



Premier

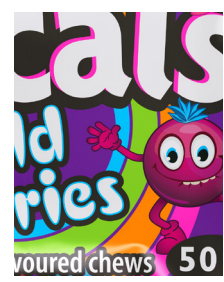
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Growing Together Since 1824

# ANNUAL FINANCIAL RESULTS AND DIVIDEND DECLARATION

for the year ended 31 March

# 2024



# FINANCIAL HIGHLIGHTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

<p>Revenue</p> <p><b>R18.6 billion</b></p> <p>↑ 3.6%</p>	<p>EBITDA</p> <p><b>R2.1 billion</b></p> <p>↑ 18.6%</p>	<p>EBITDA margin</p> <p><b>11.0%</b></p> <p>(2023: 9.6%)</p>
<p>Operating profit</p> <p><b>R1.6 billion</b></p> <p>↑ 26.4%</p>	<p>Operating profit margin</p> <p><b>8.8%</b></p> <p>(2023: 7.2%)</p>	<p>Normalised HEPS</p> <p><b>744 cps</b></p> <p>↑ 34.8%<sup>(1)</sup></p>
<p>Maiden dividend</p> <p><b>220 cps</b></p>	<p>Cash generated from operations</p> <p><b>R2.4 billion</b></p> <p>↑ 54.8%</p>	<p>Voluntary debt repayment<sup>(2)</sup></p> <p><b>R916 million</b></p> <p>(2023: R294 million)</p>
<p>ROIC<sup>(3)</sup></p> <p><b>22.4%</b></p> <p>(2023: 19.1%)</p>	<p>Group leverage ratio</p> <p><b>0.9x</b></p> <p>(2023: 1.7x)</p>	<p>ROE<sup>(4)</sup></p> <p><b>30.9%</b></p> <p>(2023: 31.5%)</p>

(1) Prior year normalised headline earnings per share were reduced for foreign exchange gains on cash and loans of a funding nature of R60 million and by the reversal of accrued withholding tax on preference dividends of R43 million to profit on the conversion of the redeemable preference shares to ordinary shares. These items were once-off items that were included in prior year net profit.

(2) Voluntary debt repayment consists of R706 million voluntary capital repayments made on the RCF borrowings facility and R210 million repayment made on the bank overdraft during the year.

(3) Refers to return on average invested capital adjusted for the historical revaluation of intangibles.

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

# COMMENTARY

## OVERVIEW

We are pleased to present another set of robust results for Premier Group Limited and its subsidiaries (together “Premier” or the “Group”) for the year ended 31 March 2024. Premier maintained an unrelenting focus on optimising operational efficiencies, margin management and upskilling our people, paving the way for the Group’s success. The deteriorating municipal infrastructure, port congestion and the overhang of political uncertainty, in the lead up to the May election, have imposed challenges on the operating landscape. Although the debilitating effect of loadshedding was somewhat diminished in the second half of the year, high interest rates and unemployment levels are still impacting buying power. Notwithstanding these constraints, Premier has managed to deliver on its investment case with resilience and commitment to its purpose.

Maintaining focus on being the lowest cost producer is a key element of our corporate strategy. Investment in our infrastructure during the year, contributing to the R6 billion of capital expenditure over the past decade, confirmed our commitment to that strategy, helping deliver the best-in-class efficiencies and execution required to extract enhanced returns for our shareholders. In parallel, the ongoing investment in our people equipped the team to perform with confidence and a commitment to excellence.

Aligning with our strategic imperative to unlock future growth, Premier entered the Rice category early in the year, teaming up with Goldkeys International (Pty) Ltd (“Goldkeys”) to distribute the Golden Delight range of rice products nationally. The anticipated benefits of the partnership, including leveraging Premier’s customer relationships and distribution network to provide sales, merchandising and distribution services to Goldkeys, are coming to fruition. The Sunblest pasta range was launched during the first half of the year into select channels in the South African market, after completion of the pasta manufacturing plant rebuild in Mozambique. Premier also concluded the acquisition of a 35% stake in a UK based specialist skincare treatment range, under the brand Science of Skin (“SOS”), with an exclusive sales and distribution agreement for existing Lil-lets UK markets.

In March 2024, Brait PLC successfully placed 15 million ordinary shares in Premier into the market. Following the strong demand received during the bookbuild, Brait increased the size of the placement which remained oversubscribed at the closing date. The placement increased the size of the free float from approximately 23% to 34%.

Emphasis remained on entrenching and delivering on our sustainability vision. By cementing the principles outlined in our ESG strategy into daily operations within the business, we have realised tangible results progressing our corporate citizenship. Throughout the year, we maintained our partnerships with non-profit organisations, donating products valued at R53 million consisting of approximately 29 million nutritional meals and feminine hygiene products enabling over 13 000 girls to attend school during their period. Our solar installations, focus on logistics optimisation and waste reduction in both the manufacture and distribution of our products, continue to reduce our environmental footprint and provide essential cost savings.

## FINANCIAL REVIEW

As anticipated, the growth in the Group’s revenue moderated to 3.6% bringing revenue up to R18.6 billion. Both the Millbake and the Groceries and International categories contributed to the growth increasing by 3.7% and 3.3% respectively. The softening to single digit revenue growth was expected given the impact of significant soft commodity inflation in the prior year and its subsequent stabilisation. The reduced loadshedding regime during the year has been a welcome relief for the economy and the consumer. The costs incurred for the year, which are not considered to be material to the business, were approximately R27 million, down from R32 million last year.

Earnings before finance income and costs, tax, depreciation and amortisation (“EBITDA”) increased by 18.6% to R2.1 billion, underpinned by strong results in both categories. Millbake EBITDA grew by 20.6%, while the Groceries and International EBITDA grew by 3.7%. The Group’s EBITDA margin of 11.0% improved by 140 basis points compared to the prior year’s level of 9.6%.

Operating profit increased by 26.4% to R1.6 billion. The operating profit margin improved by 160 basis points to 8.8% when compared to last year.

Net finance costs increased by 26.9% to R367 million as a result of a higher weighted average interest rate in the current year of 9.65% compared to 7.51% in the prior year. This was partially offset by interest savings from voluntary debt repayments of R150 million, R100 million and R456 million in June 2023, September 2023 and December 2023 respectively. The accrued withholding tax on preference dividends of R43 million, which was reversed to profit during the prior year, also contributed to the increase in net finance costs. In addition, there was a decrease in the foreign exchange gains on cash and intergroup loans of a funding nature of R57 million as a result of the conversion of the intergroup loan into equity on 30 March 2023.

The effective tax rate for the year increased to 27.2% from 24.9%. The effective tax rate in the prior year was lower due to exempt income relating to withholding tax on preference dividends that was released to profit.

Net profit increased by 15.8% to R921 million with a margin of 5.0%, an improvement of 60 basis points over the prior year.

Earnings per share (“EPS”) increased by 13.3% to 715 cents and headline earnings per share (“HEPS”) increased by 17.4% to 744 cents. Normalised HEPS increased by 34.8% to 744 cents. There was no difference between HEPS and normalised HEPS for the current year. Normalised HEPS in the prior year was adjusted for foreign exchange gains on cash and loans of a funding nature of R60 million (net of tax) and by the reversal of accrued withholding tax on preference dividends of R43 million to profit on the conversion of the redeemable preference shares to ordinary shares, both of which were once off in nature. It is the Board’s opinion that normalised headline earnings per share provides shareholders with the most consistent perspective on Premier’s performance.

## COMMENTARY (CONTINUED)

### FINANCIAL REVIEW (CONTINUED)

Cash generated from operations increased by 54.8% to R2.4 billion, underpinned by the growth in the Group's EBITDA and supported by well managed working capital with improved debtor collections and lower inventory balances at 31 March 2024.

Cash outflows from investing activities increased by 37.7% to R692 million mainly attributable to capital expenditure (including prepaid capital expenditure) on the Aero-ton bakery project. The Group acquired a 35% shareholding in a skin care business in the United Kingdom for R7 million during the year.

The cash outflow from financing facilities of R992 million mainly relates to repayment of the bank overdraft facility of R210 million and capital repayments on borrowings of R728 million, of which R706 million were voluntary capital repayments made during the year. This voluntary capital repayment remains available to drawdown for future funding requirements.

Other material cash flows during the year include net interest paid of R370 million and tax paid of R326 million.

The Group's net debt (including lease liabilities but excluding the trade financing facility) on 31 March 2024 was R1.8 billion translating into a leverage ratio of 0.9x (2023: 1.7x) for the Group. The cash generated by the Group has enabled substantial deleveraging reducing the leverage ratio to a level that is significantly lower than historical levels.

Property, plant and equipment increased by R127 million, mainly attributable to additions of R474 million and exchange translation movement of R18 million, which was partially offset by depreciation charges of R310 million and disposals of R55 million. A further R161 million of capital expenditure was prepaid to suppliers for the upgrade of Aero-ton bakery. Capital expenditure ("Capex"), including prepayments, translated into capex to revenue of 3.4% (2023: 2.6%). Investment to maintain best-in-class efficiencies remains integral to drive growth and create opportunities for expansion. Significant projects undertaken during the year include completion of the upgrade of Eswatini Wheat Mill and the biscuit line in Mozambique, site optimisation at the Home and Personal Care ("HPC") manufacturing facility and upgrades to the capacity of tampon manufacturing in Durban. The Mthatha and George bakeries underwent refurbishment to achieve capacity expansion, while the upgrade of Aero-ton bakery is in progress. The capex programme is expected to average R700 million per year for the 2025 and 2026 financial years.

Return on invested capital ("ROIC") improved by 330 basis points to 22.4%. ROIC is calculated by using net operating profit after tax (including net profit in equity-accounted investments) divided by average invested capital for the year which has been reduced for the historical revaluation of intangibles of R722 million.

Return on equity ("ROE") decreased by 60 basis points to 30.9%. ROE is calculated using net profit attributable to the owners of the Company divided by equity reduced by the historical revaluation of intangibles.

### SEGMENTAL REVIEW

#### Millbake

The Millbake division continued to deliver pleasing results for the year ended 31 March 2024. Revenue increased by 3.7% to R15.5 billion and EBITDA increased by 20.6% to R2.0 billion. The EBITDA margin of 12.7% improved by 180 basis points compared to last year. The moderating of revenue growth was due largely to soft commodity prices subsiding during the year and the stabilisation of global volatility, coupled with a highly productive South African maize crop in 2023 helping alleviate food inflation for consumers.

The improvement in EBITDA was driven by a resolute focus on efficiencies, margin management and service level excellence. Site efficiencies attained through upgrades of several bakeries and wheat mills have yielded positive results improving the quality and consistency of our premium Millbake products, most notably in the inland region. The Aero-ton bakery, which was closed during the year for a scheduled upgrade, is anticipated to be fully operational in the first half of FY2026. The bakery will be renovated to match the standard of the coastal sites and the new Pretoria site. The new mega-bakery in Pretoria is bedded down and delivering anticipated efficiencies. Agile procurement, to mitigate wheat import delays as a result of the port congestion, was critical in ensuring that optimal service levels were provided to the customer.

Despite the persistent burdens of high interest rates and unemployment levels, which continue to negatively impact disposable income, Premier remains well positioned to service low-income consumers with its broad product offering in the staples basket. Innovative product launches aim to support our consumer by improving accessibility and affordability.

#### Groceries and International

The Groceries and International division delivered an encouraging performance for the year ended 31 March 2024. The division's revenue increased by 3.3% to R3.1 billion and EBITDA increased by 3.7% to R214 million. The EBITDA margin was maintained at 7.0%.

The Sugar Confectionery category achieved strong growth for the full year, with momentum building in the second half. Both revenue and EBITDA were up for the year with solid EBITDA margin improvements. The performance was driven by a combination of improved efficiencies, product mix and margin management.

Optimisation and functionality of the candy footprint remained critical and resulted in enhanced efficiencies across the sites and established the operational standards at Mister Sweet that are characteristic of the Group. Cost inflation in sugar, chocolate and packaging material was offset through price increases. Private label in Sugar Confectionery has shown promising progress with new launches undertaken during the year. Superior service levels have sustained this growth and reinforced strategic relationships with our key retail partners. The new Manhattan liquorice line is anticipated to be operational in FY2025.

## COMMENTARY (CONTINUED)

### SEGMENTAL REVIEW (CONTINUED)

The Home and Personal Care category once again delivered pleasing results with increases in both revenue and EBITDA. Additional capacity has been installed at the Durban facility prompted by growth in volumes and has enabled the onshoring of supply to the UK market. The new HPC supply chain strategy focuses on becoming the best cost supplier out of the Durban facility as well as driving market share and brand equity for the Lil-lets and Dove brands through in-market execution. Revenue growth in the UK market has been stimulated by growth in the eCommerce channel, but local port constraints early in 2024 impacted available export volumes of HPC products. This situation has eased and is anticipated to recover. Differentiated ranges for entry into export markets to leverage the UK infrastructure, drive international growth and enter new channels is an important element of the UK HPC strategy.

The Group's business division in Mozambique, CIM, continues to face headwinds with both revenue and EBITDA down for the year. Several macro-economic constraints exist in Mozambique with historically high food inflation and widespread poverty impacting household consumption. The economy gained some momentum in 2023, growing at 5%, largely driven by the start of the offshore Liquefied Natural Gas (LNG) project, and lower levels of inflation are forecast. This is expected to have a knock-on effect boosting growth in mining, agriculture and gas exports. The CIM biscuit line and pasta plant upgrades have recently been completed and supply of selected products has been initiated into the SADC region. The business remains well positioned to capitalise on the economic recovery through established efficiencies in manufacturing capability and an extensive product range.

### CHANGES TO DIRECTORATE

On 5 September 2023, Corrie Roodt resigned as Chairman of the Board after twelve years of service and elected to remain on the Board as an independent non-executive director until his resignation in February 2024. Iaan van Heerden was appointed Chairman with immediate effect. Iaan has been an important and integral part of the Board since his appointment in June 2021 and the Company is confident that he will ably lead the Board in the future. In compliance with King IV and the JSE Listings Requirements, Faith Khanyile was then appointed as the Company's Lead Independent Director. Rolf Hartmann resigned from the Board after 16 years as a non-executive director on 5 September 2023 and subsequently joined our Executive Committee as the Commercial Managing Executive on the 16th of October. Accordingly, in compliance with the Company's MOI, the appointment of Peter Hayward-Butt as an alternate director to Rolf Hartmann was terminated and he was re-appointed as an alternate director to Jonathan Matthews with effect from the same date.

The Board also appointed Daniel Dirk Ferreira as an independent non-executive director of the Company with effect from 12 December 2023. He has held numerous financial and executive roles, where he gained extensive experience in operational and financial management, group accounting and tax matters. He joined Astral Foods Limited in 2001 as group financial manager and in May 2009, he was appointed Chief Financial Officer of Astral Foods, a position he occupied until his retirement in February 2023. The Board wishes to congratulate his on his appointment to the Board and looks forward to his valuable insight and contribution.

### CASH DIVIDEND DECLARATION

Premier is pleased to announce that a final gross dividend of 220 cents per share has been declared out of the Company's reserves in respect of both the ordinary shares of no-par value and the unlisted "A" and "A1" ordinary shares of no par-value, for the year ended 31 March 2024. This equates to a final gross dividend of R283.6 million in respect of the ordinary shares and R2.6 million in respect of the "A" ordinary shares.

Cash flows over FY2024 remained ahead of expectations, and the Company has shown strong deleveraging of the balance sheet ahead of initial guidance. Premier continues to maintain appropriate cash reserves to execute on committed capital requirements, as well as to retain flexibility to assess organic and inorganic growth opportunities as they may arise. Furthermore, the Board is satisfied that the Company is solvent and liquid, and that it has sufficient capital and reserves after the payment of the final dividend, to support its operations for the foreseeable future.

The "A" and "A1" ordinary shareholders have a right to receive a distribution each time the Board authorises a dividend to the Company's ordinary shareholders. The "A" and "A1" distribution is determined in relation to the number of ordinary shares that equal the value of the "A" and "A1" ordinary shares. The issued share capital at the declaration date is 128 905 800 ordinary shares, 15 457 "A" ordinary shares and 23 060 "A1" shares. The latter shares equate to 1 171 167 and 0 ordinary shares respectively.

A dividend withholding tax of 20% or 44 cents per share will be applicable, resulting in a net dividend of 176 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement. The Company's tax reference number is 9102629160.

The salient dates relating to the payment of the dividend are as follows:

Last day to trade in order to participate in the dividend	Tuesday, 30 July 2024
First day to trade ex-dividend	Wednesday, 31 July 2024
Record date	Friday, 2 August 2024
Payment date	Monday, 5 August 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 31 July 2024 and Friday, 2 August 2024, both days inclusive.

## COMMENTARY (CONTINUED)

### CASH DIVIDEND DECLARATION (CONTINUED)

In terms of the Company's Memorandum of Incorporation, dividends will only be transferred electronically to the bank accounts of shareholders. In the instance where shareholders do not provide the Transfer Secretaries with their banking details, the dividend will not be forfeited but will be marked as 'unclaimed' in the share register until the shareholder provides the Transfer Secretaries with the relevant banking details for payout.

For FY2025, as part of the 30% - 60% targeted pay-out ratio, Premier will consider a combination of ordinary dividends, special dividends and share buybacks in an ongoing commitment to total shareholder returns in line with expectations. Any share buyback will be executed with consideration to liquidity parameters.

### ACQUISITION AFTER YEAR END

Premier has acquired a 30% shareholding in Goldkeys International Proprietary Limited ("Goldkeys") with effect 3 June 2024.

The investment builds on the relationship that commenced on 10 May 2023, when Premier entered into a Sales, Merchandising and Route to Market Services Agreement with Goldkeys to manage their sales function to assist them in building its brands and sales outside of KwaZulu-Natal.

Goldkeys is a rice distributor based in KwaZulu-Natal that was founded in 1994 and is one of the largest rice importers into South Africa. It supplies branded Thai and Indian sourced rice under its brands "Golden Delight", "Golden Pride" and "Light & Right", as well as house brands to a number of South Africa retailers and independent wholesalers. Goldkeys is a growing business and for the month of February 2024, its "Golden Delight" brand achieved the No.2 national market share by volume (as measured by NielsenIQ).

The investment is aligned with Premier's strategy to grow its branded product portfolio. Rice complements Premier's staple foods basket of bread, maize, and wheat products offering synergies along the value chain. The investment in Goldkeys will benefit Premier's existing rice operations outside South Africa where it sources rice for sale under its own brands.

Premier settled the purchase consideration of R313.6 million in cash on 3 June 2024, and has appointed representatives to the board of directors of Goldkeys. The investment in Goldkeys will be treated as an associate and equity accounted for.

### OUTLOOK<sup>(1)</sup>

Premier continues to execute on the business strategy articulated in the Pre-listing statement, retaining focus on efficiencies and agile execution. Lingering volatility remains, impacting soft commodity prices, and these inflationary pressures are expected to sustain revenue growth in the coming year. Operational efficiencies exhibited throughout the business will support the continuation of margins experienced during the past year. From a capital projects perspective, the refurbishment of the Aero-ton bakery will remain the primary focus for the year.

We continue to align our sustainability journey with our corporate strategy supporting a long-standing commitment to our purpose. Premier engages constructively with all spheres of government and looks forward to engaging with the new administration post the national and provincial elections.

### APPRECIATION

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

For and on behalf of the Board

I van Heerden  
Chairman

JJ Gertenbach  
Chief Executive Officer

Waterfall  
11 June 2024

(1) Any reference to future performance included in this announcement has not been reviewed or reported on by the Group's external auditors.

# SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 R'000	2023 R'000
Revenue from contracts with customers	2	18 587 224	17 938 460
Cost of sales		(12 289 261)	(12 521 106)
<b>Gross profit</b>		<b>6 297 963</b>	<b>5 417 354</b>
Other operating income		39 412	39 110
Credit loss allowances raised		(4 800)	(5 259)
Sales and marketing expenses		(1 804 292)	(1 678 648)
Distribution expenses		(969 558)	(918 530)
Administration expenses		(1 925 735)	(1 562 422)
<b>Operating profit</b>		<b>1 632 990</b>	<b>1 291 605</b>
Finance income	3	28 413	56 259
Finance costs	4	(395 597)	(345 671)
Foreign exchange (losses)/gains	5	(605)	56 116
Share of net profit in equity-accounted investment		132	-
<b>Profit before tax</b>		<b>1 265 333</b>	<b>1 058 309</b>
Income tax expense		(344 719)	(263 505)
<b>Profit for the year</b>		<b>920 614</b>	<b>794 804</b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit or loss:			
Remeasurement gain on defined benefit obligations		(1 980)	2 320
Deferred tax on remeasurements		495	(468)
<b>Total items that will not be reclassified to profit or loss</b>		<b>(1 485)</b>	<b>1 852</b>
Items that may be reclassified to profit or loss:			
Foreign currency translation reserve		40 173	84 511
<b>Other comprehensive income for the year net of tax</b>		<b>38 688</b>	<b>86 363</b>
<b>Total comprehensive income for the year</b>		<b>959 302</b>	<b>881 167</b>
<b>Profit attributable to:</b>			
Owners of the Company		921 080	794 390
Non-controlling interest		(466)	414
		<b>920 614</b>	<b>794 804</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		959 768	880 753
Non-controlling interest		(466)	414
		<b>959 302</b>	<b>881 167</b>
<b>Earnings per ordinary share attributable to the owners of the Company</b>			
Basic earnings per share (cents)	6	714.54	630.41
Basic earnings per share - diluted (cents)	6	705.24	593.29

# SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 R'000	2023 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment <sup>1</sup>		3 967 510	3 840 239
Right-of-use assets		200 246	251 435
Goodwill		233 147	233 147
Intangible assets		1 490 199	1 471 218
Equity-accounted investment		7 246	-
Loans receivable		27 339	24 577
Deferred income tax		38 145	32 812
		<b>5 963 832</b>	<b>5 853 428</b>
<b>Current assets</b>			
Inventories		2 064 230	2 402 173
Trade and other receivables		1 588 366	1 794 914
Prepayments <sup>2</sup>		160 971	-
Loans receivable		-	6 454
Income tax receivable		9 641	13 539
Restricted cash		2 454	2 274
Cash and cash equivalents	8	636 006	595 402
		<b>4 461 668</b>	<b>4 814 756</b>
<b>Total assets</b>		<b>10 425 500</b>	<b>10 668 184</b>
<b>EQUITY</b>			
Share capital		2 464 267	2 464 267
Reserves		(34 682)	(72 421)
Retained income		1 756 998	810 986
Equity attributable to the equity holders of the Company		4 186 583	3 202 832
Non-controlling interest		7 874	7 538
<b>Total equity</b>		<b>4 194 457</b>	<b>3 210 370</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	7	2 194 703	2 926 602
Lease liabilities		224 011	249 372
Deferred income tax		618 939	618 990
Employee benefit obligations		38 421	46 574
		<b>3 076 074</b>	<b>3 841 538</b>
<b>Current liabilities</b>			
Trade and other payables		1 694 748	1 830 621
Trade financing facility		478 560	760 222
Refund liabilities		481 192	423 123
Employee benefit obligations		384 081	288 862
Borrowings	7	25 813	22 370
Lease liabilities		34 937	52 687
Income tax payable		55 638	37 176
Bank overdraft	8	-	201 215
		<b>3 154 969</b>	<b>3 616 276</b>
<b>Total liabilities</b>		<b>6 231 043</b>	<b>7 457 814</b>
<b>Total equity and liabilities</b>		<b>10 425 500</b>	<b>10 668 184</b>

1 Property, plant and equipment increased by R127 million, mainly attributable to additions of R474 million and exchange translation movement of R18 million, which was partially offset by depreciation charges of R310 million and disposals of R55 million.

2 Prepayments mainly relate to payments made for capital expenditure on the upgrade of the Aeroton bakery.



# SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	Share capital R'000	Foreign currency translation reserve R'000	Retained income R'000	Total attributable to equity holders of the group R'000	Non-controlling interest R'000	Total equity R'000
<b>Balance at 31 March 2022</b>	126 879	(156 932)	20 668	(9 385)	3 963	(5 422)
<b>Total comprehensive income for the year</b>	-	84 511	796 242	880 753	414	881 167
Profit for the year	-	-	794 390	794 390	414	794 804
Other comprehensive income	-	84 511	1 852	86 363	-	86 363
Issue of shares	3 284 626	-	-	3 284 626	-	3 284 626
Dividend distribution <sup>1</sup>	-	-	(2 763)	(2 763)	-	(2 763)
Return of capital <sup>2</sup>	(947 238)	-	-	(947 238)	-	(947 238)
Changes in ownership interest-control not lost	-	-	(3 161)	(3 161)	3 161	-
<b>Balance at 31 March 2023</b>	<b>2 464 267</b>	<b>(72 421)</b>	<b>810 986</b>	<b>3 202 832</b>	<b>7 538</b>	<b>3 210 370</b>
<b>Total comprehensive income for the year</b>	-	40 173	919 595	959 768	(466)	959 302
Profit for the year	-	-	921 080	921 080	(466)	920 614
Other comprehensive income	-	40 173	(1 485)	38 688	-	38 688
Share-based payment transactions	-	-	24 785	24 785	-	24 785
Changes in ownership interest-control not lost	-	-	1 632	1 632	(1 632)	-
Other movements	-	(2 434)	-	(2 434)	2 434	-
<b>Balance at 31 March 2024</b>	<b>2 464 267</b>	<b>(34 682)</b>	<b>1 756 998</b>	<b>4 186 583</b>	<b>7 874</b>	<b>4 194 457</b>

<sup>1</sup> Prior to the Company listing on the JSE the Company declared a dividend of R2.8 million, of which R1.6 million was paid in cash and the remaining portion set-off against the loans receivable from employees.

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

# SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 R'000	2023 R'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		2 391 110	1 545 092
Finance income received		25 905	9 534
Finance costs paid		(395 597)	(345 681)
Tax paid		(325 787)	(171 784)
Dividends paid		-	(1 590)
<b>Net cash inflow from operating activities</b>		<b>1 695 631</b>	<b>1 035 571</b>
<b>Cash flows from investing activities</b>			
Replacement of property, plant and equipment		(341 797)	(324 795)
Expansion of property, plant and equipment		(132 043)	(147 889)
Proceeds from disposal of property, plant and equipment		9 196	10 483
Purchase of intangible assets		(66 990)	(44 709)
Prepayments for capital expenditure		(160 971)	-
Payment for acquisition of equity-accounted investment		(7 051)	-
Payment for acquisition of business, net of cash acquired		-	(23 499)
Insurance proceeds on property, plant and equipment		5 346	-
Proceeds from loans receivable		2 205	-
(Increase)/decrease in restricted cash		(180)	27 726
<b>Net cash outflow from investing activities</b>		<b>(692 285)</b>	<b>(502 683)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	2 484
Repayment of share capital		-	(932 060)
Proceeds from borrowings		-	1 040 000
Repayment of borrowings		(728 456)	(393 275)
Payment of principal portion of lease liabilities		(53 955)	(52 484)
Net (repayments of)/proceeds from bank overdraft	8	(209 624)	201 215
<b>Net cash outflow from financing activities</b>		<b>(992 035)</b>	<b>(134 120)</b>
<b>Net movement in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year	8	595 402	177 006
Effect of exchange rate changes on cash and cash equivalents		29 293	19 628
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b>636 006</b>	<b>595 402</b>

# NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

## 1. BASIS OF PREPARATION

The summary consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition concepts of International Financial Reporting Standards (“IFRS®”), the interpretations as issued by the IFRS Interpretations Committee (“IFRIC® Interpretations”), and comply with the South African Institute of Chartered Accountants (“SAICA”) Financial Reporting Guides as issued by the Accounting Practices Committee (“APC”), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (“FRSC”), the JSE Limited (“JSE”) Listing Requirements, the requirements of the South African Companies Act, No. 71 of 2008, as amended (“Companies Act”), and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. They have been prepared under the supervision of the Chief Financial Officer, F Grobbelaar CA(SA).

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

These results are extracted from audited information and do not include all the notes of the type normally included in the consolidated annual financial statements. Accordingly, the summary consolidated annual financial statements are to be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2024.

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

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

# NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 2. OPERATING SEGMENTS

Revenue by segment	Rendering of services R'000	Sale of food products R'000	Sale of personal care products R'000	Sale of animal feeds R'000	Total R'000
<b>2024</b>					
Millbake	21 500	15 504 452	-	-	15 525 952
Groceries and International	-	1 963 704	819 666	277 902	3 061 272
	21 500	17 468 156	819 666	277 902	18 587 224
<b>2023<sup>1</sup></b>					
Millbake	-	14 975 443	-	-	14 975 443
Groceries and International	-	1 948 266	707 040	307 711	2 963 017
	-	16 923 709	707 040	307 711	17 938 460

	Capital expenditure		Depreciation and amortisation		EBITDA	
	2024 R'000	2023 <sup>1</sup> R'000	2024 R'000	2023 <sup>1</sup> R'000	2024 R'000	2023 <sup>1</sup> R'000
Millbake	502 504 <sup>2</sup>	391 575	286 382	292 009	1 965 764	1 630 369
Groceries and International	120 545	72 265	65 772	88 437	213 616	206 039
Corporate office	11 762	8 844	67 582	59 111	(126 654)	(105 246)
	634 811	472 684	419 736	439 557	2 052 726	1 731 162

<sup>1</sup> The results for the Millbake and Groceries and International segments in the comparative periods have been restated to reallocate nutritional beverages, a maize based product, which now forms part of Millbake for segmental reporting purposes. The nutritional beverages results were previously included as part of the Groceries and International segment.

<sup>2</sup> Includes capital expenditure that was prepaid to suppliers for the upgrade of Aeroton bakery.

Reconciliation from EBITDA to Operating Profit	2024 R'000	2023 R'000
EBITDA	2 052 726	1 731 162
Depreciation and amortisation	(419 736)	(439 557)
<b>Operating profit</b>	<b>1 632 990</b>	<b>1 291 605</b>
<b>Non-current assets by geography</b>		
South Africa	4 788 692	4 778 628
Outside South Africa	1 109 656	1 017 411
	5 898 348	5 796 039
Loans receivable	27 339	24 577
Deferred income tax	38 145	32 812
<b>Non-current assets per Statement of Financial Position</b>	<b>5 963 832</b>	<b>5 853 428</b>

# NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 2. OPERATING SEGMENTS (CONTINUED)

The Chief Operating Decision Maker (“CODM”) and the Board review the normalised headline earnings per share and dilutive normalised headline earnings per share of the Group on a regular basis as part of assessing the overall performance of the Group. Refer to note 6 for more details regarding these performance measurements.

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM is responsible for allocating resources, assessing the performance of operating segments and making strategic decisions. The Chief Executive Officer (“CEO”) is the CODM and assesses the performance of operating segments based on EBITDA.

The Group’s operating segments are differentiated as follows:

- **Millbake:** This segment comprises the milling and bakery operations in South Africa, Eswatini and Lesotho. The milling and bakery operations share similar economic characteristics as the flour from the milling operations is the main raw material used in the baking of bread. Income generated from services rendered are derived from the sales function, supply chain and distribution platform in the Millbake business.
- **Groceries and International:** This segment comprises home and personal care products and sugar-based confectionery products. Also included in this segment are the Group’s subsidiary in the United Kingdom involved in the sales and distribution of home and personal care products and the Group’s subsidiary in Mozambique which produces diversified products including wheat flour, maize meal, pasta, biscuits and animal feeds.

The corporate office presented comprises the costs incurred by the Group’s corporate office.

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

As part of a strategic review, a decision has been taken that the beverages business would report directly to the Milling Executive from 1 April 2023, on the basis that it is produced from maize and trades using maize brands. Therefore, the results for the Millbake and Groceries and International segments in the comparative period have been restated to reallocate nutritional beverages, which now forms part of Millbake for segmental reporting purposes. The nutritional beverages results were previously included as part of the Groceries and International segment.

## 3. FINANCE INCOME

	2024 R'000	2023 R'000
Loans receivable	2 992	3 212
Banks	17 676	8 831
Other receivables	7 745	703
Preference dividends	-	43 513
	<b>28 413</b>	<b>56 259</b>

The accrued withholding tax provided for on the preference dividends did not become due and payable and was reversed to profit in the prior year as a result of the conversion of the redeemable preference shares on 4 May 2022.

# NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 4. FINANCE COSTS

	2024 R'000	2023 R'000
Loan from shareholder	-	14 275
Borrowings	258 318	201 787
Other payables	3 208	1 665
Lease liabilities	27 529	25 730
Bank overdraft	38 502	43 239
Preference dividends	-	9 888
Trade financing facility	68 040	49 087
	<b>395 597</b>	<b>345 671</b>

Finance costs on borrowings increased as a result of higher weighted average interest rates in the current year of 9.65% (2023: 7.51%). It was partially offset by interest savings as a result of voluntary debt repayments on borrowings of R150 million, R100 million and R456 million on 30 June 2023, 29 September 2023 and 13 December 2023 respectively.

The loan from shareholder was ceded for equity during the prior year which resulted in the decrease in the finance cost on the shareholder loan. Furthermore, the conversion of the redeemable preference shares to equity during the prior year resulted in the decrease in preference dividends.

## 5. FOREIGN EXCHANGE (LOSSES)/GAINS

	2024 R'000	2023 R'000
Foreign exchange (losses)/gains on cash and loans of a funding nature	(605)	56 116

The foreign exchange gains on cash and loans of a funding nature in the prior year were mainly attributable to an intergroup loan with exposure to foreign currency risk linked to the ZAR to MZN exchange rate. The intergroup loan was converted into equity on 30 March 2023 and therefore the Group did not incur any significant foreign exchange (losses)/gains in the current year.

The table below references the exchange rates for each reporting period:

	2024 R'000	2023 R'000
ZAR to MZN exchange rate - Closing rate	3.39	3.57

# NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 6. EARNINGS PER SHARE

	2024	2023
Number of ordinary shares in issue	128 905 800	128 905 800
Weighted average number of ordinary shares in issue <sup>1</sup>	128 905 800	126 012 283
Diluted weighted average number of ordinary shares in issue <sup>1</sup>	130 605 598	128 227 731
Basic earnings per share (cents)	714.54	630.41
Basic earnings per share - diluted (cents)	705.24	593.29
Headline earnings per share (cents)	743.67	633.64
Headline earnings per share - diluted (cents)	733.99	596.47
Normalised headline earnings per share (cents)	743.67	551.67
Normalised headline earnings per share - diluted (cents)	733.99	549.85

<sup>1</sup> In the prior year the weighted average number of ordinary shares of 1 176 937 that equal the value of the "A" and "A1" ordinary shares, was included in the denominator of basic earnings per share. The impact was considered negligible and therefore no restatement was considered necessary.

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

	2024	2023
Weighted average number of ordinary shares in issue	128 905 800	126 012 283
<i>Adjusted for:</i>		
Right to convert redeemable preference shares	-	2 215 448
"A" and "A1" ordinary shares	1 171 167	<sup>1</sup>
Equity-settled share-based payments	528 631	-
<b>Weighted average number of shares for calculation of diluted earnings per share</b>	<b>130 605 598</b>	<b>128 227 731</b>

<sup>1</sup> In the prior year, the weighted average number of ordinary shares that equal the value of the "A" and "A1" ordinary shares was included in the denominator of basic earnings per share and therefore not separately shown as an adjustment in the prior year. The weighted average number of ordinary shares that equal the value of the "A" and "A1" ordinary shares in the prior year was 1 176 937.

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

	2024		2023	
	Gross R'000	Net R'000	Gross R'000	Net R'000
Profit attributable to the owners of the Company		921 080		794 390
<i>Adjusted for:</i>				
Loss on disposal/scraping of property, plant and equipment	45 444	42 903	4 744	4 080
Insurance proceeds on property, plant and equipment	(5 346)	(5 346)		
<b>Headline earnings</b>		<b>958 637</b>		<b>798 470</b>

# NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 6. EARNINGS PER SHARE (CONTINUED)

	2024		2023	
	Gross R'000	Net R'000	Gross R'000	Net R'000
Headline earnings		958 637		798 470
<i>Adjusted for:</i>				
Foreign exchange gains on cash and loans of a funding nature	-	-	(56 116)	(59 782)
Finance costs - Preference dividends <sup>1</sup>	-	-	(43 513)	(43 513)
<b>Normalised headline earnings</b>		<b>958 637</b>		<b>695 175</b>
<i>Adjusted for:</i>				
Dilutive earnings effect - Preference dividends	-	-	9 888	9 888
<b>Diluted normalised headline earnings</b>		<b>958 637</b>		<b>705 063</b>

<sup>1</sup> The adjustment represents the accrued withholding tax on preference dividends that was reversed to profit during the prior year as it did not become due and payable when the redeemable preference shares were converted to ordinary shares.

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the year and is based on the earnings attributable to owners of the Company, after excluding those items as required by Circular 01/2023 Headline Earnings issued by SAICA as amended from time to time and as required by the JSE Limited.

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to owners of the Company, adjusted in the prior year for the after-tax dilutive effect of the R33.6 million preference dividends. The Company has dilutive potential ordinary shares which comprise of the Group's equity-settled SARs and the equivalent number of ordinary shares which equals the value of the "A" and "A1" ordinary shares. In the prior year dilutive potential ordinary shares also included the right the Company had to convert the redeemable preference shares to ordinary shares of the Company. These redeemable preference shares were converted into ordinary shares of the Company in the prior year, on 4 May 2022.

The CODM and the Board review the normalised headline earnings per share and dilutive normalised headline earnings per share of the Group on a regular basis as part of assessing the overall performance of the Group.

The calculation of normalised headline earnings per share in the prior year excluded from headline earnings the impact of the foreign exchange gains on cash and the intergroup loan. The intergroup loan was converted into equity on 30 March 2023 and therefore the Group did not incur any significant foreign exchange movement on cash and loans of a funding nature during the current year. Further, the once-off impact of the accrued withholding tax on the preference dividends that was reversed to profit and the related non-controlling interest and tax effect on these items were excluded from normalised headline earnings in the prior year.



# NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 7. BORROWINGS

				2024 R'000	2023 R'000
<b>Secured bank loans</b>	Currency	Interest rate	Maturity date		
<b>Term loan facilities</b>					
FirstRand Bank Limited - Term facility	ZAR	JIBAR plus 1.35%	2 November 2025	1 900 000	1 900 000
Standard Bank of South Africa Limited	ZAR	Prime less 1.90%	30 November 2025	160 516	183 008
<b>Revolving loan facilities</b>					
Standard Bank of Eswatini Limited	SZL	Prime plus 0.45%	31 July 2026	80 000	80 000
First National Bank of Eswatini Limited	SZL	Prime plus 0.45%	31 July 2026	80 000	80 000
FirstRand Bank Limited - RCF	ZAR	JIBAR plus 1.45%	2 November 2026	-	705 964
				<b>2 220 516</b>	<b>2 948 972</b>
Non-current				2 194 703	2 926 602
Current				25 813	22 370
				<b>2 220 516</b>	<b>2 948 972</b>

During the current year the Group made voluntary debt repayments of R706 million on the FirstRand Bank Limited - RCF facility. R1 billion on the RCF facility remains available to drawdown for future funding requirements.

## 8. CASH AND CASH EQUIVALENTS

	2024 R'000	2023 R'000
Cash on hand	32 738	16 581
Bank balances	603 268	578 821
<b>Cash and cash equivalents</b>	<b>636 006</b>	<b>595 402</b>
<b>Bank overdraft</b>	<b>-</b>	<b>(201 215)</b>

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

	2024 R'000	2023 R'000
Cash on hand	32 738	16 581
Bank balances	603 268	578 821
<b>Cash and cash equivalents</b>	<b>636 006</b>	<b>595 402</b>

In the prior year, the bank overdraft did not fluctuate from being overdrawn to a positive balance and therefore the bank overdraft did not form an integral part of the Group's cash management, and instead represented a form of financing. The related net proceeds in the prior year were therefore presented as cash flows from financing activities.

During the current year the bank overdrafts were repaid in full. The net repayments of the bank overdraft were presented as cash flows from financing activities.

# NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

### 9. RELATED PARTY TRANSACTIONS

During the year 734 981 and 413 021 share appreciation rights (“SARs”) at a strike price of R Nil were awarded to JJ Gertenbach and F Grobbelaar respectively. A further 175 000 SARs at a strike price of R56.71 were awarded to F Grobbelaar.

### 10. EVENTS AFTER THE REPORTING PERIOD

#### Acquisition of 30% shareholding in Goldkeys International Proprietary Limited

Premier has acquired a 30% shareholding in Goldkeys International Proprietary Limited (“Goldkeys”) with effect 3 June 2024.

The investment builds on the relationship that commenced on 10 May 2023, when Premier entered into a Sales, Merchandising and Route to Market Services Agreement with Goldkeys to manage their sales function to assist them in building its brands and sales outside of KwaZulu-Natal.

Goldkeys is a rice distributor based in KwaZulu-Natal that was founded in 1994 and is one of the largest rice importers into South Africa. It supplies branded Thai and Indian sourced rice under its brands “Golden Delight”, “Golden Pride” and “Light & Right”, as well as house brands to a number of South Africa retailers and independent wholesalers. Goldkeys is a growing business and for the month of February 2024, its “Golden Delight” brand achieved the No.2 national market share by volume (as measured by NielsenIQ).

The investment is aligned with Premier’s strategy to grow its branded product portfolio. Rice complements Premier’s staple foods basket of bread, maize, and wheat products offering synergies along the value chain. The investment in Goldkeys will benefit Premier’s existing rice operations outside South Africa where it sources rice for sale under its own brands.

