value gain arising during the year	**1 577**	1 393
Deferred taxation recognised directly in reserve	**(379)**	(337)
Equity-settled share-based payment reserve	**615 554**	346 364
Balance at beginning of the year	**346 364**	290 007
Arising during the year	**165 560**	124 139
Deferred tax recognised directly in reserve	**3 697**	29 188
Utilisation during the year	**(126 201)**	(89 221)
Transfer from (to) retained earnings	**226 134**	(7 749)
Movement in retained earnings	**17 289 705**	15 146 713
Balance at beginning of the year	**15 146 713**	12 020 620
Attributable profit	**4 824 720**	3 088 860
Remeasurement of defined benefit obligations during the year	**(6 917)**	34 934
Recognition of puttable non-controlling interest liabilities	**(86 138)**	–
Remeasurement of puttable non-controlling interest	**(2 038)**	12 082
Dividends paid	**(2 347 829)**	–
(Deficit) surplus as a result of an exchange with non-controlling interest	**(12 657)**	355
Transfer from foreign currency translation reserve	**(15)**	(17 887)
Transfer (to) from equity-settled share-based payment reserve	**(226 134)**	7 749
Equity attributable to non-controlling interests of the company	**260 316**	232 872
Balance at beginning of the year	**232 872**	266 030
Other comprehensive income	**35 139**	(7 623)
Attributable profit	**89 519**	29 749
Opening reserve adjustment for hyperinflation effects	**(56 888)**	–
Movement in foreign currency translation reserve	**2 508**	(37 372)
Dividends paid	**(28 239)**	(29 673)
Changes in shareholding	**214 654**	4 138
Transfer to puttable non-controlling interest liability	**(194 110)**	–
Total equity	**31 103 472**	28 088 174

Summary consolidated segmental analysis

for the year ended June 30

R'000	2022 Audited	2021 Audited	% change
REVENUE			
Bidfood			
Australasia	**33 343 369**	33 010 216	1,0
United Kingdom	**37 818 927**	24 955 373	51,5
Europe	**50 077 127**	35 706 221	40,2
Emerging Markets	**25 898 888**	21 131 632	22,6
	147 138 311	114 803 442	28,2
TRADING PROFIT			
Bidfood	**7 687 487**	4 893 592	57,1
Australasia	**2 330 923**	2 489 692	(6,4)
United Kingdom	**1 533 213**	394 303	288,8
Europe	**2 382 215**	1 086 046	119,3
Emerging Markets	**1 441 136**	923 551	56,0
Corporate	**(96 712)**	(105 940)	
	7 590 775	4 787 652	58,5

Comment

Bidcorp has delivered a very pleasing trading performance for the year, particularly as the COVID pandemic had lingering economic and social impacts in a number of jurisdictions in the hospitality, tourism, and leisure industries. This performance is attributable to the contributions of our excellent global teams, our entrepreneurial and decentralised operating model and our loyal customer and supplier base.

Performance for the financial year started well with most economies rebounding strongly in July through to September 2021, contributing to a record first quarter performance that was driven by Europe, the UK, and Emerging Markets. Australasia was significantly impacted by COVID in the first six months, but recovered strongly into the second half to deliver a great performance. Following the Omicron variant's impact through the Northern Hemisphere winter, we experienced a steadily building momentum with the last four months being particularly strong.

Demand in the freetrade hospitality markets bounced back quickly post any pandemic-restrictive measures, with most sectors reaching pre-pandemic levels towards the back end of our financial year. Activity aligned to office catering has recovered somewhat, but remains impacted by work-from-home flexibility in many markets. Fortunately, our exposure to major catering institutions located in large capital cities has been reduced in recent years. Non-discretionary demand from hospitals, aged care, prisons, military and government departments is stable.

Operating conditions were difficult with our businesses having to contend with localised pandemic restrictions, significant staff shortages and churn, supply chain disruptions and rising operating costs, all of which hampered efficiencies, as well as rapid inflation driven by fallout from the Russian invasion of Ukraine. Despite the difficulties our businesses faced, our teams did a tremendous job of seizing the opportunities that circumstances presented, being able to deliver a record trading performance.

Investment activity gathered pace in the second half of the year, both into capacity expansion projects and bolt-on acquisitions as management anticipates growth ahead.

Headline earnings per share (HEPS) increased by 77,1% to 1 538,3 cents per share (F2021: 868,4 cents per share), with basic earnings per share (EPS) increasing by 56,2% to 1 444,3 cents per share (F2021: 924,6 cents per share). Currency volatility negatively impacted the rand-translated results by 5,9% with constant currency HEPS of 1 588,9 cents per share being recorded.

Distribution

The board has declared a final cash dividend of 400,0 cents per share for the year ended June 30 2022, representing approximately 2,16 times HEPS cover, in line with group policy.

Financial overview

Net revenue of R147,1 billion (F2021: R114,8 billion) rose by 28,2% (constant currency increase of 33,1%). Revenue in constant currency across all divisions was significantly higher than F2021 and overall exceeded that of the pre-pandemic levels in F2019.

Gross profit percentage at 24,2% (F2021: 24,0%) held up very well despite the necessity to trade through rapid product inflation, testament to the agility of our team's responsiveness in volatile economic conditions. Constant currency gross margin percentages are also ahead of pre-pandemic levels.

The overall cost of doing business decreased to 19,1% from 19,8% in F2021 but remained slightly above pre-pandemic levels of 18,7%. The group achieved cost efficiencies with a 28,4% increase in constant currency operating costs against an increase in constant currency revenues of 33,1%. Many of the efficiencies gained through the pandemic were dissipated by rising employee costs, energy and fuel prices, and increased inefficiencies from supply chain disruptions.

Group trading profit increased by 58,5% to R7,6 billion (F2021: R4,8 billion) and the trading profit margin achieved was 5,2% (F2021: 4,2%) which equates to those achieved pre-pandemic.

Net finance charges (excluding IFRS 16 charges) were higher by 10,1% at R336,6 million (F2021: R305,8 million) as a result of the necessary investment into working capital, larger investments into facility capex, higher dividend payments to shareholders, and a materially higher interest rate environment across all financial markets.

