# Unaudited results

for the half year ended

December 31 2021

**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 across 35 countries in Australasia, United Kingdom, Africa, Europe, Asia, Middle East, and South America
- people are entrepreneurial and incentivised to be so
- runs as a decentralised group with best practices widely shared internationally
- 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 has been tested and proven through the COVID-19 (COVID) pandemic

# Financial results

### Revenue
**R71,6 bn** (H1F21: R60,6 bn)

↑ R11,0 bn

Constant currency ↑ 26,1%

### Cash generated by operations (before working capital)
**R4,5 bn** (H1F21: R3,2 bn)

↑ R1,3 bn

### HEPS
**668,0 cents** (H1F21: 381,0 cents)

↑ 75,3%

Constant currency **HEPS** ↑ 86,1%

### Distribution per share
**300,0 cents**

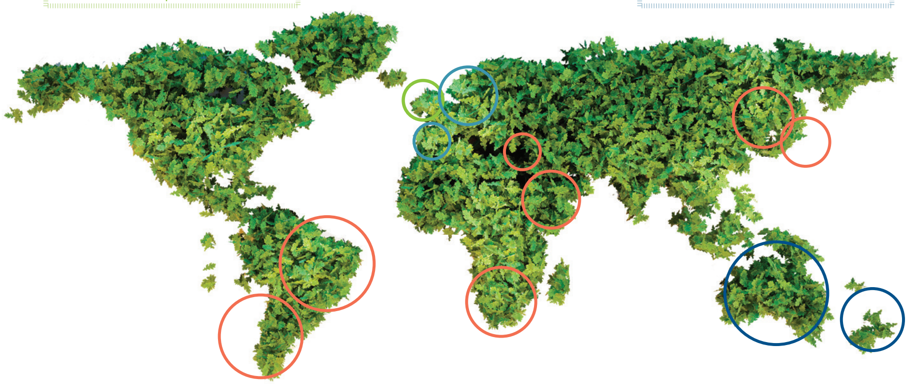
# Segmental results

### United Kingdom

| Revenue | Trading profit |
|---|---|
| R18,7 bn | R0,6 bn |

### Europe

| Revenue | Trading profit |
|---|---|
| R24,1 bn | R1,1 bn |



### Emerging Markets

| Revenue | Trading profit |
|---|---|
| R12,8 bn | R0,7 bn |

- Bidfood United Kingdom
- Bidfood Europe
- Bidfood Emerging Markets
- Bidfood Australasia

### Australasia

| Revenue | Trading profit |
|---|---|
| R16,0 bn | R1,0 bn |

# Condensed interim consolidated statement of profit or loss

for the

| R'000 | Half year ended December 31 2021 Unaudited | 2020 Unaudited Restated[1] | % change | Year ended June 30 2021 Audited |
|---|---|---|---|---|
| **Revenue** | **71 627 600** | 60 638 116 | 18,1 | 114 803 442 |
| Cost of revenue | **(54 499 729)** | (46 427 840) | (17,4) | (87 296 234) |
| Gross profit | **17 127 871** | 14 210 276 | 20,5 | 27 507 208 |
| Operating expenses | **(13 756 246)** | (12 005 816) | (14,6) | (22 719 556) |
| **Trading profit** | **3 371 625** | 2 204 460 | 52,9 | 4 787 652 |
| Share-based payment expense | **(69 146)** | (50 132) | | (107 452) |
| Acquisition costs | **(8 046)** | (2 033) | | (6 151) |
| Capital items | **(42 109)** | 190 195 | | 242 750 |
| **Operating profit** | **3 252 324** | 2 342 490 | 38,8 | 4 916 799 |
| Net finance charges | **(324 606)** | (364 260) | 10,9 | (693 400) |
| Finance income | **24 805** | 29 428 | | 51 383 |
| Finance charges | **(349 411)** | (393 688) | | (744 783) |
| Share of profit of associates and jointly controlled entities | **31 230** | 19 304 | 61,8 | 29 904 |
| **Profit before taxation** | **2 958 948** | 1 997 534 | 48,1 | 4 253 303 |
| Taxation | **(733 417)** | (515 322) | (42,3) | (1 134 694) |
| **Profit for the period** | **2 225 531** | 1 482 212 | 50,1 | 3 118 609 |
| **Attributable to:** | | | | |
| Shareholders of the company | **2 192 840** | 1 465 646 | | 3 088 860 |
| Non-controlling interest | **32 691** | 16 566 | | 29 749 |
| | **2 225 531** | 1 482 212 | | 3 118 609 |
| **Shares in issue ('000)** | | | | |
| Total | **335 404** | 335 404 | | 335 404 |
| Weighted | **334 113** | 334 125 | | 334 058 |
| Diluted weighted | **334 552** | 334 503 | | 334 564 |
| **Total operations (cents)** | | | | |
| Basic earnings per share | **656,3** | 438,6 | 49,6 | 924,6 |
| Diluted basic earnings per share | **655,5** | 438,2 | 49,6 | 923,2 |
| Headline earnings per share | **668,0** | 381,0 | 75,3 | 868,4 |
| Diluted headline earnings per share | **667,2** | 380,6 | 75,3 | 867,1 |
| **Distributions per share (cents)** | **300,0** | – | | 400,0 |

[1] *Refer page 24 for the impact on profit or loss due to the restatement of condensed interim consolidated financial statements.*

# Condensed interim consolidated statement of other comprehensive income

for the

| R'000 | Half year ended December 31 2021 Unaudited | Half year ended December 31 2020 Unaudited Restated[1] | Year ended June 30 2021 Audited |
|---|---|---|---|
| **Profit for the period** | **2 225 531** | 1 482 212 | 3 118 609 |
| **Other comprehensive income** | **2 165 620** | (1 542 981) | (2 298 355) |
| *Items that may be classified subsequently to profit or loss* | **2 165 620** | (1 542 981) | (2 333 289) |
| *Foreign currency translation reserve* | | | |
| Increase (decrease) in foreign currency translation reserve | **2 165 620** | (1 542 951) | (2 334 345) |
| Cash flow hedges | **–** | (30) | 1 056 |
| Fair value (loss) gain arising during the period | **–** | (37) | 1 393 |
| Taxation relief for the period | **–** | 7 | (337) |
| *Items that will not be reclassified subsequently to profit or loss* | | | |
| Defined benefit obligations | **–** | – | 34 934 |
| Remeasurement of defined benefit obligations | **–** | – | 36 067 |
| Deferred taxation charge | **–** | – | (1 133) |
| **Total comprehensive income for the period** | **4 391 151** | (60 769) | 820 254 |
| **Attributable to** | | | |
| Shareholders of the company | **4 327 740** | (78 588) | 827 877 |
| Non-controlling interest | **63 411** | 17 819 | (7 623) |
| | **4 391 151** | (60 769) | 820 254 |

[1] *Refer page 24 for the impact on other comprehensive income due to the restatement of condensed interim consolidated financial statements.*

# Headline earnings

for the

| R'000 | Half year ended December 31 2021 Unaudited | Half year ended December 31 2020 Unaudited Restated[1] | % change | Year ended June 30 2021 Audited |
|---|---|---|---|---|
| The following adjustments to profit attributable to shareholders were taken into account in the calculation of headline earnings: | | | | |
| **Profit attributable to shareholders of the company** | **2 192 840** | 1 465 646 | 49,6 | 3 088 860 |
| Impairments | **49 116** | 420 518 | | 473 005 |
| Property, plant and equipment | **47 634** | 319 091 | | 360 938 |
| Intangible assets | **7 106** | 210 678 | | 226 592 |
| Taxation relief | **(5 624)** | (109 251) | | (114 525) |
| Insurance proceeds in relation to an impairment of property, plant and equipment | **(1 102)** | (27 542) | | (26 170) |
| Insurance proceeds | **(1 530)** | (34 003) | | (32 309) |
| Taxation charge | **428** | 6 461 | | 6 139 |
| Profit on disposal of subsidiary | **(3 314)** | (187) | | – |
| Profit on disposal of subsidiary | **(3 314)** | (259) | | – |
| Taxation charge | **–** | 72 | | – |
| Capital profit on disposal of property, plant and equipment | **(5 523)** | (585 350) | | (631 681) |
| Property, plant and equipment | **(7 787)** | (685 702) | | (794 835) |
| Taxation charge | **2 264** | 100 352 | | 163 154 |
| Gain from bargain purchase | – | – | | (3 136) |
| **Headline earnings** | **2 232 017** | 1 273 085 | 75,3 | 2 900 878 |