Premier settled the purchase consideration of R313.6 million in cash on 3 June 2024 and has appointed representatives to the board of directors of Goldkeys. The investment in Goldkeys will be treated as an associate and equity accounted for.

#### Cash dividend declaration

In line with IAS10: Events after the Reporting Period, the declaration of the dividend occurred after the reporting period, resulting in a non-adjusting event that is not recognised in the financial statements.

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

### 11. COMMITMENTS

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

	2024 R'000	2023 R'000
Property, plant and equipment	221 042	104 966

A further R161 million of capital expenditure was prepaid to suppliers, mainly relating to the upgrade of Aeroton bakery.

## GENERAL INFORMATION

Company Name	Premier Group Limited
Company registration number	2007/016008/06
Country of incorporation and domicile	Republic of South Africa
JSE share code	PMR
ISIN	ZAE000320321
Registered office and business address	Building 5 Maxwell Office Park Magwa Crescent West Waterfall, 2090 Private Bag X2127, Isando, 1600 Telephone +27 11 565 4300
Directors	I van Heerden ( <i>Non-executive Chairperson</i> ) FN Khanyile ( <i>Lead Independent Director</i> ) JJ Gertenbach ( <i>Chief Executive Officer</i> ) F Grobbelaar ( <i>Chief Financial Officer</i> ) DD Ferreira ( <i>Independent Non-executive Director</i> ) JER Matthews <sup>1</sup> ( <i>Non-executive Director</i> ) H Ramsumer ( <i>Independent Non-executive Director</i> ) W Sihlobo ( <i>Independent Non-executive Director</i> ) <sup>1</sup> PRN Hayward-Butt is an alternate director to JER Matthews
Bankers	FirstRand Bank Limited
Company secretary	Bronwyn Baker Email: <a href="mailto:companysecretary@premierfmcg.com">companysecretary@premierfmcg.com</a>
Transfer secretaries	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 Private Bag X9000, Saxonwold, 2132 Telephone +27 11 370 5000
Sponsor	Rand Merchant Bank (a division of FirstRand Bank Limited) 1 Merchant Place, Cnr Fredman Drive and Rivonia Road, Sandton, 2196 PO Box 786273, Sandton, 2146 Telephone +27 11 282 8000
Independent auditor	PricewaterhouseCoopers Inc. 4 Lisbon Lane, Waterfall City, Jukskei View, 2090 Private Bag X36, Sunninghill, 2157 Telephone +27 11 797 4000
Website	<a href="http://www.premierfmcg.com">www.premierfmcg.com</a>
Investor relations	Should you wish to be placed on the mailing list to receive email updates, please send an email to <a href="mailto:investor@premierfmcg.com">investor@premierfmcg.com</a>
Tax reference number	9102629160
Date of release	11 June 2024



Premier

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Growing Together Since 1824

# CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March

# 2024



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## DIRECTORS' RESPONSIBILITIES AND APPROVAL

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

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

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

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

The directors have reviewed the Group's cash flow forecast for the year to 31 March 2025 and, in light of this review and the current financial position, are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

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

The consolidated annual financial statements set out on pages 15 to 77, prepared on the going concern basis, were approved by the directors on 10 June 2024 and are signed on their behalf by:

### Approval of financial statements

**I van Heerden**  
*Non-executive Chairman*

**JJ Gertenbach**  
*Chief Executive Officer*

## STATEMENT ON INTERNAL FINANCIAL CONTROLS

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

- a) the consolidated annual financial statements set out on pages 15 to 77, fairly present in all material respects the financial position, financial performance and cash flows of the Group in terms of IFRS;
- b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the consolidated annual financial statements false or misleading;
- c) internal financial controls have been put in place to ensure that material information relating to Premier and its consolidated subsidiaries have been provided to effectively prepare the consolidated annual financial statements of the Group;
- d) the internal financial controls are adequate and effective and can be relied upon in compiling the consolidated annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- e) where we are not satisfied, we have disclosed to the audit and risk committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- f) we are not aware of any fraud involving directors.

**JJ Gertenbach**  
*Chief Executive Officer*

10 June 2024

**F Grobbelaar**  
*Chief Financial Officer*

## CERTIFICATE BY THE COMPANY SECRETARY

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

**B Baker**  
*Company Secretary*

10 June 2024

## AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (“Committee”) is pleased to present its report for the financial year ended 31 March 2024. The Committee acts for the Company, as well as its South African and offshore subsidiaries (the “Group”).

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

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

The Committee's terms of reference were reviewed in March 2024 and the Committee is satisfied that they remain consistent with its statutory duties and the objectives and responsibilities of the Board.

### COMPOSITION AND MEETING PROCEDURES

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

The composition of the Committee and the attendance of meetings by its members during the 2024 financial year are set out below:

Member	Appointed	Attendance	Regular Invitees
<b>Harish Ramsumer (Chair)</b> BCom; Post Grad Dip Acc; CA (SA)	1 June 2022	100% 5/5 meetings	Chief Executive Officer Chief Financial Officer
Rolf Mark Hartmann <sup>1</sup> BCom Accounting Honours; CA(SA)	19 February 2008	100% 3/3 meetings	Group Finance Executive Risk Executive
<b>Faith Nondumiso Khanyile</b> BA Economics Honours; MBA; HDip Tax	6 March 2023	100% 5/5 meetings	IT Executive Internal Auditors
Jonathan Edward Roland Matthews B.Bus Sci Honours; CA(SA)	11 March 2022	100% 5/5 meetings	External Auditors Company Secretary

<sup>1</sup> Rolf Mark Hartmann resigned from the Board with effect from the conclusion of the Annual General Meeting on 5 September 2023. He resigned from the Committee at the same time. He then joined Premier's Executive Committee as the Commercial Managing Executive on 16 October 2023.

■ Independent non-executive director

The Committee met on four occasions, which meetings were scheduled in line with the Group's financial reporting cycle and held an adhoc meeting to approve the FY2023 Integrated Report. The Committee also met separately with the internal and external auditors.

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

#### KEY FOCUS AREAS IN 2024

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

- The embedment of combined assurance within the Group.
- Cybersecurity risks and data privacy, with a particular focus on IT general controls to ensure the confidentiality, integrity and availability of the group's data, and the reliability and accuracy of the Group's financial reporting.
- The valuation of the Group's share incentive scheme and related IFRS 2 charges.



## AUDIT AND RISK COMMITTEE REPORT (continued)

### DISCHARGE OF DUTIES IN 2024

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

#### Finance function

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

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

##### Evaluated financial reporting and accounting practices

The Committee reviewed the integrity of the interim results and annual financial statements for the year ended 31 March 2024, including the public announcements of the Group's financial results, and made recommendations to the Board for their approval. In the course of its review, the Committee:

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

#### External audit-related matters

The Committee, amongst other matters:

- Assessed the suitability of PricewaterhouseCoopers Inc. ("PwC") for appointment as the Company's independent, external auditors for the 2024 financial year, with Mr E Gerrys as the new designated engagement partner in accordance with paragraphs 3.84(g)(iii) and 22.15(h) of the JSE Listings Requirements. As part of this assessment, the Committee considered the decision letters and explanations issued by IRBA and any summaries relating to monitoring procedures and/or deficiencies issued by the auditors.
- Reviewed and approved the external audit plan and related scope of work.
- Reviewed and approved, in consultation with management, external audit fees amounting to R12.0 million.
- Monitored adherence with the Group's non audit services policy. No non-audit service fees were incurred during the period.
- Considered the report by PwC on the findings arising from the audit.
- Received confirmation from PwC that it was independent of the Company and that its independence was not impaired during the period.
- Having considered all relevant matters, concluded that it was satisfied that auditor independence, objectivity and effectiveness were maintained during the financial year and confirmed that the criteria for independence, as set out in the rules of the Independent Regulatory Board for Auditors ("IRBA") and other relevant international bodies, had been followed.
- Confirmed that no reportable irregularities were identified and reported by PwC in terms of the Auditing Profession Act, 26 of 2005.

## AUDIT AND RISK COMMITTEE REPORT (continued)

### Internal audit matters

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

The Committee reviewed and approved the internal audit charter and internal audit plan for the financial year ended 31 March 2024, ensuring that material risk areas were included, and that coverage of significant business processes was acceptable. It oversaw and monitored that the internal audit function:

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

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

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

### Internal financial controls

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

Furthermore, the Committee:

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

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

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

### Governance functional areas

#### Risk Management and Information Technology

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

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

#### Combined Assurance

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

## AUDIT AND RISK COMMITTEE REPORT (continued)

### Integrated Report

During June and July 2024, the Committee will evaluate the integrated report for the 2024 financial year and assess its consistency with operational, financial and other information available to the Committee. Similarly, the Committee will ensure that the report is prepared in accordance with appropriate reporting standards and conforms to the requirements of King IV™ and the JSE Listings Requirements.

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

Based on the processes and assurances obtained, the Committee will recommend the 2024 integrated report to the Board for approval.

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

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

On behalf of the Audit and Risk Committee

**H Ramsumer**  
*Committee Chairman*

# DIRECTORS' REPORT

The directors have pleasure in submitting their report on the consolidated annual financial statements of the Group for the year ended 31 March 2024.

## 1. NATURE OF BUSINESS

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

The Group is a leading consumer packaged goods (“CPG”) company in Southern Africa that has expanded its portfolio from a traditional milling and baking (“Millbake”) business to include a groceries business (“Groceries and International”). The Group’s Millbake business comprises operations and distribution facilities throughout South Africa, Lesotho and Eswatini, operating bakeries, maize and wheat mills supported by an extensive distribution capability. The Groceries and International business operates sugar confectionery manufacturing sites producing a wide range of sugar confectionery products in South Africa; a home and personal care (“HPC”) manufacturing site producing intimate care, menstrual and cotton wool products in South Africa; HPC offices in the United Kingdom; as well as manufacturing sites in Mozambique producing milling products, biscuits, pasta and animal feeds.

## 2. FINANCIAL RESULTS

The Group’s revenue increased by 3.6% from R17 938 million in the prior year to R18 587 million, while the Group’s EBITDA increased by 18.6% from R1 731 million to R2 053 million for the year ended 31 March 2024.

Net profit after tax for the year ended 31 March 2024 increased by 15.8% from R795 million in the prior year to R921 million. Normalised headline earnings per share increased by 34.8% from 552 cents in the prior year to 744 cents.

Full details of the financial results of the Group are set out in these consolidated annual financial statements and accompanying notes for the year ended 31 March 2024.

## 3. SHARE CAPITAL

The Company’s authorised share capital is comprised of 200 000 000 no-par value ordinary shares, 25 000 “A” ordinary shares and 50 000 “A1” ordinary shares. At 31 March 2024, 128 905 800 no-par value ordinary shares, 15 457 “A” ordinary shares and 23 060 “A1” ordinary shares were issued.

During the financial year, 966 “A” ordinary shares (representing 6.2% of the total “A” ordinary shares in issue) were repurchased by one of the Company’s subsidiaries in accordance with section 48 of the Companies Act. These shares were repurchased at an average price of R1 407.22 per share and immediately onward sold to executive directors and other members of management for the same price. Shareholders are referred to note 34.4 and the SENS announcement released on 21 November 2023 in this regard. There were no further changes to the authorised and issued share capital of the Company during the financial year.

Furthermore, during the current year the Company implemented the Share Appreciation Rights Plan 2024 (the “Plan”). The Plan provides participants with conditional rights to receive ordinary shares in the Company. Refer to note 19 for further details on the implementation of the Plan.

## 4. CASH DIVIDEND DECLARATION

The directors declared a final gross dividend of 220 cents per share in respect of both the ordinary shares and the unlisted “A” and “A1” ordinary shares, for the year ended 31 March 2024. This equates to a final gross dividend of R283.6 million in respect of the ordinary shares and R2.6 million in respect of the “A” ordinary shares. The dividend was declared out of the Company’s reserves.

A dividend withholding tax of 20% or 44 cents per share will be applicable, resulting in a net dividend of 176 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

The final dividend is payable on Monday, 5 August 2024 (payment date) to shareholders of the Company registered as such at close of business on Friday, 2 August 2024 (record date).

Share certificates may not be dematerialised or rematerialised between Wednesday, 31 July 2024 and Friday, 2 August 2024, both days inclusive.

## DIRECTORS' REPORT (continued)

### 5. DIRECTORATE

Mr C Roodt resigned as the Independent Chairman of the Board, effective from 5 September 2023, and as an Independent Non-executive director of the Board, effective from 31 January 2024. Mr I Van Heerden succeeded Mr Roodt as the Board's Chairman on 5 September 2023, while Ms F Khanyile was appointed as Lead Independent Director on the same date.

Additionally, Mr R Hartmann resigned as a Non-executive director of the Board, effective from 5 September 2023, on which date Mr P Hayward-Butt resigned as his alternate director and was appointed as an alternate director to Mr J Matthews. Mr Hartmann joined Premier's Executive Committee as the Commercial Managing Executive on 16 October 2023.

Mr D Ferreira was appointed as an Independent Non-executive director, effective from 12 December 2023.

Details of directors' emoluments, incentive schemes and interest in the Company are set out in note 34.

### 6. DIRECTORS' INTERESTS IN CONTRACTS

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

### 7. EVENTS AFTER THE REPORTING PERIOD

#### Acquisition of 30% shareholding in Goldkeys International Proprietary Limited

Premier has acquired a 30% shareholding in Goldkeys International Proprietary Limited ("Goldkeys") with effect 3 June 2024.

The investment builds on the relationship that commenced on 10 May 2023, when Premier entered into a Sales, Merchandising and Route to Market Services Agreement with Goldkeys to manage their sales function to assist them in building its brands and sales outside of KwaZulu-Natal.

Goldkeys is a rice distributor based in KwaZulu-Natal that was founded in 1994 and is one of the largest rice importers into South Africa. It supplies branded Thai and Indian sourced rice under its brands "Golden Delight", "Golden Pride" and "Light & Right", as well as house brands to a number of South Africa retailers and independent wholesalers. Goldkeys is a growing business and for the month of February 2024, its "Golden Delight" brand achieved the No.2 national market share by volume (as measured by NielsenIQ).

The investment is aligned with Premier's strategy to grow its branded product portfolio. Rice complements Premier's staple foods basket of bread, maize, and wheat products offering synergies along the value chain. The investment in Goldkeys will benefit Premier's existing rice operations outside South Africa where it sources rice for sale under its own brands.

Premier settled the purchase consideration of R313.6 million in cash on 3 June 2024, and has appointed representatives to the board of directors of Goldkeys. The investment in Goldkeys will be treated as an associate and equity accounted for.

#### Cash dividend declaration

In line with IAS10: Events after the Reporting Period, the declaration of the dividend occurred after the reporting period, resulting in a non-adjusting event that is not recognised in the financial statements.

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

### 8. AUDITOR

PricewaterhouseCoopers Inc. ("PwC") was the external auditor of the Group for the financial year ended 31 March 2024.

### 9. GOING CONCERN

The consolidated annual financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors have reviewed the Group's budget and believe that the Group has adequate financial resources to continue in operation for the foreseeable future. Based on cash flow forecasts, the Group will be able to realise its assets and settle its liabilities as they fall due in the ordinary course of business. Refer to note 38 for further details on the going concern assessment.

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Premier Group Limited

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Premier Group Limited (the "Company") and its subsidiaries (together the "Group") as at 31 March 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

### What we have audited

Premier Group Limited's consolidated financial statements set out on pages 15 to 77 comprise:

- the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2024;
- the consolidated statement of financial position as at 31 March 2024;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

### Basis for opinion

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


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

### Independence

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

### Our audit approach

#### Overview

	<b>Overall group materiality</b> <ul style="list-style-type: none"><li>• Overall group materiality: R60.7 million, which represents 4.8% of consolidated profit before tax.</li></ul>
	<b>Group audit scope</b> <ul style="list-style-type: none"><li>• The consolidated financial statements comprise 13 operating components and<ul style="list-style-type: none"><li>– we performed full scope audits on 5 components due to their financial significance and in order to obtain sufficient appropriate audit evidence on which to base the group audit opinion</li><li>– group-wide analytical review procedures were performed over the remaining components.</li></ul></li></ul>
	<b>Key audit matters</b> <ul style="list-style-type: none"><li>• Impairment assessment of goodwill and indefinite life intangible assets</li></ul>

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

## INDEPENDENT AUDITOR'S REPORT (continued)

### Materiality

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

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

<b>Overall group materiality</b>	R 60.7 million
<b>How we determined it</b>	4.8% of consolidated profit before tax.
<b>Rationale for the materiality benchmark applied</b>	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. We chose 4.8% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

### How we tailored our group audit scope

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

The Group operates in numerous countries with 13 operating companies. The operating companies are split into two different operating segments, namely Millbake and Groceries and International - refer to the segment information (note 10 to the Group consolidated financial statements).

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

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

### Key audit matters

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

## INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment assessment of goodwill and indefinite life intangible assets</i></p> <p>Refer to note 15: Goodwill and intangible assets</p> <p>International Accounting Standard 36 Impairment of Assets requires goodwill and indefinite life intangible assets to be tested annually for impairment, or more frequently if impairment indicators are identified. At 31 March 2024, the Group's total goodwill and indefinite life intangible assets balance amounted to R1.7 billion.</p> <p>Management applied the fair value less costs of disposal ("FVLCD") method to determine the recoverable amount of each CGU to which goodwill and indefinite life intangible assets has been allocated.</p> <p>In determining the FVLCD of the respective CGUs, management prepares post-tax cashflow projections based on financial budgets approved by management. This method further involves management having to apply judgement in determining the following key assumptions:</p> <ul style="list-style-type: none"> <li>• Future revenue growth rates,</li> <li>• Operating cost increases,</li> <li>• Terminal growth rates, and</li> <li>• Post-tax discount rates</li> </ul> <p>We considered the impairment assessment of goodwill and indefinite life intangible assets to be a matter of most significance to the current year audit due to the following:</p> <ul style="list-style-type: none"> <li>• The judgement applied by management in determining the key assumptions used in their FVLCD calculation; and</li> <li>• The magnitude of the carrying value of goodwill and indefinite life intangible assets recognised in relation to the consolidated financial statements.</li> </ul>	<p>Our audit addressed the key audit matter as follows:</p> <ul style="list-style-type: none"> <li>• Through discussions with management, we obtained an understanding of the processes and procedures applied by management in making their impairment assessment of goodwill and indefinite life intangible assets, which included: <ul style="list-style-type: none"> <li>• an understanding of the process followed in determining cash-flow projections; and</li> <li>• the determination of the key assumptions applied in their FVLCD calculation</li> </ul> </li> <li>• We challenged and tested the reasonability of the key assumptions used by management in their calculations, which included future revenue growth rates, operating cost increases, terminal growth rate and the post-tax discount rate. This was done by comparing these key assumptions to industry benchmarks and post-tax discount rates determined by auditors' experts. Based on our work performed, we accepted management's key assumptions.</li> <li>• We agreed the cash flows projections used in management's FVLCD calculation to management approved financial budgets, with no material exceptions noted.</li> <li>• We considered the reasonableness of management's budgeting process by comparing the 2024 actual results to the prior year cash flow projections for 2024 performed in prior periods. Where variances were noted, we followed up with management and evaluated the reasonability of the variances. We did not note any aspect in this regard which required further consideration.</li> <li>• Making use of our internal valuation experts, we assessed the appropriateness and reasonability of the post-tax discount rate of the respective CGUs used in the FVLCD calculation by independently calculating the discount rate, taking into account independently obtained data from credible sources. We found that the discount rates used by management fell within an acceptable range.</li> <li>• We compared the terminal growth rates used by management to the long-term inflation rate within the respective CGU territories. We found the terminal growth rates to be within an acceptable range.</li> <li>• We tested the mathematical accuracy of management's valuation model and compared the valuation methodology applied by management in the prior years for consistency. No material difference or inconsistencies were noted.</li> <li>• We performed independent sensitivity calculations on the impairment assessments in order to determine the degree by which the key assumptions needed to change in order to trigger any impairments.</li> </ul> <p>We discussed these with management and considered the likelihood of such changes occurring. Whilst some of our independently determined key assumptions were different from those applied by management, this had no impact on the conclusion reached.</p>



## INDEPENDENT AUDITOR'S REPORT (continued)

### Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Premier Group Limited Consolidated Annual Financial Statements for the year ended 31 March 2024" and "Premier Group Limited Annual Financial Statements for the year ended 31 March 2024", which includes the Directors' Report, Audit and Risk Committee Report and the Certificate by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Premier Group Limited Integrated Annual Report for the year ended 31 March 2024", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

### Responsibilities of the directors for the consolidated financial statements

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

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

### Auditor's responsibility for the audit of the consolidated financial statements

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

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

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

## INDEPENDENT AUDITOR'S REPORT (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### Report on other legal and regulatory requirements

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



PricewaterhouseCoopers Inc.