Cash generated by operations before working capital was R9,9 billion, a pleasing increase of R2,9 billion more than that generated in F2021. Monthly average net working capital days was at 6,8 days (F2021: 6,7 days) with working capital percentage to revenue running at 3,4% (normalised range of between 4,0% to 5,0%), well managed considering food supply shortages and intentional stocking up leading into the busy Northern Hemisphere summer. Bidcorp absorbed working capital of R0,2 billion in the second half which, in the context of rapid fourth quarter growth, compares favourably with a first half absorption of R1,8 billion.

Gross investments in property, plant and equipment of R2,9 billion (F2021: R1,8 billion) largely reflects expanding capacity necessary for organic growth. Maintenance capex reflects the depreciation charge of R1,4 billion. Ten bolt-on acquisitions were concluded at a cost of R0,8 billion in Australasia, Emerging Markets, and Europe.

Non-IFRS 16 net debt at R1,7 billion has increased from June 2021 (F2021: R0,5 billion) due to the investments into working capital and capex. A significant refinancing exercise was undertaken through February and March 2022 to rollover and refinance maturing term debt. This enabled a large portion of the group debt to be termed out to differing maturity dates of three, five and seven years at competitive fixed interest rates, reducing both liquidity and interest rate risks. Free cash flow for the year at R1,5 billion was behind F2021 (R4,7 billion), but acceptable in relation to the necessary reinvestments undertaken. F2021 free cash flows benefitted from one-off sale and leaseback property transactions.

Non-IFRS 16 net debt to EBITDA at 0,2 times and non-IFRS 16 EBITDA interest cover at 25,7 times (F2021: 19,3 times) remains well within group covenants and in line with the group's philosophy of conservative liquidity management. Bidcorp remains well capitalised and retains adequate headroom for further organic and acquisitive growth.

Prospects

Bidcorp's strategy of focusing on the wholesaling of food and allied products to the eating-out-of-home market remains fit for purpose, having demonstrated its resilience through the COVID pandemic of the last two years. Our businesses are focused on growth by remaining close to the correct mix of customer bases through appropriately located infrastructure and world class technology. They deliver a relevant range of available products in a win-win relationship for all parties. This strategy is supplemented via in-territory bolt-on acquisitions to expand geographic reach and/or product ranges, or via strategic acquisitions to enter new markets.

Organic market share gains remain the focus of all businesses in all markets through broadening the offering to our existing customer base whilst gaining new customers. Further development of our product sourcing capabilities, both local and imported, is creating the opportunity to expand our Own Brand product range offering. Small but strategic investments are also being made into value-add product opportunities to further enhance the Bidfood product range.

Our exceptional teams in every business continue to perform extremely well, remaining adaptive to difficult and highly volatile operating conditions. The focus remains on meeting customer service expectations whilst managing ongoing staff shortages and supply chain disruptions.

Our businesses have managed high inflation, present in all our markets, well and are trading through it. Early indications are that inflation may have peaked – which will provide some respite to the hospitality industry and our customers who are facing similar challenges to us.

Capex investments, principally into strategic distribution facilities to provide for future capacity, have returned to pre-pandemic levels, reflecting our confidence in the long-term sustainability of the foodservice industry. Every effort is being made to deploy new technologies in refrigeration, energy efficiency and distribution optimisation in an environmentally and cost-efficient way, to achieve our target of a 25% reduction in carbon emissions by 2025.

Several in-country bolt-on opportunities have been concluded and more are under consideration. No new market acquisitions in the foodservice space have presented themselves, but we are alert to any potential opportunities should they become evident.

Our ecommerce and digital strategy remain key enablers of competitive advantage and are designed to facilitate digital customer interaction in a low-cost but high-impact way. Our technology solutions continue to drive innovation in our businesses. We are committed to ongoing investment to develop our technology and data capability to assist driving our growth strategy forward.

Management is optimistic about the long-term future of the global foodservice industry and Bidcorp's prospects within it. Currently, however, the short-term prospects are uncertain; there are many challenges in various economies and consumer confidence is fragile. Whilst not being able to predict the future, Bidcorp is confident that it has the strategy, the management teams and the business model to take advantage of any opportunities.

Divisional review

Australasia

Divisional revenue for the year was R33,3 billion (F2021: R33,0 billion) with trading profit down 6,4% to R2,3 billion (F2021: R2,5 billion), a commendable result in view of the considerable COVID restrictions impacting trade in the region, particularly in New Zealand.

Australia faced lockdown restrictions throughout the first half of the year, but once markets fully reopened, activity levels bounced back and an excellent second half was delivered.

Staying close to the customer and resisting the impulse to cut costs through headcount reduction delivered a positive outcome as the Australian teams were well equipped to service the surge in demand that followed the lifting of COVID restrictions. Ongoing, focused management of gross margin and overhead expenses was vital as labour shortages, wage inflation and supply chain challenges restricted the second half's strong performance.

Foodservice achieved a record performance although this was not without its challenges. A large national QSR account was exited in the year, in line with the continued strategy to rebalance the customer portfolio. New opportunities, new locations, bolt-on acquisitions and branch expansions are key to ongoing growth in this business.

Supply Solutions performed above expectation as the product offering expanded. A new manufacturing division was established to focus on growing the value-add product range and developing these operations, some of which are still in their infancy. Meat performed to expectation but continues to be operate in a challenging environment.

Two bolt-on acquisitions were concluded in the year: Salad World and Bayview Seafoods. Investment in modernising premises continues, meeting capacity requirements and delivering greater efficiencies in energy usage and emissions reductions.

New Zealand had a challenging year with harsh restrictions and lengthy border closures impacting activity across both islands. Staffing challenges and wage inflation exacerbated an already difficult trading environment. The various management teams responded admirably and, in keeping the businesses operational, staff motivated, and customers serviced, delivered an exceptional result.

Throughout the year it was necessary to review and amend customer service levels to address inflationary cost pressures. Despite this, the operation succeeded in strengthening customer relationships – as was borne out by market share growth.

Foodservice sales were down for the year, declining further when adjusted for inflation. Trading profit was also down although margins improved, reflecting the impact of reduced volumes and rising costs. Strategic exits of national QSR customers are planned, freeing up capacity to target further freetrade growth.

Fresh had a tough year, impacted by quickly implemented lockdowns and the resultant loss of perishable stock. New management has inspired renewed momentum in this business.