[1] *Refer page 24 for the impact on headline earnings due to the restatement of condensed interim consolidated financial statements.*

# Condensed interim consolidated statement of cash flows

for the

| R'000 | Half year ended December 31 2021 Unaudited | Half year ended December 31 2020 Unaudited Restated[1] | Year ended June 30 2021 Audited |
|---|---|---|---|
| **Cash flows from operating activities** | **124 947** | 2 657 881 | 5 823 001 |
| Operating profit | **3 252 324** | 2 342 490 | 4 916 799 |
| Dividends from jointly controlled entity | **–** | – | 40 000 |
| Acquisition costs | **8 046** | 2 033 | 6 151 |
| Depreciation and amortisation | **706 201** | 771 538 | 1 422 824 |
| Depreciation on right-of-use lease assets | **393 203** | 420 224 | 826 954 |
| Nowaco share incentive scheme | **(16 622)** | – | (16 699) |
| Non-cash items | **139 526** | (346 114) | (168 154) |
| Cash generated by operations before changes in working capital | **4 482 678** | 3 190 171 | 7 027 875 |
| Changes in working capital | **(1 776 281)** | 551 726 | 632 312 |
| Cash generated by operations | **2 706 397** | 3 741 897 | 7 660 187 |
| Finance charges paid | **(281 707)** | (312 080) | (606 567) |
| Taxation paid | **(958 126)** | (771 936) | (1 230 619) |
| Dividends paid | **(1 341 617)** | – | – |
| **Cash effects of investment activities** | **(1 379 561)** | 417 660 | (307 870) |
| Additions to property, plant and equipment | **(1 132 648)** | (885 666) | (1 831 140) |
| Acquisition of subsidiaries | **(215 659)** | (14 277) | (86 669) |
| Additions to intangible assets | **(69 283)** | (67 118) | (138 286) |
| Proceeds on disposal of property, plant and equipment | **103 579** | 1 507 769 | 1 895 733 |
| Proceeds on disposal of investments | **12 382** | 16 691 | 32 986 |
| Proceeds on disposal of interests in subsidiaries | **–** | 259 | – |
| Receipts from (payments to) associates | **1 744** | (480) | (4 314) |
| Proceeds on disposal of intangible assets | **–** | 48 | 819 |
| Payments made to vendors for acquisition | **(15 572)** | (59 074) | (59 885) |
| Payments made to puttable non-controlling interests | **(1 226)** | (69 820) | (82 606) |
| Investments acquired | **(62 878)** | (2 644) | (19 540) |
| Advances to jointly controlled entity | **–** | (8 028) | (14 968) |
| **Cash effects of financing activities** | **148 575** | (2 786 744) | (3 761 408) |
| Borrowings raised | **2 460 065** | 2 482 864 | 4 473 408 |
| Borrowings repaid | **(1 856 612)** | (4 730 611) | (7 274 843) |
| Right-of-use liability payments | **(447 275)** | (414 990) | (820 362) |
| Payments to non-controlling interests | **(7 603)** | (19 310) | (25 535) |
| Treasury shares purchased | **–** | (104 697) | (114 076) |
| **Net (decrease) increase in cash and cash equivalents** | **(1 106 039)** | 288 797 | 1 753 723 |
| Cash and cash equivalents at beginning of period | **8 120 639** | 7 024 426 | 7 024 426 |
| Exchange rate adjustment | **463 191** | (347 152) | (657 510) |
| **Cash and cash equivalents at end of period** | **7 477 791** | 6 966 071 | 8 120 639 |

[1] *Refer page 24 for the impact on the statement of cash flows due to the restatement of condensed interim consolidated financial statements.*

# Condensed interim consolidated statement of financial position

as at

| R'000 | December 31 2021 Unaudited | December 31 2020 Unaudited Restated[1] | June 30 2021 Audited |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | **40 816 340** | 38 855 903 | 37 513 404 |
| Property, plant and equipment | **17 075 991** | 16 105 265 | 15 505 841 |
| Right-of-use lease assets | **4 055 061** | 4 364 427 | 3 924 117 |
| Intangible assets | **723 432** | 610 801 | 649 722 |
| Goodwill | **16 668 290** | 15 676 529 | 15 292 841 |
| Deferred taxation asset | **1 440 178** | 1 292 810 | 1 381 263 |
| Defined benefit pension surplus | **22 029** | 18 008 | 22 029 |
| Interest in associates | **156 808** | 172 425 | 151 652 |
| Investment in jointly controlled entities | **531 121** | 518 549 | 493 011 |
| Investments and loans | **143 430** | 97 089 | 92 928 |
| **Current assets** | **34 251 105** | 27 646 231 | 31 696 619 |
| Inventories | **12 038 317** | 9 309 088 | 10 145 738 |
| Trade and other receivables | **14 734 997** | 11 371 072 | 13 430 242 |
| Cash and cash equivalents | **7 477 791** | 6 966 071 | 8 120 639 |
| **Total assets** | **75 067 445** | 66 502 134 | 69 210 023 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | **31 194 085** | 27 116 027 | 28 088 174 |
| Attributable to shareholders of the company | **30 880 266** | 26 885 444 | 27 855 302 |
| Non-controlling interest | **313 819** | 230 583 | 232 872 |
| **Non-current liabilities** | **12 108 494** | 14 851 993 | 11 512 934 |
| Deferred taxation liability | **740 537** | 602 576 | 751 678 |
| Long-term borrowings | **1 566 476** | 4 243 240 | 1 479 252 |
| Long-term right-of-use lease liabilities | **4 756 489** | 5 137 103 | 4 597 519 |
| Post-retirement obligations | **28 282** | 56 642 | 25 985 |
| Long-term vendors for acquisition | **47 803** | 27 840 | 23 779 |
| Long-term puttable non-controlling interest liabilities | **4 266 826** | 4 249 892 | 3 983 808 |
| Long-term provisions | **702 081** | 534 700 | 650 913 |
| **Current liabilities** | **31 764 866** | 24 534 114 | 29 608 915 |
| Trade and other payables | **21 889 728** | 17 564 249 | 20 729 001 |
| Short-term provisions | **297 456** | 483 872 | 303 978 |
| Short-term vendors for acquisition | **178 125** | 154 690 | 175 395 |
| Short-term puttable non-controlling interest liabilities | **71 689** | 26 972 | 74 753 |
| Taxation | **81 583** | 204 394 | 286 537 |
| Short-term right-of-use lease liabilities | **928 122** | 807 760 | 894 376 |
| Short-term borrowings | **8 318 163** | 5 292 177 | 7 144 875 |
| **Total equity and liabilities** | **75 067 445** | 66 502 134 | 69 210 023 |
| Net tangible asset value per share (cents) | **4 022** | 3 160 | 3 552 |
| Net asset value per share (cents) | **9 207** | 8 016 | 8 305 |

[1] *Refer page 24 for the impact on the statement of financial position due to the restatement of condensed interim consolidated financial statements.*