Director: EJ Gerryts

Registered Auditor

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

10 June 2024

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 R'000	2023 R'000
Revenue from contracts with customers	2	18 587 224	17 938 460
Cost of sales		(12 289 261)	(12 521 106)
<b>Gross profit</b>		<b>6 297 963</b>	<b>5 417 354</b>
Other operating income	3	39 412	39 110
Credit loss allowances raised	4	(4 800)	(5 259)
Sales and marketing expenses		(1 804 292)	(1 678 648)
Distribution expenses		(969 558)	(918 530)
Administration expenses		(1 925 735)	(1 562 422)
<b>Operating profit</b>		<b>1 632 990</b>	<b>1 291 605</b>
Finance income	5	28 413	56 259
Finance costs	6	(395 597)	(345 671)
Foreign exchange (losses)/gains	7	(605)	56 116
Share of net profit in equity-accounted investment	8	132	-
<b>Profit before tax</b>		<b>1 265 333</b>	<b>1 058 309</b>
Income tax expense	11	(344 719)	(263 505)
<b>Profit for the year</b>		<b>920 614</b>	<b>794 804</b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit or loss:			
Remeasurement gain on defined benefit obligations		(1 980)	2 320
Deferred tax on remeasurements	11	495	(468)
<b>Total items that will not be reclassified to profit or loss</b>		<b>(1 485)</b>	<b>1 852</b>
Items that may be reclassified to profit or loss:			
Foreign currency translation reserve		40 173	84 511
<b>Other comprehensive income for the year net of tax</b>		<b>38 688</b>	<b>86 363</b>
<b>Total comprehensive income for the year</b>		<b>959 302</b>	<b>881 167</b>
<b>Profit attributable to:</b>			
Owners of the Company		921 080	794 390
Non-controlling interest		(466)	414
		<b>920 614</b>	<b>794 804</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		959 768	880 753
Non-controlling interest		(466)	414
		<b>959 302</b>	<b>881 167</b>
<b>Earnings per ordinary share attributable to the owners of the Company</b>			
Basic earnings per share (cents)	9	714.54	630.41
Basic earnings per share - diluted (cents)	9	705.24	593.29

# STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Note	2024 R'000	2023 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	3 967 510	3 840 239
Right-of-use assets	14	200 246	251 435
Goodwill	15	233 147	233 147
Intangible assets	15	1 490 199	1 471 218
Equity-accounted investment	8	7 246	-
Loans receivable		27 339	24 577
Deferred income tax	12	38 145	32 812
		<b>5 963 832</b>	<b>5 853 428</b>
<b>Current assets</b>			
Inventories	16	2 064 230	2 402 173
Trade and other receivables	17	1 588 366	1 794 914
Prepayments	18	160 971	-
Loans receivable		-	6 454
Income tax receivable	28	9 641	13 539
Restricted cash		2 454	2 274
Cash and cash equivalents	29	636 006	595 402
		<b>4 461 668</b>	<b>4 814 756</b>
<b>Total assets</b>		<b>10 425 500</b>	<b>10 668 184</b>
<b>EQUITY</b>			
Share capital	19	2 464 267	2 464 267
Reserves		(34 682)	(72 421)
Retained income		1 756 998	810 986
Equity attributable to the equity holders of the Company		<b>4 186 583</b>	<b>3 202 832</b>
Non-controlling interest		7 874	7 538
<b>Total equity</b>		<b>4 194 457</b>	<b>3 210 370</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	20	2 194 703	2 926 602
Lease liabilities	21	224 011	249 372
Deferred income tax	12	618 939	618 990
Employee benefit obligations	22	38 421	46 574
		<b>3 076 074</b>	<b>3 841 538</b>
<b>Current liabilities</b>			
Trade and other payables	23	1 694 748	1 830 621
Trade financing facility	24	478 560	760 222
Refund liabilities	25	481 192	423 123
Employee benefit obligations	22	384 081	288 862
Borrowings	20	25 813	22 370
Lease liabilities	21	34 937	52 687
Income tax payable	28	55 638	37 176
Bank overdraft	29	-	201 215
		<b>3 154 969</b>	<b>3 616 276</b>
<b>Total liabilities</b>		<b>6 231 043</b>	<b>7 457 814</b>
<b>Total equity and liabilities</b>		<b>10 425 500</b>	<b>10 668 184</b>

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	Share capital R'000	Foreign currency translation reserve R'000	Retained income R'000	Total attributable to equity holders of the group R'000	Non- controlling interest R'000	Total equity R'000
<b>Balance at 31 March 2022</b>	126 879	(156 932)	20 668	(9 385)	3 963	(5 422)
<b>Total comprehensive income for the year</b>	-	84 511	796 242	880 753	414	881 167
Profit for the year	-	-	794 390	794 390	414	794 804
Other comprehensive income	-	84 511	1 852	86 363	-	86 363
Issue of shares	3 284 626	-	-	3 284 626	-	3 284 626
Dividend distribution <sup>1</sup>	-	-	(2 763)	(2 763)	-	(2 763)
Return of capital <sup>2</sup>	(947 238)	-	-	(947 238)	-	(947 238)
Changes in ownership interest-control not lost	-	-	(3 161)	(3 161)	3 161	-
<b>Balance at 31 March 2023</b>	<b>2 464 267</b>	<b>(72 421)</b>	<b>810 986</b>	<b>3 202 832</b>	<b>7 538</b>	<b>3 210 370</b>
<b>Total comprehensive income for the year</b>	-	40 173	919 595	959 768	(466)	959 302
Profit for the year	-	-	921 080	921 080	(466)	920 614
Other comprehensive income	-	40 173	(1 485)	38 688	-	38 688
Share-based payment transactions	-	-	24 785	24 785	-	24 785
Changes in ownership interest-control not lost	-	-	1 632	1 632	(1 632)	-
Other movements	-	(2 434)	-	(2 434)	2 434	-
<b>Balance at 31 March 2024</b>	<b>2 464 267</b>	<b>(34 682)</b>	<b>1 756 998</b>	<b>4 186 583</b>	<b>7 874</b>	<b>4 194 457</b>

Note

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<sup>1</sup> Prior to the Company listing on the JSE the Company declared a dividend of R2.8 million, of which R1.6 million was paid in cash and the remaining portion set-off against the loans receivable from employees.

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

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 R'000	2023 R'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	27	2 391 110	1 545 092
Finance income received		25 905	9 534
Finance costs paid		(395 597)	(345 681)
Tax paid	28	(325 787)	(171 784)
Dividends paid		-	(1 590)
<b>Net cash inflow from operating activities</b>		<b>1 695 631</b>	<b>1 035 571</b>
<b>Cash flows from investing activities</b>			
Replacement of property, plant and equipment	13	(341 797)	(324 795)
Expansion of property, plant and equipment	13	(132 043)	(147 889)
Proceeds from disposal of property, plant and equipment	13	9 196	10 483
Purchase of intangible assets	15	(66 990)	(44 709)
Prepayments for capital expenditure	18	(160 971)	-
Payment for acquisition of equity-accounted investment	8	(7 051)	-
Payment for acquisition of business, net of cash acquired	31	-	(23 499)
Insurance proceeds on property, plant and equipment		5 346	-
Proceeds from loans receivable		2 205	-
(Increase)/decrease in restricted cash		(180)	27 726
<b>Net cash outflow from investing activities</b>		<b>(692 285)</b>	<b>(502 683)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	19	-	2 484
Repayment of share capital	19	-	(932 060)
Proceeds from borrowings	30	-	1 040 000
Repayment of borrowings	30	(728 456)	(393 275)
Payment of principal portion of lease liabilities	30	(53 955)	(52 484)
Net (repayments of)/proceeds from bank overdraft	30	(209 624)	201 215
<b>Net cash outflow from financing activities</b>		<b>(992 035)</b>	<b>(134 120)</b>
<b>Net movement in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year	29	595 402	177 006
Effect of exchange rate changes on cash and cash equivalents		29 293	19 628
<b>Cash and cash equivalents at the end of the year</b>	<b>29</b>	<b>636 006</b>	<b>595 402</b>

# ACCOUNTING POLICIES

## CORPORATE INFORMATION

Premier is a company domiciled in South Africa. The consolidated annual financial statements of the Group for the year ended 31 March 2024 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is involved in the manufacture, distribution and sale of bread, flour, maize meal, animal feeds and sugar confectionery products, nutritional beverages, feminine hygiene and other personal care products.

The consolidated annual financial statements for the year ended 31 March 2024 were authorised for issue in accordance with a resolution of the directors on 10 June 2024.

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

#### 1.1 BASIS OF PREPARATION

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

The consolidated annual financial statements have been prepared on the going concern basis as described in note 38 and the historic cost convention, except for items measured at fair value as indicated in the accounting policies described in the notes to the consolidated annual financial statements. These accounting policies are consistent with previous periods. The financial statements are rounded to the nearest thousand, unless otherwise stated. The consolidated annual financial statements have been prepared under the supervision of the Chief Financial Officer, F Grobbelaar CA(SA).

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

#### 1.2 BASIS OF CONSOLIDATION AND EQUITY ACCOUNTING

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

Subsidiaries are consolidated from the date on which control is transferred to the Group.

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

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

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

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investment in associate is accounted for using the equity method of accounting (refer to note 8), after initially being recognised at cost.

## ACCOUNTING POLICIES (continued)

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 1.3 TRANSLATION OF FOREIGN CURRENCIES

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

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

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



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

## 2. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2024 R'000	2023 R'000
Sale of goods	18 565 724	17 938 460
Rendering of services	21 500	-
	18 587 224	17 938 460

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

	2024 R'000	2023 R'000
<b>Sale of goods</b>		
Sale of food products	17 468 156	16 923 709
From operations in South Africa	15 259 126	14 841 754
From operations outside South Africa	2 209 030	2 081 955
Sale of personal care products	819 666	707 040
From operations in South Africa	453 042	418 505
From operations outside South Africa	366 624	288 535
Sale of animal feeds	277 902	307 711
From operations in South Africa	102 168	70 193
From operations outside South Africa	175 734	237 518
	18 565 724	17 938 460
<b>Rendering of services in South Africa</b>		
Sales, merchandising and customer management services	21 500	-

<b>Top 5 customers</b>	2024 R'000	2023 R'000
Customer A	2 295 063	2 126 664
Customer B	1 034 019	1 084 302
Customer C	735 970	699 026
Customer D	564 399	631 094
Customer E	479 184	591 769
	5 108 635	5 132 855

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 2. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

### Accounting policy

#### Sale of goods

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

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

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

#### Rendering of services

Revenue is generated from the rendering of services. These services include sales, merchandising and customer management services.

Revenue is measured at an amount based on a contractually agreed percentage of the customer's revenue in their sale of goods. Revenue is recognised at a point in time when the service is rendered to the customer.

Payment terms of 30 days are applicable to revenue from the rendering of services.

## 3. OTHER OPERATING INCOME

	2024 R'000	2023 R'000
Rental income	2 354	2 876
Scrap sales	2 313	1 569
Other income	15 869	18 165
Insurance claim received	18 876	16 500
	39 412	39 110

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 4. OPERATING PROFIT

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

	2024 R'000	2023 R'000
External auditor remuneration	11 972	13 483
Audit fees	11 972	11 738
Other services fees	-	1 745
Internal auditors' remuneration	4 080	3 621
Amortisation of intangible assets	48 009	38 475
Depreciation on property, plant and equipment <sup>1</sup>	309 701	338 782
Depreciation on right-of-use assets	62 026	62 300
Loss on disposal/scrapping of property, plant and equipment	45 444	4 744
Credit loss allowances raised	4 800	5 259
Cost of inventory recognised in cost of sales	11 281 934	11 553 807
Staff costs <sup>2</sup>	2 457 854	2 169 168
Salaries and wages	2 247 751	2 002 124
Retirement funds and medical aid contributions	149 770	136 377
Cash-settled share appreciation rights (Refer to note 33)	35 548	30 667
Equity-settled share-based payments (Refer to note 19.1)	24 785	-
Lease charges <sup>3</sup>	24 408	17 131
Short-term	9 688	4 627
Low-value assets	14 720	12 504

<sup>1</sup> Depreciation included in the cost of sales amounted to R222 million (2023: R256 million).

<sup>2</sup> Staff costs included in cost of sales amounted to R772 million (2023: R699 million).

<sup>3</sup> Lease charges of R14 million (2023: R12 million) are included in cost of sales.

### Accounting policy

#### Employee-related expenditure

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

#### Short-term employee benefits

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

#### Long-term employee benefits

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

#### Retirement benefits

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 5. FINANCE INCOME

	2024 R'000	2023 R'000
Loans receivable	2 992	3 212
Banks	17 676	8 831
Other receivables	7 745	703
Preference dividends	-	43 513
	<b>28 413</b>	<b>56 259</b>

The accrued withholding tax provided for on the preference dividends did not become due and payable and was reversed to profit in the prior year as a result of the conversion of the redeemable preference shares on 4 May 2022.

### Accounting policy

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

## 6. FINANCE COSTS

	2024 R'000	2023 R'000
Loan from shareholder	-	14 275
Borrowings	258 318	201 787
Other payables	3 208	1 665
Lease liabilities	27 529	25 730
Bank overdraft	38 502	43 239
Preference dividends	-	9 888
Trade financing facility	68 040	49 087
	<b>395 597</b>	<b>345 671</b>

Finance costs on borrowings increased as a result of higher weighted average interest rates in the current year of 9.65% (2023: 7.51%). It was partially offset by interest savings as a result of voluntary debt repayments on borrowings of R150 million, R100 million and R456 million on 30 June 2023, 29 September 2023 and 13 December 2023 respectively.

The loan from shareholder was ceded for equity during the prior year which resulted in the decrease in the finance cost on the shareholder loan. Furthermore, the conversion of the redeemable preference shares to equity during the prior year, resulted in the decrease in preference dividends.

### Accounting policy

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 7. FOREIGN EXCHANGE (LOSSES)/GAINS

	2024 R'000	2023 R'000
Foreign exchange (losses)/gains on cash and loans of a funding nature	(605)	56 116

The foreign exchange gains on cash and loans of a funding nature in the prior year were mainly attributable to an intergroup loan with exposure to foreign currency risk linked to the ZAR to MZN exchange rate. The intergroup loan was converted into equity on 30 March 2023 and therefore the Group did not incur any significant foreign exchange (losses)/gains in the current year.

The table below references the exchange rates for each reporting period:

	2024 R'000	2023 R'000
ZAR to MZN exchange rate - Closing rate	3.39	3.57

### Accounting policy

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

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 8. EQUITY-ACCOUNTED INVESTMENT

During the 2024 financial year the Group acquired 35.06% in SOS Science of Skin Limited (“Science of Skin”). Science of Skin offers a range of specialist skincare treatments formulated with naturally active ingredients.

The associate’s share capital consists solely of ordinary shares, of which 35.06% are held directly by the Group. The proportion of ownership interest is the same as the proportion of voting rights held. The countries of incorporation is also its principal place of business. The Group’s investment in associate is measured using the equity method.

Name of entity	Countries of incorporation	Ownership interest		Carrying amount	
		2024 %	2023 %	2024 R’000	2023 R’000
SOS Science of Skin Limited	England and Wales	35.06%	-	7 246	-

The Group holds an irrevocable call option to acquire the remaining shareholding in Science of Skin at a purchase consideration equal to five times the EBITDA of the 12 months prior to exercise date. The call option is exercisable from 24 August 2027 and anticipated to be an immaterial amount.

Similarly, the Group holds an irrevocable put option to sell to the original shareholders its shareholding in Science of Skin for GBP1. The put option can be exercised when Science of Skin can no longer reasonably continue to conduct its business in accordance with the business plan without additional funding being provided by the shareholders of Science of Skin or third parties.

Reconciliation of carrying amount	2024 R’000	2023 R’000
Carrying amount at the beginning of the year	-	-
Acquisition of investment in associate	7 051	-
Share of profit in equity-accounted investment	132	-
Effect of foreign currency movement	63	-
	7 246	-

The associate is not material to the Group’s consolidated financial statements and therefore no summary financial information is presented.

### Accounting policy

The investment in associate is accounted for using the equity-method. Under the equity method of accounting, the interest in associate is initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition net profits and losses and movements in other comprehensive income. The Group’s share of the net profit or loss is recognised in profit or loss. Distributions received from Science of Skin reduce the carrying amount of the investment. The carrying amount of the equity-accounted investment is tested for impairment when there are indicators that the carrying amount may exceed the recoverable amount.

### Significant judgement: Existence of significant influence

The Group holds more than 20% of the voting power of Science of Skin and through the shareholder agreement is guaranteed one seat on the Board of Science of Skin. The Group has therefore determined that it has significant influence over this entity.

The Group holds a call option to acquire the remaining shareholding in Science of Skin which is exercisable from 31 August 2027. Since the Group cannot exercise the call option yet, the option is assessed to have no impact on the assessment of power or control over Science of Skin.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 9. EARNINGS PER SHARE

	2024	2023
Number of ordinary shares in issue	128 905 800	128 905 800
Weighted average number of ordinary shares in issue <sup>1</sup>	128 905 800	126 012 283
Diluted weighted average number of ordinary shares in issue <sup>1</sup>	130 605 598	128 227 731
Basic earnings per share (cents)	714.54	630.41
Basic earnings per share - diluted (cents)	705.24	593.29
Headline earnings per share (cents)	743.67	633.64
Headline earnings per share - diluted (cents)	733.99	596.47
Normalised headline earnings per share (cents)	743.67	551.67
Normalised headline earnings per share - diluted (cents)	733.99	549.85

<sup>1</sup> In the prior year the weighted average number of ordinary shares of 1 176 937 that equal the value of the "A" and "A1" ordinary shares, was included in the denominator of basic earnings per share. The impact was considered negligible and therefore no restatement was considered necessary.

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

	2024	2023
Weighted average number of ordinary shares in issue	128 905 800	126 012 283
<i>Adjusted for:</i>		
Right to convert redeemable preference shares	-	2 215 448
"A" and "A1" ordinary shares	1 171 167	<sup>1</sup>
Equity-settled share-based payments	528 631	-
<b>Weighted average number of shares for calculation of diluted earnings per share</b>	<b>130 605 598</b>	<b>128 227 731</b>

<sup>1</sup> In the prior year, the weighted average number of ordinary shares that equal the value of the "A" and "A1" ordinary shares was included in the denominator of basic earnings per share and therefore not separately shown as an adjustment in the prior year. The weighted average number of ordinary shares that equal the value of the "A" and "A1" ordinary shares in the prior year was 1 176 937.

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

	2024		2023	
	Gross R'000	Net R'000	Gross R'000	Net R'000
Profit attributable to the owners of the Company		921 080		794 390
<i>Adjusted for:</i>				
Loss on disposal/scraping of property, plant and equipment	45 444	42 903	4 744	4 080
Insurance proceeds on property, plant and equipment	(5 346)	(5 346)		
<b>Headline earnings</b>		<b>958 637</b>		<b>798 470</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 9. EARNINGS PER SHARE (continued)

Reconciliation between headline earnings and normalised headline earnings:

	2024		2023	
	Gross R'000	Net R'000	Gross R'000	Net R'000
Headline earnings		958 637		798 470
<i>Adjusted for:</i>				
Foreign exchange gains on cash and loans of a funding nature	-	-	(56 116)	(59 782)
Finance costs - Preference dividends <sup>1</sup>	-	-	(43 513)	(43 513)
<b>Normalised headline earnings</b>		<b>958 637</b>		<b>695 175</b>
<i>Adjusted for:</i>				
Dilutive earnings effect - Preference dividends	-	-	9 888	9 888
<b>Diluted normalised headline earnings</b>		<b>958 637</b>		<b>705 063</b>

<sup>1</sup> The adjustment represents the accrued withholding tax on preference dividends that was reversed to profit during the prior year as it did not become due and payable when the redeemable preference shares were converted to ordinary shares.

### Accounting policy

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to owners of the Company, after excluding those items as required by Circular 01/2023 Headline Earnings issued by SAICA as amended from time to time and as required by the JSE Limited.

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to owners of the Company, adjusted in the prior year for the after-tax dilutive effect of the R33.6 million preference dividends. The Company has dilutive potential ordinary shares which comprise of the Group's equity-settled SARs and the equivalent number of ordinary shares which equals the value of the "A" and "A1" ordinary shares. In the prior year dilutive potential ordinary shares also included the right the Company had to convert the redeemable preference shares to ordinary shares of the Company. These redeemable preference shares were converted into ordinary shares of the Company in the prior year, on 4 May 2022.

The CODM and the Board review the normalised headline earnings per share and dilutive normalised headline earnings per share of the Group on a regular basis as part of assessing the overall performance of the Group.