The manufacturing business (now rebranded "Simply Food Solutions") delivered an excellent result. This was despite significant volume pressures and was achieved by embracing preferred procurement opportunities, improved efficiencies, and investment in automation. Strong management has been put in place to focus on growing the business.

Logistics experienced increasing energy and fuel costs. Property expansions in the year included the Hamilton branch and additional land purchased for future branch development. The Total Repack acquisition was finalised, strengthening the current manufacturing portfolio.

The outlook for New Zealand is positive as lockdown restrictions reduce and overall market activity levels resume.

United Kingdom (UK)

F2022 was a tale of four quarters, each with a very different set of challenges for management who succeeded in delivering an excellent full-year result. Revenue increased to R37,8 billion (F2021: R25,0 billion) and trading profit was up nearly threefold to R1,5 billion (F2021: R394,3 million), albeit off a low base. The UK is now again performing at F2019 levels.

The year started very positively for **Foodservice** with revenue out-performing expectations as Q1 lockdown restrictions were lifted and the market bounced back strongly. The pace of recovery exceeded expectations and the Foodservice operations benefited from a particularly busy "staycation" summer. By Q2 the return of the education sector delivered record-breaking daily sales volumes, but as volumes rose, the ability to maintain service excellence was strained by unprecedented operational challenges and soaring cost hikes – particularly energy costs. Labour shortages, especially in warehousing and driving, were acute, resulting in increased labour agency costs to address high turnover rates. The end of Q2 saw COVID lockdowns reintroduced, which resulted in a muted Christmas season.

Volumes recovered in Q3, and through engagement and proactive communication with customers, a cost-to-serve price increase helped restore margins. Although the pressures continued into Q4, the business' ability to respond and proactively address these headwinds through customer engagement, expense hedging and effective margin management delivered a commendable full-year result.

The Caterfood Buying Group delivered a good year-end trading profit. South Lincs, Caterfood, and Cimandis also all finished ahead of projections. Elite Fine Foods finished well, delivering year-on-year trading profit growth.

The Manufacturing division recorded an 11% profit improvement on the prior year. Yarde Farm had an outstanding year with a 55% trading profit growth. Simply Food Solutions ended a difficult year recording an improved trading profit, but with some room for improvement.

Digitisation strategies and investment into the IT infrastructure were a key focus of the year, positioning the business with a strong, modern foundation to support future growth. Innovative solutions developments and the successful implementations of warehouse management systems, delivery tracking, "customer-for-life" initiatives, consolidation of the ERP environment and other digital projects improved efficiencies.

Significant new national contract wins contributed to the sizeable tender success rate in the business. The Nicol Hughes acquisition, completed in July 2022, is positioned to become an integral part of the Caterfood Buying Group and further acquisitions in this group are being pursued.

Positive output from the annual employee survey actioned the launch of the "Foundations of Engagement" tool, a national tool designed to support managers in improving their teams' work environment. Continued rollouts of employee support and awareness programmes are in place to retain and improve working conditions.

Fresh delivered a profitable trading result, notwithstanding a difficult environment experienced throughout the year. Q4 was particularly positive for the business with sales recovery and expected trading profit levels surpassed.

Produce volume growth was positive but cost pressures were significant. Focus is now on managing operational costs. Meat is being relaunched nationally under the brand name "Campbells". More work remains to improve the meat and produce divisions. Seafood volumes into the summer were excellent, but significant price and cost pressures were experienced.

Collaborative initiatives with the Foodservice business continue, identifying opportunities to benefit from existing customer contracts. Operational benefits achieved in consolidating finance, IT and HR into the Foodservice platforms delivered cost savings.

Looking ahead, the UK's focus will be on navigating the anticipated tough coming winter as a combination of price inflation and rising energy bills is likely to be felt acutely. Management's outlook remains buoyant, with new business and the future pipeline secured.

Europe

The European businesses had a solid second-half start considering the seasonality which impacts hospitality during the Northern Hemisphere winter. Only the Netherlands business, constrained by harsh Omicron-COVID restrictions, had its Q3 results significantly impacted. Going into Q4 and the early summer months, sales held up very well in most countries despite the regional macro pressures experienced as a result of the Russian invasion of Ukraine. Revenue for the year was pleasing, up 40,2% to R50,0 billion (F2021: R35,7 billion). Trading profit results were excellent, more than doubling to R2,4 billion (F2021: R1,1 billion).

Netherlands struggled through harsh COVID restrictions and also had to navigate the impact of significant cost inflation pressures and Europe-wide labour and wage challenges. Focused management control of operational costs delivered a strong trading profit. A new acquisition in February 2022, Zegro, has integrated well. National accounts and freetrade performed better than pre-COVID levels, but Catering struggled.

Belgium performed better than F2019, bolstered by the Foster Fast Foods acquisition in the year. National account contracts added to cost pressures as the ability to pass on inflationary costs was delayed. Hospitality sector activity bounced back, matched, unfortunately, by unprecedented cost increases. Ongoing efforts to control operating costs were successful, however. The planned exit of a significant national customer in the new year should support efforts to gain more freetrade exposure.

Czech Republic and Slovakia achieved excellent sales results with revenue and trading profits up on F2019 levels. Cost inflation levels were at an all-time high and required a focused effort to protect margins. The Kralupy fish factory rebuild (post the fire in November 2020), has been completed and the plant is now fully operational. Capex investment continues to grow capacity to meet increasing demand. The Hungary depot continues to expand, with positive growth potential. The good summer weather has driven up ice cream volumes.

Italy reported record sales in the year with improved margins and profits being up fourfold. Navigating the Europe-wide challenges of labour shortages, inflation, supply chain disruptions and the fallout of the conflict in Ukraine is ongoing. Market expansion continues through product range quality and diversity improvements, strengthening service delivery levels and deepening customer relationships. Capex spend on infrastructural maintenance investment continues.

Poland achieved record results with increases reported in revenue, margins and trading profit, the latter being more than three times that of the previous year, and significantly ahead of pre-COVID results. Excellent freetrade growth contributed to these results. The direct Ukraine war-refugee impact on the Polish economy hiked cost inflation. Management responded with tight working capital management through the worst of the impact. Future growth requires infrastructure investment in growing capacity to meet demand. Positive results from the 'myBidfood' ecommerce rollout saw more than 50% of customers being engaged digitally with further expansion plans in place. An excellent summer to date has fostered the expectation of a strong start to F2023.