# Condensed interim consolidated statement of changes in equity

for the

| R'000 | Half year ended December 31 2021 Unaudited | Half year ended December 31 2020 Unaudited Restated[1] | Year ended June 30 2021 Audited |
|---|---|---|---|
| **Equity attributable to shareholders of the company** | | | |
| **Stated capital** | **5 428 016** | 5 428 016 | 5 428 016 |
| **Treasury shares** | **(203 871)** | (299 392) | (272 679) |
| Balance at beginning of period | **(272 679)** | (247 824) | (247 824) |
| Shares disposed of in terms of share schemes | **68 808** | 53 129 | 89 221 |
| Shares purchased for share schemes | **–** | (104 697) | (114 076) |
| **Foreign currency translation reserve** | **9 341 788** | 7 975 726 | 7 206 888 |
| Previously reported balance at beginning of period | | 9 609 715 | 9 609 715 |
| Prior period restatements | | (123 741) | (123 741) |
| Balance at beginning of period | **7 206 888** | 9 485 974 | 9 485 974 |
| Realisation of reserve on foreign subsidiaries | **–** | – | 17 887 |
| Arising during the period (December 31 2020: restated) | **2 134 900** | (1 510 248) | (2 296 973) |
| **Hedging reserve** | **–** | (1 086) | – |
| Balance at beginning of period | **–** | (1 056) | (1 056) |
| Fair value loss | **–** | (37) | 1 393 |
| Deferred taxation recognised directly in reserve | **–** | 7 | (337) |
| **Equity-settled share-based payment reserve** | **336 513** | 311 195 | 346 364 |
| Balance at beginning of period | **346 364** | 290 007 | 290 007 |
| Arising during the period | **69 146** | 50 132 | 124 139 |
| Deferred tax recognised directly in reserve | **–** | – | 29 188 |
| Utilisation during the period | **(85 430)** | (53 129) | (89 221) |
| Transfer from (to) retained earnings | **6 433** | 24 185 | (7 749) |
| **Retained earnings** | **15 977 820** | 13 470 985 | 15 146 713 |
| Previously reported balance at beginning of period | | 12 593 698 | 12 593 698 |
| Prior period restatements | | (573 078) | (573 078) |
| Balance at beginning of period | **15 146 713** | 12 020 620 | 12 020 620 |
| Attributable profit (December 31 2020: restated) | **2 192 840** | 1 465 646 | 3 088 860 |
| Dividends paid | **(1 341 617)** | – | – |
| Remeasurement of puttable non-controlling interest | **(3 678)** | 8 904 | 12 082 |
| Remeasurement of defined benefit obligations | **–** | – | 34 934 |
| (Deficit) surplus as a result of an exchange with non-controlling interest | **(10 005)** | – | 355 |
| Transfer from foreign currency translation reserve | **–** | – | (17 887) |
| Transfer (to) from equity-settled share-based payment reserve | **(6 433)** | (24 185) | 7 749 |
| | **30 880 266** | 26 885 444 | 27 855 302 |
| **Equity attributable to non-controlling interests of the company** | | | |
| Balance at beginning of period | **232 872** | 266 030 | 266 030 |
| Total comprehensive income | **63 411** | (16 137) | (7 623) |
| Attributable profit | **32 691** | 16 566 | 29 749 |
| Movement in foreign currency translation reserve | **30 720** | (32 703) | (37 372) |
| Dividends paid | **(8 169)** | (22 560) | (29 673) |
| Share of movement on reserves | **609** | 174 | – |
| Changes in shareholding | **25 096** | 3 076 | 4 138 |
| | **313 819** | 230 583 | 232 872 |
| **Total equity** | **31 194 085** | 27 116 027 | 28 088 174 |

[1] *Refer page 24 for the impact on the statement of changes in equity due to the restatement of condensed interim consolidated financial statements.*

# Condensed interim segmental analysis

for the

| R'000 | Half year ended December 31 2021 Unaudited | 2020 Unaudited Restated[1] | % change | Year ended June 30 2021 Audited |
|---|---|---|---|---|
| **Revenue** | | | | |
| **Bidfood** | | | | |
| Australasia | **16 002 910** | 16 659 829 | (3,9) | 33 010 216 |
| United Kingdom | **18 699 205** | 13 614 818 | 37,3 | 24 955 373 |
| Europe | **24 115 197** | 19 539 464 | 23,4 | 35 706 221 |
| Emerging Markets | **12 810 288** | 10 824 005[1] | 18,4 | 21 131 632 |
| | **71 627 600** | 60 638 116 | 18,1 | 114 803 442 |
| **Trading profit** | | | | |
| **Bidfood** | **3 421 109** | 2 259 490 | 51,4 | 4 893 592 |
| Australasia | **981 495** | 1 119 914 | (12,4) | 2 489 692 |
| United Kingdom | **583 146** | 295 684 | 97,2 | 394 303 |
| Europe | **1 113 886** | 429 643 | 159,3 | 1 086 046 |
| Emerging Markets | **742 582** | 414 249[1] | 79,3 | 923 551 |
| **Corporate** | **(49 484)** | (55 030) | | (105 940) |
| | **3 371 625** | 2 204 460 | 52,9 | 4 787 652 |

[1] *Refer page 24 for the restatement impact on the condensed interim segmental analysis.*

# Comment

Bidcorp has delivered a very solid trading performance for the half year despite the lingering economic and social impacts and ongoing volatility of the COVID-19 pandemic (COVID) on our hospitality, tourism, and leisure industries globally. Bidcorp's performance is particularly pleasing in the context of extremely challenging operating conditions and is attributable to our excellent global team, our entrepreneurial and decentralised operating model, and our loyal customer and supplier base.

Performance for the financial period started well, with most economies rebounding strongly in July through to September 2021. This resulted in a record financial performance in the first financial quarter, driven by Europe, UK, and Emerging Markets.

Australia and New Zealand, which had performed exceptionally well in F2021, were impacted by COVID restrictions for the better part of the half year. Our performance deteriorated somewhat into the second quarter as the rapid spread of the COVID Omicron variant in Europe and UK impacted their festive season trade. Fortunately, this disruption is easing and we are once again seeing a return to stronger and more normalised levels of trading in most jurisdictions.

Demand in the hospitality sector has been robust but has been impacted by pandemic-restrictive measures, however, most activity aligned to business travel and office catering remains depressed. Work-from-home requirements or a hybrid thereof remain in place in many markets which continues to have an impact on our national customers with exposure to major institutions located in large capital cities. Reduced international tourism has been offset to some extent by staycations and increased suburban and rural activity. Non-discretionary demand from hospitals, aged care, prisons, military and government departments is stable but at or below pre-COVID levels.

Operating conditions have been particularly difficult, not so much that demand has fluctuated through the ongoing governmental restrictions to control the pandemic but that staff shortages and churn, supply chain impacts, and rising operating costs have hampered efficiencies. Our primary focus has been to balance customer demand and operational capability to maintain service levels.

Investment activity, both into capacity expansion projects and bolt-on acquisitions gathered pace in the half year as customer demand returned and opportunities presented themselves.

Headline earnings per share (HEPS) increased by 75,3% to 668,0 cents per share (H1F2021 restated: 381,0 cents), with basic earnings per share (EPS) increasing by 49,6% to 656,3 cents per share (H1F2021 restated: 438,6 cents). Currency volatility has negatively impacted the rand-translated results by 10,8% with constant currency HEPS of 709,1 cents per share recorded.

Further to the fraud that was uncovered in the Miumi division of our Angliss Greater China business in June 2021, significant additional forensic work has been concluded by end December 2021 and no further issues have come to light which affect the group's treatment thereof in F2021. Criminal and civil proceedings have begun against the perpetrators and other third parties and we remain confident of some future recoveries, none of which has been accounted for.

## Distribution

The board has declared an interim cash dividend of 300,0 cents per share for the half year ended December 31 2021, representing approximately 2,2 times HEPS cover in line with group policy.

## Financial overview

Net revenue of R71,6 billion (H1F2021 restated: R60,6 billion) rose by 18,1% (constant currency increase of 26,1%). Notwithstanding the impact of the COVID pandemic on Australasia, revenue in constant currency across all divisions was higher than the comparative period and overall has almost recovered to pre-pandemic levels versus H1F2020.

Gross profit percentage at 23,9% (H1F2021 restated: 23,4%) has held up very well despite the impacts of some product inflation, isolated pockets of the requirement to liquidate inventories in volatile trading conditions, and some price discounting to gain market share. In constant currency terms, our gross margin percentages are ahead of pre-pandemic levels.