The calculation of normalised headline earnings per share in the prior year excluded from headline earnings the impact of the foreign exchange gains on cash and the intergroup loan. The intergroup loan was converted into equity on 30 March 2023 and therefore the Group did not incur any significant foreign exchange movement on cash and loans of a funding nature during the current year. Further, the once-off impact of the accrued withholding tax on the preference dividends that was reversed to profit and the related non-controlling interest and tax effect on these items were excluded from normalised headline earnings in the prior year.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 10. OPERATING SEGMENTS

The table below shows the relationship between the revenue per product type and services rendered as disclosed in note 2 and the revenue per segment:

Revenue by segment	Rendering of services R'000	Sale of food products R'000	Sale of personal care products R'000	Sale of animal feeds R'000	Total R'000
<b>2024</b>					
Millbake	21 500	15 504 452	-	-	15 525 952
Groceries and International	-	1 963 704	819 666	277 902	3 061 272
	<b>21 500</b>	<b>17 468 156</b>	<b>819 666</b>	<b>277 902</b>	<b>18 587 224</b>
<b>2023<sup>1</sup></b>					
Millbake	-	14 975 443	-	-	14 975 443
Groceries and International	-	1 948 266	707 040	307 711	2 963 017
	-	<b>16 923 709</b>	<b>707 040</b>	<b>307 711</b>	<b>17 938 460</b>

	Capital expenditure		Depreciation and amortisation		EBITDA	
	2024 R'000	2023 <sup>1</sup> R'000	2024 R'000	2023 <sup>1</sup> R'000	2024 R'000	2023 <sup>1</sup> R'000
Millbake	502 504 <sup>2</sup>	391 575	286 382	292 009	1 965 764	1 630 369
Groceries and International	120 545	72 265	65 772	88 437	213 616	206 039
Corporate office	11 762	8 844	67 582	59 111	(126 654)	(105 246)
	<b>634 811</b>	<b>472 684</b>	<b>419 736</b>	<b>439 557</b>	<b>2 052 726</b>	<b>1 731 162</b>

<sup>1</sup> The results for the Millbake and Groceries and International segments in the comparative periods have been restated to reallocate nutritional beverages, a maize based product, which now forms part of Millbake for segmental reporting purposes. The nutritional beverages results were previously included as part of the Groceries and International segment.

<sup>2</sup> Includes capital expenditure that was prepaid to suppliers for the upgrade of Aeroton bakery.

Reconciliation from EBITDA to Operating Profit	2024 R'000	2023 R'000
EBITDA	2 052 726	1 731 162
Depreciation and amortisation	(419 736)	(439 557)
<b>Operating profit</b>	<b>1 632 990</b>	<b>1 291 605</b>
<b>Non-current assets by geography</b>		
South Africa	4 788 692	4 778 628
Outside South Africa	1 109 656	1 017 411
	<b>5 898 348</b>	<b>5 796 039</b>
Loans receivable	27 339	24 577
Deferred income tax	38 145	32 812
<b>Non-current assets per Statement of Financial Position</b>	<b>5 963 832</b>	<b>5 853 428</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 10. OPERATING SEGMENTS (continued)

The CODM and the Board review the normalised headline earnings per share and dilutive normalised headline earnings per share of the Group on a regular basis as part of assessing the overall performance of the Group. Refer to note 9 for more details regarding these performance measurements.

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM is responsible for allocating resources, assessing the performance of operating segments and making strategic decisions. The CEO is the CODM and assesses the performance of operating segments based on EBITDA.

The Group's operating segments are differentiated as follows:

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

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

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

As part of a strategic review, a decision has been taken that the beverages business would report directly to the Milling Executive from 1 April 2023, on the basis that it is produced from maize and trades using maize brands. Therefore, the results for the Millbake and Groceries and International segments in the comparative period have been restated to reallocate nutritional beverages, which now forms part of Millbake for segmental reporting purposes. The nutritional beverages results were previously included as part of the Groceries and International segment.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 11. INCOME TAX EXPENSE

The total income tax expense for the year comprises:

	2024 R'000	2023 R'000
<b>Current tax</b>		
South Africa		
Current period	321 559	230 047
Prior period	(29 801)	(37 333)
Foreign		
Current period	50 426	41 888
Prior period	-	-
<b>Withholding tax</b>	<b>5 615</b>	<b>3 452</b>
	<b>347 799</b>	<b>238 054</b>
<b>Deferred tax</b>		
Current year originating and reversing temporary differences	(660)	4 587
Adjustments to deferred tax in respect of prior years	(2 420)	20 864
	<b>(3 080)</b>	<b>25 451</b>
<b>Total income tax expense</b>	<b>344 719</b>	<b>263 505</b>

### Reconciliation of the tax rate

The income tax expense charged to profit or loss differs from the income tax expense that would apply if all of the Group's profits from different tax jurisdictions had been taxed at the South African corporate tax rate. For South African entities that are in a tax paying position, tax has been provided at 27% (2023: 27%). The Group uses the South African tax rate in respect of its tax rate reconciliation as Premier Group Limited is domiciled in South Africa and the most significant operations are in South Africa.

	2024 %	2023 %
South African tax rate	27.0	27.0
<i>Adjusted for:</i>		
Exempt income - learnership allowances	(0.5)	(0.4)
Depreciation on non-allowance assets	0.6	0.7
Equity-settled share-based payments	0.5	
Expenditure not in production of income	1.3	1.2
Preference dividends - non-deductible	-	0.3
Preference dividends - non-taxable	-	(1.1)
Non-deductible interest	-	0.2
Withholding taxes	0.4	0.3
Prior year over provision	(2.6)	(1.5)
Temporary differences not recognised/ (utilised)	0.9	(1.2)
Effect of difference tax rates in foreign countries		
Mozambique	(0.1)	0.1
United Kingdom	(0.1)	(0.4)
Eswatini	0.1	0.1
Lesotho	(0.3)	(0.4)
<b>Effective tax rate</b>	<b>27.2</b>	<b>24.9</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 11. INCOME TAX EXPENSE (continued)

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

	2024 R'000	2023 R'000
Remeasurement (loss)/gain on defined benefit obligations	(495)	468

### Global minimum top-up tax

The Organisation of Economic Co-operations and Development (“OECD”) Inclusive Framework, comprising more than 135 countries, agreed to enact a two-pillar solution to address the challenges arising from the digitalisation of the economy. The OECD Pillar Two model introduces a global minimum effective tax rate (“ETR”) in terms of which Multinational Enterprises with consolidated revenue over EUR750 million are subject to a minimum ETR of 15% on income arising in each jurisdiction in which they operate.

The Group is within the scope of the OECD Pillar Two model rules. The ultimate parent entity of the Group is located in South Africa.

In the budget speech read in Parliament on 21 February 2024, South Africa’s finance minister announced the implementation of the Global Minimum Tax regime, commonly known as the Pillar Two rules. In this regard, draft tax legislation was released on the same day for public comment. Under this legislation, the Global minimum top-up tax and the domestic minimum top-up tax will apply for fiscal years commencing on or after 1 January 2024. In terms of the draft legislation, qualifying South African multinationals are required to pay a top-up tax, on their jurisdictional GloBE Income, for the difference between its ETR as determined per the Pillar Two rules per jurisdiction and the 15% minimum rate, where applicable. The domestic minimum top-up tax will enable South Africa to collect a top-up tax for qualifying multinationals with an effective tax rate of less than 15% in South Africa.

The draft South African legislation was not enacted as at 31 March 2024. In addition, in terms of Financial Reporting Pronouncement 1 and guidance issued in the Government Gazette No.41503 dated 16 March 2018, changes in tax laws should be regarded as being substantively enacted when they have been approved by Parliament and signed by the President. Accordingly, the draft legislation released by South Africa would also not be considered to be substantively enacted as at 31 March 2024 as it was not yet approved by Parliament or signed by the President.

Whilst no legislation has been substantively enacted in South Africa, the Group operates in the United Kingdom where legislation has been substantively enacted. The Group is in the process of assessing its exposure to the Pillar Two legislation, in the context of both the United Kingdom and South African legislation. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax. The Group will proactively engage with tax advisors to determine its exposure to Pillar Two top-up taxes, if any, once the legislation comes into effect.

### Accounting policy

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

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

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

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 12. DEFERRED INCOME TAX

	Balance at the beginning of the year R'000	Recognised in profit or loss R'000	Recognised in other comprehensive income R'000	Exchange rate translation R'000	Balance at the end of the year R'000
<b>2024</b>					
Property, plant and equipment	(378 758)	(37 710)	-	1 632	(414 836)
Trademarks	(381 922)	-	-	-	(381 922)
Right-of-use assets	(63 229)	(17 350)	-	-	(80 579)
Lease liabilities	77 216	19 206	-	-	96 422
Provisions	162 085	38 412	-	366	200 863
Payments received in advance	3 997	(977)	-	-	3 020
Unrealised exchange differences	(4 680)	1 966	-	(189)	(2 903)
Defined benefit obligations	(887)	(467)	495	-	(859)
<b>Net deferred income tax liability</b>	<b>(586 178)</b>	<b>3 080</b>	<b>495</b>	<b>1 809</b>	<b>(580 794)</b>
<b>Comprising of:</b>					
Deferred tax assets	32 812				38 145
Deferred tax liabilities	(618 990)				(618 939)
	<b>(586 178)</b>				<b>(580 794)</b>

	Balance at the beginning of the year R'000	Recognised in profit or loss R'000	Recognised in other comprehensive income R'000	Exchange rate translation R'000	Balance at the end of the year R'000
<b>2023<sup>1</sup></b>					
Property, plant and equipment	(352 306)	(32 435)	-	5 983	(378 758)
Trademarks	(381 922)	-	-	-	(381 922)
Right-of-use assets	(55 423)	(7 806)	-	-	(63 229)
Lease liabilities	66 769	10 447	-	-	77 216
Provisions	158 623	2 850	-	612	162 085
Payments received in advance	2 846	1 151	-	-	3 997
Unrealised exchange differences	(5 165)	1 337	-	(852)	(4 680)
Deferred interest	1 357	(1 357)	-	-	-
Defined benefit obligations	(818)	362	(468)	37	(887)
<b>Net deferred income tax liability</b>	<b>(566 039)</b>	<b>(25 451)</b>	<b>(468)</b>	<b>5 780</b>	<b>(586 178)</b>
<b>Comprising of:</b>					
Deferred tax assets	29 705				32 812
Deferred tax liabilities	(595 744)				(618 990)
	<b>(566 039)</b>				<b>(586 178)</b>

<sup>1</sup> The note has been re-presented to disclose the movements in deferred tax per type of temporary difference and to disclose the deferred tax relating to right-of-use assets and lease liabilities on a gross basis per the amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a single transaction.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 12. DEFERRED INCOME TAX (continued)

### Accounting policy

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

The Group has applied the exemption to the requirements of IAS 12 to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 13. PROPERTY, PLANT AND EQUIPMENT

	Land R'000	Buildings R'000	Plant and machinery R'000	Furniture and equipment R'000	Vehicles R'000	Capital-in- progress R'000	Total R'000
<b>2024</b>							
<i>Balance at 31 March 2023</i>							
Cost	198 890	1 628 702	4 219 270	203 827	704 899	298 254	7 253 842
Accumulated depreciation and impairment	-	(639 696)	(2 199 998)	(140 305)	(433 604)	-	(3 413 603)
<b>Opening carrying amount</b>	<b>198 890</b>	<b>989 006</b>	<b>2 019 272</b>	<b>63 522</b>	<b>271 295</b>	<b>298 254</b>	<b>3 840 239</b>
Additions	6 713	-	-	22 594	170 312	274 221	473 840
Transfers	-	38 739	243 620	-	-	(282 359)	-
Disposals	-	(1 886)	(39 684)	(352)	(3 324)	(9 248)	(54 494)
Exchange translation differences	-	4 783	8 082	291	238	4 233	17 627
Depreciation	-	(44 337)	(185 328)	(22 821)	(57 216)	-	(309 702)
<b>Closing carrying amount</b>	<b>205 603</b>	<b>986 305</b>	<b>2 045 962</b>	<b>63 234</b>	<b>381 305</b>	<b>285 101</b>	<b>3 967 510</b>
<i>Balance at 31 March 2024</i>							
Cost	205 603	1 674 327	4 313 052	212 630	803 502	285 101	7 494 215
Accumulated depreciation and impairment	-	(688 022)	(2 267 090)	(149 396)	(422 197)	-	(3 526 705)
<b>Closing carrying amount</b>	<b>205 603</b>	<b>986 305</b>	<b>2 045 962</b>	<b>63 234</b>	<b>381 305</b>	<b>285 101</b>	<b>3 967 510</b>
<b>2023</b>							
<i>Balance at 31 March 2022</i>							
Cost	195 156	1 548 909	3 946 015	183 261	597 219	278 044	6 748 604
Accumulated depreciation and impairment	-	(567 581)	(1 984 702)	(127 952)	(410 015)	-	(3 090 250)
<b>Opening carrying amount</b>	<b>195 156</b>	<b>981 328</b>	<b>1 961 313</b>	<b>55 309</b>	<b>187 204</b>	<b>278 044</b>	<b>3 658 354</b>
Additions	4 084	-	-	29 517	134 029	305 054	472 684
Transfers	-	47 145	250 902	-	-	(298 047)	-
Acquired through business combination	-	-	2 800	106	748	-	3 654
Disposals	(350)	(1 078)	(11 690)	(355)	(1 349)	-	(14 822)
Exchange translation differences	-	16 931	27 352	753	912	13 203	59 151
Depreciation	-	(55 320)	(211 405)	(21 808)	(50 249)	-	(338 782)
<b>Closing carrying amount</b>	<b>198 890</b>	<b>989 006</b>	<b>2 019 272</b>	<b>63 522</b>	<b>271 295</b>	<b>298 254</b>	<b>3 840 239</b>
<i>Balance at 31 March 2023</i>							
Cost	198 890	1 628 702	4 219 270	203 827	704 899	298 254	7 253 842
Accumulated depreciation and impairment	-	(639 696)	(2 199 998)	(140 305)	(433 604)	-	(3 413 603)
<b>Closing carrying amount</b>	<b>198 890</b>	<b>989 006</b>	<b>2 019 272</b>	<b>63 522</b>	<b>271 295</b>	<b>298 254</b>	<b>3 840 239</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

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

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

	2024 R'000	2023 R'000
Property, plant and equipment	221 042	104 966

A further R161.0 million of capital expenditure was prepaid to suppliers, mainly relating to the upgrade of Aeroton bakery. Refer to note 18.

A register of freehold land and buildings is available for inspection at the registered office of the Company. Refer to note 20 for assets encumbered as security.

### Accounting policy

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

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

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

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

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

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

### Significant estimates and judgements

When an asset is first acquired and capitalised for use, management assigns estimated useful lives by considering the class of asset, its expected usage, and industry norms. Each year, the assets' useful lives and residual values are reviewed at least once and adjusted if appropriate. This review is achieved through a process of consultation with the technical teams making use of the assets to determine whether any of the original useful lives need to be updated due to the condition of the assets warranting use of the asset beyond the initial estimated life. During the current year, the assessment resulted in a change in useful lives mainly relating to buildings and plant and machinery. Based on the assessment performed by management the average useful lives of the amended assets changed from 17 to 25 years for buildings and from 12 to 20 years for plant and machinery. This resulted in a decline in depreciation of R12 million for buildings and R18 million for plant and machinery in the current year.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 14. RIGHT-OF-USE ASSETS

	Land and buildings R'000	Vehicles R'000	Total R'000
<b>2024</b>			
<i>Balance at 31 March 2023</i>			
Cost	386 772	32 826	419 598
Accumulated depreciation	(152 589)	(15 574)	(168 163)
<b>Opening carrying amount</b>	<b>234 183</b>	<b>17 252</b>	<b>251 435</b>
Additions	8 736	1 346	10 082
Disposals	-	(146)	(146)
Exchange translation differences	-	901	901
Depreciation	(55 657)	(6 369)	(62 026)
<b>Closing carrying amount</b>	<b>187 262</b>	<b>12 984</b>	<b>200 246</b>
<i>Balance at 31 March 2024</i>			
Cost	328 687	34 581	363 268
Accumulated depreciation	(141 425)	(21 597)	(163 022)
<b>Closing carrying amount</b>	<b>187 262</b>	<b>12 984</b>	<b>200 246</b>
<b>2023</b>			
<i>Balance at 31 March 2022</i>			
Cost	321 312	23 736	345 048
Accumulated depreciation	(116 209)	(11 062)	(127 271)
<b>Opening carrying amount</b>	<b>205 103</b>	<b>12 674</b>	<b>217 777</b>
Additions	49 978	7 800	57 778
Lease remeasurement	38 442	-	38 442
Disposals	(2 366)	(624)	(2 990)
Exchange translation differences	(14)	2 742	2 728
Depreciation	(56 960)	(5 340)	(62 300)
<b>Closing carrying amount</b>	<b>234 183</b>	<b>17 252</b>	<b>251 435</b>
<i>Balance at 31 March 2023</i>			
Cost	386 772	32 826	419 598
Accumulated depreciation	(152 589)	(15 574)	(168 163)
<b>Closing carrying amount</b>	<b>234 183</b>	<b>17 252</b>	<b>251 435</b>

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

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

### Accounting policy

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

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

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

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

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

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

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

### Significant estimates and judgements

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 15. GOODWILL AND INTANGIBLE ASSETS

	Goodwill R'000	Trademarks R'000	Software R'000	Total R'000
<b>2024</b>				
<i>Balance at 31 March 2023</i>				
Cost	1 138 774	1 995 270	47 446	3 181 490
Accumulated amortisation and impairment	(905 627)	(558 452)	(13 046)	(1 477 125)
<b>Opening carrying amount</b>	<b>233 147</b>	<b>1 436 818</b>	<b>34 400</b>	<b>1 704 365</b>
Additions	-	12 000	54 990	66 990
Amortisation	-	-	(48 009)	(48 009)
<b>Closing carrying amount</b>	<b>233 147</b>	<b>1 448 818</b>	<b>41 381</b>	<b>1 723 346</b>
<i>Balance at 31 March 2024</i>				
Cost	1 119 824	2 007 270	56 466	3 183 560
Accumulated amortisation and impairment	(886 677)	(558 452)	(15 085)	(1 460 214)
<b>Closing carrying amount</b>	<b>233 147</b>	<b>1 448 818</b>	<b>41 381</b>	<b>1 723 346</b>
<b>2023</b>				
<i>Balance at 31 March 2022</i>				
Cost	1 113 691	1 995 270	37 773	3 146 734
Accumulated amortisation and impairment	(905 627)	(558 452)	(9 607)	(1 473 686)
<b>Opening carrying amount</b>	<b>208 064</b>	<b>1 436 818</b>	<b>28 166</b>	<b>1 673 048</b>
Additions	-	-	44 709	44 709
Acquired through business combination	25 083	-	-	25 083
Amortisation	-	-	(38 475)	(38 475)
<b>Closing carrying amount</b>	<b>233 147</b>	<b>1 436 818</b>	<b>34 400</b>	<b>1 704 365</b>
<i>Balance at 31 March 2023</i>				
Cost	1 138 774	1 995 270	47 446	3 181 490
Accumulated amortisation and impairment	(905 627)	(558 452)	(13 046)	(1 477 125)
<b>Closing carrying amount</b>	<b>233 147</b>	<b>1 436 818</b>	<b>34 400</b>	<b>1 704 365</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 15. GOODWILL AND INTANGIBLE ASSETS (continued)

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

	Goodwill R'000	Trademarks R'000	Total R'000
<b>2024</b>			
South Africa			
Millbake	177 242	826 226	1 003 468
Groceries - Personal care products	-	243 436	243 436
United Kingdom			
Groceries - Personal care products	-	314 173	314 173
Eswatini			
Millbake	55 905	64 983	120 888
	<b>233 147</b>	<b>1 448 818</b>	<b>1 681 965</b>

<b>2023</b>			
South Africa			
Millbake	177 242	826 226	1 003 468
Groceries - Personal care products	-	243 436	243 436
United Kingdom			
Groceries - Personal care products	-	314 173	314 173
Eswatini			
Millbake	55 905	52 983	108 888
	<b>233 147</b>	<b>1 436 818</b>	<b>1 669 965</b>

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

	Revenue growth rate %	Cost increases %	Terminal growth rate %	Discount rate %	Forecast period Years
<b>2024</b>					
South Africa					
Millbake	5.9	5.6	4.8	13.5	5
Groceries - Personal care products	4.6	3.4	4.8	13.5	5
United Kingdom					
Groceries - Personal care products	6.1	5.7	2.0	10.1	5
Eswatini					
Millbake	6.7	6.8	4.7	15.9	5
<b>2023</b>					
South Africa					
Millbake	7.3	7.1	4.8	14.1	5
Groceries - Personal care products	4.3	1.7	4.8	14.1	5
United Kingdom					
Groceries - Personal care products	4.1	2.1	2.0	10.9	5
Eswatini					
Millbake	8.8	7.2	4.5	17.9	5

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 15. GOODWILL AND INTANGIBLE ASSETS (continued)

The decrease in discount rates when compared to prior year is as a result of decreases in the pretax cost of debt.

Sensitivity tests were performed on a 10% change in the revenue growth rate, percentage operating cost increase, terminal growth rates and discount rates used in the underlying impairment tests in the current and preceding financial years. The outcomes of these sensitivity tests supported that no impairments were necessary.