In **Germany,** a profit was reported for the full year, indicative of the slow but steady progress towards stability. Negatively impacted by the significant cost increases, some relief was experienced from government support. Rebalancing the customer portfolio, simplifying internal structures, streamlining and implementing efficiencies continue to drive the business transition. The lossmaking depot in Hamburg was exited in June 2022. Austria was profitable for the year with good prospects.

Baltics performed well despite the direct impact of the dampened economic sentiment resulting from the conflict in Ukraine. Revenue and trading profit were both up. Improvements in sales volumes in foodservice, retail, and other segments were positive. Cost pressures continue, however. Market share grew as the customer base and product range increased. Acquisition opportunities to grow the fresh offering are being explored.

Spain delivered full-year profits following the disposal of the loss-making Carnicas meat business in January 2022. Reported sales volumes are increasing although these are still below pre-COVID levels. Guzman exceeded expectation in H2, achieving profitability. The focus remains on developing the product range to become a broadline supplier. Operational efficiencies and improvements implemented are anticipated to contribute to profitability. Igartza has delivered excellent full-year results. Acquisition opportunities in the Basque region are being explored. A keen focus on rebalancing the customer base to more independents is expected to deliver growth.

Portugal was a star performer, delivering excellent trading profits on higher volumes and tightly controlled costs. Margins were protected through a well-executed pricing strategy. Tourism continues to grow, providing a great growth opportunity. Successfully navigating the widespread cost inflation pressures as volumes grow and capacity constraints are experienced was a key management focus. New depots are planned in Porto and Lisbon. It is expected that the summer season will be very strong.

Emerging Markets

The Emerging Markets businesses (with the exception of Greater China) continue to report increasingly strong growth with current activity levels being significantly higher than pre-COVID levels. Revenue was up 22,6% to R25,9 billion (F2021: R21,1 billion) and trading profit 56,0% higher at R1,4 billion (F2021: R923,6 million). From late January the Greater China business (China, Hong Kong, and Macau) contended with severe restrictions – which continue to affect activity levels.

Bidcorp Food Africa (BFA) achieved record results in a difficult environment. Civil disruptions (Q1), floods (Q3), and ongoing electricity loadshedding impacted operations and also forced customers to close, resulting in a loss of revenue. Added to these challenges, all businesses faced double-digit increases in utility costs, fuel, and energy. Inflation continues to increase and the pressure on disposable income has begun to impact consumer demand.

Bidfood South Africa (Bidfood) bounced back strongly in the restaurant and hotel channels. Market-share gains in the independent/street trade channel were particularly pleasing. Q4 results were excellent following the removal of all COVID restrictions with sales exceeding pre-COVID levels by 9%. The street-trade channel continues to grow, now servicing more restaurants than before COVID, proving that the strategic focus on this channel has yielded positive results. National accounts improved considerably in Q4, particularly the hotels and hospital channels. The airline catering offering remains below pre-COVID levels. The Industrial caterers' channel continues to be under pressure as businesses slowly bring staff back to work while keeping canteens closed or drastically reducing services. Expenses were well managed while capex was invested in the vehicle fleet and the fitout of the new Gqeberha (Port Elizabeth) site.

Crown Food Group (CFG) achieved excellent results but supply chain and stock challenges remain. CFG enjoyed strong growth across the wholesale, food manufacturing and independent channel. Growth in the distributor channel was largely attributed to the cross-border trade into Namibia, Botswana, and Mozambique. CFG is focused on unlocking opportunities in new market segments, including emerging markets and the wholesale trade. Optimising inventory levels remains a priority.

Chipkins Puratos (50% equity accounted) benefited from increased growth in own manufactured products, but higher input costs on yeast impacted results. Sales growth was recorded in the retail, artisanal, and industry channels. The distributor segment showed strong volume growth into most export markets. Capex investment during the year was into a new powder plant, the Long Meadow solar installation, and vehicle fleet maintenance.

Bidfood Properties completed the construction in Gqeberha of a new distribution facility for Bidfood and CFG. Bidfood is planning a multi-temp warehouse in Johannesburg South, construction of which is due to commence in F2023.

Greater China felt the full impact of the Omicron wave, which was longer lasting and more widespread, with more severe containment measures than previous waves. The lifting of restrictions has since been gradual. Revenue was up year on year, but at the time of reporting the trajectory was not yet stable. April and May witnessed the worst of the lockdown impact while June showed signs of some recovery, although catering and restaurant sales did not bounce back as quickly as had been hoped. Good growth was seen in butcheries and caterers, although retailers and wholesalers still made up the biggest portion of revenue. Shantou Longia Food Company was acquired in August 2021. Management remains agile, responding to the unpredictable environment and taking advantage of opportunities as they arise.

Hong Kong has experienced significant expatriate and local emigration over the past two years, impacting the high-end restaurant and catering sector. In spite of this macro impact, revenue and trading profit growth were achieved. Market sentiment in Hong Kong remains subdued as concerns over further COVID waves linger. Full recovery depends on mainland China's further relaxation of travel restrictions – particularly for Hong Kong's tourism-related industries.

Singapore witnessed signs of recovery post-lockdown and good growth was achieved. Wholesale and retail trade grew marginally while foodservices and accommodation grew nearly 10% year on year, boosted by the lifting of dine-in restrictions and the re-opening of borders from April.

Malaysia re-opened its borders in April, allowing travel to resume while removing restrictions on operating hours for restaurants and shops. Volume growth was positive but margins were under inflationary pressure. Gourmet Partner **Vietnam** continued its positive momentum, boosted by post-lockdown demand from hotels, resorts and restaurants.

South America saw a rapid, solid turnaround and prospects for businesses in this region are considerable.

In **Brazil**, activity returned to pre-pandemic levels and sales were almost double those of F2019. Recent acquisitions performed well and integration is progressing well. Acquisitions include Vinhais and Central Foods, both in São Paolo, acquired in October 2021 and January 2022 respectively.

Ongoing investment into digitisation, ecommerce engagement, modernisation, and capacity expansion continues. Management is optimistic about the synergies and opportunities to be captured as the new acquisitions fully integrate.