Although the group achieved cost efficiencies with a 22,2% increase in constant currency operating costs against an increase in constant currency revenues of 26,1%, many of the efficiencies gained through the pandemic are being dissipated by significant inflationary pressures in employee costs, energy and fuel prices, and increased costs arising from supply chain disruptions. The overall cost of doing business has increased to 19,2% measured against pre-pandemic levels of 18,6% but decreased against our H1F2021 comparative of 19,8%.

Group trading profit increased by 52,9% to R3,4 billion (H1F2021 restated: R2,2 billion) and the trading profit margin achieved was 4,7% (H1F2021 restated: 3,6%) which compares favourably with pre-pandemic levels.

Net finance charges (excluding IFRS 16 charges) were lower by 11,0% at R153,7 million (H1F2021: R172,8 million), a good result considering larger investments into capex, working capital, and the final F2021 dividend paid in October 2021. Non-IFRS 16 EBITDA interest cover remains healthy at 25,4 times (H1F2021: 16,6 times). Bidcorp remains well capitalised and retains adequate headroom for further organic and acquisitive growth.

Gross investments in property, plant and equipment of R1,1 billion (H1F2021: R0,9 billion) largely reflects new capacity necessary for organic growth in a number of businesses. No new country acquisitions in the foodservice industry have become evident in the period, however, R0,2 billion was spent on seven bolt-on acquisitions in Australasia, Emerging Markets, and Europe.

Cash generated by operations before working capital was R4,5 billion, some R1,3 billion ahead of that generated in H1F2021. Monthly average net working capital days was at five days (H1F2021: six days) with working capital percentage to revenue running at 3,4% compared to a normalised range of between 4,0% to 5,0%. Typically, Bidcorp absorbs working capital in the first half of the financial year and generates in the second half, and the absorption of R1,8 billion in the period compares favourably with that experienced in normal pre-pandemic times. Receivables days increased off higher revenue levels, inventory days increased off intentional stocking, and payables grew as credit terms normalised following the tightening experienced in H1F2021. Receivables provisioning levels were maintained as risks of further economic stress remain and credit insurance availability in many markets remains limited because of the hospitality industry exposure.

Non-IFRS 16 net debt at R2,4 billion (H1F2021: R2,6 billion) has increased from June 2021 primarily due to the intentional bumping-up of inventory levels to mitigate supply chain disruptions and product price inflation. Non-IFRS 16 net debt to EBITDA at 0,3 times remains well controlled and in line with the group philosophy of conservative liquidity management. Free cash flow for the period year was slightly negative at R0,4 billion but will improve significantly into the second half of the financial year as the working capital position unwinds.

## Prospects

Bidcorp's strategy of focus on the wholesaling of food and allied products to the eating-out-of-home market through its decentralised and entrepreneurial business model remains fit for purpose despite the severe impacts on the global hospitality industry arising out of the COVID impact of the past two years. Growth will be achieved organically through focusing on the appropriate customer mix between independent and national and maintaining an appropriate range of products; via in-territory bolt-on acquisitions to expand our geographic reach and/or our product ranges; and via strategic acquisitions to enter new markets. There remains little evidence that there has been any shift in consumer behaviour away from the eating-away-from-home market.

Our teams around the world continue to perform exceptionally well, managing the rebounding strong demand despite significant challenges such as staff shortages and supply chain disruptions, currently evident across all our markets. Inflation, arising from wage and utility price increases, as well as food product price increases, presents a trading opportunity which our businesses are managing well. Many of our customers are facing similar challenges which is limiting their ability to grow and presents an opportunity for further investment into value-add product preparation. Further development of our product sourcing capabilities, both local and imported, is allowing the opportunity to further grow our Own Brand product range.

No new market acquisitions in the foodservice space have presented themselves, however, we remain alert to any potential opportunities should they become evident. Several in-country bolt-on opportunities have been concluded, more so in developing economies at this stage, however, several developed economy targets are under consideration. Organic market share gains are being achieved in all markets, evidenced by the achievement of pre-COVID revenues in most businesses despite large segments of the hospitality industry still operating well below pre-pandemic levels.

Our capex investments, principally into strategic distribution facilities employing new technologies in refrigeration, energy efficiency, and distribution optimisation, reflects our intention to invest ahead of the anticipated customer demand in an environmentally and cost-efficient way. We remain very confident in the long-term sustainability of the foodservice industry.

Our ecommerce platform remains an enabler for our businesses and source of competitive advantage designed to facilitate digital customer interaction in a low-cost but high-impact way. Across all our businesses, the uptake of ecommerce continues to accelerate, particularly in the new adopters. Continued development of functionality incorporating best-of-breed practices from within our foodservice footprint is ongoing.

Management remains cautiously optimistic about the trading environment through the evolving COVID pandemic, and are pleased that activity levels appear to be recovering strongly. Despite the inevitable short-term setbacks that are likely to arise, we are looking to the future with confidence about the long-term prospects of both Bidcorp and the foodservice industry.

## Australasia

Australasia was plagued by various COVID-related travel restrictions starting as early as July and continuing throughout the period. Although many of the restrictions had largely eased by December, the impact on the H1 results had already been felt with revenue down 3,9% to R16,0 billion (H1F2020: R16,7 billion). Trading profit of R1,0 billion (H1F2020: R1,1 billion) was down 12,4%. Australia is emerging from the lockdowns on a quicker trajectory than New Zealand.

In **Australia,** the lockdown of the south-eastern states for much of the second quarter dampened demand, however the other states performed strongly, and overall Australia performed well. Revenue in Q2F2022 was up on the prior year and in line with pre-COVID F2020 sales for the quarter.

Focused management of gross margin and overhead expenses, contributed to the half-year trading results achieved, testament to the teams' hard work, navigating the supply chain and labour challenges throughout the harsh lockdowns. The challenges of labour shortages, high overtime costs, and wage inflation resulted in increased costs for the period.

Foodservice stood out with a strong festive season delivering an impressive result, however not without its challenges as management had to face severe labour shortages and supply chain challenges, whilst keeping the team motivated. Craven, the Western Australia acquisition concluded in late F2021, has delivered profits, with more potential to come.

Supply Solutions has performed above expectation, with further growth potential as the product offering expands. Cheese processing is performing well with further expansion planned and the new Queensland repacking plant has been established and is ready to deliver in the second half.

A small acquisition of a wet sauces and condiments manufacturer was completed. Niche manufacturing opportunities are actively being pursued, as well as other value-add services, all designed to make our customers' lives easier.

**New Zealand (NZ)** had a tough first half with harsh restrictions and lengthy border closures. The half-year results are down on prior year but is by no means indicative of the excellent efforts put in by a strong team.

Labour pressures are acute with staff turnover, labour shortages, and wage inflation driving staff costs up, unemployment levels at an all-time low and showing no signs of respite. Supply chain disruptions and high levels of inflation add to the challenges faced. Managing the cost exposure has been a key management focus, by balancing service levels and pricing. However, through proactive customer engagement, these efforts have delivered good results and gained favour in the market.

Manufacturing businesses increased trading profits, despite reduced volumes, as a result of improved procurement initiatives and efficiency gains following recent capex investments into new equipment. Imports similarly delivered improved profits on reduced volumes through active margin management.

Good results have been delivered in foodservice branches such as Christchurch where recent capex investment has improved operational efficiencies and increased volumes. Prepared Produce continues to focus efforts on right sizing the customers and margins, following the successful strategy implemented in the Meat business.

Continued investment into IT, specifically software development and security maintenance and improvements, remains a key strategic differentiator.

A small repack operation was acquired in Q2F2022, as part of the group's value-add strategy of being a simple manufacturer and supplier primarily in higher-margin Own Brand products. Customer-engaged service level reviews, investing in people development, and manufacturing and processing efficiencies are strategic imperatives to continued operational improvements.

## United Kingdom (UK)

Pleasingly revenue was up 37,3% to R18,7 billion (H1F2021: R13,6 billion) with trading profit up 97,2% to R583,1 million (H1F2021: R295,7 million). These results were largely driven by a very buoyant first quarter, but self-imposed pre-December restrictions dampened the usual busy festive season.

Significant labour-related challenges drove high staff turnover, increased wages and led to a higher-than-normal reliance on expensive agency staff. Customers, faced with similar challenges, were forced to limit operating hours and reduce service levels, further dampening activity levels. Energy costs have risen to an all-time high, with little sign of easing in the short- to medium-term.