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

### Accounting policy

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

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

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

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

Goodwill and trademarks are carried at cost less accumulated impairment.

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

### Significant estimates and judgements

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 16. INVENTORIES

	2024 R'000	2023 R'000
Raw materials	1 422 098	1 834 663
Work-in-progress	66 438	59 311
Finished goods	488 490	432 222
Consumable stores	115 446	87 875
	<b>2 092 472</b>	<b>2 414 071</b>
Provision for obsolete stock	(28 242)	(11 898)
	<b>2 064 230</b>	<b>2 402 173</b>

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

### Accounting policy

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

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

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 17. TRADE AND OTHER RECEIVABLES

	2024 R'000	2023 R'000
<b>Financial instruments:</b>		
Trade receivables	1 418 045	1 605 858
Less: Credit loss allowances	(30 623)	(30 852)
Net trade receivables	1 387 422	1 575 006
Deposits	31 232	26 753
Other receivables	19 811	13 973
<b>Non-financial instruments:</b>		
VAT	97 143	127 643
Prepayments	52 758	51 539
	<b>1 588 366</b>	<b>1 794 914</b>

Prepayments included in this disclosure note relate to payments made to suppliers for goods or services procured in the ordinary course of the Group's business for principal revenue-producing activities. These prepayments mainly relate to the payments made in advance for the procurement of grain.

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

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

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

- South Africa - Retail
- South Africa - Wholesale
- Eswatini and Lesotho
- Mozambique
- United Kingdom

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

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

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

The Group has credit insurance in place for wholesale and retail trade receivables in South Africa which would pay 90% (2023: 90%) of the outstanding balance, subject to the balance not exceeding the customers insured value. Certain individual customers are covered by insurance for Eswatini and United Kingdom related trade receivables. The Group has an established credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Creditworthiness, credit limits and insured value of customers are reviewed annually.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 17. TRADE AND OTHER RECEIVABLES (continued)

Customer accounts are normally handed over to a debt collection agency once all internal measures to collect contractual cash flows has been exhausted. If still unsuccessful to collect, all facts and merits of the collection efforts are considered on the cost versus benefit of continuing the collection effort. A decision will then be made as to whether the balance should be written off or efforts should continue to collect the outstanding amounts.

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

2024	Gross trade receivables R'000	Insured balances R'000	Balances specifically provided R'000	Balances subject to provision matrix R'000
<b>Segregation of trade receivables</b>				
South Africa - Retail	691 130	(622 017)	-	69 113
South Africa - Wholesale	415 748	(277 983)	(3 399)	134 366
Eswatini and Lesotho	108 306	(50 797)	(1 761)	55 748
Mozambique	127 350	-	(11 390)	115 960
United Kingdom	75 511	(16 423)	(7 218)	51 870
	1 418 045	(967 220)	(23 768)	427 057

Balances subject to provision matrix	Current R'000	30 days R'000	60 days R'000	90 days R'000	120 plus days R'000	Total R'000
South Africa - Retail	48 076	19 034	1 071	174	758	69 113
South Africa - Wholesale	116 983	16 429	648	179	127	134 366
Eswatini and Lesotho	30 901	17 991	2 475	1 564	2 817	55 748
Mozambique	76 597	24 941	4 568	950	8 904	115 960
United Kingdom	43 451	7 780	131	211	297	51 870
	316 008	86 175	8 893	3 078	12 903	427 057

Loss rate	Current %	30 days %	60 days %	90 days %	120 plus days %
South Africa - Retail	0.2	0.6	2.8	12.6	15.6
South Africa - Wholesale	0.7	2.1	8.6	18.4	21.3
Eswatini and Lesotho	0.3	1.5	5.7	14.0	18.1
Mozambique	0.4	2.3	8.9	23.8	25.7
United Kingdom	0.2	0.6	1.5	5.2	8.4

Expected credit loss	Current R'000	30 days R'000	60 days R'000	90 days R'000	120 plus days R'000	Total R'000
South Africa - Retail	89	114	30	22	118	373
South Africa - Wholesale	819	345	56	33	27	1 280
Eswatini and Lesotho	91	270	141	219	510	1 231
Mozambique	311	562	407	226	2 291	3 797
United Kingdom	89	47	2	11	25	174
	1 399	1 338	636	511	2 971	6 855



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 17. TRADE AND OTHER RECEIVABLES (continued)

Net trade receivables by class	Gross carrying amount R'000	Total credit loss allowance R'000	Net trade receivables R'000
South Africa - Retail	691 130	(373)	690 757
South Africa - Wholesale	415 748	(4 679)	411 069
Eswatini and Lesotho	108 306	(2 992)	105 314
Mozambique	127 350	(15 187)	112 163
United Kingdom	75 511	(7 392)	68 119
	1 418 045	(30 623)	1 387 422

2023

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

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

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 17. TRADE AND OTHER RECEIVABLES (continued)

Expected credit loss	Current R'000	30 days R'000	60 days R'000	90 days R'000	120 plus days R'000	Total R'000
South Africa - Retail	963	905	389	1 169	232	3 658
South Africa - Wholesale	1 940	1 163	692	65	28	3 888
Eswatini and Lesotho	103	167	79	177	54	580
Mozambique	276	173	329	628	1 736	3 142
United Kingdom	112	76	27	4	16	235
	3 394	2 484	1 516	2 043	2 066	11 503

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

Loss allowance reconciliation	Balance at the beginning of the year R'000	Movement in loss allowance recognised in profit or loss R'000	Amounts written off as uncollect- table R'000	Balance at the end of the year R'000
<b>2024</b>				
South Africa - Retail	3 658	(3 285)	-	373
South Africa - Wholesale	4 121	853	(295)	4 679
Eswatini and Lesotho	2 921	341	(270)	2 992
Mozambique	14 632	555	-	15 187
United Kingdom	5 520	2 341	(469)	7 392
	30 852	805	(1 034)	30 623

<b>2023</b>				
South Africa - Retail	545	3 113	-	3 658
South Africa - Wholesale	4 971	1 733	(2 583)	4 121
Eswatini and Lesotho	3 477	(529)	(27)	2 921
Mozambique	13 686	1 180	(234)	14 632
United Kingdom	5 758	(238)	-	5 520
	28 437	5 259	(2 844)	30 852

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 17. TRADE AND OTHER RECEIVABLES (continued)

	2024 R'000	2023 R'000
<b>Top 5 trade receivable balances</b>		
Customer A	250 639	360 170
Customer B	166 613	177 394
Customer C	90 514	154 332
Customer D	42 017	84 643
Customer E	39 615	57 702
	<b>589 398</b>	<b>834 241</b>

### Accounting policy

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

## 18. PREPAYMENTS

	2024 R'000	2023 R'000
Prepayments	160 971	-

Prepayments mainly relate to payments made for capital expenditure on the upgrade of the Aeroton bakery. These cash flows represent capital expenditure for resources intended to generate future income and cash flows for the Group and are therefore classified under cashflows from investing activities in the Statement of Cash Flows.

### Accounting policy

Prepayments are recognised at the amount that was paid in advance to the supplier. Prepayments are derecognised on the date the goods are received or services rendered.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 19. SHARE CAPITAL

Authorised share capital	2024	2023
Ordinary shares	200 000 000	200 000 000
“A” ordinary shares	25 000	25 000
“A1” ordinary shares	50 000	50 000

The “A” and “A1” ordinary shareholders have a right to receive a distribution each time the Board authorises a distribution to the Company’s ordinary shareholders. The distribution is determined in relation to the number of ordinary shares that equal the value of the “A” and “A1” ordinary shares. Refer to note 34.4 for further details regarding the “A” and “A1” ordinary shares.

In accordance with the Company’s Memorandum of Incorporation, the unissued authorised shares of the Company remain under the control of the directors.

Issued and fully paid	Number of ordinary shares	Number of “A” ordinary shares	Number of “A1” ordinary shares	Share capital R’000
<b>Reconciliation of issued share capital</b>				
<b>2024</b>				
At the beginning and end of the year	128 905 800	15 457	23 060	2 464 267
<b>2023</b>				
At the beginning of the year	419 673	15 457	-	126 879
Issue of ordinary shares - Shareholder loan <sup>1</sup>	102 165	-	-	1 492 392
Issue of ordinary shares - Preference shares <sup>2</sup>	122 521	-	-	1 789 751
Issue of ordinary shares	170	-	-	2 483
Issue of “A1” ordinary shares	-	-	23 060	<sup>3</sup>
	644 529	15 457	23 060	3 411 505
Effect of share split <sup>4</sup>	128 261 271	-	-	-
Return of capital	-	-	-	(947 238)
<b>At the end of the year</b>	<b>128 905 800</b>	<b>15 457</b>	<b>23 060</b>	<b>2 464 267</b>

<sup>1</sup> Brait’s shareholder loan in Premier FMCG Proprietary Limited was ceded to the Company for the issue by the Company of ordinary shares to Brait in the prior year.

<sup>2</sup> The redeemable preference shares converted to ordinary shares during the prior year.

<sup>3</sup> “A1” ordinary shares were issued for a total consideration of R230.60 during the prior year.

<sup>4</sup> During the prior year the Company’s authorised and issued ordinary shares were subdivided in a ratio of 1:200.

### Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. The subscriptions in the “A” ordinary and “A1” ordinary shares have the same characteristics as a call option, with the subscription price representing a premium paid for the option and recognised in share capital as legally the “A” and “A1” ordinary shares represents issued share capital. Refer to note 34.4 for further details on the accounting treatment of the options.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 19. SHARE CAPITAL (continued)

### 19.1 Share Appreciation Rights Plan 2024

During the current year the Company implemented the Share Appreciation Rights Plan 2024 (the “Plan”) in order to reward and retain valuable employees of the Group with long-term incentive awards that are linked to the success and growth of the Group.

The Plan provides participants with conditional rights to receive ordinary shares of the Company, referred to as Share Appreciation Rights (“SARs”). The Board, on recommendation by the Remuneration and Nominations Committee, approves and awards SARs periodically to compensate new employees for value forfeited from their previous employers or to reward identified key talent.

The value of each SAR will be equal to the difference between the Company’s share price on the business day immediately preceding the Exercise Date, less the Strike Price.

50% of Awards vest on the Annual Vesting Date following the 4th anniversary of the Award Date and 50% of the awards vest on the Annual Vesting Date following the 5th anniversary of the Award Date, subject to continued employment with the Group. The Annual Vesting Date being approximately 20 business days following the date that the Group’s annual results are announced.

Vested awards may be exercised for a period of 4 years following the Vesting Date (“Exercise Period”). Any awards not exercised will be deemed to have been exercised on the last day of the Exercise Period. Exercise of the awards is subject to a performance condition being, headline earnings per share of the Group increasing in value by more than the compounded annual growth rate of the Consumer Price Index from the Award Date until the Exercise Date, otherwise awards will not be capable of exercise and will be forfeited.

On resignation, SAR awards which have not yet vested will be deemed to have been forfeited and cancelled, unless otherwise decided by the Remuneration and Nomination Committee. SAR awards which have vested may be exercised before the last day of employment. On retirement prior to the Vesting Date, unvested SAR awards will vest on the retirement date and all SAR awards may be exercised within 12 months from the date of retirement. On death, unvested SAR awards vest immediately and all SAR awards may be exercised by beneficiaries within 6 months from the date of death.

The aggregate number of shares that may be settled under this plan shall not exceed 6 445 290 ordinary shares (being approximately 5% of the issued ordinary share capital of the Company). The maximum number of shares which any one participant may receive in terms of the Plan shall not exceed 1 932 870 ordinary shares.

Details of the share appreciation rights awarded are as follows:

Award date	Strike price R	Rights at 31 March 2023	Rights awarded during the year	Rights at 31 March 2024	Average fair value per SAR awarded R	Rights exercisable at 31 March 2024
14-Dec-23	59.33	-	674 195	674 195	15.28	-
06-Nov-23	-	-	337 096	337 096	46.78	-
21-Jul-23	56.71	-	1 477 500	1 477 500	14.77	-
21-Jul-23	-	-	2 711 958	2 711 958	45.79	-
		-	5 200 749	5 200 749		-

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 19. SHARE CAPITAL (continued)

### 19.1 Share Appreciation Rights Plan 2024 (continued)

The fair value of the IFRS 2 share-based payment expense relating to SARs was determined in terms of the Black-Scholes option pricing model. The inputs into the model on each of the Award Dates were as follows:

	14-Dec-23	06-Nov-23	21-Jul-23	21-Jul-23
Spot price	R61.00	R60.00	R56.71	R56.71
Strike price	R59.33	-	R56.71	-
Expected life	3.6 - 4.6 years	4 - 5 years	4 - 5 years	4 - 5 years
Risk-free rate	8.02% - 8.21%	8.95% - 9.23%	8.83% - 9.04%	8.83% - 9.04%
Expected volatility	30%	30%	30%	30%
Dividend yield	4.76%	4.76%	4.76%	4.76%
Average fair value per SAR	R15.28	R46.78	R14.77	R45.79
Expected outcome of meeting performance condition				
HEPS growth	100%	100%	100%	100%

The volatility was obtained from Reuters and CapIQ as at the respective Award Dates. The Company listed on the JSE Limited on 24 March 2023 ("Listing Date") and the time elapsed between Listing Date and Grant Dates is not sufficient to determine the expected volatility for the Company. The listed peer volatilities range between 43.8% and 53.2% based on an analysis of peer companies. These volatilities are higher than expected due to the effects of, inter alia, Covid-19, the impact on commodity prices from the war in Ukraine and the high inflation noted locally and globally. As such, due to the aforementioned factors and the Company's recent listing, an expected volatility of 30% was applied.

The risk-free rate is a 4-year and 5-year South African Zero coupon swap curve, for each tranche, obtained from Thomson Reuters.

Refer to note 4 for the equity-settled share-based payment amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income.

#### Accounting policy

Equity-settled share-based payments are measured at fair value (excluding the effect of service or non-market based vesting conditions) at the Award Date. The fair value is measured using the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations, where applicable. The fair value determined at the Award Date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity, based on the Group's estimate of the SARs that will eventually vest. The expense is adjusted to reflect the actual number of SARs for which the related service and non-market based vesting conditions are met.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 20. BORROWINGS

Secured bank loans	Currency	Interest rate	Maturity date	2024 R'000	2023 R'000
<b>Term loan facilities</b>					
FirstRand Bank Limited - Term facility	ZAR	JIBAR plus 1.35%	2 November 2025	1 900 000	1 900 000
Standard Bank of South Africa Limited	ZAR	Prime less 1.90%	30 November 2025	160 516	183 008
<b>Revolving loan facilities</b>					
Standard Bank of Eswatini Limited	SZL	Prime plus 0.45%	31 July 2026	80 000	80 000
First National Bank of Eswatini Limited	SZL	Prime plus 0.45%	31 July 2026	80 000	80 000
FirstRand Bank Limited - RCF	ZAR	JIBAR plus 1.45%	2 November 2026	-	705 964
				<b>2 220 516</b>	<b>2 948 972</b>
<b>Non-current</b>				<b>2 194 703</b>	<b>2 926 602</b>
<b>Current</b>				<b>25 813</b>	<b>22 370</b>
				<b>2 220 516</b>	<b>2 948 972</b>

During the current year the Group made voluntary debt repayments of R706 million on the FirstRand Bank Limited - RCF facility. R1 billion on the RCF facility remains available to drawdown for future funding requirements.

The interest rate was amended on the Standard Bank of South Africa Limited facility from Prime less 0.70% to Prime less 1.90%. Management's assessment of the change in interest rate confirmed that this change in terms were not a substantial modification of the terms of the existing arrangement as the present value of the new cash flows under the new terms were less than 10% different from the present value of the remaining cash flows of the original liability. There were no other qualitative factors such as maturity date or covenants amended. Consequently, the existing liability was not derecognised and a new financial liability recognised.

### Security

FirstRand Bank Limited: Cession over trade receivables, cash and cash equivalents and insurances of the South African operations. Cession and pledge over all shares, claims, insurances, intellectual property, bank accounts and investments of certain group entities. Registered hypothec of certain trademarks and intellectual property rights with a carrying value of R1 070 million (2023: R1 070 million). Movable assets with a carrying value of R1 756 million (2023: R1 774 million) are encumbered as security. Mortgage bonds are registered over certain immovable properties.

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

Standard Bank of Eswatini Limited and First National Bank of Eswatini Limited: Cession over trade receivables, inventory, cash and cash equivalents and insurances of the Eswatini operations. Certain movable assets with a carrying value of R132 million (2023: R78 million) are encumbered as security. Mortgage bonds are registered over certain immovable properties.

### Interest rate benchmarking reform

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 20. BORROWINGS (continued)

### Financial covenants

The Group has complied with all externally imposed financial covenants during the current financial year. The financial covenant ratios imposed on the Group are as follows:

	Covenants	Actual
<b>FirstRand Bank Limited</b>		
Interest cover ratio	>3.00x	6.11
Leverage ratio	<3.00x	0.83
<b>Standard Bank of South Africa Limited</b>		
Interest cover ratio	>2.50x	4.11
Loan to value	<45%	31%
<b>Standard Bank of Eswatini Limited and First National Bank of Eswatini Limited</b>		
Interest cover ratio	>2.50x	7.61
Leverage ratio	<2.25x	0.98

### Guarantees

Guarantees issued by the bank at year-end amounted to R10 million (2023: R10 million) mainly for guarantees provided to municipalities and lessors.

#### Accounting policy

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



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 21. LEASE LIABILITIES

The maturity analysis of the lease liabilities are as follows:

	2024 R'000	2023 R'000
<b>Minimum contractual lease payments</b>		
Within one year	56 532	79 150
One to two years	54 616	54 235
Three to five years	159 617	154 943
More than five years	61 587	115 048
Undiscounted cashflows	332 352	403 376
Less: finance charges	(73 404)	(101 317)
<b>Present value of lease liabilities</b>	<b>258 948</b>	<b>302 059</b>
Non-current	224 011	249 372
Current	34 937	52 687
	<b>258 948</b>	<b>302 059</b>
<b>Cash outflow for leases</b>		
Payment of principal portion of lease liabilities	53 955	52 484
Payment of short-term and low-value asset leases	24 408	17 131
Payment of interest on lease liabilities	27 529	25 730
	<b>105 892</b>	<b>95 345</b>

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

### Accounting policy

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

Lease liabilities are measured at the present value of the future lease payments, discounted using the incremental borrowing rate, as in most instances the interest rate implicit in the lease cannot be readily determined. The discount rates applied to the leases for operations in South Africa and Mozambique are 8% (2023: 8%) and 23.8% (2023: 30%) respectively.

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

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

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

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

### Significant estimates and judgements

Refer to note 14 for further details regarding the significant judgement and estimates affecting both lease liabilities and right-of-use assets.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

### 22. EMPLOYEE BENEFIT OBLIGATIONS

	2024 R'000	2023 R'000
Leave obligations	114 628	106 628
Employee-related incentives	180 834	120 040
Employee payroll accruals	53 707	46 204
Cash-settled share appreciation rights (Refer to note 33)	68 966	58 300
Defined benefit obligations (Refer to note 26)	4 367	4 264
	422 502	335 436
Non-current	38 421	46 574
Current	384 081	288 862
	422 502	335 436

#### Accounting policy

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

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

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

### 23. TRADE AND OTHER PAYABLES

	2024 R'000	2023 R'000
<b>Financial instruments</b>		
Trade payables	1 484 593	1 672 787
Accruals	134 988	87 921
Securities	30 744	27 866
<b>Non-financial instruments</b>		
Payroll statutory liabilities	44 183	41 243
VAT	240	804
	1 694 748	1 830 621

#### Accounting policy

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

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 24. TRADE FINANCING FACILITY

	2024 R'000	2023 R'000
Trade financing facility	478 560	760 222

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

### Accounting policy

The trade financing facility is used by the Group in the normal operating cycle to finance the procurement of grain. The trade financing facility is measured at amortised cost and bears interest at the South African prime interest rate less 2.20% for so long as the unutilised portion of the facility is greater than or equal to R100 million, while an interest rate of the South African prime interest rate less 1.45% applies for so long as the unutilised portion of the facility is less than R100 million. Repayments are triggered within 7 days of consumption of the grain in the milling process. The facility is secured by the purchased commodities stored in the Group's silos and third party storage facilities.

## 25. REFUND LIABILITIES

	2024 R'000	2023 R'000
Refund liabilities	481 192	423 123

### Accounting policy

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

## 26. DEFINED BENEFIT OBLIGATIONS

### 26.1 Post-retirement medical obligation

The Group provides post-retirement medical benefits to certain of its current employees and retirees based on the qualifying employee remaining in service up to retirement age in the form of a defined benefit medical plan, principally in South Africa. The post-retirement medical obligation is unfunded and will be financed out of reserves. The obligation represents the present value of the Group's share of the expected contributions to be paid in respect of members using the projected unit credit method. The obligation has been provided for based on an actuarial valuation prepared annually by an independent qualified actuary with the last valuation date being 31 March 2024.