Chile returned to pre-COVID economic activity levels as all restrictions were lifted and the restaurant and hospitality sectors bounced back. Revenue and volumes continued to achieve record levels and efforts to diversify the customer base delivered market share gains. The protein segment continues to be a focus area with challenges experienced on product availability and erratic pricing fluctuations. New, larger premises were occupied in Concepción and Antofagasta, growing capacity to meet increasing demand.

The **Middle East (BME)** region achieved record growth with the UAE, Saudi Arabia, Bahrain, Oman, and Jordan all performing well. There was increased restaurant and hotel occupancy in Saudi Arabia and the UAE. Focused sales efforts to expand the fish product range bore fruit, as did the introduction of a dairy range, particularly in Jordan and Bahrain.

Turkey, despite difficult macro conditions, delivered outstanding results. All businesses achieved record revenues with strong tourism numbers bolstering results. High inflation and currency deterioration did not hamper the team's ability to deliver real sales growth. The opening of a new depot in Ankara has grown the national footprint but investment into bigger premises, to increase capacity, is planned.

Argentina (46% equity accounted) regained pre-COVID activity levels with the government's investment in boosting tourism paying off. Supply chain challenges and labour shortages impacted the cost base. Despite these issues, good revenue and trading profit results were achieved.

Corporate

BidOne continues to deliver world class ecommerce and digital solutions, key enablers of competitive advantage as the bespoke technology solution embraces real-time "AI" as well as experiential learning from around the group. Investment continues into developing the technical and data capability to drive this key component of the Bidfood growth strategy.

Bidfood Procurement Community (BPC) services a wide mix of requirements with tailor-made solutions. BPC researches and confirms suppliers' certifications with internationally recognised food safety accreditations. Despite supply chain constraints and COVID-related border restrictions, BPC has delivered good results.

BL Berson

Chief executive officer

DE Cleasby

Chief financial officer

Dividend declaration

In line with the group dividend policy, the directors declared a final gross cash dividend of 400,0 cents (320,0 cents net of dividend withholding tax, where applicable) per ordinary share for the year ended June 30 2022 to those members registered on the record date, being Friday, September 23 2022.

The dividend will be paid out of income reserves. A dividend withholding tax of 20% is applicable to all shareholders who were not exempt.

Share code:	BID
ISIN:	ZAE000216537
Company registration number:	1995/008615/06
Company tax reference number:	9040946841
Gross cash dividend amount per share:	400,0 cents
Net dividend amount per share:	320,0 cents
Issued shares at declaration date ('000):	335 404
Declaration date:	Wednesday, August 24 2022
Last day to trade cum dividend on the JSE:	Tuesday, September 20 2022
First trading day ex dividend on the JSE:	Wednesday, September 21 2022
Record date:	Friday, September 23 2022
Payment date:	Monday, September 26 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, September 21 2022 to Friday, September 23 2022, both days inclusive.

For and on behalf of the board

AK Biggs

Company secretary representative

Johannesburg
August 24 2022

Basis of presentation of summary consolidated financial statements

The summary consolidated financial statements are prepared in accordance with the JSE Limited Listings Requirements for provisional reports, and the requirement of the Companies Act of South Africa applicable to summary financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

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

A number of new pronouncements and/or interpretations were effective from July 1 2021. These had no material effect on the group's financial statements.

The financial statements have been prepared on the historical cost basis adjusted for the effects of inflation where entities operate in hyperinflationary economies and for certain financial instruments that have been measured at fair value, where applicable. For the year ended June 30 2022, the Turkish lira is considered to be hyperinflationary. Accordingly, the statement of profit or loss, statement of cash flows and statement of financial position for our Turkish subsidiaries using the Turkish lira as their functional currency have been expressed in terms of the Turkish lira at the reporting date (June 30 2022). Refer page 27 for the impact of hyperinflationary accounting on the group's statement of profit or loss, statement of cash flows and statement of financial position.

Audit report

These summary consolidated financial statements for the year ended June 30 2022 have been audited by PricewaterhouseCoopers Inc. (PwC), who expressed an unmodified opinion thereon. The auditor expressed an unmodified opinion on the annual consolidated financial statements from which these summary consolidated financial statements were derived.

A copy of the auditor's report on the summary consolidated financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection on the company's website and at the company's registered office, together with the financial statements identified in the respective auditor's reports.

The auditor's report does not necessarily report on all of the information contained in this announcement. 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 from the issuer's registered office.

Preparation and results

These summary consolidated financial statements have been prepared by CAM Bishop CA(SA), under the supervision of DE Cleasby CA(SA) and were approved by the board of directors on August 23 2022.

The directors are responsible for the preparation of the preliminary report and the correct extraction of the financial information from the financial statements.

Exchange rates

The following exchange rates were used in the conversion of foreign interests and foreign transactions for the year ended:

	June 30	
	2022	2021
Rand/Sterling		
Closing rate	**19,79**	19,79
Average rate	**20,24**	20,72
Rand/Euro		
Closing rate	**17,02**	16,99
Average rate	**17,14**	18,35
Rand/Australian dollar		
Closing rate	**11,23**	10,74
Average rate	**11,03**	11,49

Supplementary pro forma information regarding the currency effects of the translation of foreign operations on the group

for the year ended June 30

The pro forma financial information has been compiled for illustrative purposes only and is the responsibility of the board. Due to the nature of this information, it may not fairly present the group's financial position, changes in equity and results of operations or cash flows. An unmodified reasonable assurance report has been issued by the group's auditor, PricewaterhouseCoopers Inc. The ISAE 3420 *Assurance Engagements to Report on the Compilation of the Pro Forma Information in a Prospectus* is available for inspection at the company's registered office. The pro forma information has been compiled in terms of the JSE Listings Requirements and the Revised Guide on Pro Forma Information by SAICA.

The illustrative information, detailed below, has been prepared on the basis of applying the 2021 average rand exchange rates to the 2022 foreign subsidiary income statements and recalculating the reported revenue, trading profit, headline earnings and headline earnings per share of the group for the year ended June 30 2022.