Management is maintaining open communication channels with customers as these challenges are faced together. Maintaining reasonable service levels is key, and a market differentiator, which in turn is creating pressure on operations.

**Foodservice** achieved sales in excess of pre-COVID levels, and the national accounts team secured significant new business in Q2, including new contracts with national customers. Overall, costs have been well managed, however efficiencies achieved through the past two years of COVID have been offset by the rising labour and energy costs noted above.

Speciality business Caterfood's results were up on prior year, as well as South Lincs and Cimandis. Elite was slightly behind. Manufacturing delivered pleasing results with Simply Food Solutions down on the prior year, but Yarde Farm achieving great H1 results.

Working capital days are down, distorted by reduced COVID trading and a change in customer mix during pandemic trading. Supply chain challenges and the sudden December lockdowns impacted the inventory levels on hand.

IT investment continues with a number of projects finalised in the period. Improvements are expected to deliver operational efficiencies and amongst other benefits, facilitate "Natasha's Law" compliance across all operations.

Good progress has been made in the monitoring of greenhouse gas reductions, and Bidfood is now a named supporter of the industry-wide stewardship of water in foodservice operations and supply chain. A three-year health and wellbeing programme has commenced, and a nationwide employee survey has been launched.

**Fresh UK**, although buoyed by a positive start to F2022, was significantly impacted by the restrictions into the festive season. Despite this, Fresh delivered a reasonable profit in the period, illustrating the resilience of the new business model.

Dedication to high service levels in spite of the challenging environment is evidenced in the Seafood growth. Restaurants and pubs continue to produce reasonable demand, with Contract Catering dampened as the work-from-home directive continued. Overall independent sales are slightly down in the quarter but is set to improve once activity levels fully resume.

Meat is capitalising on the UK-wide buying power opportunity available to minimise costs, while increasing focus on sustainable and ethical sourcing takes hold, removing plastic from packaging and introducing recyclable vacuum bags. Produce continues to improve slowly as the fundamentals of the business are rebuilt.

Closer engagement, facilitated through the administration and support functions now fully migrated to Bidfood, has enabled the Fresh team to benefit in other best practices shared, such as procurement and service delivery.

## Europe

Most of our European businesses performed well, delivering solid results for H1F2022. Sales held up through the Northern Hemisphere summer compared to prior year, benefiting from local staycations and some international tourism. Revenue for the six months was up 23,4% to R24,1 billion (H1F2021: R19,5 billion). Excellent trading profit results with a return to previous profit levels, reporting a 159,3% increase to R1,1 billion (H1F2021: R0,4 billion).

**Netherlands** was significantly impacted by a hard lockdown through November and December, with only takeaway and home delivery possible, negating their good start to the financial year. Increasing energy and labour cost pressures continued. Despite sales volumes dropping off, staff were retained to cater for the bounce back, seen post-January 2022. Catering activity mix changed, with higher drop sizes and lower margins. National accounts, although impacted by the slowdown, have performed in line with prior year. Free trade activity is a constant stop and start, with customers nervous to open fully in case unexpected lockdowns force their doors shut. Opportunities have presented themselves and an acquisition is underway.

**Belgium** sales for the half year were back to F2019 levels, although slightly boosted in the last quarter by the Foster Fast Food acquisition in September, and reduced restrictions applied to the hospitality and catering market. Sales mix has shifted in favour of good growth in the QSR and logistics sectors, away from hospitality and institutional. Labour challenges and supply chain disruptions remain key risks to mitigate, aggravated by increased customer demands and product supply constraints. Contract renewals in the institutional sector are challenging as most require fixed prices, difficult to agree to in the current inflationary environment.

**Czech Republic and Slovakia** continue to outperform despite strict lockdown restrictions and high infection rates throughout the region. Supply chain bottlenecks and energy cost increases have detracted from an excellent half-year result. Disruptions in production and distribution has become the norm, and the team's agility in responding to these conditions have been remarkable. Delays in equipment and materials sourcing have prolonged the construction of the new Kralupy fish factory, however expectations are that it will be complete by year end. Management is pursuing a few potential bolt-on acquisitions, although price expectations are mostly unrealistic.

**Italy** was on track for a record first half, off the back of a very good summer, however expectations were dampened due to the December restrictions, shuttering the foodservice market. Notwithstanding this, DAC recorded good trading profits. Close monitoring of the debtors' book has resulted in good collections being achieved. Management is focused on streamlining its satellite depots and growing its independent free trade customer base.

**Poland** has delivered excellent results with continued growth in the independent sector of the market. Capex investment to increase capacity has resumed in earnest. Increased customer demand placed pressure on the team, which were successfully addressed. Increased costs in all areas of the business were a challenge and will remain so into the second half. Focus on working capital management was a priority, with a strategic decision to increase inventories to mitigate supply chain shortages. Improvements in the IT environment have been effected and development and marketing of the ecommerce offering remains a key focus area.

**Germany** struggled in the Q2 and remains a work in progress. The business achieved profitability through Q1 when summer demand was high, and volumes were good. Despite increased labour and energy costs, savings have been achieved through operational efficiencies. The Feinkost acquisition has been finalised, and the planned exit of the Hamburg depot is underway. Ecommerce journey has commenced, with plans to introduce the "myBidfood" platform. Germany remains an important market for growth, both organic and acquisitive.

**Baltics** performed well, with the performance in Lithuania bolstering their results. A small acquisition in Estonia is being considered. Energy and labour cost increases were experienced, but well managed, to deliver improved profits. Sales through the "myBidfood" ecommerce channel continues to gain traction and is a key differentiator in the market.

**Spain** delivered a weak result, with the strong start to the half year dampened by the sudden full lockdown in December. Guzman achieved near pre-COVID sales levels by November and will generate profits when markets reopen. New accounts have been won, and collections are strong. Igartza performed well despite the business being very sensitive to lockdown impacts. The management team has been refocused and is well positioned to embrace the opportunities going forward. Saenz meat business has performed poorly and despite investment into a stronger sales team, has not delivered to expectation. The business has been sold and exited in January 2022. Overall, good progress has been made in Spain, with a solid plan for future growth and the right platform to execute it.

**Portugal** has been a star performer with Q2 sales better than expected even though restrictions were in place. With supply chain disruptions facing the market, most customers are accepting increased prices to mitigate higher costs and are appreciative of the innovative product solutions offered. Focus is now on increasing the size of the customers' basket and to grow the Own Brand range, to cement customer "stickiness".

## Emerging Markets

Emerging Markets businesses achieved record sales and trading profits for the half year. In the face of ongoing economic uncertainty, social upheavals, and navigating the COVID pandemic with little or no country support, our businesses delivered a remarkable result with revenue up 18,4% to R12,8 billion (H1F2021: R10,8 billion), and trading profit up 79,3% to R742,6 million (H1F2021: R414,2 million).

**Bidcorp Food Africa (BFA)** in particular delivered excellent results, operating under exceptionally difficult trading conditions. The social unrest and looting that occurred in July 2021 disrupted our operations in the affected areas as well as that of our customers, but the enormous efforts of the teams mitigated any material trading impact.

**Bidfood South Africa** remains constrained by the slow recovery of the hotel, office catering, and aviation segments but continues to close the gap on pre-COVID performance levels. Market share gains have been achieved in the independent street trade channel. National accounts were impacted by weak demand in the hotel and travel sector, whilst restaurants were impacted by lockdown restrictions. Catering sector remains under pressure as work-from-home guidance continued. Food inflation is putting pressure on the foodservice industry, though expenses were well contained.

**Crown Food Group (CFG)** achieved excellent results but supply chain constraints on imported raw materials continue to be a challenge resulting in delayed shipments impacting CFG's ability to supply timeously. Focused campaigns and sponsorships continue to drive own manufactured product growth.

Capex investments into additional manufacturing and distribution facilities, and vehicles positions the business well for further growth.