	2024 R'000	2023 R'000
<b>Reconciliation of defined benefit obligation</b>		
Balance at the beginning of the year	4 264	4 517
<i>Items recognised in profit or loss</i>		
Service cost	32	33
Interest expense	471	447
<i>Items recognised in other comprehensive income</i>		
Remeasurements	(10)	(346)
Benefit payments	(390)	(387)
<b>Balance at the end of the year</b>	<b>4 367</b>	<b>4 264</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 26. DEFINED BENEFIT OBLIGATIONS (continued)

### 26.1 Post-retirement medical obligation (continued)

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

Key assumptions	2024	2023
	%	%
Discount rate	12.6	11.7
Healthcare cost inflation	8.6	8.2

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

	Change in assumption %	Impact on obligation	
		Increase in assumption R'000	Decrease in assumption R'000
Discount rate	1.0	(314)	362
Healthcare cost inflation	1.0	362	(319)

### 26.2 Defined benefit pension arrangement

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

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

A valuation of the scheme is carried out at least once every three years to determine whether the statutory funding objective is met. As part of the process, the subsidiary must agree with the trustee of the scheme on the contributions to be paid to address any shortfall against the statutory funding objective. The most recent comprehensive actuarial valuation of the scheme was carried out as at 9 April 2024.

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

	2024 R'000	2023 R'000
Fair value of plan assets in respect of defined benefit obligations	706 488	668 711
Present value of defined benefit obligation	(552 761)	(522 004)
Funded status of defined benefit plan	153 727	146 707
Effective asset ceiling	(153 727)	(146 707)
<b>Net pension asset/(liability)</b>	-	-

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 26. DEFINED BENEFIT OBLIGATIONS (continued)

### 26.2 Defined benefit pension arrangement (continued)

	2024 R'000	2023 R'000
<b>Reconciliation of fair value of plan assets</b>		
Balance at the beginning of the year	668 711	688 485
<i>Items recognised in profit or loss</i>		
Service cost	(4 870)	(4 049)
Interest income	33 568	20 465
<i>Items recognised in other comprehensive income</i>		
Remeasurements	(7 293)	(125 446)
Benefit payments	(32 950)	(21 726)
Exchange translation differences	49 322	110 982
<b>Balance at the end of the year</b>	<b>706 488</b>	<b>668 711</b>

	2024 %	2023 %
<b>Major categories of plan assets</b>		
Equities	25.1	49.9
Bonds	72.1	48.9
Cash	2.8	1.2
	100.0	100.0

	2024 R'000	2023 R'000
<b>Reconciliation of defined benefit obligation</b>		
Balance at the beginning of the year	(522 004)	(618 293)
<i>Items recognised in profit or loss</i>		
Interest expense	(26 726)	(18 385)
<i>Items recognised in other comprehensive income</i>		
Remeasurements	1 520	192 615
Benefit payments	32 950	21 726
Exchange translation differences	(38 501)	(99 667)
<b>Balance at the end of the year</b>	<b>(552 761)</b>	<b>(522 004)</b>

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

	2024 %	2023 %
<b>Key assumptions</b>		
Discount rate	4.9	4.8
Consumer price inflation	2.6	2.6
Pension salary increase (LPI 2.5%)	1.9	1.8
Mortality	110% of the S3PA tables with CMI 2022 projections using a long-term improvement rate of 1.3% p.a.	110% of the S3PA tables with CMI 2021 projections using a long-term improvement rate of 1.3% p.a.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 26. DEFINED BENEFIT OBLIGATIONS (continued)

### 26.2 Defined benefit pension arrangement (continued)

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

Key assumptions	Change in assumption %	Impact on obligation	
		Increase in assumption R'000	Decrease in assumption R'000
Discount rate	0.5	(30 384)	24 445
Pension fund cost inflation	0.5	33 378	(19 670)

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

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

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

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

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

#### Accounting policy

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

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

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

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 27. CASH GENERATED FROM OPERATIONS

	2024 R'000	2023 R'000
Profit before tax	1 265 333	1 058 309
<i>Adjusted for:</i>		
Depreciation and amortisation	419 736	439 557
Finance income	(28 413)	(56 259)
Finance costs	395 597	345 671
Share of profit in equity-accounted investment	(132)	-
Defined benefit obligations	(12 680)	(9 253)
Cash-settled share appreciation rights (Refer to note 33)	35 548	30 667
Equity-settled share-based payments	24 785	-
Credit loss allowances raised	4 800	5 259
Loss on disposal/scraping of property, plant and equipment	45 444	4 744
Insurance proceeds classified as investing cash flows	(5 346)	-
<i>Changes in working capital:</i>		
Inventories	337 943	(773 334)
Trade and other receivables	205 743	(424 035)
Trade and other payables	(135 873)	547 420
Trade financing facility	(281 662)	296 612
Refund liabilities	58 069	80 601
Employee benefit obligations	62 218	(867)
	<b>2 391 110</b>	<b>1 545 092</b>

### Accounting policy

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

## 28. TAX PAID

	2024 R'000	2023 R'000
Balance at the beginning of the year	(23 637)	42 516
Acquired through business combination	-	424
Current tax recognised in profit or loss	(347 799)	(238 054)
Net exchange differences	(348)	(307)
<b>Balance at the end of the year</b>	<b>45 997</b>	<b>23 637</b>
Income tax receivable	(9 641)	(13 539)
Income tax payable	55 638	37 176
	<b>(325 787)</b>	<b>(171 784)</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 29. CASH AND CASH EQUIVALENTS

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

	2024 R'000	2023 R'000
Cash on hand	32 738	16 581
Bank balances	603 268	578 821
<b>Cash and cash equivalents</b>	<b>636 006</b>	<b>595 402</b>
<b>Bank overdraft</b>	<b>-</b>	<b>(201 215)</b>

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

	2024 R'000	2023 R'000
Cash on hand	32 738	16 581
Bank balances	603 268	578 821
<b>Cash and cash equivalents</b>	<b>636 006</b>	<b>595 402</b>

In the prior year, the bank overdraft did not fluctuate from being overdrawn to a positive balance and therefore the bank overdraft did not form an integral part of the Group's cash management, and instead represented a form of financing. The related net proceeds in the prior year were therefore presented as cash flows from financing activities.

During the current year the bank overdrafts were repaid in full. The net repayments of the bank overdraft were presented as cash flows from financing activities.

### Accounting policy

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



## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

### 30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The movements in net debt for the year ended 31 March 2024 are as follows:

	Borrowings R'000	Lease liabilities R'000	Bank overdraft R'000	Total R'000
<b>Balance at 31 March 2023</b>	2 948 972	302 059	201 215	3 452 246
Capital repaid	(728 456)	(53 955)	-	(782 411)
Net repayments	-	-	(209 624)	(209 624)
Recognised during the year	-	10 082	-	10 082
Finance costs accrued	258 318	27 529	38 502	324 349
Finance costs paid	(258 318)	(27 529)	(38 502)	(324 349)
Exchange translation differences	-	762	8 409	9 171
<b>Balance at 31 March 2024</b>	<b>2 220 516</b>	<b>258 948</b>	<b>-</b>	<b>2 479 464</b>

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

	Loan from shareholder R'000	Redeemable preference shares R'000	Borrowings R'000	Lease liabilities R'000	Bank overdraft R'000	Total R'000
<b>Balance at 31 March 2022</b>	1 492 403	1 789 751	2 302 247	258 437	-	5 842 838
Capital received	-	-	1 040 000	-	-	1 040 000
Capital repaid	-	-	(393 275)	(52 484)	-	(445 759)
Net proceeds	-	-	-	-	201 215	201 215
Recognised during the year	-	-	1 860 000 <sup>1</sup>	57 778	-	1 917 778
Lease remeasurements	-	-	-	38 442	-	38 442
Derecognised during the year	-	-	(1 860 000) <sup>1</sup>	(2 585)	-	(1 862 585)
Finance costs accrued	14 275	9 888	201 787	25 730	43 239 <sup>2</sup>	294 919
Finance costs paid	(14 286)	(9 888)	(201 787)	(25 730)	(43 239) <sup>2</sup>	(294 930)
Conversion to equity	(1 492 392)	(1 789 751)	-	-	-	(3 282 143)
Exchange translation differences	-	-	-	2 471	-	2 471
<b>Balance at 31 March 2023</b>	<b>-</b>	<b>-</b>	<b>2 948 972</b>	<b>302 059</b>	<b>201 215</b>	<b>3 452 246</b>

<sup>1</sup> The recognition and derecognition of borrowings during the year relates to the refinancing of debt which resulted in an extinguishment of the old debt facility and recognition of the new debt facility, and represents a non-cash transaction.

<sup>2</sup> The note has been re-presented to include the disclosure of the finance costs accrued and paid on the bank overdraft.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 31. BUSINESS COMBINATIONS

There were no business combinations during the current year.

### Prior year

On 1 May 2022 the Group acquired 100% of the issued share capital of Biz Afrika 710 (Pty) Ltd, a bakery in the Western Cape region of South Africa, for a purchase consideration of R30 million. A balance of R2 million remained in escrow due to an unresolved matter between the parties. Cash and cash equivalents of R4.5 million was acquired as part of the transaction, consequently resulting in a cash outflow for the business combination, net of cash acquired of R23.5 million. The acquisition enhanced the Group's participation in the bread category and resulted in synergies and operational efficiencies which increased profitability in the Western Cape region for the category.

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

	2023 R'000
Property, plant and equipment	3 654
Inventories	900
Trade and other receivables	901
Income tax receivable	424
Cash and cash equivalents	4 536
Trade and other payables	(7 463)
Total identifiable net assets	2 952
Goodwill	25 083
<b>Net assets acquired</b>	<b>28 035</b>

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

	2023 R'000
Cash consideration paid	(28 035)
Cash and cash equivalents acquired	4 536
<b>Cash outflow for business combination</b>	<b>(23 499)</b>

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

	2023 R'000
Revenue from contracts with customers	71 843
EBITDA	6 210
Operating profit	5 019
Profit attributable to owners of the Company	5 014

### Accounting policy

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### 32.1 Financial risk management

#### Overview

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

- Credit risk;
- Liquidity risk;
- Market risk (foreign currency risk, interest rate risk and price risk).

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

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

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

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

#### Credit risk

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

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

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

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

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

### 32.1 Financial risk management (continued)

Rating	2024 R'000	2023 R'000
A1	56 989	46 913
Ba1	-	483 639
Baa3	439 799	-
Non-rated <sup>1</sup>	106 480	48 269
Cash on hand	32 738	16 581
	<b>636 006</b>	<b>595 402</b>

<sup>1</sup> Non-rated balances relate to bank balances in Eswatini, Lesotho and Mozambique where the banks are not individually rated.

#### Liquidity risk

The Group manages its liquidity risk by ensuring sufficient cash and availability of funding through an adequate amount of borrowing facilities to meet obligations when due. Management monitors rolling cash flow forecasts of the Group's liquidity reserves comprising debt, undrawn borrowing facilities and cash and cash equivalents. Cash flow forecasts are compiled in accordance with external regulatory requirements and maintaining debt finance covenants. As at year-end, the Group had access to undrawn facilities of R2 782 million (2023: R1 472 million).

Trade and other payables are generally settled between 30 to 45 days, therefore most of the balance reflected in the "Less than 1 year" category will be settled in less than 2 months. The maturity profile of contractual cash flows of non-derivative financial liabilities is presented in the following table. The cash flows are undiscounted contractual amounts.

	Less than 1 year R'000	1 to 2 years R'000	3 to 5 years R'000	Over 5 years R'000	Total R'000	Carrying amount R'000
<b>2024</b>						
Borrowings	245 826	2 169 966	167 654	-	2 583 446	2 220 516
Lease liabilities	56 532	54 616	159 617	61 587	332 352	258 948
Trade and other payables	1 650 325	-	-	-	1 650 325	1 650 325
Trade financing facility	484 487	-	-	-	484 487	478 560
	<b>2 437 170</b>	<b>2 224 582</b>	<b>327 271</b>	<b>61 587</b>	<b>5 050 610</b>	<b>4 608 349</b>

Management plans to refinance the bullet repayments that are due on borrowings in November 2025. Based on the assessments, management are confident that the Group will succeed in the refinancing negotiations.

Management is satisfied that the Group will be able to meet its obligations based on the Group's cashflow forecasts, positive net cash and undrawn facilities. This is supported by the cash of R1 696 million (2023: R1 036 million) that was generated from operating activities during the year.

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

<sup>1</sup> R2 218 million of the cash flows relate to 3 to 4 years, while R909 million relate to 4 to 5 years.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

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

### 32.1 Financial risk management (continued)

#### Market risk - Foreign currency risk

The Group is exposed to foreign currency risk as a result of financial assets and liabilities which are denominated in a currency that is not the entity's functional currency. Exchange rate exposures are managed by utilising foreign exchange contracts in terms of the Group's risk management policy. The foreign currencies predominantly traded in by the Group are GBP, USD, EUR and CNY. Some of the entities within the Group, with a functional currency that is different to the Group's functional currency, also trade in ZAR. As a result, the Group is subject to exposure from fluctuations in foreign currency exchange rates.

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

	GBP R'000	ZAR R'000	USD R'000	EUR R'000	CNY R'000
<b>2024</b>					
<b>Financial assets</b>					
Trade and other receivables	-	9 372	-	370	-
Cash and cash equivalents	20 409	673	21 239	3 662	3
<b>Financial liabilities</b>					
Trade payables	-	(94 521)	(128 038)	(8 347)	(12 271)
	20 409	(84 476)	(106 799)	(4 315)	(12 268)

#### 2023

##### Financial assets

Trade and other receivables	-	3 689	-	3 397	-
Cash and cash equivalents	-	4 933	10 769	4 275	1 467

##### Financial liabilities

Trade payables	-	-	(10 267)	(3 945)	-
	-	8 622	502	3 727	1 467

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

	Average rate R	Foreign contract amount '000	Contract value of FECs R'000
<b>2024</b>			
USD FECs	18.81	1 800	33 854
ZAR FECs <sup>1</sup>	1.00	5 250	5 250
<b>2023</b>			
USD FECs	18.07	685	12 376
EUR FECs	19.64	775	15 218
CNY FECs	2.66	1 025	2 726

<sup>1</sup> The ZAR FECs relate to FECs that were entered into by entities within the Group, with a functional currency that is different to the Group's functional currency, to manage their foreign currency risk exposure to ZAR.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

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

### 32.1 Financial risk management (continued)

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

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

The analysis has been performed on the basis of the change occurring at the reporting date and assumes that all other variables, in particular interest rates, remain constant. A positive number indicates an increase in profit before tax where the ZAR strengthens 10% against the relevant currency.

	2024 R'000	2023 R'000
USD	10 680	(50)
EUR	432	(373)
CNY	1 227	(147)
MZN	(8 086)	487
GBP	(2 403)	373

Exchange rates	2024		2023	
	Closing rate R	Average rate R	Closing rate R	Average rate R
USD to ZAR	18.82	18.73	17.87	16.99
EUR to ZAR	20.32	20.32	19.47	17.68
CNY to ZAR	2.61	2.62	2.60	2.48
MZN to ZAR	0.29	0.29	0.28	0.26
GBP to ZAR	23.76	23.54	22.12	20.45

#### Market risk - Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities that are sensitive to interest rate risk are loans receivables, trade and other receivables/payables, cash and cash equivalents, borrowings, trade financing facility and bank overdraft. The interest rate risk mainly arises from the repricing of the Group's floating rate debt, incremental funding or new borrowings, the refinancing of existing borrowings and the magnitude of bank overdrafts and cash and cash equivalents.

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

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

### 32.1 Financial risk management (continued)

#### Interest rate profile

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

	Note	2024 R'000	2023 R'000
<b>Assets</b>			
Loans receivable		27 339	31 031
Cash and cash equivalents	28	636 006	595 402
		<b>663 345</b>	<b>626 433</b>
<b>Liabilities</b>			
Borrowings	19	2 220 516	2 948 972
Trade financing facility	23	478 560	760 222
Bank overdraft	28	-	201 215
		<b>2 699 076</b>	<b>3 910 409</b>

The Group used a sensitivity analysis technique that measures the estimated change to profit or loss of an instantaneous change in market interest rates, from the rate applicable at the reporting date for each interest bearing financial instrument. This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation. The Group is exposed to fluctuations in JIBAR and prime interest rates. Changes in these interest rates affect the finance income or costs of floating rate financial instruments.

The following sensitivity analysis has been prepared to indicate the effect on the variable rate financial instruments with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, on the basis that all other variables remain constant. The analysis is performed on the same basis as in the prior year. The sensitivity analysis provides two scenario's of percentage changes that could reasonably expected based on the current economic climate and historical movements in interest rates. An increase in interest rates would have an equal and opposite effect on profit before tax as detailed below.

	2024		2023	
	Decrease in interest rates %	(Decrease)/ Increase in profit before tax R'000	Decrease in interest rates %	(Decrease)/ Increase in profit before tax R'000
Financial assets	0.50	(3 698)	0.50	(3 022)
	0.75	(5 547)	1.00	(6 043)
Financial liabilities	0.50	20 563	0.50	19 421
	0.75	30 845	1.00	38 842

The prior year interest rate sensitivity analysis has been re-presented to demonstrate the impact on financial assets and liabilities separately instead of the aggregated impact.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

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

### 31.1 Financial risk management (continued)

#### Market risk - Price risk

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

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

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

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

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

### 32.2 Capital risk management

The Group's objective is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development needs of the business. The Board monitors the Group's leverage ratio.

Management regularly monitors and reviews covenant ratios. In terms of the borrowings, the Group is required to comply with financial covenants. These financial covenants differ based on the contractual terms of each facility and incorporate both IFRS and non-IFRS financial measures. Refer to note 20 for the financial covenants for each facility.

The Group's leverage ratio is calculated as follows:

	2024 R'000	2023 R'000
Borrowings (excluding trade financing facility)	2 220 516	2 948 972
Lease liabilities	258 948	302 059
Net cash	(636 006)	(394 187)
<b>Total net debt</b>	<b>1 843 458</b>	<b>2 856 844</b>
EBITDA	2 052 726	1 731 162
Leverage ratio	0.9x	1.7x



## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

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

#### 32.3 Categories of financial instruments

	2024		2023	
	Assets at amortised cost R'000	Liabilities at amortised cost R'000	Assets at amortised cost R'000	Liabilities at amortised cost R'000
Loans receivable	27 339		31 031	
Trade and other receivables	1 438 465		1 615 732	
Restricted cash	2 454		2 274	
Cash and cash equivalents	636 006		595 402	
Borrowings		2 220 516		2 948 972
Trade and other payables		1 650 325		1 788 574
Trade financing facility		478 560		760 222
Bank overdraft		-		201 215
	<b>2 104 264</b>	<b>4 349 401</b>	<b>2 244 439</b>	<b>5 698 983</b>

### 33. RELATED PARTIES

	2024 R'000	2023 R'000
<b>Balances owing by related parties</b>		
Loans receivable - F Grobbelaar (Executive Director)	6 310	5 673
<b>Finance income/(finance costs)</b>		
Loans receivable - F Grobbelaar (Executive Director)	637	540
Preference dividends - Brait Mauritius Limited	-	(9 888)
Loan from shareholder - Brait Mauritius Limited	-	(14 275)

Refer to note 34.2 for details regarding SARs that were issued to executive directors during the year.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 33. RELATED PARTIES (continued)

### Cash-settled share appreciation rights

The Group has a long-term incentive plan where certain employees are granted SARs. The SARs awarded before the Company was listed on the JSE, were issued at the implied market value of Premier's ordinary shares based on the following calculation: Price per share = equity value (being enterprise value less net debt)/number of ordinary shares. Net debt, for the purpose of this calculation, is adjusted for dividends paid to shareholders. The value of these SARs will be similarly calculated on the date on which they are exercised and will be settled in cash on the exercise date. The SARs are exercisable from the fourth until the eighth anniversary of the date of issue. 50% of the SARs vest in the fourth year and a further 50% in the fifth year and can be exercised upon vesting in tranches of either 50% or 100%. All rights will automatically cease to be of any value and no payment will be due or payable in any way whatsoever if the holder of the appreciation right is not in the employ of the Group at the date of exercise.

	2024		2023	
	Number of rights	Amount R'000	Number of rights	Amount R'000
<b>At the beginning of the year</b>	10 780	58 300	9 493	35 254
Granted during the year	-	-	2 100	875
Excercised during the year	(350)	(24 882)	(713)	(7 622)
Forfeited during the year	(190)	(1 337)	(100)	(59)
Remeasurement of SARs		36 885		29 852
<b>At the end of the year</b>	<b>10 240</b>	<b>68 966</b>	<b>10 780</b>	<b>58 300</b>

There were no SARs granted to employees during the current financial year.