				Illustrative 2022 at 2021 average exchange rates	
R'000	**2022 Audited**	2021 Audited	% change	**2022 Pro forma**	% change
Trading performance					
Revenue	**147 138 311**	114 803 442	28,2	**152 840 520**	33,1
Trading profit	**7 590 775**	4 787 652	58,5	**7 850 542**	64,0
Headline earnings	**5 138 811**	2 900 878	77,1	**5 307 919**	83,0
Headline earnings per share (cents)	**1 538,3**	868,4	77,1	**1 588,9**	83,0
Constant currency per segment					
Revenue					
Australasia	**33 343 369**	33 010 216	1,0	**34 624 845**	4,9
United Kingdom	**37 818 927**	24 955 373	51,5	**38 703 225**	55,1
Europe	**50 077 127**	35 706 221	40,2	**53 189 073**	49,0
Emerging Markets	**25 898 888**	21 131 632	22,6	**26 323 377**	24,6
	147 138 311	114 803 442	28,2	**152 840 520**	33,1
Trading profit					
Australasia	**2 330 923**	2 489 692	(6,4)	**2 421 714**	(2,7)
United Kingdom	**1 533 213**	394 303	288,8	**1 569 064**	297,9
Europe	**2 382 215**	1 086 046	119,3	**2 504 046**	130,6
Emerging Markets	**1 441 136**	923 551	56,0	**1 453 926**	57,4
Corporate office	**(96 712)**	(105 940)		**(98 208)**	
	7 590 775	4 787 652	58,5	**7 850 542**	64,0

Acquisition of businesses and subsidiaries

for the year ended June 30

During the year no new country acquisitions have been consummated, however, 10 bolt-on acquisitions were concluded. These bolt-on acquisitions included:

- Salad World, a sauce manufacturer based in Melbourne, Australia (effective July 2021);
- Shantou Longjia Food Company Limited, a business trading and distributing dairy products and imported food products in Shantou, China (effective August 2021);
- Total Repack Limited, a specialist dry ingredients repacker in Christchurch, New Zealand (effective September 2021);
- Foster Fast Food, a wholesaler specialised in fast food concepts located in Mechelen (between Antwerp and Brussels), Belgium (effective September 2021);
- Spice World Kuruman, a distributor of spice, natural casings and butchery equipment in the Northern Cape province of South Africa (effective September 2021);
- Vinhais, a broadline wholesaler and dairy specialist based in São Paulo, Brazil (effective October 2021);
- Insupan Limited, an ambient wholesaler based in La Serena, Chile (effective December 2021);
- Central Foods, a broadline wholesaler and meat specialist based in São Paulo, Brazil (effective January 2022);
- Bayview Seafoods, a manufacturing business that crumbs and batters a range of frozen proteins and vegetables based in Taree, New South Wales, Australia (effective February 2022); and
- Zegro-Centrum B.V., a focused regional HoReCa broadline food wholesaler near Rotterdam, Netherlands (effective March 2022).

Goodwill arose on the acquisitions as the anticipated value of future cash flows that were taken into account in determining the purchase consideration exceeded the net assets or net liabilities acquired at fair value. The acquisitions have enabled the group to expand its range of products and services and, as a consequence, has broadened the group's base in the marketplace. In addition, through these acquisitions the group has acquired management skills and expertise as a platform from which to further consolidate its position in the foodservice market. There were no significant contingent liabilities identified in the businesses acquired.

Acquisition of businesses and subsidiaries continued

for the year ended June 30

The impact of these acquisitions on the group's results can be summarised as follows:

	Zegro-Centrum BV R'000	Foster Fast Food BV R'000	Other acqui-sitions R'000	2022 R'000	2021 R'000
Property, plant and equipment	(352 048)	(55 519)	(50 625)	(458 192)	(40 393)
Intangible assets	(295)	(192)	(71)	(558)	–
Right-of-use leased assets	–	–	–	–	(528)
Deferred taxation	–	11 629	(1 976)	9 653	(6 689)
Investments and advances	(6 448)	–	–	(6 448)	(1 117)
Inventories	(60 398)	(14 819)	(52 185)	(127 402)	(39 189)
Trade and other receivables	(76 459)	(13 816)	(28 995)	(119 270)	(85 332)
Cash and cash equivalents	(14 606)	(12 062)	1 951	(24 717)	(13 064)
Defined pension fund obligations	–	–	–	–	9 247
Borrowings	30 171	11 939	16 978	59 088	28 242
Right-of-use lease liabilities	–	–	–	–	528
Trade and other payables and provisions	97 649	19 175	80 335	197 159	55 363
Taxation	–	1 060	435	1 495	1 076
Total identifiable net assets at fair value	(382 434)	(52 605)	(34 153)	(469 192)	(91 856)
Separately identified intangible assets	–	(39 805)	–	(39 805)	(917)
Non-controlling interest	–	–	5 860	5 860	–
Gain from bargain purchase	–	–	–	–	3 136
Derecognition of previously held investment in associate	–	–	–	–	26 346
Goodwill	(134 148)	(9 951)	(271 931)	(416 030)	(68 657)
Total value of acquisition(s)	(516 582)	(102 361)	(300 224)	(919 167)	(131 948)
Cash and cash equivalents acquired	14 606	12 062	(1 951)	24 717	13 064
Vendors for acquisition recognised	–	–	92 656	92 656	38 366
Costs incurred in respect of acquisitions	(2 740)	(3 556)	(10 024)	(16 320)	(6 151)
Net amount paid	(504 716)	(93 855)	(219 543)	(818 114)	(86 669)
Contribution to results for the year					
Revenue	327 228	238 129	948 008	1 513 365	
Trading (loss) profit	(9 876)	16 602	19 508	26 234	
Contribution to results for the year if the acquisitions had been effective July 1 2021					
Revenue	963 401	282 849	1 261 884	2 508 134	
Trading profit	0	18 857	25 321	44 178	

The purchase price allocations are provisional and may be retrospectively adjusted if the group obtains new information about facts and circumstances that existed at the acquisition date relating to these entities.

Disposals

Cárnicas (Spain) was disposed on January 19 2022, up to disposal, Cárnicas contributed R56,8 million to revenue but had a trading loss of R12,6 million. A loss of R115,8 million was recognised on the disposal. Hamburg (Germany) was disposed on June 26 2022, up to disposal, Hamburg contributed R148,6 million to revenue but had a trading loss of R12,9 million. A loss of R116,4 million was recognised on the disposal.