**Chipkins Puratos (CP)** (50% equity accounted) has benefited from increased growth on own manufactured products, delivering a trading profit increase of 9,9%. The impact of a decline in yeast volumes was particularly challenging. Sales improved in the retail, artisanal, and industry channels. Higher input costs impacted margins, offset by the release of import profits. Capex investment into solar power generation installation, powder plant and vehicles continues.

**BFA's** construction project in Gqeberha for the Bidfood and CFG premises is over 70% complete, and on track for planned March completion. Other developments of new facilities for both Bidfood and CFG continues.

**Greater China** has shown great operating resilience, delivering improved results whilst managing the many regional and citywide lockdowns throughout the period. Sales of meat products doubled and increases in the dairy product range contributed to the positive result. Consumer nervousness prevails and eating-out-of-home demand has not yet reached pre-COVID levels.

**Hong Kong** has performed very well, with profitability doubling compared to H1F2019. Market demand reached an all-time high, with many competitors unable to meet customer demands, and market share gains were achieved as a result. As and when restrictions end, the business anticipates significant increase in demand as visitors from Mainland China are once again permitted to travel to Hong Kong and Macau.

**Singapore** struggled at the start of the financial year due to COVID-related restrictions, but December saw much improved activity levels and a good bounce back. Malaysia is performing well. Vietnam is still running at a small loss, impacted by the significantly reduced expat and tourist market. Good traction in the vaccine rollout programmes have positioned this region for markets to open and activity levels to resume once again. Ecommerce platform was launched and has been well received.

**South America** has seen a rapid, solid turnaround and prospects for our businesses in this region abound. **Brazil** delivered good growth and profits. Two bolt-on acquisitions have been completed, with a third nearing completion. Contributions on an annualised basis from these acquisitions should double the size of the pre-COVID Brazilian operation. Despite customer erosion experienced through the pandemic, organic growth in sales and trading profits were realised in the core business. ERP integration, sales team training, product range expansion, and a focus on the protein offering has already delivered significant gains. Further capex investment into freezer capacity is well underway, tripling current space.

**Chile** achieved excellent results and is now triple the size of the F2019 operation, a great example of a successful organic-acquisitive growth strategy. The biggest challenge being keeping up with the demand of this explosive growth. New market channels were explored, with great success realised in the trendy urban food market. Increased sales of proteins such as beef and chicken categories impacted the overall margin percentage. New branches gained traction, particularly in La Serena and Punta Arenas. Rapid growth placed pressure on working capital, which is being closely monitored.

**Argentina** (46% equity accounted) continued to operate profitably throughout the period, even with government-imposed lockdowns in place. Some supply shortages did impact service delivery, aggravated by the unexpected high customer demand when markets reopened in December. New depot developments in Puerto Iguaza Misiones and Usuahia are well underway, with very promising prospects.

**Middle East (BME)** delivered a great half-year performance, in what has been a traditionally quieter time of year. Expo 2020, Riyadh Season, T20 and FIFA Club World Cup have boosted activity levels with good results being reported in all geographies. The business is now 55% larger than the pre-COVID BME operation. The Wet Fish operation delivered excellent results. The development of the beverage offering contributed to the positive Saudi result. Addressing ongoing supply chain disruptions and constraints is a key focus for management. Management is positive as new brands and products are launched into the region.

**Turkey,** following an organic-acquisitive growth strategy, is nearly five times larger than the F2019 operation and now consistently profitable. The business has transitioned from an importer of branded product to a locally focused foodservice wholesaler. The market opportunity in this geography is significant, particularly as tourism returns post-COVID. Management is on the lookout for further bolt-on acquisition opportunities.

## Corporate

**BidOne's** focus on digital and online solutions over H1F2022 is reflected in the steady growth of ecommerce activity in all Bidcorp's markets. Mobile uptake is good and accounts for up to 50% of orders in some regions. Planned investment in the team will expand the global resource. Integration with other third-party systems in some geographies is being investigated. Investment into security and threat management continues.

**Bidfood Procurement Community (BPC)** is a Hong Kong-based direct sourcer of food and non-food products for the group, has an established supplier network and is profitable. Ongoing product supply and global freighting delays are a challenge. Implementation of a new online trading system is anticipated to streamline transactions.

**BL Berson**
*Chief executive officer*

**DE Cleasby**
*Chief financial officer*

# Dividend declaration

In line with the group dividend policy, the directors declared an interim gross cash dividend of 300,00 cents (240,0 cents net of dividend withholding tax, where applicable) per ordinary share for the half year ended December 31 2021 to those members registered on the record date, being Friday, March 25 2022.

The dividend has been declared from 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: | 300,0 cents |
| Net dividend amount per share: | 240,0 cents |
| Issued shares at declaration date ('000): | 335 404 |
| Declaration date: | Wednesday, February 23 2022 |
| Last day to trade cum dividend: | Tuesday, March 22 2022 |
| Shares trading ex dividend: | Wednesday, March 23 2022 |
| Record date: | Friday, March 25 2022 |
| Payment date: | Monday, March 28 2022 |

Share certificates may not be dematerialised or rematerialised between Wednesday, March 23 2022 and Friday, March 25 2022, both days inclusive.

For and on behalf of the board

**AK Biggs**
*Company secretary representative*

Johannesburg

February 23 2022

# Basis of presentation of the condensed interim consolidated financial statements

The condensed interim consolidated financial statements have been prepared in accordance with the JSE Limited Listings Requirements for interim reports, and the requirement of the Companies Act of South Africa applicable for condensed interim consolidated financial statements. The Listings Requirements require interim 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 include disclosure as required by IAS 34 *Interim Financial Reporting* and the Companies Act of South Africa. The accounting policies applied in the preparation of the condensed interim consolidated financial statements from which the condensed interim consolidated 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.

In preparing these interim condensed consolidated financial statements, management has made judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these judgements, estimates and assumptions.

# Preparation and results

These half-year ended December 31 results have not been audited or reviewed by the group's auditors. The condensed interim 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 February 22 2022.

**FINANCIAL IMPACT THAT COVID HAS HAD ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The group has considered the potential ongoing impact of COVID on the group by taking a variety of risk elements into account which included considering macro-economic factors, contractual obligations and supply chain impacts when reviewing estimates.

| COVID consideration | Assessment of COVID consideration |
|---|---|
| **Credit risk** | The group's maximum exposure to credit risk is represented by the carrying amount of the group's financial assets. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Due to COVID, there was a material change in the group's exposure to credit risk and its objectives for managing and measuring the risk during the 2020, 2021 and H1F2022 financial periods.<br><br>The impact of COVID has been factored into expected credit losses (ECL) for trade receivables which is most relevant to customers that have been temporarily or permanently affected by lockdown regulations in their respective countries. Based on this assessment, the overall ECL percentage for trade receivables increased from 4,5% in 2019 to 11,5% in 2020 and was reduced in 2021 to 9,8% and further reduced to 7,9% as of H1F2022, based on improvements in forward-looking information arising out of the effectiveness of the global vaccine programmes which has enabled increased economic activity in many parts of the world.<br><br>The calculated ECL at December 2021 is performed on a country-by-country basis based on evidence available at the time of finalising the Bidcorp condensed interim financial statements. |

| COVID consideration | Assessment of COVID consideration |
|---|---|
| **Revenue** | The operating environment in most countries remains volatile and restrictions are often imposed to varying degrees with no advance warning, which has challenged both ourselves and our customers' abilities to operate effectively and efficiently. Our teams around the world have come to expect this unpredictability and continue to remain flexible, nimble and highly adaptive to the inevitable changing circumstances. |
| **Non-financial asset impairments** | Goodwill is tested for impairment annually and whenever there are indicators of impairment. During H1F2022 there were no additional indicators of impairment that were not present at June 30 2021. The group has seen that activity levels return quickly back to pre-COVID operating levels once governmental requirements for closures or other social-distancing measures are relaxed or lifted. |
| **Liquidity risk** | During the COVID pandemic the group's priority has been to ensure that our operations have sufficient liquidity for their respective requirements.<br><br>The group believes that it has sufficient liquidity for the foreseeable future, the group and its subsidiaries have available to it, as at December 31 2021, undrawn facilities of R18,6 billion (£866 million) and cash and cash equivalents of R7,5 billion (£347 million). |