Rights granted during the prior year	Number of rights	Price per SAR R
<b>2023</b>		
July 2022	2 100	14 608
Price per right at 31 March 2023		17 385

#### Accounting policy

The share appreciation rights referred to in this disclosure note are accounted for in terms of IAS 19 since the value of the SARs are not directly linked to the value of equity instruments. The value of the SARs is determined at each reporting date by applying the calculation as described in the note above. A liability is recognised in employee benefit obligations with a corresponding adjustment accounted for in profit or loss. The SARs will be settled in cash once exercised.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 34. DIRECTOR EMOLUMENTS

### 34.1 Executive directors' emoluments

	Basic salary R'000	Other benefits <sup>1</sup> R'000	Retirement fund contributions R'000	Bonus R'000	Total R'000
<b>2024</b>					
JJ Gertenbach	7 713	123	-	11 038	18 874
F Grobbelaar	5 257	270	-	4 774	10 301
	<b>12 970</b>	<b>393</b>	<b>-</b>	<b>15 812</b>	<b>29 175</b>
<b>2023</b>					
JJ Gertenbach	6 153	135	183	6 606	13 077
F Grobbelaar	4 389	264	132	2 059	6 844
	<b>10 542</b>	<b>399</b>	<b>315</b>	<b>8 665</b>	<b>19 921</b>

<sup>1</sup> Other benefits comprise travel allowance and medical benefits.

### 34.2 Share Appreciation Rights Plan 2024

Details on the implementation of the Plan is documented in note 19.1. The table below is a summary of the SARs awarded to executive directors under the Plan.

Award date	Strike price	Vesting date	Rights at 31 March 2023	Rights awarded during the year	Rights at 31 March 2024	IFRS 2 charge for the year R'000	Rights exercisable at 31 March 2024
<b>21-Jul-23</b>							
JJ Gertenbach	R0.00	Jul-27	-	367 491	367 491	R2 984	-
JJ Gertenbach	R0.00	Jul-28	-	367 491	367 491	R2 279	-
F Grobbelaar	R0.00	Jul-27	-	206 511	206 511	R1 677	-
F Grobbelaar	R0.00	Jul-28	-	206 511	206 511	R1 281	-
<b>21-Jul-23</b>							
F Grobbelaar	R56.71	Jul-27	-	87 500	87 500	R214	-
F Grobbelaar	R56.71	Jul-28	-	87 500	87 500	R187	-

During the current year no rights were exercised.

### 34.3 Securities issued

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

Ordinary shares	2024	2023
JJ Gertenbach	157 600	157 600
F Grobbelaar	18 490	18 490
RM Hartmann <sup>1</sup>	9 890	9 290
PRN Hayward-Butt	10 000	10 000
	<b>195 980</b>	<b>195 380</b>

<sup>1</sup> RM Hartmann resigned as a director with effect from 5 September 2023. The number of ordinary shares held by RM Hartmann in the Group through Thor Holdings Proprietary Limited, at the reporting date was 9 290 (2023: 9 290). The number of ordinary shares held in his personal capacity at the reporting date was 600.

Subsequent to year-end, up to and including 10 June 2024, there were no changes in the directors' and their associates' beneficial interest in Premier Group Limited.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 34. DIRECTOR EMOLUMENTS (continued)

### 34.4 Share options

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

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

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

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

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

	Grant date	Number of shares <sup>1</sup>	Subscription price R	NVF Loan R	Grant date fair value of the share option R
<b>JJ Gertenbach</b>					
“A” ordinary shares	30 Sept 2020	5 907	1 035	5 865	1 931
“A1” ordinary shares	21 June 2022	5 730	0.01	72.60	15.68
<b>F Grobbelaar</b>					
“A” ordinary shares	26 Aug 2021	2 039	4 530	6 227	4 404
“A1” ordinary shares	21 June 2022	2 000	0.01	72.60	15.68

<sup>1</sup> JJ Gertenbach and F Grobbelaar purchased additional “A” ordinary shares of 110 and 107 respectively during the current year.

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

	Grant date 21 June 2022	Grant date 26 August 2021	Grant date 30 Sept 2020
Spot price	R72.60	R10 757	R6 900
Strike price	R118.40	R10 698	R10 644
Risk-free rate	8.12%	6.26%	6.10%
Volatility <sup>1</sup>	29.40%	29.40%	29.40%
Dividend yield	0.00%	0.00%	0.00%
Fair value of share option	R15.68	R4 404	R1 931

<sup>1</sup> The volatility of 29.4% was based on an analysis of peers in the sector to which the Group operates.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 34. DIRECTOR EMOLUMENTS (continued)

### 34.4 Share options (continued)

The table below shows the number of equivalent ordinary shares from the "A" and "A1" ordinary shares as at the period end:

2024	Opening balance	Movement <sup>1</sup>	Closing balance
JJ Gertenbach	465 638	(18 068)	447 570
F Grobbelaar	155 186	(692)	154 494
Employees	620 742	(51 639)	569 103
	1 241 566	(70 399)	1 171 167

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

<sup>1</sup> Movements are mainly due to changes in the inputs to the conversion formula. Included in the current year movement is 8 335 and 8 107 equivalent ordinary shares relating to the "A" ordinary shares purchased by JJ Gertenbach and F Grobbelaar respectively. Due to the NVF loan being equal to the share price of the "A1" ordinary shares on grant date, applying the conversion formula as at the period-end shows no ordinary shares receivable at period-end relating to the "A1" ordinary shares.

#### Accounting policy

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 34. DIRECTOR EMOLUMENTS (continued)

### 34.5 Non-executive directors' emoluments

2024	Board		Audit and Risk		Remuneration and Nomination		Social and Ethics		Ex Gratia <sup>1</sup> R'000	Sub-total R'000	VAT R'000	Total R'000
	Retainer R'000	Meeting R'000	Retainer R'000	Meeting R'000	Retainer R'000	Meeting R'000	Retainer R'000	Meeting R'000				
I van Heerden <sup>2</sup>	289	413	-	-	46	50	-	-	-	798	120	918
DD Ferreira <sup>3</sup>	53	88	-	-	8	-	-	-	-	149	-	149
RM Hartmann <sup>4</sup>	-	-	-	-	-	-	-	-	-	-	-	-
PRN Hayward-Butt <sup>5</sup>	-	-	-	-	-	-	-	-	-	-	-	-
FN Khanyile <sup>6</sup>	175	263	63	78	-	-	23	20	53	675	101	776
JER Matthews <sup>7</sup>	175	263	63	78	61	25	40	80	-	785	-	785
H Ramsumer <sup>8</sup>	175	263	125	156	-	-	-	-	155	874	85	959
CJ Roodt <sup>9</sup>	258	400	-	-	45	50	-	-	225	978	147	1 125
W Sihlobo	175	263	-	-	-	-	70	105	75	688	-	688
	1 300	1 953	251	312	160	125	133	205	508	4 947	453	5 400

1 Ex gratia payments made to the Independent Non-Executive Directors for additional meetings attended in preparation for the Company's listing in March 2023.

2 I van Heerden's Board retainer was pro-rated to account for the period during which he was a Board member (1 April 2023 - 5 September 2023) and the period during which he was the Board Chair (6 September 2023 onwards). Mr van Heerden's Remuneration and Nomination Committee retainer was pro-rated with effect from his appointment to the committee on 1 May 2023. His director fees are payable to Oryx Partners (Pty) Ltd.

3 DD Ferreira's Board retainer was pro-rated with effect from his appointment to the Board on 12 December 2023. His Remuneration and Nomination Committee retainer was pro-rated with effect from his appointment to the committee on 1 February 2024.

4 RM Hartmann resigned as a Non-executive director of the Board, effective from 5 September 2023. Not compensated by the Company or any other company within the Group.

5 Alternate Director not compensated by the Company or any other company within the Group.

6 FN Khanyile's Social and Ethics Committee retainer was pro-rated with effect from her appointment to the committee on 6 September 2023.

7 JER Matthews Remuneration and Nomination Committee retainer was pro-rated to take into account his resignation from the committee with effect from 30 April 2023, with the retainer further pro-rated to account for his re-appointment as Chair to the committee with effect from 6 September 2023. His fees are payable to Brait Mauritius Limited.

8 H Ramsumer registered for and started charging VAT on his Non-Executive Director fees with effect from July 2023.

9 CJ Roodt's Board retainer was pro-rated to account for the period during which he was the Board Chair (1 March 2023 - 5 September 2023) and the period during which he was a Board member (6 September 2023 onwards). It was further pro-rated to take into consideration his resignation from the Board with effect from 31 January 2024. Mr Roodt's Remuneration and Nomination Committee retainer was similarly pro-rated considering his resignation from the Board.

2023	Board		Audit and Risk		Remuneration and Nomination		Social and Ethics		Ex Gratia <sup>1</sup> R'000	Sub-total R'000	VAT R'000	Total R'000
	Retainer R'000	Meeting R'000	Retainer R'000	Meeting R'000	Retainer R'000	Meeting R'000	Retainer R'000	Meeting R'000				
I van Heerden <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-	-
RM Hartmann <sup>1, 2</sup>	-	-	-	-	-	-	-	-	-	-	-	-
PRN Hayward-Butt <sup>1, 2</sup>	-	-	-	-	-	-	-	-	-	-	-	-
FN Khanyile <sup>3</sup>	63	38	15	15	-	-	-	-	-	131	19	150
JER Matthews <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-	-
H Ramsumer <sup>4</sup>	134	150	71	85	-	-	-	-	-	440	-	440
CJ Roodt	301	301	-	-	40	40	-	-	-	682	101	783
W Sihlobo <sup>5</sup>	266	300	-	-	-	-	38	45	-	649	-	649
	764	789	86	100	40	40	38	45	-	1 902	120	2 022

1 Directors not compensated by the Company or any other company within the Group.

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

3 FN Khanyile's Board retainer fee was pro-rated from her appointment date to the Board of 1 November 2022.

4 H Ramsumer's Board retainer fee was pro-rated from his appointment date to the Board of 9 May 2022. His retainer fee for Audit and Risk Committee was pro-rated from his appointment date to the committee of 1 June 2022.

5 W Sihlobo's retainer fee for the Social and Ethics Committee was pro-rated from his appointment date to the committee of 1 June 2022. Included in W Sihlobo's Board retainer and meeting fees are amounts of R116 209 and R150 000 respectively which relate to services rendered in the prior year that were paid in the current year.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 35. FAIR VALUE INFORMATION

The carrying amounts of all financial assets and liabilities approximate their fair values.

## 36. B-BBEE TRANSACTION

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

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

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

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

Distributions made to beneficiaries are recognised in profit or loss.

## 37. EVENTS AFTER THE REPORTING PERIOD

### Acquisition of 30% shareholding in Goldkeys International Proprietary Limited

Premier has acquired a 30% shareholding in Goldkeys International Proprietary Limited (“Goldkeys”) with effect 3 June 2024.

The investment builds on the relationship that commenced on 10 May 2023, when Premier entered into a Sales, Merchandising and Route to Market Services Agreement with Goldkeys to manage their sales function to assist them in building its brands and sales outside of KwaZulu-Natal.

Goldkeys is a rice distributor based in KwaZulu-Natal that was founded in 1994 and is one of the largest rice importers into South Africa. It supplies branded Thai and Indian sourced rice under its brands “Golden Delight”, “Golden Pride” and “Light & Right”, as well as house brands to a number of South Africa retailers and independent wholesalers. Goldkeys is a growing business and for the month of February 2024, its “Golden Delight” brand achieved the No.2 national market share by volume (as measured by NielsenIQ).

The investment is aligned with Premier’s strategy to grow its branded product portfolio. Rice complements Premier’s staple foods basket of bread, maize, and wheat products offering synergies along the value chain. The investment in Goldkeys will benefit Premier’s existing rice operations outside South Africa where it sources rice for sale under its own brands.

Premier settled the purchase consideration of R313.6 million in cash on 3 June 2024, and has appointed representatives to the board of directors of Goldkeys. The investment in Goldkeys will be treated as an associate and equity accounted for.

### Cash dividend declaration

In line with IAS10: Events after the Reporting Period, the declaration of the dividend occurred after the reporting period, resulting in a non-adjusting event that is not recognised in the financial statements.

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 38. GOING CONCERN

The Group reported a net profit for the year ended 31 March 2024 of R920.6 million (2023: R794.8 million). As at 31 March 2024, the Group's total assets exceeded its total liabilities by R4.2 billion.

The consolidated annual financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. This is supported by total current assets exceeding total current liabilities by R1.3 billion at 31 March 2024. Furthermore, based on various assessments performed by management, the directors are satisfied that the total assets, fairly valued, exceed the value of total liabilities at 31 March 2024.

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

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

## 39. NEW STANDARDS AND INTERPRETATIONS

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

Standard/Interpretation	Effective date: Years beginning on or after	Expected impact
Amendment to IAS 1 - "Non-current liabilities with covenants"	1 January 2024	Unlikely there will be a material impact



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (continued)

## 40. INTEREST IN SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

Name of company	Place of incorporation	Nature of business	Effective percentage interest	
			2024 %	2023 %
<b>Directly held</b>				
Premier Eswatini Proprietary Limited	Eswatini	Food processing	100	100
Prem-Cap Investments Proprietary Limited	Mauritius	Investment holding company	100	100
Main Street 1880 Proprietary Limited	South Africa	Investment holding company	49	49
Main Street 1881 Proprietary Limited	South Africa	Investment holding company	90	90
Lesotho Bakery Proprietary Limited	Lesotho	Baking	100	100
Lil-lets UK Limited	England and Wales	Sales and distribution	100	100
Lil-lets Group Limited	England and Wales	Dormant	100	100
Premier Manco Proprietary Limited	South Africa	Management services	100	-
<b>Indirectly held</b>				
Premier FMCG Proprietary Limited	South Africa	Food processing	100	100
G & C Shelf 115 Proprietary Limited	South Africa	Property holding company	100	100
Main Street 1880 Proprietary Limited	South Africa	Investment holding company	51	51
Main Street 1881 Proprietary Limited	South Africa	Investment holding company	10	10
Premier BEE Trust <sup>1</sup>	South Africa	B-BBEE trust	100	100
Companhia Industrial da Matola S.A	Mozambique	Food processing and animal feeds	99.03	98.79
SOS Science of Skin Limited	England and Wales	Skincare	35.06	-
Lil-lets Loan Company Limited	England and Wales	Dormant	100	100
Lil-lets Holding Limited	England and Wales	Dormant	100	100
CIM Feeds Trading SA Proprietary Limited	South Africa	Dormant	100	100
Biz Afrika 710 Proprietary Limited	South Africa	Dormant	100	100
Eswatini Mahewu Proprietary Limited <sup>2</sup>	Eswatini	Deregistered	-	100

<sup>1</sup> Premier FMCG can appoint the trustees of the Premier BEE Trust and therefore the Company has an effective interest of 100% (2023: 100%) in the trust.

<sup>2</sup> Eswatini Mahewu Proprietary Limited was deregistered during the current year.

# FINANCIAL DEFINITIONS

FOR THE YEAR ENDED 31 MARCH 2024

The following financial terms are used in the Annual Financial Statements with the meanings specified:

CEO	Chief Executive Officer
CFO	Chief Financial Officer
CNY	Chinese yuan renminbi
CODM	Chief Operating Decision Maker
EBITDA	Earnings before finance income, finance costs, foreign exchange (losses)/gains, share of net profit in equity-accounted investment, tax, depreciation and amortisation
EUR	Euro
ETR	Effective tax rate calculated in terms of the OECD Pillar Two model rules
FEC	Foreign exchange contract
GBP	British Pound Sterling
GloBE	Global Anti-Base Erosion Rules
Interest cover ratio	Interest cover ratio being EBITDA divided by finance costs calculated in terms of the borrowings in the underlying legal entity.
JIBAR	Johannesburg Interbank Average Rate
Leverage ratio	Leverage ratio being Net debt divided by EBITDA calculated in terms of the borrowings in the underlying legal entity.
Loan to value	Loan to value being borrowings divided by the fair value of properties in terms of the borrowings in the underlying legal entity.
MNEs	Multinational Enterprises
MZN	Mozambican metical
Net debt	Borrowings (excluding trade financing facility), lease liabilities and bank overdrafts less cash and cash equivalents.
OECD	Organisation of Economic Co-operations and Development
Plan	Share Appreciation Rights Plan 2024
RCF	Revolving Credit Facility
SARs	Share Appreciation Rights
SARS	South African Revenue Services
Science of Skin	SOS Science of Skin Limited
USD	United States Dollar
ZAR	South African Rand

## SHAREHOLDER INFORMATION

### Ordinary shareholders

Shareholder spread	Number of shareholder accounts	% of total shareholder accounts	Number of shares	% of issued shares
1 - 1 000	640	64.19	96 512	0.07
1 001 - 10 000	152	15.25	591 752	0.46
10 001 - 100 000	122	12.24	4 352 036	3.38
100 001 - 1 000 000	71	7.12	21 126 128	16.39
Over 1 000 000	12	1.20	102 739 372	79.70
	997	100.00	128 905 800	100.00

Public/Non-public shareholders	Number of shareholder accounts	% of total shareholder accounts	Number of shares	% of issued shares
Non-public shareholders	8	0.80	86 485 620	67.09
Titan Premier Investments (Pty) Ltd (>5% shareholder)	2	0.20	57 099 222	44.30
Brait Mauritius Ltd (>5% shareholder)	1	0.10	29 166 308	22.63
Directors and Associates	5	0.50	220 090	0.17
Public shareholders	989	99.20	42 420 180	32.91
	997	100.00	128 905 800	100.00

Beneficial shareholders holding 5% or more	Number of shares	% of issued shares
Titan Premier Investments (Pty) Ltd	57 099 222	44.30
Brait Mauritius Ltd	29 166 308	22.63
	86 265 530	66.92

## SHAREHOLDER INFORMATION (continued)

### “A” ordinary shareholders

Shareholder spread	Number of shareholder accounts	% of total shareholder accounts	Number of shares	% of issued shares
1 - 1 000	3	33.33	321	2.08
1 001 - 10 000	6	66.67	15 136	97.92
	9	100.00	15 457	100.00

Non-public shareholders	Number of shareholder accounts	% of total shareholder accounts	Number of shares	% of issued shares
Non-public shareholders	9	100.00	15 457	100.00
Directors and Associates	4	44.44	8 160	52.79
Management	5	55.56	7 297	47.21
	9	100.00	15 457	100.00

Beneficial shareholders holding 5% or more	Number of shares	% of issued shares
JJ Gertenbach	5 907	38.22
F Grobbelaar	2 039	13.19
GJ Campbell	2 039	13.19
JD Simpson	2 039	13.19
SM O'Sullivan	1 556	10.07
AS van der Schyf	1 556	10.07
	15 136	97.92

## SHAREHOLDER INFORMATION (continued)

### “A1” ordinary shareholders

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

Public/Non-public shareholders	Number of shareholder accounts	% of total shareholder accounts	Number of shares	% of issued shares
Non-public shareholders	8	80	20 810	90.24
Directors and Associates	4	40	11 350	49.22
Management	4	40	9 460	41.02
Other	2	20	2 250	9.76
	10	100	23 060	100.00

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

## GENERAL INFORMATION

Company Name	Premier Group Limited
Company registration number	2007/016008/06
Country of incorporation and domicile	Republic of South Africa
JSE share code	PMR
ISIN	ZAE000320321
Registered office and business address	Building 5 Maxwell Office Park Magwa Crescent West Waterfall, 2090 Private Bag X2127, Isando, 1600 Telephone +27 11 565 4300
Directors	I van Heerden ( <i>Non-executive Chairperson</i> ) FN Khanyile ( <i>Lead Independent Director</i> ) JJ Gertenbach ( <i>Chief Executive Officer</i> ) F Grobbelaar ( <i>Chief Financial Officer</i> ) DD Ferreira ( <i>Independent Non-executive Director</i> ) JER Matthews <sup>1</sup> ( <i>Non-executive Director</i> ) H Ramsumer ( <i>Independent Non-executive Director</i> ) W Sihlobo ( <i>Independent Non-executive Director</i> ) <sup>1</sup> PRN Hayward-Butt is an alternate director to JER Matthews
Bankers	FirstRand Bank Limited
Company secretary	Bronwyn Baker Email: <a href="mailto:companysecretary@premierfmcg.com">companysecretary@premierfmcg.com</a>
Transfer secretaries	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 Private Bag X9000, Saxonwold, 2132 Telephone +27 11 370 5000
Sponsor	Rand Merchant Bank (a division of FirstRand Bank Limited) 1 Merchant Place, Cnr Fredman Drive and Rivonia Road, Sandton, 2196 PO Box 786273, Sandton, 2146 Telephone +27 11 282 8000
Independent auditor	PricewaterhouseCoopers Inc. 4 Lisbon Lane, Waterfall City, Jukskei View, 2090 Private Bag X36, Sunninghill, 2157 Telephone +27 11 797 4000
Website	<a href="http://www.premierfmcg.com">www.premierfmcg.com</a>
Investor relations	Should you wish to be placed on the mailing list to receive email updates, please send an email to <a href="mailto:investor@premierfmcg.com">investor@premierfmcg.com</a>
Tax reference number	9102629160
Date of release	11 June 2024