Subsequent events

There have been no material events subsequent to June 30 2022.

Capital commitments

The board of directors' policy is to maintain a strong capital base so as to sustain future development of the businesses so that it can continue to provide benefits to its stakeholders.

R'000	2022	2021
Capital expenditure approved:		
Contracted for	**1 901 240**	1 060 248
Not contracted for	**1 504 346**	1 316 229
	3 405 586	2 376 477
Capital expenditure split:		
Property, plant and equipment	**3 339 081**	2 298 915
Computer software	**66 505**	77 562
	3 405 586	2 376 477

It is anticipated that capital expenditure will be financed out of existing cash resources.

Significant contracted capital expenditures relate to the following:

- Australia – infrastructure investment in two new buildings; facility improvements to five buildings; investment in solar power for these buildings with capacity of between 100 kWh to 200 kWh;
- Bidfood UK – infrastructure investment into two sites in Gateshead and Peterborough and expanding the vehicle fleet;
- Netherlands – infrastructure investment in a new Zierikzee building; freezer for Meppel; a warehouse management system and investment in electric trucks;
- South Africa – infrastructure investment in Johannesburg South (Elands Park); and
- New Zealand – new Taupo distribution centre and investment in the vehicle fleet.

Financial instruments

for the year ended June 30

Fair value hierarchy

When measuring the fair value of an asset or a liability, the group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques categorised as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Non-current assets (liabilities)			Current assets (liabilities)	
R'000	Investments	Puttable non-controlling interests	Vendors for acquisition	Puttable non-controlling interests	Vendors for acquisition
June 30 2022					
Financial assets measured at fair value	**28 613**	**–**	**–**	**–**	**–**
Financial liabilities measured at fair value	**–**	**(4 006 503)**	**(115 477)**	**(266 658)**	**(49 128)**
June 30 2021					
Financial assets measured at fair value	27 281	–	–	–	–
Financial liabilities measured at fair value	–	(3 983 808)	(23 779)	(74 753)	(175 395)

R'000	Total	Level 1	Level 2	Level 3
June 30 2022				
Financial assets measured at fair value	**28 613**	**–**	**–**	**28 613**
Financial liabilities measured at fair value	**(4 437 766)**	**–**	**–**	**(4 437 766)**
June 30 2021				
Financial assets measured at fair value	27 281	–	–	27 281
Financial liabilities measured at fair value	(4 257 735)	–	–	(4 257 735)

Valuation techniques and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The expected payments are determined by considering the possible scenarios of forecast EBITDAs, the amount to be paid under each scenario and the probability of each scenario. The valuation models consider the present value of expected payment, discounted using a risk-adjusted discount rate.	• Average revenue growth rates: 6,5% (2021: 16,0%[1]) • Average EBITDA margin: 7,0% (2021: 7,3%) • Contractual EBITDA multiple: 10,5x (2021: 10,5x) • Risk-adjusted discount rate: 1,7% (2021: 1,7%)	The estimated fair value would increase (decrease) if: • the EBITDA were higher (lower); or • the risk-adjusted discount rate were lower (higher).

[1] *Average revenue growth rates for 2021 were distorted by the low revenue base as a result of COVID.*

Sensitivity analysis on changes in significant variable unobservable inputs for puttable non-controlling interests (liability)

	Increase in assumption %	Increase (decrease) R'000	Decrease in assumption %	Increase (decrease) R'000
Revenue growth rates	10	80 487	10	(78 773)
Average EBITDA margin	10	427 031	10	(427 031)
Risk-adjusted discount rate	10	(38 621)	10	33 199

The group recognises any changes in the value of the liability as a result of changes in assumptions used to estimate the future purchase price directly in retained earnings in the statement of changes in equity.

Hyperinflation accounting

for the year ended June 30

The International Monetary Fund World Economic Outlook Report determined that subsidiaries of the group with the functional currency of the Turkish lira should apply *Financial Reporting in Hyperinflationary Economies* (IAS 29) for reporting dates ended June 30 2022. Accordingly, the statement of profit or loss, statement of cash flows and statement of financial position for our Turkish subsidiaries have been expressed in terms of the Turkish lira at the reporting date (June 30 2022).

Hyperinflationary accounting requires transactions and balances of each reporting period to be presented in terms of the measuring unit (Turkish lira (TRY)) at the end of the reporting period in order to account for the effect of loss of purchasing power during the year. The group has used the Turkish consumer price index (as determined by TURKSTAT) as the general price index to restate amounts as it provides an official observable indication of the change in the price of goods and services for our Turkish subsidiaries.

The carrying amounts of non-monetary assets and liabilities carried at historic cost have been stated to reflect the change in the general price index from the date of acquisition to the end of the reporting period. No adjustments have been made for those non-monetary assets and liabilities measured at fair value. An impairment loss is recognised in profit or loss if the remeasured amount of a non-monetary asset exceeds the recoverable amount. All items recognised in the statement of profit or loss and other comprehensive income are restated by applying the change in the average monthly general price index when the items of income and expenses were initially earned or incurred.

Gains or losses on the net monetary position have been recognised as part of profit or loss before tax in the statement of profit or loss and other comprehensive income. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

The comparative amounts for the group financial statements have not been restated for changes in the price level as the presentation currency of the group, being the South African rand (ZAR), is that of a non-hyperinflationary economy. Any difference between the adjusted opening balances after applying IAS 29 and the balance previously recorded by the group are recognised in *other comprehensive income* as part of the foreign currency translation reserve.

The results and financial position of the Turkish operations have been translated at the official inter-bank closing exchange rate of TRY 0.98:ZAR 1 which is in line with the requirements of the provisions of IAS 21 *The Effects of Foreign Exchange Rates* (IAS 21) for the translation of hyperinflationary economies. The following general price indices and conversion factors were applied to consolidate our Turkish subsidiaries.