## Financial instruments

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 liabilities | | |
|---|---|---|---|---|---|---|
| R'000 | Investments | Puttable non-controlling interests | Vendors for acquisition | Puttable non-controlling interests | Vendors for acquisition | Total |
| **December 31 2021** | | | | | | |
| **Financial assets measured at fair value** | **29 715** | **–** | **–** | **–** | **–** | **29 715** |
| **Financial liabilities measured at fair value** | **–** | **(4 266 826)** | **(47 803)** | **(71 689)** | **(178 125)** | **(4 564 443)** |
| **December 31 2020** | | | | | | |
| Financial assets measured at fair value | 32 252 | – | – | – | – | 32 252 |
| Financial liabilities measured at fair value | – | (4 249 892) | (27 840) | (26 972) | (154 690) | (4 459 394) |
| **June 30 2021** | | | | | | |
| Financial assets measured at fair value | 27 281 | – | – | – | – | 27 281 |
| Financial liabilities measured at fair value | – | (3 983 808) | (23 779) | (74 753) | (175 395) | (4 257 735) |

| Fair value | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **December 31 2021** | | | | |
| **Financial assets measured at fair value** | **–** | **–** | **29 715** | **29 715** |
| **Financial liabilities measured at fair value** | **–** | **–** | **(4 564 443)** | **(4 564 443)** |
| **December 31 2020** | | | | |
| Financial assets measured at fair value | – | 5 761 | 26 491 | 32 252 |
| Financial liabilities measured at fair value | – | – | (4 459 394) | (4 459 394) |
| **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 technique

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.

## Significant unobservable inputs

- Average EBITDA growth rates: 16% (H1F2021: 10%)
- EBITDA multiples: 10,5x (H1F2021: 10,5x)
- Risk-adjusted discount rate: 1,7% (H1F2021: 1,7%)

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

| | Increase in assumption % | Increase in liability R'000 | Decrease in assumption % | Decrease in liability R'000 |
|---|---|---|---|---|
| Average EBITDA growth rate | **10** | **99 566** | **10** | **148 561** |

## Exchange rates

The following exchange rates were used in the conversion of foreign interests and foreign transactions during the periods:

| | December 31 | | June 30 |
|---|---|---|---|
| | **2021 Unaudited** | 2020 Unaudited | 2021 Audited |
| **Rand/Sterling** | | | |
| Closing rate | **21,53** | 20,01 | 19,79 |
| Average rate | **20,48** | 21,23 | 20,72 |
| **Rand/Euro** | | | |
| Closing rate | **18,07** | 17,98 | 16,99 |
| Average rate | **17,44** | 19,19 | 18,35 |
| **Rand/Australian dollar** | | | |
| Closing rate | **11,57** | 11,30 | 10,74 |
| Average rate | **10,99** | 11,75 | 11,49 |

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

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. 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 H1F2021 average rand exchange rates to the H1F2022 foreign subsidiary income statements and recalculating the reported income of the group for the period.

| | For the half year ended December 31 | | | | |
|---|---|---|---|---|---|
| R'000 | 2021 Unaudited | 2020 Restated[1] | % change | Illustrative 2021 at 2020 average exchange rates | % change |
| **Continuing operations** | | | | | |
| Revenue | 71 627 600 | 60 638 116 | 18,1 | 76 449 518 | 26,1 |
| Trading profit | 3 371 625 | 2 204 460 | 52,9 | 3 582 162 | 62,5 |
| Headline earnings | 2 232 017 | 1 273 085 | 75,3 | 2 369 062 | 86,1 |
| Headline earnings per share (cents) | 668,0 | 381,0 | 75,3 | 709,1 | 86,1 |
| **Constant currency per segment from continuing operations** | | | | | |
| **Revenue** | | | | | |
| Australasia | 16 002 910 | 16 659 829 | (3,9) | 16 980 457 | 1,9 |
| United Kingdom | 18 699 205 | 13 614 818 | 37,3 | 19 388 366 | 42,4 |
| Europe | 24 115 197 | 19 539 464 | 23,4 | 26 353 449 | 34,9 |
| Emerging Markets | 12 810 288 | 10 824 005[1] | 18,4 | 13 727 246 | 26,8 |
| | 71 627 600 | 60 638 116 | 18,1 | 76 449 518 | 26,1 |
| **Trading profit** | | | | | |
| Australasia | 981 495 | 1 119 914 | (12,4) | 1 042 734 | (6,9) |
| United Kingdom | 583 146 | 295 684 | 97,2 | 604 638 | 104,5 |
| Europe | 1 113 886 | 429 643 | 159,3 | 1 203 851 | 180,2 |
| Emerging Markets | 742 582 | 414 249[1] | 79,3 | 781 378 | 88,6 |
| Corporate office | (49 484) | (55 030) | 10,1 | (50 439) | 8,3 |
| | 3 371 625 | 2 204 460 | 52,9 | 3 582 162 | 62,5 |

[1] *Refer page 24 for the restatement of condensed interim consolidated financial statements.*

# Acquisition of businesses and subsidiaries

## ACQUISITIONS

No new country acquisitions have been consumated, however, in the six-month period to December 31 2021 seven bolt-on acquisitions were concluded. These bolt-on acquisitions were as follows:

- Salad World, a manufacturer of sauces based in Melbourne, Australia.
- Total Repack Limited, a specialist dry ingredients repacker in Christchurch, New Zealand.
- Shantou Longjia Food Company Limited, a business trading and distributing dairy products and imported food products in Shantou, China.
- Spice World Kuruman, a distributor of spice, natural casings and butchery equipment in the Northern Cape province of South Africa.
- Vinhais, a broadline wholesaler and dairy specialist based in Sao Paulo, Brazil.
- Forster Fast Food, a wholesaler specialised in fast food concepts located in Mechelen (between Antwerp and Brussels), Belgium.
- Insupan Limited, an ambient wholesaler based in La Serena, Chile.

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 managements skill and expertise as a platform from which to further consolidate its position in the foodservice market.

Total investment in acquisitions was R215,7 million, the benefits of which will be evident in the medium term as we extract synergies and grow the businesses. These bolt-on acquisitions contributed R291,6 million of revenue and R11,5 million of trading profit for the period ended December 31 2021. The expected annual total contribution from these acquisitions to revenue is R877,2 million and an increase in trading profit of R38,6 million.

There were no significant contingent liabilities identified in the businesses acquired.

## SUBSEQUENT EVENTS

There have been no material events subsequent to December 31 2021.

# Restatement of condensed interim consolidated financial statements

As reported on in the 2021 financial year, our internal surveillance and control processes in late June 2021, uncovered a significant and sophisticated fraud that was being perpetuated in the Miumi division of our Greater China business.

The group took the prudent view by reversing the full overstated accounts receivables, prepayments, and inventory involved and providing for the unrecorded liabilities. We remain confident of some future recoveries from insurance, the perpetrators and other third parties involved.

Significant additional internal and forensic audit work has been concluded by December 31 2021 and no further issues or changes to previously reported numbers at June 2021 for the 2021 financial year have come to light.

The group's best estimate based on evidence available is that the loss attributable to the condensed interim statement of profit or loss for the H1F2021 financial year is HK$16,8 million (R35 million), these rand amounts were translated at the respective average South African rand/Hong Kong dollar exchange rates.

Processes followed to restate the trade and other receivables, inventory and trade and other payables at December 31 2020 were:

- **Trade and other receivables**

We reviewed the background of the Miumi customers that were managed by implicated Miumi employees and cross-border trading wholesalers. In addition, the fraudulent debtors were also identified by:

– If the customer used an abnormal delivery/business registration address.
– Incorrect customer name in PRC legal format.
– Through Angliss Greater China management review, if the customer was associated with abnormal accounting activities such as significant sales returns and trading balances that had been directly set-off with trade payable balances.

From the Miumi accounting records and the above fraudulent debtor approach we were able to generate a detailed sales and cost of sales transaction listing (by invoice and by customer) that identified the fraudulent trade debtor balances at December 31 2020. These fraudulent trade debtor balances at these respective dates were written off.