Date	General price index[1]	Conversion factor
June 30 2022	**78,6**	**1,0**
June 30 2021	17,5	4,5
June 30 2020	12,6	6,2

[1] *The general price index is measured from July 1 2019. These numbers reflect the year-on-year consumer price index changes at these respective reporting dates. The three-year cumulative inflation rate from July 1 2019 to June 30 2022 is 88,4%.*

Inflation and exchange rates (relative to the South African rand) applied to consolidate the Turkish subsidiaries results:

Financial period	Average exchange rate	Closing exchange rate	Conversion factor (average)	Conversion factor (closing)
July 1 2020 to June 30 2021	1,99	1,64	1,4	4,5
July 1 2021 to June 30 2022	**0,98**[2]	**0,98**	**3,1**	**1,0**

[2] *Converted at the closing exchange rate due to the implementation of IAS 29.*

Reporting on the Turkish subsidiaries

The Turkish subsidiaries of the group with the functional currency of the Turkish lira have applied IAS 29 *Hyperinflation Accounting* for the 12 months ended June 30 2022. This has resulted in the group recording in the statement of profit and loss a net monetary gain of R81,9 million for the year ended June 30 2022. While the application of IAS 29 is meant to improve comparability of the group's results, the use of inflation and exchange rates differ from those experienced by the Turkish operations and reflected in the underlying transactions has, to some extent, distorted the comparability of the group's results. The impact of adjusting the group's results for the effects of hyperinflation is set out below:

Hyperinflation increase (decrease) to the statement of profit or loss	2022 R'000
Revenue	**630 602**
Gross profit	**122 338**
Operating expenses	**(94 326)**
Trading profit	**28 012**
Finance charges	**(13 149)**
Net IAS 29 monetary gain	**69 215**
Headline earnings	**81 890**
Headline earnings per share (cents)	**24,5**

The group's comparative statement of profit or loss has not been restated for changes in the price level as the presentation currency of the group, being the South African rand, is a non-hyperinflationary economy.

Hyperinflation increase (decrease) to the statement of financial position	2022 R'000
Non-current assets	**100 131**
Property, plant and equipment	**61 924**
Right-of-use lease assets	**31 875**
Other non-current assets	**6 332**
Current assets	**8 308**
Total assets	**108 439**
Capital and reserves	**108 439**
Non-current liabilities	**–**
Current liabilities	**–**
Total equity and liabilities	**108 439**

The hyperinflation increase to the statement of financial position is included in the other comprehensive income movement of the foreign currency translation reserve.

Hyperinflation effect on cash and cash equivalents

As a result of applying hyperinflation accounting for the Turkish subsidiaries of the group, all items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period. The resultant statement of cash flows is prepared to reflect cash flows during the year measured at the current purchasing power at the end of the reporting period and as such is not reflecting actual cash flows paid during the year ended June 30 2022.

While the statement of cash flows is adjusted to reflect current purchasing power, the cash and cash equivalents balance can only ever represent the actual cash flow (ie not indexed) at the point in time when the transactions occurred. As a result, an adjustment of R211,9 million was required to account for the loss of value between the hyperinflation-adjusted cash flows and the actual cash flows, as well as to account for the loss of value in the opening cash and cash equivalent balances.

Independent auditor's report on the summary consolidated financial statements

To the shareholders of Bid Corporation Limited

Opinion

The summary consolidated financial statements of Bid Corporation Limited, set out on pages 2 to 7, 18 to 19 and 21 to 27 of the accompanying provisional report, which comprise the summary consolidated statement of financial position as at 30 June 2022, the summary consolidated statement of profit or loss, statement of other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Bid Corporation Limited for the year ended 30 June 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in the Basis of presentation of summary consolidated financial statements note, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 23 August 2022. That report also includes communication of 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.

Director's responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the JSE's requirements for summary financial statements, set out in the Basis of presentation of summary consolidated financial statements note, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: E J Gerryts
Registered Auditor
4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, Johannesburg, South Africa

23 August 2022

Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information included in the Annual Results

To the Directors of Bid Corporation Limited

We have completed our assurance engagement to report on the compilation of the Pro Forma financial information of Bid Corporation Limited (the "Group") by the directors. The Pro Forma financial information, as set out on page 20 of the Provisional Report (the "Annual Results"), consist of Pro Forma financial information which presents the currency effects of foreign operations on the Group as at 30 June 2022. The applicable criteria on the basis of which the directors have compiled the Pro Forma financial information are specified in the JSE Limited (JSE) Listings Requirements and described on page 20 of the Annual Results.

The Pro Forma financial information has been compiled by the directors to provide users with relevant information and measures used by the Group to assess performance and to illustrate the impact of foreign currency movements on the Group's reported financial results for the year ended 30 June 2022. As part of this process, information about the Group's financial performance has been extracted by the directors from the Group's financial statements for the year ended 30 June 2022, on which an audit report has been published.

Directors' responsibility

The directors of the Group are responsible for compiling the Pro Forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in page 20 of the Annual Results.

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. 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).*

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the Pro Forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in page 20 of the Annual Results based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion, the Pro Forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in page 20 of the Annual Results.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: E J Gerryts
Registered Auditor
4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, Johannesburg, South Africa

23 August 2022

Directors

Chairman: S Koseff

Lead independent director: NG Payne

Independent non-executive: T Abdool-Samad, PC Baloyi, B Joffe, KR Moloko, CJ Rosenberg*, H Wiseman*

Executive directors: BL Berson* (chief executive officer), DE Cleasby (chief financial officer)

* *Australian*

Company secretary

Bidcorp Corporate Services (Pty) Ltd

Represented by Ms AK Biggs

Bid Corporation Limited

(Bidcorp or the group or the company)
Incorporated in the Republic of South Africa
Registration number: 1995/008615/06
Share code: BID
ISIN: ZAE000216537

Registered office

Bid Corporation Limited
2nd Floor North Wing, 90 Rivonia Road
Sandton, 2196
Postnet Suite 136, Private Bag X9976
Sandton, 2146

Transfer secretaries

JSE Investor Services
19 Ameshoff Street, Braamfontein
Johannesburg, 2001
PO Box 4844, Johannesburg, 2000

Sponsor

The Standard Bank of South Africa Limited
30 Baker Street, Rosebank, 2196

Independent auditor

PricewaterhouseCoopers Inc.
Registration number: 1998/012055/21
Waterfall City, 4 Lisbon Lane, Jukskei View
Midrand, 2090

Further information regarding our group can be found on the Bidcorp website: **www.bidcorpgroup.com**

THE OAK TREE GROUP

Bidcorp

www.bidcorpgroup.com