- **Inventory**

Due to the reliability of documentation to support the Miumi inventory balance, the following procedures/calculations were performed to determine a Miumi inventory balance at December 31 2020. The average inventory stock holdings for similar Angliss businesses are between 60 and 80 days stock on hand. This is supported by evidence that other Angliss PRC companies and the Miumi closing inventory balances for June 30 2021 (which have all been physically counted) are within these expected stock days of 60 to 80 days. The group selected the mid-point of this range being 70 days to determine the expected Miumi inventory balances on hand at December 31 2020.

• **Inventory** continued

A sensitivity analysis was done using stock days at 35, 53, 63, 77, 88 and 105 days. Results are compared against the calculated stock holding balance of 70 days. Negatives reflect lower stock holding numbers and positives reflect higher stock holding numbers:

| | December 31 2020 R'000 |
|---|---|
| Stock holding days at 35 days (50% change in assumption) | (13 498) |
| Stock holding days at 53 days (25% change in assumption) | (6 749) |
| Stock holding days at 63 days (10% change in assumption) | (2 700) |
| Stock holding days at 77 days (10% change in assumption) | 2 700 |
| Stock holding days at 88 days (25% change in assumption) | 6 749 |
| Stock holding days at 105 days (50% change in assumption) | 13 498 |

Results from the sensitivity analysis demonstrate that changes in number of stock holding days (including 50% changes) does not result in a material change to the expected Miumi inventory balance at December 31 2020. The calculated inventory balances at December 31 2020 are comparable to the physically counted inventory balance of HK$16,8 million (R30,9 million) at June 30 2021 and HK$13,4 million (R26,8 million) at December 31 2021. The December 31 2021 Miumi inventory balance represents 0,2% of the group's total inventory balance at December 31 2021.

• **Trade and other payables**

The unrecorded trade and other payables have been allocated to prior financial periods based on the timing of which these goods/services were received by Miumi. No future costs were provided for and all known claims against Miumi at the time of finalising the condensed interim financial statements have been provided for.

## RESTATEMENT OF PRIOR PERIOD ERRORS

The condensed interim consolidated statement of financial position as at December 31 2020 has been restated to correct the prior period errors in relation to the identified fraud.

### STATEMENT OF FINANCIAL POSITION (EXTRACT) AS AT DECEMBER 31 2020

| R'000 | Reported balance December 31 2020 | Cumulative effects of restatement | Restated December 31 2020 |
|---|---|---|---|
| Trade and other receivables | 11 825 461 | (454 389) | 11 371 072 |
| Inventory | 9 446 269 | (137 181) | 9 309 088 |
| Trade and other payables | (17 534 795) | (29 454) | (17 564 249) |
| **Net assets** | 27 737 051 | (621 024) | 27 116 027 |
| Foreign currency translation reserve | 7 988 408 | (12 682) | 7 975 726 |
| Retained earnings | 14 079 327 | (608 342) | 13 470 985 |
| **Total equity** | 27 737 051 | (621 024) | 27 116 027 |

# Restatement of condensed interim consolidated financial statements

continued

### STATEMENT OF PROFIT OR LOSS (EXTRACT) FOR THE PERIOD ENDED DECEMBER 31 2020

| R'000 | Reported balance December 31 2020 | Cumulative effects of restatement | Restated December 31 2020 |
|---|---|---|---|
| Revenue | 60 766 300 | (128 184) | 60 638 116 |
| Cost of sales | (46 536 955) | 109 115 | (46 427 840) |
| **Gross profit** | 14 229 345 | (19 069) | 14 210 276 |
| Operating expenses | (11 989 621) | (16 195) | (12 005 816) |
| **Trading profit** | 2 239 724 | (35 264) | 2 204 460 |
| Share-based payment expense | (50 132) | – | (50 132) |
| Acquisition costs | (2 033) | – | (2 033) |
| Capital items | 190 195 | – | 190 195 |
| **Operating profit** | 2 377 754 | (35 264) | 2 342 490 |
| Net finance charges | (364 260) | – | (364 260) |
| Share of profit of associates and jointly controlled entities | 19 304 | – | 19 304 |
| **Profit before taxation** | 2 032 798 | (35 264) | 1 997 534 |
| Taxation | (515 322) | – | (515 322) |
| **Profit for the period** | 1 517 476 | (35 264) | 1 482 212 |
| Other comprehensive income | (1 654 040) | 111 059 | (1 542 981) |
| **Total comprehensive income for the period** | (136 564) | 75 795 | (1 542 981) |
| **Profit for the period attributable to:** | | | |
| Shareholders of the company | 1 500 910 | (35 264) | 1 465 646 |
| Non-controlling interests | 16 566 | – | 16 566 |
| **Total comprehensive income attributable to:** | | | |
| Shareholders of the company | (120 427) | 75 795 | (44 632) |
| Non-controlling interests | (16 137) | – | (16 137) |
| **Total operations (cents)** | | | |
| Basic earnings per share | 449,2 | (10,6) | 438,6 |
| Diluted basic earnings per share | 448,7 | (10,5) | 438,2 |
| Headline earnings per share | 391,6 | (10,6) | 381,0 |
| Diluted headline earnings per share | 391,1 | (10,5) | 380,6 |

## STATEMENT OF CASH FLOWS (EXTRACT) FOR THE PERIOD ENDED DECEMBER 31 2020

| R'000 | Reported balance December 31 2020 | Cumulative effects of restatement | Restated December 31 2020 |
|---|---|---|---|
| **Cash flows from operating activities** | 2 657 881 | – | 2 657 881 |
| Cash generated by operations | 3 741 897 | – | 3 741 897 |
| Operating profit | 2 377 754 | (35 264) | 2 342 490 |
| Adjustments to operating profit | 847 681 | – | 847 681 |
| Working capital changes | 516 462 | 35 264 | 551 726 |
| Finance charges paid | (312 080) | – | (312 080) |
| Taxation paid | (771 936) | – | (771 936) |
| **Cash effects from investment activities** | 417 660 | – | 417 660 |
| **Cash effects from financing activities** | (2 786 744) | – | (2 786 744) |
| **Net movement in cash and cash equivalents** | 288 797 | – | 288 797 |
| Cash and cash equivalents at beginning of period | 7 024 426 | – | 7 024 426 |
| Effects of exchange rate fluctuations on cash and cash equivalents | (347 152) | – | (347 152) |
| Cash and cash equivalents at end of period | 6 966 071 | – | 6 966 071 |

The cash flow restatements are non-cash adjustments on the changes in the statement in financial position.

## STATEMENT OF FINANCIAL POSITION (EXTRACT) AS AT JUNE 30 2020

| R'000 | Reported balance December 31 2020 | Cumulative effects of restatement | Restated December 31 2020 |
|---|---|---|---|
| Trade and other receivables | 12 289 674 | (570 126) | 11 719 548 |
| Inventory | 10 195 539 | (98 346) | 10 097 193 |
| Trade and other payables | (17 602 244) | (28 347) | (17 630 591) |
| **Net assets** | 27 938 586 | (696 819) | 27 241 767 |
| Foreign currency translation reserve | 9 609 715 | (123 741) | 9 485 974 |
| Retained earnings | 12 593 698 | (573 078) | 12 020 620 |
| **Total equity** | 27 938 586 | (696 819) | 27 241 767 |

# Disclaimer: Forward-looking statements

Bidcorp may, in this document, make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable.

These statements may also relate to our future prospects, expectations, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, the impact of COVID on Bidcorp's business, results of operations, financial condition and liquidity and statements regarding the effectiveness of any actions taken by Bidcorp to address or limit any impact of COVID on its business; statements regarding exchange rate fluctuations, volume growth, increases in market share, cost reductions, and business performance outlook.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

These forward-looking statements have not been audited or reviewed by the group's auditors.

Bidcorp

## 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 (Pty) Limited
13th Floor, 19 Ameshoff Street, Braamfontein, 2001
PO Box 4844, Johannesburg, 2000

### Sponsor

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

### External 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